Rental Analysis Report

for 4525 N 66th St UNIT 48, Scottsdale, AZ 85251

Date: August 31, 2025

---

1. Executive Summary

This report provides a detailed rental potential analysis for the 3-bedroom, 2-bathroom, 1,975 sqft townhome at 4525 N 66th St UNIT 48, Scottsdale, AZ. The property is a turnkey, remodeled end-unit in a prime, guard-gated community with significant amenities. Its primary challenge is an exceptionally high monthly HOA fee of **$851**.

After analyzing the local market, a **Short-Term Rental (STR) strategy appears to be the only viable path to profitability**. The high monthly holding costs make a traditional Long-Term Rental (LTR) financially unfeasible, as market rents would not be sufficient to generate positive cash flow. While the STR strategy carries higher management intensity and significant regulatory risk, its potential for high seasonal revenue is the only approach that can overcome the property's burdensome HOA dues.

---

2. Long-Term Rental (LTR) Analysis

Direct Rental Comparables

Based on current listings in the 85251 zip code, here are three comparable properties:

- **3233 N 70th St #1018, Scottsdale, AZ 85251:** 3 Bed, 3.5 Bath, 1,897 sqft. Listed for **$3,495/month**. Newer construction but slightly smaller square footage.
- **3122 N 71st St, Scottsdale, AZ 85251:** 3 Bed, 2.5 Bath, 2,005 sqft. Listed for **$4,495/month**. Comparable size, also remodeled, but in a community with a lower HOA fee.

- **6990 E 6th St #1003, Scottsdale, AZ 85251:** 3 Bed, 3.5 Bath, 1,847 sqft. Listed for **$3,399/month**. Located very close to Old Town, demonstrating the premium for walkability.

Recommended Market Rent Range

A justifiable monthly rent range for this property is **$3,600 - $3,900**.

- **Low End ($3,600):** Would be used to attract a tenant quickly, competing with slightly smaller or less updated units.
- **High End ($3,900):** Justified by the property's large square footage, end-unit location, ground-floor primary bedroom, and extensive community amenities (3 pools, fitness center, guard gate).

Target Tenant Profile

The ideal long-term tenant would be an executive, a relocating professional, or a small family not yet ready to buy. They would be drawn to the prestigious location adjacent to Paradise Valley, the high-quality school district (Arcadia High School), and the "lock-and-leave" lifestyle offered by a guard-gated community with full amenities.

Local Market Vitals

- **Estimated Days on Market:** For a property of this quality and price point, expect **25-45 days** to secure a well-qualified tenant.
- **Leasing Climate:** The demand for high-quality, well-located long-term rentals in South Scottsdale is consistently strong. However, the inventory of available properties has increased, giving tenants more options and making competitive pricing crucial.

---

3. Short-Term / Vacation Rental (STR) Analysis

Market Viability & Demand Drivers

This property is in an **excellent location for a Short-Term Rental**. Scottsdale is a premier tourist and business destination, and this unit's proximity to key demand drivers is a major advantage:

- **Major Events:** Barrett-Jackson Auto Auction, WM Phoenix Open, and Cactus League Spring Training.
- **Entertainment & Lifestyle:** Minutes from Old Town Scottsdale's dining and nightlife, Scottsdale Fashion Square mall, and numerous world-class golf courses.
- **Business Travel:** Proximity to the Scottsdale and Phoenix business corridors.
- **Tourism:** A consistent flow of "snowbirds" and vacationers, especially during the peak fall, winter, and spring seasons.

Revenue Projections

Based on current data for 3-bedroom STRs in the 85251 zip code:

- **Average Daily Rate (ADR):**
  - **Peak Season (Feb-Apr):** $425 - $550/night
  - **Off-Season (Jul-Sep):** $210 - $275/night
- **Estimated Occupancy Rate:** A well-managed and marketed property of this caliber could achieve an average annual occupancy rate of **55% - 65%**.
- **Estimated Gross Annual Revenue:** Based on the projected ADR and occupancy, the potential gross annual revenue is estimated to be between **$75,000 and $95,000**.

Target Guest Profile

The ideal guests would include affluent couples, small groups of golf travelers, families visiting for events or holidays, and business travelers seeking more space and amenities than a hotel. Marketing should target "snowbirds" for longer monthly stays during the winter.

Regulatory Check

The City of Scottsdale has a robust short-term rental ordinance in effect. Key requirements include:

- **Licensing:** An annual City of Scottsdale STR license ($250 fee) and an Arizona Transaction Privilege Tax (TPT) license are mandatory.
- **Insurance:** Proof of a general liability insurance policy with a minimum of $500,000 in coverage is required.
- **Contacts:** Owners must designate a 24/7 emergency contact who can respond to issues on-site within one hour.
- **Neighbor Notification:** Adjacent neighbors must be notified of the property's use as a short-term rental.
- **Taxes:** All bookings are subject to state, county, and city transient lodging taxes.

---

4. Strategic Recommendation

The **Long-Term Rental (LTR) strategy is not recommended**. A peak market rent of $3,900/month ($46,800/year) would be insufficient to cover the mortgage, property taxes, insurance, and the staggering **$10,212 annual HOA fee**, resulting in significant negative cash flow.

The **Short-Term Rental (STR) strategy is the only financially logical approach**, despite its challenges. The projected gross revenue has the potential to cover the high operating costs and generate a profit.

Concluding Advice: Given the prohibitive HOA fee, this property should be viewed primarily as a high-risk, high-reward STR investment. Before proceeding, you must **obtain and thoroughly review the HOA's governing documents (CC&Rs)** to ensure they do not have any restrictions or prohibitions against short-term rentals (leases under 30 days). If the HOA forbids STRs, this property should be avoided as an investment altogether. If they are permitted, the path to profitability will depend entirely on professional management, dynamic pricing, and a superior guest experience to maximize occupancy and nightly rates.
