#1 INTERNATIONAL BEST SELLING BOOK IN TWO REAL ESTATE INVESTMENT CATEGORIES

You Don't Need A Vacation, You Need A Lifestyle.

What does that even mean?

Lifestyle is Different For Everyone, but One Thing Remains Constant.

You Need Time & Financial Freedom To Live Your Dream Lifestyle.

Inside of What The Hell Is A Lifestyle Asset? We Discuss and Teach You How Easy It Is To Own & Acquire 'Lifestyle Assets' Right Now That You Will Both Enjoy TODAY and GET PAID Today & Tomorrow.

This Book Is Your Shortcut To Lifestyle and Financial Freedom Investing In Vacation Homes

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"Was looking for real-world experiences, expertise, and a step-by-step guide in vacation rentals. Found it here! This book helped provide clarity and confidence around what otherwise is a jungle out there in the vacation rental home market. Every step from just thinking about it to planning, preparing, going out and getting them, and then maximizing them, ALL HERE! Definitely will be going back to re-read and use it as a resource." - JAMES

"Was looking for a framework for starting to invest in short-term rentals and this book hit the mark perfectly. A quick read but still very informative and I feel much more confident going further down this path." - CHRIS RONSHAGEN

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WHAT THE HELL IS A LIFESTYLE ASSET?

SHAWN MOORE

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INTERNATIONAL BEST SELLER INTERNATIONAL

HOW TO BUILD LIFESTYLE & FINANCIAL FREEDOM INVESTING IN VACATION HOMES

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DEDICATION

I have been fortunate to have met some of the most amazing people on this journey we call life. None have shaped me more than the Three Amigos, Teresa, Wyatt, and Grace.

My amazing kids, Wyatt and Grace, who changed the way I looked at everything. They inspire hope and confidence with their innocence and curiosity. They have a "what if?", "can't fail" attitude that dares me to dream big. Every day is a new adventure, and I will forever be a better person because of them.

My beautiful wife, Teresa, has been with me every step of the way. Through the ups and the downs. The beautiful and the ugly. She is the first to call me on my bullshit. She will challenge me and tell me no *when I need to hear it most. She is my fiercest supporter. She has pushed me to chase my dreams. Never second-guessing, and when I've failed, never said "I told you so." She has loved me unconditionally, even when I don't deserve it. I will spend the rest of my life saying* thank you *for encouraging me to live a life saying, "I'm glad I did," instead of "I wish I had."*

Contents

Introduction

Let's get clear—the only reason you're reading this book is because you want financial and lifestyle freedom (not just one or the other). Having enough cash flow to pay your bills and support your lifestyle on an ongoing monthly basis is financial freedom. Being able to say yes to things you want to do *when you want to*, and no to things you don't want to do, is lifestyle freedom. That is the dream. Unfortunately, for most people, it's nothing more than a dream. They never search seriously enough until they make a plan they know will work and then work the plan.

On one hand, you're searching for something most people don't have. Sometimes, it can seem almost unrealistic or impossible. The cost of living continues to rise nearly everywhere, while wages lag. And yet, we live in the most prosperous time in the world, with thousands of millionaires made every year. There's obviously a path—and while it may seem obscure, it must work, because it keeps working for many every year. What gets in our way is not a lack of ambition, work ethic, or anything else. It's clarity.

Most of us have heard that 90 percent of millionaires are created by real estate investing. Maybe you've heard author and coach Tony Robbins talk about how we're all financial traders already—most of us are just trading our finite resource (time) for money—and how if you can't figure out a way to make money while you sleep you'll be poor forever. For many of us, that logic is abundantly clear, and we're made painfully aware of it each time we have to say no or "not now" to something we want but can't yet afford.

The part that's not clear—and the part that makes all the difference—is the path.

Maybe you've read a lot about wholesaling, fix-and-flipping, buy-and-hold, or long-term rentals. Perhaps you've dabbled a bit at house-hacking or rented out the old townhome you bought when you were young. But what's really kept you from getting into the real estate game seriously are the major downsides to each of these models. I think a lot of real estate gurus say most people don't get into real estate because they're confused. I disagree. I believe most people don't seriously get into real estate because most of the models out there do not make sense for most people, and the downsides make them counterproductive or worse.

As a vehicle, real estate makes sense, period. Properties and land appreciate. Real estate is arguably the best possible hedge against inflation. But how you see and, ultimately, how you play the game are what will determine if you end up a washed-out failure statistic or another millionaire real estate investor.

This book is all about how to build lifestyle and financial freedom investing in vacation homes without the pitfalls of traditional real estate investing. Here you'll learn all the keys to investing wisely in this fascinating, lucrative, and fun investment class. It is by far the most exciting investment class I've ever been a part of, and will get better, not worse, in the future. I'll show you why (and how) in the coming chapters—but first, to really understand why this specific type of investment is so superior, you've got to understand a bit about where I'm coming from.

A 30-Second Real Estate Education

Before I share my story of how I got here, let's get up to speed with a 30-second primer. I have no idea if you're coming to this book as a proven investor or as a skeptical hopeful. Some of the wisest advice I've ever heard came when someone with a lot of experience tried to boil down what they'd learned over decades into a few minutes for me.

I'm assuming one thing already: that you're serious about lifestyle and financial freedom. Not interested in it (everyone is), but serious about it. If that's the case, chances are you've read enough before even finding this book to know that real estate is going to be a major part of most successful wealth-building strategies for most people.

In real estate, you've got plenty of ways to get a seat at the table. Each has their benefits, and each has their risks and downsides, including vacation rentals.

You could wholesale—I did this for many years, and made great money doing it. As long as you're willing to spend the time to become a full-time expert, watch the markets carefully and constantly, and deal with the risk of making deals, it can really work. But I can't recommend this to a part-time investor who has a job or a business and doesn't have the time to devote to getting it right. It is very time intensive, and you will be constantly hustling to find properties at deep discounts that you can sell to other investors at wholesale prices.

You could fix and flip—I did this as well, and made great money doing it. It's a particularly fun model because you get to really improve something and then capture the value of that improvement. Again, if you can do it full time, secure the funding, make smart buys, and work your ass off, it can really work out.

Then there's long-term rentals—this is a popular one for people with full-time jobs or businesses, because, theoretically, it can be done part time. However, this is a long-term strategy, one fraught with fun problems like fixing toilets at midnight, and one which many would-be empire builders eventually get out of, purely because it's so frustrating (I did this too).

These are the main ones you hear about. There are plenty more—we didn't discuss development, new construction, multi-family, and many others.

The key here is these are saturated games where the winners spend most or all of their time looking for wholesale deals, manage quite a lot of risk, and either work to eat what they kill, or wait 20 to 30 years for their payout.

But there is another model—one that gives the benefits of a solid long-term hedged strategy (works in any market, up or down), AND produces cash flow on an ongoing basis, AND has an additional added lifestyle benefit that propels you forward much faster than any other model does.

I call this vehicle Lifestyle Assets.

Introduction to Lifestyle Assets

I have been a full-time real estate investor for 20 years now. For as long as I can remember I have been fascinated with real estate as an investment. I have been through the Dot Com bubble and the 9/11 terror attacks as well as the Great Recession of 2008. We are now seeing another market shift caused by the COVID-19 pandemic.

My experience has taught me that while no crisis is ever the same, disruption always brings opportunities. Markets have always and will continue to go up and down. It is our job to adjust to different market shifts by having systems/formulas in place to avoid the risks and take advantage of the opportunities in any market condition.

My investing experience began in the wholesaling space back in 2000. By 2002, my wife, Teresa, and I were running a full-time fix-and-flip business as well as building a portfolio of single-family rentals. During that time we rehabbed over 100 properties and built a small rental portfolio of 27 properties and 51 units. In 2005, Teresa and I had the opportunity to sell very high-end resort properties to the uber wealthy. We decided to shut down our fix-and-flip business and sell all of our rentals.

For three years we had an unlimited budget, flew around on private jets, and spent time with some of the most amazing people in the world, many of whom you would know just by their first names. In July 2008, Teresa and I were making plans to move to Newport Beach, California. Because of the ultra-high-end resort properties we sold, most of our clients came from that area or the Manhattan area, and we were going to be moving our offices to Orange County.

We had spent a lot of time in Newport and Laguna the previous few years. There was a private community called Crystal Cove that we fell in love with, a beautiful gated community, and the home had an amazing view of the Pacific Ocean. I remember sitting in the backyard next to the infinity pool, watching dolphins play in the ocean as we were making an offer on the home.

We were getting used to this lavish lifestyle that we had been living for the past few years. We had the whole world at our fingertips. We had nowhere to go but up and nothing could stop us.

Until one day in September 2008, when everything crashed around us....

The owners of the resort we worked for got indicted on fraud charges, and everything stopped overnight. Including our paychecks. I couldn't believe this was really happening. I didn't have any savings because I had spent the money as fast as we made it. I never imagined the gravy train would stop, but it did.

I sat around for weeks and months and got really good at playing the victim. I remember even acting surprised and pissed off when the bank started foreclosing on our house. I threw myself a six-month pity party and in that time: We lost our home. We lost our vehicles. Our credit was shot, and we had $0 in the bank.

There is no feeling worse than being completely alone. Doubt sets in. Uncertainty sets in. And eventually panic takes over.

I remember sitting at home with my face buried in my hands, feeling this exact way. Life finally bitch-slapped me hard enough that I was ready to stop playing the victim and start living a life again. I decided two things that day in April 2009:

1. I would never work for someone else again.
2. I would build a business in the real estate industry.

Building My Business and My Life

If you remember, 2009 wasn't exactly the best time to jump into the real estate market. Home prices were dropping dramatically. The economy was in the middle of the Great Recession and jobs were scarce.

On top of that, I wasn't dealing with the greatest amount of confidence coming off a six-month pity party. I wasn't even sure where to begin. Both Teresa and I were licensed Realtors, and I saw an ad in a magazine that a guy by the name of Craig Proctor was holding a seminar to teach agents how he sells so many homes.

We borrowed money from my mom, and we went to his seminar. With my mom's credit card, we decided to hire him as a coach to get some direction, and we were off to the races. That conference was in April 2009, and we had our first closings in June 2009.

Teresa and I went on to build a real estate sales team that won a national Rookie of the Year award in 2009. In 2010 we won a national Quantum Leap award, and things were on their way up for Teresa and me. In 2011 we won another Quantum Leap award and were nominated for the Large Sales Team of the Year in Utah.

Another big event happened in 2011 for us. Teresa and I had struggled with infertility for years, but we really wanted to start a family.

If you or someone you know has ever struggled with infertility, you know that it is a very emotional and stressful thing to deal with. It is also very, very expensive. Teresa and I tried many procedures and fertility treatments, with no luck. After running some additional tests, it was determined that our only option was in vitro fertilization with an additional step they call ICSI. This was a fairly new procedure that had only been around for a couple of years; it only had a 20 percent chance of success, and it runs about $100,000.

I am embarrassed to say that this was not an easy decision for me. We had just built our savings back up, and maybe having kids just wasn't in the cards for us. Luckily for me, I am married to a very determined woman, and Teresa never gave it a second thought. She was convinced that we should spend our savings to try this new procedure.

On May 16, 2011, we were blessed with the birth of two healthy babies, Wyatt and Grace. I know for me, like for many parents, kids completely changed my life and perspective on everything. The selfish, free-wheeling person I was before they came into my life seems like such a distant memory.

I began to ask different questions of myself. I wondered what my purpose was. What inspired me. What legacy I wanted to leave. All those thoughts started to run through my head.

Selling real estate had been good to us. We had met some amazing people. We had experienced and visited some unbelievable places. We had made good money. But I never felt really connected to it emotionally. There was something missing.

I once heard Tony Robbins say that "Achievement without fulfillment is the ultimate failure." I could not get this thought out of my head. I was making money hustling as a Realtor and having success, but I didn't feel any fulfillment. As a new father, I finally began to think of my family's long-term financial future.

Up until then, I spent every dollar I made, mostly because I always felt that there was more where it came from. However, life was no longer all about work. It was important for me to not only provide financially for my growing family but also be able to share in some amazing experiences and quality time together.

I enjoy material things as much as the next person, but Teresa and I have always favored experiences and vacations over material gifts for birthdays and Christmas, and we love to look back on all of the pictures and talk about the fun times and amazing places we have been able to visit. We have a timeshare in Hawaii (not my best financial investment, by the way), and we visit there every year on the week of Wyatt and Grace's birthday. On one such trip, Wyatt asked me, "Dad, why don't you sell houses in Hawaii?"

It was a simple question, but it really got me thinking of where and what kind of properties inspire me. I have bought and sold hundreds and hundreds of homes over the years. Everything from trailer homes to several-million-dollar mansions. I have also personally invested in many types of real estate investments, from wholesale deals and fix-and-flip properties to land development deals and new construction homes.

In 2006 we purchased a vacation home in a mountain lake town. During all the turmoil of losing everything and having to rebuild, we were able to keep this home because the expenses were covered from people renting it out. It also gave us a nice escape in the middle of all the stress.

Sitting there on the beach in Hawaii, I didn't have to think that long about Wyatt's question. I knew exactly what type of real estate inspires me. I love vacation homes because they are usually in the most amazing places around the world, and they represent amazing experiences with people you love. I have also always loved investment properties, particularly passive-income properties.

This is when I decided to merge the new priorities in my life and began to focus on acquiring Lifestyle Assets into our personal investment portfolio. Lifestyle Assets incorporate the best of both worlds. I became obsessed with this new vehicle.

I completely changed my business plan and goals so that I could help others understand and consider if Lifestyle Assets make sense to add to their portfolio. I put together a turnkey platform to help people acquire the right Lifestyle Assets for their specific situation.

You Don't Need a Vacation *(You Need a Lifestyle)*

Lifestyle Assets are short-term vacation-rental properties. But not just any short-term vacation rental qualifies as a Lifestyle Asset. There are three key factors that qualify a home to be a Lifestyle Asset, which I will cover in detail shortly.

It's no secret that real estate has created over 90 percent of the world's millionaires. However, real estate investing is a HUGE ocean, with tons of different options. The get-rich-quick gurus use real estate investing to prey on those looking to make a quick buck every single day.

Recently, a new type of real estate has been gaining popularity for investors: short-term vacation rentals. You've probably heard of them, or even stayed in one. They are typically homes which are located in vacation destinations that are rented out for less than 30 days at a time, and they can bring in significantly higher returns than conventional long-term rental properties.

Airbnb, Vrbo, and countless other short-term vacation rental marketplaces are taking over the hospitality industry. With this rise in popularity comes a rise in scams and misinformation surrounding this type of real estate investment. I have personally owned a number of vacation homes over the years that Teresa I have enjoyed with our families and friends. However, until recently, I never considered renting any of them out as a short-term rental.

One summer we were visiting Bryce and Zion National Parks in Utah with my family. We found a home on **vrbo.com**, and we rented it for the week. We arrived at the home, and it was unbelievable. It was huge, and it had amazing views of the surrounding areas. Huge game rooms, amazing fire pit, and hot tub. Everything in the home was top-of-the-line. I was familiar with property values, and this was a $1.5–2 million home, and I couldn't believe it was a rental property. I figured that it must have been the owner's primary residence and that they were just renting short-term while they were away for some reason.

On this trip we actually had a small issue with the hot tub, and the owner happened to come over to fix it. We got to talking, and I was complimenting him on his beautiful home, and he began telling me about the other one he was building right up the street that we should check out.

He then started telling me that this was strictly an investment property and that he and his wife lived in another community about ten minutes away. He was so excited to tell me that he was on track to have all of these properties paid off within ten years from his short-term rental income.

I was a little puzzled because in my previous experience, these types of homes didn't quite pencil out as great rental properties. That was my first introduction to the possibilities of the short-term vacation rental market as a real estate investment. My opinions and expertise about this type of real estate investment have evolved significantly since then.

I want to be crystal clear that Lifestyle Assets are a long-term wealth-building strategy. But they can add significantly to your lifestyle freedom today. In real estate, you typically build cash with short-term deals, and you build wealth and financial freedom with long-term deals.

To my knowledge, I coined the term Lifestyle Assets. There are three key factors that differentiate a Lifestyle Asset as above and beyond a short-term vacation rental property.

1. **Lifestyle Assets Must Be Turnkey**. I am interested in adding to my lifestyle and financial freedom. I do not want to be a property manager. Lifestyle Assets must qualify to be managed by a vacation management company. These companies know the market and your property inside and out. They market your property for you. They will provide first-class service to your guests 24 hours a day. They inspect and clean your property before guests arrive and after they leave. They collect the money and deposits from your guests. Most important, they take care of making sure your property is compliant with local and national hosting laws and regulations.

Right now, many would-be investors are jumping into the short-term vacation rental market. They are quickly realizing the sad reality that many areas do not allow short-term rental properties. This should never happen if you have a process to follow when locating profitable areas that allow short-term rentals.

2. **Lifestyle Assets Must Pay for Themselves.** Not every property has the ability to pay for itself over time. Lifestyle Assets do just that. I love having someone else pay my mortgage. When we teach you the right properties to purchase, you are going to add so much joy to your guests' lives.

They will thank you for the great property you allowed them to visit and enjoy with their friends and family. They are happy to pay your booking fees, which pay down your mortgage and put money into your pocket. It creates a win-win for everyone involved, and you can continue to grow your portfolio with additional Lifestyle Assets that pay for themselves.

3. **Lifestyle Assets Can Be Used Personally.** What fun is owning properties that you don't use? We are here to build a lifestyle. We are here to build lifestyle freedom and financial freedom. We ONLY purchase properties that we are interested in vacationing in ourselves. When I help clients purchase Lifestyle Assets, one of my first questions that I ask them is: Where do they enjoy spending time? I have owned intangible assets like stocks, tangible assets like long-term rentals, fix and flips, and raw land deals. Even though I made money with these assets, I couldn't use them for personal use. I have never had more fun than buying properties that I am excited to use personally and that add to my lifestyle, and also seeing my clients purchase homes they are excited to use that add to their lifestyle.

In a nutshell, that explains the three key factors that distinguish a Lifestyle Asset versus a short-term vacation rental.

An Invitation

I recently started Vodyssey www.Vodyssey.com as a coaching and mentoring platform to share the step-by-step plan people can follow to build their own profitable Lifestyle Asset portfolio. We help people bridge the gap between having an idea about owning a vacation rental and actually feeling comfortable writing the check.

We share a step-by-step plan anyone can follow to acquire, manage, and market a profitable vacation rental portfolio.

This is an exciting time for me and my family because we are going on this journey of adding Lifestyle Assets to our portfolio, but we also get to share and be a huge part in helping others understand and enjoy the benefits of Lifestyle Assets in their own lives.

Wyatt and Grace write in a journal each day. At the end of one of Wyatt's journal entries explaining his day and what he had been up to, he wrote, **"I am living one of the best lives a kid could have."**

I couldn't be prouder that he feels like that.

I invite you to join us on this journey and I invite you to begin living the best life you could have.

Cheers,
Shawn

STEP 1

PLAN

I WANT YOU to know that I have made just about every mistake there is to make investing in real estate, and I'm here to help you avoid some of those same mistakes. I started my real estate investing career as a wholesaler, I've completed hundreds of fix-and-flip deals, owned many single- and multi-family rentals, developed raw land, built new homes, and now I focus entirely on purchasing profitable vacation rentals.

I have never been more excited in my entire life than I have been since I began investing in Lifestyle Assets. The best days, months, and years of investing in profitable, cash-producing vacation homes are ahead of us, not behind us. I want to share the process I have developed to navigate the acquisition, management, and marketing of a profitable vacation rental in this book.

Anyone can do this, and you should too if you are serious about building long-term lifestyle and financial freedom. Building a profitable Lifestyle Asset portfolio is not rocket science, but there are a lot of moving parts to learn, as well as many myths and mistakes that you need to avoid. I am going to address all of them for you in this book. There are a few things you should know in the very beginning. 1) You will not be doing this with no money down. You are going to have some skin in the game. 2) You should not plan to manage your own properties. The last thing you want is a second full-time job. 3) You should invest in properties you would love to use yourself. The personal-use aspect of vacation rentals is what makes them so unique. 4) You should be investing for the long term. Even though there are many short-term benefits of owning Lifestyle Assets, they are long-term passive investments.

I know there's a bit of skepticism. Any time you commit to something, put some money down, or start something new, you will always have certain doubts creep into your head. Investing in vacation rentals is no different. However, I always tell people that what we teach is logic-based investing. Once you begin to put the pieces of the puzzle together, you will begin to see the bigger picture, and everything will make sense. You will bridge that gap from having an idea about owning a profitable vacation home to feeling comfortable writing a check for your new Lifestyle Asset because you have crossed all the t's and dotted all the i's.

Let's jump right in, tackle some of those doubts, and talk about some of the things that we're going to be doing moving forward. This first chapter is all about planning your bigger future. One of the biggest mistakes I've made in the past was starting a new endeavor and not having a clear picture of where I was going.

Back in 2000, when Teresa and I were fresh out of college and had just gotten married, I took a job that moved us to Denver, Colorado. I had always been interested in real estate and started investing in my education. I spent countless hours at Barnes & Noble, reading every book I could find. Because I didn't have much money, my best option was to learn how to wholesale properties. I dove in head-first, and I found my first property near downtown Denver. The property I found needed some serious work but seemed to be a good deal for the area. I remember when the homeowner accepted my offer, I was scared to death. I had no idea how I was going to find the money to close on the deal.

With my contract in hand, I went straight to the local real estate investment club meeting. I talked to a few people who would listen. One guy seemed pretty interested and he asked me to wait while he went to get someone. He came back a few minutes later and introduced me to another gentleman who said he was looking for a property in that neighborhood. Five minutes later, he offered me $19,000 if I would assign my contract to him. I couldn't believe it. I was in the game and had just wholesaled my first property. I drove straight to the bank to cash the check and, as they say, the rest is history.

At the time, I was making $31,000 per year. I had just made almost two-thirds of that amount in a single weekend. I was so excited that I went home, talked to Teresa, and made the decision that I was going to quit my job and start my career as a real estate investor. Teresa and I decided to move back to Utah to start this new chapter in our lives.

We focused on purchasing properties that needed to be rehabbed and we would fix them up and sell them, similar to many of the shows you see on TV today. I would find the properties and fix them up, and Teresa would help with the design and sell them when they were finished.

We ran this business for almost six years full time. Back then, I always introduced myself as a real estate investor. One day I ran into an older guy named George at a local real estate investors club, who told me that I wasn't an investor; I just had a job fixing houses.

I'll never forget this conversation because my ego was crushed. I was always bragging that I was able to quit my job at 23 and become a full-time real estate investor. Now this guy was telling me that I wasn't really an investor. George told me that investors have passive income, and I didn't have any passive income from my real estate business, so therefore I was not a real investor.

As much as I hated to admit it back then, George was right. I had to fix up a home and sell it to get paid. If I stopped that activity, I didn't get paid. There was no passive income that would continue to pay me if I stopped working. Essentially, I did just have a job fixing up and selling houses.

This was when I realized the difference between short-term and long-term deals. I was always dealing with the short-term deals and never considered the long-term, cash-producing investments. Until then.

At that point, I started acquiring rental properties to add to our portfolio and build up our passive income. Over the course of a couple of years, Teresa and I were able to add 27 units to our portfolio, most of them single-family homes and a few small multi-family properties.

However, I didn't like these new rental properties we were acquiring. The fantasy of having a large portfolio was a lot better than the reality. I was managing them all myself, and it seemed there was always a problem to deal with. I think at the time I was making about $3000 a month in passive income, but they seemed to take up more of my time than my typical rehab deal that I was going to make $30,000+ on.

These rental properties just didn't keep me interested.

By 2006 I was feeling a little burnt out, and Teresa and I had the opportunity to sell very high-end resort properties. I decided to sell all of our rental properties to start this new adventure.

We pocketed a nice chunk of money when we sold our rental properties because of the appreciation and equity we had in them. I remember bragging about how smart we were because just a year after we sold them the market crashed.

However, selling those rental properties was one of the worst decisions I have ever made in my real estate career. And one of the most valuable lessons that I can share with you now.

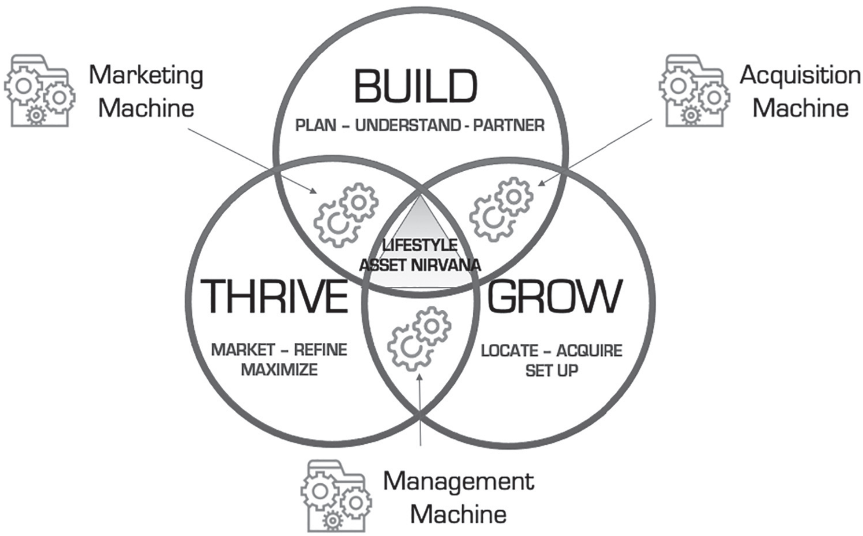
I have always been attracted to the short-term real estate deals because I could see the end in sight and the payday was usually a handsome one. I struggled with the long-term rental homes that I owned because they seemed so boring, and I had a hard time getting excited about the real payoff of rental homes 15 to 20 years into the future.

Lifestyle Asset Nirvana

I want to introduce you to a concept I call Lifestyle Asset Nirvana. You are reading this book for some sort of transformation. Your current situation is X, and you're trying to get to your desired situation of Y. Everyone's desired situation is different, but you wouldn't be here if you weren't looking for a specific transformation.

Maybe you are looking for just one vacation home that you can enjoy with your family that just pays for itself. Maybe you want to build a small portfolio that can replace your income when you retire. Maybe you have larger goals and want to build a portfolio that will provide you with complete lifestyle and financial freedom. Maybe you already own vacation rentals, and they may or may not be producing because you are following the same business plan 98 percent of vacation rental owners follow by relying on Airbnb, Vrbo, and so on to rent your properties out. That's not a predictable or actual business plan, by the way. Whatever your goals are, and whatever situation you are in, there is a gap that exists between your current situation and your desired situation.

The work and the process that I'm going to teach you and that we're going to do together inside this book is that gap. I'm going to help you through that transformation; we're going to give you a step-by-step process. We're going to show you the work that needs to happen so that you can experience that transformation you're looking for.



So what is Lifestyle Asset Nirvana? Lifestyle Asset Nirvana is complete lifestyle and financial freedom. We're really building three different machines that all work together to accomplish that. I want you to be aware of that as we go through this book, so you understand what we're doing and the process we are following. We have a very specific process we follow to build that portfolio of Lifestyle Assets that pay for themselves and build that long-term wealth that we're all trying to have. They also add significantly to our personal lifestyle, because they are assets that we can use personally and enjoy that lifestyle freedom that we're all looking for.

This does not just happen by accident. We're going to do that with systems that are repeatable and scalable. It is important to have a plan and process to follow, or you will have no predictable way to achieve Lifestyle Asset Nirvana.

Those systems and machines that we're going to build are the acquisition machine, management machine, and marketing machine.

The acquisition machine is the first machine we focus on building. You need to be able to find the right properties, know where to invest, and know what type of properties make sense and don't make sense. Once you own those properties, you need to have a management machine. You need to have a machine set up to help you manage your properties so you don't create a second job for yourself. Finally, you will build the marketing machine. You need the marketing machine to maximize the asset you just purchased and set up as a vacation rental. I will teach you how to dominate whatever market you are in without relying on Airbnb, Vrbo, or any other OTA (online travel agency) with your own well-oiled marketing machine.

So, we've got three different machines that help us build that Lifestyle Asset Nirvana. Each chapter in this book is going to fall into one of those three categories. The biggest mistake people make is that they don't realize that all three of these machines should be constantly running and working together. Each step builds upon the next, and I will take you through the acquisition, management, and marketing of a profitable Lifestyle Asset portfolio to help you build your lifestyle and financial freedom for the long term.

The Road That Lies Ahead

There are some other important things I want you to know as we go through this process. First, there are no magic pills, here or anywhere else. There are no flavors of the week. The core lessons that we're going to talk about are portfolio-building fundamentals. They're going to last you a lifetime. This is going to take some work from you. It's not some magic dust that I'm going to sprinkle on you when you read this book so you will know everything. You have to do your part. You have to put in some work. Purchasing Lifestyle Assets is a process. It's not an event. Follow the proven process that I've laid out for you step by step. Follow it, and you're going to have success.

Second, don't make excuses. Don't point the finger at other people or other processes. Your life and your situation right now are precisely how you have designed them. You're responsible for what you have right now, and you're going to be responsible for the results that you get by taking action with the information you gain from this book or anywhere else. You're also going to be responsible if you don't take action. Don't make excuses along the way.

Third, embrace the resistance. Any time you're doing something new, you're going to have resistance. You're choosing to play at a new level. That's going to attract new resistance. Remember that the plane must take off against the wind. The sword can only be forged under fire. Every time there's change, any time you're trying to break out of your comfort zone, you're going to have resistance.

Remember, your best efforts got you here. You need to have different work ethics and different processes, and there's going to be resistance along the way to get to that transformation that you're looking for. So do the work.

If you just show up, consume the information in this book, and do nothing, I can tell you right now that you will get zero results. I don't care if you read this book a hundred times and know it inside and out—if you do nothing, you're going to get zero results. It seems obvious, but so many people read books, attend trainings and courses, and really do nothing with them. There's a lot of reasons for that, which we'll talk about in a minute, but it's up to you to do the work. It's up to you to take the action. As I said, I'm not a savior. Nobody's coming for you. We're going to lay out a process for you and we're here to help you, and I'm here to push you and challenge you to challenge yourself and embrace that resistance to the things we're talking about doing. But it's up to you in the end.

Now, knowledge without execution is absolutely worthless. Tony Robbins says that all the time. It doesn't really matter how much you know. It doesn't matter how smart you are; it matters what you do with it, right? You have to execute. You have to do the work and take the action necessary to get those transformations that you're looking for.

Reasons Come First, Answers Come Second

Reasons come first, answers come second. What do I mean by this? What I mean is that you need to figure out why you're doing this. You need to figure out why you're here. For many of you, it's making more money. Making more money isn't enough. You will quit at the first bump in the road. You have to find that deeper "why." If making more money is why you're here, I promise you, you are going to give up at the first roadblock.

It is imperative that you figure out your deeper why to get you through the tough times. Don't take it lightly. Figure it out. We all have a deep why.

Most people don't know the questions to ask themselves to figure it out. When you understand your why, you're going to be armed with the correct tools, and you're going to be absolutely unstoppable in reaching your goals and building your lifestyle and financial freedom.

Three Levels of Understanding

Any time you go through a process of learning something new, there are three levels of understanding as you start to master that new skill.

1. **Cognitive Understanding:** Cognitive understanding is understanding this book intellectually. Understanding this book and the concepts within it is not difficult. I've done everything possible to keep this as simple as possible. It's not difficult to grasp the things we're going to be doing. You'll have a cognitive understanding the very first time you go through this book. You will understand it intellectually. However, Tony Robbins always says, "Understanding and $4 will get you a Starbucks." Nobody gives a damn what you understand and what you know. You have to be able to take that understanding and put it into action.

2. **Emotional Understanding:** The second level of understanding is emotional understanding. Emotional understanding is when you have actual emotion tied to something that you begin to take action on. When you go through any cycle of change, you will experience different emotions along the way. As you start to take action, you will feel different things. You will start to have some challenges. You are going to start linking different pleasure and pain to something that you're working toward. When you link enough pleasure or enough pain to something, you're going to follow through no matter what.

As an example, we all understand that if you don't work and make money, you're not going to be able to pay your bills. However, if you haven't been in that position and have never felt the pain that you experience when you can't pay your bills, you have just a cognitive understanding of the situation. If you actually experience not having enough money to pay your bills, that's an entirely different level of understanding, because you have strong emotions tied to that experience.

If you've ever been in that position, you have strong emotions of understanding what it is like to not be able to put gas in the car and not be able to afford food. And there's a lot of emotion tied to that. You will do whatever it takes to get out of that spot. That is why we have all heard so many rags-to-riches stories of people who say their back was against the wall and they came out swinging and they came out ahead. That's because they had an emotional understanding of their situation.

If you've always had a good job and you've never been late on your bills, you can hear those stories, but you don't really understand it until you've been there. When you have an emotional understanding of something, you link enough pain to that situation. Emotional understanding helps push you to take a lot more action to either reach or avoid the pain or the pleasure side of your understanding.

3. **Physical Mastery:** Physical mastery is when you have complete cognitive and emotional understanding. You understand the concepts, you have a strong emotion tied to it, and you've taken that same action so many times that you could do it in your sleep. If you want certainty and confidence, do something several thousand times, and that's physical mastery. You can tie your shoe without thinking about tying your shoe. Tying your shoe is physical mastery. Driving a car the first time was a bit overwhelming and you had to think about everything going on. Now, unfortunately in some cases, you can drive your car looking at your phone, you can drive your car talking to somebody else, you can drive your car listening to music. That's physical mastery, because you've done it so many times that it's just ingrained in your brain. You can do it without thinking.

You have something in your life that you do without thinking that other people think is hard. You do stuff that I would look at and say, "Oh my gosh, how do you do that?" And you answer, "I just do it. I just know how to do it." The same is true for all of us. We all have physical mastery of certain things. And that is where I want to get you with this book and our process. You're not going to get it by just going through the book one time. It's going to come after the repetition of going through the book and taking action on each step, asking the right questions, looking at properties, analyzing areas—all those different things that we're going to talk about—

and then doing it over and over and over. And before you know it, you have a physical mastery of this process.

I have physical mastery of this. I can very easily go purchase a property or analyze a property almost in my sleep. I know exactly the steps to take and the process to follow. I'm going to show that to you. I'm going to share those steps in this book. You do the same in other areas of your life. It may seem hard at first, but you're going to get there. You just follow the process. Play for mastery. Don't dabble. Make a decision today about how you're going to play this game.

Back in the beginning of my investing career, George was exactly right. I wasn't an investor, because I didn't have passive-income properties.

I thought I was a genius, selling all of our rental properties and pocketing the equity. However, that was such short-term thinking and it was one of my biggest mistakes.

Teresa and I owned 27 units that were generating a positive cash flow. Even though it was not enough to make a significant difference in our life at the time, it was still passive income, nonetheless. Someone else was paying the mortgage on all of these properties. I listened to George's advice, but I didn't have a solid why and a clear plan to follow for the long term.

Fast-forward to today, and all of those mortgages would have been paid off and the properties would be bringing in around $40,000–$50,000 per month in passive income, and the total value of the properties would be well into the millions.

If you want financial freedom, you have to invest in passive-income properties for the long term.

I learned that lesson the hard way.

The number one reason I love Lifestyle Assets more than any other type of real estate investment is that they are long-term real estate investments that are exciting and fun to own.

Because they are exciting and fun to own, you and I are more likely to keep them for the long term. If I hadn't gotten bored and frustrated with my rentals, I would have kept them, and my financial situation would have been drastically different.

I talk to people all of the time who sold their rental properties for the exact same reasons that I sold mine.

Lifestyle Assets represent the best of both worlds. We purchase properties in destinations that we love to visit and vacation at. We set them up as vacation rental properties to generate long-term passive income AND we get to use them and vacation for free when we want to.

Once you understand what makes a great Lifestyle Asset, add them to your portfolio as fast as you can. You will get to enjoy using them today with your friends and family. You will have someone else pay for them and manage them when you're not using them.

Your lifestyle will take an immediate step up.

Before you know it, ten years into the future, you will be financially free with a portfolio of resort properties that you can use and enjoy for the rest of your life.

That is why I love them so much and can't get enough of talking about them and helping people realize the dream of owning Lifestyle Assets.

With any type of real estate, there are definite risks. Lifestyle Assets are no different. In fact, there are actually more things to consider and be aware of before you purchase one. That is why we follow a very specific process that you will learn in this book. However, when you understand the risks and fully understand exactly what criteria must be considered before purchasing, you will be well on your way to lifestyle and financial freedom.

STEP 2

UNDERSTAND

Now you have an understanding of the big picture and ultimate goal of Lifestyle Asset Nirvana. You probably have a pretty clear vision of why you are buying Lifestyle Assets. You may have even carried out a substantial amount of research into the business. But despite everything you may know, you are bound to face some unforeseen challenges.

"Step 2: Understand" is going to address some very important things that will prove to be of utmost importance because they will help you prepare for many of the issues that are bound to arise when you begin your search for the perfect Lifestyle Asset.

As we begin this process, you really should define a few important details about yourself as well as the different locations and property types available for vacation rentals. We are going to introduce you to the three different buyer types and help you identify which one best describes you. We will also discuss the pros and cons of different locations that you can invest in as you begin to narrow down your search criteria.

I remember the first time I met with some of my best clients, James and Jody. James and Jody were successful business owners in the middle of selling their business when I met them. They were ready for a new chapter in their lives, and they wanted to build a portfolio of Lifestyle Assets with the capital they received from the sale of their dealership.

Like many people, James and Jody had a pretty clear picture of what they wanted to do but no real plan. They were cash-rich and knowledge-poor. The big thing they had going for them was that they knew they didn't have all the answers. The first time I met them, they were looking for a step-by-step process to follow. James and Jody were used to running a business, and they wanted their new Lifestyle Asset portfolio to be built on systems and processes.

In the beginning, Jody was more willing to discuss the lifestyle benefits of vacation rental ownership, while James was just interested in finding good investments. This is where many people go wrong. While Lifestyle Assets make great investments, one of the main things that make them so fun to own is the personal use we get to enjoy from them. The lifestyle aspect is also important to understand and pull from later in the process, when we begin the "Set Up" and "Market" sections of the book.

Not only did James and Jody need a step-by-step plan to follow to build the size of the portfolio they had in mind, but they also needed to understand the type of lifestyle business and investment that they were getting into.

Lifestyle Benefits of Vacation Rental Ownership

There is no doubt about the appeal of vacation rentals. It is why you are here. More and more people are finding out the benefits of Lifestyle Assets every day. That being said, there is still a great deal of untapped potential in the business, as over 40 percent of Americans are still not aware of the option of renting entire houses, complete with privacy, security, and zero reliance on hotel restaurants for meals during holidays.

Lifestyle Assets are opening up new areas for travelers to visit, especially in out-of-the-way destinations, and there is huge potential to profit in these areas.

As this potential is now coming to the forefront, investors who only ever looked at long-term rentals are now considering the huge potential for income generation that can come from short-term vacation rentals.

The added benefit of owning a Lifestyle Asset is the lifestyle that comes with it. A vacation home allows you the liberty to use the home in whichever way you wish and however you deem convenient for yourself.

What time of the year you want to rent the house out or use it for your own family getaways is a decision that will be entirely yours. This is the kind of discretion that is offered with Lifestyle Assets. It's one of the main reasons that we love Lifestyle Assets so much.

Understanding Three Different Buyer Types and Where You Fit In

1. Family and Lifestyle Buyers
    - Typically looking for property close to home
    - Often their first investment property
    - Property's main purpose is as a memory creator
    - ROI (return on investment) is secondary to personal wants and needs
    - Usually just looking for property to cover expenses
    - Long-term equity and appreciation are important
2. Retirement Planning Buyers
    - Typically have longer-term needs and are planning ahead for the future
    - May need to compromise a bit on areas that allow short-term rentals
    - Usually looking for property to pay for itself over time so that it is mostly paid for by the time they are ready to retire
    - Less personal use now to maximize profits to mostly pay off home for significant personal use during retirement
3. Investor Buyers
    - Looking for the best ROI
    - Not as concerned about personal use of property
    - Goal is to build a large portfolio of vacation rentals
    - Good cash flow and equity appreciation are important
    - Want property to be as hands-off as possible

As you can see, each buyer type has different goals when purchasing Lifestyle Assets. It is important to identify what buyer type best fits your current situation and make sure your goals are clearly defined as you begin your search for Lifestyle Assets. Understanding your goals and buyer type help make the process easier when we get into the "Partner" step and we begin building your "A Team."

You will primarily fit into one of these three buyer types. However, that does not mean you will not have some crossover between them. There will be great properties in every area that fit the criteria of each of these buyer types. You just have to be clear about what criteria are important to you.

Determining Your Experience Level Is the First Step to Take Before Rushing into Purchasing a Property

You may have come across articles or know someone who has convinced you of the profitability of owning short-term rentals. However, your lack of firsthand experience may place you in an unfavorable position when it comes to actually investing yourself. You may be highly experienced in long-term residential rentals. In this case, you'll need to understand the difference between a landlord and a host. You will also need to understand that the income on Lifestyle Assets is not linear, like other long-term real estate investments. We will discuss these differences here shortly.

No matter what kind of experience category you fall into, as a buyer you will need specific knowledge of the market you want to tap into, complete with its diverse and distinct features. If you invested in a destination market previously, say by purchasing a mountain cottage, and are now seeking to invest in an urban area, you should realize that the criteria for profitability and success are likely to vary quite a bit.

Important Questions to Ask Yourself

The initial questions that you ask yourself can uncover your property goals, your financing options, and set the stage for the types of properties you will want to look at. You can also discover the gaps in your knowledge and plan a strategy to fill them by educating yourself and partnering with the right professionals.

- Are you looking to purchase a property to generate a steady, regular cash flow, or do you prefer that the property will simply pay for itself?
- Are you planning to personally use your Lifestyle Asset?
- If yes, when do you think you'd like to use it? (Remember, using the property during peak season is likely to cost you a lot in terms of lost revenue.)

- How hands-on do you want to be with operations? It is essential to decide this, as it will factor into the profitability of your investment and the time commitment you need to make.
- What is your realistic time frame to purchase?
- Are you paying cash or financing the property?
- If you are getting a loan, is your lender familiar with vacation rental financing?
- Are you aware of the different financing options to best suit your needs?
- Do you have a reserve amount for startup costs and hold costs during setup?

Write the answers to these questions down. This will help you develop a clear understanding of where you are starting from and what direction you want to go in. Some of these questions may leave you wondering what the right answer is. That's okay. One of the goals is to help you understand what you may not know and need to figure out before proceeding to purchase a property.

The Difference Between a Host and a Landlord

A host is a different type of landlord. Many investors do not fully understand the difference between long-term and short-term rentals. On the surface it seems pretty self-explanatory, but there is a HUGE difference in the mindset and responsibility of being a short-term rental host versus a traditional landlord.

In a short-term rental, the guest is in the driver's seat, and a happy guest is critical to the long-term cash flow and five-star reviews. In a long-term rental, the landlord is in the driver's seat and is less concerned about the happiness of the tenant and mainly just expects their rent on time.

Let's start by looking at the differences between tenants and guests:

Tenants

- Rent out of necessity
- Have little communication with the landlord
- May not love the home

Guests

- Rent by choice for leisure or business
- May communicate regularly with the host and require significant guest/host interaction
- Typically book a home because they love it

Mindset differences between a landlord and a host:

Landlord

- Does bare minimum to increase profits
- Complaints from tenant rarely make it past the property manager
- Hospitality does not play any role in income

Host

- Goes above and beyond to stand out and get the best reviews by providing an amazing guest experience
- Gives immediate attention to complaints, which are addressed ASAP
- Has a hospitality mindset and excellent customer-service skills

Different Types of Vacation Rental Properties

There are many different property types to consider as you begin building your Lifestyle Asset portfolio. Each property type has its own pros and cons you should be aware of. Understanding what type of property is most desirable in the area you are investing in can make the difference between success and disappointment.

There are four main property types you will consider for your new Lifestyle Asset. Each of these property types has unique characteristics associated with it, and you should be aware of the differences.

Single-Family Homes

- All stand-alone homes—villas, cottages, houses, cabins, etc.
- Popular in traditional destinations
- Best option for larger groups or multigenerational families

- Have a higher maintenance cost
- Less competition from hotels, resorts, and timeshares
- Luxury homes as well as cozy cottages do well
- Provide guests with the most privacy
- Attractive to guests who don't want shared amenities

Town Houses

- Also called terraced house or attached house
- Almost always located in some type of community with amenities, unless in a city or urban area
- Offers more of a single-family vibe but without the maintenance
- Usually a better option for those who can't afford a single-family home
- There is often an HOA (homeowners' association) involved with town houses
- Most have additional amenities—private pools, hot tubs, gyms, etc.
- Work well in most traditional destinations
- Can appeal to urban/city travelers
- Do not typically compete directly with hotels and resorts

Condos

- Can be called stacked units, apartments, condo hotels, or flats
- Many offer five-star amenities similar to high-end resorts
- There may be fees above and beyond HOA fees

Traditional condo communities versus condo hotel communities

- Can face competition from local timeshares, hotels, and resorts
- Potential of STR (short-term rental) restrictions imposed by condo association
- Work well in urban locations as well as resort destinations
- Typically located very close to major guest attractions
- Many have on-site concierge and customer service

Everything Else

- Campers, tents, yurts, tree houses
- Tiny houses or accessory dwelling units
- Commercial and multi-family properties could be attractive to some people looking for a specific niche
- Great for guests looking for a unique experience
- Can be a budget-friendly way for people to travel
- The sky's the limit for creativity
- Provide some of the most unique travel experiences
- Very easy to target a specific niche
- Great option if you are looking at or have access to vacant land

Understanding your different property type options as well as the pros and cons of each will be very important as you move closer to your goal of owning a profitable Lifestyle Asset. There are many tools available to help you make sure that the specific property type you are looking for will work well in the area you want to invest.

Have fun with this process. It is important to remember that there is no one-size-fits-all for property types. Many areas have a lot of overlap and multiple property types can work well. You should choose an area and property type that you would have fun with and enjoy. After you choose, we will show you how to peel back more layers of the onion to see if your choice has the money-making potential you are hoping for.

Six Different Types of Vacation Rental Markets and What Drives People to Visit Them

When vacation rentals first hit the scene, people were mainly focused on purchasing second homes and vacation rentals in your typical vacation destinations. Over time, and with the growth in popularity of short-term rentals, the diversity of locations where short-term rentals can be found has grown significantly and is almost unlimited.

There are six major types of vacation rental markets: beach destinations, mountain destinations, urban/city destinations, lake/nature/State and National Park destinations, theme park destinations, and off-the-beaten-path destinations. Each of these destination types have unique elements associated with them, and you should be aware of the differences.

Beach Destination Characteristics

- Lots of competition from hotels and resorts
- Can have some tough zoning restrictions
- Cities/urban destinations
- May attract snowbirds looking for longer stays
- Typically seasonal—summer and snowbird season
- Condos are popular in beach areas
- Luxury homes do well in beach areas

Mountain Destination Characteristics

- Ski resort areas desirable
- Good year-round potential
- Popular destination choice for millennials
- Rustic cabins in high demand
- Properties with long-range views in demand
- HOAs can be a bit more relaxed
- Luxury homes and cozy cottages both do well in mountain destinations

Urban/City Destination Characteristics

- Lots of competition—STR and hotels
- Great year-round potential
- High level of bleisure guests—visitors combining business and pleasure
- Typically very tight rental restrictions
- Lots of STRs operating illegally
- Condos and town houses popular

Lake/Nature/State and National Park Characteristics

- Outdoor activities attractive to millennials
- Attractive to family group travelers
- Great summer destinations
- Typically more seasonal
- State and National Park proximity is attractive
- Rustic themes do well
- Can be budget destinations

Theme Park Destination Characteristics

- Typically attract international travelers year-round
- Multigenerational travelers
- Lots of competition from timeshares, resorts, and hotels
- Easy to access and usually near large airports
- Condos and town houses are attractive
- Larger single-family homes that can host multigenerational families do well

Off-the-Beaten-Path Destination Characteristics

- Niche destinations and retreat areas
- Travelers looking for a unique experience
- Often lack management resources
- Tiny houses and alternate accommodations can appeal in these areas
- Some of the highest-ranking properties on Airbnb
- Can be pass-through destinations

People also visit areas for many different reasons. As you are considering an area, think of why you like to visit there. Sometimes it is obvious, but other times it may feel like you are the only one visiting. I promise you that you aren't. There are many reasons people travel to different places. In fact, anywhere that has an influx of inbound travel is a prime location for a short-term rental.

Here are a few of the reasons people may travel to different locations:

- Conventions and conferences
- Exhibitions and trade shows
- Medical facilities
- Colleges and universities
- Sporting events
- Theme parks
- To relax and unwind
- Sportsman destinations—fishing and hunting
- Outdoor activities—hiking, biking, rafting, skiing, etc.
- State and National Parks
- To unplug and disconnect
- To experience a unique culture
- Romantic getaway
- Historic districts
- Bleisure—combining business and leisure travel

Like James and Jody, many people I talk to don't quite understand all of the different things you need to consider as you begin the process of purchasing vacation rentals. Without this clear understanding, it can be difficult to navigate all of the options you will face as you progress down this path.

Ultimately, James and Jody took this phase of the process seriously and were able to move forward with confidence that they were building a portfolio that fit their needs as lifestyle and investment buyers. They were also able to narrow down the area and property types that they were attracted to. James told me one day that this was one of the main parts of our process that helped him really understand and feel the most comfortable writing the checks for his new Lifestyle Assets.

James and Jody gained a lot of momentum once they had that understanding and direction. They committed to the process, and within three weeks they had five properties under contract. They have never looked back. They now own properties in different locations and have continued to build the lifestyle business and portfolio that fits their specific goals and needs.

What You Can Do Today

1. Identify Your Property Goals
    - Define your goals based on your buyer type
    - Identify the property type and location that best fits your goals
2. Identify Your Knowledge Gaps
    - Discover gaps in your knowledge and make a plan to fill them
    - As you read, identify points of interest
    - Identify what you want and need to learn more about

STEP 3

LOCATE

THE NUMBER ONE question that I get is "Where should I purchase a vacation rental?" However, it's a difficult question to answer, on the surface. The truth of the matter is that it is different for everyone. There is no one-size-fits-all solution when it comes to location or property types. The better question to ask is "What factors drive a profitable location and property type?" Understanding the answer to this question will help you determine the right location and property type for your next Lifestyle Asset.

I always tell people to start with a location where they would like to own a vacation home. Don't overthink it and start worrying about all of the questions running through your mind, like whether it's too small an area or whether it's so busy and the market seems saturated with competition. We will address all of these factors, but for now, select an area or two where you would love to own a vacation home. Then we will dive into the next steps and begin peeling back the layers of the onion to make sure you know what it takes to own a profitable Lifestyle Asset in that area.

One of the things that I love about Lifestyle Assets is that we can tailor our portfolios to fit our specific needs and interests. My portfolio will likely look much different than yours; however, since we have both followed the same blueprint, they will both be filled with profitable Lifestyle Assets.

Ryan, one of my clients, is a busy professional running multiple businesses. When I met him, he was looking to get into the short-term vacation rental game. He was in the middle of a 1031 exchange, and he had 45 days to identify enough properties to place approximately $3 million USD.

Ryan has always been a success and his past investments were no different. However, he really wanted to start to invest in properties that excited him, and Lifestyle Assets fit the bill perfectly. Like many of my clients, Ryan is a systems and process guy by nature. Even though he had a significant amount of money to invest when he met me, he wasn't about to do anything until he did his due diligence and felt comfortable with the answers he was looking for.

Like most people, Ryan's first question was "Where are the most profitable areas?" We had to narrow down his search criteria, and that meant we needed to have a set process to follow. When selecting the right area, there are many questions to answer.

Ryan was under some very tight time constraints but was super busy and did not have time for a second job. We started by identifying the top areas where he wanted to spend time with his family. Once we did that, we began to identify what drives profit in those areas and property types.

Ryan began to diligently follow the process laid out for him, and he began to understand the right questions to ask along the way. And it worked. Ryan was able to streamline his search, identify profitable areas and property types, build his dream team, and purchase five properties in multiple markets that all fit his investment criteria.

Identifying Profitable Markets

Identifying Profit Drivers

Vacation rentals are growing at a significant rate as more travelers recognize the flexibility, space, and privacy that this style of accommodation can give them. So, what do you have to do to figure out the best area and property type to invest in? It's not as simple as doing a quick count of how many properties are renting in your location and taking a guess at the rental potential of a listed home.

There is no "one-size-fits-all" in the vacation rental business. In some areas condos rent better than large villas, the rate range between waterfront and off-water properties can vary widely, and trends in tourism change on a regular basis. Construction of a new conference center or attraction can create instant demand, and areas can become popular overnight if the media catches on to a new trend.

Some Major Profit Identifiers

- Where are guests coming from?
- How are they getting there?
- Local attractions and events
- Distance to attractions
- Supply and demand
- Seasonal or year-round demand
- Zoning regulations
- Sale price to nightly rate ratio
- Occupancy rates

Local Attractions and Events

You have to understand why people are visiting an area. There are a wide variety of things that will drive demand in an area, and you must begin with an understanding of these factors. Keep in mind that there may be one or two specific reasons why people are attracted to an area, while other areas are more diverse and draw guests for a wide variety of reasons. In areas that have a wide range of attractions, it is important to narrow your focus to a specific attraction or activity. We will talk more about that in a later section of this book, but it's worth noting right now.

Why Are People Visiting?

- Sporting events
- College events
- Conferences
- Concerts
- Museums
- Theme parks
- Beach towns

- Urban areas
- Ski towns
- National and State Parks
- Outdoor activities
- The list goes on and on

When a traveler wants to go visit a specific attraction, there will be a limited distance they want to travel and that might also depend on what else is in the area that they may want to visit. A visitor coming to visit a theme park in Orlando is going to want to be located in fairly close proximity to the park, while a traveler who is visiting multiple State or National Parks might prefer a more central location.

Make a list of all the attractions the different traveler types will want to see and look for equidistance between them and whether this would make your market viable.

Seasonal or Year-Round

Once you have established what brings travelers to the area, you should have a pretty good indication of whether they come at different times of the year or if it is skewed to a specific season.

Seasonal destinations are not necessarily a bad thing. In fact, most locations, outside of the urban destinations, are seasonal. Many markets can support having a single hot season as long as you are prepared for the slow season, and the income generated during the peak season covers the property expenses for the year.

Usually in very seasonal areas the nightly rate versus the acquisition price is very high during the peak season and you can make a lot of money on the nights booked. In areas with less seasonality, the nightly rate versus acquisition-cost ratio is going to be lower. Because of that, I don't mind seasonal properties because I can make the same money with less wear and tear on my property. I also generate the same income with fewer nights booked and more time for me to be able to use the property.

I'll give you a real-world example of this. Let's say you purchase a property on a mountain lake for $500,000. Your peak season is really only from Memorial Day to Labor Day. During the summer your nightly rate is $1,000/night, and your property stays completely booked for 90 nights. You may look at another property for $500,000 in Orlando, Florida, which does not have nearly the slow season that the mountain lake property has. However, it's a more competitive market and your average nightly rate is $500/night. You would have to book 180 nights to equal the same revenue that you did on the lake property. Also, the Orlando property had double the wear and tear that the lake property had. Hopefully, you can see that a seasonal property is not always a bad thing.

Identify Your Ideal Property Type

Stay in Your Lane

I've said this before, and I'll say it again and again. There is no one-size-fits-all with Lifestyle Assets. That's what makes them so great. You don't have to find a needle in a haystack to have success. There are multitudes of opportunities in almost every market.

The best choice depends on your situation and what your goals are, but here are some thoughts. Lifestyle Assets are much different than traditional real estate investments. Opportunities are everywhere. The best part? It's not brain surgery.

I always tell people "stay in your lane." What I mean by that is look for properties that you would like to stay in and areas that you enjoy visiting and I will show you how to find a profitable Lifestyle Assets in that area.

Keep it simple! Begin by asking yourself what property type you are most attracted to.

Don't overcomplicate this. There are going to be many angles you can take when building your portfolio and it all has to do with your lifestyle and financial goals we discussed previously in this book. I've been helping investors find properties for almost 19 years, and I have a tendency to overcomplicate this. I've spent a lot of time looking for fix-and-flip properties, looking for development deals, searching for cash-producing multi-family deals. To me, those types of real estate deals are way more like finding a needle in a haystack.

In the beginning, I spent a lot of time creating fancy algorithms and spreadsheets in Excel. I put together a lot of different calculations and pulled data from multiple analytics sources. What it all told me was there's not really one great type of property; there's not one great location that makes sense over others. There are so many opportunities in this space, so keep it simple in the beginning. Again, it's going to have more to do with your interests and needs than the property type and the location. You do need to cross-check everything with the data sources I mentioned later in the process, but for now the decision lies with you.

Let's get started. First, what is your favorite property type? Most people have a preference based on the area that they've chosen. Sometimes it's an obvious choice and the most prevalent property type in the area, but it doesn't have to be. Let me explain. An obvious choice in a very urban area is going to be a smaller condo or apartment-type condo, something that's right in the middle of the action, but there might be some great opportunities outside of that as well. Sometimes the most profitable properties are the most prevalent property type because the majority of people are coming in and staying in those types of properties. However, sometimes you will find great opportunities with the less-obvious property types in an area. You should know where to pull the data to uncover those opportunities.

I have different preferences based on the different areas that I have chosen to invest in. If I purchase in an area with a lot going on, I want my guests to be close to the action, and I purchase properties with more of a resort feel, right in the middle of the action and close to the attractions. Usually, you can find purpose-built condos or townhomes. In a lot of resort towns you will find purpose-built communities that are built like resorts. They're set up for nightly rentals and have resort-like amenities. I like those types of properties because people can come in and feel like they're at a resort.

Now, the downside that we talked about with those types of properties is that you're going to compete directly with the resorts, and you're going to compete a little more directly with the hotels. There are some differences and benefits of these purpose-built condos and townhomes, but you're going to compete a little bit more with the resorts.

On the flip side, if I purchased an area that's more of a getaway, more of a destination, whether it's a nature destination, a romantic getaway, outdoor experience, or any of those things, I prefer single-family homes that are quieter or more private. I also really like the unique properties like tree houses, RVs, small cottages, yurts, all of those different fun little properties that let us put a really unique experience together for our guests. So you can see that I have different preferences based on different areas.

Riches Are in the Niches

If you've had any marketing training at all, you've definitely heard that riches are in the niches. We're going to talk way more about this later on when we talk about setting up and marketing your property to your ideal client. Right now you need to think about who you want to attract as your ideal guests and make sure that the property type you select is going to appeal to that group.

If I really want to attract and put together a romantic getaway for couples, I'm not going to go look at four-, five-, or six-bedroom houses. I'm going to look at a one- or two-bedroom cottage that's cozy, that's private, that's fun—where a couple can have a nice quiet, romantic getaway. If my target audience is families, and I want everybody to come together, the parents, the kids, and maybe multi-families, or multigenerational families in some of these areas where family reunions are a big deal, I'm not going to look for the small cottages. I'm not going to look for a yurt or tiny home. I'm going to look for the bigger homes in the area. I'm going to look for larger single-family homes that have some of their own amenities but that have enough space that everybody can use that as a base camp. That's what I mean by making sure the property type appeals to the group that you're servicing. You want to think about who your ideal client is, and then you're going to service that ideal client with the right type of property.

The top short-term rental hosts in any area do not try to be everything to everybody. They're very thoughtful, and they're very specific as to who their target audience is but, more importantly, who it is not. You want to be very thoughtful as to who your target audience is. By being very specific about who you want to attract and purchasing a property type that fits their needs, you're going to repel the people that you don't want with that type of property as well.

When choosing your target audience, stay in your lane. *You should be in your target audience group*. When you are part of the target audience group, it will make the property selection, setup, and marketing a breeze because you understand that group and you speak their language.

Cross-Check Your Choices Against Demand

This is where you're going to go back and start to consult your dream team. By now you should have great team members, and this is where you're going to use them, particularly the property management company and Realtor. They can be an invaluable resource throughout this process. Like I mention in the "Partner" step (which I'll discuss in the next chapter), I always spend a significant amount of time interviewing and selecting the right partners on my dream team.

If you have not done that, if you're rushing through, thinking "Okay, I'll just pick any management company and any real estate agent," you will pay for it later on. I take great pride in making sure that my dream team members are a lot smarter than me when it comes to their local market knowledge.

There are people who geek out in the areas that you are looking. You want to find those people. These team members are invaluable as we go through this process. I cannot stress enough, if you have not taken the time to interview multiple management partners and multiple real estate agents in those areas, go back and spend the time to find the right team members.

I myself have been a licensed agent, I own a brokerage, I've been doing this for 19 years, and I still consult local real estate partners in every single market that I'm considering because there are amazing local experts in every market. I have access to all the same information they do, but I don't geek out the same way that a local expert does. If you take the partner process seriously, you're going to have a valuable resource that you can rely on for great advice, and I want you to do that.

Now is when you're going to call them and ask their opinion about the location, about the property type you're considering, about the target audience you're considering, and you might have a couple options. You might say, "Hey, what are some of the underserved opportunities here? Here's what I'm thinking, here's a couple of things I'm attracted to, and here's a couple of things that I think would work in this area. What do you think?" and pay attention to their insight and their advice. Does it make sense? Is it logical? What are they basing their opinion on? Do they have additional suggestions for you?

You're going to be able to tell pretty quickly if it makes sense. Again, this is logic-based investing. We're putting the pieces of this puzzle together just by using common sense and logic, so don't overcomplicate it, and take the time to get the right partners. They're going to be more competent than you, and they're going to have hyper-local knowledge in these areas and be smarter than you are about the little details of the local area.

The management companies are going to know what kind of feedback they get from all of the guests of the properties that they manage. They understand what guests who are visiting the area are saying, what they want, what they don't want, what they like, what they don't like, all of those things. Ask them. They're going to make a lot of money as you move through this process. They're not doing this for free, so you need to rely on them and make sure you have the right ones who are competent, but then rely on that information that they can provide for you.

The next step will be to cross-check this information with some software analytics tools. Because this space is evolving so fast and new analytics tools are becoming available to us all of the time, I am hesitant to recommend a specific tool. However, we currently use a tool called **AirDNA.co** (yes, that is .co NOT.com) This tool allows us to dive into many details about any area that we want to analyze. You really need access to the paid version of **AirDNA.co** to get the most detailed information. Whether you use **AirDNA.co** or another software analytics tool, it is important to cross-check the information you are relying on with multiple data sources.

Understanding Different Neighborhoods

One of the first steps in determining the investment potential of a vacation rental is understanding the different neighborhoods and how they all compare. It is important to understand the neighborhood blueprint, rental capabilities, and how their location and proximity to points of interest makes them either more or less attractive to potential guests.

HOA & CC&Rs (Covenants, Condtions & Restrictions) add an additional layer of rules and regulations above and beyond local and state rules and regulations. Even if your area allows STRs, an HOA may ban or have restrictions on them.

As short-term rentals become more and more popular, developers are beginning to build communities catered specifically to investors in this space. Different geographical locations attract different types of guests. Many developers are doing years of research to provide us, as investors, the best options to host these guests.

Neighborhood Demographics

Owner versus Renter

- Knowing the percentage of full-time owners in the neighborhood is important to you as an investor.
- The more full-time owners there are, the higher the chance of problems for short-term rentals.
- Depending on your property goals or your exit strategy, you may like being part of a small percentage of investors in an area.

Transient versus Stable

- A large percent of homes being used for short-term rental in one community can create a more transient environment.
- Communities that are not developed specifically for short-term rental are at a higher risk of future HOA and municipal restrictions.
- Transient communities where there are a lot of short-term rentals are not as appealing to primary residence buyers if/when you decide to sell.
- Communities where STR is allowed and active offer a unique exit strategy to owners, even in a bad economy.

Neighbors

- Many homeowners do not understand vacation rentals and will likely oppose them in their communities.
- Permanent residents have a misconception that all vacation rentals are "party houses."
- It is your responsibility to be a good neighbor by vetting guests thoroughly or hiring a competent management company to do so, in order to ensure a win-win for everyone.

- Some communities that are geared specifically for STR have approved property management companies and they are the only ones allowed to manage property in those communities.

What You Will Want to Know

- How much of the community is made up of investors versus full-time owners?
- What are your property goals and exit strategy?
- Does this neighborhood fit those goals?
- Are you at risk of neighbors complaining about VR?
- What will attract guests to that neighborhood or location?

HOA Rules and Regulations

HOAs have surged in recent years and there is a good chance that you'll be looking at properties that are part of an HOA. Every HOA will have different CC&Rs and different rules and regulations. It is important to carefully read these before purchasing in any community.

Your Realtor partner should be of great service when it comes to contacting the HOAs directly to find out what rules and regulations they may have on short-term rentals. Your management partner is another good resource because it is likely that they have experience renting properties in many of the HOAs that you are considering buying property in.

It's also important to understand primarily who makes up your HOA board. Are they primary residents, or are they investors? If they're primary residents, they might not be as sympathetic toward short-term rentals as a board made up of a mix of both or investors specifically. Also, what do the bylaws require to change current rules on short-term rentals? If something is zoned as a nightly rental right now, what are the bylaw rules required to make a change, if they all of a sudden decide that they don't want to allow short-term rentals? Typically, it's very difficult to do that after the fact, but it does happen, so understand what it takes to make those changes.

One thing that I want to make note of is do not use Airbnb or Vrbo as your guiding light of whether short-term rentals are allowed in any neighborhood or municipality. Just because you see short-term rentals listed on Airbnb, Vrbo, etc. in a neighborhood or city you are considering does not mean they are allowed. There are hundreds of thousands of Vrbos and Airbnbs operating illegally in different municipalities and neighborhoods around the world, so don't go on those sites and use them as a guiding light of whether a neighborhood or area allows short-term rentals.

As you can see, we do have a method to figuring out the right property type and location. It is not rocket science, but there is a plan to follow if you want to have success.

My client Ryan dove into this process and it helped him bridge the gap between wondering how he was going to possibly narrow down the right area and property type to invest $3+ million in a very short period of time, to being 100 percent comfortable with writing checks for his five properties.

STEP 4

PARTNER

Now that you have a well-laid-out plan, an understanding of what you are getting into, and have selected an area to purchase in, one of the first things every successful VR investor does is assemble the best team they can find in the market they are investing in. Your success will be directly linked to the professionals you work with. In this industry, your contacts are worth gold and putting together the right team should be your top priority right now.

Short-term vacation rentals are a hyper-local business. Working with the right people makes your life so much easier as you begin to build your portfolio of profitable vacation rentals. There are a lot of different types of professionals that you're going to be working with along the way. Some of the different industry professionals are real estate agents, finance specialists, property managers, vacation rental interior designers, tax and insurance specialists to make sure your business is set up the right way, maintenance professionals, and cleaners, and the list goes on.

We're going to talk about some of these partners and how to find them, but this isn't an all-inclusive list. Your dream team is going to have many professionals specific to your needs. Your top three partners—Realtor, finance, and management—will be great resources for other members of your team. The point is, you're going to have a group of partners who are going to be key to your success and building that dream team is a big part of the process right now.

Jared and Jamie were looking for the right fit for their situation to invest in real estate for years. When I met them, they were trying to decide if investing in vacation homes was the right fit. Jared is an accountant by profession, so he is very systems and process oriented. While trying to find the right fit, Jared hadn't found the confidence to move forward on anything until he found our process. Our blueprint made more sense than all the other options he was exploring.

When Jared and Jamie pulled the trigger and committed to following our process, they went from completely scared and nervous to confident and decisive. In just 22 days, they gained the knowledge and confidence to take a trip down to their favorite vacation spot, meet with some of their dream team, find a great property, make an offer, and tie up an amazing Lifestyle Asset. Much of this confidence came from the dream team we helped them build.

Who, Not How

One concept that I learned from entrepreneur Russell Brunson is the concept of "who, not how." When any of us try to tackle anything new, our natural tendency is to ask the question "How?" How are we going to get from point A to point B? The problem with that is most of the time "How?" is very complicated and technical. When something is complicated most people have a tendency to put it off and they end up procrastinating moving toward their end goal. This is the main reason people don't reach their goals and progress toward their plans for the future. They are asking the wrong questions.

Tony Robbins says all the time, "If you ask different questions, you'll get different answers." The concept of "who, not how" is just that. Instead of asking "How can I do this?" ask yourself "Who knows how to do this?" You have started the process by reading this book and learning my process for how to build a profitable portfolio of Lifestyle Assets. You are going through this process because you have sought us out. We will continue to ask additional "who" questions as we build your team.

We're now getting into the technical aspects of this process, where understanding those different industry professionals is critical. Adding the right people to your team is a very important part of the process as you start to look at properties, purchase properties, and manage them, as you set them up, as you market them, all of those different things that you are going to be doing. You're not going to do all this on your own. There are people who are very good at what they do. You're going to have a blueprint to follow and a good understanding of what needs to be done, but you're going to be the conductor of this orchestra, not the piano player.

There are three different professionals that I call the Big Three. Each of them are super important in this process. In fact, I'm going to dedicate an entire section to them, but the three most important team members that you really want to take some time and really interview and really figure out where they fit into your process are your Realtor partners, your financing partners, and your management partners. Many of your other team members will come from referrals from these three, and so I always like to start with the Big Three in the beginning.

Realtor Partners

I'm a little partial to this one. As you may know, I've been doing this for about 20 years, and in most of that time Teresa and I have owned a real estate brokerage here in Utah, called Wasatch Luxury. So we're very in tune with this side of life, and I'm going to share some of my insights into this and how you can choose the right Realtor partner as you're going through this process and building your portfolio of Lifestyle Assets.

I want to give you fair warning here: I'm the first person to admit that I think the real estate industry is absolutely broken, particularly when it comes to real estate agents. Everybody seems to talk a good game; most Realtors act like they know everything and they're a jack-of-all-trades. However, most of the time they are masters of none. This makes it very difficult to select the right professional to work with on your team. I won't get onto my soapbox about why I believe many agents are so incompetent nowadays and what causes that. But just know that I do believe that the industry is broken, and that does make it very difficult to select the right professionals to help us in this process.

I'm here to help you select the right fit for your team. Do not have every Tom, Dick, and Harry sending you properties off the MLS. Take the time to select one professional in your market who you can partner with. I see this mistake all of the time, that people just sign up and say, "Send me your best properties. I'm an investor, I need to see properties." You end up having a bunch of agents who know nothing about investments, who know nothing about what you're trying to do, sending you properties that will never make sense for a profitable Lifestyle Asset. It's a huge waste of your time and it's a waste of the agent's time too.

Here are some things that your real estate agent should be able to do for you. Your real estate agent is typically your first point of contact. You should expect your agent to be able to educate you on the vacation rental market in the area where you're investing. Your agent should be able to share valuable insights on the little micro markets and specific neighborhoods inside of the general market. They're the local experts and they should be able to share some of their insights into the local market, the micro markets, and the neighborhoods inside the market.

You should expect your agent to be in tune with the new opportunities within their market to help you grow your portfolio. There may be a new purpose-built community coming out for vacation rentals. They should be in tune with those new opportunities so you can get on the front end of some of those and some new properties that are hitting the market. Ideally, you only want to work with agents who have vacation rental sales experience, or the necessary education. They've taken the time to understand this market and what you're looking for as a short-term rental investor, a short-term vacation property investor.

Your agent must be in tune and understand the local regulations and licensing requirements of short-term vacation rentals. Zoning rules and licensing requirements change on a regular basis. We have to be very aware, as we're purchasing these properties, of what the local restrictions and requirements are to operate a short-term vacation rental legally within that local area. Your agent should be able to help you with that, and help you understand some of the restrictions that you may not be aware of.

Your agent should be able to connect you to their network of professional contacts. Many times their network will be a huge source for off-market properties. Your agent should have a very good list of professional contacts that they can share with you as you start to build your dream team and put together your team of professionals who you need to work with as you go down this road.

Financing Partners

As you start to plan the purchase of your first or next Lifestyle Asset, one of the most important questions you must answer is how are you going to pay for it? If you are not paying cash for the property, your financing options will fall into three main buckets: traditional or conventional lenders, portfolio lenders, and private financing. We will explore all three here. There are lots of options when it comes to financing. Our job is to load your war chest with different lenders you can call on for all of your different financing needs.

Traditional or Conventional Lenders

This is the type of financing that most of us think of when we consider getting a loan on a property. If you are buying your first vacation property, traditional or conventional lenders may be the best option to finance your purchase. This will be very similar to the loan you probably have on your primary residence.

Pros:

- Typically, the lowest interest rates and down payments
- Usually requires between 10 and 20 percent down payment
- Traditional income-property loans and second home loans are available
- Usually work for first or second property to take advantage of lower down payment and interest rates

Cons:

- Will NOT consider income generated from the property
- Will ONLY consider personal borrower's income
- Will require full documents to qualify (tax returns, income, and asset verification documents)
- Hard to scale because lender will assume no income from property

Another option with traditional lenders is to tap into the equity of your primary residence or other properties that you have significant equity in. One of the more popular options for second home purchasers is a home equity line of credit (HELOC).

If you have enough equity in your own home right now, you may want to consider taking out a HELOC to buy your second home outright or use it for a down payment.

A HELOC may make sense when you already have a low fixed rate. Getting a line of credit does not affect your first loan.

There are a couple of main benefits I like with HELOCs. First, you can use as much or as little money from the approved line of credit as you need. So let's say your HELOC was $150,000 but you only needed to use $50,000 of that. You don't have to use the whole $150K that you're approved for. You're only going to pay interest on the amount that's out and borrowed, not on the whole amount at any given time. Second, you can use the money for different things. You can use it for your down payment, to furnish the property or to do any upgrades that are needed. That is a really nice option with HELOCs.

The interest charged is fully based on the prime rate. So your rate may be lower than what you'd pay on a conventional loan for a second home or an investment property. You also may be able to avoid some of the closing costs and expenses that you're going to incur by doing a refinance or a first loan. I really like HELOCs for a number of different reasons. The main reasons are you can use them for multiple things—furnishings, fix-ups, down payments, outright purchases—and they're very, very flexible when you've got some equity in your home.

Portfolio "Niche" Lenders

The next financing option for vacation rentals are portfolio lenders. It's never been easier to finance vacation rentals than right now. The landscape for portfolio lenders is ever changing and new programs and lenders are entering the space every single day. Portfolio lenders are lenders that specifically lend on and have a program for short-term vacation rental properties. They're not your traditional lenders. These are lenders who go out and say, "Hey, we want to lend in this space, and we have a very specific program for vacation rental borrowers."

They're still banks. They're still lenders in the same space as a bank, but they are different because they specifically focus on this little niche.

They typically don't require the borrower's income to qualify. That's one of the biggest differences. They're not going to use your personal income to qualify for these properties. They're usually going to require 20 to 25 percent down payment, so you are going to have to have some skin in the game. You're not going to find 5 or 10 percent down payments. At least, I haven't found them yet. These lenders are popping up daily and different programs are available on a regular basis, so there could be some low down programs soon. However, most of them are going to require a 20 to 25 percent down payment.

They are purely asset-based loans. That means the income the property generates is what the lender looks at to qualify the loan. They do not look at your personal income.

Pros:

- Typically does not require borrower's income to qualify
- Purely asset-based loans (property qualifies, not you)
- Will consider income generated from the property
- Will lend to a corporate entity
- Do not require W2 or tax returns from borrower
- Non-recourse loans are available
- Work well for self-employed or asset-rich borrowers with little taxable income

Cons:

- Usually requires 20–25 percent down payment
- Many lenders only lend in certain areas
- Interest rates are usually 1–2 points higher

Do your homework. Unlike conventional financing, portfolio lenders all have very different underwriting criteria for their loans. Look up and speak with a bunch of different lenders to find the ones who fit your needs. Consider recourse versus non-recourse loans, down-payment requirements, interest rates, closing costs, loan terms, and underwriting requirements.

Private Lenders

Private lenders come in all shapes and sizes: private individuals, family offices, crowdfunding platforms, hard-money lenders, hedge funds, investors, and so on. The sky is the limit with private lenders. Believe it or not, there are a lot of people and companies that want to lend you the money you need to purchase your Lifestyle Assets.

It's logic-based lending.

Private lenders are NOT BANKS. They don't have the same strict requirements that banks have. They all have very different rules and criteria. Short-term vacation rentals are a hot commodity, and private lenders are very likely to consider lending on them right now with pretty favorable terms.

When we think of borrowing money, often we only consider debt financing. However, many private lenders will actually lend you money and, instead of recording debt against the property, they will become an equity partner on the property.

You have a lot of options when it comes to financing your Lifestyle Asset. Your job is to load your war chest with different lenders you can call on for all of your different financing needs.

Management Partners

Outside of your mortgage payment, management is going to be your largest expense in this business and should be taken very seriously. Getting into the short-term rental business is not just a second home purchase. The moment that you offer your home as a short-term rental, you are entering the hospitality industry.

You must have an understanding of what is involved and what your responsibilities are as a vacation rental owner. As a vacation rental owner, you have three main options to manage your property that range from completely hands-off to full owner management.

As you explore what option best fits your needs, keep in mind what your personal financial and lifestyle goals are. Based on a number of factors (time, money, personality, expertise, etc.) you will probably lean strongly toward one of these three methods.

Hands-Off—Full-Service Property Management

Full service is by far the most popular option as it will free you from any operational responsibility for the property. This management option will allow you the best possibility to grow your portfolio and purchase additional Lifestyle Assets. This is the option that I personally use and recommend most of the time.

- Management company does everything
- Market the property
- Manage website and listings
- Manage booking calendar across multiple platforms
- Manage reservations
- Create guest manuals
- Screen guests
- Collect and distribute payments
- Pay appropriate taxes
- Handle all changeovers, cleaning, and maintenance
- Are available to guests 24/7
- May even arrange for furnishing and decor

The drawback with full service is that it is expensive. Usually a full-service management company will charge 20 to 35 percent of the gross rents. While that is expensive, the right property management (PM) company will be worth their weight in gold.

Hybrid—Some Owner Involvement

Many owners who have some extra time like to have some involvement with the management of their Lifestyle Asset. There are two main options that you can take with the hybrid management option.

Option 1: Owner manages marketing and bookings; PM handles maintenance/changeovers.

If you enjoy the contact with guests, create great relationships with people, and naturally have the "host" personality, then this may be a good option for you. You would handle all of the marketing and booking management, leaving just the on-site activities to a property manager.

- Owner markets property and manages reservations
- Owner collects rental payments
- Owner deals with all guest enquiries
- Owner screens guests
- Owner creates guest manuals
- PM handles the cleaning and maintenance
- PM handles the changeovers
- PM handles most on-site activities

Option 2: Owner manages all on-site activities; PM manages marketing and bookings.

Generally the largest time portion of this business is in dealing with the guest emails, calls, and taking booking and managing enquiries. Therefore, some owners will hire a PM company to do this, and they choose to handle the on-site activities like cleaning, maintenance, and changeovers.

- PM markets property and manages reservations
- PM collects rental payments
- PM deals with all guest enquiries
- PM screens guests
- PM creates guest manuals
- Owner will handle the cleaning and maintenance
- Owner will handle the changeovers
- Owner will handle most on-site activities

While the hybrid management option will save you some money on the PM fees, sometimes it actually costs you more in the long run. I strongly suggest you look at your realistic costs if you choose to go with this option.

Self-Management—You Do Everything

Last, you may be considering managing the property yourself, completely independent of a third-party management company. The biggest benefit of this is that there are no commissions or management fees to pay.

Some owners start out with this method in mind and quickly appreciate that there is more to this business than they expected. I strongly suggest that you steer clear of self-managing your own property. There are very few exceptions where you will do a better job than the professionals.

This is a SHORT list of some of the activities you must be good at:

- Managing website, listings, and social media marketing
- Answering emails and telephone calls promptly
- Dealing with multiple enquiries
- Screening guests
- Creating rental agreements
- Collecting damage deposits
- Handling payments with credit cards
- Paying appropriate taxes
- Creating guest manuals
- Handling emergency issues
- Cleaning
- Laundering bed linens and towels
- Responding to maintenance calls

The time investment can easily run 20 to 30 hours per week from just one property. Remember why you are purchasing your Lifestyle Asset: to build lifestyle and financial freedom. It's not because you want to work more. We are here to build a quality of life, not a job.

It's important that you work smarter, not harder, if you want to enjoy the full benefits of your Lifestyle Asset. I encourage you to choose the path of least resistance for your long-term success. Nine out of ten times, I believe, that is full-service property management.

Assembling Your Dream Team

Knowing that you need a dream team and who you need on that dream team is half the battle, but finding them is another. How do you find these people? Most of us overcomplicate things. A super simple way to start, and where you should start, is a quick Google search. Search for the area and the team members you're looking for. If you're looking for a vacation rental real estate agent, say, "I want a vacation rental real estate agent in my area," and see what pops up. See what kind of professionals pop up in that space.

However, you're going to find the best contacts by fully immersing yourself in the market in real life, not online. When I say start the search online, the keyword there is start. Then you need to take some time offline. You need to make some phone calls. If you're in the area, and you're building your portfolio in a market that you live in, then go meet with people. Get offline and start to interview people and talk to people. That's how you're going to find the best contacts. You're also going to learn a lot by talking to these different professionals as you're interviewing them. You're going to learn a lot about the market that you're investing in.

Take your time to get to know those communities. Visit with the tourism staff. Make some phone calls. Look them up. Go meet with them. Look up different Superhosts in your area. Success leaves clues. Successful property owners are a great resource, as are other Superhosts or other people who own these Lifestyle Assets. Go on Airbnb and Vrbo and you will find some of the best hosts in any given area. Look for the ones with the top five-star reviews, the best properties, and call them. Most of the time they're happy to talk to you. Set up phone calls with those different professionals and some of your peers in the same space, and ask them for referrals to their favorite professional partners.

Whenever we work with somebody who is amazing, we don't like to keep them a secret. I like to refer people to my best partners. The same is true with other great property owners. If they have a Realtor or a management company who they love to work with, they're going to be happy to share that person's contact information with you.

Reach out and make some phone calls. It's amazing what you can get when you just ask and you're friendly with people. Ask for references from professionals you are considering working with and follow up with all of them. Follow up with references when you're talking to these professionals. Say, "Hey, who else uses you, and can I have their number? I'd love to talk to them." That's always a great place to start. Follow up with the references. Ask them what they like, what they don't like, and what they wish they had done differently as they started this process.

This is going to take some time, but it's going to pay some huge dividends in the long run. I get it. This is not an automated process as you build this team. You're talking about buying real estate. You're talking about building long-term wealth through real estate and investing in real estate. These are very expensive assets. It is going to take a little bit of time to build that right team and select the right professionals, but it's going to pay hugely in the long run when you do it and you take the time to do it in the beginning.

As your network grows, you're going to be shocked because you're going to be more and more familiar with the people who are active in the vacation rental world in your area. As you really immerse yourself and as you start to get into this world, your network is going to grow, and that is going to help you build that power team, that dream team.

A lot of people dismiss the importance of the right professional partners. Not Jared and Jamie. They followed our step-by-step plan closely and when it was time to build their dream team, that was no exception. They were diligent in building their professional network, and it paid off. Here is what Jared had to say about his Realtor, whom we introduced him to:

> Shawn, first off, the Realtor who you put us in touch with via your referral is bad ass! We absolutely love her. She found us an underperforming asset that is an absolute home run that we put an offer on this weekend. She also introduced us to an amazing local management company that we will be using to manage our property. This alone could already make joining your course one of the best decisions I have ever made.

Jared and Jamie have since closed on that home, and it hit the market generating a 22 percent cash-on-cash return right out of the gate.

STEP 5

ACQUIRE

There is a simplicity to purchasing the home you live in that you may not appreciate until you've purchased your first vacation rental. I'm not trying to scare you, and it is not difficult. There is just more complexity in the information you will be gathering and the support you will be getting from your dream team when you are purchasing a vacation rental.

There are a lot of moving parts that you don't consider on many other types of real estate investments that you need to be aware of with short-term vacation rentals. You'll need data on nights booked over the past year, the average nightly rate (ANR), occupancy and seasonality of the property, different fixed and variable expenses and fees, and so on.

You should already have a pretty good idea of what drives people to visit the area you are investing in, and you may be able to capitalize on some of these events that drive demand. You will also be leaning on your dream team for a lot of information as you analyze the income potential of the properties you will be looking at.

Chris is a member of Vodyssey www.Vodyssey.com and is a full-time real estate investor from Austin, Texas. Chris has a robust fix-and-flip business and also invests in multi-family properties. As Chris began to add short-term vacation rentals to his portfolio, he quickly realized how difficult and different it is to calculate the income potential of a vacation property.

Unlike other real estate investments, vacation rentals have a lot of moving parts to consider when running the calculations. You have to consider fluctuating occupancy levels, seasonality, nightly rate fluctuations, hospitality taxes, cleaning fees, etc. It's not nuclear physics, but there are more moving parts when running income-and-expense projections than other real estate investments. Chris has always been a numbers guy, and once he figured out how to put all of the moving parts together, he saw the potential of vacation rentals in a whole new light.

Money-Making Potential

Let's dive into the money-making potential of a property. The key figures that we are going to look at when figuring out the income potential are the ANR, occupancy rates, seasonal and variable rates, and rate-optimization technology.

Average Nightly Rate (ANR)

We always start with the average nightly rate any time we're looking at the income potential for property, because it's used to calculate so many things. Many different factors are based on the average nightly rate when we're talking about short-term vacation rentals.

It would be similar to having a long-term residential rental where the monthly rent you're going to charge is a number you would use to calculate a lot of things. On a short-term rental the ANR is the key driver for a lot of the different income calculations you will be looking at. It's simply calculated by adding all of the nightly rates together, and then dividing them by the total number of nights the property was booked. It's a very simple calculation, but sometimes it's not that simple to get. It doesn't have to be a difficult process, and there are multiple places you can go get that information, but you have to understand what you're really looking for.

The ANR used to be a lot more straightforward to figure out because owners would typically just set a fixed rate. Maybe they would set three different rates, a rate for slow, mid, and high season, and they wouldn't vary from them at all, so you'd know very quickly what the average nightly rate was because rates never really moved. With all of the rate-optimization software and technology available now, rates are all over the board and change on a daily basis, but we can still figure the ANR out pretty quickly.

Where do you go to find the average nightly rate? First, start with the property listing on the OTAs, Airbnb, Vrbo, Booking.com, and the like. Most OTAs will publish the average nightly rate for a property. However, they don't always publish and calculate the ANR the same way. Sometimes they're only showing you a month's worth of data. Sometimes they're showing you the lowest rate possible to get people to say "Okay, I can book you this property for X," and if you go click on it, you will see that the calendar actually shows different prices, so the true ANR is not always listed on the OTAs. They're constantly changing and showing more data and showing us different data, so go start and look to see if the OTAs are publishing the ANR of a property. If the property you're buying is actually listed on one of the OTAs, pull up the listing and see what the average nightly rate is historically and currently for that property.

The next step is to go ask the current property manager of the property to provide this for you. If it's not owner-managed, the property management company that's managing it will have the ANR for that property at their fingertips. Go ask them for it.

Next, you can use a third-party software analytics tool. We currently use **AirDNA.co**. The ANR is listed on there, many times. If the property is not currently a short-term vacation rental, it's just a regular home that you're going to turn into a short-term vacation rental, then look for similar properties on AirDNA to get a good idea of what the average nightly rate is going to be on that property.

The average nightly rate is used for a lot of different things. It is a key figure that we use for most of our income calculations. It helps us estimate the ROI, the cap rate of the property, the net operating income (NOI), and so on. We use it to determine the income potential of a property, but we also use it to recognize any hidden opportunities that a property might have. A lot of people overlook this use and aspect of the average nightly rate, especially on existing vacation rentals. If you know the ANR of like properties in an area, you can quickly see if the subject property you are looking at is either over or under performing. If the average nightly rate is lower than average for the area, it could be mismanaged or underutilized and you could market it better or add some value to increase your overall ROI. On the flip side, if the property is commanding a higher-than-average ANR, then there may not be much you can do to optimize it, but you have a well-performing asset on your hands that you can hit the ground running with.

Occupancy Rates

The revenue you are able to generate is a direct factor of the ANR that we just discussed and the Occupancy Rates in the area (ANR * Occupancy Rate = Gross Revenue). Occupancy rates are a moving target and can fluctuate significantly from area to area. Occupancy rates are calculated by taking the number of nights booked divided by the number of nights available. For example, 120 nights booked in a 365-day year would give this scenario a 32.8 percent occupancy.

Many people mistakenly think that areas with higher average occupancy rates will automatically generate more income than areas with lower occupancy rates. You will find that many areas with really low annual occupancy rates have very high seasonality and a short peak season. Because of this, those areas will typically see very high average nightly rates during the peak season that more than make up for the lower annual occupancy.

I have seen a lake house in a very seasonal area that has only a 25 percent occupancy outperform a similarly priced property in Orlando that has 70 percent occupancy, because the ANR on the lake house is triple what the ANR rate is on the Orlando property.

Successful short-term rental investors understand all of these moving parts, and they are able to accurately compile all of the data points that we are discussing here when running their income projections.

Seasonal and Variable Rates

There is no universal rate chart, and every area has very different seasonal rate variations. Because of this, rates are unpredictable and can vary a decent amount between slow, mid, and high season. Some areas even fluctuate significantly from weekends to weekdays during each of those seasons. Other areas not so much. It is really important to use the analytics tools like AirDNA, as well as your dream team partners, to cross-check all of this data when trying to understand all of the fluctuations in rates.

There are even more variables to consider, like popular events that can drive demand and prices really high for short periods of time. Some areas will also have periods of time where they can maximize rates to capitalize on increased demand based on certain events being held in an area. When events drive demand up, rates can triple over and above the normal high-season rate.

Examples of events that drive up demand and rates in an area:

- Annual sporting events
- Major festivals—e.g., Coachella in Palm Springs or Sundance Film Festival in Park City
- Music festivals—e.g., SXSW and ACL in Austin or Country Jam in Grand Junction
- Local events—kids' sporting tournament season

These short-term events that drive demand can add significant profits to the bottom line of your short-term vacation rental. For example, if the average nightly rate on a property that you are considering is $500/night, but the property is in an area that has a major two-week festival every year when the ANR triples, that is like getting an additional four weeks booked at your current ANR. That is huge when considering the profitability of a property.

Rate-Optimization Technology

Traditionally owners and managers set the rates for each season. However, technology has created the opportunity to raise and lower rates daily depending on a number of factors.

Some of the factors contributing to rate changes are:

- Timing of booking (last minute versus in advance)
- Weekday versus weekend
- Proximity to attractions
- Regional events
- Overall supply and demand on other OTAs
- Seasonal weather conditions
- Holidays
- Property features and amenities

Rate-optimization technology uses algorithms to take all of these factors, and many more, into consideration when setting your rates. Rate optimization can also help fill in the gaps during the slow times and maximize your profit during the peak periods. Having an understanding of what drives the seasons and demand in your area, and knowing how the rates change, will help you estimate the property income potential when you are looking at a certain property in a specific area.

Understanding Expenses on Short-Term Rentals

There are many expenses involved with vacation rentals that you would not typically see on a traditional long-term rental or a primary-home transaction. Most investors get nervous when they see the list of expenses that they need to account for on STR. However, there is no need to let them scare you. The majority of them are variable and only need to be paid when you are making money. I always say that I hope my variable expenses go through the roof because, if they do, I know I am making money.

Understanding Operating Expenses

Operating expenses are ALL of the expenses you will have with your short-term rental. Your operating expenses will be further broken down into fixed expenses and variable expenses.

Operating expenses may include but are not limited to:

- Property management fees
- Rental commission
- Utilities
- HOA
- Pool and yard maintenance
- Property maintenance reserves
- Licensing
- Cleaning fees
- Tax filings
- Sales and resort tax

- Mortgage (if there is one)
- STR insurance
- Property tax

Understanding all of your operating expenses is important because they all affect the ROI. When you begin to run the numbers on any short-term rental you are considering, even the smallest change in the income or expenses can impact the entire ROI significantly. It is important to input them as accurately as possible. Many people have a tendency to take the easy road and estimate the expenses. Usually they will put in higher numbers to be conservative. However, when they do that, they complain that they can never find any good deals that meet their criteria. If you want an accurate assessment of a deal, you have to take the time to input accurate information when running income and expenses.

Fixed Expenses

Fixed expenses are pretty simple to predict and are the type of expense you are used to seeing on your primary residence or traditional real estate investments. These are monthly or yearly expenses that stay the same or very close to the same every month or year.

Examples of fixed expenses:

- Mortgage payment
- Property taxes
- HOA fees
- Insurance
- Cable
- Internet
- Licensing

Fixed expenses are easy and predictable to find, calculate, and budget for. If you had zero guests in your property for a month, your fixed expenses would be the costs you would have to cover out of pocket.

Variable Expenses

Variable expenses change from month to month and will not always be the same. They can be recurring bills, but the amount is always different, so they are harder to budget for. Short-term rentals have more variable expenses than traditional long-term rentals. This is where many would-be investors get nervous when they see the list of variable expenses. The fear of the unknown causes them to steer clear of STR.

Examples of variable expenses:

- Management fees
- Rental commission to the OTAs
- Sales and hospitality taxes
- Supplies
- Gift baskets
- Cleaning fees
- Credit card fees
- Resort or amenity charges
- Discretionary ad spending
- Utilities
- Improvements (usually planned for)
- Repairs

It is important to know that the variable expenses are typically tied to the property bookings. This means that the higher your variable expenses get, the more money you are actually making.

Where to Find the Data

You will rely on your Realtor partner and property manager to help you find the majority of the expense data on each property. The OTAs and different software analytics tools like AirDNA can be used to find the average nightly rate of similar homes. The OTAs all have different costs to list on their sites and it is always changing, so check each OTA to get an accurate cost.

Some expenses are passed on to the guest and your property manager can, and should be, used to find the following expenses:

- Management fees (What all does this include?)
- Licensing
- Credit card fees
- Average annual repair budget (similar homes or subject property)
- Liability insurance
- Cleaning fees
- Sales and resort tax
- Supplies

Your Realtor partner can, and should be, used to find:

- Property taxes
- HOA fees
- Mortgage payment (lender should provide)
- Insurance

Once you have all the figures compiled, you will use them to estimate your income based on different scenarios and circumstances. There are many factors to consider when running your income projections, and it is important to use a calculator/spreadsheet that is customized for short-term rentals.

Business Assets and Furniture

A major difference between the purchase of residential and short-term rental properties is the option of turnkey properties with business assets and furnishings included in the sale. There are a number of different business assets and furnishings that may be included in the transaction. Some will be written into the contract and others may be negotiated separately. You should be aware of what these are and how they can affect the purchase price of the property.

Types of Business Assets

There are a number of different items that you want to have included as part of the sale if you are purchasing an existing vacation rental.

Business Items

- All rental listing profiles created online with existing reviews (Airbnb, Vrbo, Booking.com, etc.)
- Any independent property websites created or owned by the seller, along with the hosting account
- Any professional photography, video, virtual tours, interviews, or features owned by the seller
- Emails and contact information for all guests who have stayed at the property, an existing guest inquiry email list
- Any future bookings currently in place and booked on the home (direct-owner bookings are much more valuable)
- A seller willing to help train the new owners and assist with the transition
- Functioning management team on the ground familiar with the property
- Current management contracts in place at the time of sale
- Social media accounts—Instagram, Facebook, Pinterest, etc.

Some of these assets can add significant value to the property, while others may actually detract from the value.

Transferring the Assets and Bookings

Transferring the Assets

- The transfer of an OTA profile will vary widely depending on the OTA's terms and changes on a regular basis.
- Transferring of an owner-owned website is dependent on platform/host terms. Websites are a valuable asset but must be able to be transferred to have any value.

- Any professional photography, video, virtual tours, interviews, or features must be owned by the seller and they can assign that license over to you.
- Email lists will be transferred depending on how they are managed. Typically, the buyer will take over the account managing the email list, i.e., MailChimp, Constant Contact, etc.
- Facebook and Instagram accounts require the current owner to add the new owner as an admin and then delete the old admin.

Transferring the Bookings

- All advance deposits need to be accounted for and transferred at closing through a credit to the buyer.
- These advanced deposits should be on the closing statement as a credit to the buyer.
- If a management company is holding the deposits and the buyer is keeping the manager, nothing will transfer at closing.
- It should be in writing that those deposits stay with the property and do not go to the old owner.
- It's good business practice that the old owner send an email to guests introducing the new owner.
- If the current owner is using a management company, the current bookings will probably belong to the management company and must be honored by the new owner.

Transferring Furniture Inventory

A turnkey vacation rental will typically be sold furnished. Many MLS listings will even have a field to search for furnished properties. However, many sellers believe that their furniture is worth a lot more than it is. Do some research into the value of the furnishings. You should consider three key factors when considering the value of the furnishings: first, the brand-new retail value of the furniture; second, the total life expectancy of the furniture (usually seven years); and third, the age of the furniture. This information will help you determine the added value of the furnishings.

Typical Furnishings Included

- All beds, mattresses, linens, couches, tables, chairs, etc. All the furniture you see in the home at the time of sale.
- Also included are artwork and accent pieces. If a home is sold furnished, most sellers will usually remove any personal items or items not included before putting the home up for sale.
- All kitchen appliances, dishes, silverware, pots, and pans.
- Outdoor furniture, pool toys, sports equipment, and games can also be included.

Transferring Inventory with the Sale

- **Create a video record of inclusions.** It can be difficult to list every item included on a turnkey property. I make a video and walk through each room, including cupboards, drawers, and closets. This way you have a record of any damaged items as well.
- **List ALL exclusions separately.**
- **Be aware of potential underwriting flags if not an investment-property loan.** Furnishing may need to be written up on a separate bill of sale.
- **Be aware of appraisal issues if you are getting a second home loan.** These items will not add value to the appraised amount.
- **Make sure everything is there on day of closing.** Do a final walkthrough, referencing your video as you go.

Pros and Cons of a Turnkey Property

Many times, the pros outweigh the cons. Just be aware of which assets actually add value to the property. Most sellers will list all of these items as assets of value, when in reality they are not.

The Pros of a Turnkey Property

- **Immediate rental income**. You hit the ground running and do not have the ramp-up period before making money.

- **Established business with goodwill.** In the short-term rental game, reviews are the lifeblood of the business. A property with an established five-star reputation can be invaluable to you as a new owner.
- **Lower overall cash to get started**. You can keep your investment at a minimum with turnkey properties because you will not have to furnish the property or deal with the potentially expensive ramp-up period.
- **Potential owner mentorship**. Many owners who are experienced and understand what their guests want are willing to help you transition and share that invaluable information as you get started.

The Cons of a Turnkey Property

- **If home is booked, it is difficult to fit in upgrades and renovations.** Many existing rentals present great opportunities for us as investors to add value through improvements, but this can be difficult to fit in between bookings.
- **Existing reviews may not be favorable**. In the short-term rental game, reviews are the lifeblood of the business. If the property has bad reviews, it can be difficult to overcome, and you may be forced to start from scratch.
- **Current property management company terms may not be favorable**. Some of the biggest opportunities for us to purchase are properties that are mismanaged. If that is the case, you are not going to want to use the current management company. You need to understand what it will take to get out of that contract and what happens to the current bookings.

Structuring the Deal

Once you have found a property that you would like to make an offer on, it's time to consider how you want to structure the deal. Sellers all have unique circumstances and needs. You should become a solution to their problem.

There are many creative ways that you can structure the deal so that you create a win-win deal for everyone involved. It is also important to address factors such as financing, furniture, business assets, and inspection periods when preparing your offer.

Always look for win-win deals. You will be shocked at what you can accomplish when you are seeking a win-win deal. Most times, it is as simple as just asking: What is important to you in this deal? Let the seller know that you love the property and would like nothing more than to put together a deal that works for both of you. After that, shut up and listen.

Make sure that your Realtor partner helping you negotiate this deal uses this strategy prior to submitting an offer. Everyone is looking for a solution to their problems. Many times the solution is not a higher sales price. If you can figure out the problem and become a solution to it, you can make a lot of money in this game.

Chris's hard work to really understand this new asset class paid off, and he has added a new investment vehicle to his growing portfolio. He learned a new way to analyze the income potential of short-term rentals. Once he understood the different moving parts and where to find and compile the data, he became confident in their investment potential.

Chris now analyzes the income potential on properties very confidently and quickly, allowing him to take advantage of some amazing properties because he really knows what to look for in the numbers. Chris purchased five Lifestyle Assets within two months because of his new confidence level and his new understanding of how to run the numbers.

STEP 6

SET UP

CONGRATULATIONS ON MAKING it this far in the process of owning your own profitable Lifestyle Asset. You now own a home and you undoubtedly have some ideas for how you plan to set up the property. This step is all about taking those ideas and designing an amazing guest experience for your target audience as you set up your home to be rented out.

This is where you will really set yourself apart from your competition. Most people have very nice homes and furnish them very nicely; however, they don't pay much attention to what they can do to deliver a unique experience to their guests. This is your opportunity to start to separate from the crowd.

I have heard it stated that we are moving out of the information age and into the experience age. I completely agree with that and have seen firsthand how unique experiences have driven the growth and popularity of the short-term rental market.

Even though you are getting paid to rent your home, your profits will ultimately depend on your skills as a host and how well you create an amazing experience for your guests.

> The number one thing you can do to stay ahead of your competition …
> Create a unique experience for your target audience.

Why? Because no one can recreate it. It doesn't matter how many hundreds or thousands of listings are in your area, if you cultivate a unique, memorable experience, you will ALWAYS stand out from the crowd.

If there is one thing every vacation rental owner should understand to succeed in this business, it is that you need to deliver the fairy tale your guests are looking for. Vodyssey www.Vodyssey.com member Beth understands better than most how to deliver the fairy tale to her guests when they visit her Lifestyle Asset. Beth owns a property on the beach in North Carolina. Beth and her family built an amazing home right on the beach. They paid attention to every detail during the build process. Everything was thought out beforehand with a specific intent and purpose as she went through the setup process. She knew that her guests were looking for the beach fairy tale when they visited her property, and that is exactly what she delivers.

Creating an Amazing Guest Experience

One of the things we have mentioned before is that you have to have a different mindset as an owner of Lifestyle Assets versus owning other traditional long-term real estate assets. You are now a host, not a landlord. Having a host mindset will help you to deliver a better guest experience overall. As a host, you will go above and beyond to provide an amazing experience for your guests. With a host mindset, you will be willing to invest money and time on items that enhance your guest experience. Hosts are also very positive and upbeat and have excellent customer service skills.

With the right mindset and also an understanding of what your guest is looking for, delivering the fairy tale is going to be a breeze. You will now start to really appreciate the advice that I gave you to stay in your lane and purchase in areas and property types that you love. If you followed that advice, you are part of your target audience and you should understand very intimately what they are looking for as you begin to deliver that unique experience.

The top short-term rental hosts in any area do not try to be everything to everybody. One of the biggest mistakes I see hosts make is that they purchase a nice property in a nice area and furnish it like a model home, but they don't speak to any specific target audience. They try to attract anyone and everyone to their property. The result is that they get lost in the crowd and have a hard time standing out. As a result, the only thing they can think of doing to stand out is to adjust their price down and offer discounts to fill their empty nights.

On the flip side, very few people set up their property with a specific group in mind. Therefore, those that do really stand out in the marketplace. We have talked about this before. The riches are in the niches is a business principle that means the narrower your market, the more profitable your business will be. Take doctors as an example of this. A general practitioner treats all kinds of ailments and helps many different people. They are generalists and have a wide range of things they treat. Physicians also have the ability to specialize. For example, an orthopedic surgeon who specializes in knees only treats knee injuries. Specialists only focus on treating one type of injury. Guess who makes more money? At the time of this writing, general practitioners make an average of $114,000 per year, according to **payscale.com**. An orthopedic surgeon makes an average of $380,000 per year according to the same source. That is over three times as much money, just for choosing to specialize.

That same concept is true across the board in many different industries, and it holds very true in vacation rentals as well. The more you narrow down your niche and set up your property to deliver a specific experience to a specific target audience, the more money you can charge per night and the higher your occupancy will be.

Based on your location and property type, ask yourself, "Who am I trying to attract?" A few examples might be: couples for a romantic getaway, multigenerational families looking for a large place to call home base, adventure junkies, weekend warriors, budget-minded travelers, luxury travelers, outdoor enthusiasts, and the list can go on and on.

Remember, you should be in your target audience group. When you are part of the target audience group, it will make everything easier because you understand that group and speak their language.

There are three primary angles that people take when they set up their property as a short-term rental. Those angles are basic, model home, and unique theme.

Basic—These are properties that owners put in the very basics, take pictures themselves, and post the property for rent. You will see a lot of these properties on the short-term rental marketplace. They will always be in the bottom half of properties as far as occupancy and rates. *You should never set up and post a basic property.*

Model Home—These are properties that owners take the time and spend the money to set up and furnish similar to how you might see a staged model home. They have a consistent design and high quality throughout the home. They have professional photos and interior design elements. The only issue is that they do not speak to a specific target audience. These homes attract a wide range of visitors. These properties will usually land in the 50th to 75th percentile of properties, as far as occupancy. At a very minimum, your property should be set up like a model home.

Unique Theme—These are properties whose owners have taken the time to consider exactly who their target guest is. They have thought about why their guests are visiting the area, they are aware of any unique features or facts the property or area may have, and they have designed and set up the property to offer their guests a unique experience and theme when they visit. These will always be the top properties in every area, eliminating the competition because of the unique experience they offer guests.

I'd like to give you an example of how we deliver a unique experience for our guests at one of our properties. We own a property in an area just outside of Yellowstone National Park, on a world-class trout fishing lake. People come to visit this area from all over the world, and most come to visit Yellowstone. Most short-term rental hosts market to everyone coming to the area for the variety of outdoor activities the area offers. However, we have decided to narrow our focus, and we speak specifically to the fly fishermen and women who visit the area. Not only is our property on the lake with its own boat dock, but it is also 15 to 20 minutes away from five blue-ribbon trout rivers. When our guests check into our home, we have it set up with many different extras that will add to their fly-fishing experience. One example is that I put together a fly box with my favorite flies for each river and lake. I also have a handwritten note with my favorite spots to visit. I draw them a map of each river with my favorite spots detailed. We have wader drying stations set up, so they don't have to put on wet waders after the first day. This is what I mean when I say to pick a target audience, come up with a unique theme, and deliver an over-the-top experience for your guests.

As short-term rentals become more and more popular, the way to stand out is to pick a unique experience that cannot be duplicated. Have fun with this process. The sky's the limit when it comes to designing your unique experience. People travel to create memorable experiences and, as short-term rental hosts, we have the opportunity to help them create those memories with the unique experience we provide to them.

Deliver the Fairy Tale

Now that you have identified your target audience and decided on a theme and unique experience for your guests, it's time to prepare your home to receive those guests. You undoubtedly have questions like: What is the appropriate quality standard to follow? What are essential items to provide? What items are a bonus? These are all great questions to have answered as you begin to prepare the home for your guests.

Most guests envision their vacation to be nothing short of picturesque. Travelers are accustomed to plush hotel lobbies, friendly staff, and an assortment of complimentary goodies. The goal is to meet those expectations and exceed them with a more unique experience. Your property should provide comfort, peace of mind, safety, cleanliness, and the impression that your guest is your number one priority.

You want to create a unique, carefree vacation experience where your guests' questions are answered, concerns are addressed, and needs are met and exceeded. Now is the time to bring your guests' vacation fairy tale to life and help them to experience a magical visit to your area. You can only do this by paying attention to every detail of your target guest, communication, theme, customer service, cleanliness, quality of furnishings and amenities, and so on.

I won't spend much time on the theme items here because I could not realistically cover everything that you might have in mind. However, these details are very important, and you should be an expert in your theme, or you should hire an expert to help you with the theme setup.

No matter what your theme is or who your target audience is, there are essential items that your guests will need. You are aiming to set up a home away from home and make sure that your property feels familiar and comfortable for your guests.

To start with, you want to make sure that your guests get a sound night of sleep. Without question, one of the most important components to providing a comfortable stay is to make sure that your home is conducive to a good night's rest. Do not skimp on mattresses and bedding. Investing in high-quality mattresses and bedding will pay dividends in the long run. No matter what your theme is, always use white linens.

Bathrooms and kitchens are key areas that must be immaculate. This is non-negotiable. When was the last time you saw a spec of dirt in a five-star resort kitchen or bathroom? Kitchens and bathrooms are very intimate spaces. People must feel secure and safe while using these facilities.

Remember, providing top-notch service is not just about what is available, it's also about how it is presented. Many people make the huge mistake of thinking that their vacation rental is just that, a rental. They will skimp on quality furnishings, purchase used items, and pay no special attention to the details. That is a huge mistake in this game and one that you should avoid if you want to have a high-performing asset.

Operational Logistics and Supplies

Once you have your property furnished and set up, there are still a few things that need to be addressed before you are ready to welcome guests to your new property. Your property manager should be very involved at this stage, and many of the items we discuss here will be taken care of by them. Your property manager is there to deliver the experience that you have orchestrated to your guest.

As we go through this setup process, I am going to assume that you have been following my advice and have chosen to use a full-service property management company. With that being said, your property manager should already have a professional operations team in place that will include the following professionals:

- Photographers
- Copywriters/marketing department (ads, guestbooks, welcome instructions, etc.)
- Housekeeper/cleaning service with multiple crews (they will usually be responsible for pre-check-in setup)
- 24/7 guest services/concierge
- Maintenance crew available 24/7 for emergencies
- Landscapers and pool and spa service
- Check-in service

If you are not going to be working with a property management company that has a professional operations team, you will have to become one and hire these professionals before taking your listing live.

Two other items that are often overlooked in the excitement of getting your home ready for your guests are the licensing and insurance requirements.

Licensing and permits will be different in every area. Contact your property manager to find out what licensing is required in your area.

Insurance is another important area to think about because vacation rentals fall into a number of different categories in the eyes of the insurance companies. Here are a few things that you should know about insurance:

1. **Short-term vacation rentals are considered a business in the eyes of the insurance world.** (*When money is exchanged between a host and a guest, it's a business transaction. Your rental is no different than a corner shop or retail store.)*
2. **Personal umbrella (PU) policies do not cover a business.** (*This type of policy will not follow business activities. A PU policy will cover only instances of personal negligence, such as if you hit someone with your car.*)
3. **Homeowner's policies, dwelling, and landlord policies provide only personal liability coverage**. (*Personal liability coverage will not protect business activities. An example would be if a guest falls and sues. You need commercial liability coverage.*)
4. **A homeowner's policy specifically excludes business activities**. (*It will not cover any claim involving a business from your home or another person's home.*)

There are a few companies that specialize in insuring short-term vacation rentals. It's kind of the ultimate insurance policy. Think of this type of policy as a homeowner's policy, a landlord policy, and a business policy all wrapped into one. These policies are a bit more expensive but are the most comprehensive that I have found for our Lifestyle Assets. One company that you can look into, which I have used, is Proper Insurance.

Some final items that you should make sure are installed and in place are door locks, thermostats, security cameras, and noise-detection systems. It may seem like a lot but having these items in place not only makes your life easier, it also offers your guests a safer, more secure environment to visit.

Your property management company will provide you with the door lock system that they use. Make sure it is set up for the 21st century. If not, you may want to look into what else they are not up-to-date with.

There are locks and systems that come in a variety of styles and configurations (dead bolt, handle, etc.). They're a standard electronic lock with a chip built in that allows for remote configuration and access.

Your property manager will simply plug in the time and date for check-in and checkout, and the site spits out a code that will only work during those times. Hint: Add an extra hour on each side, so as not to lock folks out for being a few minutes early or late. These locks are much more secure and safe for guests because each guest has a unique code that only works during their stay.

Again, your property management company will most likely have a thermostat that they recommend, but you want to make sure that it can be locked and be operated remotely. You can save a lot of money by controlling the temperature of your vacation rental remotely. If you allow access for your guests, at the very least you should be able to turn it up or down when they leave.

Security cameras and noise detectors are always a hot topic. For you as the owner, you want to make sure your property is secure and safe. Your guests want to feel the same security and safety but don't want to feel their privacy is being encroached upon.

Security cameras are an important aspect of your short-term rentals because they help you in many ways. Using a security camera can help you better support your business. Security cameras should NEVER be placed inside the home, but they can be very valuable on the exterior of the home. I suggest placing them at the rear and front of the home and any other entrances.

Noise detectors can and should be used on the inside of your home. These are devices that will notify you or your PM if the noise level gets above a certain level. I suggest installing NoiseAware in all of your properties. In fact, most insurance companies will offer a discount for properties with these monitors installed.

It is important to disclose the use of any monitoring device to your guests. Let them know that these devices are for their security as well as that of the property. Most marketplaces like Airbnb, Vrbo, and others are very strict about you disclosing these devices to your guests in the booking process, house rules, and so on. Disclosing this can be a very good vetting process and deter those guests who are looking for a party house or trying to sneak in pets.

Beth's hard work and attention to detail with her Lifestyle Asset have definitely paid off. Beth has one of the most profitable vacation rentals in her North Carolina area. She consistently gets rave reviews and has built an amazing reputation and repeat guest list. She is able to command higher-than-average rents, has higher-than-average occupancy, and generates over $100,000 in revenue from just one Lifestyle Asset.

Although Beth followed all of the steps we have laid out for you in this book, she attributes her success to the unique experience and attention to detail that she is able to deliver to her guests, which most hosts will never take the time to do.

A big misconception that people have is that if you try to deliver this level of experience and detail to your guests, you will have to spend a lot of extra time and money. Nothing could be farther from the truth. If you go an extra 5 to 10 percent further than your competition, it will look like you went ten times further. Pay attention to the little details, and your Lifestyle Asset will become one of the top-performing properties in any market.

STEP 7

MARKET

This step is all about setting the scene and marketing your property to the world. Even if you have a full-service property manager who handles the marketing of your property, you should be very involved as you prepare everything you need to take your listing live.

We've all heard the famous line "If you build it, they will come." This classic line from the movie *Field of Dreams* has been a timeless piece of advice that people take a little too literally in some cases. When you consider marketing your property, let everyone else stick to that advice as you set up your listing to wow your potential guests and crush the competition.

We are going to prepare to take your listing live, use pricing in your marketing plan to achieve maximum profitability, and wow your guests with amazing customer service.

One of the best parts about vacation rentals is that we have the ability to maximize our profitability by understanding how to market effectively. This is very unique compared to other long-term real estate assets. Most, if not all, long-term real estate assets do not rely on much marketing. With vacation rentals, your most valuable asset is your customer base. This makes Lifestyle Assets very similar to any other business but very different from traditional real estate investments.

My clients Doug and Kelly have owned vacation homes in the past and loved them. However, they realized how expensive they were to own. Even in the beginning of their ownership, when they used them the most, they still only used the property a handful of times per year. They came to me looking for advice on how to purchase a vacation home that they could use as a family but also rent out when they weren't using it, to cover the cost of ownership.

When we think of making money with anything, we think it all comes down to the marketing. However, you should know by now that owning a profitable vacation rental takes a lot more than fancy marketing. You need to find the right area to invest in, purchase the right property for the area, set it up to deliver a unique customer experience, and then you think about marketing it.

Doug and Kelly did a great job of diligently following the steps we laid out for them, but they did have some healthy skepticism that they could actually market the property and get enough guests to cover the costs. After they closed on their property, they were really excited about getting it out to the world, but there are a number of things that need to be lined up before you post your property for the world to see.

Preparing to Take Your Listing Live

Marketing your vacation rental is all about setting the scene and telling a story for your guests. You need to become a storyteller when you market your vacation rental to maximize your return. You tell that story with professional photos, captivating headlines, and inviting copy.

Renting a vacation home is a personal and intimate arrangement for both you and your guests. It is important that you provide your potential guest with a thorough description of what they can expect when they stay in your property. Most people will not take the time to prepare everything like I am suggesting in this book, so you will have an immediate advantage from taking a few extra steps as you prepare your property listing.

Gather All the Information About Your Home

The first thing you will want to do is gather all of the information about your home, the area, the amenities, and anything else you would like your potential guests to know. Your listing needs to be detailed and elaborate. It needs to give your potential guests every last bit of pertinent information that you can offer as they make the decision to stay in your property. At this stage you need to take the time to list all of the details of your home and the area in a Word document or Google Doc. This will help you keep it all in one place, because we're going to be referring to it many, many times as we continue to market your listing.

The types of things that I'm talking about putting on that list are all of the obvious details of the home like bedrooms, bathrooms, and square footage, but also the specific details of everything you offer your guests. For example, list the exact details of the TVs in every room. What kind of TV do you have in the family room, what kind of TVs do you have in every bedroom, what type of mattresses in each room? List every detail on this document. All the way down to pool towels and pool chairs. You want to tell every little detail of what you provide and what you can offer your guests, from the area to the home to everything else. How close you are to the area's attractions and landmarks. What's in the kitchen? What are your living areas like? How close is your home to businesses and airports? We talk about the Keurig coffee maker and what type of complimentary coffee we offer. Travelers want to know this. So when I say it's going to be a large list, this gives you an example of all of that information.

We use this information over and over, and we'll refer to this list often. As we prepare to take our listing live, we will use this to write our descriptions, to write our headlines, and to set the scene for our guests. Obviously, you don't include all of this detail into the narrative. However, somewhere in your listing you have to let everybody know what your home has to offer. People want to know every last detail.

Making this list can be overwhelming, and you're going to forget stuff if you don't put it together in an organized manner. You're going to be constantly referring back to this list over and over again. Google Docs is a really easy format because it's a live document. Every time you go into it, you can edit it, it saves itself when you are working on it, and you can access it anywhere as you start to put that list together.

The Importance of Setting a Scene

I want to talk to you about the importance of setting a scene as we get into writing the headlines and descriptions for your listing. We've talked in-depth about creating that unique experience for your guests and how to set yourself apart from the competition by doing so. Setting the scene is taking that unique experience that you're trying to deliver and being able to convey that feeling to your potential guests through your marketing. Setting the scene is creating a narrative and marketing that unique experience so that a potential guest can start to picture themselves staying in your property. Great marketing is all about setting the scene for the prospects to get them to book your property over all the other options they have, whether it's another short-term vacation rental, a hotel, or whatever else. You want them to book your property over any other option that they have.

It's important that you deliver on the scene that was created with your narrative when they booked with the reality of their actual stay in your property. An important note is that you should stay consistent through your marketing about the unique experience your guests will enjoy when they stay at your property. Decide on a specific scene you're going to stick with and portray in your narratives and in your listing, and commit to it. If you have more than one scene, you're going to confuse and ultimately lose your prospects. We talked about the riches being in the niches when we were picking that unique experience and target audience we want to attract. You want to speak directly to that group in the narrative with your marketing. You do not want to go after family travelers as well as romantic getaway travelers. You're going to lose people if you're trying to paint and set a scene of a romantic getaway, then in the next sentence you change course and start talking about a family gathering—it's going to confuse people, you're going to lose them, and they'll book something else. You need to stay consistent with the scene.

Your scene should be consistent with the area that you purchased, with the home that you purchased, and with your target guest. The scene that you're going to set is the narrative that you're going to portray in your listings and in your marketing so that your guests can picture themselves in that house and in that unique experience, and it speaks directly to your target guests.

Professional Photos

We have all heard the saying "A picture is worth a thousand words." We live in a visual world, and people will judge you right out of the gate by your property photos. I cannot stress this point enough. Do not skimp on pictures. Hire a professional. Your photos should, and need to, tell a story consistent with the scene you are setting. Photos are your first opportunity to begin setting that scene for your potential guests. Set your home up like a model home, set out place settings, set out wine bottles with glasses filled, set out snacks and cheese platters. If it's a meeting or event area, set that stuff out for the photos. Showcase the home's amenities as well as the area amenities. Post a minimum of 30 photos—more is better, but a minimum of 30. People love to scroll through photos online, and you want to choose your first photo very carefully. You don't want your first photo to just blend in with everybody else's photos. Your first photo is what gets potential guests to stop scrolling, so give some thought to your feature photo.

Your photos should not always be a big view of the room. Sometimes pictures are of little things like flower arrangements, wineglasses, beach chairs, firepits. These things are all meant to help your potential guests picture what their stay would be like. When you are in this stage it is great to go look up how other professionals do this. A great resource is the Netflix series *Stay Here*. Each episode has a photo shoot at the end, and you can see this in action on that show.

Captivating Headlines

Your headline, along with your primary photo, is what gets a guest to stop at your home versus another home. You're going to use the headline to continue setting the scene in the narrative. The photos give the prospect that visual. Now we're going to start using our words and creating a narrative to set the scene. You're going to stand out with inviting and descriptive headlines that stop people in their tracks. You should already understand why people are coming to your area or home and then highlight the best features.

Be very specific. Don't talk about trees, talk about redwoods. Don't talk about towns, talk about the charming town of Duncan Mills, for example. It's important to give your property name. You don't always have to use it in your headline, but you're going to want to have a name for your property. Better, more unique headlines actually rank higher in Airbnb and other search-result algorithms. You really want to avoid generic words like great, good, nice, or best. Those kinds of words don't do you any favors in your headlines. Go look online on the OTAs and you will see a whole bunch of headlines that are going to be very similar to each other. Get creative and have fun, and your headline will stand out.

One thing that you do not want to do is list a three-bedroom, two-bathroom home and your area. That does you no good in your headline. People have already searched for that. They've already searched for what they want as far as the size and area of the home, so don't waste the valuable real estate in your headline with the words "three-bed, two-bath home." Don't even put that in there.

Every marketable product has a name. The phone that changed the world is what? The iPhone. The iconic hamburger served to millions of people across the globe? The Big Mac. So, every marketable product has a great name. Start to think about a great name for your property. A good property name should accomplish two different goals. It should grab your user's attention and provide some key information about the space. Again, not necessarily about the area or anything like that; what I'm talking about when I say provide some key information about the space is that it should align with the unique experience, or it should align with the theme or the scene that you're trying to create. So give some thought to naming your property.

An example of a property name is a property we have in St. George, Utah, that is named the Stargazer. We've got a rooftop patio with telescopes, and we've got some really cool stuff. We're located in the desert, with no lights around. You've got this desert night sky that's unbelievably lit up with stars every night, and it's just an amazing place to go. You can go and relax after a long day and stargaze. Many people don't get to do that in the cities very often anymore, and this is a unique experience at our property. So we've named our property the Stargazer.

There is no such thing as a perfect headline. Above all, make sure that your headline is catchy, continues to set the scene, and delivers clear information that describes your property and area. If you are really creative, you can modify your headline based on the season or events happening in the area at the time.

An Inviting Description

Once you have drawn in potential guests with your awesome photos and headline, the description is where you will close the deal. This is your opportunity to paint a picture of your home, its amenities, and the surrounding area with a lovely palette of words. This is where you really get creative, and you really set the scene with a specific narrative. You want to take your time with this and really allow your writing to finish setting the scene, take them further down that road, and answer any questions or concerns that your guests may have. This is where you're going to start to refer back to your list of all the details and information about the property. Because you're going to pull some of those things as you're starting to set that scene, you're going to use that information as you write this narrative, and this is your chance to be detailed and elaborative. Paint a picture of what your prospect's stay will be like.

What are they going to experience, and what are the things that they are going to do when they're at your property? You're going to paint that picture for them. And although you want your listings to be as appealing as possible, one thing you do want to make sure of is to give an accurate description that sets realistic expectations for your guests. There's nothing worse than setting a scene and painting a picture and disappointing a guest, because it's not what they were expecting, and you were inaccurate with your description of your property. It's better to under-promise and over-deliver than to over-promise and under-deliver. You want to be as detailed and poetic as possible as you're setting the scene, but it's got to be accurate. Don't start putting stuff in the description that's not accurate and leads your guests or your potential guests down a road and sets them up for disappointment when they check in. That does you no good. You might've gotten a booking, but you're going to lose many, many more when they write a bad review and say, "That listing's not an accurate description of what I thought I was getting into, or what the reality is."

Finally, make sure that you front-load your description with the most pertinent information. Impatient readers might only skim the first few sentences of your listing to see if they want to dive in further. So you really have to front-load that description as you start to put it together. The reality is that a lot of people will skim it and they might only read those first couple of sentences before they decide whether they want to go further down that road with you. So make sure that you front-load that description.

When somebody books the property, the photos and the headlines get them to stop, but what gets them to book is the description and the information that you have inside of that listing. So this is a super important part. You want to be detailed, and you want to do a good job with it. I'm going to give you an example of one that we've written for our property in St. George.

I start with a narrative. I try to set the scene with the narrative, and I'm using the first couple sentences and paragraphs to really do that. Then we start going into talking about the property—but pay attention to how I talk about the property in the beginning.

At the end of a long day, pour a drink and enjoy the beautiful desert night sky overlooking Snow Canyon from our rooftop patio with resort-style furniture. There's plenty of space to unwind and share your favorite adventures from the day with your family and friends.

You can see that I'm speaking directly to my target audience. They're adventure seekers, they're visiting with their family, they're there with a group, and they come back to our property to unwind. Our property's name is the Stargazer. So I'm consistent with my name, and I'm consistent with the theme that we're trying to create. And we're saying, "Hey, at the end of the long day, we start off by pouring ourselves a drink and going in and enjoying that beautiful desert night sky overlooking Snow Canyon, which is absolutely gorgeous, from the rooftop patio." We're setting the scene of what they can expect.

From there, we will move onto the area and property details while continuing the narrative. You can view a complete example of this description by visiting **www.StargazerStGeorge.com**.

Now that you have all of this information put together, you will want to forward it to your property manager so that they can publish this information online for you.

Price Your Home for Maximum Profitability

Now that your listing is set up and you're ready to market the home to the world, you have to decide what to charge and what the right pricing strategy will be. Pricing is by far the most overlooked area of marketing your home, especially in the very beginning. You want to really pay attention to this as you get your listing set up.

Ultimately, you do not want to have to compete on price. That is what everyone else does, and you will never win in a pricing war. Someone will always price their property lower than yours. The goal is to be able to charge a premium and still have higher-than-average occupancy. This will in turn maximize your profitability. Follow these simple strategies to establish your listing to command maximum pricing in the future.

The Importance of Getting Your First Guest Reviews and Ranking High on the Algorithms

Reviews are the lifeblood of your short-term rental business. When you're getting set up and you're getting your new listing on the market, you want to get at least ten reviews as soon as possible. One of the best ways to do this is to offer your guests a discounted introductory price. Now ultimately, you don't want to have to compete on price. Nobody wants to be in a race to the bottom. You'll never win in a race to the bottom. That's not what we're talking about here; however, in the beginning you want to come out and offer a lower price. Start with a lower price to get the bookings and the reviews. Airbnb, Vrbo, and all those different OTAs have different algorithms to rank your listing higher, but they all weigh most heavily on properties that get bookings, high reviews, and guest experience when ranking the listings. So just like Google has an SEO ranking, all of these websites have a way that their algorithms rank your listings higher and they're going to rank the properties that have the highest probability of getting booked, getting higher reviews, and having a higher guest experience because they know those properties are going to get booked more and they're going to have a better chance of making money from your listing for the long term.

Ultimately, we will not be relying on the OTAs to book our properties, but they are a useful tool in the beginning and that is where your property management company will get the majority of their bookings. So you want to get those reviews as soon as possible. By lowering your price, you're going to get bookings right off the bat. You're going to get reviews very quickly because you're going to create an amazing guest experience. You're going to wow your guests. We're going to talk a little bit more about that later in the book, but you're going to get high reviews because you're offering a significant value at a discounted rate.

Once you get those bookings or reviews and you've established your listing, then you can raise your prices and stay ranked very high because you've got this established listing that has a great guest experience, a lot of great guest reviews, and your listing will stay ranked very high. The algorithms used to weigh price a little bit more, where the lower price properties would show up higher in the rankings, but that's not the case anymore. The algorithms are changing so that the reviews and guest experience outweigh everything else. So you want to get those reviews as soon as possible and your listing will stay ranked really high when you begin to raise your price.

Be Aware of Too Many Additional Fees

The other thing I want to talk to you about, which property management companies are notorious for, is not to nickel-and-dime your guests with additional fees. There's nothing worse than getting nickel-and-dimed when you purchase something. Nobody likes it. And your vacation rental pricing strategy is absolutely no different. There are fees that your guests expect to pay when booking your property, the cleaning fee and applicable taxes.

The cleaning fee should be within reason. Some people are charging these exorbitant cleaning fees; they're charging really low nightly rates and then coming back with a cleaning fee that is so high that they're getting double the nightly rate, so you don't want to do that. Whatever your market averages in your area, your property manager's going to know that. You can also look at what similar properties are charging in your area. Pass along the exact number to your guests. Don't try to make money on the cleaning from your guests.

Guests also expect to pay the applicable taxes. More and more guests understand that when they book a property, they're going to be paying some hospitality taxes, and those are okay to pass along to your guests as well.

It's important to understand the fees that your property manager charges you as well as your guests. So when you were going through the fees with your property management company, you should have a list of all the things they're charging. What property management companies are very notorious for is showing you very low fees that you have to pay but then passing on a bunch of junk fees to the guest. They say, "Well, listen, you don't worry about these fees because they're passed along to the guests." But they pass along too many fees to your guests, which is frustrating for your guests, and it really detracts from the guest experience. Even if they tell you it's completely normal, you need to look into the fees. You really shouldn't be passing along a whole bunch of fees to your guests because they just get worn out.

You're going to provide a much better guest experience by raising the price and including those fees and not even mentioning them, rather than charging the additional fees. Ultimately, following this advice is going to improve your guests' experience, and improving your guests' experience is how you get paid more than the competition in the long run. So be aware of the fees that your property manager is charging and put an end to any additional fees being passed along to your guests.

How to Command Higher Prices

Being able to charge higher prices means adding more value to your guests' experience. We talk a lot about this. You must provide exceptional customer service and a unique experience to charge more than the competition. It's that simple. That's how simple pricing is. If you can add more value than somebody else, you're going to get paid for it. So we've talked about pricing. How do you add some value to the pricing? Well, you add value by not nickel-and-diming your guests. Establish that listing and provide that amazing, unique experience so that those guests can come and enjoy that at a discounted price in the beginning. Nobody wants to be the first to review anything. Nobody wants to be the first to use something because they're worried it's not going to be what they thought it was. We all feel comfortable booking properties that have gotten a whole bunch of five-star reviews. We feel really comfortable booking because everybody else has done it. But when we see something that doesn't have any reviews, we're a little hesitant. So we lower the price and we provide an amazing guest experience, and they're so happy when they get done with it that they give us these amazing reviews.

How we all get paid more in any business—and short-term vacation rental is no different—is by providing more than the competition, providing a better experience, a unique experience, so we're going to start diving into that in the next chapter. How to wow them with customer service. That's going to add to the customer experience. It's going to add to more revenue in your pocket. We're going to talk about maximizing the marketing and getting people during those off seasons. A lot of times it's really easy to book during the peak seasons, but you can make a lot of money and really make your Lifestyle Asset profitable in those slow seasons. So we're going to talk a little bit about that and get those repeat customers to come in because they love the property so much. Once you do that, once you set these things up and you understand how to wow your customers, you're going to command higher prices.

Doug and Kelly's hard work paid off. They did an amazing job setting the scene to attract their target customers and took the customer-service experience very seriously. Their first couple of days on the market with their new Lifestyle Asset, they booked out three weeks' worth of stays, paying their expenses for two whole months. I remember the day their first bookings came in and they were both so excited. As additional bookings started to fill the calendar, they were sold on the process and began searching for their next investment. Needless to say, they were hooked. They have gone on to turn their first Lifestyle Asset into a very profitable investment. They far exceeded their goal of owning an asset that paid for itself and are now actively building their portfolio following a step-by-step plan. Doug's comment now is, "I don't want just one Lifestyle Asset, I want ten of them!"

STEP 8

REFINE

I REMEMBER HAVING a conversation with two of my soon-to-be clients. Steve and his partner, Kyle, live in Ontario, California, and they were full-time real estate wholesalers. They ended up finding a property just outside of Joshua Tree National Park to wholesale a few months prior to meeting me. They were very interested in keeping a property and turning it into a vacation rental. Because of this property's location, they decided that it would be a great property to keep.

They began fixing up the property and, because they were new to the vacation rental game, they decided to reach out to me to chat about their plans. Steve and I had a few great conversations and we decided to work together to help them get the property set up and maximized. Within a month of us chatting they had rehabbed the property, set up an amazing guest experience, and already had the property marketed with a management company as well as on Airbnb.

Steve and Kyle's instinct was spot-on. Their property was an instant success. They quickly dove into the "Refine" step that I am going to show you in this chapter, and took their bookings and reviews to the next level.

How to Build Amazing Reviews

"It takes twenty years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."
—Warren Buffett

Reviews are the lifeblood of your vacation rental business. However, many guests don't actually leave a review, and most management companies are sub-par at best when collecting them. If you have done everything we've taught you up to this point, you have spent some serious time and effort to ensure that your guests will enjoy every aspect of their stay. One of the rewards we get for that effort is amazing five-star reviews and repeat guests.

If you have followed my advice up to this point, you are probably working with a management company. Before you can improve anything, you need to understand the complete process. Most management companies fall very short when it comes to getting the maximum number of five-star reviews. Unfortunately, most management companies are not as proactive as we would like when collecting reviews. You should ask them what their detailed plan is, so you can suggest improvements. It is also important to know, on average, how many of their guests leave reviews.

You will find that most of them have an auto-response system set up that periodically asks your guest for reviews after they check out. In today's world of message overload, those requests usually fall on deaf ears. There are a few simple things that you can do to tip the scales in your favor. If you want to be at the top, you need to know what to improve and what the results look like right now. So start by asking your management company, or yourself, what they do to collect reviews and what percentage of guests actually leave a review.

How to Collect a Review from 80 Percent of Your Guests

We have found a very simple trick that everyone can implement right away to increase the reviews that you get very quickly. If you are at all like me, I am always looking for ways to be proactive when I want something done. We have found that if we reach out and leave a positive review about our guests, letting them know how much we appreciate them staying at our home and inviting them back soon, they will most likely leave us a very nice review as well.

This can come from us or the management company. Either way, make it personal and be proactive by leaving a review first. Most hosts and management companies do the opposite and just send multiple auto-response requests for five-star reviews. This technique only works a small percentage of the time. Maybe 20 to 30 percent of your guests will respond. On the other hand, if you are proactive, the law of reciprocity kicks in and you will get reviews from 70 to 80 percent of your guests.

Leaving a review for your guests the minute they check out is actually easier than following up multiple times asking them to leave you a review. It's becoming more and more difficult to build credibility online and guest reviews still reign supreme when it comes to building credibility with your potential guests. Having a quick and easy way to collect four or five times the average will be huge for your online credibility with your potential guests.

How to Handle Negative Reviews

The best way to handle negative reviews is to avoid them altogether. Communication is the key to avoiding negative reviews. You or your management company should be communicating with your guests on a regular basis. We have talked about it before, but communication starts with your guest the minute they book your property.

Clear and consistent communication with your guests will help you avoid 99.9 percent of negative reviews. Most of the time, people just want to feel understood. Even if you have an occasional problem, if you communicate with your guest and handle the problem, it can even turn into a positive review.

If you receive a negative review, ALWAYS respond to it very thoughtfully. Negative reviews can really hurt, and most of the time we feel they are not a fair assessment of our guest's stay. In those cases, many times we are tempted to fire back with some fury. DO NOT respond emotionally. Make sure you stay very professional and courteous in your response. Think about it many times before you post it live. Once you post your response, you can't take it back.

Remember that future guests will not only see the negative review but they will also see your response and, rest assured, they will be judging you from that response. Being professional does not mean that you have to agree with your upset guest. However, do not get into a he said/she said argument with your response.

A good formula to follow when responding:

1. Thank them for staying at your home, and share your disappointment in hearing about their issues.
2. Address any issues they mentioned in a professional manner.
3. Share what you have done to remedy any issues that needed attention.
4. Apologize again, letting them know that you strive to provide an amazing guest experience and you have taken their review seriously.

Future guests will realize you take your property and guest experience seriously and that you are willing to professionally deal with any issues to ensure a pleasant stay for all.

Optimize Your Listing Based on Feedback

One of the easiest things we can do to increase our profitability is listen to our guests. This business really isn't space engineering. Our guests will tell us exactly what they like and want more of. They will also tell us things they felt were missing. This doesn't always come in the form of a review. In fact, most of the time, your guests will mention things to you in your regular communication with them. You need to listen to their feedback.

When your guests ask for certain things, make note of the recurring themes and add them to your property. This could be a number of different things, like hot tubs, bikes, pool/beach chairs, sporting gear, games, ping-pong tables, better towels or linens, fans, A/C, better directions, and so on. Always be on the lookout for things you could improve about your property. The best way to do this is to just listen to what your guests have to say.

Branding Your Short-Term Rental

Standing out in the crowded STR markets can be difficult. One of the best ways to beat out the competition is creating a brand around your property(ies). As more and more rental properties are hitting the market in desirable locations each day, developing a brand is the key to long-term success. It can't be stressed enough: your vacation rental business isn't the only one in your area—it might not even be the only one on your street! So the importance of defining your vacation rental brand primarily comes from the need to distinguish yourself from your direct competitors.

Branding is important for any business's long-term success, and your short-term rental business is no different. As you think about your brand, consider whether you will be branding one property in one location or multiple properties in different locations. Either will work but the message will be a bit different. If your ultimate goal is to own multiple properties, have the name of your brand lend itself to that, even if you are starting with one property. Not only does your brand communicate something unique to your audience, but it's also going to be what they remember and liked about your site.

Social Media Marketing

Social media has completely changed the world. There is no denying that social media has changed the way we buy, sell, and communicate in general. With so many people on social media, it should come as no surprise that using social media in marketing and branding your vacation rental is not only smart, it is necessary. I would like to provide you a high-level guide to three major platforms at the time of this writing: Facebook, Instagram, and Pinterest.

Facebook is a great place to start. You can think of it as a catchall platform for your vacation rental. To get any marketing traction with Facebook, you'll have to post often and strategically. Out of all the platforms, you will gain the most guest inquiries and views on Facebook. That's because Facebook pages are often a one-stop shop. They allow viewers to check out photos, learn about your rental details, read reviews, ask questions, and so much more.

Facebook Best Practices

- Stay active—post at least a couple of times per week and don't over-promote.
- Post relevant, traveler-centric content. Provide links to local events, articles about how to pack, day-trip itineraries in your area, etc.
- Always respond to comments, questions, and reviews in a timely manner.

- Share seasonal photos so travelers can picture themselves visiting all year long.

Instagram is a photo-sharing platform. It is a great place to paint the visual picture of what it would be like to visit your home. Instagram is especially great for homes with amazing views or incredible decor. The content you share should be consistent with your brand and the scene you have been setting for your visitors. Post high-quality photos of the home, views, decor, local attractions, and your favorite spots around town. You may even post photos of you or your guest (with their permission of course) enjoying your home.

Instagram Best Practices

- Make your Instagram account public so that all users can see your posts.
- Create a username and brand a hashtag that is unique and relevant to your property.
- Encourage guests to take pictures of their vacation and share them on their own accounts (tagging your username and using your branded hashtag, of course!).
- Promote guest-generated content by having them send you pictures from their stay and reposting them!
- Add the location to all of your posts to get your content in front of other locals or people looking for recommendations.

Pinterest is a visual medium, like Instagram, but it lends itself well to sharing general traveler posts and tips. Unlike Instagram, Pinterest is less about posting individual photos and more about sharing templates, infographics, articles, and digital photo albums. The majority of Pinterest users are generally professionals, between the ages of 35 and 60. They use Pinterest to search for vacation inspiration and are also the most common age group to book extended stays over long weekends. Pinterest users use the Pinterest search bar just like you would use Google: they type in keywords that match their interests. They are often searching for tips about traveling to certain areas, and to learn more about their destinations.

Pinterest Best Practices

- Share pictures of your home, but also be sure to include shots of the surrounding tourist attractions.
- Post articles about travel, packing, family trips, etc., to get exposure.
- Comment and like other members' pins to create conversation.
- Post day-trip itineraries of things to do in your area.

The Time of the Professional Host

We are entering an exciting time in the vacation rental industry. This is the time of the professional host. Regardless of whether you are operating one property or you have a big portfolio, the standards now need to be world class and you have to treat this as a real business.

The short-term vacation rental landscape has changed and the industry as a whole has matured over the years. What began as shared-space accommodation grew to full homes then to urban listing into destination listing and now we are entering the time of the professional host. Short-term vacation rentals are now a mainstream and preferred accommodation for many travelers.

Big Opportunities Ahead

You have heard me talk about how crowded the short-term rental market is getting, and I couldn't be more excited about the opportunity in front of us. This may seem like a contradictory statement, but it is not. You have taken a major step in being here and taking your approach to purchasing and owning Lifestyle Assets seriously. The same is not true for 99 percent of people who have been entering this space. I know because I speak to a lot of them, and I see what they are doing.

You are part of the 1 percent. You are not afraid of the work and time it takes to treat this as a professional. Now is the time you will begin to be rewarded for that. The days of list it and forget it are over. Now is the time of the professional host. People like you and I, who take this business seriously so that it will take care of us in the future, are going to flourish.

All markets go through ups and downs and I predict we will be seeing a mini recession within the VR space, mainly because you have a significant portion of the property owners all following the same business plan. All those people who rushed in and figured they could just post their property on Airbnb will be selling their underperforming assets at a discount.

You will hear people start saying how this type of investment doesn't work. It's way too crowded. Nobody makes money with vacation homes. The list of excuses people will give themselves will be endless. None of them will look in the mirror and ask if they did what they needed to do to make this a success.

Listen for those types of comments and be on the lookout for opportunities. I love the quote "Your excuses just gave someone else an opportunity." You will start to see more and more opportunities to take advantage of the choice you made to treat this more like a business.

It makes me sad that people will be losing some of these homes, but we should be ready to purchase these properties and add the value I know we can to boost our portfolios and our profits.

Approach Everything from a Business Perspective

Remember, we are in this for the long haul. Vacation rentals are long-term real estate investments. That is why we put in so much effort on the front end of owning these properties.

If you continually remind yourself to approach everything from a business perspective, you will flourish in the new era of vacation rental hosting. The Wild West of short-term rentals is over. By choosing to treat this like a business and follow a specific plan from the beginning, you will set yourself up for long-term success. Understanding your branding, marketing, target audience, unique guest experience, pricing, customer service, follow up, operations, and the like are all necessary to treat this as a business.

Vacation Rentals Will Always Be Hyper-Local

The biggest reason this space grew as popular as it did was because people could experience different areas "like the locals." Never forget to offer that local experience to your guests. Keep your branding, marketing, and experience very personal and hyper-local focused. Do your research to offer your guests an amazing itinerary of local attractions and experiences to enjoy.

Sometimes your management company does a great job of helping with this and sometimes they don't. At the end of the day, it's up to you to make sure you keep things focused on the local experience. Don't try to be everything to everyone. Don't worry about fitting the mold of the big-box hospitality providers. That is not what people want when they book a stay at your Lifestyle Asset.

Never forget who you are and what your values are. This should be shared with your guests and be consistent with your branding and marketing. This is a very personal business. People want to connect and relate to you and your brand. Your personality and values should be very obvious throughout your branding and marketing. This will help you keep a consistent message and consistent quality that will stand the test of time because everything aligns with your core values.

Steve and Kyle's hard work paid off very quickly. They began their Lifestyle Asset portfolio with the top priority of treating it as a business and following a different path than what is commonly done outside of our program. They realized right away that they could make a few small adjustments in the marketing and branding of their home to quickly rise to the top of their market within a few weeks.

We really focused on branding their home and focused their message to a very specific target audience. Once their home's branding and marketing were consistent and very targeted, they began to see bookings come in, even surpassing the most established properties in the area. They immediately implemented a few minor tweaks to their management process of collecting reviews.

Did it work? Absolutely! Within three months they were already at 95 percent occupancy in an area that averages 65 percent. They collected 20 five-star reviews and their average nightly rate is 15 percent higher than the area average.

STEP 9

MAXIMIZE

One of my favorite subjects to talk about is maximizing your new Lifestyle Asset. This is the step where we really add fuel to the fire. However, one of the biggest mistakes that people make is that they skip to this step too soon. There is a reason it is the last step in our nine-step process. Imagine having a burning fire and pouring gasoline on the flames. It would immediately ignite and start burning out of control. Now imagine pouring gasoline on a pile of wood. Nothing would happen. All you would have is a pile of wood soaking wet with gasoline. Maximizing your Lifestyle Asset is very much the same. If you add fuel at the right time, you will see explosive results. If you add fuel at the wrong time, you can completely kill any momentum and just waste your money marketing an asset that is not ready for paid advertising.

I love it when someone takes our advice and, together, we are able to help them build a successful portfolio of Lifestyle Assets. One of my clients, Cindy, was in a league of her own when it came to building her portfolio. In less than a year she had purchased five Lifestyle Assets. To say she was busy was an understatement. Once she purchased her first few properties, Cindy had the natural tendency to skip ahead and she wanted to learn what she could do to market her homes with paid advertising. Like so many people, she took her time to purchase great properties in great areas. Once she owned the properties, she immediately began marketing them. However, she struggled to get them booked. She didn't know what to do and she started to question if she had made some mistakes along the way.

The similarities between Cindy and so many other property owners I speak to is that she thought that all she needed was a new website and marketing tool. That is a common misconception. While she definitely needed to implement those things, she needed to rewind and concede that she did not take the time to build a solid foundation prior to this point.

It is not about the property and location alone. It's about how you present it. It's about creating a unique customer experience for a specific target audience. It's about clear and consistent messaging to your customer across every platform you are on. It's about going the extra mile to give guests all of the information that they need to trust in you and your listing to actually book your property. The list goes on and on and is everything we have spoken about up to this point in the book.

The Art of War

The Evolution of a Promotional War Machine

Our promotional strategy, in a nutshell, it is to start small with free organic methods, so that we can sharpen our messaging, get customers, and make money. Once we're making money, we start running paid ads to throw fuel on the fire. It's very important that we get the organic stuff working first, and then use ads to really just ignite the flame. But we don't go to ads until we get the organic part working; that's very important. Organic means free, and paid means paid, pretty simple. If there's one thing you take away from this chapter, it should be to understand the evolution of your promotional war machine.

You also want to keep the main thing, the main thing. We're here to maximize the occupancy and rates of our Lifestyle Assets. We're not here to be famous. You want to focus on actions with the biggest impact. In the beginning, this is setting up your property to deliver a unique customer experience for your guest. Selecting the right management team to make sure that unique experience is delivered in great detail. Setting up your social media profiles and understanding how to use them. Dialing in your message, pricing, and delivery to get bookings on the big OTAs. Setting up your guest communication and follow-up plan. Then, once you've done all of that, you're going to run paid ads. Those are the things that move the needle the most. Not trying to grow followers and fame on social media.

I don't want you to be confused when I begin talking about how effective paid advertising can be for your property. I just want you to understand that there is an evolution that you should follow to get there. Here is what it should look like:

1. Organic Traffic (discounted rate)—Management company, OTA bookings like Airbnb, Vrbo, etc. Use this method with a discounted nightly rate until you get your first ten bookings and reviews. Note any feedback you get from your guests.
2. Organic Traffic (higher rate)—Management company, OTA bookings. Make sure that you can consistently get bookings on these platforms with your higher rates.
3. Organic Traffic (higher rate) + Paid Traffic—At this stage you will begin running down the road of organic traffic and paid traffic on Facebook at the same time.
4. Organic Traffic + Paid Traffic (higher-than-average rates and occupancy)—This is the stage where you begin to maximize your asset because you should be operating at higher-than-average occupancy and higher-than-average rates.

The Fatal Mistake of Skipping Ahead Too Soon

I cannot stress this point enough, and it is worth me repeating over and over. Do not send paid traffic to your property until you have gone through Steps 6 to 8 and you have been able to get bookings consistently with organic traffic. You never want to spend money on something that has not been proven to work with organic traffic. If you are not able to generate bookings on the OTA site listings, something is wrong with your offer or your presentation. It could be your pricing, your furniture, your pictures, your headline, or a number of other things. You will need to fix it before you add in paid marketing. Do not spend money on advertising until you have something working. At that point, you will add in paid advertising to make it go faster and maximize your asset.

The Cumulative Effect of Multi-Channel Marketing

Many of you know that I am a huge fan of direct bookings and building our business on our own platform completely independent of the OTAs. I'm going to touch on that in more detail a little later in this chapter. However, I absolutely believe that the big OTAs play a major role in helping us establish our listing and generating revenue in the beginning. Short-term rentals have become very mainstream and a preferred accommodation choice for many travelers. OTAs like Airbnb, Vrbo, and Booking.com are huge marketplaces with millions of customers looking for a place to stay. As vacation rental owners, it would be foolish to ignore that, especially in the beginning.

Because there are so many eyeballs, they are a great place to test our property pricing and offering. We will get almost instant feedback and we can make the necessary adjustments very quickly without spending a lot of money on advertising. We are able to borrow their customer base to test out our new asset and we get paid to do so. Pretty good deal if you ask me. When we begin to double up on the marketing and add in our own paid advertising with our own property website, we will begin to see a cumulative effect.

What I mean by that is, when you start to run paid traffic to your property site in conjunction with organic traffic on the OTAs the whole is greater than the sum of its parts. Combined, they ignite; 2 + 2 no longer equals 4, 2 + 2 now equals 5. Organic booking and paid bookings will both have good weeks and bad weeks. We call this regression to the mean or ebbs and flows. To balance the swings, use organic to supplement your direct bookings and keep momentum. A healthy promotional strategy contains a mixture of both organic and paid methods.

Building Your Lifestyle Asset Business

Don't Build Your House on Someone Else's Land

Most of us know that the most valuable asset of any business is its customer base. While we understand this fact in the business world, we seem to forget it when it comes to real estate assets. It is no surprise to you at this point that we feel very strongly about treating our Lifestyle Assets like a business. Unlike most real estate assets, your success in the short-term rental game goes well beyond purchasing the right home in the right area for the right price.

We give great focus and attention to the customer experience because we know that repeat customers are the lifeblood of our business. So why do so many people only focus on borrowing someone else's customers? If you are going to spend the amount of time and effort we speak about to deliver that customer experience, you should also have a plan for customer acquisition as well as customer retention, independent of the OTAs and management companies. When you generate bookings on the OTAs or with your management company, you are borrowing their customers and they are borrowing your property. Everyone gets paid but the customer belongs to the person who generated the booking.

There is a reason the OTAs dictate how and where you can communicate with the guests who book your property. That guest is their customer, and they want to make sure that customer only communicates with you through their platform. Those companies very much understand the lifetime value of a customer, and as technology gets better and better, they will be even more adept at controlling the communication between their customer and you as the host.

If you only rely on the OTAs for your bookings, you will continue to see a decline in bookings and repeat customers. Not because the OTAs don't want their customers to book your property again. They simply don't care whether they book your property again or another property in your area. They just want the booking to happen on their platform. The OTAs spend millions of dollars marketing to their customers to book another stay. You will notice that most areas continue to get more and more saturated with properties and it gets harder and harder to stand out. I recently tried to find one of my properties on Airbnb, and it took me over 45 minutes to locate my listing—and I knew what I was looking for. Do you think a repeat guest is going to take that much time to find you again when they come back? Absolutely not.

The importance of direct bookings has nothing to do with saving money or fees that the OTAs and management companies charge. We build a direct booking platform for one reason only: *To build our own customer base that we own and control.* Our main goal is to build a customer base so that we can focus on the long-term customer experience that will eventually build a self-sustaining portfolio with maximum occupancy and rates independent of borrowing anyone else's customers.

When You Play in Someone Else's Sandbox, You Have to Play by Their Rules

It is always surprising to me when I hear people complain about all of the rules that the OTAs have. In all fairness, I used to complain about them as well, until I realized that I was playing in their sandbox. I used to think that as a host I was their customer. That is absolutely not the case. The guest is their customer, and we, as hosts, are vendors. The OTA's rules will always favor the guest and not the host. In the beginning, the rules and treatment were much more neutral, because they needed the hosts to service their guests with properties to stay in. While they still need the hosts' properties, the hosts seem to need the OTA's customers more.

Most vacation rental owners operate by the same marketing plan: Optimize their listing on the OTAs to generate bookings. That's it. Until that changes, the OTAs will continue to service their customer base and do whatever they can to continue to make it difficult for hosts to communicate or interact at all with the guest outside of their sophisticated platforms.

Your Sandbox, Your Rules

When I was a kid, my mom always told me that if I didn't like the rules in my neighbor's sandbox, I shouldn't play there. It is their sandbox, and they make the rules. I'm sure that I was not unique in learning that lesson as a young kid. When it comes to running my Lifestyle Asset business, the same rules apply. I didn't like the fact that I invested in a very significant asset, took the time to create an amazing customer experience, and then I didn't have the ability to communicate with the guests who stayed at my property. That is when we decided to build our own sandbox and focus on building our portfolio with one goal in mind: To generate our own customer base that we communicate with and interact with, consistent with our goals and brand.

In order to build your own sandbox, you should have a platform that can handle customer acquisition, pre-booking communication, post-booking communication, pre-stay communication, during-stay communication, post-stay communication, and long-term customer retention and follow-up. Your platform needs to be robust enough to create a customer experience that rivals the OTAs. This is not something that is easy to put together, but it is definitely doable and, in my opinion, necessary for long-term success in this business.

How to Take Your Bookings to the Next Level

An Overview of a Funnel versus a Booking Page

When you start to run paid advertising, you do not want to run traffic to your listing page on the OTAs or your listing on your management company's site. You do not own those platforms, so it makes no sense to focus all of your marketing attention on them. That is the first mistake many people make. The second is that they run paid traffic to their property-booking website without understanding the goal of their website. The goal of your website is to get a prospective guest to raise their hand and start a conversation. Not to try to generate a booking.

Everyone seems to market to the 3 to 5 percent of people who are ready to book now and ignore the 60 to 70 percent of people who are doing their research and will book in the next three to six months. When you look at people's property websites you see the same format over and over and it is a really nice-looking booking website. The problem with this is that they are not giving the prospect any reason to reach out and start a conversation.

If you can figure out how to get your prospect to raise their hand and start a conversation, it is game over, and you will be able to generate bookings on demand. You don't achieve this with a fancy booking website. You have to build a funnel that connects with people and makes them want to engage with you. The fundamental difference between a booking website and a funnel is that a funnel is a series of web pages that walk your prospect through a specific customer journey prior to booking your property.

Think of it like dating. Sending your prospect to a direct booking page as their first experience with you is like going to the bar and trying to get laid that night. Sometimes it works, but more often than not you get slapped and told no. Even when it does work, it is only a one-night stand and there is no lasting relationship. On the other hand, when you send your prospects to a well-built funnel, it is similar to building a relationship and offering value well before trying to get in bed with someone. In this instance, you would start out slow and go on a few dates and get to know each other. You are building a relationship, and not only do you get laid, you get laid more than once. You also have the opportunity to build a long-lasting relationship with that person.

Key Components of a Lifestyle Asset Funnel

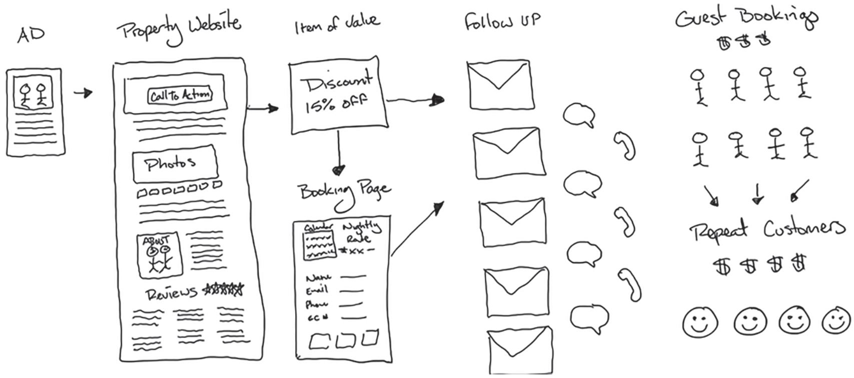
So what do a system and funnel like this look like? First, start with a solid foundation. You need the right asset, set up and managed in a systematic way, the customer experience needs to be optimized to deliver a unique five-star guest experience, and the property should have a good track record of organic bookings. Once you have that, you should identify who is visiting your area and property type. This will allow you to produce paid ads that are specifically targeted to the right guest with the right message that strikes a nerve to generate a response. We do this by calling out our ideal guest and setting a scene for their travel experience in a vivid, detailed way that makes them feel like you tore a page out of their personal diary, and you must have the perfect travel experience for them.

Next, you should have a funnel that is created to pull traffic directly from Airbnb, Vrbo, and other OTAs. We put a tiny finger in that river flow of traffic and siphon it off into our own property funnel website to generate leads on demand.

The next step is to begin your communication with those prospects who have raised their hands. Marketing is essentially making promises. It's making an offer in order to get a response. When you do this and people respond, make sure that you deliver. If your ad says you will be in touch, text or call them promptly. If your ad promises them a discount code, be sure that they get it with instructions on how to use it. Not only should you deliver what you promised, but you should also deliver above and beyond what the customer is expecting. Build and keep a great reputation by doing what you said you would do, but also surprise them with something extra without asking for anything in return.

This can be overwhelming and will be inconsistent if you do not set up an automated funnel to help you deliver this level of customer service. Keep in mind the main reason we focus on direct bookings and direct paid traffic to our funnel is not to generate a booking. It is to build a customer base of prospects whom we can communicate with on our own platform. Bookings are a natural byproduct of a happy customer base. If we make money with our marketing, great, but the reason we are running paid ads is to build a customer base. (BTW, our lowest ROAS [return on ad spend] so far in our funnels is eight to one. That means we are making $8 for every $1 we spend on ads. I'll take that return all day long.)

Here is a sketch of what a property funnel might look like so you can see a visual of what I am talking about:



Once you set all of this up, you can predictably increase your occupancy, raise your rates, get more five-star reviews, have less stress, and be able to increase bookings at will. And the best part, you are finally the one in control of your Lifestyle Asset business. You can relax and enjoy the actual financial and lifestyle benefits that attracted you to the short-term rental game in the first place. What I teach is not rocket science, but it is a proven system with a solid foundation to help you build and scale a profitable vacation rental portfolio.

Once Cindy realized that she needed more than just a fancy website, we were able to turn her five properties into home runs. We started by rewinding the clock and going through the steps that I laid out in this book to build a solid foundation for her Lifestyle Asset business. Once that was completely set up, we began getting her some bookings with organic traffic on the OTAs to test her message and pricing. She was able to generate more than ten five-star reviews on each of her properties.

Next, we implemented a complete ad campaign, property website, and follow-up funnel for each of her properties. In a matter of a few weeks, she rebuilt her entire business. I could tell she was getting it when she got her first bookings with her paid ads within a week. After two weeks, Cindy went from two two-day bookings on Vrbo in three months to eight weeks' worth of bookings through her newly set up funnel, as well as over 75 inquiries for future dates that are all being nurtured in her funnel. Cindy will no longer need to rely on the OTAs for any of her business if she so chooses. She now has the ability to generate business on demand and is ready to ramp up for her next acquisition.

Conclusion

I'd like to share a story about three friends—and this story explains it all. It explains our whole Lifestyle Asset model and why we're so passionate about this. All three of the friends are successful. They're all business owners or professionals, commanding their own income but looking for more than the everyday grind. They all have a decent net worth. They all have money to invest.

The year is 2006, and real estate values are booming.

The first friend, #1, buys a short-term rental home in summer of 2006 for $450K. Sure, it's pricey for the area, but he is diligent with his research and knows what he wants, and he and his family are looking forward to not only renting it but also using it themselves. As he is putting 20 percent down, he immediately gets it ready to accept guests and starts renting it out to realize his ROI on his property. He is also excited to start using it with his family when it isn't rented out. He gets a modest ROI on his $90,000 down payment of around 6 percent net profit his first year. He also has a beautiful lake home that he uses with his family.

The other two wait. They want to see what the market does. Sure enough, 2008 comes with a fury. With a real estate recession in full swing, #1's property value drops 20 percent by the time the recession ends in 2011. At one point it's only worth $380K. His life begins to turn upside down with other unrelated issues. Friends #2 and #3 secretly feel grateful that they didn't get into a STR property.

"I would have lost so much value on the home," they think to themselves.

Both of them think about #1, but they don't dare ask how he's doing with his investment, since they don't want to pour salt on a wound and, truthfully, they don't know how bad he's hurting, or how he's faring.

The reality is that while #1's home lost some serious value in the crash, his asset continued to produce a monthly income for him; in fact, it started to mature as an asset and it averaged a 12 percent ROI through the crash. Amid all of the other turmoil in his life, he was able to hold onto the lake house, use it with his family, and put an extra $10,800 in his pocket each year after all expenses and mortgage payments.

Friends #2 and #3 continue to wait.

One day, #2 is poking around Zillow online. He looks at a few properties he's considered and sees they're at an all-time low price. He finds an agent and snags a great cabin property at just $360K, in a great location. His agent mentions that this is probably one of the best buys he's seen in his career. "You got an amazing deal," he tells #2.

Friend #2 gets excited. He got a great deal. His property can only go up. He goes to work getting the property ready, and figures he'll have it all set for guests in the fall. After all, he got such a good buy on it, no rush to get it rented right away.

Truth be told, #3 would have purchased a property also at this unprecedented time … but he was too busy. His business had gotten more complicated, and while he was making more money, most weekends he found himself wishing he could slow things down and get away to the lake like he used to, but he just didn't have the time.

"Gotta push through. Now's the time to cash in," he tells himself, working more hours than ever before.

Slowly but surely, life goes on. Real estate values start coming back up.

The lake home that #1 owns is completely paid off from the rents he has been receiving. Its value has more than recovered, and it is now worth $600K, produces an annual income of $60K, and has provided him and his family countless memories at the lake while the kids were growing up.

The vacation home that #2 purchased is not quite paid off, but he is well on his way. The same home he purchased for $360K at the bottom of the market has almost doubled in value and is worth $600K now. It also provides an annual income of $12,000, with plenty of open time for him and his family to use it.

… Where does the time go?

Kids graduate high school and head off to college. All three friends find themselves surprised at how fast time has flown. Before they know it, it's 2020. Some new strain of virus out of China appears to be spreading kind of rapidly, and a lot of news networks are taking it and running with it.

Pundits and commentators mention this one feels different. The talking heads run special coverage for weeks. Before anyone knows it, the whole world is in a new tailspin.

Friend #3 tells himself "Man, I'm glad I held on to my money. I bet #1 and #2 are really struggling right now with their rentals. Cities won't even let you rent! Folks won't be booking for months!"

He feels good that he's held on to a lot of capital, but even he is afraid. After all, his business is way down since the pandemic, and no one really knows how to change that or how long it'll be till we get back to normal—or if that's even going to be a thing again. He still dreams of a cabin property he can escape to, but with things as they are now, #3 wonders when that will make sense again, if it ever does.

The buys are likely to be great—historically low—during this new disruption, so hopefully he can get into one soon …

The Great Secret

Have you ever heard the expression in the casino business "In the long run, the house always wins!"?

Of course. But it's a little different in real estate. In the long run, whoever OWNS the house ALWAYS wins! And whoever gets into the game first wins.

Do you want to guess who our winner is in the story above?

Friend #1 bought a property at a high price back in 2006. He got it renting right away, and has enjoyed cash flow and a modestly increasing cash-on-cash return every year. Some years were better than others, but every year was good. He has months when he doesn't cover his expenses, but he's never had a year where he didn't. Plus, he's been paying down the mortgage all this time with the money from his guests and using his property yearly.

Not to mention, once he realized firsthand how he still made money in the worst real estate market in history, he continued to follow his long-term plan and now he's purchased three more properties! He DOESN'T CARE about his property value, because he's not selling it anytime soon. He appreciates his net worth increasing over time due to holding the property, but he mostly appreciates the lifestyle and financial freedom his properties generate for him!

Friend #2 bought at a GREAT time at a GREAT price and walked in with instant equity—almost a six-figure net worth increase overnight. Happy as can be, he got his property set up and started bringing in cash flow that year. He's made a consistent revenue of $60–90K a year on his investment while his mortgage is getting paid down. His property value has gone up and down too, which he worries about sometimes, but since he's made so much cash flow, he's thinking about getting a few more properties very soon.

But #3 never got into the game. He still talks about it, but something always seems to stop him. He has no lifestyle or financial freedom stemming from his investments because he was too busy worrying about timing the market correctly.

This is a true story about me and two of my best friends. And the moral of our story …

FORTUNE FAVORS THOSE WHO TAKE ACTION, AND TIME IS THE GREAT EQUALIZER.

Whether you buy at the top or the bottom of the market, it usually ends up a wash in the end on property value. Your 15-year runs will look very much the same. Buy high, buy low—it's not the key factor. The key factor is cash flow and time. Property values go up and down, but cash flow remains very constant.

If your long-term plan is to ride the market and get in at a low time and get out at a high time, I wish you the best of luck. Realize, though, that you're not running a business, you are engaging in market speculation. Speculation is gambling, not business. There is no business plan for speculation. It's all just guessing.

If your long-term plan is to buy cash-producing assets, vacation in them for free, and steadily build your net worth and passive income, then the actual market being high or low is largely irrelevant!

This is the number one mistake we see holding back most would-be Lifestyle Assets investors. They think the market is the variable they need to focus on.

We make money in low markets.

We make money in high markets.

He who OWNS THE HOUSE always wins in the long term.

If you've been confused in the past about "riding the market" and you're looking for a solid long-term strategy that will build your net worth, generate cash flow, and give you lifestyle freedom, THAT is exactly what we teach step by step at Vodyssey www.Vodyssey.com.

Or you could wait.

It's up to you!