Past to Present:

A Visualization of North Carolina’s Hotel Performance Data

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About STR

73%
U.S. sample

Data from
175 countries

53,000
hotel customers globally (properties)

7.2 million
rooms on the platform

Agenda

- Total U.S. Performance
- North Carolina Hotel Industry Overview
- Performance by Market
- Group & Transient Segmentation
- Hotel Pipeline & U.S. Forecast

Total U.S. Performance

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JULY 2016

RevPAR +2.5%

ADR +3.6%

117 Million Room Nights Sold
(most rooms sold ever in a single month)

*Group RevPAR +2.5%

*Transient RevPAR +1.0%

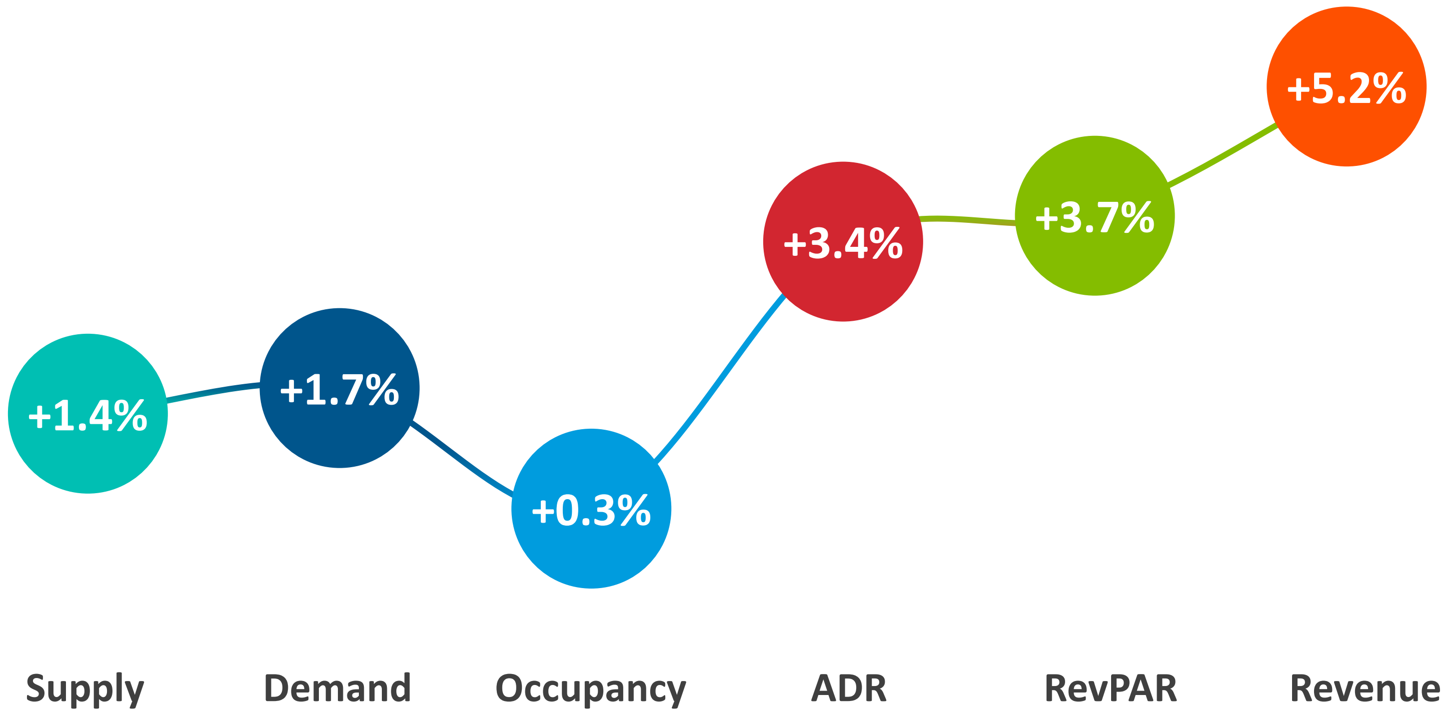
Luxury & Upper Upscale Classes Only

Continued Growth for First Half of 2016

		% Change
Room Supply	1.06B	+1.5%
Room Demand	707M	+1.4%
Occupancy	66.4%	-0.1%
ADR	$123.93	+3.2%
RevPAR	$82.32	+3.0%
Room Revenue	$87.6B	+4.6%

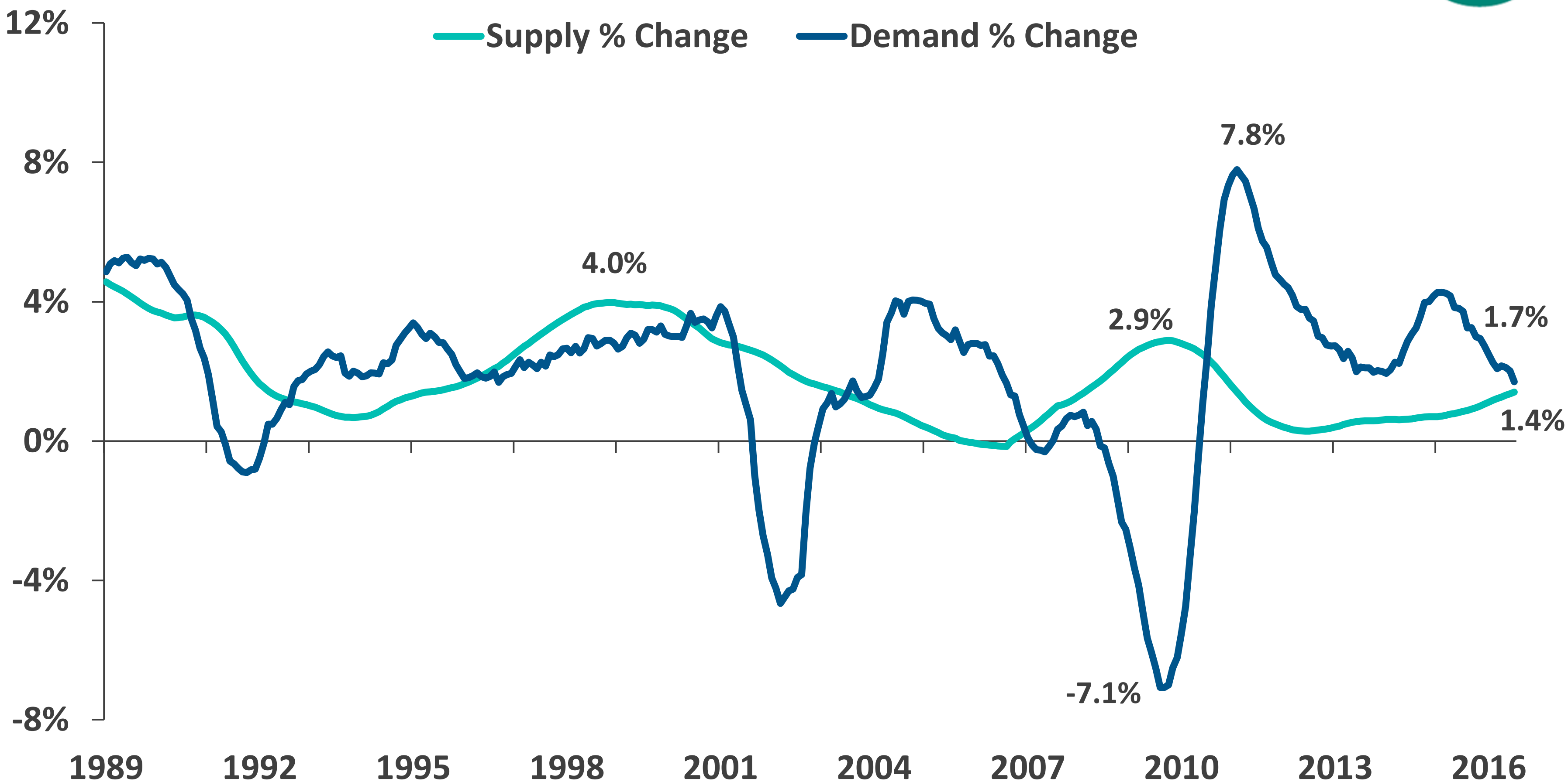
Total U.S. – Key Statistics
July 2016 YTD

12 Month Moving Average Paints a Similar Picture



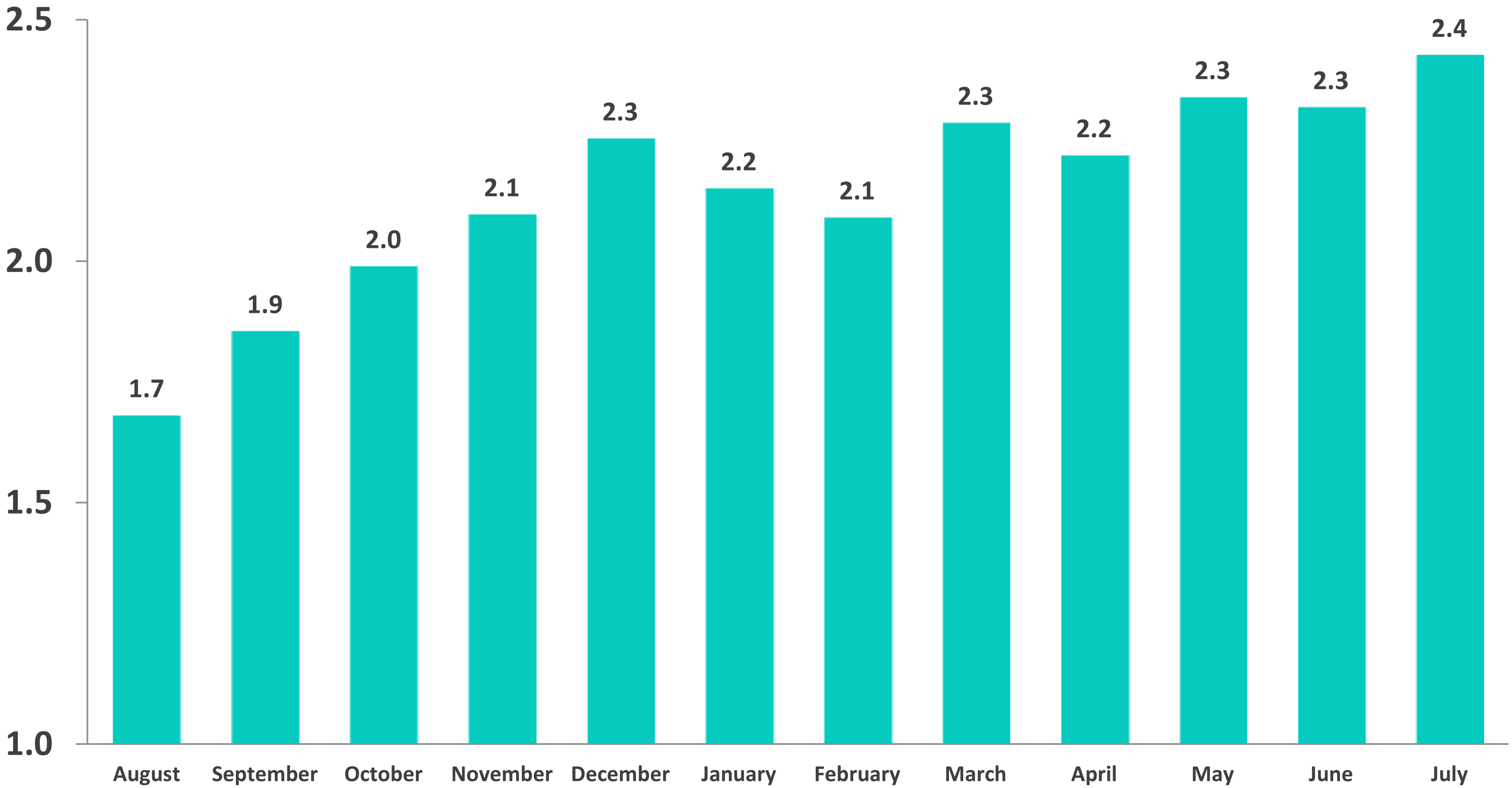
Total U.S. – KPIs % Change
12 MMA ending July 2016

Demand Growth Slows as Supply Growth Increases to 1.4%



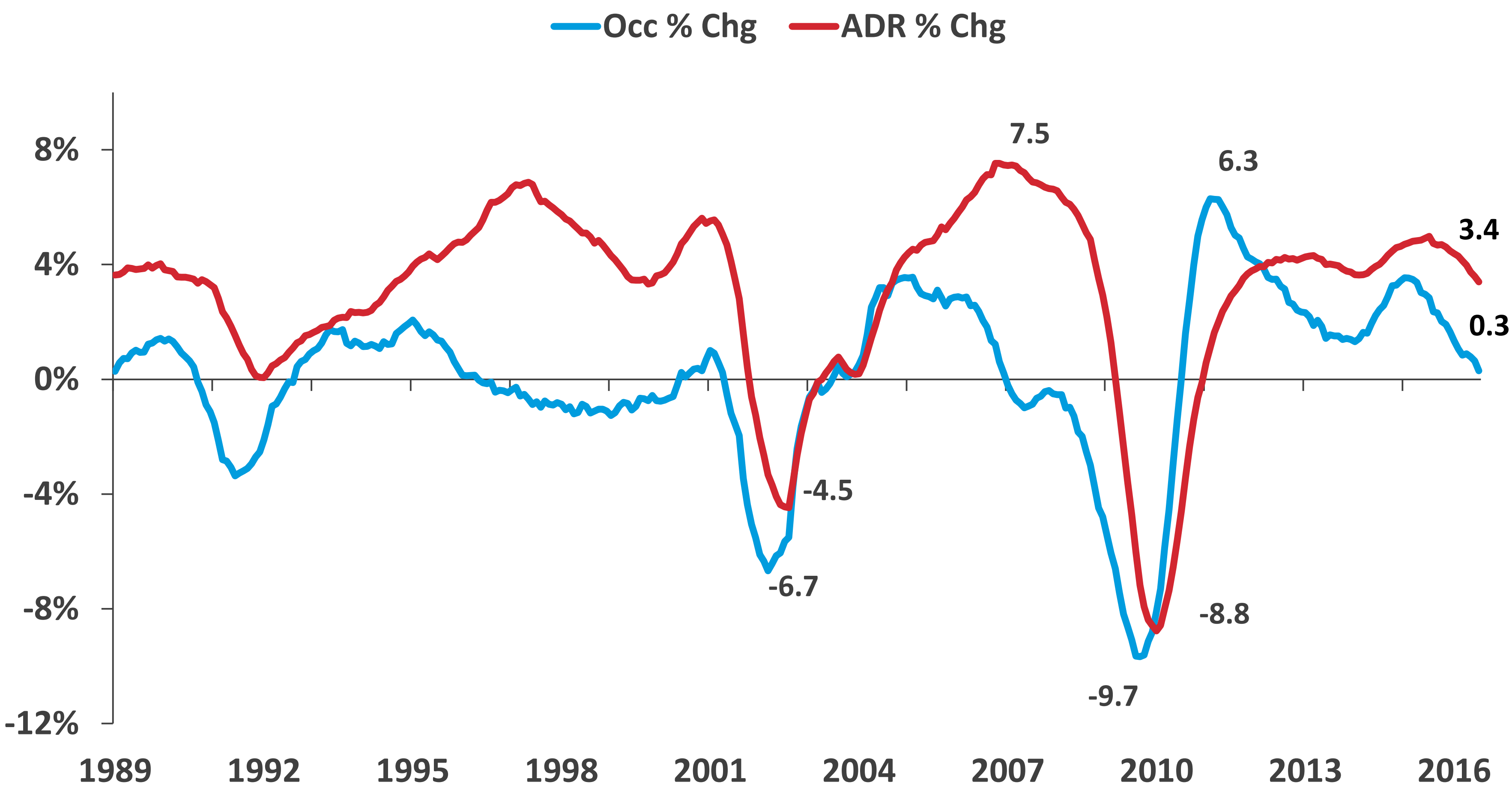
Total U.S. – Room Supply / Demand % Change
12 MMA January 1989 to July 2016

Now 2 Million More Rooms Available Every Month



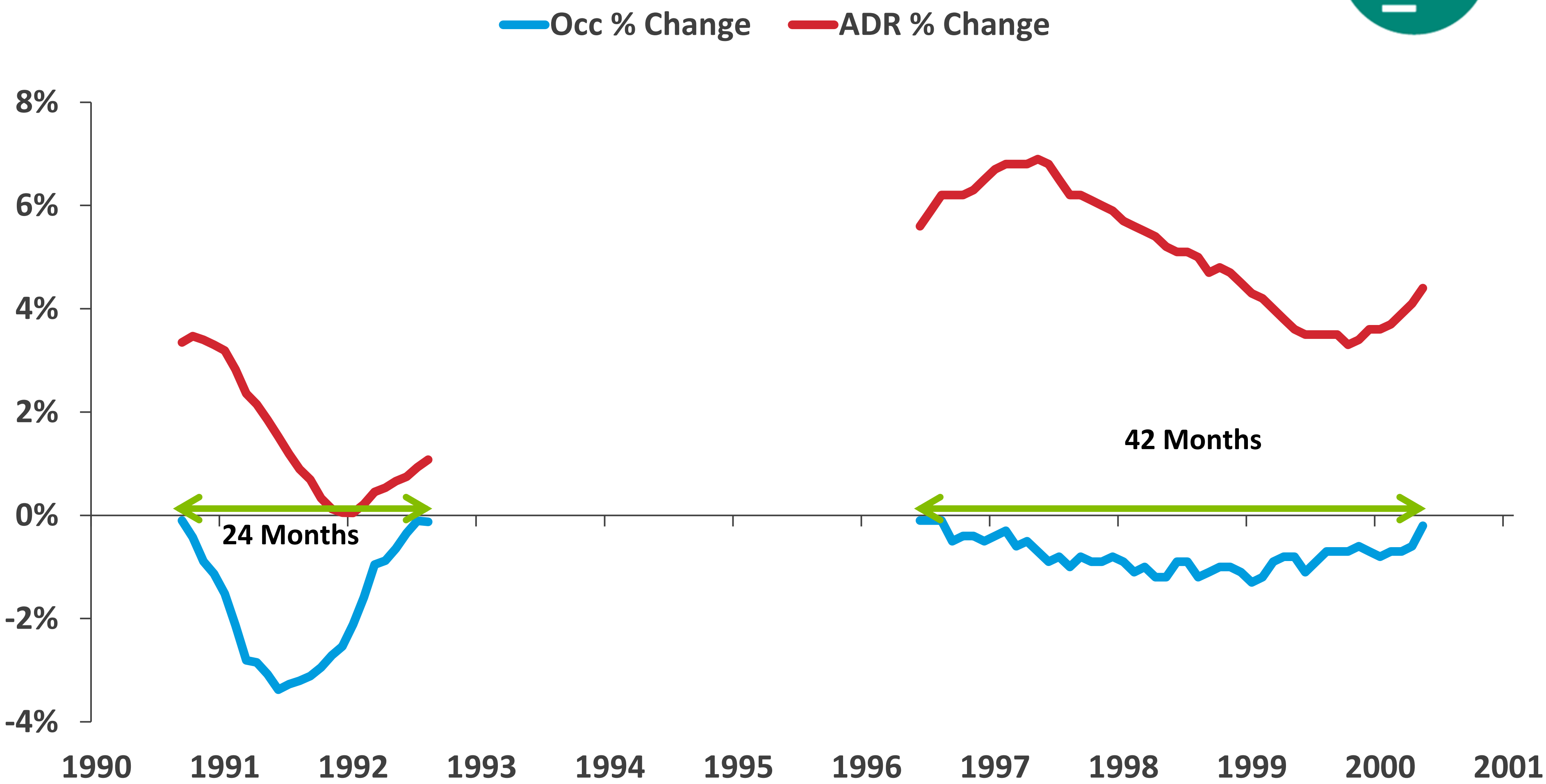
Total U.S. – Supply Change (millions of room nights) by Month
August 2015 to July 2016

Occupancy Growth Rapidly Approaching 0%



Total U.S. – Occupancy/ADR % Change
12 MMA January 1989 to July 2016

Declining Occupancies and Rising ADRs Are Not Unprecedented



Total U.S. – Occupancy/ADR % Change
12 MMA January 1990 to December 2001

North Carolina Performance

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1,744
Hotels

150,960
Rooms

78%
Sample

65%

Occupancy

+1.8%

$98.45

ADR

+3.8%

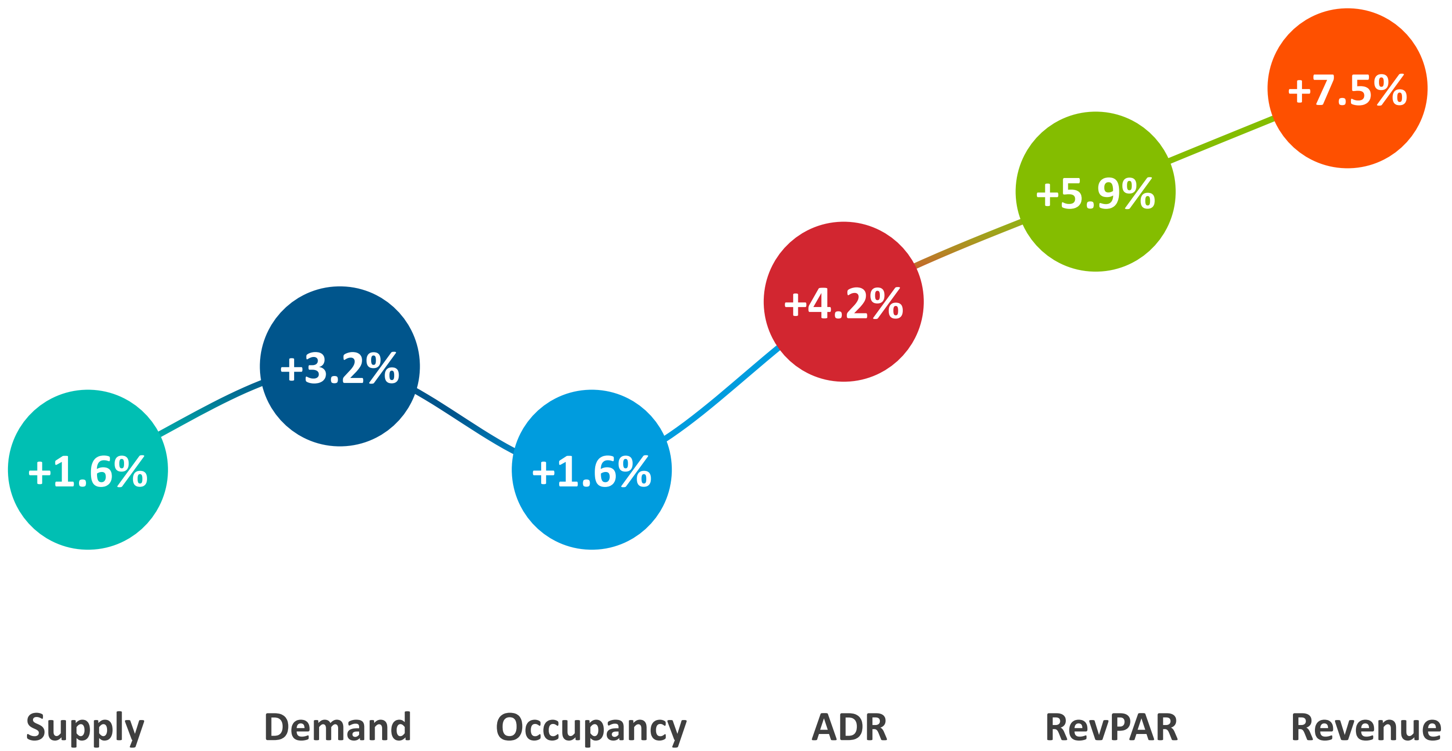
$63.94

RevPAR

+5.7%

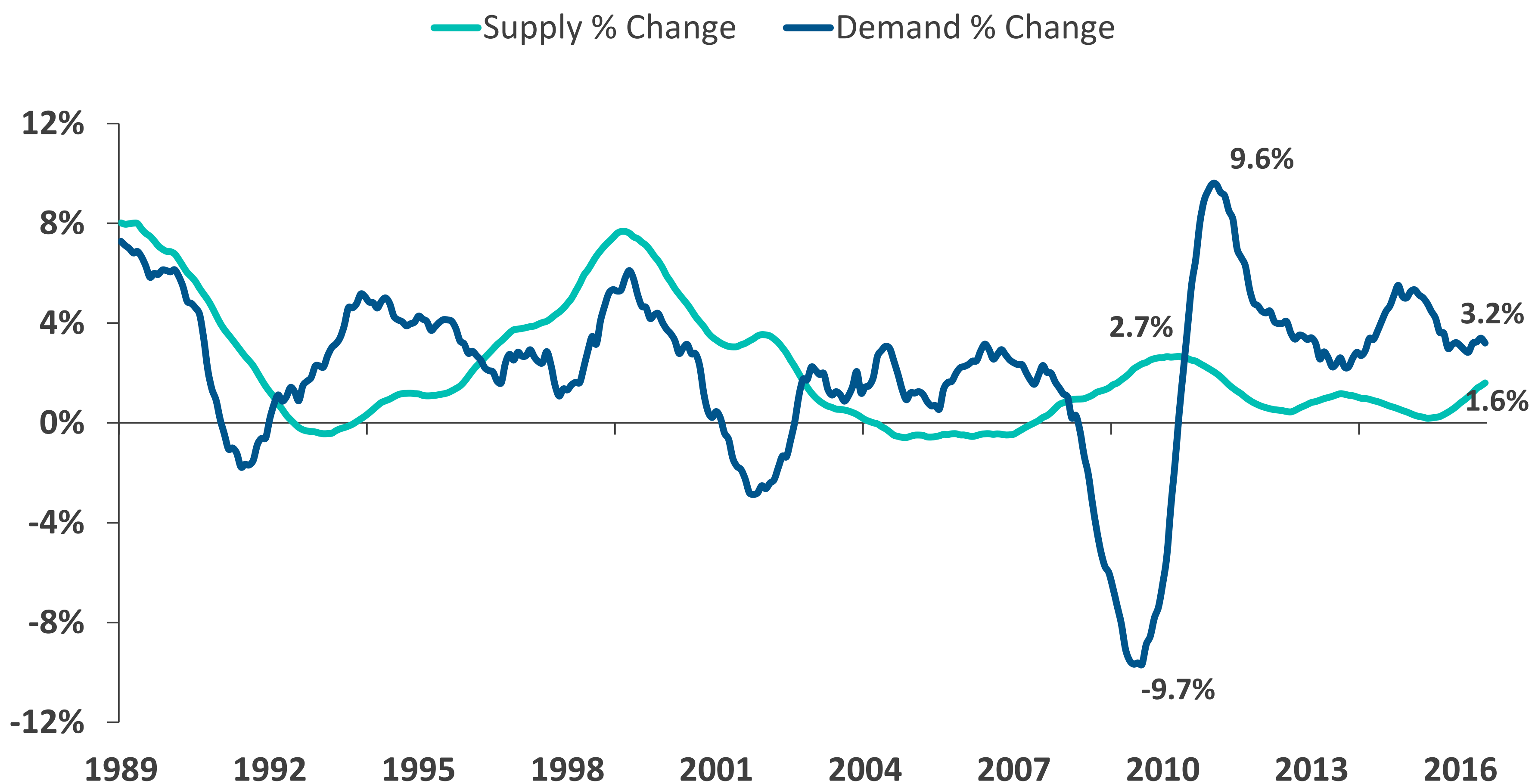
North Carolina – July 2016 YTD

What's Driving Growth?



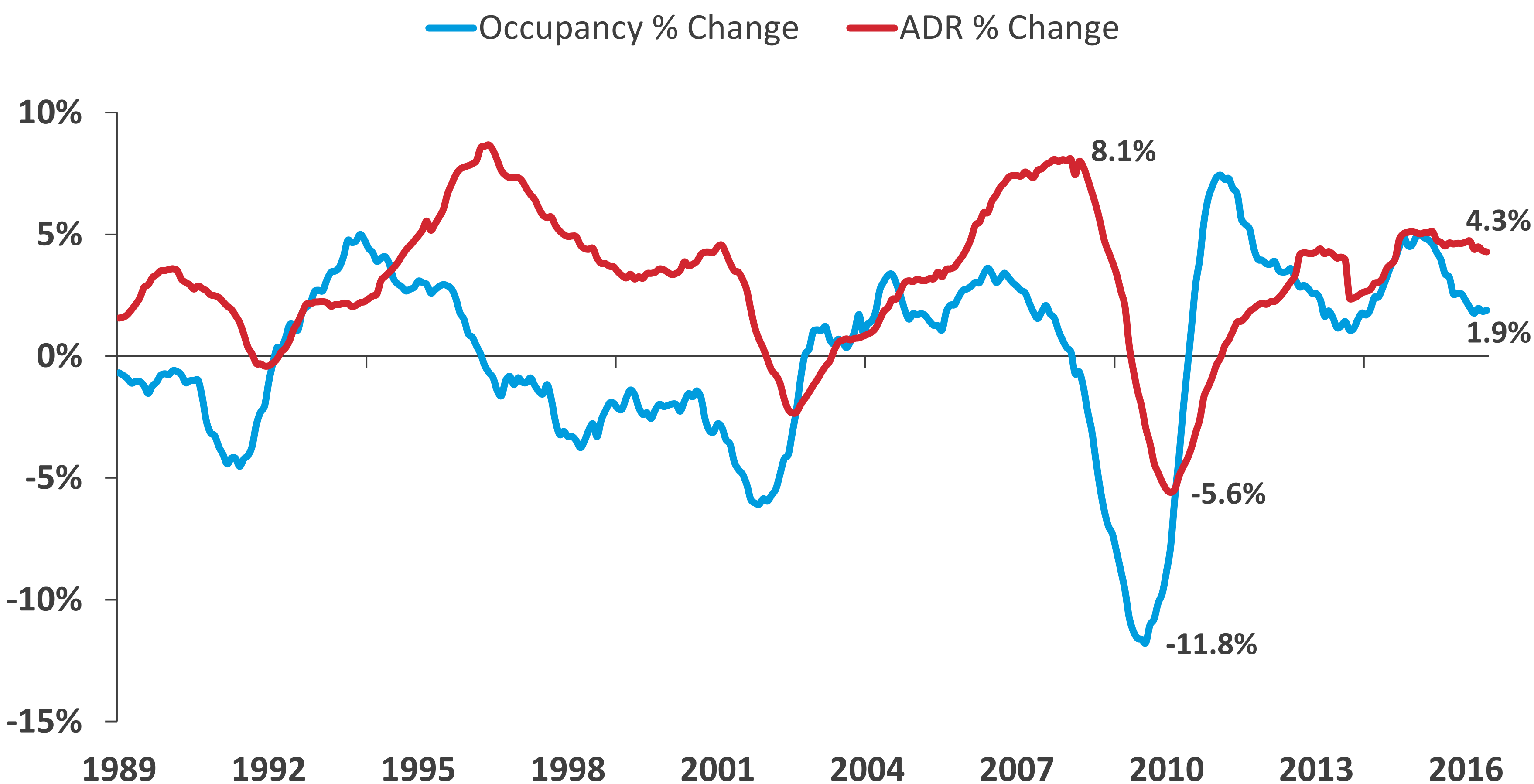
North Carolina – KPIs % Change
12 MMA ending July 2016

North Carolina's Demand Growth Holding Steady at 3.2%



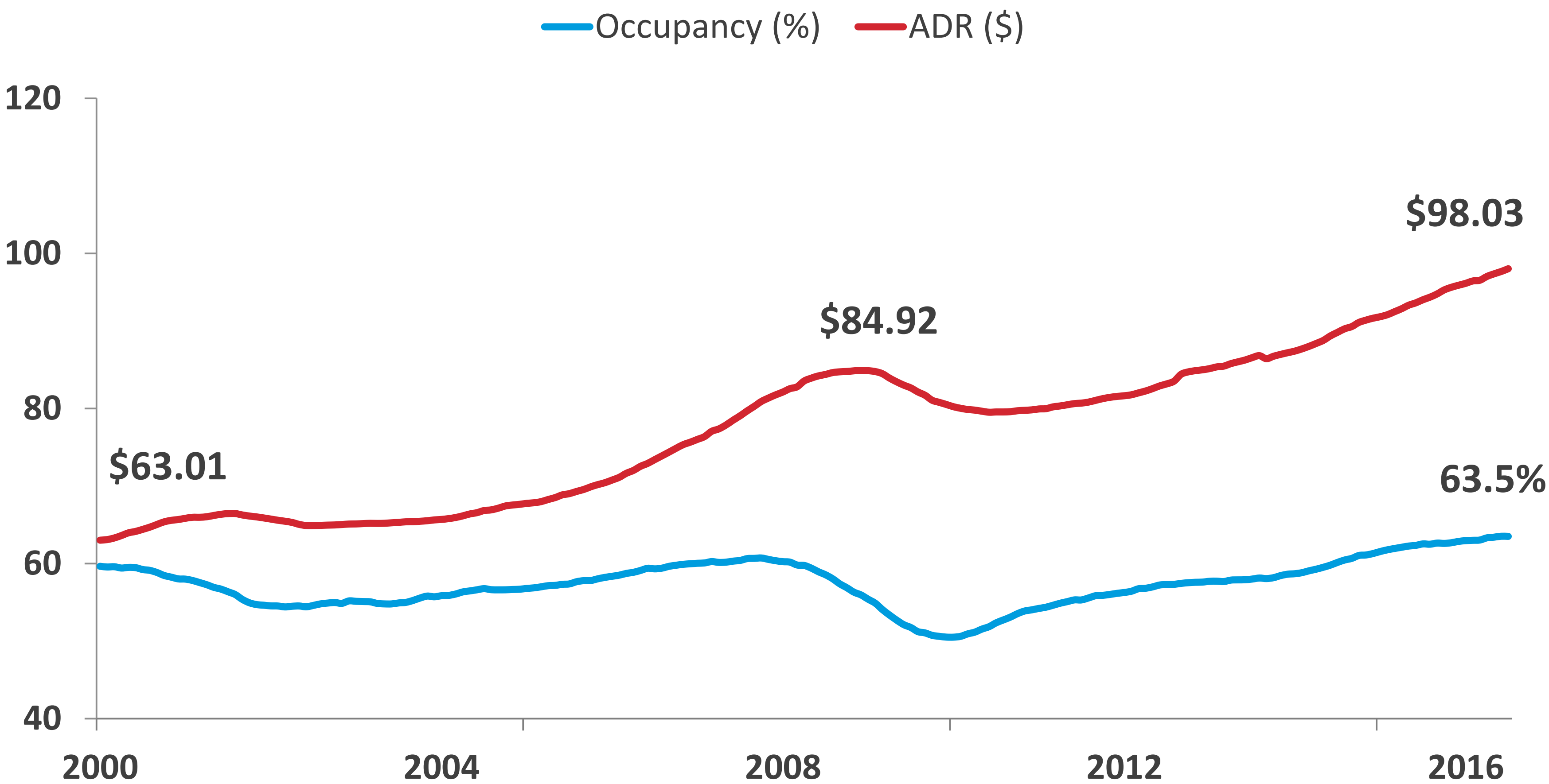
North Carolina – Room Supply / Demand % Change
12 MMA January 1989 to July 2016

ADR & Occupancy Growth Relatively Flat This Year



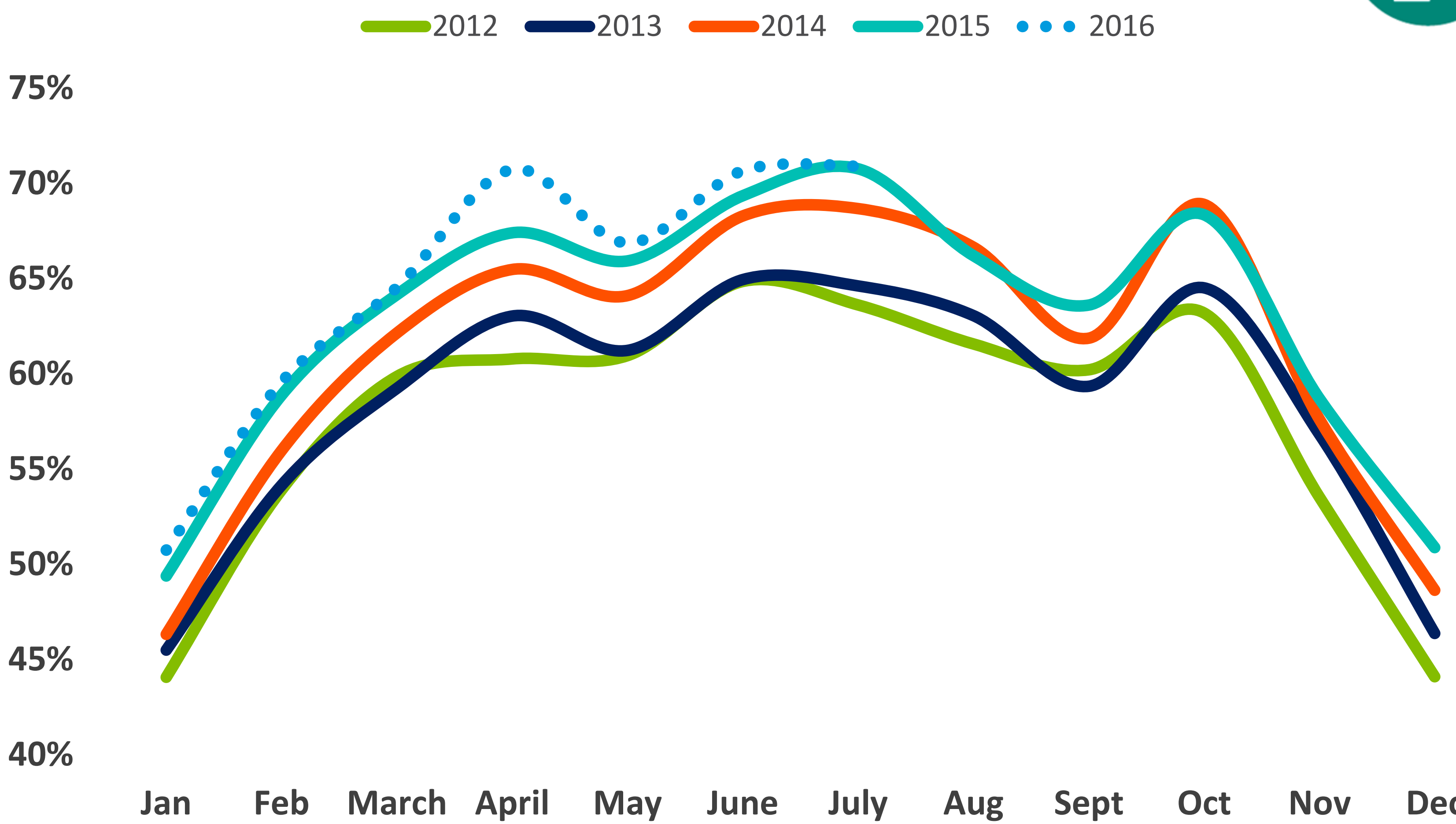
North Carolina – Occupancy/ADR % Change
12 MMA January 1989 to July 2016

State ADR has Grown 15% Since Prior Peak in 2008



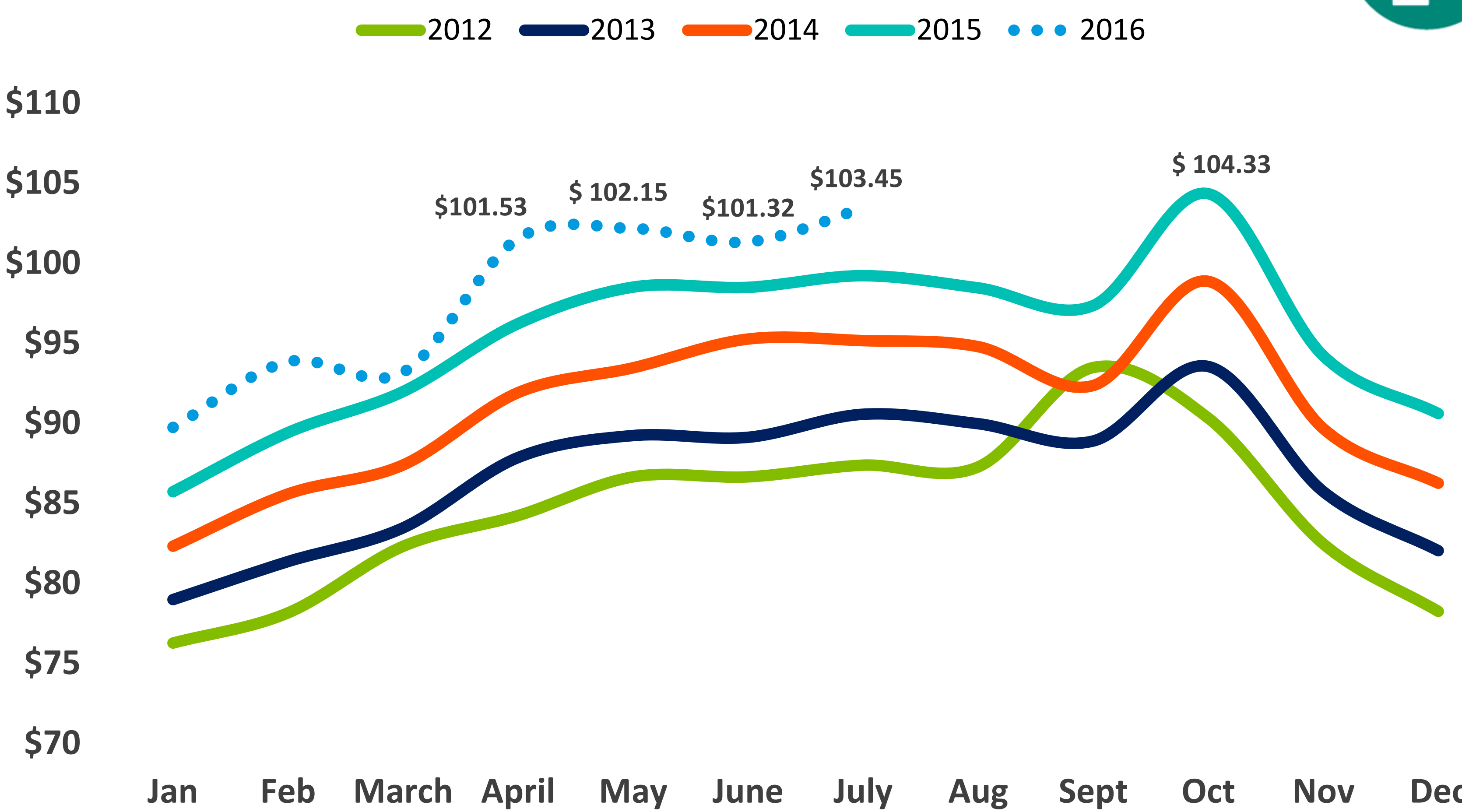
North Carolina – Occupancy/ADR
12 MMA January 2000 to July 2016

Continual Occupancy Increases Each Year



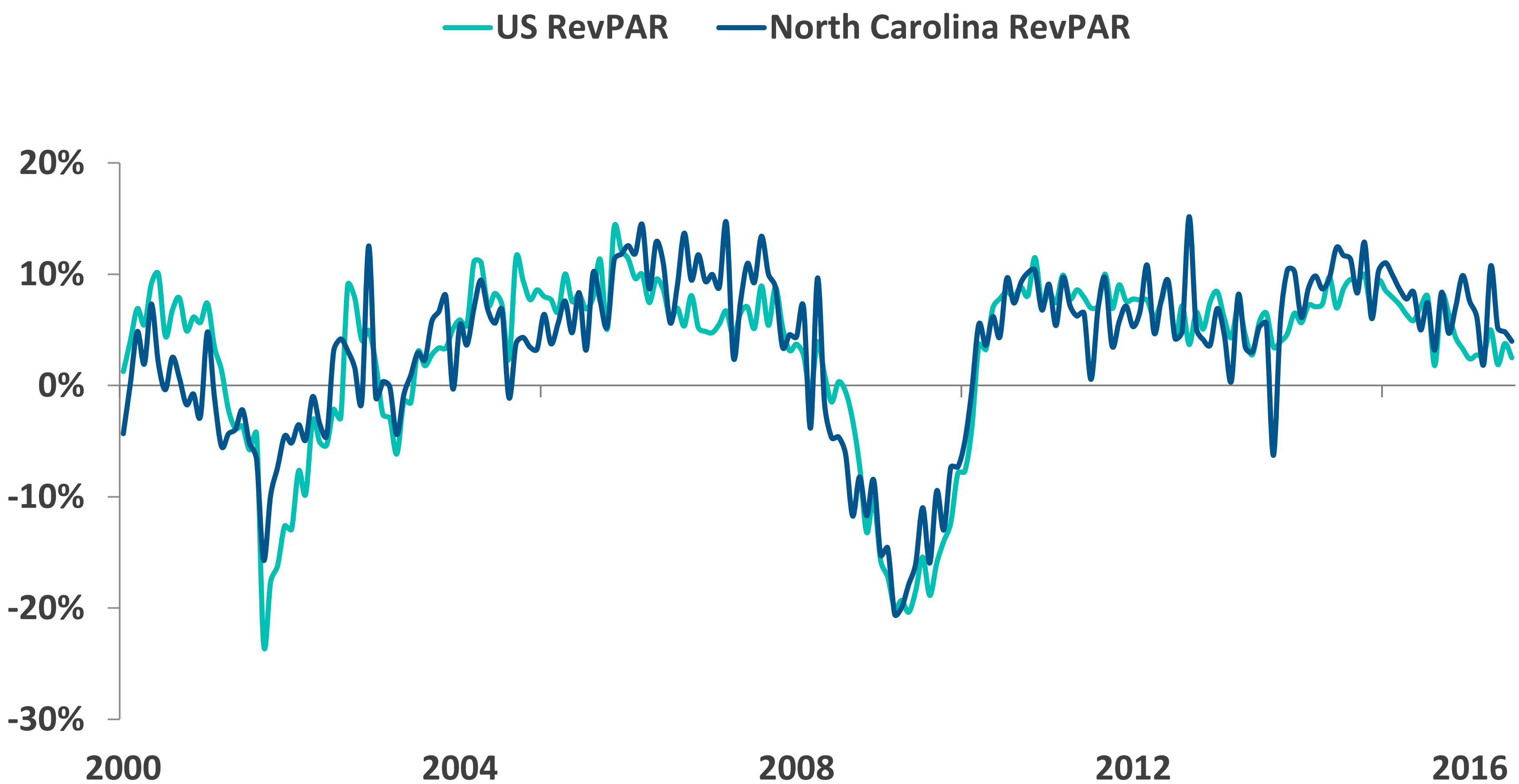
North Carolina – Monthly Occupancy
January 2012 – July 2016

ADR Surpasses $100 for the Fourth Consecutive Month



North Carolina – Monthly ADR
January 2012 to July 2016

State RevPAR follows U.S. Trend with Notable Deviations in Recent Years



U.S. & North Carolina – RevPAR % Change
January 2000 to July 2016

Comparison of Class Segments

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2016 STR Chain Scales

Luxury

Fairmont, Four Seasons, Ritz Carlton, JW Marriott, St. Regis, InterContinental

Upper Upscale

Hilton, Hyatt, Marriott, Kimpton, Omni, Sheraton, Westin, Wyndham

Upscale

Radisson, Hilton Garden Inn, Residence Inn, Springhill Suites, Homewood Suites, Courtyard, Best Western Premier, Crowne Plaza

Upper Midscale

Fairfield Inn, Holiday Inn, Clarion, Hampton Inn, Best Western Plus, Drury Inn

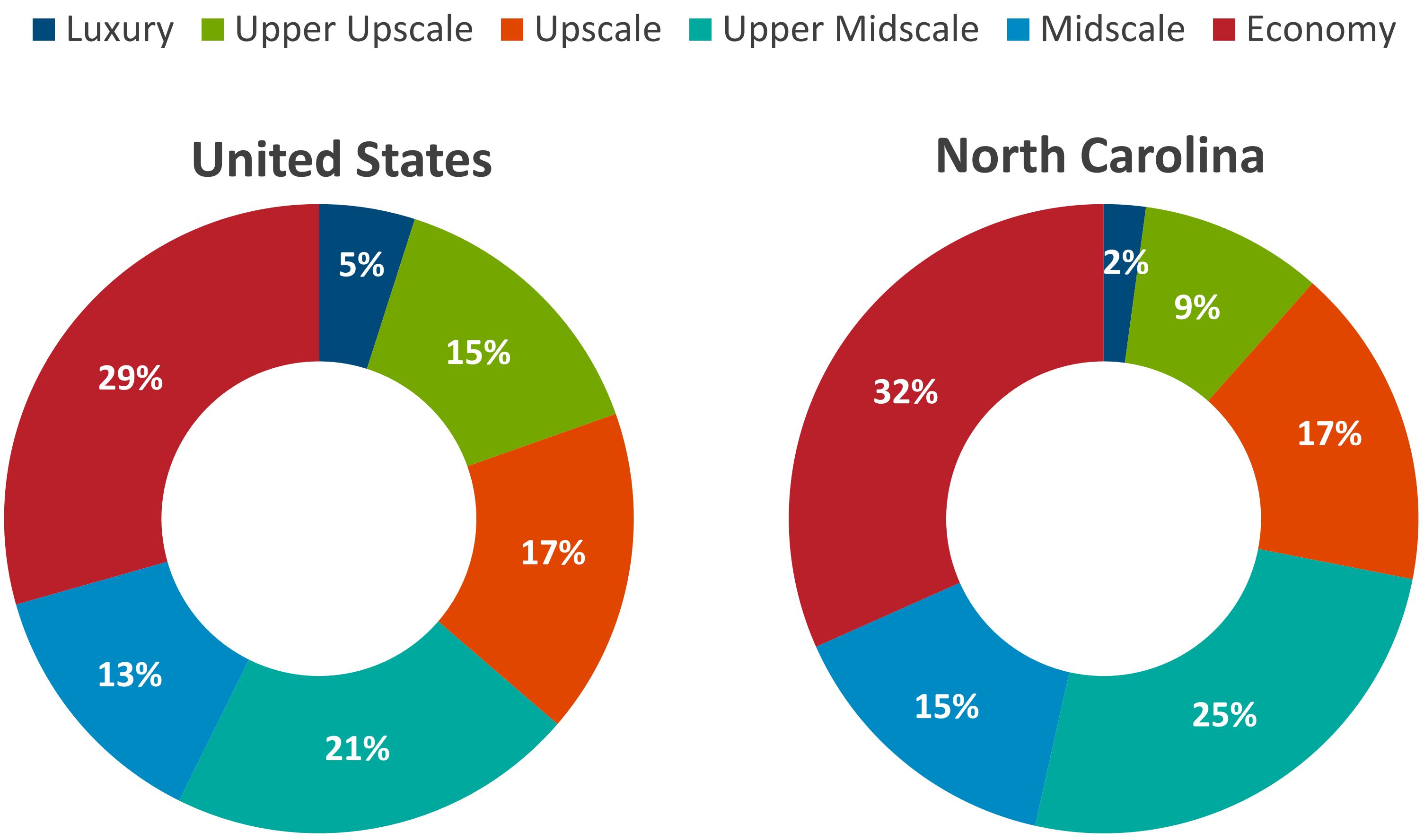
Midscale

AmericInn, Candlewood Suites, Quality Inn, Ramada, La Quinta

Economy

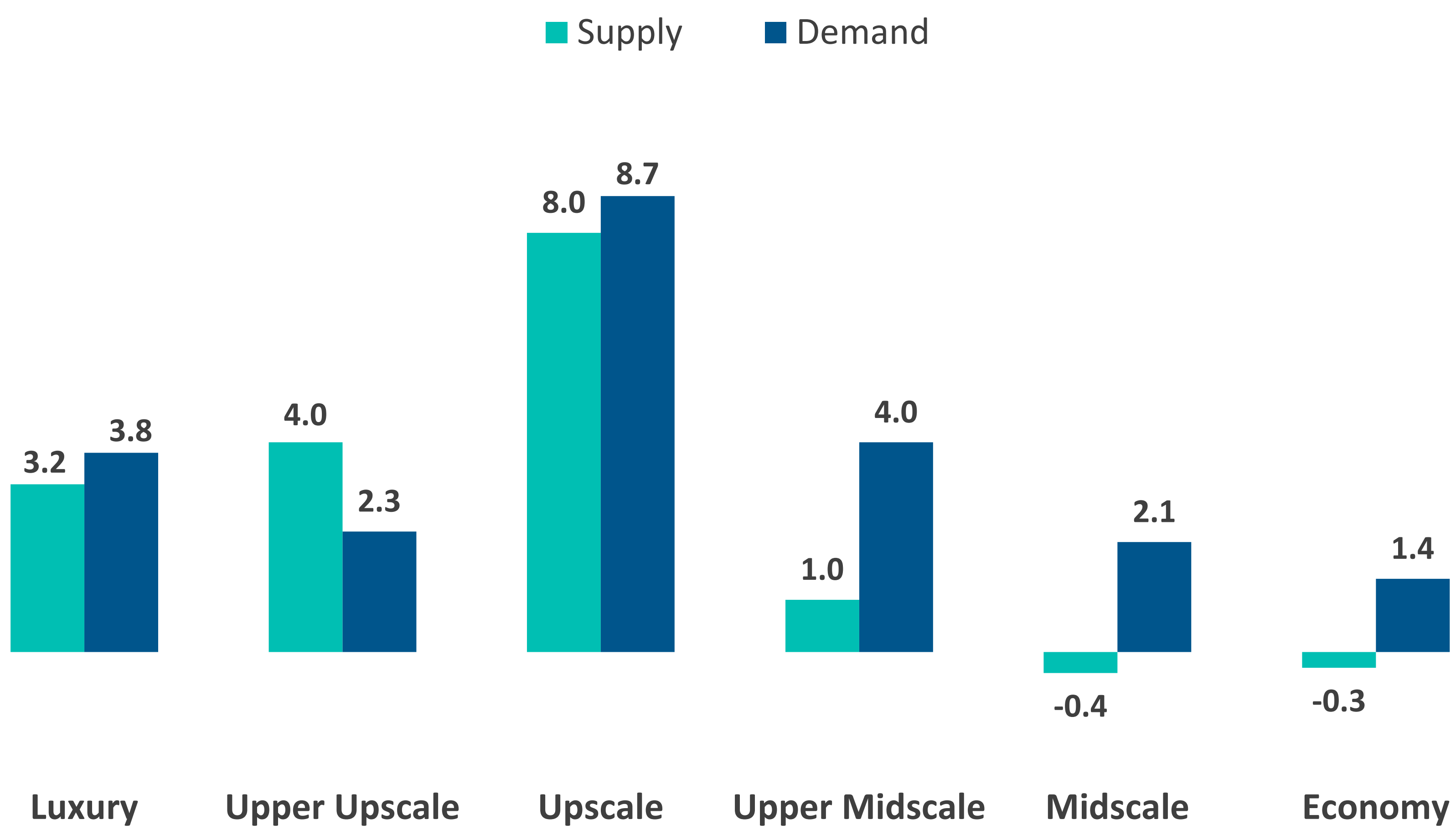
Extended Stay America, Red Roof Inn, Days Inn, Microtel, Super 8

47% of North Carolina's Hotels are Midscale & Economy



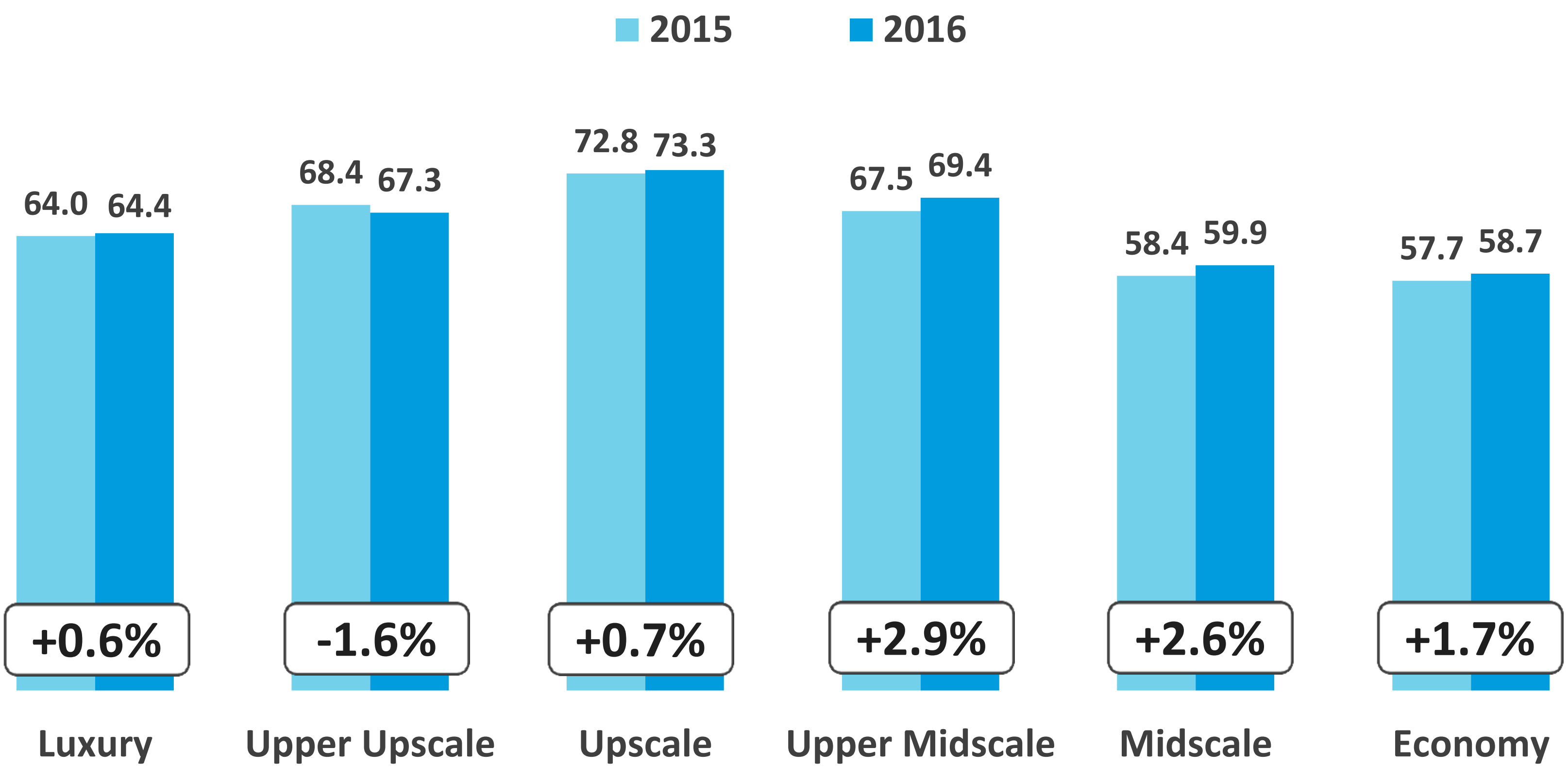
U.S. & North Carolina – Room Counts by Class

Demand Wavers for Upper Upscale Properties



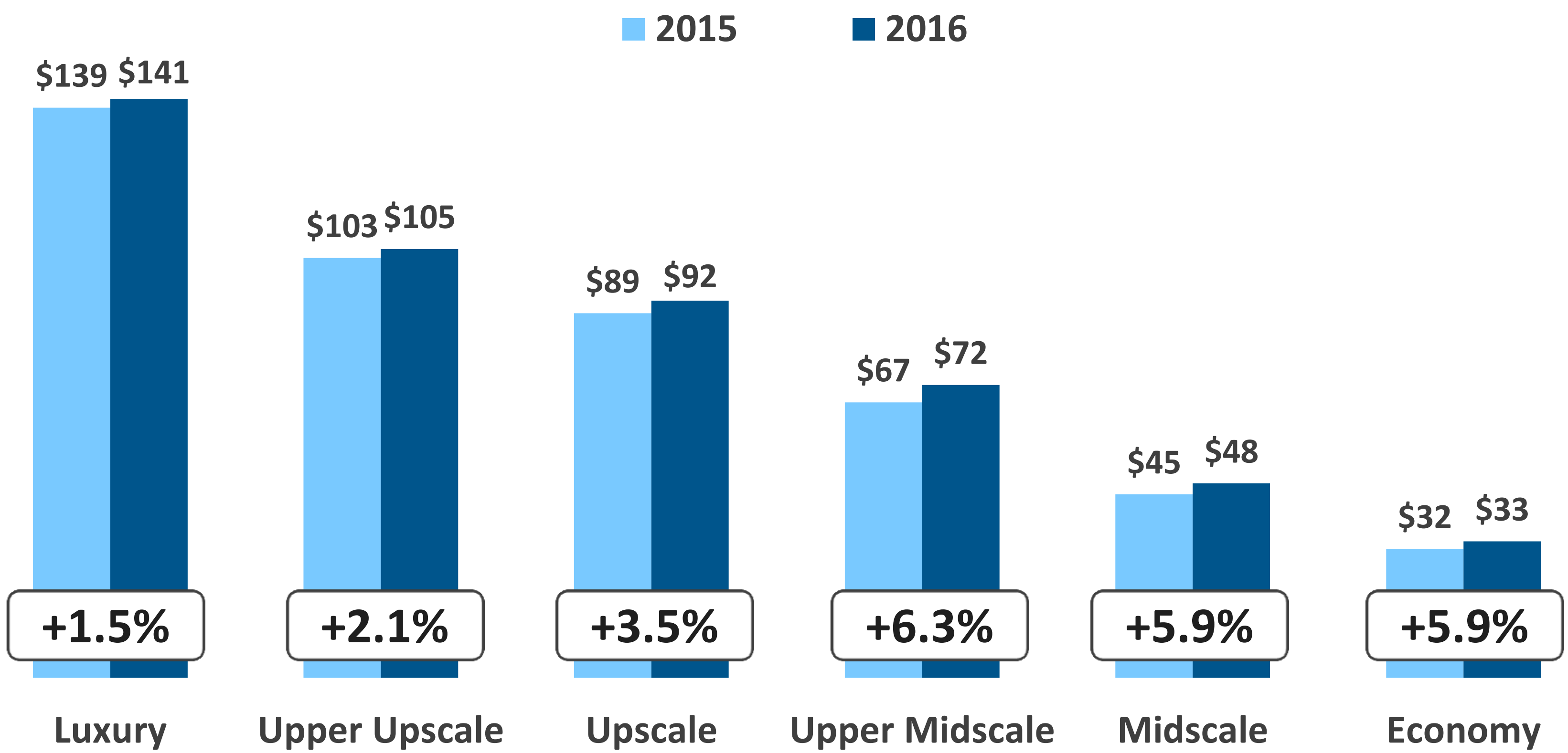
North Carolina – Supply/Demand % Change by Class
July 2016 YTD

Negative Occupancy Growth for Upper Upscale Hotels



North Carolina – Occupancy & Occupancy % Change by Class
July 2016 YTD

RevPAR Still Trending Upwards for All Classes



North Carolina – RevPAR & RevPAR % Change by Class
July 2016 YTD

Performance by Market

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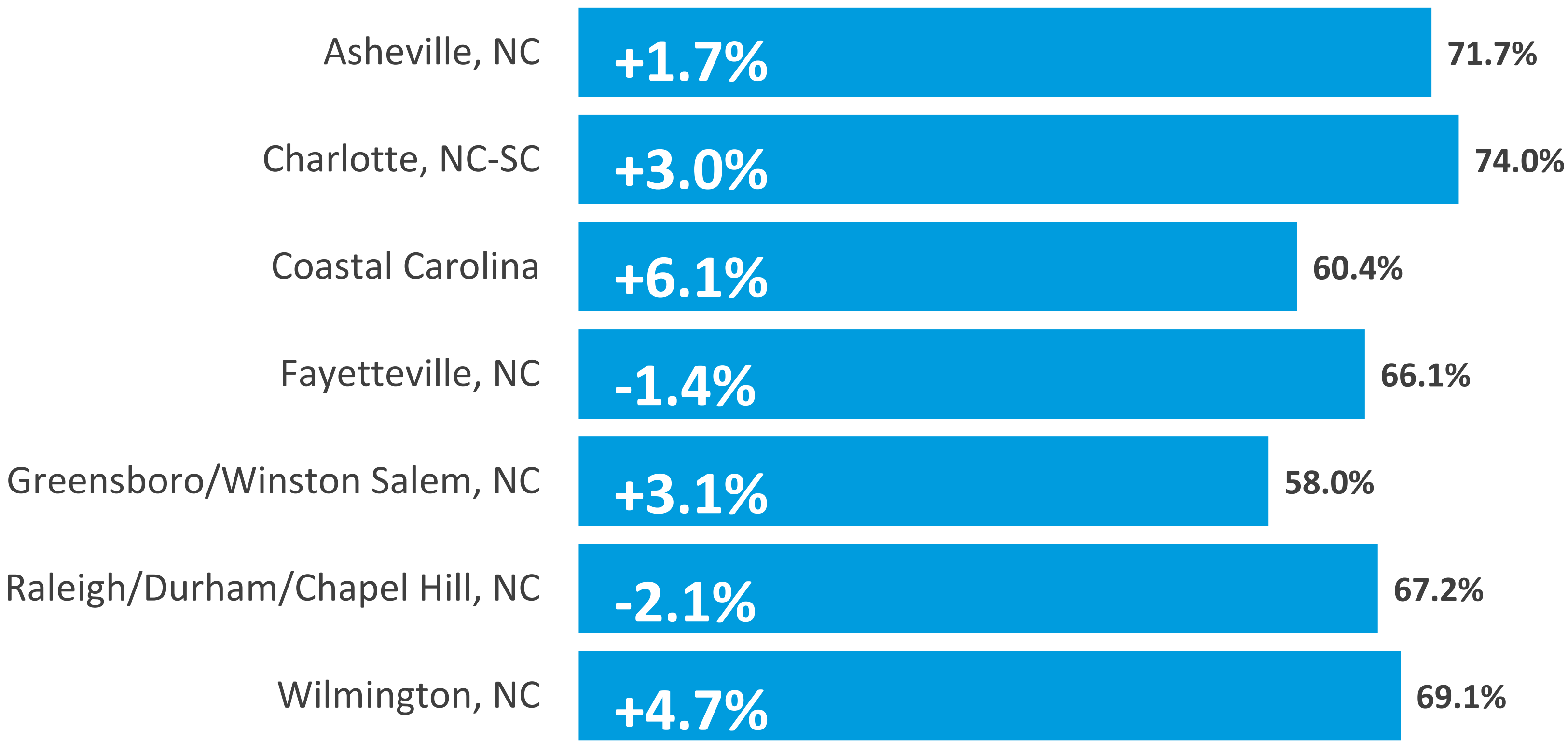
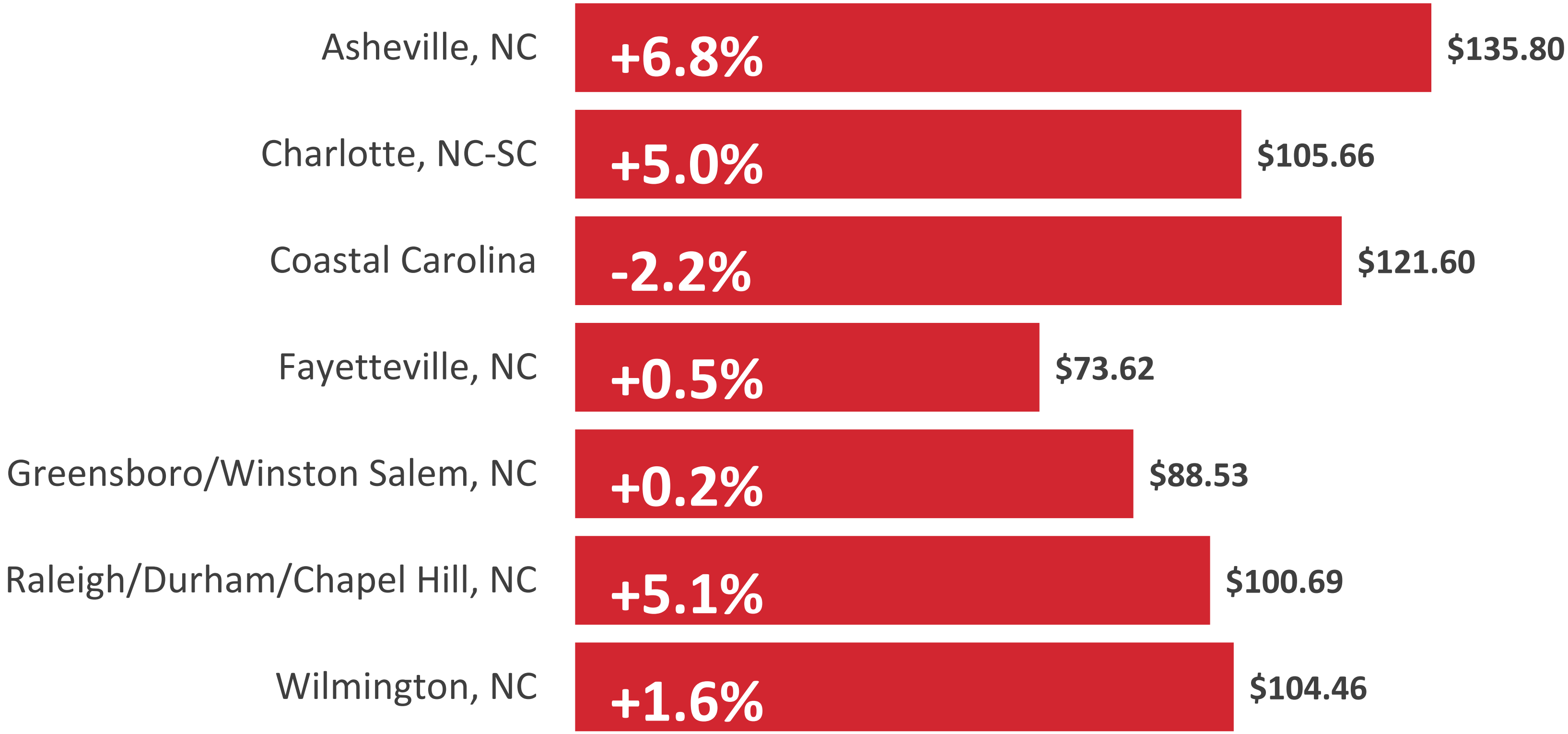
Seasonal Markets see a Boost in Occupancy



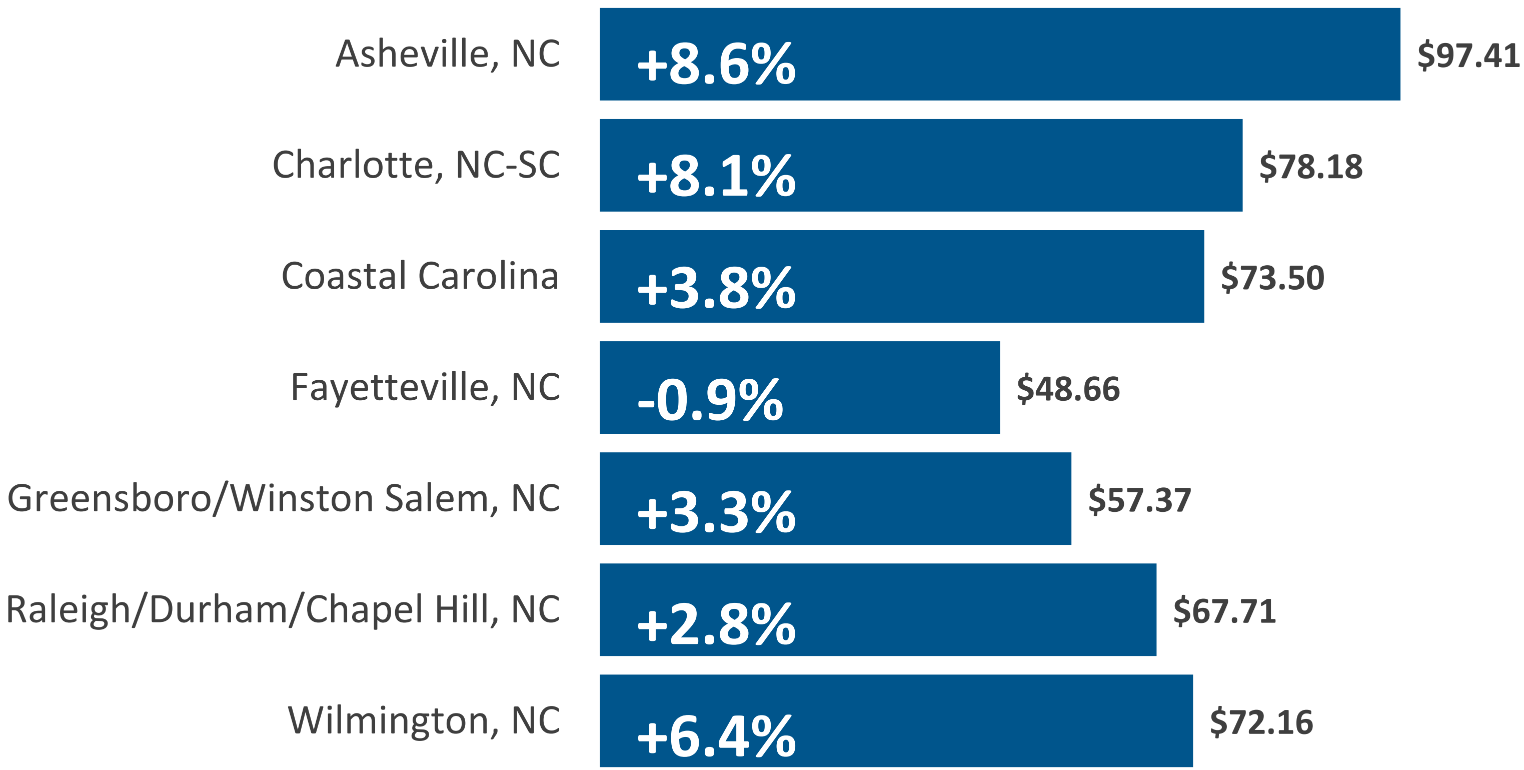
North Carolina Markets – Occupancy & Occupancy % Change
July 2016 YTD

Asheville Achieves Highest State ADR and ADR Growth



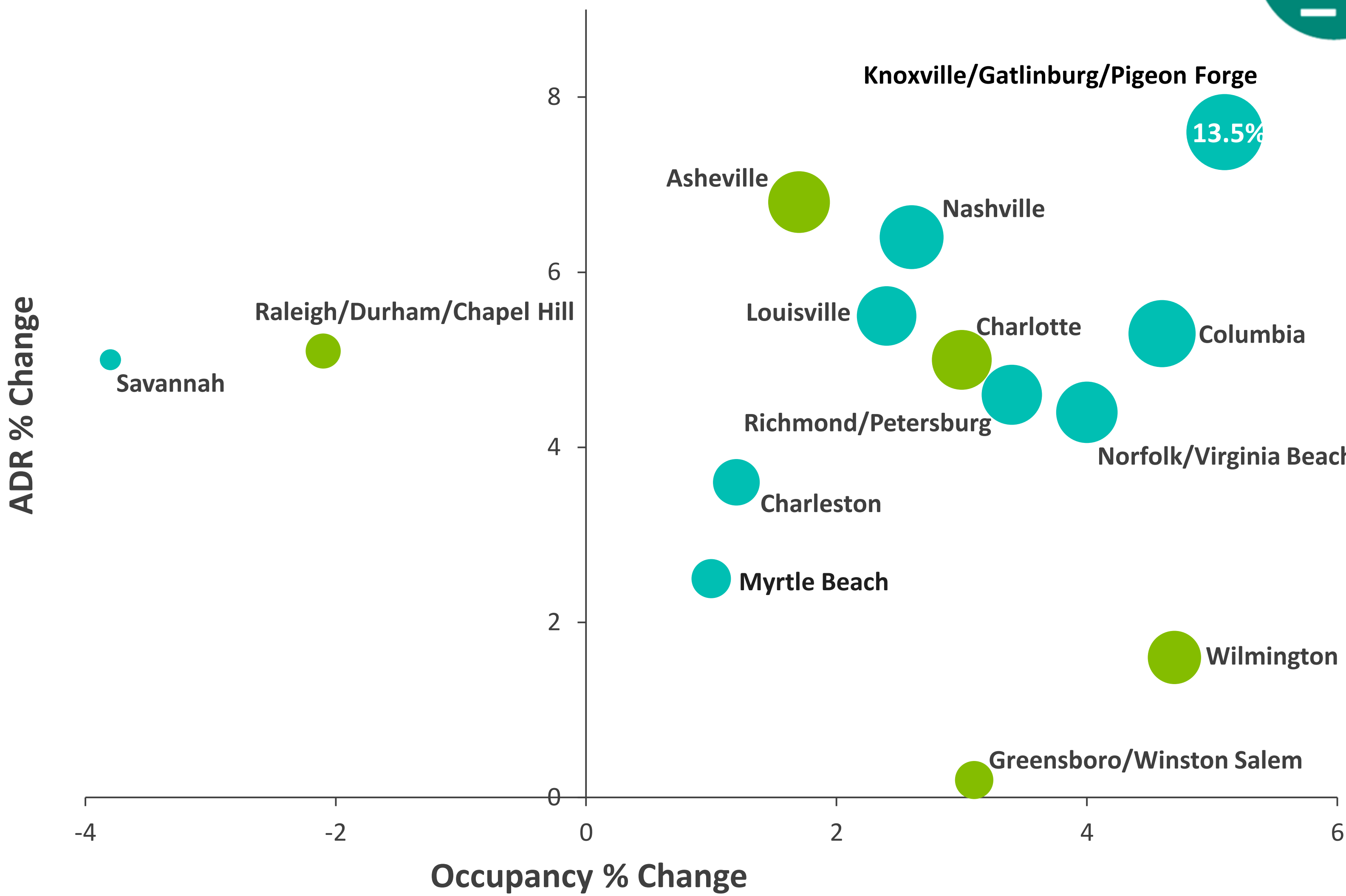
North Carolina Markets – ADR & ADR % Change
July 2016 YTD

Fayetteville Not Able to Make Up For Occupancy Decline



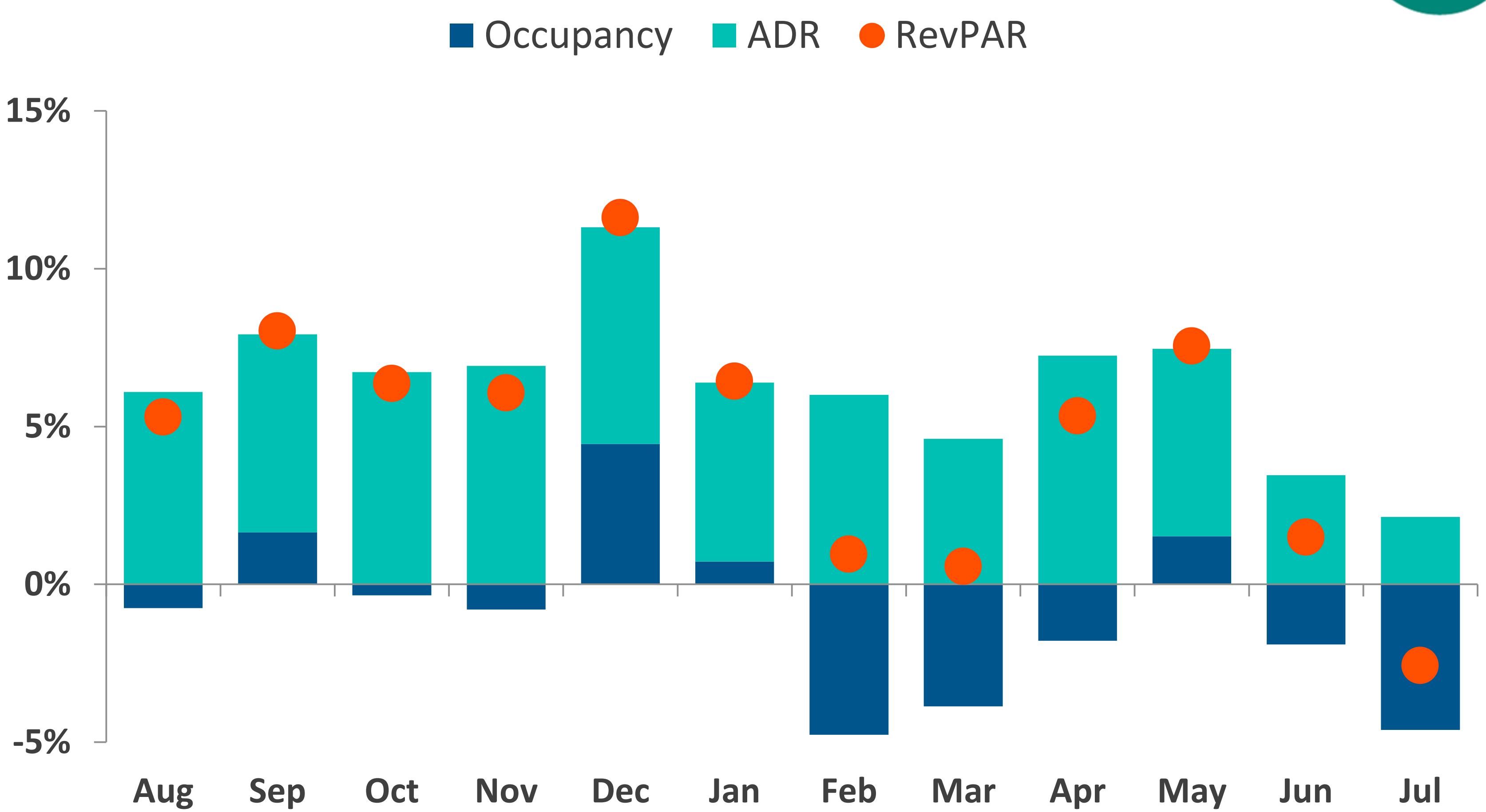
North Carolina Markets – RevPAR & RevPAR % Change
July 2016 YTD

Asheville & Charlotte Competitive with Regional Markets



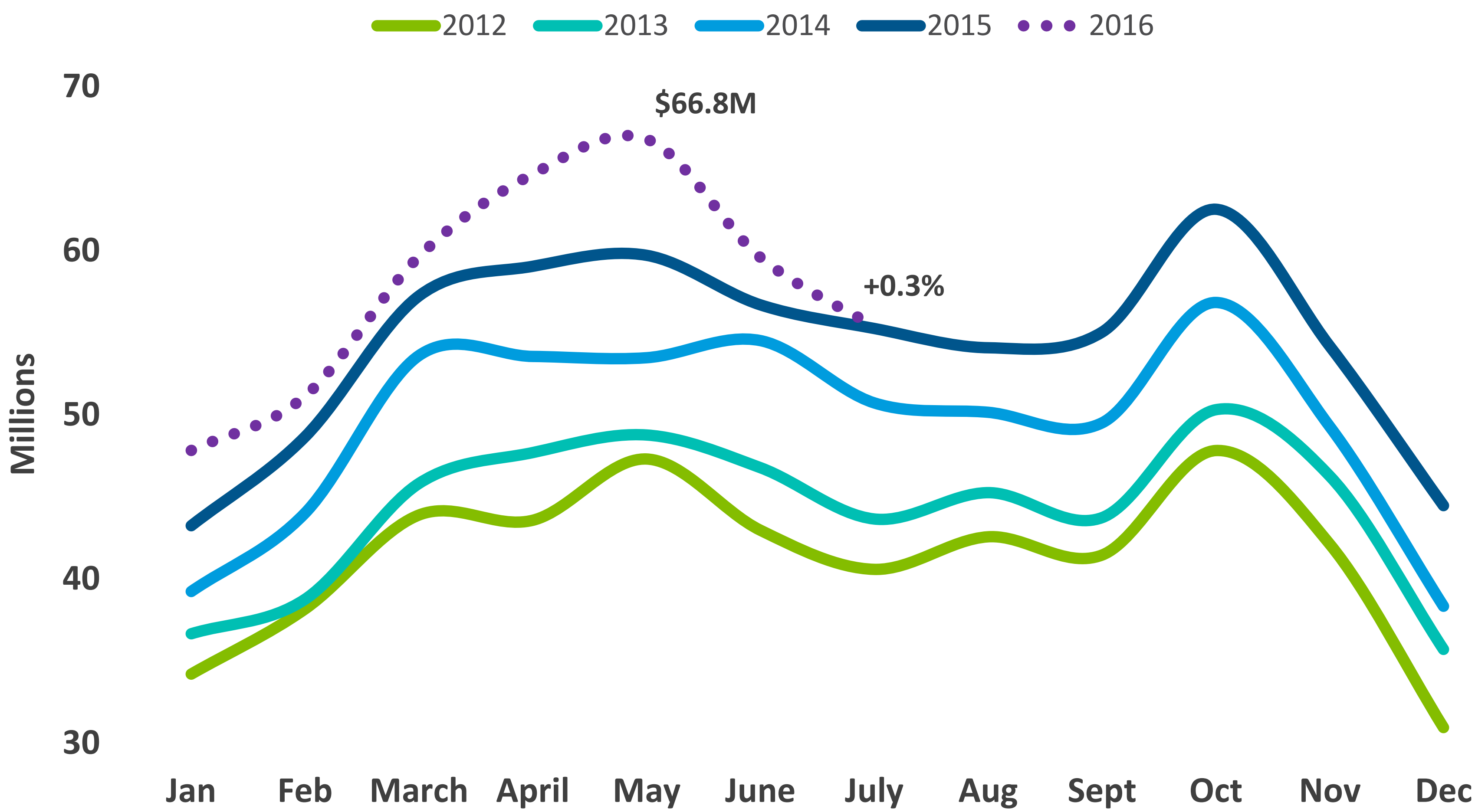
July 2016 YTD

Room Rates Driving RevPAR in Raleigh



Raleigh/Durham/Chapel Hill – RevPAR % Change by Contribution of Occupancy/ADR % Change
August 2015 – July 2015

Raleigh is Experiencing Record Monthly Revenues Despite Decreases in Occupancy



Raleigh/Durham/Chapel Hill – Monthly Revenue
January 2012 – July 2016

Group & Transient Segmentation

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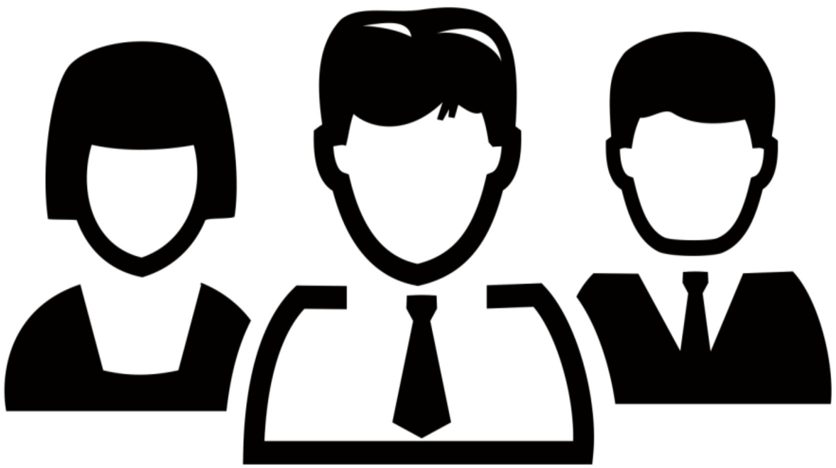
GROUP



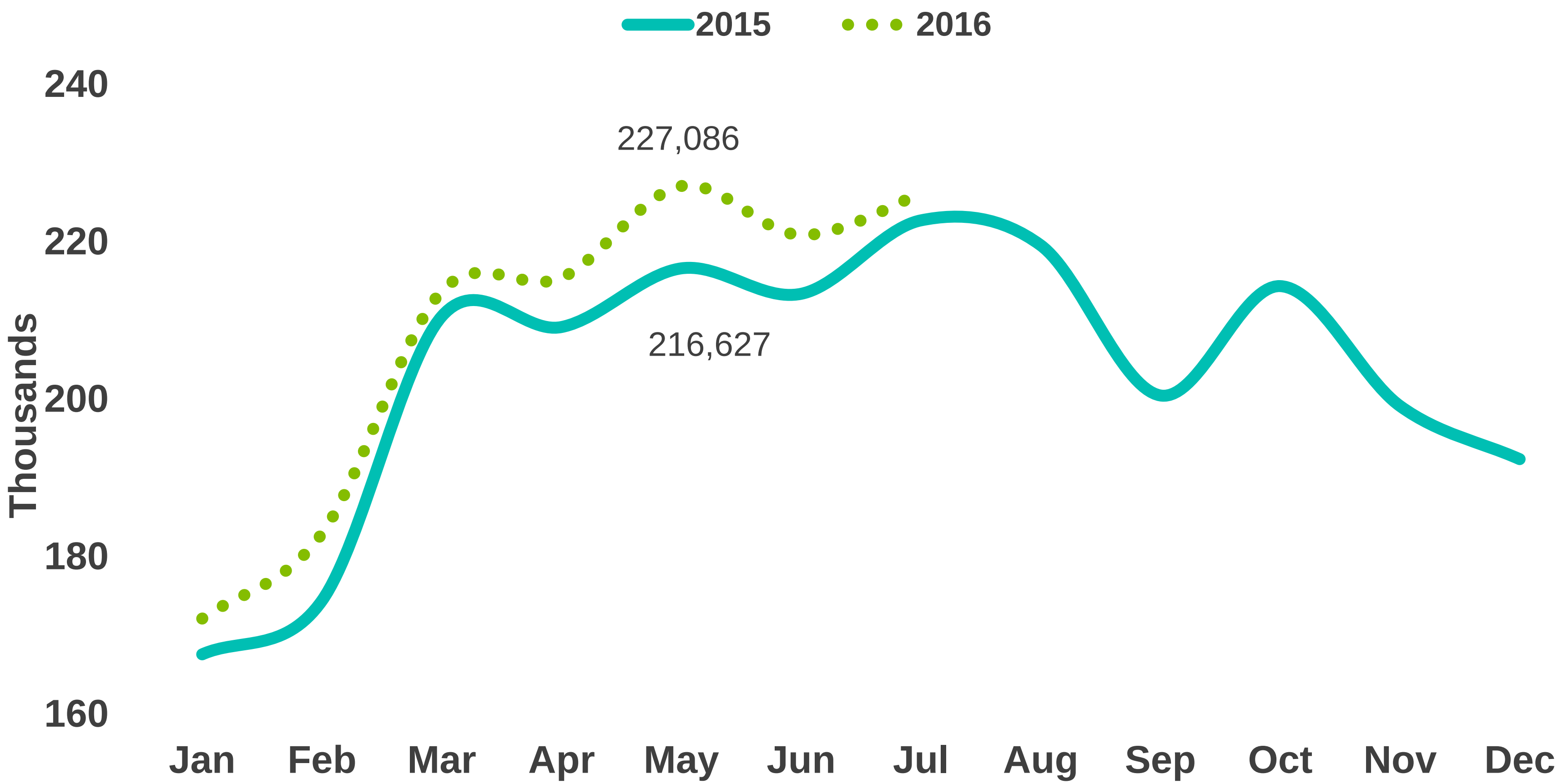
0.6%

TRANSIENT

3.1%

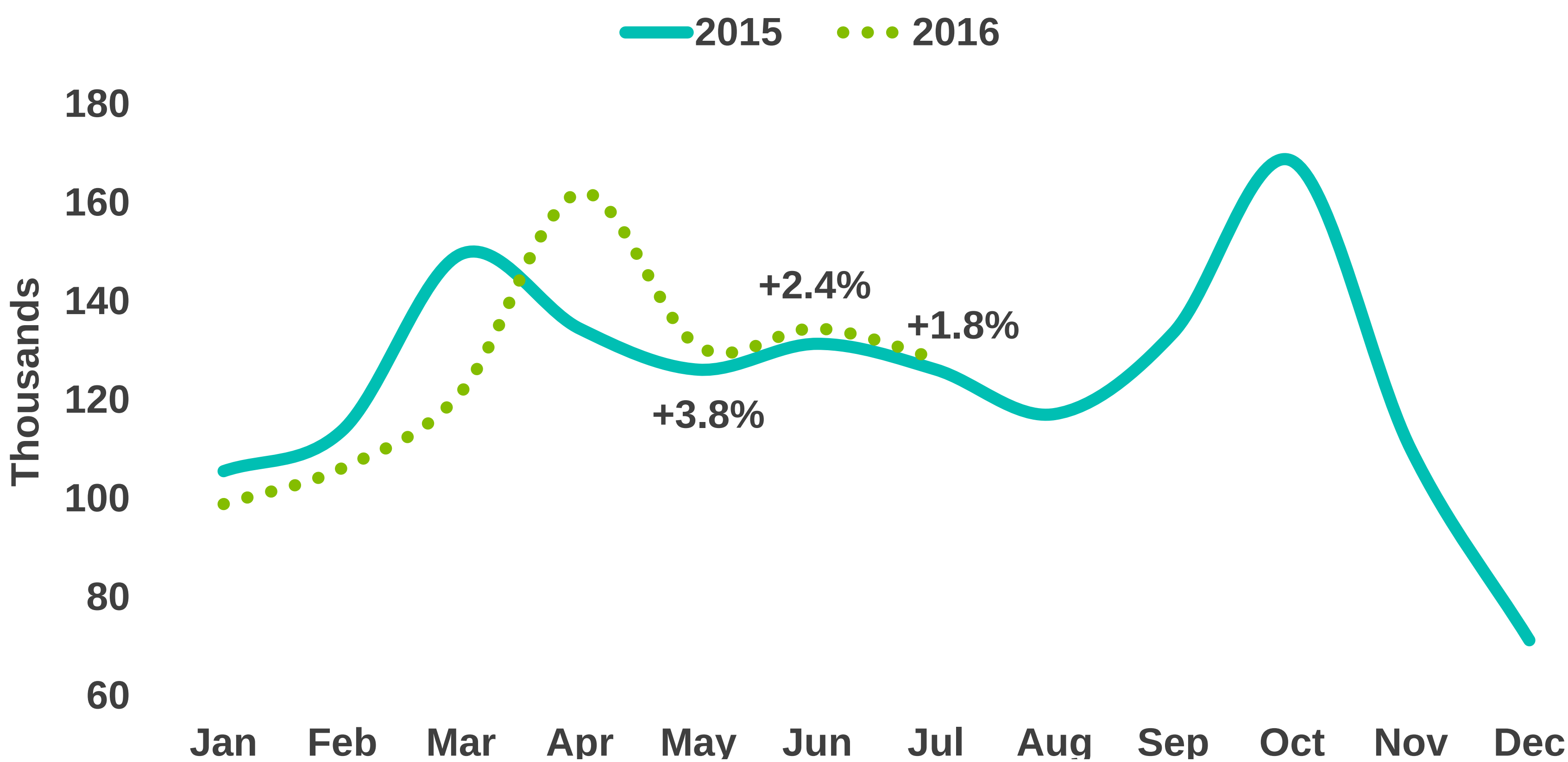
North Carolina – Demand % Change, by Segment
July 2016 YTD
***Luxury & Upper Upscale Classes Only**

Transient Demand Pacing Ahead YOY



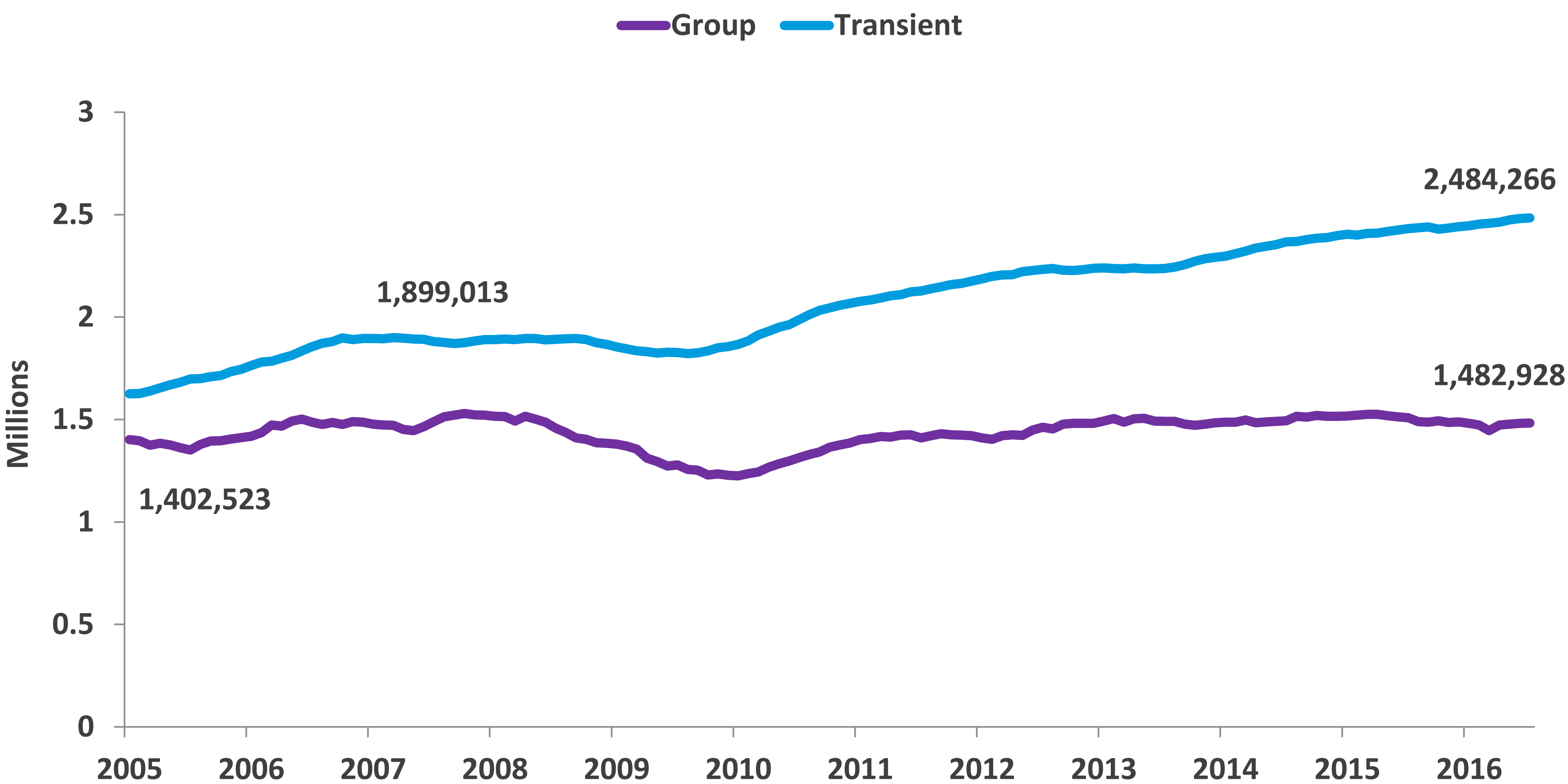
North Carolina – Monthly Transient Demand
January 2015 to July 2016
***Luxury & Upper Upscale Classes Only**

Group Demand Outpaces 2015 During Summer Months



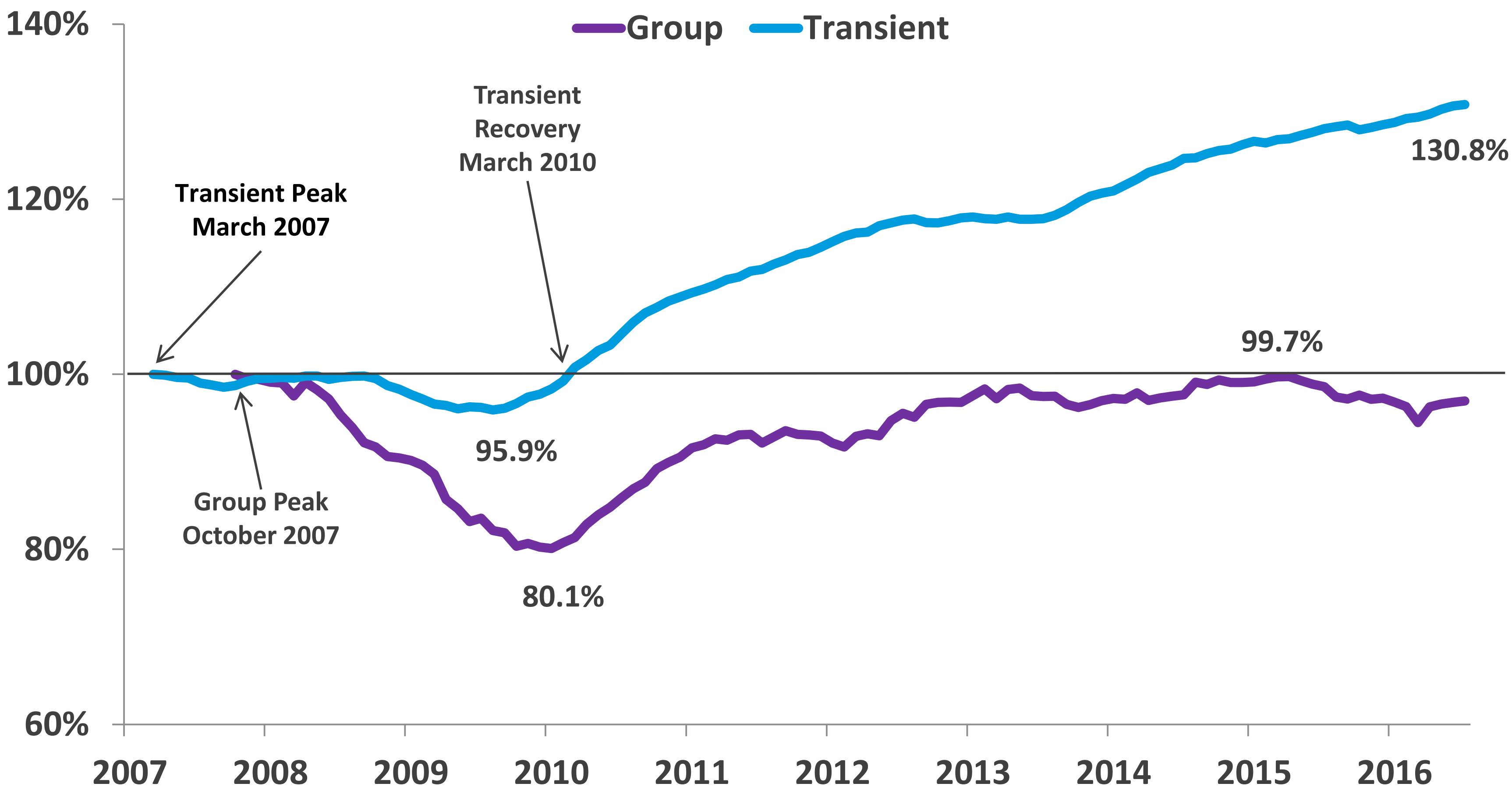
North Carolina – Monthly Group Demand
January 2015 to July 2016
***Luxury & Upper Upscale Classes Only**

Transient Demand Growing Much Faster than Group



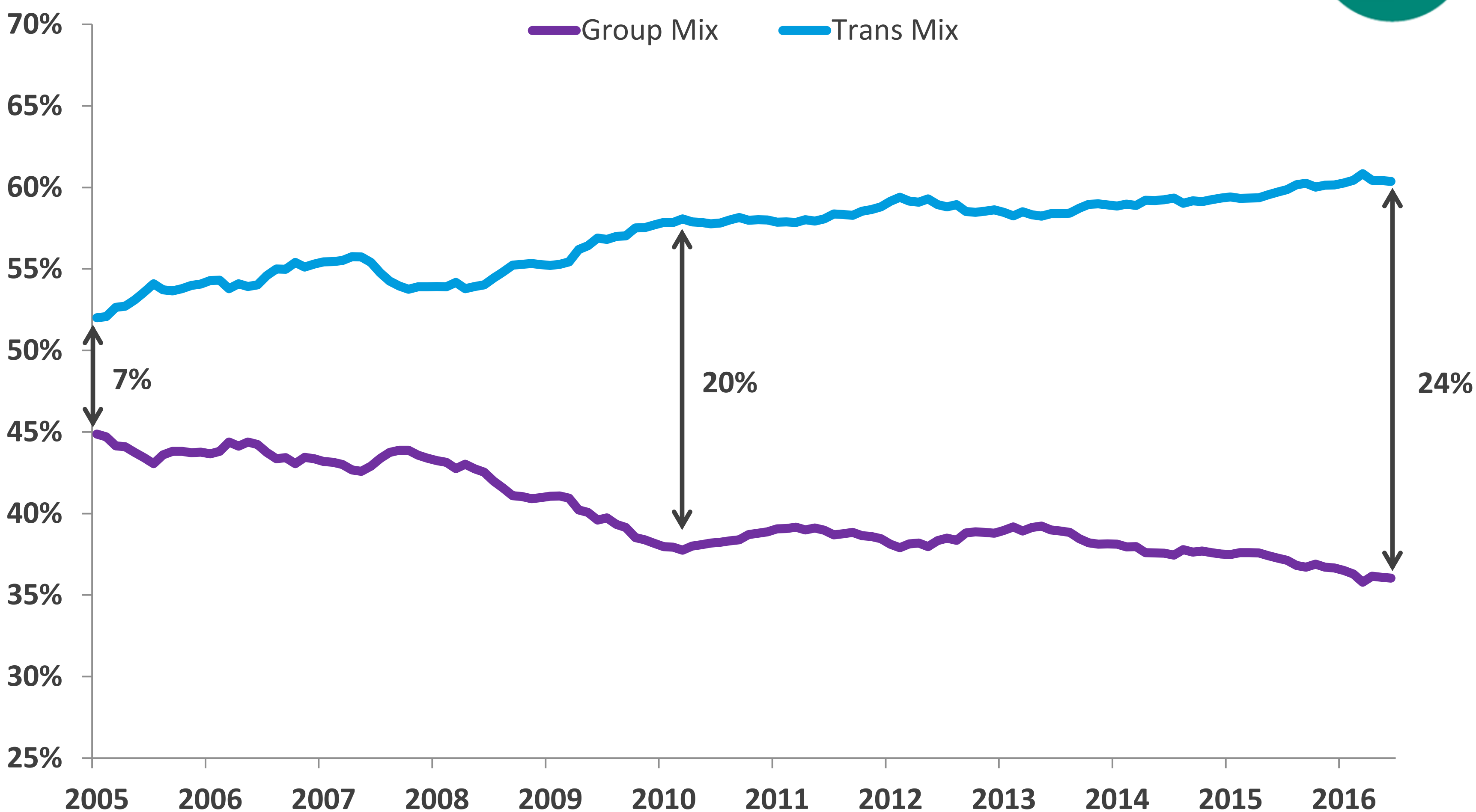
North Carolina – Demand by Segment
12 MMA January 2005 – July 2016
***Luxury & Upper Upscale Classes Only**

Group Rooms Yet to Recover Since Prior Peak in 2007



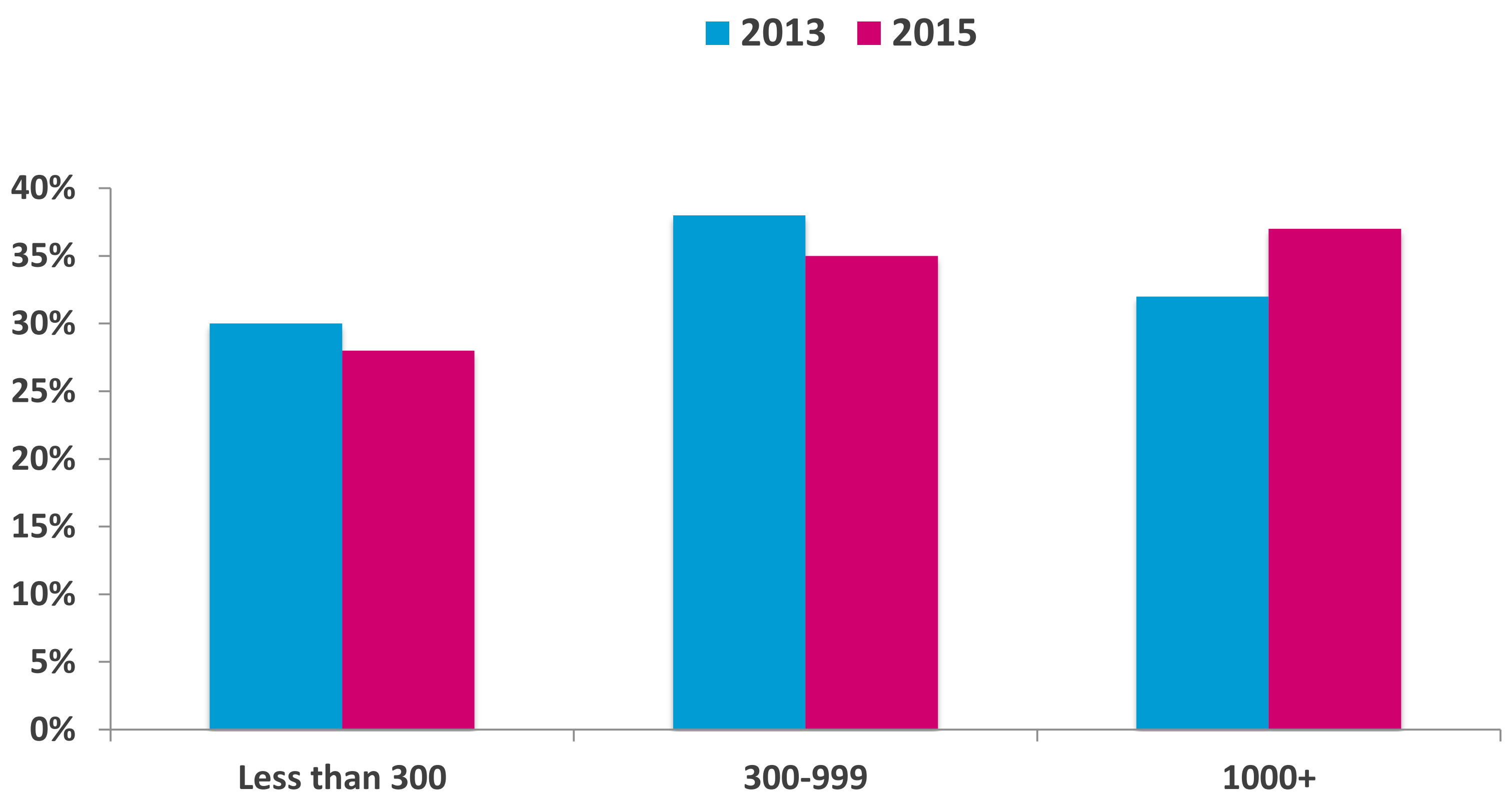
North Carolina – Demand by Segment Indexed by Month
12 MMA March 2007 – July 2016
***Luxury & Upper Upscale Classes Only**

Transient and Group Mix Continues to Widen



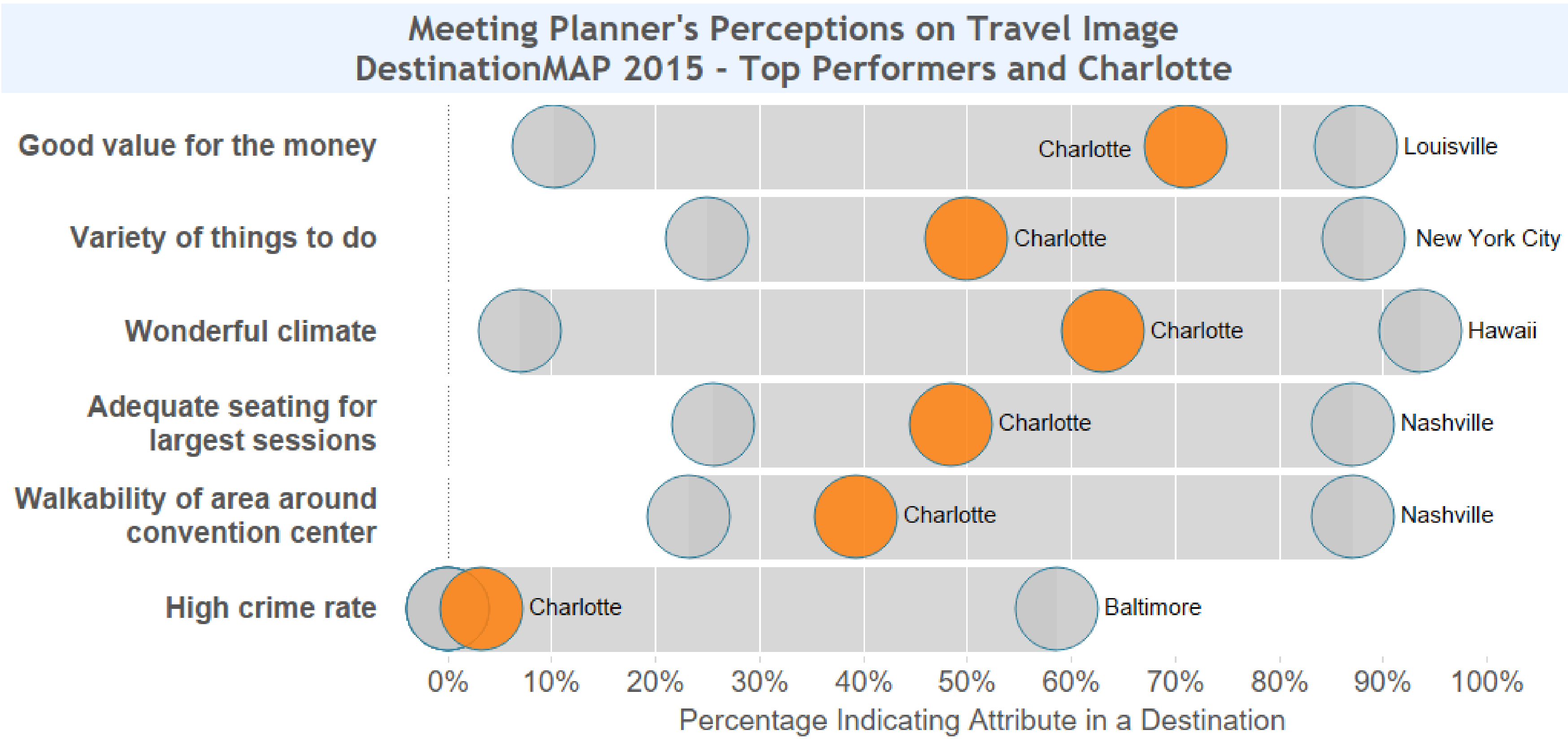
North Carolina – Transient & Group Mix
12 MMA March 2007 – July 2016
***Luxury & Upper Upscale Classes Only**

Meetings of 1000+ Attendees are on the Rise



Overall Attendance at Largest Meeting Planned
DestinationMAP Results – 2013 vs. 2015

Charlotte Ranks Well Among Top 40 U.S. Meeting Destinations



Meeting Planner's Perception on Charlotte's Travel Image
2015 DestinationMAP Results

Hotel Pipeline

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STR Pipeline Phases

Under Contract

In Construction

Vertical construction on the physical building has begun.

(This does not include construction on any sub-grade structures)

Final Planning

Construction will begin within the next 12 months.

Planning

Construction will begin in more than 13 months.

Unconfirmed

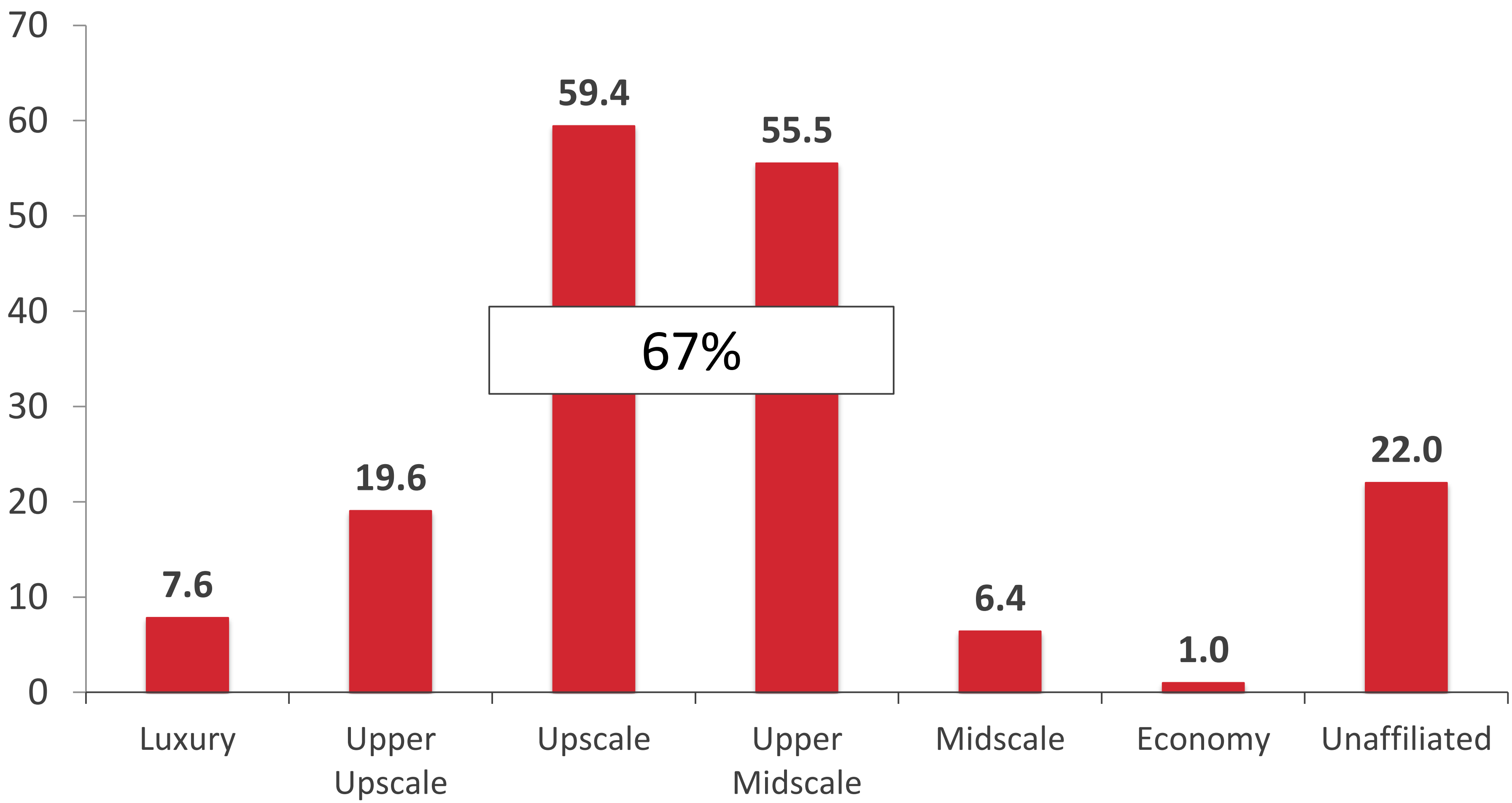
Potential projects that remain unconfirmed at this time.

Construction Today will Impact 2017 and Beyond

Phase	2016	2015	% Change
In Construction	171	129	33%
Final Planning	197	174	13%
Planning	161	128	27%
Under Contract	**529**	**430**	**23%**

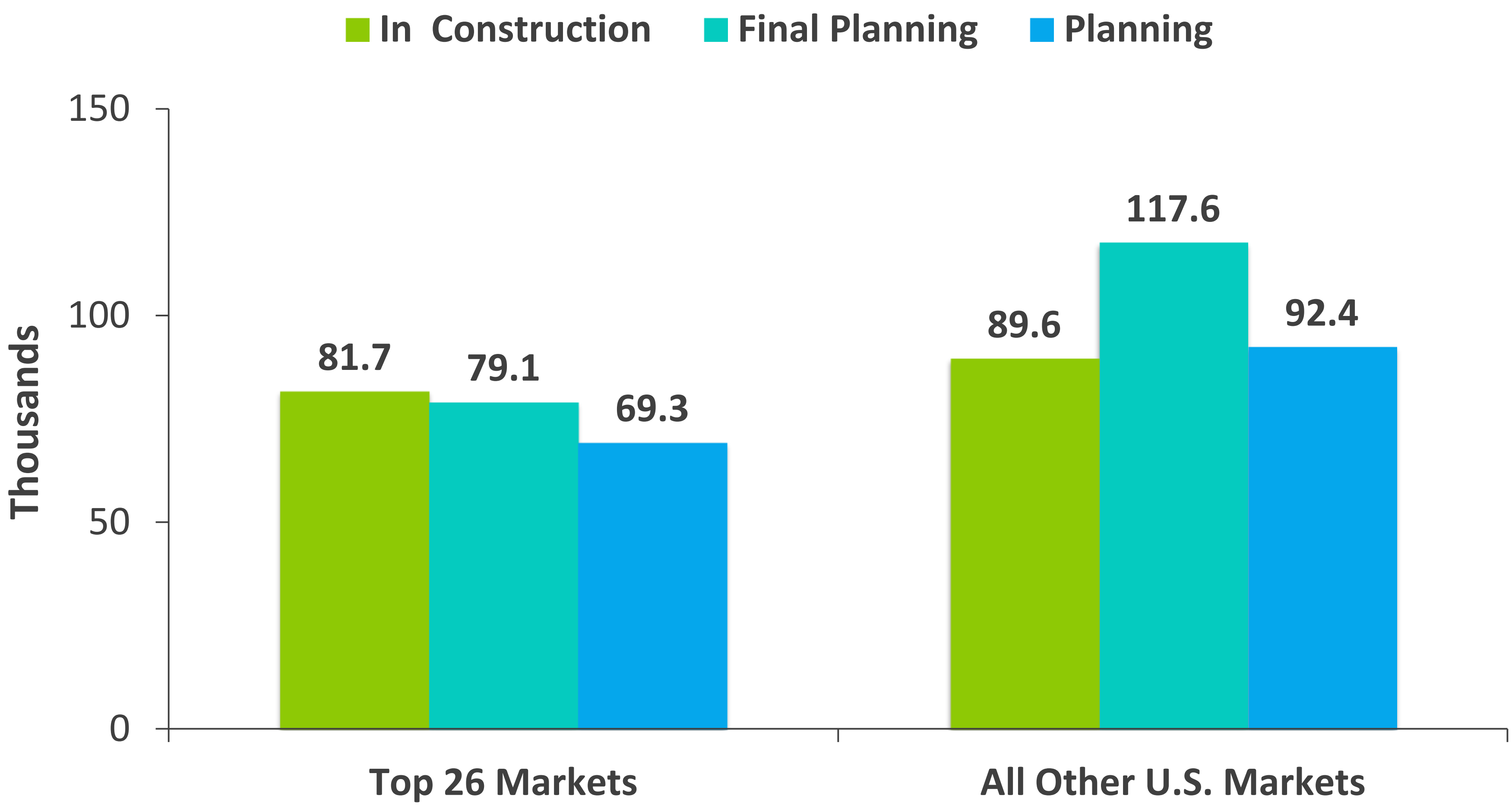
Total U.S. – Pipeline by Phase
Room Count in Thousands July 2015 and July 2016

Limited Service Construction has been Strong for 2 Years



Total U.S. – U/C Rooms by Scale
Room Count in Thousands July 2016

Top 26 Markets Account for nearly 50% of U/C Rooms



Total U.S. – Top 26 Markets vs. All Other U.S. Markets
Room Count in Thousands July 2016

Construction In Top 26 Markets: 18 With 3%+ Of Supply

Market	Rooms	% of Existing Supply
New York, NY	15,770	14.0%
Denver, CO	4,451	10.1%
Seattle, WA	3,358	7.8%
Nashville, TN	2,822	7.3%
Dallas, TX	5,562	6.9%
Houston, TX	5,381	6.6%
Los Angeles/Long Beach, CA	5,633	5.7%
Minneapolis/St Paul, MN-WI	2,252	5.6%
Miami/Hialeah, FL	2,822	5.3%
Philadelphia, PA-NJ	2,169	4.7%
Tampa/St Petersburg, FL	1,878	4.2%
Boston, MA	2,136	4.0%
Chicago, IL	4,287	3.8%
Anaheim/Santa Ana, CA	2,075	3.6%
New Orleans, LA	1,381	3.5%
Washington, DC-MD-VA	3,612	3.3%
Oahu Island, HI	892	3.1%
Phoenix, AZ	1,862	3.0%

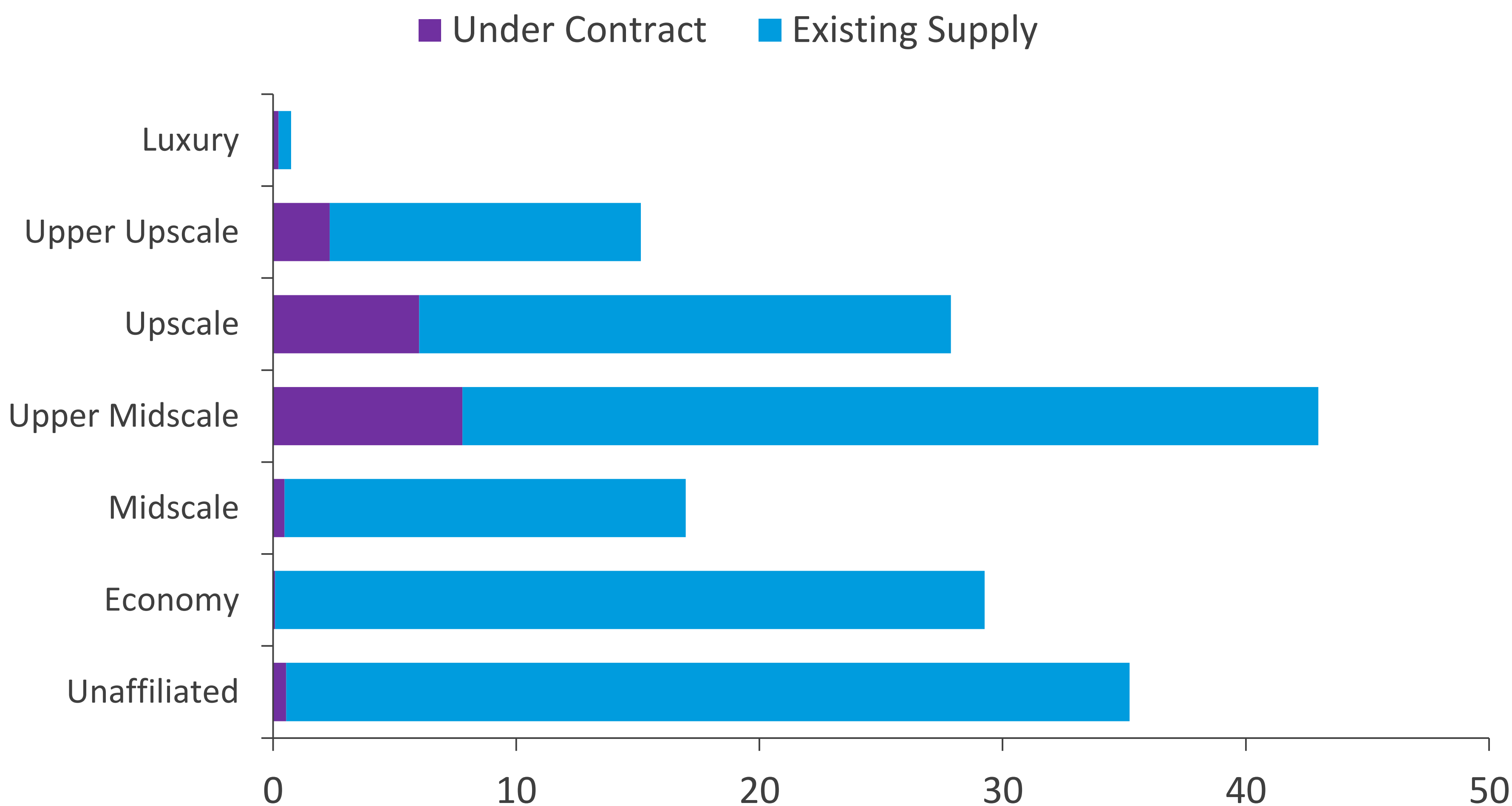
Total U.S. – U/C Rooms as a Percentage of Existing Supply
July 2016

11.5% of Current Supply Under Contract

Phase	Projects	Rooms	% of Supply
In Construction	53	6,212	4.1%
Final Planning	73	8,039	5.3%
Planning	30	3,184	2.1%
Under Contract	**156**	**17,435**	**11.5%**

North Carolina – Pipeline by Phase
July 2016

79% of Rooms Under Contract are Upscale or Upper Midscale



North Carolina – Pipeline Rooms by Scale
Room Count in Thousands July 2016

U.S. Forecast

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Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year)

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

Outlook		
	2016 Forecast	2017 Forecast
Supply	1.7%	1.9%
Demand	2.1%	1.9%
Occupancy	0.4%	0.0%
ADR	4.0%	3.8%
RevPAR	4.4%	3.8%

Questions?

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Thank You!

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