

FOUR SECRETS TO A SUCCESSFUL RENTAL INVESTMENT OVERSEAS

HOW TO BUY AND MANAGE FOR MAXIMUM RENTAL YIELD

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SECRET #1: THE RENTAL MANAGER

KEYS FOR SUCCESSFUL RENTAL MANAGEMENT

- Marketing Ability
 - Do they understand the best way to maximize revenue?
 - Can they use the best available channels for marketing?
 - Can they sweat the asset by applying multiple strategies e.g. short summer lets and monthly winter rentals?
- Check their booking calendar to validate occupancy
- Reporting
- Bill paying
- Number of Properties Under Management
- Feedback from other clients

SECRET #2: THE MARKET

KEYS FOR SELECTING A MARKET

- Understand your renter profile
 - Where they come from – Foreign, Local, or Both
 - What age they are
 - How long they like to stay, on average
 - What time of the year they prefer to visit
- Capital requirement – does it suit your portfolio
- Where in the real estate value cycle is the market
- What inventory is already in the market

SECRET #3: THE LOCATION

KEYS FOR SELECTING A LOCATION

- Understand where renters want to be
- Access to attractions and services – walkable, public transportation
- Will you be happy visiting your investment (City and Country)
- Visit any proposed location at night or on weekends (noise, safety)

SECRET #4: THE ASSET

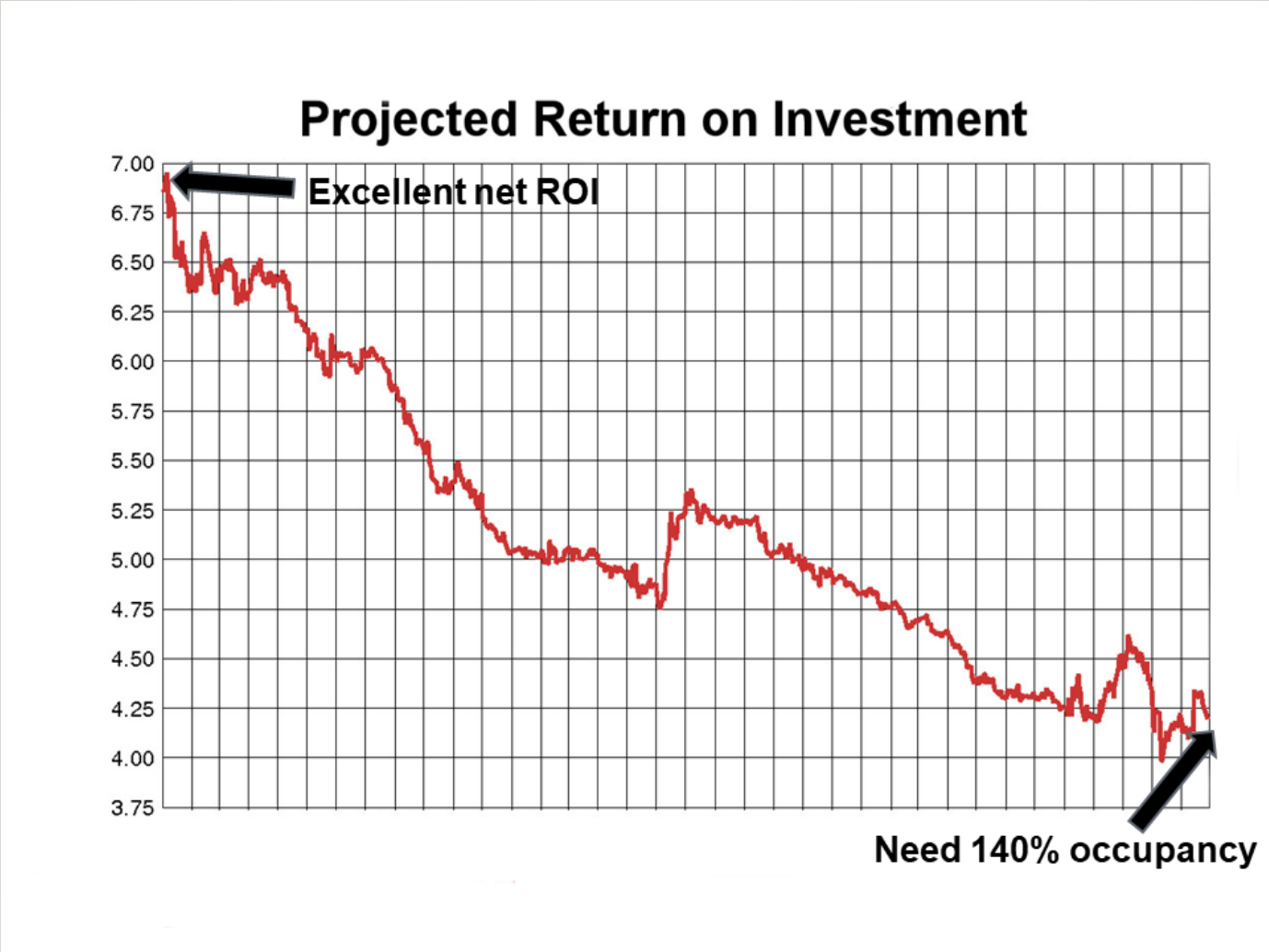
KEYS FOR SELECTING A PROPERTY

- Understand what type of property rents
 - What size
 - What type of furnishings
 - What amenities in the property
- Don't buy common
 - Choose property with inherent value and premium qualities
- The view
- Assess the building as well as the individual apartment

BONUS SECRET:

FURNISH FOR RENTERS NOT YOUR SPOUSE (OR YOURSELF)

TAKE IT FROM US: OVERSPENDING ON THE ASSET IS EASY



RENTAL YIELD EXPECTATIONS

5% to 8% Net Yields

Medellín, Colombia

Long Term Unfurnished (Yearly)						
Purchase Price	Monthly Rent	Occupancy	Mgmt Fee	Yearly Rent	Gross Return	Net Return
COP 600,000,000	COP 2,500,000	97%	6%	COP 30,000,000	4.9%	3.7%
				\$7,895		
HOA/Yr	TAX/Yr	Maintenance	Management	Utilities	Total Expense	
COP 0	COP 3,600,000	COP 2,000,000	COP 1,800,000	COP 0	COP 7,400,000	\$1,947
Using present value as of 3/15/17						
Long Term Furnished (≥ 30 days)						
Purchase Price	Monthly Rent	Occupancy	Mgmt Fee	Yearly Rent	Gross Return	Net Return
COP 600,000,000	COP 9,500,000	85%	23%	COP 114,000,000	15.5%	9.7%
COP 25,000,000	<= Furniture			\$30,000		
HOA/Yr	TAX/Yr	Maintenance	Management	Utilities	Total Expense	
COP 6,000,000	COP 3,600,000	COP 2,300,000	COP 26,220,000	COP 4,200,000	COP 42,320,000	\$11,137
Short Term (< 30 days)						
Purchase Price	Monthly Rent	Occupancy	Mgmt Fee	Yearly Rent	Gross Return	Net Return
COP 600,000,000	COP 15,200,000	75%	30%	COP 182,400,000	21.9%	13.4%
COP 25,000,000	<= Furniture			\$48,000		
HOA/Yr	TAX/Yr	Maintenance	Management	Utilities	Total Expense	
COP 6,000,000	COP 3,600,000	COP 2,500,000	COP 54,720,000	COP 4,200,000	COP 71,020,000	\$18,689

**Panama City Apartment
1-Bedroom Furnished Loft
High-end tourist location**

		Long-Term		Long-Term
Purchase Price	\$ 250,000		\$ 200,000	
Furniture	\$ 15,000		\$ 15,000	
Mortgage	\$ (175,000)		\$ (140,000)	
Net Cash Investment	\$ 90,000		\$ 75,000	
Monthly Rental Income		\$ 1,400		\$ 1,400
Vacancy Factor	8.33%	\$ 117	8.33%	\$ 117
Net Monthly Cash Flow		\$ 1,283		\$ 1,283
Expenses				
- Rental Management	8.330%	\$ 117	8.33%	\$ 117
- HOA		\$ 170		\$ 170
- Utilities		\$ -		\$ -
Total Expenses		\$ 287		\$ 287
NET MONTHLY INCOME		\$ 997		\$ 997
Annual Income		\$ 11,961		\$ 11,960
Yield Calculation on Total Investment	\$ 265,000	4.51%	\$ 215,000	5.56%
Cash on Cash Calculation				
Mortgage	\$ 1,106		\$ 885	
Net Cash Flow	\$ (109)		\$ 112	
Annual Cash Flow	\$ (1,312)		\$ 1,341	
Cash on Cash Yield		-1.46%		1.79%

CURRENCY EFFECT ANALYSIS

Brazil Townhouse
3-Bedroom Furnished Rental
High-end tourist location

	USD	Reais	4.85	Short-Term
Purchase Price	\$ 115,000			
Closing Cost	\$ 5,000			
Furniture	\$ 15,000			
Net Cash Investment	\$ 135,000	654,750		
Daily Rental Income			600	BRL 18,000
Vacancy Factor			50%	BRL 9,000
Net Monthly Cash Flow				BRL 9,000
Expenses				
- Rental Management			20%	BRL 1,800
- HOA/Utilities				BRL 750
- Insurance/Property Taxes				BRL 310
Total Expenses				BRL 2,860
NET MONTHLY INCOME				BRL 6,140
Annual Income				BRL 73,680
				\$ 15,192
Yield Calculation	11.25%			11.25%
Asset Value - At Cost		\$ 135,000		
Asset Value - With 10% Appreciation				
Total Profit After 1 Year With Appreciation				

← Strong \$ Weak \$ →
Exchange Rate Comparisons

	6.00	5.00	4.00
	-23.7%	-3.1%	17.5%
	\$ 12,280	\$ 14,736	\$ 18,420
	9.10%	10.92%	13.64%
	\$ 109,125	\$ 130,950	\$ 163,688
	\$ 120,038	\$ 144,045	\$ 180,056
	\$ (2,683)	\$ 23,781	\$ 63,476
	-2.0%	17.6%	47.0%

KEY FACTS ABOUT EXCHANGE RATES

- A strong/strengthening dollar:
 - Is always good when you're buying
 - Decreases the value of your asset in dollar terms
 - Lowers your operating expenses and cost of living (if you live in-country)
 - Increases your local-currency income if you rent in dollars
- A weak/weakening dollar:
 - Is always good when you're selling
 - Increases the value of your asset in dollar terms
 - Raises your operating expenses and cost of living (if you live in-country)
 - Decreases your local-currency income when you rent in dollars