

Selecting the Top Airbnb Real Estate Market with John Bianchi Transcript

Dan Breslin: John Biange, welcome to the Rei Diamond! Show. How are you today?

John Bianchi: I'm doing. Good man, thank you for having me. I appreciate it.

Dan Breslin: Yeah, good to have you here. So I'm recording from Chicago today. It's where I live. The listeners know. Usually that is how I start the episode whereabouts in the country. Are you located.

John Bianchi: I'm up in Canada, actually.

Dan Breslin: Oh, sweet! So out of the country.

John Bianchi: Out of the country. Yeah, I'm 2 h north of Detroit, which is the easiest way for every American to generally know where I am.

Dan Breslin: Yeah, the way the maps are. I think I saw a fun fact that like when we look at the map flat, it makes Canada look like absolutely humongous compared to like. How it would look on the globe. Is that true?

John Bianchi: It's it's big. I mean, it's the second biggest country in the world. But if you have you seen that tool where you can pull countries, and like move them to see their actual size.

Dan Breslin: I haven't.

John Bianchi: Okay, so there's a it's a cool. You should look it up. It's pretty cool. And on the website you can grab like Russia and bring it down to sort of the the equator, where everything is actually equal in size. And you can see that it's

Canada, and any northern country is over expanded by a lot just to fill that map. So anyways, you can break it down. And you can actually see. But Canada is the second largest country.

Dan Breslin: Go ahead!

John Bianchi: I was. Gonna say, almost all of it is uninhabitable, though.

Dan Breslin: Gotcha gotcha. Yeah, I appreciate the 2 h north of Detroit. Yep, makes sense to me a lot easier. So I found in my research for today's episode that you started off in the Airbnb space with a handful of units in Chicago. Would you mind starting the origination story there and then getting to how your business looks today.

John Bianchi: Yeah, I was just about to get into it. And and mention that I absolutely love Chicago. It's my favorite place, like Chicago in the summer is one of the best places to live ever right the waterfront, everything you do there so

John Bianchi: great memories from Chicago. But what the way I got to Chicago was I was actually looking to try and go anywhere in the country that was going to be really profitable for short term rentals right. And as an analyst and data analyst, I looked everywhere like genuinely everywhere. And I thought Florida was the place to be

John Bianchi: with the way that I was trying to do things I was trying to do rental arbitrage at the time without getting too into it. You rent somebody's house, and you put it up on Airbnb right? Not a great business model in the long run. I know that nowadays. But Florida was looking amazing. I actually went down to Florida,

drove around to 7 different cities over a 1 month period, trying to make it work down in Florida

John Bianchi: and failed, thought of my face, and just woke up one morning and drove 24 h back to Canada. Like was like, I'm done, and I took off. And at that time I I had actually

John Bianchi: left and sold another business to go do this. And I thought Florida was going to be it, and it just wasn't whatsoever.

John Bianchi: And so I was trying to figure out like, where do I go now? Right like, where the hell am I supposed to go? I had raised money from people I, you know, told my family I was leaving, and all of a sudden I'm back like, I feel like an absolute loser. And so now I'm like, Okay, where do we go, and the 2 options I had were Chicago or San Diego.

John Bianchi: and, you know, having already gone a quick 24 h away, I'm like, let's just go to Chicago. It's a lot closer. We'll make it make it work up there. And yeah. So anyways ended up in Chicago, figured out where exactly to go within Chicago, which was Lincoln Park. That was like the gold mine when it came to short term rentals specifically 4 bedrooms. If you could set them up proper way. And I, you know, within the 1st 2 weeks had 3 properties ready to go.

John Bianchi: and or I'd found 3 properties. 3 landlords who are willing to rent it out to me to turn it into short term rentals over the next month and a half. I got those all up, and running ended up after a 2 year period, having about 15 up and running handful of rental arbitrage. Handful of property management. Had my own cleaning company out there as well, and it was it was going well. And then, you know, Covid came around and wiped that all out pretty quickly.

John Bianchi: Luckily I still had the contract still had the ownership of them, and was able to sell that to somebody else which was

John Bianchi: its own fiasco. But then the main thing that I really got out of this entire process of what I built up in Chicago was, I realized that I was really really good at analyzing Airbnb data to be able to find properties that were going to work out really well.

John Bianchi: and that there was a ridiculous amount of people in the Airbnb space that did not know how to do that whatsoever.

John Bianchi: So through that realization, I'm kind of an opportunist. And I figured out that I could offer that service of analyzing Airbnb data to people. And I have been doing that for almost a little over 3 years now. And it's just continued to snowball. And I've continued to build a business from there.

Dan Breslin: Nice. So your main business now is find helping

Dan Breslin: individual investors. I mean, obviously, if some corporate entity came, you'd probably help them to find the most profitable rentals

Dan Breslin: in the country in the market. What what

Dan Breslin: you know I come to you and I'm like John. I'm you know. I want to be an Airbnb investor. I want to get short term rental

Dan Breslin: is your 1st question like, where or are you kind of guiding me to the location? That's hot right now.

John Bianchi: I'm going to guide you, because the reality is that the vast majority of markets and properties do not work as Airbnbs, like the vast majority. If I were to put a number to it, it'd be 99%, if not more.

John Bianchi: of homes do not work out as short term rentals just based off of the amount that you have to pay for them, what the expenses are going to be, and what your expected annual revenue would be, the goal is for it to cash flow right? It's a business not necessarily just like a long term rental. It's a business. And so

John Bianchi: majority of the places don't work. And so I've studied 350 markets over the past year and a half, and I have a handful of markets that I strongly believe

John Bianchi: well that I know work extremely well and significantly better than pretty well all those other markets, right?

John Bianchi: And so if you come to me and you're like, Hey, I want to buy a property in Boise, Idaho, that's going to cash flow, really. Well, I'm going to go. Good luck.

John Bianchi: It doesn't exist. It's not going to work unless you find some fixer upper, or your building, or something else like that. Right?

John Bianchi: So then, if you come to me and you're like, I want a property. That cash flow as well go. Okay, sounds good, based on your budget and your preferences. I'm going to figure out what market is best for you, and which property within that market is going to be best. I'm going to tell you exactly how you got to set it up, drive the most amount of revenue, and beat out your competition.

John Bianchi: So that's what we do.

Dan Breslin: Nice. What would be the top 3 markets if I'm working with a budget of a half 1 million dollars, and I'm going to put 25% down. So that's a hundred 25,000 down.

Dan Breslin: And I got another 70 grand to outfit all the furniture and the finishes. So I'm working with this half 1 million dollar House, probably. Budget. Where would I want to go.

John Bianchi: So. Unfortunately, this is the only question I cannot answer. I apologize. I should have said this before I got started. The only question I cannot answer, and the reason being is because

John Bianchi: I have studied a ridiculous amount of markets right? And I do believe that the markets that we kind of push people to are some of the best markets in the country. And if I go and tell everybody those markets, it's actually a really big disservice to my investors who are. We're like hundreds of investors right now, right? And within the investment fund we work with. There's thousands of investors

John Bianchi: we don't want to flood those markets with new investors who are dumping a crazy amount of money in there and then, outperforming their homes or outdoing their homes and being okay with taking less cash flow. And and then, all of a sudden, these homes that we're helping people get

John Bianchi: aren't going to be cash flowing in a year from now. Right? That's happened. Multiple times from influencers who will buy a property in a certain area, then tell everyone to go buy there. Then their equity goes up. Then they sell,

and then they go to another place. Right? I'm not going to do that to my investors. And so I unfortunately, that's the only question I cannot answer. I hope you understand.

Dan Breslin: Yeah, it makes sense. It's intellectual property. I totally get that

Dan Breslin: decision. It makes sense. Yeah.

John Bianchi: What I bring.

Dan Breslin: Up. It brings up probably a good point we have.

Dan Breslin: My first Airbnb was in Chicago. It was just like I had this vacant apartment unit. A friend of mine had, like 25 of them all over the place in the city, and all of them were doing great and like didn't matter the market 2017 18 around then.

Dan Breslin: So 19, I turned into an Airbnb, and it probably made like

Dan Breslin: the same amount in my pocket as if I would have just rented it. So Covid hit same thing that you said, and I'm like, it's the end of that, like we're renting it out the old fashioned way. I'm actually supposed to settle on that property and get rid of it today. Thank God!

John Bianchi: Oh, nice. Okay.

Dan Breslin: Near break even. I'm sure there's some profit, but not to justify the 6 years worth of holding that I have.

Dan Breslin: That's a whole nother story and then and then I did. I have an Airbnb in Florida as well. And so my experience and the people that I talked to with Airbnb is. It's really tough.

Dan Breslin: It's a tough, long term business, right? You're either going to get in there. And I guess you're building 5, 6, 7, 8 of them. And now you have a full time job, because you're like managing the cleaners. And you got, you know, guests damaging the property. And it's like it's a heavy lift. There's a lot of effort for that additional

Dan Breslin: cash flow that may be incremental. And then you have a lot of

Dan Breslin: systemic risk from townships and neighbors. So everybody that I've known who who has done Airbnb stopped doing it. Now they kind of have your story. They kind of have my story. They're not.

Dan Breslin: you know, thrilled with the exception of like the Airbnb managers that I know, you know, and a lot of them don't own the property, either.

Dan Breslin: maybe some of that comes from the oversaturation, right? You say. Hey? Here's this great short term rental market. And now the influencer says, Hey, go! Buy! Here! They sell their property.

Dan Breslin: and now it's oversaturated, and everybody's competing against each other. That's happening to me in Florida Gulf Coast, Florida

Dan Breslin: unincorporated Pinellas County. It's amazing the number of short term rentals that popped up since I bought there. I guess a year and a half 2 years ago.

Dan Breslin: That may change now that that area has lost something like a hundred 1,000 plus houses to flooding and hurricane damage. And luckily mine didn't get hit. But

Dan Breslin: maybe you could kind of touch on the oversaturation risk and maybe how to identify that.

Dan Breslin: And yeah, we did. I mean, you're helping your clients to avoid it by not mentioning which markets they should go. Look at right now.

John Bianchi: Yep, that's definitely one way that we do this. So

John Bianchi: before I get into the saturation

John Bianchi: idea, everything that you just said was spot on like to a T in the sense that a lot of people will get started, and then they get host. Fatigue is another one as well. Where people just get exhausted right?

John Bianchi: And then they stop doing, or they want to stop doing it, or they want somebody else to do it. Or maybe they're like you, said incremental revenue. Maybe they're not making, you know, \$40,000 in profit from the property. So it's not worth the time and the effort they're only making like \$2,000 a year, and so like, why would they put so much effort into it?

John Bianchi: Those are. Those are real scenarios right?

John Bianchi: And so the way that I think about

John Bianchi: Airbnb has to be long term, I used to be a financial advisor before you study investments, and you try to have that investment mindset right? The key to an Airbnb or to a property is, how long can you hold it for? Because the longer you can hold it for the better off. You're likely going to be same with stocks right? The idea is you want to buy it, and never even look at it ever again. Ideally. There's I know there's, you know, a lot of people who manage their portfolios. But

John Bianchi: the reason I'm saying this is because Airbnb, as an industry is still fairly new, and it actually kind of got cut at the knees during covid and sort of reset in a way.

John Bianchi: So any industry, though, constantly gets better. Think of the 1st iphone compared to the iphone we have now think of vehicles in the 50 s. Compared to vehicles. Now, right? They're they're always improving.

John Bianchi: and Airbnbs are no different. Even hotels are continually improving. I walk into like brand new hotel rooms, and I love it. I'm like a kid in a candy store, because I think they're so optimally done. It's the most beautiful, most well thought out thing, and it's so like small, but it's perfect right, and I just love that. So what I'm trying to say here is that Airbnb, as an industry is still evolving, and if it is still evolving. Then you are going to have better and better listings that are going to continually show up that are going to outperform the ones that existed before.

John Bianchi: So whereas back in like 2017, 2018, you could just get any listing, and it didn't have to have anything other than a bed and a couch, and you know, kitchen supply, and you'd be able to rent it out and make some money.

John Bianchi: But now everybody has that right. That's just the bare minimum. So then, therefore, how do you outperform them? Well, now, you got to have a pickleball court and a pool, and this and that, and your photos got to be great and blah blah blah blah, and it kind of continues forever right? And so the idea is just trying to keep optimize these listings to make them better than the competition.

John Bianchi: So the way that I think about this is like, where is the industry going? Where is it going to be? And how do we put together a listing that can

stand not the test of time, but maybe the next 5 years. So you can make enough money from that property over that time period to make it worth it.

John Bianchi: So 1st you got to start off with the market and make sure that's not oversaturated. You can do that by just simply looking at using air DNA. And look at how much has the

John Bianchi: properties? The supply increased year over year. Okay? And say, if you can see that all of the supply has increased by 10% great, then you want to look at the revenue and see how much the revenue has increased year over year as well. And if the revenue has also gone up by 10%, that's good.

John Bianchi: Now, there's a 3rd component to this, which is, has the occupancy stayed steady as well.

John Bianchi: because the supply could go up, but it could be a whole bunch of 5 bedrooms that showed up right, and the supply went up, and the revenue went up equal amount. But really it should have went up more, because there's a lot of these large properties that should have been driving even more revenue. And you see that the occupancy actually dipped by 10% year over year. And so what that's telling you is that not every individual listing is making the same amount of money year over year. So you need all of these to go up equally

John Bianchi: with. So with always having

John Bianchi: revenue outpacing supply, that's the one thing you want the most. You want revenue to be going up by

John Bianchi: at least more, if not the same as supply. And then the occupancy shouldn't really change all that much. And then, you know you're not. You're in a non saturated market. Okay.

John Bianchi: I know it's kind of complicated. I just did a 2 h conversation with the Chief Economist of Air DNA, and we walked through it in every single last little detail. So if you really really really want to figure it out, you can hop over and figure that out on my Youtube channel. But

John Bianchi: the idea here is, you want to make sure the market's not saturated. But then you also want to build up the the listing to be able to compete for the next 5 years, so that

John Bianchi: one, your property, doesn't stop losing money during that time period. But then 2, if we do hit a recession right? And this is the main thing that I do with all of my clients, I explained to every single last one of them, is that we are going to hit a recession. It doesn't matter if it's next year or 5 years from now we are going to hit a recession, no matter what.

John Bianchi: And so the way that I try to help my clients avoid oversaturation and a recession and losing their money due to these 2 reasons is by having a great property, so that when that time comes where

John Bianchi: you know, there was a thousand people traveling before. But now there's only a hundred people traveling. Those 100 people are booking out their listings because they have the properties that are in the top 10 percentile of that market. And so if they were to lower their nightly rate.

John Bianchi: They're going to match up with the other people who don't have as desirable of listings, because maybe they don't have all these extra features and value that they're offering, and so then, therefore, their home will get booked. But the other home will not get booked, and they can keep having some cash flow come through that allows them to carry through the recession, so that after the recession to hit the boom they haven't had to sell their property during that worst time period just to cover the bills.

John Bianchi: It's a very long answer. Do you want me to summarize it, or did I get the gist of it out.

Dan Breslin: Now now you you hit the gist of gist of it. We had. I think Scott Shatford may have been one of the founders of the founder of Air DNA back when he.

Dan Breslin: It was a year or 2 old, I think, at the time he came on the show. It's interesting to hear that that's been such a

Dan Breslin: phenomenal data source for everybody in the business air. DNA is like the Mls. For short term rentals right.

John Bianchi: Sort of sort of yes and no. So air DNA has the data. So it gives you the projections of how much every single Airbnb has been making over the past 365 days for every single property around the world.

John Bianchi: Is that what the Mls. Does as well when it.

Dan Breslin: The Mls. Does Comps for properties, and I think the audience who's flipping houses and doing rentals. We're logging into the Mls every day, gotcha, and I'm guessing you're logging into air. DNA, pretty often.

John Bianchi: Every day. Yeah.

Dan Breslin: So so it fits. Yes.

John Bianchi: Yeah. Yeah. Spot on. Then.

Dan Breslin: How important is it to be a super host and getting bookings? I mean, if you are not a super host, does that screw things up.

John Bianchi: So

John Bianchi: I haven't seen it screw things up like it's it's

John Bianchi: the Chief Economist. We were going through this like literally just last week. So it's perfect timing on all this. But

John Bianchi: he was. He was showing that, you know, having 5 star reviews made like a 10. I think it was like a 10 or 15% bump in your revenue projections, and I believe if you had the super host as well, and there's 1 other badge you could get as well if you had all 3 of these. It was like great. It helped you get an extra bump in everything right, and made sure you're always on the 1st page. One of the most top recommended all that kind of stuff. So it just gets your property clicked more often booked more often. Right? Helpful

John Bianchi: if you don't have it. Does that mean you're going to fail? You're going to lose money. You're not going to make money. Not at all. You you can. You can have a 4.7 and and no super host status, and still be able to get your property booked at a really nice high ADR, because

John Bianchi: you can fix management right? You can. You can get better at managing the property. You can do a better job the next time compared to the last time. Right? And so people have that sort of faith in you that like, Hey.

John Bianchi: I see you have a 4.6 stars. But please, like you know, I hope you've learned these lessons from the past little bit, because the reason somebody would take that risk is because they see that your property is so desirable and they want it right? So if you have a property that is

John Bianchi: great in the way that it's put together and designed, and everything. That's really what people want more than anything, and they're willing to take a risk on that property, even if you have still have low reviews, because you can fix that. But what you can't fix very easily is a really bad listing that's not desirable that nobody really wants. So

John Bianchi: yeah, if you have a bad listing, and you're also a bad host. Yeah, you're not going to get booked right.

Dan Breslin: Yeah. It's funny that you mentioned that I remember Scott when he was on, and he's like, because I had mine. It was like somewhat dated my property. It was. It was like usable. And he's like, No, no, it's like in a great location.

Dan Breslin: It's much more about the location and the number of people that it can sleep. It doesn't even have to be renovated. And, like my, how things have changed in that 6 year period.

John Bianchi: Oh, yeah.

John Bianchi: big time, that's but then that's that's a. It's a new industry, right?
Like.

John Bianchi: It's just a new industry. It is what is like the

John Bianchi: you know, the T model. At 1 point

John Bianchi: Henry Ford's, you know, one of his 1st vehicles was one of the only options. It wasn't a great vehicle, but it was mass produced, and you could get it right. And then all of a sudden they start making better ones and like, Well, why would we buy that one?

John Bianchi: So it's just how every industry goes.

Dan Breslin: So we're recording today. It's October 3rd and most of the country. I mean, this will probably come out in a few weeks, maybe a month.

Dan Breslin: but the cleanup's not going to be done from the storm, and 2 of the short term rental markets that I know about at all are like Smoky Mountains, Asheville, North Carolina area.

Dan Breslin: and West Coast, Florida, both of which happened to get hit by the hurricane.

Dan Breslin: Have you heard anything on the ground? Any of your investors. What do you think the impact will be

Dan Breslin: for tourism over the next year or 2, and for the short term rental owners who happen to be in those areas.

John Bianchi: Great question.

John Bianchi: I honestly don't know. I just be guessing right, and I'll give you my best guess. But do I? Can I paint a perfect picture. No.

John Bianchi: I would need to study what happened with the last hurricanes. So one of the last ones that went through Cape Coral, I've been very curious about like what happened after that, because Cape Coral got really badly flooded, and they have, like 10,000 airbnb listings, or they did at 1 point right?

John Bianchi: So I would want to take a look into that, to get like a better feel as to what would happen there.

John Bianchi: But my assumption

John Bianchi: is that there's gonna be a handful of people, probably quite a bit that are.

John Bianchi: you know, gonna have to fix their listings and improve them, and and all the things that you would just naturally have to do after a hurricane would happen right?

John Bianchi: what I'm thinking about is like, are people gonna still travel there. That's right and right like. And so I think

John Bianchi: knowing Americans,

John Bianchi: especially in these sort of tourist towns, where they like things to be well kept well put together. Things along those lines, especially like Asheville, is what I'm thinking, and I mean the Gulf Coast. Big time, too.

John Bianchi: I would assume that they would want to improve it as fast as they possibly could, to continue to bring the tourism in, because that's how that those sort of areas survive right?

John Bianchi: And so they need people coming back as fast as they could. We are heading into the holiday season.

John Bianchi: which is not necessarily the normal travel time like it's not like the summer or March, or you know, snowboarding season, or something like that. So there! There are

John Bianchi: a handful of months ahead of us where

John Bianchi: it's gonna be slow season.

John Bianchi: and that could give them time to get things going, get things moving. And I would assume, just like most things after a handful of time has passed. Everyone's sort of past it, right? They've kind of forgotten about it, and moved on to the next big thing that's happening. And people start just naturally

John Bianchi: touring to those areas as they would before, and knowing the seasonalities of both of those markets which would be obviously like Asheville is going to lose the the fall changing of the colors. Time period, which is, you know, usually a pretty busy time for them. I know he just said it was slow time, but that is a big time for them.

John Bianchi: I would hope I would hope that the listings and the travel could be picking back up, at least by March, so that the people who do have those Airbnbs and people who are traveling to those areas during March. They're starting to get the strong bookings as they would have expected, and then into the next

summer. It's kind of back to the norm for the most part now, I'm sure not. Everybody's going to be back to the norm. There's still going to be a lot of issues. But

John Bianchi: if I'm thinking it through like. That's my expectations of what could happen I'm not sure again. Not sure if I answered that well and like I said right at the very beginning, I really don't know.

Dan Breslin: Yeah, I I don't know, either, and I had probably those same exact guesses. The only other

Dan Breslin: guess that might be helpful is, if there's owners who who have property that still is intact and functional, and they don't have to do an insurance claim and a large rebuild.

Dan Breslin: I think I haven't seen it in my own, but mine's kind of blocked off, too, for some family stuff. But I think we'll see. Workers are going to have to influx to the area, and I think people will have

Dan Breslin: potentially some risk of damage from these, like sometimes

Dan Breslin: rough workers that come to the property and like to drink a lot and stuff just knowing from some other storm chasing businesses I've been around involved in over the years.

Dan Breslin: they're not going to be as easy as the families, probably on the property, but I think that the rentals would occur.

Dan Breslin: I think you're right. I think it's a 6 month runway at least, and a lot of the people that I know who had some damage. It's 2 or 3 feet

Dan Breslin: of flood water, and that's it, he said it wasn't even raining in Tampa Buddy of mine. John wasn't even raining, and the water just came up because they were like on the backside of the storm. It came up through the sewers, and they're like sitting in their house watching the water come up

Dan Breslin: to 2 feet or something. And then it finally just receded.

Dan Breslin: But you know, it's a lack of 2 by fours. It's a lack of labor. When a hundred 1,000 houses are going to need the work. It's a lack of insurance adjusters who can get out there with cameras and process the claims. It's just a it's a shortage. When you have this massive rebuild that occurs.

Dan Breslin: And one of the theories about Florida being such a boom and bust, and having

Dan Breslin: such dramatic increases in value over the year that I heard was that it was because of the hurricanes, not in spite of the hurricanes and the theory that I forget who said it to me. Probably someone in Florida.

Dan Breslin: But the theory they shared was, You have this forced renewal?

Dan Breslin: Where in Fort Myers and Cape Coral, when that hurricane hit, a lot of people are like. Either they don't have insurance or like. I don't feel like rebuilding. And so they're selling these houses that are on all the Barrier islands as teardowns, completely flood flood damage destroyed.

Dan Breslin: Take whatever check they're going to get, sell the land, and they're never going to deal with a hurricane again. They're buying somewhere where the hurricane risk will be minimal. But now you have this new, you know, flood,

resistant house, hurricane, resistant house that shows up in its place, and sells for one and a half or 2 million dollars.

Dan Breslin: where the old house was 6, 700,000, and the lot was probably worth 350,000. So if you look at that phenomenon occurring for the last, you know, 150 years, or however long, Florida has been populated. Certainly, since air conditioning was invented, is when.

John Bianchi: Yeah.

Dan Breslin: Really started to be able to develop Florida.

Dan Breslin: It could be one of the reasons you'll see this new resetting of the higher comps, and it's kind of like you wouldn't see that in Chicago we're not going to have a hundred 1,000 new construction houses that occur in Chicago like knock on wood, and some less. Some black Swan event were to occur right.

John Bianchi: Yeah, that that's that's very interesting. I've never even thought about it in that way. There's there's also like, as you say, that as well. This.

John Bianchi: Take Miami.

John Bianchi: Fort Lauderdale all the way up that east coast right

John Bianchi: there's only so much space

John Bianchi: that's available there.

John Bianchi: So if you, if you actually look at, because then it backs onto, is it the Everglades.

Dan Breslin: Yeah, the Everglades are right there.

John Bianchi: Right? Yeah. So backs right onto the Everglades, where you can't really do anything. So

John Bianchi: not only are homes, let's say, in those areas. Well, kind of being

John Bianchi: renewed.

Dan Breslin: Every so often.

John Bianchi: Yeah. Yeah. So so think about that, that flood zone. No one wants to build in the flood zone. So they go cool. We can't use that land, and then they go. Well, we actually can't use the land over here, either, because of the Everglades. And it's okay. We only have this tiny little spot, and everyone wants to be there because it's such a great place to be so. Then all of a sudden, you have this insane demand just due to lack of land.

John Bianchi: Interesting? Yeah. I like that.

Dan Breslin: And in Pinellas County, where I bought 2, I

Dan Breslin: I went down a deep dive on vacant land. So one of our business models is developing, entitling the land and then selling it to a builder. So get it approved. It takes a year, sell it to a builder, makes make some money on the development, even though there's still trees there, and we haven't actually moved a single piece of dirt or stone.

Dan Breslin: But, you know, examined all of Pinellas County. I was shocked at how little land is actually left. I mean, there are not many big parcels at all in Pinellas County, so Pinellas county is like one of those.

Dan Breslin: I guess it's like a peninsula on the Gulf coast, and the whole, the whole thing is like almost covered in houses. There's no, there's no farmland like out in.

John Bianchi: Hills.

Dan Breslin: Where Tampa is. There's still a lot of that farmland. You could still go farther before you'd hit

Dan Breslin: Central, but people clearly want to live near the water. So yeah, I digress.

John Bianchi: No, that's that's that's actually fascinating. Now you're. I'm also intrigued by your land business and pick your brain about that one. But

John Bianchi: interesting all all of it. It

John Bianchi: it's like the it's. It's a sort of macro thing that's happening right? That that's a little bit that is very specific to Florida in this case. Right?

John Bianchi: But I'm sure now maybe you'll see those effects out in Asheville as well as people sort of go. All right. Well, we're not going here. Let's build out over here, and that changes thing. Now, mind you, they're not as landlocked, which will change things, but they do have a lot of

John Bianchi: hills and mountains that they have to deal with as well. I've never actually personally been out there, but just looking at the maps and seeing how it's all built out. They're a little landlocked as well, too, so

John Bianchi: interesting.

Dan Breslin: And that is a very tough development market like we've looked at that. And a lot of times you're not going to get the approvals.

John Bianchi: Owning.

Dan Breslin: Track out in that North Carolina area could be very challenging. The hills prevent easily installing. Sewers and sewers have to be there to have small lots. However, you bring up a good point

Dan Breslin: in the Asheville area. If houses were destroyed in areas where a short term rental is still legal, you'll see deeper and deeper, deeper pockets.

Dan Breslin: rebuilding assets that are much larger, nicer, majestic, magnificent views.

Dan Breslin: With with short term rental in mind. So now, all of a sudden, whoever was there with maybe older product built in the seventies, eighties, nineties, 2,000

Dan Breslin: is having to compete with listings who are built now, and you reset this whole new element now, that could bring an even higher net worth individual to the area. And you might see some of that Florida renewal effect.

John Bianchi: Yeah.

Dan Breslin: Which which will be super charged, in my opinion, for the fact that Airbnb exists compared to how that market operated and function 20 years ago, when people still visited there 20 years ago. But it's not like the last 5 to 10 years.

John Bianchi: So, as you're saying, all of that, all I'm thinking about is Josh witchery.

John Bianchi: because what's happening out in Joshua Tree right now are mansions.

John Bianchi: luxury, la style.

John Bianchi: Maybe not the Mega mansions that you see out there. But they are these unbelievably beautiful one bedroom, 2 bedroom type, a lot of concrete, and those like the the lot of rectangles. You know, in the way that they're designed and put together with absolutely majestic pools, and the way they're put together, and

John Bianchi: all this stuff, and and they're obviously a lot more expensive in comparison to everybody else. But these la people are just kind of dumping their money into these now, because they it's that short term rental market. And then, you see, these other homes that are

John Bianchi: not that I not even kidding right. Before we got on this call I was analyzing a 2 bedroom, 2 bath out in Joshua tree that was sold for just under half a million dollars.

John Bianchi: and and there's no almost no land to it either, which is like Joshua Tree's whole thing.

John Bianchi: And and I'm looking at. I'm like, what am I looking at you know what I mean.

John Bianchi: whereas if if you were to go back

John Bianchi: Pre Covid, that would been worth next nothing, I probably pull up the listing and see how much it was worth. Pre covid. Right?

John Bianchi: Interesting though. That is a it's almost like an Airbnb effect

John Bianchi: of these of these of the new builds right, and people will.

Dan Breslin: You put.

John Bianchi: So much more money into them because of the revenue.

Dan Breslin: 100%.

Dan Breslin: There's a market in New Jersey that

Dan Breslin: is somewhat Airbnb proof. It's a hundred percent beach town vacation rental. And they're weekly listings, and you have to go. You start Saturday. You leave Saturday. There's no booking anything else.

Dan Breslin: There are a few short term rental listings that are there from kind of maybe somewhat eccentric folks who like own the houses.

Dan Breslin: new construction house, maybe 33, 3,500 square feet right now, is selling for like 4 to 4.5 million on a 6,000 square foot lot.

Dan Breslin: the tear, the teardown is going to run you. It's softened a bit. The teardown will run you probably 1 point.

Dan Breslin: man. It's got to be close to 2 million dollars right now, because you're going to spend a million and a half to 2 million, building it with the construction prices today. And

Dan Breslin: it's a small island, and the people from Pennsylvania and New York go there. You know, it's kind of got that pizzazz. And it's been this.

Dan Breslin: you know, rental market.

John Bianchi: Yeah, since.

Dan Breslin: Forever. In the beginning of whenever you know fifties and sixties, when it 1st got developed.

John Bianchi: That will, I mean. That reminds me of, like the 30 A, and like Destin and the Destin area in Florida.

Dan Breslin: Okay. Yeah.

John Bianchi: It's the those homes are going for 4 million there. There's almost nothing to them. They're they're they're actually the some of the coolest builds. I stayed in one

John Bianchi: like 2 years ago now, and it's like

John Bianchi: it was like either 8 or 12 bedrooms.

John Bianchi: but like luxury. And you go up. It's it's like it was 3 or 4 stories.

John Bianchi: and then they have a rooftop to it, so you can like, look out now. It wasn't on. It wasn't beachfront, but it was one off, so you could see, and then everything in it was just

John Bianchi: high quality all the way through, and and then the backyard had like a nice pool in it, and then an area to to kind of sit. And that was it. So you're talking like same size lot that you're just saying. If you know, if not smaller.

John Bianchi: going for 4 million in that in that general area, which is, and it'll it'll make, you know, \$300,000 a year on on Airbnb, and for some people that works to cover the basis. But

John Bianchi: well, while you were explaining that I'm just gonna go back to Joshua Tree for a second because I looked up that property that I was just telling you about. And and

John Bianchi: Now this is going back, but it originally sold in 2,010 for \$50,000.

Dan Breslin: Wow!

John Bianchi: Sold again

John Bianchi: in 2021 for 340,000 \$45,000, and then, after it sold. That time, it sold a year later for 470.

John Bianchi: So it went up well over a hundred \$1,000 in a year.

John Bianchi: and then that person has just been trying to sell it

John Bianchi: since 2022, and it's just been like on the market

John Bianchi: price. Change nonstop over and over again over again. It just sold for 4, 54, 30, actually.

Dan Breslin: Yeah, and that that Joshua tree, just like from looking at the map perspective for people who aren't doing that. That's Southern California. And it's kind of desert area, right.

John Bianchi: Correct. Yeah.

Dan Breslin: You're like 3, 4 h from civilization, in a sense, from la, you're going to be what 3 h drive looks like. Maybe.

John Bianchi: 2 and a half, but very close, very close. But the that that's the

John Bianchi: perfect getaway

John Bianchi: distance. So unlike. Imagine you're in Chicago. And you're like, I'm gonna go away from Chicago for the weekend, and you drive 45 min at Chicago. You're still in Chicago, right?

John Bianchi: For the most part the sub the burbs anyways, right? But then, once, when you're in la, it's the same idea. So you have to drive at least 2 h to feel like you're on vacation and out of the city.

John Bianchi: and that's and if you but then 4 h is too far right, because.

Dan Breslin: Yeah 100%.

John Bianchi: Now you you lose the whole Friday night. You're you're headed back on Sunday like you just lose it. So it's that beautiful circle from these major cities? What causes that.

Dan Breslin: Yeah. And a lot of those major cities. Coachello Palm Springs like these are places where people have gone to vacation from California forever.

Dan Breslin: Yep, and on desert.

John Bianchi: The that area. Those areas that you just mentioned have been built up for a very, very long time.

John Bianchi: and I do think that the Joshua tree area might see a build out like you saw in those areas. Now, I think there's a bit of a difference, because I think that the Palm Springs area has a bit of a valley which keeps maybe it's not a valley.

John Bianchi: No, I don't know what I'm saying. I know it it. Well, Ish, but not well enough to really know what the future holds. But there are just a ton of people building out in the Joshua tree area.

Dan Breslin: Yeah, you're right about that cool. Let's switch gears and give at least one more nugget before we have to wrap up here on Airbnb.

Dan Breslin: So we talked about finding the

Dan Breslin: saturation. Is there any other underwriting strategy you think you could share to someone who's like kicking tires on thinking about an airbnb, and might give them enough

Dan Breslin: to get more interested. Let's say.

John Bianchi: Well, to get you more interested. The properties that I tend to find. And you can go and look up my testimonial videos on my Youtube channel tend to generate anywhere from 25,000 all the way up to \$75,000 in profit, not revenue profit.

John Bianchi: which is enough, you know you get a handful of those, and you're sitting pretty

John Bianchi: And the way that you do this right? So the the recommendation that I have for everybody is to not study properties. I think that's I again just got off a call where somebody made this exact same mistake.

John Bianchi: They go. We can afford

John Bianchi: a home that is \$500,000.

John Bianchi: We like this market because we heard about it from our Guru.

John Bianchi: Now let me go find a \$500 home in that market, and they just look for whichever property is usually at the Max of their purchase price. And they go. I'll buy that one right?

John Bianchi: And they and and these are the people who want it to be

John Bianchi: a cash cow form. Right? They're hoping that this Airbnb is going to make them a bunch of money, and they do next, no research to do it, whereas, you know for yourself you just wanted to have a vacation property completely understandable in that scenario. But if you're trying to

John Bianchi: find a property that's going to generate a good amount of cash flow, you got to do your research. And it doesn't start with the process that I just explained. Instead, what you have to do is figure out

John Bianchi: a handful of markets that you care about. Okay. And then you want to look into that market to see if it has cash flow potential. And the way that I always explain to know if a market might have cash flow. Potential is the 20% rule.

John Bianchi: the price to rent ratio. So you want to be able to see

John Bianchi: that there are homes that are available for, let's say, \$500,000,

John Bianchi: and you want to quickly be able to know if that \$500,000 could make a hundred \$1,000 a year

John Bianchi: right?

John Bianchi: And if it could, that means it meets a 20% rule. So the the revenue that \$100,000 is 20% of the purchase price, which would be the \$500,000 right?

And if you could see that very quickly looking into the market, then it's likely that the properties there are properties in that market that will cash flow. Well, okay.

John Bianchi: One thing I'm going to stress here is that you can't just look at a 4 bed, a regular average, 4 bedroom, middle class home, and that's for sale for \$500,000, and then go look at a a luxury, Airbnb listing that's making a hundred \$1,000 and say, oh, they both have 4 bedrooms, therefore they're gonna

John Bianchi: make the same amount of money.

John Bianchi: Don't do that. Okay, there has to be like for like properties. But if you can see that, then you know that that market might have the potential to drive revenue for you. And so then, that then, at that point, what you want to do is

John Bianchi: review and analyze every single airbnb that is in that market.

John Bianchi: and try to understand what the top performers are doing, that the underperformers are not doing.

John Bianchi: And if you can see what they have those top performers have.

Dan Breslin: And are. And are you doing this on Airbnb? So we're like, 1st selecting the markets. Okay, I like Florida.

Dan Breslin: and I'm using what air DNA, or am I using Airbnb to figure out if I would gross a hundred K for the half 1 million dollar house.

John Bianchi: Air DNA.

Dan Breslin: Okay. So I'm going to air DNA.

John Bianchi: Yep, you're going to air. DNA.

Dan Breslin: And then am I also doing that to review every like? What is my exact process, to review every

Dan Breslin: listing in that market?

John Bianchi: So when you're on air, DNA, it's going to give you every property in order of

John Bianchi: which one's making the most amount of money to which one's making the least amount of money.

John Bianchi: And so the whole thing about data is you're trying to find a pattern. There's always a story in the data. In other words, it logically makes sense why one property is making more than the other. Another easy visual for people is, trucks are always more expensive than cars. Right? Like a

John Bianchi: like a Ford F-one 150 is going to be more expensive than a Honda civic. Obviously a luxury car is going to be different. But a truck compared to a Honda civic is always going to be more expensive because it offers more. It can tow. It has a truck bed.

John Bianchi: whatever right? It's they, even though they both only seat 5 people. That's not the idea. So Airbnbs are the same idea. Some offer more, some have a pool, some have a pickleball court, whereas other ones don't, and so then, therefore they're making more money than the other one, so it logically makes sense. Why, they would be making more, because they're giving more to their guest who's staying there right? So the guest has to pay more.

John Bianchi: And so what you do is you're on air, DNA, and you're looking into that market, and you have all the listings in order from who's making those to

who's making the least. You've removed all the bad data. Now, I'm not going to explain that you just go to Youtube, look up Airbnb, good data versus bad data.

John Bianchi: I'll pop up a bunch of times.

Dan Breslin: And the notes.

John Bianchi: Explain it. Okay?

John Bianchi: And once you understand that you're not only looking at the good data on your DNA from who's making most of who's making the least. And you just click the links

John Bianchi: to the Airbnb listings themselves. Go through the photos and try to understand. What do these top performers have that the underperformers don't have right super simple.

John Bianchi: The market. I was just looking into all the top performers how to pool right, and the ones that were making less didn't have a pool. That's a super straightforward one. Right? Okay, cool. I need a pool. Now, all of these properties that have pools. What's the difference between the top performer and the underperformer? Right? What's the differences between these ones? And the more you can learn and understand and study that the more you will learn how to put together a listing that will meet that 20% rule and drive revenue for you at the amount that you're going to be very happy with.

John Bianchi: and that's the process.

Dan Breslin: How much time do you think someone spends that half hour? Is it an hour.

John Bianchi: It's all 3.

Dan Breslin: Hours like what? What you know. Should someone set the clock so they stay focused.

John Bianchi: Well, I've been doing this for 6 years. So

Dan Breslin: Not you, I mean a beginner.

John Bianchi: Well, the reality is this, this is not a half an hour practice. This is not a 1 day practice. This is not like I got it. You know, I'm going to do this. I'm going to do a lot of research for one week, find the property, and we're gonna be good to go.

John Bianchi: If you can do that great right? You maybe you landed on the the 1st market you looked into had met the 20% rule. And then you started looking into a certain subclass of properties. And you're like, Hey, look at! If I do this, I'll be able to buy a property in that market. We're good to go. And you got to figure it out in a week, right? Just to put this in perspective. My course that explains how to analyze all the data and how to go step by step through all this, just the data part is about 25 h to 30 h long. Right? So that's that's 1 week right there, just to understand

John Bianchi: all the details. Okay, I know it's a lot. But but there's a lot of things you got to look out for. And then what you want to do is kind of start going market to market to market. That's the part that's going to take a bit is actually finding the market that has the cash flow potential. Because, like I said, I've studied 350.

John Bianchi: I'm only in a handful for a very good reason. And so you you got to find the market the once you find it. It depends on the size of the market. So I've studied Austin a few times, which is one of the bulkiest markets that you can study, and most times it's taken me from a week to 2 weeks to actually understand where to go in Austin, where not to go right thoroughly. But if you were to have a smaller market.

John Bianchi: you know, it would take less time. So what I'm trying to say is, this is likely, if you're like brand new, just getting started.

John Bianchi: and you want to do it right.

John Bianchi: or at least do enough to feel like you got it right. You're looking at anywhere from probably a month to 3 months of

John Bianchi: working this process through. And and you know, with your spare time, because I'm assuming you're still working a job. So you're in your spare time. It's probably going to be somewhere between a month, 3 months of working to understand the data, understand the markets, understand what to do in those markets, understand the inventory is available, and being able to find that property that's going to cash flow well for you.

John Bianchi: and I'm not exaggerating by any means.

Dan Breslin: Yeah, it's just like any other asset you're going to buy. You should not just be taking a flyer on a stock. You want to do the research same as buying a flip, buying a rental. Whatever the case is, how much cash on hand do you think you'd have to have there

John Bianchi: Oh!

Dan Breslin: Play to play the game like you got a hundred, 200 300,000 like, what type of cash to make? 25 to 75,000 profit per year.

John Bianchi: We the lowest that we will work with. So for a client is they have to have at least \$150,000, and

John Bianchi: I'm I can tell you right now you can come to me with \$75,000, and I can tell you what property to buy. But I'm not going to feel I'm not gonna be able to sleep at night, because I know that in a very short period of time, maybe in a year from now, when we hit a recession, you're going to be effed

John Bianchi: like you're gonna be really, really screwed. So if you don't have a hundred \$50,000 to compete over the next 5 years. I don't feel comfortable

John Bianchi: guiding you into a property. So that's the starting point, and that's going to get you on that lower end right? That's going to put you at those, maybe like the 20 to \$25,000 a year in free cash flow, and obviously the higher you go the better it gets. We have some clients who have put half a million dollars into their properties and expect to make 75,000 cash or more.

John Bianchi: And you know they're they're

John Bianchi: re like there's there's there's other factors to it as well. I wish want to stress that that it's not just, hey? This property cash flows. But you paid, you know, \$100,000 over the

John Bianchi: valuation of the property right? And and like that, that's just dumb. Real estate. In the 1st place, don't do that. So still get a good asset. But the good asset still cash flows for you, and you put enough into it to make it through the recession, so you can hold it for the next 5 to 10 years.

Dan Breslin: Nice. I have a couple of wrap up questions here. I know we're getting to the end of our

Dan Breslin: end of our time. So 1st of all, let's go with the Crown jewel of wisdom. If you could go back and share with yourself when you were you were driving back from Florida

Dan Breslin: after your failed mission there.

Dan Breslin: and you know everything. You know now what would be the crown jewel of wisdom you would share with yourself then.

John Bianchi: That's a that's an absolutely beautiful question.

John Bianchi: I would tell my dumb younger self to start with regulation.

John Bianchi: So

John Bianchi: study the regulation before you study the data, it'll save you an outrageous amount of time, because a lot of places just don't allow you to, Airbnb. So

John Bianchi: learn the regulation first, st

John Bianchi: and then I would tell myself

John Bianchi: to

John Bianchi: maybe get

John Bianchi: a couple of property management properties, but not rental arbitrage properties.

John Bianchi: and then put every second of time that I had into learning how to buy.

John Bianchi: raise money to buy, and do whatever I had to do to own the asset rather than managing other people's assets.

John Bianchi: and if I put a hundred percent of my focus into that rather than building up an arbitrage company rental arbitrage Company and management company and cleaning company and spending, you know, years doing that, I would say, Hey, idiot! Get enough money to pay your bills. Then take the rest of your time and focus on how you can own the assets, because when a covid or a recession hits again, it'll be okay. You just cover your bills, you wait it out, and then you get it back, going up again. But you don't lose everything that you had built over that time period.

John Bianchi: because recessions are going to happen every 8 to 10 years.

John Bianchi: no matter what. So, anyways.

John Bianchi: that's what I would tell myself as I was heading back, I wish somebody would be sitting beside me in that seat and be like, listen, this is what the game plan can be.

John Bianchi: Yeah, right?

John Bianchi: Had 24 h to think, and that didn't cross my mind so.

Dan Breslin: Wow, yeah, what a what an interesting time point for that question. So what? What would be a book? Or maybe 2 books

Dan Breslin: not necessarily related to what we talked about today. But that have been most impactful for you. Your mindset career development, that kind of thing.

John Bianchi: Easy question. Atlas shrugged in Fountainhead.

John Bianchi: So both by Ayn Rand, I think, found, I think. Atlas shrugged. Is one of the greatest books ever written about the reality of capitalism, and and

John Bianchi: how great it has been. There are definitely flaws, but I think it is beautiful. And then, additionally, fountainhead is about integrity and what integrity looks like from over over a 30 year period. Somebody with integrity, somebody without integrity, and they're both told in story forms. So there's a lot of lessons to be learned throughout both those books, but they're very engaging in the way that you read them. That kind of keep you captured and moving forward, but

John Bianchi: you know, just understanding the value of of business, and then understanding the value of integrity

John Bianchi: over

John Bianchi: your lifespan, which is sometimes hard to realize when you're young, especially so

John Bianchi: those are my hands down. Favorite books. Nothing really ever comes close.

Dan Breslin: Love it? Mark Cuban answered that question. Not on my show. On another one the fountainhead. So it's cool. You share that with Mark.

John Bianchi: That's well, actually, Mark Mark said it. He also said atlas shrugged, and I went and bought. Atlas shrugged, and then went and read it. And yeah, I own I owe him that. So.

Dan Breslin: Sweet, sweet. So we found we found the source there on that one. Yeah. You had mentioned this 25 h course before we started, you mentioned that it's actually a little longer.

Dan Breslin: Is that something you can share with listeners? What's the deal with the course.

John Bianchi: Yeah 100% free. So it's what you have to do is go to shop, dot, str, search.com.

John Bianchi: And then there's going to be an option at the top, right? That says free courses.

John Bianchi: And if you click that you're actually going to get access to 6 free courses.

John Bianchi: 5 of them are about 2 to 4 h long, and then there's 1 that's 40 h long. The data portion of it is 25 h

John Bianchi: nice.

Dan Breslin: Nice. Yeah.

John Bianchi: It's like, I can't stress it enough. There's there's no better resource for understanding Airbnb data other than those courses.

John Bianchi: And I always tell people like they always ask like, Why did you give it away for free? And I say, because I'm not a good salesman, right? Just not good at

selling people into things. I don't like to hold it back and be like you got to pay me for that knowledge. And so instead, I go. Here's the knowledge. You could do it yourself. But if you don't want to do it yourself, you don't have the time to do it yourself. You can hire me. And I just like that business model more than other business models. So yeah.

Dan Breslin: Cool, very interesting. Is there anywhere else you want listeners to go? Maybe if they want to reach out and just say, Hey, forget the course, John, let me get you to find me the right property, or or any other reason.

John Bianchi: Yeah. So str search.com if you want us to find you a property, we do have a 6 day money back. Guarantee. If we can't find you a property, we

John Bianchi: we will give you 100% of your money back. I don't want your money if I don't find you a property, but we do a lot more than just find you a property. But the core of it is that we're getting you a good cash flowing property, and we have a 100% success rate. So thank you, Dan, I appreciate you asking that.

Dan Breslin: For sure. My final question I ask all the guests on the show is, what is the kindest thing anyone has ever done for you, John.

John Bianchi: that is a really good question.

John Bianchi: Can I take a second here.

Dan Breslin: You got it.

John Bianchi: I don't know. I always I can't think of a moment, but it's it's always my dad when it comes to this stuff. Just

John Bianchi: he just instilled like it's

John Bianchi: he just instilled the idea of being good

John Bianchi: and being a good person and being a good man, and what that means. And you know, if you look at his career. He was a factory worker and a janitor for his entire life, but he had. I think he's 1 of the most successful people

John Bianchi: I've ever met in the sense that he had 9 kids, and every single last one of us love each other, and he's got 18 grandkids, and he's constantly happy, and at the age of 60 he decided to become a deacon and go through 4 years of university to be able to do that, and

John Bianchi: it's just the most.

John Bianchi: I feel extraordinarily lucky to have a dad like that. So a great role model. It's the kindest thing he ever did was was, Have me and raise me properly, so appreciate him always.

Dan Breslin: Nice. I appreciate that. Hey, John? I got pages of notes. I had a blast, and I appreciate you coming on the show.

John Bianchi: Thanks, man, I appreciate you having me.