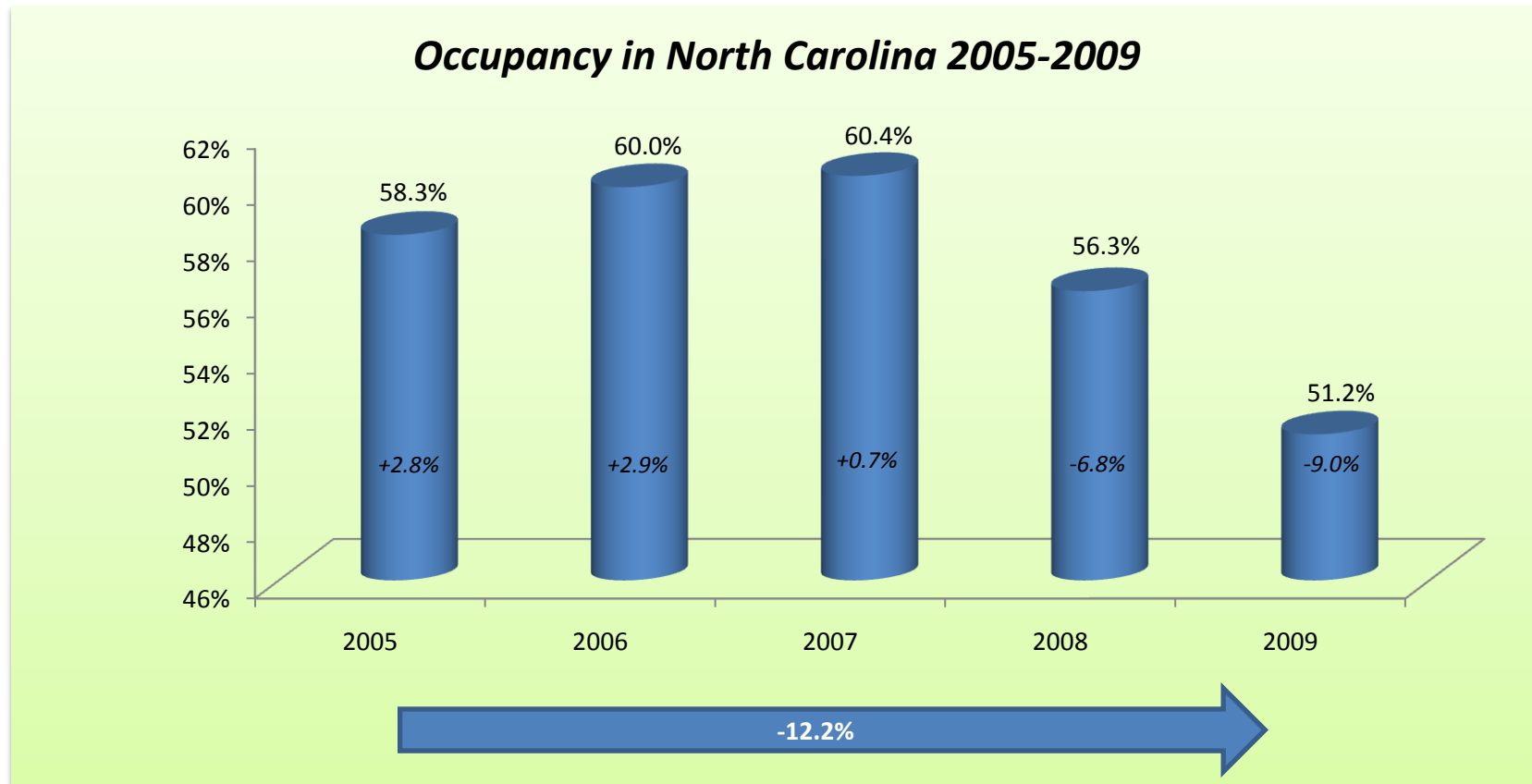


Smith Travel Research Year-End 2009 Lodging Report

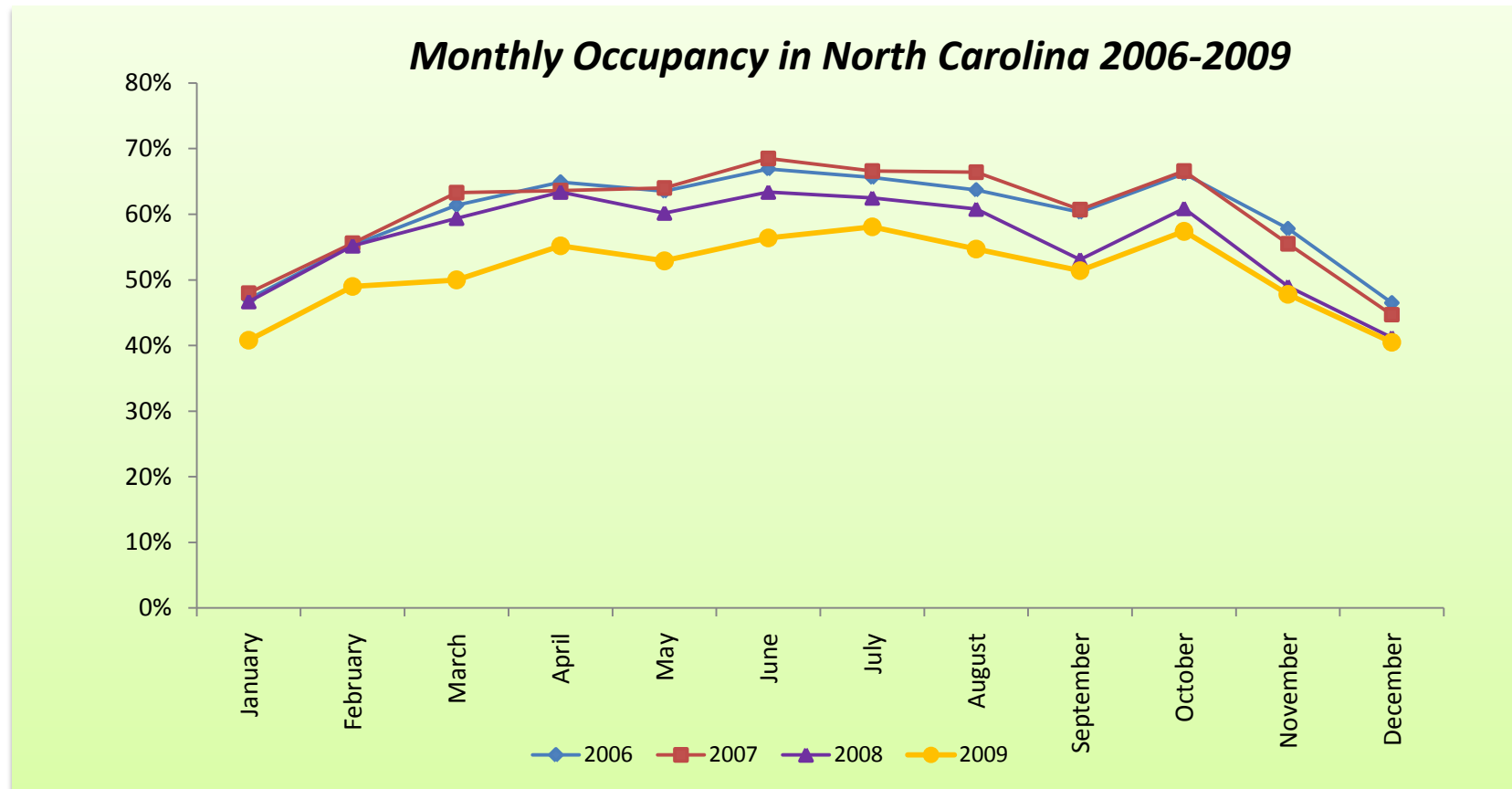
- Year-end 2009 hotel/motel **occupancy** was down -9.0% statewide from 2008. This represents a decrease of -12.2% since 2005.
 - The US **occupancy** was down -8.6% from 2008.



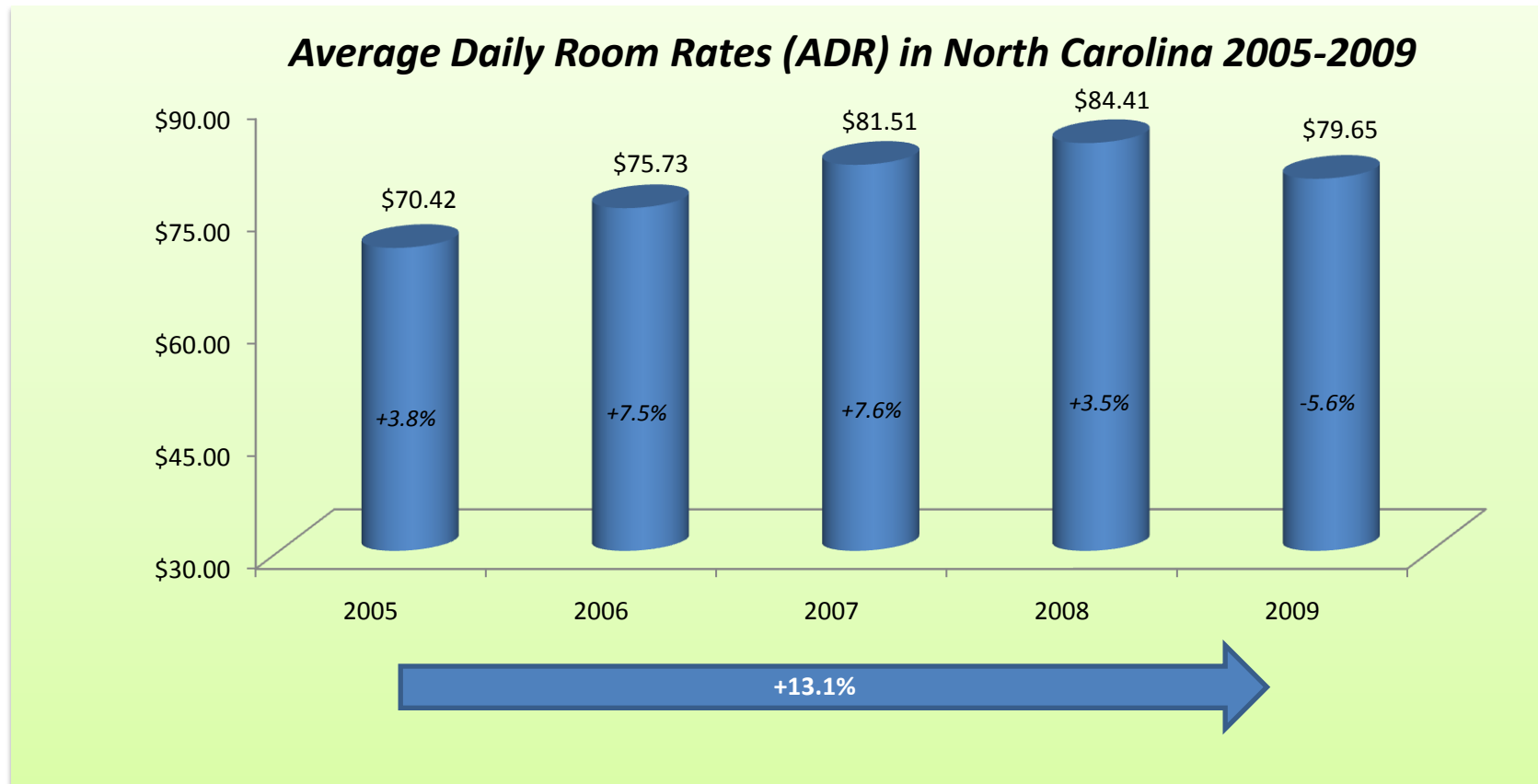
Smith Travel Research, 2009

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

- In 2009 monthly hotel/motel **occupancy** followed the same general trend as in recent years. Historically, statewide occupancy is always higher during the summer months and October. During the first quarter, the gap between 2009 and previous years was substantially larger than last year. However, as the year progressed, and particularly during the fourth quarter, the gap was significantly smaller. In particular, December occupancy was flat as compared to December 2008. Anecdotal information from neighboring states confirms similar trend lines for them.



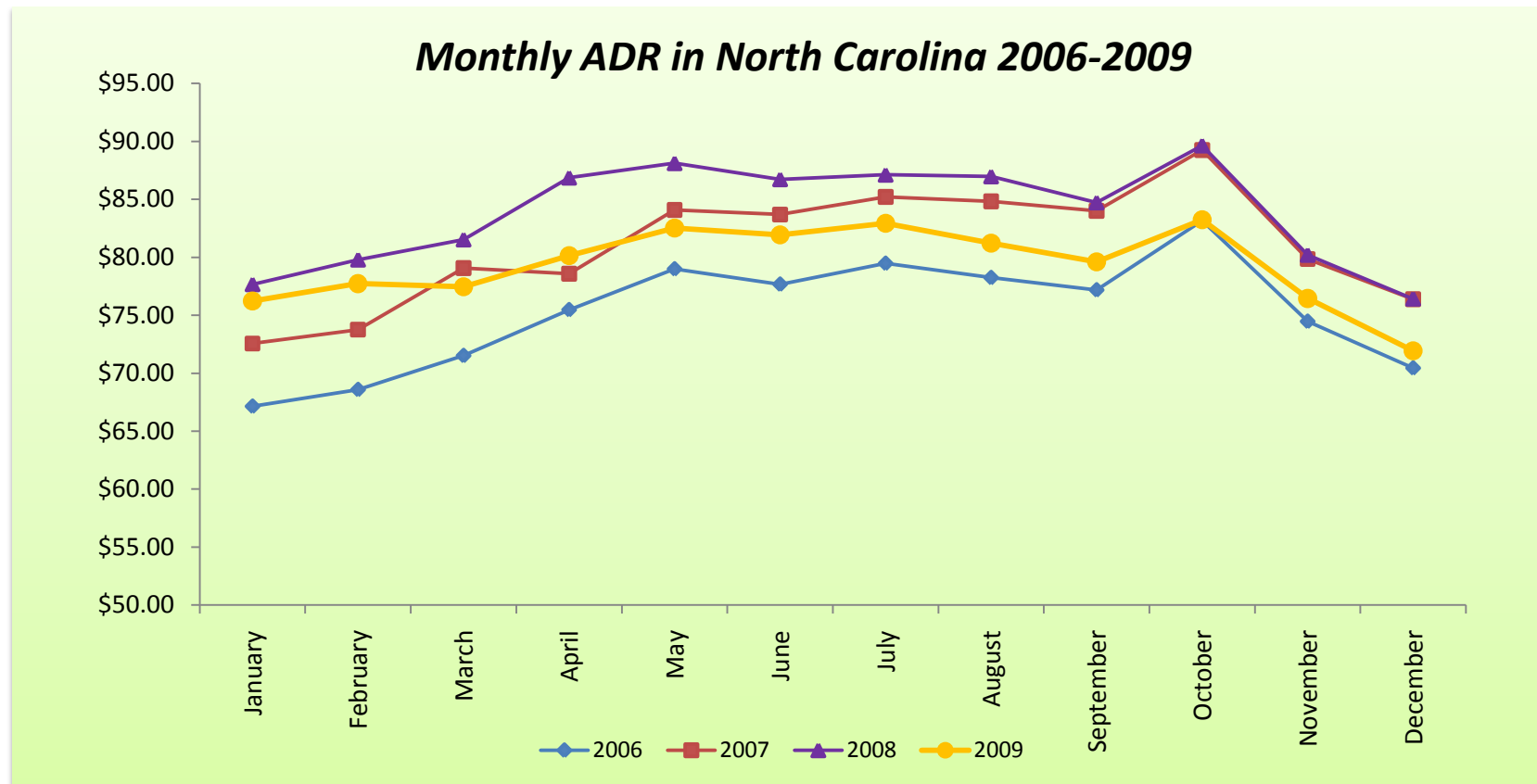
- 2009 **room rates (ADR)** in North Carolina were down -5.6% from 2008. **Room rates** have decreased -2.3% over the last two years, but are still +13.1% above 2005 rates.
 - The US **ADR** was down -8.8% from 2008.



Smith Travel Research, 2009

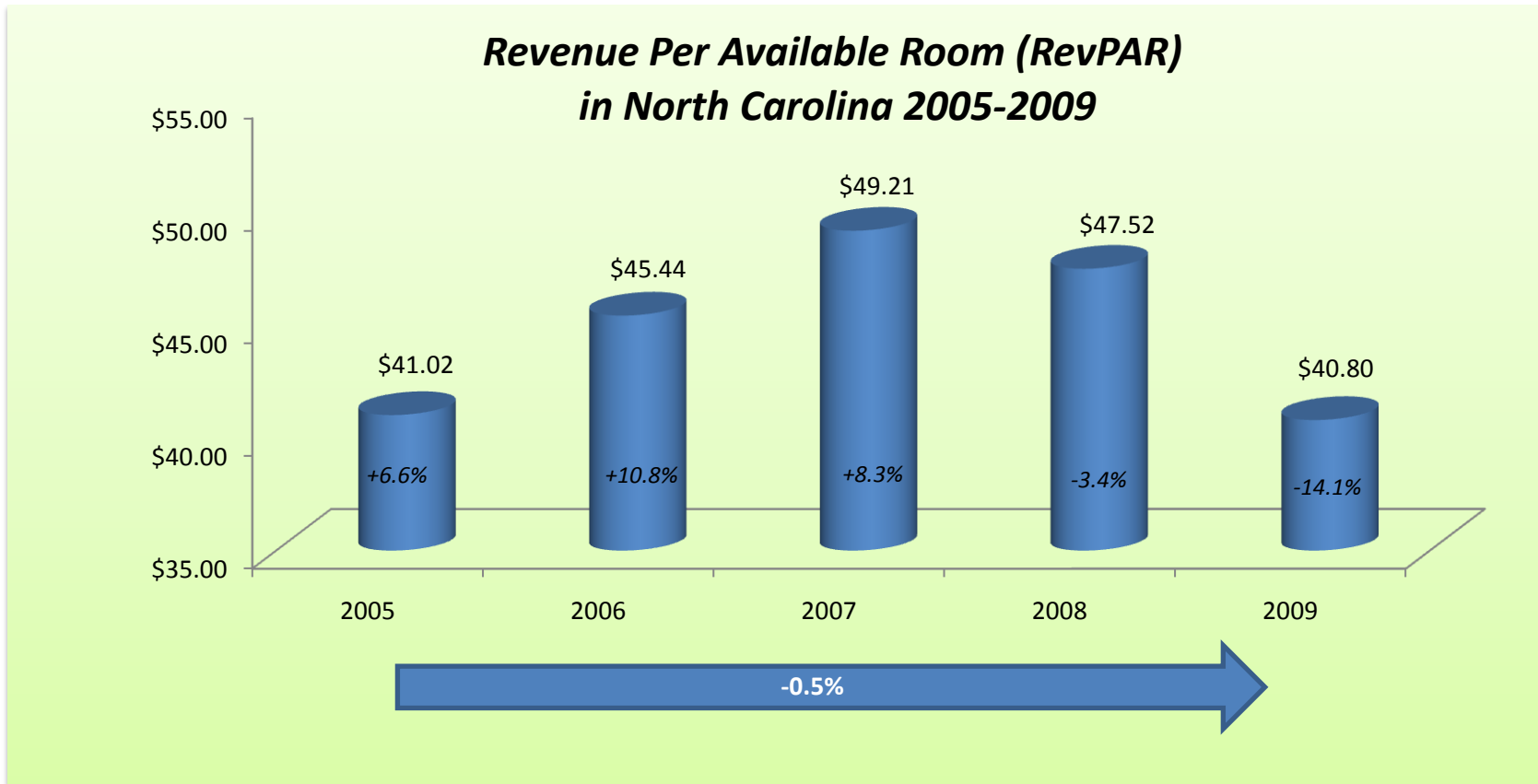
*ADR (Average Daily Rate) – Room revenue divided by rooms sold.

- **Room rates (ADR)** in North Carolina in 2009 remained below the 2008 levels for the entire year, though still above 2006 rates. During January, February and April, ADR was above 2007, but fell below that base the remainder of the year.



Smith Travel Research, 2009

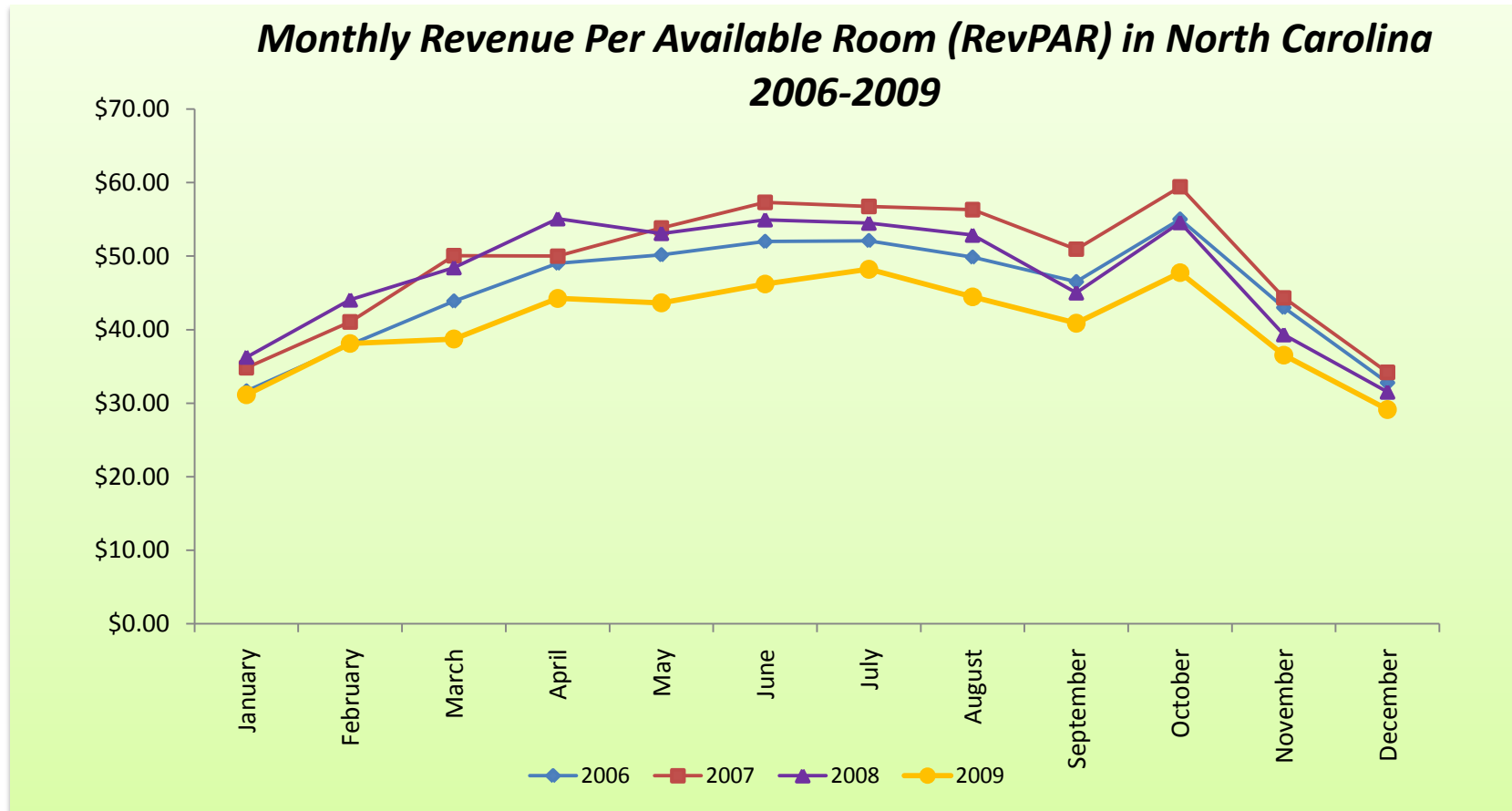
- Statewide, Revenue Per Available Room (**RevPAR**) was down -14.1% from 2008. **RevPAR** decreased -17.1% over the last two years and -0.5% since 2005.
 - Nationally, **RevPAR** was down -16.7%.



Smith Travel Research, 2009

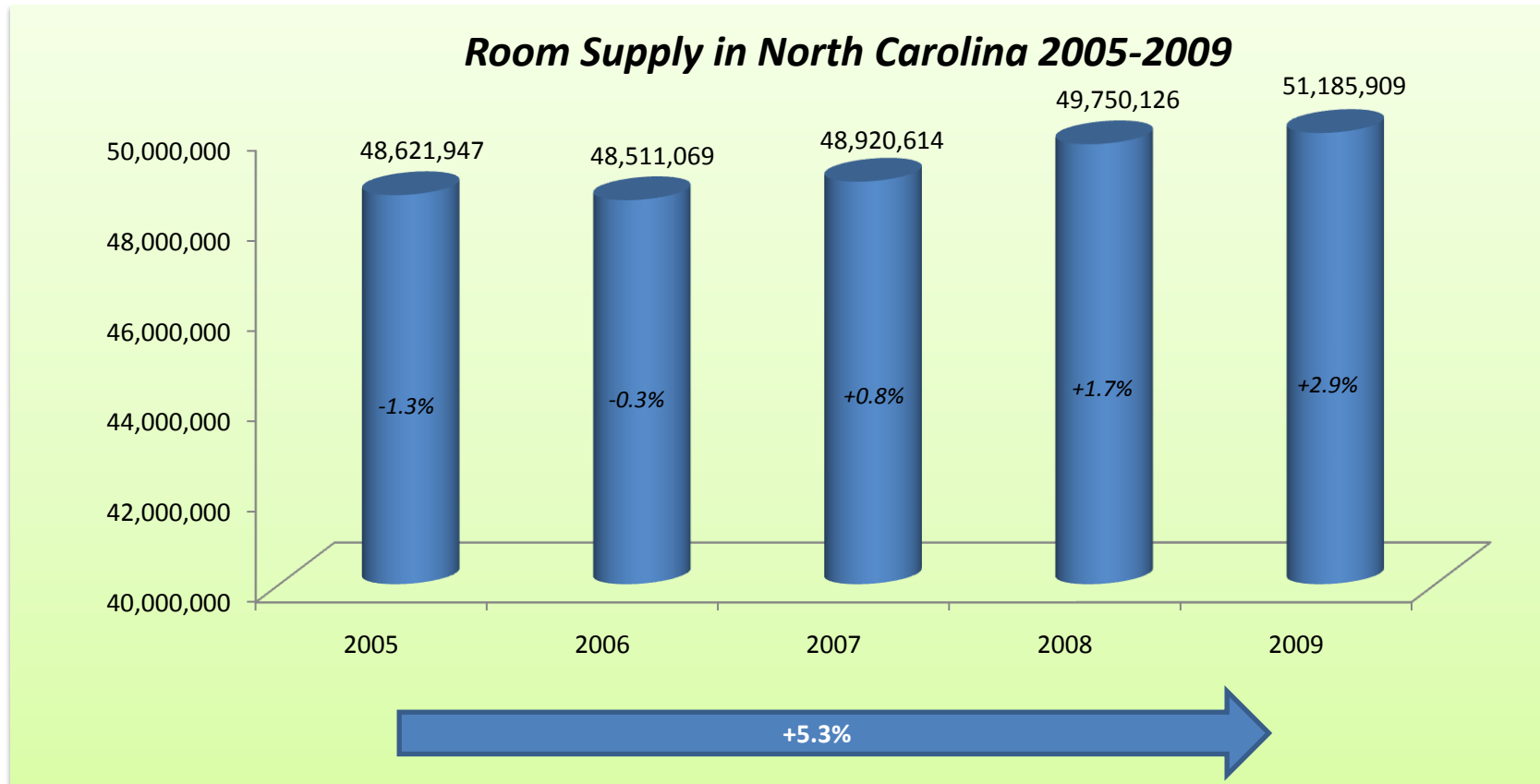
*RevPAR – Revenue Per Available Room – Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR)

- While statewide, monthly Revenue per Available Room (**RevPAR**) was in line with 2006 levels for the first two months of 2009, the remainder of the year it was well below previous years.



Smith Travel Research, 2009

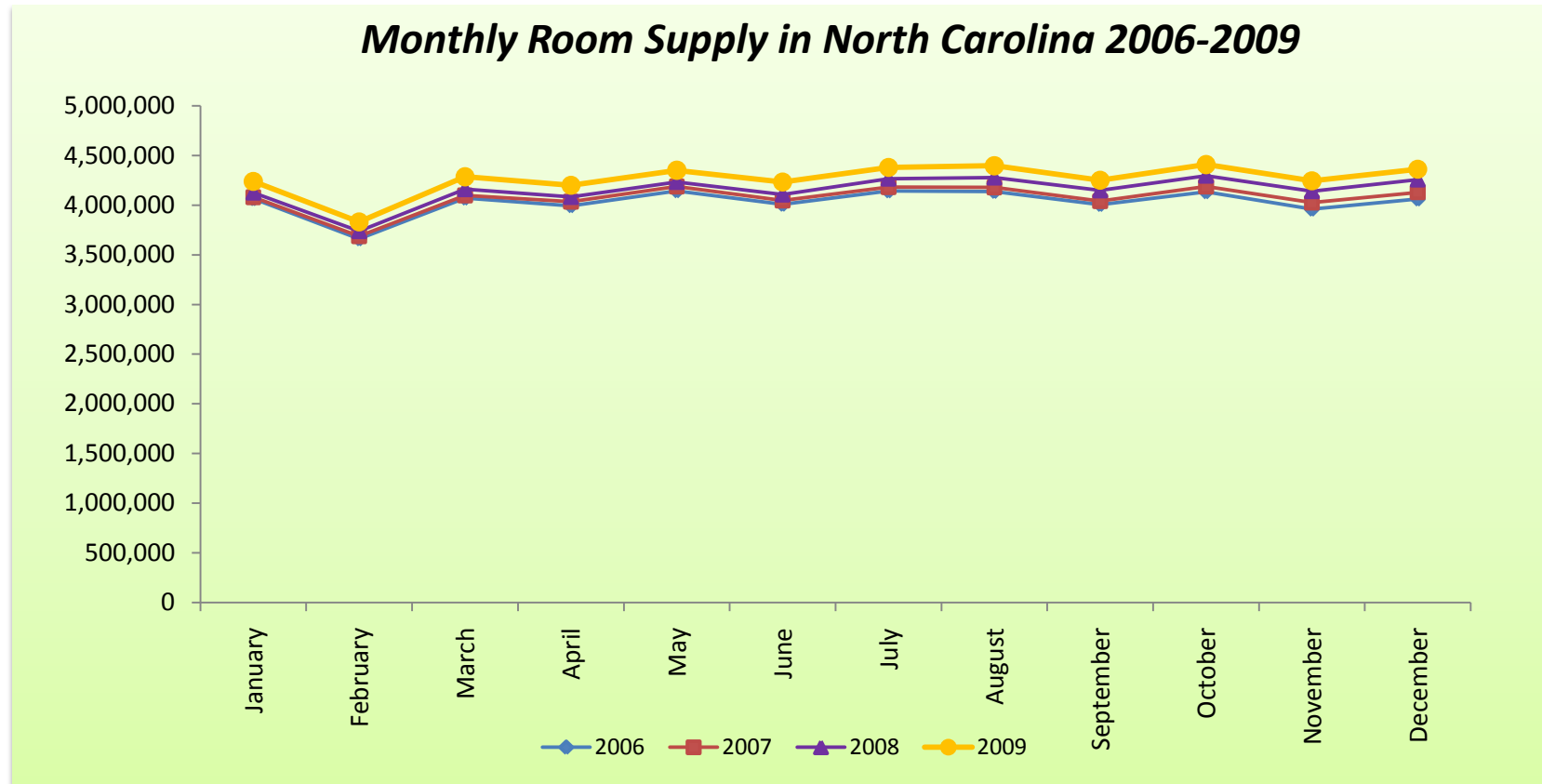
- 2009 **Room Supply** was up +2.9% in the state from 2008. **Room supply** has increased +5.3% since 2005, in a small way leading to some of the decrease in occupancy over that time period.
 - Nationally, **room supply** was up +3.2%.



Smith Travel Research, 2009

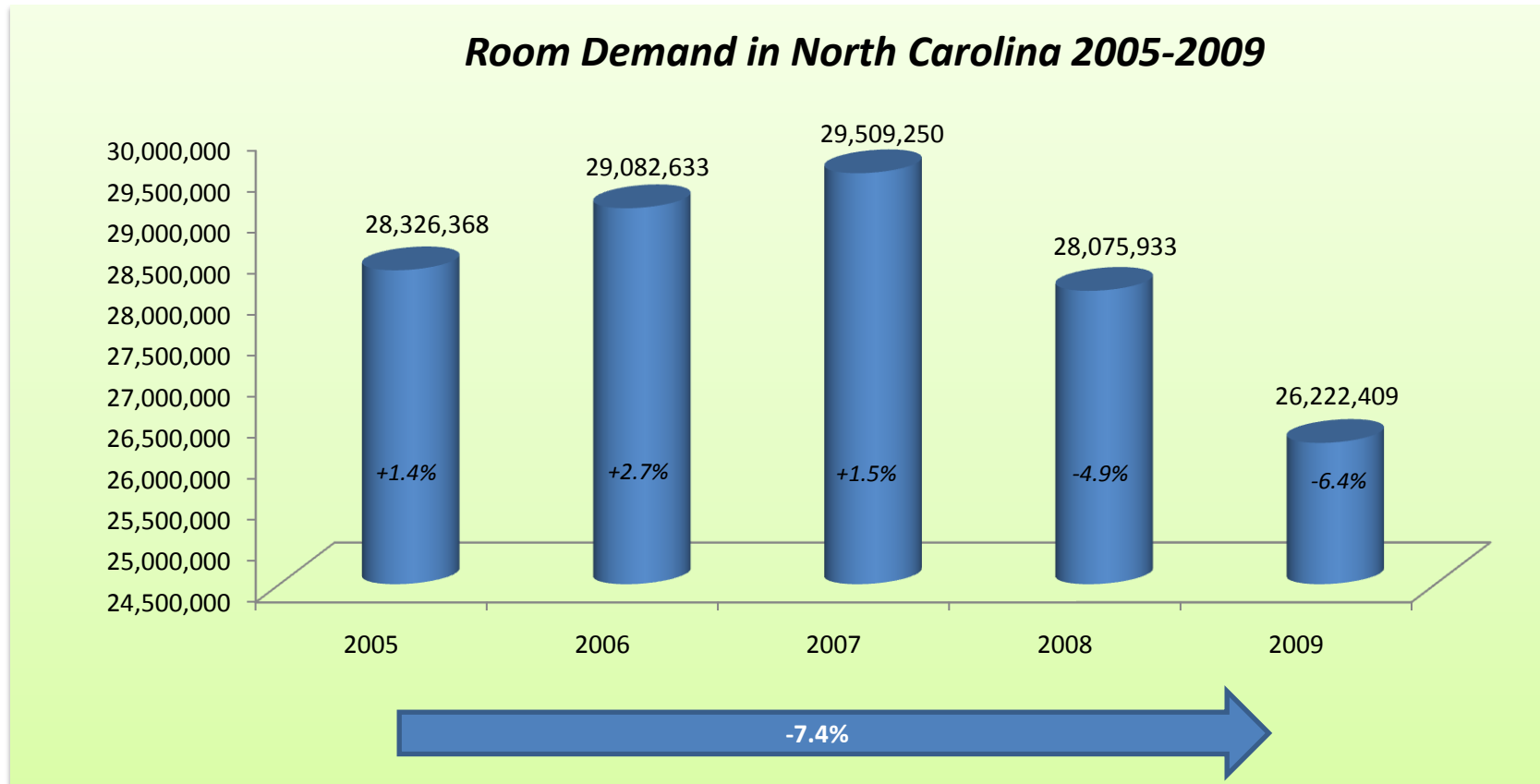
*Room Supply – The number of rooms times the number of days in the period.

- **Room Supply** in 2009 followed the same trend line and increased at close to the same rate as last year.



Smith Travel Research, 2009

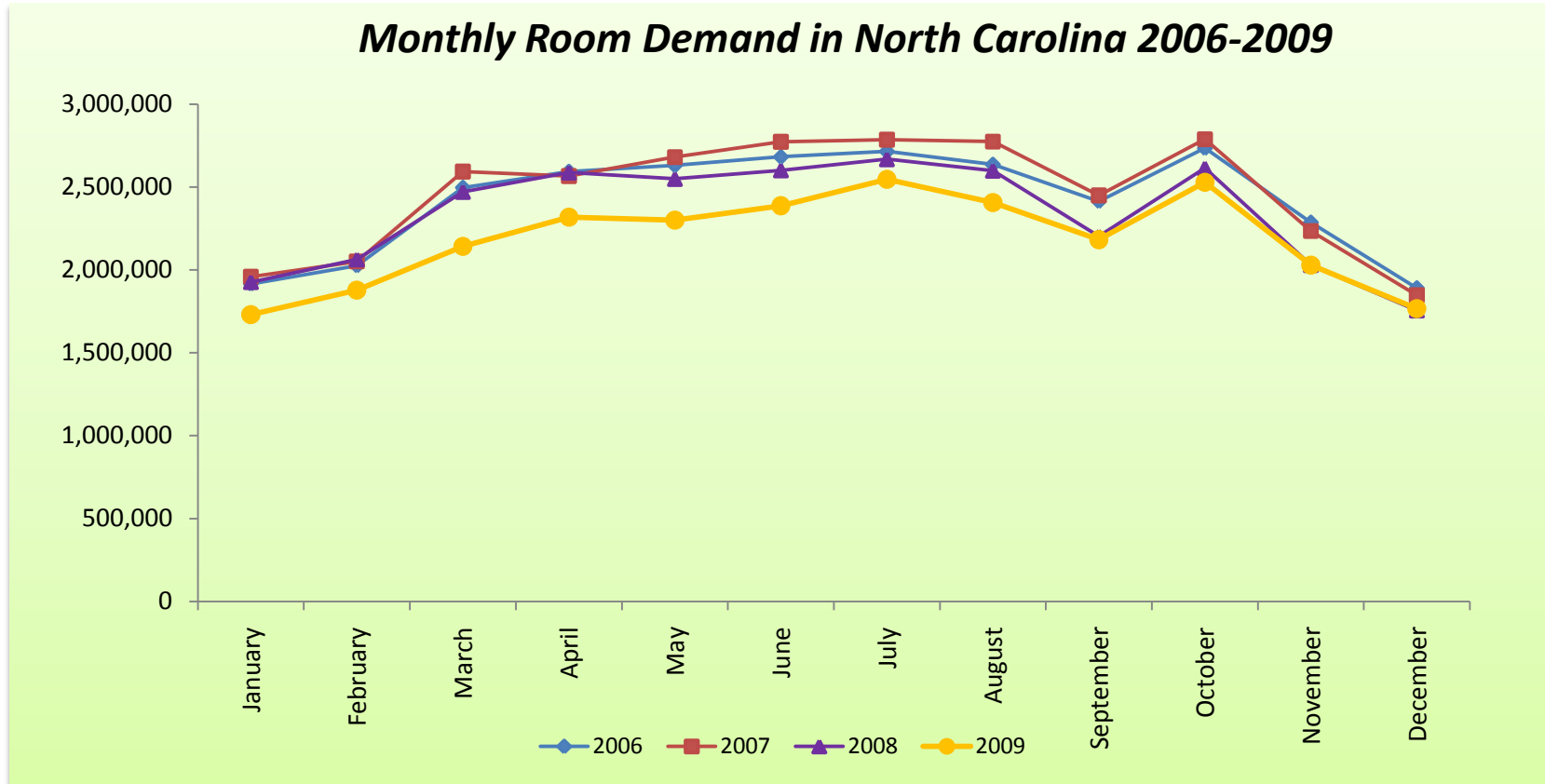
- 2009 **Room Demand** was down -6.4% in the state. Since 2005, **room demand** has decreased -7.4%, all of the decrease occurring during the last two years.
 - Nationally, **room demand** was down -5.8%.



Smith Travel Research, 2009

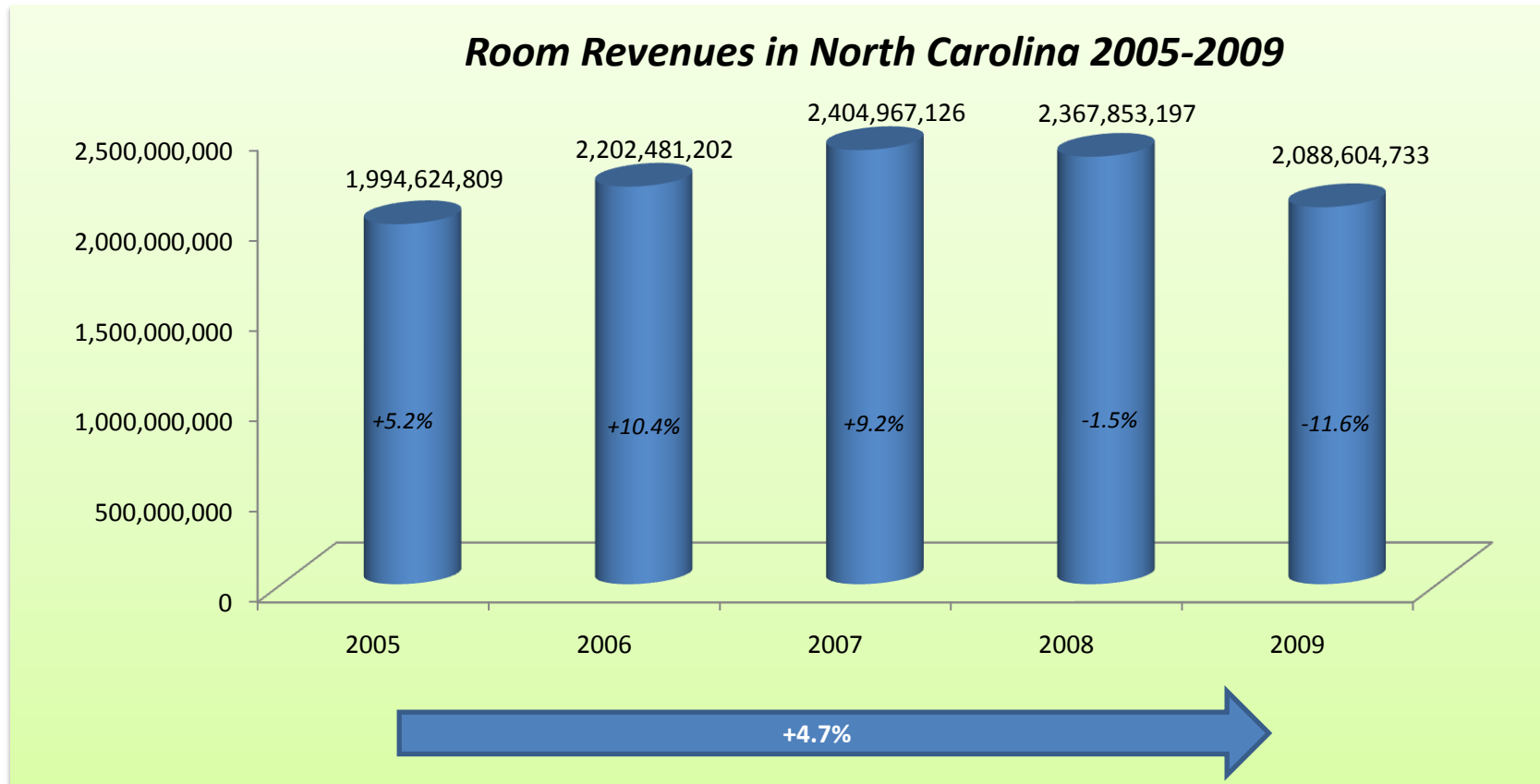
*Room Demand – The number of rooms sold (excludes complimentary rooms).

- Similar to hotel occupancy, **Room Demand** in 2009 lagged behind levels of recent years, particularly during the first and second quarters. The fourth quarter began to show slight promise, as demand at least met 2008 levels in November and December. Due to an increased supply in rooms over the last several years, demand has fared somewhat better than occupancy; meaning a slightly smaller number of people are filling an even larger number of rooms than in previous years.



Smith Travel Research, 2008

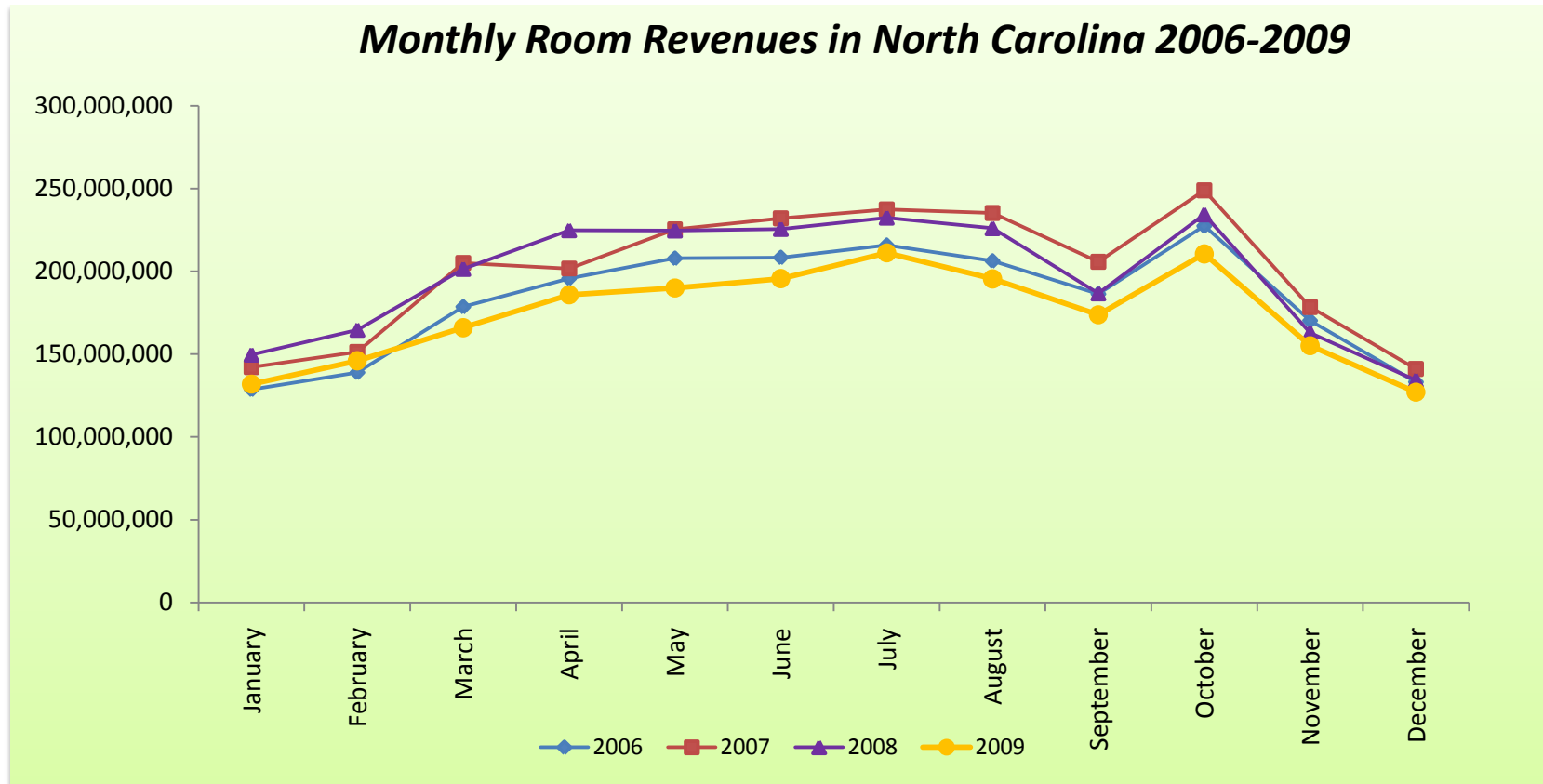
- North Carolina **room revenues** were down -11.6% in 2009 from 2008. **Room revenues** in North Carolina have decreased -13.2% since 2006, but increased +4.7% since 2005. This is due in large part to the increased ADR from 2005-2007, and then a drastic drop the last two years.
 - Nationally, **room revenues** were down -14.1%.



Smith Travel Research, 2009

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

- While North Carolina **room revenues** were down only -1.5% in 2008 from 2007, a dramatic drop in room rates in 2009 brought revenues down a drastic 11.6% below 2008 revenues.



Smith Travel Research, 2009

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.