

A panoramic view of the Nashville skyline at dusk. The AT&T Building is prominent on the left, with its distinctive top. Other skyscrapers are lit up, and a highway bridge with traffic is visible in the foreground. The sky is a mix of orange and blue.

SIX FIVE LIVING

THE ULTIMATE GUIDE FOR SHORT-TERM RENTAL

Nashville, Tennessee

YOUR GUIDE TO BUYING, MANAGING & PROFITING

WHAT IS A SHORT-TERM RENTAL?

By definition, a Short-Term Rental Property (STR) is a furnished living space available for rent for short periods of time, less than 30 days. Typically, any rental contract longer than six months is considered long-term. A short-term rental can be rented out for periods as short as one day, or as long as a couple of weeks. It's typical to see short-term rentals used for vacations and as a formidable alternative to hotels, especially in a growing city like Nashville where hotel rates can exceed \$500 a night.

TYPES OF SHORT-TERM RENTALS

Metro Nashville defines two types of STRs. Understanding which applies to your situation is the essential first step before any investment.

OWNER OCCUPIED (OO)

A residence in which the current owner actively and permanently resides. The owner must provide documentation, driver's license, pay stubs, deed— to confirm primary residency. The owner is not required to be present during a guest's stay, but the property must remain their sole primary residence while permitted. Best for: Homeowners wanting to rent their primary residence part-time.



NON-OWNER OCCUPIED (NOO)

A residence that is not owner-occupied. All NOO zoning is commercial, Metro Nashville intentionally places these in commercial areas near city hot spots and attractions. This is the primary path for real estate investors. Ownership can be held in an entity (LLC). Best for: Investors purchasing dedicated rental properties.



Nashville has very strict zoning and permitting processes. Our team will help you understand the permitting process and the zoning regulations for your chosen investment area.

WHY PURCHASE A SHORT-TERM RENTAL?

Nashville short-term rentals can be highly lucrative. The ability to short-term rent your home can increase your overall property value by as much as \$200,000. With Nashville's year-round tourism economy, the city is one of the nation's top markets for STR investment.

01**THE MONEY**

Properties in prime vacation spots generate significantly more income than traditional rentals, —often 2–3× more per month.

02**YEAR-ROUND DEMAND**

Nashville's mild climate, world-class music scene, and holiday events drive consistent tourism every single month.

03**APPRECIATION**

Up-and-coming neighborhoods like Germantown, WeHo, and The Nations continue to see tremendous growth in property values.

RECESSION RESISTANCE

Nothing in real estate is recession-proof, but Nashville consistently shows greater resilience than comparable markets. Its year-round tourism sector, diverse economy, and continued population growth — with over 80 people relocating here daily — provide meaningful downside protection for STR investors.

SEASONALITY ADVANTAGE

Unlike coastal or ski markets, Nashville enjoys a strong year-round tourism season. Mild winters, warm summers, four distinct seasons, and a packed holiday events calendar mean your property generates revenue in every month of the year.

HOW TO FIND A GOOD STR IN NASHVILLE

Before making any investment, in-depth research and local knowledge are essential. The Six1Five Living Team will guide you through each of these critical evaluation steps.

01 EVALUATE THE MARKET

Begin by qualifying the market to determine whether it's worth your time and investment. In high-tourism areas like Nashville, competition for STRs is fierce. Analyze tourism data, visitor trends year-over-year, growth indicators, and infrastructure development plans.

02 EVALUATE DEMAND

Occupancy rate data is your best friend. High occupancy rates signal strong investor potential, but where demand is high, supply is lower. You need an experienced team on your side to move quickly toward your investment goals.

03 EVALUATE SEASONALITY

Many markets see severe tourism lags in off-seasons. Nashville's year-round appeal, driven by live music, culinary culture, professional sports, and holiday events, means investors enjoy consistent bookings in every season.

04 UNDERSTAND LOCAL REGULATIONS

Nashville has strict zoning and permitting requirements that are constantly evolving. Our team stays updated on local STR legislation so we can properly guide you through the permitting process for your chosen investment area.



ANALYZING YOUR SHORT-TERM RENTAL

Once you've identified Nashville as your market, the next step is analyzing each property's revenue potential. Data from platforms like AirDNA provides the occupancy rates and average nightly rates you need.

CALCULATING REVENUE

The formula is straightforward:

$$\text{Occupancy Rate} \times \text{Nightly Rate} \times 30 \text{ days} = \text{Monthly Revenue}$$

EXAMPLE: MEET BOB

\$300

Nightly Rate

60%

Occupancy Rate (18
nights/month)

\$5,400

Monthly Gross Revenue

ESTIMATING EXPENSES

Revenue is just the starting point. Your true return depends on understanding and controlling expenses. Key cost categories include:

- Mortgage (P&I;)
- Property Taxes
- Insurance
- Property Management
- Permits & Licensing
- Platform Fees (Airbnb/VRBO)
- Utilities
- Cleaning Services
- Repairs & Maintenance

RETURN ON INVESTMENT

$$\text{Revenue} - \text{Expenses} = \text{Net Income}$$

Returning to Bob: with \$5,400 in monthly revenue and \$2,400 in estimated monthly expenses, Bob nets \$3,000 per month, a solid return on an investment property that sits vacant 40% of the time.

HOW TO BUY A SHORT-TERM RENTAL IN NASHVILLE

Working with a high-quality real estate agent who has extensive experience with Nashville short-term rentals is the best route to take. The Six1Five Living Team will guide you through every step of this process.

01 HIRE THE RIGHT TEAM

The Six1Five Living Team specializes in STR investment properties and stays updated on all local STR regulations. We're your partner from initial search through closing, and beyond.

02 SEARCH & TOUR

We recommend touring every property in person. If you're out of state, we'll tour on your behalf or walk you through via video call. Pictures don't always do a home justice, we provide honest, data-driven feedback so you can make the most informed decision.

03 MAKE AN OFFER

In Nashville's competitive sellers' market, multiple offers above asking price are common. We'll analyze the property's days on market, seller flexibility, and current climate to craft the most compelling and winning offer for your investment.

04 GET PRE-QUALIFIED

Sellers need confidence that you can back up your offer. Submit a lender-provided pre-qualification or pre-approval letter, or a bank letter for cash buyers, with every offer. We can introduce you to reputable local lenders if needed.

05 DUE DILIGENCE

Once your offer is accepted, we move into due diligence: depositing earnest money, scheduling home inspections, arranging the appraisal, and tying up any loose ends on the road to the closing table.

06 CLOSING DAY

Sign the paperwork, complete the purchase, transfer title, and receive your keys. Congratulations, you're a Nashville STR investor!

MANAGING YOUR SHORT-TERM RENTAL

Whether you decide to work with a property management company is entirely up to you. Day-to-day operations include cleaning and restocking between guests, guest communication, accounting and tax tracking, and handling maintenance. Done right, your Nashville STR should be a lucrative and rewarding long-term investment.

SELF-MANAGEMENT VS. PROPERTY MANAGEMENT

SELF-MANAGEMENT

Offers greater tax advantages; if you materially participate in managing your STR (typically 750+ hours/year), you may qualify as a Real Estate Professional, unlocking the ability to use rental losses to offset ordinary income. You also keep more revenue without paying management fees (typically 20–30%).

The trade-off: you're on call 24/7 for guests, cleaning coordination, and maintenance.

PROPERTY MANAGEMENT

Means a company handles everything: listing, pricing, guest communication, cleaning, and maintenance. You sacrifice 20–30% of revenue, but gain time and peace of mind. Ideal for out-of-state investors or those who prefer truly passive income.

Tax advantages are still available, just without the material participation benefits.

TAX ADVANTAGES

STR investors can unlock powerful federal tax benefits. With bonus depreciation, you can deduct a large portion of your property's cost in year one — rather than spreading it over 27.5 or 39 years. A \$580,000 Nashville STR using 60% bonus depreciation can generate an estimated \$22,522 in tax savings in year one alone, growing to \$28,755 by year five.

WRITE-OFFS & COST SEGREGATION

A cost segregation study accelerates depreciation by reclassifying building components into 5-, 7-, and 15-year categories instead of the standard 39-year schedule. Combined with deductions for mortgage interest, repairs, furnishings, platform fees, and management costs, STR owners can dramatically reduce taxable income.

Ask us about connecting you with a qualified cost segregation specialist.

LISTING & MARKETING YOUR STR

With keys in hand, it's time to prepare, list, and market your investment. The goal is repeat business, guests who come back and guests who recommend you to others.

01 IDENTIFY A PROPERTY MANAGER

Decide whether you'll self-manage or hire a professional property management company. If you're out of state or simply prefer a hands-off approach, a property manager will handle listing, advertising, guest communication, and day-to-day operations.

02 PREPARE YOUR PROPERTY

Before listing, prep, clean, furnish, and decorate your property to create an inviting experience. Leave coffee, extra toiletries, a local restaurant list, and a personal welcome note. Small touches drive 5-star reviews and repeat bookings.

03 CRAFT YOUR LISTING

Great listings include detailed descriptions, professional photos, clear maximum occupancy and minimum stay requirements, location details, amenities, and Wi-Fi passwords. The more transparent and complete your listing, the more bookings you'll get.

04 MARKETING MAGIC

List on Airbnb, VRBO, and similar platforms. Amplify visibility with social media ads on Facebook, Instagram, and Google. Encourage guests to leave reviews, your star rating is your most powerful marketing tool.

Nashville is a great city to build your short-term rental portfolio. Learn the market, scale your investments over time, and let the Six1Five Living Team guide you every step of the way.



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