



SERVICED ACCOMMODATION

Ben Eastwood





Qualifying demand

- **Pose as a contractor and call local competition: Get prices and have general chat**
- **Competition websites**
- **Google maps: Points of interest**
- **Price labs**
- **AirDNA**
- **STR**

Price Labs – (to be replaced)



- **RevPAR (Revenue Per Available Room)**
- **Occupancy**
- **Booking window**
- **Length of stay**
- **ADR (Average daily rate)**

Key numbers: Getting comfortable

- **Mock P&L**
- **Stress test at 50%**
- **Managing costs**
- **Cashflow forecast**



Key numbers: Getting comfortable (Mock P&L)



- 4 Bed cottage, log burner, hot tub, in AOANB: £225 per night
- £82,125 PA or £6,843 per month
- 50% occupancy: £3,421 per month
- Less 15% OTA costs: £2,907
- Less 15% Management fee: £2,471
- Less cleaning and linen (£1300): £1,17
- Less maintenance: (£100): £1,071
- Less utilities/insurance (£270): £801
- Less Mortgage (£1,100): **-£299**



Key numbers: Getting comfortable (Remedies & top tips)

- 4 Bed cottage: £225 per night
- £82,125 PA or £6,843 per month
- 50% occupancy: £3,421 per month
- Less 15% OTA costs: £2,907
- Less 15% Management fee: £2,471
- Less cleaning and linen (£1300): £1,171
- Less maintenance: (£100): £1,071
- Less utilities/insurance (£270): £801
- Less Mortgage (£1,100): **-£299**
- Price labs links with AirBnB
- AirBnB doesn't like Channel Managers
- Single account on AirBnb?: 4% Charge
- Self manage or VA?
- Purchase linen and find local laundrette
- Hire own cleaners at £15 per hour?
- Local handyman? Hot tub?



Key numbers: Getting comfortable (Remedies & top tips)

- 4 Bed cottage: £225 per night
- £82,125 PA or £6,843 per month
- 65% occupancy: £4,448 per month
- Less 4% OTA costs: £4,270
- Less VA costs (£300): £3,970
- Less cleaning and linen (£720): £3,250
- Less maintenance: (£200): £3,050
- Less utilities/insurance (£270): £2,780
- Less Mortgage (£1,100): £1,680
- Price labs links with AirBnB
- AirBnB doesn't like Channel Managers
- Single account on AirBnb?: 4% Charge
- Self manage or VA?
- Purchase linen and find local laundrette
- Hire own cleaners at £15 per hour?
- Local handyman? Hot tub?



Key numbers: Getting comfortable (Cashflow forecasting)



Trading Cashflow (12 Months)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
INCOME													
Serviced Accommodation													
Nightly Rate	£240	£240	£400	£400	£650	£650	£650	£650	£400	£400	£240	£400	
Occupancy	50%	50%	65%	65%	65%	80%	80%	80%	65%	50%	50%	80%	
Total	£3,720	£3,720	£8,060	£8,060	£13,098	£16,120	£16,120	£16,120	£8,060	£6,200	£3,720	£9,920	£112,918
Total Income	£3,720	£3,720	£8,060	£8,060	£13,098	£16,120	£16,120	£16,120	£8,060	£6,200	£3,720	£9,920	£112,918
EXPENDITURE													
Management at 15%	£558	£558	£1,209	£1,209	£1,965	£2,418	£2,418	£2,418	£1,209	£930	£558	£1,488	£16,938
Online Travel Agents 7.5%	£279	£279	£605	£605	£982	£1,209	£1,209	£1,209	£605	£465	£279	£744	£8,469
Cleaning Linen	£450	£450	£550	£550	£550	£650	£650	£650	£550	£550	£450	£550	£6,600
Repairs, Waste, Supplies	£100	£100	£130	£130	£130	£160	£160	£160	£130	£130	£100	£130	£1,560
Insurance	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£3,000
Utilities	£500	£500	£400	£400	£500	£500	£500	£500	£400	£400	£500	£500	£5,600
Total Expenditure	£2,137	£2,137	£3,144	£3,144	£4,377	£5,187	£5,187	£5,187	£3,144	£2,725	£2,137	£3,662	£42,166
Trading Profit	£1,583	£1,583	£4,917	£4,917	£8,721	£10,933	£10,933	£10,933	£4,917	£3,475	£1,583	£6,258	£70,751
Mortgage Repayment													£0
Cumulative Cashflow	£1,583	£3,166	£8,083	£12,999	£21,720	£32,653	£43,586	£54,519	£59,435	£62,910	£64,493	£70,751	

Play the Algorithm game

- Turn on instant book
- Get those reviews
- Shuffle your professional pictures
- Rotate the advert title and use key words
- Turn on dynamic pricing or plug in price labs
- Monitor future bookings/gaps in good time
- Fill out the amenities information
- Relax your policies as much as you can
- Avoid rejections and cancellations
- Reply quickly



Operations



- **Refurbishment considerations: Spec and door access**
- **Software: Channel managers and smart locks**
- **Managing bookings**
- **Managing maintenance**
- **Managing cleaning and linen**
- **Placing orders**
- **Out of hours**
- **Pros and Cons of self-manage versus using a management company**

Self-manage vs Outsource (Pros and cons)



- **Outsourcing is more hands-off**
- **Self-manage is more cost effective**
- **Build an in-house team capable of scaling to a few units**

Abbey Lodge to Sallow Tree House



- **Former care home**
- **PP: £450,000**
- **Generating circa £10,000 per month gross income**
- **Multiple exits**
- **Modern method of auction**
- **On the market for over a year**

Before



Before



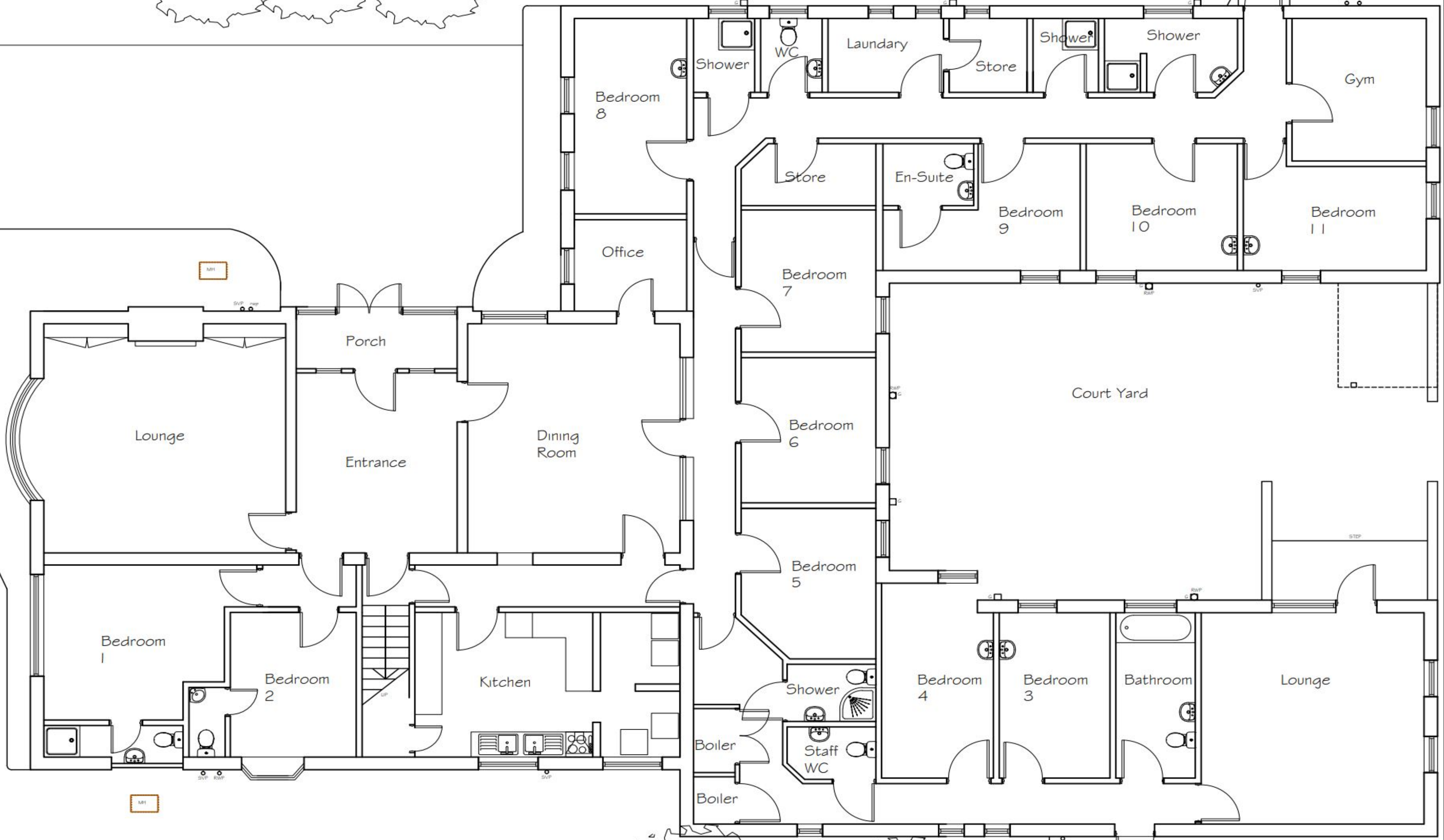
Before



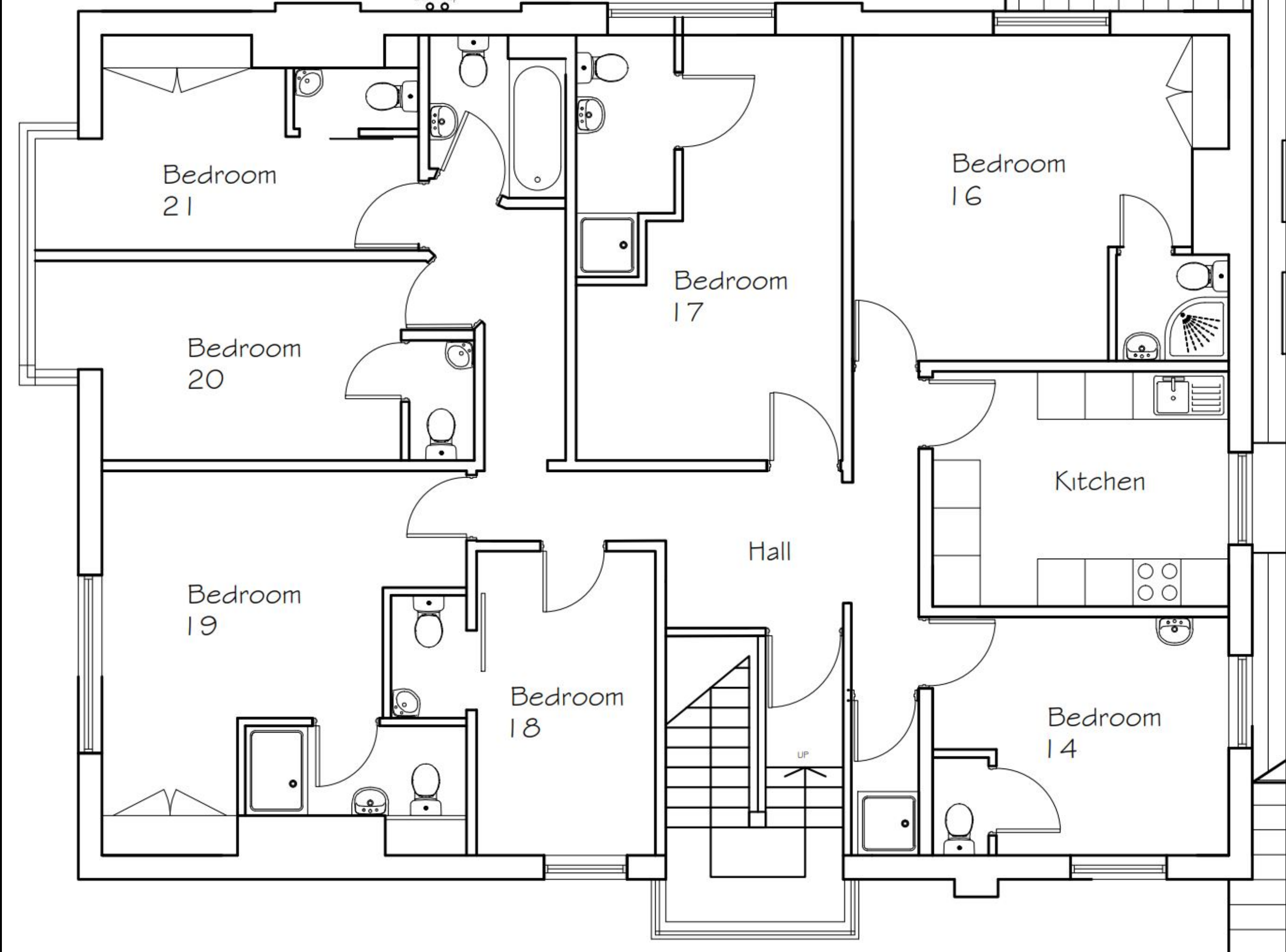
Before



Before



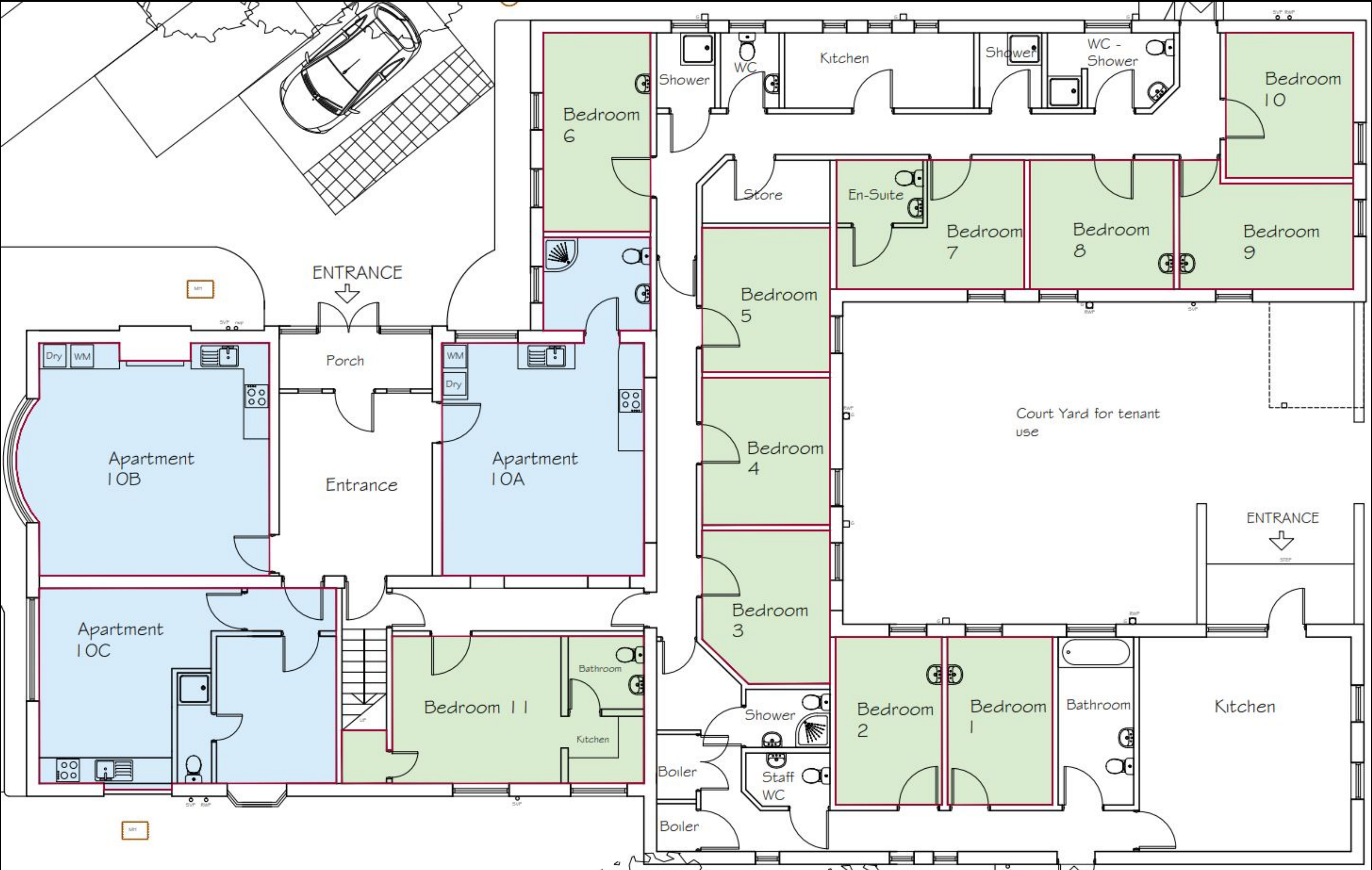
Before



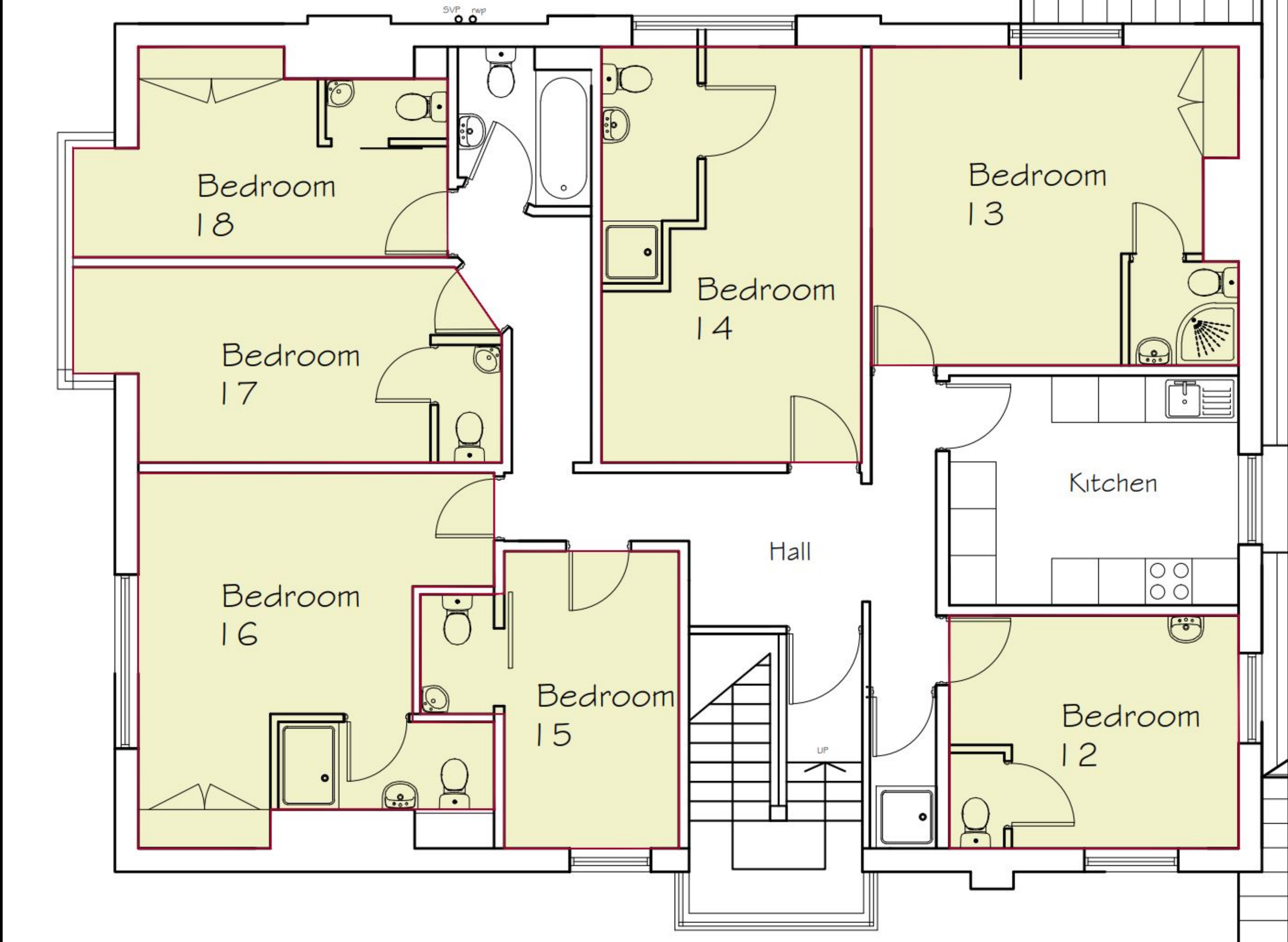
Abbey Lodge to Sallow Tree House: The numbers going in

- **Distressed vendor on bridging loan of £300,000**
- **Offered £300,000 day 1 with £150,000 in a delayed consideration**
- **Long stop date 9 months**
- **Projected GDV of £1.1m**
- **Projected build cost of £250,000**

After



After



Dining room



Dining room into studio



Dining room into studio



Living room



Living room to studio



Standard rooms



Higher end rooms



Living space



Cheap labour



Abbey Lodge to Sallow Tree House: The numbers coming out



- Valuation of £1.2m
- 75% Mortgage released £900,000
- Paid back gross bridge of £570k
- Consideration to vendor of £150k
- Build cost of £400,000 (borrowed extra £150k)
- Acquisition costs & Valuation £42k
- £12k cost for whole deal (Money back just over 1 month)
- Gross income of £17,000 per month
- Mortgage £3,500
- Staff £2,000
- Utilities £900
- Linen £350
- Waste £150
- Repairs £100
- Cashflows at £10,000

GET IN TOUCH



www.letts-stay.co.uk

lettsstayltd



ben_eastwood_property



ben.eastwood.37

