Master Lease Vs. Lease-Back Mt. Royal Homes Changes the Investment Real Estate Game

But Mt. Royal Homes, formerly Mt. Royal Vacations, is a stark contrast to some of the companies who define themselves by using these trendy buzzwords.

ATLANTA, GEORGIA, USA, March 26, 2020 /EINPresswire.com/ -- Terms like aparthotel, corporate leases, pop-up hotels, and master leases have become synonymous phrases in hospitality recently. But Mt. Royal Homes, formerly Mt. Royal Vacations, is a stark contrast to some of the companies who define themselves by using these trendy buzzwords.

First, we'll explore some of the big players in the hospitality industry. Then, we'll compare their business structures with that of Mt. Royal Homes. In the end, one thing will become clear: Mt. Royal Homes' lease-back model has changed the real estate investment game and is here to stay.

> when comparing apples to apples, one thing is clear: all these companies are customer service oriented, thus creating sizable profit margins from the arrival of the new millennium's sharing economy. "
>
> *Mt Royal Homes*

Many of the key players we'll discuss in this article operate on a master lease model:

Sonder operates buildings in 13 U.S. cities, as well as London, Montreal, and Rome, that feature hotel amenities and uses technology to source new spaces with exacting brand standards.
Stay Alfred offers upscale travel residences across two or three floors, while property developers sign exclusivity clauses so multiple operators are not present in the same building.
Domio operates aparthotels by partnering with developers to master lease full buildings, elevating the quality of the building and its design.
Lyric leases apartment units and floors, refurbishes them, and transforms them into hotel-style properties or 'creative suites' for extended stay business travellers.
Locale is a boutique accommodation firm specialising in short-term and extended vacation rentals and corporate housing, occupying ten to 25 percent of a building's inventory.
Sweet Inn offers a long-term lease with insurance coverage, guaranteed monthly income, renovation and luxury restyling by interior designers, plus property maintenance.
The Guild is a boutique short-term rental and hotel operator which operates 50 or more apartments in a new building to achieve a "branded integration within the community".
Mt. Royal Homes offers a unique solution for residential real estate investors who are buying the Company's 10 year, net-leased corporate housing assets. Once the Company has executed

its sale/lease-back and added the property to its portfolio, it operates the assets as both short term and curated extended stay corporate housing with a focus on entertainment, healthcare, and insurance housing.

It’s true that short-term rental master leases have rapidly gained traction as disruptors such as Airbnb and VRBO blur the lines between traditional hotels and rentals and the growth they provide with more consumer choice and booking transparency. But what has caused this shift in the industry? It can largely be attributed to three key reasons: the amount of floating capital in the sector, business expansion, and the growing popularity of online short-term rental platforms.

Companies such as Sonder and Lyric achieve significant boosts in revenue by integrating a rental arbitrage strategy into their business models. This refers to the signing of long-term leases for properties before re-listing them on short-term rental platforms like Airbnb and VRBO.

While the master lease model has seen explosive growth over the last decade, it is unclear whether all of these companies are sustainably built to survive in the long term, particularly in the event of an economic downturn that many of them are yet to experience, not to mention the hit this industry is currently experiencing with the coronavirus outbreak. But at the end of the day, one must ask, “Is this bubble about to burst?”

Sure, all of these master lease companies have raised significant investment through funding rounds, but Mt. Royal Homes has also secured its own investors by using one major draw: no headaches over property management. The investors are realizing cap rates at eight to 12 percent without adding excessive debt and with no management requirements due to Mt. Royal Homes’ unique sale lease-back structure. Not only are the investors making unprecedented profits compared to traditional residential investing, but they are truly enjoying the ease of their long-term residential investing.

Mt. Royal Homes operates on an “eyes wide open” long-term model vs. an “eyes wide shut” get in/get out strategy like some master lease companies do. With an inevitable period of market volatility on the horizon, Mt. Royal Homes long-term real estate investment properties are perfectly suited to survive and thrive in any recession.

But when comparing apples to apples, one thing is certainly clear: all these companies are customer service oriented, thus creating sizable profit margins from the arrival of the new millennium’s sharing economy.

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