

FY23 BUDGET PROCESS

LEAH ASHBURN
BCTDA FINANCE COMMITTEE CHAIR

VIC ISLEY
PRESIDENT & CEO

Explore **ASHEVILLE**

FINANCE COMMITTEE REPORT

Leah Ashburn | Highland Brewing Company

Finance Committee Chair & BCTDA (Nonprofit) Treasurer

Matthew Lehman | Grand Bohemian Hotel Asheville

Finance Committee Member & BCTDA Member

Chip Craig | GreyBeard Realty

Finance Committee Member & Former BCTDA Member



TRENDS & BUDGET PROJECTIONS

FY22 BUDGET VS. FORECAST

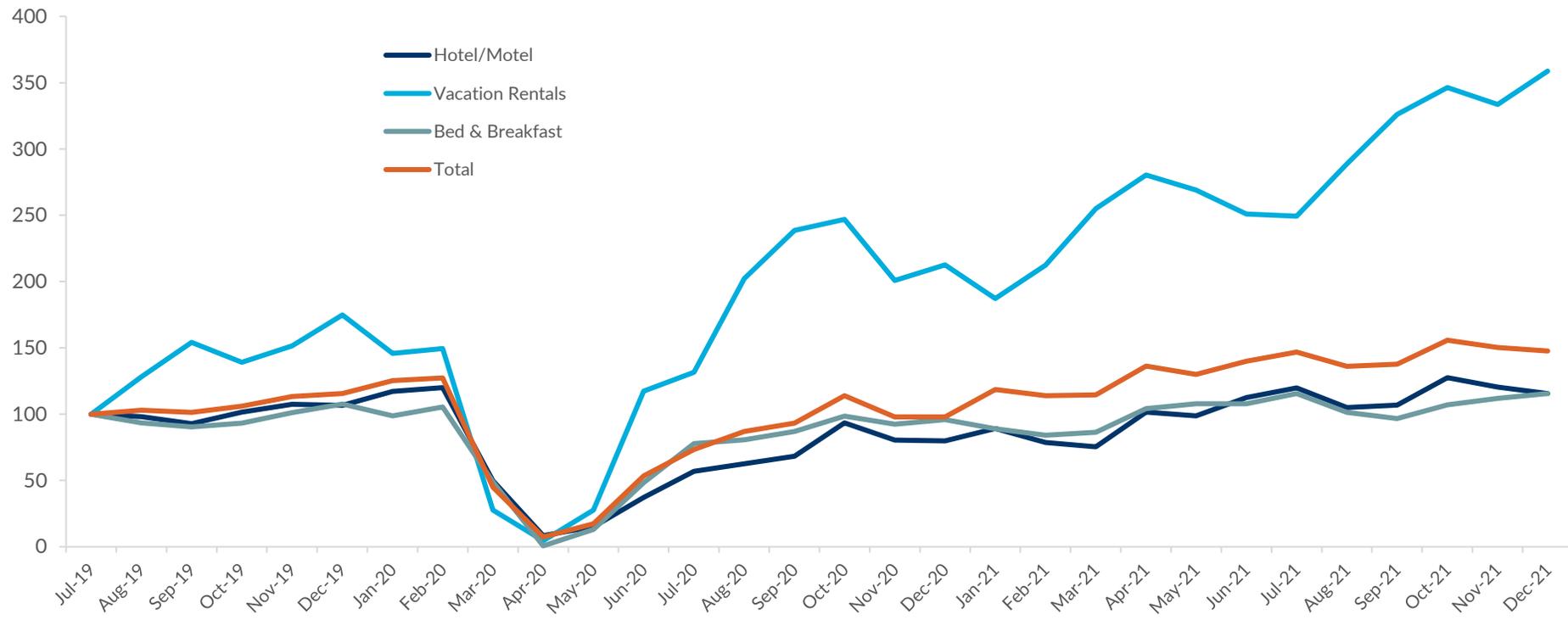
Occupancy Tax Revenue Forecast

PY Comp. %	100%						Budgeted	Actual/Forecast FY2022	Forecast change from FY21-FY22
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021			
July	1,232,197	2,164,023	2,266,155	2,473,885	2,595,851	1,853,791	2,696,535	3,743,080	
August	1,136,400	1,887,256	2,054,219	2,341,631	2,404,756	2,102,021	2,552,377	3,103,796	
September	1,016,208	1,733,467	2,135,215	2,312,463	2,315,496	2,130,881	2,520,584	3,043,325	
October	1,414,099	2,614,279	2,543,061	2,749,280	2,941,764	3,105,696	2,996,715	4,127,255	
November	1,447,212	1,722,729	1,966,117	2,185,204	2,361,535	2,076,649	2,381,872	3,376,408	
December	1,534,735	1,748,317	1,959,608	2,020,831	2,373,360	2,022,929	2,202,705	2,884,655	
January	852,624	906,633	1,018,199	1,184,345	1,487,152	1,460,349	1,290,936	1,834,764	
February	907,243	1,018,724	1,129,764	1,228,539	1,391,563	1,392,612	1,339,107	1,880,026	35%
March	1,289,136	1,427,145	1,434,107	1,798,296	672,180	2,079,592	1,960,143	2,703,470	30%
April	1,651,180	1,674,716	2,025,285	1,990,027	157,052	2,531,140	2,169,129	2,910,811	15%
May	1,649,328	1,835,959	2,094,241	2,243,968	511,016	2,826,295	2,445,925	3,250,239	15%
June	1,852,265	1,994,636	2,348,297	2,388,584	1,258,216	3,251,441	2,603,557	3,576,585	10%
Total	15,982,627	20,727,884	22,974,268	24,917,052	20,469,940	26,833,396	27,159,587	36,434,415	

REVENUE GROWTH BY SEGMENT

Room revenue in Buncombe County by accommodation type

Index (100 = same month in FY 2018)



Source: Buncombe County, Tourism Economics

ESTIMATED VACATION RENTAL OCCUPANCY TAX GROWTH

180%

Vacation rental sales growth
from FY19 to FY22

17%

Hotel sales growth
from FY19 to FY22

7%

B&B sales growth
from FY19 to FY22

+\$8m

Growth in vacation rental
occupancy tax collections
from FY19 to FY22

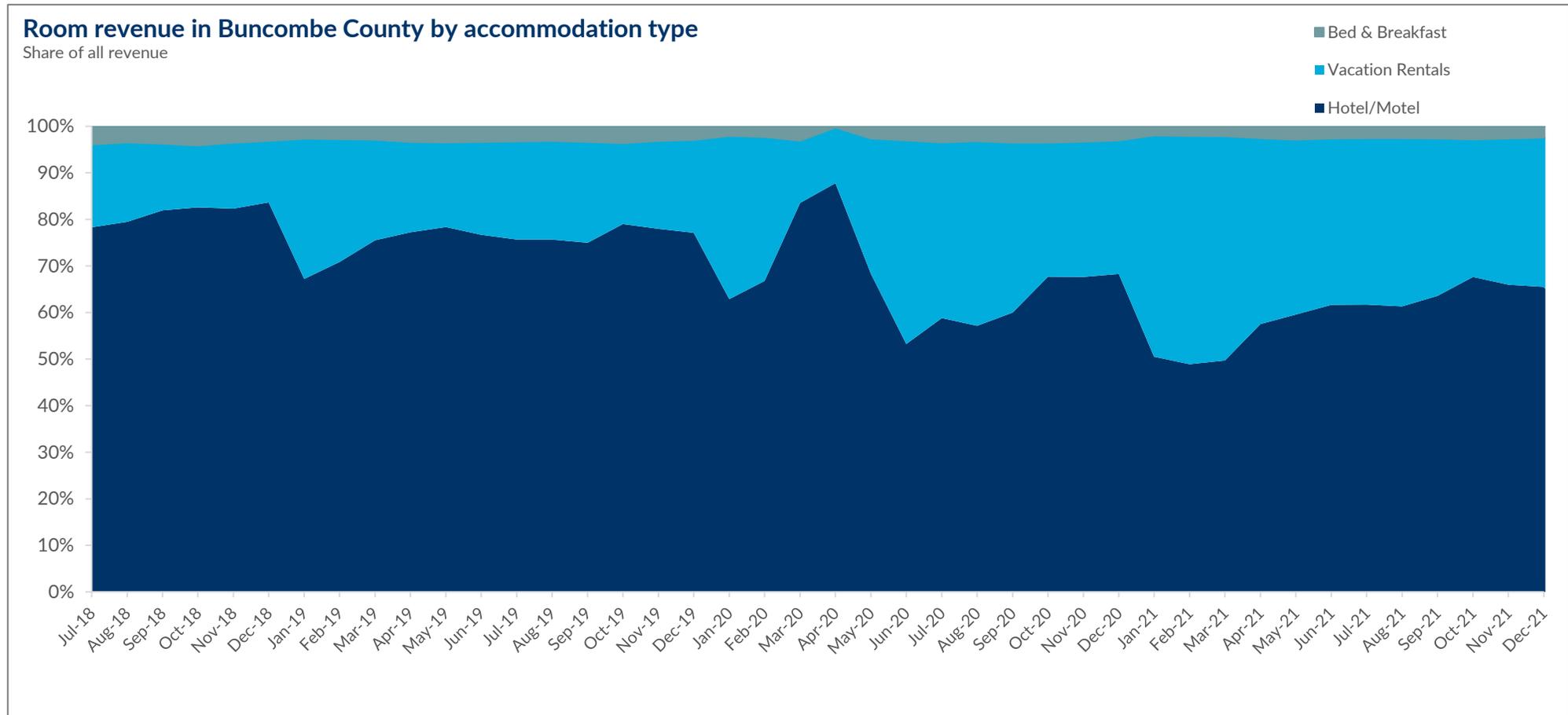
+\$3.4m

Growth in hotel
occupancy tax collections
from FY19 to FY22

+\$60k

Growth in B&B
occupancy tax collections
from FY19 to FY22

HOTEL REVENUE STILL FOUNDATIONAL



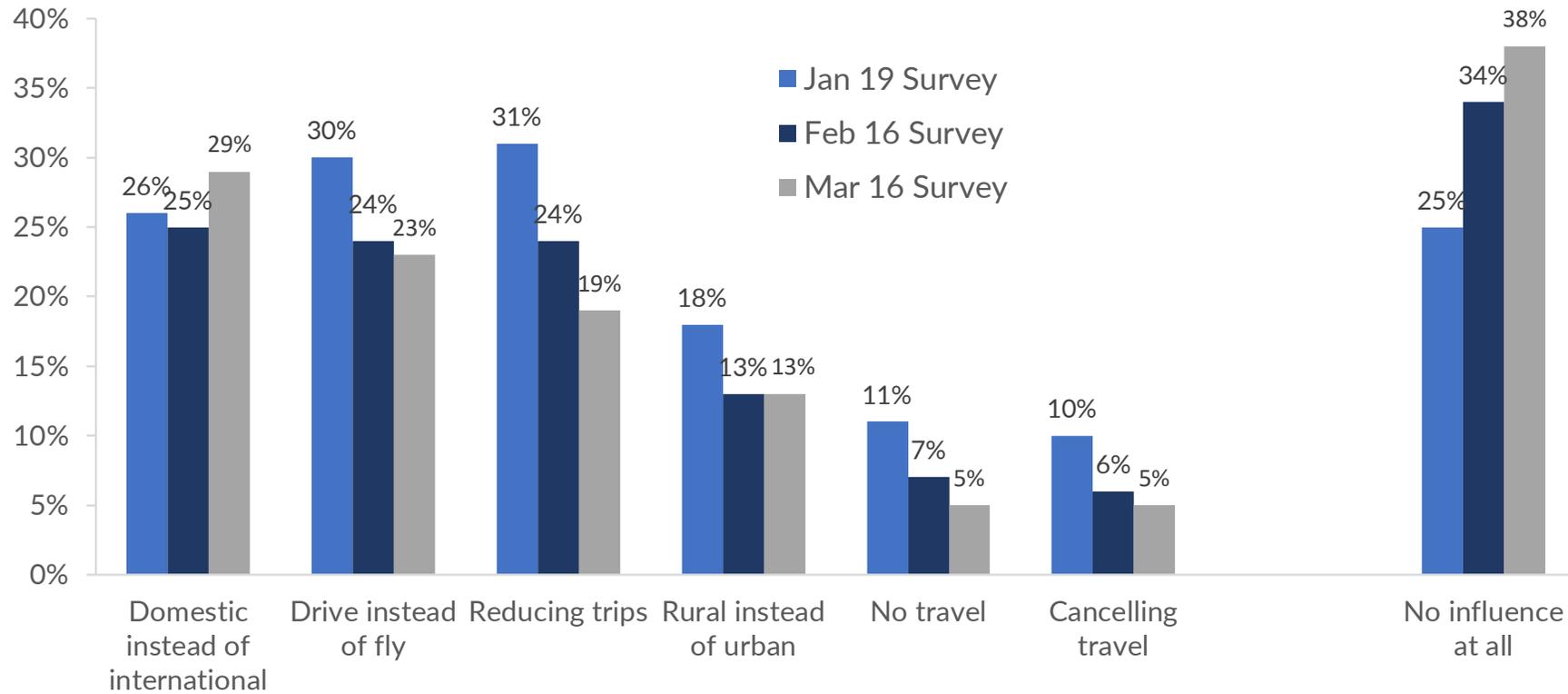
SCENARIO DETAILS

Scenario	Virus progression	Key economic indicators (forecast current as of March 8th, 2022)	Economic drag	Virus drag	Combined impact to travel
Upside	<ul style="list-style-type: none"> No further variants of concern after Omicron 	<ul style="list-style-type: none"> National GDP grows 4.8% in 2022 The unemployment rate falls to 3.3% in 2022 			
Baseline	<ul style="list-style-type: none"> Further variants (after Omicron) emerge, and make small and short-lived impacts on travel. 	<ul style="list-style-type: none"> National GDP grows 3.4% in 2022 The unemployment rate falls to 3.6% in 2022 			
Downside	<ul style="list-style-type: none"> A new variant emerges that poses more significant health threat than prior variants 	<ul style="list-style-type: none"> National GDP grows 1.6% in 2022 The unemployment rate rises to 3.9% in 2022 			

COVID LESS OF A FACTOR

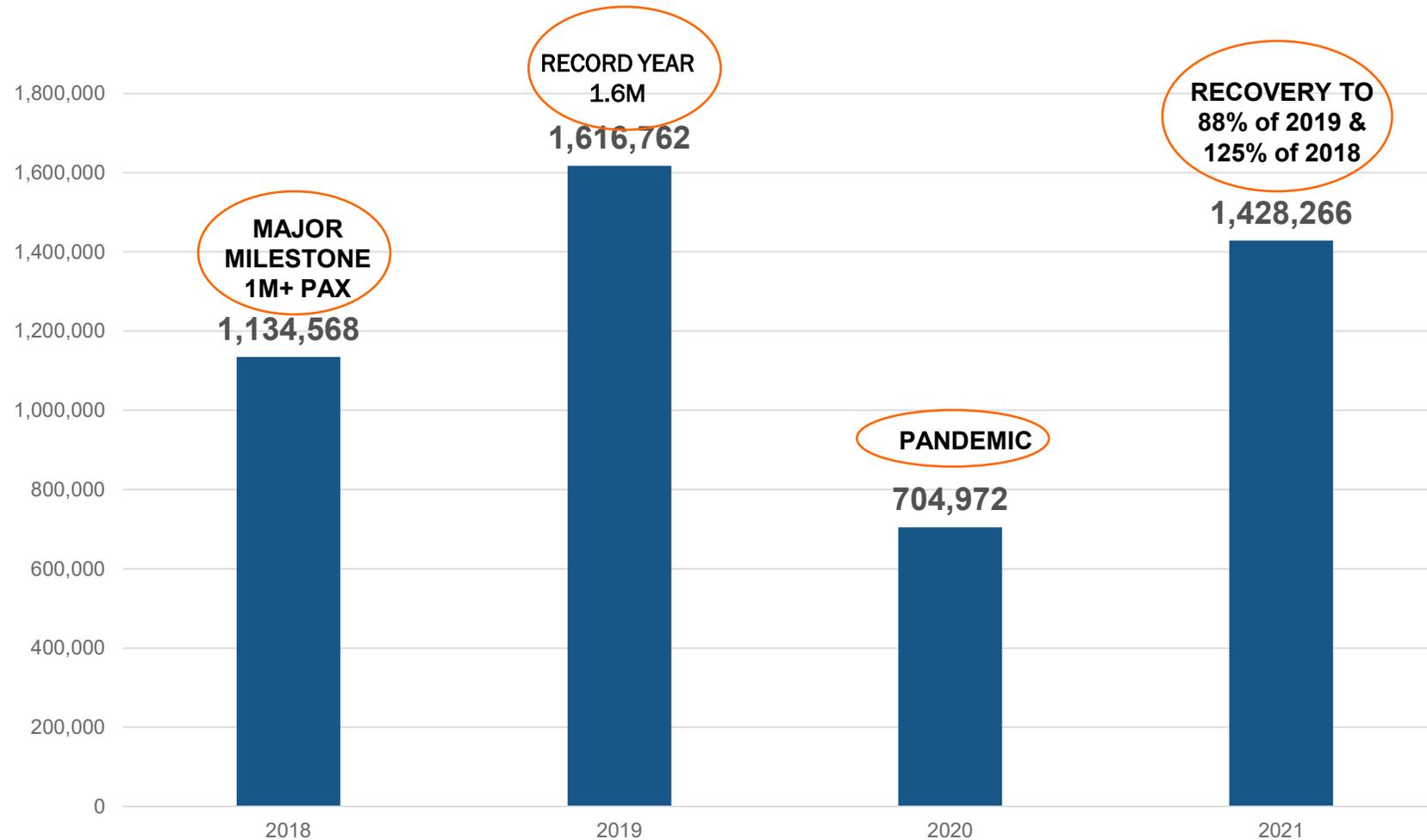
Influence of COVID-19 on Travel Plans in Next Six Months

% of travelers



Source: Longwoods International

AVL REGIONAL AIRPORT

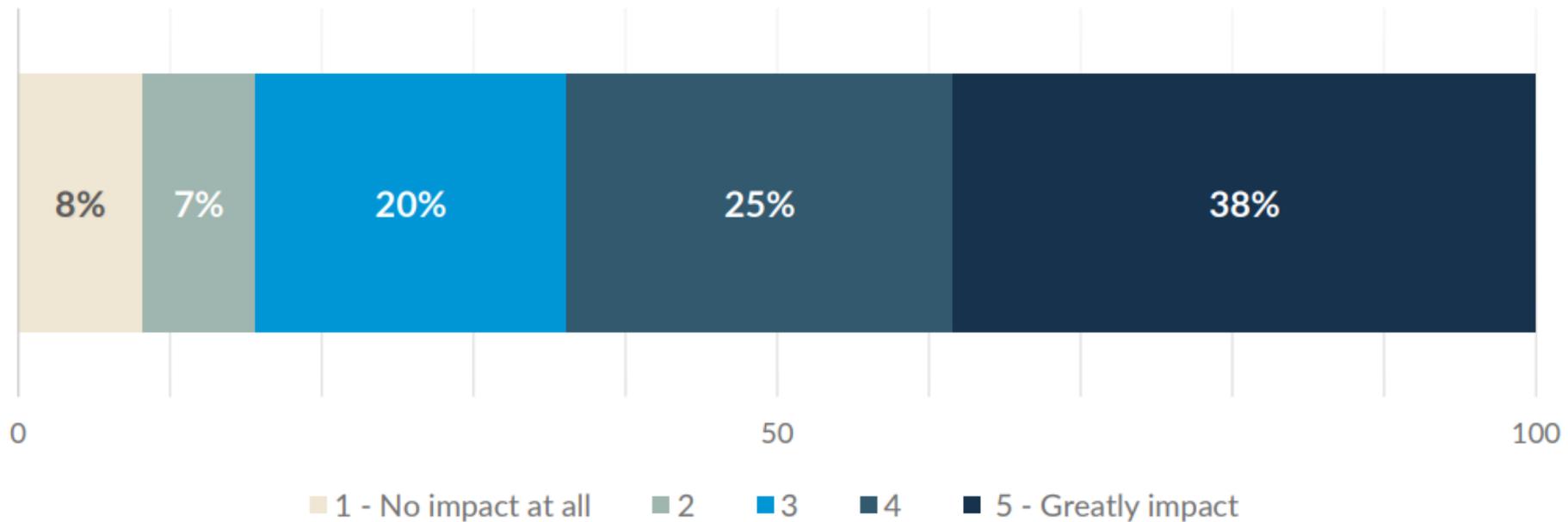


AVL DIRECT SERVICE



RISING GAS PRICES

Impact of Rising Gas Prices on Decisions to Travel in Next Six Months



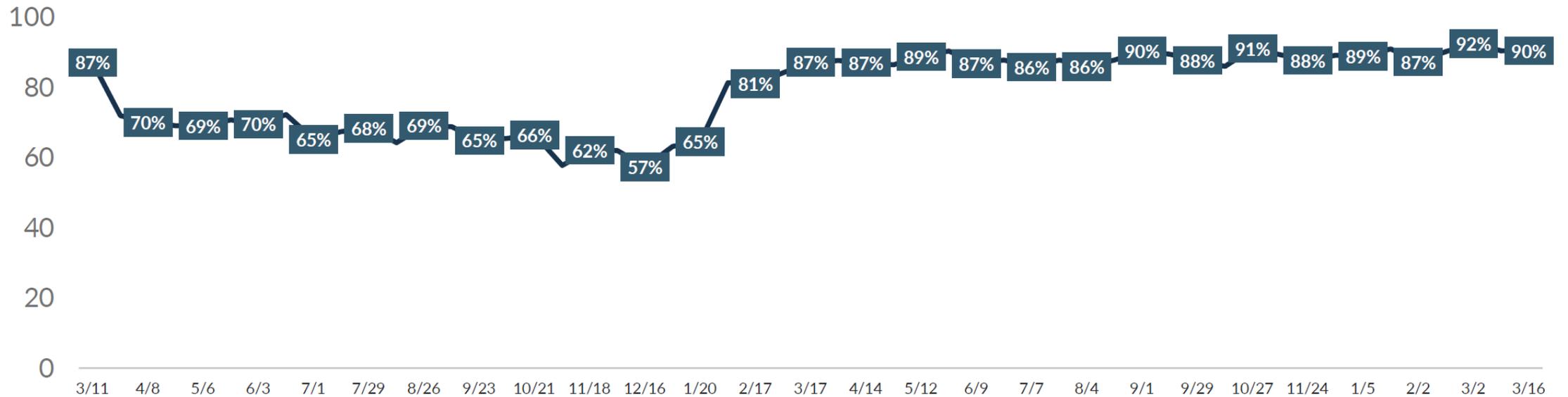
TRAVELERS FLASH WARNING SIGNS

Impact of Rising Gas Prices on Travel Plans



INTENTIONS TO TRAVEL HIGH

Travelers with Travel Plans in the Next Six Months Comparison



WORKFORCE CONTINUUM

REGIONAL LABOR MARKET OVERVIEW

» Mountain Area WDB | January 2022 Data*



MONTHLY TRENDS

NC Department of Commerce | Labor & Economic Analysis | 919.707.1500 | lead@nccommerce.com

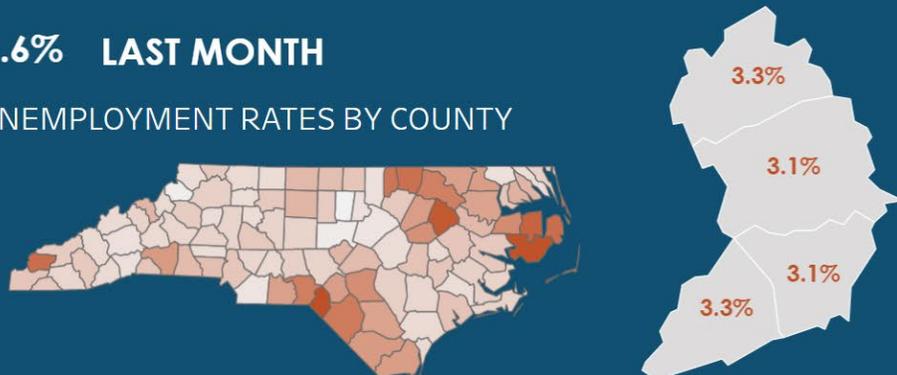
Unemployed Individuals **6,669**

3.1%

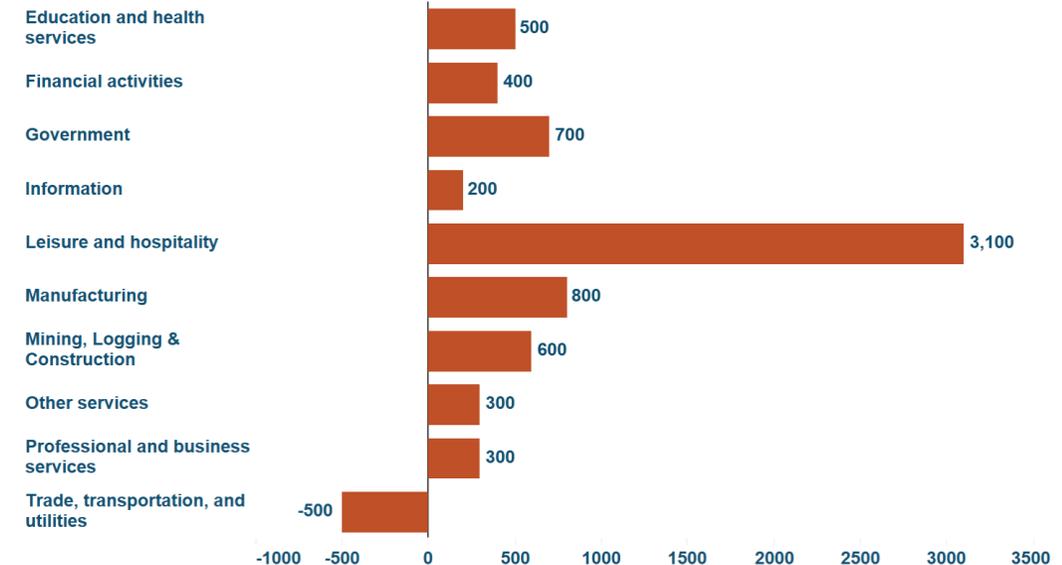
North Carolina 3.9%
United States 4.0%

2.6% LAST MONTH

UNEMPLOYMENT RATES BY COUNTY



Asheville MSA Industry Jobs Compared to One Year Ago



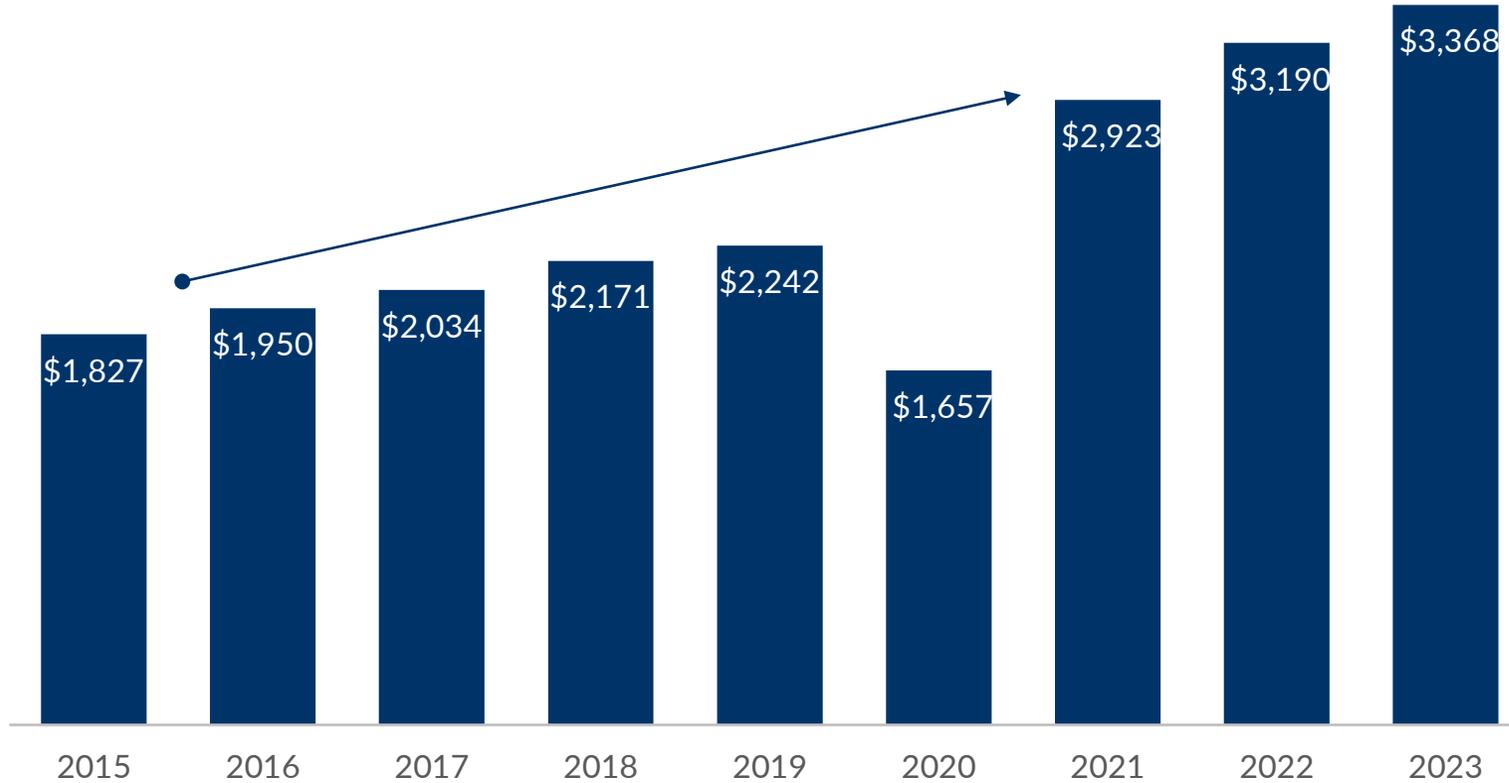
Source: Current Employment Statistics (CES), Not Seasonally Adjusted

TAILWINDS & HEADWINDS

Tailwinds	Headwinds
Covid is a factor, but situation is rapidly improving	Potential of extended COVID-19 outbreaks/variants
Air travel showing remarkable resilience	Higher gas prices may impact how visitors spend on travel
Travel confidence increasingly undeterred and travel sentiment at all-time high	Inflation may reduce spending per trip
US retail sales 25% ahead of pre-Covid, GDP grew 5.7% in 2021, anticipated growth of 3.4% in 2022	Consumer confidence and sentiment uneasy
Employment recovery continues with leisure and hospitality jobs rebounding, unemployment rate drops	Workforce shortages remain
Wages are increasing, including in hospitality	Inflation is offsetting these gains, now 7.9%, the highest since January 1982
72% of businesses are traveling now, with 89% reporting they plan to resume in next 3 months	Improvements for groups in sight, but still down 20% through 2022
Sales/revenue on the rise	Higher food, materials, energy and labor costs repressing gains
Ample marketing resources available	Increased marketing resources from competing destinations receiving ARPA funds

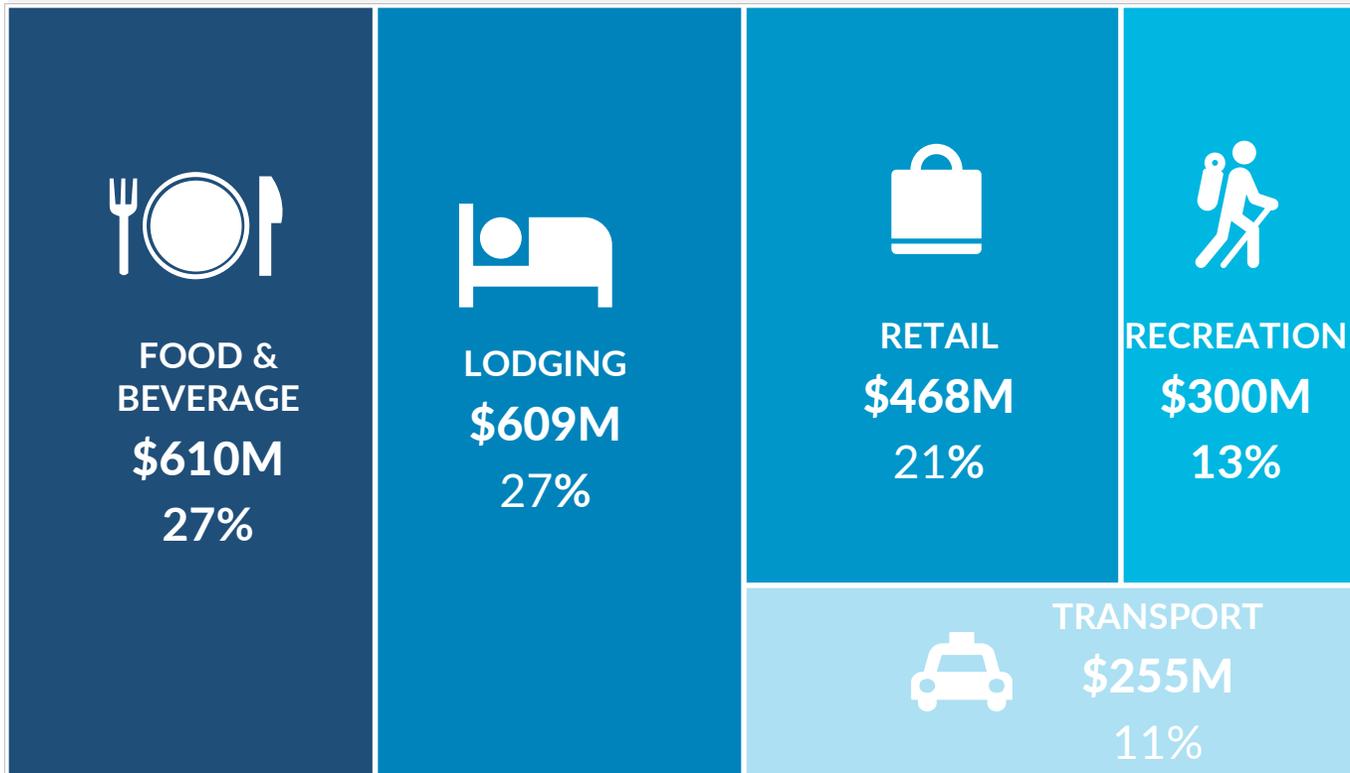
VISITOR SPENDING

Asheville & Buncombe County total visitor spending
Amounts in millions of nominal dollars



VAST BENEFICIARIES OF TOURISM

\$2.2B TOTAL VISITOR SPENDING (2019)



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spend on second homes. Transport includes both air and local transportation.

Source: Tourism Economics

- While lodging shoulders 100% of the marketing expense for the community, other business sectors reap the lion's share of the financial rewards.
- Visitor-supported businesses contribute significant property taxes to the county and city towards their annual budgets and sales tax paid by visitors that funnels to state, county and city coffers.

BENEFITS TO OTHER LOCAL SECTORS

Asheville tourism employment impacts by industry

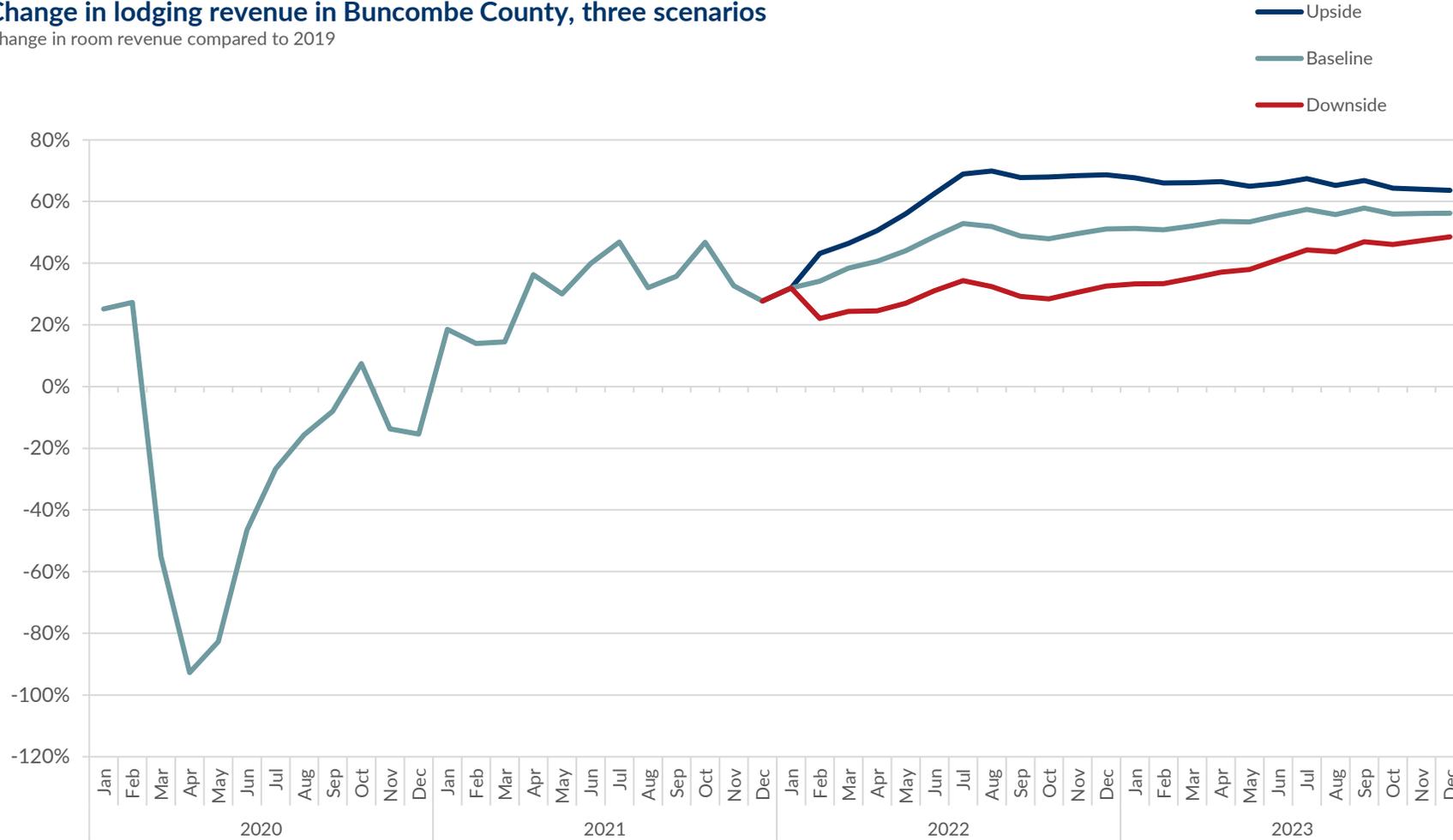


Source: Tourism Economics

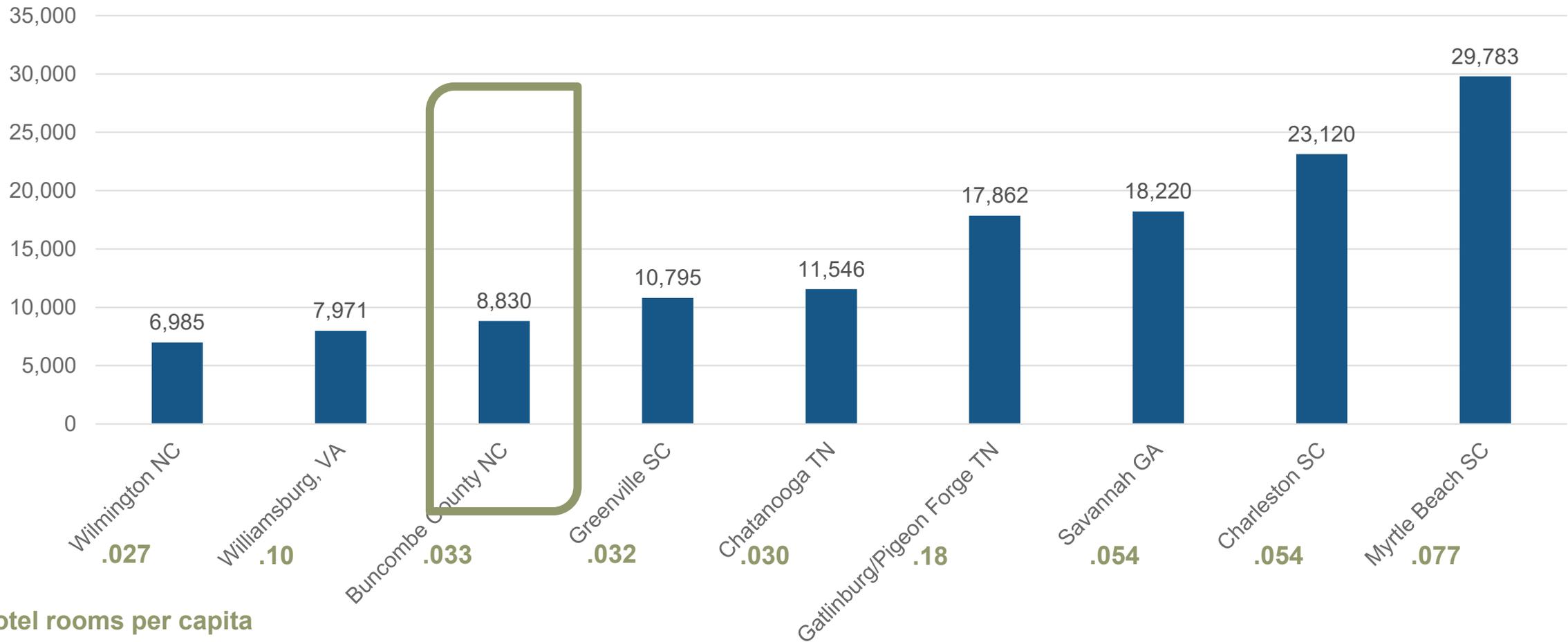
LODGING REVENUE

Change in lodging revenue in Buncombe County, three scenarios

Change in room revenue compared to 2019



HOTEL ROOMS AVAILABLE BY MARKET



Hotel rooms per capita

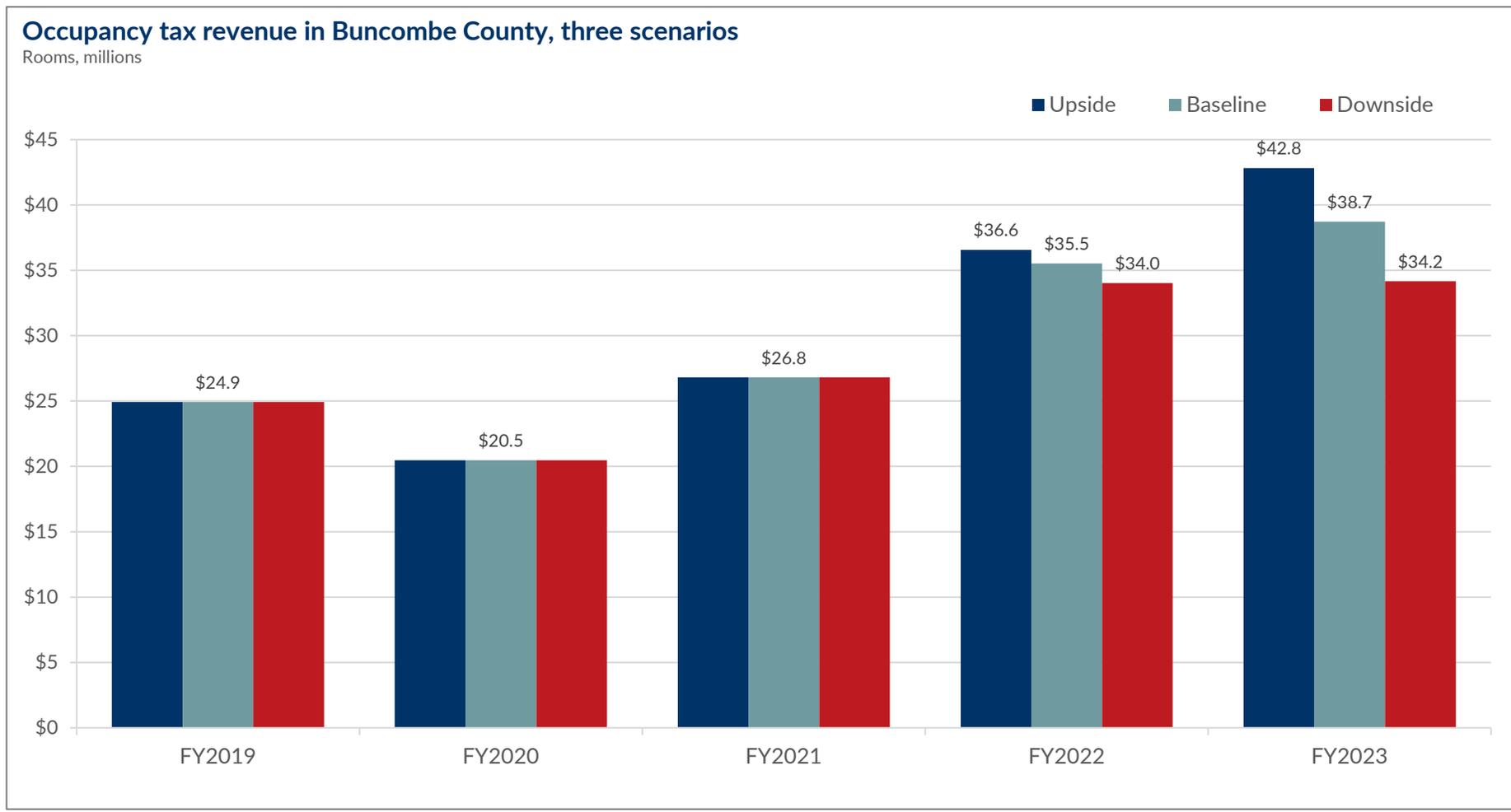
Source: STR Jan 2022

PROPERTIES UNDER CONSTRUCTION

PROPERTY	ADDRESS	ROOMS	PROJECTED OPENING
TownPlace Suites	S Bear Creek Rd & Brevard Rd	104	Spring 2022
TownPlace Suites	39 Elm St	83	Spring 2022
Hyatt Place Asheville Airport	329 Rockwood Asheville Airport	108	Fall 2022
The Restoration Hotel	68 Patton Ave	60	Fall 2022
Zelda Dearest	137 Baltimore Ave	20	2023
The Radical	95 Roberts St	70	2023
The Flatiron Hotel	20 Battery Park Ave	71	2023
		516	

5.8% growth in room inventory

OCCUPANCY TAX FORECAST



Source: Buncombe County, Tourism Economics

ESTABLISH REVENUE OBJECTIVE

Leah Wong Ashburn

BCTDA Finance Committee Chair

The recommendation of the BCTDA's Finance Committee is to establish a revenue objective of \$40,806,000 for FY 2023, which represents a 12% increase over FY 2022 projected revenue.