



## Opportunity Main Street, LLC Market Research and Plan

Opportunity Main Street, LLC (“OMS”) is a community investment fund designed to generate returns to investors by conducting activities that build community wealth and increase access to supportive capital by underrepresented entrepreneurs.

OMS has purchased a historic commercial building at 15 West Mulberry Street in downtown Baltimore and is in the process of renovating it into a five-unit short-term residential hotel. The first floor will serve as a café, retail shop for local artisan goods, and a community gathering space where local small business owners will receive support with their capital raising needs. Our sister business, Crowdfund Mainstreet, will launch a tech-enabled investment platform called CrowdfundBaltimore.com that will serve as a convenient tool for facilitating community investment in small local businesses.

### **OMS’ Services and Benefits**

OMS’ primary service is short-term residential rentals. Our building (called “the Mulberry”) contains five small apartment units each with a living room, bedroom, bathroom, and (to be added) galley kitchen and washer/dryer. Each of the five units will be decorated with unique local flavor and charm.

The target audience for these units is business travelers, those who have temporary jobs at local medical and educational facilities, and tourists looking for an extended stay at a building offering unique amenities and opportunities for community connection.

In addition to the five serviced apartment units, the first floor will be leased to a hospitality entrepreneur and will provide café style food and beverage service, a small retail space, and special event rentals. The basement will be utilized as an artisan/maker space, providing a location for entrepreneurs to produce their handcrafted goods.

OMS’ mission is to partner with its various sister organizations to provide comprehensive support for small local business to raise community capital. This will be accomplished by using the first floor of the Mulberry as a space for providing legal and accounting support to entrepreneurs and inviting community residents to meet local entrepreneurs and learn about how to invest in the businesses they care about.

### **Key Trends in the Serviced Apartment/Hospitality Market in Downtown Baltimore**

Downtown is the fastest growing residential neighborhood in Baltimore. A 2022 Downtown Partnership Housing Demand Study found that downtown can absorb an additional 6,000 residential units over just the next 4 years. The 1-mile radius surrounding downtown is currently the 12th most densely populated district in the United States and will have \$6.5 billion worth of development activity over the next 5 years. Since 2010, the neighborhood has seen a 22% increase in population and a 21% increase in median household income. Average residential occupancy 95% or greater, according to Westside Partners.

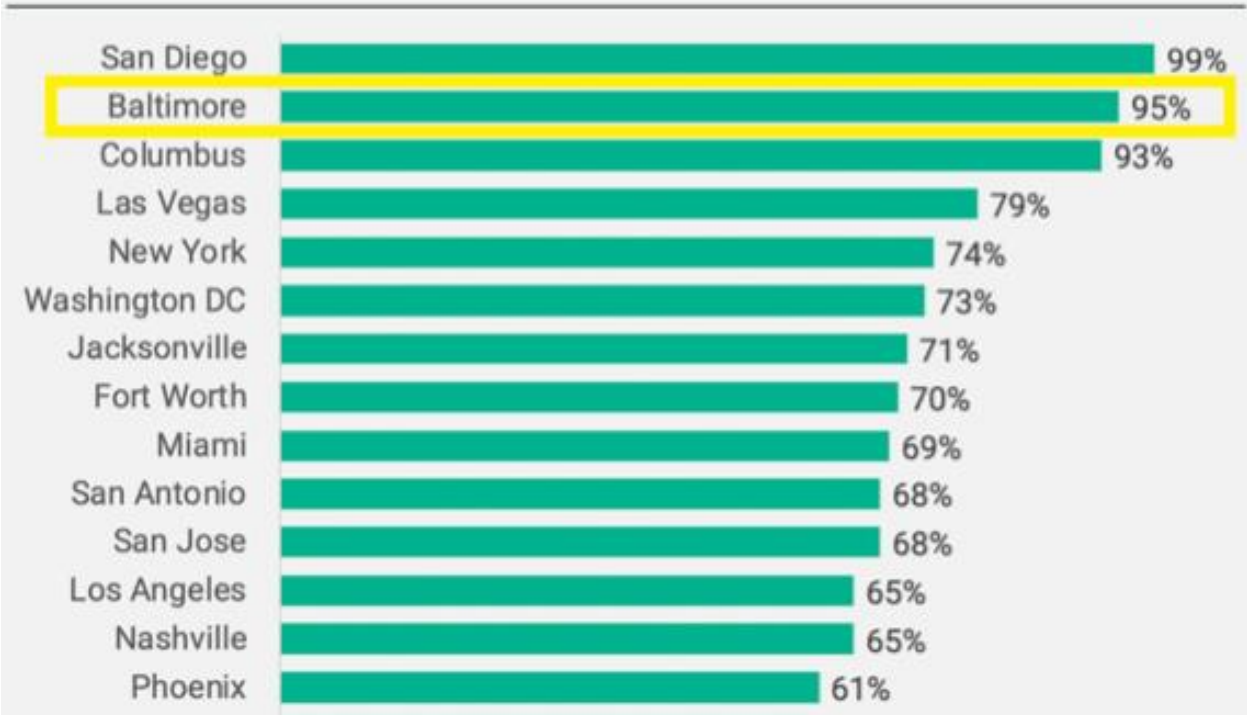
33.5% of Baltimore’s jobs are concentrated in the one-mile radius surrounding downtown. Twelve public agencies are in the process of relocating to the central business district, leasing 1 million square feet of office space for 3,300 state workers.

The historic Lexington Market – a beloved Baltimore institution since 1782 and just a few blocks from our building – recently underwent a \$45 million renovation. The newly renovated CFG Bank Arena provides world-class entertainment events that draws crowds from across the region and beyond. The neighborhood is home to numerous theaters, galleries, live music venues, and artist studios.

According to U.C. Berkeley’s Institute for Governmental Studies, downtown Baltimore is the second most recovered from the pandemic in the nation (see chart below).

## How much have downtowns recovered from the pandemic?

Percent recovered, compared to pre-pandemic, based on cell phone data



Source: UC Berkeley Institute of Governmental Studies

Baltimore is a popular destination for medical tourism. This is due to the fact that Baltimore has a number of world-class hospitals and medical facilities. Each year, thousands of people travel to the city to receive medical care. Many of these patients require a place to stay while they are undergoing treatment, and they often prefer to stay in a furnished residential rental rather than a hotel.

Baltimore's short-term rental market has shown steady growth in recent years. Key indicators such as room occupancy, average room rate, and revenue per available room have improved over time, reflecting a positive market health. The demand for short-term rentals has outpaced the growth in room supply, indicating a strong market.

Percent change 2022 vs 2021						
Metric	Occupancy %	Avg. Room Rate	Revenue per Room	Room Revenue	Room Supply	Rooms Sold
% increase	30.8% ↑	21.8% ↑	59.3% ↑	60.5% ↑	0.7% ↑	31.8% ↑

Source: <https://www.visitmaryland.org/sites/default/files/2023-02/MDLodging-Dec-2022-w-Counties.pdf>

Travel + Leisure has identified the trend toward travelers “seeking the creature comforts of an apartment such as separate living rooms from bedrooms, washers and dryers, and full kitchens.”

Large hotel groups are betting on the long-term success of the serviced apartment sector, introducing new brands while also expanding the reach of existing extended stay brands.

One of the hottest trends is the ‘linger longer’ concept, with operators reporting an increasing average length of stay by guests. The reasons for this are threefold. Remote working has made it easier for employees to work from abroad (provided the time difference isn’t too disruptive), while the growth in bleisure has seen guests add on a few days to their business visit to make the most of the destination. Sustainability also has a part to play, with business travelers planning to travel less but for longer periods in order to limit their carbon footprint.

Guests are increasingly interested in choosing accommodation with sustainable credentials, which will be an important part of the Mulberry’s identity.

Millennials and Gen Z travelers are looking for more experiential stays, including events and communal spaces, which is also a key feature of the Mulberry.

Source: <https://www.businesstraveller.com/features/serviced-apartments-new-trends/>

According to Expedia, there is only one other hotel that provides kitchens in the vicinity of downtown Baltimore. It is called Roost and it rents for \$318 per night, significantly more than our planned nightly price of \$265. The Mulberry is the only hotel that includes a kitchen and other apartment-style amenities located in the central business district.

**Key Risks**

The primary risk to the business is that OMS will be unable to achieve its revenue projections for rentals. The following are the sources of projected revenue:

- Projected monthly revenue from short term residential units: \$22,000
- Projected monthly revenue from first floor operations: \$2,700
- Projected monthly revenue from basement operations: \$1,500

The projected occupancy of the residential units is 55% with a per night rate of \$265. If we are unable to achieve this level of occupancy at this price point, we will be challenged to cover our operating costs and loan payments.

If we are unable to identify a skilled, professional, high-quality entrepreneur to manage the first floor operations, we may be unsuccessful in attracting visitors to the space to enjoy food, drink, workshops, gatherings, etc.

The neighborhood surrounding the Mulberry has very limited parking which could make it more difficult to attract visitors from throughout great Baltimore (the building has a small parking lot in the back but it can only accommodate up to five cars).

If we are unable to identify appropriate tenants for the basement, we will be unable to achieve our revenue goal for that portion of the building.

The Mulberry is a hotel (although more similar to the category known as “serviced apartments”). Operating a hotel is a highly specialized business and if we are unable to identify skilled and experienced personnel it could be difficult to provide the level of serve that would be expected by our guests.

While the Mulberry does not have any competition in the central business district (i.e. no other hotels offer apartment-like amenities), there is a great deal of planned new development which could include competitive properties that could make it more difficult for us to attract guests.

**Competitor Analysis**

The Mulberry combines the best characteristics of a luxury hotel and an upscale AirBnB space. Like an upscale hotel, the Mulberry has beautiful design and luxury amenities and like a typical AirBnB it includes a kitchen and laundry facilities in each unit. In addition to that, the Mulberry offers curated events in the first floor café where guests can experience Baltimore’s unique flavor.

The chart below shows a comparison between the Mulberry and its closest downtown competitors.

FEATURES	STANDARD HOTEL	BOUTIQUE HOTEL	AIRBNB	THE MULBERRY
Unique, high quality design		✓	?	✓
In-unit kitchen and washer/dryer			✓	✓
On-site staff	✓	✓		✓
Curated events on site				✓
Luxury amenities		✓	?	✓
High quality on-site food, drink & retail		✓		✓

The most comparable nearby lodging option is The Ivy Hotel, located approximately three-quarters of a mile north of the Mulberry. Like the Mulberry, each room is beautifully decorated and each one has its own unique design. However, the rooms do not have kitchens or washer dryers. The per night rate ranges from \$690 to over \$1,000.

### **Marketing Plan**

The Mulberry brand is centered around providing a distinctive and immersive experience for our guests and people who come to our first floor gathering space. We understand that our clientele is worldly, independent, and artistic, and seeks out beauty and rarity in their travels. We aim to go beyond providing a simple stay and instead offer a sanctuary, another world, where the comforts of home are made marvelous. Our personalized service, historic charm, and exclusive local partnerships set us apart from the traditional hotel experience.

Our Unique Selling Proposition:

- a. Immersive Experience: We believe in creating spaces that transcend traditional hospitality by providing an immersive and transformative experience for our guests. Each corner of our hotel is thoughtfully designed to transport our clients to a world of beauty, creativity, and inspiration.
- b. Atmosphere and Local Art: We curate an atmosphere that evokes a sense of wonder and indulgence, filled with locally sourced art and goods. Our spaces are adorned with unique artworks, handcrafted furniture, and one-of-a-kind decor pieces that reflect the talent and craftsmanship of local artisans.
- c. Collaboration and Connection: We understand the value of collaboration and fostering connections among our guests. Our hotel provides spaces that are conducive to collaboration, whether it be in our cozy lounges, communal workspaces, or vibrant social areas. We believe that meaningful connections and shared experiences enrich the our guests' experience.
- d. Support for Local Business: We are proud supporters of Baltimore's small businesses. By showcasing their products and services within our hotel, we aim to promote and celebrate the talents and skills of the local community. Our guests have the opportunity to appreciate and purchase unique, locally made goods during their stay and, if they choose, to invest locally via [CrowdfundBaltimore.com](https://www.crowdfundbaltimore.com).
- e. Sustainability: We are committed to sustainability in all aspects of the Mulberry's furnishing, amenities, and operations.

The marketing plan aims to position The Mulberry as a unique and charming accommodation choice in Baltimore's competitive hospitality industry. By leveraging the building's central location, historic charm, and local partnerships, the objective is to attract a diverse range of guests, including leisure travelers, business professionals, traveling healthcare professionals, and medical tourists. The plan includes strategies such as content creation/earned media, paid advertising, marketing partnerships, and promotions to drive brand awareness and generate customer loyalty.

Our marketing strategies will include the following:

- a) Local Partnerships:
  - i) Establish collaborations with nearby restaurants, bars, and attractions to offer exclusive discounts and packages for Mulberry guests.
  - ii) Cross-promote with local businesses through joint marketing initiatives and referral programs.
    - (1) Weddings (the Mulberry is across the street from the country's largest Catholic basilica)
    - (2) Conferences
    - (3) Holiday shopping spree
    - (4) Medical professionals
    - (5) Foodie tourists
- b) Content Marketing/Earned Media:
  - i) Develop a visually appealing website that showcases the Mulberry's unique features, amenities, events, and local partnerships.
  - ii) Create engaging blog content highlighting Baltimore's attractions, local events, and insider tips.

- c) Targeted Marketing Campaigns:
  - i) Run digital ad campaigns on travel websites, social media platforms, and local online publications targeting customer personas.
  - ii) Leverage search engine marketing to increase visibility for relevant keywords and phrases.
  - iii) Implement geolocation targeting to reach potential guests in Baltimore and surrounding states.

## **Management**

The co-founders of OMS are two socially responsible attorneys with experience in real estate development and transactions, small business, and impact investing.

Michelle Thimesch, CEO, is a licensed business and securities lawyer who has worked with closely held small businesses for more than two decades. In this role, she has focused on finance for growth and succession planning.

Michelle served as the lead on the coordination of accountants, financial planners, and in-house counsel to facilitate a smooth succession plan for the small businesses she counseled. As part of this process, she became a certified community mediator and business coach to understand the interpersonal and communications challenges that arise when high stakes, emotionally charged transitions are undertaken.

Michelle has been an investor in alternative assets over this same period and has seen first-hand the financial and social benefits of direct investments. In 2014, Michelle went from passive prosocial investment to an active project management role in the development of affordable housing units implementing sustainable construction methods. She introduced a building system to the community of Richmond, CA and built the first two steel frame and ESP foam houses in that city. A local affordable housing developer has adopted this system and implemented an apprenticeship training program that creates high-paying jobs for disadvantaged young adults and formerly incarcerated individuals.

Michelle received her bachelor's degree in Speech Communication from the University of Illinois at Urbana-Champaign and attended Drake University Law School.

Jenny Kassan, CFO, has almost 30 years of experience as an attorney and advisor for mission-driven enterprises.

She is the author of *Raise Capital on Your Own Terms: How to Fund Your Business without Selling Your Soul* (Berrett-Koehler, October 2017).

Jenny earned her J.D. from Yale Law School and a masters degree in City and Regional Planning from the University of California at Berkeley.

Jenny co-founded the Force for Good Fund, an impact investment fund managed by Community Ventures, a nonprofit organization that Jenny founded in 2008.

Jenny's legal practice, The Kassan Group, provides legal services, coaching, and consulting for mission-driven companies, investors, and intermediaries.

Jenny served on the Securities and Exchange Commission Advisory Committee on Small and Emerging Companies.

Before becoming a securities lawyer, Jenny worked for eleven years at a nonprofit community development corporation in Oakland called the Unity Council. While at the Unity Council, Jenny was a project manager on a \$100 million real estate development project, managed a property-based business improvement district, developed a public market, and started and ran a public space cleaning business.