RED RIVER GORGE TOURISM DEVELOPMENT STRATEGY

DESTINATION RESORT PRELIMINARY ANALYSIS AND OPPORTUNITIES REPORT

Red River
ECONOMIC DEVELOPMENT, LLC

Stantec

JULY 27, 2020

ACKNOWLEDGEMENTS

This planning effort would not have been possible without the commitment of many individuals who are enthusiastic about the vision presented within this document. Dedicated county staff and elected officials, passionate Local Advisory members, involved citizens and stakeholders, along with a team of skilled consultants made for a dynamic combination.

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Executive Summary 01

1.0 EXECUTIVE SUMMARY

Recognizing the Red River Gorge (RRG) area's popularity and Kentucky's lack of a true destination resort, Red River Economic Development commissioned this study to determine if a destination resort is feasible in the Red River Gorge area and if so, develop a vision and conceptual plan for a potential resort, as well as create a tourism marketing and branding strategy for the Red River Gorge area of Lee, Menifee, Powell, and Wolfe Counties. This report details preliminary analysis of physical conditions in the area that are important factors in resort design, construction, and financing. The report also details a market study that identifies potential demand for a destination resort and programming and amenity opportunities that will contribute to the success of a potential resort. This Preliminary Analysis and Opportunities Report does not make recommendations for a resort, rather it lays a foundation for the visioning, conceptual design, and financial analysis to follow.

The physical conditions in this report detail transportation, utility infrastructure and broadband, geology, and environmental factors. Also included in this section is an overview of the process to identify potential sites for a resort development. At this stage, six potential sites have been identified and the project team will be conducting further evaluation of those sites in hopes of identifying a preferred site.

The market study provides a review of resort best practices across the United States to produce a baseline understanding of what has been successful elsewhere and the key takeaways that should be applied to a resort in the Red River Gorge. Trends such as demographics, destination attractions, amenities, timeshares, and other tourism-related items have also been investigated for their implications on planning a resort that is appropriate and matches the local context. The study also includes a market and economic analysis that highlights key economic and tourism drivers in Eastern Kentucky and the four-county study area as well as the existing market conditions in Red River Gorge area. This analysis informs an understanding of the gaps in the market as well as the role a destination resort could play in supporting economic growth in the four-county study area.

FOUR-COUNTY STUDY AREA

LEE COUNTY

MENIFEE COUNTY

POWELL COUNTY

WOLFE COUNTY

The section first provides an overview of all counties in the study area including demographic and economic trends as well as prominent tourism assets. Key economic initiatives being undertaken in proximity to the study area were assessed to determine opportunities for complementary economic growth. A market analysis was conducted of the current supply of tourism amenities, retail, multifamily residential and accommodation properties within the local Red River Gorge market and to identify gaps. A demand analysis was undertaken to identify the overall development program, target market and positioning themes for a destination resort development in the Red River Gorge area. This section also presents the potential opportunities for resort amenities and size based on current market conditions.

The information presented in this report, combined with feedback and ideas gathered through public and stakeholder engagement, will inform future phases of the project, including final site selection and development of a conceptual master plan for a potential resort.

Red River Gorge Positioning Themes

- Kentucky-Focused and Kentucky-Inspired
- Cultural and Ecological Sustainability and Preservation
- Affordable Luxury
- Outdoor Adventure, Recreation, and Exploration
- Holistic Health and Wellbeing
- Assembly for Culinary Diversity
- Focal Point for Events, Gatherings, and Celebrations

EXISTING CONDITIONS 02

2.0 EXISTING CONDITIONS

The purpose of this report is to document current conditions that create opportunities and constraints for a potential destination resort in the Red River Gorge area. This report does not present recommendations for a location or for the appropriate size, location, or program of a future resort. The project team examined physical conditions in the four-county (Lee, Menifee, Powell, and Wolfe) study area and performed a market study to identify what might be possible in the study area.

The information presented in this report, combined with feedback and ideas gathered through public and stakeholder engagement, will inform future phases of the project, including final site selection and development of a conceptual master plan for a potential resort.

2.1 CONTEXT (NATIONAL, REGIONAL, LOCAL)

Nestled in the foothills of the Appalachian Mountains, the Red River Gorge is more than a singular place. The Gorge is a region comprised of parts of Lee, Menifee, Powell, and Wolfe Counties. The Gorge is also an identity, characterized by unique geological, environmental, and cultural features that combine to create an area that evokes passion from residents and visitors alike. Located just one hour east of Lexington along the Mountain Parkway, the Red River Gorge area is easily accessible to visitors. This accessibility, combined with the area's unique identity, allowed the Red River Gorge area to become a popular regional tourist destination. Additionally, the Red River Gorge area is a world class rock climbing destination, drawing climbers from across the globe. The area's popularity allows the proliferation of tourist attractions, outdoor adventure outfitters, cabins, and restaurants.

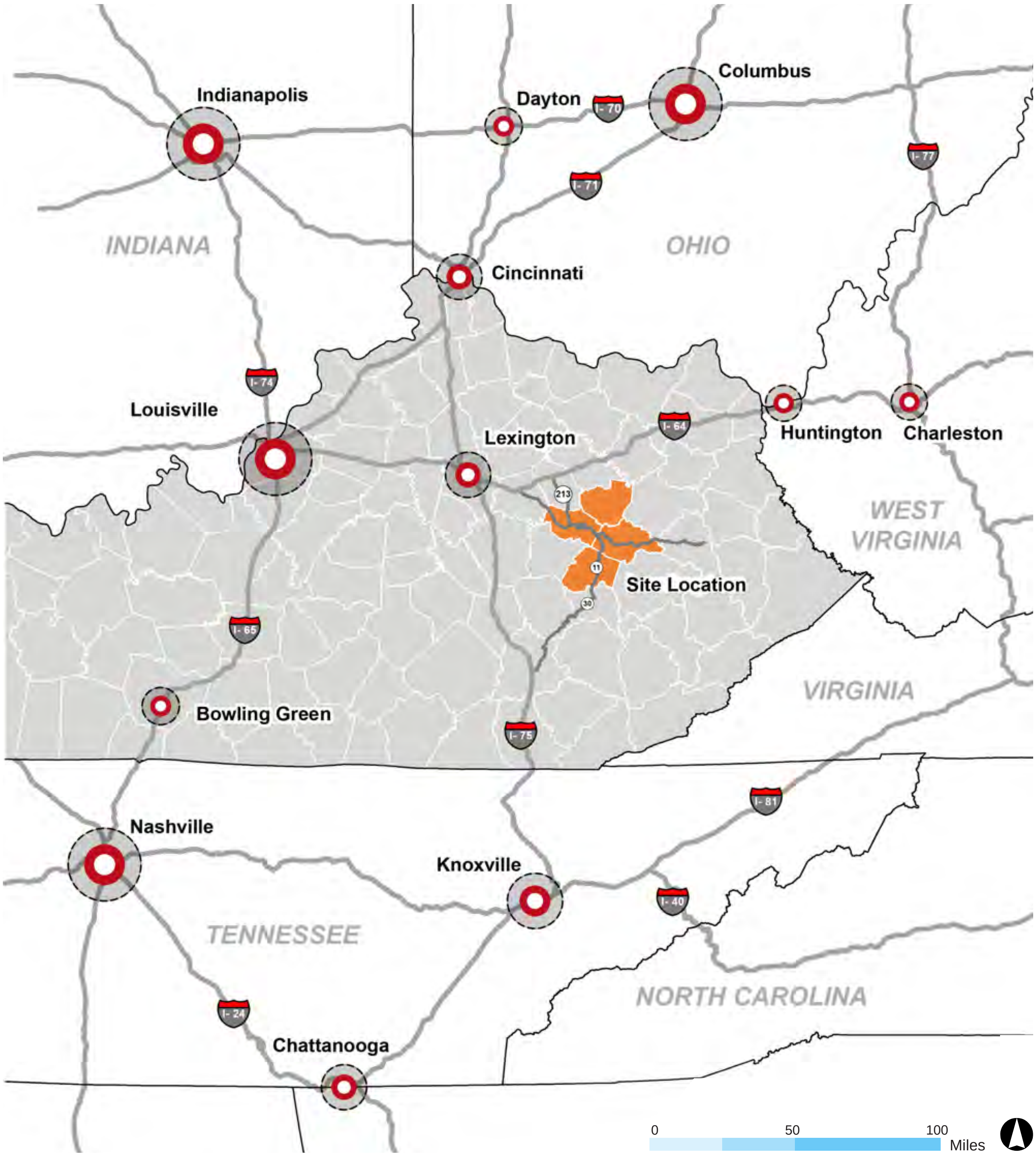


Figure 2-1: Regional Map

LEGEND

Towns
Cities
RRG Loop
Natural Bridge State Park
US Forest Service Owned Land
Daniel Boone National Forest

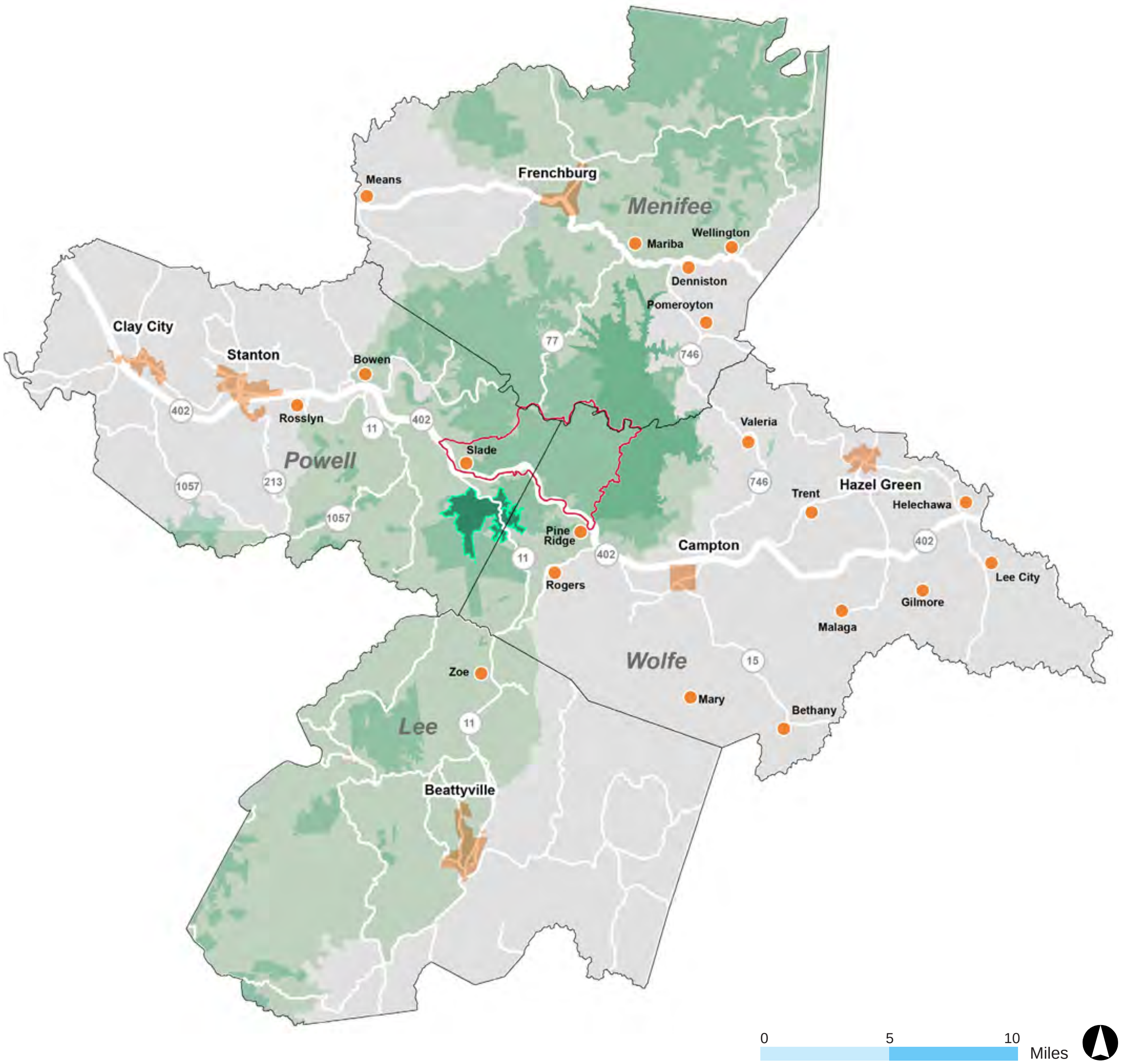


Figure 2-2: Regional Map

Slade is the heart of the Red River Gorge area. With the highest concentration of attractions, outfitters, shops, restaurants, tourist amenities, and access points to the Gorge and to the Natural Bridge State Resort Park, nearly all visitors to the area end up in Slade at some point in their travels (Figure 2-3). Slade's most popular attractions are the Kentucky Reptile Zoo, Miguel's Pizza, and Natural Bridge, the area's iconic and most recognizable feature. The State Resort Park also features the 35 room Hemlock Lodge, 11 cottages, Hoedown Island music and dancing venue, Sandstone Arches restaurant, the Woodland Center, 17 miles of trails, and more.

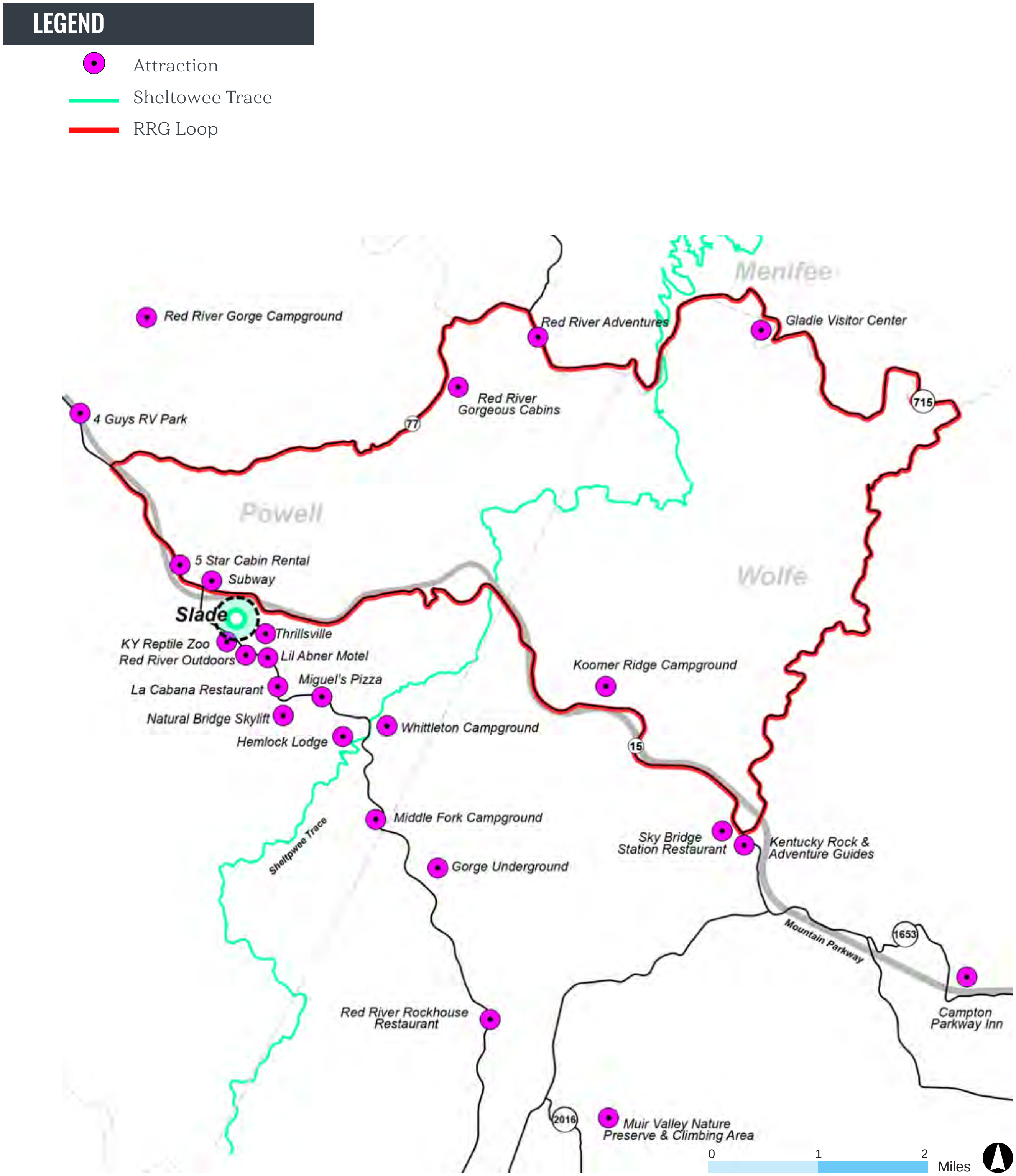


Figure 2-3: Slade Area Attractions Map

Technically an un-incorporated area of Powell County, Slade does not have a local municipal government, however it is the best known "town" in the Red River Gorge region. Complementing Slade, the remainder of the four-county study area also includes a host of well-known attractions such as Meadowgreen Music Park, Hollerwood Offroad Park, Muir Valley Nature Preserve, and Cave Run Lake (Figure 2-4). A more detailed overview of the area attractions is included in Chapter 4.

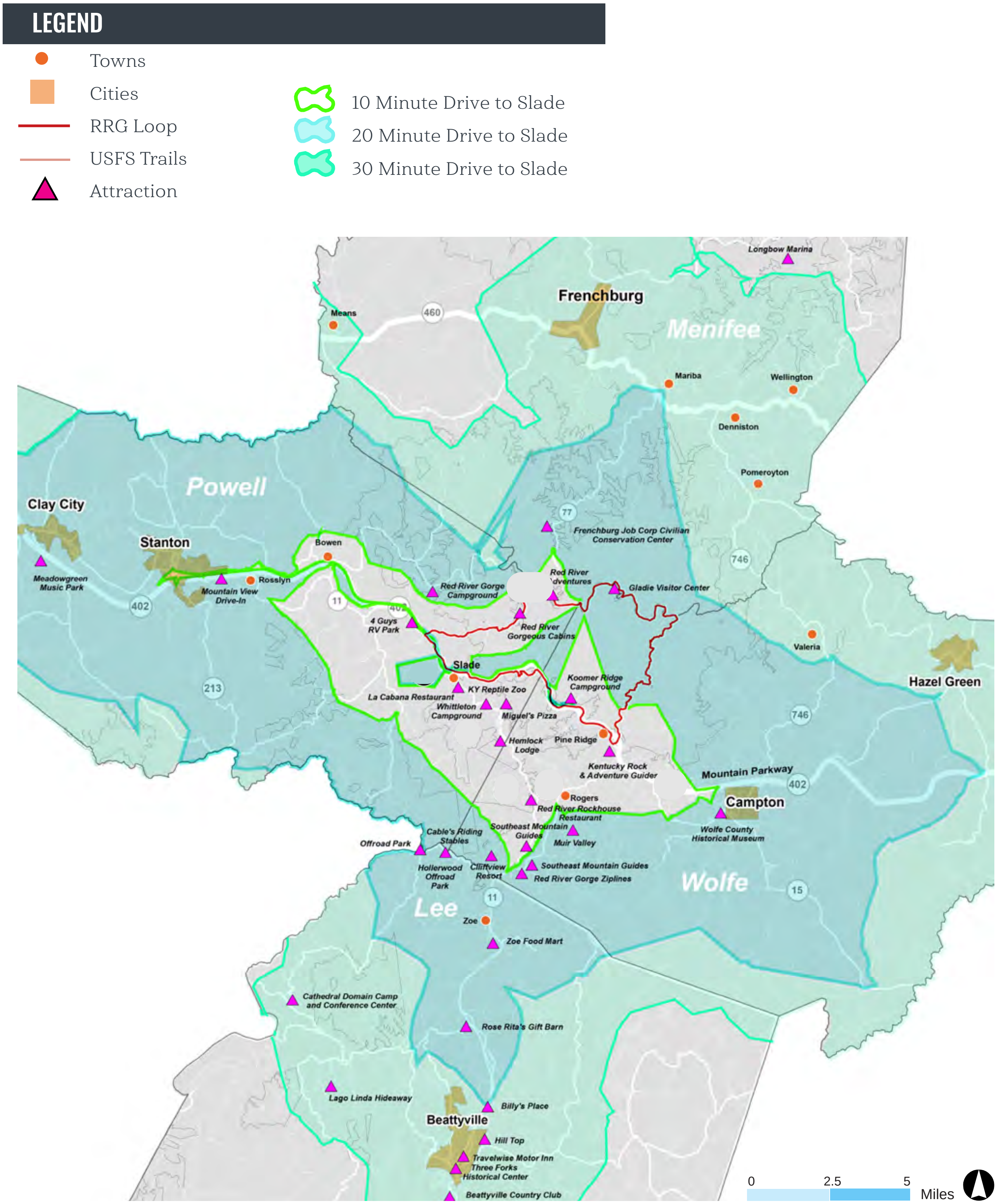


Figure 2-4: Attractions Map

2.2 PHYSICAL EXISTING CONDITIONS

This section provides an overall summary of existing conditions in the four-county study area in the context of a destination resort. A more detailed existing conditions analysis will be performed on the selected site(s).

TRANSPORTATION NETWORK

The existing transportation network in the four counties (Lee, Menifee, Powell, and Wolfe) that encompass the Red River Gorge area is examined in the following section. The information compiled includes current roadway facilities and geometrics, crash history, and traffic volumes within the study area. Data for this section were collected from Kentucky Transportation Cabinet's (KYTC) Highway Information System (HIS) database, KYTC's Traffic Count Reporting System, Federal Highway Administration's (FHWA) National Bridge Inventory (NBI) Database, and aerial photography.

ROADWAY SYSTEMS

Functional classification is the grouping of roads, streets, and highways into integrated systems ranked by the level of mobility for through movements and access to adjoining land. This grouping acknowledges that roads serve multiple separate functions and it provides a basis for comparing roads. Functional classification can be used for, but is not limited to, the following purposes:

- Providing a framework for roadways that considers mobility and connecting regions and cities within a state.
- Providing a basis for assigning jurisdictional responsibility according to the roadway's importance.
- Providing a basis for development of minimum design standards according to function.
- Providing a basis for evaluating present and future needs.
- Providing a basis for allocation of limited financial resources.

Figure 2-5 shows the functional classification of the study area roadways. Interstates (shown in black) are the highest classification of arterials and were designed to connect major metropolitan areas. Principal arterials (shown in red) serve major centers of metropolitan areas and provide a high level of mobility for substantial statewide travel. Minor arterials (shown in blue) serve trips of moderate length to smaller geographic areas and provide connections between principal arterials. Major collectors (shown in green) facilitate trips between local roads and the arterial network[1].

1 Highway Functional Classification Concepts, Criteria and Procedures. U.S. Department of Transportation/Federal Highway Administration

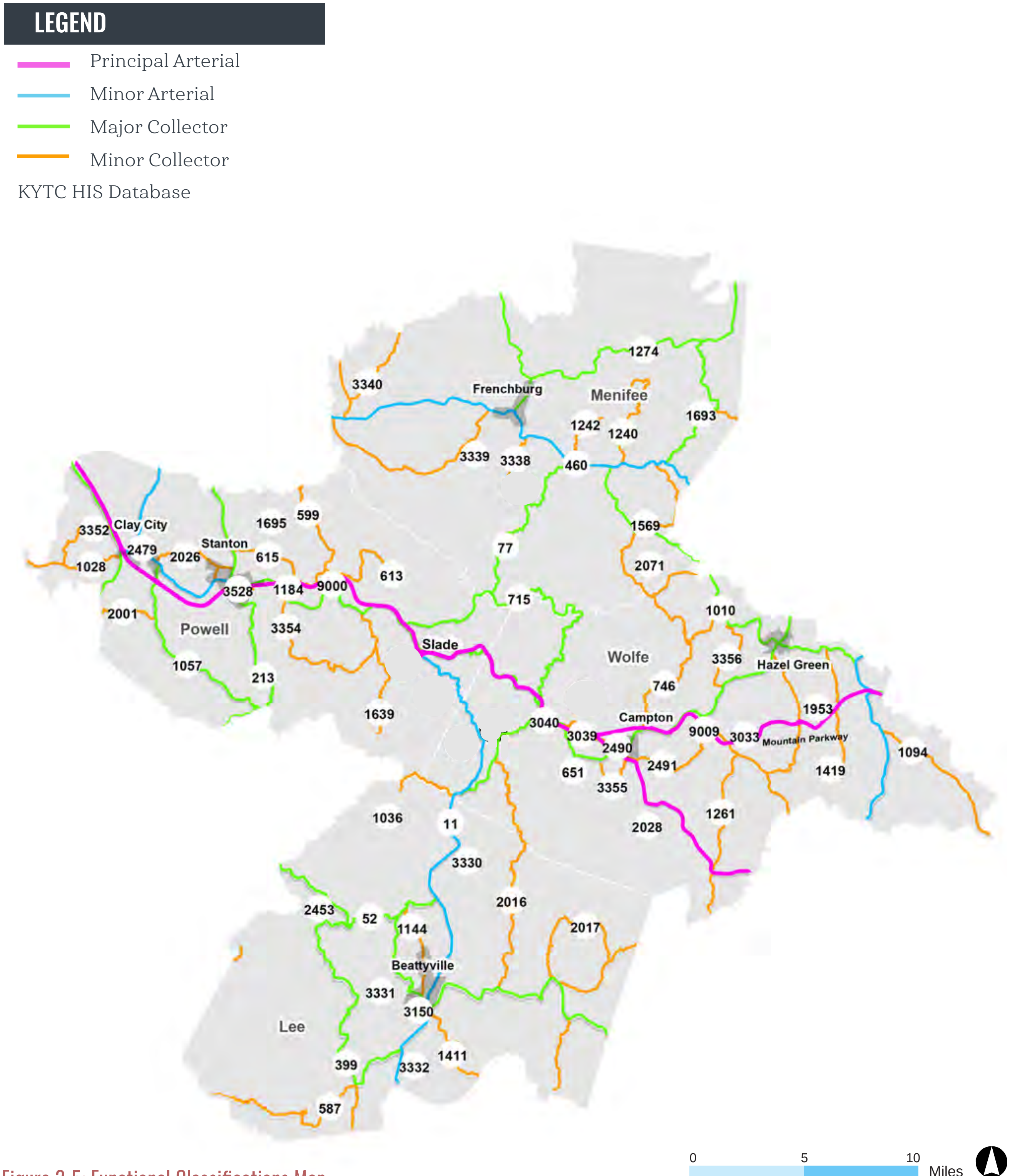


Figure 2-5: Functional Classifications Map

As shown in Figure 2-5 there are no interstates that provide direct access to the Red River Gorge. I-64 provides good east-west connectivity to the north of the Red River Gorge and I-75 provides good north-south connectivity to the west. Most commuters from outside Eastern Kentucky get off one of these two interstates and then utilize the arterial roadway network to access the Red River Gorge and the Natural Bridge State Park Resort Park. This includes the Mountain Parkway, US 460, KY 7, KY 36, KY 11 and KY 30. Once inside the Red River Gorge commuters rely on major collector roadways such as KY 77 (Nada Tunnel Road) and KY 715 (Sky Bridge Road) to access area attractions. KY 11, a principal arterial, is also heavily utilized for direct access to Red River Gorge attractions.

Inside the four-county study area portions of KY 77, KY 715, KY 613, KY 1274, and KY 587 are part of the Forest Highway System. While these roads fall under the jurisdiction of the United States Forest Service, the roadways listed above and shown in Figure 2-6 are all maintained by KYTC with specialized funding from the federal government.

LEGEND

- Cities
- State Maintained Roads
- County Maintained Roads

KYTC HIS Database

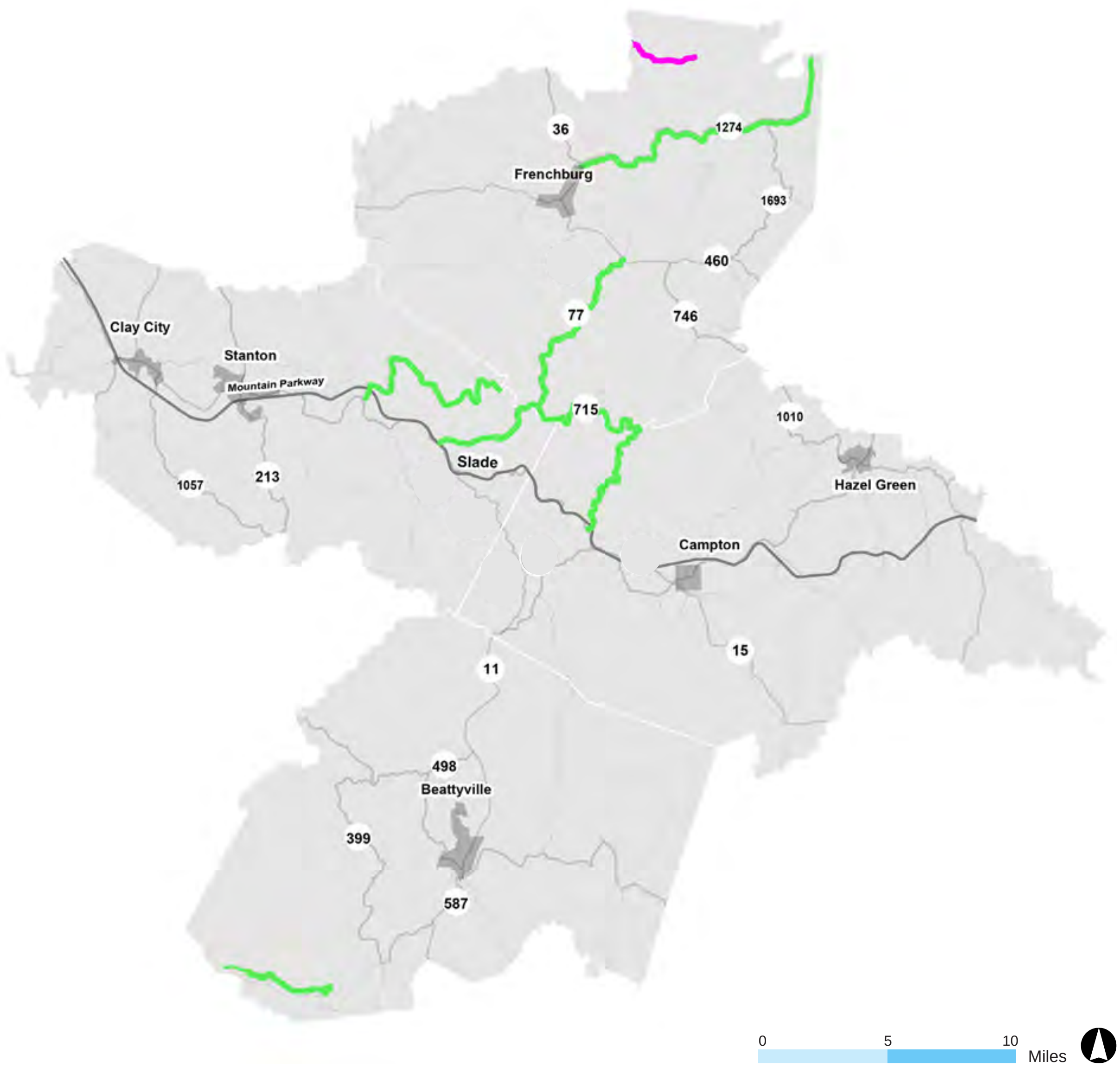


Figure 2-6: Forest Highway Systems Map

ROADWAY GEOMETRIC CHARACTERISTICS

The current number of lanes and lane widths taken from the KYTC HIS database along study area roadways are shown on Figure 2-7. The only multi-lane highway in the study area are portions of the Mountain Parkway in Powell and Wolfe Counties. Every other study area road has two-lanes (one through lane in each direction). Current KYTC design guidelines recommend a minimum of 11-foot wide lanes on rural arterials and rural collectors with a 55-mph design speed[1]. Portions of the arterial roadways and many of the collector roadways in the study area have lane widths less than 11 feet.

1 https://transportation.ky.gov/Organizational-Resources/Policy%20Manuals%20Library/Highway%20Design.pdf

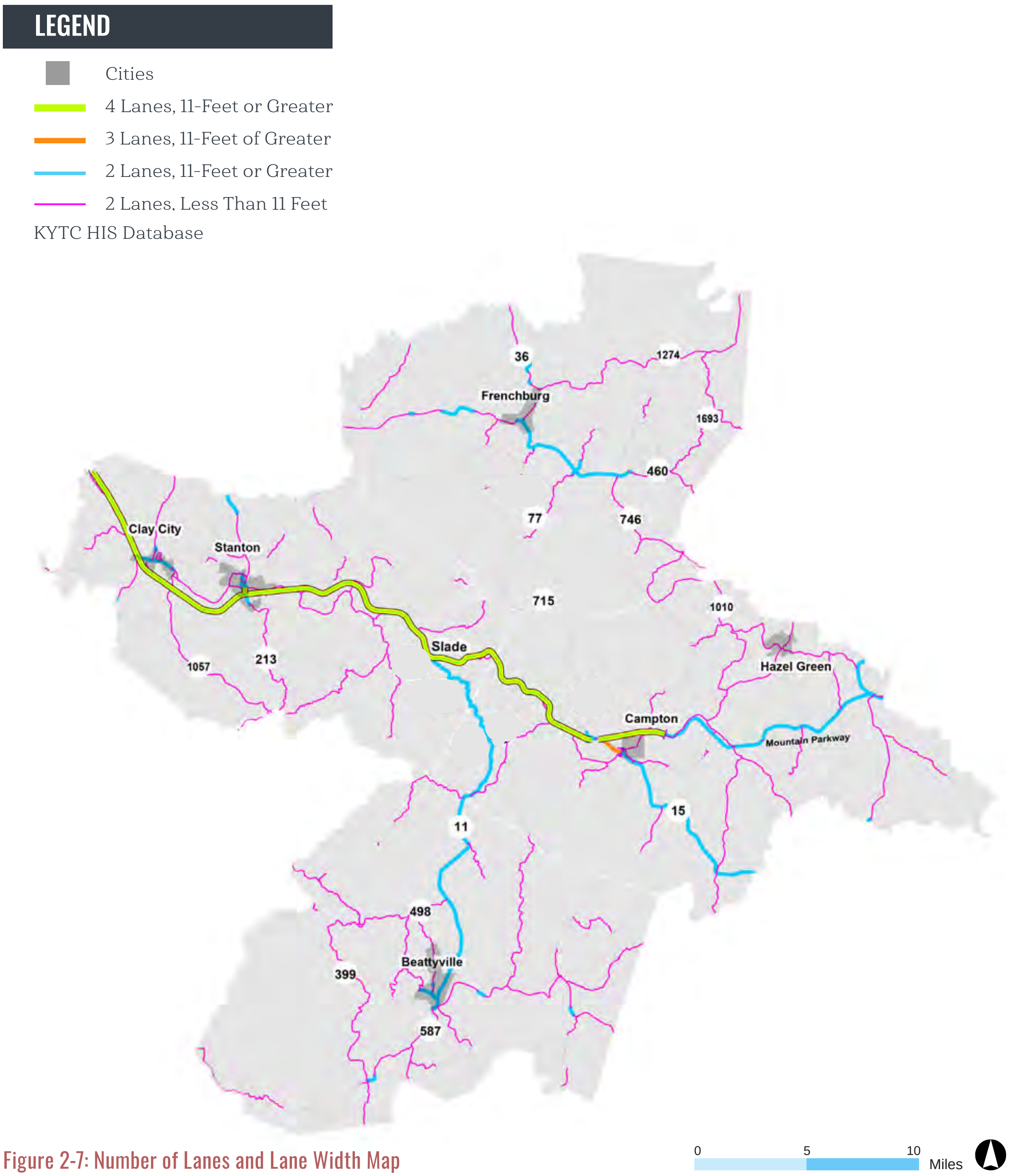


Figure 2-7: Number of Lanes and Lane Width Map

Shoulder widths are shown on Figure 2-8. Outside of the Mountain Parkway, KY 11, and portions of US 460 most roads have shoulders less than four feet wide, while the recommended usable shoulder width for such roadways are five to eight feet.

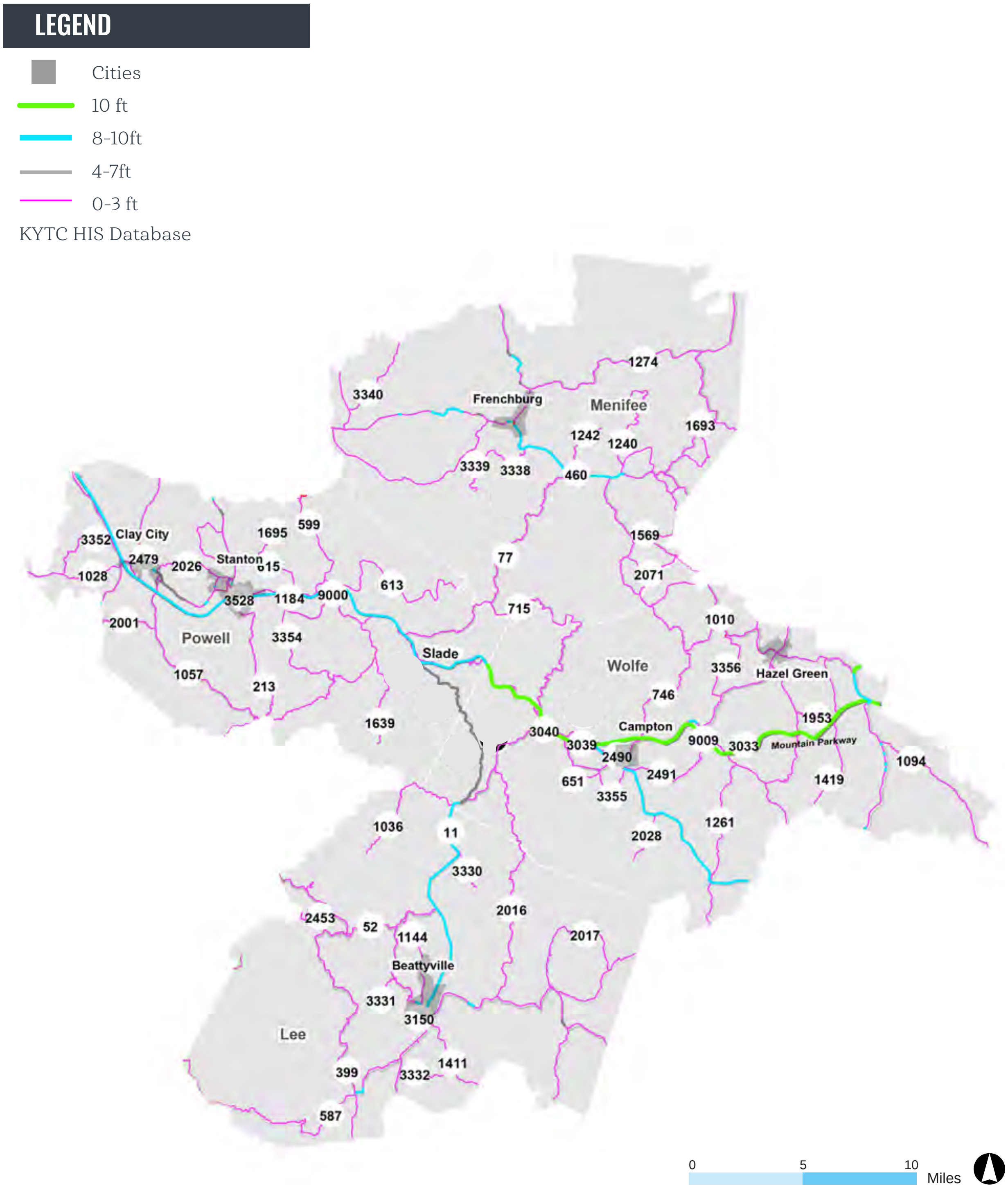


Figure 2-8: Shoulder Widths Map

Figure 2-9 depicts the truck weight classifications of study area roadways. The Mountain Parkway, US 460, KY 11, KY 15, KY 36, KY 52, and KY 231, among others, are classified as AAA and permit gross vehicle weight up to 80,000 pounds.

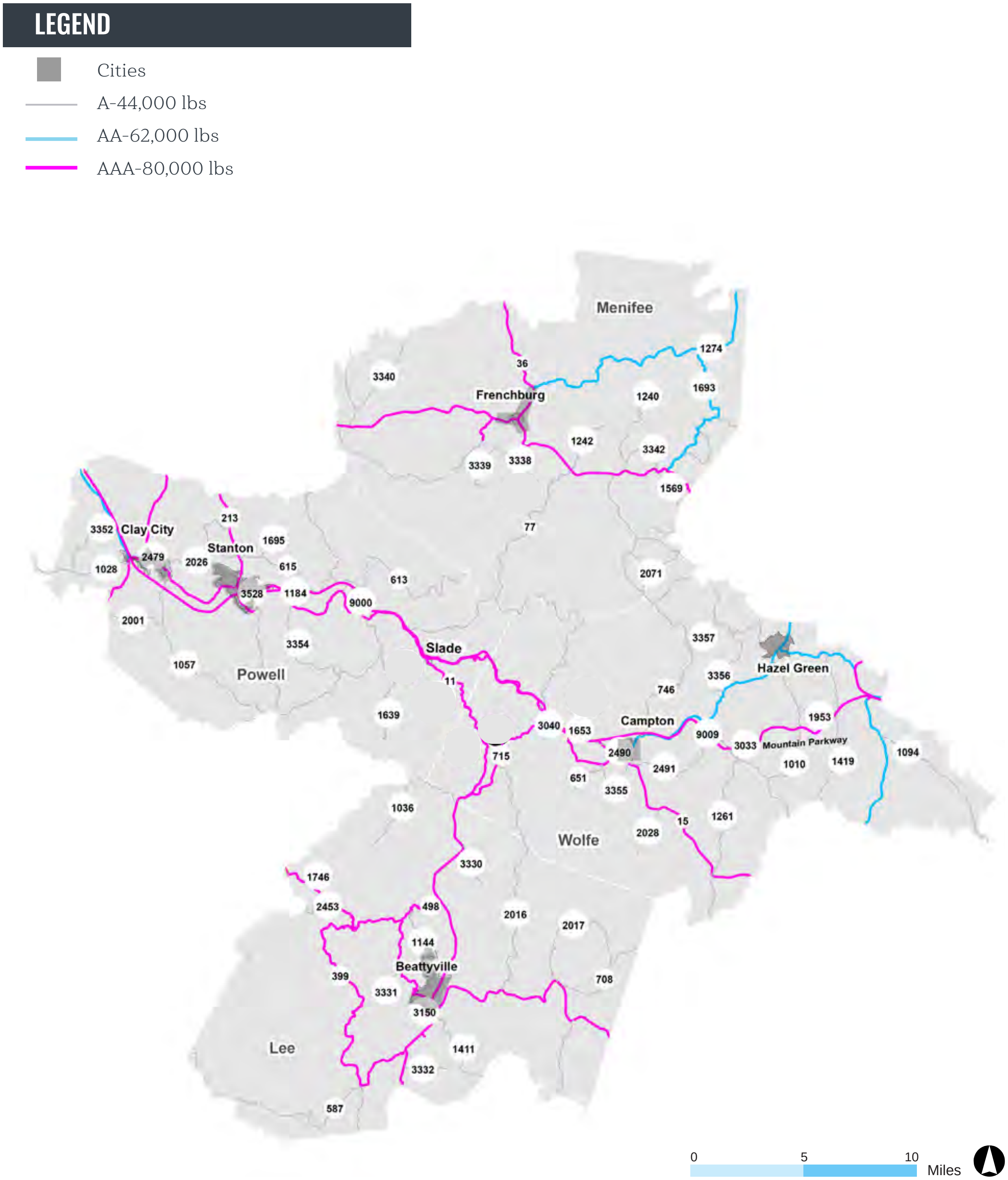


Figure 2-9: Truck Weight Classification Map

STRUCTURES

Numerous bridges and culverts are located in the study area, shown in Figure 2-10. From the FHWA's NBI Database, existing structure sufficiency ratings were identified. The higher sufficiency rating a bridge or culvert has, the better the condition of the bridge. Bridges considered structurally deficient or functionally obsolete with a sufficiency rating less than 50.0 are regularly considered for rehabilitation or replacement funding. Those considered functionally obsolete with a sufficiency rating of 80.0 or less are regularly considered for rehabilitation funding.

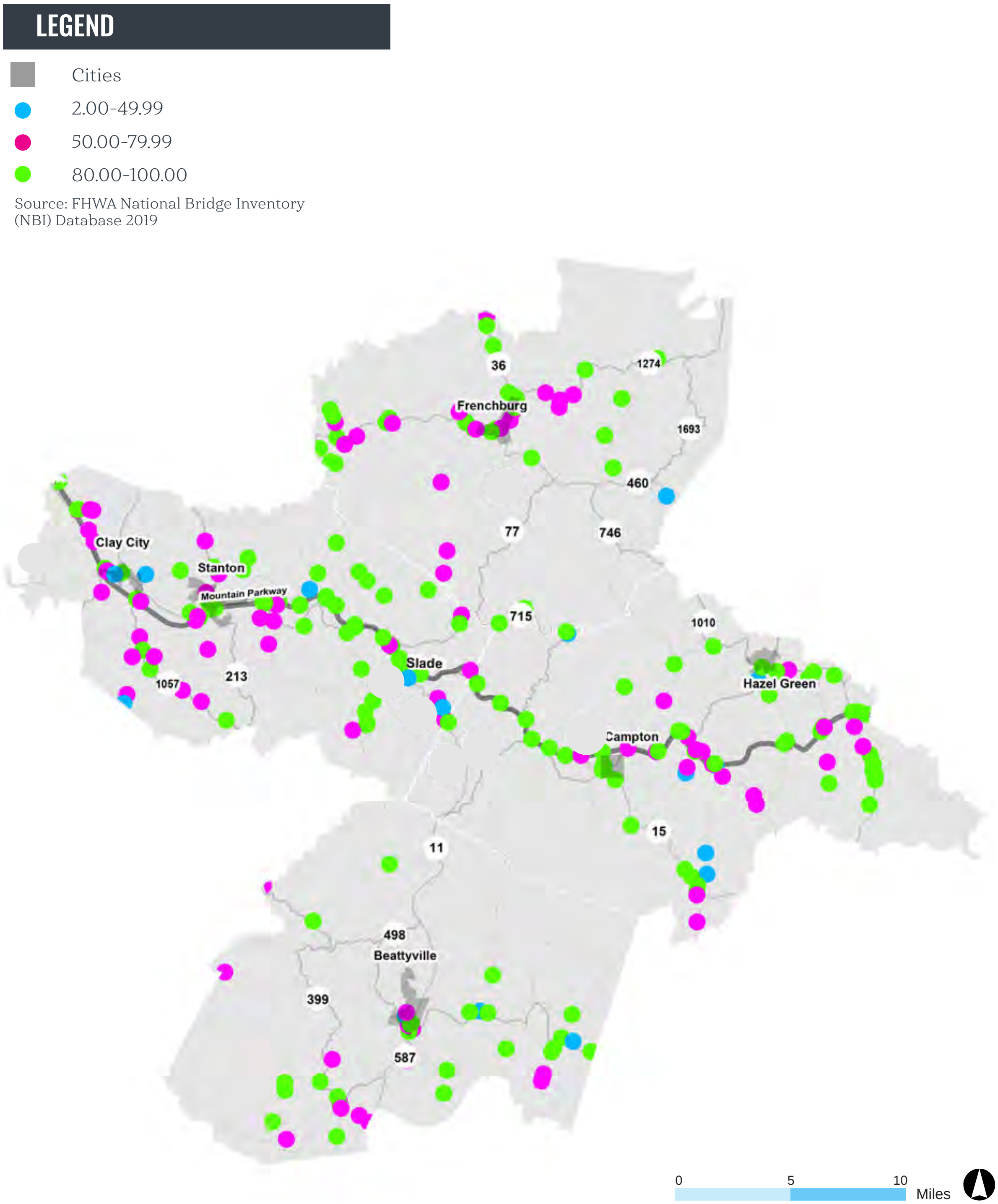


Figure 2-10: Structure Sufficiency Map

EXISTING TRAFFIC ANALYSIS

The most recent average daily traffic (ADT) volumes from KYTC's traffic count stations are shown in Figure 2-11. To evaluate the adequacy of roadway segments, existing ADT volumes were compared to the road's theoretical capacity. This is the preferred KYTC methodology for evaluating the adequacy of roadway segments. A volume-to-capacity ratio (V/C) represents proportion of traffic demand for using the roadway for the designated time-period in relation to its capacity to serve the demand.

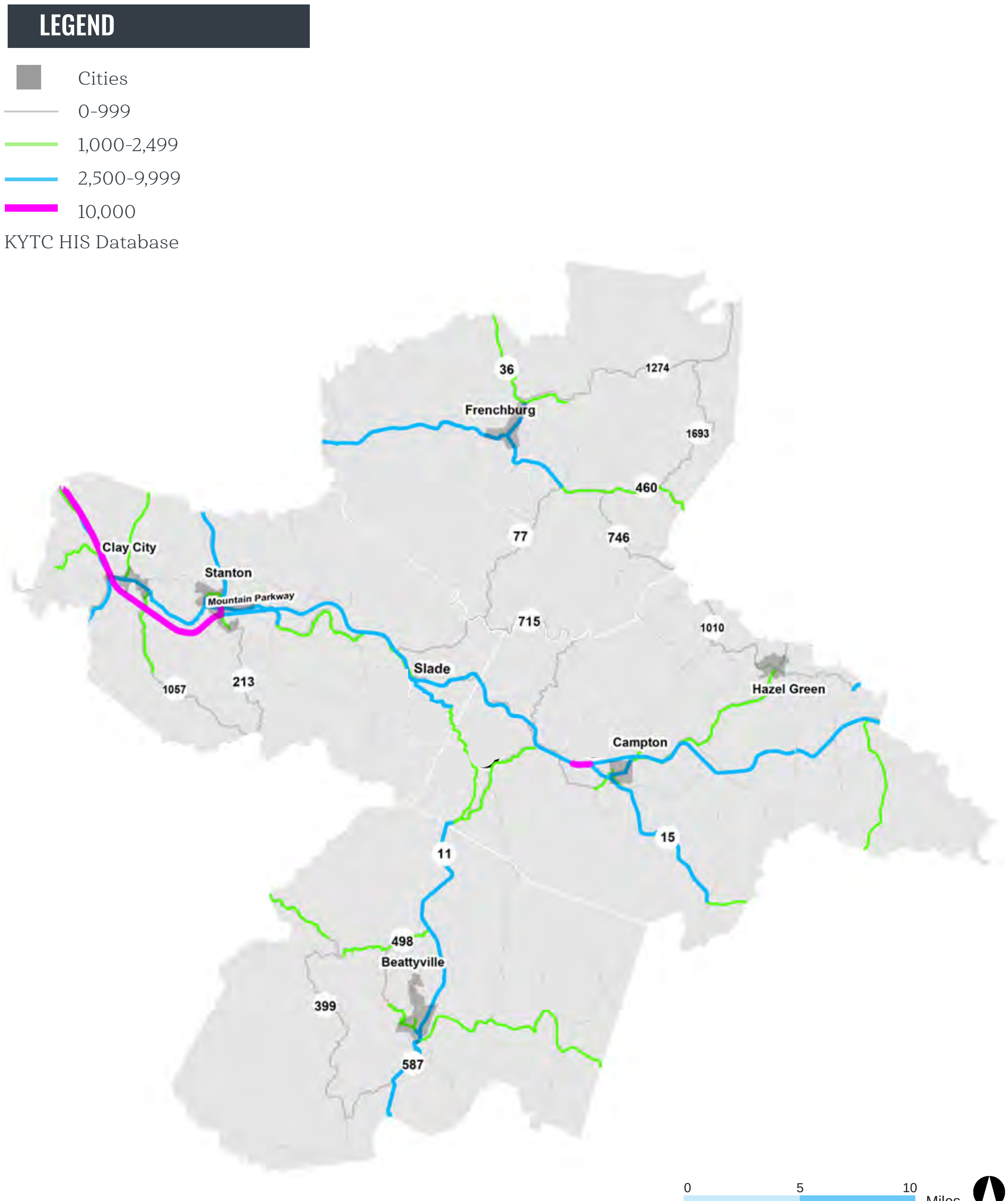


Figure 2-11: Average Daily Traffic (ADT) Volumes

The desired V/C threshold is 0.9 for rural areas and 1.0 for urban areas. A V/C greater than this indicates additional capacity may be warranted. After performing a V/C analysis using Highway Capacity Manual (HCM) procedures, all roadway segments in the study area operate under their intended design capacity with a V/C less than 0.9.

One area where congestion has been noted is at Nada Tunnel (shown in the picture to the right). Nada Tunnel is a 900-foot long tunnel along KY 77 in Powell County. Formerly a logging railway tunnel, Nada Tunnel has since been paved to carry a single lane of road traffic. This tunnel provides motorist access to many of the Red River Gorge canyons and has relatively high traffic during the tourist season. Because only one car can travel through the tunnel at a time, locals have noted long queues and delays while waiting their turn to pass through the tunnel. As a result, KYTC is currently working on a planning study at this location. The study, which is expected to be complete later this year, is looking at whether this location warrants a traffic light on each end of the tunnel to regulate traffic flow. The objective of the proposed system is to control the traffic density on either side of the tunnel and avoid a vehicle collision inside the single lane tunnel.

Nada Tunnel along KY 77 in Powell County

CRASH HISTORY

To quantify safety concerns, a statewide crash analysis was performed by KYTC for state-maintained roadways between 2011 and 2015. Crashes were geospatially referenced and compared to statewide data to identify locations experiencing above-average crash rates. The methodology is defined in the Kentucky Transportation Center research report Analysis of Traffic Crash Data in Kentucky (2012-2016)[1]. As defined in the methodology report, segments vary in length and are divided along roadways where geometry or traffic volumes change. For each segment, analysts examined the number of crashes, traffic volume, rural/urban, number of lanes, and segment length to determine the critical rate factor (CRF). The CRF is one measure of the safety of a road, expressed as a ratio of the crash rate at the location compared to the critical crash rate for similar roadways throughout the state. A CRF of 1.0 or greater may indicate that crashes are occurring due to circumstances not attributed to random occurrence (i.e., narrow shoulders which result in run off the road collisions). Segment locations with CRF values greater than 1.0 are shown in Figure 2-12 and Table 2-1.

1 Green, E.R., et al. *Analysis of Traffic Crash Data in Kentucky.* KTC-15-21, September 2017.

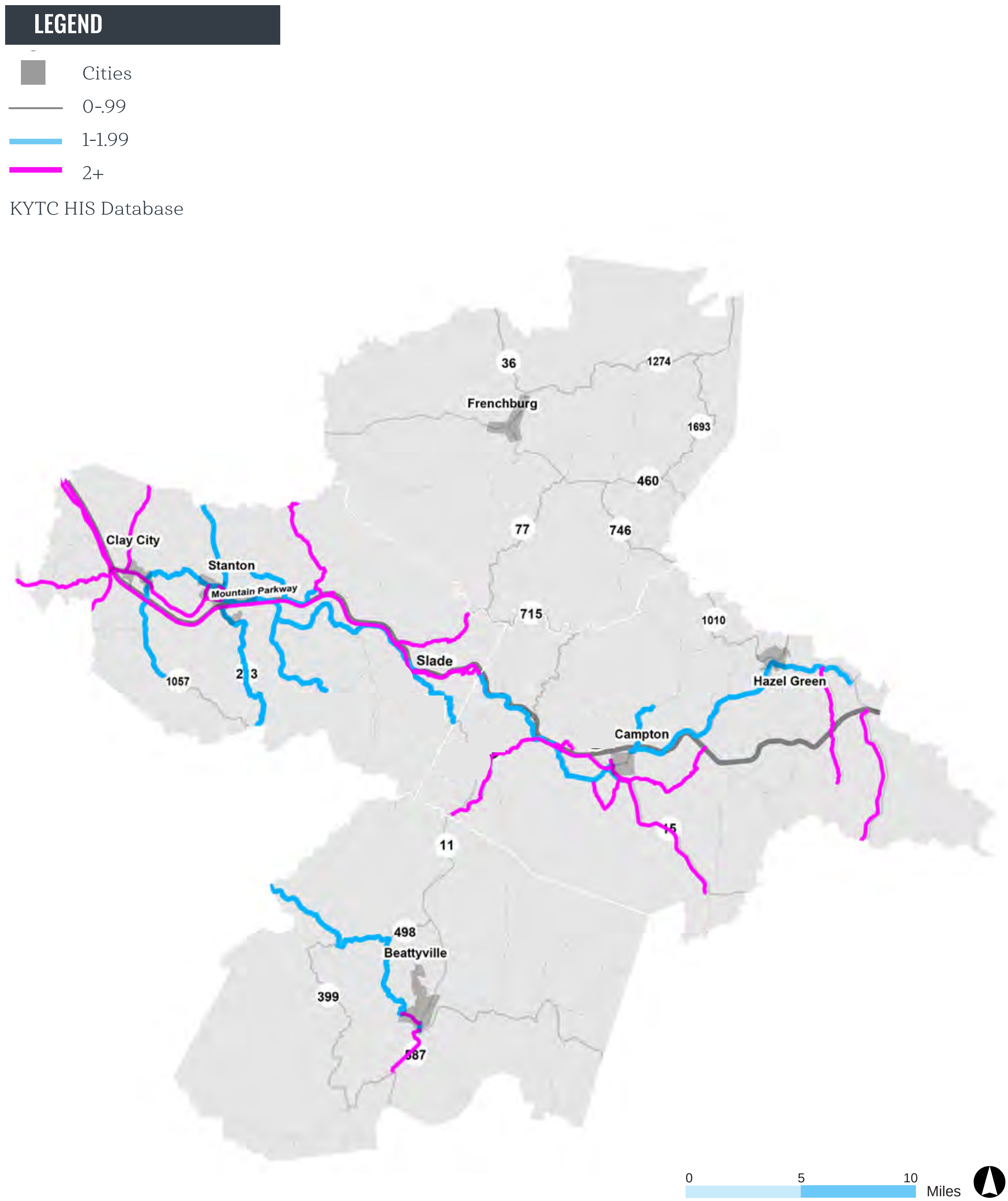


Figure 2-12: Critical Crash Rate Factors (CRFs)

Table 2-1: Roadway Segments with CRF above 1.00 (Year 2011-2015)

County	Route	Begin Milepoint	End Milepoint	Number of Crashes	CRF
Lee	KY 11	1.590	4.148	51	1.12
Lee	KY 11	4.148	4.456	23	2.13
Lee	KY 52	0.000	11.843	48	2.00
Lee	KY 52	11.843	12.756	18	1.52
Powell	KY 11	0.000	3.598	72	2.43
Powell	KY 11	3.598	14.344	100	2.34
Powell	KY 11	14.344	15.638	66	2.71
Powell	KY 11	15.638	20.971	143	1.88
Powell	KY 11	20.971	25.039	69	1.25
Powell	KY 15	0.000	3.493	15	1.02
Powell	KY 15	3.493	4.083	36	1.56
Powell	KY 15	4.083	80871	46	1.01
Powell	KY 77	0.000	4.309	12	1.06
Powell	KY 82	0.000	2.058	44	1.57
Powell	KY 213	0.000	7.290	26	2.94
Powell	KY 213	7.595	8.140	38	2.08
Powell	KY 213	8.140	12.076	107	3.80
Powell	KY 599	0.000	5.764	8	1.05
Powell	KY 615	4.122	9.729	20	2.11
Powell	KY 1028	0.000	4.711	12	1.52
Powell	KY 1050	0.000	0.325	2	1.31
Powell	KY 1057	0.000	4.550	73	3.57
Powell	KY 2026	0.000	4.202	34	2.35
Powell	KY 2073	0.000	0.169	13	1.34
Powell	KY 2476	0.000	0.204	6	1.51
Powell	KY 2486	0.000	0.539	36	6.06
Powell	KY 2487	0.000	0.496	5	1.70
Powell	KY 3354	0.000	5.379	15	2.35
Powell	Mountain Parkway	11.913	22.307	149	1.89
Powell	Mountain Parkway	22.307	36.000	183	1.39
Wolfe	KY 15	1.732	8.692	47	1.16
Wolfe	KY15	8.692	9.515	48	2.11
Wolfe	KY 15	9.515	18.704	46	3.56
Wolfe	KY 15S	0.000	1.058	26	1.92
Wolfe	KY 191	0.000	0.301	25	2.25
Wolfe	KY 191	1.450	14.298	97	3.46
Wolfe	KY 205	0.000	6.436	38	1.53
Wolfe	KY 715	0.000	5.765	36	1.44
Wolfe	KY 746	0.000	2.735	20	2.14
Wolfe	KY 1419	1.949	7.383	6	1.03
Wolfe	KY 1653	0.000	1.130	4	1.25
Wolfe	KY 2490	0.000	0.205	6	1.73
Wolfe	KY 2491	0.000	6.258	11	1.60
Wolfe	KY 3355	0.000	2.891	12	1.39
Wolfe	Mountain Parkway	40.468	42.853	39	1.74

OTHER MODAL USERS

There are no bicycle lanes or transit routes along the study area roadways. The only dedicated pedestrian facilities are sidewalks in Clay City, Stanton, Frenchburg, Campton, and Beattyville. The lack of bicycle lanes and parking at the Red River Gorge were noted as areas of concern at the first Local Advisory Board Meeting on January 29, 2020 and the second Local Advisory Board Meeting on May 7, 2020. Looking at the STRAVA[1] Global Heat map, which shows the density of multi-modal activity along a corridor, there appear to be a significant amount of bicycle use on roadways in the Red River Gorge. Widening the existing roadways to include dedicated bicycle lanes and/or additional parking would be extremely costly and could impact adjacent streams and environmental resources. Additionally, widening the existing road to include bicycle lanes would take parking away from adjacent businesses in some locations. These are tough trade-offs that the Local Advisory Board are aware of.

Listed below are the planned transportation improvements in the study area from Kentucky's FY 2020 – FY 2026 Highway Plan[2].

1 http://www.strava.com/
2 https://transportation.ky.gov/Program-Management/Highway%20Plan/2020HighwayPlanProjectListing.pdf

PLANNED PROJECTS

Lee County:

1. KY 11 (Item No. 10-292.10): Reconstruct KY 11 from KY 30 at Levi in Owsley County to 0.5 miles south of KY 587 in Lee County. The highway plan shows construction funding for 2021.
2. CR 1124 CR 1124 (Item No. 10-10013.00): Address deficiencies of Goose Creek Road bridge over CSX railroad. The plan shows design and construction funds starting in 2020. The highway plan shows design funding for 2023.
3. KY 11 CR 1124 (Item No. 10-10013.00): Address deficiencies of Goose Creek Road bridge over CSX railroad. The plan shows design and construction funds starting in 2020. The highway plan shows design funding for 2023.
4. KY 11 (Item No. 10-80103.00): Add turn lane at the intersection of KY 11 and KY 498. The highway plan shows design funding for 2023.
5. KY 399 (Item No. 10-80104.00): Reconstruct along KY 399 between milepoints 5.750 and 6.200. The highway plan shows design funding for 2023.

Menifee County

6. US 460 (Item No. 10-4308.00): Install guardrail on US 460 between milepoints 6.220 and 6.310. The highway plan shows construction funding for 2022.
7. US 460 (Item No. 10-8802.00): Improve safety and geometrics on US 460 from the end of the Rothwell Hill improvements to the bridge over Beaver Creek. The highway plan shows construction funding for 2022.

Powell County

8. CR 1316 (Item No. 10-150.00): Reconstruct roadway out of floodway in order to eliminate Mountain Parkway access. The highway plan shows design funding for 2020.
9. KY 213 (Item No. 10-163.10): Improve safety and upgrade geometrics, and address capacity issues for KY 213 from KY 11 to KY 615, including bridge over Red River. The highway plan shows construction funding for 2022.
10. KY 2026 (Item No. 10-211.00): Correct flooding issues on KY 2026 from KY 11 to the Red River in Clay City. The highway plan shows construction funding for 2023.
11. KY 82 (Item No. 10-4318.00): Install guardrail on KY 82 between milepoints 1.000 and 1.150. The highway plan shows construction funding for 2026.
12. KY 2026 (Item No. 10-10008.00): Address deficiencies of KY 2026 bridge over Red River. The highway plan shows design and construction funding for 2020.
13. Mountain Parkway (Item No. 10-20004.00): Address pavement condition on Mountain Parkway between milepoints 11.910 and 19.150. The highway plan shows design funding for 2024.
14. Mountain Parkway (Item No. 10-20005.00): Address pavement condition on Mountain Parkway between milepoints 19.150 and 22.307. The highway plan shows design funding for 2024.
15. Mountain Parkway (Item No. 10-20008.00): Address pavement condition on Mountain Parkway between milepoints 32.788 and 36.000. The highway plan shows design and funding for 2026.

Wolfe County

16. Mountain Parkway (Item No. 168.20): Widen Mountain Parkway to 4 Lanes from 0.6 miles west of the KY 191 overpass to the KY 1010 interchange. The highway plan shows right-of-way acquisition funding in 2021.
17. Mountain Parkway (Item No. 168.50): Widen Mountain Parkway to 4 Lanes from the KY 1010 interchange to 0.45 miles west of the KY 205 interchange. Design has been completed through Right of Way plans. The highway plan shows right-of-way acquisition funding in 2021.
18. KY 191 (Item No. 10-212.00): Improve the KY 191 and KY 1812 intersection. The highway plan shows design funding in 2023.
19. KY 191 (Item No. 10-4319.00): Install guardrail on KY 191 between milepoints 10.780 and 10.850. The highway plan shows construction funding in 2026.
20. KY 746 (Item No. 10-4320.00): Install guardrail on KY 746 between milepoints 1.400 and 1.700. The highway plan shows construction funding in 2026.
21. Mountain Parkway (Item No. 10-20009.00): Address pavement condition on Mountain Parkway between milepoints 36.000 and 42.850. The highway plan shows design and funding for 2021.
22. Mountain Parkway (Item No. 10-20010.00): Address pavement condition on Mountain Parkway between milepoints 42.853 and 46.208. The highway plan shows design and funding for 2022.

KYTC also identified projects that will improve access to the Red River Gorge area from the south. Visitors traveling north on Interstate 75 can exit at London and take KY 30 toward Booneville where KY 11 connects to Beattyville and Slade. Jackson County KY 30 (KYTC Item No. 11-278.30) and Owsley County KY 30 (Item No. 10-279.61) were left together as one big project. This approximately 10-mile project started construction in 2019 and will provide a good connection from London to Booneville. Reconstructing KY 11 from KY 30 at Levi in Owsley County to 0.5 miles south of KY 587 in Lee County (Item No. 10-292.1) will further improve this access route. The General Assembly 2020-2022 Biennial Highway Construction Plan has $7 million for construction in 2021 and $7 million for construction in 2022. Right of way is complete for this project and they are currently working on the utility relocation and agreements.

One improvement that has been discussed but is not included in Kentucky's FY 2020 – FY 2026 Highway Plan is the I-64/Mountain Parkway Interchange project in Clark County (Item No. 7-8506.01). This is the reconstruction of the I-64/Mountain Parkway Interchange to add new ramps to and from the east. An Interchange Modification Study was submitted for this project to FHWA in January 2017. Based on this study, the estimated costs for the preferred alternative include $1.8 million for Right-of-Way Acquisition, $0.9 million for Utility Relocations, and $11.5 million for Construction. While this project has not received any additional funding to move it forward, future growth in the Slade area may make this project a higher priority for future Highway Plans.

Electricity & Natural Gas

LEGEND

- Cities
- RRG Loop
- Road Projects

KYTC HIS Database

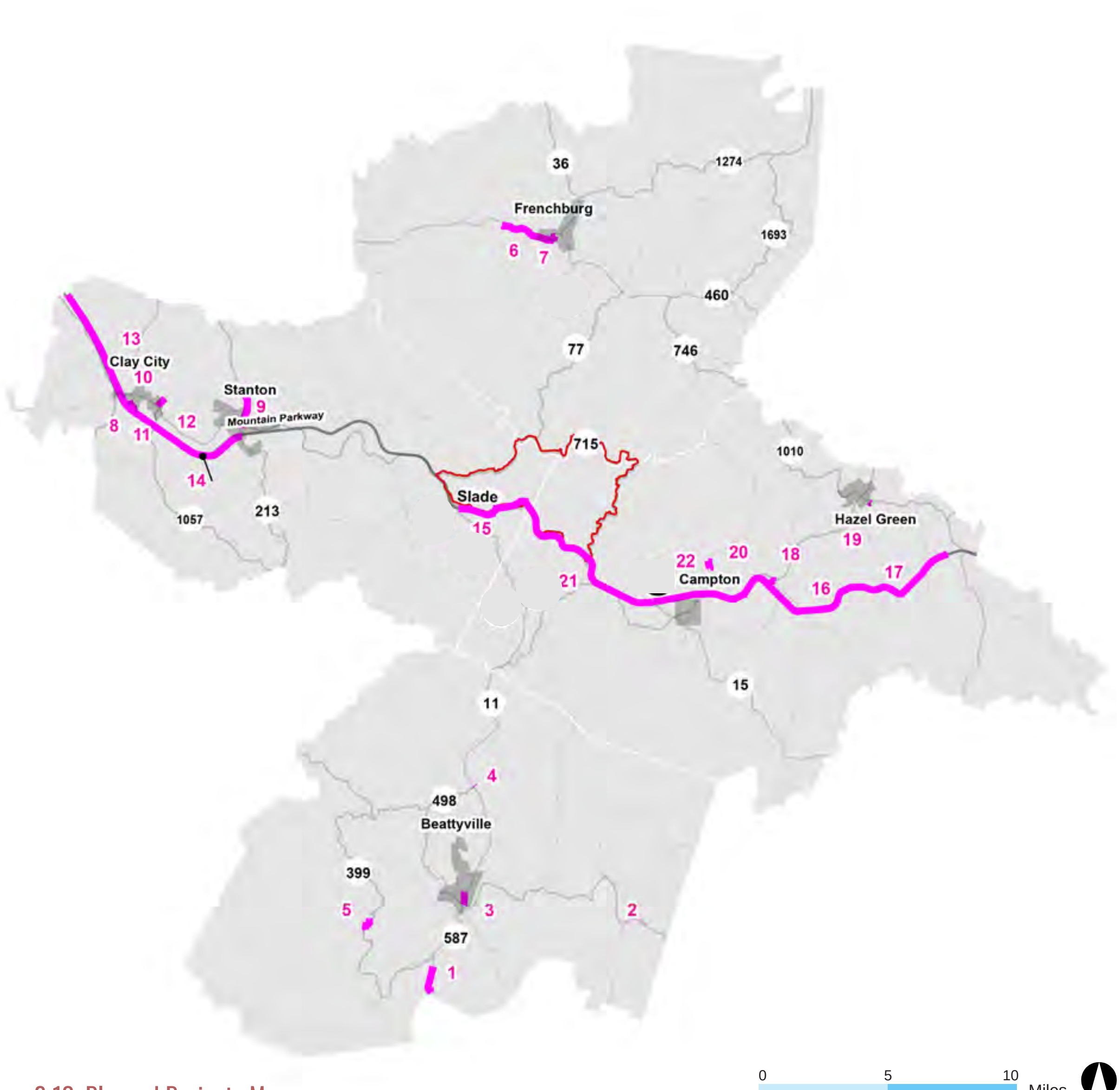


Figure 2-13: Planned Projects Map

UTILITIES AND BROADBAND

Utilities that are important to resort development examined in the four-county study area include water, sewer, electricity, natural gas, and telecommunications.

Water & Sewer

Most water and sewer plants within the four-county are challenged to meet current demands. Many are either nearing or already beyond the permitted design capacity. Tables 2-2 and 2-3 summarize both the water and sewer plants within the four-county study area. Improvements to include capacity within an existing plant (sewer and/or water) will likely be required as part of this project, as well as necessary system improvements (e.g., lift stations, booster pumps, and pipes).

Table 2-2: Water Plants Within the Four-County Study Area

Plant Name		Beech Fork Water Treatment Plant	Cave Run Water Treatment Plant	Beattyville Water Treatment Plant B	Campton Water Treatment Plant	Glade Historic Site Water Treatment Plant
Date of Last Improvement		8/1/1995	7/5/2005	10/1/2008	9/23/2011	1/1/1999
Design Capacity (MGD)		1.94	2	2	1	0.02
Average Daily Production (MGD)		1.113	1.256	0.898	0.58	0
High Daily Production (MGD)		1.5	1.732	0.99	0.65	0
Available Capacity (MGD)		0.44	0.27	1.01	0.35	0.02
Clear Well Capacity (GAL)		615,310	300,000	400,000	150,000	0
Treatment Type	Pretreat	Chlorine Gas	Chlorine Gas	Sodium Hypochloride	Sodium Hypochloride	None
	Postreat	Chlorine Gas	Chlorine Gas	Sodium Hypochloride	Sodium Hypochloride	None

Table 2-3: Sewer Plants Within the Four-County Study Area

Plant Name	Stanton Wastewater Treatment Plant	Slade-Nada Sewage Treatment Plant	City of Frenchburg Wastewater Treatment Plant	Beattyville Sewage Treatment Plant	Campton Sewage Treatment Plant
Date Constructed	1987	2003	1972	1996	2004
Treatment	Secondary	Secondary	Primary	Primary	Primary
Treatment Type	Extended Aeration	Extended Aeration	Extended Aeration	Extended Aeration	Extended Aeration
Design Capacity (MGD)	1.4	0.08	0.22	0.3	0.32
Hydraulic Capacity (MGD)	1.4	0.08	0.5	0.3	0.8
Average Daily Flow (MGD)	1.2	0.035	0.24	0.483	0.308
High Daily Flow (MGD)	1.2	0.04	0.563	0.5	0.57
Available Capacity (MGD)	0.2	0.04	-0.343	-0.2	-0.25

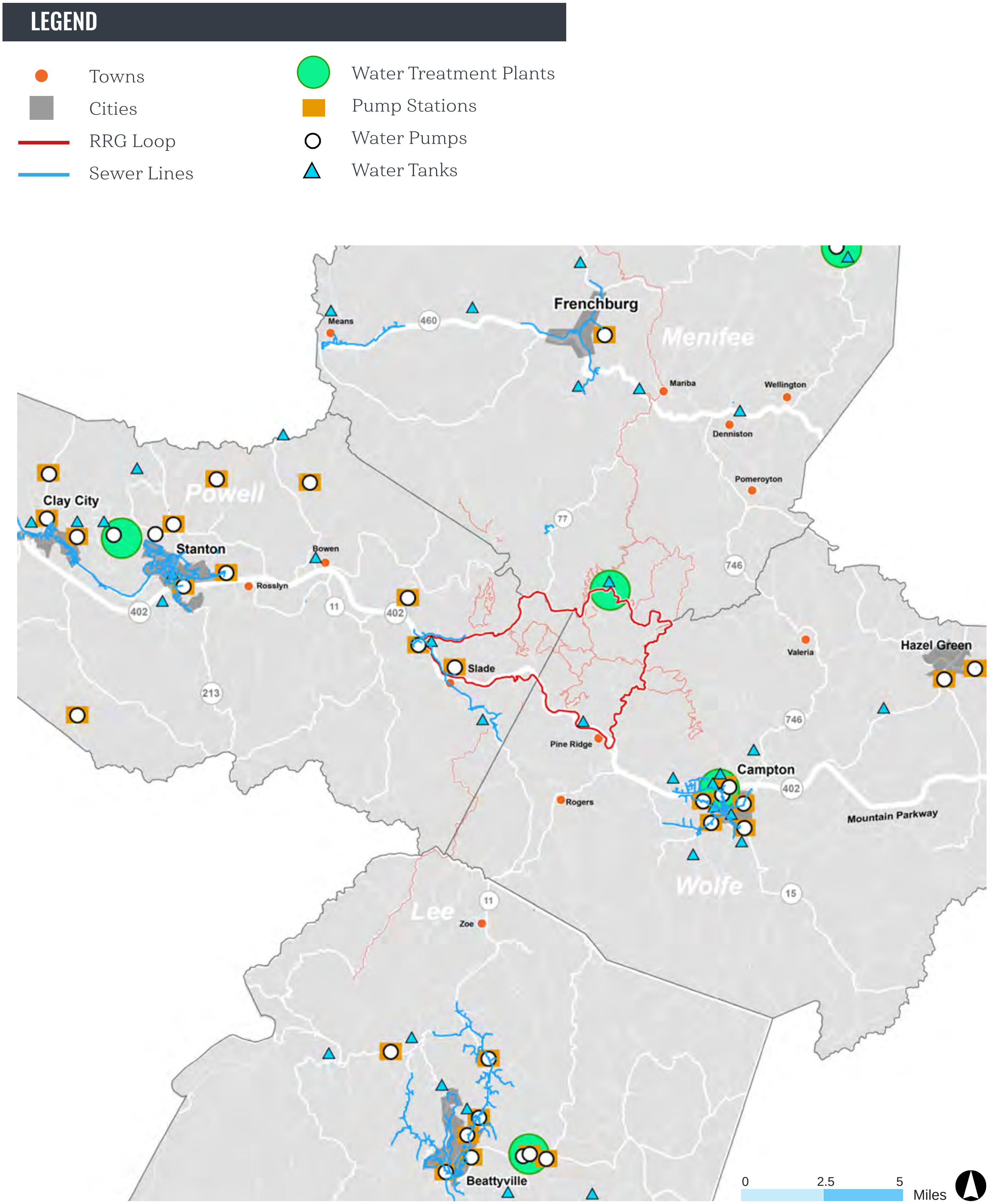


Figure 2-14: Water Map

LEGEND

- Towns
- Cities
- RRG Loop
- Wastewater Treatment Plants
- PS Lift Station
- Sewer Lines

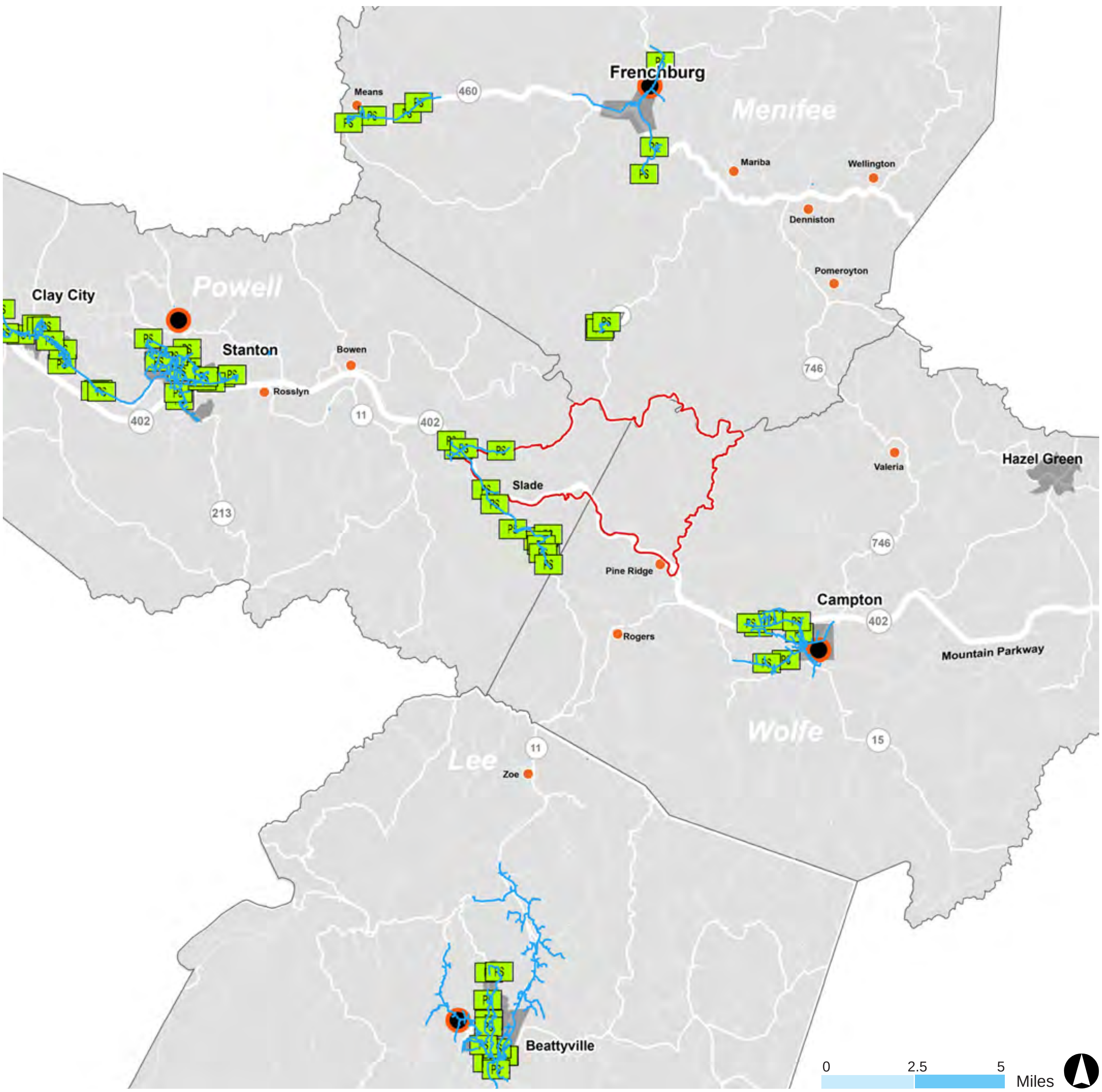


Figure 2-15: Wastewater Map

Electricity & Natural Gas

The electrical grid in the four-county region is adequate, with most areas within a reasonable distance of three-phase or single- phase (with ability to upgrade to three- phase) power. Natural gas availability is less frequent, with service restricted to higher populated areas such as the City of Stanton, Campton, and Frenchburg.

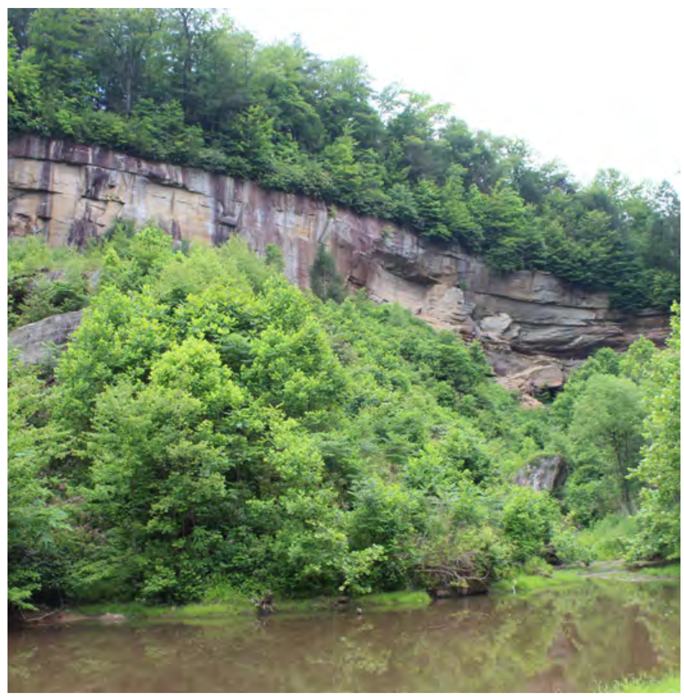
Telecommunications

KentuckyWired is a Commonwealth of Kentucky program providing “middle mile” or backbone fiber broadband internet infrastructure that allows local, public, or private Internet service providers (ISPs) to connect to the network and extend services locally. KentuckyWired has contracted with East Kentucky Network and Mountain Rural Telephone Cooperative to provide the last mile service in parts of Lee, Menifee, Powell, and Wolfe Counties. AT&T also provides broadband internet service in parts of Powell and Lee Counties.

Existing broadband fiber lines in the four-county study area are generally located along main corridors such as the Bert T. Combs Mountain Parkway; however, much of the region does not have service and it may be necessary to invest in significant fiber infrastructure upgrades, depending on the resort location. 4G LTE wireless service is provided for nearly all of the study area; however, the mountainous topography creates numerous zones where wireless service is not available. Exact locations of existing broadband infrastructure are unavailable for most of the study area, but when a site is selected, providers will assist with determining availability and projected cost of adding service to the site.

GEOLOGY

The four-county study area lies at the western edge of the Eastern Kentucky Coal Field physiographic region of the state. It is characterized by V-shaped valleys and narrow ridges supporting significant hardwood and coniferous forests. Available geologic and topographic mapping obtained from the Kentucky Geological Survey (KGS) indicates the ground surface typically varies from roughly 700 feet in valley bottoms to over 1300 feet in elevation above sea level on the tops of ridges. This western edge is called the Pottsville or Cumberland Escarpment. This escarpment (in large part) is formed from resistant Pennsylvanian-age sandstones and conglomerates. The manner in which the sandstones weathered and eroded along the escarpment resulted in sheer cliffs, steep-walled gorges, rock shelters, waterfalls, natural bridges and arches, and some of the most scenic areas in Kentucky. Beneath these sandstones lie strata of limestone, siltstone, shale and sandstone in varying thicknesses, orientations, and compositions.



LEGEND

- Cities
- RRG Loop
- Faults
- Tier 1 Site
- Borden Formation
- Breathitt Formation, lower part
- Breathitt Formation, middle part
- Crab Orchard Formation & Brassfield Dolomite
- Drakes Formation
- Lee (& Breathitt) Formation (Corbin Sandstone)
- New Albany, Chattanooga, & Ohio Shales, Boyle Dolomite & Sellersburg Limestone
- Newman Limestone
- Pennington Formation & Newman Limestone
- Alluvium

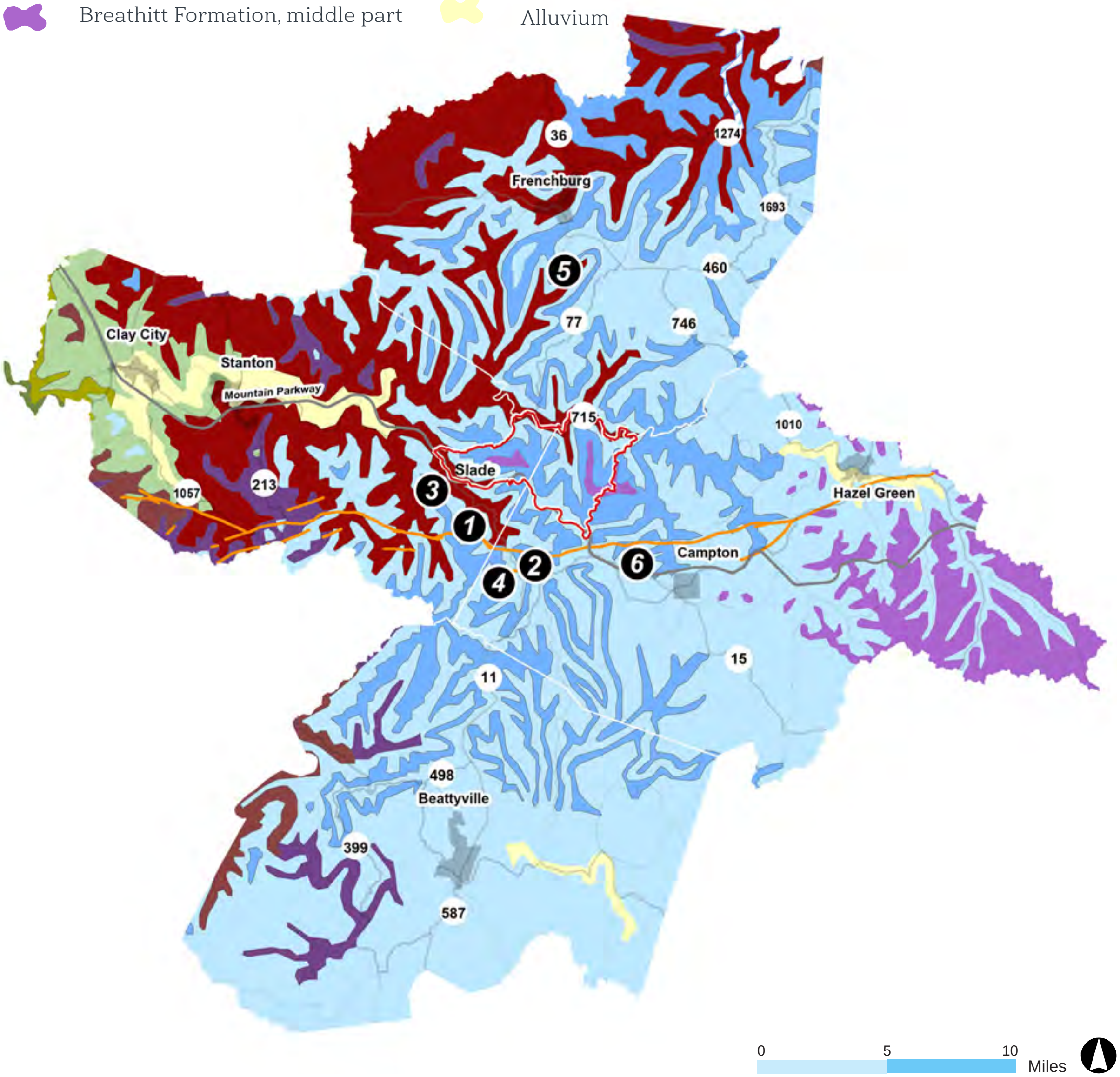


Figure 2-16: Geological Map

Most of the four-county study area is within the Lower part of Breathitt Geologic Group (Lower Pennsylvanian-Middle Pennsylvanian). This geologic unit is composed of about 45% shale, 40% siltstone, 15% sandstone and <5% coal and conglomerate. Coal seams occur within the Pennsylvanian aged rock with fewer noted in the northwest portion of the study area, increasing in frequency to the southeast. Geologic units located on the eastern edge of Powell and Menifee Counties range from Mississippian, and Devonian geological ages.

Some limestones are quarried for roadway and building material with several facilities noted in the study area. The shales, siltstones and sandstones can be locally used for rough site grading and fill, depending on performance requirements. The soils overlying bedrock in the study area reportedly vary in thickness from five to ten feet vertically on ridge tops and along hillsides, to as much as fifty feet thick along major streams and rivers. These soils are typically comprised of silts, clays, sands and gravels and are compositionally dependent upon the parent bedrock from which they were weathered.

KGS data indicates sinkholes scattered throughout Menifee, Powell, and Lee Counties. There is a high potential for karst impacting development within portions of Powell, Menifee, and Lee Counties. Wolfe County appears to have limited or no potential for karst impacts.
KGS Landslide inventory Data has records for the following known landslide locations across the study area:

- Lee County - 16 records
- Menifee County - 5 records
- Powell County - 19 records
- Wolfe County - 7 records

LEGEND

- Cities
- RRG Loop
- Sinkholes
- Major Karst Topography
- Moderate Karst Topography

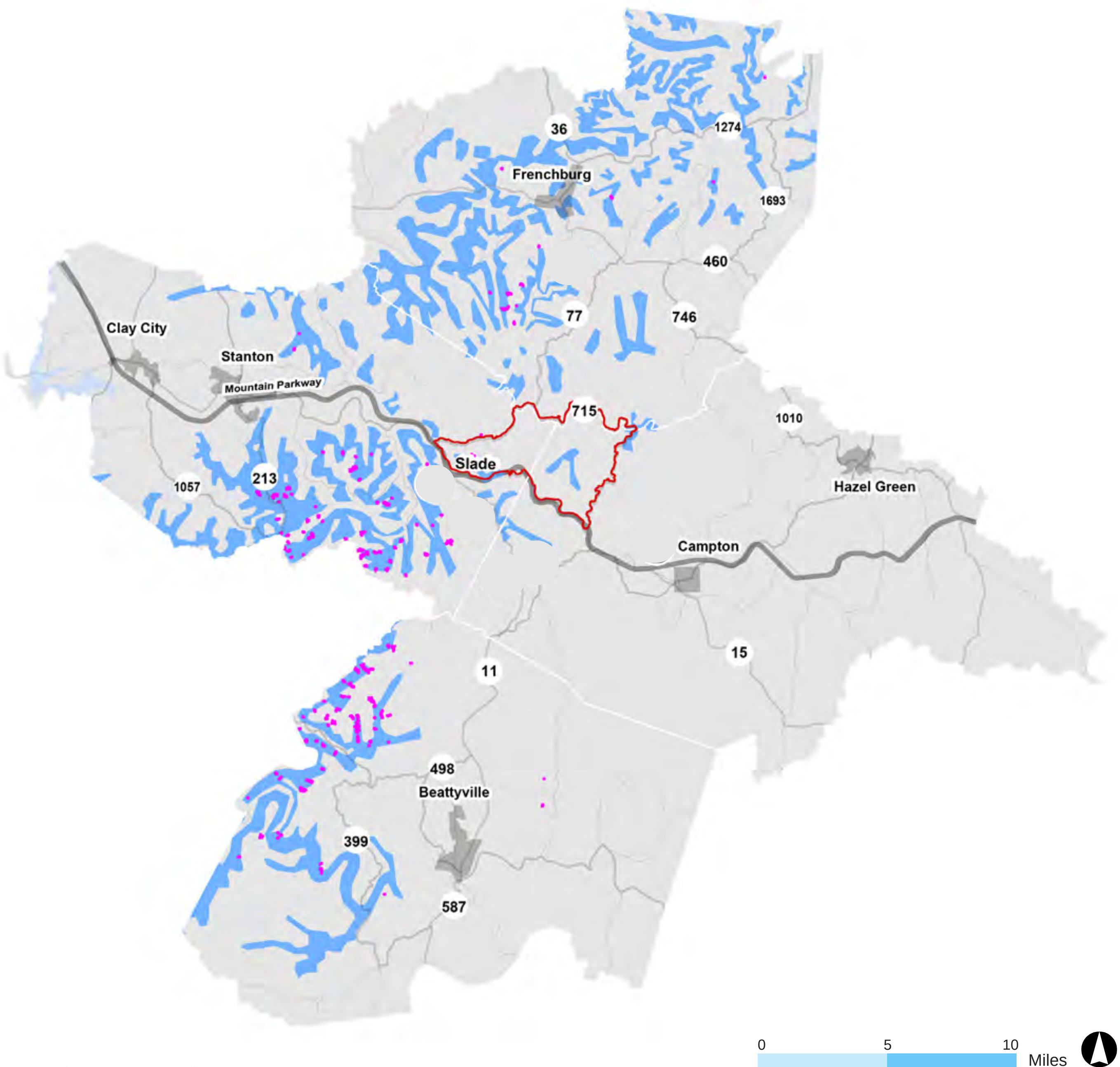


Figure 2-17: Karst and Sinkhole Map

Approximately 3,000 feet south of the existing Natural Bridge State Resort park lodge, geologic mapping reports the presence of Glencairn Fault of the Irvine - Paint Creek Fault Zone. This fault zone runs in an east-west direction, with the bedrock to the south of the fault. There is no recorded significant fault activity in recent geologic time.

When final site selection is made, the Stantec team will evaluate the site(s) for potential use as a resort or destination facility from a geotechnical perspective, and will address the following considerations:

- Do not destabilize or detrimentally affect existing sandstone bluffs, arches or natural archaeological features.
- Some shale strata are susceptible to sloughing and degradation on exposure to weathering. Therefore, steepening of shale slopes is typically not recommended unless adequate safety areas are included at the base of cut slopes.
- Rock cuts in steep hillsides in support of roadway or structure construction may require rock fall reduction measures or significant right of way acquisitions, to construct a stable slope.
- Some shale strata in the study area could possess acidic properties and, as such, present challenges to traditional storm water runoff practices.
- The presence of coal seams, previous mining, abandoned gas, oil or water wells, and karst activity should be investigated when evaluating a site.

LEGEND

- Landslides
- Cities
- RRG Loop

KYTC HIS Database

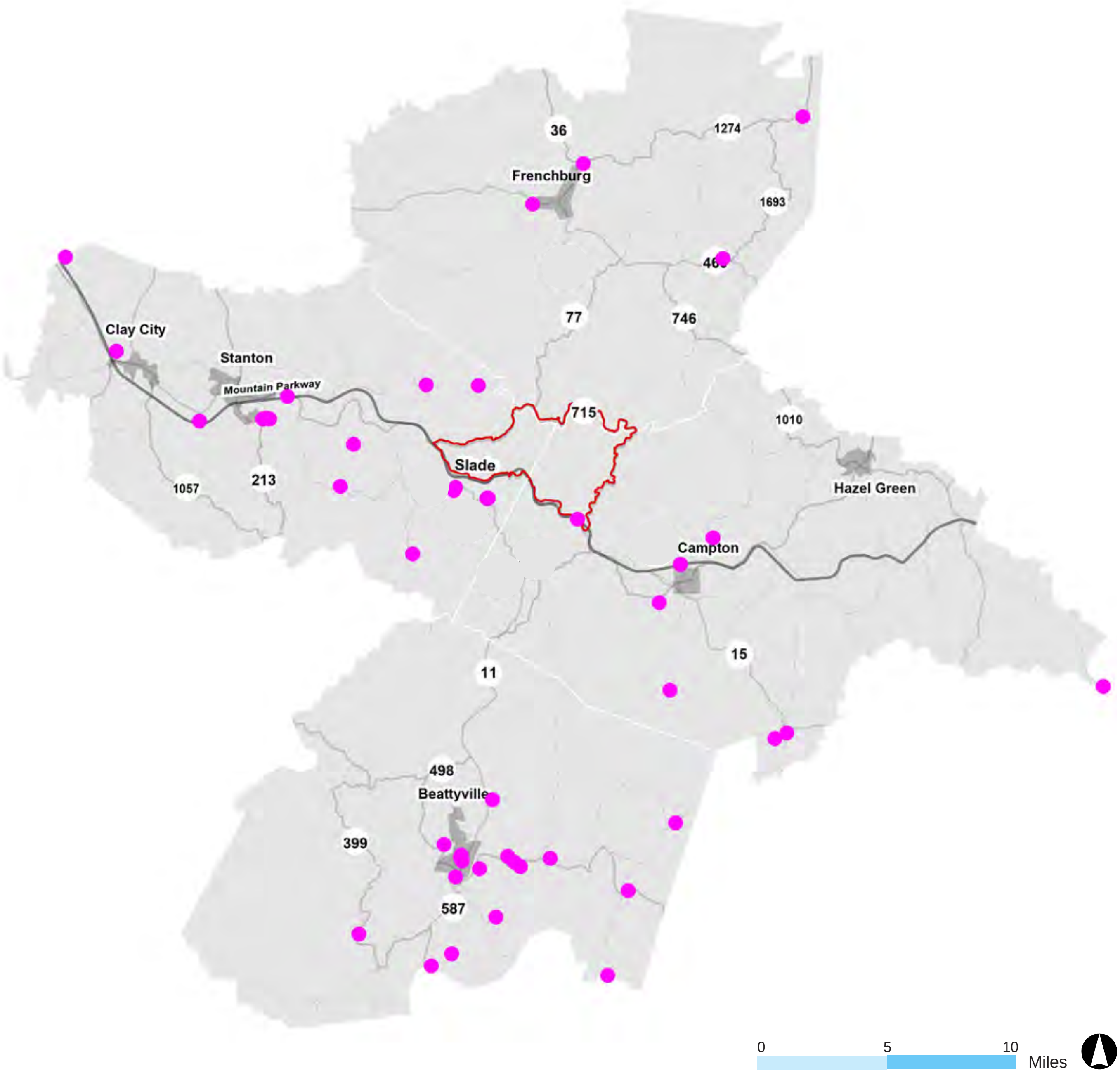


Figure 2-18: Landslide Map

ENVIRONMENTAL

Existing Environmental Conditions

This section provides an overview of the primary environmental concerns in the four-county study area that may impact resort and tourism development. When final site selection is made Stantec will conduct a desktop review to evaluate each site for sensitive resources including but not limited to rare species and ecological communities, streams and wetlands, cultural sites and others. In addition, Stantec will search historic data for each of the sites to determine past use and review for any potential historic chemical storage areas (pesticides, fuel oil, etc.) and associated contamination. Stantec staff will then visit each site to ground-truth the results of the desktop review, collect baseline ecological data and provide feedback on any potential environmental issues.

Records Review

A review of agency databases and secondary sources was conducted to document known environmental resources including, but not limited to:

- Ecological Resources:
    - United States Geological Survey (USGS) streams
    - Threatened and endangered species
- FEMA national Flood hazard Layer (NFHL) Data and National Wetland Inventory (NWI) wetlands
- Land use
- Cultural, historic, and archaeological resources
- Water wells
- Geologic and karst features

The section below provides a summary of the features that were identified within the study area. This information provides an overview of resources of significance within the study area as well as other environmental issues of potential concern. More detailed environmental studies may be required as individual actions are further developed in accordance with the National Environmental Policy Act (NEPA).

USGS Streams and NWI Wetlands

There are 23 Outstanding State Resource Water (OSRW) designated streams within the study area, with many supporting Threatened and Endangered species. There is also one (1) Exceptional Water and four (4) Cold Water Aquatic Habitats that are protected. The following waters are listed below, by county:

- Lee County-Billey Fork, Granny Dismal Creek, Hell Creek, Silver Creek, Middle Fork Kentucky River, Lower Buffalo Creek, South Fork Kentucky River, Sturgeon Creek, Little Fork (Lee & Wolfe Co.), Lower Devil Creek (Lee & Wolfe Co.), Walker Creek (Lee & Wolfe Co.)
- Menifee County-Botts Fork, Brushy Fork, East Fork Indian Creek, Gladie Creek, Wolfpen Creek, Gladie Creek Basin, Indian Creek, Camp Branch
- Powell County-Red River segment (Menifee, Powell & Wolfe Co.), Hardwick Creek, South Fork Red River
- Wolfe County-Holly Creek, Red River segment (Menifee & Wolfe Co.), Chester Creek, Rockbridge Fork, Chimney Top Creek, Swift Camp Creek

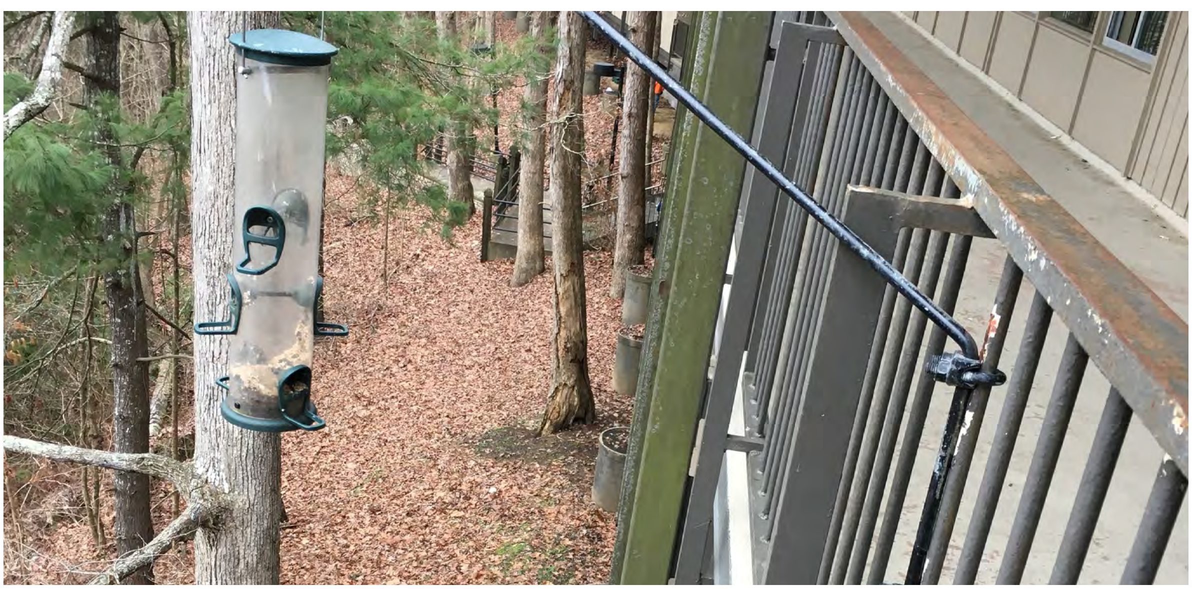
The National Wetlands Inventory (NWI) database indicated the following wetland types/ water resources within the study area:

- Freshwater Emergent Wetland-111 records (237.97 acres)
- Freshwater Forested/Shrub Wetland-140 records (439.92 acres)
- Freshwater Pond-1445 records (1041.83 aces)
- Riverine-2244 records (9265.55 acres)
- Lake-10 records (9639.36 acres)

Best Management Practices (BMPs) should be used during all stages of the project to minimize disturbances to any water feature or wetland.

Groundwater

There are numerous water wells and natural springs spread throughout the entire study area. It appears the most numerous category of wells are domestic wells, followed by monitoring wells, and “other use” wells. A few agricultural, geothermal, and public wells are in the study area as well.



Threatened and Endangered Species

The United States Fish and Wildlife Service (USFWS) Information for Planning and Consultation (IPaC) resource list indicated the following sixteen (16) species were of concern for the study area:

- Northern long-eared bat (Myotis septentrionalis)-Threatened
- Gray bat (Myotis grisescens)-Endangered
- Indiana bat (Myotis sodalis)- Endangered
- Virginia Big-eared bat (Corynorhinus townsendii virginianus)- Endangered
- Kentucky Arrow Darter (Etheostoma spilotum)- Threatened
- Clubshell (Pleurobema clava)- Endangered
- Fanshell (Cyprogenia stegaria)- Endangered
- Northern Riffleshell (Epioblasma torulosa rangiana)- Endangered
- Pink Mucket (pearlymussel) (Lampsilis abrupta)- Endangered
- Purple Cat's Paw (Epioblasma obliquata obliquata)- Endangered
- Rabbitsfoot (Quadrula cylindrica cylindrica)- Threatened
- Rough Pigtoe (Pleurobema plenum)- Endangered
- Sheepnose mussel (Plethobasus cyphus)- Endangered
- Snuffbox Mussel (Epioblasma triquetra)
- Running buffalo cover (Trifolium stoloniferum)- Endangered
- Short's bladderpod (Physaria globosa)- Endangered

Of the 16 endangered species, only the Kentucky Arrow Darter has designated critical habitat.

The Migratory Bird Treaty Act and Bald and Golden Eagle Protection Act protects certain bird species that may occur within the study area. USFWS lists 15 Species of birds and their probability of presence.

Kentucky Department of Fish and Wildlife Resources (KDFWR) provides State Threatened, Endangered, and Special Concern Species as occurring (either recently or historically) in the following counties:

- Lee County-17 records (7 endangered, 6 threatened, 4 special concern)
- Menifee County-32 records (9 endangered, 14 threatened, 9 special concern)
- Powell County-35 records (9 endangered, 12 threatened, 14 special concern)
- Wolfe County-24 records (10 endangered, 6 threatened, 8 special concern)

LEGEND

- RRG Loop
- Arrow Darter Habitat
- Outstanding State Resource Waters

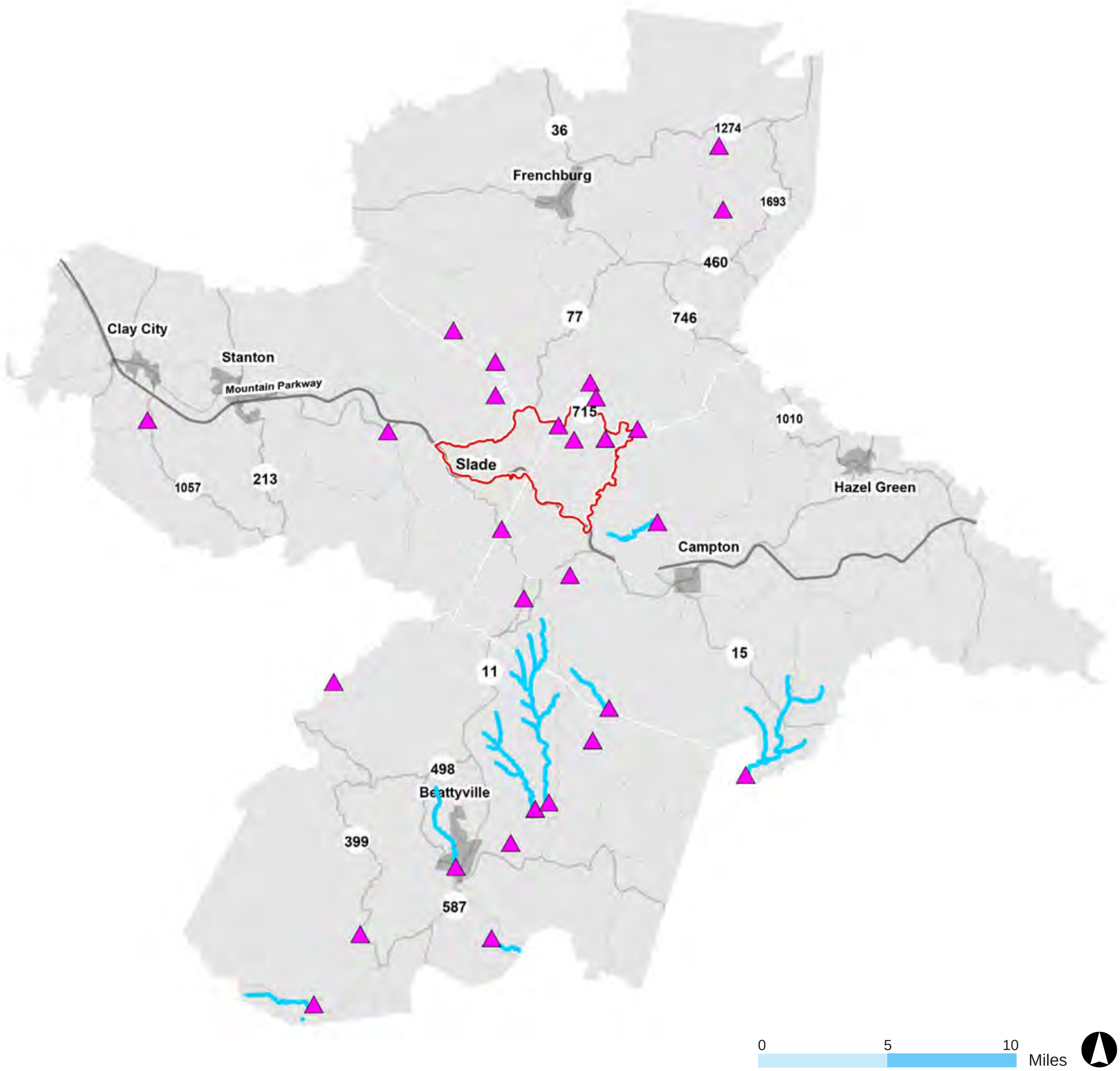


Figure 2-19: Habitat Map

Sensitive Areas

The Kentucky State Nature Preserves (KSNP) indicated there are the following areas located within the study area:

- KSNP Natural Areas-4 sites (Red River Wild River, Pilot Knob State Nature Preserve, Natural Bridge State Park Nature Preserve, and Red River State Natural Areas)
- State Managed Natural Areas-3 sites
- Federal Natural Areas-5 sites
- Local Government Natural Areas-2 sites
- Private Natural Areas-2 sites

Oil and Gas Wells

University of Kentucky, Kentucky Geological Survey data indicates a high conglomeration of oil wells and combinations of oil and gas wells are centered around the convergence of Powell, Wolfe, and Lee County lines. Southwest Menifee County and southeast Wolfe County both have a high cluster of gas wells and dry and abandoned wells.

Cultural Resources-Archaeology and Historic

Review of the National Register of Historic Places (NRHP) indicates 35 historic places or resources located within the study area. These include:

- Lee County-9 records
- Menifee County-6 records
- Powell County-16 records
- Wolfe County-4 records

Lee, Menifee, and Powell Counties all have multiple records of Prehistoric rock at sites of petroglyphs that should be avoided. Specific location information has not been provided due to the sensitive nature of the sites.

2.3 LAND DEVELOPMENT & LOCAL POLICY

DEVELOPMENT REGULATIONS

In general, there is little to no zoning in the four-county study area. If there is no local zoning, then development plans are viewed in accordance with the state building code and the Kentucky floodplain development requirements administered by the Division of Water Floodplain Management Section. Kentucky has a statewide unified building code for commercial properties and for residential properties that is under the Department of Housing, Buildings, and Construction.

In Powell County, the city of Stanton has an adopted zoning code, while the remainder of the county lacks any local development regulations. Similarly, in Lee County, the City of Beattyville has adopted a zoning code, but not the remainder of the county. Lee and Wolfe Counties have not adopted any development regulations.

DANIEL BOONE NATIONAL FOREST

In the four-county study area, most of the land within the established boundaries of the Daniel Boone National Forest is not actually owned or controlled by the United States Forest Service (USFS), giving it limited authority over development in the forest.

In 1974, the USFS designated 29,000 acres of the Red River Gorge area as a National Geological Area, which provides protections calling for the area to be managed principally for recreation, watershed protections, and wildlife management. The Department of Interior designated the Geological Area as a National Natural Landmark in 1976. The designation was given under the authority of the Historic Sites Act of 1935, which encourages preservation of sites illustrating geological and ecological character; enhances scientific and educational value; strengthens public appreciation of natural history; and fosters concern for conservation of Nation's heritage[1].

13,000 acres of the Geological Area were designated by Congress as the Clifty Wilderness through the 1985 Kentucky Wilderness Act under the authority on the 1964 Wilderness Act, which defines a wilderness area as an area of undeveloped Federal land retaining its primeval character and influence, without permanent improvements or human habitation, which is protected and managed so as to preserve its natural conditions and which:

1. Generally appears to have been affected primarily by the forces of nature, with the imprint of man's work substantially unnoticeable;
2. Has outstanding opportunities for solitude or a primitive and unconfined type of recreation;
3. Has at least five thousand acres of land or is of sufficient size as to make practicable its preservation and use in an unimpaired condition; and
4. May also contain ecological, geological, or other features of scientific, educational, scenic, or historical value[2].

In 1993, under the authority of the 1968 Wild & Scenic Rivers Act, Congress designated parts of the Red River as a Wild & Scenic River. This designation calls for rivers to be preserved in a free-flowing condition and there their immediate environments be protected for the benefit and enjoyments of present and future generations. The Federal Highway Administration designated 46 miles of highways 715 and 77 as National Scenic Byways in 2002. The Department of Interior, in 2003, designated 37,000 acres of the Geological Area as the Red River Archaeological District under the National Register of Historic Places program[3].

1 https://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5346558.pdf
2 https://www.fs.fed.us/psw/cirmount/meetings/ncbotany/Reed1_Wilderness%20Act.pdf

3 https://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5346558.pdf

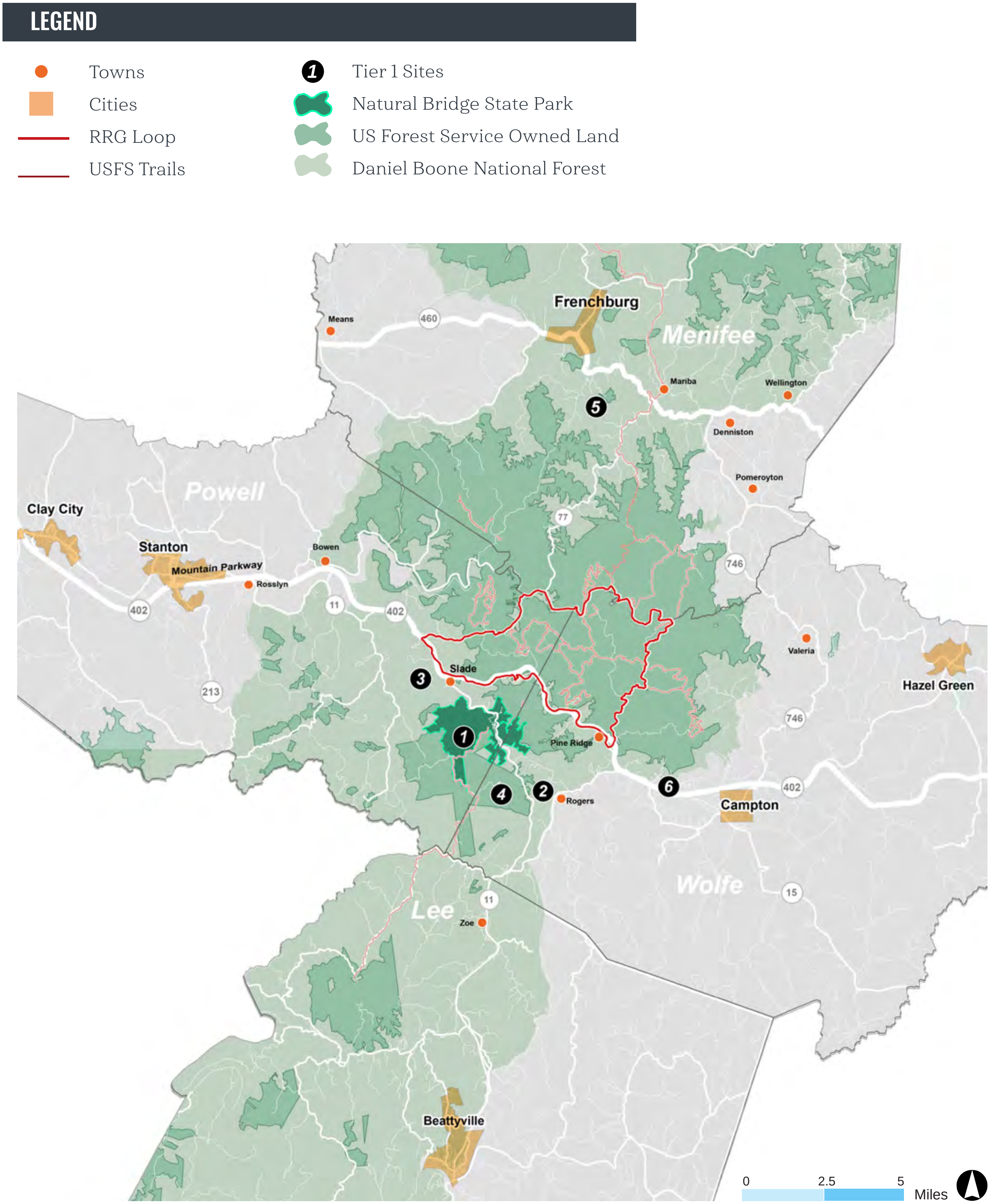


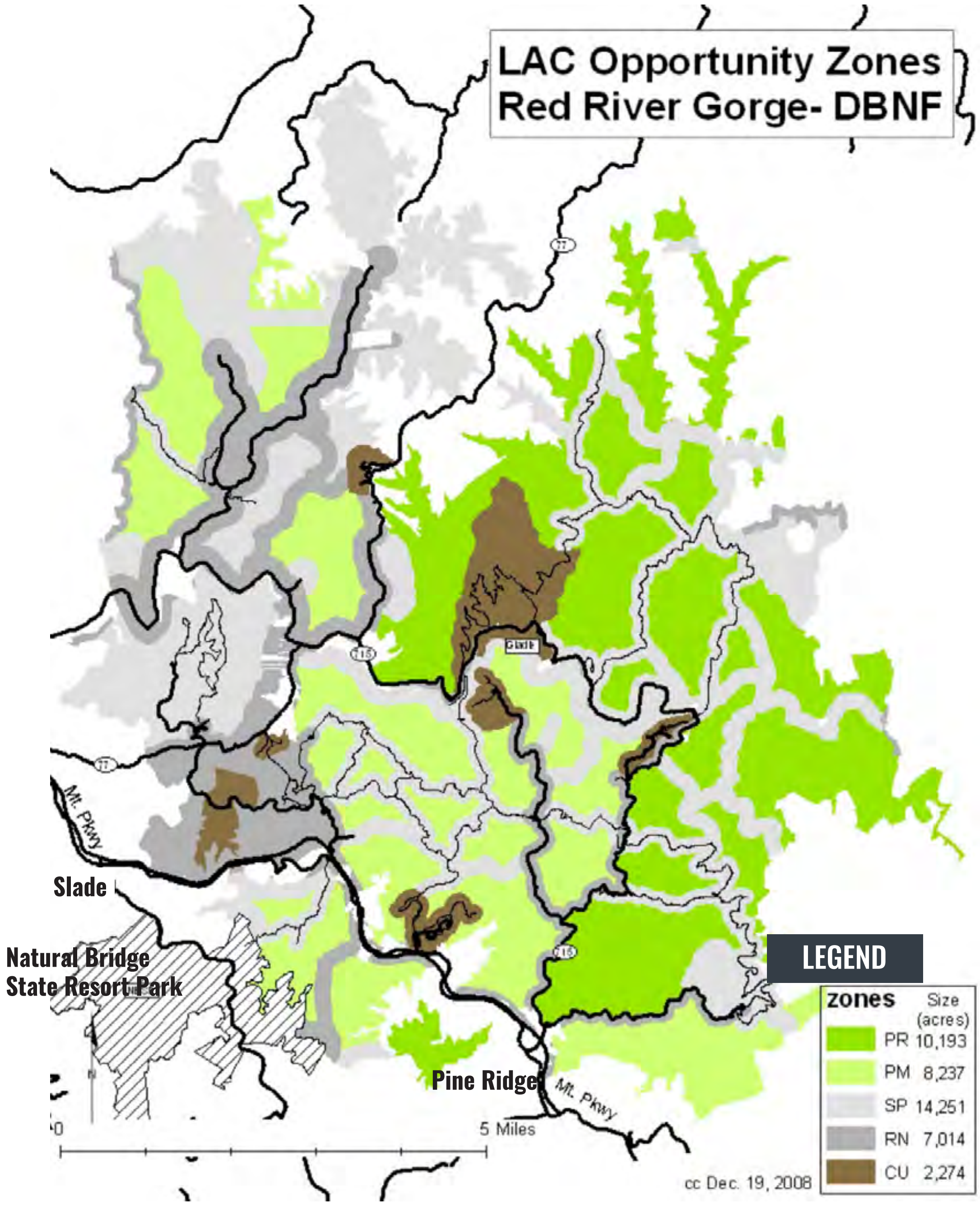
Figure 2-20: Public Land Map

From 2004 to 2008, the USFS completed the Limit of Acceptable Change (LAC) process, a nine-step process designed to address the impacts of public recreational use to preserve the area's environmental resources for future recreational use. The LAC recognizes that impacts are inevitable and attempts to determine what amount of change is acceptable. The end result identified six opportunity zones with a list of management actions and implementation plan items to bring existing conditions up to the standard required by each zone[1].

1. CU - Concentrated Use – heaviest use areas (trailheads, roads, trails).
2. RN - Roaded Natural – network of moderate to heavily used trails.
3. SP - Semi-Primitive – some low use developed maintained trails.
4. CH - Critical Habitat / Resource – some developed maintained trails – high degree of managerial presence.
5. PM - Primitive – no developed maintained trails or roads – moderate to high level of solitude and isolation.
6. PR - Pristine – no developed maintained trails or roads – high level of solitude and isolation.

1 https://www.fs.usda.gov/detail/dbnf/home/?cid=stelprdb5346360

Figure 2-21: Limits of Acceptable Change



Source: USFS

Figure 2-22: Limits of Acceptable Change Zones in Red River Gorge

ALCOHOLIC BEVERAGES

The availability of alcoholic beverages is viewed as an important factor in resort site selection. Kentucky law allows counties, cities, and precincts to decide their wet/dry status. Menifee County is a completely dry county, while Powell, Lee, and Wolfe are wet. Each of those counties have specific rules that dictate when alcohol sales may occur.

2.4 IDENTIFICATION OF POTENTIAL SITES

The project team is tasked with identifying a site that can support the ultimate recommendation. Three potential sites were identified in the HVS study described earlier; however, they were not automatically included in site analysis as part of this project. Two of the three sites did emerge as potential locations after the preliminary analysis to be described below.

SITE SELECTION

Guided by a set of criteria used to determine site suitability and inform possible on-site amenities, the project team worked to identify potential sites for a destination resort. Geospatial parcel data was obtained from all four counties in the study area and the team used ArcGIS to analyze slopes and score parcels based on the preliminary criteria. The process described in detail here, allowed the team to focus on a smaller, more manageable number of sites for further evaluation.

SLOPE ANALYSIS

A five-foot digital elevation model for the entire state was obtained from the Kentucky Geography Network. Using ArcGIS, the project team ran a slope analysis with the elevation data for the four-county study area. Next, the team calculated total acres and buildable acres (less than 25% slopes) for every parcel in the four counties. Table 2-4 shows the number of parcels that meet the minimum requirements for each resort category.

Because a large number of sites met the minimum criteria for Boutique or Resort Hotel and the focus of this study is a “destination resort,” the project team focused preliminary scoring on the parcels meeting the size requirements for a destination resort or large hotel with a conference center and resort residential. This analysis made it apparent that there are plenty of properties within the four counties that may be suitable for the smaller hotels.

Table 2-4: Resort Categories and Qualifying Parcels

Category	Minimum Requirements	Lee County	Menifee County	Powell County	Wolfe County
Boutique	30 total acres 15 buildable acres	701	822	588	741
Resort Hotel	125 total acres 60 buildable acres	120	102	79	81
Destination Resort	200 total acres 100 buildable acres	62	47	33	19
Large Hotel, Conference Center, Resort Residential	800 total acres 200 buildable acres	7	14	7	3

PRELIMINARY SCORING

Based on the proposed site criteria, the project team scored all of the parcels with at least 200 total acres and 100 buildable acres using the preliminary criteria in Table 2-5. The purpose of the scoring system was to objectively identify parcels for further evaluation. All scoring was completed using ArcGIS and was based on spatial location or proximity. Drive time to Slade was included because of the concentration of Red River Gorge amenities, attractions, and access points. The area is the epicenter of Red River Gorge activity and an important draw for current and future visitors. Figure 2-23 illustrates the results of the preliminary scoring.

Table 2-5: Preliminary Scoring Criteria

Criteria	Points 3	2	1	0
Buildability (acres with slopes less than 25%)	300+ acres	200-300 acres	100-200 acres	less than 100 acres
Floodplain	no floodplain	0%-10% floodplain	10-25% floodplain	25%+ floodplain
Drive time to Slade area amenities	within 10 minutes	within 20 minutes	within 30 minutes	over 30 minutes
Roadway Access	state-maintained arterial access	state-maintained major collector access	state-maintained minor collector access	no arterial or collector direct access
Interchange Proximity	interchange within 10 minutes	interchange within 20 minutes	interchange within 30 minutes	no interchange within 30 minutes
Public Drinking Water	within 200 feet	within 1 mile	within 2 miles	over 2 miles
Public Sewer	within 200 feet	within 1 mile	within 2 miles	over 2 miles
Ownership	private no easement	private with easement	public not wilderness	public wilderness
Alcoholic Beverage	wet			not allowed

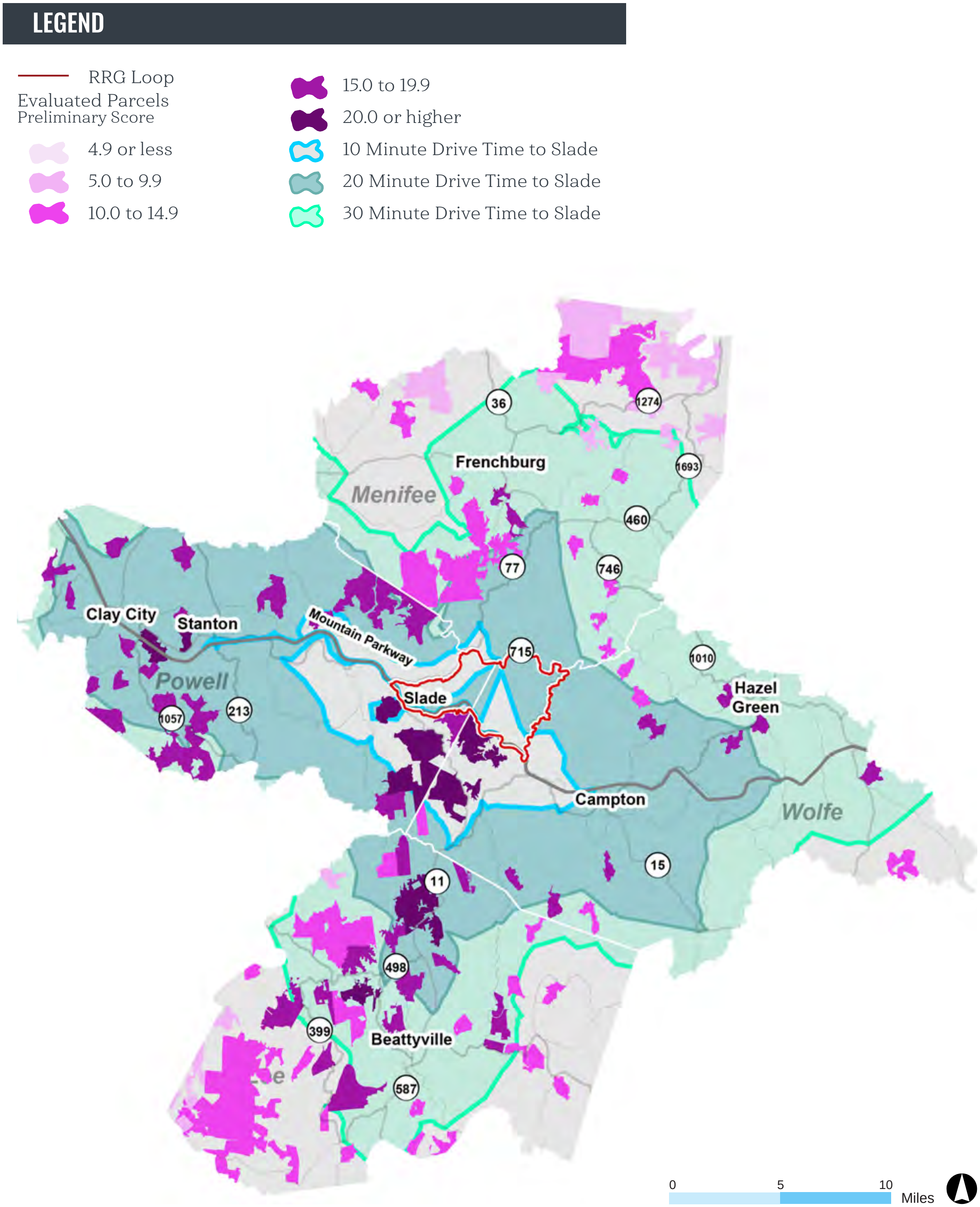


Figure 2-23: Preliminary Scoring Map

SITES FOR FURTHER EVALUATION

The project team performed a desktop analysis of the highest scoring parcels. Where possible, contiguous parcels under common ownership were added together and the sites were rescored to reflect the overall site's potential. Next, the team placed 10 sites in two tiers to prioritize them for the next phase of evaluation. Tier 1 included the Natural Bridge State Resort Park, the three highest scoring privately owned properties, and the highest scoring site in Menifee County. The Menifee site was added to Tier 1 because it is adjacent to US Forest Service owned land, giving it trail access, and it already has public water and sewer access, making the cost of development much lower than some of the other sites. Tier 2 included the highest scoring parcels in Lee County and two US Forest Service parcels that scored very high. The US Forest Service owned parcels were included in case the final recommendation includes smaller resort options that could possibly operate with a ground lease on federal property. The Lee County sites were put in Tier 2, rather than Tier 1 because of their higher drive times to the gorge and the Slade area amenities. Table 2-6 illustrate the results of the preliminary scoring for the Tier 1 and Tier 2 sites. Figure 2-24 shows the general locations of the Tier 1 sites.

Table 2-6: Preliminary Scoring for the Tier 1 and Tier Sites

Criteria	Site Label								
	1	2	3	4	5	6	7	8	9	10
Buildabilty (acres with slopes less than 25%)	3	1	1	2	1	3	3	2	1	3
Floodplain	2	2	2	2	2	2	2	2	3	2
Drive time to Slade area amenities	3	3	3	3	2	3	3	1	2	1
Roadway Access	3	3	2	3	1	3	2	2	0	2
Interchange Proximity	3	3	3	3	2	3	3	2	2	1
Public Drinking Water	3	3	3	2	3	2	3	3	3	3
Public Sewer	3	2	2	1	3	2	2	3	3	2
Ownership	1	3	3	3	3	1	1	3	3	3
Alcoholic Beverage	3	3	3	3	0	3	3	3	3	3
Total Score	24	23	22	22	17	22	22	21	20	20
Tier	1	1	1	1	1	2	2	2	2	2

Following the Local Advisory Board meeting on May 7, 2020, the project team was contacted by a board member about a parcel adjacent to the Pine Ridge Industrial Park. The parcel was combined with the industrial for preliminary evaluation as a potential site and a score of 22. The combined site was added to the Tier 1 sites for further evaluation.

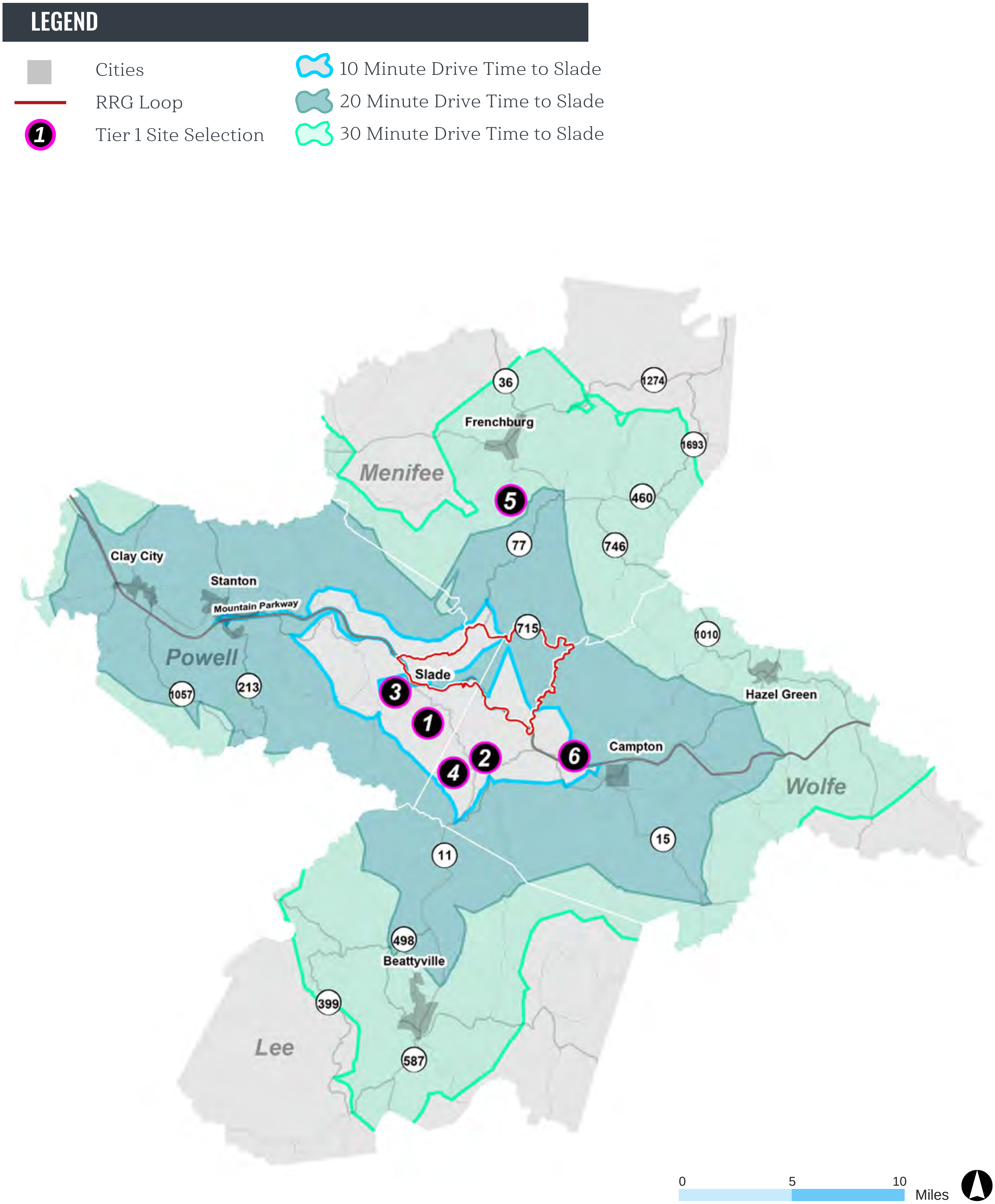


Figure 2-24: Sites Selection Map

Local Advisory Board Meeting held on May 7, 2020

PHASE 2 EVALUATION

The project team will further evaluate the Tier 1 and Tier 2 sites, beginning with Tier 1 with the goal of identifying a premier site for which a conceptual master plan will be developed. Phase 2 evaluation will involve additional desktop analysis, site visits, and conversations with property owners. Criteria to be considered in Phase 2 includes:

- View sheds/viewpoints
- Confirm topography/slopes
- Confirm access
- Infrastructure costs and constructability
- Environmental Constraints
- Geological Constraints
- Natural unique features and areas onsite
- Proximity to trails
- Land availability
- Broadband Access
- Suitability for additional amenities such as:
    - Meeting and event facilities (weddings, retreats, conferences)
    - Spa and fitness facilities
    - Kids' camp
    - Retail village
    - Hiking/biking trails
    - Water-based activities
    - Rock climbing
    - Equestrian facilities
    - Lawn sports
    - Off road vehicle facilities
    - Golf
    - Shooting facilities
    - Agricultural production

BEST PRACTICES & TOURISM TRENDS 03

03 BEST PRACTICES & TOURISM TRENDS

A review of resort best practices was performed to develop a baseline understanding of successful strategies at other resorts and to develop recommendations for a resort in the Red River Gorge.

Trends such as demographics, destination attractions, amenities, timeshares, and other tourism-related items have also been investigated for their implications on planning a resort that is appropriate and matches the local context.

This information is summarized and forms the baseline of recommendations for Chapter 4 - Economic & Market Analysis.

19
Resort Case Studies to Learn From

35
Competitive Resorts Analyzed

10
Destination Attractions Highlighted

3.1 RESORT BEST PRACTICES

Nineteen resorts across the United States were selected for high-level analysis at the beginning of the planning process using the following criteria:

- Similar rural or outdoor-adventure context to the Red River Gorge.
- Like-minded in the initial vision that was described in the Aecom and HVS studies.
- Has a unique differentiator that should be studied.
- Success and long-term viability of the resort.

After an initial review of the nineteen resorts, seven best practices were chosen for further analysis. The remaining twelve resorts can be found in the Appendix of this report. The seven resorts in this section are as follows:

- Big Cedar Lodge - Ridgedale, Missouri
- Suncadia - Cle Elum, Washington State
- Nemacolin Woodlands - Farmington, Pennsylvania
- Primland - Dan, Virginia
- Old Edwards Inn - Highlands, North Carolina
- Wilderness at the Smokies - Sevierville, Tennessee
- Blackberry Farm - Walland, Tennessee

While none of these resorts indicated that they would be a match for a planned resort in the Red River Gorge due to their unique context and location, each best practice provided interesting takeaways that are summarized at the conclusion of this section and were applied in the master planning process.

Table 3-1: Initial 19 Resorts Selected for Review

	Location	About	Resort Positioning	Lodging Format	Rate (high season)*	Rate (low season)**	Golf	Sports and Outdoor Recreation	Hunting, Fishing, Archery and Shooting Sports	Arcades and Family Entertainment	Retail	Equestrian Sports	Boating & Water Sports	Spa / Health & Wellness	Cultural Amenities	Waterpark	Vineyards, Breweries and Culinary Amenities
Barnsley Resort	**Adairsville, GA**	High-end plantation-style resort centered around golf, sport shooting and the spa	Luxury Destination Resort	90 cottage rooms and 55 inn suites	$264-893	$280-850	x	x	x					x			x
Big Cedar Lodge	**Ridgedale, MO**	Amenity-rich mid-luxury resort complimenting its natural setting in the Ozark Mountains	Luxury Destination Resort		$279-9,056	$169-5,596	x	x	x	x		x	x	x			x
Blackberry Farm	**Walland, TN**	High-end gourmet working farm complimenting its scenic natural setting and local culture	Luxury Destination Resort	68 rooms and suites plus cottages and private residences	$845-3470+	$845-3470+		x	x	x		x	x	x	x		x
Canyon Ranch Woodside	**Woodside, CA**	Wellness-based resort	Luxury Destination Resort	38 rooms	$1,099-1,299	$989-1,099		x						x			x
Inn at Old Edwards	**Highlands, NC**	High-end resort that has transformed itself into a brand not just a hotel.	Luxury Destination Resort	84 rooms with two lodges and 26 cottage rooms	$335-700	$215-540	x	x						x	x		x
Little St. Simons Island	**Little St. Simons Island, GA**	Tranquil, high-end, nature-focused resort	Luxury Destination Resort	12 rooms; 4 cottages incl. ones that can be rented by room	$660-2,440	$660-2,440		x	x				x		x		x
Montage at Palmetto Bluff	**Palmetto Bluff, SC**	High-end plantation-style resort positioned around the site's lowland setting, recreation such as horses, golf and shooting as well as local culture	Luxury Destination Resort	n/a rooms and suites plus 10 homes and 5 cottages as well as private residences	$800-$1,000	$300-$500	x	x	x	x		x	x	x	x		
Nemacolin Woodlands	**Farmington, PA**	High end resort relying on its amenities rather than natural environment	Luxury Destination Resort	263 rooms in three hotels	$264-2642	$157-2149	x	x	x	x	x	x		x	x		x
Omni Grove Park Inn	**Asheville, NC**	Luxurious resort centered around the spa, golf and its picturesque setting in a historic mansion	Luxury Destination Resort	513 rooms and suites	$299.48-1,528.50	$312.78-1579	x				x			x			x
Paws Up	**Greenough, MT**	Amenity-rich high-end western-style dude ranch	Luxury Destination Resort	28 homes and 6 campsites	$1,986-4,333	$1,250-2,579		x	x	x		x	x		x		
Primland	**Dan, VA**	High-end amenity-rich golf and outdoors-centric resort	Luxury Destination Resort	26 suties; 17 private cabins, homes and treehouses; n/a shared cabins	$474-1,103	$474-1098*	x	x	x			x		x	x		x
Stonewater Cove	**Shell Knob, MO**	Mid-level resort within a national forest in the Ozark Mountains	Regional Destination Resort	25 suites	$750-$3,000	$700-$2,800		x	x	x			x	x			x
Suncadia	**Cle Elum, WA**	Outdoors and golf-centric resort with residential options	Luxury Destination Resort	272 rooms plus 32 condominiums and 3,000 private homes	$234-849	$189-1329	x	x	x	x	x		x	x			x
Sunriver Resort	**Sunriver, OR**	Outdoors and golf-centric resort with residential options	Luxury Destination Resort	211 rooms plus 300+ homes/condominiums and 4,206 private homes	n/a-$1,472.5	$149-900	x	x		x	x	x	x	x			x
The Lodge at Whitefish Lake	**Whitefish, MT**	High-end lakefront resort	Luxury Destination Resort	117 rooms; 17 cabins/cottages; n/a condominium units	$199-899	$115-849		x	x			x	x				
The Swag	**Waynesville, NC**	Mid-high-end boutique resort focused on its setting in the Smoky Mountains	Luxury Destination Resort	11 1-bed suites and 3 cabins	$520-875	$520-875		x							x		x
Twin Farms	**Barnard, VT**	High-end luxury farm experience	Luxury Destination Resort	6 rooms, n/a suites, 10 cottages	$2,050-4,000	$1,750-3,900		x	x	x			x	x	x		x
Under Canvas Great Smoky Mountains	**Gatlinburg, TN**	Unique and niche resort made up of canvas tents	Regional Destination Resort	N/A number of tents	$199-835	$195-245		x							x		x
Wildnerss at the Smokies	**Sevierville, TN**	Mid-range family waterpark resort near the Great Smoky Mountains National Park	Regional Destination Resort	238 rooms and 558 timeshare units	$199.99-209.99	$99.99-159.99	x			x	x					x	

BIG CEDAR LODGE - RIDGEDALE, MO

Overview

Originally the site of two lavish country resort homes in the early 20th century, the site was bought and restored by the founder of Bass Pro Shops creating a 4,600 acre wilderness resort.

Now homes to three lodges and cottages, the project is now targeted as “Americas Premier Wilderness Resort” and brings together outdoor activities, wildlife, conservation, and luxurious lodging in a family-friendly setting.

Site Amenities

- Five golf courses
- Fishing/bow-fishing/teaching
- Spa and fitness center
- Mini golf
- Clay, skeet and trap shooting
- Boat and personal watercraft rentals
- Horseback riding
- Beach, sand volleyball
- Paddle boats, canoes and kayaks
- Pools, hot tubs, kiddie pools and lazy river
- Paved jogging/walking trail
- Go-Karts, bumper cars
- Ropes course, climbing wall
- Laser Tag
- Bowling
- Simulators, arcade games

244
Rooms

58
Cottages, Cabins, Camp Cabins & Glamping Units

Rates

- $189-$359 / room
- $259-$489 / cottage
- $359-459 / cabin
- $169-$349 / glamping
- $189-$1,609 / villas

RESORT POSITIONING

“Amenity rich mid-luxury resort complementing its natural setting in the Ozark Mountains.”

RELEVANCE

“The use of the site’s topography to create a destination resort with a variety of outdoor amenities.”

BIG CEDAR LODGE - RIDGEDALE, MO

Context

Big Cedar Lodge is located in Ridgedale, MO, an unincorporated community located approximately 10 miles south of the town of Branson, MO (population 10,520). Branson has become known as the “live music capital of the entire universe” with several theatres including Dolly Parton’s Stampede and more.

The resort is also in close proximity to Silver Dollar City, an 1880s-style theme park located near Branson. Although the resort is within proximity to Branson, and relatively close to Springfield, MO (population 167,000; approx. 53 mi. away), the resort claims there are not enough local workers to support Big Cedar Lodge. The resort uses the H-2B worker visa program to recruit staff from Jamaica.

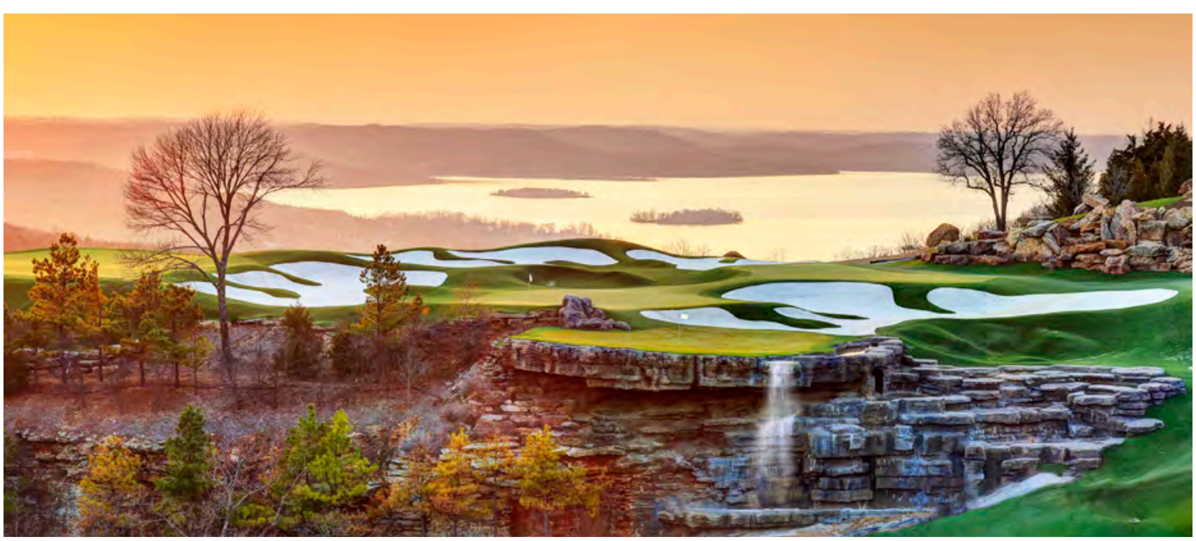
History

Originally owned by Missouri businessmen Jude Simmons and Harry Worman, the two bought over 300 acres of forest along the White River and built their personal country resort homes. Simmons built himself a log mansion, meanwhile Worman built a Tudor-style mansion.

Following the Great Depression both families sold their homes, selling the property to a logging firm. In 1947, a local real estate executive bought the property and created Devil’s Pool Guest Ranch by adding a lodge, swimming pool, and stable. In 1958, the White River was dammed to form the 43,000-acre Table Rock Lake. In 1987, the site was bought and restored by the founder of Bass Pro Shops, Johnny Morris, creating a 4,600-acre wilderness resort in the Ozark Mountains.

Johnny Morris and his company Bass Pro Shops not only bought the 250-acre estate, but also the neighboring 3000-acre Dogwood Canyon wilderness refuge.

The purchase has continually been controversial, with the Missouri Forest Service in the 1990s claiming that the purchase was completed under a false guise of sustainability as the resort added water features and tampered with the land. In 1995, the resort only contained 208 rooms and was more rustic with a restaurant, smokehouse, horseback riding, tennis and marina as the main amenities.



BIG CEDAR LODGE - RIDGEDALE, MO

Activities

Big Cedar Lodge stands out with a variety of activities for a wide range of interests. In addition to golf, there is the family friendly "Fun Mountain" that includes 50,000+ square feet of entertainment including go-karts, ropes course, bowling, laser tag, flip zone, spin zone, arcade, climbing wall, and golf simulator. There is also a highly interactive Kids Nature Discovery Center and Kids Adventure Club integrated into Fun Mountain. More adult-oriented and couple-focused activities include:

- 18,000 square foot spa and salon, and a state-of-the-art fitness center
- Swimming pools, lazy river and hot tubs
- Access to fishing the 43,000-acre Table Rock Lake
- Bass Pro Shops Shooting Academy
- Watersports including canoeing, kayaking, skiing, tubing, and wakeboarding
- Horseback riding
- Nature excursions and wildlife tours

Many of the activities are an additional fee, increasing revenue generation for the resort.

Events and Accommodation

Big Cedar Lodge also focuses on hosting conferences, events, and weddings in its 20+ available venues. The Grandview Conference Center is 20,000+ square feet with multiple ballrooms and meeting rooms; the largest being able to host up to 1,000 people and has spectacular lake views. There are many unique venues on-site, including a 1920's cottage, a rustic yet elegant barn, wine cellar, multiple restaurants, and even an event yacht.

There are currently 302 private accommodations that include the Grand Lodge (including suites with kitchens), rustic cottages, private log cabins, glamping cabins, and exclusive luxury cabins that include the 7,000 square foot "Villa at Integrity Hills".

SUNCADIA - CLE ELUM, WA

Overview

Set at the base of the Cascade Mountains, Suncadia has created a luxury resort on 6,400 acres of Pacific Northwest forest. The resort, less than two hours from Seattle, not only has lodge and inn guest rooms, but condominiums as well as 3,000 privately-owned homes. The resort's natural setting is one of the site's major amenities. The resort is positioned as a place that brings mainly second- or third-home owners closer to outdoors amenities.

The resort is part of Destination Hotels and managed by Hyatt.

272
Rooms

32
Condos

3,000
Private Homes

Site Amenities

- Golf course
- Spa
- Bike and scooter rentals
- Rafts and kayaks
- Pool
- Fitness center
- Skis and snowshoes
- Snow tubes
- Ice skating rink
- Fishing
- Snowmobiles
- Meeting rooms
- Eight bars and restaurants
- Hiking trails
- Outdoor amphitheater
- Kids club
- Retail village

Rates

- \$199-\$659 / room
- \$279-\$449 / condo
- \$700k to \$1.2 million / private homes

RESORT POSITIONING

"Golf-centric and outdoors resort with lodge and residential options."

RELEVANCE

"The use of the area's natural amenities to create not only a resort but successful residential community."

SUNCADIA - CLE ELUM, WA

Context

Suncadia is located about three miles west of downtown Cle Elum (population 2,004) and just south of the neighboring town of Roslyn, Washington (population 893) as an unincorporated community in Kittitas County (population 47,364 people).

Both Cle Elum and Roslyn were originally founded as coal mining company towns in the late 19th-century; however, they have transitioned their economies to tourism and recreation, dominated by the tourism brought in by Suncadia, local festivals in Roslyn, and outdoor recreation tourism. Suncadia is located at the eastern side of the Cascade Mountains, separating the resort from the Seattle Metropolitan Area, located about 1.5 hours east of the resort.

The resort is also within five hours drive-time of most other Pacific Northwest population centers such as Vancouver, BC, Portland, Seattle, Tacoma, Olympia, Spokane and Salem. In 2016, Suncadia had an annual payroll of about $15.9 million, with 400 to 600 seasonal employees. 41 percent of Suncadia's employees live in Ellensburg (33 miles away), home to Central Washington University, and are college students. Most of the rest live in the surrounding areas of Cle Elum (34%), Roslyn (9%) and South Cle Elum (8.4%).

History

The concept of Suncadia originated in the late 1990's when Plum Creek Timber Co. approached TrendWest with an offer to sell land in Upper Kittitas County. Following the land purchase, project permitting took 6 years and $65 million. Construction began in 2003, including infrastructure, roads, golf courses, conservation easements, and planning of residential areas. After TrendWest was bought-out, Jeld-Wen purchased Suncadia and Lowe Enterprises was brought in as property manager. Oak Tree Capital Management is the majority owner with Lowe Enterprises as minority owner.

As Lowe Enterprises is a minority owner of the resort, the resort became a part of the organization's subsidiary Destination Hotels. Destination Hotels would later merge to form Two Roads Hospitality which was acquired by Hyatt in 2018. The resort is part of Destination Hotels and currently managed by Hyatt.

Activities at Suncadia have been phased-in over time. The Tumble Creek Golf Course opened in 2006. In 2008 the Swim and Fitness Center, Glade Spring Spa, Village Pavilion and ice-skating rink opened. Swiftwater Cellars winery opened in 2010, and in 2011 the Rope Rider Golf Course opened. In 2013 the Steps Lodge to River Trail opened.

The resort contains three golf courses. Prospect Golf Course and Golf Shop, opened in 2005, is an 18-hole course designed by the Arnold Palmer Course Design Company. While the Rope Rider Golf Course, opened in 2011, is a smaller course, it was designed by Jacobsen Hardy Golf Course Design for those who do not have time for a full 18-hole game. Tumble Creek Golf Course, opened in 2006, is a private members-only golf club designed by Renaissance Golf Design.

SUNCADIA - CLE ELUM, WA

Private Homes

The development of nearly 3,000 private homes and condominiums has been through various stages of subdivisions since 2004. The most recent subdivision expansions have been Prospector's Reach between 2013 and 2016, as well as Tumble Creek that is still undergoing development.

Planning applications show that Suncadia is continuing to expand, with approximately 94 residential units planned in three projects. The Bullfrog Flats lands are to be developed with RV plots that provides a different type of product and price-point for those looking to purchase in Suncadia. There are currently eleven unique neighborhoods at Suncadia, offering different product and price-points.

This includes large-scale 4,000+ square foot homes, townhomes, and condos. One of the more unique offerings is Nelson Preserve, that is focused around historic Nelson Farm. Nelson Farm includes a pool, restaurant, bar, community garden, rustic event barn, and pavilion.

Activities and Accommodation

Other site amenities and activities include bike and scooter rentals, rafts and kayaks, skiing/snowshoeing, snow tubing, an ice-skating rink, fishing, snowmobiling, an outdoor amphitheater, retail village, kids club, eight bars and restaurants, as well as hiking trails.

There are four different types of accommodations for guests at Suncadia:

- Lodge at Suncadia – 254 room lodge with scenic vistas. Accommodates small conferences. Most units include kitchens.
- Inn at Suncadia – A more boutique offering compared to the lodge, perfect for couples and special occasions.
- Trailhead Condominiums – One- and two-bedroom condos that are adjacent to the Lodge at Suncadia. Family friendly with access to all resort amenities.
- Luxury Vacation Homes – Ability to rent out luxury custom-built homes that are placed into the rental pool by the homeowners.

NEMACOLIN WOODLANDS - FARMINGTON, PA

Overview

The Nemacolin Woodlands resort is an independent hotel, part of the larger umbrella of Preferred Hotels and Resorts. It is situated on 2,000 acres in Farmington, Pennsylvania.

The resort has approximately 320 guest rooms, suites, townhouses and private homes which includes the boutique Falling Rock hotel. The resort was created by, and is still operated by, the Hardy Family which own one of the U.S.' largest lumber operations.

263 Rooms

52 Townhomes

8 Private Residences

Site Amenities

- Two golf courses
- Equestrian center
- Wildlife center
- Spa and pet spa
- Private airstrip
- Kids center
- Ski hill
- Jeep off-road course
- Automotive museum
- Aviation museum
- Golf academy
- Casino
- Retail
- Three hotel options
- Ballroom and event spaces
- Shooting academy and lodge
- Six restaurants, three bars, tearoom and cigar bar
- Zip line and rock wall

Rates

- $157-$441 / room
- $277-$549 / townhome
- $1,159-$1,499 / private homes

RESORT POSITIONING

"High end resort relying on its amenities rather than natural environment."

RELEVANCE

"Resort sharing a trade area with the Red River Gorge with multiple concepts."

NEMACOLIN WOODLANDS - FARMINGTON, PA

Context

The resort is located in Farmington, PA (population 767), 60 miles south of Pittsburgh located in Fayette County (population of 130,441). The resort is relatively isolated from other county urban centers besides Uniontown (12 miles away; 9,835 people and declining). Uniontown was formerly a major coal and steel town, becoming the city with the most millionaires per capita in the U.S. in the early 20th century.

Following the region's de-industrialization, the town's population has halved since the mid-20th century and has strongly declined economically. The resort is near the Frank Lloyd Wright Falling Water house (11 miles), which is a major regional attraction. The resort is also near Fort Necessity, a French and Indian War battlefield.

Despite the resort's relative proximity to Uniontown and university students in Pittsburgh, the resort is reliant on foreign workers through the H-2B visa program due to what the resort sites as "a lack of interest and a shortage of local workers." The resort provides foreign workers payroll, housing, transportation, and logistics through an external contractor.

History

The site was first purchased in the 1940s as a hunting and fishing escape for Pittsburgh industrialist Willard F. Rockwell, which in 1968 would grow to be a private game land for the Rockwells. The Rockwells also built a new hunting lodge at the Nemacolin Trail Hunting Game Reserves, as it was then known. In 1970, the Rockwells opened the inn to the public with 12 suites, and in 1972 construction began on a golf course, pool, and tennis courts.

In 1987, the 550-acre site with 26-room inn, 18-hole golf course, pro shop, tennis courts, swimming pools and private airstrip were sold at auction to Joseph A. Hardy III. Joseph A. Hardy III, part of the Hardy family, also owns the 84 Lumber Company, which is the U.S.'s largest privately owned supplier of building materials. In 2002, the resort's ownership transferred to his daughter Maggie Hardy-Magerko.

NEMACOLIN WOODLANDS - FARMINGTON, PA

Events and Accommodation

Since acquisition in 1987, the Hardy family has expanded the resort from its original 550-acres to a 2,000-acre resort with amenities such as golf, boutique hotel experiences, off-road vehicles, retail and more through several expansions and renovations.

After acquisition, the Nemacolin Inn underwent renovations that added a 68-room annex which opened in 1989. Besides the original inn, the resort added the Links Townhomes in 1989, the 124-room Chateau Lafayette hotel in 1997, as well as the Falling Rock boutique hotel in 2004. The Chateau Lafayette hotel also includes the Cigar Bar, retail, ballroom, and fine dining establishments.

In 2014, the resort began a $30-million renovation, completed in 2015, which consisted of full renovations for all accommodations, meeting spaces, lecture hall and ballrooms.

The resort has 25 meeting rooms, three ballrooms, two boardrooms, a 175-seat lecture hall and outdoor spaces. The ballrooms in reception format can seat as many as 200-900 people, while a lecture hall can seat up to 200 in reception format.

Activities

The resort is amenity rich with a wide diversity of activities. The resort is home to an equestrian center (renamed Wildlife Academy in 2007) and miniature golf course, both added in 1995.

In 2006, a variety of wildlife habitats were added, including a variety of exotic animals. For children, there is a Kidz Club that was added in 1995.

In 1999, the Nemacolin Field Club opened with a 140-acre shooting academy and 7,000 square foot lodge. The Adventure Center opened an Off-Road Driving Academy in 2002 in a partnership with Jeep.

The resort also has two museums on site showing subjects of the Hardy family's private collection. The Auto Toy Store automobile museum opened in 2000, and the Pride and Joy Airplane Hangar opened in 2001.

In 1988, the Woodlands Spa opened, which added 12 treatment rooms as well as a squash court and relocated fitness center in 2005. In 2006, an 8,400-square-foot Olympic caliber gym facility opened. In 2009 the Nemacolin Woodlands began offering lodging and spa services for pets.

In addition to the existing golf course, in 1988, the Woodlands Golf Academy (renamed The Learning Center in 2003) was built with 22,000 square feet of practice greens and a driving range.

In 2013, the Lady Luck Casino opened, and is operated and managed by Isle of Capri Casinos Inc. The resort is an all-season resort including a ski hill that was added in 1995.

PRIMLAND - DAN, VA

Overview

Located less than 100 miles north of Winston-Salem-Greensboro, NC in Southwestern Virginia, the site was originally bought by a French businessman as a wildlife escape and to develop the property's timber.

In 2009, the 12,000 acre site was transformed into a resort with one of the state's top golf courses, shooting areas and nature preserves.

26
Rooms

17
Private Cabins

N/A
Private Residences

Site Amenities

- Golf
- Spa
- Sport shooting
- Archery area
- Disc golf course
- Fitness center
- Bikes
- Geocaching equipment
- Horses
- Tomahawk throwing area
- Tree climbing area
- Mediation area
- Stargazing observatory
- Hunting lands
- Access to Virginia International Raceway (once per year)
- Three bars/restaurants

Rates

- \$340-\$1,200/ room
- \$340-\$1,920 / cabins

RESORT POSITIONING

"Very high-end amenity-rich golf and outdoors-centric resort."

RELEVANCE

"Ability to create a very high-end amenity-rich resort in a similar natural setting."

PRIMLAND - DAN, VA

History

Located less than 100 miles north of Winston-Salem-Greensboro, NC in Southwestern Virginia, the resort was designed to create a place of natural and sustainable tranquility, through organic and fresh food at the two restaurants, golf and the numerous outdoor activities to bring guests into nature. The site was originally bought by a French businessman as a wildlife escape and to develop the property's timber. In 2009, the 12,000-acre site was transformed into a resort with one of the state's top golf courses, shooting areas and nature preserves.

Accommodations

There are 26 units in the main lodge, 16 'Pinnacle Cottages' (one bedroom) and 16 'Fairway Cottages' (one bedroom), three 1-bedroom tree houses as well as 11 1-7 bedroom mountain homes. The Golden Eagle Tree House (pictured below) is located 2,000 feet above the Dan River Gorge.

Activities

The amenity-rich resort is mainly centered around outdoor activities and utilizing its natural setting. The resort has ATV-tours, fly fishing, mountain and road biking, horseback riding, tomahawk throwing, rifle shooting, clay shooting, kayaking, disc golf, hiking as well as hunting packages at additional costs. One unique amenity is an on-site observatory with a high-powered telescope that can see galaxies as far as 27 million lightyears away.

The site's golf course, The Highland Course, is ranked the 28th best public golf course in the U.S. by Golf Digest.

The resort hosts a number of events such as fishing weekends, wellness retreats, and bike tours. The resort's flagship event is a weekend golfing with PGA-award winning golfer Jay Haas and racing cars at Virginia International Raceway with LeMans driver Tom Kristensen.

OLD EDWARDS INN - HIGHLANDS, NC

Overview

Set among the Blue Ridge Mountains of eastern North Carolina in the picturesque small town of Highlands, the recrafted 140-year-old inn has been transformed into one of the U.S.'s top rated resorts.

In the past 20 years, the resort has expanded from a couple of buildings to a three-block compound, farm, and private golf course as well as a brand that has spawned two other local resorts and 14 private residences.

Site Amenities

- Game and Theatre Room
- Two fitness centers
- Clay tennis court
- Outdoor swimming pool
- Spa
- Golf course access
- Seven bars and restaurants

Rates

- $215-$540 / room

27 Rooms (Inn)

31 Rooms (Lodge)

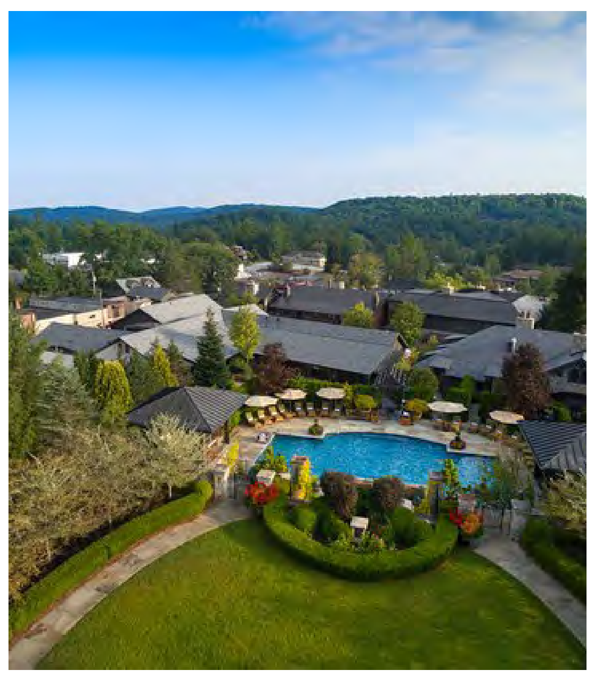
26 Cottages

RESORT POSITIONING

"High-end resort that has transformed itself into a brand, not just a hotel."

RELEVANCE

"Example of phasing a project to create a destination and a brand."



OLD EDWARDS INN - HIGHLANDS, NC

Context

The resort is located in the center of the Village of Highlands, NC, with a permanent population of 969, with little surrounding the town due to its high altitude. The town is heavily reliant on its position as a tourist destination and its surrounding natural features. Due to the town's high altitude, it has become a place for residents of the Southern United States to escape the heat during summer months. The historic town is well known for its offering of arts and culinary places as well as small shops. The town is also known for being near several waterfalls and hikes. The resort relies on international labor through the H-2B visa program and provides off-site lodging for the workers.

History

The Village of Highlands, North Carolina was master planned by a Kansas City developer in 1875. The developers drew two lines, one from New York to New Orleans and the other from Chicago to Savannah and decided to develop where the two lines intersected. The intersection was on a mountain 4,118 feet above sea level, which prevented the site from becoming the bustling trade center the original developers had hoped.
Instead, the town became a summer retreat, including for golfer Bobby Jones who founded the Highlands Country Club, the first golf club in the area, in 1928.

Located on three city blocks of downtown Highlands, the inn is centered around the old-world charm and remoteness of the Village of Highlands.

The U.S. forest service owns 68% of Highlands Township, which has added to the town's reputation of being an alpine getaway as "the Aspen of the East." The inn itself was originally the town's earliest boarding house built in 1878 by John Norton and was known as the Central House. The inn went through various owners throughout the 20th century, eventually being renamed the Edwards Inn.

In 2001, billionaires Art and Angela Williams purchased the Edwards Inn and accompanying restaurant. The couple conducted an expansion worth over $40 million in 2002 and opened in 2004 as the Old Edwards Inn and Spa.

Expansion

Initially, the deal encompassed one city block, however through the following acquisitions it would end up becoming three city blocks plus the farm and golf course. The 33-acre Old Edwards farm is located just outside the village and is a common wedding venue.

In 2005, the resort expanded beyond its one city block with a theatre/auditorium, fitness center, conference center, bakery and larger spa. Other expansions included, in 2012, the resort purchased the historic Hutchinson House as a special events space. In 2013, a third pool was added as well as the development of the Fall Cottages, adding 22 guest rooms. In 2015, the resort began to be managed by Relais and Chateaux.

Off-site, in 2009, the Williams purchased the Highlands Cove Golf Club, as well as launched the Old Edwards Private Residences at Satulah. The Private Residences at Satulah offer 14 residences between 2,000 to 3,900 square feet with access to Old Edwards resort amenities. The residences are off-site, near the country club outside the town center.

OLD EDWARDS INN - HIGHLANDS, NC

Accommodation & Other Resort Sites

The resort has three main accommodations. The Historic Inn with 27 rooms, The Lodge with 31 rooms, and 26 Falls Cottages.

As the address and brand of the resort became more established, Old Edwards created three additional resort properties.

Half-Mile Farm, a collection of 18+ only cabins located a few miles from the original downtown Highlands site, has 35 rooms and amenities such as a private lake and hiking trails. The second additional property is a selection of guest estates, where residents retain full access to the amenities of the Old Edwards Inn and Old Edwards Club.

Designed for large groups, family gatherings and weddings, there are two four-bed cottages, one three-bedroom farmhouse and one eight-bedroom lodge.

In 2014, the resort opened another more affordable hotel, 200 Main, described as "motel chic." The hotel, which had previously been the Mountain High Lodge, originally had 49 rooms in 2014, but was increased to 69 rooms in 2017, following an expansion.

Event Spaces and Activities

The resort has become a destination for weddings with several venues. Besides the picturesque Edwards Farm, smaller events can be at the Spring House, alternate resort Half-Mile Farm or historic Edwards Hall (150 people).

The resort's location in historic downtown Highlands provides most of the resort's activities - being surrounded by art galleries, independent theatres, restaurants, and small shops.

The resort's private golf club, formerly the Highlands Cove Golf Club, is situated a few miles outside of Highlands and has a Tom Jackson designed golf course, fitness center, clay tennis courts, pool, restaurant and bar, golf shop as well as indoor and outdoor event spaces.

Other resort activities include adventures and excursions in the surrounding mountains, two fitness centers as well as a games center.

WILDERNESS AT THE SMOKIES, SEVIERVILLE, TN

Overview

Wilderness at the Smokies is home to Tennessee's largest waterpark with three zones including Wild WaterDome that features a glass roof to protect it from adverse weather.

The resort opened in various phases from 2008 to 2010 as a collaboration between Wilderness Resorts company and Wyndham timeshare resorts. The resort is adjacent to the 545-acre Bridgemont mixed-use project and Sevierville Convention center. The resort is currently expanding with an additional water park.

238
Rooms

558
Timeshare Units

7
Villas

Site Amenities

- Three waterparks including an indoor waterpark
- Cabanas
- Three retail shops
- Pottery studio
- Eight restaurants
- Fitness center
- Family entertainment center including ropes course, laser tag, bowling, rock-climbing, arcade and more

Rates

- $175-$360 / room
- $600 / villas

RESORT POSITIONING

"Mid-range family-friendly waterpark resort"

RELEVANCE

"Leverages large amount of activities in the region to generate overnight visits"

WILDERNESS AT THE SMOKIES, SEVIERVILLE, TN

Context

The resort is located in the city of Sevierville, TN, a highly touristed city of 16,531 nearby other heavy tourist spots of Gatlinburg and Pigeon Forge. The economies of the town of Sevierville and larger Sevier County, which contains both Gatlinburg and Pigeon Forge, are both heavily reliant on tourism.

In 2017, county tourism generated 24,040 jobs and $590.93 million in payroll. In 2015, Sevierville saw 15,000,000 tourists, 57% of them from more than two hours away. In 2013, the city's per capita sales value was 3.5 times the city's per capita income value, indicating a reliance on tourism.

Accommodations

There are 234 hotel rooms in the Stone Hill Lodge and 558 timeshare units operated by Wyndham Vacation Resorts. The resort is adjacent to the 36-hole Sevierville Golf Club, as well as the 200,000 square foot Sevierville Event Center. There has been discussion of retail development surrounding the site; however, there has been no progress with that.

The successful waterpark resort rented more than 90,000 hotel rooms, had over 300,000 guests and more than $15 million generated in revenue within the first seven months of operation.

In 2007, when condominium timeshares were available for purchase, $41 million worth of units sold within six hours. The one to two-bedroom condominiums are between 850 to 1,200 square feet and were sold from the mid-$300,000s to mid-$500,000s. In 2012 it was estimated that the resort generates $3 million in sales taxes and $500,000+ in bedroom taxes annually for the local economy.

Expansion

In 2009, a second outdoor waterpark was added, containing a river, wave pool, miniature golf course, restaurant and cabanas.

In 2012, the resort expanded with the Adventure Forest indoor amusement park, containing a ropes course, laser tag arena, bowling, miniature golf course, arcade, a maze, a ride, party rooms, and a restaurant instead of another water park. The resort also added new waterslide amenities in 2013 and 2015.

In 2017, the resort debuted a $1.3-million water park expansion with expanded amenities and attractions. In 2018, the resort started operating a seasonal ice-skating rink.

The resort is currently expanding with an additional waterpark adjacent to the resort. The adjacent "Soaky Mountain Waterpark" is expected to have a 35,000-square-foot wave pool, 24,000-square-foot winding wave river, kids area and activity pool, surf simulator, cabanas, obstacle course, and various rides. The waterpark is expected to open in 2020 or 2021.

WILDERNESS AT THE SMOKIES, SEVIERVILLE, TN

Activities

Besides the aquatic activities of the resort's two outdoor and one indoor waterparks, the resort offers a number of other family-friendly activity options.

The resort has three retail shops, eight restaurants, a pottery studio, fitness center and family entertainment center. The site's 25,000-square foot family entertainment center allows non-wet activities for resort guests and non-resort guests (increasing revenue; available while capacity allows) including:

- A three-story ropes course
- Black-light laser tag course
- Climbing wall
- Children's playground
- Bowling alley
- Arcade
- Miniature golf

For adults, the resort is also adjacent to the 36-hole Sevierville Golf Club with two 18-hole championship courses, clubhouse and restaurant as well as a pro shop.

Corporate Partners

Partners of the resort include the Tennessee Department of Tourist Development, Sevierville Chamber of Commerce, Smoky Mountain Knife Works, Ripley's Aquarium of the Smokies, Titanic Pigeon Forge, Tanger Outlet Mall, Sevierville Events Center, Wonderworks, Smoky Mountain Heartsong and Wahoo Zipline.

These strong partnerships that the resort has crafted over the years has allowed the resort to become a popular accommodation in the Sevierville area.

BLACKBERRY FARM, WALLAND, TN

Overview

Blackberry Farm has positioned itself as a culinary-driven upscale rural getaway. Originally a family farm, the site became a family run hotel in 1976. Operated by Relais and Chateaux, it has remained a family-run luxury resort.

The property continues as a functioning farm, and as a home-like resort that is centered around food, family, wine, and Southern hospitality.

68
Rooms

11
Cottages

18+
Private Homes

Site Amenities

- Archery course
- Horses and carriages
- Bicycles
- Clays course
- Fishing
- Pool
- Tennis courts
- Electric cart rental
- Spa
- Paddle boards
- Kids camp
- Brewery
- Working farm
- Multiple restaurants
- Hiking trails
- Yoga and meditation areas

Rates

- $770-$1,395 / room
- $1,645-$9,125 / cottage
- $2.5 million / private residences

RESORT POSITIONING

"Luxury gourmet working farm complimenting its scenic natural setting and local culture."

RELEVANCE

"Ability to create a unique high-end destination in a similar setting."

BLACKBERRY FARM, WALLAND, TN

Context

Blackberry Farm is located near the community of Walland, TN, with a population of 259 residents, and located within Blount County with a population of 131,349. It is also less than 20-minutes from Maryville and an hour from Knoxville, TN. McGhee Tyson Airport, the domestic airport serving Knoxville, is in Alcoa and served 2,572,775 passengers in 2019 and 106,584 aircraft operations.

The restaurant chain Ruby Tuesday is headquartered in Maryville and is the sixth largest employer in a highly diversified city economy.

Notable tourist sites in driving-distance from Blackberry Farm include NASCAR SpeedPark, Hollywood Wax Museum, The Island, and Dolly Parton's Dollywood in Pigeon Forge (21 miles away), as well as attractions such as the SkyLift, Mountain Coaster, and gateway to the Great Smoky Mountains National Park in Gatlinburg (30 mi. away).

The Tuckaleechee Caverns are approximately 10 miles away. The site is also approximately one mile to the nearest trailhead for the Great Smoky Mountains National Park.

History

The farm was originally bought as a vacation house for a wealthy couple travelling from Chicago to Savannah in the 1930s.

In 1976, 'Ruby Tuesday' entrepreneur Samuel Beall bought the farm as a passion project with his wife. With partners Tom Harper, a local Porsche dealer, and attorney W. Baxter Lee, they helped assemble a 1,020-acre tract in four separate land deals. Originally the lodge was a six-room guest house mostly catered to group and corporate events where guests enjoyed fixed-menu dinners and ate food off the couple's family china.

In the 1990s, the resort was opened to the greater public and has experienced a series of expansions as the resort's name has become more renowned. In 2010, Blackberry farm started to sell plots for 18 private homes on 30 nearby acres. In close proximity are 11 turn-key cottages, with prices starting at $1.69 million. Cottage owners are able to access several resort amenities such as concierge, in-home chef service, housekeeping, the spa, and activities such as sporting clays. The resort is still owned by the Beall family and is a Relais and Chateaux resort.

The farm has become internationally known for its farm-to-fork culture and rustic charm. The strong emphasis on the resort's "foothills cuisine" created by internationally acclaimed chefs and customer-specific customization is what has made the resort renown as one of the best resorts in the American South. All meals are included in the resort fees; however, alcohol is extra.

Food and beverage products from the resort, such as beer made on-site are available for purchase internationally, adding to the resort's prestige and desirability. The resort is also becoming known as a wine destination with over 170,000 bottles of wine from around the world.

BLACKBERRY FARM, WALLAND, TN

Activities

As a working farm, the main activities of the resort revolve around wine and whiskey tastings, cooking demonstrations, as well as a farm field school.

Beyond the culinary and wine focuses of the resort, Blackberry Farms offers a number of other activities. Other outdoors activities include:

- Clay shooting
- Archery
- Horseback riding
- Cycling
- Bird watching
- Geocaching
- Paintball
- Fly fishing
- Swimming
- Carriage rides
- Tennis
- Paddle boarding and wake surf.

The resort offers a full spa, as well as hosts sessions on yoga, meditation and mindfulness. Events at Blackberry are mostly food and wine related, but also host several cycling tours as well as wellness retreats. Resort guests have access to reserve a Lexus at any time.

Resort Expansion

In 2018, the family launched a second resort, Blackberry Mountain, on 5,200-acres located less than seven miles from Blackberry Farm.

The resort aims to create a similar experience to its sister resort, but with providing an emphasis on outdoors activities such as fly fishing, foraging, and climbing.

There are 24 cabins which are either stone or reclaimed wood, ranging from 675 to 1,475 square feet. In 2019, the family purchased a $2.5 million 225.5-acre nearby plot of land with intentions to create additional amenities for Blackberry Mountain.

SUMMARY & KEY TAKEAWAYS

Each case study has demonstrated unique attributes relating to positioning, amenities, expansion, and partnerships. There are many takeaways that apply to a potential resort in the Red River Gorge. These are the takeaways that were most prevalent and should be considered:

- Majority of resorts were developed using private equity rather than using P3 funding. Significant private investment is required to build the initial resort phase.
- Resorts target a specific audience; whether that is a high-end consumer or family resort. Red River Gorge will have to consider the target market; a resort cannot be "something for everyone".
- Several resorts developed a destination by creating a brand that would in return stimulate the local economy and, in some cases, (i.e. Blackberry Farm or Old Edwards) spawn alternate resorts under the same brand. The resort at Red River Gorge must develop a strong brand from the beginning.
- Higher-end resorts such as Blackberry Farm, Old Edwards and Suncadia are attracting younger, wealthier audiences; drawn in by experiences or settings they cannot get in larger cities (i.e., the all-inclusive, top-service, luxury farm experience that is provided at Blackberry Farm as a weekend destination for wealthy, young urbanites).
- Most resorts in the case studies were completed in phases. A popular strategy was to add amenities, additional accommodation and private residences as resorts became more established and well known. The first phase of resort development will be critical to the success of Red River Gorge. The first phase of the resort will set the tone and perception to the target audience.
- Other resorts in similar locations (within or adjacent to state/national parks or with a wilderness/natural approach) have leveraged natural amenities (i.e., rock formations, lakes, forested areas) and designed them into being central features of the resort. Red River Gorge should take advantage of the terrain, vistas, and natural bridges to create a spectacular and unique environment for visitors.
- Most resorts rely on seasonal international or student labor. If a resort has enough housing to accommodate seasonal workers than the site's location relative to a small town is irrelevant. To include a local labor force, a resort in the Red River Gorge must work with local champions to ensure that employment has a "locals-first" strategy.

3.2 REGIONAL RESORT COMPETITIVE SUPPLY

Introduction

An analysis of resorts located within a five-hour drivetime of the Red River Gorge was undertaken by the consulting team to comprehend the amount and diversity of competition a potential resort in the Red River Gorge would have within a similar target market. Since a resort in the Red River Gorge is likely to be an upscale resort, only resorts that are considered 3 stars or higher were quantified. A five-hour drivetime was selected so that it matches the trade area that was employed in Chapter 4 – Demand Analysis for a resort in the Red River Gorge. Five-hours is typically the upper threshold for length in time most visitors are willing to drive by vehicle when vacationing.

Thirty-five resorts were identified within the five-hour drivetime. The analysis reviewed location, positioning, lodging format, price point, and amenities. This analysis is summarized in the following pages.

The Spa at Old Edwards Inn, Highlands, NC

French Lick Resort, French Lick, IN

The Greenbrier, White Sulphur Springs, WV

Westgate Smoky Mountain Resort & Spa, Gatlinburg, TN

REGIONAL SUPPLY -SOUTH

Overview

There are eight resorts located south of the Red River Gorge within a five-hour drivetime. Seven are in Tennessee, and the Barnsley Resort is in northern Georgia. All resorts are clustered in and around the Great Smoky Mountains National Park, taking advantage of the scenic landscapes. Many resorts are located in the Gatlinburg to Sevierville corridor along Route 66. This tourist area is home to Dollywood and other major attractions that create viability for lodging and resort functions. Blackberry Farms may be one of the more famous resorts with its high-end luxury positioning, farm-to-table culinary focus, and strong brand awareness across North America. This cluster of resorts is only a 45-minute drive from Knoxville, similar in drivetime between the Red River Gorge and Lexington.

These resorts are approximately 3.5 hours away from the Red River Gorge. They are close enough in spatial proximity to be considered strong competition for visitors from Tennessee, North Carolina, and Virginia.

Lodging formats range from a nine room inn to large-scale resorts that include waterparks and theme parks. Base rates range from $150/night to $845/night. Popular amenities include sports and outdoor recreation, arcades and family entertainment, and spas.

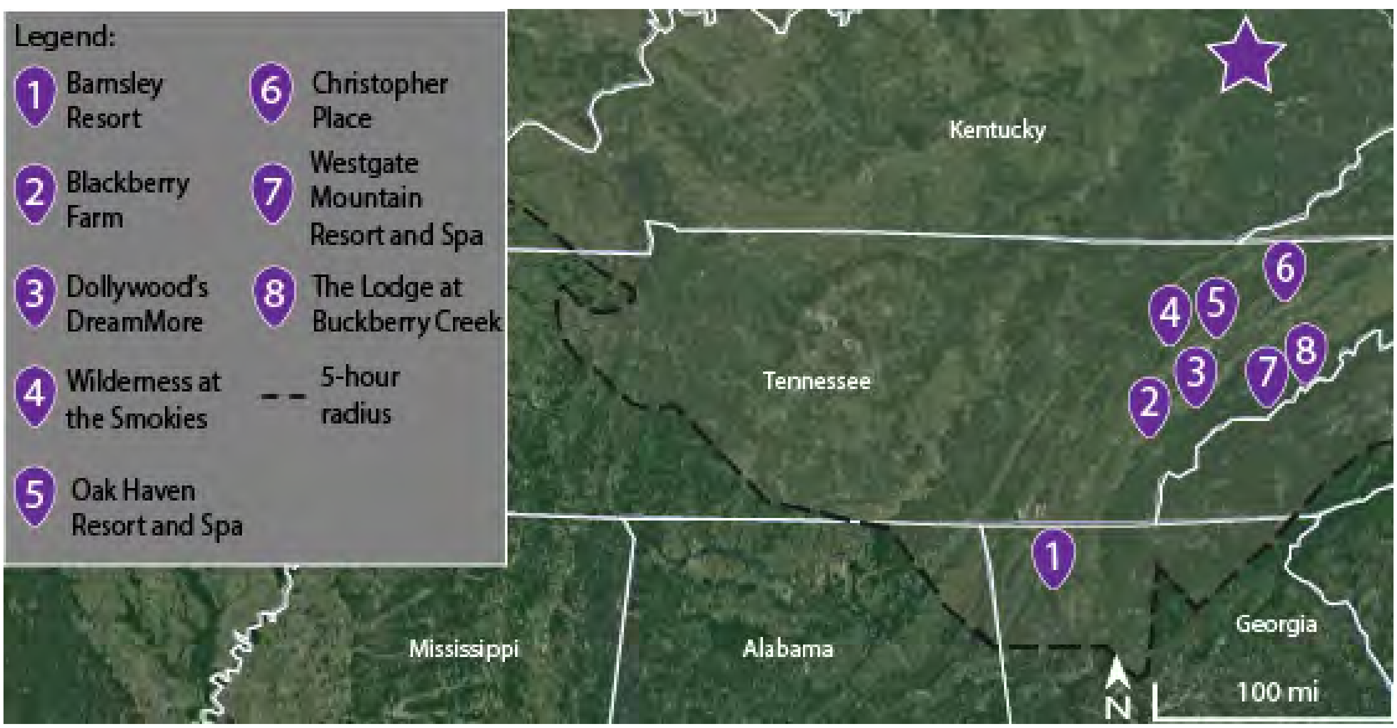


Figure 3-1: Resorts Located 5 Hours South of the Study Area

Table 3-2: Resorts Located 5 Hours South of the Study Area

#	Resort Name	Location	About	Resort Positioning	Lodging Format	Rate (high season)	Rate (low season)
1	Barnsley Resort	Adairsville, GA	High-end plantation-style resort centered around golf, sport shooting and the spa	Luxury Destination Resort	90 cottage rooms and 55 inn suites	$264-$893	$280-$850
2	Blackberry Farm	Walland, TN	High-end gourmet working farm complimenting its scenic natural setting and local culture	Luxury Destination Resort	68 rooms and suites plus cottages and private residences	$845-$3,470+	$845-$3,470+
3	Dollywood's Dreammore	Pigeon Forge, TN	High-end family resort themed around the neighboring Dollywood theme park	Regional Destination Resort	300+ rooms and suites as well as cabins	$250-$320	$169-$215
4	Wilderners at the Smokies	Sevierville, TN	Mid-range family waterpark resort near the Great Smoky Mountains National Park	Regional Destination Resort	238 rooms and 558 timeshare units	$200-$210	$100-$160
5	Oak Haven Resort and Spa	Sevierville, TN	Mid-level resort with 126 guest cabins, spa and privately owned cabins available	Regional Destination Resort	126 guest cabins ranging between 1-7 bedrooms	$135-$485	$225-$1,025
6	Christopher Place	Newport, TN	Small, high-end country inn on 200 acres	Luxury Destination Resort	Nine Inn rooms	$150-$330	$150-$330
7	Westgate Mountain Resort and Spa	Gatlinburg, TN	Mid-range resort with waterpark and a diverse array of amenities	Regional Destination Resort	938 condo units	$229-$309	$199-$259
8	The Lodge at Buckberry Creek	Gatlinburg, TN	Posh, rustic, highly acclaimed resort in the Smokies on 26 acres; 6/7 original buildings destroyed in a Nov 2016 fire	Luxury destination resort	14 lodge-style suites between 650-755 square feet	N/A	N/A

Table 3-3: Amenity Mix of Resorts located 5 Hours South of the Study Area

#	Resort Name	Golf	Casino	Sports and Outdoor Recreation	Hunting, Fishing, Archery and Shooting Sports	Arcades and Family Entertainment	Retail	Equestrian Sports	Boating	Spa	Cultural Amenities	Waterpark	Vineyards, Breweries and Culinary Amenities
1	Barnsley Resort	x		x	x					x			x
2	Blackberry Farm			x	x	x		x	x	x	x		x
3	Dollywood's Dreammore					x	x			x		x	x
4	Wildnerss at the Smokies	x				x	x					x	
5	Oak Haven Resort and Spa			x		x				x			
6	Christopher			x						x			
7	Westgate Mountain Resort and Spa			x		x	x			x	x	x	
8	The Lodge at Buckberry			x			x						

REGIONAL SUPPLY - SOUTHEAST

Overview

There are eleven resorts located in North Carolina, southeast of the Red River Gorge. These include many high-profile resorts that were identified in the case study profiles including Omni Grove Park Inn, Inn on Biltmore Estate, The Swag, and Old Edwards Inn. This area has a strong clustering of upscale resorts that pull visitors from North Carolina and neighboring states. Most resorts are located in the Waynesville and Asheville area which has majestic beauty, borders the Great Smoky Mountains National Park, and a strong focus on outdoor recreation. The closest resort to the Red River Gorge is Fontana Village, approximately 4.5 hours away by vehicle. This plays favorably for a future destination resort in the Gorge as this cluster of resorts straddles the five-hour drivetime limit.

Lodging formats range from smaller cabins and cottages, to condominium-style stays, to large-scale inns and hotels. Base rates also range from $80/night to over $520/night. This diverse mix of resorts establishes the Waynesville and Asheville area of North Carolina as a major competitor for resort visits across a broad spectrum of visitors.

Popular amenities include sports and outdoor recreation, golf, and cultural amenities.

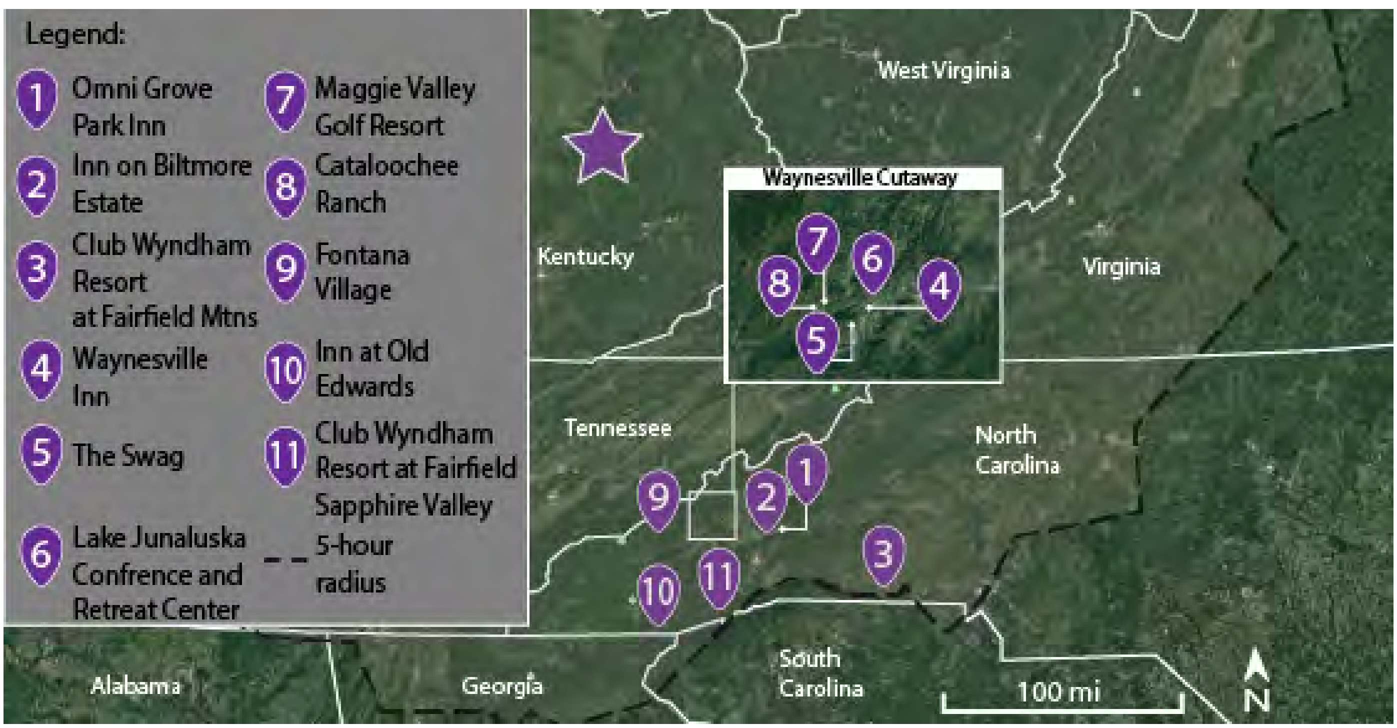


Figure 3-2: Resorts located 5 Hours Southeast of the Study Area

Table 3-4: Resorts located 5 Hours Southeast of the Study Area

#	Resort Name	Location	About	Resort Positioning	Lodging Format	Rate (high season)	Rate (low season)
1	Omni Grove Park Inn	Asheville, NC	Luxurious resort centered around the spa, golf and its picturesque setting in a historic mansion in the Blue Ridge Mountains	Luxury Destination Resort	513 rooms and suites	\$300-\$1,530	\$312-\$1,580
2	Inn on Biltmore Estate	Asheville, NC	Luxury resort part of larger 8,000-acre historic park with 2 other lower-market hotels and amenities open to the public	Luxury Destination Resort	210 rooms	\$290-\$2,250	\$346-\$2,250
3	Club Wyndham Resort at Fairfield Mountains	Lake Lure, NC	Club Wyndham Resort set in the Blue Ridge Mountains with family activities and golf	Regional Destination Resort	One bedroom suites ranging from 675 to 720 square feet	N/A	N/A
4	Waynesville Inn	Waynesville, NC	Regional resort centered around golf	Regional Destination Resort	111 guest rooms	\$100	\$66-\$105
5	The Swag	Waynesville, NC	Mid-high-end boutique resort focused on its setting in the Smoky Mountains	Luxury Destination Resort	11 1-bed suites and 3 cabins	\$520-\$675	\$520-\$675
6	Lake Junaluska Conference and Retreat Center	Lake Junaluska, NC	Mid-range resort along a 200-acre lake that can accommodate large groups. The resort is owned by the Methodist Church and has a significant amount of religious motifs such as a cross, places of mediation, biblical garden and chapel	Regional Destination resort	Over 400 guest rooms in 2 hotels, 2 motels, apartments, vacation rentals plus a campground site	\$80-\$496	\$80-\$480
7	Maggie Valley	Maggie Valley, NC	Mid-level 6,500-acre golf resort	Regional Destination Resort	Two-to-three bed condominiums plus 300 private residential units including home sites	TBD	TBD
8	Cataloochee Ranch	Maggie Valley, NC	Laid back resort bordering the Great Smoky Mountains National Park celebrating Western North Carolina mountain culture	Regional Destination Resort	Ranch house rooms, individual cabins for 2-8 people, lodge rooms	\$195-\$630	\$195-\$630
9	Fontana Village	Fontana Dam, NC	Mid-level regional resort with a number of recreation amenities	Regional Destination Resort	Lodge and over 100 cabins	\$113-\$233	\$103-\$233
10	Inn at Old Edwards	Highlands, NC	High-end resort that has transformed itself into a brand not just a hotel.	Luxury Destination Resort	84 rooms with two lodges and 26 cottage rooms	\$335-\$700	\$215-\$540
11	Club Wyndham Resort at Fairfield Sapphire Valley	Sapphire, NC	Family friendly resort that offers skiing in the winter months	Regional Destination Resort	One to two bedroom suites	N/A	N/A

Table 3-5: Amenity Mix of Resorts located 5 Hours Southeast of the Study Area

#	Resort Name	Golf	Casino	Sports and Outdoor Recreation	Hunting, Fishing, Archery and Shooting Sports	Arcades and Family Entertainment	Retail	Equestrian Sports	Boating	Spa	Cultural Amenities	Waterpark	Vineyards, Breweries and Culinary Amenities
1	Omni Grove Park Inn	x					x			x			x
2	Inn on Biltmore Estate			x	x		x	x	x	x	x		x
3	Club Wyndham Resort at Fairfield Mountains	x		x		x			x		x		
4	Waynesville Inn	x								x			
5	The Swag			x							x		x
6	Lake Junaluska Confrence and Retreat Center	x		x					x		x		
7	Maggie Valley	x		x	x								
8	Cataloochee Ranch			x	x			x			x		
9	Fontana Village			x	x	x							
10	Inn at Old Edwards	x		x						x	x		x
11	Club Wyndham Resort at Fairfield Sapphire Valley		x	x		x							

REGIONAL SUPPLY - EAST

Overview

There are seven resorts located in the Red River Gorge area or east of the Gorge within a five-hour drivetime. Unlike the south and southeast, these resorts are spread throughout many states, including Tennessee, North Carolina, Virginia, West Virginia, and Pennsylvania. Cliffview Lodge is located only 10 miles from the Slade interchange and 8 miles from Natural Bridge State Park. It is considered the only resort within Eastern Kentucky in this analysis, although it lacks most amenities that would be considered crucial for a resort such as multiple dining options and on-site amenities.

Resorts east of the Red River Gorge are primarily located within the Appalachian mountain range. This includes Chetola Resort, Meadow View Resort, Mountain Lake Lodge, and Greenbrier. Glade Springs and Nemacolin Woodlands are located away from the mountains; in the plateaus with more of a rolling hillscape compared to other resorts in the east. Glade Springs and Nemacolin Woodlands have significant acreage devoted to golf courses and are well established golf resorts, due to a flatter topography.

These resorts range from four to five hours drivetime from the Red River Gorge. Lodging formats are from a small inn and cottages to a 710-room lodge. Base rates range from $100/night to $392/night. Popular amenities include sports and outdoor recreation, hunting, fishing, archery and shooting sports, golf, arcades, and family entertainment.

Figure 3-3: Resorts located 5 Hours East of the Study Area

Table 3-6: Resorts located 5 Hours East of the Study Area

#	Resort Name	Location	About	Resort Positioning	Lodging Format	Rate (high season)	Rate (low season)
1	Nemacolin Woodlands	Farmington, PA	High end resort relying on its amenities rather than natural environment	Luxury Destination Resort	263 rooms in three hotels	$264-$2,642	$157-$2,149
2	Glade Springs	Daniels, WV	High-end amenity-rich 200-unit resort with all-year-round outdoor activities taking advantage of its Appalachian location including skiing	Regional Ski and Destination Resort	Inn, eight executive suites, 3 manor houses and 10 lodges plus private real estate	$392-$3,132	$89-$633
3	The Greenbrier	White Sulphur Springs, WV	One of the U.S.'s largest and most iconic resorts. The 11,000-acre resort is over 235 years old, has over 55 indoor and outdoor activities and has hosted 27/45 US Presidents	Luxury Destination Resort	710-room lodge including 33 suites, 10 lobbies and 40+ meeting rooms. Plus 96 guest and estate homes as well as private residences	$288-$488	$228-$338
4	Mountain Lake Lodge	Pembroke, VA	Historic resort with meeting spaces within a 2,600-acre nature prserve	Luxury Destination Resort	101 units within the historic lodge, cottages and cabins, a second lodge and mountain homes	$151-$560	$113-$303
5	Chetola Resort At Blowing Rock	Blowing Rock, NC	Regional resort with multiple accomodations options focused on outdoor activities	Regional Destination Resort	42-unit lodge, 8-unit Bed and Breakfast inn and 77 1-4 bedroom condominiums. There are also building plots, private homes and condominiums.	$179-$360	$159-$340
6	MeadowView Conference Resort & Convention Center	Kingsport, TN	Golf resort with convention center operated and owned by Marriott	Regional Destination Resort	Hotel rooms and suites	$168-$209	$144-$181
7	Cliffview Red River Gorge	Campton, KY	Mid-range resort made up of lodges and cabins well suited for large groups located in close proximity to the outdoors amenities of the Red River Gorge such as the Daniel Boone National Forest or Natural Bridge State Resort Park	Regional Destination Resort	Lodge housing and cabins	$100-$160	$100-$160

Table 3-7: Amenity Mix of Resorts located 5 Hours East of the Study Area

#	Resort Name	Golf	Casino	Sports and Outdoor Recreation	Hunting, Fishing, Archery and Shooting Sports	Arcades and Family Entertainment	Retail	Equestrian Sports	Boating	Spa	Cultural Amenities	Waterpark	Vineyards, Breweries and Culinary Amenities
1	Nemacolin Woodlands	x	x	x	x	x	x	x		x	x		x
2	Glade Springs	x		x	x	x	x		x	x			
3	The Greenbrier	x		x	x	x	x	x		x	x		
4	Mountain Lake Lodge			x	x	x	x		x				
5	Chetola Resort at Blowing Rock			x	x	x				x			
6	MeadowView Conference Resort & Convention Center	x		x									
7	Cliffview Red River Gorge			x									

REGIONAL SUPPLY - NORTH AND WEST

Overview

There are nine resorts located either north or west of the Red River Gorge area. Many of the resorts are located around Hoosier National Forest in Indiana. Several casino-based resorts straddle the Kentucky border since Kentucky has not legalized casinos. The resorts in this region are more family and gaming-focused compared to other regions within the five-hour drivetime. French Lick and Deer Creek Lodge would be considered the most upscale resorts in the region.

Many of the resorts are located just over two hours away from the Red River Gorge. This is considerably closer than many other resorts in other regions of the five-hour drivetime. Their focus on family friendly activities and gaming is beneficial for a future destination resort in the Gorge, as it will likely attract a different visitor segment then what is offered.

Lodging formats are primarily large-scale casino-adjacent hotels. There are several smaller scale lodges that focus on rustic, rural, and outdoor retreats. Base rates range from $115/night to $500/night. Popular amenities include golf, sports and outdoor recreation, hunting, fishing, archery and sport shooting, spas, and casinos.

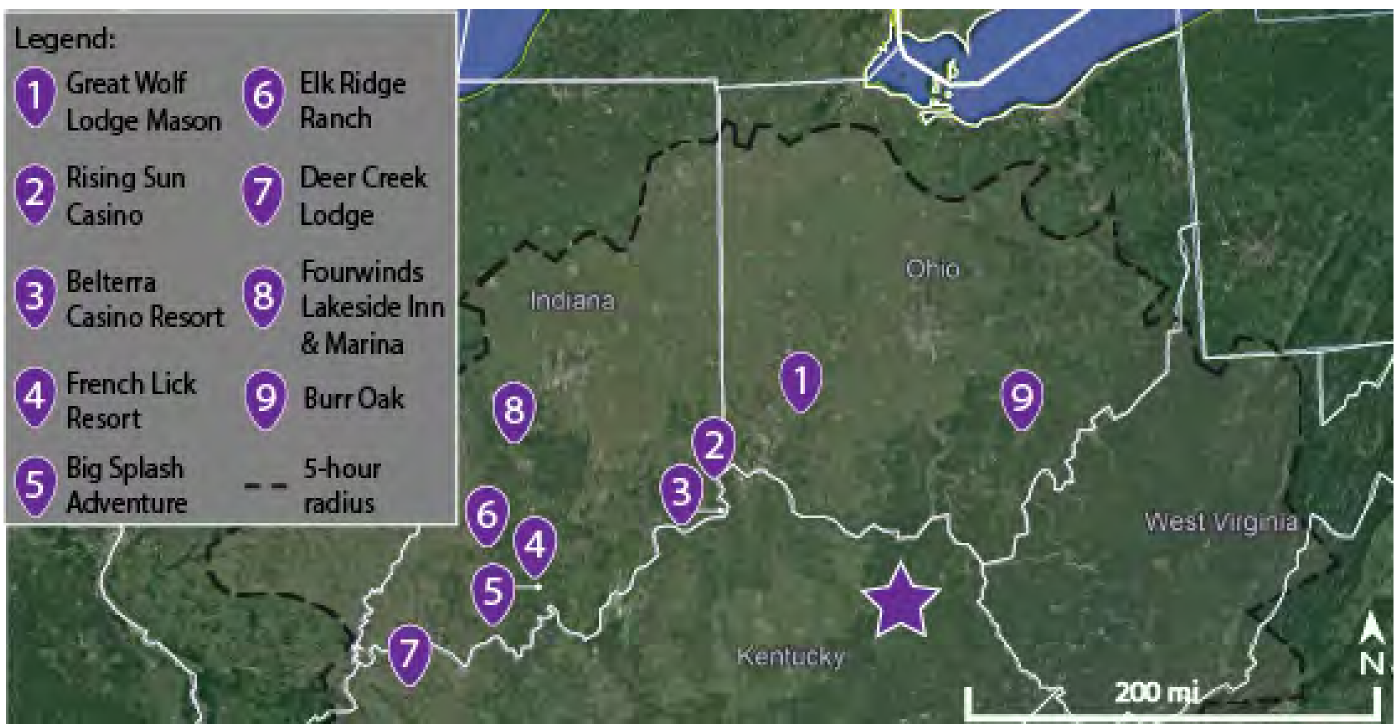


Figure 3-4: Resorts located 5 Hours North and West of the Study Area

Table 3-8: Resorts located 5 Hours North and West of the Study Area

#	Resort Name	Location	About	Resort Positioning	Lodging Format	Rate (high season)	Rate (low season)
1	Great Wolf Lodge Mason	Mason, OH	Mid-range family waterpark resort nearby Cincinnati	Regional Waterpark Resort	401 hotel units	$220-$520	$180-$380
2	Rising Star Casino	Rising Sun, IN	Regional casino with golf course and attached RV park	Regional Casino Resort	Hotel rooms and RV Park	$89	$69
3	Belterra Casino Resort	Belterra, IN	Regional casino with added resort amenities such as on-site retail, meeting spaces, golf course and spa	Regional Casino Resort	600+ hotel rooms	$116-$269	$135 - $169
4	French Lick Resort	French Lick, IN	Historic resort on over 3,000 acres at a mineral spring in the Hoosier National Forest with 3 luxury hotels and previous guests such as Al Capone	Luxury Destination Resort	686 hotel rooms in 3 hotels	$150-$492	$122-$251
5	Big Splash Adventure	French Lick, IN	Regional waterpark open to guests and the public with several other family friendly activities such as ATVs and an Amish village	Regional Waterpark Resort	154 rooms and suites	$142-$372	$139-$299
6	Elk Ridge Ranch	Shoals, IN	Working elk ranch that has transitioned to a rural retreat destination on 120-acres	Regional Destination Resort	Two lodges, a farmhouse, restored shed, RV glamping and camping	N/A	N/A
7	Deer Creek Lodge	Sebree, KY	High-end array of lodges providing all-inclusive luxury hunting and fishing trips to guests	Luxury Hunting Resort	Three luxury lodges between 3-8 bedrooms	$500-$2,500	$500-$2,500
8	Fourwinds Lakeside Inn & Marina	Bloomington, IN	Low-to-mid level lakeside resort with waterfront activities for an Indiana staycation	Regional Destination Resort	118 lodge-style units	$139-$339	$79-$199
9	Burr Oak	Glouster, OH	Mid-level resort with ample amenities and meeting spaces for up to 250 people	Regional Destination Resort	60 units in a lodge and cabins	$135-$209	N/A

Table 3-9: Amenity Mix of Resorts Located 5 Hours North and West of the Study Area

#	Resort Name	Golf	Casino	Sports and Outdoor Recreation	Hunting, Fishing, Archery and Shooting Sports	Arcades and Family Entertainment	Retail	Equestrian Sports	Boating	Spa	Cultural Amenities	Waterpark	Vineyards, Breweries and Culinary Amenities
1	Great Wolf Lodge Mason					x	x					x	
2	Rising Star Casino	x	x								x		
3	Belterra Casino Resort	x	x				x			x			
4	French Lick Resort	x	x	x		x		x		x			
5	Big Splash Adventure			x		x	x					x	
6	Elk Ridge Ranch	x		x	x					x			x
7	Deer Creek Lodge	x		x	x								
8	Fourwinds Lakeside Inn and Marina			x	x				x				
9	Burr Oak			x	x				x				

KEY TAKEAWAYS

Differentiate from the Competition

There is a wide selection of resorts within a five-hour drivetime of the Red River Gorge. This provides ample selection for potential visitors at different price points and positioning. A destination resort must consider how it establishes a unique offering that differentiates itself from direct competition.

Limited Competition in the One- to Three-hour Drive Time

As shown in the maps, most resorts are located a significant distance away from the Red River Gorge, primarily in the three to five-hour drive time. This is favorable for a future destination resort as there is limited competition in the one to three-hour drive time. Furthermore, there are no resorts within Kentucky that are positioned higher than 3-stars.

An Upscale Resort Could Attract Visitors from Northern States

Speaking with stakeholders and cabin owners, a significant portion of visitors to the Red River Gorge are from states north of Kentucky such as Illinois, Indiana, and Ohio. There are limited upscale resorts to the north of the Gorge, most are either rustic lodges or casino-based resorts. An upscale resort with varied amenities packages and excellent views would differentiate itself to visitors traveling from northern states.

Large Supply of Upscale Resorts in South, Southeast and East Regions

The south, southeast, and east regions have considerably more competition for upscale resorts, which could make attracting visitors from states south and east of Kentucky more difficult than from within Kentucky, or from states to the west and north.

Build the Address by Marketing to Northern States

Overall, the lack of an upscale destination resort in Kentucky provides a significant opportunity to capture tourism dollars from within and out-of-state. Due to significant competition in several regions, priority should be on marketing the resort within Kentucky and in northern states at the start to establish a premiere address.

3.3 TOURISM DEMOGRAPHIC ANALYSIS

Introduction

A master planned resort in the Red River Gorge will not have only one target demographic market, but multiple streams of focus to ensure that it captures spending across generations. A resort also cannot be a place for everyone, so comprehending the travel trends and desires of the Baby Boomer, Gen-X, and Millennial demographic segments inform the positioning and amenity package of a master planned resort.

This section delves into each demographic segment, delivers comparisons, and provides recommendations and conclusions that can be applied to a master planned resort in the Red River Gorge.

MILLENNIAL TRAVEL TRENDS

Millennial Travel Overview

Millennials are classified as the age cohort born between 1980 and 2000. This would make Millennials 20 to 40 years old as of 2020. Millennials are a large subset of the population due to the majority being children of Baby Boomers. As Millennials age, they are expected to have the largest spending power in the United States, taking over from their Baby Boomer parents. It should not be considered a niche travel market like it was ten years ago, but at the forefront of travel trends.

Millennials have become more important to the domestic and international travel economy due to increased spending power and increased focus on travel compared to previous generations. Millennials are more travel-conscious than Baby Boomers and Gen-Xers, placing travel experiences as a higher priority. They are likely to travel more frequently than other segments and return to destinations over their lifetime.

Millennial travelers prefer international destinations to domestic locations. Regardless, there is still a strong focus for Millennial travelers on shorter domestic trips that are taken throughout the year. According to Skift Research, 68% of Millennials stated that all trips taken in the past 12-months were domestic travel. Only 13% of Millennials either conducted most or all of their travel internationally.

Millennial Travel Overview Continued

A major factor for Millennials is that they are considered “pioneer travelers”. They seemingly shy away from popular tourism-driven locations to seek out and promote destinations that are not yet visited by traditional tourists. This lends itself to Millennials desire for unique and authentic experiences that they can share through digital means. This leads to Millennials being at the forefront of the perception of newer tourism areas and play an important role in how an area is perceived and the image of the destination.

Millennial tourists prefer experiences through activity-based travels. 70% of U.S. Millennials seek unique travel experiences while 46% consider a destination’s appeal to their social media followers. Furthermore, top travel motivators include experiencing new destinations and exploring off-the-beaten path areas. This plays favorably for the Red River Gorge area.

Millennials are also more willing to mix work and pleasure. 40% of U.S. Millennials have taken a business trip and 69% have added leisure time to a business trip. This is higher than Gen-X and Baby Boomers.

Millennials prefer structure when planning trips. 60% have planned a vacation with the main purpose to attend a specific event, and 54% have planned a vacation around a specific activity such as skiing or fishing.

46%
consider a destination’s appeal to their social media followers

69%
have added leisure time to a business trip

60%
have planned a vacation with the main purpose to attend a specific event

Millennial Travel Overview Continued

As displayed in Figure 3-5, the most important destination characteristic for Millennials is safety. This is followed by value for money, restaurants and local food, climate, and adventure/recreation experiences. It is interesting to note that nightlife and guided tours rank the lowest amongst destination characteristics.

Top motivators are getting away from home, rest and relaxation, sightseeing, and visiting cultural and natural attractions.

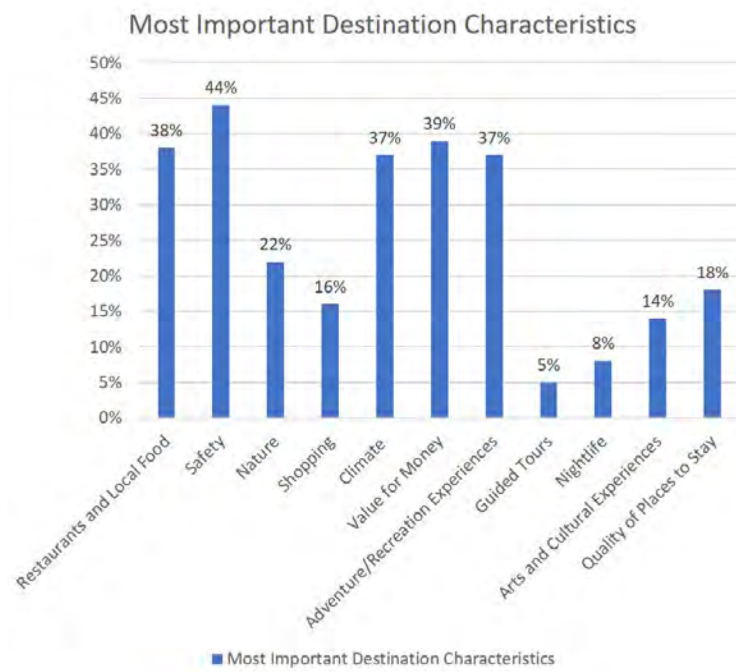


Figure 3-5: Most Important Destination Characteristics for Millennials

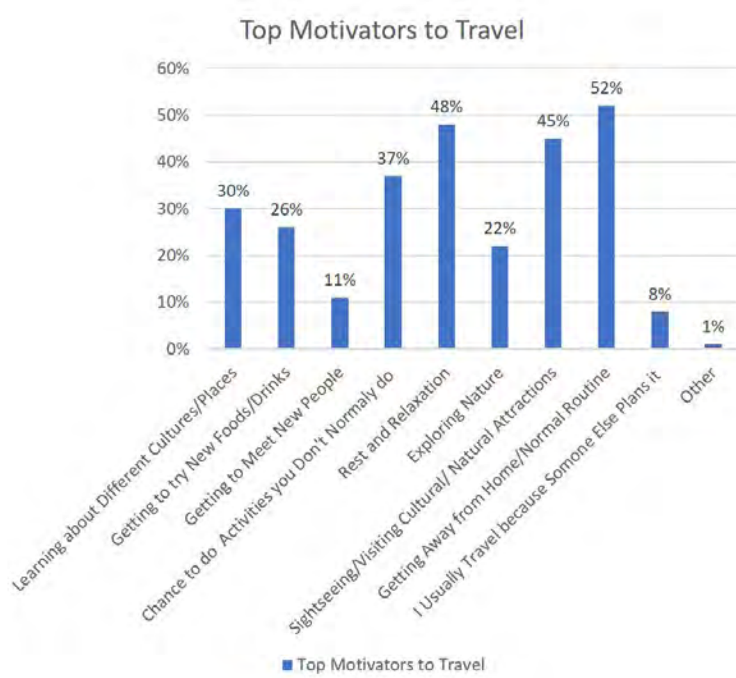


Figure 3-6: Top Motivators for Travel for Millennials

Millennial Travel Overview Continued

Millennials prefer spending on experiences rather than physical items. 88% of U.S. Millennials indicate they prefer spending on an experience instead of a physical good, and 64% indicate that they would rather spend money on travel than things at home.

Food and beverage experiences, events and/or festivals, as well as adventure or adrenaline activities are the top things Millennials indicate spending on during travel.

Despite the reputation, Millennials spend less than their Gen-X and Baby Boomer counterparts at $3,650 to $4,560 per year. Regardless, the spending profile of Millennials continues to increase.

When considering the positioning of an upscale resort in the Red River Gorge, it must be mentioned that most Millennials do not stay in luxury accommodations. Over 50% stay in accommodations that are less than $125 per night. Only 16% spend more than $200 per night on accommodation.

Millennials are willing to stay in short term vacation rentals. 67% have stayed in a short-term rental such as Airbnb or VRBO. This is higher than other demographic segments.

Overall, more and more tourism offices are investing significant monetary resources to develop and attract the millennial-oriented tourism segment. Preferences are different than the Baby Boomer market, thus a shift in experiences and offerings are required.

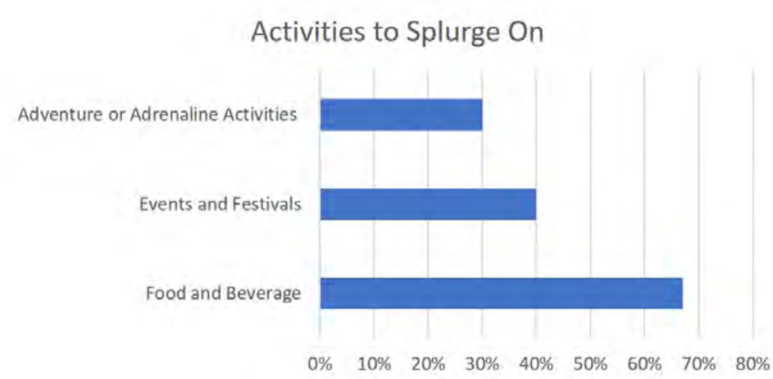


Figure 3-7: Top Activities Millennials Spend Money On

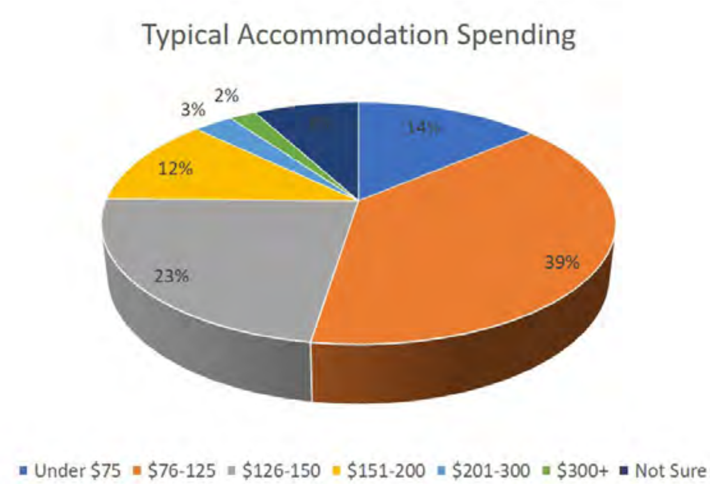


Figure 3-8: Typical Millennial Accommodation Spending

BABY BOOMER TRAVEL TRENDS

Baby Boomer Travel Overview

Baby Boomers are categorized as those born between 1946 and 1964. They are between 56 to 74 years of age as of 2020. They are typically the parents of the millennial demographic segment.

Baby Boomer tourists are generally childless, wealthier than other demographic segments and have a larger amount of leisure time due to retirement. They have visited many places, and by this stage of life have a wide bucket list of experiences.

On average Baby Boomers spend $6,621 on 4-5 trips annually. This is higher than other demographic segments.

The primary motivations for traveling are similar to Millennials, displaying that regardless of age, travelers seek time away from home to get away from normal life and relax and rejuvenate.

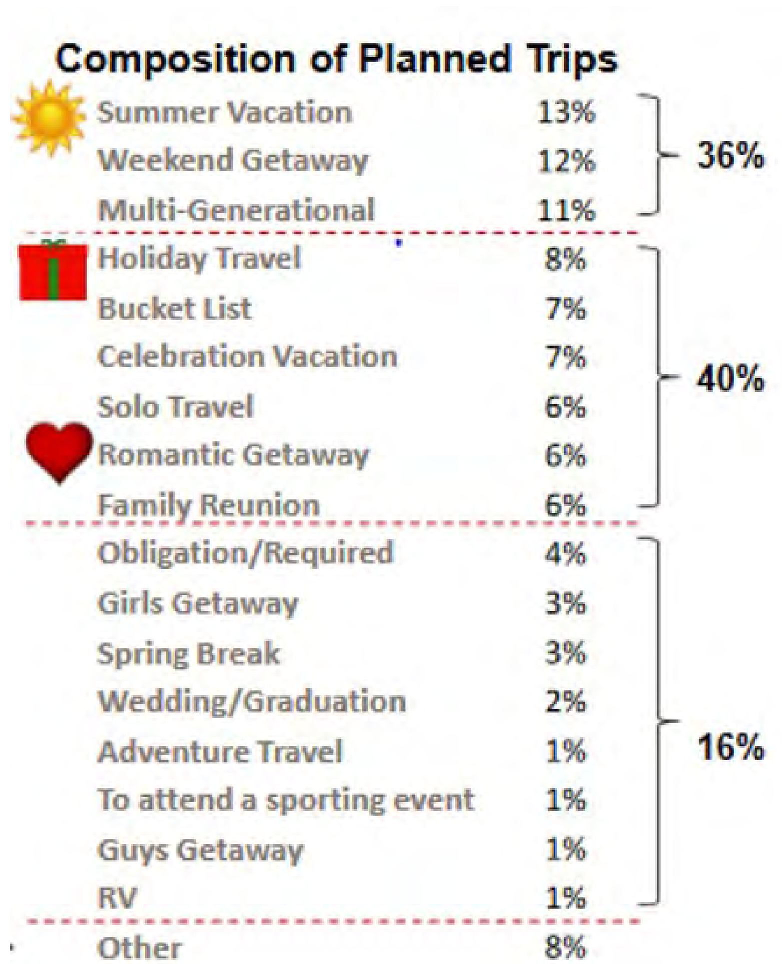


Figure 3-9: Composition of Baby Boomer Planned Trips

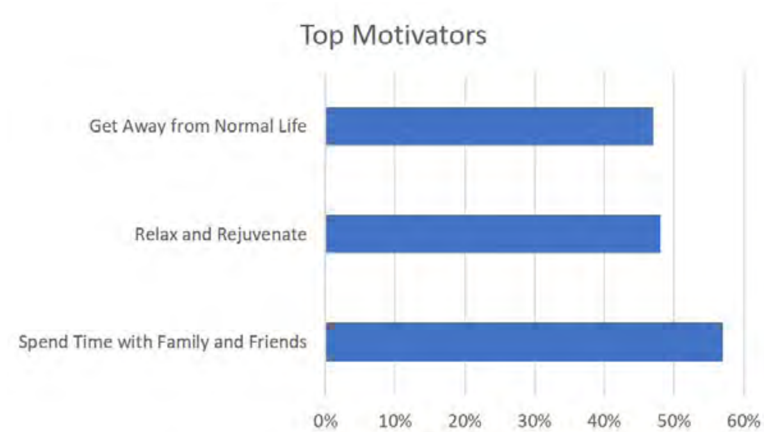


Figure 3-10: Top Motivators for Baby Boomer Travel

Baby Boomer Travel Overview Continued

Few Boomers mix work and leisure, with only 26% extending a business trip for leisure. They feel less inclined to stay connected with work while they are away on vacation, which is unlike Millennials who prefer to stay connected wherever they are in the world.

Most Boomers take at least one domestic trip (94%) with an average of three to four trips. 53% plan on travelling internationally in 2019, with approximately one to two trips anticipated on average.

When seeking domestic travel, Florida and California are the top destinations among boomers (28% combined). Other hotspots include Texas, Las Vegas, and New York. The outcome is that popular destinations are those that provide a high amount of urban activities or relaxing warm-weather destinations with beaches and attractions.

Unlike Millennials who are willing to stay in short-term vacation rentals such as Airbnb, boomers are more likely to tend to stay in a hotel or motel. Boomers are less likely to try non-traditional options of lodging. For those who would prefer to not rent a private home or cabin, the most prevalent reason given in a survey of 685 respondents was "preference for hotel services".

Baby Boomers travel both domestically and internationally; however, 47% of them prefer to travel only domestically. This presents an opportunity for the Red River Gorge Resort to attract Baby Boomers that prefer to stay within the U.S. for vacations.

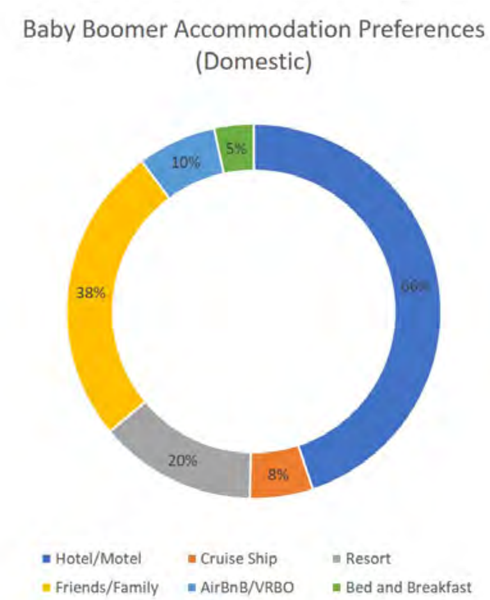


Figure 3-11: Baby Boomer Accommodation Preferences

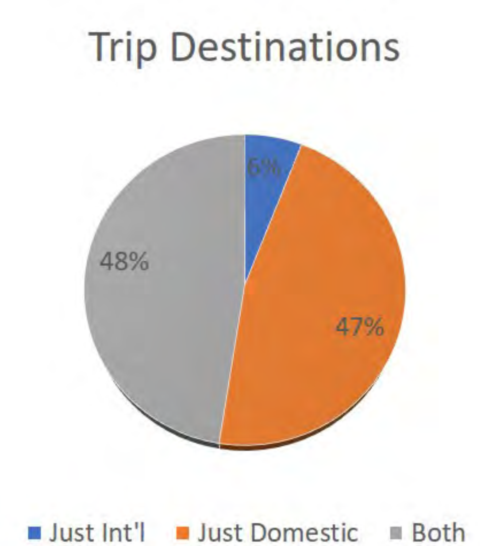


Figure 3-12: Breakdown of Baby Boomer Trip Destinations

LUXURY TRAVEL MARKET

Overview

The luxury travel market is globally valued at $1.8 trillion and is fast-growing with a compound annual growth rate of 4.6%. North America is the largest regional market, and the U.S. is the largest shareholder of that market (85.5%).

Safari and adventure travel accounted for 35.3% of luxury travel, as travelers seek to learn more about local culture, and have a sense of adventure in a less crowded environment.

Luxury travel is becoming less limited to high-end "pampering" resorts. The idea of a "walled off" five-star resort is still considered luxury; however changing values and demographics have redefined luxury travel to be more dominated with experiences.

Culinary travel and shopping are the fastest growing segment of luxury travel with a compound annual growth rate of 5.5%.

Baby Boomers are still the largest luxury tourism segment with 40% of the market; however, Millennials are the fastest growing segment with a compound annual growth rate of 5.4%.

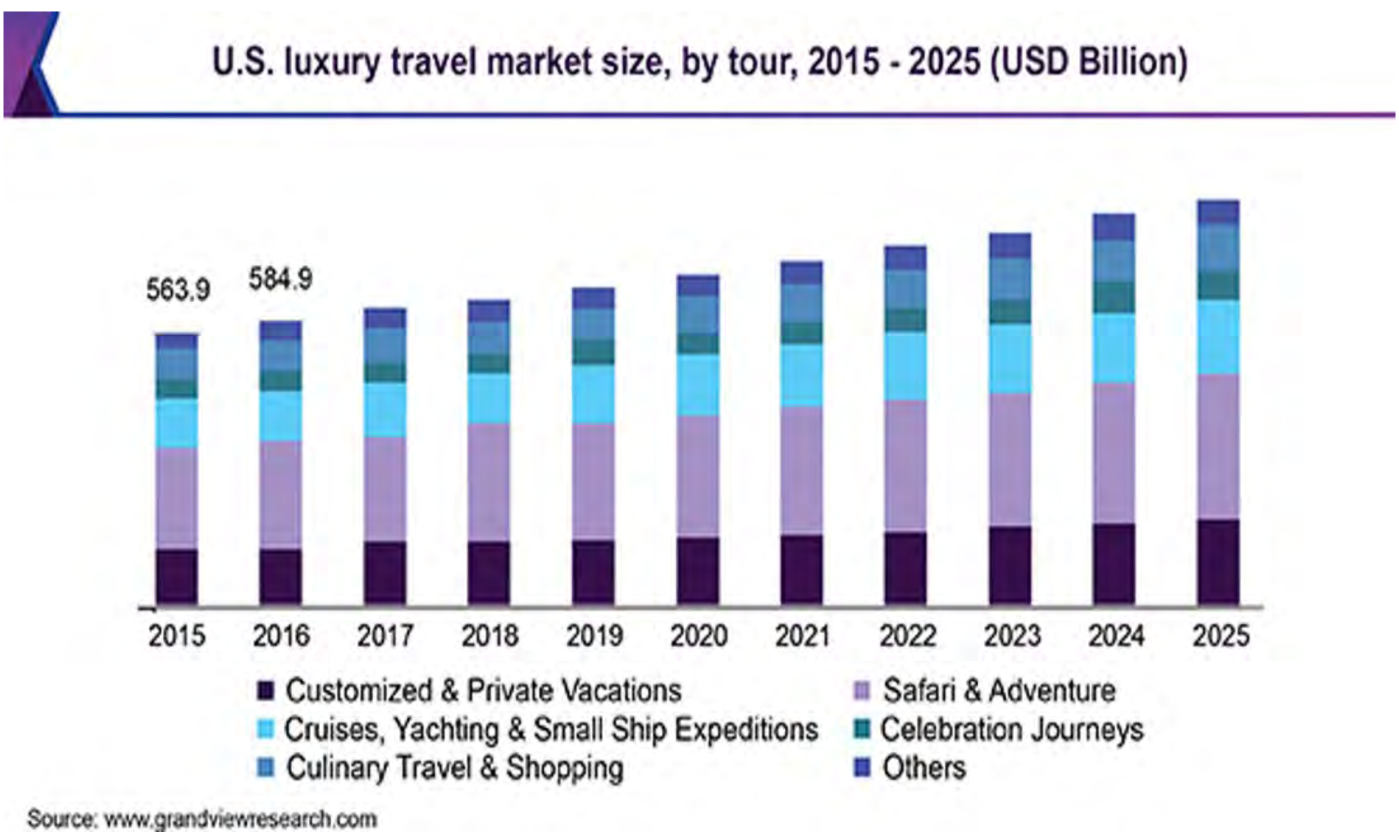


Figure 3-13: Breakdown of Luxury Travel Market

SUMMARY AND KEY TAKEAWAYS

Overview

Authentic experiences are the dominant travel trend for all tourist demographics. Millennials seek experiences beyond the traditional pampering of resorts, while Baby Boomers are seeking to check off bucket list experiences with more disposable income and leisure time. A resort in the Red River Gorge should be positioned to provide an authentic and unique Kentucky experience with a variety of attractions and amenities to offer, both in the resort core and in the general region.

Baby Boomers are the highest spending demographic segment; however, Millennials are expected to increase their spending power as they age and further their careers.

Millennials also are the fastest growing demographic segment in luxury travel (CAGR of 5.4%). A near-term target may be Baby Boomers and Gen-X; however, Millennials should be the target market for the resort over the long-term. A resort should be planned accordingly.

Millennials are considered "pioneer travelers" and "digital nomads" who seek out and promote destinations that are not yet visited by traditional tourists. This is beneficial for the Red River Gorge as it has a strong outdoor and nature-based tourism environment that is not well-known regionally compared to more popular destinations.

Both groups overwhelmingly stay in hotels while they travel; however, Millennials are much more likely to stay in an Airbnb or other vacation rental. A resort in the Red River Gorge will differentiate itself from the local cabin market by providing an upscale level of service with a diverse mix of amenities.

Overall, Millennial travelers are becoming more important to the travel industry. They are experience and authenticity driven, but also value-driven when it comes to spending tourism dollars. A resort in the Red River Gorge should not price itself out of this growing travel segment.

The variety of outdoor adventure activities already located in the Gorge, coupled with an upscale resort that has diverse amenities, including a culinary cluster, could be a strong draw for both the Baby Boomer and Millennial segments.

Table 3-10: Breakdown of Travel Preference by Generation

	Millennials	Generation X	Baby Boomers
International Destinations	7%	6%	6%
Domestic Destinations	31%	40%	47%
Both Destinations	62%	55%	48%
International Trip Types:			
Bucket List Trip	7%	8%	24%
Summer Vacation	14%	14%	10%
Romantic Getaway	9%	9%	10%
Multi-gen Trip	11%	13%	8%
Celebration Vacation	7%	9%	8%
Domestic Trip Types:			
Summer Vacation	12%	14%	13%
Weekend Getaway	13%	13%	12%
Multi-gen Trip	14%	12%	11%
Holiday travel	10%	11%	8%
Romantic getaway	8%	10%	6%

3.4 TRENDS IN DESTINATION ATTRACTIONS

Introduction

This section highlights notable destination tourism attractions to identify activities and amenities that offer the greatest opportunity for the study area. Destination attractions profiled in this section include:

- Hunting and shooting tourism
- Outdoor recreation
- Golf tourism
- Culinary tourism
- Family entertainment tourism
- Theme park tourism
- Live entertainment tourism
- Cultural heritage tourism
- Ecotourism
- Health and wellness tourism
- Conference and event tourism

Each destination attraction profile delves into key industry trends, tourist demographics, as well as examples of these types of attractions located near the Red River Gorge area. The analysis was synthesized into key takeaways which identify high growth attractions that are complementary to the existing assets in the Red River Gorge area, as well as the target demographic for a potential resort.

HUNTING AND SPORT SHOOTING TOURISM DEMOGRAPHIC OVERVIEW

Hunting Overview

There were approximately 11.5 million hunters in 2016, down from 12.5 million in 2006.

Hunters span both ends of the socio-economic spectrum. The average household income for hunters in 2016 was $75,000.

The U.S. hunting population is generally male and not diverse. U.S. hunters are 97% white, 90% male (representing 8% of the total U.S. male population and 1% of the overall female population).

Sport Shooting Overview

There were 51, 226,765 adults age 18 and over that participated in sport shooting in the U.S. in 2014.

About 70% of those who participated in sport shooting are male, compared to 30% female.

The median age for sport shooters is 48 years old.

Sport shooters are generally younger, with 78% below the age of 54 years old. 41% are between the ages of 35 to 45.

HUNTING AND SHOOTING TOURISM TRENDS OVERVIEW

Hunting is losing traction among Millennials. There has been a decline in hunting among 25-to-34-year-olds, whom have been the largest hunting demographic in the past.

The decline in hunting in America is also seen in hunting tourism. Trip-related hunting expenses were $9.2 billion in 2016, down 18% from 11.15 billion in 2011.

Gun tourism is becoming a hit among international travelers, especially from China, in places such as Tennessee or Las Vegas. This is due to the fact that many of these tourists are coming from places where guns are heavily restricted or outlawed and want to experience the “American” gun culture.

Sport shooting such as sporting clays is largely targeting a wealthier, younger and more diverse audience at resorts. In the past decade there has been the rise of the “guntry” club, or luxury shooting club, as well as luxury shooting experiences at resorts providing an alternative to traditional activities like golf. Many shooting clubs and resorts have also reported large increases in the number of women participating in sport shooting, and the beginning of women’s-only events and promotions.

Sport shooting participation is on the rise. Skeet, trap, sporting clays and clay target shooting participation increased 80.5%, 48.1% 55.2% and 58.6%, respectfully, from 2009 to 2014.

The number of women sport-shooting is on the rise, with nearly a quarter of women shooters being beginners to the sport.

It is estimated that between 5,000-15,000 visitors per annum visit sport shooting ranges.

EXAMPLES OF REGIONAL ATTRACTIONS

Deer Creek Lodge, Sebree, KY
Distance from Red River Gorge: 269 miles, 3 hours 40 minutes

Positioning:
Luxury hunting resort offering a wide-range of hunting packages during the appropriate seasons, along with fishing and golf.

Relevance:
Example of a critically-acclaimed, regional high-end hunting lodge, as well as seasonal hunting packages.

Elk Creek Hunt Club, Owenton, KY
Distance from Red River Gorge: 99 miles, 1 hour 30 minutes

Positioning:
Local hunting and shooting club along the Bourbon Trail created by a trio of champion hunters and Olympic shooters.

Relevance:
Local example of combining both shooting sports club and hunting lodge concepts in one place.

KEY TAKEAWAYS

Sport Shooting is Growing
Hunting participation is at its lowest in 25 years, however sports shooting participation numbers are on the rise, especially among Millennials and women.

Leverage Growth in Luxury Shooting Vacations
Within the sport shooting tourism industry, wealthy customers are increasingly looking for "luxury" shooting vacations. Tourists have a desire for amenities such as shooting academies, lodges and lounges, gun fitting mixed with alternate activities such as golf or wine-tasting. This is favorable for the study area with an established mix of outdoor activities that can supplement sport shooting.

Sport Shooting Can be a Year-Round Activity
While hunting is a seasonal activity, sport shooting can be conducted year-round with the proper facilities. As a year-round activity, a sport shooting academy could be a year-round destination for sport shooting enthusiasts in the study area.

Hunting is Land Intensive
Hunting requires hundreds of acres of land that can be accessed specifically for hunting at certain times. This may provide a challenge if the area around the Red River Gorge cannot provide appropriate acreage without compromising topography or conservation constraints. The land would also have to be home to a non-threatened species popular for hunting such as deer, elk, turkey or pheasant.

OUTDOOR RECREATION DEMOGRAPHIC OVERVIEW

Demographic Overview

In 2018, just over half the U.S. population participated in outdoor recreation at least once (151.8 million Americans). Of all outdoor participants, an estimated 63.5% had at least some college-level education and 53.9% are male, 46.1% are female. The average participant had a mean age of roughly 36.2, lived in households with higher-than-average household incomes (48.2% had household incomes of at least $75,000). Adults with children in their households engaged in outdoor recreation at higher rates than those without children.

About 1/3 of participants (total of 98 million) in 2018 were considered moderate participants (those who recreated about once a month). More females joined this category of participants in 2018, however there is a slight decline of 2% over the last decade in moderate participation reflecting an aging U.S. populace and declining number of young moderate participants.

Moderate participants were slightly younger, wealthier, and more educated than average outdoor participants. Compared to all outdoor participants, moderates tended to be male and Caucasian (almost three quarters of all participants were Caucasian).

When travelling for outdoor recreation, 63.3% of participants travelled under 10 miles for outdoor activities, and about 18.9% travelled 25 miles or greater. The most popular outdoor activities among participants include running, jogging, and trail Running (19.2%); freshwater, saltwater, and fly fishing (16.4%); road biking, mountain biking, and BMX (15.9%); hiking (15.9%); and car, backyard, backpacking, and RV camping (13.9%).

61% of Kentucky residents participate in outdoor recreation each year. Kentucky residents are also more likely to participate in camping and fishing than the average American. Hunting and fishing sustain twice as many direct jobs in Kentucky (9,000)

OUTDOOR RECREATION TRENDS OVERVIEW

Sometimes considered a subsector of ecotourism depending on the geographic location of the activities, outdoor recreation includes camping (RV campsite, tent campsite, rustic lodge), fishing (recreational fly/non-fly), hunting (shotgun, rifle, bow), motorcycling (on/off road), off-roading (ATV, ROV, dune buggy, 4x4 and Jeep), snow sports, trail sports (day hiking, backpacking, rock/ice climbing, running 3+ miles, horseback riding, mountaineering), water sports, wheel sports (bicycling, paved road/off road), and wildlife viewing.

BMX biking had a significant growth in participation of 22% over 2015 to 2018. Fishing also showed signs of potential future growth as nearly 4 in 10 first-time freshwater fishing participants were youth. Fly fishing also boasts the youngest average of new participants at 29.3.

While male mountain bikers outnumbered females 2 to 1, the sport also appealed to wealthy participants (nearly half of participants lived in household incomes of at least $75,000). Snowshoeing has also historically appealed to high-income-earning Caucasian males, a trend that continued through 2018. Nearly 78% of first time snowshoe participants were Caucasian.

Sport climbing experienced a 7% jump in female participation from 2017 to 2018, and the average age of sport climbers jumped to 28, meaning more adults than youth got outside to sport climb.

The average age of a committed hiking participant has dropped considerably in the past few years, from 37 in 2015 to 31 in 2018. This is due to a decline in continued hiking participation among the segment of hikers aged 45 to 64.

EXAMPLES OF REGIONAL ATTRACTIONS

Clay Wildlife Management Area, KY
Distance from Red River Gorge: 54 miles, 1 hour 25 minutes

Positioning:
8,953 acres located in Nicholas, Fleming, and Bath Counties, hosting activities for outdoor adventures, avid huntsman, hikers, boaters, horseback riding, camping, and overall exploring Kentucky nature and wildlife.

Relevance:
It is marketed as a mecca for outdoor adventures, particularly for hunting, hiking, boating, and camping.

White Sulphur ATV/Horse Camp, Salt Lick, KY
Distance from Red River Gorge: 147 miles, 2 hours 45 minutes

Positioning:
White Sulphur OHV Trail System is composed of several Forest Service roads and trails in the White Sulphur area, forming a 17-mile trail system of connecting loops. The Horse Camp provides over 50 miles of multiple-use trails winding along forested hills and limestone ridges.

Relevance:
A multi-use trail network that can accommodate different outdoor recreation users.

KEY TAKEAWAYS

Eastern Kentucky is Well Served by Outdoor Recreation Activities

There is no shortage of outdoor recreation as there are multiple destinations nearby for various outdoor recreational activities within the Kentucky Appalachians.

Targeted Approach to Elevating the Outdoor Recreation Experience

Outdoor recreation at Red River Gorge should be focused on providing an elevated service for a select few activities. Competitive activities for intensive outdoor participants should not be the focus.

Focus on Activities with a Low Barrier to Entry

Activities with low to moderate levels of difficulty should be incorporated to appeal to first-timers and older generations. Activities such as rock climbing and hiking provide the lowest barrier for new participants.

Promote Winter Activities to Overcome Seasonality

Determine outdoor recreation activities that can pull visitors to the Red River Gorge area on a year round basis. This will provide an opportunity to boost year-round activity and increase resort guests during the winter months.

Integrate Family-focused Activities

Appealing family-focused activities should be offered to capture the growth of participation rates in households with young children.

GOLF TOURISM DEMOGRAPHICS OVERVIEW

Golfing Demographic Overview

According to the National Golf Association, in 2017, 8.2 million golfers played 57.6 million rounds of golf while traveling for business or leisure. This constitutes 39% of U.S. adult golfers.

Retirees and families were the most likely to take a golf trip, in comparison to working professionals and those without children.

72% of golf trips were leisure related, while one third of participants in the National Golf Association survey played golf on business and leisure trips.

Although there is a significant number of millennial golfers, traditional golf tourism still feeds off an aging demographic. The number of golf rounds played by people over 65 is more than three times higher than the number played by 18-34-year-olds.

70% of full 18-hole golf rounds are completed by golfers aged 55+.

Women make up 23% of golfers, including 31% of beginners and 36% of juniors.

GOLF TOURISM TRENDS OVERVIEW

In 2017, the golf industry was a $20.5 billion industry in the U.S. with an 11% compound annual growth rate (CAGR) in 2019. This includes the sales of golf products.

The number of golf participants has dropped from 30 million to 25 million, however the number of avid golfers, which is the main demographic for golf tourists, has remained about the same at 7 million. The golf travel industry peaked in 2002 and is currently at its lowest since 1995.

There is increasing participation in golf by women; 55% of courses surveyed in 2019 have seen a significant increase in the number of women golfers in the past five years.

Other trends in the industry include more sustainability, women's only golf trips and incorporating other experiences into golf travel (i.e. a golf and culinary trip).

Millennials make up 36% of American golfers, and the National Golf Foundation found 15 million additional Millennials have expressed interest in the sport. Despite this, these numbers are 30% lower than two decades prior.

People completing a full 18-hole round of golf is down by 1%. Nine-hole rounds made up over one third of rounds in 2016.

Millennials are seeking alternative golfing experiences with "off-the-course" concepts such as TopGolf or other experiences that combine golf with other food and beverage or other experiential concepts.

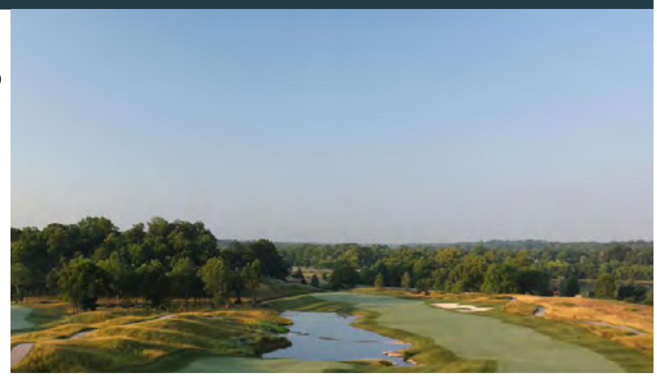
EXAMPLES OF REGIONAL ATTRACTIONS

Valhalla Golf Club, Louisville, KY

Distance from Red River Gorge: 111 miles, 1 hour 40 minutes

Positioning:

Private golf club owned by the PGA that was voted the top course in Kentucky by Golf Digest and has held several international tournaments.



Relevance:

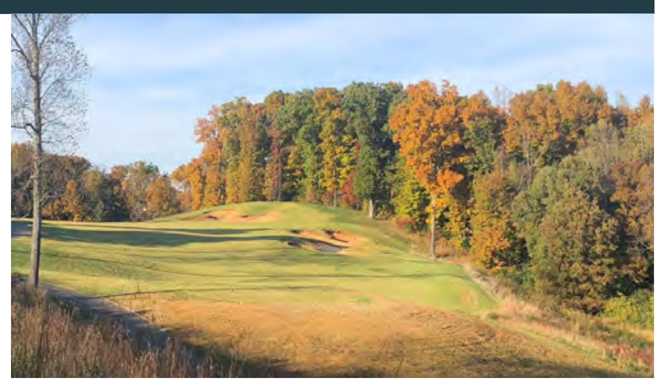
This course shows the potential of creating a world-class golf course, attracting international competition and organizations such as the PGA.

Dale Hollow Golf Course, Burkesville, KY

Distance from Red River Gorge: 158 miles, 2 hours 50 minutes

Positioning:

Public golf course located within Dale Hollow State Park which is constantly rated as one of the top golf courses in the state with national acclaim despite being a public course.



Relevance:

This course shows the potential of creating a critically-acclaimed golf course, in a rural location, without relying on the prestige of a private club or PGA-sponsored course.

KEY TAKEAWAYS

Millennials Want Non-Traditional Golf Experiences

The number of golf rounds played in the U.S. is at its lowest point since 1995. The sport is in a transitionary period to shorter courses and less traditional golf club experiences that are growing in popularity, especially among Millennials. Less traditional golf club experiences such as combining golf with food and beverage amenities require less acreage and attract a more diverse audience, a benefit to the study area as it lacks large flat areas.

The Off-the-Course Experience is Important

Golf in the Red River Gorge would need to provide off-the-course experiences (i.e. in combination with culinary experiences) or non-traditional elements to attract golfers, especially Millennials and female golfers.

Shorter Courses Will Help Overcome Challenges

Golf in the study area would face challenges of difficult regional topography, and an overall decline in the number of rounds played. A shorter 9-hole golf course could offer an opportunity to appeal to a wider range of players, with less capital investment and constraints.

CULINARY TOURISM DEMOGRAPHICS OVERVIEW

Demographic Overview

Culinary tourism is popular with all American tourists. 75% of Americans feel that food and beverage experiences are important while they travel.

From 2005-2007, 17.7% of Americans participated in food/beverage tastings during an out of town trip. 20.6% participated in winery visits, 16.8% participated in brewery visits, 15.9% participated in food processing plant visits, 22.3% participated in tastings or cooking classes and 16.1% participated in all of the above.

Culinary tourists are a relatively wealthy and well-educated demographic. Those who took culinary travel between 2005 and 2007 had an average household income of $89,722 compared to $74,303 for general pleasure tourists. 43.6% of culinary tourists were university educated.

While ten years ago the average demographic was older (average age 47.7 in 2007), today the trend is skewing younger. Millennials were found in a AAA survey to have participated in more culinary experiences than other generations with 88% having participated on vacation.

Over one third of American tourist spending is on food and beverage

CULINARY TOURISM TRENDS OVERVIEW

The Culinary Tourism industry has a CAGR of 9% and in 2019 had a global growth rate of 8.11%. 38% of culinary trends experts are very optimistic about the growth of culinary travel in the next several years.

Experts agree the second most influential factor on food and beverage tourism in the next two years is more Millennials seeking food and beverage experiences.

The top three PsychoCulinary profiles of leisure travelers by the World Food Travel Association show that the most common profiles are eclectic, authentic, and innovative. This further shows that these travelers seek variety (eclectic), authenticity (authentic) and experimentation (innovative).

The segments agreed among experts to have the most growth, in terms of production-oriented opportunities are cooking classes; in terms of consumption-oriented opportunities, food festivals as well as specialty food and beverage retail; and in terms of tourism-oriented opportunities active combination experiences such as bike riding tours.

“The number of breweries in the U.S. has nearly doubled from 2014 to 2018. Visitation to craft breweries ranges between 15% to 50% of total visitors. Breweries typically can handle 30,000 to 100,000+ visitors per annum.

Culinary “trails” have the ability to create an economic impact. The Bourbon Trail in Kentucky now has over one million visitors, with the Kentucky Distillery Association members bringing in $8.6 billion to the state’s economy each year. Craft distilleries can handle 15,000-60,000 visitors and agritourism can handle 14,000 visitors per annum.

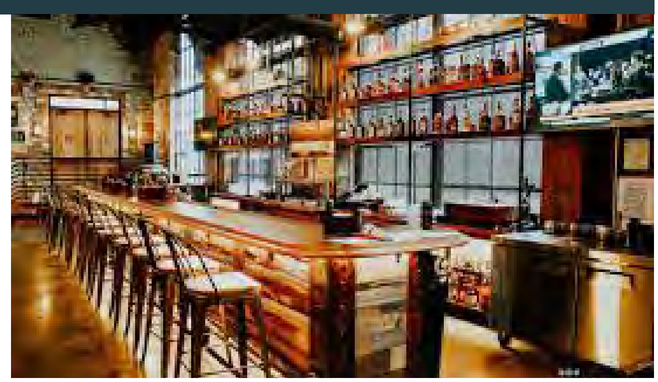
EXAMPLES OF REGIONAL ATTRACTIONS

Mr Roland Distillery, Pembroke, KY
Distance from Red River Gorge: 277 miles, 4 hours

Positioning:
Kentucky's first "grain-to-grass" craft distillery which opened in 2009. The distillery is also part of the popular tourist Kentucky Bourbon Trail.

Relevance:
Although located on the other side of the "Bourbon Trail," the distillery successfully exemplifies creating a "farm-to-bottle" approach in a newer facility.

Distillery District, Lexington, KY
Distance from Red River Gorge: 59 miles, 1 hour



Positioning:
25-acre site containing multiple distilleries, both newer and older, as well as pizzerias, arcades, art studios and live music venues.

Relevance:
Exemplifies how multiple concepts within culinary tourism can be combined to create a larger tourist attraction and incorporate other forms of tourism and entertainment.

Black Barn Winery, Lexington, KY
Distance from Red River Gorge: 58 miles, 55 minutes

Positioning:
Award-winning winery on a 40-acre horse farm part of the notable Appalachia food trail.

Relevance:
Exemplifies combining experiences of a working farm and winery, as well as being a part of the popular Appalachia food trail. Also incorporating horses helps incorporate local culture.

KEY TAKEAWAYS

Food is a Major Driver of Tourism

Food continues to be a primary driver for domestic tourism experiences. Local areas must work collaboratively to ensure that culinary tourism is offered and showcased in the region.

Culinary Tourists are Educated and Affluent

While culinary experiences are an important part of a trip for most American tourists, and the largest expense of travel, most culinary tourists are likely to be wealthier, educated Millennials. These tourists are attracted to authentic, innovative, and unique experiences such as cooking classes, farm-to-table restaurants, craft breweries/distilleries, and wineries that reflect local culture.

Create Authentic Experiences

Catering to the preferences of domestic culinary tourists, authenticity and innovation should be integrated into culinary experiences. There is opportunity at a future Red River Gorge resort to integrate culinary tourism with Kentucky-specific experiences such as bourbon distilleries and restaurants serving varied Kentucky Appalachian cuisine that celebrates the historic food culture of the region.

Agritourism is Growing

Agritourism as well as brewery, distillery or culinary “trails” are growing exponentially and helping boost rural economies. A craft brewery or distillery at a future Red River Gorge resort would not only increase local tourism, but also could be used as a catalyst project in spurring local economic growth.

FAMILY ENTERTAINMENT TOURISM TRENDS OVERVIEW

Demographic Overview

Millennials are more likely to spend on family entertainment. With the rise of this experience economy, over 70% of Millennials say they are more likely to spend money on experiences over goods. Millennial parents were 36% more likely to spend on family entertainment than other parent groups.

The average video game player is now 30-years-old and nearly evenly split between male and female. Attracting that increasingly economically mobile demographic has become a motive for FECs.

One reason Millennials are increasingly drawn to FECs is the ability to socialize with friends for less money than alternate activities like going to bars or restaurants.

Although most of the activities attract children ages 8-16, attracting the whole family has become important by adding alternate activities and food and beverage options.

Within the Children's Entertainment Center (CEC) market, this segment of the market aged 9-12 are expected to exhibit the most growth.

Family Entertainment Center (FEC) Definition

A small amusement park marketed towards families with small children to teenagers, and often entirely indoors or associated with a larger operation with generally less and smaller attractions than a theme park. (i.e., bowling alleys, go-kart tracks, arcades).

FAMILY ENTERTAINMENT TOURISM TRENDS OVERVIEW

FECs are growing most strongly among Millennials and millennial parents.

Driven by the growth of the experience economy, FECs are a fast-growing form of amusement domestically and internationally. From 2019 to 2026 the global growth rate for FECs is expected to be 9.1% CAGR versus 7.3% between 2015 to 2020. Children's Entertainment Centers (CECs) are expected to grow at an 8.4% CAGR to become a $15.37 billion industry by 2026.

Despite the popularity of in-home entertainment systems, FECs remain popular driven by people's desire for social interaction and for experiences that are not offered in ones' home, especially among Millennials. Relying on older simple concepts, such as ski-ball, arcade games, or bowling alleys and adding innovative Food and Beverage concepts is a popular trend. A range of activities (i.e., ping pong, arcade games, and roller skating) is an important trend to attract a larger audience of consumers.

Most FECs appeal to children between 8-16 years-old, and the fastest growing segment of FEC centers are children's entertainment centers at a 57% increase in the demand for CEC equipment.

Most indoor FEC centers range between 15-to-20,000 square-feet and outdoor centers can go up to 16-acre facilities.

According to the International Association of Amusement Parks, FECs now make up one-third of their overall membership.

VR and AR equipment are expected to be the fastest growing trend among FECs and CECs in the next decade.

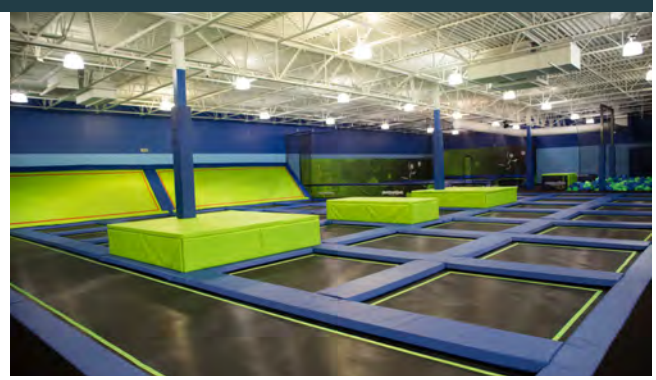
EXAMPLES OF REGIONAL ATTRACTIONS

Tri State Escape, Ashland, KY
Distance from Red River Gorge: 113 miles, 2 hours

Positioning:
Claiming to be Eastern Kentucky's largest escape room, this FEC has six escape rooms all with different themes.

Relevance:
Example of a successful family entertainment center in rural Kentucky.

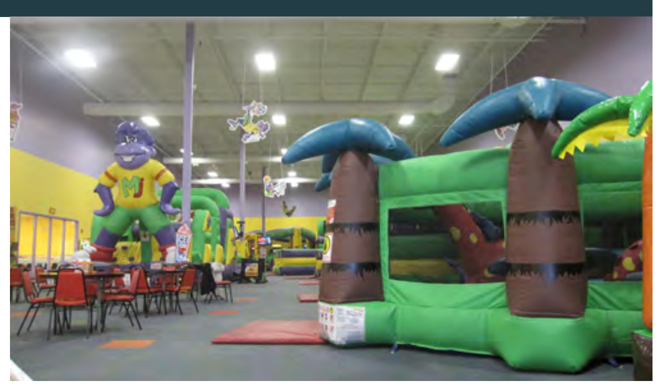
Adrenaline Entertainment Center, Lexington, KY
Distance from Red River Gorge: 53 miles, 50 minutes



Positioning:
FEC, part of a larger regional chain, that offers several active forms of entertainment to people of all ages such as sports, trampolines, VR, rock walls, etc.

Relevance:
Example of a local FEC that offers consumers several different entertainment options as well as incorporates newer technology such as virtual reality.

Monkey Joes, Lexington, KY
Distance from Red River Gorge: 52 miles, 50 minutes



Positioning:
CEC for children aged 2-12 with multiple indoor playgrounds, games, and event spaces.

Relevance:
Example of how a local CEC has positioned itself, especially among the events market.

KEY TAKEAWAYS

Family Entertainment Venues Appeal to Different Demographics

Family entertainment venues are being increasingly combined with other entertainment and food and beverage concepts to create alternative interactive social spaces. A family entertainment center (FEC) in the study area can create social spaces that not only cater toward children but the whole family and Millennials.

Provide an Evening Activity Option

Family entertainment venues offer entertainment experiences in the evenings when many outdoor activities are closed.

Family Entertainment Venues are an Untapped Opportunity in the Four-County Region

The four-county region and Eastern Kentucky have a limited number of FECs, especially ones that incorporate newer trends such as virtual reality/augmented reality (VR/AR), providing opportunity in the market for additional venues. A FEC also offers an opportunity to both attract to tourists to the Red River Gorge region, as well as provide a social spot for locals.

THEME PARK TOURISM DEMOGRAPHIC OVERVIEW

Demographic Overview

Average attraction and amusement park visitors are wealthier than average and increasingly younger. The average household income at theme parks and attractions was $86,000 in 2017 and the largest visitor demographic in 2017 was 18-29-year-olds at 46% of park visitors, up 10% from 2015.

Millennials are driving theme and amusement park tourism. In a 2017 survey millennial parents and millennial non-parents were more likely to say they were interested in visiting theme or amusement parks, at 78% and 75% respectively, saying they were interested in visiting a theme park in the next year.

Experts claim that the dominance of Millennials in the theme and amusement park tourism industry is due to nostalgia of theme parks from their youth, and the desire to relive these experiences as young adults and with their young families.

Theme and amusement parks are still popular within family travel. 85% of families said their priority was being near attractions or theme parks and 73% of families with children have taken their children to a theme park on vacation.

THEME PARK TOURISM TRENDS OVERVIEW

Theme and amusement parks are experiencing substantial growth. U.S. theme and amusement parks are expected to be a $27.2 billion industry by 2021, up from an estimated $22.6 billion in 2017. Visits at U.S. parks were 390 million, up from 343 million in 2011.

Trends for theme and amusement parks include immersive environments (IE), higher quality food and beverage experiences, and advancing technology.

Millennials, the fastest growing tourists in this sector, are more likely to return to a theme park or attraction because of the technology. 59% said they would return because of impressive technology.

Trends for smaller, regional parks is to increase attendance, expansion to include additional gates, adding hotels to create a resort park and seasonal passes.

The theme and amusement park market is expected to grow due to increases in urban population, increase in GDP per-capita and increases in international tourism. However, growth is challenged by weather, the seasonality of the industry, terror attacks, the global economy and regulatory changes.

U.S. waterparks are also experiencing growth. Attendance at U.S. waterparks increased by 5.8% in 2018; however, of the top 20 waterparks in the U.S., one quarter and over one half of the attendance was in Florida.

EXAMPLES OF REGIONAL ATTRACTIONS

Great Wolf Lodge & Kings Island & The Beach, Mason, OH
Distance from Red River Gorge: 156 miles, 2 hours 15 minutes

Positioning:
Major waterpark resort (Great Wolf) next door to the major regional amusement park (Kings Island) and additional water park (The Beach). Forming a cluster within the county's Ohio's Largest Playground network of attractions.

Relevance:
As Cincinnati's closest and largest family entertainment attraction, this provides the context of major regional competition from the Cincinnati-based visitor base.

Kentucky Kingdom and Hurricane Bay, Louisville, KY
Distance from Red River Gorge: 127 miles, 2 hours

Positioning:
63-acre Kentucky mega park containing 51 attractions including multiple water rides. Previously a Six Flags location, this is a major attraction for Louisville in summer months.

Relevance:
The closest major amusement park in Kentucky, this provides major regional competition and provides an example of how to successfully combine concepts to create a mega park.

KEY TAKEAWAYS

Millennials are Drivers of Growth

Theme and amusement parks are family-focused, however wealthier Millennials are driving this sector of tourism based upon nostalgia and the desire to spend on experiences rather than goods.

Opportunity to Increase Family Tourism in the Study Area

A theme or amusement park in the study area could help to attract family tourism, as 85% of families said being near a theme or amusement park is a priority when traveling.

Theme and Amusement Sector is Volatile

Theme and amusement parks are a fast-growing sector of tourism but are heavily volatile based on weather and socio-political events. A resort should not be reliant solely on a theme or amusement park to capture lost revenue due to natural disasters, or periods of political or social uncertainty.

Waterpark Attendance is Regional and Seasonal

Waterpark attendance is regional. Florida, for example, makes up half of U.S. waterpark attendance. The seasonality of a waterpark makes it unable to be a year-round amenity in the study area, unless it is an indoor waterpark or an ancillary use to a larger theme park.

LIVE ENTERTAINMENT TOURISM DEMOGRAPHIC OVERVIEW

Demographic Overview

Live entertainment attendees are predominantly Millennials.

The average live entertainment tourist is wealthier than average. Music tourists are 35% more likely to come from households with an average income above $80,000.

The types of venues live entertainment tourists go to are diverse. 68% of live music attendees went to a concert, 66% to a free outdoor community event, 51% to small live sessions at a bar or café, 44% to music festivals and 43% to see live DJs.

The average attendee spends $247 on tickets per year and $300 in travel costs.

The average traveler spends 9% of their vacation budget on entertainment and 27% of tourists were more likely to spend more than this number to attend events or festivals.

LIVE ENTERTAINMENT TOURISM TRENDS OVERVIEW

Music festivals can provide large economic advantages for rural areas as well as help develop rural infrastructure. Bonnaroo in Tennessee, for example, generated $51 million in revenue in 2013 for local, municipal and state authorities. Music festivals can also help develop infrastructure for the event that can last to provide much needed permanent improvements.

Music tourism is a growing industry and prioritized among tourists. 25% of global tourists intend on attending a festival while travelling.

Music festivals were globally a $2.3 billion industry in 2016 and expected to double by the end of 2020.

Music tourism generally grows with the addition of festivals. For example, Norway's music tourism industry grew 400% because of the addition of new festivals.

Smaller festivals (<3,000 people) within high-end hotels and resorts for guests is becoming more common, for example, W hotels in Los Angeles.

Experts agree good marketing, good infrastructure and authentic experiences create good year-round music destinations such as New Orleans, Nashville or Austin.

Live music events have the power to help support other creative industries and culinary tourism. The strong crossover between culinary tourists and tourism events has been exemplified through food and music festivals as well as noted by 72% of festival attendees saying they would purchase food introduced to them at festivals at local restaurants or shops

Live entertainment events and venues can range in size from a few hundred to over 100,000 attendees.

On average people traveled 903 miles to festivals in the USA and there were more than 32 million attendees at music festivals.

EXAMPLES OF REGIONAL ATTRACTIONS

Lyric Theatre and Cultural Arts Center, Lexington, KY
Distance from Red River Gorge: 59 miles, 50 minutes

Positioning:
Live music venue renovated in 2010 with a diverse array of performances and events. This facility was famous for being a theatre for the black community in the past with names such as BB King.

Relevance:
Local concert venue with interest from both tourists and the community. Year-round competition, however most strong in the summer with folk performances and community events.

Renfro Valley, Mount Vernon, KY
Distance from Red River Gorge: 74 miles, 1 hour 15 minutes

Positioning:
90-acre country music concert venue including a retail village and two RV parks as well as Kentucky Music Hall of Fame. The venue mostly hosts bluegrass, country, and southern gospel.

Relevance:
Key example of a notable Kentucky music destination. Example of a local mid-sized festival venue and the type of infrastructure required to create a venue like this.

Bluegrass Festival (Kentucky Horse Park), Lexington, KY
Distance from Red River Gorge: 59 miles, 50 minutes

Positioning:
Oldest and largest bluegrass festival in the Bluegrass Region of Kentucky taking place every June at the Kentucky Horse Park in Lexington.

Relevance:
The main annual festival in the region. Provides an example of a large festival and context as the region's largest and most notable competition.

KEY TAKEAWAYS

Live Music Venues Can Cross-Pollinate with Other Creative Industries

Live music events can help support other creative industries as well as help boost culinary tourism and vice versa. There are opportunities to link a live entertainment event or venue with ancillary culinary uses such as a brewery/distillery or restaurant cluster.

Incorporate Kentucky Culture into Live Entertainment Venue

Live entertainment tourists are predominantly Millennials and have a higher than average income. Since Millennial tourists also desire authentic and eclectic experiences, live entertainment in the study area should include elements of Kentucky-specific entertainment such as Bluegrass music.

The Flexibility of a Live Entertainment Venue is Key

Live entertainment festivals can help generate large economic and infrastructure advantages for rural areas. There are the risks that a festival can cease operations and suddenly eliminate economic impacts. Rather than focus on festivals, a live entertainment venue within a resort in the Red River Gorge that can be repurposed for other uses is a less risky endeavor and could be a catalyst project for regional economic growth.

Consider Small, Exclusive Festivals at the Resort

Smaller resort “guest only” festivals are becoming popular at high-end resorts and could be used as a differentiator at a potential Red River Gorge resort.

CULTURAL HERITAGE TOURISM DEMOGRAPHIC OVERVIEW

Demographic Overview

Cultural heritage travelers are high-earning, well-educated individuals that tend to visit several destinations during one trip, and therefore travel for longer periods of time compared to the average U.S. leisure traveler. They also spend more money while travelling due to their relative affluence. Cultural tourists tend to spend an average of $1,319 per trip versus $820 that other types of domestic travelers spend.

Cultural tourists are also more likely to stay in hotels and motels. 40% of cultural tourists will pay more for distinctive lodging that is reflective of the destination's culture.

Cultural heritage tourists are also likely to participate in a wide variety of leisure travel activities and are more likely to shop and dine while travelling. In addition to visiting museums and cultural and historical sites, these travelers are likely to engage in experiential culinary activities such as farmers markets and food and wine festivals.

Baby Boomers are the primary drivers of the cultural tourism market. Approximately 41% of cultural heritage tourists are affluent and well-educated Baby Boomers. They are motivated by their desire for self-development and cultural enrichment. This age cohort tends to earn more, spend more, stay longer, and travel more frequently than other tourists.

Millennials represent a growing market for heritage and cultural tourism given their growing wealth and desire to travel. A 2014 study indicated that 73% of Millennials want to engage in a destination's arts and cultural assets.

Environmental issues becoming increasingly more important to the cultural heritage tourist. There is a growing preference for visiting places that include an aspect of eco-tourism and champion responsible stewardship of the cultural heritage site.

CULTURAL HERITAGE TOURISM TRENDS OVERVIEW

Cultural heritage tourism is a sub-set of the leisure travel market and can be defined as “traveling to experience the place and activities that authentically represent the stories and people of the past including cultural, historic and natural resources”. Cultural heritage tourism destinations can be categorized into three general themes:

- Institutional which includes museums, galleries, and historic sites.
- Lifestyle/Heritage which includes heritage themed districts, monuments, and gastronomy.
- Events which includes fairs, exhibitions, and special events.

Cultural heritage tourism is considered to be one of the fastest growing market segments. The growth in travel specifically for the purpose of arts and/or culture can attributed to the rise in higher education attainment coupled with the size of the baby boomer cohort, who are driving demand for cultural tourism due to an increased interest in arts, heritage and continued education. People are also increasingly seeking out meaningful experiences rather than material objects when travelling.

Approximately 76% of all leisure travelers in the U.S. (129.6 million adults annually) engage in cultural or heritage activity while travelling. As of 2013, those who engaged in cultural or heritage activity accounted for $171 billion in annual spending.

Generation X and Millennials are also seeking out more authentic and immersive experiences. A study found that 72% of Millennials prefer to spend more money on experiences than on material things.

Focus on the “total visitor experience” is a trend that is becoming increasingly important and it seeks to offer experiences that appeal to a wider cross-section of the cultural tourist market. Partnerships between heritage or cultural tourism operators and hotels, resorts, retailers, tour companies and other attractions is an effective way to cater to the travel preferences of cultural heritage tourists, who are wanting to engage in several different experiences on one trip.

EXAMPLES OF REGIONAL ATTRACTIONS

Shaker Village, Harrodsburg, KY
Distance from Red River Gorge: 85 miles, 1 hour 30 minutes

Positioning:
An open-air village that showcases the traditional lifestyle of the Pleasant Hill Shakers. The grounds include a wildlife preserve, a bird blind, and 40-miles of hiking trails. The Historic Center, which includes 34 historic buildings, hosts special events, tours, as well as weddings and retreats. Visitors also have the option of staying in the 72-guestroom Inn as well as enjoying farm-to-table meals at the on-site restaurant.

Relevance:
Demonstrates how historic sites located away from major urban centers can become destination attractions when coupled with a strong package of activities and uses.

Blue Heron Mining Community, Stearns, KY
Distance from Red River Gorge: 131 miles, 2 hours 50 minutes

Positioning:
The re-creation of Mine 18, an abandoned coal mining town. All structures in the community are themed around a different aspects of the community life and offer audio programs that tell the stories of those who once lived and worked in Blue Heron.

Relevance:
The mine is part of the Big South Fork National River & Recreation Area which offers various outdoor recreation activities such as hiking, horseback riding and mountain biking.

KEY TAKEAWAYS

Target Affluent Baby Boomers
The integration of a cultural or heritage amenity into the study area could capture a segment of the leisure tourism market that have more money to spend on trips and are more likely to shop and engage in experiential culinary activities while travelling.

Promote Complementary Activities and Amenities
Values and preferences of cultural heritage tourists are aligned with outdoor recreation enthusiasts and eco-tourists. There is an opportunity to provide activities and amenities in the study area that cater to the preferences of complementary tourism segments.

Leverage Growth in Millennial Cultural Heritage Tourists
Growth in millennial cultural heritage tourists presents an opportunity to offer a diverse package of experiential activities such as breweries, distilleries and unique food and beverage establishments that caters to the preferences of this demographic.

Provide Authentic Lodging Experiences
Cultural heritage tourists are more likely to travel for longer periods of time and will pay more for distinctive lodging. This suggests that if positioned correctly, there is opportunity to provide an authentic lodging experience that includes full suite of amenities that are conducive to longer stays

Package and Promote Cultural and Non-Cultural Activities
Partnerships between cultural and heritage tourism providers and resort providers should be leveraged to offer tourists a diverse package of activities and experiences to make the most of the time in the Gorge. The packaging of cultural and non-cultural activities would provide business to a wide variety of operators in the area.

ECOTOURISM DEMOGRAPHIC OVERVIEW

Demographic Overview

Ecotourism participation can attract a wide range of people, and can be derived from following outdoor recreation statistics. Statistics for outdoor recreation are often used as a proxy to evaluate ecotourism participation as there is a deficit for comprehensive ecotourism participation statistics. The 2018 Outdoor Participation Report stated that 146.1 million Americans (49%) participated in at least one outdoor activity in 2017.

Running, jogging, and trail running remain the most popular outdoor activity by participation rate and frequency of participation, which had 47.5 million U.S. participants. This is followed by hiking (44.9 million participants), and then camping, which includes car, backyard, backpacking, and RV camping (41.8 million participants).

National Park visitation gives a more accurate portrayal, as most authentic ecotourism activities are found here. Collectively, the National Park Service received 318.2 million recreation visits in 2018. Of these visits, 3,539,141 were tent camper overnight trips, 2,474,784 were recreational vehicle overnight trips, and 1,922,028 were backcountry camper overnight trips. Combined, approximately 2.5% of all National Park visits were overnight.

Ecotourism also encompasses travelers seeking an eco-friendly trip with sustainable activities. 87% of global travelers have said they generally would like to travel sustainably, and a further 68% would have interest in sustainable accommodations, an increase from 62% in 2016. 58% said they choose a hotel based on whether the hotel gives back to the local people and planet.

ECOTOURISM TRENDS OVERVIEW

Ecotourism overlaps significantly with other outdoor recreational activities. Ecotourism can include other subsectors such as wildlife tourism, adventure tourism (which includes moderately to challenging physical activities), and natural area tourism. Ecotourism also encompasses trips emphasizing responsible travel to natural areas that conserve the environment, sustains the well-being of locals, and involves education.

Ecotourism adopts principles which include minimizing physical and social impacts, building environmental and cultural awareness, produce financial benefit for conservation, and design, construct, and operate low-impact facilities. These principles serve as benchmarks to guide a range of other tourism activities involving nature, luxury, adventure, rural, culinary, and educational activities, as travel consumers are increasingly expecting sustainable and ethical options throughout all aspects of the tourism experience.

Globally, travelers have been demanding more individual and authentic travel experiences. There is continued growth in adventure and experiential travel, blending physical adventure with wildlife and nature. Other trends in ecotourism include health motivated travel, where there is visitor demand for health and wellness travel experiences that enrich both the mind and body, cultural immersion and experiential education, and increasing demand for authentic ecotourism experiences involving wildlife. Sustainability through food-related travel has also been increasingly popular, where consumers can access locally sourced foods and contribute to reducing environmental impact of tourism.

Finally, dark sky tourism has proven popular in remote areas with a clear view of the night sky, away from artificial light. Stargazing sessions, watching an eclipse, visiting observatories, and attending guided tours, and astronomy tours are popular activities for nature tourists. Dark sky tourism could be facilitated by a stay in a nature accommodation such as a yurt, connecting with the hotel. There are low-profile opportunities such as offering private sky-beds in the right climate.

EXAMPLES OF REGIONAL ATTRACTIONS

Mammoth Cave National Park, Park City, KY
Distance from Red River Gorge: 181 miles, 2 hours 45 minutes

Positioning:
Mammoth Cave is the longest cave system known in the world. The park operates cave tours, kayaking/canoeing, horseback riding, and bike trails. The park attracts over 530,000 visitors annually.

Relevance:
A popular outdoor recreation attraction that is predicated on the preservation of natural features. The national park offers several complementary outdoor activities, as well as rustic lodging and dining options.

Big South Fork National River and Recreation Area, KY
Distance from Red River Gorge: Distance: 136 miles, 2 hours 30 minutes

Positioning:
The area has miles of scenic gorges, sandstone bluffs, and has a range of recreational activities for guests. Popular activities include sunset/sunrise viewing, stargazing, bird watching, all difficulty levels of hiking, horse trails, rock climbing, and whitewater rafting.

Relevance:
An outdoor recreation area that is rich with natural and historic features. It offers a wide range of recreational activities that appeal to both thrill seekers and passive outdoor users.

KEY TAKEAWAYS

Ecotourism Can Attract a Diverse Market

Ecotourism is wide-ranging and can attract travelers of all ages, depending on the types of activities offered. More strenuous activities would generally attract younger demographics and less physically demanding activities would appeal to older generations.

Promote Sustainability

Ecotourism principles serve as a guideline for a tourist demographic with an increasing awareness for sustainable practices. These guidelines should be integrated into all resort operations, where possible.

Create Better Lodging Experiences in Natural Areas

Most authentic ecotourism trips take place in a national park, and a small proportion of visitors stay overnight. There is an opportunity to capture travelers wishing to stay overnight in natural areas in slightly better accommodations than those found in the National Park.

Promote Integration with Complementary Activities

Natural environments offer opportunities to integrate with other tourist activities, including health and wellness, and outdoor recreation. Travelers are seeking to enrich their mindfulness and body through environmental experiences.

Focus on Evening Programming Opportunities

Dark sky tourism offers a unique opportunity for night-time resort programming, and can be offered to visitors of all ages.

HEALTH & WELLNESS DEMOGRAPHIC OVERVIEW

Demographic Overview

Wellness tourism has been steadily growing, there were 830 million wellness trips in 2017 (139 million more than in 2015), and 204.1 million of those trips were made in North America.

Generally, health and wellness lifestyles are becoming increasingly important in tourists' decision making. Ageing tourists, the typical lifestyles of Generation Y and Z, the growing middle class, and the technological and digital revolution all contribute to the growing importance of the health trend.

Wellness travelers can be split into two groups, primary (motivated by wellness to take a trip or choose their destination on its wellness offerings), and secondary (those who seek to maintain wellness or engage in wellness activities during any kind of travel). In North America, the bulk of wellness tourism is done by secondary wellness travelers who account for 89% of wellness tourism and 86% of expenditures in 2017. International wellness tourists spend on average $1,528 per trip, 53% more than the typical international tourist. Domestic wellness tourists typically spend $609 per trip, 178% more than the typical domestic tourist.

The majority of customers in wellness tourism are women between the ages of 35-54. However, there has been a recent increase in interest from men and under-35 customers.
In a 2015 Eurobarometer survey of 33,000 people in 33 European countries, 13% of the respondents said the wellness, spa, and health treatments were their primary or secondary motivation to go on a holiday.

HEALTH & WELLNESS TRENDS OVERVIEW

Health and wellness trends have been largely informed by people's concerns towards obesity, food sensitivity, and health in general, more attention is being paid towards healthcare, nutrition, beauty, physical activity, and overall self-improvement. This in turn has created demand for personalized health, mental well-being, clean labels, botanicals, and athleisure.

Opportunities include thematic health hotels, personalized health and wellness programs, rejuvenation and psychological well-being, meditation and yoga, healthy menus and cooking classes, holistic holidays, spiritual travel with an adventure component, and well trips/retreats built around a specific wellness activity such as boot camps or meditation/silence retreats. There are considerable trends towards activities in nature in combination with wellness, such as hiking for meditation, yoga and tai chi.

In a Global Wellness Tourism Economy North America study, 42% of hotel/resort sector respondents cite "wellness, health and fitness" as the top trend affecting the spa industry. Medical spas are enjoying a rising demand, reflecting increased consumer interest in self-care, maintenance, anti-aging, and beauty. There has been pronounced increase in demand for less invasive treatments such as injectables, chemical peels, and non-surgical skin tightening. Franchises such as Massage Envy, Elements Massage, Massage Heights, and Hand and Stone continued to grow from 2015-2017. However, growth has been at a slower rate, mostly due to a maturing market, cost pressures, and aggressive discounting and competition from small-single-service establishments.

Thermal/mineral springs bathing experiences appeal to a growing segment of consumers who are seeking to connect with nature, experience cultural traditions and pursue alternative modalities for healing, rehabilitation, and prevention. Overall, more people are looking to nature and its power to calm and rejuvenate. Consumers are discovering the healing powers of water, from Nordic spa circuits to hydrotherapy.

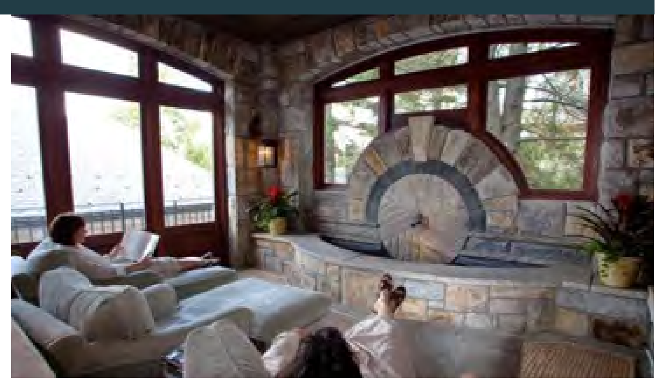
EXAMPLES OF REGIONAL ATTRACTIONS

Blackberry Farm, Walland, TN
Distance from Red River Gorge: 193 miles, 3 hours 30 minutes

Positioning:
Features a spa "Wellhouse" with comprehensive, personalized athletic training, recovery and nutrition planning and stress reduction programs. Uses ambiance of farmland to enhance relaxation. Luxury spa treatments are available.

Relevance:
It is a luxury resort that provides a diverse offering of outdoor recreation activities as well amenities that promote leisure and wellness such as a spa and culinary tastings.

Old Edwards Inn and Spa, Highlands, NC
Distance from Red River Gorge: Distance: 314 miles, 5 hours 30 minutes



Positioning:
This luxury resort features a European ambient spa and dedicated spa suites. Guests can enjoy skin treatments and restorative massage using herbs and botanicals from on-site gardens and greenhouses. Blue Ridge Mountains serve as inspiration for the spa experience.

Relevance:
The high-end resort provides an authentic experience by drawing on the natural features that surround it.

KEY TAKEAWAYS

Create More Personalized Spa Experiences

While growth in the spa sector has slowed, there is an opportunity to provide more personalized and custom spa services that revolve around unique and upscale concepts.

Integrate Health and Wellness

Natural environments and ecotourism should be integrated into health and wellness offerings at the resort, as both activity sectors have overlaps in trends. This will create not only a unique spa offering for the region, but also attract a larger demographic of wellness-conscious tourists.

Leverage Growing Interest in Thermal/Mineral Springs

Majority of thermal/mineral springs are located in Western and Southwestern U.S., and Western Canada. Existing establishments tend to be fairly rustic bathing and swimming-focused facilities. Thermal/mineral springs are quite underdeveloped in North America, mainly because North Americans have not developed the type of bathing culture prevalent in Europe and East Asia. However, this is changing with a rising interest and visitation to springs due to a convergence of consumer values and lifestyles preferences.

CONFERENCE & EVENTS DEMOGRAPHIC OVERVIEW

Demographic Overview

Over 1.8 million meetings are held in the U.S., including 1.3 million corporate/business meetings and 0.3 million conferences and conventions. There are an estimated 225 million participants across all meetings. The majority of the meetings are hosted by corporations (55%), followed by nongovernment, non-profit organizations (24%), association/membership organizations (17%).

The average meeting size for U.S. meeting industry is at an estimated 123 attendees (2012), growing from 114 (2009), representing a 7.9% growth. Average direct attendee spend for the meetings industry was at $1,246 in 2012 and $1,286 in 2009. The 3.1% decline can be attributed to rapid innovation in technology, the need for less travel, global economic concerns and the rise of social media.

Weddings and remarriages continue to grow across the U.S., every year there are on average 2.4 million weddings performed. 88% of Americans marry at least once in their lifetime, and a third of those getting married have been married previously.

Today's median age for brides is 29, and for grooms it is 31 years. Median ages for remarriage is 34 for brides and 37 for grooms. $35,329 is the average amount spent on a traditional American wedding. There are an average of 131 guests, at a per guest cost of $268.

CONFERENCE & EVENTS TRENDS OVERVIEW

Customization and flexibility are ongoing trends in the conference and event experience. Event hosts and attendees are now looking for more delivery on multiple forms of media including a transition from print to digital materials. Attendees also want to see creativity in how spaces are used throughout the events, moving away from traditional small conference rooms to more open spaces that encourage varying interactions. Overall, there is a want to attend conferences that provide a comprehensive experience, which include coupling conferences and events with cultural and touristic elements.

However, as more convention centers continue to be built due to the current growth of the meet industry, there is also a gravitation towards virtual and hybrid meetings. Due to rising demand for innovation in meetings, planners are viewing virtual and hybrid meetings as a good option in place of hosting expensive events and meetings.

In the wedding industry, greenhouse and barn weddings and garden parties are gaining more popularity as couples are looking to tie the knot in a more rustic setting. Banquet and outdoor weddings are reaching a plateau and are less popular as unique wedding venues overtake traditional religious institution ceremonies. 21% of couples hold their reception at a banquet hall, followed by 18% in a barn/farm, and 12% in a historical building. The most popular months for weddings, in order, are October, September, and June.

Couples are also more open to hotels, as they are looking for a classic, ballroom look and convenience for their guests. Hotels offer both indoor and outdoor spaces for wedding photos in natural light, and even the opportunity to host part of their reception under the stars. Hotels offer convenience for couples having catering and rentals in-house, and therefore limiting the number of vendors that need to be hired. Covered rooftops can be an ideal pick for couples who want to dine and dance in fresh air, but still protect guests from the elements.

EXAMPLES OF REGIONAL ATTRACTIONS

The Farm, Chandler, NC
Distance from Red River Gorge: 235 miles, 4 hours 30 minutes

Positioning:
The Farm is a relaxed gathering place for weddings, receptions, corporate team building, family celebrations and romantic getaways. Originally a family farm, it has grown into a unique, flexible, and full-service events venue. The buildings host special events, tours, as well as weddings and retreats. Visitors also have the option of staying in the 72-guestroom Inn as well as enjoying farm-to-table meals at the on-site restaurant.

Relevance:
Successful example of a flexible, multi-purpose space that is booked for a diversity of different functions and events.

A Barn Affair, North Garden, VA
Distance from Red River Gorge: 147 miles, 2 hours 45 minutes

Positioning:
Built on 153 acres in a wooded setting, the venue can provide a private retreat for corporate events, weddings, reunions, and private parties. Guests can stay in one of several cabins spread on the property.

Relevance:
Event space that offers an all-inclusive wedding package. A Barn Affair caters to the growing demand for rustic, non-traditional wedding venues.

KEY TAKEAWAYS

Create a Unique Destination for Corporate Retreats and Events

Corporate meetings and events are increasingly taking place in unique locations that offer a comprehensive experience to attendees, which includes food and cultural components

Incorporate the Latest Technology

Conference venues are exceedingly required to have the latest technologies to be appealing to prospective event hosts. This requires a significant amount of investment for a non-urban venue, including high speed internet.

Target Local Businesses

A Red River Gorge resort would most likely attract smaller business and corporate retreats and professional development events with less formal structure.

Rustic Venues are Popular for Weddings

Barn and greenhouse venues are becoming increasingly popular among couples. Older couples who are remarrying may be looking for smaller, elegant venues in line with today's trends, and would have higher budgets.

Fill in the Gap in the Supply of Rustic Wedding Venues

Engaged couples looking for an authentic, yet upscale rustic venue for their wedding have limited options in the Kentucky Appalachian area, as there are suitable options in the south, north, and in neighboring states.

Provide a Space for Larger Weddings and Events

Few rural farm and barn venues have enough accommodations for all wedding guests and parties. A Red River Gorge resort would offer the convenience of accommodating all guests under one venue.

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Target the Affluent, Educated Demographic

Growth in nearly all profiled destination attractions is being driven by higher income and educated market segments. These individuals tend to travel more frequently and have the disposable income to spend on new experiences. This suggests that a Red River Gorge resort should provide a full suite of experiential activities and amenities at the resort and four-county area to attract this segment of the market as well as promote longer stays and higher spending.

Millennial Tourists are a High Growth Market Segment

As Millennials age and their relative wealth increases, they will become the largest drivers of the tourism market. Millennials are more likely to spend money on experiences rather than material goods, it is important that amenities and attractions are integrated that cater to the preferences of this cohort, such as experiential culinary concepts.

Track and Target Amenities that are Complementary to Existing Assets

It is important to continually track the various destination attractions to understand their growth potential, demographics, as well as new and innovative trends that will allow the resort to continually provide the best possible experience for visitors. However, it is important to target destination attractions and amenities that are complementary to existing regional assets. A package of resort amenities and activities that capitalize on the unique culture of Eastern Kentucky and the Red River Gorge area will ensure it is differentiated from the positioning and offering of other competitive resorts.

Provide an Authentic and Immersive Experience

Both Baby Boomers and Millennials value authenticity and immersive experiences that provide cultural enrichment. It is important that all activities and amenities in the study area leverage and promote the natural features of the Red River Gorge area. Ecotourism, health and wellness, cultural and heritage, and outdoor recreation all support activities that are in alignment with the unique value proposition of the Red River Gorge area.

Focus on the Total Visitor Experience

Look for opportunities to integrate the various activities and attractions in the Gorge with food and beverage concepts and lodging to provide an all inclusive experience at the Red River Gorge. Package experiences that are complementary which will benefit both the tourist as well as business and tourism operators in the study area.

3.5 TIMESHARE ANALYSIS

Introduction

A timeshare analysis was undertaken to understand the opportunity for incorporating a timeshare model into a potential resort in the Red River Gorge. This analysis consisted of research into the demographic profile of buyers, industry growth trends, as well as the different timeshare product types. The team also researched notable timeshares in Kentucky and the Southeast United States to identify their typical operating formats, positioning and unit count. The following pages delve into this research and analysis in detail as well as the implications for the study area.

Club Wyndham Smoky Mountains

TIMESHARE TRENDS

Demographic Trends

There are 9.6 million U.S. households that own a timeshare, fractional residence, or residence in a Private Residence Club. The demographic makeup of timeshare owners is as follows:

- 64% of owners are married.
- Average age of an owner is 44 years old.
- 11% of timeshare owners have an annual income of $100,000 or more.

The average rescission rate is 15%, which is the same as the average percentage of people that buy a timeshare following a sales presentation.

Research indicates that buyers are becoming increasingly apprehensive about timeshare purchases.

- 85% of buyers regret their purchase.
- 41% of buyers never thought they would regret their purchase, but ended up doing so.
- 30% were neutral but ended up regretting.
- 95% of all buyers go back to the resort and sales team after the purchase requesting more information.

Glossary of Timeshare Terminology

Deeded Ownership: A purchased timeshare with deeded ownership leaves ownership of the timeshare weeks with the buyer for life, or until it is sold.

Destination Clubs: A destination club typically sells 30-year memberships on a non-equity basis into a wide network of vacation homes in multiple locations. Some clubs are equity-based. The concept is further characterized by a refundability policy when members leave the club.

Fractional Interest/Ownership: A timeshare product in which the buyer acquires a nondedicated interval share of a unit. Fractional interests typically range from 1/10 to 1/4 of annual use.

Management Fee: The fee paid from the developer/operating company to the timeshare management company.

Maintenance Fee: The fee paid by timeshare holders to the timeshare management company.

Private Residence Clubs: A similar product as found with a fractional interest timeshare, except with higher end, luxury amenities and services. Private Residence Clubs also have typically longer time periods.

Right to Use: In contrast with a deeded ownership, a purchased Right to Use timeshare is a system where the buyer purchases the right to use the unit at a resort for a period of time in a contract, usually 10 to 50 years. There is an expiration date in this contract in which the buyer is no longer responsible for the timeshare.

Industry Growth

The timeshare industry has stagnated. Annualized growth of time share resorts was strongest at 36% between 1974 and 1984. Annualized growth between 2004 to 2014 was -1%, and from 2014 to today is at less than 1%.

As the industry continues to mature, traditional weeks may be effectively converted into points-based vacation products. This process may result in a gradual shift from week-based inventory to points-based inventory within the same static pool of inventory over time.

Occupancy is expected to continue to trend upwards (alongside maintenance fees per interval).

Bluegreen Mountains Lofts, TN

Wintergreen Resort, VA

Demand Overview

An estimated 51% of resorts that are sold out opened in 1985 or before, and 7% of sold out resorts opened in 2006 and after. Points-based products are more common in resorts with active sales (75%) than sold out-resorts (57%). Sold-out resorts are more likely to have weeks products and less likely to have points or biennials.

Fee Structure

Resort management fees are generally set as a percentage of the annual budget/operating expenses. The median management fee was just under $428,600. The median percentage of budget/operating expenses that was allocated to management fees was 10%. The median management fee was $76,800 for small resorts (less than 50 units), $359,400 for mid-sized resorts (50 to 100 units), and $1,154,100 for large resorts (100+ units).

Average annual maintenance fee (billed to owners) per interval or interval equivalent is $980. Maintenance fees increased approximately 1% per year.

- Studio: $590
- 1BR: $750
- 2BR: $1,000
- 3BR: $1,230

84% of products sold are structured as deeded or fee-simple real estate, 13% are interest in a trust, and 16% are structured as a right to use contractual interest that expires.

Coosawattee River Resort, GA

Bluegreen Wilderness Club at Big Cedar, MO

Timeshare Inventory in the U.S.

There are an estimated 1,580 timeshare resorts with 204,100 units, averaging 129 units per resort. About 74% of these resorts are purpose-built, and the remaining were converted into a timeshare resort from some other type of property. 59% of time share resorts are standalone time shares and offer nothing but time share intervals. The other 41 % have other offerings such as fractional, condo/hotels, or whole ownership. Unit floor offerings vary significantly, from a studio with a kitchenette, to five bedrooms with a full kitchen.

Ownership and Management

Resorts also vary in the types of management and control structures in place. Control and management at the resort are two separate issues. Typically, the developer either still controls the resort's owners' association or has passed on control to the resort owners. Management of the day-to-day operations typically is the responsibility of the developer and/or a third-party management company.

Resort Management and Control Structures breakdown:

- A management company affiliated with the resort developer: 66%
- A third-party management company: 24%
- Self-managed by the owner's association: 8%
- Other: 2%

Amenities

The most common complimentary amenities offered at resorts include access to a swimming pool, whirlpool/hot tub, exercise room, concierge, front desk service, business room, and game room. Within timeshare units, most commonly offered features are DVD players, Wi-Fi, and laundry facilities.

Table 3-11: Average Timeshare Unit Mix

Room Type	Mix of Units by # of Bedroom	Average Unit Sizes in SF
Studios	6%	410
1 BR	21%	700
2 BR	62%	1,180
3 BR or more	10%	1,620
	Weighted Average:	1,040

Major U.S. Timeshare Operators

There are a number of different timeshare operators in the U.S.; however, the largest, by far, with 20+ sub-corporations is Wyndham Destinations with over 900,000 members.

Since the introduction of RCI, the world's largest timeshare exchange network with over 4,000 destination options owned by Wyndham Destinations, has been well integrated into the point-systems of other timeshare operators such as Raintree, Disney, Hilton Grand Vacations and more.

Table 3-12: Major U.S. Timeshare Operators

Operator	Number of Resorts	Number of Owners	Operation Format	U.S. Locations
Wyndham Destinations	220 plus 4,300+ exchange options	900,000 +	Points-based and owner timeshare	Throughout
Marriott Vacation Club	Access to 6,700+	N/A	Points-based	Throughout
Disney Vacation Club	13 + Cruises	N/A	Points-based	Throughout
Diamond Resorts	379	N/A	Points-based	Throughout
Holiday Inn Vacations	28 resorts + 7,850 villas	340,000	Points-based	CA, NV, AZ, TX, LA, FL, MO, IL, WI, VA, SC, TN, GA, MA, NH
Hilton Grand Vacations	123	260,000	Points-based	CA, IL, CO, FL, HI, NV, NY, SC, UT, DC
Bluegreen	68	220,000	Points-based	FL, NV, SC, GA, TN, AZ, CA, CO, HI, MI, IL, MO, WI, NJ, MA, NH, NY
Westgate Resorts	27	N/A	Owner with exchange	FL, NV, MO, TN, AZ, SC, NY, UT, MS, VA
Multi Resort Ownership Plan (MROP)	50	N/A	Owner Timeshare	OR, CA, UT, ID, WA, HI, MO, TX, FL, SC, NC, VA
Vacation International	42	42,000	Points-based	WA, OR, NH, ID, MT, CO, MA, HI, FL, NV, CA, AZ
Raintree Vacation Club	16	N/A	Points-based	WA, HI, WY, NV, FL, CA, UT

FRACTIONAL OWNERSHIP IN THE U.S.

Overview

Product variations of timeshares include fractional ownership, private residence clubs and destination clubs (these types of timeshares tend to be three to five bedrooms designed to serve the high-income customers; they require more luxury amenities and services and involve longer time periods ranging from one to three months without necessarily being used consecutively).

Fractional ownership gives the owner the flexibility to use the property for an agreed-upon time any time during the year. The purchased time can also be traded for a stay at a different resort or for points.

Both fractional and private residence clubs typically sell deeded ownership in terms of vacation homes ranging with 1/21 share (two weeks of annual use) to a ¼ share (three months of annual use).

Products selling for less than $1,000 per square foot (psf) falls into the fractional interest category, while products selling for more than $1,000 psf falls into the private residence category.
Most frequent sizes for fractional interest projects are in the 1/10 to 1/8 range (50%). Private residences also have 63% in the same range.

Pricing and Costs

For fractional interest projects, average prices include $158,675 per share, $21,725 per week, and $615 psf. (Among private residence clubs, these averages are $234,225 per share, $53,225 per week and $1,790 psf.).

Per square foot prices are typically higher in ski communities, and at developments offered by branded hotel companies.

Annual maintenance fees average $7,275 per share, ranging from $5,950 among fractional interest projects to $8,625 for private residence clubs. On a per week basis, they are $925 and $1,975, respectively.

Operating costs (including marketing, sales, and general administration) account for about 15 to 20% of the overall sales volume. Product costs were about 50 to 55%.

New developments average 31 units. 65% of units are either two or three bedrooms. Average unit size is 1,570 sf.

Fractional Ownership Demand

Total sales volume in shared-ownership industry in 2017 was $480 million. Of this, $43 million (9%) were for fractional interest projects, $132 million for private residence clubs (28%), and $305 million for destination clubs (63%).

Sales volume in 2017 was the lowest since data collection began in 2004, however, sales volumes have remained consistent averaging $515 million since 2011.

Average prices per week for fractional interests decreased by 33% from 2016 to 2017. Since 2007, prices per week have decreased by 20%.

Fractional interest projects decreased by 43% in 2017.

Ongoing factors that affect the market include:

- Uncertainty about the country's long-term economic stability.
- Almost complete lack of consumer financing.
- Decrease in primary home equity funds for purchasers who previously paid cash.
- Lack of marketing funds.
- An excess supply of whole-ownership vacation homes on the market, with decreased prices.
- Increasing competition from vacation home rentals and rental clubs.

Fractional Ownership Growth Trends

Due to lower prices in the declining market conditions, there is a tendency to have smaller shares, fewer bedrooms, and smaller floor areas.

Additionally, there is a trend to have fewer on-site services in order to conserve on annual dues and instead provide more owner benefits such as rental and resale programs, and external exchange.

It is still felt that the shared-ownership components will rebound in the future. Reasons include being a concept that is based on:

- Being able to purchase only the amount of time that have vacation time to use and discretionary income to spend on.
- Lowering household spending habits and capabilities.
- Being hassle-free, i.e., "show up and enjoy."
- The opportunity for flexibility and variety of use due to the external exchange process.
- Decline in the industry's sales performance since 2007 is more due to external factors such as the economy and lack of financing and less due to lack of consumer interest in the concept.

GEOGRAPHIC DISTRIBUTION

State Breakdown

Florida (373), California (132), South Carolina (110), Hawaii (97), and Nevada (62) are the five states with the highest number of timeshare resorts – they contain nearly half of U.S. timeshare resorts and approximately 65% of all units.

Distribution by Resort Experience

Beach resorts are the most common primary onsite resort type/experience, golf is the most common when considering both onsite and nearby activities. Resorts reported more than four of these experiences available per resort on average. Other vacation experiences noted include national and state parks, historic sites, and vineyards/wineries. The full breakdown is as follows:

- Beach: 34%
- Country/Lakes: 14%
- Ski: 9%
- Desert: 8%
- Rural/Coastal: 7%
- Golf: 6%
- Theme Park: 6%
- Island: 5%
- Mountains: 4%
- Urban: 3%
- Gaming: 2%
- Other: 1%

Occupancy by Experience and Region Summary

- Overall occupancy is 81.4% across all resorts.
- Highest occupancies are found in island (89.5%), urban resorts (88%), and beach (86.4%).
- Theme park resorts tend to be the largest by rooms.
- Mountain resorts are the smallest in rooms, and lowest in occupancy (66.5%).
- Country/Lakes also have lower occupancy of 86.4%.
- The “other” resort experience category (which Red River Gorge would fall under) have an occupancy of 84.9%.
- Regionally, occupancy is lowest in the Midwest (66%), and in the South Central (71.2%). Highest occupancy is in Hawaii (90.3%).

Figure 3-14: States with the Highest Concentration of Timeshare Resorts

TIMESHARE - REGIONAL CONTEXT

There are two timeshare-specific resorts in Kentucky, whereas neighboring Tennessee has 31, or 3% of U.S. timeshare resorts.

The timeshares in Kentucky are independently operated, however in more established regional tourist destinations, such as Gatlinburg or Pigeon Forge, TN, there is a wider variety of timeshare options available in terms of building type (condos, cottages, cabins etc.) and operation (points based, resort chain).

Table 3-13: Kentucky Timeshare Resorts

	Diamond Caverns Resort and Golf Club Park City, KY	Vacation Club International Cadiz, KY
		
Number of Units	N/A	N/A
Operator	Diamond Caverns Resort and Golf Club	Vacation Club International
Operation Format	Points-based resort (RCI)	Points-based resort (RCI)
Building Type	Motel and RV stations	Condominiums
Positioning	Low-end family and golf resort	Mid-range family resort

Table 3-14: Southeast Timeshare Resorts

	Club Wyndham at Fairfield Glade Crossville, TN	Villas at Coosawattee River Resort Ellijay, GA	Holiday Inn Club Vacations Apple Mountain Resort Clarkesville, GA	Club Wyndham Smoky Mountains Sevierville, TN	Holiday Inn Club Vacations Smoky Mountain Resort Gatlinburg, TN
					
Number of Units	N/A	N/A	N/A	N/A	136 units
Operator	Club Wyndham	Coosawattee River Resort Association	Holiday Inn Vacations	Club Wyndham	Holiday Inn Vacations
Operation Format	Points/Vacation Club	Timeshare	Points/Vacation Club	Points/Vacation Club	Points/Vacation Club
Building Type	Studio-4 bedroom condominium units	1/2/3-bedroom cabins	Condominium-style 2-bed villas	1-4 bedroom suites	Studios, suites and villas
Positioning	Mid-end resort with award winning golf course	Mid-range family resort with natural amenities	Low-to-mid-range family resort	Mid-range family resort nearby attractions	Mid-range family resort with waterpark features

Table 3-15: U.S. Cabin Timeshare Resorts

	Bluegreen Wilderness Club at Big Cedar Branson, MO	Branson Cedars Branson, MO	WorldMark Oak Harbor Oak Harbor, WA	Grand Crowne Resorts – Lodges at Table Rock Branson, MO	InnSeason Resorts Mountainview Jackman, ME
					
Number of Units	N/A	N/A	N/A	N/A	15
Operator	Bluegreen	Independent	Wyndham WorldMark	Independent	InnSeason Vacation Club
Operation Format	Vacation club	Resort with rented and owned cabins	Vacation club	Resort with independent cabins	Vacation club
Building Type	Studio and 1 bed lodge suites (or 2 bed together) and 2-4-bed cabins	Treehouses and cabins	1-3-bed cottages	4-6-bed cabins	5 2-3-bed cabins and 10 1-bed suites
Positioning	Mid-to-higher end family resort.	Mid-range, outdoor-focused resort.	Low-to-mid-range nature resort.	Mid-range golf resort.	Low-to-mid-range outdoors resort.

TIMESHARE FINDINGS

Due to rising maintenance and development costs, timeshare product offerings are skimming off amenities and decreasing unit sizes to remain at attractive selling prices and stay profitable. This diminishes the appeal of the timeshare.

Fractional interest ownership has the smallest sales volume in the U.S. of all timeshare product types. Popularity remains low among the target market.

Shared-ownership industry performance is largely tied to the economy. While growth is expected with a stronger performing economy, recent events have created a largely unpredictable market for timeshares.

There are very few timeshares in or near national and state parks or historic sites, yet these timeshare resorts enjoy a relatively higher occupancy rate.

Point-based systems are gaining in popularity in comparison to more traditional forms of shared-ownership housing, especially since the introduction of RCI and timeshare exchanges.

Larger resort companies, such as Marriott, Wyndham, Disney and others, have entered the shared-ownership industry, mostly relying on point-based systems at existing resorts.

Within the region, the quality and supply of shared-ownership resorts is low, especially outside the built-up tourism hubs of Sevier County, TN.

Implications for the Study Area

Red River Gorge has a unique geographical location and cultural setting for a potential modern timeshare offering in the future.

A points-based timeshare system or exchange condominiums should be explored at a later phase. There is a need to develop a sense of place and brand before expanding to investment from timeshare owners.

Timeshares should be explored after five to ten years, once a destination resort has already been developed, to re-evaluate the fluctuating timeshare market. This will let the region mature as a tourism destination.

A variety of unit types (cabins, lodges, condos, villas) would need to be built to fulfill the flexibility and changing demand from guests.

ECONOMIC AND MARKET ANALYSIS 04

04 ECONOMIC AND MARKET ANALYSIS

The market and economic analysis highlights key economic and tourism drivers in Eastern Kentucky and the four-county region as well as the existing market conditions in the Red River Gorge Area. This analysis informs an understanding of the gaps in the market as well as the role a destination resort could play in supporting economic growth in the four-county region.

This section provides an overview of all counties in the four-county region including demographic and economic trends as well as prominent tourism assets. Key economic initiatives being undertaken in proximity to the four-county region were assessed to determine opportunities for complementary economic growth in the study area.

A market analysis was conducted of the current supply of tourism amenities, retail, multifamily residential and accommodation properties within the local Red River Gorge market and to identify gaps. A demand analysis was undertaken to identify the overall development program, target market and positioning for a destination resort development in the Red River Gorge area.

This market and economic analysis is presented in the following sub-sections:

- Previous Studies
- Economic Analysis of Eastern Kentucky
- Tourism Overview
- Red River Gorge Supply Analysis
- Resort Hotel Demand Analysis
- Resort Amenities Analysis
- Development Program and Positioning

4.1 PREVIOUS STUDIES

EASTERN KENTUCKY TOURISM STUDY- DESTINATION RESORT AND TOURISM ASSESSMENT

PERFORMED BY HVS - APRIL 2017

Local Market Assessment

There were several notable figures from the HVS local market assessment that should be considered moving forward. This includes a statement that Powell County's population is expected to grow at a rate on par with state and national levels. Food and beverage and retail sales in Powell County have grown steadily at an annual rate of 1.8%, a trend that is expected to continue and falls in line with national retail trends. In terms of regional employment, state and local government currently employ the greatest number of Powell County residents.

Existing Tourism Assessment

An existing tourism assessment identified that there is room for improvement for tourism in Eastern Kentucky. The tourism trade area, identified as Daniel Boone Country, generated approximately $320 million in tourism revenue per annum in 2014 and 2015, the second lowest of Kentucky's nine tourism regions. Another indicator for the need for improvement in Eastern Kentucky is that the 33 counties that make up Southeastern Kentucky combined represent less than 10% of state tourism spending.

Seventeen of Kentucky's state parks are identified as state park resorts. These state park resorts have an average of 50 on-site guest rooms and had an average occupancy of 46% in 2016. Average daily rates (ADR) in Kentucky state parks have increased over the past three years and averaged $91 in 2016.

Lodging Assessment

HVS has identified that there is a gap in the number of middle and top tier lodging units available, with most of the current lodging being dated or budget oriented. There are 83 hotel and motel properties totaling 4,872 rooms in Eastern Kentucky, with 169 rooms located in the immediate study area. HVS also identified five cabin-rental companies operating in the subject area with 250 cabin rental units.

To identify comparable resorts, the criteria HVS used was sites near natural amenities similar to the Red River Gorge and Natural Bridge State Resort Park, resorts in rural areas within a one to three hour drive of a major population center, and resorts in or around national or state parks. The six resorts that HVS identified are as follows:

- Skamania Lodge, Stevenson, WA
- Big Cedar Lodge, Ridgedale, MO
- Suncadia Resort, Cle Elum, WA
- The Lodge at Mount Magazine, Paris, AR
- Starved Rock Lodge and Conference Center, Oflesby, IL
- Rush Creek Lodge, Groveland, CA

Comparing the six identified resorts against a potential Eastern Kentucky resort, the potential Eastern Kentucky resort would be classified as midrange for income and population profiles within one, three and five-hour drive times. A potential Eastern Kentucky resort ranked near the bottom when considering the number of annual airport passengers and distance to an airport. HVS also identified four themed communities in comparable areas including Bavarian villages in Helen, GA and Leavenworth, WA, a Dutch Village in Solvang, CA as well as an Old West Town in Winthrop, WA. HVS claims that a fully developed future themed community would attract 1-2 million annual visitors and would contain the following elements:

- Additional lodging with various service levels including hotels, motels, B&Bs, and private cabins;
- Multiple retail, dining, and entertainment outlets;
- Arts and crafts galleries;
- Museums and visitor centers;
- Antique shops;
- Golf; and
- Transportation and tours for outdoor recreation (hiking, biking, rock climbing, zip lines, horseback riding) and sightseeing.

Based upon the six identified comparable resorts, HVS recommends a future Eastern Kentucky resort would contain the following:

- 150 to 175 guest rooms plus private cabins and cottages;
- 12,000 square feet of meeting function space, including a 6,000 square foot ballroom with three divisions and 6,000 square feet of breakout meeting space of varying sized rooms;
- Spa and swimming pool;
- Indoor recreation, such as a rock climbing wall;
- Full service restaurant and other casual food outlets;
- Indoor and wedding ceremony sites; and
- Connections to hiking trails.

Site Assessment

HVS identified three sites within the Daniel Boone National Forest as potential locations for an Eastern Kentucky Resort. Site A is the location of the existing Natural Bridge State Resort in Powell County, Site B is on 600 acres northeast of Natural Bridge State Resort Park and south of the Mountain Parkway; site C is 4 miles southwest of Frenchburg in Menifee County. HVS used several criteria to rate each sites location, area impact, site access and financial considerations. Site B had the overall best score, as well as the top score for all categories aside from access.

Development Incentives Analysis

HVS identified two potential State programs for assistance in funding a potential Eastern Kentucky Resort. The first is the Kentucky Tourism Development Act that provides a sales tax incentive program for major tourism development projects. The project requirements include:

- New or expanding tourism project;
- Minimum cost of $1 million (or $500,000 if tourism attraction located in county designated at an enhanced incentive county;
- Must attract 25% of visitors from out-of-state after year 3; and
- Must be open to the public at least 100 days per year 1.

Lodging projects must satisfy the following criteria:

- Eligible project costs shall exceed $5 million unless:
  - Lodging facility is an integral part of a major convention or sports facility, eligible project costs shall exceed $6 million; or
  - Lodging facility includes 500 or more guest rooms, eligible project costs shall exceed $10 million;
- In any year, including first year of operation, the lodging facility shall:
  - Be open to the public at least 100 days; and
  - Attract at least 25% of visitors from outside the Commonwealth.
  - Lodging project can recover up to 50% of approved costs over 20 years.

HVS also identified that Kentucky has instituted legislation that allows state and local governments to use P3s to develop projects including hotels. HVS examined 48 existing and proposed 100-400 room hotel projects since 1982. The findings displayed that the average level of public participation was 27% and that 75% of the projects received between 10% to 30% public participation funding. The most common methods of public subsidy included tax rebates and tax increment funding.

KEY TAKEAWAYS

OPPORTUNITY FOR NEW DEVELOPMENT

The HVS report identified that the region is underserved for middle and high-end hotels and resorts, presenting opportunity for new development. The study area was also identified to be a relatively less tourist-focused region than other regions in Kentucky. HVS concludes that a major destination resort would help to catalyze new tourist activity in this region, if the proposed resort is part of a larger master plan that has the appropriate mix of amenities and attractions. In terms of funding a new destination resort, HVS pointed towards the Kentucky Tourism Development Act as well as leveraging public-private-partnerships.

4.2 ECONOMIC ANALYSIS OF EASTERN KENTUCKY

The economic analysis section provides an overview the economic realities of the four-county region. This analysis delves into the unique context of the four counties that comprise the four-county region in terms of demographic trends, supply of retail and lodging and notable employers and industries, in addition to key tourism attractions and activities.

This section also examines significant economic development initiatives and infrastructure projects occurring in proximity to the four-county region.

The economic analysis section is organized in the following sub-sections:

- Four-County Regional Overview
- Four-County Retail Supply
- Four-County Profile - Powell County
- Four-County Profile - Lee County
- Four-County Profile - Wolfe County
- Four-County Profile - Menifee County
- Regional Economic Initiatives

FOUR-COUNTY REGIONAL OVERVIEW

Introduction

The four-county region consists of Powell County, Menifee County, Wolfe County, and Lee County. The counties are located approximately one-hour east of the City of Lexington in Eastern Kentucky.

The county profiles highlight demographics, employment trends, and key attractions and activities in each respective county outside the central Red River Gorge Area. All destination assets within the core Red River Gorge area will be profiled in detail in the Red River Gorge Tourism Overview section.

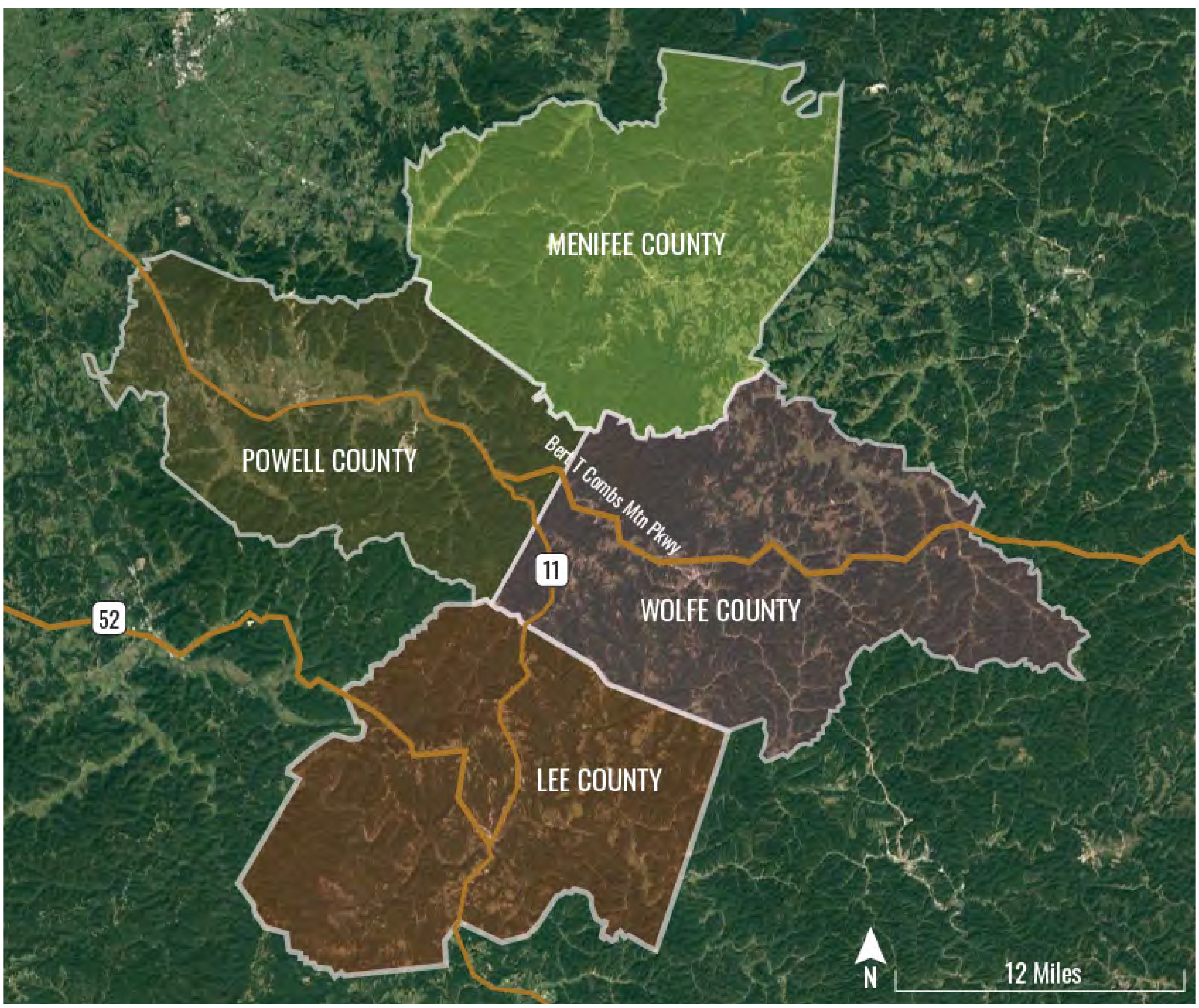


Figure 4-1: Four-County Context Map

FOUR-COUNTY RETAIL SUPPLY

Retail Supply Overview

There is currently 959,000 SF of retail across 134 properties within a 20-mile radius of the Slade interchange. Retail is clustered along the highway networks and is concentrated in the municipalities of Jeffersonville, Frenchburg, Slade, Clay City, Stanton, Campton, Beattyville and Irvine.

Vacancy rates are sitting at 2.8% as of April 2020 which is slightly higher than the 10-year average. Vacancy rates in the area have historically been very low, with a 10-year average rate of 2.5%.

Market rents have declined to $9.22, but remain higher than the 10-year average of $9.10. Cap rates have increased slightly to 8.4% yet hold steady with the 10-year average of 8.5%.

There is no retail currently under development within a 20-mile radius of the central Red River Gorge area. The majority of the retail stock in this area was built before 1990.

The retail supply is primarily comprised of fast food, local and national chain restaurants, grocery and pharmacy, personal services, miscellaneous specialty retail and some service commercial that supports the local population living in these jurisdictions.

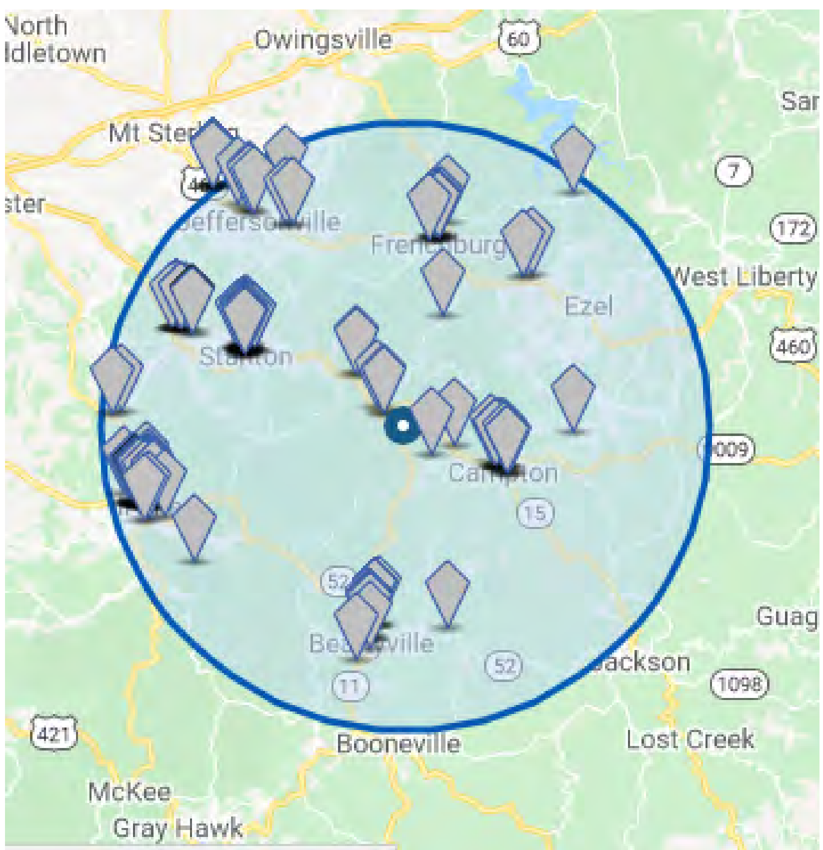
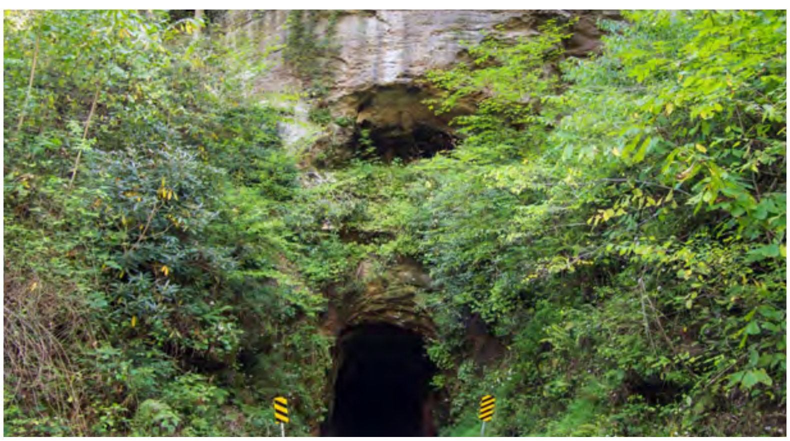


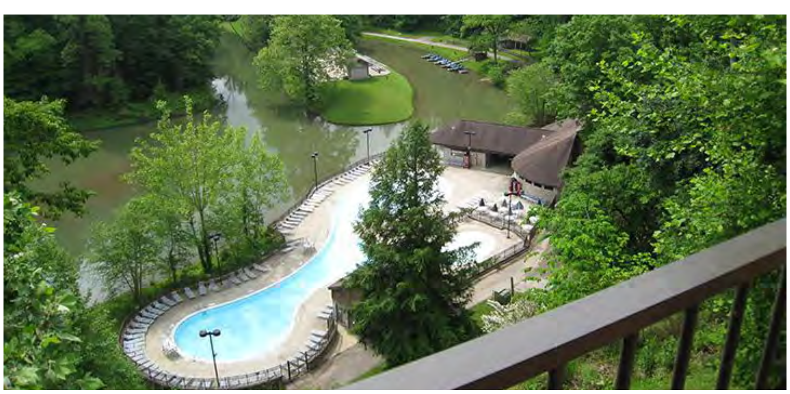
Figure 4-2: Distribution of Retail Within 20-miles of the Slade Interchange

FOUR-COUNTY PROFILE - POWELL COUNTY

$12.24M
Direct Travel Expenditures in 2018

317 Jobs
Related to Tourism and Travel





Powell County Overview

Powell County is the most populated county in the four-county region, with a 2019 population of 12,280 people. Population growth has declined slightly over the past five years by -0.8%. The median household income in the county is $36,958.

Powell County comprises the municipalities of Clay City, Slade and Stanton, which is the county seat.

The County is classified as a "wet county" by the Kentucky Department of Alcoholic Beverage Control, which permits the sale of alcohol.

Direct spending on travel in Powell County totaled $12.24 million in 2018. As of 2016, there were 317 jobs supported by the tourism and travel industry.

In addition to accommodation in the central Red River Gorge area, the Abner's Motel in Stanton and Clay City Inn in Clay City offer lodging options along Bert T. Coombs Mountain Parkway.

Restaurants in Stanton and Clay City are primarily fast food concepts. There are several national chains including Little Caesar's Pizza, Dairy Queen, Arby's and McDonald's.

Economic Overview

There are currently 4,728 people employed in Powell County. The unemployment rate declined from 6% in 2018 to 4.8% in 2019.

The County is home to two industrial parks. The Reed and Manning Industrial Park is located in Stanton and has 30 acres of land available for development. The Clay City Business Park offers 25.6 acres of land for development.

The largest industries in the County are Trade, Transportation and Utilities; Leisure and Hospitality; Manufacturing and Education; and Health Services.

Notable employers in Manufacturing, Service and Technology industries include Heritage Millworks LLC (150 employees), Stantek Manufacturing (50 employees), Natural Bridge Stone Co (35 employees), Meridian Brick LLC (35 employees), UPS (28 employees) and National Container Group-Stanton (25 employees).

Table 4-1: Employment by Major Industry

Industry	Employment
Trade, Transportation & Utilities	511
Leisure and Hospitality	341
Manufacturing	327
Education & Health Services	252
Construction	129
Financial Activities	91
Professional & Business Services	77
Natural Resources and Mining	46
Other Services/Unclassified	30
Information	12
Total	**1,816**

Source: Kentucky Cabinet for Economic Development, 2017

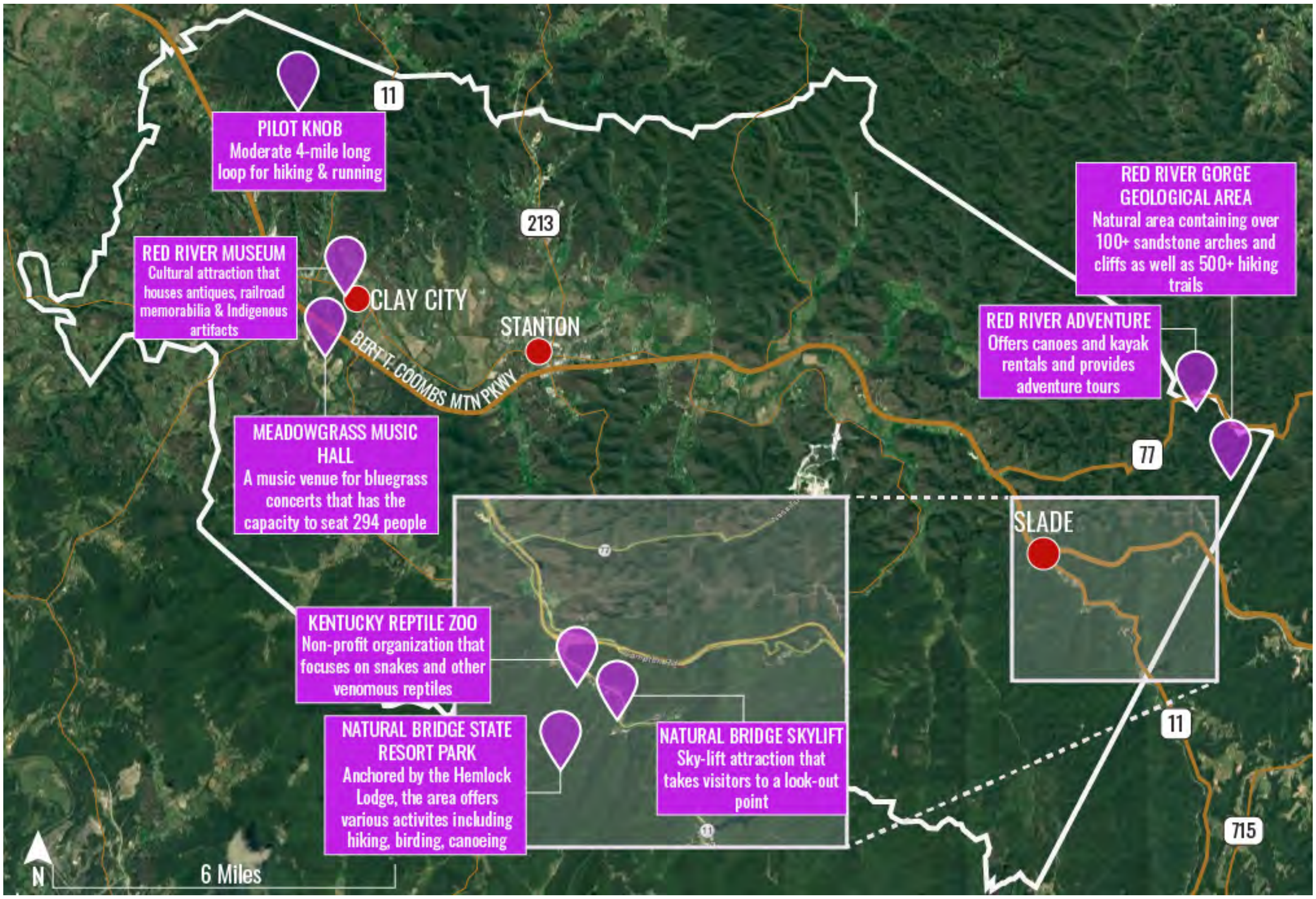


Figure 4-3: Key Attractions and Amenities in Powell County

Primary Tourism Activities Overview

Powell County comprises several key tourism attractions in the central Red River Gorge area including the Red River Gorge Geological Area, Kentucky Reptile Zoo, Natural Bridge State Resort Park, and Red River Adventure.

The County is also home to other notable attractions and activities outside of the central Red River Gorge activity area which are highlighted in Figure 4-3.

Pilot Knob State Nature Preserve

The Nature Preserve is a 742-acre natural area that features a 730-foot high knob that is presumed to be where Daniel Boone first looked out over the area in 1769 and is known as “Boones Overlook”. The preserve offers a moderate 4-mile long loop located near Clay City that offers scenic views. The trail is primarily used for hiking and running and is accessible year-round.

Red River Museum - 27-29 8th St, Clay City

This museum is a cultural attraction filled with rustic antiques, railroad memorabilia and indigenous artifacts in Clay City. The museum opened in 1967 and is housed in the former Clay City National Bank building, which was built in 1875.

Meadowgrass Music Hall – 303 Bluegrass Lane, Clay City

A music venue for bluegrass concerts that is managed by a non-profit organization. The venue has a capacity of 294 seats and includes both theatre seating and floor seating.

Musicians typically perform on Saturdays from October through April.

Looking at the 730-foot “Pilot Knob”.

Red River Museum in Clay City

FOUR-COUNTY PROFILE - LEE COUNTY

$3.59M
Direct Travel Expenditures in 2018

114 Jobs
Related to Tourism and Travel

Lee County Overview

Lee County has a population of 6,238, which has declined by -6.5% over the past five years. The median household income is $23,972. Lee County is classified as a "wet county" which permits the sale of alcohol in this County.

Beattyville is the county seat and has a population of 1,214. It is the commercial center of Lee County and features a number of local restaurants including Billy's Place, Bobcat Dairy Bar, Brenda's BBQ Smoke Shack and Hill Top Pizza.

Tourism lodging sales totaled $2.28 million in 2019, with an average annual growth rate of 15% per year. Tourism sales follow a seasonal pattern of peaking in the Spring then plateauing throughout the Summer, with one final peak in the Fall. In 2019, lodging sales grew $237,500 in April and leveled off throughout the Summer, and experienced one final peak in October to nearly $300,000.

Employment related to travel and tourism accounts for 114 jobs in Lee County and direct travel expenditures equate to $3.59 million (2018).

In addition to cabin rentals and campgrounds, visitors can stay at the eight room Chocolate Inn and Café as well as the 18 room Travel Wise Motor Inn, which are located in Beattyville.

Economic Overview

There are currently 1,938 people employed in Lee County. The unemployment rate has declined from 6.3% in 2018 to 4.9% in 2019.

The county's economic activity was historically centered around timber and oil operations, yet is experiencing moderate growth in healthcare, data processing, textiles manufacturing, and adventure tourism businesses in recent years.

Major industries for employment in the county include Education and Health Services; Trade, Transportation and Utilities; and Leisure and Hospitality.

All employers in the Manufacturing, Service, and Technology industries employ less than 20 people. The largest companies include Lee County, Wood Products (18 employees), Three Forks Traditions (3 employees), and PWM Inc (2 employees).

Grants and Initiatives

The City of Beattyville was awarded $1.25 million through the Abandoned Mine Lands grant to support economic development initiatives.

Beattyville plans to use the grant money to develop a trail head along the Coal Seam that will eventually become a multi-use path for hiking and mountain biking. The Beattyville Connect project aims to use the grant funding to develop a town square in addition to walking paths and historical signage.

Table 4-2: Employment by Major Industry

Industry	Employment
Education & Health Services	364
Trade, Transportation & Utilities	278
Leisure and Hospitality	200
Professional & Business Services	66
Natural Resources and Mining	49
Other Services/Unclassified	38
Financial Activities	24
Manufacturing	16
Construction	11
Information	1
Total	**1,047**

Source: Kentucky Cabinet for Economic Development, 2017

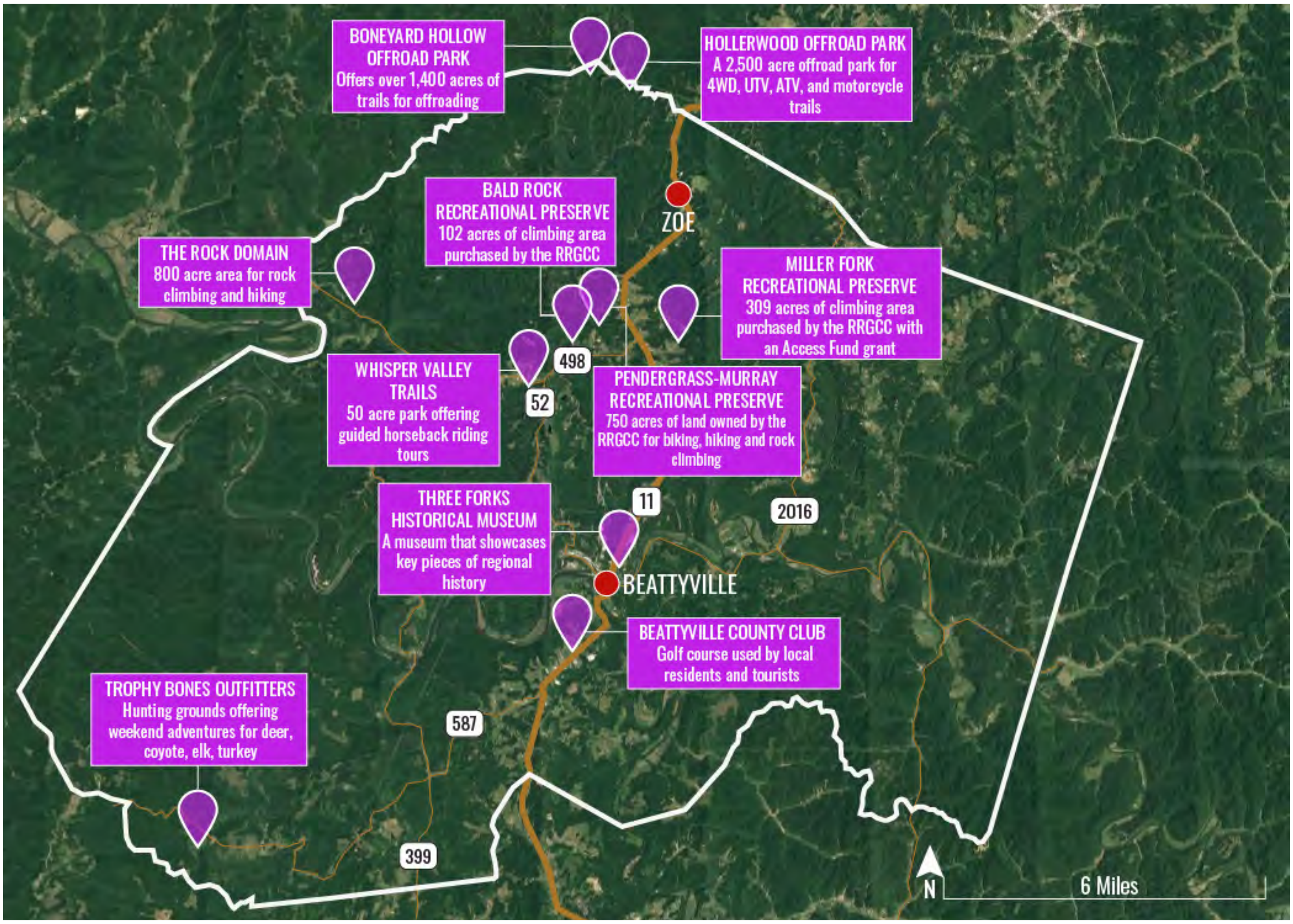


Figure 4-4: Key Attractions and Amenities in Lee County

Primary Tourism Activities Overview

Horseback riding, mountain biking, canoeing and kayaking are also drivers of tourism in Lee County. The County comprises three popular climbing areas that attract climbers from all over North America: Miller Fork, Bald Rock, and Pendergrass-Murray. Off-roading is a year-round activity that has increased traffic in the Gorge over the past few years.

Figure 4-4 highlights the key amenities and attractions in Lee County. The pages following provide a detailed description of activities in Lee County that are located outside the central Red River Gorge Area.

Three Forks Historical Center - Cs-1065, Beattyville
The Three Forks Historical Center is a museum in Beattyville that showcases Native American culture, pioneering history, county oil and agriculture boom days, as well as Veteran Halland is accessible year-round.

Whisper Valley Trails - 5695 KY-52, Beattyville
Whisper Valley Trails is a 50-acre park located within the Pottsville Escarpment adjacent to the Daniel Boone National Forest. Guided horseback riding tours are offered with views of sandstones cliffs, caverns, and waterfalls. The price ranges between $35 to $100 depending on the length of the ride.

Beattyville County Club - Hwy 11 S, Beattyville
A 9-hole golf course that is used by area residents, surrounding counties' residents, and tourists.

Boneyard Hollow Offroad Park - 2400 Barker Branch Rd, Leeco
Boneyard Hollow Offroad Park offers over 1,400 acres of trails for ATV's, RTV's, and four-by-four off-roading. Amenities include an on-site food truck and supports a wide variety of events such as the Boneyard Fishing Tournament. Pricing for a weekend pass is $25 per rig.

Trophy Bones Outfitters - 54 Charles Creech Rd, Beattyville
Hunting grounds offering weekend adventures for hunting whitetail deer, turkey, coyote, and elk.

Whisper Valley Trails

Boneyard Hollow Offroad Park

The Rock Domain - 800 State Hwy 1746, Irvine

An 800-acre area for rock climbing and hiking located at the Cathedral Domain. The area comprises over 180 routes for novice and expert level climbers. The Rock Domain also has over 10 miles of developed trail network providing access to climbing areas.

Miller Fork Recreational Preserve

The preserve comprises 309 acres of land purchased by The Red River Gorge Climbers' Coalition (RRGCC) with a grant from the Access Fund's Land Conservation Campaign. The area contains a diversity of climbing crags for beginner and intermediate climbers.

Pendergrass-Murray Recreational Preserve

A 750-acre tract of land that is owned by the RRGCC. The land contains over 400 existing climbing routes and includes diverse multi-use trails developed for a wide variety of recreation uses including hiking, mountain biking and rock climbing.

Bald Rock Recreational Preserve

The Preserve comprises 102-acres of climbing area purchased by the RRGCC in 2017. It is home to some of the most famous climbing routes in the area including The Motherlode, the Chocolate Factory, the Bear's Den, and the Unlode.

▲
Miller Fork Recreational Preserve

▲
Rock Climber at the Bald Rock Recreational Preserve

FOUR-COUNTY PROFILE - WOLFE COUNTY

Wolfe County Overview

Wolfe County is located in the heart of the Red River Gorge area and is classified as a "wet county".

It has a population of 7,221, which has declined slightly by 0.7% over five years. The median household income is $22,458. The City of Campton is the county seat with a population of 662 people.

Wolfe County is home to several of the key assets in the central Red River Gorge area including the Muir Valley Nature Preserve and Climbing Area, National Wild and Scenic Rivers System, Clifty Wilderness Area as well as significant natural features including the Rock Bridge and over 184 natural sandstone arches.

The County experienced $4.58 million in direct travel expenditures in 2018. Tourism and travel account for 220 jobs in the County.

The County also comprises the Cliffview Resort and a significant cluster of cabin rentals, which have seen a 75% average occupancy rate. The Campton Parkway Inn is an affordable accommodation option in Campton that offers 41 motel rooms.

$4.58M
Direct Travel Expenditures in 2018

220 Jobs
Related to Tourism and Travel

Economic Overview

Wolfe County employs 1,900 people and has experienced a declining employment rate from 7.7% in 2018 6.2% in 2019.

Education and Health Services; and Trade, Transportation and Utilities; are key industries in the County.

The largest companies in Manufacturing, Service and Technology industries all employ less than 100 employees. Notable companies include Lion Distribution (98 employees), JSW Farm, the Chop Shop (40 employees), S & S Lumber Co. (20 employees) and Danny's Welding Inc. (seven employees).

Pine Ridge Industrial Park is located at the Quillen Chapel Interchange of Bert T. Coombs Mountain Parkway and offers 128-acres of land for development. The industrial park is managed by the Pine Ridge Industrial Authority.

Grants and Initiatives

Wolfe County received a $1,000,000 Community Development Block Grant in 2019 from the Department for Local Government. This grant funding will be used to build a new 200,000-gallon elevated tank to increase the County's water pressure capacity that is elevated during peak tourist season in Pine Ridge and Cliffview Resort.

Table 4-3: Employment by Major Industry

Industry	Employment
Education & Health Services	289
Trade, Transportation & Utilities	258
Leisure and Hospitality	97
Financial Activities	45
Professional & Business Services	43
Manufacturing	25
Other Services/Unclassified	16
Construction	11
Natural Resources and Mining	3
Information	0
Total	**787**

Source: Kentucky Cabinet for Economic Development, 2017

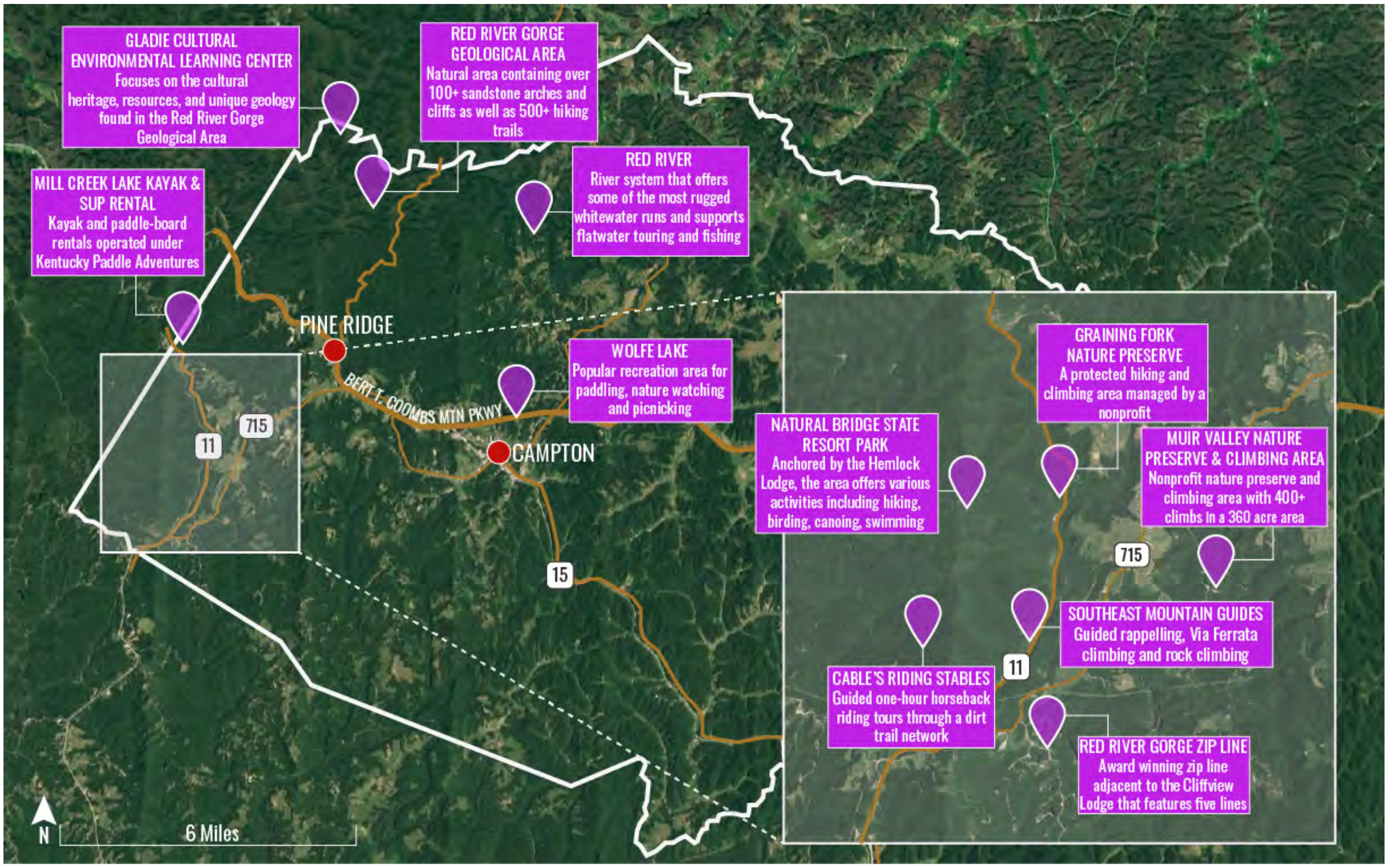


Figure 4-5: Key Attractions and Amenities in Wolfe County

Primary Tourism Activities Overview

Wolfe County comprises a number of the attractions in the core Red River Gorge area including the Red River Gorge Zipline, the Gorge Underground, and Kentucky Rock and Adventure Guides. Other notable attractions and amenities in Wolfe County are outlined in Figure 4-5 and are further detailed in the following pages.

Cable's Riding Stables – 632 Little Ben Road, Zachariah

Located 10 miles from Natural Bridge State Park, Cable's Riding Stables is a family owned operation that offers guided one-hour horseback riding tours through a dirt trail network in the southern part of the Red River Gorge area. Pricing for this attraction is $20 for children and $30 for adults.

Graining Fork Nature Preserve – KY-11, Campton

Graining Fork Nature Preserve is a protected climbing and hiking area that requires a permit for access. The preserve is managed by an education, conservation, and recreation non-profit organization.

Wolfe Lake

Wolfe Lake is a popular spot for paddling, nature watching and picnicking that is located in close proximity to downtown Campton

Red River – National Wild and Scenic River

A river system that originates in Campton and is part of the National Wild and Scenic River system. It has some of the most rugged whitewater runs and supports flatwater touring and fishing. The area is also widely used by kayakers, hikers, rock climbers and outdoor recreation enthusiasts.

Southeast Mountain Guides and Torrent Falls

Guided Via Ferrata climbing, rock climbing and rappelling services. Services are offered all throughout the Southeast United States.

Wolfe Lake

Southeast Mountain Guides

FOUR-COUNTY PROFILE - MENIFEE COUNTY

Menifee County Overview

Located between Cave Run Lake and the Red River Gorge area, Menifee County has a population of 6,455 people (2019).

Population growth over the past five years in Menifee County has been steady, growing by 2.5% since 2014.

Much of the Red River Gorge Geological Area is located within Menifee County. The County is classified as a "dry county" and prohibits the sale of alcoholic beverages.

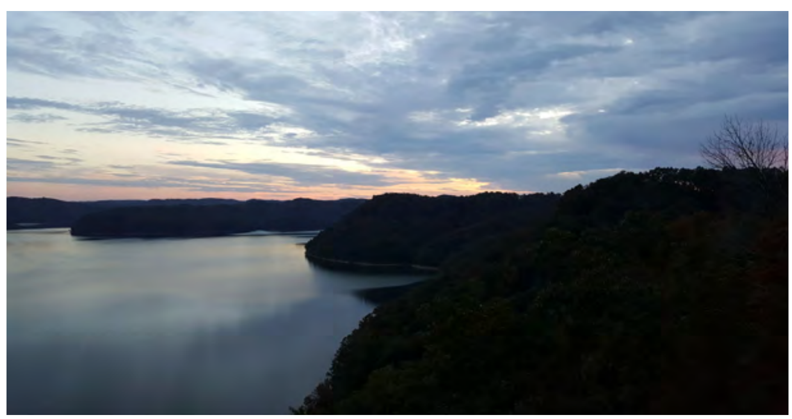
The county seat is Frenchburg, which comprises the largest cluster of commercial activity in the county. Retail is primarily a mix of limited service restaurants, general merchandise, and personal services.

Accommodation in Menifee County includes a diversity of cabin rentals as well as the Mountain Muskie Lodge which offers 7 room rentals at $75 per night or $450 for the week.

The direct economic impact of travel expenditures in Menifee County equated to $5.31 million in 2018. Employment related to tourism and travel accounts for 55 jobs.

$5.31M
Direct Travel Expenditures in 2018

55 Jobs
Related to Tourism and Travel



Economic Overview

The employed labor force in Menifee County totals 2,172 people. The unemployment rate mirrors the four-county trend, declining from 7.6% in 2018 to 6.7% in 2019. Major industries in the County include Education and Health Services; Manufacturing, Trade, Transportation and Utilities.

The firms in the Manufacturing industry that employ the largest amount of people include Boneal Inc. (75 employees), Ferrell's Logging and Lumber Inc (20 employees), King Bag and Manufacturing Co. (eight employees), and W W Welding Inc. (four employees).

Grants and Initiatives

Menifee County was granted a $250,000 Recreational Trails Grant Award from the Kentucky Department for Local Government.

The grant funding will be used to improve the recreational trail experience for approximately 21 miles of water trails at Cave Run Lake.

Table 4-4: Employment by Major Industry

Industry	Employment
Education & Health Services	185
Manufacturing	128
Trade, Transportation & Utilities	118
Professional & Business Services	32
Financial Activities	30
Other Services/Unclassified	22
Construction	20
Leisure and Hospitality	18
Natural Resources and Mining	12
Information	0
Total	**565**

Source: Kentucky Cabinet for Economic Development, 2017

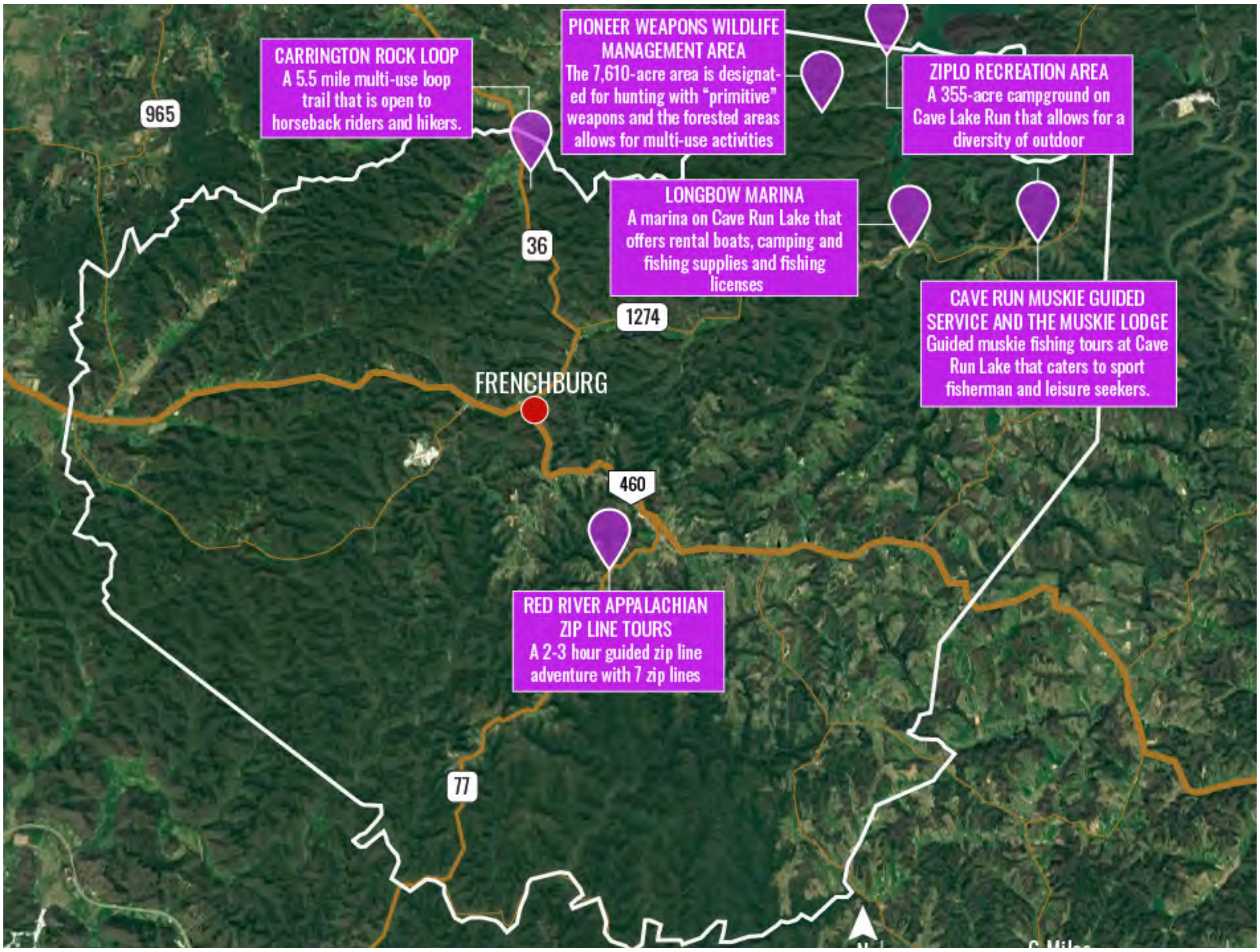


Figure 4-6: Key Attractions and Amenities in Menifee County

Primary Tourism Activities Overview

Menifee County comprises several prominent tourism assets including the Zilpo Recreation Area and the Cave Run Muskie Guided Service and Muskie Lodge. The following section provides a detailed overview of the unique tourism assets in Menifee County that are highlighted in Figure 4-6.

Zilpo Recreation Area
A 355-acre campground on Cave Lake Run that includes hiking and jogging area, boat launch and sandy beach with roped swimming area.

Red River Appalachian Zipline Tours – 997 Bluebird Lane, Frenchburg
Located in Frenchburg, this company offers a 2-3 hour guided zipline adventure with seven ziplines.

Cave Run Muskie Guided Service & The Muskie Lodge - 10752 HWY 1274, Wellington
Guided muskie fishing tours at Cave Run Lake that caters to sport fisherman and leisure seekers. The tours are led by an experienced group of staffers and all fishing gear is provided as part of the tour.

Packages (include guided day fishing, boat, lodging, gear for up to two people) are $400 (1 day), $695 (2 day), $1025 (3 day). Fish only rates are $225 for a half day and $350 for a full day.

Guided muskie fishing tours at Cave Run Lake

Red River Appalachian Zipline Tours

Views of Carrington Rock from the Carrington Rock Trail

Pioneer Weapons Wildlife Management Area

The Pioneer Weapons Wildlife Management Area is a cooperative effort between the Kentucky Department of Fish and Wildlife Resources and US Forest Service. Wildlife management and habitat protection are the major focus of the national forest lands.

The 7,610-acre area is designated for hunting with "primitive" weapons and the forested areas allows for multi-use activities.

Carrington Rock Loop

This area is comprised of a 5.5 mile multi-use loop trail that is open to horses and hikers. The trail is open to just hikers between December 16 to May 14. The loop offers views of the scenic landscape, with the view of Carrington Rock serving as the main attraction.

Longbow Marina

A marina on Cave Run Lake that offers rental boats, camping, fishing supplies, and fishing licenses. The marina is open year-round and is privately operated under an agreement with the U.S. Forest Service.

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Leverage an Established Critical Mass of Activity

Many of the notable amenities in the four-county region are clustered in the heart of the Red River Gorge Geological Area along Nada Tunnel Road, Bert T. Coombs Mountain Parkway and Highway 11. A resort would benefit from locating near an existing critical mass of activities and amenities that already generate significant tourism numbers and foot traffic.

Promote Four-County Activities

Each county supports a diversity of activities and attractions outside of the core Red River Gorge Geological Area. There is opportunity to explore a partnership between county tourism departments and the resort to promote the various amenities offered by each county through resort activity packages and shuttle or bus tours.

Explore the Creation of a Regional Tourism Board

The creation of a Regional Tourism Board should be explored to forge partnerships between the four counties to collaborate on tourism and economic development efforts that could benefit the region as a whole. Joint branding and marketing efforts would allow the region to promote key activities and destinations in each county under the unified umbrella of the four-county region.

Focus on Experiential Retail

The majority of the retail in the four-county area or region is concentrated near the population bases in each county with the purpose of serving the needs of local residents. Retail in the resort area should focus on unique experiential culinary concepts that serve as destination attractors and target a higher income market.

Tourism as an Economic Development Tool for the Four-County Region

The largest firms in the Manufacturing, Service and Technology industries in each county employ less than 100 people. Economic development should be focused on tourism related employment. There are opportunities to locate certain amenities and activities outside of the core resort area based on their alignment with the activities that are already strong in each county.

REGIONAL ECONOMIC INITIATIVES

Introduction

The following section outlines various economic development projects and initiatives occurring in the Eastern Kentucky Region that are in close proximity to the four-county region.

Many of these initiatives were funded through the Abandoned Mine Lands Pilot Grants which distributed $34.4 million in federal funding to 14 Eastern Kentucky communities to support economic diversification and employment growth. The projects outlined in this section include:

- AppHarvest Greenhouse – Rowan County
- Dajcor Aluminum Plant– Perry County
- Advanced Manufacturing and Construction Center of Excellence – Perry County
- USA Drone Port – Knott and Perry County
- Mountain Parkway Expansion
- KentuckyWired

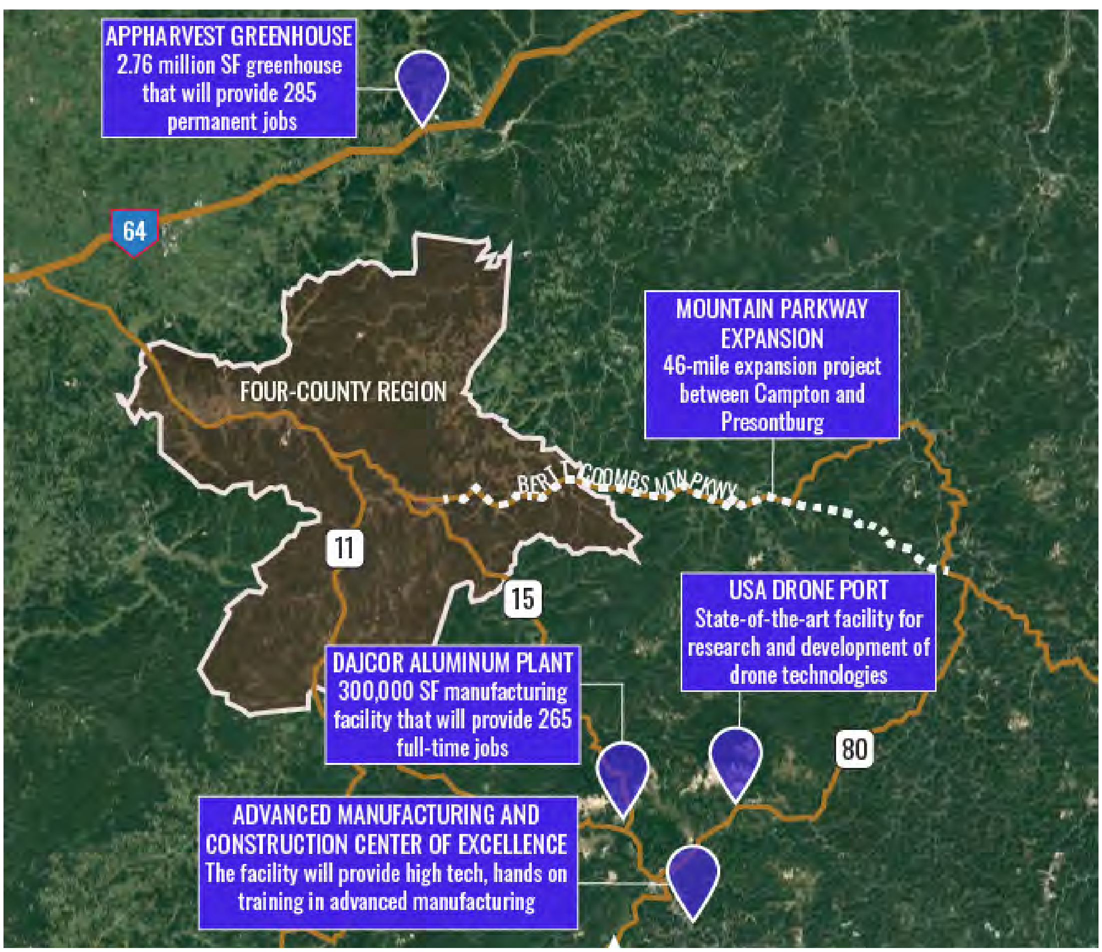


Figure 4-7: Regional Economic Initiatives

AppHarvest Greenhouse – Rowan County

AppHarvest, a two-year old agricultural start-up, is building the largest greenhouse in the U.S. in Morehead, Kentucky. The goal of the greenhouse is to provide a source of local employment as well as reduce the footprint associated with food distribution on the eastern seaboard.

The 2.76 million square foot building on 366-acres of land will cost $97 million to build. The facility will rely on human labor instead of automation and will provide 100 construction jobs and 285 full-time, permanent jobs once completed.

Eastern Kentucky is an optimal location for the greenhouse because 70% of the U.S. population is located within a day's drive. This greenhouse development leverages Kentucky's strength in agriculture and will help to establish the region as a hub for Agtech.

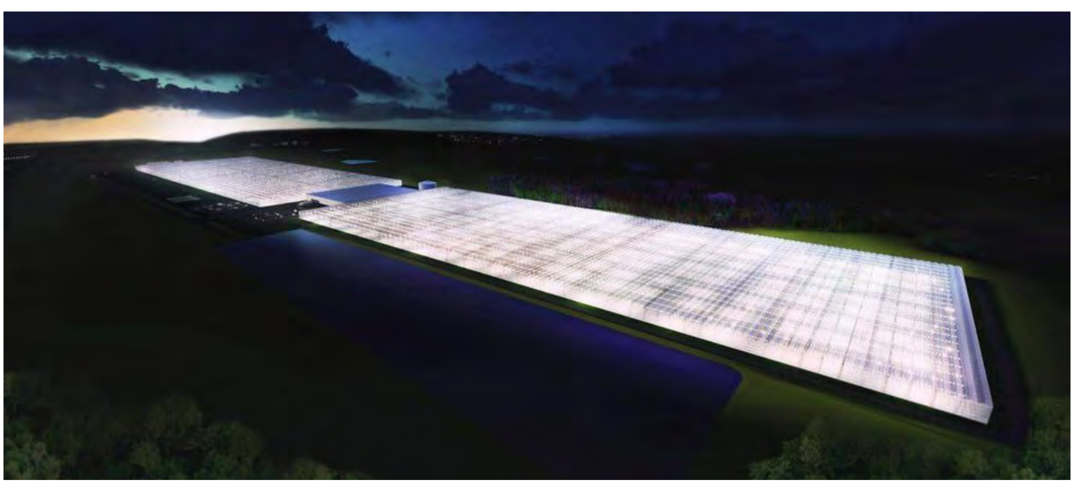
As available land for the production of food declines, AppHarvest will use Dutch greenhouse technology that will focus on sustainable crop production to provide locally grown food. Growing food indoors will remove the seasonality challenges associated with food production. The facility will have the capacity to produce over 45 million pounds of fresh produce annually, with a primary focus on tomatoes and cucumbers.

Dajcor Aluminum Plant– Perry County

Dajcor Aluminum Ltd., a Canadian manufacturer of extruded and fabricated aluminum products are undertaking a $19.6 million renovation of the former American Woodmark facility in the County's Coalfields Industrial Park.

The facility will provide 300,000 square feet of manufacturing space. Once completed, the Dajcor facility is expected to have 265 full-time jobs and will provide the company with better access to U.S. customers. The plant is strategically located within 500 miles of several major U.S. hubs that will allow the company to expand its extrusion supply capacity to support key industries including Automotive, Transportation and Construction.

The project received a $6.5 million grant through the Abandoned Mine Land (AML) Pilot Funds Program. The grant funding is to be used to purchase and install a new aluminum extrusion press which will be owned by the Perry County Fiscal Court and leased to Dajcor for 15 years.



Rendering of the AppHarvest Greenhouse located near Morehead in Rowan County

Advanced Manufacturing and Construction Center of Excellence – Perry County

The Hazard Community and Technical College received $2.5 million in grant funding through the Abandoned Mine Lands (AML) Pilot Program to retrofit the industrial education building to create an Advanced Manufacturing and Construction Center of Excellence.

The facility will provide high-tech hands-on training to equip students will the skillset needed to be successful in the advanced manufacturing sector. It will train students in welding, construction, computer aided drafting and design, machining, and HVAC. cucumbers.

USA Drone Port – Knott and Perry County

The National Unmanned Robotic Research and Development Center is located 15 minutes from the City of Hazard on the border of Knott and Perry Counties. The project leverages Kentucky's role as the second largest exporter of aerospace projects and seeks to grow the country's aeronautics industry, as well as the regional assets in Eastern Kentucky. The availability of Class G airspace and varied topography provide the optimal setting to host the research and development of drone technologies.

The facility includes a 3,500-foot runway, helipads, advanced manufacturing and 3D printing facility, office space and hangar space for two military Predator Drones.

In 2018, the USA Drone Port received $1.5 million grant through the AML Pilot Program to construct an indoor drone flight-testing facility

The 20,000 square foot facility will be used for all-weather drone research and development and will make drone testing available 24 hours a day. This will be the first state-of-the art facility in the U.S. that is fully available to private companies, government agencies and educational institutions.

The Hazard Community and Technical College has launched a course in unmanned technology and has graduated 200 students in the areas of drone flight, photography, and videography to provide a source of labor for the drone port. Many of the students are former coal miners.

Mountain Parkway Expansion

The Mountain Parkway Expansion aims to improve highway safety along this transportation corridor as well as provide better connectivity between Eastern Kentucky and the rest of the state. The impetus for this infrastructure project is also to support tourism and economic development efforts in Eastern Kentucky.

The project scope includes the 46-mile expansion of Mountain Parkway between Campton to Prestonsburg. The Campton to Salyersville segment will involve the widening of 30 miles of existing parkway and the Salyersville to Prestonsburg segment will provide 16 miles of additional parkway.

The Wolfe County segment of Mountain Parkway covers 11 miles existing roadway, running from Campton to just west of the Lee City/West Liberty interchange.

The Wolfe County segment of the project includes the widening of the parkway to four lanes, and the redesign of the existing Campton interchange (KY 191) to allow for greater eastbound and westbound connectivity on to the parkway. The modernization of the Hazel Green interchange will also help to improve safety and mobility.

KentuckyWired

KentuckyWired is a state-run initiative that involves the construction of over 3,000 miles of high speed and high capacity fiber optic cable in every county in Kentucky. Once the project is completed, Kentucky will be the first state with fiber optic connectivity offered in every county.

KentuckyWired's 288-strand fiber optic cable acts as middle mile network that offers fiber connectivity to government offices, academic institutions, and state parks across Kentucky.

The Powell County Fiscal Court and Judge have recently formed the Powell County Broadband Commission with the goal of providing fiber internet service along a two-mile stretch of KY 11 by connecting to the infrastructure provided by KentuckyWired. Improved internet connectivity in the area would have a positive impact on tourism by providing existing businesses with the ability to better serve customers.

Mountain Parkway Expansion Project

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Explore Opportunities for Grant Funding

Grant funding through the AML Program provided the capital needed to support these regional economic development projects. Partnerships between county, state and federal governments will be key to explore potential economic development projects and initiatives that could be supported through grant funding opportunities.

Leverage Regional Assets to Promote Economic Diversification

These regional economic development projects aim to advance growth in sectors that are already strong in Kentucky such as aerospace, agriculture, and manufacturing, in the face of a declining coal mining sector. The four-county region should explore opportunities for economic diversification by leveraging key regional economic sectors that align with the existing assets in the region.

Infrastructure Unlocks Development Opportunities

Infrastructure investments such as transportation improvements and fiber connectivity play a key role in enabling business and tourism development. Extending fiber to strategic areas in the four-county region will be instrumental in unlocking economic development opportunities.

Partner with Academic Institutions

Partnerships with regional academic institutions to create satellite campuses and training programs will be key in ensuring the labor force has the appropriate skills and training required to obtain higher paying jobs.

4.3 TOURISM OVERVIEW

Introduction

The tourism overview section profiles the key drivers of tourism in Kentucky, Lexington, as well as locally in the Red River Gorge area.

An analysis of the tourism market in Kentucky was first conducted to investigate the demographic makeup of Kentucky tourists, the breakdown of visitor spending, as well as key activities and amenities that attract visitors to the state. The analysis then delves deeper into the prominent tourism attractions in Lexington to provide an understanding of the destination appeal of Eastern Kentucky. This section also undertakes a detailed profile of all destination tourism assets in the core Red River Gorge Area, as well the economic impact of rock climbing in the area.

This analysis helps to identify the unique value proposition of tourism in the Red River Gorge area as well as assets that can be leveraged to create a destination resort that embodies the authentic culture of Eastern Kentucky.

KENTUCKY TOURISM OVERVIEW

Kentucky Visitor Profile

There were 71.2 million domestic visitors and 400,000 international visitors to Kentucky in 2018 according to Tourism Economics. These numbers include those traveling for both business and leisure. This represents an overall 13% increase since 2013.

Visitation to Kentucky has consistently grown each year which has led to new highs, yet in recent years it has been doing so at a slower pace. Annual growth was 1.1% in 2018 compared to a high of 4% in 2015.

Visitor spending topped $7.5 billion in 2018, generating an economic impact of $11.2 billion that includes direct, indirect, and induced impacts.

Kentucky experienced an increase from overseas, Canadian, and Mexican visitation in 2018. However, even with the increase, international visitors comprise a very small portion of overall visitation.

$71.2M
Domestic Visitors to Kentucky in 2018

51 Years
Average age of visitor to Kentucky

On average, visitors to all parts of Kentucky are consistent from a demographic perspective. The average visitor to Kentucky is:

- 51 years old;
- Married (70%); and
- White (90%).

84% of all visitors choose driving as their mode of transportation while in Kentucky. 40% of visitors travel with no children. The typical annual household income for visitors to Kentucky is $75,000.

Kentucky Visitor Profile Continued

According to a 2013 survey for the Kentucky Chamber Foundation, most visitors to Kentucky indicate the purpose of their visit was for a vacation/short pleasure trip (61%), followed by visiting friends and family (26%).

Visitors who stayed overnight averaged 3.6 nights, and most overnight visitors stayed in paid accommodations such as hotel/motel, historic inn, or campgrounds. 76% of overnight visitors stayed in paid accommodations, 24% stayed in accommodations with no charge.

According to a study by the DPA, the top two reasons for travelling to Kentucky are "peaceful/relaxing" and "a safe destination." A "convenient location" was also a top response in the study, not surprisingly as Kentucky is centrally located to multiple metropolitan areas such as Nashville, Columbus, Cincinnati, Indianapolis, and St. Louis.

Top general activities for all state visitors include dining out (70%), sightseeing/driving for pleasure (45%), and driving on designated scenic byways (30%). More detailed popular activities across the state include visiting state/national parks, hiking, wildlife viewing, attending fairs/festivals, and shopping for gifts/souvenirs.

Table 4-5: Trip Activities for Kentucky Visitors

Trip Activities	Total	Kentucky's Appalachians	Daniel Boone Country	Eastern KY Avg.
General	**83%**	**84%**	**86%**	**85%**
Dining out	70%	64%	66%	65%
Sightseeing/driving for pleasure	45%	55%	59%	57%
Driving on designated scenic byways	30%	37%	45%	41%
Taking in city sites	19%	18%	17%	17%
Nightlife/evening entertainment	11%	12%	10%	11%
Visiting	**72%**	**80%**	**80%**	**80%**
State/national parks	26%	56%	53%	54%
Historic sites	27%	26%	37%	32%
Friends or relatives	24%	28%	25%	26%
Other museums	15%	11%	13%	12%
Distillery	12%	9%	10%	10%
Horse racetrack	6%	5%	5%	5%
Art museums	6%	5%	4%	4%
Amusement parks/carnivals	5%	7%	5%	6%

Trip Activities	Total	Kentucky's Appalachians	Boone Country	Eastern KY Avg.
Outdoor water parks	4%	7%	6%	6%
Other attraction	6%	7%	5%	6%
Participating in	**51%**	**75%**	**68%**	**71%**
Hiking	17%	39%	37%	38%
Wildlife viewing	14%	28%	28%	28%
Pool swimming	13%	19%	21%	20%
Fishing	12%	28%	20%	24%
Lake/river swimming	12%	17%	17%	17%
Motor boating/water skiing	7%	10%	8%	9%
Bird watching	6%	15%	15%	15%
Golfing	5%	7%	5%	6%
Spelunking/Cave Exploration	5%	7%	7%	7%
Biking	4%	9%	6%	7%
Equestrian	3%	3%	2%	2%
Canoeing/Kayaking	3%	6%	5%	5%
Jet skiing	2%	4%	2%	3%
Off-road ATV driving	2%	5%	4%	4%
Hunting	1%	4%	3%	3%
Other activity	6%	7%	6%	6%
Attending	**37%**	**37%**	**33%**	**35%**
Fairs or festivals	14%	15%	12%	13%
Horse races	5%	6%	6%	6%
Bluegrass concert	5%	6%	5%	5%
Popular music concerts/shows	4%	8%	5%	6%
Theater performances	4%	9%	4%	6%
Amateur sporting events	4%	4%	2%	3%
Professional sporting events	2%	3%	2%	2%
An equestrian competition	2%	2%	2%	2%
Classical music concerts	2%	3%	1%	2%
Other events	9%	7%	9%	8%
Shopping	**54%**	**56%**	**53%**	**54%**
For gifts or souvenirs	30%	32%	31%	31%
Arts, crafts, antiques	21%	27%	26%	26%
General/mall shopping	19%	13%	15%	14%
Outlet shopping	11%	13%	12%	12%
Business Activities	**10%**	**14%**	**11%**	**12%**
Conventions	3%	4%	4%	4%
Client meetings	3%	4%	5%	5%
Sales visit	2%	3%	2%	2%
Company retreat	1%	2%	1%	1%
Other business reason	3%	5%	3%	4%

Source: DPA & AECOM

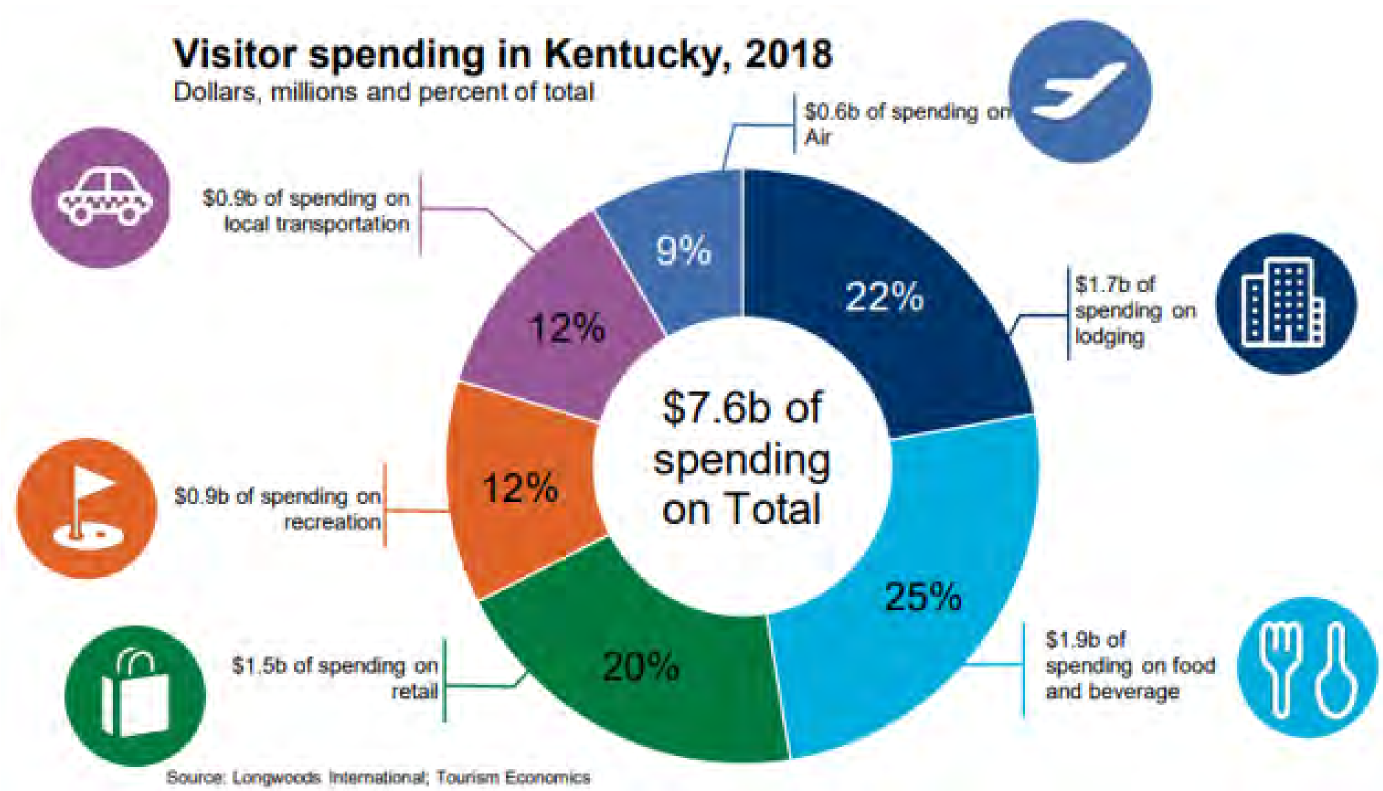


Figure 4-8: Visitor Spending in Kentucky, 2018

Spending Profile

Tourists in Kentucky spent nearly $7.6 billion in 2018. Visitor spending directly supported 4.4% of all jobs in Kentucky.

The spending breakdown is illustrated in Figure 4-8 where the largest spending category was food and beverage at $1.9 billion, followed by spending on accommodations (including all spending at hotels and other visitor accommodations). Visitor Spending increased $269 million in 2018, with food and beverage increasing the highest dollar amount ($65 million).

Domestic visits and spending vastly outpace that of international visitors; however, international visitors spend more per capita according to Tourism Economics.

LEXINGTON TOURISM OVERVIEW

Lexington Visitor Profile

Lexington visitors are typically older, with more than half (53.1%) between the ages of 45 and 64. Incomes of Lexington visitors are also typically higher, with 67% earning more than $75,000 annually.

According to a 2018 survey completed by VisitLEX, the majority of visitors to Lexington (79.4%) stay multiple nights, with only 20.6% of visitors staying one night. Repeat visitation is a pillar of Lexington tourism, 57.9% return to Lexington two times or more throughout the year. The survey also found that Lexington/Fayette County's strengths included horse/horse racing, culture/charm, culinary scene, and the overall scenery.

Visitor data indicated that the most popular attractions include distilleries (there are 15 distilleries within 45 miles downtown), horse farm tours such as Keeneland and Kentucky Horse Park, and breweries (there are 18 craft breweries in the area).

As of 2012, travel spending in the greater Lexington area of Bluegrass, Horses, Bourbon, and Boone region was an estimated $1.7 billion, representing 22% of all travel spending in Kentucky

Destination Assets

Lexington is anchored by several key destination tourism assets that continue to draw visitors to the region. Equestrian and bourbon-related venues are prominent activity generators that are reflective of the city's unique tourism value position in the Southeast U.S. Other destination activities include college sports and outdoor recreation.

Figure 4-9: Lexington Destination Assets

Destination Assets - Equestrian

Lexington is considered the "Horse Capital of the World" with over 400 horse farms. Kentucky Horse Park, Keeneland and the Red Mile are Lexington's three prominent horse racing tracks that are significant economic drivers for the region.

The Kentucky Horse Park comprises over 1,200 acres of land and draws over 800,000 visitors annually. Horse racing is the primary draw for this venue, but there are other attractions hosted here such as sporting events, banquets, and concerts. The Horse Park also includes the 64,000 square foot International Museum of the Horse which has rotating exhibits and a research center.

The economic impact of the equine economy is felt throughout the state calculated at $4 billion dollars annually. A large portion of this economic impact relates to the Lexington region.

The industry is also responsible for almost 80,000 direct and indirect jobs in the state, making it one of the largest employment industries. There is also 14,000 plus tourism-related jobs connected to the horse industry according to the National Horsemen's Benevolent and Protective Association (NHBPA).

Aside from professional horse racing and horse shows, there is also a focus on beginner and amateur horseback riding with many schools and recreational facilities located in the Lexington region. This includes Big Red Riding Stables, Deer Run Stables, Sugar Creek Resort and Whispering Woods, among others.

14,000
Tourism-related Equestrian Jobs in Kentucky

$4B
State Economic Impact from the Equine Industry

Destination Assets - Culinary and the Bourbon Trail

The Lexington region has not always been known for its culinary prowess compared to other metropolitan centers such as Nashville or Atlanta, however this has shifted as new chefs and concepts transform the culinary landscape.

Lexington is building off its history of southern cooking and integrating immigrant cuisines such as Japanese and Latin to create a unique yet authentic dining scene. The diversity of Lexington has led to culinary experimentation that has put many new restaurants on the regional and national dining stage.

The Distillery District located on the edge of downtown Lexington is a popular hotspot that features an adaptively reused former Rickhouse transformed into a culinary destination with bars, breweries, cideries, retail and entertainment. The 25-acre property pays homage to the role that bourbon distilling plays in Eastern Kentucky culture.

There are two operational distilleries on-site at the Distillery District – the James E. Pepper Distillery and Barrell House Distillery which include distillery tours and product sales. Other culinary anchors include Ethereal Brewing craft brewery, Goodfellas Pizzeria, award-winning Middle Fork, Crank and Boom Ice Cream, and the Elkhorn Tavern. Completing the mix is the popular live music venue The Burl that features over 300 shows annually in a former Texaco Oil train loading dock.

1.4M

Annual visitors to Kentucky “Bourbon Trail” and “Craft Tour” distilleries

Destination Assets - Culinary and the Bourbon Trail Continued

Lexington and its surrounding region also features prominently on the Bourbon Trail. The Bourbon Trail was established by the Kentucky Distillers Association in 1999 as a road-trip style experience for bourbon lovers, and then further established the Bourbon Trail Craft Tour in 2012 for smaller-scale distilleries. There are a combined 38 distilleries between the two trails and draw more than 1.4 million visitors annually from around the world.

There are three major distilleries located west of Lexington: Woodford Reserve, Wild Turkey, and Four Roses. Town Branch Distillery operated by Lexington Brewing and Distilling opened in 2012 in downtown Lexington and operates in a 20,000 SF facility. Town Branch is part of the Craft Tour experience.

Lexington Brewing and Distilling also operates Dueling Barrels and Distillery in Pikeville, located 1.5 hours east of Slade, near the Kentucky border with West Virginia. This demonstrates that craft distilleries are becoming viable in smaller towns and rural areas.

The Economic Impact of Distilleries

Kentucky is currently going through a bourbon renaissance. According to the Kentucky Distillers Association (2019), Kentucky bourbon generates:

- $8.6 billion economic impact
- 20,000+ jobs with an annual payroll of $1 billion (average distillery salary is $95,000)
- $235 million in local and state tax revenue

Distilling has many other strong economic impacts for Kentucky. It has the second highest job multiplier, only behind light truck manufacturing. This is primarily because distillers purchase much of their corn and grains from Kentucky farmers, creating an economic supply chain that is “farm to bottle”.

Distillers also make strong contributions to their communities, with $23 million in barrel taxes funding local schools, libraries, recreation facilities, and other community-based needs that impact families on the daily basis.

There are now 32 counties in Kentucky that have at least one distillery, up from 8 in 2009. In total, there are 68 distilleries in the state as of 2019. Much of this growth is due to legislative changes that have reduced regulation. This includes Senate Bill 11 – the ability for distilleries to make and sell cocktails, House Bill 100 to authorize vintage spirit sales, and House Bill 400 that authorizes visitors to distilleries the ability to ship bottles home.

The bourbon industry continues to grow with economic output expected to exceed $10 billion in 2020 due to a large distilling building-boom.

$8.6B

State economic impact from the Kentucky bourbon industry (including exports)

$95,000

Average distillery salary

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Capitalize on Tourism Growth

Kentucky continues to experience strong tourism growth; a new resort can capitalize from the state becoming more popular as a domestic tourism destination.

Target a Diverse Market

Visitors are on average older, married, and of Caucasian descent. A new resort should focus on this specific demographic market but also think about transcending the "average" traveler and target a more diversified clientele including the growing millennial population whose spending power will significantly increase over the next decade.

Leverage Regional Strengths

A destination resort should capitalize on the existing drivers of tourism in Kentucky, including horse culture, distilling, the scenic landscapes, peaceful and relaxing areas, and sense of safety. Participation in outdoor activities is important to many visitors of Kentucky; the location of a resort in the Gorge is ideal to capitalize on "natural experiences."

Food and Beverage as an Anchor

Food and beverage continues to be the top spending category for visitors. Combined with an increasing culinary awareness amongst visitors and a booming distillery industry across the state, there is an opportunity to create a unique culinary destination.

Consider a Unique Position in the Equine Industry

Horses are a staple of Kentucky, but there is intense competition for equine-related activities across the state. A resort in the Gorge should consider how to differentiate itself if it incorporates equine.

EASTERN KENTUCKY TOURISM OVERVIEW

Eastern Kentucky Visitor Profile

Like visitors to the rest of Kentucky, visitors to Eastern Kentucky listed a vacation/short pleasure trip or visiting friends/family as their main reason for coming to the region.

The share of visitors to Eastern Kentucky for a vacation/short pleasure trip was higher compared to all of Kentucky. Tourism to Eastern Kentucky attracts visitors primarily from within Kentucky and neighboring states. An estimated 24% of visitors are from Lexington.

The next largest group is from Cincinnati (10%). According to the AECOM 2013 report, Eastern Kentucky has a higher share of visitors from the south (61%) than for the rest of the state (52%). This is likely due to access and proximity of Tennessee and North Carolina to the Eastern Kentucky border.

Of the visitors to Kentucky, 39% travel with no children. The mean travel party size to Eastern Kentucky is the same as the state average of 3.0. The most popular mode of transportation to Eastern Kentucky is driving, where 85% of all visitors are in a personal vehicle. The typical visitor to Eastern Kentucky has an annual household income of an estimated $69,000, which is $6,000 lower than the state average of $75,000.

RED RIVER GORGE TOURISM OVERVIEW

Red River Gorge Destination Assets

Red River Gorge is an economic engine for Eastern Kentucky and the Four-County region. It is anchored by several key attractions that continue to drive tourism.

There are no official statistics on visitors to the Red River Gorge area; however, many sources such as Powell County Tourism, local Park Rangers, and stakeholders have agreed that approximately 400,000 to 500,000 people annually visit Natural Bridge State Resort Park. There are also more than 500,000 visitors the Red River Gorge Geologic Area. Combined, it is validated that more than 1 million visitors come to the Red River Gorge region annually, although there may be some cross-visitation. Most people visit the Gorge in warmer months, between March and November.

There is a large concentration of tourism assets located along Highway 11 due to the proximity to the Natural Bridge State Resort Park as well as along Nada Tunnel Road. The tourism assets in Red River Gorge are predominately outdoor recreation attractions including rock climbing, hiking, kayaking, ziplining and horseback riding that cater to “Experience Seekers”.

Rock climbing in particular is a significant economic driver for the Gorge, contributing $3.8 million annually to the area. Climbers have helped to create 41 full-time jobs and contributed over $200,000 to state and federal taxes. Further detail of the local tourism assets in the central Red River Gorge area are summarized.

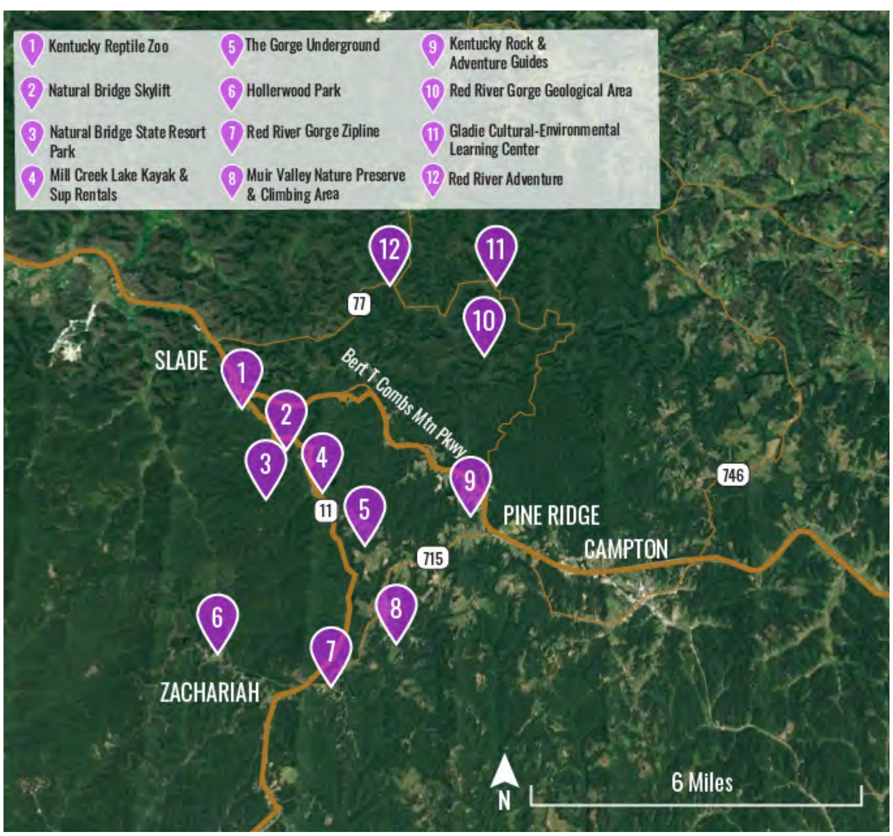


Figure 4-10: Destination Assets in the Core Red River Gorge Area

Kentucky Reptile Zoo – 200 L&E Railroad Place, Slade
Located directly adjacent to the Slade Rest Area off the Mountain Parkway, the Kentucky Reptile Zoo is a non-profit educational organization that focuses on snakes and other venomous reptiles. The organization also conducts venom extraction for anti-venom production and medical research programs.

The Zoo is open every Friday, Saturday, and Sunday for tours. It is closed during the winter season except for tours by appointment. Entry prices for the zoo are $10 for adults and $7 for children.

Natural Bridge Skylift– 607 Skylift Drive-Slade
A ski lift-style attraction built in 1967 takes visitors to a look-out point and one of the natural bridges. The attraction offers a 10-minute ride each way. and runs from spring to fall. A giftshop at the base sells handcrafted items and fudge.

One roundtrip ride costs $15.90 for adults and $12.72 for children.

Natural Bridge State Resort Park - Slade
Anchored by the Hemlock Lodge, the park also has cottages and camping. There are many activities in the park including 10 hiking trails (up to 7-miles in length), birding, canoeing, fishing, swimming, picnicing, and miniature golf. It also contains one of the largest natural bridges in the Red River Gorge.

Natural Bridge Skylift

The Natural Arch Rock at the Natural Bridge State Resort Park

Mill Creek Lake Kayak and SUP Rentals – Natural Bridge Road

Mill Creek Lake Kayak and SUP Rental operates under Kentucky Paddle Adventures. This attraction offers kayak and paddleboard rentals at Mill Creek Lake and is open Friday to Sunday from spring through Labor Day.

The Gorge Underground - Rogers-Glencairn Road, Pine Ridge

The Gorge Underground offers boat, kayak, and paddleboard tours through a 100-year-old flooded mine. Tours are year-round but most activity occurs in summer and fall. Tours are one-hour in length and are fully guided.

Hollerwood Park – 2096 KY Hwy 1036 - Stanton

Hollerwood is a 2,500-acre off-roading park that is filled with valleys and ridges. It is on leased property near Natural Bridge State Resort Park and is operated by a multi-county recreational board made up of 12 representatives of Lee, Estill, Wolfe, and Powell Counties. The trail system at Hollerwood allows for 4WD, UTV, ATV, and motorcycle trails. Annual Passes are $75 and 30-day passes are $40.

Mill Creek Lake Kayak and SUP Rentals

Paddle boarding at The Gorge Underground

Red River Gorge Zipline – 455 Cliffview Road, Campton

Adjacent to Cliffview Lodge, Red River Gorge Zipline is an award-winning zipline tour that runs through the Red River Gorge. There are five individual lines with the longest at 1,900 feet. Zipline tours take two hours to complete. Cliffview Lodge is marketed with the zipline and offers 20% off zipline tours when staying at the Lodge. This attraction costs $80 for adults and $70 for children.

Muir Valley Nature Preserve and Climbing Area – 48 Muir Road, Rogers

A nonprofit nature preserve and climbing area that has 400 different climbs across 360 acres of natural wilderness. Climbs range from 20 to 200 feet and include spectacular scenery of waterfalls and caves that bring climbers from around the world. Muir Valley is free for all climbers.

Kentucky Rock and Adventure Guides – 8 KY-715 N, Pine Ridge

Kentucky Rock and Adventure Guides is a service that offers guided rock climbing tours in the Red River Gorge. This company teachers the basics of rock climbing to individuals, families, and larger groups.

This attraction offers a variety courses and trips that are customized to the needs of clients. Pricing is between $65 to $180 per person depending on group size.

Red River Gorge Zipline

Rock climbing at the Muir Valley Nature Preserve and Climbing Area

Gladie Cultural-Environmental Learning Center – 3451 Sky Bridge Road, Stanton

The learning center focuses on the cultural heritage, resources, and unique geology that is found in the Red River Gorge Geological Area. There are interpretive exhibits for kids, along with information and maps for visitors to the area. The learning center is open seven days a week, spring through fall.

Red River Gorge Geological Area

The Red River Gorge Geological Area is designated national geological area by the U.S. Forest Service that is located in Daniel Boone National Forest. The area is home to several natural stone arches, sandstone cliffs and a diversity of scenic hiking areas including the Skybridge Loop and the Double Arch Hiking Area.

Red River Adventure – 394 Sky Bridge Road, Stanton

Marketed as the only canoe and kayak outfitter located directly in the Red River Gorge. Red River Adventure rents canoes and kayaks and provides adventure tours. The company also shuttles people with their own privately owned boats to different drop-off points for multi-day hikes and boat trips. Pricing is between $55 to $75 depending on the tour.

The Glade Cultural-Environmental Learning Center

Red River Adventure

Rock Climbing in the Red River Gorge

"The Red" as the area is known in the climbing community has become a world-famous rock-climbing area over the past thirty years. Rock climbing in general is now viewed as a sustainable tourism activity that has minimal impact on the environment while producing income for local areas.

According to an Eastern Kentucky University report (2017), the Red River Gorge attracts more than 7,500 climbers annually, up from 5,000 climbers in 2002. This is a 2.7% annual growth rate. Projected out over 20 years, The Red River Gorge area could see over 14,000 climbers by 2040.

The report examined the economic impacts of rock climbers and their ability to build on economic development opportunities in Eastern Kentucky. The survey included more than 700 responses to validate the findings.

These climbers bring in approximately $3.8 million to the six counties surround the Gorge. Additionally, 41-jobs are directly supported by the climbing community and generate $826,352 in important labor wages.

Visitation frequency is high for those surveyed. The highest segment is those that spend 9 to 19 days per year in the Gorge, followed by 20 to 40 days and 4 to 8 days. Recreational users who visit the same places typically will spend less per trip than one-time visitors, but will also become loyal to certain commercial amenities such as gear shops, cafes, breweries, restaurants, etc.

14,000

Potential climbers in the Gorge by 2040

$3.8M

Dollars brought into the six counties surround the Gorge in 2015

Rock Climbing in the Red River Gorge

The following are general demographics of the Gorge climber profile. These are important in understanding the types of consistent visitors that use the Red River Gorge area as an outdoor recreational area.

- Majority of climbers are Caucasian
- 62% are males
- 43% have a four-year post-secondary degree
- 20% have a higher education such as a master's degree or doctorate
- 23% are currently attending college or university and are not working full time
- Only 5% have a high school degree or no high-school degree
- 33% indicated having an annual income of more than $50,000
- 45% indicated having an annual income of less than $29,900, but this data correlates with college students

Rock Climbing in the Red River Gorge

Table 4-6 outlines the annual expenditures per climber. With the highest visitation segments to the Gorge being 4-8, 9-19, and 20-40 days per year, the analysis focused on these segments.

The survey data displays that climbers typically do not stay in the Gorge based on low annual spending for lodging. This means that climbers are day trippers to the Gorge. They either live in the general region or live further out; they stay in accommodation outside of the Gorge such as Lexington. The largest economic contributions to the local market are purchasing food at restaurants, food at grocery stores, and gasoline.

Climbing gear purchases are also high for the largest visitation segments. The survey also calculated annual expenditures for those who visit the Gorge only once per year. Single-trip visitors have higher spending expenditures than those that visit the Gorge consistently throughout the year. Finally, the survey asked climbers what their most desired economic interests were for the Red River Gorge. The top five answers were:

- Local restaurants
- Live music
- Festivals
- Natural grocers
- Liquor stores

The lowest response rate was for national chain restaurants. This demonstrates the desire for authenticity and experience in the Red River Gorge.

Table 4-6: Average Annual Expenditures per Climber by Climbing Visitation Frequency and Economic Impact Category

Total Days per Year in Red	Lodging	Restaurants	Food at Gas Stations	Food at Grocers	Gasoline	Car Rentals	Climbing Gear	General Retail	Entertainment	Guide Services	Personal Services
1–3 days	$6.18	$12.52	$2.73	$2.52	$12.78	$1.20	$5.51	$2.41	$.82	$3.25	$.47
4–8 days	$41.59	$35.62	$10.47	$7.74	20.00	$1.31	$9.55	$4.82	$3.93	$1.54	$1.51
9–19 days	$57.42	$106.52	$30.73	$29.91	$80.40	$4.96	$44.45	$26.73	$11.35	$12.70	$5.34
20–40 days	$91.58	$231.85	$62.81	$62.62	$267.86	$1.54	$113.37	$14.91	$9.84	$24.39	$5.14
41–79 days	$163.89	$276.91	$125.10	$94.46	$398.00	$0	$84.26	$10.56	$12.04	$0	$13.68
80–100 days	$80.63	$641.79	$263.79	$207.48	$516.70	$0	$25.71	$69.91	$25.71	$0	$27.48
101–139 days	$107.50	$855.71	$351.71	$276.64	$688.93	$0	$34.29	$93.21	$34.29	$0	$36.64
140–180 days*	$143.33	$1140.95	$468.95	$368.86	$918.57	$0	$45.71	$124.29	$45.71	$0	$48.86
181 or more days*	$162.15	$1290.70	$530.50	$417.27	$1039.13	$0	$51.71	$140.60	$51.71	$0	$55.27
One-time visitors											
1–3 days	$8.41	$32.14	$12.58	$11.74	$25.97	$0	$20.30	$2.33	$.82	$0	$5.25
4–9 days	$99.81	$48.69	$4.55	$19.58	$14.24	$53.23	$13.26	$11.16	$3.87	$18.87	$1.97
10–60 days	$157.88	$69.88	$24.90	$99.20	$70.90	$11.20	$28.12	$7.72	$18.20	$2.00	$16.50

*Due to low number of responses, estimates for this category are based on estimates for the 101–39 days category.

Source: Climbing out of Poverty: The Economic Impact of Rock Climbing in and Around Eastern Kentucky's Red River Gorge (2017)

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Draw from the Local Region

Approximate 25% of visitors to Eastern Kentucky are from Lexington, followed by other areas of Kentucky and Ohio. A resort will have to target the local region for early success

Target a Higher-Income Market

Incomes of visitors to Eastern Kentucky are lower than the state average. A resort will have to target higher-income individuals to be successful as a four to five-star resort.

Focus on Passive Amenities that Complement Existing Outdoor Attractions

Visitors to Eastern Kentucky are looking for a "peaceful and relaxing" trip with "plenty to see and do." A variety of outdoor attractions in the Gorge already create a strong base of activity; a resort can build a diversified mix of relaxing attractions on-site to fill the gaps

Create an Authentic Kentucky Experience

Distilleries and equine can be integrated to create an authentic Kentucky experience not found elsewhere in resorts.

Incorporate Dining Concepts

Dining out continues to be the most important activity for visitors. A resort in the Gorge can incorporate several dining concepts for variety during a stay.

Target Educated and Higher-Income Rock Climbers

Rock climbing is one of the top activities in the Gorge and is projected to grow over the next decade. A resort will not be a place for all rock climbers, but it can target the higher income and educated subset of climbers that are from outside the local area.

Potential Opportunity for a Small Retail Village

The desire for more local restaurants, a natural grocery, and a liquor store from a survey of climbers creates opportunity for a small retail village.

4.4 RED RIVER GORGE SUPPLY ANALYSIS

Introduction

A market analysis was performed to identify the current supply of accommodations including retail, and multifamily residential in the central Red River Gorge Area. The supply analysis of lodging identifies the price point, positioning and number of rooms of motels and hotels in the central Red River Gorge area. The consulting team also cataloged over 350 cabins in the central Red River Gorge Area and used this analysis to distill cabin market trends related to pricing, positioning and general size.

The retail supply analysis highlights the format and positioning of all retail businesses in the central Red River Gorge Area. Finally, all multi-family residential properties within a 10-mile radius of the Slade interchange were analyzed to identify the total inventory of properties as well as trends in vacancy rates, rental rates, and cap rates.

The real estate supply analysis is used to understand the gaps in the market as well as opportunities for uses that are differentiated from what already exists.

MARKET ANALYSIS – ACCOMMODATION

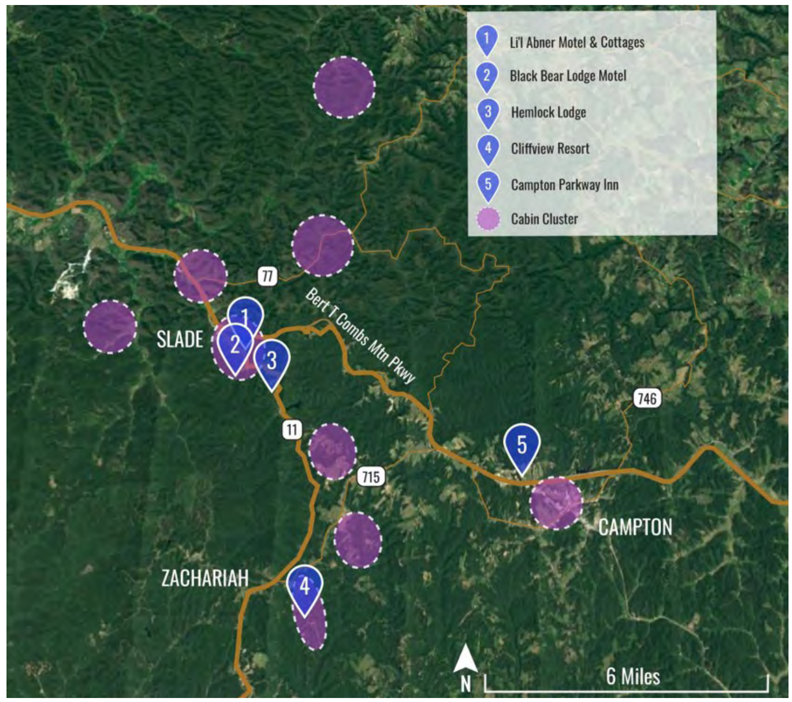
Cabin Supply - Central Red River Gorge Area

There are approximately 350 cabins located in the central Red River Gorge area. According to local information (not recorded), there are upwards of 500 cabins in the larger four-county region. For the purpose of this analysis, the 350 cabins located in the Gorge were analyzed which delivers a strong sample size for the analysis

These cabins vary in price point depending on their location, amenity package and number of bedrooms. Cabins are primarily located in clusters along Bert T Combs Mountain Parkway and Hwy 11/Natural Bridge Road, from Slade to Campton.

There is no one central cabin rental website for the Gorge, rather various companies that rent their own cabins or vacation rental websites. The following sources were used to research and analyze the local cabin industry:

- Red River Gorge Cabin
- Scenic Cabin
- Natural Bridge Cabin Company
- Red River Gorge Cabin Rentals
- 5 Star Cabin Rental LLC
- Stay Over Now
- Red River Gorgeous
- Cliffview Red River Gorge
- Airbnb
- VRBO



#	Accomodation Name	Number of Rooms	Positioning	ADR
1	Li'l Abner Motel	27	2 Star	$93
2	Black Bear Lodge Motel	10	2/2.5 Star	$110
3	Hemlock Lodge	35	3 Star	$190
4	Cliffview Lodge	16	N/A	$140
5	Campton Parkway Inn	41	2 Star	$115

Figure 4-11: Existing Cabins in the Red River Gorge

Cabin Supply Continued - Central Red River Gorge Area

Ninety-five, or approximately 28% of cabins rent for more than $200/per night in peak season. Nearly half of the cabins can be rented for under $150/per night in shoulder season. This demonstrates a relatively affordable market for cabin rentals.

Recently, more upscale cabins have been constructed in the Gorge that focus on larger groups that prefer higher-end amenities and finishes. Red River Gorge Cabin Rentals have focused recently on these higher end cabins, with 25 cabins renting for more than $400/per night in peak season. These cabins range from 8 to 12 guests in size.

One of the largest cabins in the Gorge is the recently opened “Indian Creek Lodge” that sleeps up to 32 guests and can rent up to $2,000/per night.

The Lakeside and the Retreat are Cliffview Resort’s two 5,700 SF luxury cabins that are conducive to large groups that want to stay under the same roof. The Lakeside and the Retreat have 12 bedrooms and 11 bedrooms, respectively, and can sleep up to 50 guests. The amenity package in both cabins include hot tubs, entertainment rooms, and large fully-equipped kitchens with ample dining space.

The wide variety of sizes, price points, and amenities in the cabin market of the Gorge should be considered when positioning a new resort.

▲
View of the Indian Creek Lodge

▲
Cliffview Lakeside at the Cliffview Resort

Motel and Lodging Supply - Central Red River Gorge Area

There are five primary motel and lodge accommodation options in the Gorge that are located along Highway 11 due to the high degree of either visibility or accessibility. Li'l Abner Motel, Black Bear Lodge Motel and Hemlock Lodge are clustered together at the gateway to the Gorge and are near the majority of retail supply in the area. They are mid-range (2 to 3 star) accommodations with between 10 and 41 rooms.

Hemlock Lodge is one of seventeen state park lodges in Kentucky and located directly in Natural Bridge State Resort Park. It is currently the highest-end accommodation in the hotel/motel category (not including cabins) in the Red River Gorge area. The average daily rate at Hemlock Lodge ranges from $150 to $170/per night during high season. Hemlock Lodge also includes a full-service restaurant, an adjacent swimming pool complex and accommodates up to 200 guests for group events or weddings.

The Cliffview Lodge, located further south along Highway 11, is a 16-bedroom accommodation that can be rented for large group functions or for single-room guests. The Lodge is part of the larger Cliffview Resort which also comprises two up-scale cabins as well as a 1,600 SF conference center and banquet hall to host corporate retreats, weddings, and large group events. The resort does not feature any retail or food and beverage concepts as part of the amenity package.

View of the Cliffview Resort Lodge

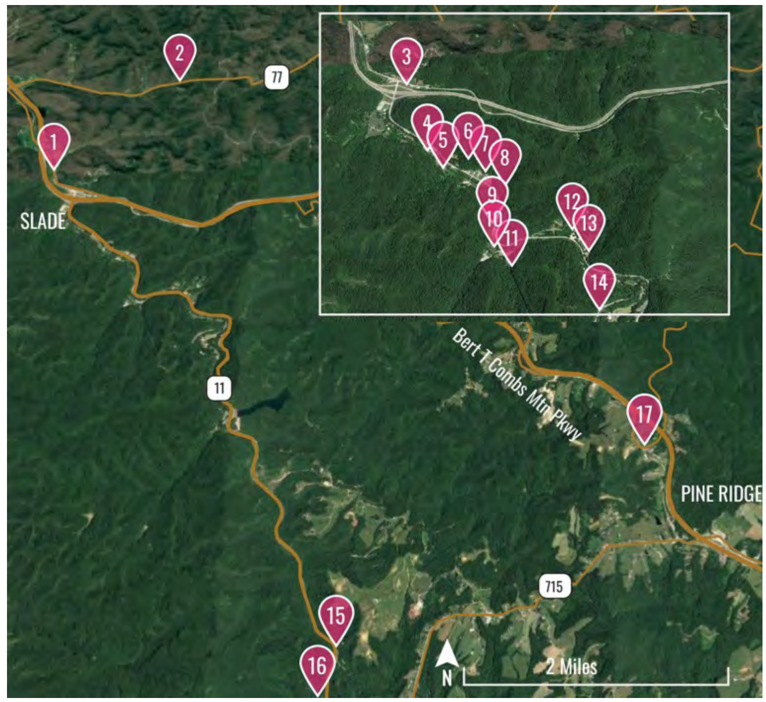
Li'l Abner's Motel

MARKET ANALYSIS - RETAIL

Red River Gorge Retail Supply

The supply of existing retail in the Red River Gorge is primarily concentrated along Highway 11 (Natural Bridge Road) due to proximity to Natural Bridge State Park and access to several key attractions and cabin rentals. The retail is organized in small clusters along the highway, and is adjacent to a motel, lodge, or campground.

The retail inventory is primarily comprised of limited-service restaurants at a "casual" price point. Restaurants are independent concepts with the Subway in Slade being the only national chain. The other retail in the area is a mix of locally owned specialty retailers and convenience retailers.



#	Retailer Name	Format	Positioning
1	Ledford's Bait Shop	Miscellaneous Specialty Retail	N/A
2	The Depot	Miscellaneous Specialty Retail	N/A
3	Subway	Limited-service Restaurant	Fast Food
4	Daniel Boone Coffee & Deli	Limited-service Restaurant	Fast Casual
5	Ramble and Roam Co	Miscellaneous Specialty Retail	N/A
6	Wild Things of Kentucky	Miscellaneous Specialty Retail	N/A
7	Red River Smoke House	Limited-service Restaurant	Casual Dining
8	Trails Liquor, Souvenir and General Store	General Merchandise	N/A
9	Ye Ole County Peddler	Miscellaneous Specialty Retail	N/A
10	La Cubana Mexican Restaurant	Full-service Restaurant	Casual Dining
11	Natural Bridge Gift Shop	Miscellaneous Specialty Retail	N/A
12	Miguel's Pizza	Limited-service Restaurant	Fast Casual
13	Miguels Rock Climbing Shop	Outdoor Sporting Goods Store	N/A
14	Sandstone Arches Restaurant	Full-service Restaurant	Casual Dining
15	Red River Rockhouse	Full-service Restaurant	Casual Dining
16	Hop's Fork	Limited-service Restaurant	Beer Garden
17	Skybridge Station	Limited-service Restaurant	Casual Dining

Figure 4-12: Existing Retail in the Red River Gorge

Red River Gorge Retail Supply

Retail is quite limited in the Red River Gorge area and requires a car to access the clusters along Highway 11. There is currently no central core of activity that allows visitors to walk around, shop and linger. Almost all restaurants in the Gorge are casual dining concepts at a moderate price point. There are currently no higher-end dining options or experiential concepts such as a brewery or distillery that cater to upper-mid to upscale market segments.

The retail mix is anchored by the famous Miguel's Pizza that is an institution in the Red River Gorge, producing pizzas since the early 1980's. Miguel's Pizza is a pizza shop, climbing gear supplier, and campground. It is heavily supported by the Red River Gorge climbing community and has become a central meeting spot for climbers.

Sandstone Arches Restaurant is the full-service restaurant of Hemlock Lodge but is open to the general public. Red River Rockhouse is marketed as a gastropub and café that supports local farmers and offers craft beer and bourbon. Hop's Fork serves over 200 beers in an indoor/outdoor beer garden, provides off-sales, and has various events and live music throughout the year.

Most retail and restaurants in the Red River Gorge close during the winter off-season; however, there has been recent experimentation with several restaurants opening on select days during the winter. This includes Miguel's Pizza and La Cabana Mexican Restaurant. There has been initial success according to the proprietors of the restaurants.

La Cabana Mexican Restaurant

Red River Rockhouse

Red River Gorge Retail Supply Continued

Real estate data is limited in the Slade area, but CoStar approximates rents between $9 to $11/SF for retail space with market capitalization rates of 8.0% as of March 2020 for the retail properties along Natural Bridge Road.

Analyzing a wider spatial area offers an interesting perspective on the local retail market. There is approximately 338,000 SF of leasable retail space along the Bert T Combs Mountain Parkway corridor from Stanton to Campton. As of March 2020, there are no significant retail spaces available for lease, thus a 0% vacancy rate in the general area.

Most retail product has been built prior to 1990, only four properties have been built in the past thirty-years totaling 30,000 SF. This is likely due to limited residential growth in towns such as Stanton and Campton, as "retail follows rooftops".

The Stanton/Campton retail corridor averages rents of $9/SF and a market capitalization rate of 8.4%. Retail market data over the past ten years has not fluctuated much along the corridor due to its limited size.

Ye Ole Country Peddler

Subway Restaurant at the Slade Interchange

MARKET ANALYSIS – MULTI-FAMILY RESIDENTIAL

Red River Gorge Multi-Family Supply

There are 166 multi-family residential units across 12 properties in a 10-mile radius of the Slade interchange. The properties are located either in Stanton or Campton, aside from a 2-unit property in Cobhill.

The average vacancy rate in this area is 7%. Market rental rates average $733 per unit, higher than the 10-year historical average of $695. Capitalization rates are at 7.7%, down from 8.7% in 2013.

No new multi-family properties have been built in the past 10 years. The largest developments in the area are:

- Campton Methodist Housing (48 units across 40,000 SF) in Campton
- Pinecreek Apartments (44 units across 40,000 square feet) in Stanton
- Campton Square Apartments (32 units across 25,800 SF) in Campton
- Stanton Place Apartments (24 units across 17,000 SF) in Stanton

Many of the multi-family properties such as Campton Methodist Housing are part of Section 8 project-based rental assistance.

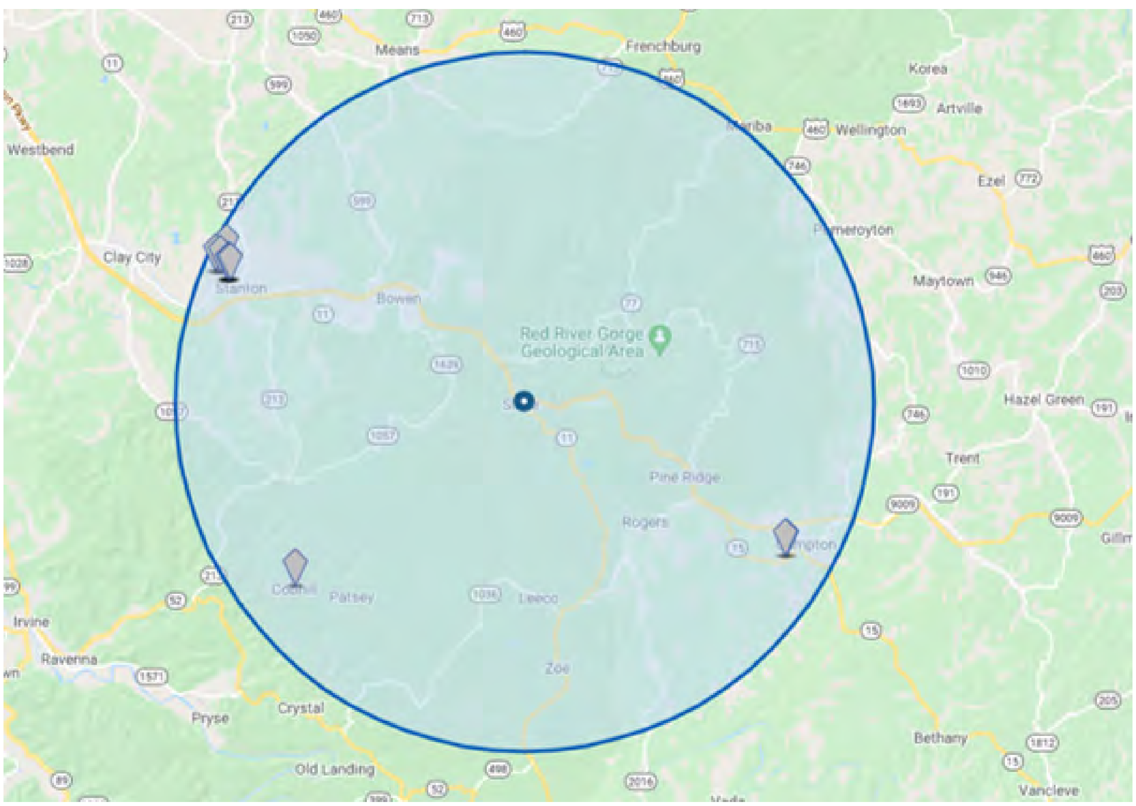


Figure 4-13: Distribution of Multi-Family Residential Supply within 10-miles of the Slade Interchange

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Differentiate from Current Cabin Offerings

Large variety of cabins at different price points, sizes, and luxury levels signify that cabins integrated in a resort should be differentiated from what is already there.

Accommodation Offerings Are Limited

There are a significant number of visitors to the Gorge and surrounding area in spring through fall, but accommodation options are limited aside from cabins or aging lodges.

Opportunity for Upscale Destination Accommodation

There is an absence of 4 or 5-star hotels in Eastern Kentucky, and no hotels in the Gorge aside from the rustic Hemlock Lodge and group-focused Cliffview. This presents an excellent opportunity for an upscale destination accommodation

Retail Relies on Visitors

Limited population in the area (Campton and Stanton are 10 miles from Slade in either direction) means that new food and beverage and retail would need to rely primarily on visitors to the area. The Gorge will need to overcome the seasonality of many of the attractions to generate year-round foot traffic.

Workforce Housing Should Be Close to the Resort

Employees will need to live in proximity to the resort. The supply of multi-family rental in the Campton-Stanton market is limited and is mainly comprised of Section 8 housing. There are no modern multi-family rentals within a 10-mile radius of the Slade interchange. The resort would likely need to construct workforce housing for employees on a nearby property. The development of multi-family residential housing units near the central resort will help to generate more spending for a retail village.

4.5 RESORT HOTEL DEMAND ANALYSIS

Introduction

There are two major types of destination resorts: "Fly to" resorts which tend to be remote and rely on patrons arriving by air and "Drive to" resorts where patrons arrive primarily by personal transportation. Red River Gorge will be a "Drive to" destination resort given its location and limited air accessibility. A key factor in driving the success of a "Drive to" destination resort is the size of the Target Market living within a five-hour drive.

The purpose of this analysis is as follows:

- Define the potential Target Markets for the RRG Resort
- Quantify the Target Market within the RRG Resort's 5-hour drive Catchment Area
- Compare this Catchment Area to that of other resorts in the identified competitive set
- Estimate the RRG Resort's optimal number of hotel rooms based on its Target Market size

RESORT HOTEL DEMAND ANALYSIS

Defining the Red River Gorge Resort's Target Market

Building upon the analysis and recommendations of this report, the Red River Gorge (RRG) Resort's recommended market positioning is as a 4.5-star destination resort with an emphasis on health, wellness, outdoor recreation, and meeting/gathering space. Such a destination would be sufficiently high-end to create a powerful destination yet not so exclusive as to be dependent on a niche market.

Figure 4-14 shows the number of annual room nights generated by domestic travelers in 2019 based on data provided by the U.S. Travel Association. Of the total 1.3 billion room nights generated, just 3.2% were at 5-Star hotels compared to 16.4% at 4.5-star hotels and 21.1% at 4-star properties. While competition is significantly less in the 5-star market space, the RRG Resort's location accessible to numerous Midwestern metro areas with a high concentration of middle-income residents suggests a 4.5-star development. This initial recommendation was tested and confirmed in the analysis described below.

The number of room nights can be further subdivided among income groups. Households earning over $100,000/year tend to be the major drivers for 4.5-star properties, particularly households in the $125,000 to $150,000 income bracket. This demand is evenly split between business travel and leisure travel.

Figure 4-14: Annual Room Nights by Star Rating

Table 4-7: Room Nights Generated by Income Group and Star Rating

ROOM NIGHTS GENERATED PER CAPITA BY HOUSEHOLD INCOME & STAR RATING

	HOUSEHOLD INCOME				
Star Rating	Under $100,000	$100,000 to $125,000	$125,000 to $150,000	$150,000 to $200,000	$200,000+
Less Than 3 Stars	0.71	0.22	0.18	0.11	0.07
3 Stars	0.39	0.27	0.24	0.10	0.06
3.5 Stars	0.93	1.91	2.21	1.28	0.22
4 Stars	0.63	2.96	1.58	0.78	0.40
4.5 Stars	0.27	1.84	3.07	4.85	5.89
5 Stars	0.02	0.11	0.36	1.36	2.90
TOTAL	**2.95**	**7.31**	**7.65**	**8.47**	**9.54**

Defining the Red River Gorge Resort's Target Market Continued

With this understanding of the relationship of income to 4.5-star room nights, it is possible to map out the location of Target Markets for the resort at a micro-geographic level.

Figure 4-15 illustrates the number of 4.5-star room nights generated by census blockgroup within four of the major metropolitan areas within RRG Resort's five-hour catchment area. All four maps are at the same scale.

The entire continental U.S. was analyzed in a similar manner to quantify the target markets living at various drive time increments from RRG Resort. This analysis was then undertaken on a competitive set of similar destination resorts located east of the Mississippi and then compared back to RRG Resort.

The key objective of this analysis is to provide an indication of the level of market support available to the proposed resort development and provides an important input in determining the optimal size of the destination resort hotel.

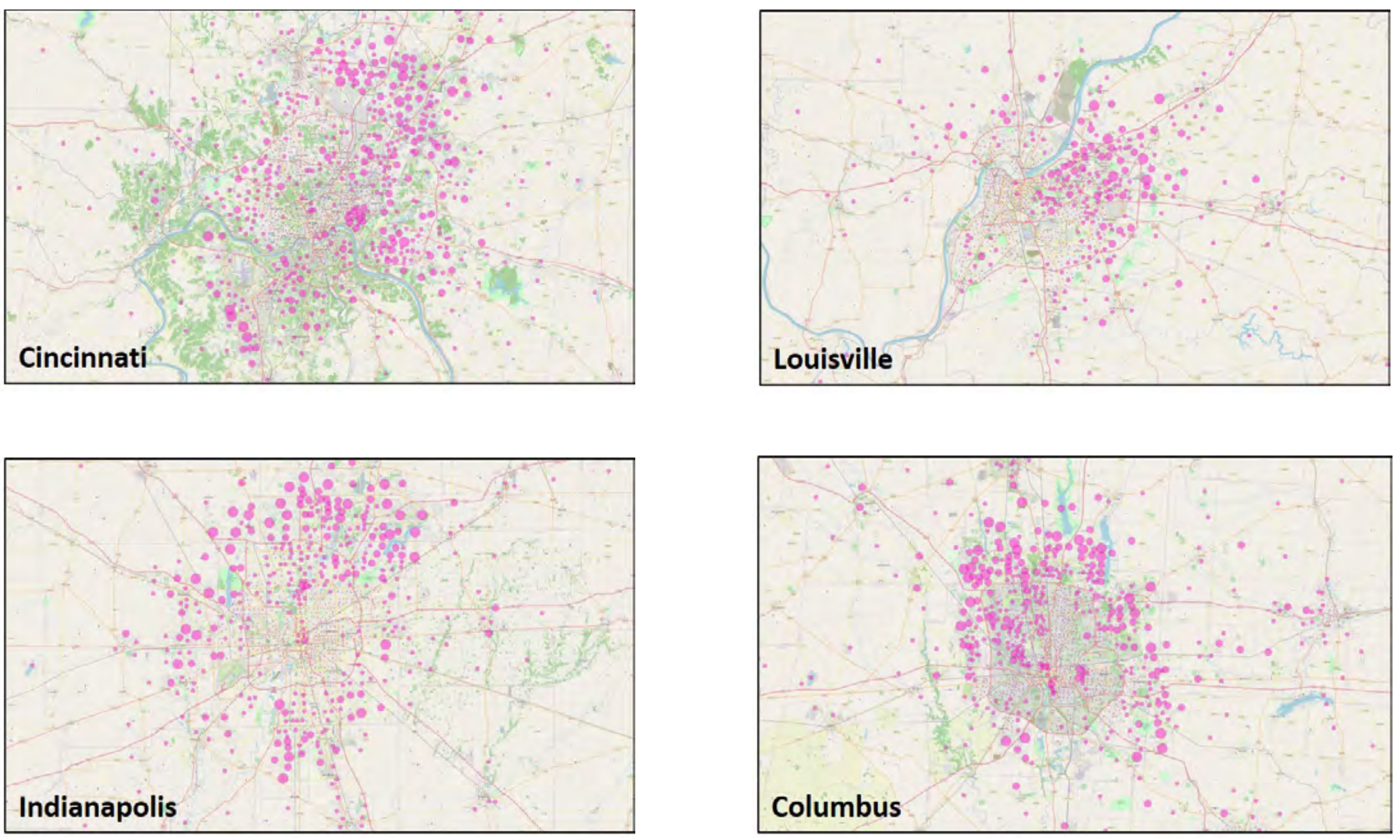


Figure 4-15: Total Annual 4.5 Star Accommodation Room Nights Generated by Census Blockgroup

Competitive Set Demand Potential Comparison

Table 4-8 details the total annual room night potential by star rating within a series of drive time zones from RRG Resort. For example, people living within a one-hour drive of the resort site generate a total of 5.56 million room nights at 4.5-star accommodation per year. Assuming a 70% occupancy rate, this indicates support for 21,735 4.5-star hotel rooms by these residents.

However, this figure represents the total number of rooms these residents support in their entire domestic travel which could also include popular destinations such as Florida, Las Vegas, Hawaii; business travel throughout the U.S.; as well as regional leisure travel within a five-hour drive. Relatively few of these room nights would be spent within an hour's drive of their residence due to the ease of simply returning home for the evening.

People living over an hour's drive, but less than a five-hour drive reside close enough to support numerous trips such as weekend getaways, weddings, anniversaries, birthdays, reunions and so forth. Yet they are not so close that many would likely return home rather than stay overnight.

RRG Resort would have access to a total of 85.9 million 4.5-star room nights per year within its five-hour catchment area. This number can be best understood when compared to the size of the catchment area of comparable destination resorts.

Blackberry Farms, TN was profiled earlier in this report. An identical analysis was undertaken for RRG Resort to quantify its catchment area. In this case, Blackberry Farms has just $59.2 million 4.5-star room nights generated per year in its five-hour drive catchment area. Further understanding is provided by creating a market size ratio of Blackberry Farms to RRG Resort. This ratio indicates that Blackberry Farms has significantly more 4.5-star room nights generated within an hour's drive of its location than RRG Resort, and about the same number from four to five hour's drive, but significantly less in the one to four hour drive catchment area..

Table 4-8: Market Demand Support by Drive Time and Star Rating

Red River Gorge, KY
Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	11,468,922	8,292,304	5,557,136	909,438
1-2 Hours	26,618,331	19,781,431	16,531,895	3,290,600
2-3 Hours	34,782,726	25,476,972	18,628,729	3,293,035
3-4 Hours	42,344,743	31,186,660	24,789,421	4,792,197
4-5 Hours	32,659,455	24,230,790	20,388,092	4,127,778
Total	**147,874,178**	**108,968,158**	**85,895,272**	**16,413,049**

Blackberry Farms, TN
Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	19,072,995	13,726,249	9,356,126	1,585,878
1-2 Hours	19,730,759	14,201,521	9,476,112	1,555,418
2-3 Hours	18,687,022	13,456,099	9,015,815	1,491,177
3-4 Hours	19,201,577	14,176,957	11,246,101	2,143,400
4-5 Hours	34,087,620	25,227,575	20,102,135	3,839,376
Total	**110,779,973**	**80,788,401**	**59,196,288**	**10,615,250**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	166%	166%	168%	174%
1-2 Hours	74%	72%	57%	47%
2-3 Hours	54%	53%	48%	45%
3-4 Hours	45%	45%	45%	45%
4-5 Hours	104%	104%	99%	93%
Total	**75%**	**74%**	**69%**	**65%**

Nemacolin Woodlands Resort
Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	35,937,333	26,867,014	22,482,345	4,427,888
1-2 Hours	45,030,215	33,697,677	30,281,065	6,420,265
2-3 Hours	37,328,669	27,574,838	21,038,081	3,838,222
3-4 Hours	35,100,354	26,058,739	20,605,379	3,882,971
4-5 Hours	23,175,492	16,930,031	12,111,181	2,110,413
Total	**176,572,063**	**131,128,299**	**106,518,051**	**20,679,759**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	313%	324%	405%	487%
1-2 Hours	169%	170%	183%	195%
2-3 Hours	107%	108%	113%	117%
3-4 Hours	83%	84%	83%	81%
4-5 Hours	71%	70%	59%	51%
Total	**119%**	**120%**	**124%**	**126%**

Old Edwards Inn and Spa
Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	16,973,620	12,177,656	8,036,814	1,308,020
1-2 Hours	23,194,089	16,736,722	11,631,850	2,011,368
2-3 Hours	14,318,605	10,274,380	6,630,465	1,045,074
3-4 Hours	20,182,995	14,704,928	10,702,111	1,912,728
4-5 Hours	23,655,290	17,605,575	14,932,680	3,006,216
Total	**98,324,598**	**71,499,262**	**51,933,921**	**9,283,404**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	148%	147%	145%	144%
1-2 Hours	87%	85%	70%	61%
2-3 Hours	41%	40%	36%	32%
3-4 Hours	48%	47%	43%	40%
4-5 Hours	72%	73%	73%	73%
Total	**66%**	**66%**	**60%**	**57%**

Greenbrier, WV

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	11,318,844	8,235,396	5,727,609	967,409
1-2 Hours	26,483,410	19,707,286	16,640,599	3,335,356
2-3 Hours	37,353,748	27,429,882	20,366,435	3,651,365
3-4 Hours	45,358,668	33,539,658	28,112,029	5,698,503
4-5 Hours	36,247,707	26,642,834	20,304,908	3,755,783
Total	**156,762,377**	**115,555,056**	**91,151,580**	**17,408,415**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	99%	99%	103%	106%
1-2 Hours	99%	100%	101%	101%
2-3 Hours	107%	108%	109%	111%
3-4 Hours	107%	108%	113%	119%
4-5 Hours	111%	110%	100%	91%
Total	**106%**	**106%**	**106%**	**106%**

Glade Springs, WV

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	11,418,760	8,284,293	5,661,291	942,282
1-2 Hours	26,621,940	19,761,522	16,481,194	3,279,743
2-3 Hours	35,666,788	26,174,150	19,419,471	3,481,074
3-4 Hours	45,437,181	33,554,511	27,516,190	5,464,193
4-5 Hours	36,871,830	27,195,556	21,463,415	4,105,130
Total	**156,016,498**	**114,970,032**	**90,541,561**	**17,272,422**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	100%	100%	102%	104%
1-2 Hours	100%	100%	100%	100%
2-3 Hours	103%	103%	104%	106%
3-4 Hours	107%	108%	111%	114%
4-5 Hours	113%	112%	105%	99%
Total	**106%**	**106%**	**105%**	**105%**

French Lick, IN

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	20,196,358	15,014,630	12,258,829	2,381,536
1-2 Hours	26,013,223	19,204,761	14,900,210	2,778,274
2-3 Hours	30,718,174	22,529,269	16,778,899	3,034,939
3-4 Hours	61,627,714	45,711,098	38,160,527	7,658,488
4-5 Hours	34,447,421	25,344,298	19,326,078	3,566,262
Total	**173,002,891**	**127,804,056**	**101,424,544**	**19,419,499**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	176%	181%	221%	262%
1-2 Hours	98%	97%	90%	84%
2-3 Hours	88%	88%	90%	92%
3-4 Hours	146%	147%	154%	160%
4-5 Hours	105%	105%	95%	86%
Total	**117%**	**117%**	**118%**	**118%**

Barnsley Resort, GA

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	18,245,514	13,189,750	9,207,290	1,587,471
1-2 Hours	17,418,570	12,476,370	8,198,678	1,335,195
2-3 Hours	24,522,030	17,761,402	12,634,319	2,227,524
3-4 Hours	12,444,281	8,894,455	5,579,343	850,654
4-5 Hours	18,579,800	13,446,071	9,130,075	1,514,540
Total	**91,210,194**	**65,768,048**	**44,749,706**	**7,515,384**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	159%	159%	166%	175%
1-2 Hours	65%	63%	50%	41%
2-3 Hours	71%	70%	68%	68%
3-4 Hours	29%	29%	23%	18%
4-5 Hours	57%	55%	45%	37%
Total	**62%**	**60%**	**52%**	**46%**

Inn on Biltmore Estate, NC

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	19,288,705	13,894,821	9,499,001	1,612,360
1-2 Hours	20,299,357	14,634,100	9,944,827	1,667,758
2-3 Hours	16,406,301	11,779,309	7,692,588	1,236,591
3-4 Hours	17,085,854	12,553,368	9,688,146	1,807,212
4-5 Hours	33,865,488	25,113,435	20,348,105	3,940,384
Total	**106,945,704**	**77,975,033**	**57,172,666**	**10,264,306**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	168%	168%	171%	177%
1-2 Hours	76%	74%	60%	51%
2-3 Hours	47%	46%	41%	38%
3-4 Hours	40%	40%	39%	38%
4-5 Hours	104%	104%	100%	95%
Total	**72%**	**72%**	**67%**	**63%**

Mountain Lake Lodge, VA

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	10,284,899	7,421,326	4,909,657	791,348
1-2 Hours	23,197,186	17,098,751	13,755,529	2,682,061
2-3 Hours	30,655,898	22,526,352	16,925,663	3,063,120
3-4 Hours	39,083,195	28,820,345	22,339,820	4,172,894
4-5 Hours	43,999,684	32,560,776	27,537,713	5,642,127
Total	**147,220,861**	**108,427,551**	**85,468,381**	**16,351,550**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	90%	89%	88%	87%
1-2 Hours	87%	86%	83%	82%
2-3 Hours	88%	88%	91%	93%
3-4 Hours	92%	92%	90%	87%
4-5 Hours	135%	134%	135%	137%
Total	**100%**	**100%**	**100%**	**100%**

Chetola Resort at Blowing Rock, NC

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	15,559,058	11,185,259	7,467,651	1,233,420
1-2 Hours	18,873,073	13,551,813	8,974,631	1,467,088
2-3 Hours	21,645,550	15,717,434	11,114,334	1,929,940
3-4 Hours	26,541,663	19,771,549	16,759,460	3,365,252
4-5 Hours	31,484,657	23,192,655	17,437,219	3,149,295
Total	**114,104,000**	**83,418,709**	**61,753,295**	**11,144,996**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	136%	135%	134%	136%
1-2 Hours	71%	69%	54%	45%
2-3 Hours	62%	62%	60%	59%
3-4 Hours	63%	63%	68%	70%
4-5 Hours	96%	96%	86%	76%
Total	**77%**	**77%**	**72%**	**68%**

Cataloochee Ranch, NC

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	19,643,978	14,150,686	9,659,484	1,635,953
1-2 Hours	20,211,758	14,571,899	9,943,692	1,677,315
2-3 Hours	16,303,119	11,698,261	7,583,826	1,207,536
3-4 Hours	17,179,486	12,591,087	9,513,716	1,741,602
4-5 Hours	33,984,816	25,222,864	20,610,461	4,020,840
Total	**107,323,155**	**78,234,797**	**57,311,180**	**10,283,247**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	171%	171%	174%	180%
1-2 Hours	76%	74%	60%	51%
2-3 Hours	47%	46%	41%	37%
3-4 Hours	41%	40%	38%	36%
4-5 Hours	104%	104%	101%	97%
Total	**73%**	**72%**	**67%**	**63%**

Competitive Set Demand Potential Comparison Continued

Additional “Drive to” destination resorts located east of the Mississippi were analyzed to identify the feasibility of RRG Resort based on the relative size and composition of its catchment area. Overall, the RRG Resort’s catchment area compares favorably to the competitive set, particularly in the 4.5-star and 5-star market space.

$100,000/year tends to be the major driver for 4.5-star properties, particularly households in the $125,000 to $150,000 income bracket. This demand is evenly split between business travel and leisure travel.

Resort Hotel Recommended Positioning

Overall, RRG Resort scores well on the size of its Catchment Area. Taking an average of the entire competitive set, Table 4-9 illustrates that other comparable resorts have on average just 85 % of the potential market size of the RRG Resort in terms of 4.5 star hotels.

One challenge facing the RRG Resort is the limited size of its immediate one-hour drive time zone relative to the competitive set, as illustrated in Figure 4-16. This smaller local market underscores the need to pull from one to four hours, where RRG has a significantly market potential market than most of the competition.

This dependence on destination traffic over local traffic underscores the need for two key market positioning elements:

1. A 4.5-star price point necessary to “create an address” in the wider regional market, and
2. A resort amenity mix comprised of the types of activities that people are willing to drive more than an hour to experience.

As Table 4.9 illustrates, the competitive set tends to have more value-oriented markets within the one to two hour drive time zone than the RRG Resort, with relatively more room nights generated in the 3.5-star to 4-star market space. Conversely, the RRG Resort would benefit from comparatively high demand for 4.5-star and 5-star accommodation within its Catchment Area.

Given the small size of the 5-star market (just 13.6 million room nights within a five-hour drive compared to 73.4 million room nights for 4.5-star rooms), it is recommended that the RRG Resort position itself as a 4.5-star facility.

Table 4-9: Average of Competitive Set

Room Night Demand by Star Rating & Drive Time Zone

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	17,994,551	13,104,280	9,478,736	1,679,415
1-2 Hours	24,279,416	17,785,675	13,657,126	2,564,531
2-3 Hours	25,782,355	18,811,034	13,563,627	2,382,415
3-4 Hours	30,840,270	22,761,518	18,202,075	3,517,991
4-5 Hours	31,854,528	23,498,334	18,482,179	3,513,670
Total	**130,751,119**	**95,960,840**	**73,383,743**	**13,658,021**

Market Size Ratio to Red River Gorge

DTZ	3.5 Star	4 Star	4.5 Star	5 Star
1 Hour	157%	158%	171%	185%
1-2 Hours	91%	90%	83%	78%
2-3 Hours	74%	74%	73%	72%
3-4 Hours	73%	73%	73%	73%
4-5 Hours	98%	97%	91%	85%
Total	**88%**	**88%**	**85%**	**83%**

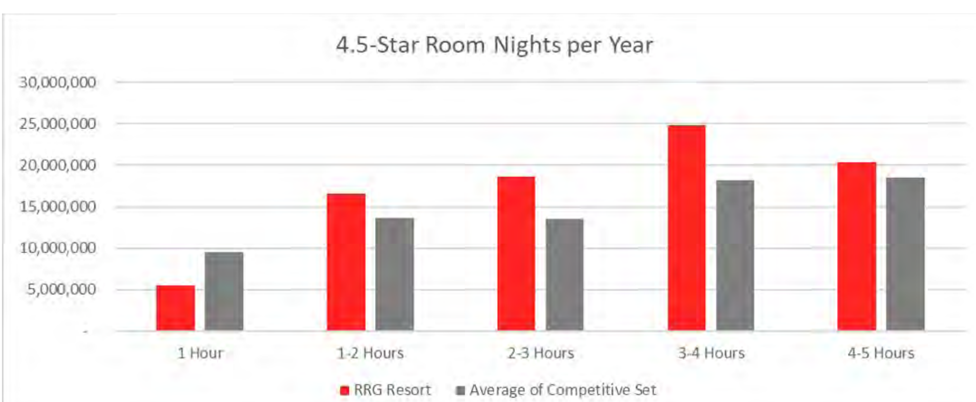


Figure 4-16: RRG Resort Catchment Area Comparison to Competitive Set

RESORT HOTEL DEMAND ANALYSIS

Resort Hotel Recommended Size

The quantification of Catchment Area size described previously provides a strong indication of basic resort development feasibility. However, forecasting the optimal sizing of a destination resort is significantly more challenging. For example, a hotel developed in an urban setting can be optimally sized through readily available metrics such as the size of local employment base, the number of other hotels in the local area and their performance, the proximity to major destinations and so forth. Conversely the success of a destination resort is highly dependent on successful marketing and the provision of a unique guest experience as well as many other factors which are difficult to quantify.

Despite these limitations, an estimate of supportable rooms at the RRG Resort was calculated based upon the Catchment Area size described previously (Table 4-10). The total room night demand for 4.5-star accommodation was filtered to exclude "Fly-in" traffic, which comprises 61% of total traffic generation by Americans when traveling domestically. The remaining 39% of room nights are generated by "Drive-in" traffic, indicating there are 33.5 million 4.5-star room nights generated per year generated by people living within a five-hour drive of the RRG Resort.

Market shares were estimated for the RRG Resort from each of the drive time zones. These estimates were based on the degree of upscale resort competition in the catchment area as well as the typical profile of visitor traffic to destination resorts. In the case of the RRG Resort, it is considered reasonable that the development could capture 25% of the total demand for a 4.5-star resort for people living within an hour's drive. To be clear, this market share is applied specifically to the demand for 4.5-star resort room nights and does not include competition from non-resort hotel properties. Furthermore, this market share is applied exclusively to road trip-generated demand.

Similarly, based on the level of competition and typical resort visitor travel patterns, it is estimated that the RRG Resort could capture 10% of the one to two hour drive time zone, with decreasing market share with greater distance from the resort. On average, it is estimated that the RRG Resort could reasonably capture 6% of the demand for road trip-originated 4.5-star resort room nights for people living within a five-hour drive.

Factoring in miscellaneous inflow such as international travelers and Americans living more than five hour drive (estimated at an additional 15% of demand), the total supportable rooms at the RRG Resort is approximately 180 rooms, of which just under a third of demand would be generated from people living within an hour's drive of the resort. This recommendation is for the initial phase of development and does not preclude the introduction of additional accommodation product once the RRG Resort is an established destination.

Table 4-10: Supportable Rooms Calculation

Red River Gorge
4.5 Star Destination Resort Demand Model

DTZ	4.5-Star Hotel Room Night Demand	"Drive-in" Travel	4.5-Star Hotel Room Nights Generated from "Drive-in" Travelers	"Drive-in" Room Nights Spent at 4.5-Star Resort Hotels	Total Supportable 4.5-Star Resort Rooms	RRG Resort Est. Market Share	RRG Resort Supportable Rooms
1 HR	5,557,136	39%	2,167,283	43,346	170	25%	42
2 HR	16,531,895	39%	6,447,439	128,949	505	10%	50
3 HR	18,628,729	39%	7,265,204	145,304	569	5%	28
4 HR	24,789,421	39%	9,667,874	193,357	757	3%	23
5 HR	20,388,092	39%	7,951,356	159,027	622	2%	12
Total	**85,895,272**		**33,499,156**	**669,983**	**2,622**	**6.0%**	**156**
Miscellaneous Inflow							**23**
Total Supportable Rooms							**180**

Miscellaneous Inflow	**15%**
Resort Market Share	**2.00%**
Occupancy Rate	**70%**

4.6 RESORT AMENITIES ANALYSIS

Overview

A variety of potential resort activities were researched, identified and evaluated, in order to assess their applicability for weaving across the study area to stimulate visitor activity. These activities were rated on a scale of 1 to 5, with 1 being a weak opportunity and 5 being a strong opportunity for Red River Gorge to consider. Detailed evaluation of these Resort Activities is presented in Table 4-11 and on the following pages.

Additionally, estimated ranges of forecast patronage rates were illustrated for each of these activities, providing insights on their ability to generate destination foot traffic to a new Resort Core Area, while generating additional traffic for existing tourism areas across the multi-county study area. These forecast patronage rate figures are important for estimating the potential economic impacts that may result from the recommended tourism and resort activities, as they relate to a new resort core area, as well as for the overall existing tourism area across the multi-county study area.

Complementary activities were grouped together under key themes. The rating of each key theme is an average of the weighted average scoring of each individual activity in the group. The ratings are as follows:

Gathering & Celebration — Rating: 3.52

- Multi-Purpose Venue (Weddings, Events, Conferences)
- Activity Lawn (events, festivals, celebrations, outdoor dining, etc.)
- Live Music and Theatre (indoor or outdoor)
- Meeting Space

Food & Drink — Rating: 3.37

- Destination Restaurants
- Culinary Tastings and Cooking Classes
- Distillery/Craft Brewery
- Bars & Lounges

Health & Wellness — Rating: 3.26

- Destination Spa
- Health and Wellness Activities (Yoga, Meditation, Outdoor Active)
- Fitness Center
- Recreation Center (Tennis, Aquatics, Racket Ball)

Outdoors Naturally — Rating: 3.14

- Hiking and Biking
- Paddle Sports (Canoeing, Kayaking, Paddle boarding)
- Equestrian (Stables, Riding Lessons, Horse Trails)
- Birding Tours
- Fishing Academy

Education — Rating: 3.26

- Wildlife Center and Nature Observatory/ Research Center
- Museum
- Library

Golf — Rating: 2.67

- Indoor Golf Simulators
- Golf (18 or 9-hole)
- Disc Golf

Outdoor Adventure — Rating: 2.67

- Climbing Wall (indoor or outdoor)
- Sport Shooting (Clay Course, etc.)
- Outdoor Swimming Pool/Lazy River
- Zip-Lining
- Archery/Axe Throwing
- Off-Road ATV

Family — Rating: 2.51

- Kids Camp and Children's Activities
- Family Entertainment (Arcade, Bowling, Mini Golf, etc.)

Table 4-11: Red River Gorge Destination Resort - Tourism & Resort Activity Evaluation Matrix

Amenity	Destination Appeal	New-to-Market (E Ky)	Suitability to Project Vision	Revenue Potential	Suitability to Site	Land Requirements Including Parking	Suitab Resort Core Target 65 years o inco
Weighting	5	4	5	5	3	1	5
Gathering & Celebration							
Multi-Purpose Venue (Weddings, Events, Conferences)	4.6	3.8	4.8	4.2 Can create large revenue if booked consistantly	4.4	2.4	3.6
Activity Lawn (special events, festivals, holiday parties, outdoor dining, etc.)	4.4	3.4	4.0	3.0	4.0	3.0	3.8
Live Music & Theatre (indoor or outdoor)	4.2	4.0	3.8	3.4	4.0	2.4	3.6
Meeting Space	3.2	3.6 Lack of quality meeting space in the area. High demand in EKY.	4.2	2.6	4.0	3.0	3.8
Food & Drink							
Destination Restaurants	4.0 Popular and well-reviewed restaurants and culinary experiences have the ability to draw foodies to an area.	3.4	4.8	3.6	4.8	2.8 Parking requirements	4.6
Culinary Tastings & Cooking Classes	4.2	4.0	4.2	2.8	4.2	4.2	4.0
Distillery / Craft Brewery	4.0	2.6 Many breweries and distilleries already exist in Kentucky	3.8	3.2	3.8	3.2 Parking requirements	3.8
Bars & Lounges	2.6	3.0	2.8	3.2	3.4	3.6	3.2
Health & Wellness							
Destination Spa	4.8	4.6	5.0	3.4	4.6	3.0 Many of the destination, Scandinave-style spas work with the topography around them	4.8 Typi larg land
Health & Wellness Activities (Yoga, Meditation, Outdoor Active)	4.6 Destination yoga retreats are growing in popularity	4.4	5.0	3.0	4.2	4.4	4.2
Fitness Center	2.6 Local appeal only.	2.6	3.2	1.8 Included in guest stay - but increases ADR	3.4	3.0	3.6
Recreation Center (Tennis, Aquatics, Raquetball)	2.8	3.6	2.6	1.6 Included in guest stay - but increases ADR	2.6	2.6	3.4
Outdoors Naturally							
Hiking & Biking	4.8	2.4 Little availability of good biking trails in the region	4.8	2.0	4.2	3.0 Large land requirements, but can use forested areas	4.0
Paddle Sports (Canoeing, Kayaking, Paddle boarding)	4.4	2.0 Paddle sports already present in RRG	4.0	2.6 Equipment rental	3.6 Would need to find access to river / lake which is limited	3.2	3.2
Equestrian (Stables, Riding Lessons, Horse Trails)	3.8	2.2	4.0	3.4	3.6	2.2	3.4
Birding Tours	3.2	2.2 There are a number of birding locations throughout Kentucky, as well as in the Lexington area	3.8 Would cater to eco-tourists as well as tourists that seek more passive forms of recreation	2.4	4.0	3.2 Requires trails	4.0
Fishing Academy	3.4	3.0	3.4	3.0 Charge for use of man-made lake?	2.6	3.2 Requires man-made lake	3.4

...ility to ... Hotel ... Market (45- ...ld / higher ...me)	Suitability to Resort Hotel Secondary Target Market (25-45 years old / higher income)	Capital Investment	Staffing Expertise Required	Seasonality	Daytripper Traffic Generation	Overnight Traffic Generation	Overall Amenity Growth Trend	Average Score	Weighted Score
5	4	4	2	3	3	5	4		
									3.52
	4.4	2.6 Significant capital investment depending on size and features	3.6	4.2	3.8	5.0 Most will stay overnight.	4.0	3.96	3.85
	3.6	3.8	3.8	3.2	4.6	3.2	3.6	3.67	3.46
	4.2	2.6 Indoor will require large capital investment	3.6	3.4	4.4	3.4	3.2	3.59	3.42
	3.8	3.2	3.6	4.0	3.8	3.8	3.2	3.56	3.34
									3.37
	4.8	2.4	1.4	4.2	4.2	3.8	4.6	3.81	3.69
	4.0	3.0	1.6	3.8	3.8	3.8	4.2	3.70	3.51
	4.8	2.8 Large initial capital investment, especially for equipment	2.0 Requires high level of expertise.	4.4	4.2	2.8	4.2	3.54	3.37
	3.4	3.0	2.8	4.2	2.4	2.8	3.4	3.13	2.89
									3.26
...cally require ...er amounts of ...l and parking	4.6	2.2	2.2	4.0	4.2	4.8	4.2	4.03	3.93
	4.4	2.8	2.2	3.8 Some of the activities (such as indoor yoga lend themselves better to all seasons). Outdoor activities have more of a seasonal aspect	4.2	4.0	4.6	3.99	3.80
	4.0	3.0	3.0	3.8	2.2 Likely only used by hotel guests	1.6	3.4	2.94	2.70
	3.6	2.0	3.0	3.6	2.6 Likely only used by hotel guests	2.2	2.8	2.79	2.61
									3.14
	4.2	3.2 Stakeholder state that there are many trails/ forest roads that can be used	3.8	3.4	4.4	4.0	4.2	3.74	3.55
	4.2	3.6	2.2	2.6	4.0	4.0	3.8	3.39	3.26
	3.6	2.4	2.4	3.6	3.0	2.8	3.4	3.13	3.02
	2.6	4.2 Limited capital required	3.0 Large birding community in EK	2.4	3.2	2.8	3.2 Consistent growth	3.16	2.94
	2.4	2.6	3.8	3.2	3.2	3.0	3.2	3.10	2.94

Amenity	Destination Appeal	New-to-Market (E Ky)	Suitability to Project Vision	Revenue Potential	Suitability to Site	Land Requirements Including Parking	Suitab Resort Core Target 65 years o Inco
Weighting	5	4	5	5	3	1	5
Education							
Wildlife Center & Nature Observatory / Research Center	3.6	3.4	4.0	2.2 Either free entry or small fee for entry	4.4	2.4 Depends on size of indoor portion of research center	4.2
Museum	3.8	3.2	3.4	2.8 Would appeal to higher income cultural-oriented tourists	3.0	2.8 Requires significant parking depending on size	4.0
Library	1.6	2.2	2.4	1.2	2.2	3.4	3.4
Golf							
Indoor Golf Simulators	3.2 Golf Simulator attractions such as "TopGolf" are growing in popularity	3.4 There is already a supply of golf simulators throughout Kentucky, however they appear to be smaller scale establishments that lack a destination appeal	3.2 Not as aligned with an "upscale, outdoor recreation" positioning, however it could drive foot traffic in the winter season	2.8	3.6	3.4 Destination type facilities require more land - Topgolf facilities typically require about 13 acres of land	3.8
Golf (18 or 9-hole)	3.0 Would have to transcend numerous golf courses in interceptory locations.	2.4 Competing golf courses in the Lexington area.	3.4 Upmarket but different type of outdoor enthusiast is the Core Target Market for the resort.	1.4 Golf courses are typically not directly profitable but drive hotel stays, F&B, and home sales.	1.2 Challenging topography to accommodate 18-hole course. Smaller course may be appropriate.	1.8 Very large land requirements.	4.0
Disc Golf	1.8 People do not usually travel long distances for disc golf (more of a local appeal)	3.0 There is already a supply of disc golf in Lexington	2.4 Disc Golf is not considered to be a "high end" amenity yet would cater to outdoor recreation enthusiasts	1.2 Most Disc Golf courses are free	3.2	2.2 Smaller requirements than regular golf - sub 100 acres	1.6
Outdoor Adventure							
Climbing Wall (indoor or outdoor)	3.6 Stakeholders mentioned the RRG is ranked one of the top climbing areas in the US.	2.8	3.2	2.6	3.8	3.6	2.4
Sport Shooting (Claycourse, etc.)	3.4	2.6	3.2	2.8	3.0 Need relatively flat land	3.4	2.6
Outdoor Swimming Pool / Lazy River	4.2	3.4	2.6	1.8 Included in guest stay - but increases ADR	2.4	2.8	3.2
Zip-lining	3.8	2.2 Several ziplines in region including Cliffview	2.2 There are already a number of ziplines in the area so it would not be offering something new.	3.2	4.0	3.2	2.4
Archery/Axe Throwing	2.2	2.4 Several establishments already exist in Lexington	2.4	2.8	3.6	3.2 Usually require larger warehouse type buildings.	2.6
Off-road ATV	3.4	1.8 Hollerwood in Powell County already popular	2.0 Not considered luxury or high-end	1.8	3.8	2.6 Require large parcels.	1.6
Paintball	2.8	2.0 Limited paint ball courses in the region	2.0 Not considered luxury or high-end	2.8	3.4 Hilly terrain	2.0 Requires 25 to 100 acres	1.2
Family							
Kids Camp & Childrens Activities	3.0 Family destination	3.2	2.0 Resort might just need child care facility only.	2.8 Can be additional charge for families to produce revenue	3.6	3.0	1.6
Family Entertainment Center (arcade, bowling, etc.)	3.4	3.6 No FEC in region.	1.2	3.2 Not suited to destination resort concept.	1.8	2.6	1.2

lity to Hotel Market (45- d / higher me)	Suitability to Resort Hotel Secondary Target Market (25-45 years old / higher Income)	Capital Investment	Staffing Expertise Required	Seasonality	Daytripper Traffic Generation	Overnight Traffic Generation	Overall Amenity Growth Trend	Average Score	Weighted Score
5	4	4	2	3	3	5	4		
									2.77
	3.8	2.4	2.0	3.4	3.8	3.4	3.6 Eco tourism growth	3.33	3.17
	3.0	2.0	3.2	3.6	3.6	2.6	3.2	3.16	3.01
	2.8	2.8	2.4	3.4	1.4	1.6	2.0	2.34	2.13
									2.67
ld appeal to an demographic ause it is not a sically anding as other vities	3.8	3.2	3.0 Some expertise needed to operate.	4.2	3.2	2.6	3.2	3.33	3.09
e overlap with o Target Market.	3.0 Less prevelance of golfing in younger demographics.	1.6 Golf courses are very expensive to build and operate.	2.4 Significant industry expertise needed to run a golf course.	1.8	3.8 A golf course will typically generate __ visits a year.	3.8 This would equate to __ potential room nights at the resort.	2.2 Golfing is on a general decline as Baby Boomers reach their 70s and GenX and Millenials have pursued other activities.	2.56	2.61
	3.6	3.6	4.2 Basic skills required.	3.0 Minimal development costs but unlikely to generate sufficient traffic. Seasonality issues as well.	2.8	1.4	3.0	2.64	2.32
									2.67
	3.6	3.4	2.2	3.0 Indoor climbing walls would be all-season, however outdoor rock climbing is seasonal.	3.4	2.8	3.2	3.11	2.87
	3.0	3.0	2.6	2.2	3.4	3.0	3.8	3.00	2.83
	3.2	2.4	2.6	2.6	3.2 Likely only used by hotel guests	2.8	3.2	2.89	2.78
	3.0	2.8	2.2	2.4	4.0	3.2	2.8	2.96	2.72
	3.4	3.4	2.8	3.8	3.0	2.2	4.0	2.99	2.70
	2.8	3.6 Need to create basic trails	3.8	2.6	3.8	3.0	3.0	2.83	2.51
ted players in bracket	2.6	3.0	3.6	2.4	3.4	1.8	2.4 Industry growth is showing stagnation	2.53	2.26
									2.51
s are more wn up, requires ti-generational el	3.2 Young families	3.2	3.2	3.2	3.0	2.2	2.8	2.86	2.56
	2.4	2.0	4.6	3.6	3.0	2.2	2.8	2.69	2.47

1 Gathering & Celebration
Overall Rating: 3.52

Activity	Foot Traffic/Yr./Each	Rating
Multi-Purpose Venue (weddings, events, conferences)	40,000 to 60,000	3.85
Activity Lawn (events, festivals, celebrations, etc.)	15,000 to 25,000	3.46
Live Music and Theatre (indoor or outdoor)	15,000 to 25,000	3.42
Meeting Space	20,000 to 40,000	3.34

Implications for the Study Area
Considerations include a Flexible Multi-Purpose Venue to accommodate meetings, conferences, weddings, events, performances, celebrations, involving permanent indoor space as well as flexible outdoor space to generate a diverse range of year-round visitors compelling longer stays and repeat visits.

2 Food & Drink
Overall Rating: 3.37

Activity	Foot Traffic/Yr./Each	Rating
Destination Restaurants	120,000 to 150,000	3.69
Culinary Tastings and Cooking Classes	3,000 to 5,000	3.51
Distillery / Craft Brewery	30,000 to 60,000	3.37
Meeting Space	20,000 to 40,000	3.34

Implications for the Study Area
Destination Restaurants and Distillery/Craft Brewery experiences will be a strong way to generate visitor traffic year-round while providing an amenity to attract various visitor types ranging from weddings to conferences, while also capturing outdoor enthusiasts to spend more time and money and stay overnight in the Red River Gorge area.

3 Health & Wellness
Overall Rating: 3.26

Activity	Foot Traffic/Yr./Each	Rating
Destination Spa	10,000 to 20,000	3.93
Health and Wellness Activities	30,000 to 50,000	3.80
Fitness Center	30,000 to 50,000	2.70
Recreation Center (tennis, aquatics, racket ball)	20,000 to 40,000	2.61

Implications for the Study Area

Health and Wellness activities are consistent with the outdoor recreation foundation of the Red River Gorge and would introduce additional visitor segments, as well as provide more amenities to package with weddings, conferences, events, and tours.

4 Outdoors Naturally
Overall Rating: 3.14

Activity	Foot Traffic/Yr./Each	Rating
Hiking and Biking	100,000+	3.55
Paddle Sports (canoeing, kayaking, paddle boarding)	50,000+	3.26
Equestrian (stables, riding lessons, horse trails)	30,000+	3.02
Birding Tours	20,000+	2.94
Fishing Academy	10,000+	2.94

Implications for the Study Area

Outdoor Recreation Activities are already present in Red River Gorge, so the recommended goal is to better facilitate, organize, formalize, and market these activities by enhancing and defining trail networks, establishing nodal focal points and routes for such activities and cross-marketing.

5 Education
Overall Rating: 2.77

Activity	Foot Traffic/Yr./Each	Rating
Wildlife Center and Nature Observatory/Research	15,000 to 25,000	3.17
Museum	50,000 to 100,000	3.01
Library	20,000 to 30,000	2.13

Implications for the Study Area

Although educational activities do not generate significant foot traffic patronage, they help to diversify the types of visitors of all ages, as well as to provide amenities and activities that accommodate and enhance the quality of life and job opportunities for local residents. The ecological sensitivity of the Red River Gore area generates opportunities to partner with local colleges/universities for research and education.

6 Golf
Overall Rating: 2.67

Activity	Foot Traffic/Yr./Each	Rating
Indoor Golf Simulators	20,000 to 30,000	3.09
Golf (18 or 9-holes)	20,000 to 40,000	2.61
Disc Golf	15,000 to 25,000	2.32

Implications for the Study Area

Trends in golf are shifting regarding the cultivation of new golfers and typical golf courses requiring 220+ acres of land are largely seen as unsustainable, especially as golf courses continue to be woven into mountain and rural resort areas. New concepts in golf are changing the nature of the sport by focusing on more compact Golf Academies and Driving Ranges blended with Entertainment and Food and Beverage, as done by Top Golf. These types of concepts could be integrated in later phases of a resort.

7 Outdoor Adventure
Overall Rating: 2.67

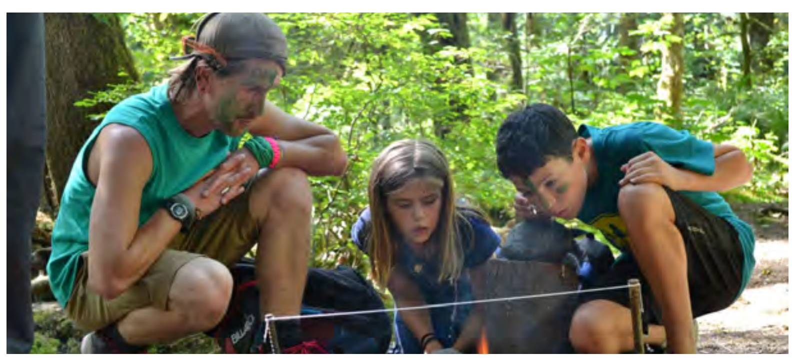
Activity	Foot Traffic/Yr./Each	Rating
Climbing Wall (outdoor or indoor)	15,000 to 25,000	2.87
Sport Shooting (clay course, etc.)	20,000 to 30,000	2.83
Outdoor Swimming Pool/Lazy River	150,000 to 200,000	2.78
Zip-Lining	120,000 to 200,000	2.72
Archery/Axe Throwing	15,000 to 25,000	2.70
Off-Road ATV	15,000 to 25,000	2.51
Paintball	10,000 to 15,000	2.26

Implications for the Study Area
There are many Outdoor Recreation Activities present in Red River Gorge, so there is opportunity to organize and market these opportunities collectively, as well as to provide a way of connecting these activities digitally and on the ground. A resort in the Red River Gorge should not attempt to directly compete with these outdoor adventure activities, but rather complement and support.

8 Family
Overall Rating: 2.51

Activity	Foot Traffic/Yr./Each	Rating
Kids Camp and Children's Activities	25,000 to 35,000	2.56
Family Entertainment (arcade, bowling, mini golf, etc.)	100,000 to 200,000	2.47

Implications for the Study Area
Although rated eight, Family Activities are crucial to attract families and provide them with many activities during the daytime and evening. Many high end resorts have demonstrated the necessity for youth activities when drawing certain segments. The integration of family entertainment as well as a kids camp into the resort will help to attract a broader demographic to the resort and Red River Gorge area.



Activities that Could Anchor the Resort Core Area

The Evaluation of the Potential Tourism and Resort Activities analysis suggests the following anchors would stimulate considerable visitor patronage. These activities could form the basis for anchoring a new Resort Core Area, create a strong amenity package for the Resort, have positive economic impacts, and generate considerable employment within the study area:

Gathering and Celebration

- Multi-Purpose Venue with activity lawn that could accommodate weddings, banquets, meetings, live performances, events, gatherings, festivals, celebrations, etc.

Food and Drink Cluster

- Collective cluster of destination restaurants, cafes, casual dining and grab and go food and beverage, craft brewery/ distillery

Health and Wellness

- Recreation Complex integrated with Multi-Purpose Venue and activity lawn with fitness center and health and wellness facilities
- Destination spa and pool(s)
- Climbing wall (outdoor/indoor)

Family

- Kid's camp and children's activities

.

Outdoor Adventure

- Outdoor recreation adventure booking center in conjunction with Multi-Purpose Venue

Activities that Could Enhance Tourism Offering Across Four-County Region

Many of the amenities and attractions from the analysis are already present in the Red River Gorge area and four-county region. This includes activities such as hiking, birding, paddle sports, ATV and off-roading, among others.

These would be considered complementary activities across the larger multi-county study area, to enhance and diversify the tourism offering, stimulating longer durations of stay, greater spending per visitor, more visitors, and more repeat visitations.

There may be opportunities for amenities and activities from the analysis that do not locate at the resort to be integrated into the four-county region.

WHAT DOES THIS MEAN FOR THE STUDY AREA?

Introducing a diverse range of amenities and activities that are absent from the local area will create a unique and authentic package when marketing the resort.

Integrating further attractions outside of the resort core and in the four-county region is essential for the study area to achieve the following objectives:

- Ensure that resort visitors are spending visitor dollars outside the resort core
- Provide existing visitors with more to do
- Attract additional new visitors
- Attract a diverse range of visitors
- Provide more opportunities for visitor spending
- Extend visitor durations of stay
- Stimulate year-round visitation
- Stimulate repeat visits
- Support and grow existing businesses
- Cultivate and incubate new businesses
- Establish additional anchors for the four-county study area

4.7 DEVELOPMENT PROGRAM & POSITIONING

Introduction

The culmination of research in Chapters 3 and 4, along with extensive stakeholder consultation, has allowed the project team to understand the opportunities for a destination resort in the four-county region that can provide a unique package of experiences that is not currently available.

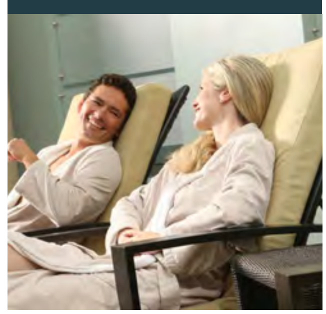
The following section outlines the results of the analysis and provides recommendations on the uses and programming for the resort core and resort area in terms of approximate size, positioning and annual patronage. The recommended mix of uses will be differentiated from existing assets yet will complement and help grow tourism and business in the larger four-county region.

Red River Gorge Resort Positioning Themes

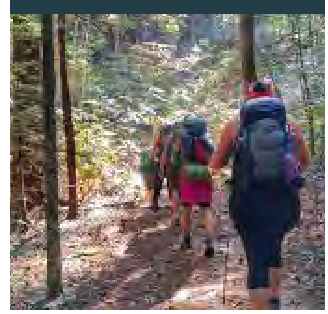
Kentucky-Focused and Kentucky-Inspired

Cultural and Ecological Sustainability and Preservation

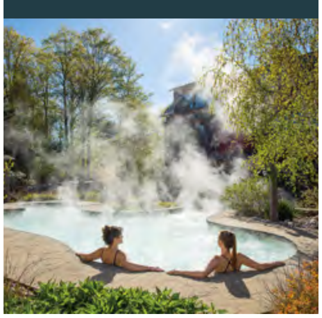
Affordable Luxury



Outdoor Adventure, Recreation and Exploration



Holistic Health and Wellbeing



Assembly of Culinary Diversity

Focal Point for Events, Gathering and Celebration

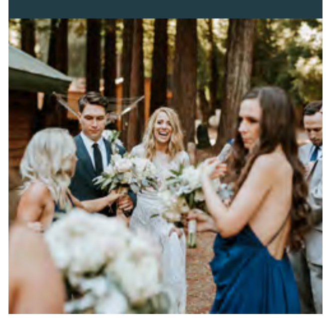


Table 4-12: RESORT CORE Programming Opportunity

USE	DESCRIPTION/ POSITIONING	APPROXIMATE SIZE	ANNUAL PATRONAGE
Resort Hotel	4.5 Star resort hotel that provides a luxurious service-driven experience at a more affordable price point. Stunning views of the natural area and built in an ecologically-friendly way. Standard rooms to 2-bedroom suites.	Number of Rooms: 180 Rooms Area (Includes Grounds and Parking): 15 acres	75,000 to 85,000 Guests
Cottages/Villas	2 bedroom to 4-bedroom cottages/villas that offer larger-spaces for families and groups. In walking distance to the resort hotel.	6 to 8 Cottages/Villas in Phase 1 Area (Includes Grounds and Parking): 3 acres	6,000 to 8,000 Guests
Destination Restaurant	Upscale chef-driven destination restaurant that serves regional Kentucky-based cuisine for a remarkable culinary experience	6,000 to 10,000 square feet	120,000 to 150,000 Patrons
Cafe	Café that serves coffee from locally roasted coffee beans and fresh baked bread and pastries baked on-site	1,000 to 2,000 square feet	100,000 to 120,000 Patrons
Casual Restaurant	Refined farm-inspired local fare in a more casual setting. Adjoining room used for cooking demonstrations and classes, bourbon tastings, wine events, etc.	2,500 to 5,000 square feet	80,000 to 100,000 Patrons
Distillery/ Craft Brewery	Operational distillery or craft brewery (or both) that sits in walking distance of the resort hotel. Offers tastings, tours, events and sales to Resort Guests, Area Visitors and Local Residents. Marketed on the Craft Bourbon Trail.	15,000 to 30,000 square feet	30,000 to 60,000 Guests
Destination Spa	Full-service spa with multiple treatment rooms, hydrotherapy, and outdoor Scandinavian baths	Indoor Treatments Rooms: 5,000 to 8,000 square feet Indoor/Outdoor Pools and Baths: 10,000 to 20,000 square feet	10,000 to 20,000 Patrons
Wellness Center	Combination of indoor pool, state-of-the-art fitness center and holistic healing rooms for group seminars on yoga, meditation, tai-chi, etc.	5,000 to 10,000 square feet	30,000 to 50,000 Patrons
Multi-Purpose Venue	Flexible Multi-Purpose Venue that could accommodate Meetings, Conferences, Weddings, Events, Performances, Celebrations, etc.	Indoor High Ceiling Space: 10,000 to 15,000 square feet directly adjacent to Event Lawn	40,000 to 60,000 Patrons
Activity Lawn	Flexible Outdoor Space that interacts with the multi-purpose venue that would generate a diverse range of year-round visitors compelling longer stays and repeat visits	Event Lawn with Stage Component set into edge of Multi-Purpose Venue, and adjacent Event Lawn paved area of 3,000 to 5,000 square feet with expansion Lawn Area of 20,000 square feet (0.5 acres)	15,000 to 25,000 Patrons
Adventure Center	Outdoor Adventure Booking Center located adjacent to the Main Resort Hotel Entry that acts as an "Adventure Concierge" for promoting and booking activities in the multi-county region.	3,000 to 5,000 square feet	15,000 to 25,000 Patrons
Kids Camp	Kids Camp (Day Care/Play Care) that allows kids time away from their families with participation in tailored outdoor adventure, exploration, arts & crafts, educational, and other fun activities. Must be booked in advance.	Indoor Space: 3,000 to 5,000 square feet Outdoor Space: 2 acres	25,000 to 35,000 Patrons/Year

Table 4-13: RESORT AREA Programming Opportunity (Beyond Resort Core)

USE	DESCRIPTION/ POSITIONING	APPROXIMATE SIZE	ANNUAL PATRON-AGE
Equestrian and Horseback Riding	Professional guides provide solo, group, or family rides to all skill levels. Stables and riding ring on-site. Trail rides are primarily within the resort area but can connect to the Red River Gorge if a larger-trail network is created in collaboration with the County.	Stables and Riding Ring: 20 acres Stables Facility: 20 to 30 permanent stalls plus itinerant pop-up stalls and trailer parking areas. Trails in addition to 20 acres stables/ring facility.	20,000 to 30,000 Patrons
Hiking and Biking Trails	Diverse amount of hiking and biking trails that connect to a larger trail network outside of the resort area and provide sweeping views of the natural landscape.	Resort Core should be the "Trailhead" for hiking and biking trails, in conjunction with "Adventure Center" in resort core. Trails would be both in resort area and beyond in park and forest lands.	100,000+ Patrons
Ecological Tours	Knowledgeable trail guides take groups and families on custom excursions to view natural bridges, rock forms, secret caves, bird watching, and wildlife viewing.	Resort Core should be the "Trailhead" for wildlife and ecological tours, in conjunction with "Adventure Center" in resort core. Trails would be both in resort area and beyond in park and forest lands.	25,000+ Patrons
Wildlife Center and Nature Observatory	A modern facility that provides educational tools, research, and preservation efforts for the Red River Gorge area including its wildlife, fauna, and natural bridges. A stop on the ecological tours, as well as open to local visitors to the Gorge. Must be located with excellent views of the Gorge.	Building: 3,000 to 5,000 square feet Natural observatory walk and exhibits: 10 acres	30,000+ Patrons

APPENDIX A
RESORT BEST PRACTICES

APPENDIX A: RESORT BEST PRACTICES

Introduction

Resort development case study profiles for several comparable resort and residential resort developments within the United States were prepared to identify benchmarks for accommodation formats and unit mixes; number of rooms and units; as well as average rates. The case studies also highlight the types of amenities that are offered at these resort developments as well as the positioning.

Resort Developments profiled include:

- Barnsley Resort - Barnsley Resort- Adairsville, GA
- Omni Grove Park Inn – Asheville, NC
- Canyon Ranch – Woodside, CA
- Twin Farms – Barnard, VT
- Paws Up – Greenough, MT
- The Swag – Waynesville, NC
- Stonewater Cove – Shell Knob, MO
- Under Canvas Great Smoky Mountains

Resort Developments with a Residential Option include:

- Montage at Palmetto Bluff – Palmetto Bluff, SC
- The Lodge at Whitefish Lake – Whitefish, MT
- Sunriver Resort – Sunriver, OR

Omni Grove Park Inn, NC

Montage at Palmetto Bluff, SC

BARNSLEY RESORT- ADAIRSVILLE, GA

Overview

Barnsley Resort is situated on a former plantation with the ruins of an 1840s Italianate manor house. It is approximately 60 miles north of Atlanta and 60 miles south of Chattanooga, Tennessee.

In 1988 Prince Hubertus Fugger of Bavaria bought the estate expanding the gardens and restoring the manor house ruins which opened in 1991. Following this, the resort was created in 1999 as an English-inspired village influenced by the works of Andrew Jackson Downing.

Site Amenities

- 2 restaurants & beer garden
- Fazio-designed 18-hole golf course & school
- Spa
- Fitness center & pool
- Meeting/event space and business center
- Shooting grounds
- Hiking trails

Rates

- $299-$700 / room
- $510 - $1,000 / cottage

145 Total Rooms

90 Cottage Rooms

55 Inn Suites

RESORT POSITIONING

"High-end plantation-style resort centered around golf, sport shooting and the spa"

RELEVANCE

"Example of a high-amenity resort in a similar location"

OMNI GROVE PARK INN – ASHEVILLE, NC

Overview

A century's old resort located in the Blue Ridge Mountains outside of Asheville. The large resort is steeped in prestige and has hosted several U.S. presidents over the years. It has expanded over the years and has a number of restaurants (10 different dining and drinking choices), shops, and a golf course as key amenities.

A large focus of the resort is on spa and wellness. The 43,000 square foot spa includes subterranean spa pools and therapeutic waterfalls. It was rated as one of the best resort spas in the United States by Conde Nast. The resort also includes a 50,000 square foot sports complex and hiking trails in the adjacent hills.

Site Amenities

- Spa
- 2 pools
- Fitness center
- Golf course
- Tennis course
- Yoga area
- Children's area
- On-site shopping
- 10 bars and restaurants
- Meeting rooms

Rates

- $314- $1,527 / Room

513
Rooms & Suites

RESORT POSITIONING

"Luxurious resort centered around spa, golf and a picturesque setting in a historic mansion in the Blue Ridge Mountains"

RELEVANCE

"Similar location and opportunity for family oriented high-end vacations"

CANYON RANCH – WOODSIDE, CA

Overview

Located just outside Silicon Valley, this location of the wellness resort chain Canyon Ranch relies on its 16-acres of redwood forest to create a serene environment isolated from city stresses. The resort has a wellness message conveyed through activities like meditation, performance coaching, and hiking trails.

Site Amenities

- Wellness experts
- Fitness training
- Forest fitness course
- Aquatic center
- Mediation labyrinth
- Hiking trails
- Spa
- Inclusive, healthy meals

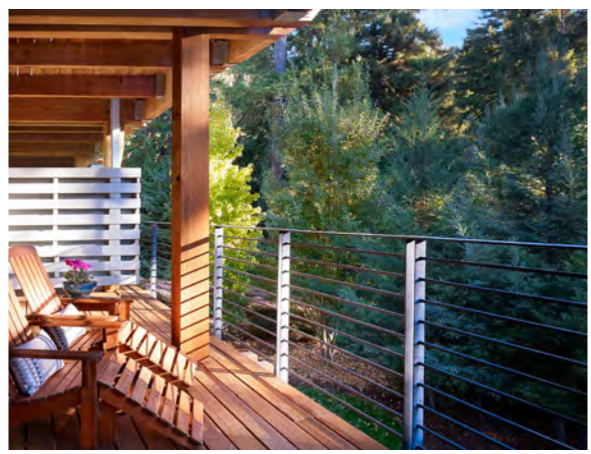
38
Rooms

Rates

- $989-$1,209 / Room

RESORT POSITIONING

"Wellness-based resort"



RELEVANCE

"Example of a wellness-retreat option"

TWIN FARMS – BARNARD, VT

Overview

Ultra-luxury resort located about 3 hours north of Boston in Barnard, Vermont. The resort is all-inclusive including wine, beer and spirits, customized food as well as access to a BMW at the guests' leisure and a helipad. The site was originally the farm of a and journalist and has been converted into a 300-acre resort including hiking trails, a Japanese Furo, a lake, and more.

6
Rooms

10
Cottages

Site Amenities

- Bee farm
- Bicycles
- BMW rental service
- Pub
- Canoes
- Croquet
- Skiing, sledding and snowshoeing
- Fitness center
- Fishing
- Japanese Furo
- Tennis
- Lakeside access
- All inclusive meals and drinks

Rates

- $2,028 / Room
- $2,628-$3,971 / Cottage

RESORT POSITIONING

"High-end luxury farm experience"

RELEVANCE

"Ability to create a unique destination in a similar setting"

PAWS UP – GREENOUGH, MT

Overview

Paws Up is a luxury resort situated on a 37,000-acre working cattle ranch in central, western Montana. The resort features over 300 resident elk on an 1800s homestead restored in the late 1990s.

The resort includes over 100 miles of trail network and features access to 10 miles of the Blackfoot River.

Accommodation at Paws Up offers the choice of a large private home or a glamping experience with a safari-style luxury tent.

28
Homes

6
Campsites

RESORT POSITIONING

"Amenity-rich high-end western-style dude ranch"

RELEVANCE

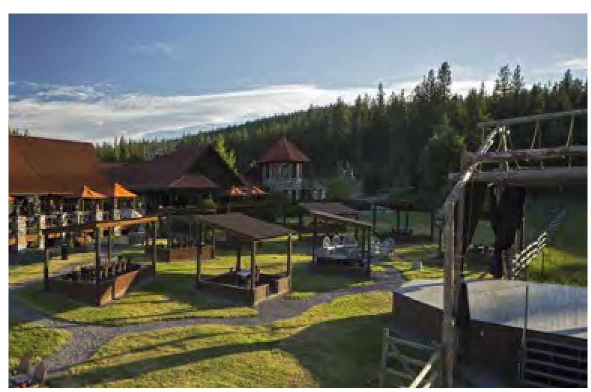
"Example of creating something unique using its alpine setting and local culture"

Site Amenities

- Archery
- Horses
- ATVs
- Shooting sports
- Canoes
- Painting
- Tubes and ice skates
- Cattle
- Entertainment stage area
- Dogsleds
- Skis/snowboards
- Mountain and fat tire bikes
- Fitness center
- Fishing
- Geocaching equipment
- Go-Karts
- Fitness trail
- Horse carriages
- Hot air balloons
- Kids play area
- Hiking trails
- Cameras
- Paintball
- Rappelling equipment
- Snowmobiles
- Snowshoes
- Tennis
- Adventure park
- Painting equipment

Rates

- $1,540-$3,618 / Home
- $1,911-$3,039 / Tent



THE SWAG – WAYNESVILLE, NC

Overview

Originally operating as a potato farm, the inn was founded in 1982 by an Episcopal clergyman after serving as their family home for 10 years. Located about 40 minutes north of Asheville, NC the 250-acre, 14-room mountaintop resort borders the Great Smoky Mountains National Park.

11
Suites

3
Cabins

Site Amenities

- Naturalists and authors to lead hiking trips
- Personalized hiking sticks
- Library
- Puzzles
- Sauna
- Croquet, horseshoes, corn hole, and badminton
- Racquetball and wallyball court
- All-inclusive dining

Rates

- \$575-\$950 / Suite
- \$875-\$950 / Cabin

RESORT POSITIONING

"Mid-high-end resort focused on its setting in the Smoky Mountains"

RELEVANCE

"Example of a nearby resort that uses its natural setting as an amenity"

STONEWATER COVE – SHELL KNOB, MO

Overview

This resort is situated on 500 acres within the Mark Twain National Forest in the Ozark Mountains. The Bond family first bought the site in 1993, and constructed the resort in 2004, after years of research and hand-preparing the site for development. The resort is still family owned and operated.

25
Suites

10-40 Person
Conference Capacity

Site Amenities

- Canoes/kayaking
- Fishing
- Hiking trails
- Pool
- Miniature golf
- Bocce court
- Media room
- Atvs
- Spa
- Dining included
- Bar
- Ranger-led activities
- Tubing, skis, wakeboarding, knee boarding

Rates

- $325-$600 / Suite

RESORT POSITIONING

"Mid-level resort within a national forest in the Ozark Mountains"

RELEVANCE

"Example of a mid-level resort also located within a state or national park"

UNDER CANVAS GREAT SMOKY MOUNTAINS – PIGEON FORGE, TN

Overview

Originally operating as a potato farm, the inn was founded in 1982 by an Episcopal clergyman after serving as their family home for 10 years. Located about 40 minutes north of Ashville, NC the 250-acre, 14-room mountaintop resort borders the Great Smoky Mountains National Park.

Site Amenities

- Firepit
- Battery packs
- On-site dining
- Camp activities
- Picnic area and grills

Rates

- $159-$259 / Tent

RESORT POSITIONING

"Unique and niche resort made up of canvas tents"

RELEVANCE

"Unique example of a way to build a resort in a national park and similar trade area"

MONTAGE AT PALMETTO BLUFF – PALMETTO BLUFF, SC

Overview

Originally built as a hunting lodge for a wealthy New York financier in the early 20th century, after a 1926 fire the site would remain as empty land until developed as a resort and master planned community.

The site is located only 23 miles from Savannah, GA with a vision of nature and conservation, its local low-country culture, outdoor pursuits, as well as community and connection.

10
Homes

5
Cottages

28
Private Resort Homesites

Site Amenities

- Equestrian club
- Shooting club
- Golf
- Bowling alley and games area
- Boats
- Treehouse
- Children's area
- Cadillac partnership
- Lawn and racquet club

Rates

- $625 / Room

RESORT POSITIONING

"High-end plantation-style resort positioned around the site's lowland setting, recreation such as horses, golf and shooting as well as local culture"

RELEVANCE

"Ability to intertwine local Southern culture into a high-end resort and complimenting activities provided by the resort's unique setting"

THE LODGE AT WHITEFISH LAKE – WHITEFISH, MT

Overview

Located along Whitefish Lake, the resort consists not just of a lodge but also homes and condominiums. Located just 30 minutes from Glacier National Park, the resort, and its surroundings are immersed in nature providing guests plenty of outdoor activities options. The resort also contains privately owned condominium properties.

117
Rooms

17
Cottage and Cabins

Site Amenities

- Fishing
- Boat tours
- Bus tours
- Paddle boards
- Float planes
- Mountain bikes
- Fat tire bikes
- Dog-sledding
- Sunset cruise boat
- Canoes/kayaks
- Jet skis and pleasure boats

Rates

- $115-$650 / Room
- $279-$849 / Condo

RESORT POSITIONING

"High-end lakefront resort"

RELEVANCE

"Ability to create a resort in an alpine setting that does not rely solely on skiing or winter sports"

SUNRIVER RESORT – SUNRIVER, OR

Overview

Set in Eastern Oregon not far from the base of Mount Bachelor, Sunriver Resort provides a year-round amenity-rich experience. The resort, being part of a larger master planned community, not only has a lodge as well as over 300 vacation homes and condominiums but over 4,000 privately owned homes.

211
Rooms

300+
Homes/ Condominiums

4,206
Private homes

Site Amenities

- Indoor/outdoor tennis courts
- Two swimming pools
- Horse and bike trails
- Rafting
- Private marina
- Canoes and kayaks
- Golf courses
- Spa
- Resort-wide transportation
- Indoor golf
- Nature observatory
- Tennis course
- Horse stables
- Horse sleighs
- Black-light mini golf
- Meeting spaces
- 9 bars and restaurants

Rates

- $189-$225 / Room
- $300k-$1 million+ / Private Homes

RESORT POSITIONING

"Outdoors and golf-centric resort with residential options"

RELEVANCE

"Successful example of creating a residential resort community"