



The Charlotte

# BAROMETER

Report



An Official Publication of the Charlotte Regional Visitors Authority

MAY 2010

## National & International Business & Convention

### WELLS FARGO MEETING/EVENT RESEARCH

**Wells Fargo** Securities Equity Research Department's survey of meeting planners forecasts that hotel properties will see a 0.8% drop in group room demand in 2010. This latest survey actually shows that the outlook for revenues derived by groups is steadily improving compared to the August 2009 (down 7.5%) and January 2010 (down 1.9%) surveys.

The earliest a majority (61%) of respondents believe hotels will recapture group pricing power is 2012. Over 90% of the responses show that the consumer holds almost all the negotiating leverage for 2010 events (in the year for the year events). There is no material change in the balance of power for 2011 either, which shows hotels do not likely have strong confidence in 2011 advance bookings.

Meeting planners expect the number of meetings held in 2010 to increase 2%, but this is mainly a function of independent, third party planners shifting their focus to adding new clients instead of adding new meetings. When the independent segment is excluded, the number of meetings is expected to increase just 0.7%. The survey goes on to say that considering associations are required to host annual events and government organizations are likewise a small but consistent contributor, the implication is that private employers are the cause of most incremental spending in group room demand.

### LODGING TRENDS FROM THE WALL STREET JOURNAL

A recent **Wall Street Journal** stated that **Marriott International Inc.** saw a 16% growth in business travel in their North American hotels under the Marriott Hotels & Resort brand. The company reported a profit of \$83 million in the first quarter of 2010, compared to a net loss of \$23 million a year ago. Revenue increased 5.4%. The paper also reported that **Smith Travel Research** updated its forecast to reflect a stronger than anticipated 2010 and 2011 in the US Hotel market. Smith now predicts flat revenue per available room growth in 2010, but a 5.4% increase in 2011.

## Local Perspective

### CHARLOTTE AREA LODGING – MARCH SMITH TRAVEL RESEARCH

March **occupancy** was 59.4% in the Charlotte area, up 12% from last March and *the highest monthly occupancy in the market since October 2008 (62.8%)*. Year to date, occupancy is 54.4% in the market, up 7.9% from the same period last year. By comparison, year to date occupancy is up 2.3% in the US (51.9%) and 3.7% in NC (47.6%).

Charlotte area **average daily rate** (ADR) was \$78.49 in March, down 4.3% from last March. Year to date, ADR is \$77.82 in the market, down 5.7% from the same period last year. By comparison, year to date ADR has declined 4.3% in the US (\$96.27) and is down 3.7% in NC (\$74.53).

March **revenue per available room** (RevPAR) was \$46.66 in the Charlotte area, up 7.3% over last March. Year to date RevPAR is \$42.35 in the market, up 1.8% from the same period last year. By comparison, year to date RevPAR is down 2.1% in the US (\$50.01) and is off 0.1% in NC (\$35.45)

## MECKLENBURG COUNTY HOSPITALITY TAX COLLECTIONS-- FY10 THROUGH MARCH

Mecklenburg County **6% regular occupancy tax collections** total \$15.1 million fiscal year to date through March, down 9% compared to the same period last year.

Mecklenburg County **2% NASCAR Hall of Fame tax collections** total \$5.0 million fiscal year to date through March, also down 9% compared to the same period last year.

Mecklenburg County **1% prepared food & beverage tax collections** total \$14.5 million fiscal year to date through March, down 2% compared to the same period last year.

### National Leisure & Tourism

#### DINING TRENDS FROM THE WALL STREET JOURNAL

According to another *Wall Street Journal* article, restaurant-chains are faring much better. **Chipotle Mexican Grill** first quarter profits rose 49% with sales up 16% from a year earlier. **McDonald's** posted a first quarter earnings gain of 11% on revenue that rose 10%. US sales grew at 1.5% over a year ago. **Starbucks** saw sales at stores open a year increase by 7% over last year. **Panera Bread** said it expects first quarter sales at company-owned stores

open at least a year rose 10%. It also lifted its forecast for those restaurants this year to between 6.5% and 7.5% comparable store sales gain. According to **NPD Group**, sales at quick-serve and family style restaurants open at least a year have been up four of the past six weeks, something that hasn't happened in 11 months. Still, the firm expects the industry will remain weak for the next seven months.

### Economy

#### CONSUMER CONFIDENCE

**The Conference Board**, reports that its April Consumer Confidence index increased to 57.9, up from a revised 52.3 in March. The April reading is the highest since September 2008's reading of 61.4.

#### FIRST QUARTER GROSS DOMESTIC PRODUCT

The **US Commerce Department's** initial estimate of first quarter GDP showed 3.2% growth, marking the third straight quarterly gain, although growth was weaker than in the fourth quarter of last year, when the economy grew at 5.6%

### Media

#### APRIL 2010 VOCUS

During the month of April **Vocus** reported 772 news results on key words tracked by CRVA. The top five categories were: NASCAR Hall of Fame (63%), Charlotte Attractions (18%), Charlotte Convention Center (7%), Time Warner Cable Arena (5%) and Charlotte Sports (2%).

By media, 31% of April's news items appeared via Online Consumer sites, followed by Online News & Business sites (29%), Television Programs (15%), Cable/Satellite Networks/Stations (12%) and Newspapers (5%). A total of 83% of April's media hits occurred outside the Charlotte area.

#### Sources for this Publication

- Mecklenburg County Tax Office
- Smith Travel Research
- The Conference Board
- The TAP Report
- US Department of Commerce
- US Department of Labor
- Visit Charlotte/CRVA
- Vocus
- *Wall Street Journal*
- Wells Fargo Securities Equity Research

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#### Inside This Report

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# HOSPITALITY INDUSTRY STATISTICAL REPORT

## April 2010

### Charlotte Market Lodging Production

	Charlotte Market	North Carolina	Competitive Set	United States	Top 25
March 2010 Occupancy %	59.4	53.1	58.5	57.9	66.1
% Change	12	7.5	6.5	5.9	8.7
March 2010 ADR \$	78.49	75.88	89.34	97.90	117.14
% Change	-4.3	-2.4	-3	-2	-2.4
March 2010 RevPAR \$	46.66	40.28	52.84	56.67	77.48
% Change	7.3	4.9	3.3	3.8	6.1
2010 YTD Occupancy %	54.4	47.76	51.8	51.9	59.5
% Change	7.9	3.7	3.5	2.3	5.3
2010 YTD ADR \$	77.82	74.53	86.49	96.27	114.22
% Change	-5.7	-3.7	-5.5	-4.3	-5.9
2010 YTD RevPAR \$	42.35	35.45	45.17	50.01	67.95
% Change	1.8	-0.1	-2.1	-2.1	-0.9

Source: Smith Travel Research-Stats lag by one month

Comp Set includes: Tampa, Atlanta, Indianapolis, Baltimore, Minneapolis, St. Louis, Greensboro, Raleigh, Cincinnati, Columbus, Philadelphia, Pittsburgh and Nashville

### Charlotte Douglas International Airport Aviation Production

	Month of March	% Chg from March 09	2010 YTD	YTD % Chg from 09
Passenger Enplanements	1,552,174	6%	4,178,976	3%
Passenger Deplanements	1,561,782	6%	4,198,338	3%

Source: Charlotte Douglas International Airport-Stats lag by one month

### Visit Charlotte Definite Room Night Production

	Month of April	Change from April 2009	FY 2010 YTD	YTD Chg (%) from FY09
Total Room Night Production	4,456	2,522	272,797	1,975 (0.7%)
Visitor Economic Development (\$)	2,225,430	885,356	204,433,054	13,519,062 (7%)
Number of Definite Bookings	16	1	278	-35 (-11%)
Average Size of Definite Bookings	279	150	981	116 (13%)
Total Attendance	2,635	422	557,245	115,964 (26%)
Convention Center GSF Booked	0	0	11,080,000	-7,690,000 (-41%)

### Visit Charlotte Lead Room Night Production

	Month of April	Change from April 2009	FY 2010 YTD	YTD Chg (%) from FY09
Total Room Night Production	185,469	122,637	1,041,392	289,597 (39%)
Number of Lead Bookings	49	-3	579	-36 (6%)
Average Size of Lead Bookings	3,785	2,577	1,799	577 (47%)

### Visit Charlotte Housing Bureau Production

	Month of April	FY 2010 YTD	YTD% Chg from FY09
Total Reservations Produced	285	4,872	-58%
Total Room Nights Produced	885	9,888	-75%

### Visit Charlotte Leisure Tourism Production

	Month of April	FY 2010 YTD	YTD % Chg from FY09
Ad Inquiries (+Travelocity clicks, etc.)	8,029	143,518	305%
Visitor Center Walk-In Traffic	3,710	24,766	-17%
Call Center Inquiries	682	5,280	-9%
Web Site Official Visitors Guide Requests (& views)	1,778	22,884	21%
Emails/Letters/Faxes	42	281	-57%
Total Visitor Inquiries	<b>14,241</b>	<b>196,729</b>	<b>117%</b>
Visit Charlotte Web Site Visitors (Google)	<b>78,498</b>	<b>860,870</b>	<b>25.9%</b>
Motor Coach Group Bookings (Passengers)	<b>408</b>	<b>3,671</b>	N/A

# DEFINITE BOOKINGS

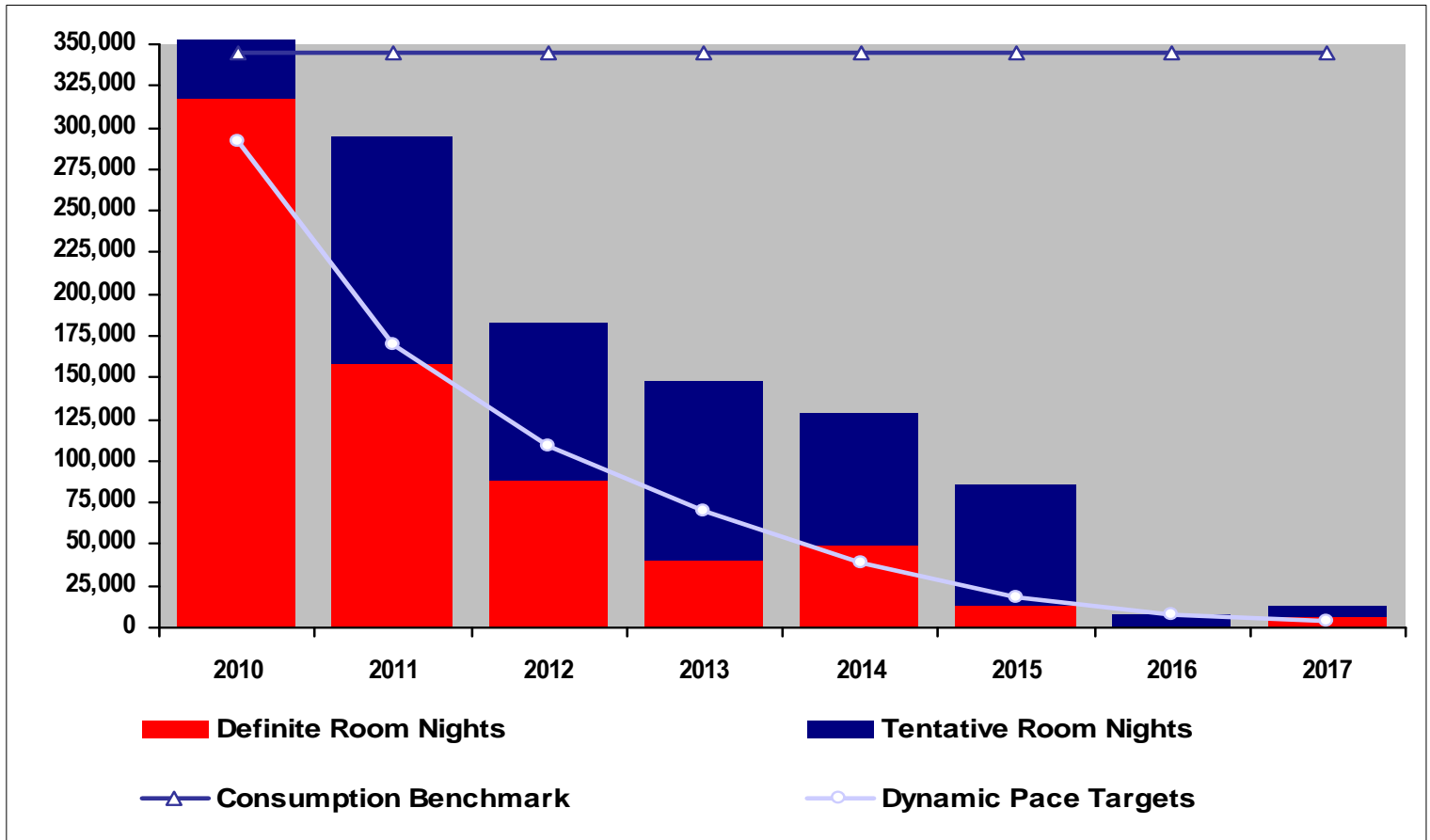
## April 2010

Charlotte Convention Center							
Group Name	Meeting Type	Event Date	Days	Exhibit Gross Sq Ft	Total Room Nights	Attend	Visitor Econ. Dev. (\$)
<b>Total</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Conference Sales					
Group Name	Event Date	Days	Total Room Nights	Attendance	Visitor Econ. Dev. (\$)
Verizon Wireless	Apr 2010	1	70	120	37,680
Planned Parenthood Federation of America ®	Apr 2010	3	169	60	56,520
Big Time Softball	May 2010	2	200	600	160,800
Diagnostica Stago, Inc.	May 2010	1	13	70	21,980
US Airways	Jun 2010	1	55	60	18,840
Cadent Medical Communications	Jun 2010	1	33	25	7,850
US Department of Homeland Security	Jul 2010	11	462	40	138,160
Rorie Family Reunion	Jul 2010	3	90	100	94,200
Professional Anglers Association	Aug 2010	6	1,200	500	402,000
Johnstone Supply Data Services	Sep 2010	3	155	100	94,200
International Assoc. of Refrigerated Warehouses	Sep 2010	3	90	75	70,650
Rita Twiggs Ministries	Oct 2010	3	150	50	47,100
North Carolina Writers' Network ®	Nov 2010	2	100	200	125,600
Association for Iron and Steel Technology ®	Feb 2011	3	90	75	70,650
American Society for Quality ®	Apr 2011	5	245	60	94,200
Teamsters National Black Caucus	Aug 2012	5	1,334	500	785,000
<b>Total</b>			<b>4,456</b>	<b>2,635</b>	<b>2,225,430</b>
<b>GRAND TOTAL</b>			<b>4,456</b>	<b>2,635</b>	<b>2,225,430</b>

Sports & Leisure Spending DKS&A 2007 Charlotte Update (attendance x \$134 x # days)  
 Convention & Conference Spending 2005 DMAI ExPact Study (attendance x \$314 x # days)  
 © Repeat Business

## Eight Year Dynamic Room Night Pace Report (As of 4/1/10) Trends Analysis Projections, LLC

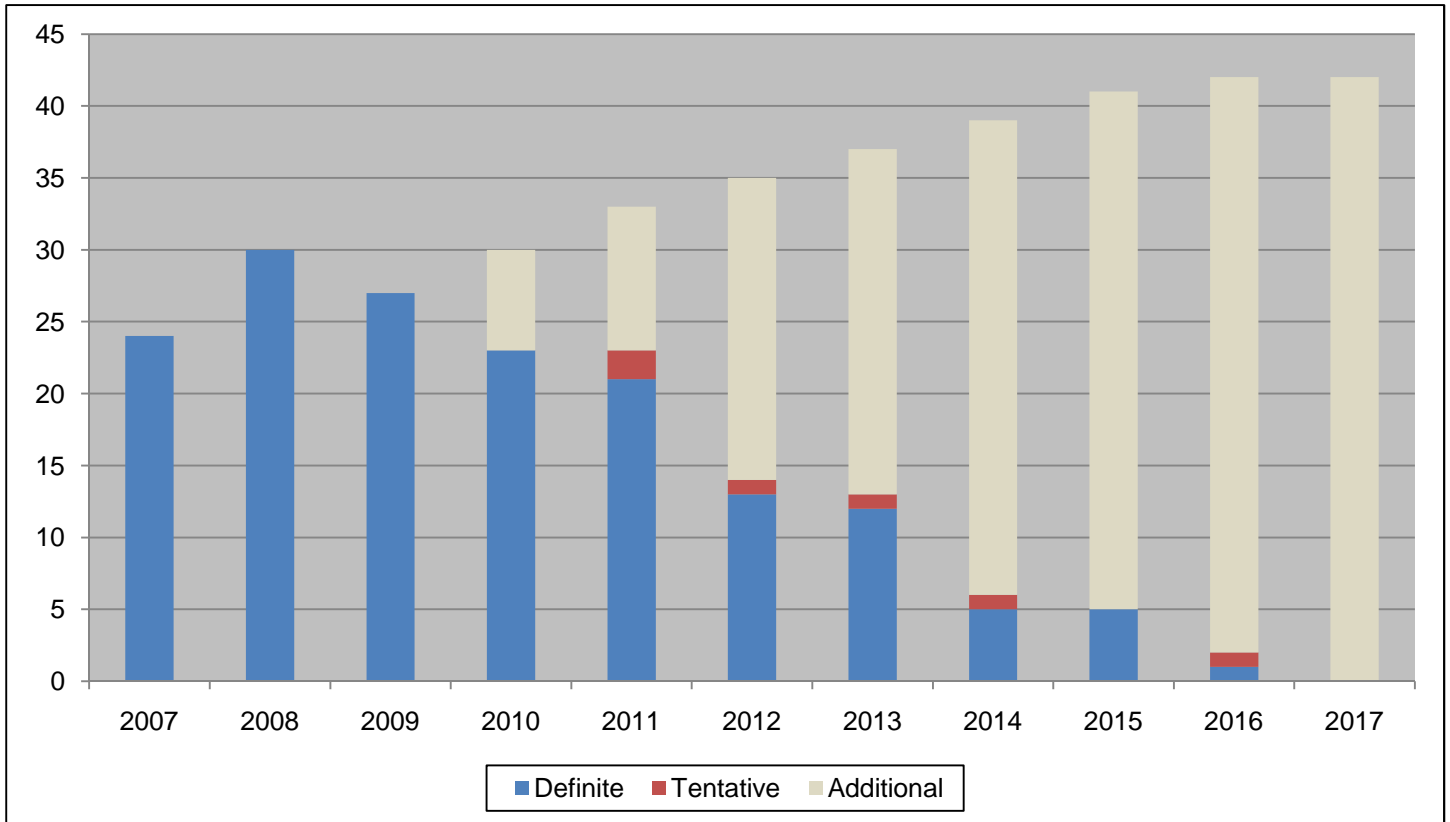


## Eight Year Dynamic Room Night Pace Report (As of 4/1/10) Trends Analysis Projections, LLC

	2010	2011	2012	2013	2014	2015	2016	2017	Total
Charlotte Definite Room Nights	317,968	157,868	87,881	40,780	48,333	13,483	0	5,937	672,750
Pace Target	291,151	169,990	108,964	70,396	38,778	18,202	8,267	3,530	709,278
Variance	26,817	(12,122)	(21,803)	(29,616)	10,055	(4,719)	(8,267)	2,407	(36,528)
Pace Percentage	109%	93%	81%	58%	126%	74%	0%	168%	95%
Tentative Room Nights	34,490	136,089	94,301	106,387	79,597	71,755	7,671	7,518	537,808
Consumption Benchmark	344,808	344,808	344,808	344,808	344,808	344,808	344,808	344,808	2,758,464
Peer Set Pace Percentage	103%	87%	72%	91%	88%	155%	129%	189%	96%

Peer Set Data includes Charlotte, Baltimore, Louisville, Pittsburgh and Tampa

## Charlotte Convention Center Tradeshaw & Convention Booking Outlook (As of 5/4/10)



## Charlotte Convention Center Tradeshaw & Convention Booking Outlook (As of 5/4/10)

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Definite Bookings</b>	24	30	27	23	21	13	12	5	5	1	0
<b>Tentative Bookings</b>	0	0	0	0	2	1	1	1	0	1	0
<b>Subtotal</b>	24	30	27	23	23	14	13	6	5	2	0
<b>Definite Target</b>	20	21	26	30	33	35	37	39	41	42	42
<b>Variance</b>	4	9	1	-7	-10	-21	-24	-33	-36	-40	-42

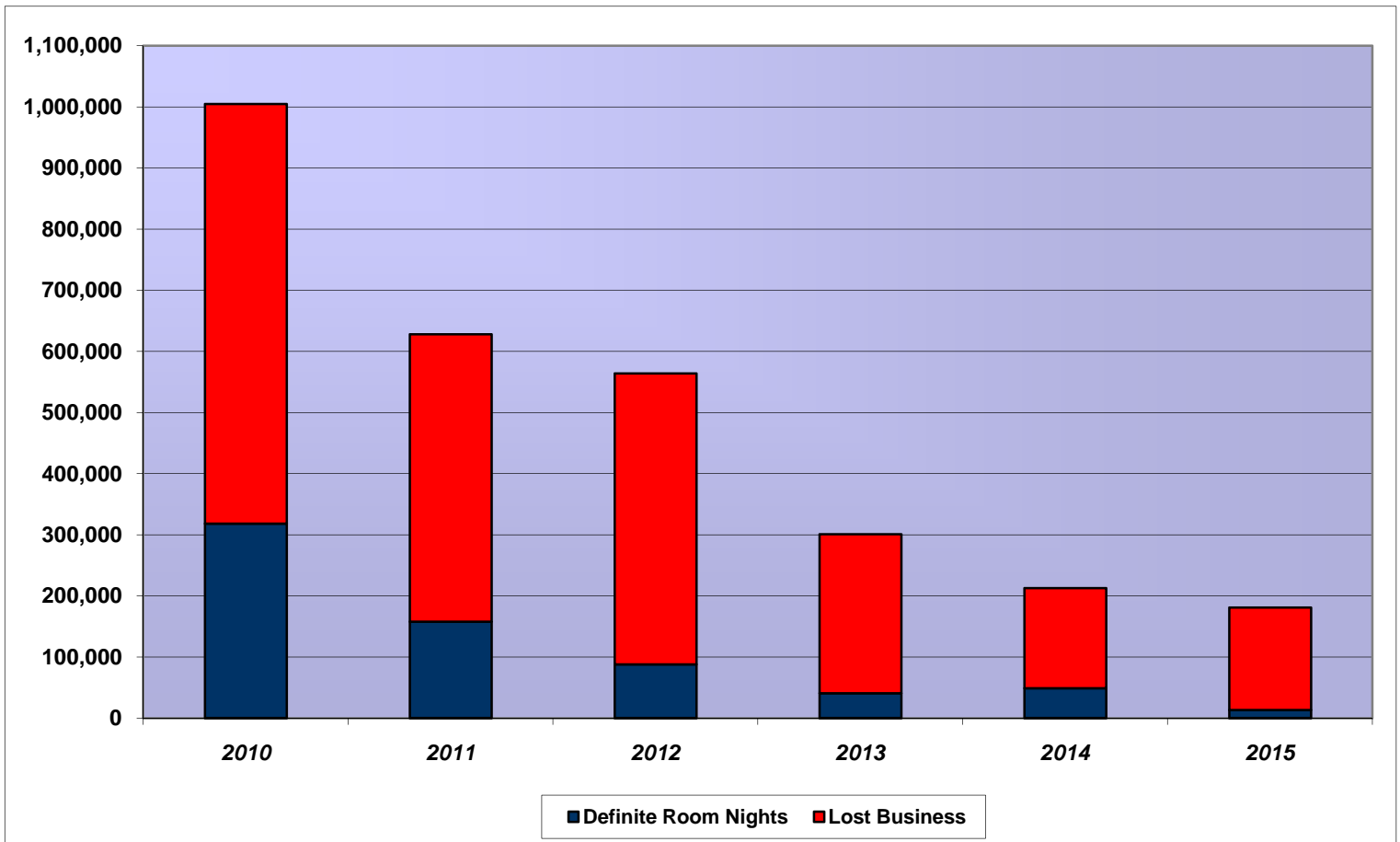
## HOSPITALITY INDUSTRY SALES ACTIVITIES

### April 2010

<b>Site Visits</b>			
<b>Group Name</b>	<b>Venue</b>	<b>Total Room Nights</b>	<b>Total Attendance</b>
<b>DEFINITES</b>			
National Rifle Association (May 2010)	CCC	8,560	48,000
Professional Convention Management Association (Oct 2010)	Hotel	80	233
Dr. Pepper ACC Football Championship (Dec 2010)	BofA Stadium	9,778	74,000
<b>TENTATIVES</b>			
NC Licensed Home Inspector Association (Jul 2010)	Hotel	15	100
Kenneth Copeland Ministries (Apr 2011)	Hotel	210	800
Association of Traffic Safety Information Professionals (Jul 2011)	Hotel	965	300
Omega Phi Alpha (Jul 2011)	Hotel	100	90
CASSS - California Separation Science Society (Oct 2011)	Hotel	285	125
National Institute for Automotive Service Excellence (Nov 2011)	Hotel	242	120
Democratic National Committee (Aug 2012)	CCC	88,153	40,000
Nuclear Energy Institute (Aug 2012)	Hotel	2,475	600
National Academic Advising Association (Oct 2014)	CCC	5,400	3,500
Amateur Athletic Union Golf (TBD)	TBD	TBD	TBD

<b>Trade Shows &amp; Events (attended by staff)</b>	
<b>Event Name</b>	<b>Location</b>
Association Executives of North Carolina	Pinehurst, NC
Barbershop Harmony Society	Portland, OR
Christian Meetings & Convention Association of NC	Greensboro, NC
Destination Marketing Association of North Carolina	Asheville, NC
EBMS Steering Committee	San Antonio, TX
Meeting Professionals International Board Meeting	Orlando, FL
National Association of Sports Commissions Symposium	Columbus, OH
Travel South	Birmingham, AL
Visit NC Website Training	Shelby, NC

## Visit Charlotte Pace vs. Demand Comparison – Lost Business (As of 4/1/10) Trends Analysis Projections, LLC

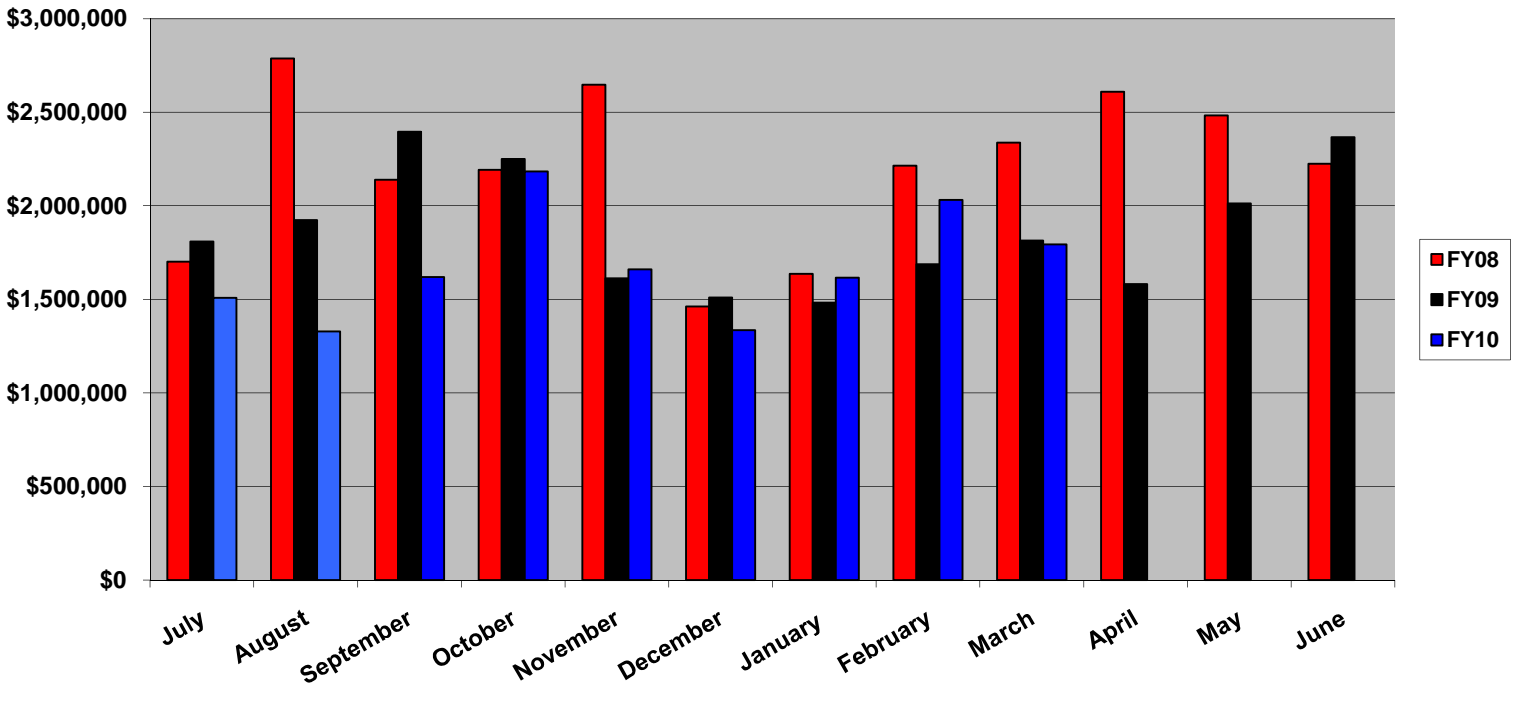


## Visit Charlotte Pace vs. Demand Comparison – Lost Business (As of 4/1/10) Trends Analysis Projections, LLC

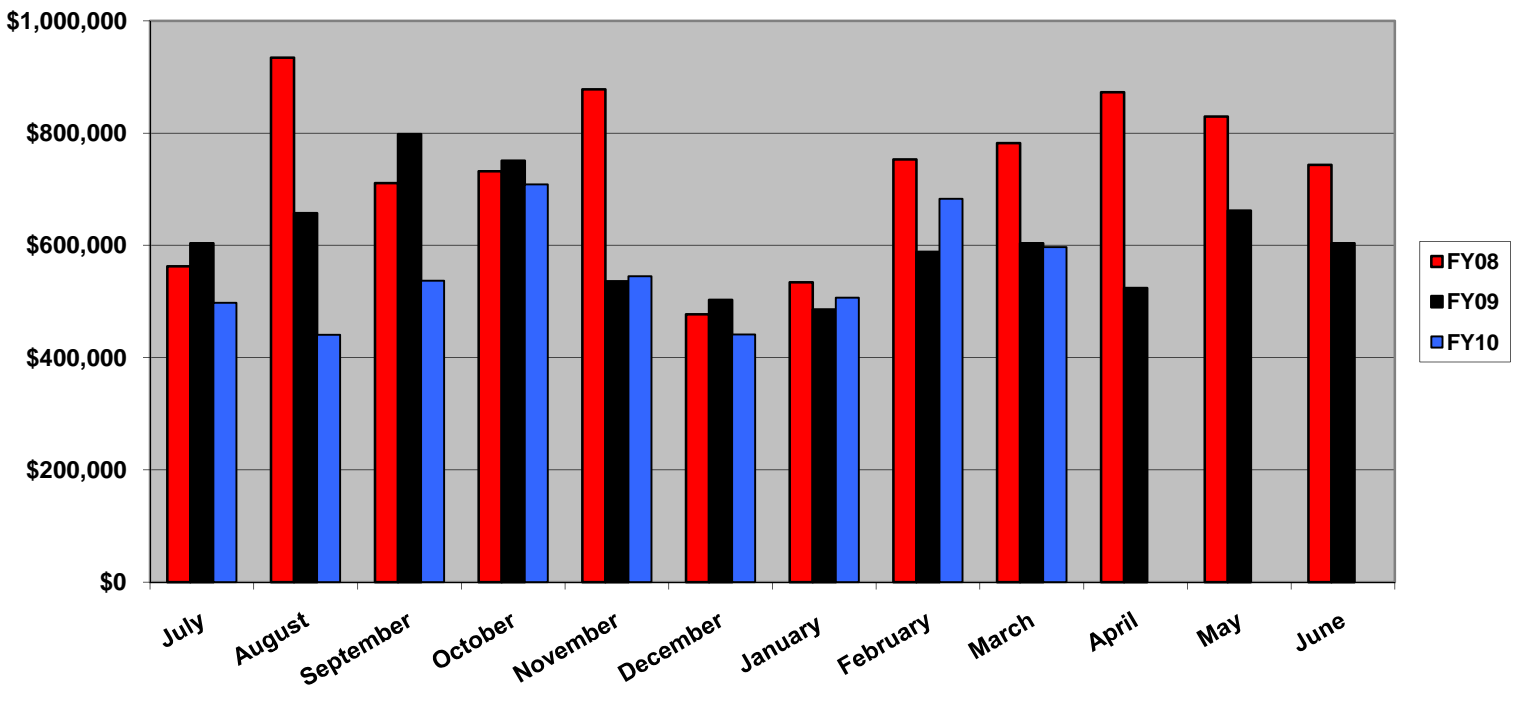
	2010	2011	2012	2013	2014	2015	2016	2017	Total
Charlotte Definite Room Nights	317,698	157,868	87,881	40,780	48,833	13,483	0	5,937	672,750
Pace Target	291,151	169,990	108,964	70,396	38,778	18,202	8,267	3,530	709,278
Pace Percentage	109%	93%	81%	58%	126%	74%	0%	168%	95%
Total Demand Room Nights	1,004,478	627,872	563,684	300,735	212,502	180,881	80,114	37,350	3,007,616
Lost Room Nights	685,510	470,004	475,803	259,955	163,669	167,398	80,114	31,413	2,334,866
Conversion Percentage	32%	25%	16%	14%	23%	7%	0%	16%	22%
Peer Set Conversion Percentage	26%	20%	15%	20%	19%	26%	28%	20%	21%

Peer Set Data includes Charlotte, Baltimore, Louisville, Pittsburgh and Tampa

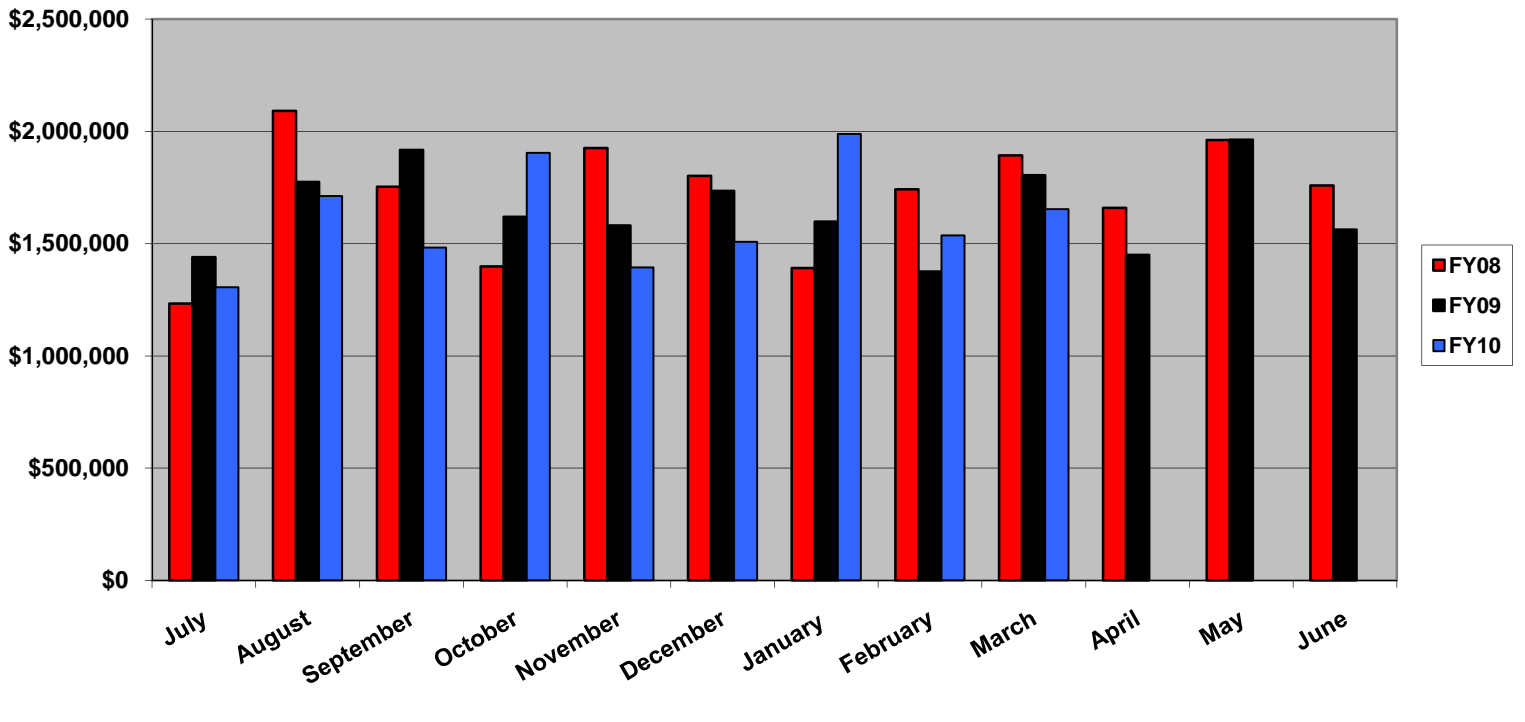
### 6% OCCUPANCY TAX COLLECTIONS



### 2% NASCAR HOF TAX COLLECTIONS



**1% PREPARED FOOD & BEVERAGE TAX COLLECTIONS**



**THE ECONOMY**  
**March 2010**

	<b>2009</b>	<b>2010</b>	<b>% Change</b>
Consumer Confidence Index	39.2	52.3	33%
Consumer Price Index (CPI)	212.709	217.631	2.3%
Unemployment Rate			
- National	8.6%	9.7%	12.8%
- State	10.3%	11.1%	7.8%
- Local	11.1%	11.9%	7.2%