

An Assessment of the Impacts of Buncombe County Tourism

July 2017

**Produced by Magellan Strategy Group, LLC
Asheville, North Carolina**

Executive Summary

Magellan Strategy Group was requested by the Asheville Convention and Visitors Bureau to perform an analysis of the impacts of the visitor economy in Buncombe County, North Carolina. The county has seen exceptionally strong growth in its tourism sector over the last few years, with growth exceeding that of many other destinations. Accompanying this increase in visitation and economic activity have been questions from some about the benefits of tourism and its various impacts upon the community. Those benefits and impacts are not always easily understood, even by stakeholders within the sector.

Buncombe County's increase in the rate of visitor spending was the highest among the top 10 North Carolina counties ranked by visitor spending during the 21st century. Between 2000 and 2015, its 120% growth in visitor spending exceeded the statewide average of 82% recorded across all 100 counties. This has resulted in record high levels of occupancy tax collection, which by state law must be spent on destination promotion or tourism product development in Buncombe County.

Impacts addressed within this study include:

Property Taxes--Tourism Economics' 2017 economic impact study performed for the CVB estimated that visitor spending in the county accounted for \$49 million annually in property taxes associated with the hotels, shops, restaurants, and attractions which pay those taxes. That represents 18% of all property taxes paid that year in the county. 126 lodging properties (mostly hotels and motels) paid a total of \$6.1 million in property taxes in 2015, and the valuation of the Hotel business category in the city of Asheville (46 properties) is up 70% in the 2017 county tax reassessment. With many new hotel rooms announced, under construction, or recently opened, there will be a minimum of approximately \$3 million in new combined city and county property tax revenue in the coming years.



Sales Taxes—Tourism Economics also estimated that visitors to the county accounted for \$97 million in sales taxes (both state and local), which represented 43% of all sales tax generated in the county. Lodging properties alone generated \$21.8 million in sales tax in fiscal year 2016, or about one out of every ten sales tax dollars created in the county. Thanks in part to the visitor economy, Buncombe County’s sales tax generated per resident is larger than that of Mecklenburg County, the state’s largest county, and the total sales tax nearly equal to that of much more populous Forsyth County.

Combined Tax Impact--Including taxes and fees which go to both local and state governments, Tourism Economics estimated that Buncombe County visitors accounted for \$182 million in state and local taxes (excluding occupancy taxes). That figure represents \$1,555 tax dollars per Buncombe County household.

Jobs and Economic Recovery Impact--There are over 26,000 direct and indirect jobs in Buncombe County which are supported by visitor spending, or one out of every seven jobs in the county. The county’s unemployment rate continues to be the lowest in the state, and due to the expanded demand for labor and the thriving visitor economy, average wages paid by hotels and motels in the county were the second highest in the state and up by 11.8% since 2010 (double the rate of wage growth for manufacturing jobs in Buncombe County). Wages for lodging employees in the county were 11.8% higher than the statewide average in 2015, and hospitality is one of the two job sectors in Buncombe County where wages exceed the statewide averages. As the visitor economy has grown, so too have the number of business establishments in many other sectors of the economy.

Impact on Local and Small Businesses--The local visitor economy includes far more than hotels and other lodging properties (many of which are owned by longtime local families). Tourism Economics estimated that combined spending by visitors on food and beverage and in retail stores in the county exceeded spending on lodging by almost double. Hotels get most of the attention in the visitor economy, but the mostly small businesses



that make up the food and beverage and retail categories are a much larger component of the local visitor economy.

Tourism Partner Support--The Asheville CVB works with and provides free sales and marketing support for over 1,200 local tourism partners, and 90% of those are entities other than hotels. Almost all are small, independent, locally-owned businesses.

Evolution as a Year-Round Destination--Growth in visitation has allowed more businesses to remain open year-round, with hotel occupancy in 2016 exceeding 52% for every month of the year and occupancy for every night of the week exceeding 58%. This growth has provided more opportunities for continued year-round employment for many different kinds of workers.

Local Ownership of Hotels--Asheville and Buncombe County have a relatively high level of local ownership of their accommodations, with a majority of hotels (including many of the largest properties) owned by local families despite usually having a global brand name attached to them.

The Asheville Destination Brand Impact--The Asheville destination brand generated \$1.7 billion in direct visitor expenditures in 2014, and by 2020 is projected to be a \$2.1 billion destination brand—equivalent to the global sales of iconic consumer brands such as Columbia Sportswear, Pringles potato chips, and J. Crew. That same brand helps drive local airport traffic, brings many meetings and conventions to the area, helps attract a variety of new businesses, and supports Asheville's maker economy of everything from beer to bread to bowls.

Quality of Life Impact through Product Development—Through the Tourism Product Development Fund (TPDF), a total of \$27.5 million has been awarded to support the construction of capital projects that have improved the visitor experience, but also



enhanced the quality of life for residents. The flexibility of the TPDF model means that money has been directed to a wide variety of projects, and 60% of these dollars have been allocated over 15 years to projects on City of Asheville-owned assets.

Infrastructure Impacts--Assessing the impact of tourists upon local infrastructure like streets and roads is challenging, if not impossible. Visitors come to the county for an exceptionally large number of reasons—many of which are not in any way tourism-related. There is also a substantial commuter in-flow into the county every day numbering in the tens of thousands. Yet while traffic has increased on area interstate highways over the last few years (due to reasons other than just higher visitation to the county), traffic counts had yet to show an increase on downtown Asheville streets as of 2014, the most recent year for which data is available.

Emergency Services Impacts-- With so many people entering and leaving Buncombe County each day—for reasons of employment, commerce, education, entertainment, transportation, health care, leisure tourism (daytrip and overnight), business travel, family, and other motivations—the number of non-residents swells the daytime population of the area. It is because of that variety of reasons that it is impossible to label everyone who doesn't reside in Buncombe County but enters its borders as a “tourist.” The traditional academic definition of a “tourist” (a person taking a trip away from home overnight in paid accommodations or on a day or overnight trip to places 50 miles or more [one-way] away from home) excludes many thousands of people who live within an hour's drive of Asheville. Without data that truly identifies the specific reason why a non-resident is in Buncombe County in the first place, it is nearly impossible to quantify what demands tourists place upon emergency services. Tourism-related businesses pay property taxes to help pay for those emergency services for their businesses and guests.



The Benefits of Urban Density Facilitated by Tourism--There are at least two significant benefits of the ongoing boom in downtown Asheville hotel construction. By having a concentration of visitors staying overnight in a walkable neighborhood, vehicular traffic in the downtown core will likely be reduced. The second benefit is in the per-acre revenue generated by dense urban development like hotels. Many of the new hotels in Asheville are located on previously underperforming parcels of land, providing little contribution to local property taxes. And a number of these hotels will be significant consumers of local goods and services as well.



Introduction: The Impact of Investment in the Visitor Economy

Buncombe County has achieved unprecedented growth of its visitor economy in recent years. The increase in its rate of visitor spending has been near the top of all North Carolina counties, and records have been set in economic activity generated. New hotels are being built across the county, demand for labor is high, and businesses both large and small are enjoying strong sales. But the beneficial impacts of tourism and its growth aren't always widely understood, or communicated very well. The facts of the visitor economy often disappear into a haze of numbers submitted without context and with little meaning, even in a long-established destination like Buncombe County.

According to *The Economic Impact of Travel on North Carolina Counties*, prepared for VisitNC by the U.S. Travel Association in 2016, Buncombe County's increase in the rate of visitor spending was the highest during the 21st century among the top 10 North Carolina counties ranked by visitor spending. (Buncombe County ranks fifth overall in the state in its level of visitor spending, behind Mecklenburg, Wake, Guilford, and Dare counties.) Between 2000 and 2015, its 120% growth in visitor spending exceeded the statewide average of 82% recorded across all 100 counties. That higher-than-average performance generated \$174 million more per year for area businesses, compared to statewide average results.

By North Carolina state law, occupancy taxes must be collected under the direction of a tourism development authority (TDA). Furthermore, North Carolina General Assembly guidelines first adopted in 1997 mandate that occupancy taxes must only be invested in tourism promotion and "tourism-related" expenditures. Under these guidelines, no more than one-third of all dollars collected by a TDA can be spent on tourism-related expenditures and no less than two-thirds invested in tourism promotion. The occupancy tax is a surcharge on a specific group of businesses for a defined purpose, overseen by a board representing those hoteliers which collect the tax. Investment in tourism promotion and product development in Buncombe County has expanded the base of customers



available to small businesses, enhanced the quality of life for residents, and helped employ thousands of workers.

This report provides a closer look at those beneficial impacts of the Buncombe County visitor economy while also examining a few of the misunderstood impacts as well. The objective is not to gloss over any negative issues associated with the sector; rather, it is intended to present the known facts about the industry so that readers both inside and outside the visitor economy can more clearly understand those impacts.



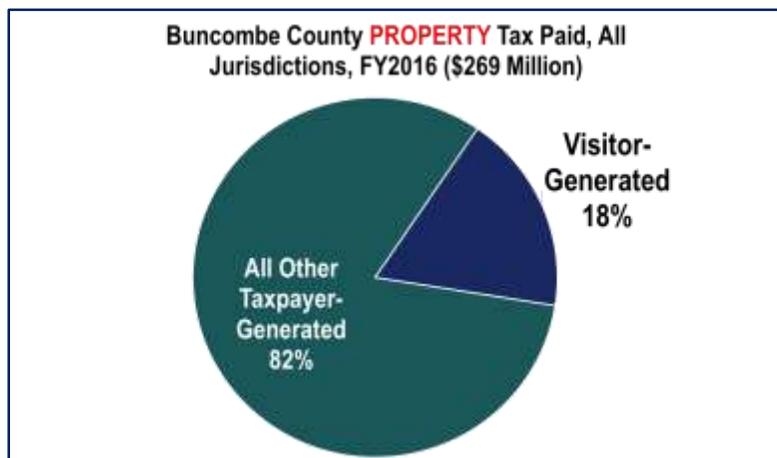
Property Tax Impact

In Buncombe County, the property taxes paid by tourism-related businesses are particularly important to the community, because unlike sales taxes in North Carolina, 100% of property taxes remain within the county and its municipalities. Property taxes represent the largest source of revenue for Buncombe County Government—60% of its revenue received in fiscal 2016 was derived from property taxes.

In their study titled *The Economic Impact of Tourism in Buncombe County: 2016 Analysis*, published in 2017, the global consulting firm Tourism Economics estimated that visitor spending in the county accounted for \$49 million annually in property taxes associated with the hotels, shops, restaurants, attractions, and other businesses which pay those taxes. In fiscal 2015, according to the North Carolina Department of Revenue, total property taxes levied across all jurisdictions in the county amounted to \$269 million. **That means that visitor spending in Buncombe County accounted for 18% of all property taxes paid in a single year.** Without visitors, many of those businesses wouldn't pay nearly as much in property tax--or would fail to exist entirely.

While all tourism-related businesses pay property tax, there were 126 properties specifically identified as hotels, motels, or inns/bed and breakfasts on Buncombe County tax rolls in 2015. Those lodging properties (which do not include short-term rentals) paid a total of \$6.1 million in property taxes in 2015—a number that will go higher in future years as new hotels in downtown Asheville open, often on underutilized or even empty parcels that will now generate a significantly higher valuation. Those taxes, like all property taxes, go straight into local government coffers. Plus, the total valuation of the Hotel category in the city of Asheville (46 properties total) is up 70% in the 2017 county tax reassessment (versus the prior reassessment performed in 2013)—the largest increase of any business category in the entire county, due both to the increased valuation associated with existing hotels and the opening of new properties within the city limits. Over the 20-year life of the recently approved Asheville city bond issue, hotels will generate a minimum of \$3.7 million in additional city property taxes to help pay those bonds.

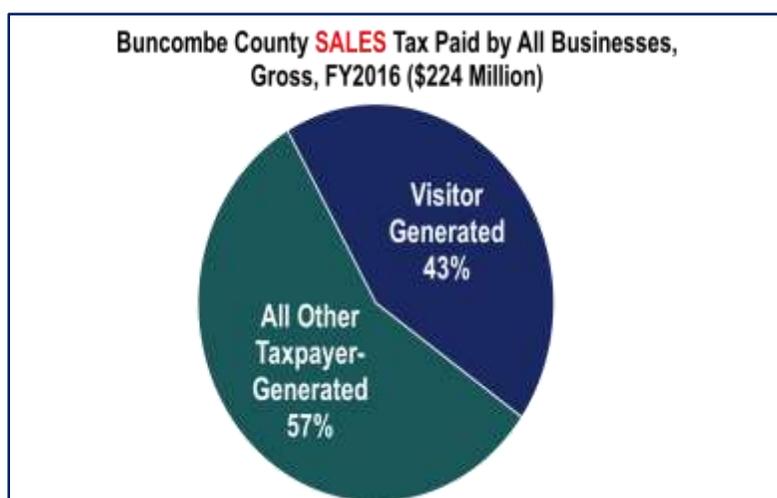




There is an estimated \$250 million in new Buncombe County hotel investment currently under construction or announced, much of it taking place on underutilized, low-density property that will generate significantly higher

valuation for both county and municipal governments in the future. The relatively new Aloft Hotel in downtown Asheville (opened in 2012 on the site of a former surface parking lot), for example, paid \$155,410 in combined city and county property taxes in 2015, or \$1,351 in property taxes per room at the 2013 assessed value. With a total of 2,306 new hotel rooms announced, under construction, or recently opened in the city of Asheville and the county, that means there will be a minimum of approximately \$3 million in new combined city and county property tax revenue—using the 2013 valuation. The 2017 assessed value of hotels in the county will be much higher.

Sales Tax Impact



In North Carolina, a large portion of sales tax collected in the state's local communities is retained by state government—indeed, in Buncombe County, 4.75% of the total 7% sales tax rate is sent to Raleigh for North Carolina's general fund. But while perhaps not as vital as



property taxes to local government budgets, sales taxes generated are still an important contributor to--and a significant measure of--the community's fiscal health.

All businesses in Buncombe County generated a total of \$224 million in sales tax revenue in fiscal 2016, according to the North Carolina Department of Revenue. Tourism Economics estimated in their 2017 study (using 2016 data) that visitors to the county accounted for \$97 million in sales taxes (both state and local portions)—**a sizeable 43% of all sales tax generated in the county.** Buncombe County lodging properties generated \$21.8 million in sales tax alone in fiscal year 2016, or about one out of every ten sales tax dollars created that year in the county. According to data from the North Carolina Department of Revenue, that amount of revenue is substantially greater than the sales taxes generated even by the sales of automobiles (\$10.2 million) in the county.

County	2015 Resident Population Estimate	FY 2016 Sales Tax Collected, Gross (Millions)	<i>Per Capita Sales Tax Collected (If All Counties Were at Same 7% Rate)</i>
Buncombe	253,178	\$224	\$885
Buncombe, <i>Without Visitor Sales Taxes</i>	253,178	\$127	\$502
Mecklenburg	1,034,070	\$936	\$874
Wake	1,024,198	\$667	\$692
Guilford	517,600	\$320	\$641
Forsyth	360,019	\$235	\$677
Cumberland	323,838	\$184	\$568
New Hanover	220,358	\$192	\$871
Cabarrus	196,762	\$148	\$677



Put simply, tourism helps Buncombe County “punch above its weight” and generate total sales tax revenue at a level that is commensurate with Forsyth County (Winston-Salem)—a county with 46% more residents than Buncombe County and which collected \$235 million in sales tax revenue in 2016. On a per capita basis, Buncombe County’s sales tax generated per resident is more than that of Mecklenburg County (Charlotte)—the state’s largest county and an economic powerhouse.

Summary of Tax Impacts

Tax Category	Local & State Taxes Generated by Buncombe County Visitors in 2016
Property	\$49 million
Sales (Local Share)	\$31 million
Other Local Taxes & Fees	\$3 million
Total Local Taxes (Excl. Occupancy)	\$83 million
Sales Tax (State Share)	\$66 million
Other State Taxes & Fees	\$14 million
State Corporate and Income Taxes	\$19 million
Total State Taxes	\$99 million
Grand Total Local and State Taxes, Excluding Occupancy	\$182 million
Grand Total Local and State Taxes Generated Per Buncombe County Household	\$1,555

Source: *The Economic Impact of Tourism in Buncombe County NC, 2016 Analysis*, Tourism Economics



The visitor economy accounts for a substantial amount of all taxes generated in Buncombe County. Including taxes and fees to both local and state governments, Tourism Economics estimated that in 2016 Buncombe County visitors accounted for \$182 million in state and local taxes through their spending at local restaurants, breweries, retailers, attractions, activity providers, hotels, and other tourism-related businesses. (That number does not include occupancy taxes generated by overnight visitors.) The figure represents \$1,555 tax dollars per Buncombe County household that helps maintain services provided by county and municipal governments to local residents.

Jobs and Economic Recovery Impact

According to Tourism Economics' 2017 analysis, there are 26,700 direct and indirect jobs in Buncombe County supported by visitor spending, or more than one out of every seven jobs in the county. Due in part to the industry's increased demand for labor, the county's unemployment rate is very low—3.2% in April 2017, the lowest in the state. And according to the Bureau of Labor Statistics, in the second quarter of 2016 Buncombe ranked 24th in wage growth and 29th in job growth among the nation's 345 largest counties.

The county's thriving visitor economy and the demand for workers has also led to increases in wages for hospitality workers. Average wages paid by hotels and motels in the county in 2015, for example, were the second highest in the state (just slightly behind Mecklenburg) and are up by 11.8% since the end of the recession in 2010, exceeding the rate of inflation and double the rate of wage growth for manufacturing jobs in Buncombe County (5.8%). Wages for hotel and motel employees in the county were 11.8% higher than the statewide average in 2015. Hotels in Buncombe County employ thousands of people, and many provide career training with numerous opportunities for upward mobility (usually unrivaled in terms of career opportunities for unskilled workers) and desirable job benefits.

Cities with strong tourism sectors are not often viewed as having drivers of an economic rebound, but Asheville has defied that stereotype. The *Wall Street Journal* recently



included Asheville in data accompanying a December 12, 2016 story about resilient manufacturing-focused cities that had lost many of those jobs but which enjoyed surprisingly good overall employment growth since 2000. Half of the 16 cities analyzed were cited as being home to a major university, an asset Asheville does not enjoy—but the community does possess a strong visitor economy which has helped lead that recovery. While per capita income still lags behind the total U.S., recent years have seen percentage increases in Buncombe which exceed the rate of growth for both North Carolina and the country. According to the Bureau of Labor Statistics, Hospitality & Tourism and Healthcare are the only two major occupational categories where local wages are now *above* the state average.

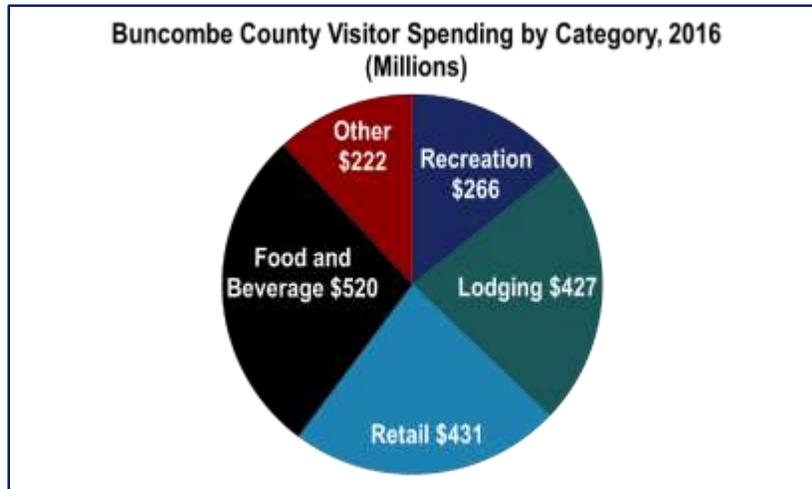
As the visitor economy has grown in Buncombe County, so have the number of businesses in many sectors of the overall economy. According to the Census Bureau, the number of business establishments in the county grew by 19.2% from 2000 to 2014, and by 5.7% between 2010 (just as the economic recovery was beginning) and 2014. (By comparison, the county's population grew by 4.9% during the same period.) Not all of that growth has been in accommodations and food and beverage outlets, either. Arts, entertainment, and recreation business establishments in Buncombe County grew by 28.7% from 2010 to 2014. Other Buncombe County sectors have also seen growth in the number of establishments in the same post-recession recovery period: retail (+6.3%), manufacturing (+8.7%), professional, scientific and technical (+10.2%), and real estate (+16.6%).

Impact on Local and Small Businesses

The visitor economy includes far more than just jobs in hotels and other lodging properties, which are highly visible and often mistakenly viewed as large corporate entities. Many hotel franchises are in fact owned by longtime local residents like Buncombe County's John Winkenwerder, George Cecil, and Bob Patel. The U.S. Travel Association estimates that 84% of tourism-related businesses in the nation qualify as small businesses, and that is particularly true for communities like Asheville, Black Mountain, and Weaverville. The



county has a strong tradition of entrepreneurship that supports thriving small businesses such as restaurants, retailers, microbreweries, bed and breakfasts, and activity providers such as tours and outdoor recreation.



In fact, Tourism Economics estimated that combined spending by destination visitors on food and beverage and at retail stores in Buncombe County in 2016 was almost double the amount spent on lodging (\$951 million vs. \$427

million). Because of their perceived size and global brand presence, hotels usually get much of the attention in the visitor economy, but the mostly small businesses that make up the food and beverage and retail categories in Asheville are a far larger component of that same economy as a whole.

Tourism Partner Support

The Asheville CVB works with and provides free sales and marketing support for over 1,200 local tourism partners, and 90% of those are entities other than hotels. The investment of occupancy tax dollars by the BCTDA in the visitor economy (which are collected from hotel guests in addition to sales tax) provides vital support to a large number of small businesses that could not be supported by local residents alone, driving customers through their doors and encouraging further entrepreneurship in the community. The CVB shares many of their stories through creative storytelling in advertising, social media, digital media, and public relations channels that reach millions of people each year, such as its *Foodtopia* initiative which has supported the evolution of the area as a national culinary destination, and its recent marketing emphasis upon positioning the area as a music destination.



Evolution as a Year-Round Destination

Year-round growth in visitation has also allowed more businesses to remain open through and survive the winter months—the shoulder season for Asheville tourism. According to Smith Travel Research, hotel occupancy in Buncombe County as of 2016 exceeded 52% for every month of the year, and some of the strongest growth in occupancy has occurred on weekday nights—something that was nearly unthinkable just a few years ago, and which has enabled many local businesses to remain open seven days a week. As of 2016, average hotel occupancy for every night of the week now exceeds 58%, and both weekday and year-round occupancy exceeds many comparable and competitive regional markets. This has provided more opportunities for continued year-round employment for hospitality workers ranging from servers to buskers to guides.

Local Ownership of Hotels

While many people may believe that the Hampton Inn or Hilton Hotel down the street from them is owned by a distant corporate entity, those lodging properties are often owned by local families who live in the immediate area. In fact, based upon our experience Asheville and Buncombe County likely have a relatively high level of local ownership of their hotels compared to many other communities.

The assumption is often made that because global brands such as Hampton or Hilton are owned by corporate giants, the local hotel properties to which those brands are affixed must be owned by the same entities. In fact, they are usually just franchises owned by another company, particularly in Buncombe County. Some of the franchised hotels in the area are owned by non-local companies, but many are not. In Buncombe County, the majority of hotels are owned by local families, including many of the largest hotels in the area: the Crowne Plaza Resort, the Inn on Biltmore Estate, the Village Hotel at Biltmore Estate, the Doubletree Biltmore, the Hilton Biltmore Park, the Holiday Inn Biltmore West, the Ramada Biltmore West, the Aloft, and all of the area's Hampton Inns. In addition, a large number of the hotel rooms planned or currently under construction are owned by local residents, including the AC by Marriott, the Arras, and the Element Hotel.



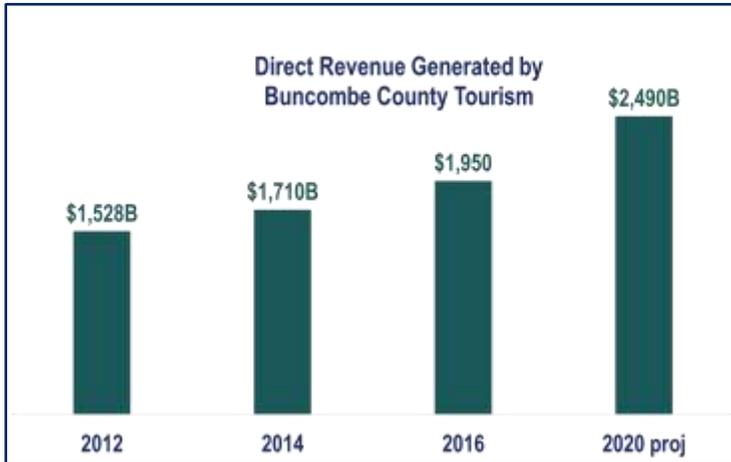
There are also an estimated 36 bed-and-breakfast lodging properties in the county, all of which likely have local resident owners living on-site or nearby. These accommodations represent approximately 300 rooms across Buncombe County.

Local hotel owners are an important part of the fabric of the Buncombe County community. They contribute time and money to local causes, sit on community boards and committees, and are sensitive to quality of life issues affecting residents—because they, too, are residents. They are not nameless, faceless corporate entities, and several of them are from families who have resided more than a hundred years in the area. Additionally, even lodging properties which have non-local ownership have local managers who contribute their time and money to the community and who are responsible for making decisions and recommendations to their more-distant owners. Those decisions can have a direct impact on the county, even if they are made thousands of miles away, so those managers are often just as important as local family owners.

The Asheville Destination Brand Impact

Investing in destination promotion does far more than put “head in beds,” as the saying goes. The occupancy tax dollars invested in destination promotion by the Buncombe County Tourism Development Authority (BCTDA) through the sales and marketing activities of the Asheville Convention and Visitors Bureau (ACVB) result in substantial paid and earned national brand exposure that benefits much more than just hoteliers. The care and management of that destination brand is extremely important to the overall economy. And none of this marketing funding comes from the wallets of local residents.





According to Tourism Economics, the Asheville destination brand generated \$1.9 billion in direct visitor expenditures in 2016. By 2020, that brand is projected to have nearly \$2.5 billion in sales. The brand’s sales are already equivalent to the annual sales of several iconic global consumer brands.

But that same brand has a powerful equity and an emotional connection that goes far beyond just encouraging visitation. Asheville’s destination promotion articulates a brand message that also resonates with entrepreneurs, economic developers, and future residents. As noted by Tourism Economics in their 2014 national research report titled *Destination Promotion: An Engine of Economic Development*, the investment in destination marketing helps drive Asheville Regional Airport traffic, enabling vital leisure and business connectivity to the rest of the world; brings meetings and conventions to the area, exposing the county to influential decision-makers; and raises the profile of this corner of the Appalachians and the lifestyle enjoyed by both residents and visitors, helping attract companies bringing high paying jobs such as New Belgium Brewing. Indeed, it’s been said that tourism is the “first date” of economic development.



In Buncombe County, there’s already an important maker economy present—hundreds of small businesses that craft everything from beer to bread to bowls. They are a vital part of



the Asheville visitor experience, but those visitors also purchase millions of dollars of goods from those makers and spread the word of this unique part of the economy to the rest of the world through social media, repeat purchases, and their own storytelling.

Quality of Life Impact through Tourism Product Development

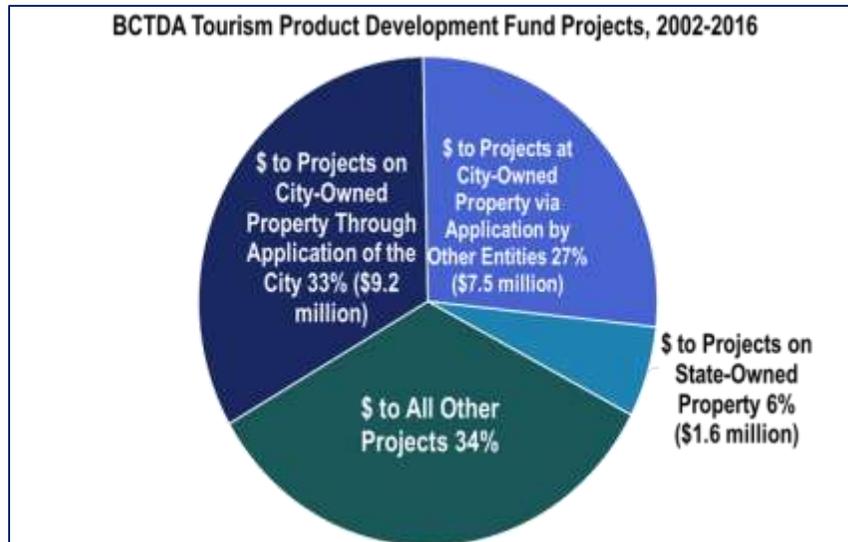
Many of the quality of life benefits to local residents provided by Buncombe County's visitor economy have already been noted, but the BCTDA decided in 2001 to make a direct investment in that community quality of life through the creation of the Tourism Product Development Fund (TPDF). The TPDF is supported through a 1.5% occupancy tax and provides funding for bricks-and-mortar capital projects. Projects supported through this unique mechanism must generate new overnight visitation to the county—but local hoteliers are far from the only ones who benefit.

A total of \$27.5 million in funding has been awarded to support the construction of projects over the last 15 years, including soccer fields at the John B. Lewis Complex at Azalea Park, the Asheville Art Museum, the U.S. Cellular Center arena, the Western North Carolina Nature Center, and multiple parks and greenways. These projects have improved the destination visitor experience, but they have also greatly enhanced the quality of life for Buncombe County's 250,000 residents. Numerous other cities allocate occupancy tax dollars permanently to convention centers and other types of structures, but the flexibility of the TPDF model means that money can be directed to a wide variety of worthwhile project types rather than a fixed allocation to one or two particular venues that may or may not enhance resident quality of life.

That investment has also helped local government reallocate money to other priorities, dollars that would have otherwise been spent on many of these projects. As an applicant, the City of Asheville has received over \$9 million in funding during the first 15 years of the TPDF's existence, representing a third of the total project funds granted. Funding in the amount of \$7.5 million (or another 27% of the total project funds granted) has also been



allocated to several projects on City-owned property via requests from partner organizations which operate those assets, including Asheville/Buncombe Youth Soccer Association for the JBL Soccer Complex, the Asheville Art Museum at Pack Place, and the Friends of the WNC Nature Center. The TPDF fund is the only one of its kind available to all non-profit and local government entities in Buncombe County. All of these organizations must, by state law, demonstrate that their projects will



generate overnight visitation to the destination. But that requirement clearly does not exclude capital investments that are also immensely popular with and beneficial to local residents.

Infrastructure Impacts

Assessing the impact of tourists upon local infrastructure like streets and roads is challenging, if not impossible. Prior CVB studies have shown that there are at least 6.9 million daytrip visitors annually to Buncombe County, but those visitors come to the county for an exceptionally large number of reasons—many of which are not in any way tourism-related. And that figure doesn't even include the substantial worker in-flow into the county every work day, which numbers in the tens of thousands.

For residents of Buncombe County, recent headlines about the growth of the local visitor economy might easily lead some to think that the same growth is responsible for creating the traffic tie-up on the commute to and from work. Or that vehicular traffic in popular downtown Asheville has grown exponentially along with visitation.



The reality is not that clear-cut.

The North Carolina Department of Transportation regularly collects vehicular traffic volume data from meters installed across the state at many road and street locations (<https://www.ncdot.gov/travel/statemapping/trafficvolumemaps/>). According to the NCDOT, “The data is summarized in annual average daily traffic (AADT) volume maps that present the traffic average for a specific year.” On North Carolina’s urban streets, in 18 urbanized areas, this data is collected once every two years, while it is collected annually in non-urban street locations such as interstate highways. The most recent data available for the urbanized areas of Asheville is from 2014. Traffic volume data for the next year measured, 2016, won’t be available until later in 2017. And certainly, it may be that data for 2016 will show a very different picture. But there are some key observations that can be made from the 2014 data and from prior years, given that growth in Buncombe County tourism has been steady since the end of the recession of 2009-2010.

Location	2002	2004	2006	2008	2010	2012	2014
Biltmore Ave, north of Charlotte St	12,000	11,000	11,000	10,000	8,700	9,600	9,300
Biltmore Ave, north of Hilliard Ave	10,000	12,000	10,000	9,100	8,600	9,400	9,400
Biltmore Ave, south of Pack Square	11,000	12,000	12,000	9,200	9,400	9,700	9,700
Broadway, north of Pack Square	13,000	12,000	10,000	8,800	9,300	8,900	9,500
Patton Ave, east of Haywood St	6,600	7,000	6,700	5,600	5,900	5,600	5,600
Charlotte St, north of College St	25,000	24,000	22,000	22,000	21,000	21,000	21,000

Traffic data for downtown Asheville is of particular interest, since so much focus is placed upon that neighborhood in discussions of the impact of the visitor economy. The above data shows AADT volume for measured even years beginning in 2002 through 2014, the most recent year for which data is available. For some downtown Asheville surface street



locations, there is less historical data available from NCDOT, but still enough to observe changes in vehicle traffic since the Great Recession.

Location	2009	2012	2014
College St, east of Oak St	11,400	13,000	11,000
College St, east of Charlotte St	12,900	15,000	14,000
College St, east of Haywood St	5,500	5,900	5,900
Woodfin St, east of Broadway	7,400	7,600	7,100
Patton Ave, east of Clingman Ave	15,000	17,000	15,000

For nearly every traffic monitoring location above, vehicular traffic volume on downtown streets in 2014 was actually lower or equivalent to the pre-recession levels observed in 2008 and 2009, and generally much lower than the levels observed in the first part of the 21st century.

There may be several explanations for this trend, although there is likely not any one single reason for it:

- Changes in daypart times when downtown traffic peaks, i.e. similar or less volume as in previous years, but distributed differently throughout the day and the week.
- More downtown hotel rooms leading to visitor’s vehicles making fewer trips into and out of the downtown core (although the downtown Asheville hotel building boom had only added two larger properties by 2014, the Aloft Hotel and the Hotel Indigo).
- The addition of guest shuttle services by several Buncombe County hotels located outside of the downtown area.

Regardless of the causes, however, the NCDOT data clearly shows that there was no more traffic on most downtown Asheville streets in 2014 than there was in 2002, or 2008-2009. The popular perception, of course, may be opposite that, possibly due to increased pedestrian traffic downtown (perhaps due to people spending longer amounts of time in the downtown core); the aforementioned changes in peak traffic periods (increases in



evening and weekend vehicular traffic offset by declines in morning weekday traffic); or simply recency bias. NCDOT data for 2016 and future years may show significant increases in vehicular traffic, but until now the trend has clearly been stagnation or even decline in traffic on downtown streets.

However, it is worth noting that vehicular traffic volume on some Buncombe County state-maintained interstate highways has actually increased quite a lot from both the 2002 and 2008 levels, which is not surprising to anyone who spends much time driving on Interstate 26 on a Friday afternoon, for example. In some cases, the numbers have risen sharply since 2002, and particularly since the Great Recession.

Location	2002	2008	2014
Jeff Bowen Bridge, I-240/I-26	94,000	94,000	103,000
I-26/240 north of Haywood Rd	55,000	55,000	62,000
I-40 east of Exit 44 (Smoky Park Hwy)	71,000	73,000	80,000
I-26 west of Exit 33 (Brevard Rd)	67,000	76,000	81,000
I-26 west of Exit 37 (Long Shoals Rd)	62,000	70,000	78,000
I-26 west of Exit 40 (Airport Rd)	59,000	67,000	72,000
I-40 east of Exit 50 (Hendersonville Rd)	43,000	40,000	46,000
I-40 east of Exit 53 (I-240/US 74A)	56,000	55,000	61,000

Some of these increases in traffic volume are attributable to the increased visitation to Buncombe County over the same period. But there are also other known substantial contributing factors:

- The growth in vehicular traffic attributable to commuting workers into (and in some cases, out of) Buncombe County from neighboring counties. This is addressed in greater detail below.
- The growth of Asheville and Buncombe County as a strong regional hub for a wide variety of purposes—including medical, commercial, education, entertainment, and



transportation reasons, among others—as residents of nearby counties drive to the county for goods and services they can't obtain in their own communities.

- The overall population growth of the entire region, especially nearby metropolitan areas like Charlotte and Greenville/Spartanburg, which has generated more vehicular activity simply passing through Buncombe County.
- The growth in commercial truck traffic along and through Buncombe County's interstate highways, especially Interstate 26. A significant portion of that traffic originates at the Port of Charleston (SC), which experienced a record year for container shipping volume in calendar year 2016 (<http://www.scsipa.com/news/sc-ports-authority-announces-record-container-volume-2016/>), and the inland port facility in Greer, SC which has also experienced record container shipping volume (<http://www.goupstate.com/news/20160721/sc-inland-port-reports-record-volume-in-last-fiscal-year>) and its nearby BMW manufacturing facility. (As a footnote, that shipping traffic will likely continue to increase as the Port of Charleston and the Inland Port expand and the widening of the Panama Canal is completed.) Asheville sits at the crossroads of two important interstate highways used to ship much of that freight to other parts of the U.S.

Worker commuting patterns also place a great deal of vehicular traffic on Buncombe County interstates. The Census Bureau's most recent American Community Survey data for commuting patterns for 2009-2013 showed that there were 21,642 workers just from the five nearest counties to Buncombe (Haywood, Henderson, Madison, McDowell, and Transylvania) who commuted to the county for work. Those commuters alone represent a fifth of the population of residents who both live and work in Buncombe County (100,773). There were an additional 8,859 residents of Buncombe who left the county each day to work in one of those same five surrounding counties. It is reasonable to assume that most of those commuting workers did so by car in single-occupancy vehicles, thereby representing at least 30,000 vehicles per workday on interstate highways to and from Buncombe and those other five counties.



Looking at data exclusively for the city of Asheville illustrates how this pattern affects the most urbanized part of the region. The Census Bureau estimated in 2000 that the city had a daytime population of 102,472, inclusive of Asheville residents who work in Asheville and those who commute into it. In 2010, according to the Census, that figure had grown to 122,882, or 40,912 more people than the resident population of the city in 2010 (81,970). That figure is inclusive of 80,220 workers in the city plus 81,970 residents, less 39,308 city residents who work outside the city limits (mostly in other parts of Buncombe County). The daytime population of the city grows by 50 percent due solely to worker commuting. However, that's also only an increase of about 7,000 workers since the 2000 Census, when the daytime population of the city of Asheville grew by a similar percentage (49%) each day.

Emergency Services Impacts

With so many people entering and leaving Asheville and Buncombe County each day—for reasons of employment, commerce, education, entertainment, transportation, health care, leisure tourism (daytrip and overnight), business travel, family, and other motivations—the number of non-residents swells the daytime population of the immediate area. It is precisely because of that significant variety of reasons that it is impossible to label everyone who doesn't reside in Buncombe County but enters its borders as a "tourist."

Therein lies the challenge of trying to determine the impact of "tourists" upon local police and fire services. Unless the motivation for being in Buncombe County of each non-resident who uses local fire and police services is determined, it is difficult to assume that tourism is solely or even primarily responsible for the demands upon those services by non-residents. That holds true for both the victims and the perpetrators of crimes. This is particularly applicable for the city of Asheville, the urbanized hub of the entire region, with a resident population considerably smaller than even the rest of the county in which it resides.



Even the traditional academic definition of a “tourist” excludes many thousands of people who live within an hour’s drive of Asheville. The U.S. Travel Association (and others) has always defined a tourist as a person taking “a trip away from home overnight in paid accommodations or on a day or overnight trip to places 50 miles or more [one-way] away from home” (<https://www.ustravel.org/answersheet>). And in order to maximize the return on its promotional investment and to encourage overnight visitation in accordance with its legal mandate, the Buncombe County TDA has always refrained from placing paid advertising in the local media market (Greenville/ Spartanburg/Asheville).

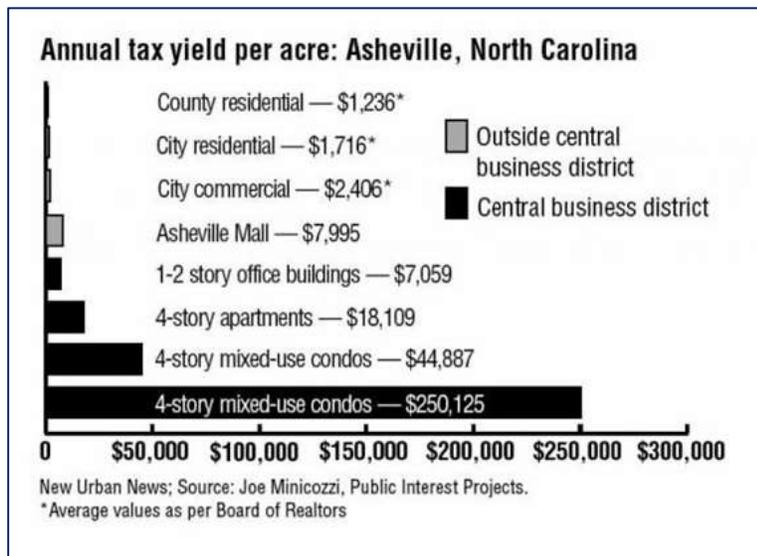
Without data that truly identifies the specific reason why a non-resident is in Buncombe County in the first place, it is nearly impossible to quantify what demands “tourists” place upon emergency services. For example, a resident of Madison County who seeks health care in Asheville and who is involved in a traffic accident isn’t a “tourist” even though that person lives outside the county. The complexity of Buncombe County as an urbanized, regional hub is far different than the situation faced by much smaller beach communities in eastern North Carolina, such as towns in Brunswick and Dare, counties, where there is a more obvious connection between visitation and demands upon municipal services. And, as noted previously, tourism-related businesses in Buncombe County pay property taxes to help pay for emergency services for their businesses and guests—nearly all of whom won’t use other services provided by the county and its municipalities, such as public education.

The Benefits of Urban Density Facilitated by Tourism

While the impact of the new construction of hotels in downtown Asheville has been oft-debated and discussed, there are at least two significant benefits that may have gone mostly unrecognized. The first is that by having a large concentration of visitors staying overnight in a highly walkable neighborhood, vehicular traffic into, within, and out of the downtown core will likely be reduced. Many hotels also invest in the construction of their own parking facilities, which reduces demand upon city- and county-owned parking decks.



The second benefit is in the per-acre revenue generated by dense urban development like hotels. A study performed by Asheville’s Public Interest Projects in 2010 found that dense, mixed-use developments generate the highest amounts of tax revenue for local governments. While the study did not specifically look at multi-story hotels within the central business district (there were few of these in Asheville at the time of the study), it’s not unreasonable to think that the per-acre revenue impact of such properties would be similarly beneficial as the mixed-use condominium developments cited in the analysis.



And, this 2010 analysis was performed before the 2013 property tax reassessment (and obviously the 2017 one as well), just as the nation was coming out of the Great Recession. The study (and a similar one performed by Public Interest Projects in Sarasota, Florida) also noted that compact, dense urban

development is less expensive on a per-unit basis to cover the costs of various infrastructure needs such as roads and utilities (<http://bettercities.net/article/best-bet-tax-revenue-mixed-use-downtown-development-13144>).

Many of the new hotel properties in downtown Asheville are located on previously underperforming parcels of land which provided little contribution to local property tax coffers. Some examples include the following:

Hotel Property	Prior Use of Parcel
Aloft Hotel	Surface parking lot
Hilton Garden Inn (part of City Center mixed use development)	Single-story restaurant and surface parking lot
Hotel Indigo	Asheville Area Chamber of Commerce building
AC Hotel by Marriott	Multi-story parking deck



Hyatt Place Hotel	Restaurant and surface parking lot
Cambria Suites	Single-story retail building and surface parking lot
Proposed Element Hotel	Vacant lot
Proposed Embassy Suites	Former Buncombe County Sheriff's Office building and surface parking lot

Although the Arras hotel and multi-story condo project currently under construction in the former BB&T Building on Pack Square will not be occupying a previously vacant parcel of land or a surface parking lot, it is replacing an office tower which has experienced declining occupancy in recent years.

Another benefit of large hotels (and one not typically associated with multi-story residential developments) is that they are also significant consumers of local goods and services. These include food and beverage suppliers, commercial laundry services, florists, legal and financial services, wedding and event planners, musicians and other entertainers, and local transportation and guide services.



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