AUSTIN

CONVENTION CENTER

LONG-RANGE MASTER PLAN

MAY 2015

Volume II: Economic Analysis

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JOHNSON CONSULTING

SECTION I

TRANSMITTAL LETTER

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June 8, 2015

Mr. Alan Colyer
Principal
M. Arthur Gensler, Jr. and Associates, Inc.
212 Lavaca Street
#390
Austin, Texas 78701

RE: Economic Analyses in support of a Long-Range Master Plan for the Austin Convention Center Department

Dear Mr. Colyer:

C.H. Johnson Consulting, Inc. is pleased to submit this report to Gensler regarding economic analyses in support of a Long-Range Master Plan for the Austin Convention Center Department, which identifies, formulates, and recommends a series of actions that address the future development and success of the existing Austin Convention Center. Pursuant to our engagement, this report summarizes findings of our analyses completed throughout the process of developing the Master Plan with you and the rest of the Consulting Team.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continued service.

Sincerely yours,

C.H. Johnson Consulting, Inc.

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JOHNSON CONSULTING

SECTION II

INTRODUCTION AND EXECUTIVE SUMMARY

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INTRODUCTION AND EXECUTIVE SUMMARY

C.H. Johnson Consulting, Inc. (Johnson Consulting) has been retained by M. Arthur Gensler, Jr. and Associates, Inc. (Gensler) as part of the team developing a Long-Range Master Plan for the Austin Convention Center Department, which identifies, formulates, and recommends a series of actions that address the future development and success of the existing Austin Convention Center. Specifically, we provided the market, financial, economic, and fiscal analysis to the Consulting Team throughout the process of completing the Master Plan, addressing various aspects, including an analysis of the market, supply and demand within market, current facility, its competition, recommendations for future utilization, financial analysis of current and projected revenue, expenses, as well as implementation strategy.

METHODOLOGY

In order to complete its assignment, Johnson Consulting performed the following tasks:

- Participated in Visioning Sessions in Austin with the stakeholders and invited participants to establish the vision for the Master Plan, and subsequently in planning and design workshops in Austin to establish the needs, sizes, proximate locations, and phasing for the Master Plan.

- Examined existing operations at the Austin Convention Center, including the facilities, utilization, lost businesses, and financial performance.

- Performed analyses and detailed assessments of Austin and a set of cities that Austin is posed to compete against: San Antonio, San Diego, Nashville, and Denver; and of the Austin Convention Center and primary convention facilities in those competing markets.

- Conducted interviews and on-line surveys with current, past and potential facility users to gauge their perception of the current Austin Convention Center offerings, its standing among peer facilities, destination appeal, and future space for an expanded facility.

- Projected facility demand, utilization, attendance, room nights, and facility's operating revenue and expenses resulting from expansion scenarios formulated during the planning and design workshops.

- Developed Austin-wide lodging activities projections, including the growth in room night supply, room night demand, occupancy, daily rate, and room revenues resulting from implementation of the expansion scenarios.

- Developed Hotel Occupancy Tax (HOT) projections resulting from implementation of the expansion scenarios and assessed its capacity to fund the estimated debt service payments for the expansion and continued operations of the Convention Center in its expanded form, including on-going related capital needs.

REPORT OUTLINE

Section 1 – Letter

Section 2 – Introduction and Executive Summary

Section 3 – Market Analysis

Section 4 – Survey Findings

Section 5 – Current Utilization and Demand Projections

Section 6 – Lodging Market Potential Growth and HOT Projections

Section 7 – Financial Projections

EXECUTIVE SUMMARY

Austin has much more potential as a convention destination than it is achieving today. In fact, based on this assessment, Austin could obtain more business than could be physically accommodated on the current site. During several workshops with City leaders and stakeholders, relocating the Convention Center is not a viable scenario due to the inability to recreate the support environment that has developed around the current convention center site. The hotel supply that has been developed is one of the best in the country, and the growth in the market dictates the need and justification for the convention center to expand, to be a greater driver of demand and hotel room night generation. Hence, the challenge is to find an expansion solution that allows for maximum space downtown and positions the venue against its competitors.

Positioning the City and Convention Center against its competitors is key. Austin's competition has changed as its success has grown. While Dallas, Houston, and San Antonio are very relevant as competitors, Austin has moved up to be one of the most attractive Tier 1 cities competing for conventions, conferences and tradeshows. These cities include San Antonio, San Diego, Denver and Nashville. It is this set of cities that Austin is posed to compete against.

MARKET OVERVIEW

Key demographic and socioeconomic characteristics of Austin metro area are indicative of a highly attractive market that is growing rapidly.

- **Strong Population Growth** – Austin has experienced rapid population growth over recent years and is projected to continue growing at a rate that will outpace state and national growth.

- **Diversified Economy** – The population is relatively young, and highly educated, reflecting the presence of prominent universities and new employment opportunities. The employment base is

supported by government sectors and is expanding with a focus on high tech industries. The unemployment rate in Greater Austin is falling well below state and national averages.

- **Tourism Infrastructure** – The central location of Austin within the State of Texas creates a solid basis for the tourism industry, enhanced by the abundance of cultural and entertainment opportunities, and support hospitality infrastructure, including a substantial hotel inventory that performs well and is continuing to expand.

All of these factors help to support the Austin Convention Center and enhance Austin's ability to attract large meetings and events. There is a substantial inventory of hotel rooms within walking distance of the Convention Center and this inventory is still growing to be among the highest density and quality among its peers. In summary, Austin's demographics, economic base, and desirable destination attributes provide a perfect environment for the Convention Center to prosper with a larger facility.

CURRENT FACILITY UTILIZATION AND LOST BUSINESS

In Fiscal Year 2012-2013, the Austin Convention Center's utilization level was at 52 percent, largely due to inefficient layout and inability to have multiple events occur at once. Indeed, when compared to the peer cities, the Austin Convention Center and the Austin market are relatively weak with respect to:

- **Facility Attributes** – Austin's facility is the oldest among the peer set, as measured by the most recent renovation. It is also among the smallest, in overall size, as well as exhibit, ballroom, and meeting rooms.

- **Demand Schedule** – The Austin Convention Center ranks among the lowest in the peer set with respect to events and attendance. The inefficacy of building design is also a key inhibitor of reaching true demand potential with current facilities.

Meanwhile, due to design and space constraints, the Austin Convention Center is losing a significant volume of business. For example, lack of availability and convention center size issues, combined, accounted for 37 lost events, 285 lost event-days, and over 160,000 lost room nights in a recent full year. These lost events can certainly be recaptured. Expansion to the Austin Convention Center will significantly minimize convention center availability and size issues and is among the most strategic initiatives that bring maximum results in recapturing lost business and opening additional categories of event demand to the market.

EXPANSION OPTIONS

The Long-Range Master Plan for the Austin Convention Center Department presents several expansion options, representing a distillation of ideas from multiple concepts developed in the earlier stages of the project: to the East, West, and South of the existing Austin Convention Center, and to a new location. A

series of workshops have narrowed down options to the following scenarios to be analyzed and compared from a demand and financial perspective. These include:

- **Scenario 1** – No expansion,
- **Scenario 2** – East expansion,
- **Scenario 3a** – West (contiguous) expansion, and
- **Scenario 3b** – West (non-contiguous) expansion.

The main source of funds available to cover the Austin Convention Center expansion cost as well as its operating deficit is Hotel Occupancy Tax (HOT) – specifically, a 4.5-percent portion of HOT for the construction, operation, and maintenance of the Austin Convention Center; and a 2-percent portion of HOT, which has been used as the funding source for the voter-approved Convention Center/ Waller Creek Venue Project, but may also become available to support the Austin Convention Center upon expansion.

COMPARISON OF EXPANSION OPTIONS

An expansion will allow the Austin Convention Center to improve its availability and offer larger and/or more variety of hall size. The following table summarizes and compares the potential increase in event demand, attendance, utilization rate, and room nights among scenarios, on a stabilized year upon the convention center expansion. (Scenario 1 is not shown, because there will be no changes when no expansion is undertaken.)

Table 2-1

Austin Convention Center
Projected Event Demand, Attendance, Utilization Rate, and Room Nights

	Existing	Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
	FYE 2013	Year 8*	Incre-mental	Year 10*	Incre-mental	Year 8*	Incre-mental
Total # of Events	**145**	**178**	33	**212**	67	**215**	70
Total Attendance	**449,464**	**578,785**	129,321	**685,203**	235,739	**702,768**	253,304
Utilization Rate	**52%**	**60%**	8%	**64%**	12%	**64%**	12%
Room Nights	**185,850****	**238,450**	52,600	**303,180**	117,330	**311,270**	125,420

Notes:
**The eighth full year upon expansion completion is assumed to be when the expanded Austin Convention Center reaches stabilized operation (or tenth year, for Scenario 3a).*
***Estimated.*
Source: Austin Convention Center, Johnson Consulting

From a demand and operational perspective, Scenario 3b West (non-contiguous) expansion provides the greatest positive impact, while causing the least amount of disruption to operations. This allows the current building to remain open and available for events and not to experience a decline in hotel room night generation during the expansion.

The following table summarizes and compares the projected operating revenue and expenses, HOT revenues, and expansion debt service payments among scenarios, on a stabilized year upon the convention center expansion.

Table 2-2

Austin Convention Center
Projected Operating Revenue and Expenses ($Million)

	Existing	Scenario 1: As-Is		Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
	FYE 2013	FYE 2029	Incre-mental**	Year 8*	Incre-mental	Year 10*	Incre-mental	Year 8*	Incre-mental
Revenue	$17.7	$27.9	($0.3)	$39.9	$7.4	$52.5	$13.6	$52.1	$15.3
Expenses	$32.9	$52.6	($0.2)	$60.9	$5.2	$72.4	$9.9	$69.3	$10.6
Net Operating Income (Loss)	($15.3)	($24.7)	**($0.2)**	($20.9)	**$2.3**	($19.9)	**$3.7**	($17.2)	**$4.7**
HOT Revenues									
Hotel Occupancy Tax - CC (4.5%)	$29.8	$52.2	$2.8	$61.3	$8.6	$67.0	$9.9	$61.9	$9.0
Hotel Occupancy Tax - Venue (2%)***	13.2	23.2	1.2	27.2	3.8	29.8	4.4	27.5	4.0
Total	$43.1	$75.3	**$4.0**	$88.5	**$12.4**	$96.8	**$14.2**	$89.4	**$13.0**
NOI After Support from HOT****	$27.8	$50.6	$3.9	$67.5	$14.7	$77.0	$17.9	$72.2	$17.7
		(FYE 2029)		*(Year 8)*		*(Year 10)*		*(Year 8)*	
Est. Annual Debt Service Payment				$15.8		$28.0		$34.3	

Notes:
**The eighth full year upon expansion completion is assumed to be when the expanded Austin Convention Center reaches stabilized operation (or tenth year, for Scenario 3a).*
***Measures the difference between FYE 2013 and the stabilized year upon expansion, reflected in 2014 dollars.*
****The 2% portion is related to the current Venue. For modeling purposes, it is assumed that the current Venue will be distinguished early and a new voter-approved Venue would be in place for the recommended expansion.*
*****HOT would be pledged for debt service first, so this amount includes funds used first for debt service, even before covering expenses, with remaining amounts for Convention Center capital needs, operating reserves, and other Convention Center-related requirements.*
Source: Austin Convention Center, Johnson Consulting

As shown on the table, Scenario 1 is not a viable option, because without expanding it is very likely that the facility will lose current customers that will be replaced with less profitable business, resulting in greater operating deficit. On the contrary, expanding the facility is expected to reduce the operating deficit by $2.3 million to $4.7 million per year, while meeting its objective of increasing new hotel room nights, thus resulting in significantly greater HOT collections. Furthermore, the projections demonstrate sufficient HOT capacity to fund the estimated debt service payments for the expansion, while remaining a substantial funding source for continued operations of the Convention Center in its expanded form, including ongoing related capital needs.

JOHNSON CONSULTING

SECTION III

MARKET ANALYSIS

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MARKET ANALYSIS

C.H. Johnson Consulting, Inc. (Johnson Consulting) undertook a comprehensive review of market conditions within the Greater Austin metropolitan area, relative to state and national averages. While characteristics such as population, employment and income are not strict predictors of the performance of convention centers, they provide insight into the capacity of a market to provide ongoing support for facilities and related activities. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, transportation concentrations, and the location of competing and/ or complementary attractions, directly influence the scale and quality of facilities that can be supported within that particular market.

MARKET OVERVIEW

Located in central Texas, Austin serves as the state capital, the county seat of Travis County, and the economic and cultural center for the Austin-Round Rock Metropolitan Statistical Area (Greater Austin MSA). Austin is the 11th largest city in the U.S. and the fourth largest in the state of Texas, measured by population size. Figure 3-1 highlights the location of Austin.

Figure 3-1

THE AUSTIN CONVENTION CENTER

The Austin Convention Center, which is a LEED Gold venue spanning six city blocks, opened in 1992 at a total cost of $35 million. Originally built in response to concerns that Austin was losing convention business due to the inadequate size of the then Palmer Auditorium, the Austin Convention Center underwent an expansion between 1999 and 2002, almost doubling its size to 881,400 square feet (gross), including almost 367,000 square feet of leasable space. Table 3-1 provides a breakdown of exhibit, ballroom, and meeting space at the venue.

Table 3-1

Austin Convention Center
Summary of Exhibit, Ballroom and Meeting Space*

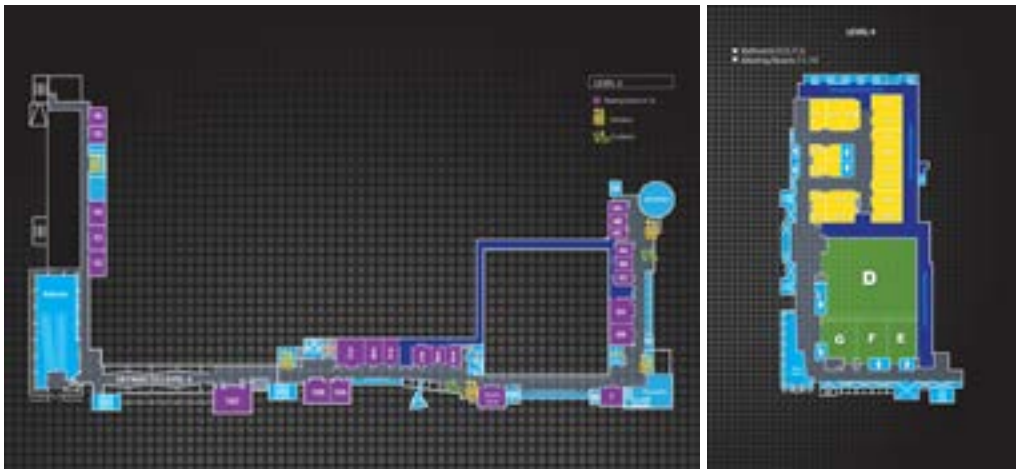
	Size (SF)		Capacity (# of Persons)			
	Individual (Smallest)	Combined (Largest)	Theater	Classroom	Banquet	# of 10'x10' Booths
Exhibit Hall	-	247,052	20,333	13,872	as drawn	1,289
Exhibit Hall 1	44,100	-	4,032	2,464	as drawn	225
Exhibit Hall 2	32,640	-	3,024	1,600	as drawn	179
Exhibit Hall 3	49,232	-	4,392	2,568	as drawn	280
Exhibit Hall 4	79,525	-	5,285	4,838	as drawn	410
Exhibit Hall 5	41,555	-	3,600	2,402	as drawn	195
Subtotal Exhibit Hall SF		247,052				
Ballroom						
Ballrooms Level 1	-	23,418	2,291	1,135	1,644	-
Ballroom A	15,288	-	1,432	766	994	-
Ballroom B	3,896	-	373	176	224	-
Ballroom C	4,234	-	396	200	254	-
Ballrooms Level 4	-	40,510	3,940	2,488	3,084	-
Ballroom D	26,540	-	2,408	1,516	1,824	-
Ballroom E	4,470	-	471	274	274	-
Ballroom F	4,570	-	481	293	274	-
Ballroom G	4,930	-	452	235	274	-
Subtotal Ballroom SF		63,928				
Meeting Rooms						
Number of Rooms	40	20				
Smallest Room	442	-	48	25	24	-
Largest Room	-	6,625	820	366	504	-
Subtotal Meeting Room SF		53,077				
Total		**364,057**				

**Table does not include Austin Suite which is a 37' x 43' room with permanent seating for 24 people and full IT/AV capacity, or the 16 Show Offices that range from 375 SF to 950 SF.*
Source: Austin Convention Center Department, Johnson Consulting

Figure 3-2 provides a pictorial overview of facilities at the Austin Convention Center.

Figure 3-2

Left: Level 1. *Right:* Level 2.

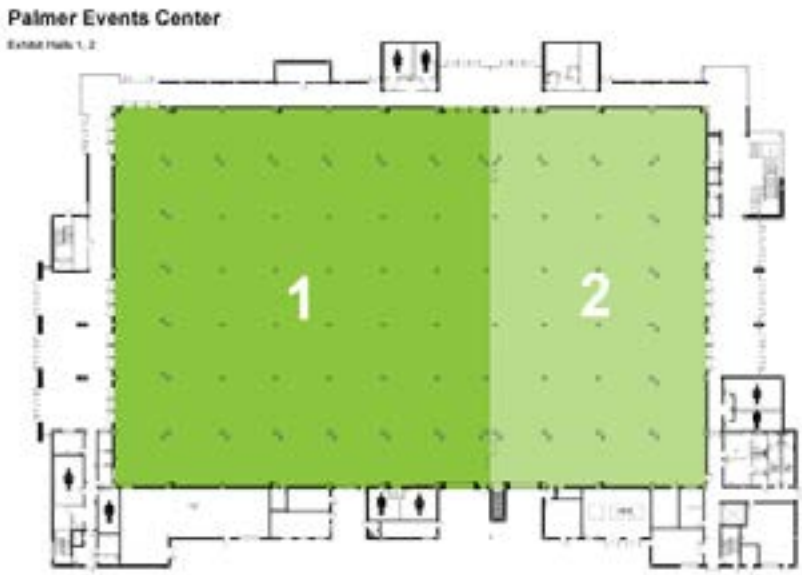


Left: Level 3. *Right:* Level 4.

PALMER EVENTS CENTER

Located in Butler Park, on the shores of Lady Bird Lake (formerly Town Lake) and to the south of the Colorado River, the Palmer Events Center opened in 2002, replacing the City Coliseum and Palmer Auditorium. The PEC is owned and operated with the Austin Convention Center, by the Austin Convention Center Department, and encompasses 131,000 (gross) square feet of event space, including a 70,000 square foot exhibit hall, divisible into two halls of 45,000 and 25,000 square feet, and 5 meeting rooms, totaling 5,000 square feet. Figure 3-3 provides a pictorial overview of facilities at the PEC.

Figure 3-3



CURRENT POPULATION

In 2013, the Greater Austin MSA had an estimated resident population of close to 1.9 million persons. Between 2000 and 2013, the MSA experienced a growth rate of 3.2 percent per annum, which considerably higher than the rates recorded across Texas (1.9 percent per annum) and the U.S. (0.9 percent).

Table 3-2

Historical and Current Population - Greater Austin (2000-2013) (Thousands)					
	2000	2010	2013	% Growth 2000-2013	CAGR* 2000-2013
U.S.	281,303	308,726	315,024	12.0%	0.9%
Texas	20,850	25,146	26,469	26.9%	1.9%
Greater Austin MSA	**1,249**	**1,716**	**1,881**	**50.6%**	**3.2%**

**Compounded Annual Growth Rate*
Source: Demographics Now, Johnson Consulting

PROJECTED POPULATION GROWTH

The population of the Greater Austin MSA is projected to grow to almost 2.1 million by 2018, representing an annual growth rate of 2.0 percent over 2013. Although this is lower than the historic rate of growth (3.2 percent per annum between 2000 and 2013), it is considerably higher than the rates of growth projected across the State (1.3 percent per annum) and the U.S. (0.8 percent).

Table 3-3

Projected Population - Greater Austin (2013-2018) (Thousands)				
	2013	2018	% Growth 2013-2018	CAGR* 2013-2018
U.S.	315,024	327,511	4.0%	0.8%
Texas	26,469	28,206	6.6%	1.3%
Greater Austin MSA	**1,881**	**2,079**	**10.5%**	**2.0%**

**Compounded Annual Growth Rate*
Source: Demographics Now, Johnson Consulting

Longer-term projections for Texas show that the State's population will increase at an annual rate of 1.5 percent between 2020 and 2030, which is higher than the projected rate of growth throughout the U.S. (0.8 percent) during the same period.

Table 3-4

Population Projection - Texas (2020-2030) (Thousands)				
	2020	2025	2030	CAGR* 2020-2030
U.S.	335,805	349,439	363,584	0.8%
Texas	**28,635**	**30,865**	**33,318**	**1.5%**

**Compounded Annual Growth Rate*
Source: U.S. Census Bureau, Johnson Consulting

AGE CHARACTERISTICS

In 2013 the median age of residents of Greater Austin was 32.9 years, which was slightly younger than Texas overall (33.8 years), and considerably lower than the national median (37.4 years). Between 2000 and 2013, the median age in the Greater Austin MSA increased at an average annual rate of 6.1 percent, which was higher than the rate of growth recorded in Texas (4.3 percent per annum) but generally consistent with that recorded across the U.S. (5.9 percent per annum).

Going forward, the median age of residents of Greater Austin is expected to increase to 33.5 years in 2018. This represents a 1.8 percent increase over 2013, which is slightly higher than the rates of growth forecast in Texas (1.2 percent), and the U.S. (0.8 percent).

Table 3-5

Median Age - Greater Austin (2000-2018)						
	2000	2010	2013	2018	Growth 2000-2013	Growth 2013-2018
U.S.	35.3	37.1	37.4	37.7	5.9%	0.8%
Texas	32.4	33.6	33.8	34.2	4.3%	1.2%
Greater Austin MSA	**31.0**	**32.6**	**32.9**	**33.5**	**6.1%**	**1.8%**

Source: Demographics Now, Johnson Consulting

EDUCATIONAL ATTAINMENT

Residents of Greater Austin are very well educated compared to the State and the U.S. as a whole. Of the MSA's population aged 25 years and older, 39.9 percent hold a Bachelor's degree or higher, compared to 26.3 percent of the State, and 28.4 percent of the U.S.

Table 3-6

Educational Attainment - Greater Austin (2013)						
	Greater Austin MSA		Texas		U.S.	
	No.	%	No.	%	No.	%
Less than High School	145,859	**12.2%**	3,178,328	**19.1%**	30,125,327	**14.4%**
High School Graduate	234,863	**19.6%**	4,215,747	**25.4%**	59,369,464	**28.3%**
Some College, No Degree	261,520	**21.9%**	3,778,657	**22.8%**	44,575,546	**21.2%**
Associates Degree	76,941	**6.4%**	1,063,388	**6.4%**	16,071,922	**7.7%**
Bachelor's Degree	311,650	**26.0%**	2,911,473	**17.5%**	37,477,232	**17.9%**
Graduate Degree	165,765	**13.9%**	1,449,785	**8.7%**	22,154,416	**10.6%**
TOTAL	**1,196,598**		**16,597,378**		**209,773,907**	

Source: Demographics Now, Johnson Consulting

EMPLOYMENT

In 2013 (the most recent year available), the predominant industry of employment in the Greater Austin MSA was Government (19.6 percent of employed residents aged 16 years and older), followed by Professional and Business Services (15.5 percent), Education and Health Services (11.7 percent), Leisure and Hospitality (11.7 percent), and Retail Trade (10.7percent). Between 2010 and 2013, the MSA recorded a slight decline in employment in the Government sector, contracting by (0.2) percent per annum, but increases across all other industries. The largest increases in employment were recorded in the Professional and Business Services (7.1 percent per annum), Information (6.1 percent), and Leisure and Hospitality (5.8 percent) sectors.

Table 3-7

Non-Farm Employment by Industry - Greater Austin (2010-2013) (Thousands)

	2010	2011	2012	2013	CAGR* 2010-2012
Mining, Logging & Construction	40.0	39.5	42.1	45.1	4.1%
% of Total	*5.2%*	*5.0%*	*5.1%*	*5.2%*	
Manufacturing	47.6	49.7	50.9	52.2	3.1%
% of Total	*6.2%*	*6.2%*	*6.2%*	*6.0%*	
Wholesale Trade	39.8	42.3	44.2	45.2	4.3%
% of Total	*5.2%*	*5.3%*	*5.3%*	*5.2%*	
Retail Trade	82.6	85.1	88.4	92.8	4.0%
% of Total	*10.7%*	*10.7%*	*10.7%*	*10.7%*	
Transportation & Utilities	12.9	13.5	13.9	14.3	3.5%
% of Total	*1.7%*	*1.7%*	*1.7%*	*1.7%*	
Information	19.5	20.6	22.2	23.3	6.1%
% of Total	*2.5%*	*2.6%*	*2.7%*	*2.7%*	
Financial Activities	42.5	44.1	46.1	48.2	4.3%
% of Total	*5.5%*	*5.5%*	*5.6%*	*5.6%*	
Professional and Business Services	109.4	117.4	125.4	134.3	7.1%
% of Total	*14.2%*	*14.7%*	*15.2%*	*15.5%*	
Education and Health Services	87.6	92.6	97.6	100.7	4.8%
% of Total	*11.4%*	*11.6%*	*11.8%*	*11.7%*	
Leisure and Hospitality	85.4	90.0	94.2	101.0	5.8%
% of Total	*11.1%*	*11.3%*	*11.4%*	*11.7%*	
Other Services	33.1	33.5	35.5	37.7	4.4%
% of Total	*4.3%*	*4.2%*	*4.3%*	*4.4%*	
Government	170.0	167.7	166.5	169.2	(0.2%)
% of Total	*22.1%*	*21.1%*	*20.1%*	*19.6%*	
TOTAL	**770.4**	**796.0**	**827.0**	**864.0**	**3.9%**

** Compounded Annual Growth Rate*
Source: BLS, Johnson Consulting

Table 3-8 shows the annual unemployment rates for Greater Austin MSA, Texas, and the U.S., for the period of 2009 through 2013.

Table 3-8

Unemployment Rate - Greater Austin (2009-2013)						
	Greater Austin MSA		Texas		U.S.	
	Rate	Change	Rate	Change	Rate	Change
2009	6.8%	-	7.5%	-	9.3%	-
2010	7.1%	**0.3**	8.2%	**0.7**	9.6%	**0.3**
2011	6.8%	**(0.3)**	7.9%	**(0.3)**	8.9%	**(0.7)**
2012	5.8%	**(1.0)**	6.8%	**(1.1)**	8.1%	**(0.8)**
2013	5.2%	**(0.6)**	6.3%	**(0.5)**	7.4%	**(0.7)**

Source: Bureau of Labor Statistics, Johnson Consulting

Since 2009, unemployment rates in the Greater Austin MSA have consistently tracked well below State and national averages. In 2013, the unemployment rate in the MSA contracted to 5.2 percent, which was considerably lower than figures recorded for Texas (6.3 percent) and the U.S. (7.4 percent).

HOUSEHOLD INCOME

In 2013 the median household income in Greater Austin was $58,470 per annum, which was substantially higher than State ($50,328) and national ($52,800) figures, reflecting the concentration of highly educated residents and high tech industries in the MSA. By 2018 the median household income in Greater Austin is expected to reach $68,211. This represents a rate of growth of 3.1 percent per annum, which is consistent with that projected for the State (3.1 percent), and slightly higher than the projected rate of increase across the U.S. (2.5 percent).

Table 3-9

Median Household Income - Greater Austin (2000-2018)						
	2000	2010	2013	2018	CAGR* 2000-2013	CAGR* 2013-2018
U.S.	$42,253	$51,362	$52,800	$59,845	1.7%	2.5%
Texas	$39,928	$49,353	$50,328	$58,492	1.8%	3.1%
Greater Austin MSA	**$49,031**	**$58,061**	**$58,470**	**$68,211**	**1.4%**	**3.1%**

** Compounded Annual Growth Rate*
Source: Demographics Now, Johnson Consulting

CORPORATE PRESENCE

A strong corporate and business presence can be an important factor in the success of a public assembly facility, because local businesses can attract residents to an area, provide disposable income, and support facilities through donations, advertising, and their requirement for event space. Table 3-10 on the following page shows the largest employers in the Greater Austin MSA. As shown, the largest employers include a mix of corporations and government and municipal organizations, with the largest employer in Greater Austin being the State of Texas (70,767 employees). Private sector employers are spread across a range of industries, with an emphasis on technology.

Table 3-10

Greater Austin Profile: Business and Industry Region's Largest Employers		
Company	**Description**	**# of Employees**
Employing 6,000 and over		
State of Texas	Government	70,767
University of Texas at Austin	Higher education, public	24,183
Dell	Computer technology solutions & equipment mfg./sales (Hdq.)	14,000
Austin Independent School District	Public education	12,694
Seton Healthcare Family	Healthcare (Hdq.)	12,609
City of Austin	Government	12,445
Federal Government	Government	11,691
St. David's Healthcare Partnership	Healthcare (Hdq.)	7,950
Round Rock Independent School District	Public education	6,109
IBM Corp.	Computer systems, hardware, software, & chip R&D	6,000
Employing 2,000-5,999		
U.S. Internal Revenue Service	Government (regional call & processing center)	5,561
Travis County	Government	5,268
Freescale Semiconductor	Semiconductor chip design & mfg. (Hdq.)	5,000
Texas State University-San Marcos	Higher education, public	4,861
Flextronics	Contract electronics (computers, smartphones, etc.) mfg. & integrated supply chain services	4,700
Leander Independent School District	Public education	4,481
Apple	Computer maker's tech & admin support center	4,000
Austin Community College	Higher education, public	3,515
AT&T	Telecommunications (Hdq. of Texas ops.)	3,450
Whole Foods Market	Grocery retailer (Hdq.)	2,800
Pflugerville Independent School District	Public education	2,662
National Instruments	Virtual instrumentation software & hardware mfg. (Hdq.)	2,640
Samsung Austin Semiconductor	Semiconductor chip mfg., R&D (Hdq.)	2,600
Advanced Micro Devices	Semiconductor chip engineering, marketing & admin.	2,500
Applied Materials	Semiconductor production equipment mfg. & R&D	2,500
Hays Consolidated Independent School District	Public education	2,379
Gentiva	Healthcare	2,352
Employing 1,000-1,999		
Keller Williams Realty	Residential real estate (Hdq.)	1,989
Lower Colorado River Authority	Electric power distribution & water supply mgt (Hdq.)	1,810
Time Warner Cable Co.	Media & communications	1,719
Austin Energy	Electric utility, municipal	1,700
Hewlett-Packard	Computer maker's data center & customer support services ops.	1,669
Austin Regional Clinic	Healthcare (Hdq.)	1,630
Sears Customer Care	Retailer customer service center	1,500
General Motors	IT innovation center, vehicle applications & business processes	1,400
Hospira	Pharmaceutical delivery systems dev. & mfg.	1,400
State Farm Insurance Co.	Insurance	1,397
Intel Corp.	Microprocessor design center	1,396
Wells Fargo Bank Texas	Banking	1,351
JPMorgan Chase & Co.	Banking	1,300
Progressive Insurance Co.	Insurance (call center)	1,211
Accenture	Management consulting & software development center	1,200
3M	Electronic connectors & test equipment mfg./R&D	1,100
Baylor Scott & White Healthcare	Healthcare	1,100
Charles Schwab	Investment trading technology development & services	1,100
Oracle	Chip, hardware, & software design, data center	1,100
Pharmaceutical Product Development	Biopharm & medical device contract research services	1,050

Source: Austin Chamber

UNIVERSITY AND COLLEGE PRESENCE

The Greater Austin MSA is home to a number of higher education institutions, the most prominent of which include:

- **University of Texas at Austin (UT Austin)**: A state research university that is the flagship institution of the University of Texas system. The University offers undergraduate and graduate degrees in a variety of disciplines including architecture, business, communication, education, engineering, fine arts, law, liberal arts, geosciences, natural sciences, pharmacy, and social work. UT Austin enrolls approximately 52,200 students.

- **Texas State University (Texas State)**: A state university located in San Marcos that offers undergraduate and graduate degree programs across a number of colleges including arts, business administration, education, fine arts and communication, health professions, liberal arts, and science and engineering. Texas State enrolls approximately 36,570 students.

- **Southwestern University (SU)**: A private liberal arts college located in Georgetown. SU enrolls approximately 1,400 students.

TRANSPORTATION AND ACCESS

Strategically located in central Texas, Greater Austin is accessible by various modes of transportation and as such can draw visitors from a wide catchment area:

- **Airports**: Austin-Bergstrom International Airport (AUS) is located approximately 5 miles to the southeast of downtown Austin. Airlines serving AUS include Aeromar, AirTran Airways, Alaska Airlines, Allegiant Air, American Airlines, British Airways, Delta Air Lines, Frontier Airlines, JetBlue Airways, Southwest Airlines, United Airlines, US Airways, and Virgin America. AUS recorded 51,334 aircraft operations serving 9.2 million passengers in 2013.

- **Roads**: Austin has excellent highway access, with Interstate Highway 35, the MoPac Expressway (State Highway Loop 1), State Highway 130 (toll road) and State Highway 45 (toll road) traversing Greater Austin in a north-south direct, and U.S Highway 290 providing east-west connectivity. State Highway 71 provides direct connectivity between Austin and Houston.

- **Transit**: The Capital Metropolitan Transportation Authority (CapMetro) provides commuter rail services between downtown Austin and the City of Leander, and regular bus services throughout downtown and surrounding suburbs.

ATTRACTIONS

Already the cultural hub of the Greater Austin MSA, the City is continually emerging as a cultural and entertainment destination, not only within Texas but nationally. Data from the Downtown Austin Alliance indicates that downtown Austin attracts 19.8 million visitors annually. Notable attractions include:

- **Entertainment Districts**: There are 7 entertainment districts throughout downtown Austin – 6th Street, Red River, Rainey Street, 2nd Street, Warehouse, Market and East Austin. The most notable of these is the 6th Street Entertainment District, which extends between Congress Avenue and Interstate Highway 35, is home to numerous bars and music venues. The District hosts the SXSW film and music festival and conference, attracting over 285,000 visitors annually, among others festivals and events.

- **Texas State Capitol**: Built between 1882 and 1888, the Capitol was added to the National Register of Historic Places in 1970 and recognized as a National Historic Landmark in 1986. Free, self-guided tours are available to the public.

- **Bullock Texas State History Museum**: Opened in 2001, the Museum attracts approximately 400,000 visitors annually.

- **Congress Avenue Bats**: The largest urban colony of Mexican Free-Tailed Bats in the U.S. Approximately 1.5 million bats depart nightly, at sunset, beneath the bridge.

Outside of downtown, approximately 14 miles to the southeast, the Circuit of the Americas opened in 2012 and hosted the inaugural U.S. Formula One Grand Prix, attracting 117,430 spectators. The venue also hosts a number of major motorcycle, V8 Supercars, and other sports car events each year.

HOTEL INVENTORY

The following table summarizes hotel properties within a half-mile radius of the Austin Convention Center. As shown, there are a total of 8,159 guest rooms within a half-mile radius of the Convention Center, including several developments that are currently under construction (Fairmont Austin, Hotel Van Zandt, Westin Austin Downtown, Hotel ZaZa, and Hotel Indigo and Holiday Inn Express). The largest existing hotel is the new 1,012-room JW Marriott, located two blocks from the Austin Convention Center and offering the largest inventory of hotel meeting space (112,010 square feet). Among the closest hotels to the Austin Convention Center is the 800-room Hilton Austin, which serves as the headquarters hotel for the Convention Center, and offers 61,280 square feet of meetings and event space.

Table 3-11

Inventory of Hotels within 1/2 Mile Radius of Austin Convention Center

Hotel	Rooms	Meeting Space (SF)
Hilton Austin	800	61,280
Fairmont Austin *(opening Summer 2017)*	1,066	100,000
Residence Inn & Courtyard	449	6,600
Hyatt Place Austin Downtown	296	1,840
Hampton Inn & Suites Downtown	209	1,630
Four Seasons Hotel Austin	291	18,000
JW Marriott	1,012	112,010
Hotel Van Zandt *(Summer 2015)*	322	10,012
Westin Austin Downtown *(Summer 2015)*	366	19,000
Radisson Hotel & Suites Downtown	413	9,000
Hilton Garden Inn Austin Downtown	254	9,820
W Hotel Austin	251	10,500
Hotel ZaZa *(Late 2016)*	160	na*
Hyatt Regency	448	37,140
The Driskill Hotel	189	18,080
Hotel Indigo and Holiday Inn Express *(2016)*	298	na*
Omni Austin Hotel Downtown	392	20,000
Intercontinental Stephen F. Austin	189	5,960
Sheraton Austin Hotel at The Capitol	365	17,000
Embassy Suites Town Lake	259	3,340
Extended Stay Austin Town Lake	130	-
	8,159	**461,212**

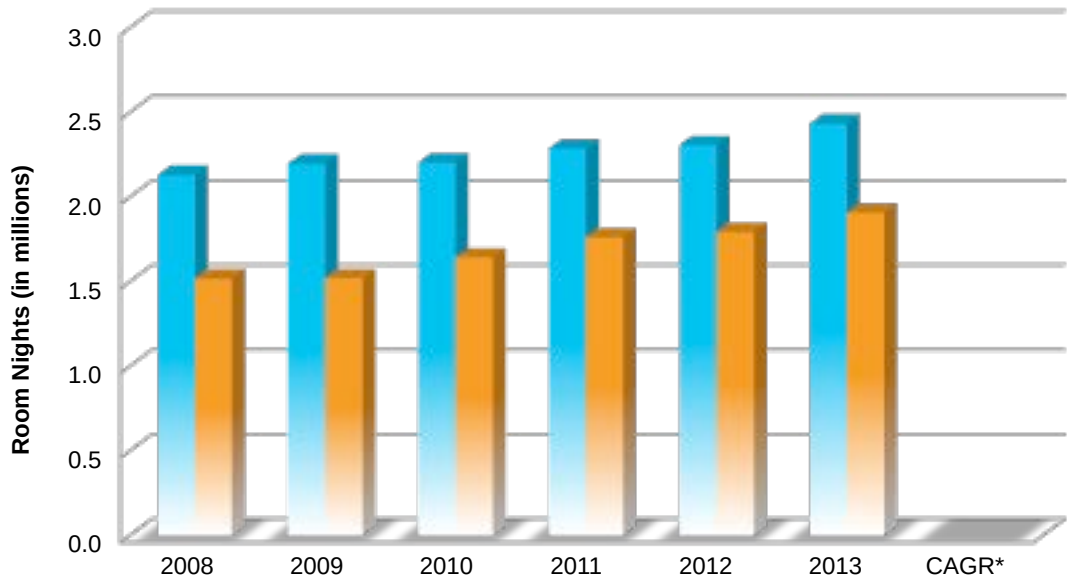
**Information on meeting space square footage is currently unavailable.*
Source: Austin CVB, mpoint, Johnson Consulting

ROOM NIGHT SUPPLY AND DEMAND

Figure 3-4 shows room night supply and demand within the Austin Central Business District (CBD), between 2008 and 2013.

Figure 3-4

Historical Room Night Supply and Demand - Austin CBD (2008-2013)



	2008	2009	2010	2011	2012	2013	CAGR*
Supply	2.1	2.2	2.2	2.3	2.3	2.4	2.7%
Demand	1.5	1.5	1.6	1.8	1.8	1.9	4.7%

**CAGR = Compounded Annual Growth Rate, from 2008 thru 2013*
Source: Smith Travel Research, Austin CVB, Johnson Consulting

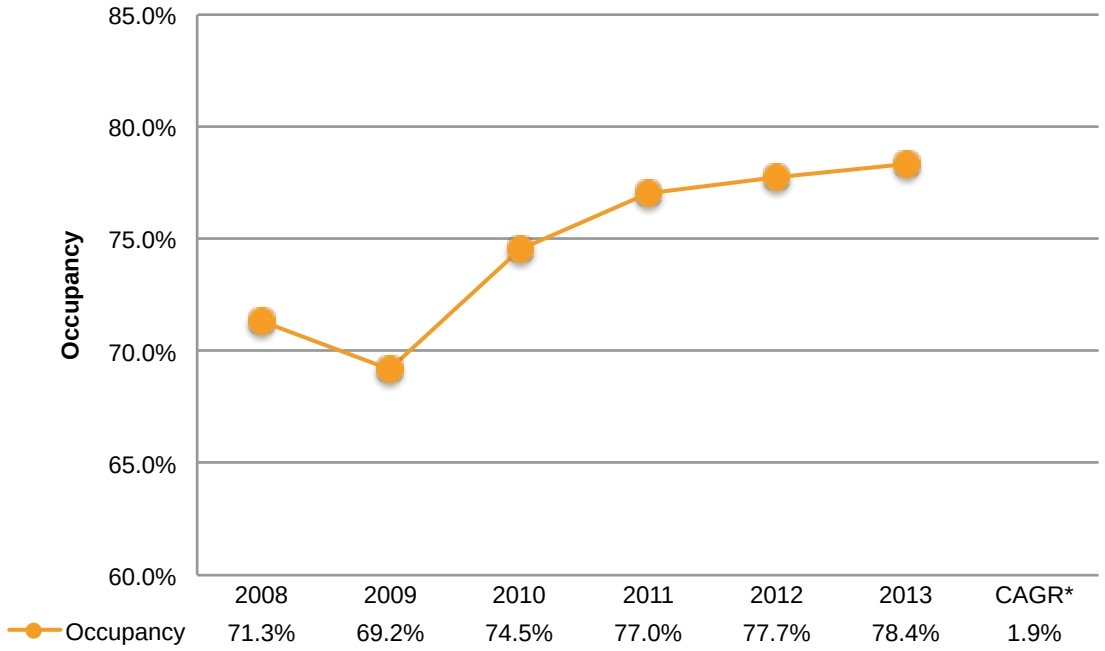
In 2013, Austin CBD's room night supply totaled 2,433,475 room nights, representing an increase from 2,306,471 room nights in 2012. Demand totaled 1,906,936 room nights in 2013, which represents an increase over 2012 (1,793,053 room nights), continuing the upward trend observed since 2008. Between 2008 and 2013, room night demand has increased at an average annual rate of 4.7 percent, while supply has increased at a slower pace of 2.7 percent per annum.

OCCUPANCY

Figure 3-5 shows Austin CBD's occupancy rate, between 2008 and 2013.

Figure 3-5

Historical Occupancy Rate - Austin CVB (2008-2013)



**CAGR = Compounded Annual Growth Rate, from 2008 thru 2013*
Source: Smith Travel Research, Austin CVB, Johnson Consulting

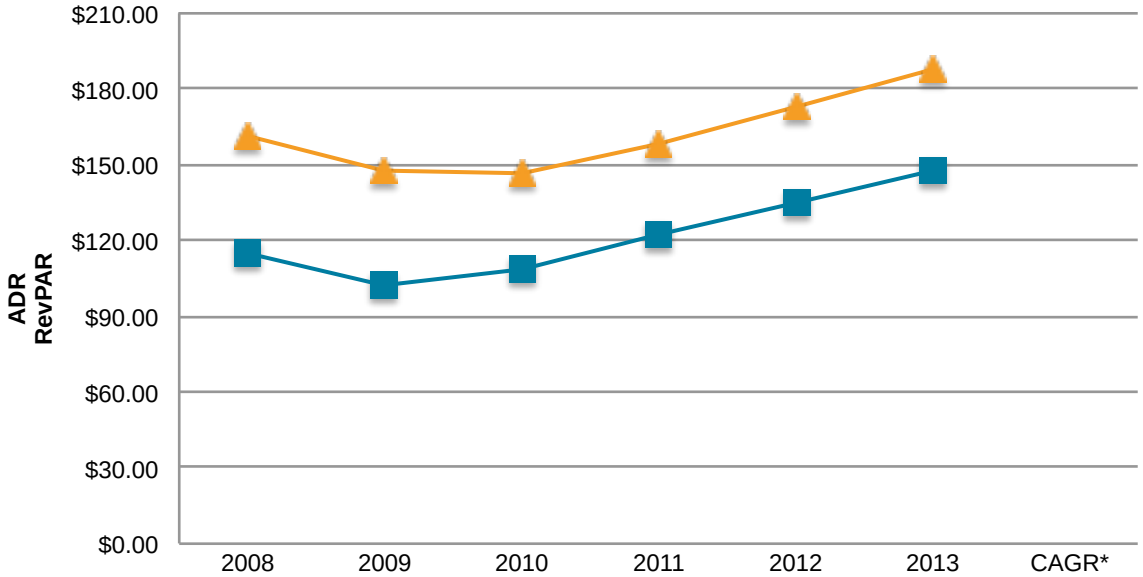
In 2013 Austin's CBD hotels achieved an average occupancy rate of 78.4 percent, which represents an increase over 2012 (77.7 percent), and continues the upward trends observed since the 2009 low of 69.2 percent, most likely attributed to the national recession.

AVERAGE DAILY RATE AND REVENUE PER AVAILABLE ROOM

Figure 3-6 shows the Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) at Austin's CBD hotels, between 2008 and 2013.

Figure 3-6

Historical ADR and RevPAR - Austin CBD (2008-2013)



	2008	2009	2010	2011	2012	2013	CAGR*
ADR	$161.10	$147.54	$146.18	$158.56	$173.17	$187.92	3.1%
RevPAR	$114.84	$102.04	$108.92	$122.17	$134.62	$147.26	5.1%

**CAGR = Compounded Annual Growth Rate, from 2008 thru 2013*
Source: Smith Travel Research, Austin CVB, Johnson Consulting

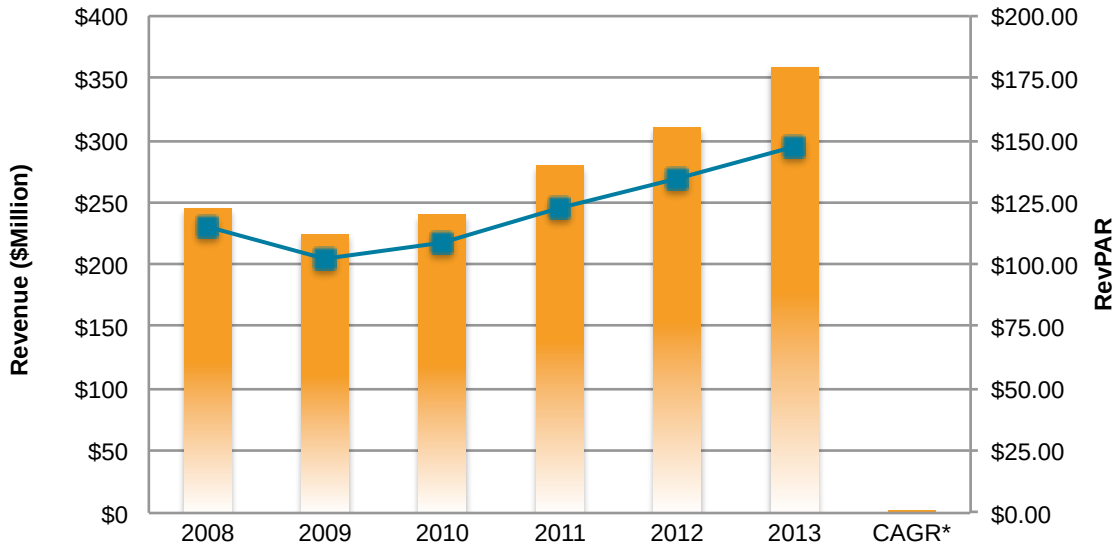
Austin's CBD hotels have seen steady increases in ADR and RevPAR following lows in 2008 and 2009, respectively. Between 2008 and 2013, the ADR among CBD hotels increased at an average annual rate of 3.1 percent, reaching $187.92 in 2013. During the same period, RevPAR increased at an average annual rate of 5.1 percent, reaching $147.26 in 2013.

ROOM REVENUES

Figure 3-7 shows total room revenues at Austin's CBD hotels, between 2008 and 2013.

Figure 3-7

Historical Total Room Revenues and RevPAR - Austin CVB (2008-2013)



	2008	2009	2010	2011	2012	2013	CAGR*
Revenue	$245	$224	$240	$279	$311	$358	7.9%
RevPAR	$114.84	$102.04	$108.92	$122.17	$134.62	$147.26	5.1%

**CAGR = Compounded Annual Growth Rate, from 2008 thru 2013*
Source: Smith Travel Research, Austin CVB, Johnson Consulting

Since 2009 total room revenues at Austin CBD's hotels have steadily increased, at an average annual rate of 7.9 percent, reaching $358 million in 2013. This is even higher than the rate of increase observed in RevPAR during the same period (5.1 percent per annum).

REGIONAL FACILITIES

The Austin Convention Center and Palmer Events Center serve as the two main meeting and event facilities in Austin. Regionally, there are a number of venues that compete with the Austin Convention Center, albeit to varying degrees, in part reflecting the central location of Austin within one of the largest states in the U.S. Table 3-12 summarizes the largest convention center venues (250,000+ square feet) within a 200-mile radius of Austin.

Table 3-12

Largest Meeting Facilities (250,000+ SF) within 200-Mile Radius of Austin Convention Center

Facility	Location	Distance from ACC (Miles)	Total Meeting Space* (SF)
Henry B. Gonzalez Convention Center	San Antonio, TX	80	620,300
George R. Brown Convention Center	Houston, TX	170	737,271
Fort Worth Convention Center	Fort Worth, TX	190	314,323
Gaylord Texan Resort and Convention Center	Grapevine, TX	200	298,781
Irving Convention Center	Irving, TX	200	275,000

**Excludes pre-function space, show offices, and outdoor event space.*
Source: Relevant Facilities/ Organizations, Johnson Consulting

BENCHMARKING ANALYSIS

In consultation with the Austin Convention Center Department, Johnson Consulting has selected the following set of peer facilities for inclusion in our benchmarking analysis:

- **Henry B. Gonzalez Convention Center – San Antonio, Texas**: Opened in 1968 and offers a total of 620,300 square feet of leasable space. A $325 million expansion and redevelopment, which commenced in 2013, is currently underway and scheduled for completion in 2016. The project will add 835,000 (gross) square feet, including 514,000 square feet of exhibit space, bringing the total footprint to in excess of 900,000 (gross) square feet.

- **San Diego Convention Center – San Diego, California**: Opened in 1989 and offers a total of 793,480 square feet of leasable space. Work is scheduled to commence in early 2015 on Phase 3 of an expansion plan that will add 225,000 square feet of exhibit space, an 80,000 square foot ballroom, and 101,000 square feet of additional meeting space. A 5-acre rooftop park will include an outdoor performance venue.

- **Music City Center – Nashville, Tennessee**: Opened in 2013 and offers 504,740 square feet of leasable space.

- **Colorado Convention Center – Denver, Colorado**: Opened in 1990 and expanded in 2004, Colorado Convention Center offers 753,100 square feet of leasable space.

Table 3-13 provides a summary of key benchmarking attributes for the peer set facilities.

Table 3-13

Key Characteristics of National Comparable Facilities and Markets

	Austin Convention Center	Henry B. Gonzalez Convention Center	San Diego Convention Center	Music City Center	Colorado Convention Center
Location					
City	Austin, TX	San Antonio, TX	San Diego, CA	Nashville, TN	Denver, CO
Metropolitan Area (MSA)	Austin-Round Rock	San Antonio-New Braunfels	San Diego-Carlsbad	Nashvilel-Davidson-Murfreesboro-Franklin	Denver-Aurora-Lakewood
Demographics Characteristics - MSA (2013)					
Population	1,881,021	2,273,812	3,210,066	1,753,304	2,685,277
Median Age (Years)	32.9	34.3	34.8	36.1	35.9
Median Household Income	$58,470	$50,080	$62,067	$51,832	$61,223
Unemployment Rate (%)	5.2%	6.0%	7.5%	6.5%	6.6%
Transport Linkages					
Major Airport	Austin-Bergstrom International Airport	San Antonio International Airport	San Diego International Airport	Nashville International Airport	Denver International Airport
Airlift Capacity (passengers/ year)	9.2 million	8.2 million	17.7 million	5.0 million	15.6 million
Transit from Airport	Bus	Airport Bus/ Downtown Streetcars	Amtrak and Coaster/ Airport Bus/ Downtown Trolley	Bus	Bus/ Downtown Light Rail
Facility Attributes					
Year Built/ Most Recent Expansion	1992/ 2002	1968/ 2016	1989/ 2015	2013	1990/ 2004
Total Leasable Space (SF) *(1)*	366,720	620,300	793,480	504,740	753,100
Exhibit Hall (SF)	247,000	431,420	615,700	353,140	579,000
Ballroom (SF)	63,920	89,100	81,670	70,250	82,160
Meeting Rooms (SF)	55,800 *(2)*	99,780	96,110	81,350	91,940
Hotel Inventory					
Headquarters Hotel	Hilton Austin	Grand Hyatt San Antonio	Hilton San Diego Bayfront	Omni Nashville Hotel	Hyatt Regency Denver
Headquarters Hotel (# Rooms)	800	1,003	1,190	800	1,100
Exhibit Space (SF) per HQ Hotel Room	309	430	517	441	526
Hotel Rooms within ½ Mile of Facility	5,947	9,480	7,270	3,696	6,594
Demand (Most Recent Year)					
# Events (per annum)	145	450	148	311 *(3)*	220
Total Attendance (per annum)	449,464	750,000	766,848	438,236 *(3)*	842,481
Average Attendance (per event)	3,100	1,667	5,181	1,409	3,829
Operating Revenue & Expenses (Most Recent Year) *(4)*					
Total Revenues	$17,670,000 *(5)*	$19,811,827 *(6)*	$35,696,861	$1,534,500 *(3)*	$15,533,515
Total Expenses	$32,931,000 *(5)*	$33,209,152 *(6)*	$36,386,478	$2,029,400 *(3)*	$14,541,728
Net Operating Income (Deficit)	($15,261,000)	($13,397,325)	($689,617)	($494,900)	$991,787

Notes:
1) Excluding pre-function and outdoor event space.
2) Excluding Show Offices.
3) Based on 2014 operating projections prepared by the facility.
4) Operating revenues and expenses only - excludes subsidies, tax revenues and contributions.
5) Relating to Austin Convention Center only; excluding Palmer Events Center.
6) Relating to Convention and Sports Facilities Department, which includes the Convention Center, Alamodome, Theater and Community Cultural Center.
Source: Respective Facilities, DemographicsNow, Johnson Consulting

The following observations are made with respect to the key attributes of the peer markets and facilities:

- **Demographics**: The 2013 resident population of Greater Austin was 1.8 million, making it the second smallest metropolitan area in the peer set, behind the Nashville MSA (1.7 million people). The largest market in the peer set is the San Diego MSA (3.2 million persons).

  Residents of Greater Austin are the youngest in the peer set, with a median age of 32.9 years. The median age of residents of the peer markets range from 34.3 years in the San Antonio MSA to 36.1 years in the Nashville MSA.

  The median household income in Greater Austin was $58,470 in 2013, which ranked third highest among the peer set, behind San Diego ($62,067 per annum) and Denver ($61,223 per annum).

  Greater Austin had the lowest unemployment rate amongst the peer set in 2013 (5.2 percent), reflecting the diverse economic base as described in the preceding section of this report. The unemployment rates in peer markets range from 6.0 percent in the San Antonio MSA to 7.5 percent in the San Diego MSA.

- **Transport Linkages**: Greater Austin is home to the Austin-Bergstrom International Airport. All other markets within the peer set also have an international airport.

  Austin ranks 3rd lowest within the competitive set, with 9.2 million passenger movements per annum, behind San Diego (17.7 million passengers per annum), and Denver (15.6 million).

  Bus services connect downtown Austin with the airport and operate throughout the downtown area. San Diego airport has rail connections with downtown. Denver has a downtown light rail network that will soon connect to the airport and San Antonio and San Diego have trolleys/ streetcars that operate throughout the downtown areas.

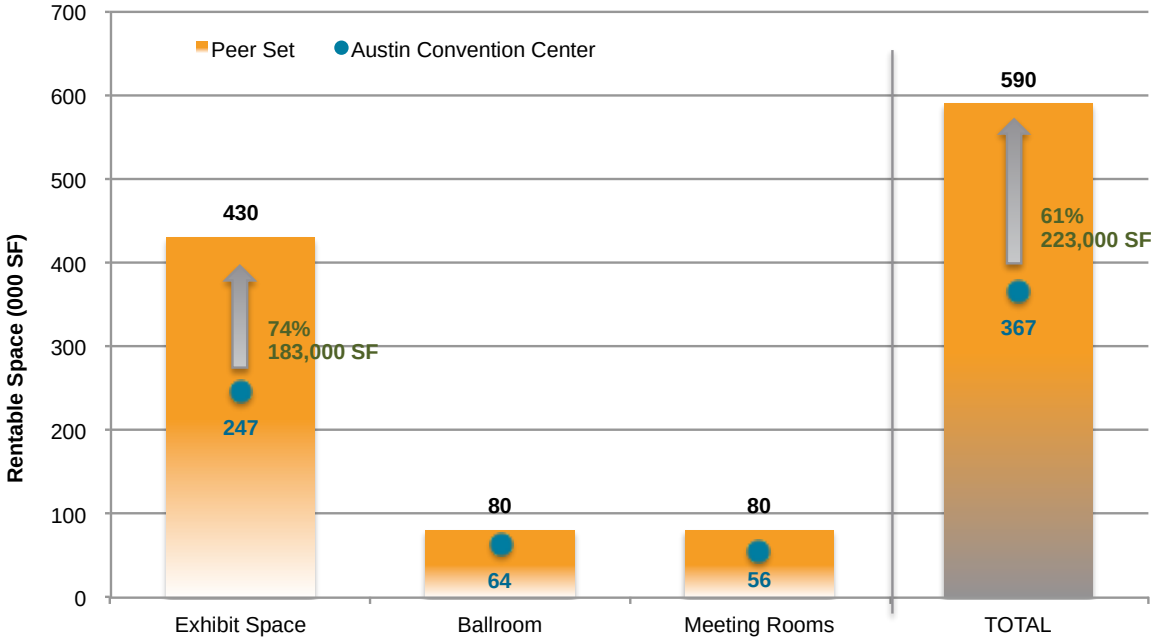
- **Facility Attributes**: The most recent expansion of the Austin Convention Center was completed in 2002, making it the oldest facility among the peer set. The most recently built facility is Music City Center in Nashville, which opened in 2013, while Henry B. Gonzalez Convention Center (San Antonio) and San Diego Convention Center are currently undergoing renovations and expansions that are scheduled for completion in 2016 and 2015 respectively.

  The Austin Convention Center is the smallest facility in the peer set. Similarly, the Austin Convention Center has the smallest exhibit hall and meeting room space. The Austin Convention Center has the smallest ballroom space in the peer set.

Figure 3-8 provides a comparison between the Austin Convention Center and the average of the peer set, based upon the average square footage of space, by type.

Figure 3-8

Total Rentable Space* (000 SF) - Austin Convention Center vs. Average of Peer Set (2014)



*Excludes foyer and lobby space
Source: Relevant Facilities/ Organizations, Johnson Consulting

As shown, the Austin Convention Center's total inventory of leasable space is 61 percent or 223,000 square feet smaller than the average size of the peer facilities. Similarly, the Austin Convention Center's exhibit hall is 74 percent or 183,000 square feet smaller than the average size of exhibit space across the peer set. Ballroom space at the Austin Convention Center is 25 percent or 24,000 square feet smaller than the peer set, while the Austin Convention Center's meeting space is 43 percent or 24,000 square feet smaller.

- **Hotel Inventory**: All facilities within the peer set have a headquarters hotel, with the Hilton Austin being the smallest (800 rooms), equal with the Omni Nashville Hotel at Music City Center. The ratio of exhibit space to hotel rooms at the Austin Convention Center (309 square feet of exhibit space per headquarters hotel room) is the lowest across the peer set.

  As of March of 2015, there are 5,947 hotel rooms within walking distance (0.5 mile radius) of the Austin Convention Center. This ranks the second lowest among the peer markets, behind San

Antonio (9,480 rooms), San Diego (7,270 rooms) and Denver (6,594 rooms). However, with the addition of the Westin Austin Downtown, the Hotel Van Zandt, and others, the total inventory of hotel rooms within walking distance of the Austin Convention Center will increase to 8,159 rooms, placing it more in line with San Diego and San Antonio.

- **Demand Schedule**: In 2013, the Austin Convention Center hosted 145 events (including 39 conventions and trade shows), ranking second lowest among the peer facilities. These events attracted 449,464 attendees, which was among the lowest attendance across the peer set, with the highest attendance being recorded at Colorado Convention Center in Denver (842,481 attendees) and San Diego Convention Center (766,848 attendees). Attendance averaged 3,100 persons per event at the Austin Convention Center, which is close to the peer set's average but substantially lower than figures for San Diego Convention Center (5,181 persons).

- **Operating Revenues and Expenses**: In 2013, the Austin Convention Center only (excluding Palmer Events Center) lost a combined total $15.3 million, before operating subsidies from the hotel occupancy tax, which was the largest deficit recorded across the peer set. Henry B. Gonzalez Convention Center, which is also operated with other facilities by a department of the City of San Antonio, also incurred a large deficit of $13.4 million. Although operating revenues at the Austin Convention Center were close to the peer set's average, this was offset by the large expenses ($32.9 million). Operations at other venues ranged from a deficit of $13.4 million at Henry B. Gonzalez Convention Center in San Antonio to a profit of $991,787 at Colorado Convention Center in Denver.

IMPLICATIONS

Austin's key demographic and socioeconomic characteristics are indicative of a highly attractive market that is growing rapidly:

- **Strong Population Growth**: Austin has experienced rapid population growth over recent years and is projected to continue growing at a rate that will outpace state and national growth.

- **Diversified Economy**: The population is relatively young, and highly educated, reflecting the presence of prominent universities and new employment opportunities. The employment base is supported by government sectors and is expanding with a focus on high tech industries. The unemployment rate in Greater Austin is falling well below state and national averages.

- **Tourism Infrastructure**: The central location of Austin within the State of Texas creates a solid basis for the tourism industry, enhanced by the abundance of cultural and entertainment opportunities, and support hospitality infrastructure, including a substantial hotel inventory that performs well and is continuing to expand.

All of these factors help to support the Austin Convention Center and enhance Austin's ability to attract large meetings and events. There is a substantial inventory of hotel rooms within walking distance of the Austin Convention Center and upon opening of the JW Marriott and the Westin Austin Downtown, this inventory will be increased to be among the highest in the peer set. However, when compared to the peer set, the Austin Convention Center and the Austin market are relatively weak with respect to:

- **Transport Linkages**: Austin has a moderate airlift capacity relative to the peer set. Many other markets benefit from either rail links between downtown and the airport or rapid transit (light rail or trolleys) in the downtown core, proximate to the convention center facility. The airport is undergoing expansion to improve airlift capacity.

- **Facility Attributes**: The Austin Convention Center is the oldest among the peer set, as measured by the most recent renovation. It is also among the smallest, in terms of overall size, as well as exhibit, ballroom, and meeting rooms.

- **Demand Schedule**: The Austin Convention Center ranks among the lowest in the peer set with respect to events and attendance, largely due to the physical layout of the venue and its inability to host multiple large events at the same time.

While Austin's demographics and economic base provide a perfect environment for the Austin Convention Center to prosper, it is evident that the facility's size is holding it back. The expansion and renovation of the Austin Convention Center presents a real opportunity to increase its competitiveness amongst the peer set and other facilities nationally.

JOHNSON CONSULTING

SECTION IV

SURVEY FINDINGS

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SURVEY FINDINGS

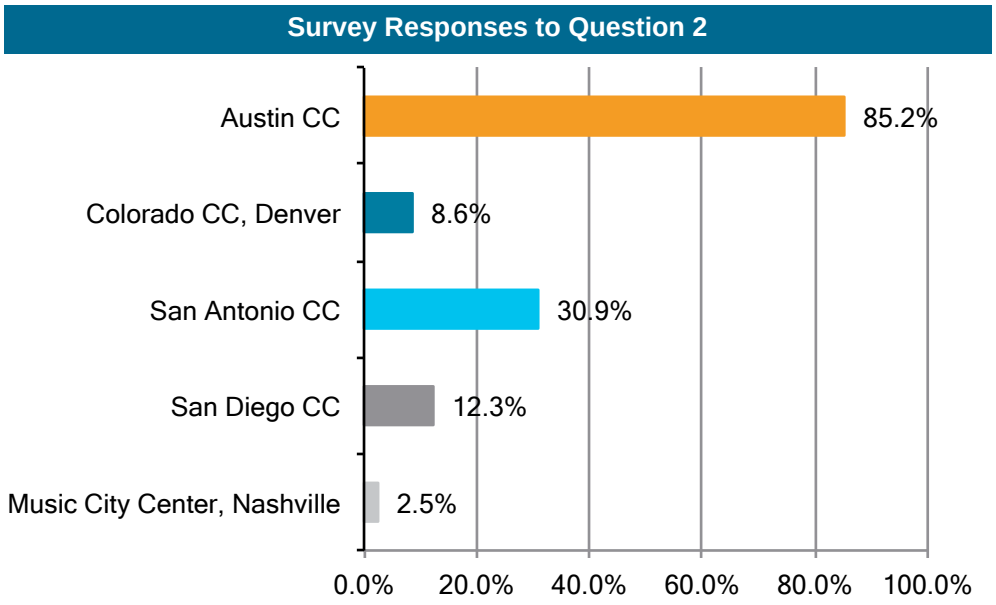
Johnson Consulting worked closely with the Austin Convention Center staff and the Austin Convention and Visitors Bureau to identify current, past and potential facility users to gauge their perception of the current Austin Convention Center facility offerings, its standing among peer facilities, destination appeal, and future space of an expanded Austin Convention Center facility. The survey findings are presented below.

FACILITY UTILIZATION

Question 1 asked about the respondents' typical event, event location, number of exhibitors, number of attendees, and number of room block.

Question 2 – Which of the following facilities have you utilized? Figure 4-1 shows the responses.

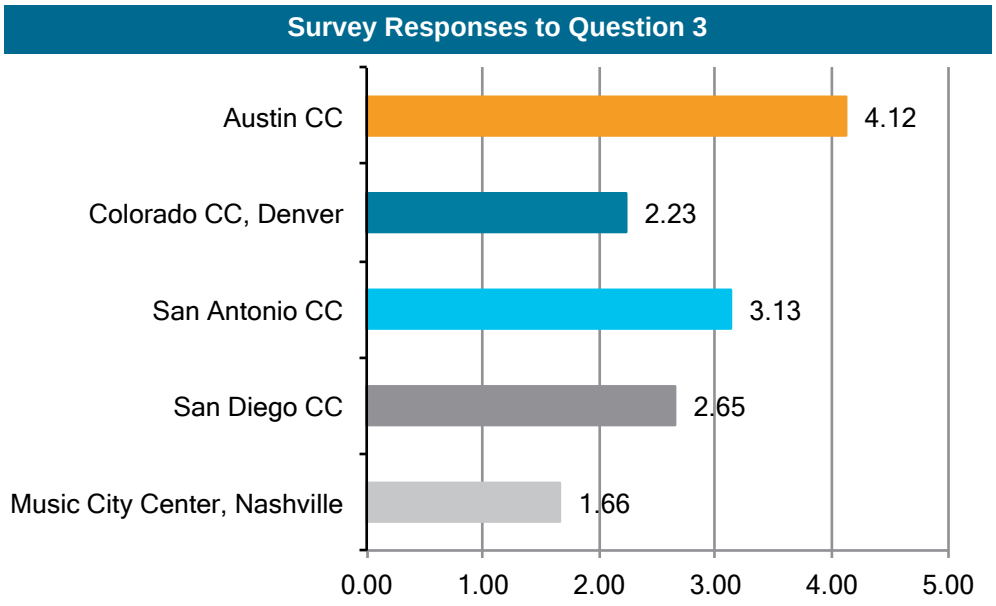
Figure 4-1



Note: 81 responses answered question; 20 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 3 – How would you rate the following facilities in terms of facility offerings, quality and attractiveness from an event PLANNER's perspective? Figure 4-2 shows the responses.

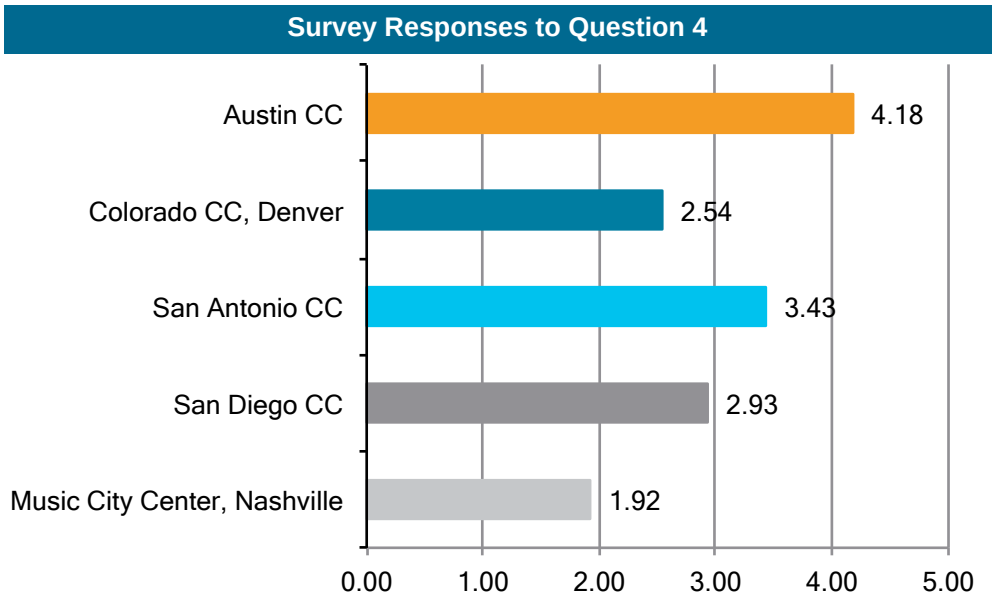
Figure 4-2



Note: 86 responses answered question; 15 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 4 – How would you rate the following facilities in terms of facility offerings, quality and attractiveness from an event ATTENDEE's perspective? Figure 4-3 shows the responses.

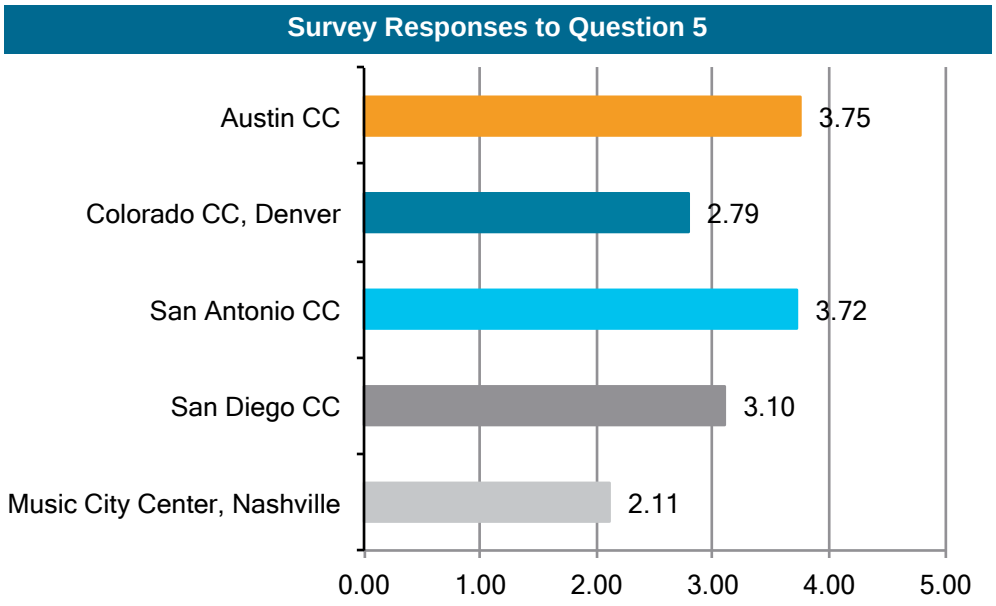
Figure 4-3



Note: 83 responses answered question; 18 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 5 – How would you rate the location of the following facilities in terms of hotel room availability? Figure 4-4 shows the responses.

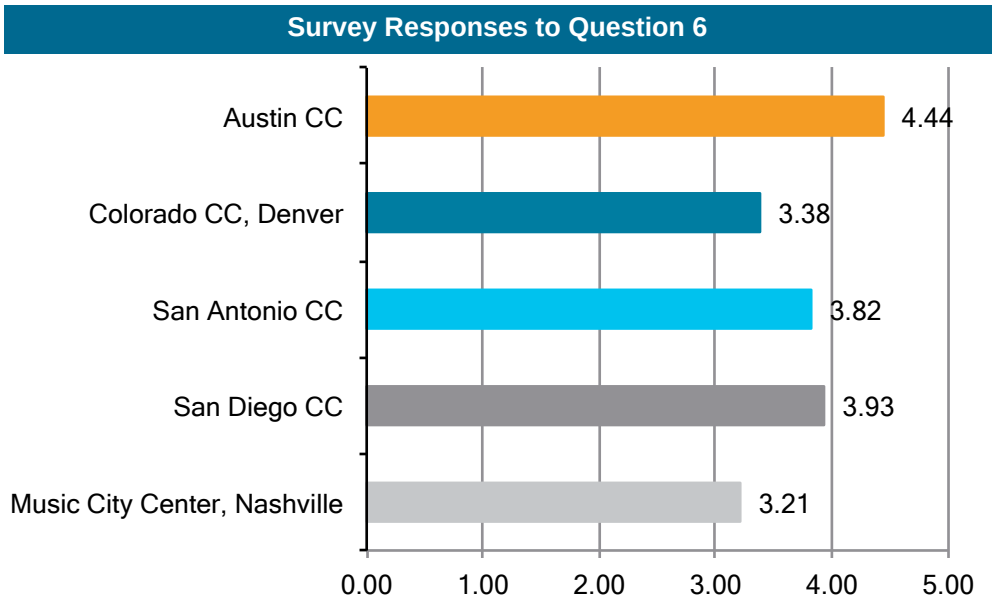
Figure 4-4



Note: 80 responses answered question; 21 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 6 – How would you rate the location of the following facilities in terms of destination appeal? Figure 4-5 shows the responses.

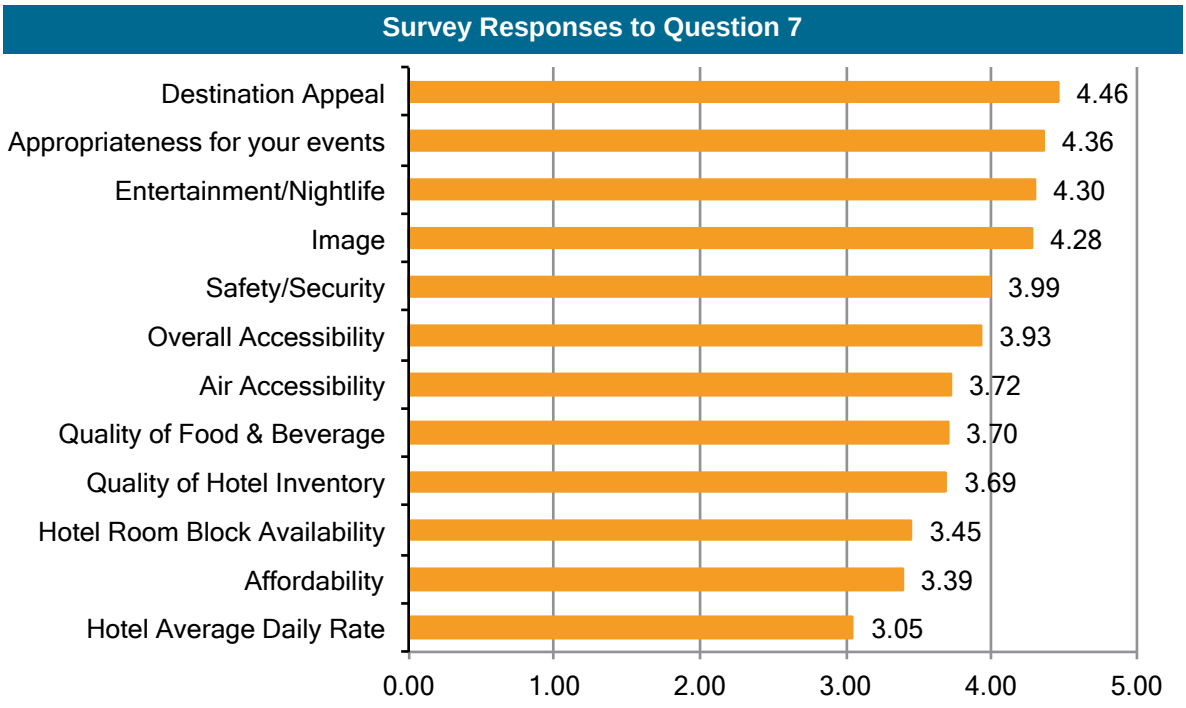
Figure 4-5



Note: 82 responses answered question; 19 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 7 – Overall, how would you rate Austin as a convention/ tradeshow destination in the categories shown? Figure 4-6 shows the responses.

Figure 4-6



Note: 87 responses answered question; 14 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 8 – The existing Austin Convention Center comprises approximately 247,000 square feet of exhibit space, 2 ballrooms (40,500 and 23,420 square feet respectively) and 55,800 square feet of meeting space. Given the current inventory of meeting facilities, how willing would you be to retain or expand your event at the Austin Convention Center? Table 4-1 shows the responses.

Table 4-1

Survey Responses to Question 8

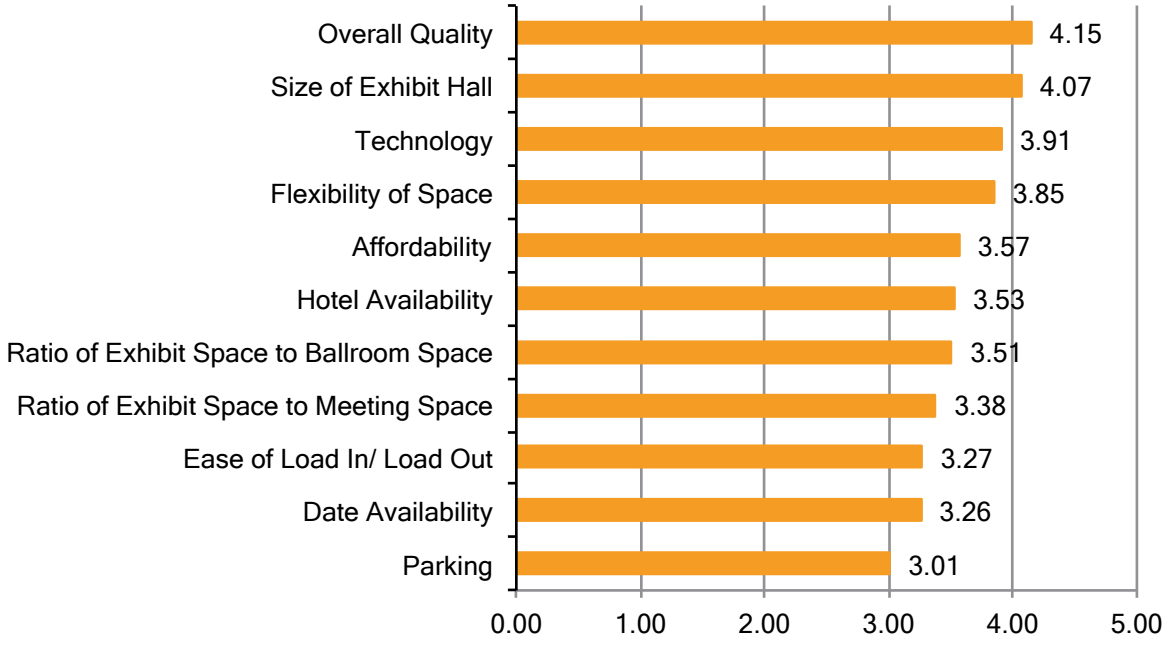
	Not Sure	Unwilling	Somewhat Willing	Very Willing	Extremely Willing	Total	Rating Average
# of Responses	9	1	21	28	21	80	**3.64**
% of Responses	11.3%	1.3%	26.3%	35.0%	26.3%		

Note: 80 responses answered question; 21 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 9 – How would you rank the current Austin Convention Center in terms of the attributes shown? Figure 4-7 shows the responses.

Figure 4-7

Survey Responses to Question 9

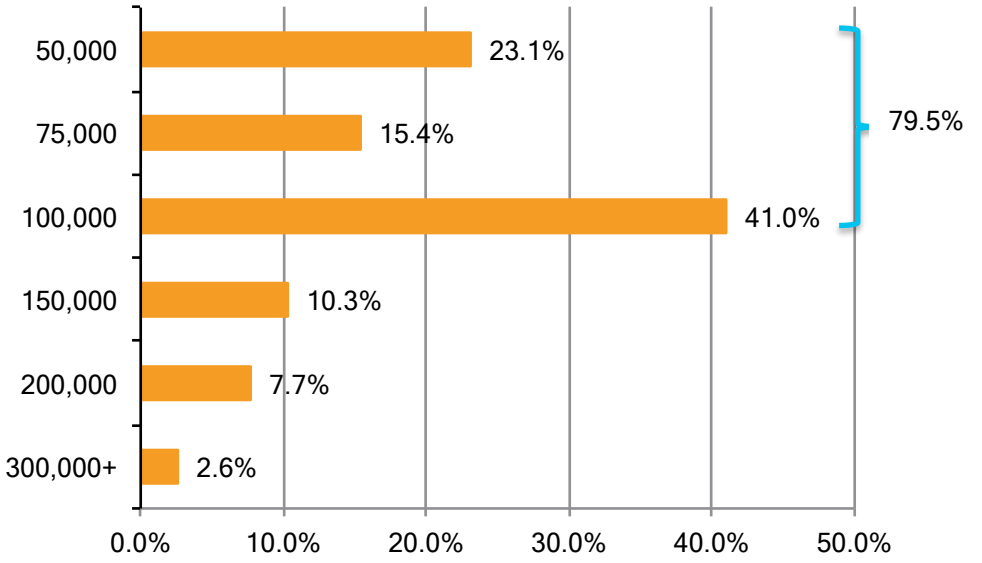


Note: 82 responses answered question; 19 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 10 – To bring new events to the Austin Convention Center and to retain or expand your current events at the Austin Convention Center, how much additional Exhibit space would be needed, in addition to the existing 247,000 square feet? Figure 4-8 shows the responses.

Figure 4-8

Survey Responses to Question 10



Note: 39 responses answered question; 62 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 11 – How important is it for new exhibit space to be contiguous with existing exhibit space? Table 4-2 shows the responses.

Table 4-2

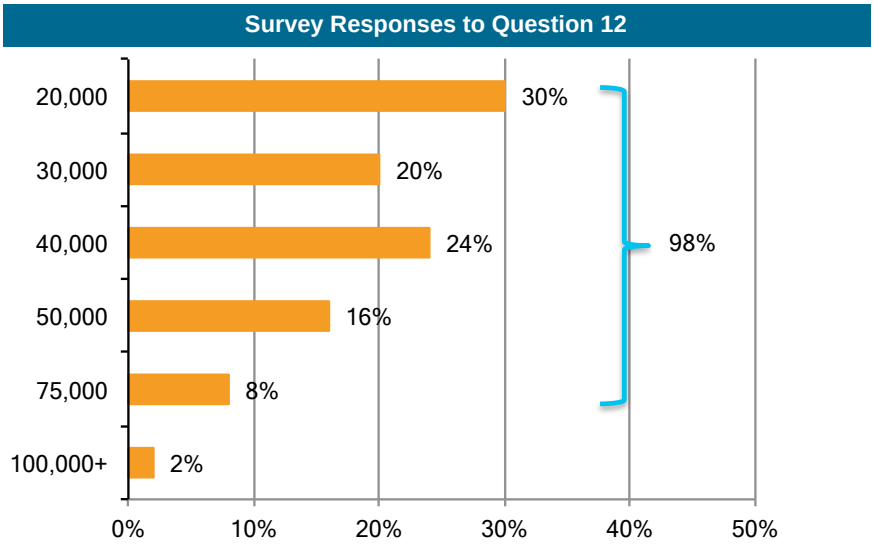
Survey Responses to Question 11

	Not Important	Important	Very Important	Total	Rating Average
# of Responses	16	24	33	73	**2.23**
% of Responses	21.9%	32.9%	45.2%		

Note: 73 responses answered question; 28 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 12 – To bring new events to the Austin Convention Center and to retain or expand your current events at the Austin Convention Center, how much additional ballroom space would be needed, in addition to the existing two ballrooms (40,500 square feet and 23,400 square feet respectively)? Figure 4-9 shows the responses.

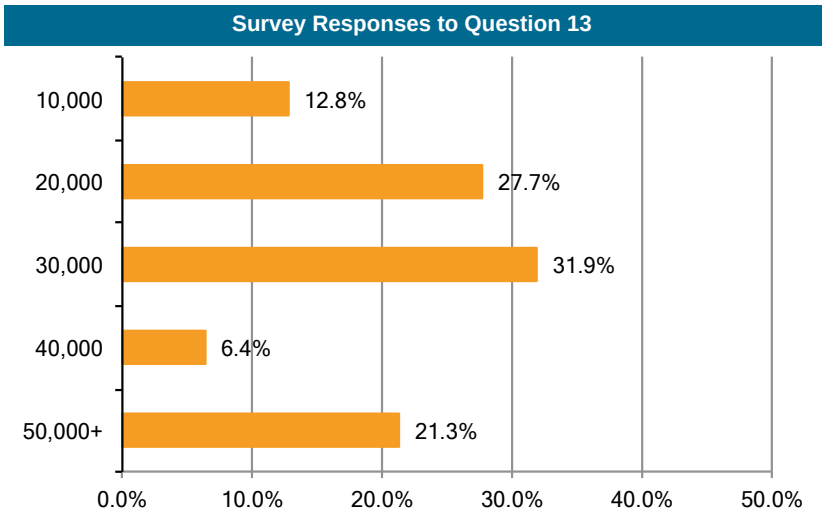
Figure 4-9



Note: 49 responses answered question; 52 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 13 – To bring new events to the Austin Convention Center and to retain or expand your current events at the Austin Convention Center, how much additional meeting room space would be needed, in addition to the existing 55,800 square feet? Figure 4-10 shows the responses.

Figure 4-10



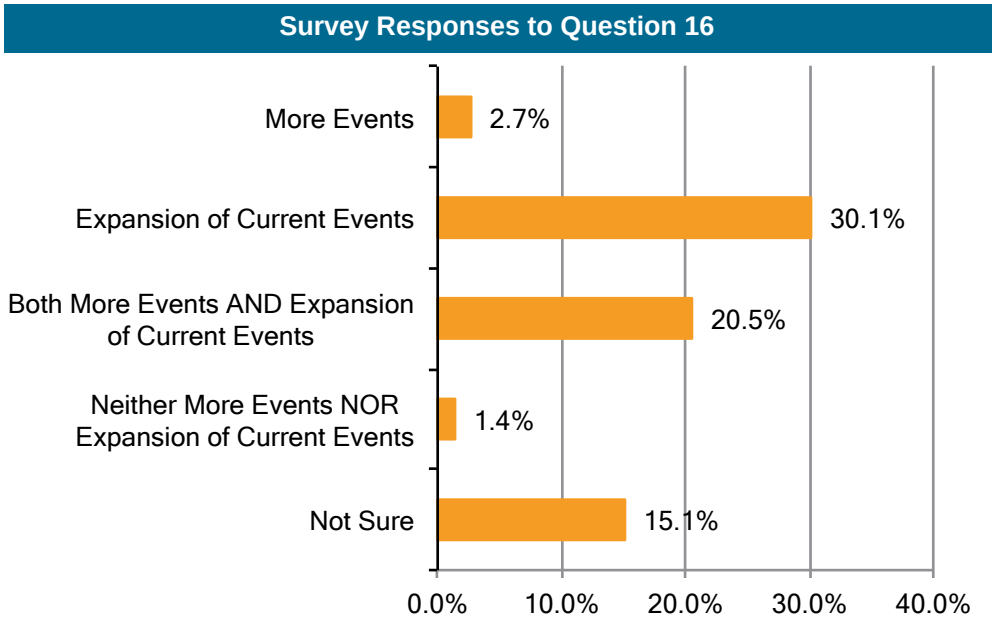
Note: 47 responses answered question; 54 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 14 – What other building elements and overall destination enhancements would you like to see at the Austin Convention Center, and in Austin, to retain and grow your events? Fifty-three suggestions were received. The top three suggestions included public transportation linking downtown and the airport, the ability to get more hotel rooms in the room block on peak nights, and addressing parking issues.

Question 15 – If the Austin Convention Center cannot be expanded to meet its full potential due to site constraints, would you recommend a Boston type growth model where the original convention center was kept in inventory and a new larger convention center was developed at a site that had greater future growth potential? What other type of scenario would be viable to maximize the ability for Austin to capture as much of your potential event demand? Fifty-eight responses were received. Concern about proximity to existing hotel supply, inability to split a single event between two different buildings, and proximity to 6th Street were cited most frequently.

Question 16 – If you are a current user of the Austin Convention Center AND the additional space you indicated was provided, would you use it for more events or expansion of your current events? Figure 4-11 shows the responses.

Figure 4-11



Note: 73 responses answered question; 28 skipped.
Source: Austin Convention Center, Johnson Consulting

Question 17 asked respondents to describe the attributes of your event(s) that could expand or the new events that he/ she could host. Thirty-five responses were received and the majority of respondents indicated that they would be able to increase the average number of exhibitors, the average number of attendees and a larger hotel room block would be required.

Question 18 asked survey takers to provide any additional comments about the Austin Convention Center. Twenty-three responses were received. Top responses indicated that expansion is key for the future of their events; the staff and management are well regarded; and additional hotel rooms are needed, based on current supply.

SUMMARY OF AUSTIN DESTINATION STUDY

In addition to the survey conducted for this specific analysis, The Austin Convention and Visitors Bureau received a destination research study in November of 2013 from Smith Travel Research (STR). The findings of the destination study confirm many of the key findings from the meeting planner survey that was conducted by Johnson Consulting and provides a broader national meeting planner perspective. The following information provides a recap of key findings from the study as it relates to meeting planners perception of Austin compared to 39 other destinations in North America. Given the relatively small size of the convention center, Austin performs exceedingly well and is often ranked among other destinations that have much larger facilities.

RECAP OF 2013 AUSTIN STR DESTINATION MAP STUDY

In 2010, STR purchased METROPOLL, a comprehensive study of meeting planners and their perceptions of 40 North American Destinations. METROPOLL has been conducted every two years since 1983. In the most recent editions of the study, new and timely questions were asked, and the look, feel, and graphics of the report have been updated. To go along with these changes, METROPOLL has been renamed: Destination Meetings Assessment Program, or DestinationMAP. Throughout this report, findings will be referred to as DestinationMAP findings with the year of the study indicated.

DestinationMAP is a comprehensive study of meeting planners and the meetings market in North America. The report provides a detailed description of meeting planners' preferences and their perceptions of 40 North American destinations. DestinationMAP also develops important descriptive information on the meetings market in North America. This includes data on meeting-holder logistical requirements, including type of facility used, computer facilities needed, hotel rates, number of meeting and hotel rooms required, number of exhibit booths needed, attendance, advance planning, month of meeting and site location trends.

Of the 40 destinations currently covered by DestinationMAP, 26 have been covered in all fifteen readings. The remaining 14 destinations have been covered multiple times as well. This continuity permits trend analysis of such information as changes in site selection considerations. It also permits individual destinations to track progress over time, with respect to such important measures as:

- Market share,
- Evaluation as a travel destination,
- Evaluation as a convention site,
- Reputation for meeting facilities,
- Convention center image, and
- Travel image.

MEETINGS LOCATIONS COVERED

DestinationMAP 2013 covers the following 40 major meeting locations in the United States and Canada:

United States Cities		
Western	**Central**	**Eastern**
Anaheim	Austin	Atlanta
Hawaii	Chicago	Baltimore
Las Vegas	Dallas	Boston
Los Angeles	Denver	Charlotte
Phoenix	Houston	Ft. Lauderdale
Portland	Minneapolis	Indianapolis
Sacramento	Nashville	Jacksonville
San Diego	New Orleans	Miami
San Francisco	San Antonio	New York
San Jose		Orlando
Scottsdale		Philadelphia
Seattle		Puerto Rico
		Washington, D.C.
Canadian Cities		
Western	**Central**	**Eastern**
Calgary	Toronto	Montreal
Vancouver		Ottawa
		Québec City

DestinationMAP was conducted as a web-based survey among a national sample of major association and corporate meeting holders in the United States.

SAMPLING PROCEDURE

For the purpose of the study, a sample of meeting planners and decision-makers was generated from three sampling frames:

- Thomson Gale Encyclopedia of Associations,
- 2013 Meeting Professionals International database, and
- Previous respondents and databases of meeting planners from meeting planning publications.

The basic premise underlying sample construction was to obtain a sample of organizations that hold large national meetings. Therefore, within each sampling frame certain criteria were used to select respondents. In the Encyclopedia of Associations the sample was limited to associations which have at least 2,000 members and which hold annual meetings. Additional screens were conducted within the survey (for all list sources) to rule out planners of small or exclusively regional meetings.

Table 4-3

Total Respondents: DestinationMAP 2013

	Number of Completed Surveys
Total Sample	739

The total of 739 completed responses represents a 10.1 percent response rate from lists, which allowed for tracking of number of delivered surveys. On any given question the number of respondents may vary – as some respondents skipped questions and in many cases a rotation and randomization strategy was employed in the survey so not every question was shown to every respondent. The sample consists largely of people who are responsible for planning corporate or association meetings, though a small portion of the sample plans other types of meetings. Because of the large portions of the sample identified as corporate or association planners, this segmentation is used throughout the report.

MEETING PLANNERS

Employment: With respect to employment, the type of respondents is well distributed. One third (33 percent) are employed by a corporation, with 29 percent employed by an association and the remaining 38 percent employed by another type of employer as shown in Table 2 on the following page. The sample of meeting planners also includes third-party meeting planners, with 11 percent of the sample employed by a meeting planning firm, 11 percent self-employed and 2 percent employed by a consulting firm. A total of 80 percent of the sample identifies themselves as either top management or meeting management. Association meeting planners are more likely to be in top management while corporate meeting planners are more likely to be in meeting management. DestinationMAP is a national sample: respondents are from 43 states and Washington, D.C.

Types of Meetings Planned: As in past years, the types of meetings planned vary widely by whether a meeting planner is a corporate or association meeting planner. Association meeting planners are more likely to plan annual conventions, while corporate planners are more likely to plan corporate meetings, tradeshows, sales meetings, and travel incentive meetings.

Both types of meeting planners are likely to have planned a major meeting of more than 300 people in the United States in the past year (94 percent of association planners and 96 percent of corporate planners). Both types of meeting planners hold meetings in similar locations, but corporate meeting planners were more likely to have held a meeting in Europe, Puerto Rico, Hawaii or Mexico. On average, corporate meeting planners plan more meetings (30) than association meeting planners (17) per year.

Table 4-4

Description of Respondents
DestinationMAP 2013

Within your organization, would you classify yourself as:	Overall	Association	Corporate
Meeting management	58%	53%	63%
Top management	22	29	16
Support services	8	7	8
Other	6	7	5
Marketing management	6	3	8

Are you employed by:	Overall	Association	Corporate
Corporation	33%	13%	49%
Association or society	29	52	13
Meeting planning firm	11	9	15
Self employed	11	11	12
Educational institution	8	11	6
Insurance company	3%	0%	5%
Medical/health care provider	3	3	3
Financial institution	3	0	5
Consulting firm	2	2	3
Government	1%	2%	1%
Destination marketing organization	1	1	1
Accounting or Law firm	1	1	1
Scientific or high tech firm	1	1	1
Other	10%	11%	7%

MAJOR MEETINGS IN THE PAST THREE YEARS

Respondents to the study were asked to indicate whether they had held a major convention, trade show, conference or seminar in the past three years at each of the 40 locations covered by DestinationMAP. A major meeting was defined as a meeting with 300 or more participants. Affirmative answers ranged from a low of zero responses to a high of 36 percent of planners who held a major meeting in Washington D.C.

With respect to past major meetings, Washington D.C., Las Vegas, Chicago, and Orlando are all grouped closely to one another as destinations extremely popular among meeting planners surveyed in DestinationMAP.

Table 4-5

Ranking of 40 Locations with Respect to Where Major Meetings Were Held in the Past Three Years (Upper Half)

Q. Listed below are 8†† destinations. For each please indicate if you have held a major convention/trade show/conference or seminar there in the past three years. By major, we are referring to meetings involving 300 or more participants.

			Primarily Responsible for Planning:			
Held a Major Meeting in Past 3 Years In:	Overall		Association Meetings		Corporate Meetings	
	Percent	Rank	Percent	Rank	Percent	Rank
Washington DC	36%	1	40%	1	39%	3
Las Vegas	34	2	23	6	42	2
Chicago	34	2	26	3	39	3
Orlando	33	4	27	2	49	1
Phoenix	27	5	25	4	32	6
Boston	23%	6	15%	11	32%	6
Atlanta	23	6	25	4	28	8
San Diego	23	6	20	7	24	11
Dallas	23	6	11	14	35	5
San Francisco	22	10	16	9	27	9
New York	21%	11	13%	13	21%	15
Scottsdale	21	11	9	20	26	10
Denver	21	11	18	8	23	12
Los Angeles	18	14	9	20	22	13
New Orleans	14	15	16	9	12	24
San Antonio	14	15	15	11	16	20
Philadelphia	14	15	10	18	19	16
Houston	13%	18	11%	14	22%	13
Miami	12	19	5	30	18	17
Hawaii	12	19	9	20	14	23
Seattle	12	19	9	20	15	22

††Five separate destination lists were developed and randomly administered to equal sized sub-samples so that 40 locations were covered.

Table 4-6

Ranking of 40 Locations with Respect to Where Major Meetings Were Held in the Past Three Years (Lower Half)

Q. Listed below are 8†† destinations. For each please indicate if you have held a major convention/trade show/conference or seminar there in the past three years. By major, we are referring to meetings involving 300 or more participants.

			Primarily Responsible for Planning:			
Held a Major Meeting in Past 3 Years In:	Overall Percent	Overall Rank	Association Meetings Percent	Association Meetings Rank	Corporate Meetings Percent	Corporate Meetings Rank
Austin	***11%***	***22***	***7%***	***27***	***18%***	***17***
Minneapolis	11	22	11	14	17	19
Baltimore	11	22	11	14	10	26
Charlotte	10	25	9	20	12	24
Fort Lauderdale	10	25	9	20	16	20
Anaheim	10	25	9	20	10	26
Nashville	9%	28	5%	30	10%	26
Jacksonville	8	29	7	27	10	26
Indianapolis	7	30	10	18	7	32
San Jose	7	30	5	30	8	30
Portland	6%	32	5%	30	8%	30
Toronto	5	33	5	30	6	33
Vancouver	5	33	7	27	5	35
Puerto Rico	4	35			6	33
Sacramento	3%	36	2	36	4%	36
Ottawa	3	36	5	30	4	36
Montreal	1	38	---	---	1	39
Quebec City	1	38	---	---	2	38
Calgary	1	38	---	---	1	39

††Five separate destination lists were developed and randomly administered to equal sized sub-samples so that 40 locations were covered.

PLANNED FUTURE MAJOR MEETINGS

Table 4-7

Ranking of 40 Locations with Respect to Where Major Meetings Will be Held in Next Three Years (Upper Half)

Q. Listed below are 8†† destinations. For each please indicate if you plan to hold a major convention/trade show/conference or seminar there in the next three years. By major, we are referring to meetings involving 300 or more participants.

Intend to Hold Meeting in Next 3 Years In:	Overall*		Primarily Responsible for Planning: Association Meetings		Primarily Responsible for Planning: Corporate Meetings	
	Percent	Rank	Percent	Rank	Percent	Rank
Chicago	26%	1	17%	5	34%	1
Orlando	24	2	23	1	31	2
Las Vegas	21	3	13	7	27	3
Washington DC	20	4	22	2	18	9
San Diego	18	5	18	3	19	4
Scottsdale	17%	6	11%	11	19%	4
New Orleans	15	7	18	3	17	10
Boston	15	7	10	15	19	4
New York	15	7	14	6	13	13
Phoenix	14	10	9	17	19	4
Austin	***14%***	***10***	***11%***	***11***	***15%***	***12***
Dallas	13%	12	10%	15	16%	11
Denver	13	12	13	7	12	14
San Francisco	12	14	11	11	19	4
Los Angeles	10	15	9	17	10	17
San Antonio	10	15	13	7	10	17
Anaheim	9%	17	13%	7	5%	28
Houston	9	17	8	20	12	14
Atlanta	9	17	11	11	7	24
Charlotte	8	20	6	21	7	24
Seattle	8	20	9	17	8	20

*Overall percentages may not fall between Association and Corporate due to individuals who could not be classified as corporate or association planners.

††Five separate destination lists were developed and randomly administered to equal sized sub-samples so that 40 locations were covered.

Table 4-8

Intention to Hold a Major Meeting in Next Three Years by Destination (Lower Half)

Q. Listed below are 8†† destinations. For each please indicate if you plan to hold a major convention/trade show/conference or seminar there in the next three years. By major, we are referring to meetings involving 300 or more participants.

Intend to Hold Meeting in Next 3 Years In:	Overall*		Primarily Responsible for Planning: Association Meetings		Primarily Responsible for Planning: Corporate Meetings	
	Percent	Rank	Percent	Rank	Percent	Rank
Nashville	7%	22	5%	22	10%	17
Philadelphia	7	22	4	27	8	20
Minneapolis	7	22	5	22	11	16
Miami	7	22	3	33	7	24
Hawaii	6%	26	5%	22	8%	20
Vancouver	5	27	5	22	8	20
Indianapolis	5	27	5	22	7	24
Baltimore	3%	29	4%	27	3%	36
Jacksonville	3	29	1	37	3	36
San Jose	3	29	4	27	5	28
Montreal	3	29	3	33	3	36
Fort Lauderdale	3	29	3	33	4	32
Portland	3	29	4	27	5	28
Quebec City	3	29	4	27	5	28
Toronto	2%	36	---	---	4%	32
Puerto Rico	2	36	---	---	4	32
Ottawa	2	36	---	---	4	32
Calgary	1	39	4	27	---	---
Sacramento	1	39	2	36	1	39

* Overall percentages may not fall between Association and Corporate due to individuals who could not be classified as corporate or association planners.

††Five separate destination lists were developed and randomly administered to equal sized sub-samples so that 40 locations were covered.

With respect to intended major meetings planned in the next three years, 2013 showed a large increase in percentages of corporate and association planners anticipating a major meeting as compared to the past. On the corporate meetings side, 15 percent of respondents anticipate a major meeting in Austin in the next three years. This is up from 3 percent in 2009 and 4 percent in 2011. On the association meeting planning side, 2013 also demonstrated a large increase over the past three years – increasing from a low in 2009 of 4 percent to a high in 2013 of 11 percent.

Table 4-9

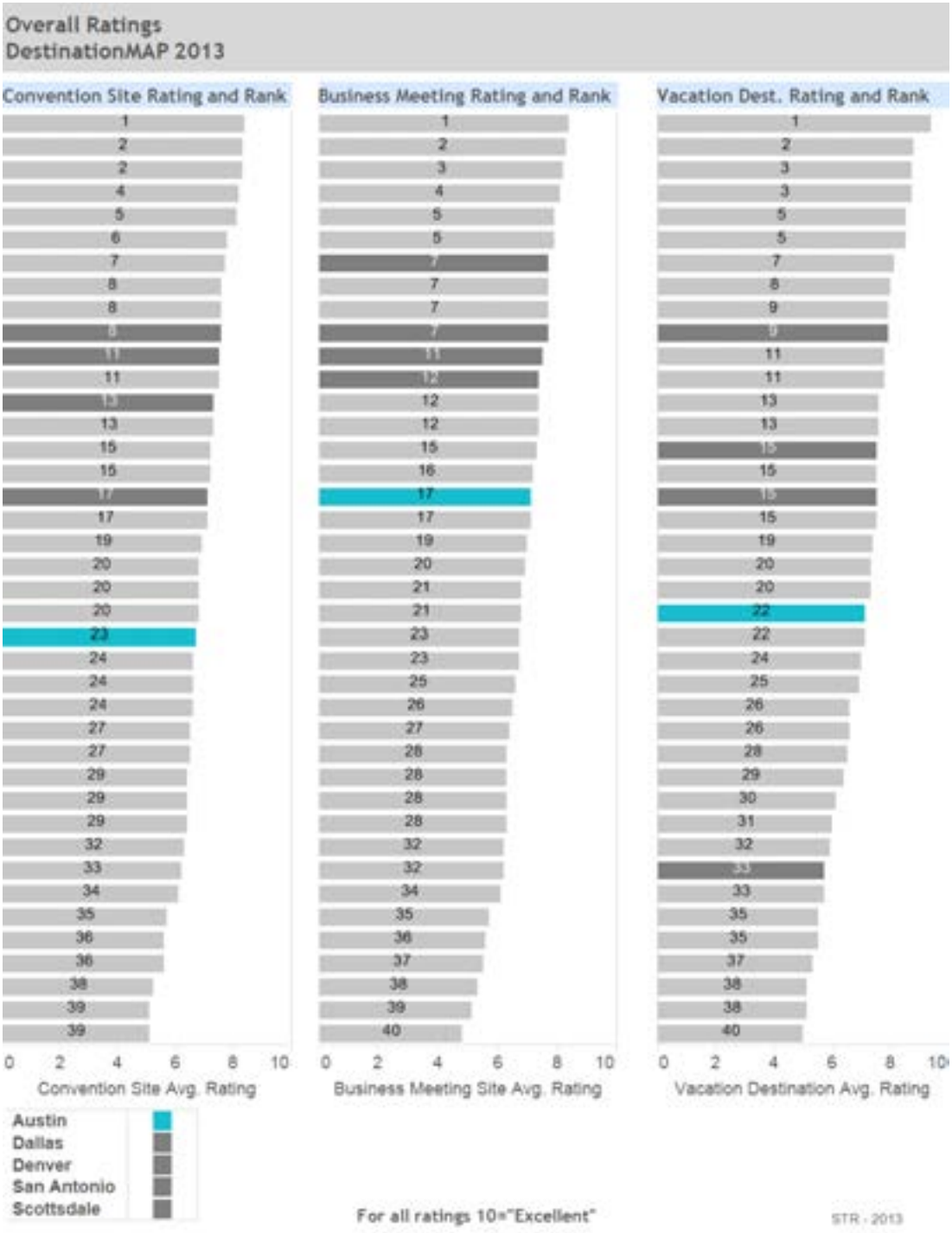
Major Meeting Intentions in the Next Three Years
Austin: DestinationMAP 2007-2013

Anticipated Major Meetings Next Three Years in Austin	DestinationMAP Study Year			
	2007	2009	2011	2013
Association Meeting Planners	6%	4%	6%	11%
Corporate Meeting Planners	3%	3%	4%	15%

DESTINATION RATING

Meeting planners and decision-makers were asked in DestinationMAP to rate destinations as convention sites, sites for business meetings, and as vacation destinations (not included in this recap). Meeting planners rated destinations on a ten-point scale as a vacation destination, as a convention site, and a site for business meetings. The average rating for Austin is presented in the following table. Austin has a strong rating and reputation as a business meeting site, where it is ranked in the top twenty (ranked 17th, average rating of 7.1 out of 10). Austin rates and is ranked higher among association planners than among corporate planners.

Figure 4-12



Note: Dallas and Scottsdale are also highlighted in this chart by DestinationMAP as they were part of Austin's peer set in the 2013 study.

For additional reference, the top five highest rated destinations as convention sites, business sites, and vacation destinations are provided below.

- Convention Site:
  - San Diego,
  - Orlando,
  - San Francisco,
  - Las Vegas,
  - Chicago.
- Business Meeting Site:
  - Chicago,
  - San Diego,
  - San Francisco,
  - Washington, D.C.,
  - Atlanta,
  - Boston.

Meeting planners evaluated destinations on four important areas of meeting facility reputation. These questions have been asked in an identical fashion in previous readings of DestinationMAP to allow for comparability. Austin is a top-twenty destination in reputation for "excellent hotel meeting facilities," "good for large trade shows" and "new/ expanded convention center." The percentages of association planners holding favorable opinions of Austin are higher than the percentages of corporate planners in reputation for "excellent hotel meeting facilities" and "good for large trade shows."

Table 4-10

Reputation of Austin Meeting Facilities

Evaluation Characteristic	Overall*		Association		Corporate	
	Percent	Rank	Percent	Rank	Percent	Rank
Excellent Hotel Meeting Facilities	39%	15	43%	14	36%	24
Good for Large Trade Shows	21%	20	25%	18	20%	23
Good for International Conventions which Draw Worldwide	11%	30	11%	31	11%	29
New/Expanded Convention Center	11%	12	13%	10	14%	8

*Overall percentages may not fall between Association and Corporate due to individuals who could not be classified as corporate or association planners.

Looking at long-term trends in reputation for Austin, there has been an improvement in Austin's rank on all measures since 2007. The improvement has been rather modest as a destination, which is "good for international conventions which draw worldwide." On the other hand, Austin's reputation as a destination offering "excellent hotel meeting facilities" has improved significantly, achieving its highest ranking (15th) in 2013.

Table 4-11

Reputation of Austin Meeting Facilities
Historic Trends

Evaluation Characteristic	2007 Rank	2009 Rank	2011 Rank	2013 Rank
Excellent Hotel Meeting Facilities	23	27	28	15
Good for Large Trade Shows	31	34	33	20
Good for International Conventions which Draw Worldwide	33	34	40	30
New/Expanded Convention Center	31	35	29	12

Table 4-12

Evaluation as Having Built or Expanded Convention Center
Top 20 Destinations

Destination	Overall*		Association		Corporate	
	Percent	Rank	Percent	Rank	Percent	Rank
Las Vegas	31%	1	18%	3	42%	1
New Orleans	25	2	25	1	27	3
Chicago	23	3	25	1	31	2
Nashville	18	4	18	3	12	12
Indianapolis	15	5	13	10	16	6
Denver	14%	6	11%	12	11%	14
Los Angeles	14	6	15	6	22	4
Orlando	14	6	9	16	15	7
Phoenix	14	6	11	12	19	5
Anaheim	12%	10	11%	12	14%	8
Atlanta	12	10	14	8	13	11
Austin	***11%***	***12***	***13%***	***10***	***14%***	***8***
Philadelphia	11	12	14	8	11	14
San Diego	11	12	15	6	14	8
San Jose	11	12	11	12	8	18
Washington, D C	11	12	17	5	11	14
Charlotte	10%	17	8%	18	12%	12
Boston	9	18	8	18	11	14
San Antonio	7	19	7	21	7	22
Vancouver	7	19	9	16	5	26

*Overall percentages may not fall between Association and Corporate due to individuals who could not be classified as corporate or association planners.

Table 4-13

Evaluation as Being Good for International Conventions which Draw Worldwide
Top 20 Destinations

Destination	Overall*		Association		Corporate	
	Percent	Rank	Percent	Rank	Percent	Rank
Las Vegas	72%	1	75%	1	77%	1
New York	64	2	68	2	76	2
Orlando	62	3	63	4	75	3
Washington, D C	60	4	63	4	63	5
Chicago	59	5	65	3	65	4
San Francisco	48%	6	53%	6	49%	6
Los Angeles	41	7	45	7	49	6
Atlanta	36	8	41	8	42	10
Boston	36	8	35	11	44	8
Miami	36	8	28	17	37	11
Toronto	34%	11	39%	10	43%	9
Hawaii	31	12	40	9	36	12
San Diego	28	13	33	12	27	14
Dallas	27	14	28	17	32	13
Montreal	25%	15	30%	16	22%	19
New Orleans	25	15	31	14	26	16
Seattle	25	15	31	14	27	14
Vancouver	25	15	33	12	22	19
Denver	24	19	20	19	23	17
Phoenix	19	20	14	24	23	17
Austin	***11%***	***30***	***11%***	***31***	***11%***	***29***

*Overall percentages may not fall between Association and Corporate due to individuals who could not be classified as corporate or association planners.

Table 4-14

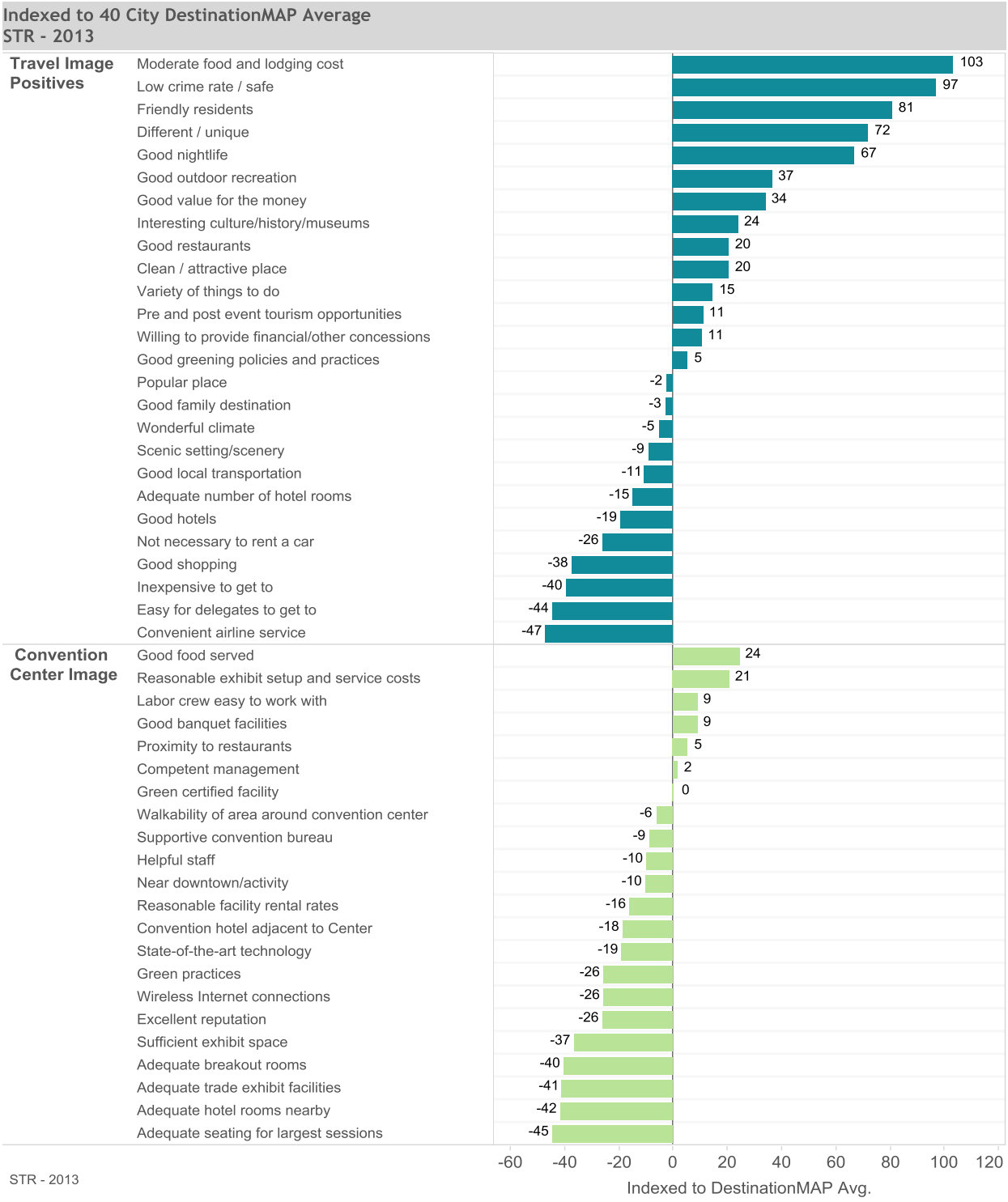
Evaluation as Having "Excellent Hotel Meeting Facilities"
Top 20 Destinations

Destination	Overall*		Association		Corporate	
	Percent	Rank	Percent	Rank	Percent	Rank
Chicago	77%	1	76%	1	90%	1
Las Vegas	74	2	73	2	81	3
Orlando	71	3	72	3	84	2
Washington, D C	64	4	68	4	76	4
San Francisco	58	5	58	6	71	5
Phoenix	57%	6	48%	12	65%	7
San Diego	57	6	62	5	69	6
Boston	56	8	54	10	63	8
New York	55	9	58	6	63	8
Denver	52	10	48	12	55	11
Scottsdale	52	10	38	20	62	10
New Orleans	51%	12	57%	8	53%	13
Atlanta	48	13	55	9	43	16
Dallas	46	14	38	20	54	12
Austin	***39%***	***15***	***43%***	***14***	***36%***	***24***
San Antonio	39	15	51	11	37	21
Hawaii	38%	17	36%	22	49%	14
Los Angeles	38	17	40	17	47	15
Miami	38	17	39	18	40	17
Philadelphia	36	20	39	18	40	17

A major component of DestinationMAP is the evaluation of 40 destinations on a set of image attributes, including travel image, negative travel image, and convention center image. Meeting planners evaluated destinations on each attribute. Because it was not practical to ask meeting planners to evaluate the image of 40 destinations, five destinations were covered at a time. These "image sets" were in turn systematically rotated so that a respondent was shown a random mix of destinations.

Throughout this section the image perceptions of a destination are indexed against a 40-city DestinationMAP average. For example, if a destination is rated favorably on a characteristic by 60 percent of respondents and the DestinationMAP average for that characteristic is 40 percent, then the destination will have an index of 60/40 (*100) or 150. When presented graphically, indexes are centered at zero: an index of 150 will appear as 50 in the graphs but 150 in the tables. Generally, an index of 80 to 120 is considered to be normal, or close to average.

Figure 4-13


Indexed to 40 City DestinationMAP Average
STR - 2013
Travel Image Positives
Moderate food and lodging cost 103
Low crime rate / safe 97
Friendly residents 81
Different / unique 72
Good nightlife 67
Good outdoor recreation 37
Good value for the money 34
Interesting culture/history/museums 24
Good restaurants 20
Clean / attractive place 20
Variety of things to do 15
Pre and post event tourism opportunities 11
Willing to provide financial/other concessions 11
Good greening policies and practices 5
Popular place -2
Good family destination -3
Wonderful climate -5
Scenic setting/scenery -9
Good local transportation -11
Adequate number of hotel rooms -15
Good hotels -19
Not necessary to rent a car -26
Good shopping -38
Inexpensive to get to -40
Easy for delegates to get to -44
Convenient airline service -47
Convention Center Image
Good food served 24
Reasonable exhibit setup and service costs 21
Labor crew easy to work with 9
Good banquet facilities 9
Proximity to restaurants 5
Competent management 2
Green certified facility 0
Walkability of area around convention center -6
Supportive convention bureau -9
Helpful staff -10
Near downtown/activity -10
Reasonable facility rental rates -16
Convention hotel adjacent to Center -18
State-of-the-art technology -19
Green practices -26
Wireless Internet connections -26
Excellent reputation -26
Sufficient exhibit space -37
Adequate breakout rooms -40
Adequate trade exhibit facilities -41
Adequate hotel rooms nearby -42
Adequate seating for largest sessions -45
-60 -40 -20 0 20 40 60 80 100 120
Indexed to DestinationMAP Avg.
STR - 2013

The image below provides additional details on the travel image profile of Austin. Travel image attributes have been coded into three categories: "recreational," "environmental," and "logistical." These distinctions help to show the areas where a destination stands out. Austin has strengths in many environmental and recreational considerations. Additionally, it stands well above the DestinationMAP norm in reputation as a destination offering "moderate food and lodging costs." With respect to travel image, Austin's greatest weaknesses are in areas relating to the cost and convenience of getting to the city.

Table 4-15

Travel Image
Indexed to DestinationMAP Average - 0 is Average
STR - 2013

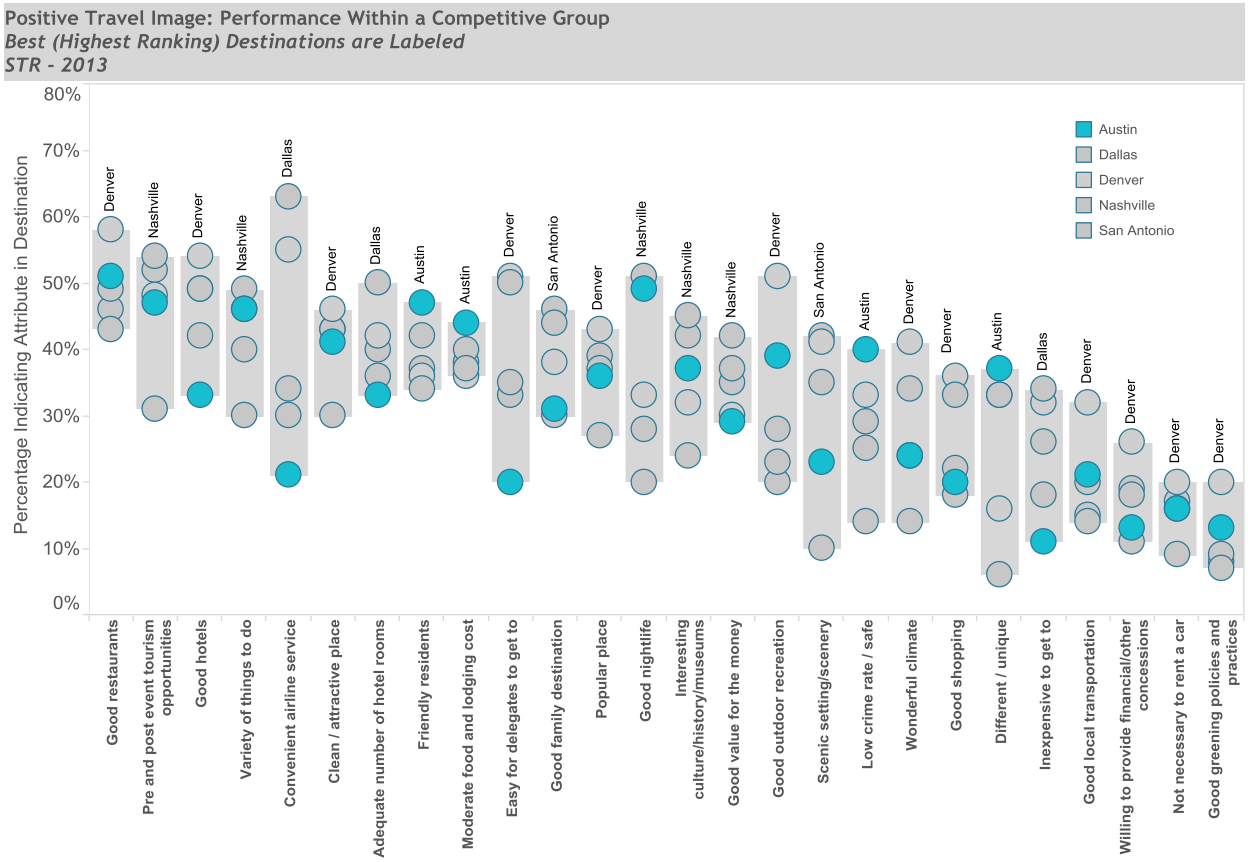
Consideration	Austin Rank Among 40 Destinations
Moderate food and lodging cost	2
Low crime rate / safe	4
Friendly residents	2
Different / unique	6
Good nightlife	9
Good outdoor recreation	11
Good value for the money	13
Interesting culture/history/museums	11
Good restaurants	13
Clean / attractive place	15
Variety of things to do	15
Pre and post event tourism opportunities	18
Willing to provide financial/other concessions	15
Good greening policies and practices	11
Popular place	18
Good family destination	18
Wonderful climate	18
Scenic setting/scenery	19
Good local transportation	17
Adequate number of hotel rooms	22
Good hotels	23
Not necessary to rent a car	21
Good shopping	28
Inexpensive to get to	25
Easy for delegates to get to	30
Convenient airline service	32

COMPETITIVE SET PERFORMANCE: POSITIVE TRAVEL IMAGE

In the image below Austin is compared on travel image to a regionally defined competitive set of destinations, which in DestinationMAP study includes Dallas, Denver, Nashville and San Antonio. This competitive set is but one which Austin could select and was determined by regional proximity. There are a handful of attributes on which Austin outpaces its competitive set, the most apparent being a destination offering a "different/unique" experience.

Within this strong group of competitors there are also areas where Austin lags behind other destinations. There is a noticeable gap between Austin and its competitors for "good hotels," "convenient airline service," and "easy for delegates to get to."

Figure 4-14



TOP TRAVEL IMAGE COMPETITORS

For positive attributes on which a destination fares particularly well, it is sometimes useful to examine which other destinations are also doing well with respect to those attributes. These destinations are essentially

"image competitors" (at least on these attributes). The travel image attributes on which Austin ranks in the top ten are listed below, along with the destinations, which tie or exceed Austin in rank.

Table 4-16

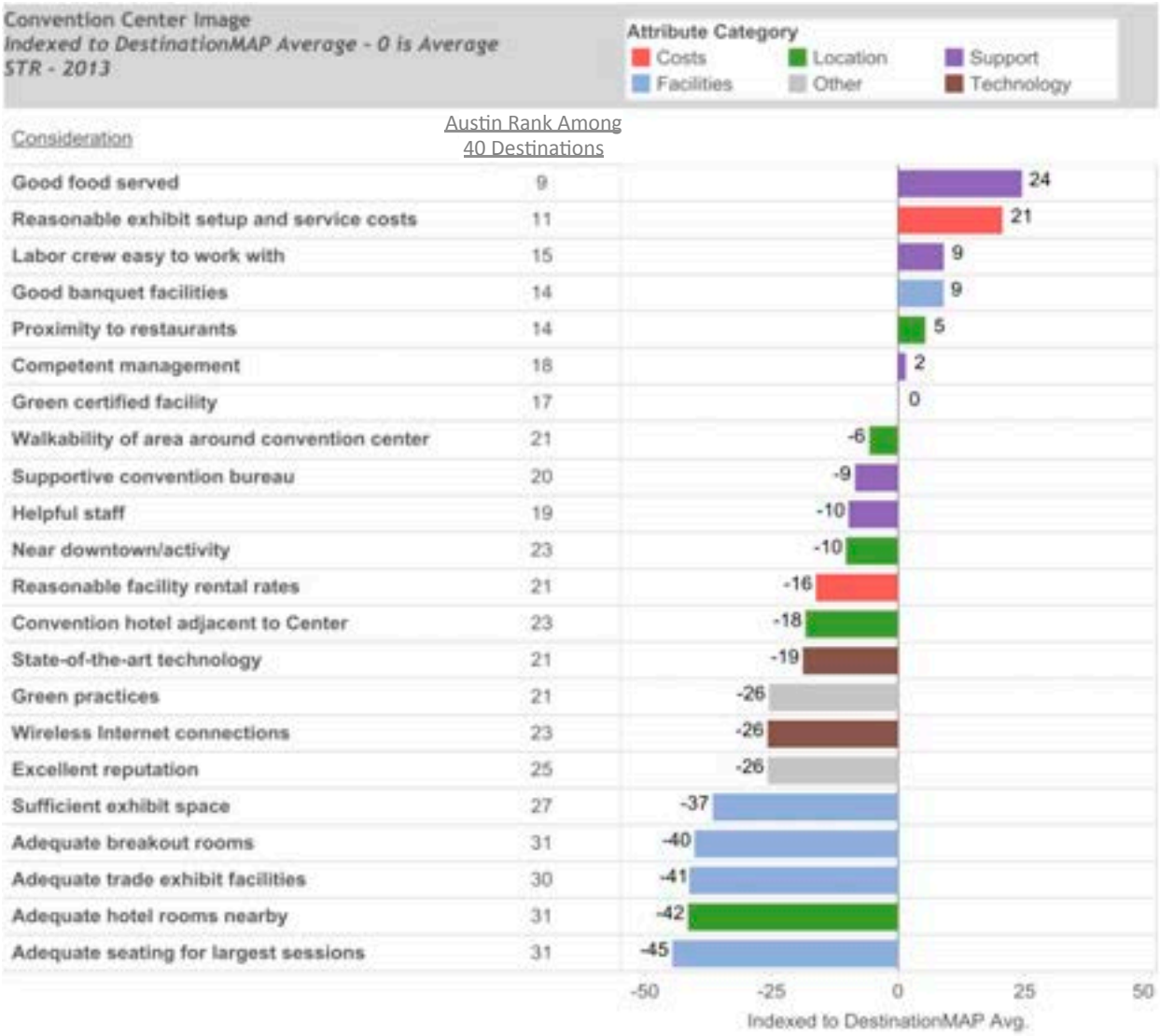
Top Competitors on Positive Travel Image Attributes
Destinations which Tie or Exceed Austin, Alphabetically Listed

Travel Image Attribute (Rank)	Destinations which Tie or Outrank Austin
Friendly residents (2nd)	
	San Diego
	Seattle
Moderate food and lodging cost (2nd)	
	Orlando
Low crime rate / safe (4th)	
	Phoenix
	Portland
	San Diego
Different/unique (6th)	
	Hawaii
	Las Vegas
	Montreal
	New Orleans
	San Francisco
Good nightlife (9th)	
	Chicago
	Las Vegas
	Los Angeles
	Miami
	Nashville
	New Orleans
	New York
	San Francisco

An image profile of Austin's convention center, based on meeting planner responses, is presented below. Attributes associated with the convention center in Austin are classified into five categories: technology, support, location, facility, and costs.

Figure 4-15 presents the rank of Austin on convention center image attributes, relative to the 40 destinations covered in DestinationMAP. Austin indexes above the DestinationMAP norm on six considerations. Areas of image strength include food and setup costs. Austin's image weaknesses are primarily in the category of facilities.

Figure 4-15



CONVENTION CENTER IMAGE INDEXED TO 40-DESTINATION AVERAGE

The table below coincides with the previous graph and clearly demonstrates that the strengths of Austin with respect to convention center image are in areas of costs and support. It is in these categories that Austin has its highest average index and ranking.

Table 4-17

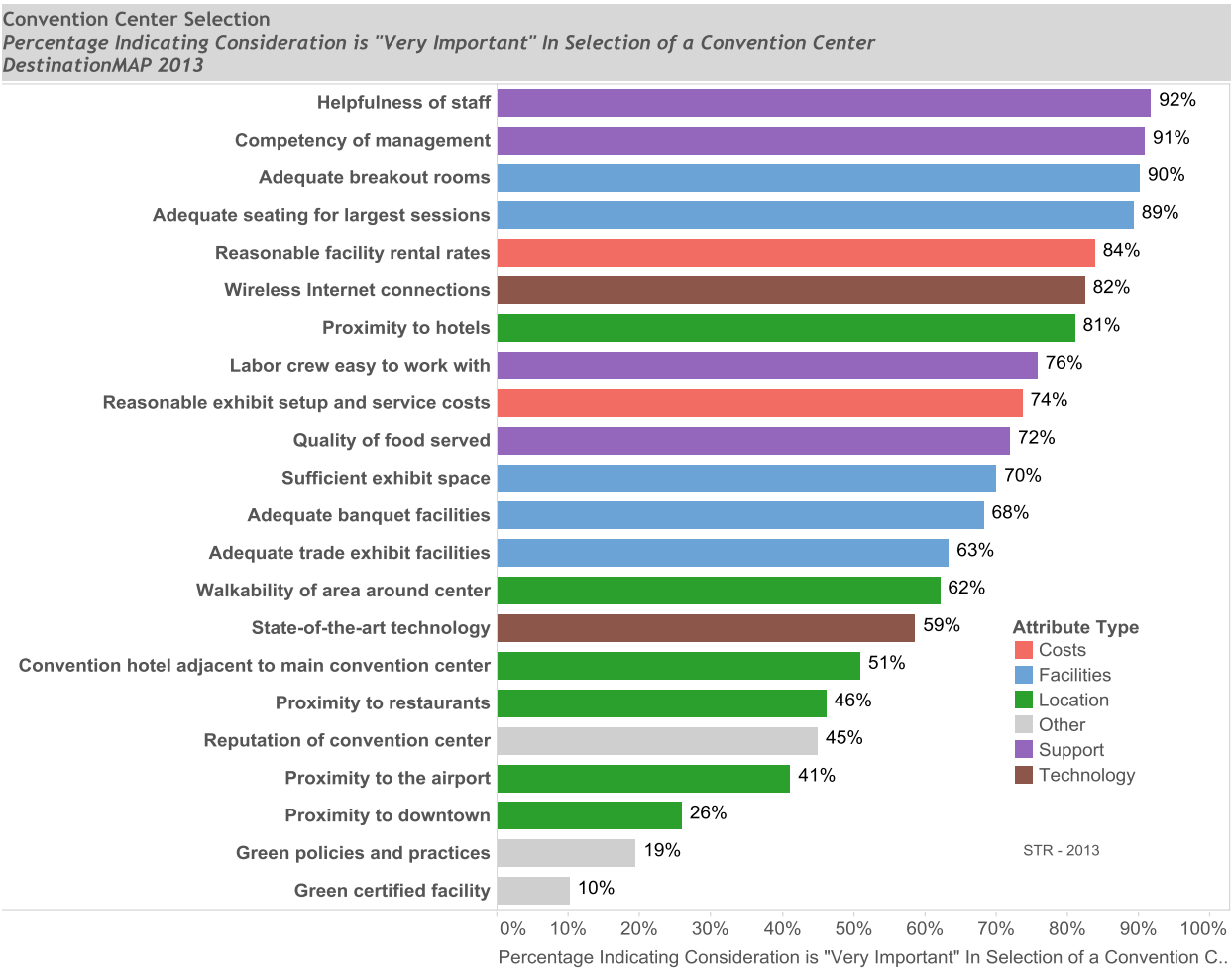
Convention Center Image: Rank and Index

Consideration	Austin Index	Rank
Costs (Average)	**103**	**16**
Reasonable exhibit setup and service costs	121	11
Reasonable facility rental rates	84	21
Facilities (Average)	**69**	**27**
Good banquet facilities	109	14
Sufficient exhibit space	63	27
Adequate breakout rooms	60	31
Adequate trade exhibit facilities	59	30
Adequate seating for largest sessions	55	31
Location (Average)	**86**	**22**
Proximity to restaurants	105	14
Walk-ability of area around convention center	94	21
Near downtown/activity	90	23
Convention hotel adjacent to Center	82	23
Adequate hotel rooms nearby	58	31
Other (Average)	**83**	**21**
Green certified facility	100	17
Green practices	74	21
Excellent reputation	74	25
Support (Average)	**103**	**16**
Good food served	124	9
Labor crew easy to work with	109	15
Competent management	102	18
Supportive convention bureau	91	20
Helpful staff	90	19
Technology (Average)	**78**	**22**
State-of-the-art technology	81	21
Wireless Internet connections	74	23

CONVENTION CENTER SELECTION CRITERIA

In DestinationMAP 2013 meeting planners were asked to evaluate the importance of specific attributes in the selection of a convention center. The image below presents the convention center attributes and the percentage of meeting planners who rated the attribute as "very important" in convention center selection. Generally, support, facilities and costs are the most important considerations, although all attributes are important at differing levels.

Figure 4-16



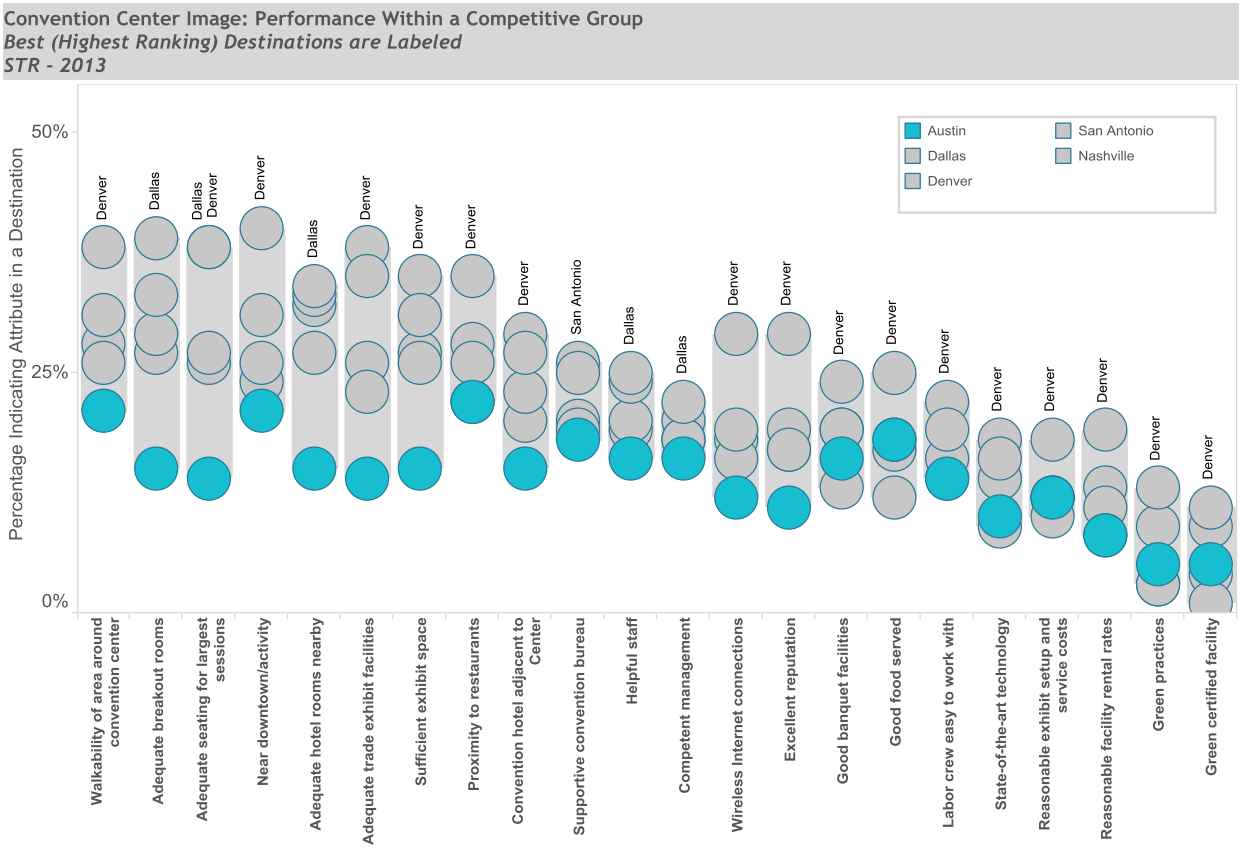
CONVENTION CENTER IMAGE COMPETITIVE SET

The graphic below presents an image profile of Austin among a regionally competitive set of destinations (Dallas, Denver, Nashville and San Antonio). Among this strong group of competitive destinations, Austin has a weaker image profile. In many cases the destinations are well differentiated with respect to convention center image, with Austin lagging behind. Denver and Dallas are leaders in convention center image in this

group. These two cities are the most favorably perceived on all but one convention center image consideration. It is perhaps surprising that with the opening of the Music City Center in Nashville that there aren't any considerations on which Nashville is the market leader.

Austin's relatively poor positioning on convention center image in this competitive group may be attributable to a lack of familiarity with Austin as well as the strengths of competitive destinations.

Figure 4-17



TOP CONVENTION CENTER IMAGE COMPETITORS

As with travel image, for convention center attributes on which a destination fares particularly well, it is sometimes useful to examine which other destinations are also doing well with respect to those attributes. These destinations are essentially "image competitors" (at least on these attributes). The convention center image attributes on which Austin ranks in the top fifteen are listed below, along with the top ten ranked destinations on those image attributes.

Table 4-18

Top Competitors on Convention Center Image Attributes
Destinations which Rank in the Top Ten, Alphabetically Listed

Convention Center Image Attribute (Austin's Rank)	Cities Which Rank in the Top Ten
Good food served (9th)	
	Boston
	Chicago
	Denver
	Las Vegas
	Los Angeles
	New Orleans
	Orlando
	San Antonio
	San Diego
	San Francisco
	Washington DC
Reasonable exhibit setup and service costs (11th)	
	Chicago
	Denver
	Houston
	Las Vegas
	Los Angeles
	New Orleans
	Orlando
	Phoenix
	San Diego
	San Francisco
Good banquet facilities (14th)	
	Boston
	Chicago
	Denver
	Las Vegas
	Los Angeles
	Nashville
	Orlando
	San Antonio
	San Diego
	San Francisco

Table 4-19

Continued: Top Competitors on Convention Center Image Attributes Destinations which Rank in the Top Ten, Alphabetically Listed

Convention Center Image Attribute (Austin's Rank)	Cities Which Rank in the Top Ten
Proximity to restaurants (14th)	
	Boston
	Chicago
	Denver
	Las Vegas
	New Orleans
	Orlando
	San Antonio
	San Diego
	San Francisco
	Washington DC
Labor crew easy to work with (15th)	
	Atlanta
	Chicago
	Dallas
	Denver
	Las Vegas
	New Orleans
	Orlando
	Phoenix
	San Diego
	San Francisco

IMPLICATIONS

As these two surveys indicate, there is significant interest in Austin as an event destination. Austin has become increasingly popular as a meeting destination due to its convention facilities, hotel supply and destination appeal. These surveys confirm the need for additional facilities and identify the major factor holding back the growth of the convention industry in Austin is a lack of available facilities.

JOHNSON CONSULTING

SECTION V

CURRENT UTILIZATION AND DEMAND PROJECTIONS

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CURRENT UTILIZATION AND DEMAND PROJECTIONS

This section provides a summary of the Austin Convention Center utilization, lost business, recommended expansion options, and potential opportunities to recapture lost business and increase demand for an expanded facility.

FACILITY UTILIZATION

This subsection summarizes current demand and utilization at the existing Austin Convention Center. Table 5-1 summarizes historical event demand at the Austin Convention Center from Fiscal Year Ending (FYE) 2009 through FYE 2013 (the year of most recently available data).

Table 5-1

Austin Convention Center Historical Event Demand

	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Exhibit Events					
Conventions/ Trade Shows	43	41	44	45	39
Consumer Shows	13	13	11	19	18
Subtotal	56	54	55	64	57
Non-Exhibit Events					
Convention w/o Exhibits	5	1	1	2	1
Meetings and Seminars (1)	41	40	53	45	47
Banquet Events	8	12	13	11	14
Concerts and Performances	0	0	1	2	2
Sporting Events	24	14	12	12	10
Others (2)	9	21	24	20	14
Subtotal	87	88	104	92	88
Total	143	142	159	156	145

Notes:
1) Including Conference, Meeting, Workshop, Seminar.
2) Including COA Non Revenue, Exam, Training, Film, Photo, Group, Social, and Other.
Source: Austin Convention Center Department

In the past five fiscal years, event demand fluctuated between 143 events to 159 events per year. In FYE 2013, the Austin Convention Center accommodated 145 events, which included 57 exhibit events and 88 non-exhibit events. This was very similar to FYE 2009 demand level.

Table 5-2 shows historical attendance at the Austin Convention Center from FYE 2009 through FYE 2013.

Table 5-2

Austin Convention Center Historical Attendance

	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Exhibit Events					
Conventions	150,616	132,335	208,280	171,979	172,200
Trade Shows	8,650	13,600	23,875	26,275	13,575
Consumer Shows	188,400	137,000	99,500	168,700	194,300
Subtotal	347,666	282,935	331,655	366,954	380,075
Non-Exhibit Events					
Convention w/o Exhibits	13,600	800	1,400	1,644	900
Meetings and Seminars (1)	30,385	14,393	33,837	44,218	36,170
Banquet Events	6,150	9,730	6,050	6,159	6,179
Concerts and Performances	0	0	1,500	5,000	1,000
Sporting Events	51,500	16,100	27,200	23,700	15,400
Others (2)	2,092	4,685	8,406	10,416	9,740
Subtotal	103,727	45,708	78,393	91,137	69,389
Total	451,393	328,643	410,048	458,091	449,464

Notes:
1) Including Conference, Meeting, Workshop, Seminar.
2) Including COA Non Revenue, Exam, Training, Film, Photo, Group, Social, and Other.
Source: Austin Convention Center Department

In the past five fiscal years, the Austin Convention Center attendance also fluctuated, reaching nearly 460,000 in FYE 2012. Exhibit events generated the majority of attendees. In FYE 2013, the Austin Convention Center events generated a total of 449,464 attendees, approximately 85 percent of whom came to its exhibit events.

Table 5-3 summarizes historical average attendance at the Austin Convention Center from FYE 2009 through FYE 2013.

Table 5-3

Austin Convention Center
Historical Average Attendance

	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Exhibit Events					
Conventions	4,184	3,781	5,951	4,648	5,218
Trade Shows	1,236	2,267	2,653	3,284	2,263
Consumer Shows	14,492	10,538	9,045	8,879	10,794
Non-Exhibit Events					
Convention w/o Exhibits	2,720	800	1,400	822	900
Meetings and Seminars (1)	741	360	638	983	770
Banquet Events	769	811	465	560	441
Concerts and Performances	0	0	1,500	2,500	500
Sporting Events	2,146	1,150	2,267	1,975	1,540
Others (2)	232	223	350	521	696

Notes:
1) Including Conference, Meeting, Workshop, Seminar.
2) Including COA Non Revenue, Exam, Training, Film, Photo, Group, Social, and Other.
Source: Austin Convention Center Department

In the past five fiscal years, consumer shows remained the highest attendee-generating type of events, followed by conventions and trade shows.

Table 5-4 summarizes utilization level at the Austin Convention Center from FYE 2010 through FYE 2013.

Table 5-4

Austin Convention Center
Historical Utilization Rate (in Used GSF-Days)

	FYE 2010		FYE 2011		FYE 2012		FYE 2013	
	# of GSF-Days	% Utilization	# of GSF-Days	% Utilization	# of GSF-Days	% Utilization	# of GSF-Days	% Utilization
Exhibit Halls	38,369,001	43%	47,759,133	53%	50,986,181	57%	49,747,216	55%
Ballrooms	8,160,192	35%	10,013,600	43%	10,859,086	47%	10,842,072	46%
Meeting Rooms	6,271,820	31%	8,175,473	40%	8,071,516	40%	8,600,848	42%
Total	52,801,013	39%	65,948,206	49%	69,916,783	52%	69,190,136	52%

Source: Austin Convention Center Department

Optimum practical utilization at major convention centers is around 65 percent, but in the past four fiscal years, utilization at the Austin Convention Center was 52 percent or lower. This suggests that the Austin Convention Center was not used at its full optimum capacity.

LOST BUSINESS ANALYSIS

The management of the Austin Convention Center provided records of lost business from bookings for 2010 through 2022. Table 5-5 summarizes lost opportunities, from a total of 966 leads that ended up deciding to not hold an event at the Austin Convention Center.

Table 5-5

Austin Convention Center
Summary of Lost Convention/ Meeting Business by Year

	# of Events Lost	Event Days Lost		Room Nights Lost	
		#	Average	#	Average
2010	15	106	7.1	50,971	3,398
2011	81	531	6.6	239,844	2,961
2012	112	813	7.3	378,839	3,382
2013	145	1,067	7.4	496,495	3,424
2014	154	1,152	7.5	635,402	4,126
2015	182	1,441	7.9	900,453	4,948
2016	115	935	8.1	563,887	4,903
2017	80	664	8.3	486,518	6,081
2018	46	412	9.0	340,243	7,397
2019	21	180	8.6	126,478	6,023
2020	9	80	8.9	78,640	8,738
2021	2	20	10.0	21,310	10,655
2022	4	37	9.3	54,773	13,693
Total or Average	966	7,438	7.7	4,373,853	4,528

Source: Austin Convention Center

As reported by the Austin Convention Center, for the 13-year booking period, there are 966 events lost, resulting in loss of over 7,400 event days and nearly 4.4 million room nights (which translates to 336,450 room nights per year). These large size events are the ones of greatest value to the city. This analysis does not include events that do not even investigate the market because of knowledge that the facility does not support their event.

Table 5-6 breakdowns lost business by reasons cited in their withdrawals. In the Austin Convention Center's records, there are 22 reasons.

Table 5-6

Austin Convention Center
Summary of Lost Convention/ Meeting Business by Reasons

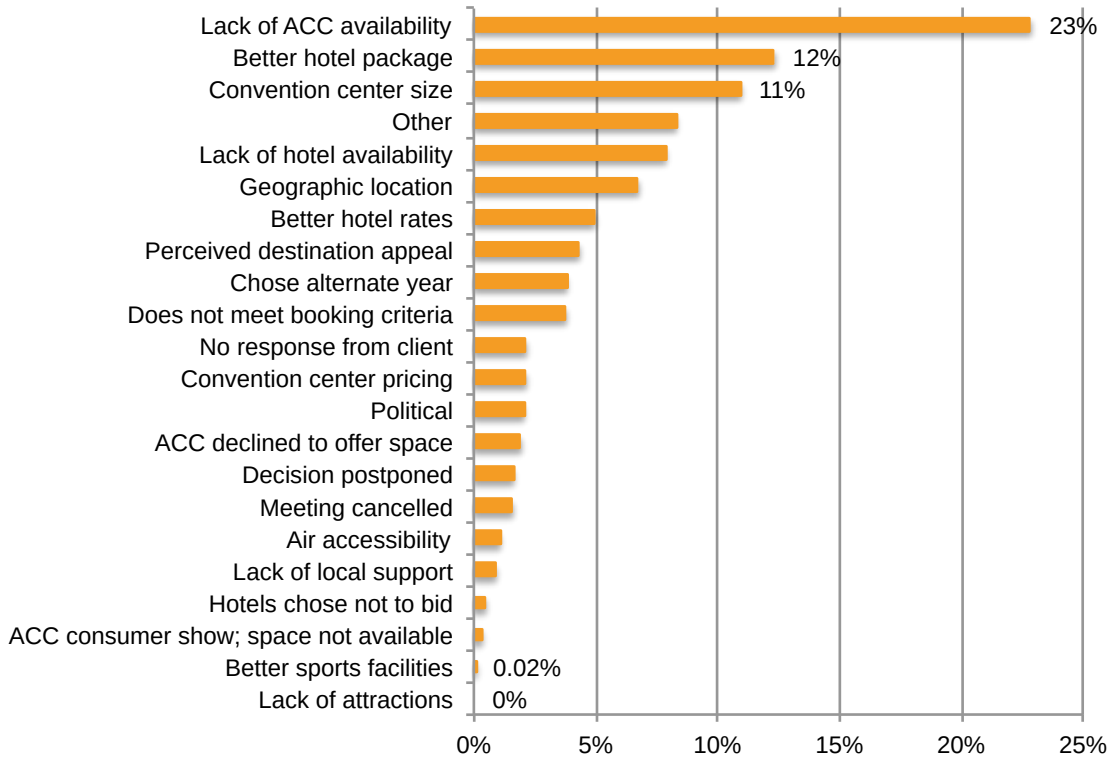
Reasons	# of Events Lost	Event Days Lost		Room Nights Lost	
		#	Average	#	Average
ACC consumer show; space not available	4	31	7.8	14,497	3,624
ACC declined to offer space	22	200	9.1	84,213	3,828
Air accessibility	10	73	7.3	46,635	4,664
Better hotel package	114	893	7.8	539,295	4,731
Better hotel rates	63	471	7.5	216,074	3,430
Better sports facilities	1	6	6.0	940	940
Chose alternate year	23	180	7.8	166,117	7,222
Convention center pricing	22	185	8.4	93,261	4,239
Convention center size	44	374	8.5	478,488	10,875
Decision postponed	13	99	7.6	70,720	5,440
Does not meet booking criteria	64	508	7.9	164,657	2,573
Geographic location	58	479	8.3	294,964	5,086
Hotels chose not to bid	7	49	7.0	20,486	2,927
Lack of ACC availability	212	1,653	7.8	997,839	4,707
Lack of attractions	0	0	0.0	0	0
Lack of hotel availability	96	693	7.2	343,713	3,580
Lack of local support	10	86	8.6	39,238	3,924
Meeting cancelled	19	105	5.5	69,120	3,638
No response from client	30	201	6.7	93,536	3,118
Other	96	703	7.3	362,338	3,774
Perceived destination appeal	38	315	8.3	188,425	4,959
Political	20	134	6.7	89,297	4,465
Total or Average	966	7,438	7.7	4,373,853	4,528

Source: Austin Convention Center

As shown on the table, convention center size and lack of the Austin Convention Center availability have caused a loss of 256 events (or 27 percent of all events lost), over 2,000 event days (or 27 percent of all event-days lost), and over 1.45 million room nights (or 34 percent of total room nights lost). Figure 5-1 ranks the reasons by the size of room nights lost.

Figure 5-1

Austin Convention Center
Summary of Lost Convention/ Meeting Business by Reasons
By % of Total Room Nights Lost (2010 thru 2022)



Source: Austin Convention Center

As shown on the chart, lack of the Austin Convention Center availability and convention center size are the top and third reasons for lost opportunities as measured in number of room nights.

Table 5-7 summarizes lost opportunities citing those two reasons only.

Table 5-7

Austin Convention Center
Summary of Lost Convention/ Meeting Business by Year
Citing CC Availability and/ or Size as Reason

	# of Events Lost	Event Days Lost		Room Nights Lost	
		#	Average	#	Average
2010	4	34	8.5	25,735	6,434
2011	21	139	6.6	79,194	3,771
2012	29	228	7.9	108,893	3,755
2013	37	285	7.7	161,837	4,374
2014	41	310	7.6	222,973	5,438
2015	56	474	8.5	356,044	6,358
2016	30	241	8.0	193,323	6,444
2017	20	165	8.3	137,251	6,863
2018	9	68	7.6	66,417	7,380
2019	6	48	8.0	49,466	8,244
2020	4	37	9.3	41,598	10,400
2021	1	9	9.0	15,840	15,840
2022	2	20	10.0	32,253	16,127
Total or Average	260	2,058	7.9	1,490,824	5,734

Source: Austin Convention Center

As shown on the table, in 2013, convention center availability and size related reasons accounted for 26 percent of events lost (37 of 145), 27 percent of event days lost (285 of 1,067), and 33 percent of room nights lost (161,837 of 496,495). Moreover, on average, events lost due to CC availability and size related reasons are longer (7.7 compared to 7.4 of all reasons) and generate more room nights (4,374 compared to 3,424 of all reasons).

Expansion to the Austin Convention Center will significantly minimize convention center availability and size issues and is among the most strategic initiatives that bring maximum results.

EXPANSION OPTIONS

The Long-Range Master Plan for the Austin Convention Center Department, which this report is a part of, presents several expansion options, representing a distillation of ideas from multiple concepts developed in the earlier stages of the project: to the East, West, and South of the existing Austin Convention Center, and to a new location. These scenarios were investigated in a series of workshops, but based on input from the advisory group, not all options advanced in the process for further analysis; hence, options were narrowed down to the following scenarios to be analyzed and compared from a demand and financial perspective. These include:

- **Scenario 1** – No expansion,
- **Scenario 2** – East expansion,
- **Scenario 3a** – West contiguous expansion, and
- **Scenario 3b** – West non-contiguous expansion.

Figure 5-2 shows the schematic aerial graphs of East and West expansion options.

Figure 5-2

Left-to-right: Scenario 2 East, Scenario 3a West (contiguous), and Scenario 3b West (non-contiguous).

Table 5-8 summarizes key square footage measures of 2 East, 3a West contiguous, and 3b West non-contiguous expansion scenarios.

Table 5-8

Austin Convention Center
Comparison of Expansion Options

	Existing SF	Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
		Additional SF	Total SF	Additional SF	Total SF	Additional SF	Total SF
Square Footage							
Exhibit Halls	247,000	102,600	349,600	179,400	426,400	200,000	447,000
Ballrooms/ Meeting Rooms	119,720	45,900	165,620	82,800	202,520	121,680	241,400
Total	366,720	148,500	515,220	262,200	628,920	321,680	688,400
Largest Contiguous Exhibit Hall	247,000		309,200		426,400		247,000
Ratio of Ballroom and Meeting Space to Exhibit Space	48%		47%		47%		54%

Source: Austin Convention Center, Gensler

Scenario 2 East expansion adds the least amount to function space, while Scenario 3b West (non-contiguous) expansion adds the most. However, Scenario 3b does not add a contiguous exhibit hall, so the size of largest exhibit hall remains the same.

DEMAND PROJECTIONS BY EXPANSION OPTION

An expansion will allow the Austin Convention Center to improve its availability and offer larger and/or more variety of hall size. Table 5-9 summarizes and compares the potential increase in event demand, attendance, and utilization rate among scenarios. (Scenario 1 is not shown, because there will be no changes when no expansion is undertaken.)

Table 5-9

Austin Convention Center
Projected Event Demand, Attendance, and Utilization Rate

	Existing	Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
Exhibit Hall SF:	247,000 SF	349,600 SF		426,400 SF		447,000 SF	
Total Function Space SF:	366,720 SF	515,220 SF		628,920 SF		688,400 SF	
	FYE 2013	**Incremental**	**Year 8***	**Incremental**	**Year 10***	**Incremental**	**Year 8***
Event Demand							
Exhibit Events							
Conventions/ Trade Shows	39	10	49	19	58	22	61
Consumer Shows	18	4	22	8	26	8	26
Subtotal	57	14	71	27	84	30	87
Non-Exhibit Events							
Convention w/o Exhibits	1	1	2	1	2	1	2
Meetings and Seminars (1)	47	9	56	21	68	21	68
Banquet Events	14	3	17	6	20	6	20
Concerts and Performances	2	1	3	2	4	2	4
Sporting Events	10	2	12	4	14	4	14
Others (2)	14	3	17	6	20	6	20
Subtotal	88	19	107	40	128	40	128
Total # of Events	**145**	33	**178**	67	**212**	70	**215**
Total Attendance	**449,464**	129,321	**578,785**	235,739	**685,203**	253,304	**702,768**
Utilization Rate	**52%**	8%	**60%**	12%	**64%**	12%	**64%**
% Recovery of Lost Business			**30%-35%**		**70%-75%**		**75%-80%**

Notes:
**The eighth full year upon expansion completion is assumed to be when the expanded Austin Convention Center reaches stabilized operation (or tenth year, for Scenario 3a).*
1) Including Conference, Meeting, Workshop, Seminar
2) Including COA Non Revenue, Exam, Training, Film, Photo, Group, Social, and Other
Source: Austin Convention Center, Johnson Consulting

As shown on the table, among the individual scenarios, Scenario 3b West (non-contiguous) expansion is expected to provide the greatest impact because the size and configuration of the expanded exhibit hall offers the most flexibility, allowing multiple large events to be held simultaneously, when the hall is broken into two or three large sections with their own separate entrances. In Scenario 3a West (contiguous) expansion, while

the size of largest hall would increase by over 70 percent, its construction would be the most impractical, potentially closing nearly half of the hall and therefore the expanded operation will take longer to ramp-up and cause the greatest disturbance to operations, essentially taking the building out of competition for some of the most important facility users.

In terms of recovery of lost business, Scenario 2 East is expected to allow the Austin Convention Center to recapture 30 percent to 35 percent of lost business; Scenario 3a West (contiguous), 70 percent to 75 percent; Scenario 3b West (non-contiguous), 75 percent to 80 percent.

ATTENDANCE PROJECTIONS BY EXPANSION OPTION

Expanding upon the projected demand as shown in Table 5-9, Table 5-10 below provides breakdowns of the projected attendance among scenarios in a stabilized year of expanded Austin Convention Center operation. (Scenario 1 is not shown, because there will be no changes when no expansion is undertaken.)

Table 5-10

Austin Convention Center Projected Attendance

	Existing	Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
Exhibit Hall SF:	247,000 SF	349,600 SF		426,400 SF		447,000 SF	
Total Function Space SF:	366,720 SF	515,220 SF		628,920 SF		688,400 SF	
	FYE 2013	**Incremental**	**Year 8***	**Incremental**	**Year 10***	**Incremental**	**Year 8***
Event Demand							
Exhibit Events							
Conventions/ Trade Shows	185,775	57,925	243,700	102,271	288,046	117,858	303,633
Consumer Shows	194,300	53,648	247,948	98,307	292,607	98,972	293,272
Subtotal	380,075	111,573	491,648	200,578	580,653	216,830	596,905
Non-Exhibit Events							
Convention w/o Exhibits	900	963	1,863	974	1,874	997	1,897
Meetings and Seminars (1)	36,170	8,426	44,596	18,307	54,477	18,990	55,160
Banquet Events	6,179	1,585	7,764	3,010	9,189	3,125	9,304
Concerts and Performances	1,000	552	1,552	1,082	2,082	1,108	2,108
Sporting Events	15,400	3,723	19,123	7,044	22,444	7,326	22,726
Others (2)	9,740	2,499	12,239	4,745	14,485	4,927	14,667
Subtotal	69,389	17,748	87,137	35,161	104,550	36,473	105,862
Total	**449,464**	129,321	**578,785**	235,739	**685,203**	253,304	**702,768**
% Increase of Attendance			**29%**		**52%**		**56%**

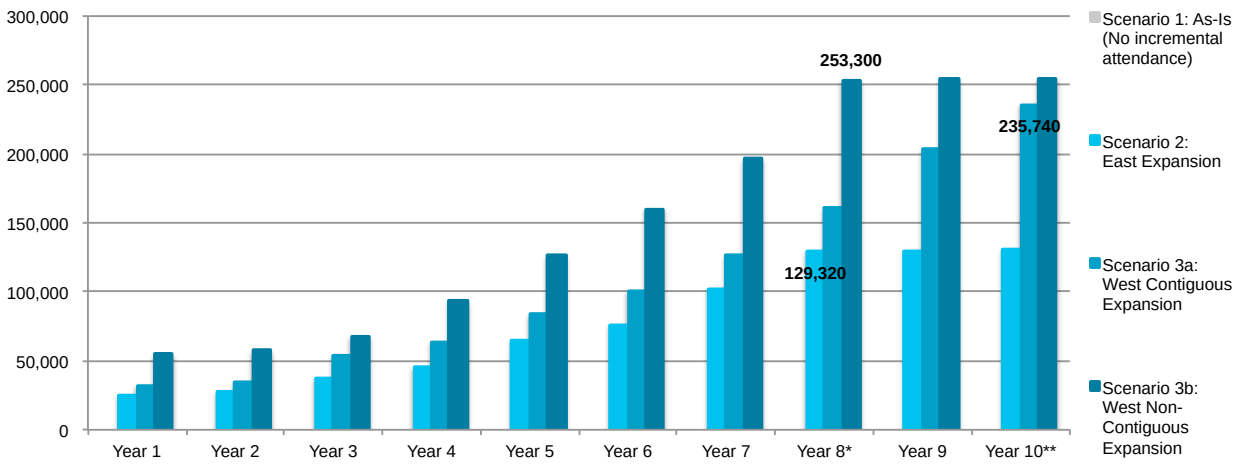
Notes:
**The 8th (or 10th) full operating year upon expansion completion is assumed to be the year the expanded ACC reaches stabilized operation.*
1) Including Conference, Meeting, Workshop, Seminar
2) Including COA Non Revenue, Exam, Training, Film, Photo, Group, Social, and Other
Source: Austin Convention Center, Johnson Consulting

As shown on the table, among the individual scenarios, Scenario 3b West (non-contiguous) expansion is expected to provide the greatest impact, increasing attendance by 56 percent by the facility's stabilized year of expanded operation.

Figure 5-3 shows the ramp-up period of increased attendance to an expanded Austin Convention Center under various scenarios.

Figure 5-3

Austin Convention Center
Projected Incremental Attendance from ACC Expansion



**Assumed to be the year the expanded Austin Convention Center reaches stabilized operation under Scenario 2 East and 3b West.*
***Assumed to be the year the expanded Austin Convention Center reaches stabilized operation under Scenario 3a West.*
Source: Johnson Consulting

Table 5-11 shows the accumulated incremental attendance to an expanded Austin Convention Center under various scenarios in 10 years. (Scenario 1 is not shown, because there will be no changes when no expansion is undertaken.)

Table 5-11

Austin Convention Center
Projected Incremental Attendance from Expanded ACC

	Scenario 2: East Expansion	Scenario 3a: West Contiguous Expansion	Scenario 3b: West Non-Contiguous Expansion
Exhibit Hall SF:	*349,600 SF*	*426,400 SF*	*447,000 SF*
Total Function Space SF:	*515,220 SF*	*628,920 SF*	*688,400 SF*
Year 1	25,470	32,440	54,780
2	27,960	34,830	57,640
3	37,640	53,790	67,820
4	45,060	63,590	93,110
5	64,420	83,660	126,330
6	76,210	100,450	160,040
7	102,440	126,730	196,120
8 *	129,320	160,860	253,300
9	129,900	202,940	254,010
10	130,480	235,740	254,710
10-year Total	768,900	1,095,030	1,517,860

**The expanded Austin Convention Center is assumed to reach stabilized operation in the eighth full year upon expansion (or tenth year, for Scenario 3a).*
Source: Johnson Consulting

As shown on the table, among the individual scenarios, Scenario 3b West (non-contiguous) expansion is expected to bring the greatest impact, generating over 1.5 million additional attendees over ten years.

ADDITIONAL NOTES

Austin is a strong and growing market, with its expanding airport and growing hotel supply. Therefore, expanded facilities will be attractive to both the largest state associations and national tradeshows. Areas that need attention include rail link to airport, and attractions and activities other then 6th Street.

No expansion will erode market share.

JOHNSON CONSULTING

SECTION VI

LODGING MARKET POTENTIAL GROWTH AND HOT PROJECTIONS

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LODGING MARKET POTENTIAL GROWTH AND HOT PROJECTIONS

This section provides an overview of Austin, Texas lodging market, estimates of potential supply and demand growth of lodging business and activities in Austin, especially due to the expansion of the Austin Convention Center, and the resulting Hotel Occupancy Tax (HOT) revenues.

HISTORICAL CITY-WIDE LODGING TRENDS

This section provides an assessment of Austin's lodging market in and is based primarily upon data obtained from Smith Travel Research (STR) through Austin Convention and Visitors Bureau (Austin CVB). Smith Travel Research is an independent hotel research firm whose statistics are widely used within the industry. STR has provided aggregate data on current and historic levels of supply and demand, as well as occupancy rates, Average Daily Rates (ADR) and Revenue per Available Room (RevPAR).

Table 6-1 summarizes historical lodging trends in Austin.

Table 6-1

Austin, Texas
Historical Lodging Statistics

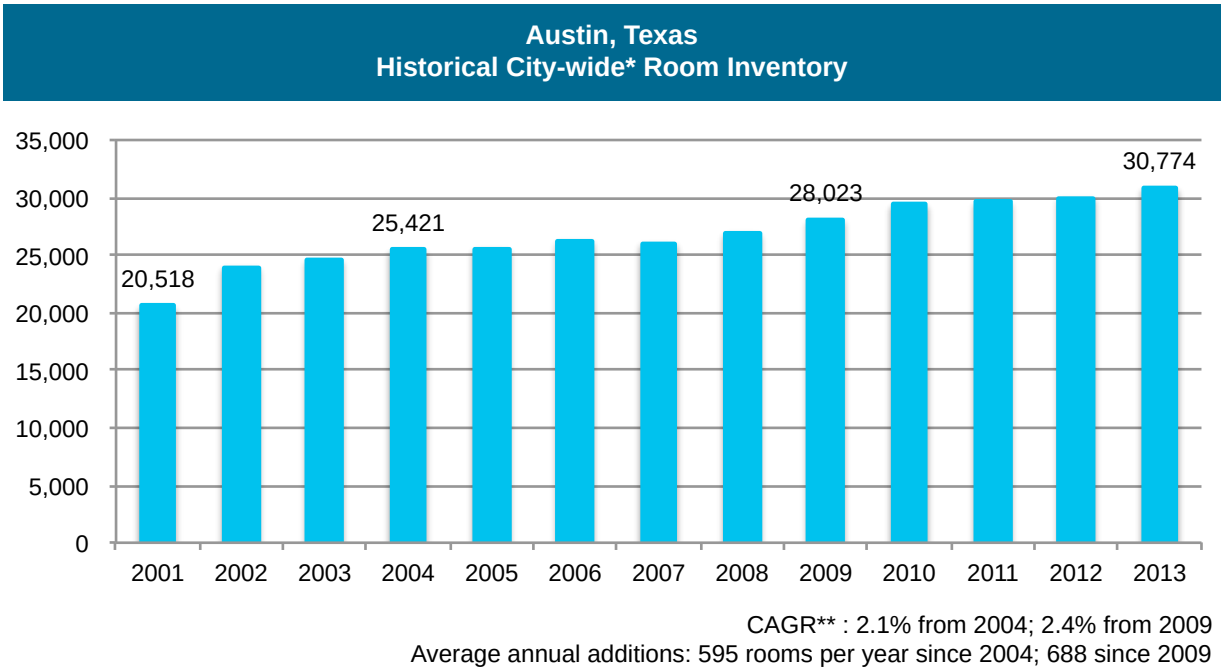
	Occupancy		ADR		RevPAR				
	Downtown	City-wide*	Downtown	City-wide	Downtown	City-wide	# of Hotels	# of Rooms (City-wide)	# of Added Rooms
2001	64.4%	-	$118.23	-	$76.14	-	207	20,518	
2002	63.7%	-	$111.35	-	$70.93	-	216	23,952	3,434
2003	64.8%	-	$110.94	-	$71.89	-	220	24,573	621
2004	65.3%	58.5%	$111.74	$76.47	$72.97	$44.69	222	25,421	848
2005	71.3%	66.4%	$123.27	$81.12	$87.89	$53.83	224	25,530	109
2006	72.1%	68.6%	$140.24	$93.30	$101.11	$64.01	227	26,207	677
2007	72.6%	69.4%	$153.14	$103.80	$111.18	$72.00	226	25,990	(217)
2008	71.3%	67.2%	$161.10	$110.07	$114.86	$73.92	233	26,878	888
2009	69.2%	60.9%	$147.54	$101.51	$102.10	$61.62	244	28,023	1,145
2010	74.5%	63.6%	$146.18	$99.06	$108.90	$63.02	256	29,349	1,326
2011	77.0%	66.5%	$158.56	$104.78	$122.09	$69.65	258	29,596	247
2012	77.7%	68.2%	$173.17	$113.08	$134.55	$77.07	264	29,964	368
2013	78.4%	71.3%	$187.92	$119.57	$147.33	$85.22	270	30,774	810
*CAGR** 2004-2013*	*72.9%****	*66.1%****	*5.9%*	*5.1%*	*8.1%*	*7.4%*	*2.2%*	*2.1%*	*595****
CAGR 2009-2013	*75.4%****	*66.1%****	*6.2%*	*4.2%*	*9.6%*	*8.4%*	*2.6%*	*2.4%*	*688****

**The Austin "city" data extends south to Buda/ San Marcos and north to Round Rock/ Georgetown.*
***CAGR = Compounded Annual Growth Rate.*
****Figures with three asterisks reflect the average for the respective period (NOT the CAGR).*
Source: Austin Convention and Visitors Bureau

As shown on the table, Austin enjoyed generally healthy lodging activities and strong growth, as evidenced in average occupancy at over 70 percent in downtown, rates growing at 4 percent or more, and inventory growing at close to 600 new hotel rooms annually.

Figure 6-1 shows Austin hotel room supply from 2001 through 2013.

Figure 6-1



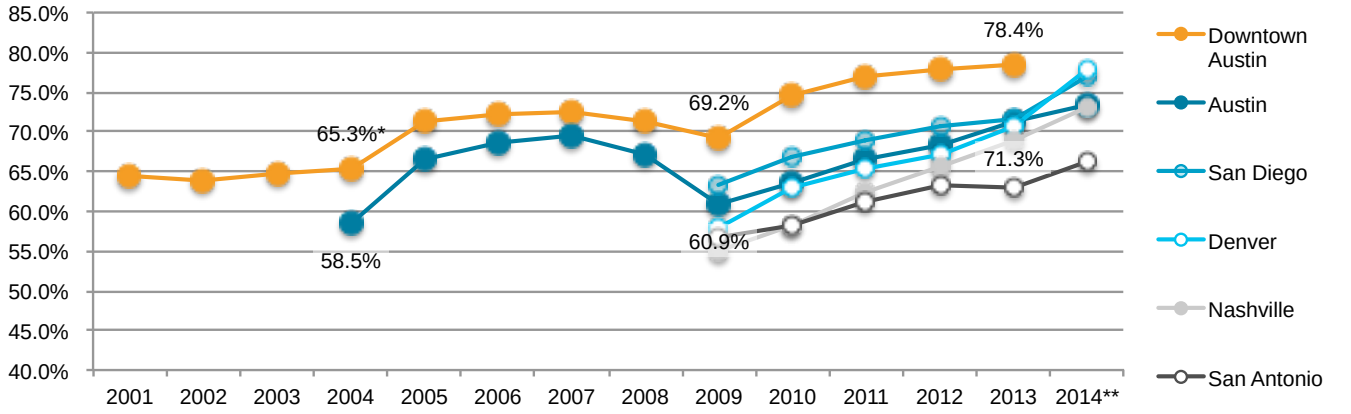
**The Austin "city" data extends south to Buda/ San Marcos and north to Round Rock/ Georgetown.*
***CAGR = Compounded Annual Growth Rate, from indicated starting year thru 2013.*
Source: Austin Convention and Visitors Bureau

As shown on the chart, Austin experienced healthy growth through 2013. Hotel room supply grew by 2.1 percent annually from 2004; by 2.4 percent annually from 2009. This translates to average growth of 595 new rooms per year since 2004, or 688 new rooms per year since 2009.

Figure 6-2 shows historical occupancy rate in Austin and its competitive cities.

Figure 6-2

Austin, Texas
Historical Occupancy and Comparison to Other Cities



Downtown Austin Historical Average : 72.9% from 2004; 75.4% from 2009
Austin City-wide*** Historical Average : 66.1% from 2004; 66.1.0% from 2009

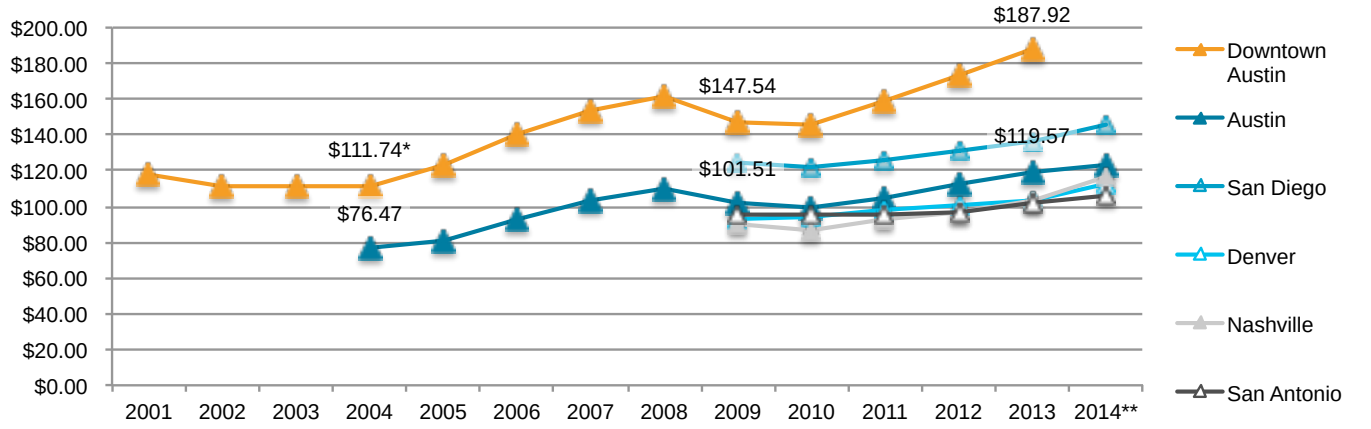
**Shown datapoints refer to Austin downtown and Austin city-wide occupancy.*
***The 2014 figures reflect September Year-to-Date.*
****The Austin "city" data extends south to Buda/ San Marcos and north to Round Rock/ Georgetown.*
Source: Austin Convention and Visitors Bureau

In Austin, downtown properties out-performed the rest, but its city-wide occupancy still reached 71.3 percent in 2013. Compared to its competition, Austin's occupancy was only lower than San Diego, but overall higher than Denver, Nashville, and San Antonio.

Figure 6-3 shows historical average daily rate in Austin and its competitive cities.

Figure 6-3

Austin, Texas
Historical Average Daily Rates and Comparison to Other Cities



Downtown Austin CAGR*** : 5.9% from 2004; 6.2% from 2009
Austin City-wide**** CAGR : 5.1% from 2004; 4.2% from 2009

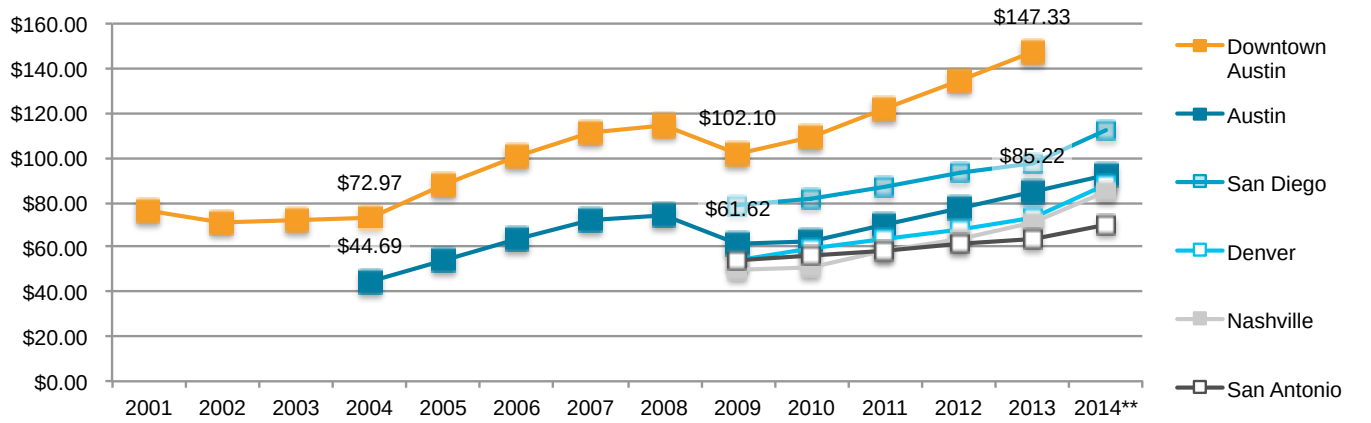
**Shown datapoints refer to Austin downtown and Austin city-wide ADR.*
***The 2014 figures reflect September Year-to-Date.*
****CAGR = Compounded Annual Growth Rate, from indicated starting year thru 2013.*
*****The Austin "city" data extends south to Buda/ San Marcos and north to Round Rock/ Georgetown.*
Source: Austin Convention and Visitors Bureau

Similar to occupancy trends, downtown properties out-performed the rest, ADR-wise, by an average of $50 difference. Still, compared to its competition, Austin's city-wide ADR was only lower than San Diego, but was overall higher than Denver, Nashville, and San Antonio.

Figure 6-4 shows historical revenue per available room (RevPAR) in Austin and its competitive cities.

Figure 6-4

Austin, Texas
Historical Revenue per Available Room (RevPAR) and Comparison to Other Cities



Downtown Austin CAGR*** : 8.1% from 2004; 9.6% from 2009
Austin City-wide**** CAGR : 7.4% from 2004; 8.4% from 2009

**Shown datapoints refer to Austin downtown and Austin city-wide RevPAR.*
***The 2014 figures reflect September Year-to-Date.*
****CAGR = Compounded Annual Growth Rate, from indicated starting year thru 2013.*
*****The Austin "city" data extends south to Buda/ San Marcos and north to Round Rock/ Georgetown.*
Source: Austin Convention and Visitors Bureau

Consistent with occupancy and ADR trends, downtown properties in Austin out-performed the rest, RevPAR-wise, by an average of $43.80 difference. Still, compared to its competition, Austin's city-wide RevPAR was only lower than San Diego, but was overall higher than Denver, Nashville, and San Antonio.

In summary, Austin has enjoyed healthy and growing lodging business and activities.

POTENTIAL SUPPLY GROWTH

Estimates of potential additions to hotel supply are based on the development pipeline data provided by Austin CVB. The data lists hotel projects in Austin, each with its size and estimated date of completion.

Table 6-2 translates the list of projects into additional room night supply through 2017.

Table 6-2

Austin, Texas
Hotel Projects in Development Pipeline

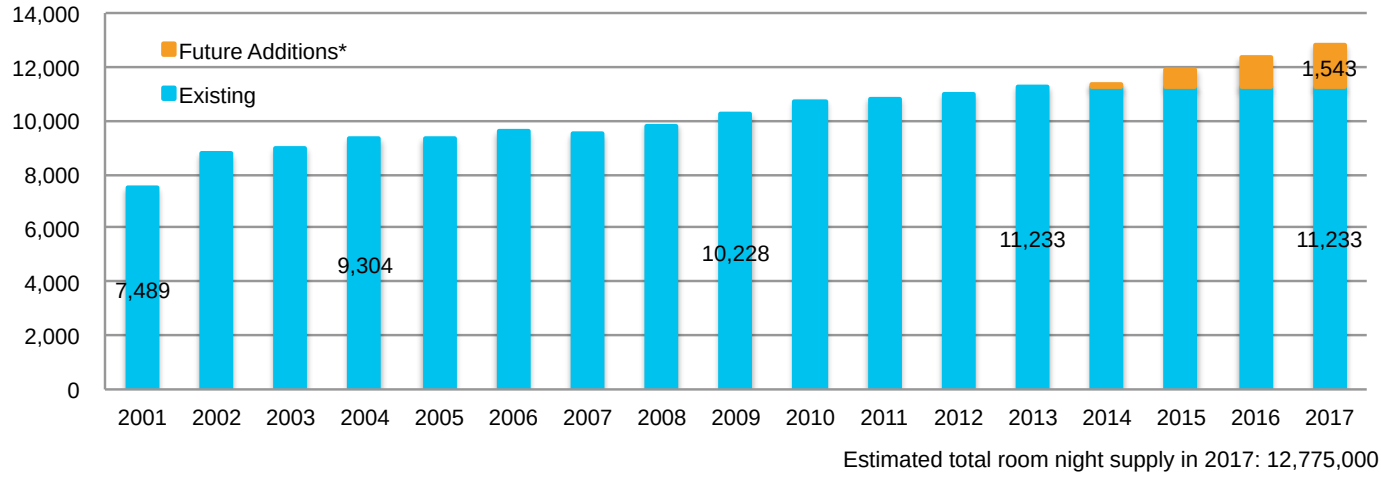
	Hotel Rooms	Est. Date of Completion	Additional Room Night Supply 2014	2015	2016	2017
Based on 2014 September YTD	430	-	156,950	156,950	157,380	156,950
JW Marriott	1,012	2/20/15	0	308,660	370,392	369,380
Fairmont	1,035	1/1/17	0	0	0	377,775
Hotel Van Zandt	320	4/1/15	0	88,000	117,120	116,800
Westin	366	7/1/15	0	67,344	133,956	133,590
Hotel Zaza	160	3/31/16	0	0	48,480	58,400
Granduca	194	11/1/15	0	11,834	71,004	70,810
South Congress Hotel	80	tbd	0	0	0	0
Hotel Indigo/ Holiday Inn Express	300	10/1/15	0	27,600	109,800	109,500
Element/ Aloft	410	7/1/16	0	0	75,440	149,650
Total	3,877		156,950	660,388	1,083,572	1,542,855

Source: Austin Convention and Visitors Bureau

Figure 6-5 adds the additional room night supply to the existing.

Figure 6-5

Austin, Texas
Historical and Projected City-wide Room Night Supply (000's)



**Future additions to supply thru 2017 correspond exactly to projects in development pipeline per Hotel Inventory Update prepared by Austin CVB.*
Source: Austin Convention and Visitors Bureau

As shown on the table, listed hotel projects in Austin are estimated to translate to over 1.5 million room nights added to supply by end of 2017, bringing total room night supply to over 12.7 million.

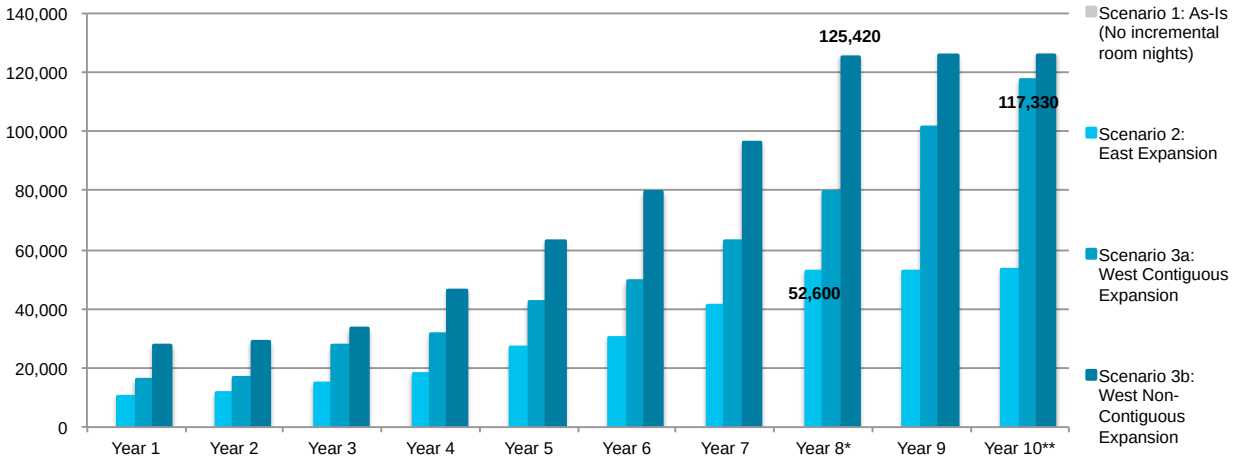
POTENTIAL DEMAND GROWTH

Potential growth for demand for lodging will come largely from the anticipated expansion of the Austin Convention Center. As presented in Section 5 of this report, the Austin Convention Center expansion is expected to generate additional 129,300 attendees (Scenario 2 East expansion) to 253,300 attendees (Scenario 3b West (non-contiguous) expansion) annually in a stabilized year of operations, as shown in Table 5-10, Figure 5-3, and Table 5-11 in the preceding section.

Figure 6-6 shows the estimated incremental room nights that are generated by those incremental attendees.

Figure 6-6

Austin Convention Center
Projected Incremental Room Nights from Austin Convention Center Expansion



**Assumed to be the year the expanded Austin Convention Center reaches stabilized operation under Scenario 2 East and 3b West.*
***Assumed to be the year the expanded Austin Convention Center reaches stabilized operation under Scenario 3a West.*
Source: Johnson Consulting

Table 6-3 shows the accumulated incremental room nights resulting from incremental attendance ten years upon the completion of expansion. (Scenario 1 is not shown.)

Table 6-3

Austin Convention Center
Projected Incremental Room Nights from Expanded Austin Convention Center

	Scenario 2: East Expansion	Scenario 3a: West Contiguous Expansion	Scenario 3b: West Non-Contiguous Expansion
Year 1	10,600	15,850	27,620
2	11,630	17,040	28,990
3	14,940	27,470	33,160
4	18,280	31,550	46,570
5	26,890	42,140	62,950
6	30,320	49,200	79,510
7	41,400	62,860	96,240
8 *	52,600	79,550	125,420
9	52,830	101,710	125,770
10	53,060	117,330	126,110
10-year Total	312,550	544,700	752,340

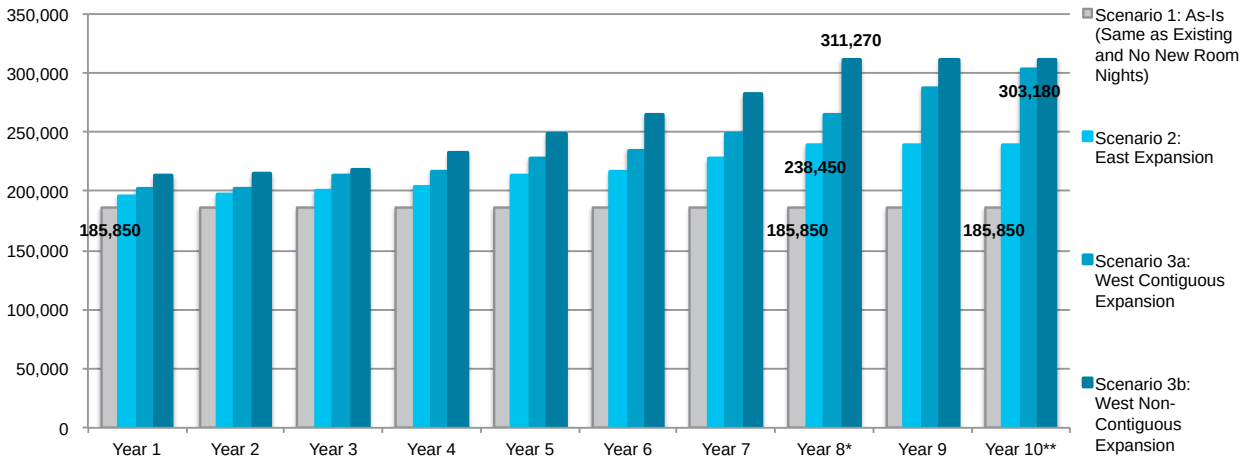
**The expanded Austin Convention Center is assumed to reach stabilized operation in the eighth full year upon expansion (or tenth year, for Scenario 3a).*
Source: Johnson Consulting

As shown, the Austin Convention Center expansion is estimated to generate a total of 312,550 room nights (Scenario 2 East expansion) to over 750,000 room nights (Scenario 3b West) in ten years upon expansion.

Figure 6-7 shows the estimated convention center-generated room nights in ten years upon expansion. The chart also shows the existing room night volume (as-is), estimated at 185,850 room nights annually.

Figure 6-7

Austin, Texas
Projected Overall Room Nights from Austin Convention Center Expansion



**Assumed to be the year the expanded Austin Convention Center reaches stabilized operation under Scenario 2 East and 3b West.*
***Assumed to be the year the expanded Austin Convention Center reaches stabilized operation under Scenario 3a West.*
Source: Johnson Consulting

As shown on the chart, Scenario 3b West expansion is expected to grow convention center room nights the most and the fastest, by nearly 70 percent in eight years of the expanded Austin Convention Center operation, from 185,850 room nights to 311,270 at stabilization. For comparison, Scenario 3a West expansion is expected to grow convention center room nights by 63 percent in ten years after the expansion of the Austin Convention Center operation.

AIRPORT EXPANSION

Another factor affecting visitation growth is the Terminal/Apron Expansion and Improvements Project at the Austin–Bergstrom International Airport. This $240 million expansion will "balance" the terminal and provide much needed space for the ever-expanding passenger and aircraft operational numbers. The east terminal gate expansion will provide approximately 70,000 square feet (a 23 percent increase) of new hold room space, concessions, restroom facilities, and concourse circulation space to name a few. It also provides the added concourse footprint that will accommodate seven to eight additional aircraft parking spaces on the apron for both domestic and international airline operations. This near-term expansion will provide an approximate 30 percent increase in aircraft operational capacity. The expanded terminal will accommodate approximately 4 million additional passengers per year for a total of 15 million annual passengers – an increase of 27 percent. The expansion is scheduled to be completed in 2017.

PROJECTED HOTEL OCCUPANCY TAX

Based on the understanding of the historical and potential lodging market dynamics, Johnson Consulting projected the Convention Center tax revenue resulting from Austin hotels through the first ten years of an expanded Austin Convention Center operation. For modeling purposes, the construction of the Austin Convention Center expansion is assumed to begin in 2019 and is completed in December 2021. Expanded Convention Center operation is assumed to begin in 2022. Similar projections hold true but would shift to actual years once a project timeline determined. The following assumptions were used to develop the projections:

- **Room Supply** – The projections assume near-term room night supply additions through 2017 based on Austin hotel development pipeline shown in Table 6-2 and Figure 6-5. Then from 2018 thru 2021, additions to supply are assumed to be low to allow time for market to absorb preceding years' substantial growth. In the long run starting in 2022, room supply growth is expected to stabilize allowing for approximately 550 hotel rooms to be added to the inventory every year. (Historical supply growth averaged 595 rooms entering the market annually.)

- **Occupancy** – Near-term, occupancy is expected to decline because demand increase falls behind supply increase. Three-year construction of the Austin Convention Center expansion (from 2016 through December 2018) is also expected to affect room night demand, which could result in occupancy dipping to below 70 percent in 2019. Once expansion is completed (in 2019), demand growth is expected to pick up, driven by incremental room nights from the expanded Austin Convention Center. Long-term, market-wide occupancy stabilizes around 70 percent (69.3 percent in As-Is Scenario; 70.7 percent in Total Build-Out Scenario).

- **Average Daily Rate** – Near-term, ADR is expected to fluctuate in response to changes in supply and demand. Long-term, ADR is expected to keep up with annual inflation of 3.0 percent.

Table 6-4 through Table 6-7 show the projections of hotel room supply, demand, and room revenues for four scenarios: no expansion as well as 2 East, 3a West, and 3b West expansion.

Table 6-4

Austin, Texas
Hotel Supply, Demand, and Revenue Projections - Scenario 1: As-Is

	Supply				Demand						Revenues	
	# of Rooms	Average Room Absorp-tion	Available Room Nights		Occupied Room Nights		Occupancy Rate		Average Daily Rate		Room Revenue	
			(Thousand)	% Growth	(Thousand)	% Growth	%	% Growth	$	% Growth	$Million	% Growth
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*
2004 a	25,421	848	9,304	*na*	5,443	*na*	58.5%	*na*	$76.47	*na*	$416	*na*
2005	25,530	109	9,318	*0.2%*	6,187	*13.7%*	66.4%	*13.5%*	$81.12	*6.1%*	$502	*20.6%*
2006	26,207	677	9,566	*2.7%*	6,562	*6.1%*	68.6%	*3.3%*	$93.30	*15.0%*	$612	*22.0%*
2007	25,990	(217)	9,486	*(0.8%)*	6,584	*0.3%*	69.4%	*1.2%*	$103.80	*11.3%*	$683	*11.6%*
2008	26,878	888	9,837	*3.7%*	6,611	*0.4%*	67.2%	*(3.2%)*	$110.07	*6.0%*	$728	*6.5%*
2009	28,023	1,145	10,228	*4.0%*	6,229	*(5.8%)*	60.9%	*(9.4%)*	$101.51	*(7.8%)*	$632	*(13.1%)*
2010	29,349	1,326	10,712	*4.7%*	6,813	*9.4%*	63.6%	*4.4%*	$99.06	*(2.4%)*	$675	*6.7%*
2011	29,596	247	10,803	*0.8%*	7,184	*5.4%*	66.5%	*4.6%*	$104.78	*5.8%*	$753	*11.5%*
2012	29,964	368	10,967	*1.5%*	7,479	*4.1%*	68.2%	*2.6%*	$113.08	*7.9%*	$846	*12.4%*
2013	30,774	810	11,233	*2.4%*	8,009	*7.1%*	71.3%	*4.5%*	$119.57	*5.7%*	$958	*13.2%*
2014 b	31,204	430	11,389	*1.4%*	8,240	*2.9%*	72.4%	*1.5%*	$127.09	*6.3%*	$1,047	*9.4%*
2015 c	32,583	1,379	11,893	*4.4%*	8,408	*2.0%*	70.7%	*(2.3%)*	$132.41	*4.2%*	$1,113	*6.3%*
2016	33,649	1,066	12,316	*3.6%*	8,509	*1.2%*	69.1%	*(2.3%)*	$135.67	*2.5%*	$1,154	*3.7%*
2017 d	35,001	1,352	12,775	*3.7%*	8,601	*1.1%*	67.3%	*(2.5%)*	$138.75	*2.3%*	$1,193	*3.4%*
2018 e	35,100	99	12,812	*0.3%*	8,687	*1.0%*	67.8%	*0.7%*	$141.50	*2.0%*	$1,229	*3.0%*
2019	35,200	100	12,848	*0.3%*	8,764	*0.9%*	68.2%	*0.6%*	$144.02	*1.8%*	$1,262	*2.7%*
2020	35,300	100	12,920	*0.6%*	8,833	*0.8%*	68.4%	*0.2%*	$146.29	*1.6%*	$1,292	*2.4%*
2021	35,400	100	12,921	*0.0%*	8,890	*0.6%*	68.8%	*0.6%*	$148.17	*1.3%*	$1,317	*1.9%*
2022	35,500	100	12,958	*0.3%*	8,996	*1.2%*	69.4%	*0.9%*	$150.44	*1.5%*	$1,353	*2.7%*
2023	35,600	100	12,994	*0.3%*	9,103	*1.2%*	70.1%	*0.9%*	$153.11	*1.8%*	$1,394	*3.0%*
2024	35,700	100	13,066	*0.6%*	9,211	*1.2%*	70.5%	*0.6%*	$156.22	*2.0%*	$1,439	*3.2%*
2025 f	36,250	550	13,231	*1.3%*	9,321	*1.2%*	70.4%	*(0.1%)*	$159.79	*2.3%*	$1,489	*3.5%*
2026	36,800	550	13,432	*1.5%*	9,432	*1.2%*	70.2%	*(0.3%)*	$163.83	*2.5%*	$1,545	*3.8%*
2027	37,350	550	13,633	*1.5%*	9,544	*1.2%*	70.0%	*(0.3%)*	$167.16	*2.0%*	$1,595	*3.2%*
2028	37,900	550	13,871	*1.8%*	9,658	*1.2%*	69.6%	*(0.6%)*	$169.72	*1.5%*	$1,639	*2.7%*
2029	38,450	550	14,034	*1.2%*	9,773	*1.2%*	69.6%	*0.0%*	$171.47	*1.0%*	$1,676	*2.2%*
2030	39,000	550	14,235	*1.4%*	9,889	*1.2%*	69.5%	*(0.2%)*	$176.61	*3.0%*	$1,746	*4.2%*
2031	39,550	550	14,436	*1.4%*	10,007	*1.2%*	69.3%	*(0.2%)*	$181.91	*3.0%*	**$1,820**	*4.2%*
2032	40,100	550	14,677	*1.7%*	10,174	*1.7%*	69.3%	*0.0%*	$187.37	*3.0%*	$1,906	*4.7%*
2033	40,650	550	14,837	*1.1%*	10,285	*1.1%*	69.3%	*0.0%*	$192.99	*3.0%*	$1,985	*4.1%*
2034	41,200	550	15,038	*1.4%*	10,424	*1.4%*	69.3%	*0.0%*	$198.78	*3.0%*	$2,072	*4.4%*
2035	41,750	550	15,239	*1.3%*	10,563	*1.3%*	69.3%	*0.0%*	$204.74	*3.0%*	$2,163	*4.4%*
2036	42,300	550	15,482	*1.6%*	10,732	*1.6%*	69.3%	*0.0%*	$210.88	*3.0%*	$2,263	*4.6%*

Notes:
a) Figures shown from 2004 thru 2013 are historical actuals.
b) Figures shown from 2014 thereafter are projections.
c) Additions to supply from 2015 thru 2017 correspond exactly to projects in development pipeline per Hotel Inventory Update prepared by Austin CVB.
d) The construction of Austin–Bergstrom International Airport expansion is scheduled to be completed in 2017, potentially increasing visitation volume to Austin.
e) Additions to supply from 2018 thru 2024 are assumed to be low to allow time for market to absorb prior years' substantial growth.
f) From 2025 thereafter, long-term addition to supply is assumed at 550 rooms per year. As a comparison, historical supply growth from 2004 thru 2013 averaged 595 rooms per year.
Source: Austin Convention Center, Austin Convention and Visitors Bureau, Smith Travel Research, Johnson Consulting

As shown on the table, based on the anticipated supply and demand growth in Austin lodging activities under no expansion scenario, market-wide room revenue is anticipated to reach $1.82 billion in 2031.

Table 6-5

Austin, Texas
Hotel Supply, Demand, and Revenue Projections - Scenario 2: East Expansion

	Supply				Demand						Revenues	
	# of Rooms	Average Room Absorp-tion	Available Room Nights		Occupied Room Nights		Occupancy Rate		Average Daily Rate		Room Revenue	
			(Thousand)	% Growth	(Thousand)	% Growth	%	% Growth	$	% Growth	$Million	% Growth
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*
2004 a	25,421	848	9,304	*na*	5,443	*na*	58.5%	*na*	$76.47	*na*	$416	*na*
2005	25,530	109	9,318	*0.2%*	6,187	*13.7%*	66.4%	*13.5%*	$81.12	*6.1%*	$502	*20.6%*
2006	26,207	677	9,566	*2.7%*	6,562	*6.1%*	68.6%	*3.3%*	$93.30	*15.0%*	$612	*22.0%*
2007	25,990	(217)	9,486	*(0.8%)*	6,584	*0.3%*	69.4%	*1.2%*	$103.80	*11.3%*	$683	*11.6%*
2008	26,878	888	9,837	*3.7%*	6,611	*0.4%*	67.2%	*(3.2%)*	$110.07	*6.0%*	$728	*6.5%*
2009	28,023	1,145	10,228	*4.0%*	6,229	*(5.8%)*	60.9%	*(9.4%)*	$101.51	*(7.8%)*	$632	*(13.1%)*
2010	29,349	1,326	10,712	*4.7%*	6,813	*9.4%*	63.6%	*4.4%*	$99.06	*(2.4%)*	$675	*6.7%*
2011	29,596	247	10,803	*0.8%*	7,184	*5.4%*	66.5%	*4.6%*	$104.78	*5.8%*	$753	*11.5%*
2012	29,964	368	10,967	*1.5%*	7,479	*4.1%*	68.2%	*2.6%*	$113.08	*7.9%*	$846	*12.4%*
2013	30,774	810	11,233	*2.4%*	8,009	*7.1%*	71.3%	*4.5%*	$119.57	*5.7%*	$958	*13.2%*
2014 b	31,204	430	11,389	*1.4%*	8,240	*2.9%*	72.4%	*1.5%*	$127.09	*6.3%*	$1,047	*9.4%*
2015 c	32,583	1,379	11,893	*4.4%*	8,408	*2.0%*	70.7%	*(2.3%)*	$132.41	*4.2%*	$1,113	*6.3%*
2016	33,649	1,066	12,316	*3.6%*	8,513	*1.2%*	69.1%	*(2.2%)*	$135.80	*2.6%*	$1,156	*3.8%*
2017 d	35,001	1,352	12,775	*3.7%*	8,608	*1.1%*	67.4%	*(2.5%)*	$138.95	*2.3%*	$1,196	*3.5%*
2018 e	35,100	99	12,812	*0.3%*	8,693	*1.0%*	67.9%	*0.7%*	$142.42	*2.5%*	$1,238	*3.5%*
2019 f	35,200	100	12,848	*0.3%*	8,766	*0.8%*	68.2%	*0.6%*	$146.20	*2.7%*	$1,282	*3.5%*
2020	35,300	100	12,920	*0.6%*	8,827	*0.7%*	68.3%	*0.1%*	$150.33	*2.8%*	$1,327	*3.5%*
2021	35,400	100	12,921	*0.0%*	8,874	*0.5%*	68.7%	*0.5%*	$154.83	*3.0%*	$1,374	*3.5%*
2022 g	35,500	100	12,958	*0.3%*	8,995	*1.4%*	69.4%	*1.1%*	$159.72	*3.2%*	$1,437	*4.6%*
2023	35,600	100	12,994	*0.3%*	9,107	*1.3%*	70.1%	*1.0%*	$165.03	*3.3%*	$1,503	*4.6%*
2024	35,700	100	13,066	*0.6%*	9,224	*1.3%*	70.6%	*0.7%*	$170.80	*3.5%*	$1,575	*4.8%*
2025 h	36,250	550	13,231	*1.3%*	9,341	*1.3%*	70.6%	*0.0%*	$177.05	*3.7%*	$1,654	*5.0%*
2026	36,800	550	13,432	*1.5%*	9,465	*1.3%*	70.5%	*(0.2%)*	$183.82	*3.8%*	$1,740	*5.2%*
2027	37,350	550	13,633	*1.5%*	9,586	*1.3%*	70.3%	*(0.2%)*	$189.93	*3.3%*	$1,821	*4.6%*
2028	37,900	550	13,871	*1.8%*	9,716	*1.4%*	70.0%	*(0.4%)*	$195.30	*2.8%*	$1,897	*4.2%*
2029	38,450	550	14,034	*1.2%*	9,847	*1.4%*	70.2%	*0.2%*	$199.84	*2.3%*	$1,968	*3.7%*
2030	39,000	550	14,235	*1.4%*	9,968	*1.2%*	70.0%	*(0.2%)*	$205.84	*3.0%*	$2,052	*4.3%*
2031	39,550	550	14,436	*1.4%*	10,092	*1.2%*	69.9%	*(0.2%)*	$212.01	*3.0%*	**$2,140**	*4.3%*
2032	40,100	550	14,677	*1.7%*	10,260	*1.7%*	69.9%	*0.0%*	$218.37	*3.0%*	$2,240	*4.7%*
2033	40,650	550	14,837	*1.1%*	10,372	*1.1%*	69.9%	*0.0%*	$224.92	*3.0%*	$2,333	*4.1%*
2034	41,200	550	15,038	*1.4%*	10,513	*1.4%*	69.9%	*0.0%*	$231.67	*3.0%*	$2,435	*4.4%*
2035	41,750	550	15,239	*1.3%*	10,653	*1.3%*	69.9%	*0.0%*	$238.62	*3.0%*	$2,542	*4.4%*

Notes:
a) Figures shown from 2004 thru 2013 are historical actual.
b) Figures shown from 2014 thereafter are projections.
c) Additions to supply from 2015 thru 2017 correspond exactly to projects in development pipeline per Hotel Inventory Update prepared by Austin CVB.
d) The construction of Austin–Bergstrom International Airport expansion is scheduled to be completed in 2017, potentially increasing visitation volume to Austin.
e) Additions to supply from 2018 thru 2024 are assumed to be low to allow time for market to absorb prior years' substantial growth.
f) The construction of Austin Convention Center expansion begins in 2019 and is completed in December 2021.
g) The expanded ACC is assumed to begin operation in 2022. Demand growth from 2022 thru 2031 includes incremental room nights from expanded ACC.
h) From 2025 thereafter, long-term addition to supply is assumed at 550 rooms per year. As a comparison, historical supply growth from 2004 thru 2013 averaged 595 rooms per year.
Source: Austin Convention Center, Austin Convention and Visitors Bureau, Smith Travel Research, Johnson Consulting

As shown on the table, based on the anticipated supply and demand growth in Austin lodging activities under Scenario 2 East expansion, market-wide room revenue is anticipated to reach $2.14 billion in 2031, the tenth year of an expanded Austin Convention Center operation.

Table 6-6

Austin, Texas
Hotel Supply, Demand, and Revenue Projections - Scenario 3a: West Contiguous Expansion

	Supply				Demand						Revenues	
	# of Rooms	Average Room Absorp-tion	Available Room Nights		Occupied Room Nights		Occupancy Rate		Average Daily Rate		Room Revenue	
			(Thousand)	% Growth	(Thousand)	% Growth	%	% Growth	$	% Growth	$Million	% Growth
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*
2004 a	25,421	848	9,304	*na*	5,443	*na*	58.5%	*na*	$76.47	*na*	$416	*na*
2005	25,530	109	9,318	*0.2%*	6,187	*13.7%*	66.4%	*13.5%*	$81.12	*6.1%*	$502	*20.6%*
2006	26,207	677	9,566	*2.7%*	6,562	*6.1%*	68.6%	*3.3%*	$93.30	*15.0%*	$612	*22.0%*
2007	25,990	(217)	9,486	*(0.8%)*	6,584	*0.3%*	69.4%	*1.2%*	$103.80	*11.3%*	$683	*11.6%*
2008	26,878	888	9,837	*3.7%*	6,611	*0.4%*	67.2%	*(3.2%)*	$110.07	*6.0%*	$728	*6.5%*
2009	28,023	1,145	10,228	*4.0%*	6,229	*(5.8%)*	60.9%	*(9.4%)*	$101.51	*(7.8%)*	$632	*(13.1%)*
2010	29,349	1,326	10,712	*4.7%*	6,813	*9.4%*	63.6%	*4.4%*	$99.06	*(2.4%)*	$675	*6.7%*
2011	29,596	247	10,803	*0.8%*	7,184	*5.4%*	66.5%	*4.6%*	$104.78	*5.8%*	$753	*11.5%*
2012	29,964	368	10,967	*1.5%*	7,479	*4.1%*	68.2%	*2.6%*	$113.08	*7.9%*	$846	*12.4%*
2013	30,774	810	11,233	*2.4%*	8,009	*7.1%*	71.3%	*4.5%*	$119.57	*5.7%*	$958	*13.2%*
2014 b	31,204	430	11,389	*1.4%*	8,240	*2.9%*	72.4%	*1.5%*	$127.09	*6.3%*	$1,047	*9.4%*
2015 c	32,583	1,379	11,893	*4.4%*	8,408	*2.0%*	70.7%	*(2.3%)*	$132.41	*4.2%*	$1,113	*6.3%*
2016	33,649	1,066	12,316	*3.6%*	8,513	*1.2%*	69.1%	*(2.2%)*	$135.80	*2.6%*	$1,156	*3.8%*
2017 d	35,001	1,352	12,775	*3.7%*	8,608	*1.1%*	67.4%	*(2.5%)*	$138.95	*2.3%*	$1,196	*3.5%*
2018 e	35,100	99	12,812	*0.3%*	8,693	*1.0%*	67.9%	*0.7%*	$142.42	*2.5%*	$1,238	*3.5%*
2019 f	35,200	100	12,848	*0.3%*	8,680	*(0.1%)*	67.6%	*(0.4%)*	$146.20	*2.7%*	$1,269	*2.5%*
2020	35,300	100	12,920	*0.6%*	8,778	*1.1%*	67.9%	*0.6%*	$150.33	*2.8%*	$1,320	*4.0%*
2021	35,400	100	12,921	*0.0%*	8,877	*1.1%*	68.7%	*1.1%*	$154.83	*3.0%*	$1,374	*4.2%*
2022 g	35,500	100	12,958	*0.3%*	9,103	*2.5%*	70.3%	*2.3%*	$159.72	*3.2%*	$1,454	*5.8%*
2023	35,600	100	12,994	*0.3%*	9,206	*1.1%*	70.8%	*0.8%*	$165.03	*3.3%*	$1,519	*4.5%*
2024	35,700	100	13,066	*0.6%*	9,319	*1.2%*	71.3%	*0.7%*	$170.80	*3.5%*	$1,592	*4.8%*
2025 h	36,250	550	13,231	*1.3%*	9,426	*1.2%*	71.2%	*(0.1%)*	$177.05	*3.7%*	$1,669	*4.9%*
2026	36,800	550	13,432	*1.5%*	9,542	*1.2%*	71.0%	*(0.3%)*	$183.82	*3.8%*	$1,754	*5.1%*
2027	37,350	550	13,633	*1.5%*	9,655	*1.2%*	70.8%	*(0.3%)*	$189.93	*3.3%*	$1,834	*4.5%*
2028	37,900	550	13,871	*1.8%*	9,776	*1.3%*	70.5%	*(0.5%)*	$195.30	*2.8%*	$1,909	*4.1%*
2029	38,450	550	14,034	*1.2%*	9,901	*1.3%*	70.5%	*0.1%*	$199.84	*2.3%*	$1,979	*3.6%*
2030	39,000	550	14,235	*1.4%*	10,032	*1.3%*	70.5%	*(0.1%)*	$205.84	*3.0%*	$2,065	*4.4%*
2031	39,550	550	14,436	*1.4%*	10,159	*1.3%*	70.4%	*(0.1%)*	$212.01	*3.0%*	**$2,154**	*4.3%*
2032	40,100	550	14,677	*1.7%*	10,328	*1.7%*	70.4%	*0.0%*	$218.37	*3.0%*	$2,255	*4.7%*
2033	40,650	550	14,837	*1.1%*	10,441	*1.1%*	70.4%	*0.0%*	$224.92	*3.0%*	$2,348	*4.1%*
2034	41,200	550	15,038	*1.4%*	10,583	*1.4%*	70.4%	*0.0%*	$231.67	*3.0%*	$2,452	*4.4%*
2035	41,750	550	15,239	*1.3%*	10,724	*1.3%*	70.4%	*0.0%*	$238.62	*3.0%*	$2,559	*4.4%*
2036	42,300	550	15,482	*1.6%*	10,895	*1.6%*	70.4%	*0.0%*	$245.78	*3.0%*	$2,678	*4.6%*

Notes:
a) Figures shown from 2004 thru 2013 are historical actuals.
b) Figures shown from 2014 thereafter are projections.
c) Additions to supply from 2015 thru 2017 correspond exactly to projects in development pipeline per Hotel Inventory Update prepared by Austin CVB.
d) The construction of Austin–Bergstrom International Airport expansion is scheduled to be completed in 2017, potentially increasing visitation volume to Austin.
e) Additions to supply from 2018 thru 2024 are assumed to be low to allow time for market to absorb prior years' substantial growth.
f) The construction of Austin Convention Center expansion begins in 2019 and is completed in December 2021.
g) The expanded ACC is assumed to begin operation in 2022. Demand growth from 2022 thru 2031 includes incremental room nights from expanded ACC.
h) From 2025 thereafter, long-term addition to supply is assumed at 550 rooms per year. As a comparison, historical supply growth from 2004 thru 2013 averaged 595 rooms per year.
Source: Austin Convention Center, Austin Convention and Visitors Bureau, Smith Travel Research, Johnson Consulting

As shown on the table, based on the anticipated supply and demand growth in Austin lodging activities under Scenario 3a West (contiguous) expansion, market-wide room revenue is anticipated to reach $2.15 billion in 2031, the tenth year of an expanded Austin Convention Center operation.

Table 6-7

Austin, Texas
Hotel Supply, Demand, and Revenue Projections - Scenario 3b: West Non-Contiguous Expansion

	Supply				Demand						Revenues	
	# of Rooms	Average Room Absorp-tion	Available Room Nights		Occupied Room Nights		Occupancy Rate		Average Daily Rate		Room Revenue	
			(Thousand)	% Growth	(Thousand)	% Growth	%	% Growth	$	% Growth	$Million	% Growth
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*
2004 a	25,421	848	9,304	*na*	5,443	*na*	58.5%	*na*	$76.47	*na*	$416	*na*
2005	25,530	109	9,318	*0.2%*	6,187	*13.7%*	66.4%	*13.5%*	$81.12	*6.1%*	$502	*20.6%*
2006	26,207	677	9,566	*2.7%*	6,562	*6.1%*	68.6%	*3.3%*	$93.30	*15.0%*	$612	*22.0%*
2007	25,990	(217)	9,486	*(0.8%)*	6,584	*0.3%*	69.4%	*1.2%*	$103.80	*11.3%*	$683	*11.6%*
2008	26,878	888	9,837	*3.7%*	6,611	*0.4%*	67.2%	*(3.2%)*	$110.07	*6.0%*	$728	*6.5%*
2009	28,023	1,145	10,228	*4.0%*	6,229	*(5.8%)*	60.9%	*(9.4%)*	$101.51	*(7.8%)*	$632	*(13.1%)*
2010	29,349	1,326	10,712	*4.7%*	6,813	*9.4%*	63.6%	*4.4%*	$99.06	*(2.4%)*	$675	*6.7%*
2011	29,596	247	10,803	*0.8%*	7,184	*5.4%*	66.5%	*4.6%*	$104.78	*5.8%*	$753	*11.5%*
2012	29,964	368	10,967	*1.5%*	7,479	*4.1%*	68.2%	*2.6%*	$113.08	*7.9%*	$846	*12.4%*
2013	30,774	810	11,233	*2.4%*	8,009	*7.1%*	71.3%	*4.5%*	$119.57	*5.7%*	$958	*13.2%*
2014 b	31,204	430	11,389	*1.4%*	8,240	*2.9%*	72.4%	*1.5%*	$127.09	*6.3%*	$1,047	*9.4%*
2015 c	32,583	1,379	11,893	*4.4%*	8,408	*2.0%*	70.7%	*(2.3%)*	$132.41	*4.2%*	$1,113	*6.3%*
2016	33,649	1,066	12,316	*3.6%*	8,513	*1.2%*	69.1%	*(2.2%)*	$135.80	*2.6%*	$1,156	*3.8%*
2017 d	35,001	1,352	12,775	*3.7%*	8,608	*1.1%*	67.4%	*(2.5%)*	$138.95	*2.3%*	$1,196	*3.5%*
2018 e	35,100	99	12,812	*0.3%*	8,693	*1.0%*	67.9%	*0.7%*	$142.42	*2.5%*	$1,238	*3.5%*
2019 f	35,200	100	12,848	*0.3%*	8,766	*0.8%*	68.2%	*0.6%*	$146.20	*2.7%*	$1,282	*3.5%*
2020	35,300	100	12,920	*0.6%*	8,827	*0.7%*	68.3%	*0.1%*	$150.33	*2.8%*	$1,327	*3.5%*
2021	35,400	100	12,921	*0.0%*	8,874	*0.5%*	68.7%	*0.5%*	$154.83	*3.0%*	$1,374	*3.5%*
2022 g	35,500	100	12,958	*0.3%*	9,115	*2.7%*	70.3%	*2.4%*	$159.72	*3.2%*	$1,456	*6.0%*
2023	35,600	100	12,994	*0.3%*	9,218	*1.1%*	70.9%	*0.8%*	$165.03	*3.3%*	$1,521	*4.5%*
2024	35,700	100	13,066	*0.6%*	9,324	*1.2%*	71.4%	*0.6%*	$170.80	*3.5%*	$1,593	*4.7%*
2025 h	36,250	550	13,231	*1.3%*	9,441	*1.3%*	71.4%	*(0.0%)*	$177.05	*3.7%*	$1,672	*5.0%*
2026	36,800	550	13,432	*1.5%*	9,563	*1.3%*	71.2%	*(0.2%)*	$183.82	*3.8%*	$1,758	*5.2%*
2027	37,350	550	13,633	*1.5%*	9,685	*1.3%*	71.0%	*(0.2%)*	$189.93	*3.3%*	$1,840	*4.6%*
2028	37,900	550	13,871	*1.8%*	9,809	*1.3%*	70.7%	*(0.5%)*	$195.30	*2.8%*	$1,916	*4.1%*
2029	38,450	550	14,034	*1.2%*	9,947	*1.4%*	70.9%	*0.2%*	$199.84	*2.3%*	$1,988	*3.8%*
2030	39,000	550	14,235	*1.4%*	10,056	*1.1%*	70.6%	*(0.3%)*	$205.84	*3.0%*	$2,070	*4.1%*
2031	39,550	550	14,436	*1.4%*	10,168	*1.1%*	70.4%	*(0.3%)*	$212.01	*3.0%*	**$2,156**	*4.1%*
2032	40,100	550	14,677	*1.7%*	10,337	*1.7%*	70.4%	*0.0%*	$218.37	*3.0%*	$2,257	*4.7%*
2033	40,650	550	14,837	*1.1%*	10,450	*1.1%*	70.4%	*0.0%*	$224.92	*3.0%*	$2,351	*4.1%*
2034	41,200	550	15,038	*1.4%*	10,592	*1.4%*	70.4%	*0.0%*	$231.67	*3.0%*	$2,454	*4.4%*
2035	41,750	550	15,239	*1.3%*	10,733	*1.3%*	70.4%	*0.0%*	$238.62	*3.0%*	$2,561	*4.4%*
2036	42,300	550	15,482	*1.6%*	10,904	*1.6%*	70.4%	*0.0%*	$245.78	*3.0%*	$2,680	*4.6%*

Notes:
a) Figures shown from 2004 thru 2013 are historical actuals.
b) Figures shown from 2014 thereafter are projections.
c) Additions to supply from 2015 thru 2017 correspond exactly to projects in development pipeline per Hotel Inventory Update prepared by Austin CVB.
d) The construction of Austin–Bergstrom International Airport expansion is scheduled to be completed in 2017, potentially increasing visitation volume to Austin.
e) Additions to supply from 2018 thru 2024 are assumed to be low to allow time for market to absorb prior years' substantial growth.
f) The construction of Austin Convention Center expansion begins in 2019 and is completed in December 2021.
g) The expanded ACC is assumed to begin operation in 2022. Demand growth from 2022 thru 2031 includes incremental room nights from expanded ACC.
h) From 2025 thereafter, long-term addition to supply is assumed at 550 rooms per year. As a comparison, historical supply growth from 2004 thru 2013 averaged 595 rooms per year.
Source: Austin Convention Center, Austin Convention and Visitors Bureau, Smith Travel Research, Johnson Consulting

As shown on the table, based on the anticipated supply and demand growth in Austin lodging activities under Scenario 3b West (non-contiguous) expansion, market-wide room revenue is anticipated to reach $2.16 billion in 2031, the tenth year of an expanded Austin Convention Center operation.

HOTEL OCCUPANCY TAX REVENUE PROJECTIONS

The City of Austin currently collects a 9-percent Hotel Occupancy Tax (HOT). Under the terms of the City of Austin Code, the Austin Convention Center receives two portions of the HOT: a 4.5-percent portion for the construction, operation, and maintenance of the Austin Convention Center, and a 2-percent portion, which has been used as the funding source for the voter approved Convention Center/ Waller Creek Venue Project (Venue), in accordance with Chapter 334 of the Texas Local Government Code, that funded the Convention Center's 2002 expansion. The 2-percent portion of the HOT collected by the City is set to expire in 2029 upon the scheduled repayment of the debt issued to finance the construction of the Venue.

The Austin Convention Center's strategy of utilizing the 2-percent Venue HOT that made the 2002 expansion a reality has been quite successful. Since 2002, Austin's tourism and hospitality industry has flourished. From 2002 to 2014, HOT collections have increased 175 percent, with the Convention Center's combined HOT portion increasing from $17.9 million in FYE 2002 to $49.2 million in FYE 2014.

The Austin Convention Center's next recommended expansion intends to mirror the financing strategy for the 2002 expansion project. This could require paying off the currently outstanding bonds that financed the Venue before obtaining voter approval for the new Venue and the assessment and collection of the 2-percent HOT. Due to the Austin Convention Center's success and HOT collections, current revenue projections indicate that early retirement of the current Venue debt could take place as soon as 2019, depending on land acquisition methods. Meeting this objective will require the Austin Convention Center to take an aggressive position of accumulating the funds needed to retire the current outstanding Venue revenue bonds without diminishing current operations.

As previously shown on Figure 6-6, going forward, the expansion is expected to generate significant volume of new room nights. Scenario 2 is expected to generate approximately 312,550 of incremental room nights in 10 years; Scenario 3b, over 750,000 room nights. These incremental room nights will add to the lodging activity growth in Austin, resulting in an increased amount of room revenues, as previously shown in Table 6-4 through Table 6-7, which will further result in increased amount of HOT revenue.

Table 6-8 shows the estimated HOT revenues resulting from expansion scenarios, reflecting the 4.5 cents of the 9.0 cents per dollar of room revenue, as well as the potential 2.0 cents that are anticipated to be available to fund the Austin Convention Center expansion.

Table 6-8

Austin, Texas
Hotel Occupancy Tax Revenue Projections ($Million)
(showing the 4.5% and 2.0%-Venue portions separately)

	Scenario 1: As-Is		Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
	@ 4.5% ($M)	@ 2% ($M) f	@ 4.5% ($M)	@ 2% ($M)	@ 4.5% ($M)	@ 2% ($M)	@ 4.5% ($M)	@ 2% ($M)
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*
2011 a	$23.4	$10.4	$23.4	$10.4	$23.4	$10.4	$23.4	$10.4
2012	$25.5	$11.3	$25.5	$11.3	$25.5	$11.3	$25.5	$11.3
2013	$29.8	$13.2	$29.8	$13.2	$29.8	$13.2	$29.8	$13.2
2014 b	$32.6	$14.5	$32.6	$14.5	$32.6	$14.5	$32.6	$14.5
2015	$34.7	$15.4	$34.7	$15.4	$34.7	$15.4	$34.7	$15.4
2016	$35.9	$16.0	$36.0	$16.0	$36.0	$16.0	$36.0	$16.0
2017	$37.2	$16.5	$37.2	$16.5	$37.2	$16.5	$37.2	$16.5
2018	$38.3	$17.0	$38.5	$17.1	$38.5	$17.1	$38.5	$17.1
2019 c	$39.3	$17.5	$39.9	$17.7	$39.5	$17.6	$39.9	$17.7
2020	$40.2	$17.9	$41.3	$18.4	$41.1	$18.3	$41.3	$18.4
2021	$41.0	$18.2	$42.8	$19.0	$42.8	$19.0	$42.8	$19.0
2022 d	$42.1	$18.7	$44.7	$19.9	$45.3	$20.1	$45.3	$20.1
2023	$43.4	$19.3	$46.8	$20.8	$47.3	$21.0	$47.4	$21.0
2024	$44.8	$19.9	$49.0	$21.8	$49.5	$22.0	$49.6	$22.0
2025	$46.4	$20.6	$51.5	$22.9	$52.0	$23.1	$52.0	$23.1
2026	$48.1	$21.4	$54.2	$24.1	$54.6	$24.3	$54.7	$24.3
2027	$49.7	$22.1	$56.7	$25.2	$57.1	$25.4	$57.3	$25.4
2028	$51.0	$22.7	$59.1	$26.2	$59.4	$26.4	$59.6	$26.5
2029	$52.2	$23.2	$61.3	$27.2	$61.6	$27.4	$61.9	$27.5
2030	$54.4	$24.2	$63.9	$28.4	$64.3	$28.6	$64.4	$28.6
2031	$56.7	$25.2	$66.6	$29.6	$67.0	$29.8	$67.1	$29.8
Total (2022-2031)	$488.7	$217.2	$553.7	$246.1	$558.1	$248.0	$559.3	$248.6
Total (2016-2031)	$720.5	$320.2	$789.4	$350.8	$793.3	$352.5	$795.1	$353.3
16-Year Accumulated Difference (e)			$68.9	$30.6	$72.7	$32.3	$74.5	$33.1

Notes:
a) Hotel Occupancy Tax revenue figures shown from 2011 thru 2013 are historical actuals.
b) Figures shown from 2014 thereafter are projections.
c) For modeling purposes, the construction of Austin Convention Center expansion is assumed to begin in 2019 and be completed in December 2021.
d) For modeling purposes, the expanded Austin Convention Center is assumed to begin operation in 2022. Similar projections hold true but would shift to actual year once determined.
e) Reflecting the difference between expanding Austin Convention Center vs. no expansion.
f) The 2% portion is related to the current Venue. For modeling purposes, it is assumed that the current Venue will be distinguished early and a new voter-approved Venue would be in place for the expansion.
Source: Austin Convention Center, Austin Convention and Visitors Bureau, Smith Travel Research, Johnson Consulting

As shown on the table, from 2016 through 2031, the accumulated difference in HOT revenues between not expanding and expanding the Austin Convention Center is significant. The accumulated difference resulting from Scenario 2 East expansion is estimated to amount to $68.9 million from the 4.5-percent HOT and $30.6 million from the 2-percent HOT. The accumulated difference resulting from Scenario 3a West (contiguous) expansion is estimated to amount to $72.7 million from the 4.5-percent HOT and $32.3 million from the 2-percent HOT. The accumulated difference resulting from Scenario 3b West (non-contiguous) expansion is estimated to amount to $74.5 million from the 4.5-percent HOT and $33.1 million from the 2-percent HOT.

JOHNSON CONSULTING

SECTION VII

FINANCIAL PROJECTIONS

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FINANCIAL PROJECTIONS

This section provides projections of operating revenue and expenses of the Austin Convention Center upon expansion, preceded with a summary of historical operating data. This section also provides estimates of the debt service payment for the expansion and the estimated Hotel Occupancy Tax (HOT) revenues that may be used to fund both the expansion and the continued operations of the Convention Center in its expanded form.

CURRENT FINANCIAL POSITION

Table 7-1 summarizes historical operating revenue and expenses from Fiscal Year Ending (FYE) 2011 through FYE 2013 (the year of most recently available data), as confirmed by the Austin Convention Center.

Table 7-1

Austin Convention Center
Statements of Operating Revenue and Expenses ($000)

	FYE 2011	FYE 2012	FYE 2013
Revenue			
Facility	$5,080	$5,687	$5,828
Contractor	7,321	7,597	9,114
Building Rental/ Lease	76	89	92
Parking	1,612	1,966	2,426
Interest	129	68	50
Other	11	66	160
Total	$14,230	$15,472	$17,670
Expenses			
Payroll and Benefits	$12,474	$13,626	$15,183
General & Administration	724	434	771
Marketing	108	142	335
Energy & Utilities	1,852	2,293	2,706
Maintenance & Repairs	1,438	1,440	1,616
Service & Operations	2,724	2,685	3,244
Contractor Expenses	5,158	5,364	6,601
Other Departmental Expenses	2,597	2,709	2,403
Miscellaneous	13	76	72
Total	$27,086	$28,768	$32,931
Net Operating Income (Loss)	($12,857)	($13,296)	($15,261)
HOT Revenues			
Hotel/ Motel Occupancy Tax - CC (4.5%)	$23,405	$25,525	$29,811
Hotel/ Motel Occupancy Tax - Venue (2%)	10,401	11,343	13,248
Total	$33,806	$36,868	$43,059
NOI After Support from HOT	$20,949	$23,572	$27,798

Source: Austin Convention Center

As shown on the table, the Austin Convention Center operated at deficit of $12.9 million, $13.3 million, and $15.3 million from FYE 2011 through FYE 2013. During those years, the facility was supported by Hotel Occupancy Tax in the amount of $33.8 million, $36.9 million, and $43.1 million.

Each of the revenue and expenses line items shown on Table 7-1 represents subtotal of a number of detailed items of similar categories. For example, General and Administrative consists of 32 general and administrative-related expense accounts, from office supplies and copy machine rental to permits, fees, and bad debt expense. Combined, revenue and expense line items shown on Table 7-1 are comprised of 164 operating accounts.

For analytical and projections purposes, those 13 line items shown on Table 7-1 are translated into base-amounts according to key contributing attributes, i.e., attendance, facility utilization, total revenue and expense volume, or a fixed amount. For example, the amount of Facility revenue line item is largely driven by facility utilization, so based on 69.2 million gross square foot days of facility utilization in FYE 2013, Facility revenue of $5,888,000 in that fiscal year would translate to $0.09 per gross square foot day. Table 7-2 on the following page shows this and the rest of base-amount estimates for FYE 2013 revenue and expenses based on FYE 2013 activity volume at the facility.

Table 7-2

Austin Convention Center Actual Revenue and Expenses and Estimated Bases			
	FYE 2013	**Base Amount**	
Revenue			
Facility	$5,828	$0.08	/ GSF-Day
Contractor	9,114	$20.28	/ attendee
Building Rental/ Lease	92	$91,500	annually
Parking	2,426	$2,426,000	annually
Interest	50	0.3%	of total revenue
Other	160	0.9%	of total revenue
Total	$17,670		
Expenses			
Payroll and Benefits	$15,183	$15,183,000	annually
General & Administration	771	4.4%	of total revenue
Marketing	335	1.9%	of total revenue
Energy & Utilities	2,706	$0.04	/ GSF-Day
Maintenance & Repairs	1,616	$0.02	/ GSF-Day
Service & Operations	3,244	$0.05	/ GSF-Day
Contractor Expenses	6,601	72.4%	of contractor revenue
Other Departmental Expenses	2,403	95.5%	of building/ lease/ parking revenue
Miscellaneous	72	0.2%	of total expenses
Total	$32,931		
Net Operating Income (Loss)	($15,261)		

Source: Austin Convention Center, Johnson Consulting

Upon facility expansion, attendance, facility utilization, and other operating attributes will grow accordingly, as projected in Section 5 of this report for each of the expansion scenarios – Scenario 1 (no expansion) as well as Scenario 2 East, 3a West (contiguous), and 3b West (non-contiguous). Applying these base amounts to relevant operating attributes is the methodology utilized in projecting operating revenue and expenses of each scenario. Adjustments are also made to account for inflation and, especially on fixed annual based amounts, for change in facility size.

FINANCIAL PROJECTIONS

Table 7-3 summarizes and compares the potential changes in operating revenue and expenses among scenarios, including Scenario 1 in which no expansion is undertaken. The table shows FYE 2013 statements of the existing Austin Convention Center and the projected Year 8 financial statements of the facility upon expansion. Consistent with the rest of the projections, for modeling purposes, the construction of an Austin Convention Center expansion is assumed to begin in 2019 and is completed in December 2021. Expanded Convention Center operation is assumed to begin in 2022. Hence, in Table 7-3 Year 8 refers to FYE 2029,

while Year 10 refers to FYE 2031. Similar projections hold true but would shift to actual years once a project timeline determined.

Hotel Occupancy Tax (HOT) revenue figures shown in this table correspond to the figures shown in Table 6-8 in Section 6.

Table 7-3

Austin Convention Center
Projected Operating Revenue and Expenses ($000)

	Existing	Scenario 1: As-Is		Scenario 2: East Expansion		Scenario 3a: West Contiguous Expansion		Scenario 3b: West Non-Contiguous Expansion	
Exhibit Hall SF:	247,000 SF	247,000 SF		349,600 SF		426,400 SF		447,000 SF	
Total Function Space SF:	366,720 SF	366,720 SF		515,220 SF		628,920 SF		688,400 SF	
	FYE 2013	**FYE 2029**	**Incre-mental****	**Year 8***	**Incre-mental**	**Year 10***	**Incre-mental**	**Year 8***	**Incre-mental**
Revenue									
Facility	$5,828	$9,166	($120)	$15,766	$4,116	$22,372	$7,532	$23,083	$8,813
Contractor	9,114	14,333	(188)	19,583	3,182	25,112	5,806	24,278	6,195
Building Rental/ Lease	92	147	0	153	4	165	6	156	6
Parking	2,426	3,893	0	3,952	38	4,240	67	3,997	67
Interest	50	78	(1)	112	20	147	38	146	42
Other	160	251	(3)	360	66	473	122	470	137
Total	$17,670	$27,868	($312)	$39,925	$7,426	$52,510	$13,570	$52,129	$15,260
Expenses									
Payroll and Benefits	$15,183	$24,364	$0	$24,849	$311	$28,237	$1,445	$26,616	$1,445
General & Administration	771	1,238	0	1,742	324	2,292	592	2,275	666
Marketing	335	537	0	757	141	995	257	988	289
Energy & Utilities	2,706	4,342	0	6,083	1,118	7,640	1,836	7,708	2,161
Maintenance & Repairs	1,616	2,594	0	3,634	668	4,564	1,096	4,604	1,291
Service & Operations	3,244	5,205	0	7,293	1,340	9,159	2,201	9,241	2,590
Contractor Expenses	6,601	10,380	(136)	12,497	1,223	15,170	2,379	13,827	2,076
Other Departmental Expenses	2,403	3,857	0	3,919	40	4,206	69	3,965	69
Miscellaneous	72	83	(20)	97	(12)	115	(4)	112	(2)
Total	$32,931	$52,601	($156)	$60,871	$5,153	$72,378	$9,872	$69,337	$10,586
Net Operating Income (Loss)	**($15,261)**	**($24,732)**	($156)	**($20,946)**	$2,274	**($19,868)**	$3,698	**($17,208)**	$4,674
HOT Revenues									
Hotel Occupancy Tax - CC (4.5%)	$29,811	$52,165	$2,777	$61,258	$8,614	$67,049	$9,860	$61,879	$9,013
Hotel Occupancy Tax - Venue (2%)***	13,248	23,182	1,234	27,223	3,828	29,796	4,382	27,499	4,005
Total	$43,059	$75,347	$4,011	$88,481	$12,442	$96,845	$14,242	$89,379	$13,018
NOI After Support from HOT****	**$27,798**	**$50,615**	$3,855	**$67,535**	$14,716	**$76,977**	$17,940	**$72,171**	$17,691
	(FYE 2013)	*(FYE 2029)*		*(Year 8)*		*(Year 10)*		*(Year 8)*	

Notes:
**The eighth full year upon expansion completion is assumed to be when the expanded Austin Convention Center reaches stabilized operation (or tenth year, for Scenario 3a).*
***Measures the difference between FYE 2013 and the stabilized year upon expansion, reflected in 2014 dollars.*
****The 2% portion is related to the current Venue. For modeling purposes, it is assumed that the current Venue will be distinguished early and a new voter-approved Venue would be in place for the recommended expansion.*
*****HOT would be pledged for debt service first, so this amount includes funds used first for debt service, even before covering expenses, with remaining amounts for Convention Center capital needs, operating reserves, and other Convention Center-related requirements.*
Source: Austin Convention Center, Johnson Consulting

Scenario 1 is not a viable option, because without expanding it is very likely that the facility will lose current customers that will be replaced with less profitable business, resulting in greater operating deficit. Expanding the facility is expected to reduce the operating deficit by $2.3 million (in Scenario 2 East) to $4.7 million (in Scenario 3b West) per year, while meeting its objective of increasing new hotel room nights, thus resulting in greater HOT collections.

ESTIMATED PROJECT BUDGET AND DEBT SERVICE

Table 7-4 shows the estimated project budget and debt service for the expansion scenarios related to both east and west expansion of the Austin Convention Center. The project budget shown is the estimated total project costs that include professional fees; furniture, fixtures, and equipment (FF&E); contingencies; and site development. It is important to emphasize that the costs-per-square foot-shown are not based on a building design, and represent an average cost for similar recent projects nationwide. The budget does not include site acquisition costs or the costs associated with the proposed hotel shown in Scenario 3a and 3b West expansion.

The cost difference between the three scenarios reflects the difference in the amount of programmed space for each option. In Scenario 2 East expansion and 3a West (contiguous) expansion, it is assumed there will be an additional premium in construction costs associated with the physical connection to the existing convention center as well as lost business resulting from disruption to operations during the construction phase. There may also be indirect cost impacts to the City associated with the street closures in Scenario 2 East expansion and 3a West (contiguous) expansion.

Table 7-4

Austin Convention Center
Estimated Budget and Debt Service Payments

	Existing	Scenario 2: East Expansion	Scenario 3a: West Contiguous Expansion	Scenario 3b: West Non-Contiguous Expansion
Additional Square Footage				
Exhibit Halls	247,000	102,600	179,400	200,000
Ballrooms/ Meeting Rooms	119,720	45,900	82,800	121,680
Total	366,720	148,500	262,200	321,680
Est. Circulation, Service, and Support*		207,900	367,080	450,350
Est. Total New Construction		356,400	629,280	772,030
Estimated Cost				
Est. Project Budget ($Million)**		$187.1	$330.4	$405.3
Est. Annual Debt Service Payment ($Million)***		$15.8	$28.0	$34.3

**Reflecting additional 40% of space.*
***Based on $700 per constructed square foot of function space (exhibit, ballroom, and meeting space), and $400 per constructed square foot of circulation, service, and support space.*
Does not include land acquisition or non-convention development (e.g., hotel or retail).
****Financing assumptions include 7.5% annual interest and 30-year term.*
Source: Austin Convention Center, Gensler, Conventional Wisdom, Johnson Consulting

Based on the assumptions stated in the table, annual debt service payment is estimated to range from approximately $16 million for Scenario 2 East to $34 million for Scenario 3b West.

CAPACITY OF HOT AS SOURCE OF FUNDS

The main source of funds available to cover the Austin Convention Center expansion cost and operating deficit is Hotel Occupancy Tax (HOT). Table 7-5 shows the estimated HOT revenues resulting from expansion scenarios in ten years upon expansion completion, as projected in Section 6 of this report. The table reflects the 4.5 cents of the 9.0 cents per dollar of room revenue, as well as the potential 2.0 cents that are anticipated to be available to fund the Austin Convention Center expansion. The table also shows, for each scenario, the estimated debt service payments and operating deficit of the expanded Austin Convention Center.

Table 7-5

Austin, Texas
Hotel Occupancy Tax Revenue Projections (showing the 4.5% and 2.0%-Venue portions separately), Austin Convention Center Expansion Debt Service Payments and Operating Deficit ($Million)

	Scenario 2: East Expansion				Scenario 3a: West Contiguous Expansion				Scenario 3b: West Non-Contiguous Expansion			
	HOT @ 4.5% ($M)	HOT @ 2% ($M) (b)	ACC Expansion Debt Service	ACC Operating Deficit	HOT @ 4.5% ($M)	HOT @ 2% ($M)	ACC Expansion Debt Service	ACC Operating Deficit	HOT @ 4.5% ($M)	HOT @ 2% ($M)	ACC Expansion Debt Service	ACC Operating Deficit
	A	*B*	*C*	*D*	*E*	*F*	*G*	*H*	*I*	*J*	*K*	*L*
2022 a	$44.7	$19.9	($15.8)	($19.7)	$45.3	$20.1	($28.0)	($20.0)	$45.3	$20.1	($34.3)	($19.5)
2023	$46.8	$20.8	($15.8)	($20.3)	$47.3	$21.0	($28.0)	($20.6)	$47.4	$21.0	($34.3)	($20.0)
2024	$49.0	$21.8	($15.8)	($20.6)	$49.5	$22.0	($28.0)	($20.8)	$49.6	$22.0	($34.3)	($20.3)
2025	$51.5	$22.9	($15.8)	($21.1)	$52.0	$23.1	($28.0)	($21.1)	$52.0	$23.1	($34.3)	($20.2)
2026	$54.2	$24.1	($15.8)	($21.2)	$54.6	$24.3	($28.0)	($21.1)	$54.7	$24.3	($34.3)	($19.8)
2027	$56.7	$25.2	($15.8)	($21.4)	$57.1	$25.4	($28.0)	($21.2)	$57.3	$25.4	($34.3)	($19.2)
2028	$59.1	$26.2	($15.8)	($21.2)	$59.4	$26.4	($28.0)	($21.0)	$59.6	$26.5	($34.3)	($18.5)
2029	$61.3	$27.2	($15.8)	($20.9)	$61.6	$27.4	($28.0)	($20.9)	$61.9	$27.5	($34.3)	($17.2)
2030	$63.9	$28.4	($15.8)	($21.6)	$64.3	$28.6	($28.0)	($20.3)	$64.4	$28.6	($34.3)	($17.7)
2031	$66.6	$29.6	($15.8)	($22.2)	$67.0	$29.8	($28.0)	($19.9)	$67.1	$29.8	($34.3)	($18.2)

Notes:
a) For modeling purposes, the expanded Austin Convention Center is assumed to begin operation in 2022. Similar projections hold true but would shift to actual year once determined.
b) The 2% portion is related to the current Venue. For modeling purposes, it is assumed that the current Venue will be distinguished early and a new voter-approved Venue would be in place for the expansion.
Source: Austin Convention Center, Austin CVB, Smith Travel Research, Johnson Consulting

As shown on the table, each of the expansion scenarios is expected to result in increased HOT revenues. The projections demonstrate sufficient capacity to fund the estimated debt service payments for the expansion, while remaining a substantial funding source for continued operations of the Convention Center in its expanded form, including on-going related capital needs.

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