

VACATION
RENTAL

Academy

30 REASONS TO OWN A VACATION RENTAL



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- 1. Cash Flow & Return on Investment (ROI)** – You have a potential to get a great return on your investment and bring in cash flow. ROI measures the gain or loss generated on an investment relative to the amount of money invested. There is more, of course, if it's self-managed, but in some circumstances that isn't an option – for example, if it is out of state.
- 2. Free Vacation Home** – You can literally have a home that pays for itself along with paying you. So, you get to stay there for free. And the more guests that stay there, the more income you have. (Some management companies have a maximum owner-occupied stay per year, so that they can also be profitable and not be upside-down with their time and money invested.)
- 3. Making Memories** – Not only will you be able to make memories there, but so will your guests! That is a huge reason why I am passionate about it all. I love hearing other people's stories of memories that they have made in our rentals. They write about them in the guest books and online, and so often they come back for another visit in the future.
- 4. R&R** – Who doesn't need more of this in their life? It is so easy to get caught up in the daily hustle and bustle of life that we don't not make time to relax and have time off. This was a huge self-care decision, a way to save my sanity, by purchasing the first rental in Florida and then the one in Gatlinburg. I love working, but we all need balance in our life or something gets out of whack.
- 5. Business Expenses** – aka tax write-offs! Running a vacation rental business is basically turning your vacation home into a business expense. I keep all receipts for my rentals, from the lawn mowing to the utensils that I have to buy in the kitchen. You want to make sure that you have an accountant to help you with this, but you will definitely have write-offs with your vacation rental, which will certainly offset other income and ideally pay taxes!

- 6. Real Estate Investment** – This is a great way to get into real estate because the returns can be better than traditional real estate and you can enjoy it yourself. Real estate is generally a safer, more long-term investment than other forms like the stock market, etc. What I like most about it is that you have something tangible that you can see and touch, not like a mutual fund that is just a number on a screen.
- 7. Tenant Turnover** – Guests stay short-term, so you do not have to worry about a bad tenant getting into it, not paying rent, and having to evict them. There will still be trash left behind and the risk of things getting damaged, but not nearly like if someone was there for six months, a year, or longer.
- 8. Owning a Vacation Home** – Because your rental income is offsetting your expenses you can buy a home that you otherwise may not have been able to afford, along with the furnishings too. I have joked over the years that I have nicer furniture and decorations at my vacation rentals than my own home. It is probably because I can write those off and not the ones at my home – haha.
- 9. Appreciation** – Over time the value of your real estate should go up! As long as you take good care of your property over the years and nothing major is happening locally to it or the economy, the value should go up over time – especially if you make improvements to it. With my real estate background, I have worked through the recession, multiple presidential elections, and now COVID. For the most part real estate keeps gaining value over time, especially in different bubbles out there that aren't greatly affected when the economy drops, like my local area. Even after 9/11 and COVID, it benefited our area because a lot of folks wanted to get themselves and their families out of the cities and heavily populated areas, to live a slower and quieter lifestyle.
- 10. Business Resale Value** – You also own a potentially profitable business if done correctly and can sell it as such. So not only are you selling real estate but you are also potentially selling a profitable business which will net you more money when it comes time to sell.
- 11. Hosting Events** – You can host events there yourself, or your guests can if that is permitted. Show off those nice views or fancy furnishings and have your friends and family enjoy it too!

- 12. Furnishings** – Because you are wanting your vacation home to be clean and seem like you, you have the ability to buy higher-end things that you can write off and normally wouldn't have.
- 13. Challenge** – Like any business, nothing is guaranteed; for some folks, that challenge in itself makes it even more gratifying when it is successful and you have repeat guests with raving reviews. This is another big part of it for me, along with the other endeavors I get involved in. I love setting a goal, creating a plan, and then working through the rollercoaster ride to the finish line. Seeing the final product and having something that will also benefit others is an amazing feeling! Those entrepreneurs and go-getters know exactly what I am talking about here!
- 14. Retirement** – It is some people's dream to retire at their vacation home. The best and fastest way to do that is to have other people pay for it by renting it out as much as possible.
- 15. Diversify** – A vacation rental can be a great way to diversify your investments with the added bonus of using it yourself and still getting a great return.
- 16. Future Purchases** – If you have a strong rental history and have been running your vacation rental like a business, then purchasing another/better vacation home will be much easier to get financing for. This will allow you to upgrade quicker and add more to your portfolio over time.
- 17. More Income** – More money to bring home with very little time invested on a regular basis. This all depends on what expenses you have with your profit and loss, but as long as you do your research, have a business plan, and get the best deal you can in the beginning, it will allow you to have that extra income sooner than later. Like with the chalet, my goal was to do a conservative business plan so that I could see the bare bones and what to expect. I was blown away when it actually turned out to be almost double of what my business plan originally said. This certainly helped by not underpricing it and researching how I could have quality over quantity with my guests and turnovers.
- 18. Good Feeling Hormones** – You will literally get a hit of Dopamine every time that you see a new booking on your screen or phone!

- 19. Build Equity** – Basically equity is the gap between the value of the property and what is owed against it. As your mortgage gets paid down your equity grows larger, which will enable you to pay it off faster. Eventually you will just have positive cash flow – or you'll have more leverage to buy other properties.
- 20. Be a Boss** – With this opportunity you will get to be your own boss and business owner. There isn't anything much more rewarding than that! If there is one personal takeaway I had during the shutdown and the months surrounding the Coronavirus, it is that I was so glad that I was in the driver's seat of my own fate and in control. That can be a double-edged sword sometimes, because there is no one coming to save you, but you are also not relying on someone to make decisions about your funds and future – it's all up to you and that feeling is very empowering!
- 21. Growing Industry** – The short-term rental market is growing. A study by [Technavio](#) forecasts that the global vacation rental market size will grow by \$62.97 billion during 2020-2024. I have said this again and again: COVID-19 will be another huge reason why folks want to stay in vacation rentals. The days of being surrounded by others in hotels with potential germs are going to be less and less. People want their own clean space without others in theirs.
- 22. Any Budget and Price Range** – Short-term rental properties can be found for any taste and budget. Whether it is a single bedroom or a large estate, they are all out there – which means you can create one on any budget.
- 23. More Comfort** – Guests are generally more comfortable staying in a home-like setting over a commercial hotel. With your own pots and pans to use along with normal household furnishings, you literally feel “right at home.”
- 24. Family-Friendly** – It is easier for families to stay in vacation rentals than hotels, and it's becoming more common as they enjoy the practical comfort of a real residence. It is also more affordable because you won't have to rent multiple rooms and be away from your kids like at a hotel. Plus, you don't have to worry about your kids being loud and waking the neighbors up!
- 25. Marketability** – Vacation rentals are constantly getting easier to market thanks to new websites becoming available to list them, some with global access.

26. **Diversity** – Vacation rentals come in all shapes, sizes, and price points – ranging from studio apartments to mountain chalets.
27. **Local Insight** – You can share your knowledge of the area with tips and suggestions about local attractions during their stay, offering them an “Insider’s Perspective.” This is a fun one for me, having the opportunity to share my favorite spots or experiences, especially if it helps my friends’ businesses somehow.
28. **More Economical** – Guests can save money by cooking their own food while staying in and enjoying your rental. This could be the solo traveler, the “social distancer,” or even the family.
29. **Often Less Expensive** – Vacation rentals tend to be less costly than a hotel, and if guests are staying more than a few days there’s often a discount applied. I have a 7-night discount and a month-long discount.
30. **You Can Always Adjust the Price** – As time goes on, and your demand and good reviews continue, you can tweak the price to increase revenue. The same goes for in the off-season. You can charge a lower amount to keep guests booking during that time.

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