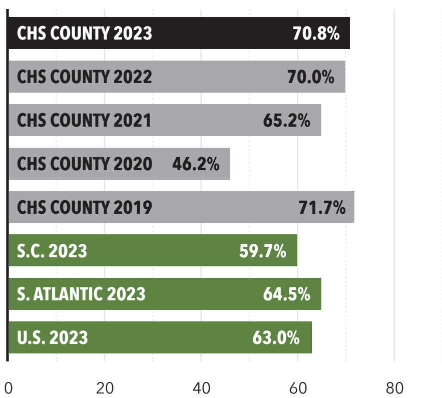
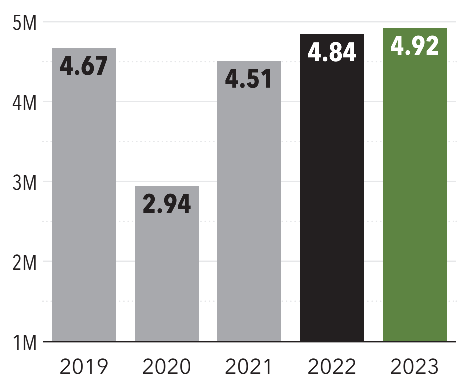
Explore Charleston

MUNICIPAL QUARTERLY UPDATE

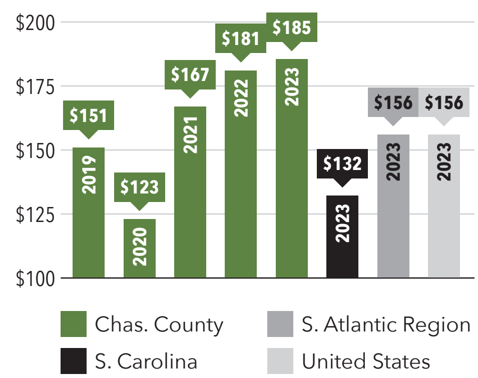
HOTEL OCCUPANCY ANNUAL MEAN COMPARISON



CHARLESTON COUNTY HOTELS ROOM NIGHTS SOLD (MILLIONS)



HOTEL AVERAGE DAILY RATE MEAN COMPARISON



Another Strong Year in 2023

On the heels of a record-setting '22, hotel demand in '23 remained strong across most of the Charleston region. Successful efforts by industry partners and elected officials, combined with effective marketing, media, sales, and air service initiatives, resulted in another **record-setting year for Charleston County hotel demand.** While demand continued to normalize, and the market didn't experience the dramatic increases in occupancy and average daily (ADR) seen immediately following the pandemic, modest region-wide growth continued. Room nights sold (RNS) outpaced '22 by almost 80,000 rooms (+2%) and pre-pandemic levels by 250,000 (+5%). Occupancy increased approximately 1% vs. '22.

A **bifurcation of the market persisted as results varied by submarket.** The peninsula and East Cooper set records for demand, while other areas, like West Ashley, saw a pullback in demand among more price-conscious travelers compared to '22.

Fortunately, **increased demand was not at the expense of average daily rate (ADR).** Growth in ADR moderated compared to significant YOY increases throughout '21 and '22. However, ADR was still higher in three of four submarkets and up 2% for the county compared to '22. This indicates the **region was able to maintain some of the pricing power achieved in the years immediately following the pandemic.**

Consistent with local and national trends noted in previous reports, vacation rental demand continued to return to more seasonal patterns. Occupancy was lower than the record-setting pace achieved in '21 and '22 but remained above pre-pandemic levels in all Charleston area island communities. A continued pullback in YOY ADR was anticipated as pent-up demand subsided and COVID travel patterns returned. Total stay values still far exceed pre-2020 levels.

Impressive market comparisons

Benchmarking is even more significant and provides important context in an increasingly complex operating and economic environment, especially following the pandemic. Previous reports included countywide comparisons to state, South Atlantic and national hotel performance, as noted in graphs above. Charleston County continued to outpace all three.

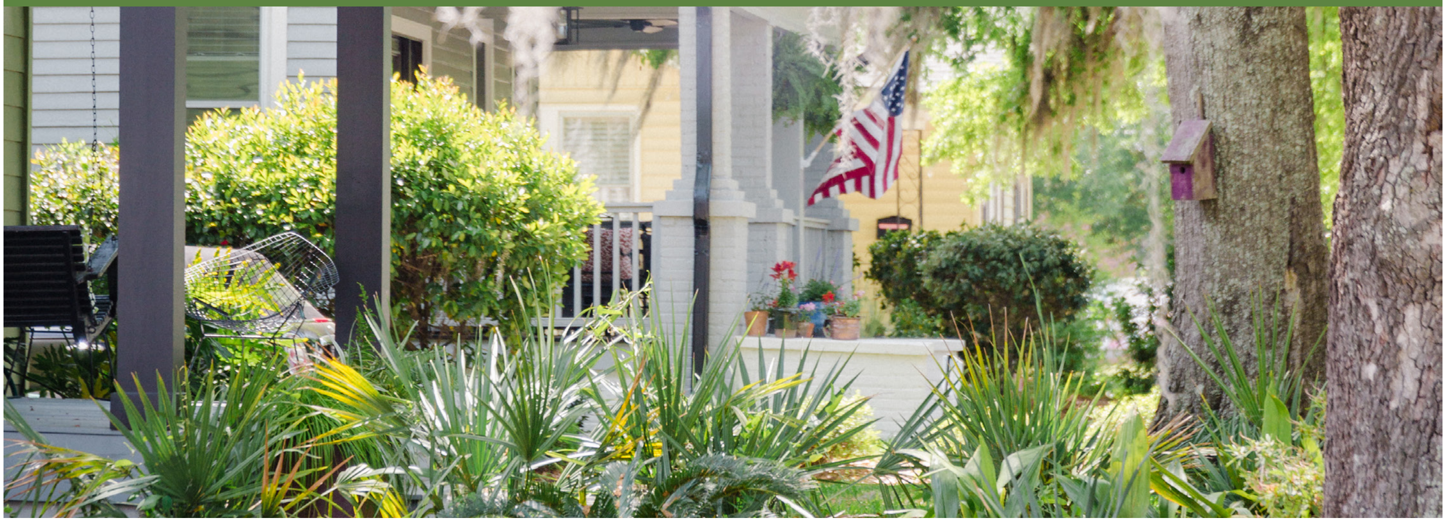
Local performance is also evaluated against an Explore Charleston-selected comp set of 18 cities. For '23, **YOY demand in the Charleston area was impressive compared to these U.S. markets.** The region improved from 8th highest occupancy in '22 to 4th highest in '23. Nine markets experienced YOY growth, and ten saw a decline. **The Charleston area was one of only five markets to realize growth in demand of 0.5% or greater.**

COMP CITIES - 2023 OCCUPANCY AND YOY TREND FROM 2022

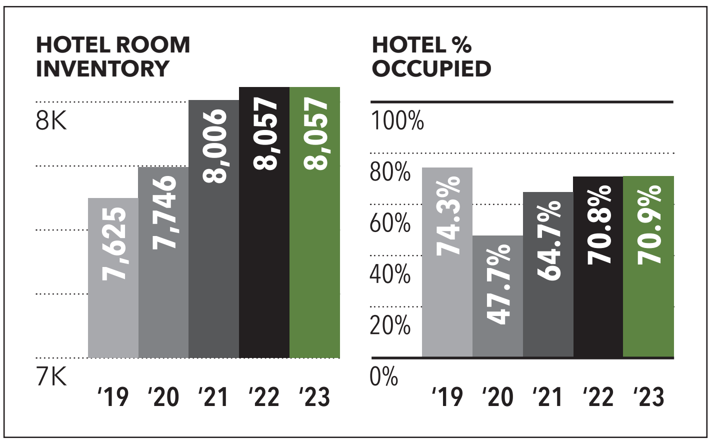
Asheville, NC	68% ▼	New Orleans, LA	59% ▼
Atlanta, GA	65% ▲	Norfolk/Portsmouth, VA	67% ▼
Baltimore, MD	63% ▲	Orlando, FL	73% ▼
Charlotte, NC	65% ▲	Savannah, GA	71% ▲
Charleston Area	70% ▲	Virginia Beach, VA	60% ▼
Greenville, SC	69% ▲	Tampa, FL	70% ▼
Hilton Hd./Beaufort, SC	59% ▲	Ft Lauderdale, FL	72% ▲
Jacksonville, FL	68% ▼	Austin, TX	68% ▼
Myrtle Beach, SC	52% ▼	Santa Barbara/Santa Maria, CA	67% ▼
Nashville, TN	69% ▲		

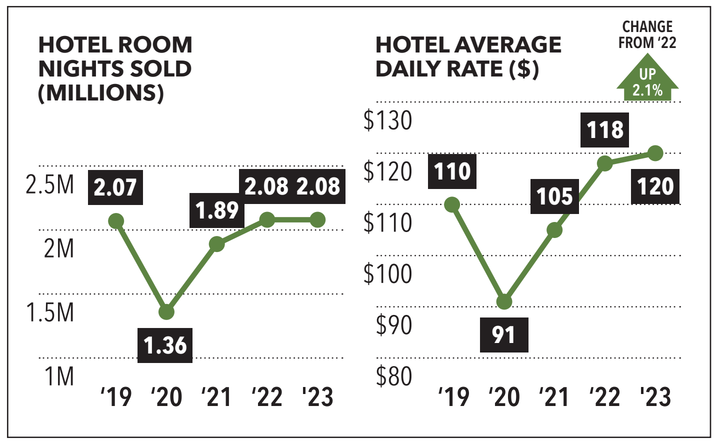
Looking Ahead

The region's travel industry enjoys a number of tailwinds; however, the predicted signs of a pullback in near-term hotel demand and ADR materialized in late winter. Fortunately, research continues to indicate consumers are prioritizing travel over the next 12 months. MMGY noted in a recent national report, **"The stability in long-term travel intentions signals resilience in the face of short-term uncertainties, providing an optimistic outlook for the travel industry in the coming year."** The challenge is that competition for this discretionary spending has grown domestically and, even moreso, internationally. It is anticipated that **any increase in local hotel demand will be minimal in the first half of the year.**

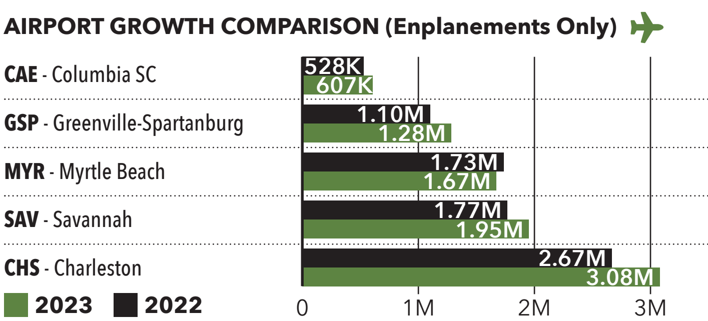


City of North Charleston Hotel Occupancy and Average Daily Rate





Air Service and Group Sales Activity



Air service remains a competitive advantage for the industry and community, and Charleston International (CHS) enjoyed a record-setting year for passenger traffic in '23. In addition to surpassing the previous record ('22), **CHS's rate of growth exceeded S.C. airports, as well as Savannah/Hilton Head International (SAV).**

CHS market share among the four S.C. airports increased from 44.2% in '22 to 46.4% in '23. While total enplanements in the four state airports grew an impressive 10.2% from '22 to '23, CHS grew 15.5%. In '22, CHS enplanements exceeded SAV by 51%. That variance was 57% last year.

CITY OF NORTH CHARLESTON Q4 COMPARISON: 2019-2023

OCTOBER - DECEMBER	GROUP SALES LEADS GENERATED	POTENTIAL ROOM NIGHTS REPRESENTED
2019	90	43,447
2021	91	47,645
2022	95	49,340
2023	110	57,071