

# HOT SPRINGS LOG CABINS

HOT SPRINGS, NORTH CAROLINA  
CONFIDENTIAL OFFERING MEMORANDUM







# HOT SPRINGS LOG CABINS

EXECUTIVE SUMMARY

7

LOCATION OVERVIEW

15

ASSET OVERVIEW

19





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*Opportunity to acquire a short-term  
rental property 45-minutes from  
Downtown Asheville*





## EXECUTIVE SUMMARY

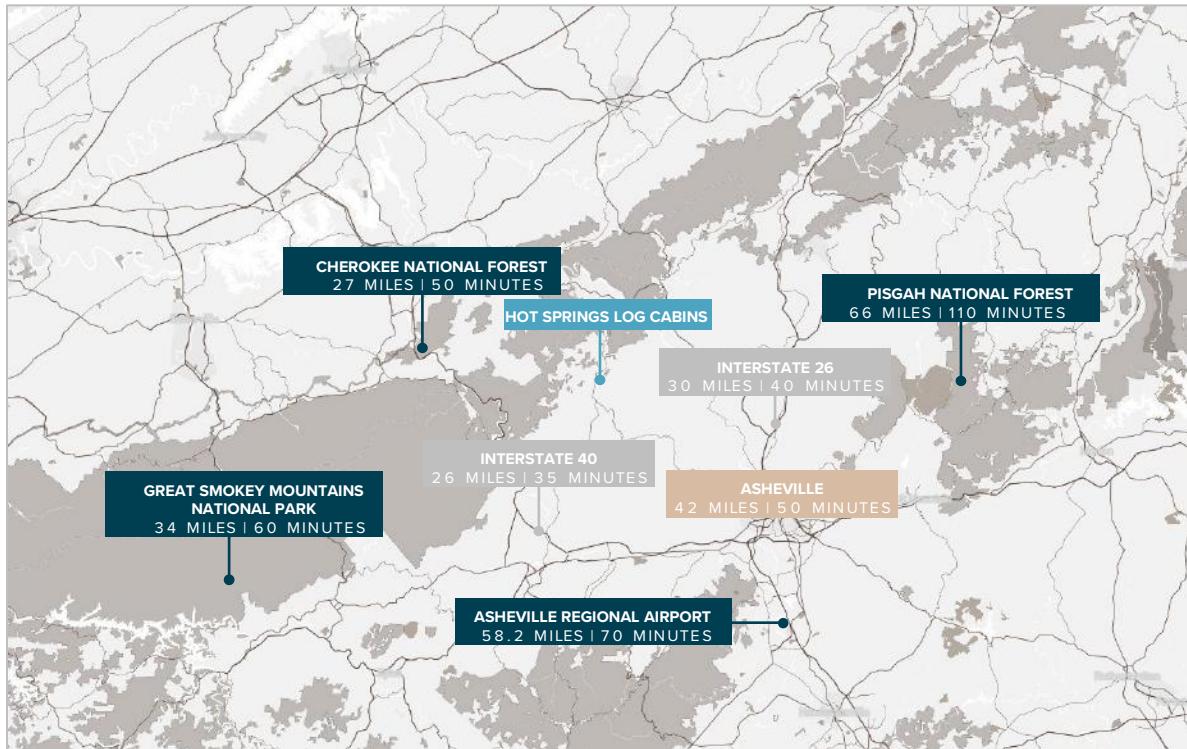
*Property Introduction  
Selling Points  
Investment Highlights*

# HOT SPRINGS LOG CABINS

This property features a total of 5 units that offer an ideal investment opportunity in the scenic Hot Springs market. The Asset, built in 2005, boasts an exceptional location within the Hot Springs.

With a total of all 5 of the units being recently renovated, this property presents an outstanding investment opportunity for new owners to capitalize on the area's high rental potential. Tourism plays a significant role in the Hot Springs' economic development. The town's natural beauty and proximity to national parks attracts visitors seeking outdoor recreation. Overall, the area has experienced positive economic development, driven by its natural resources and thriving tourism industry.





50 Minutes

TO ASHEVILLE

70 Minutes

TO ASHEVILLE REGIONAL AIRPORT

## Premier Connectivity

Hot Springs, North Carolina, is a captivating town known for its natural beauty and premier connectivity. Nestled in the picturesque Appalachian Mountains, this charming destination offers a serene escape for residents and visitors alike. With its abundance of outdoor recreational opportunities, soothing hot springs, and a strong sense of community, Hot Springs truly embodies the spirit of mountain living.

Connectivity is a defining feature of Hot Springs, making it an ideal place to reside or visit. Despite its tranquil setting, the town is well-connected to neighboring cities and towns, allowing for easy exploration of the surrounding region. The close proximity to major highways and roadways ensures convenient travel to nearby destinations such as Asheville, which can be reached within a short drive.

Hot Springs serves as a gateway to an outdoor enthusiast's paradise. The town is situated along the renowned Appalachian Trail, attracting hikers from all over the world who are eager to traverse its scenic beauty. With numerous trails, waterways, and wilderness areas in the vicinity, residents and visitors have abundant opportunities for hiking, camping, fishing, and rafting, immersing themselves in the area's natural splendor.

# Selling Points

## Direct Bookings

By cutting out the middleman, The Asset offers a unique opportunity to revolutionize the travel industry. The user-friendly website empowers travelers to book directly, ensuring a personalized experience and eliminating unnecessary fees. Over 75% of bookings are organic from the [direct booking site](#).

## Consistent 90%+ Occupancy

With a track record of maintaining high occupancy levels, The Asset offers a secure investment opportunity in the ever-growing hospitality industry. Investors can capitalize on the demand for quality accommodations and secure a future of financial success with our property's consistent high occupancy.

## Vetted Long-Term Vendors

Maximize property value and tenant satisfaction with an exclusive network of vetted long-term vendors. Benefit from a comprehensive property management solution that ensures top-quality maintenance and repairs across all major aspects.





NESTLED AMIDST BREATHTAKING  
NAUTAL LANDSCAPES

RESIDENTS CAN ESCAPE THE BUSYNES  
OF EVERDAY LIFE AND IMMERSE  
THEMSLEVES IN THE TRANQUIL CHARM  
OF THESE LOG CABINS

### High-Speed Fiber Internet

Equipped with state-of-the-art high-speed internet technology, The Asset ensures seamless browsing, streaming, and communication for tenants, enhancing their overall living experience.

### Pet-Friendly Cabins

Catering to the needs of pet owners, these cabins offer a unique advantage in the market, attracting a broader range of vacationers seeking a pet-inclusive experience. Investors will enjoy higher occupancy rates and increased rental income as you tap into this underserved market segment.

### Highly Automated Guest Interactions and Bookings Management

By leveraging cutting-edge technology, The Asset streamlines the guest experience from start to finish, ensuring seamless communication, efficient bookings, and personalized service. The automated platform takes care of guest inquiries, reservation management, and even provides self-check-in options, minimizing manual tasks and maximizing efficiency.



## Hot Springs Log Cabins

5830 NC-209, Hot Springs, NC 28743

### PROPERTY INFORMATION:

Year Built	2005
Total Units	5
Average Unit Size	408 SF
Rentable Square Feet	2,040 SF
Lot Size	.11.44 Acres
Density (Units/Acre)	.44 Units/Acre





## Investment Highlights

### ↑\$↑ TOURISM AND HOSPITALITY

Hot Springs is seeing increase in tourism, driven by its natural attractions and wellness offerings. Buying a property in a thriving tourist destination can provide opportunities for generating rental income from vacation rentals, as well as potential long-term appreciation in property value.



### PROXIMITY TO URBAN AMENITIES

Hot Springs is located in close proximity to the vibrant city of Asheville, which offers a wide range of cultural, culinary, and entertainment options. Buyers who desire the tranquility of a small town but also want access to urban amenities may find Hot Springs an attractive investment location.



### OUTDOOR RECREATION

The abundance of outdoor recreational opportunities in and around Hot Springs drives economic activity. Activities such as hiking, fishing, rafting, kayaking, camping, and mountain biking draw visitors and locals alike. Outdoor outfitters, adventure guides, and equipment rental businesses benefit from the demand generated by outdoor enthusiasts.

# Cabin Interiors







BILTMORE  
RESERVE  
PINOT NOIR



## LOCATION OVERVIEW

*Hot Springs, NC*  
*Economic Momentum*  
*Recent Developments*

## HOT SPRINGS

# Region Overview

Hot Springs is a small town located in Madison County, North Carolina, nestled in the scenic Appalachian Mountains. Situated approximately 40 miles northwest of Asheville, Hot Springs enjoys a picturesque location along the banks of the French Broad River. The town is surrounded by the Pisgah National Forest and the Cherokee National Forest, offering abundant opportunities for outdoor recreation. Renowned for being a stop along the famous Appalachian Trail, Hot Springs attracts hikers and nature enthusiasts who seek respite and breathtaking views along this iconic long-distance trail. With easy access to major highways and the nearby Asheville Regional Airport, Hot Springs remains well-connected despite its rural charm. Surrounding towns such as Marshall, Mars Hill, Weaverville, and Burnsville add to the region's appeal, while the town's elevation of around 1,300 feet provides a refreshing and cooler climate. Hot Springs, NC, combines natural beauty, outdoor adventure, and a close-knit community, making it an ideal destination for those seeking a tranquil lifestyle immersed in the splendors of the Appalachian Mountains.



ASHVILLE

## NORTH CAROLINA AWARDS

### BEST BUSINESS CLIMATE

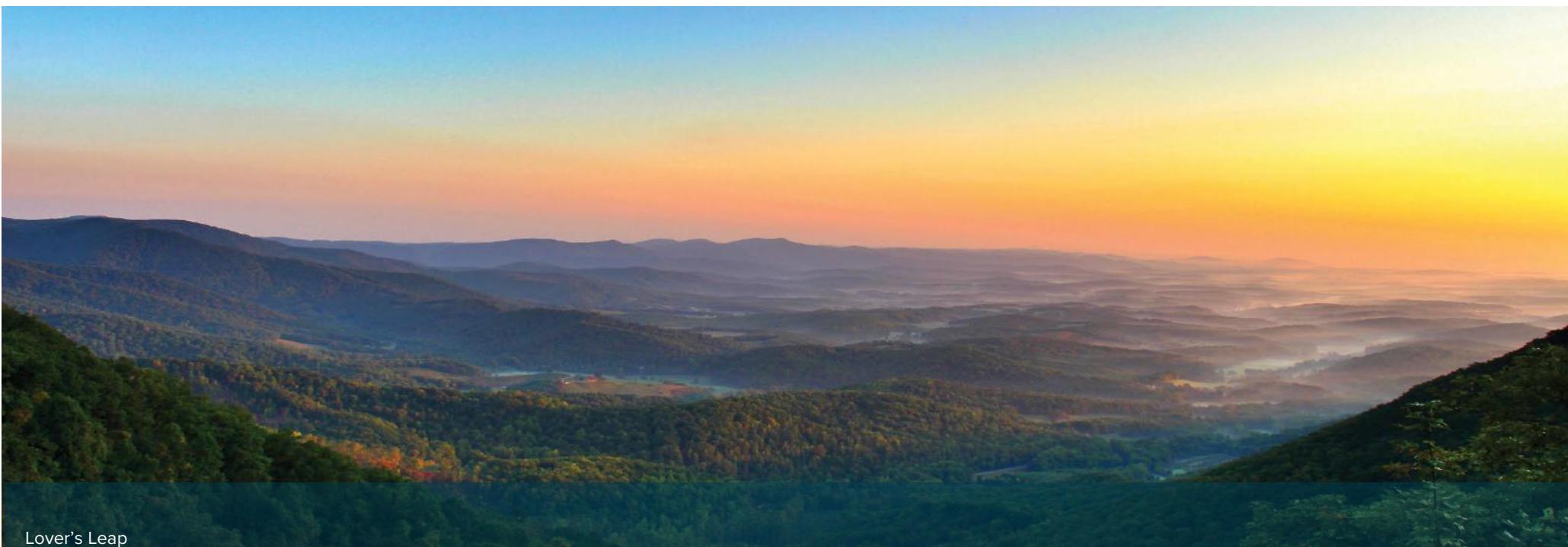
SITE SELECTION MAGAZINE 2023

### STATE OF THE YEAR

BUSINESS FACILITIES 2023

### TOP STATE FOR BUSINESS

CNBC 2022



Lover's Leap



Pisgah National Forest



Cherokee National Forest





## ASSET OVERVIEW

*Hot Springs, NC*  
Hot Springs Log Cabins



A large, dark brown leather sofa is the central piece of furniture. It is adorned with several pillows: a large blue-grey textured pillow on the left, and two smaller plaid pillows in the center. A light-colored, patterned blanket is draped over the right side of the sofa. To the right of the sofa, a wooden coffee table holds a stack of books, including one titled "The Genius of Birds".

A doorway leads to a bedroom area. In the bedroom, a bed is visible with white and blue patterned pillows. A small table with a lamp is also in the room.



## Location Poised for Demand

Nestled in the Appalachian Mountains and surrounded by national forests and the French Broad River, it offers a picturesque escape for outdoor enthusiasts. Its proximity to Asheville provides access to city amenities while still enjoying a serene mountain lifestyle. The town's location along the Appalachian Trail further adds to its appeal. With its natural beauty and convenient location, Hot Springs is well-positioned to meet the rising demand from individuals seeking a harmonious blend of tranquility and convenience in a mountain setting.

# OPERATING STATEMENT COMPARATIVE ANALYSIS

	TRAILING 12 ACTUAL OCT '22 - JUN '23		TRAILING 9 ANNUALIZED APR '23 - JUN '23		TRAILING 6 ANNUALIZED JUN '23		Year 1 PRO FORMA	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>INCOME</b>								
EFFECTIVE RENTAL INCOME								
[1] Current Market Rents	\$242,458	\$48,492	\$240,663	\$48,133	\$229,990	\$45,998	\$260,220	\$52,044
[2] Gain / Loss to Lease	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$7,807	3.0%
Potential Rent Growth							-\$4,020	-1.5%
<b>Gross Potential Income</b>	<b>\$242,458</b>	<b>\$48,492</b>	<b>\$240,663</b>	<b>\$48,133</b>	<b>\$229,990</b>	<b>\$45,998</b>	<b>\$264,006</b>	<b>\$52,801</b>
[3] Vacancy	\$0	0.0%	\$0	0.0%	\$0	0.0%	-\$13,200	-5.0%
[4] Concessions / Discounts	-\$756	-0.3%	-\$1,008	-0.4%	-\$1,543	-0.7%	-\$7,920	-3.0%
<b>Effective Rental Income</b>	<b>\$241,702</b>	<b>\$48,340</b>	<b>\$239,654</b>	<b>\$47,931</b>	<b>\$228,447</b>	<b>\$45,689</b>	<b>\$242,886</b>	<b>\$48,577</b>
Effective Rent	<b>\$4,028</b>	<b>\$9.87</b>	<b>\$3,994</b>	<b>\$9.79</b>	<b>\$3,807</b>	<b>\$9.33</b>	<b>\$4,268</b>	<b>\$10.46</b>
Per Month			<b>\$20,142</b>		<b>\$19,971</b>		<b>\$19,037</b>	0.5%
<b>[5] OTHER INCOME</b>							% over T-12	
Cleaning Fee Income	\$16,445	\$3,289	\$21,927	\$4,385	\$25,630	\$5,126	\$21,927	\$4,385
Miscellaneous Fee Income	\$1,341	\$268	\$1,788	\$358	\$1,824	\$365	\$1,788	\$358
Airbnb Listing Fees	-\$911	(\$182)	-\$1,164	(\$233)	-\$1,296	(\$259)	-\$911	(\$182)
Other Channel Fees	-\$283	(\$57)	-\$377	(\$75)	-\$364	(\$73)	-\$283	(\$57)
Cleaning Fees	-\$23,187	(\$4,637)	-\$22,769	(\$4,554)	-\$21,393	(\$4,279)	-\$23,187	(\$4,637)
Leasing Fees	\$3,000	\$600	\$2,333	\$467	\$1,500	\$300	\$3,000	\$600
Pet Fees	\$10,400	\$2,080	\$10,833	\$2,167	\$11,520	\$2,304	\$10,400	\$2,080
<b>Total other Income</b>	<b>\$6,805</b>	<b>\$1,361</b>	<b>\$12,571</b>	<b>\$2,514</b>	<b>\$17,420</b>	<b>\$3,484</b>	<b>\$12,734</b>	<b>\$2,547</b>
<b>Effective Gross Income</b>	<b>\$248,508</b>	<b>\$49,702</b>	<b>\$252,226</b>	<b>\$50,445</b>	<b>\$245,867</b>	<b>\$49,173</b>	<b>\$255,620</b>	<b>\$51,124</b>
% change over previous period							% over T-12	
<b>[6] EXPENSES</b>	<b>Total</b>	<b>Per Unit</b>	<b>Total</b>	<b>Per Unit</b>	<b>Total</b>	<b>Per Unit</b>	<b>Total</b>	<b>Per Unit</b>
<b>Controllable Expenses</b>								
Contract/Landscape	\$13,430	\$2,686	\$15,567	\$3,113	\$14,240	\$2,848	\$13,430	\$2,686
Other Utility Expense	\$1,850	\$370	\$1,500	\$300	\$1,350	\$270	\$1,906	\$381
Cable/Internet Expense	\$3,443	\$689	\$3,546	\$709	\$3,406	\$681	\$3,547	\$709
Turnover	\$8,384	\$1,677	\$8,157	\$1,631	\$8,796	\$1,759	\$8,384	\$1,677
R&M	\$7,071	\$1,414	\$9,093	\$1,819	\$13,240	\$2,648	\$7,071	\$1,414
Advertising	\$9,829	\$1,966	\$10,478	\$2,096	\$7,566	\$1,513	\$9,829	\$1,966
Administrative	\$8,885	\$1,777	\$8,616	\$1,723	\$8,576	\$1,715	\$8,885	\$1,777
Telephone	\$2,123	\$425	\$1,712	\$342	\$832	\$166	\$2,123	\$425
Bank Fees	\$2,492	\$498	\$3,250	\$650	\$4,756	\$951	\$2,492	\$498
Charitable Donations	\$1,200	\$240	\$1,200	\$240	\$1,200	\$240	\$1,200	\$240
<b>Total Controllable Expenses</b>	<b>\$58,706</b>	<b>\$11,741</b>	<b>\$63,119</b>	<b>\$12,624</b>	<b>\$63,961</b>	<b>\$12,792</b>	<b>\$58,865</b>	<b>\$11,773</b>
<b>Non-Controllable Expenses</b>								
[7] Management Fees	\$29,718	12.0%	\$37,360	14.8%	\$46,436	18.9%	\$20,450	8.0%
[8] Real Estate Taxes	\$2,997	\$599	\$0	\$0	\$0	\$0	\$2,995	\$599
[9] Property Liability/Insurance	\$6,394	\$1,279	\$0	\$0	\$0	\$0	\$6,394	\$1,279
<b>Total Non-Controllable Expenses</b>	<b>\$39,109</b>	<b>\$7,822</b>	<b>\$37,360</b>	<b>\$7,472</b>	<b>\$46,436</b>	<b>\$9,287</b>	<b>\$29,838</b>	<b>\$5,968</b>
<b>TOTAL EXPENSES</b>	<b>\$97,815</b>	<b>\$19,563</b>	<b>\$100,479</b>	<b>\$20,096</b>	<b>\$110,398</b>	<b>\$22,080</b>	<b>\$88,703</b>	<b>\$17,741</b>
Expense Ratio			39.4%		39.8%		44.9%	
<b>NET OPERATING INCOME</b>								
<b>CAPITAL EXPENDITURES</b>								
[10] Capital Replacement/Capital Reserves	\$1,250	\$250	\$1,250	\$250	\$1,250	\$250	\$1,250	\$250
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$149,442</b>	<b>\$29,888</b>	<b>\$150,497</b>	<b>\$30,099</b>	<b>\$134,219</b>	<b>\$26,844</b>	<b>\$165,666</b>	<b>\$33,133</b>

1 Current Market Rents: Are based on the Broker's projections

2 Pro Forma Vacancy: Is based on historical operations of the Property, Broker's projections and market underwriting standards.

3 Pro Forma Gain / Loss to Lease: Is based on the historical operations of the Property, current market conditions, and the Broker's projections.

4 Concessions/Discounts: Is based on historical operations of the Property and Broker's projections.

5 Other Income: Unless otherwise noted, other income is based on the historical operations of the Property and the Broker's projections.

6 Expenses: Unless otherwise noted, expenses are based on the historical operations of the Property and the Broker's projections.

7 Pro Forma Management Fee: Is based on market standards of 8.00% of Effective Gross Income.

8 Real Estate Taxes: Pro Forma taxes are based on 90% of the purchase price, multiplied by the current millage rate of 0.53913

9 Property/Liability Insurance: Is based on historical operations of the Property

10 Capital Reserves: Is based on market standards of \$250 per unit.

## CASH FLOW PROJECTIONS

<b>New Loan</b>		<b>Per Unit</b>
New Loan Amount	\$1,156,000	
LTV	68%	
Interest Rate	7.00%	
Start Date	Oct-23	
Maturity	Sep-28	
Term	5 Years	
Amortization	25 Years	
Years of Interest Only	0 Years	
Amortization Period	Years 1-5	
Annual Payment	\$98,044	
Loan Constant	8.48%	

<b>Calculation of Residual</b>		<b>Per Unit</b>
Holding Period	5 Years	
Residual Cap Rate	8.00%	
Gross Residual	\$2,344,625	
Cost of Sale	1.25% (\$29,308)	
<b>Net Residual Value</b>	<b>\$2,315,318</b>	<b>\$463,064</b>
Outstanding Loan Balance	(\$1,053,834)	(\$210,7677)
<b>Net Residual After OLB</b>	<b>\$1,261,483</b>	<b>\$252,297</b>

	YEAR 1 2023	YEAR 2 2024	YEAR 3 2025	YEAR 4 2026	YEAR 5 2027
<b>INCOME</b>					
Effective Rental Income					
Current Market Rents	\$268,027	\$276,067	\$284,349	\$292,880	\$301,666
Loss to Lease	-\$4,020	-\$4,141	-\$4,265	-\$4,393	-\$4,525
<b>Gross Potential Income</b>	<b>\$264,006</b>	<b>\$271,926</b>	<b>\$280,084</b>	<b>\$288,487</b>	<b>\$297,141</b>
Vacancy	-\$13,200	-\$13,596	-\$14,004	-\$14,424	-\$14,857
Concessions / Discounts	-\$7,920	-\$8,158	-\$8,403	-\$8,655	-\$8,914
<b>Effective Rental Income</b>	<b>\$242,886</b>	<b>\$250,172</b>	<b>\$257,677</b>	<b>\$265,408</b>	<b>\$273,370</b>
<b>Other Income</b>	<b>\$12,734</b>	<b>\$13,116</b>	<b>\$13,510</b>	<b>\$13,915</b>	<b>\$14,332</b>
<b>EFFECTIVE GROSS INCOME</b>	<b>\$255,620</b>	<b>\$263,288</b>	<b>\$271,187</b>	<b>\$279,323</b>	<b>\$287,702</b>
% change from previous period		3.0%	3.0%	3.0%	3.0%
<b>EXPENSES</b>					
Controllable Expenses					
Management Fee	\$58,865	\$60,631	\$62,450	\$64,324	\$66,253
Real Estate Taxes	\$20,450	\$21,063	\$21,695	\$22,346	\$23,016
Property/Liability Insurance	\$2,995	\$3,085	\$3,177	\$7,498	\$7,723
<b>Non-Controllable Expenses</b>	<b>\$6,394</b>	<b>\$6,585</b>	<b>\$6,783</b>	<b>\$6,987</b>	<b>\$7,196</b>
<b>TOTAL EXPENSES</b>	<b>\$29,838</b>	<b>\$30,733</b>	<b>\$31,655</b>	<b>\$36,830</b>	<b>\$37,935</b>
Expense Ratio	34.7%	34.7%	34.7%	36.2%	36.2%
<b>NET OPERATING INCOME</b>	<b>\$166,916</b>	<b>\$171,924</b>	<b>\$177,082</b>	<b>\$178,169</b>	<b>\$183,514</b>
<b>CAPITAL EXPENDITURES</b>					
Capital Reserves	\$1,250	\$1,288	\$1,326	\$1,366	\$1,407
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$165,666</b>	<b>\$170,636</b>	<b>\$175,755</b>	<b>\$176,803</b>	<b>\$182,107</b>
<b>DEBT FINANCING</b>					
Debt Service	\$98,044	\$98,044	\$98,044	\$98,044	\$98,044
<b>CASH FLOW AFTER DEBT FINANCING</b>	<b>\$67,622</b>	<b>\$72,592</b>	<b>\$77,711</b>	<b>\$78,758</b>	<b>\$84,062</b>
<b>DSCR (Based on 30 YR AMO)</b>	1.69	1.74	1.79	1.80	1.86

