



## 2 Minute Drill

<b>Year Business Started</b>	2017	<b>Year Started Franchising</b>	2022
<b>Number of Company Units Open</b>	3	<b>Number of Franchise Owners</b>	0
<b>Franchise Units Open</b>	0	<b>Additional Franchise Units In Development</b>	0
<b>Franchise Fee</b>	\$49,900	<b>Investment Range</b>	\$649,400 - \$1,446,900
<b>Franchise Fee Discount</b>	For multi-unit	<b>Item 19</b>	yes
<b>Required Liquid Capital</b>	\$450,000	<b>Required Net Worth</b>	\$1,000,000
<b>States with Operating Locations</b>	CA	<b>State Registration Intentions</b>	all
<b>On the SBA Registry?</b>	Yes	<b>Royalty</b>	5.5%

### **“OUR STORY”**

Traci Hawkins, the Founder of Beauty Bungalows, hails from the small county town of Oakdale in Northern California, where she was brought up in a family of entrepreneurs. Driven by her passion for business, Traci has consistently demonstrated her tenacity and determination to succeed. Her unwavering dedication to realizing her ambitions has inspired her to support like-minded individuals in achieving their own dreams through hard work and persistence.

Traci's introduction to the hair industry began in 2004 when she joined T3 Micro, a company specializing in hair tools. Her travels to hair shows across the United States proved to be a turning point as she discovered her passion for the hair industry. In 2005-2006, Traci obtained her Cosmetology license and began her hair journey by managing the front desk in a traditional salon. Over the next four years, she gained invaluable experience by assisting in all aspects of running a salon.

In 2011, Traci's hard work and dedication paid off when she opened her own salon, Porcelain Hair Studio, in Huntington Beach, California. The salon has since flourished, and in 2013, Traci expanded her business by launching Porcelain Hair Extensions, a line of hair extensions that includes tapes, halos, weft extensions, and extension classes.

In 2017, Traci realized her vision of creating a space for beauty industry professionals and hairdressers to have a place of their own, resulting in the birth of Beauty Bungalows. The first location on Main St in Downtown Huntington Beach, California, with 15 suites, proved to be a success, leading Traci to open her second location in May 2022 on Brookhurst and Adams, Huntington Beach, California. The second location boasts 27 suites and a magnificent lobby with a custom art ceiling installation and a stunning chandelier to welcome tenants and their salon guests. A third location, Clovis, California, opened in December 2022, offering 29 luxury suites.

Traci's vision for Beauty Bungalows extends beyond these locations, as she plans to open two more locations in late 2023 in La Cienega and Roseville, California. In late 2021, Traci began franchising Beauty Bungalows, offering aspiring entrepreneurs an opportunity to join the Beauty Bungalows family and own a franchise in locations across the United States, Canada, UK, and Australia. Interested parties may visit the franchise website for more information at <https://beautybungalowsfranchising.com/>.

## **Brand Description**

Introducing Beauty Bungalows: Embrace the Thriving and Resilient Salon Suite Industry as a Beauty Bungalows Franchisee

Established in 2017 under the visionary leadership of Traci Hawkins, Beauty Bungalows has emerged as a prominent player in the market, revolutionizing the salon industry with an unparalleled luxury salon suite concept.

But what exactly are salon suites? Picture entering a building housing 25 to 35 distinguished beauty professionals, each successfully operating their own businesses from their exclusive and opulent salon suite. At Beauty Bungalows, we have crafted a chic and sophisticated environment, catering to hairdressers, nail technicians, massage therapists, estheticians, and beauty professionals alike. Our distinctive model eliminates the burdens and financial constraints of traditional salons while enabling salon professionals to curate an extraordinary salon culture, set their preferred schedules, enjoy enhanced guest privacy, and boost their income significantly.

The experience of owning a Beauty Bungalows franchise is profoundly gratifying. Witnessing our beauty professionals flourish in their entrepreneurial journeys is both meaningful and rewarding. Thus, we are

thrilled to extend this opportunity to others, empowering them to relish the ownership of their very own Beauty Bungalows Salon Suite Franchise.

Ever pondered if owning a salon suite franchise aligns with your aspirations? Craving the epitome of work-life balance? Envision the allure of predictable weekly revenue, unburdened by concerns about managing employees. We have transformed the salon suite concept into a turnkey franchise opportunity, solidifying Beauty Bungalows as one of the premier salon suite franchises. We currently offer territories in the United States, Canada, the United Kingdom, and Australia.

Surprisingly, you don't need any prior salon experience to thrive as a Beauty Bungalows franchise owner. Whether you are a seasoned business professional, a savvy real estate investor, or an accomplished business owner, our unique franchise opportunity could be an ideal fit for you. Our franchise model thrives on fostering fruitful relationships, and we invite you to embark on this remarkable journey with us.

The beauty business is experiencing an extraordinary boom, with the beauty and personal care market generating an astounding \$85 billion in revenue in 2022. To explore further insights into owning one of the most captivating franchise opportunities, we warmly invite you to visit [beautybungalowsfranchising.com](http://beautybungalowsfranchising.com).

### **BUSINESS FEATURES:**

1. Property Management
2. Semi Absentee
3. Salon Suite Rental
4. Real Estate
5. Predictable weekly income
6. Recession proof
7. Growing industry
8. Work life balance
9. Luxury offering in the salon suite industry

### **ELEVATOR PITCH:**

Imagine owning a recession-proof franchise that offers true semi-absentee ownership. Beauty Bungalows sets itself apart from other hair and beauty salon franchises by eliminating the need for staff, payroll, inventory, and receivables. With our salon suite model, you simply rent out mini suites to beauty professionals, making it a hassle-free property management business that requires no salon experience.

Beauty Bungalows provides luxurious mini suites to a diverse range of beauty professionals. Each Beauty Bungalows location typically houses 25-32 suites, and once they are rented out, your involvement is minimal. This means you can enjoy the perfect work-life balance you've always desired.

Transform your entrepreneurial dreams into reality with Beauty Bungalows—a recession-proof, semi-absentee franchise that offers lucrative opportunities without the usual salon business headaches.

## **Brand Differentiators and Competitive Advantages for our Customers:**

1. Luxury Salon Suite Offering
2. Founder was a hairdresser and has been in the industry for over 20 years
3. Major territories still available
4. Semi-absentee model
5. Proven business model

## **Current Industry Conditions, Advantages, and Projections:**

The salon service market has achieved a remarkable milestone, surpassing a valuation of \$65 billion, and its growth trajectory continues to exhibit rapid expansion. On a global scale, there has been a decline in the number of traditional salons. A substantial portion of hairdressers and beauty professionals, previously associated with "rent a chair" or salon employment, have opted to embark on their own entrepreneurial journey through the establishment of salon suites. These professionals aspire to cultivate their unique brand identity and relish the advantages of owning their own salon while circumventing the financial burden of extensive infrastructure development and the complexities associated with staff recruitment and training. The resilience of the health and beauty industry, impervious to the fluctuations of economic crises or recessions, further solidifies the stability of the salon suite segment.

1. According to a market research, the global salon suites market size was valued at USD 2.1 billion in 2020 and the industry is projected to reach a value of \$9.89 billion by 2027, growing at a CAGR of 5.6% from 2020 to 2027.
2. The same report found that the North American region dominated the market with a revenue share of 53.4% in 2020. This is due to the increasing demand for salon suites among beauty professionals in the region.
3. The salon suite industry has a 97% occupancy rate, which is higher than the overall commercial real estate average of 89%.

4. According to a report by Salon Suite Solutions, the number of salon suites in the United States grew from 5,000 in 2010 to over 25,000 in 2019. The report also predicts that this number will continue to grow rapidly in the coming years.
5. These statistics show that the salon suite industry is experiencing significant growth and is expected to continue to do so in the coming years. As more beauty professionals seek greater control over their businesses and more personalized experiences for their clients, salon suites are becoming an increasingly popular option.
6. The salon suite industry generated \$8.2 billion in revenue in the United States in 2020, according to a report by the Professional Beauty Association.
7. The average lease length for a beauty professional to stay in a salon suite is three years.
8. The number of independent beauty professionals operating in salon suites increased by 61% from 2017 to 2020, according to a report by the International SalonSpa Business Network.
9. The number of salon suite franchisors in the United States has increased by 62% since 2015, according to a report by FranchiseGrade.
10. In a survey of salon suite tenants, 92% said that they plan to continue operating out of a salon suite for the next five years.

The benefits of becoming part of this rapidly growing industry are numerous. The perfect time to become a Beauty Bungalows franchisee is now, as Beauty Bungalows is an emerging brand with all territories currently available. You can feel confident in presenting Beauty Bungalows to your clients, as they are looking for a truly semi-absentee model that is experiencing huge industry growth.

## **NOTABLE AWARDS:**

Franchise Journal Trop Brand for 2022

## **TARGET CUSTOMER:**

High net worth

Looking for semi absentee business

Strong business acumen

Ability to build relationships and mentor a wide variety of personalities

Desire to make a positive impact on helping others succeed

## Item 19:

**Yes – please see for full details**

1. **Company Owned Outlet #1** – Company-Owned Outlet #1 operates in Huntington Beach, California and has been open since March of 2017. It is comprised of 15 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 6,000 to 8,000 square feet and will contain 25-35 individual suites of varying sizes.

### Part I. - Company-Owned Outlet #1 (15 Suites | ~3,000 Sq.Ft.)<sup>1</sup>

<u>April 1, 2022 to March 31, 2023</u>	
<b>GROSS REVENUE<sup>2</sup></b>	<b>\$276,393</b>
<b>Key Operating Expenses</b>	
Advertising	\$400
Cleaning Supplies	\$603
Insurance	\$2,988
Janitorial	\$7,280
Legal/ licenses	\$705
Manager <sup>3</sup>	\$0
Rent/NNN/CAMS Expense	\$136,582
Repairs & Maintenance	\$0
Utilities	\$10,500
<b>Total Key Operating Expenses</b>	<b>\$159,058</b>
<b>Estimated Franchise Operating Expenses<sup>4</sup></b>	
Royalty Fees (5.5%)	\$15,202
Brand Fund Contribution (1%)	\$2,764
Total Franchise Expenses	\$17,966
<b>EBITDA (if franchised)<sup>5</sup></b>	<b>\$99,369</b>
<b>EBITDA (if franchised) Margin<sup>6</sup></b>	<b>35.96%</b>

**Part I (cont.). - Company-Owned Outlet #1 (15 Suites | ~3,000 Sq.Ft.)**

<b>Suite Occupancy Rate<sup>7</sup></b>
April 1, 2022 to March 31, 2023
100%

<b>Suite Profiles<sup>8</sup></b>
Total Suites: 15
Suite Size Range: 111 - 185 sq. ft.
Suite Rent Range: \$350 - \$490 per week.

**Company Owned Outlet #2 – Company-Owned Outlet #2 operates in Huntington Beach, California and has been open since April of 2022. It is comprised of 27 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 6,000 to 8,000 square feet and will contain 25-35 individual suites of varying sizes.**

**Part II. - Company-Owned Outlet #2 (27 Suites | ~5,700 Sq.Ft.)<sup>1</sup>**

<b>April 1, 2022 to March 31, 2023</b>	
<b>GROSS REVENUE<sup>2</sup></b>	<b>\$418,898</b>
Key Operating Expenses	
Advertising	\$800
Cleaning Supplies	\$653
Insurance	\$4,800
Janitorial	\$20,800
Legal/ licenses	\$207
Manager <sup>3</sup>	\$0
Rent/NNN/CAMS Expense	\$184,155
Repairs & Maintenance	\$6,000

Utilities	\$15,537
<b>Total Key Operating Expenses</b>	<b>\$232,952</b>
<b>Estimated Franchise Operating Expenses<sup>4</sup></b>	
Royalty Fees (5.5%)	\$23,039
Brand Fund Contribution (1%)	\$4,189
Total Franchise Expenses	\$27,228
<b>EBITDA (if franchised)<sup>5</sup></b>	<b>\$158,718</b>
<b>EBITDA (IF FRANCHISED) Profit Margin<sup>6</sup></b>	<b>37.90%</b>

<b>Suite Occupancy Rate</b>			
April/May	June/July/Aug	September	Oct. '22 to March. '23
50%	82%	90%	100%

<b>Suite Profiles</b>
Total Suites: 27
Suite Size Range: 110 - 200 sq. ft.
Suite Rent Range: \$310 - \$545 per week.

## TRAINING DETAILS:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation and Overview	4	0	Costa Mesa; California, an existing Beauty Bungalows location, or virtual
CRM and IT	4	0	Costa Mesa; California, an existing Beauty Bungalows location, or virtual
Construction & Suppliers	2	0	Costa Mesa, California; an existing Beauty Bungalows location, or virtual
Marketing & Promotions	4	0	Costa Mesa, California; an existing Beauty Bungalows location, or virtual
Leasing Your Suites	4	0	Costa Mesa, California; an existing Beauty Bungalows location, or virtual
Operations	5	0	Costa Mesa, California; an existing Beauty Bungalows location, or virtual
Ongoing Operations Support, Follow-Up Training & Pre-Opening Support	5	0	Costa Mesa, California; an existing Beauty Bungalows location, or virtual
<b>TOTALS</b>	28	0	

## Potential Objections and how to Overcome Them:

I have no salon experience – No salon experience is needed, this is a property management/real estate model.

The investment is large – The investment range does not include Tenant improvement allowance or freer rent period – this is key to ROI and something we have experience in negotiating.

There are already salon suites in my area – The salon suite industry is rapidly growing. Unlike gyms, restaurants or other businesses that need 100's of member or customers, salon suites typically only have 25—33 tenants on a 1-yr contract. There is a high variety of beauty professionals to pull from.