

INVESTMENT OPPORTUNITY

42 Furman Avenue

Asheville, North Carolina

16

Licensed STR Units

\$5,499,000

Asking Price

~9.7%

Stabilized Cap Rate

- One of the few properties with an active multi-unit STR license in downtown Asheville
 - 16 units across two asset classes: 12 one-bedroom / 4 studios
 - 84% average occupancy in 2025 — strong demand despite operator headwinds
- 2025 actuals depressed by Hurricane Helene, 4-unit ramp & operator underperformance
- Offered below original underwritten value — operational issues are operator-driven, not market-driven

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PROPERTY PHOTOGRAPHY



Exterior — 42 Furman Avenue, Downtown Asheville, NC



Aerial View — Property & Downtown Asheville Context



Interior — Unit 302 (One Bedroom)

PROPERTY OVERVIEW

Address	42 Furman Avenue, Asheville, NC 28801
Asset Type	Short-Term Rental Building — 16 Licensed Units
Unit Mix	12 x One Bedroom / One Bath + 4 x Studio
Building Size	~8,395 sq ft 3-story brick construction with walkout basement
Location	Downtown Asheville — walkable to Grove Park Inn, River Arts District, dining & entertainment core
STR License Status	FULLY LICENSED & COMPLIANT — one of the very few multi-unit STR properties permitted in Asheville's urban core
Current Operator	Kasa (onboarded 2024)
Year Converted to STR	2024 — following extensive renovation to bring the building to full livability and STR compliance standards
Asking Price	\$5,499,000 (\$343,688 per unit)

THE LICENSE ADVANTAGE

Asheville has implemented among the most restrictive short-term rental permitting regimes in the Southeast. New multi-unit STR licenses in the urban core are effectively frozen. **42 Furman is one of the only buildings in downtown Asheville that a buyer can acquire today with a compliant, active STR license already in place.** This regulatory moat cannot be replicated by purchasing a competing property nearby — it is a structural premium that exists independent of trailing NOI performance.

INVESTMENT HIGHLIGHTS

Irreplaceable Permit	Licensed STR in a market where new permits are not being issued. Competitors cannot acquire a similar building and replicate this.
Strong Occupancy Foundation	Averaged 84% occupancy across operating units in 2025 — genuine demand even through a severely impaired year.
Operator Replacement Upside	Kasa ran labor at 22% of revenue vs. a budgeted 10–11%. A competent replacement recovers \$40–60K+ in annual NOI immediately.
ADR Recovery Potential	Kasa achieved \$104 ADR. Market comps show \$123–\$213 on comparable downtown Asheville units. Significant pricing upside uncaptured.
Never Fully Stabilized	The property has never operated a full year at full unit count under competent management. Buyers are acquiring upside, not history.
Below Original Underwrite	Offered at \$5.499M — below the original underwritten value. Operational issues are operator-driven, not market-driven.

WHY 2025 ACTUALS ARE NOT A RELIABLE BASELINE

Three simultaneous and non-recurring headwinds converged in 2025, making it the worst possible year to use as a baseline for underwriting this asset. Each factor is documented, quantifiable, and unlikely to repeat.

Factor	Description	Est. NOI Impact
Hurricane Helene (Sept 2024)	Devastated Asheville tourism through Q4 2024. Traveler uncertainty about city operations suppressed demand well into 2025.	~\$90-50K
4 of 16 Units Offline Until Q2	Full unit inventory unavailable at launch. Four units came online mid-year — 4 of 2025 ran at 75% unit capacity.	~\$60-80K
New Operator (Kasa) — Jan 2025	Labor at 22% of revenue vs. 10-11% budget. ADR also well below market (\$140 vs. \$123-\$213 on comparable units).	~\$140-60K

Combined estimated NOI drag: \$130-190K. Normalizing for these headwinds brings restated 2025 NOI to ~\$220-330K — consistent with the stabilized projection range below.

FINANCIAL SUMMARY

Metric	2025 Actual (Impaired)	Restated 2025 (Headwinds Adj.)	Stabilized Projection	Original Underwrite
Gross Revenue	\$458,508	~\$555,000	~\$650,000	\$680,360
Total Expenses	\$369,665	~\$230,000	~\$175,000	\$104,204
Net Operating Income	\$88,843	~\$325,000	~\$475,000	\$576,156
NOI Margin	19%	~59%	~73%	85%
Avg Occupancy	84%	80%	75%	N/A
Avg ADR	\$104	\$115	\$125	\$117
Cap Rate @ \$5.499M	1.6%	~5.9%	~8.6%	~10.5%

Restated and stabilized figures are estimates based on operator comp analysis and Rabbu/AirDNA market data. All projections require independent verification.

VALUATION & CAP RATE SENSITIVITY

The table below shows implied cap rates at \$5.499M across a range of NOI scenarios. A buyer underwriting to stabilized NOI acquires a compelling yield — supported by the irreplaceable STR license and demonstrated 84% occupancy foundation.

NOI Scenario	Annual NOI	Cap Rate @ \$5.499M	Context
2025 Actual	\$88,843	1.6%	Floor — Helene + ramp + operator failure
Conservative Restated	\$150,000	2.7%	Partial headwind removal only
Restated (Mid-Case)	\$325,000	5.9%	Full headwind normalization, Kasa costs fixed
Near-Stabilized	\$450,000	8.2%	Competent operator + partial ADR recovery
Fully Stabilized	\$576,000	10.5%	Original underwrite — lean mgmt + market ADR

PATH TO STABILIZATION

- 1. Replace Operator**

Most immediate value lever. A lean operator at 10–15% management cost (vs. Kasa's 22%+ labor) recovers \$40–60K in annual NOI with no revenue change. Multiple established STR operators serve the Asheville market.
- 2. ADR Optimization**

Dynamic pricing to close the gap between Kasa's \$104 ADR and the \$123–\$135 supported by market comps. A \$20 ADR improvement at 80% occupancy across 16 units adds ~\$93K in annual revenue.
- 3. Full Unit Count**

All 16 units now operational. A buyer inherits full inventory from day one — eliminating the ramp drag that cost an estimated \$60–80K in 2025 revenue.
- 4. Market Recovery**

Asheville tourism rebounded significantly in H2 2025. Post-Helene demand uncertainty is resolved. The city's tourism infrastructure is fully operational and visitor confidence has returned.

84% 2025 Avg Occupancy	\$123–\$213 Market ADR Range (Rabtu / AirDNA comps)	6.5–7.25% Asheville Multifamily Market Cap Rate	~0 New STR Licenses Available Downtown AVL
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DISCLAIMER: This document is for informational purposes only and does not constitute an offer to sell or solicitation to buy. All financial projections are estimates based on market data and management assumptions and are not guarantees of future performance. Prospective investors should conduct thorough independent due diligence, review all available financial records, and consult with their legal, financial, and tax advisors before making any investment decision.