



Columbia Metropolitan Convention Center Expansion & Vista Station Analysis

DRAFT

Submitted to:

Bill Ellen

President and Chief Executive

Midlands Authority for Conventions, Sports & Tourism

1101 Lincoln St

Columbia, SC 29201

October 9, 2019



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President and Chief Executive
Midlands Authority for Conventions, Sports & Tourism
1101 Lincoln St
Columbia, SC 29201

Dear Mr. Ellen,

The Midlands Authority for Conventions, Sports & Tourism in cooperation with the City of Columbia and Arnold Companies, hired Hunden Strategic Partners (HSP) to conduct an analysis of the proposed expansion of the Columbia Metropolitan Convention Center and the Vista Station Mixed-use Master Plan (Project) to recommend the optimal physical program and assess the Project's impact on the City of Columbia and Richland County. This is the DRAFT report of our findings.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect the analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the project.

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

Sincerely,

DRAFT

Hunden Strategic Partners

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DRAFT

EXECUTIVE SUMMARY

Hunden Strategic Partners (HSP) was engaged to determine the market feasibility, financial viability and net new fiscal impact of the proposed 12-acre Vista Station Development as part of an overall major expansion of the Columbia Convention Center (CMCC) in downtown Columbia, South Carolina (Project). The basis for the analysis is the notion that the existing CMCC has maxed out its capacity and hotel package and cannot induce any additional business to downtown Columbia without both an expansion and a much larger walkable, and “blockable” hotel package. As a result, private and public-focused entities, including Arnold Companies, the City of Columbia and the Midlands Authority for Conventions, Sports & Tourism (MACST).

Elements proposed in the Project include:

- Columbia Metropolitan Convention Center (CMCC) expansion: approximately 96,000 square-foot expansion, including 72,000 square feet of new exhibition space;
- Hyatt Regency: 387-key full-service convention center hotel, to include 25,000 square feet of additional meeting space;
- Hotel Anthem (Tapestry by Hilton): 158-key boutique hotel;
- Hyatt Caption or Hilton Brand Select-Service Lifestyle Hotel: 130-key hotel;
- Additional office (200,000 square feet) and residential (195 apartments) components on the remaining acreage;
- Renovated existing commercial space of approximately 170,000 square feet; and
- 1,620-space parking structure to accommodate the expanded convention center, the three hotels and the future commercial development.

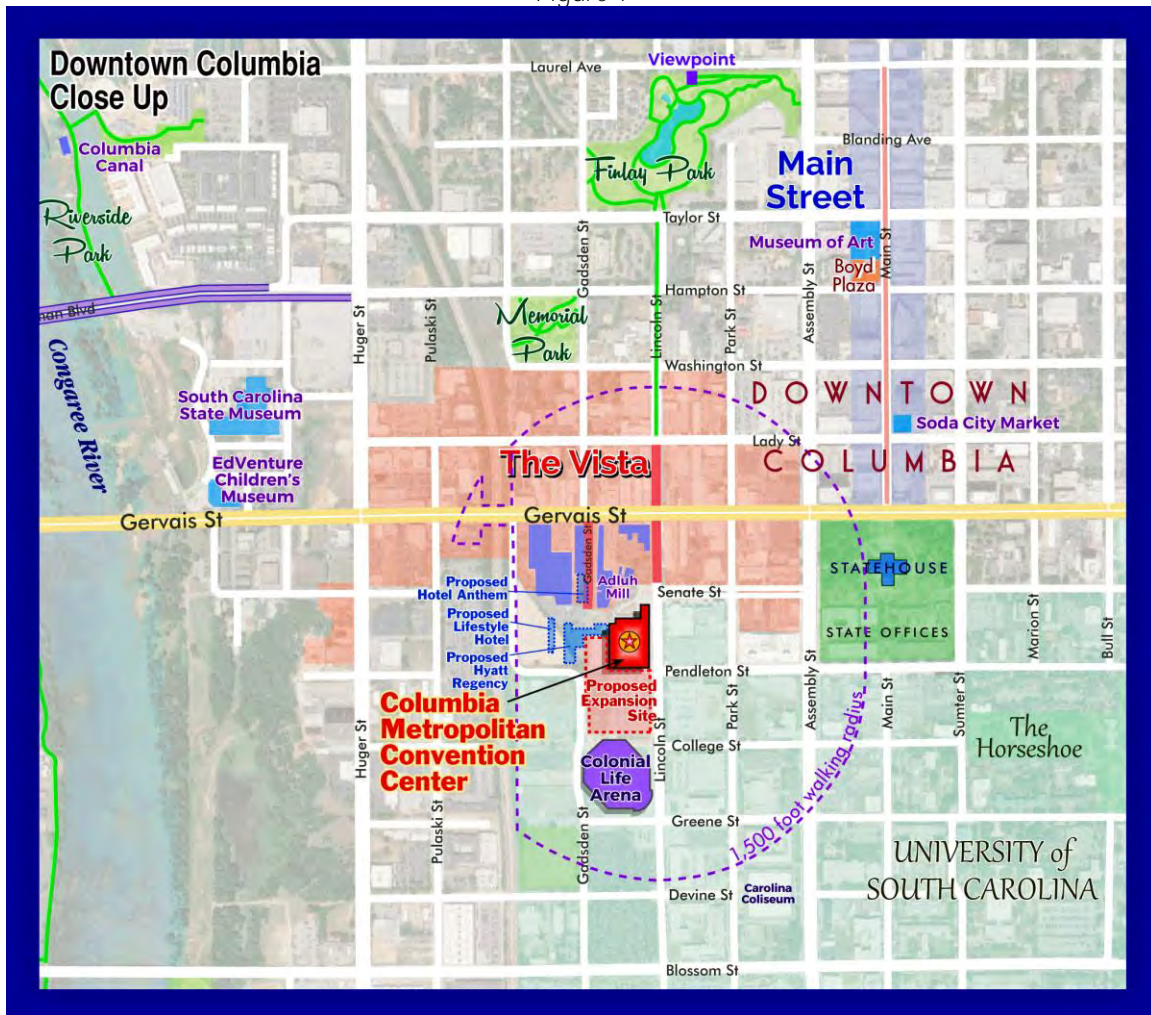
This list includes two adjustments made by HSP based on the analysis presented in this report. The CMCC expansion was adjusted, redrawn and costs were re-estimated by HKS based on HSP’s recommended program. HSP also recommended that the Hyatt Regency be expanded from the original program of 332 rooms. After an iterative process, the final room count came to 387 by adding two floors to the building. The recommended program for the CMCC and the Hyatt Regency will be used for the demand and financial projections, as well as the impact analysis later in this report.

Project Description

The CMCC is a meeting facility with nearly 142,000 square feet of gross space and has a planned expansion that will virtually triple its sellable space. Vista Station is a proposed master plan of three hotels, multiple parking structures and office, residential and restaurant / entertainment uses adjacent to the existing CMCC.

The following figure shows the location of the Project in downtown Columbia.

Figure 1



The CMCC and Vista Station (Project) are located in downtown Columbia, South Carolina. The Project is located within the Congaree Vista restaurant and entertainment district, commonly known as the Vista, only two blocks west of the South Carolina Statehouse and three blocks west of Main Street.

The following table lists and describes the various elements of the Project.

Table 1

CMCC & Vista Station District Master Plan							
Structure	Status	SF	Qty	Unit	Start Date	Open Date	Cost (millions)
Existing Office Building*	Occupied	147,000	--	--	--	--	\$10
Existing Depot Building*	Occupied	22,460	--	--	--	--	
CMCC & Hyatt Regency Parking Structure	Proposed	360,000	1,620	spaces	Q4 2020	N/A	\$50
CMCC Expansion	Proposed	200,000	--	--	Q4 2020	Q3 2022	\$63
Hotel Anthem (Tapestry by Hilton)	Proposed	148,000	158	rooms	Q2 2020	Q3 2021	\$48
Hyatt Regency (CMCC HQ, connected)	Proposed	430,000	387	rooms	Q4 2020	Q3 2022	\$136
Select-Service Lifestyle Hotel (Hilton or Hyatt)	Proposed	90,000	130	rooms	Q2 2021	Q3 2022	\$21
Multifamily Towers	Proposed	195,000	195	apartments	Q4 2022	Q2 2024	\$44
Office Tower	Proposed	200,000	--	--	Q4 2022	Q4 2024	\$56
Total	--	1,792,460	--	--	Q2 2020	Q4 2024	\$428

* Existing Office and Depot buildings cost is for the combined cost of planned renovations
Source: Arnold Companies, HKS

The Project is nearly 1.8 million square feet including the CMCC expansion, three hotels, structured parking, three multifamily apartment buildings and an office tower, as well as the renovation of existing retail, restaurant and office space. The entire project is projected to cost \$428 million and will take approximately 4.5 years to complete. While the timeline shown is preliminary, Arnold Companies hopes to time construction of the CMCC parking structure, Hyatt Regency and Select-Service Lifestyle Hotel to open at approximately the same time as the CMCC expansion (Q3 2022).

The City of Columbia, the MACST and Arnold Companies have created a base of activity and impact for the community with the existing CMCC and commercial space on Gervais Street, respectively. Now that these entities have decided to coordinate efforts and generate a synergistic district centered around conventions and meetings, entertainment and hospitality, the improvement of each piece of the Project will benefit the other.

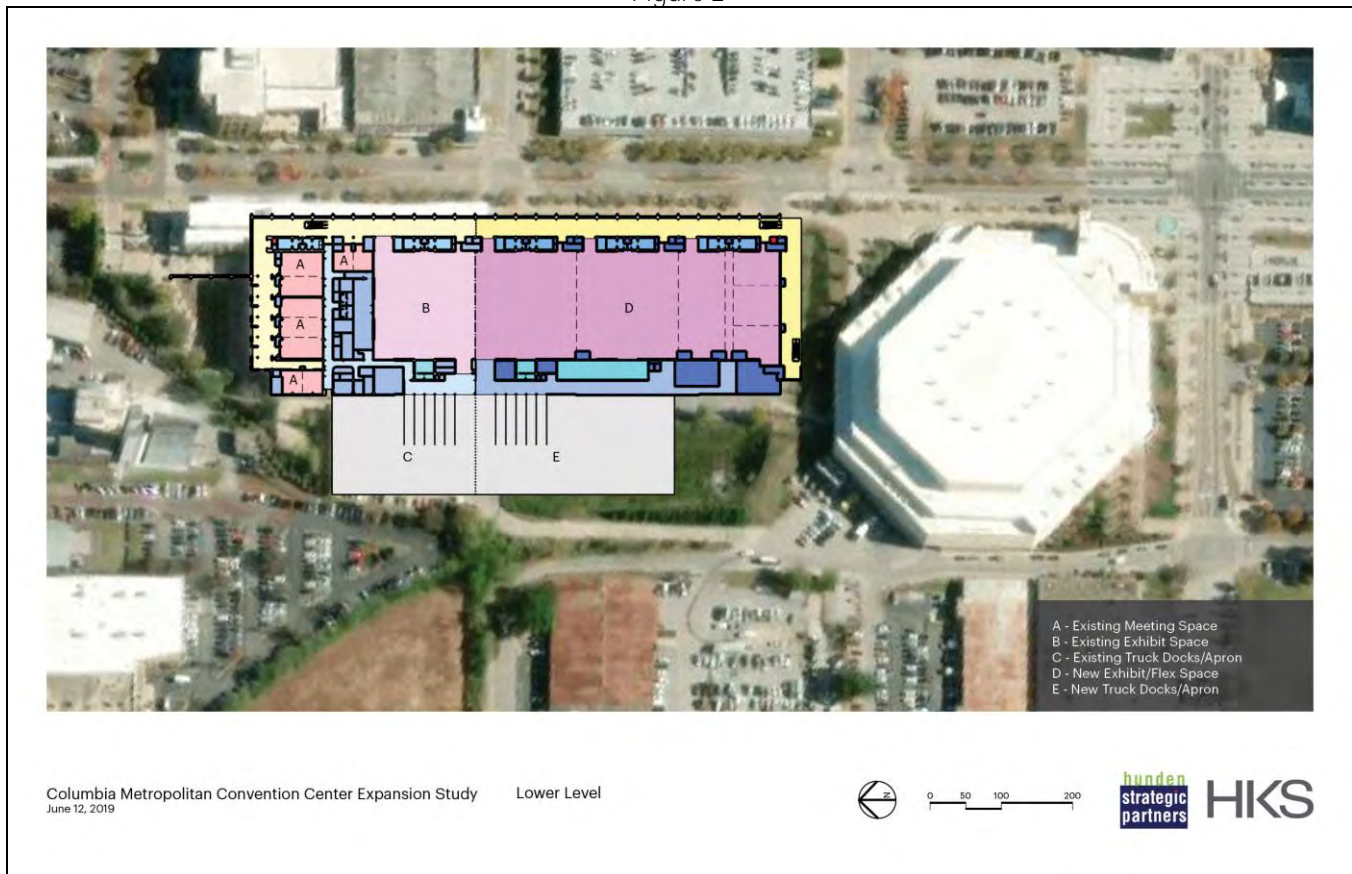
This level of investment by the City and Arnold Companies, especially in the popular Vista district is expected to increase Columbia’s viability and attractiveness for conventions and events, as well as for all tourists and local residents by establishing a critical mass of entertainment and hospitality options in a centralized location.

Throughout the remainder of this report, HSP will profile and analyze the market and various industries that will be a part of and affect the Project. Ultimately, the analysis will culminate in the projections of the Project’s performance and its impact on Columbia, Richland County and the State of South Carolina.

Recommendations

The following figure show the revised drawings of the first floor of the CMCC.

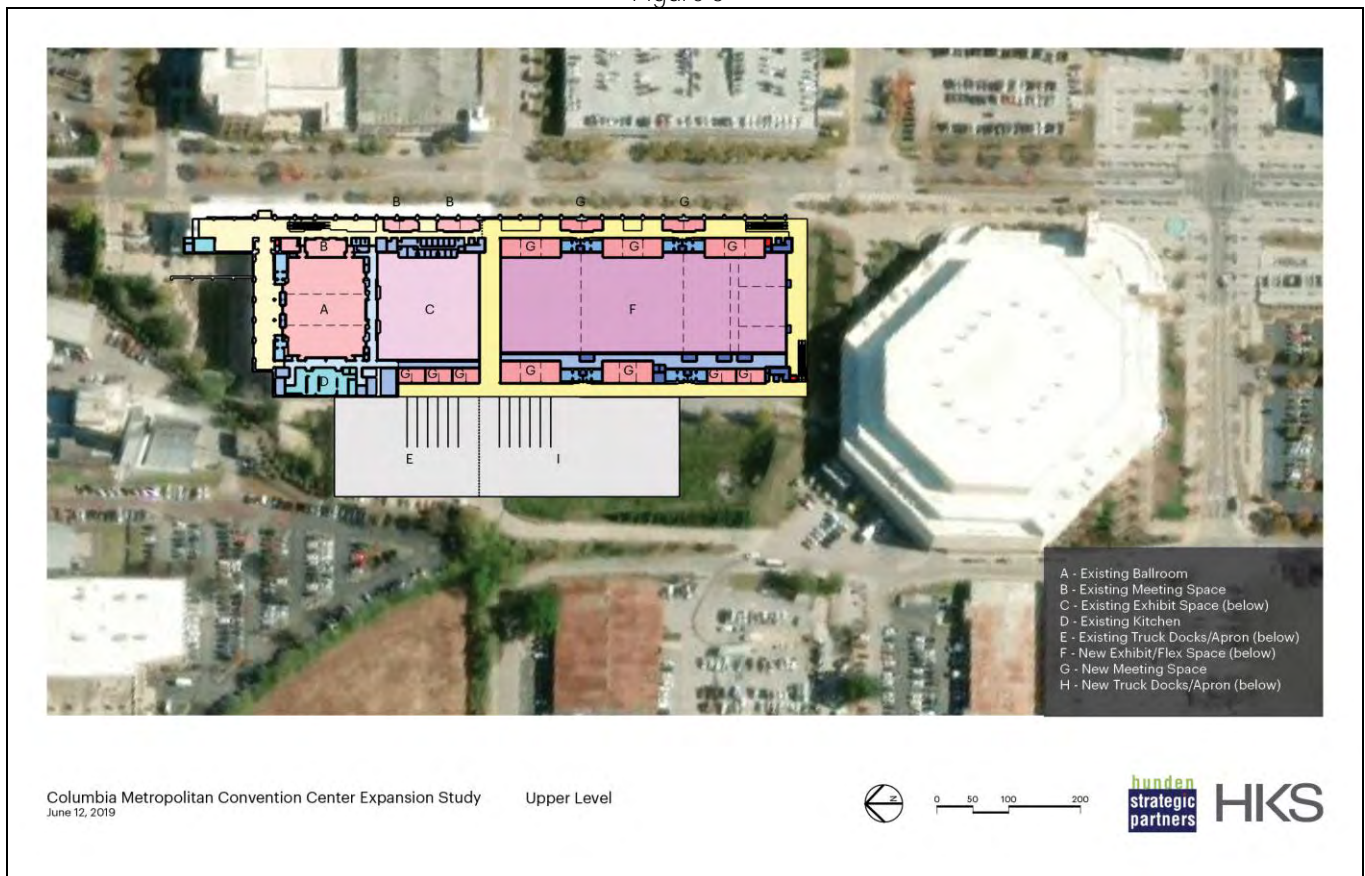
Figure 2



As shown, the revised floor plan allows for multiple arrangements in the division of the exhibit/flex hall closest to the Colonial Life Arena. These arrangements require the pre-function space on the south end of the CMCC, so there is attendee and service access to each of the subdivisions. The plans were also revised to replace the new first floor meeting rooms with bathrooms based on code requirements.

The following figure shows the revised drawings of the second floor of the CMCC.

Figure 3



The second floor of the CMCC remained mostly the same as the McMillan plan other than the additional pre-function space on the south end of the building and the additional meeting rooms shown just below the “C” area on the drawing above.

Overall, these changes reduced the additional meeting space from the McMillan plan of approximately 23,000 square feet to just less than 19,000 square feet in the updated plan.

The following table shows the breakdown of function space for the CMCC post-expansion.

Table 2

Columbia Metropolitan Convention Center Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
Exhibit Space			
Exhibit/Flex Hall	95,470		7
	<u>95,470</u>		<u>7</u>
Ballroom Facilities			
Columbia Ballroom	16,704		3
	<u>16,704</u>		<u>3</u>
Meeting Room Facilities			
Richland Room	5,670		3
Lexington Room	4,158		2
Congaree Room	2,232		2
Carolina Room	2,223		2
Senate Room	1,140		2
Lincoln Room	933		2
Spires Boardroom	531		1
New Meeting Rooms	18,625		29
	<u>35,512</u>		<u>43</u>
Summary			
Walkable Hotel Rooms	1,186		
Total Exhibit Space	95,470	/ Guest Room	80.5
Total Ballroom Space	16,704		14.1
Total Meeting Space	35,512		29.9
Total Function Space	<u>147,686</u>		<u>124.5</u>
Divisions			
Ballroom Divisions	3	/ 100 Guest Rooms	0.3
Meeting Room Divisions	43		3.6
Total Divisions (including Ballroom)	<u>46</u>		<u>3.9</u>
* 23,000 SF of Exhibit Hall with ballroom-level finishes			
Source: Hunden Strategic Partners			

The post-expansion CMCC will have more than 147,000 square feet of function space, including 95,000 square feet of exhibit/flex hall space, which will include the new approximately 48,000-square foot space that can be dressed up to be a ballroom for social events. While the ballroom section of this table is the same as the current CMCC, it is somewhat misleading considering the ability of the flex hall to become a ballroom. Total meeting space in the CMCC will more than double with 18,625 square feet of new meeting space and nearly 30 new divisions.

With Vista Station master plan, CMCC's walkable hotel rooms will increase from 572 to nearly 1,200. Overall function space per walkable guest room increased by approximately 27 square feet between the current program and the expansion. Exhibit hall space per guest room nearly tripled, ballroom space decreased by half and meeting space increased slightly.

Demand and Financial Projections

Columbia Metropolitan Convention Center

The following table shows the projected number of events at the expanded CMCC.

Table 3

Projected Events at the Convention Center						
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Conventions, Conferences	30	30	33	34	35	35
Consumer Shows	16	17	18	18	18	18
Corporate Events	14	14	14	15	15	15
Sports/Entertainment Events	15	15	16	17	17	17
Sub-total Exhibit Hall	60	61	65	67	68	68
Non-Exhibit						
Banquets	118	120	121	121	121	121
Meetings Room Events	150	155	159	160	160	160
Sub-total Non-Exhibit	268	275	280	281	281	281
Total	343	351	361	365	366	366

Source: Hunden Strategic Partners

The CMCC is expected to host between 343 and 366 events per year during the first ten years of operation post-expansion. Essentially 75% of the events are expected to be non-exhibit events, which take place in ballrooms and meeting rooms.

The CMCC is also expected to book between 60 and 68 exhibit events per year during the period, most of which will be conventions and conferences. Consumer shows are also expected to approximately double compared to the average in recent years.

The following table shows the projected annual attendance by event type at the CMCC once expanded.

Table 4

Convention Center Projected Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Conventions, Conferences	57,900	57,900	63,800	63,800	68,800	68,800	68,800	68,800	68,800	68,800
Consumer Shows	107,800	115,200	127,400	127,400	127,400	127,400	127,400	127,400	127,400	127,400
Corporate Events	5,400	5,400	5,400	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Sports/Entertainment Events	40,800	40,800	43,800	46,700	46,700	46,700	46,700	46,700	46,700	46,700
Banquets/Receptions	73,500	74,900	75,900	74,900	74,900	74,900	74,900	74,900	74,900	74,900
Meetings Room Events	58,100	59,900	61,100	61,400	61,400	61,400	61,400	61,400	61,400	61,400
Total All Events	343,500	354,100	377,400	380,000	385,000	385,000	385,000	385,000	385,000	385,000

Source: Hunden Strategic Partners

HSP projects that the expanded CMCC will attract approximately 385,000 attendees once the expansion stabilizes. The majority of these attendees will come from consumer shows, followed by banquets and conventions/conferences. This level of attendance would be more than double that of the average annual attendance at the CMCC currently.

The following table shows the pro forma for the expanded CMCC.

Table 5

Pro Forma Operating Statement of Revenue and Expenses (\$000's, Inflated)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue										
Event Revenue										
Space Rental	\$1,285	\$1,343	\$1,484	\$1,531	\$1,724	\$1,767	\$1,811	\$1,856	\$1,903	\$1,950
Equipment Rental	386	403	445	459	517	530	543	557	571	585
Net Food and Beverage	2,249	2,342	2,483	2,532	2,645	2,711	2,779	2,849	2,920	2,993
Event Services Income	347	362	401	413	465	477	489	501	514	527
Sub-total	\$4,267	\$4,450	\$4,812	\$4,935	\$5,352	\$5,485	\$5,623	\$5,763	\$5,907	\$6,055
Other Revenue										
Advertising and Sponsorships	15	15	16	16	16	17	17	17	18	18
Other Revenue	85	89	96	99	107	110	112	115	118	121
Total Operating Revenue	\$4,367	\$4,554	\$4,924	\$5,050	\$5,475	\$5,612	\$5,752	\$5,896	\$6,043	\$6,194
Expenses										
Salaries and Wages	1,610	1,645	1,682	1,719	1,756	1,795	1,835	1,875	1,916	1,958
Employee Benefits	580	592	605	619	632	646	660	675	690	705
Passthrough Labor	347	362	401	413	465	477	489	501	514	527
Maintenance & Repairs	402	421	447	460	491	501	512	524	535	547
Cleaning	137	143	155	159	166	170	174	178	182	186
Utilities	961	970	990	997	1,009	1,015	1,021	1,027	1,033	1,040
Sales and Marketing	125	128	84	85	87	89	91	93	95	97
General and Administrative	443	453	463	473	483	494	505	516	527	539
Insurance	236	241	247	252	258	263	269	275	281	287
Other Operating Expenses	287	293	352	359	368	374	381	389	396	403
Management Fee	0	0	0	0	0	0	0	0	0	0
Reserve For Replacement	148	155	171	176	198	203	208	213	219	224
Total Expenses	\$5,275	\$5,404	\$5,596	\$5,712	\$5,914	\$6,029	\$6,146	\$6,266	\$6,388	\$6,513
Net Operating Income	(\$908)	(\$850)	(\$671)	(\$662)	(\$439)	(\$417)	(\$394)	(\$370)	(\$345)	(\$319)

Source: Hunden Strategic Partners

The CMCC is expected to generate between \$4.4 million and \$6.2 million per year in operating revenues, 48 percent of which is expected to come from food and beverage services net of expenses. Space rentals is expected to generate a full third of revenues, as well.

Expenses are expected to total between \$5.3 million in the first year up to \$6.5 million in Year 10. Salaries and wages far outweigh other expenses at \$2 million or 30 percent in Year 10. The management fee is set to \$0 because the Midlands Authority holds a 50-year management agreement for the CMCC, which began in 2004, and does not include a management fee.

These figures lead to an operation deficit each year, however, as there is already latent demand in the market, events and attendance are expected to ramp up quickly once the expansion is opened. The deficit decreases significantly throughout the period. The deficit begins at approximately \$900,000 in Year 1 and decreases by nearly \$600,000 to \$319,000 in Year 10.

Hyatt Regency

The following table shows the pro forma for the Hyatt Regency.

Table 6

Projection of Income & Expense: 387-Room HQ Hotel - (in \$000, inflated)										
	Year 1					Year 2	Year 3	Year 4	Year 5	Year 10
	\$	%	%	PAR	POR	\$	\$	\$	\$	\$
Room Count	387					387	387	387	387	387
Available Room Nights	141,255					141,255	141,255	141,255	141,255	141,255
Occupancy Rates	55%					66%	74%	77%	77%	77%
Occupied Room Nights	77,521					93,218	104,654	108,989	108,989	108,989
Average Daily Rate	\$181					\$180	\$183	\$186	\$190	\$212
RevPAR	\$99					\$119	\$135	\$144	\$147	\$164
Percent of Change from Prior Year	--					19.8%	13.7%	6.1%	2.2%	2.2%
REVENUE										
Rooms	\$14,031	65.6%	65.6%	\$36,256	\$181	\$16,813	\$19,117	\$20,282	\$20,728	\$23,111
Hotel Food and Beverage	2,139	10.0%	10.0%	\$5,527	\$28	2,571	2,932	3,120	3,189	3,556
Hotel Food and Beverage - Catering/Other	3,871	18.1%	18.1%	\$10,004	\$50	4,705	5,424	5,835	5,963	6,649
Telephone	64	0.3%	0.3%	\$166	\$1	77	88	94	96	107
Other Operated Departments	856	4.0%	4.0%	\$2,211	\$11	1,028	1,173	1,248	1,276	1,422
Parking & Transportation	107	0.5%	0.5%	\$277	\$1	129	147	156	159	178
Rentals and Other Income	321	1.5%	1.5%	\$829	\$4	386	440	468	478	601
Total Revenue	\$21,389	100.0%	100.0%	\$55,269	\$276	\$25,708	\$29,320	\$31,203	\$31,890	\$35,623
DEPARTMENTAL EXPENSES										
Rooms	\$3,774	26.9%	26.9%	\$9,753	\$49	\$4,187	\$4,588	\$4,868	\$4,975	\$5,547
Hotel Food and Beverage	1,626	76.0%	76.0%	\$4,200	\$21	1,928	2,199	2,309	2,360	2,631
Telephone	257	400.0%	400.0%	\$663	\$3	309	352	374	383	427
Other Operated Departments	180	21.0%	21.0%	\$464	\$2	206	235	250	255	284
Parking & Transportation	40	32.0%	37.0%	\$103	\$1	41	44	47	48	53
Rentals and Other Income	19	6.0%	6.0%	\$50	\$0	19	22	23	24	30
Total Departmental Expenses	\$5,895	27.6%	27.6%	\$15,233	\$76	\$6,689	\$7,439	\$7,871	\$8,044	\$8,972
Gross Operating Income	\$15,494	72.4%	72.4%	\$40,036	\$200	\$19,019	\$21,881	\$23,332	\$23,845	\$26,651
UNDISTRIBUTED OPERATING EXPENSES										
Administrative and General	\$1,775	8.3%	8.3%	\$4,587	\$23	\$2,005	\$2,140	\$2,247	\$2,296	\$2,565
Marketing	\$1,305	6.1%	6.1%	\$3,371	\$17	\$1,440	\$1,554	\$1,623	\$1,658	\$1,852
Utility Costs	\$1,198	5.6%	5.6%	\$3,095	\$15	\$1,311	\$1,407	\$1,498	\$1,531	\$1,710
Property Operations and Maintenance	\$1,262	5.9%	5.9%	\$3,261	\$16	\$1,388	\$1,495	\$1,591	\$1,626	\$1,817
Total Undistributed Expenses	\$5,540	25.9%	25.9%	\$14,315	\$71	\$6,144	\$6,597	\$6,958	\$7,111	\$7,944
Gross Operating Profit	\$9,954	46.5%	46.5%	\$25,721	\$128	\$12,875	\$15,284	\$16,374	\$16,734	\$18,707
Franchise Fees	\$1,210	5.7%	5.7%	\$3,125	\$16	\$1,454	\$1,658	\$1,765	\$1,803	\$2,014
FIXED EXPENSES										
Property Taxes	\$697	3.3%	3.3%	\$1,800	\$9	1,393	1,421	1,449	1,478	1,632
Insurance	235	1.1%	1.1%	\$608	\$3	257	264	281	287	321
Management Fee	642	3.0%	3.0%	\$1,658	\$8	771	880	936	957	1,069
Reserve for Replacement	\$214	1.0%	1.0%	\$553	\$3	\$514	\$880	\$1,248	\$1,276	\$1,425
Total Fixed Expenses	\$1,787	8.4%		\$4,619	\$23	\$2,936	\$3,444	\$3,915	\$3,998	\$4,447
Cash Flow from Operations	\$6,957	32.5%	32.5%	\$17,977	\$90	\$8,485	\$10,181	\$10,695	\$10,933	\$12,246

Source: Hunden Strategic Partners

The Hyatt Regency is expected generate \$21.4 million in revenue in Year 1, with this figure growing to \$35.6 million in Year 10. Room revenue is expected to be approximately 65 percent of total revenue with the food and beverage accounting for an additional 28 percent of revenue.

In Year 1, calculations are shown for PAR, per available room, which means the revenue, expense, etc. for each room in the Hyatt Regency during the entire year, as well as POR, per occupied room, which shows the same items per room night that was sold.

Departmental expenses, such as for rooms and food and beverage, are projected to increase from \$5.9 million in Year 1 to \$9 million in Year 10. Undistributed expenses add an additional \$5.5 million to \$8 million each year. Fixed expenses also add another \$1.8 million to \$4.4 million each year throughout the period.

The bottom line shows a profit of \$7 million in Year 1, increasing to more than \$12.2 million by Year 10. These profits represent a profit margin of approximately 30 percent to 33 percent per year.

The following table shows the supportable financing for the Hyatt Regency.

Table 7

Supportable Financing - 387-Room Hotel													
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Net Operating Income	\$0	\$0	\$6,957	\$8,485	\$10,181	\$10,695	\$10,933	\$11,217	\$11,466	\$11,720	\$11,997	\$12,246	
Interest and Debt Reserve W/D	\$1,163	\$3,488	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Payment	(\$1,163)	(\$3,488)	(\$6,082)	(\$6,082)	(\$6,082)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)
Net Income to Repay Equity	\$0	\$0	\$875	\$2,404	\$4,100	\$5,279	\$5,518	\$5,801	\$6,050	\$6,305	\$6,582	\$6,831	\$49,745
Princ. Amount***	\$15,500	\$46,500	\$62,000	\$60,568	\$59,029	\$57,370	\$55,971	\$54,473	\$52,871	\$51,157	\$49,322	\$47,360	\$47,360
Interest	\$1,163	\$3,488	\$4,650	\$4,543	\$4,427	\$4,016	\$3,918	\$3,813	\$3,701	\$3,581	\$3,453	\$3,315	\$3,315
Less Payment	(\$1,163)	(\$3,488)	(\$6,082)	(\$6,082)	(\$6,082)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)
Loan Balance	\$15,500	\$46,500	\$60,568	\$59,029	\$57,375	\$55,971	\$54,473	\$52,871	\$51,157	\$49,322	\$47,360	\$45,259	
Assumptions							Refi						
Loan Amount (\$000's)	\$62,000						\$57,370						
Amortization Period (Years)	20						20						
Loan Interest Rate	7.5%						7.0%						
Annual Debt Service Payment (\$000's)	(\$6,082)						(\$5,415)						
Equity:													
Developer's Equity (\$000's)	\$27,600	20%											
Private Debt	62,000	46%											
Total Private Financing	\$89,600	66%	\$231,525	per room									
Funding Gap	\$46,400	34%	\$119,897	per room									
Estimated Project Amount (\$000's)	\$136,000	100%	\$351,421	per room									
Debt (Private) Coverage Ratio			1.14	1.40	1.67	1.97	2.02	2.07	2.12	2.16	2.22	2.26	
Return on Private Equity*			3.2%	8.7%	14.9%	19.1%	20.0%	21.0%	21.9%	22.8%	23.8%	24.7%	
Return on Assets**			5.1%	6.2%	7.5%	7.9%	8.0%	8.2%	8.4%	8.6%	8.8%	9.0%	
*On developer's equity only.													
**On project cost.													
***Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2													
Source: Hunden Strategic Partners													

The originally proposed Hyatt Regency was expected to cost \$110 million for 332 rooms, which was a cost of \$331,000 per room. With the new 387-room program, preliminary cost estimates are \$136 million or \$351,000 per room. Based on the assumptions in this model, the NOI would be able to support developer

equity of \$27.6 million and an additional \$62 million in private debt. This leaves a funding gap of \$46.4 million for the development of the Hyatt Regency, which will need to be subsidized by public funds.

Economic, Employment and Fiscal Impact Analysis

The following table shows the projection of visitors to the Project.

Table 8

Net New Visitors and Room Nights										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Total
New Daytrippers	30,639	66,485	105,675	126,852	143,656	149,178	149,178	149,178	149,178	4,198,345
New Overnighters	64,022	138,925	220,813	265,063	300,177	311,716	311,716	311,716	311,716	8,772,661
Total New Visitors	94,661	205,410	326,488	391,915	443,833	460,894	460,894	460,894	460,894	12,971,006
New Room Nights	45,730	99,232	157,724	189,331	214,412	222,654	222,654	222,654	222,654	6,266,187

Source: Hunden Strategic Partners

Visitation is expected to increase from nearly 95,000 in Year 1 to 461,000 in Years 8 through 30. Daytrippers are projected to increase from 30,600 in Year 1 to 149,000 including and after Year 8, while overnighters are projected to be between 64,000 and 311,700 during the same periods.

The overnight visitation is expected to translate into new room nights. Year 1 visitation is expected to produce nearly 46,000 room nights and that figure is expected to increase to nearly 223,000 per year.

The table below summarizes all expected impacts from the Project.

Table 9

Summary of 30-Year Local Impacts	
Net New Spending	(millions)
Direct	\$4,137
Indirect	\$1,411
Induced	\$1,624
Total	\$7,172
Net New Earnings	(millions)
From New Employees in New Offices	\$1,824
From Direct Project Spending	\$1,299
From Indirect Spending	\$448
From Induced Spending	\$490
Total	\$4,061
Net New FTE Jobs	Actual
From New Employees in New Offices	920
From Direct	598
From Indirect	203
From Induced	224
Total	1,946
Net New Local Taxes Collected	(millions)
Local Option Sales Tax on Spending (1.0%)	\$41.4
Local Option Sales Tax on Construction (1.0%)	\$0.9
Transportation Penny on Spending (1.0%)*	\$16.4
Transportation Penny on Construction (1.0%)	\$0.9
Destination Marketing Fee (2%)	\$27.8
Tourism Development Fee (3%) **	\$41.6
Total	\$128.8
Incremental Property Taxes Collected**	(millions)
Property Tax to County	\$118.9
Property Tax to City	\$25.3
Total Property Tax	\$144.2
Total Local New Taxes Collected	(millions) \$273.0
Construction Impact	(millions)
New Local Materials Spending	\$85.2
New Local Labor Spending	\$127.8
Job-Years, Actual	2,359
Source: Hunden Strategic Partners	

With \$7.2 billion in new spending, \$4 billion in earnings supporting 1,946 ongoing jobs and a fiscal impact of \$128.8 million from spending with another \$144.2 million from incremental property taxes, totaling \$273 million. Construction impact is projected to total nearly \$213 million from spending and earnings, supporting 2,359 job-years.

Estimated Impacts from Existing CMCC

The following table shows the estimated impact of the CMCC as a point of reference to the Project.

Table 10

Summary of Local Impacts from CMCC (15 Years)	
Net New Spending	(millions)
Direct	\$178
Indirect	\$62
Induced	\$71
Total	\$311
Net New Earnings	(millions)
From Direct Project Spending	\$58
From Indirect Spending	\$20
From Induced Spending	\$21
Total	\$99
Net New FTE Jobs	Actual
From Direct	207
From Indirect	72
From Induced	83
Total	363
Net New Local Taxes Collected	(millions)
Local Option Sales Tax on Spending (1.0%)	\$1.8
Transportation Penny on Spending (1.0%)*	\$1.8
Destination Marketing Fee (2%)	\$1.0
Tourism Development Fee (3%) **	\$1.6
Total	\$6.2
Incremental Real Estate Taxes Collected**	(millions)
Property Tax to County	\$9.7
Property Tax to City	\$2.1
Total Property Tax	\$11.8
Total Local New Taxes Collected	\$18.0
Source: Hunden Strategic Partners	

With \$311 million in new spending, \$99 million in earnings supporting 363 ongoing jobs and a fiscal impact of \$6.2 million from spending with another \$11.8 million from incremental property taxes, totaling \$18 million.

Conclusion

Based on the Project proposed and then adjusted after recommendations, HSP concludes that the investment by the public and private sectors would be a logical and compelling next step for the

development of the CMCC and downtown Columbia. Balancing the benefits with the investments will be the key next step. As noted in the study, the gap to fill for the convention center and convention hotel have been shown to be worth it for dozens of other cities. The return on investment is in new visitors, spending, taxes and jobs supported.

DRAFT

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DRAFT

COLUMBIA METROPOLITAN CONVENTION CENTER & VISTA STATION PROFILES

Hunden Strategic Partners (HSP) was engaged to determine the market feasibility, financial viability and net new fiscal impact of the proposed 12-acre Vista Station Development as part of an overall major expansion of the Columbia Convention Center (CMCC) in downtown Columbia, South Carolina (Project). The basis for the analysis is the notion that the existing CMCC has maxed out its capacity and hotel package and cannot induce any additional business to downtown Columbia without both an expansion and a much larger walkable, and “blockable” hotel package. As a result, private and public-focused entities, including Arnold Companies, the City of Columbia and the Midlands Authority for Conventions, Sports & Tourism (MACST).

Elements proposed in the Project include:

- Columbia Metropolitan Convention Center (CMCC) expansion: approximately 96,000 square-foot expansion, including 72,000 square feet of new exhibition space;
- Hyatt Regency: 387-key full-service convention center hotel, to include 25,000 square feet of additional meeting space;
- Hotel Anthem (Tapestry by Hilton): 158-key boutique hotel;
- Hyatt Caption or Hilton Brand Select-Service Lifestyle Hotel: 130-key hotel;
- Additional office (200,000 square feet) and residential (195 apartments) components on the remaining acreage;
- Renovated existing commercial space of approximately 170,000 square feet; and
- 1,620-space parking structure to accommodate the expanded convention center, the three hotels and the future commercial development.

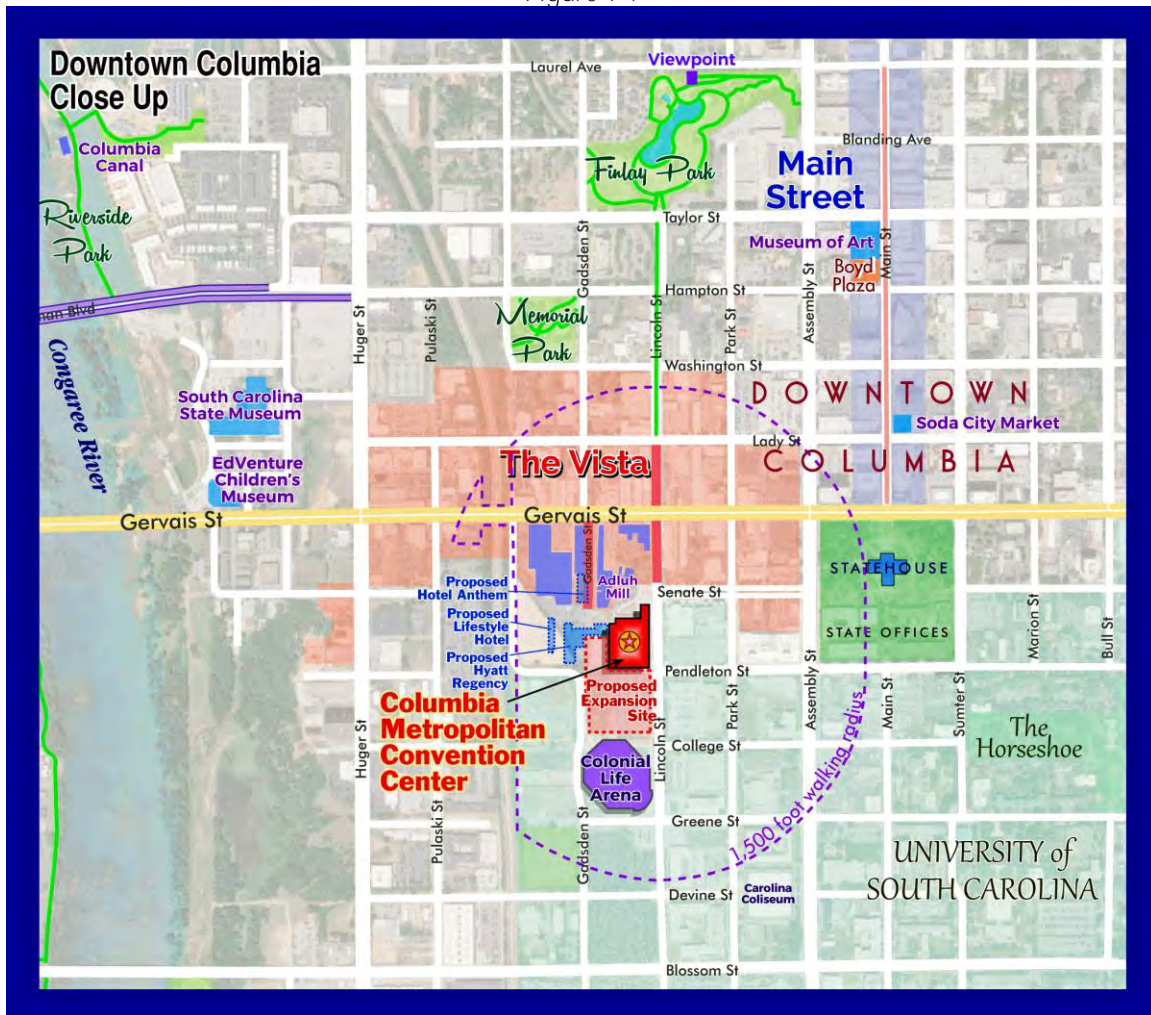
This list includes two adjustments made by HSP based on the analysis presented in this report. The CMCC expansion was adjusted, redrawn and costs were re-estimated by HKS based on HSP’s recommended program. HSP also recommended that the Hyatt Regency be expanded from the original program of 332 rooms. After an iterative process, the final room count came to 387 by adding two floors to the building. The recommended program for the CMCC and the Hyatt Regency will be used for the demand and financial projections, as well as the impact analysis later in this report.

Project Description

The CMCC is a meeting facility with nearly 142,000 square feet of gross space and has a planned expansion that will virtually triple its sellable space. Vista Station is a proposed master plan of three hotels, multiple parking structures and office, residential and restaurant / entertainment uses adjacent to the existing CMCC.

The following figure shows the location of the Project in downtown Columbia.

Figure 1-1



The CMCC and Vista Station (Project) are located in downtown Columbia, South Carolina. The Project is located within the Congaree Vista restaurant and entertainment district, commonly known as the Vista, only two blocks west of the South Carolina Statehouse and three blocks west of Main Street.

The following table lists and describes the various elements of the Project.

Table 1-1

CMCC & Vista Station District Master Plan							
Structure	Status	SF	Qty	Unit	Start Date	Open Date	Cost (millions)
Existing Office Building*	Occupied	147,000	--	--	--	--	\$10
Existing Depot Building*	Occupied	22,460	--	--	--	--	
CMCC & Hyatt Regency Parking Structure	Proposed	360,000	1,620	spaces	Q4 2020	N/A	\$50
CMCC Expansion	Proposed	200,000	--	--	Q4 2020	Q3 2022	\$63
Hotel Anthem (Tapestry by Hilton)	Proposed	148,000	158	rooms	Q2 2020	Q3 2021	\$48
Hyatt Regency (CMCC HQ, connected)	Proposed	430,000	387	rooms	Q4 2020	Q3 2022	\$136
Select-Service Lifestyle Hotel (Hilton or Hyatt)	Proposed	90,000	130	rooms	Q2 2021	Q3 2022	\$21
Multifamily Towers	Proposed	195,000	195	apartments	Q4 2022	Q2 2024	\$44
Office Tower	Proposed	200,000	--	--	Q4 2022	Q4 2024	\$56
Total	--	1,792,460	--	--	Q2 2020	Q4 2024	\$428

* Existing Office and Depot buildings cost is for the combined cost of planned renovations
Source: Arnold Companies, HKS

The Project is nearly 1.8 million square feet including the CMCC expansion, three hotels, structured parking, three multifamily apartment buildings and an office tower, as well as the renovation of existing retail, restaurant and office space. The entire project is projected to cost \$428 million and will take approximately 4.5 years to complete. While the timeline shown is preliminary, Arnold Companies hopes to time construction of the CMCC parking structure, Hyatt Regency and Select-Service Lifestyle Hotel to open at approximately the same time as the CMCC expansion (Q3 2022).

The following sections describe each element of the Project in greater detail.

Vista Station Master Plan

The Project's site is located between Gervais Street to the north, Lincoln Street to the east, Greene Street to the south and Wayne Street to the west. The area already includes the CMCC, Colonial Life Arena and other buildings owned by the University of South Carolina and commercial buildings located along Gervais Street.

The following figure shows the current area including and surrounding the Project.

Figure 1-2



The following figure shows the Project area at full build out.

Figure 1-3



Once the Project is fully constructed (Q4 2024), the CMCC and Vista Station will be similar to what is shown above.

There are two items shown on the rendering above, which are not counted as part of the Project. Item 16 on the figure above is an approximately 1,400-space parking garage for the Colonial Life Arena, which will be

owned by the University of South Carolina. Item 14 is an area that has been identified by Arnold Companies as a location for potential future expansion of the CMCC. *Item 14 is not part of the Project profiled and analyzed in this report and will not be included in any implications, recommendations, projections or impact analysis herein.*

The following figure shows an overhead view of the proposed Project elements.

Figure 1-4



As shown, the Hyatt Regency will be attached to the CMCC with its ballroom located immediately next to the shared wall of the CMCC. The parking garage for the CMCC/Hyatt will be located between the two facilities. The Hotel Anthem will be immediately north of the Hyatt Regency and adjacent to the existing Depot Building.

The Office Building will be located between the University of South Carolina’s proposed arena parking garage and the apartment buildings. Finally, the Select-Service Lifestyle hotel will be located across a 70-foot wide promenade from the Hyatt Regency.

Columbia Metropolitan Convention Center Expansion

In 2017, the City of Columbia hired McMillan Pazdan Smith Architecture to draw potential expansion scenarios for the CMCC. McMillan Pazdan Smith created renderings based on input from CMCC staff, Midlands Authority members, vendors and clientele. HSP has since engaged HKS Consulting to update the plan based on HSP’s market analysis and programmatic recommendations.

The following figure shows a rendering of the CMCC Expansion produced by McMillan with a view from Pendleton Street.

Figure 1-5



The expansion of CMCC would add a new entrance aligned with Pendleton Street and extend to the south toward Colonial Life Arena into an existing surface parking lot utilized by CMCC visitors.

The following figure shows the building plan with connections to a proposed headquarters hotel and the Colonial Life Arena.

Figure 1-6

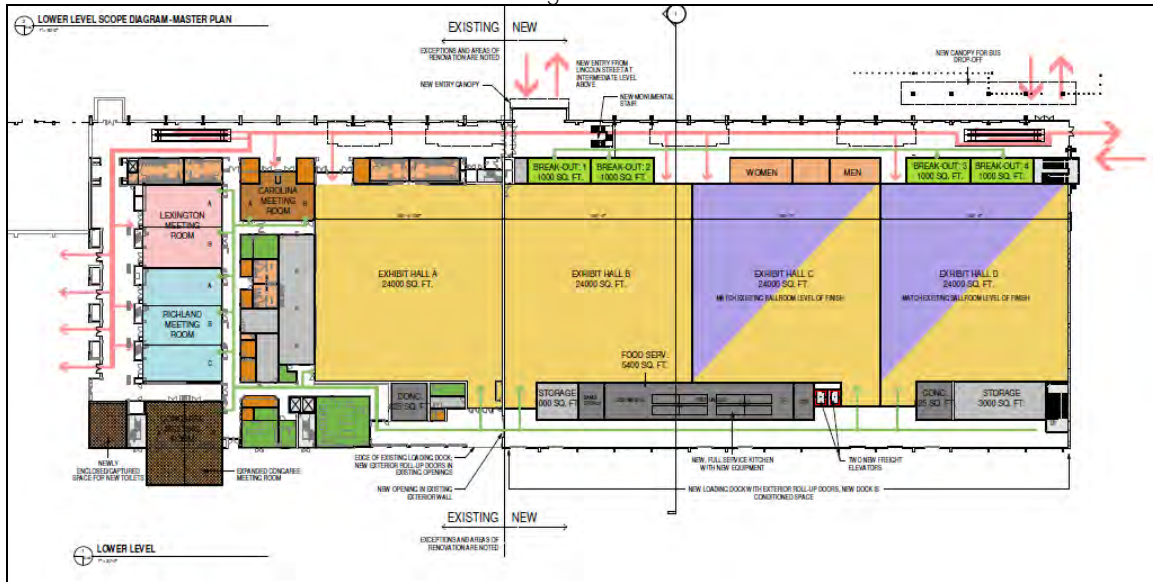


The figure above shows connections to the Colonial Life Arena and a potential new headquarter hotel, located just to the west of the CMCC.

McMillan estimated the cost of CMCC expansion to be roughly \$62.4 million.

The following figure shows the floor plan for the first floor of the existing and expanded sections of the CMCC.

Figure 1-7



As demonstrated in the figure above, the most significant portion of the originally proposed expansion for CMCC was the addition of 72,000 square feet of exhibit hall space connected to the existing exhibit hall. This would have quadrupled the available exhibit space. Two sections would have had enhanced finishes, so the space could have been converted to one 48,000-square foot ballroom or two 24,000 square foot ballrooms. Four breakout rooms, storage and food service spaces would have also been added on the first level.

The following figure shows the updated first floor plan based on HSP's recommended program.

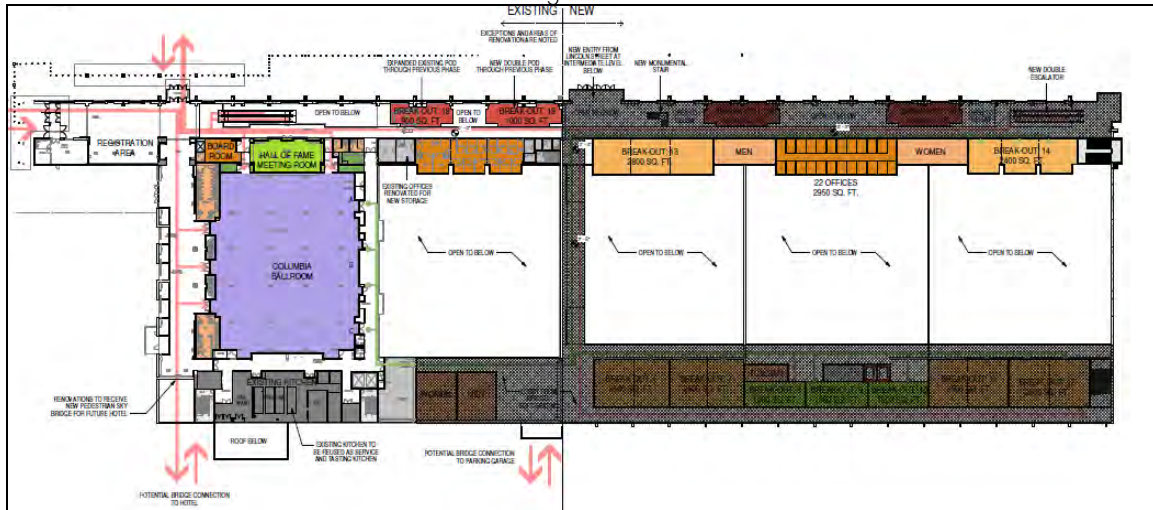
Figure 1-8



As shown, the revised floor plan allows for multiple arrangements in the division of the exhibit/flex hall closest to the Colonial Life Arena. These arrangements require the pre-function space on the south end of the CMCC, so there is attendee and service access to each of the subdivisions. The plans were also revised to replace the new first floor meeting rooms with bathrooms based on code requirements.

The following figure illustrates McMillan’s proposed expansion of the main level of the CMCC.

Figure 1-9

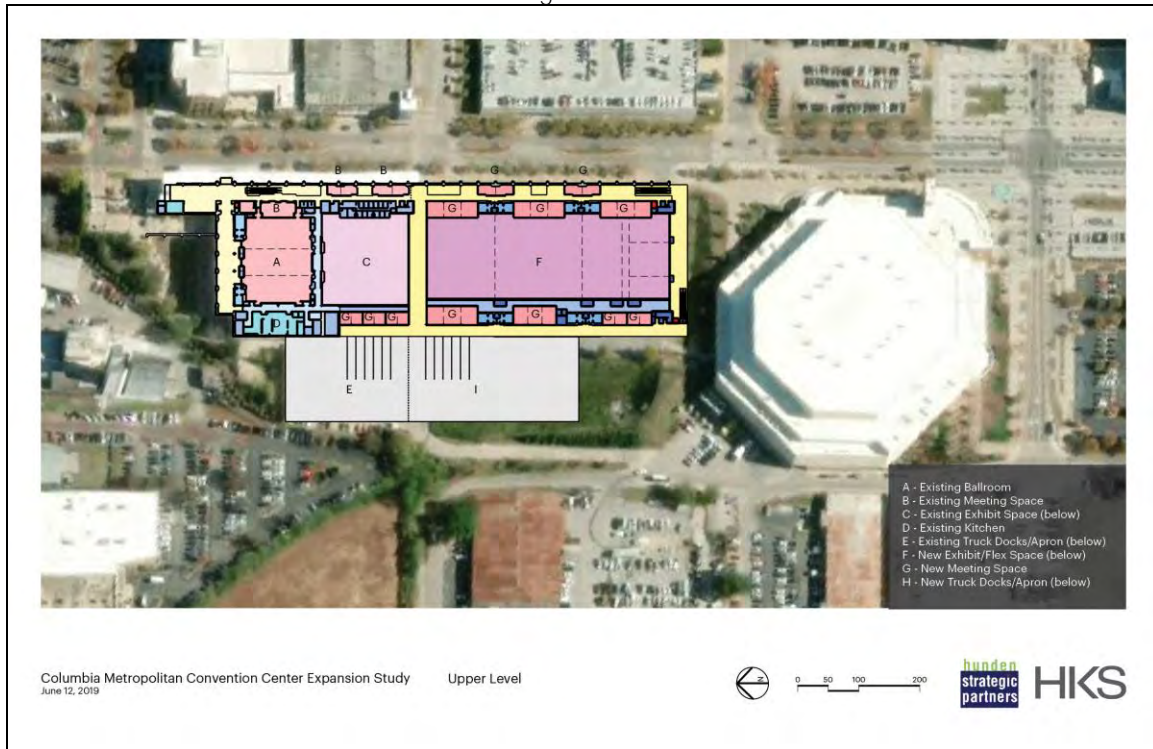


The upper level would have offered 11 new breakout rooms with a total of 22 new divisions. These rooms totaled more than 20,000 square feet of meeting space.

The expansion would have also add 22 offices in nearly 3,000 square feet of space overlooking the exhibit hall.

The following figure shows the revised drawings of the second floor of the CMCC.

Figure 1-10



The second floor of the CMCC remained mostly the same as the McMillan plan other than the additional pre-function space on the south end of the building and the additional meeting rooms shown just below the "C" area on the drawing above.

Overall, these changes reduced the additional meeting space from the McMillan plan of approximately 23,000 square feet to just less than 19,000 square feet in the updated plan.

The following table shows the breakdown of function space for the CMCC post-expansion.

Table 1-2

Columbia Metropolitan Convention Center (Expanded) Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
Exhibit Space			
Exhibit/Flex Hall	95,470		7
	95,470		7
Ballroom Facilities			
Columbia Ballroom	16,704		3
	16,704		3
Meeting Room Facilities			
Richland Room	5,670		3
Lxington Room	4,158		2
Congaree Room	2,232		2
Carolina Room	2,223		2
Senate Room	1,140		2
Lincoln Room	933		2
Spires Boardroom	531		1
New Meeting Rooms	18,625		29
	35,512		43
Summary			
Walkable Hotel Rooms (post-expansion)	1,186		
Total Exhibit Space	95,470	/ Guest Room	80.5
Total Ballroom Space	16,704		14.1
Total Meeting Space	35,512		29.9
Total Function Space	147,686		124.5
Ballroom Divisions	3	/ 100 Guest Rooms	0.3
Meeting Room Divisions	43		3.6
Total Divisions (including Ballroom)	46		3.9

Source: Hunden Strategic Partners

The post-expansion CMCC will have more than 147,000 square feet of function space, including 95,000 square feet of exhibit/flex hall space, which will include the new approximately 48,000-square foot space that can be dressed up to be a ballroom for social events. While the ballroom section of this table is the same as the current CMCC, it is somewhat misleading considering the ability of the flex hall to become a ballroom. Total meeting space in the CMCC will more than double with 18,625 square feet of new meeting space and nearly 30 new divisions.

With Vista Station master plan, CMCC's walkable hotel rooms will increase from 572 to nearly 1,200. Overall function space per walkable guest room increased by approximately 27 square feet between the current program and the expansion. Exhibit hall space per guest room nearly tripled, ballroom space decreased by half and meeting space increased slightly.

Due to the time that has passed since the McMillan plan was proposed and the adjustments made by HSP and HKS, the cost of the CMCC expansion increased to approximately \$83 million.

Profile of Existing Vista Station and CMCC

This section will discuss the existing structures in the Project area and performance of operations therein.

Vista Station

There are currently two commercial buildings along Gervais Street within Vista Station. These buildings will remain in Vista Station as part of the first phase of the master plan, though their programming will change as current tenant leases expire.

The following figure shows the two existing commercial buildings at 700 Gervais Street and 800 Gervais Street.

Figure 1-11



These buildings offer nearly 170,000 square feet of entertainment, office, restaurant and retail space. The following table shows the current rent roll of the buildings.

Table 1-3

Existing Vista Station District Rent Roll Summary										
Property	Use Type	Lease Type	Occupied		Vacant		Total		% Occupied	Total Annual / SF
			Units	SF	Units	SF	Units	SF		
700 Gervais St	Office	Gross	7	68,697	1	6,709	8	75,406	91%	\$18.01
700 Gervais St	Entertainment	NNN	6	48,594	1	4,263	7	52,857	92%	\$24.11
701 Gervais St	Retail	NNN	7	17,054	1	1,815	8	18,869	90%	\$29.89
800 Gervais St	Entertainment	NNN	1	6,564	2	16,449	3	23,013	29%	\$26.94
<i>Total NNN</i>			<i>14</i>	<i>72,212</i>	<i>4</i>	<i>22,527</i>	<i>18</i>	<i>94,739</i>	<i>76%</i>	<i>\$25.73</i>

Source: Arnold Companies

As shown, office leases are contracted on a gross basis, while entertainment and retail leases are contracted on a triple-net (NNN) basis. Gross leases are based on a single flat rate paid by the tenant with various expenses paid by the landlord from the gross payment. Triple-net leases call for tenants to pay for common area maintenance, taxes and insurance atop the base rental rate provided to the landlord.

There are two levels of space in the 700 Gervais Street building, one of which is primarily occupied by entertainment uses and the other by office tenants. Together these areas are more than 91 percent occupied with only one unit vacant each.

The 800 Gervais Street building, which is the former train depot, is purposely being mostly untenanted to allow for new leases to coincide with the development of the rest of Vista Station.

With the planned \$10 million of renovations in these two buildings, new leases are expected to generate higher lease rates for all use types. A comparison of these properties to the market overall will be discussed later in this report. Already, a food and beverage-focused boutique movie theater will be taking over the space currently occupied by the Paul Mitchell school as well as some of the existing office space (25,000 SF total). Additional entertainment and restaurant uses are planned as part of the Project.

Columbia Metropolitan Convention Center

Constructed in 2004, the Columbia Metropolitan Convention Center (CMCC) is a 142,000-square foot (gross space), two-story building located in downtown Columbia, South Carolina.

The following figure shows the current northern entrance of the CMCC.

Figure 1-12



The facility is owned by the City of Columbia, but is operated by the Midlands Authority, a non-profit organization established to oversee the operations of the CMCC, convention and visitors bureau (CVB) and the Sports Commission. Midlands has subcontracted the food and beverage operations of the CMCC to Spectra, a global private facility management company.

The following figure shows banquet rounds arranged in the Columbia Ballroom.

Figure 1-13



An operating agreement exists between the City of Columbia, Richland County and Lexington County to fund the development and operations of the CMCC by levying a 3 percent hotel tax on all hotel rooms. The hotel tax generates approximately \$5 million each year with 60 percent (\$3.6M) generated within the City and the rest (\$1.4M) coming from Richland and Lexington Counties. The operating agreement expires in 2022 and only the City has committed to signing an extension thus far.

The following table lists the existing meeting spaces within the CMCC.

Table 1-4

Columbia Metropolitan Convention Center Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
Exhibit Space			
Exhibit Hall	23,700	--	1
	23,700		1
Ballroom Facilities			
Columbia Ballroom	16,704	--	3
	16,704		3
Meeting Room Facilities			
Richland Room	5,670	1,890	3
Lexington Room	4,158	--	2
Congaree Room	2,232	--	2
Carolina Room	2,223	--	2
Senate Room	1,140	--	2
Lincoln Room	933	--	2
Spires Boardroom	531	--	1
	15,423		11
Walkable Hotel Rooms	572		
Total Exhibit Space	23,700 / Guest Room		41.4
Total Ballroom Space	16,704		29.2
Total Meeting Space	15,423		27.0
Total Function Space	55,827		97.6
Ballroom Divisions	3 / 100 Guest Rooms		0.5
Meeting Room Divisions	11		1.9
Total Divisions (including Ballroom)	14		2.4

Source: CMCC, Hunden Strategic Partners

The CMCC features nearly 56,000 square feet of total function space with a single exhibit hall division, one ballroom and 11 breakout rooms. The Exhibit Hall is 23,700 square feet which is currently limiting the CMCC's ability to host most sports and many public and trade shows, as well as large conventions. The 16,704-square foot Columbia Ballroom on the main floor and is able to seat approximately 1,000 attendees. The facility also offers seven meeting rooms totaling 15,000 square feet.

The proposed expansion of the CMCC will nearly triple the available function space.

Walkable Hotels

CMCC has four walkable hotels offering 581 rooms, which are defined as being within 1,500 linear feet of **the CMCC's front door**. These four hotels include the Hilton Columbia Center (222 rooms), Hampton Inn Columbia Downtown (123 rooms), Hyatt Place Columbia Downtown (120 rooms) and aloft Hotel Columbia

Downtown (107 rooms). With the exception of the Hampton Inn, each of these properties also offers meeting space, totaling more than 8,000 square feet. The Hilton offers the most meeting space at nearly 6,000 square feet. The Hilton Columbia Center began renovation of its guest rooms in May 2019 that is expected to be completed by September 2019.

Historical Performance

In order to make projections for the future performance of the CMCC, HSP first studied the historical performance and trends therein. It is important to note that the software used to track various statistics at the CMCC was changed in December 2012, which means that much of the data was lost or is incomplete.

The following table summarizes the performance of the CMCC since 2010 across multiple metrics.

Table 1-5

Columbia Metropolitan Convention Center Historical Performance										
Metric	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
Events	247	246	269	249	235	244	245	254	273	251
Event Days	430	484	532	455	542	496	461	460	457	480
Attendance*	--	--	--	96,448	135,531	137,886	155,034	191,855	131,781	141,423
Avg Att. / Event	--	--	--	387	577	565	633	755	483	567
Room Nights*	--	--	--	15,777	16,046	17,381	19,625	35,135	19,983	20,658
Avg RN / Event	--	--	--	63	68	71	80	138	73	82

* Data is incomplete. CMCC's tracking system was changed in Dec 2012 and previously collected data was lost in the process.
Source: Columbia Metropolitan Convention Center

Over the nine-year period, CMCC averaged 250 events per year and attracted nearly 100,000 unique attendees. Attendance at the facility grew from 96,000 in 2013 to 191,000 in 2017. Performance has been consistent with the exception of a one-year anomaly due to a major event. CMCC also produced an average of 20,000 room nights per year over the same time period, which is approximately 0.87 room nights per SF of exhibit space. The industry metric for judging the success of a convention center is its ability to produce between 0.5 and one room night(s) per SF of exhibit space per year, indicating that the CMCC is performing well.

The following table displays the events hosted at the CMCC by event type.

Table 1-6

Columbia Metropolitan Convention Center Events per Year										
Event Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
Social	30	11	27	27	22	16	11	13	13	19
Educational	38	48	63	60	48	49	43	43	55	50
Government	29	33	29	25	34	36	39	43	42	34
Medical	23	15	20	12	15	16	16	12	10	15
Religious	24	19	24	14	10	7	11	12	15	15
Political	5	2	5	3	3	7	6	5	2	4
Association	51	56	47	40	35	46	47	46	58	47
Non-Profit	30	41	34	42	35	38	34	35	37	36
Trade Show	3	4	3	5	3	4	5	6	6	4
Consumer Show	2	5	5	7	9	10	10	10	9	7
Sports	5	5	6	7	12	7	6	9	7	7
Multi-cultural	3	4	1	1	1	2	2	2	4	2
Fraternal	4	3	5	6	8	6	15	18	15	9
Total	247	246	269	249	235	244	245	254	273	251

Source: Columbia Metropolitan Convention Center

As mentioned previously, CMCC averaged 251 events per year since 2010. These events are categorized into 13 event types. The most common events are educational, association, non-profit and government, which combine to account for a full two-thirds of all events during the period shown.

The following table demonstrates the event days at the CMCC since 2010. Event days include all days that events are actively hosted and attended.

Table 1-7

Columbia Metropolitan Convention Center Event Days per Year										
Event Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
Social	43	16	45	36	33	19	12	15	16	26
Educational	57	76	91	77	81	85	66	59	81	75
Government	51	54	52	46	72	62	72	75	68	61
Medical	39	27	33	22	31	29	36	24	23	29
Religious	54	49	55	21	23	15	19	41	23	33
Political	7	6	8	4	5	16	11	7	2	7
Association	105	99	101	72	61	78	84	77	114	88
Non-Profit	43	119	98	128	157	129	80	81	67	100
Trade Show	6	8	6	7	5	6	8	7	7	7
Hobby	4	7	10	11	25	27	35	26	20	18
Sports	12	13	19	20	37	20	18	22	16	20
Multi-cultural	3	5	2	1	3	3	3	4	4	3
Fraternal	6	5	12	10	9	7	17	22	16	12
Total	430	484	532	455	542	496	461	460	457	480

Source: Columbia Metropolitan Convention Center

During the past ten years, the CMCC averaged 480 event days per year. Most of the event days each year were generated by non-profit, association, educational and government groups. Many of these groups are low-rated, which means they are more price sensitive and have a limited ability to pay.

The following table shows the annual attendance at the CMCC by event type.

Table 1-8

Columbia Metropolitan Convention Center Attendance per Year										Average
Event Type	2010*	2011*	2012*	2013	2014	2015	2016	2017	2018	(2013 - 18)
Social	0	0	3,475	6,153	4,553	2,718	4,245	4,500	3,300	4,245
Educational	50	880	7,438	19,852	25,926	35,077	26,500	29,315	36,179	28,808
Government	0	1	3,345	9,415	10,239	18,115	20,672	15,607	15,634	14,947
Medical	150	1,500	3,670	7,310	16,476	15,555	17,147	3,986	4,243	10,786
Religious	0	5,000	10,342	8,572	6,650	4,665	9,000	9,500	9,430	7,970
Political	0	0	4,400	1,740	2,100	3,965	5,650	2,745	1,700	2,983
Association	500	300	6,870	8,170	6,213	10,021	12,731	9,281	17,619	10,673
Non-Profit	800	1,601	7,000	16,571	14,564	14,535	16,184	12,961	15,282	15,016
Trade Show	0	0	900	1,660	1,160	1,560	1,560	2,110	2,410	1,743
Consumer Show	0	0	3,700	6,900	21,950	15,800	25,250	82,530	15,150	27,930
Sports	0	0	0	6,575	22,500	7,800	5,900	9,800	4,300	9,479
Multi-cultural	0	250	0	1,200	200	5,800	5,800	5,150	3,064	3,536
Fraternal	100	0	2,057	2,330	3,000	2,275	4,395	4,370	3,470	3,307
Total	1,600	9,532	53,197	96,448	135,531	137,886	155,034	191,855	131,781	141,423

* Data is incomplete. CMCC's tracking system was changed in Dec. 2012 and data was lost in the process.
Source: Columbia Metropolitan Convention Center

Attendance at the CMCC jumped by nearly 50% from 2013 to 2014. Performance has been consistent with the exception of a one year anomaly due to a major event. Educational and consumer show events drove the majority of attendance during the period. Four other event types averaged more than 10,000 annual attendees: government, medical, association and non-profit.

The following table shows the number of room nights produced by the events at the CMCC by type.

Table 1-9

Columbia Metropolitan Convention Center Room Nights per Year										Average
Event Type	2010*	2011*	2012*	2013	2014	2015	2016	2017	2018	(2013 - 18)
Social	396	66	540	869	370	220	60	52	328	322
Educational	455	1,058	790	2,415	2,289	991	861	614	1,245	1,191
Government	254	1,431	872	3,976	2,708	6,065	6,082	6,407	6,178	3,775
Medical	537	140	258	427	534	233	585	598	638	439
Religious	1,451	3,647	626	777	1,124	178	461	2,071	283	1,180
Political	257	160	160	155	300	251	550	170	170	241
Association	3,022	2,933	6,702	1,910	2,178	4,404	4,588	3,334	5,446	3,835
Non-Profit	1,007	424	416	686	429	1,587	1,018	467	409	716
Trade Show	0	0	0	0	0	10	5	35	55	12
Consumer Show	0	3,036	1,331	1,527	3,047	1,932	3,600	19,394	4,008	4,208
Sports	2,080	2,640	1,850	2,530	2,770	1,470	1,670	1,675	1,065	1,972
Multi-Cultural	90	125	25	25	242	20	10	130	85	84
Fraternal	105	10	1,553	480	55	20	135	188	73	291
Total	9,654	15,670	15,123	15,777	16,046	17,381	19,625	35,135	19,983	18,266

* Data is incomplete. CMCC's tracking system was changed in Dec. 2012 and data was lost in the process.
Source: Columbia Metropolitan Convention Center

While attendance was mostly flat during the period, room night generation increased essentially each year during the period. Room nights increased by more than 25 percent from 15,800 to 20,000 during this time. The majority of room nights were generated by consumer shows, association events and government events. These events averaged 11,818 room nights per year or 65 percent of the average total room nights generated during the period of 18,266.

The following table displays the CMCC's pro forma for the period of 2014 to 2018.

Table 1-10

Columbia Metropolitan Convention Center Financial Performance											Average (2009-2018)
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
Revenues											
Miscellaneous Revenues	13,813	11,611	27,440	22,251	12,795	7,177	3,125	15,799	2,932	3,819	12,076
Event Sponsorship	187	0	0	0	0	0	0	0	0	20,000	2,019
Rental Revenues	566,290	446,218	531,733	567,931	605,704	507,920	619,425	680,970	770,314	787,632	608,414
Food Service Revenues	652,740	465,194	582,743	811,950	1,155,192	1,467,868	1,496,166	1,303,358	1,310,481	1,354,987	1,060,068
Equipment Rental Revenues	139,140	126,027	156,594	191,484	213,664	247,440	252,009	252,048	257,585	303,455	213,945
Parking Revenues	1,114	861	1,166	1,821	965	2,207	2,225	8,833	7,067	4,643	3,090
Utilities	120,337	95,909	121,024	193,082	121,579	199,459	187,192	227,699	225,037	225,475	171,679
Labor Revenues	28,643	19,163	24,515	29,321	29,170	27,627	26,803	24,711	29,920	29,295	26,917
Audio Visual Revenues	66,346	54,094	63,624	76,028	67,311	80,008	70,542	76,175	89,494	100,977	74,460
Service/Finance Charges	0	0	715	0	0	0	0	1,065	348	636	276
Interest Revenues	0	0	0	0	0	0	0	572	18	2,063	265
Total Revenues	1,588,609	1,219,078	1,509,555	1,893,868	2,206,379	2,539,705	2,657,487	2,591,229	2,693,195	2,832,981	2,173,209
Expenses											
Salaries, Taxes & Benefits	1,728,476	2,003,618	2,037,175	2,129,233	2,197,738	2,270,940	1,835,899	1,982,057	2,068,567	2,004,844	2,025,855
Shows & Event Sponsorship	172	255	6,368	5,335	5,407	15,077	10,998	22,085	45,578	54,392	16,567
Travel & Entertainment-Employee	17,579	8,268	10,912	12,272	15,718	29,675	18,493	31,686	39,792	43,459	22,785
Promotional Materials	5,313	8,271	16,778	20,753	14,038	10,080	19,068	16,752	18,445	24,405	15,390
Telephone	26,625	26,569	28,892	22,794	24,181	30,261	9,059	7,694	10,490	18,471	20,504
Marketing & Advertising	56,130	28,907	8,563	78,081	88,871	55,902	68,380	134,798	99,236	126,500	74,537
Printing	13,044	16,133	10,226	3,357	994	15,685	2,674	14,934	17,297	16,624	11,097
Depreciation Expenses	0	0	0	84,757	121,862	128,721	157,955	193,386	256,003	380,115	132,280
General Insurance	95,710	108,732	100,830	109,704	89,330	88,658	74,752	71,106	69,232	70,872	87,893
Professional Legal Fees	15,716	39,763	14,968	17,751	28,924	42,299	8,877	80	11,649	14,745	19,477
Professional Service Fees	12,044	15,958	21,726	19,062	15,561	17,279	0	1,149	14,103	2,449	11,933
Repair/Maintenance	1,771	755	0	3,603	1,472	3,183	3,577	11,647	6,902	15,742	4,865
Utilities	398,028	367,495	424,881	434,320	458,783	461,486	508,479	457,298	498,307	454,935	446,401
Computer Expense & MainT	18,950	36,694	33,951	39,060	31,175	43,206	43,981	61,194	51,854	76,015	43,608
Maintenance Supplies	89,870	91,668	57,051	75,017	63,303	90,996	75,287	73,807	88,632	85,339	79,097
Contract Building Services	154,986	127,762	136,378	155,300	164,832	141,863	156,219	212,510	171,426	204,401	162,568
Web Site Enhancements	13,049	(2,961)	9,667	16,143	13,498	12,112	12,974	13,930	34,004	37,657	16,007
Ff&E Expenses	108,216	46,758	107,365	47,891	303,055	221,046	116,713	0	4,884	10,676	96,660
Other & Extraordinary Expenses	146,357	144,864	141,389	156,377	275,335	166,603	1,033,721	161,245	146,870	185,668	255,843
Total Expenses	2,902,035	3,069,509	3,167,121	3,430,809	3,914,076	3,845,072	4,157,107	3,467,356	3,653,271	3,827,308	3,543,366
Net Income (Loss)	(1,313,425)	(1,850,431)	(1,657,566)	(1,536,941)	(1,707,697)	(1,305,367)	(1,499,620)	(876,127)	(960,076)	(994,327)	(1,370,158)

Source: Columbia Metropolitan Convention Center

Since fiscal year 2009, CMCC has averaged more than \$2.1 million in revenue, \$3.5 million in expenses and a net loss of \$1.3 million. In the past five years, revenues have increased more than costs, driving the annual deficit to less than \$1 million for the past three years. Salaries, payroll taxes and employee benefits

represent more than half of annual expenses for the CMCC. Other major annual expenses include utilities, depreciation and contract building services.

The following table shows the lost business recorded at the CMCC since 2013 and into all future years with lost events by reason.

Table 1-11

CMCC Lost Business: 2013 - Future				
Reason	Events	Attendance	Room Nights	Rental Revenue
Unknown	361	193,328	106,237	\$2,777,216
Date Availability	208	83,631	23,435	\$943,893
Cancelled	73	25,068	4,235	\$165,487
Space Availability	25	7,132	2,775	\$107,825
Proposal Not Accepted	19	3,200	155	\$6,585
Cost to Host	18	11,525	3,841	\$146,230
Funds Not Available	12	1,000	35	\$4,350
Air Access/High Fare	9	250	2,155	\$3,185
Facility Configuration	5	8,932	4,290	\$213,235
Hotel Rates Too High	3	13,495	7,303	\$62,483
CMCC Too Small	2	24,365	20,518	\$332,269
Low Interest	2	4,100	6,133	\$66,610
Hotel Availability	2	2,330	3,175	\$56,235
Catering Service Concerns	2	950	60	\$13,105
Proposal Not Accepted	2	3,200	155	\$6,585
Ground Transportation Issue	1	400	1,150	\$17,540
Sponsorship Request	1	0	1,300	\$25,950
No HQ Hotel	1	600	1,100	\$17,485
Total	746	383,506	188,052	\$4,966,267

Source: Columbia Metropolitan Convention Center

The CMCC tracked 746 lost events from 2013 through 2022, accounting for the loss of 380,000 attendees, 188,000 room nights and approximately \$5 million in rental revenue.

The most common reason for losing an event at the CMCC is that the dates requested were already booked. This accounted for 28 percent of lost events during the period shown. Otherwise, most groups were lost due to their event being cancelled. The reason for losing nearly half of these events is not known.

Conclusions

The City of Columbia, the MACST and Arnold Companies have created a base of activity and impact for the community with the existing CMCC and commercial space on Gervais Street, respectively. Now that these entities have decided to coordinate efforts and generate a synergistic district centered around conventions and meetings, entertainment and hospitality, the improvement of each piece of the Project will benefit the other. The proposed CMCC expansion and the development of Vista Station represent \$400 million of investment and 1.8 million square feet of construction.

This level of investment by the City and Arnold Companies, especially in the popular Vista district is expected to increase Columbia's viability and attractiveness for conventions and events, as well as for all tourists and local residents by establishing a critical mass of entertainment and hospitality options in a centralized location.

Throughout the remainder of this report, HSP will profile and analyze the market and various industries that will be a part of and affect the Project. Ultimately, the analysis will culminate in the projections of the Project's performance and its impact on Columbia, Richland County and the State of South Carolina.

DRAFT

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ECONOMIC, DEMOGRAPHIC AND TOURISM ANALYSIS

Analysis of local market area characteristics such as population, demographics, economy, access, and quality of downtown and tourist attractions gives better insight into the potential demand for any real estate project. This chapter will profile the Columbia area and will include an overview of the economic characteristics of the metropolitan market as well as a description of local attractions, all of which will impact, and be impacted by, the Columbia Metropolitan Convention Center (CMCC) expansion and Vista Station development.

Overview

Columbia is the state capital of South Carolina, as well as the most centrally located metropolitan area in the state. **It is the home of the state's largest university, the 34,000-student University of South Carolina.** The presence of both the state capitol and primary state university in downtown Columbia makes it similar to other mid-sized metropolitan areas that are home to both, such as Madison, Wisconsin; Tallahassee, Florida; Lansing, Michigan; and Lincoln, Nebraska. Of these examples, Columbia and Madison are the fastest-growing. These cities tend to have the upper hand within their respective states for attracting young new talent, a larger variety of cuisine and nightlife, more culture and museums, new upstart high-tech businesses, unique varieties of retail boutiques, and progressive office work environments. As the state capital, there are built-in state association and governmental groups residing in Columbia, which benefits the CMCC throughout the year. Fort Jackson, the largest U.S. Army installation for Basic Combat Training, is also located at the eastern end of the city limits, hosting 35,000 potential soldiers annually and over 10,000 personnel.

Metro Columbia is in the area known as the Midlands region, where the Congaree River flows over the Piedmont Fall Line. The water falling over a small drop in elevation powered the agricultural mills that were the basis of **the city's early industrial economy. Since the mills and associated railroads declined in use in the first half of the 20th century, employment increased in other government, university, military and businesses that makes up the economy today.** Metropolitan Columbia has experienced a growth rate of 8.48 percent since 2010.

The following aerial photo shows the modern urban skyline when approaching the city from the west along I-126.

Figure 2-1



As shown, the city has a compact urban core of skyscrapers that announce the city to travelers. Although the skyline shows only a small portion of the downtown area, in fact, the urban core covers a rather substantial area and contains many neighborhoods surrounding the buildings seen here.

Regional Overview

The following figure shows a map of the Columbia regional area and interstate highways.

Figure 2-2



Highway Access

Columbia is well connected in the region, acting as a statewide crossroads. It is accessible by car from five directions along Interstate Highways and US 378 to the east and west, making it reachable from every corner of the state via Interstates and a few non-interstate four-lane highways that feature occasional traffic signals, particularly those connecting Myrtle Beach and Hilton Head to the rest of the state.

The state's three largest metropolitan areas are linked by I-26; Charleston is at the southeastern end on the Atlantic coast, 110 miles away, with Columbia in the middle, and Greenville/Spartanburg at the Uplands section of the state to the northwest, about 90 miles away at the foot of the Appalachian mountains. Interstate 26 continues northwest into Asheville where it connects with the major coast-to-coast Interstate 40 towards the Great Smoky Mountains and Tennessee. Columbia is also linked to Savannah and the Florida cities via I-26 and then south on I-95.



Interstate 20 is a major east-west corridor across the U.S. From Columbia, travelers can take I-20 east to Florence, I-95 northbound, and Myrtle Beach (via U.S. 501, a four-lane highway). Virginia, Washington D.C, and the entire Philadelphia-New York-Boston megalopolis is linked to Columbia via I-95 and I-20. From Florence eastward to Myrtle Beach, the highway is expected to be the new alignment of I-74 in the future, although no immediate timetable is currently set for that construction. West from Columbia, I-20 links to Augusta, Atlanta, Birmingham, and Dallas.

Interstate 77 begins its northward journey at Columbia, connecting to Charlotte, and all of the major North Carolina urban centers such as Greensboro, Winston-Salem, and Raleigh. I-77 treks due north through the Appalachian Mountains to Charleston, West Virginia, north to Cleveland, Ohio.

Finally, the four-lane US 378/US 76 links Columbia with Sumter, directly to the east.

The state's two busiest freeways are situated outside of Columbia an hour or so northwest and southeast of Columbia: I-85 runs across the Uplands area of South Carolina through Spartanburg, Greenville and Anderson, **which is often called the economic "spine" of the state, between Charlotte and Atlanta.** To the east, I-95 is the **East Coast's major corridor from New England to Florida. The placement of I-95** in South Carolina manages to miss every major population center in South Carolina; however, it is linked to Columbia via both I-20 and I-26.

Airport Access

Columbia and the Midlands region is served by Columbia Metropolitan Airport, located seven miles southwest of downtown in Lexington County. In 2018, 1,200,000 passengers used the airport (both arrivals and departures), which features non-stop flights to ten cities in the eastern U.S., except for Houston and Dallas-Fort Worth, the only cities west of the Mississippi River. **It is the state's fourth-busiest airport** after Charleston, with 4.5 million passengers, Myrtle Beach International Airport, with 2.4 million, and Greenville-Spartanburg International Airport, with 2.3 million. The six airlines serving Columbia Metropolitan Airport are Delta, Delta Connection, American Airlines, American Eagle, United Express, and ViaAir, a small airline providing service to Orlando. A \$45 million terminal expansion was recently completed. It is unusual for a state the size of South Carolina (both population and geographic area) to support four commercial airports that handle over one million people annually, with a fifth being just across the border in Charlotte, and a sixth being situated at Savannah, Georgia. Airport supply in the Carolinas is relatively crowded, with ten commercial passenger service airports serving those two states.

The following table shows enplanements and deplanements for the Columbia Metropolitan Airport dating back to 2009 providing a summary of activity over the past decade.

The following table shows the total enplanements and total departures each year during the previous decade.



Table 2-1

Columbia Metropolitan Airport - Annual Demand											
Metric	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
Passengers	507,083	473,855	473,857	476,450	478,013	492,017	528,781	549,601	504,005	562,420	504,608
Flights	14,920	13,390	12,506	11,922	11,864	11,115	10,650	10,558	10,347	10,178	11,745
Passengers per Flight	34	35	38	40	40	44	50	52	49	55	44

Source: Bureau of Transportation Statistics

The airport's 562,420 enplanements in 2018 represents some measure of growth, although the total number of flights has decreased each year as well, but an increase of passengers per flight, from 34 in 2009 to 55 in 2018. The average number of flights departing Columbia each day is 28. These figures indicate that the capacities of passenger jets to and from Columbia are smaller than those that serve most larger destination airports. Delta and American Eagle were responsible for the majority of flights at the airport with 391,000 and 251,000 enplanements, respectively, from April 2018 to March 2019.

The small number of daily flights and airline capacity show that large conventions that include participants from greater distances will likely have difficulty transporting the guests in and out of the city quickly. Because of this, **many residents and business travelers prefer Charlotte's Douglas International Airport, which offers 175 non-stop destinations to its 46 million annual passengers.** Downtown Columbia is only a 90-minute drive from Charlotte, and three hours, **fifteen minutes from Atlanta's Hartsfield-Jackson International Airport, the world's busiest airport.**

The curse of being so relatively close to two of the world's busiest airports is that Columbia's own regional airport has a market area that is dominated by these two larger airports, and that is not likely to change significantly until the population of Columbia grows into the millions.

The following map shows the non-stop flights offered by Columbia Metropolitan Airport.

Figure 2-3



As shown, ten cities and eleven airports are served directly by flights into and out of Columbia, each being a major hub airport. This means that it is likely that most travelers to Columbia will either have to combine connecting flights or fly to Charlotte-Douglas International Airport and travel by highway the remaining 90 minutes south.

The regional airport situation continues to be a stumbling block towards a very large convention presence, as Atlanta and Charlotte rule the landscape of air travel, and some clever cooperation towards a solution to mitigating that travel bottleneck is a much-needed strategy. However, the airlines will not grow their capacity at Columbia Metropolitan Airport until local demand is sufficient enough to do so. Efforts to grow the numbers of events, size of conventions, and overall business and tourism in Columbia will necessarily come before a **non-stop airline connection renaissance can push the boundaries of the airport's market demand.**

Population

The table below shows historical population, growth changes, and estimates of the future population within the United States, State, County, MSA and City.

Table 2-2

	Population and Growth Rates				Percent Change 2010 - 2018
	2000	2010	2018	2023 Projected	
United States	281,421,906	308,745,538	330,088,686	343,954,683	6.9%
South Carolina	4,012,012	4,625,364	5,108,693	5,437,217	10.4%
Columbia, SC-MSA	549,033	767,598	840,419	888,511	9.5%
Richland County	320,677	384,504	418,482	440,451	8.8%
Columbia	118,370	129,918	137,578	143,039	5.9%
City Population as % of MSA	21.6%	16.9%	16.4%	16.1%	--

Source: ESRI, U.S. Census Bureau

Columbia ranks as the second largest city in South Carolina, with 133,114 in the city limits. It is also the second largest metropolitan area in the state, with 832,666 people, trailing only Greenville-Anderson-Mauldin with 906,626 people. The entire Upstate South Carolina area, including Greenville and Spartanburg, contains over 1,350,000 people. At the other end of the state, Charleston is the center of a metropolitan area of 787,643, just behind Columbia, but is growing much faster, and will surpass Columbia if those rates continue. In all, South Carolina, led by its metropolitan areas, is experiencing a strong growth rate of 10.4 percent, much faster than the nation as a whole.

The population of Columbia increased by 5.9 percent over the past eight years, which was about two-thirds of Richland County's **growth rate during the same period**. The metro area population, a more realistic statistic of the drawing power of the city, has grown at a rate of 9.5 percent since 2010. This is 2.6 percentage points faster than the U.S. **as a whole, but slightly slower than the state's average**.

While a growing population base is a strong indicator for future development opportunity, it is important to understand the type of growth that is occurring.

Diversified Economy

A **healthy and diversified economy provides not only employment and disposable income for a market's residents**. It also helps to insulate an area from economic downturns. Markets that have historically relied on one sector have often had difficulty recovering from market shifts to other sectors, which lead to an overall loss of local income and employment.

The following figure shows the 2017 levels of employment by sector for Columbia.

Table 2-3

Columbia Metropolitan Area Employment by Industry - 2017		
Description	Employees	Percentage of Total
Total employment	502,586	100%
By industry		
Farm employment	4,178	0.8%
Nonfarm employment	498,408	99.2%
Private nonfarm employment	402,216	80.0%
Retail trade	49,822	9.9%
Health care and social assistance	45,622	9.1%
Administrative and support and waste management and remediation services	37,090	7.4%
Manufacturing	29,867	5.9%
Finance and insurance	29,291	5.8%
Construction	27,586	5.5%
Real estate and rental and leasing	21,404	4.3%
Wholesale trade	16,764	3.3%
Transportation and warehousing	16,313	3.2%
Educational services	9,445	1.9%
Utilities	4,384	0.9%
Forestry, fishing, and related activities	2,503	0.5%
Mining, quarrying, and oil and gas extraction	1,041	0.2%
Government and government enterprises	96,192	19.1%
State and local	73,488	14.6%
Local government	35,227	7.0%
State government	38,261	7.6%
Military	12,337	2.5%
Federal, civilian	10,367	2.1%

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals
Source: Bureau of Economic Analysis

As shown, the local economy is dominated by government, retail trade and health care. The top sectors by percentage are as follows: state and local government at 14.6 percent combined, retail trade at 9.9 percent, and health care and social assistance at 9.1 percent. Waste management, manufacturing, finance and insurance, real estate and construction are also strong, indicating that the local economy is well rounded and not dominated by one or two industries. **Columbia's economy, being led by government and universities, is less prone to economic downturns than other cities.**

Income and Housing

The number of employed people and their income levels create a market for real estate developments, including residential, retail, restaurants and all categories **of commercial developments. Indicators of a market's overall wealth and growth can include trends in its income, employment and housing.**



The following table provides data on home ownership, income and retail sales, based on the latest data from the US Census Bureau.

Table 2-4

Income, Spending and Other Demographic Data				
Category	United States	South Carolina	Richland County	Columbia
Homeownership rate, 2013-2017	63.8%	68.6%	59.0%	45.3%
Median value of owner-occupied housing units, 2013-20	\$193,500	\$148,600	\$154,100	\$168,800
Persons per household, 2013-2017	2.63	2.54	2.51	2.24
Median household income, 2013-2017	\$57,652	\$48,781	\$52,082	\$43,650
Persons below poverty level, percent	12.3%	15.4%	16.9%	22.3%
Total employment, 2016	126,752,238	1,716,496	161,532	-
Total employment, percent change, 2015-2016	2.1%	3.3%	1.9%	-
Retail sales per capita, 2012	\$13,443	\$12,298	\$12,139	\$19,980

Source: US Census Bureau

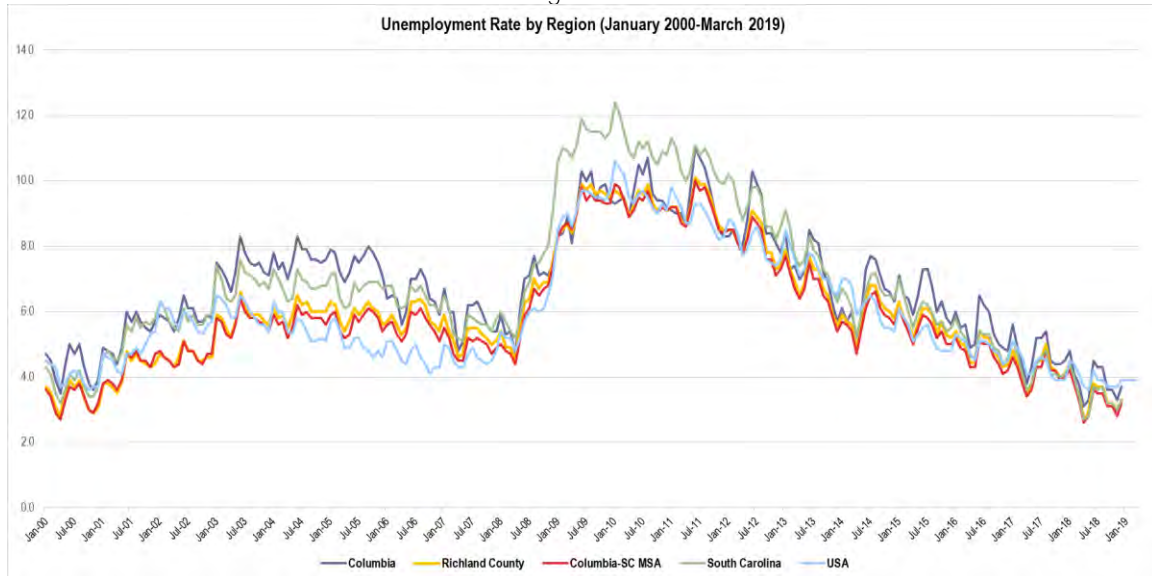
The home ownership rate is lower in both Columbia and Richland County than the United States, which is heavily influenced by the number of students. The median value of owner-occupied housing units in Columbia is \$168,800 which is higher than that of both Richland County and South Carolina, but lower than that of the U.S. Real estate values are determined by a combination of variables, including density, quality of schools and income levels. **Columbia's** poverty rate appears to be high, however that is largely a product of over 30,000 students that do not earn a large (if any) income, and therefore skews the number of people in poverty higher than is actually experienced by the economy. College students derive income from loans, grants, and gift funding from relatives that goes unreported as income. **The state's average poverty levels are higher than the U.S. as a whole by about three percentage points.**

Retail sales per capita in 2012 were notably larger in Columbia than national, state and county averages, indicating a positive sign for the future of retail spending and tourism in the area, and reflective of consumer confidence in the economy. A high sales-per capita indicates that people from outside Columbia are spending their earnings in Columbia, as well. With a major university and large-crowd college football games, in addition to state government activity, there are numerous reasons and occasions that draw visitors to Columbia and spend income that was earned elsewhere.

Unemployment

The figure below shows the unemployment rate of the United States, South Carolina, Richland County and Columbia from January 2000 through March 2019.

Figure 2-4



The unemployment rate for the Columbia metro area beginning in 2000 has been lower than the state average and roughly parallels the national average, down to roughly three percent in March 2019. In January 2011, unemployment rates peaked for both Columbia at 11 percent and the metro area at ten percent. For much of **the past five years, Columbia's unemployed rate was the highest** of all categories, while the Columbia metro area was able to maintain much lower figures. Unemployment rates have fallen rather steadily since 2011 until today. National and local average have all settled to within a single percentage point (between three and four percent), and for the first time in five years, all statewide and local rates were lower than that of the U.S. as a whole.

Corporate Presence & Major Employers

In general, corporate presence in a city's market supports local businesses, provides employment and other opportunities that influence the city's overall sustainability. Medium to large-scale companies located within a market can also provide demand for various real estate developments including hotels, office, retail, food and beverage and more.

The following table shows the largest employers in Richland County by number of employees.

Table 2-5

Richland County - Largest Employers		
Company	Industry	Employees
State of South Carolina	State Government	25,570
Palmetto Health	Health Care and Social Assistance	15,000
BlueCross BlueShield of SC	Finance, Insurance and Real Estate	6,585
University of South Carolina	Public Administration	5,678
United States Department of the Army	National Security	5,286
Richland School District 1	Public Administration	4,265
Richland School District 2	Public Administration	3,654
Richland County	Public Administration	2,393
City of Columbia	Public Administration	2,300
AT&T South Carolina	Telecommunications	2,100
First-Citizens Bank & Trust Company	Commercial Banking	1,784
Providence Hospital	Health Care and Social Assistance	1,625
Dorn VA Medical Ctr	Health Care and Social Assistance	1,500
Wells Fargo Customer Connection	Professional, Scientific, and Technical Services	1,400
Verizon Wireless	Professional, Scientific, and Technical Services	1,261
Air National Guard	Public Administration	1,200
Westinghouse Electric Co LLC	Manufacturing	1,165
Colonial Life & Accident Insurance Company Inc	Direct Life Insurance Carriers	1,144
Midlands Technical College Foundation	Junior Colleges	899
Teleperformance	Telemarketing Bureaus & Other Contact Ctrs	850
Schneider Electric Usa, Inc.	Switchgear and Switchboard Apparatus Manufacturing	800
Bonitz Inc	Construction	800
McEntire Produce, Inc.	Food Manufacturing	708
International Paper Company	Paper Mill	650
Aflac	Finance, Insurance and Real Estate	572
United States Department of the Air Force	National Security	571
Allegiance Industries, Inc.	Janitorial Services	550
Benedict College	Private College	546
Alliedbarton Security Services LLC	Security Guards and Patrol Services	500

Source: Richland County Economic Development

As shown in the list, government, education and health care all play a large role in the overall economy of Columbia, and this is reflected in its largest employers.

As long as Columbia is the seat of state government and the home of the University of South Carolina, the city will be well endowed with employment opportunities and growth potential. The state employs over 25,500 local workers, and the university has a staff of 5,678. Palmetto Health employs the second largest group, at 15,000, and in the same field, health insurer BlueCross BlueShield of South Carolina is responsible for employing 6,585 people. The U.S. Army employs 5,286 civilians, mostly at Fort Jackson.

Educational Attainment

The level of education in a community is generally linked to income potential resulting in disposable income and long-term growth. Highly educated people have more choices in their decision to choose employment and locate themselves and their families. The higher the education level, the stronger the labor market and the more disposable income that is available to spend on recreational activities, cultural events and sports activities. The



more arts, culture, recreation, and unique shopping that is cultivated by the local population, the more attractive the city is as a destination for meetings and conventions.

The following table shows the education attainment levels in Columbia related to the county, state and US.

Table 2-6

Educational Attainment - 2017				
Population Age 25+	United States	South Carolina	Richland County	Columbia
Did Not Complete High School	13.0%	13.5%	9.3%	11.8%
Completed High School	27.5%	29.4%	22.3%	19.7%
Some College	21.0%	20.8%	22.3%	19.4%
Completed Associate Degree	8.2%	9.3%	8.3%	6.7%
Completed Bachelor Degree	18.8%	17.2%	22.7%	23.6%
Completed Graduate Degree	11.5%	9.8%	15.0%	18.8%

Source: U.S. Census Bureau

Columbia's adult population education exceeds **South Carolina's** level and ranks above the national average by nearly five percentage points in terms of **bachelor's degree attainment**. The percentage of adults earning a graduate degree in Columbia **ranks well above both the State's and the national levels**. **Richland County, which** includes Columbia, also outpaced the state by five percent and the U.S. as a whole by nearly seven percent.

Higher Education

The presence of colleges and universities can play a large role in supporting the attractions, cultural amenities, restaurants, retail and nightlife that attract visitors and conventions to Columbia. In turn, having an exciting city in which to live, play and work can be a draw to recent graduates who choose to stay in the Midlands area. As convention business thrives on the temporary stays of meetings and convention guests, more downtown businesses can continue to pay their staff and rental rates to stay in business. Cities that are able to attract visitors tend to also be able to attract new permanent residents, especially in the new residential lofts and apartments in the urban core.

The following table shows colleges and universities in the Columbia area.



Table 2-7

Columbia Area Colleges & Universities				
Institution	Location	Distance from Columbia (miles)	Highest Degree Offered	Enrollment
University of South Carolina - Columbia	Columbia, SC	1.9	Doctor's	34,731
Allen University	Columbia, SC	4.1	Master's	590
Benedict College	Columbia, SC	4.1	Bachelor's	2,090
Columbia College	Columbia, SC	7.0	Master's	1,514
Columbia International University	Columbia, SC	7.0	Doctor's	966
Grand Total				39,891

Source: National Center for Education Statistics

The University of South Carolina, with over 34,000 students, is a state university with the biggest name, enrollment and impact in the metropolitan area. The stately origins of campus are situated adjacent to both the State Capitol Building and the CMCC, while the campus continues to spread southward. It includes the Colonial Life Arena, home of the Gamecocks basketball teams, and Williams-Brice Stadium, an 80,500-seat stadium for football about one mile south of the CMCC. Williams-Brice Stadium is the 22nd-largest football stadium in the U.S., including the NFL, and is the 18th largest college stadium. Colonial Life Arena, with 18,000 seats, is an NBA-sized arena, home of the USC Gamecocks and the first round of the NCAA Tournament 2019. It is the fourth-largest college arena in the SEC, and the 12th largest arena in all of college basketball, (excepting those colleges that play in actual NBA arenas and are not the primary tenant).

Additionally, the university offers a robust music and performing arts program that regularly present concerts and performances. The city also supports several non-university theaters and concert halls, whose viability are **greatly enhanced by the university's support and arts-minded patrons**. A major university that supports high levels of arts and sports programs enriches the entire community and amplifies its visibility nationwide.

Columbia benefits from a diversified offering for those seeking advanced degrees, including those students at Benedict College, Columbia College, Allen University, and Columbia International University, adding another 5,000 students. Overall, there is a mix of small and large educational institutions all within a reasonable and short drive time, making Columbia desirable to those interested in seeking additional course work, looking to earn their first degree, or for employers to offer continuing educational opportunities to improve their workforce talent.

Local Area Attractions

Columbia, as the state capital in the center of the state, offers a variety of museums, arts institutions, music halls and clubs, natural areas, and family attractions that cater to an assortment of visitors and residents at all age ranges. These amenities contribute to the ability of Columbia to attract new residents and visitors to the region, and to attend conventions and meetings at the CMCC. Among the attractions are neighborhood retail, restaurants and entertainment districts that appeal to university students, adults and conventioners. The influence of large universities often have a way of making visitors feel young at heart. Entertainment districts that cater to the student population often carry their own special flavor and character that is tied to the history of student life at the hometown university, and the energy feeds the entire community.

These attractions can generate demand for lodging accommodations and can induce additional economic activity which can help to stimulate opportunities for local business and visitors, as well as enticing individuals looking to move to the area. This section highlights some of the attractions in Columbia and the surrounding counties, with special consideration for those that would be appealing to visitors that stay in Columbia during conventions and meetings.

The following table shows the top attractions in Columbia and the metropolitan area.

Table 2-8

Columbia Area Attractions		
TripAdvisor Ranking	Name	Type of Attraction
1	Riverbanks Zoo and Botanical Garden	Outdoor Family Attraction
2	Columbia Canal and Riverfront Park	Nature & Parks
3	South Carolina State House	Sights & Landmarks
4	South Carolina State Museum	Museums
5	Saluda Shoals Park	Nature & Parks
6	Soda City	Food & Drink
7	University of South Carolina	Sights & Landmarks
8	Colonial Life Arena	Arena
9	Spirit Communications Park - Columbia Fireflies	Minor League Baseball
10	EdVenture Children's Museum	Museums
	Other Attractions (not ranked)	
	Columbia Museum of Art	Museum
	701 Center for Contemporary Art	Museum
	Williams-Brice Stadium	College Football Stadium
	SC Confederate Relic Room & Military Museum	Museum
	Hampton-Preston Mansion	Historic Mansion
	Robert Mills House & Gardens	Historic Mansion
	Mann-Simmons Site	Historic Mansion
	African American History Museum	Museum
	Founders Park	Memorial
	First Baptist Church Historic: 1859)	Museum/Historic Site
	Findlay Park & War Dog Memorial	Memorial
	World's Largest Fire Hydrant	Pop Sculpture
	Tunnel Vision Mural	Pop Sculpture
	Hootie & The Blowfish Monument	Pop Sculpture
	River Rat Brewery	Brewery
	Attractions Outside of Downtown Area	
	Congaree National Park	Nature & Parks
	Dipratos (destination boutiquefeaturing pimento chee	Boutique
	Village at Sandhill	Upscale Shopping Center
	The Spur at Northwoods (Pete Dye Golf Course)	Golf Course
	Fort Jackson (four museums relating to military)	Museums
	Districts	
	Conargee Vista District (known as The District)	Historic Industrial Area-based Restaurants, Boutiques, Nightlife
	Five Points	Student-based Restaurants, Boutiques, Nightlife
	Main Street	Downtown Core with Restaurants & Boutiques

Source: TripAdvisor, Visit Columbia, and various websites



Columbia has developed and nurtured a collection of attractions that are within walking distance or a quick car ride of the Columbia Metropolitan Convention Center, many of which are in or immediately adjacent to the Congaree Vista District, an area of historic warehouse buildings, train stations, grain elevators, and related buildings that have been repurposed and renovated during the 1990s through recent years, to create a vibrant arts and entertainment district. Visitors may feel a sense of youthful vigor when they visit Columbia, as it is the **area's most** eclectic compilation of independently-minded boutiques, nightlife and colorful restaurants. In **relation to the state's other tourist destinations, Myrtle Beach is the state's most robust tourism**-based collection of retail and entertainment, and Charleston is well-known for its Antebellum plantations and mansions. However, **Columbia's unique college-town** vibrancy is quirkier, edgier, more Southern, and has an annually renewed college-town flavor with its own stable of Southern American historic attractions that are deeply entrenched in the fabric of the city. Columbia can capitalize on that special energy to draw new conventions and meetings, which can in-turn, **spread the word about Columbia's own qualities as a destination in its own right.**

The following highlighted districts in downtown Columbia are important to the character of the city. These are areas to which many convention attendees may be attracted.

Congaree Vista District

The Congaree Vista District was formerly home to a few railroad stations, grain mills, an industrial water channel, and the bulk of the historic industry that built the early economy of Columbia in the 1800s.

Today, "The Vista" district is centered on Gervais Street between the **city's primary** business district, and the Congaree River and Canal. Dozens of Civil War-era buildings, railroad stations, milling plants, and other old industrial structures have been renovated and repurposed into a walkable district of restaurants, nightlife, boutiques, hotels and museums. It **has become the city's most eclectic** and vibrant entertainment arts district since renovations began in the late 1980s, and especially since the mid-1990s. The area is home to over ten artists' galleries representing over 60 artists, 75 restaurants and eateries, a large Publix grocery (in Gervais Place, a former Confederate printing plant), hotels, art and history museums, and 25 independent boutiques as of 2019. The Vista is the most appealing urban recreation and entertainment district in the Midlands region, and **its proximity to the CMCC cannot be overstated in terms of its importance to the city's convention business growth.**

The following is an aerial photo of the Vista District with Gervais Street in the center.

Figure 2-5



As shown, old brick structures are complimented by new construction. This area is the fastest growing portion of downtown Columbia, including hundreds of new residential units.

The following table shows the art galleries in the Vista District.

Table 2-9

Columbia - The Vista Art Gallery Supply		
Gallery Name	Address	Node
701 Center For Contemporary Art	701 Whaley St	The Vista
Caroll Saunders Gallery	922 Gervais St	The Vista
City Art	1224 Lincoln St.	The Vista
Ellen Taylor Interiors + Design	1012 Gervais St	The Vista
The Gallery at Nonnah's	923 Gervais St.	The Vista
If Art Gallery	1223 Lincoln St	The Vista
Lewis + Clark	1001 Huger St	The Vista
One Eared Cow Glass	1001 Huger St	The Vista
Stormwater Studios	413 Pendleton St.	The Vista
Studio Cellar	912 Lady St	The Vista

Source: Hunden Strategic Partners, vistacolumbia.com, google.com

As shown above, there are ten art galleries, which is the highest concentration of artists outlets in the city. The city's art museums are also within walking distance of the Vista District, creating the center of the area's artist



community, and is supported by the college students and highly educated average adult population in the metro area.

Main Street District

The business district along Main Street extends for about seven blocks or more north from the South Carolina Statehouse at Gervais Street. It is the home of several restaurants, boutiques, offices, large hotels, and the popular Saturday city/farmers market called Soda City Market. Although it is farther from the CMCC, it is still within a reasonable distance for some visitors to explore, particularly if they are staying in one of the hotels in the Main Street district.

Five Points

Five Points is the community and student-oriented village-style business district reminiscent of a small town. With a long history of sports enthusiasts on and near campus (devoted to Gamecocks football, in particular, and hosting big-time Southeastern Conference rivals), Five Points is always lively, and is especially so during autumn weekends. About six square (and triangular) blocks in a valley act as the community village center of several neighborhoods southeast of downtown, and are filled with USC gear shops, independent boutiques, restaurants of many cuisines, bars and live music **nightclubs, and is the city's longest-**activated entertainment district at over 100 years old. Painted murals, several whimsical sculptures (including the Hootie and the Blowfish sculpture), fountains, and an art-deco lighted theater marquee visually punctuate the public scene. Many locally famous chefs, restaurants, bars and musicians call Five Points home. It is too far for which most convention goers to walk, however, the lively scene is an easy commute via Uber or Lyft, about one mile east of the CMCC.

Other popular destinations include the Riverbanks Zoo and Botanical Garden, the walking paths along the restored canal and river, historic mansions and gardens, Soda City, and South Carolina State Museum. The city lacks a major nationally-known tourism draw outside of USC sports, and that will only appeal to a minority of visitors. Columbia is not alone in searching for the next trending headline attraction, so until that becomes fulfilled, the metro area is improving the attractions that they have, and creating variety of tourist-friendly packages.

Conclusions

Columbia is a classic Southern American city with history around every corner. It is also a classic college town that, with its popularity from decades of graduates and newcomers attracted to its employment and way of life, **has outgrown the obscure "college town" mold, and transitioned into a true urban center with a host of new and** historic attractions that are the ingredients of a metropolitan city. It is also the state capital that is growing in each of its metropolitan areas, and there is great stability in possessing that powerful duo of state politics and large state university.

With over 840,000 people in the metro area, and reaching towards 1,000,000 in the next twenty years, the South and the rest of the nation are beginning to recognize this one-time provincial state capital as a significant urban area today, worthy of notice. What were once tired brick relics of a Confederate-era industrial center have



been quietly converting into a charming urban setting for modern cuisine, art galleries, history museums, and lively entertainment, especially in the Vista. The population is educated, arts-oriented, college-sports fanatical and growing beyond the core counties in suburban sprawl. The city can have no better friend than the University of South Carolina athletic teams, which place the city on television sets across the nation several times annually. While sports may gain some notoriety, it is the ubiquitous presence of sophisticated arts and the revival of its historic buildings in the city that is taking center stage as a leader progressing Columbia forward. The expansion of the CMCC and development of Vista Station are continuing that vision for the city.

The Midland's high level of education attainment, robust household incomes, highway access and growing population are strong indicators of the success of large developments such as the Project. These strong local economic indicators are part of the reputation that are needed to grow Columbia into the national mix of larger cities. Columbia is well-connected by highways to the rest of the Southeast region to host major shows and meetings, and a strained daily airline flight capacity is not enough to thwart a growing convention business for now. A growing collection of the state-wide and regional associations is a ready-made situation for Columbia to host more and larger meetings and conventions at the statewide and regional level. One piece that could help the city is having a nationally noteworthy tourist attraction. As of today, the city is capturing the magic of the Southern charm and history already there.

While Columbia does not have mountains, beaches, or a tourist-oriented national reputation like Charleston, Myrtle Beach or Asheville, the convention business is very much an industry that can be created in nearly any city with the right mix of walkable amenities and meeting space. Columbia finds itself in a position like many other land-locked cities in the U.S. that have made their name in the convention business a generation ago. Cities such as Atlanta, Houston, Charlotte, San Antonio and Indianapolis significantly manufactured their travel image with expanded convention districts combined with sports arenas and bolstered downtown restaurant and nightlife scenes.

Columbia is in a position to follow closely behind where new emerging convention cities are blazing trails today, such as Louisville, Nashville, Columbus and Salt Lake City. The growth of the Columbia Metropolitan **Convention Center is a testament to the city's appeal as a regional destination, as well as its drive to become a major metropolitan city. The pieces are falling into place for Columbia's meetings and convention business, and it was wise for the city leaders to geographically place the convention center's front door in the heart of the Vista's historic district.** An expanded convention center and hospitality package will be a major piece of the overall growth of Columbia's **near and distant future.**

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CONVENTION AND MEETINGS MARKET ANALYSIS

As part of the Project, the Client proposes a major expansion of the CMCC, as well as a major headquarters hotel. This expansion will add approximately 96,000 square feet of function space, including 72,000 square feet of exhibit space, effectively quadrupling the existing exhibit space, and 15 breakout rooms totaling approximately 24,000 square feet.

This chapter will detail current convention and meeting industry trends, profile competitive facilities, and discuss stakeholder feedback, all of which will inform the ultimate implications for the expanded CMCC.

Convention and Meetings Market Industry Trends

It is important for stakeholders in Columbia to understand the forces shaping the ever-changing meetings business. The expectations for ease, convenience and low prices have increased, while the yearning for authenticity and large blocks of branded hotel rooms and attached high-quality flexible spaces has also increased. Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities and breakout meeting rooms. This increases the need for well-designed multi-purpose facilities.

The following table summarizes the key attributes of various types of meetings held in the industry today, including facility requirements.

Table 3-1

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 15,000	250 - 50,000	8,000 - 1,000,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels

Source: HSP

The various types of convention and conference center events are described as follows:

Conventions are high-impact events from an economic standpoint because a large percentage of attendees originate from outside the local area and typically stay several nights in the host city while spending money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany a significant number of attendees. Associations, professional groups and other membership organizations hold conventions and attendance generally ranges from 150 to 50,000 attendees. The larger meetings take place in convention centers with large exhibit halls, but the majority of events require less than 50,000 square feet.

Trade Shows offer a forum for exchanging industry ideas. They are more product- and sales-oriented than conventions. Trade shows typically attract a large number of attendees, who often originate from outside the host city, but tend to have a shorter average stay.

Consumer Shows are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town.

Assemblies are social, military, educational, religious, and fraternal (SMERF) events. They can attract large numbers of people and require seating arrangements to support all visitors. Larger assemblies are held in arenas or stadiums while smaller assemblies are held in venues such as school auditoriums, churches and community centers. Similar to conventions, many attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space.

Sports events are high-impact events similar to conventions due to the typically high number of attendees coming from beyond the local area. Indoor sports, such as basketball, volleyball, dance, cheerleading, wrestling, boxing, table tennis, pickleball, etc., typically require large exhibit spaces, changing rooms for athletes and spectator seating.

Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences. These events do not usually require exhibit space, but otherwise the facility demands are similar to those of convention - such as meeting space for general sessions, food service facilities and breakout rooms. Hotels and conference centers typically serve as venues for conferences.

Corporate Meetings include training seminars, professional and technical conferences, business/job fairs, incentive trips and management meetings. Corporate meeting planners and attendees demand high-quality facilities. High-quality and flexible technology capabilities are essential elements that corporate and business users require when selecting meeting facilities.

Banquets are typically locally-generated events, from social and wedding events to an annual Chamber of Commerce event, which can be the largest of its kind in a given city. A mainstay of hotels and convention centers, banquets provide significant catering income and provide the community with its largest dining room, in most cases.

The following table outlines the important factors when selecting a U.S. meeting destination.

Table 3-2

	Important Factors when Selecting a U.S. Meeting Destination		
	Convention	Association Meeting	Corporate Meeting
Number, Size and Quality of Meeting Rooms	93%	69%	81%
Negotiable Food, Beverage, and Room Rates	87%	80%	79%
Cost of Hotel Meeting Facility	82%	80%	80%
Number, Size and Quality of Sleeping Rooms	79%	54%	72%
Quality of Food Service.	70%	63%	70%

Source: Meetings Market Report

When choosing destinations for events, planners want every space and hotel need met at a very low price. Destination appeal can trump cost, but only if they know that attendance will increase.

The table below depicts the importance of proximate amenities.

Table 3-3

Areas & Amenities	Event Site-Selection Trends - Areas and Amenities		
	Very Important	Moderately Important	Not Important
On-Site or Near-by Parking	100%	0%	0%
Highway access	75%	25%	0%
Hotels	64%	18%	18%
Proximity to restaurants and bars	36%	45%	18%
Proximity to mass transit access	33%	50%	17%
Suburban areas	25%	50%	25%
Entertainment areas	18%	45%	36%
Downtown business district	17%	50%	33%
Proximity to tourism, cultural attractions	8%	58%	33%
Airport	8%	33%	58%
Sports facilities	8%	17%	75%
Universities/Colleges	8%	17%	75%
Ocean beachfront areas	8%	8%	83%
Proximity to recreational activities	0%	58%	42%
Manufacturing bases	0%	25%	75%
Resorts	0%	25%	75%
Casino/Gaming Destination	0%	8%	92%

Source: R7M Research & Consulting

On-site or nearby parking availability is a critical issue for most public-consumer shows. Another critical issue is highway access. Event and meeting planners want attendees to have easy and convenient access to the facility with plenty of available parking once they arrive. Hotels are another important amenity for exhibitors and attendees.

The table below depicts the changes in event and meeting planner's events and shows according to R7M Research and Consulting.

Table 3-4

Changes in Event & Meeting Planner's Events and Shows	
Changes	Percentage
Increased Negotiations	72%
Requiring more telecom/internet bandwidth and related services	72%
Shorter booking windows, they are booking closer to the event dates	68%
Requiring higher-quality food and beverage	52%
Event attendance is growing	40%
Events are getting larger in terms of space requirements	40%
Requiring attendance promotion assistance	32%
Short Events in terms of total number of days	28%
Events attendance is declining	20%
Events are getting smaller in terms of space requirements	20%
Asking for more Public Relations assistance and outreach to city and regional leaders	16%
Shorter event day periods	12%
Focusing more on event design and ambiance	12%
Longer event day periods	8%
Longer booking windows, they are booking further from the event dates	8%
Other	4%
Source: R7M Research & Consulting	

Event and meeting planners are utilizing their leverage, being in a buyer's market, to negotiate better deals. Their events require more telecom/internet bandwidth and higher-quality food and beverage than the average customer.

Even though 68 percent of events and shows are being booked closer to the event date compared to the eight percent being booked further in advance, 32 percent of events and shows are requiring attendance promotion assistance, which puts more pressure on convention centers overall.

CONVENTION AND MEETINGS INDUSTRY COMPETITIVE FACILITIES

HSP identified, profiled and analyzed the existing local supply and demand of stand-alone conference centers, hotel affiliated conference centers and university related conference centers throughout Columbia. Additionally, HSP assessed the regional competition by market and facilities that exists. In doing so, HSP synthesized implications that will inform the feasibility of expanding the CMCC. Throughout the process, HSP reviewed the critical components of each venue to determine how the expansion will perform within the regional marketplace.

Regional Competitive Convention Centers

HSP identified meeting and event facilities within and the region immediately surrounding Columbia. To identify such facilities, HSP spoke with local stakeholders and those familiar and knowledgeable with the regional convention market.

The following table summarizes the competitive regional meeting and event facilities and is sorted by total function space (SF).

Table 3-5

Competitive Environment - Convention and Event Centers									
Facility	Location	Total Function Space	Exhibit Space	Ballroom Space	Meeting Space	Walkable Hotels	Walkable Hotel Rooms	Walkable Hotel	Walkable Hotel
								Rooms/ 10k SF of Function Space	Rooms/ 1k SF of Exhibit Space
Charlotte Convention Center	Charlotte, NC	375,321	280,000	35,000	60,321	14	3,358	89	12
Greenville Convention Center	Greenville, SC	339,870	280,000	30,000	29,870	3	412	12	1
Birmingham Jefferson Convention Complex	Birmingham, CA	314,654	200,415	39,044	75,195	3	1,200	38	6
Raleigh Convention Center	Raleigh, NC	208,102	145,843	32,617	29,642	3	929	45	6
Georgia International Convention Center	Atlanta, GA	206,580	151,200	40,300	15,080	3	754	36	5
Cobb Galleria Center	Atlanta, GA	183,698	144,000	25,000	14,698	4	1,169	64	8
Knoxville Convention Center	Knoxville, TN	181,406	119,922	27,300	34,184	7	1,102	61	9
Hyatt Regency Atlanta	Atlanta, GA	161,939	58,253	56,150	47,536	22	9,159	566	157
Savannah Int'l Trade and Convention Center	Savannah, GA	141,904	97,750	25,000	19,154	2	489	34	5
Chattanooga Convention Center	Chattanooga, TN	139,470	100,000	17,466	22,004	8	1,367	98	14
Myrtle Beach Convention Center	Myrtle Beach, SC	131,931	100,800	16,890	14,241	1	400	30	4
Sevierville Convention Center	Sevierville, TN	129,615	108,245	19,290	2,080	2	394	30	4
Hilton Atlanta	Atlanta, GA	122,333	41,000	39,000	42,333	12	7,319	598	179
Atlanta Marriott Marquis	Atlanta, GA	120,636	--	73,357	47,279	20	8,911	739	--
Charleston Area Convention Center	Charleston, SC	121,138	76,960	24,960	19,218	5	793	65	10
The Westin Peachtree Plaza	Atlanta, GA	102,080	--	53,235	48,845	21	8,993	881	--
Sheraton Greensboro at Four Season	Greensboro, NC	96,493	--	63,775	32,718	10	1,985	206	--
Gatlinburg Convention Center	Gatlinburg, TN	94,076	66,910	17,064	10,102	29	2,514	267	38
Infinite Energy Center	Duluth, GA	87,105	52,000	21,600	13,505	2	309	35	6
Omni Atlanta Hotel at CNN Center	Atlanta, GA	67,409	15,000	33,970	18,439	10	2,805	416	187
Jekyll Island Convention Center	Jekyll Island, GA	64,810	--	45,140	19,670	2	307	47	--
Sheraton Atlanta Hotel	Atlanta, GA	58,231	--	28,966	29,265	12	7,425	1,275	--
Asheville - US Cellular Center	Asheville, NC	51,196	47,049	4,147	--	11	1,278	250	27
Wilmington Convention Center	Wilmington, NC	47,931	30,173	12,000	5,758	6	834	174	28
Embassy Suites by Hilton Myrtle Beach Oceanfront	Myrtle Beach, SC	46,343	--	27,360	18,983	2	608	131	--
Florence Civic Center	Florence, SC	34,250	--	14,500	19,750	9	941	275	--
Durham Convention Center	Durham, NC	31,762	--	26,996	4,766	5	576	181	--
Average	--	135,566	111,343	31,486	26,717	8	2,690	198	24
Columbia Metropolitan Convention Center	Columbia, SC	55,827	23,700	16,704	15,423	4	581	104	25
CMCC w/ proposed expansion	Columbia, SC	152,327	96,000	16,704	39,623	7	1,163	76	12
Difference from Average		-16,761	15,343	14,782	-12,906	1	1,527	122	12

Source: Various Facilities, McMillan Pazdan Smith

The competitive facilities in the region range from 30,000 square feet to 375,000 square feet of function space. Once expanded, CMCC will outgrow many of its competitors (those highlighted in dark gray) but will also begin competing more directly with the larger facilities on this list.

If the Project is developed as proposed, only eight competitive facilities will have more function space and only five will have a larger walkable hotel package (not including Atlanta facilities) than CMCC.

However, due to the greater increase in function space relative to the proposed new hotel rooms, CMCC will have fewer hotel rooms per 10,000 square feet of function space. Without additional walkable hotels, hotel room availability may become a limiting factor for large groups wanting to host events at CMCC post-expansion.

The following figure shows a map identifying the locations of the regional competitive convention and meeting facilities for Columbia.

Figure 3-1



The CMCC has 18 competing convention and event centers and nine large conference hotels across South Carolina and the region. Greenville, Florence, Charleston and Myrtle Beach are the most competitive for state association business. Between the Myrtle Beach Convention Center and Myrtle Beach Sports Center, the Myrtle Beach area is also highly competitive for sports groups.

While many of the largest groups would not be able to fit in CMCC or its statewide competitors, facilities in the Atlanta metro and near the East Coast of Georgia, as well as Alabama, North Carolina and Tennessee are able to accommodate these groups within the region.

Primary Competitive Meeting Facilities

This section will profile the existing supply of primary competitive meeting facilities located near Columbia.

Charleston Area Convention Center

The Charleston Area Convention Center (CACC) was originally built as an arena and performing arts center for \$22 million in 1959. After multiple renovations, the CACC was expanded with the addition of the coliseum and the renovation of the original arena, which is now the convention center, known as the Grand Hall. The expansion budget was \$62 million. The City of Charleston owns the CACC, and it is operated by SMG. The convention center campus offers more than 121,000 square feet of total meeting space, 13,000 fixed seats in the coliseum, and 2,341 fixed seats in the performing arts center.

The following figure details the layout of the Charleston Area Convention Center campus.

Figure 3-2



There are 792+ walkable hotel rooms surrounding the CACC, all of which are detailed below:

- Embassy Suites – 225 rooms (connected),
- Tru by Hilton – 118 rooms (U/C, walkable),
- Home2 Suites – 122 rooms (walkable),

- Hyatt Place – 127 rooms (walkable),
- Hilton Garden Inn – 169 rooms (walkable), and
- Residence Inn – 150 rooms (walkable).

As stated above, the CACC is attached to a 225-room Embassy Suites, which also offers 3,400 square feet of its own function space in five meeting rooms. The CACC also benefits greatly from being only five minutes from the Charleston International Airport.

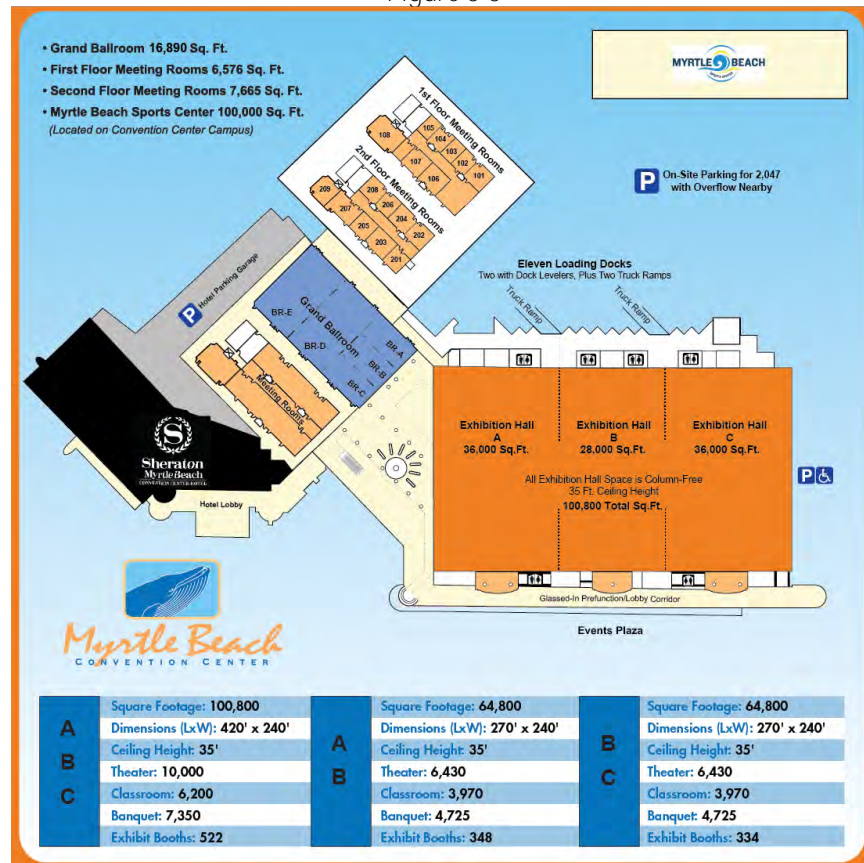
Myrtle Beach Convention Center

The Myrtle Beach Convention Center (MBCC) was originally constructed in 1967 at a cost of \$23 million. In 1994, the facility underwent a major \$62 million expansion. The facility is owned by the City of Myrtle Beach and operated by SMG.

At 250,000 square feet, MBCC is one of the largest convention facilities on the East Coast. The facility offers more than 100,800 square feet of exhibit space, 17,000 square feet of ballroom space, and 14,241 square feet of meeting room space. The facility caters primarily to convention and sports tourism.

The following figure details the function space breakdown of the MBCC.

Figure 3-3



There are 608 walkable hotel rooms surrounding the MBCC. The Sheraton Hotel Myrtle Beach Convention Center is the attached headquarters hotel for the facility. The Sheraton opened in 2003 and was renovated in 2014 for a total of 400 rooms.

MBCC is located less than five miles from the Myrtle Beach International Airport and roughly 70 miles from Interstate 95.

Savannah International Trade and Convention Center

The Savannah International Trade & Convention Center (SITCC) originally opened in 2001 at a cost of \$55 million. The current facility includes 100,000 square feet of exhibit hall space, 25,000 square feet of ballroom space, a 367-fixed seat auditorium, 13 meeting rooms, and four board rooms. The facility hosts approximately 160 events per year.

SITCC is currently planning a large expansion to the facility. The expansion will double the size of the exhibit hall and add a second ballroom for a total of 40,000 square feet of ballroom space. The expansion will add an additional 24,000 square feet of breakout space as well as a 900-space parking garage. Operators anticipate

that the cost of the expansion will be underwritten by \$23 million in state funds and \$200 million in state incentives.

The following figure shows a rendering of the SITCC expansion.

Figure 3-4



There are 1,386 walkable hotel rooms surrounding the SITCC, all of which are detailed below:

- Weston Savannah Harbor Golf Resort – 403 rooms (walkable),
- River Street Inn – 86 rooms (walkable),
- Hampton Inn – 147 rooms (walkable),
- East Bay Inn – 28 rooms (walkable),
- Olde Harbour Inn – 24 rooms (walkable),
- Holiday Inn Express – 143 rooms (walkable),
- Staybridge Suites – 104 rooms (walkable), and
- Hyatt Regency – 351 rooms (walkable).

Competitive Facility Implications

Overall, other facilities are capitalizing on the strength of the region. Charleston just completed a \$100 million expansion and renovation in October 2018. The Savannah Convention Center is planning to spend \$200 million to add 100,000 square feet of exhibit space, 40,000 square feet of ballroom space, 14 meeting rooms and a 900-space garage. Florence just completed an expansion that added a 14,000-square foot ballroom and 7,000

square feet of meeting space to the arena. Greenville is studying the community’s opportunity to develop a downtown convention center. Jackson Convention Complex is vying for a headquarter hotel to boost its marketability.

Coastal South Carolina and Atlanta have large conference hotels that capture many events just by having an under-one-roof advantage. These facilities are typically expensive relative to Columbia. The addition of an **attached headquarter hotel to CMCC would mitigate this issue and tip the scales in Columbia’s favor** due to more attractive rate structure (hotel and CMCC).

All four competitive convention centers in South Carolina (Charleston, Florence, Greenville, Myrtle Beach) have more space and better airport access than Columbia. Three have attached hotels and control a parking garage, which serves as a revenue stream that is currently not available to CMCC. **However, Columbia’s central location, pricing and size (post-expansion) would create a better value proposition than these markets.**

Convention and Meetings Industry Case Studies

HSP identified five convention facilities in major university and/or state capital markets that offer similar characteristics to Columbia and provide insights that are helpful in understanding successful facilities. State capitals generate much activity in the state association and political sectors, while universities generate many educational, fraternal and student-led events.

The following table provides a summary of the comparable facilities identified by HSP.

Table 3-6

Major University Market / State Capital Convention Centers										
Facility	City	State	University	State Capital	Total Function Space	Exhibit Space	Ballroom Space	Mtg. Room Space	Walkable Rooms	Walkable Rooms / 1,000 SF
Lexington Convention Center	Lexington	KY	Univ of Kentucky		104,709	66,000	23,498	15,211	1,185	11.3
Raleigh Convention Center	Raleigh	NC	NC State	✓	102,221	68,352	32,617	33,869	929	9.1
Lansing Center	Lansing	MI	Michigan State	✓	97,118	71,760	13,320	12,038	256	2.6
Monona Terrace	Madison	WI	Univ of Wisconsin	✓	62,830	0	57,564	5,266	618	9.8
Donald C Tucker Civic Center	Tallahassee	FL	Florida State	✓	47,775	33,915	10,836	3,024	300	6.3
Average	--	--	--	--	82,931	48,005	27,567	13,882	1,216	8
Monroe Convention Center	Bloomington	IN	Indiana University		20,866	0	12,146	8,720	607	29.1

Source: Various facilities, Smith Travel Research

Most of the facilities listed are larger than the CMCC currently but provide insight and set expectations for how an expanded CMCC might perform in a market similar to those profiled.

Lexington Convention Center

The Lexington Convention Center (LCC) is located in Lexington, Kentucky and is home to the 30,473 students that attend the University of Kentucky. The facility opened in 1976 at a cost of \$55 million. The facility is owned by the Lexington-Fayette Urban County Government and operated by the Lexington Center Corporation. The

LCC offers more than 104,000 square feet of total meeting space, including 66,000 square feet of exhibit space, 23,498 square feet of ballroom space, and 15,211 square feet of meeting room space.

The facility is currently undergoing a three-year, \$241 million expansion which will include 100,800 square feet of exhibit hall space, a 25,185-square foot ballroom, 30,270 square feet of flexible meeting spaces, and 110,234 square feet of pre-function and circulation space.

The following figure is a concept rendering of the expanded LCC.

Figure 3-5



There are 1,185 walkable hotel rooms surrounding the LCC. The headquarter hotel, connected to the convention center and the Rupp Arena, is the 366-room Hyatt Regency Lexington.

Raleigh Convention Center

The Raleigh Convention Center (RCC) is located in Raleigh, North Carolina, less than ten miles from the North Carolina State University campus. The university is home to 34,009 students. The RCC opened in 2008 at a cost of \$225 million. The facility is owned and operated by the City of Raleigh. The RCC offers more than 102,000 square feet of total meeting space, including 68,352 square feet of exhibit space, 32,617 square feet of ballroom space, and 33,869 square feet of meeting room space.

The following figure shows an image of the Raleigh Convention Center.

Figure 3-6



The following figure shows an image of the flexible exhibit space during a sports event.

Figure 3-7



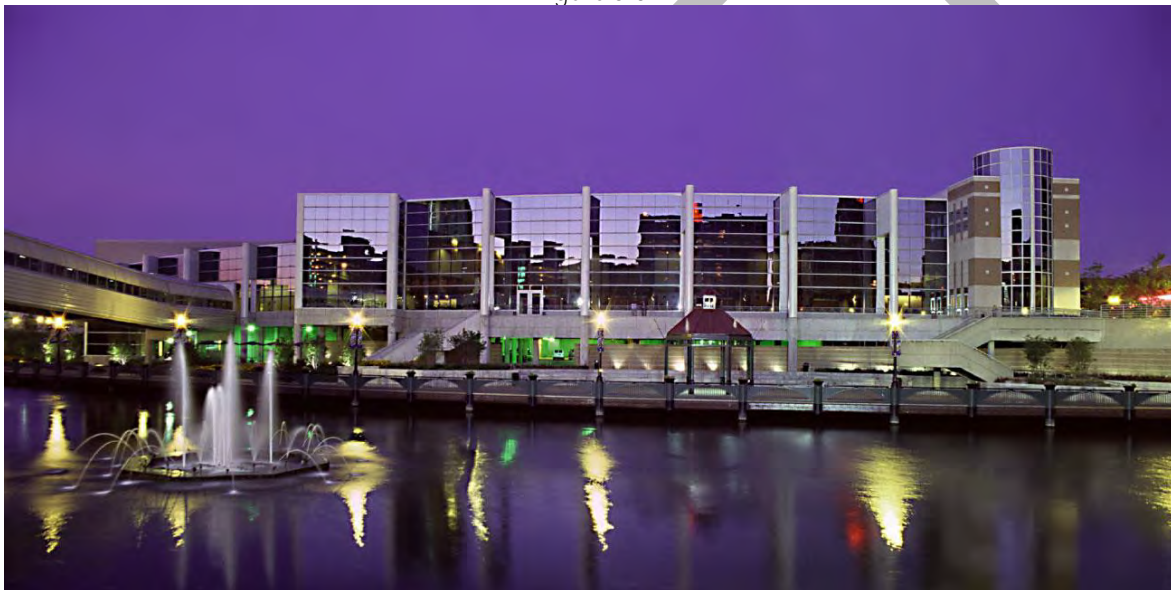
There are 929 walkable hotel rooms surrounding the RCC. The convention center's headquarter hotel is the 401-room Marriott Raleigh City Center.

Lansing Center

The Lansing Center (LC) is located in Lansing, Michigan, less than five miles from the Michigan State University campus. The university is home to 38,996 students. The LC opened in 1987, is owned by the City of Lansing and operated by the Lansing Entertainment and Public Facilities Authority. The LC offers more than 97,000 square feet of total meeting space, including 71,760 square feet of exhibit space, 13,320 square feet of ballroom space, and 12,038 square feet of meeting room space.

The following figure shows an image of the Lansing Center.

Figure 3-8



The following figure shows an image of the Lexington Center set up for an event.

Figure 3-9



There are 256 walkable hotel rooms surrounding the LC. The center's headquarter hotel is the 256-room Radisson Hotel at the Capitol.

Monona Terrace Community and Convention Center

The Monona Terrace Community and Convention Center (MTCCC) is located in Madison, Wisconsin, less than five miles from the University of Wisconsin campus. The university is home to 43,820 students. The MTCCC opened in 1997 at a cost of \$67.1 million. The facility is owned and operated by the City of Madison. The MTCCC offers nearly 63,000 square feet of total meeting space, including 57,564 square feet of ballroom space and 5,266 square feet of meeting room space. The facility does not have any exhibit space square footage.

The following figure shows an image of the Monona Terrace Community and Convention Center.

Figure 3-10



The following figure shows an image of the rooftop event space at the facility.

Figure 3-11



There are 618 walkable hotel rooms surrounding the MTCCC. The center's headquarter hotel is the 240-room Hilton Madison Monona Terrace.

Donald L. Tucker Civic Center

The Donald L. Tucker Civic Center (DTCC) is located in Tallahassee, Florida. The facility is located on the **campus of Florida State University and home to the Florida State Seminoles men's and women's basketball teams**. The university has 32,812 students. The DTCC opened in 1981 at a cost of \$33.8 million. The facility is owned by the Florida State University Board of Trustees and operated by Spectra. The DTCC offers more than 47,000 square feet of total meeting space, including 33,915 square feet of exhibit space, 10,836 square feet of ballroom space, and 3,024 square feet of meeting room space.

The following figure shows an image of the Donald L. Tucker Civic Center.

Figure 3-12



The following figure shows an image of the arena at the DTCC.

Figure 3-13



There are 300 walkable hotel rooms surrounding the DTCC. **The center's headquarter hotel is the 124-room Hampton Inn Capitol University.**

Case Study Takeaways

Typically, university towns are hotbeds for conferences, meetings and events related to the institution. However, because most are in smaller metros or micropolitan areas, they do not tend to attract many conventions of any size. These conventions tend to go to state capitals or larger market convention centers. The advent of indoor sports tournaments may be changing this trend. It is difficult to find non-state capitals that have facilities that do not participate in the indoor sports tournament industry with exhibit halls that are not on campus.

Columbia, on the other hand, is able to benefit from the University of South Carolina and by being the state's capital. A large amount of exhibit space and a larger ballroom are both critical in capturing the demand available to Columbia and the CMCC. The current facility lacks the larger spaces that will avail the attractive location, destination and rate structure to larger regional groups and potentially even national events.

Another critical factor to the success of the CMCC is its connected and walkable hotel package. For the 56,000 square feet of space CMCC offers today, the walkable hotel package could suffice. However, due to the heavy influence USC events have on the hotel market, many groups are pushed out or priced out by transient hotel demand. Upon expansion of the CMCC, a larger and *more accessible* walkable and blockable hotel package

will be paramount. Simply adding more rooms in hotels unwilling to provide a room block to large groups will hamstring Experience Columbia SC's and the CMCC's efforts to attract highly impactful groups and events.

Meeting Planner Survey and Feedback

HSP conducted a survey of meeting planners and user groups in the region surrounding Columbia to understand what these groups desire and require in order to host their largest events. The following section provides headlines of the feedback provided.

Responses include a cross section of organizations who would use CMCC for events. Respondents are from industries germane to CMCC's targeted use. **The majority of responses (76 percent) came from non-profit organizations, corporate organizations, other tradeshow venues, conference centers and a site selection firm.**

Opportunity to increase awareness for a potential increase in future business. About 80 percent of respondents have not held an event at CMCC and nearly the same percentage (79 percent) have not considered hosting an event at CMCC. A potential solution to increasing awareness could be expanding on **current marketing efforts reaching potential regional markets and tailoring CMCC's message to its top selling points: CMCC's ballroom, meeting room quality, meeting room size, walkability to hotel rooms as well as its destination appeal, according to respondents.**

The CMCC is limited in space to meet the needs of organizations and is in need of improvements. CMCC continues to lose business to larger markets (Atlanta, Detroit, Las Vegas, etc.) where amenities are larger and of better quality. Lack of sufficient **exhibit hall space continued to be the largest pain point reflected by a "below average" rating from respondents citing their dissatisfaction with the current space. Further, while organizational size ranges (151 to 4,000 attendees), no respondents listed the exhibit hall quality as "excellent" either, holding that it is at best, "average" in their view.**

The current square footage is too small and needs to at least double to attract more business. Even though CMCC does book business, respondents say they need a center with at least 50,000 square feet. That is double of what the current CMCC offers.

Hotel availability block is the most important factor when determining the selection of the venue. Desired meeting distance from the facility is very clear: respondents want hotel rooms to either be connected or less **than a block's walk. Peak hotel blocks range from 101 to 400 rooms with an outlier of 1,000+ rooms.** Average event length is usually 3 to 4 days.

Future CMCC business would be won by increasing amenities. Expanded exhibit hall space, expanded **ballroom space and new or expanded breakout rooms round the respondents' top choices which would attract organizations to CMCC for future business.** Additionally, 3 to 15 breakout rooms are said to be necessary.

Average daily rates for hotel rooms range based on organizations' needs. Survey respondents report paying rates of \$109 to \$200. Hotel pricing and as mentioned previously, hotel room block availability, continue to show themselves as additional factors necessary to consider when selecting a site for their conference.

The respondents and their organizations reside in cities or urban areas. These organizations seem savvy when choosing sites for their conferences. Air and highway access, city location relative to membership and

lack of awareness of CMCC are the top three answers why Columbia and CMCC continues to miss out on potential business. An awareness campaign could seek to solve some of these misperceptions but addressing the physical criteria like increasing square footage to accommodate larger groups and providing additional hotel room blocks would increase the likelihood in drawing their business.

Meeting planners are excited about the potential expansion. Compared to other existing facilities and the markets in which they are located, meeting planners perceive there to be a large opportunity for Columbia to become the top convention destination in South Carolina. Other facilities are too expensive and so are the hotels in their respective markets. Columbia needs a larger center and more hotels with available room blocks to take the top position in the state. The central location and attractive rates are very important. Further, some meeting planners believed that with the proposed Project, Columbia could become the newest national destination for conventions, however, airport access is major concern as the limiting factor from a national event standpoint.

Meeting planners believe the greatest opportunities for the CMCC are in sports and national level corporate and association business and, recapturing state associations. Meeting planners perceive the lack of an all-in-one event package (missing attached hotel) as one of the most significant reasons for state associations hosting events on the coast in large conference hotels instead of the CMCC. Some groups are going for the beach, but many want to have everything under one roof, which CMCC cannot offer currently. With the proposed expansion, many state associations will seize the opportunity to have a more convenient, less expensive, centrally located event and sports groups will have the exhibit space necessary to host their events in Columbia, as well. Hotel and facility rates are also very important to these groups.

User groups have widely varied needs, but many just want *more*. Many groups are simply outgrowing the space available at the CMCC and need more and larger spaces. Groups are being creative in how they set up and utilize what is available, but more exhibit space is highly sought after, as are additional breakouts and a larger ballroom. The idea of having the flexible and convertible exhibit hall to ballroom space inspires new thinking in how user groups could manage and set up their event. Having a ballroom and exhibit hall space on the same floor was very attractive to some groups, while others wanted double or triple the exhibit space and more breakouts but were content with the Columbia Ballroom.

Conclusion

Competition in the convention and meetings market is strong and growing in the region surrounding the CMCC. A major expansion planned for the Savannah International Trade and Convention Center will place it in a category above the CMCC, **even once the CMCC's expansion is completed. The attractive all-under-one-roof packages available at coastal facilities and others are capturing demand that could otherwise be captured in Columbia.**

Columbia has a value proposition in terms of central location, facility and service quality, facility rates and hotel rates, but lacks the size of spaces (exhibit and ballroom), connected headquarter hotel and walkable, blockable hotel package that other facilities are able to offer. Once the proposed expansion of the CMCC is completed and the Hyatt Regency and other hotels are developed in the adjacent Vista Station, the CMCC will have a much more complete and competitive convention and hospitality package to offer to statewide, regional and even national groups.

HSP believes that the Project will be a game-changer for the **CMCC and the community in terms of the facility's ability to capture demand and generate economic, employment and fiscal impacts.** Projections of the post-expansion CMCC's performance and its impact on the community will be presented and discussed later in this report.

DRAFT

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DRAFT

HOTEL MARKET ANALYSIS

The proposed CMCC Expansion and Vista Station includes an expanded CMCC, three new hotels, multiple parking garages, an office tower, multiple restaurants and entertainment options, and multi-family residential units. This chapter will provide a review of national hotel trends as well as an in-depth analysis of the Columbia hotel market.

As part of the expansion, Vista Station is proposed to include the following hotel properties:

- Hotel Anthem (Tapestry by Hilton) (148,000 square feet; 158 rooms)
- Hyatt Regency (430,000 square feet; 387 rooms)
- Hyatt Caption or Hilton Brand Select-Service Lifestyle Hotel (90,000 square feet; 130 rooms)

The figure below depicts the proposed site layout for the Project, including placement of the three new hotels.

Figure 4-1



As shown, as the headquarter hotel, the Hyatt Regency will be attached to the CMCC with its ballroom located immediately next to the shared wall of the CMCC. Then the parking garage for the CMCC/Hyatt Regency will be located between them. The Hotel Anthem will be immediately north of the Hyatt and adjacent to the existing Depot Building. The Hyatt Caption or Hilton Brand Select-Service Lifestyle hotel will be located across a 70-foot wide promenade from the Hyatt Regency.

National Hotel Market Trends

A thorough understanding of the national hotel market and relevant industry trends is important to the development prospects of any hotel project, whether it involves macro supply and demand issues, amenity trends, financing or other trends impacting the industry.

The following table shows selected characteristics of the U.S. lodging industry from 1992 through April 2019.

Table 4-1

National Lodging Industry Annual Summary						
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	\$59.62	--	\$36.90	--
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
2011	60.1%	4.3%	\$101.64	3.6%	\$61.06	8.1%
2012	61.4%	2.2%	\$106.10	4.4%	\$65.17	6.7%
2013	62.3%	1.5%	\$110.35	4.0%	\$68.69	5.4%
2014	65.0%	4.3%	\$115.26	4.4%	\$75.66	10.1%
2015	65.6%	0.9%	\$120.01	4.1%	\$78.67	4.0%
2016	66.7%	1.7%	\$124.00	3.3%	\$83.00	5.5%
2017	65.9%	-1.2%	\$126.29	1.8%	\$83.48	0.6%
2018	66.2%	0.5%	\$129.83	2.8%	\$85.96	3.0%
2019 YOY (Apr)	68.0%	0.3%	\$131.85	0.9%	\$89.67	1.2%
<i>Avg. Annual Growth Rate</i>		<i>0.31%</i>		<i>3.08%</i>		<i>3.48%</i>

Source: Smith Travel Research

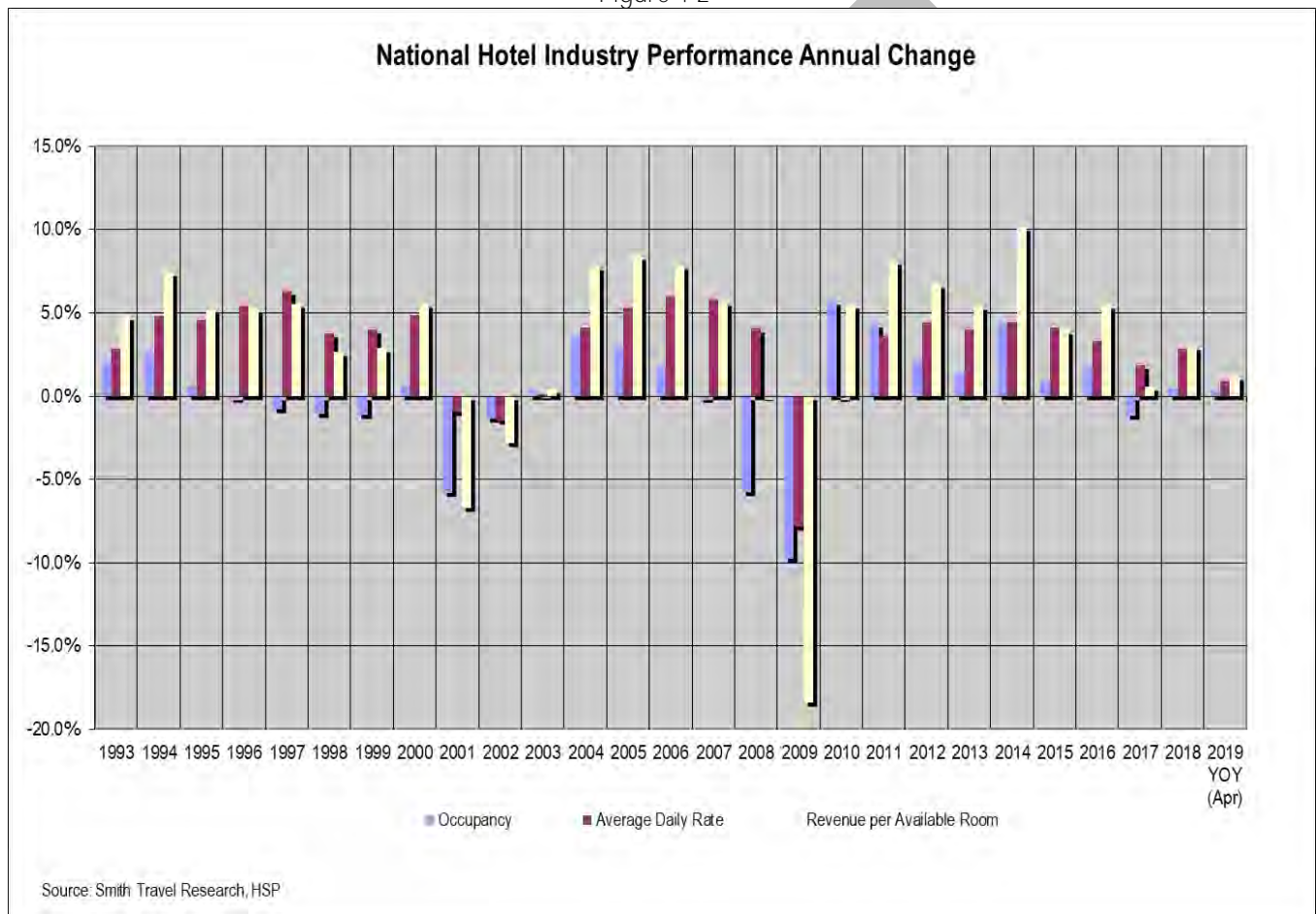
The latest recession, beginning in 2008, was the most severe recorded in the hotel industry post-depression. In the years following the recession, occupancy peaked to an all-time industry high of 66.7 percent in 2016,

consistently increasing on an annual basis starting in 2009 with an occupancy of 54.5 percent. Performance in 2018 had a half-percent increase over 2017. Additionally, ADR followed a similar trend, continuously increasing year-over-year from \$98.02 in 2010 to \$129.83 in 2018, an increase of nearly one percent.

Revenue per available room (RevPAR) increased in 2018 to \$89.67, which was a three-percent change from 2017. Occupancy, ADR and RevPAR have all experienced slight upticks year-over-year for April 2019, as well.

The figure below depicts the aforementioned data in graph form, highlighting the annual change in performance statistics.

Figure 4-2



Post-recession industry performance significantly improved from the drastic decline in 2008 and 2009 before continually increasing each year through 2016. As the above graph indicates, from 1996 through 1999, and again in 2007, 2008 and 2017, ADR increased even when occupancy declined. This speaks to the concept of **maximum practical occupancy**. At a certain average occupancy, enough “sold-out” dates exist, which can create enough demand pressure to raise rates.

A typical accepted rule of the thumb in the hotel industry is that the ADR multiplied by 1,000 will give a developer a sense of what hotel cost/room the market will support. For example, a hotel expected to perform at \$125 per night on average could be developed for approximately \$125,000 per room.

Most full-service convention headquarter hotels cost \$300,000 per room or more.

Other Trends of Note

Several other trends have been occurring in the industry over the past several years. These include:

- **Brands Multiply.** Worldwide, the expansion of brands continues to change the face of the competitive environment. Major brands are competing fiercely, as they are eager to show earnings growth and increased market share to Wall Street. Using multiple brand families clustered in the same corporate structure, proprietary reservation systems and corporate programs all work in tandem to drive business. Comparing profit potential of a branded hotel to one without a brand is becoming a serious consideration for hotel owners. At the same time, the increased proliferation of brands means that fewer independents struggle for fair share, and they are using price as the preferred strategy to drive demand.
- **Companies Consolidate.** The buyout/merger of Marriott and Starwood represents the high-water mark of many brands and companies consolidating. In the past several years, many hotel companies have merged in order to improve their scale and marketplace power, as well as take advantage of the current market dynamics. Chinese buyers have also been exerting their influence with the purchase of many hotels and hotel companies.
- **Boutique Brands.** This seemingly incongruous phrase is a trend occurring in the industry. The largest brands have run out of market segments to fill, so they are seeking the last bastion of the industry: **independent boutique hotels. By creating a boutique “collection” or also known as a “soft brand” that can benefit from (and provide distribution to) the primary brand family, both the hotel and brands can prosper.** For example, with all traditional niches covered, Marriott has now entered the boutique market with the Autograph Collection. These hotels are neither owned nor operated by Marriott, and do not even carry a Marriott brand, per se, but use the Marriott reservation system to route travelers to these formerly independent hotels. Guests benefit by getting their Marriott points and expectation of high-quality standards they have come to expect with the Marriott brand. Hilton has also entered the boutique market with a **new “soft brand” called Canopy and a new collection of formerly independent upscale hotels called the Curio Collection**, as well as the Tapestry Collection. Intercontinental Hotel Group purchased boutique hotel company Kimpton, expanding their profile beyond Intercontinental and Holiday Inns. Starwood has launched the Tribute brand, which is basically the same type of boutique hotel collection as Curio and Autograph, and is now part of Marriott.
- **Shared Spaces and Home/Apartment Rentals.** The advent of Airbnb has transformed the lodging industry in the past few years, much as Uber and Lyft have done with the hired car industry. Home and apartment rentals through VRBO, Homeaway, Airbnb add inventory to many compressed and expensive markets. In some places like San Francisco, Silicon Valley and New York, residents rent their homes to travelers in order to pay the rising cost of rent. High rates of hotel occupancy and rising rates have made these options viable for travelers and residents. There have been consequences for both the affordable housing market and the hotel market,

although these are generally only material in extremely expensive markets or when a major event (like a Super Bowl) occurs. Many of these “homes” are located in residential communities, and local neighbors and nearby residents are beginning to express negative feedback and concerns over these short-term rentals. As a result, communities and municipalities have recently begun to put rental restrictions on these types of homes by imposing minimum and maximum stay requirements and taxes on earned income.

- Global Travel and the Impact of Energy Prices and Economic Conditions. The large fluctuations in oil and fuel costs have a continual impact on travel and will continue to be a major factor in the coming years.
- Distribution. The increase in booking travel via the Internet has been a major trend in the industry for more than a decade, with a majority of booking research done online and more than one-third of revenue booked online. This has brought transparency and increased competition to the market, and all players with a solid Internet and distribution strategy are able to compete effectively. Third party websites, smartphones and available applications are rapidly becoming a key factor in every travel stage by easing access to planning and booking tools that ease the **customers’ experience**. **Travelers expect a more informed and collaborative travel experience**, especially driven by evolving smartphone functionality. Hotel companies are creating property-specific websites to differentiate each property and reach more markets and traveler segments than a corporate single format website.
- Technology. The rapid advance of technology means hotels have to continually keep up with the expectations of their guests. With multiple wireless devices, guests expect a high-speed wireless network throughout the hotel that will allow them to use their smartphones, tablets and laptops without connectivity issues. Many hotels have begun to introduce in-room iPads that allow concierge services, room service, check out, entertainment and other items to be taken care of directly from the device.
- Social Media, Crowd-Rating and Mobile Connectivity. The rise of social media and user-based ratings have had a direct impact on hotel booking decision-making. Sites like Trip Advisor allow users to rate and comment on hotels directly on the website, which allows potential customers to determine if they will select that hotel. Hotels have to be incredibly proactive and reactive to comments posted on Twitter, Facebook, TripAdvisor and ratings sites, including online travel agencies. Approximately one in three business travelers has rated an establishment. Mobile connectivity, as mentioned above, has become a crucial factor in a traveler’s **experience**. **Mobile-friendly websites and mobile applications are the most used medium for corporate travelers**. Approximately 70 percent of travelers use applications to check in to flights and/or hotels, while one in four hotel queries come from a mobile device.
- Demographics. Two major demographic shifts marked the beginning of positive growth in the hotel business. The first is that both baby boomers and millennials emerged as the target market for luxury consumption. The baby boomer generation became a target audience due to the large amount of disposable income and nest egg capital they accrued, thereby allowing them to travel in large numbers for the next decade. Millennials are the second demographic group tapped as an up-and-coming luxury consumer group affecting the industry and being targeted by the industry itself with marketing strategies that are different from its preceding groups. Millennials are drawn to entertainment, technology and accessibility.

COLUMBIA HOTEL MARKET ANALYSIS

This section will detail the findings of the Columbia hotel market analysis. This analysis will provide an overview of the competitive set hotel market and opportunity for development.

The following table provides an overview of the Columbia hotel market by market class, which is a categorization based upon quality.

Table 4-2

Columbia Hotel Market by Class					
Class	Properties	Rooms	Rooms / Property	Year Built	Avg Years Open
Luxury Class	--	--	--	--	--
Upper Upscale Class	3	740	247	Jan-93	27
Upscale Class	6	854	142	Jan-98	22
Upper Midscale Class	20	1,786	89	Mar-02	18
Midscale Class	13	1,129	87	Nov-94	25
Economy Class	27	2,269	84	Dec-90	29
Total / Average	69	6,778	98	Sep-95	24

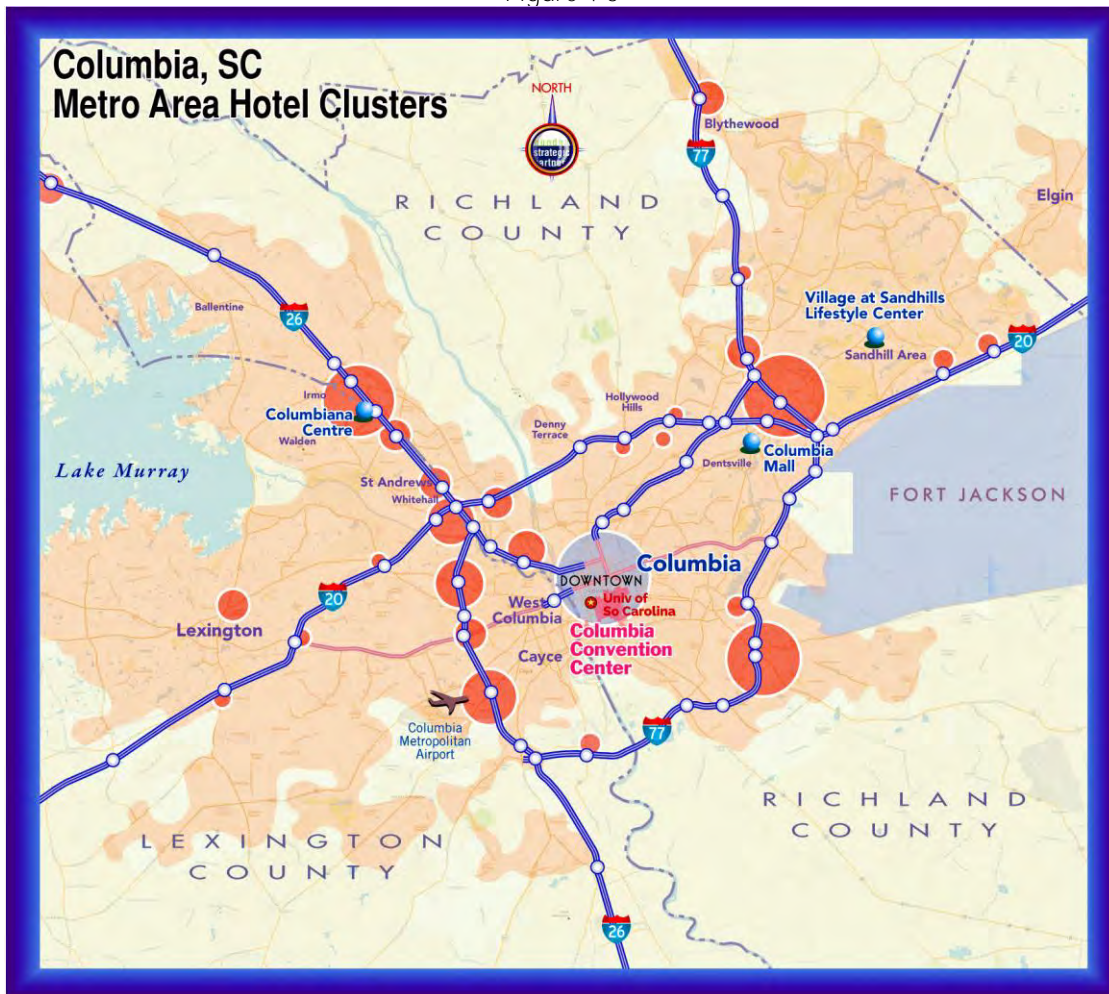
Source: Smith Travel Research

There are currently 69 hotels offering 6,778 rooms in Columbia. Columbia offers a mix of hotels in the economy, midscale, upper midscale, upscale and upper upscale classes. There are no luxury class properties, and only three properties fall under the upper upscale class, two of which are dated as they were opened in the 1980s. The upper midscale, upscale and upper upscale classes are typically the branded, high quality properties that visitors prefer.

More than fifty percent of the hotel rooms in the market are in the economy and midscale classes, with 40 hotels that total nearly 3,400 rooms.

The following figure shows the locations of hotels in Columbia.

Figure 4-3



The largest hotel cluster in Columbia is located downtown, which offers the most substantial and highest quality hotel properties in the market. Additional large hotel clusters are located near shopping centers, such as the Columbiana Centre and the Columbia Mall. Finally, there are two remaining large clusters located near Fort Jackson and the Columbia Metropolitan Airport.

The following table shows the competitive set of existing hotels for the three proposed hotel developments in Columbia. These hotels were selected based on location, quality, size, and interviews with tourism stakeholders.

Table 4-3

Downtown Columbia Competitive Set				
Property	Distance from CMCC	Rooms	Chain Scale	Open Date
Hampton Inn Columbia Downtown Historic District	0.1	123	Upper Mid	Mar-01
Hilton Columbia Center	0.1	222	Upper Upsc	Aug-07
Hyatt Place Columbia Downtown The Vista	0.2	130	Upscale	Mar-15
aloft Hotel Columbia Downtown	0.3	107	Upscale	Feb-17
Springhill Suites Columbia Downtown The Vista	0.4	132	Upscale	Jun-09
Courtyard Columbia Downtown @ USC	0.5	189	Upscale	Jun-69
Sheraton Hotel Columbia Downtown	0.5	132	Upper Upsc	Jul-08
Holiday Inn Columbia Downtown	0.5	90	Upper Mid	U/C
Marriott Columbia	0.6	300	Upper Upsc	Sep-83
Holiday Inn Express & Suites Columbia Downtown	0.7	81	Upper Mid	Jan-02
Home2 Suites by Hilton Columbia Downtown	0.8	100	Upper Mid	Sep-19
Total/Average		1,606		May-03

Source: Smth Travel Research

The competitive set features 11 hotels, including one property (Holiday Inn) that is currently under construction. All competitive hotels are located within one mile of the convention center, and three hotels (100-room Home2 Suites, 130-room Hyatt Place and 107-room aloft) opened within the last five years. The set includes three full-service, upper upscale properties: the 222-room Hilton Columbia Center, 132-room Sheraton Hotel Columbia Downtown and the 300-room Marriott Columbia. With only one full-service property adjacent to the convention center and none connected, **HSP's analysis suggests that any future expansion of the facility will require significant hotel development to support room block needs.**

The following figure shows a map of the Columbia competitive set hotels. One hotel is **labeled with "U/C"** meaning it is under construction.

Figure 4-4



As shown, the collection of properties located within easy walking distance of CMCC is primarily comprised of select service properties with limited available room blocks. This issue can be addressed, in part, with the development of the Hyatt Regency headquarters hotel planned to be attached to the CMCC, as well as the Hotel Anthem and Hyatt Caption of Hilton Brand Select-Service Lifestyle hotel, as proposed in Vista Station adjacent to the CMCC.

Accommodated Demand and Competitive Hotel Performance

HSP utilized Smith Travel Research (STR) to analyze the historic performance of the competitive set of hotel properties in Columbia.

The following table shows performance data for the competitive set properties between 2013 and March 2019.

Table 4-4

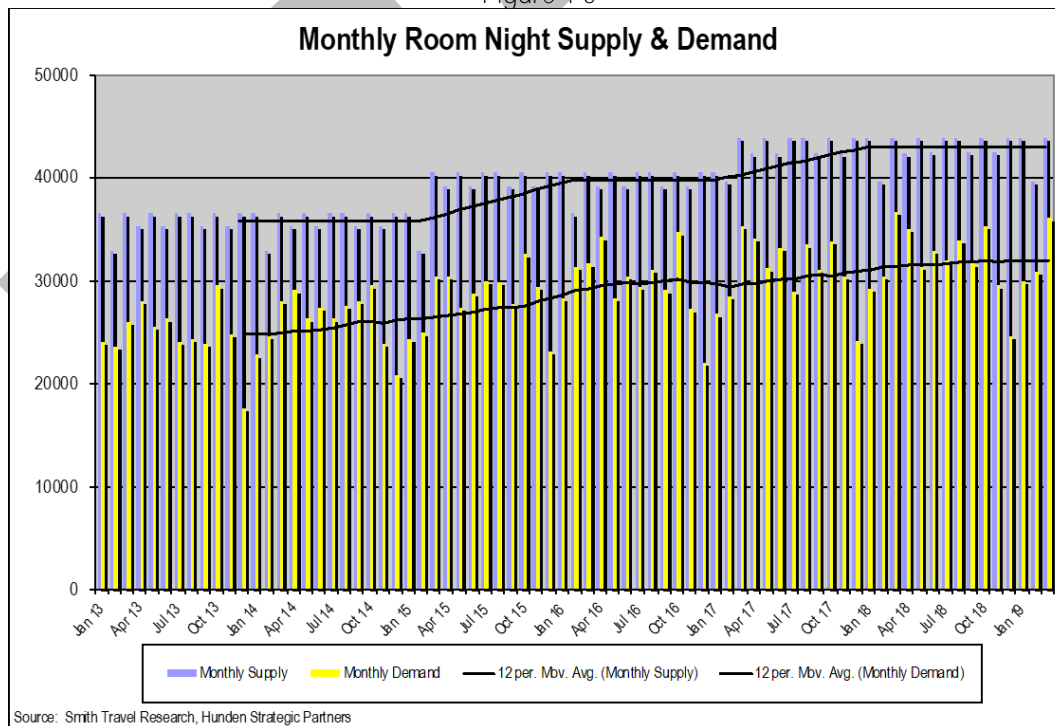
Historical Supply, Demand, Occupancy, ADR, and RevPar for Selected Downtown Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2013	1,178	429,970	--	298,432	--	69.4	--	\$127.50	--	\$88.50	--
2014	1,178	429,970	0.0%	314,788	5.5%	73.2	5.5%	\$131.86	3.4%	\$96.54	9.1%
2015	1,287	469,750	9.3%	339,547	7.9%	72.3	-1.3%	\$137.84	4.5%	\$99.64	3.2%
2016	1,308	477,420	1.6%	358,252	5.5%	75.0	3.8%	\$144.63	4.9%	\$108.53	8.9%
2017	1,406	513,158	7.5%	371,472	3.7%	72.4	-3.5%	\$148.24	2.5%	\$107.31	-1.1%
2018	1,416	516,720	0.7%	383,490	3.2%	74.2	2.5%	\$151.03	1.9%	\$112.09	4.5%
2019 YTD (March)	1,416	127,440	0.1%	97,175	0.6%	76.3%	0.6%	\$157.80	8.1%	\$120.33	8.7%
CAGR* (2013-2018)	4.0%	4.0%	--	5.7%	--	1.4%	--	3.7%	--	5.3%	--

*Compound Annual Growth Rate
Sources: Smith Travel Research, Hunden Strategic Partners

The competitive set performance indicates that room nights sold have increased year-over-year throughout the period, revealing growing demand. Occupancy has fluctuated over the period due to new supply entering the market. Levels for 2018 performance reached 74 percent, suggesting that new hotel development is viable in Columbia. The ADR increased by nearly \$24 between 2013 and 2018, which is an increase of 18.5 percent. This equates to a CAGR of 3.7 percent for ADR and 5.3 percent for RevPAR through 2018.

The following figure shows the supply and demand trends for the competitive set over the period.

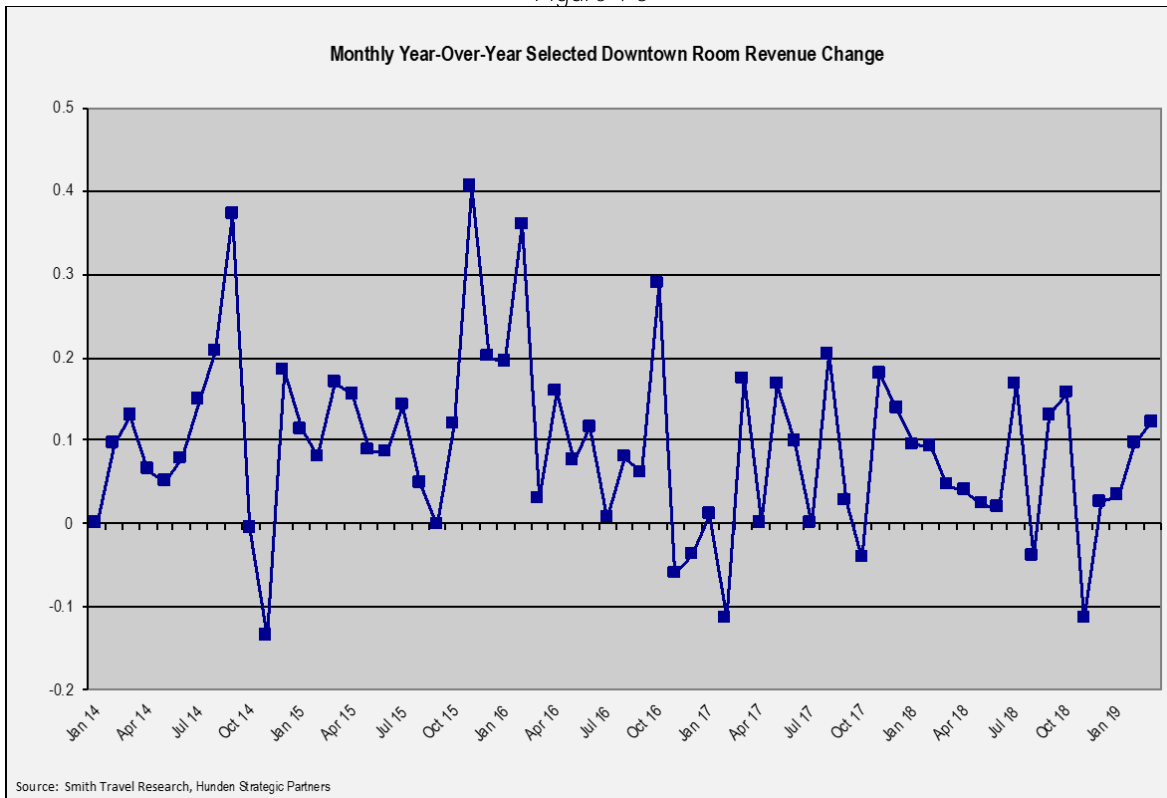
Figure 4-5



Overall, trends between demand and supply have remained consistent, with slight increases in demand following the opening of new hotels in 2015 and 2017.

The following figure shows the room revenue changes by month (year-over-year).

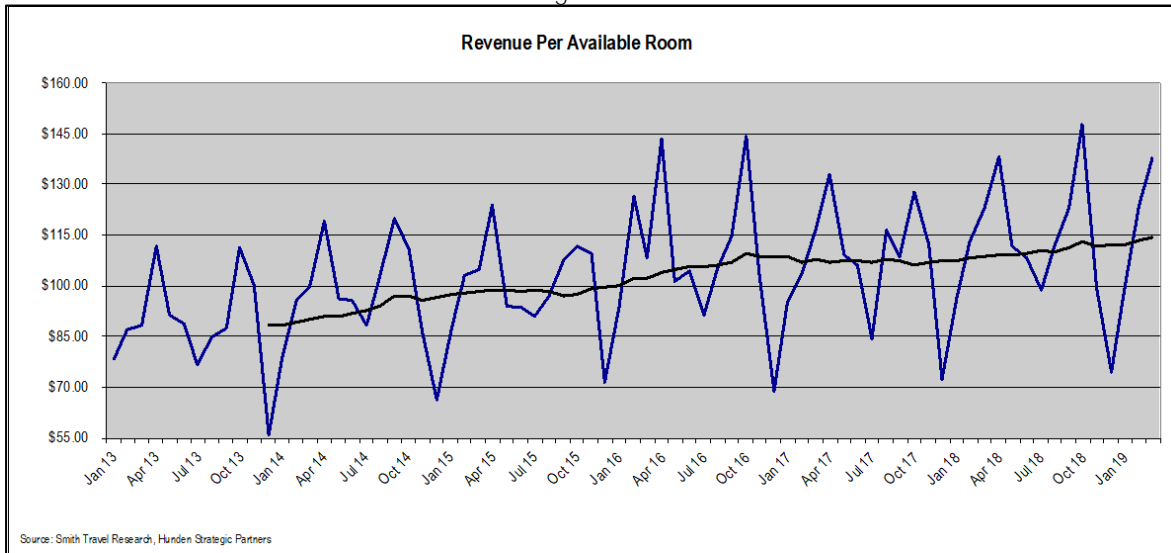
Figure 4-6



Any data point greater than zero is a positive indicator for the competitive set, while points below zero represent revenue decay. As shown, trends have remained mostly positive over the past five years. Growth rates have become less volatile with the highest rates of growth and decay occurring before 2017.

The following figure shows the Revenue Per Available Room (RevPAR), which is the product of occupancy and rate.

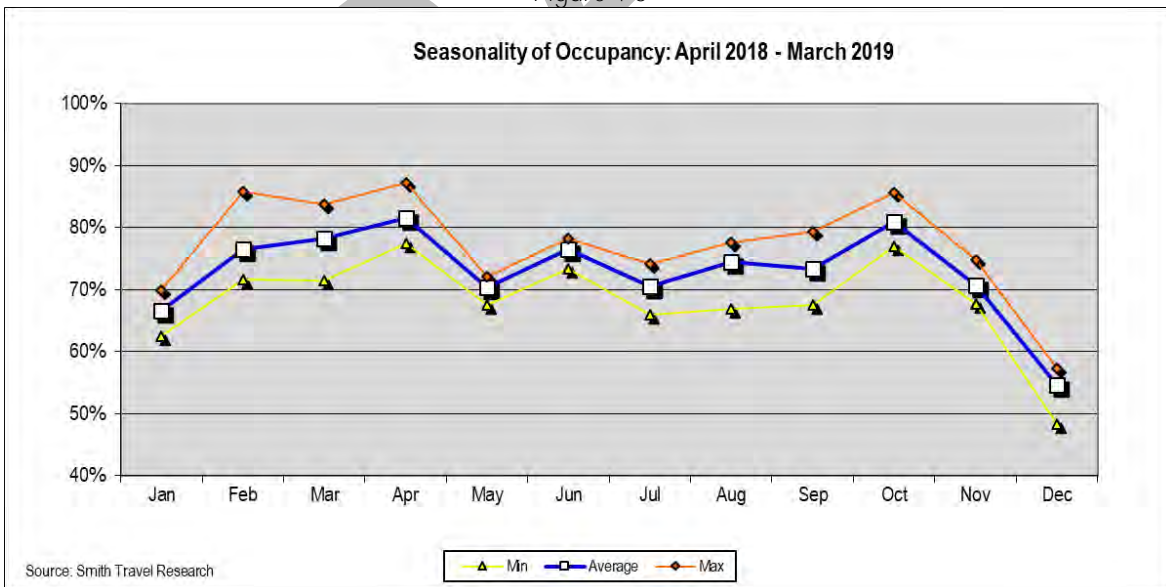
Figure 4-7



The trend line shows that RevPAR has recorded a \$15 increase since 2015. This is a positive indicator for future hotel development opportunity.

The following figure displays the seasonality of occupancy from April 2018 through March 2019.

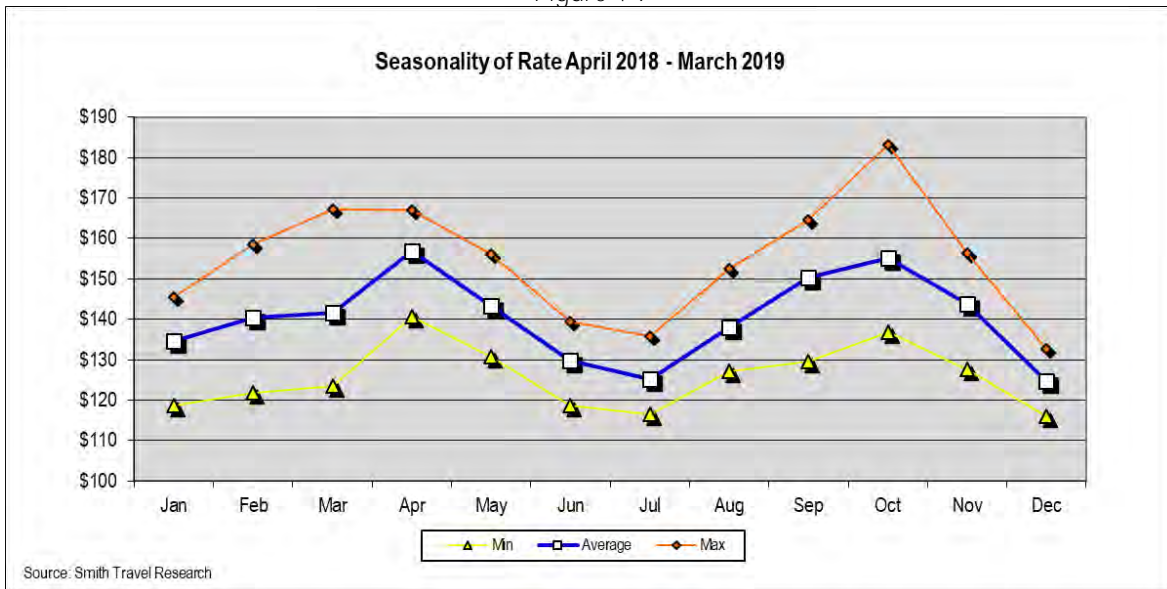
Figure 4-8



As shown, hotels in Columbia experienced slightly greater demand in the spring months than the summer and fall months. The lowest occupancy period of the annual calendar is the winter months, which is to be expected.

The following figure shows the seasonality of rate from April 2018 through March 2019.

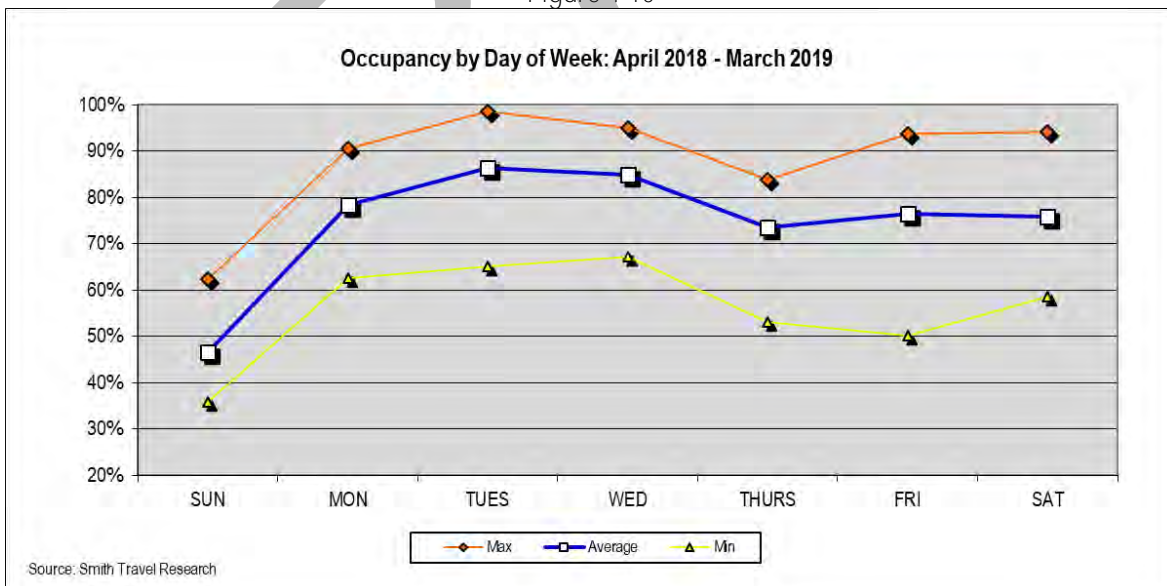
Figure 4-9



Rate generally mirrors occupancy, demonstrating that local hotel options are appropriately compressing rates when demand is highest. However, the impact of the University of South Carolina football games impacts rates on certain weekends in the fall months, as shown by the slight increases in September and October.

The following figure shows the occupancy by day of the week from April 2018 through March 2019.

Figure 4-10

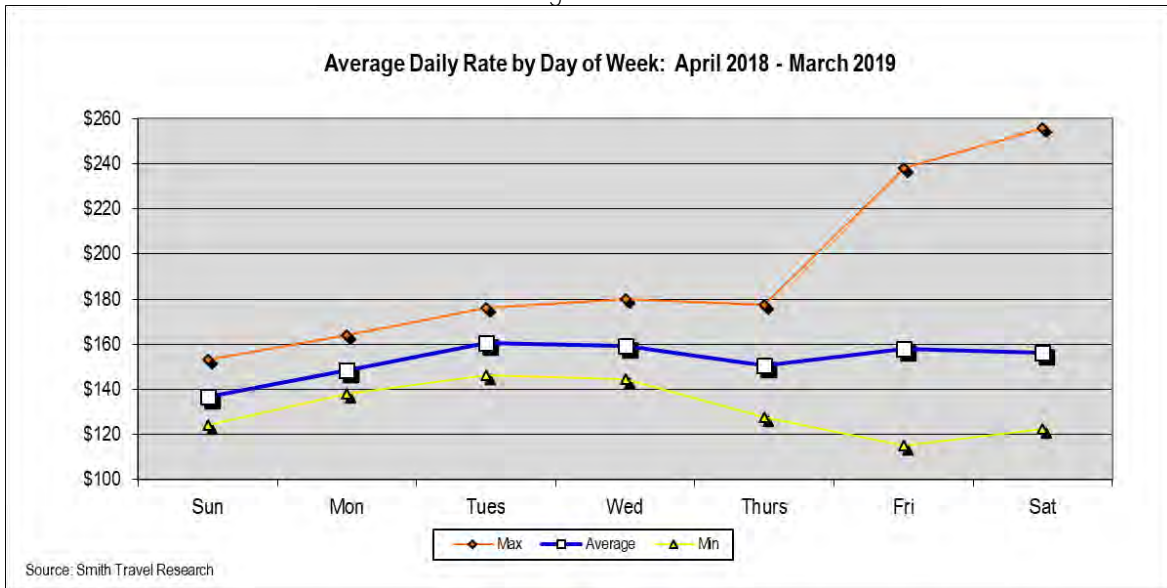


Occupancy follows a roller coaster trajectory throughout the week, rising quickly from Sunday to a mid-week peak on Tuesday before receding through Thursday and finally rising to a weekend peak on Friday and

Saturday. Higher occupancy during the week versus the weekend indicates that corporate demand is slightly greater than leisure demand, though the difference is not drastic. Occupancy is lowest on Sunday nights, which is typical for most markets.

The following figure shows the average daily rate by day of week from April 2018 through March 2019.

Figure 4-11



Average ADR in the competitive set remains between \$140 and \$160 throughout the week. This shows that there is generally a stronger corporate hotel market than a leisure market on average throughout the year. However, the home football games have a significant impact on rates for Friday and Saturday nights in the market, as seen by the orange max line.

Unaccommodated Demand

Unaccommodated demand is defined as demand that would have been captured by the market but was not due to a lack of available or quality rooms. This demand is therefore deferred to later dates, accepts lesser-preferred accommodations, moves just outside the competitive set, moves its business to another area, or cancels plans altogether. Therefore, as new properties are added to the market, it is expected that this demand will be accommodated by the new supply. This suggests that when new hotels are added, they do not cannibalize existing market demand, but instead accommodate previously uncaptured demand.

The following table shows the occupancy by day of the week per month from April 2018 through March 2019. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand. Orange shows days with 80 to 90 percent occupancy, suggesting very likely displacement. Days in red are for times when occupancy was beyond 90 percent for the set, suggesting near-certain displacement.

Table 4-5

Occupancy Percent by Day of Week by Month - April 2018 - March 2019								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Apr - 18	50.3%	81.3%	92.6%	94.9%	82.0%	93.6%	93.2%	84.0%
May - 18	41.4%	67.7%	83.8%	86.1%	68.5%	72.2%	75.5%	70.8%
Jun - 18	52.3%	90.4%	97.4%	91.9%	73.3%	73.5%	67.4%	78.0%
Jul - 18	47.3%	81.3%	80.8%	74.3%	72.6%	72.8%	82.7%	73.1%
Aug - 18	62.2%	89.4%	96.4%	87.4%	64.3%	70.9%	75.0%	77.9%
Sep - 18	46.4%	66.1%	83.1%	90.1%	82.0%	83.6%	78.2%	75.6%
Oct - 18	44.1%	82.0%	90.5%	79.4%	81.8%	90.2%	94.1%	80.3%
Nov - 18	41.8%	71.4%	79.3%	79.9%	72.7%	71.8%	69.9%	69.5%
Dec - 18	38.6%	62.5%	65.0%	67.1%	53.1%	50.2%	58.5%	56.4%
Jan - 19	43.0%	81.1%	77.1%	80.8%	66.9%	62.7%	61.2%	67.6%
Feb - 19	35.7%	85.3%	98.5%	92.5%	80.1%	88.9%	66.4%	78.2%
Mar - 19	56.2%	80.2%	92.2%	94.0%	83.9%	86.8%	88.0%	83.0%
Average	46.6%	78.2%	86.4%	84.9%	73.4%	76.4%	75.8%	

Sources: Smith Travel Research

As shown, occupancy peaks in the spring months, exceeding 80 percent in March and April. Hotel occupancy also surpasses 80 percent in October as a result of University of South Carolina events. As previously mentioned, room night demand is slightly greater midweek compared to weekends, as evidenced by the Tuesday and Wednesday performance throughout the year.

The following table shows the average daily rate by day of the week per month from April 2018 through March 2019.

Table 4-6

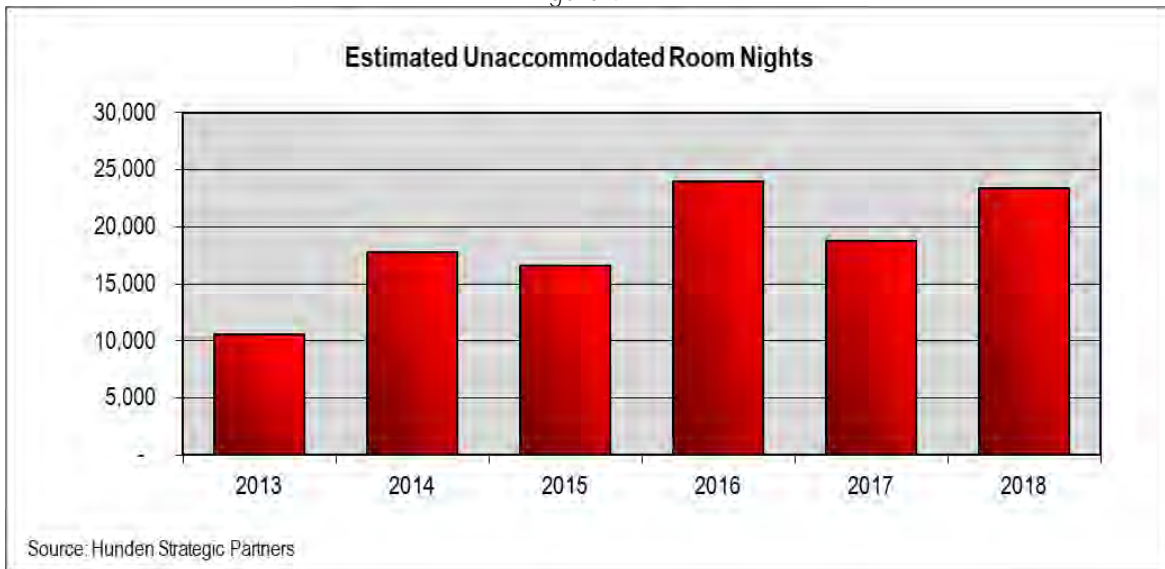
Avg Daily Rate by Day of Week by Month - April 2018 - March 2019								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Apr - 18	\$ 149.71	\$ 164.12	\$ 175.92	\$ 178.19	\$ 164.25	\$ 169.32	\$ 160.87	\$ 166.88
May - 18	\$ 129.00	\$ 141.78	\$ 147.94	\$ 149.48	\$ 168.19	\$ 183.56	\$ 165.24	\$ 156.19
Jun - 18	\$ 127.25	\$ 144.70	\$ 156.39	\$ 151.65	\$ 140.68	\$ 126.05	\$ 122.47	\$ 139.51
Jul - 18	\$ 124.29	\$ 140.44	\$ 150.93	\$ 148.59	\$ 127.53	\$ 121.03	\$ 128.13	\$ 135.73
Aug - 18	\$ 143.87	\$ 149.93	\$ 169.18	\$ 155.52	\$ 135.47	\$ 123.62	\$ 123.07	\$ 144.25
Sep - 18	\$ 143.66	\$ 152.85	\$ 159.28	\$ 160.62	\$ 154.44	\$ 182.58	\$ 186.39	\$ 164.61
Oct - 18	\$ 138.54	\$ 147.23	\$ 158.49	\$ 162.32	\$ 166.93	\$ 238.26	\$ 255.73	\$ 183.09
Nov - 18	\$ 127.32	\$ 137.92	\$ 158.01	\$ 153.89	\$ 142.05	\$ 135.30	\$ 136.15	\$ 142.59
Dec - 18	\$ 124.71	\$ 139.01	\$ 146.10	\$ 144.60	\$ 128.30	\$ 114.98	\$ 123.66	\$ 132.68
Jan - 19	\$ 133.51	\$ 149.29	\$ 157.05	\$ 158.29	\$ 137.80	\$ 137.36	\$ 128.92	\$ 145.55
Feb - 19	\$ 129.62	\$ 154.06	\$ 172.59	\$ 164.47	\$ 152.62	\$ 169.94	\$ 143.25	\$ 158.62
Mar - 19	\$ 153.23	\$ 157.73	\$ 172.87	\$ 179.90	\$ 177.38	\$ 167.20	\$ 159.92	\$ 167.24
Average	\$ 136.70	\$ 148.53	\$ 160.61	\$ 159.42	\$ 150.64	\$ 158.09	\$ 156.08	\$ 154.00

Sources: Smith Travel Research

As shown, average daily rate experiences less variation throughout the year outside of home football weekends.

The following figure shows the estimate of unaccommodated room nights over the past several years.

Figure 4-12



As previously mentioned, an unaccommodated room night is a night when a traveler seeking accommodations within the market must either cancel their stay or settle for accommodations of lesser quality because the desired facilities have no vacancies or are priced higher than the traveler is willing to pay. The number of estimated unaccommodated room nights is determined in any month when occupancy is higher than 66 percent.

Based on the existing occupancy levels, HSP estimates that there were more than 20,000 unaccommodated room nights in the downtown Columbia market in 2018.

Implications

The hotel market in Columbia is strong throughout the year and is well poised to expand in order to meet the needs of the current CMCC as well as the proposed expansion of the facility. The hotel rates in Columbia are favorable for attracting convention/meeting groups and sports groups, which often have a ceiling around \$150 per night, especially when compared to competing South Carolina markets. Without a large headquarters hotel to offer room blocks for groups, the CMCC has struggled to maximize its potential. In the case of the proposed CMCC expansion, the lack of the proposed Hyatt Regency would be crippling to the various impacts that the CMCC intends to produce for the local economy.

The operating agreement with the Hyatt Regency or any headquarters hotel is critical to the success of the **CMCC. The available room block and the willingness of the hotel's management to lock in group rates years in advance will be pivotal to the CMCC's ability to book the most impactful groups. All other hotels in the market, even those that do offer room blocks to the CMCC, are unwilling to contract years in advance due to highly profitable football weekends that are not announced by the SEC until just a few months before the games take**

place. The hotels' bottom line comes at the price of far greater economic and fiscal impact to the community than would otherwise be generated by groups utilizing the CMCC.

While the **Project's** three proposed hotels will offer a variety of price points and while the Hyatt Regency presents an opportunity for the CMCC to become a regionally competitive convention center, additional walkable hotel **development will be needed. The strength of Columbia's and the CMCC's competitors is often the availability** of connected/walkable and blockable rooms in conjunction with the meeting facility. As discussed in Chapter 3, the CMCC has many great qualities and a few critical deficiencies. The proposed hotels will offer a mix of price points and quality for convention attendees, as well as all other overnight visitors to Columbia, which will make Columbia a more compelling and accessible convention and tourism destination.

DRAFT

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DRAFT

CONVENTION HEADQUARTERS HOTEL TRENDS

This section provides insight on the methods and tools used for convention hotel development in various markets. As **the primary hotels for a market's convention facilities** and typically the largest hotel in the downtown and market area, a number of critical criteria must be met to ensure the greatest potential of success for both the property itself as well as the market as a whole. In most cases, these hotels require some form of financial incentives to be developed, typically in the form of public subsidies.

Convention Hotel Market

The convention and meetings market has evolved over the past 20 years and has grown more sophisticated and planners have increased their requirements. At one time meeting planners expected to contract with multiple hotels in order to service a convention, pay for their own transportation and seek additional event and meeting locations. In recent years however, cities began to offer room packages within just a few very large hotels adjacent to convention centers. This improvement in packaging of the convention product led to expectations by the market and competitive pressure for all convention facilities to offer a convenient package of hotels attached, adjacent or within immediate area walking distance of the convention facility. This eliminates the need for shuttling in most cases and often the hotels provide enough meeting and event spaces for the additional needs of the planners. Those that do not offer such a package, such as Columbia, suffer considerably when competing for meetings, conferences, conventions and other events. Those that offer the best packages, such as Indianapolis, San Diego, Charlotte and San Antonio, have shown excellent convention center performance. Even smaller cities like Columbia end up competing in this tough market, especially as it is surrounded by four larger convention markets (Indianapolis, Louisville, St. Louis and Nashville).

The demands are not just for hotel rooms, but high-quality, full-service hotel room blocks in major branded hotels. Due to the requirements for large room blocks, meeting and function space, food and beverage service and parking, these facilities are often outside the realm of private financial feasibility. This feasibility gap is generally temporary, typically during the pre-development and early operational stages of the property but renders such projects difficult to finance. However, for markets with lower average daily rates and occupancy levels, the feasibility gap can be ongoing. As a result, the public sector has found creative ways to participate in the financing of these hotel developments because they recognize that without such facilities, the performance of their publicly funded convention facilities will suffer and not provide the economic impact that rationalized their initial development.

Since 1992, one of the most notable trends in public finance has been the use of municipal bonds and other public financing tools to enable the development of convention headquarter hotels.

Rationale for Public Involvement

The business of establishing a successful urban core was once viewed as the secret to success of the development or revitalization of pioneering American cities. It was also the response to the suburbanization and flight that occurred in the 1960s and 1970s that left urban cores mostly vacant and struggling for relevance. In recent years, however, the expectation to create a live/work/play environment in downtowns has

spread to most cities, regardless of size or historical development patterns. Competition for tourists, conventioners and businesses has become fierce, as has creating a positive environment for visitors and residents. This has led to a building boom not only of convention centers, but sports venues, retail, housing, hotels and cultural attractions in most urban centers in the United States. Early analysis indicates that cities that are not proactive and fail to spur urban core development will be at a competitive disadvantage in the future if venues, the pedestrian experience and access are not convenient or well-planned for visitors, residents, and business users.

Cities today are increasingly aware that planning hotels adjacent, or connected, to convention centers, with additional access to other urban amenities, is necessary to help both properties succeed. Meeting planners demand easy access between venues, especially convention centers and hotels. Cities that fail to respond have been unable to attract meetings and conventions and have lost a significant amount of market share that many communities have yet to recapture. Because of event growth, meeting planners demand larger room blocks and try to house their entire membership in a small cluster of hotels. Cities that wish to remain competitive in the tourism and convention market must be visionary, proactive and creative in the sizing, placement and connectivity of major hotels with their convention center(s) and other attractions.

Cities are now helping to finance hotels due to the fact that convention hotels are key to the success of their tourism package. At the same time, such hotels are large financial obligations that often do not provide enough of a return on investment for the private development community to undertake. Developing the appropriate project with the optimal level of meeting and support space, results in a relatively expensive project.

The absolute size of these projects, including extensive meeting, restaurant and parking infrastructure, places financial pressure on the hotel during its early years when occupancy levels are ramping up. However, the issue is not necessarily the long-term operating characteristics of the hotel. Most large hotels, as they stabilize after three to five years, perform well. Once these poor early year economics are folded into the long-term financial picture, overall returns fall below alternative investment vehicles. In addition, there is reluctance among banks and other lending institutions to lend to larger hotels, unless there is an equity contribution of up to 50 percent.

The financial reality of a convention hotel being consistently filled with large groups to keep it profitable is not realistic. The large city-wide conventions that a hotel-convention center package attracts do nothing to fill the large supply of rooms during the rest of the year. Although a city may want to build a 1,000-room property to host the largest conventions, reality dictates a more realistic project. The same concepts apply for smaller markets. How many events per year will actually cause the hotel to sell out? A hotel needs to run at an average occupancy level of at least 60 percent to be healthy in the long term (that is, generate enough revenue to continually reinvest in upgrades, replacement of systems, etc.). Occupancy levels above 65 percent are much preferred. With sell-out convention clients only coming along perhaps 12 to 36 times per year, the existing market will need to provide primary occupancy support for a hotel, with conventions and other events seen as opportunities to compress occupancy and rate up.

However, without a large number of rooms available in the convention hotel (more than the typical market would support), the events that cities seek to host will not be attracted to the community at all. Many have a **“room block minimum” of 200, 250, 300 or more rooms. Without a large enough hotel, the groups will not consider the city or convention center.**

Another reason for a city to support downtown convention hotels is to reinvigorate a downtown core by attracting people back downtown. Suburban growth has come at the expense of downtowns and their centralized resources. Often when hotels are subsidized, there is criticism from various groups. However, these direct subsidies **pale in comparison to the indirect and unmeasured cost of spreading cities' infrastructure** to outlying areas. The efforts of economic development officials have not been to just keep other cities from luring businesses and their spending to other states, but to keep urban businesses from moving to their own suburbs.

Downtown supporters have been fighting for workers, visitors and residents since the suburban boom began. When given a choice, private hotel developers will often build limited service hotels in suburban locations, due to lower risk and lower overall costs for land and lenders prefer their predictable performance and reasonable cost per key. A lack of quality Central Business District hotels contributes to the push of local businesses out of downtowns, as full-service hotels are a key amenity to corporate location. But limited service hotels clustered around suburban interstates do nothing to lure conventions, meetings or tourists and undermine the economics of center city full-service hotels.

Cities have responded to the new reality of the convention hotel business in numerous ways, depending upon various state and local laws and financing mechanisms. Assistance ranges from favorable land leases, to regulating development of limited service hotels in the middle range of intervention, to complete public ownership of hotels.

Public Participation Options

Building large hotels is very difficult due to the cost and space required for development, and as a result, are typically viewed as not feasible by the private sector. However, large hotels are vital for successful convention center environments to work properly. Public entities have owned hotels for many decades, as evidenced by numerous land lease structures at airports and in downtown settings. However, more direct participation has been called for as the private sector has had difficulty obtaining hotel financing at reasonable equity and interest rate levels.

Public participation can help hedge the financial risk in the early ramp-up years of a large convention hotel property. Credit enhancements, tax incentives and abatements, and capital investment that count towards equity are all tools that are used to get over the initial ramp-up period. The public sector has creatively dealt with participation in many ways, sometimes unique to state and local regulations.

Public-Private Partnerships (P-3)

Traditional public investment, in the form of inducements to bridge the financing gap, has taken the form of land assemblage, public payments for parking and infrastructure, and funding public components of the hotel, such as meeting and ballroom space. This approach was used in Norfolk for its Marriott, Portsmouth for the Renaissance, Indianapolis for its initial Marriott, and in many other markets. Another strategy uses grants, tax abatements, or creation of districts where taxes earned in the district are used to fund the public contribution. Often a combination of these sources is used to make a project happen, as has been demonstrated in numerous instances.

State programs often play a key role as states have more power to create and appropriate tax streams for projects. States such as Kansas, Texas, Mississippi, Kentucky and others have created programs that allow for either the rebate of state taxes or other related inducements.

Land leases are also a common incentive for hotel developers. In some cases, a public entity may acquire the necessary land and lease it back to the developer. The advantage to land leases is that they lower the development costs and allow the cost of the land to be amortized and subsequently paid for out of operating revenues.

The following is a list of incentives provided by public agencies to stimulate hotel development:

- Tax abatement
- Tax rebates
- Tax Increment Financing (TIF)
- Equity participation
- Construction of meeting space, parking structure, and/or other infrastructure
- Credit enhancement of financing
- Land assemblage
- Rebate of development fees for licensing, permitting and water and sewer hookup fees
- Free or nominal ground rent
- Section 108 loans
- Community Development Finance Authority (CDFA) grants or Community Development Block Grants (CDBG)

Public Sponsorship via Tax-Exempt Bonds

The most direct form of public participation is public ownership of the asset. This allows the hotel to qualify for tax-exempt financing and avoid property taxes. In this instance, the city is investing in the hotel as an insurance policy for its convention center and urban renewal efforts. This type of ownership was used for **Chicago's Hyatt McCormick Place**, **Houston's 1,200-room Hilton**, **Denver's 1,100-room Hyatt**, and in **Overland Park, Kansas' Sheraton hotel as well as more than a dozen others**, as shown in the table further in the document. While tax-exempt bond funding originated with larger projects and markets, it is now common in all market sizes.

Since 1997 with a change in tax law, communities have a new alternative, one using a publicly owned tax-exempt bond financial structure. Using either public incentives or tax-exempt financing has advantages and disadvantages including both financial and political consequences. The newer, tax-exempt method is achieved via creation of a publicly owned, tax-exempt bond financed structure. It utilizes a single purpose tax-exempt entity created by the public to issue revenue bonds to finance the construction of the project. The bonds are primarily secured by net cash flow from the hotel and hotel occupancy taxes and may or may not be enhanced with bond insurance. These bonds typically require some financial assurances from a political

jurisdiction or require fairly heavy insurance to support the project's financing based solely on the operations of the hotel.

The advantages to this approach are:

- **An ability to get the deal done with the public's timeline,**
- Developing a hotel when the private sector is unwilling to invest in it,
- A lower cost of capital compared to a privately financed alternative,
- The long-term nature of the financing, and
- The public ownership of the project at bond retirement.

The disadvantages are:

- The significantly increased amounts of financing required to capitalize credit enhancement and financing reserves,
- Negative public perception and reaction to a publicly-owned hotel, which can delay projects or cause costly referenda, such as in Dallas,
- Restrictions on performance-based contracts, and
- Long-term performance risk.

Risk

Whether the private or public sector builds and owns the hotel, there is always an element of risk. It breaks down into financial risk and operational risk. **With private development, the public's subsidy/investment is a one-time or limited time risk, which is quantifiable.** The long-term risk is that the project owners may not reinvest in the property over the long-term and cause the entire complex to have a bad reputation, etc. With public financing, the public sector takes the long-term risk and responsibility for the project and therefore has control over long-term quality, design and operation. However, the annual debt load is usually very close to the operating income available, which gives the project a smaller margin of error in performance before reserves are used. This will exist for the life of the bonds, usually 22 to 25 years. Myrtle Beach and St. Louis are unfortunate examples of projects where the hotel did not perform as expected and required the recapitalization of the project. In either case, some level of risk exists.

Summary

The options available to cities and developers continue to increase as both the public and private sector create new funding mechanisms unique to the legal, financial and other political realities of the city, county or state.

The following table shows 28 public-private hotel developments underway or completed since 1992, with the identification of the percentage of the developments that were funded by each the private and public sector.

Table 5-1

Public-Private Hotel Developments										
City	State	Brand	Open	Rooms	Total Hotel Costs (millions)	Cost/Room (000's)	Public Sector*		Private Sector	
							Investment (millions)	Percentage of Total Cost	Investment (millions)	Percentage of Total Cost
Atlantic City	NJ	Sheraton	1997	502	\$85	\$169	\$38.2	44.9%	\$46.80	55.1%
Austin	TX	Fairmont	2018	1,048	\$370	\$353	TBD	TBD	TBD	TBD
Austin	TX	JW Marriott	2015	1,012	\$303	\$299	\$3.0	1.0%	\$300.00	99.0%
Austin	TX	Marriott	2020	613	TBD	TBD	TBD	TBD	TBD	TBD
Baltimore	MD	Marriott	2001	750	\$133	\$177	\$10.0	7.5%	\$123.00	92.5%
Boston	MA	Westin	2007	793	\$200	\$252	\$15.0	7.5%	\$185.00	92.5%
Charlotte	NC	Westin	2003	700	\$143	\$204	\$16.0	11.2%	\$127.00	88.8%
Chattanooga	TN	Chattanooga	2001	202	\$43	\$213	\$20.0	46.5%	\$23.00	53.5%
Denver	CO	Adam's Mark	1998	1,230	\$135	\$110	\$25.0	18.5%	\$110.00	81.5%
Evansville	IN	Doubletree	2015	253	\$44	\$174	\$20.0	45.5%	\$24.00	54.5%
Fort Wayne	IN	Courtyard	2010	250	\$47	\$188	\$12.0	25.5%	\$35.00	74.5%
Fort Worth	TX	Omni	2009	600	\$160	\$267	\$89.0	55.6%	\$71.00	44.4%
Franklin	TN	Marriott	1999	300	\$30	\$100	\$12.0	40.0%	\$18.00	60.0%
Houston	TX	Marriott	2016	1,000	\$335	\$335	TBD	TBD	TBD	TBD
Indianapolis	IN	Marriott	2001	615	\$100	\$163	\$23.0	23.0%	\$77.00	77.0%
Indianapolis	IN	JW Marriott, Courtyard, Springhill Suites	2011	1,568	\$354	\$226	\$48.5	13.7%	\$305.50	86.3%
Irving	TX	Marriott	2018	350	\$115	\$329	\$0.0	0.0%	\$115.00	100.0%
Kansas	MO	Loews	2020	800	\$325	\$406	\$265.0	81.5%	\$60.00	18.5%
Lancaster	PA	Marriott	2009	294	\$45	\$153	\$20.0	44.4%	\$25.00	55.6%
Louisville	KY	Marriott	2005	617	\$111	\$180	\$57.5	51.8%	\$53.50	48.2%
Louisville	KY	Omni	2018	612	\$289	\$472	\$139.0	48.1%	\$150.00	51.9%
Madison	WI	Hilton	2000	222	\$29	\$131	\$10.0	34.5%	\$19.00	65.5%
Miami Beach	FL	Loews	1998	800	\$110	\$138	\$29.0	26.4%	\$81.00	73.6%
Memphis	TN	Loews	2023	550	\$220	\$400	TBD	TBD	TBD	TBD
Minneapolis	MN	Hilton	1992	816	\$145	\$178	\$89.2	61.5%	\$55.80	38.5%
Nashville	TN	Omni	2013	800	\$272	\$340	\$128.0	47.1%	\$144.00	52.9%
Norfolk	VA	Marriott	1992	405	\$60	\$148	\$23.0	38.3%	\$37.00	61.7%
Oklahoma City	OK	Omni	2021	605	\$236	\$389	\$85.4	36.3%	\$150.10	63.7%
Philadelphia	PA	Loews	1998	350	\$54	\$154	\$18.0	33.3%	\$36.00	66.7%
Philadelphia	PA	Marriott	1995	1,408	\$237	\$168	\$36.5	15.4%	\$200.50	84.6%
Portland	OR	Hyatt	2019	600	\$224	\$373	\$74.0	33.0%	\$150.00	67.0%
San Antonio	TX	Hyatt	2008	1,003	\$280	\$279	\$208.0	74.3%	\$72.00	25.7%
Tampa	FL	Marriott	1998	716	\$105	\$147	\$27.0	25.7%	\$78.00	74.3%
Washington	DC	Marriott	2013	1,167	\$639	\$548	\$308.0	48.2%	\$331.00	51.8%
Wichita	KS	Hyatt	1998	303	\$42	\$139	\$20.1	47.9%	\$21.90	52.1%
Average			2007	682	\$177	\$244	\$60.3	35.1%	\$104.0	64.9%

* Public participation may be upfront capital only, or include value of abatements and other incentives over time
Source: Hunden Strategic Partners

As shown, a total of \$6 billion in 35 hotel developments have used a public-private funding mechanism. Of the total development, the public sector has subsidized 35 percent of the costs and this may not include land costs. The average cost per room over the projects during the past 27 years is \$244,000. This illuminates the truly expensive nature of these projects compared with select service hotels, which typically cost less than \$120,000 per room.

The following table shows the 29 projects that have used a tax-exempt financing mechanism with bonds supported by project revenue.

Table 5-2

Tax-Exempt Financing with Bond Supported by Project Revenues						
City	State	Brand	Open	Rooms	Public Bond Issue (millions)	Cost/Room ('000's)
Austin	TX	Hilton	2004	800	\$280.1	\$350
Baltimore	MD	Hilton	2008	757	\$305.0	\$403
Baltimore	MD	Hilton	2005	756	\$200.9	\$266
Bay City	MI	Doubletree	2004	150	\$32.9	\$219
Cheasapeake	NY	Hyatt	2002	400	\$193.0	\$483
Chicago	IL	Hyatt	1998	800	\$108.0	\$135
Chicago	IL	Hyatt Expansion	2013	451	\$180.0	\$399
Chicago	IL	Marriott	2016	1,200	\$400.0	\$333
Cleveland	OH	Hilton	2016	600	\$272.0	\$453
Columbia	SC	Hilton	2006	300	\$67.0	\$223
Columbus	OH	--	2021	1,000	\$165.0	\$165
Columbus	OH	Hilton	2012	532	\$178.0	\$335
Coralville	IA	Marriott	2006	286	\$33.0	\$115
Dallas	TX	Omni	2012	1,001	\$479.2	\$479
Denver	CO	Hyatt	2005	1,100	\$394.8	\$359
Erie	PA	Sheraton	2008	200	\$45.4	\$227
Fort Lauderdale	FL	Hilton	2011	1,000	\$415.0	\$415
Houston	TX	Hilton	2004	1,200	\$326.2	\$272
Myrtle Beach	SC	Radisson	2001	404	\$76.5	\$189
Omaha	NE	Hilton	2004	450	\$112.0	\$249
Omaha	NE	Hilton (Expansion)	2011	150	\$37.0	\$247
Overland Park	KS	Sheraton	2002	412	\$105.7	\$257
Phoenix	AZ	Sheraton	2008	1,000	\$346.1	\$346
Providence*	RI	Westin	1995	364	\$70.0	\$192
Providence*	RI	Hilton	2005	392	\$78.4	\$200
Sacramento	CA	Sheraton	2000	503	\$104.9	\$209
Salt Lake City	UT	TBD	2016	1,000	TBD	TBD
St. Louis	MO	Renaissance Suites	2003	1,081	\$276.6	\$256
Trenton	NJ	Marriott	2002	197	\$58.0	\$294
Vancouver	WA	Hilton	2005	226	\$47.5	\$210
Average			2007	624	\$186	\$286

* Estimated Cost
Source: Hunden Strategic Partners

As shown, more than \$5.4 billion in bonds were issued to develop these large hotels, an average of \$286,000 per hotel room. The cost savings due to lower interest rates has been reduced, as the market has required more and more protections to guard against bond defaults, which means more borrowing to fund reserves.

Each community must determine the tools they can deploy legally and politically to induce these developments. Columbia has the opportunity to utilize a public-private partnership to develop the proposed 387-room, \$130-million Hyatt Regency headquarters hotel for the CMCC.

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DRAFT

COMMERCIAL REAL ESTATE MARKET ANALYSIS – OFFICE, RESIDENTIAL, AND RETAIL

This chapter includes an analysis of the downtown Columbia commercial real estate market and the feasibility of residential, office, and retail developments. In order to determine the market for these development opportunities, Hunden Strategic Partners utilized current market data and conducted interviews with local brokers, representatives, and economic development officials.

Office Market Analysis

Office buildings are categorized into Classes A, B and C based on quality and other important factors. Class A office buildings are typically new, high-quality buildings that are well located with good access and professional management. Office buildings are typically developed as Class A and, as time passes and newer, better buildings open, regress into Class B and Class C. Parameters for each class are not explicit or standard. Classes are used as a relative ranking system to group buildings of similar quality for leasing and market data collection.

Data presented in this chapter includes all three classes at the market level.

The table below outlines the state of the office market in Columbia, broken out by suburban submarkets.

Table 6-1

2019 Q1 Office Columbia, SC - State of Market								
Category	Buildings	Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Net Absorption (SF)	Average Asking Rental Rate (PSF/YR)
Suburban Submarkets								
Class A	25	1,985,871	220,334	14,592	234,926	11.83%	-49,085	\$19.39
Class B	65	4,194,402	335,809	--	335,809	8.01%	111,325	\$16.38
Class C	136	4,348,984	696,206	--	696,206	16.01%	-128,045	\$15.21
<i>Suburban Submarkets Total</i>	<i>226</i>	<i>10,529,257</i>	<i>1,252,349</i>	<i>14,592</i>	<i>1,266,941</i>	<i>12.03%</i>	<i>-65,805</i>	<i>\$16.48</i>
Columbia CBD Submarket								
Class A	13	2,305,367	193,826	30,881	224,707	9.75%	-24,477	\$22.16
Class B	25	1,787,950	174,917	61,681	236,598	13.23%	-12,325	\$20.45
Class C	59	1,591,138	188,787	690	189,477	11.91%	-12,528	\$18.67
<i>Columbia CBD Submarket Total</i>	<i>97</i>	<i>5,684,455</i>	<i>557,530</i>	<i>93,252</i>	<i>650,782</i>	<i>11.45%</i>	<i>-49,330</i>	<i>\$20.61</i>
Overall Market								
Class A	38	4,291,238	414,160	45,473	459,633	10.71%	-73,562	\$20.61
Class B	90	5,982,352	510,726	61,681	572,407	9.57%	99,000	\$17.75
Class C	195	5,940,122	884,993	690	885,683	14.91%	-140,573	\$15.68
Market Totals	323	16,213,712	1,809,879	107,844	1,917,723	11.83%	-115,135	\$17.73

Source: Colliers International - 2019 Q1 Office Columbia Report, CoStar

As shown, the suburban submarket in Columbia consists of more than 10.5 million square feet and makes up **about 70 percent of the buildings in Columbia's market. It makes up 65 percent of the total office submarket.**

Columbia's central business district (CBD) submarket holds the remaining 35 percent of square feet, with 30 percent of the buildings in the market. The Columbia CBD has 97 office buildings, totaling 5.69 million square feet of office space within the Columbia market. The Columbia CBD also has higher asking rents and lower vacancy rates than the suburban markets.

The table below shows a summary of the Columbia office submarkets.

Table 6-2

2019 Q1 Office Columbia, SC - Office Submarket Summaries								
Submarkets	Buildings	Inventory (SF)	Direct Vacant (SF)	Sublease Vacant (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Net Absorption (SF)	Average Asking Rental Rate (PSF/YR)
Cayce/West Columbia								
Class A	4	665,024	-	-	-	0.00%	-	-
Class B	5	147,588	-	-	-	0.00%	-	-
Class C	19	771,498	47,024	-	47,024	6.10%	-4,200	\$12.13
<i>Cayce/West Columbia Total</i>	28	1,584,110	47,024	-	47,024	6.10%	-4,200	\$12.13
East Columbia								
Class A	-	-	-	-	-	-	-	-
Class B	2	52,176	12,364	-	12,364	23.70%	-	\$20.19
Class C	24	606,700	8,370	-	8,370	1.38%	-	\$14.81
<i>East Columbia Total</i>	26	658,876	20,734	-	20,734	3.15%	-	\$18.02
Forest Acres								
Class A	-	-	-	-	-	-	-	-
Class B	5	305,840	31,308	-	31,308	10.24%	-3,400	\$16.21
Class C	22	830,996	214,296	-	214,296	25.79%	-41,504	\$15.15
<i>Forest Acres Total</i>	27	1,136,836	245,604	-	245,604	21.60%	-44,904	\$15.49
IRMO/Chapin								
Class A	-	-	-	-	-	-	-	-
Class B	3	77,009	-	-	-	0.00%	-	-
Class C	10	114,613	9,411	-	9,411	8.21%	-	\$17.00
<i>IRMO/Chapin Total</i>	13	191,622	9,411	-	9,411	4.91%	-	\$17.00
Lexington								
Class A	3	167,028	3,090	-	3,090	1.85%	6,681	\$14.00
Class B	9	170,040	41,594	-	41,954	24.46%	-	\$11.00
Class C	8	125,364	-	-	-	0.00%	-	-
<i>Lexington Total</i>	20	462,432	44,684	-	44,684	9.66%	6,681	\$11.22
Northeast Columbia								
Class A	11	640,787	100,855	14,592	115,447	18.02%	-28,547	\$19.06
Class B	20	1,846,899	170,134	-	170,134	9.21%	107,022	\$17.12
Class C	15	471,832	149,850	-	149,850	31.76%	-142	\$15.95
<i>Northeast Columbia Total</i>	46	2,959,518	420,839	14,592	435,431	14.71%	78,333	\$17.17
St. Andrews								
Class A	7	513,032	116,389	-	116,389	22.69%	-27,219	\$19.82
Class B	24	1,624,850	80,409	-	80,409	4.95%	7,703	\$17.10
Class C	38	1,427,981	267,255	-	267,255	18.72%	-82,199	\$15.34
<i>St. Andrews Total</i>	69	3,565,863	464,053	-	464,053	13.01%	-101,715	\$17.01
Suburban Markets								
Class A	25	1,985,871	220,334	14,592	234,926	11.83%	-49,085	\$19.39
Class B	68	4,224,402	335,809	-	336,169	7.96%	111,325	\$16.38
Class C	136	4,348,984	696,206	-	696,206	16.01%	-128,045	\$15.21
Columbia Market Total	229	10,559,257	1,252,349	14,592	1,267,301	12.00%	-65,805	\$16.48

Source: Colliers International - 2019 Q1 Office Columbia Report, CoStar

Suburban markets in Columbia had 229 buildings supplying nearly 10.6 million square feet of office space. Across the three classes of office space, Columbia had a 12-percent vacancy rate in the first quarter of 2019. The suburban markets also experienced negative absorption of 65,000 square feet. On average suburban office space had an asking rental rate of \$16.48 per square foot per year in Columbia.

Two submarkets, St. Andrews and Northeast Columbia, account for nearly 62 percent of the suburban office market in Columbia with nearly 3.6 million square feet and nearly 3 million square feet, respectively. Other than the Class B space in East Columbia, the Class A spaces in St. Andrews and Northeast Columbia are the only ones that demand asking rental rates higher than \$19 per square foot. St. Andrews also has the highest Class A vacancy rate at nearly 23 percent.

Residential Market Analysis

Properties in lease-up have the highest vacancy rate in Columbia, followed by properties over 30 years of age. One-, two- and three-bedroom residential units have had a five-year average vacancy of between 6.3 and 6.5 percent in the central submarket of Columbia. In the past year and half, at least five residential developments and more than 1,200 units have been added to the Columbia market.

The below table depicts the Columbia residential age group comparison.

Table 6-3

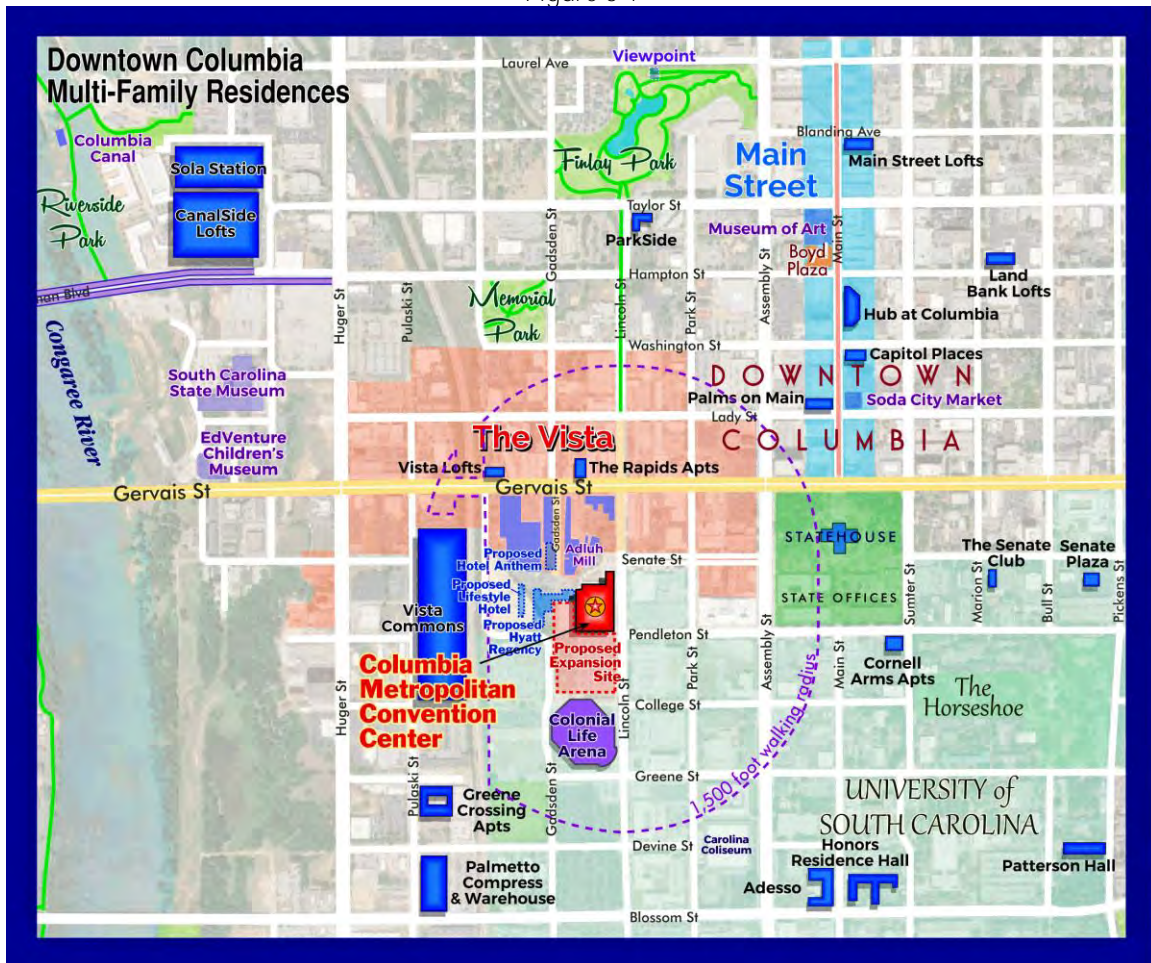
Columbia Age Group Comparison								
	Units Surveyed	Vacant Units	Vacancy Rate	Average Sq. Ft.	Average Rent	Average Rent/SF	Absorption 6 months	Supply Change
In Lease-up	1,026	97	9.5%	1,038	\$1,067	\$1.028	177	154
1-5 Years in Age	3,953	144	3.6%	1,036	\$1,452	\$1.401	185	--
6-15 Years in Age	8,953	447	5.0%	1,156	\$1,209	\$1.045	277	--
16-30 Years in Age	9,641	401	4.2%	986	\$943	\$0.957	175	--
30+ Years in Age	13,973	790	5.7%	917	\$751	\$0.819	509	--
Stabilized Apts.	36,529	1,782	4.9%	1,007	\$990	\$0.983	1,146	--
Totals/Averages	37,555	1,879	5.0%	1,008	\$992	\$0.984	1,323	154

Source: CBRE

Multi-family properties are scattered across downtown Columbia. There are four properties located in the Main Street district, three in and near the Vista, as well as two near Riverside Park and multiple fronting Blossom Street to the south of the Project.

The following figure details the location of the multi-family residences in downtown Columbia.

Figure 6-1



Downtown Columbia offers approximately 2,000 apartments across 18 properties ranging between 12 and 339 units. Sola Station, located near Riverside Park, is by far the largest property with 339 units.

The following table details apartment properties in Columbia with associated average monthly rents.

Table 6-4

Columbia Apartment Buildings			
Property Name	Student Focused?	Units	Avg Monthly Rent
ParkSide	No	--	\$1,195
The Rapids Apartments	No	--	--
Sola Station	No	339	\$1,552
Honors Residence Hall	Yes	230	\$800
Palmetto Compress & Warehouse	No	194	\$1,603
Vista Commons	No	185	\$1,395
Adesso	No	184	\$1,550
Greene Crossing Apartments	No	180	--
Senate Plaza	No	162	\$1,470
Cornell Arms Apartments	Yes	136	\$900
Capitol Places	No	75	\$960
Hub at Columbia	Yes	60	\$2,400
Palms On Main	No	52	\$1,060
CanalSide Lofts	No	46	\$1,150
Main Street Lofts	No	43	\$1,200
Land Bank Lofts	No	19	\$1,190
Vista Lofts	No	16	\$1,730
The Senate Club	No	12	\$1,625
Total / Average	18 properties	1,933	\$1,361

Source: Various properties, Zillow.com, Apartments.com

The average monthly rent ranges from \$800 to \$2,400. The most expensive property on average is the Hub at Columbia, which is located in the same complex as the Sheraton and Marriott hotels on Main Street.

Much of the multi-family market follows the growth of the University of South Carolina and since the current enrollment figure exceeds 32,000 students and continues to climb, plans for additional properties are on the horizon.

Lofts at Palm is a 134-unit property proposed on Main Street. There are 190 units planned for Vista Station, and another 500 units planned on Shop Road near Williams-Brice Stadium.

Retail and Restaurant Market Analysis

HSP analyzed the potential for retail development within downtown Columbia. HSP received historical performance metrics acquired from Costar, analyzed the current retail supply and had conversations with local brokers in order to better understand the Columbia market and what opportunities are present.

Market Overview

Overall absorption in the Columbia retail market was positive, but vacancy rates increased less than 1 percent for all retail year-over-year

Retail offerings to the local consumers with improved convenience and areas like Lexington, which has the lowest vacancy rate in the area, is expected to continue to perform well in 2019 due to its dense residential population. Downtown Columbia also has very strong occupancy, with less than 2.5 percent vacancy.

The table below shows an overview of the Columbia retail market in Q1 of 2019.

Table 6-5

2019 Q1 - Columbia Retail Market								
Shopping Center Market	Inventory (SF)	Vacancy (%)	Anchor (> 25k SF)		Jr. Anchor (10k SF - 25k SF)		Shop (< 10k SF)	
			Vacant (SF)	Asking Rent	Vacant (SF)	Asking Rent	Vacant (SF)	Asking Rent
Cayce/West Columbia								
Core	276,970	8.79%	-	-	16,051	\$12.00	8,300	\$15.55
Non Core	935,984	24.11%	110,340	-	23,714	-	91,650	\$10.14
Cayce/West Columbia Total	1,212,954	20.62%	110,340	-	39,765	\$12.00	99,950	\$10.65
Downtown								
Non Core	144,812	2.49%	-	-	-	-	3,600	-
Downtown Total	144,812	2.49%	-	-	-	-	3,600	-
Golden Triangle								
Core	1,247,294	3.84%	-	-	25,000	-	22,906	\$25.25
Golden Triangle Total	1,247,294	3.84%	-	-	25,000	-	22,906	\$25.25
Harbison/St. Andrews								
Core	1,325,084	14.83%	101,785	-	35,466	\$12.00	59,264	-
Non Core	2,274,847	14.14%	132,192	\$8.50	31,269	-	158,104	\$12.40
Harbison/St. Andrews Total	3,599,931	14.39%	233,977	\$8.50	66,735	\$12.00	217,368	\$12.40
Lexington								
Core	1,247,028	0.61%	-	-	-	-	7,612	\$30.57
Non Core	692,775	12.15%	33,218	-	22,800	\$15.00	28,186	\$19.00
Lexington Total	1,939,803	4.73%	33,218	-	22,800	\$15.00	35,798	\$24.56
North Columbia								
Non Core	353,774	13.30%	-	-	-	-	47,052	\$8.00
North Columbia Total	353,774	13.30%	-	-	-	-	47,052	\$8.00
Northeast Columbia								
Core	2,100,049	7.05%	-	-	10,783	-	137,254	\$18.24
Non Core	1,849,817	13.63%	103,343	\$5.82	32,952	-	115,783	\$19.96
Northeast Columbia Total	3,949,866	10.13%	103,343	\$5.82	43,735	-	253,037	\$18.93
Southeast Columbia								
Non Core	900,419	4.91%	-	-	18,000	-	26,250	\$10.30
Southeast Columbia Total	900,419	4.91%	-	-	18,000	-	26,250	\$10.30
TOTALS								
Core	6,196,425	6.85%	101,785	-	87,300	\$12.00	235,336	\$19.19
Non Core	7,152,428	13.68%	379,093	\$6.94	128,735	\$15.00	470,625	\$13.28
ALL TOTAL	13,348,853	10.51%	480,878	\$6.94	216,035	\$12.64	705,961	\$15.15
* All rents are NNN								
Source: Colliers International - Columbia, SC Retail Market Q1 2019								

Columbia's shopping market saw an improvement in its non-core vacancy rate going from 14.94 percent at the end of 2018 to 13.7 percent after the conclusion of Q1 2019. Non-core retail is seeing expansion while core retail is not.

The table below outlines the asking rent for the Columbia retail market in the first quarter of 2019.

Table 6-6

2019 Q1 Retail Columbia, SC - State of Market		
Asking Rent		
Full Service / SF/ Year	Core	Non-Core
Shopping Center Shop Space	\$19.19	\$13.28
Change From Q4 2017	-7.9%	+18.5%
Urban Retail	\$21.36	-

Source: Colliers International - 2019 Q1 Retail Columbia Report, CoStar

There are important differences between core vs. non-core shopping retailers. Core retailers saw an overall decrease in asking rent per square foot from the first quarter of 2018 to the first quarter of 2019, dropping 7.92 percent. Non-core retailers saw an overall increase in asking rent per square foot from the fourth quarter of 2017 to the fourth quarter of 2018 to a tune of 18.47 percent, reflecting an increased demand and a lack of supply.

Retail Pricing Analysis – Urban Retail Overview

Urban Retail is defined as a street-oriented retail district where the primary way tenants approach the property is as pedestrians. It typically has a mix of luxury retailers not found in traditional shopping centers and it is usually on the street level or first level of a multistory building in a highly urbanized area.

The table below shows the urban retail metrics for the Columbia retail market.

Table 6-7

2019 Q1 - Columbia Retail Market		
Shopping Center Market	Metrics	
	Inventory (SF)	Vacancy Rate (%)
Urban Retail		
East Gervais	33,176	0.0%
Five Points	483,409	7.5%
Innovista	120,362	14.8%
Main Street - Columbia	355,162	17.0%
South Main Street	158,472	2.0%
Township	38,280	7.9%
Vista Gervais Street	699,924	6.3%
TOTALS	1,921,485	8.8%

Source: Colliers International - Columbia, SC Retail Market Q1 2019

The lowest vacancy rate in the first quarter of 2019 was zero percent on East Gervais, mirroring its same performance in the fourth quarter of 2018. Main Street shows the highest vacancy rate in any of the urban submarkets.

The Vista Gervais Street submarket offers three percent of urban retail space and boasts a vacancy rate in the top three of the market.

While there are a variety of types of retail, across all of the downtown Columbia, the most common type is clothing. There are many boutiques and upscale fashion stores. Main Street also has the Soda City Market, which is a popular marketplace open on Saturdays.

The table below details the downtown Columbia retail supply for the Vista and Main Street Districts.

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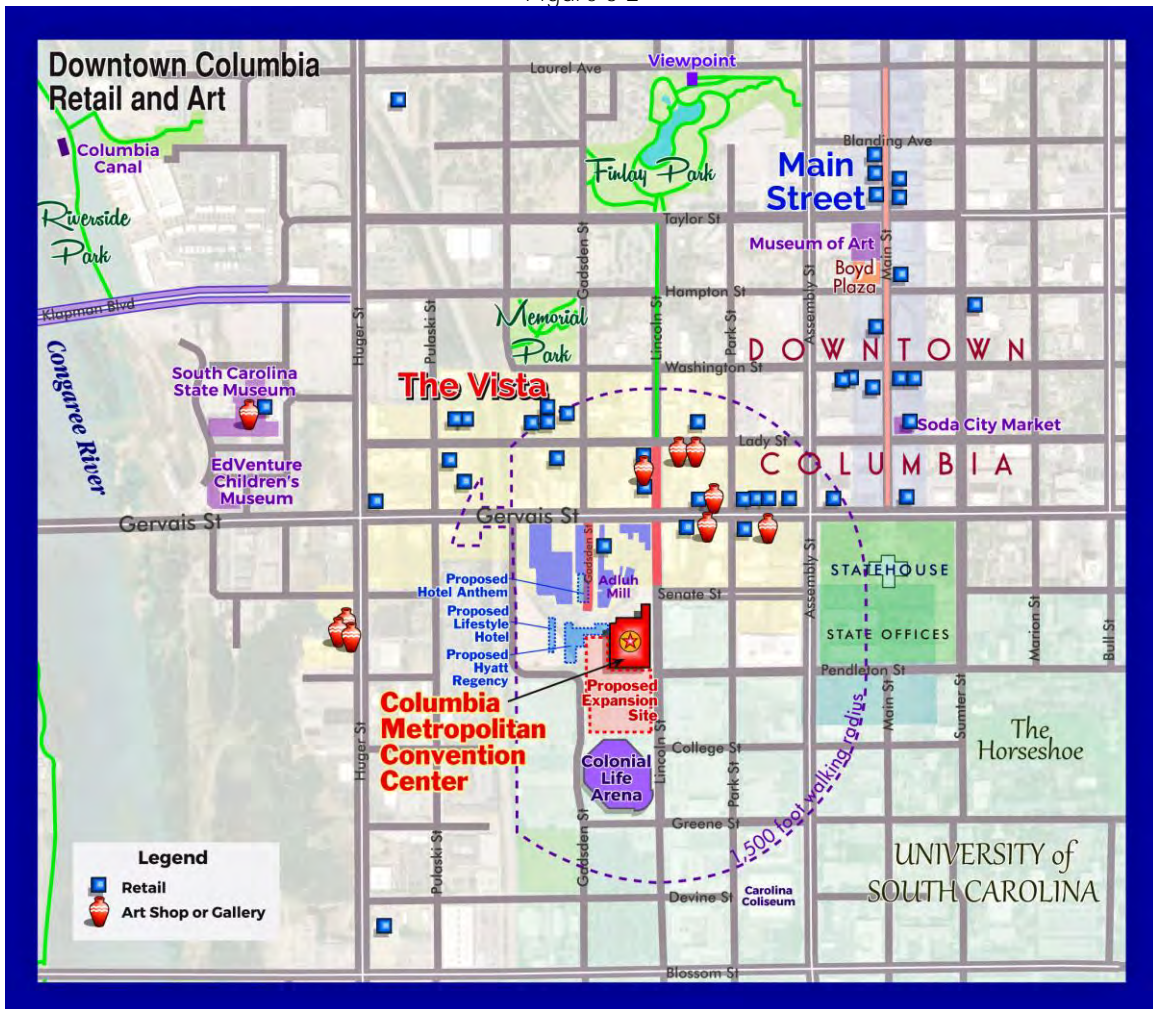
Table 6-8

Columbia Downtown Retail Supply -- Vista and Main Street Districts			
Retail Name	Address	Type	Node
Allen Bros. Milling/Adluh Flour	804 Gervais St	Grits	The Vista
APB	1003 Gervais St	Athletic Clothing & Shoes	The Vista
Backpacker Quality Gear	1215 Wayne St.	Travel Outfitter & Outdoor	The Vista
Bella Bridesmaids	911 Lady St	Bridesmaid Dresses	The Vista
BP Skinner Clothiers	1003 Gervais St	High-End Men's Boutique	The Vista
Cahaly's Custom Clothing	717-B Lady St	High-End Men's Boutique	The Vista
Carl Thomas Lamps, Inc	724 Lady St.	Lamps & Shades	The Vista
Cotton Mill Exchange (SC State Museum)	301 Gervais St	Museum Gift Shop	The Vista
DMR Fashion	617 Lady St	Clothing Fashion Boutique	The Vista
Entourage Clothing & Gifts	701-B Lady St	Women's Apparel Boutique	The Vista
Flooring by Cogdill	1700 Huger St	Flooring	The Vista
Heathcliff's Jewelers	1000 Gervais St	Jewelry	The Vista
Imagine This Boutique	717 Lady St.	Fashion Boutique	The Vista
The Peanut Man Candy & Nut Company	1215 Lincoln St	Candy & Nuts	The Vista
Planet Vapor	300 Huger St	Vape Shop	The Vista
Publix Super Market	501 Gervais St.	Urban Grocery	The Vista
River Runner Outdoor Center	905 Gervais St.	Kayak Canoe Rental	The Vista
Rocket Fizz	929 Gervais St.	Soda & Candy	The Vista
Safran's Antiques	1015 Whaley St	Antiques	The Vista
Sandler's Diamonds and Time	1231 Lincoln St	Jewelry & Time Pieces	The Vista
Savoy Menswear	721 Lady St	Men's Upscale Fashion	The Vista
Smith Rubber Stamps & Seals	602 Lady St.	Rubber Stamps	The Vista
Styled by Naida	607 Lady St	Fashion Boutique	The Vista
Todd & Moore	620 Huger St.	Sporting Goods	The Vista
Urban Outfitters	912 Gervais St.	Hip fashion & accessories	The Vista
Whit-Ash Furninshing	919 Gervais St	Furniture & Oriental Rugs	The Vista
Apple Spare Shop	Sumter & Gervais St	Electronics and Computer	Main Street
Cavaliers of Columbia	1600 Main St	Men's Clothing	Main Street
Corals	1535 Main St	Women's Clothing	Main Street
Floral Elegance By Jourdain	1116 Washington St	Florist	Main Street
Granger Owings Classic Clothiers	1333 Main St	Upscale Apparel	Main Street
Higher Grounds	1430 Sumter St	Coffee, Books & Gifts	Main Street
International Hats and Wigs	1639 Main St	Apparel	Main Street
Mast General Store	1601 Main St	Popular Variety Store	Main Street
Miss Cocky	1450 Main St	Gamecocks Fan Sportswear	Main Street
Pelliclaude/Arcade Mall	1332 Main St	Boutique	Main Street
Soda City Market	1300 Main St	Saturday Street Martetplace	Main Street
Something Special Florist	1546 Main St	Florist	Main Street
Sunday & Co	1520 Main St	Gift Shop	Main Street
Sylvan's Jewelers	1500 Main St	Jewelry	Main Street
The Cigar Box	1639 Main St	Cigars, Smoking	Main Street
The Shoppes on Main	1604 Main St	Home Accessories	Main Street
Uptown Gifts	1204 Main St	Gift Shop	Main Street

Source: Vistacolumbia.com, Various websites

The following figure shows the retail and art supply in downtown Columbia.

Figure 6-2



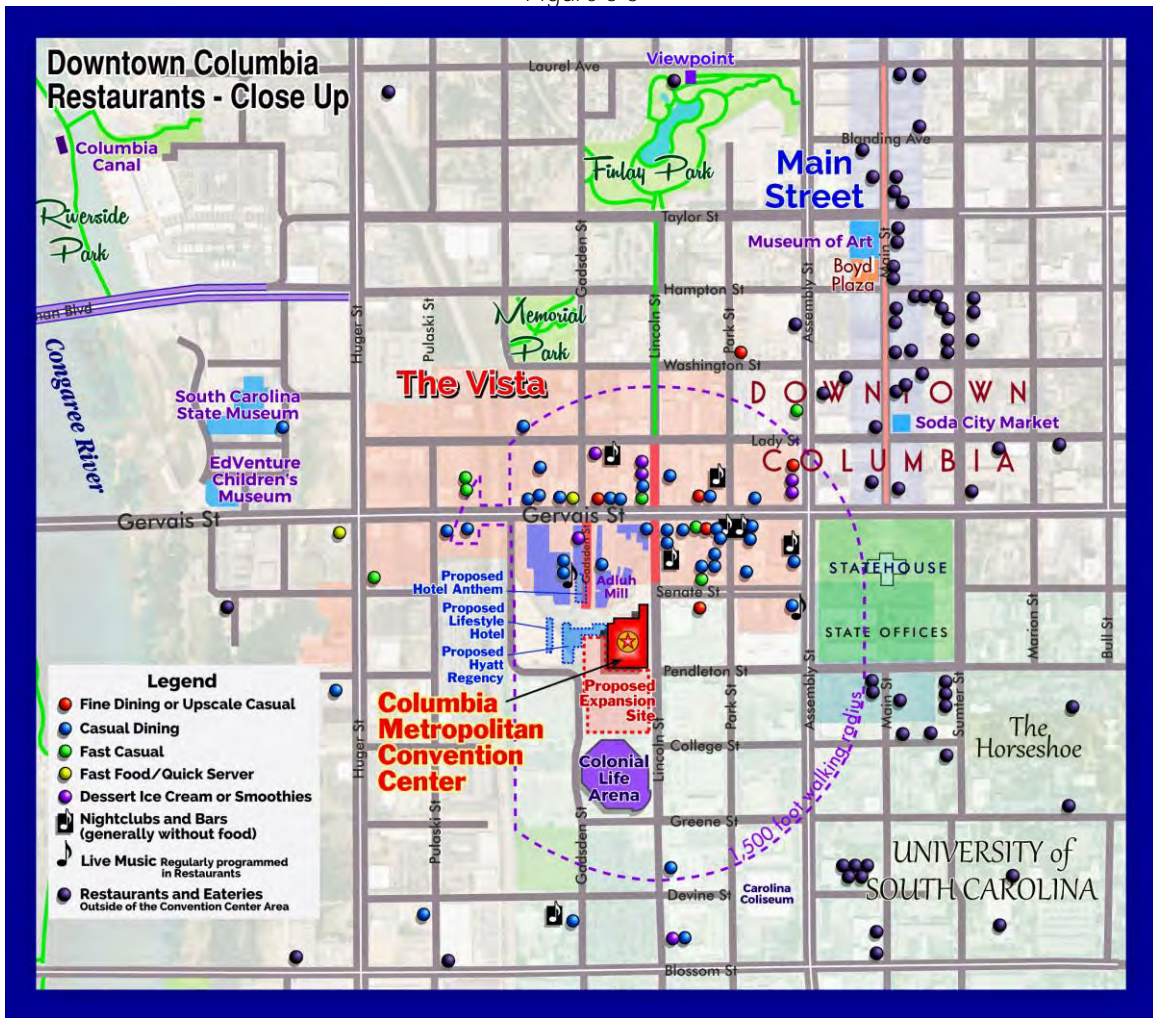
Shops and other retail in downtown Columbia are centered along Gervais Street, Lady Street and Main Street. Twice as many shops and art galleries are located in the Vista as along Main Street. In fact, all art shops and galleries are located in the Vista, hence its reputation as an arts district.

Restaurant Market Analysis

Retail and restaurant space are closely related, rely on many of the same market dynamics and are therefore typically considered parts of the same use type. Similar to retail, restaurants are centered around Gervais Street in the Vista and Main Street. The Vista has 56 restaurants, including six nightclubs and bars.

The following figure shows the restaurant supply in downtown Columbia.

Figure 6-3



Downtown Columbia offers a wide variety of cuisine and dining options. More than half of the restaurants in the downtown area are casual dining establishments. Fast casual, dessert spots and fine dining are also prevalent in the area.

The table below details the downtown area restaurant and nightlife supply in Columbia.

Table 6-9

Columbia Downtown-Area Restaurant & Nightlife Supply							
Restaurant Name	Type	Quality	Yelp Rating	Restaurant Name	Type	Quality	Yelp Rating
1801 Grille	Breakfast, Lunch & Dinner	Casual Dining	4	White Duck Taco Shop	Margaritas & Tacos	Casual Dining	4
929 Kitchen and Bar	Korean	Casual Dining	4	Vista Union	Bar & Billiards	Casual Dining/Bar	4
Blue Marlin/The Vista Room	Lunch & Dinner	Casual Dining	4	Wild Wing Café	Wings	Casual Dining/Bar	2.5
Carolina Ale House	Rooftop Bar	Casual Dining	3	Tin Lizzy's Cantina	Margarita Bar & Tacos Music	Casual Dining/Live Music	3.5
Carolina Strip Club	Bar & Steakhouse	Casual Dining	2.5	Tin Roof	Bar Food & Music	Casual Dining/Live Music	3.5
The Casual Pint	Craft Beer Bar	Casual Dining	4.5	Cupcake DownSouth	Cupcakes	Dessert	4
The Community Table	Late Night Diner	Casual Dining	--	Great American Cookies	Cookies	Dessert	--
Copper Horse Distilling	Small Batch Liquor	Casual Dining	5	Marble Slab Creamery	Ice Cream	Dessert	3.5
Crescent Café (in SC State Museum)	Lunch Café	Casual Dining	--	Rita's Italian Ice	Italian Ice	Dessert	4.5
Flying Saucer	Restaurant & Beer	Casual Dining	4	Smoothie King	Smoothies	Dessert	4
Gervais & Vine	Tapas	Casual Dining	4	Tropical Smoothie Café	Smoothies	Dessert	4
Grill Marks	Burgers & Bar	Casual Dining	3.5	Wet Willie's	Smoothies	Dessert	3.5
Hickory Tavern	Sports Bar	Casual Dining	3	Chipotle	Mexican Chain	Fast Casual	2.5
International House of Pancakes	Diner Chain	Casual Dining	3.5	Five Guys Burgers & Fries	Burger Chain	Fast Casual	4.5
Kaminsky's Dessert Café	Desserts, Coffee, Liquor	Casual Dining	4	Freshe Poke	Asian	Fast Casual	4.5
Kao Thai Cuisine	Pan-Asian	Casual Dining	4	Garden Bistro	Sandwiches & Wraps	Fast Casual	4
Le Peep	Breakfast & Lunch	Casual Dining	3.5	Jason's Deli	Healthy Diner Chain	Fast Casual	3.5
Liberty Tap Room	Dinner & Beer Taps	Casual Dining	3.5	Panera Bread	Sandwich Soup Chain	Fast Casual	3
Longhorn Steakhouse	Steak Chicken Seafood	Casual Dining	3	Starbucks	Coffee	Fast Casual	4
M Vista	Asian	Casual Dining	3	Sure Fire Tacos	Gourmet Mexican	Fast Casual	3.5
Mellow Mushroom	Pizza & Hoagies	Casual Dining	3.5	Jimmy John's	Sandwich Chain	Fast Food	3.5
Menkoi Ramen House	Japanese Noodles	Casual Dining	4	McDonald's	Burgers Fries Chain	Fast Food	2
Monterrey Mexican Restaurant	Mexican	Casual Dining	2.5	Sonic Drive-In	Burger Drive-In Chain	Fast Food	2
Old Chicago Pizza & Taproom	Pizza & Calzones	Casual Dining	3.5	The Aristocrat	Wine/Craft Cocktail	Fine Dining	4.5
The Oyster Bar Columbia	Oyster Bar	Casual Dining	4.5	Cola's Restaurant	Dinner/Reception	Fine Dining	4
Palmetto Pig	BBQ Buffet	Casual Dining	4	Motor Supply Co. Bistro	Bistro	Fine Dining	4
Pearlz Oyster Bar	Seafood Oyster Bar	Casual Dining	3.5	Nonnah's	Desserts Lunch Dinner	Fine Dining	3.5
Poke Bros	Japanese	Casual Dining	4.5	Ristorante Divino	Northern Italian	Fine Dining	4
The Pot Smoker BBQ	BBQ Ribs	Casual Dining	4.5	Ruth's Chris Steakhouse	Steak	Fine Dining	3.5
SakiTumi	Sushi & Cocktails	Casual Dining	3.5	Art Bar	Bar/Dance	Nightclub	4
TakoSushi	Asian SW Fusion	Casual Dining	3.5	Capital Club	Gay Bar	Nightclub	3.5
Thirsty Fellow Pizzeria & Pub	Pizza, Sandwiches, Brunch	Casual Dining	4	PT's 1109	Gay Bar/Drag Show	Nightclub	2.5
Truth of Columbia	Bistro	Casual Dining	4.5	Uncle Fester's	Bar & Video Games	Nightclub	3.5
Tsunami	Steak Seafood Sushi	Casual Dining	3	Uncle Louie's	Bar	Nightclub	4
Twin Peaks	Sports Bar	Casual Dining	2.5	The Woody	Dancing	Nightclub	4
Twisted Spur Brewing	Microbrewery	Casual Dining	3.5	World of Beer	Beer Tap Bar	Nightclub/Bar	3.5
Village Idiot Pizza	Pizza	Casual Dining	3.5				

Source: Various websites, Visitcolumbia.com

Of the 70 restaurants in downtown Columbia including the Vista and Main Street, the Yelp ratings range between two and five stars. The average of all the downtown restaurants is 3.6 stars. There is only one five-star restaurant, Copper Horse Distilling, according to Yelp ratings. The majority of restaurants in downtown Columbia are rated with 3.5 and 4 stars, of which there are 23 each.

Implications

The commercial real estate market in Columbia is split between the suburban and the downtown markets for office, residential and retail/restaurant uses. Downtown Columbia outperforms the suburban submarkets on each of the uses presented in this chapter. The rental rates are highest, among the three uses, for office at \$16.48 per square foot, then retail at \$15.15 per square foot and \$11.76 per square foot for residential. However, occupancy rates are in an inverted order where residential is highest in Columbia at 95 percent, retail and restaurant has an average of 91 percent and office has 88 percent. While the highest quality spaces do not always perform the best in Columbia, downtown does respond to quality as Class space for retail and

office on average have higher rental rates and lower vacancy and the newest, stabilized multi-family properties outperform older properties and those in lease-up.

These market realities suggest that new, high quality office, residential and retail/restaurant spaces as those proposed to be located within Vista Station will perform at or above the current top of the market, especially considering the synergy of having a mixed-use entertainment district centered around the CMCC and related hospitality.

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RECOMMENDATIONS

The Project proposed in downtown Columbia, including an expansion of the Columbia Metropolitan Convention Center and the development of a master planned mixed-use project called Vista Station, is a coordinated effort between the City of Columbia, Midlands Authority for Conventions, Sports and Tourism and Arnold Companies, a private developer. The goal of the Project is to create a more functional, versatile and complete convention center and a synergistic and compelling conventions and meetings, entertainment and hospitality district that appeals to convention groups, tourists and visitors in general and local residents. HSP believes that the proposed Project accomplishes these objectives.

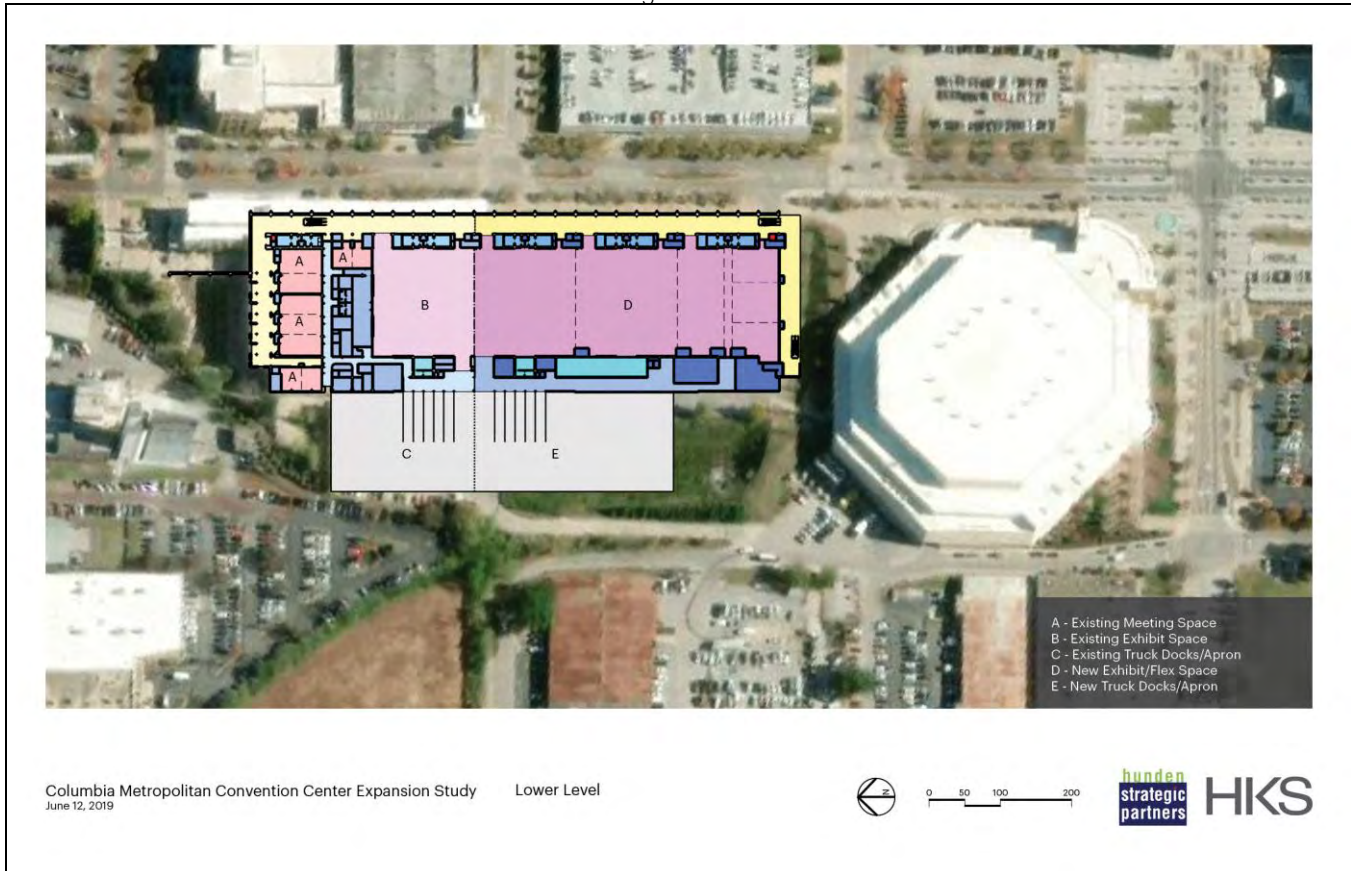
However, HSP recommends some adjustments to the original CMCC expansion concept, as well as the headquarters Hyatt Regency hotel, to create the most compelling and impactful scenario that fits the realities of the situation in Columbia today. HSP recommends that the southernmost division in the exhibit/flex hall be made divisible into smaller rooms and that additional pre-function space be added on the south side of the exhibit/flex hall to allow for greater access and the aforementioned divisibility. A key **differentiator in today's market is the ballroom. By allowing for one end of the exhibit hall to be ballroom quality, with divisibility, it will allow for two separate events to occur at once, even if both need ballrooms.** Also, it will provide for a much larger ballroom than currently exists, allowing it to compete with larger facilities in the Southeast region.

HSP also recommended that the Hyatt Regency be expanded from the original program of 332 rooms. After an iterative process, the final room count established by Arnold Companies came to 387 by adding two floors to the building.

In order to show these adjustments, HSP retained HKS to revise the drawing produced by McMillan in 2017.

The following figure show the revised drawings of the first floor of the CMCC.

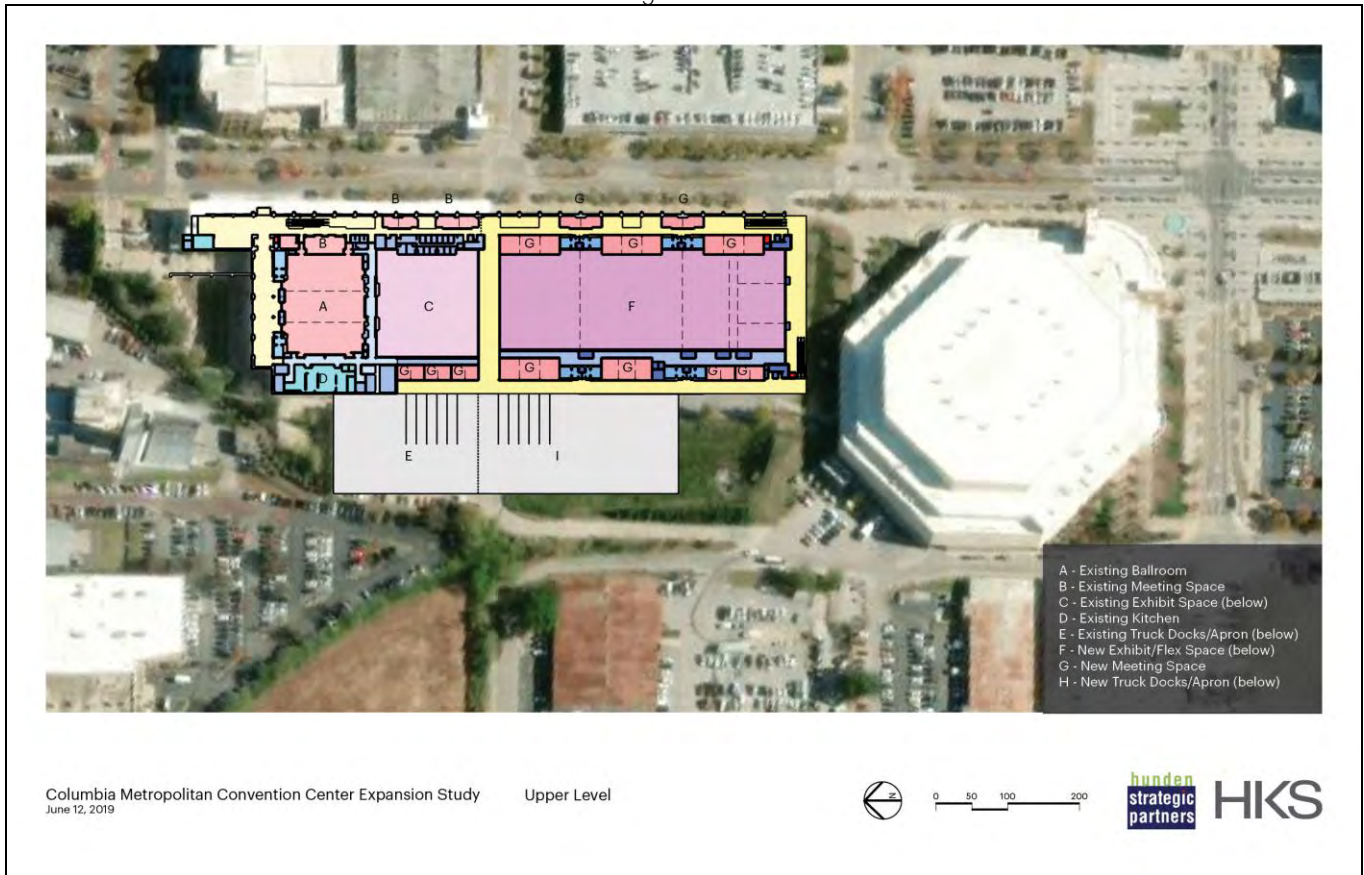
Figure 7-1



As shown, the revised floor plan allows for multiple arrangements in the division of the exhibit/flex hall closest to the Colonial Life Arena. These arrangements require the pre-function space on the south end of the CMCC, so there is attendee and service access to each of the subdivisions. The plans were also revised to replace the new first floor meeting rooms with bathrooms based on code requirements.

The following figure shows the revised drawings of the second floor of the CMCC.

Figure 7-2



The second floor of the CMCC remained mostly the same as the McMillan plan other than the additional pre-function space on the south end of the building and the additional meeting rooms shown just below the “C” area on the drawing above.

Overall, these changes reduced the additional meeting space from the McMillan plan of approximately 23,000 square feet to just less than 19,000 square feet in the updated plan.

The following table shows the breakdown of function space for the CMCC post-expansion.

Table 7-1

Columbia Metropolitan Convention Center Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
Exhibit Space			
Exhibit/Flex Hall	95,470		7
	<u>95,470</u>		<u>7</u>
Ballroom Facilities			
Columbia Ballroom	16,704		3
	<u>16,704</u>		<u>3</u>
Meeting Room Facilities			
Richland Room	5,670		3
Lexington Room	4,158		2
Congaree Room	2,232		2
Carolina Room	2,223		2
Senate Room	1,140		2
Lincoln Room	933		2
Spires Boardroom	531		1
New Meeting Rooms	18,625		29
	<u>35,512</u>		<u>43</u>
Summary			
Walkable Hotel Rooms	1,186		
Total Exhibit Space	95,470	/ Guest Room	80.5
Total Ballroom Space	16,704		14.1
Total Meeting Space	<u>35,512</u>		<u>29.9</u>
Total Function Space	147,686		124.5
Divisions			
Ballroom Divisions	3	/ 100 Guest Rooms	0.3
Meeting Room Divisions	<u>43</u>		<u>3.6</u>
Total Divisions (including Ballroom)	46		3.9

* 23,000 SF of Exhibit Hall with ballroom-level finishes
Source: Hunden Strategic Partners

The post-expansion CMCC will have more than 147,000 square feet of function space, including 95,000 square feet of exhibit/flex hall space, which will include the new approximately 48,000-square foot space that can be dressed up to be a ballroom for social events. While the ballroom section of this table is the same as the current CMCC, it is somewhat misleading considering the ability of the flex hall to become a ballroom. Total meeting space in the CMCC will more than double with 18,625 square feet of new meeting space and nearly 30 new divisions.

With Vista Station **master plan**, **CMCC’s walkable hotel rooms will increase from 572 to nearly 1,200**. Overall function space per walkable guest room increased by approximately 27 square feet between the current program and the expansion. Exhibit hall space per guest room nearly tripled, ballroom space decreased by half and meeting space increased slightly.

The following table shows the leasable and gross square footage of the CMCC.

Table 7-2

Area	Proposed Program			Capacity	
	Square Feet	Divisions	Booths	Theater	Banquet
Exhibit Hall (including ballroom)	95,470	7	477	8,679	6,365
Ballroom (existing)	16,704	3	84	1,519	1,114
Meeting Rooms	35,512	43	178	Variable	Variable
Total	<u>147,686</u>	<u>53</u>			
Other Space	<u>190,164</u>				
Total Building SF	<u>337,850</u>				

Source: Hunden Strategic Partners

While the expanded CMCC will have nearly 148,000 square feet of leasable space, the gross space within the facility will be nearly 338,000 square feet. This means that 190,000 square feet will be used for front-of-house and back-of-house support spaces that are not directly leasable.

The changes recommended to the program of the CMCC expansion and the Hyatt Regency will be reflected in the demand and financial projections for the Project, as well as the economic, employment and fiscal impacts on the City of Columbia.

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DEMAND AND FINANCIAL PROJECTIONS

Based on information that was provided to and gathered by HSP regarding the Project and the markets within which it will participate demand and financial projections were made for an expanded Columbia Metropolitan Convention Center (CMCC) and the development of Vista Station.

Columbia Metropolitan Convention Center

The following table shows the projected number of events at the expanded CMCC.

Table 8-1

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Conventions, Conferences	30	30	33	34	35	35
Consumer Shows	16	17	18	18	18	18
Corporate Events	14	14	14	15	15	15
Sports/Entertainment Events	15	15	16	17	17	17
Sub-total Exhibit Hall	60	61	65	67	68	68
Non-Exhibit						
Banquets	118	120	121	121	121	121
Meetings Room Events	150	155	159	160	160	160
Sub-total Non-Exhibit	268	275	280	281	281	281
Total	343	351	361	365	366	366

Source: Hunden Strategic Partners

The CMCC is expected to host between 343 and 366 events per year during the first ten years of operation post-expansion. Essentially 75% of the events are expected to be non-exhibit events, which take place in ballrooms and meeting rooms.

The CMCC is also expected to book between 60 and 68 exhibit events per year during the period, most of which will be conventions and conferences. Consumer shows are also expected to approximately double compared to the average in recent years.

The following table shows the projected annual attendance by event type at the CMCC once expanded.

Table 8-2

Convention Center Projected Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Conventions, Conferences	57,900	57,900	63,800	63,800	68,800	68,800	68,800	68,800	68,800	68,800
Consumer Shows	107,800	115,200	127,400	127,400	127,400	127,400	127,400	127,400	127,400	127,400
Corporate Events	5,400	5,400	5,400	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Sports/Entertainment Events	40,800	40,800	43,800	46,700	46,700	46,700	46,700	46,700	46,700	46,700
Banquets/Receptions	73,500	74,900	75,900	74,900	74,900	74,900	74,900	74,900	74,900	74,900
Meetings Room Events	58,100	59,900	61,100	61,400	61,400	61,400	61,400	61,400	61,400	61,400
Total All Events	343,500	354,100	377,400	380,000	385,000	385,000	385,000	385,000	385,000	385,000

Source: Hunden Strategic Partners

HSP projects that the expanded CMCC will attract approximately 385,000 attendees once the expansion stabilizes. The majority of these attendees will come from consumer shows, followed by banquets and conventions/conferences. This level of attendance would be more than double that of the average annual attendance at the CMCC currently.

The following table shows the pro forma for the expanded CMCC.

Table 8-3

Pro Forma Operating Statement of Revenue and Expenses (\$000's, Inflated)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue										
Event Revenue										
Space Rental	\$1,285	\$1,343	\$1,484	\$1,531	\$1,724	\$1,767	\$1,811	\$1,856	\$1,903	\$1,950
Equipment Rental	386	403	445	459	517	530	543	557	571	585
Net Food and Beverage	2,249	2,342	2,483	2,532	2,645	2,711	2,779	2,849	2,920	2,993
Event Services Income	347	362	401	413	465	477	489	501	514	527
Sub-total	\$4,267	\$4,450	\$4,812	\$4,935	\$5,352	\$5,485	\$5,623	\$5,763	\$5,907	\$6,055
Other Revenue										
Advertising and Sponsorships	15	15	16	16	16	17	17	17	18	18
Other Revenue	85	89	96	99	107	110	112	115	118	121
Total Operating Revenue	\$4,367	\$4,554	\$4,924	\$5,050	\$5,475	\$5,612	\$5,752	\$5,896	\$6,043	\$6,194
Expenses										
Salaries and Wages	1,610	1,645	1,682	1,719	1,756	1,795	1,835	1,875	1,916	1,958
Employee Benefits	580	592	605	619	632	646	660	675	690	705
Passthrough Labor	347	362	401	413	465	477	489	501	514	527
Maintenance & Repairs	402	421	447	460	491	501	512	524	535	547
Cleaning	137	143	155	159	166	170	174	178	182	186
Utilities	961	970	990	997	1,009	1,015	1,021	1,027	1,033	1,040
Sales and Marketing	125	128	84	85	87	89	91	93	95	97
General and Administrative	443	453	463	473	483	494	505	516	527	539
Insurance	236	241	247	252	258	263	269	275	281	287
Other Operating Expenses	287	293	352	359	368	374	381	389	396	403
Management Fee	0	0	0	0	0	0	0	0	0	0
Reserve For Replacement	148	155	171	176	198	203	208	213	219	224
Total Expenses	\$5,275	\$5,404	\$5,596	\$5,712	\$5,914	\$6,029	\$6,146	\$6,266	\$6,388	\$6,513
Net Operating Income	(\$908)	(\$850)	(\$671)	(\$662)	(\$439)	(\$417)	(\$394)	(\$370)	(\$345)	(\$319)

Source: Hunden Strategic Partners

The CMCC is expected to generate between \$4.4 million and \$6.2 million per year in operating revenues, 48 percent of which is expected to come from food and beverage services net of expenses. Space rentals is expected to generate a full third of revenues, as well.

Expenses are expected to total between \$5.3 million in the first year up to \$6.5 million in Year 10. Salaries and wages far outweigh other expenses at \$2 million or 30 percent in Year 10. The management fee is set to \$0 because the Midlands Authority holds a 50-year management agreement for the CMCC, which began in 2004, and does not include a management fee.

These figures lead to an operation deficit each year, however, as there is already latent demand in the market, events and attendance are expected to ramp up quickly once the expansion is opened. The deficit decreases significantly throughout the period. The deficit begins at approximately \$900,000 in Year 1 and decreases by nearly \$600,000 to \$319,000 in Year 10.

Hyatt Regency

This section shows the projections for the Hyatt Regency headquarters hotel for the CMCC.

The following table shows the estimated performance for the Hyatt Regency's competitive set in 2018.

Table 8-4

Competitive Set Hotels Estimated Occupancy, Rate & Market Segmentation for 2018									
Hotel	Rooms	Occupancy	Avg. Daily		RevPAR Yield	Market Segmentation Corp.			
			Rate	RevPAR		Transient	Group	Leisure	
Hampton Inn Columbia Downtown Historic District	123	77%	\$154	\$119	106%	47%	33%	20%	
Hilton Columbia Center	222	78%	\$169	\$132	118%	25%	55%	20%	
Hyatt Place Columbia Downtown The Vista	130	75%	\$159	\$119	106%	40%	35%	25%	
aloft Hotel Columbia Downtown	107	81%	\$146	\$118	106%	45%	25%	30%	
Springhill Suites Columbia Downtown The Vista	132	78%	\$145	\$113	101%	45%	20%	35%	
Courtyard Columbia Downtown @ USC	189	71%	\$144	\$102	91%	45%	20%	35%	
Sheraton Hotel Columbia Downtown	132	69%	\$145	\$100	89%	45%	25%	30%	
Marriott Columbia	300	68%	\$150	\$102	91%	30%	50%	20%	
Holiday Inn Express & Suites Columbia Downtown	81	76%	\$139	\$106	94%	45%	15%	40%	
Total/Weighted Averages	1,416	73.9%	\$151.67	\$112	100%	38%	35%	27%	

Source: Hunden Strategic Partners

HSP has estimated the 2018 performance of the competitive set of hotels that will compete with the Hyatt Regency once constructed. The estimates are based upon conversations with various hotel managers and other stakeholders in Columbia. The competitive set had an ADR of \$151.67 and nearly 74 percent occupancy during 2018.

The following table show the estimated competitive set segmentation.

Table 8-5

Estimated Competitive Set Segmentation	
Corporate Transient	38%
Group	35%
Leisure	27%
Total	100%

Source: Hunden Strategic Partners

Based on the same conversations mentioned on the previous slide, HSP has estimated the segmentation of the Columbia hotel market. Nearly 40% is corporate, another third is generated by group demand.

The following table shows the estimated competitive set demand growth.

Table 8-6

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2017	142,934	--	129,191	--	99,348	--	371,472	---	513,158	---	1,406	72.4%
2018	147,558	--	133,370	--	102,562	--	383,490	3.2%	516,720	0.7%	1,416	74.2%
2019	149,033	1.0%	133,370	0.0%	104,613	2.0%	387,017	0.9%	516,840	0.0%	1,416	74.9%
2020	160,956	8.0%	136,038	2.0%	111,936	7.0%	408,930	5.7%	586,190	13.4%	1,606	69.8%
2021	162,566	1.0%	138,758	2.0%	116,414	4.0%	417,738	2.2%	586,190	0.0%	1,606	71.3%
2022	169,068	4.0%	141,533	2.0%	123,398	6.0%	434,000	3.9%	643,860	9.8%	1,764	67.4%
2023	185,130	9.5%	174,086	23.0%	138,206	12.0%	497,422	14.6%	832,565	29.3%	2,281	59.7%
2024	195,312	5.5%	200,199	15.0%	147,190	6.5%	542,701	9.1%	832,565	0.0%	2,281	65.2%
2025	203,124	4.0%	220,219	10.0%	151,605	3.0%	574,949	5.9%	832,565	0.0%	2,281	69.1%
2026	207,187	2.0%	233,432	6.0%	154,637	2.0%	595,256	3.5%	832,565	0.0%	2,281	71.5%
2027	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%
2028	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%
2029	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%
2030	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%
2031	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%
2032	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%
2033	207,187	0.0%	233,432	0.0%	154,637	0.0%	595,256	0.0%	832,565	0.0%	2,281	71.5%

Source: Hunden Strategic Partners

Demand growth for the competitive set is expected to grow from 383,000 room nights in 2018 to 595,000 in 2026, which is when the Hyatt Regency is expected to stabilize. Supply of hotel room nights is expected to spike from 517,000 to nearly 833,000 during the same period due to the development of the 90-room Holiday Inn and 100-room Home2 Suites opening in 2020, as well as the 158-room Hotel Anthem (Tapestry by Hilton) opening 2022 and the 387-room Hyatt Regency and 130-room Select-Service Lifestyle Hotel opening in 2023.

Due to the additional supply and the time expected for the market to absorb these room nights, occupancy is expected to decrease from 74.2 percent in 2018 to 59.7 percent the year the Hyatt Regency and Select-Service Lifestyle Hotel open before rebounding to 71.5 percent in 2026.

The following table shows the estimated difference in competitive set hotel room nights from the baseline.

Table 8-7

Estimated Difference in Competitive Set Hotel Room Nights from Baseline										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Corporate Transient	16,061	26,244	34,056	38,119	38,119	38,119	38,119	38,119	38,119	38,119
Group	32,553	58,666	78,686	91,899	91,899	91,899	91,899	91,899	91,899	91,899
Leisure	14,808	23,791	28,207	31,239	31,239	31,239	31,239	31,239	31,239	31,239
Total	63,422	108,700	140,949	161,256	161,256	161,256	161,256	161,256	161,256	161,256

Source: Hunden Strategic Partners

Demand is expected to grow by 161,000 room nights following the completion and stabilization of the Hyatt Regency. Most of this growth is expected to come from the group segment, considering the expansion of the CMCC will drive many of the new room nights in the market.

The following table shows the Hyatt Regency’s estimated market penetration.

Table 8-8

Estimated Market Penetration for Proposed 387-Room Hotel						
Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2023	90%	135%	40%	92%	60%	55%
2024	95%	145%	50%	101%	65%	66%
2025	100%	150%	55%	107%	69%	74%
2026	100%	150%	55%	108%	71%	77%
2027	100%	150%	55%	108%	71%	77%
2028	100%	150%	55%	108%	71%	77%
2029	100%	150%	55%	108%	71%	77%
2030	100%	150%	55%	108%	71%	77%
2031	100%	150%	55%	108%	71%	77%
2032	100%	150%	55%	108%	71%	77%

Source: Hunden Strategic Partners

The Hyatt Regency is projected to outperform the competitive set by 50 percent in group segmentation and match the competitive set in corporate segmentation. On an occupancy basis, the Hyatt Regency is expected to outperform the competitive set by six percentage points upon stabilization.

The following table shows the project demand for the Hyatt Regency.

Table 8-9

Projected Demand for Proposed 387-room HQ Hotel									
Year	Corporate		Group	Leisure		Total Demand	% Change	Occupancy	
	Transient	% Change		% Change	% Change				
2023	28,269	--	39,873	--	9,379	77,521	--	55%	
2024	31,480	11.4%	49,251	23.5%	12,486	93,218	20.2%	66%	
2025	34,463	9.5%	56,044	13.8%	14,147	104,654	12.3%	74%	
2026	35,152	2.0%	59,407	6.0%	14,430	108,989	4.1%	77%	
2027	35,152	0.0%	59,407	0.0%	14,430	108,989	0.0%	77%	
2028	35,152	0.0%	59,407	0.0%	14,430	108,989	0.0%	77%	
2029	35,152	0.0%	59,407	0.0%	14,430	108,989	0.0%	77%	
2030	35,152	0.0%	59,407	0.0%	14,430	108,989	0.0%	77%	
2031	35,152	0.0%	59,407	0.0%	14,430	108,989	0.0%	77%	
2032	35,152	0.0%	59,407	0.0%	14,430	108,989	0.0%	77%	

Source: Hunden Strategic Partners

HSP projects that the Hyatt Regency will sell approximately 109,000 room nights each year upon stabilization, which implies an occupancy rate of 77 percent. More than half of these room nights are expected to come from groups, while one-third is expected to come from corporate guests.

The following table compares the stabilized segmentation mix between the competitive set and the Hyatt Regency.

Table 8-10

Projected HQ Hotel Stabilized Demand Mix vs. Comp Set		
Segment	Hotel at Stabilization	Comp Set
Corporate	32%	35%
Group	55%	39%
Leisure	13%	26%
Total	100%	100%

Source: Hunden Strategic Partners

The Hyatt Regency is expected to have approximately 55 percent of its room nights generated by groups, while 32 percent comes from corporate. The competitive set is projected to be more leisure focused than the Hyatt Regency.

The following table shows the average daily rate projections for the Hyatt Regency.

Table 8-11

Average Daily Room Rate Projections					
Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2013	\$128	--	--	--	--
2014	\$132	3.4%	--	--	--
2015	\$138	4.5%	--	--	--
2016	\$145	4.9%	--	--	--
2017	\$148	2.5%	--	--	--
2018	\$151	1.9%	--	--	--
2019	\$154	2.2%	--	--	--
2020	\$158	2.2%	--	--	--
2021	\$161	2.2%	--	--	--
2022	\$163	1.0%	--	--	--
2023	\$163	0.0%	111%	\$181	--
2024	\$164	0.5%	110%	\$180	-0.3%
2025	\$166	1.5%	110%	\$183	1.3%
2026	\$169	2.0%	110%	\$186	1.9%
2027	\$173	2.2%	110%	\$190	2.2%
2028	\$177	2.2%	110%	\$194	2.2%
2029	\$181	2.2%	110%	\$199	2.2%
2030	\$185	2.2%	110%	\$203	2.2%
2031	\$189	2.2%	110%	\$207	2.2%
2032	\$193	2.2%	110%	\$212	2.2%

Source: Hunden Strategic Partners

HSP projects that the Hyatt Regency will begin at \$181 ADR and increase to \$212 by 2032. These rates indicate a penetration of the market of 110 percent, meaning the Hyatt Regency will generate rates ten percent higher than the competitive set.

The following table shows the projected average daily rate and occupancy for the Hyatt Regency.

Table 8-12

Performance Summary - HQ Hotel				
Year	Average Daily Rate	Occupancy	Revenue per Available Room	Annual Increase
2023	\$181	55%	\$99	--
2024	\$180	66%	\$119	19.8%
2025	\$183	74%	\$135	13.7%
2026	\$186	77%	\$144	6.1%
2027	\$190	77%	\$147	2.2%
2028	\$194	77%	\$150	2.2%
2029	\$199	77%	\$153	2.2%
2030	\$203	77%	\$157	2.2%
2031	\$207	77%	\$160	2.2%
2032	\$212	77%	\$164	2.2%

Source: Hunden Strategic Partners

The Hyatt Regency is expected to increase its performance during the ten-year period shown from \$99 of revenue per available room (RevPAR) to \$164.

The following table shows the pro forma for the Hyatt Regency.

Table 8-13

Projection of Income & Expense: 387-Room HQ Hotel - (in \$000, inflated)										
	Year 1					Year 2	Year 3	Year 4	Year 5	Year 10
Room Count	387					387	387	387	387	387
Available Room Nights	141,255					141,255	141,255	141,255	141,255	141,255
Occupancy Rates	55%					66%	74%	77%	77%	77%
Occupied Room Nights	77,521					93,218	104,654	108,989	108,989	108,989
Average Daily Rate	\$181					\$180	\$183	\$186	\$190	\$212
RevPAR	\$99					\$119	\$135	\$144	\$147	\$164
Percent of Change from Prior Year	--					19.8%	13.7%	6.1%	2.2%	2.2%
	\$	%	%	PAR	POR	\$	\$	\$	\$	\$
REVENUE										
Rooms	\$14,031	65.6%	65.6%	\$36,256	\$181	\$16,813	\$19,117	\$20,282	\$20,728	\$23,111
Hotel Food and Beverage	2,139	10.0%	10.0%	\$5,527	\$28	2,571	2,932	3,120	3,189	3,556
Hotel Food and Beverage - Catering/Other	3,871	18.1%	18.1%	\$10,004	\$50	4,705	5,424	5,835	5,963	6,649
Telephone	64	0.3%	0.3%	\$166	\$1	77	88	94	96	107
Other Operated Departments	856	4.0%	4.0%	\$2,211	\$11	1,028	1,173	1,248	1,276	1,422
Parking & Transportation	107	0.5%	0.5%	\$277	\$1	129	147	156	159	178
Rentals and Other Income	321	1.5%	1.5%	\$829	\$4	386	440	468	478	601
Total Revenue	\$21,389	100.0%	100.0%	\$55,269	\$276	\$25,708	\$29,320	\$31,203	\$31,890	\$35,623
DEPARTMENTAL EXPENSES										
Rooms	\$3,774	26.9%	26.9%	\$9,753	\$49	\$4,187	\$4,588	\$4,868	\$4,975	\$5,547
Hotel Food and Beverage	1,626	76.0%	76.0%	\$4,200	\$21	1,928	2,199	2,309	2,360	2,631
Telephone	257	400.0%	400.0%	\$663	\$3	309	352	374	383	427
Other Operated Departments	180	21.0%	21.0%	\$464	\$2	206	235	250	255	284
Parking & Transportation	40	32.0%	37.0%	\$103	\$1	41	44	47	48	53
Rentals and Other Income	19	6.0%	6.0%	\$50	\$0	19	22	23	24	30
Total Departmental Expenses	\$5,895	27.6%	27.6%	\$15,233	\$76	\$6,689	\$7,439	\$7,871	\$8,044	\$8,972
Gross Operating Income	\$15,494	72.4%	72.4%	\$40,036	\$200	\$19,019	\$21,881	\$23,332	\$23,845	\$26,651
UNDISTRIBUTED OPERATING EXPENSES										
Administrative and General	\$1,775	8.3%	8.3%	\$4,587	\$23	\$2,005	\$2,140	\$2,247	\$2,296	\$2,565
Marketing	\$1,305	6.1%	6.1%	\$3,371	\$17	\$1,440	\$1,554	\$1,623	\$1,658	\$1,852
Utility Costs	\$1,198	5.6%	5.6%	\$3,095	\$15	\$1,311	\$1,407	\$1,498	\$1,531	\$1,710
Property Operations and Maintenance	\$1,262	5.9%	5.9%	\$3,261	\$16	\$1,388	\$1,495	\$1,591	\$1,626	\$1,817
Total Undistributed Expenses	\$5,540	25.9%	25.9%	\$14,315	\$71	\$6,144	\$6,597	\$6,958	\$7,111	\$7,944
Gross Operating Profit	\$9,954	46.5%	46.5%	\$25,721	\$128	\$12,875	\$15,284	\$16,374	\$16,734	\$18,707
Franchise Fees	\$1,210	5.7%	5.7%	\$3,125	\$16	\$1,454	\$1,658	\$1,765	\$1,803	\$2,014
FIXED EXPENSES										
Property Taxes	\$697	3.3%	3.3%	\$1,800	\$9	1,393	1,421	1,449	1,478	1,632
Insurance	235	1.1%	1.1%	\$608	\$3	257	264	281	287	321
Management Fee	642	3.0%	3.0%	\$1,658	\$8	771	880	936	957	1,069
Reserve for Replacement	\$214	1.0%	1.0%	\$553	\$3	\$514	\$880	\$1,248	\$1,276	\$1,425
Total Fixed Expenses	\$1,787	8.4%		\$4,619	\$23	\$2,936	\$3,444	\$3,915	\$3,998	\$4,447
Cash Flow from Operations	\$6,957	32.5%	32.5%	\$17,977	\$90	\$8,485	\$10,181	\$10,695	\$10,933	\$12,246

Source: Hunden Strategic Partners

The Hyatt Regency is expected generate \$21.4 million in revenue in Year 1, with this figure growing to \$35.6 million in Year 10. Room revenue is expected to be approximately 65 percent of total revenue with the food and beverage accounting for an additional 28 percent of revenue.

In Year 1, calculations are shown for PAR, per available room, which means the revenue, expense, etc. for each room in the Hyatt Regency during the entire year, as well as POR, per occupied room, which shows the same items per room night that was sold.

Departmental expenses, such as for rooms and food and beverage, are projected to increase from \$5.9 million in Year 1 to \$9 million in Year 10. Undistributed expenses add an additional \$5.5 million to \$8 million each year. Fixed expenses also add another \$1.8 million to \$4.4 million each year throughout the period.

The bottom line shows a profit of \$7 million in Year 1, increasing to more than \$12.2 million by Year 10. These profits represent a profit margin of approximately 30 percent to 33 percent per year.

The following table shows the supportable financing for the Hyatt Regency.

Table 8-14

Supportable Financing - 387-Room Hotel													
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Net Operating Income	\$0	\$0	\$6,957	\$8,485	\$10,181	\$10,695	\$10,933	\$11,217	\$11,466	\$11,720	\$11,997	\$12,246	
Interest and Debt Reserve W/D	\$1,163	\$3,488	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Payment	\$1,163	\$3,488	\$6,957	\$8,485	\$10,181	\$10,695	\$10,933	\$11,217	\$11,466	\$11,720	\$11,997	\$12,246	
Net Income to Repay Equity	(\$1,163)	(\$3,488)	(\$6,082)	(\$6,082)	(\$6,082)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	
Princ. Amount**	\$0	\$0	\$875	\$2,404	\$4,100	\$5,279	\$5,518	\$5,801	\$6,050	\$6,305	\$6,582	\$6,831	\$49,745
Princ. Amount***	\$15,500	\$46,500	\$62,000	\$60,568	\$59,029	\$57,370	\$55,971	\$54,473	\$52,871	\$51,157	\$49,322	\$47,360	\$47,360
Interest	\$1,163	\$3,488	\$4,650	\$4,543	\$4,427	\$4,016	\$3,918	\$3,813	\$3,701	\$3,581	\$3,453	\$3,315	\$3,315
Less Payment	(\$1,163)	(\$3,488)	(\$6,082)	(\$6,082)	(\$6,082)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)	(\$5,415)
Loan Balance	\$15,500	\$46,500	\$60,568	\$59,029	\$57,375	\$55,971	\$54,473	\$52,871	\$51,157	\$49,322	\$47,360	\$45,259	
Assumptions						Refi							
Loan Amount (\$000's)	\$62,000					\$57,370							
Amortization Period (Years)	20					20							
Loan Interest Rate	7.5%					7.0%							
Annual Debt Service Payment (\$000's)	(\$6,082)					(\$5,415)							
Equity:													
Developer's Equity (\$000's)	\$27,600	20%											
Private Debt	\$62,000	46%											
Total Private Financing	\$89,600	66%	\$231,525	per room									
Funding Gap	\$46,400	34%	\$119,897	per room									
Estimated Project Amount (\$000's)	\$136,000	100%	\$351,421	per room									
Debt (Private) Coverage Ratio			1.14	1.40	1.67	1.97	2.02	2.07	2.12	2.16	2.22	2.26	
Return on Private Equity*			3.2%	8.7%	14.9%	19.1%	20.0%	21.0%	21.9%	22.8%	23.8%	24.7%	
Return on Assets**			5.1%	6.2%	7.5%	7.9%	8.0%	8.2%	8.4%	8.6%	8.8%	9.0%	
*On developer's equity only.													
**On project cost.													
***Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2													
Source: Hunden Strategic Partners													

The originally proposed Hyatt Regency was expected to cost \$110 million for 332 rooms, which was a cost of \$331,000 per room. With the new 387-room program, preliminary cost estimates are \$136 million or \$351,000 per room. Based on the assumptions in this model, the NOI would be able to support developer equity of

\$27.6 million and an additional \$62 million in private debt. This leaves a funding gap of \$46.4 million for the development of the Hyatt Regency, which will need to be subsidized by public funds.

The following table shows the present value of the Hyatt Regency based upon its net cash flow.

Table 8-15

Hotel Value Analysis														
Calendar Year	Construction										Year 9	Year 10		
	Year 1	Year 2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8				
Net Cash Flow	\$0	\$0	\$6,957	\$8,485	\$10,181	\$10,695	\$10,933	\$11,217	\$11,466	\$11,720	\$11,997	\$12,246		
												Final Net Cash Flow	\$12,246	
													Terminal Cap Rate	9.5%
													Residual Value	\$128,905
													Less Closing Costs (2.5%)	\$3,223
													Net Reversion Proceeds	\$125,682
Cash Flow to Investor	\$0	\$0	\$6,957	\$8,485	\$10,181	\$10,695	\$10,933	\$11,217	\$11,466	\$11,720	\$11,997	\$137,928		
Present Value	\$0	\$0	\$4,992	\$5,451	\$5,855	\$5,506	\$5,039	\$4,628	\$4,236	\$3,876	\$3,552	\$3,246		
Cash on Cash Return	0.0%	0.0%	7.9%	9.6%	11.6%	12.2%	12.4%	12.8%	13.0%	13.3%	13.6%	156.8%		
Discount Rate	11.7%													
Number of Rooms	387													
Present Value Summary	\$000s													
PV Residual	\$41,566													
PV Income Stream	\$46,382													
Present Value	\$87,948													
Present Value Per Room (\$)	\$227,257													

Source: Hunden Strategic Partners

Based on the cash flows expected for the Hyatt Regency and other assumptions shown in the table above, the present value of the Hyatt Regency is estimated at \$227,000 per room. The expected cost of the Hyatt Regency is \$351,000 per room, leaving a gap of \$114,000 per room that is not economical for the private sector to support.

Vista Station Mixed-Use

This section shows the projections for the mixed-use commercial space within Vista Station, including office, retail/restaurant and residential uses.

Office

The following table shows the projected performance of office space in Vista Station.

Table 8-16

Projections	Columbia Demand and Financial Projections								
	Base	2022	2023	2024	2025	2026	2031	2041	2051
OFFICE									
Office Gross Square Footage	200,000	0	0	0	200,000	200,000	200,000	200,000	200,000
Office Occupancy %	92%	0%	0%	0%	50%	70%	92%	92%	92%
Occupied Office Space	180,000	-	-	-	100,000	140,000	184,000	184,000	184,000
Rental Rate (NNN)	\$ 32.00	\$ 32.00	\$ 32.64	\$ 33.29	\$ 33.96	\$ 34.64	\$ 38.24	\$ 46.62	\$ 56.83
Gross Rent	\$ 5,760,000	\$ -	\$ -	\$ -	\$ 3,395,866	\$ 4,849,296	\$ 7,036,705	\$ 8,577,704	\$ 10,456,174
Expense % (Assumed)	15%	15%	15%	15%	15%	15%	15%	15%	15%
Net Operating Income	\$ 4,896,000	\$ -	\$ -	\$ -	\$ 2,886,486	\$ 4,121,902	\$ 5,981,199	\$ 7,291,049	\$ 8,887,748
Value per SF	\$ 340	0	0	0	180	258	374	456	555
Market Value	\$ 68,000,000	\$ -	\$ -	\$ -	\$ 36,081,072	\$ 51,523,771	\$ 74,764,991	\$ 91,138,107	\$ 111,096,844
Property Tax/SF	\$ 2.20				\$ 440,000	\$ 448,800	\$ 495,511	\$ 604,026	\$ 736,304
Office Workers (@ 1 per 200 SF)	900	-	-	-	500	700	920	920	920
Annual Income	\$ 49,500	\$ 49,500	\$ 50,738	\$ 52,006	\$ 53,306	\$ 54,639	\$ 61,819	\$ 79,133	\$ 101,297
Total New Income	\$ 44,550,000	\$ -	\$ -	\$ -	\$ 26,653,043	\$ 38,247,117	\$ 56,873,220	\$ 72,802,529	\$ 93,193,393
New Income	67%	\$ -	\$ -	\$ -	\$ 17,857,539	\$ 25,625,568	\$ 38,105,057	\$ 48,777,695	\$ 62,439,573
Restaurant Spending (from Employees)	1.3%	\$ -	\$ -	\$ -	\$ 226,305	\$ 324,747	\$ 482,897	\$ 618,149	\$ 791,283
Retail Spending (from Employees)	0.2%	\$ -	\$ -	\$ -	\$ 43,123	\$ 61,881	\$ 92,017	\$ 117,789	\$ 150,780
Transportation Spending (from Employees)	3.6%	\$ -	\$ -	\$ -	\$ 649,280	\$ 931,717	\$ 1,385,457	\$ 1,773,503	\$ 2,270,233
Other (from Employees)	0.9%	\$ -	\$ -	\$ -	\$ 163,737	\$ 234,963	\$ 349,388	\$ 447,246	\$ 572,513

Source: Hunden Strategic Partners

Based on the master plan provided by Arnold Companies, HSP assumed that the new office building would be opened in 2025 with a mix of new tenants occupying half of the available 200,000 square feet the first year, 70 percent the second year and stabilizing at 92 percent occupancy in the fourth year, 2028. The average triple-net (NNN) rental rate is projected to be approximately \$34 per square foot when the office building opens and increasing by two percent every year during the period, reaching nearly \$57 per square foot in 2051.

These levels of occupancy and rentals rates combine to projected gross rents of \$3.4 million in 2025 increasing to \$10.5 million in 2051. With expenses assumed to be 15 percent of gross rent, net operating income for the office building is projected to be between \$2.9 million in 2025 and \$8.9 million in 2051.

The building is expected to house between 500 and 920 office workers based on a metric of 200 square feet per worker. With an assumed average wage of \$49,500 per worker in 2022 and inflating by 2.5 percent each year, new income from office workers in the office building is projected to be \$17.9 million in 2025 and increase to \$62.4 million in 2051. This assumes that two-thirds of the workers in the office building are occupying net new jobs to Columbia.

Residential

The following table shows the projections for the multi-family residential buildings planned within Vista Station.

Table 8-17

Columbia Demand and Financial Projections									
Projections	Base	2022	2023	2024	2025	2026	2031	2041	2051
RESIDENTIAL - MARKET RATE									
Number of New Units	195	0	0	0	195	195	195	195	195
Occupied Units	183	0	0	0	65	130	183	183	183
Occupancy %	94%	0%	0%	0%	33%	67%	94%	94%	94%
Square Feet Per Unit	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gross SF	195,000	0	0	0	195,000	195,000	195,000	195,000	195,000
Occupied Resi Space	183,000	0	0	0	65,000	130,000	183,000	183,000	183,000
Rental Rate/SF/mo	\$ 2.35	\$ 2.35	\$ 2.40	\$ 2.44	\$ 2.49	\$ 2.54	\$ 2.81	\$ 3.42	\$ 4.17
Gross Rent/ Year	\$ 5,160,600	\$ -	\$ -	\$ -	\$ 1,945,194	\$ 3,968,196	\$ 6,167,395	\$ 7,518,020	\$ 9,164,424
Expense % (Assumed)	26%	26%	26%	26%	26%	26%	26%	26%	26%
Expense Per Unit	\$ 6,881	\$ -	\$ -	\$ -	\$ 2,594	\$ 5,291	\$ 8,223	\$ 10,024	\$ 12,219
Net Operating Income	\$ 3,818,844	\$ -	\$ -	\$ -	\$ 1,439,444	\$ 2,936,465	\$ 4,563,872	\$ 5,563,335	\$ 6,781,674
Avg. Rent per Unit	\$ 2,350	\$ 2,350	\$ 2,397	\$ 2,445	\$ 2,494	\$ 2,544	\$ 2,808	\$ 3,424	\$ 4,173
Value per SF (8% Cap Rate)	\$ 245	\$ -	\$ -	\$ -	\$ 92	\$ 188	\$ 293	\$ 357	\$ 435
Value per Unit	\$ 244,798	\$ -	\$ -	\$ -	\$ 92,272	\$ 188,235	\$ 292,556	\$ 356,624	\$ 434,723
Market Value	\$ 47,735,550	\$ -	\$ -	\$ -	\$ 17,993,047	\$ 36,705,816	\$ 57,048,401	\$ 69,541,683	\$ 84,770,923
Property Tax/SF	\$ 3.65	\$ -	\$ -	\$ -	\$ 711,750	\$ 725,985	\$ 801,546	\$ 977,080	\$ 1,191,055
Median HH Income per Unit	\$ 94,000	\$ 94,000	\$ 96,350	\$ 98,759	\$ 101,228	\$ 103,758	\$ 117,393	\$ 150,273	\$ 192,362
Occupied Units	-	-	-	-	65	130	183	183	183
Total Income	-	-	-	-	\$ 6,579,802	\$ 13,488,594	\$ 21,482,941	\$ 27,499,980	\$ 35,202,300
Restaurant Spending	4.2%	\$ -	\$ -	\$ -	\$ 277,948	\$ 569,793	\$ 907,495	\$ 1,161,670	\$ 1,487,036
Retail Spending	2.4%	\$ -	\$ -	\$ -	\$ 158,890	\$ 325,725	\$ 518,774	\$ 664,075	\$ 850,072
Transportation Spending	12.1%	\$ -	\$ -	\$ -	\$ 797,448	\$ 1,634,768	\$ 2,603,653	\$ 3,332,896	\$ 4,266,388
Other	9.2%	\$ -	\$ -	\$ -	\$ 603,307	\$ 1,236,780	\$ 1,969,787	\$ 2,521,495	\$ 3,227,726
Total Taxable Local Spending	\$ -	\$ -	\$ -	\$ -	\$ 1,837,593	\$ 3,767,065	\$ 5,999,709	\$ 7,680,135	\$ 9,831,222

Source: Hunden Strategic Partners

Similar to the office building, the 195 apartments are planned to be opened in 2025. Lease up is expected to stabilize in 2027, stabilizing one year sooner than the office building, however at a slower pace initially. One-third of the units are expected to be occupied within the first year, two-thirds the second year and up to 94 percent in 2027. Units are expected to average approximately 1,037 square feet. Rental rates per square foot, which are assumed to be modified gross, meaning that common area maintenance, insurance and taxes will be paid by the landlord, while utilities will be paid by tenants, are expected to be nearly \$2.50 in 2025. These rates are projected to grow by two percent each year during the period to \$4.17 in 2051.

Using these assumptions, HSP projected that gross rents would be between \$1.9 million in 2025 and \$9.2 million in 2051. Expenses for the items mentioned above are assumed to cost approximately 26 percent of gross rents, bringing net operating income to \$1.4 million in 2025 and growing to \$6.8 million in 2051.

HSP also projected the level of taxable spending generated by residents of the residential portion of the Project. Assuming median household incomes would increase from \$100,000 in 2025 to \$190,000 in 2051, total income of Vista Station residents would be \$6.6 million in 2025 and nearly \$35.2 million in 2051. Projecting residents' spending across four categories of spending: restaurants, retail, transportation and other, HSP estimated that total taxable spending would increase from \$1.8 million to nearly \$9.8 million during the period shown.

Restaurant / Entertainment

The following table shows the projections for the restaurant and entertainment uses in Vista Station.

Table 8-18

Projections	Columbia Demand and Financial Projections									
	Base	2022	2023	2024	2025	2026	2031	2041	2051	
RESTAURANT & ENTERTAINMENT										
Restaurant Gross Square Footage	170,145	\$ 109,569	\$ 124,826	\$ 162,331	\$ 170,145	\$ 170,145	\$ 170,145	\$ 170,145	\$ 170,145	\$ 170,145
Restaurant Occupancy %	95%	70%	75%	72%	85%	95%	95%	95%	95%	95%
Occupied Restaurant Space	161,638	\$ 76,698	\$ 93,620	\$ 116,878	\$ 144,623	\$ 161,638	\$ 161,638	\$ 161,638	\$ 161,638	\$ 161,638
Rental Rate	\$ 34.00	\$ 34.00	\$ 34.68	\$ 35.37	\$ 36.08	\$ 36.80	\$ 40.63	\$ 49.53	\$ 60.38	\$ 60.38
Gross Rent	\$ 5,495,684	\$ 2,607,742	\$ 3,246,724	\$ 4,134,407	\$ 5,218,162	\$ 5,948,705	\$ 6,567,851	\$ 8,006,173	\$ 9,759,480	\$ 9,759,480
Expense % (Assumed)	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
Net Operating Income	\$ 4,286,633	\$ 2,034,039	\$ 2,532,445	\$ 3,224,837	\$ 4,070,166	\$ 4,639,990	\$ 5,122,923	\$ 6,244,815	\$ 7,612,395	\$ 7,612,395
Rest/Ent Sales Per Square Foot	\$ 340	\$ 340.00	\$ 346.80	\$ 353.74	\$ 360.81	\$ 368.03	\$ 406.33	\$ 495.32	\$ 603.79	\$ 603.79
Total Rest/Ent Sales (000s)	\$ 54,956,835	\$ 26,077,422	\$ 32,467,243	\$ 41,344,069	\$ 52,181,619	\$ 59,487,046	\$ 65,678,505	\$ 80,061,731	\$ 97,594,804	\$ 97,594,804
% Net New to Columbia	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
New Rest/Ent Spending	\$ 15,646,453	\$ 19,480,346	\$ 24,806,442	\$ 31,308,971	\$ 35,692,227	\$ 39,407,103	\$ 48,037,039	\$ 58,556,882	\$ 58,556,882	\$ 58,556,882
Value per SF (10% Cap Rate)	\$ 265.20	\$ 185.64	\$ 202.88	\$ 198.66	\$ 239.22	\$ 272.71	\$ 301.09	\$ 367.03	\$ 447.41	\$ 447.41
Market Value	\$ 45,122,454	\$ 20,340,389	\$ 25,324,449	\$ 32,248,374	\$ 40,701,663	\$ 46,399,896	\$ 51,229,234	\$ 62,448,150	\$ 76,123,947	\$ 76,123,947
Property Tax/SF	\$ 2.80	\$ 306,793	\$ 349,513	\$ 454,527	\$ 476,406	\$ 485,934	\$ 536,511	\$ 654,003	\$ 797,226	\$ 797,226

Source: Hunden Strategic Partners

Due to the fact that the restaurant and entertainment uses already exist within Vista Station and some of the current tenants' leases will expire before 2022, HSP's assumed Year 1 of the Project, restaurant and entertainment occupancy is expected to be 70 percent in the first year. Occupancy will increase to 75 percent in 2023 before decreasing to 72 percent in 2024 due to more existing leases expires that year. Then occupancy is projected to jump to 85 percent in 2025 then stabilize at 95 percent in 2026.

Rental rates are projected to begin at \$34 per square foot NNN in 2022 and grow by two percent each year during the period to more than \$60 in 2051. These rates will generate gross rent of \$2.6 million in Year 1 and increase to \$9.8 million in 2051. HSP further assumed that expenses for these buildings will amount to 22 percent of gross rent, producing net operating income of \$2 million in 2022 and up to \$7.6 million in 2051.

Based on an assumed average sales per square foot of \$340 in 2022, HSP projected that the restaurants and entertainment tenants of Vista Station will capture \$26 million in sales. These figures are expected to grow to more than \$600 per square foot and \$97.6 million in 2051. HSP assumed that 60 percent of these sales would be net new to Columbia, generating between \$15.6 million of net new spending in 2022 and \$58.6 million in 2051.

These projections are used for calculating the impact of the Project on the City of Columbia's economy, employment and tax collections. The impacts of the Project are presented in the following chapter.

It is important to note, that while the Project also includes two other hotels, the 158-room Hotel Anthem and a 130-room Hilton Caption or Hyatt Brand Select-Service Lifestyle hotel, specific profit and loss projections were not created for these properties. However, HSP has included high-level projections for these two hotels as part of the impact analysis.

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ECONOMIC, EMPLOYMENT & FISCAL IMPACT ANALYSIS

This chapter will analyze the expected economic, employment, and fiscal impact expected as a result of the Project.

Assumptions

The following table shows the projection of visitors to the Project.

Table 9-1

Net New Visitors and Room Nights										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Total
New Daytrippers	30,639	66,485	105,675	126,852	143,656	149,178	149,178	149,178	149,178	4,198,345
New Overnightrters	64,022	138,925	220,813	265,063	300,177	311,716	311,716	311,716	311,716	8,772,661
Total New Visitors	94,661	205,410	326,488	391,915	443,833	460,894	460,894	460,894	460,894	12,971,006
New Room Nights	45,730	99,232	157,724	189,331	214,412	222,654	222,654	222,654	222,654	6,266,187

Source: Hunden Strategic Partners

Visitation is expected to increase from nearly 95,000 in Year 1 to 461,000 in Years 8 through 30. Daytrippers are projected to increase from 30,600 in Year 1 to 149,000 including and after Year 8, while overnightrters are projected to be between 64,000 and 311,700 during the same periods.

The overnight visitation is expected to translate into new room nights. Year 1 visitation is expected to produce nearly 46,000 room nights and that figure is expected to increase to nearly 223,000 per year.

The next table shows the assumed per-person spending per day or night on various items.

Table 9-2

Estimated Spending Per Visitor per Day										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Spending per New Visitor - Overnight										
Onsite Food & Beverage	\$17.48	\$17.86	\$18.26	\$18.66	\$19.07	\$21.26	\$23.71	\$26.43	\$29.47	\$32.86
Offsite Food & Beverage	\$26.22	\$26.80	\$27.39	\$27.99	\$28.60	\$31.89	\$35.56	\$39.65	\$44.20	\$49.28
Total Food & Beverage	\$43.70	\$44.66	\$45.64	\$46.65	\$47.67	\$53.15	\$59.26	\$66.08	\$73.67	\$82.14
Lodging Spending	\$104.21	\$107.34	\$110.56	\$113.88	\$117.29	\$135.97	\$157.63	\$182.74	\$211.84	\$245.58
Retail Spending	\$10.49	\$10.72	\$10.95	\$11.20	\$11.44	\$12.76	\$14.22	\$15.86	\$17.68	\$19.71
Transportation Spending	\$9.33	\$9.54	\$9.75	\$9.96	\$10.18	\$11.35	\$12.65	\$14.11	\$15.73	\$17.54
Other Spending	\$13.95	\$14.26	\$14.57	\$14.89	\$15.22	\$16.97	\$18.92	\$21.09	\$23.52	\$26.22
Total Direct Spending	\$181.68	\$186.51	\$191.47	\$196.57	\$201.80	\$230.20	\$262.69	\$299.87	\$342.44	\$391.19
Spending per Visitor - Day Trip										
Onsite Food & Beverage	\$10.49	\$10.72	\$10.95	\$11.20	\$11.44	\$12.76	\$14.22	\$15.86	\$17.68	\$19.71
Offsite Food & Beverage	\$15.73	\$16.08	\$16.43	\$16.79	\$17.16	\$19.14	\$21.33	\$23.79	\$26.52	\$29.57
Total Food & Beverage	\$26.22	\$26.80	\$27.39	\$27.99	\$28.60	\$31.89	\$35.56	\$39.65	\$44.20	\$49.28
Retail Spending	\$6.29	\$6.43	\$6.57	\$6.72	\$6.86	\$7.65	\$8.53	\$9.51	\$10.61	\$11.83
Transportation Spending	\$5.60	\$5.72	\$5.85	\$5.98	\$6.11	\$6.81	\$7.59	\$8.46	\$9.44	\$10.52
Other Spending	\$8.37	\$8.55	\$8.74	\$8.93	\$9.13	\$10.18	\$11.35	\$12.65	\$14.11	\$15.73
Total Direct Spending	\$46.48	\$47.50	\$48.55	\$49.62	\$50.71	\$56.54	\$63.03	\$70.28	\$78.36	\$87.36

Source: Hunden Strategic Partners, CMCC

Over the 30-year period, the spend per overnight visitor is expected to grow from \$181 in Year 1 (2022) to \$391 in Year 30 (2051). Day trip spending is projected to increase from \$46 in Year 1 to \$87 in Year 30. Other than lodging spending for overnight visitors, food and beverage spending is expected to be the largest expenditure for both visitor types with offsite food and beverage spending accounting for approximate 60 percent of food and beverage spending related to the Project.

Impacts

HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the economy due to additional inputs. For example, for every dollar of direct new spending in Columbia, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the Direct Impact.

From the direct spending figures, further impact analyses will be completed.

- Indirect Impacts are the supply of goods and services resulting from the initial direct spending. For example, a **visitor's direct expenditure on a hotel room causes** the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.
- Induced Impacts embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the **visitor's visit**. The amount of the increased income that the employee spends in the area is considered an induced impact.
- Fiscal Impacts represent the incremental tax revenue collected by the City due to the net new economic activity. The fiscal impact represents the **government's** share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to support the development.
- Employment Impacts include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

The following table shows the projected direct net new spending related to the Project.

Table 9-3

Direct Net New/Recaptured Spending to Columbia (000s)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Total
Food & Beverage	\$19,342	\$29,058	\$40,254	\$50,160	\$56,985	\$63,614	\$70,268	\$77,619	\$94,712	\$2,079,662
Lodging	\$7,586	\$17,094	\$27,657	\$33,818	\$27,657	\$43,268	\$47,904	\$52,890	\$64,473	\$1,387,867
Retail	\$767	\$1,702	\$2,764	\$3,562	\$4,248	\$5,052	\$5,641	\$6,298	\$7,854	\$165,498
Transportation	\$683	\$1,514	\$2,459	\$4,304	\$5,731	\$7,511	\$8,432	\$9,466	\$11,931	\$243,662
Other	\$1,021	\$2,263	\$3,677	\$5,157	\$6,445	\$7,970	\$8,917	\$9,978	\$12,495	\$260,032
Total	\$29,398	\$51,631	\$76,812	\$97,001	\$101,066	\$127,415	\$141,162	\$156,251	\$191,464	\$4,136,722

Source: Hunden Strategic Partners

Total direct net new spending is expected to total \$29.4 million in Year 1 (2022) and increase to \$191.5 million by 2051, totaling \$4.1 billion over the 30-year period. The greatest impact is expected to be as a result of net new spending on food and beverage. Lodging spending is expected to account for approximately 34 percent of total direct net new spending.

The following table summarizes direct, indirect and induced net new spending due to the Project.

Table 9-4

Direct, Indirect & Induced Net New Spending to Columbia (000s)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Total
Direct	\$29,398	\$51,631	\$76,812	\$97,001	\$101,066	\$127,415	\$141,162	\$156,251	\$191,464	\$4,136,722
Indirect	\$10,065	\$17,561	\$26,055	\$33,004	\$34,617	\$43,461	\$48,154	\$53,308	\$65,338	\$1,411,336
Induced	\$11,461	\$20,170	\$30,035	\$37,978	\$39,699	\$49,999	\$55,403	\$61,337	\$75,188	\$1,623,525
Total	\$50,924	\$89,362	\$132,903	\$167,983	\$175,382	\$220,875	\$244,719	\$270,896	\$331,990	\$7,171,582

Source: Hunden Strategic Partners

In addition to the direct spending shown above, indirect spending is projected to total \$1.4 billion and induced spending is projected to total \$1.6 billion during the 30-year period.

Spending will generate earnings and full-time equivalent jobs in the Columbia economy and these projections are shown below and are based on the multipliers for the various types of spending in the City.

Table 9-5

Net New Earnings from Direct, Indirect & Induced Spending (000s)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Total
Net New Earnings										
From New Employees in New Offices	\$0	\$0	\$0	\$26,653	\$38,247	\$56,873	\$64,347	\$72,803	\$93,193	\$1,823,736
From Direct Project Spending	\$9,115	\$16,020	\$23,843	\$30,265	\$31,817	\$40,003	\$44,336	\$49,096	\$60,212	\$1,299,103
From Indirect Spending	\$4,063	\$5,540	\$8,258	\$10,456	\$10,870	\$13,773	\$15,261	\$16,894	\$20,706	\$447,933
From Induced Spending	\$3,491	\$6,134	\$9,128	\$11,507	\$11,995	\$15,097	\$16,725	\$18,513	\$22,684	\$490,221
Total	\$16,669	\$27,694	\$41,228	\$78,881	\$92,930	\$125,746	\$140,669	\$157,305	\$196,796	\$4,060,993
Net New FTE Jobs										Average
From New Employees in New Offices	-	-	-	500	700	920	920	920	920	834
From Direct	170	285	410	512	544	598	544	544	544	538
From Indirect	79	97	140	175	184	203	204	203	203	196
From Induced	65	109	156	194	204	224	204	204	204	202
Total	315	491	706	1,381	1,633	1,946	1,872	1,872	1,872	1,770

Source: Hunden Strategic Partners

New earnings are projected to total nearly \$4.1 billion over the 30-year period. Of this total, \$1.8 billion is projected to come from new employees of the office building. The Project is expected to support an average of 1,770 new full-time equivalent jobs over the period.

There is a one-time construction impact from the Project's development in both spending and jobs.

Table 9-6

Construction Impact - City & County							
	2020	2021	2022	2023	2024	Total	
Total Construction Spending	\$ 117,333,333	\$ 117,333,333	\$ 126,666,667	\$ 33,333,333	\$ 33,333,333	\$ 428,000,000	
Percentage Local (Employees and Materials) 49.8%	\$ 58,387,302	\$ 58,387,302	\$ 63,031,746	\$ 16,587,302	\$ 16,587,302	\$ 212,980,952	
Direct Materials Spending (40% of Construction)	\$ 23,354,921	\$ 23,354,921	\$ 25,212,698	\$ 6,634,921	\$ 6,634,921	\$ 85,192,381	
Indirect Spending	\$ 6,537,042	\$ 6,537,042	\$ 7,057,034	\$ 1,857,114	\$ 1,857,114	\$ 23,845,347	
Induced Spending	\$ 10,416,295	\$ 10,416,295	\$ 11,244,863	\$ 2,959,175	\$ 2,959,175	\$ 37,995,802	
Total	\$ 40,308,258	\$ 40,308,258	\$ 43,514,596	\$ 11,451,210	\$ 11,451,210	\$ 147,033,530	
Direct Labor Spending (60% of Construction)	\$ 35,032,381	\$ 35,032,381	\$ 37,819,048	\$ 9,952,381	\$ 9,952,381	\$ 127,788,571	
Employment (Job-Years)	647	647	698	184	184	2,359	

Source: Hunden Strategic Partners

The Project is expected to cost \$428 million to develop over a five-year period between 2020 and 2024. Impact from direct materials spending is expected to be \$85 million. Indirect and induced spending together is expected to result in \$61.8 million of impact. Total earnings from construction are expected to be more than \$127.8 million. Construction is expected to support a total of 2,359 job-years, which is one full-time equivalent job for one year.

The following table shows the estimated property tax collections due to the Project for the City of Columbia and Richland County.

Table 9-7

Property Tax Generated by Project										
Project Element	2022	2023	2024	2025	2026	2031	2036	2041	2051	Total
City										
Hyllt Regency	\$ 40,298	\$ 122,114	\$ 249,113	\$ 254,095	\$ 259,177	\$ 286,152	\$ 315,935	\$ 348,818	\$ 425,207	\$ 9,392,332
Tapesly by Hilton	\$ 44,316	\$ 88,632	\$ 90,404	\$ 92,212	\$ 94,057	\$ 103,846	\$ 114,655	\$ 126,588	\$ 154,310	\$ 3,482,537
Townplace Suites	\$ 27,347	\$ 27,347	\$ 55,787	\$ 56,903	\$ 58,041	\$ 64,082	\$ 70,752	\$ 78,116	\$ 95,223	\$ 2,121,687
Restaurant/Entertainment	\$ 53,781	\$ 61,270	\$ 79,679	\$ 83,514	\$ 85,184	\$ 94,050	\$ 103,839	\$ 114,647	\$ 139,754	\$ 3,146,474
Office	\$ -	\$ -	\$ -	\$ 77,132	\$ 78,675	\$ 86,863	\$ 95,904	\$ 105,886	\$ 129,074	\$ 2,726,178
Residential	\$ -	\$ -	\$ -	\$ 124,770	\$ 127,265	\$ 140,511	\$ 155,136	\$ 171,282	\$ 208,792	\$ 4,409,903
Total City	\$ 165,741	\$ 299,362	\$ 474,983	\$ 688,626	\$ 702,399	\$ 775,505	\$ 856,220	\$ 945,336	\$ 1,152,359	\$ 25,279,111
County										
Hyllt Regency	\$ 189,580	\$ 574,486	\$ 1,171,951	\$ 1,195,391	\$ 1,219,298	\$ 1,346,204	\$ 1,486,318	\$ 1,641,015	\$ 2,000,388	\$ 44,186,287
Tapesly by Hilton	\$ 208,484	\$ 416,968	\$ 425,308	\$ 433,814	\$ 442,490	\$ 488,545	\$ 539,393	\$ 595,533	\$ 725,952	\$ 16,383,617
Townplace Suites	\$ 128,653	\$ 128,653	\$ 262,453	\$ 267,702	\$ 273,056	\$ 301,475	\$ 332,853	\$ 367,497	\$ 447,977	\$ 9,981,490
Restaurant/Entertainment	\$ 253,012	\$ 288,243	\$ 374,848	\$ 392,892	\$ 400,750	\$ 442,460	\$ 488,512	\$ 539,357	\$ 657,473	\$ 14,802,607
Office	\$ -	\$ -	\$ -	\$ 362,868	\$ 370,125	\$ 408,648	\$ 451,181	\$ 498,140	\$ 607,230	\$ 12,825,324
Residential	\$ -	\$ -	\$ -	\$ 586,980	\$ 598,720	\$ 661,035	\$ 729,836	\$ 805,798	\$ 982,263	\$ 20,746,419
Total County	\$ 779,730	\$ 1,408,351	\$ 2,234,560	\$ 3,239,646	\$ 3,304,439	\$ 3,648,368	\$ 4,028,093	\$ 4,447,340	\$ 5,421,283	\$ 118,925,745
Grand Total	\$ 945,471	\$ 1,707,713	\$ 2,709,543	\$ 3,928,272	\$ 4,006,838	\$ 4,423,873	\$ 4,884,313	\$ 5,392,676	\$ 6,573,642	\$ 144,204,856

Source: Hunden Strategic Partners

The Project is expected to generate a total of \$144 million in property taxes for the City and Richland County during the 30-year period shown. Of the total, Richland County is projected to receive nearly \$119 million or 82 percent, while the City of Columbia receives \$25 million. The Project is projected to produce property

taxes of \$945,000 in Year 1 (2022), and that figure is expected to increase to \$6.6 million in 2051. The Hyatt Regency is projected to produce approximately \$53.5 million during the period shown, which is more than one-third of the total projected property tax for the Project. The 195 units of multi-family residential expected to generate more than \$25 million during the period, as well.

The table below shows the projected net fiscal impact of the original Project over the period.

Table 9-8

Fiscal Impact - City & County Tax Impacts from <i>Net New</i> Spending (000s)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30	Total
Local Option Sales Tax on Spending (1.0%)	\$294	\$516	\$768	\$970	\$1,011	\$1,274	\$1,412	\$1,563	\$1,915	\$41,367
Local Option Sales Tax on Construction (1.0%)	\$719	\$66	\$66	\$0	\$0	\$0	\$0	\$0	\$0	\$852
Transportation Penny on Spending (1.0%)*	\$294	\$516	\$768	\$970	\$1,011	\$1,274	\$1,412	\$0	\$0	\$16,360
Transportation Penny on Construction (1.0%)	\$719	\$66	\$66	\$0	\$0	\$0	\$0	\$0	\$0	\$852
Destination Marketing Fee (2%)	\$152	\$342	\$553	\$676	\$553	\$865	\$958	\$1,058	\$1,289	\$27,757
Tourism Development Fee (3%) **	\$228	\$513	\$830	\$1,015	\$830	\$1,298	\$1,437	\$1,587	\$1,934	\$41,636
Property Tax to County	\$780	\$1,408	\$2,235	\$3,240	\$3,305	\$3,648	\$4,028	\$4,447	\$5,421	\$118,930
Property Tax to City	\$166	\$299	\$475	\$689	\$702	\$775	\$856	\$945	\$1,152	\$25,275
Total	\$3,351	\$3,728	\$5,761	\$7,559	\$7,411	\$9,136	\$10,103	\$9,600	\$11,712	\$273,029

* Sunsets in 2035
 ** Sunsets in 2023, but assume will be extended
 Source: Hunden Strategic Partners

In total, the combined fiscal impact for the City of Columbia and Richland County is projected to be \$273 million. Total net new sales tax is projected to be \$42.2 million over the period. The transportation penny, which expires in 2035, is projected to produce \$17.2 million. On lodging spending, the destination marketing fee and the tourism development fee, which expires in 2023 but is expected to be renewed, are projected to produce \$69.4 million. Lastly, property taxes were projected to produce \$25.3 million for the City and \$118.9 million for Richland County.

The table below summarizes all expected impacts from the Project.

Table 9-9

Summary of 30-Year Local Impacts	
Net New Spending	(millions)
Direct	\$4,137
Indirect	\$1,411
Induced	\$1,624
Total	\$7,172
Net New Earnings	(millions)
From New Employees in New Offices	\$1,824
From Direct Project Spending	\$1,299
From Indirect Spending	\$448
From Induced Spending	\$490
Total	\$4,061
Net New FTE Jobs	Actual
From New Employees in New Offices	920
From Direct	598
From Indirect	203
From Induced	224
Total	1,946
Net New Local Taxes Collected	(millions)
Local Option Sales Tax on Spending (1.0%)	\$41.4
Local Option Sales Tax on Construction (1.0%)	\$0.9
Transportation Penny on Spending (1.0%)*	\$16.4
Transportation Penny on Construction (1.0%)	\$0.9
Destination Marketing Fee (2%)	\$27.8
Tourism Development Fee (3%)**	\$41.6
Total	\$128.8
Incremental Property Taxes Collected**	(millions)
Property Tax to County	\$118.9
Property Tax to City	\$25.3
Total Property Tax	\$144.2
Total Local New Taxes Collected	(millions) \$273.0
Construction Impact	(millions)
New Local Materials Spending	\$85.2
New Local Labor Spending	\$127.8
Job-Years, Actual	2,359
Source: Hunden Strategic Partners	

With \$7.2 billion in new spending, \$4 billion in earnings supporting 1,946 ongoing jobs and a fiscal impact of \$128.8 million from spending with another \$144.2 million from incremental property taxes, totaling \$273 million. Construction impact is projected to total nearly \$213 million from spending and earnings, supporting 2,359 job-years.

Estimated Impacts from Existing CMCC

The following table shows the estimated impact of the CMCC as a point of reference to the Project.

Table 9-10

Summary of Local Impacts from CMCC (15 Years)	
Net New Spending	(millions)
Direct	\$178
Indirect	\$62
Induced	\$71
Total	\$311
Net New Earnings	(millions)
From Direct Project Spending	\$58
From Indirect Spending	\$20
From Induced Spending	\$21
Total	\$99
Net New FTE Jobs	Actual
From Direct	207
From Indirect	72
From Induced	83
Total	363
Net New Local Taxes Collected	(millions)
Local Option Sales Tax on Spending (1.0%)	\$1.8
Transportation Penny on Spending (1.0%)*	\$1.8
Destination Marketing Fee (2%)	\$1.0
Tourism Development Fee (3%) **	\$1.6
Total	\$6.2
Incremental Real Estate Taxes Collected**	(millions)
Property Tax to County	\$9.7
Property Tax to City	\$2.1
Total Property Tax	\$11.8
Total Local New Taxes Collected	\$18.0
Source: Hunden Strategic Partners	

With \$311 million in new spending, \$99 million in earnings supporting 363 ongoing jobs and a fiscal impact of \$6.2 million from spending with another \$11.8 million from incremental property taxes, totaling \$18 million.

Conclusion

Based on the Project proposed and then adjusted after recommendations, HSP concludes that the investment by the public and private sectors would be a logical and compelling next step for the

development of the CMCC and downtown Columbia. Balancing the benefits with the investments will be the key next step. As noted in the study, the gap to fill for the convention center and convention hotel have been shown to be worth it for dozens of other cities. The return on investment is in new visitors, spending, taxes and jobs supported.

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