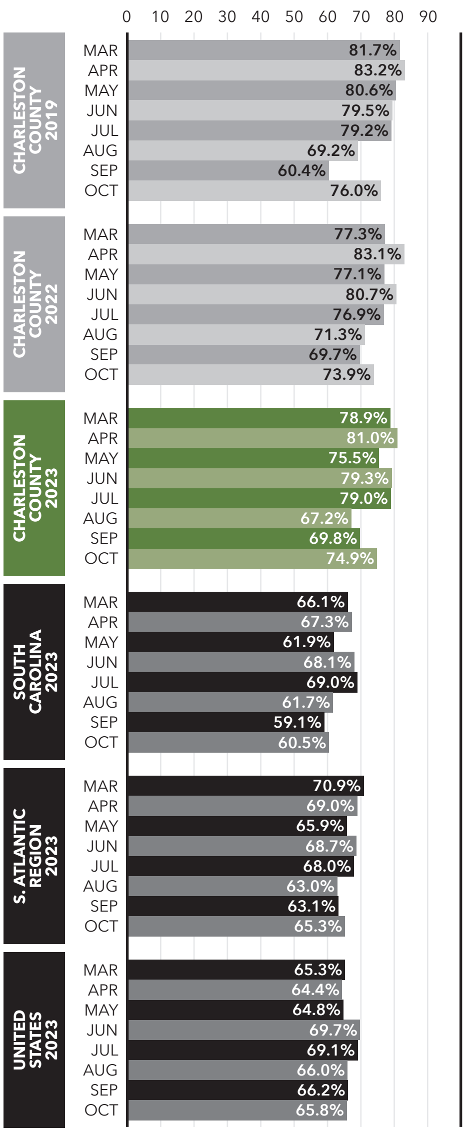
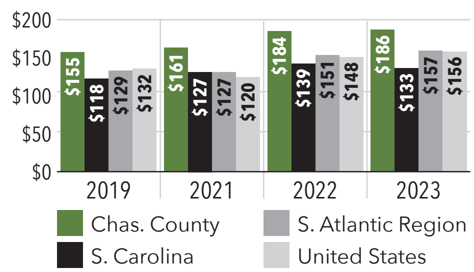
Explore Charleston

MUNICIPAL QUARTERLY UPDATE

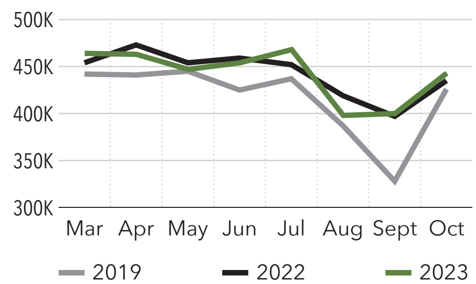
HOTEL AVERAGE OCCUPANCY



HOTEL AVERAGE DAILY RATE JAN - OCT MEAN COMPARISON



CHARLESTON COUNTY HOTEL ROOM NIGHTS SOLD



Market Performance

Through late summer and early fall, Charleston County **lodging demand continued to normalize.** The peninsula enjoyed stronger year-over-year hotel performance in September and October. Demand in East Cooper and North Charleston was essentially unchanged over the last few months, while West Ashley experienced a decline of over 5% compared to the same period in '22. This signals the **pull back was mainly among more price-conscious travelers.**

Vacation rental performance saw many of the same patterns observed in the first half of the year. Consistent with Southeast U.S. variances, **occupancy trailed '22 results in all Charleston area island communities.** This was anticipated considering the robust demand in '21 and '22. Overall demand remained well ahead of pre-pandemic levels. Continued moderation of ADR resulted in modest YTD declines compared to '22. A key factor impacting beach visitation remains the resumption of more normal travel patterns in larger metropolitan areas and the reopening of international markets over the last year.

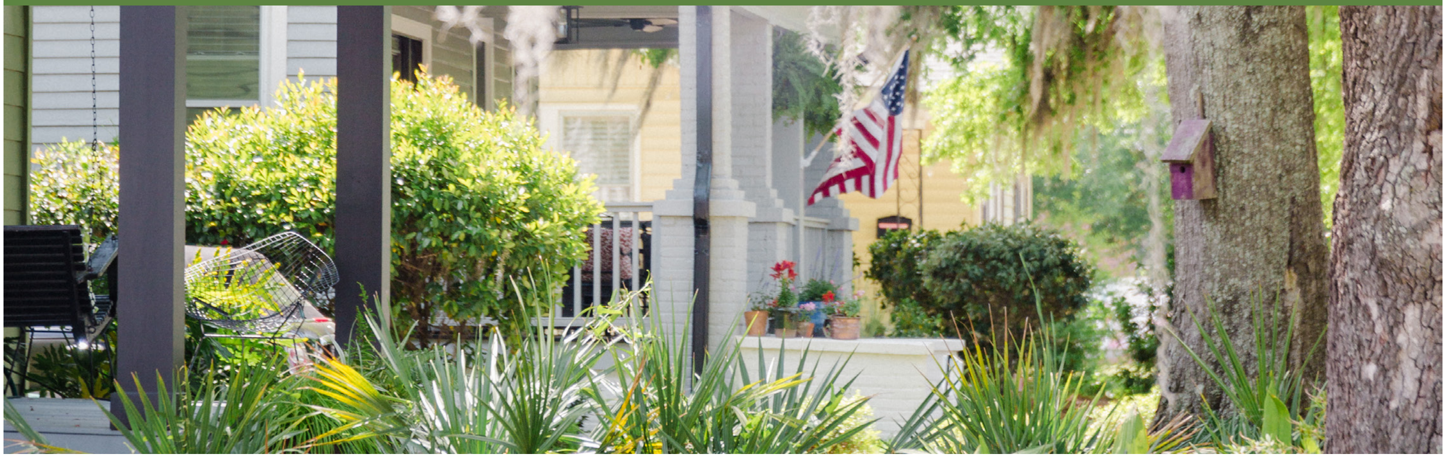
Strong national **forecasts for the holiday season manifested over Thanksgiving.** Early signs are that, as predicted in late summer, the middle and higher-end markets are ending the fall on a positive note. **Hotel pacing reports for the county indicate tailwinds will support healthy demand into next year.**

In October, **College of Charleston released its '24 Hotel Performance Forecast that predicts overall market demand will be essentially unchanged from '23.** The analysis suggests the inflationary cost pressures and motivated vacationers that induced much of the ADR growth in '21 and '22 have dissipated. Interest rates and the restart of student loan payments are expected to weaken demand among some travelers. There is increased sentiment nationally that the winter season could be more tenuous for leisure travel. Competition among destinations for leisure and group business continues to increase. However, less price-conscious, higher income households will likely sustain hotel ADR even as occupancy rates moderate. Entering '24, it is also anticipated that demand will be fueled by the business and group travel sectors.

Penn Station Activation

In October, **Explore Charleston embarked on its largest advertising activation ever - a month-long Penn Station takeover.** The destination was featured on over 200 installations throughout the New York City transportation hub. The campaign captured the beauty of the entire Charleston area, highlighting attributes and iconic images from beaches to window boxes, creeks to golf courses. **Research indicates that visitors choose their accommodations first, and every hotel member was featured on a display.**

The Northeast is a primary region of visitor origin for the Charleston area. Penn Station is the busiest transportation facility in the Western Hemisphere and at the center of a passenger rail line that connects New York with Boston, Philadelphia, Baltimore and Washington. **Over 600,000 people travel through the terminal each day,** more than the daily passenger count of New York's three major airports combined. The campaign generated over **74 million impressions.** Some of the creative was so engaging the media company managing Penn Station nominated it for a design award.



City of North Charleston Occupancy and Average Daily Rate (ADR)

HOTEL ROOM INVENTORY (JAN. - OCT. 2023)	HOTEL % OCCUPIED (JAN. - OCT. 2023)	HOTEL ROOM NIGHTS SOLD (JAN. - OCT. 2023)	HOTEL ADR (JAN. - OCT. 2023)
8,057	73.1%	1,787,785 NIGHTS	$122.51
CHANGE IN ROOM INVENTORY FROM '22	CHANGE IN OCCUPANCY FROM '22	CHANGE IN ROOM NIGHTS SOLD FROM '22	CHANGE IN ADR FROM '22
--	0.6%	0.4%	2.4%

Group Sales Activity

Optimism is high for the group travel sector. According to American Express Global Business Travel's '24 Meetings and Events Forecast, 77% of event planners say their attendee numbers have returned to '19 levels or they expect them to do so in '24. The report also indicates direct flights and ease of travel to meeting destinations are top factors influencing location selection.

Fortunately, **one of the Charleston region's competitive strengths is rapidly expanding air service.** In 4th quarter '23, Charleston International Airport (CHS) ranks as the **2nd fastest growing medium and large hub airport in the U.S.** compared to '19. Through October, CHS passenger traffic was up over 16% versus last year and over 25% from the same period in '19.

Seat capacity - a key performance metric - is up considerably which indicates **success is driven by larger equipment on existing flights combined with new routes and destinations.** Comparing 4th quarter '23 to the same period in '19, overall seat capacity is up 31%. More specifically, seats into the New York metro area are up 56% on 29% more flights.

CITY OF NORTH CHARLESTON Q3 COMPARISON: 2019-2023

JULY - SEPTEMBER	GROUP SALES LEADS GENERATED	POTENTIAL ROOM NIGHTS REPRESENTED
2019	125	55,415
2021	83	22,959
2022	117	50,048
2023	118	65,491