

OPTIMAL RENTAL STRATEGY: SHORT-TERM VS. LONG-TERM RENTALS

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Considering two rental strategies (i.e., short-term and long-term), we searched for the optimal rental strategy in the City of Philadelphia using applied data mining methods. By analyzing 2163 properties, we showed that properties with more bedrooms, closer to the historic attractions, in neighborhoods with lower minority rates, and higher nightlife vibe are more likely to have a higher return if they are rented out through short-term rental contracts. Additionally, the property location is found out to have a significant impact on the optimal rental strategy which emphasizes the widely known term of “location, location, location” in the real estate market.