

Earnings Potential for 600 Barrett Lane

The results below describe our opinion of your property's earning potential. Our analysis is based on nearly a decade of experience managing client STR properties as well as our own. And while of course we hope to (and have in plenty of cases) exceed even our Optimistic model, we cannot guarantee any specific earning figures.

Availability Scenario:

Full Time

Conservative Scenario

	<u>Nightly Rate</u>	<u>Occupancy</u>
Weekday:	\$795	4 nights/mo
Weekend:	\$1,600	10 nights/mo
Event:	\$1,800-2,000 (ACL, F1, etc)	10 nights
	\$3,000 (SXSW int.)	3 nights
	<u>\$2,400 (SXSW music)</u>	<u>2 nights</u>
Total Annual Rental Fees*:	\$243,980	
<small>* Based on conservative occupancy rate</small>		
Total Annual Payout**:	\$182,985	
<small>**Net of commission</small>		

Optimistic Scenario

Weekday:	\$995	4 nights/mo
Weekend:	\$1,800	12 nights/mo
Event:	\$2,000-2,250 (ACL, F1, etc)	14 nights
	\$3,450 (SXSW int.)	5 nights
	<u>\$2,650 (SXSW music)</u>	<u>4 nights</u>
Total Annual Rental Fees*:	\$339,730	
<small>* Based on optimistic occupancy rate</small>		
Total Annual Payout**:	\$254,797	
<small>**Net of commission</small>		

Note: "Event" includes ACL, SXSW, PGA, F1, Christmas, Thanksgiving

An Important Note Regarding Occupancy Rate

This may get a little technical, but bear with us. After years of experience in the short term rental industry, one thing we have noticed is that many of our Members tend to be fixated on the Nightly Rate that their property garners. We think it's totally understandable, and have found ourselves doing the same thing with our own homes. However, it is so important to remember that what really drives monthly and annual income is a property's Occupancy Rate.

For example, in the scenarios above, you have the Conservative (conservative nightly rate x conservative occupancy rate) and the Optimistic (optimistic nightly rate x optimistic occupancy rate). We have noticed is that, time and time again, if we "mix" the scenarios by multiplying the conservative nightly rate by the optimistic occupancy rate and vice versa, we get interesting results. We find that the Income result is consistently higher in the scenario using the optimistic occupancy rate combined with conservative nightly rate.

We can then draw the conclusion that Occupancy Rate, not Nightly Rate, is the real driver of Income. As long as we assume that Income is the goal, we can conclude that it's important to shoot for higher Occupancy Rates and resist the urge to get too caught up in the Nightly Rate.