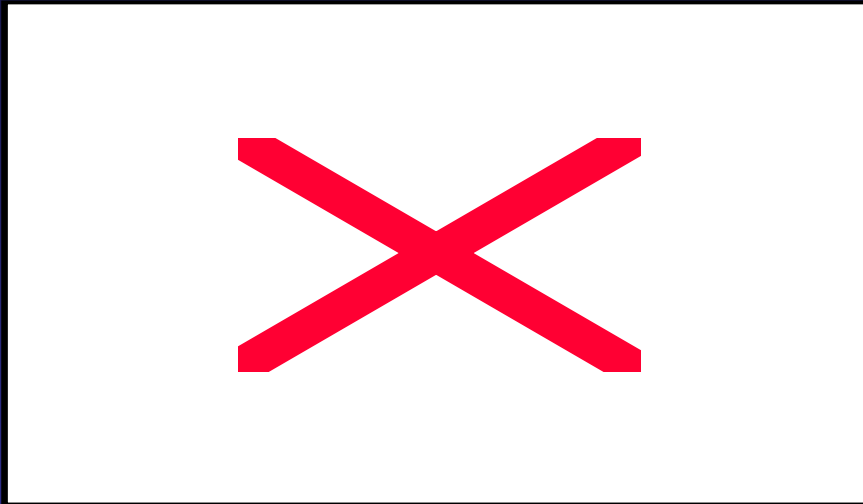


Economic Trends in the Knoxville Area Hotel, Restaurant, & Travel Sectors



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Tennessee**

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Tourism Institute
Hotel, Restaurant and Tourism Management
Knoxville, Tennessee

Top 5 TN Counties for Growth in Tourist Spending, 2002 - 2005

1. Hamilton Co. (Chatt) +21.2%
- 2. Knox Co. +20.2%**
3. Sevier Co. +18.3%
4. Davidson Co. (Nashville) +16.7%
5. Shelby Co. (Memphis) +13.4%

Knox Co. Rank of Industries by Employment, 2005

1. Trade, Transportation, Utilities	27.1%
2. Education & Health Services	16.3%
3. Prof. & Business Services	14.5%
4. Hotel, Restaurant, & Travel	13.8%
5. Manufacturing	9.3%
6. Financial Services	6.4%
7. Construction	5.8%
8. Information	3.4%
9. Other Services	3.4%

Knox Co. Hospitality & Tourism Generates **25,743** Jobs Including...

- **20,710** employees in restaurants
- **2,576** employees in arts,
entertainment & recreation
- **1,945** employees in hotels & lodging
- **512** employees in transportation &
travel

Knox Co. Hospitality & Tourism Generated **\$26.9 million** in Local Knox Co. taxes from...

- Restaurant sales taxes **\$17.3 million**
(2.25%)
- Hotel Occupancy Taxes **\$5.9 million**
(5.0%)
- Hotel sales taxes **\$2.6 million**
(2.25%)
- Arts, Entertainment &
Rec sales taxes **\$ 1.1 million**
(2.25%)

Knox Co. Hospitality & Tourism Generated **\$52.7 million** in combined State & Local taxes

Per Household in Knox County:

- Each household in Knox Co. pays **\$282 less** in State & local taxes as a result of taxes generated by hospitality & tourism in Knox Co.

Knox Co. is the 4th Largest County in TN for Tourist Spending, 2005

1. Davidson Co. (Nashville) \$3.51 Billion
2. Shelby Co. (Memphis) \$2.63 Billion
3. Sevier Co. \$1.31 Billion
- 4. Knox Co. \$684.9 Million**
5. Hamilton Co. (Chatt) \$647.32 Million

Knox Co. generated **\$684.9 million** in tourist spending in 2005

- How much do tourists spend per day in Knox Co. and where do they spend it?

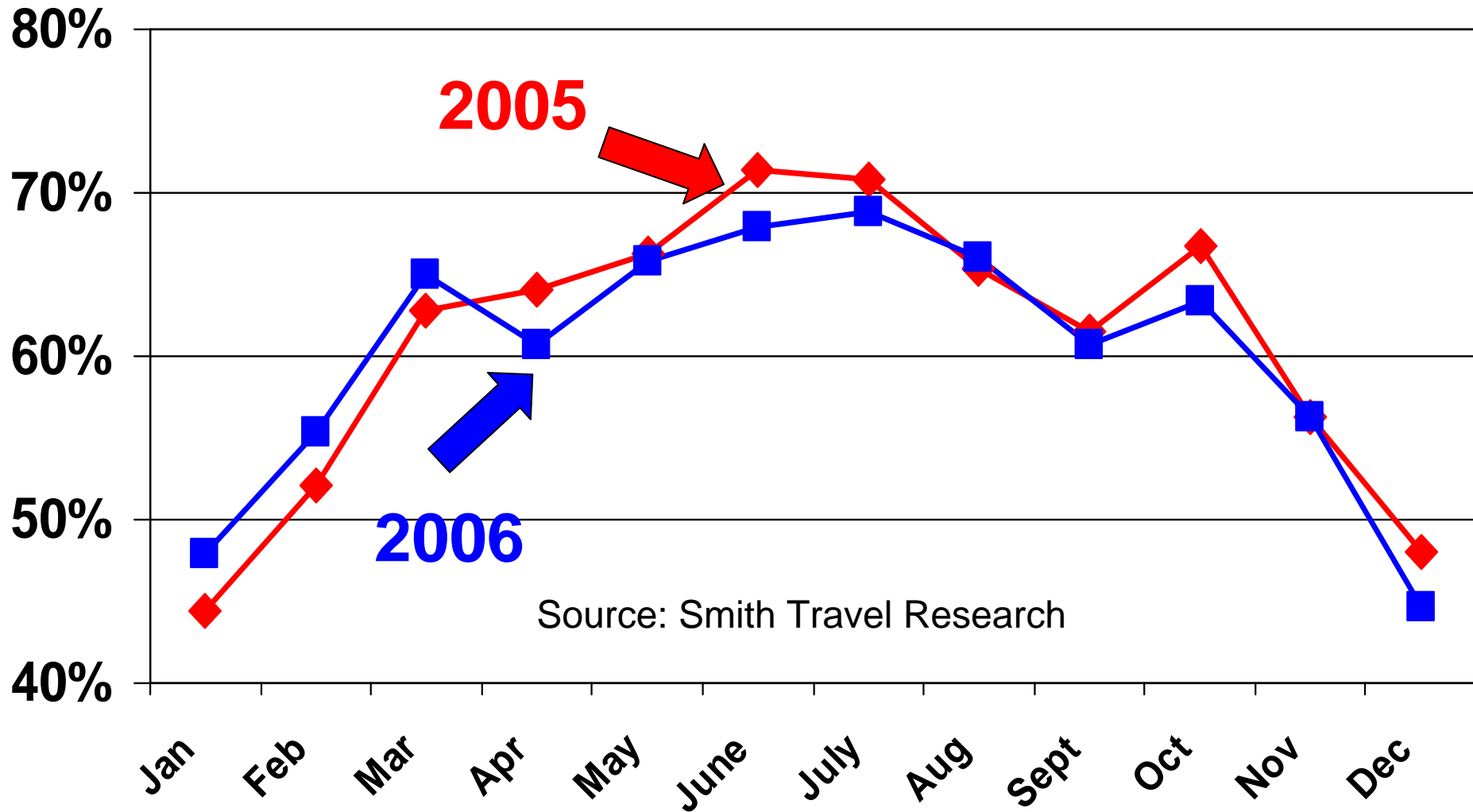
On an Average Day in Knox Co., tourists...

- Spend **\$600,273** daily in restaurants
- Spend **\$525,446** daily on transportation
- Spend **\$320,898** daily on hotels & lodging
- Spend **\$212,056** daily in retail stores
- Spend **\$202,673** daily on arts,
entertainment & recreation

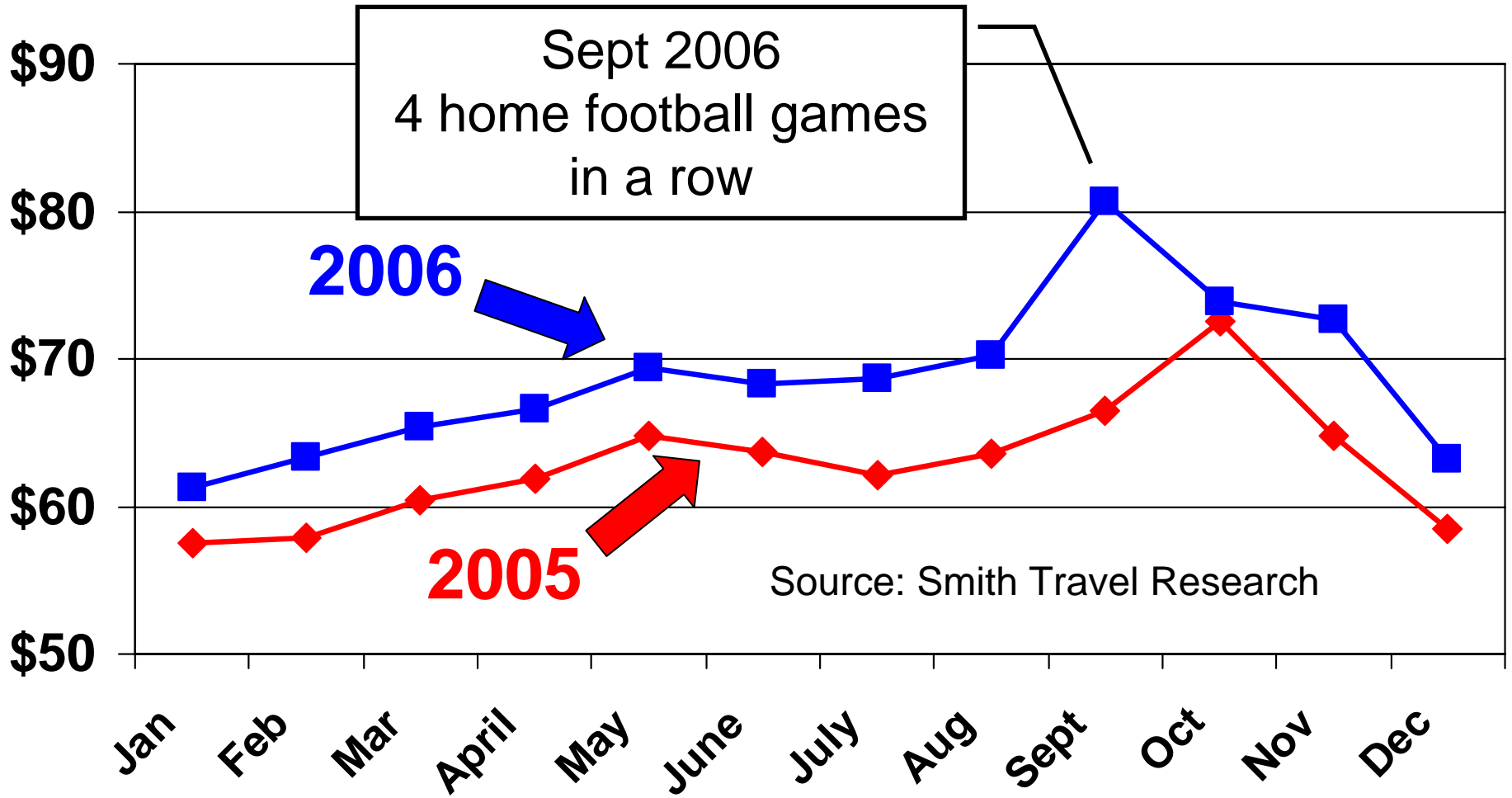
Also, On an Average Day in Knox Co., tourist spending...

- Generates daily employee paychecks worth **\$667,561**
- Generates daily State taxes worth **\$99,616**
- Generates daily local Knox County taxes worth **\$44,794**

Occupancy Rates for Knox Co. Hotels, 2005 – 2006 (Soft Summer)

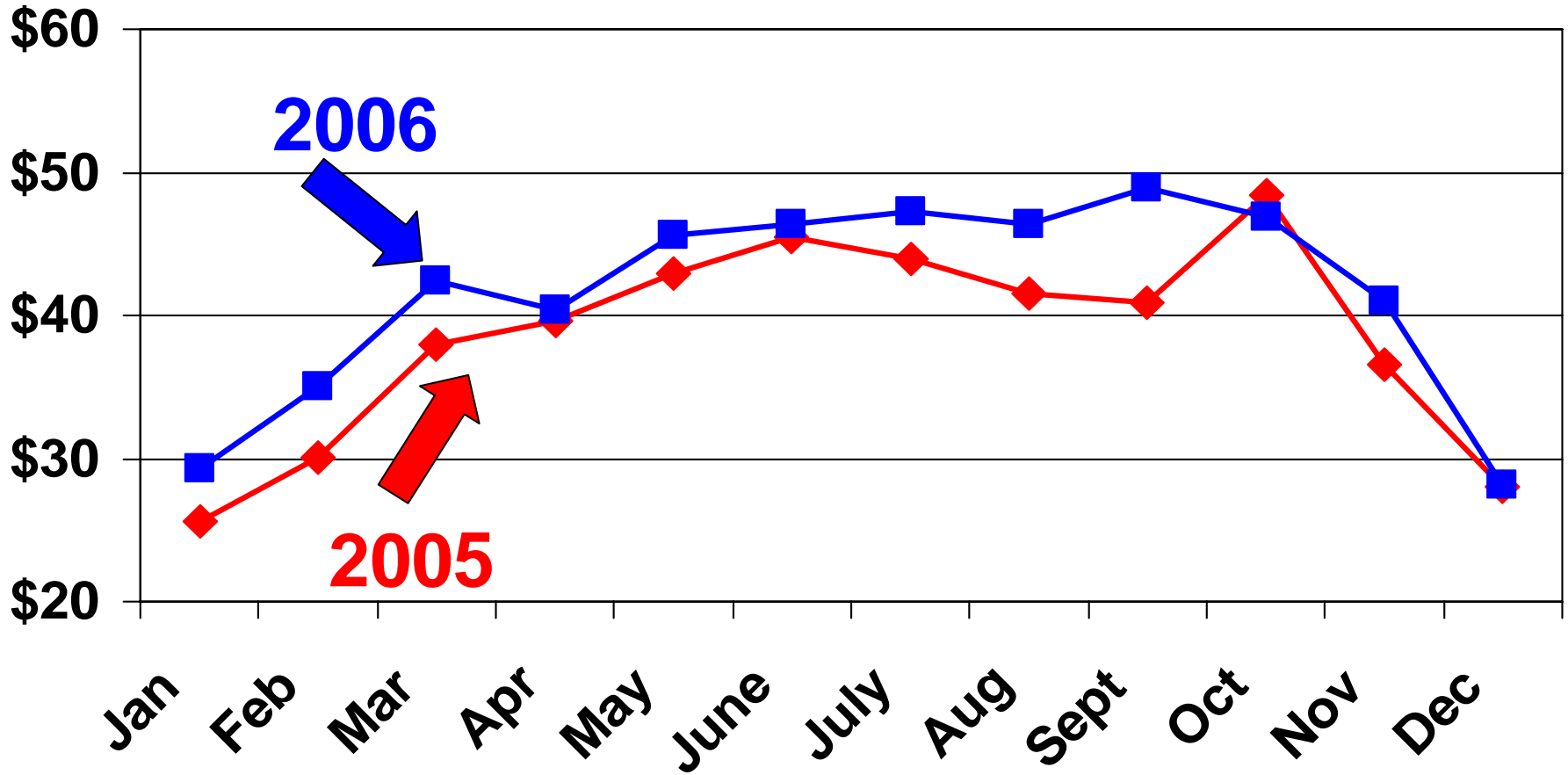


Average Daily Rates (ADR) for Knox Co. Hotels, 2005 - 2006



Source: Smith Travel Research

Revenue Per Available Room (RevPAR) for Knox Co. Hotels, 2005 - 2006



What States Do Knoxville Tourists Come From?

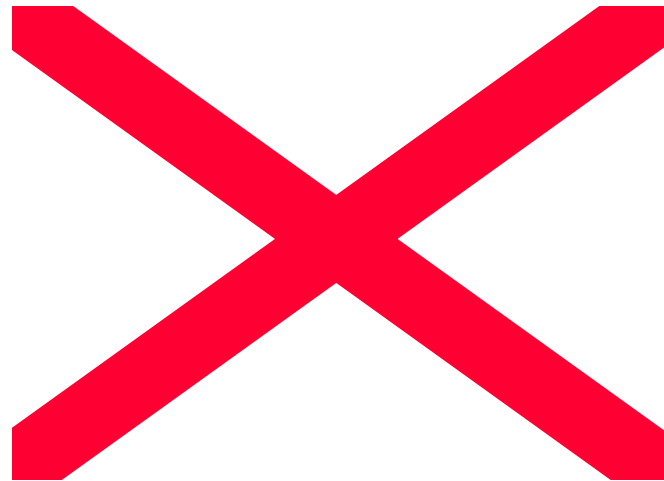
Rank of States of Origin

1. Tennessee	32%
2. Georgia	8%
3. North Carolina	7%
4. Florida	7%
5. Kentucky	6%
6. Virginia	5%

Tennessee Gas Prices, by Month, 2006 (avg. statewide price per gallon)



Price per gallon



Summary of Trends about Summer (June-July-August) 2006 Knoxville tourism



**Increase in summer gas prices in
major markets**



Increase in summer restaurant sales



Increase in summer attractions sales



**Decrease in summer hotel
occupancy rates**

In Summer 2006, tourists still traveled to visit Knoxville, but...

- **Tourists chose more day trips and shorter overnight trips (to off-set higher gas prices)**
- **Tourists still spent money in restaurants & visited attractions (higher summer sales)**

In Summer 2006, data suggests...

- ✓ Knoxville visitors took more day trips and stayed overnight less
- ✓ Summer 2006 group sales were “softer” than Summer 2005 group sales

Challenge - Get tourists to stay longer in Knoxville

Rank of TN Cities by Avg. Nights Stayed
TN Avg. = 2.9 nights

1. Pigeon Forge	3.4 nights
2. Gatlinburg	3.1 nights
3. Memphis	3.0 nights
4. Nashville	2.9 nights
5. Chattanooga	2.6 nights
6. Knoxville	2.4 nights

**So high gas prices induce more day-trip tourists than overnight tourists.
What's the big deal?**

- **Overnight tourists spend 3 times more money in an area than day-trip tourists**

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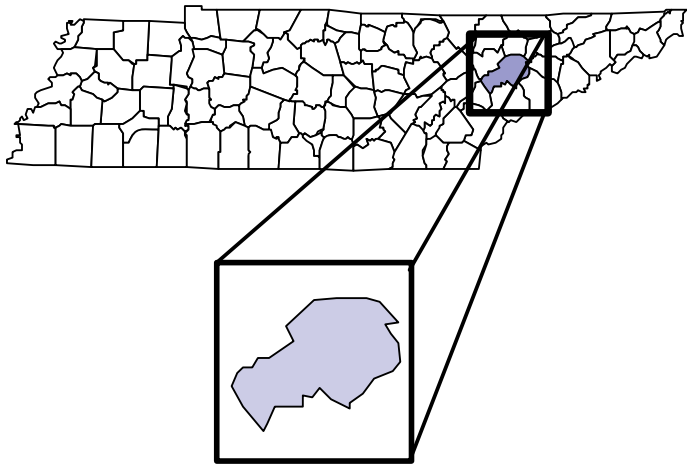
Knoxville's Tourism Advantage

The Four-Times Rule:

- On average, tourists are more likely to travel to an area that has enough activities that keep them busy **four times** longer than it took them to drive there.
- More than other competing cities, **Knoxville** has more variety of appealing tourist activities to keep tourists in the area longer

Once again, hospitality & tourism is **Knoxville's 4th largest industry** in terms of employment

1. Trade, Transportation, Utilities	27.1%
2. Education & Health Services	16.3%
3. Prof. & Business Services	14.5%
4. Hotel, Restaurant, & Travel	13.8%
5. Manufacturing	9.3%
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Knox County
(Knoxville Area)

**Special Review Copy for
members of the Knoxville
Tourism Alliance**

May 3, 2007

Knox County, TN

Hotel, Restaurant, and Travel Industries: Economic Profile and Business Trends, 2006

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Knoxville, Tennessee

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