

2018 North Carolina Lodging Report

A Publication of Visit North Carolina

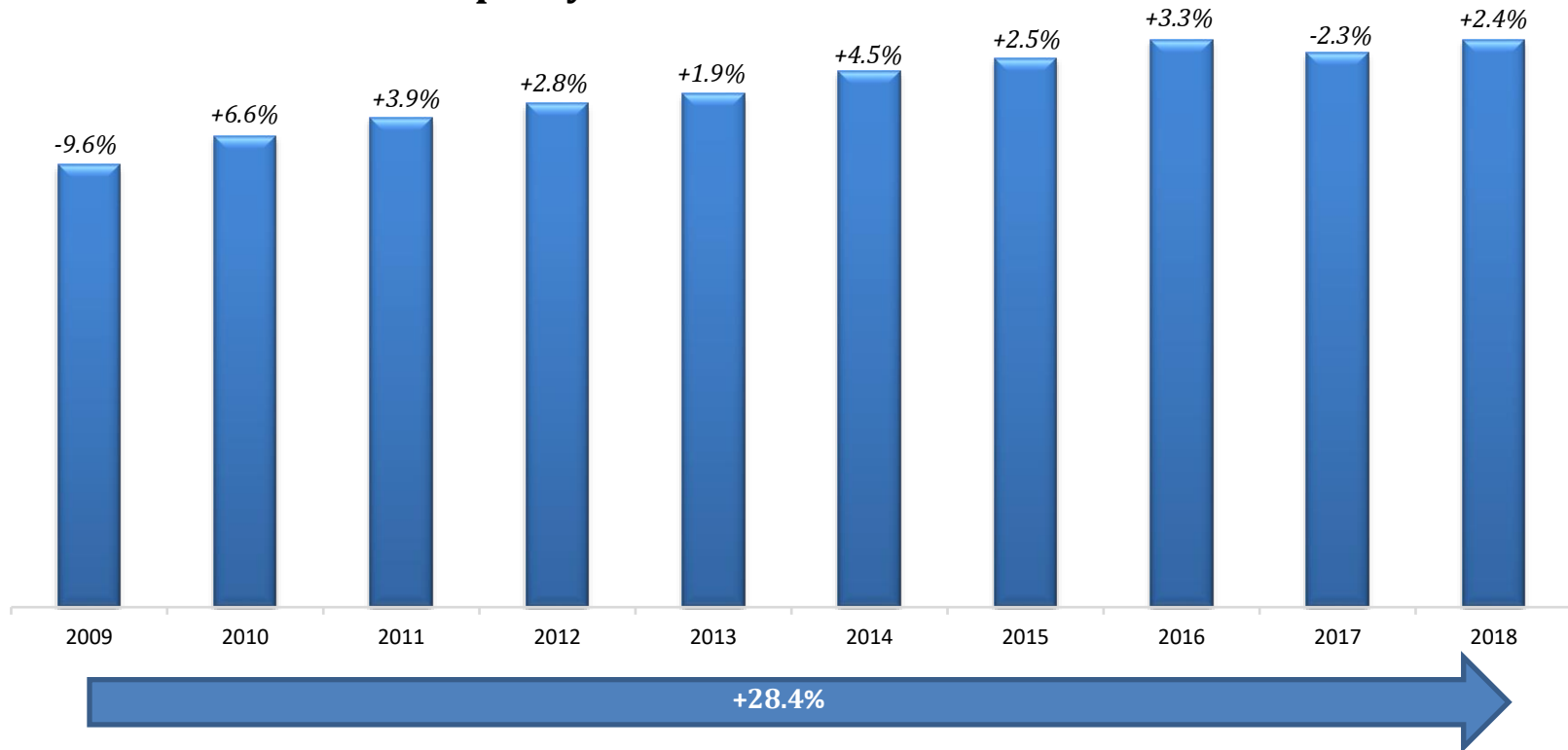


2018 North Carolina Lodging Report

- This report provides trend data on commercial lodging properties in North Carolina using proprietary data through contract with STR.
- While the data presented does not represent total lodging in the state, it is estimated that commercial lodging revenues represent approximately 76 percent of taxable sales statewide. Individual regions proportion of commercial to total may differ.
- Regional data provided represents the NC Department of Commerce prosperity zones.
- See page 27 for STR methodology.

- Year-end 2018 hotel/motel **occupancy** (64.9) was up 2.4% statewide from 2017 and is tied (with 2016) for highest annual occupancy on record. Occupancy rates statewide have grown eleven percent in the last five years.

Occupancy in North Carolina 2009-2018

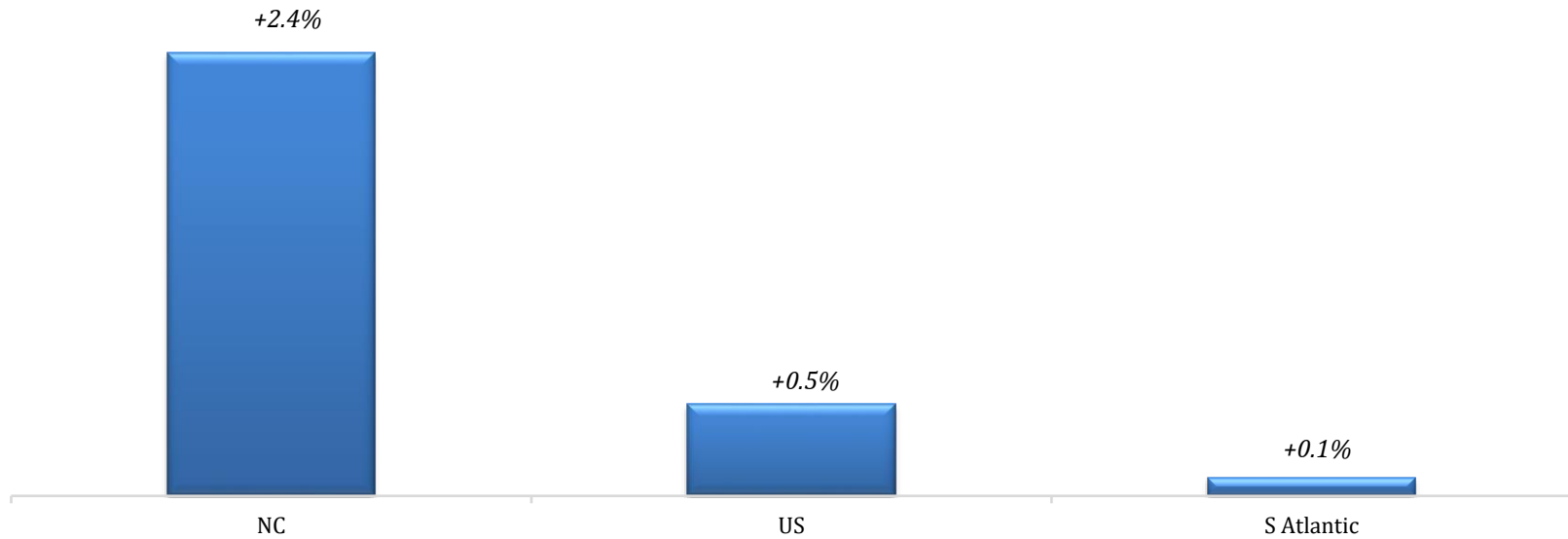


STR, 2019

**Occupancy – Rooms sold divided by rooms available.*

- From 2017 to 2018, U.S. **occupancy** was up 0.5% and South Atlantic states **occupancy** was up 0.1%, as compared to North Carolina's 2.4% growth.

North Carolina Occupancy Growth Compared to US and South Atlantic Region 2017-2018

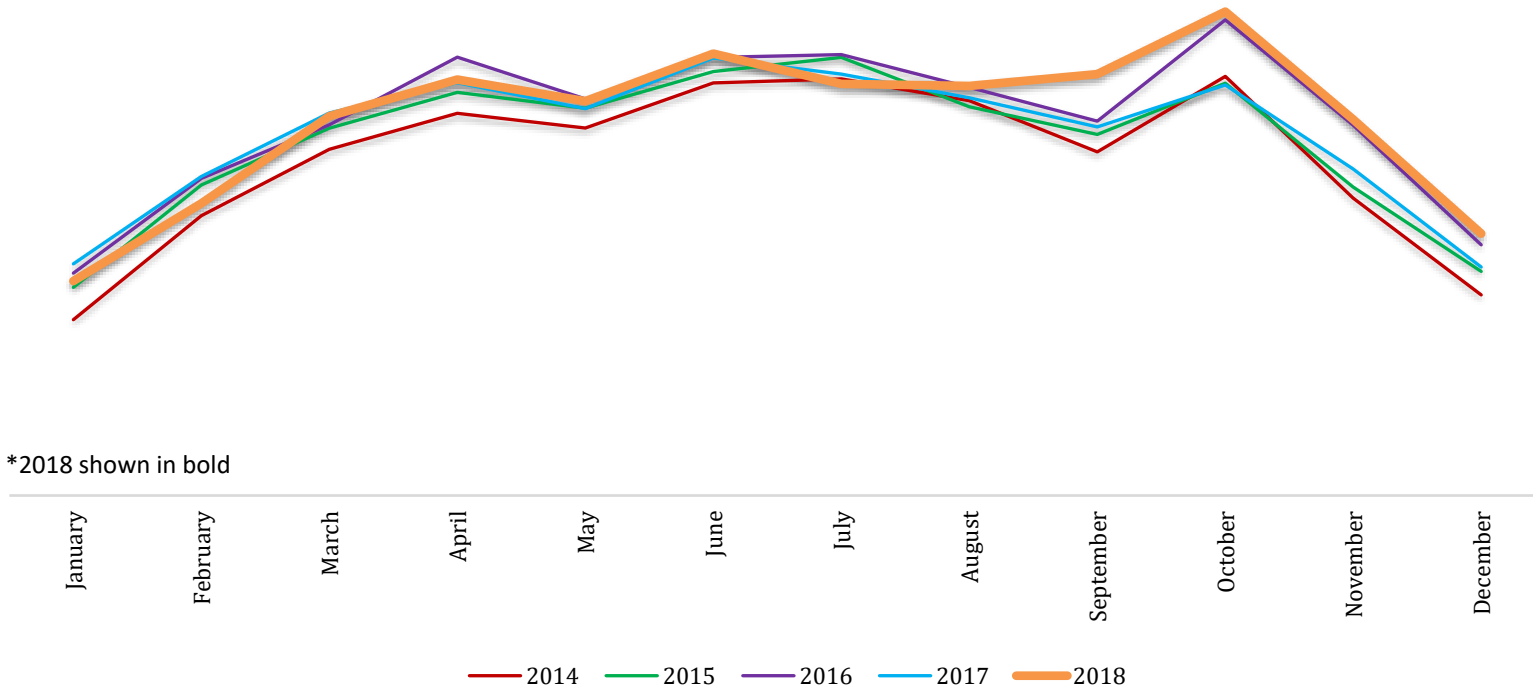


STR, 2019

**Occupancy – Rooms sold divided by rooms available.*

- In 2018, hotel/motel **occupancy** followed the same general monthly trend as in recent years, apart from September when occupancy was significantly higher than in recent years. The higher occupancy can be partially explained by lower supply also a result of the hurricane. Historically, statewide occupancy is always higher during the summer months and October, and 2018 was no different.

Monthly Occupancy in North Carolina 2014-2018

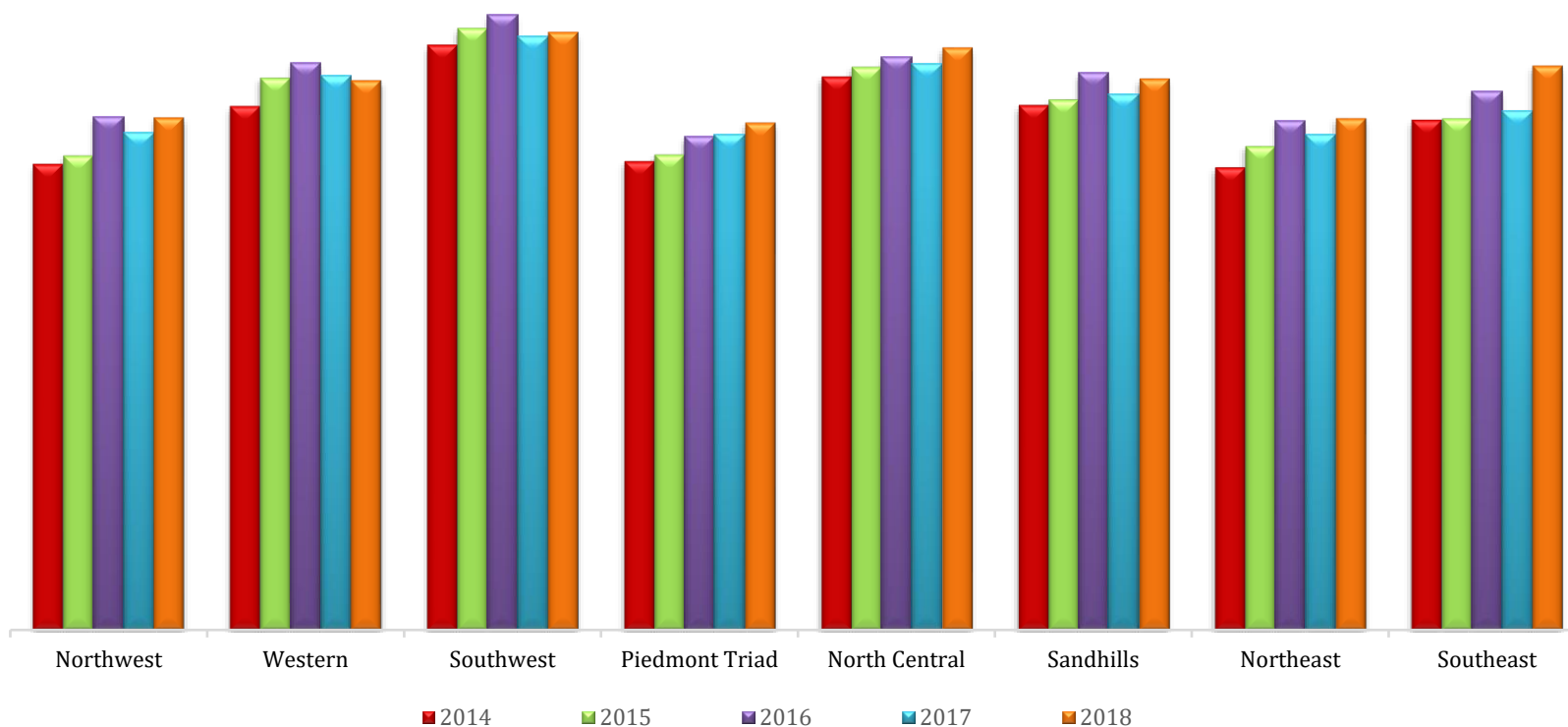


STR, 2019

*Occupancy – Rooms sold divided by rooms available.

- Regionally, seven of the eight regions had increases in annual occupancy from 2017 to 2018. Only the Western Region saw a slight decrease in occupancy from last year (-0.9%), though that decrease can be explained by continued high growth in supply in that region (see page 18).

Regional Occupancy in North Carolina 2014-2018



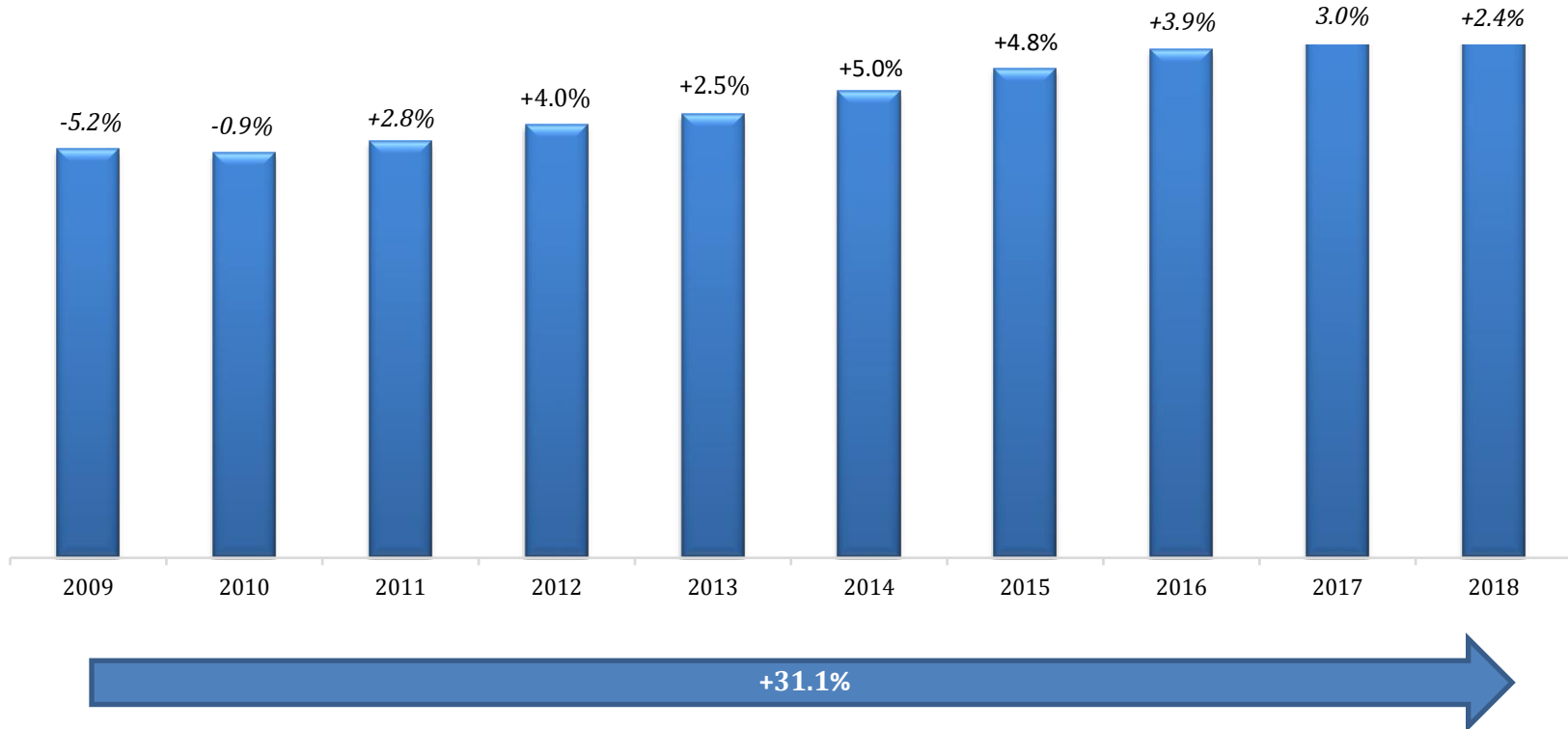
2018	+2.8%	-0.9%	+0.7%	+2.4%	+2.7%	+2.9%	+3.3%	+8.7%
2017	-4.1%	-2.8%	-3.4%	+0.5%	-1.1%	-3.8%	-2.6%	-3.8%
2016	+8.9%	+2.7%	+2.1%	+3.5%	+1.7%	+5.0%	+4.8%	+5.3%
2015	+2.1%	+5.5%	+3.0%	+1.5%	+1.9%	+1.0%	+4.6%	+0.2%
2014	+5.7%	+3.2%	+7.2%	+3.7%	+5.3%	+1.7%	+1.4%	+2.5%

STR, 2019

*Occupancy – Rooms sold divided by rooms available.

- The 2018 **average room rate (ADR)** in North Carolina (\$105.24) was up 2.4% from 2017, topping last year's record high ADR for the state. Average **room rates** have increased nearly twenty-one percent over the last five years.

Average Daily Room Rates (ADR) in North Carolina 2009-2018

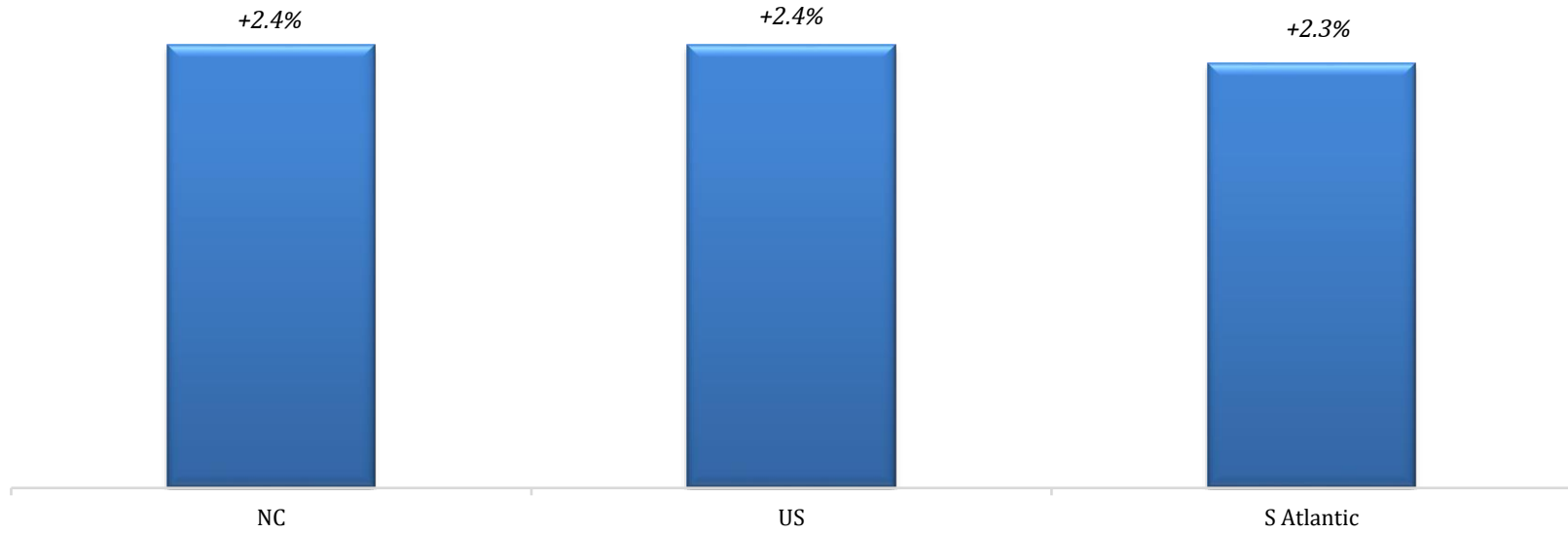


STR, 2019

*ADR (Average Daily Rate) – Room revenue divided by rooms sold.

- The U.S. **ADR** was up 2.4% from 2017, the same as North Carolina's room rate growth. **ADR** in the South Atlantic states was up 2.3% from 2017.

North Carolina ADR Growth Compared to US and South Atlantic Region 2017-2018

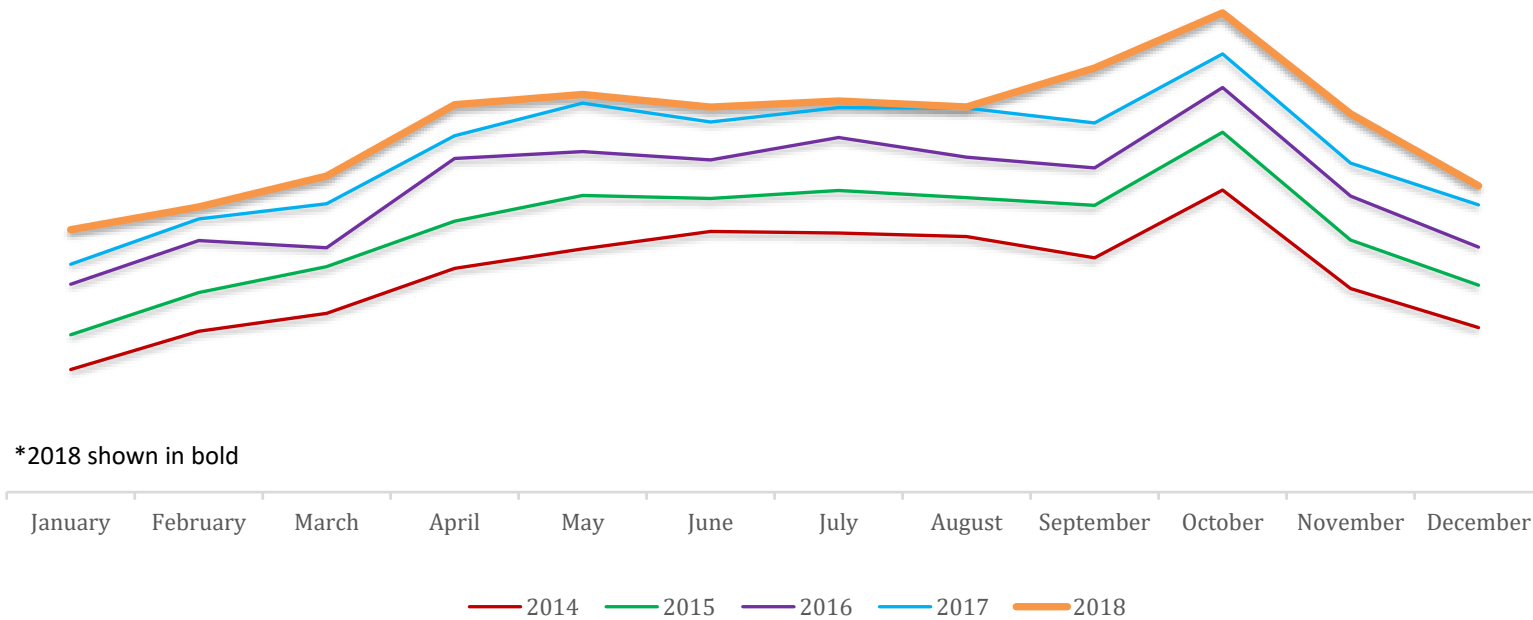


STR, 2019

*ADR (Average Daily Rate) – Room revenue divided by rooms sold.

- Room rates (ADR)** in North Carolina in 2018 were the highest on record, topping even last year's record high. Each month of 2018 set a record high ADR for that particular month. October's ADR was the highest monthly figure for 2017, topping \$115. September and November had the highest growth from 2017 with nearly five percent growth from the previous year.

Monthly ADR in North Carolina 2014-2018



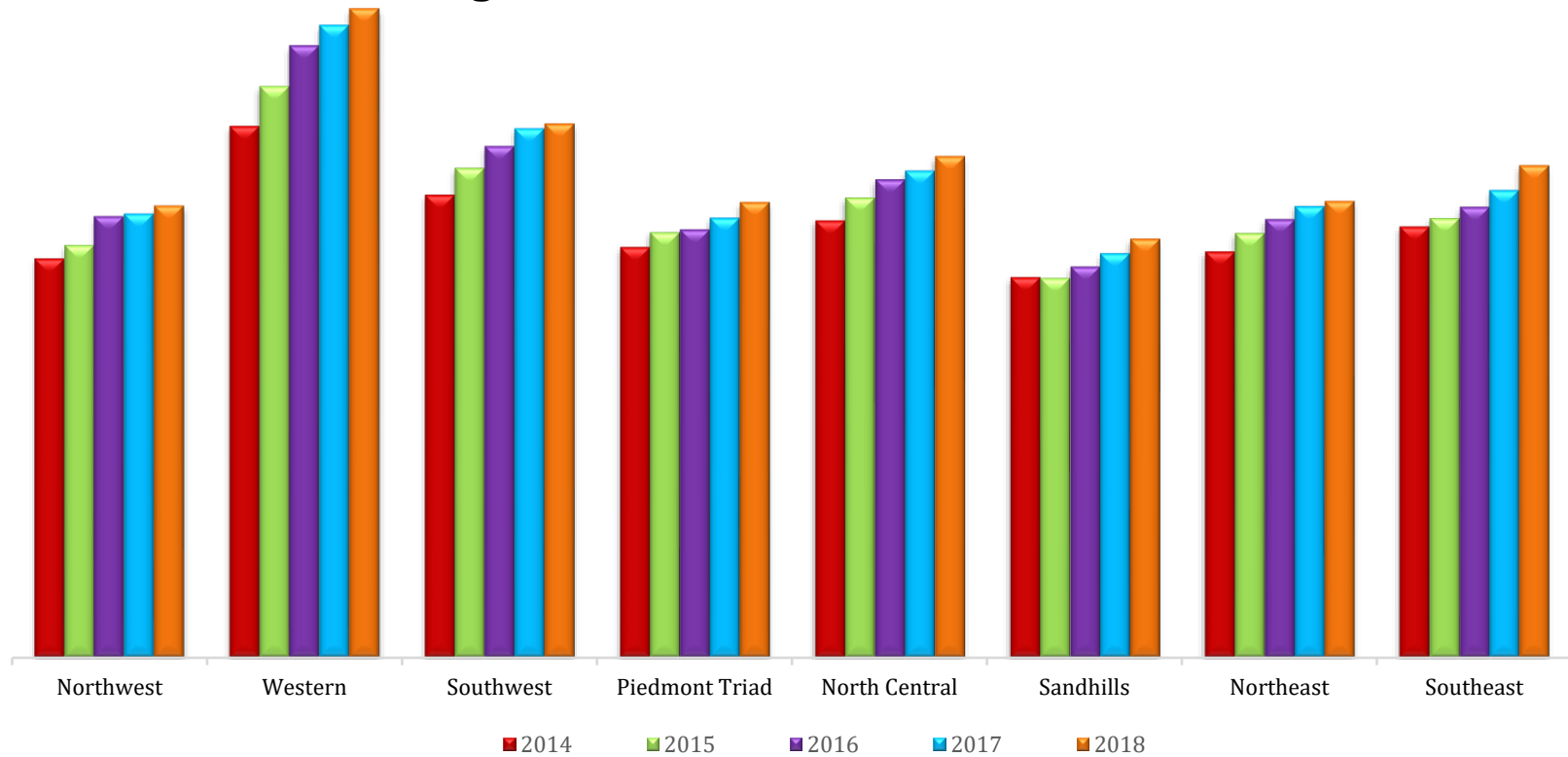
*2018 shown in bold

STR, 2019

*ADR (Average Daily Rate) – Room revenue divided by rooms sold.

- Each of the eight regions saw record setting average annual room rates in 2018. The Southeast Region experienced the largest one-year growth with a 4.9 percent growth in room rates. The Western Region remains the top region in terms of actual average ADR (\$135.74).

Regional ADR in North Carolina 2014-2018



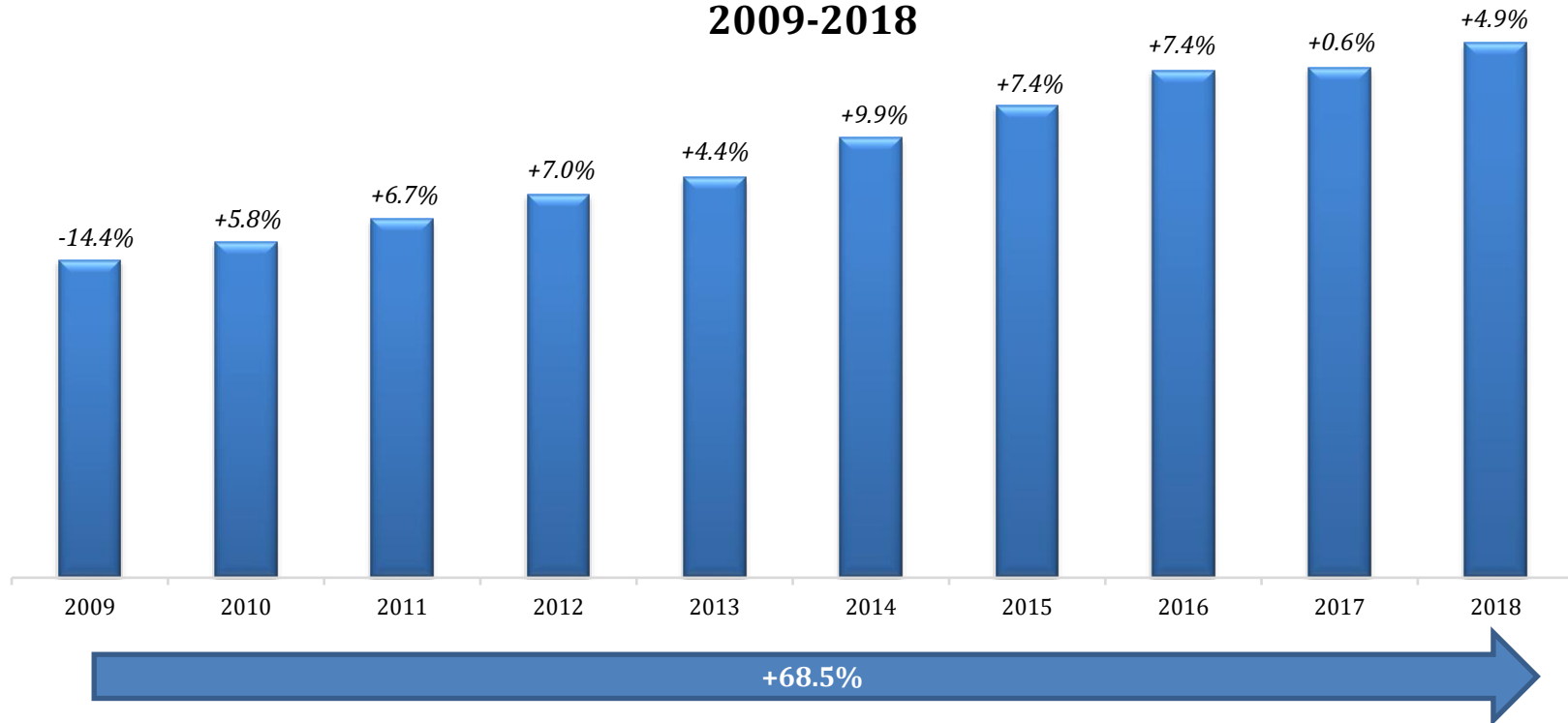
2018	+1.8%	+2.6%	+0.9%	+3.5%	+2.9%	+3.5%	+1.1%	+4.9%
2017	+0.6%	+3.3%	+3.5%	+2.7%	+1.8%	+3.4%	+3.0%	+3.7%
2016	+7.0%	+7.0%	+4.4%	+0.6%	+3.9%	+3.0%	+3.2%	+2.5%
2015	+3.4%	+7.6%	+5.8%	+3.6%	+5.2%	-0.2%	+4.5%	+2.0%
2014	+3.2%	+4.5%	+6.4%	+4.9%	+5.5%	+4.4%	+4.0%	+2.8%

STR, 2019

*ADR (Average Daily Rate) – Room revenue divided by rooms sold.

- Statewide, Revenue Per Available Room (**RevPAR**) (\$68.31) was up 4.9% in 2018 from 2017, surpassing the record set last year. **RevPAR** has increased thirty-four percent in the last five years.

Revenue Per Available Room (RevPAR) in North Carolina 2009-2018

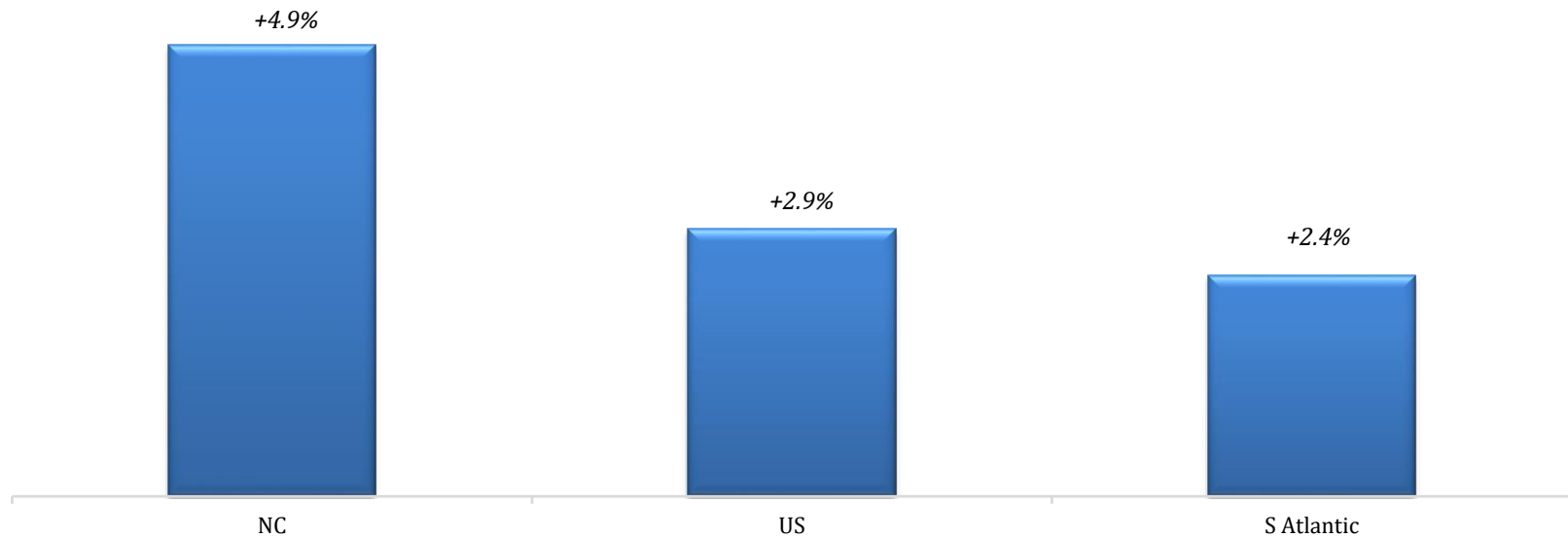


STR, 2019

*RevPAR – Revenue Per Available Room – Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR)

- RevPAR growth in North Carolina surpassed growth at the national level. Nationally, **RevPAR** was up 2.9% from 2017. South Atlantic states **RevPAR** was up 2.4% from 2017.

North Carolina RevPAR Growth Compared to US and South Atlantic Region 2017-2018

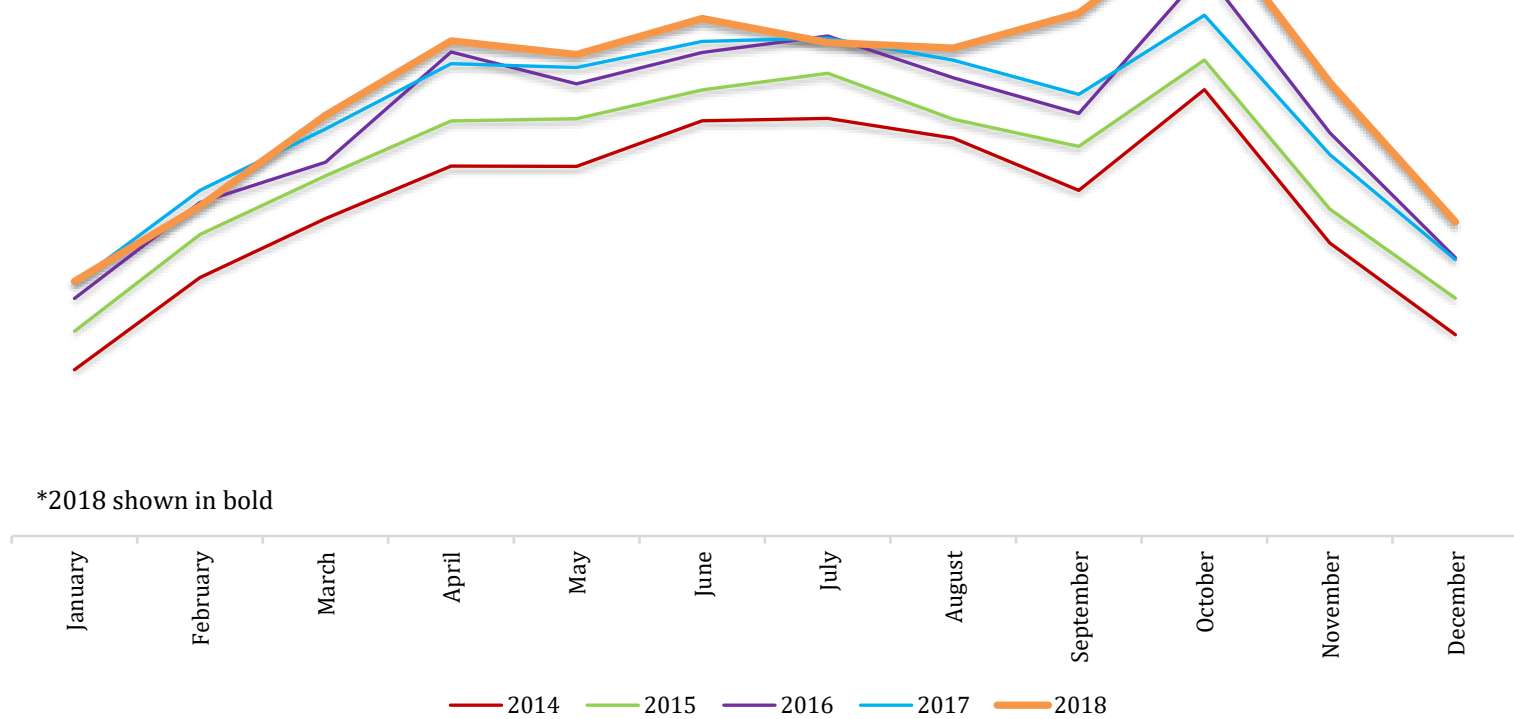


STR, 2019

*RevPAR – Revenue Per Available Room – Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR)

- As with other indicators, revenue per available room (**RevPAR**) achieved a new record high in 2018, surpassing the 2017 annual RevPAR. October had the largest RevPAR at more than \$86, followed by September with more than \$76. It is presumed that the lower supply in September due to hurricane recovery led to unusually higher RevPAR.

Monthly Revenue Per Available Room (RevPAR) in North Carolina 2014-2018

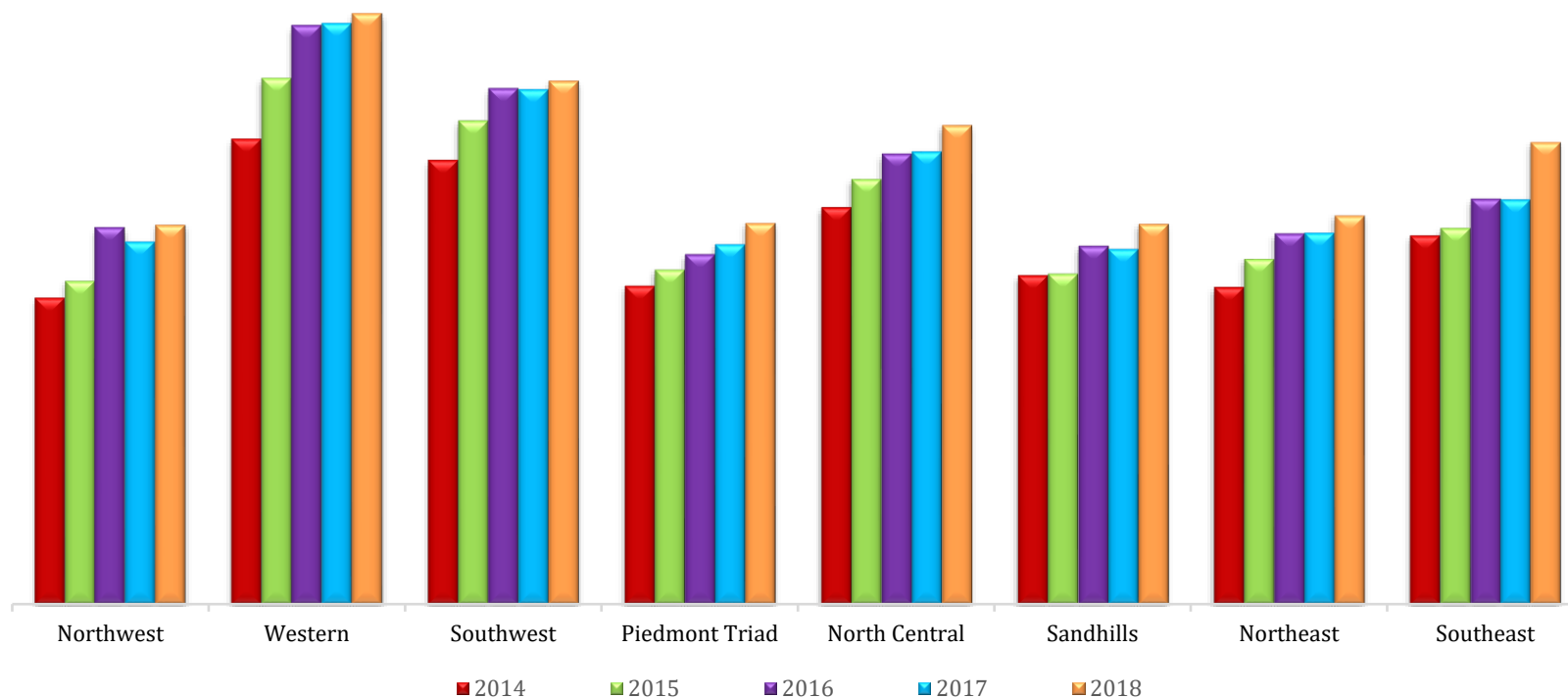


STR, 2019

*RevPAR – Revenue Per Available Room – Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR)

- RevPAR was up in each of the eight regions from 2017 to 2018. The Southeast Region had the largest growth in RevPAR (+14%), presumably in part to hurricane recovery efforts.

Regional RevPAR in North Carolina 2014-2018



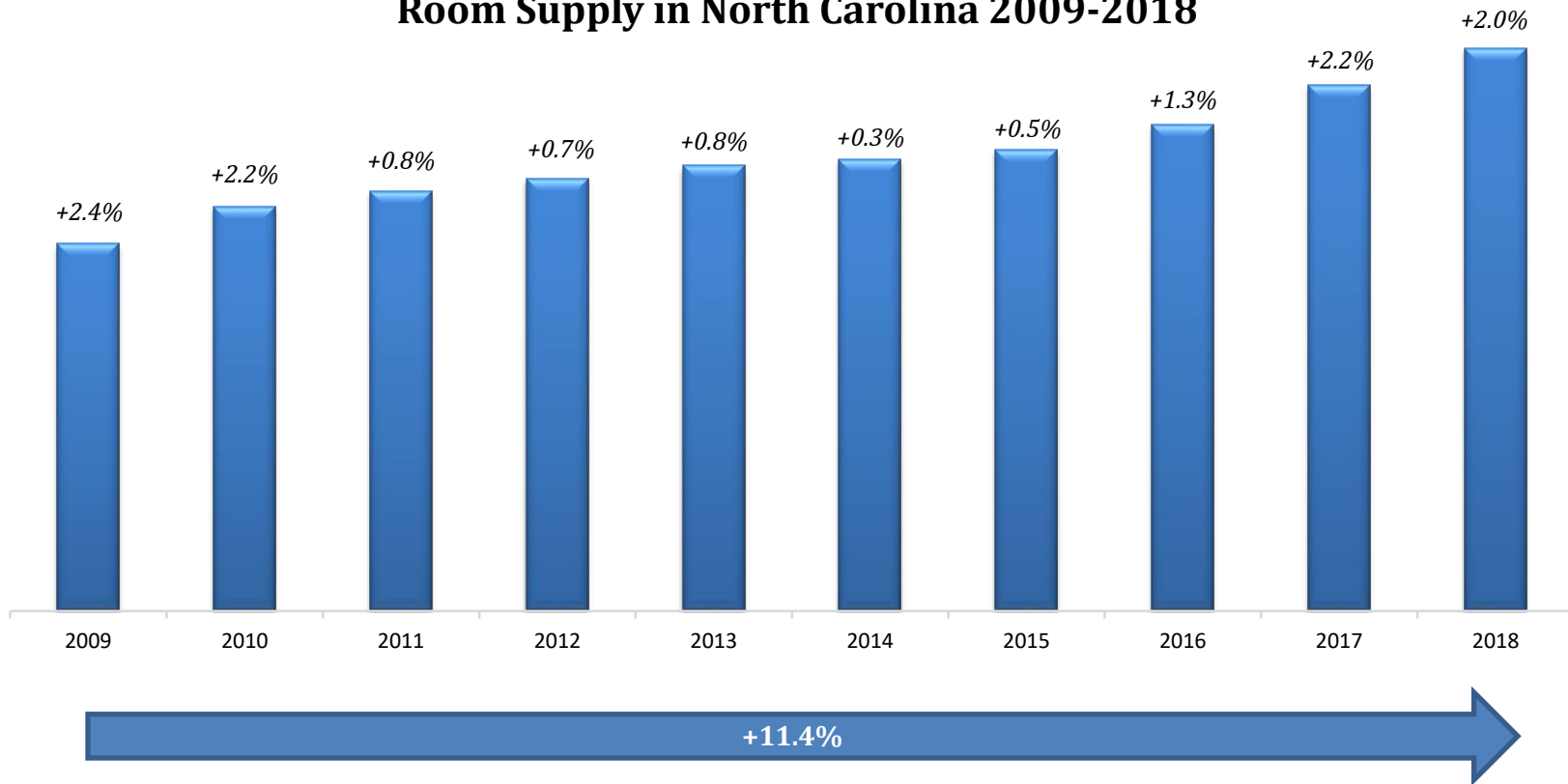
2018	+4.6%	+1.7%	+1.6%	+5.9%	+5.8%	+7.0%	+4.6%	+14.1%
2017	-3.6%	+0.4%	-0.1%	+3.0%	+0.6%	-0.7%	+0.4%	0.0%
2016	+16.4%	+9.9%	+6.6%	+4.4%	+5.8%	+8.2%	+7.2%	+7.6%
2015	+5.6%	+13.1%	+9.0%	+5.2%	+7.2%	+0.6%	+9.0%	+2.2%
2014	9+0%	+8.0%	+13.9%	+8.9%	+11.1%	+6.6%	+5.7%	+5.9%

STR, 2019

*RevPAR – Revenue Per Available Room – Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR)

- 2018 **Room Supply** was up 2.0% statewide from 2017. **Room supply** has increased more than six percent in the last five years. **Room supply** in 2018 was at its highest on record for North Carolina with more than 56.6 million room nights available for the year.

Room Supply in North Carolina 2009-2018

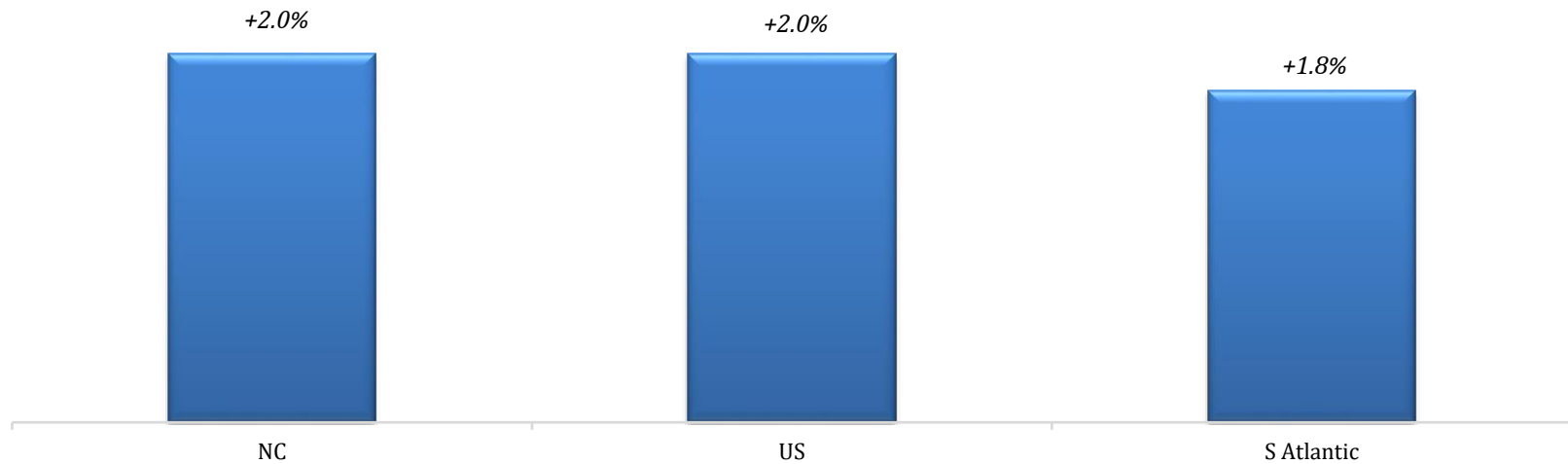


STR, 2019

*Room Supply – The number of rooms times the number of days in the period.

- As with North Carolina, national **room supply** was also up 2.0%. **Room supply** was up 1.8% from 2017 to 2018 in the South Atlantic region.

North Carolina Room Supply Growth Compared to US and South Atlantic Region 2017-2018

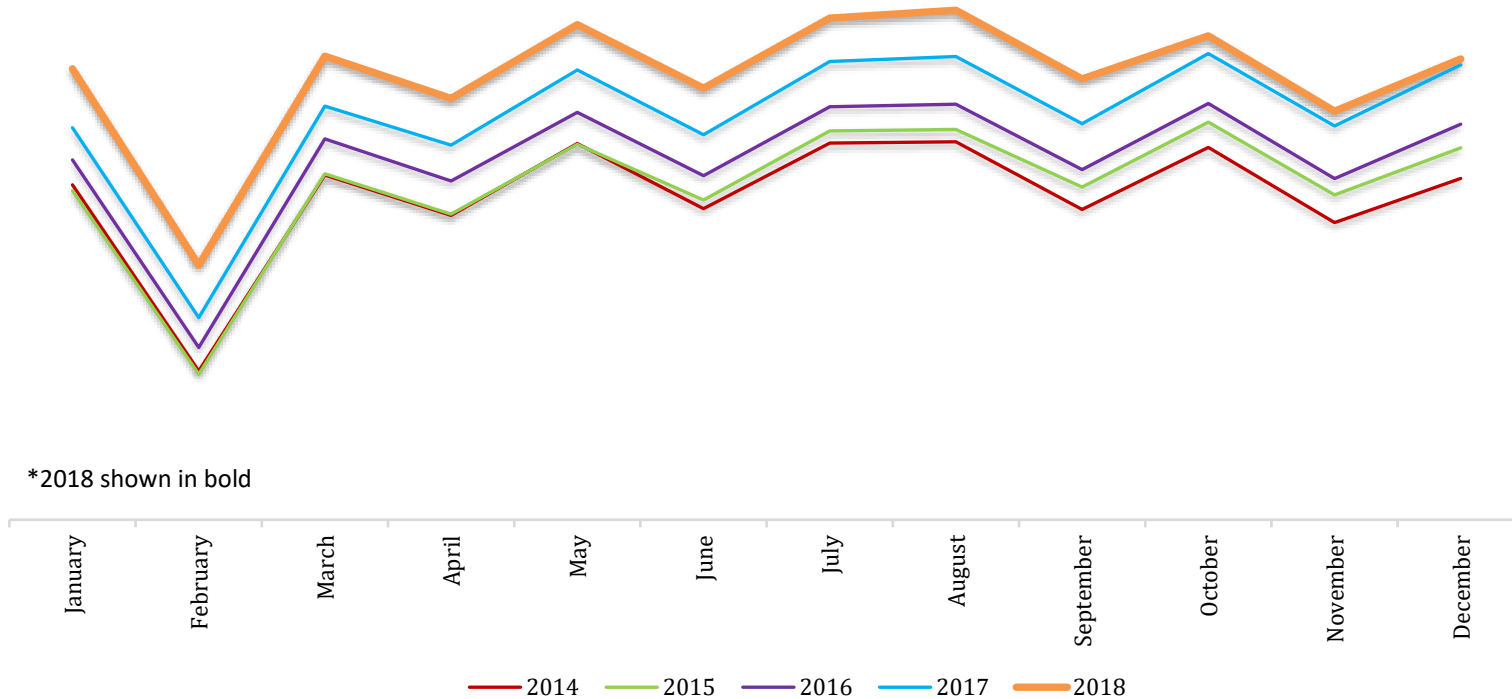


STR, 2019

*Room Supply – The number of rooms times the number of days in the period.

- Room Supply** in 2018 followed the same trend line as last year through September, showing consistent year over year growth each month. As a result of Hurricane Florence, there were a number of rooms taken off the market that is evident in the below graph. Monthly supply growth was no less than two percent for any of the first nine months of 2018.

Monthly Room Supply in North Carolina 2014-2018



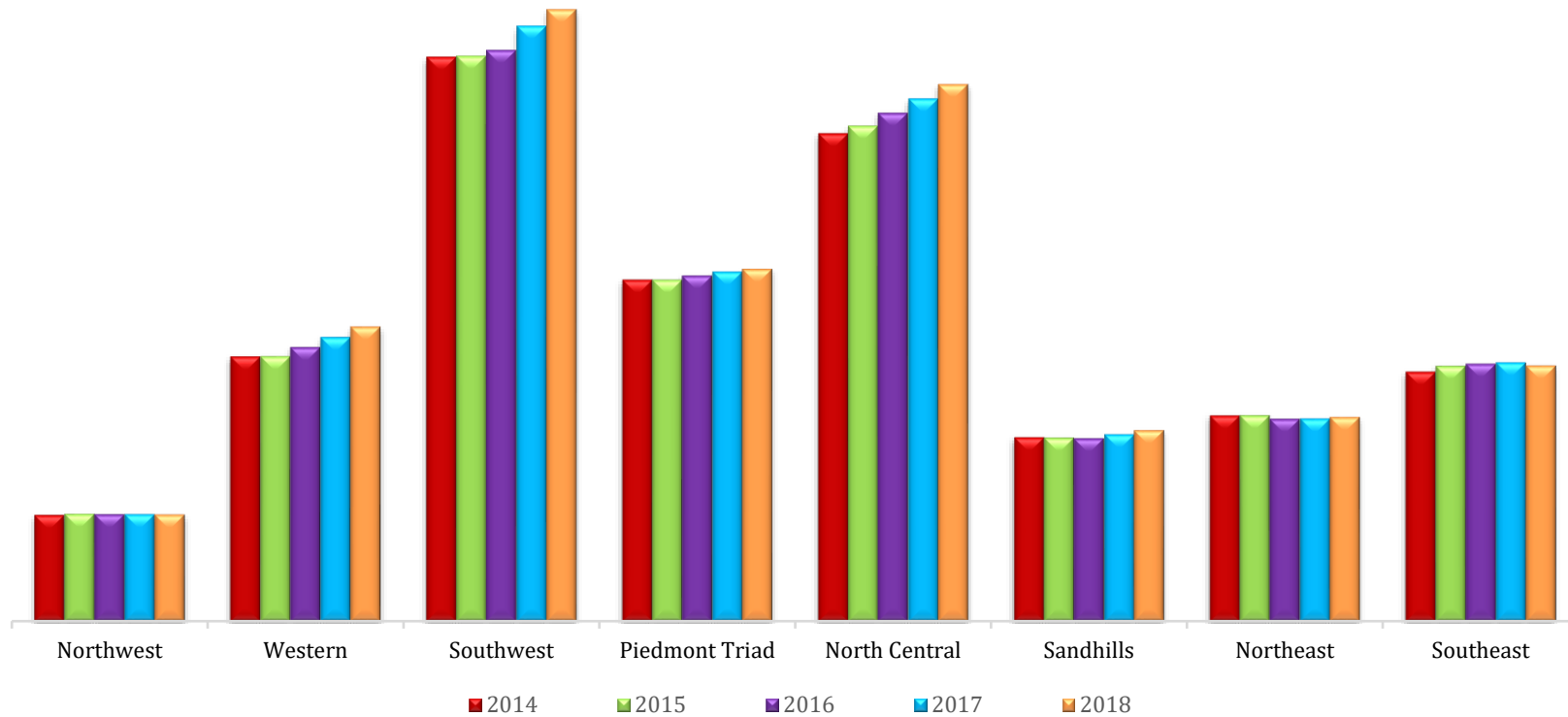
*2018 shown in bold

STR, 2019

*Room Supply – The number of rooms times the number of days in the period.

- Room supply was up in six of the eight regions in 2018, particularly in the Western Region (+3.8%). The Southwest and North Central regions had supply growth of nearly three percent. The growth in room supply over the last several years has resulted in a clear softening in occupancy rates statewide.

Regional Room Supply in North Carolina 2014-2018

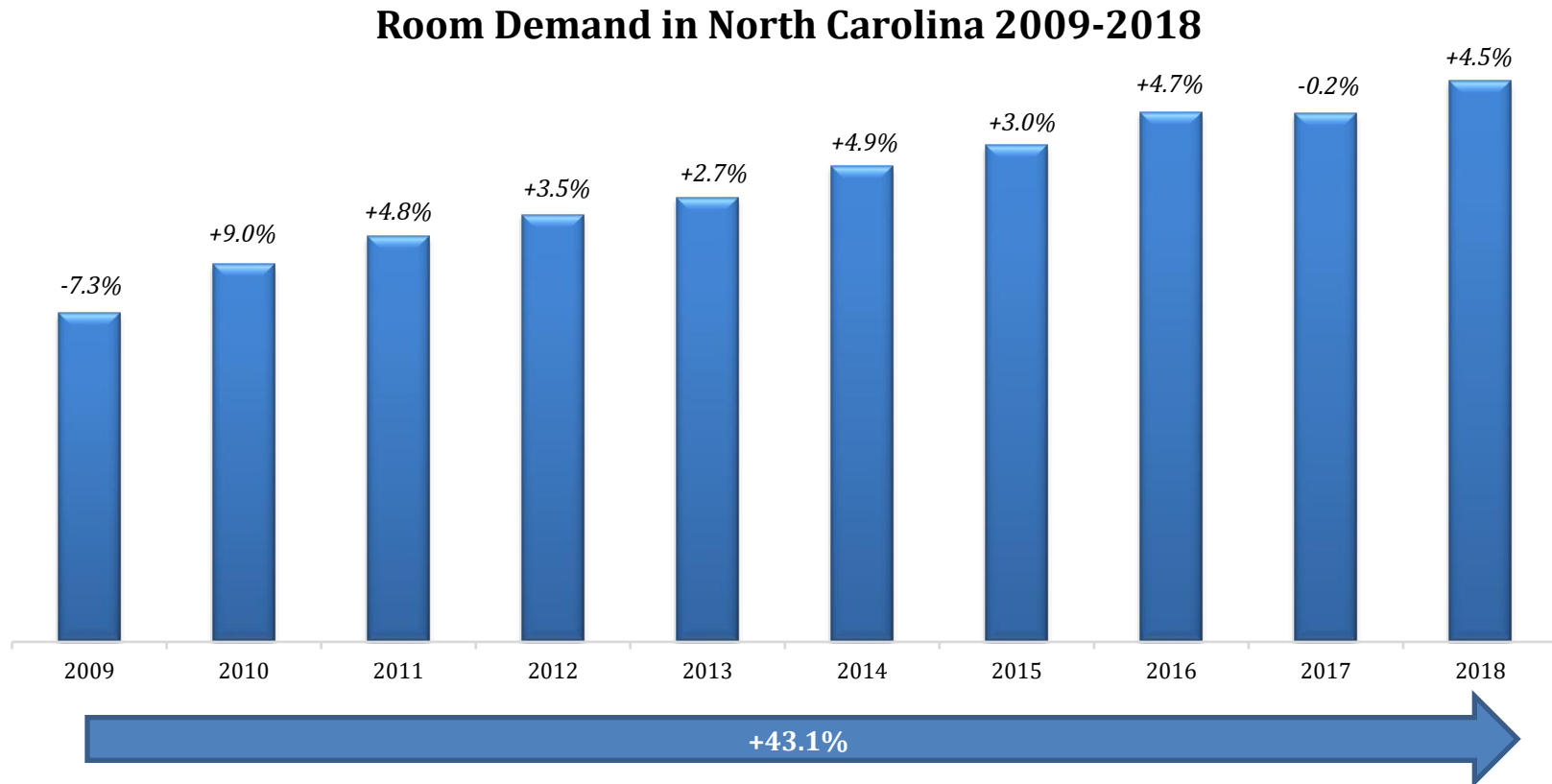


2018	-0.3%	+3.8%	+2.9%	+0.9%	+2.9%	+2.3%	+1.0%	-1.1%
2017	-0.3%	+3.4%	+4.1%	+0.9%	+2.7%	+2.0%	-0.2%	+0.3%
2016	0.0%	+3.6%	+1.1%	+1.4%	+2.7%	-0.2%	-1.5%	+1.0%
2015	+0.8%	-0.1%	+0.2%	-0.2%	+1.5%	-0.4%	-0.1%	+2.1%
2014	-0.6%	+0.1%	+1.1%	-0.8%	0.0%	+0.7%	+0.1%	+1.5%

STR, 2019

*Room Supply – The number of rooms times the number of days in the period.

- 2018 **Room Demand** was up 4.5% in the state, surpassing the 2016 record demand to reach a new record for lodging demand in North Carolina. More than 36.7 million room nights were sold in 2018. Since 2009, **room demand** is up forty-three percent (and up nearly 18 percent in the last five years).

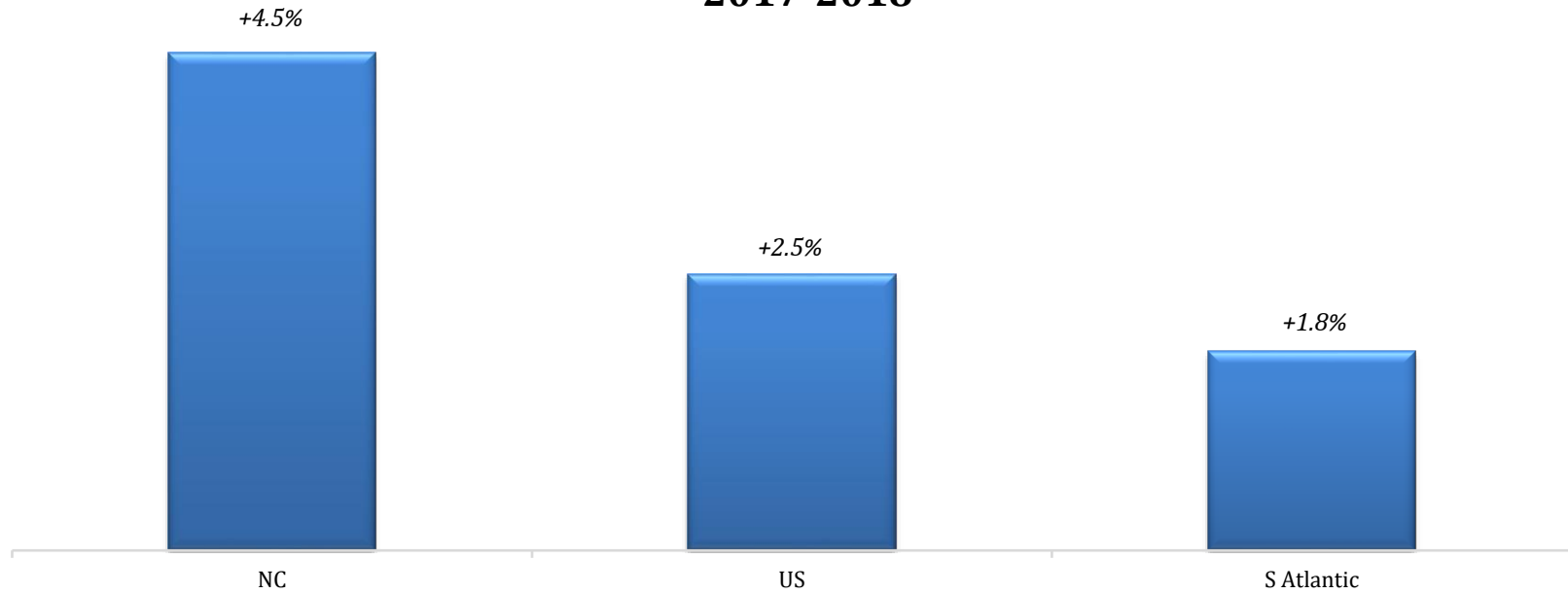


STR, 2019

*Room Demand - The number of rooms sold (excludes complimentary rooms).

- North Carolina **room demand** of 4.5% exceeded that of national and regional growth. National demand was up 2.5% and demand in the South Atlantic region was up 1.8% from 2016 to 2017.

North Carolina Room Demand Growth Compared to US and South Atlantic Region 2017-2018

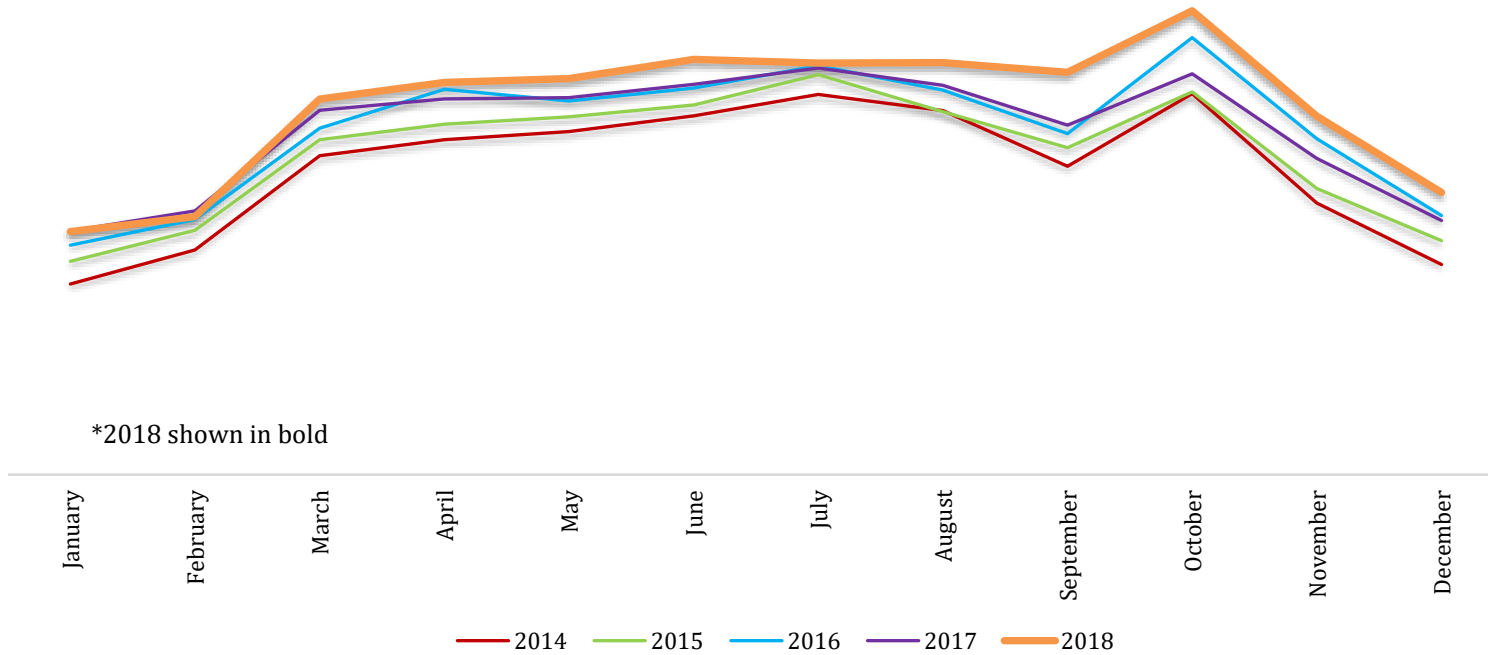


STR, 2019

*Room Demand – The number of rooms sold (excludes complimentary rooms).

- Ten months of 2018 showed increased statewide **room demand** from 2017 and the annual total demand was a record setting figure. The early fall of 2017 saw unusual demand growth due in part to hurricane recovery.

Monthly Room Demand in North Carolina 2014-2018

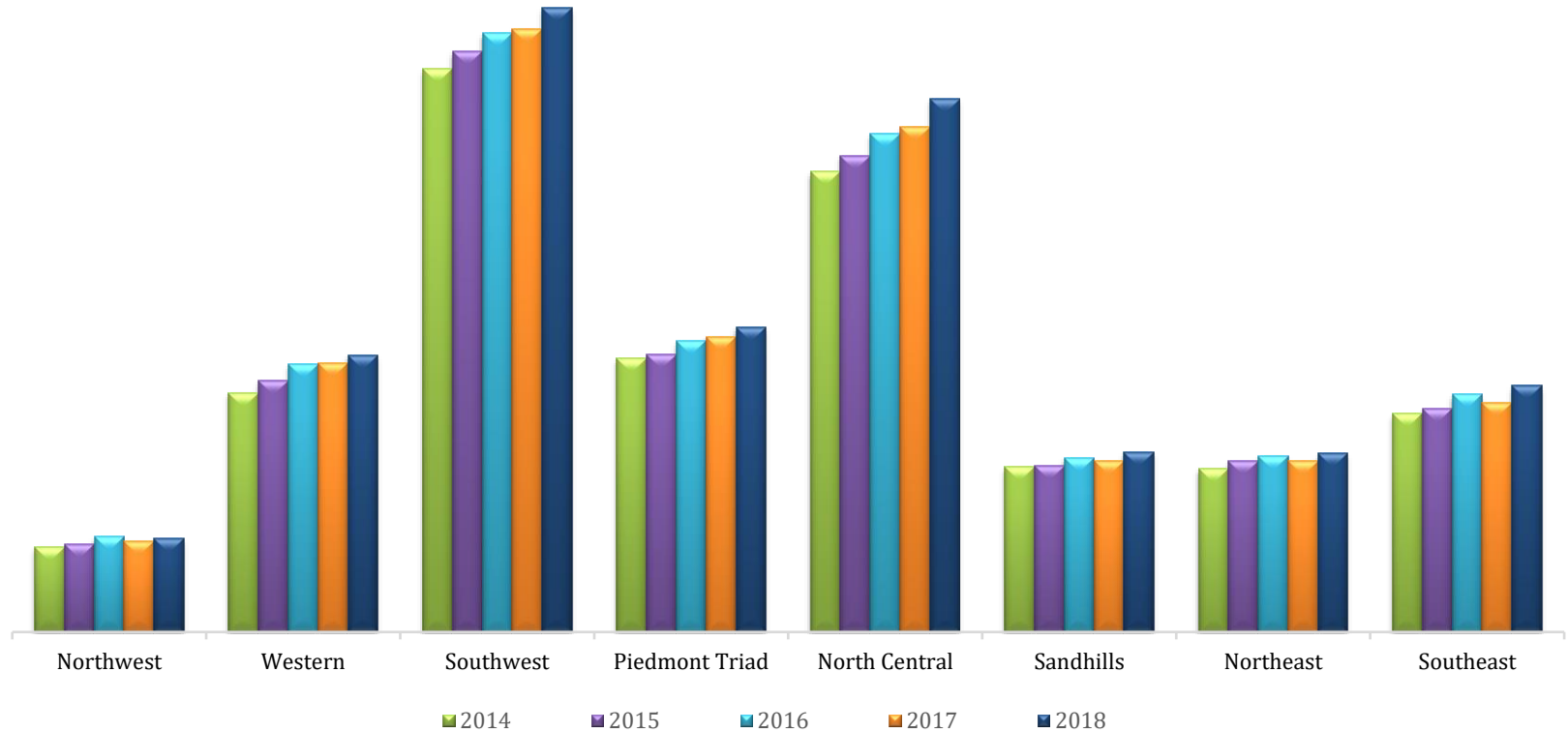


STR, 2019

*Room Demand - The number of rooms sold (excludes complimentary rooms).

- Room demand was up in each of the eight regions of the state from 2017 to 2018. The Southeast Region led the state in demand growth with 7.5 percent, followed by the North Central (+5.6%) and Sandhills (+5.4%) regions.

Regional Room Demand in North Carolina 2014-2018



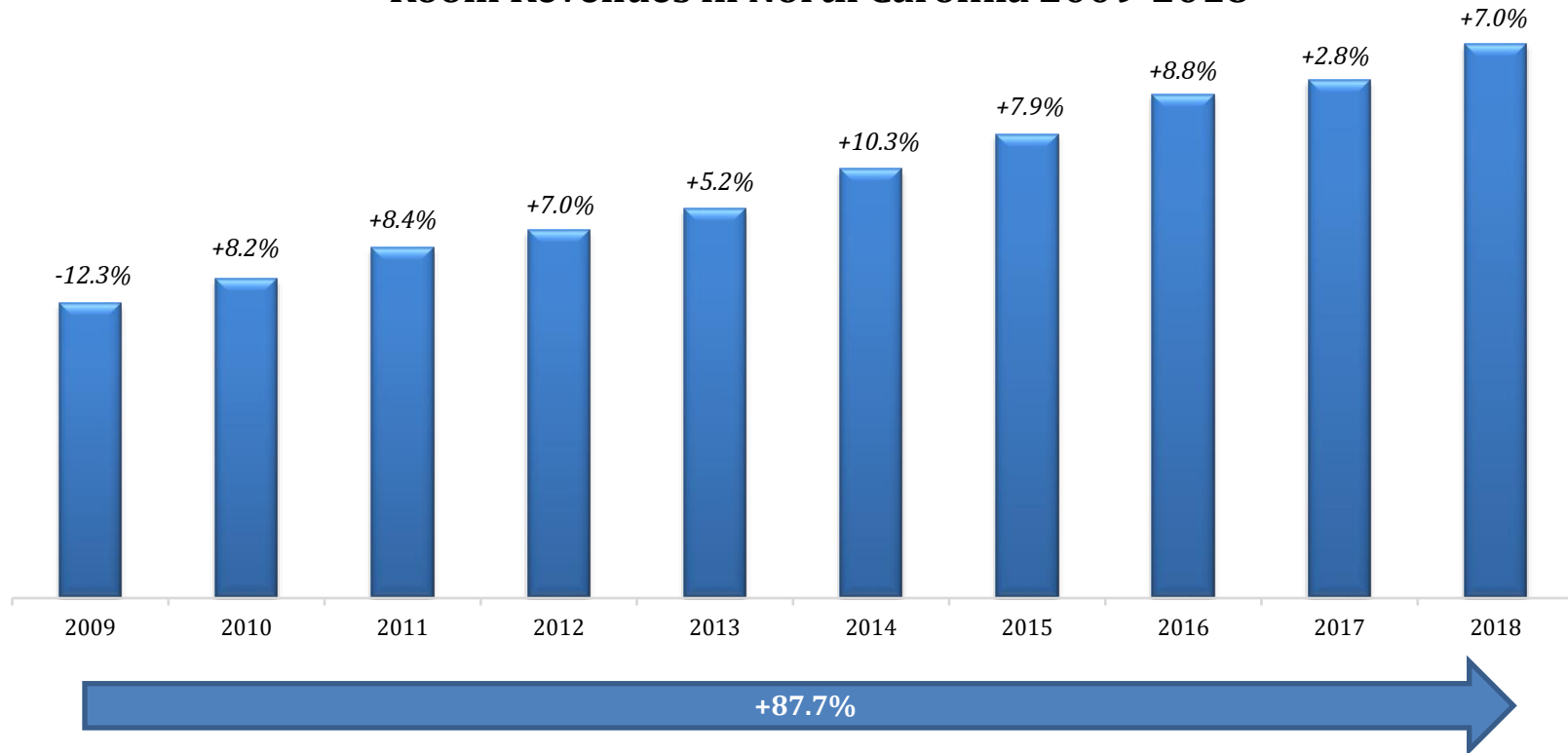
2018	+2.6%	+2.9%	+3.5%	+3.4%	+5.6%	+5.4%	+4.5%	+7.5%
2017	-4.4%	+0.5%	+0.7%	+1.4%	+1.4%	-1.9%	-2.9%	-3.6%
2016	+8.9%	+6.5%	+3.1%	+4.9%	+4.5%	+4.8%	+3.1%	+6.4%
2015	+2.8%	+5.3%	+3.1%	+1.3%	+3.4%	+0.6%	+4.5%	+2.3%
2014	+5.2%	+3.3%	+8.3%	+2.9%	+5.3%	+2.4%	+1.6%	+4.1%

STR, 2019

*Room Demand – The number of rooms sold (excludes complimentary rooms).

- North Carolina **room revenues** were up 7.0% in 2018 from 2017, nearing \$3.9 billion. Statewide **room revenues** have increased more than 87 percent since 2009 and 42 percent in the last five years. This is due to a healthy increase in both demand and ADR growth statewide.

Room Revenues in North Carolina 2009-2018

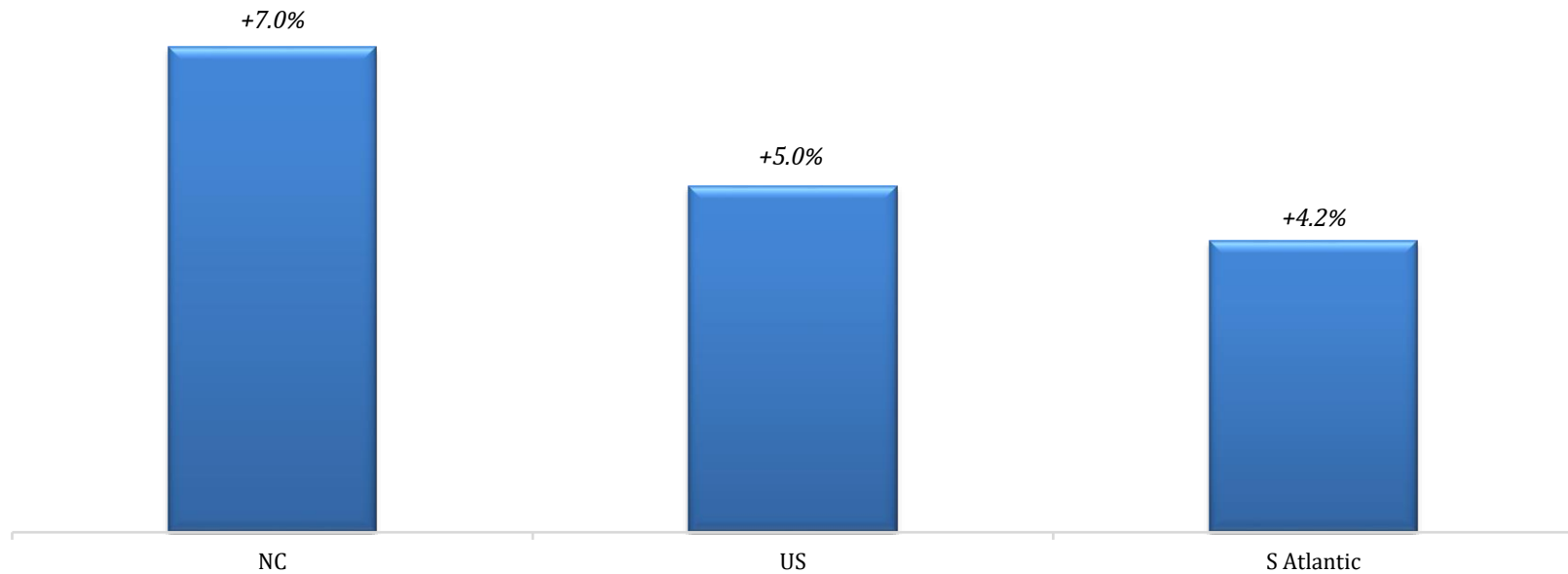


STR, 2019

*Room Revenue – Total room revenue generated from the sale or rental of rooms.

- **Room revenue** growth in North Carolina exceeded growth at the national level and the South Atlantic region. Commercial revenues were up 5.0 percent nationally and up 4.2 percent in the South Atlantic states from 2017 to 2018.

North Carolina Room Revenue Growth Compared to US and South Atlantic Region 2017-2018

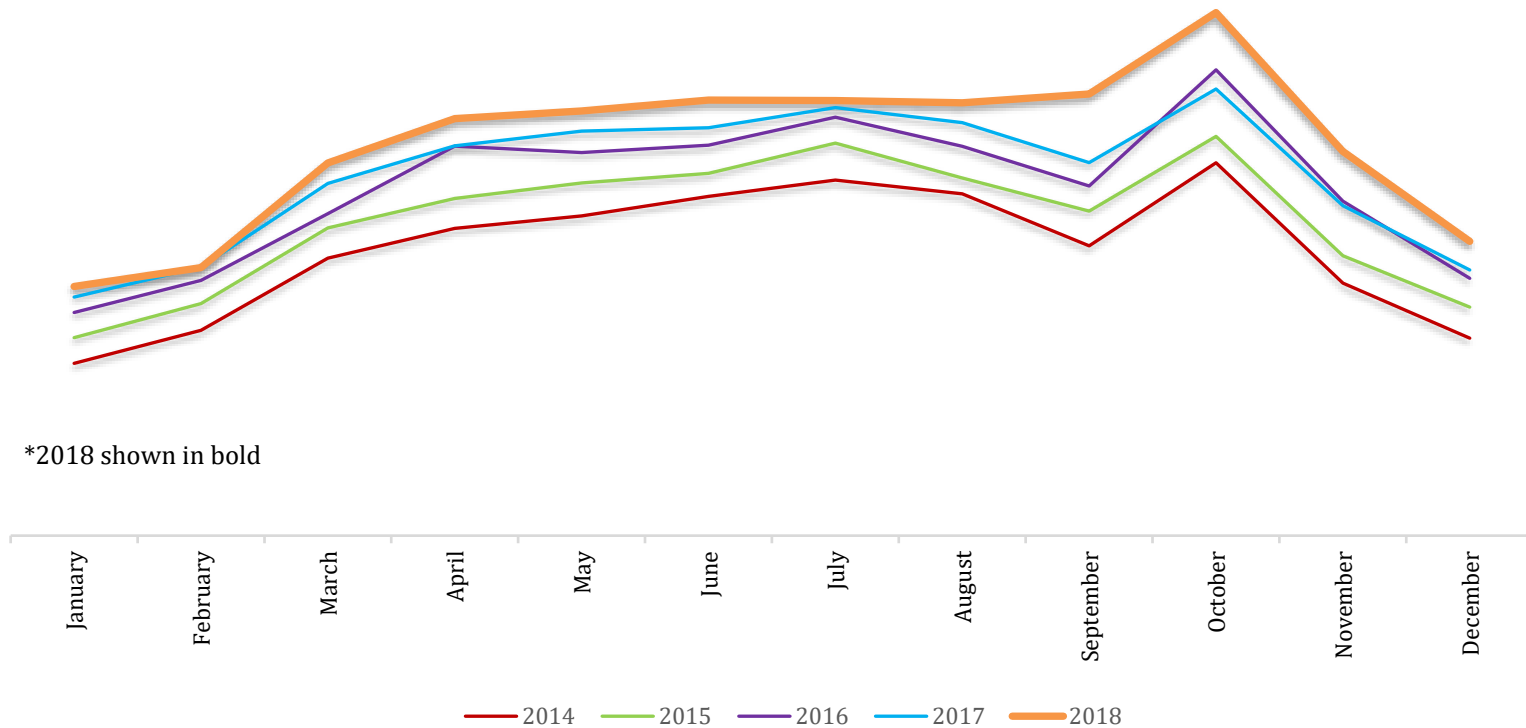


STR, 2019

*Room Revenue - Total room revenue generated from the sale or rental of rooms.

- With the exception of February (-0.2%), each month in 2018 posted record **room revenues**. It is likely that some of the increased demand in September and October was the result of hurricane recovery efforts, however regions that were not directly impacted by the storms also saw increased demand.

Monthly Room Revenues in North Carolina 2014-2018

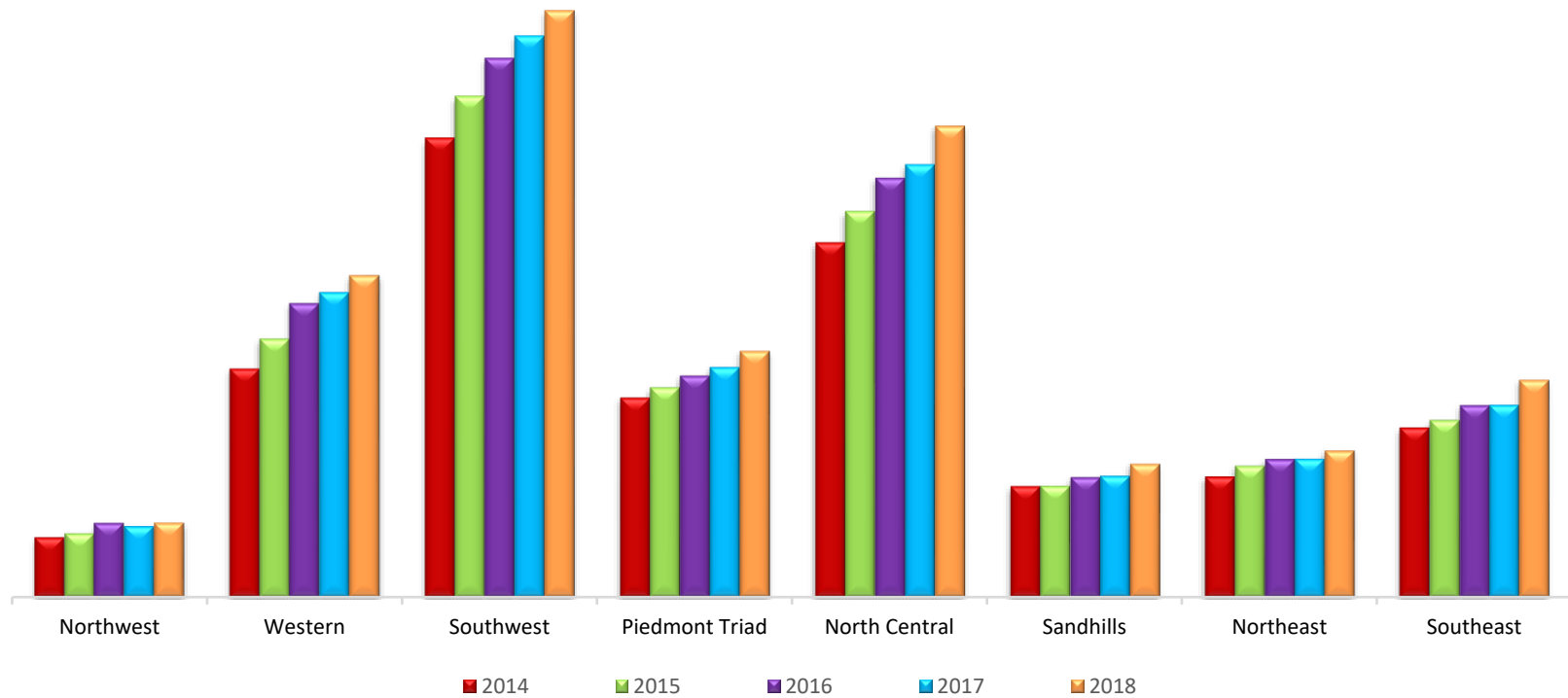


STR, 2019

*Room Revenue - Total room revenue generated from the sale or rental of rooms.

- Room revenues were up in each of the eight regions in 2018. Growth in the Southeast Region led the state with a nearly thirteen percent increase, followed by the Sandhills (+9.6%) and North Central (+8.9%) regions.

Regional Room Revenues in North Carolina 2014-2018



2018	+4.4%	+5.4%	+4.5%	+6.8%	+8.9%	+9.6%	+5.7%	+12.8%
2017	-4.0%	+3.8%	+4.2%	+3.9%	+3.2%	+1.3%	+0.2%	+0.2%
2016	+16.4%	+13.9%	+7.6%	+5.8%	+8.7%	+8.0%	+5.3%	+8.6%
2015	+6.4%	+13.0%	+9.1%	+5.1%	+8.8%	+0.2%	+8.9%	+4.3%
2014	+8.4%	+8.1%	+15.2%	+8.0%	+11.1%	+7.3%	+5.9%	+7.4%

STR, 2019

*Room Revenue – Total room revenue generated from the sale or rental of rooms.

STR Methodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. However, every year STR examines guidebook listings and hotel directories for information on hotels that don't provide data. STR calls each hotel in their database every year to obtain "published" rates for multiple categories. Based on this information all hotels are grouped - those that report data and those that don't - into groupings based off of price level and geographic proximity. They then estimate the non-respondents based off of nearby hotels with similar price levels.

Glossary

ADR (Average Daily Rate)

Room revenue divided by rooms sold.

Affiliation Date

Date the property affiliated with current chain/flag

Census (Properties and Rooms)

The number of properties and rooms that exist (universe)

Change in Rooms

Indicator of whether or not an individual hotel has had added or deleted rooms.

Exchange Rate

The factor used to convert revenue from U.S. Dollars to the local currency.

The exchange rate data is obtained from Oanda.com. Any aggregated number in the report (YTD, Running 3 month, Running 12 month) uses the exchange rate of each relative month when calculating the data.

Demand (Rooms Sold)

The number of rooms sold (excludes complimentary rooms).

Full Historical TREND

Data on selected properties or segments starting in 1987.

Occupancy

Rooms sold divided by rooms available.

Open Date

Date the property opened

Percent Change

Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as $((TY-LY)/LY) * "100"$.

Revenue (Room Revenue)

Total room revenue generated from the sale or rental of rooms.

RevPAR - Revenue Per Available Room

Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR).

Sample % (Rooms)

The % of rooms STR receives data from. Calculated as $(\text{Sample Rooms}/\text{Census Rooms}) * "100"$.

Standard Historical TREND

Data on selected properties or segments starting in 1997.

STR Code

Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.

Supply (Rooms Available)

The number of rooms times the number of days in the period.

Twelve Month Moving Average

The value of any given month is computed by taking the value of that month and the values of the eleven preceding months, adding them together and dividing by twelve.

Year to Date

Average or sum of values starting January 1 of the given year.