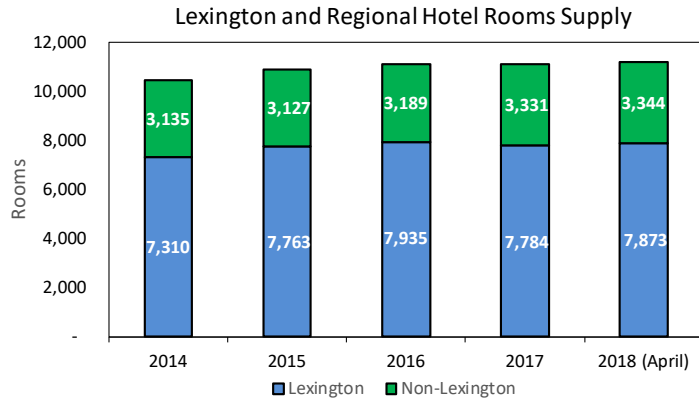


Tourism Supply

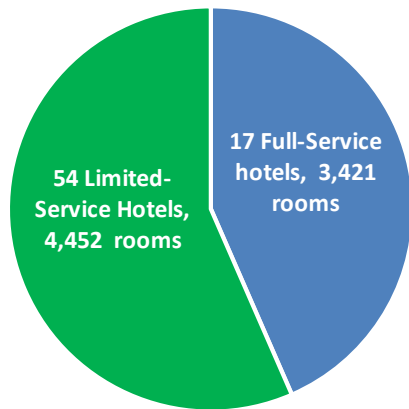


Source: Smith Travel Research

Fig. 1

- Hotel supply in Lexington and the regional area¹ has remained relatively steady in 2018, following an increase of 6.4% from 2014 until 2017.
- Lexington has a 70% share of the regional area hotel market.
- Within the city of Lexington, 7,873 rooms are contained within 71 hotels.

Lexington Hotels - Service Levels



Source: Smith Travel Research, VisitLEX

Fig. 2

- Nearly 56% of Lexington hotel rooms – 4,452 units – are in 54 limited-service hotels.
- Units in 17 full-service hotels make up 44% (3,421 rooms) of Lexington hotel supply.
- Full-service brands include Marriott, Hyatt Regency, Hilton, 21c, Embassy Suites, and DoubleTree, among others.

Total Meeting Space in Lexington Hotels		
Sq. Footage	Properties	Representative Brands
20,000 or more	4	Marriott, Hilton, Hyatt, Curio
15,000-20,000	0	None
10,000-15,000	2	Embassy Suites, Clarion
5,000-10,000	5	Ramada, Four Points, 21c, Clarion, DoubleTree
1,000-5,000	10	Fairfield, Hilton Suites, Courtyard, Hyatt Place
Less than 1,000	10	Homewood, Hilton Garden, Residence, Hampton

Source: VisitLEX

Fig. 3

- Six out of 31 Lexington hotels with meeting space have more than 10,000 square feet.
- Four Lexington hotels have more than 20,000 square feet of meeting space.

¹ Lexington region includes hotels in Berea, Georgetown, Lexington, Paris, Richmond, Wilmore, and Winchester.

Tourism Supply (cont.)

Comparable Hotel Sales			
Year	Number of Sales	Total Rooms	Average Sale Price per Room
2018	5	478	\$41,458
2017	8	659	\$63,848
2016	2	236	\$70,269
2015	9	1,077	\$88,494
2014	2	488	\$63,593

Source: Fayette County, KY PVA

Fig. 4

- Since 2014, 26 hotel properties in Lexington have sold garnering an average sales price per room of more than \$69,000.
- 2015 was a peak year for Lexington hotel sales in terms of properties and price per room – nine hotels and \$88,494, respectively.

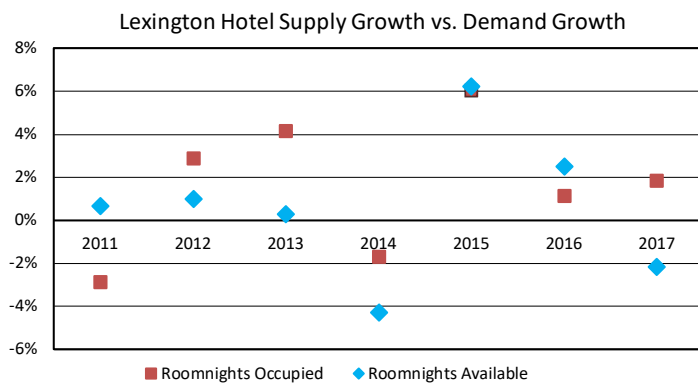
Proposed Hotels				
Project Name	Neighborhood	Rooms	Projected Open	Project Phase
Holiday Inn Lexington	CBD/Southwest Loop	123	6/1/2018	In Construction
Fairfield Inn & Suites East	Northeast Loop	84	10/5/2018	In Construction
Origin Hotel at the Summit	CBD/Southwest Loop	120	1/30/2019	In Construction
Avid Lexington	CBD/Southwest Loop	95	10/1/2019	Planning
Marriott City Center	CBD/Southwest Loop	203	11/4/2019	In Construction
Residence Inn City Center	CBD/Southwest Loop	120	2/25/2020	In Construction
Home2 Suites Hamburg	CBD/Southwest Loop	107	3/25/2020	Final Planning
Tru by Hilton Hamburg	Northeast Loop	82	10/23/2020	Planning
Springhill Suites North	Northeast Loop	125	1/30/2021	Planning
Aloft Hotel University	CBD/Southwest Loop	135	4/2/2023	Planning

Source: Smith Travel Research

Fig. 5

- By 2023, 1,194 new hotel rooms in 10 properties may be open in Lexington.
- A total of 650 new hotel rooms are under construction and expected to open by early 2020.
- If proposed development happens as planned, total Lexington hotel supply would reach 8,807 rooms by the end of 2019.

Tourism Demand



Source: Smith Travel Research

Fig. 6

- In 2012 through 2014 and again in 2017, Lexington hotel demand growth outpaced growth in Lexington hotel supply.
- As new hotels came on the market in 2015 and 2016, supply growth caught up with demand growth.

Tourism Demand (cont.)

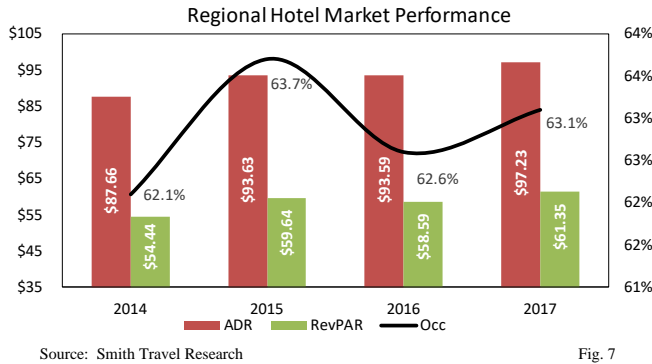


Fig. 7

- Annual hotel occupancy in Lexington and the regional area² has hovered between 62.1% and 63.7% since 2014.
- Between 2014 and 2017, ADR grew 10.9%, increasing from \$87.66 to \$97.23.
- RevPAR has increased 12.7%, from \$54.44 to \$61.35, since 2014.

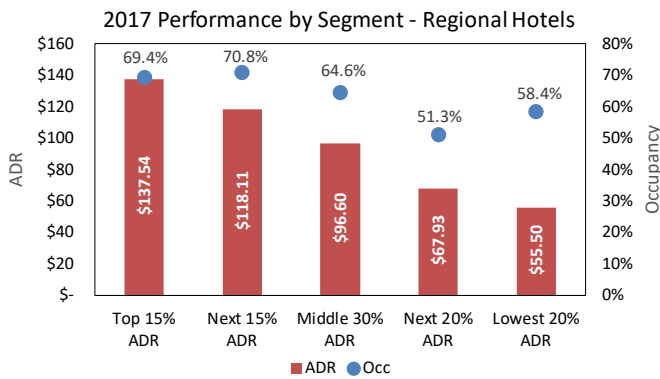


Fig. 8

- Regional hotels in the 70th percentile of ADR post the highest occupancy rates (roughly 70%), relative to lower rated hotels in the region.
- Hotels in the top 15% of region ADR include Embassy Suites, Holiday Inn Express & Suites, Springhill Suites, 21c, Hilton, Hyatt Regency, Courtyard, Homewood, Marriott, Staybridge, Residence Inn, and DoubleTree.
- The poorest performing hotels, in terms of occupancy, are those with an ADR of around \$68.

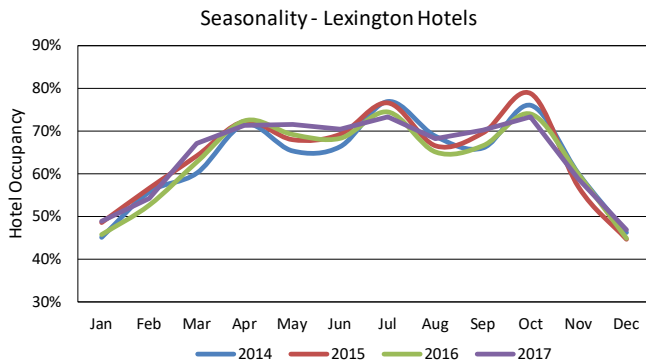
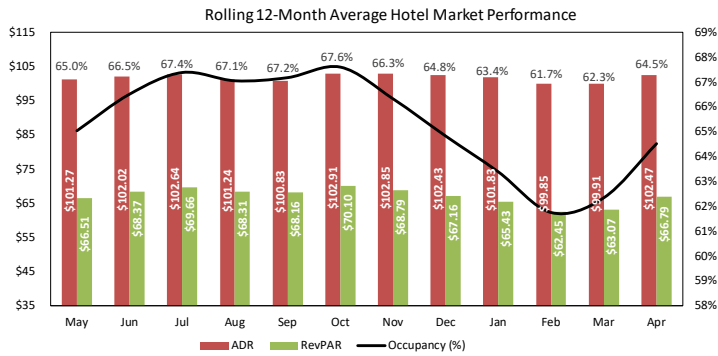


Fig. 9

- Lexington visitation peaks three times throughout the year – in April and October during Keeneland racing and sales and in July.
- Monthly hotel occupancy rates have remained relatively stable over the past four years.

² The regional area includes Lexington hotels and hotels in Berea, Georgetown, Lexington, Paris, Richmond, Wilmore, and Winchester.

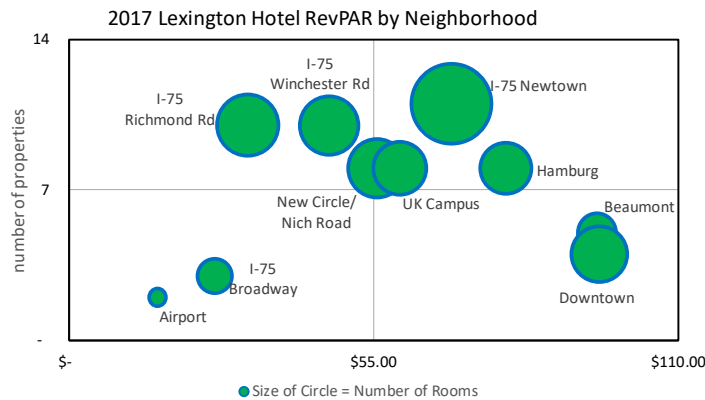
Tourism Demand (cont.)



Source: Smith Travel Research

Fig. 10

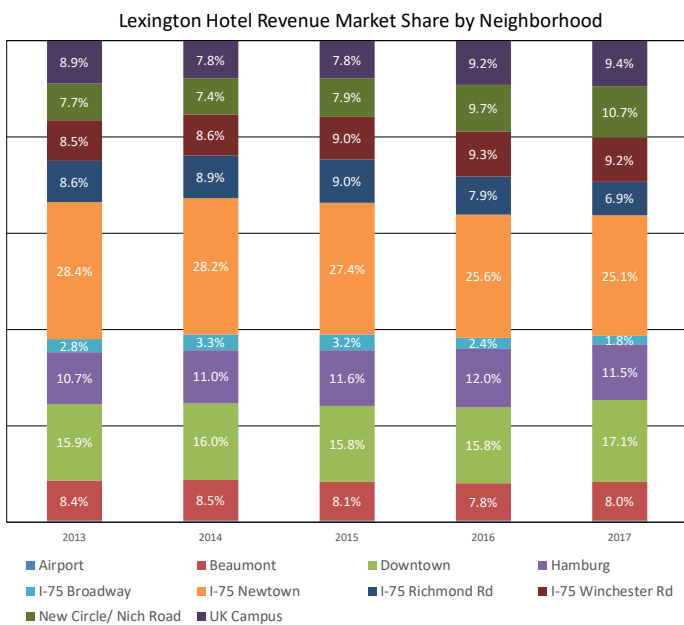
- Analysis of the rolling 12-month average of Lexington hotel occupancy, ADR, and RevPAR shows positive or neutral trends in all three metrics.
- While occupancy and RevPAR are remaining steady, ADR is trending upward by 1.2%.



Source: VisitLEX

Fig. 11

- Although RevPAR is relatively low in the airport and I-75 Broadway areas, the lack of supply could indicate the opportunity to induce new hotel demand if new supply was added.
- The Beaumont neighborhood and downtown have relatively low supply and high RevPAR, which may indicate pockets of opportunities for new hotel supply.

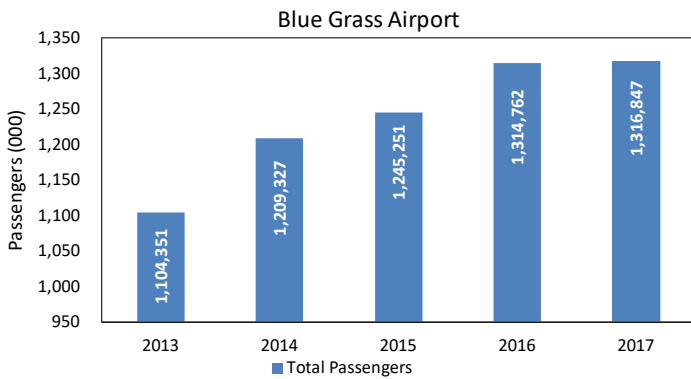


Source: VisitLEX

Fig. 12

- While I-75/Newtown Road corridor is the largest sub-market, the neighborhood's market share has declined more than the market share of other neighborhoods since 2013.
- Market share in the New Circle/Nicholasville Road and Downtown neighborhoods has grown more than other neighborhoods, apparently capturing demand from other neighborhoods and inducing its own demand as new supply has been added.
- The Airport hotel market share, 0.3% in 2017, which is too small to show in the graph, is the smallest sub-market in Lexington.

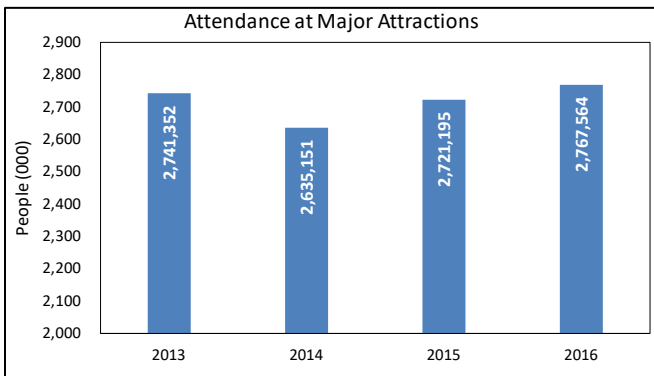
Tourism Demand (cont.)



Source: Blue Grass Airport

Fig. 13

- Total airline passengers at Lexington's Blue Grass Airport increased by more than 212,000 people, or roughly 16.1%, between 2013 and 2017.
- Delta Airlines and American Airlines carry roughly 67% of the passengers to and from Blue Grass Airport.



Source: Individual attractions

Fig. 14

- Attendance at major Lexington leisure attractions has remained steady at roughly 2.7 million people per year.
- Major Lexington leisure attractions include Keeneland Race Track, the Kentucky Horse Park, Red Mile Race Track, the Lexington Legends baseball team, and Rupp Arena.

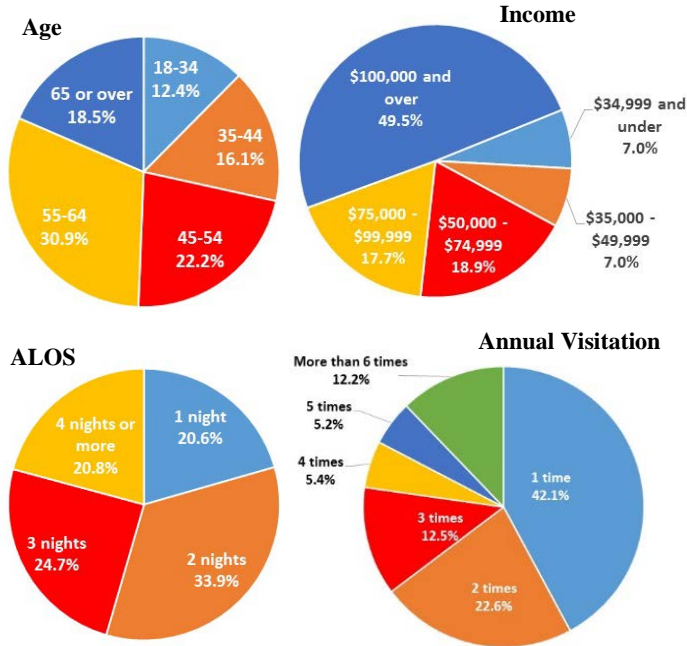
Segment	VisitLEX Group Bookings and Leads			
	Total		Definitive	
	Leads	Roomnights	Leads	Roomnights
Sports	164	116,109	86	36,289
Equine	28	22,846	24	17,556
State	118	39,584	60	14,213
Corporate	40	15,497	18	11,676
Religious	56	72,402	12	9,050
Clubs/Hobby	26	15,463	9	5,102
Trade	51	31,486	14	3,672
Education	35	46,770	13	3,405
Government	26	12,082	8	3,305
Other	154	76,676	58	15,755
Total	698	448,915	302	120,023

Source: VisitLEX

Fig. 15

- Over the past two years, 43% of group business leads and 27% of associated roomnights have been converted to definitive bookings.
- Definitive group bookings have resulted in over 120,000 roomnights in the past two years.
- Sports, equine, state government, and corporate are the largest group demand segments.

Visitor Profile



Source: 2017 UK Study

Fig. 16

- Lexington visitors are typically older – more than half (53.1%) are between the ages of 45 and 64.
- Incomes of Lexington visitors are typically high with 67.2% earning more than \$75,000.
- The majority of visitors to Lexington (79.4%) stay multiple nights – only 20.6% stay one night.
- Repeat visitation is a hallmark of Lexington tourism with the majority of visitors (57.9%) returning to Lexington two times or more during the course of a year.

Destination Competition

Meeting and Convention	Convention Center							
	Meeting Rooms		Exhibition Space		Ballrooms		Within 5 Blocks	
	Number	Total SF	Number	Total SF	Number	Total SF	Hotels	Rooms
Lexington, KY	18	40,040	3	66,000	3	17,070	4	861
Grand Rapids, MI	26	32,000	3	162,000	4	40,000	6	1,575
Kansas City, MO	45	118,000	5	388,800	4	46,400	6	1,993
Chattanooga, TN	21	25,580	4	100,800	6	18,360	6	1,304
Louisville, KY	47	58,924	5	192,768	5	40,256	16	5,212
Covington, KY	10	12,760	2	46,200	5	22,800	3	718

Source: Individual convention centers

Fig. 17

- Lexington currently has four hotels with a total of 861 rooms within five blocks of the Lexington Convention Center.
- Among similar cities with comparable convention centers, Lexington currently has fewer hotels and fewer hotel rooms within close proximity to the convention center.