

A 5-room B&B at \$500/night can produce a strong NOI, but the real number depends on occupancy, operating costs, and seasonality. A clean way to get you a usable projection is to model three occupancy scenarios and apply typical B&B expense ratios.

Projected Revenue

Revenue is simply:

[Annual Revenue] = 5 rooms × \$500 × 365 × Occupancy Rate

Annual Revenue by Occupancy

40% (low): 730 nights sold - \$365,000

55% (typical): 1,004 nights sold - \$502,000

70% (strong): 1,278 nights sold - \$639,000

Typical B&B Operating Expenses

Most small hospitality operations run between 45%-65% of revenue depending on staffing, utilities, food service, and maintenance.

Breakdown ranges:

- Labor: 20-30%
- Utilities & maintenance: 8-12%
- Food & guest supplies: 5-10%
- Marketing & OTA fees: 5-12%
- Insurance, admin, misc: 5-8%

For a general projection, using 55% operating expenses is realistic for a 5-room B&B.

Projected NOI (Net Operating Income)

[NOI] = Revenue - Operating Expenses

Using a 55% expense ratio:

40% occupancy: Revenue \$365,000 - Expenses \$200,750 = NOI \$164,250

55% occupancy: Revenue \$502,000 - Expenses \$276,100 = NOI \$225,900

70% occupancy: Revenue \$639,000 - Expenses \$351,450 = NOI \$287,550

What This Means

A 5-room B&B charging \$500/night can reasonably generate \$225K-\$290K NOI annually, assuming healthy occupancy and standard operating costs.