

# AIRBNB PLAN



## Large Modern Australian Country House in Orange

The proposal is to invest in the development of a modern house designed to cater to the short term rental market, using sites such as AirBnB or [stayz.com](#).

Market research shows that there is a price premium for properties which can host 12+ people while there are only a small number of suitable properties on the rental market. The largest monthly revenues from all available Stayz listings are achieved by these properties, especially ones which have high quality features and are most suitable for groups.

The project aim is to have a positive cash flow where the income covers the full cost of the loan repayments and other running costs so the investment does not need any ongoing cash input.

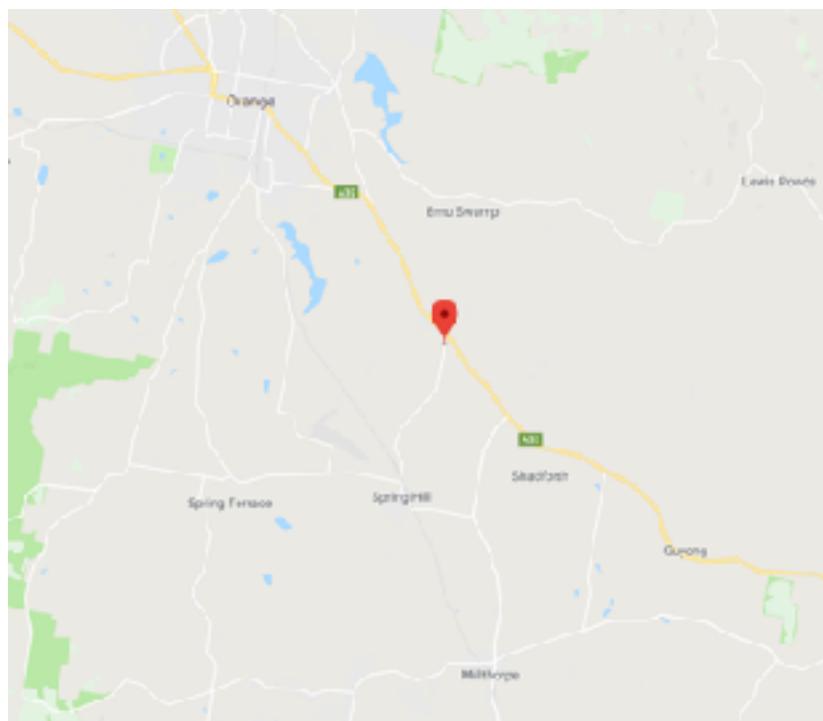
Due to the lack of suitable existing houses on the market I propose to design and build a custom house based on modern architecture with a distinctly Australian design and styling. An example of the type of design is shown in the pictures. Features include large open plan living and dining area, open deck and outdoors area, and 6 bedrooms separated by the living and dining area.

## Ideal Location and Rural Land

The budget for the land is 300-400k. The ideal property is no more than 12-15 minutes from the Orange town centre and located on the southern or eastern sides of Orange town centre to minimise the travel time from Sydney.

Based on analysis of current rural blocks, a price of \$10,000 per acre can be achieved within 10-12 minutes of the town centre. This would make a 20-40 acre property achievable within the budget of 400k.

An example of a great location is around the hamlet of Lucknow, shown as the red marker on the map below. The drive from Lucknow to the centre of Orange is 12 minutes. The drive south to Millthorpe takes only 11 minutes.



## Design Details

Clean, modern, and high quality finishes. Features such as polished hardwood floors. Luxury touches such as a free standing bathtub. Large opening doors for the deck and covered bbq/ fireplace and entertainment area. Designed to maximise the north facing aspect with passive solar.



**High quality bathrooms with luxury features and warm natural colours and materials**

look.

Bedrooms should have large windows looking out onto the scenery, while the central area should have large floor to ceiling glass to maximise the views and openness.



**Bedrooms have large windows to provide views over the countryside**

Include design elements from the classic Australian outback buildings, such as the woolshed. Modern designs make use of materials such as polished timber, galvanised cladding or wooden cladding, and custom polished concrete counter tops. Avoid the standard all white interior and make use of an interior designer and architect to create a consistent and stylish look for the whole house. Use colour, wooden and concrete features to make a stylish and modern high end



**Open plan living and dining areas are attractive for larger groups**

The exterior can make use of both wood and metal. Create a modern and interesting exterior that sets the house apart and is visually appealing.



Use a combination of materials and colours to create a unique and appealing design

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## Example Design



**Large open plan central area with two wings for the bedrooms and bathrooms**

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The design should keep construction as simple as possible to allow the focus to be on high quality finishes and features. Having the large open plan kitchen/dining/lounge area provides a natural area for groups to spend time in. Having the bedrooms separated into two wings allows each bedroom to feel like it has some privacy and separation.

To accommodate the 12+ guests it would need to have 6 bedrooms, or three on each end. This could consist of one master bedroom with an ensuite, and then the other two bedrooms with one full-size bathroom between them. That combination would be attractive to a large number of groups, such as several couples with children sharing the house, or families with a mix of grandparents and kids. Having 4 bathrooms means that 4 families/groups can share without having to share bathrooms.

I think that this combination of sharing a house with a number of other people while still allowing the bedrooms and bathrooms to have some independence is a critical factor in making the house attractive as a high value rental.

A great example of this is: <https://www.homedsgn.com/2013/07/28/finnon-glen-by-doherty-lynch/>. The interiors are amazing, although the all black exterior is too harsh and I would incorporate some sort of shelter for the deck.



Central living area with large windows to maximise the views

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## Project Risks

- \* Revenue is based on equivalent properties in the area, but there are a small number to compare to and revenue is highly variable
- \* The time to build means that there is extra cost before the house is available to list
- \* Requires finding the right piece of land within the budget. This may be difficult to find

## Scenario 1 - Lakefront Acres

Currently for sale (as of 8th June 2018) with an asking price of \$850,000. Lot 5 is 60 acres on the south side of Orange, with a driving time of 13 minutes to the centre of Orange. Power lines to the edge of the property but no transformer for connection. Comes with an approved DA for a single story house located on the north western corner of the block closest to the entrance.



### Mortgage Details

Purchase price	\$1,250,000
% down payment	20%
Interest rate	6.120%
Mortgage length (years)	30
Down payment	\$250,000
Loan amount	\$1,000,000
Payment with principal	\$6,073



The property does not have electricity to the site, so there would be an additional cost to connect mains power. If the cost is large then it would be better to spend the money on a solar/wind hybrid setup using vanadium flow batteries. These have a low cost per kWh with a rapid discharge rate. The system must be sized to allow for the full use of airconditioners, fridge, dishwasher, washing machine, lights and other power requirements. The batteries have an estimated life of 20 years.

## Neighbours

The properties surrounding are normal houses with the exception of the eastern property named "Bradgate Park" shown in the image below. The property marked as "Calstock" is the property for sale. Bradgate Park is an Olympic size horse dressage arena, and is referenced in articles such as:

<https://www.centralwesterndaily.com.au/story/1299369/bradgate-park-set-for-the-mane-event/>

This could present a marketing opportunity for when horse events are held there.

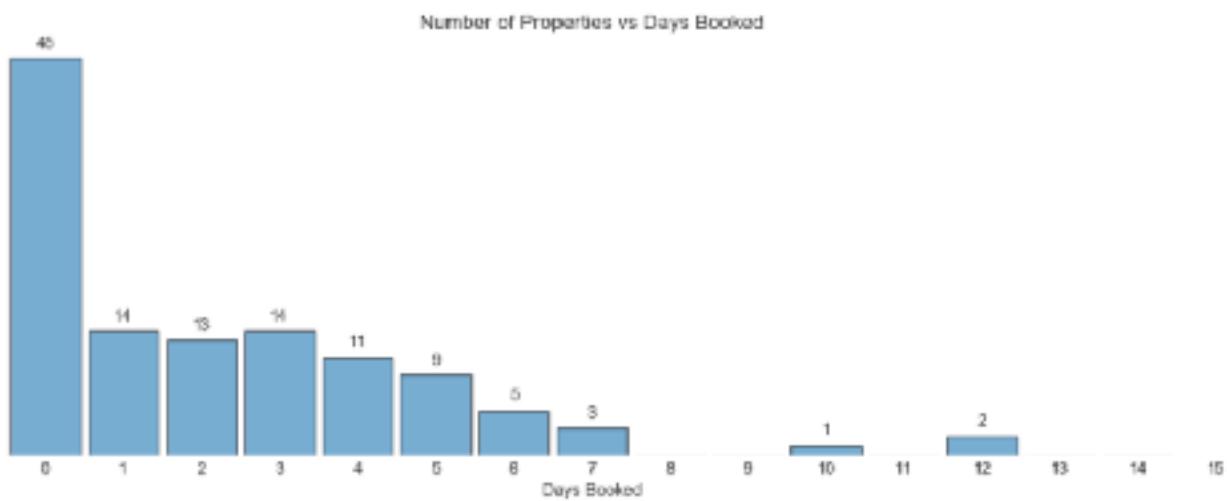
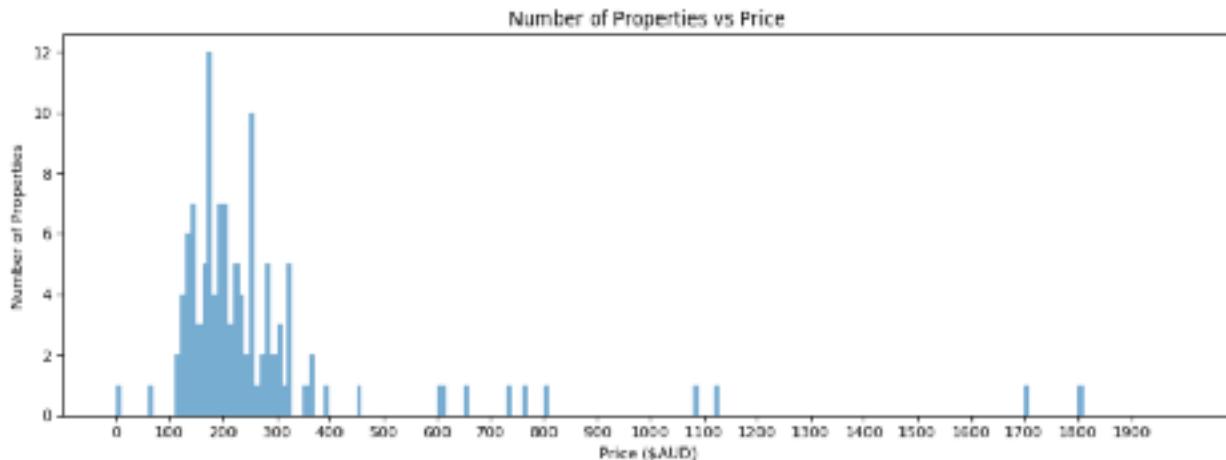


## Orange Rental Market Research

For data extracted for May 2018 there are 117 properties which are listed as being in Orange. 97 properties (83%) get between 0-4 days bookings. A further 17 (15%) properties get between 5-9 days bookings, with only 3 properties (3%) getting 10+ days bookings in the month.

There are 12 properties in Orange which can host 10 or more guests. Summary of the property details are shown in the table below with booking days and estimated revenue for May:

Total number of properties: 117

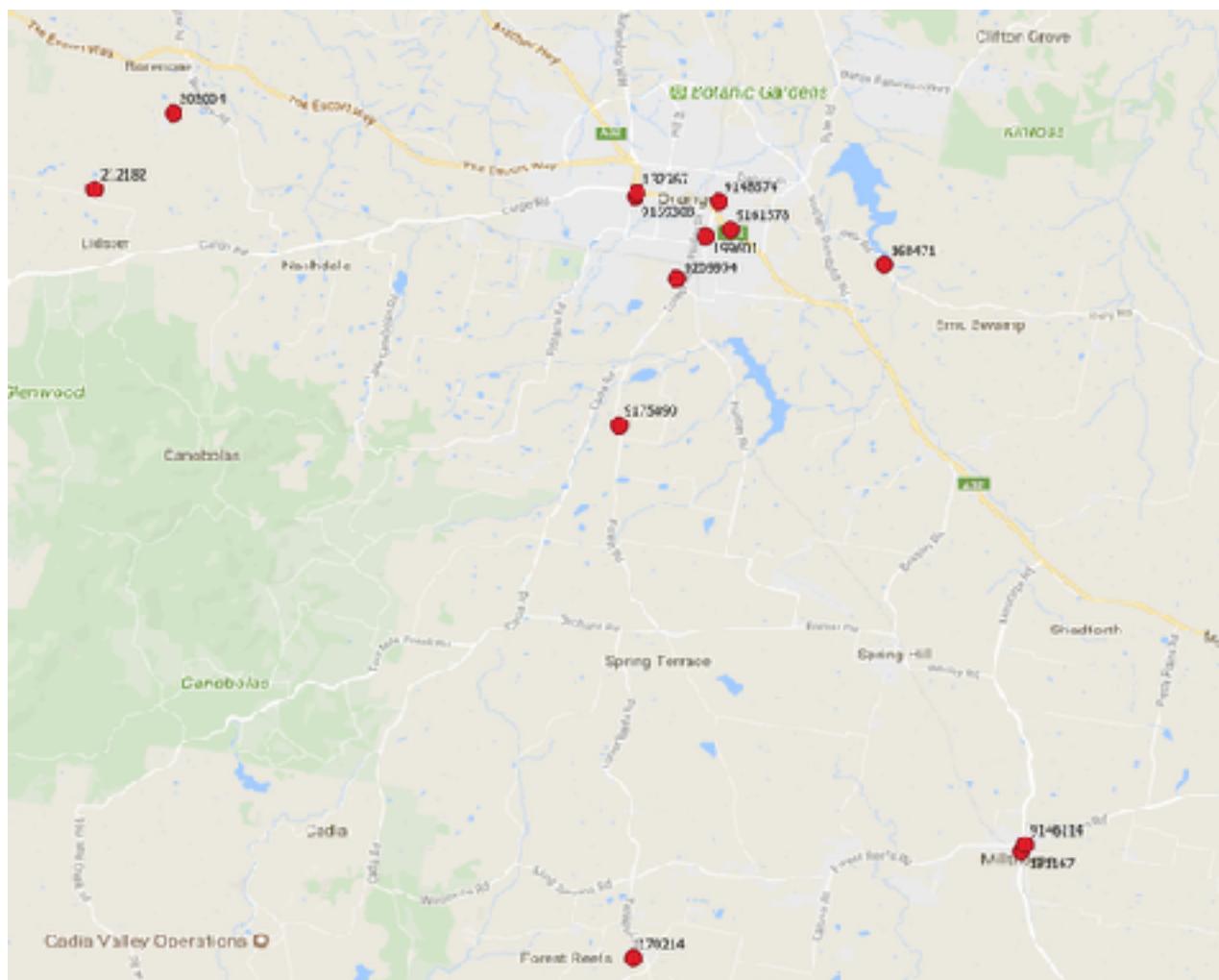


property_id	heading	suburb	bathrooms	bedrooms	guests	init_price	min	book_days	revenue
9158471	Magnificent "Wilwood," Orange	Orange	4	6	12	1087	5.0	4.0	4340.0
9199601	Large & luxurious heritage house - Central Orange	Orange	4	6	12	807	5.0	3.0	2421.0
9175890	"Uralla" - 5 mins from Orange	Spring Creek	4	7	14	1126	5.0	2.0	2252.0
9170214	Lovely 'Orangewood' Country Home - Pool & Views	Forest Reefs	2	3	11	730	5.0	3.0	2180.0
9157205	Yoursay Group The Edward Townhouses	Orange	2	6	14	950	6.0	8.0	2100.0
9162808	Hamer House in Central Orange - Entire House	Orange	2	4	10	990	6.0	3.0	1170.0
9151578	Yoursay Group The Guest House	Orange	3	4	12	0	6.0	12.0	0.0
9002114	BELL HILL, Orange, NSW	Orange	2	4	11	610	0.0	0.0	0.0
9152787	A Celebrity Apartments: Complex for groups/B... ...t	Orange	8	10	16	1003	0.0	0.0	0.0
9148674	Yoursay Group The Core Hall	Orange	1	4	10	175	0.0	0.0	0.0
9200004	"Thornleigh" - Homestead near Orange NSW	Borenore	4	5	10	1700	0.0	0.0	0.0
9212182	Gurya - Huge, Unique, Home	Ulladulla	3	4	11	786	0.0	0.0	0.0

Count of all bookings for the month of May 2018

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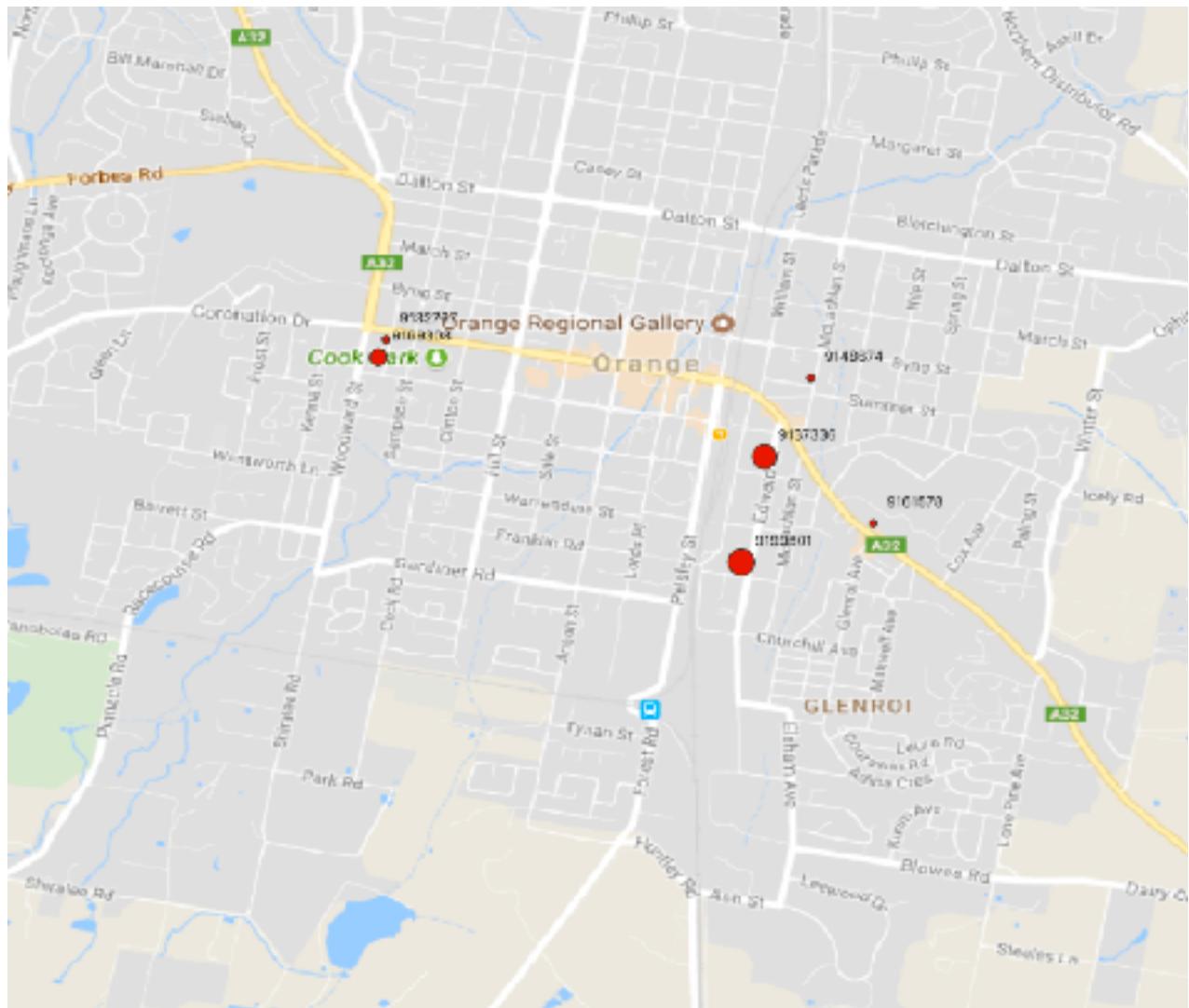
The locations of the largest 12 properties is shown by the red markers on the map below. The lakeside acreage is also shown:



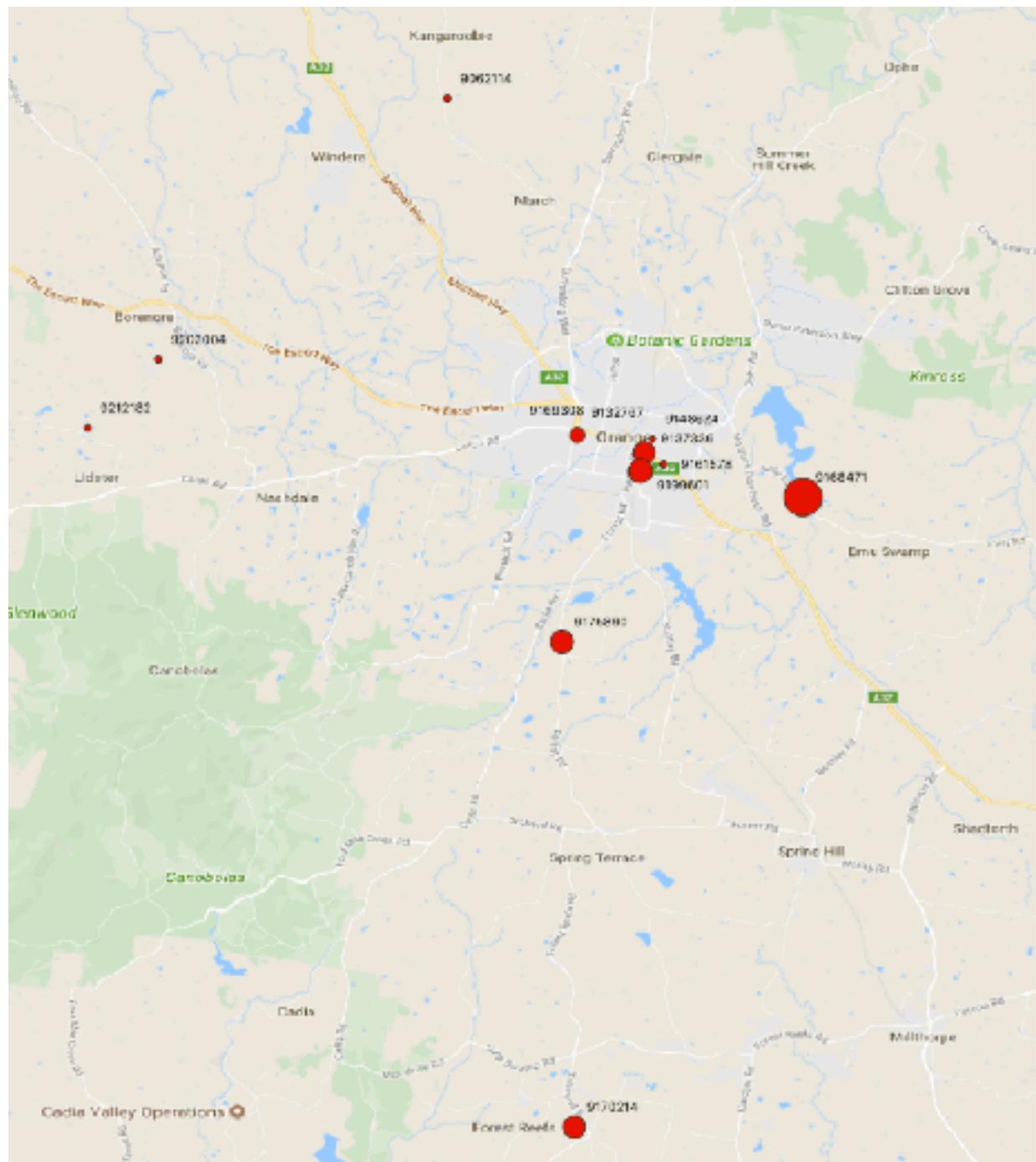
Location of all properties for 10+ guests around Orange

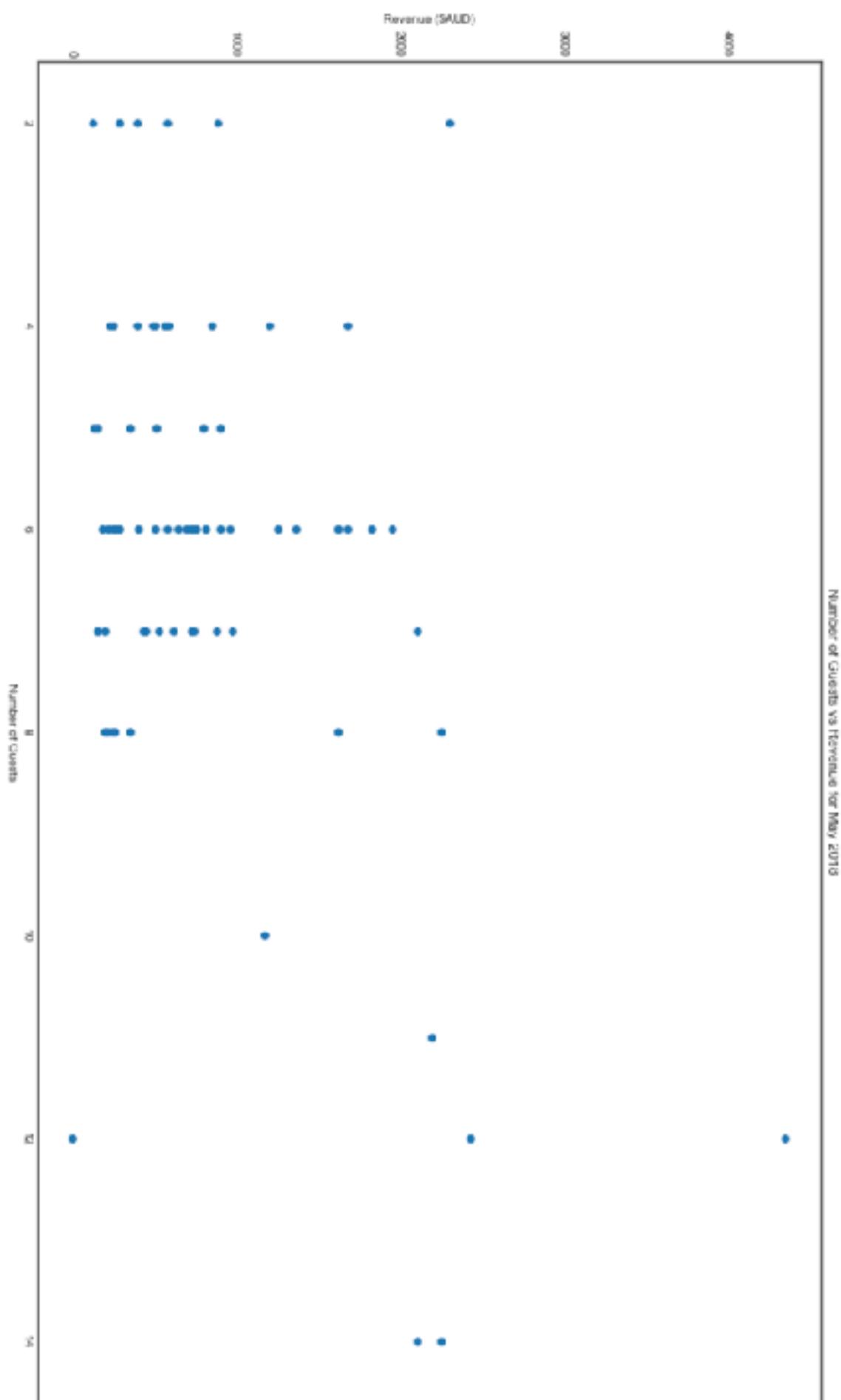
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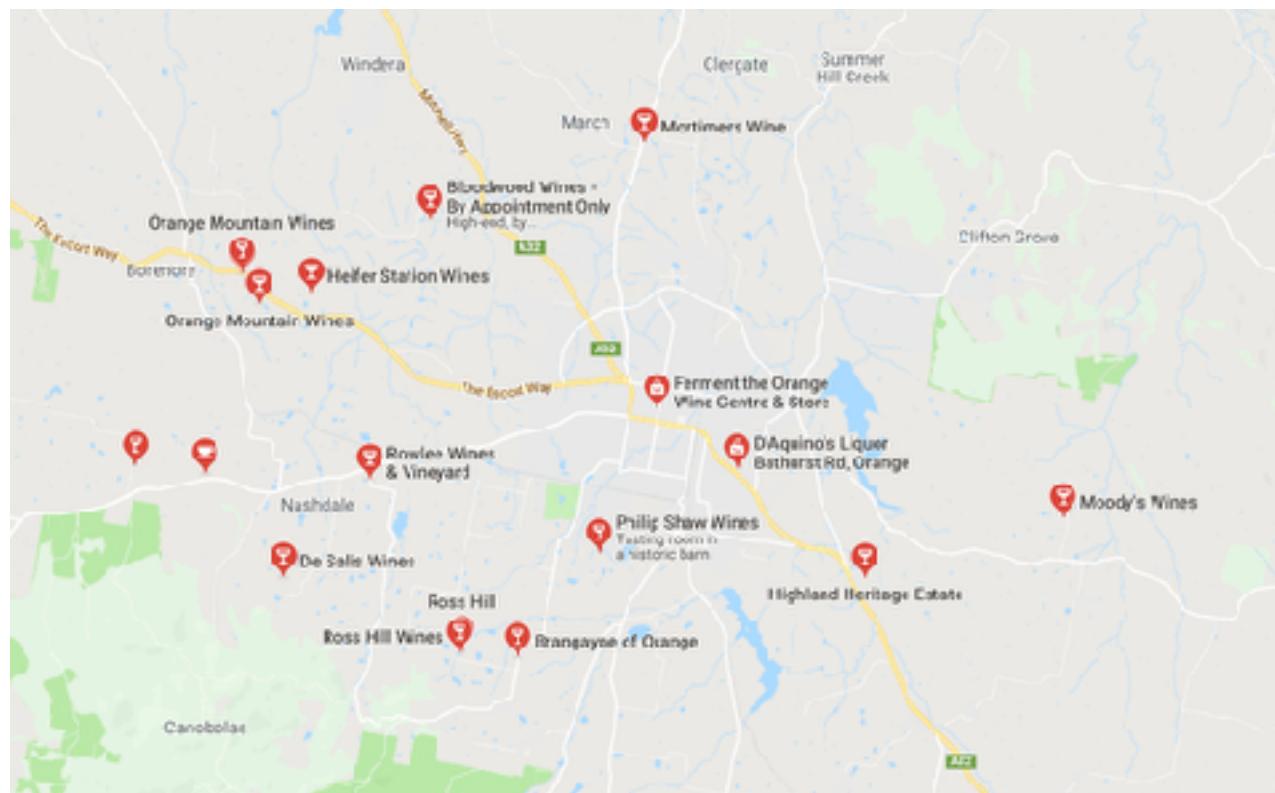
If we scale the red dots so it is sized according to profitability then for the properties within Orange town we get:



For all the 12 properties including the ones outside of town:







Locations of wineries around Orange

## Scenario 2 - Small Rural Acreage



Sold

\$155,000

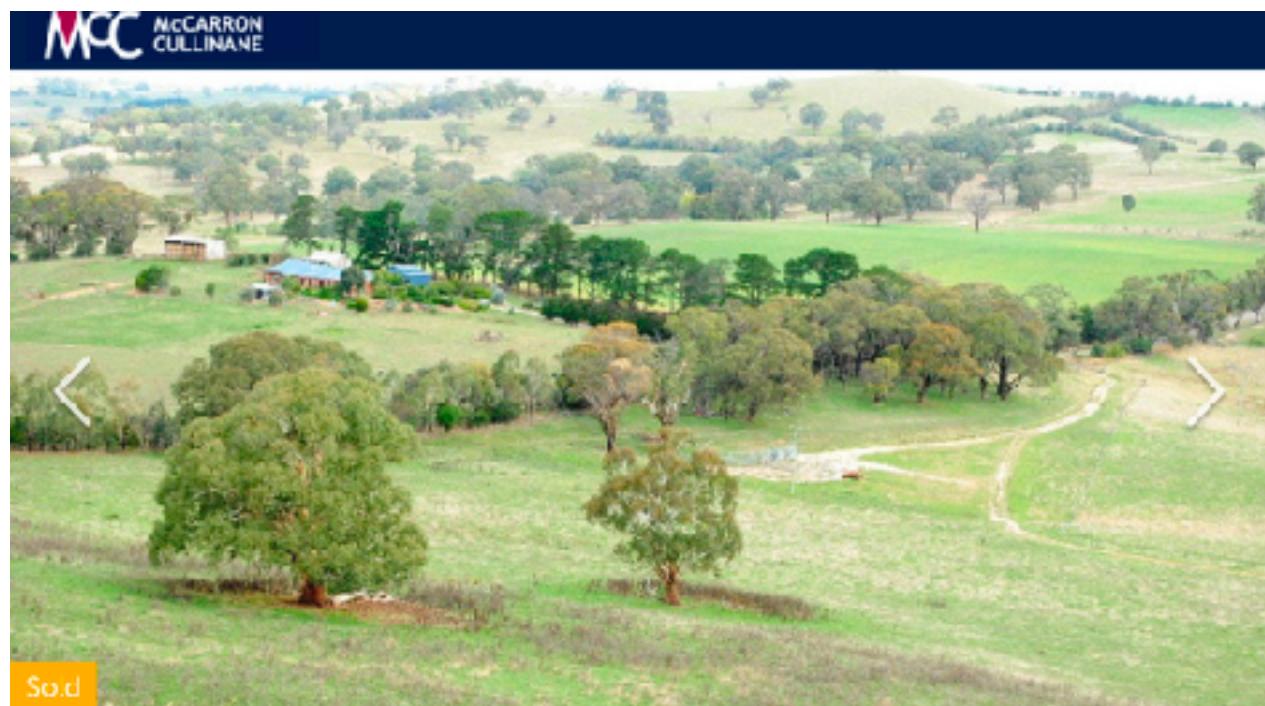
4646 Mitchell Highway, Lucknow

Residential Land, Sold on 25 Jan 2016

Agent:  
Ken Barber

☆ Save Details >

## Scenario 3 - Large rural block



The image shows an aerial view of a large rural property. In the foreground, there's a grassy field with a few large trees. A dirt track or path leads through the field towards a cluster of buildings in the middle ground. The background features rolling green hills and more scattered trees. The top left corner of the image has the logo 'MCC McCARRON CULLINANE'.

**Sold**

**\$715,000**

227 Emu Swamp Road, Lucknow  
Lifestyle, Sold on 27 Nov 2015

Agent:  
Brian Cullinane

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There is currently a DA lodged for a property on Calton Road, will keep track of this to see if it is the neighbouring block.

## Development Application Enquiry

### Instructions

Below are the details of the DA.

### Application Information

Property Details	Calton Road ORANGE NSW 2800
Type of Work	Dwelling, Attached Garage, Swimming Pool (inground) and Fencing (swimming pool fencing)
Application No.	187/2018
Date Lodged	01/06/2018
Cost of Work	\$500,000.00
External Reference	PR2210
Liaison Officer	Mr M Hebold
Applicant	Mr D Cook
Applicant Address	C/- Source Architects PO Box 144 ORANGE NSW 2800
Certifier	To Be Advised
Owner	Ms C E Gundry

### Wind Energy Map

<https://nationalmap.gov.au/renewables/#share=s-ratNaApz7boJ2ZCd>

Average wind speed at 100m is 7-8 m/s