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Why Buying an Accommodation Business is a Good Investment

Buying an accommodation business can be a fantastic investment if you buy one in the right location and that already has a good reputation. It also helps that one can run a business from paradise! In this article, we will explain what an accommodation business is and explore the benefits it has to offer.

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What is an Accommodation Business?

An accommodation business can be defined as any business that offers guests temporary lodging. Depending on your business model, you could also offer your guests food and beverages. There are typically three types of accommodation businesses you could invest in.

- **Guest House**: These are probably the smallest accommodation businesses you could own. Ultimately, they typically consist of a flat or home that is rented out to guests. With a larger house, you will be able to decide if you rent out the entire house or rent out rooms as is seen in a bed and breakfast model.
- **Lodge**: Lodges can be large or small, but they will typically be set in a rustic location such as in or close to the Kruger National Park. These lodges are often seen as the vacation destination, with guests often never leaving the lodge itself.
- **Hotel**: When it comes to hotels they can be recognised by their building style. With multiple levels and corridors leading to rooms, hotels are used as a place to sleep while travelling. Traditionally they serve as a base from which to explore the city you are in.

Benefits of Owning an Accommodation Business

Other than owning a business in paradise, there are a number of benefits that an accommodation business can offer you as the owner. Some of the most notable benefits include:

- **Reliable Income**: Accommodation businesses that are run well and provide good customer service are known to provide owners with a steady income. People on holiday are always looking for somewhere to stay and relax, and if you can offer them this service they will pay!
- **Potential Passive Income**: If you have decided to invest in a smaller accommodation business such as a guest house, it can be a form of passive income. All you would really require here is for a cleaner to go in and "refresh" the house before someone checks in and after they check out.
- **Tax Deductions**: As with all businesses, accommodation businesses are also liable to receive tax deductions. This could include business expenses such as utilities, supplies, marketing, and even renovations.
- **Investment Growth**: Property in the right location will always increase in value which is what makes owning an accommodation business so special. Not only will your actual business grow, but your property will also increase in value, ensuring that you will be able to sell the business for much more than you bought it!

How to Start an Accommodation Business in South Africa

You can decide to start your own accommodation business and build it from the ground up. This will allow you to end up with a business that is exactly what you envision. However, this is a very expensive, time-consuming, and difficult undertaking. The second option is to buy an already established accommodation business. This will allow you to start your new venture with customers already booked and bringing in revenue, buying you time to decide if and how you would like to improve upon your new business.

If you are in the market for an accommodation business, Business for Sale has got you covered. Visit our website and browse through the variety of accommodation business listings available!