

Illustrative Short Term Rental Model - Example Returns

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(480) 757-6399

Asset Underwriting Model						
Street	City	State	Zip	County	TOT Reference	
Harmony Heights	Nashville	TN		Davidson	Nashville	

Asset Profile	
	Current
Bed	3
Bath	3.00
Vintage	
Square Footage	1648
Pool (Y/N)	n
Approx. Lot Square Footage	

Acquisition Assumptions	
After Repair Value (ARV)	850,000
Purchase Price	824,000
Acq Closing Costs	0.50%
Renovation Costs	
Furniture Cost	50,000
Furniture Financed?	N
Furnishing Fee	0
Design Fee	0
Construction Fee	0

Expense Assumptions	
Property Management (% Net Rent)	18.0%
Annual Utility Costs	3,600
Annual Maintenance Costs	2,400
HOA	2,500
Annual Property Taxes	6,000
Annual Property Insurance	1,500
Annual Linen Replacement	2,000
Re-stocking Costs	1,250
Avg Annual Expense Growth	2.5%
Disposition Costs (% of Sales Price)	5.0%

Revenue Assumptions	
Marketing Fee	0.00%
Lost Rent/Concession	0.00%
Gross Annual Collections	\$115,000
Annual Rent Growth	2.5%
Annual HPA Growth	5.0%

Summary Forecast

Cost Basis	
Initial Costs:	
Purchase Price	824,000
Acq Closing Cost	4,120
Upfront Renovation (additions)	0
Furniture	50,000
Buyer Commission Rebate	0 0.00%
Loan - Points	0 0.00%
Loan - Construction Interest	0 0.00%
Capitalized Construction Utilities / Taxes	0
Total Fees	0
Total Day 1 Basis	878,120

Embedded Equity	
Total Basis, Excluding Furniture	828,120
ARV	850,000
Embedded Equity	21,880
%	2.6%

Funding Sources	
Loan on Property	659,200 80.00%
Loan on Furniture	0.00%

Equity Required	218,920
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Notes

For more information call (480) 757-6399

5-Year Forecast						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Annual Revenue and Tax Write-Off						
Gross Collections	115,000	117,875	120,822	123,842	126,938	604,478
1/7 Furniture Depreciation Write-off	2,286	2,286	2,286	2,286	2,286	11,429
Interest Write Off at 32% tax bracket	12,657	12,657	12,657	12,657	12,657	63,283
Construction Time (Yr 1)	0.00%	-	-	-	-	-
Marketing & Furnishing (Yr 1)	0.00%	-	-	-	-	-
Gross Collections and Tax Write-Offs	129,942	132,817	135,764	138,785	141,881	679,190
Cleaning Fee \$225.00 per stay	(9,900)	(9,900)	(9,900)	(9,900)	(9,900)	(49,500)
Occupancy Tax	(13,477)	(13,813)	(14,159)	(14,513)	(14,876)	(70,837)
Average Channel Booking Fee(6%)	(5,175)	(5,304)	(5,437)	(5,573)	(5,712)	(27,202)
Lost Rent/Concessions	0	0	0	0	0	0
Gross Gains	101,391	103,800	106,268	108,799	111,393	531,651
Annual Operating Costs:						
Property Management Cost	15,561	15,994	16,439	16,894	17,361	82,249
Utility Costs	3,600	3,690	3,782	3,877	3,974	18,923
Maintenance Costs	2,400	2,460	2,522	2,585	2,649	12,615
Pool and Landscape	2,500	2,563	2,627	2,692	2,760	13,141
Taxes	6,000	6,150	6,304	6,461	6,623	31,538
Insurance	1,500	1,538	1,576	1,615	1,656	7,884
Linen Fee	2,000	2,050	2,101	2,154	2,208	10,513
Re-stocking Costs	1,250	1,250	1,250	1,250	1,250	6,250
Total Costs	34,811	35,694	36,600	37,528	38,480	183,113
NOI	66,580	68,105	69,668	71,271	72,913	348,538
(-) Interest Expense	(39,552)	(39,552)	(39,552)	(39,552)	(39,552)	(197,760)
(-) Furniture Expense	0	0	0	0	0	0
Net Free Cash Flow	27,028	28,553	30,116	31,719	33,361	150,778
Net Free Cash Flow (exc Interest)	66,580	68,105	69,668	71,271	72,913	348,538

Property Disposition at End of Yr 5						
Property Value	850,000	892,500	937,125	983,981	1,033,180	
Disposition Costs					(51,659)	
Net Sales Value					981,521	
Property Basis					(828,120)	
Gain on Sale					153,401	

Cash Flow - Leveraged						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Purchase - Home & Renovation	(828,120)	0	0	0	828,120	0
Purchase - Furniture	(50,000)	0	0	0	0	(50,000)
Purchase - Capitalized Loan Costs	0	0	0	0	0	0
Loan	659,200	0	0	0	(659,200)	0
Net Free Cash Flow after Interest	27,028	28,553	30,116	31,719	33,361	150,778
Gain on Sale	0	0	0	0	153,401	153,401
Furniture Salvage Value	0	0	0	0	12,500	12,500
Total Cash Flow - Leveraged	(191,892)	28,553	30,116	31,719	368,183	266,679

Cash Flow - Unleveraged						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Purchase - Home & Renovation	(828,120)	0	0	0	828,120	0
Purchase - Furniture	(50,000)	0	0	0	0	(50,000)
Purchase - Capitalized Loan Costs	0	0	0	0	0	0
Loan	0	0	0	0	0	0
Net Free Cash Flow	66,580	68,105	69,668	71,271	72,913	348,538
Gain on Sale	0	0	0	0	153,401	153,401
Furniture Salvage Value	0	0	0	0	12,500	12,500
Total Cash Flow - Unleveraged	(811,540)	68,105	69,668	71,271	1,066,935	464,439

Key Metrics						
Gross Yield on Basis	14.8%	15.1%	15.5%	15.8%	16.2%	15.5%
NOI Margin	65.7%	65.6%	65.6%	65.5%	65.5%	65.6%
Cap Rate	7.6%	7.76%	7.9%	8.1%	8.3%	7.9%
Return on Equity - Unleveraged	7.6%	7.8%	7.9%	8.1%	8.3%	n/a
Return on Equity - Leveraged	12.3%	13.04%	13.8%	14.5%	15.2%	n/a
IRR - Unleveraged	13.3%	n/a	n/a	n/a	n/a	n/a
IRR - Leveraged	28.2%	n/a	n/a	n/a	n/a	n/a
MoM - Unleveraged	1.53x	n/a	n/a	n/a	n/a	n/a
MoM - Leveraged	2.22x	n/a	n/a	n/a	n/a	n/a

6%	7%	8%	8%	9%	9%	9%	10%	10%	9%	8%	7%	YEARLY TOTAL
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
\$6,900	\$8,050	\$9,200	\$10,350	\$11,500	\$11,500	\$11,500	\$11,500	\$11,500	\$11,500	\$11,500	\$8,050	\$115,000