6 Steps to Get Going with Rental Arbitrage

Estimate how much you could charge per month:

STEP 1 - Find the rates for 60-day stays at Extended Stay America, Residence's Inn, Hyatt House, and other extended stay hotels in your target area. Use those rates to determine the best rate hotels could possibly offer for a 1-month stay.

For example, if a hotel said it would charge $6,000 for a 2 month stay, then you would divide $6,000 by 2 to determine that their best monthly rate equals $3,000.

Write the date for which you will have all four rows of the following table completed: _____/ _____/ _____

Name of Extended Stay Hotel	Address	Monthly Cost

STEP 2 – Use Airdna.co to find the annual gross income of similar "Top Properties" for your target zip code. Divide the annual number by 12 to get monthly estimates. **This table will be complete by: _____/ _____/ _____**

Address	# Bdrms # Bathrooms	Annual Revenue

STEP 3 – Use the monthly rates you collected in Steps 1 and 2 to help you decided on the maximum you should charge a business traveler staying for one month. Your goal is to charge less than your competition and offer a superior experience.

This is the rate you plan to charge your guests. Write your monthly rate here: _____

Predict your monthly costs:

STEP 4 - Determine the rental cost of studios and/or 1-bedroom apartments in your target area. Use Craigslist and other resources to gather rental information. These costs should **include** all extra pro-rated fees and expenses like gas, electricity, and garbage fees.

   a) Pick an area of town to focus on
   b) Study the "for rent" ads for a week
   c) Estimate Monthly Expenses = gas, electric, internet, and other expenses

Write the date for which you will have at least five rows of the following table completed: _____/ _____/ _____

Address	# Bedrooms # Bathrooms	Monthly Rent + Monthly Expenses	Notes

STEP 5 – Pick your ideal rental from the table in Step 4 and use its monthly cost estimate in your analysis. Write your Monthly Cost here: _____

Determine your monthly spread:

STEP 6 - Calculate your monthly spread. Subtract the Monthly Cost in Step 5 from your Monthly Rate in Step 3. The difference is your spread.

Monthly Rate You'll Charge (Step 3) - Your Monthly Cost (Step 5) = Your Monthly Spread _____

If your spread is more than $500 then continue to move forward. Email me at al@leadinglandlord.com if you'd like my help turning your theoretical spread into a reality.

Write the date for which you will have a viable arbitrage identified: _____/ _____/ _____