

Fiscal Year
2020-2021

Buncombe County TDA **Annual Report**



Explore **ASHEVILLE**
Buncombe County Tourism Development Authority

Buncombe County TDA Board Members

Fiscal Year 2020-2021

As a public authority with a vital public purpose, the members of the Buncombe County Tourism Development Authority carry on a long and proud legacy that started in 1983 and has inspired economic growth in Asheville, Buncombe County and Western North Carolina for nearly 40 years.



Himanshu Karvir
Chair
Virtelle Hospitality



Gary Froeba
Vice Chair
Omni Grove Park Inn



Leah Wong Ashburn
Highland Brewing
Company



Andrew Celwyn
Herbiary



Brenda Durden
Asheville Hotel Group



John Luckett
Grand Bohemian Hotel



John McKibbin
McKibbin Hospitality



Kathleen Mosher
Biltmore



James Poole
The Foundry Hotel



**Councilmember
Sandra Kilgore**
Asheville City Council
Ex-Officio



**Commissioner
Robert Pressley**
Buncombe Co. Commission
Ex-Officio



People are at the heart of travel and hospitality. And, as humans, we travel to connect with new cultures, people and places. From tour outfitters and craft brewers to shop owners, attraction operators, chefs, artists, hoteliers, makers and musicians, humans are at the heart of genuine hospitality—and essential in the delivery of the travel experience.

In “normal times” it’s our collective body of work, creativity and spirit that makes our community a nationally recognized treasure for those who live and visit here. In “pandemic times,” add fortitude, resilience, innovation and determination to the mix—those are the traits that are enabling our community to begin to thrive again after what has been one of the most challenging years on record.

At publication of this report, we’re still in the throes of the pandemic but we’re on the road to recovery. For example, 97 percent of the nearly 400 local small businesses that received COVID-relief grants from the Buncombe County Tourism Development Authority’s \$5 million Tourism Jobs Recovery Fund are still in operation a year later. Not only did that support mean these beloved businesses were able to reopen safely, it also meant that jobs were retained and rehired for local people—the heart of hospitality.

Although hotels lost a decade in room demand growth for much of the year, a return to pre-pandemic levels has begun. Meanwhile, the “work from anywhere” phenomenon brought on by COVID safety protocols resulted in unprecedented demand for vacation rentals—good news for local residents who are earning incremental income from visitors staying in their properties.

As we wrapped up the fiscal year, hotel occupancy and that of short-term rentals were about equal. And that’s a good example of the kind of balanced recovery we are seeking going forward: providing more opportunities for more in our community to win. We are charting a new course for travel and tourism based on broader community goals and we welcome your partnership in helping Asheville and Buncombe County to thrive again.

Himanshu Karvir
Chair, FY 2020-2021
Buncombe County TDA

Vic Isley, President & CEO
Explore Asheville CVB
Buncombe County TDA





"Tourism brings so much to all of the businesses here; the restaurants, the breweries, the hotels, they're all connected. We're all helping each other in some way."

Dexter Hazel, Asheville Native
General Manager, Aloft Asheville Hotel



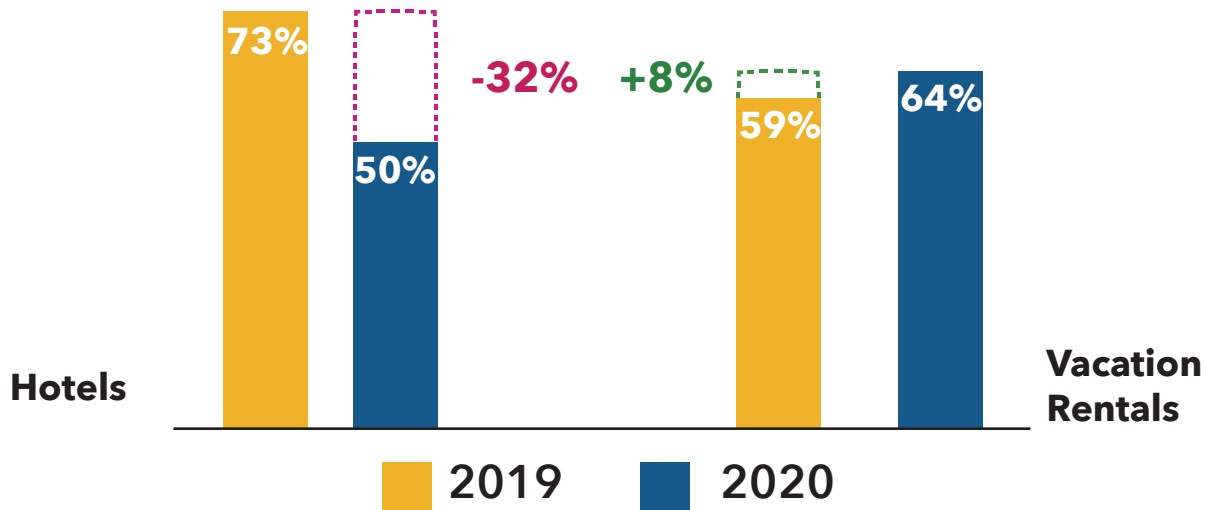
Lodging Performance

A key indicator for travel to our destination

Even with the pandemic’s devastating impact on the local economy, in particular the travel and leisure sector, Asheville’s attraction as a destination remained strong during the fiscal year. When people were willing and able to travel—or work remotely from anywhere—our decades-long reputation as a refuge for health, wellness and connection with nature beckoned visitors here as a safe location, offering plentiful fresh air and wide-open spaces.

Local residents with vacation rental properties especially benefited from visitors returning to our community. In Fiscal Year 2021, vacation rental sales accounted for 37.5 percent of all revenue, up from 15 percent in Fiscal Year 2018. That’s good news for residents earning incremental income from the return of visitors. The stellar performance of the vacation rental market was one factor in enabling the Buncombe County TDA to remain on solid financial footing.

Lodging Occupancy: Calendar Year 2020



Asheville’s reputation as a refuge for health, wellness and connection with nature beckoned visitors to the region as a safe destination, offering plentiful fresh air and wide-open spaces.

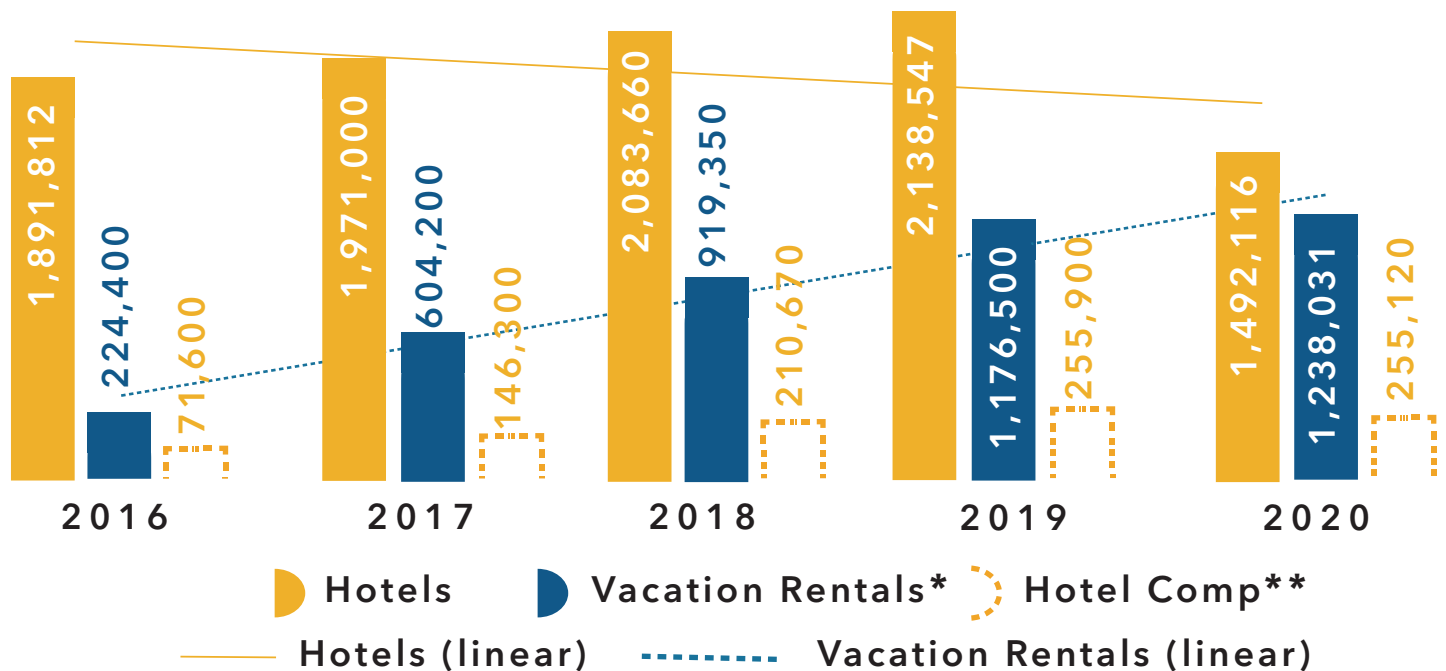


Lodging Performance

Hotels lose a decade in room demand growth, but still on par with peers

Room demand for vacation rentals – that is, the number of rooms sold, excluding complimentary rooms – jumped 450 percent from 2016 to 2020. Room demand for hotels grew 13 percent from 2016 to 2019, then dropped 30 percent from 2019 to 2020, losing a decade in room demand growth.

Total Rooms Sold by Lodging Type - Calendar Year 2020



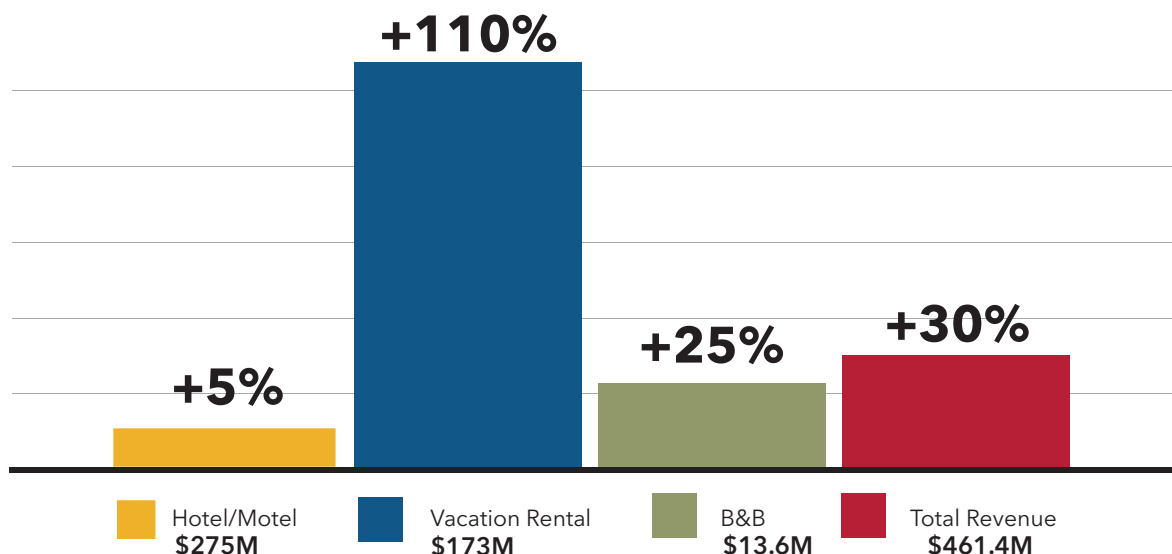
Source: STR & AirDNA

*All vacation rentals

**Studio + 1 bedroom rentals

Hotel Sales Lag in Revenue: Fiscal Year 2021

Percent change in lodging type revenue/sales

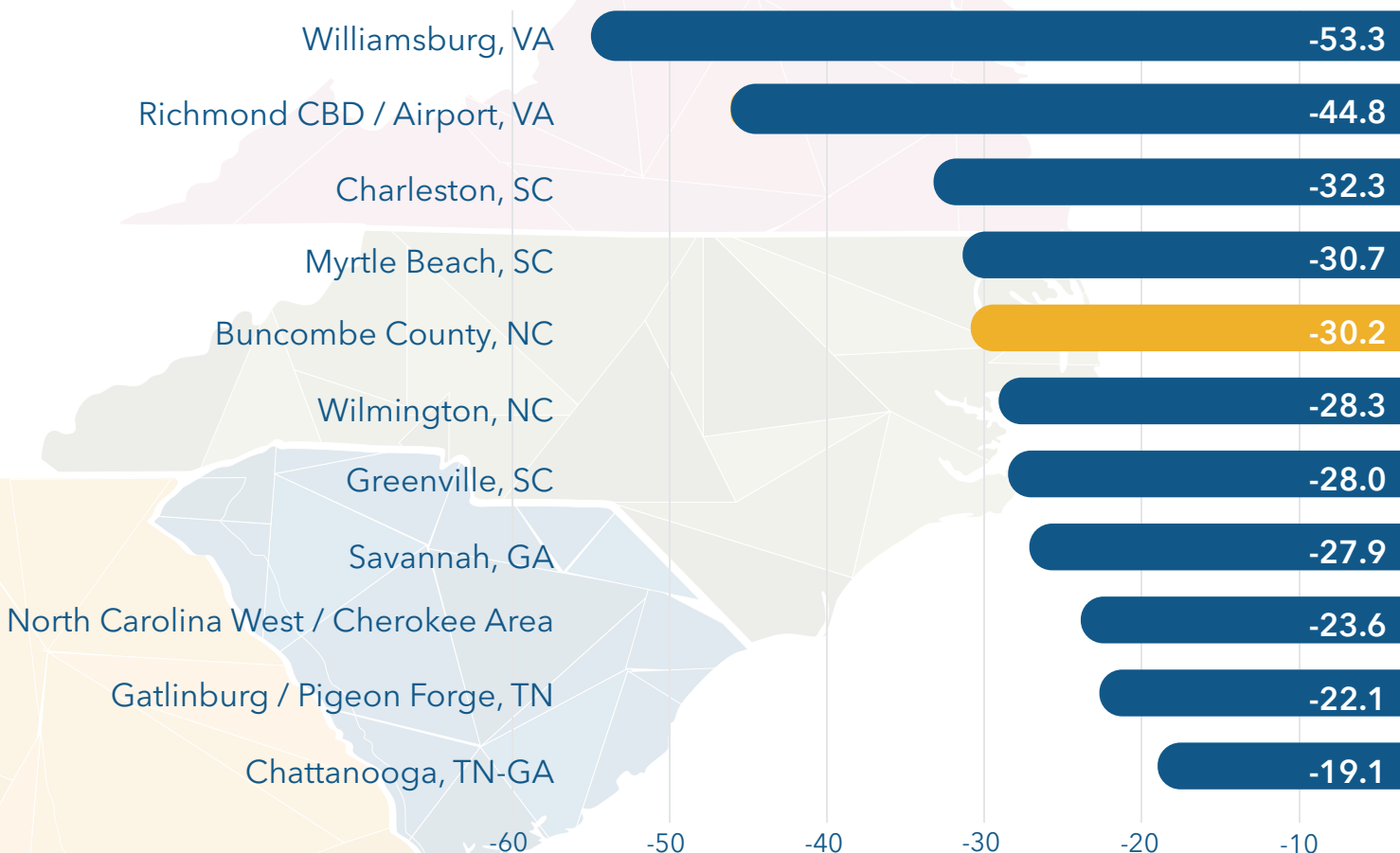


Even with decreased sales, hotels on par with peers

While the pandemic resulted in a dramatic decrease in hotel sales in 2020 as compared to 2019, they were mostly on par with regional peers.

Asheville Hotel Performance in Comparison with Peers in 2020

Percent change



Source: STR

"Every day is a pleasure to be here, and we really enjoy sharing that with people."

Jessica Withers, Owner, Lucky W Farm & Cottage
Named Airbnb "Most Hospitable Host" in U.S.





"The hospitality industry in Asheville has lifted me off the streets into a successful career. You can come from nothing and be something; the hospitality industry provides that. This industry can change your life."

Steven Goff, Executive Chef
Jargon Restaurant



Leisure & Hospitality Jobs

An Industry in Crisis

There's no question that the pandemic had a devastating impact on individuals and businesses in our community. What had been a star performer for the Asheville economy lost one in four jobs by February 2021. More than half of all jobs lost in all industries across the four-county metropolitan area encompassing Asheville were in leisure and hospitality.

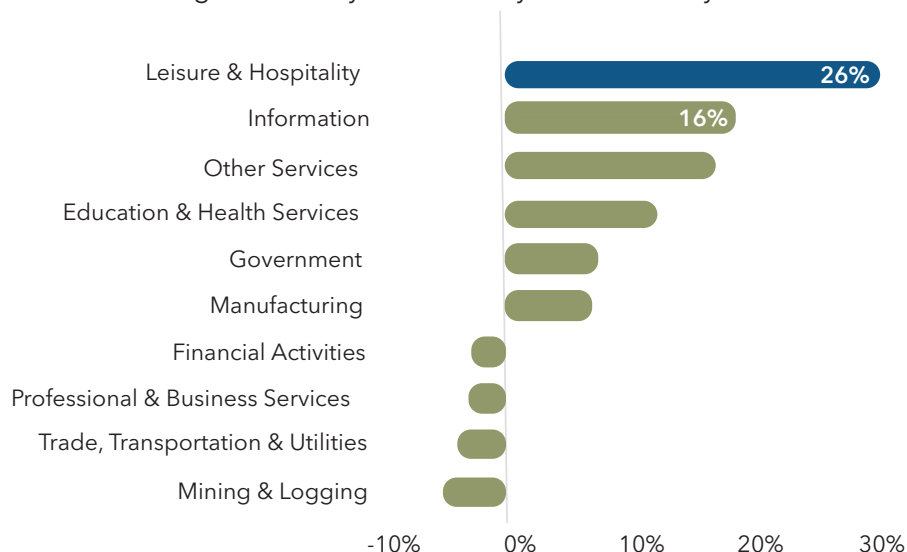
Driven largely by visitors, leisure and hospitality had been a leader of local job growth, with employment in the sector increasing 36 percent since 2010, compared to overall employment gain of 20 percent. The Asheville economy would not have grown and progressed to the extent that it has over the past decade without the travel sector. Asheville would not have outpaced U.S. growth without leisure and hospitality.

By May of 2021, leisure and hospitality employment had improved from a loss of 26 percent to 15 percent. Still, the industry accounted for over one-third of all jobs lost, at 34 percent. By the end of the fiscal year, job loss remained at 15 percent, although the share of total Asheville MSA employment loss had improved to 23 percent.

Staffing continues to be a challenge throughout most industry sectors.

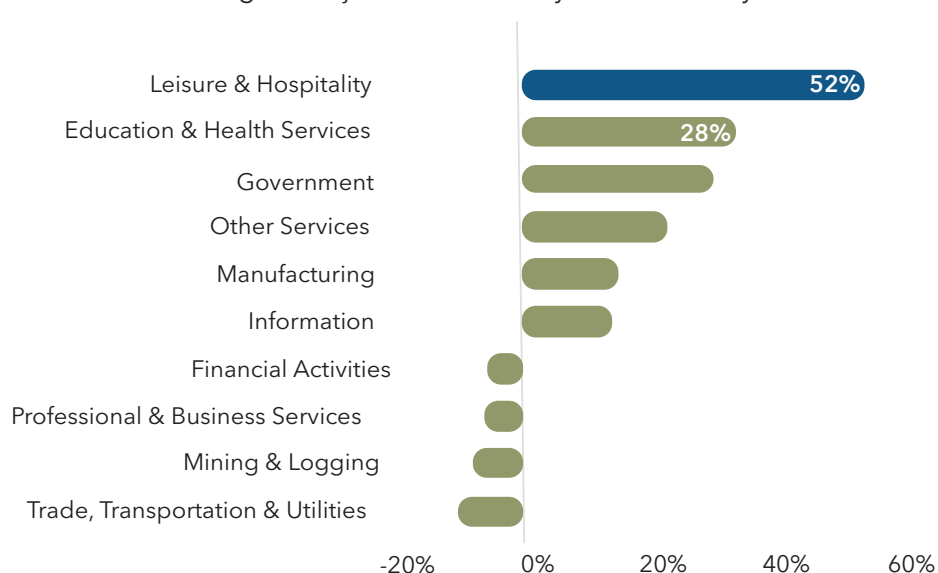
Asheville MSA Employment Loss by Industry

Percentage of industry loss February 2020-February 2021



Share of Total Asheville MSA Employment Loss by Industry

Percentage of all jobs lost: February 2020-February 2021



Source: BLS

BUNCOMBE COUNTY TDA'S TOURISM JOBS RECOVERY FUND

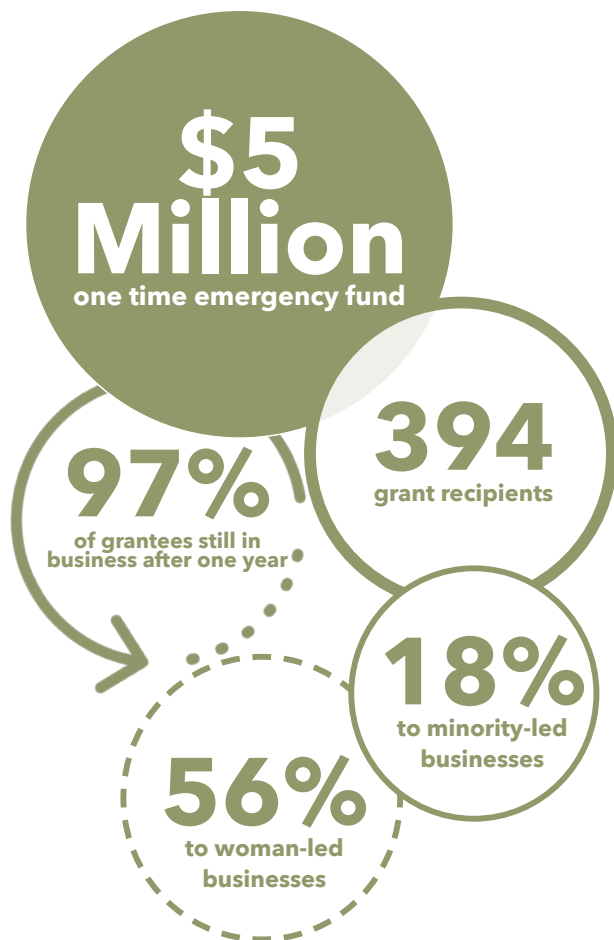


One way the Buncombe County Tourism Development Authority assisted with recovery efforts was through a one-time emergency state legislative change that established the \$5 million Buncombe Tourism Jobs Recovery Fund, allowing the reallocation of occupancy tax collections designated for product development to help save and support local jobs.

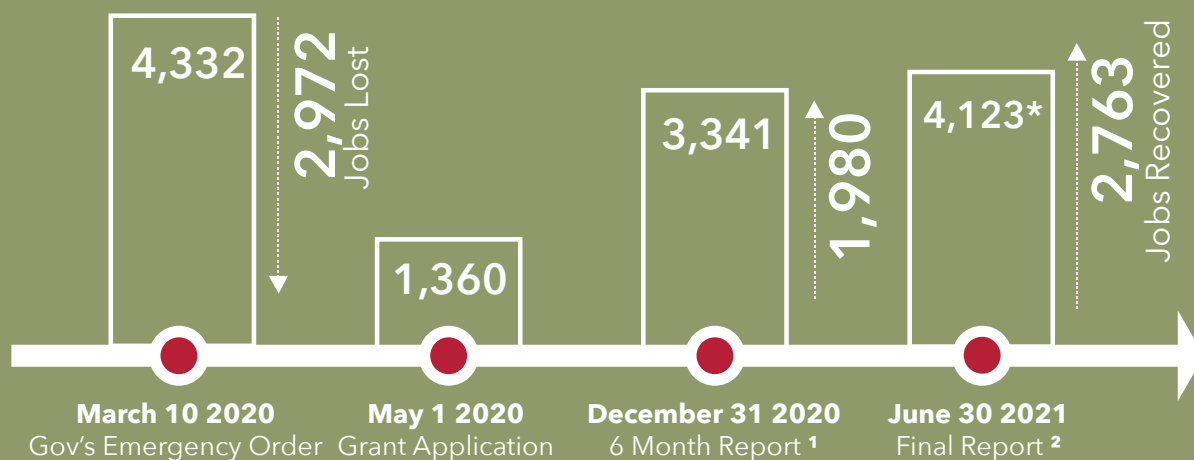
Seven weeks after the fund was signed into law, 394 Buncombe County businesses had received grants ranging from \$2,000 to \$50,000 – from restaurants, bakeries, bars and breweries to tours and attractions, outdoor recreation, arts and entertainment, retail operations, wedding and event companies, and spa and wellness businesses. One year later, 97 percent of grant recipients were still in operation.

This extraordinary effort would not have been possible without the advocacy from our region's state representatives and leadership in Raleigh as well as support from local leaders and hotel owners. Thanks to their partnership in working to help our beloved local businesses reopen safely and protect jobs, this initiative was recognized with a 2021 Destiny Award from the U.S. Travel Association in the category of Community Building.

The BCTDA also supported small businesses in all sectors of the Asheville economy with donations totaling \$90,000 to the One Buncombe Fund, using revenue earned from advertising on ExploreAsheville.com



Recovery Fund Impact on Jobs



* Includes job openings ¹ Based on 394 respondents ² Based on 319 respondents



Cristina Hall Ackley, Ginger's Revenge
River Arts District
Grant Award: \$19,780

"Our team went from 11 members to six. This grant gave us the confidence to not just hire back our front-of-house team, but specifically a tasting room manager [which] allowed me to focus on other areas of the business: strategy, financial planning, hiring ... Now our team is 17 people strong, which is amazing."

Tim Green, Sole82
The Block Downtown
Micro Grant Award: \$5,000

"I was able to hire two people to help me during morning times ... I am unable to do that because I still work my first shift job at Eaton. Without the fund I wouldn't have been able to do it and my business would not have been able to scale up as it has during the summertime with the tourists coming in."



Torin Kexel, The Flying Bike
South Slope Downtown
Grant Award: \$8,625

"We were shut down for four months and didn't know what to expect; didn't know if we'd be able to open again. The grant helped us weather that storm. It also helped us not only reopen but hire. We're now up to triple the number of staff we had going into COVID."

Rich Cundiff, Rocky's Hot Chicken Shack
West Asheville, Arden
Grant Award: \$22,500

"This grant is what shifted me from a position of panic and reaction to planning for the future. When we closed our dining room, to-go was about 20 percent of our business and that's all we had to live on. We decided to build to-go huts ... our sales tripled. Thank you. You made a real difference for about 80 of us."



Putting Safety First for Residents, Workers & Visitors

Throughout the pandemic, Explore Asheville and the Buncombe County TDA have focused on the safety of all who live, work and visit here.

Public Safety Campaign

Explore Asheville's desire to reinforce health and safety messaging led to development of a colorful public safety campaign that also embodied Asheville's creative spirit. Working in collaboration with Buncombe County public health officials and City of Asheville staff, Asheville Area Arts Council was contracted to select artists for the project. Three local individuals submitted designs and Asheville Art Museum assisted the project leaders in selecting the winning design: a whimsical illustration created by artist Will Hornaday of Hornaday Design.

The gentle reminder to residents and visitors to practice the "3 W's" can be found on wayfinding kiosks, sidewalk decals, flyers, barricade banners, posters, window clings and pole banners. Explore Asheville also conducted a geofencing campaign that included this image to deliver COVID safety messages in the form of digital ads served to those who entered heavily trafficked areas in Buncombe County.



Asheville Cares: 'Stay Safe' Pledge

In collaboration with local industry partners, Explore Asheville developed the Asheville Cares "Stay Safe" Pledge, an initiative to help partners communicate a commitment to safety. With an online toolkit featuring downloadable posters, social media assets and a web badge, the "Stay Safe" Pledge continues to be displayed in businesses around the county, everywhere from storefronts to menus to websites.

ASHEVILLE CARES

STAY SAFE

Pledge



Meeting Safely in Asheville

Asheville is well-positioned to safely welcome meetings with wide-open spaces, fresh mountain air and plentiful outdoor activities – not to mention the desire of meeting planners to focus on drive destinations, resort and boutique-style properties, and smaller events in smaller cities. The Asheville Cares "Meet Safe" Pledge offers a robust toolkit to support meeting planners and instill confidence that their events can be held safely in Asheville. Case studies of successful meetings in Asheville have been shared as part of the U.S. Travel Association's campaign to highlight safety and business travel.

What Meeting Planners Say About Asheville & safety



"I think just knowing where Asheville is ... it being a place where people want to go to, being in the outdoors, it's just a perfect location for the COVID era. It definitely helped make the conference successful."

– *Walter Ejnes, president of Continuing Education Company, which held its 2nd Annual Women's Health Conference at Biltmore Estate*

"Asheville is phenomenal with following COVID guidelines. I am proud to say, because we followed the protocols, we were COVID-free." – *Cathy Jones, meeting planner for the Society for Incentive Travel Excellence Southeast Educational Summit, held at The Foundry Hotel Asheville, Curio Collection by Hilton.*



Tourism Product Development Fund

Twenty-five percent of the lodging tax paid by visitors to Buncombe County is dedicated to capital projects through the Tourism Product Development Fund. Some of Asheville's most cherished projects and attractions have benefited from \$44 million in grants—39 in total—for the visual and performing arts such as Asheville Community Theater, The Center for Craft and Asheville Art Museum; to family favorites like the WNC Nature Center, John B. Lewis Soccer Complex at Azalea Park and Enka Recreation Destination; to gathering and event spaces like Pack Square Park.

25%
of visitor
lodging tax

\$44
Million
in community grants

39
Community
Projects



African American Heritage Trail

Cultural, educational and historic projects have also received grant support, including the YMI Cultural Center, LEAF Global Arts Center and the African American Heritage Trail, currently under development with community input. The aim of the trail is to serve as a platform for residents and visitors to follow, embrace and understand important Black stories in our community and importantly, connect guests to local neighborhoods, diverse businesses and entrepreneurs to activate experiences around the trail—creating more opportunities for all to win.



Riverfront Destination Development

Lauded as one of the most successful public-private collaborations in recent history, the completion of the River Arts District was made possible with contributions of \$7.1 million from the Buncombe County TDA's Tourism Product Development Fund along with support from federal and state departments of transportation and the City of Asheville. The project features greenways, bike paths, sidewalks, pedestrian amenities, parking, landscaping and street trees, public art, and roadway and stormwater improvements along a two-mile corridor. The BCTDA also invested \$250,000 in wayfinding signage to connect residents and guests to neighborhood businesses.



\$7.1 Million

from the Buncombe County TDA's
Tourism Product Development Fund

2 Miles

of greenways, sidewalks, public art and parking

\$250,000

in wayfinding signage

Charting a New Course for Tourism

Rebound on the Horizon

At the completion of the first quarter of Fiscal Year 2022, all indicators point to a strong rebound for leisure travel, which will drive a recovery in the labor market. Asheville's domestic market mix is encouraging, and high shares of leisure and drive visitors will also boost recovery. Group size and purpose favor Asheville, with small and medium-sized events recovering more quickly than larger ones. With the continued strength of the vacation rental market and the return of interest in hotel stays, the types of lodging available in our community will continue to diversify.

Strategic Imperatives Aligned With Community Priorities

The Buncombe County TDA is charting a new course for tourism aligned with broader community priorities. These will inform and guide the direction of Explore Asheville's program of work and community investments going forward.



Deliver Balanced Recovery and Sustainable Growth

Balance resident and visitor needs, recognizing the necessary role that sustainable, long-term growth of travel has in achieving a healthy, collective economy.

Focus on the quality of each visit to our community—balancing growth across the seasons, business and leisure travel, and throughout Asheville and Buncombe County.



Encourage Safe and Responsible Travel

Engage residents and visitors with shared values to care for and respect natural, cultural and human resources vital in delivering quality guest experiences.

Collaborate with community organizations, local businesses and environmentally focused partners to support the sustainability and growth of our outdoor economy.



Engage and Invite More Diverse Audiences

Extend a genuine invitation to Black travelers and other diverse audiences including LGBTQ visitors—connecting them with local neighborhoods, businesses and entrepreneurs—creating more opportunities for all to win.

Support product development, place making and community connections, enabling new experiences and business opportunities throughout our community.



Promote and Support Asheville's Creative Spirit

Share stories of creators and makers who help differentiate our destination through food and drink, visual and performing arts, experiences and more.

Support product development, place making and community connections, enabling new experiences and business opportunities throughout our community.

Planning for Recovery

Potential Budget Shift

In planning the budget for Fiscal Year 2022, the BCTDA Finance Committee embarked on a comprehensive process aided by Tourism Economics. Taking a position of cautious optimism, the committee forecast a nine percent increase in revenue compared to Fiscal Year 2019 and set a revenue objective of \$27 million.

Budgets were then developed using the current occupancy tax allocation mandating that 75 percent of the tax is used for tourism promotion and 25 percent for projects expected to increase visitation to the community.

Potential legislation supported by local hotel leaders could shift the occupancy tax allocation from this split of three-quarters/one-quarter to two-thirds/one-third—the maximum allowable under the state guidelines that govern more than 150 local occupancy tax laws in North Carolina.

Should this legislation be introduced and approved by the General Assembly, the Buncombe County TDA and Explore Asheville are ready to implement the change.

In collaboration with Explore Asheville's new advertising agency, MMGY Global, just over half of the operating budget will be directed to paid media partnerships for advertising and messaging (\$10.8 million under the existing allocation or \$10.6 million if the allocation is changed).

These marketing dollars will be invested based on the BCTDA's strategic imperatives and aligned with broader community priorities to grow the value of visitors for our community and influence visitor behavior.



BUDGET SCENARIOS

Based on state approved allocation levels

FY22 | 2/3 & 1/3 Split*

Operating Fund	\$18,107,203
TPDF Fund	\$9,052,290
Total	\$27,159,586

FY22 | 3/4 & 1/4 Split**

Operating Fund	\$20,396,670
TPDF Fund	\$6,789,896
Total	\$27,159,586

* Budget scenario developed for potential legislation changing the allocation of tourism promotion versus community projects

** Budget adopted using the current mandated occupancy tax allocation levels



"This is a place you can come to find everything around the world in one place: the food, the culture, an artsy place. I love the fact that everybody can come here. You don't have to pretend to be someone else; you can be your true self."

Jenny Pickens, Asheville Native
Multimedia Artist



The Heart of Hospitality

The Heart of Hospitality is right here in Asheville, including chef Steven Goff, multimedia artist and Asheville native Jenny Pickens, retired postal-worker-turned-tourism-business entrepreneur Kaye Bentley, hotel manager and Asheville native Dexter Hazel, and vacation rental owner Jessica Withers, named Airbnb's "Most Hospitable Host" in the U.S. Their real life stories provide a glimpse into the potential travel and hospitality holds for individuals with the passion to pursue their dreams and thrive.

[Hear their stories here.](#)



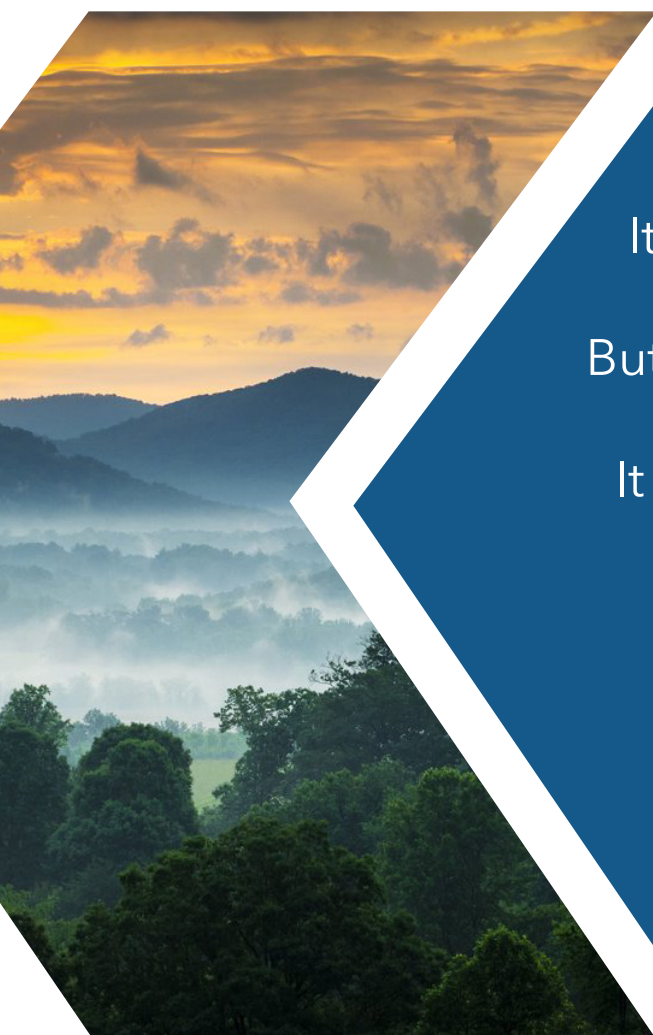
The Heart of Hospitality



"Anyone can visit a city, but it's important to find pathways to engage people with the community. You appreciate it in a different way. Your heart opens up a little more. That's what happens when people come to Asheville."

Kaye Bentley, Owner
Asheville Rooftop Tours





Travel isn't always pretty.
It isn't always comfortable. Sometimes it
hurts, it even breaks your heart.
But that's okay. The journey changes you; it
should change you.
It leaves marks on your memory, on your
consciousness, on your heart,
and on your body.
You take something with you.
Hopefully, **you leave**
something **good** behind.

Anthony Bourdain
1956 - 2018

Buncombe County Tourism Development Authority
FY 2020-2021 Annual Report

Explore **ASHEVILLE**

27 College Place | Asheville, NC 28801
ExploreAsheville.com | AshevilleCBV.com