

HOTEL MARKET ANALYSIS  
AND FEASIBILITY STUDY  
FOR THE TOWN OF BENSON  
JOHNSTON COUNTY, NORTH CAROLINA 27504

FOR:

MS. BRENDA DANIELS  
MANAGER, ECONOMIC DEVELOPMENT  
ELECTRICITIES OF NORTH CAROLINA, INC.  
1427 MEADOW WOOD BOULEVARD  
RALEIGH, NC 27604

DATE OF REPORT:      MAY 20, 2015

BY:

WILLIAMS APPRAISERS INC.  
POST OFFICE BOX 33786  
RALEIGH, NORTH CAROLINA 27636

PREPARED BY:

MICHAEL H. STEWART  
CERTIFIED GENERAL APPRAISER NC #A6409

JOHN M. MCBRAYER  
CERTIFIED GENERAL APPRAISER NC #A5723

File # C15122

May 20, 2015

Ms. Brenda Daniels  
Manager, Economic Development  
ElectriCities of North Carolina, Inc.  
1427 Meadow Wood Boulevard  
Raleigh, North Carolina 27604

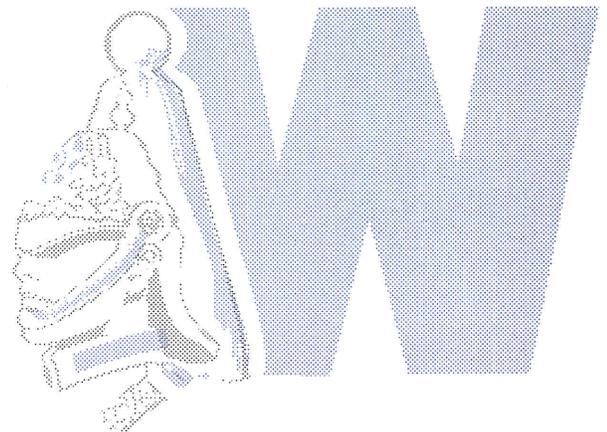
Re: Hotel Market Analysis and Feasibility Study for the Town of Benson, Johnston County, NC  
27504.

Dear Ms. Daniels,

In response to your engagement letter dated April 30, 2015, we have performed a market analysis and have determined the feasibility of developing a lodging facility within the jurisdiction of the Town of Benson, Johnston County, NC.

The client and intended user of this report is Ms. Brenda Daniels of ElectriCities of North Carolina, Inc., and assigns. The purpose of this report is to provide an opinion of the market analysis and feasibility of developing a lodging facility within the jurisdiction of the town. This report is based on market occupancies and the prevailing economic conditions observed on May 20, 2015, the effective date of the report. It is our understanding that the intended use of this report is for internal decision-making and planning purposes by the Town of Benson.

The Town of Benson is located in south-central Johnston County, approximately 30 miles southeast of the City of Raleigh in central North Carolina. Economic development in the region is influenced by the social, economic, governmental and environmental characteristics of the Raleigh-Cary-Durham-Dunn, NC Combined Statistical Area (CBSA). Situated adjacent to Interstate 95, approximately 1.5 miles south of its intersection with Interstate 40, the town enjoys good regional access.



Although the area is traditionally known for its agricultural influences, the Johnston County workforce is transitioning to a diversified mix of employers from several different sectors, with government, professional services, health services, and manufacturing being the most significant sectors. In addition Johnston County has seen a dramatic shift in population increase of approximately 38.46% over the last 10 years as residential development has branched out to Harnett and Johnston County with a less than 45 minute commute into the City of Raleigh or Research Triangle Park. Johnston County and the Town of Benson have continued to experience relative economic stability over the past years despite periodic national and local economic downturns.

According to Benson town records the population as of 2015 is 3,311. The 2.1 square mile town has a historical downtown district and Interstate 95 runs along the eastern boundary of the Town. Since the interstate opened in 1961, the majority of new development in the Town has been near the interstate capitalizing on the 100,000+ vehicles a day traveling through the town on a daily basis. The Town of Benson has several restaurants, retail stores, and a stable central business district with retail and office uses.

We also note that Benson is well located in respect to its proximity to competing hotel properties. Benson is currently home to one economy class, exterior entrance 103-room Days Inn motel that was built in 1976. The property is located along the I-95 southbound exit along the eastern border of the Town. This hotel appears to not be very competitive with existing or potential additions to the supply, which is discussed further in this report. Other than the Days Inn, there is not a flagged hotel along the 20 mile stretch of I-95 between Smithfield to the north and The City of Dunn to the south. Significant local demand generators include several multiple day festivals and events as well as a lack of accommodations nearby for guests attending other events in the area. Consequently, the Town appears to have unsatisfied demand.

In collecting the data necessary to form an opinion of feasibility, the appraisers have personally examined the national, state and local market economics for such a facility, including existing and proposed supply of hotels, as well as local and regional demand generators. Market data from other hotel properties on a national basis and within the subject's competitive market is obtained both from the appraiser's own primary research within the local market and from both *Price Waterhouse Coopers' Hospitality and Leisure Group* and *Smith Travel Research*, a Nashville, Tennessee firm specializing in providing market information for hotel/motel properties. We have also reviewed regional and national hotel operating data published in the most recent *TRENDS in the Hotel Industry-2014*, published by PKF Consulting.

During the course of our investigation we collected data on approximately fifty regional lodging facilities, which constitute lodging supply within an approximate thirty mile radius of Benson. We subsequently analyzed and narrowed our selection of properties and supply generators to those we felt were most applicable to our market analysis and feasibility study.

In analyzing the data, we have focused on the hotels considered most competitive with a proposed hotel in the market and have analyzed occupancy rates, average daily rates (ADR), amenities, market segmentation, and competitive indices. We have reported the results of our analyses in the form of a narrative report.

Please note that the value opinions expressed in this report have been developed within the context of the following extraordinary assumptions.

### **Financial Analysis**

Our report does not attempt to analyze potential room revenues, either gross or net, for a hypothetical hotel facility. It is beyond the scope of this assignment to generate cash flow projections for such a property. Feasibility is determined as it relates to relative level of occupancy achieved by the proposed hotel property only. We have estimated a market room rate for the subject based upon those achieved by competing facilities. If cash flow projections are desired, we recommend that the client obtain our services or those of other competent hospitality consultants as an additional assignment.

### **Site Selection**

Although Town of Benson officials have a hotel site area "reserved for marketability" for future potential hotel development and associated peripherals, as of the date of this report no specific site has been officially been purchased or deeded for development of a hotel facility. Therefore, we make the reasonable assumption that this site, or any site of adequate size, with suitable access and visibility characteristics is available within the jurisdiction of the town and that all publicly provided utilities will be available to such a site. While we make no recommendation of site and site selection the consultants believe careful selection of a site is vital to feasibility and integration with the town and its business environs.

Subject to the conditions and explanations contained in the following report, and based on our analysis of the market, together with our experience performing similar market studies, we have arrived at the following conclusion.

**As of the date of this report, May 20, 2015, it is our opinion that a hotel facility within the jurisdiction of Benson, NC is feasible provided a development and construction period of 12 to 24 months.**

**70 to 80 ROOM; LIMITED SERVICE, FLAG HOTEL  
OF MIDSCALE TO UPPER-MIDSCALE QUALITY,  
WITH AN ESTIMATED AVERAGE DAILY RATE (ADR) RANGE: \$95.00 to \$110.00**

The following report presents the data, analyses and other materials that give support to our conclusions. Within the report we provide a definition of *Market Share*, *Demand Generator*, *Competitive Index*, and other hotel-specific terms used.

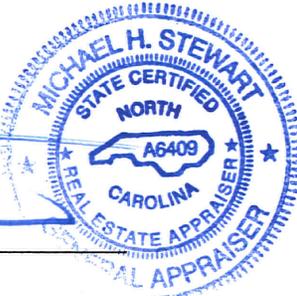
Please note that our opinions are not based on a requested conclusion and are not meant to infer a market value of a specific lodging facility. We recommend that any party interested in developing a lodging facility within the specified market area seek the services of a Certified General Appraiser who is knowledgeable of the regional market and is competent to conduct a valuation of a proposed hotel property.

Though an opinion of value is not a component of this assignment, the analysis, opinions and conclusions, where applicable, were developed and this consulting report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under the Uniform Standards of Professional Appraisal Practice (USPAP) 2012 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington DC.

This letter of transmittal precedes our full narrative consulting report, further describing the market and containing the reasoning and most pertinent data leading our final conclusions. Your attention is directed to the "Certificate of Appraisal", "Hypothetical Conditions", "Extraordinary Assumptions", "General Assumptions", and "General Limiting Conditions" which are considered usual for this type of assignment and have been included within the text of this report.

It was a pleasure preparing this consulting report for you. Please contact us if you have unanswered questions regarding our report or if we can be of further assistance in the interpretation of our findings and opinions.

Respectfully Submitted,



Michael H. Stewart  
Certified General Appraiser NC #A6409



John M. McBrayer  
Certified General Appraiser NC #A5723

## CERTIFICATE OF APPRAISAL

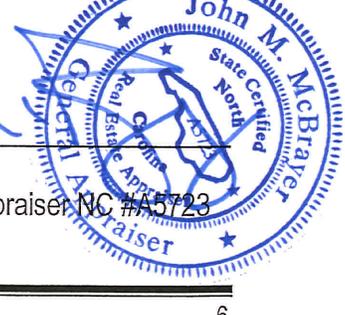
We certify that to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and our personal, impartial, and unbiased professional analyses.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement of this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- In accordance with the Conduct Section of the Ethics Rule within the Uniform Standards of Professional Appraisal Practice (USPAP), the appraiser has disclosed to the client any services regarding the subject property performed by the appraiser within the three year period immediately preceding the acceptance of the assignment. In the case of the subject property, we previously conducted a similar study in June 2013.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) 2014 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington DC and in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- No one provided significant appraisal assistance to the persons signing this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John McBrayer has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Practicing Affiliates.

  
Michael H. Stewart  
Certified General Appraiser NC #A6409



  
John M. McBrayer  
Certified General Appraiser NC #A5723



## **INTRODUCTION**

---

**TABLE OF CONTENTS**

**INTRODUCTION.....7**

**EXECUTIVE SUMMARY OF SALIENT FACTS ..... 9**

**DEFINITIONS ..... 10**

**EXTRAORDINARY ASSUMPTIONS..... 12**

**HYPOTHETICAL CONDITIONS..... 12**

**GENERAL ASSUMPTIONS ..... 13**

**GENERAL LIMITING CONDITIONS ..... 15**

**OVERVIEW OF CONSULTING ASSIGNMENT ..... 16**

    PURPOSE OF CONSULTING ASSIGNMENT ..... 16

    CLIENT AND INTENDED USERS ..... 16

    INTENDED USE ..... 16

    EFFECTIVE DATE OF THE REPORT ..... 16

    DATE OF THE REPORT ..... 16

    FORM OF THE REPORT..... 16

    SCOPE OF ASSIGNMENT..... 16

    COMPETENCY OF CONSULTANTS ..... 17

**GEOGRAPHIC MARKET ANALYSIS ..... 18**

    SUBJECT REGIONAL MAPS ..... 19

    REGIONAL ANALYSIS - RALEIGH-CARY-DURHAM-DUNN CBSA..... 21

    JOHNSTON COUNTY ANALYSIS ..... 37

    TOWN OF BENSON ANALYSIS ..... 39

**PRIMARY LODGING MARKET SUPPLY AND DEMAND ANALYSIS ..... 61**

    LOCAL DEMAND ANALYSIS ..... 62

    HOTEL SUPPLY ANALYSIS ..... 69

    HOTEL SURVEY LOCATION MAP..... 72

    MARKET SEGMENTATION ..... 82

    MARKET PENETRATION..... 85

**FEASIBILITY ANALYSIS ..... 88**

**ADDENDA ..... 93**

    APPRAISER’S QUALIFICATIONS ..... 94

    APPRAISER CERTIFICATIONS ..... 96

    GENERAL REFERENCES..... 97

    CLIENTS ..... 98

    ENGAGEMENT LETTER..... 100

    SMITH TRAVEL RESEARCH REPORT ..... 101

## **EXECUTIVE SUMMARY OF SALIENT FACTS**

File Number:	C15122
Location of Market:	The subject market is defined as those primary competing, limited service, flag hotels of midscale to upper-midscale quality: generally within a 20-mile radius of the Town of Benson, Johnston County, North Carolina.
Street Address:	No specific site has been considered in this analysis.
Type of Property:	Lodging Facility
Purpose of Report:	Market Study and Feasibility Analysis
Date of Report:	May 20, 2015
Hotel Size/Type Indicated:	70-80 Room; Limited Service, Flag Hotel of Midscale to Upper-Midscale quality.
ADR Range:	\$95.00 to \$110.00

## **DEFINITIONS**

*Source: Hotels & Motels Valuations and Market Studies by Stephen Rushmore, MAI and Erich Baum, Copyright 2001, The Appraisal Institute. Hotel/Motel Valuation and Investment Seminar, Glossary, Author – Stephen Rushmore, MAI.*

### **Actual Market Share**

The percentage share of the total hotel room night demand actually captured by a particular hotel. The actual market share for an individual hotel is calculated by dividing the number of room nights captured by the total number of room nights in the market.

### **Average Rate**

The weighted average of rooms sold at the various stated rates, such as commercial, group, or tourist. It is calculated by dividing the property's gross rooms revenue by the number of rooms occupied by the number of for a given period of time. When calculated on a daily basis, it is known as Average Daily Rate (ADR).

### **Base Year**

The year that serves as a benchmark for all future projections. The base year is generally the last calendar year completed before fieldwork begins.

### **Competitive Index**

A number that reflects the relative competitiveness of a hotel. The competitive index of a hotel is calculated by dividing the number of room nights accommodated within a particular market segment by the property's room count. The result is the number of days per year that a guest room is actually occupied by a specific type of traveler. By comparing the competitive indexes of several hotels, an appraiser can evaluate the competitiveness of each property.

### **Demand Generator**

Anything that creates or attracts hotel room night demand. Some examples of demand generators may include office parks, convention centers, scenic attractions, shopping malls, regional hospitals, sporting events, universities, military bases, airports, and convenient stopping points along a highway.

### **Fair Market Share (Market Share)**

A hotel's average percentage share of the total area's room night demand. Fair market share is calculated by dividing a hotel's rooms count by the total number of competitive rooms in the market. This benchmark is used to determine whether a property is capturing more or less than its appropriate share of total market demand.

### **Hotel Unit**

The smallest rentable accommodation that provides a guest with a bedroom, a bathroom, and lockable access to a public corridor or the exterior of the facility. A hotel unit is also referred to as a *room* or a *key*.

**Penetration**

The percentage relationship between the market share of a hotel and its fair share. When a hotel is capturing more than its average market share, the penetration is greater than 100 percent.

**Room Night**

A unit of hotel demand representing one hotel room occupied by one or more people for one night. A family of four occupying a hotel room for one night is considered one room night. That same family of four occupying two hotel rooms for one night is considered two room nights.

**Unaccommodated Demand**

The portion of latent hotel room night demand that cannot be accommodated in the market area because there are not sufficient new hotel rooms available to absorb it. Unless new hotel rooms are introduced into the market area, latent demand will remain unaccommodatable.

## **EXTRAORDINARY ASSUMPTIONS**

This report has been made with the following extraordinary assumptions. *We caution the reader that our analysis is based on information available at the time of engagement and changes to our assumptions may significantly affect our conclusions of value.*

### **Financial Analysis**

Our report does not attempt to analyze potential room revenues, either gross or net, for a hypothetical hotel facility. It is beyond the scope of this assignment to generate cash flow projections for such a property. Feasibility is determined as it relates to relative level of occupancy achieved by the proposed hotel property only. We have estimated a market room rate for the subject based upon those achieved by competing facilities. If cash flow projections are desired, we recommend that the client obtain our services or those of other competent hospitality consultants as an additional assignment.

### **Site Selection**

Although Town of Benson officials have a hotel site area “reserved for marketability” for future potential hotel development and associated peripherals, as of the date of this report no specific site has been officially been purchased or deeded for development of a hotel facility. Therefore, we make the reasonable assumption that this site, or any site of adequate size, with suitable access and visibility characteristics is available within the jurisdiction of the town and that all publicly provided utilities will be available to such a site. While we make no recommendation of site and site selection the consultants believe careful selection of a site is vital to feasibility and integration with the town and its business environs.

### **Addressee**

This report is addressed to Brenda Daniels, of Electricities of North Carolina, Inc., and assigns.

Special conditions of the report include our agreement that it may be relied upon by Ms. Daniels in decision-making. Please note however, that, in the absence of a written update specifically signed with original signatures and delivered by the undersigned appraiser, the report refers to conditions prevailing as of the effective date of the report.

## **HYPOTHETICAL CONDITIONS**

There are no hypothetical conditions affecting our analysis of the subject property.

## **GENERAL ASSUMPTIONS**

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
10. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on the or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
  
12. The appraiser is not a land surveyor, nor an expert in flood zone determination. While general information relating to flood zones is included in our report for informative purposes, no formal determination is made of flood zone hazards as they affect the subject property.

Although our value estimate is predicated on a general overview of the FEMA FIRM Maps, the relative scale and detail of these maps is not sufficiently precise for us, as appraisers, to give a certified opinion about flood conditions. No responsibility is assumed, therefore for the presence or absence of such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

## **GENERAL LIMITING CONDITIONS**

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to provide further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. If oral testimony is required at any time, a summary of the oral report will be placed on the workfile within a reasonable time after the issuance of the oral report, in compliance USPAP Standard Rules 2-2 (b) and 2-4, and with the Record-Keeping Section (Page 9) of the USPAP Ethics Rule.
5. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
6. No significant change is assumed in the supply and demand patterns indicated in the report. The study assumes market conditions as observed as of the current date of our market research stated in the letter of transmittal. These market conditions are believed to be correct; however, the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
7. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. In the case of improved property, we will not be responsible for conducting a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we have not considered possible non-compliance with the requirements of ADA in estimating the value of the property.

## **OVERVIEW OF CONSULTING ASSIGNMENT**

### **PURPOSE OF CONSULTING ASSIGNMENT**

The purpose of this consulting assignment is to provide a market analysis and an estimate as to the feasibility of developing a hotel facility within the jurisdiction of the Town of Benson in Johnston County, NC.

### **CLIENT AND INTENDED USERS**

The intended users of this report are Ms. Brenda Daniels, of Electricities of North Carolina, Inc., and assigns. Use of this report by others is not the intent of the appraiser.

### **INTENDED USE**

The intended use of this report is for internal decision-making and planning purposes by the Town of Benson.

### **EFFECTIVE DATE OF THE REPORT**

This report is based on market occupancies and the prevailing economic conditions observed on May 20, 2015, the effective date of the report.

### **DATE OF THE REPORT**

The date of this report is May 20, 2015.

### **FORM OF THE REPORT**

Though an opinion of value is not a component of this assignment, the analysis, opinions and conclusions, where applicable, were developed and this consulting report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under the Uniform Standards of Professional Appraisal Practice (USPAP 2012 Edition) promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington D.C.

### **SCOPE OF ASSIGNMENT**

In collecting the data necessary to form an opinion of feasibility, the appraisers have personally examined the national, state and local market economics for such a facility, including existing and proposed supply of hotels, as well as local and regional demand generators. Market data from other hotel properties on a national basis and within the subject's competitive market is obtained both from the appraiser's own primary research within the local market and from both *Price Waterhouse Coopers' Hospitality and Leisure Group* and *Smith Travel Research*, a Nashville, Tennessee firm specializing in providing market information for hotel/motel properties. We have also reviewed regional and national hotel operating data published in the most recent *TRENDS in the Hotel Industry 2012*, published by PKF Consulting.

In analyzing the data, we have focused on the hotels considered most competitive with a proposed hotel in the market and have analyzed occupancy rates, average daily rates (ADR), amenities, market segmentation, and competitive indices. We have reported the results of our analyses in the form of a narrative report.

#### **COMPETENCY OF CONSULTANTS**

The consultants' specific qualifications are included within the Addenda to the report. These qualifications serve as evidence of our competence for the completion of this consulting assignment in compliance with the *Competency Provision* contained within the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The consultants' knowledge and experience, combined with their professional qualifications, are commensurate with the complexity of this assignment, based on the following:

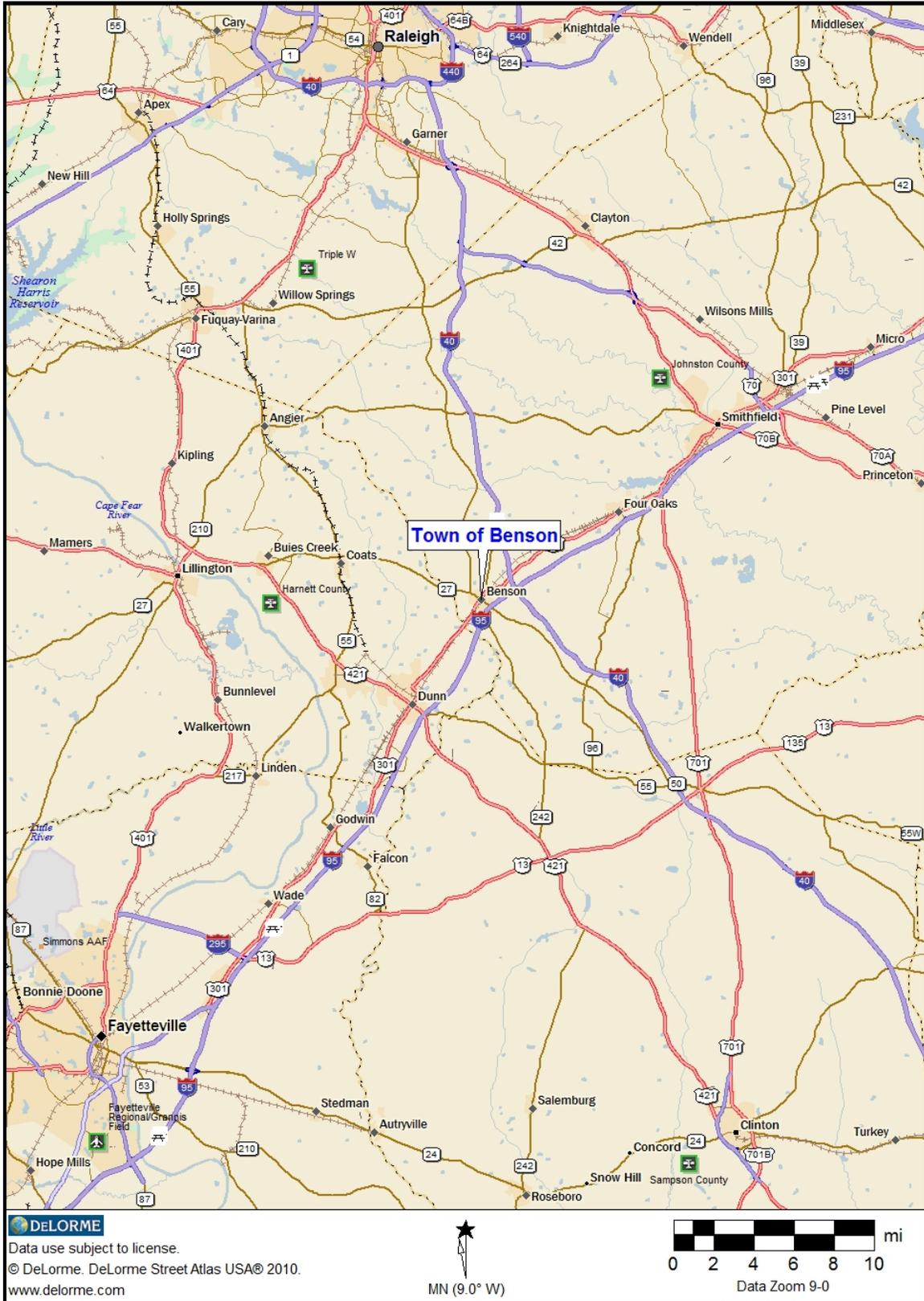
- Professional experience
- Educational background and training
- Business, professional, academic affiliations and activities

The consultants have previously provided consultation and value estimates for properties of this type throughout the region.

**GEOGRAPHIC MARKET ANALYSIS**

---

SUBJECT REGIONAL MAPS





## REGIONAL ANALYSIS - RALEIGH-CARY-DURHAM-DUNN CBSA

### Introduction

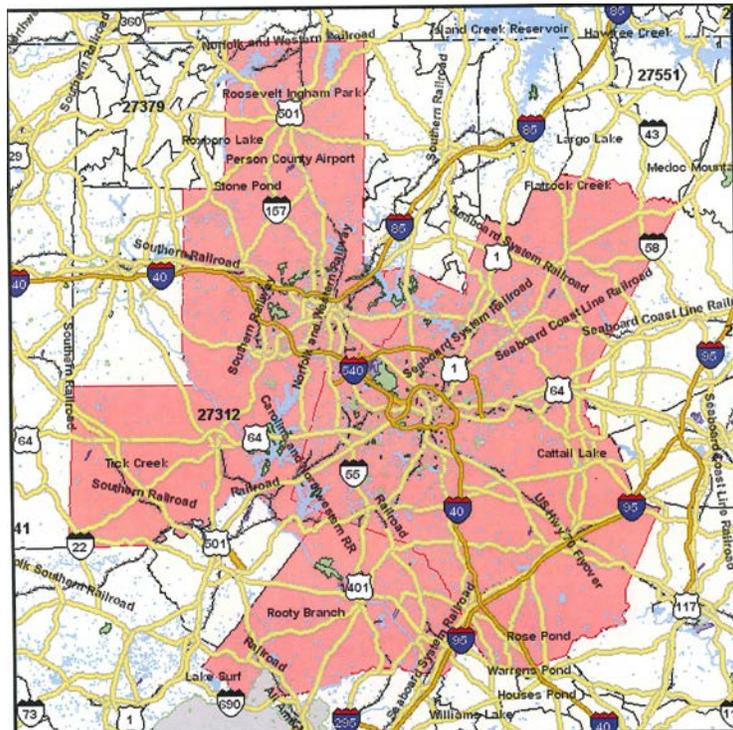
The subject's Market Value is influenced by the social, economic, governmental and environmental characteristics of the Raleigh-Cary-Durham-Dunn Combined Statistical Area (CBSA).

According to the Combined Statistical Areas defined by the Office of Management and Budget the Raleigh-Cary-Durham-Dunn, NC Combined Statistical Area comprises the Raleigh-Cary, NC Metropolitan Statistical Area, the Durham-Chapel Hill, NC Metropolitan Statistical Area, and the Dunn, NC Micropolitan Statistical Area. Often referred to as the Triangle due to the shape formed by the CBSA's three historically dominant cities of Raleigh, Durham, and Chapel Hill, these cities have established themselves as separate entities with unique economic environments.

Raleigh, the state capital and second largest city in North Carolina, is a growing center for business and commerce in the Mid-Atlantic Region of the United States. Durham, a former prosperous tobacco town, is recognized for the Research Triangle Park, a center for international business and medical research. Chapel Hill is a high-income residential area, culturally influenced by the University of North Carolina at Chapel Hill. The combined economic strengths of these communities, their diverse businesses, public sector, and academic economies, have provided resiliency to economic downturns of the past two decades.

### Influences on Market Value

The subject's market value is influenced by the social, economic, governmental and environmental characteristics of the Raleigh-Cary-Durham-Dunn, NC Combined Statistical Area. A map of the combined statistical areas is below.



The counties that make up the metropolitan and micropolitan statistical areas in the CBSA are listed in the following table.

Raleigh-Cary-Durham-Dunn, NC CBSA Counties			
MSA/ MiSA	County	CBSA Code	FIPS Code
Raleigh-Cary, NC MSA	Wake County, NC	39580	37183
Raleigh-Cary, NC MSA	Franklin County, NC	39580	37069
Raleigh-Cary, NC MSA	Johnston County, NC	39580	37101
Durham, NC MSA	Chatham County, NC	20500	37037
Durham, NC MSA	Durham County, NC	20500	37063
Durham, NC MSA	Orange County, NC	20500	37135
Durham, NC MSA	Person County, NC	20500	37145
Dunn, NC MiSA	Harnett County, NC	20380	37085

Source: US Census Bureau, OMB

## SOCIAL

These are primarily forces from the region's demographic trends. They include such factors as population density, employment status, quality of education, availability of healthcare and the quality of life found within the region.

The overall strength of the Triangle economy, coupled with the region's reputation as a center for business and industry has positively impacted the area's demographic trends. The following table compares the historical population growth of the major metropolitan statistical areas (MSAs) in North Carolina to the population growth of the United States.

Select NC Metropolitan Statistical Areas, 2000-2012			
Geographic Region	2000	2012	% Change
Raleigh-Cary, NC	797,071	1,184,822	48.65%
Durham-Chapel Hill, NC	426,493	518,236	21.51%
Dunn, NC	33,800	118,635	30.33%
Charlotte-Gastonia-Concord, NC-SC	1,330,448	1,826,286	37.27%
Greensboro-High Point, NC	643,430	736,008	14.39%
Wilmington, NC	643,703	376,363	37.09%
Asheville, NC	369,171	434,664	17.74%
Hickory-Morganton-Lenoir, NC	341,851	369,606	8.12%
Fayetteville, NC	336,609	374,295	11.20%
Greenville, NC	152,772	195,607	28.04%
<b>CBSA</b>	<b>508,982</b>	<b>781,776</b>	<b>38.58%</b>
<b>North Carolina</b>	<b>8,049,313</b>	<b>10,479,175</b>	<b>21.55%</b>
<b>United States</b>	<b>281,421,906</b>	<b>313,095,504</b>	<b>11.25%</b>

Source: US Census Bureau, Claritas

As shown in the table above the Raleigh-Cary-Durham-Dunn CBSA region, as a whole, has experienced population growth higher than the national and North Carolina averages. The following table is a summary of population growth in the CBSA counties compared to North Carolina and the nation.

Population Growth Trends Raleigh-Cary-Durham-Dunn CBSA					
Area	2000	2012	2017 (Proj.)	%Change 2000-12 <sup>1</sup>	%Change 2012-17 <sup>1</sup>
Wake County	627,846	946,278	1,070,015	50.72%	13.08%
Johnston County	121,965	175,670	194,279	44.03%	10.59%
Franklin County	47,260	62,874	69,072	33.04%	9.86%
Harnett County	91,025	118,635	129,892	30.33%	9.49%
Chatham County	49,329	65,903	72,418	33.60%	9.89%
Durham County	223,314	275,305	296,560	23.28%	7.72%
Orange County	118,227	136,949	145,611	15.84%	6.32%
Person County	35,623	40,079	41,789	12.51%	4.27%
<b>CBSA</b>	<b>1,314,589</b>	<b>1,821,693</b>	<b>2,019,66</b>	<b>38.58%</b>	<b>10.87%</b>
<b>North Carolina</b>	<b>8,049,313</b>	<b>9,783,974</b>	<b>10,469,175</b>	<b>21.55%</b>	<b>7.00%</b>
<b>USA</b>	<b>281,421,906</b>	<b>313,095,504</b>	<b>325,256,835</b>	<b>11.25%</b>	<b>3.88%</b>

Source: US Census Bureau, Claritas

As indicated in the table above, the CBSA experienced population growth of approximately 3.86 percent per annum (compounded) from 2000 to 2012 and a projected rate of 2.17 percent per annum (compounded) from 2012 to 2017. This rate of growth is significantly higher overall than North Carolina and the USA growth and has been a positive influence on the demand for the area's residential and commercial real estate. The growth in the number of households has also been significant compared to the state and the nation, as shown below:

Household Growth Trends Raleigh-Cary-Durham-Dunn CBSA					
Area	2000 Census	2012 Estimate	2017 (Proj.)	%Change 2000-12 <sup>1</sup>	%Change 2012-17 <sup>1</sup>
Wake County	242,040	363,553	411,800	50.20%	13.27%
Johnston County	46,595	64,108	70,296	37.59%	9.65%
Franklin County	17,843	23,947	26,395	34.21%	10.22%
Harnett County	33,800	43,211	47,548	27.84%	10.04%
Chatham County	19,741	26,874	29,677	36.13%	10.43%
Durham County	89,015	112,976	122,512	26.92%	8.44%
Orange County	45,863	52,908	56,686	15.36%	7.14%
Person County	14,085	16,106	16,862	14.35%	4.69%
<b>CBSA</b>	<b>508,982</b>	<b>703,683</b>	<b>781,776</b>	<b>38.25%</b>	<b>11.10%</b>
<b>North Carolina</b>	<b>3,132,013</b>	<b>3,851,922</b>	<b>4,134,406</b>	<b>22.99%</b>	<b>7.33%</b>
<b>USA</b>	<b>105,480,101</b>	<b>118,582,568</b>	<b>123,450,982</b>	<b>12.42%</b>	<b>4.11%</b>

Source: US Census Bureau, Claritas

As indicated in the table above, the CBSA experienced household growth of approximately 3.83 percent per annum (compounded) from 2000 to 2012 and a projected rate of 2.22 percent per annum (compounded) from 2012 to 2017. This rate of growth is significantly higher overall than North Carolina and the USA growth and has been a positive influence on the demand for the area's residential and commercial real estate.

### **Higher Education**

The Raleigh-Durham-Cary CBSA is home to several public and private universities whose graduates provide an educated workforce to its growing economy.

The University of North Carolina at Chapel Hill was the nation's first state university. Ranked among the top research institutions in the nation, the University has been recognized for the quality of its graduate programs in various national surveys conducted in the past 25 years. UNC-CH's student body totals approximately 29,390, of which 18,579 are undergraduates and 10,811 are graduate students. Students study in 17 colleges and schools offering instruction in more than 100 fields. The university offers 84 bachelor, 165 master and 108 doctoral degrees, as well as professional degrees in dentistry, medicine, pharmacy, public health and law. UNC-CH is the site of North Carolina Memorial Hospital, the state's principal referral, diagnostic, and treatment center.

North Carolina State University, the largest university in the University of North Carolina system, is a national center for research, teaching and outreach in the sciences and technologies, in the humanities and social sciences and in a wide range of professional programs. Located in Raleigh, the university offers baccalaureate degrees in 92 fields, master's degrees in 101 fields, doctoral degrees in 58 fields and a doctor of veterinary medicine degree. The university's total enrollment is approximately 31,001 including 21,490 undergraduates and 10,811 graduate students. Students come to NC State from nearly every state in the nation and the approximate 2,220 international students represent at least 111 foreign countries.

Located in Durham, Duke University has approximately 6,500 full-time undergraduates and over 7,300 full-time graduate and professional students. The university offers 42 undergraduate majors, graduate degrees in 44 fields and graduate or professional degrees in law, divinity, medicine, nursing, engineering, environmental studies, and business.

In addition to the regions three major research universities, the area offers additional institutions of higher learning. These institutions offer degrees ranging from associates and to doctoral programs and contribute to the quality of education in the CBSA. The most current (2010) enrollments of the largest institutions are highlighted in the following table.

College and University Enrollment in CBSA	
NC State University	31,001
University of North Carolina at Chapel Hill	29,390
Duke University	13,800
Wake Technical Comm. College	21,105
NC Central University	8,469
Durham Technical Comm. College	7,526
Johnston Community College	5,679
Campbell University	5,232
Shaw University	2,702
Meredith College	2,039
Southeastern Baptist College	2,500
St. Augustine's College	1,635
Peace College	700
Louisburg College	475

### Lifestyle

The CBSA is centrally located between the Blue Ridge Mountains, three hours' drive time to the west, and the Atlantic coast, two hours to the east. The area has a favorable climate and the region offers a wide variety of year-round outdoor activities. The Triangle is home to several cultural and recreational attractions including the *BTI Center for the Performing Arts* (formerly the *Raleigh Memorial Auditorium*), the *North Carolina Museum of Art*, *Baldwin Auditorium*, the *Durham Bulls Athletic Park*, the *Durham Performing Arts Center*, *North Carolina State Fairgrounds*, *Alltel Pavilion* and the *RBC Center*, home to the National Hockey League's *Carolina Hurricanes*.

In addition to recreational and cultural resources, the region has ten regional shopping malls over 500,000 square feet and a growing number of large retail power and lifestyle centers. Characteristics of these regional and larger retail centers are summarized below.

Raleigh-Durham-Cary CBSA Largest Retail Centers					
Retail Center	Location	SF	Retail Center	Location	SF
Triangle Towne Center	Raleigh	1,431,091	Shiloh Crossing	Morrisville	366,000
Crabtree Valley Mall	Raleigh	1,326,000	Beaver Creek Commons	Apex	475,000
Brier Creek Commons	Raleigh	771,447	Beaver Creek Crossing	Apex	345,901
North Hills Mall	Raleigh	713,474	The Streets at Southpoint	Durham	1,300,000
Cameron Village	Raleigh	629,216	Northgate Mall	Durham	857,099
Six Forks Station	Raleigh	486,432	North Point	Durham	470,000
Alexander Place	Raleigh	401,750	South Square	Durham	453,486
Plantation Point	Raleigh	401,750	New Hope Commons	Durham	408,292
Poyner Place	Raleigh	380,000	University Mall	Chapel Hill	366,173
Pleasant Valley	Raleigh	377,476	White Oak Crossing	Garner	700,000
Cary Towne Center	Cary	1,000,000	Midway Plantation	Knightdale	447,243
Crossroads Plaza	Cary	675,049	Capital Plaza	Wake Forest	340,407
Centrum	Cary	338,318	<i>Source: Book of Lists, Business Journal 2011</i>		

**Healthcare**

The Raleigh-Cary-Durham-Dunn Combined Statistical Area ranks among the top CBSA's in the country in physicians per capita. Two major medical centers and teaching hospitals are located in the region, along with multiple hospitals. Durham is known as "The City of Medicine, USA". Area statistics show the physician-to-population ratio is five times the national average. Medical research at local universities and nearly twenty hospitals located within the Raleigh-Cary-Durham-Dunn CBSA provide general care to the public.

Due to the amount of research at the local universities and surrounding research facilities, the area is well served in terms of healthcare. In addition, a Veterans Administration (VA) medical center is situated in Durham. There are also two psychiatric hospitals in the CBSA, along with a number of diagnostic clinics, specialized treatment centers and homes for the retired and elderly. A list of hospitals by county in the CBSA is provided below.

Medical Centers & Teaching Hospitals by County			
	# of Beds		# of Beds
<b>Wake</b>		<b>Orange</b>	
Wake Medical Center	515	UNC Hospitals	708
Western Wake Medical Center - Cary	114	<b>Chatham</b>	
Eastern Wake Hospital – Zebulon	0	Chatham Hospital	60
Wake Med North – Raleigh	12	<b>Franklin</b>	
Rex Hospital	665	Franklin Regional Medical Center	85
Duke Health Raleigh Hospital	186	<b>Johnston</b>	
Holly Hill /Charter Hospital	108	Johnston Memorial Hospital	185
<b>Durham</b>		<b>Harnett</b>	
Duke University Medical Center	1,050	Betsy Johnson Memorial	101
Durham Regional Hospital	369	Good Hope Hospital	72
VA Hospital and Medical Center	274	<b>Person</b>	
Lenox Baker Children's Hospital	No in-patients	Person County Memorial Hospital	50

**ECONOMIC**

According to *The Appraisal of Real Estate, Twelfth Edition*, "the relevance of economic influences to the appraisal process, relates to the financial capacity of a market area's occupants to rent or own property, maintain it in an attractive and desirable condition, and renovate or rehabilitate it as appropriate." In order to determine the economic condition of the region, variables such as median household income, unemployment, and employment by industry have been analyzed."

**Median Household Income**

This is one of the primary demographic indicators of the regional economy's strength or weaknesses. Income drives the effective demand for real estate. Typically, a market with a high median household income is indicative of economic vitality and a high standard of regional living.

The following tables are a summary of the median and average household income levels within the CBSA, North Carolina and the USA.

Median Household Income Estimates Raleigh-Cary-Durham-Dunn CBSA					
Area	2000	2012	2017 (Proj.)	%Change 2000-12 <sup>1</sup>	%Change 2012-17 <sup>1</sup>
CBSA	\$47,621	\$54,344	\$55,475	14.12%	2.08%
North Carolina	\$39,586	\$44,290	\$45,066	11.88%	1.75%
USA	\$42,729	\$49,581	\$50,850	16.04%	2.56%

Source: US Census Bureau, Claritas

Average Household Income Estimates Raleigh-Cary-Durham-Dunn CBSA					
Area	2000	2012	2017 (Proj.)	%Change 2000-12 <sup>1</sup>	%Change 2012-17 <sup>1</sup>
CBSA	\$60,908	\$70,793	\$72,390	16.23%	2.26%
North Carolina	\$51,225	\$58,414	\$59,703	14.03%	2.21%
USA	\$56,644	\$67,315	\$69,219	18.84%	2.83%

Source: US Census Bureau, Claritas

In the past decade, the Triangle CBSA has experienced a steady growth in median and average household income. The CBSA median household income 2012 estimates are approximately 22.70 percent higher than the state and 9.61 percent higher than the United States. The CBSA average household income 2012 estimates are approximately 20.19 percent higher than the state and 5.17 percent higher than the United States.

A further breakdown of household income by income level in the Triangle CBSA as compared to National averages is found below.

Household Income Raleigh-Cary-Durham-Dunn CBSA				
Household Income	2000 CBSA	2012 CBSA	2000 USA	2012 USA
\$0 to \$24,999	24.37%	20.67%	28.68%	23.77%
\$25,000 to \$49,999	28.17%	25.82%	29.34%	26.66%
\$50,000 to \$74,999	20.84%	20.19%	19.46%	19.49%
\$75,000 to \$99,000	11.69%	12.93%	10.23%	11.88%
Over \$100,000	14.91%	20.4%	11.59%	18.19%

Source: US Census Bureau, Claritas

With 47.44% of households at \$50,000 or more, the Triangle CBSA compares favorably with the national averages. These are definitive indicators of a relatively strong economy and are positive influences for the real estate market within the Triangle.

One category the Triangle that lags somewhat is in overall home ownership. Home ownership in the CBSA for the year 2012 was reported at 66.1 percent, compared to 70.19 percent for the state and 66.1 percent nationally. Most likely, the home ownership level, which is slightly lower than the state average, is a result of significant percentage of university populations who are primarily renters.

### Industries and Employment Sectors

Industry within the Triangle is highly diversified with services, retail trade and manufacturing being the most significant sectors. The following table is a summary of the percentage of the workforce employed in each sector, followed by a graph that visually illustrates the segmentation of the workforce.

Raleigh-Cary-Durham-Dunn CBSA Workforce		
Sector	Employees	% of Workforce
Executive and Professional	290,798	35.14%
Administration and Support	231,060	27.93%
Service Personnel	119,730	14.50%
Trade and Labor	185,607	22.43%
<b>Total Workforce</b>	<b>827,195</b>	<b>100.00%</b>

*Source: Claritas*

Most workers in the CBSA are employed in the executive and professional and the administration and support sectors. The education/health services sector has experienced the most significant increase in employment growth for years while the manufacturing sector employment has significantly diminished. The dynamics influence the supply and demand of commercial real estate submarkets.

While government derived employment is not individually delineated within these industry sectors, it is a significant portion at an estimated 18.0% of the area's workforce population. This can be attributed to Raleigh being the state capital and approximately 144,000 government employees working in the CBSA.

The workforce is highly diversified and the largest employers exist in several different sectors, including technology, education, and healthcare. This broad employment base has encouraged more than 150 companies to establish their company headquarters in the region. The following table is a selection of the largest, non-governmental employers in the region as reported by the Triangle Business Journal.

Top Employers by Number of Employees Raleigh-Cary-Durham-Dunn CBSA		
Firm/Organization	Type of Business	#Employees
Duke University	Higher Education	33,913
IBM Corporation	Information Technology	10,000
WakeMed	Health Care	7,625
Food Lion	Retail Grocer	6,985
Cisco Systems	Internet Networking	4,700
Rex Healthcare	Health Care	4,600
GlaxoSmithKline	Research and Development	4,500
SAS Inc.	Computer Software	4,394
Wal-Mart	Retail Stores	4,200
Harris Teeter	Retail Grocer	3,817
Blue Cross & Blue Shield	Insurance	3,300
Duke (Progress) Energy	Energy Services	3,000
Target	Retailer	2,500
RTI International	Research and Development	2,300
Talecris Biotherapeutics	Research and Development	2,300
Fidelity Investments	Financial Services	2,000
PPD Inc.	Contract Research	2,000

### Unemployment

A diversified employment base is less affected by economic recessions than regions that rely heavily on manufacturing or goods-producing employment. The Triangle CBSA has experienced relative stability in terms of employment over the past several years with its unemployment rate traditionally lower than the national and state average over the past few years. The underlying reasons for this include Raleigh's city/state public sector and the three research-based universities. This stable employment base has been less affected during economic slowdowns than the more volatile private employment sector and the employment bases in the Research Triangle Park (RTP).

The average annual unemployment rates for the CBSA are the same as current national averages, but both are lower than the current state average. In addition, three of the eight counties within the CBSA are currently lower than the U.S. and state as a whole. More recent average annual unemployment rates for the CBSA have maintained at lower levels than the U.S. and state as a whole. The following table is a summary of the recent historical unemployment rates within the CBSA, its counties, North Carolina and the United States.

Average Annual Unemployment Rates Raleigh-Cary-Durham-Dunn CBSA					
Area	2008	2009	2010	2011	February 2012
Wake County	4.7%	8.2%	9.2%	8.3%	7.9%
Johnston County	5.8%	10.0%	11.2%	9.5%	8.9%
Franklin County	6.3%	10.2%	11.4%	10%	9.9%
Harnett County	6.7%	11.3%	12.1%	11.8%	11.2%
Chatham County	5.0%	8.1%	8.4%	7%	8.8%
Durham County	4.9%	7.9%	8.5%	8.3%	7.9%
Orange County	4.0%	6.4%	6.9%	7.2%	6.3%
Person County	7.4%	11.5%	12.8%	9.9%	10.8%
<b>CBSA</b>	<b>5.0%</b>	<b>8.5%</b>	<b>9.3%</b>	<b>8.5%</b>	<b>8.2%</b>
<b>North Carolina</b>	<b>6.3%</b>	<b>10.6%</b>	<b>11.2%</b>	<b>10.4%</b>	<b>10.1%</b>
<b>USA</b>	<b>5.8%</b>	<b>9.3%</b>	<b>9.78%</b>	<b>9.1%</b>	<b>8.2%</b>

Source: Employment Security Commission of North Carolina

Current employment projections are considered to be volatile and may experience significant changes from current levels as the regional and national economy continues the recovery process and the federal government provides additional economic stimuli. Overall, it is projected that unemployment for the CBSA will fluctuate from the current levels and remain highly speculative for the region, state and country as a whole.

#### GOVERNMENTAL

This influence relates to laws and regulation, along with the area's rates of property taxation. Also of relevance is the relationship between private sector businesses and the public sector.

Incentives play a fundamental role that motivates actions and decisions by consumers, businesses, and other participants in the economy. A variety of business incentives and tax reduction programs are available in the Raleigh-Cary-Durham-Dunn CBSA. An additional factor influencing ones business decisions is regional tax rates. Some of the major incentives and tax rates for the CBSA counties are highlighted below.

#### Property Taxes

In analyzing the CBSA's property tax rates, the current tax rates for the city of Raleigh and the city of Durham have been compared with the tax rates for two of the State's other major metropolitan areas - Charlotte and Greensboro (each the largest city in its CBSA). The comparative data is shown in the following table:

Real Estate Tax Rate Summary 2011 Major Cities of North Carolina		
Raleigh	0.9075	per \$100 of Assessed Value
Durham	1.3035	per \$100 of Assessed Value
Charlotte	1.2536	per \$100 of Assessed Value
Greensboro	1.4199	per \$100 of Assessed Value

Also, historical tax rates are compared for each county in the Raleigh-Cary-Durham-Dunn CBSA to the North Carolina average. The comparative data is shown in the following table:

North Carolina Association of County Commissioners 2011-12 Property Tax Survey					
County	2010-11 Tax Rate	2011-12 Tax Rate	Change	Sales Assess Ratio	Effective Tax Rate
Chatham	\$0.6219	\$0.6219	-	1.019	\$0.6337
Durham	\$0.7459	\$0.7459	-	1.027	\$0.7659
Franklin	\$0.8725	\$0.8725	-	0.922	\$0.8041
Harnett	\$0.7250	\$0.7250	-	0.976	\$0.7077
Johnston	\$0.7800	\$0.7800	-	0.987	\$0.7698
Orange	\$0.8580	\$0.8580	-	0.991	\$0.8504
Person	\$0.7000	\$0.7000	-	0.941	\$0.6584
Wake	\$0.5340	\$0.5340	-	1.056	\$0.5639
NC Average	\$0.6141				\$0.6160

Raleigh's and Wake County's tax rates are significantly lower than the other metropolitan cities shown. This gives Raleigh a competitive edge in attracting corporations considering relocation or expansion. While Durham and Durham County's rate is higher, county and municipal entities in the state permit provisions within their authority to attract new growth and employers, just as in, for instance, the Research Triangle Park (mostly in Durham County), which significantly discounts its tax rates in order to attract relocating companies.

### Economic Development and Incentives

#### Article 3J Tax Credits

In North Carolina, the former William S. Lee Quality Jobs and Expansion Act allowed for qualifying new and expanding companies to take advantage of tax credits for job creation, investment in machinery and equipment, worker training, research and development, and investment in business property for activities on or prior to January 1, 2007. The Article 3J Tax Credits replace the William S. Lee Tax Credits as of January 1, 2007 and provides credits for creating jobs, investment in business property, and investment in real property.

Additional tax credits are available for companies eligible for tax credits to gain additional enhancements when they locate within a County Tier Designation, whereby the most distressed counties are in Tier 1. With the exception of Person, Franklin and Harnett Counties which are situated within Tier 2, the CBSA is predominantly designated a Tier 3 county. A number of additional public investments, infrastructure improvements, human capital developments and public financing mechanisms and programs also have been put into place for economic development.

#### Corporate Income Tax

The corporate income tax rate is 6.9%. Financial institutions are also subject to a tax equal to \$30 per one million in assets.

### *Tax Credits*

All tax credits can be taken against the income, franchise or gross premiums tax and have a five-year carry-forward for each eligible year. The total value of credits cannot exceed 50% of annual state income and franchise tax liability. Eligible firms are in Manufacturing, Warehousing, Data Processing, Air Courier Services, Aircraft Maintenance/repair, Corporate Headquarter Administrative Offices, Call Centers, Mail Order Houses, Motorsports, Research/Development and Wholesale Trade; these firms must also pay at least the applicable county wage standard. No applicable wage standard exists for Tier 1 Counties. Wake County has a \$747 per week 3J wage standard for 2009. With Durham County at \$799 per week and Harnett County at \$469 per week, this provides the 2008 3J wage standard range for the CBSA. Applications for these tax credits must be made with the State of North Carolina Department of Commerce.

### *Large Investment Enhancement*

Qualifying taxpayers are eligible to take carry forwards over a 20-year period if the taxpayer certifies that it will purchase or lease, and place in service in connection with an eligible business within a two-year period, at least \$150 million worth of real estate, machinery and equipment, or Central Administrative Office property.

### *Jobs Tax Credit*

Within Tier 3 areas, firms with at least fifteen full-time employees working 40 or more weeks during the taxable year can take a credit of \$750 for each new full-time additional job created during that taxable year. Within Tier 2 areas, firms with at least ten full-time employees working 40 or more weeks during the taxable year can take a credit of \$5,000 for each new full-time additional job created during that taxable year. Within Tier 1 areas, firms with at least five full-time employees working 40 or more weeks during the taxable year can take a credit of \$12,500 for each new full-time additional job created during that taxable year.

### *Research and Development Tax Credit*

Firms that qualify for the Research and Development Tax Credit can take a state tax credit equal to 1.25% for expenses under \$50 million, 2.25% for expenses between \$50 to \$200 million, and 3.25% in expenses over \$200 million or established within a Tier 1 county from the state's apportioned share of the taxpayer's expenditures for R&D.

### *Business Property Tax Credit*

In Tier 1 counties, the credit equals 7% of tangible personal business property capitalized under the tax code with no minimum investment, Tier 2 Counties require a minimum \$1 million investment with the credit at 5% of the tangible personal property capitalized, and Tier 3 Counties require a \$2 million dollar minimum investment with the credit at 3.5% of the tangible personal property capitalized. It is taken in equal installments over 4 years, beginning the year after the property is placed in service.

### *Credit for Investing in Real Property*

This credit is available to companies who have invested at least 10 million dollars in real property in North Carolina within a 3 year period and create at least 200 new jobs within two years at an establishment located in a Tier 1 county and are allowed a credit equal to 30% of the eligible real property investment. The credit is taken in equal installments over seven years beginning the year following the commencement of the eligible business operation.

### *Research Triangle Park*

Established in 1959, RTP has been successful in attracting research and development to its 7,000 acre internationally advertised campus thus creating a leading research environment.

The Research Triangle Foundation, a not-for-profit organization that privately owns RTP and currently markets approximately 530-acres of vacant developable land both domestically and internationally. Approximately 170 companies are currently located in RTP, 100 of which are active in research and development. Development of RTP has been a cooperative effort between the Research Triangle Foundation, the North Carolina Economic Development Department and the State of North Carolina, and local government.

### *Overall Development in the CBSA*

The pro-development policies of most of the CBSA's county and municipal governments have positively impacted real estate development over the past two decades. With the exception of local cities like Chapel Hill and Cary, which proactively work to control rampant development, developers generally find a favorable response to applications with approval fees and impact fees generally in line with other major urban areas.

## **ENVIRONMENTAL**

For the purpose of this analysis, environmental influences include such factors as accessibility to transportation routes within the CBSA, the adequacy of public utilities and the efficiency of major road and air links out of the area.

### **Highways**

With approximately 78,000 miles of highways, North Carolina has one of the largest, state-maintained highway systems in the country. Three Interstate highways intersect the Raleigh-Durham region, giving the area excellent access to many east coast destinations and permitting the Raleigh-Durham area to be within two days trucking distance of over 60% of the U.S. industrial base.

Interstates within the CBSA include Interstate 40, which extends from the Atlantic Coast at Wilmington, through the CBSA, and then west to California. Interstate 440, also known as the Raleigh Beltline, encircles the City of Raleigh, with several interchanges throughout the suburban areas.

Interstate/NC 540, currently under construction, will be a 70-mile Outer Loop at an approximate radius of eighteen miles, permitting more rapid within the CBSA. Current plans are for the proposed southwest and southeast portions to be subject to tolls (NC 540). Upon completion, it will provide a convenient link to the Research Triangle Park and the residential towns of Wake Forest, Rolesville, and Knightdale in the northeast portions of Wake County, plus Garner, Holly Springs, Apex and Fuquay-Varina in southern Wake County as well as the surrounding counties experiencing rapid development. Some sections of Interstate 540, primarily in the north and western portions of Wake County have been completed, providing access to the development areas of west, north and east Raleigh, but it will be several more years before the circle is closed. Construction of the southwestern portion is underway (2011). The southeastern portions of NC 540 are not currently planned for completion until after 2013.

**Air**

Located five miles east of Research Triangle Park, the Raleigh-Durham International Airport (RDU) provides efficient and cost-effective travel options for the Raleigh-Durham area. RDU is served by 10 major airlines with a total of over 220 flights daily, operating as North Carolina's second largest airport (next to Charlotte-Douglas). Non-stop weekday flights to international destinations include London, Toronto, and the Bahamas. RDU has recently completed a major capital improvement program including a \$39 million access-road project to all terminals through, a system of bridges and non-signalized intersections, and a five-story, 6,150-space, extension to the existing terminal parking facilities. Redevelopment of General Aviation area was completed in 2005 and Terminal II redevelopment was completed in 2011. Plans are in process for renovations/modernizations in Terminal I and a surrounding Land Use Plan is under study.

A US Customs office, twenty-five freight forwarders and five air cargo carriers are housed at Raleigh-Durham International Airport facilitating the transportation of goods for local companies. The following table summarizes data for the CBSA's Raleigh-Durham International Airport.

Airport Activities RDU International Airport				
Year	Passengers		Cargo (tons)	
	Enplaned/Deplaned	%Change	Cargo (tons)	%Change
2011	9,161,259	1.16%	91,109	-5.94%
2010	9,056,508	1.00%	96,866	4.71%
2009	8,973,409	-7.7%	92,508	-15.83%
2008	9,715,818	-3.17%	109,914	-7.67%
2007	10,033,576	6.49%	119,056	2.22%
2006	9,422,112	1.27%	116,497	-2.00%
2005	9,303,904	7.72%	118,884	1.10%
2004	8,636,718	9.20%	117,711	12.9%
2003	7,909,132	-7.64%	104,194	

*Source: RDU International Airport 2012*

**Rail**

Four thousand miles of track and twenty railroads connect in North Carolina. Norfolk-Southern Railway and CSX Transportation provide freight service in the Raleigh- Durham area. Rail lines run on both the eastern and western borders of the Research Triangle Park between Raleigh and Durham. The CBSA has two daily direct Amtrak passenger rail links to Charlotte, Washington DC and New York, with stations in Cary and Raleigh.

**Ports**

North Carolina's port cities are Wilmington and Morehead City. Exporters who use the North Carolina ports at Morehead City and Wilmington, and who are subject to payment of North Carolina income taxes, can apply and qualify for a tax credit.

*Wilmington- Foreign Trade Zone # 66*

With 390 acres and 1 million square feet of warehouse space, Wilmington is one of the few US South Atlantic ports with a rail line running directly into its container yard. This makes it unnecessary to drag containers between the docks and a distant rail ramp.

### *Morehead City-Foreign Trade Zone # 67*

At 40 acres and 190,374 square feet of warehouse space Morehead City is along the Newport River, four miles from the Atlantic Ocean. It is used principally for handling break bulk and bulk cargo, but does have container-handling capability.

### **Public Transportation**

Each of the Raleigh-Durham area's four largest cities offers local transit systems providing bus service within each city and the surrounding area. Raleigh's Capital Area Transit (CAT) system provides fixed route service throughout the city. Durham's Transit Authority and Chapel Hill's Chapel Hill Transit provide similar services within their urban cores. Average daily ridership is in aggregate, 10,613 persons.

Triangle Transit Authority (TTA) provides bus service connecting the cities in the Raleigh-Durham area with the local bus systems and the Research Triangle Park. According to the budget for the fiscal year 2010 ridership levels average over 14,000 each business day, up from 13,000 for the fiscal year of 2008 and 11,000 in September 2005. The Raleigh-Durham area offers depots for two major nationwide bus lines, Greyhound and Carolina Trailways. Amtrak offers service in the Raleigh area with the Silver Star Line, running to either New York or Miami, and the Carolinian, which offers service within North Carolina and on to Richmond and Washington, DC. Raleigh, Durham and Chapel Hill all provide public transportation services for the elderly and disabled. Overall, the public transportation system within the Triangle CBSA is considered to be equal to those of similar major metropolitan areas across the state.

### **Public Utilities**

The area is served by several municipal water and sewer providers. Duke Energy Corporation, Progress Energy Corporation (formerly CP&L or Carolina Power and Light) and several private utility companies provide the CBSA's electric services and several companies throughout the region provide natural gas. All major telephone service and cable network providers operate within the CBSA.

### **Conclusion**

Centrally located in North Carolina, the Raleigh-Cary-Durham-Dunn CBSA has continued to experience significant economic growth over the past two decades. This trend is projected to continue into the future based on the presence of several major public and private sector employers as well as the three state universities.

The CBSA is nationally rated by several media surveys as one of the more attractive areas for relocation and business based on its geographic advantages, including being almost equidistant from both the Blue Ridge Mountains and the Atlantic Ocean, its year-round outdoor climate, along with its cultural, sporting and recreational facilities and its projected continued job growth.

Median income levels within the CBSA are significantly higher than state and national levels with annual income growth greater than the state and the nation. The area has a highly diversified employment base, with approximately 45.4 percent of the workforce being employed in the service sector. Historically, unemployment in the Triangle has been lower than the State and national averages. Development in the region has been encouraged by the pro-growth strategy of its legislative decision-makers and property taxes have been maintained at a low level to attract corporate relocations. Highway transportation throughout the region has improved significantly over the past several years. This will continue with major projects underway or planned in all quadrants of the area. As a result, the Triangle is becoming more accessible to commuters from the less urban regions of North Carolina.

Overall, projections for the Triangle CBSA's economic growth remain favorable based on potential job growth for its highly educated, diverse, workforce. This has resulted in the steady population growth despite setbacks within the national economic climate. Based on the preceding analysis, it is our opinion that the regional characteristics of the Triangle have had, and should continue to have, a positive impact on residential and commercial real estate in the foreseeable future.

## **JOHNSTON COUNTY ANALYSIS**

Johnston County is bordered by Wake County to the northwest, Nash County to the north, Wilson County to the northeast, Wayne County to the east, Sampson County to the south and Harnett County to the west. The county is divided into eleven cities and towns: Archer Lodge, Benson, Clayton, Four Oaks, Kenly, Micro, Pine Level, Princeton, Selma, Smithfield and Wilson's Mills. As of the 2010 Census, the population was 168,878.

The population in the Johnston County area is estimated to change from 168,878 to 181,595, resulting in a growth of 7.5% between 2010 and the current year. Over the next five years, the population is projected to grow by 6.8%. The population growth in the United States is estimated to increase from 308,745,538 to 319,495,991, resulting in a growth of 3.5% between 2010 and the current year. Over the next five years, the national population is projected to grow by 3.5%.

The number of households in the Johnston County area is estimated to change from 61,909 to 65,707, resulting in an increase of 6.1% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 6.0%. The number of households in the United States is estimated to change from 116,716,292 to 121,099,157, resulting in an increase of 3.8% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 3.7%.

The average household income in the Johnston County area is estimated to be \$58,825 for the current year and is projected to change over the next five years to \$61,802. The average household income for the United States is estimated to be \$74,165, and is project to increase over the next five years to \$79,486.

Currently, it is estimated that 5.1% of the population age 25 and over in the Johnston County area had earned a Master's, Professional, or Doctorate Degree and 14.7% had earned a Bachelor's Degree. In comparison, for the United States, it is estimated that for the population over age 25, 10.7% had earned a Masters, Professional, and Doctorate Degree, while 18.1% had earned a Bachelor's Degree.

Most of the dwellings in the Johnston County area (73.6%) are estimated to be Owner-Occupied for the current year. For the entire country the majority of the housing units are Owner-Occupied (65.0%).

In Johnston County, 89.9% of the labor force is estimated to be employed. The employment status of this labor force is as follows: 0.1% are in the Armed Forces, 59.2% are employed civilians, 6.7% are unemployed civilians, and 34.0% are not in the labor force. For the United States, 90.2% of the labor force is estimated to be employed. The employment status of this labor force is as follows: 0.4% are in the Armed Forces, 57.4% are employed civilians, 6.2% are unemployed civilians, and 36.0% are not in the labor force.

The occupational classifications for Johnston County area are as follows: 26.1% have occupation type blue collar, 57.3% are white collar, and 16.5% are service & farm workers. For the United States, the occupational classifications are as follows: 20.4% have occupation type blue collar, 60.6% are white collar, and 19.0% are Service & farm workers.

For the civilian employed population age 16 and over in the Johnston County area, it is estimated that they are employed in the following occupational categories: 1.8% are in Architecture and Engineering, 1.2% are in Arts, Entertainment and Sports, 5.2% are in Business and Financial Operations, 1.7% are in Computers and Mathematics, 5.4% are in Education, Training and Libraries, 5.2% are in Healthcare Practitioners and Technicians, 2.9% are in Healthcare Support, 1.3% are in Life, Physical and Social Sciences, 7.7% are in Management, 14.2% are in Office and Administrative Support. 1.7% are in Community and Social Services, 4.4% are in Food Preparation and Serving, 0.6% are in Legal Services, 2.4% are in Protective Services, 12.6% are in Sales and Related Services, 2.2% are in Personal Care Services, 3.8% are in Building and Grounds Maintenance, 8.4% are in Construction and Extraction, 0.9% are in Farming, Fishing and Forestry, 3.7% are in Maintenance and Repair, 7.6% are in Production, 6.4% are in Transportation and Moving.

For the civilian employed population age 16 and over in the United States, it is estimated that they are employed in the following occupational categories: 1.8% are in Architecture and Engineering, 1.9% are in Arts, Entertainment and Sports, 4.7% are in Business and Financial Operations, 2.6% are in Computers and Mathematics, 6.1% are in Education, Training and Libraries, 5.6% are in Healthcare Practitioners and Technicians, 2.6% are in Healthcare Support, 0.9% are in Life, Physical and Social Sciences, 9.6% are in Management, 13.6% are in Office and Administrative Support. 1.7% are in Community and Social Services, 5.8% are in Food Preparation and Serving, 1.2% are in Legal Services, 2.2% are in Protective Services, 11.0% are in Sales and Related Services, 3.7% are in Personal Care Services. 4.0% are in Building and Grounds Maintenance, 5.0% are in Construction and Extraction, 0.7% are in Farming, Fishing and Forestry, 3.3% are in Maintenance and Repair, 6.0% are in Production, 6.1% are in Transportation and Moving.

**TOWN OF BENSON ANALYSIS**

The Town of Benson was incorporated in 1887 and named after Alfred Monroe Benson who purchased a 402 acre tract along Smithfield-Fayetteville Road in 1874. The population in the Benson area is estimated to change from 3,311 to 3,490, resulting in an increase of 5.4% between 2010 and the current year. Over the next five years, the population is projected to grow by 1.6%.

The current year median age for the Benson area population is 39.5, while the average age is 40.0. Five years from now, the median age is projected to be 39.5.

The number of households in the Benson area is estimated to change from 1,311 to 1,389, resulting in an increase of 6.0% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 1.8%.

**Regional**

Primary forces are those that influence the region’s demographic trends. They include such factors as population, employment status, quality of education, availability of health care and the overall quality of life that can be found within the region.

A summary of the forecasted population growth in North Carolina, Johnston County, and the Town of Benson are presented below.

Population Growth Trends							
Area	2000 Census	2010 Census	2015 (Est.)	2020 (Proj.)	%Change 2000-10	%Change 2010-15	%Change 2015-20
Benson	3,156	3,427	3,544	3,544	8.59%	5.41%	1.55%
Johnston County	121,968	168,878	181,595	193,847	38.46%	7.53%	6.75%
North Carolina	8,049,331	9,535,483	9,993,105	10,485,265	18.46%	4.80%	4.92%
USA	281,421,906	308,745,538	319,459,991	330,689,365	9.71%	3.47%	3.52%

Source: US Census Bureau, NC Office State Budget and Management (State Demographics), Claritas, Inc.

The continued stability and the transitioning employment base of the local economy have positively impacted the demographic trends of the region. While job growth typically drives population growth, this area draws a workforce from a larger area than its population boundaries. Since population typically drives demand for new services we see modest demand for the area’s commercial real estate in the short run.

There have been a total of four new commercial real estate developments completed within the last few years within or very near the Town of Benson. The projects include a Wal-Mart Express grocery store located to the north on US 301, a “Chargrill” free standing restaurant located on Walton Drive, near the southeast quadrant of I-95 and Main Street. Adjacent to the restaurant is a redeveloped and rebranded service station. To the north on West Hamlin Boulevard adjacent to I-95 is a four lot commercial subdivision with visibility along I-95.

## **Higher Education**

The primary place of higher learning within Johnston County is Johnston County Community College, the college is a public, two-year, post-secondary college located in Smithfield, with satellite and off campus centers in Clayton, Four Oaks and Kenly.

Residents of Johnston County also attend and potentially commute to Campbell University in Buies Creek (11 miles west), North Carolina State University in Raleigh (34 miles north), The University of North Carolina at Chapel Hill (60 miles northwest) and Duke University (55 miles northwest).

## *Lifestyle*

Benson is known for its rich history and numerous recreational activities. Attractions within the Town of Benson include downtown Benson which was placed on the National Register of Historic Places. Within downtown Benson the primary attraction is the Benson Museum of Local History. There are numerous locally owned shops lining the streets of downtown Benson.

Benson is also home to several annual events and festivals including "Benson Mule Days" a three day festival held on the fourth weekend of September that includes parades, beauty pageants, rodeos, live music, art sales and various food vendors. The annual festival draws approximately 50,000 people over the three day event.

The 1<sup>st</sup> Annual 301 Endless Yard Sale was held in June 2013. The yard sale stretched for 30 miles between Benson and Kenly located approximately 30 miles to the north.

The Benson Harvest Festival is an annual event held in October. The two day event includes a 5K run and car show.

Other potential demand generators include "Hexagon Wake Park at Tucker Lake", a cable wake boarding park that intends on holding events and tournaments. The lake is located at the southeast quadrant of I-95 and I-40, just outside the Town limits.

The Town of Benson community calendar is filled with events that include historical tours, music in the park, fairs and festivals and numerous holiday events. We note the Town of Dunn (7 miles southwest on I-95) community calendar is filled with events that include historical tours, music in the park, fairs and festivals and numerous holiday events as well.

Other regional attractions that are nearby include Atkinson's Mill located 29 miles to the north of Benson in Selma, the Ava Gardner Museum located 16 miles north in Smithfield, Bentonville Battleground located 17 miles southeast in Four Oaks, The Johnston County Heritage Center located 16 miles north in Smithfield and The Tobacco Farm Life Museum located 16 miles to the north in Smithfield.

## **Notable Recent and Prospective New Additions to Benson Area**

### **GALOT Motorsports Park**

The GALOT Motorsports Park is currently in the process of significant renovations/construction to replace the aging, Dunn Benson Drag Strip. It is located approximately 5 miles south of downtown Benson on NC Highway 242. The facility is expanding to enable weekly national, regional and local events including drag racing, tractor pulls, practice events and concerts. Scheduled to be fully open by late summer 2015, this facility features a 10,000-seat, heated/cooled, concrete and asphalt-paved, ¼-mile drag raceway track, 6,000-seat tractor pull track, 25-bay race car storage/pit facility and extensive luxury suites/media center facility. This recent addition to the Benson area, along with its continued expansion, positively impacts the area with respect to commercial economics and further necessary peripheral support and lodging needs.

### **PGI, Inc.**

The Polymer Group, Inc. (PGI/Chicopee) is a leading global engineered materials company, focused primarily on the production of nonwovens for the hygiene, healthcare, wipes, technical specialties, building, and geosynthetics markets. With one of the largest global platforms in the industry, PGI operates manufacturing and converting facilities throughout nine countries. In each of these locations, the contributions of PGI's talented employees will be recognized as the key to our success in achieving continued leadership, creating value for stakeholders and, most importantly, improving the way people work and live. One of these locations is 1203 Chicopee Road, Benson, NC. We note this facility is in the process of a \$30 million expansion.

### **Rooms to Go Facility**

Rooms to Go, Inc. started construction this year on a 1.5 million square foot manufacturing/distribution facility with a 65,000 square foot show room. The facility will need to hire employees in the next 12-24 months and these employees will utilize Benson for living, shopping, dining, and playing. The facility is located 4 miles south of exit 79 along the east side of I-95.

### **Benson Bark Park**

Conceptual Design created for a large and small dog play area on S. Walton Drive off of exit 79 on I-95 and across from the proposed hotel site and is expected to be completed within the next 18-24 months. We note this unique dog and human "rest area" located along the Interstate 95 corridor will attract locals, corporate and transient travelers having needs for a pet-friendly area.

The State Annual Singing Convention is an annual three day event held in June at the Benson Singing Grove, a one acre park with a 720 square foot park in downtown Benson. The gospel event includes competitions and draws participants from throughout the southeast of the United States.

Based on the Town history and its attraction as a point of interest there is ample opportunity for all types of travelers to be entertained while visiting Benson.

### Healthcare

There are two regional hospitals within the immediate area of the Town of Benson. "Betsy Johnson Regional Hospital" is a 101 bed hospital located approximately 7 miles south of the Town of Benson in the City of Dunn. Services offered through Betsy Johnson Hospital include emergency services, outpatient surgery, diagnostic imaging, pediatrics, birthing center, inpatient nursing (101 beds), breast care, physical rehabilitation, aquatic therapy & exercise, and cardiac rehab.

Johnston Medical Center is a 101 suite hospital located 15 miles northeast of the Town of Benson in the Town of Smithfield. Services offered through Johnston Medical Center include emergency services, internal medicine, gastroenterology, general surgery, mammography, cardiology, urology, physical therapy, nuclear medicine, pediatrics, pulmonology, orthopedics, radiology, psychiatry, endoscopy, obstetrics and gynecology.

### Economic

According to The Appraisal of Real Estate, Twelfth Edition, "the relevance of economic influences to the appraisal process, relates to the financial capacity of a market area's occupants to rent or own property, maintain it in an attractive and desirable condition, and renovate or rehabilitate it as appropriate." In order to determine the economic condition of the region, we have researched items such as median household income, home ownership, unemployment, and employment by industry.

#### Median household Income

This is one of the primary demographic indicators of the regional economy's strength or weaknesses. Income drives the effective demand for commercial real estate. Typically, a market with a high median household income is indicative of economic vitality and a high standard of regional living.

The following table is a summary of the median household income levels within the Town of Benson, Johnston County, North Carolina, and the USA.

Median Household Income Estimates			
Area	2000 Census	2015 (Est.)	%Change 2000-15
Benson	\$27,219	\$34,909	22.02%
Johnston County	\$40,938	\$48,658	15.87%
North Carolina	\$39,585	\$46,737	15.34%
USA	\$42,728	\$53,706	20.44%

Sources: US Census Bureau, American Community Survey Profile, Claritas, Inc.

While the most recent economic recession that began in the Fall of 2008 created substantial job losses, resulting in a lower median household income nationally, the regions median household income maintained its growth, at its historical level slightly above the state and the United States levels. This is a definitive indicator of a stable economy and bodes well for the commercial real estate market within the Johnston County area.

*Industries and Employment*

The average annual unemployment rate for Johnston County has maintained a level slightly above the national unemployment rate and slightly below the State of North Carolina unemployment rate for the last 16 months. The following table provides a list of the top twenty-five employers in Johnston County according to the NC Employment Security Commission.

Top 25 Employers in Johnston County, 4 <sup>th</sup> Quarter 2014		
Company Name	Industry	Employment Range
Johnston County School	Education & Health Services	1,000+
Grifols Therapeutics, Inc.	Manufacturing	1,000+
Johnston Memorial Hospital Authority	Education & Health Services	1,000+
County of Johnston	Public Administration	1,000+
Wal-Mart	Trade, Transportation & Utilities	500-999
Flanders Airpure N.C. Division	Manufacturing	500-999
Food Lion	Trade, Transportation & Utilities	500-999
Asplundh Tree Expert Co	Professional & Business Services	500-999
Johnston Technical Institute	Education & Health Services	500-999
Novo Nordisk Pharmaceutical	Manufacturing	500-999
Caterpillar Inc.	Manufacturing	500-999
Employer Solutions Staffing Group 2	Professional & Business Services	250-499
Sysco Raleigh	Trade, Transportation & Utilities	250-499
McDonalds	Leisure & Hospitality	250-499
Tri-Arc Food Systems	Leisure & Hospitality	250-499
Nike Retail Service	Trade, Transportation & Utilities	250-499
Town of Clayton	Public Administration	250-499
Lowes Home Centers	Trade, Transportation & Utilities	250-499
State of NC Dep. Of Public Safety	Public Administration	100-249
Airflow Products Company	Manufacturing	100-249
Thyssenkrupp Precision Forge, Inc.	Manufacturing	100-249
Town of Smithfield	Public Administration	100-249
PGI/Chicopee Inc.	Manufacturing	100-249
Smithfield Foods, Inc.	Manufacturing	100-249
Skyware Global	Manufacturing	100-249

Over the past several years the region has undergone significant transitions in its employment mix. The workforce is diversified and the largest employers come from several different sectors, with education and health services, and trade, transportation & utilities, and manufacturing being the most significant sectors. Although the area is historically known as a rural area influenced by agriculture, the preceding table indicates various firms are included among the largest employers in the area.

## Governmental

This influence relates to laws and regulation, along with the area's rates of property taxation. Also of relevance is the relationship between private sector businesses and the public sector.

### *Property Taxes*

In analyzing the cities property tax rates we have compared the tax rates for the Town of Benson with the tax rates of the other municipalities near Johnston County and compared Johnston County to other counties which border it. The comparative data is shown in the following table.

County/ Municipality	2015 Tax Rate	Yr. of Last Revaluation	City/Town	Effective Tax Rate
Wake	\$0.5780	2008		\$0.5780
<b>Johnston</b>	<b>\$0.7800</b>	<b>2011</b>		<b>\$0.7947</b>
Nash	\$0.6700	2009		\$0.6700
Wilson	\$0.7300	2008		\$0.7300
Wayne	\$0.6665	2011		\$0.6665
Sampson	\$0.8300	2011		\$0.8300
Harnett	\$0.7500	2009		
<b>Benson</b>	<b>\$0.7800</b>	<b>2011</b>	<b>0.5300</b>	<b>\$1.3100</b>
Smithfield	\$0.7800	2011	0.5700	\$1.3500
Dunn	\$0.7500	2009	0.5000	\$1.2500

Benson's tax rates are within the range of other municipalities in the region. This gives Benson the opportunity to compete in attracting corporations considering relocation or expansion in the county.

The economic development policies of the county and municipal governments have positively impacted real estate development over the past decade. Developers generally find a favorable response to applications with approval fees and impact fees generally in line with other major urban areas.

## Environmental

For the purpose of this analysis, environmental influences include such factors as accessibility of transportation within the region, the adequacy of public utilities and the attractiveness of routes into and out of the area.

### *Highways*

With approximately 78,000 miles of highways, North Carolina has one of the largest, state-maintained highway systems in the country. Three Interstate highways intersect the Raleigh-Durham region, giving the area excellent access to many east coast destinations and permitting the Raleigh-Durham area to be within two days trucking distance of over 60% of the U.S. industrial base.

Interstate 95 runs along the eastern area of the Town of Benson. The highway is North Carolina's primary north-south interstate corridor providing regional access to the eastern seaboard and the neighborhood. I-95 provides access to New York City approximately 500 miles or an 8 hour drive time to the north from the Town of Benson, to the south I-95 can provide access to the City of Miami approximately 770 miles or 11 hour drive time.

Interstate 40, intersecting Interstate 95 approximately 2 miles north of the Town of Benson is North Carolina's primary east-west corridor that also provides regional access to the area. US Highway 301, known as Wall Street within the Town of Benson is a primary regional corridor that bisects downtown Benson.

Given its accessibility to major highways traffic counts in the area are significant and it's considered a good location to position businesses related to the distribution of goods since many metropolitan areas can be reached via trucking service in one day.

#### *Air*

The Johnston County Airport is located 19 miles to the northeast in the Town of Smithfield. The airport is primarily used for general aviation. The Harnett Regional Jetport is located approximately 10 miles west of the Town of Benson in the Town of Erwin. The airport is primarily used for general aviation.

Located approximately 45 miles northwest of the Town of Benson, the Raleigh-Durham International Airport (RDU) provides efficient and cost-effective travel options for the Raleigh-Durham area.

#### **Conclusion**

Centrally located in North Carolina, Johnston County and the Town of Benson have continued to experience relative economic stability over the past decade despite national and local economic downturns. Unemployment has trended slightly higher than the national and MSA averages; however, several businesses have located in the region replacing many of the jobs which were lost in the recession that began in 2008. The Town of Benson's primary strength is its proximity along the Interstate 95 and Interstate 40 intersection/corridors.

**NATIONAL LODGING MARKET ANALYSIS**

---

## UNITED STATES HOTEL MARKET OVERVIEW

PricewaterhouseCoopers' Hospitality & Leisure Consulting Practice lodging demand forecast calls for increased recovery in 2015 and beyond. Overall, the outlook anticipates modest increases in occupancy, RevPar and Average Daily Rate for 2015. Occupancy is anticipated to increase by 1.1% to 65.1%, Average Daily Rate is anticipated to increase by 6.2% to \$122.66 and nominal RevPar is anticipated to increase by 7.4% to \$79.80. RevPar is anticipated to surpass its historical peak in 2007, indicating that the hotel industry is returning to pre-recession stability.

The Table below summarizes RevPar growth since 1987.



Source: STR; Bureau of Economic Analysis; National Bureau of Labor Statistics; Macroeconomic Advisers, LLC (forecast released January 2015); PwC

### Room Starts

The volume of room starts gradually increased in 2014 as the hotel industry has recovered from the recession that began in 2008. Projects under construction are expected to reach completion and result in supply growth of 1.5%, gaining momentum as it heads toward the long-term average of 1.9%.

In 2014, average room supply grew the most in the upscale lodging segment, which posted a year-over-year increase of 3.5%. The luxury segment trailed them with a 1.4% average increase in room supply, while the independent hotel segment reported a growth rate of 0.5%. Other hotel segments reported minimal increases in supply with the upper upscale segment reporting a 1.3% increase, the upper midscale segment reporting a 1.0% increase and the economy segment reporting a 0.3% increase. The only segment to report a reduction in supply is the midscale segment, which reported a 0.3% reduction in supply.

The lack of hotel development activity can be attributed to hotel operators and developers seeking out existing properties for less than replacement cost and the lack of available financing for speculative hotel development.

As of March 31, 2015, there are 3,566 projects totaling 433,589 rooms Under Contract in the United States, according to the March 2015 STR Pipeline Report. This represents a 13.7-percent increase in the number of rooms Under Contract compared with March 2014 and a 22.7-percent increase in rooms under construction. The Under Contract data includes projects in the In Construction, Final Planning and Planning stages but does not include projects in the unconfirmed stage.

The number of U.S. rooms under construction hit 126,171, which is an increase of almost 23 percent versus March 2014 but a decrease of about 2 percent from this past February, according to STR's senior VP for operations. While Upscale and Upper Midscale brands continued their dominance of the construction numbers, Upper Upscale topped 14,000 rooms in construction—a 45-percent increase versus March 2014.

Among the Top 25 Markets, New York, New York, reported the most rooms Under Contract with 29,928 rooms. Others rounding out the top five markets for rooms under contract include: Houston, Texas (17,458 rooms); Las Vegas, Nevada (12,484 rooms); Dallas, Texas (11,337 rooms); and Washington, D.C.-Maryland-Virginia (10,698 rooms). New York had the largest number of rooms under construction (13,368 rooms), followed by Houston with 6,173 rooms.

Three other markets reported more than 3,000 rooms under construction: Miami/Hialeah, Florida (4,026 rooms); Chicago, Illinois (3,572 rooms); and Washington, D.C. (3,435 rooms). Markets with more than 2,000 rooms under construction include: Los Angeles/Long Beach, California (2,820 rooms); Seattle, Washington (2,427 rooms); San Diego, California (2,276 rooms); and Dallas (2,243 rooms).

**Top 10 U.S. Markets by rooms in the In Construction phase\***

Market	Existing Supply	In Construction March 2015	In Construction March 2014	In Construction YOY % change
New York, New York	112,793	13,368	13,595	-1.7%
Houston, Texas	77,149	6,173	3,116	+98.1%
Miami/Hialeah, Florida	50,171	4,026	2,290	+75.8%
Chicago, Illinois	110,118	3,572	1,591	+124.5%
Washington, D.C.	106,747	3,435	3,352	+2.5%
Los Angeles/Long Beach, California	98,041	2,820	2,740	+2.9%
Seattle, Washington	41,488	2,427	1,889	+28.5%
San Diego, California	59,858	2,276	681	+234.2%
Dallas, Texas	79,135	2,243	1,785	+25.7%
Anaheim/Santa Ana, California	54,882	1,934	1,167	+65.7%

Source: STR, Inc. / \*Data as of 31 March 2015

### Investment Activity

Hotel investment continues to experience sharp gains. The 2014 total of \$32 billion reflected a 21% increase over 2013. The Q4 of 2014 volume of \$9.5 billion was the largest quarterly total since Q2 2007 and reflected a 14% year-over-year gain. The greatest investment gains in 2014 were achieved by limited-service hotels; investment in this category climbed 66%, while full-service hotel investment rose by 5%.

RCA data provide additional metrics that reflect the rising hotel acquisition pricing. The average sales price per hotel room for all hotel acquisitions in Q4 2014 was \$138,000- up from the prior year by only 1.8%. In the limited-service sector, the average climbed 24% over the prior year, to \$94,000. The Q4 2014 limited-service sales price per room was only 1.8% below the prior peak, set in Q2 2011.

### Performance Trends

Overall occupancy for the lodging industry was 65.1% for the first two months of 2015, a 1.1% increase from the same period in 2014. Occupancy levels increased in each chain-scale segment over this time period. Occupancy levels ranged from a 1.6% increase in the economy sector to 1.7% in the upper midscale sector.

The overall ADR for the lodging industry was \$122.66 for the first two months of 2015, according to PwC. Improvement in ADR was reported in all chain scale segments over the past year and had increased by 6.2% over the previous period. The percentage increase of ADR in 2014 by segment class consisted of a 4.4% increase in the independent segment, 4.7% increase in the economy segment, 3.9% increase in the midscale segment, 4.1% in the upper midscale segment, 5.0% in the upscale and upper upscale segments and 5.6% in the luxury segment.

The U.S. Lodging Industry has seen an increase in the supply of mid-scale hotels without food and beverage over the last several years. Limited-service hotels, which are often classified as economy, midscale and upper midscale seem to do well, especially during economic downturns when travelers closely watch their spending habits making this segment more attractive to investors. The change in market share over the last Lodging Census, 2000-2010, are shown in the following table.

Change to Total U.S. Lodging Industry Market Share, 2000-2010	
Segment	% change
Luxury	0.9
Upper Upscale	0.4
Upscale	3.8
Upper Midscale	0.6
Midscale	-1.1
Economy	-1.2
Independent	-2.5

### **National Economy/Limited-Service Lodging Segment**

The three chain scales (economy, midscale and upper midscale) that comprise the Economy/Limited-Service Segment continue to perform very similarly. All three of the scales reported growth in respect to occupancy, ADR and RevPar.

#### **Economy**

RevPAR performance in the economy segment has generally traced a weaker than average path. Results in 2014 were better than anticipated, in particular showing a 3.7% increase in occupancy 4.7% increase in ADR and 8.7% increase in RevPar. Supply within the sector contracted by 0.3% in 2014 and is forecasted to increase by approximately 0.8% in 2015.

#### **Midscale**

Year-over-year comparisons in the midscale segment are still being slightly impacted by the reclassification of Best Western properties (Best Western Plus properties to upper midscale, and Best Western Premier properties to upscale). Results in 2014 were better than anticipated, in particular showing a 4.3% increase in occupancy, 3.9% increase in ADR and 8.3% increase in RevPar. Supply within the sector decreased by 0.7% in 2014 and is forecasted to increase by approximately 0.9% in 2015.

#### **Upper Midscale**

The upper midscale segment held ADR levels during the recession better than the industry overall, but experienced greater declines in occupancy. Upper midscale hotels are expected to drive ADR increases in 2015 but also look to capture increased levels of demand. In some cases, upper midscale hotels may benefit as upscale hotels set higher transient rates, causing more price sensitive leisure and, in some cases, business travelers, to return to upper midscale hotels. Reporting of results for the upper midscale segment is still being impacted by the substantial number of Best Western properties that moved from the Best Western core affiliation, which is classified by Smith Travel Research in the midscale segment, to the Best Western Plus designation, which is classified as upper midscale. Results in 2014 were better than anticipated, in particular showing a 4.0% increase in occupancy, 4.1% increase in ADR and 8.2% increase in RevPar. Supply within the sector increased by 1.3% in 2014 and is forecasted to increase by approximately 1.0% in 2015.

A summary of lodging data for all economic percentage change indicators for 2014 and 2015 (forecasted) for all scales follows.

Chain scale	2014					2015				
	Demand	Supply	Occupancy	ADR	RevPAR	Demand	Supply	Occupancy	ADR	RevPAR
Luxury	1.8	0.9	0.9	5.6	6.5	2.1	1.9	0.2	7.1	7.3
Upper upscale	3.6	1.3	2.3	5.0	7.5	2.0	1.0	1.0	6.5	7.5
Upscale	6.9	3.5	3.3	5.0	8.4	4.8	4.1	0.6	5.9	6.6
Upper midscale	4.7	0.6	4.0	4.1	8.2	3.7	2.0	1.7	6.3	8.2
Midscale	3.6	(0.7)	4.3	3.9	8.3	2.7	0.9	1.8	4.7	6.6
Economy	4.1	0.3	3.8	4.7	8.7	2.4	0.8	1.6	5.7	7.4
Independent hotels	4.4	0.6	3.7	4.4	8.3	1.1	0.8	0.3	6.6	6.9
<b>US total</b>	<b>4.5</b>	<b>0.9</b>	<b>3.6</b>	<b>4.6</b>	<b>8.3</b>	<b>2.6</b>	<b>1.5</b>	<b>1.1</b>	<b>6.2</b>	<b>7.4</b>

Source: PwC, based on STR data

There has been discussion in the past about whether or not there is enough value added to an independent hotel to justify paying the franchise and royalty fees associated with carrying recognizable flag. The cost associated with a national hotel name can reach as high as 10-15% of the property's total revenue.

Survey findings also indicate that 82 percent of travelers who plan their trips online now also book reservations online. That indicates more than 64 million Americans bought or reserved an airline ticket, hotel room, rental car or package tour online, up from 70 percent in 2004. With more consumers and travelers booking travel reservations online it's likely that being associated with a recognizable chain lodging facility is even more desirable. Although the franchise fees are a large expense, it has been estimated that the flag drives as much as 20% of the property's bookings. Additionally the recognition of a flag makes the prospective projects more appealing to potential customers as well as potential lenders who will finance the development projects.

### National Hotel Market Summary

The national hotel industry appears to have recovered from the economic recession that began in 2008. In 2013, both occupancy and inflation adjusted Average Daily Rate had reached mid 2005 levels and further improved in 2014. The changes in lodging industry market share show the supply of lodging moving towards the mid-scale sector due to the lower volatility in occupancy in recessionary environments.

We anticipate the national hotel market to continue to improve, with continued annual gains in occupancy, ADR and RevPar due to the general continued improvement in respect to economic conditions, as well as a general lack of new hotel development on a nationwide basis due to economic uncertainty.

The U.S. independent, economy, midscale, upper midscale and upscale lodging outlook indicators are summarized within the tables on the following pages.

US Independent Lodging Outlook

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Demand</b>														
Demand (000s)	833.2	846.2	872.8	891.6	888.4	884.9	842.3	768.9	803.3	842.6	863.2	877.4	915.8	925.9
Change from prior year	-1.6%	1.6%	3.1%	2.2%	-0.4%	-0.4%	-4.8%	-8.7%	4.5%	4.9%	2.4%	1.6%	4.4%	1.1%
<b>Supply</b>														
Average room supply (000s)	1,444.3	1,456.9	1,460.8	1,459.3	1,456.0	1,452.1	1,464.6	1,469.5	1,474.8	1,486.9	1,492.0	1,498.6	1,507.7	1,520.1
Change from prior year	0.1%	0.9%	0.3%	-0.1%	-0.2%	-0.3%	0.9%	0.3%	0.4%	0.8%	0.3%	0.4%	0.6%	0.8%
<b>Occupancy</b>														
Occupancy (percent)	57.7%	58.1%	59.8%	61.1%	61.0%	60.9%	57.5%	52.3%	54.5%	56.7%	57.9%	58.5%	60.7%	60.9%
Change from prior year	-1.6%	0.7%	2.9%	2.3%	-0.1%	-0.1%	-5.6%	-9.0%	4.1%	4.0%	2.1%	1.2%	3.7%	0.3%
Change in occupancy points	-1.0	0.4	1.7	1.3	-0.1	-0.1	-3.4	-5.2	2.1	2.2	1.2	0.7	2.2	0.2
<b>Average daily rate</b>														
ADR	\$81.71	\$82.35	\$86.29	\$89.21	\$94.87	\$102.23	\$106.19	\$96.47	\$97.18	\$101.01	\$105.04	\$109.08	\$113.91	\$121.42
Change from prior year	-0.3%	0.8%	4.8%	3.4%	6.3%	7.8%	3.9%	-9.2%	0.7%	3.9%	4.0%	3.8%	4.4%	6.6%
<b>Revenue per available room</b>														
RevPAR	\$47.14	\$47.83	\$51.56	\$54.51	\$57.89	\$62.30	\$61.07	\$50.48	\$52.93	\$57.25	\$60.78	\$63.86	\$69.20	\$73.96
RevPAR, change from prior year	-1.9%	1.5%	7.8%	5.7%	6.2%	7.6%	-2.0%	-17.3%	4.9%	8.1%	6.2%	5.1%	8.3%	6.9%
Real RevPAR (2013 base)	\$58.92	\$58.62	\$61.69	\$63.41	\$65.59	\$68.86	\$65.50	\$54.18	\$55.89	\$59.00	\$61.51	\$63.86	\$68.29	\$72.69
Change from prior year	-3.2%	-0.5%	5.2%	2.8%	3.4%	5.0%	-4.9%	-17.3%	3.2%	5.6%	4.2%	3.8%	6.9%	6.4%

Source: STR, PwC

US Economy Lodging Outlook

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Demand</b>														
Demand (000s)	412.0	401.8	411.2	425.6	424.3	431.4	416.8	383.4	402.7	415.5	419.1	420.5	437.9	448.7
Change from prior year	-2.1%	-2.5%	2.3%	3.5%	-0.3%	1.7%	-3.4%	-8.0%	5.0%	3.2%	0.9%	0.3%	4.1%	2.4%
<b>Supply</b>														
Average room supply (000s)	749.1	740.7	739.3	741.1	741.9	757.0	770.7	780.2	780.7	778.9	774.2	766.6	768.8	775.2
Change from prior year	0.8%	-1.1%	-0.2%	0.2%	0.1%	2.0%	1.8%	1.2%	0.1%	-0.2%	-0.6%	-1.0%	0.3%	0.8%
<b>Occupancy</b>														
Occupancy (percent)	55.0%	54.3%	55.6%	57.4%	57.2%	57.0%	54.1%	49.1%	51.6%	53.3%	54.1%	54.9%	57.0%	57.9%
Change from prior year	-2.9%	-1.4%	2.5%	3.3%	-0.4%	-0.4%	-5.1%	-9.1%	5.0%	3.4%	1.5%	1.3%	3.8%	1.6%
Change in occupancy points	-1.6	-0.7	1.4	1.8	-0.2	-0.2	-2.9	-4.9	2.4	1.8	0.8	0.7	2.1	0.9
<b>Average daily rate</b>														
ADR	\$46.79	\$46.77	\$47.81	\$49.98	\$52.70	\$54.39	\$55.01	\$50.87	\$49.28	\$50.48	\$52.51	\$54.26	\$56.81	\$60.04
Change from prior year	-0.6%	-0.1%	2.2%	4.5%	5.5%	3.2%	1.1%	-7.5%	-3.1%	2.4%	4.0%	3.3%	4.7%	5.7%
<b>Revenue per available room</b>														
RevPAR	\$25.74	\$25.37	\$26.59	\$28.70	\$30.14	\$30.99	\$29.75	\$24.99	\$25.42	\$26.93	\$28.43	\$29.77	\$32.36	\$34.75
RevPAR, change from prior year	-3.5%	-1.4%	4.8%	7.9%	5.0%	2.8%	-4.0%	-16.0%	1.7%	5.9%	5.5%	4.7%	8.7%	7.4%
Real RevPAR (2013 base)	\$32.17	\$31.10	\$31.81	\$33.39	\$34.15	\$34.26	\$31.91	\$26.83	\$26.84	\$27.76	\$28.77	\$29.77	\$31.94	\$34.15
Change from prior year	-4.7%	-3.3%	2.3%	4.9%	2.3%	0.3%	-6.9%	-15.9%	0.1%	3.4%	3.6%	3.5%	7.3%	6.9%

Source: STR, PwC

US Midscale Lodging Outlook

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Demand</b>														
Demand (000s)	282.0	279.9	288.5	296.5	288.9	297.3	287.3	264.5	278.3	264.5	264.6	272.3	282.0	289.5
Change from prior year	-1.3%	-0.7%	3.1%	2.8%	0.8%	-0.5%	-3.4%	-7.9%	5.2%	-5.0%	0.0%	2.9%	3.6%	2.7%
<b>Supply</b>														
Average room supply (000s)	525.7	516.9	511.1	505.0	506.1	510.0	517.7	535.1	539.3	496.0	481.8	487.4	484.0	488.3
Change from prior year	0.6%	-1.7%	-1.1%	-1.2%	0.2%	0.8%	1.5%	3.4%	0.8%	-8.0%	-2.9%	1.2%	-0.7%	0.9%
<b>Occupancy</b>														
Occupancy (percent)	53.6%	54.1%	56.4%	58.7%	59.1%	58.3%	55.5%	49.4%	51.6%	53.3%	54.9%	55.9%	58.3%	59.3%
Change from prior year	-1.8%	0.9%	4.2%	4.0%	0.6%	-1.3%	-4.8%	-10.9%	4.4%	3.3%	3.0%	1.7%	4.3%	1.8%
Change in occupancy points	-1.0	0.5	2.3	2.3	0.3	-0.8	-2.8	-6.1	2.2	1.7	1.6	0.9	2.4	1.0
<b>Average daily rate</b>														
ADR	\$63.87	\$63.80	\$65.30	\$68.75	\$73.03	\$76.69	\$78.73	\$74.45	\$73.17	\$72.65	\$74.88	\$76.64	\$79.62	\$83.37
Change from prior year	-1.3%	-0.1%	2.3%	5.3%	6.2%	5.0%	2.6%	-5.4%	-1.7%	-0.7%	3.1%	2.3%	3.9%	4.7%
<b>Revenue per available room</b>														
RevPAR	\$34.26	\$34.54	\$36.85	\$40.36	\$43.12	\$44.71	\$43.69	\$36.80	\$37.76	\$38.74	\$41.13	\$42.82	\$46.39	\$49.44
RevPAR, change from prior year	-3.1%	0.8%	6.7%	9.5%	6.8%	3.7%	-2.3%	-15.8%	2.6%	2.6%	6.2%	4.1%	8.3%	6.6%
Real RevPAR (2013 base)	\$42.82	\$42.34	\$44.10	\$46.96	\$48.86	\$49.42	\$46.86	\$39.50	\$39.87	\$39.92	\$41.62	\$42.82	\$45.78	\$48.59
Change from prior year	-4.4%	-1.1%	4.2%	6.5%	4.1%	1.1%	-5.2%	-15.7%	0.9%	0.1%	4.3%	2.9%	6.9%	6.1%

Source: STR, PwC

US Upper Midscale Outlook

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Demand</b>														
Demand (000s)	427.2	435.7	454.9	466.2	470.9	471.9	460.4	431.7	467.2	512.1	539.3	550.0	575.6	597.2
Change from prior year	2.3%	2.0%	4.4%	2.5%	1.0%	0.2%	-2.5%	-6.2%	8.2%	9.6%	5.3%	2.0%	4.7%	3.7%
<b>Supply</b>														
Average room supply (000s)	697.3	715.1	720.9	715.0	713.2	724.4	748.1	778.9	802.0	835.0	855.3	861.8	867.1	884.1
Change from prior year	3.1%	2.6%	0.8%	-0.8%	-0.2%	1.6%	3.3%	4.1%	3.0%	4.1%	2.4%	0.8%	0.6%	2.0%
<b>Occupancy</b>														
Occupancy (percent)	61.3%	60.9%	63.1%	65.2%	66.0%	65.1%	61.5%	55.4%	58.2%	61.3%	63.1%	63.8%	66.4%	67.5%
Change from prior year	-0.8%	-0.6%	3.6%	3.3%	1.3%	-1.3%	-5.5%	-9.9%	5.1%	5.3%	2.8%	1.2%	4.0%	1.7%
Change in occupancy points	-0.5	-0.3	2.2	2.1	0.8	-0.9	-3.6	-6.1	2.8	3.1	1.7	0.8	2.6	1.2
<b>Average daily rate</b>														
ADR	\$73.50	\$73.51	\$75.74	\$80.97	\$87.19	\$93.44	\$96.94	\$91.46	\$91.00	\$94.02	\$97.53	\$100.36	\$104.44	\$111.01
Change from prior year	-1.2%	0.0%	3.0%	6.9%	7.7%	7.2%	3.8%	-5.7%	-0.5%	3.3%	3.7%	2.9%	4.1%	6.3%
<b>Revenue per available room</b>														
RevPAR	\$45.03	\$44.79	\$47.79	\$52.79	\$57.56	\$60.87	\$59.66	\$50.69	\$53.01	\$57.67	\$61.49	\$64.05	\$69.33	\$74.98
RevPAR, change from prior year	-2.0%	-0.5%	6.7%	10.5%	9.0%	5.7%	-2.0%	-15.0%	4.6%	8.8%	6.6%	4.2%	8.2%	8.2%
Real RevPAR (2013 base)	\$56.28	\$54.89	\$57.19	\$61.42	\$65.22	\$67.28	\$63.99	\$54.41	\$55.97	\$59.43	\$62.23	\$64.05	\$68.42	\$73.69
Change from prior year	-3.3%	-2.5%	4.2%	7.4%	6.2%	3.2%	-4.9%	-15.0%	2.9%	6.2%	4.7%	2.9%	6.8%	7.7%

Source: STR, PwC

US Upscale Outlook

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Demand</b>														
Demand (000s)	255.4	267.2	284.4	295.2	304.0	316.1	324.9	327.0	371.9	395.2	412.5	429.3	458.7	480.7
Change from prior year	5.4%	4.6%	6.4%	3.8%	3.0%	4.0%	2.8%	0.6%	13.7%	6.3%	4.4%	4.1%	6.9%	4.8%
<b>Supply</b>														
Average room supply (000s)	392.7	407.8	414.1	420.8	433.3	454.1	482.8	525.8	557.4	568.6	582.5	599.7	620.5	646.1
Change from prior year	5.6%	3.9%	1.5%	1.6%	3.0%	4.8%	6.3%	8.9%	6.0%	2.0%	2.4%	3.0%	3.5%	4.1%
<b>Occupancy</b>														
Occupancy (percent)	65.1%	65.5%	68.7%	70.1%	70.2%	69.6%	67.3%	62.2%	66.7%	69.5%	70.8%	71.6%	73.9%	74.4%
Change from prior year	-0.3%	0.7%	4.8%	2.1%	0.0%	-0.8%	-3.3%	-7.6%	7.3%	4.2%	1.9%	1.1%	3.3%	0.6%
Change in occupancy points	-0.2	0.5	3.1	1.5	0.0	-0.5	-2.3	-5.1	4.5	2.8	1.3	0.8	2.3	0.5
<b>Average daily rate</b>														
ADR	\$95.86	\$93.80	\$97.03	\$104.11	\$114.04	\$121.13	\$122.56	\$110.41	\$108.36	\$111.96	\$116.65	\$121.72	\$127.80	\$135.38
Change from prior year	-4.6%	-2.1%	3.4%	7.3%	9.5%	6.2%	1.2%	-9.9%	-1.9%	3.3%	4.2%	4.3%	5.0%	5.9%
<b>Revenue per available room</b>														
RevPAR	\$62.36	\$61.46	\$66.63	\$73.03	\$80.01	\$84.32	\$82.48	\$68.66	\$72.29	\$77.82	\$82.62	\$87.14	\$94.49	\$100.72
RevPAR, change from prior year	-4.8%	-1.4%	8.4%	9.6%	9.6%	5.4%	-2.2%	-16.8%	5.3%	7.6%	6.2%	5.5%	8.4%	6.6%
Real RevPAR (2013 base)	\$77.95	\$75.33	\$79.73	\$84.96	\$90.65	\$93.21	\$88.47	\$73.69	\$76.33	\$80.20	\$83.61	\$87.14	\$93.25	\$99.00
Change from prior year	-6.1%	-3.4%	5.8%	6.6%	6.7%	2.8%	-5.1%	-16.7%	3.6%	5.1%	4.3%	4.2%	7.0%	6.2%

Source: STR, PwC

**STATE LODGING MARKET SUPPLY AND DEMAND ANALYSIS**

---

### STATE AND REGIONAL HOTEL MARKET OVERVIEW

State and regional tourism/hotel data in the following table indicates that the state and regional hotel industry has been consistent with the national market. This data is collected by NC State University, North Carolina Department of Commerce Division of Tourism, and Smith Travel Research.

NC Travel Tracker Summary-Year End 2014		
Categories	2014	2013
Airport Deplanements	29,630,974	4.3%
Airport Enplanements	29,639,918	4.3%
Hotel/Motel Occupancy	61.1%	1.7%
Average Daily Room Rate	\$90.32	4.3%
Revenue Per Available Room	\$55.51	9.3%
Welcome Centers	757,478	5.3%
State Parks	15,855,656	13.7%
National Parks	15,619,974	-1.2%
Regional Visitor Centers	235,344	-9.5%

The North Carolina occupancy rate reported for year-end 2014 was 61.1%. On the state level, occupancy rates increased by 1.7% as of year-end 2014 from year-end 2013, while room rates rose 4.3% to \$90.32. RevPAR also increased by 9.3% or \$55.51 per available room from 2013.

North Carolina 2014 room supply was up 0.7% from 2013. Room supply has increased more than six percent in the last five years. Room supply was at its highest record for NC with more than 53 million room nights available for the year.

North Carolina 2014 room demand was up 5.4% from 2013. This was the largest year-over-year growth since 2010. Nearly 33 million room nights were sold in 2014. Since 2005, room demand is up more than 16%.

North Carolina room revenues were up 10.1% from 2013, reaching nearly \$3 billion and topping the previous high set in 2013. Statewide room revenues have increased 50% since 2005.

The North Carolina Department of Commerce also provides a breakdown of Hotel/Motel statistics in the coastal, piedmont, and mountain submarkets. As seen in the table below, the regional hotel market occupancy was down in each marketing region. This is consistent with information obtained from our own survey of hotels in the surrounding region, which we consider to be competitors.

The following table summarizes the reported statistics for North Carolinas three major marketing regions.

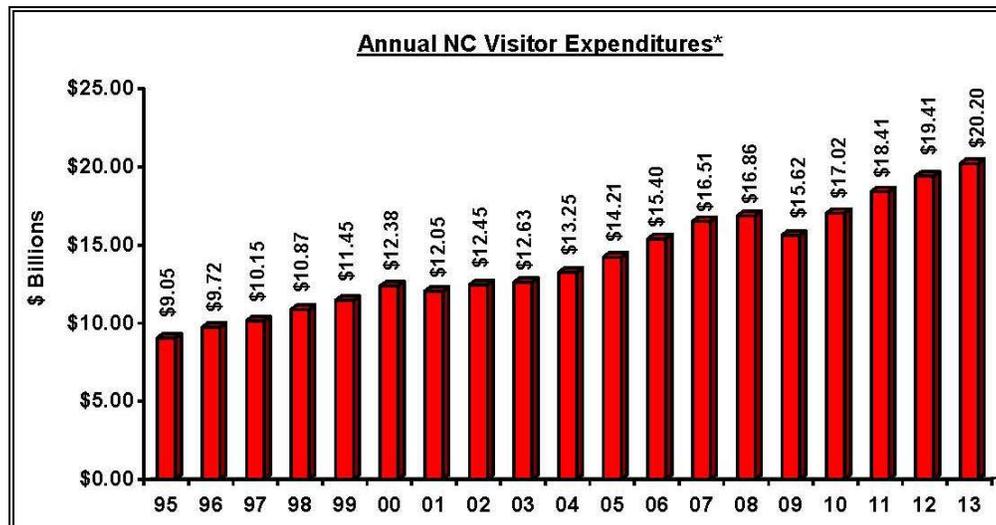
North Carolina Travel Tracker Marketing Regions Summaries for Year End 2013						
Regions	Coast	Change from 2013	Piedmont	Change from 2013	Mountains	Change from 2013
Airport Deplanements	880,035	-3.7%	28,367,303	4.4%	388,772	14.7%
Airport Enplanements	871,388	-3.7%	28,360,885	4.4%	376,862	11.2%
Hotel/Motel Occupancy	58.14%	3.1%	63.97%	7.70%	61.98%	7.80%
Average Daily Room Rate	\$86.69	2.8%	\$89.59	4.6%	\$101.25	2.0%
Rev. Per Available Room	\$48.86	6.0%	\$58.35	13.5%	\$62.64	9.9%
Welcome Centers	2,703,130	4.4%	2,678,250	3.5%	2,084,410	9.2%
Regional Visitor Centers	1,679,879	-10.2%	309,295	-6.3%	95,800	-6.9%
State Parks	5,276,379	-1.3%	8,416,581	21.7%	2,269,291	34.8%
National Parks	2,887,692	-15.4%	324,525	-41.5%	12,442,367	5.1%

### Tourism Overview

In 2013, the latest available reporting period, domestic travelers spent \$20.2 billion across the state, an increase of 4.1% over the \$19.4 billion spent in 2012. In addition, tourism expenditures supported an estimated 193,610 jobs in 2012. The tourism industry contributed \$4.56 billion to the state's payroll in 2013. Traveler spending generated over \$3.03 billion in tax receipts, \$1.42 billion in federal taxes, \$1 billion in state taxes and \$597.3 million in local tax revenue. Approximately 50 million visitors traveled to North Carolina, ranking sixth in person-trip volume by state behind California, Florida, Texas, Pennsylvania, New York and Pennsylvania. Approximately 65.5% of North Carolina person trips, around 30 million visitors, spend one or more nights in the state. Approximately 44% stay in hotels, motels, and B&B's.

In 2013, foodservice, the largest domestic traveler spending in North Carolina, reached more than \$6.6 billion and accounted for 32.9% of the state total domestic traveler' expenditures, up 4.3% from 2012. Domestic travelers spent \$3.5 billion on lodging in 2013, up 5.0% from 2012.

Annual tourism expenditures for the state since 1995 are summarized in the following table:



## Triangle Region

The following table provides a snapshot of the Triangle Region Tourism statistics for 2013, the most recent reporting period.

2013 County Tourism Statistics, Triangle Region of NC						
County	Expenditures (millions)	Percent Change (2012-2013)	Payroll (millions)	Employment (thousands)	State Tax Receipts (millions)	Local Tax Receipts (millions)
Durham	657.17	5.81%	131.18	7.64	34.45	21.50
Franklin	21.05	-0.90%	2.38	0.12	1.14	0.52
Granville	44.43	3.40%	5.34	0.29	2.52	1.20
Harnett	74.55	3.86%	10.32	0.56	4.00	1.64
<b>Johnston</b>	<b>204.51</b>	<b>3.47%</b>	<b>30.35</b>	<b>1.66</b>	<b>11.19</b>	<b>5.04</b>
Lee	67399	4.54%	11.60	0.60	3.82	1.32
Moore	409.97	4.54%	89.43	5.14	20.58	12.10
Orange	168.59	4.32%	31.00	1.70	8.94	3.57
Person	32.81	0.02%	3.947	0.21	1.89	0.71
Vance	42.83	0.20%	5.61	0.28	2.50	1.22
Wake	1,883.01	5.10%	572.89	20.27	89.11	49.53
Warren	25.65	1.41%	3.03	0.13	0.92	2.19
Total/ Ave.	5,913.63	2.98%	897.08	38.60	181.06	100.54
State Totals	20,218.58	4.17%	4,611.36	198.27	1,013.28	601.22

Source: NC Dept. of Commerce

## Johnston County

Domestic tourism in Johnston County generated an economic impact of \$204.51 million in 2013. This was a 3.47% increase from 2012, which is consistent with the 4.17% state wide increase. In 2013, Johnston County ranked 22<sup>nd</sup> in travel impact among North Carolina's 100 Counties. More than 1,660 jobs in Johnston County were directly attributable to travel and tourism. Travel generated \$30.35 million in payroll in 2013. State and local tax revenues from travel to Johnston County amounted to \$16.23 million. This represents a \$91.50 tax saving to each county resident.

Area attractions include the American Music Jubilee, Atkinson's Mill, Ava Gardner Museum, Bentonville Battleground, Clemmons Educational State Forest, Howell Woods, Carolina Premium Outlets, Tobacco Farm Life Museum, colorful annual festivals and the new, new, GALOT Motorsports Park.

As with the state tourism expenditures, Johnston County tourism expenditures have increased steadily with a decreased noticed in 2009. The reduction can be attributed to the economic recession which began in the Fall of 2008. The state as a whole also saw a reduction in tourism expenditures in 2009, with increases in 2010 through 2013. We expect the Johnston County statistics to continue to trend along with the state statistics and would anticipate tourism in the county to increase in the long run.

**PRIMARY LODGING MARKET SUPPLY AND DEMAND ANALYSIS**

---

## **PRIMARY LODGING MARKET SUPPLY AND DEMAND ANALYSIS**

After analyzing the national and state supply and demand for hotel properties, investigation is focused on the economic environment surrounding the subject area of Johnston County and the Town of Benson. We will first examine the sources of demand for room nights in the local area, followed by an analysis of the existing and proposed supply of hotel rooms in the subject's primary market.

### **LOCAL DEMAND ANALYSIS**

Choosing a geographic area upon which local demand analysis is concentrated requires an objective examination of the community as well as the interaction of the subject's community with other cities and towns in the region. One must consider the inter-temporal substitution consumers will make in the future as well as the relative competition other communities' exhibit based on their infrastructure and amenities.

Consumer preference will vary depending upon a number of variables but typically one will make accommodation choices based on their convenience to their destination, restaurants, and ease of access to the interstate or other major highways.

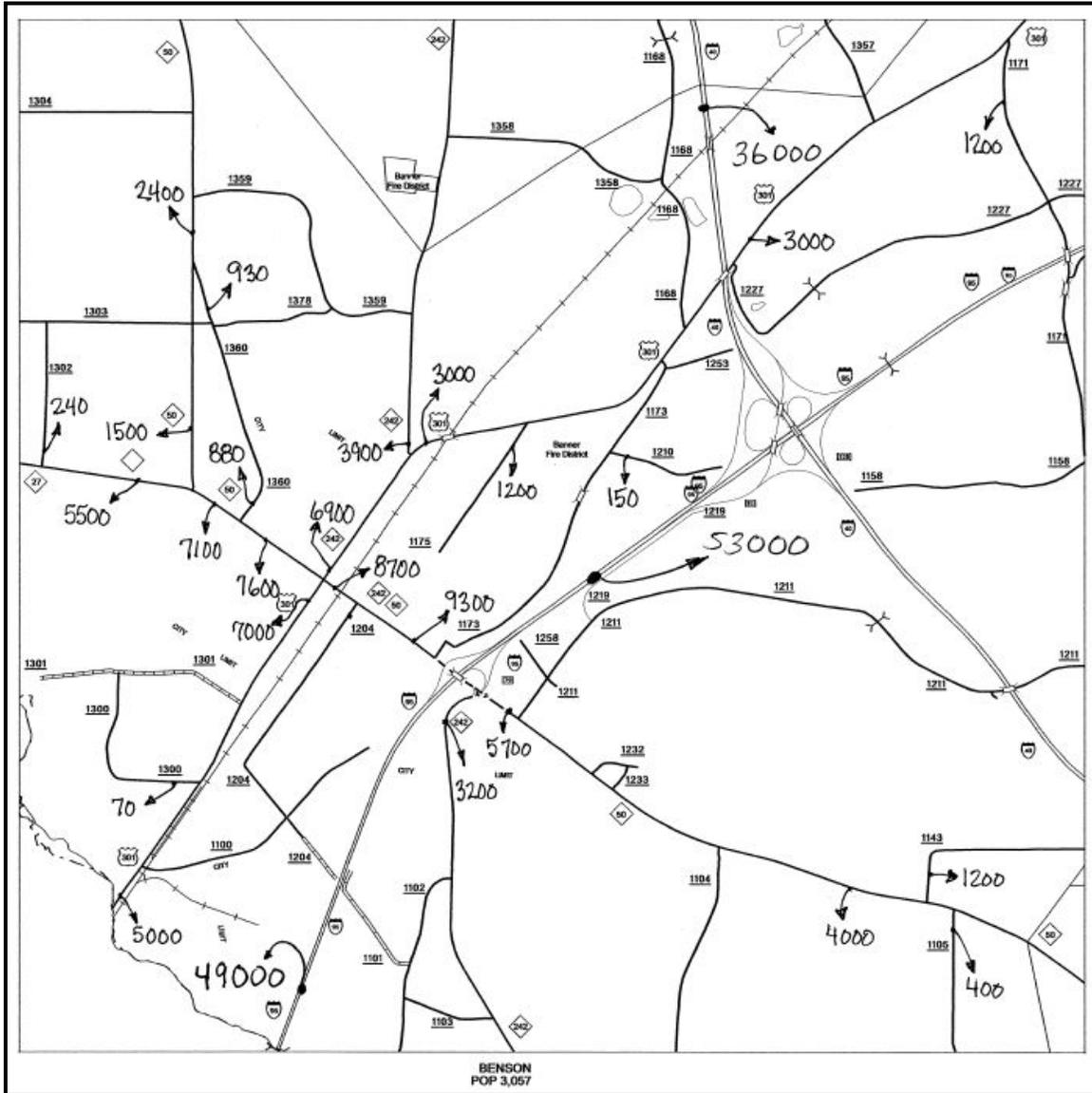
While corporate travel to Benson and southern Johnston County contributes to local demand for room nights in the area, an examination of travel and occupancy patterns in the primary market reveals the majority of demand seen by hotels is related to the leisure segment and travel and tourism. A detailed discussion of the market segmentation can be found on pages 82-84.

Taking these and other factors into consideration, we estimate the vast majority of any proposed hotels competitors will be found within a few miles of the I-95 corridor located to the north in Four Oaks, Smithfield and Selma and to the south in the City of Dunn. Any other demand for accommodations due to corporate travelers visiting Benson or other communities for specific business purposes in the region makes up a minor share relative to the share seen by interstate tourism and travelers visiting to take advantage of the leisure activities in the surrounding area as well as the halfway point between Florida and New York. Although the hotels surveyed attributed a portion of their room night demand to a corporate segment many stated the corporate travelers were repeat patrons traveling along the I-95 corridor as salesmen or technicians.

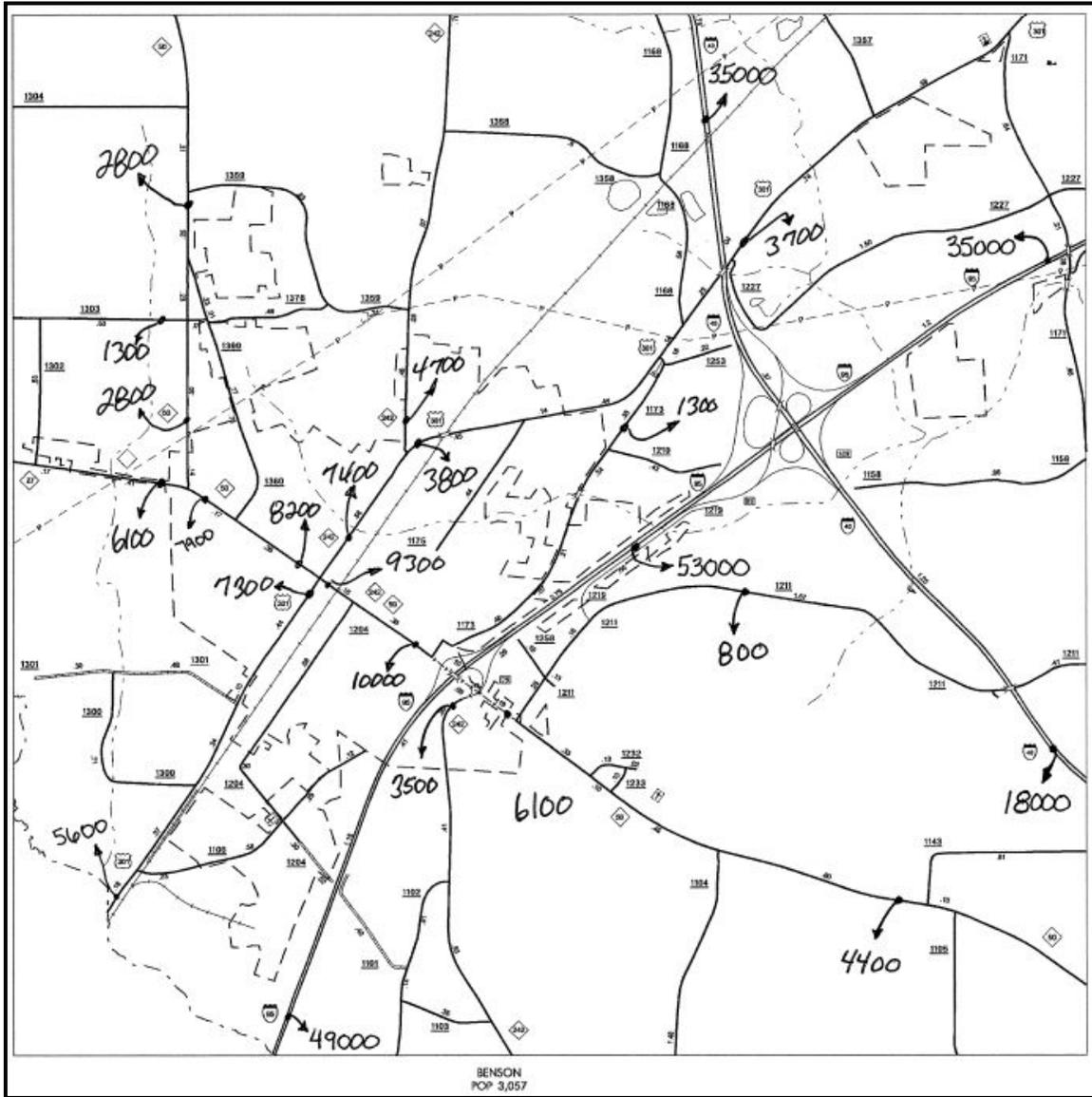
This rationale leads one to examine the historic traffic counts along I-95 and their interaction with hotel occupancy rates. The following pages show traffic count estimates collected by the NC Department of Transportation from 2009 to 2014 in the Benson region. A search of the North Carolina Department of Transportation did not reveal any future traffic pattern changes that would likely impact current travel patterns in proximity to Benson. We do note that Interstate 95 is in need of updates and repairs and the North Carolina House of Representatives just approved a bill to add express lanes to the interstate that will be subject to tolls that will finance a portion of the \$4.5 Billion cost to repair with the existing lanes remaining in place that will not be subject to tolls. The bill is currently awaiting a vote in the North Carolina State Senate. Under the plan the highway would be expanded from four to eight lanes within the immediate area of the Town of Benson.



NC DEPT. OF TRANSPORTATION GIS TRAFFIC SURVEY MAP 2010

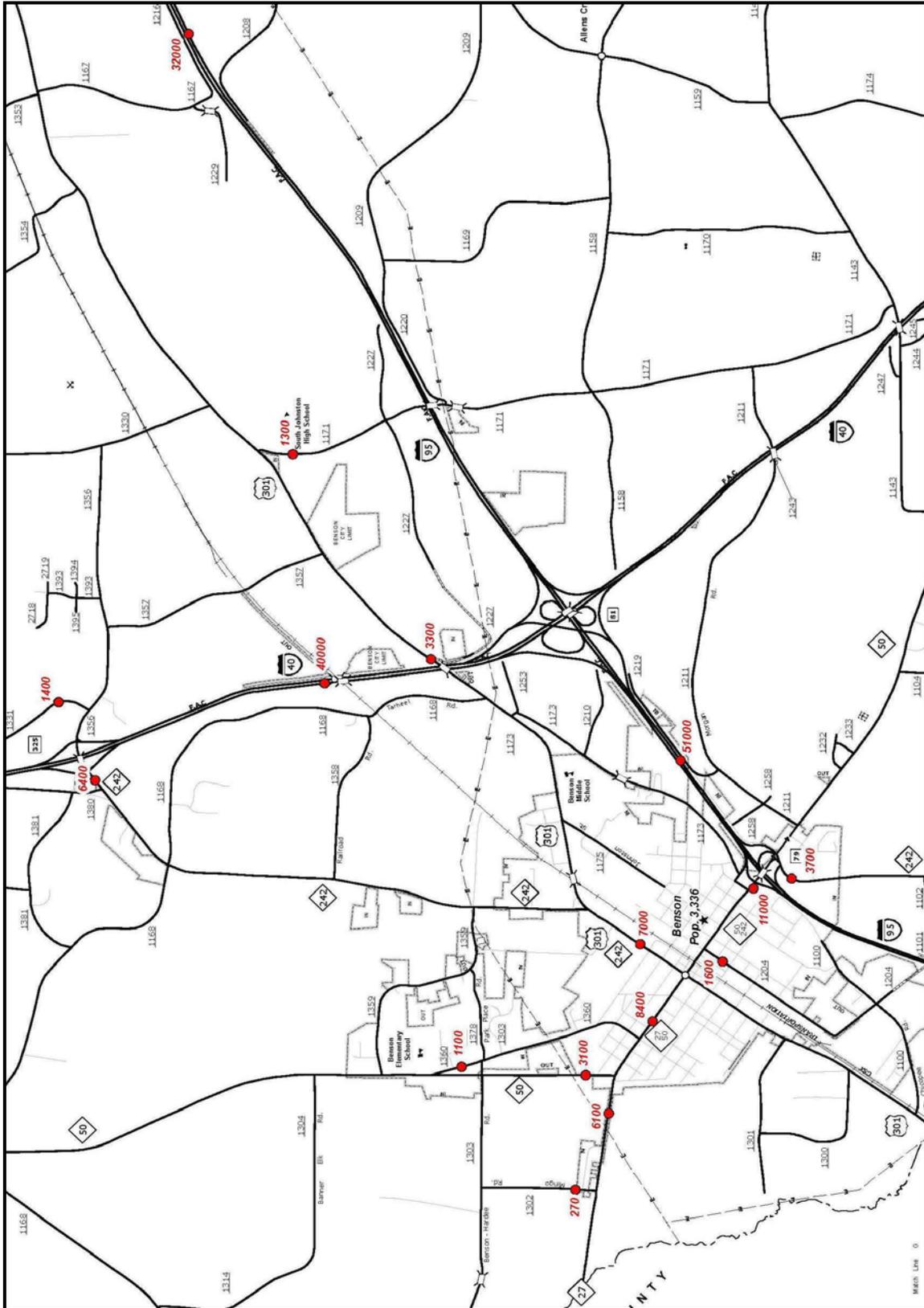


NC DEPT. OF TRANSPORTATION GIS TRAFFIC SURVEY MAP 2011





NC DEPT. OF TRANSPORTATION GIS TRAFFIC SURVEY MAP 2013



The following table summarizes the average traffic counts along I-95 within the immediate area of Benson.

Year	I-95 North	I-95 South	Ave. Traffic Count	Occupancy (%)
2009	53,000	49,000	51,000	60.7
2010	53,000	49,000	51,000	60.9
2011	53,000	49,000	51,000	69.4
2012	53,000	49,000	51,000	59.1
2013	53,000	49,000	51,000	61.3

\*Average consists of average of north and south bound average daily count for north and south bound lanes within the immediate vicinity of exit #79 (Main Street).

The average daily traffic count along I-95 has remained stable in the immediate area of the Town of Benson over the last four years, though it is difficult to determine a correlation with traffic count and occupancy due to the last available map for the only major corridor in the area was published approximately two years ago. The occupancy rate has remained within the range of 59.1% to 61.3%. Generally, markets that sustain an occupancy rate above 55% are well suited for additions of supply to the market. The Benson region with an average occupancy of 60.0% for the past two years meets this criterion. Year to date occupancy has increased to 64.5% through May 2015.

### Other Demand Sources

There are other sources of demand that cannot be quantified, or in some cases, identified. As such, the above total is only a segment of the actual demand for lodging that likely exists in the Benson region. It is extremely difficult to survey an entire market to estimate total market demand because patrons do not originate from within the subject market.

We may refer to demand outside the surveyed demand as latent demand. Examples are seasonal festivals, weddings, and family reunions that come to the area or travelers on secondary routes through the Town of Benson. The number and types of latent demand sources are almost limitless. In nonmetropolitan communities the identifiable sources of local demand generators typically comprise only a fraction of the potential total demand, once latent demand is considered.

Town officials cited several sources of latent demand within the Town of Benson. They include a lack of satisfactory hotel rooms within the immediate area for guests attending weddings and events held at the Preston Woodall House Bed & Breakfast, as well as other weddings and funerals held at one of the thirty local churches. The Benson High School Reunion is also held every May and requires a significant amount of hotel rooms for those attending from outside the local area.

### Conclusion – Demand Generators

We have analyzed the historic traffic patterns along the I-95 corridor providing demand estimates from the travel sector for the Benson region. The location of the Town of Benson is unique in respect to the lack of hotels within the immediate area. In addition, based on comments of interviewees, there is clearly a significant amount of latent demand, especially in the areas of family gatherings, leisure, recreational activities, and recent population growth in Johnston County.

## HOTEL SUPPLY ANALYSIS

This section of the report presents a qualitative and quantitative analysis of the primary market area, with respect to lodging facilities near Benson. To evaluate the existing and future supply of hotel facilities in the subject market, we conducted the following steps:

- Identified all area lodging facilities within a designated geographic area and surveyed facilities to gain information regarding construction date, flag affiliation, current and historical rate structures, current and historical occupancy levels, market orientation, and property amenities.
- Identified and obtained all possible information regarding additional hotel units currently under construction or projects which may be proposed for the foreseeable future.
- Analyzed the surveyed properties to quantitatively and qualitatively select those facilities that we felt were the most competitive with a proposed hotel in the subject's primary market.
- For the selected properties in the subject's primary market, we calculated each facility's fair share and penetration rate for three market segments: commercial, group, and tourist segments.

### Primary Hotel Competition – Existing

A thorough understanding of the subject's primary competition is an integral component of the supply and demand relationship. The consultants initially examined data on fifty hotels and motels within an initial 25-mile radius of Benson. Out of these surveyed properties, we analyzed and selected nine existing hotels as being in the subject's primary market which are midscale and upper midscale quality, limited service facilities. Another thirty hotels were identified as being within the subject's secondary market. Due to their distance these properties will take an insignificant level of demand from the subject's primary market and we have not included them in our final analysis.

Significant research and data support a traveler's preference to obtain accommodations in a recognizable chain hotel. The following quote supports this fact. *Independents are facing a revolution in consumer communications, compounded by the competitive threat from global brands, driving up marketing and technology costs significantly, said Peter Cass, President and CEO of Preferred Hotels & Resorts Worldwide, Inc. The success--indeed the survival--of independent hotels is likely to depend on capturing the required additional resources to compete in this consumer-focused environment.*

The primary market contains 646 rooms in nine hotels at an average of about 72 rooms per hotel. The largest of the facility is the Hampton Inn in Dunn, NC. We note the hotels included in the primary market survey are limited-service, midscale and upper midscale facilities that cater to transients, as well as corporate/commercial needs. The average estimated distance to downtown Benson is about 12.7 miles while the average estimated drive time is about 16.7 minutes. These estimates were obtained using a computer based mapping system and directions route finder. A location map and detailed description of each hotel and selected comments from some of the survey participants follow.

The hotel industry estimates 20-25% of chain hotel revenues are attributable to their recognizable flag. With the increase in Internet travel sites, online hotel bookings, and various travel reward programs it will be increasingly difficult for independents to remain competitive. Additionally chain hotels exhibit less room rate volatility than their independent competitors. This has been studied in a recent article entitled "*Chain Hotels versus Independent Hotels: An Analysis of Branding, Room Revenue & Volatility.*" The findings of this article conclude chain affiliated hotels have historically been less volatile than independent hotels. The lower volatility exhibited by chain hotels is due primarily to a lower volatility in room rate while the difference in occupancy volatility is not as evident.

For this reason we did not consider local motels such as Four Oaks Lodging Motel in Four Oaks, the Royal Inn in Dunn and the Downtown Motor Court in Dunn as comparables in our primary market and did not obtain information from them on room rates, occupancy and the market segmentation of their clients since we do not consider independent hotels to be competitors with more recognized flag hotels. The following table lists the properties included in our estimated primary supply of hotel competition which includes midscale to upper-midscale quality hotels, all within 16 miles of Benson.

EXISTING HOTEL PRIMARY MARKET AREA SURVEY STATISTICS BENSON, NORTH CAROLINA					
Number	Property	# Rooms	Location	Estimated Drive from Benson	
				Miles	Minutes
1	Hampton Inn	76	Smithfield/Selma, NC	16	20
2	Comfort Inn	72	Smithfield, NC	15	20
3	Holiday Inn Express & Suites	80	Smithfield, NC	15	20
4	Fairfield Inn & Suites	89	Smithfield, NC	15	20
5	Best Western	58	Smithfield, NC	16	20
6	Baymont Inn	40	Smithfield, NC	16	20
7	Hampton Inn	120	Dunn, NC	7	10
8	Baymont Inn	42	Dunn, NC	7	10
9	Clarion Inn	69	Dunn, NC	7	10
<b>Total / Average</b>		<b>646</b>		<b>12.7</b>	<b>16.7</b>

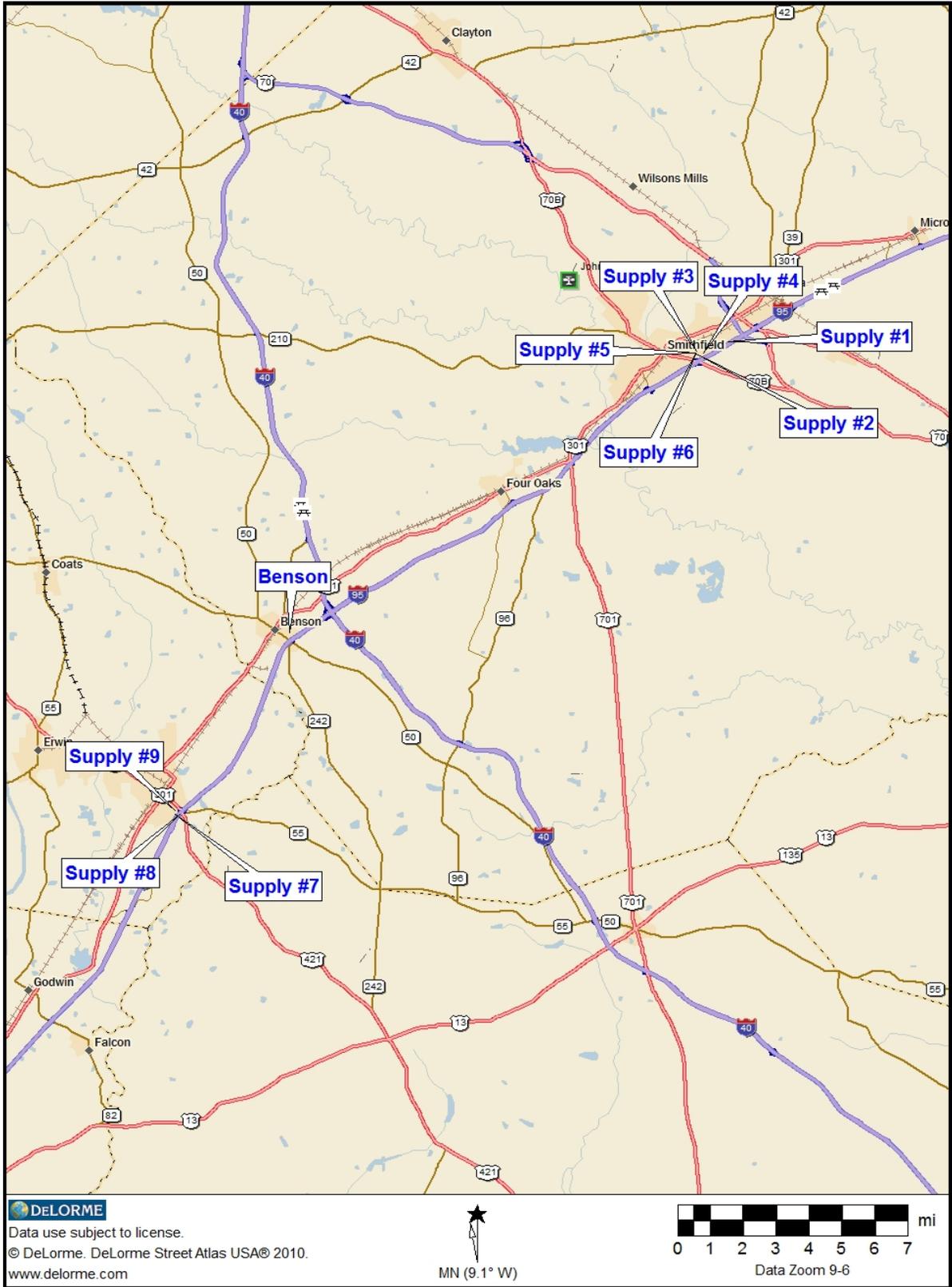
Source: Williams Appraisers, Inc., Smith Travel Research

We note that there is an 80-room Country Inn & Suites currently under construction in the Smithfield area and an 80-room Fairfield Inn & Suites currently under construction in the Dunn area. These hotels are midscale to upper-midscale in quality and are expected to be completed and stable within the next 18 months. We consider these hotels to be part of the market area. In addition, there is one hotel within the Town of Benson, which is an older, Days Inn. This economy hotel was not included in our analysis, as it caters primarily to budget-minded transients along the Interstate 95 corridor. We note while its occupancy is reportedly in-line with those in our survey, like other economy hotels in the region, its average ADR is significantly lower, within the \$60 range.

Including independents as well as various chain scales in the secondary market the total room count for the market includes over 3,004 rooms in 48 hotels. This is an average of about 62 rooms per property. For our sample that report data to Smith Travel Research and based on location, age, chain scale, etc., competition to a prospective hotel entering the market is listed in the table above. It should be noted that the type of report used to obtain data is the Smith Travel Research Custom Trends Report. To verify our interpretation of Days of Week Analysis and hotel occupant mix we consulted a representative from the Johnston County Division of Tourism, as well as our own site surveys.

Additionally, several Bed and Breakfast are located in within the competitive area. These are the Preston Woodall House Bed & Breakfast in Benson, The Barrington House Bed and Breakfast in Dunn and Simply Divine Bed and Breakfast in Dunn. These typically range from five to twenty rooms and include breakfast, afternoon tea or wine, and sometimes an evening dinner service. Although bed and breakfast contribute to the supply of rooms, they typically cater to a different patron than the segment of the market being considered for the feasibility of an additional lodging establishment in the Benson, NC area.

HOTEL SURVEY LOCATION MAP



PRIMARY SUPPLY HOTEL # 1



Property:	Hampton Inn Selma Smithfield I-95
Address:	1695 Industrial Park Drive, Selma, NC 27576
Hotel type:	Upper Midscale Class
Year built:	1998
Condition:	Good
Stories:	3
Type of Exterior Finish:	Stucco
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	76
Facilities:	Business Center
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, coin operated laundry, internet, continental breakfast, fitness center, outdoor pool
Estimated ADR (Last 12 months):	\$120
Estimated mean occupancy:	70%
Estimated Business Mix:	
Commercial:	30%
Leisure/Transient:	55%
Group/Meeting:	15%
Survey Date:	05/2015
Phone number:	(919) 965-6151

**Comments:** This hotel is located on the north side of Industrial Park Drive, approximately 0.3 miles south of US 70 Highway in Selma, North Carolina. The property has visibility along I-95. There are several amenities in the vicinity including several restaurants and the Carolina Premium Outlets located approximately one mile south of the hotel.

PRIMARY SUPPLY HOTEL # 2



Property:	Comfort Inn Smithfield
Address:	170 South Equity Drive, Smithfield, North Carolina 27577
Hotel type:	Upper Midscale
Year built:	2007
Condition:	Average
Stories:	3
Type of Exterior Finish:	Stucco
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	72
Facilities:	Business Center
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool
Estimated ADR (Last 12 months):	\$80
Estimated mean occupancy:	65%
Estimated Business Mix:	
Commercial:	25%
Leisure/Transient:	70%
Group/Meeting:	5%
Survey Date:	05/2015
Phone number:	(919) 938-4444

**Comments:** This hotel is located on the east side of South Equity Drive in Smithfield, North Carolina. There are several amenities in the vicinity including several restaurants and the Carolina Premium Outlets located approximately 0.3 miles east of the hotel.

PRIMARY SUPPLY HOTEL # 3



Property:	Holiday Inn Express & Suites Smithfield Selma I-95
Address:	190 South Equity Drive, Smithfield, North Carolina 27577
Hotel type:	Upper Midscale
Year built:	2012
Condition:	Good
Stories:	4
Type of Exterior Finish:	Stucco/Brick Veneer
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	80
Facilities:	Business Center, Small Fitness Center, Indoor Pool
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool
Estimated ADR (Last 12 months):	\$105
Estimated mean occupancy:	70%
Estimated Business Mix:	
Commercial:	25%
Leisure/Transient:	60%
Group/Meeting:	15%
Survey Date:	05/2015
Phone number:	(919)-934-3350

**Comments:** This hotel is located on the north side of South Equity Drive in Smithfield, North Carolina. There are several amenities in the vicinity including several restaurants and the Carolina Premium Outlets located approximately 0.3 miles east of the hotel.

PRIMARY SUPPLY HOTEL # 4



Property:	Fairfield Inn & Suites Smithfield Selma I-95
Address:	809 Venture Drive, Smithfield, North Carolina 27577
Hotel type:	Upper Midscale
Year built:	2013
Condition:	Good
Stories:	4
Type of Exterior Finish:	Stucco/Brick Veneer
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	80
Facilities:	Business Center, Small Fitness Center, Indoor Pool
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast
Estimated ADR (Last 12 months):	\$120
Estimated mean occupancy:	70%
Estimated Business Mix:	
Commercial:	25%
Leisure/Transient:	60%
Group/Meeting:	15%
Survey Date:	05/2015
Phone number:	(919)-938-0050

**Comments:** This hotel is located on the east side of Venture Drive, approximately 450 feet north of Industrial Park Drive, in Smithfield, North Carolina. There are several amenities in the vicinity including several restaurants and the Carolina Premium Outlets located approximately 0.3 miles east of the hotel.

PRIMARY SUPPLY HOTEL # 5



Property:	Best Western Smithfield Inn
Address:	145 South Equity Drive, Smithfield, NC 27577
Hotel type:	Midscale
Year built:	2005
Condition:	Average
Stories:	3
Type of Exterior Finish:	Stucco
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	58
Facilities:	Business Center, Fitness Center, Indoor Pool
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool
Estimated ADR (Last 12 months):	\$70
Estimated mean occupancy:	55%
Estimated Business Mix:	
Commercial:	20%
Leisure/Transient:	75%
Group/Meeting:	5%
Survey Date:	05/2015
Phone number:	(919) 989-4047

**Comments:** This hotel is located on the west side of South Equity Drive, approximately 800 feet north of Industrial Drive, in Smithfield, North Carolina. There are several amenities in the vicinity including several restaurants and the Carolina Premium Outlets located approximately 0.3 miles east of the hotel.

PRIMARY SUPPLY HOTEL # 6



Property:	Baymont Inn Smithfield
Address:	125 South Equity Drive, Smithfield, North Carolina 27577
Hotel type:	Midscale
Year built:	1998
Condition:	Average
Stories:	2
Type of Exterior Finish:	Stucco/Brick Veneer
Guest Room Entrance (Interior/Exterior):	Exterior
Number of rooms:	40
Facilities:	Business Center
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool
Estimated ADR (Last 12 months):	\$65
Estimated mean occupancy:	60%
Estimated Business Mix:	
Commercial:	10%
Leisure/Transient:	85%
Group/Meeting:	5%
Survey Date:	05/2015
Phone number:	(919) 989-5902

**Comments:** This hotel is located on the west side of South Equity Drive, approximately 500 feet north of Industrial Drive, in Smithfield, North Carolina. There are several amenities in the vicinity including several restaurants and the Carolina Premium Outlets located approximately 0.3 miles east of the hotel.

PRIMARY SUPPLY HOTEL # 7



Property:	Hampton Inn Dunn
Address:	100 Jesse Tart Circle, Dunn, North Carolina 28334
Hotel type:	Upper Midscale
Year built:	2006
Condition:	Good
Stories:	5
Type of Exterior Finish:	Stucco/Brick Veneer
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	120
Facilities:	Business Center, Meeting Rooms
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool
Estimated ADR (Last 12 months):	\$120
Estimated mean occupancy:	70%
Estimated Business Mix:	
Commercial:	30%
Leisure/Transient:	50%
Group/Meeting:	20%
Survey Date:	05/2015
Phone number:	(910)-892-4333

**Comments:** This hotel is located on the south side of Jesse Tart Circle, south of East Cumberland Street in Dunn, NC. The property has good visibility from the I-95 south exit (#73) and East Cumberland Street. There are several amenities in the vicinity including several restaurants and Betsy Johnson Memorial Hospital located approximately 2.5 miles west of the hotel.

PRIMARY SUPPLY HOTEL # 8



Property:	Baymont Inn Dunn
Address:	125 South Equity Drive, Smithfield, North Carolina 27577
Hotel type:	Midscale
Year built:	1998
Condition:	Average
Stories:	2
Type of Exterior Finish:	Stucco/Brick Veneer
Guest Room Entrance (Interior/Exterior):	Exterior
Number of rooms:	42
Facilities:	Business Center
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast
Estimated ADR (Last 12 months):	\$65
Estimated mean occupancy:	60%
Estimated Business Mix:	
Commercial:	10%
Leisure/Transient:	85%
Group/Meeting:	5%
Survey Date:	05/2015
Phone number:	(910) 891-5758

**Comments:** This hotel is located within the southeast quadrant of the intersection of Jackson Road and South Simpson Avenue, in Dunn, NC. The property has good visibility from the I-95 south exit (#73) and East Cumberland Street. There are several amenities in the vicinity including several restaurants and Betsy Johnson Memorial Hospital located approximately 2.5 miles west of the hotel.

PRIMARY SUPPLY HOTEL # 9



Property:	Clarion Inn Dunn
Address:	900 East Pearsall Street, Dunn, North Carolina 28334
Hotel type:	Midscale
Year built:	1999
Condition:	Average
Stories:	2
Type of Exterior Finish:	Stucco/Brick Veneer
Guest Room Entrance (Interior/Exterior):	Interior
Number of rooms:	69
Facilities:	Business Center, Fitness Center
Guest Room Amenities:	Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool
Estimated ADR (Last 12 months):	\$80
Estimated mean occupancy:	65%
Estimated Business Mix:	
Commercial:	25%
Leisure/Transient:	70%
Group/Meeting:	5%
Survey Date:	05/2015
Phone number:	(910)-892-4400

**Comments:** This hotel is located within the southeast quadrant of the intersection of East Pearsall Avenue and South Simpson Avenue, in Dunn, NC. The property has good visibility from the I-95 south exit (#73) and East Cumberland Street. There are several amenities in the vicinity including several restaurants and Betsy Johnson Memorial Hospital located approximately 2.5 miles west of the hotel.

**MARKET SEGMENTATION**

The following table represents data collected and analyzed as a result of recent surveys of the hotels making up the subject's primary market.

EXISTING HOTEL PRIMARY MARKET AREA SURVEY STATISTICS							
BENSON, NORTH CAROLINA							
Number	Property	Rooms	Occupancy	Estimated	Estimated Market Segmentation, %		
				ADR	Commercial	Leisure	Meetings
1	Hampton Inn	76	70.00%	\$120	30	55	15
2	Comfort Inn	72	65.00%	\$80	25	70	5
3	Holiday Inn Express	80	70.00%	\$105	25	60	15
4	Fairfield Inn & Suites	89	70.00%	\$120	25	60	15
5	Best Western	58	55.00%	\$70	20	75	5
6	Baymont Inn	40	60.00%	\$65	10	85	5
7	Hampton Inn	120	70.00%	\$120	30	50	20
8	Baymont Inn	42	60.00%	\$65	10	85	5
9	Clarion Inn	69	65.00%	\$80	25	70	5
<b>Total / Average</b>		<b>646</b>	<b>65.00%</b>	<b>\$92</b>	<b>22</b>	<b>68</b>	<b>10</b>

In analyzing demand within a specific market, individual segments are considered based on the nature of travel present in the area. Four primary demand classifications occur in most markets including commercial, meeting and group, leisure, and airline/contract demand. Because of the distance between Benson and the nearest major airport, Raleigh Durham International, airline demand is insignificant and this classification was eliminated from our report.

Based upon our study of the demand generators of the competitive hotel market, we project the market segmentation of the proposed hotel as follows.

**Commercial Demand Segment**

Commercial demand arises from individuals who are conducting business and visiting various firms in the subject's market area. Commercial/corporate demand is strongest Monday through Thursday nights, declining significantly on Friday and Saturday, and increasing slightly Sunday. Commercial/corporate travelers' typical length of stay ranges from one to three days, and this demand is relatively constant throughout the year, although some declines may be noticed in November and December through the early part of January, during the summer, and during other holiday periods. As one can tell by the Smith Travel Research data provided in the addenda the occupancy profile as calculated by Day of Week analysis does not fit the profile of strong primary commercial demand. Occupancy within the market for the last 12 months based on days of the week ranges from a low of 49.0% on Sundays, increases to 57.9% on Mondays and remains stable between 63.2% and 65.1% for Tuesday through Thursday. Occupancy increases to 76.7% on Fridays and 79.6% on Saturdays.

Commercial/corporate travelers generally are less rate-sensitive and represent a very desirable market that provides a relatively consistent level of demand at higher average room rates. Commercial/corporate demand in the subject's market area is generated by the existing businesses in Benson. The hotels within the subject's primary market with the highest commercial demand are the Fairfield Inn-Smithfield, the Hampton Inn-Smithfield, the Hampton Inn-Dunn and The Holiday Inn Express-Dunn.

After analyzing the initial demand in the Benson market, we anticipate approximately 20%-25% of room demand for the subject hotel would most likely come from commercial sources. We estimate commercial demand will grow modestly; say 3% per annum in the initial years as this segment becomes aware of the new accommodations, depending on the flag affiliation and amenities offered. This market segment should level off in the 25% range, comparable to that of hotel survey participants due to its proximity to the major employment centers in the area, as well as the completion of new projects expected in the area.

### **Group and Meeting Demand Segment**

Meeting and group demand includes groups who reserve blocks of rooms for corporate or other meetings, seminars, trade association shows, and other similar gatherings of ten or more persons. Group meetings and convention demand is typically strongest during the spring and fall months with some demand occurring in the winter. The summer months have historically represented the slowest period for this market segment. Meeting and group travelers typically average a length of stay in the range of three to five days. Unlike commercial groups, who typically gather only during the weekday, some groups have many of their functions during the weekend days.

Although room rates for meeting and group patronage may be typically discounted, hotels accommodating this demand benefit from the use of public facilities, conference rooms, and profits generated from food and beverage functions and recreational amenities offered.

The meeting and group segment is influenced by both commercial and leisure group travel. Hotels within the subject's primary market that have a significant level of accommodated group/meeting demand include the Hampton Inn.

After analyzing demand within the Benson market we estimate that 10 to 15% of room demand for the subject hotel *can* come from group or meeting-oriented sources if a hotel has adequate meeting room facilities and peripherals. This is typical of other midscale to upper-midscale quality hotels within the subject's primary market with adequate facilities.

### **Leisure Demand Segment**

The leisure demand segment consists of individual tourists and families visiting the attractions of a local market and/or passing through en route to other destinations. These travelers are typically more rate sensitive, as they are spending personal discretionary income. Leisure demand is strongest Friday and Saturday nights, holiday periods, and during the summer months. These peak periods generally are negatively correlated with commercial and meeting and group demand. Proof on leisure demand exists based the Day of Week analysis included in the addenda. The busiest days are Friday and Saturday. Occupancy rates for the market area range from a high of 65.4% in October 2014 to a low of 62.9% in March. It appears that historical occupancy rates are relatively stable throughout the year and fluctuate only slightly throughout the year.

Leisure demand is tied to the overall economic health of the subject's region and the nation as a whole. In the case of the Benson and the Johnston County region, there is a significant attraction to the area for vacationing, festivals, and family gatherings as well as friends and families visiting for holidays, weddings and funerals.

It appears that the primary demand for all of the surveyed properties is driven from leisure demand, more specifically the I-95 traveler. As discussed in the local and regional sections the Benson area is a natural halfway point between New York and Miami for the I-95 traveler.

Several of the hotels and bed and breakfast within the subject's primary market are positioned for the leisure travel market segment. Those having the majority of their demand in the leisure segment, not including economy hotels, include the Baymont Inns and the Best Western. We anticipate 55% to 65% of room demand for the subject hotel will come from this leisure segment.

### **Unaccommodated Segment**

Unaccommodated demand is defined as excess demand that was not realized due to the lack of hotel room supply in the existing market. When demand such as special tourist events, new employers, or new road systems change the guest profile of a certain segment, the existing lodging facilities experience shortages of rooms. Conversely, when existing hotels are closed or repositioned for different demand segmentation, lodging shortages occur. During prolonged periods of 100% occupancies, with hotels turning away guests, unaccommodated demand is said to exist. If the trend becomes more than a seasonal event, more hotel rooms are usually required.

Based on our interviews with people in the area, a level of unaccommodated demand appears to be a segment in this market.

### **Primary Hotel Competition – Proposed**

In addition to the existing supply of hotel rooms in the subject's primary market, we have also investigated new or planned hotel construction in the area. Based upon a survey of public planning officials in the surrounding counties and specific towns within the subject's geographic market and coupled by difficulty obtaining credit due to the financial crisis, as well as general equity requirements for speculative hotel development, no hotels are planned for the foreseeable future within the subject's market area other than those previously noted that are currently under construction.

As previously noted, there are an 80-room Country Inn & Suites currently under construction in the Smithfield area and an 80-room "Fairfield Inn & Suites" currently under construction in the Dunn area. These hotels are midscale to upper-midscale in quality and are expected to be completed and stable within the next 18 months. We consider these hotels to be part of the market area.

## **MARKET PENETRATION**

Supply and demand characteristics for the subject market have been analyzed and discussed in the previous sections of this report. Market segments were identified and analyzed for each of the hotels in the subject's primary market. In this section of our study, we develop our analysis of feasibility for the proposed hotel and report our results.

Given a market level room rate, a proposed hotel development is feasible if its projected occupancy in the first years of operation is at or near a stabilized level. It is our experience, supported by historical occupancy trends in the subject market, that lodging construction occurs when the aggregate market occupancy is above 55%, as is has been the case within the subject market. Hotel construction typically ceases when aggregate occupancy levels dip below stabilized levels. This assumes that the proposed hotel would be equally as competitive as those in its market and is just one of many factors that assist in determining feasibility.

The recognized method of projecting occupancy levels for a proposed hotel facility and its primary market is through the use of market penetration analysis. This method of occupancy projection first determines each existing hotel's competitive advantage with respect to market segments based upon market share measured in room nights captured within the segments. Next penetration rates are estimated for the competitive property based upon knowledge of local market conditions and anticipated strengths of the facility design. Finally, using the subject's estimated penetration rates, projected room nights are calculated for each market segment, the room nights are totaled for the subject and its competitors.

We have conducted an extensive survey of demand sources in the Town of Benson and surrounding communities that would potentially contribute to demand for a hotel. We use an estimate of 100% market share, meaning the proposed hotel will consume 100% of its fair share of the demand seen by the market in the initial year of business. If a proposed hotel could theoretically be opened today our assessment of future growth over the next two years would be approximately 2% to 4% and is based on the PKF Consulting U.S Hotel Market Summary 1Q 2015 where they project demand to increase 3.7% in 2015 for North Carolina in the midscale and upper-midscale segment.. This estimate is useful only if one desires to forecast future demand based on these initial surveys which would be prudent to ascertain proposed developments profitability in its initial years.

### **Estimated Performance - Occupancy**

The unit of measure in evaluating market share is the penetration ratio. This is defined as a hotel's percentage of demand in a given segment divided by its portion, or fair share of total room supply. If all properties within a market were equal in quality, location, and rate structure, each could be expected to attract demand in proportion to its size, thereby achieving a penetration ratio of 100 percent. A property that has a competitive advantage in attracting demand from a given segment of the market can be expected to penetrate that segment at a rate that is greater than 100 %; the same property may achieve relatively low penetration in a segment in which it is at a competitive disadvantage.

The table on the following page illustrates penetration levels by segment for each of the proposed hotels primary competition.

Historic Penetration by Market Segment							
Commercial Property	Room Count	Fair Share	Occupancy %	Market Segmentation	Rooms Occupied	Market Share	Penetration Factor
Hampton Inn Smithfield	76	11.76%	70.00%	30.00%	5,825	17.10%	145.38%
Comfort Inn Smithfield	72	11.15%	65.00%	25.00%	4,271	12.54%	112.50%
Holiday Inn Express	80	12.38%	70.00%	25.00%	5,110	15.00%	121.15%
Fairfield Inn & Suites	89	13.78%	70.00%	25.00%	5,685	16.69%	121.15%
Best Western Smithfield	58	8.98%	55.00%	20.00%	2,329	6.84%	76.15%
Baymont Inn Smithfield	40	6.19%	60.00%	10.00%	876	2.57%	41.54%
Hampton Inn Dunn	120	18.58%	70.00%	30.00%	9,198	27.01%	145.38%
Baymont Inn Dunn	42	6.50%	60.00%	10.00%	920	2.70%	41.54%
Clarion Inn Dunn	69	10.68%	65.00%	25.00%	4,093	12.02%	112.50%
<b>Total/ Average</b>	<b>646</b>	<b>100.00%</b>	<b>65.00%</b>	<b>22.22%</b>	<b>34,059</b>	<b>100.00%</b>	<b>101.92%</b>
Meeting and Group Property	Room Count	Fair Share	Occupancy %	Market Segmentation	Rooms Occupied	Market Share	Penetration Factor
Hampton Inn Smithfield	76	11.76%	70.00%	15.00%	2,913	8.55%	72.69%
Comfort Inn Smithfield	72	11.15%	65.00%	5.00%	854	2.51%	22.50%
Holiday Inn Express	80	12.38%	70.00%	15.00%	3,066	9.00%	72.69%
Fairfield Inn & Suites	89	13.78%	70.00%	15.00%	3,411	10.01%	72.69%
Best Western Smithfield	58	8.98%	55.00%	5.00%	582	1.71%	19.04%
Baymont Inn Smithfield	40	6.19%	60.00%	5.00%	438	1.29%	20.77%
Hampton Inn Dunn	120	18.58%	70.00%	20.00%	6,132	18.00%	96.92%
Baymont Inn Dunn	42	6.50%	60.00%	5.00%	460	1.35%	20.77%
Clarion Inn Dunn	69	10.68%	65.00%	5.00%	819	2.40%	22.50%
<b>Total/ Average</b>	<b>646</b>	<b>100.00%</b>	<b>65.00%</b>	<b>10.00%</b>	<b>15,326</b>	<b>100.00%</b>	<b>46.73%</b>
Leisure Property	Room Count	Fair Share	Occupancy %	Market Segmentation	Rooms Occupied	Market Share	Penetration Factor
Hampton Inn Smithfield	76	11.76%	70.00%	55.00%	10,680	31.36%	266.54%
Comfort Inn Smithfield	72	11.15%	65.00%	70.00%	11,957	35.11%	315.00%
Holiday Inn Express	80	12.38%	70.00%	60.00%	12,264	36.01%	290.77%
Fairfield Inn & Suites	89	13.78%	70.00%	60.00%	13,644	40.06%	290.77%
Best Western Smithfield	58	8.98%	55.00%	75.00%	8,733	25.64%	285.58%
Baymont Inn Smithfield	40	6.19%	60.00%	85.00%	7,446	21.86%	353.08%
Hampton Inn Dunn	120	18.58%	70.00%	50.00%	15,330	45.01%	242.31%
Baymont Inn Dunn	42	6.50%	60.00%	85.00%	7,818	22.96%	353.08%
Clarion Inn Dunn	69	10.68%	65.00%	70.00%	11,459	33.65%	315.00%
<b>Total/ Average</b>	<b>646</b>	<b>100.00%</b>	<b>65.00%</b>	<b>67.78%</b>	<b>103,879</b>	<b>100.00%</b>	<b>301.35%</b>

As shown in the previous table, the commercial segment leader is the Hampton Inn-Smithfield and the Hampton Inn-Dunn. The meeting and group segment is dominated by the Hampton Inn-Dunn. The leisure segment leader is the Holiday Inn Express & Suites-Smithfield, though the primary market segment within the market is leisure, as the market share is relatively equally distributed among the fourteen properties.

### Historical Trends – Primary Market

Smith Travel Research (STR), an independent research firm who is recognized by the lodging industry as the standard source of reliable data for the hotel industry, provides operating statistics on local markets throughout the nation. The following table summarizes our analysis of the trends in lodging demand for the subject's primary market since 2010.

Historical Trends of Key Variables for the Benson Submarket 2010-YTD 2015						
	Occupancy (%)	Δ Occupancy (%)	ADR (\$)	Δ ADR %	RevPAR (\$)	Δ RevPAR %
2010	64.9	4.8	77.71	0.6	50.46	5.4
2011	69.8	7.4	80.34	3.4	56.04	11.1
2012	64.4	-7.7	84.14	4.7	54.15	-3.4
2013	63.6	-1.2	84.32	0.2	53.59	-1.0
2014	64.9	2.1	86.19	2.2	55.93	4.4
YTD 2015	64.5	1.6	86.91	3.2	56.06	4.9
	Supply	Δ Supply %	Demand	Δ Demand %	Revenue (\$)	Δ Revenue %
2010	174,105	0.0	113,058	4.8	8,785,580	2.0
2011	174,105	0.0	121,444	7.4	9,756,629	7.9
2012	174,105	15.3	129,236	6.4	10,874,547	21.0
2013	200,825	12.1	143,063	10.7	12,063,618	4.1
2014	225,110	4.7	153,003	6.9	13,187,638	10.1
YTD 2015	58,140	0.0	37,501	1.6	3,259,138	4.9

It is our experience that development occurs in a market when occupancy rates have stabilized over 55%. In the above table, the subject market occupancy rates have fluctuated from a low of 63.6% in 2013 to a 2015 year to date level of 64.5%. The occupancy reported by Smith Travel Research for May 2015 was 64.5%, 1.6% higher than reported in May 2014.

Forecasts for 2015 call for an increase in occupancy nationally, with demand anticipated to increase by 1.1% to 65.1%, Average Daily Rate is anticipated to increase by 6.2% to \$122.66 and nominal RevPar is anticipated to increase by 7.4% to \$79.80. RevPar is anticipated to surpass its historical peak in 2014, indicating that the hotel industry is now exceeding pre-recession stability.

Since 2005 there has been no reduction in supply in the primary market or secondary market. RevPAR, because it accounts for both occupancy and average rate together, provides the best overall measure of revenue generating results for a single property or a group of hotels. As evident from the table above our sample of hotels had increasing RevPAR in 2011 but exhibited a decline in RevPAR growth in 2012, though 2015 year to date RevPar is at a five-year high.

**FEASIBILITY ANALYSIS**

---

## FEASIBILITY ANALYSIS

An accurate hotel market analysis calls for a careful investigation of the dynamics that affect the demand within the primary market area. These factors are as follows.

- 1) The location of the prospective subject site relative to the market area and tourist attractions
- 2) The growth of demand within the market area
- 3) The sources and strength of transient travel
- 4) Current and future travel patterns
- 5) The location of competitive properties and their physical and operational characteristics
- 6) Special conditions and trends

Using the collection of geographic and demographic trends found in the preceding sections of the study we will discuss each of the factors that affect the feasibility of a lodging facility in the Benson area.

With respect to location, the primary distinction between hotels is typically whether they are located downtown, suburban, located near an airport, or some other special destination such as a resort or tourist attraction. Most hotels appeal to overlapping market segments which are difficult to delineate when assessing a property's market potential.

It is likely that sufficient demand exists in the Benson area to support an additional hotel. A new facility would depend on capturing market share from the outlying areas as well as capturing some market share from the existing establishments currently in town. For example, the commercial segment, which typically is less price sensitive, tends to value short commutes to conduct their business and amenities nearby such as restaurants and retail. Additionally, since tourist attractions and points of interest are located in and around Benson, tourists would likely view a new hotel located along Interstate 95 as a primary source of supply when traveling through the region.

There are several reasons to believe the Benson area has seen increasing demand for lodging in recent years. One example of this is the volume of nearly 100,000 vehicles traveling through the Town on a daily basis, as well as potentially being the only acceptable flagged hotel for a 20 mile stretch of Interstate 95.

Through conversations with Town of Benson Officials, there is a general lack of available local hotels within the general area for visitors attending events, weddings and funerals in the Town of Benson. Reportedly a large majority of the visitors to the Town do not find the 103-room Days Inn in Benson to be an acceptable level of accommodation. Visitors are often displaced to available hotel rooms approximately 6 miles south in the City of Dunn or approximately 14 miles to the north in the Town of Smithfield. This supports the existence of unaccommodated demand. In this instance the unaccommodated demand is present because consumers prefer to travel to a nearby town for lodging instead of staying at a less competitive establishment located in the immediate market area.

The population increase in the Town of Benson and Johnston County will boost the demand for lodging in the segment of travel and leisure for family gatherings and holiday visitations to name a few.

Hotel demand is not generated by the existence of a hotel itself in most cases, but is generated by local businesses, convention centers, tourist attractions and other draws that bring travelers to a location. Unlike other types of real estate which respond to relatively local demand, hotels cater to patrons outside of the market area. Most patrons like to stay in an area near their intended destination where complimentary real estate is established such as restaurants and retail.

It has become exceedingly difficult to obtain traditional long-term financing without a nationally known franchise affiliation or flag. There are certainly instances where independent limited-service hotels are capable of being financed, but they typically fall in the category of very small properties or have some type of intangible name associated with them. Reportedly, age is becoming increasingly important to many lenders. They are often hesitant to finance properties over twenty years of age. For these reasons any newly developed facility should be affiliated with a recognizable franchise or "flag" affiliation.

One of the most obvious differences in property design is interior versus exterior corridors. Few hotels today are constructed with exterior corridors. There are only a limited number of franchises available for properties with this design. There are some exceptions, where exterior corridor properties are desirable. Examples can be found in the Southwest where drive up one-story properties have exterior entrances. There are also a few examples of franchise companies allowing a combination of both interior and exterior corridor rooms in a specific property. Despite these exceptions, the major flags are phasing out exterior corridor properties and replacing them with interior corridor properties. As such, they have lower occupancy ADR's when compared to newer, more commercial-friendly hotel facilities.

Franchise companies are downgrading properties with older designs to a lower-tier with lower price points. This is illustrated by La Quinta, who converted older exterior corridor La Quinta properties to a sister Baymont Inn flag before it sold ownership of the Baymont brand to Cendant. Though we have included them in our supply analysis because they are still considered "midscale quality" facilities, they do not have the commercial amenities such as interior room entries and meeting rooms many require in today's commercial market.

## **Conclusion**

Supply and demand characteristics for the subject market have been analyzed and discussed in the previous sections of this report. Market segments were identified and analyzed for each of the hotels in the subject's primary market. In this section of our study, we developed our analysis of feasibility for the proposed hotel and report our results.

Given a market level room rate, a proposed hotel development is feasible if its projected occupancy in the first years of operation is at or near a stabilized level. It is our experience, supported by historical occupancy trends in the subject market, that lodging construction occurs when the aggregate market occupancy is above 50-55%, as is currently the case within the subject market. Hotel construction typically ceases when aggregate occupancy levels dip below stabilized levels.

Most of the competitive properties in the market area are economy hotels that tend to operate at lower occupancy levels than midscale to upper- midscale quality hotels. They typically have lower occupancy rates, as well as lower ADR's, catering primarily to the budget-minded transient I-95 traveler. The need for more midscale and upper-midscale class hotels is evident considering the lack of facilities with more commercial-type amenities, which is a current unaccommodating demand. A midscale to upper-midscale hotel is most likely the type of facility that will continue to perform well within this market.

The advantage of being located along Interstate 95, as well as the lack of competitive properties in the general area, should continue to positively impact population growth, commercial expansion and tourism in the Town of Benson and the surrounding areas. This allows the Town of Benson to capitalize on their history and proximity to the interstate as tourists pass through the region, as well as accommodating local business and leisure activities, where those patrons are required to rely on the Smithfield and Dunn markets for midscale to upper-midscale facilities.

As previously noted, the unit of measure in evaluating market share is the penetration ratio. This is defined as a hotel's percentage of demand in a given segment divided by its portion, or fair share of total room supply. If all properties within a market were equal in quality, location, and rate structure, each could be expected to attract demand in proportion to its size, thereby achieving a penetration ratio of 100 percent. A property that has a competitive advantage in attracting demand from a given segment of the market can be expected to penetrate that segment at a rate that is greater than 100%; the same property may achieve relatively low penetration in a segment in which it is at a competitive disadvantage.

The hotels within the primary market were selected due to their location and somewhat similar market competitiveness. Average Daily Rates (ADR) for these properties ranged from \$65.00 to \$120.00 per night, with an average of approximately \$92.00 per night. It is anticipated the proposed hotel should be able to attain an ADR level in the mid to upper range to the competitive level of the surveyed. While expectations for hotel properties in some markets call for above inflationary increases, because of the new supply in the local market, we estimate the subject should attain only inflationary increases until sufficient market share has been captured. We have selected an ADR range for the subject of approximately \$95.00 to \$110.00 per night, to establish a competitive price in the marketplace, assuming a development occurs within the next 12 to 24 months, as well as the quality of development.

Subject to the conditions and explanations contained in the following report, and based on our analysis of the market, together with our experience performing similar market studies, our conclusion is as follows:

As of the date of this report, May 20, 2015, it is our opinion that a hotel facility within the jurisdiction of Benson, NC is feasible provided a development and construction period of 12 to 24 months.

**70 to 80 ROOM; LIMITED SERVICE, FLAG HOTEL  
OF MIDSCALE TO UPPER-MIDSCALE QUALITY,  
WITH AN ESTIMATED AVERAGE DAILY RATE (ADR) RANGE: \$95.00 to \$110.00**

**ADDENDA**

---

## APPRAISER'S QUALIFICATIONS

**MICHAEL H. STEWART**  
**Certified General Appraiser NC #A6409**

---

Michael is a graduate of Campbell University with a Bachelor's of Science in Geology and has worked in residential and commercial real estate appraisal and assessment since 1990. He was the Appraisal Manager for Harnett and Lee Counties in North Carolina from 1990 until joining Williams Appraisers in 2003.

A North Carolina Certified General Appraiser, his experience includes the appraisal of all types of properties including office, retail, warehouse and industrial, special use, multi and single-family residential, historical, vacant land, litigation study, feasibility study and rent study analysis. He is also certified as an Ad Valorem Real Property Appraiser, an Ad Valorem Personal Property Appraiser and an NC County Assessor by the North Carolina Department of Revenue.

### Appraisal Education:

Introduction to Real Estate Appraisal  
Valuation Principals and Procedures  
Applied Residential Property Valuation  
Introduction to Income Property Appraisal  
Advanced Income Capitalization Procedures  
Applied Income Property Valuation  
Sustainability: Greening Real Estate  
Uniform Standards of Professional Appraisal Practice and Updates  
Introduction to Real Property Appraisal (IAAO)\*  
Income Approach to Valuation (IAAO)\*  
Fundamentals of Property Tax Listing and Assessing (IOG)\*  
Valuation of Environmentally Contaminated Properties (IOG)\*  
Assessment Administration (IOG)\*  
Mass Appraisal of Residential Properties (IAAO)\*  
Fundamentals of Listing and Assessing Business Personal Property (IOG)\*  
Mass Appraisal of Income Producing Property (IAAO)  
Fundamentals of Property Tax Collection (IOG)\*

\*International Association of Assessing Officers (IAAO) and Institute of Government (IOG) endorsed courses offered at the University of North Carolina at Chapel Hill.

Away from appraising, Michael is active in his Lillington community, coaching football and assisting with the Lillington Boy Scout Troop #61. He also enjoys boating and fishing with his wife and two sons, performing music professionally, playing golf, and building and flying experimental aircraft.

**JOHN M. MCBRAYER**  
**Certified General Appraiser NC # A5723**

---

John McBrayer is a Certified General Appraiser in the State of North Carolina and the Principal of Williams Appraisers, Inc. in Raleigh, North Carolina ([www.williamsappraisers.com](http://www.williamsappraisers.com)). In addition to North Carolina, John is certified to appraise in South Carolina. Since joining Williams Appraisers in 2002, he has appraised a wide variety of properties for institutional lenders, government entities and individuals in the Triangle and throughout North Carolina, South Carolina and Virginia including office, retail, warehouse and industrial, hotel/motel, townhome and subdivision analysis, special use properties and vacant land. He has also prepared feasibility and impact studies for various property types, including hotel/motel, mixed-use development and environmentally contaminated properties.

In addition to traditional appraisal and consulting services, Williams Appraisers, Inc. provides appraisal services in real estate tax appeals, divorce and family disputes, donation of conservation easements, bankruptcy and other real estate-related arbitrations and mediations. John has been qualified as an expert witness for real estate in several North Carolina and Federal courts for litigation services.

A graduate of Tulane University with a Bachelor's of Science in Economics, John began his career in commercial and residential real estate with Century Development and Jones Lang Wootton, USA (now Jones Lang LaSalle) in Houston, Texas and later as a principal of Coldwell Banker GSM Realty in Tennessee. He has held real estate licenses in Texas, Tennessee and North Carolina.

Listed below is a partial list of various real estate continuing education courses for appraisal, brokerage and property management disciplines completed by John during his real estate career:

Separating Real Property, Personal Property  
& Intangible Business Assets  
Land and Site Valuation  
Sustainability: Greening Real Estate  
Valuation of Conservation Easements  
510 Advanced Income Capitalization  
520 Highest & Best Use / Market Analysis  
530 Advanced Cost and Sales Approaches  
USPAP and Updates  
Introduction to Real Estate Appraisal  
Valuation Principles and Procedures  
Applied Residential Property Valuation  
Advanced Income Property Valuation

Applied Income Property Valuation  
Valuation of Income Property  
Real Estate Investments  
Real Estate Finance  
Design & Operation of Office Buildings I & II  
Managerial Accounting & Finance  
Insurance & Risk Management  
Real Estate Law  
Real Estate Investment & Finance  
Administration of Real Property  
Long Range Management Plan  
Introduction to Income Property Appraisal  
Management of Office Buildings  
Managing Real Estate as an Investment

APPRAISER CERTIFICATIONS

**NORTH CAROLINA APPRAISAL BOARD**  
**APPRAISER QUALIFICATION CARD**  
*Expires June 30, 2015*

REGISTRATION / LICENSE / CERTIFICATE HOLDER

**14** **MICHAEL H STEWART** **15**

**A6409** **G** **Y**

APPRAISER NUMBER TYPE NATIONAL REGISTRY

*Michael H Stewart* \* \* \* *Donald M. Hays*

APPRAISER'S SIGNATURE EXECUTIVE DIRECTOR

**NORTH CAROLINA APPRAISAL BOARD**  
**APPRAISER QUALIFICATION CARD**  
*Expires June 30, 2015*

REGISTRATION / LICENSE / CERTIFICATE HOLDER

**14** **JOHN M. MCBRAYER** **15**

**A5723** **G** **Y**

APPRAISER NUMBER TYPE NATIONAL REGISTRY

*John M. McBrayer* \* \* \* *Donald M. Hays*

APPRAISER'S SIGNATURE EXECUTIVE DIRECTOR

GENERAL REFERENCES

<p><b>BB&amp;T</b> RE Appraisal Department 2713 Forest Hills Road Wilson, NC 27893 252-296-7062</p>	<p><b>Wells Fargo RETECHS</b> Denny Johnson, MAI 301 S. Tryon Street TL-8 Charlotte, NC 28255 704-383-1962</p>
<p><b>TrustAtlantic Bank</b> Tom Quinn 4801 Glenwood Ave. Suite 500 Raleigh, NC 27612 919-277-8715</p>	<p><b>Crescent State Bank</b> Alice Ligon 333 Fayetteville Street, Ste. 102 Raleigh, NC 27601 919-645-3787</p>
<p><b>Paragon Bank</b> Jim Fielding/Martin Borden 3605 Glenwood Avenue, Suite 100 Raleigh, NC 27612 919-788-7770</p>	<p><b>Regions Bank</b> Kenneth Hummel, MAI 11100 Riverchase Drive Richmond, VA 23233 804-564-2230</p>
<p><b>PNC Bank</b> Appraisal Department 1900 E. Ninth Street Cleveland OH 41444 216-222-6057</p>	<p><b>Fifth Third Bank</b> Appraisal Department 38 Fountain Square Plaza MD 1090Y2 Cincinnati, OH 25236 513-534-7189</p>
<p><b>Southern Community Bank</b> Beth Breedlove 4605 Country Club Road Winston Salem, NC 27104 336-786-8500</p>	<p><b>North State Bank</b> Brenda Smith 6200 Falls of Neuse Road Raleigh, NC 27609 919-630-1115</p>
<p><b>Four Oaks Bank and Trust</b> Jerry Thornton PO Box 274 Clayton, NC 27520 919-553-2323</p>	<p><b>First Federal Bank</b> Locke Godwin 200 E. Divine Street Dunn, NC 28334 910-891-2813</p>
<p><b>First Citizens Bank &amp; Trust</b> Centralized Appraisal 16 E. Rowan Street Raleigh, NC 27609 919-716-2369</p>	<p><b>SunTrust Bank</b> Scott McCreary 2323 Operations Drive Durham, NC 27705 919-425-6462</p>
<p><b>Cindy Wiggins-Tiede</b> Community Investment Corporation PO Box 19999 Raleigh, NC 27619 919-781-7979</p>	<p><b>Select Bank</b> David Ivey 863 Tighman Drive Dunn, NC 28334 910-897-3613</p>

## CLIENTS

### Partial Institutional Client List

AmSouth Bank	Mechanics & Farmers Bank, NC
Bank of America	Medalist Capital
BankOne	Monarch Financial Services
Branch Bank & Trust, NC	NC Mortgage Funding
California Bank & Trust, CA	New Century Bank
Capital Advisors Group, NC	NewBridge Bank
Capital Bank, NC	NewDominion Bank
Capstone Bank, NC	North State Bank, NC
Cardinal State Bank, NC	Paragon Bank, NC
Carolina Savings Bank, NC	Patriot State Bank, NC
Central Carolina Bank, NC	PNC Bank
Cigna Financial	Providence Bank, NC
CIT Small Business	Providian Insurance Group
Citizens Bank	Randolph Bank
CommunityOne Bank, NC	RBC Centura
Compass Bank	Regions Bank
Crescent State Bank, NC	Research Triangle, Inc.
Fidelity Bank, NC	RTP Federal Credit Union
First Bank, NC	Southeast Financial, NC
First Capital Mortgage, NC	Southern Bank and Trust
First Charter Bank	Southern Community Bank
First Citizens Bank, NC	Southern National Bank, NC
First Federal Bank, NC	SouthTrust Bank
First One Bank	Stancorp Mortgage Investors
First South Bank, NC	Sterling South Bank, NC
Four Oaks Bank, NC	Stewart Title
GMAC Commercial Lending	SunTrust
HomeTown Bank	Truliant Federal Credit Union
HomeTrust Bank, NC	TIAA-CREEF
HVB Group, NY	VantageSouth Bank
KeySource Commercial Bank	Wells Fargo Bank
M & T Bank, Buffalo, NY	Xenith Bank, VA

*Note: We are currently State Certified in NC, SC, and VA. The above clients represent local, regional, national, and international assignments.*

**Partial Non-Institutional Client List**

Allstate Appraisal	Maupin Taylor
Ammons, Inc.	Morgan Reeves Gilchrist
Anthony & Company, NC	MV Communities, Inc.
Anthony Allenton	NC Community Foundation
B Banks Law Firm	Poyner Spruill
Battle Winslow Scott & Wiley	Property Reserve Inc.
Beasley Enterprises	RDU Airport Authority
Bennett Deal Sawyer, LLC	Regency Development Services
Boylan Development	Research Triangle Corporation
Capcount USA	Richardson Corporation
Childress Klein	Ross-Civello Properties
City of Raleigh	Salvation Army
CMC Hotels	Sanford Law Firm, NC
Cranfill, Summer & Hartzog, LLC	Sperry Van Ness
Creedmoor Partners	Stam Fordham & Danchi, PA
Crosland	State Employees of NC
Crossin Dannis, Inc.	Strategic Technologies
Cumalander, Adock & McGraw	Taylor Woodrow
Cushman Wakefield	The Pantry, Inc.
Davis, Sturges & Thomlinson, LLP	Thomas Ferguson & Mullins, LLP
Dewitt Corporation	Thomas Worth, Attorney at Law
DHIC, Inc.	Town of Ahoskie
Dilweg Properties	Town of Carrboro
Edminsten & Webb Law Firm	Town of Chapel Hill
ElectricCities, Inc.	Town of Edenton
Emmett Boney Haywood, Attorney at Law	Town of Holly Springs
Ernst & Young	Town of LaGrange
First American Hotels/Welcome Hotels, Inc.	Town of Louisburg
First Oakland Properties	Town of Mebane
Fore Property Company, DC	Town of Scotland Neck
Fuller Becton Slifkin & Bell	Trademark Properties
Green Hawk Corporation	Trinity Advisors
Halifax County	Van Winkle Buck Well Starnes & Davis, PA
Highwoods Properties	Vandeventer Black, LP
Holt York Darris & High, LP	Wake County Facilities/Public Schools/Revenue
Howell Law Firm	Wallis & Morton, PA
International Paper Realty	Waste Industries
Kerr Drugs	Wil-Dor, Inc.
Keystone Corporation, NC	Winslow Properties, Inc.
Kilpatrick Stockton, LLP	Wyrick Robbin Yates Ponton, LLC
Kirk Kirk Howell Cutter & Thomas, LLP	York Properties
Manning Fulton Skinner	Young Moore Henderson, PA

ENGAGEMENT LETTER

C15122



Williams Appraisers Inc  
PO Box 33786  
Raleigh, NC 27607  
Tel. 919-424-1900  
Fax. 919-424-1922  
<http://www.williamsappraisers.com>

To: Ms. Brenda Daniels  
Manager, Economic Development  
ElectriCities  
1427 Meadow Wood Boulevard  
Raleigh, NC 27604

Via Email  
[bdaniels@electricities.org](mailto:bdaniels@electricities.org)

From: John McBrayer (919) 334-6740 / [john@williamsappraisers.com](mailto:john@williamsappraisers.com)

Receiver's Phone/Fax: 760-6363

Date: April 30, 2015

Property: Hotel Market Feasibility Study for the Town of Benson, North Carolina to determine the feasibility of a lodging facility. Our report will include a Supply and Demand Analysis, both of which will address National, State and the Primary Markets, and a Feasibility Analysis, including conclusions for the appropriate size and rate structure of a proposed hotel, if justified. The report will be in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Type of Report: Feasibility Study

Due Date: Four (4) weeks from date of engagement

Appraisal Fee: \$3,500

Payment Terms: Due on Completion of Report

Proposed by: John McBrayer (Digital Signature)

April 30, 2015  
Date

Accepted by: Brenda Daniels  
Signature

\_\_\_\_\_  
Date

Brenda Daniels  
Print Name



PLEASE COMPLETE THE FOLLOWING AND RETURN ENGAGEMENT VIA EMAIL or FAX TO (919) 424-1922:

Report should be addressed to: Report should be invoiced to: Contact names and phone:

Same as above

Same as above

Joe Stallings  
[jestallings@townofbenson.com](mailto:jestallings@townofbenson.com)  
919-894-3553 (main town number)

Number of copies requested: 2 plus pdf copy

SMITH TRAVEL RESEARCH REPORT

Data by Measure														
Occupancy (%)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2009	57.1	63.1	64.1	72.6	59.9	57.5	65.5	65.2	57.9	63.9	60.7	56.5	62.0	61.4
2010	59.6	62.0	68.6	70.0	65.0	68.0	69.5	67.7	62.1	60.9	60.9	60.0	63.4	64.6
2011	58.9	64.2	70.6	83.8	71.0	68.0	81.8	65.5	69.3	69.3	59.1	64.4	64.4	69.8
2012	66.0	70.8	72.1	74.1	65.6	66.3	65.3	66.1	56.3	57.9	59.1	61.3	66.7	66.7
2013	57.3	66.7	75.2	72.7	58.2	62.6	67.2	67.2	56.4	56.9	58.7	56.6	64.9	63.5
2014	57.5	62.5	70.4	76.0	67.3	72.9	70.1	68.4	56.5	61.6	58.7	56.6	64.9	64.5
2015	55.2	63.8	74.4	74.8	64.3	66.5	68.8	69.1	58.8	62.5	61.5	57.3	64.8	64.9
Avg	58.5	64.8	71.2	74.8	64.3	66.5	68.8	69.1	58.8	62.5	61.5	57.3	64.8	64.9

ADP (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2009	78.74	77.17	75.99	78.03	79.76	79.01	79.66	79.44	74.64	75.23	74.08	74.33	77.22	77.25
2010	76.17	75.86	76.57	76.89	75.30	75.38	79.05	79.55	79.42	80.39	79.05	78.66	80.39	77.71
2011	79.84	80.12	82.02	81.31	80.03	80.68	82.04	81.05	79.64	79.28	79.21	77.94	80.75	80.75
2012	78.84	79.99	85.03	85.21	85.60	85.24	85.92	84.58	84.00	83.95	85.63	85.07	84.14	81.54
2013	84.70	83.03	85.14	85.62	85.78	83.94	84.92	86.04	84.31	83.16	82.32	82.38	84.36	84.36
2014	83.01	84.63	84.75	86.44	87.46	87.66	89.17	89.34	84.64	85.66	86.76	83.15	86.19	84.17
2015	84.98	85.48	89.45	82.67	82.82	82.56	83.90	83.76	81.43	81.53	81.53	80.59	86.91	86.91
Avg	81.16	81.29	83.38	82.67	82.82	82.56	83.90	83.76	81.43	81.53	81.53	80.59	86.91	86.91

RevPAR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2009	44.94	48.73	48.70	56.63	47.81	45.44	52.18	51.83	43.19	48.04	44.97	41.99	47.87	47.41
2010	45.36	47.00	52.56	53.80	48.93	51.23	54.91	53.87	49.35	55.17	48.17	44.86	50.46	48.35
2011	47.05	51.45	57.91	68.14	56.34	57.29	59.09	66.26	52.13	54.90	54.96	46.78	56.04	52.16
2012	52.02	56.61	61.27	63.14	56.15	56.55	56.14	55.88	47.31	48.58	50.61	45.49	54.15	56.88
2013	48.50	55.39	64.92	62.23	49.95	52.52	59.40	57.80	47.53	47.33	50.50	49.38	53.59	56.30
2014	47.72	52.90	59.66	65.69	58.86	63.91	62.54	61.10	47.83	52.77	50.97	47.08	55.93	53.44
2015	46.94	54.55	66.54	61.88	53.22	54.93	57.72	57.92	47.85	50.96	50.12	46.15	53.21	56.06
Avg	47.51	52.65	59.35	61.88	53.22	54.93	57.72	57.92	47.85	50.96	50.12	46.15	53.21	56.06

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2009	14,767	13,356	14,787	14,310	14,787	14,310	14,787	14,787	14,310	14,787	14,310	14,787	174,105	42,930
2010	14,767	13,356	14,787	14,310	14,787	14,310	14,787	14,787	14,310	14,787	14,310	14,787	174,105	42,930
2011	14,767	13,356	14,787	14,310	14,787	14,310	14,787	14,787	14,310	14,787	14,310	14,787	174,105	42,930
2012	14,767	15,596	17,267	16,710	17,267	16,710	17,267	17,267	16,710	17,267	16,710	17,267	200,825	47,650
2013	17,267	15,596	17,267	16,710	20,026	19,380	20,026	20,026	19,380	20,026	19,380	20,026	225,110	50,130
2014	20,026	18,088	20,026	19,380	20,026	19,380	20,026	20,026	19,380	20,026	19,380	20,026	235,790	58,140
2015	16,638	15,348	16,992	15,955	16,947	16,400	16,947	16,947	16,400	16,947	16,400	16,947	197,340	48,979
Avg	16,638	15,348	16,992	15,955	16,947	16,400	16,947	16,947	16,400	16,947	16,400	16,947	197,340	48,979

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2009	8,439	8,433	9,477	10,386	8,863	8,230	9,686	9,648	8,280	9,442	8,688	8,353	107,925	26,349
2010	8,806	8,276	10,151	10,014	9,608	9,725	10,272	10,014	8,892	10,147	8,432	8,432	113,058	27,233
2011	8,713	8,576	10,440	11,982	10,410	10,161	10,651	12,090	9,366	10,240	9,929	8,676	121,444	27,728
2012	9,758	11,039	12,443	12,362	11,325	11,087	11,283	11,407	9,412	9,992	9,675	9,233	125,236	33,240
2013	9,887	10,405	13,165	12,146	11,660	12,126	14,007	14,007	10,926	11,397	11,888	12,003	143,063	33,457
2014	11,511	11,306	14,096	14,729	13,477	14,131	14,045	13,695	10,952	12,337	11,385	11,339	153,003	36,913
2015	11,061	11,542	14,898	11,942	10,891	10,910	11,667	11,718	9,638	10,593	10,081	9,706	127,955	37,501
Avg	9,739	9,940	12,096	11,942	10,891	10,910	11,667	11,718	9,638	10,593	10,081	9,706	127,955	37,501

Revenue (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2009	664,471	650,814	720,200	810,392	706,911	650,257	771,576	766,424	618,012	710,299	643,577	620,649	8,333,782	2,035,486
2010	670,744	627,787	777,277	769,933	723,530	733,074	811,991	796,615	705,205	815,763	689,368	663,293	9,785,580	2,075,808
2011	685,664	687,110	856,259	975,085	833,077	819,801	873,759	979,848	745,925	811,857	786,452	691,792	10,874,547	2,239,033
2012	769,283	882,960	1,058,020	1,055,046	969,472	945,007	969,472	969,472	790,570	838,876	845,454	785,454	10,874,547	2,239,033
2013	837,364	863,876	1,120,892	1,039,913	1,000,214	1,017,854	1,189,494	1,157,562	921,153	947,811	978,612	988,653	12,063,618	2,822,152
2014	955,570	966,841	1,194,683	1,273,155	1,178,651	1,238,662	1,252,342	1,223,567	926,943	1,056,727	987,111	942,785	13,187,638	3,107,094
2015	939,931	808,005	1,008,555	987,254	901,976	900,776	978,099	981,470	784,805	863,554	821,889	782,171	10,500,299	2,606,996
Avg	790,435	808,005	1,008,555	987,254	901,976	900,776	978,099	981,470	784,805	863,554	821,889	782,171	10,500,299	2,606,996

Percent Change from Previous Year - Detail by Measure

Occupancy														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2010	4.3	-1.9	7.1	-3.6	8.4	18.2	6.0	3.8	7.4	7.5	0.4	0.9	4.8	3.4
2011	-1.1	3.6	2.8	19.8	8.3	4.5	3.7	20.7	5.3	0.9	13.9	5.3	7.4	1.8
2012	12.0	10.2	2.1	-11.6	-6.8	-6.6	-9.3	-19.2	-13.9	-16.4	-14.8	-10.9	-7.7	8.0
2013	-13.2	-5.7	5.8	-1.9	-11.2	-5.7	7.0	1.7	0.1	-1.7	3.8	12.1	-1.2	-4.3
2014	0.4	-6.3	-7.7	4.6	15.6	16.5	0.3	1.8	0.2	8.2	-4.2	-5.5	2.1	-4.9
2015	-3.9	2.1	5.7											1.6
Avg	-0.2	0.3	2.6	1.4	2.9	5.4	1.6	1.8	-0.2	-0.3	-0.2	0.4	1.1	0.9

ADR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2010	-3.3	-1.7	0.8	-1.5	-5.6	-4.6	-0.8	0.1	6.4	6.9	6.7	5.8	0.6	-1.3
2011	4.8	5.6	7.1	5.8	6.3	7.0	3.8	1.9	0.3	-1.4	7.0	-0.9	3.4	5.9
2012	-1.3	-0.2	3.7	4.8	7.0	5.6	4.7	4.4	5.5	5.9	8.1	9.1	4.7	1.0
2013	7.4	3.8	0.1	0.5	0.2	-1.5	-1.2	1.7	0.4	-0.9	-3.9	-3.2	0.2	3.5
2014	-2.0	1.9	-0.5	1.0	2.0	4.4	5.0	3.8	0.4	3.0	5.4	0.9	2.2	-0.2
2015	2.4	1.0	5.5											3.2
Avg	1.4	1.7	2.8	2.1	2.0	2.2	2.3	2.4	2.6	2.7	3.3	2.4	2.2	2.0

RevPAR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2010	0.9	-3.5	7.9	-5.0	2.4	12.7	5.2	3.9	14.3	14.8	7.1	6.8	5.4	2.0
2011	3.7	9.4	10.2	26.6	15.1	11.8	7.6	23.0	5.6	-0.5	14.1	4.3	11.1	7.9
2012	10.6	10.0	5.8	-7.3	-0.3	-1.3	-5.0	-15.7	-9.2	-11.5	-7.9	-2.8	-3.4	9.1
2013	-6.8	-2.2	5.9	-1.4	-11.0	-7.1	5.8	3.4	0.5	-2.6	-1.0	8.6	-1.0	-0.2
2014	-1.6	-4.5	-8.1	5.6	17.8	21.7	5.3	5.7	0.6	11.5	0.9	-4.7	4.4	-5.1
2015	-1.6	3.1	11.5											4.9
Avg	0.9	2.1	5.5	3.7	4.8	7.6	3.8	4.1	2.4	2.4	2.8	2.5	3.3	2.9

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	15.3	11.0
2013	16.8	0.0	0.0	0.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	12.1	5.2
2014	16.0	16.0	16.0	16.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	16.0
2015	0.0	0.0	0.0											0.0
Avg	5.5	5.5	5.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.4	5.4

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2010	4.3	-1.9	7.1	-3.6	8.4	18.2	6.0	3.8	7.4	7.5	0.4	0.9	4.8	3.4
2011	-1.1	3.6	2.8	19.8	8.3	4.5	3.7	20.7	5.3	0.9	13.9	5.3	7.4	1.8
2012	12.0	10.2	2.1	-11.6	-6.8	-6.6	-9.3	-19.2	-13.9	-16.4	-14.8	-10.9	6.4	19.9
2013	1.3	-5.7	5.8	-1.9	3.0	9.4	24.1	17.9	16.1	14.1	20.4	30.0	10.7	0.7
2014	16.4	8.7	7.1	21.3	15.6	16.5	0.3	1.8	0.2	8.2	-4.2	-5.5	6.9	10.3
2015	-3.9	2.1	5.7											1.6
Avg	4.9	5.9	8.0	7.8	8.8	11.5	8.0	7.7	5.9	5.7	6.0	6.9	7.2	6.3

Revenue														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2010	0.9	-3.5	7.9	-5.0	2.4	12.7	5.2	3.9	14.3	14.8	7.1	6.8	5.4	2.0
2011	3.7	9.4	10.2	26.6	15.1	11.8	7.6	23.0	5.6	-0.5	14.1	4.3	11.1	7.9
2012	10.6	10.0	5.8	-7.3	-0.3	-1.3	-5.0	-15.7	-9.2	-11.5	-7.9	-2.8	-3.4	9.1
2013	8.9	-2.2	5.9	-1.4	-11.0	-7.1	5.8	3.4	0.5	-2.6	-1.0	8.6	11.5	21.0
2014	14.1	10.8	6.6	22.4	17.8	21.7	5.3	5.7	0.6	11.5	0.9	-4.7	9.3	10.1
2015	-1.6	3.1	11.5											4.9
Avg	1.4	1.7	2.8	2.1	2.0	2.2	2.3	2.4	2.6	2.7	3.3	2.4	2.2	2.0

Percent Change from Previous Year - Detail by Year

	Jan '10	Feb '10	Mar '10	Apr '10	May '10	Jun '10	Jul '10	Aug '10	Sep '10	Oct '10	Nov '10	Dec '10	Total Year	Mar YTD
Occ	4.3	-1.9	7.1	-3.6	8.4	18.2	6.0	3.8	7.4	7.5	0.4	0.9	4.8	3.4
ADR	-3.3	-1.7	0.8	-1.5	-5.6	-4.6	-0.8	0.1	6.4	6.9	6.7	5.8	0.6	-1.3
RevPAR	0.9	-3.5	7.9	-5.0	2.4	12.7	5.2	3.9	14.3	14.8	7.1	6.8	5.4	2.0
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	4.3	-1.9	7.1	-3.6	8.4	18.2	6.0	3.8	7.4	7.5	0.4	0.9	4.8	3.4
Revenue	0.9	-3.5	7.9	-5.0	2.4	12.7	5.2	3.9	14.3	14.8	7.1	6.8	5.4	2.0
<b>Total Year</b>														
Occ	-1.1	3.6	2.8	19.8	8.3	4.5	3.7	20.7	5.3	0.9	13.9	5.3	7.4	1.8
ADR	4.8	5.6	7.1	5.8	6.3	7.0	3.8	1.9	0.3	-1.4	0.2	-0.9	3.4	5.9
RevPAR	3.7	9.4	10.2	26.6	15.1	11.8	7.6	23.0	5.6	-0.5	14.1	4.3	11.1	7.9
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-1.1	3.6	2.8	19.8	8.3	4.5	3.7	20.7	5.3	0.9	13.9	5.3	7.4	1.8
Revenue	3.7	9.4	10.2	26.6	15.1	11.8	7.6	23.0	5.6	-0.5	14.1	4.3	11.1	7.9
<b>Total Year</b>														
Occ	12.0	10.2	2.1	-11.6	-6.8	-6.6	-9.3	-19.2	-13.9	-16.4	-14.8	-10.9	-7.7	8.0
ADR	-1.3	-0.2	3.7	4.8	7.0	5.6	4.7	4.4	5.5	5.9	8.1	9.1	4.7	1.0
RevPAR	10.6	10.0	5.8	-7.3	-0.3	-1.3	-5.0	-15.7	-9.2	-11.5	-7.9	-2.8	-3.4	9.1
Supply	0.0	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	15.3	11.0
Demand	12.0	28.7	19.2	3.3	8.8	9.1	5.9	-5.6	0.5	-2.4	-0.5	4.0	6.4	19.9
Revenue	10.6	28.5	23.6	8.2	16.4	15.3	10.9	-1.5	6.0	3.3	7.5	13.5	11.5	21.0
<b>Total Year</b>														
Occ	-13.2	-5.7	5.8	-1.9	-11.2	-5.7	7.0	1.7	0.1	-1.7	3.8	12.1	-1.2	-4.3
ADR	7.4	3.8	0.1	0.5	0.2	-1.5	-1.2	1.7	0.4	-0.9	-3.9	-3.2	0.2	3.5
RevPAR	-6.8	-2.2	5.9	-1.4	-11.0	-7.1	5.8	3.4	0.5	-2.6	-0.2	8.6	-1.0	-1.0
Supply	16.8	0.0	0.0	0.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	12.1	5.2
Demand	1.3	-5.7	5.8	-1.9	3.0	9.4	24.1	17.9	16.1	14.1	20.4	30.0	10.7	0.7
Revenue	8.9	-2.2	5.9	-1.4	3.2	7.7	22.7	20.0	16.5	13.0	15.7	25.9	10.9	4.1
<b>Total Year</b>														
Occ	0.4	-6.3	-7.7	4.6	15.6	16.5	0.3	1.8	0.2	8.2	-4.2	-5.5	2.1	-4.9
ADR	-2.0	1.9	-0.5	1.0	2.0	4.4	5.0	3.8	0.4	3.0	5.4	0.9	2.2	-0.2
RevPAR	-1.6	-4.5	-8.1	5.6	17.8	21.7	5.3	5.7	0.6	11.5	0.9	-4.7	4.4	-5.1
Supply	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	12.1	16.0
Demand	16.4	8.7	7.1	21.3	15.6	16.5	0.3	1.8	0.2	8.2	-4.2	-5.5	6.9	10.3
Revenue	14.1	10.8	6.6	22.4	17.8	21.7	5.3	5.7	0.6	11.5	0.9	-4.7	9.3	10.1
<b>Total Year</b>														
Occ	-3.9	2.1	5.7											1.6
ADR	2.4	1.0	5.5											3.2
RevPAR	-1.6	3.1	11.5											4.9
Supply	0.0	0.0	0.0											0.0
Demand	-3.9	2.1	5.7											1.6
Revenue	-1.6	3.1	11.5											4.9
<b>Total Year</b>														

Twelve Month Moving Average with Percent Change

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg								
Jan 10	62.2		77.01		47.90		174,105		108,292		8,340,055	
Feb 10	62.1		76.91		47.77		174,105		108,135		8,317,028	
Mar 10	62.5		76.96		48.10		174,105		108,809		8,374,105	
Apr 10	62.3		76.85		47.87		174,105		108,437		8,333,646	
May 10	62.7		76.48		47.96		174,105		109,182		8,350,265	
Jun 10	63.6		76.20		48.44		174,105		110,677		8,433,082	
Jul 10	63.9		76.16		48.67		174,105		111,263		8,473,497	
Aug 10	64.1		76.18		48.84		174,105		111,629		8,503,688	
Sep 10	64.5		76.55		49.35		174,105		112,241		8,591,901	
Oct 10	64.9		77.00		49.95		174,105		112,946		8,697,355	
Nov 10	64.9		77.39		50.22		174,105		112,979		8,743,136	
Dec 10	64.9	4.8	77.71	0.6	50.46	5.4	174,105	0.0	113,058	4.8	8,785,580	5.4
Jan 11	64.9	4.3	77.99	1.3	50.60	5.6	174,105	0.0	112,965	4.3	8,810,500	5.6
Feb 11	65.1	4.7	78.31	1.8	50.95	6.6	174,105	0.0	113,265	4.7	8,869,823	6.6
Mar 11	65.2	4.4	78.81	2.4	51.40	6.9	174,105	0.0	113,554	4.4	8,948,805	6.9
Apr 11	66.4	6.5	79.23	3.1	52.58	9.8	174,105	0.0	115,532	6.5	9,153,957	9.8
May 11	66.8	6.6	79.63	4.1	53.21	10.9	174,105	0.0	116,334	6.6	9,263,504	10.9
Jun 11	67.1	5.5	80.07	5.1	53.70	10.9	174,105	0.0	116,770	5.5	9,350,231	10.9
Jul 11	67.3	5.3	80.34	5.5	54.06	11.1	174,105	0.0	117,149	5.3	9,411,999	11.1
Aug 11	68.5	6.8	80.48	5.6	55.11	12.8	174,105	0.0	119,225	6.8	9,595,232	12.8
Sep 11	68.8	6.6	80.49	5.2	55.34	12.1	174,105	0.0	119,699	6.6	9,634,932	12.1
Oct 11	68.8	6.1	80.40	4.4	55.32	10.7	174,105	0.0	119,792	6.1	9,631,036	10.7
Nov 11	69.5	7.1	80.40	3.9	55.88	11.3	174,105	0.0	121,000	7.1	9,728,130	11.3
Dec 11	69.8	7.4	80.34	3.4	56.04	11.1	174,105	0.0	121,444	7.4	9,756,629	11.1
Jan 12	70.4	8.4	80.25	2.9	56.46	11.6	174,105	0.0	122,489	8.4	9,830,248	11.6
Feb 12	70.9	8.9	80.24	2.5	56.86	11.6	176,345	1.3	124,952	10.3	10,026,098	13.0
Mar 12	71.0	8.9	80.56	2.2	57.19	11.3	178,825	2.7	126,955	11.8	10,227,859	14.3
Apr 12	70.3	5.9	80.94	2.2	56.88	8.2	181,225	4.1	127,345	10.2	10,307,820	12.6
May 12	69.8	4.5	81.43	2.3	56.85	6.9	183,705	5.5	128,260	10.3	10,444,215	12.7
Jun 12	69.4	3.5	81.82	2.2	56.79	5.8	186,105	6.9	129,186	10.6	10,569,421	13.0
Jul 12	68.8	2.3	82.15	2.3	56.55	4.6	188,585	8.3	129,818	10.8	10,665,096	13.3
Aug 12	67.6	-1.3	82.47	2.5	55.74	1.1	191,065	9.7	129,135	8.3	10,650,052	11.0
Sep 12	66.8	-2.9	82.79	2.9	55.28	-0.1	193,465	11.1	129,181	7.9	10,694,697	11.0
Oct 12	65.8	-4.4	83.16	3.4	54.72	-1.1	195,945	12.5	128,933	7.6	10,721,716	11.3
Nov 12	65.0	-6.5	83.65	4.0	54.35	-2.7	198,345	13.9	128,879	6.5	10,780,885	10.8
Dec 12	64.4	-7.7	84.14	4.7	54.15	-3.4	200,825	15.3	129,236	6.4	10,874,547	11.5
Jan 13	63.6	-9.6	84.59	5.4	53.82	-4.7	203,305	16.8	129,365	5.6	10,942,648	11.3
Feb 13	63.3	-10.6	84.86	5.8	53.73	-5.5	203,305	15.3	128,731	3.0	10,923,564	9.0
Mar 13	63.7	-10.3	84.87	5.3	54.04	-5.5	203,305	13.7	129,453	2.0	10,986,436	7.4
Apr 13	63.6	-9.6	84.91	4.9	53.96	-5.1	203,305	12.2	129,217	1.5	10,971,303	6.4
May 13	62.9	-10.0	84.92	4.3	53.39	-6.1	206,064	12.2	129,552	1.0	11,002,045	5.3
Jun 13	62.6	-9.9	84.81	3.7	53.06	-6.6	208,734	12.2	130,591	1.1	11,074,892	4.8
Jul 13	63.0	-8.4	84.72	3.1	53.41	-5.6	211,493	12.1	133,315	2.7	11,294,952	5.9
Aug 13	63.2	-6.5	84.87	2.9	53.62	-3.8	214,252	12.1	135,361	4.8	11,487,710	7.9
Sep 13	63.1	-5.5	84.88	2.5	53.56	-3.1	216,922	12.1	136,875	6.0	11,618,293	8.6
Oct 13	62.9	-4.3	84.81	2.0	53.38	-2.4	219,681	12.1	138,280	7.2	11,727,228	9.4
Nov 13	63.1	-2.9	84.54	1.1	53.34	-1.9	222,351	12.1	140,293	8.9	11,860,219	10.0
Dec 13	63.6	-1.2	84.32	0.2	53.59	-1.0	225,110	12.1	143,063	10.7	12,063,618	10.9
Jan 14	63.5	-0.2	84.19	-0.5	53.46	-0.7	227,869	12.1	144,687	11.8	12,181,804	11.3
Feb 14	63.2	-0.2	84.31	-0.6	53.28	-0.8	230,361	13.3	145,588	13.1	12,274,769	12.4
Mar 14	62.9	-1.3	84.28	-0.7	52.97	-2.0	233,120	14.7	146,519	13.2	12,348,560	12.4
Apr 14	63.2	-0.5	84.38	-0.6	53.36	-1.1	235,790	16.0	149,102	15.4	12,581,802	14.7
May 14	64.0	1.8	84.55	-0.4	54.12	1.4	235,790	14.4	150,919	16.5	12,760,239	16.0
Jun 14	64.9	3.7	84.89	0.1	55.05	3.8	235,790	13.0	152,924	17.1	12,981,047	17.2
Jul 14	64.9	2.9	85.28	0.7	55.32	3.6	235,790	11.5	152,962	14.7	13,043,895	15.5
Aug 14	65.0	2.8	85.57	0.8	55.60	3.7	235,790	10.1	153,204	13.2	13,109,900	14.1
Sep 14	65.0	3.0	85.59	0.8	55.62	3.9	235,790	8.7	153,230	11.9	13,115,690	12.9
Oct 14	65.4	3.9	85.78	1.1	56.09	5.1	235,790	7.3	154,170	11.5	13,224,606	12.8
Nov 14	65.2	3.3	86.12	1.9	56.12	5.2	235,790	6.0	153,667	9.5	13,233,705	11.6
Dec 14	64.9	2.1	86.19	2.2	55.93	4.4	235,790	4.7	153,003	6.9	13,187,638	9.3
Jan 15	64.7	1.9	86.34	2.6	55.86	4.5	235,790	3.5	152,553	5.4	13,171,999	8.1
Feb 15	64.8	2.5	86.41	2.5	55.99	5.1	235,790	2.4	152,789	4.9	13,201,808	7.6
Mar 15	65.1	3.6	86.85	3.1	56.57	6.8	235,790	1.1	153,591	4.8	13,339,682	8.0

Day of Week Analysis

Occupancy (%)	Occupancy (%)							Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Apr - 14	55.5	65.5	80.0	77.8	73.5	88.5	89.7	76.0
May - 14	45.1	55.5	68.9	70.9	68.7	76.4	79.8	67.3
Jun - 14	52.2	63.7	73.7	77.1	71.7	92.0	87.6	72.9
Jul - 14	52.7	62.4	66.0	66.5	67.8	90.8	87.4	70.1
Aug - 14	48.2	59.5	64.6	64.5	63.2	87.2	87.2	68.4
Sep - 14	42.6	50.2	59.9	60.2	52.6	63.6	67.1	56.5
Oct - 14	49.7	62.0	60.6	61.4	58.5	63.3	76.0	61.6
Nov - 14	42.5	53.0	53.7	54.9	56.4	71.9	78.0	58.7
Dec - 14	49.3	55.5	56.8	51.7	51.4	64.7	68.4	56.6
Jan - 15	44.9	47.9	53.9	56.3	58.8	60.1	61.1	55.2
Feb - 15	46.3	54.9	66.1	59.6	64.2	74.9	80.8	63.8
Mar - 15	58.4	64.5	74.5	72.0	71.3	91.3	95.2	74.4
Total Year	49.0	57.9	65.1	64.4	63.2	76.7	79.6	65.1

Three Year Occupancy (%)	Three Year Occupancy (%)							Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Apr 12 - Mar 13	47.6	55.5	62.6	64.6	64.0	76.0	75.7	63.7
Apr 13 - Mar 14	48.1	56.5	61.2	63.9	60.3	74.3	75.9	62.9
Apr 14 - Mar 15	49.0	57.9	65.1	64.4	63.2	76.7	79.6	65.1
Total 3 Yr	48.3	56.7	63.0	64.3	62.4	75.6	77.1	63.9

ADR

ADR	ADR							Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Apr - 14	81.32	85.02	86.43	87.19	83.56	89.67	89.01	86.44
May - 14	82.24	85.04	87.26	87.36	85.55	90.17	90.41	87.46
Jun - 14	81.15	84.43	87.53	88.76	87.70	91.59	90.40	87.66
Jul - 14	86.44	87.52	87.15	87.12	87.42	94.40	92.69	89.17
Aug - 14	84.72	84.43	87.88	85.82	86.57	93.68	94.80	89.34
Sep - 14	81.79	85.68	85.77	84.63	82.49	85.71	84.88	84.64
Oct - 14	81.17	86.57	86.91	85.74	82.89	86.55	88.44	85.66
Nov - 14	83.04	85.91	85.94	87.37	84.76	89.54	88.44	86.76
Dec - 14	79.95	81.70	84.18	82.66	81.90	84.16	86.27	83.15
Jan - 15	82.51	82.72	83.72	83.51	83.93	87.65	88.19	84.98
Feb - 15	83.98	83.52	84.23	84.57	80.79	89.29	89.57	85.48
Mar - 15	84.90	86.38	87.87	87.54	88.24	94.95	94.13	89.45
Total Year	82.77	84.95	86.35	86.18	84.83	90.20	90.10	86.85

Three Year ADR	Three Year ADR							Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Apr 12 - Mar 13	80.90	83.47	84.72	84.56	83.56	87.32	87.47	84.87
Apr 13 - Mar 14	79.38	83.15	84.93	84.55	83.13	85.85	86.87	84.28
Apr 14 - Mar 15	82.77	84.95	86.35	86.18	84.83	90.20	90.10	86.85
Total 3 Yr	81.04	83.88	85.39	85.12	83.87	87.84	88.22	85.38

RevPAR

RevPAR	RevPAR							Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Apr - 14	45.15	55.69	69.11	67.86	61.45	79.36	79.85	65.69
May - 14	37.07	47.22	60.15	61.98	58.78	68.87	72.12	58.86
Jun - 14	42.33	53.76	64.52	68.41	62.92	84.24	79.16	63.91
Jul - 14	44.99	54.62	57.54	57.89	59.23	85.75	80.98	62.54
Aug - 14	40.81	50.25	56.76	55.36	54.67	81.70	82.68	61.10
Sep - 14	34.86	42.98	51.40	50.96	43.39	54.54	56.99	47.83
Oct - 14	40.31	53.70	52.70	52.68	48.52	54.81	67.23	52.77
Nov - 14	35.32	45.54	46.12	48.00	47.80	64.36	69.01	50.97
Dec - 14	39.38	45.35	47.79	42.77	42.11	54.46	59.02	47.08
Jan - 15	37.07	39.62	45.15	47.01	49.32	52.67	53.93	46.94
Feb - 15	38.88	45.82	55.64	50.39	51.84	66.91	72.35	54.55
Mar - 15	49.62	55.72	65.44	63.01	62.89	86.73	89.59	66.54
Total Year	40.60	49.21	56.24	55.51	53.61	69.15	71.72	56.57

Three Year RevPAR	Three Year RevPAR							Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Apr 12 - Mar 13	38.52	46.35	53.03	54.62	53.51	66.35	66.19	54.04
Apr 13 - Mar 14	38.19	46.94	51.97	54.01	50.10	63.78	65.90	52.97
Apr 14 - Mar 15	40.60	49.21	56.24	55.51	53.61	69.15	71.72	56.57
Total 3 Yr	39.13	47.55	53.81	54.72	52.36	66.44	68.03	54.36

Hotel Market Analysis and Feasibility Study for the Town of Benson, North Carolina

Raw Data

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants										
Jan 09	57.1		78.74		44.94		14,787		8,439		664,471		7	477	100.0
Feb 09	63.1		77.17		48.73		13,356		8,433		650,814		7	477	100.0
Mar 09	64.1		75.99		48.70		14,787		9,477		720,200		7	477	100.0
Apr 09	72.6		78.03		56.63		14,310		10,386		810,392		7	477	100.0
May 09	59.9		79.76		47.81		14,787		8,863		706,911		7	477	100.0
Jun 09	57.5		79.01		45.44		14,310		8,230		650,257		7	477	100.0
Jul 09	65.5		79.66		52.18		14,787		9,686		771,576		7	477	100.0
Aug 09	65.2		79.44		51.83		14,787		9,648		766,424		7	477	100.0
Sep 09	57.9		74.64		43.19		14,310		8,280		618,012		7	477	100.0
Oct 09	63.9		75.23		48.04		14,787		9,442		710,299		7	477	100.0
Nov 09	60.7		74.08		44.97		14,310		8,688		643,577		7	477	100.0
Dec 09	56.5		74.33		41.99		14,787		8,353		620,849		7	477	100.0
Jan 10	59.6	4.3	76.17	-3.3	45.36	0.9	14,787	0.0	8,806	4.3	670,744	0.9	7	477	100.0
Feb 10	62.0	-1.9	75.86	-1.7	47.00	-3.5	13,356	0.0	8,276	-1.9	627,787	-3.5	7	477	100.0
Mar 10	68.6	7.1	76.57	0.8	52.56	7.9	14,787	0.0	10,151	7.1	777,277	7.9	7	477	100.0
Apr 10	70.0	-3.6	76.89	-1.5	53.80	-5.0	14,310	0.0	10,014	-3.6	769,933	-5.0	7	477	100.0
May 10	65.0	8.4	75.30	-5.6	48.93	2.4	14,787	0.0	9,608	8.4	723,530	2.4	7	477	100.0
Jun 10	68.0	18.2	75.38	-4.6	51.23	12.7	14,310	0.0	9,725	18.2	733,074	12.7	7	477	100.0
Jul 10	69.5	6.0	79.05	-0.8	54.91	5.2	14,787	0.0	10,272	6.0	811,991	5.2	7	477	100.0
Aug 10	67.7	3.8	79.55	0.1	53.87	3.9	14,787	0.0	10,014	3.8	796,615	3.9	7	477	100.0
Sep 10	62.1	7.4	79.42	6.4	49.35	14.3	14,310	0.0	8,892	7.4	706,225	14.3	7	477	100.0
Oct 10	68.6	7.5	80.39	6.9	55.17	14.8	14,787	0.0	10,147	7.5	815,753	14.8	7	477	100.0
Nov 10	60.9	0.4	79.05	6.7	48.17	7.1	14,310	0.0	8,721	0.4	689,358	7.1	7	477	100.0
Dec 10	57.0	0.9	78.66	5.8	44.86	6.8	14,787	0.0	8,432	0.9	663,293	6.8	7	477	100.0
Jan 11	58.9	-1.1	79.84	4.8	47.05	3.7	14,787	0.0	8,713	-1.1	695,664	3.7	7	477	100.0
Feb 11	64.2	3.6	80.12	5.6	51.45	9.4	13,356	0.0	8,576	3.6	687,110	9.4	7	477	100.0
Mar 11	70.6	2.8	82.02	7.1	57.91	10.2	14,787	0.0	10,440	2.8	856,259	10.2	7	477	100.0
Apr 11	83.8	19.8	81.31	5.8	68.14	26.6	14,310	0.0	11,992	19.8	975,085	26.6	7	477	100.0
May 11	70.4	8.3	80.03	6.3	56.34	15.1	14,787	0.0	10,410	8.3	833,077	15.1	7	477	100.0
Jun 11	71.0	4.5	80.68	7.0	57.29	11.8	14,310	0.0	10,161	4.5	819,801	11.8	7	477	100.0
Jul 11	72.0	3.7	82.04	3.8	59.09	7.6	14,787	0.0	10,651	3.7	873,759	7.6	7	477	100.0
Aug 11	81.8	20.7	81.05	1.9	66.26	23.0	14,787	0.0	12,090	20.7	979,848	23.0	7	477	100.0
Sep 11	65.5	5.3	79.64	0.3	52.13	5.6	14,310	0.0	9,366	5.3	745,925	5.6	7	477	100.0
Oct 11	69.3	0.9	79.28	-1.4	54.90	-0.5	14,787	0.0	10,240	0.9	811,857	-0.5	7	477	100.0
Nov 11	69.4	13.9	79.21	0.2	54.96	14.1	14,310	0.0	9,929	13.9	786,452	14.1	7	477	100.0
Dec 11	60.0	5.3	77.94	-0.9	46.78	4.3	14,787	0.0	8,876	5.3	691,792	4.3	7	477	100.0
Jan 12	66.0	12.0	78.84	-1.3	52.02	10.6	14,787	0.0	9,758	12.0	769,283	10.6	7	477	100.0
Feb 12	70.8	10.2	79.99	-0.2	56.61	10.0	15,596	16.8	11,039	28.7	882,960	28.5	8	557	85.6
Mar 12	72.1	2.1	85.03	3.7	61.27	5.8	17,267	16.8	12,443	19.2	1,058,020	23.6	8	557	100.0
Apr 12	74.1	-11.6	85.21	4.8	63.14	-7.3	16,710	16.8	12,382	3.3	1,055,046	8.2	8	557	100.0
May 12	65.6	-6.8	85.60	7.0	56.15	-0.3	17,267	16.8	11,325	8.8	969,472	16.4	8	557	100.0
Jun 12	66.3	-6.6	85.24	5.6	56.55	-1.3	16,710	16.8	11,087	9.1	945,007	15.3	8	557	100.0
Jul 12	65.3	-9.3	85.92	4.7	56.14	-5.0	17,267	16.8	11,283	5.9	969,434	10.9	8	557	100.0
Aug 12	66.1	-19.2	84.58	4.4	55.88	-15.7	17,267	16.8	11,407	-5.6	964,804	-1.5	8	557	100.0
Sep 12	56.3	-13.9	84.00	5.5	47.31	-9.2	16,710	16.8	9,412	0.5	790,570	6.0	8	557	100.0
Oct 12	57.9	-16.4	83.95	5.9	48.58	-11.5	17,267	16.8	9,992	-2.4	838,876	3.3	8	557	100.0
Nov 12	59.1	-14.8	85.63	8.1	50.61	-7.9	16,710	16.8	9,875	-0.5	845,621	7.5	8	557	100.0
Dec 12	53.5	-10.9	85.07	9.1	45.49	-2.8	17,267	16.8	9,233	4.0	785,454	13.5	8	557	100.0
Jan 13	57.3	-13.2	84.70	7.4	48.50	-6.8	17,267	16.8	9,887	1.3	837,384	8.9	8	557	100.0
Feb 13	66.7	-5.7	83.03	3.8	55.39	-2.2	15,596	0.0	10,405	-5.7	863,876	-2.2	8	557	100.0
Mar 13	76.2	5.8	85.14	0.1	64.92	5.9	17,267	0.0	13,165	5.8	1,120,892	5.9	8	557	100.0
Apr 13	72.7	-1.9	85.62	0.5	62.23	-1.4	16,710	0.0	12,146	-1.9	1,039,913	-1.4	8	557	100.0
May 13	58.2	-11.2	85.78	0.2	49.95	-11.0	20,026	16.0	11,660	3.0	1,000,214	3.2	9	646	100.0
Jun 13	62.6	-5.7	83.94	-1.5	52.52	-7.1	19,380	16.0	12,126	9.4	1,017,854	7.7	9	646	100.0
Jul 13	69.9	7.0	84.92	-1.2	59.40	5.8	20,026	16.0	14,007	24.1	1,189,494	22.7	9	646	100.0
Aug 13	67.2	1.7	86.04	1.7	57.80	3.4	20,026	16.0	13,453	17.9	1,157,562	20.0	9	646	100.0
Sep 13	56.4	0.1	84.31	0.4	47.53	0.5	19,380	16.0	10,926	16.1	921,153	16.5	9	646	100.0
Oct 13	56.9	-1.7	83.16	-0.9	47.33	-2.6	20,026	16.0	11,397	14.1	947,811	13.0	9	646	100.0
Nov 13	61.3	3.8	82.32	-3.9	50.50	-0.2	19,380	16.0	11,888	20.4	978,612	15.7	9	646	100.0
Dec 13	59.9	12.1	82.38	-3.2	49.38	8.6	20,026	16.0	12,003	30.0	988,853	25.9	9	646	100.0
Jan 14	57.5	0.4	83.01	-2.0	47.72	-1.6	20,026	16.0	11,511	16.4	955,570	14.1	9	646	100.0
Feb 14	62.5	-6.3	84.63	1.9	52.90	-4.5	18,088	16.0	11,306	8.7	956,841	10.8	9	646	100.0
Mar 14	70.4	-7.7	84.75	-0.5	59.66	-8.1	20,026	16.0	14,096	7.1	1,194,683	6.6	9	646	100.0
Apr 14	76.0	4.6	86.44	1.0	65.69	5.6	19,380	16.0	14,729	21.3	1,273,155	22.4	9	646	100.0
May 14	67.3	15.6	87.46	2.0	58.86	17.8	20,026	0.0	13,477	15.6	1,178,651	17.8	9	646	100.0
Jun 14	72.9	16.5	87.66	4.4	63.91	21.7	19,380	0.0	14,131	16.5	1,238,662	21.7	9	646	100.0
Jul 14	70.1	0.3	89.17	5.0	62.54	5.3	20,026	0.0	14,045	0.3	1,252,342	5.3	9	646	100.0
Aug 14	68.4	1.8	89.34	3.8	61.10	5.7	20,026	0.0	13,695	1.8	1,223,567	5.7	9	646	100.0
Sep 14	56.5	0.2	84.64	0.4	47.83	0.6	19,380	0.0	10,952	0.2	926,943	0.6	9	646	100.0
Oct 14	61.6	8.2	85.66	3.0	52.77	11.5	20,026	0.0	12,337	8.2	1,056,727	11.5	9	646	100.0
Nov 14	58.7	-4.2	86.76	5.4	50.97	0.9	19,380	0.0	11,385	-4.2	987,711	0.9	9	646	100.0
Dec 14	56.6	-5.5	83.15	0.9	47.08	-4.7	20,026	0.0	11,339	-5.5	942,786	-4.7	9	646	100.0
Jan 15	55.2	-3.9	84.98	2.4	46.94	-1.6	20,026	0.0	11,061	-3.9	939,931	-1.6	9	646	100.0
Feb 15	63.8	2.1	85.48	1.0	54.55	3.1	18,088	0.0	11,542	2.1	986,650	3.1	9	646	100.0
Mar 15	74.4	5.7	89.45	5.5	66.54	11.5	20,026	0.0	14,898	5.7	1,332,557	11.5	9	646	100.0

**Response Report**

STR Code	Name of Establishment	City & State	Zip Code	Class	Aff Date	Open Date	Rooms	Chg in Rms	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D				
36520	Hampton Inn Selma Smithfield 95	Selma, NC	27576	Upper Midscale Class	May 1998	May 1998	76		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•				
57212	Comfort Inn Smithfield	Smithfield, NC	27577	Upper Midscale Class	Nov 2007	Nov 2007	72		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
61810	Holiday Inn Express & Suites Smithfield Selma 95	Smithfield, NC	27577	Upper Midscale Class	Feb 2012	Feb 2012	80	Y	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
62807	Fairfield Inn & Suites Smithfield	Smithfield, NC	27577	Upper Midscale Class	May 2013	May 2013	89	Y	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
53691	Best Western Smithfield Inn	Smithfield, NC	27577	Midscale Class	Aug 2005	Aug 2005	58		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
37048	Baymont Inn Smithfield	Smithfield, NC	27577	Midscale Class	Dec 2012	Mar 1998	40		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
54565	Hampton Inn Dunn	Dunn, NC	28334	Upper Midscale Class	Sep 2006	Sep 2006	120		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
37529	Baymont Inn Dunn	Dunn, NC	28334	Midscale Class	Dec 2012	Dec 1998	42		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
37611	Clarion Inn Dunn	Dunn, NC	28334	Upper Midscale Class	Oct 2014	Jan 1999	69		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•					
							Total Properties:	9																												

• - Monthly data received by STR  
 • - Monthly and daily data received by STR  
 Blank - No data received by STR  
 Y - (Chg in Rms) Property has experienced a room addition or drop during the time period of the report.