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 five-year trend report was purchased from Smith Travel Research (STR Reports) to assess the overall lodging trends for Winston-Salem. Additionally, 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 2017 calendar year: percentage of occupancy driven by six (6) 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 January through February 2018.

Lodging Inventory and RTM Survey Response

Smith Travel Research (STR Report) lists a total of 45 active properties with 4,953 active lodging rooms in 2017 for Winston-Salem and Forsyth County. Two new properties with an additional 212 rooms are in construction but were not active in this study period. Note that the number reported by STR fluctuates regularly as lodging properties add and delete rooms from their inventory. Twenty-eight (28) properties, representing 3,510 rooms, completed the RTM Survey for a 70.1% response rate. This response rate is very good and is a predictive sample representation of the overall market. The charts and tables on the following pages outline the overall findings from both the Smith Travel Research STR Five-Year Trend Report and the lodging properties that responded to the RTM survey. Estimated margin of error is (+/- 3-5%).

Summary of STR Lodging Statistics and RTM Survey Findings

- Age of lodging properties (build dates):

22%	Prior to 1977 (10 properties)	25%	1990-1999 (13 properties)
31%	1980-1989 (13 properties)	22%	2000-Current (11 properties)

- All properties built since 2000 are either Upper Midscale or Upscale.
- Winston-Salem has been below national occupancy rates since 2011 but is rapidly catching up. Occupancy increase from 2011-2017 for Winston-Salem is 17.1%, compared to 13.6% for the entire US in the same time period.
- The following are the overall visitor segments as reported by Winston-Salem lodging properties:

25.7%	Convention/Meeting	15.4%	Group
25.2%	Corporate/Business	11.4%	Leisure
18.2%	Medical & Health Related	4.1%	Transient

- Top leisure feeder markets are: Charlotte, Raleigh, Atlanta, Wilmington
- A little over five percent (5.2%) of guests are from international points of origin.
- Approximately 14.5% of lodging guests are walk-ins, without prior reservations.
- 45% of guests are repeat visitors to Winston-Salem.
- October is consistently the busiest month while December is the slowest. Summer is typically busy.
- Fridays and Saturdays have the highest weekday occupancy, Sunday and Monday have the lowest.
- $100,641,214 was the total lodging expenditures in Winston-Salem for 2017. Thus, tourism in Winston-Salem is a significant contributor to economic impact for the area.
- While supply remained steady, there were 142,394 additional room nights sold in 2017 compared to 2012.

Age of Lodging Inventory

Winston-Salem Lodging Inventory by Age

Name of Establishment	City	Class	Open Date	Rooms (percentage)
Unknown- 2 property = 3%				**166 (3%)**
Budget Inn	Winston-Salem	Economy	~	88
Kings Inn	Kernersville	Economy	~	78
Prior to 1970 - 3 properties = 7%				**361 (7%)**
Green Valley Motel	Winston-Salem	Economy	Jun 1955	60
The Hawthorne Inn	Winston-Salem	Midscale	Jun 1967	155
Quality Inn & Suites Hanes Mall	Winston Salem	Midscale	Oct 1969	146
1970-1979 - 5 properties = 12%				**608 (12%)**
Winston Salem Hotel & Spa	Winston-Salem	Midscale	Sep 1970	150
Courtyard Winston University	Winston-Salem	Upscale	Jun 1973	124
Quality Inn Coliseum	Winston-Salem	Midscale	Jun 1973	134
Roadway Inn Winston-Salem	Winston-Salem	Economy	Feb 1975	102
Econo Lodge	Kernersville	Economy	Jun 1977	98
1980-1989 - 13 properties = 31%				**1,587 (31%)**
Brookstown Inn	Winston-Salem	Upscale	Jun 1984	70
Marriott Winston-Salem	Winston-Salem	Upper Upscale	Jun 1984	315
Graylyn International Conference Center	Winston-Salem	Luxury	Jun 1984	86
Embassy Suites Winston-Salem	Winston-Salem	Upper Upscale	Jul 1984	146
Innkeeper Winston-Salem	Winston-Salem	Economy	Apr 1985	126
Travelers Inn	Winston-Salem	Economy	Jun 1985	39
Residence Inn Winston-Salem University	Winston-Salem	Upscale	Feb 1986	88
Days Inn Winston-Salem North	Winston-Salem	Economy	Mar 1986	59
Village Inn	Clemmons	Midscale	Apr 1986	144
Best Western Plus Hanes Mall	Winston-Salem	Upper Midscale	Feb 1987	130
Double Tree Winston-Salem University	Winston-Salem	Upscale	Apr 1987	150
Quality Inn University Winston-Salem	Winston-Salem	Midscale	Sep 1987	113
Holiday Inn Express Downtown West	Winston-Salem	Upper Midscale	Nov 1987	121
1990-1999 - 13 properties = 25%				**1,313 (25%)**
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
Quality Inn Clemmons	Clemmons	Upper Midscale	Mar 1998	60
Fairfield Inn & Suites Hanes Mall	Winston-Salem	Upper Midscale	May 1998	127
Crossland Economy Studios University	Winston Salem	Economy	Jul 1998	133
Comfort Suites Hanes Mall	Winston-Salem	Upper Midscale	Aug 1998	80
Microtel Inn & Suites by Wyndham	Winston-Salem	Economy	Sep 1998	98
Courtyard Hanes Mall	Winston-Salem	Upscale	Sep 1998	122

Name of Establishment - Continued	City	Class	Open Date	Rooms
Sleep Inn Hanes Mall	Winston-Salem	Midscale	Sep 1998	73
La Quinta Inns & Suites	Winston-Salem	Midscale	Jun 1999	131
Baymont Inn & Suites Winston-Salem	Winston-Salem	Midscale	Jul 1999	88
2000 – current – 11 properties = 22%				**1,130 (22%)**
Fairfield Inn & Suites Winston-Salem	Winston-Salem	Upper Midscale	Feb 2000	110
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
Kimpton The Cardinal Hotel	Winston-Salem	Upper Upscale	Apr 2016	174
Residence Inn Hanes Mall	Winston-Salem	Upscale	Aug 2017	108
Hampton Kernersville	Kernersville	Upper Midscale	Oct 2017	98
Hampton Inn & Suites Downtown	Winston-Salem	Upper Midscale	U/C	(121 – new – non-active)
Home2 Suites Hanes Mall	Winston-Salem	Upper Midscale	U/C	(91 – new – non-active)
Totals		**45 Properties**		**4,953 Active Rooms 5,165 Rooms Total**

Source: STR 2017Trend Report - Winston-Salem, NC

Closed Properties (10)	City	Class	Open Date
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 Royal Inn	Winston-Salem	Economy	May 1983
Closed – Independent Dudley Inn	Kernersville	Midscale	Jun 1992
Closed - Independent Myer Lee Motel	Winston Salem	Economy	Jun 1994

Source: STR 2017 Trend Report - Winston-Salem, NC

Summary – Age of Lodging Properties:

- 22% Prior to 1977 (10 properties)
- 31% 1980-1989 (13 properties)
- 25% 1990-1999 (13 properties)
- 22% 2000-Current (11 properties)

The age range of lodging properties in Winston-Salem is comparable to other similar size, growing destinations. Also note that all properties built since 2000 are either Upper Midscale or Upscale.

Market Segmentation

When marketing tourism for a destination, it is critical to understand 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 twenty-five (25) of the twenty-eight (28) 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

2017 Report	Category
70.1%	***Response Rate***
25.7%	***Convention/Meeting***
8.5%	Corporate
7.5%	Other SMERF
3.1%	Religious Meetings
3.0%	Association
3.6%	Government
25.2%	***Corporate/Business***
25.2%	Individual business travelers
18.2%	***Medical & Health Related***
7.7%	Individuals overnighting for medical & health-related reasons and/or visiting patients
6.3%	Individual business travelers serving medical clients/businesses
4.2%	Medical Meetings
15.4%	***Group***
8.8%	Team sports & tournaments
5.4%	Weddings/reunions/family events/social events
1.2%	Group Tour/motorcoach
11.4%	***Leisure***
3.2%	Visiting local friends & relatives
8.2%	Tourists visiting the area (local attractions/events, shopping, etc.)
4.1%	***Transient/Other***
3.6%	Transient: Passing through as part of a longer trip
0.5%	Other

Source: RTM 2017 Lodging Survey

According to the 2017 RTM survey, ***conventions and meetings*** account for the single largest segment in Winston-Salem with 25.7% for 2017. Overall convention and meeting is comprised of the following mix: Corporate (8.5%), religious meetings (3.1%), association (3.0%), other SMERF (7.5%) and government (3.6%).

The overall 2017 ***individual business*** market was reported at 25.2%.

Group travel was reported at 15.4%; made up of team sports and tournaments (8.8%), weddings/reunions/family and social events (5.4%), and group tour/motorcoach (1.2%).

Those overnighting in Winston Salem for ***leisure*** account for 11.4% of the overall market mix. This segment consists of tourists visiting the area for local attractions, events and shopping, etc. (8.2%) and those visiting local family and friends (3.2%).

Medical & health related travelers represent 18.2% of the overall market mix. This segment is comprised of individuals overnighting for medical & health-related reasons and/or visiting patients (7.7%), individual business travelers serving medical clients/businesses (6.3%), and medical meetings (4.2%).

Transient travel represents 4.1% of the overall visitor segment 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 Charlotte, Raleigh, Atlanta, and Wilmington as the top points of origin for the leisure segment.

2017 Top Leisure Feeder Markets

Feeder Market	Responses
Charlotte	14
Raleigh	14
Atlanta	5
Wilmington	3

Source: RTM 2017 Lodging Survey

International Visitors
Twenty-two (22) properties reported an average of 5.2% international visitors annually.

When asked to identify the point of origin countries from which hotels receive the most international visitors, this is the rank order:

- Canada (9)
- China (7)
- Germany (6)
- Great Britain (4)
- Mexico (4)
- France (3)
- Japan (2)
- Russia (2)
- Finland (1)
- Italy (1)
- Kuwait (1)
- Spain (1)
- Sweden (1)
- Turkey (1)
- Ukraine (1)

Future Sales and Marketing Efforts
Respondents were asked to rank customer segments indicating priority of future sales and marketing efforts by Visit Winston-Salem. Higher ratings indicate priority of segments.

2017 Segments	Ranking (1-10)
Conference/Meetings	9.27
Team Sports Events	8.92
Medical Meetings/Conference	7.73
Leisure/Vacations	6.58
Religious Groups	6.15
Group Tour/Motorcoach	5.58
Fraternal/Social Groups	5.46
Family Reunions	5.23
Family Vacation (children)	4.96
Historic/Heritage	3.69
Other	2.48

Source: RTM 2017 Lodging Survey

2017 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 2017 participating properties (25 properties) reported an average walk-in percentage of 14.5% as compared to the 2013 walk-in percentage of 11.6%. RTM typically sees the walk-in percentage ranging from 5% to 25%.

2017 Repeat Visitors
Winston-Salem properties were asked to report their percentage of guests who are repeat visitors. Twenty-three (23) properties reported an average repeat percentage of 43.3%. The range of responses to this question varied from a low of five percent (5%) to a high of eighty-nine percent (89%).

2017 Travel Parties without Children

The 2017 lodging survey requested the percentage of the total lodging parties that are adults only (without children). Respondents (23 properties) reported 58.3% of travel parties consisted of 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, Winston-Salem has consistently experienced a significantly higher percentage of families as visitor parties than the national average.

Year Surveyed	Adults only	Adults with children
2017	58.3%	41.7%

2017 Lodging Taxes

Winston-Salem lodging properties were asked to report the total room revenues that are non-taxable. Respondents (21 properties) reported 2.70% compared with 3.57% in the 2013 data. Five (5) properties reported zero (0) non-taxable room revenues. Typically, RTM will see approximately 2-10% of non-taxable lodging for areas like Winston-Salem. This indicates most of the visitors to Winston-Salem are 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 in the Winston-Salem area. The STR data has an 85.1% monthly response rate for 2017 from the 5,165 rooms in the STR database. Therefore, this data can be considered 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 has performed below the national average of occupancy, however, as noted below, is catching up.

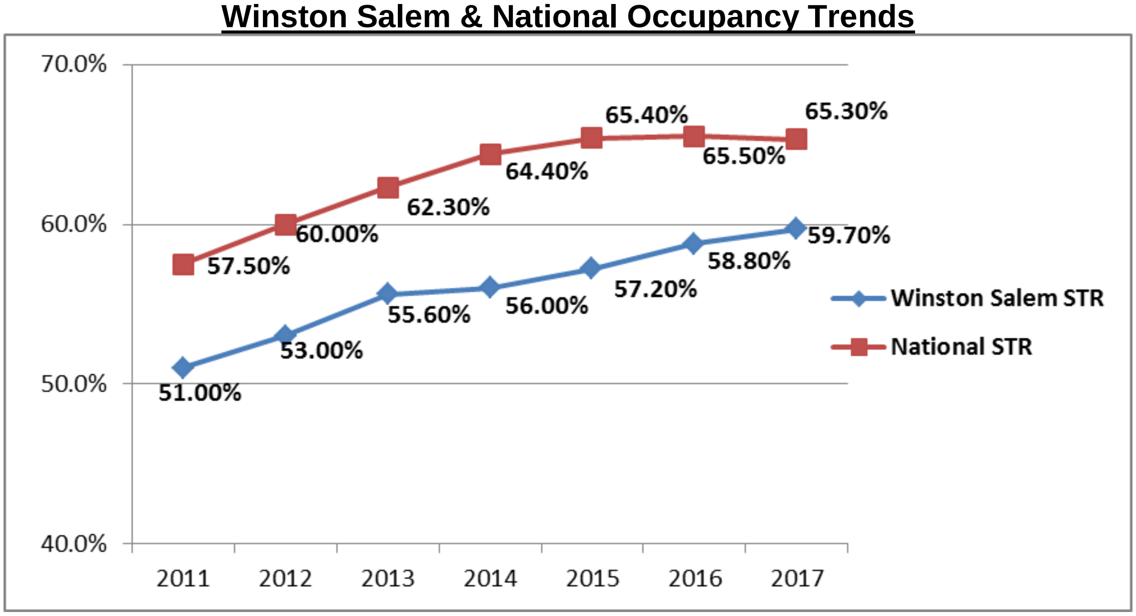
Annual Occupancy Trends

Year	Winston Salem STR	National STR
2011	51.0%	57.5%
2012	53.0%	60.0%
2013	55.6%	62.3%
2014	56.0%	64.4%
2015	57.2%	65.4%
2016	58.8%	65.5%
2017	59.7%	65.3%

Winston-Salem Occupancy Increase 2011-2017	US Occupancy Increase 2011-2017
17.1%	**13.6%**

Source: STR 2017 Trend Report – Winston-Salem, NC

Winston Salem & National Occupancy Trends



Source: STR 2017 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.

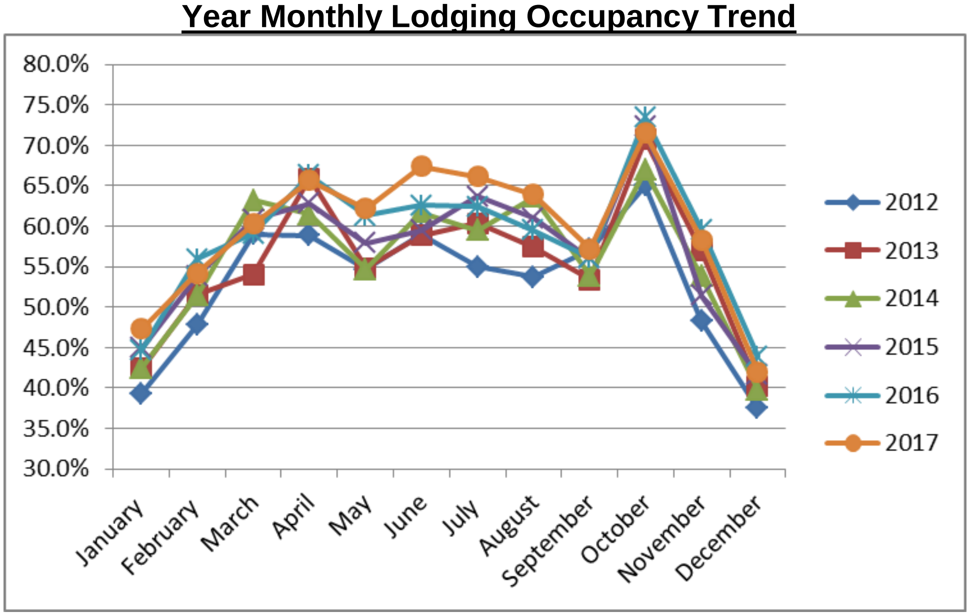
Monthly Lodging Occupancy Percentages

	2012	2013	2014	2015	2016	2017
January	39.3%	42.4%	42.5%	44.9%	44.7%	47.3%
February	47.8%	51.5%	51.4%	53.8%	55.9%	54.2%
March	59.0%	54.0%	63.2%	60.8%	59.1%	60.3%
April	58.9%	65.9%	61.5%	62.8%	66.3%	65.7%
May	54.7%	54.8%	54.7%	57.9%	61.3%	62.2%
June	59.0%	58.9%	61.7%	59.5%	62.6%	67.4%
July	55.0%	60.4%	59.5%	63.7%	62.4%	66.1%
August	53.7%	57.4%	63.6%	61.0%	59.5%	63.9%
September	57.1%	53.4%	53.9%	56.0%	56.1%	57.2%
October	65.0%	70.7%	66.9%	72.3%	73.4%	71.5%
November	48.3%	57.0%	53.8%	51.4%	59.6%	58.3%
December	37.5%	40.3%	39.8%	41.6%	43.9%	42.0%

Source: STR 2017 Trend Report – Winston-Salem, NC

October consistently runs the highest occupancies each year, followed closely by April and June/July. December and January are typically the slowest months of the year. The variance from lowest to highest month is as much as 38 percentage points. The winter month of December has the lowest occupancies in the range of 37.5% to 43.9%. October has the highest percentage visitation, with a range of 65.0% to 73.4%, 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 2017 Trend Report – Winston-Salem, NC

Occupancy by Day of the Week

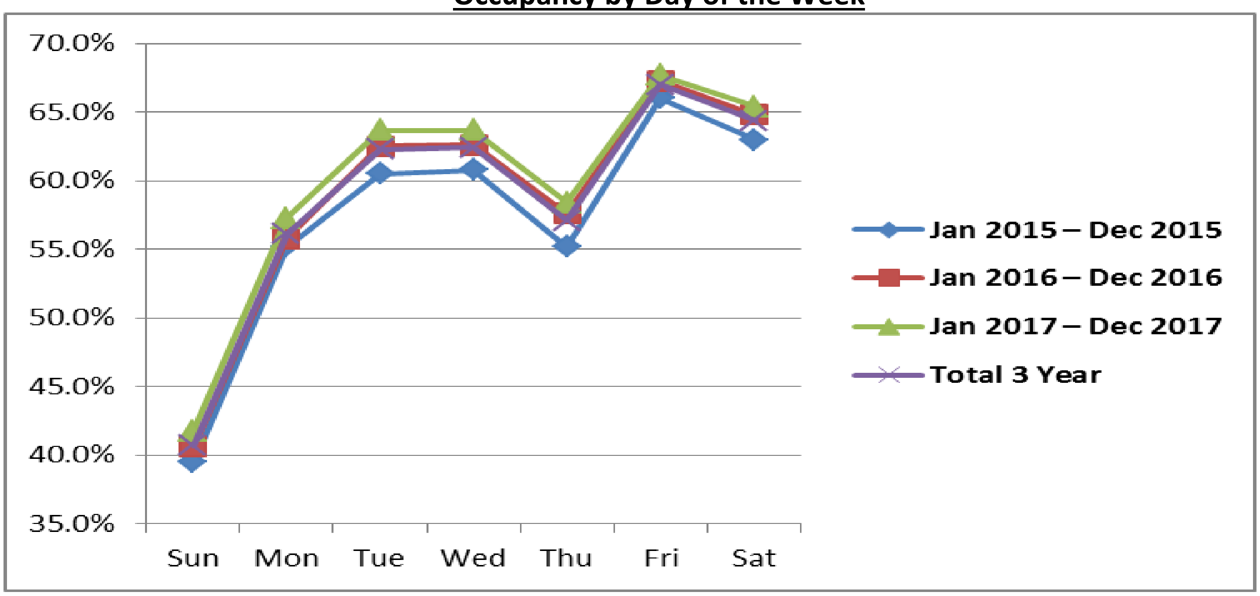
Smith Travel Research (STR) records the average occupancy by day of the week from the properties in Winston-Salem that report to STR.

Three Year Occupancy (%)							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Jan 2015 – Dec 2015	39.5	55.2	60.5	60.8	55.2	66.0	63.0
Jan 2016 – Dec 2016	40.6	55.8	62.5	62.6	57.6	67.3	64.8
Jan 2017 – Dec 2017	41.8	57.3	63.7	63.7	58.4	67.7	65.4
Total 3 Year Occupancy	**40.7**	**56.1**	**62.3**	**62.4**	**57.1**	**67.0**	**64.4**

Source: STR 2017 Trend Report – Winston-Salem, NC

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

Occupancy by Day of the Week



Source: STR 2017 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.

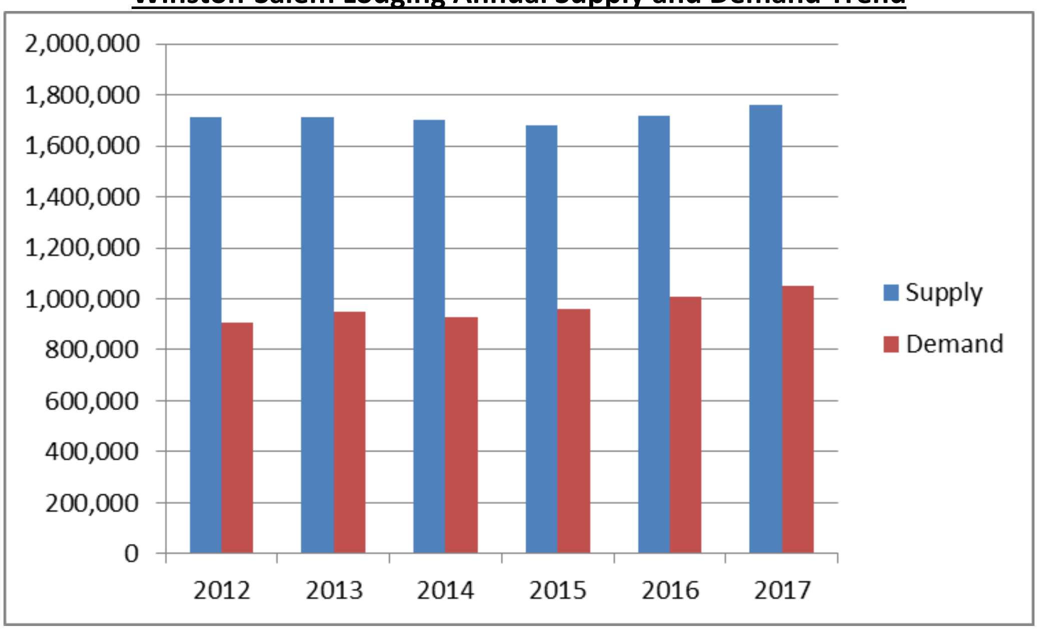
Lodging Supply and Demand
Room supply decreased slightly but steadily between 2012 and 2015, but began a modest increase beginning 2016 through 2017. Supply has remained noticeably constant within a 3% +/- percentage annual deviation for the 5-year period. Room demand however, has modestly consistently increased each year except for a slight decrease between 2013 and 2014. Overall room demand has increased nearly 16% from 2012 to 2017.

Hotel/Motel Annual Supply and Demand

Year	Supply	Demand
2012	1,711,290	906,643
2013	1,710,145	950,097
2014	1,700,565	925,920
2015	1,678,391	959,777
2016	1,717,113	1,009,428
2017	1,758,195	1,049,037

Source: STR 2017 Trend Report – Winston-Salem, NC

Winston-Salem Lodging Annual Supply and Demand Trend



Source: STR 2017 Trend Report – Winston-Salem, NC

While supply remained fairly steady, there were 142,394 additional room nights sold in 2017 compared to 2012.

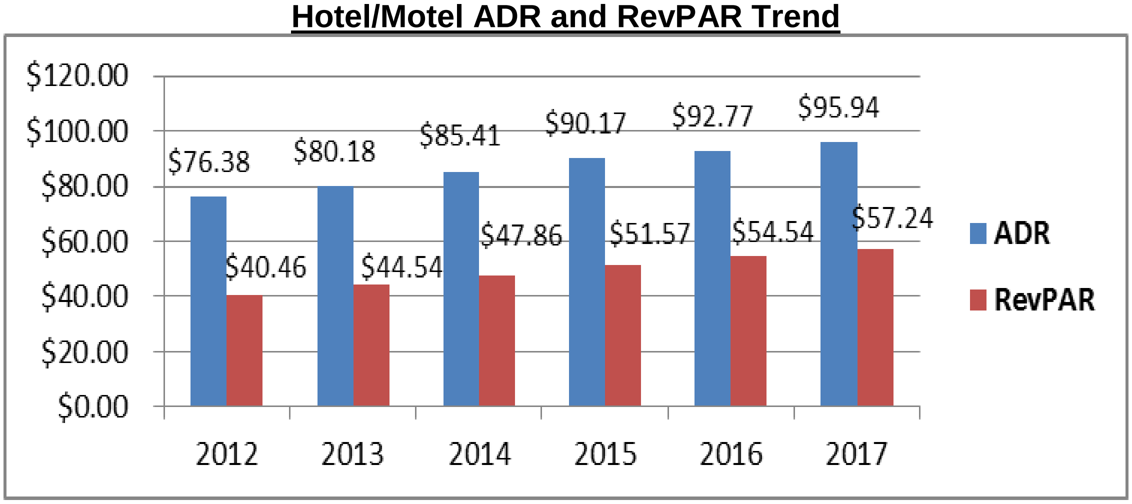
Average Daily Rate (ADR) and RevPar
The lodging industry tracks RevPAR as a key indicator of lodging success and profitability. ADR (Average Daily Rate) and RevPAR (Revenue Per Available Room) both increased consistently each year over the five-year period. From 2012 to 2017 ADR saw a 25.6% overall increase while RevPAR increased at a remarkable 41.5%. In other words, hotels were able to increase rates while demand for rooms was also increasing.

Average Daily Rate & Revenue Per Available Rooms

Year	ADR	RevPAR
2012	$76.38	$40.46
2013	$80.18	$44.54
2014	$85.41	$47.86
2015	$90.17	$51.57
2016	$92.77	$54.54
2017	$95.94	$57.24

Source: STR 2017 Trend Report - Winston Salem, NC

Hotel/Motel ADR and RevPAR Trend



Source: STR 2017 Trend Report - Winston Salem, NC

Lodging Room Revenue

Smith Travel Research reports the total annual lodging revenue in Winston-Salem since 2012 as follows in the table below:

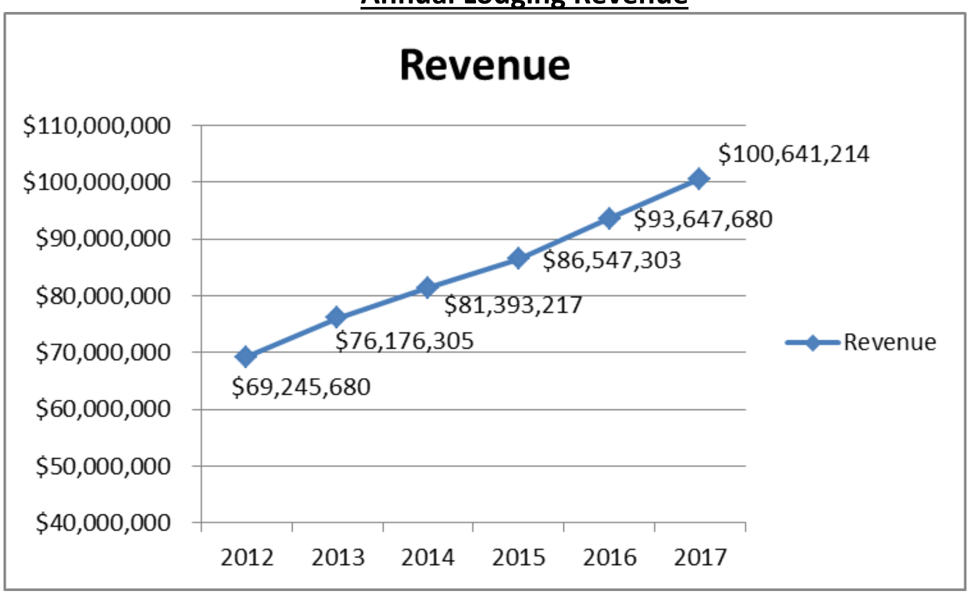
Annual Lodging Revenue

Year	Revenue
2012	$ 69,245,680
2013	$ 76,176,305
2014	$ 81,393,217
2015	$ 86,547,303
2016	$ 93,647,680
2017	$100,641,214

Source: STR 2017 Trend Report – Winston-Salem, NC

Lodging revenue steadily and substantially increased between 2012 and 2017. This reflects consistent increases in ADR and RevPAR. The chart below graphically illustrates the pattern in lodging revenues since 2012. This growth represents a 45.3% increase in 2017 revenues compared to 2012.

Annual Lodging Revenue



Source: STR 2017 Trend Report – Winston-Salem, NC