

# **2019 North Carolina Lodging Report**

**A Publication of Visit North Carolina**

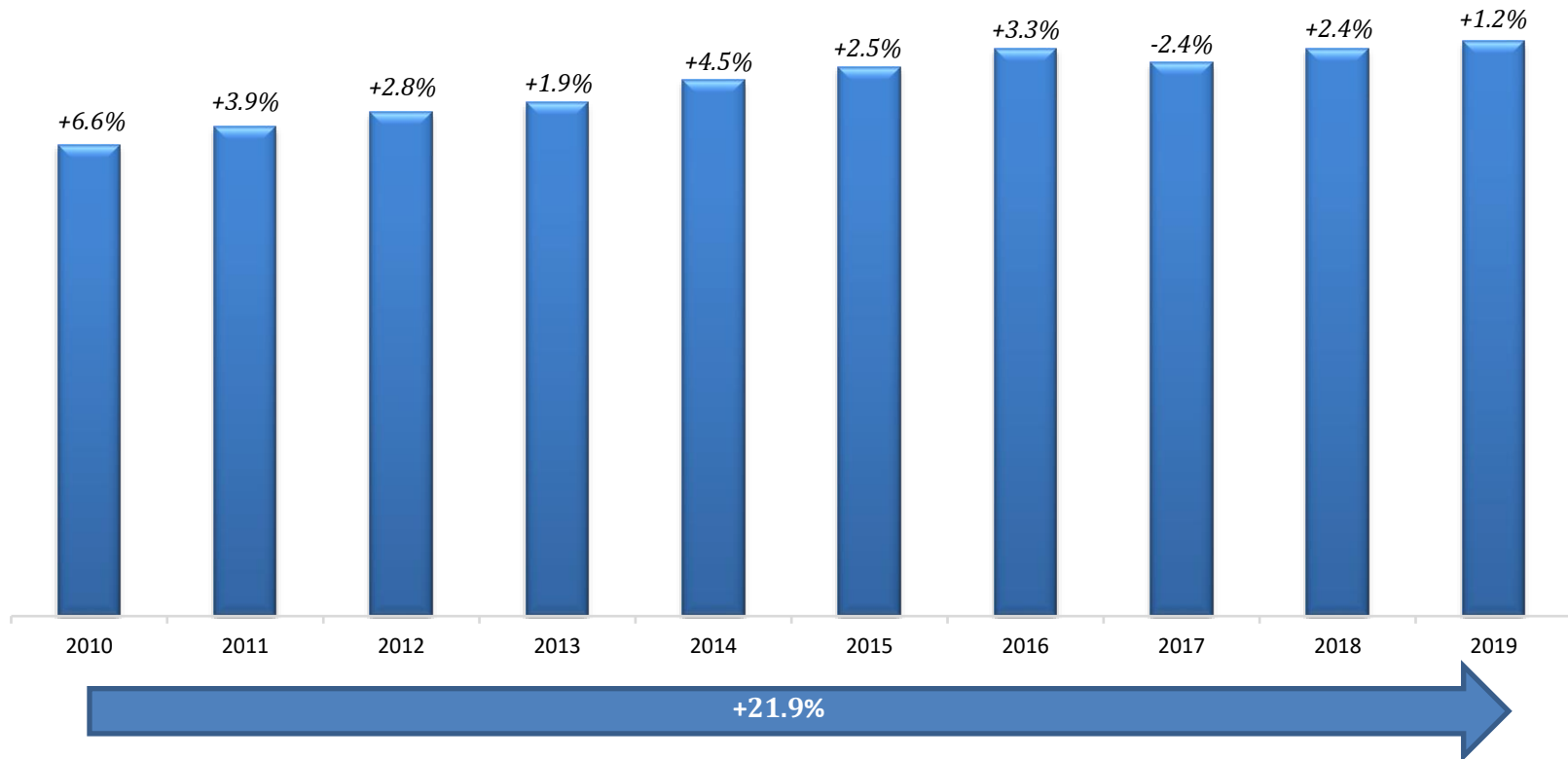


## 2019 North Carolina Lodging Report

- 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 74 percent of taxable lodging 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 2019 hotel/motel **occupancy** (65.6) was up 1.2% statewide from 2018 and was highest annual occupancy on record. Occupancy rates statewide have grown seven percent in the last five years.

### Occupancy in North Carolina 2010-2019

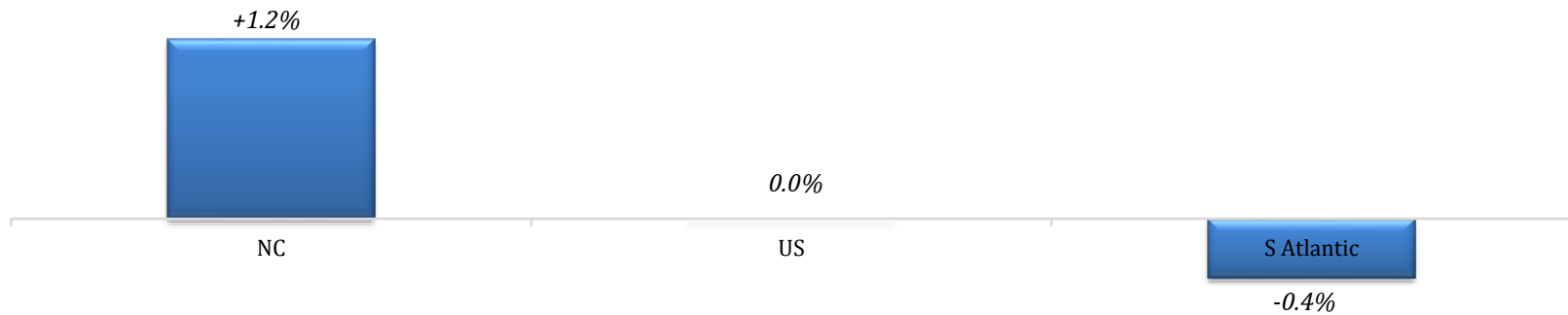


STR, 2020

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

- From 2018 to 2019, U.S. **occupancy** was flat and South Atlantic states **occupancy** was down 0.4%, as compared to North Carolina's 1.2% growth.

### North Carolina Occupancy Growth Compared to US and South Atlantic Region 2018-2019

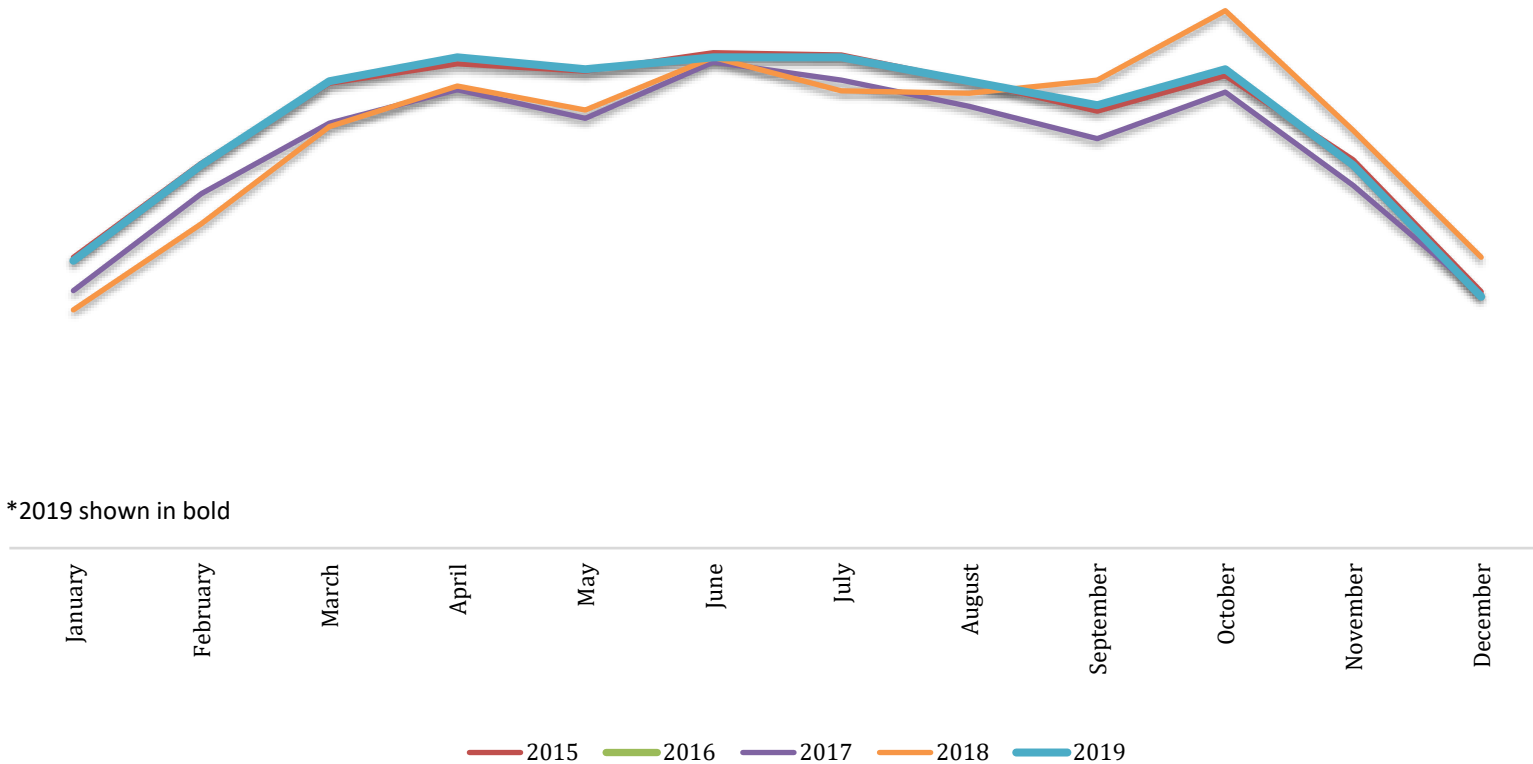


STR, 2020

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

- In 2019, hotel/motel **occupancy** followed the same general monthly trend as in recent years, however the fall months appear to have shifted downward in terms of occupancy growth. The higher occupancy in 2018 (and lower occupancy in 2019) is due in part to lower supply a result of the hurricanes the last two years.

### Monthly Occupancy in North Carolina 2015-2019

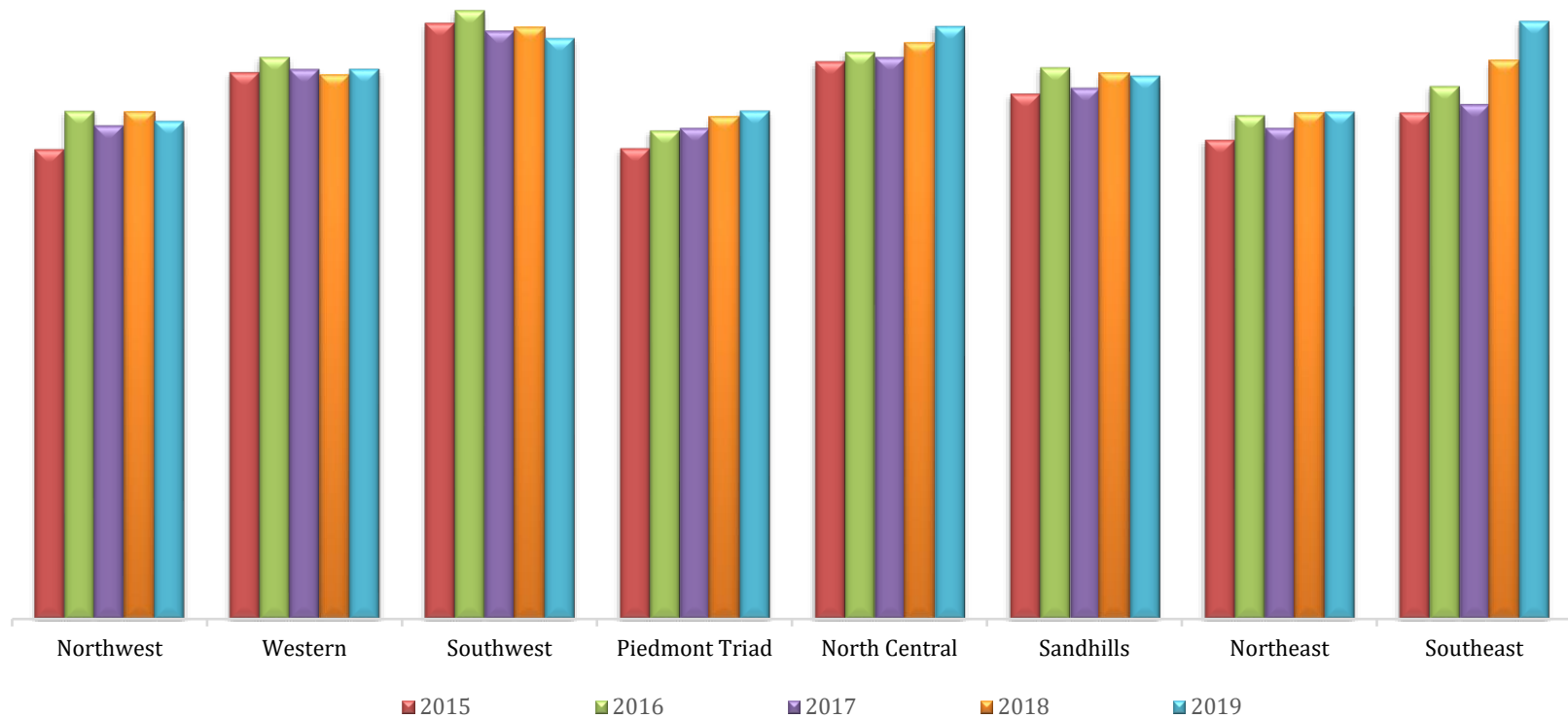


STR, 2020

\*Occupancy – Rooms sold divided by rooms available.

- Regionally, five of the eight regions had increases in annual occupancy from 2018 to 2019. The regions with decreases in occupancy (Northwest, Southwest, Sandhills) had decreases of less than two percent. Much of these decreases can be explained by continued high growth in supply in those regions (see page 18).

### Regional Occupancy in North Carolina 2015-2019



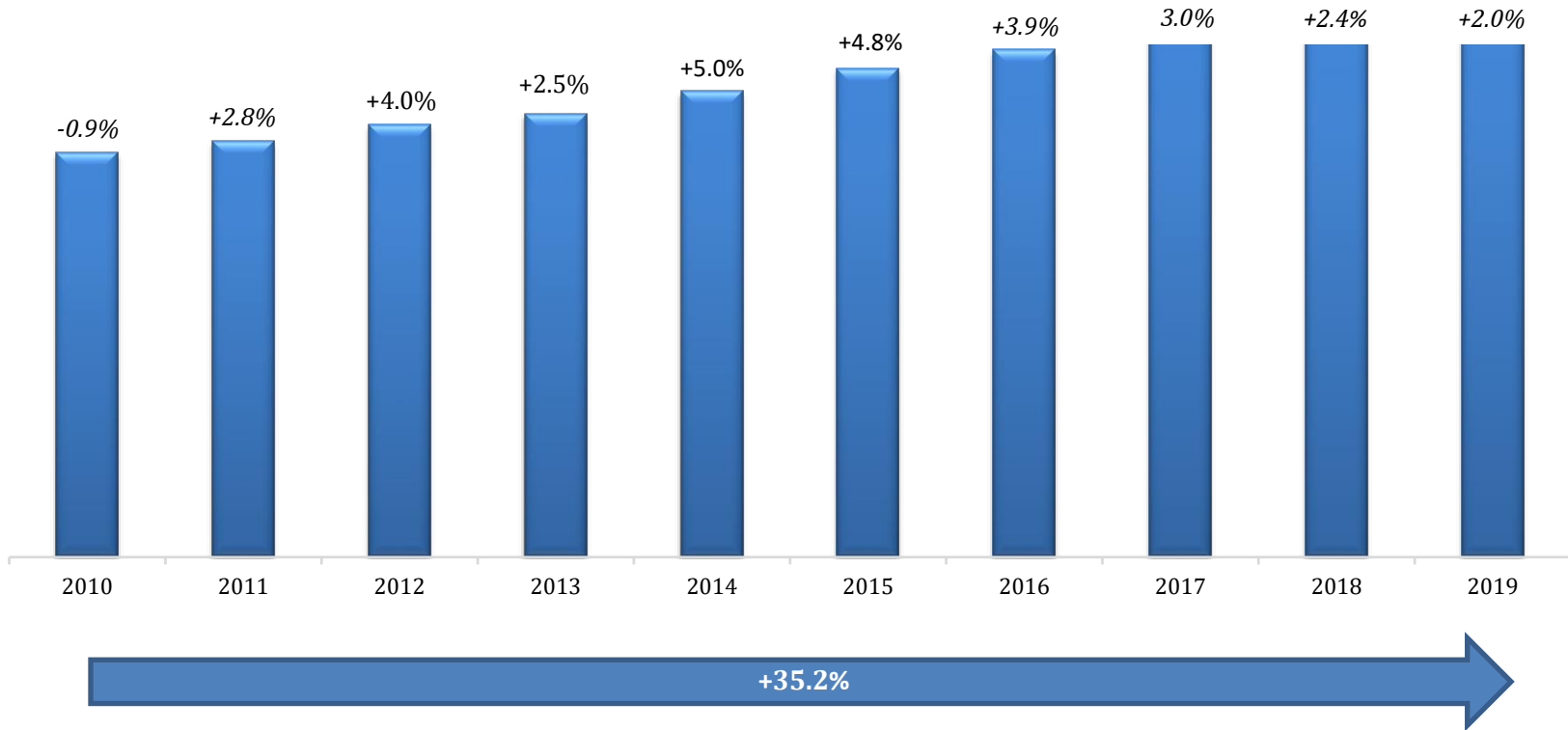
<b>2019</b>	<b>-1.3%</b>	<b>+2.0%</b>	<b>-1.9%</b>	<b>+1.3%</b>	<b>+2.9%</b>	<b>-0.6%</b>	<b>+0.5%</b>	<b>+7.0%</b>
<b>2018</b>	<b>+2.8%</b>	<b>-0.7%</b>	<b>+0.8%</b>	<b>+2.5%</b>	<b>+2.6%</b>	<b>+3.0%</b>	<b>+3.3%</b>	<b>+8.9%</b>
<b>2017</b>	<b>-4.1%</b>	<b>-3.3%</b>	<b>-3.5%</b>	<b>+0.5%</b>	<b>-1.2%</b>	<b>-3.8%</b>	<b>-2.6%</b>	<b>-3.8%</b>
<b>2016</b>	<b>+8.9%</b>	<b>+2.7%</b>	<b>+2.1%</b>	<b>+3.5%</b>	<b>+1.7%</b>	<b>+5.0%</b>	<b>+4.8%</b>	<b>+5.3%</b>
<b>2015</b>	<b>+2.1%</b>	<b>+5.5%</b>	<b>+3.0%</b>	<b>+1.5%</b>	<b>+1.9%</b>	<b>+1.0%</b>	<b>+4.6%</b>	<b>+0.2%</b>

STR, 2020

\*Occupancy – Rooms sold divided by rooms available.

- The 2019 **average room rate (ADR)** in North Carolina (\$107.38) was up 2.0% from 2018, topping last year's record high ADR for the state. Average **room rates** have increased seventeen percent over the last five years.

### Average Daily Room Rates (ADR) in North Carolina 2010-2019

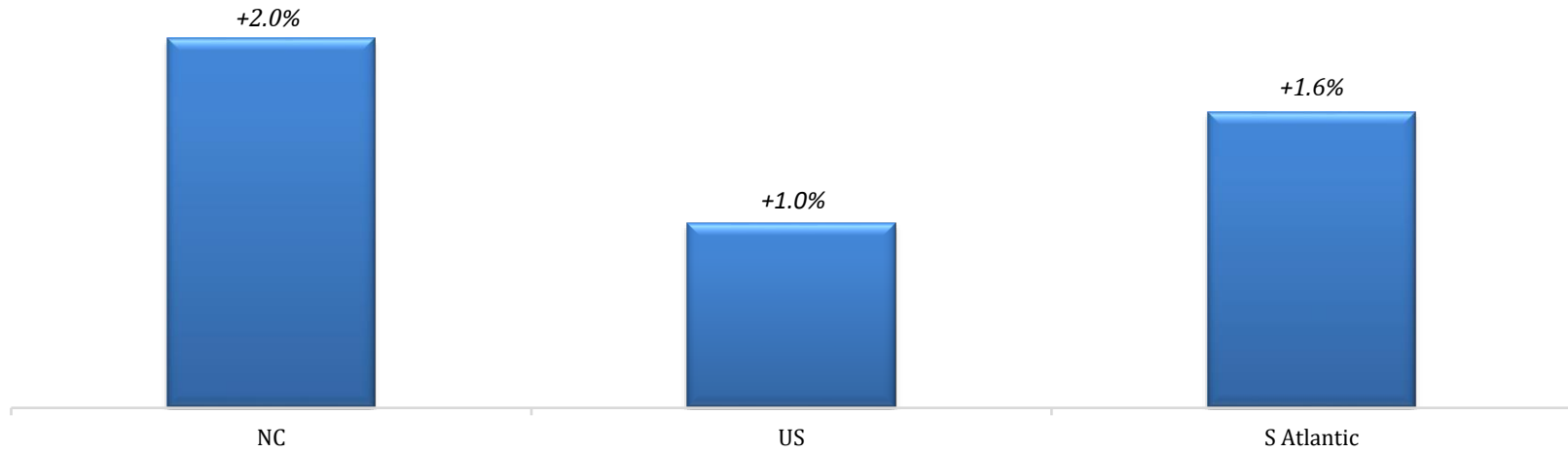


STR, 2020

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

- The U.S. **ADR** was up 1.0% from 2018 and **ADR** in the South Atlantic states was up 1.6%, as compared to North Carolina's growth of 2.0%.

### North Carolina ADR Growth Compared to US and South Atlantic Region 2018-2019



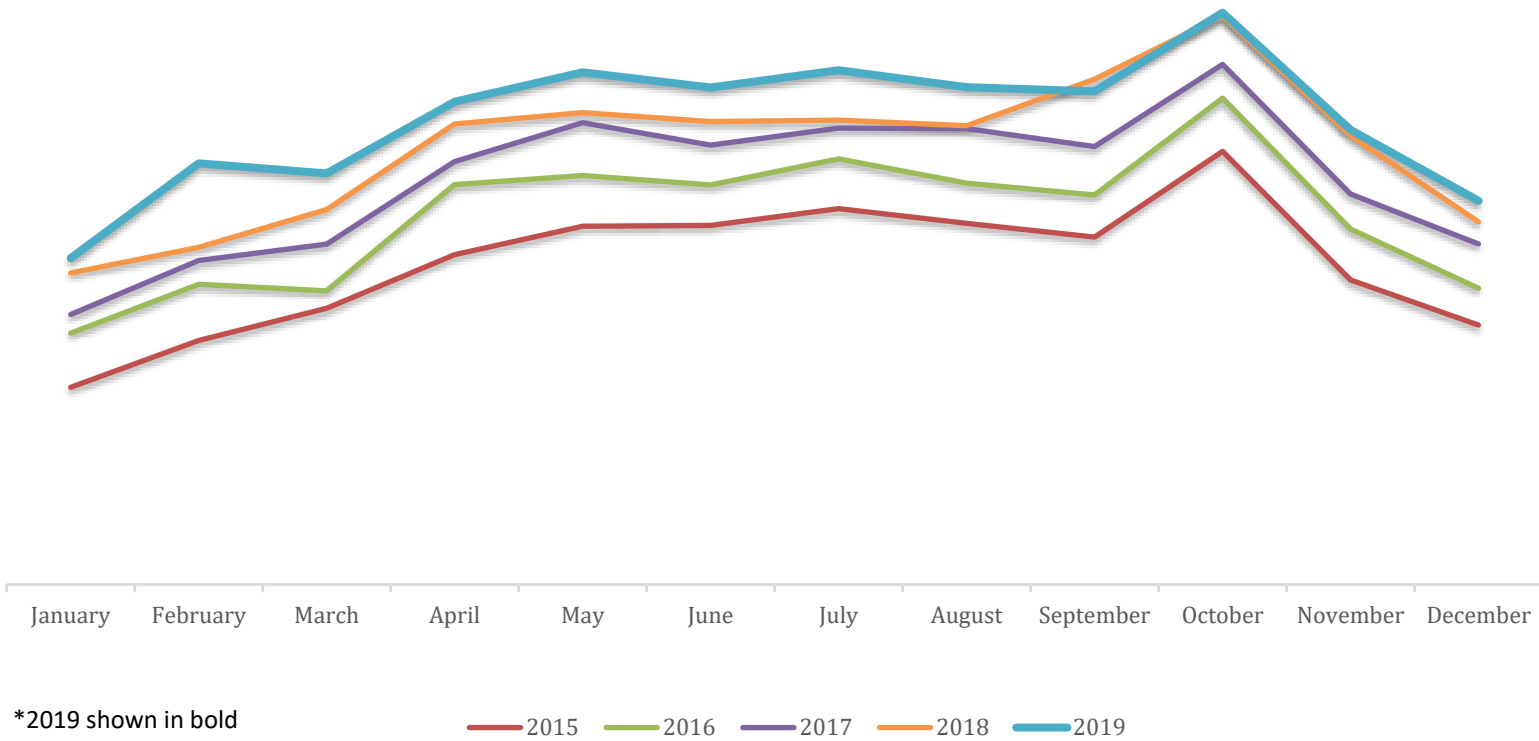
STR, 2020

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



- Room rates (ADR)** in North Carolina in 2019 were the highest on record, topping even last year's record high. Eleven of the twelve months of 2019 set a record high ADR for that particular month (September rates were down 0.9% from 2018). October's ADR was the highest monthly figure for 2019, topping \$115. February had the highest growth from 2018 with nearly seven percent growth from the previous year.

### Monthly ADR in North Carolina 2015-2019

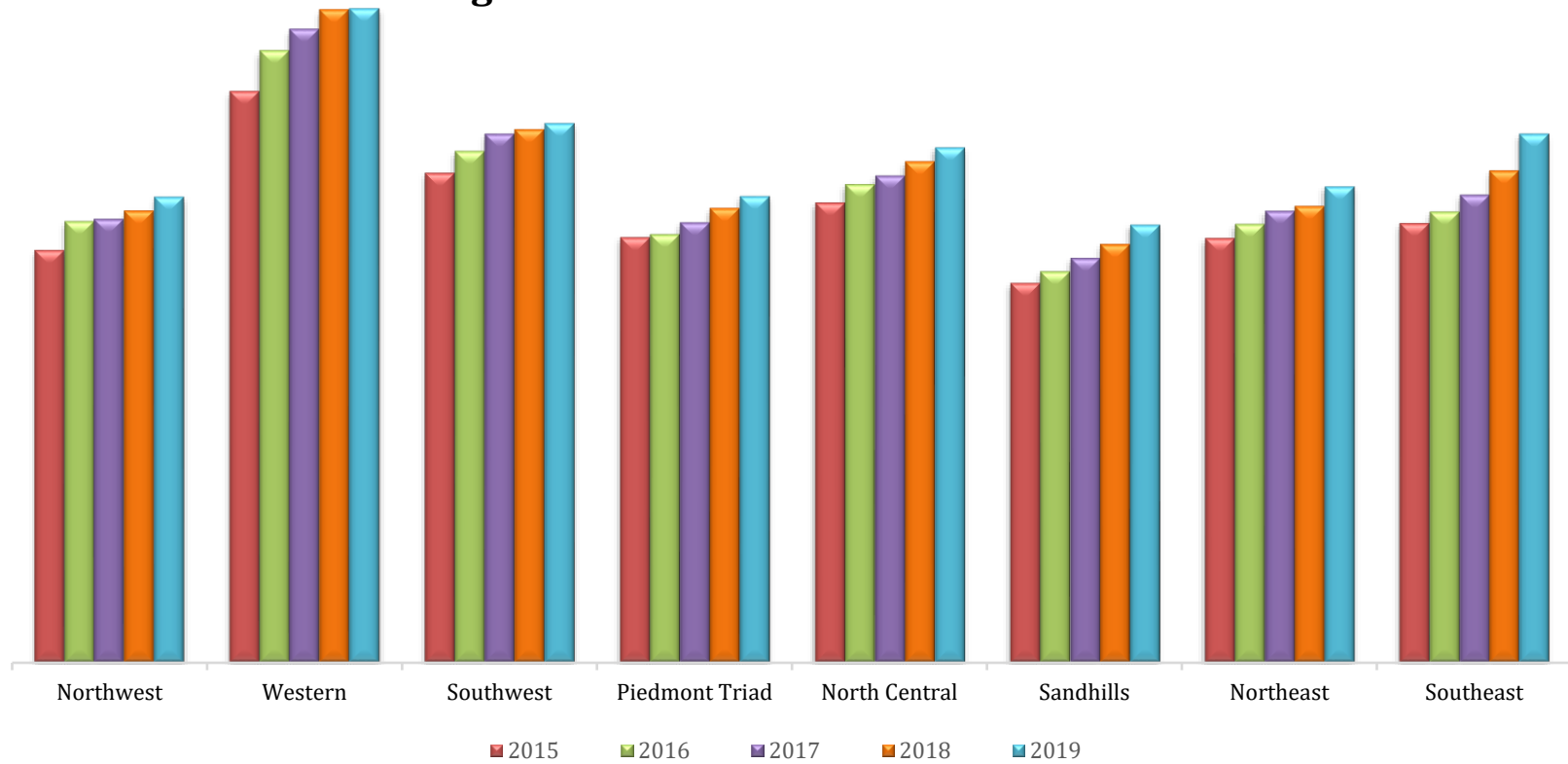


STR, 2020

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

- Each of the eight regions saw record setting average annual room rates in 2019. The Southeast Region experienced the largest one-year growth with a 5.3 percent growth in room rates. The Western Region, while with close to flat growth in 2019, remains the top region in terms of actual average ADR (\$136.73).

### Regional ADR in North Carolina 2015-2019



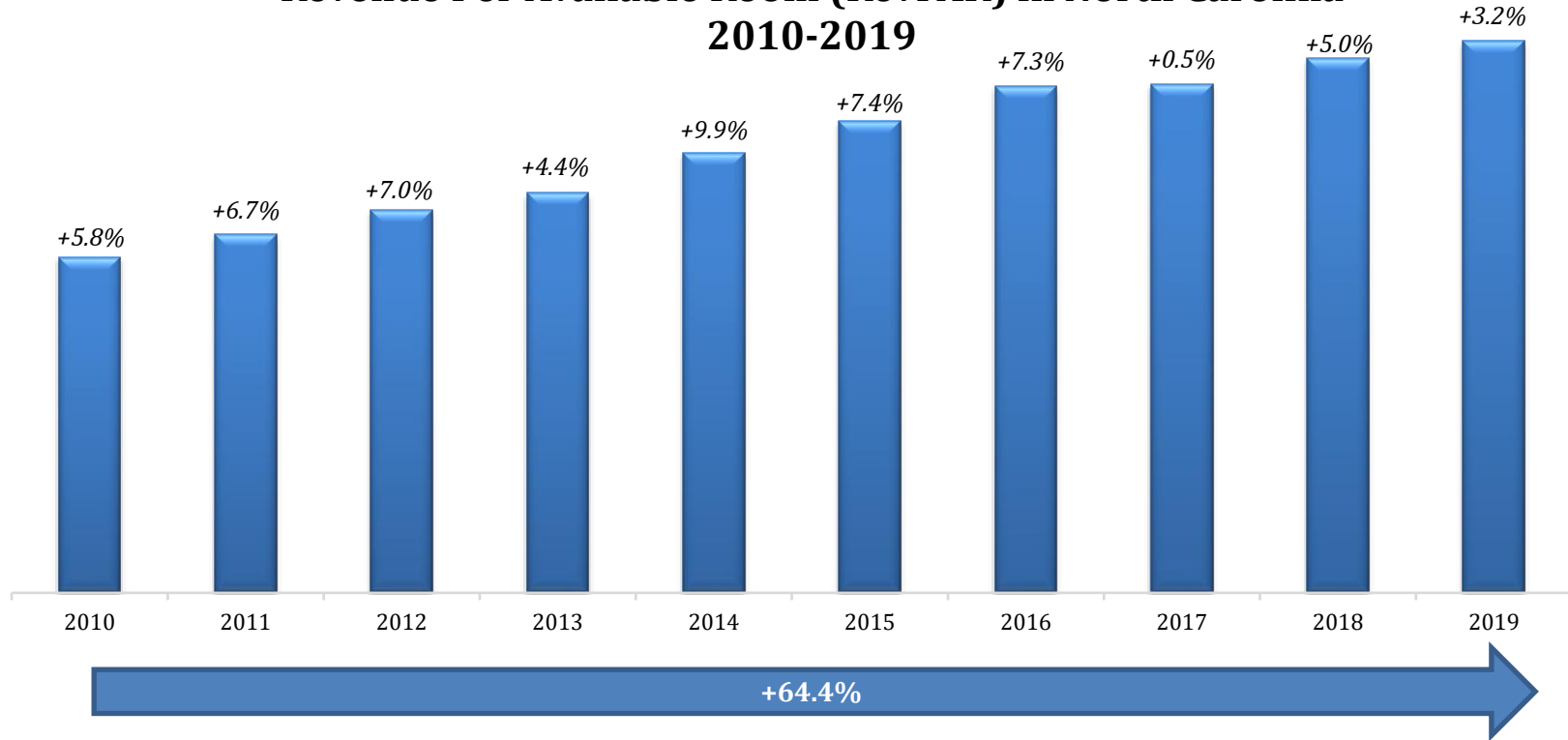
<b>2019</b>	<b>+2.7%</b>	<b>+0.05%</b>	<b>+1.0%</b>	<b>+1.6%</b>	<b>+2.5%</b>	<b>+3.8%</b>	<b>+1.9%</b>	<b>+5.3%</b>
<b>2018</b>	+1.9%	+3.0%	+0.9%	+3.3%	+2.9%	+3.5%	+1.1%	+5.2%
<b>2017</b>	+0.5%	+3.5%	+3.4%	+2.8%	+1.8%	+3.4%	+3.0%	+3.7%
<b>2016</b>	+6.9%	+7.0%	+4.4%	+0.6%	+3.9%	+3.0%	+3.2%	+2.5%
<b>2015</b>	+3.4%	+7.6%	+5.8%	+3.6%	+5.2%	-0.2%	+4.5%	+2.0%

STR, 2020

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

- Statewide, Revenue Per Available Room (**RevPAR**) (\$70.45) was up 3.2% in 2019 from 2018, surpassing the record set last year. **RevPAR** has increased nearly twenty-six percent in the last five years.

### Revenue Per Available Room (RevPAR) in North Carolina 2010-2019

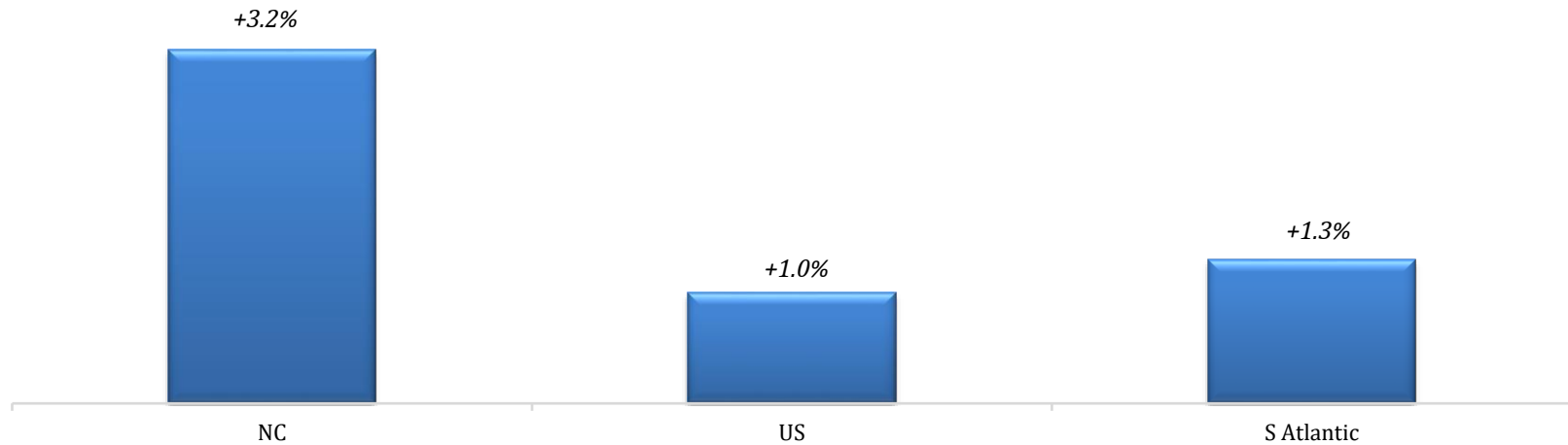


STR, 2020

\*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 was triple the growth at the national level. Nationally, **RevPAR** was up 1.0% from 2018. South Atlantic states **RevPAR** was up 1.3% from 2018.

### North Carolina RevPAR Growth Compared to US and South Atlantic Region 2018-2019

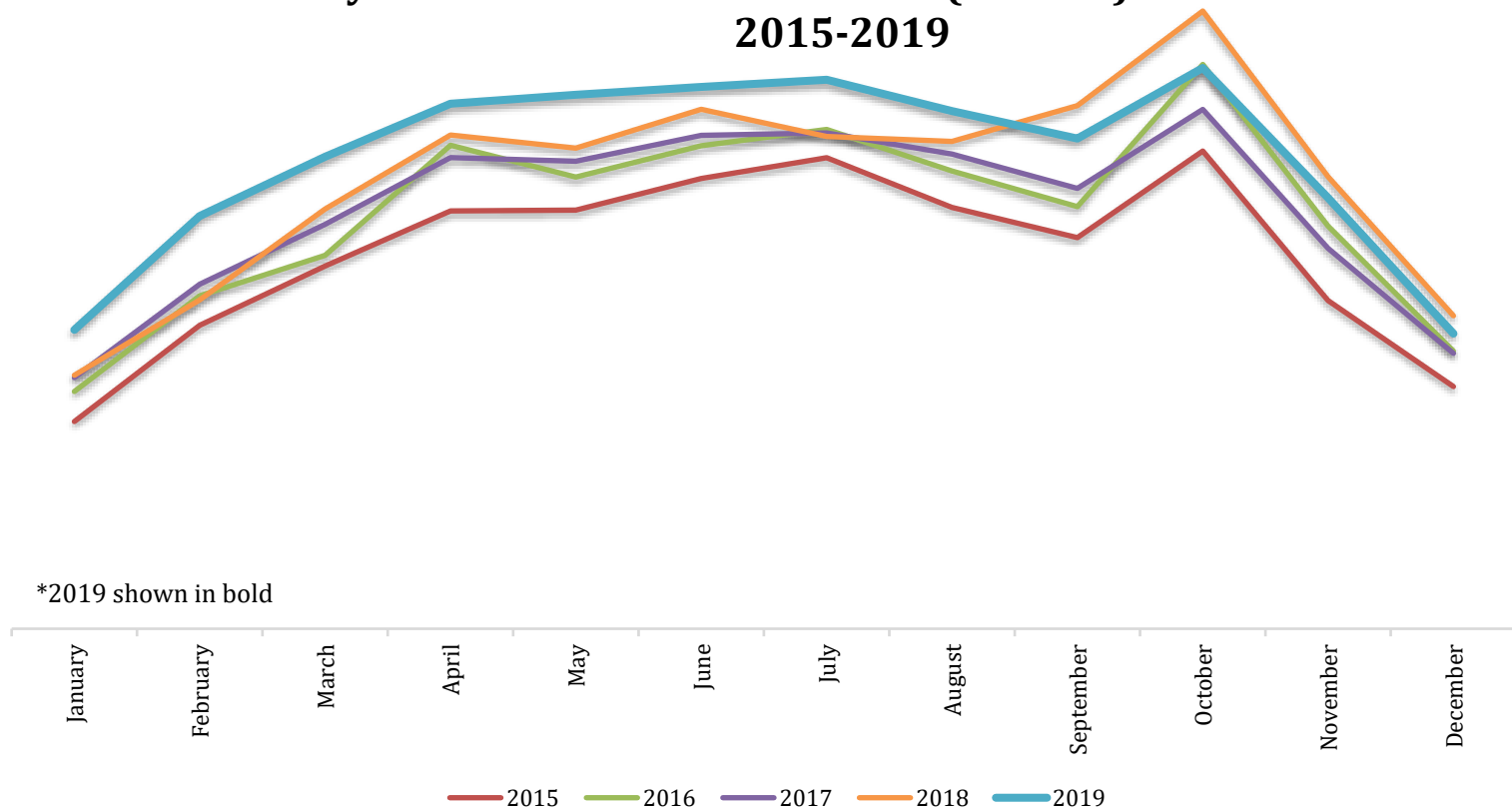


STR, 2020

\*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 2019, surpassing the 2018 annual RevPAR. October had the largest RevPAR at more than \$80, followed by July with nearly \$79. It is presumed that the lower supply in September and October 2018 due to hurricane recovery led to unusually higher RevPAR that year, bringing the fall 2019 figures back to a more realistic averages.

### Monthly Revenue Per Available Room (RevPAR) in North Carolina 2015-2019



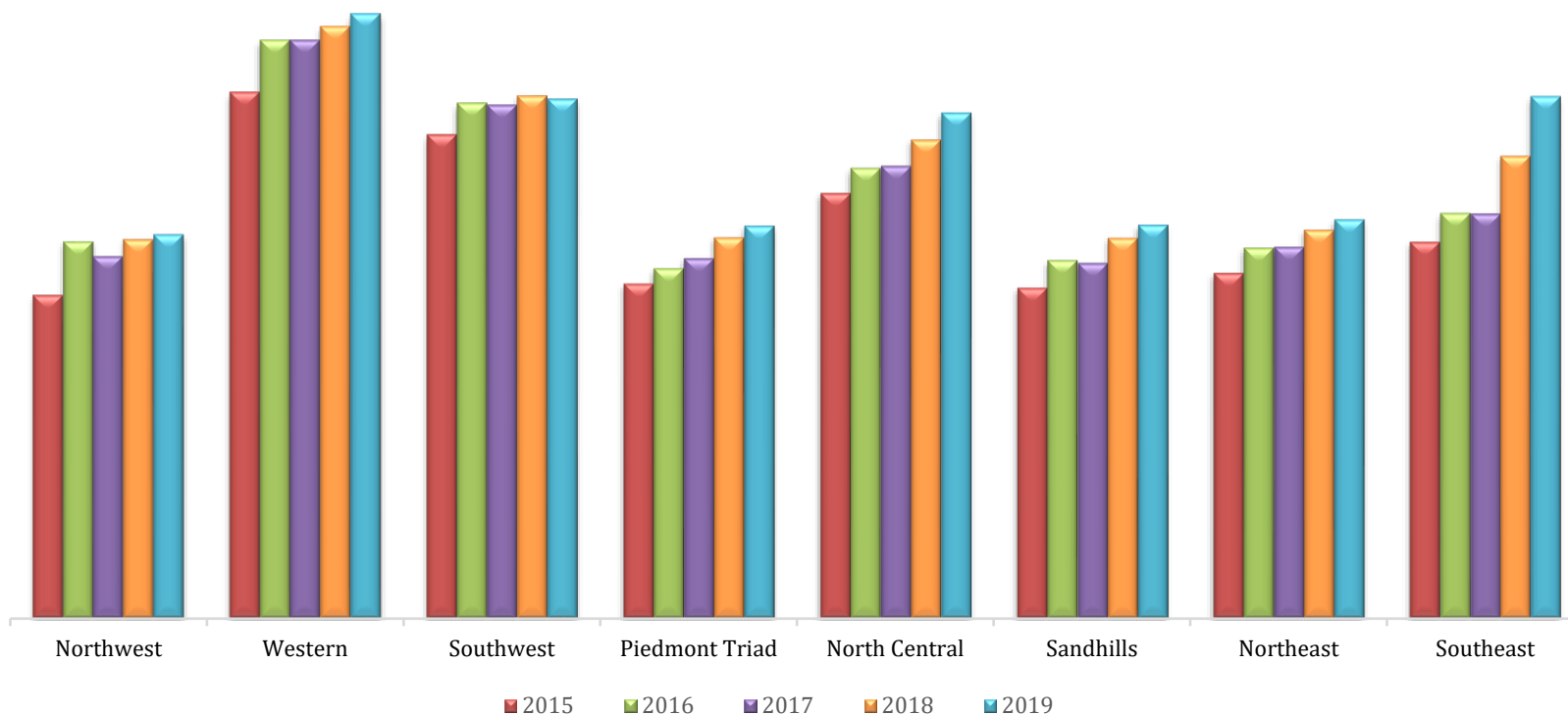
\*2019 shown in bold

STR, 2020

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

- RevPAR was up in seven of the eight regions from 2018 to 2019. The Southwest Region had a decrease in RevPAR of 0.9% due to heavy supply growth last year. The Southeast Region had the largest growth in RevPAR (+13%), presumably in part to hurricane recovery efforts.

### Regional RevPAR in North Carolina 2015-2019

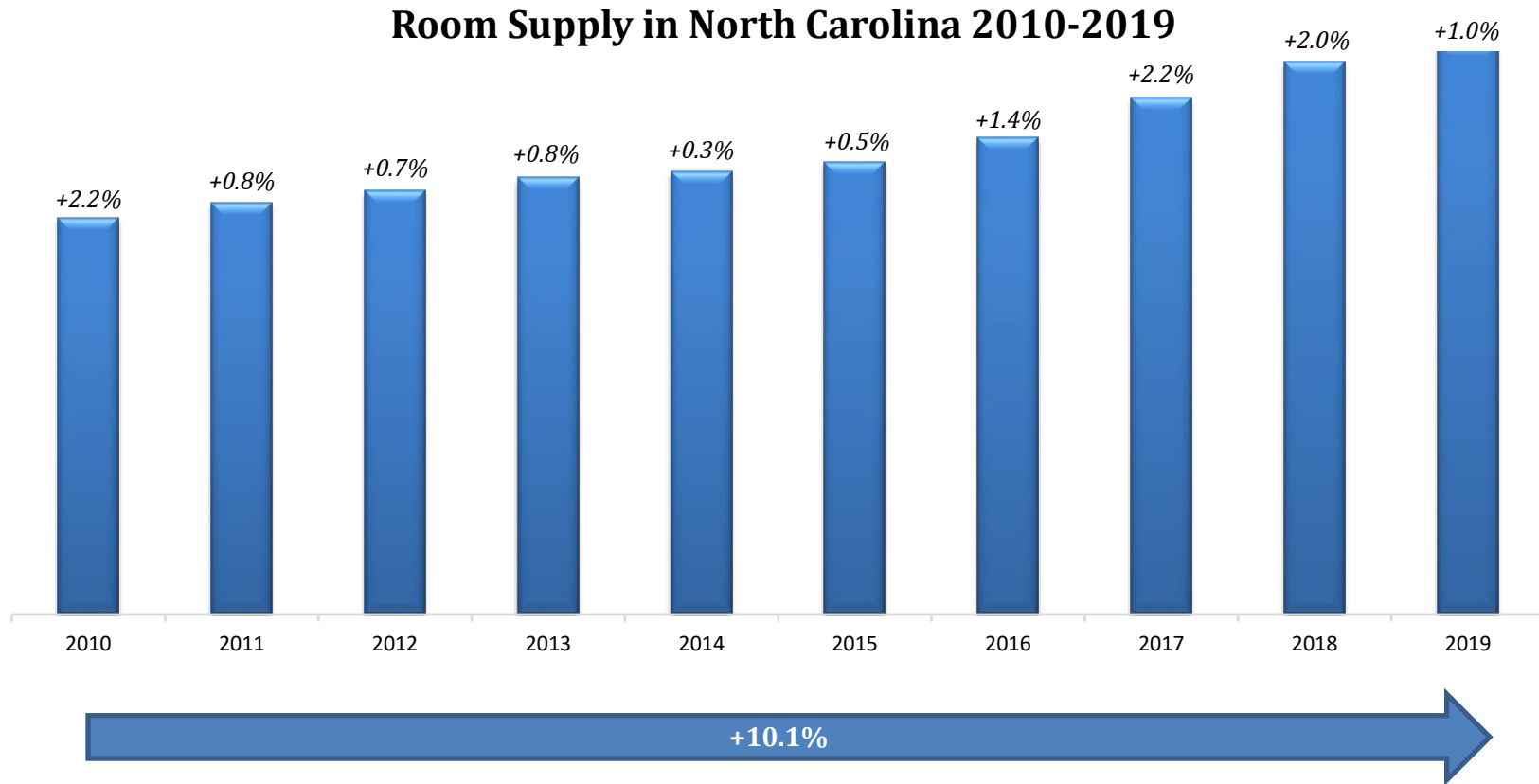


<b>2019</b>	<b>+1.1%</b>	<b>+2.0%</b>	<b>-0.9%</b>	<b>+3.0%</b>	<b>+5.5%</b>	<b>+3.2%</b>	<b>+2.5%</b>	<b>+12.7%</b>
<b>2018</b>	<b>+4.7%</b>	<b>+2.3%</b>	<b>+1.7%</b>	<b>+5.8%</b>	<b>+5.7%</b>	<b>+7.1%</b>	<b>+4.6%</b>	<b>+14.2%</b>
<b>2017</b>	<b>-3.8%</b>	<b>+0.1%</b>	<b>-0.3%</b>	<b>+3.0%</b>	<b>+0.6%</b>	<b>-0.7%</b>	<b>+0.4%</b>	<b>0.0%</b>
<b>2016</b>	<b>+16.4%</b>	<b>+9.9%</b>	<b>+6.5%</b>	<b>+4.4%</b>	<b>+5.8%</b>	<b>+8.2%</b>	<b>+7.2%</b>	<b>+7.6%</b>
<b>2015</b>	<b>+5.6%</b>	<b>+13.1%</b>	<b>+9.0%</b>	<b>+5.2%</b>	<b>+7.2%</b>	<b>+0.6%</b>	<b>+9.0%</b>	<b>+2.2%</b>

STR, 2020

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

- 2019 **Room Supply** was up 1.0% statewide from 2018. While **room supply** growth slowed last year, it has increased more than seven percent in the last five years and ten percent since 2010. **Room supply** in 2019 was at its highest on record for North Carolina with more than 57.2 million room nights available for the year.

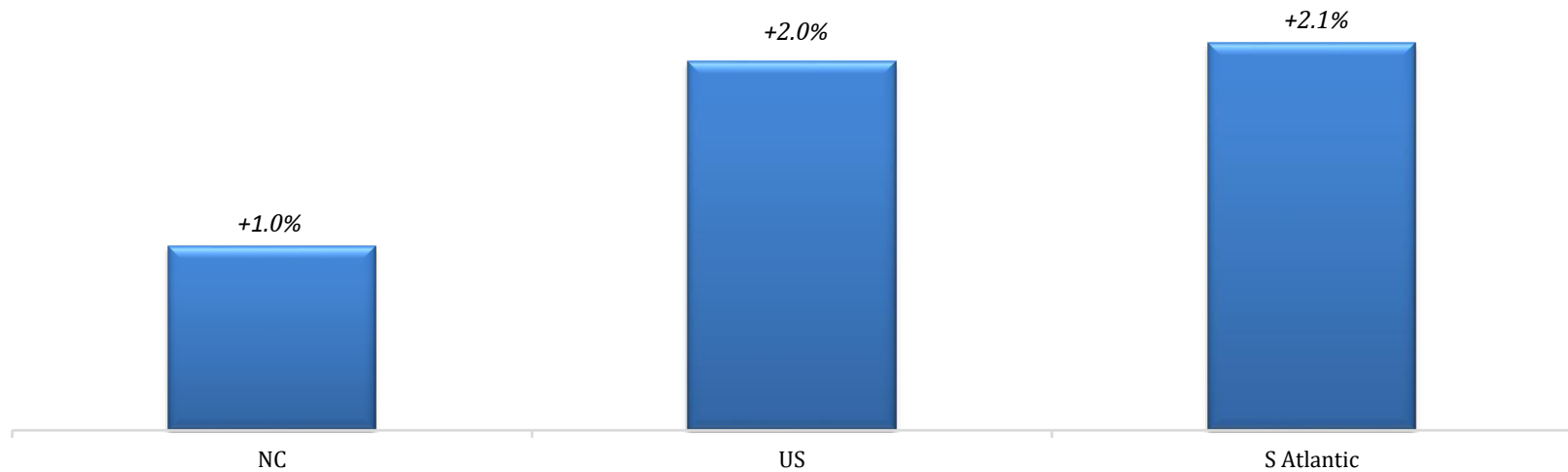


STR, 2020

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

- North Carolina **room supply** growth slowed in 2019 with one percent growth, while national **room supply** was up 2.0%. **Room supply** was up 2.1% from 2018 to 2019 in the South Atlantic region.

### North Carolina Room Supply Growth Compared to US and South Atlantic Region 2018-2019



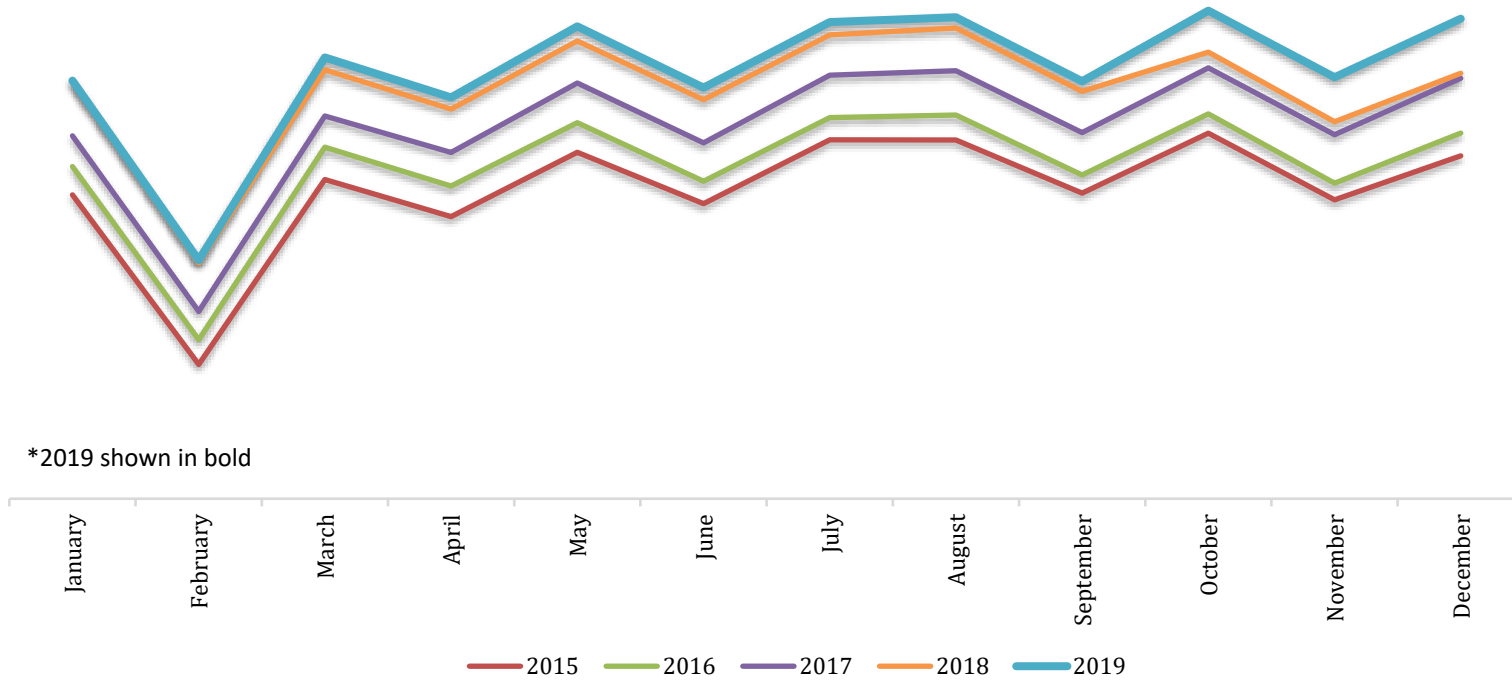
STR, 2020

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



- Room Supply** in 2019 followed the same trend line as last year through September, showing consistent year over year growth each month. Higher growth from October through December can be partially attributed to rooms reopening after being off the market for some time due to Hurricane Florence.

### Monthly Room Supply in North Carolina 2015-2019



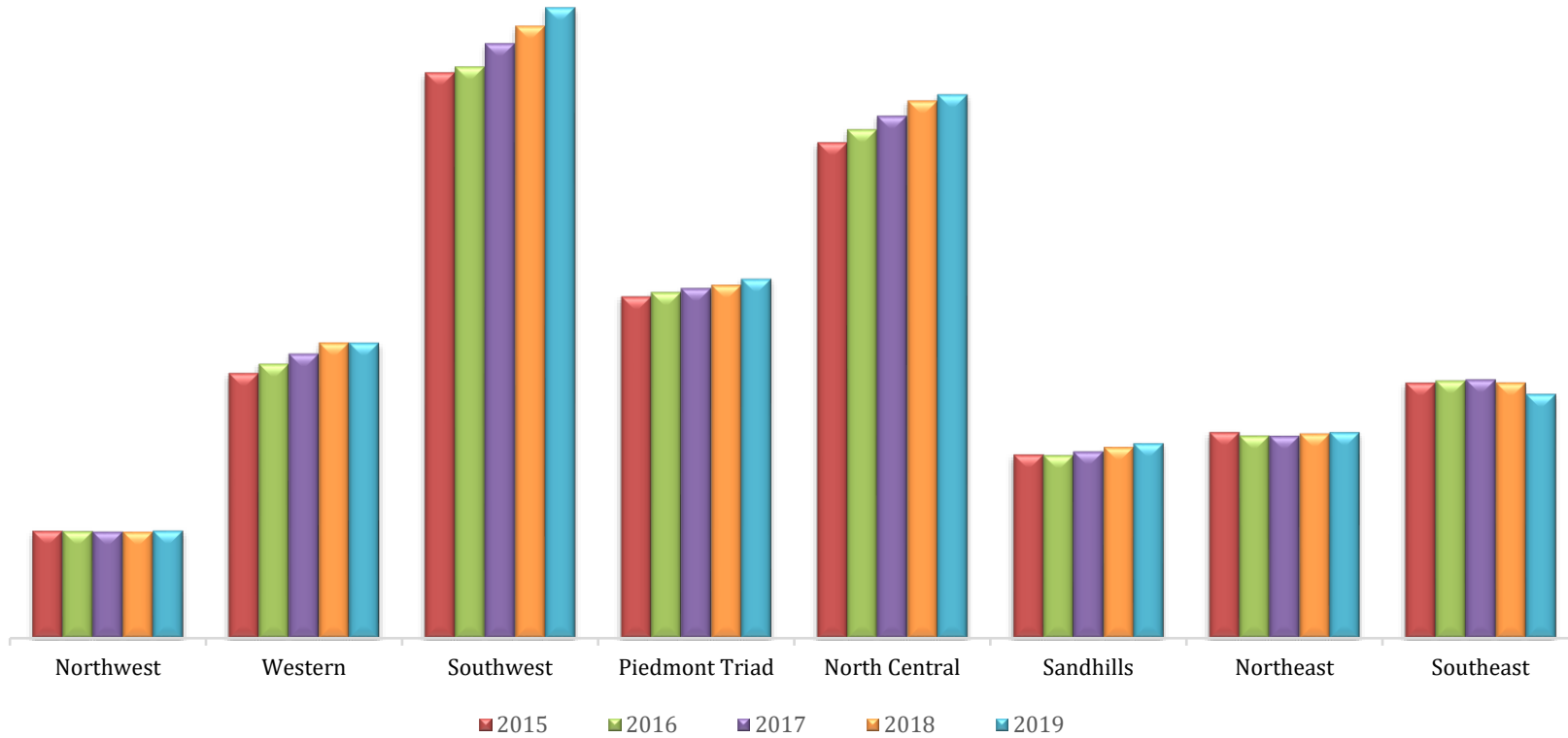
\*2019 shown in bold

STR, 2020

\*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 2019, particularly in the Southwest Region (+3.0%). The Southeast Region was still down in room inventory more than four percent from 2018 due to hurricane related closures. 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 2015-2019

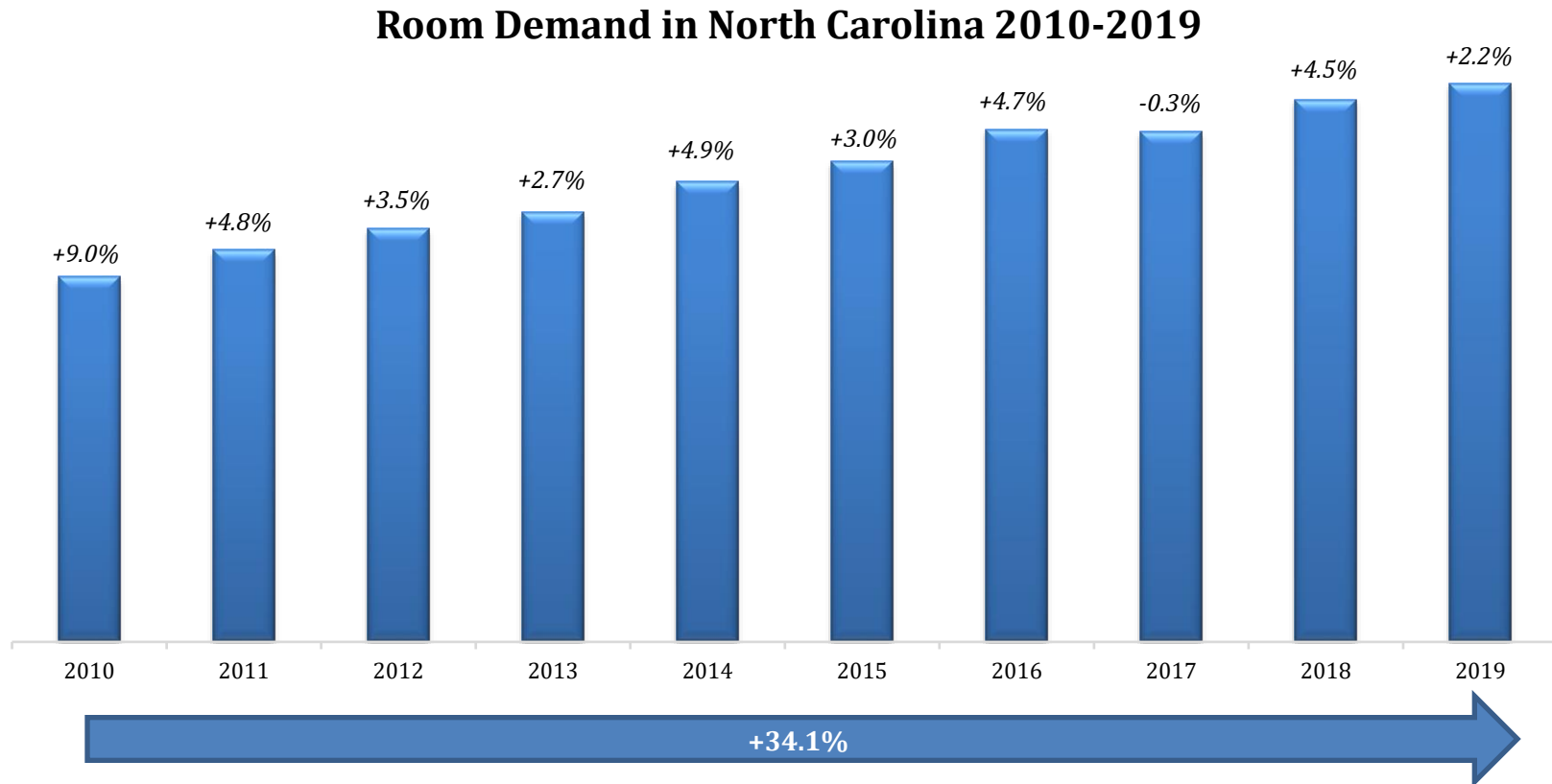


<b>2019</b>	+1.1%	0.0%	+3.0%	+1.7%	+1.2%	+2.0%	+0.7%	-4.4%
<b>2018</b>	-0.3%	+3.8%	+2.9%	+0.9%	+2.9%	+2.3%	+1.1%	-1.2%
<b>2017</b>	-0.5%	+3.6%	+4.1%	+1.1%	+2.7%	+2.0%	-0.2%	+0.3%
<b>2016</b>	-0.1%	+3.6%	+1.0%	+1.4%	+2.7%	-0.2%	-1.5%	+1.0%
<b>2015</b>	+0.8%	-0.1%	+0.2%	-0.2%	+1.5%	-0.4%	-0.1%	+2.1%

STR, 2020

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

- 2019 **Room Demand** was up 2.2% in the state, surpassing the 2018 demand to reach a new record for lodging demand in North Carolina. More than 37.5 million room nights were sold in 2019. Since 2010, **room demand** is up thirty-four percent (and up nearly 15 percent in the last five years).

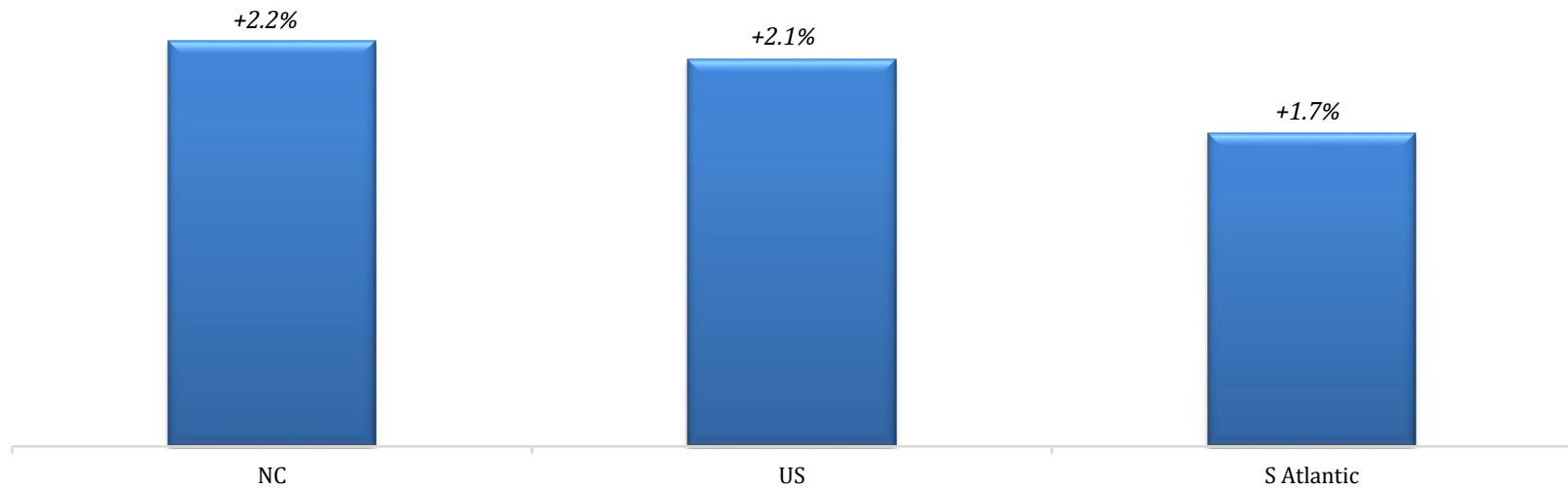


STR, 2020

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

- North Carolina **room demand** of 2.2% slightly exceeded that of national and regional growth. National demand was up 2.1% and demand in the South Atlantic region was up 1.7% from 2018 to 2019.

### North Carolina Room Demand Growth Compared to US and South Atlantic Region 2018-2019

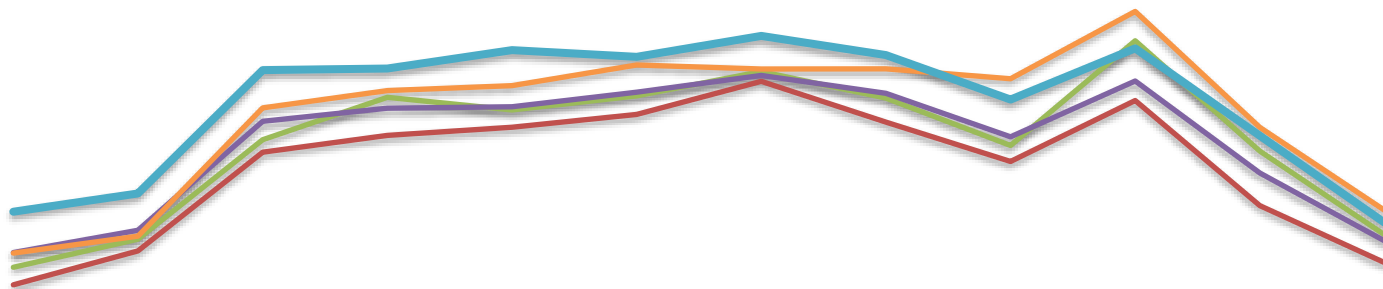


STR, 2020

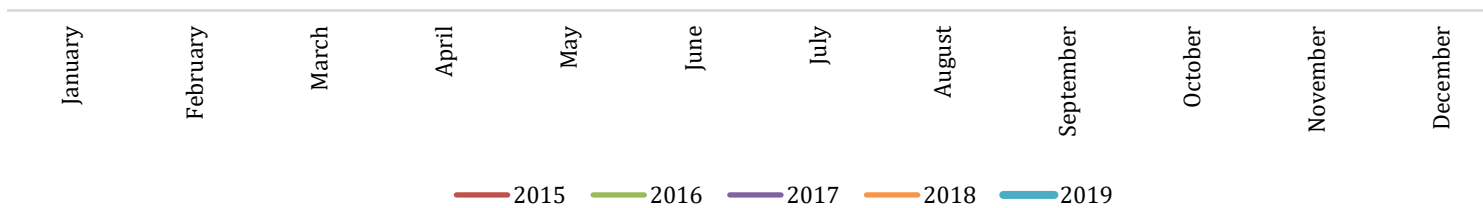
\*Room Demand – The number of rooms sold (excludes complimentary rooms).

- Eight months of 2019 showed increased statewide **room demand** from 2018 and the annual total demand was a record setting figure. The fall months saw some demand declines from last year due in part to exaggerated demand growth during the hurricane recovery of 2018.

### Monthly Room Demand in North Carolina 2015-2019



\*2019 shown in bold

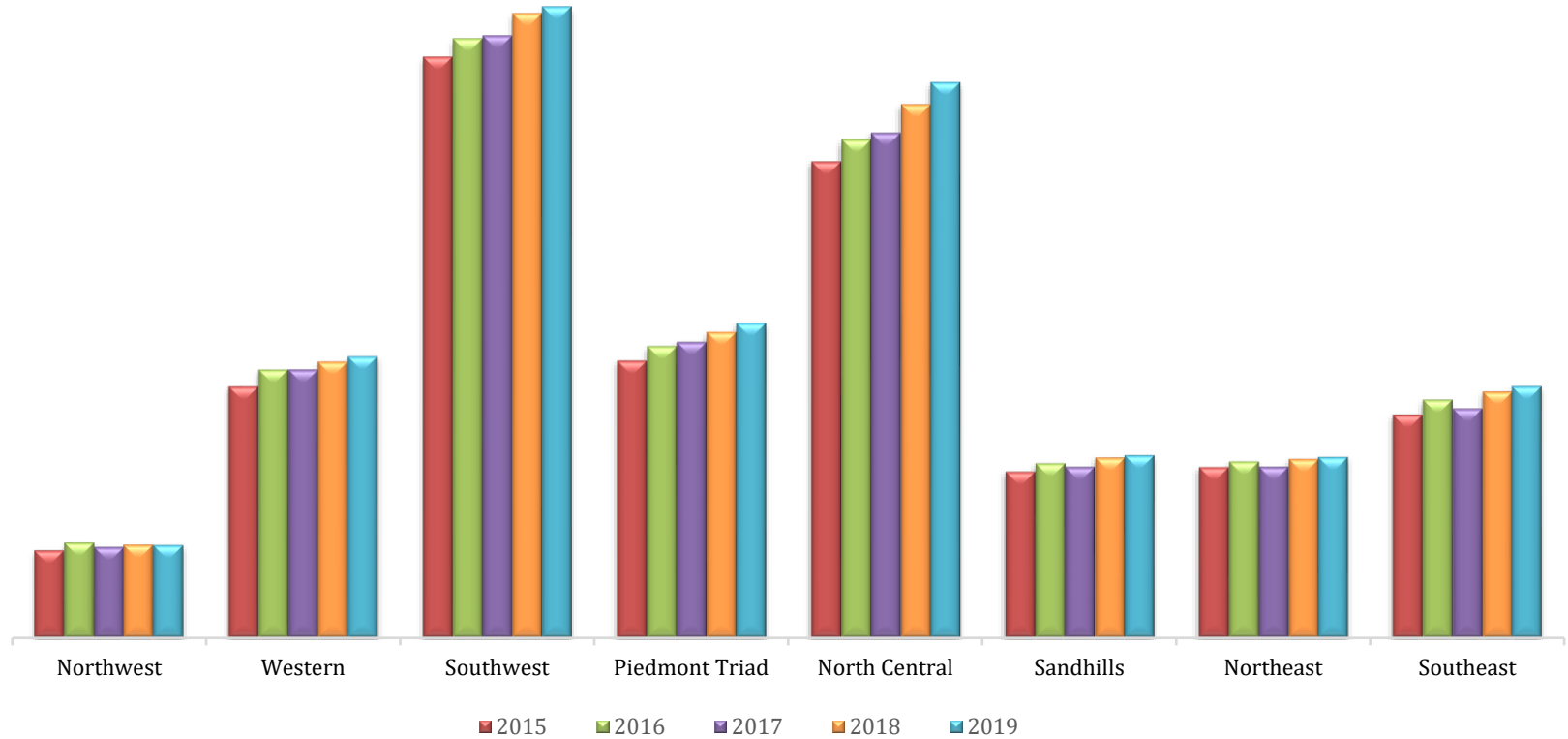


STR, 2020

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

- Room demand was up in seven of the eight regions of the state from 2018 to 2019. The North Central Region led the state in demand growth with 4.1 percent, followed by the Piedmont Triad (+3.1%) and Southeast (+2.2%) regions.

### Regional Room Demand in North Carolina 2015-2019



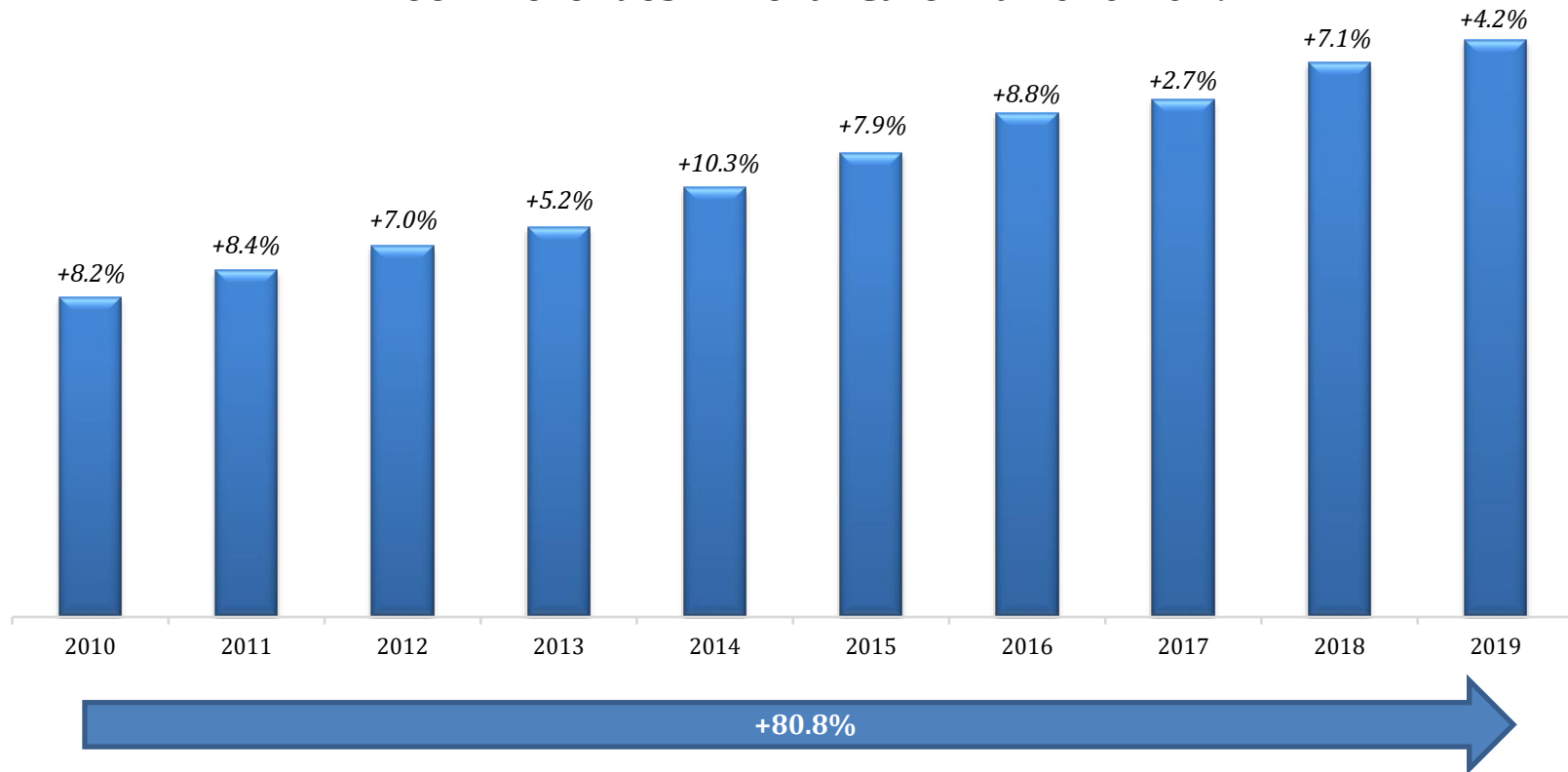
<b>2019</b>	-0.2%	+2.0%	+1.0%	+3.1%	+4.1%	+1.4%	+1.2%	+2.2%
<b>2018</b>	+2.6%	+3.0%	+3.7%	+3.4%	+5.6%	+5.4%	+4.5%	+7.4%
<b>2017</b>	-4.7%	+0.1%	+0.5%	+1.5%	+1.4%	-2.0%	-2.9%	-3.6%
<b>2016</b>	+8.8%	+6.5%	+3.1%	+5.0%	+4.5%	+4.8%	+3.1%	+6.4%
<b>2015</b>	+2.8%	+5.3%	+3.1%	+1.3%	+3.4%	+0.6%	+4.5%	+2.3%

STR, 2020

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

- North Carolina commercial **room revenues** were up 4.2% in 2019 from 2018, topping \$4.0 billion for the first time. Statewide **room revenues** have increased more than 80 percent since 2010 and nearly 35 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 2010-2019

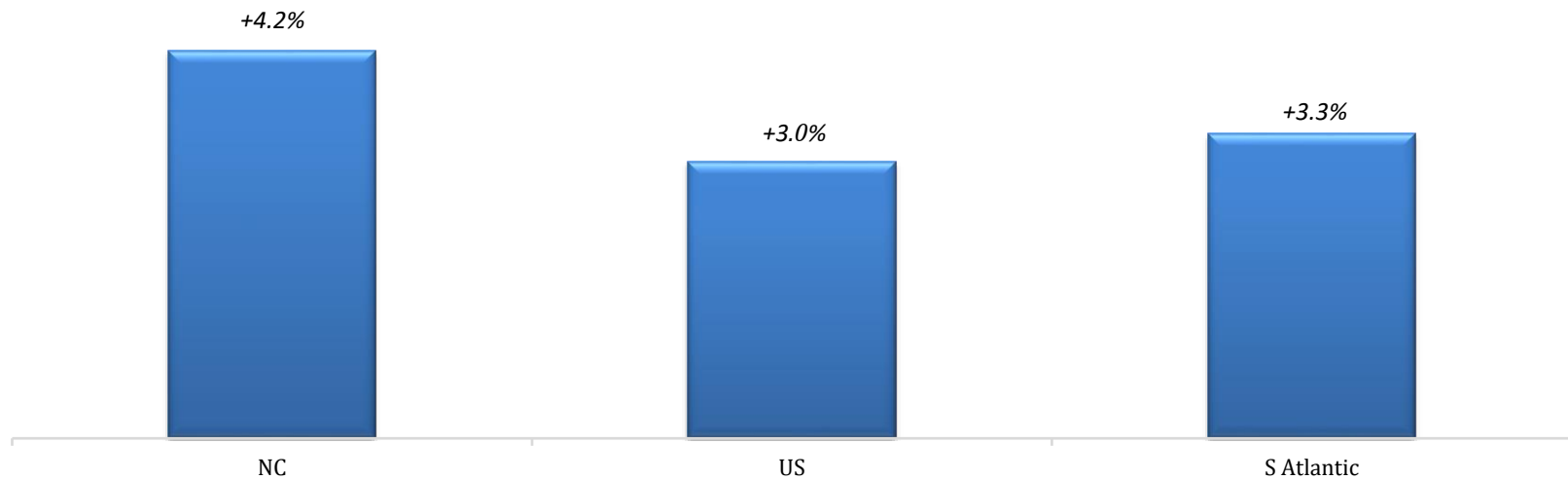


STR, 2020

\*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 3.0 percent nationally and up 3.3 percent in the South Atlantic states from 2018 to 2019.

### North Carolina Room Revenue Growth Compared to US and South Atlantic Region 2018-2019



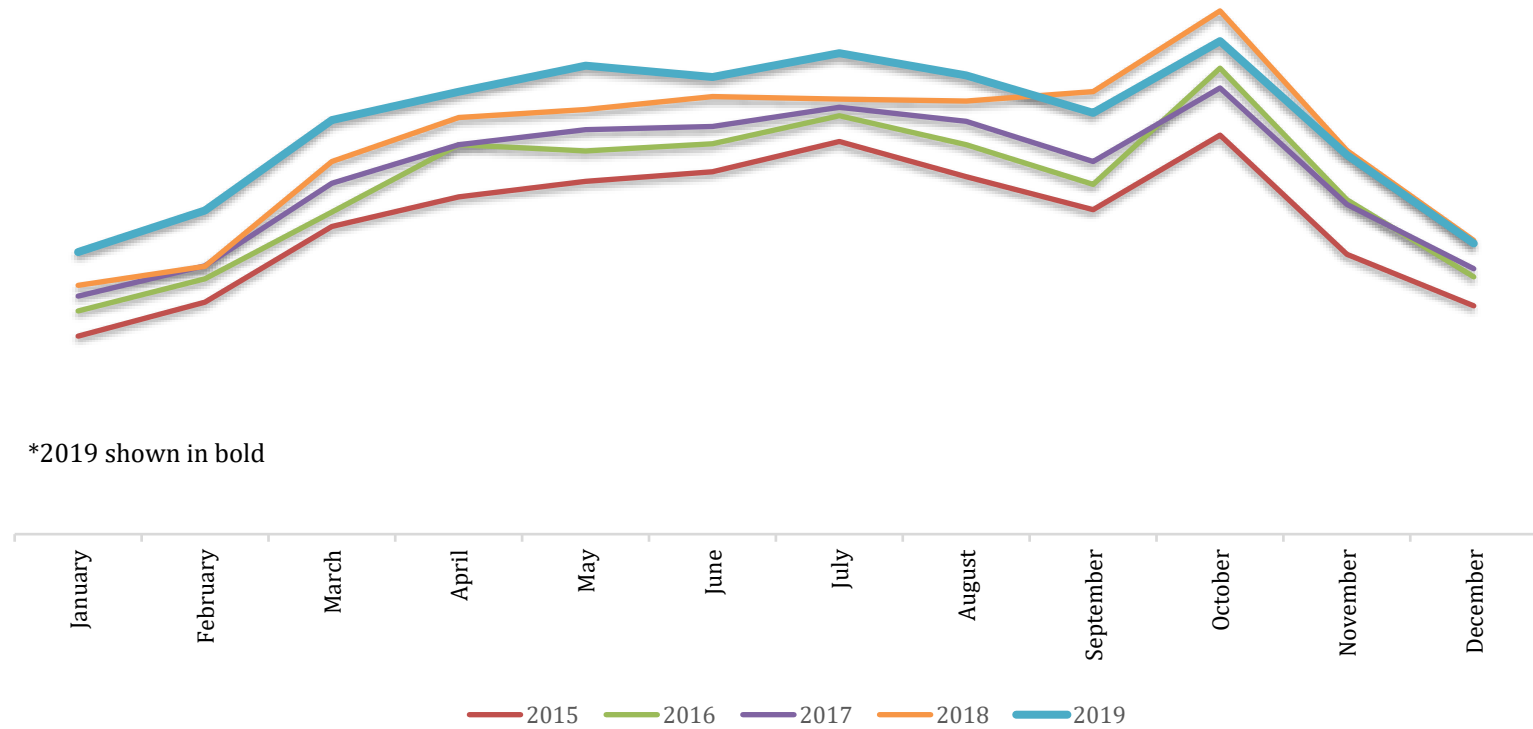
STR, 2020

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



- January through August 2019 posted record **room revenues**. September through December revenues were down from 2018, due to strong revenues post-hurricane 2018 as part of recovery efforts and evacuees from the storm.

### Monthly Room Revenues in North Carolina 2015-2019



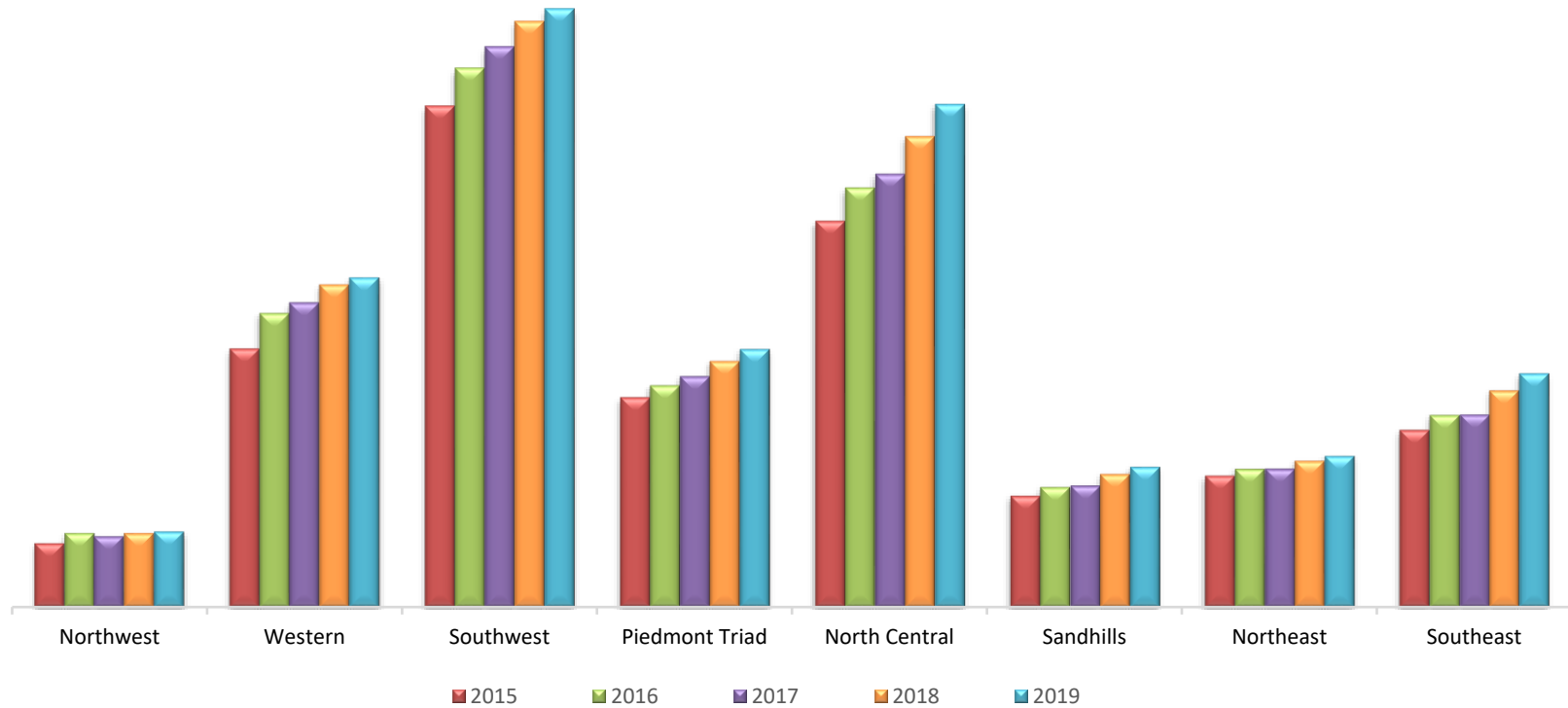
\*2019 shown in bold

STR, 2020

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

- Room revenues were up in each of the eight regions in 2019. Growth in the Southeast Region led the state with a nearly eight percent increase, followed by the North Central (+6.8%) and Sandhills (+5.2%) regions.

### Regional Room Revenues in North Carolina 2015-2019



<b>2019</b>	<b>+2.2%</b>	<b>+2.0%</b>	<b>+2.1%</b>	<b>+4.7%</b>	<b>+6.8%</b>	<b>+5.2%</b>	<b>+3.2%</b>	<b>+7.7%</b>
<b>2018</b>	+4.5%	+6.0%	+4.7%	+6.7%	+8.8%	+9.6%	+5.8%	+12.7%
<b>2017</b>	-4.4%	+3.6%	+3.9%	+4.1%	+3.2%	+1.2%	+0.1%	+0.2%
<b>2016</b>	+16.3%	+13.9%	+7.6%	+5.9%	+8.7%	+8.0%	+5.3%	+8.6%
<b>2015</b>	+6.4%	+13.0%	+9.1%	+5.1%	+8.8%	+0.2%	+8.9%	+4.3%

STR, 2020

\*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.