



The Van Zant House

5419 Woodcrest Rd

Jacksonville, FL 32205

Created by:

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Executive Summary

<i>Selling Price</i>	\$679,000
<i>Additional Financing</i>	Available on request. Debt of \$325,000 currently on property, so wraparound, subject to, or cashing out debt and some equity are possibilities.
<i>General Location</i>	Jacksonville, Florida
<i>Reason for Sale</i>	Other Non-Related Business Interests/Equity Cash Out
<i>Insurance</i>	Rental property insurance, liability policy, separate policy for manufactured home.
<i>Employees</i>	FT: 0 PT: 2 Mgrs: 1 (Part Time)
<i>Skills/Licenses</i>	Entrepreneurial spirit, seller will train
<i>Years Established/Owned</i>	9
<i>HVAC</i>	Window units in all six Padsplit rooms (direct wired to panel) and in all four short term rental units. Ceramic heaters.
<i>Upgrades</i>	Roof (3 yrs old), water heaters, flooring, drywall, plumbing, carpentry, fencing, electrical, driveway, landscaping, furnishings, memorabilia, 1930's pool table, appliances.
<i>Seller Training</i>	3 months transition period
<i>Owner Works</i>	10 hours/ wk
<i>Assets Included</i>	Inventory: \$0 FF&E: \$90,000 Real Estate: \$589,000 Branded www.vanzanthouse.com website with direct booking capability, Facebook fan back with 22,000+ followers. Wifi enabled locks on all 10 doors, Lodigfy channel manager software, listings on all major short term rental sites. Variable pricing on Pricelabs.co

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Business Description

The Van Zant House is an historic property located on Jacksonville's Westside (Lakeshore). It consists of a fourplex of short term rental units on six building lots, and a manufactured Padsplit home on two building lots, all deeded as one parcel. The property operates with a mix of Padsplit residents (6) and vacation rental units (4). The vacation rental units get visitors from all over the world, who are huge fans of rock n' roll. The home was originally the childhood home of Ronnie, Donnie, and Johnny Van Zant, founders/members of the bands Lynyrd Skynyrd and .38 Special. The State of Florida recognized the property for its historic significance and approved an historical marker, which sits at the front of the property today.

History

The property was originally built in 1950 by Lacey Van Zant and his wife, affectionately known as "Sister". In 1964, young Ronnie hit a serendipitous foul ball during a baseball game that hit a young man by the name of Bob Burns in the head. As Ronnie rushed to Bob's aid, they got to talking, and Ronnie learned that Bob was a drummer. Soon after, along with Alan Collins and Gary Rossington, the band My Backyard formed, which eventually morphed into Lynyrd



Skynyrd, after local gym teacher Leonard Skinner, who gave the boys hassles about their long hair. Before long, the boys moved out of the Van Zant House and Lynyrd Skynyrd rose to the pinnacle of rock stardom in the early and mid-1970's. Tragedy struck the band in 1977, however, and Skynyrd's plane crashed in Gillsburg Mississippi. Ronnie, guitarist Steve Gaines, backup singer Cassie Gaines, manager Dean Kilpatrick, and the two pilots lost their lives, and many of the remaining band members were seriously injured. Ten years later, the band was reborn, with youngest son Johnny taking over lead vocals. Lynyrd Skynyrd continues to tour to this day. Lacey and Sister, meanwhile, remained in the Woodcrest Rd home for the rest of their lives, and the walls of the home were adorned with gold and platinum records.

Restoration

In the late 2000's the Van Zant House fell into the hands of a Canadian company, which proceeded to neglect the property. In the ensuing years, it fell into a state of significant disrepair. In late 2015, Blue Horizon Property Solutions (BHPS) saw the property listed in the Multiple Listing Service and purchased it for a very low price, which was reasonable given its condition. The company then sank more than \$225,000 directly into the restoration of the property, including new electrical, plumbing, carpentry, drywall, flooring, a new roof, new kitchens, new baths, furnishings, and much more. As each unit was completed, it was filled with a new resident,

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and those cash flows drove further work on the property. During the renovation of the “Main House”

unit, the largest and last to be completed, BHPS decided to restore it much as it was in the 1960's and 1970's, with a few nods toward modern technology. Memorabilia, a 1930's Brunswick pool table, and musical instruments, were all brought in to add to the appeal of the property. Over the ensuing years, the vacation rental business has continued to grow. In 2021, a smaller side unit called “The Annex”, which was originally part of the Main House was converted to vacation rental, and saw instant success, which pushed the financial results even higher. In December 2022, the Studio unit was furnished and prepared for guests, and even more revenue will be generated from that unit. The last of the four main building units was converted to short term rental in February of 2023. The manufactured home was converted to a Padsplit shared living home at a cost of \$25,000 between November and February 2023 which more than quadrupled its revenues.

Premises

Address:

5419 Woodcrest Rd
Jacksonville, FL 32250

Building Type:

Fourplex frame on concrete and
manufactured home.

Year Built:

1950

Leasable Square Feet:

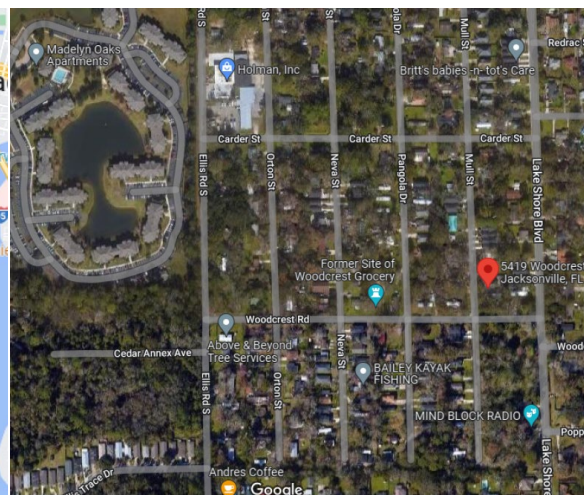
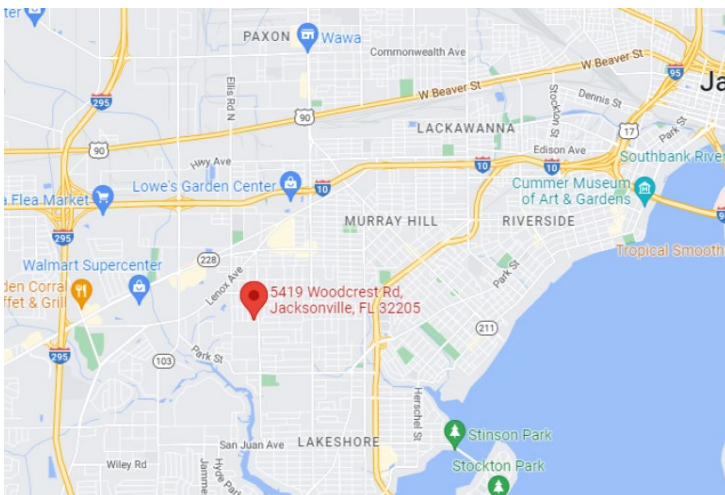
5,986 /5,253 Heated/Cooled

Land Area:

22,000 square feet

Parking

Off road



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Location Photos



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Fixtures & Equipment

The real estate is the heart of the Van Zant House property; however, the four vacation rental units and Padsplit have a significant amount of furniture, equipment, and memorabilia, valued at \$90,000. A complete line-item list is available as part of the due diligence process.

Financial Analysis

The Van Zant House

A detailed proforma spreadsheet for the past 12 months rolling YTD is available under separate cover. It should be noted that ratio analysis and comparison to multifamily property will yield incongruous results. Since the revenues generated from vacation rentals and Padsplits runs from 2x-3X more than what long term rental income yields, the expense ratios, of course, are going to run significantly lower (ie from 50% to 25-30%). Although the property is currently self-managed, the owner has maintenance and cleaning personnel on staff who do an outstanding job. The costs of cleanings are passed through to the guests, and the maintenance is generally low.

The owner has created a turnkey system using channel manager software called Lodgify, which in turn manages bookings from AirBnB, VRBO, Expedia, Booking.com, and Google. In addition, the branded website www.VanZantHouse.com has a direct booking engine that can take bookings and payments online without the need for intermediaries.

Pricing for the units is optimized by www.PriceLabs.co and it uses a proprietary demand-based pricing system that raising prices during weekends, holidays, and during special local events. The system is not dissimilar to how airlines run their pricing. This optimizes income levels.

On a number of occasions, the property has hosted guests for periods of 3-4 months, some even longer, which has greatly improved occupancy rates, which run around 75%.

While there is some labor involved in managing a vacation rental property, there are a number of professional companies (local and national) that can do the work for you, but really, technology makes it very easy to manage from a smart phone from anywhere.

Potential value adds include Solar, which could easily reduce the utilities, the second largest expenditure (after debt service), upgrading furniture, raising nightly rates, adding storefronts to the short term rentals (including Van Zant House merchandise), having small concerts, having tours for the public, increasing the Padsplit weekly rates, parking fees, pet fees, and increasing marketing for direct bookings are all just a few of the ways to lever up NOI on what is already an outstanding revenue producer. Really just a matter of time and attention, or hiring a marketing firm.

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Financing

The current financing on the property was obtained as a residential fourplex, largely because not too much capital was required. The manufactured home was ignored. Because of the uniqueness of this property, it really is very difficult to appraise, and a residential appraisal relying heavily on comps, is very unlikely to capture the historic value, or the value of the income, as operated. As such, financing this purchase in this same manner is highly unlikely, without a significant cash down payment (30-40%)

Likewise, forcing this property into a multifamily underwriting model is not going to yield realistic numbers due to the revenues being so much higher than multifamily, and to the expense ratio being so much lower.

A commercial appraisal and a commercial loan would likely yield the best results both in terms of properly capturing the value of the property based on the income, and lending against that value.

That said, owner financing is also a possibility. The owner's primary goal is to lever the significant amount of equity he has in the property (\$350,000+) out for other projects. So, to that end, with a wraparound or mortgage or subject to financing, the owner would want to see a six figure down payment (the larger the better), and a balloon payment within three years. Interest rate would need to be in the 10-12% range, as follows:

1-year balloon, 10%

2-year balloon, 11%

3-year balloon, 12%

Regardless of the structure of a deal, any buyer is walking into this with thousands of dollars of immediate positive monthly net operating income and a cap rate of around 19%, which is more than three times the industry average for class C multifamily real estate. A cash on cash return would be similarly well above industry norms. This reflects what some might perceive as a higher level of risk as compared to a typical multifamily property, but that risk is somewhat mitigated by the long operating history and steady revenue numbers.

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