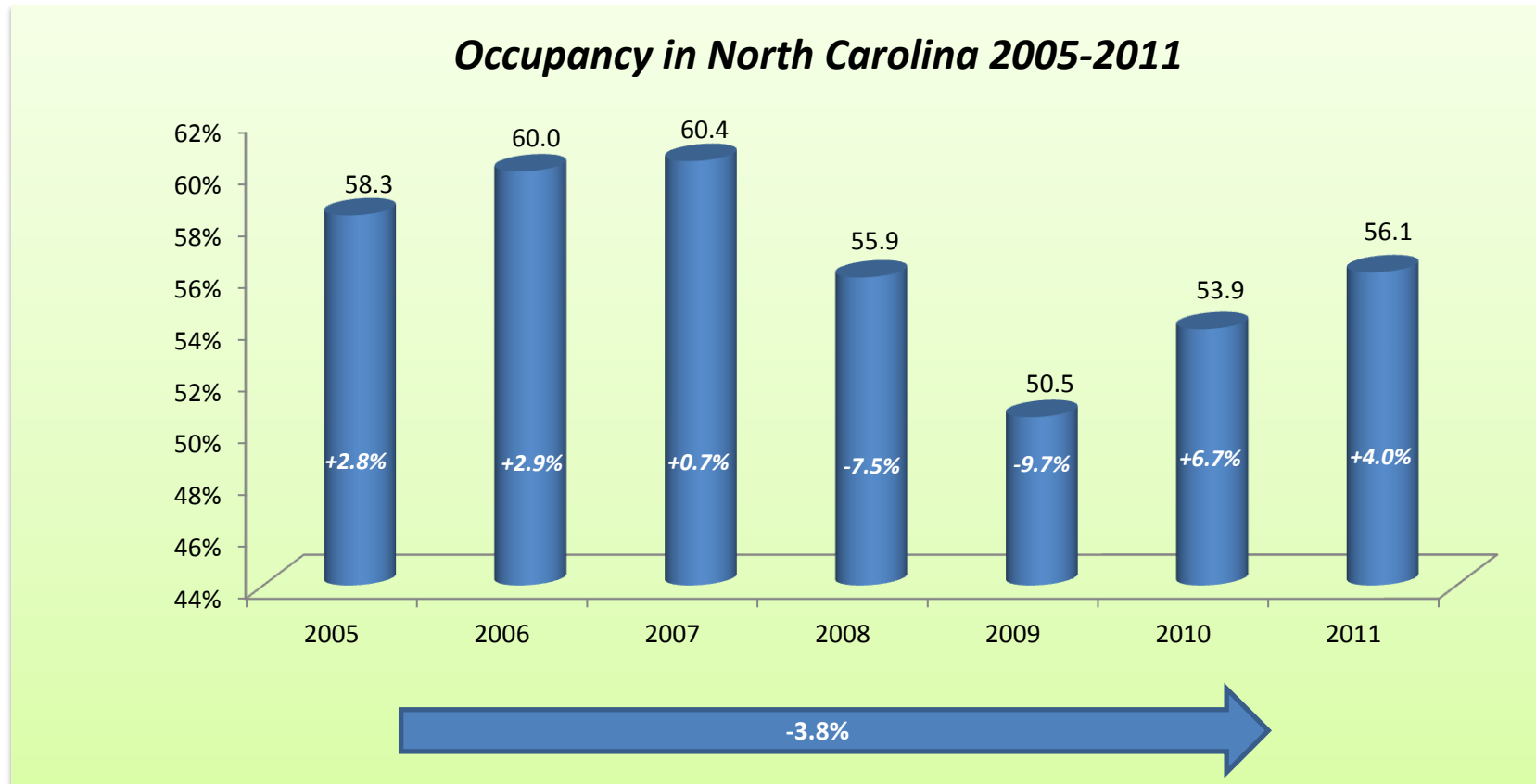NORTH CAROLINA
Department of Commerce

2011 North Carolina Lodging Report

A Publication of the North Carolina Division of Tourism, Film and Sports Development

January 2012
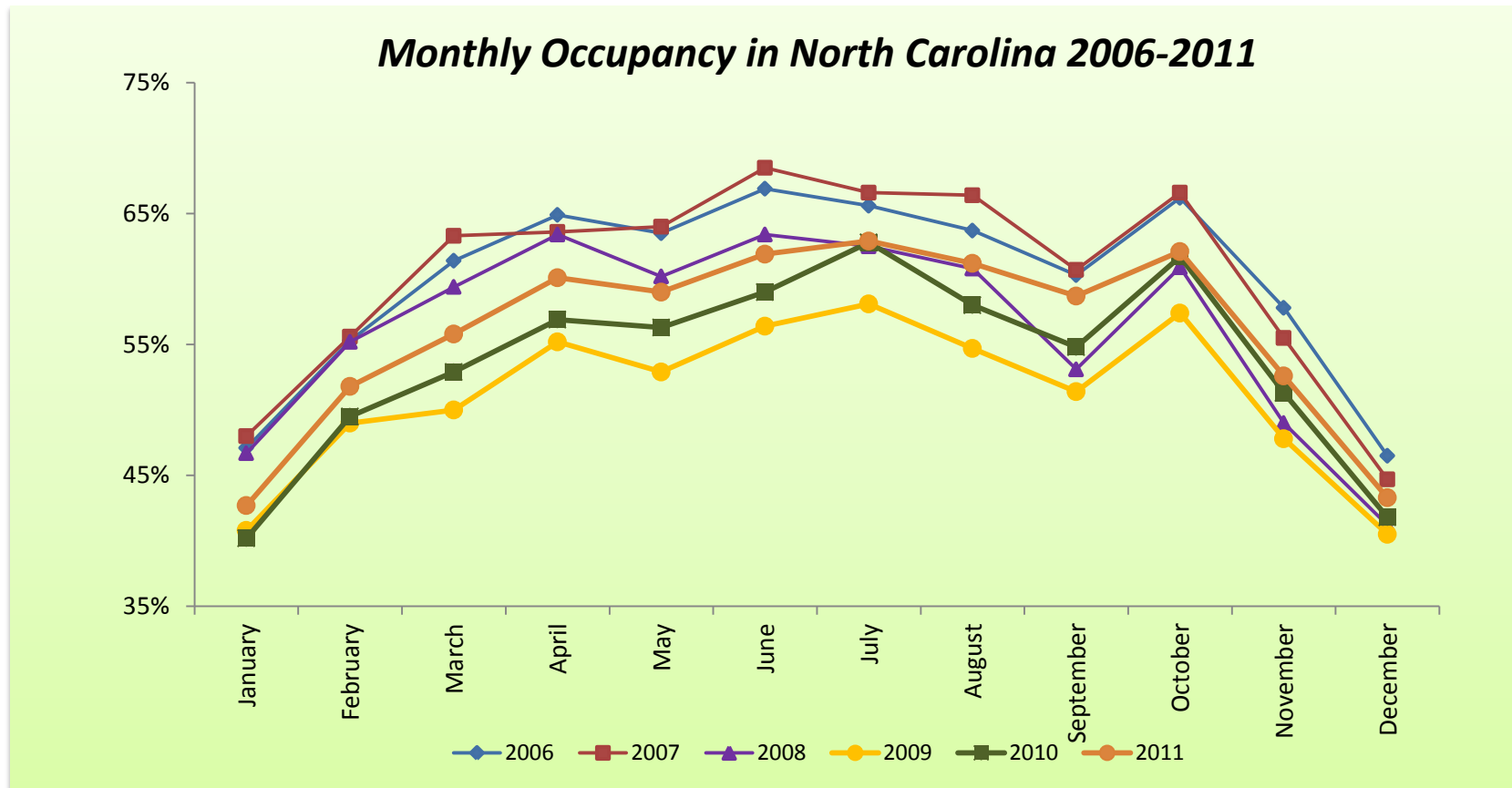
2011 North Carolina Lodging Report

- Year-end 2010 hotel/motel **occupancy** was up 4.0% statewide from 2010. This represents an eleven percent increase over the last two years, and slightly above 2008 occupancy. Though still down 3.8% from 2005, the last two years have significantly lessened the gap.
  - The US **occupancy** was up 4.4% from 2010.

Occupancy in North Carolina 2005-2011

Year	Occupancy	Change
2005	58.3	+2.8%
2006	60.0	+2.9%
2007	60.4	+0.7%
2008	55.9	-7.5%
2009	50.5	-9.7%
2010	53.9	+6.7%
2011	56.1	+4.0%

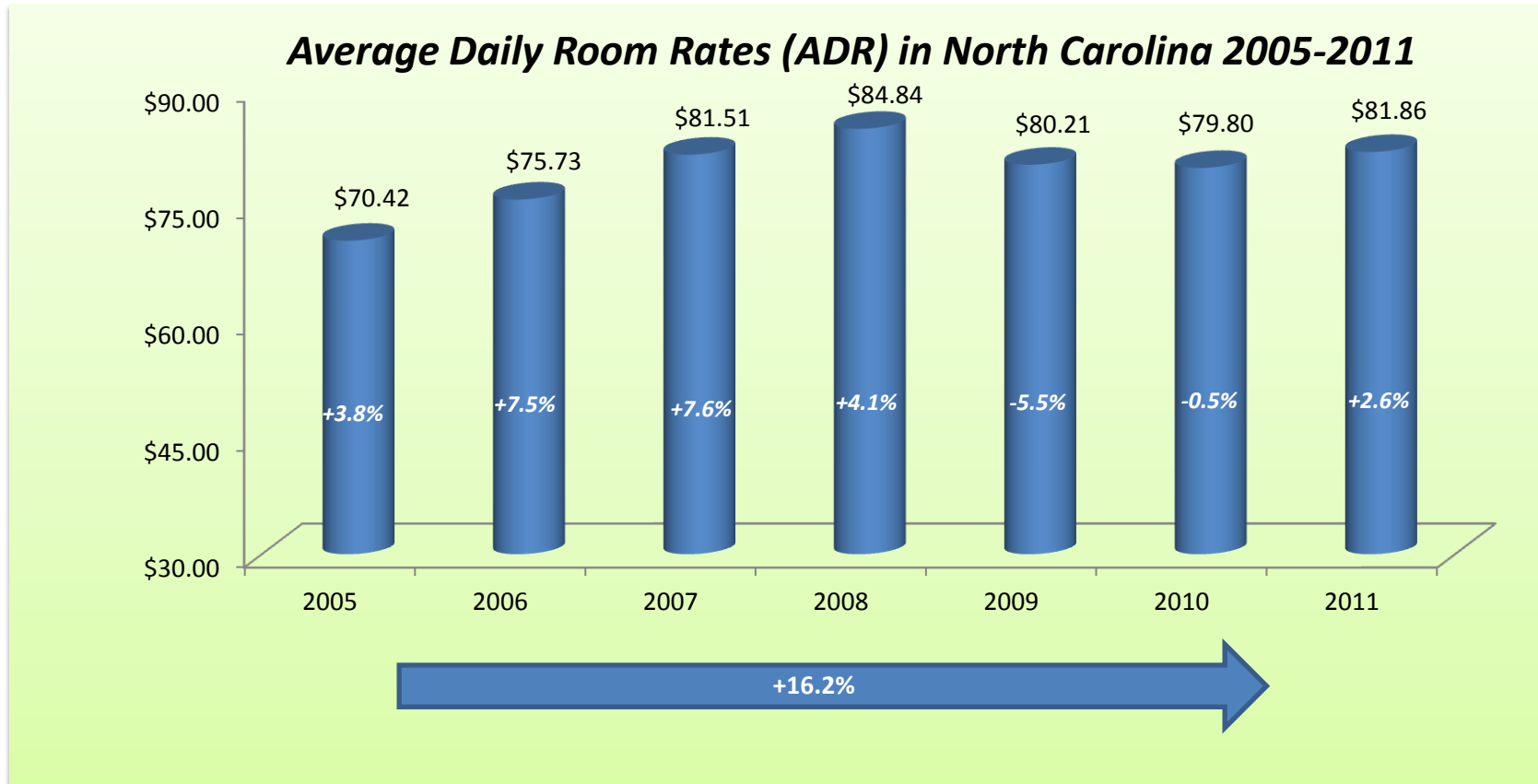-3.8%

Smith Travel Research, 2011

Occupancy – Rooms sold divided by rooms available.

- In 2011 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. September 2011 showed significant growth over the past several years (+6.7%), and had the highest monthly year over year growth in 2011. Growth was stronger during the spring, summer and early fall, and slowed a bit in late fall/early winter.   Anecdotal information from neighboring states confirms similar trend lines for them, as well as nationwide estimates.

Monthly Occupancy in North Carolina 2006-2011
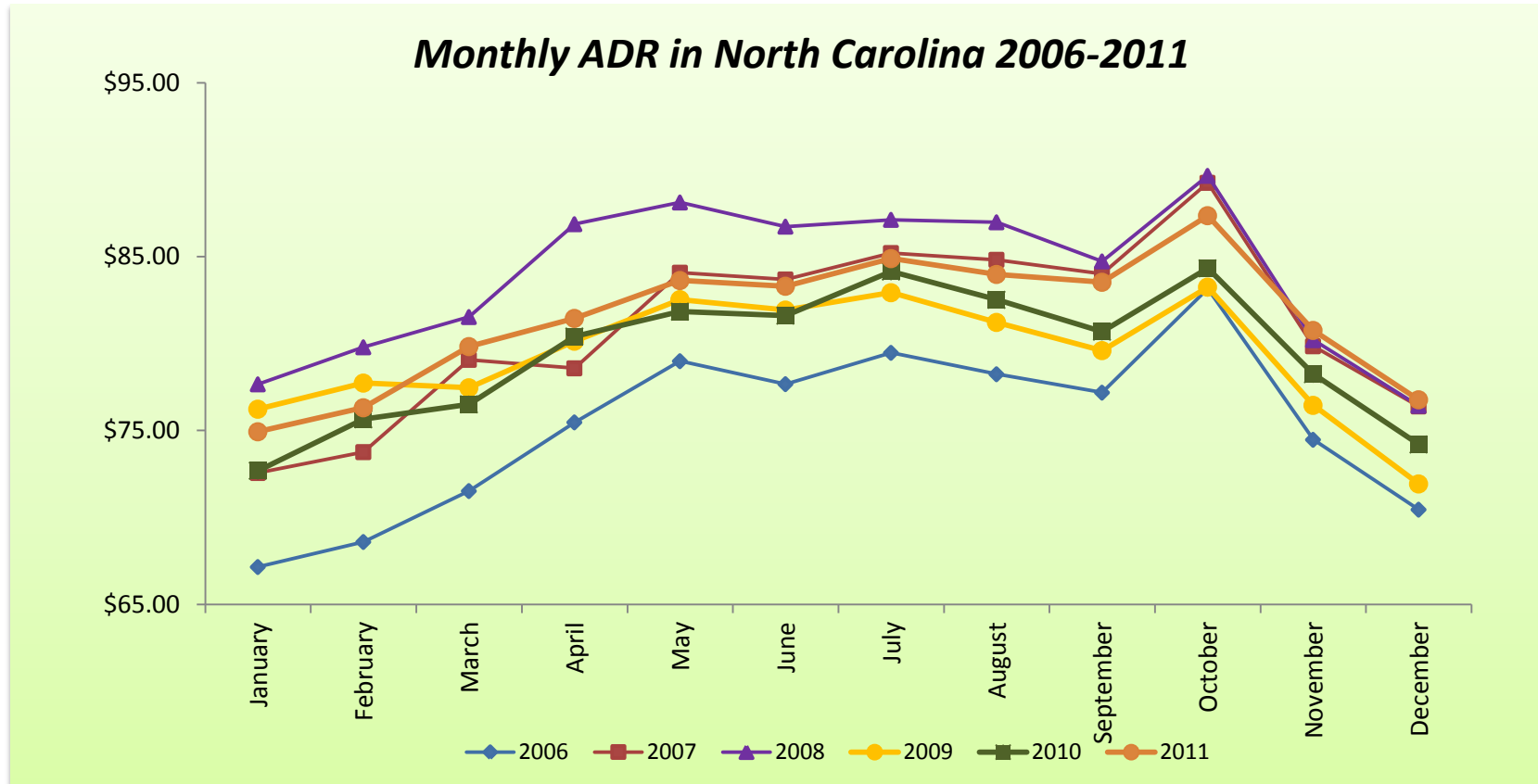

Smith Travel Research, 2011

- 2011 **room rates (ADR)** in North Carolina were up 2.6% from 2010. **Room rates** have increased 2.1% over the last two years, but are still 3.5% below the record high 2008 rates.
  - o The US **ADR** was up 3.7% from 2010.

Average Daily Room Rates (ADR) in North Carolina 2005-2011

Year	ADR	Change
2005	$70.42	+3.8%
2006	$75.73	+7.5%
2007	$81.51	+7.6%
2008	$84.84	+4.1%
2009	$80.21	-5.5%
2010	$79.80	-0.5%
2011	$81.86	+2.6%

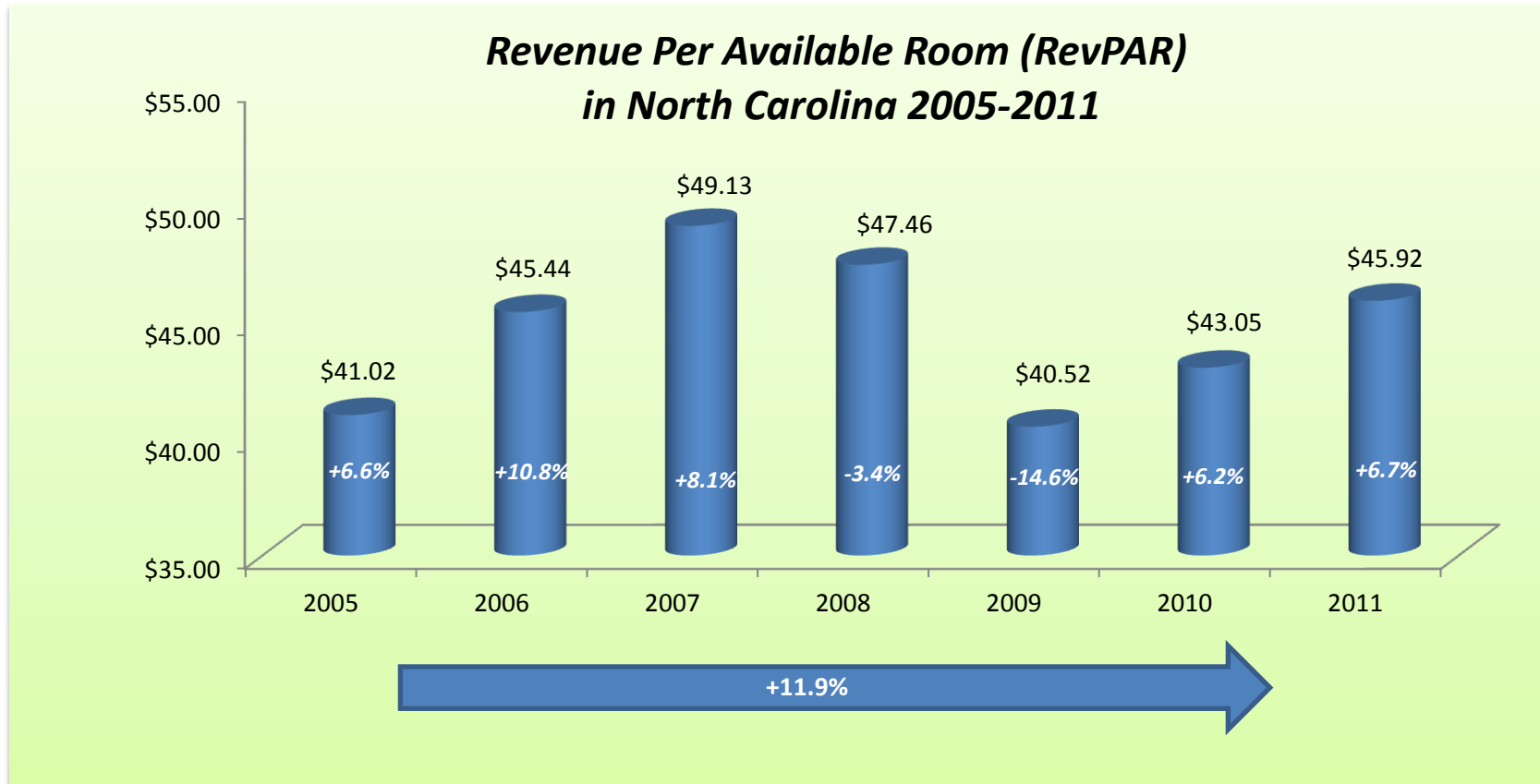+16.2%

Smith Travel Research, 2011

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

- **Room rates (ADR)** in North Carolina in 2011 inched above 2009 levels in early spring and steadily increased as the year went by. Late fall/early winter saw the highest room rates on record for those particular months, as ADR moved slightly above 2008 rates.

Monthly ADR in North Carolina 2006-2011
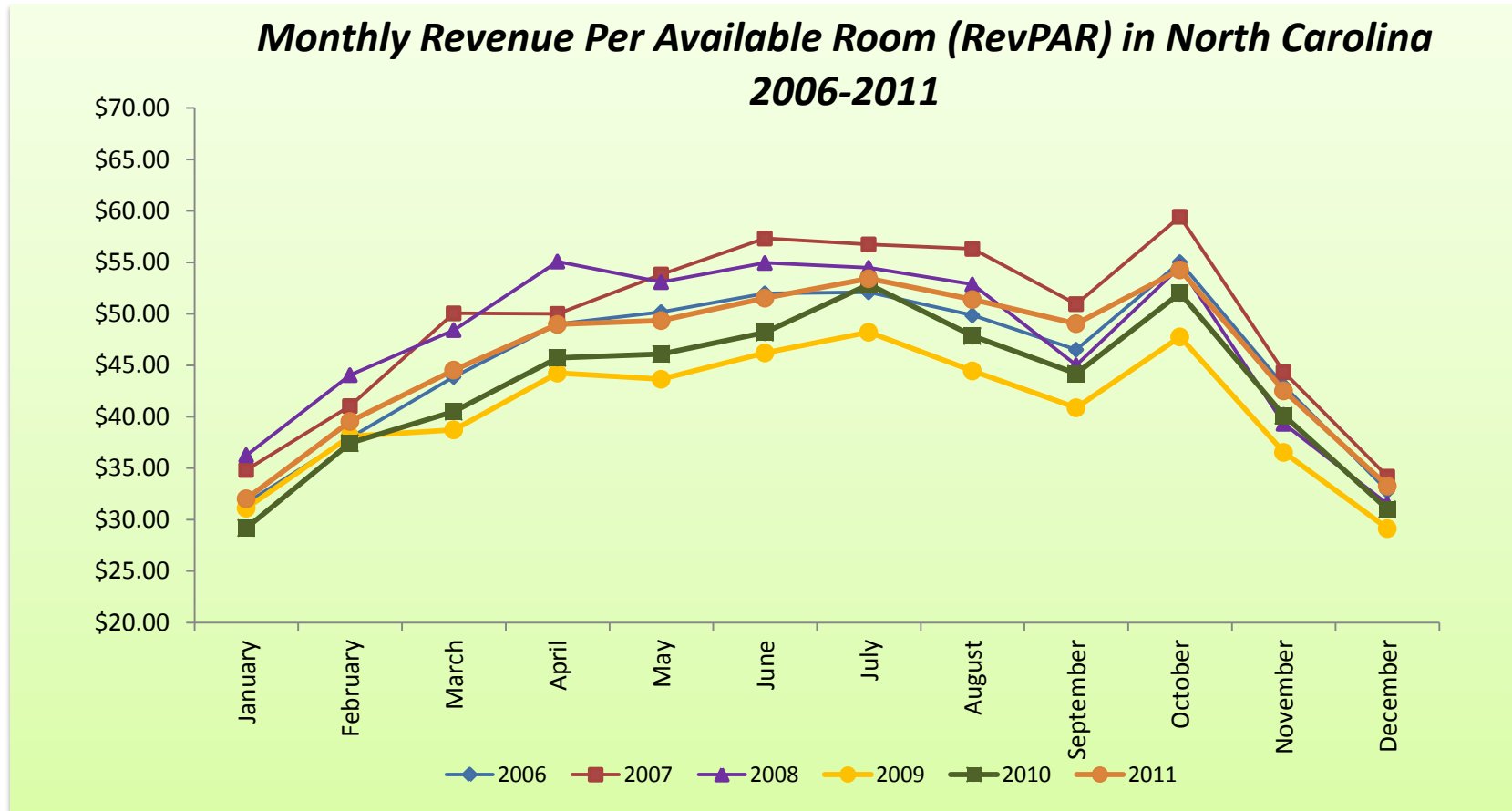
Smith Travel Research, 2011

- Statewide, Revenue Per Available Room **(RevPAR)** was up 6.7% from 2010. **RevPAR** increased 13.3% over the last two years, but is still down 6.5% from the high in 2007.
  - o   Nationally, **RevPAR** was up 8.2% from 2009.

Revenue Per Available Room (RevPAR) in North Carolina 2005-2011

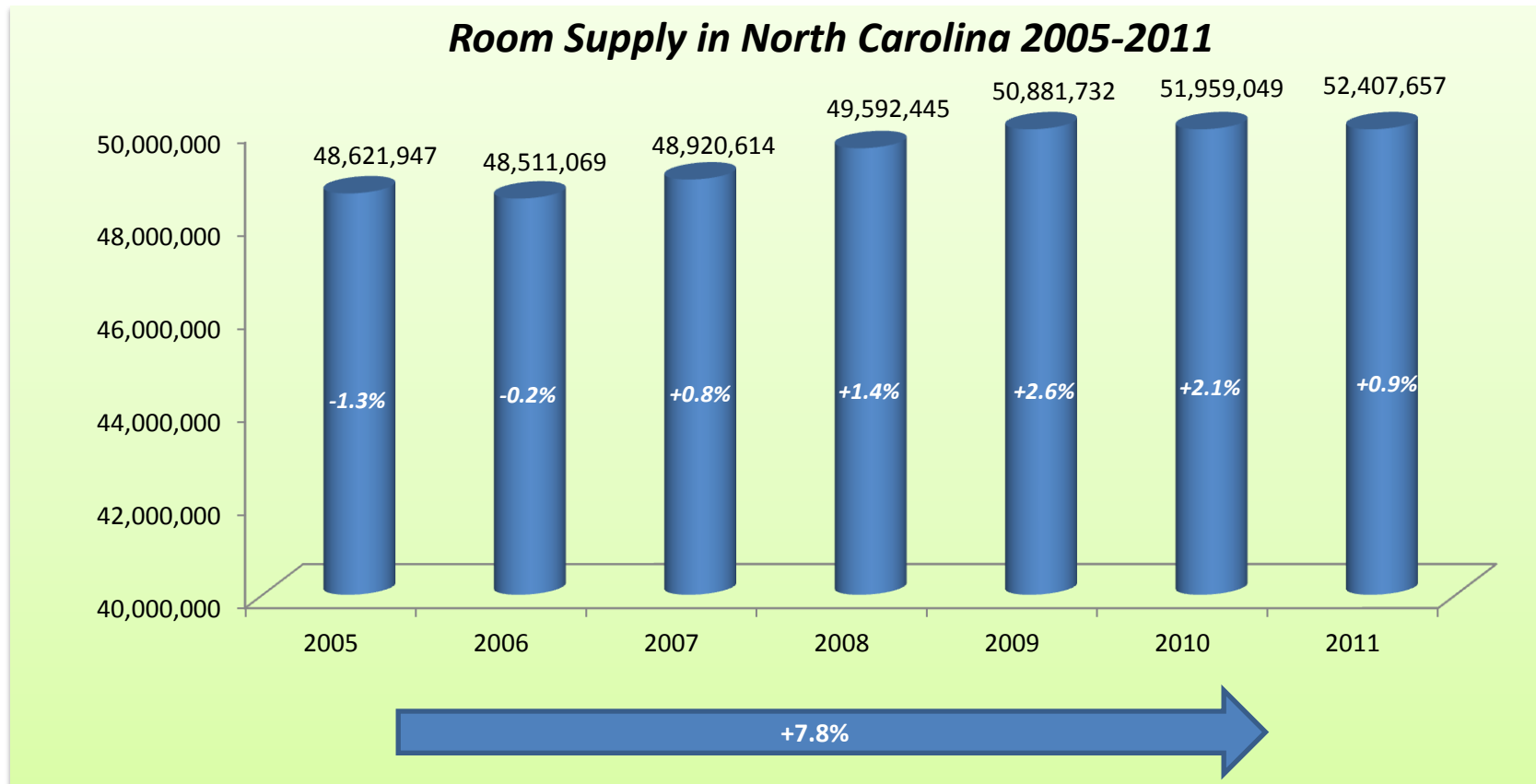| Year	RevPAR	Change
2005	$41.02	+6.6%
2006	$45.44	+10.8%
2007	$49.13	+8.1%
2008	$47.46	-3.4%
2009	$40.52	-14.6%
2010	$43.05	+6.2%
2011	$45.92	+6.7%

+11.9%

Smith Travel Research, 2011

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

- 2011 statewide monthly Revenue per Available Room **(RevPAR)** still lagged behind 2007 and 2008 for most of the year, but picked up during the fall and early winter relative to seasonal trends.

Monthly Revenue Per Available Room (RevPAR) in North Carolina 2006-2011
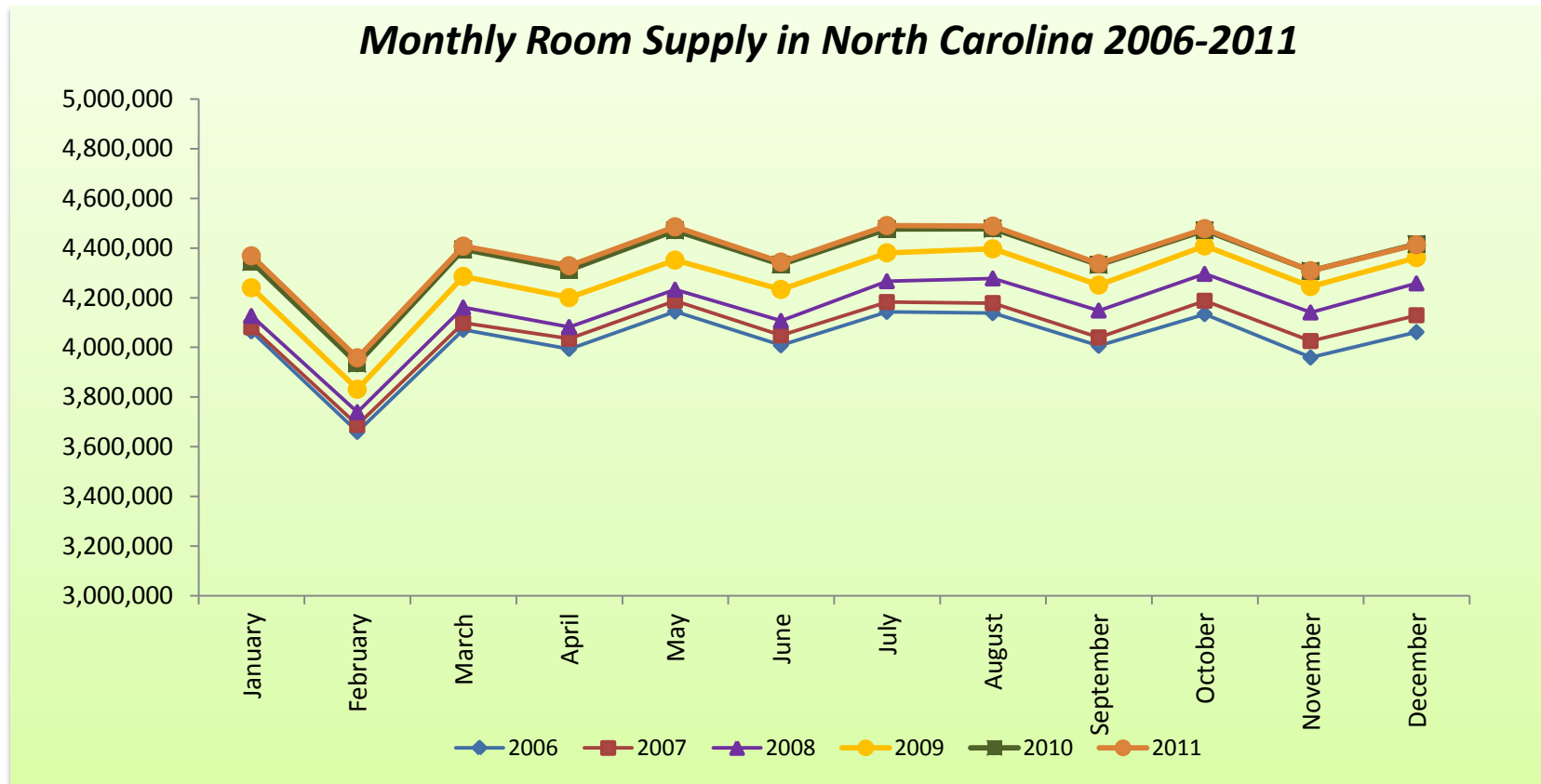

Smith Travel Research, 2011

- 2011 **Room Supply** was up 0.9% in the state from 2010, and at over 52 million is the highest on record. **Room supply** has increased 7.8% since 2005, in small part leading to some of the decrease in occupancy over that time period.
    - Nationally, **room supply** was up 0.6%.

Room Supply in North Carolina 2005-2011

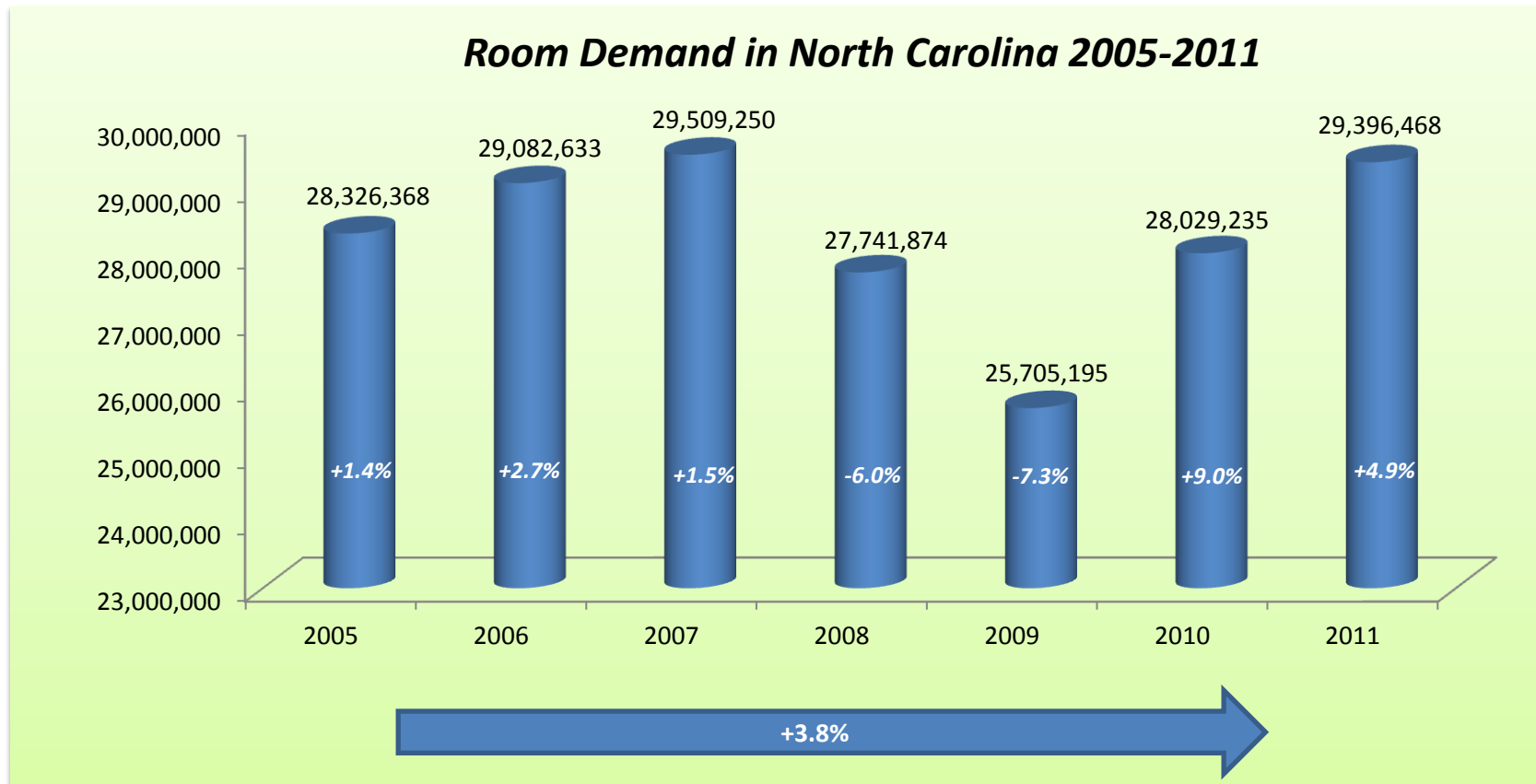| Year	Room Supply	Change
2005	48,621,947	-1.3%
2006	48,511,069	-0.2%
2007	48,920,614	+0.8%
2008	49,592,445	+1.4%
2009	50,881,732	+2.6%
2010	51,959,049	+2.1%
2011	52,407,657	+0.9%

+7.8%

Smith Travel Research, 2011

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

- **Room Supply** in 2011 followed the same trend line as last year, but growth slowed to almost flat from 2010 to 2011.

Monthly Room Supply in North Carolina 2006-2011
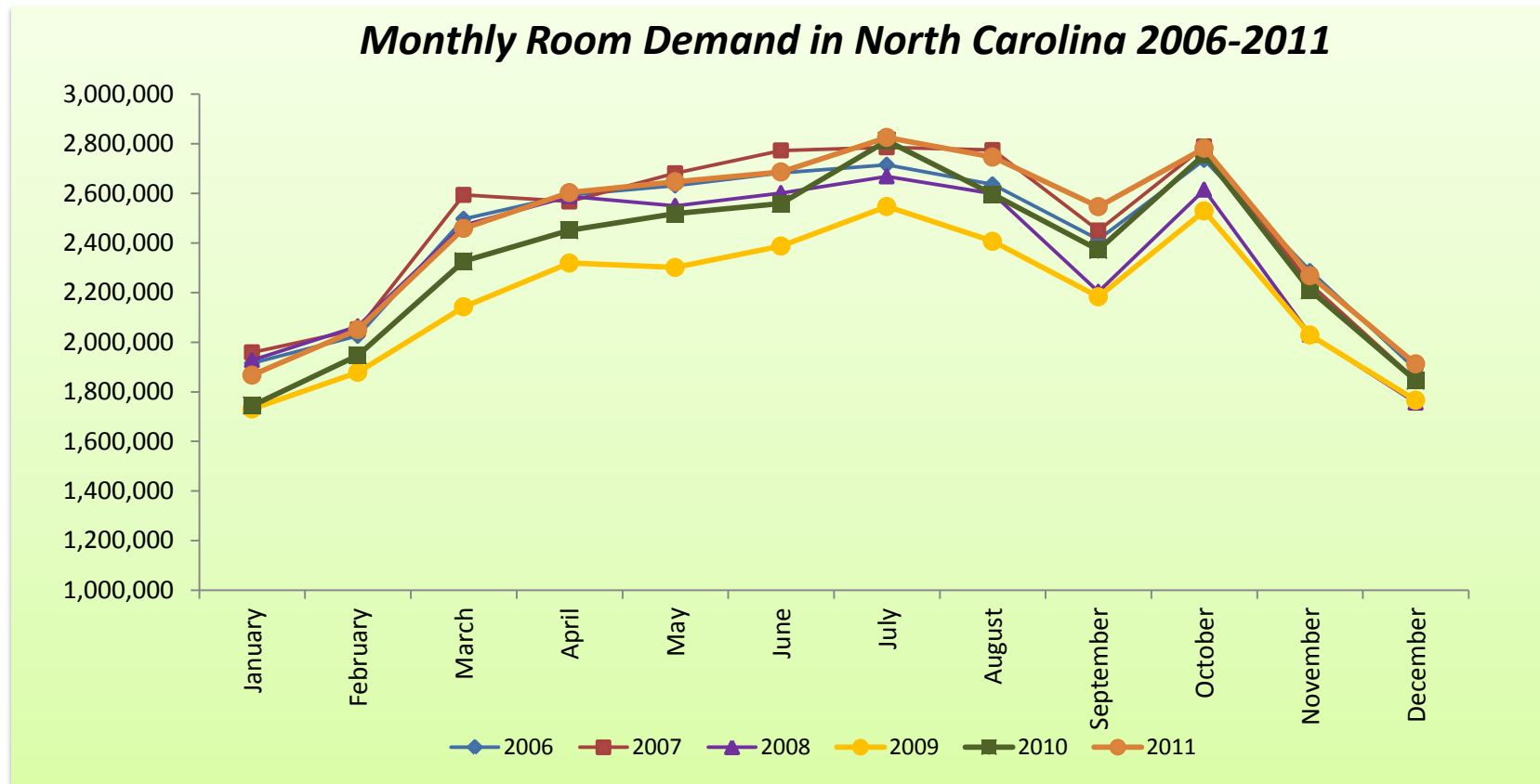

Smith Travel Research, 2011

- 2011 **Room Demand** was up 4.9% in the state, and has nearly reached 2007 demand. Since 2005, **room demand** is up 3.8%, after several years of steady increases followed by two years of drastic declines.
  - o Nationally, **room demand** was up 5.0%.

Room Demand in North Carolina 2005-2011

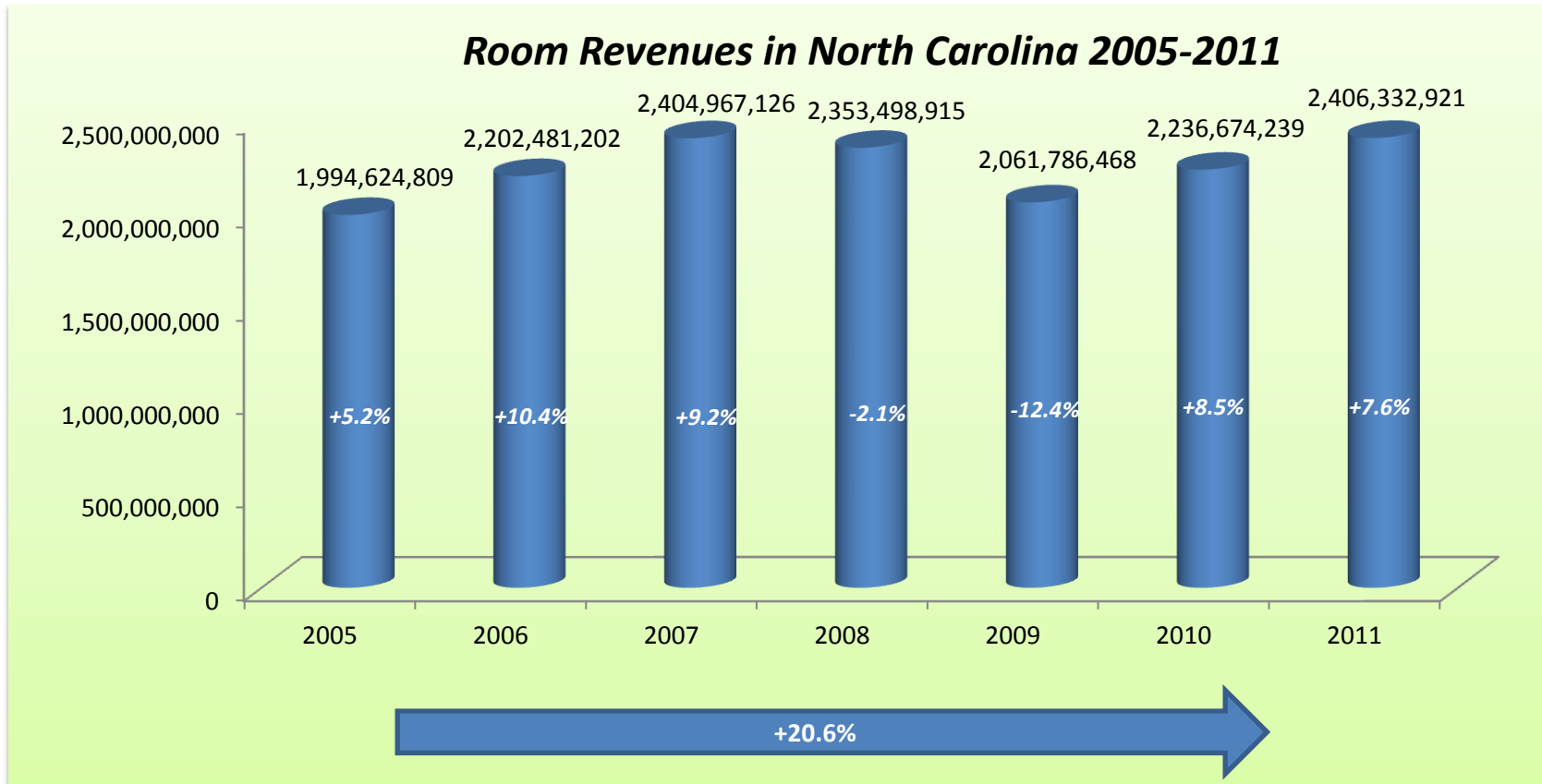| Year	Room Demand	Change
2005	28,326,368	+1.4%
2006	29,082,633	+2.7%
2007	29,509,250	+1.5%
2008	27,741,874	-6.0%
2009	25,705,195	-7.3%
2010	28,029,235	+9.0%
2011	29,396,468	+4.9%

+3.8%

Smith Travel Research, 2011

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

- Nearly every month in 2011 showed increased statewide **Room Demand** from 2010. July was fairly flat, but had experienced a large increase from 2009 to 2010, thus evening out in 2011. Room demand growth slowed in the fourth quarter, but still ended the year on a positive note. 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.

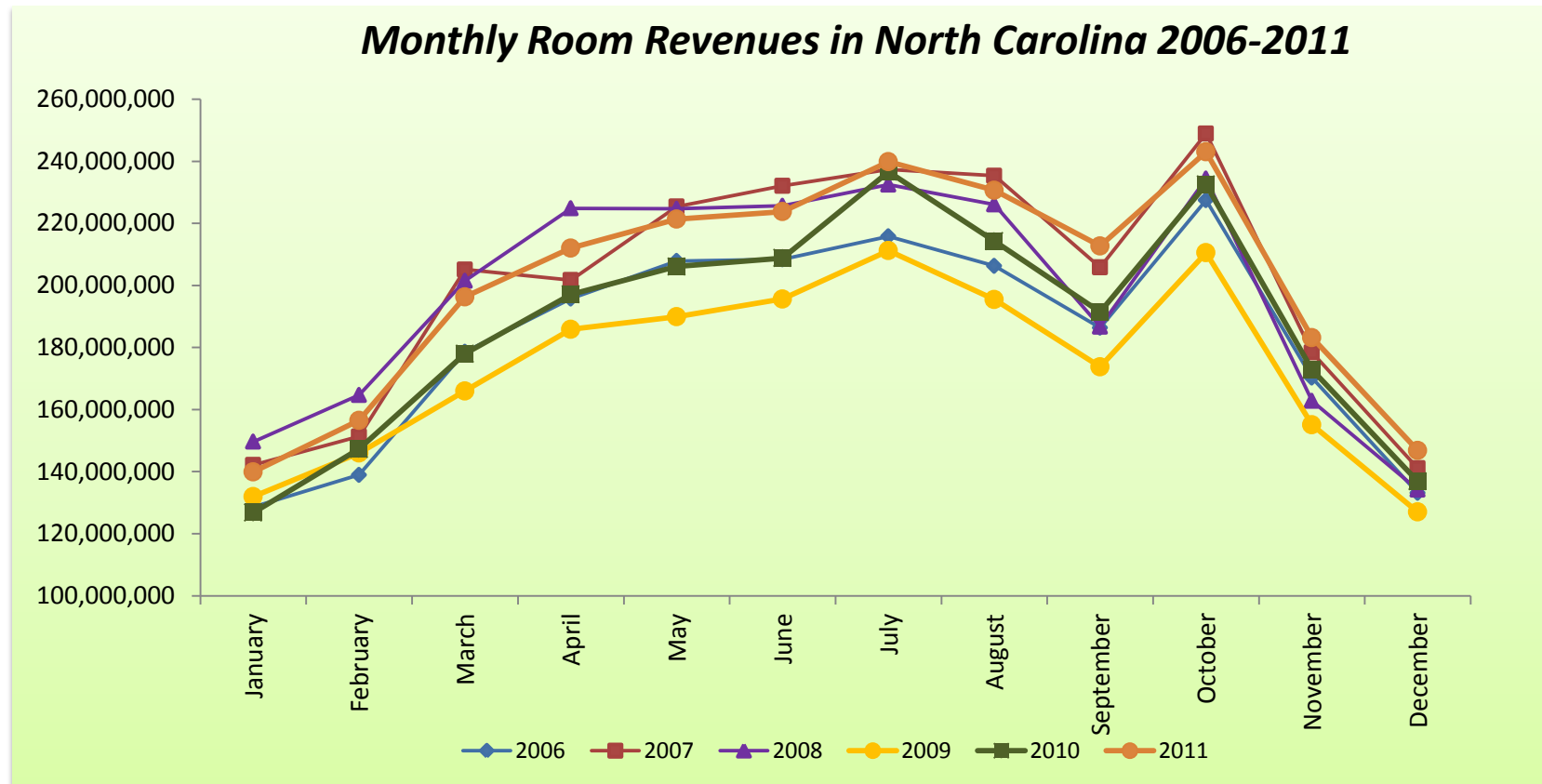**Monthly Room Demand in North Carolina 2006-2011**

Smith Travel Research, 2011

- North Carolina **room revenues** were up 7.6% in 2011 from 2010, topping $2.4 billion and the previous high in 2007. Statewide **room revenues** have increased over twenty percent since 2005. This is due in large part to the increased ADR from 2005-2007, and a resurge in 2011.
    - o Nationally, **room revenues** were up 8.8%.

Room Revenues in North Carolina 2005-2011

Year	Revenue	Change
2005	1,994,624,809	+5.2%
2006	2,202,481,202	+10.4%
2007	2,404,967,126	+9.2%
2008	2,353,498,915	-2.1%
2009	2,061,786,468	-12.4%
2010	2,236,674,239	+8.5%
2011	2,406,332,921	+7.6%

+20.6%

Smith Travel Research, 2011

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

- North Carolina **room revenues** in 2011 showed remarkable increases nearly every month over 2010. Revenue growth in July was not as strong, but 2010 jumped dramatically for that particular month. As opposed to last year, this is both a function of demand and room rate increases.

Monthly Room Revenues in North Carolina 2006-2011

Legend: 2006, 2007, 2008, 2009, 2010, 2011

Smith Travel Research, 2011

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 (Sample Rooms/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.