MARKET FEASIBILITY STUDY FOR THE PHOENIX CONVENTION CENTER AND SURROUNDING HOSPITALITY ASSETS

WORKFORCE AND ECONOMIC DEVELOPMENT SUBCOMMITTEE

January 22, 2020
1. How the PCC Compares
2. PCC Utilization History
3. The View From the Meeting Planner
4. Near Term & Long Term PCC/Hospitality Industry Guidelines
Hotel Inventory and Impacts on Market Capture

Hotel Rooms Within One-Half Mile of Convention Center

<table>
<thead>
<tr>
<th>City</th>
<th>Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta, GA</td>
<td>10,098</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>9,749</td>
</tr>
<tr>
<td>New Orleans, LA</td>
<td>8,601</td>
</tr>
<tr>
<td>Austin, TX</td>
<td>8,580</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>8,263</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>8,180</td>
</tr>
<tr>
<td>Anaheim, CA</td>
<td>7,508</td>
</tr>
<tr>
<td>San Antonio, TX</td>
<td>6,593</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>5,665</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>5,051</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>3,838</td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>3,390</td>
</tr>
<tr>
<td>Portland, OR (1)</td>
<td>1,761</td>
</tr>
</tbody>
</table>

Average = 7,000
Median = 7,800

1 – Figure includes incoming headquarter hotel property that is either planned or under construction. Source: facility management, 2019.
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Hotel Inventory and Impacts on Market Capture

Note: 60% committability rate assumed for each market's ½-mile hotel inventory.
Source: DMO’s, 2019.
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Competitive/Comparable: Contiguous & Total Exhibit Space

- **Average Contiguous = 536,800**  
  - Median Contiguous = 525,700
- **Average Total = 820,400**  
  - Median Total = 679,000

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1 – Currently planning convention center/hotel expansion.
2 – Figure includes space that is planned, under construction, or recently constructed.
3 – Planning/constructing a new headquarter hotel property.

Source: facility management, 2019.

- **Phoenix, AZ**
  - Contiguous: 584,500
  - Additional Space: 502,500
  - Total: 1,087,000

- **Phoenix Convention Center**
  - Contiguous: 584,500
  - Additional Space: 502,500
  - Total: 1,087,000
  - * - Denotes Phoenix Convention Center totals without the inclusion of square footage in the South Building.
PCC Space Utilization History

North & West Building Exhibit Space Occupancy
2014-2019 Monthly Average Data

Notes: Data for 2019 include event bookings as of August 2019.
Sources: PCC; CSL International, 2019

MARKET FEASIBILITY STUDY FOR THE PHOENIX CONVENTION CENTER
## Destination Amenities Benchmarking

### # of Dining Places within ½ Mile

- **Seattle, WA**: 404
- **San Diego, CA**: 240
- **Denver, CO**: 190
- **Austin, TX**: 187
- **San Antonio, TX**: 155
- **New Orleans, LA**: 126
- **Phoenix, AZ**: 125
- **Atlanta, GA**: 123
- **Salt Lake City, UT**: 109
- **Houston, TX**: 81
- **Dallas, TX**: 66
- **Portland, OR**: 37

**Average = 146**

**Median = 125**

### # of Positive TripAdvisor Attraction Reviews within ½ Mile

- **Atlanta, GA**: 34,049
- **New Orleans, LA**: 33,906
- **San Antonio, TX**: 23,750
- **Seattle, WA**: 22,283
- **Dallas, TX**: 15,513
- **Salt Lake City, UT**: 8,656
- **Austin, TX**: 6,586
- **Phoenix, AZ**: 4,977
- **Denver, CO**: 4,959
- **San Diego, CA**: 4,038
- **Houston, TX**: 3,542
- **Portland, OR**: 861

**Average = 13,200**

**Median = 7,600**

The View From the Meeting Planner

Source: CSL National Event Planner Interviews.

MARKET FEASIBILITY STUDY FOR THE PHOENIX CONVENTION CENTER
The View From the Meeting Planner: Contiguous Space

- Contiguous exhibit space required: 59.1%
- Contiguous exhibit space strongly preferred: 16.1%
- Contiguous exhibit space preferred: 9.7%
- Willing to use two-hall exhibit space solution: 9.7%
- Willing to use multi-floor exhibit space solution: 5.4%

The View From the Meeting Planner:
Share of market captured at various space/room levels

<table>
<thead>
<tr>
<th>Market Capture</th>
<th>Committable Rooms</th>
<th>Exhibit Space (sf)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>2,000</td>
<td>150,000</td>
</tr>
<tr>
<td>63%</td>
<td>2,300</td>
<td>180,000</td>
</tr>
<tr>
<td>70%</td>
<td>2,500</td>
<td>200,000</td>
</tr>
<tr>
<td>80%</td>
<td>3,000</td>
<td>280,000</td>
</tr>
<tr>
<td>92%</td>
<td>5,500</td>
<td>312,500</td>
</tr>
</tbody>
</table>

NEAR TERM PRIORITIES
OVER THE NEXT FIVE YEARS

At least one convention quality hotel property that:

• Offers 800 to 1,200 rooms.
• Attached to or adjacent to the PCC.
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NEAR TERM PRIORITIES  PCC ENHANCEMENTS - OVER THE NEXT FIVE YEARS

OUTDOOR SPACE

RE-INVENTION OF THE CONCOURSE

TECHNOLOGY TRENDS – AR/VR
NEAR TERM PRIORITIES DISTRICT DEVELOPMENT - OVER THE NEXT FIVE YEARS

San Diego – Gaslamp Quarter
NEAR TERM PRIORITIES  DISTRICT DEVELOPMENT - OVER THE NEXT FIVE YEARS

Austin – 6th Street
Expansion would result in:

- Lower level hall at 312,500 sf;
- Upper level hall at between 300,000 and 340,000 sf.

Both halls could accommodate over 90 percent of the national market.
Convention & Hospitality Industry Real Estate Conditions

San Diego

Seattle

Austin

Boston

Denver
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