



WHITE PAPER

“Cost per Night”

The Most Powerful Metric in Fractional Lodge Ownership

Prepared by: Fractional Park Solutions

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Introduction: A Simpler, Smarter Measure of Value

For many buyers, the affordability and value of fractional or shared ownership can feel complex. Headlines like “£75,000 per fraction” or “£2,500 annual costs” don’t easily translate into what matters most: *what do I actually get for my money?*

The “cost per night” metric reframes the conversation. By spreading acquisition costs over the licence period and adding in annual expenses, then dividing by the number of nights available, park operators and buyers alike can see—in black and white—the true value of ownership, night by night.

The Mechanics of the “Cost per Night” Metric

1. Acquisition Allocation

- A £75,000 acquisition spread over 50 years = £1,500 per year.
- This cost is fixed and immune to inflation.

2. Annual Costs

- Pitch/licence fees: £1,750 in Year 1.
- Fractional administration: £750 in Year 1.
- Total = £2,500 in Year 1, inflating at 5% annually.

3. Usage Denominator

- A typical fraction provides 91 nights of use.
- Dividing total annual cost by 91 gives the cost per night.

Worked Example: 50-Year Licence at £75,000 per Quarter Share

Using the above figures and assuming a nightly rental income of £275 in year 1.

1. Year 1

- Acquisition allocation: £1,500
- Annual costs: £2,500
- Total annual cost: £4,000
- Cost per night: £44
- Rental rate: £275
- **Profit per rented night: £231**

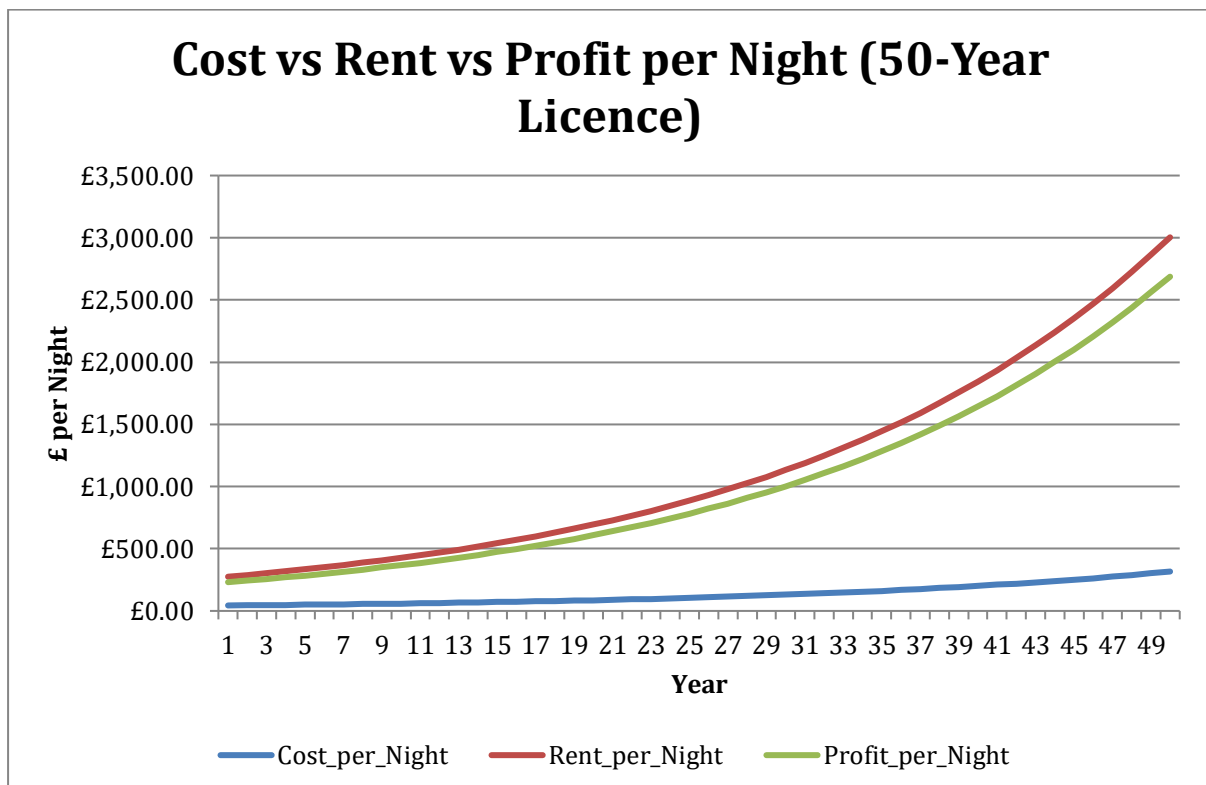
2. Year 10

- Annual costs: \approx £3,885
- Total: \approx £5,385
- Cost per night: \approx £59
- Rental rate: \approx £427
- **Profit per rented night: £368**

3. Year 25

- Annual costs: \approx £8,082
- Total: \approx £9,582
- Cost per night: \approx £105
- Rental rate: \approx £887
- **Profit per rented night: £782**

Extrapolated out to the end of the 50 year licence the increasing profit looks like this with profit per night growing exponentially:-



Economics: Why This Matters

This model demonstrates the *inflation shield* built into fractional ownership:

- The acquisition element is fixed at the point of purchase.
- Only the annual costs inflate, which are a **fraction (no pun intended) of the total cost per night**.
- Rental income, however, inflates in full, widening the profit margin each year.

From an economic perspective, this creates a form of **inflation hedge** for the owner. Their effective cost base lags behind inflation, while their potential rental income tracks it directly. Over decades, the compounding effect becomes dramatic, as shown above.

Psychology: Why It Resonates with Buyers

Behavioural economics teaches us that consumers value **simplicity, relatability, and fairness**:

- **Anchoring:** A nightly cost of £44 feels instantly relatable when compared with hotel or Airbnb stays at £200–£400 per night. Buyers mentally anchor against familiar alternatives, making the value proposition obvious.
- **Mental accounting:** Framing ownership in “cost per night” terms shifts thinking from a daunting lump sum (£75,000) into a manageable, per-use expense. This reframing reduces psychological resistance to the purchase.
- **Loss aversion:** Buyers see that if they don’t use or rent their weeks, they’re “losing” nights that have a clearly defined value—encouraging utilisation and reinforcing perceived worth.
- **Fairness:** The fact that only annual costs inflate, while the bulk of the cost (acquisition) is locked in, signals fairness and stability—building long-term confidence in the product.

Why Park Operators Benefit

For parks, the “cost per night” and fractional model is not just a sales tool—it’s a profit driver:

- **Easier conversations:** Nightly costs are relatable, transparent, and persuasive.
- **Increased EBITDA:** Higher occupancy and recurring fees enhance operational profitability and park valuation.
- **Compelling case for income potential:** Fractional buyers see not just affordability but also *improving rental profitability* over time.

Conclusion: Value That Compounds

Fractional lodge ownership, viewed through the lens of “cost per night,” reveals both immediate affordability and long-term economic strength. Buyers gain clarity—knowing exactly what their nights cost—and confidence, because the bulk of those costs are locked in at purchase while rental values rise with inflation.

For park operators, the model simplifies the sales conversation, strengthens recurring revenues, and enhances overall park valuation. For owners, it provides not only memorable holidays but also an asset whose rental profitability improves year after year.

In short: fractional ownership is one of the few lifestyle purchases where time is on your side—the longer you hold it, the greater the value it delivers.

Creating a financial story as compelling as the holiday experience itself.