



Market Review: Naples, FL



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SCOPE

Provide pricing, occupancy and market insights for WORTHYdomes properties as potential vacation rentals in Naples, FL.

PROJECT OUTLINE

- Acquire access to vacation rental market data for Naples, FL through AirDNA.
 - o Marco Island is considered a separate market in AirDNA's database and therefore would require an additional license to research.
 - Compare the Coconut, Lychee, Saman & Bungalows WORTHYdomes to current vacation rental market performance in Naples, FL and determine likely property performance of each as vacation rentals.
 - Provide options for hourly rates on the Pavilion WORTHYdomes layout
 - o Include hourly rates for Corporate Retreats and/or weekend retreats.
-

CONSIDERATIONS

1. When analyzing a property on Airdna, several factors cannot be accounted for that will affect the rate that you can expect, including the amenities that your property has or doesn't have. It strictly looks at number of bedrooms, bathrooms, guests that can be accommodated and if it's a private or shared property. This is why looking at the range in the market and the properties around your listing is important.
2. When first listing a property on Airbnb, it is often advisable to lower your rate to drive business in order to get (great) reviews. Once you amass 4 to 5, 5-star reviews you can then raise your rates.
3. The number of guests that each unit can accommodate can marginally affect the rate that you can charge.
4. Positive reviews are the number one factor in Airbnb listing success. Both the number of reviews and their rating greatly impacts how the property is perceived by guests and how well the listing ranks when people search for places to stay.
5. A close second is the quality of the listing – professional photos, well-staged units and well written property descriptions will generate better overall performance.
6. Airbnb cleaning fees (paid by the guest) in Naples range from \$75 - \$400/stay





VACATION RENTAL BOOKING SITE COMMISSIONS

There are two ways to sell vacation rental bookings. Using Airbnb / VRBO, selling direct to the guest through your own website. Both can be done on your own or you can hire a property management company to handle it all.

Airbnb

Airbnb has two fee models

1. A split fee where the host pays 3% of booking total & guest pays 14.2% of booking total
2. Host only paid fee of 14% - 16% of the booking total

The company is quickly moving toward option number 2 only.

VRBO

VRBO has one fee model

1. Host pays 5% of the booking total plus a 3% payment processing fee
2. Guests are charged 4% - 9% of the booking total

Self-Managed

While there are some costs associated with administering your own site, including a back-end property management system to manage reservations and booking channels, this is the more profitable option.

Most Property Management Systems charge on a per-property basis, averaging \$79/month for the first 4 properties then instituting a sliding scale as the number of properties increases.

Property Management Company

Most vacation rental property management companies charge between 20% & 25% per booking for their services, but this is fully turnkey for the owner. The manager handles everything related to running the property.





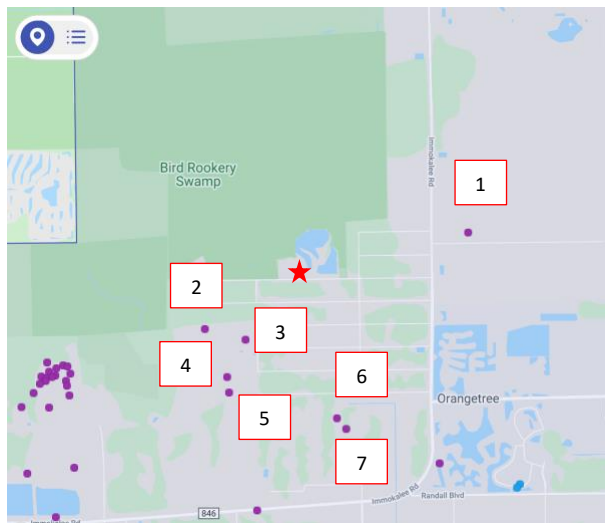
DEVELOPMENT SITE

515 Shady Hollow Blvd W, Naples, FL 34120
\$250,000, 2.24 Acres

This community offers a resident trail for jogging, 4-wheeling or walking and is surrounded on three sides by breathtaking preserves. This is a unique boating community in a growing area of Naples.

There are 7 vacation rental properties in relative proximity to the proposed development site.

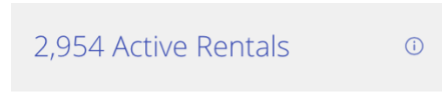
1. 3 bed, 2 bath
 - a. \$276 Avg Rate, 21% occ
2. 4 bed, 3 bath
 - a. \$458 Avg Rate, 100% occ
3. 3 bed, 3 bath
 - a. \$310 Avg Rate, 69% occ
4. 3 bed, 2 bath
 - a. \$275 Avg Rate, 58% occ
5. 2 bed, 1 bath
 - a. \$360 Avg Rate, 27% occ
6. 3 bed, 2.5 bath
 - a. \$472 Avg Rate, 45% occ
7. 3 bed, 1 bath
 - a. \$373 Avg Rate, 68% occ



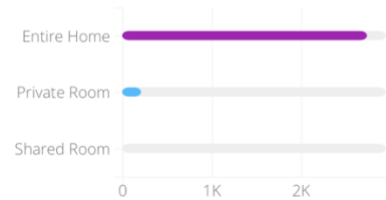


NAPLES, FL VACATION MARKET DATA

There are 2,954 active vacation rentals in Naples, FL. The majority (92%) are entire home rentals with only 8% as private rooms in shared residences.



Rental Type 92% Entire Home rentals



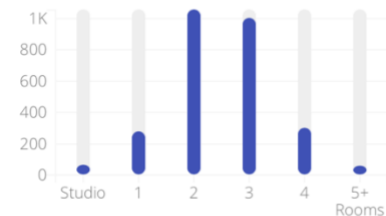
The main booking channels used for listing properties are closely split between Airbnb (38%) and VRBO (42%) while only 20% of all listings are using both platforms to book guests.

Rental Channel



The majority of vacation rental properties in Naples, FL are 2 or 3 bedroom and the average number of guests per booking is 5.7, telling us that this market leans more toward family or small group bookings.

Rental Size 2.5 Bedrooms / 5.7 Guests on average



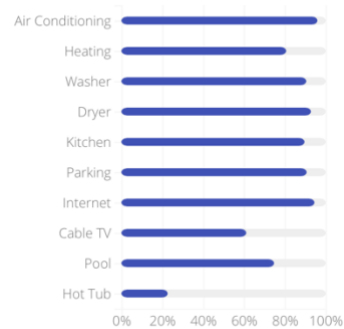
The top 5 most important in-home amenities in the market are:

1. Air Conditioning
2. Heating
3. Washer
4. Dryer
5. Kitchen

(Parking and Internet follow closely behind)

- Rentals in the market should aim to have these amenities in their property.

Amenities





This chart shows the overall customer ratings for vacation rentals in Naples. Great reviews are critical to the success of any vacation rental business. We can clearly see that Check in, Communication and Location and Listing Accuracy are performing well in the market while there are areas to excel in Cleanliness and perception of value.

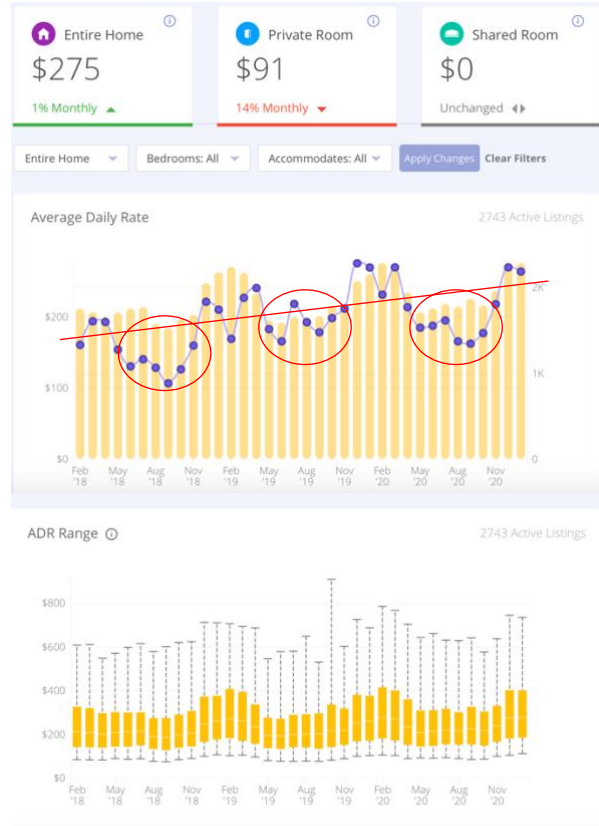
Airbnb Ratings



NAPLES NIGHTLY RATE PERFORMANCE

These charts show the overall rate performance for the market by month (including cleaning fees).

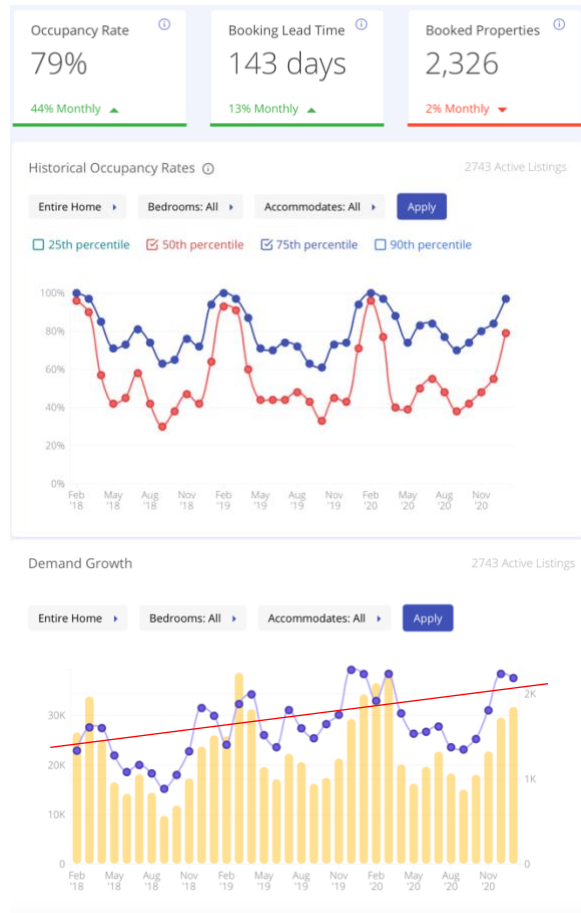
- The first three boxes show performance for the past 30 days.
- The purple line represents the number of properties booked in the given month.
- The yellow bars represent the average rate in the given month.
- We can clearly see an uptrend in rate since Feb 2018 (red line) with consistent seasonal variations in the summer and winter months (red circles).
- The second chart shows the rate range for the given time period. This is important information to know so you can determine the upper limit in the market.



NAPLES OCCUPANCY PERFORMANCE

These charts show the overall occupancy performance for the market by month.

- The first three boxes show performance for the past 30 days.
- This first chart shows the historical occupancy rates have stayed effectively flat over the past two years.
- This chart shows demand growth in the market.
- The purple line represents booked properties in the given month.
- The yellow bars represent the number of nights booked in a given months.
- This tells us that the number of vacation rentals in the market has grown over the past 2 years but that the number of nights booked has stayed relatively flat (also shown in the chart above).
- This isn't necessarily a bad thing. It tells us that the market can support the increased supply of available units.

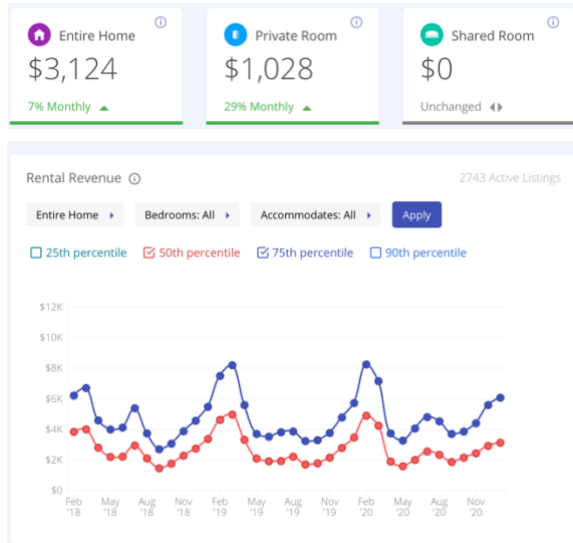




NAPLES REVENUE PERFORMANCE

These charts show the overall revenue performance for the market by month.

- The first three boxes show performance for the past 30 days.
- This chart shows that rental revenue performance has stayed effectively flat over the past two years with season spikes in the winter.



NAPLES NEIGHBORHOOD PERFORMANCE

This is a breakdown of the performance by neighborhood in Naples, ranked highest to lowest. The neighborhood of the development site is circled.

| | Listings | Daily Rate | Occupancy | Revenue | Market Grade |
|---------------|--------------|--------------|------------|----------------|--------------|
| Naples | 2,954 | \$241 | 58% | \$2,714 | 75 |
| 34108 | 798 | \$273 | 63% | \$3,364 | 83 |
| 34102 | 418 | \$307 | 57% | \$3,702 | 81 |
| 34104 | 236 | \$238 | 57% | \$2,450 | 78 |
| 34110 | 136 | \$197 | 60% | \$2,388 | 75 |
| 34112 | 293 | \$188 | 55% | \$1,920 | 73 |
| 34119 | 89 | \$190 | 58% | \$2,291 | 70 |
| 34117 | 38 | \$208 | 45% | \$1,853 | 66 |
| 34116 | 28 | \$119 | 70% | \$1,683 | 60 |
| 34103 | 262 | \$251 | 58% | \$2,957 | 53 |
| 34109 | 62 | \$203 | 44% | \$1,760 | 52 |
| 34113 | 301 | \$214 | 50% | \$2,090 | 52 |
| 34120 | 60 | \$200 | 52% | \$2,256 | 48 |
| 34114 | 132 | \$166 | 58% | \$1,720 | 44 |
| 34105 | 100 | \$173 | 55% | \$1,569 | 42 |



NAPLES MARKET GRADE

AirDNA rates the Naples market at B+.

- Every city and neighborhood are given a Market Grade from A to D to indicate the current performance of that short-term rental market as compared to the top markets around the world.
- The grade is calculated by looking at five different metrics: rental demand, revenue growth, seasonality, regulation, and investability (in US markets).
- The factors weighing heaviest in Naples are Regulation and Revenue Growth.
- As noted above, revenue growth appears to be relatively flat due to the increasing number of rentals in the market. This is preventing rate growth but isn't causing occupancy declines – in other words, the number of travelers to Naples appears to be increasing at a proportional rate.
- Seasonality is also going to be a major factor. Markets with more stable travel throughout the year are typically able to grow their rate more consistently.
- Both will have an impact in the Investability score.

Market Grade





PROPERTY REVIEW

Coconut

484.37 sq ft

1 Bedroom, 1 Bathroom

Analyzed at 4 guest capacity



Expected performance as a vacation rental:

AIRDNA
Rentalizer Report

Forecast Period
Feb '21 - Jan '22

Address
515 Shady Hollow Blvd W, Naples, FL, USA

Listing Details ⓘ
1 bed, 1 bath, 4 guests





Comparable Properties



2 bed · 2 bath · 4 guests
Two Bedroom Condo with Best View in Bonita National

| | |
|------------------------------|-------------------------------------|
| \$7.5K Revenue | \$12.7K Revenue Potential |
| 255 Days Available | 26% Occupancy |
| | \$112 ADR |



2 bed · 2 bath · 6 guests
DISCOUNT MAR 2021 Professionally Decorated 2BR/2BA...

| | |
|------------------------------|-------------------------------------|
| \$7.6K Revenue | \$14.3K Revenue Potential |
| 291 Days Available | 27% Occupancy |
| | \$96 ADR |



2 bed · 2 bath · 6 guests
Brand New Condo Bonita National Country Club

| | |
|------------------------------|------------------------------------|
| \$5.3K Revenue | \$8.5K Revenue Potential |
| 155 Days Available | 50% Occupancy |
| | \$68 ADR |



2 bed · 2 bath · 4 guests
Resort Style Development, Golf, Tennis, Pools, Dining, Bar, ...

| | |
|------------------------------|-------------------------------------|
| \$12.3K Revenue | \$12.3K Revenue Potential |
| 366 Days Available | 24% Occupancy |
| | \$137 ADR |



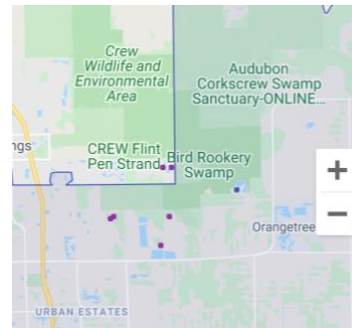
2 bed · 2 bath · 4 guests
Esplanade 2b/2b with golf transferable

| | |
|------------------------------|-------------------------------------|
| \$12.3K Revenue | \$15.3K Revenue Potential |
| 179 Days Available | 38% Occupancy |
| | \$182 ADR |



2 bed · 2 bath · 6 guests
Newly Built & Professionally Decorated 2BR/2BA Upscale Cond...

| | |
|------------------------------|-----------------------------------|
| \$12.7K Revenue | \$14K Revenue Potential |
| 308 Days Available | 36% Occupancy |
| | \$116 ADR |





Lychee

1001 sq ft (Total)

500.5 sq ft (each)

1 Bedroom, 1 Bathroom each

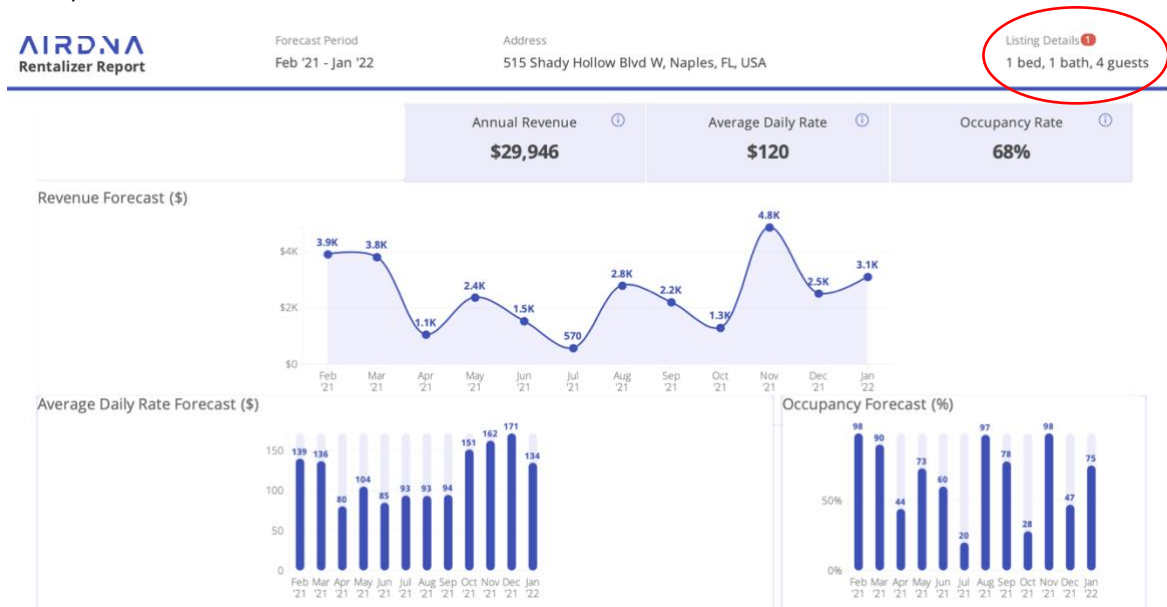
Analyzed at 4 guest capacity



If rented as a 1 bed, 1 bath, we can expect the same performance as Coconut.



Expected performance as a vacation rental as 1 bed, 1 bath:





Rented as 2 bed, 2 bath, yeilds 98% higher rate, slightly lower occupancy (4 points) and 85% higher overall revenue compared to Coconut:

AIRDNA
Rentalizer Report

Forecast Period
Feb '21 - Jan '22

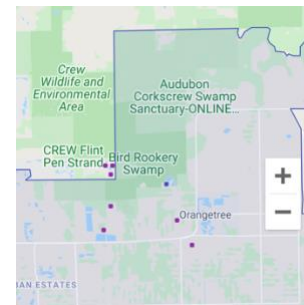
Address
515 Shady Hollow Blvd W, Naples, FL, USA

Listing Details **2 bed, 2 bath, 4 guests**



Comparable Properties

| | | |
|--|--|---|
| 3 bed - 1 bath - 6 guests La Palmeraie New Vila \$56.7K Revenue 226 Days Available \$75.4K Revenue Potential 68% Occupancy \$371 ADR | 3 bed - 3 bath - 8 guests BEST KEPT SECRET IN BONITA Golf & Resort Amenities, Private \$47.1K Revenue 203 Days Available \$66.1K Revenue Potential 58% Occupancy \$400 ADR | 2 bed - 2 bath - 4 guests Two Bedroom Condo with Best View in Bonita National \$7.5K Revenue 255 Days Available \$12.7K Revenue Potential 26% Occupancy \$112 ADR |
| 2 bed - 2 bath - 6 guests DISCOUNT MAR 2021 Professionally Decorated 2BR/2BA... \$7.6K Revenue 291 Days Available \$14.3K Revenue Potential 27% Occupancy \$96 ADR | 2 bed - 2 bath - 6 guests Brand New Condo Bonita National Country Club \$5.3K Revenue 155 Days Available \$8.5K Revenue Potential 50% Occupancy \$68 ADR | 3 bed - 2 bath - 6 guests BEAUTIFUL COUNTRYSIDE HIDEAWAY IN NORTH NAPLES \$11.1K Revenue 135 Days Available \$23.7K Revenue Potential 59% Occupancy \$140 ADR |





Saman

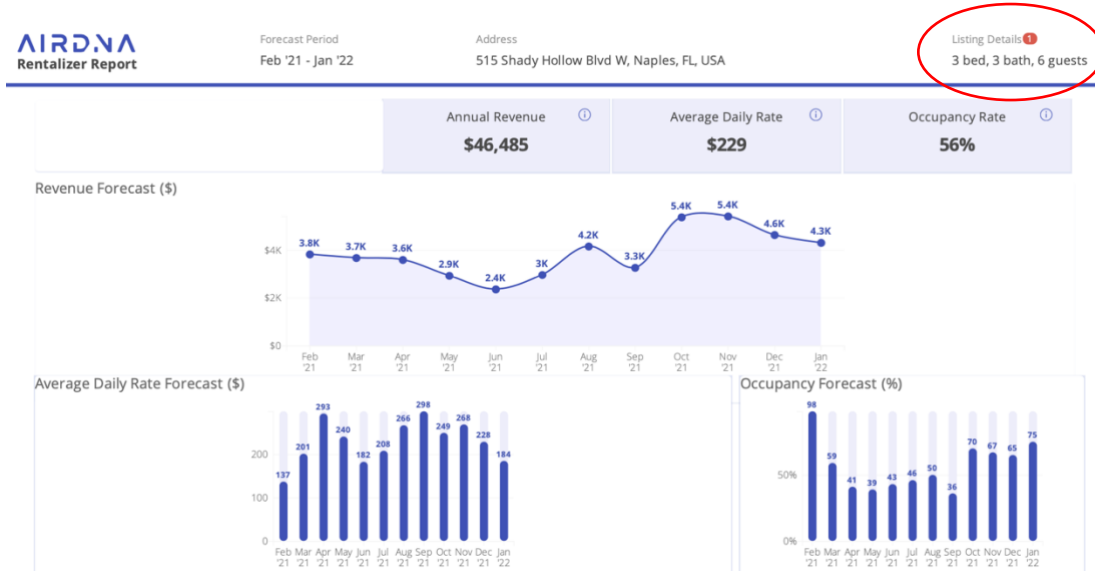
2895.49 sq ft

3 Bedroom, 3 Bathroom

Analyzed at 6 guest capacity



Expected performance as a vacation rental:





Comparable Properties



3 bed - 3 bath - 8 guests
BEST KEPT SECRET IN BONITA Golf & Resort Amenities, Private

| | | |
|-----------------------|------------------------------|--------------|
| \$47.1K Revenue | \$66.1K Revenue Potential | |
| 203 Days Available | 58% Occupancy | \$400 ADR |



2 bed - 2 bath - 4 guests
Two Bedroom Condo with Best View in Bonita National

| | | |
|-----------------------|------------------------------|--------------|
| \$7.5K Revenue | \$12.7K Revenue Potential | |
| 255 Days Available | 26% Occupancy | \$112 ADR |



2 bed - 2 bath - 6 guests
DISCOUNT MAR 2021 Professionally Decorated 2BR/2BA...

| | | |
|-----------------------|------------------------------|-------------|
| \$7.6K Revenue | \$14.3K Revenue Potential | |
| 291 Days Available | 27% Occupancy | \$96 ADR |



2 bed - 2 bath - 6 guests
Brand New Condo Bonita National Country Club

| | | |
|-----------------------|-----------------------------|-------------|
| \$5.3K Revenue | \$8.5K Revenue Potential | |
| 155 Days Available | 50% Occupancy | \$68 ADR |



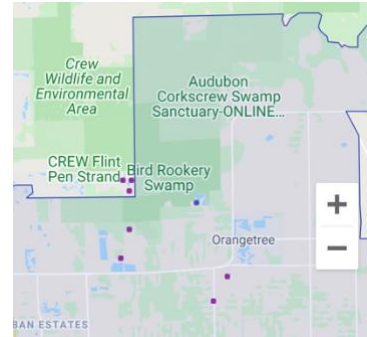
3 bed - 2 bath - 6 guests
BEAUTIFUL COUNTRYSIDE HIDEAWAY IN NORTH NAPLES

| | | |
|-----------------------|------------------------------|--------------|
| \$11.1K Revenue | \$23.7K Revenue Potential | |
| 135 Days Available | 59% Occupancy | \$140 ADR |



2 bed - 2 bath - 4 guests
Resort Style Development, Golf, Tennis, Pools, Dining, Bar,...

| | | |
|-----------------------|------------------------------|--------------|
| \$12.3K Revenue | \$12.3K Revenue Potential | |
| 366 Days Available | 24% Occupancy | \$137 ADR |





KNOWING HOSPITALITY
MANAGEMENT | CONSULTING | RECEIVERSHIP

Bungalows

880 sq ft (Total)

~220 sq ft (each)

Studio, 1 Bathroom, no kitchen

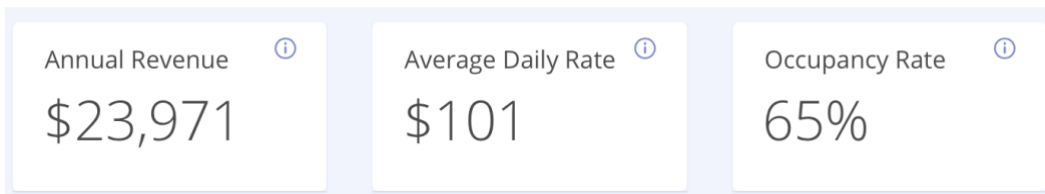
Analyzed at 2 guest capacity

*These projections are for each unit in the Bungalow.

*Note: we cannot account for if and how the lack of kitchen will affect results.



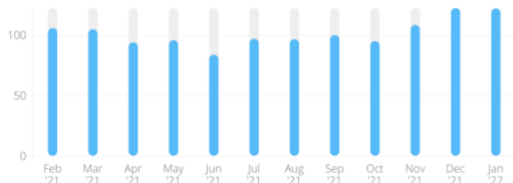
Expected performance as a vacation rental:



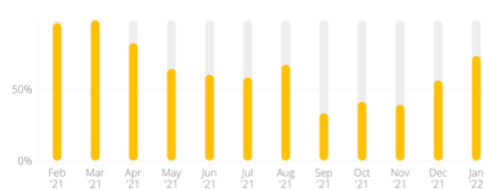
Revenue Forecast



Average Daily Rate Forecast



Occupancy Forecast





KNOWING HOSPITALITY
MANAGEMENT | CONSULTING | RECEIVERSHIP

Comparable Properties



0 bed · 1 bath · 2 guests

Private Cozy Coastal Bungalow

\$14.8K

Revenue

\$17.4K

Revenue Potential

279

Days Available

69%

Occupancy

\$77

ADR



0 bed · 1 bath · 4 guests

Private Studio Apt | Full Kitchen | Outdoor Terrace

\$27.6K

Revenue

\$31.4K

Revenue Potential

302

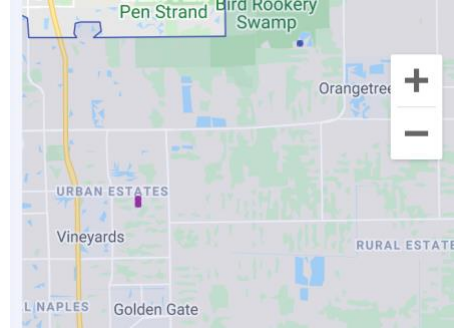
Days Available

71%

Occupancy

\$128

ADR



CONTACT 206.880.3815 | adam@knowinghospitality.com | knowinghospitality.com



Pavilion

527 sq ft

Analyzed as an hourly rental



The hourly rental of hotels and vacation rentals is not a well built out space. Airbnb and VRBO do not offer hourly rates on their listings. There are several new apps and services that are trying to fill the void including:

- Dayuse.com
- Hourlyspaces.com
- Globeliving.com

Of the three, Dayuse.com is a market leader for booking hotel rooms by the hour, and it widely used across many brands. They only work with hotels at this time.

Hourlyspaces.com appears to be focused on Boston, NY & DC and it's unclear if the service is still being updated.

Globeliving.com appears to be a market leader for renting vacation rental properties by the hour, but this appears to be a small market.

A quick search of Globeliving.com showed 2 properties in Miami \$30 & \$40/hr respectively.

Meeting space hourly rental sites:

- Breather.com
- Evenues.com

Breather.com and Evenues.com are sites that offer hourly rentals of office space and event space.

A search on Breather.com in Naples did not show any results however, 45 hourly office rentals were listed in Miami between \$19 and \$100/hr.

Evenues.com brought up several options in Naples ranging from \$25 - \$130/hr

Hotels

There are 61 hotels in Naples, FL. Hotels ranging in price from \$53/ngt to over \$500/ngt at the time of search.





Hotels do not typically rent rooms by the hour. In some cases a room might be able to be used as a “day-use” room however, the rental price will very close to the price for 1 full night, discounted by only 15% - 25%, if at all.

Hotel event spaces are rented by the hour but can be prohibitively expensive. Pricing and availability are subject to change depending on the day of week and there are often mandatory extra charges including 20% (or more) gratuity, set up and tear down fees and often mandatory food and beverage spend requirements. A good rule of thumb for a space rental in a hotel is \$300 and up plus tax and gratuity.

RECOMENDATIONS

General Vacation Rentals

- The expected performance values per Airdna are likely low for this project. While seasonality will affect the entire market, the WORTHYdomes development should be able to be a market leader in pricing, assuming the properties are fitted with high quality furniture, fixtures and equipment, and the service is best in class.
- A revenue management tool (including Airbnb’s rate recommendation) will give valuable insight in to what to charge when and will allow you to drive a higher rate compared to what the market is charging.
- Create a website that allows for direct bookings each unit on an hourly or nightly basis. This will make each booking more profitable because you don’t have to pay the commission to Airbnb / VRBO.
- Hire a vacation rental property management company to manage lisitings, guests and the day-to-day operation would give the structure and expertise to scale the business.

Pavilion

- Globeliving.com and Evenues.com are two online options for hourly rentals that should be considered.
- Hourly rates for events, creators, art shows, etc. in the Pavilion could start at \$50/hr plus a cleaning fee to test the market. Unfortunately, outside of the sites listed above and aside from Criagslist or Facebook Marketplace, there aren’t many direct to consumer options to see event space by the hour.
- Demand for this is very diffcult to determine with no history of performance, however, hotel demand for event space rental is often seasonal with meetings (large and small) and weddings filling space at different times of the year, so this would be a good barometer to use.
- It’s recommended that a hospitality sales person who is familiar with the events and entertainment industries is engaged to perform a market and target customer analysis along with a outreach plan. These efforts will be the determining factor.

