

Lodging Report

Methodology and Summary of Findings

Randall Travel Marketing (RTM) conducted a survey of the vacation rental properties, hotels/motels, and bed and breakfast inns in Currituck County. The survey instrument (questionnaire) was sent to lodging properties and RTM conducted executive interviews with managers of vacation home rental companies in Currituck County. The one-page questionnaire was written by RTM and approved by the Currituck County Department of Travel & Tourism for all lodging and rental properties in Currituck County. The survey was designed to determine the percentage of occupancy driven by eleven (11) market segments, annual and monthly occupancy percentages, typical travel party, average length of stay and top leisure feeder markets. The survey was conducted during the months of February and March 2012.

Currituck County currently has twenty (20) rental properties (3,233 units), five (5) hotel/motels (196 rooms) and one (1) bed and breakfast inn (4 rooms). The overall lodging response rate to the 2012 (2011 data) RTM survey was 59.8% as compared to the 2007 (2006 data) lodging report which was 63.6%.

Lodging Property Type	Total Lodging Properties/Agencies	Rooms/ Units	% of Lodging Inventory
Rental Agency	20	3,233	94.17%
Hotel/Motel	5	196	5.71%
Bed and Breakfast Inns	1	4	.12%

The overall lodging response in 2012 is as follows: Six (6) rental properties representing 1,889 of the 3,233 rental units and two (2) hotel/motel properties representing 166 of the 196 rooms responded.

In the 2007 lodging report the response was as follows: Nine (9) rental properties representing 2,081 of the 3,272 rental properties, four (4) hotel/motel lodging properties representing one hundred ninety (190) of the one hundred and ninety-four (194) hotel/motel rooms, and two (2) bed and breakfast inns representing eight (8) of the eight (8) bed and breakfast rooms available.

Those responding represent a reliable sampling of lodging property types, locations and service levels therefore the CCDTT can have confidence in the data as being predictive and representative of the overall lodging trends in Currituck County. Thus, this data is useful for decision making purposes.

The data has been analyzed and conclusions are provided on the following pages along with charts that demonstrate and outline the overall findings from the lodging properties who responded to the surveys.

Summary of 2012 Currituck County Lodging Report

In analysis of the lodging data collected in this report, RTM noted the following overall observations:

- **Currituck County lodging is comprised of:**

Lodging Property Type	Total Lodging Properties/Agencies	Rooms/ Units	% of Lodging Inventory
Rental Agency	20	3,233	94.17%
Hotel/Motel	5	196	5.71%
Bed and Breakfast Inns	1	4	.12%

- **Leisure visitors account for approximately 96.80%** of total Currituck County lodging occupancy. Convention/ meeting attendees combined with individual business travelers comprise 1.65%. The remaining 1.55% consists of transient, groups and “other”.
- For both rental companies and hotels, summer is the busiest travel season followed by fall and spring. Winter is slowest.
- Hoteliers report an average of 15% of travel parties are walk-ins without advance reservations.
- For rental companies the average yearly occupancy is between 35% - 40%.
- Most rental companies reported that their business grew steadily up until the Great Recession began in 2008-2009. Occupancy dipped about 5-10% in 2009, and then rebounded. Current occupancy rates have exceeded the pre-recession levels and are growing.
- Overall the vast majority of travel parties are families (93.82%).
- For rentals the average travel party size is approximately 2 families. For those overnighing in a hotel the average travel party size is 2.5 people.
- Rental companies report the average length of stay during peak season as 7 days/6 nights. For hotels/motels/inns the average length of stay is 3 nights.
- An average of 20-30% all house rental property travel parties includes pets.
- Rental properties report clientele demands continue to escalate. As of 2011-2012 the rank order appears to be:
 - Pool
 - Wireless access
 - Location (access to beach)
 - Home theaters/electronics
 - Linens

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Lodging Inventory

There are currently twenty (20) rental agencies representing 3,233 rental units (houses/condos), six (6) hotel/motels (196 rooms) and one (1) bed and breakfast inn (4 rooms) located in Currituck County. The overall Currituck County lodging statistics are as follows:

Lodging Property Type	Total Lodging Properties/Agencies	Rooms/ Units	% of Lodging Inventory
Rental Agency	20	3,233	94.17%
Hotel/Motel	5	196	5.71%
Bed and Breakfast Inns	1	4	.12%

(Source: CCDTT)

Currituck County Lodging Inventory

Rental Company	Unit Count	Rental Company	Unit Count
Atlantic Realty	16	Outer Banks Blue Real Estate Services	109
Beach Realty & Construction / Kitty Hawk Rentals	198	Paramount Destinations	55
Brindley Beach Vacations & Sales & (Resort Quest)	525	Resort Realty	164
Carolina Designs Realty	106	Seaside Vacations	57
Carolina Shores Vacations Rentals	20	Shoreline Preferred Properties	62
Corolla Classic Vacations	232	Southern Shores Realty	57
Corolla Light Resort	295	Stan White Realty & Construction, Inc.	60
Elan Vacations	71	Sun Realty	200
Karichele Realty	49	Twiddy & Company Realtors	627
Kitty Dunes Rentals	100	Village Realty	230

(Source: CCDTT)

Hotel/Motel Lodging Properties	Room Count
Bay Breeze Lodge	~
Hampton Inn	123
Midway Motel	4
Sea Oats Motel	14
The Inn at Corolla Light	43
Walnut Island Lodge	12
Total Hotel/ Motel 196	

(Source: CCDTT)

Bed and Breakfast Properties	Room Count
Trish's Bed and Breakfast	4
Total Bed & Breakfast 4	

(Source: CCDTT)

Market Segmentation

When marketing tourism to a destination it is critical to have an understanding of the different customer segments that drive occupancy in local lodging properties. This data provides an understanding of the categories that drive the greatest economic impact for the area and the most lodging tax that funds the CCDTT marketing budget. The chart below reveals the overall market segmentation as reported by the six (6) rental agencies (1,889 units) and two (2) hotel/motels (166 rooms) that participated in the study. Most lodging properties do not track the primary trip purpose of all of their guests, so this data is based upon the management team at each property interpreting the data they have on hand and their close personal knowledge of their customer mix.

2011 Lodging Market Segmentation

2011 Overall (3,433)	2011 Rental Properties (3,233)	2011 Hotel/Motel/B&B (200)	Annual Overall Market Mix (Segments):
59.8%	58.4%	83%	Response Rate
96.80%	97.39%	91.30%	Leisure
91.68%	93.95%	70.75%	Leisure – tourists visiting the beach, local attractions, shopping, etc.
3.14%	2.23%	11.48%	Leisure – weddings
1.04%	0.33%	7.59%	Leisure – visiting friends & relatives who live in Currituck County
0.94%	0.88%	1.48%	Golf package or golf group
1.01%*	0.72%	3.70%*	Convention & Meeting
0.79%	0.72%	1.48%*	Convention / conferences
		2.22%*	SMERF (social, military, educational, religious, and fraternal groups)
0.90%	0.62%	3.52%	Transient
0.90%	0.62%	3.52%	Pass-through / part of a longer trip
0.65%*	0.56%	1.48%*	Group
0.50%	0.56%	0.00%	Sports groups
1.48%*		1.48%*	Group tour / motorcoach
0.64%	0.71%	0.00%	Business
0.64%	0.71%	0.00%	Corporate individual business
0.00%	0.00%	0.00%	Other
0.00%	0.00%	0.00%	Other (specify)

The leisure segment occupies the majority of rooms in Currituck County with a 2012 overall average of 96.80%. When combined this total includes the following: tourists visiting the beach, attractions, shopping, weddings, those visiting friends and relatives and those golfing in Currituck. This is very similar to the 2007 Lodging Study (2006 data). Overall leisure and golf visitors reported at 96.80%.

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The next largest segment is convention and meeting which includes visitors attending conferences, convention and Social, Military, Education, Religious and Fraternal groups which indicate a slight increase with an average of 1.01%, the 2007 data reported an overall average of 0.40%.

Those passing through Currituck as part of a longer trip (Transient) represent 0.90% of the overall lodging mix.

Those overnighing in Currituck for group travel which includes sports, group tour and motorcoach account for 0.65% and business travelers represent 0.64%.

Overall there is only a slight change in the market segmentation from the 2007 Study.

2006 Lodging Market Segmentation

Overall	Rental Units	Hotel/Motel	Bed & Breakfast	Category
63.60%	61.34%	97.94%	100.00%	Lodging response rate (by room count)
94.98%	96.84%	79.82%	28.50%	Leisure
80.57%	82.09%	69.23%	3.50%	Tourists visiting beach, attractions, shopping, etc
14.41%	14.75%	10.59%	25.00%	Visiting local friends and relatives (weddings, reunion, etc)
1.70%	1.86%	.19%	.50%	Golf package/ golf group
.91%	.83%	3.11%	8.00%	Corporate/business
.82%	0.00%	8.26%	0.00%	Other (Contract labor, trainees)
.58%	.18%	3.70%	22.50%	Pass through/part of longer trip
.40%	.13%	.23%	1.00%	Convention
.25%	.18%	1.01%	.50%	Sports Group
.22%	~	2.17%	21.50%	SMERF
.14%	~	1.52%	17.50%	Group tour

(Source: RTM Lodging Survey)

Top Ranked Leisure Feeder Markets

The table below reveals the top five leisure feeder markets identified by the lodging properties that responded to the RTM survey.

2011 Overall Top Feeder Markets

Combined Lodging Properties Feeder Markets	First	Second	Third	Fourth	Total
Virginia	5	1	2	0	8
Pennsylvania	0	6	0	0	6
Maryland	0	0	4	0	4
New Jersey	0	0	1	3	4
Washington	1	1	0	1	3
North Carolina	1	0	1	1	3
Ohio	0	0	0	2	2
New York	0	0	1	0	1

(Source: RTM Lodging Property Survey)

The top feeder market for the 2012 Currituck County is the state of Virginia including the cities of Richmond and the Virginia Beach area. The next top feeder market for Currituck County is the state of Pennsylvania followed by Maryland and New Jersey.

2006 Overall Top Feeder Markets

Combined Lodging Properties Feeder Markets	First	Second	Third	Fourth	Total
Virginia	9	3	2	0	14
Pennsylvania	1	3	1	2	7
District of Columbia	2	2	2	0	6
North Carolina	1	2	2	0	5
Maryland	0	1	3	0	4
New Jersey	0	1	1	2	4

(Source: RTM Lodging Property Survey)

Walk-In Lodging

RTM asked hotel/motel and bed and breakfast lodging properties to report the percentage of their overall occupancy that walks in the door without a prior reservation. Some of the properties did not report this information as many do not track it. The participating hotel/motel/ bed & breakfast reported a walk-in average of 15%. This also indicates that the vast majority of travelers to the Currituck County plan their lodging *prior* to their trip. As indicated in the Inquiry Conversion E-Survey visitors to Currituck County tend to plan at least six months prior in advance.

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Lodging Visitor Profile

RTM also asked rental properties, lodging properties, and bed and breakfast inns to provide the typical travel party, typical length of stay and percentage of guests that were adults traveling with children.

2012 Visitor Profile

	Rental Properties	Hotel/Motel/ Bed & Breakfast Lodging Properties	Overall
Average travel party size (Rental properties typical pattern: •2 families• 3 families• 1 family)	2 families (8-10 people)	2.5 people	5.7
Average length of stay	7 days	3 days	6 days
Adults traveling with children	93.82%	~	93.82%

(Source: RTM Lodging Property Survey)

The data reveals that hotels and inns have similar guest profiles while rental units tend to attract larger travel parties who stay longer than those in single room lodging such as hotel/motel and bed and breakfast inns. This data is reflective of the 2007 Lodging Report.

2006 Visitor Profile

	Rental Properties	Hotel/Motel Lodging Properties	Bed and Breakfast Inns	Overall
Average travel party size	10.2	2.5	2	6.8
Average length of stay	7	2	3.5	5.4
Adults traveling with children	87.26%	59.13%	20.00%	89.35%

(Source: RTM Lodging Property Survey)

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Lodging Occupancy

The following chart shows the 2011 monthly occupancy reported by Currituck County rental companies (as reported to RTM) compared to the hotel/motel occupancy for *the combined Dare and Currituck County markets* as documented by Smith Travel Research. Thus, this is not an apples-to-apples comparison as the Dare/Currituck data is exclusively for hotels and the vast majority of responses for Currituck County in the RTM data is for rental companies. However, it is good to see the similarities and the differences. For both, summer and fall months have the highest occupancy percentages for all types of lodging and the winter and spring months have the lowest occupancy percentages.

Month	Currituck & Dare County STR 2011 Monthly Occupancy Hotels/Motels	2011 Monthly Occupancy Currituck Rental Properties (Reported to RTM)
January	24.7%	7.52%
February	33.3%	7.51%
March	37.6%	9.86%
April	59.8%	15.98%
May	64.5%	30.28%
June	71.8%	80.07%
July	79.4%	92.73%
August	73.4%	93.37%
September	70.0%	72.98%
October	57.3%	48.23%
November	38.4%	32.09%
December	26.5%	14.47%

*(Source: RTM Lodging Survey & Currituck/Dare County STR Data)

2006 Monthly Occupancy Trends – By Type of Lodging

Month	STR 2006 Monthly Occupancy Hotels/Motels (Currituck & Dare County)	2006 Monthly Occupancy Currituck Rentals*	2006 Monthly Occupancy Currituck Hotels/Motels*	2006 Monthly Occupancy Currituck Bed & Breakfast*
January	38.2%	7.65%	15.66%	44.50%
February	41.8%	8.80%	24.88%	42.50%
March	50.2%	11.29%	38.79%	62.50%
April	63.8%	25.30%	60.17%	64.00%
May	67.1%	50.58%	56.61%	60.00%
June	71.4%	79.92%	56.26%	65.50%
July	78.6%	90.06%	70.08%	92.50%
August	76.5%	88.13%	64.99%	91.00%
September	67.3%	55.81%	61.11%	74.00%
October	57.0%	28.59%	53.39%	66.00%
November	42.8%	19.14%	46.11%	39.00%
December	31.2%	12.08%	13.03%	87.50%

*(Source: RTM Lodging Survey)

Annual Occupancy Data

The chart below reflects 2006-2011 occupancy trends as reported by Smith Travel Research (STR) report for the combined Dare and Currituck County markets. It also compares this STR data to the national averages. Thus, the hotels in Dare and Currituck Counties have performed below the national averages.

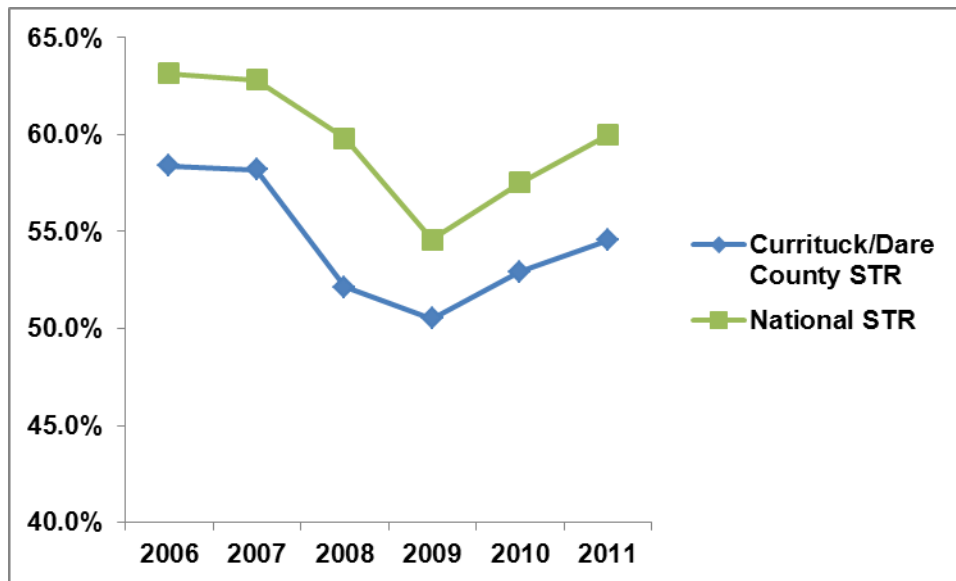
However, it should be noted that the majority of Currituck County Rental Companies report that while their business dipped a little bit in 2008 and 2009, it rebounded in 2010. Further, 2011 and 2012 have been above the pre-recession levels, and climbing!

Five Year Annual Occupancy Trends

Year	Currituck/Dare County STR	% of Change	National STR	% of Change
2006	58.4%		63.2%	
2007	58.2%	-3.5%	62.8%	-5.0%
2008	52.1%	-10.4%	59.8%	-4.8%
2009	50.5%	-3.1%	54.6%	-8.8%
2010	52.9%	4.8%	57.5%	5.4%
2011	54.6%	3.0%	60.0%	4.3%

Source: Smith Travel Research (STR) Report

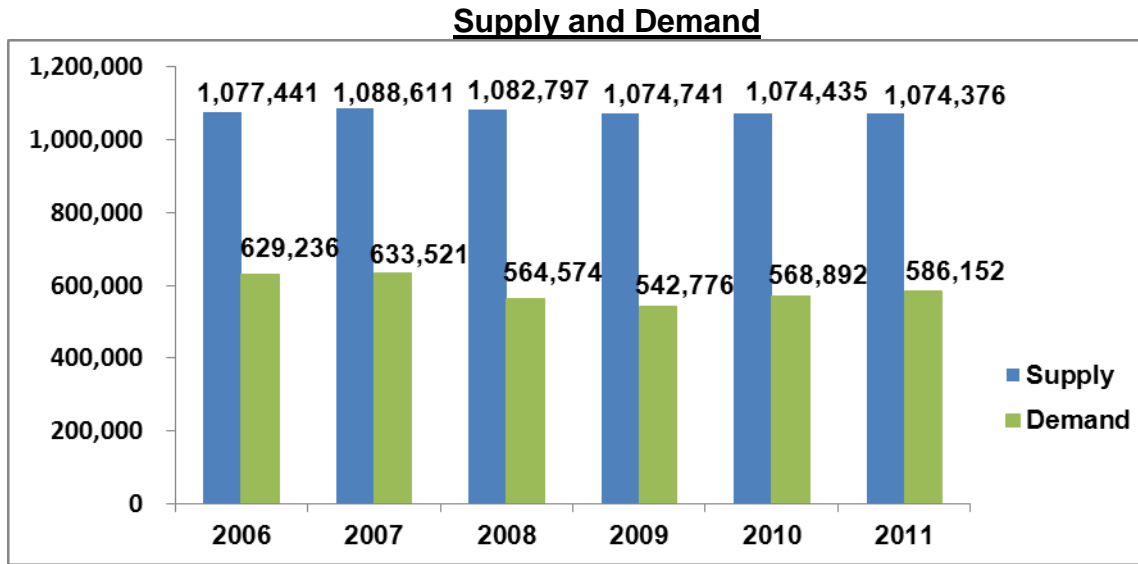
The chart below provides graphic illustration of the data in the above table.



Source: Smith Travel Research (STR) Report

Lodging Supply and Demand

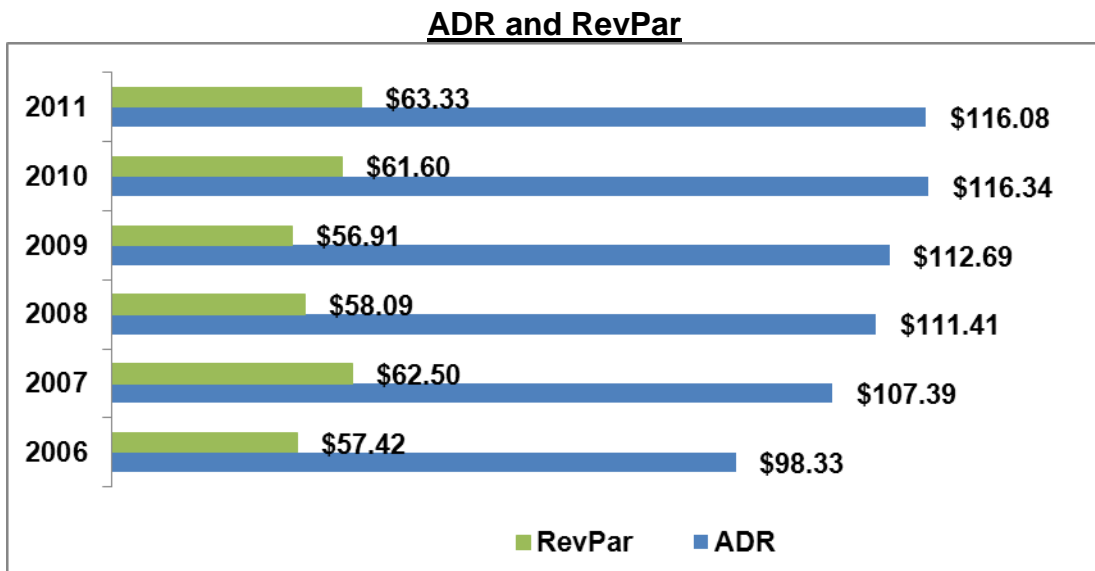
For hotels/motels in the combined market of Currituck and Dare County, the supply of lodging had a slight decline from 2007 to 2009 and has remained relatively the same since 2009. The demand for rooms shows a slight increase from 2006 to 2007. A significant decline began in 2008 and has yet to rebound to the 2007 levels for these hotels/motels. The decline in the demand for rooms could be due to the older lodging properties located in the Outer Banks area.



(Source: Smith Travel Research (STR) Report)

Average Daily Rate (ADR) and RevPar

ADR (Average Daily Rate) for hotels/motels in the combined Dare and Currituck Counties market has had a steady increase since 2006. RevPar (Revenue Per Available Room) increased from years 2006 to 2007 and decline began in 2008 and 2009. A slight increase in seen in 2010 with 2011 returning to exceed the prior five years.



(Source: Smith Travel Research (STR) Report)