Hilltop Property

What is...

Serviced Accommodation ?

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What is ... Serviced Accommodation ?

Serviced Accommodation (SA) refers to rental properties that provide amenities and services similar to a hotel, such as housekeeping, and cleaning services. They are typically fully furnished apartments, or houses that are rented out on a short-term basis, usually for stays of a few nights up to a few weeks.
SA is popular among travellers, business professionals, and individuals or families who need temporary accomodation for short-term stays.

Example

One example of a serviced accommodation property could be a two-bedroom house located in a popular tourist destination. The property is fully furnished and equipped with modern amenities such as a kitchen, living room, bathroom, and high-speed internet.

The total investment for this property is £150,000, including the purchase price, renovation costs, and furnishing expenses. The average nightly rate for this property is £150, and the occupancy rate is estimated to be 70%.

Based on these figures, the projected annual revenue for this property is £38,325 (£150 x 70% occupancy x 365 days). The annual expenses, including maintenance, cleaning, utilities, and management fees, are estimated to be £10,000.

Therefore, the net operating income for this property is £28,325 (£38,325 - £10,000). With an initial investment of £150,000, the return on investment (ROI) for this property is 25% (£28,325 / £150,000 x 100).

Overall, this serviced accommodation property offers a solid investment opportunity with a high ROI potential for potential investors.

Advantages

- SA is frequently a lucrative investment with significant potential for high returns, provided it is effectively managed.
- Renting out practically any place can make becoming a short-term rental host a more feasible option for those new to the industry.
- You have the ability to remove guests under certain circumstances, such as when they are not paying or causing issues.

Disadvantages

- Initial outlay of furnishings and equipment can be expensive.
- Overheads will be higher than a property on a longer term let.
- Lenders often have restrictions on short-term or serviced lets for properties with residential or buy-to-let mortgages. This means you may need specialized finance, which can be more expensive.