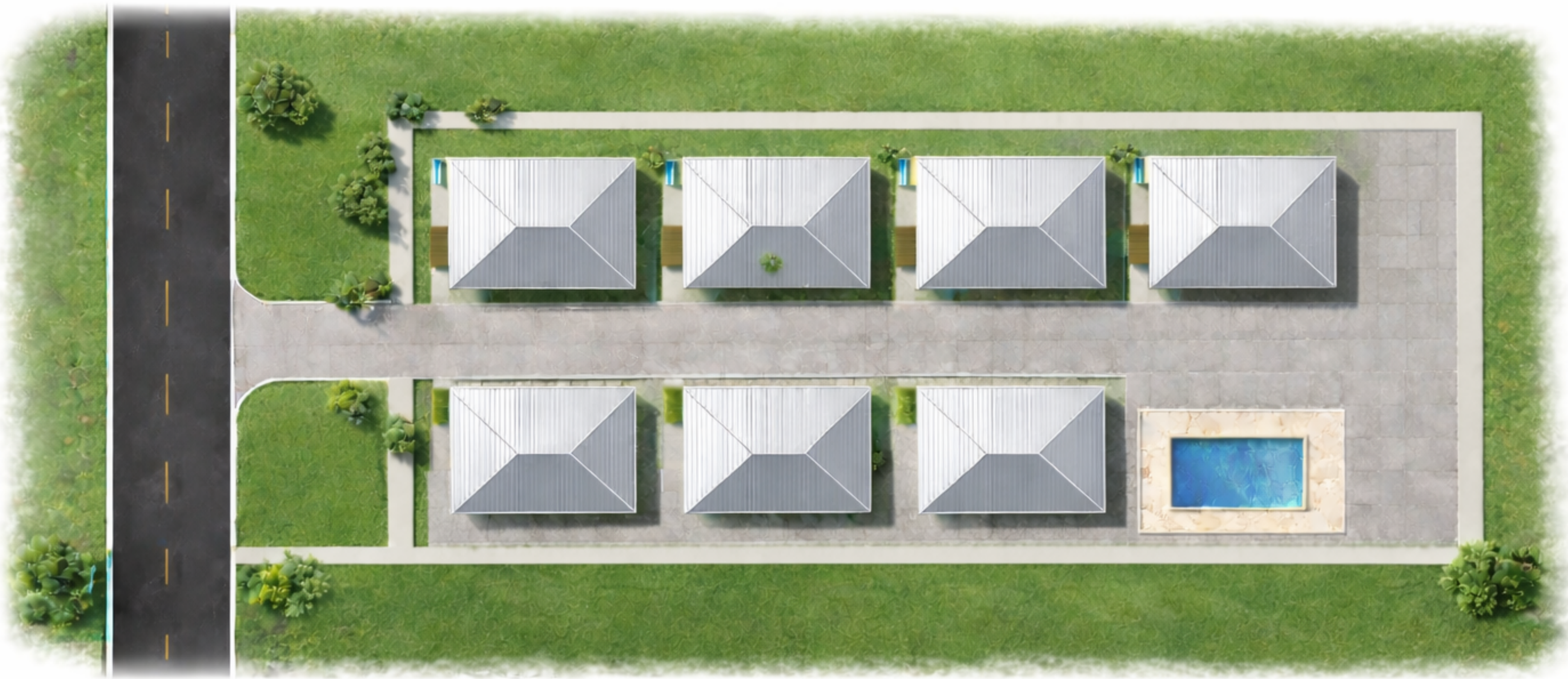
Ocean Blue Cottages

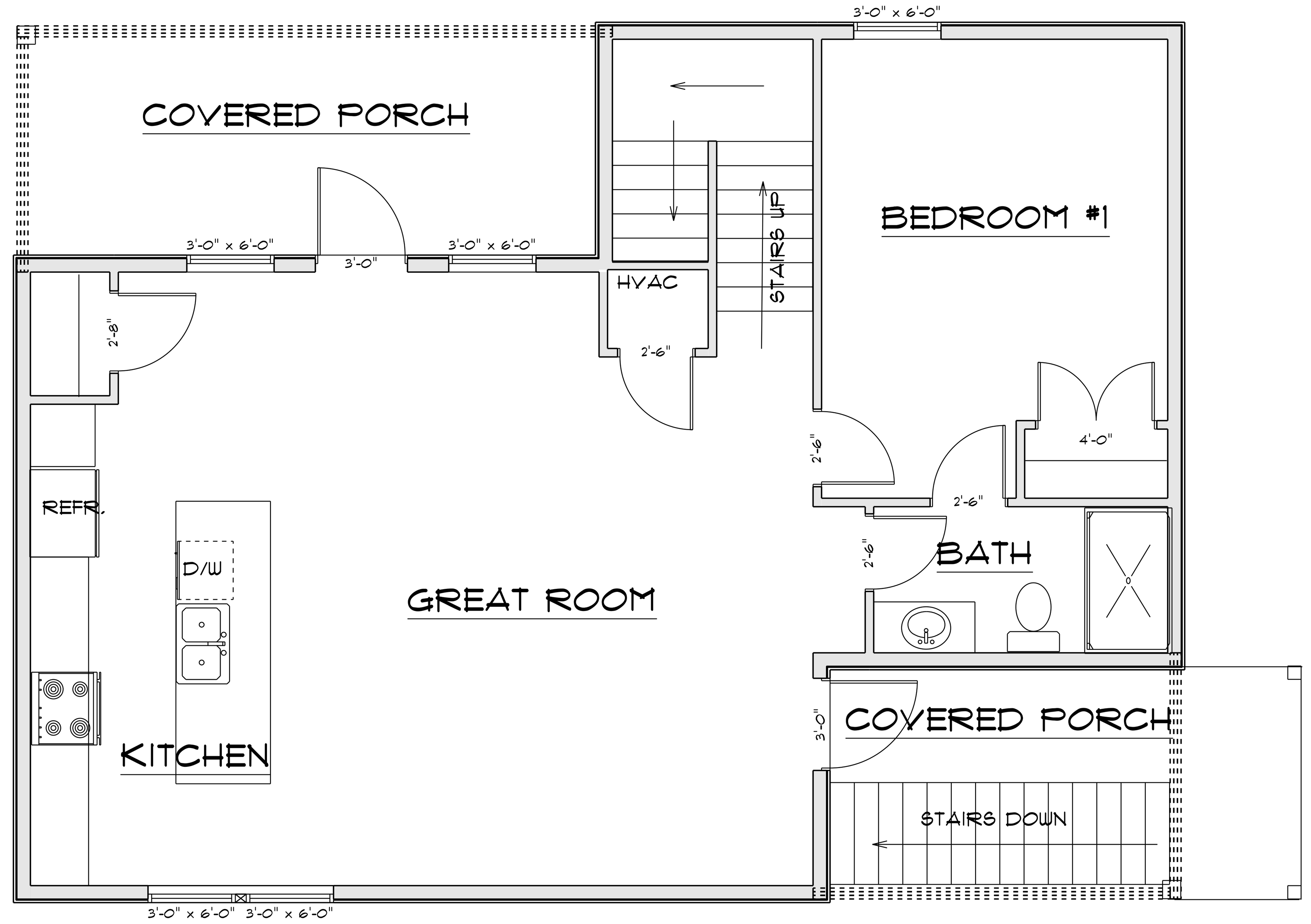
Luxury Coastal Cottage Community
West Beach Gulf Shores, AL

Designed with family in mind, *Ocean Blue Cottages* offer beach house living surrounded by beautiful sugar white sand beaches and calming lagoons. Located in Gulf Shores, Alabama on West Beach, *Ocean Blue Cottages* feature free-standing, single-family homes with four bedrooms and four & full baths. The homes are Gold Fortified and built with expert craftsmanship. The development features Beach & Lagoon access nearby and a heated & chilled pool. Walk to restaurants, shopping and entertainment in minutes. Spend the day at the beach, walking or biking the miles of State Park nature trails or kayaking in Little Lagoon and then choose to either dine at home or at one of the many award-winning restaurants in the area. Gulf Shores is not just a vacation destination, it's a lifestyle - this fabulous tourist community is known for the whitest sand beaches, renowned fishing, golfing, boating, incredible seafood and family friendly atmosphere. Make unforgettable memories with family and friends at *Ocean Blue Cottages* in sunny Gulf Shores, Alabama!

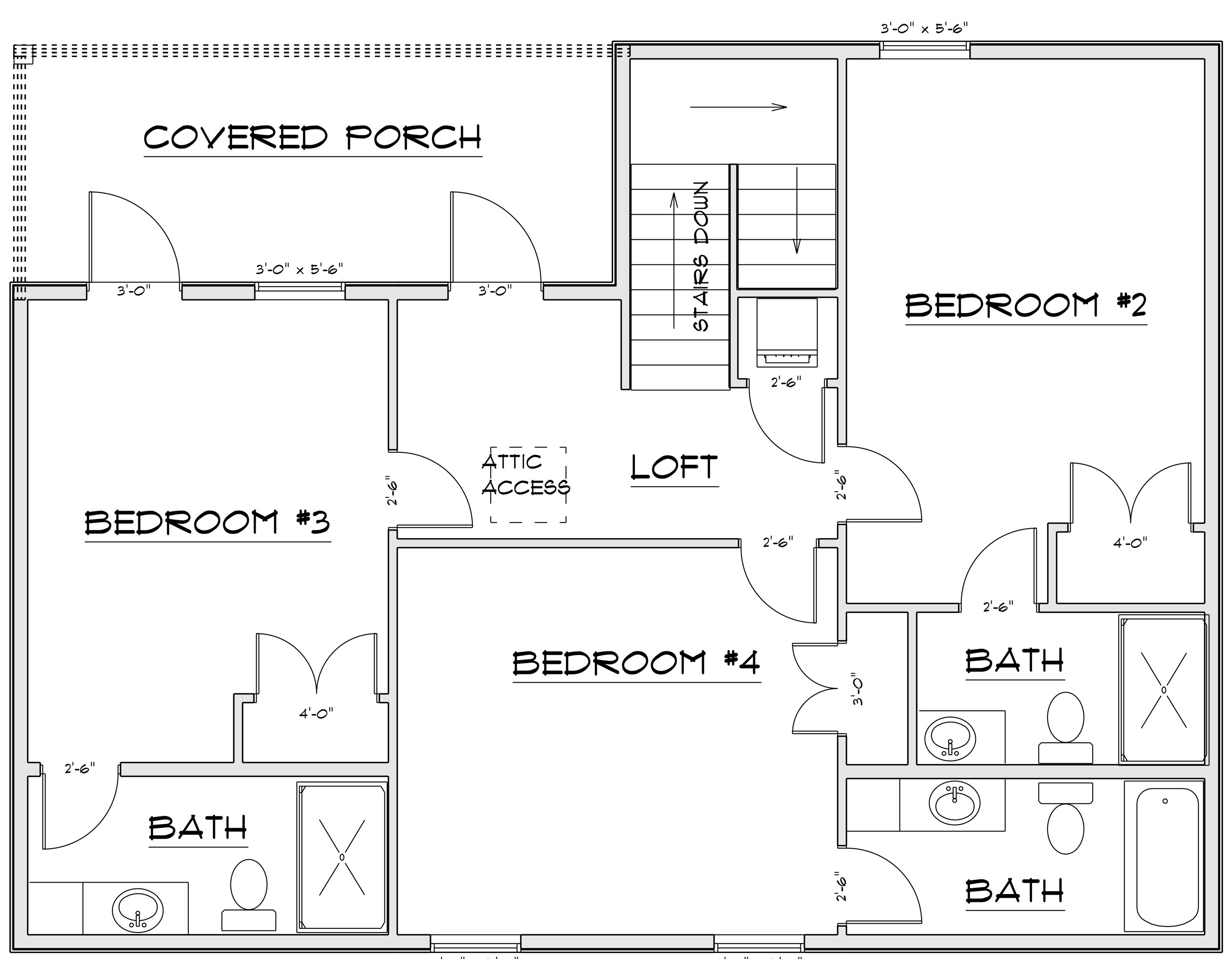
- Luxurious Coastal Beach Cottage Community in Gulf Shores, AL.
- Beach Access is nearby with pedestrian crosswalk. Lagoon Access.
- Free-Standing/Fee Simple Single-Family Residences.
- 4 Bedrooms & 4 Bath plans with 2,017 sq. ft. of Living Area.
- Large Private Balconies.
- 10’ Ceilings on first level, 9’ on the second level.
- Fortified Gold Standard Construction. Architectural Guidelines.
- Cement Board Exterior Construction w/26 Ga. Metal Roof. Trex Decks.
- Interior Finish Includes Quartz Countertops Throughout, Select Shiplap Walls.
- Zoned A/C with WI-FI Thermostats & WI-FI Front Door Lock.
- Custom LV Plank Flooring Throughout.
- Kitchen Includes Custom Cabinetry, Tile Backsplash, Stainless Appliances including Side by Side Refrigerator & Full-Sized Washer & Dryer.
- Custom Tiled Showers & Bathtubs.
- Lots of Parking Under each Residence. Outdoor shower.
- Owners Closet Inside & Beach Storage Underneath.
- Community Heated & Chilled Pool.
- Brick Paved Streets.
- Environmentally Friendly Landscaping & Lighting.
- Excellent Short Term Vacation Rental Investment!
- $799,000


Beach Access
Sidewalk to Beach Access

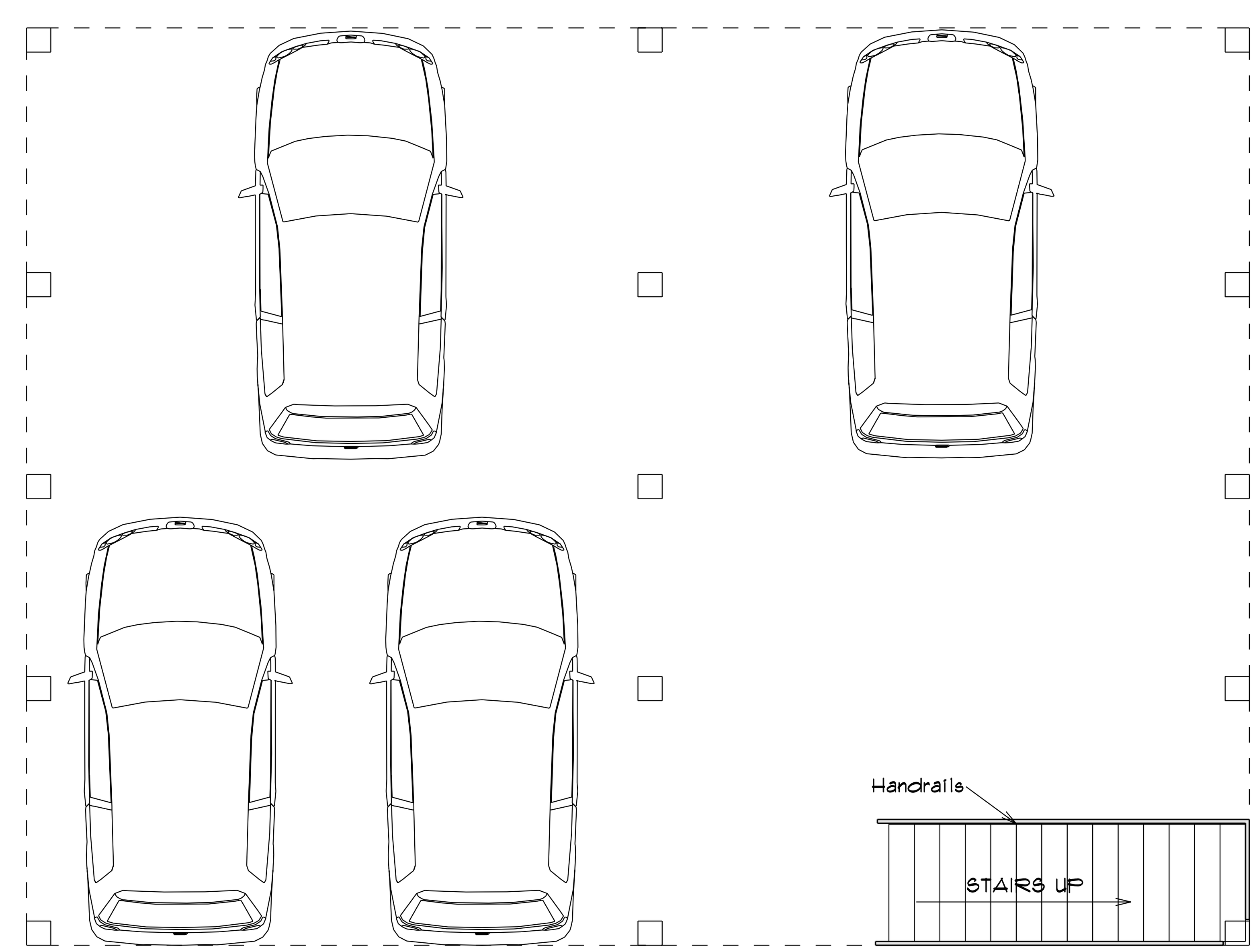




MAIN FLOOR PLAN



SECOND FLOOR PLAN



PARKING PLAN

Coastal Design Group

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OCEAN BLUE COTTAGES
GULF SHORES, ALABAMA
BUILDER: ZAC CORDOVA DESIGN AND CONSTRUCTION

DATE:	REVISION:	NUMBER
12/15/2025	REVISED PRELIMINARY DRAWINGS FOR OWNER REVIEW	
		ORIGINAL

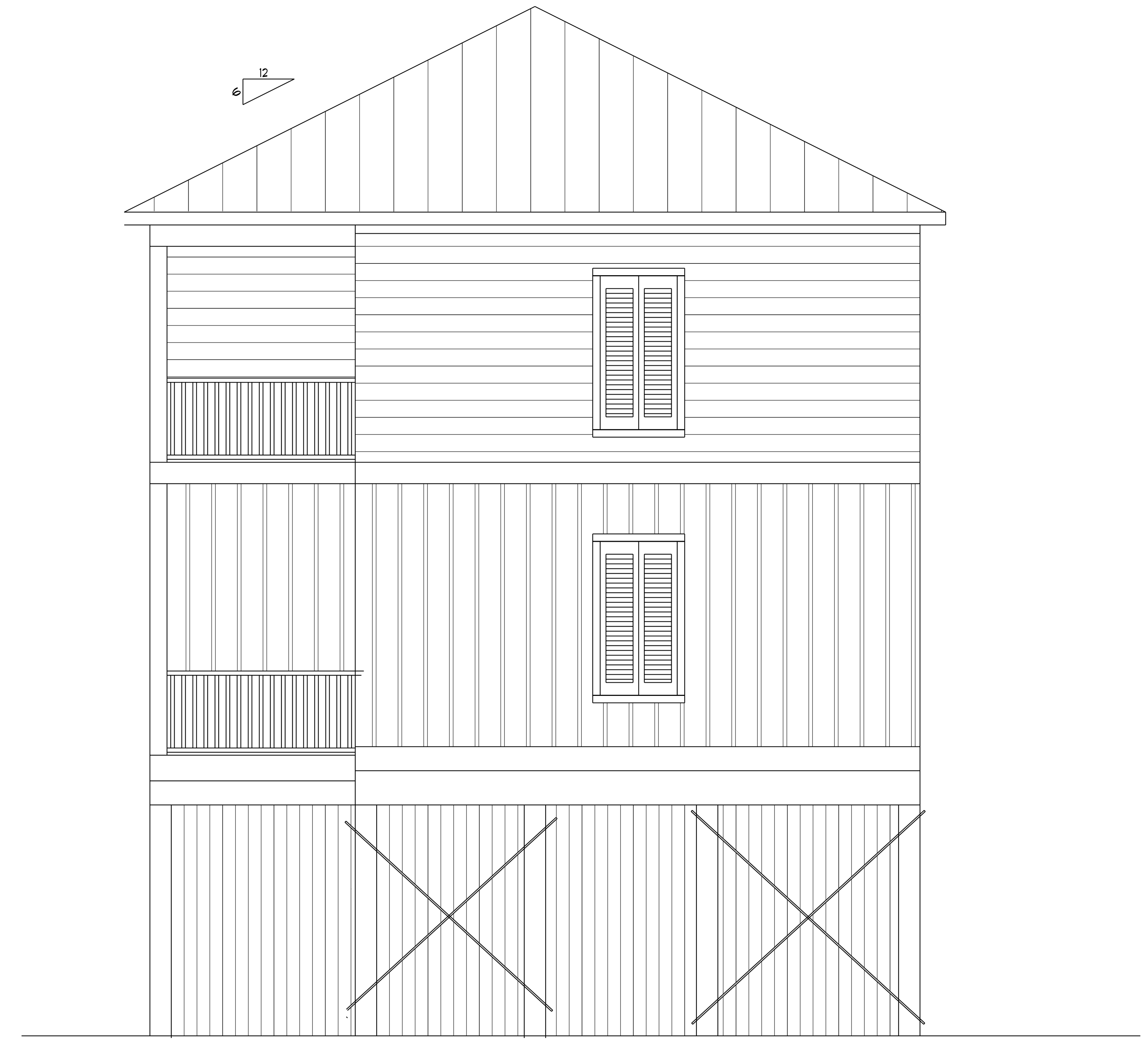
FLOOR PLANS

JOB NO: 161-25
DRAWN BY: R. Miller
CHECKED BY: R. Miller
DATE: 12/1/2025
SCALE: 1/4" = 1'

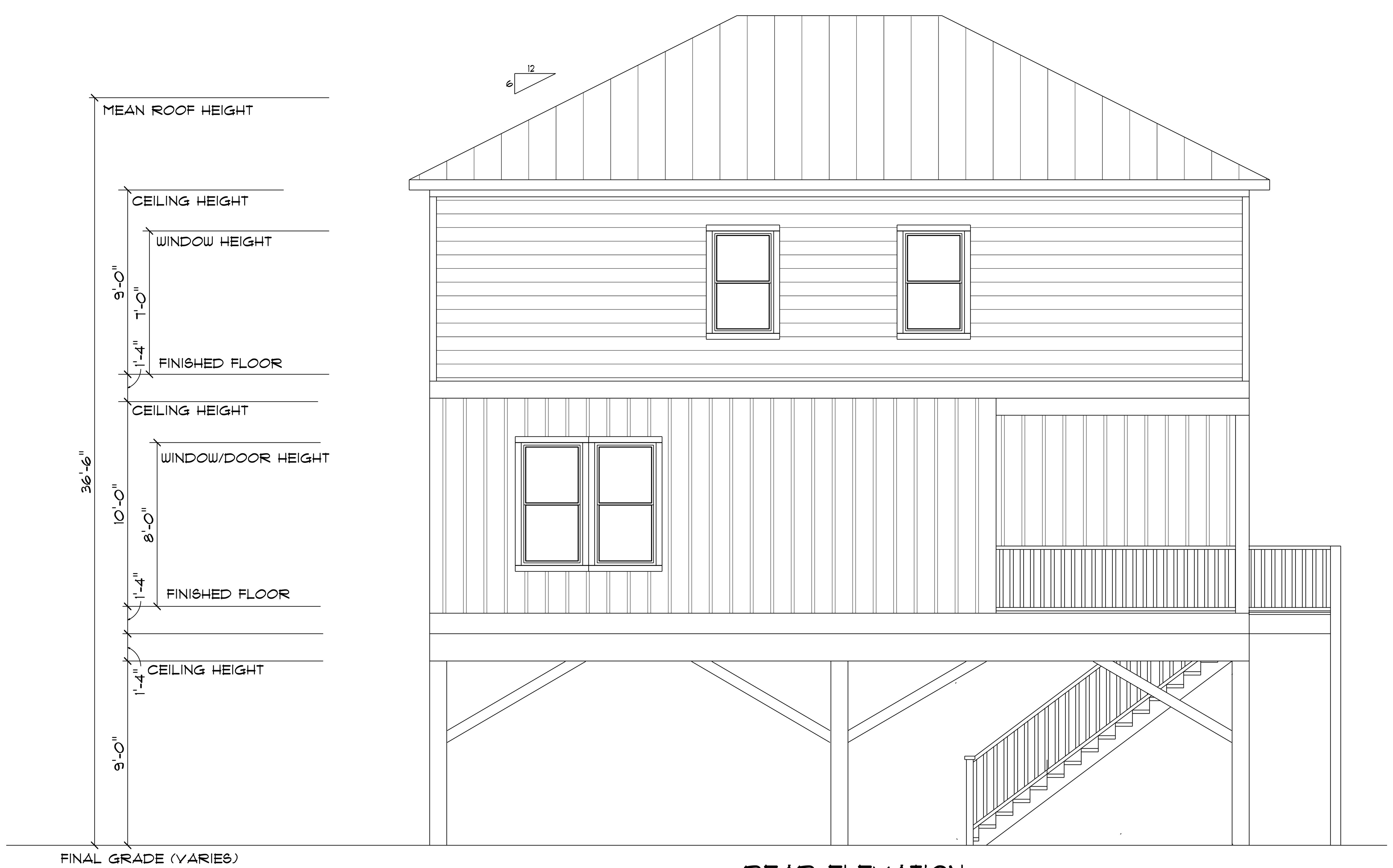
SHEET NO:

A1

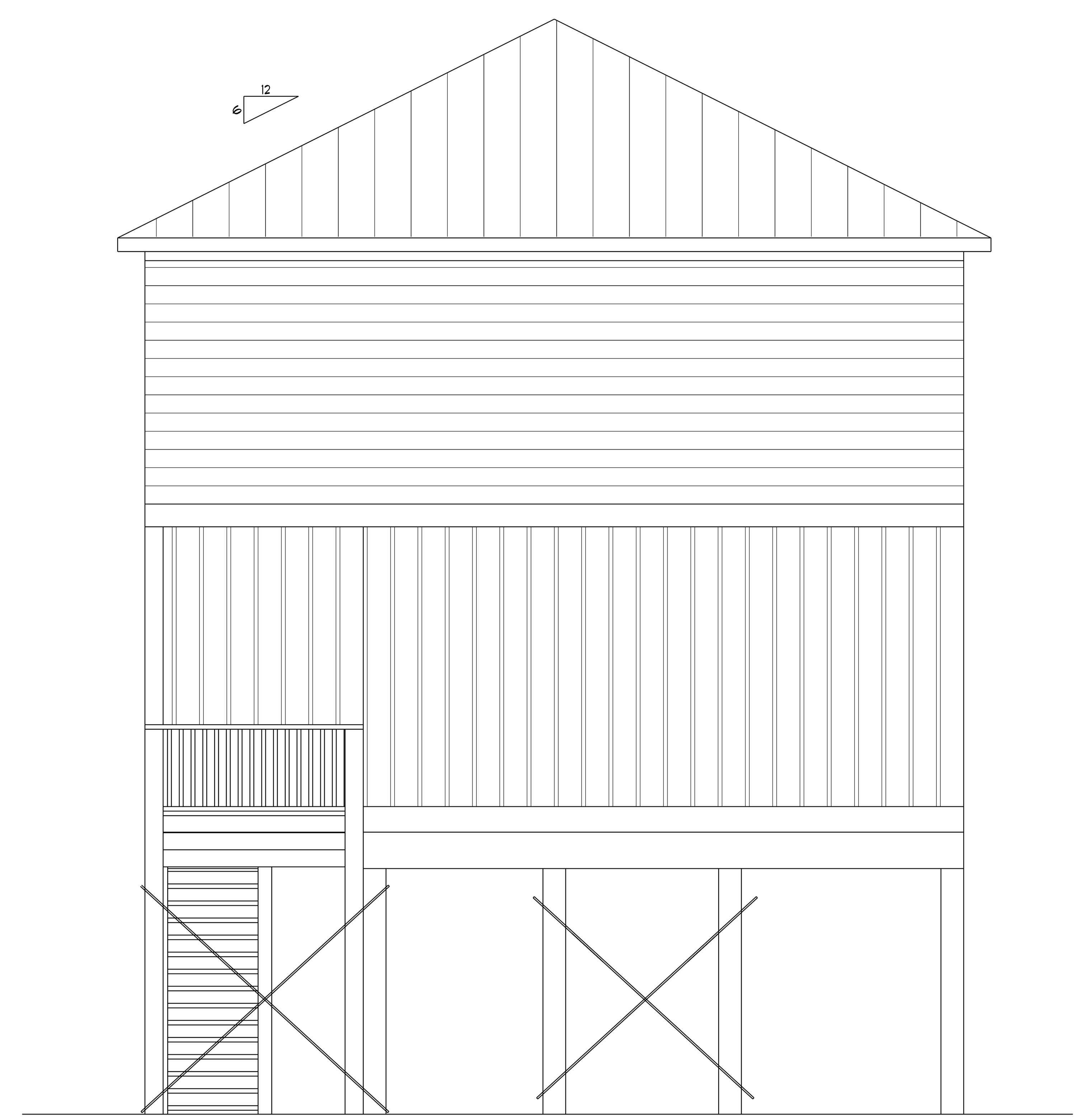
FRONT ELEVATION



RIGHT ELEVATION



REAR ELEVATION



LEFT ELEVATION

Coastal Design Group

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OCEAN BLUE COTTAGES
GULF SHORES, ALABAMA
BUILDER: ZAC CORDOVA DESIGN
AND CONSTRUCTION

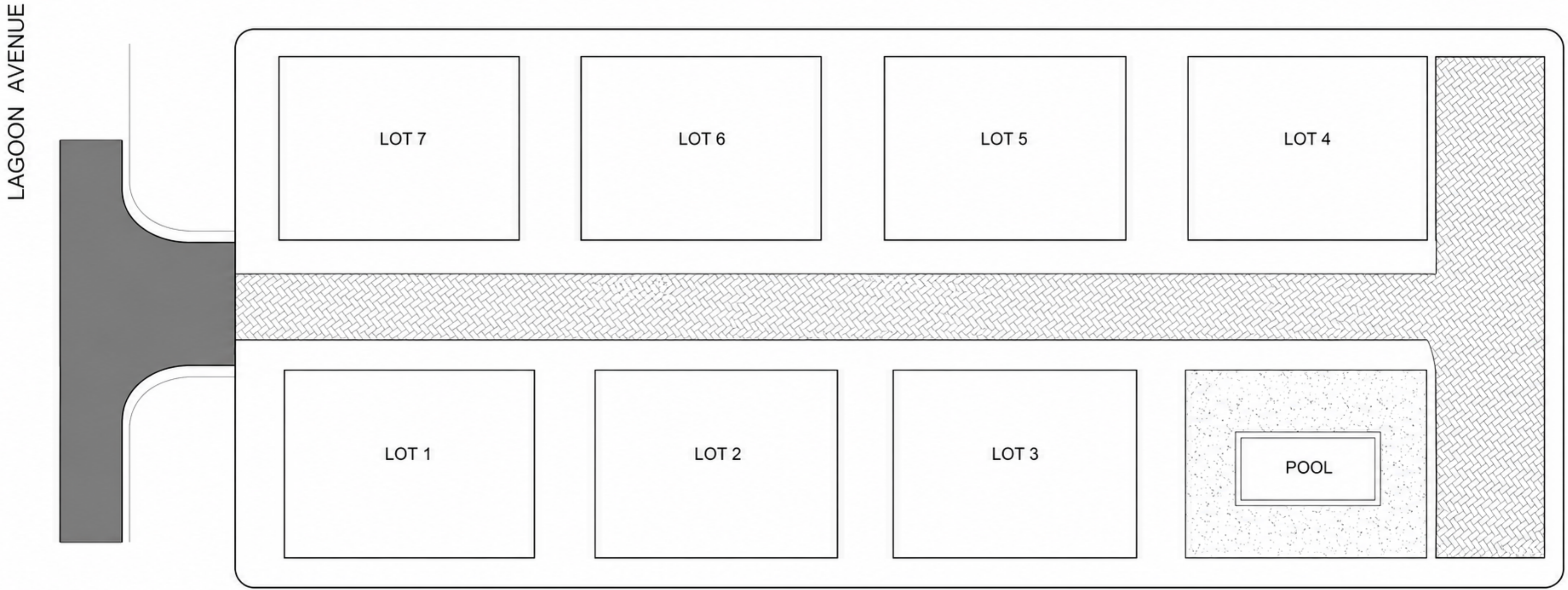
ORIGINAL	REVISED PRELIMINARY DRAWINGS FOR OWNER REVIEW	12/15/2025
NUMBER	REVISION:	DATE:

ELEVATIONS

JOB NO: 161-25
DRAWN BY: R. Miller
CHECKED BY: R. Miller
DATE: 12/1/2025
SCALE: 1/4" = 1'

SHEET NO:

A2


LAGOON AVENUE
LOT 7
LOT 6
LOT 5
LOT 4
LOT 1
LOT 2
LOT 3
POOL

TRANQUIL
HIDEAWAYS

Ocean Blue Cottages – 4 Bedroom Home Projections

Investment Overview

Ocean Blue Cottages presents a compelling short-term rental opportunity driven by strong mid-to-large group demand and a highly desirable location just one block from dedicated beach access.

Our analysis benchmarks comparable cottage-style communities (such as Lost Dunes and West Side Cottages), adjusting for layout efficiency, walkability, and proximity to the beach. Performance in this segment continues to be driven more by bedroom/bath count and livable design than direct beachfront positioning. The inclusion of a heated community pool further strengthens year-round booking appeal.

Revenue Potential

Based on AirDNA data, DataRabbu, internal performance tracking, and normalized community comps:

- **Year 1 (Ramp-Up):** $95,000 – $110,000
- **Year 2 Stabilized:** $100,000 – $120,000

This reflects typical STR ramp-up dynamics where reviews, ranking, and pricing power improve materially after the first full year.

Key Value Drivers

- Limited supply of well-designed 4-bedroom rentals in walkable beach communities
- Strong appeal for family and multi-group bookings
- One-block proximity to beach access (high conversion driver)
- ***Heated community pool extends seasonal demand***
- Efficient layouts maximizing occupancy and usability
- Lower operating complexity vs larger 5-bedroom assets

Estimated Annual Expenses

- Management: ~$13,500
- HOA: $3,500 – $5,000
- Utilities: ~$5,000
- Maintenance: ~$2,000
- Cleaning: ~$8,500
- Insurance: ~$2,400
- Property Taxes (~0.4%–0.5%): ~$3,200 – $4,000
- Sales/Lodging Tax: ~$13,500

Total Operating Expenses (Excl. Debt): ~$51,000 – $53,900

Return Profile (Example Purchase)

Purchase Price: $799,000
Closing Costs (~3%): ~$24,000
Total Cost: ~$823,000

Down Payment (20%): ~$160,000

Performance Snapshot (Stabilized)

- **Gross Revenue:** $110,000 – $120,000
- **Net Operating Income (NOI):** ~$58,000 – $69,000

Debt Structure (Base Case)

- **Loan Amount:** ~$639,000

- **Rate:** ~6.5% – 7%
- **Annual Debt Service:** ~$47,000 – $52,000

Cash Flow (Base Case)

- **Annual Cash Flow (After Debt):** ~$11,000 – $22,000

Cash-on-Cash Return (Base Case)

- **Levered Cash-on-Cash: ~10% – 14%**

This places the deal at the **upper end of "good"** under today's 2026 STR lending environment.

Refinance Upside – The Hidden Driver of Returns

One of the most important underwritten levers in today's STR market is **rate compression over time**.

If the property is refinanced down **1.0% in interest rate** (for example, from ~6.75% → ~5.75%), the impact is material:

What changes:

- Annual debt service drops roughly **$6,000 – $8,000**
- Cash flow increases by the same amount (pure bottom-line lift)
- Cash-on-cash return typically improves by **~3–5 percentage points**

Refinance Scenario Impact

- **Base Case Cash-on-Cash:** ~7% – 14%
- **Post-Refi (–1% rate):** ~10% – 18%

Bottom Line

Ocean Blue Cottages sits in a fundamentally strong demand segment with:

- $100K–$120K stabilized revenue potential

- 7%–14% initial cash-on-cash returns in today's rate environment
- Clear upside into ~10%–18% returns through refinancing alone
- Durable demand drivers (layout, walkability, group size) vs beachfront dependence

In the current 2026 STR market, the investment thesis is less about initial yield maximization and more about:
(1) stabilization → (2) refinancing → (3) long-term cash flow expansion.

2026 Market Reality – STR Return Environment (U.S.)

Current short-term rental performance expectations have reset due to higher interest rates, insurance, and acquisition costs. In today's environment:

- **Below 5% Cash-on-Cash:** Weak deal (often not competitive vs safer assets)
- **5% – 8%:** "Okay" / acceptable in strong appreciation or ultra-stable markets
- **8% – 12%:** Good / solid investment range for financed STRs
- **10% – 15%:** Strong / institutional-quality target range

Key takeaway: Deals that underwrite below ~8% today generally require either appreciation upside, value-add execution, or refinancing strategy to become attractive long-term holds.

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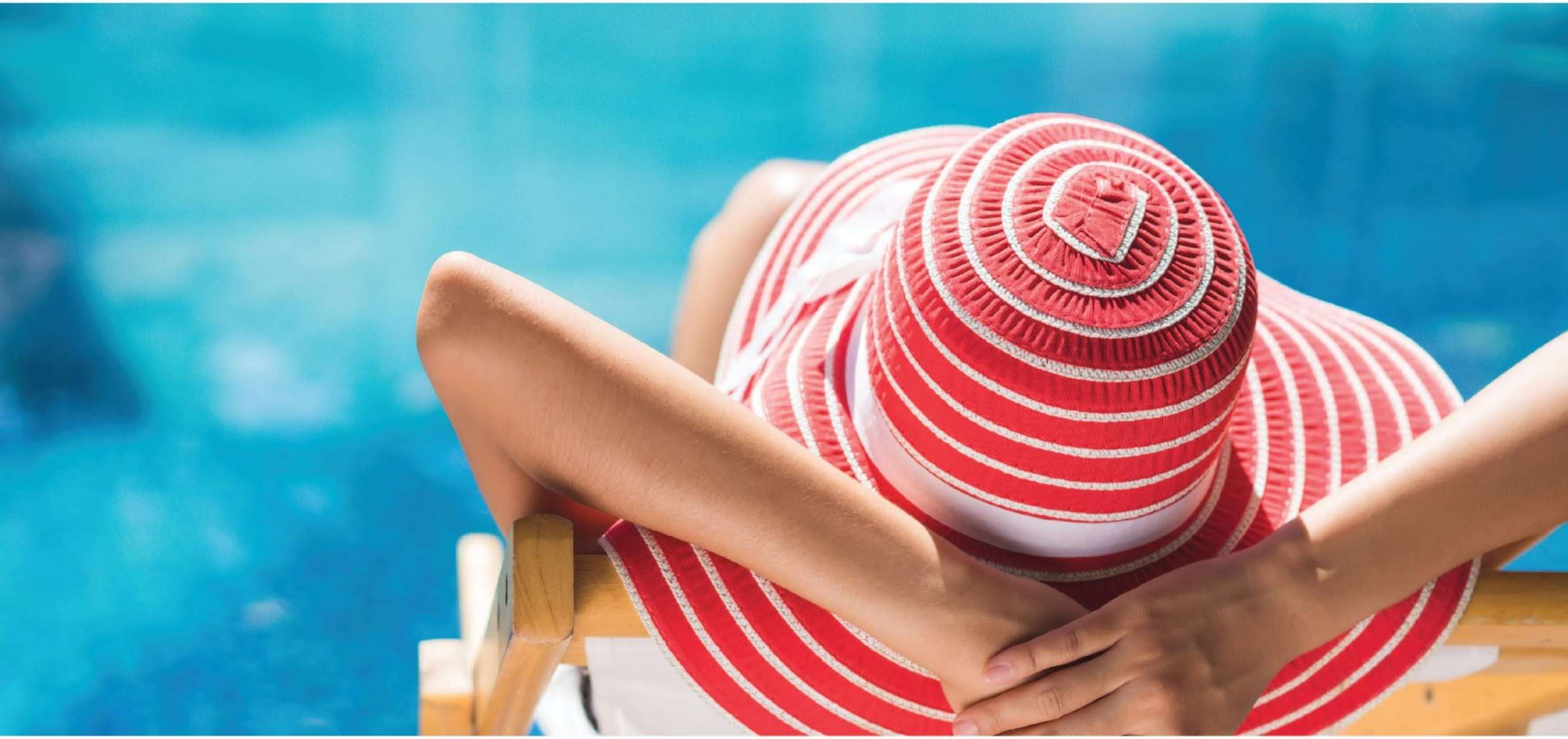
Proforma prepared for Stephen Harrison



Ocean Blue Cottages 4 Bedroom 4 Bathroom
$88,088 in Estimated Annual Gross Rent*

Kathy Harr
251-974-1404
AlabamaBeaches@itrip.net

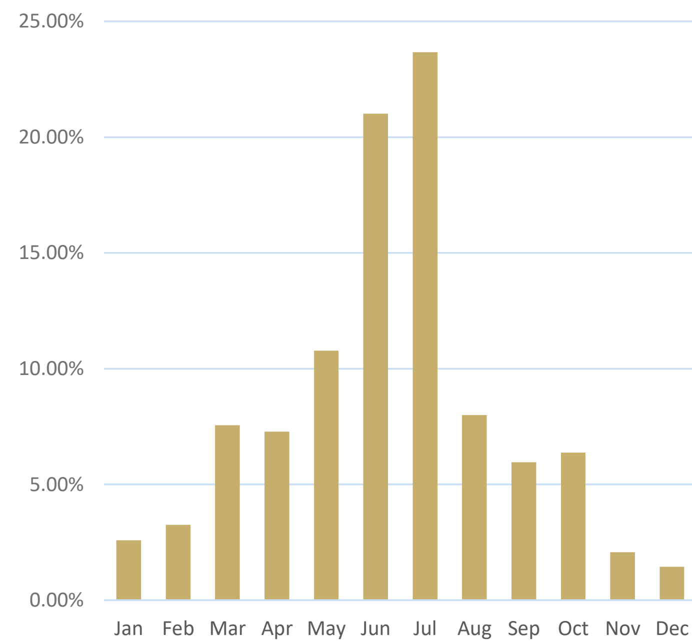
RENTAL INCOME PROJECTION

1124 W Lagoon Ave, Gulf Shores, AL 36542   Ocean Blue Cottages

Southern Vacation Rentals' Recipe for Success:

- **High Review Scores -** Guest experiences are the best marketing! Our goal is to keep your home's rating above a 4.5 with the help of our dedicated local team keeping your home perfectly maintained.
- **Dynamic Pricing -** Adapt to changing post-Covid consumer behaviors by ensuring your rates are competitive in the marketplace to drive conversion.
- **Promos -** Participating in Promotions drives longer lengths of stay, and shifts consumer behavior to optimize revenue.
- **Distribution -** Expand your reach by leveraging online travel agencies like Airbnb, Vrbo, Expedia, and regional channels alongside direct bookings to maximize demand capture.
- **Local Market Experts -** Working with a team of local experts will give you incredible insight into managing your property. Our Client Success Managers are your single point of contact connecting you with every department for seamless property management.

MONTHLY ESTIMATED REVENUE



Projected Income Range

$70,000 - $80,000

Homeowners who partner with Southern Vacation Rentals watch their rental income grow thanks to our dedicated local teams backed by big-company resources.

Projection Created on: 5/5/2026

CONTACT INFORMATION

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dianeskelton@joinsouthern.com

Ocean Blue Rental Proforma

Sales Price:			**$799,000.00**
Approximate Annual Gross Rents:			$80,000.00
Approximate Annual Expenses:			
	HOA Fee	$542.74	$6,512.88
	Insurance:	Inc. Flood Ins.	$6,183.00
	Property & Personal Property Tax:		$4,953.00
	Rental Fee:	20.0%	$16,000.00
	Misc.		$1,000.00
	Utilities	$375.00	$4,500.00
Approximate Total:			$39,148.88
Approximate Net Proceeds:			$40,851.12

5/22/2026

Information provided herein is used for example purposes only. Current interest and utility rates are subject to change according to market conditions. Past rental histories are not neccesarily indicative of future activity and are subject to change according to external forces. Management fees vary from company to company. The figure used herein is either an average rate or the specific rate charged by the particular management company currently managing this specific property. If the property is not currently in a rental program, the information provided herin is based on comparable properties and are based on the providers best estimates. None of the information provided herein, whether actual or estimated, should be construed as a guarantee of future performance. Purchaser is encouraged to seek advice from a qualified professional concerning potential tax consequences regarding to the contemplated purchase.