🎯 Learning Objectives

- Understand what makes a market ideal for coliving

- Identify key data points to research for any market

- Use free tools to research markets from anywhere

- Recognize red flags that disqualify a market

- Build a shortlist of target markets for your portfolio

💡 The Coliving Market Formula

Not every market works for coliving. The ones that do share specific characteristics:

The Ideal Coliving Market Has:

1. **Housing Affordability Gap** — Median apartment rent is unaffordable for median worker income

2. **Strong Employment Base** — Jobs that attract hourly/shift workers (warehouses, hospitals, airports)

3. **Reasonable Home Prices** — Properties priced low enough to support the math

4. **Favorable Regulations** — No zoning rules that prohibit room rentals

5. **Population Growth** — Growing workforce means growing demand

📊 The 5 Key Data Points

For any market you're evaluating, research these five metrics:

DATA POINT	WHAT TO LOOK FOR	WHERE TO FIND IT
1. Rent-to-Income Ratio	Median rent > 30% of median household income = opportunity	Census.gov, Zillow, RentCafe
2. Major Employers	Distribution centers, hospitals, airports, manufacturing = demand	Google Maps, Economic Development sites
3. Median Home Price	Properties under $250K that can support 4+ bedrooms	Zillow, Redfin, Realtor.com
4. Room Rental Rates	Current room rents on PadSplit, Facebook, Roomies	PadSplit.com, Facebook Marketplace, Roomies.com
5. Regulations	No restrictions on unrelated adults or room rentals	City/county zoning code, call planning department

🔍 Market Research Process

Step 1: Start with Employment

The best coliving markets have concentrations of workers who need affordable housing near their jobs. Look for:

- **Amazon/Walmart distribution centers** — Thousands of workers earning $15-20/hour

- **Airports** — Baggage handlers, TSA, airline staff, ground crews

- **Hospital systems** — CNAs, medical assistants, housekeeping, food service

- **Industrial parks** — Manufacturing, logistics, food processing

PRO TIP: THE AMAZON TEST

Search Google Maps for "Amazon fulfillment center" in your target area. If there's one within 20 minutes of neighborhoods with $150-250K homes, you've likely found a coliving-friendly market.

Step 2: Check the Affordability Gap

Calculate: Can a worker earning $15-20/hour afford a 1-bedroom apartment?

- $17/hour = ~$2,900/month gross income

- 30% of income for housing = $870/month max

- If median 1BR rent is $1,200+, there's an affordability gap

- A $650 room fills that gap profitably

Step 3: Verify Home Prices Support the Math

Use the 1% rule as a quick filter:

- Monthly rent potential should be at least 1% of purchase price

- $200K house → needs $2,000+/month in room rent potential

- 4 rooms × $600 = $2,400 ✓

Step 4: Research Existing Room Rentals

Check what rooms currently rent for in your target area:

- **PadSplit.com** — Search by city to see active listings and prices

- **Facebook Marketplace** — Search "room for rent [city]"

- **Roomies.com** — Filter by location

- **Craigslist** — Rooms/shared section

Step 5: Check Regulations

Before committing to a market, verify there are no deal-killing regulations:

- Some cities limit unrelated adults living together

- Some require special permits for rooming houses

- Some HOAs prohibit room rentals

REGULATION RED FLAGS

If a city has been in the news for "cracking down on boarding houses" or has occupancy limits (e.g., "no more than 3 unrelated adults"), be cautious. Call the planning department and ask directly about room-by-room rentals before investing.

🎯 Markets That Work Well

Based on these criteria, here are examples of market types that typically support coliving:

✅ Good Markets

- Atlanta metro suburbs (30311, 30344, 30349)
- Dallas-Fort Worth suburbs
- Houston outer ring
- Phoenix metro
- Indianapolis
- Columbus, OH
- Charlotte suburbs
- Memphis

❌ Challenging Markets

- San Francisco (prices too high, regulations)
- NYC (regulations, complexity)
- Rural areas (no employment base)
- Affluent suburbs (no demand)
- Cities with strict occupancy limits
- College towns (seasonal, different model)

✅ Action Steps

1. **Choose 3 potential markets** to research (your local area + 2 others)
2. **Complete the Market Research Checklist** for each market
3. **Search for existing room rentals** on PadSplit and Facebook Marketplace
4. **Identify major employers** within 20 minutes of affordable neighborhoods
5. **Narrow to your top 1-2 markets** for deeper neighborhood research

📌 Key Takeaways

- Coliving works where there's an affordability gap and strong employment

- Look for warehouse/hospital/airport workers earning $15-20/hour

- Home prices must support the 1% rule (rent ≥ 1% of price)

- Always verify regulations before committing to a market

- Research existing room rental rates to validate demand

- Sun Belt metros with logistics/healthcare typically work well

✅ Complete Your Research

Use the Market Research Checklist to systematically evaluate your target markets.