



A TEAR

HERE





# BUSINESS

## Nest Hostels

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Nest is a chain of Hostels for young and not so young audiences with an adventurous spirit, which are characterized by transmitting unforgettable experiences to their guests.

It is a business in a very attractive and future-oriented sector, designed and thought to make it as simple and profitable as possible for its owner while offering the best possible stay to customers, generating loyalty and notoriety.

Tourism has become one of the main sources of wealth worldwide, and the accommodation offer is increasingly complex and competitive. The hotel sector will reach 168 billion euros this year.

Currently there are more than 700,000 hotel establishments throughout the world, and one of the types of accommodation that lately has revolutionized the tourism industry are hostels (previously called hostels or youth hostels).

This market is very fragmented with a large number of individual hostels, but there are also some international chains.





## CUSTOMERS of the hostels

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The typical profile of hostel customers are the young people, who are not only looking for a place to stay, but also want to live a unique experience in a fast-paced social environment. And that is precisely what hostels, and especially Nest ones, offer.

Hostels usually have common areas with constant activity, where parties and meetings are held, which helps the socialization of guests. The spaces are shared, from the rooms with their bunk beds (although usually there also are some private ones), through the kitchen, and including the work (coworking) or relaxation areas, everything is done within a common social life.

Another strong point of these type of premises is the price, much more affordable than hotels. The cheaper prices, though, do not prevent us from having excellent facilities in a safe, familiar and comfortable environment. Furthermore, with all this, the tourist manages to integrate into the local community in the most natural way possible.

The high optimization of the space in Nest hostels allows us to have a larger number of beds available compared to a hotel, which generates high operational profitability.





# HISTORY OF Nest Hostels

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The first Hostel Nest opened its doors in Tenerife in 2017. Its founder, an MBA from IESE with extensive experience in the business world, one day had the vision of combining work with what one likes and makes him happy in life, so he decided, after traveling a lot, to go live on the island of Tenerife and open a hostel as a project where he could combine his entrepreneurial spirit and a business in which to be happy.

His training in one of the best business schools in the world, and his experience as an executive and businessman, led him to seek the excellence in his new adventure, and give a twist to traditional hostels to create premises where guests can, not only spend the night in a comfortable and pleasant way, but also live an unforgettable experience, leaving them wanting for more.

Thanks to this, Nest began to generate significant notoriety on the island and significant customer loyalty, which led to the opening of two more hostels in 2018, another in 2019, two more after the pandemic in 2022, and currently there are two more in the process of opening.

In 2023, Nest decides to start franchising to share its successful way of managing hostels with other entrepreneurs, and expand the good reputation of the Nest brand to other territories.







## WHY IS NEST a Good Business

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Nest hostels are a good alternative to start a business because they are:

1. **A profitable business.** These are businesses capable of generating profits before taxes, interest and amortization (EBITDA) over 35% in the smallest hostels, and even 50% in the largest ones.
2. **A current and future business.** The tourism sector is currently one of the engines of our economy.... and keeps growing. Hostels are a rising trend in the sector and with plenty of room to develop.
3. **A simple business to manage.** Despite it may not seem like it, thanks to the support of the Nest's headquarters and its operations system, it is a very simple business if Nest's guidelines and recommendations are followed.
4. **A low investment.** Setting up a Nest hostel requires a much smaller investment than one might expect, thanks to the experience of the brand. Together with their profitability, they ensure a quick recovery of the investment.
5. **A fun business.** If you like dealing with people, organizing activities, the world of travelers,... this is your business.



MANTEN LA DISTANCIA DE SEGURIDAD

STAFF FRIDGE

ORGANIC FRUITS

CHOCOLATE



## WHAT NEST OFFERS to its franchisees

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Nest offers you everything you will need to set up and manage your own Hostel:

- Support in finding the ideal location
- Design project for your hostel
- Support in the refurbishment of the premises
- Initial training on how to manage your hostel
- Management software
- Marketing (social media, website, brochure design, promotions, ...)
- Nest Pass
- Continuous development of activities for the entire chain
- Special purchasing conditions with suppliers
- Ongoing support in business management





# NEST Hostels

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All Nest's premises are characterized by having very comfortable spaces, designed specially to make their guests' stay as pleasant as possible.

In every Nest you can find both shared and private rooms, relaxation areas, kitchens, working areas,... In this sense, and to be able to perfectly serve the growing trend of digital nomads, Nests offer the necessary connectivity to be able to work and be connected anywhere in the hostel.

All Nests are located in attractive locations due to their proximity to popular points of interest (beaches, tourist areas, downtowns, etc.). Its size can vary depending on the number of beds (they can range from more than 20 to more than 100).

Another of their characteristics is their delicious breakfasts, which distinguish them from other hostels.

And thanks to the contribution of the headquarters, what most differentiates Nest Hostels is the wide range of activities that guests can enjoy.





## THE ACTIVITIES in Nest hostels

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One of the main points that makes Nest Hostels stand out is their wide and continuous assortment of activities.

Nest has a team specialized in organizing events and activities for all the chain's hostels, in order to offer its guests an unforgettable experience, thus turning their stay in each Nest hostel into an attraction itself, leaving customers willing to repeat their stay at any Nest, which means an increase in business for all the hostels in the chain.

The range of activities is wide and can be adapted to every area:

- Excursions (trekings, visits, ...)
- Picnics
- Surf/Kite Surf/SUP lessons
- Snorkeling and diving
- Typical local food
- Spike Ball
- Theme parties
- ... and many more







# PROMOTION

## Nest Pass

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All hostels part of the Nest family will be able to enjoy the benefits of Nest Pass, a promotion created to increase customer loyalty and repetition.

Nest Pass is a Voucher to contract a pack of nights at a fixed price that can be used in any of the Nest Hostels.

Nest Pass Vouchers are a benefit for customers, and allow them to increase the revenue of the hostels, generating greater repetition and a increasing the number of nights per customer.

There are 2 levels of Nest Pass:

- Nest Pass Week (7 days)
- Nest Pass Month (28 days or more)





# INVESTMENT required

The total investment to open a Nest may vary according to the size of the hostel. Following, we show two typical investment plans, one for a hostel that we could consider small with 26 beds, and another for a larger one with 80 beds.

These are the typical numbers, but obviously each location will require its own project, and may vary above or below depending on the state of the premises, its size, morphology, location, etc.

HOSTEL	26 beds	80 beds
Refurbishment works	13,000 €	35,000 €
Decor & furnishing	24,000 €	75,000 €
IT & telecom	3,000 €	3,000 €
Franchise fee	15,000 €	15,000 €
<b>TOTAL</b>	<b>55,000 €</b>	<b>128,000 €</b>

The most variable element is the required works to adapt the premises, which greatly depends on its size and need for renovation.

\* This numbers are based on the hostels opened by Nest to date, and they not include VAT or other Taxes that may apply.





## ADDITIONAL FUNDS required

In addition to the necessary investment to open the Hostel, the possibility of additional funds to cover expenses and deposits to start the business must also be taken into account.

HOSTEL	26 beds	80 beds
Company constitution	500 €	500 €
Training costs	650 €	650 €
Premises deposit	6,000 €	15,000 €
Working capital recom.	6,000 €	15,000 €
<b>TOTAL</b>	<b>13,150 €</b>	<b>31,150 €</b>

Therefore, the recommended availability of funds for starting a **26-bed** hostel would amount to around **65,000 €** or **70,000 €** (plus VAT where applicable) and for an **80-bed** establishment to around **150,000 €** or **160,000 €** (plus VAT). And it is also advisable to have a little more to avoid initial unforeseen events and the start of the business.

The franchisee should contribute with a minimum of 30-40% of the investment in own capital, and the rest can be leveraged.





# NUMBERS business

A well-located and managed Nest hostel can be a very profitable business, both for those who want to get involved in it to enjoy the experience of running their own hostel, and for those looking for an investment in a present and future sector (in which case They must hire a manager who will be trained by Nest). The estimate numbers according to the number of beds are:

HOSTEL	26 beds	80 beds
<b>Income</b>	<b>170,000 €</b>	<b>500,000 €</b>
Booking commis. Nest	1,700 €	5,000 €
Booking commis. Others	12,750 €	37,500 €
Royalty	11,900 €	35,000 €
Marketing fee	2,550 €	7,500 €
Salaries	29,000 €	29,000 €
Rent	36,000 €	90,000 €
Supplies	6,500 €	20,000 €
Cleaning & maintenance	4,500 €	13,500 €
Others	3,000 €	6,500 €
<b>Profit (EBITDA)</b>	<b>62,100 €</b>	<b>256,000 €</b>

\* These numbers are only indicative and based on the experience of the brand and the opened hostels to date. They do not imply any guarantee or commitment. The numbers can greatly vary depending on different variables, especially depending on the location of the hostel and the performance of the franchisee himself or his team.







# TECHNICAL details

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Main details of the Nest Hostels franchise:

Company	Intermeal, S.L.
CIF	B71098255
Equity capital	3.000 €
Registered office	C/ Víctor Machado, 12 38400 Puerto de la Cruz Santa Cruz de Tenerife España
Year founded	2017
Franchising since	2023
Number of hostels	7 owned hostels





# MAIN CONDITIONS of the franchise

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The main conditions settled in the franchise agreement are:

Franchise fee	15,000 €
Royalty	7 %
Marketing fee	1.5 %
Initial investment	Around 55,000 € for a 26-bed hostel, and 130,000 € for an 80-bed hostel, depending on the premises
Contract period	10 years
Guidelines	Follow the guidelines set for the entire Nest chain
Nest Pass	Obligation to offer and accept the Nest Pass
Purchase exclusivity	The products and services indicated by the headquarters must be purchased from the referenced suppliers
Brand	Transfer of use of the trademark
Area Exclusivity	Exclusivity will be granted in the established area





# VISIT US

## Nest Hostels

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You can obtain more information on our website and through our social media:

Nest Hostels website [www.nestshostels.com](http://www.nestshostels.com)

Our Instagram account [instagram.com/nestshostels/](https://www.instagram.com/nestshostels/)

Facebook page [facebook.com/nesthosteltenerife/](https://www.facebook.com/nesthosteltenerife/)

Nest's Tiktok [tiktok.com/@nestshostels](https://www.tiktok.com/@nestshostels)

Our Youtube channel [youtube.com/@nestshostels/videos](https://www.youtube.com/@nestshostels/videos)



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