

q wealth: AIRBnB HANDY HINTS

5 things to consider before you AirBnB your home

Is AirBnB just a fad – a short term craze – or is the global giant here to stay? AirBnB has disrupted the hotel and short-stay accommodation markets and consumers are voting with their wallets – its popularity is certainly not slowing down any time soon. AirBnB can present amazing opportunities for home owners to pocket some extra money but “just because you can, doesn’t mean you should!”.

Here's 5 things to consider before you take the leap:

What's your appetite for risk?

One of the first considerations for any home owner considering listing their property on AirBnB to increase rental returns is their appetite for risk. One of the risks involved in this strategy involves fluctuations in your cashflow – one month you may have a very high occupancy rate and the next month you may not have many bookings at all. Balancing your books and managing your cashflows is critical, so you will need to ensure you don't drain your account every month and have enough of a financial buffer to get you through periods where bookings are low.



Will your property be in demand?

If you are comfortable with cashflow risk, you next need to consider your actual property and determine if there is even any market demand for that property. Areas that are within walking distance to a CBD, close to a business park, café or restaurant strip, with public transport or other sporting or entertainment facilities nearby are likely to be in high demand throughout the year. But other areas may only be in demand seasonally. For example, beachside towns may be extremely popular during the warmer months but it may be difficult to attract bookings during winter. A quick search on AirBnB will show you other properties in your area, which will help you to determine what the competition is like. In reality, some property types and suburbs are simply not in high demand, and while you may believe you have the best property in the area that doesn't mean it will be a great AirBnB property.

Presenting your property for potential guests:

Assuming you are comfortable with the cashflow risk and your property is in an area that will have sufficient demand, then of course you need to determine how to present your property to the market in its best light. Your green shag pile rug and family photos on the wall may make you feel warm and fuzzy, but now you need to put on the hat of your guests and review how your property is presented. If your property is already furnished, you may need to de-clutter and make the place feel comfortable but not too personalised. If you have an empty property, then this gives you an opportunity to style it with furniture and fit out the property to suit the market you are targeting. Are you targeting families or young professionals? Decorate to suit your target market but also be mindful that you want your property to appeal to as many people as possible, so a more conservative approach will appeal to a wider market and increase your chance of attracting more guests.

Of course, then there is the listing process – you will need to get professional photos taken, make sure you have solid insurance cover and then list the property. Start by asking for a lower price to test the market, then see how you go with bookings and adjust your price accordingly. Don't start too high – even if you feel your property is worth it. AirBnB guests rely heavily on reviews, so you need to attract people to book and review and build from there. If you are the 'new listing on the block', you may only be able to compete on price in the first instance – even if you have a stellar location and fancy furniture!

Be prepared for the admin:

There is a lot of work involved managing check in and check out as well as following up guest feedback, coordinating cleaners and other maintenance items. Doing all of this yourself may be quite time consuming, but you are providing an accommodation service and remember that people are used to receiving excellent service from hotels, so they will expect high levels of service from their AirBnB host too!

Seek out the professionals:

Companies such as Quickstay specialise in AirBnB management and are experts in determining all aspects of listing your property on AirBnB, from analysing cashflows, occupancy rates, pricing strategy, cleaning services and of course guest services. If you are serious about using AirBnB to increase yields on your investment property, you can mitigate the risks involved by using a company such as Quickstay to manage all of this for you.

AirBnB can be an amazing strategy to increase yields, but for most home owners you will need to weigh up the time involved in doing all of this yourself versus engaging an external professional company to manage the entire process for you.

Luke Harris and Matthew Bateman are co-founders of The Property Mentors, a Melbourne-based business comprising an elite team of property professionals who educate, motivate and facilitate clients from all around Australia. Their new book, *Let's Get Real* (Major Street Publishing \$29.95) is now available.

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