



Maximise YOUR PROFITS

Authors of an eBook on short-term lettings, **Gayle Roberts** and **Tristan Rutherford** share their insight into making the most of your holiday let income

Nice, French Riviera

Every rental property, from a campervan to a portfolio of holiday apartments, offers differing yields throughout the year. In Moscow, Russia, the peak month is May (you gotta love those heavy weaponry processions through Red Square); come Christmas, a villa in Phuket, Thailand, is gobbled up quicker than a steaming plate of Pad Thai. What 12-month strategy should you use for your *gîte* in Dordogne or holiday apartment in Provence? Grab a paper and pencil and we'll tell you.

Visit the tourist office where your property is located. Browse the internet for every local festivals, shows and business meet-ups. Ask locals when the wedding season is. Log onto your Mercure Hotel – or local equivalent – and see what nightly charges they have set for a year in advance. Believe me, their price calendar will have more ups and downs than Donald Trump's presidency.

Then print out your own rental calendar from 2014, 2015 and 2016 if you have them.

“An investment in knowledge pays the best interest”

Did your clients book early for the popular months of April, August and December? When was your peak demand highest? What were your weakest months?

Leave no stone unturned as you build up a complex picture of who books what and when. To quote Benjamin Franklin: “An investment in knowledge pays the best interest.”

The final trick is to turn your knowledge into hard cash. Add between 50% and 75% to your prices in your peak month and don't lower your premiums by too much in your shoulder months. Keep family away from your spare room or guest house near the school holidays or Christmas ski season.

In short, no-one in your town, village or resort will have amassed as much rental calendar knowledge as you.

Treat each month as a hard-won challenge to milk your property for as much as it's worth. Revel in breaking your year-on-year record every 12 months. Then treat yourself. Truly, just enjoy spending the cash.



Top: Interior design pays off for highest rental yield (Nice Pebbles Palais Marie apartment)

Above: Sea views are always popular and come at a price (Nice Pebbles Empire Beach apartment)

Top Tips

1 Plan your 12-month rental calendar as if you're organising a battle. Pretend you're Winston Churchill in his basement War Room. Raise your prices in your peak month – and don't use the property yourself during that time. The more meticulous your planning, the more money you will make.

2 Play like Walmart. The more items the world's biggest grocery store sells, the more profit they make from each item. Your property's fixed costs (insurance, advertising) stay the same no matter how long you rent it out. So it pays handsomely to rent for longer.

3 Economies of scale mean the more weeks Sheila rents out her property, the more money she makes per week. What a happy equation! Please do the same.

4 Some owners voluntarily choose to limit how much money they make. Go figure. Don't be shy about how many weeks you rent out your place. There is absolutely no harm in being greedy. If you feel guilty about the extra cash in your account, make a sizeable donation to UNICEF.

5 Think about opportunity cost. The 'price' of staying a week in your property is the sum that you would otherwise gain by renting it out. If you rent your apartment, villa or garden shed for €2,500 per week then you forgo €2,500 by simply staying there that week yourself. Put simply, the more you vacate your own property by holidaying with your mum/brother/daughter/uncle/ex-boyfriend, the more money you make.

6 Repeat customers are the best customers. It costs nothing extra to email them and offer them a discount for next year, thereby avoiding the booking fees charged by Airbnb. If you truly love your guests, say it with flowers when they arrive.

Aim for economies of scale

Amandine is a petite house near Antibes, France. It has a sun-soaked outdoor terrace and two sumptuous bedrooms upstairs. It rents for an average of €1,500 per week. The property's fixed costs are quite high. Each year the owner, Sheila, pays €3,000 in local taxes, €1,000 in water bills and €1,000 for insurance. This figure of €5,000 stays the same no matter how many times Sheila rents her property throughout the year.

Variable costs – these are the extra costs Sheila bears for every rental week – are around €200. For each guest, she buys a welcome pack stuffed with Provençal products, a lavender soap, a French baguette and local jam. She also pays for extra heating, general wear and tear, plus a cleaner to tidy up afterwards.

So, if Sheila rents Amandine for 10 weeks

per year, the costs she pays per annum are €5,000 of fixed costs plus €2,000 of variable costs, giving her a grand total of €7,000. Her revenues for 10 weeks of rental are €15,000. That makes Sheila's total profit of €8,000, or just €800 per week. Not bad, but not brilliant.

But what if Sheila rents for longer? She certainly can, as Amandine is an adorable little place to stay in.

At 20 weeks of rental per year Sheila's variable costs are €4,000. But fixed costs are still €5,000, making €9,000 in total costs. At revenues of €30,000 she will make €21,000 in profit, or €1,050 per week. That's more like it.

Are we all clear that the more weeks Sheila rents out her property, the more money she makes per week? What a happy equation!

Now what if Sheila goes totally nuts? What if she never visits her adorable holiday property, gets dozens of repeat customers and rents Amandine like a maniac for 40 weeks per year?

Her variable costs will then be €8,000, plus unchanged fixed costs of €5,000, so €13,000 in total. Revenue for 40 weeks' rental will be €60,000. That makes a profit of €47,000 or a massive €1,175 per week. That's real economies of scale. Sheila becomes the Walmart of short-term holiday letting and lives happily ever after. ■



Top: The popular holiday destination of Nice
Above: Lighting is important for maximum appeal and photoshoots (Nice Pebbles Valentina apartment)

This article is an excerpt from the eBook *Room for profit – Make Airbnb and the short rent revolution work for you*, written by UK travel journalist **Tristan Rutherford** and **Gayle Roberts**, former lawyer-turned-CEO of short-term lettings agency Nice Pebbles