

What Convention Centers Add to Cities Memphis Miami Las Vegas

Before a shovel goes in the ground, there is much analysis that goes into a convention center project

by Andrea Doyle | June 05, 2018



(Pictured) A rendering of the whopping \$1.4 billion expansion underway at the Las Vegas Convention Center

The numbers are staggering. A \$1.5 billion expansion of Manhattan's Jacob K. Javits Convention Center is underway. Not a destination to reverse the status quo, the Las Vegas Convention Center is being expanded to the tune of \$1.4 billion. The Moscone Center in San Francisco is getting a \$500 million upgrade, and in Florida, an estimated \$500 million expansion to the Orange County Convention Center is in the works, while the Miami Beach Convention Center is in the midst of a \$620 million renovation. These are just a few of the many convention centers upgrading their offerings. Hotel room taxes are the primary source of funding for these projects, so in the end meetings groups and tourists are footing the bill.

The decision to start anew or work with what already exists is not an easy one. Consultants are paid to conduct in-depth studies to help communities decide whether or when to renovate or expand, and at what cost.

For this report, we've taken a look at several high-profile projects and spoken with consultants, real-estate developers, city managers, CVB heads,

and meeting planners to find out what their decision-making process is when it comes to major infrastructure improvements. Here's what we found out.

What Drives Construction?

There are many factors that must be considered before putting a shovel in the ground. **Rob Hunden**, president of **Hunden Strategic Partners**, a real-estate development advisory practice that focuses on managing the feasibility and implementation of major real estate projects, offered a few:



Rob Hunden urges cities to consider several factors when expanding a convention district

[1] Is the center essentially full and turning away impactful business? While not all turn-away business means an expansion is needed, the community must ascertain if there are groups that would like to meet there but can't due to space constraints or dates not being available. If there is a significant amount of unmet demand, then an expansion might be supportable.

[2] Is the destination attractive to meeting attendees? If so, then meeting planners will be successful due to higher attendance. If not, then meeting planners will not return. Sometimes facilities are nearly full, but the destination is not able to attract the next level of business. In this case, the destination must be improved before it makes sense to invest in an expansion. A better hotel package, authentic and plentiful restaurants, and a walkable downtown are often what are missing. This is what Hunden found in Fort Wayne, IN. Without more reasons to come and spend time downtown, the convention-expansion opportunity was limited. Instead, the firm recommended the city invest in entertainment, nightlife, restaurants, and boutique hotels. While the city shot

down an opportunity to develop a downtown arena that would have helped bring year-round activity, the city moved forward with boutique hotels and a mixed-use tower.

[3] Is there the hotel package available to support the expansion? "You can't just build the box without the hotels to support it," says Hunden. "Typically, most convention centers are already short on walkable convention blocks of hotel rooms, so expansion of the center will exacerbate the hotel issue and not result in the larger impact expected. The hotel package, especially large hotels, must expand in concert with the convention center."

[4] If you upgrade your facility and hotel package, will existing and future business be able to afford the increased hotel and other rates? Sometimes it is not wise to expand if the destination is not improving the spending power of the groups it attracts. Luring more price-conscious business looking for deals is often not a reason to expand.

[5] Does the marketplace want it? Talk to meeting planners. Ask what types of space they need more of and the functionality their groups demand. "Depending on the group, some will want a massive ballroom and dozens of breakout rooms, while others will need more contiguous, column-free exhibit space. Only by talking to current and potential users will destinations understand not only if they need to expand, but how," says Hunden.

[6] Is the economy, or certain parts of the economy, growing in the region? "This is a bellwether tied to convention growth. Conventions by their very nature are industry-oriented events," notes Hunden. For instance, Texas has become strong in wind power, fracking, solar, and all types of alternative energy, and as a result, is appealing to many related conventions. Nashville is a health-care and hospital hub and draws medical-related conventions and association groups. Silicon Valley and San Francisco entice tech groups. Hunden points out conventions relate closely to industries and tend to look for venues where those industry clusters are, says Hunden.

Space Race

There are three types of space in today's convention centers: exhibit halls, ballrooms, and meeting rooms. A current trend is a desire for more ballrooms and

meeting rooms than in the past. Today, exhibit space is often the last to be expanded or an offering less important than others.

"Ballrooms, if designed properly and divisible, can essentially serve any role, from trade show floor or concert hall to major dinner function or a series of smaller meeting rooms," says Hunden. "There has been a competition to have the biggest and best ballroom for the past 10 years," he adds, noting that one reason for this is such spaces are flexible, divisible, and generate revenue with major catering events.

"Another desire these days that coincides with the needs of the Millennial generation is to have more authentic and unique types of space to meet and work in," Hunden says. But they must be multipurpose, "so at the end of the day, centers are generally going back to the same types of spaces, but are dressing them up and making them authentic to their community. Visitors appreciate unique and localized experiences, but still need functional spaces."

The pre-function area between the front doors and the ballroom is an ideal place for attendees to gather. The furnishings in this area should consist of small groupings for socializing and working, finds Hunden. "Many centers have massive pre-function areas with nowhere to sit, meet with colleagues, work, socialize, or charge devices. Today's attendees want and need these areas to conduct their business."

There are instances where a first-class convention center has helped a destination improve tourism as a whole. Nashville is a perfect example, says Hunden. "It is a better destination than it was five years ago because of the Music City Center. The development of the center led to Nashville's growth downtown, where now more than 1 million group room nights occur each year. It helped expand tourism, making it a cooler place to go. Not long ago, the only place most conventions occurred was at the massive Opryland hotel in the suburbs. Times have changed, and it shows the power of great design, walkability, and a well-conceived facility."

Similar to Nashville, the Phoenix Convention Center re-energized downtown and is a popular gathering place for locals as well as out-of-town guests. It also captures the sense of place in a design inspired by the light of the desert, water, colors, and forms of the Southwest.

There have been times Hunden has recommended that clients expand convention centers, and others when he has advised against it. After studying Saint Charles, MO, a suburb of St. Louis, he realized the convention center was "busting at the seams," and he recommended doubling its size, along with building a second convention hotel. Today, it is a bustling convention hub.

On the other hand, after conducting a feasibility study for Elizabethtown, KY, Hunden's recommendation was not to build a center as there was not a deep enough pool of demand to consistently fill it. Instead, he advised the city to start with a conference center hotel. Similarly, in Greenville, SC, despite the popularity and attractiveness of a well-curated downtown, there simply was not enough space to develop an appropriately sized convention center and hotel package. Downtown was so popular, all the available proximate sites were taken.

The Quest to Stay No. 1

With a city like Las Vegas, which has been ranked No. 1 in hosting trade shows by Trade Show News Network for 24 consecutive years, it is important to have a convention facility that is fully up-to-date. Ergo, a state-of-the-art expansion is underway at the nearly 60-year-old Las Vegas Convention Center. "Southern Nevada's economy is driven by tourism, and this expansion will propel our convention center forward to enable us to maintain our status as the No. 1 trade-show destination in North America," says Rossi Ralenkotter, LVCVA chief executive officer, at a meeting where design drawings of the new center were unveiled.

An \$860 million expansion, phase two of the project, will add 1.4 million square feet to the current facility, including at least 600,000 square feet of exhibit space.

(Phase one consisted of the LVCVA acquiring the 26-acre Riviera Hotel & Casino site for \$182.5 million and tearing it down to make way for a new center with direct access to the Strip.) The expansion is slated for completion in time to welcome the Consumer Electronics Show (CES) in 2021. Phase three will be the complete renovation of the existing 3.2 million-square-foot facility, with a projected completion date of 2023. The phased approach will ensure that no business will be displaced during the construction and renovation.

One of the reasons for the expansion is pent-up demand, says Terry Jicinsky, LVCVA's senior vice president of operations. The Consumer Technology Association (CTA), the force behind CES, has had to cap its attendance at 176,000 due to space constraints. "If we had more space, they could allow more attendees and exhibitors to attend," notes Jicinsky. A convention center is an economic driver that fills hotel rooms, and Las Vegas has 150,000 rooms to fill.

Conventions, Sports & Leisure International (CSL), a leading advisory and planning firm specializing in providing consulting services to the convention, sport, entertainment, and visitor industries, created a 10-year master plan analyzing the convention center's existing campus in context of the rest of the city. Keeping in mind that 70 percent is the maximum practical occupancy for a convention center, and that in Las Vegas it ranged from 65 to 75 percent, added to the evidence of the need for an upgrade, says Jicinsky.

"The trade-show industry is much different than it was in 1959, when the center was built with a large exhibit hall and very little support space. Today's clients use the building very differently as they focus on not only the trade show they are attending but daily office tasks as well. They want social spaces, gatherings spaces, Wi-Fi hot spots, and areas for solitude," says Jicinsky. "At present, the lobby is long and linear with little seating and not conducive for these things."

The center's ingress and egress will be improved. "When our building was built there was no thought of Uber or Lyft, so there are no drop-off spots or staging areas," Jicinsky says. This will change with the upgraded center. Not only will there be such areas, but there will be consideration of facilities to accommodate autonomous cars.

The project is being funded by a 0.5 percentage point increase in room tax. An additional .88 percentage point room tax is being used for a domed football stadium that will be the home of the NFL's Raiders.

Making Space for Meetings

Just as the Las Vegas Convention Center is adding more meeting space in its expansion, so is the Orange County Convention Center, in Orlando. The OCCC, at present offering 2.1 million square feet of exhibit space, is connected to area hotels with five pedestrian bridges and is within walking distance of hundreds of nearby guest rooms, restaurants, and other attractions. Now, work is underway on an expansion of OCCC's North and South concourses by adding more meeting space.

"The North/South building was built in 2003 as a great trade show facility with 40-foot-high ceilings, and across the board it is very consistent. A lot of our business is not pure trade show, and these groups need more meeting and ballroom space," explains Fred Shea, senior vice president of convention sales and services for Visit Orlando.

Year-long conversations have been held with clients and a consultant, Populous, Inc. The proposed addition is an enclosed connection between the North and South concourses that includes additional meeting and ballroom space and would create a new grand entry to the North/South Building along Convention Way. A new multipurpose room will add 200,000 square feet of flexible, divisible, column-free space with a combination of retractable and floor seating to accommodate between 18,000 and 20,000 attendees.

"Expanding the building will let us retain the shows that have been reaching capacity and attract new business as well," says Shea.

Orlando isn't the only Florida destination working on its convention center. "As amazing as Miami is, our convention center was wanting," says Rolando Aedo, COO, Greater Miami Convention & Visitors Bureau. "It didn't have the modern amenities meeting planners need and didn't reflect the energy of this amazing destination."



In September, construction is set to wrap up the reimagined Miami Beach Convention Center, resulting in a modern, 1.4 million-square-foot event complex

That is about to change, and fast. In September, construction is set to be completed on the reimagined Miami Beach Convention Center, resulting in a modern, 1.4 million-square-foot event complex, featuring a six-acre park directly in front of the center, where a parking lot once stood, to follow in 2019.

The road to the new center has not been smooth, but it was necessary. "We were losing the business segment we wanted to go after because of a combination of the age of the center and our lack of size," says Aedo. "Plus, if you're not moving forward, you are going backward because of the investments our competitors were making." Initially, a \$1 billion, 52-acre development was planned that included not just the center but mixed-used development as well. That plan was scrapped for a focus on just the center, and a new state-of-the-art, 60,000-square-foot ballroom, meeting spaces, and kitchen are being constructed.



Miami Beach City Manager
Jimmy Morales

An added challenge during the project was that the convention center remained open throughout the renovation. "Hosting shows during the construction added cost and time," explains Miami Beach City Manager Jimmy Morales. That didn't matter when you host a show as influential as Art Basel every year. Out went the labor force and equipment for 25 days in December and in went about 82,000 people who toured 270 galleries that had been set up in the center.

Consultants were hired leading up to construction, and all agreed that the center was losing convention business and instead becoming a venue for consumer shows.

Health, medical, financial, legal, tech, pharmaceutical, and insurance are the high-value vertical markets that the city will now go after with the updated center. "We feel that is our sweet spot as those markets are not as sensitive to the price of room blocks, as we can be pricey when it comes to room rates," says Aedo.

A Convention Center Needs a Hotel

Not only are studies undertaken to determine what course of action to take regarding convention centers, but hotels as well. That is exactly what happened before building the Marriott Marquis Washington, D.C., which opened adjacent to the Walter E. Washington Convention Center in 2014. "There was significant analysis undertaken about a convention center hotel as we invested \$200 million into that development knowing it would yield a significant economic impact and bring more conventions to the city," says Greg O'Dell, president and CEO of EventsDC, the official convention and sports authority for the District of Columbia. That investment is paying off. Previously, the city attracted between 13 and 15 citywide events a year; today, that number is between 18 and 20.

"We don't want to rest on our laurels, and although our convention center is 15 years old, we want to make sure it has the look and feel of not getting dated and is



Events DC has leased 100 percent of the retail space around the Walter E. Washington Convention Center

ready for the future," says O'Dell. With this in mind, the grand lobby is being refreshed to become more flexible, as well as user- and tech-friendly. This experience is extending outside the building with new restaurants, retail, and kiosks. A 4,000-square-foot rooftop terrace also is in the works.

Today's event industry is a competitive one, and convention centers must not only have adequate space but the latest in design, technology, breakout space, and even neighborhood allure. That's exactly what D.C.'s center has. "Our center is built in the footprint of an urban environment," explains Elliott Ferguson, president and CEO of Destination DC, the official tourism organization for Washington, D.C. "It has helped us redefine what's in the surrounding community, which as a whole is good for us, good for our visitors, and good for convention-goers."

Averaging over 1 million attendees each year since it opened 15 years ago, DC's convention center has eclipsed \$5 billion of economic impact for the city.

Start Fresh or Renovate?

Feasibility studies, along with the input of a meeting-planner advisory group, helped the Memphis Convention and Visitors Bureau conclude that a \$175 million renovation and total transformation of the Memphis Cook Convention Center was the best course of action, rather than a more expensive new build from the ground up.

Reality in today's world is that if you don't evolve, you will get overlooked, and that is what happened to the Memphis center. When it opened along the city's riverfront in 1974, it was the 18th largest in the country, explains Kevin Kane, president and CEO of the Memphis Convention and Visitors Bureau. Today, it is not even in the top 125 in size -- but changes are afoot.



The Memphis Cook Convention Center is steps away from Bass Pro Shops at the Pyramid, an attraction not to miss

Although the project will expand the center only slightly, Kane says it will add the amenities meeting professionals require. The footprint of the building will be expanded with outdoor terraces and glass-enclosed concourses as well as pre-function and meetings spaces that embrace the building's location along the Mississippi River.

"We could have spent upward of \$500 million to build a new center, but our studies showed that the existing building is in the perfect location and has great bones and spaces that can be reimagined for a third of that cost," says Kane.

An additional 1.8 percent hotel/motel tax as well as money from the Downtown Tourism Development Zone are being used to fund the work. The architectural team working on the Memphis Cook Convention Center consists of tvsdesign and LRK Architects, based in Memphis. tvsdesign has worked on convention centers worldwide including the Cobo Center in Detroit, the Music City Center in Nashville, the McCormick Place West expansion in Chicago, and the New China International Exhibition Center in Beijing.



The Memphis Cook Convention Center's location is ideal, right on the city's trolley transit line and steps away from The Pyramid, a focal point of the Memphis skyline. At 321 feet tall, it is the third-largest pyramid in the world and once was home to the NBA's Memphis Grizzlies. When the team moved to the new FedExForum, the Pyramid was left empty until 2015, when Bass Pro Shops opened their doors to an attraction like no other. The Pyramid now also contains Big Cypress Lodge, a wilderness-themed 103-room luxury hotel and event center.

The Memphis Cook Convention Center is steps away from Bass Pro Shops at the Pyramid, an attraction not to miss

"Leisure amenities, restaurants, shops, watering holes are necessary to keep delegates happy," says Kane. "Plus, you need the walkability factor. I feel very strongly that we will have the whole package with our world-class live music and culinary scene."

On the other side of the convention center is the [St. Jude Children's Research Hospital](#), which is about to undergo one of the largest capital projects in Memphis history. A \$412 million research center is being built, featuring futuristic, glass-walled laboratories set in open-space areas.

In light of these developments, the City of Memphis, [Townhouse Management Company](#), and [Loews Hotels](#) are in the process of turning downtown's tallest building into a 550-room Loews Hotel. This new convention center hotel will join the 600-room [Sheraton](#) that is presently connected to the center by skywalk. "When all of these projects are complete we do not anticipate becoming a first-tier convention city," says Kane. "We plan to go from being a third-tier convention city to a second-tier, which is a good thing."

Not only are these projects aimed at national meeting and convention business, but at local businesses as well as Fortune 500 companies; FedEx, International Paper, AutoZone, and ServiceMaster are all headquartered in Memphis.

A completion date for convention center renovation is set for 2020, with the new hotel opening its doors in early 2021, says Kane.

Meeting planner Lani Glancy, whose title today at auto-parts retailer AutoZone Inc. is director of diversity and talent development, helped create a meeting planner advisory board to offer suggestions for the transformation. "The hallmark of how this project started was with businesses saying we need better, we need more, or we can't stay," she says. "This transformation is necessary to compete with other cities nearby like Louisville and St. Louis -- not to mention Nashville and even Birmingham."

Glancy plans AutoZone's annual national sales meeting in Memphis, which includes 1,700 attendees and up to 3,000 for its general session. "We need to give these visitors and guests the best Memphis experience possible, and the modernized convention center will help us do that," Glancy adds.

It All Started With Bourbon

Ten years ago, Louisville, KY's tourism industry was in a bit of a rut. An authentic differentiating point was what the destination needed. So Louisville launched a marketing campaign built around bourbon tourism and created the [Urban Bourbon Trail](#), which includes 39 bars and restaurants and six distilleries open for public tours in downtown Louisville, with most in walking distance of the convention center.

Other investment soon followed. Hotels began to make major renovations, and new hotel product was developed, like the 600-room [Omni](#) resort hotel, which opened in March adjacent to the convention center. In total, 1,500 new hotel rooms have opened in the past 24 months with an additional 1,500 in various stages of construction.

This momentum resulted in the state legislature agreeing to a \$207 million renovation and expansion of the [Kentucky International Convention Center](#). The project encompassed the complete demolition and total rebuilding of the western half of the center, closing it for two years. The newly renovated center opens this August with a number of bourbon references finding their way throughout the new venue.



The Gateway Center at College Park will host the Atlanta Hawks development team and open in fall 2019

A project of another sort is underway in Atlanta. A new arena, the Gateway Center at College Park, which will host the Atlanta Hawks development team, is being built adjacent to the Georgia International Convention Center (GICC), with a completion date set for early fall of 2019. It is said that the new arena, with its 5,000 seats for basketball and sporting events and 3,500 seats for concerts, will help attract more business to the convention center. The 400,000-square-foot GICC is the first such center in the U.S. that connects directly to its airport -- Atlanta's Hartsfield-Jackson International -- via the free ATL SkyTrain, a two-minute ride to and from.

"The new arena augments the convention center, and there is now additional group business we can go after that we may not have been able to accommodate before," says Cookie Smoak, president of ATL Airport District. The arena will contain 100,000 square feet of space.

Sometimes, just a sprucing up is in order. Emerald Coast Convention Center in Fort Walton Beach, FL, recently purchased new chairs, had new carpeting installed throughout, and painted all of its meeting rooms. "In the coming year, we will completely repaint the outside of the building and add new outdoor digital lighting on the building," says Tisha Maraj, CMP, convention sales manager, Emerald Coast Convention Center. "We hope for some bigger remodeling news in the future."

Questions or comments? Email adoyle@ntmllc.com

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100 Lighting Way, Secaucus, NJ 07094-3626 USA | Telephone: (201) 902-2000