

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	4
Bath	4.00
Vintage	
Square Footage	2212
Pool (Y/N)	n
Approx. Lot Square Footage	

Acquisition Assumptions	
After Repair Value (ARV)	1,100,000
Purchase Price	1,072,820
Acq Closing Costs	0.50%
Renovation Costs	
Furniture Cost	60,000
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	7,500
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	\$135,000
Annual Rent Growth	2.5%
Annual HPA Growth	5.0%

Summary Forecast

Cost Basis	
Initial Costs:	
Purchase Price	1,072,820
Acq Closing Cost	5,364
Upfront Renovation (additions)	0
Furniture	60,000
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	1,138,184

Embedded Equity	
Total Basis, Excluding Furniture	1,078,184
ARV	1,100,000
Embedded Equity	21,816
%	2.0%

Funding Sources	
Loan on Property	858,256 80.00%
Loan on Furniture	0.00%

Equity Required	
	279,928

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	135,000	138,375	141,834	145,380	149,015	709,604
1/7 Furniture Depreciation Write-off	2,743	2,743	2,743	2,743	2,743	13,714
Interest Write Off at 32% tax bracket	16,479	16,479	16,479	16,479	16,479	82,393
Construction Time (Yr 1)	0.00%	-	-	-	-	-
Marketing & Furnishing (Yr 1)	0.00%	-	-	-	-	-
Gross Collections and Tax Write-Offs	154,221	157,596	161,056	164,602	168,236	805,711
Cleaning Fee \$250.00 per stay	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(55,000)
Occupancy Tax	(15,820)	(16,216)	(16,621)	(17,037)	(17,463)	(83,157)
Average Channel Booking Fee(6%)	(6,075)	(6,227)	(6,383)	(6,542)	(6,706)	(31,932)
Lost Rent/Concessions	0	0	0	0	0	0
Gross Gains	121,326	124,154	127,052	130,023	133,068	635,622
Annual Operating Costs:						
Property Management Cost	18,379	18,888	19,410	19,944	20,492	97,113
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	7,500	7,688	7,880	8,077	8,279	39,422
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	39,129	40,125	41,147	42,194	43,267	205,861
NOI	82,197	84,028	85,905	87,829	89,801	429,761
(-) Interest Expense	(51,495)	(51,495)	(51,495)	(51,495)	(51,495)	(257,477)
(-) Furniture Expense	0	0	0	0	0	0
Net Free Cash Flow	30,702	32,533	34,410	36,334	38,306	172,284
Net Free Cash Flow (exc Interest)	82,197	84,028	85,905	87,829	89,801	429,761

Property Disposition at End of Yr 5						
Property Value	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057	
Disposition Costs					(66,853)	
Net Sales Value					1,270,204	
Property Basis					(1,078,184)	
Gain on Sale					192,020	

Cash Flow - Leveraged						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Purchase - Home & Renovation	(1,078,184)	0	0	0	1,078,184	0
Purchase - Furniture	(60,000)	0	0	0	0	(60,000)
Purchase - Capitalized Loan Costs	0	0	0	0	0	0
Loan	858,256	0	0	0	(858,256)	0
Net Free Cash Flow after Interest	30,702	32,533	34,410	36,334	38,306	172,284
Gain on Sale	0	0	0	0	192,020	192,020
Furniture Salvage Value	0	0	0	0	15,000	15,000
Total Cash Flow - Leveraged	(249,226)	32,533	34,410	36,334	465,254	319,304

Cash Flow - Unleveraged						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Purchase - Home & Renovation	(1,078,184)	0	0	0	1,078,184	0
Purchase - Furniture	(60,000)	0	0	0	0	(60,000)
Purchase - Capitalized Loan Costs	0	0	0	0	0	0
Loan	0	0	0	0	0	0
Net Free Cash Flow	82,197	84,028	85,905	87,829	89,801	429,761
Gain on Sale	0	0	0	0	192,020	192,020
Furniture Salvage Value	0	0	0	0	15,000	15,000
Total Cash Flow - Unleveraged	(1,055,987)	84,028	85,905	87,829	1,375,005	576,781

Key Metrics						
Gross Yield on Basis	13.5%	13.8%	14.2%	14.5%	14.8%	14.2%
NOI Margin	67.7%	67.7%	67.6%	67.5%	67.5%	67.6%
Cap Rate	7.2%	7.38%	7.5%	7.7%	7.9%	7.6%
Return on Equity - Unleveraged	7.2%	7.4%	7.5%	7.7%	7.9%	n/a
Return on Equity - Leveraged	11.0%	11.62%	12.3%	13.0%	13.7%	n/a
IRR - Unleveraged	12.7%	n/a	n/a	n/a	n/a	n/a
IRR - Leveraged	26.1%	n/a	n/a	n/a	n/a	n/a
MoM - Unleveraged	1.51x	n/a	n/a	n/a	n/a	n/a
MoM - Leveraged	2.14x	n/a	n/a	n/a	n/a	n/a

6%	7%	8%	8%	9%	9%	9%	10%	10%	9%	8%	7%	
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YEARLY TOTAL
\$8,100	\$9,450	\$10,800	\$12,150	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$9,450	\$135,000