

SAND DRAW INN

Buyer Investment & Value Analysis | Asking Price: \$575,000

Investment Snapshot

Asking price	\$575,000
Site	2.69 acres
Finished lodging rooms	42 private-bath rooms
Additional rooms	10 roughed-in rooms under roof
RV capacity	4 spaces
Price per finished room	\$13,690
Price per potential room (52 rooms)	\$11,058

Valuation perspective: The \$575,000 asking price is not presented as a capitalization of historical motel earnings alone. It reflects the underlying real estate, existing improvements, substantial lodging capacity, additional unfinished capacity, RV spaces, and the opportunity for a new owner to increase utilization.

Historical Financial Performance

	2023	2024
Gross revenue	\$80,418	\$63,234
Tax-basis net profit (loss)	\$7,145	(\$20,245)
Depreciation	\$16,414	\$15,393
Mortgage interest	\$7,271	\$6,660
Owner-specific home-office deduction	\$1,500	-
Income before listed add-backs*	\$32,330	\$1,808

*Add-backs shown for buyer review only. Buyers should independently determine which adjustments are appropriate.

Why Historical P&L Does Not Tell the Entire Story

Historical financial statements describe how the current ownership operated the property during those years. They do not establish what a fully utilized or professionally repositioned lodging operation could produce. A prospective purchaser should evaluate both the historical operation and the underlying real estate/improvements.

At \$575,000, the asking price equates to approximately **\$13,690 per finished room** based on 42 finished rooms. Including the 10 additional rooms roughed-in under roof, the price equates to approximately **\$11,058 per potential room**, before separately attributing value to the acreage or RV capacity.

Illustrative Stabilized Revenue Scenarios

The following scenarios are illustrations only - not forecasts or representations of current performance. They demonstrate the effect of increased utilization of the 42 finished rooms. Actual results will depend on room availability, seasonality, rates, operating strategy, expenses, demand, and management.

Occupancy	\$60/night	\$70/night	\$80/night
30%	\$275,940	\$321,930	\$367,920
40%	\$367,920	\$429,240	\$490,560
50%	\$459,900	\$536,550	\$613,200
60%	\$551,880	\$643,860	\$735,840

Illustrative gross room revenue = 42 rooms x 365 days x occupancy x average nightly rate. These figures do not deduct operating expenses and do not include potential revenue from the 10 roughed-in rooms or RV spaces.

What NOI Would Support \$575,000?

Illustrative Cap Rate	Required Annual NOI
8%	\$46,000
9%	\$51,750
10%	\$57,500
11%	\$63,250
12%	\$69,000

This table is included for transparency. Historical NOI does not presently support a \$575,000 valuation under a conventional income-capitalization approach. A purchaser paying \$575,000 based strictly on income would need to achieve the corresponding stabilized NOI shown above.

Investment Thesis

Sand Draw Inn should be evaluated as a real-estate-plus-upside opportunity rather than solely as a purchase of its historical income stream. The investment case rests on the existing 42-room physical plant, additional unfinished lodging capacity, acreage, RV capacity, and a purchaser's ability to improve utilization and operating performance.

The historical P&Ls should remain part of due diligence and should not be minimized. Instead, they should be presented alongside the property's physical capacity and clearly labeled illustrative stabilization scenarios so a buyer can independently evaluate the opportunity.

Important Buyer Notice

This analysis was prepared from owner-provided property information and 2023-2024 tax-return figures. It is for discussion and marketing support only and is not an appraisal, broker price opinion, audited financial statement, guarantee of future performance, or representation that projected revenue or NOI will be achieved. Room counts, condition, acreage, zoning, permitted uses, expansion feasibility, operating expenses, market demand, and all financial information should be independently verified by a prospective purchaser.