

Thanks for downloading this PDF. I've gathered all the information from owning, managing and renting out all different types of homes over the course of the last 14 years. This list ranks what I see as the least profitable to most profitable in terms of cash flow and building equity.

GROUND RULES

1. We are assuming this is just the build/buy cost of the structure itself. It does not include outdoor amenities, bathrooms or running utilities (where applicable).
2. They are all located within the same Golden Triangle (checkout my other pdf) in the Pacific Northwest of the United States.
3. We are using an acre of land overlooking a basic territorial view.
4. Everything is done legally and to code with proper permits.

KEY

Cost: Cost to build/buy a rentable space not including land.

Equity: 1 = Retains no equity, 10 = Will build significant equity

Restrictions: 1 = Extremely high restrictions, 10 = No restrictions

Rate/Night: Average rental rate per night

Ann. Income: This assumes an 80% occupancy and the Rate/Night

ROI: Return on Investment after one year

Cool Factor: 1 = Boring and Overused, 10 = Extremely Sought After

12. TOWNHOMES – GRADE: F



Cost:	\$250,000
Equity:	6
Restrictions:	1
Rate/Night:	\$115
Ann. Income:	\$33,580
ROI:	13%
Cool Factor:	1

Townhomes may be a good starter home, but in terms of equity and an investment these are perhaps the absolute worst. Plagued by crowded parking, neighbors and HOAs all that do not lend well to building equity nor rental income.

If in the off-chance you were able to rent it out short-term you'd get a minimal amount per night since they are usually in suburban areas that are not well travelled to or sought after by travelers and vacationers.

I personally will never own or manage another townhome again.

11. CONDOS – GRADE: D-



Cost:	\$200,000
Equity:	6
Restrictions:	1
Rate/Night:	\$120
Ann. Income:	\$35,040
ROI:	18%
Cool Factor:	2

Condos are just like townhomes, but with two slight upsides – 1. High-rise condos can have decent views 2. HOAs in some vacation areas WILL allow rentals.

However, the benefits stop there. Owning a condo means you're literally surrounded by hundreds, if not thousands, of your direct competitors with the EXACT floor plan. Hard to stand out and typically condo investments in high vacation spots lose money or at best breakeven.

Pass.

10. SINGLE FAMILY HOMES – GRADE D+



Cost: \$300,000

Equity: 10

Restrictions: 8

Rate/Night: \$200

Annual Income: \$58,400

ROI: 19%

"Cool" Factor: 2

There are some cool single-family homes out there, but when it comes to ROI these are money traps. They will require the largest amount of capital, maintenance and upkeep. You'd think that the rental income would make up for it, but no. SFH are not that well sought after by most travelers unless it is truly unique, has an incredible view or in a location where everyone wants to be, but few housing options.

Perhaps the worst thing about SFH is that it attracts large parties and gatherings. Want to manage and clean a party house? It's a headache. I'll avoid SFH (note: not talking about house or land hacking) investments when it comes to long-term or short-term rentals.

The one upside that earned SFH the '+' is the fact that you can build equity through the market as well as remodeling or expanding the home.

9. TINY HOME – GRADE: C



Cost: \$60,000

Equity: 0

Restrictions: 4

Rate/Night: \$135

Annual Income: \$39,420

ROI: 66%

"Cool" Factor: 6.5

Tiny homes on wheels were a big trend the past decade. I can only assume it was because of the minimalism movement and the attraction of living in a place rent/mortgage free. That's not entirely true.

A well-built tiny home without a "hacker" style setup will cost you a pretty penny. However, you'll most likely never see your initial investment back since tiny homes do not gain equity.

ROI is a respectable and can nightly rates can demand even more depending on the land and view it is placed on. Guests tend to love the option of staying in one of these, but the fuzzy permitting and having one of these in your backyard is usually frowned upon by local jurisdictions.

8. ADU/GUEST HOUSE – GRADE: C+



Cost: \$100,000

Equity: 9

Restrictions: 7

Rate/Night: \$150

Annual Income: \$43,800

ROI: 44%

"Cool" Factor: 5

Between 2010 – 2015 city home owners flocked to put up and build ADUs to accommodate the AirBNB wave. Many were permitted and legal, while many others were not. If a home owner has the space this was a great option. You can build a lot of equity and secondary income by putting in an ADU, assuming you do not cram in a large building into a tiny backyard (which I have seen).

The "coolness" factor here is going to be limited by your design choice and location. Be careful of going overboard on the buildout. Most ADU locations are surrounded by several hundreds, sometimes thousands, of other spaces to rent. Your price/night may not be as high as you may think.

7. AIRSTREAM – GRADE: B



Cost: \$50,000

Equity: 3

Restrictions: 3

Rate/Night: \$150

Annual Income: \$43,800

ROI: 110%

"Cool" Factor: 7

The good ol' silver bullet, chrome twinkie, chipotle burrito – these guys never get old and a well thought out surrounding will only add to their style and Instagram photo ops. The cost is about the same as a tiny house but resale value, cool factor and ROI is higher.

However, you will run into some permitting and zoning issues to rent these things out legally.

6. TREEHOUSE – GRADE: B



Cost: \$75,000 +

Equity: 3

Restrictions: 2

Rate/Night: \$200+

Annual Income: \$58,400

ROI: 78%

"Cool" Factor: 10

What many would consider the pinnacle of the rental world. I respectfully disagree. But I'll give credit where credit is due. Treehouses attract the most attention from guests and quite often are booked out for an entire year or more.

But it's not about the bookings, it's the initial upfront costs, permits and resale value. Not only are you going to need engineering like a normal home, but you'll have to have specialized engineering done on the land and trees you plan to attach these to. Also, consider doing all that work and have a big wind, snow or ice storm come through and takes out one of your trees or 200 lbs hanging branches above your guests' head.

You may put enough money into one to buy/build a 'normal' home, but you may never recoup that initial investment when it comes to resale.

I'm still a fan though and would own one for the right price and insurance policy.

5. A-FRAME – GRADE: B+



Cost: \$35,000

Equity: 5

Restrictions: 6

Rate/Night: \$125

Annual Income: \$36,500

ROI: 104%

"Cool" Factor: 8

These are perhaps the simplest stick built construction project relative to their size. Simple is good since it means less labor and materials. The bonus here is that they look cool too. Smaller ones that can fit just a queen size bed can be done as cheaply as \$2000-\$3000.

Low initial build/buy price combined with great night rental rate give us a very high ROI in the first year. It doesn't hurt that guests love the style and with a standard home or ADU permit you can build one of these to code and add value to your property.

Huge fans of these and plan to build one out soon.

4. CANVAS TENTS – GRADE: B+



Cost: \$500 – \$3,000

Equity: 0

Restrictions: 3

Rate/Night: \$100

Annual Income: \$29,200

ROI: 146%

"Cool" Factor: 7

One of the top on the list in terms of ROI, but hands down the easiest and least risky to setup and start running. If you have the land and site ready you can have one of these ready to rent out in a single weekend.

Only downside is that you will build virtually zero equity and restrictions are fierce.

These are cash flow monsters in the right location and space.

I definitely will own a few of these in the years to come.

3. YURTS – GRADE: B+



Cost: \$20,000

Equity: 1

Restrictions: 3

Rate/Night: \$100

Annual Income: \$29,200

ROI: 146%

"Cool" Factor: 7

Similar to the canvas tent, yurts have more structure and give guests a more "permanent" home feeling on the inside. But for hosts and owners it's just a glorified canvas tent.

It's different and unique enough that it attracts guest and the ROI reflects a great investment.

Same issue with canvas tents, you'll be lucky to make back some of your money on resale and to do these legally is difficult.

2. DOME TENTS – GRADE: A-



Cost: \$20,000

Equity: 1

Restrictions: 3

Rate/Night: \$125

Annual Income: \$36,500

ROI: 183%

"Cool" Factor: 9

These sci-fi looking tents are at the top of the list for several reasons. Relatively low initial investment, good nightly rates and the highest ROI of the list. Factor in the a near perfect "cool" factor and these bubble looking tents are one of the most unique and ideal rental structures.

But there are a few downsides with these type of builds – again, you don't build equity and will run into permitting issues.

Overcome those and you'll have another cash flow machine.

1. CONTAINER HOME – GRADE: A–



Cost: \$50,000

Equity: 7

Restrictions: 6

Rate/Night: \$150

Annual Income: \$43,800

ROI: 88%

"Cool" Factor: 8.5

Of course I'm a little biased. I love container homes and they still sit at the top of the list for me. Gaining a lot of traction for being able to recycle old cheap containers to habitable spaces starting in the early 2000s these are now a staple in the unique home marketplace.

A single built out container can cost as little as \$50k and with the right permits can even be considered a house or ADU giving you instant equity.

The uniqueness lends to having more guests wanting to stay and gives the container home a respectable ROI after the first year.