



Presentation to the Tourism Commission *Austin, Texas*

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Expansion Study – Scope & Methodology

Scope of Services



Role of HVS – Expert and independent third-party research and analysis

EXPANSION STUDY

- Site visit
- Development plan reviews
- Economic and demographic analysis
- Review and analysis of historic event data and financial statements
- Event planner survey and interviews
- Analysis of future bookings
- Comparable venue research
- COVID-19 impact analysis
- Demand and financial forecasts
- Economic impact analysis

Industry Trends and Recovery from COVID

Current state of the convention industry as it recovers from COVID-19 closures

Recent Industry Surveys



Source: Access Intelligence Research & Consulting

Average 2022 YTD In-Person Attendance Recovery vs. 2019

Convention Center Manager Survey (YTD June) 71%

Event Producer Survey (YTD May) 68%

Association conferences and convention have the best outlook for "normal" growth

Are convention centers offering higher space rental discounts?

No 62%

Yes 38%

Is inflation an issue?

No 42%

Yes 58%

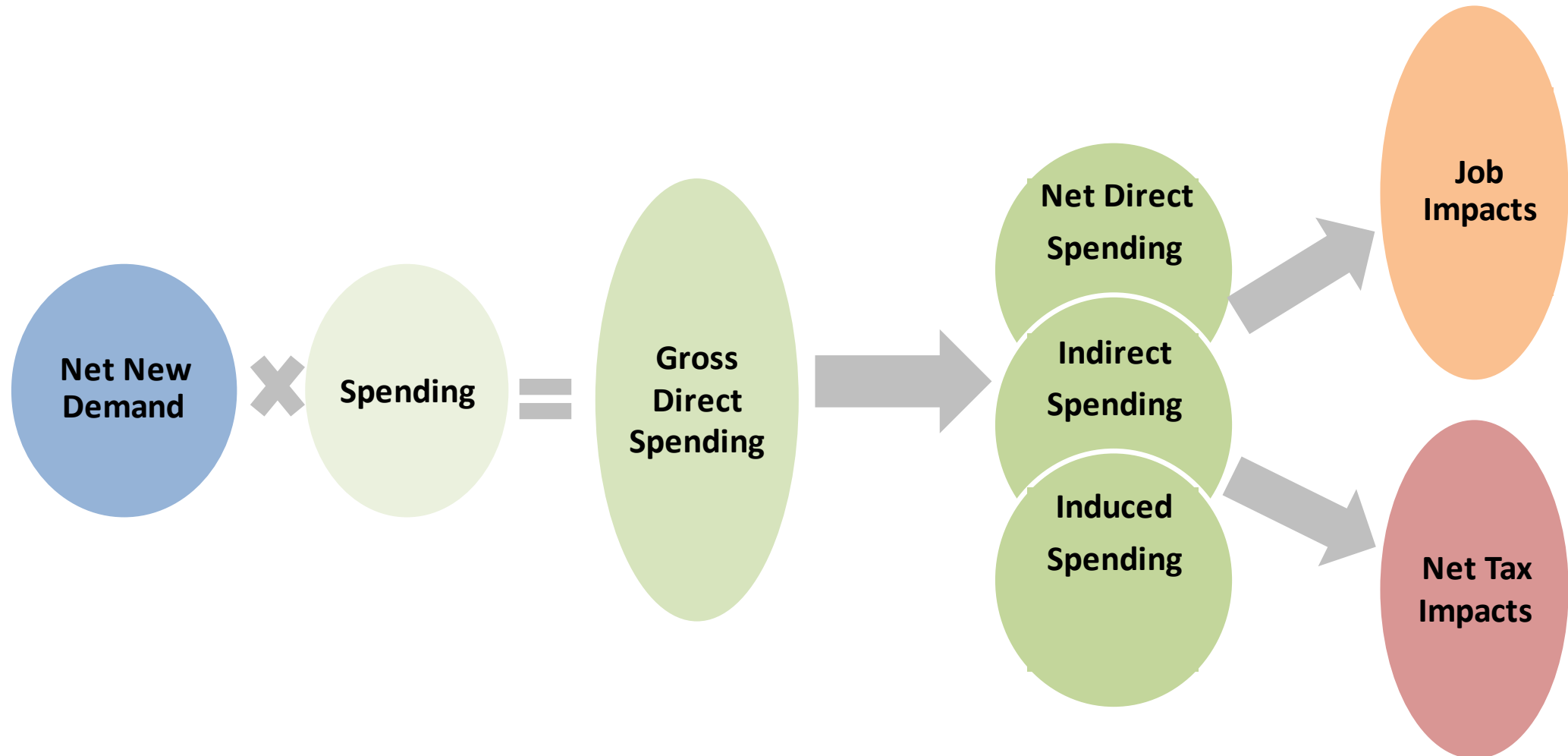
When do you anticipate full recovery to 2019 levels?

Estimated to fully recover in 18 to 24 months

Economic Impact

Spending and Job Estimates

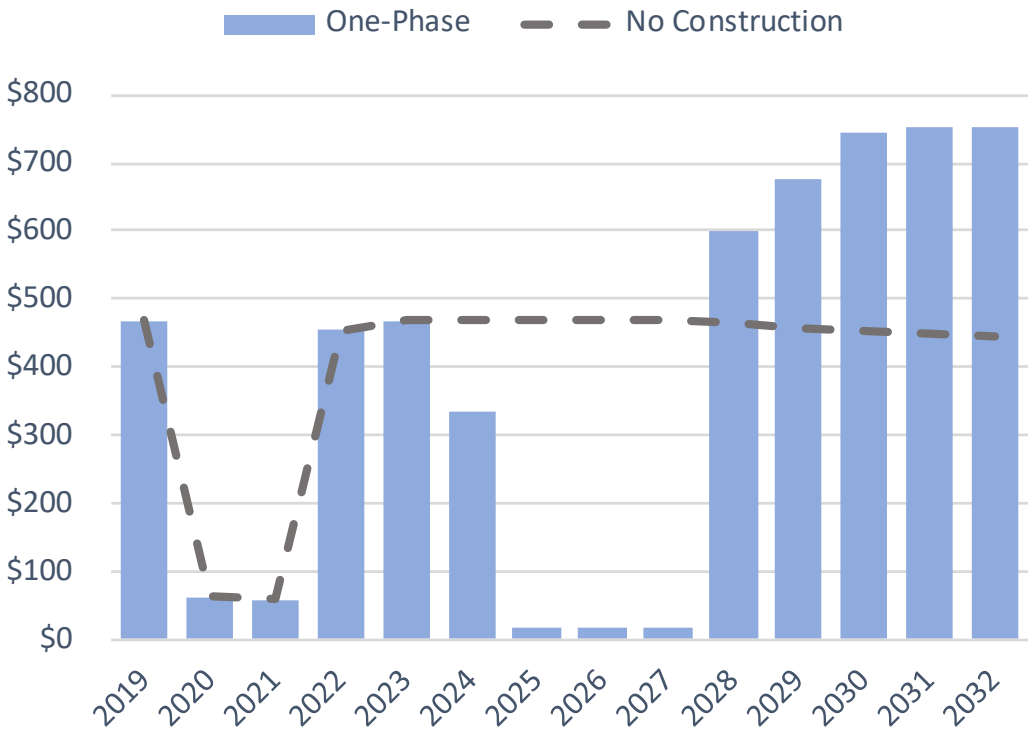
A typical approach designed to measure return on investment



Summary of Impact Analysis



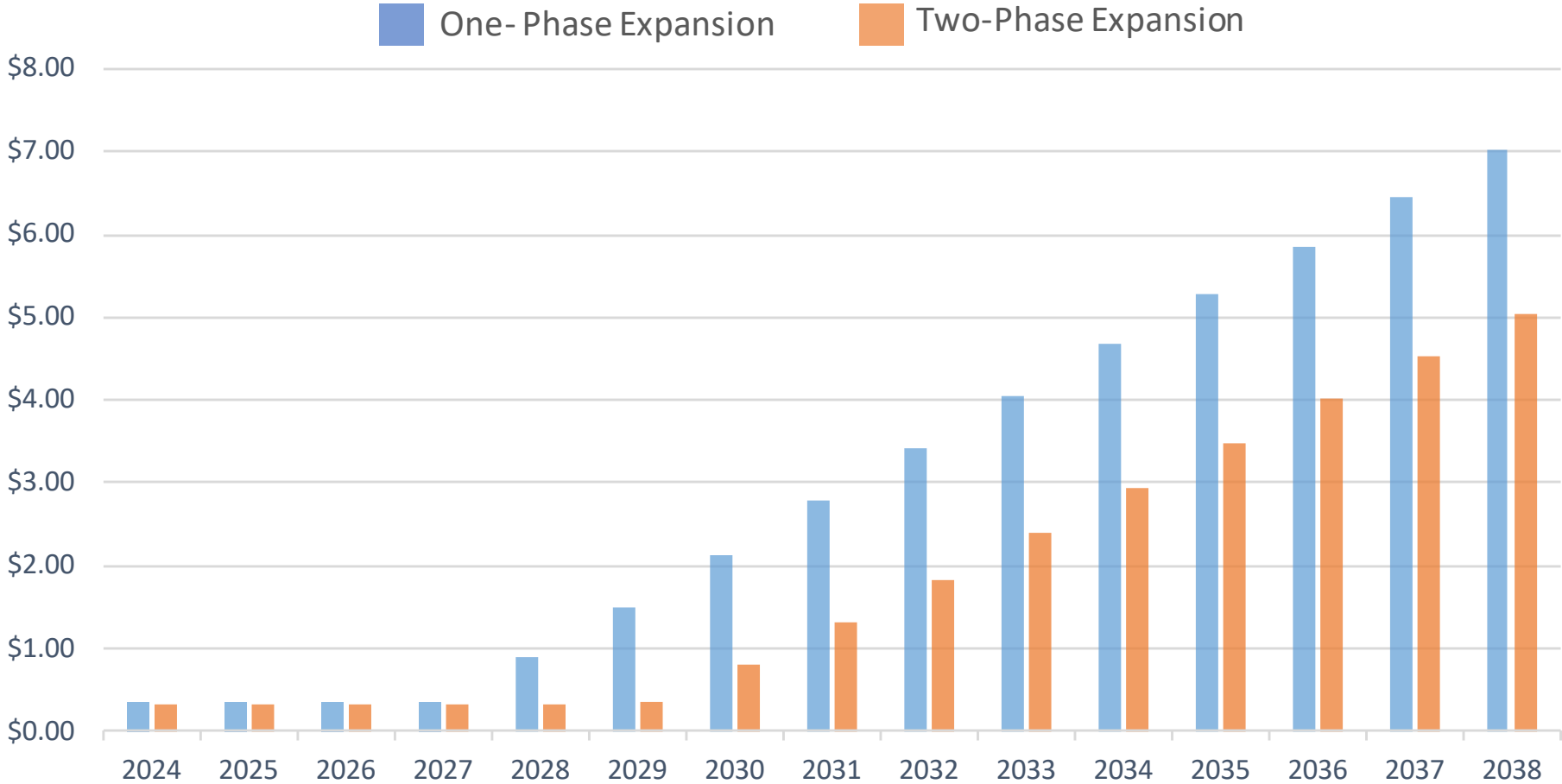
Total annual spending under two redevelopment scenarios



Estimated Return on Investment



Cumulative spending impact per dollar of investment (capital costs, operating loss, & capital maintenance)

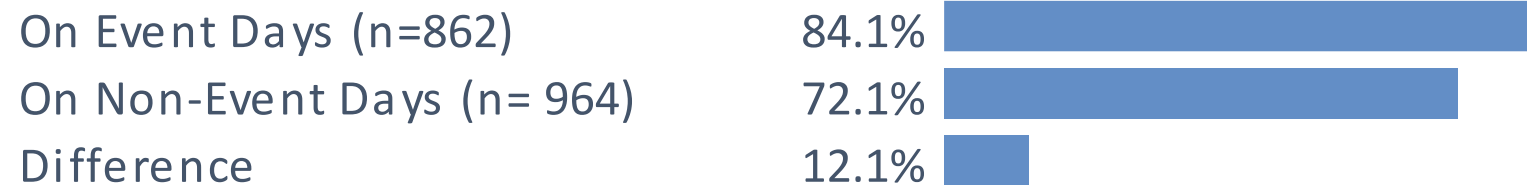


ACC Impact on Downtown Hotels

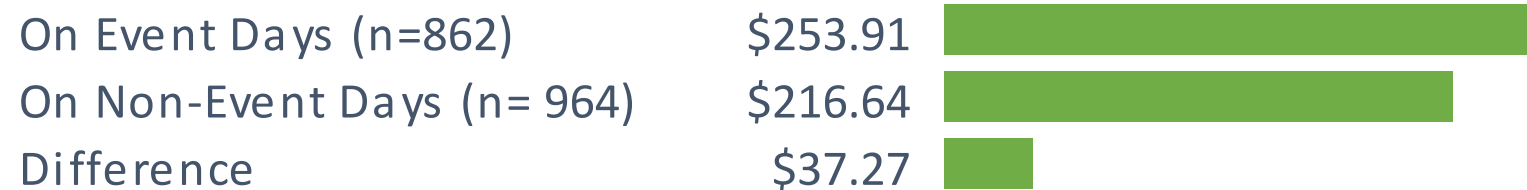


A statistical analysis using a “Difference of Means Test”

Occupancy (2015–2019)



Average Daily Room Rate (2015–2019)



Estimate Annual Room Revenue Impact (2019)



Estimated \$58.2 million annual room revenue impact in 2019 dollars

Occupancy Impact

Parameter		Value
Total Available Room Nights		5,868
Difference in Occupancy	x	12%
Change in Occupied Rooms		708
Non-Event Day ADR	x	\$217
Annual ACC Event Days	x	172
Annual Incremental Rooms Revenue*		\$26,437
* (thousands \$)		

ADR Impact

Parameter		Value
Occupancy		84%
Total Available Room Nights	x	5,868
Occupied Room Nights		4,938
Difference in ADR	x	\$37
Annual ACC Event Days	x	172
Annual Incremental Rooms Revenue*		\$31,728
* (thousands \$)		

The Value of Hard Infrastructure



A highway has value because it creates transportation efficiency



Convention Centers as Social Infrastructure

A forum for the exchange of information, a center of commerce, and foster social interactions.



Ancient Agora of Athens

Asilomar Conferences - 1974 and 1975



An example of profound and lasting economic and social impact



Asilomar Conference Center, Monterey California

Who Reaps Social Benefits and How?



Beneficiaries	Types of Benefits
Attendees	Consumption, education, personal and professional relationships
Exhibitors	Marketing, advertising, sales (retail and wholesale)
Organizers	Business and association growth and advancement
Destinations	Visitation, branding, advertising
Societal	Efficiency, knowledge, technology, entertainment, cultural advancement



Assumptions and Limiting Conditions



1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have not considered the presence of potentially hazardous materials on the proposed site, such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyls, pesticides, or lead-based paints.
4. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
6. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
7. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
8. We take no responsibility for any events or circumstances that take place after the date of our report.
9. The quality of a facility's on-site management has a direct effect on a facility's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
10. We do not warrant that our estimates will be attained, but they have been developed based on information obtained during our market research and are intended to reflect reasonable expectations.
11. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
12. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
13. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
14. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
15. This report is set forth as a market study of the subject facility; this is not an appraisal report.

Certifications



We hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this analysis.



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