

Background

Destination 2028: A Wake County road map to vibrant tourism

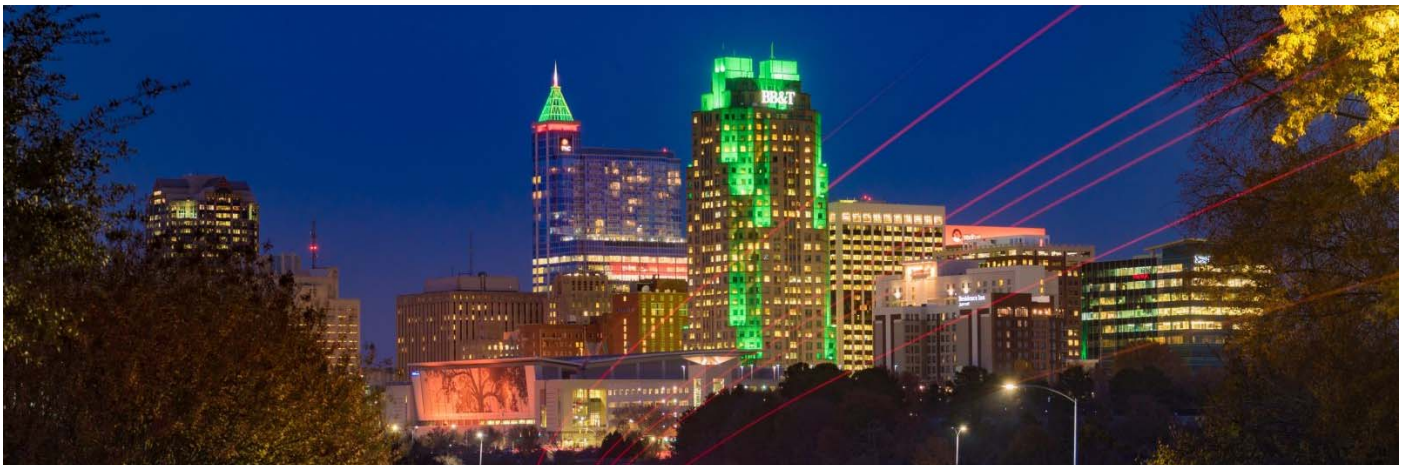
Background

As the official destination marketing organization for Wake County, the Greater Raleigh Convention and Visitors Bureau (GRCVB) not only works to attract overnight visitors to the area, but also seeks to position the county as a dynamic destination shaped by the innovation, creativity and passion of its residents. In doing so, GRCVB tracks trends in the tourism industry and looks to understand where Wake County stands and what must be done to make the destination more competitive.

While Wake County has enjoyed strong visitor growth over the last several years, the destination and community partners in Wake County recognize that they must remain proactive or run the risk of annual visitor numbers flattening or becoming stagnant. Over the past decade, much has been done to build and coordinate countywide partnerships and initiatives to link the destination marketing efforts of the municipalities, GRCVB, partners and owners of destination assets. However, the county has not had any major development in terms of new significant demand generators for more than ten years. Other destinations are making heavy investments in their tourism infrastructure. Expanding or renovating their sports facilities, building or renovating convention centers into state of the art facilities that cater to today's meeting and networking preferences are only two examples. Competition to attract visitors of all types is getting bigger and better and more competitive.

JLL was engaged to ensure that Wake County stays in front of this curve.

In June 2017, GRCVB contracted with JLL to facilitate a countywide effort to position Wake County and its 12 communities as a premier destination in the U.S. Southeast and beyond. The resulting ***Destination Strategic Plan*** has one simple objective: to identify priority areas of focus and specific initiatives that will help increase tourism in Wake County to 21.7 million total visitors by 2028.



The DSP identifies actions that would impact overnight visitation along three core visitor types: meetings and conventions attendees, sporting events participants and spectators and leisure visitors.

From its inception, the DSP has been collaborative and iterative. Throughout the year-long process, JLL received feedback from more than 1,800 stakeholders, worked closely with the GRCVB and destination partners, and sought direction and counsel from a Steering Committee comprised of local thought-leaders. The resulting plan encompasses all that Wake County and its communities have to offer.

While some aspects of the resulting plan are focused on specific geographies or demand generators within the county, the overall plan purposefully looks at ways each of the communities can contribute to the overarching visitor goals. The DSP also suggests pathways through which each community can be engaged in the priorities for the county that are identified in the plan—either to increase overnight visitor flow within their jurisdictions or to benefit from the economic impact of increased visitation in the county as a whole.

The process to build the DSP is grounded in three, complementary platforms:

- Stakeholder consensus
- Tourism infrastructure and destination development
- Increase all visitor flows across conventions and meetings, sporting events and leisure visitation

Stakeholder Consensus

JLL prides itself on providing strategic planning counsel and recommendations that help destinations leverage their unique assets and differentiate themselves to visitors. Our process is based on the belief that a strategic plan will only be successful if it has the buy-in and support of the entire community. Hence, a critical element of our process to craft destination strategic plans is stakeholder consensus.

Feedback from stakeholders, partners and community officials and leaders is a vital part of the process because it provides a context around the data accumulated in the other phases of the project. Stakeholder input is also critical in uncovering the true differentiators of a destination. JLL finds that we are most helpful to our clients when we can marry our overall hospitality and tourism industry expertise with their on-the-ground knowledge of the destination and what partners and stakeholders need to be involved to act on of key initiatives and recommendations for tourism development service delivery. We look to create strategies for our clients that build on existing strengths and relationships.

Building a strong stakeholder consensus in the plan development process ensures that we learn from the local knowledge and expertise of the community rather than prescribing solutions that may not have local traction or that are unrealistic. Similarly, the input from our rigorous stakeholder engagement often raises issues or nuances that are critical to a thorough understanding of the destination. These insights may or may not be discernible through desktop research, benchmarking or in-market visits.

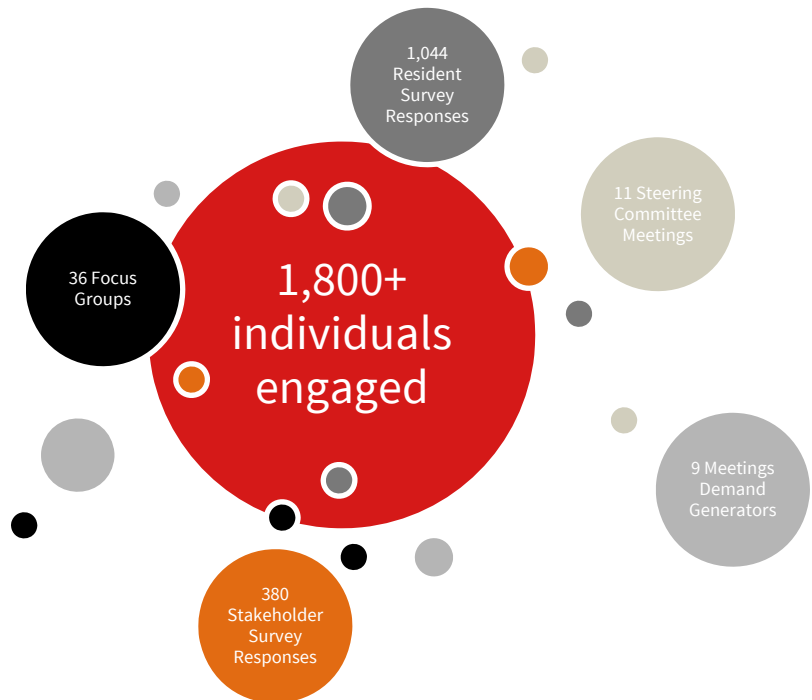
Given this, JLL undertook five stakeholder engagement streams to better understand the tourism development issues facing Wake County. The effort was designed to be inclusive, as well as ongoing. To ensure a full understanding of the assets or opportunities at hand, some of the engagements entailed

multiple meetings or conversations with the entities involved with the given asset or opportunity. JLL also created mechanisms (i.e., sharing contact information and creating an idea submissions/"contact us" form on the project website) to allow stakeholders and partners to contact the project team throughout the strategic planning process. As of June 30, 2018, more than 1,800 individuals were engaged.

During each of the engagements, JLL solicited input on overall tourism assets and strategies that have been conducted (or are being conducted) in the county; perceived gaps or needs in the county's or in an individual community's tourism product; and formulated opportunities that could be pursued on a countywide level to increase overnight visitation.

Especially for the face-to-face engagements, JLL sought to drive meaningful discussions on improvement and opportunities for success in Wake County. JLL firmly believes that this ongoing communication and access for and with destination stakeholders brings out the best dialogue. By having authentic discussions and thoroughly understanding opportunities from the perspective of specific assets and/or the destination's overall capacity to attract and welcome visitors, JLL was able to provide recommendations that are realistic and that best leverage the existing strengths of the destination.

Engaging a Broad Range of Stakeholders



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When possible, the JLL project team met with the community leaders in their communities. During all meetings, the outreach efforts were positioned as a medium to engage Wake County tourism industry representatives and key stakeholders in the planning process. The project team reiterated that the DSP is not meant to be the “JLL” or “GRCVB” plan but rather a plan that serves all of Wake County and one that has been developed by and in conjunction with the destination partners in the county.

Tourism Infrastructure & Destination Development

Within this project platform, JLL conducted in-depth research and analysis on Wake County’s assets and amenities. The resulting detailed inventory of those assets and amenities formed the basis for a Situational Analysis. The outputs of the Situational Analysis are objective and subjective evaluations of where Wake County stands as a destination and serve as the basis of the SWOT described in the Current Situation chapter. The work of the Situational Analysis and SWOT informed the priorities and recommendations of the DSP by providing a sense of current strengths and opportunities. More importantly, this platform sets forth a framework to understand the highest and best use of key elements of the county’s tourism infrastructure and gaps in product that may hinder the county’s ability to meet its 2028 visitation goals.

To assess Wake County, the team collected data and conducted on-site visits and tours in conjunction with the Stakeholder engagement described above. JLL’s research, including the Meeting Planner Survey, Stakeholder Survey and Resident Survey can be found in the appendix.

Results of and insights from the inventory development and Situational Analysis are interwoven in the priorities and recommendations that follow.

Increase All Visitor Flows

Easier said than done. GRCVB and the County leadership are taking on an aggressive goal to increase total visitation to 21.7 million by 2028 from 16.4 million in 2017, which is all the more reason to undergo a countywide strategic planning effort. More specifically, the goal envisions generating the increased visitation among three categories of

visitors: conventions and meetings, sporting events and leisure visitation. JLL approached the task of identifying strategies to increase visitation in the categories based on the existing strength of the current program:

- **Conventions & Meetings**

The county offers meeting planners an anchor site at the Raleigh Convention Center (RCC) and has five additional meetings districts today. Because it represents the greatest, single opportunity to grow the area's convention and meeting business, JLL conducted a utilization analysis of the RCC. JLL reviewed the current sales activity and produced a plan to optimize the building. In addition, JLL has recommended additional hotel development coordination and a new multipurpose facility that will continue to grow the Meetings and Conventions business throughout the county. JLL also completed a meeting planner survey to inform and align optimization recommendations.

- **Sports**

JLL completed an inventory of all the current sports facilities and talked with operators to understand the capacity for growth. In this process, JLL talked with sports planners for youth and amateur sports in the region to understand their interest in the Raleigh and Wake County market. In addition, JLL tapped into our bank of planners and other sports leaders nationally for additional insight. JLL has included recommendations on sports strategies and potential facility development around the county to enhance this effort.

- **Leisure**

JLL reviewed the current leisure efforts including target markets and marketing spending. GRCVB provided in-depth research and shared data to help the project team understand the visitor profiles that are currently coming to Raleigh and Wake County. In this process, JLL has created very specific recommendations and action items to draw and deliver new leisure and vacation visitors from this initiative.

Current Situation

State of the Wake County Tourism Economy

National Perspective

The U.S. economy has experienced overall positive trends recently, with unemployment down and earnings trending up. Recent indicators show that the economic expansion is accelerating and consumer and small-business confidence remain high. The possibility of further acceleration in economic growth moving forward is very real. The Current Travel Index (CTI), which measures the current direction and pace of monthly person-trips (involving a hotel stay and/or air travel) from the U.S. Travel Association has averaged 51.6 for the last six months for the total market including international, domestic, business and leisure. The U.S. Travel Association's Leading Travel Index (LTI) projects travel growth through October 2018, as both domestic and international travel demand support gains.

According to the U.S. Travel Association, domestic travel overall is anticipated to increase by an average of 2.4% year-over-year through October 2018, and international travel is expected to rise 3% in the same period. There are concerns moving into 2019, because oil prices are on the rise and due to potential increased trade tensions internationally. Lingering international tensions and the national political landscape could affect travel outlooks, but overall the domestic travel economy remains strong with a positive outlook moving into 2019.

Wake County Tourism

Wake County's tourism economy is flourishing. Visitation to the community across conventions and meetings, business, leisure and sports continued to increase in fiscal year 2017-2018 with several new records being set. In 2017, Wake County welcomed a record 16.45 million visitors, up 5.4% over 2016. Those visitors generated \$2.5 billion in direct spending and produced over \$250 million in state and local tax revenues. This saved each Wake County household \$671.

Hotel occupancy outpaced both the state and national average at 69.1%, compared to the state at 63.4% and the national average at 65.9%. In addition, 2017 tax collections related to tourism experienced record-high numbers, pulling in over \$53 million.

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These positive outlooks both at the national level and local level support the case for the DSP. The time is now for Wake County to evolve into a next-generation tourism destination. The efforts to implement the DSP over the next 10 years will contribute to growing Wake County's tourism economy to meet the goal of 21.7 million visitors a year. Thanks to the vision and support of the County's and municipalities' elected leadership, industry stakeholders and community at large, the initiative to undertake this Destination Strategic Plan is the beginning of such an evolution.

Interlocal Fund

As noted above, tax collection related to tourism reached over \$53.4 million last calendar year. These taxes include the hotel occupancy tax and the prepared food and beverage tax. These taxes are set aside to be utilized for interlocal funds with specific usage guidelines set by the State of North Carolina. Wake County Government is responsible for the collection, administration and disbursement of interlocal funds for reinvestment into the community. These funds can be used across four categories:

- Convention Center Complex and PNC Arena projects originally designated in the enabling legislation (Sections 1 and 2 of County Model)
- Other Major Projects expected to promote a high level of tourism activity and overnight lodging needs within the county or are expected to provide a high return on investment (Section 3 of County Model)
- Community-Specific Projects that enhance more localized sports, cultural, arts and other quality of life benefits for county residents; typically associated with “daily” users and participants (Section 3 of County Model)
- Small Projects eligible for funding by the annual small project allocation that competitively awards funds based on a proposal process by Wake County (Section 3 of County Model)

Since the creation of the Interlocal Fund, Wake County has used the monies to strengthen tourism assets that can show their ability to produce a direct economic impact on the community and drive overnight visits. In March 2017, the County released the *Wake County Room Occupancy and Prepared Food and Beverage Operating Principles* (see box on page 17). These 12 principles seek to align the program to disburse interlocal funds with enabling legislation, while providing additional clarity and articulating the value to the community and stakeholders related to the use of the revenues received from these taxes.

While the principles help to philosophically align the county stakeholders on how these revenues can be used, they are not prescriptive. Wake County expressed interest in creating criteria based on the principles around which proposals can be scored and decisions on funding awards could be made. The criteria would also set parameters for measuring the County’s return on investment (ROI).

Wake County Room Occupancy and Prepared Food and Beverage Operating Principles

1. Prioritize use of funds for projects that drive measurable, regular overnight visitation or positive ROI
2. Support and promote the ongoing capital expenditure program and expansion of existing investments in major facilities to keep them current, relevant and competitive in market
3. Comply with all requirements of the existing enabling legislation
4. Ensure project investments are secured by solid long-term plans, both operational and financial, that demonstrate viability and sustainability
5. Utilize high standards of fiscal accountability in planning and managing the use of tax revenues:
 - a. Fulfill existing obligations before entering into significant new financial commitments
 - b. Maintain long-term, conservative financial forecasting
6. Support investments that complement economic development efforts and enhance quality of life experiences for visitors, newcomers and long-time residents
7. Create sports, arts and cultural opportunities, through leveraging community investments and partnerships, that benefit residents and enhance tourism offerings
8. Support a project investment mix that considers location and types of uses (sports, cultural, arts, convention etc.)
9. Engage stakeholders representing varying entities, jurisdictions and uses
10. Ensure that investments support the long-term vision of Wake County and its cities and towns as a tourism destination
11. Provide a regular funding source for eligible projects that require a smaller-scale investment
12. Support investments that consider emerging arts, sports and cultural experiences and unmet needs

Situational Analysis Summary

To gain a full picture of the current inventory of demand generators and destination assets, JLL undertook a Situational Analysis of Wake County. The main objective of the Situational Analysis is to identify current visitor experiences and outline the current strengths and opportunities. The Situational Analysis was conducted through windshield tours of the county, on-site visits and internet research to validate findings. Each of the 12 municipalities was visited during this phase of the project.

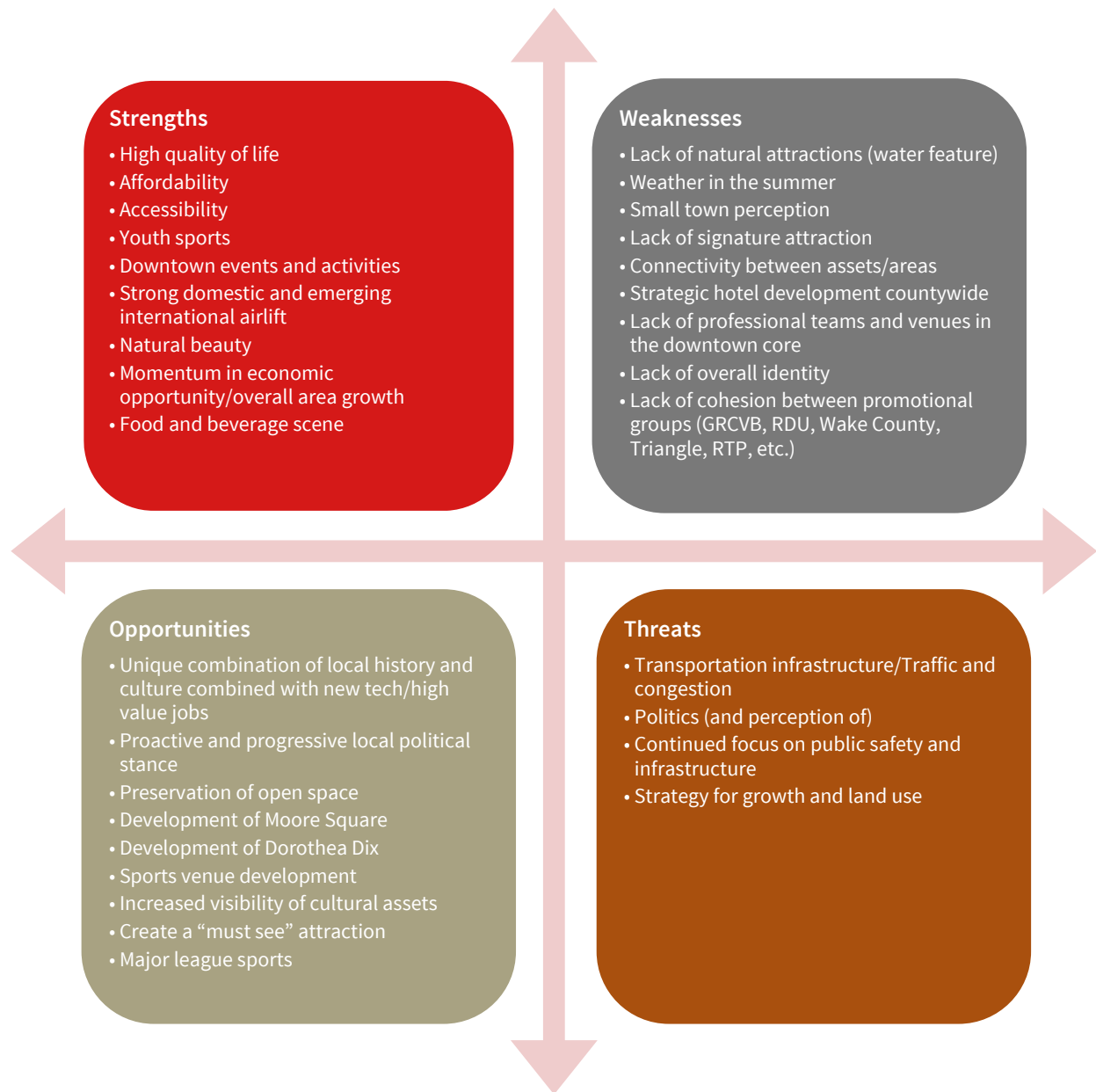
From the Situational Analysis, JLL developed the priorities based on a highest and best use approach that indicates areas that have the highest potential for stimulating greater and measurable overnight visitation in the county.

From observations made during this process, JLL then created an inventory of assets for Wake County and used the inventory to conduct a SWOT assessment of the area. The inventory notes key attributes and information for each asset and makes notes on aspects that could be improved to enhance the its ability (either individually or as part of a group of assets) to attract overnight visitors to Wake County.

The data and observations collected in the Situational Analysis were used to identify those assets that have the highest potential for enhancing the area’s visitor economy. From this, JLL developed the priorities of the DSP, which constitute a highest and best use approach that indicates areas that have the highest potential for stimulating greater and measurable overnight visitation in the county.

SWOT Assessment

From the feedback received, JLL categorized this information to understand the county's strengths, weaknesses, opportunities and threats as they relate to tourism and future development. This platform provided guidance on future areas of focus for the DSP.



Asset Inventory

JLL also studied nearly 2,000 individual assets and amenities from major museums to small restaurants and shops across the county. This inventory exercise, in conjunction with stakeholder feedback, has guided the DSP priorities, recommendations and action items. Specific outcomes include a sports field and court inventory, an inventory of open/available land for redevelopment, an assessment of the hotel package and pipeline supply across the county, park development and planning and many others.

Sports Field & Court Supply

Given the importance and prevalence of amateur and youth sports activities in all communities in Wake County, the JLL team conducted significant research to create an inventory of all fields and courts, as a comprehensive list did not exist. This inventory includes fields and courts that are both publicly or privately owned. It is important to note that this inventory is not necessarily what is actually utilized for sports tournaments, as not everything in the county is practical for tournament usage.

Field and Course Inventory

Item	Current Inventory	New Planned/Proposed Supply
Soccer Fields	67	44
Baseball Fields	149	34
Softball Fields	29	
Basketball Courts	58*	16
Volleyball Courts (Indoor)	41	8
Hockey Rinks	8	2
Tennis Courts	358	80
Golf Courses (18 holes)	25	
Table Tennis Tables	30	
Disc Golf Courses	3	
Cricket Field	1	

*includes local schools

Hotel Package and Pipeline

Another key element that surfaced in virtually every conversation about driving overnight visitors was the current level of hotel inventory. While there are roughly 17,000 hotel rooms across the county, many of the smaller communities do not have a branded hotel or a hotel at all. This data point was informative for JLL to understand the current situation and helped community leaders understand what types of asset investments could be needed to spur hotel development. This was true across the board, from large to small municipalities struggling with hotel inventory.

With occupancy in the county hovering around 69%, and the downtown Raleigh market slightly higher at 71%, the hotel economy is relatively strong. As stated above, the county's hotels have outperformed state and national averages in the last year. However, with its respective geography, Wake County has a low hotel inventory compared to other destinations.

With the strong level of growth in the residential population, many parcels available for development are typically geared toward housing. There does not seem to be individual community or a countywide plan for anticipating the need for future new hotel inventory nor for reserving parcels to accommodate the need for growth in hotels. JLL has recommended an approach to coordinate hotel development activities going forward as hotels are a valuable asset, not just to the visitor but also in terms of local tax collection. As an example, over the last four years, the hotels countywide have paid over \$44 million in property taxes, according to the County's tax records.

Hotel Package and Pipeline

Municipality	Number of Hotels	Current Room Inventory	Planned/Proposed Supply
Apex	5	427	n/a
Cary	22	2,620	689
Fuquay-Varina	3	112	n/a
Garner	5	407	85
Holly Springs	1	124	n/a
Knightdale	2	152	112
Morrisville	18	2,095	416
Raleigh	101	10,695	2,304
Rolesville	n/a	n/a	n/a
Wake Forest	3	271	284
Wendel	n/a	n/a	n/a
Zebulon	n/a	n/a	n/a

Quality of Life

Much of the feedback received consistently started with stakeholders and community leaders describing what they love about where they live. This included many of the items included in the SWOT analysis, e.g., affordability, high earning potential or quality job market. In addition to those positive economic factors, many commented on the unique diversity that the combination of a strong concentration of higher education institutions and deep, technology-driven job market has brought to the community. The diverse background of residents who have settled in Wake County has created a unique spread of high-quality culinary offerings, including everything from food halls to ethnically diverse restaurants to the heritage of agriculture furthering the farm-to-table movement. The DSP process surfaced the correlation of how enhancing Wake County as a visitor destination contributes to the overall enhancement of Quality of Life. This is further delineated in the Quality of Place section of the DSP.

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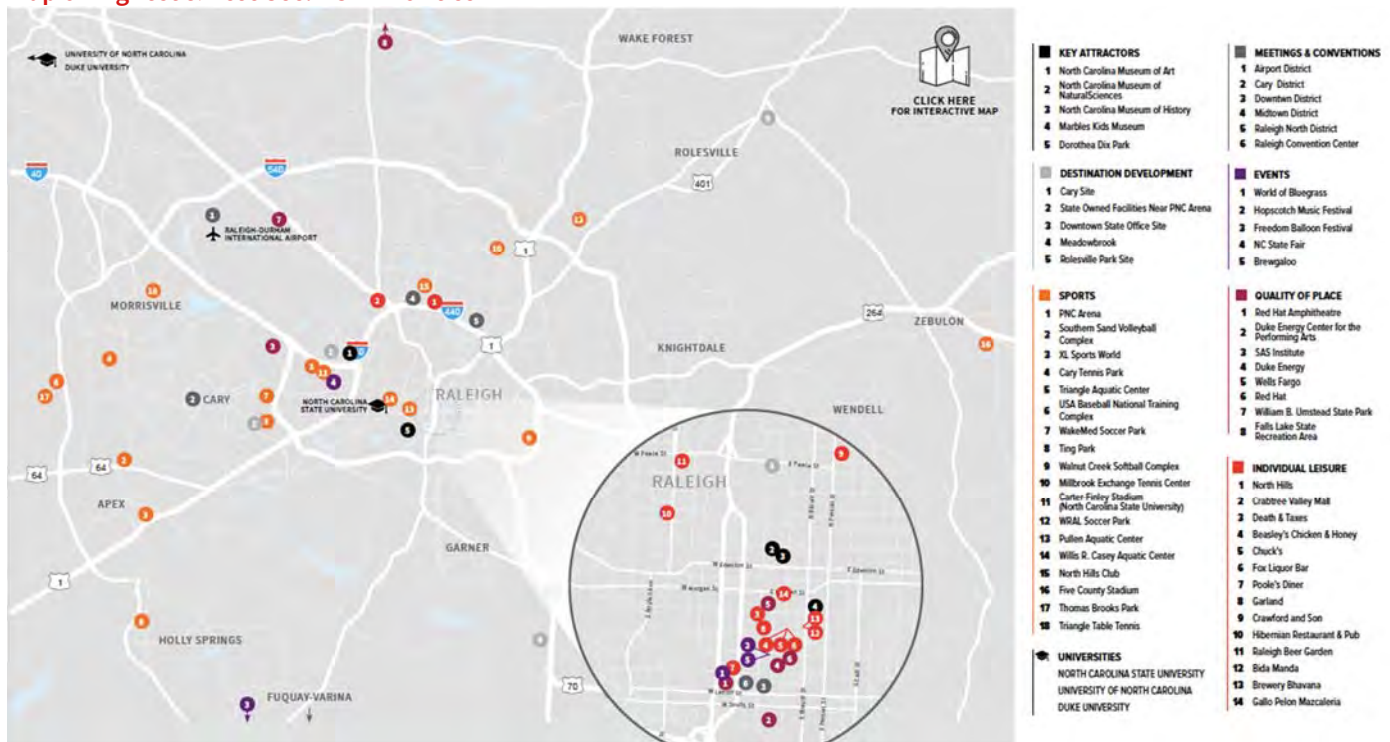
Highest & Best Use – Areas of focus

The asset review, research analysis and stakeholder feedback generated a direction for future focus in the development of current and future tourism assets and experiences in Wake County. These factors and assets are captured in the map on page 25. JLL worked to formulate the map based on stakeholder feedback and the analysis of the highest and best use priorities for the future of Wake County’s tourism efforts.

The points of interest included in the map below have become the cornerstone priorities for the DSP. Points of interest are coded based on the priorities around which they are most closely associated:

- Meetings & Conventions
- Sports
- Key Attractors
- Events
- Individual Leisure
- Destination Development
- Regional Demand Drivers
- Quality of Place

Map of Highest & Best Use: DSP Priorities



The map is representative of a final map that will be included in a larger format in the appendix.

These priorities stem from the core objective to support the delivery of growth in total tourism volume to 21.7 million by 2028. As mentioned above GRCVB had three main areas of focus in determining strategies when this process began. These were meetings and conventions, sporting events, and leisure visitation. As the planning process evolved, it became clear that the DSP effort could have the desired impact and effects by prioritizing the efforts and recommendations based on the categories in this map. The following sections provide the platform for each visitor category and respective recommendations.

Destination Strategic Plan (DSP) Priorities

As noted above, JLL used the research, observations, and assessments gleaned from the stakeholder engagement and multiple market visits to identify areas where Wake County’s destination assets could be programmed for their highest and best used. These resulting priorities are areas where Wake County can act to measurably increase overnight visitors and/or make investments in the county’s tourism infrastructure or tourism service delivery system.

The implementation of recommendations related to the priorities will help Wake County achieve its goal of welcoming 21.7 million visitors to the area by 2028. Attaining the ambitious goal will be a team effort. As the destination marketing organization for the county, much of the tactical and marketing work will fall on GRCVB. However, the need for all destination partners—Wake County, the municipalities, the destination assets and tourism industry partners—to be actively involved and to engage in the long-term, strategic initiatives that will strengthen the destination’s competitive position cannot be understated. The DSP and the priorities make up a blueprint for Wake County to strengthen its destination; all partners will need to identify which area they take on and build.

The rationale for each priority and the recommendations flowing from each are detailed below.