

MARKET PULSE: Greensboro, NC

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Photo Credit: Greensboro Area Convention & Visitors Bureau

Greensboro lies in North Carolina's Piedmont region, the central section of the state situated between the mountains to the west and the coast to the east. Historically, the city's position on the plateau made it ideal for farming, tobacco, and textile production. Over the past 200 years, Greensboro has grown from a few hundred colonial residents to a population nearing 300,000. Greensboro's economy has diversified into the healthcare and life sciences sectors. Volvo Trucks and Mack Trucks are headquartered in the city, whose central location relative to markets across the eastern seaboard also makes Greensboro an essential transportation link for businesses.

The following presents a look at Greensboro's key industries, economy, hotel demand generators, and the dynamics of the local hotel industry.

Key Industries and Business Development

Health care has become a major presence in Greensboro. Cone Health, one of Greensboro's largest employers, is a multi-hospital system comprising Moses H. Cone Memorial Hospital, Wesley Long Hospital, the Women's Hospital of Greensboro, Annie Penn Hospital, the Behavioral Health Center, the Health Services Division, and outpatient services. In 2014, Cone Health completed a \$200-million expansion of the LEED-Silver-Certified North Tower at Moses H. Cone Memorial Hospital; the facility features 96 private rooms, 16 operating rooms, an expanded emergency department, and a healing garden. Cone Health is slated to open a new Women's Hospital and a new Behavioral Health Hospital in 2019. The organization's operations and expansions produce hotel demand stemming from medical professional visits, patient visitation, meetings, and trainings.

Guilford County's life-sciences industry has flourished in large part because of its prime location between Research Triangle Park in Raleigh-Durham and Piedmont Triad Research Park in Winston-Salem. More than 15 life sciences employers have facilities in the Greensboro area, including Procter & Gamble, Syngenta Crop Protection, LabCorp, and Mylan Pharmaceuticals. North Carolina A&T University and the

Summary

The Greensboro hotel market benefits from a strong, diverse set of local, regional, national, and global demand generators. While a handful of proposed hotel projects are underway, demand growth is expected to keep pace with the new supply.

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University of North Carolina at Greensboro recently launched a major research enterprise, the Joint School of Nanoscience and Nanoengineering. In 2013/14, Procter & Gamble expanded its Olay skin care manufacturing line, creating 200 jobs. The influx of construction workers during the facility expansion process, as well as increased visitation to the facility by engineers, management, and other staff members, helps boost commercial demand for area hotels.

Interstates 40, 85, and 73, and the future Interstate 74, converge in Greensboro, which is home to the one-million-square-foot FedEx Mid-Atlantic Air Hub and the FedEx Ground super hub sorting facility, as well as the 282,316-square-foot UPS Ground facility. Numerous distribution operations, including centers for Polo Ralph Lauren and Procter & Gamble, are strategically located within the city. In 2014, the Volvo Group completed its \$15-million, 123,000-square-foot expansion. Greensboro is also the site of the world headquarters of the Honda Aircraft Company. In December 2015, Honda Aircraft Company received type certification from the United States Federal Aviation Administration for the Honda HA-420 HondaJet; manufacturing is currently underway, and the staff is approaching 1000 employees in preparation for the deliveries, pilot training, and customer support by year-end 2016.

Revitalization of Downtown Greensboro

City and County officials have focused on the revitalization of Downtown Greensboro for more than a decade. The 2008/09 recession temporarily halted any discussion of new development, but in the ensuing recovery, many projects were revived. Among the numerous redevelopment and beautification projects that have recently received funding and construction approvals is the \$35-million Union Square Campus project, a joint venture between three universities and Cone Health. The proposed project comprises a healthcare-education facility and a 93,000-square-foot mixed-use building with ground-floor retail, apartments, and 18,000 square feet of conference space. The first phase of the project, construction of the nursing education building, began in April 2015 and is planned for completion in June 2016.

The summer of 2016 is expected to bring a bustle of new construction projects, including the \$78-million Steven Tanger Center for the Performing Arts. The 3,000-seat venue is anticipated to open in the spring of 2018, attracting first-run touring Broadway Shows, concerts, and comedians, as well as local events. Meanwhile, development is nearing completion on the \$10-million, 3.5-acre LeBauer Park, which is scheduled to open this spring. The park's attractions include a 17,000-square-foot event lawn that seats 2000 people, a children's garden with playground structures, and a dog park. Construction is also underway on the \$50-million Bellemeade Village, a mixed-use development featuring 300 upscale apartments and a 110-room Hyatt Place hotel, prominently located near the NewBridge Bank Park. Anticipated demand from these new venues should help absorb the new hotel supply slated to enter the market within the next two years.



Photos Credit: April Harris, New City Ventures

Proposed Union Square Campus to open June 2016

Sports and Recreation

The Greensboro Coliseum Complex, comprising the 23,500-seat Greensboro Coliseum, the 2,400-seat War Memorial Auditorium, the 300-seat Odeon Theatre, the 167,000-square-foot Special Events Center, and the 30,000-square-foot Pavilion, hosts over 800 events annually, including concerts, meetings, and sporting events. Thanks to a new modular polypropylene flooring system in the Coliseum and Special Events Center, Greensboro, which hosted the 2011 and 2015 Prudential U.S. Figure Skating Championships, now has the capability to accommodate multi-event sports tournaments.

In 2015, the USA Gymnastics Championships were held at the Greensboro Coliseum, contributing to an economic impact of roughly \$19.8 million and 5,590 hotel room nights. In July 2016, the facility will serve as the Games Village for the inaugural 10-day USA Masters Games, an Olympic-style competition comprising more than 20 sports for adults aged 25 years and up; the event is anticipated to boost visitation, potentially requiring rooms from up to 20 local hotels. The Greensboro Coliseum Complex will also host the 2019 AAU Junior Olympic Games, where competitive events will include gymnastics, in-line hockey, and wrestling.

The ACC Hall of Champions and the Greensboro Aquatic Center (GAC) opened in 2011. The GAC is a state-of-the-art facility that hosts all levels of aquatic sporting events, including USA Swimming meets, Atlantic Coast Conference (ACC) Swimming & Diving competitions, and U.S. Water Polo competitions. The ACC Men's and Women's Swimming & Diving Championships, which were held in 2013 and 2014 and generated approximately \$2.1 million in revenue each year, will return in 2016 through 2022; the future events are anticipated to have a similarly positive effect on the market. Additionally, the four-day YMCA Short Course National Championship that was held at the center in March and April 2015 will return in 2016 and 2017; these events are expected to bring approximately \$7.5 million in economic impact each year. Although specific room night details were not disclosed, these events consistently bolstered demand for the area hotels.

Its central location within North Carolina makes Greensboro a magnet for youth and amateur sporting events such as baseball, softball, and soccer tournaments. The Greensboro United Soccer Association (GUSA) spearheads events at ten of the area's parks, including the Greensboro SportsPlex, which hosts indoor soccer, in-line hockey, basketball, and volleyball tournaments. In addition, GUSA holds tournaments at Bryan Park Soccer Complex, which comprises 17 Bermuda grass soccer fields and the 3,000-seat MacPherson Stadium. In 2014, Greensboro was the host city for 12 soccer tournaments that brought in roughly 25,000 players and their family members from across the United States, Hawaii, and Canada.

Furthermore, North Carolina A&T State University athletic events such as football and basketball games, as well as track meets, contribute to leisure demand for area hotels, as opposing teams and spectators often require overnight accommodations.

Meetings and Conventions

The Joseph S. Koury Convention Center at the Sheraton Greensboro is the largest privately owned convention center and hotel between Washington, D.C. and Atlanta. The property boasts 75 meeting rooms with 350,000 square feet of space, including 100,000 square feet of dedicated exhibition space and three ballrooms. The grand and junior ballrooms benefit from their continuous layouts, measuring 40,000 and 16,500 square feet, respectively. The convention center also sits adjacent to the 985-guestroom Sheraton Greensboro Hotel and proximate to dining and local attractions, adding to its appeal for large association conventions and regional corporate events.

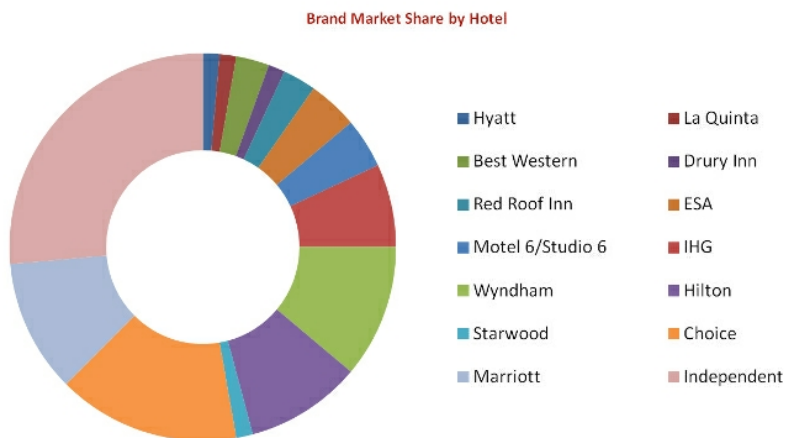
The convention center and hotel completed a \$30-million renovation in April 2015. Official convention statistics are not furnished to the public; however, nearby hotels reportedly sell out several times each

year with business from large conventions and events. Although the Sheraton Greensboro is connected to the convention center, hotels in the immediate area benefit from either overflow guestrooms or travelers seeking overnight accommodations at lower room rates.

Hotel Supply

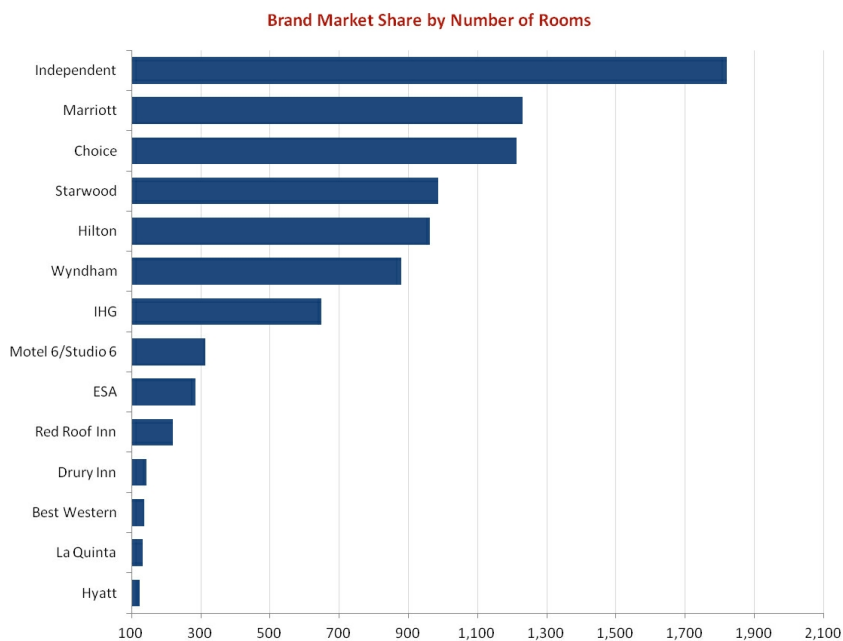
Of the 9,088 rooms in inventory in the Greensboro market as of January 2016, roughly 74% belong to a brand or a major parent company, with the remaining 26% operating as independent hotels. Of the 7,268 branded rooms, Marriott International and Choice Hotels International combined operate approximately 34%. Starwood Hotels & Resorts, Hilton Worldwide, Wyndham Worldwide, and InterContinental Hotels Group also have sizeable representation in the market, ranging between 9% and 14% market share.

74% are Branded Hotels, while 26% are Independent Hotels



Source: STR

Independent Hotel Rooms hold the Majority of Inventory in the Market



Source: STR

Hotel Demand and Performance

Local businesses, commercial drivers, construction workers, and contractors supply weekday commercial

demand to the Greensboro hotel market. Additionally, overflow room night demand from the semi-annual Furniture Market, held in the nearby city of High Point, supplies commercial business to Greensboro hotels. Leisure demand comprises visitors to the area’s universities and colleges, interstate motorists, regional travelers attending concerts and events at the Greensboro Coliseum Complex, and travelers visiting friends and family in the area. Group demand is derived from conventions and events held at the Koury Convention Center, as well as youth, collegiate, and amateur sports tournaments, and other SMERFE-related events such as weddings and family reunions.

In recent years, occupancy for Greensboro-High Point hotels has stood in the low to mid 50s, with average daily rates ranging from \$87.00 to \$94.00. Hotels proximate to Downtown Greensboro, the Koury Convention Center, and the Piedmont Triad International Airport have benefited from higher demand, thus stronger performance levels. On average, recent occupancy levels for hotels in the downtown and convention center areas have ranged from the mid to upper 60s and average rates from the low \$130.00s to the upper \$140.00s. Hotels near the airport have realized occupancy levels from the upper 60s to low 70s, with average rates landing in the mid to upper \$90s.

New Supply

More than 300 New Downtown Rooms in the Planning Stage

Hotel Brand	Address	Room Count	Developer
Not Confirmed	Union Square Campus - South Elm	150	South Elm Development Group, LLC
Wyndham Hotel	203 South Elm Street	180	Royal Phoenix Development

Source: HVS

New hotel development is heavily concentrated in Downtown Greensboro, an area that continues to realize robust residential and commercial growth. The importance of hotel branding is noted especially in City Center locations. The Union Square Campus’s proposed hotel will be part of the project’s final phase of development within the next two years, and the hotel’s brand has not yet been confirmed.

New supply currently under construction includes the 152-room Hilton Garden Inn Greensboro Airport, the 120-room Hampton Inn & Suites by Hilton Downtown Greensboro, and the 110-room Hyatt Place, as detailed in the table below.

Hotel Brand	Address	Room Count	Developer
Hilton Garden Inn Greensboro Airport	238 N.C. Highway 68 South	152	Daly Seven Inc. Inkeeper Properties
Hampton Inn & Suites by Hilton Downtown Greensboro	332 South Greene Street	120	CN Hotels
Hyatt Place	300 North Eugene Street	110	The Carroll Companies

Source: HVS

Outlook

More than a century ago, Greensboro (formerly “Greensborough”) shed the superfluous “ugh” at the end of its name. The city continues to streamline even while expanding into new, diverse industries, which has greatly benefitted the local economy. The diversification has been a boon for hotels as well, as demand sources ranging from medical centers to sporting complexes continue to expand and generate room nights. The new supply expected to enter the market over the next three years should be readily absorbed by the continued revitalization of the downtown area. Furthermore, the city and county’s aggressive promotion of Greensboro for meetings, conventions, and sporting events is expected to generate increased visitation and demand for hotels. This projected growth and limited new supply supports an optimistic outlook for the Greensboro hotel market for the near future.

About Patricia Shih



Based in the Manhattan office of HVS, Patricia Shih has more than 15 years of experience in hospitality, including hotel appraisal and market study assignments across the eastern United States. She spent more than a decade under the Hilton Worldwide umbrella, in roles ranging from Sales Representative to Corporate Sales Manager at Hilton's Embassy Suites Atlanta Perimeter Center. She formerly worked in management roles at the Harvey Hotel and Harvey Suites - Dallas/Fort Worth International Airport, as well as at the Adam's Mark Hotel in Downtown Dallas. Patricia earned her BBA in Strategic Management with an emphasis in Organizational Behavior from the University of North Texas. Contact Patricia at (404) 791-5509 or [\[email protected\]](#).