



Entering the short-term rentals market for Watershed: how profitable?

By Katerina Bosko

9/28/2018



WATERSHED
PROPERTIES

Short term rentals?

Business as usual?

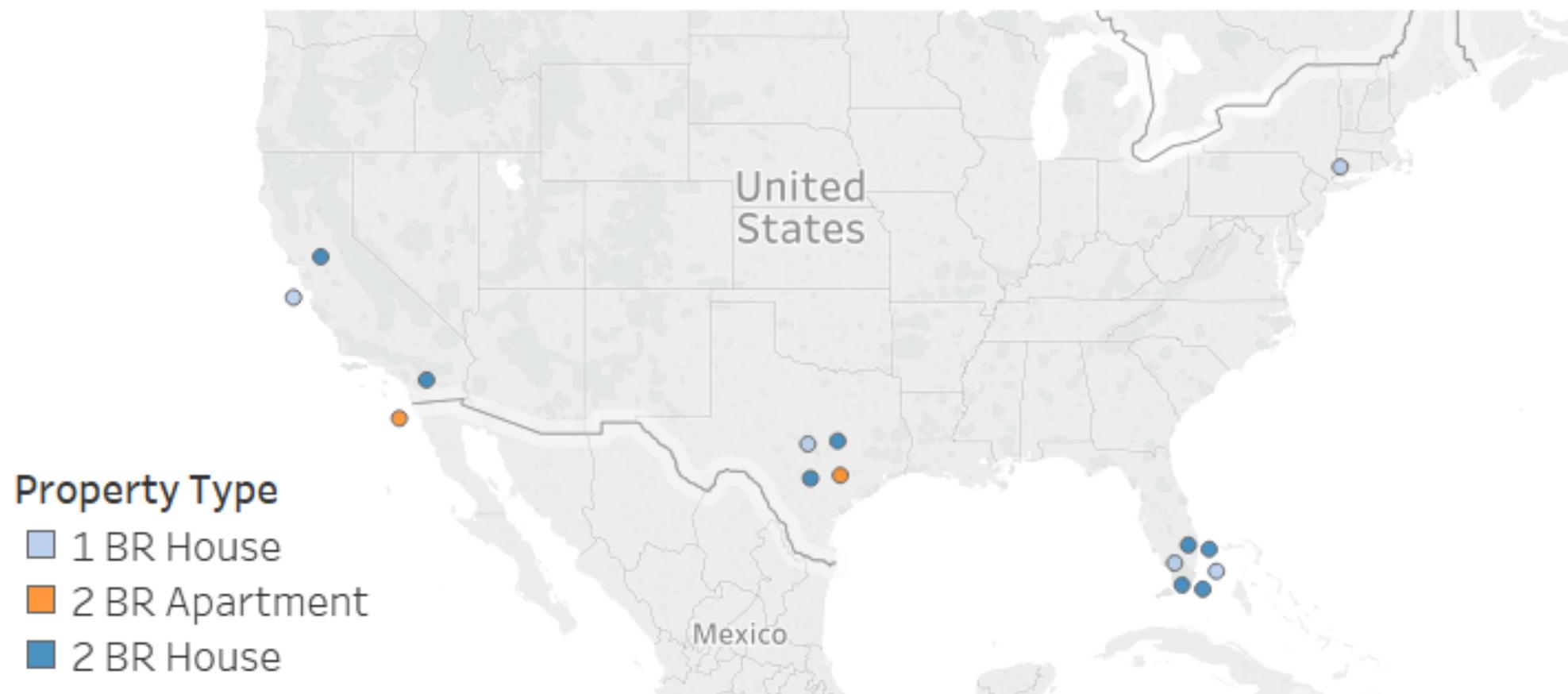


WATERSHED
PROPERTIES

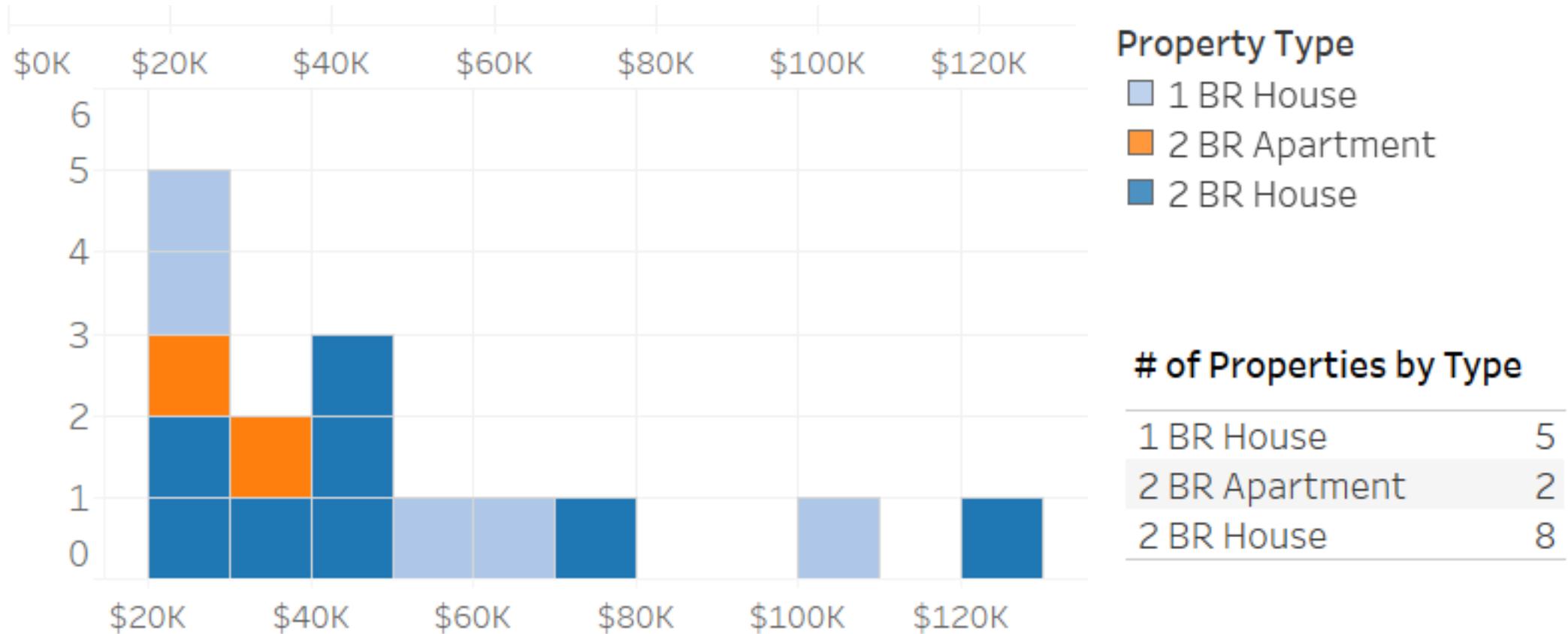
Yes to
Short term rentals

- The **15** most profitable properties
- Resilient to changes in assumptions
- Within limits of cash constraint – **\$500K**
- No loans

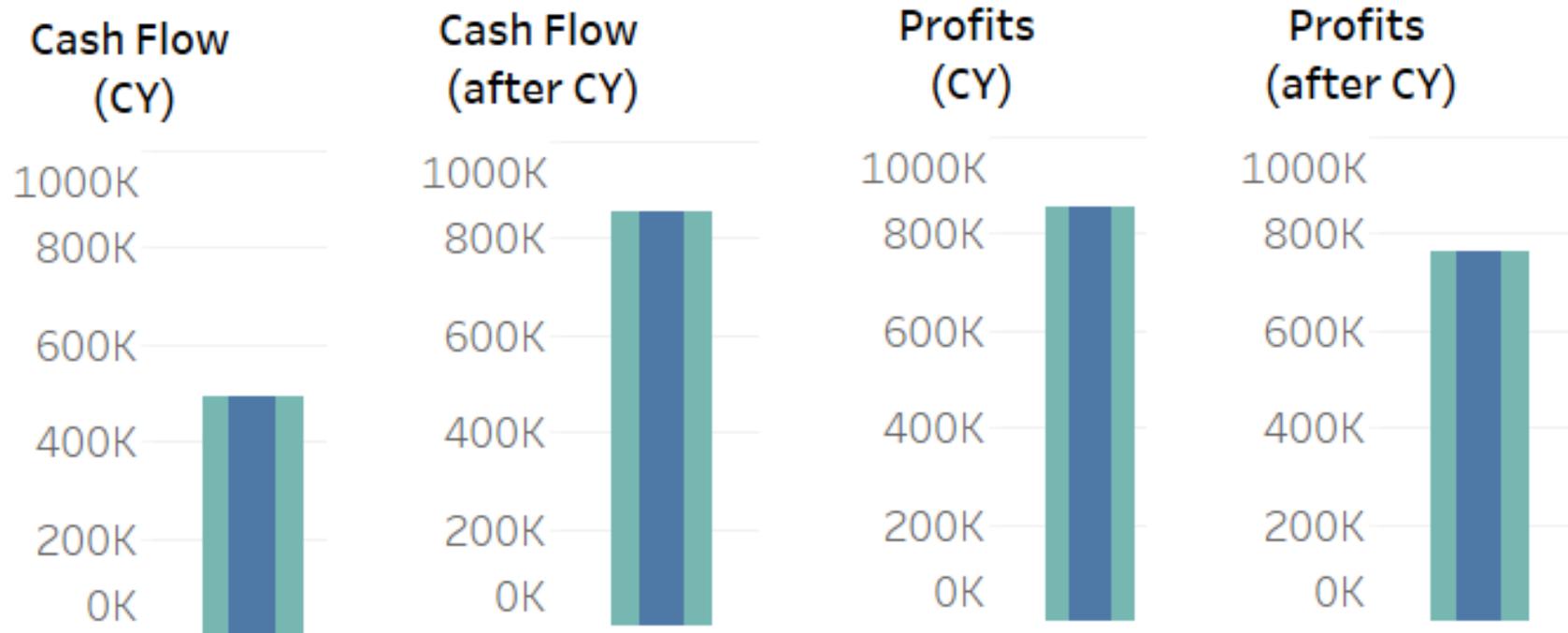
Location of Profitable Properties



Yearly Profits per property after Conversion



Total Cash Flow and Profits per Year for Profitable Properties



Total Cash needed for Conversion: **\$0.45M**

CY = Conversion Year

Total Profits after Conversion : **\$0.76M**

Scenarios: the “worst” case

Profitable cut-off

\$25,000

Utilities (monthly)

\$360

Repairs and replacements

\$7,200

Regulatory Fees

12%

Depreciation (years)

4

Capital Expenditure per proper..

\$36,000

Service Fees per stay

\$120.00

Length of Stay (nights)

2

Transaction Fees

24%

Hover over (*) to see original parameters

Cash Flow
(CY)

1000K
800K
600K
400K
200K
0K



Cash Flow
(after CY)

1000K
800K
600K
400K
200K
0K



Profits
(CY)

1000K
800K
600K
400K
200K
0K



Profits
(after CY)

1000K
800K
600K
400K
200K
0K



Total Cash needed for Conversion: **\$0.54M**

Total Profits after Conversion : **\$0.48M**

CY = Conversion Year

■ Model with the Original Parameters

■ Model with the Variable Parameters

Scenarios: the “best” case

Profitable cut-off

\$25,000

Utilities (monthly)

\$240

Repairs and replacements

\$4,800

Regulatory Fees

8%

Depreciation (years)

6

Capital Expenditure per proper..

\$24,000

Service Fees per stay

\$80.00

Length of Stay (nights)

4

Transaction Fees

16%

Hover over (*) to see original parameters

Cash Flow
(CY)

1000K
800K
600K
400K
200K
0K



Cash Flow
(after CY)

1000K
800K
600K
400K
200K
0K



Profits
(CY)

1000K
800K
600K
400K
200K
0K



Profits
(after CY)

1000K
800K
600K
400K
200K
0K



Total Cash needed for Conversion: **\$0.36M**

Total Profits after Conversion : **\$0.99M**

CY = Conversion Year

■ Model with the Original Parameters

■ Model with the Variable Parameters

Conclusion

- 15 properties highly profitable under different assumptions
- No risk, no debts!
- Convert other properties at the later stage

Thank you!

Baseline assumptions

Model Assumptions: Change to See the Impact on Cash Flow and Profits

Profitable cut-off

Capital Expenditure per proper..

Utilities (monthly)

Service Fees per stay

Repairs and replacements

Length of Stay (nights)

Regulatory Fees

Transaction Fees

Depreciation (years)

Hover over (*) to see original parameters

**Profitable Properties (Total: 15,
with profits per property from \$26.52K to \$124.60K)**

| Property ID | Zipcode | State | City | Type | # BR | Cash Flow, CY | Profits, after CY |
|-------------|---------|-------|-----------|-----------|------|---------------|-------------------|
| W67 | 94301 | CA | Palo Alto | house | 2 | \$22.18K | \$40.18K |
| W66 | 94301 | CA | Palo Alto | house | 1 | \$11.99K | \$29.99K |
| W46 | 10019 | NY | New York | house | 1 | \$8.93K | \$26.93K |
| W192 | 91950 | CA | San Diego | house | 2 | \$8.52K | \$26.52K |
| W190 | 91950 | CA | San Diego | apartment | 2 | \$21.02K | \$39.02K |
| W164 | 33149 | FL | Miami | house | 2 | \$60.37K | \$78.37K |
| W163 | 33149 | FL | Miami | house | 1 | \$46.40K | \$64.40K |
| W160 | 33146 | FL | Miami | house | 2 | \$8.94K | \$26.94K |
| W156 | 33137 | FL | Miami | house | 2 | \$106.60K | \$124.60K |
| W155 | 33137 | FL | Miami | house | 1 | \$86.02K | \$104.02K |
| W152 | 33122 | FL | Miami | house | 2 | \$12.53K | \$30.53K |
| W120 | 78746 | TX | Austin | house | 2 | \$28.57K | \$46.57K |
| W110 | 78723 | TX | Austin | apartment | 2 | \$9.09K | \$27.09K |
| W108 | 78705 | TX | Austin | house | 2 | \$26.52K | \$44.52K |
| W107 | 78705 | TX | Austin | house | 1 | \$36.98K | \$54.98K |