

Market and Economic Impact Analysis for a Potential New Meeting Facility in Pensacola



**Status Update
February 2018**

Presentation Overview

- Project Background
- Work Plan
- Summary of Key Findings
- Questions and Discussion

Project Background

- Crossroads Consulting completed a Community Recreation and Sports Tourism Needs and Facility Feasibility Study in February 2016 that assessed the overall viability of enhancing existing assets and/or developing new sports facilities in Escambia County
 - Results yielded a high level of demand for a new indoor sports facility
- Visit Pensacola retained Crossroads in 2017 to assess the specific market and economic factors associated with the potential demand for a new meeting facility in conjunction with the recommended space in the sports study

Key Market Findings – Sports Tourism Study

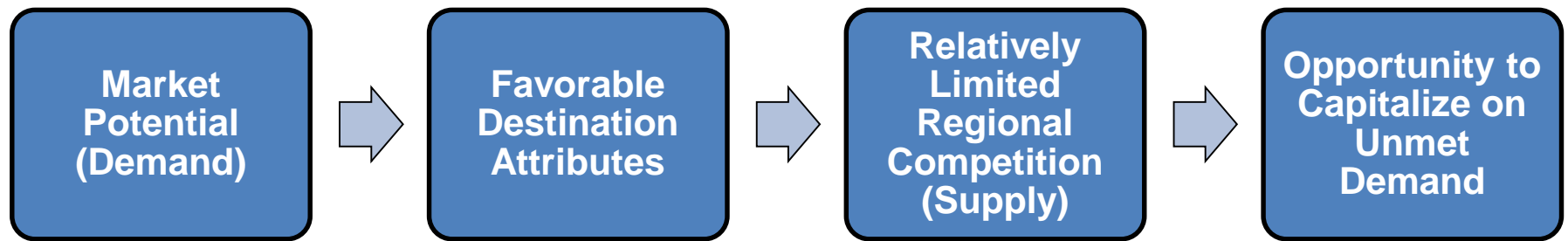
- Sports tourism is a growing niche regionally and nationally
- New facilities have been developed to accommodate this specific market segment
- Pensacola is an established sports tourism destination
- Large portion of tournament activity has been outdoor sports based on the current supply of facilities in the County
- Extensive supply of baseball/softball diamonds and multi-purpose fields in the region
- Region lacks an indoor facility with a critical mass of courts for tournament activity
- Foley, Alabama and Panama City Beach are both contemplating development of a multi-court indoor facility further indicating a gap in regional supply
- Survey of indoor and outdoor sporting event promoters indicated they are limited by the existing supply of facilities and date availability
- National Governing Bodies (NGB), sanctioning and leadership organizations in the U.S. expressed interest in hosting event activity in Escambia County

Market Research Indicated Demand for Both New Construction and Enhancements to Existing Facilities

Facility Recommendation	Priority
Indoor Sports Facility	High
8-12 Diamond Baseball/Softball Complex	Moderate
Enhance Existing Multi-Purpose Fields	Moderate
Convert or Add Artificial Turf Multi-Purpose Fields	Moderate

- These potential projects would allow Escambia County to better accommodate local sports participants' needs, expand existing tournaments and attract new events
- New indoor sports facility is considered a high priority
 - Gap in local/regional supply and ability to attract out-of-town attendees during non-peak months

A New Indoor Sports Facility Presents an Opportunity to Capitalize on Unmet Demand



Preliminary Program Summary – New Indoor Sports Facility

Category	Space	Estimated SF Total
Enclosed Space Summary	Main Activity Area	86,200
	Ancillary Space	8,500
	Support Space	10,800
Net Area – Enclosed Space		105,500
	Circulation, Structure	15,800
Gross Area – Enclosed Space		121,300
Required Site Area	14 Acres	

A New Indoor Sports Facility is Estimated to Generate Significant Activity to Escambia County

Category	Range
Tournament Attendee Days	222,000 – 255,000
Room Nights Per Year	44,500 – 51,100
Direct Economic Impact	\$25 Million - \$28 Million
Total Jobs	450 - 520
Total Annual Tax Revenues	\$2.6 Million - \$3.0 Million

Work Plan - New Meeting Facility in Pensacola

Market Analysis

- Local Market Conditions
- Key Industry Trends
- Competitive Supply of Area Facilities
- Potential User and Key Stakeholder Input
- Market Demand Assessment
- Building Program Recommendations

Economic / Fiscal Impact Analysis

- Potential Uses/ Activity Levels
- Economic/Fiscal Benefits
 - Spending
 - Jobs
 - Earnings
 - Tax Revenues

Competitive Supply – Local Meeting Facilities

- Several local facilities offer alternate locations for conventions, tradeshow, conferences, meetings, social functions and other events in Pensacola

Local Facility	Meeting Space
Pensacola Bay Center	12,000 SF
University of West Florida Conference Center and Ballroom	16,000 SF
Skopelos at New World	25,000 SF

- In addition, the Hilton Pensacola Beach Gulf Front and Pensacola Grand Hotel offer 17,000 SF and 8,800 SF respectively
- Pensacola Bay Center is not well-suited to meet regional and national meeting planner needs
 - Core competency is in hosting live entertainment
 - Several challenges to attracting meeting planners including facility's age, configuration, physical condition, and lack of desired patron amenities

Competitive Supply – Regional Facilities

- Multiple regional facilities compete for conventions, conferences, tradeshow, and meetings

Profiled Regional Meeting Facilities - Building Program Attributes					
Facility	Location	Exhibit Hall SF	Ballroom SF	Meeting Room SF	Total Function SF
Mobile Convention Center	Mobile, AL	100,000	15,500	25,860	141,360
Foley Events Center	Foley, AL				90,000
Donald Tucker Civic Center (FSU)	Tallahassee, FL	35,000		16,000	51,000
Sandestin Golf & Beach Resort	Miramar Beach, FL	12,600	28,760	7,640	49,000
Grand Hotel Marriott Resort, Golf Club and Spa	Point Clear, AL		14,750	19,310	34,060
University of South Alabama Mitchell Center	Mobile, AL	18,080		11,150	29,230
Emerald Coast Convention Center	Fort Walton Beach, FL		21,000	4,500	25,500
Renaissance Mobile Riverview Plaza Hotel	Mobile, AL		14,840	10,370	25,210
Sheraton Bay Point Resort	Panama City Beach, FL		19,440	4,490	23,930
Perdido Beach Resort	Orange Beach, AL	7,990	8,380	5,900	22,270
Boardwalk Beach Resort Hotel & Convention Center	Panama City Beach, FL		15,000	5,000	20,000
Rainwater Conference Center	Valdosta, GA		11,100	8,000	19,100
Orange Beach Event Center at the Wharf	Orange Beach, AL	18,000			18,000
Average		31,900	16,500	10,700	42,200
Median		18,040	15,000	8,000	25,500

Notes: Facilities are sorted in descending order by Total Function SF.

Total Function SF excludes pre-function, concourse, outdoor and lobby spaces.

Sources: Individual facilities; secondary research.

- Additional new facilities are under construction or in the planning stages
 - Gulf State Park in Gulf Shores – 350-room Hilton hotel, ballroom space for 1,500 people and meeting facilities for 1,000 people
 - Panama City Beach - development in planning stages to include a 310-room hotel and approximately 41,000 SF of convention space

Summary of Historical Meeting Activity in Pensacola

- Sports events and military reunions averaged the most contracted rooms from FY 2015 to FY 2017
- Association business accounted for an average of 16 events and 2,000 contracted rooms during the last three fiscal years

Visit Pensacola Contracted Rooms by Event Type (FY 2015 - FY 2017)				
Event Type	FY 2015	FY 2016	FY 2017	Three-Year Average
Contracted Rooms				
Sports	12,100	4,800	4,600	7,200
Military Reunions	7,200	5,800	4,800	5,900
Family Reunion	2,400	2,200	3,500	2,700
Religious	4,600	1,200	1,200	2,300
Wedding	3,300	1,700	1,400	2,100
Association	1,200	1,800	2,900	2,000
Educational	1,700	1,900	1,400	1,600
All Other	8,400	7,900	7,100	6,660
Total	40,900	27,300	26,900	31,700
Events				
Sports	15	16	5	12
Military Reunions	39	35	30	35
Family Reunion	28	29	45	34
Religious	10	8	7	8
Wedding	43	26	16	28
Association	23	21	9	18
Educational	14	19	15	16
All Other	33	46	50	40
Total	205	200	177	194
Average Number of Contracted Rooms per Event				
Sports	810	300	920	600
Military Reunions	180	170	160	170
Family Reunion	90	80	80	80
Religious	460	150	170	280
Wedding	80	70	90	70
Association	50	90	320	110
Educational	120	100	90	100
All Other	250	170	140	170

Notes: All Other includes event types with less than 1,500 average Contracted Rooms.
Sorted in descending order by Three-Year Average of Contracted Rooms (excluding All Other)
Fiscal Year represents June through May.
Source: Visit Pensacola.

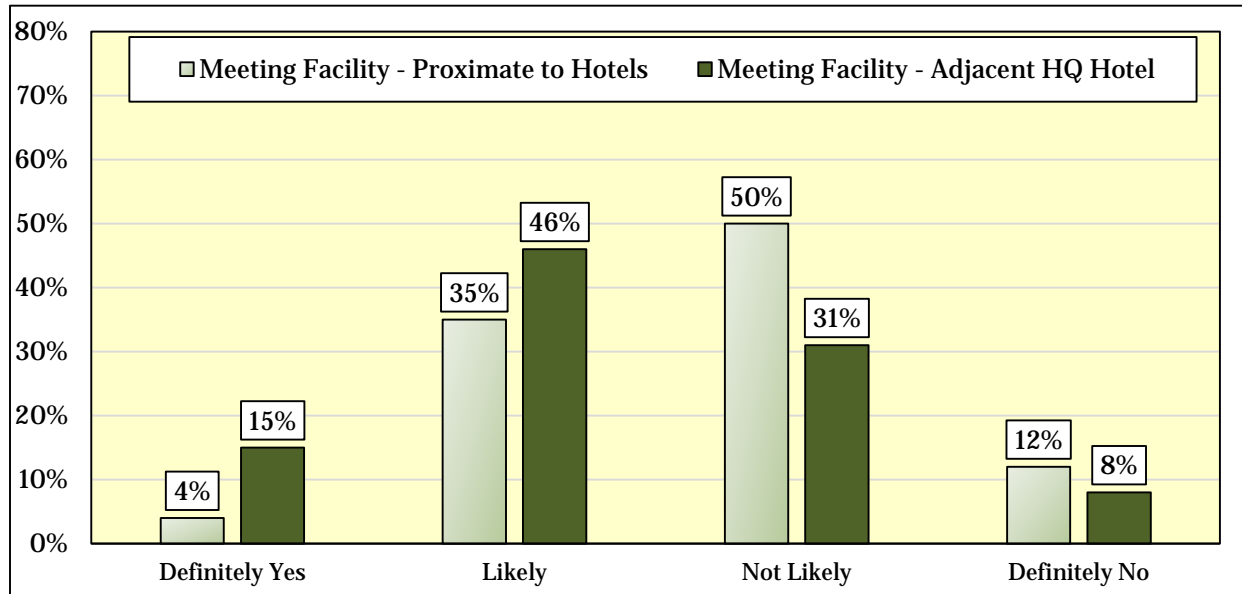
Summary of Lost Business

- Visit Pensacola tracks lost business including events that are too large for area facilities
- Data was analyzed for 27 events that could potentially have occurred from 2012 to 2018
- In aggregate, these events were estimated to account for 43,000 attendees and 62,400 room nights
 - Includes the Isagenix 2018 Celebration – potential of 15,000 attendees and 24,000 room nights
- Most common reasons cited for not coming to Pensacola include:
 - Not enough total square footage available
 - Not enough total meeting space under one roof
 - Not enough room space in a single hotel
 - Not enough breakout rooms

Summary of Potential User Input

- Electronic surveys were distributed to associations, meeting planners, conference organizers, and major corporations that hold events in Florida and the Southeast region
- 61% responded “Definitely Yes” and “Likely” if a new meeting facility was built with an adjacent headquarters hotel compared to only 39% if a new meeting facility was built proximate to hotel

Likelihood of Hosting Events in Pensacola – Meeting Facility With and Without an Adjacent HQ Hotel



Summary of Potential User Input (cont'd)

- Climate and outdoor activities were noted as Pensacola's major strengths
- Distance from major airport, lack of membership base in the area, size/type of facility, and attendees not interested in area were cited as major weaknesses
- Conventions/conferences were the most common event type to be hosted at a new meeting facility which is positive as these event types typically generate overnight room nights and economic impact
- Most survey respondents (61%) represent national events
- Total event length averaged 5.1 days including 3.6 event days and 1.5 move-in/move-out days
- On average, survey respondents estimated that their events attract approximately 2,800 delegates and 3,100 total attendees including exhibitors and spouses/other travel party members.
 - The median number of delegates is 900 and total attendees is 1,000.

Summary of Potential User Input (cont'd)

- On average, groups required 65,000 SF of exhibit space, 17,000 SF of meeting space and 10,000 SF of banquet space
- 68% indicated they were *not* willing to use more than one facility to host their event
- Respondents estimated 66% of attendees would stay overnight in hotel/motel
- Maximum price per room, per night averaged \$183 with an average of 1.6 persons per room
- 89% utilize full-service hotels and the remaining 11% utilize limited service property
- 74% indicated walking 2 to 3 blocks from the meeting facility to amenities is an acceptable distance
- Proximity to a hotel/motel, cost/value, and proximity to entertainment/ restaurants ranked as the most important destination attributes to attract their event

Summary of Stakeholder Observations

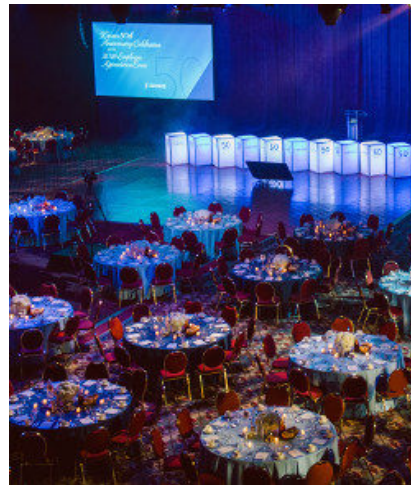
- Input was also derived from discussions with representatives from Visit Pensacola, Pensacola Sports, hoteliers, facility managers, civic organizations and potential users
- Demand exists for a new facility to host conventions, conferences, meetings and social functions
 - Currently multiple events are held outside of Pensacola due to size and date issues
- Local venues are too small to host medium to large simultaneous meetings and lack sufficient parking and amenities desired by meeting planners and attendees
- Pensacola Bay Center lacks modern amenities and has inferior meeting space
- Local hotels with meeting space have limited date availability making it difficult to attract new events
 - New meeting facility could relieve this constraint and increase market opportunities
- Hotels on Pensacola Beach are too far from downtown amenities and difficult to access
- New meeting space should be multi-purpose, have adequate parking and be capable of hosting multiple event types with divisible, flexible space
- Live streaming, video conferencing, and virtual demonstration capability were noted as key technology elements to be included in any new facility

Summary of Stakeholder Observations (cont'd)

- Any new meeting facility should be located within walking distance to a hotel and other amenities such as restaurants, entertainment options, and attractions
- Local market provides multiple desired market niches for a new facility such as technology, cyber-security, aerospace, education, healthcare/ medical, corporate, and military
- Pensacola offers the largest, most developed downtown among cities in the Panhandle and is currently thriving with new residences and hotels scheduled to come online
- New meeting facility could increase occupancy rates in shoulder seasons and on weekdays which is largely driven by corporate business as opposed to leisure business
- Favorable regarding the potential to combine sports facility with meeting facility to maximize the space and programming opportunities
 - Sports, public activities and special events on weekends
 - Conventions, conferences, business meetings, and local meetings during the week
- Stakeholders noted that any new meeting facility would need to be aggressively marketed by entities such as Visit Pensacola

Preliminary Recommended Concept Program Based on Market Research

Type of Space	Range of Square Feet
Meeting	20,000 – 25,000
Ballroom	20,000 – 25,000
Pre-Function/Service Area	50,000 – 60,000
Total Space	90,000 – 110,000



Preliminary Recommended Concept Program Based on Market Research (cont'd)

- Flexible design to effectively accommodate simultaneous events
- State-of-the-art sound, lighting, and advanced technology infrastructure
- Pre-function and common spaces that have well-defined entrances, modern digital way-finding systems, and sufficient circulation capability
- A centralized kitchen to deliver a high-level of specialty catering
- Adequate support space including offices, storage, and restrooms
- Dedicated areas (e.g., loading docks) to move equipment, décor, etc. in and out of facility
- Sufficient dedicated parking within easy walking distance of the facility
- Dedicated exhibit space not necessary in meeting facility component
 - Coordinated use of sports facility to utilize its flat floor/exhibit space
 - Utilize recommended ballroom space to accommodate small exhibit-based events

Required Destination and Hospitality Amenities

- Meeting planner feedback indicates that a new meeting facility in Pensacola should be co-located adjacent to a convention quality headquarters hotel and within walking distance of downtown
- A full-service hotel with additional meeting and ballroom space would complement a new meeting facility
- Creating a campus-like setting around the new meeting facility with easy access to downtown Pensacola amenities such as restaurants, attractions and shops will make the destination more attractive to meeting planners/event producers
- Depending on the site location, offering a shuttle service to/from the facility may be required to positively impact event planners' decision to meet at a new meeting facility in Pensacola

Management and Operational Considerations for a Co-Located Meeting and Indoor Sports Facility

- Professional, experienced day-to-day facility management structure is recommended to ensure both sports use and meeting use of the facility is well-managed and maximized for long-term success
 - The management approach impacts every aspect of the facility's operations
 - Several potential management and operational options can be considered
- Sales and marketing and booking policies are critical functions to ensure appropriate management of the facility's schedule, booking priorities and negotiation of rates
- Facility management will need to meet each client's expectations
 - Meeting planner who expects specialty catering, adequate sound barriers, and advanced technologies
 - Sports client who expects a variety of concession offerings, spectator seating and tournament support spaces
- Special attention will be required particularly during simultaneous use of the facility

Management and Operational Considerations for a Co-Located Meeting and Indoor Sports Facility (cont'd)

- Creating a sense of place for each attendee will be critical design and operational challenges that need to be proactively addressed
 - *Marketing Program* – Resources should be directed at ensuring high-level professional marketing programs by appropriate professionals to each group
 - *Facility Entrances* – Each component of the co-located facility must have separate and distinct entrances to limit co-mingling of attendees
 - *Sound Barriers* – A critical area of concern for meeting planners - adequate physical sound barriers must be included to prevent noise bleed between the two facilities
 - *Digital Signage/Wayfinding Systems* – Attendee direction and containment will be supported by a strong wayfinding system and by distinct design and color schemes
 - *Kitchen Capabilities* – Can be centrally located and shared – must have the capability to produce wide range of food and beverage services simultaneously
 - *Loading Docks/Service Corridors* – Can be shared but strongly managed especially when spaces are being utilized simultaneously
 - *Equipment* – Can be shared but each facility will also need dedicated equipment

Examples of Comparable Indoor Sports and Meeting Facilities

- Spooky Nook Sports – Manheim, Pennsylvania
 - 700,000+ SF with more than 100,000+ SF of meeting and event space
 - 19 meeting and event spaces, including its indoor turf and court space
 - On-site restaurant and a 130-room independently branded hotel
- LakePoint Sporting Community - Cartersville, Georgia
 - 125,000 SF floor to host sporting events and conventions and expos
 - Nine (9) meeting rooms
 - Offers four different food service options and three on-site hotels
- The Round Rock Sports Center– Round Rock, Texas
 - 47,000 SF floor is used for special events
 - Three, flexible multi-purpose meeting rooms
 - Meeting rooms complement the flat floor and host small meetings

Estimated Annual Usage/Event Activity at New Meeting Facility Only (Stabilized Year of Operations)

Proposed New Meeting Facility in Pensacola - Estimated Range of Event Activity					
Event Type	Total Events	Average Use Days	Total Usage Days	Total Attendee Days	
Conventions/tradeshows/conferences	24 - 28	2.5	60 - 70	21,600 -	25,200
Consumer/public shows	6 - 8	2.0	12 - 16	15,000 -	20,000
Meetings/seminars	84 - 96	1.0	84 - 96	5,000 -	5,800
Banquets/social functions	36 - 48	1.0	36 - 48	13,500 -	18,000
Civic/community events	8 - 10	1.0	8 - 10	4,000 -	5,000
Grand Total	158 - 190		200 - 240	59,100 -	74,000

Note: Total use days include event days and move-in/move-out days.

- Reflect activity at meeting facility only - assumes all sports activity is separate
- Estimated to generate 15,000 – 18,000 room nights
- People may choose to extend their stay which is not reflected in this analysis

Estimated Annual Economic / Fiscal Benefits From Operations of New Meeting Facility Only (Stabilized Year of Operations)

Category	Range
Direct Spending	\$6.0 million - \$7.4 million
Total Spending	\$9.1 million - \$11.3 million
Total Jobs	110 - 140
Total Earnings	\$3.0 million - \$3.7 million
Total Tax Revenues	\$650,000 - \$800,000

Estimated Annual Event Activity From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Events	192 - 231
Event Days	285 - 343
Attendee Days	281,500 – 329,400
Room Nights Per Year	59,300 – 69,100

Estimated Annual Economic / Fiscal Benefits From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Direct Spending	\$30.8 million - \$35.9 million
Total Spending	\$46.9 million - \$54.6 million
Total Jobs	560 - 660
Total Earnings	\$15.7 million - \$18.3 million
Total Tax Revenues	\$3.1 million - \$4.8 million

Questions and Discussion

