

Buncombe County Competitive Demand Analysis

August 30, 2017



Competitive Demand Analysis

- As we neared our fiscal year end, our data on hotel demand growth for the year raised some concerns
- It appeared that our growth - especially in early 2017 - was not as robust as that of some of our key competitors, including Charleston and Savannah
- We decided to dig in to available data to determine whether we were indeed underperforming on demand growth, and what the causes might be

Lodging Demand Data Sources

Source	Inclusions	Exclusions
Smith Travel	Hotel room supply, demand, revenue, ADR, occupancy and other statistics by market, including actual data for hotels participating in the research (estimated at 75-85% of properties)	Actual data on non-participating hotels (While actual data is used for hotels that participate in the Smith Travel research, modeled data is used for hotels that do not participate)
AirDNA	AirBnB listings, bookings, ADR and other statistics by listing type and by market	VRBO, Homeaway and other hotel-alternative lodging sources

Competitors Included in Final Analysis

Destination	Description
Buncombe County	Data shown represents Buncombe County, including but not limited to Asheville
Charleston	Data shown represents the city of Charleston, South Carolina
Greenville	Data shown represents the city of Greenville, South Carolina
Savannah	Data shown represents the city of Savannah, Georgia

Findings

(Please note that additional analysis was performed, but only data sources that yielded useful insights are included in this document.)



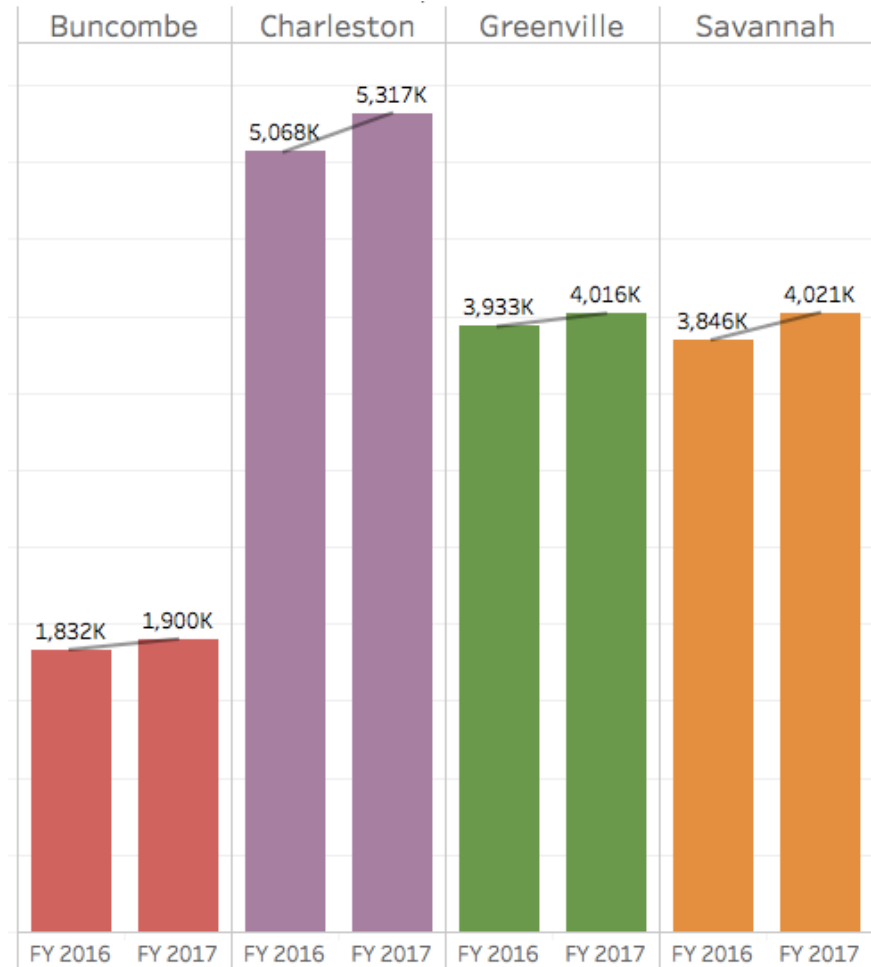
Competitive Demand Analysis

- Lodging demand growth in Buncombe County is outpacing that of key competitors
- AirBnB is the beneficiary of that growth, and is changing the dynamics of Buncombe County tourism
- Airlift may also be a factor in growth versus key competitors

After years of extraordinary growth, Buncombe County hotel demand is still growing, though perhaps not as fast as we would like.

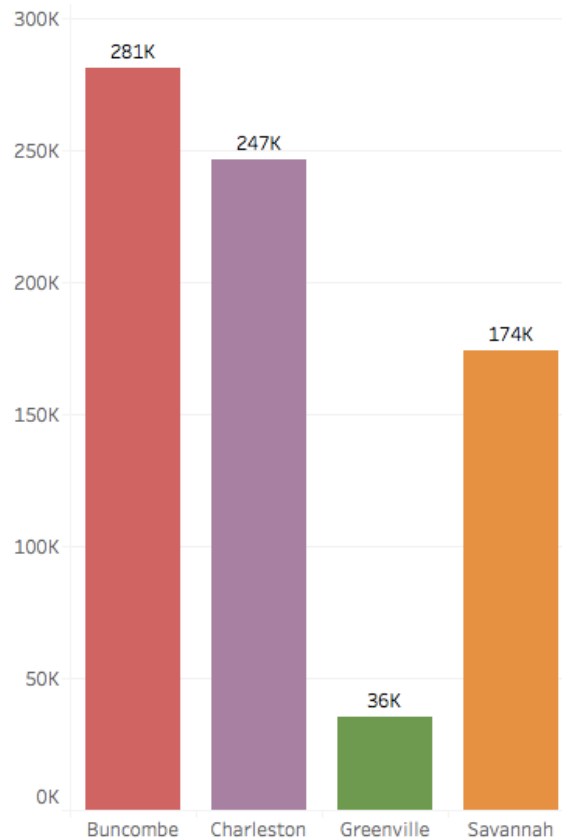
FY 2016/2017 Hotel Demand Growth*

- 3.7% Buncombe
- 4.9% Charleston
- 2.1% Greenville
- 4.5% Savannah



*Growth rate of hotel demand (room nights) per Smith Travel data, the year ending 6/30/17 versus the year ending 6/30/16.

Hotel demand does not show the full picture, however, as Buncombe County outpaces competitors in AirBnB demand.

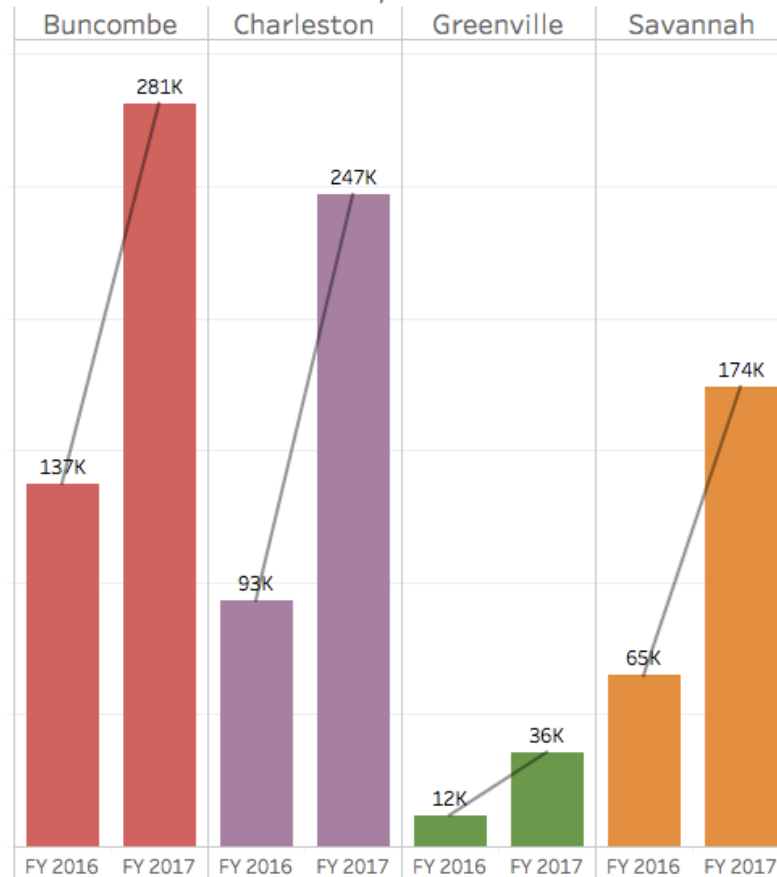


AirBnB Room Nights

AirDNA data for July 1, 2016, through June 30, 2017. Includes AirBnB entire place demand (room nights), excludes private rooms and shared rooms. Does not include any VRBO or other hotel-alternative lodging sources.

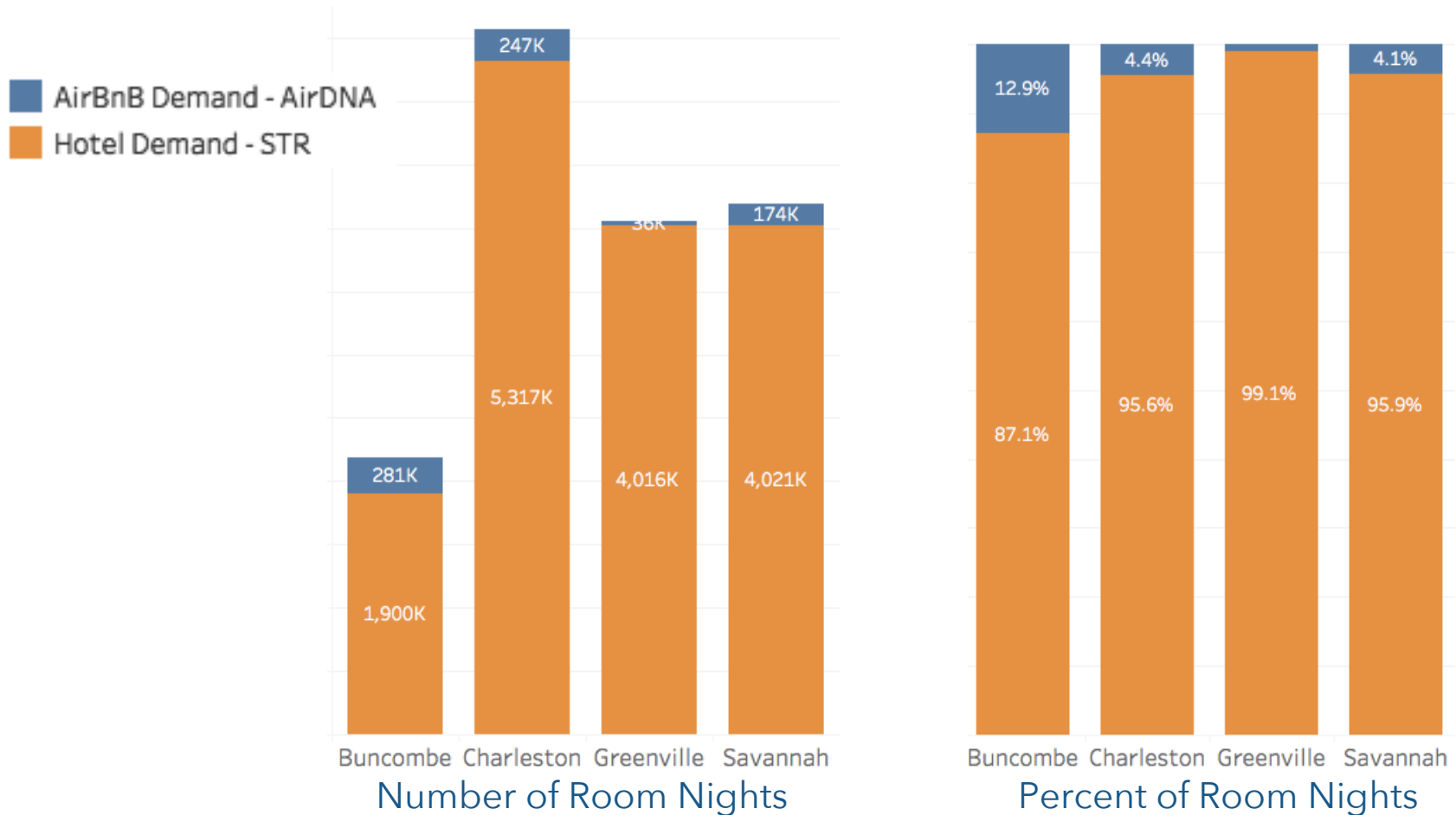
All four destinations are seeing dramatic growth in AirBnB demand.

- FY 2016/2017
AirBnB
Demand Growth
- 105% Buncombe
 - 165% Charleston
 - 205% Greenville
 - 169% Savannah



Source: AirDNA. AirBnB demand including entire place rentals only; shared rooms and private rooms in homes excluded.

AirBnB accounts for a much greater share of Buncombe County lodging demand than of competitors' demand.

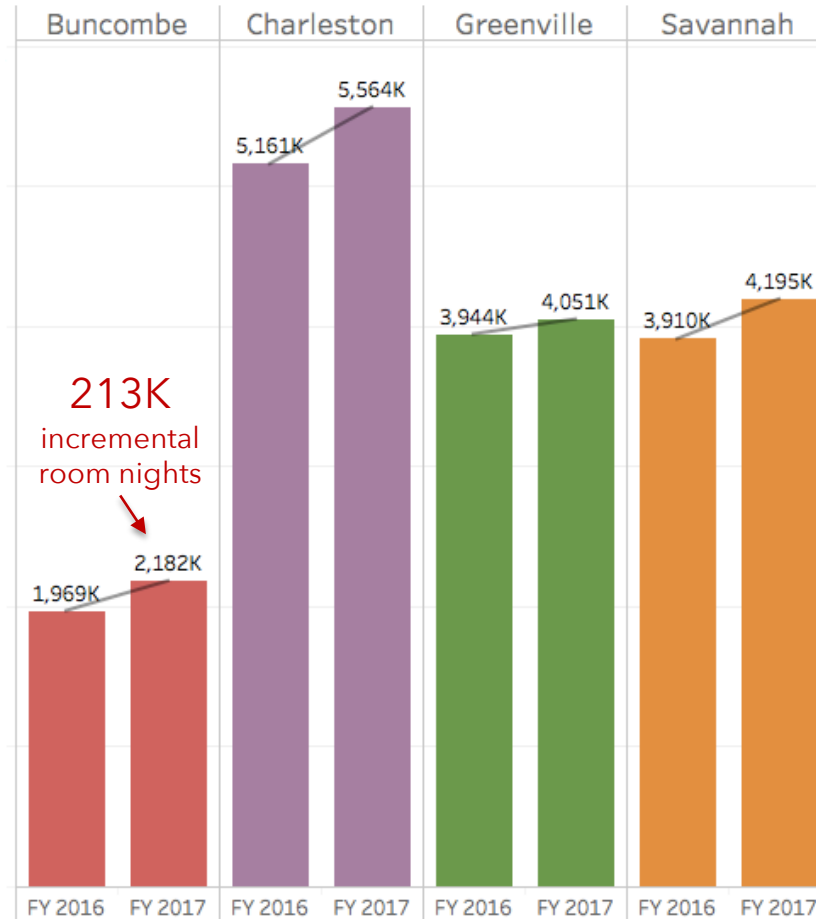


AirDNA data for July 1, 2016, through June 30, 2017. Includes entire place demand, excludes private rooms and shared rooms.

With hotel and AirBnB demand combined, Buncombe County is outpacing key competitors' growth.

FY 2016/2017
Hotel + AirBnB
Demand Growth

- **10.8% Buncombe**
- **7.8% Charleston**
- **2.7% Greenville**
- **7.3% Savannah**



Growth rate of hotel plus AirBnB demand per Smith Travel and AirDNA data, the year ending 6/30/17 versus the year ending 6/30/16. Includes AirBnB entire place demand, not private room or shared room demand. VRBO and other hotel alternatives are not included.

Lodging demand growth was positive throughout FY17, with the exception of January, which was nearly flat*.



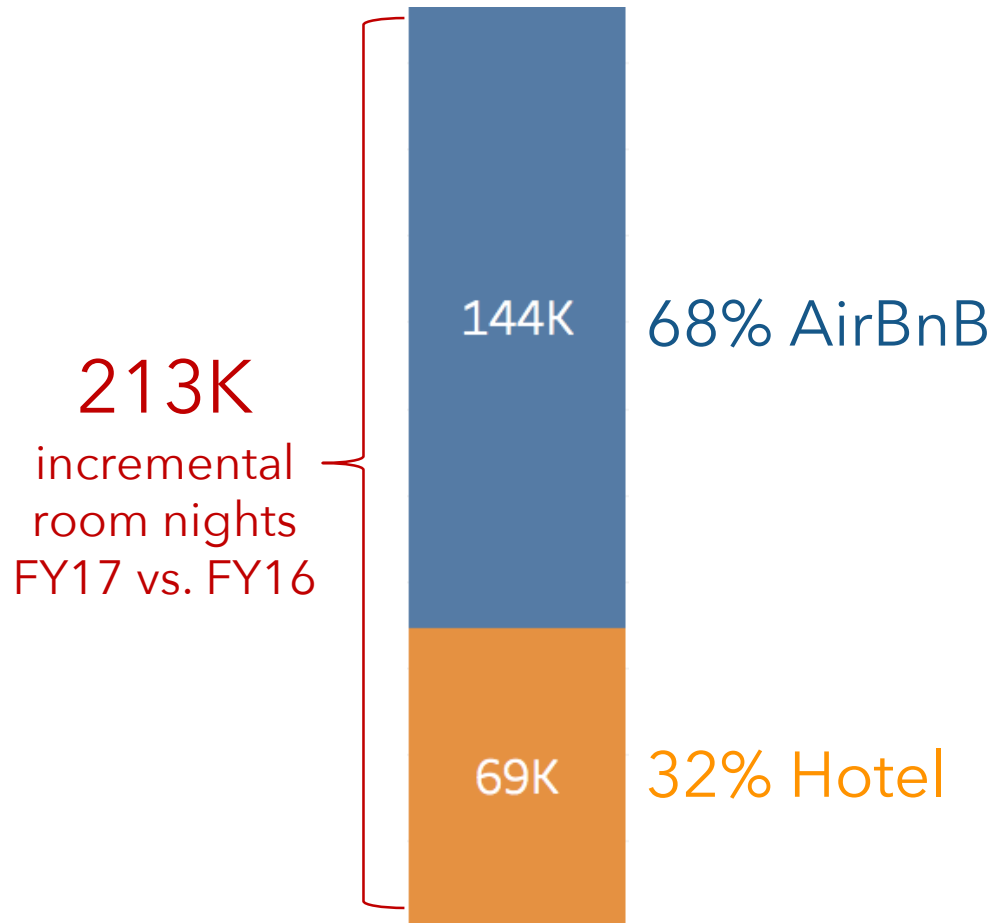
Source: Hotel demand data from Smith Travel and AirBnB data from AirDNA. Includes AirBnB entire place demand, not private room or shared room demand. **Does not include VRBO, HomeAway or other hotel-alternative lodging.**

*Cyclocross event made for a better-than-expected January 2016. April 2016 was also a strong month for group sales.

Competitive Demand Analysis

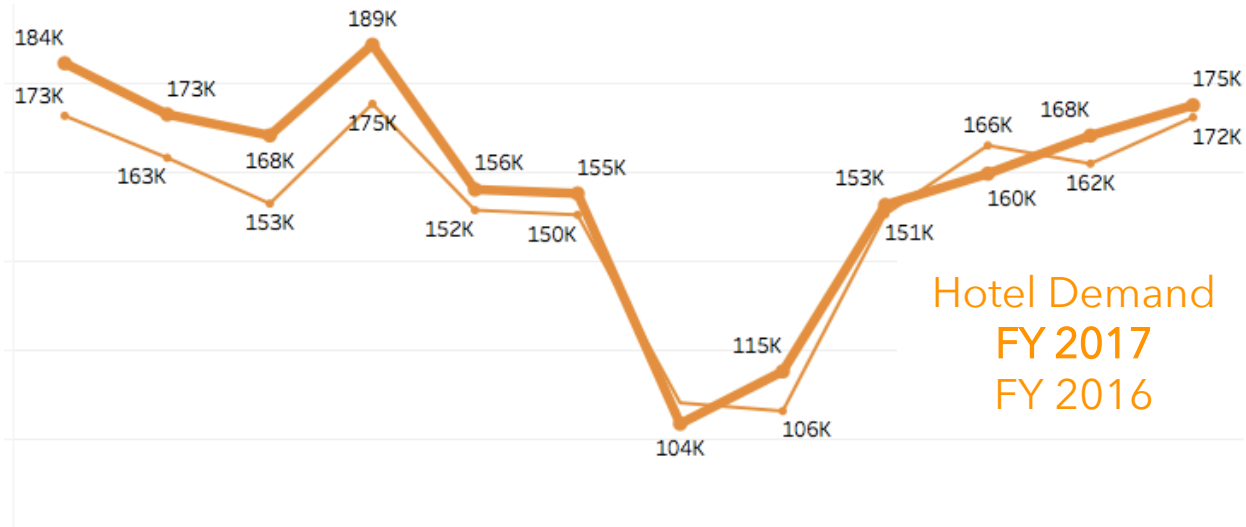
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AirBnB accounts for 68% of demand growth in FY 2017.

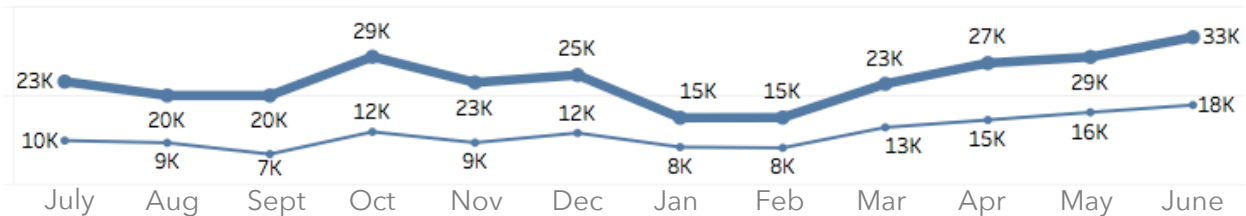


Source: Hotel demand data from Smith Travel and AirBnB data from AirDNA. Includes AirBnB entire place demand, not private room or shared room demand.

Increasingly throughout FY 2017, AirBnB was the primary beneficiary of demand growth.

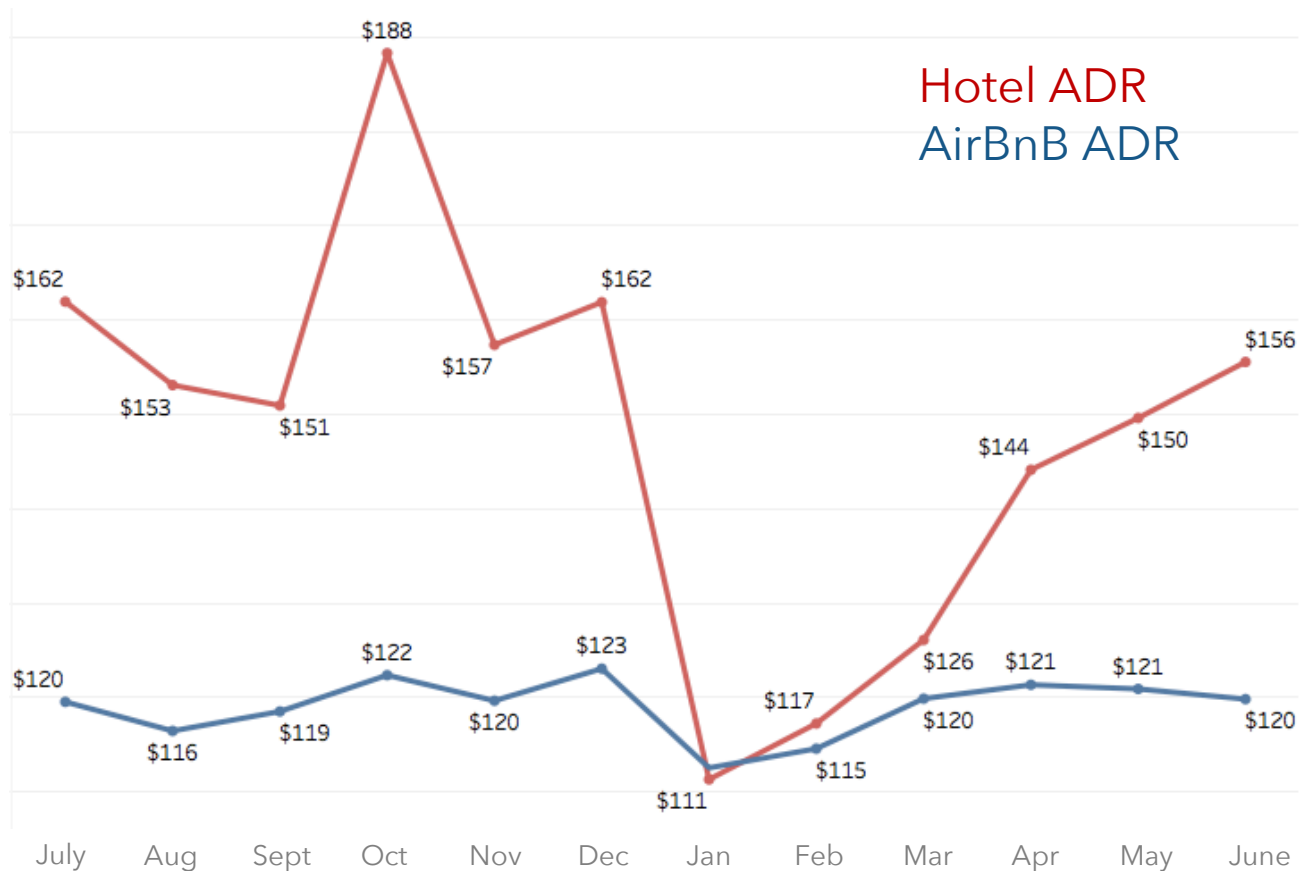


AirBnB Demand
FY 2017
FY 2016



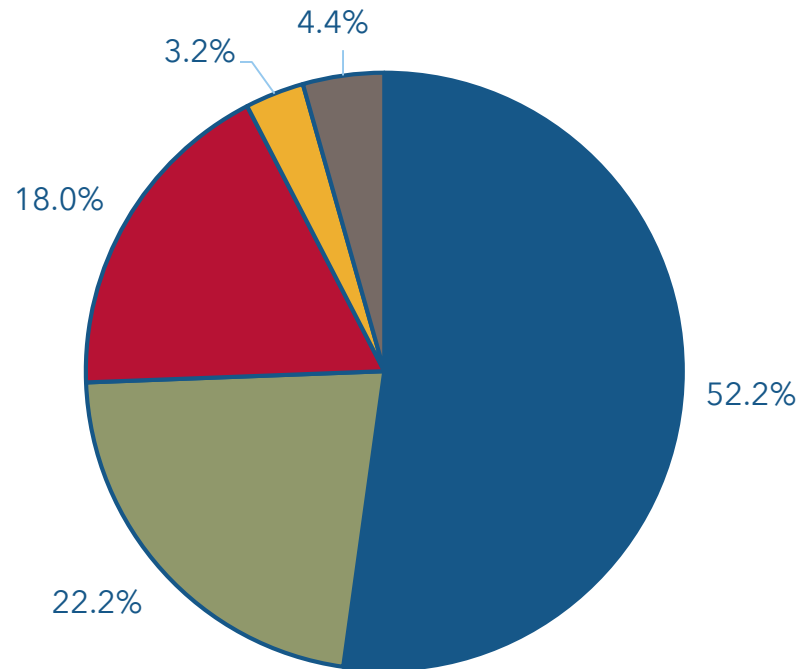
Source: Hotel demand data from Smith Travel and AirBnB data from AirDNA. Includes AirBnB entire place demand, not private room or shared room demand.

The revenue implications are daunting, as ADR for AirBnB rentals in Buncombe County is sharply lower than hotels' ADR.



Smith Travel Research and AirDNA. AirBnB ADR is shown for hotel comparable listings only; 2+ bedroom rentals are excluded.

It's a challenge that is likely to continue to grow as younger generations are heavier users of AirBnB than our core Boomer audiences.

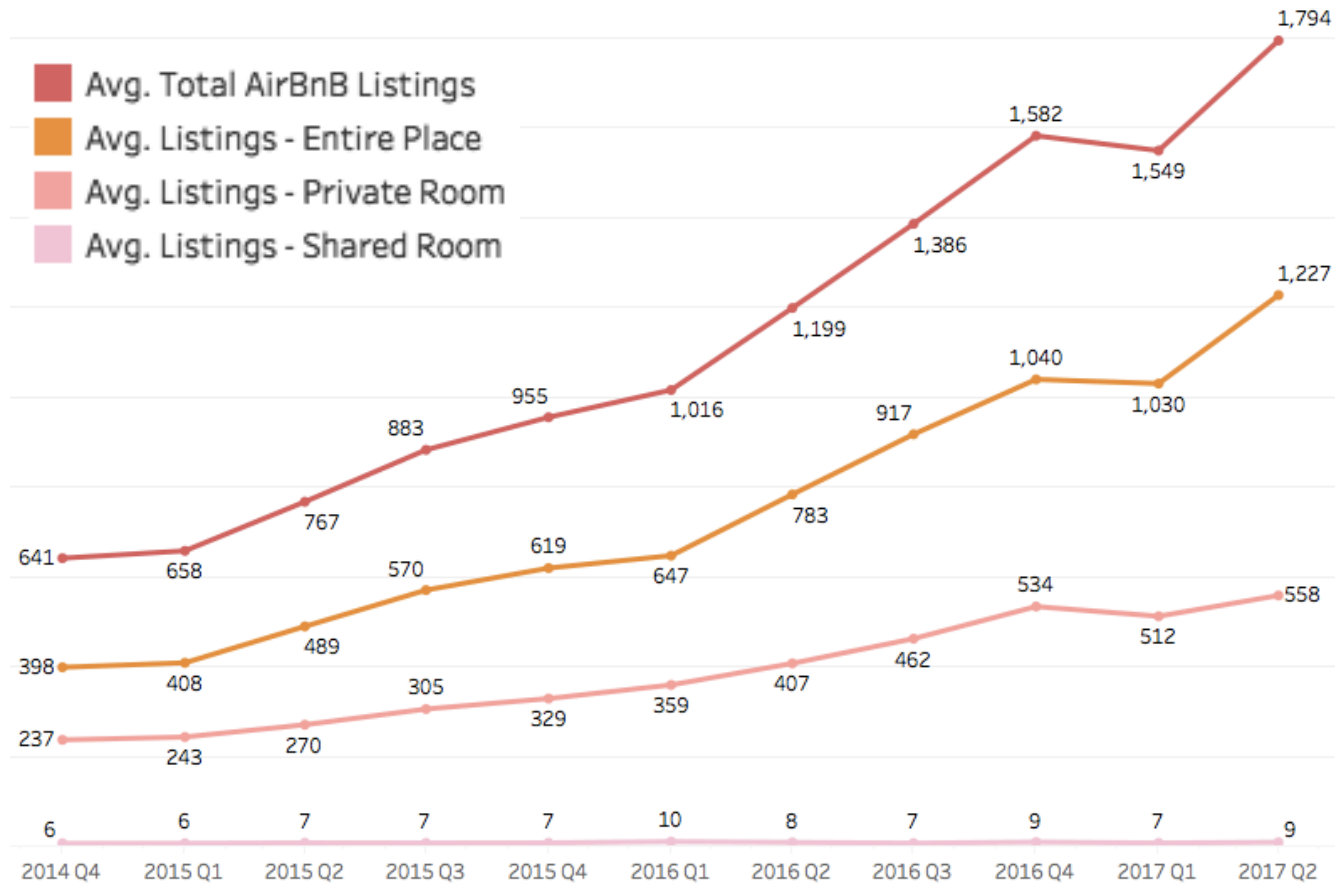


Percent of AirBnB Users - Last 12 Months

■ Millennials ■ Boomers ■ Gen Xers ■ Matures ■ Gen Z

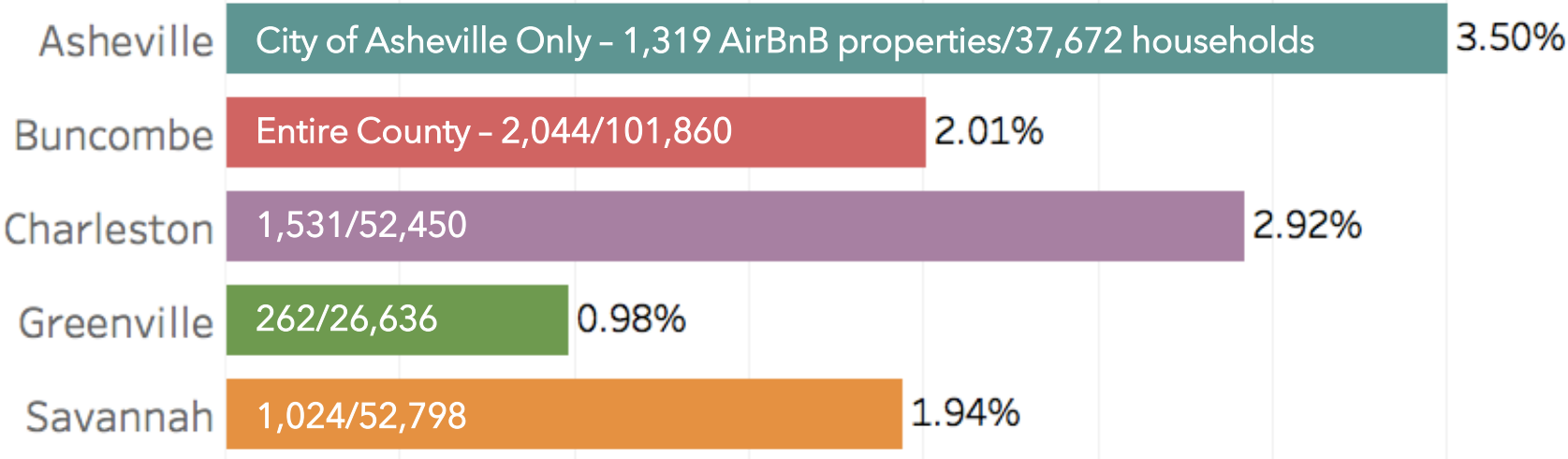
Source: MRI 2017 Spring (Wave 75-76), Airbnb - Hotels, Motels & Other Lodging - Personal/Vacation - Used in the last 12 months

Property owners in Buncombe County are eager participants: the number of AirBnB listings continues to grow dramatically.



Source: AirDNA. Shows number of properties listed as available on AirBnB during the quarter.

Property owners in Asheville* are more likely than those in competing destinations to rent their properties via AirBnB.



3.5% of Asheville* households are offering properties or rooms on AirBnB.

*The city of Asheville specifically; the Buncombe County average is more in line with other tracked destinations.
Sources: U.S. Census for number of households, AirDNA for **number of properties (entire place or rooms)** listed on AirBnB, shown as a percent of households in the geography.

In Buncombe County, compared to key competitors, AirBnB accounts for a far greater share of available rooms.

Destination	AirBnB Listings*	Hotel Rooms	AirBnB Share of Available Lodging	AirBnB Share of Booked Rooms
Buncombe County	1,337	7,229	15.6%	12.9%
Charleston	1,056	19,599	5.1%	4.4%
Greenville	147	8,992	1.6%	0.9%
Savannah	732	15,431	4.5%	4.1%

Sources: AirDNA for AirBnB listings; Smith Travel for hotel room census. All as of June 30, 2017. No other lodging sources included.

*Only entire place listings included in AirBnB listings, not shared room or private room in home.

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Nonstop Destinations Served Daily, Year-Round

Hub Airport	AVL (4)	SAV (13)	CHS (19)	GSP (11)
Atlanta				
Charlotte				
Newark				
Chicago-O'Hare				
Chicago-Midway				
Washington-Dulles				
Washington-Reagan				
Baltimore-Washington				
Dallas-Fort Worth				
Houston-Bush				
Houston-Hobby				
Miami				
Philadelphia				
Fort Lauderdale				
Detroit				
New York-LaGuardia				
New York-JFK				
Boston				
Nashville				

Source: Airline websites;
Flightmapper.net

Nonstop Destinations Served Less Than Daily, Year-Round

Airport	AVL (6)	SAV (6)**	CHS (2)	GSP (3)
Orlando-Sanford				
Fort Lauderdale				
Newark				
St. Petersburg-Tampa				
Baltimore-Washington				
Punta Gorda-Ft. Myers				
Pittsburgh				
Cleveland				
Columbus				
Cincinnati				
Seattle*				
Dallas-Love Field*				

* Flights to hub airports; all others point-to-point flights only (Allegiant)

** Most Savannah Allegiant flights do not run December and January

Source: Airline
websites;
Flightmapper.net

Nonstop Destinations Served Daily, Seasonal Only

Hub Airport	AVL (0)	SAV (2)	CHS (2)	GSP (0)
Toronto				
Detroit				
St. Louis				
Denver				

Source: Airline websites;
Flightmapper.net

Nonstop Destinations Served Less Than Daily, Seasonal Only

Airport	AVL (2)	SAV (5)	CHS (2)	GSP (1)
Vero Beach*				
New York-LaGuardia				
Minneapolis				
Boston				
Cleveland*				
Indianapolis*				
Louisville*				
Lexington*				
Punta Gorda/Ft. Myers*				

* Point-to-point flights only

Source: Airline websites;
Flightmapper.net

Carrier Comparison

Airlines	AVL (5)	SAV (7)	CHS (7)	GSP (5)
Delta				
United				
American				
Allegiant				
Elite*				
Air Canada*				
JetBlue				
Southwest				
Sun Country*				
Alaska				
Frontier**				

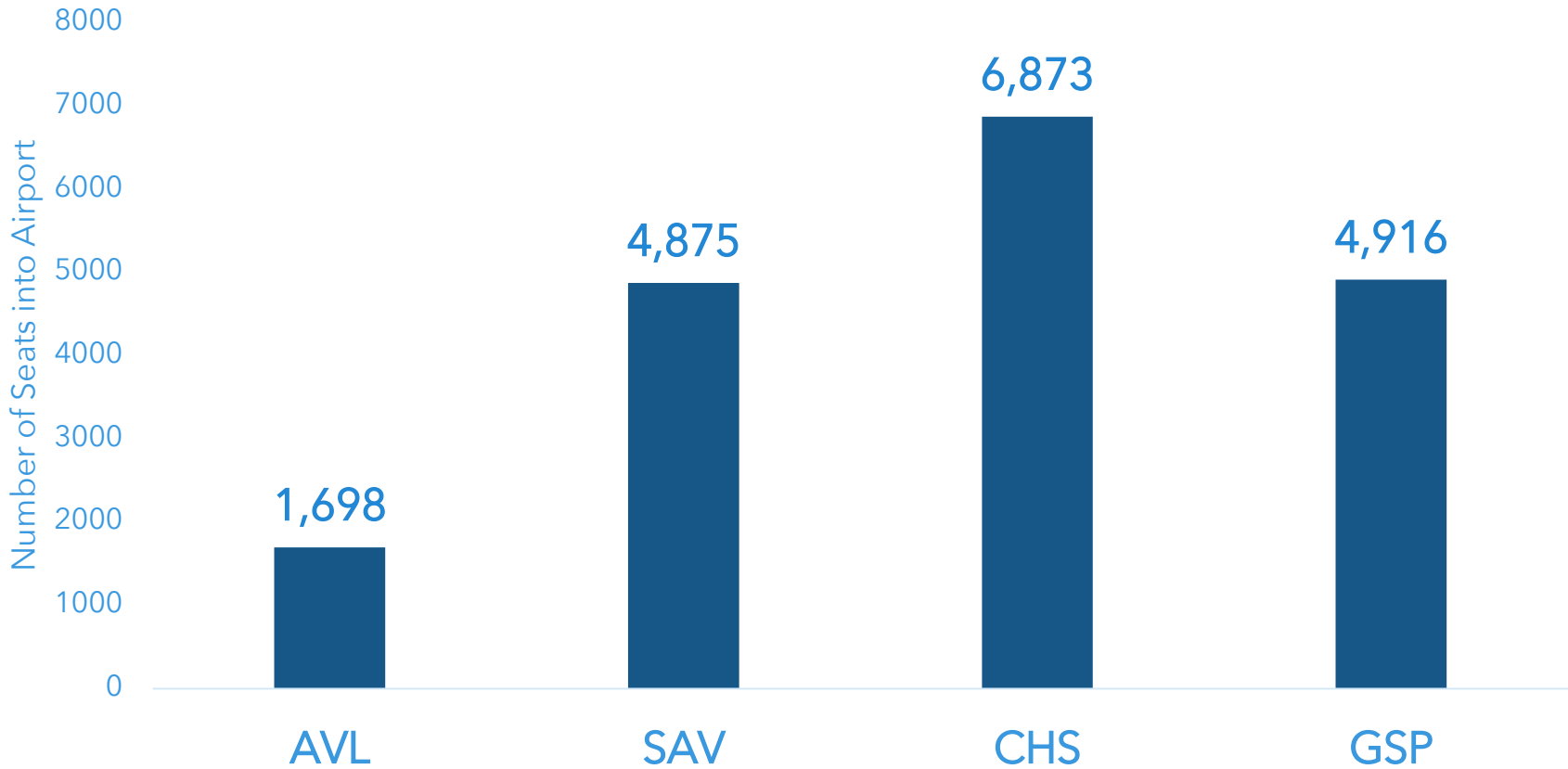
* Seasonal service only

** Begins spring 2018

Source: Airline websites;
Flightmapper.net

Comparison of Available Seats

Snapshot: Friday, 9/1/17



Source: Airline websites;
Flightmapper.net

Asheville - Recent Air Service Development

Allegiant

- Newark (EWR), Baltimore/Washington (BWI), and Jacksonville (JAX)* started in 2016, West Palm Beach (PBI)** in 2015, and Punta Gorda (PGD) in 2014

Elite

- Vero Beach (VRB) seasonal service

United

- Newark (EWR) service upgraded to mainline, year-round

American, Delta

- Continued upgrades to larger equipment to CLT and ATL

** Later discontinued*

*** Station closed by Allegiant*

Charleston - Recent Air Service Development

Southwest

- Denver (DEN) & Saint Louis (STL), summer seasonal

JetBlue

- New York (JFK) and Boston (BOS), expanded to Fort Lauderdale (FLL)

Delta

- Boston (BOS), Saturday-only, seasonal service, beginning 2018

Frontier

- Denver (DEN), beginning spring 2018

Savannah - Recent Air Service Development

Allegiant

- Focus city with service to nine destinations

JetBlue

- New York (JFK) and Boston (BOS)

Sun Country

- Minneapolis-Saint Paul (MSP), seasonal service

Air Canada

- Toronto (YYZ), seasonal service

Delta

- Boston (BOS), Saturday-only, seasonal service, beginning 2018

Key Takeaways

- AirBnB is a powerful force in Buncombe County, with significant implications for the hotel industry and for bed tax revenues
 - ❖ It may make sense to study traveler behavior related to AirBnB in more detail, to help determine what - if anything - should be done to influence choice of lodging
- Limited airlift may also be a factor in relative growth, a factor Buncombe County may be able to influence

Thank
You.
