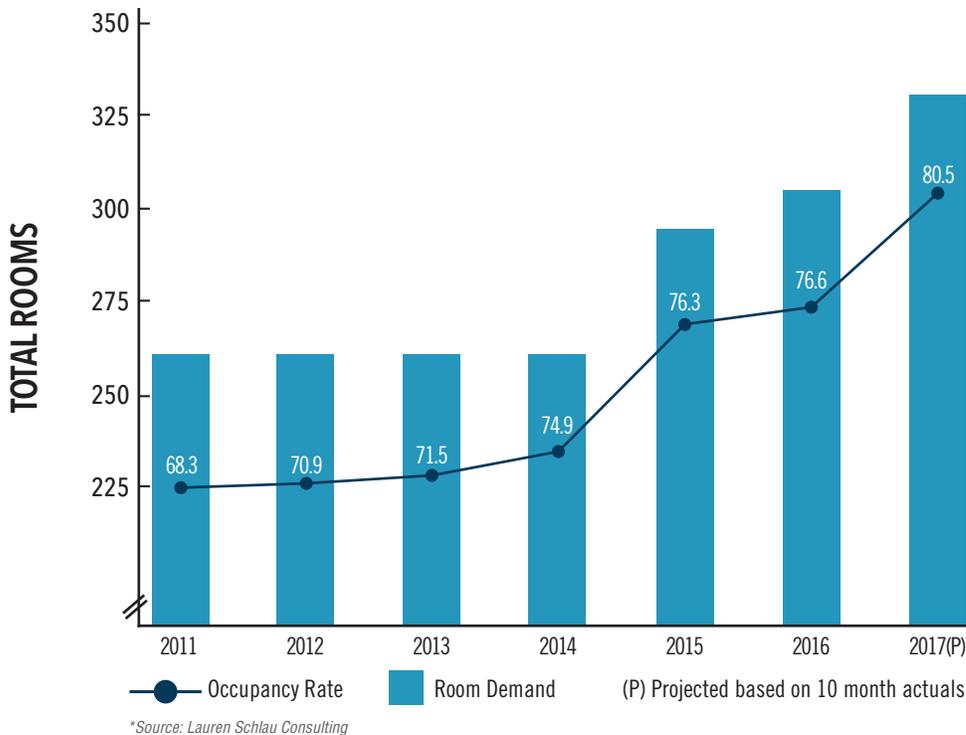


ANNUAL LODGING SUPPLY & DEMAND



AT A GLANCE:

- ▶ Folsom lodging market has experienced strong growth from 2011 to 2017 - room supply increased 27%, room demand is up 50%, and room rates are 17% higher
- ▶ Average occupancy of Folsom hotel rooms has increased from 68.3% in 2011 to 80.5% in 2017
- ▶ With the increase in the number of rooms, increase in daily rate, and increased occupancy, annual Folsom room revenue swelled from \$19 million to \$33 million between 2011 and 2017, a 75% surge
- ▶ Lodging demand in Folsom is slightly stronger on weekends, but strong corporate demand on weekdays is an asset for hotel properties in Folsom.
- ▶ Studies have shown that a new hotel property (or properties) in Folsom would serve as a catalyst for expanded room demand in the city. It is estimated that a new hotel property would result in 13% growth in room demand versus an annual 2.5% growth rate overall with no new property(ies).
- ▶ Folsom hotel guests spent nearly \$134 million during their visits in 2017, generating approximately \$7 million in taxes. The taxes are generated by the dollars spent at hotels, restaurants, entertainment, and retail venues while in town - and are reinvested back into Folsom.

FIRST QUARTER HIGHLIGHTS

Strong business growth, a successful tourism program, quality options, and the vitality and draw of Folsom are just some of the reasons the hospitality industry in Folsom is doing so well. In view of occupancy rates that are the envy of other cities in the region, the city of Folsom is exploring opportunities that will respond to community and business demand and fill otherwise unfilled niches in the market.

One of these opportunities is the development of a conference center in Folsom. Such a community facility would generate additional room demand and increase spending at restaurants, retail establishments, and for entertainment, to name just a few. A recently completed Preliminary Market and Financial Analysis for a conference center in Folsom, completed by Conventions, Sports and Leisure International, stated that the marketability of a conference center increases significantly when amenities are close or within walkable proximity, when there is free parking, and when costs are reasonable. Folsom checks all these boxes. Two key locations for a future Folsom conference center were proposed in the study and will be further discussed and examined for their potential.

The discussion of a conference center in Folsom would not be possible if the hospitality industry in the city weren't as established and healthy as it is - the result of a lot of hard work through the years.

HOTEL GUEST SPENDING

(2017 - Dollars in Millions)

