

CONDOTEL - GOOD INVESTMENT?



Condotel or Condo Hotel is a new trend in the hospitality industry. It is generally seen as a good investment. But first we should define a condotel. In fact, a condotel is a condominium that acts like a hotel room. The concept of condotel came to being because building of a residential condominium building or a new hotel is very expensive and the land is also very expensive at certain markets. Those facts have brought the developers to the idea of selling units of the building during the pre-construction phase of development. The whole building is run like a hotel by a property management company. The owners can live in their units or rent them. The renting may go through the hotel's rental program which means that the unit is rented at market rates to transient guests. Of course, these services are not for free, the owner has to pay the management company a certain percentage of rental revenue in exchange for booking the room, providing housekeeping services, etc. Owners also have to pay some maintenance fees for the upkeep of the common areas.

Thus the condotel could be used as a residence or as a place for vacation. It is important to see it as an investment opportunity. The fact is that such an investment may be very lucrative but also unprofitable. An investor has to consider all pros and cons of his decision. It is essential to choose a trustworthy management company. It is often the management company that runs the whole building but it is also possible to hire an outside company to manage an owner's condotel property. Of course, it is necessary to read all the documents connected when buying such a unit. It is also advisable to conduct a research on e.g. local tourism. Many condotels are built in popular tourism destinations which is a guarantee of a good rent income.

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