

Mt. Royal Home's Master Performance Lease Model Gives Developer Quick Lease Up and Aggressive Cap Rate

Corporate housing firm Mt. Royal Homes operates vacant units as short-term corporate housing rentals with authentic, locally curated corporate housing experience

ATLANTA, GEORGIA, U.S.A., April 18, 2020 /EINPresswire.com/ -- Mt. Royal Homes says developers can benefit from the company's multi-unit master performance lease program in a number of ways. It provides developers with quick lease up, analytically supported higher-cap rates, and aggressive cash flow.

Mt. Royal Homes, offers property developers and owners what the company is calling "Performance Master Lease" model for short-term rentals, including individual leases, partial building leases, full building leases for multifamily and mixed use buildings. The company is currently preparing national partnerships with developers and it open to considering additional partnerships. The main difference in Mt. Royal's Master Performance Lease Program,



641 Erin Avenue Atlanta GA -Offered at \$550,000

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- 641 Erin Avenue SE
Atlanta GA -\$550,000.00
-11.45% Cap Rate
- 247 Lucile Ave SW
Atlanta GA -\$600,000.00
-12.79% Cap Rate
- 779 North Olympian Way
SW Atlanta GA -\$650,000.00
-12.98% Cap Rate

A few offerings from Mt. Royal Homes

over other master lease programs from other national operators is, the developer is able to participate with Mt. Royal in the revenue stream created from operating short-term rentals within the property. Instead of receive a market-rate or slightly discounted rent amount as all other operators offer, the developer or owner shares in the net revenue stream with the company on an 20/80 split in favor of the property owner. Mt. Royal oversees all operations of the asset, including maintenance, landscaping, utilities, house-keeping, and all other operational considerations that goes with the operating of rental housing. It should be noted that the average difference between market rate rent and short term rental revenues, is 2X-5X market rates. An added benefit is the developer is able to instantly off-load vacant units via 1-10 year master lease agreement on the building, in which Mt

Royal Homes will market them as short-term rentals, with a focus on corporate clients, in urban downtowns.

This unique corporate housing company is the first to interrupt the residential investment

market by offering for sale, 10 year triple-net leased housing properties to the investment community, a large portion of which have been aggressively buying the assets from the company and are enjoying high cap rates and better than average cash flow with no management requirements due to the 10 year triple-net lease. Mt. Royal is expected to launch its Series A private equity offering later this spring which will see the company beginning to develop its own properties in first and second tier southern tourism and urban markets. The proposed returns for the offering will range from 12%-16% and be fully secured in first position against the developed subject property. The company has partnered with numerous US developers, owners and multifamily property managers, and is in talks with others as it continues to expand.

When interested property owners call the company's office, they often ask many of the same questions about the concept, so the company is offering some of those insights here. If a property owner or investor has more questions, they are invited to call the office at 888-316-1479.

What's the Mt. Royal Home's value-add for multifamily developers/owners?

Mt. Royal: Short term rental programs like ours provide a new alternative for developers in terms of choosing the highest and best use for their assets. It also gives them a "pivot option" for when a project isn't leasing as expected. When a multifamily owner is looking for a more profitable operating model or needs to accelerate lease-up to close a construction loan, adding a Mt. Royal Homes Master Performance Lease to the project, provides an immediate, sustainable solution.

Typically, our partners see a 20-25% increase in NOI. Owners and Developers realize significant operating expense reductions with a Mt. Royal Homes multi-year master performance lease. For example, when you combine the savings on turnovers and marketing expenses with the stability of a 2- to 10-year lease, the math is compelling.

An added benefit is, Mt Royal offers value to building residents by providing a travel discount valid at any of our ever-growing list of properties, and soon- the company's new resort offerings planned to open in 2024-2025. This travel amenity is proving to be a popular benefit for



1247 Lucile Ave Atlanta Georgia- Offered at \$600,000.00



1779 North Olympian Way SW Atlanta GA -Offered at \$650,000.00

residents who have guests giving the city and like the added value of having their friends stay in the same building as them. With resident renewal rates in upscale buildings at an all-time low, we are sure that a Mt Royal Homes discount can become a game changer in the amenities war.

How does the master lease model work for short-term rentals?

Mt Royal: Working with us is easy. Developers benefit from Mt Royal's performance master leases in a number of ways to enable a whole new level of stability for the asset and cash flow participation, conceivably above what would be earned as traditional rentals. Whether we are leasing a large single family home or entire buildings, which is becoming a popular approach, our multi-year master leases include an rate increase clause, which guarantees the asset will be more profitable each year during the lease. Basically Mt. Royal agrees that it will consistently raise its rack rates on the corporate housing units under lease by at least 3% annually. As part of the master lease, Mt. Royal recommends that developers agree to an exclusivity clause, which eliminates the complexity of having several short-term rental operators in buildings at once. With a single short-term rental anchor tenant, operations are streamlined and it's much easier to manage guest guideline compliance to set up both parties for success. However, we do have experience working with other operators within the same building- for us it is all about the mutual success for the landlord and everyone involved, continued the satisfaction of our clients in residence.

Would this concept work for suburban areas as well as downtowns?

Mt. Royal Homes can work at any place that hotels operate. Travelers find it's a better value than paying for cramped cookie cutter hotel rooms. Our company actually strives to provide each guest with a "localized curated guest experience" to truly help them get a feel for the community and live like a local. We are firm believers that if the product is provocative, convenient and well appointed- our guests will love the facility.

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