

## Lodging Report

### Methodology and Summary of Findings

Randall Travel Marketing (RTM) conducted a lodging study for Visit Winston-Salem. The purpose of the study was to clearly define the visitor segments that drive occupancy in the area, as well as provide an overview of the lodging industry in Winston-Salem. A one-page questionnaire was written by RTM, approved by Visit Winston-Salem (VWS), and sent to all lodging properties to determine the following for the 2013 calendar year: percentage of occupancy driven by five (5) market segments; monthly occupancy, walk-in reservations, travel party information, top leisure geographic feeder areas and future sales and marketing priorities. The lodging survey was conducted during the months of February through April 2014. Additionally, a five year trend report was purchased from Smith Travel Research to evaluate the overall lodging trends for Winston-Salem.

### Lodging Inventory

Visit Winston-Salem (VWS) provided RTM with a list of all lodging properties in the Winston-Salem area. According to the [Winston Salem database](#), there are currently a total of 43 hotel/motel (4,565 rooms) and five (5) bed & breakfasts/inns/house (44 rooms) actively collecting the local lodging tax in Winston-Salem. All of the hotel/motel/inn properties were contacted to participate in the RTM survey. Eighteen (18) hotel/motel/inn properties representing 2,445 rooms participated in the survey representing a 53% response rate. This response rate is very good and considered to be a predictive sample representation of the overall market. The charts and tables on the following pages outline the overall findings from the lodging properties that responded to the survey. RTM estimates a margin of error (+/- 3-5%).

### Summary of Lodging Statistics and Survey Findings

- [Smith Travel Research \(STR\)](#) reports a total of 4,815 lodging rooms. (This number fluctuates regularly as lodging properties add and delete rooms from their inventory.)
- The newest lodging has been built between 2000 and 2010 when six (6) chain affiliated properties were added, 540 rooms. The majority of lodging (64.4%) was developed from 1983 to 1999. Lodging properties built prior to 1980 accounts for 22.2% of the overall inventory.
- Convention/meeting is the strongest segment at 29.78%; this segment consists of corporate (7.48%), religious meetings (6.93%), association (5.77%), other SMERF (5.16%) and government (4.44%).
- Individual business travelers follow at 26.59% of the annual Winston-Salem lodging occupancy.
- Group travel accounts for an additional 17.96%. This market is comprised of team sports & tournament (11.24%), weddings/reunions/family & social events (4.02%) and group tour motorcoach (2.70%)
- Leisure travel accounts for 12.17% of total annual occupancy. This includes tourists visiting the area (8.13%) and those visiting local friends and relatives (4.04%).
- Medical and health related travelers represent 9.18% of the lodging occupancy for Winston-Salem. This includes: Individual overnighting for medical and health related reason and/or visiting patients (4.73%); Individual business travelers serving medical clients/businesses (2.22%); and medical meeting (2.23%).
- Transient travelers- those passing through as part of a longer trip account for 4.32% of those overnight in Winston Salem lodging.
- October is consistent with being the busiest month while December is the slowest.
- Friday tends to have the highest average weekday occupancy, Sunday the lowest.

## Age of Lodging Inventory

## Winston-Salem Lodging Inventory by Age

Name of Establishment	City	Class	Open Date	Rooms
<b>Unknown- 3 properties = 6.67%</b>				
Budget Inn	Winston Salem	Economy	~	88
Green Valley Motel	Winston Salem	Economy	~	60
Kings Inn	Kernersville	Economy	~	78
<b>Prior to 1970 - 2 properties = 4.45%</b>				
The Hawthorne Inn	Winston Salem	Midscale	Jun 1967	155
Quality Inn & Suites Hanes Mall	Winston Salem	Midscale	Oct 1969	146
<b>1970-1979 - 5 properties = 11.11%</b>				
Ramada Plaza North	Winston Salem	Upper Midscale	Sep 1970	194
Quality Inn Coliseum	Winston Salem	Midscale	Jun 1973	134
Courtyard Winston University	Winston Salem	Upscale	Jun 1973	124
Motel 6	Winston Salem	Economy	Feb 1975	102
Quality Inn Airport Kernersville	Kernersville	Midscale	Jun 1977	98
<b>1980-1989 - 15 properties = 33.33%</b>				
Royal Inn	Winston Salem	Economy	May 1983	57
Marriott Winston Salem	Winston Salem	Upper Upscale	Jun 1984	315
Brookstown Inn	Winston Salem	Upper Midscale	Jun 1984	70
Embassy Suites	Winston Salem	Upper Upscale	Jul 1984	146
Travelers Inn	Winston Salem	Economy	Jun 1985	39
Graylyn International Conference Ctr	Winston Salem	Luxury	Jun 1984	96
Innkeeper	Winston Salem	Economy	Apr 1985	126
Days Inn North	Winston Salem	Economy	Mar 1986	59
Winston Salem Inn	Winston Salem	Midscale	Feb 1987	135
Holiday Inn Express Downtown West	Winston Salem	Upper Midscale	Nov 1987	121
Village Inn	Clemmons	Midscale	Apr 1986	144
Residence Inn	Winston Salem	Upscale	Feb 1986	88
King Inn	King	Economy scale	Jan 1988	60
Holiday Inn University Parkway	Winston Salem	Upper Midscale	Apr 1987	150
Quality Inn University	Winston Salem	Midscale	Sep 1987	113
<b>1990-1999 - 14 properties = 31.11%</b>				
Dudley Inn & Conference Center	Kernersville	Midscale	Jun 1992	60
Hampton Inn I 40 Hanes Mall	Winston Salem	Upper Midscale	May 1994	130
Sleep Inn Kernersville	Kernersville	Midscale	Nov 1995	104
Extended Stay America Hanes Mall	Winston Salem	Economy	Sep 1996	111
Super 8 Clemmons	Clemmons	Economy	Sep 1997	56
Microtel Inn & Suites	Winston Salem	Economy	Sep 1998	98
Sleep Inn Hanes Mall	Winston Salem	Midscale	Sep 1998	73
Comfort Suites Hanes Mall	Winston Salem	Upper Midscale	Aug 1998	80

<b>Name of Establishment - Continued</b>	<b>City</b>	<b>Class</b>	<b>Open Date</b>	<b>Rooms</b>
Fairfield Inn & Suites Hanes Mall	Winston Salem	Upper Midscale	May 1998	129
Holiday Inn Express Clemmons	Clemmons	Upper Midscale	Mar 1998	60
Courtyard Hanes Mall	Winston Salem	Upscale	Sep 1998	122
Crossland Suites University	Winston Salem	Economy	Jul 1998	133
Comfort Inn	Winston Salem	Upper Midscale	Jul 1999	90
La Quinta Inns & Suites	Winston Salem	Midscale	Jun 1999	131
<b>2000 – current – 6 properties = 13.33%</b>				
Wingate By Wyndham	Winston Salem	Midscale	Feb 2000	112
Holiday Inn Express Kernersville	Kernersville	Upper Midscale	Jan 2001	56
Holiday Inn Express	Winston Salem	Upper Midscale	Aug 2001	71
Hilton Garden Inn Hanes Mall	Winston Salem	Upscale	Sep 2008	112
Springhill Suites Hanes Mall	Winston Salem	Upscale	Jun 2009	95
Hampton Inn Suites University	Winston Salem	Upper Midscale	Apr 2010	94
<b>Smith Travel Research Total</b>		<b>45 Properties</b>		<b>4,815</b>

Source: STR 2014 Trend Report - Winston-Salem, NC

<b>Name of Establishment – Closed Properties</b>	<b>City</b>	<b>Class</b>	<b>Open Date</b>
Closed Blue Bird Motel	Winston Salem	Economy	~
Closed Ramada Limited Winston Salem	Winston Salem	Midscale	~
Closed Sheraton Hotel Winston Salem	Winston Salem	Upper Upscale	~
Closed Stratford Inn	Winston Salem	Economy	~
Closed Travel Host Motel	Winston Salem	Economy	~
Closed - Independent Tanglewood Park	Clemmons	Upper Midscale	Jun 1962
Closed Salem Inn & Suites	Winston Salem	Midscale	Jun 1962
Closed - Independent Myer Lee Motel	Winston Salem	Economy	Jun 1994

Source: STR 2014 Trend Report - Winston-Salem, NC

Ten (10) properties, representing 22.2% of the total lodging inventory was built prior to 1977. Two-thirds (64.4%) of the total lodging inventory was developed between 1983 and 1999. Since 2000 a total of six (6) properties, 13.3% of the total lodging inventory has been added.

**Summary:**

- 22.2% Prior to 1977 (10 properties)
- 64.4% 1983 – 1999 (29 properties)
- 13.3% 2000 – 2010 (6 properties)

### Market Segmentation

When marketing tourism for a destination, it is critical to have an understanding of the different visitor segments that drive occupancy in the local lodging properties. Evaluating this segmentation provides an understanding of the rank order of visitor categories that drive the greatest economic impact for the area. The table below reveals the overall market segmentation as reported by seventeen (17) of the eighteen (18) lodging properties participating in the study conducted by RTM. The segments are presented in rank order. Many local lodging properties do not track the primary trip purpose of their guests, so this data is based upon the management teams at each property interpreting the data they have tracked. This data is significant as it allows us to look more strategically at market segments that are most likely to drive growth for Winston-Salem in the future. The segments with promising growth should be targeted by Visit Winston-Salem.

#### Annual Overall Lodging Market Mix

2014 Report (2013 data)	2011 Report (2010 data)	Category
<b>53.05%</b>	<b>67.65%</b>	<b>Response Rate</b>
<b>29.78%</b>	<b>27.54%</b>	<b>Convention/Meeting</b>
7.48%	12.06%	Corporate
5.16%	4.95%	Other SMERF
6.93%	4.00%	Religious Meetings
5.77%	3.38%	Association
4.44%	3.15%	Government
<b>26.59%</b>	<b>26.92%</b>	<b>Corporate/Business</b>
26.59%	26.92%	Individual business travelers
<b>17.96%</b>	<b>15.56%</b>	<b>Group</b>
11.24%	8.65%	Team sports & tournaments
4.02%	5.31%	Weddings/reunions/family events/social events
2.70%	1.60%	Group Tour/motorcoach
<b>12.17%</b>	<b>12.71%</b>	<b>Leisure</b>
4.04%	7.45%	Visiting local friends & relatives
8.13%	5.26%	Tourists visiting the area (local attractions/events, shopping, etc.)
<b>9.18%</b>	<b>12.35%</b>	<b>Medical &amp; Health Related</b>
4.73%	6.78%	Individuals overnighing for medical & health-related reasons and/or visiting patients
2.22%	3.07%	Individual business travelers serving medical clients/businesses
2.23%	2.50%	Medical Meetings
<b>4.32%</b>	<b>4.90%</b>	<b>Transient/Other</b>
4.16%	4.90%	Transient: Passing through as part of a longer trip
.16%	0.00%	Other

Source RTM 2014 Lodging Survey (2013 data) – Total lodging response = 53.05% (2,445 rooms reported out of 4,609 total rooms)  
 Source: RTM 2011 Lodging Survey (2010 data) -Total lodging response = 67.65% (3,216 rooms reported out of 4,754 total rooms)

According to the 2014 RTM survey (2013 data), **conventions and meetings** account for the single largest segment in Winston-Salem with 29.78% for 2013. Overall convention and meeting is comprised of the following mix: Corporate (7.48%), religious meetings (6.93%), association (5.77%), other SMERF (5.16%) and government (4.44%). The most notable changes from the 2011 study (2010 data) is a decline in the corporate segment which was reported at 12.06% while an increase is seen in the religious meeting segment from 4.00% (2010) to 6.93% (2013 data).

The overall **individual business** market was reported at 26.59%; this market remained relatively the same as the 2011 study (2010 data) which was reported at 26.92%.

2013 overall **group travel** was reported at 17.96%. This market segment shows slight growth when compared to the 2010 study, specifically in the team sports & tournament market (11.24%) and group tour/motorcoach (2.70%) while a slight decline in weddings/reunions/family & social events (4.02%) is noted.

Those overnighing in Winston Salem for **leisure** account for 12.17% of the overall market mix. This segment consists of tourists visiting the area for local attractions, events and shopping, etc. (8.13%) and those visiting local family and friends (4.04%).

**Medical & health related** travelers represent 9.18% of the overall market mix. This segment is comprised of individuals overnighing for medical & health-related reasons and/or visiting patients (4.73%), medical meetings (2.23%) and individual business travelers serving medical clients/businesses (2.22%).

**Transient** travel represents 4.32% of the overall market mix.

### Leisure Feeder Markets

Lodging properties in Winston-Salem were asked to report the top leisure geographic feeder markets for their properties. The response data revealed that Charlotte, Raleigh, and Atlanta as the top points of origin for the leisure segment.

#### 2013 Top Leisure Feeder Markets

<u>Feeder Market</u>	<u>Responses</u>
Charlotte	8
Raleigh	7

Source: RTM 2014 Lodging Survey (2011 data)

#### 2010 Top Leisure Feeder Markets

<u>Feeder Market</u>	<u>Responses</u>
Charlotte	9
Raleigh	6
Atlanta	6

Source: RTM 2011 Lodging Survey (2010 data)

**Future Sales and Marketing Efforts**

Respondents were asked to rank customer segments indicating priority of future sales and marketing efforts by Visit Winston-Salem.

<b><u>2013 Segment</u></b>
<b>Conferences/Meetings</b>
<b>Team Sports Events</b>
<b>Medical Meeting/Conferences</b>
<b>Religious Groups</b>
<b>Other: National &amp; Regional Assoc., Festivals</b>
<b>Group Tour/Motorcoach</b>
<b>Fraternal/Social Groups</b>
<b>Family Reunions</b>
<b>Leisure/Vacations</b>
<b>Historic/Heritage</b>
<b>Family Vacations</b>

Source: RTM 2014 Lodging Survey

<b><u>2010 Segment</u></b>
<b>Team Sports</b>
<b>Conferences</b>
<b>Medical Meetings/Conferences</b>
<b>Religious Groups</b>
<b>Group Tour/Motorcoach</b>
<b>Family Reunions</b>
<b>Leisure</b>
<b>Fraternal/Social Groups</b>
<b>Family Vacations</b>
<b>Historic/Heritage</b>
<b>Other: Association Construction/Building Corporate</b>

Source: RTM 2011 Lodging Survey

**2013 Walk-In Lodging**

RTM asked the Winston-Salem lodging properties to report the percentage of occupancy that walks in the door without a prior reservation. The 2013 participating properties (18 properties) reported an average walk-in percentage of 11.6% as compared to the 2010 data of 19%. RTM typically sees the walk-in percentage ranging from 5% to 25%.

**2013 Travel Parties without Children**

The 2014 lodging survey asked for the percentage of the total lodging parties that are adults only. Respondents (16 properties) reported 61% (2013 data) of travel parties consisted of adults only (39% traveling with children); 2010 data was reported 58% adults only. Nationally, the U.S. Travel Association reports that one in five (22%) trips in the United States include children under the age of 18. Thus, the Winston-Salem area attracts a good many more families than the national average.

**2013 Lodging Taxes**

Winston-Salem lodging properties were asked to report the total room revenues that are non-taxable. Respondents (15 properties) reported 3.57% (2013 data) compared to 2010 data of 2.17%. Typically, RTM will see approximately 2-10% of non-taxable lodging for an area similar to Winston-Salem. This indicates that the significant majority of the lodging is paying sales and lodging taxes.

**Smith Travel Research Data**

RTM obtained lodging data from Smith Travel Research (STR) in the form of a five-year trend report for hotel/motel properties in Winston-Salem, North Carolina. The data reflects primarily chain-affiliated hotel/motels, all of which are located in the Winston Salem area. The STR data has an 83% monthly response rate for 2013 from the 4,815 rooms in the STR database. Therefore, this data can be considered very reliable.

**Annual Occupancy Data**

Winston-Salem and STR national annual occupancy percentages in the table below are graphically presented in the chart to compare performance in Winston-Salem, as it relates to the rest of the nation. Overall, occupancy in Winston-Salem performed below the national average.

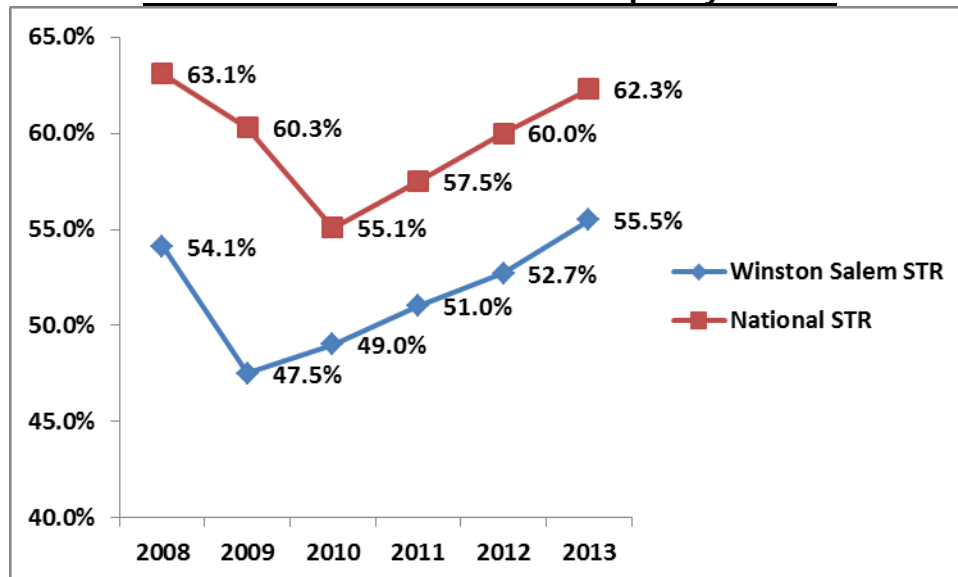
**Annual Occupancy Trends**

Year	Winston Salem STR	National STR
2008	54.1%	63.1%
2009	47.5%	60.3%
2010	49.0%	55.1%
2011	51.0%	57.5%
2012	52.7%	60.0%
2013	55.5%	62.3%

Source: STR 2014 Trend Report - Winston Salem, NC

The chart below provides graphic illustration of the data in the above table.

**Winston Salem & National Occupancy Trends**



Source: STR 2014 Trend Report - Winston Salem, NC



**Monthly Occupancy for Winston Salem**

The table and chart below reveal the annual and monthly average occupancy rates for lodging in Winston-Salem. The red numbers indicate the lowest occupancy each year, while the blue numbers indicate the highest.

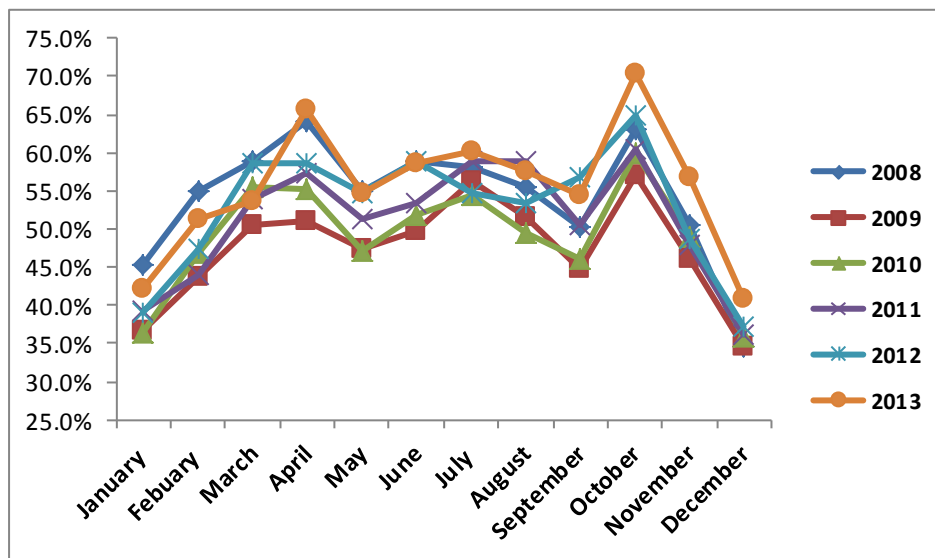
**Monthly Lodging Occupancy Percentages**

	2008	2009	2010	2011	2012	2013
<b>January</b>	45.2%	36.6%	36.5%	39.3%	39.0%	42.1%
<b>February</b>	55.1%	43.8%	46.8%	44.0%	47.3%	51.2%
<b>March</b>	59.0%	50.5%	55.5%	54.0%	58.6%	53.7%
<b>April</b>	64.2%	51.1%	55.2%	57.2%	58.6%	65.7%
<b>May</b>	54.9%	47.4%	47.1%	51.4%	54.6%	54.7%
<b>June</b>	58.8%	49.7%	51.9%	53.3%	58.9%	58.7%
<b>July</b>	58.2%	56.2%	54.4%	58.8%	54.8%	60.2%
<b>August</b>	55.4%	51.6%	49.4%	58.8%	53.4%	57.6%
<b>September</b>	50.4%	44.8%	46.2%	50.6%	56.9%	54.4%
<b>October</b>	63.0%	57.0%	60.0%	60.4%	64.8%	70.5%
<b>November</b>	50.6%	46.0%	49.0%	48.0%	48.6%	56.8%
<b>December</b>	34.5%	34.7%	35.9%	36.1%	37.3%	40.9%

Source: STR 2014 Trend Report - Winston Salem, NC

October consistently runs the highest occupancies each year, followed closely by April and July. December and January are typically the slowest months of the year. The variance from lowest to highest month is as much as 36 percentage points. The winter month of December has the lowest occupancies in the range of 34.5% to 40.9%. October has the highest in visitation, with a range of 57.0% to 70.5%, followed by the month of July. The chart below provides a graphic illustration of the data in this table.

**Year Monthly Lodging Occupancy Trend**



Source: STR 2014 Trend Report - Winston Salem, NC

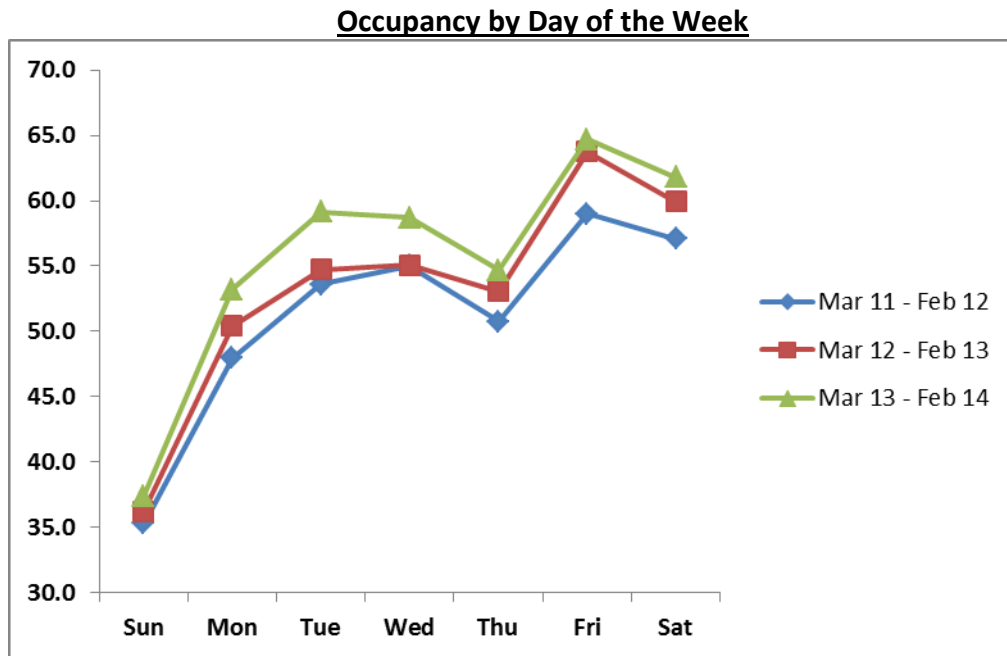
**Occupancy by Day of the Week**

Smith Travel Research (STR) records the average occupancy by day of the week from the properties in Winston-Salem that report to STR.

Three Year Occupancy (%)							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Mar 11 - Feb 12	35.3	48.0	53.6	55.0	50.8	59.0	57.1
Mar 12 - Feb 13	36.2	50.4	54.7	55.1	53.1	63.7	59.9
Mar 13 - Feb 14	37.4	53.2	59.1	58.7	54.7	64.7	61.8
<b>Total 3 Year</b>	<b>36.3</b>	<b>50.5</b>	<b>55.8</b>	<b>56.3</b>	<b>52.8</b>	<b>62.5</b>	<b>59.6</b>

Source: STR 2014 Trend Report - Winston Salem, NC

The chart below graphically illustrates that Friday and Saturday nights are consistently the busiest, followed closely by Wednesday and Tuesday nights. Sunday, Monday and Thursday nights are the slowest nights of the week in Winston Salem.



Source: STR 2014 Trend Report - Winston Salem, NC

60% occupancy tends to be the “success line” for lodging properties. If occupancy is over 60% it is considered good, while occupancies lower than 60% typically indicate the need for improvement. Sundays are almost always the hardest nights to fill. Overall, this report shows an improvement in weekday occupancy as well as steady improvement in weekend occupancy, with four of the seven nights hitting right at or above that critical 60% mark.

**Lodging Supply and Demand**

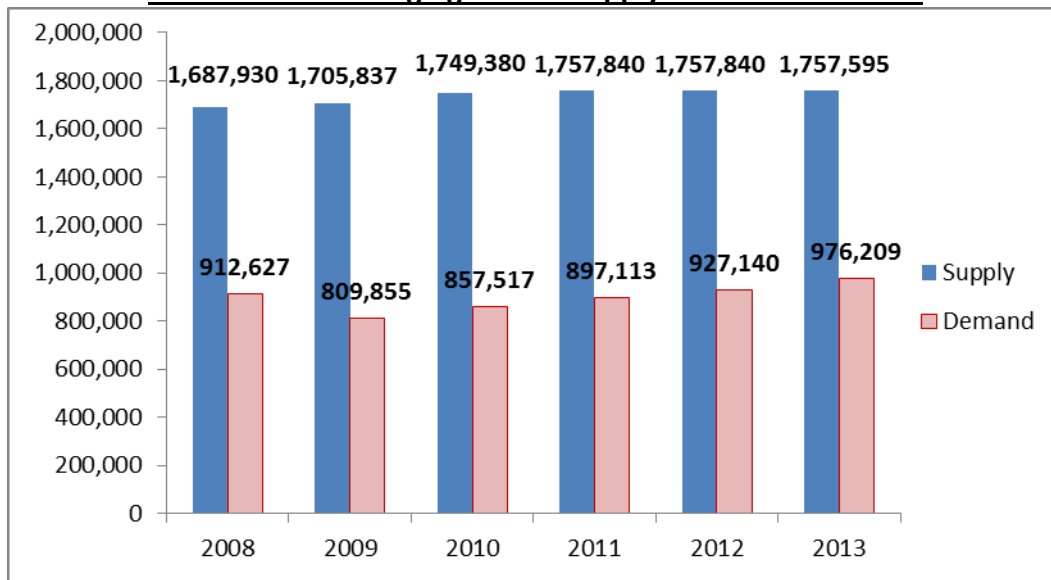
Room supply increased between 2008 and 2010, remained unchanged in 2011 and 2012 with a slight decline in 2013. Room demand declined in 2009. A steady increase began in 2010 and 2011. Both 2012 and 2013 have shown a strong rebound.

**Hotel/Motel Annual Supply and Demand**

Year	Supply	Demand
2008	1,687,930	912,627
2009	1,705,837	809,855
2010	1,749,380	857,517
2011	1,757,840	897,113
2012	1,757,840	927,140
2013	1,757,595	976,209

Source: STR 2014 Trend Report - Winston Salem, NC

**Winston-Salem Lodging Annual Supply and Demand Trend**



Source: STR 2014 Trend Report - Winston Salem, NC

**Average Daily Rate (ADR) and RevPar**

The lodging industry tracks RevPAR as a key indicator of lodging success and profitability. In other words, hotels were able to increase rates while demand for rooms was also increasing.

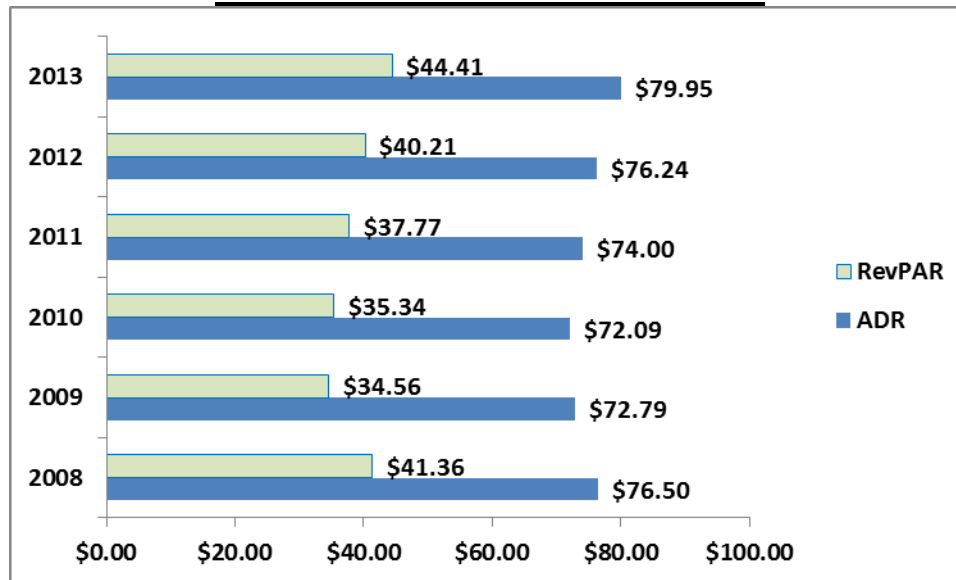
ADR (Average Daily Rate) and RevPAR (Revenue Per Available Room) both decreased in decreased consistently over the three year period of 2009 to 2011. A slight increase in shown in 2012 and 2013 ADR and RevPAR surpassed the 2008 numbers.

**Average Daily Rate & Revenue Per Available Rooms**

Year	ADR	RevPAR
2008	\$76.50	\$41.36
2009	\$72.79	\$34.56
2010	\$72.09	\$35.34
2011	\$74.00	\$37.77
2012	\$76.24	\$40.21
2013	\$79.95	\$44.41

Source: STR 2014 Trend Report - Winston Salem, NC

**Hotel/Motel ADR and RevPAR Trend**



Source: STR 2014 Trend Report - Winston Salem, NC

**Lodging Room Revenue**

Smith Travel Research reports the total annual lodging revenue in Winston-Salem since 2008 as follows in the table below:

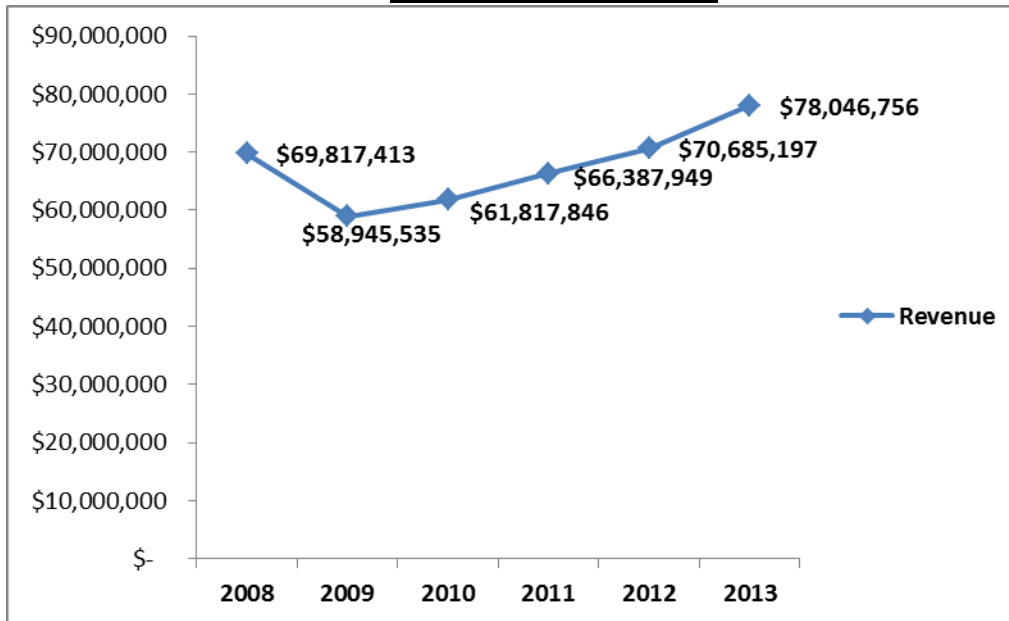
**Annual Lodging Revenue**

Year	Revenue
2008	\$ 69,817,413
2009	\$ 58,945,535
2010	\$ 61,817,846
2011	\$ 66,387,949
2012	\$ 70,685,197
2013	\$ 78,046,756

Source: STR 2014 Trend Report - Winston Salem, NC

Lodging revenue steadily decreased between 2008 and 2010. An increase is seen in 2011 and continues. The chart below graphically illustrates the pattern in lodging revenues since 2008.

**Annual Lodging Revenue**



Source: STR 2014 Trend Report - Winston Salem, NC