Short-Term Rental Underwriting & Evaluation Worksheet

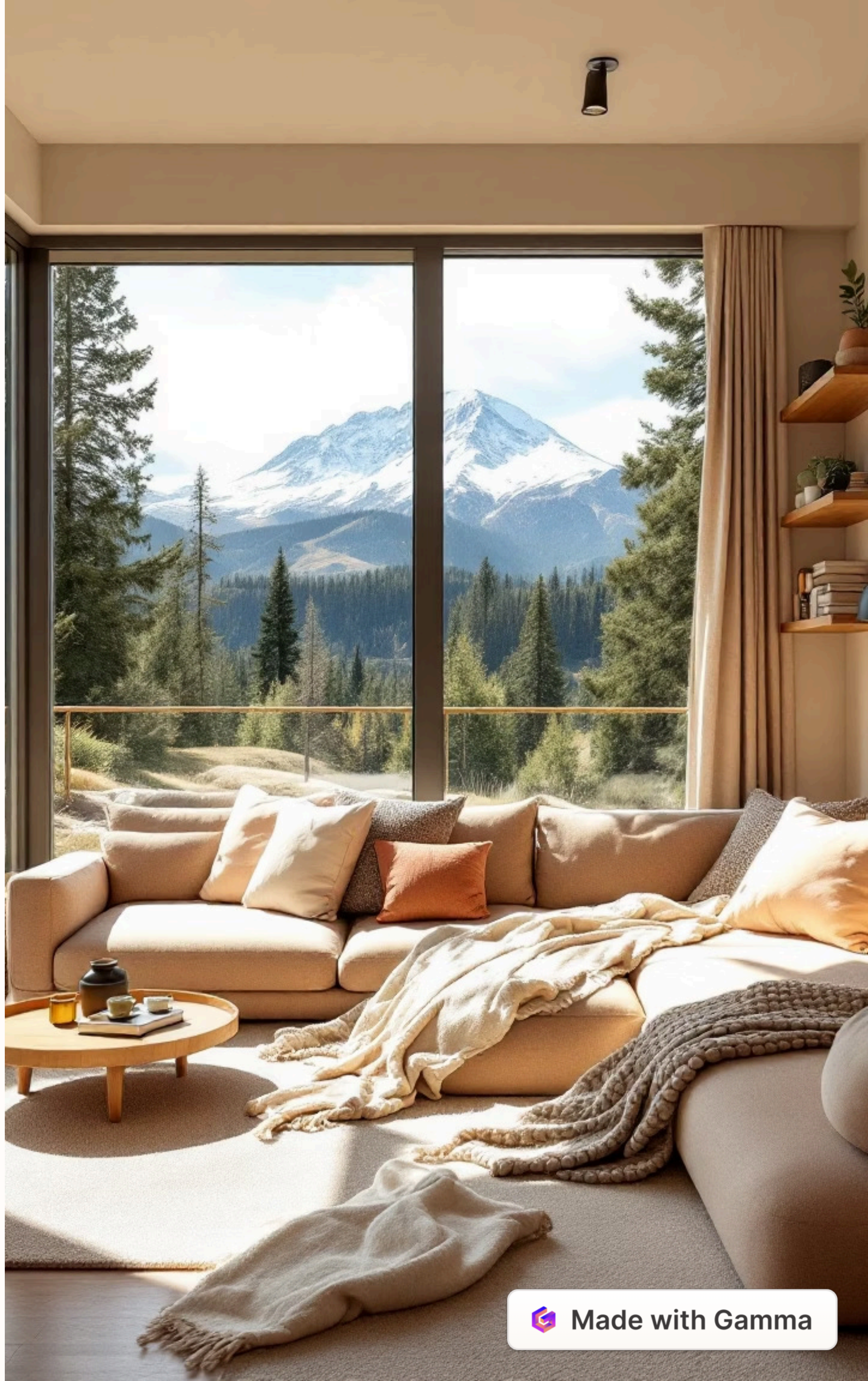
A comprehensive guide to evaluating short-term rental properties as investments, covering property details, market research, income projections, expenses, and return calculations.

by Chad Choquette

Property Details

Begin by gathering essential information about the property. Note the property address, type (house, condo, cabin, etc.), number of bedrooms and bathrooms, square footage, and any unique features that could enhance its appeal to guests. Features such as a hot tub, proximity to tourist attractions, or scenic views can significantly impact rental performance.

Property Address:	____________________
Type (house/condo/cabin/etc.):	____________________
Bedrooms:	______
Bathrooms:	______
Square Footage:	______
Unique Features:	______________________________ _____________



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Market Data & Nightly Rate Research

Next, research the local market to understand nightly rates and occupancy trends. Use tools like AirDNA.co, Rabu.com, and Mashvisor.com to gather data on average daily rates (ADR), occupancy rates, and market demand. Additionally, browse comparable listings on platforms like Airbnb and VRBO to see how similar properties are priced and how often they are booked. Compile this data to estimate an average ADR and expected occupancy rate for your property.

Sources for Market Data & Nightly Rates:

- AirDNA.co - occupancy rates, ADR (average daily rate), and revenue estimates.
- Rabu.com - market insights for short-term rental demand.
- Mashvisor.com - rental property analytics including STR data.
- Airbnb & VRBO - check comparable properties directly.

	Comparable 1	Comparable 2	Comparable 3
ADR (Nightly Rate):			
Occupancy Rate %:			
Location Notes:			

Estimated Average ADR: __________ Estimated Occupancy Rate: __________%

Income Projections

Using the estimated ADR and occupancy rate, calculate the potential monthly revenue. Multiply the ADR by the occupancy rate and then by 30 days to determine the gross monthly income. For example, if the ADR is $200 and the occupancy rate is 70%, the monthly revenue would be $200 × 0.70 × 30 = $4,200.

Monthly Revenue Formula

Estimated ADR × Occupancy Rate × 30 days = ________________

Example Calculation

$200 × 70% × 30 = $4,200

Operating Expenses

Identify and estimate all operating expenses associated with the property. Typical expenses include mortgage payments (principal and interest), property taxes, insurance, utilities, cleaning fees, property management fees, repairs, supplies, platform fees, HOA fees, and miscellaneous costs. Use resources like AirDNA Rentalizer and local service providers to obtain accurate estimates. Summing these expenses will give you the total monthly operating costs.

Sources for Cost Estimates:

- AirDNA Rentalizer (operating expense ratios)
- Local utilities, cleaning services, insurance quotes
- Community Facebook STR groups for real-world data

Expense Item	Monthly Estimate
Mortgage (P&I)	
Property Taxes	
Insurance	
Utilities (Electric, Water, Internet, Trash)	
Cleaning Fees	
Property Management (if applicable)	
Repairs & Maintenance	
Supplies (toiletries, linens, consumables)	
Platform/OTA Fees (Airbnb, VRBO)	
HOA Fees (if applicable)	
Miscellaneous	
Total Monthly Expenses	________

Net Operating Income (NOI) Calculation

Calculate the Net Operating Income (NOI) by subtracting total monthly operating expenses (excluding mortgage principal and interest) from the gross monthly revenue. This figure represents the property's profitability before financing costs and taxes.

Gross Monthly Revenue

Total Monthly Operating Expenses

(excluding mortgage principal & interest)

Net Operating Income (NOI)

= ________________

Cash-on-Cash Return Calculation

To determine the investment's return potential, calculate the Cash-on-Cash (CoC) return. First, compute the annual cash flow by subtracting the mortgage payment from the NOI and multiplying the result by 12. Next, determine the total cash invested, which includes the down payment, closing costs, and initial furnishing and setup expenses. Finally, divide the annual cash flow by the total cash invested and multiply by 100 to express the CoC return as a percentage.

Annual Cash Flow Formula

(NOI - Mortgage Payment) × 12

Total Cash Invested Formula

Down Payment + Closing Costs + Initial Furnishing & Setup

Category	Amount
Down Payment	
Closing Costs	
Furniture & Setup	
Total Investment	__________

Cash-on-Cash Return: ((Annual Cash Flow ÷ Total Investment) × 100) = __________%

Decision Summary

After completing these calculations, assess whether the property meets your investment goals. Consider factors such as expected CoC return, seasonal performance, regulatory or HOA restrictions, and your ability to manage the property. Use this comprehensive analysis to make an informed investment decision.

Is this a good investment based on your target CoC return?

Would this property perform well seasonally or year-round?

Is there regulatory or HOA risk?

Are you comfortable with the nightly management demands?