Long-Range Strategic Facility Needs and Master Plan Analysis for the Miami Beach Convention Center

December 19, 2008

CONVENTIONS SPORTS & LEISURE
CSL

December 19, 2008

Mr. Max A. Sklar, Director
Tourism and Cultural Development
City of Miami Beach
1700 Convention Center Drive, Miami Beach, Florida 33139

Dear Mr. Sklar:

We have completed the Long-Range Strategic Facility Needs and Master Plan Analysis for the Miami Beach Convention Center (MBCC). The objective of the study is to provide decision makers with insight into the market demand for convention facility improvements to the MBCC and surrounding amenities. Findings as to market-supportable program development options are also presented herein.

We have been assisted in this process by a variety of organizations and individuals including representatives of the City of Miami Beach, MBCC management, Greater Miami Convention and Visitors Bureau management and others. Extensive outreach to event planners, review of comparable and competitive markets, analysis of past MBCC operating data and other research help form a basis for the findings and recommendations presented herein. We sincerely appreciate the assistance and cooperation provided in the completion of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

CSL International

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Study Background and Introduction

Conventions, Sports and Leisure International ("CSL") was engaged by the City of Miami Beach to provide research and analysis with respect to short and long-term planning initiatives for the Miami Beach Convention Center ("MBCC). This report presents the results of our research and highlights the key findings of this analysis.

Study Background and Methodology

The MBCC opened in 1957, and was expanded and renovated in 1990 at a cost of more than $92 million, and only modest upgrades have taken place since. Public support for the development of the 790-room Loews Hotel (which opened in 1998) was provided in order to improve the ability of the MBCC to accommodate events with significant out-of-town attendance.

Today the MBCC program of space includes approximately 503,000 square feet of exhibit space and 127,600 square feet of meeting space. Unlike most convention centers, the MBCC does not offer space dedicated for banquets, general sessions and related functions.

Since the 1990 MBCC renovation, significant changes have taken place in the convention and tradeshow industry. The number of events, attendance and space needs have generally increased on an annual basis industry-wide, with periods of stagnation during recessionary times. The economic impact of the convention and tradeshow has also increased over time. Many cities have responded to this industry growth by increasing the size of their convention center, and by adding amenities such as increased meeting space, general session space, various technological amenities, and related features in an effort to address industry trends.

Changes in how a competitive hotel package and entertainment environment is viewed by event planners have also led to significant development in areas adjacent to the convention center in major markets throughout the country. Large headquarter hotels have been developed in many major markets, and efforts to create a walkable restaurant/retail environment surrounding convention centers have been undertaken.

The central focus of this study is in the changes and improvements that can be made to the MBCC and its surrounding area that are both supported by market demand, and are necessary to facilitate the ability of the Center to attract high-impact conventions and tradeshows in an increasingly competitive environment.

To address this focus, CSL has undertaken extensive research with respect to the market conditions that have impacted the MBCC's performance in the past and will continue to do so in the future. The study process consisted of detailed research and analysis, incorporating a comprehensive set of market-specific information derived from the following:

- Review of existing facility and urban conditions at and surrounding the MBCC.
- In-person interviews/meetings with MBCC management, Greater Miami Convention & Visitors Bureau ("GMCVB") representatives, other local visitor industry professionals and City and County management and staff. A listing of individuals and organizations contacted during the study process is presented in Appendix 1.
- Review of historical MBCC operating data (event levels, space use, attendance, financial operations, etc.).
- Research and analysis of national convention and tradeshow industry trends.
- Analysis of facility data from 18 competitive and comparable facilities and markets.
- Interviews with facility management and convention and visitors bureau staff in competitive and comparable markets.
- Internet-based surveys with current, past and potential future MBCC users.
- Analysis of events that have considered but not booked the MBCC.

The specific chapters presented in this report are as follows:

- Analysis of Local Visitor Industry Conditions
- Historical and Potential MBCC Operations Analysis
- Industry Trends Analysis
- Event Planner Surveys
- Competitive and Comparable Facility and Market Analysis
- Creative Convention Center Design Elements
- MBCC Master Planning and Program Considerations

The results of this research and the associated project findings are presented within this report.

1.0 Analysis of Local Visitor Industry Conditions

A community's hospitality infrastructure in terms of entertainment, attractions, hotels, restaurants and other such factors can contribute significantly to the success of a convention center. As such, CSL has conducted an analysis of these and other local market attributes as they relate to Miami Beach, Greater Miami and the areas surrounding the Miami Beach Convention Center.

1.1 Local Market Attractions and Resources

Convention and leisure visitors to the greater Miami Beach area are attracted to a wide variety of entertainment alternatives. The uniqueness of the greater Miami product, well-marketed in recent years, is positioned among a select set of cities as a national and international destination, drawing millions of visitors from throughout the country and the world. The greater Miami area is also characterized by a high level of regional and metropolitan area visitation relative to its population base. Together, this influx of visitors occurs in a community with a significant resident population base (approximately 5.5 million within the Miami Core-Based Statistical Area).

The area's existing visitation is largely driven by the wide variety of unique entertainment options and attractions (both natural and man-made) offered within the community. The destination brand draws from the world-wide appeal of the beaches, the blending of cultures in the community, and the mix of culture and entertainment that is highly unique within North America. Recognized visitor industry assets also include the Art Deco District, shops at Lincoln Road, various museums and performing arts centers, and world class restaurants.

Many of the unique attractions and community resources in and around greater Miami are listed below.

Exhibit 1
Summary of Primary Local Attractions

Ancient Spanish Monastery	Everglades Safari Park	Miami Beach Golf Club
Art Deco Historic District	Fairchild Tropical Botanic Garden	Miami Children's Museum
Bass Museum of Art	Fillmore Theater	Miami Metrozoo
Biscayne National Park	Fruit and Spice Park	Miami Science Museum
Biscayne Nature Center	Haitian Heritage Museum	Miami Seaquarium
Cauley Square Historic Village	Historic Hampton House	Miami Springs Historical Museum
Cisnero Fontanals Art Foundation	Holocaust Memorial	Monkey Jungle
Coral Castle	Jewish Museum of Florida	Museum of Contemporary Art
Coral Gables Merrick House	Jungle Island	New World Symphony
Crandon Park	Lincoln Road	Pinecrest Gardens
Deering Estate at Cutler	Lowe Art Museum	Schnebly Redland's Winery
Everglades Alligator Farm	Miami Art Museum	Venetian Pool
Everglades National Park	Miami Beach Botanical Garden	Vizcaya Museum and Gardens

From a convention or tradeshow event planner's perspective, these attractions and amenities provide the greater Miami area with an important advantage when event planners and attendees consider a destination, particularly in catering to attendees and exhibitors that travel with relatives/friends.

Another important component of the greater Miami area visitor infrastructure is the long-standing history of annual events and festivals. The following is a listing of recurring Miami Beach area events and festivals:

Exhibit 2
Summary of Area Festivals and Events

Art Basel - Miami Beach	Ford Championship Weekend - NASCAR	Miami Space Restaurant Month
Art Deco Weekend	ING Miami Marathon	Miami/Bahamas Goombay Festival
Art Miami	International Hispanic Theatre Festival	Sleepless Night
Calle Ocho Festival	Miami Beach Dance Festival	Sony Ericsson Open
Coconut Grove Arts Festival	Miami Book Fair International	South Beach Wine and Food Festival
FedEx Orange Bowl Football Game	Miami Gay and Lesbian Film Festival	White Party Week
Festival Miami	Miami International Boat Show	Winter Party Festival
Florida Dance Festival	Miami International Film Festival	World Golf Championships

The collection of various activities, attractions, events and festivals provides the greater Miami area with a distinct competitive advantage relative to many other metropolitan areas throughout the country. Additionally, the presence of the Miami International Airport ("MIA") provides air access through a wide range of nonstop flights to and from a large number of domestic and international destinations. Accommodating more than 16 million annual passengers, MIA is the 16th busiest airport in the United States.

The national convention and tradeshow industry has grown increasingly competitive, with cities across the country investing in improved and/or expanded convention and hotel inventory. The base of events that rotate on a national basis has grown at a modest average annual rate over the past 20 years; however, increased competition continues to absorb this demand growth. Within the competitive landscape in the convention and tradeshow industry, event planners are highly motivated to seek destinations that are desirable to attendees in order to maximize the success of the event. Therefore, planners often seek destinations that are unique and authentic, offering the greatest potential to maximize event attendance. Cities such as San Francisco, San Antonio, Chicago, Orlando and Las Vegas are seen as highly desirable and unique leisure destinations, and are generally considered to be in a position to drive high attendance at rotating events.

Like the destinations referenced above, the highly unique leisure and cultural elements of the greater Miami brand seem to offer event planners an opportunity to enhance the attendance and overall success of their event(s). The future planning efforts for the MBCC and the surrounding area should serve to create a Convention Center package that takes advantage of, and reflects the destination's competitive advantages.

1.2 Local Hotel and Event Facility Inventory

The number of existing event facilities in the local market, as well as the supply and location of hotel rooms, are important considerations with respect to the ability to attract and accommodate convention market potential and associated economic impact. An analysis of existing and planned hotel inventory can help assess (1) the ability (or lack thereof) of the hotel base to support the non-local attendance levels of events at the MBCC, and (2) the event segments that are currently accommodated by existing/planned hotels and those in which the MBCC should therefore not be competing.

Presently, there are several event facilities in the greater Miami area that have the ability to accommodate various levels of meetings, banquets, food/beverage functions, public/consumer shows, conventions, tradeshows, conferences and other assembly events.

We begin our analysis with a review of primary local hotels and event facilities. The focus of this research is to assess the supply of properties that offer convention quality rooms with some element of in-house flat floor event space.

Exhibit 3 presents a summary of the event space offerings at such facilities throughout the greater Miami area that provide more than 5,000 square feet of total sellable space.

Exhibit 3
Summary of Greater Miami Hotels and Event Facilities

Property Name	Exhibit Space	Meeting Space	Ballroom Space	Total Sellable Space
Fontainebleau	0	59,600	46,800	106,400
Doral Golf Resort & Spa	0	40,700	42,500	83,200
Miami Convention Center/Hyatt Regency	28,000	18,200	11,800	58,000
Intercontinental - Miami	16,000	19,400	18,400	53,800
Biltmore	8,170	22,400	16,500	47,070
(1) Eden Roc Hotel	0	24,100	20,800	44,900
Loews Miami Beach Hotel - South Beach	0	15,500	27,600	43,100
Hilton - Miami Downtown	0	9,000	25,500	34,500
Hilton - Miami Airport	0	12,700	14,700	27,400
Miami Beach Resort & Spa	0	11,700	10,500	22,200
Trump International - Beach Resort Miami	0	11,600	10,200	21,800
Intercontinental - West Miami	0	2,100	17,800	19,900
Marriott - Miami Dadeland	0	9,900	9,800	19,700
Miami Marriot Biscayne Bay	0	6,500	9,300	15,800
Conrad Miami	0	8,600	7,000	15,600
The Westin - Colonnade Coral Gables	0	6,400	5,100	11,500
Shula's Hotel & Golf Club	0	5,300	4,100	9,400
Mayfair Hotel & Spa	0	5,200	3,300	8,500
Sonesta Bayfront Hotel - Coconut Grove	0	2,700	5,000	7,700
The Alexander	0	1,800	4,900	6,700
Totals	**52,170**	**293,400**	**311,600**	**657,170**

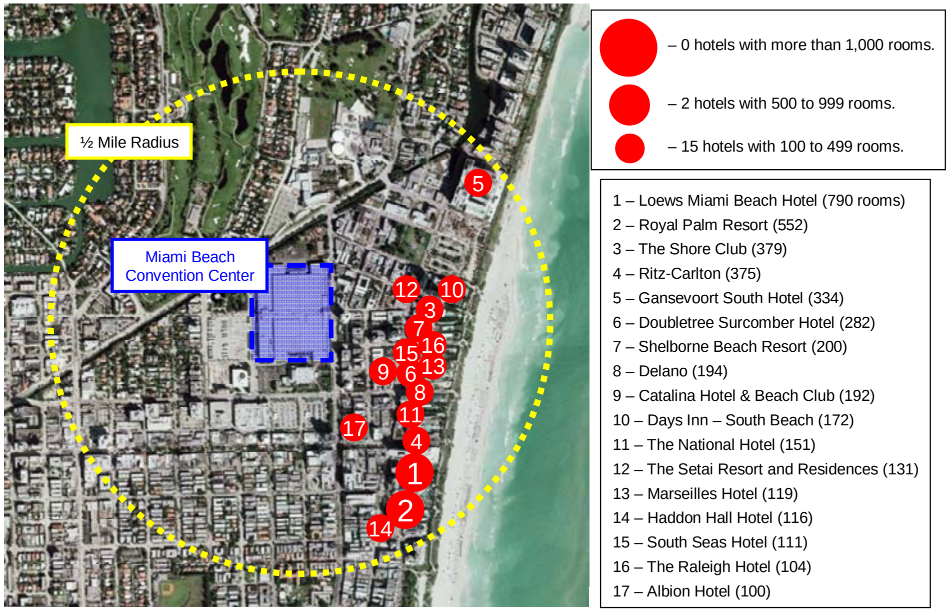
(1) Includes space that is either planned or under development.
Source: facility floorplans, 2008

As shown, there is more than 657,000 square feet of total sellable space provided among the primary hotel properties in the greater Miami area. Following a massive $1.0 billion renovation and expansion project, the Fontainebleau Miami Beach offers the most total sellable square feet of space, with approximately 106,400 square feet (including the areas largest ballroom, the estimated 33,600-square foot Sparkle Ballroom). The Miami Convention Center (located in downtown Miami) and adjacent Hyatt Regency offer the most exhibit space in the market (aside from the MBCC), with the 28,000-square foot Riverfront Hall.

From a meeting planner's perspective, assembling a room block in as few hotel properties as possible is critical. Fewer properties in a room block will reduce the cost for shuttling, minimize the time attendees spend in transit and increase the overall success of an event. In addition, providing large hotel properties in close proximity to a convention center is rated as a highly-important site selection criterion by event planners for these same reasons. As such, the location of a market's existing and planned hotel inventory can significantly impact the ability to successfully accommodate events generating a non-local attendee base.

Recognizing the importance of these factors, we have reviewed Miami Beach's hotel market from a location perspective, as presented in the exhibit below.

Exhibit 4
Summary of Hotels Within ½ Mile of the MBCC



As presented above, there are 17 hotel properties within one-half mile of the MBCC, combining to provide more than 4,300 total guestrooms. The largest property is the aforementioned Loews Miami Beach Hotel, with 790 rooms. However, several factors combine to significantly lessen the desirability of the MBCC hotel package, including the following:

- The lack of a headquarter hotel property adjacent to the MBCC.
- The distance from the MBCC to most of the primary hotel properties.
- The relatively high prices of ocean-front, resort hotel properties.
- The fact that the majority of properties offer less than 200 rooms.

Each of these factors are considered to be potential drawbacks for event planners when considering the MBCC as a host facility.

2.0 Historical and Potential MBCC Operations Analysis

The purpose of this chapter is to assess the historical and projected utilization of the MBCC. This type of data is useful in understanding the portion of the convention and tradeshow market that the Center currently accommodates, and the opportunities for increasing future market capture.

The MBCC attracts a variety convention, trade, consumer and meeting events throughout the year. Events such as the Miami Boat Show and Art Basel draw thousands of attendees from throughout the region, nationally, and in the case of Art Basel, internationally.

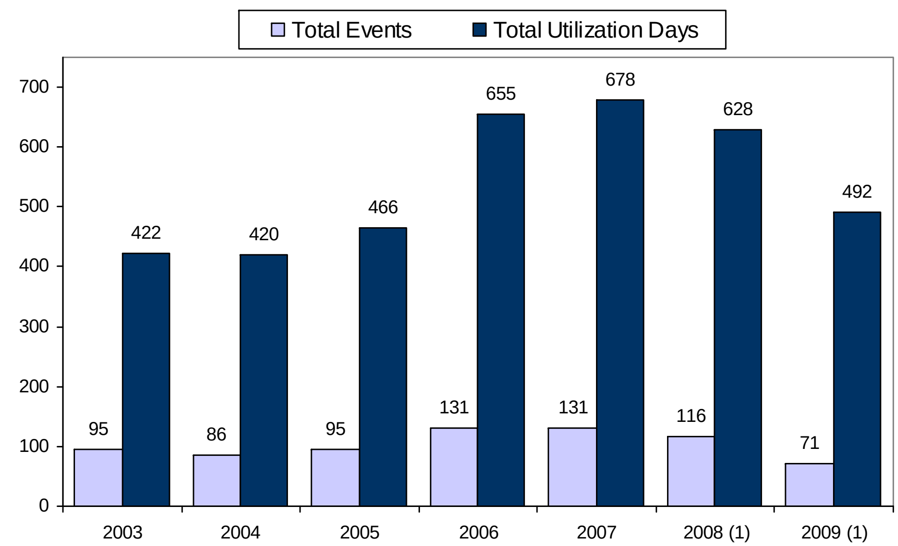
The MBCC competes with major markets such as Orlando and Atlanta, as well as other markets in the eastern region for nationally-rotating conventions and tradeshows. In some cases, particularly with corporate events, the MBCC may compete with other warm-weather destinations nationally.

Historic and projected future utilization levels for the MBCC help form a basis for assessing potential unmet demand, and opportunities to increase event activity and associated economic impact with existing space inventory. The analysis of these characteristics focuses on the period 2003 through 2009. The specific facility use characteristics that are addressed herein include event levels, utilization days, attendance levels and exhibit space occupancy levels. These are discussed below.

2.1 *MBCC Event Activity*

The number of events that have used the MBCC has increased significantly from a low of 86 events in 2004 to 131 in both 2006 and 2007. This event activity translates into a significant number of overall MBCC utilization days. The following chart highlights the number of events and utilization days accommodated by the MBCC between 2003 and 2009. All historical and future event data presented herein are shown on a calendar year basis.

Exhibit 5
Summary of Event Activity – MBCC
(2003 – 2009)



Note: Data presented in terms of calendar years.
(1) 2008 and 2009 data represents definite, tentative and contracted future bookings as of July 2008.
Source: CSL International, facility management, 2008

As noted above, the MBCC accommodated between 420 and 466 utilization days during the 2003 to 2005 period, increasing to between 655 and 678 in 2006 and 2007. Bookings for 2008 and 2009 (as of July 2008) are approximating the 2006 levels, and there are events that have not been recorded to date. Added utilization from tradeshows and public or consumer shows accounts for the majority of increased MBCC utilization.

2.2 *MBCC Exhibit Space Occupancy*

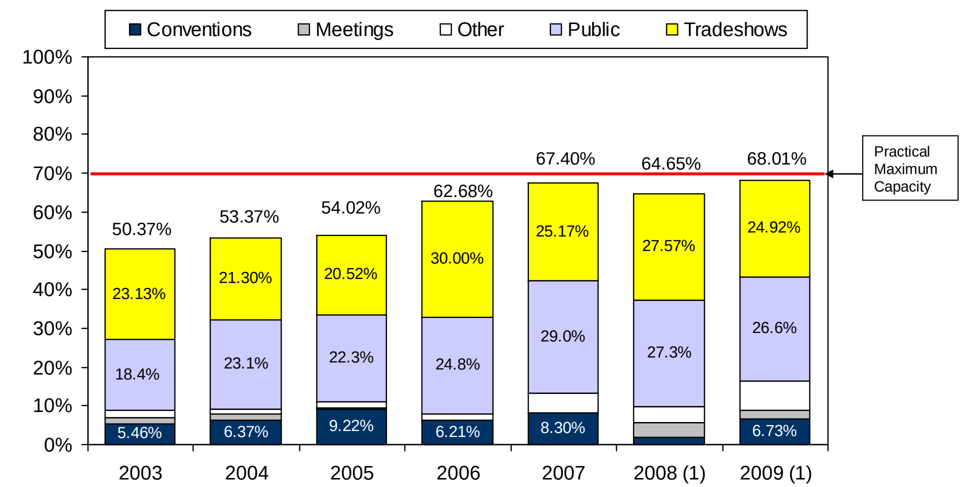
We have also analyzed exhibit space occupancy percentages for the MBCC over the past five years and projected data for 2008 and 2009. The exhibit space occupancy percentages within a convention center can provide a clear measure of overall facility utilization. The occupancy data can indicate whether or not a center is turning away potential event activity due to space limitations, or is operating with space levels in excess of that necessary to accommodate existing demand.

Exhibit space occupancy levels, measured by dividing the number of occupied or sold square feet by the annual square footage capacity, can indicate the degree to which usage of the facility has reached a maximum capacity.

The occupancy of a facility is determined to be within a practical maximum capacity range when the actual occupied space reaches a level of 50 percent of total sellable capacity. Above 70 percent occupancy, a facility has exceeded "practical maximum capacity" and may be turning away significant business. These assumptions account for the reality that a portion of the facility's total capacity is un-sellable due to holidays, maintenance days and inherent booking inefficiencies that result when events cannot be scheduled immediately back-to-back.

The following exhibit highlights MBCC exhibit space occupancy between 2003 and 2007 and projected figures for 2008 and 2009.

Exhibit 6
Summary of Historical & Projected Exhibit Space Occupancy – MBCC
(2003 – 2009)



(1) 2008 and 2009 data represents definite, tentative and contracted future bookings as of July 2008.
Notes: Data presented in terms of calendar years. Figures include all events utilizing exhibit space. Figures are based on total square footage utilized, including move-in and move-out days.
Source: CSL International, facility management, 2008

As noted above, the occupancy percentages for MBCC exhibit space have increased from the low to mid 50's in the 2003 to 2005 period, to 63 percent and 67 percent in 2006 and 2007, respectively. Occupancy for 2008 and 2009 remain at high levels, reaching 68 percent in 2009 with time yet to add to overall event activity.

The recent occupancy levels recorded at the MBCC provide an indication that MBCC utilization has increased over the past several years, and the prospect that management of the Center may eventually have to turn away potential event activity can be considered. At the same time, much of the occupancy associated with the MBCC is generated from public/consumer shows and other low room night generating events.

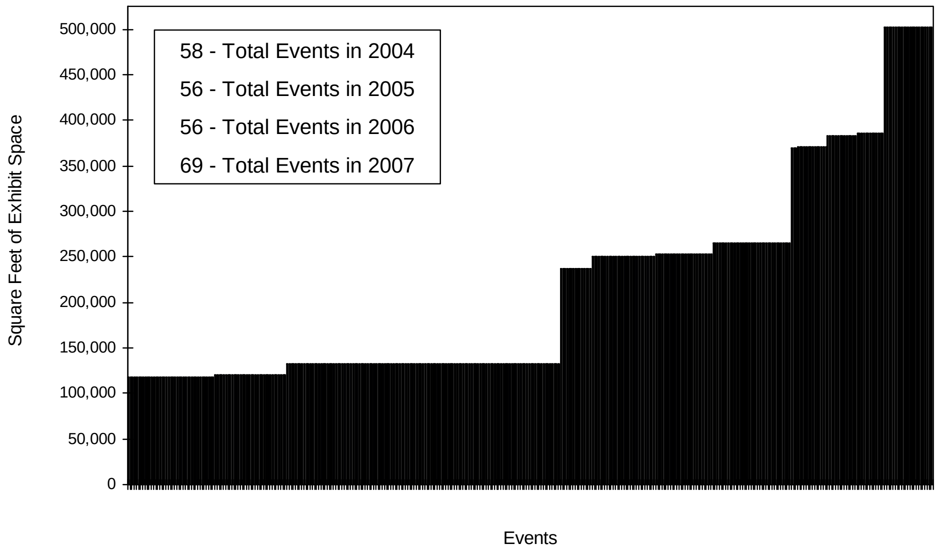
Before a definitive finding as to the need for added exhibit space could be made, efforts to increase the overall economic impact generating activity at the existing Center would have to be made. Specifically, the fact that approximately 43 percent of overall MBCC exhibit space utilization is generated from low room night generating public/consumer shows indicates that significant potential exists to modify the event mix at the Center in favor of high-impact conventions and tradeshows as demand materializes.

It is also important to note that many events host banquet and general session functions on the exhibit hall floor due to the lack of a dedicated multi-use ballroom at the MBCC. Should such a space be included in future Center development initiatives, the demand for exhibit space from existing MBCC events would likely decrease slightly.

Exhibit space use from conventions and tradeshows, often viewed as the primary generators of room nights and community-wide economic impact, have accounted for a declining share of overall MBCC utilization over the past three years, as overall center occupancy has increased.

Of all events using MBCC exhibit space over the past several years, approximately one-half have used one hall (accounting for approximately 125,000 square feet of exhibit space). The exhibit space use data for events held at the MBCC between 2004 and 2007 is presented in Exhibit 7 below.

Exhibit 7
Summary of MBCC Exhibit Space Use by Event – MBCC
(2004 – 2007)



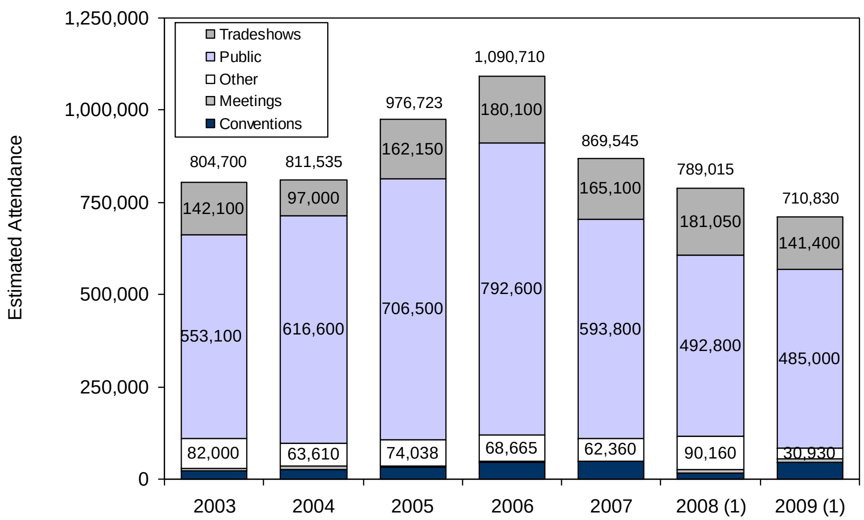
Notes: Data presented in terms of calendar years. Figures only represent those events utilizing exhibit space.
Source: CSL International, facility management, 2008

Approximately 75 percent of all MBCC exhibit space events over the past four years have used one-half of the available exhibit space or less. This data indicates that the MBCC is most often positioned to accommodate multiple overlapping events as opposed to large full building users.

2.3 MBCC Attendance Data

We have analyzed the MBCC attendance data by event type, as presented in Exhibit 8 below.

Exhibit 8
Summary of Historical & Projected Attendance by Event Type – MBCC
(2003 – 2009)



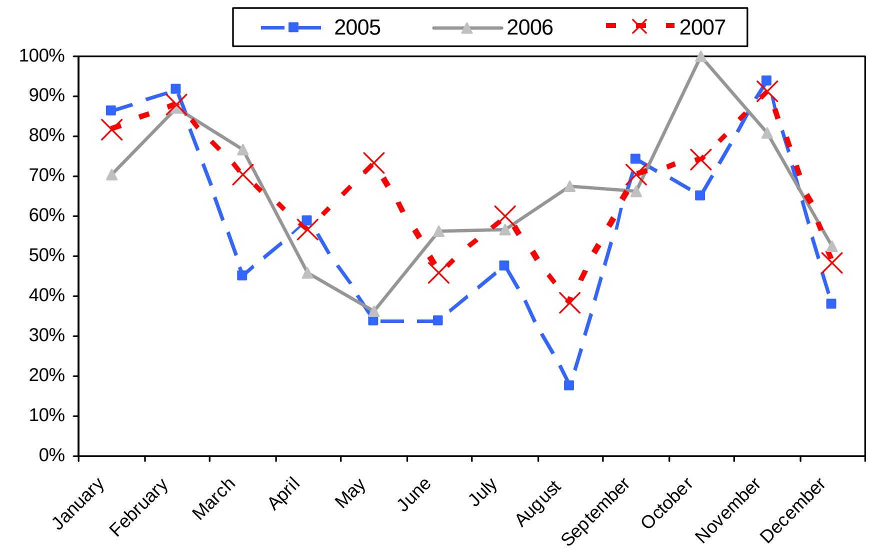
(1) Data for 2008 and 2009 represents definite, tentative and contracted future bookings as of July 2008.
Notes: Data presented in terms of calendar years. Data for 2008 and 2009 reflect bookings as of July 2008.
Source: CSL International, facility management, 2008

Public shows generate the largest share of MBCC event attendees by a wide margin. Over the seven years analyzed, public shows have accounted for an average of 70 percent of total Center attendance activity. Specific events included in the public show category include The South Florida Boat Show, The South Florida Auto Show, NBC 6 Health and Fitness Expo and Art Miami. This attendance data is significant to consider, as public/consumer shows traditionally generate a relatively limited amount of room nights and economic impact.

2.4 MBCC Seasonality Data

The seasonality of MBCC exhibit space use has also been analyzed, as presented in Exhibit 9.

Exhibit 9
Summary of Exhibit Space Occupancy by Month – MBCC
(2003 – 2007)



Notes: Figures include all events utilizing exhibit space. Figures are based on total square footage utilized, including move-in and move-out days.
Source: CSL International, facility management, 2008

As noted above, MBCC exhibit space use tends to peak at the beginning of the calendar year (January through March), and in the fall period (September through November). Utilization tends to drop off in the summer months. This pattern of usage is generally common within the industry and reflects the seasonality patterns of national association events and weather conditions in the greater Miami area during the summer.

It is also noted that there has been a drift upwards of occupancy over the past two years, particularly during the summer months. As discussed earlier in this report, MBCC management, in conjunction with the GMCVB, appear to have begun the process of working against traditional MBCC slow periods. In addition, the on-going impact of highly-publicized hurricanes should be monitored for their impact on event demand during the late fall period.

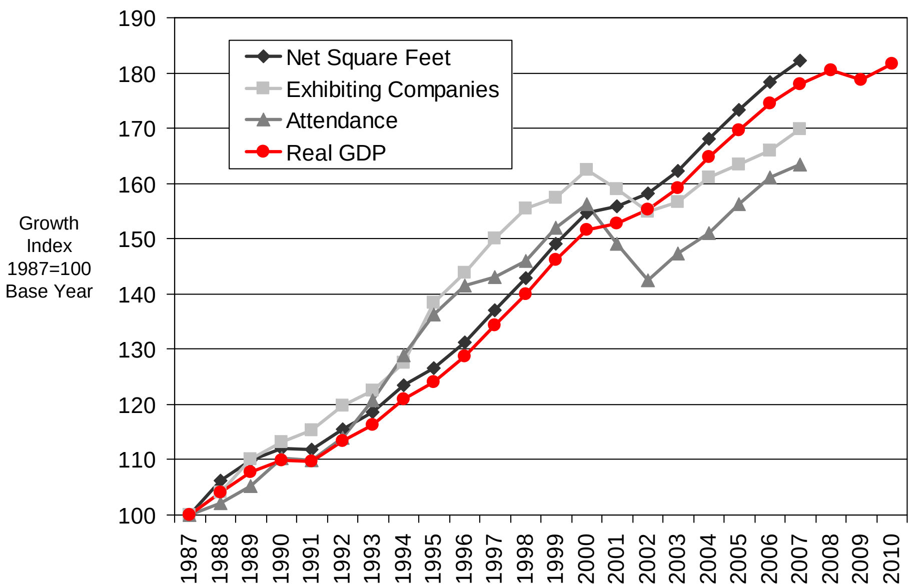
3.0 Industry Trends Analysis

The success of a convention center can be partially attributed to the characteristics of the industry as a whole. In order to assess the current and future strength of the market with regard to the greater Miami area, it is important to evaluate the industry nationwide.

3.1 Industry Growth Measures

Broad industry changes, characterized by retraction and expansion in convention and tradeshow demand have taken place within the industry over the past several decades. The following exhibit highlights overall trends in various industry demand measures, as published by Tradeshow Week.

Exhibit 10
Tradeshow Week 200 - Convention & Tradeshow Industry Growth



Source: Tradeshow Week, 2008; U.S. Department of Commerce, Bureau of Economic Analysis, 2008

As noted above, the national convention and tradeshow industry has experienced a long-term pattern of steady demand growth, interrupted by the recessions of the early 1990's and early 2000's. In both cases, economic conditions were exacerbated by military conflict in the Gulf region. The obvious impacts of September 11, 2001 were dramatic, if short-lived, for the entire convention, tradeshow and hospitality industry. Starting in 2002, the various demand measures picked up, with growth continuing through 2007.

Today, there are several conditions that are negatively impacting convention and tradeshow activity nationally. First, the overall economic condition has led corporations to consider exactly how they are participating in events. Decisions to reduce the number of personnel sent to industry conventions, and to reduce the number of conventions that the company participates in, are commonplace during economic downturns. Secondly, recent and dramatic increases in travel costs and consolidation in airline routes are likely to have an impact on event attendance.

Additionally, the exhibit demonstrates the connection between the convention and tradeshow industry and the economic industry as a whole (represented in terms of real GDP growth), just as many industries are tied to the economy. However, while many goods and services are tightly tied to the gross domestic product, the convention and tradeshow industry tends to register larger swings in percentage changes each year in terms of the number of exhibiting companies and total attendance. This trend can be seen during the economic recessions and booms, as the following years result in significant swings in percentage changes for the convention and tradeshow industry characteristics. The dips are exacerbated, as corporate discretionary spending (which convention and tradeshow expenses falls under) is, in general, a primary target for corporate budget reductions.

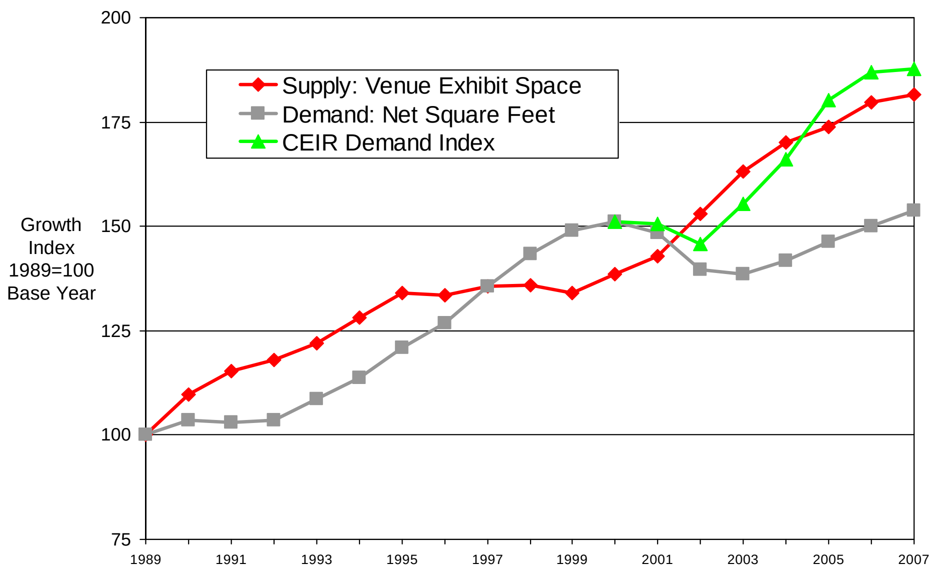
The current economic conditions could result in a period of little overall industry growth through 2009 and potentially into 2010. Data presented in the exhibit include projections for GNP growth in these years, with a downturn projected in 2009, rebounding in 2010. If these projections are generally accurate, it is likely that the convention and tradeshow industry will indeed experience a downturn through 2009. Whether or not the negative economic conditions impacting the industry last significantly beyond 2009 or are more transitory will have to be monitored over the coming months and years.

3.2 Supply and Demand

There has been a great deal of discussion nationally as to convention center supply and demand conditions, with speculation as to potential overbuilding of centers around the country. To evaluate this issue, we have assembled various industry data regarding convention and tradeshow industry growth as measured against increases in facility supply.

The following exhibit presents supply and demand as a cumulative change from year to year, utilizing facility supply data assembled by Tradeshow Week and industry demand data as compiled by the Center for Exhibition Industry Research ("CEIR"). Tradeshow Week data with respect to annual changes in convention center supply are also presented.

Exhibit 11
Cumulative Industry Supply and Demand



Source: CEIR Index Report, 2008; Tradeshow Week Major Exhibit Hall Directory, 2007

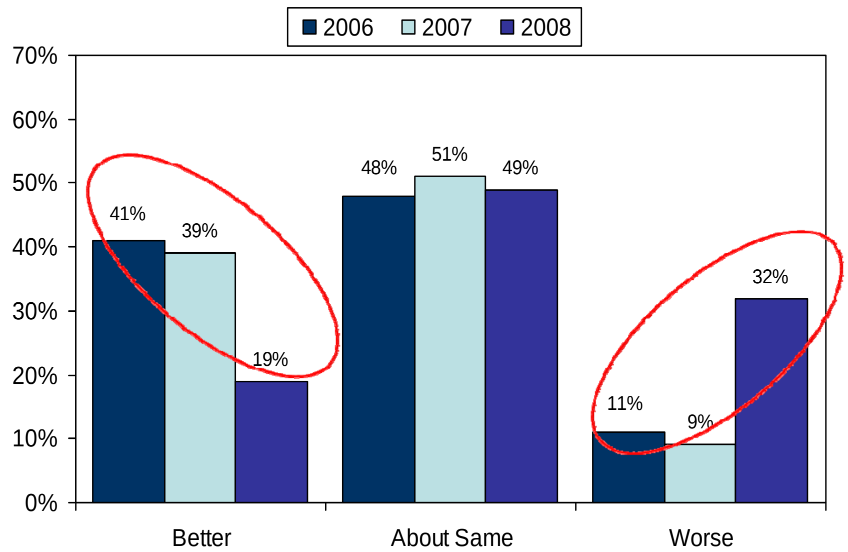
The data presented above demonstrate an echo relationship of industry supply and demand over the past 18 years. Supply growth exceeded demand during the early 1990's, and new facility development leveled off through the later part of the decade. The growth in demand during the mid to late 1990's spurred communities to finance and construct convention center projects, with supply coming on line in the early 2000's. However, the corresponding significant downturn in demand created a gap in supply and demand that still exists. Today, demand growth as measured by CEIR has rebounded, and has begun to outpace supply growth. The Tradeshow Week data still show a wide gap between supply and demand; however, this data source does not capture corporate events which represent a significant component of overall convention and tradeshow industry demand.

The available trend data suggest that the convention and tradeshow industry generally follows a pattern of alternating supply and demand dominance, often impacted by broad economic conditions. For the greater Miami area, the data should be considered as part of the overall MBCC master planning; however, demand characteristics that are unique to the market will have a significantly greater impact on the performance of the MBCC and on the market viability of any future facility investment.

3.3 Corporate Exhibitor Views

Corporations that exhibit at conventions and tradeshows are a vital element to the continued strength of the industry. Tradeshow Week conducts an annual survey of corporate exhibitors, and one focus on the survey is the characterization of how the value of participating in an event has changed over the previous year. The results of this research are summarized in the following exhibit.

Exhibit 12
Tradeshow Week Survey of Corporate Exhibitors –
Show Results Change From Previous Year



Source: Tradeshow Week

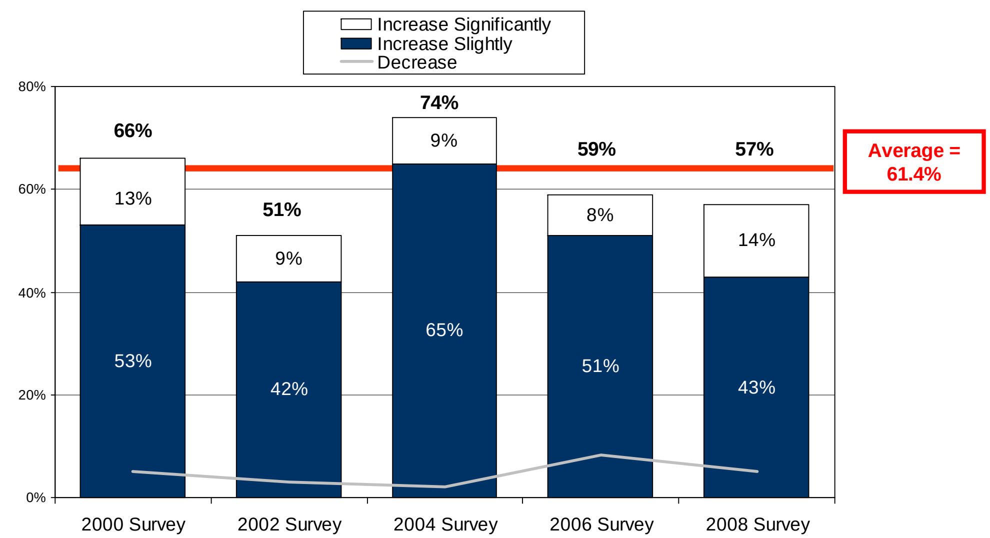
As noted above, in 2006 and 2007, significantly more corporate representatives characterized the value of their participation in an event as better versus worse than the previous year. By 2008, this had reversed, with 32 percent characterizing the value of their participation in a show as worse, versus 19 percent characterizing it as better. These data are likely a reflection of the overall economic conditions which result in fewer attendees/customers at events relative to previous years.

3.4 Event Planner Future Space Need Expectations

Detailed surveys with meeting planners of major rotating national and regional conventions, conferences and tradeshows also support a pattern of modest industry growth. Over the past nine years, CSL has conducted five major surveys of meeting planners that included questions concerning the expected change in their group's number of events, space needs and attendance levels. It is believed that these data are a strong reflection of the industry's sentiment and represent an informal outlook concerning the near-term trends affecting the industry.

The following exhibit presents a summary of the results of the five surveys conducted with meeting planners in 2000 (prior to 9/11 and the downturn of the economy), 2002 (roughly six months after 9/11), and in late 2004, 2006 and 2008. The data shown in the exhibit relate to the expected change in convention space needs over the next five years. Additionally, survey data related to changes in the number of events and attendance follow very similar trends.

Exhibit 13
National Convention and Tradeshow Planners –
Expected Change in Space Needs Over Next Five Years



Source: CSL International National/Regional Convention Planner Surveys, 2000 – 2008

On average, over the eight year survey period, approximately 61.4 percent of respondents have indicated that they expect their group's space needs to increase. Data obtained through the 2000 survey (prior to 9/11 and the economic downturn) show a "bullish" outlook on continued industry growth, with 13 percent of respondents indicating that they expect their group's space needs to "increase significantly" and 53 percent predicting slight increases. In the months following 9/11, the data exhibit a more reserved future outlook, with a total of just 51 percent of respondents indicating that space needs are expected to increase, well below the long-term average. After the impacts of 9/11 and the economic downturn began to subside, there was a considerable rebound in 2004 when an additional 23 percent of respondents indicated that they expect their group's space needs to increase. In the latest 2006 and 2008 surveys, indications point to industry growth prospects that are close to long-term industry averages. As previously noted, the level of hesitation as to industry growth has likely increased over the past several months.

The question that should be considered when evaluating future MBCC investment is whether or not the current likely slowdown in convention and tradeshow industry growth is permanent in nature, or is simply a short term effect whereby the on-going use of conventions and tradeshows as product demonstration, selling, networking and educational vehicles is still highly viable.

Our research into event planner opinions, including the surveys presented herein and focus groups conducted around the country, provide a significant indication that the convention and tradeshow industry as an integral component of the selling, networking and educational process will not likely deteriorate, and will likely rebound with the next economic growth cycle.

4.0 Event Planner Surveys

To form a basis for the market demand analysis, surveys were conducted with past MBCC users and event planners that have not used the MBCC in the past. A listing of organizations and individuals contacted during this study process is presented in Appendix 1. Results of this analysis are summarized in this section of the report.

4.1 Surveys of Past MBCC Users

A total of 22 past MBCC users were surveyed as part of our study research. Past users were asked a variety of questions including:

- Likelihood of using the MBCC in the future.
- Ability of the existing MBCC to accommodate their event needs.
- Strengths and weaknesses of the MBCC as a host facility.
- Convention center components needed to accommodate their event(s).
- Potential to increase MBCC use should facility changes be implemented.
- Comments on hotel needs.
- Perceptions of greater Miami as an event destination.

Results of this research are summarized below.

Ninety-two percent of planners surveyed indicated that they would use the MBCC for a future event. This indicates a very high level of event stability for the Center.

The majority of event planners surveyed indicated a satisfaction with the existing space levels at the MBCC. However, 21 percent noted other facility issues that need to be addressed. Such responses included the following.

- "The hallway area for registration is not ideal."
- "Because the lobbies offer such limited space, I'm forced to use the Hall (D) for my registration area."
- "Ceilings in the lobbies are very low."
- "I wish that the registration area didn't have to be split with other groups because of hall usage."
- "There is a lack of adequate and low priced parking."
- "Without a large convention hotel located next to it, we cannot come back."
- "Columns interfere with floor plan, but can be worked around."
- "Downstairs meeting rooms need some help (renovation)."
- "HVAC seems to have some issues in some of the meeting rooms."

In general, the comments noted above do not indicate a particular significant flaw with MBCC that threatens the return of existing events. In fact, 54 percent of past event planners surveyed stated that they would likely increase their overall use of the MBCC if various improvements to the Center were made. Architectural master planning for the Center should take the above comments into consideration in order to improve the overall event experience.

Only 17 percent of planners surveyed indicated an interest in using a fixed-seat general session hall for their event. Some planners have used the Fillmore Theater in the past and were very satisfied with the space.

Overall strengths of the MBCC included the location of the Center central to the markets in which the events serve, the proximity to the Latin market, and a knowledgeable and friendly staff. Perceived weaknesses of the MBCC focused on a lack of adequate parking and lack of an adjacent headquarter hotel. The master planning efforts associated with this study, and expanded upon by the project architects, will take the parking and hotel issues into consideration.

Event planners were also asked to comment on the pricing for hotels they use in conjunction with their event(s). Specific comments recorded are summarized below.

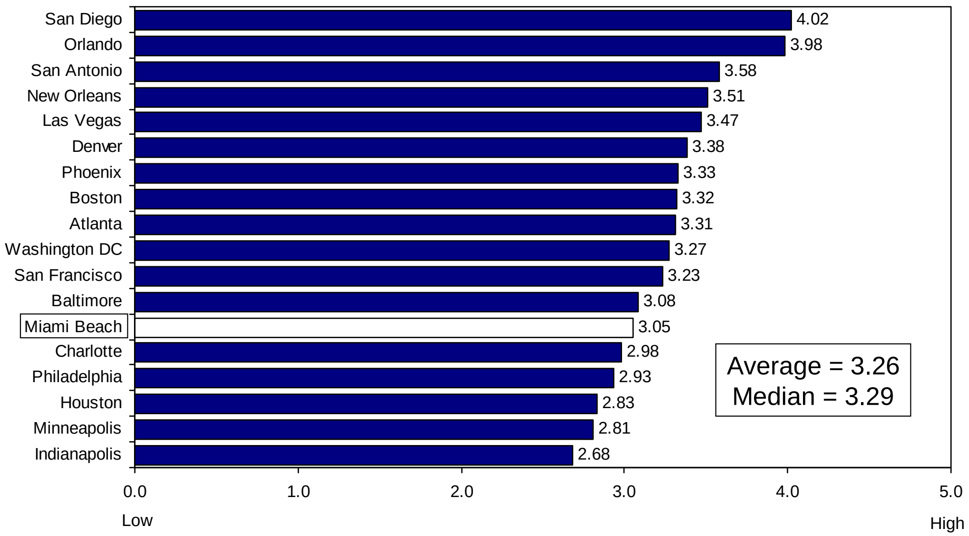
- Too high for convention business.
- Slightly high, but acceptable.
- Need more economical hotels in good condition.
- Prices are awful.
- Prices are very high. We get constant complaints from our attendees.
- Hotels are pricey.
- Prices are not too high, but increases are becoming a problem.
- Hotels are overpriced for what they offer.
- Too high – this is an area that could push us away as we get constant complaints.
- Overpriced when compared to other Florida cities.

There is clearly a theme among planners of past MBCC events that relates to hotel costs being too high. Obviously hotel rates are set by the market, and hotels in the Miami Beach and the greater Miami area are positioned to charge relatively high rates. The rate structure in the market is not likely to deteriorate significantly or for an extended period of time, even with current economic conditions. The effect of high hotel rates on convention and tradeshow capture is to limit the ability to attract price sensitive events, requiring the GMCVB to focus on groups with an attendee base willing to pay higher rates. In effect, the greater Miami area can realistically be seen as a high-end destination, versus a more typical mid-priced convention and tradeshow market. This market focus will have an impact on the amount and type of space that the MBCC can support from a demand perspective. For example, events that tend to accept high hotel rates cluster somewhat in the medical, pharmaceutical, technology, finance and related industries. These same events tend to require particularly high levels of meeting, general session and banquet space. These building program issues area explored later in this report.

4.2 Surveys of Potential Event Planners

In addition to surveys of current and past MBCC users, approximately 80 convention and tradeshow planners representing several hundred events were surveyed as part of our research. Planners were asked to rate a variety of national convention destinations in terms of appeal for hosting a convention (scale of 1 to 5 with 5 representing a highly desirable destination). A total of 17 destinations were reviewed in addition to the greater Miami area, including markets such as Orlando, Atlanta, San Diego, San Antonio, New Orleans, Washington D.C., Phoenix, Houston, Philadelphia, San Francisco, Boston and Denver. Results of this analysis are summarized in the exhibit on the following page.

Exhibit 14
Ranking of Competitive and Comparable Markets
National Conventions and Tradeshows



Note: Data represented includes all organizations interviewed
Source: CSL Interviews, 2008

As outlined above, the greater Miami area ranks 13th among the destinations reviewed, similar in rating to Baltimore and Charlotte.

It is generally accepted that Miami and Miami Beach are desirable brands in the leisure markets. The data presented above clearly indicates that the leisure position of the destination has not fully translated to the convention and tradeshow industry. The data also indicate a challenge in attracting non-local, high impact convention and trade events to the market given existing facility, hotel and related conditions.

We have thoroughly explored reasons for this level of response, as well as other concerns regarding hosting an event in the greater Miami area and have prepared the following summary:

Geography

- "Our group won't meet in the corners of the U.S. such as Florida, Maine and Washington."
- "We need to be more centrally located in our territory, which is between Delaware and Northern Florida."
- "Limited drive-in ability."

Cost and Destination Appeal

- "It would be an acceptable option, but we would want to keep our attendees 'close at hand' so as to not lose them to the beautiful weather and sites."
- "The hotel package is expensive."
- "Expensive, too many distractions for heavy work/education type conventions."
- "I think it is too big and Miami, in general, is probably too expensive."
- "Miami doesn't seem to be a destination our attendees are interested in visiting."

Preference for Hotels

- "We stick mostly to hotels due to cost restrictions."
- "We cannot pay for convention center space - thus it is a financial issue."
- "We don't use convention centers...only hotels."

Other Reasons

- "Great for some events probably not for our August event due to weather."
- "Large hotel needed closer to the Convention Center."

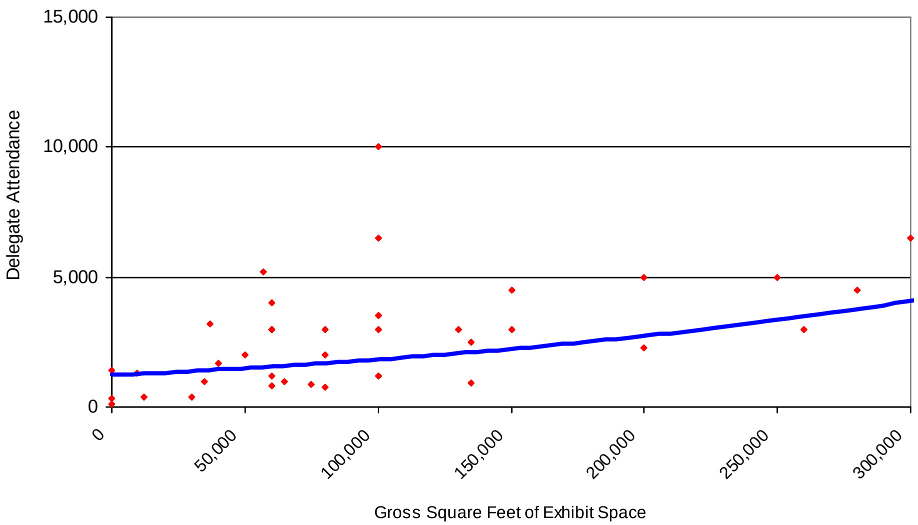
As summarized above, the location of Miami/Miami Beach nationally can make it difficult for event planners to generate attendees from a large national audience, particularly if a significant share of attendees originate from the western part of the country. In addition, shipping costs can be significant for exhibitors traveling from the west coast. Many planners also prefer to use large hotels, including the Fontainebleau. Other issues include concern about high costs (the hotel rates in Miami are very high relative to national averages), and the lack of a headquarter hotel. It is interesting to note that weather and storm related issues were not highly referenced as a reason for not choosing the greater Miami area.

Survey respondents were also asked to summarize their need for specific convention center space levels. This research is summarized below.

Exhibit Space

The exhibit space requirements and attendance levels were analyzed for the events surveyed. We have created a scatter diagram of this data, as presented below.

Exhibit 15
Summary of Per Event Attendance and Exhibit Space Demand
National Conventions and Tradeshows



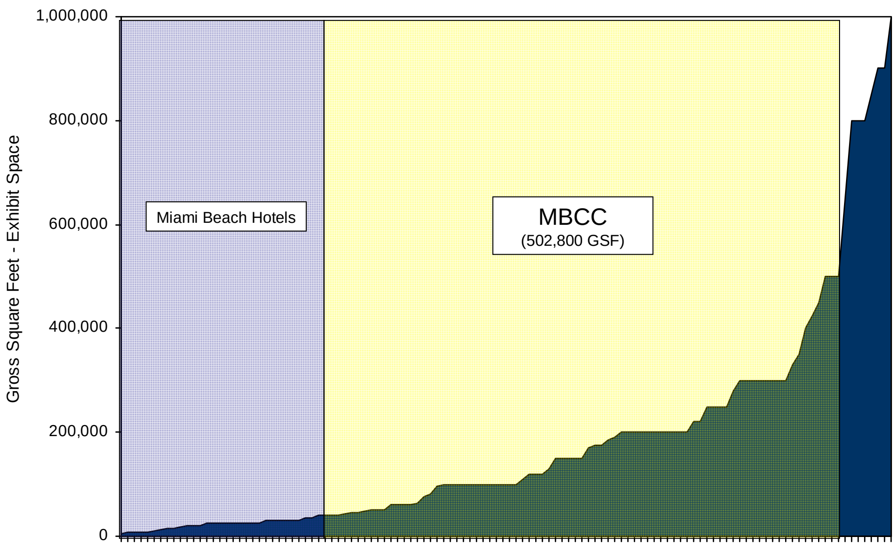
Note: Data represented includes all organizations with a potential interest in utilizing an expanded and/or improved Miami Beach Convention Center.
Source: CSL Interviews, 2008

There appears to be a slight correlation between the exhibit space use of a convention or tradeshow and the attendance level of that event. We also note that there are significantly more events requiring under rather than over 300,000 square feet of exhibit space.

The data provide an indication that any convention center, including the MBCC, may not be well-served to focus on attracting the largest exhibit space users. Rather, attracting mid-sized events, ideally overlapping on the center schedule, can provide a greater level of consistent economic impact potential. This type of analysis has implications on the market-supportable need for the future addition of exhibit space.

We have also focused on exhibit space use as part of determining the current market capture potential for the MBCC. The following exhibit presents the distribution of exhibit space needs for national organization event planners with an interest in holding an event in the greater Miami area.

Exhibit 16
Summary Exhibit Space Demand
National Conventions and Tradeshows



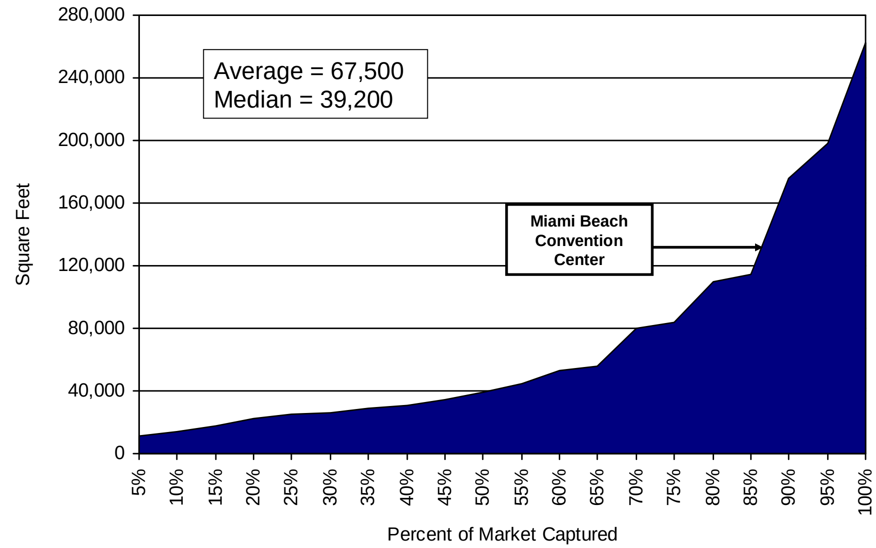
Notes: Data represented includes all organizations surveyed requiring at least 5,000 GSF exhibit space. Based on approximately 179 records.
Source: CSL International, 2008

As noted above, the MBCC can accommodate virtually all of the potential event market in terms of exhibit space availability. Certainly there will be occasions where events will consider the greater Miami area and will require more exhibit space than is currently available at the Center; however, these occasions will not likely occur on a routine basis.

Meeting Space

Meeting space demand was also analyzed from the perspective of market capture, as outlined in Exhibit 17.

Exhibit 17
Summary Meeting Space Demand
National Conventions and Tradeshows



Note: Data represented includes all organizations with a potential interest in utilizing an expanded and/or improved Miami Beach Convention Center.
Source: CSL Interviews, 2008

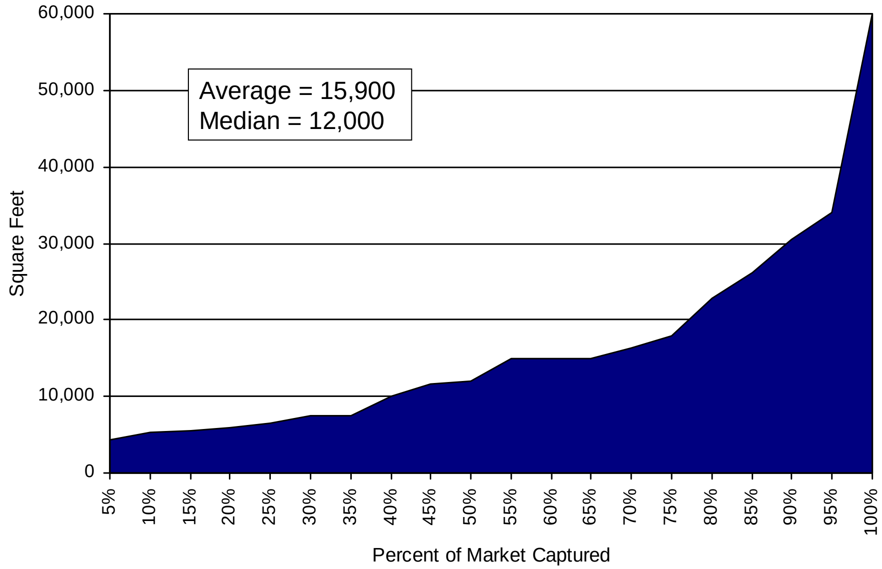
As noted above, the MBCC meeting space inventory of 127,600 square feet can accommodate approximately 85 percent of the potential convention and tradeshow market. For future planning purposes, consideration should be given to a modest addition of meeting space within the MBCC program that would increase this capture to 90 percent.

Multi-Use/Ballroom Space

The use of ballroom or multi-use space in convention centers has evolved significantly over the past ten years. In addition to traditional food functions, a ballroom in a modern convention center will also be used for large general assemblies, product demonstrations, light exhibits, professional exams, entertainment events and a variety of other uses. Recognizing this, planners have increasingly placed importance on such space in their selection of host cities and facilities. Ballroom space is also desirable in that it tends to keep delegates in the convention center during the event as a variety of different functions can be conducted all under one roof. In state-of-the-industry convention centers, ballroom space tends to provide a large contiguous open area, high ceilings (25 to 28 feet as opposed to 12 to 15 feet for meeting space) and a slightly higher level of finish, including a higher grade of lighting, floor covering and wall finish.

Exhibit 18 provides an analysis of the percentage of the potential convention and tradeshow market particular to the greater Miami area that can be accommodated at various levels of multi-use/ballroom space.

Exhibit 18
Summary Multi-Use/Ballroom Space Demand
National Conventions and Tradeshows



Note: Data represented includes all organizations with a potential interest in utilizing an expanded and/or improved Miami Beach Convention Center.
Source: CSL Interviews, 2008

As noted above, nearly 50,000 square feet of multi-use/ballroom space is needed to accommodate 95 percent of the potential event market unique to the greater Miami area, with 60,000 square feet accommodating all events surveyed.

One hundred percent of the planners surveyed stated that their event required a space for a food function and/or general session. The average attendance at a banquet approximated 1,100, and the average general session attendance approximated 1,600.

As noted in the introduction to this report, the MBCC does not offer dedicated multi-use/ballroom space. As many of the centers in competition with the MBCC do offer this space (highlighted in the following report section), the lack of a multi-use/ballroom represents a competitive disadvantage. Further, in order to accommodate food functions and general sessions at the MBCC, a portion of the exhibit space is often used. This adds costs to the event planners, and deducts from the space available to accommodate exhibits

<u>Hotel Inventory</u>

Survey respondents were asked to characterize their views on the desirability of a headquarter hotel to serve the needs of their event. Specific findings are summarized below.

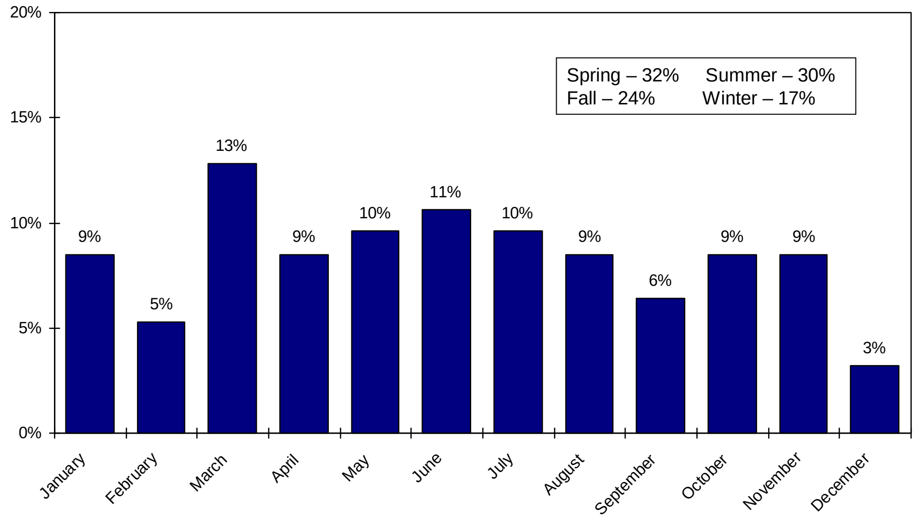
- Eighty-nine percent of planners surveyed indicated a need for an attached or nearby headquarter hotel.
- Planners varied on an acceptable distance between a convention center and a headquarter hotel. Twenty six percent of respondents stated that the headquarter hotel had to be attached or adjacent to the convention center, 38 percent stated that the hotel had to be within one or two blocks of the center, and 36 percent stated that the hotel had to be within "walking distance" of the center.
- The average room block that event planners require in a headquarter hotel approximated 790. Assuming 75 percent of the hotel's rooms are committed for a single event, this would require a total headquarter hotel room count of approximately 1,050.

The data presented above clearly suggest that the lack of headquarter hotel inventory proximate to the MBCC represents a competitive disadvantage.

Seasonality Patterns

As part of our analysis, we have evaluated the seasonality patterns of potential convention and tradeshow activity in the greater Miami area. This data is presented in the following exhibit.

Exhibit 19
Summary Event Seasonality
National Conventions and Tradeshows



Note: Data represented includes all organizations with a potential interest in utilizing an expanded and/or improved Miami Beach Convention Center. Multiple responses registered in some cases.
Source: CSL Interviews, 2008

As noted above, the spring and summer months appear to provide for steady potential convention and tradeshow activity, with a slight decrease for fall, and a significant drop off for the winter months. This data runs somewhat counter to national trend data that show strong demand periods in the spring and fall months, with lower demand in the summer and winter months. The higher than typical demand in the summer months recorded as part of our survey provides an indication that MBCC utilization levels could be increased somewhat should all exhibit, meeting, multi-use/ballroom and hotel needs be met. The slower September demand may be a function of weather concerns during this period.

4.3 Corporate Meeting Planner Surveys

As a final survey component, we contacted planners of corporate events to assess their interest in the greater Miami market and the MBCC in particular. Events such as those sponsored by Microsoft, Hewlett Packard and SAP are included in the corporate market. These events tend to generate a high level of convention center revenue, and are often willing to pay the higher costs of hosting an event in the destination. Their comments are summarized below.

- “We need a 40,000-square foot ballroom.”
- “We need one ballroom to hold 3,000 people for a general session (approximately 45,000 square feet).”
- “We like to have an outdoor venue for general session with approximately 1,200 people in attendance, such as the open garden on top of the Hawai’i Convention Center with retractable walls and a roof in case of rain.”
- “We look for an area with a vibrant entertainment district offering bars and restaurants within walking distance.”
- “We like to have hotel, event space and entertainment options all very close together.”
- “We have looked into Miami Beach, briefly, only to determine pretty quickly that the room rates were about twice as high as comparable markets.”
- “Miami Beach needs more affordable hotels proximate to the Center.”

- "We look for family-friendly environments. Las Vegas and New Orleans are enough of an attractive destination for them to make exceptions and Miami can be in that class as well."
- "We require a headquarters hotel proximate to the Center."

The comments above clearly indicate that in order to compete more effectively in the highly lucrative corporate event market, a new ballroom/general session hall should be constructed and the vicinity surrounding the Center (which is currently non-visitor oriented) will have to be master planned to better incorporate and expand on restaurant, retail and entertainment amenities. In addition, added headquarter hotel inventory adjacent to the MBCC will be beneficial in competing for many corporate events.

4.4 Summary

There are several findings and conclusion we can draw from the analysis presented within this section. These include the following.

- Existing users of the MBCC are highly likely to use the Center for future events. They view the greater Miami location as within their customer base, and generally consider the quality operating staff as a strength. Lack of affordable parking and hotel inventory adjacent to the MBCC are cited as weaknesses.
- Surveys of national event planners indicate a currently modest level of interest in hosting an event at the MBCC. The desirability of the destination from a leisure perspective contrasts with concerns regarding the overall convention center and hotel package to create a mixed view of the destination from an event planner perspective.
- It is likely that a large segment of planners of nationally rotating events have not carefully considered the greater Miami area or the MBCC. Reasons for this could include the lack of an adjacent headquarter hotel and ballroom preventing planners from including the Center as a potential host venue, lack of past significant convention and tradeshow activity thereby limiting the "word of mouth" that is important in this industry, and an allocation of sales/marketing resources to other room night demand generators due to the MBCC limitations noted above. Should these limitations be addressed, it is likely that the convention and tradeshow planner interest levels will rise.
- The exhibit space programming of the MBCC accommodates a large majority of the potential event market and the meeting space accommodates 85 percent of this market. However, the current lack of a ballroom leaves an important event requirement for most planners fully unmet.
- The features that will have to be addressed to accommodate corporate conventions include a ballroom/general session hall, as well as a master planned and coordinated entertainment district that incorporates existing and newly developed amenities. The on-going architectural and master planning efforts should focus closely on these issues. A headquarter hotel would also improve the ability to attract corporate events to the MBCC.

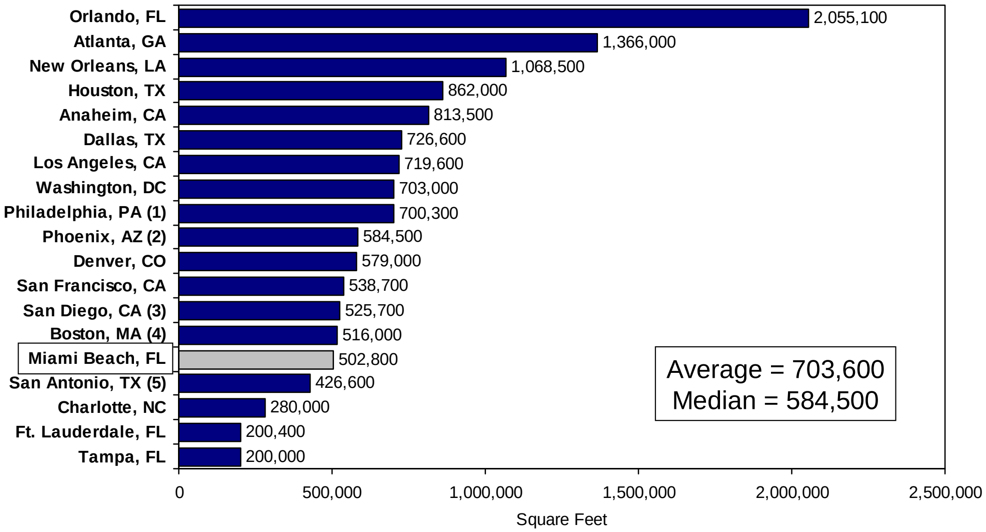
5.0 Competitive and Comparable Facility and Market Analysis

Our research also included an analysis of various physical characteristics and resources of both competitive and comparable facilities and communities. A total of 18 markets were analyzed. The data help place the greater Miami convention product within a competitive and comparable market context with respect to facility space, hotel inventory and other related features. Specific elements of comparison in this analysis include convention center space, hotel inventory and visitor industry characteristic such as airline enplanements, per diem travel costs and hotel tax rates.

5.1 Convention Center Space

The first element reviewed from the perspective of comparable and competitive facilities is the amount of prime exhibit space offered. Exhibit 20 below presents this comparison, with facilities ranked by square feet of contiguous exhibit space.

Exhibit 20
Ranking of Prime Exhibit Space - Competitive and Comparable Facilities

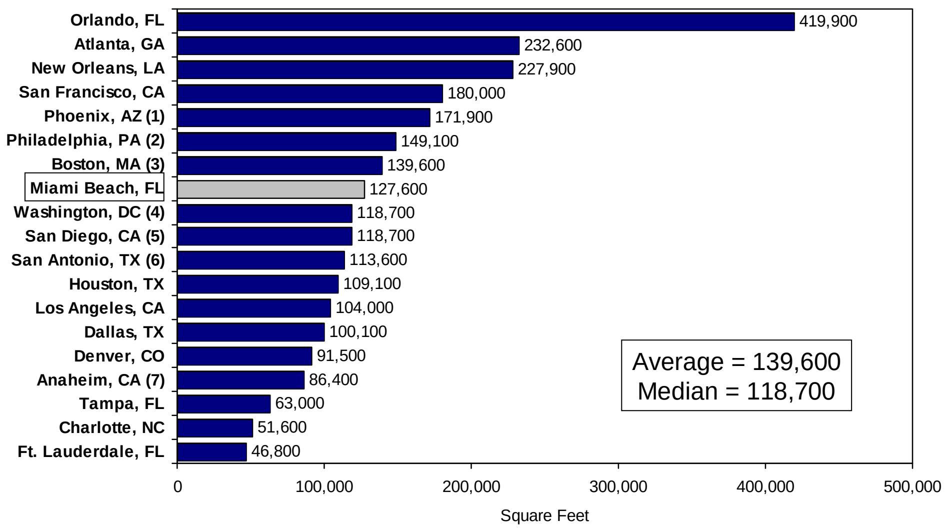


(1) Data for the Pennsylvania Convention Center includes space that is either planned or currently under development.
(2) Data for the Phoenix Convention Center includes space that is either planned or currently under development.
(3) The San Diego Convention Center is currently considering a potential future expansion.
(4) The Boston Convention & Exhibition Center is currently considering a potential future expansion.
(5) The Henry B. Gonzalez Convention Center is currently considering a potential future expansion.
Source: facility floor plans, management, and industry publications, 2008

As noted above, the MBCC currently offers more exhibit space than only four other centers reviewed, and is similar in size to centers in Boston, San Diego and San Antonio. Consideration is being given to expanding the centers in all three of these markets.

Meeting space is a critical element in a convention center, accommodating the break-out meeting, small food function and other activities at a typical convention or tradeshow. Exhibit 21 summarizes the meeting space totals offered at the MBCC in relation to the competitive and comparable facilities reviewed.

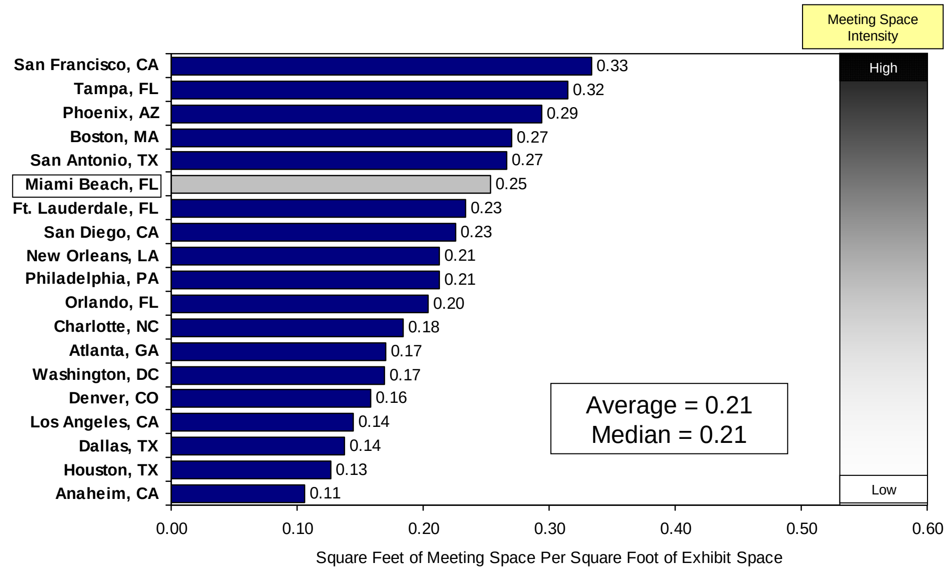
Exhibit 21
Ranking of Meeting Space -
Competitive and Comparable Facilities



(1) Data for the Phoenix Convention Center includes space that is either planned or currently under development.
(2) Data for the Pennsylvania Convention Center includes space that is either planned or currently under development.
(3) The Boston Convention & Exhibition Center is currently considering a potential future expansion.
(4) The addition of approximately 40,000 square feet of meeting space was recently approved.
(5) The San Diego Convention Center is currently considering a potential future expansion.
(6) The Henry B. Gonzalez Convention Center is currently considering a potential future expansion.
(7) The Anaheim Convention Center is currently considering a potential future expansion that would add meeting space.
Source: facility floor plans, management, and industry publications, 2008

As noted above, the MBCC meeting space ranks above the median of centers reviewed, similar in size to centers in Washington D.C. and Boston. It is also useful to review the relative balance of meeting and exhibit space within a center. Exhibit 22 summarizes the ratio of meeting to prime exhibit space among the facilities reviewed.

Exhibit 22
Ratio of Meeting Space to Prime Exhibit Space-
Competitive and Comparable Facilities

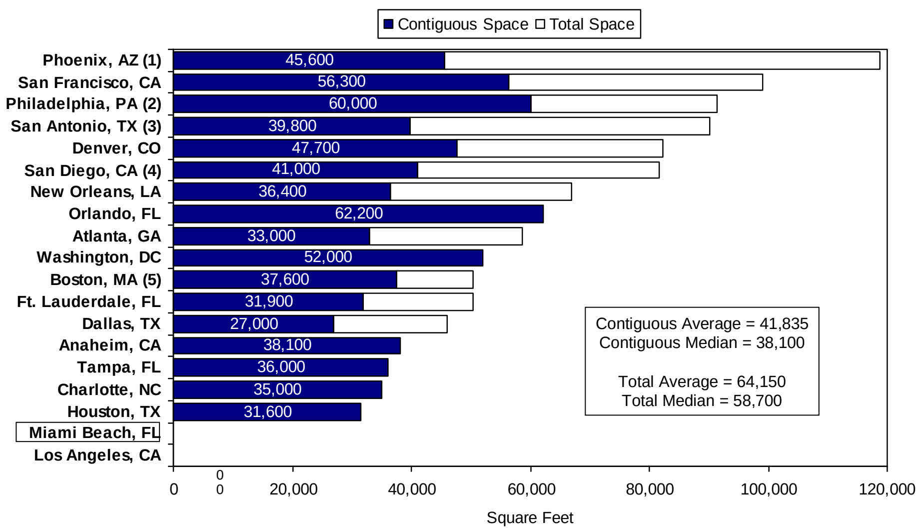


Source: facility floor plans, management, and industry publications, 2008

At the MBCC, there is currently 0.25 square feet of meeting space for every square foot of exhibit space offered. This rates slightly above the median among the facilities reviewed. Markets such as Boston and San Francisco, which attract a relatively high percentage of medical and high technology events, provide comparatively high ratios of meeting to exhibit space. Previously presented event planner survey data provided an indication that a modest amount of added MBCC meeting space could be supported. Therefore, any future development of space at the MBCC should seek to maintain or even enhance the current meeting to exhibit space ratio.

Multi-use ballroom space at the facilities reviewed has also been summarized, as presented in Exhibit 21.

Exhibit 23
Ranking of Multi-Use Ballroom Space -
Competitive and Comparable Markets



Note: The average and median calculations include only facilities offering ballroom space.
(1) Data for the Phoenix Convention Center includes space that is either planned or currently under development.
(2) Data for the Pennsylvania Convention Center includes space that is either planned or currently under development.
(3) The Henry B. Gonzalez Convention Center is currently considering a potential future expansion.
(4) The San Diego Convention Center is currently considering a potential future expansion.
(5) The Boston Convention & Exhibition Center is currently considering a potential future expansion.
Note: The Miami Beach Convention Center nor the Los Angeles Convention Center currently offer ballroom space.
Source: facility floorplans, management, and industry publications, 2008

As previously noted, the MBCC (along with the Los Angeles Convention Center) does not currently provide dedicated multi-use ballroom space. Among all other centers reviewed, the average multi-use ballroom space approximates 64,150 square feet. In many cases, a center offers multiple multi-use ballroom spaces.

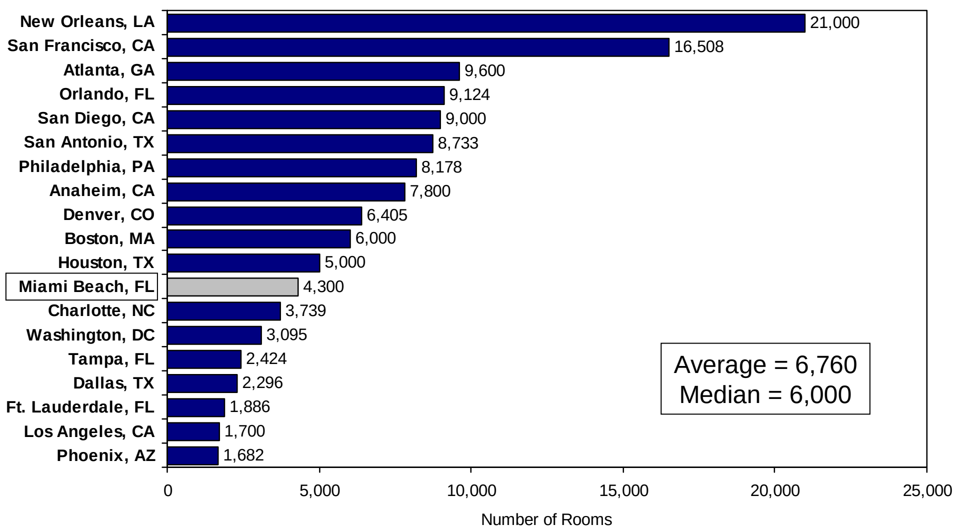
5.2 Hotel Inventory

In addition to convention center space, the availability of hotel rooms to serve the requirements of the convention industry is a critical factor in the success of a convention center. The ability of a center to attract high-impact, room night generating events is limited to the ability of the hotel inventory to accommodate these events.

The inventory of hotel rooms in a community is measured in many different ways, including total rooms in the community, convention quality rooms, rooms near the convention center, and rooms that are available to be blocked for convention use. For purposes of this analysis, we have considered total hotel rooms within one-half mile of the convention center and hotel rooms in the primary headquarter hotels.

The total inventory of rooms within one-half mile of each of the competitive and comparable convention centers is presented in Exhibit 24.

Exhibit 24
Inventory of Hotel Rooms Within One-Half Mile of Competitive and Comparable Facilities - Competitive and Comparable Markets



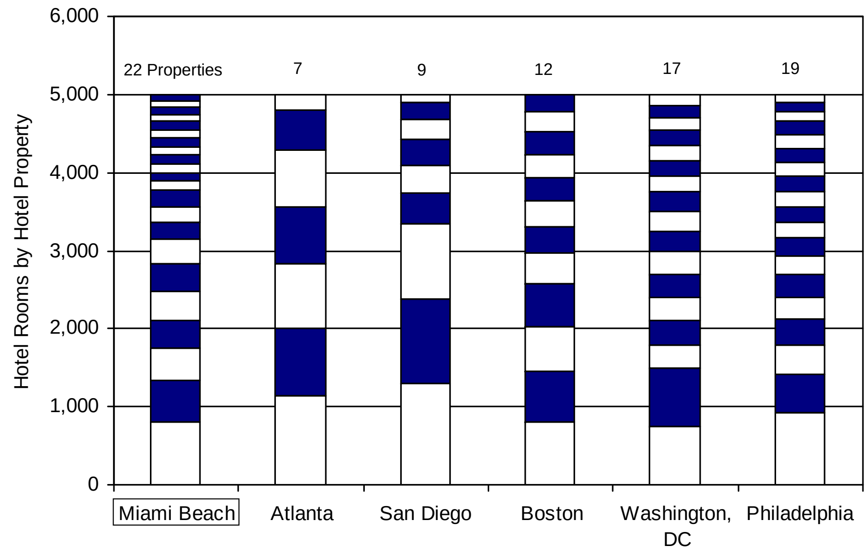
Source: Destination Marketing Association International CVB Organizational & Financial Profile, 2007

As indicated above, there are currently approximately 4,300 hotel rooms within one-half mile of the MBCC. This ranks towards the low end of the competitive/comparable set, and below the median of 6,000 rooms.

The comparative lack of hotel inventory surrounding the MBCC provides several challenges in marketing to convention and trade events. Importantly, in order to assemble a room block for the event, a larger number of properties are required in the greater Miami area than in most of the competitive cities.

As an example, Exhibit 25 presents the number of hotel properties required to assembly 5,000 hotel rooms for an event at the MBCC versus several competitive or comparable markets.

Exhibit 25
Hotel Properties Required to Achieve a 5,000-Room Hotel Block Competitive and Comparable Markets



Source: Convention and Visitors Bureaus 2008

For the MBCC, an event planner would have to use approximately 22 properties to assemble 5,000 rooms for an event. In other large markets such as Atlanta, San Diego, Boston, Washington D.C., and Philadelphia, the hotel property count ranges between seven and 19 to assemble 5,000 rooms. In Washington D.C. and Philadelphia, planning is underway for additional hotel properties near their convention centers, which will significantly reduce the property count needed to assemble a block of 5,000 rooms.

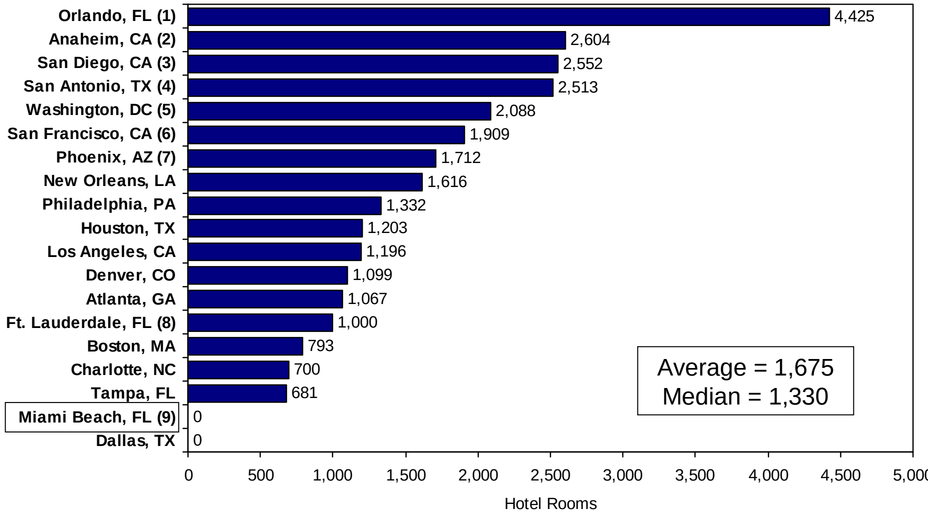
The high property count creates logistic challenges for an event planner, and can add significantly to the cost of shuttling attendees between the hotels and center. It is not uncommon for an event planner to spend several hundred thousand dollars on shuttling, and if a market such as Atlanta can offer a more cost-effective shuttling package, the ability to sell the MBCC is negatively affected.

It should be noted that the unique characteristics of the Miami Beach hotel product can somewhat offset the lack of larger properties in the area. The concept or brand of the Miami Beach boutique hotels offers a highly unique and in many ways desirable package. As a result, the MBCC has been able to successfully accommodate relatively large high-impact conventions and tradeshows in the past.

We have also considered the number of rooms in headquarter hotel properties in each of the markets reviewed. A headquarter hotel is generally defined as a large property adjacent to or connected to the convention center. A headquarter property will typically offer between 800 and 1,200 sleeping rooms, and provide significant meeting and registration space to accommodate large groups. Meeting planners have increasingly placed importance on the availability of such a property as part of a desirable room block.

The headquarter hotel inventory within each of the markets reviewed is summarized in the following exhibit.

Exhibit 26
Summary of Headquarter Hotel Inventory
Competitive and Comparable Markets



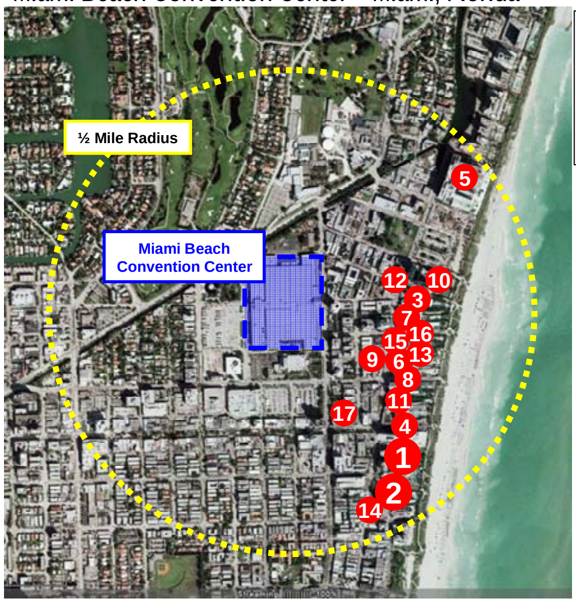
Note: The average and median calculations include only markets offering headquarters hotels.
(1) The Hilton Orlando Convention Center is expected to open in 2009 with 1,400 rooms. Currently Orlando has three hotels adjacent to the Center: the Rosen Centre Hotel with 1,334 rooms, the Peabody Hotel with 891 rooms and the Rosen Plaza Hotel with 800 rooms. The Peabody Hotel is adding a new hotel tower with 750 additional rooms. It is expected to open winter 2010 or spring 2011.
(2) Anaheim has two hotels adjacent to the Center, the Anaheim Hilton with 1,573 rooms and the Anaheim Marriott with 1,031 rooms.
(3) San Diego currently has two attached hotels, the San Diego Marriott Hotel & Marina, with 1,362 rooms and the Hilton San Diego Convention Center, with 1,190 rooms.
(4) San Antonio has three hotels adjacent to the Center: the San Antonio Marriott Rivercenter with 1,001 rooms, the Grand Hyatt San Antonio with 1,000 rooms and the San Antonio Marriott Riverwalk with 512 rooms. We have not included the 481-room Hilton Palacio Del Rio in this analysis.
(5) Washington, D.C. currently offers one headquarters hotel, the Grand Hyatt, with 888 rooms and is in the planning stages of opening a 1,200-room Marriott, expected to open by 2013.
(6) San Francisco has two hotels adjacent to the Center, The W Hotel of San Francisco with 499 rooms and the San Francisco Marriott with 1,499 rooms.
(7) Phoenix has two hotels near the Center: the Sheraton Phoenix Downtown with 1,000 rooms and the Hyatt Regency Phoenix with 712 rooms.
(8) Fort Lauderdale includes a proposed 1,000 room headquarters Hilton.
(9) Loews, with 790 guest rooms, is located approximately six blocks from the MBCC and often serves as the headquarters hotel.
Note: Dallas does not currently have a headquarter hotels. However, planning is underway for a headquarters hotel to be constructed.
Source: Convention and Visitors Bureaus, 2008

There are no headquarter hotel properties currently adjacent to or connected to the MBCC or the Dallas Convention Center. However, financial planning is underway for the development of headquarter hotel properties in Dallas.

Among the markets that offer headquarter hotel properties, the average room inventory is 1,675. Several markets, such as Anaheim, San Diego, San Antonio and San Francisco, offer multiple headquarter hotel properties associated with their convention centers. The average room count in the largest single headquarter hotel property is approximately 1,000.

To further evaluate the hotel inventory in select markets, we present aerial photographs of convention centers and associated hotel properties within one-half mile. The exhibits further highlight the comparative lack of hotel inventory adjacent to the MBCC.

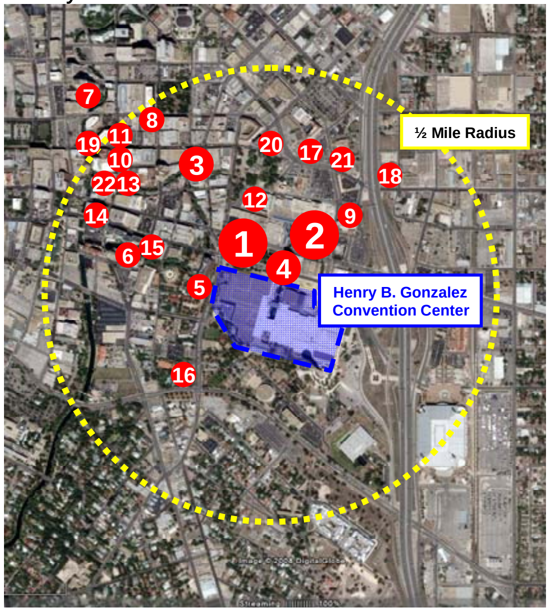
Miami Beach Convention Center – Miami, Florida



– 0 hotels with more than 1,000 rooms.
– 2 hotels with 500 to 999 rooms.
– 15 hotels with 100 to 499 rooms.

1 – Loews Miami Beach Hotel (790 rooms)
2 – Royal Palm Resort (552)
3 – The Shore Club (379)
4 – Ritz-Carlton (375)
5 – Gansevoort South Hotel (334)
6 – Doubletree Surcomber Hotel (282)
7 – Shelborne Beach Resort (200)
8 – Delano (194)
9 – Catalina Hotel & Beach Club (192)
10 – Days Inn – South Beach (172)
11 – The National Hotel (151)
12 – The Setai Resort and Residences (131)
13 – Marseilles Hotel (119)
14 – Haddon Hall Hotel (116)
15 – South Seas Hotel (111)
16 – The Raleigh Hotel (104)
17 – Albion Hotel (100)

Henry B. Gonzalez Convention Center – San Antonio, Texas



– 2 hotels with more than 1,000 rooms.
– 2 hotels with 500 to 999 rooms.
– 18 hotels with 150 to 499 rooms.

1 – Grand Hyatt San Antonio (1,003 rooms)
2 – Marriott Rivercenter (1,001)
3 – Hyatt Regency (632)
4 – Marriott Riverwalk (512)
5 – Hilton Palacio del Rio (483)
6 – Westin Riverwalk (473)
7 – Crowne Plaza Riverwalk (410)
8 – Wyndham St. Anthony (352)
9 – La Quinta Inn & Suites Conv. Ctr. (350)
10 – Omni La Mansion del Rio (338)
11 – Sheraton Gunter Hotel (322)
12 – the Historic Menger Hotel (316)
13 – Holiday Inn Riverwalk (313)
14 – Drury Plaza Hotel San Antonio Riverwalk (306)
15 – Hotel Contessa (265)
16 – Marriott Plaza San Antonio (251)
17 – Residence Inn by Marriott Alamo (220)
18 – Red Roof Inn Downtown (215)
19 – Hotel Valencia Riverwalk (213)
20 – Emily Morgan (177)
21 – Hampton Inn Downtown (169)
22 – Drury Inn & Suites Riverwalk (150)

San Diego Convention Center – San Diego, California

– 3 hotels with more than 1,000 rooms.
– 1 hotels with 500 to 999 rooms.
– 5 hotels with 100 to 499 rooms.

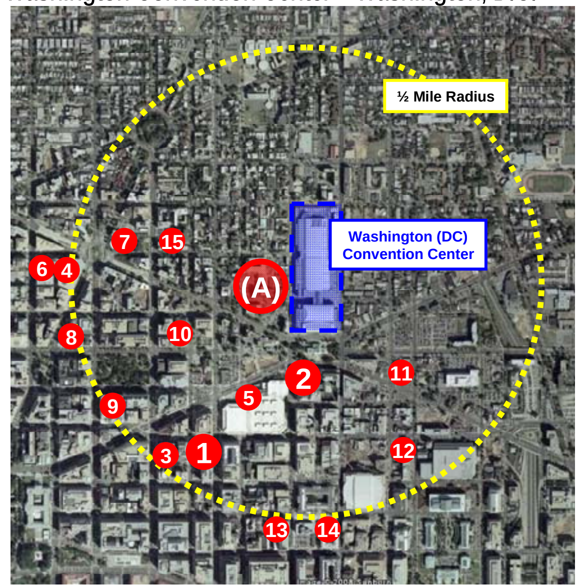
1 – Manchester Grand Hyatt (1,625 rooms)
2 – San Diego Marriott Convention Center (1,362)
3 – Hilton San Diego Convention Center (1,190)
4 – Omni San Diego Hotel (511)
5 – Hard Rock Hotel (420)
6 – San Diego Marriott Gaslamp (306)
7 – Hilton San Diego Gaslamp (282)
8 – Hilton Solamar (235)
9 – Horton Grand Hotel (132)

Colorado Convention Center – Denver, CO

– 2 hotels with more than 1,000 rooms.
– 2 hotels with 500 to 999 rooms.
– 12 hotels with 100 to 499 rooms.

1 – Sheraton Denver Hotel (1,225 rooms)
2 – Hyatt Regency Denver at CCC (1,100)
3 – Denver Marriott City Center (615)
4 – Grand Hyatt Denver (512)
5 – Westin Hotel Tabor Center (430)
6 – Crowne Plaza (364)
7 – The Curtis (336)
8 – Magnolia Hotel (246)
9 – Brown Palace Hotel & Spa (241)
10 – Comfort Inn Downtown (231)
11 – Hilton Garden Inn (221)
12 – Ritz-Carlton Denver (202)
13 – Hotel Monaco (189)
14 – Courtyard by Marriott (177)
15 – Hampton Inn & Suites (148)
16 – Hotel Teatro (110)

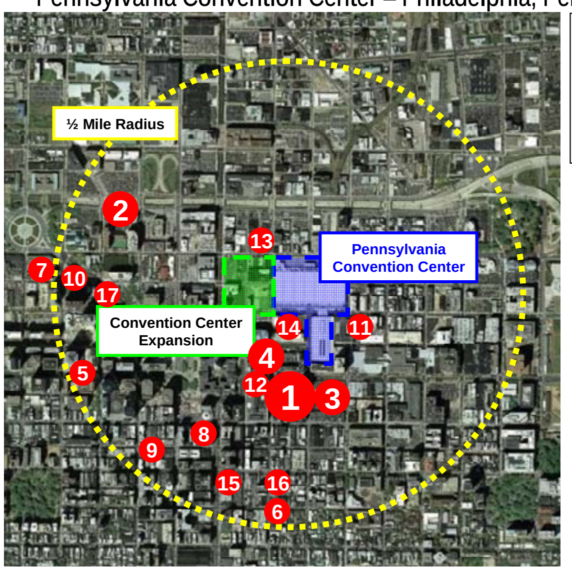
Washington Convention Center – Washington, D.C.



– 1 (proposed) hotel with more than 1,000 rooms.
– 2 hotels with 500 to 999 rooms.
– 13 hotels with 100 to 499 rooms.

(A) – Proposed hotel (1,200 rooms)
1 – Grand Hyatt Washington (888)
2 – Renaissance Washington, DC (807)
3 – Marriott at Metro Center (456)
4 – Westin Washington, DC City Center (406)
5 – Embassy Suites Washington, DC (384)
6 – The Madison Hotel (353)
7 – Washington Plaza Hotel (340)
8 – Hamilton Crowne Plaza (318)
9 – Hilton Garden Inn DC (300)
10 – Four Points Downtown by Sheraton (265)
11 – Hampton Inn Washington, DC (228)
12 – Red Roof Inn Downtown DC (195)
13 – Courtyard by Marriott (188)
14 – Hotel Monaco (183)
15 – Comfort Inn Convention Center (100)

Pennsylvania Convention Center – Philadelphia, Pennsylvania



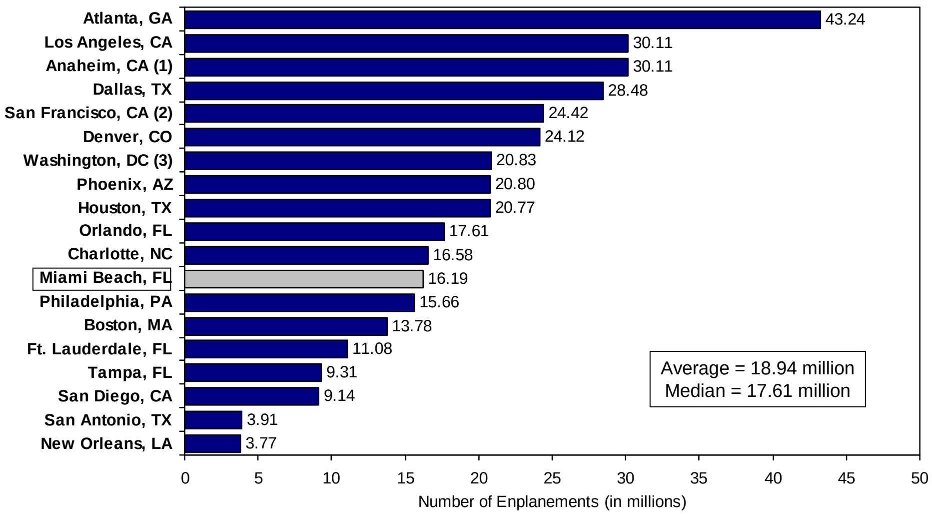
– 1 hotel with more than 1,000 rooms.
– 3 hotels with 500 to 999 rooms.
– 13 hotels with 100 to 499 rooms.

1 – Philadelphia Marriott (1,332 rooms)
2 – Sheraton City Center (758)
3 – Loews Philadelphia Hotel (581)
4 – Courtyard by Marriott (500)
5 – Crowne Plaza Center City (445)
6 – Doubletree Hotel Philadelphia (434)
7 – Four Seasons Hotel (364)
8 – The Ritz-Carlton Philadelphia (299)
9 – The Westin Philadelphia (290)
10 – Embassy Suites Center City (288)
11 – Hilton Garden Inn City Center (279)
12 – Residence Inn by Marriott (269)
13 – Hampton Inn Philadelphia (250)
14 – W Hotel (Opening 2009) (250)
15 – Park Hyatt Philadelphia (172)
16 – Holiday Inn Express Midtown (168)
17 – Hotel Windsor (106)

5.3 Other Visitor Industry Characteristics

There are numerous other important visitor industry characteristics that can affect how an event planner rates a particular destination. These include air access and destination cost factors. These characteristics are considered for the greater Miami area in the context of the set of competitive and comparable markets reviewed. To begin, the airport enplanements and deplanement data are summarized in Exhibit 27.

Exhibit 27
Total Number of Enplanements – Competitive and Comparable Markets

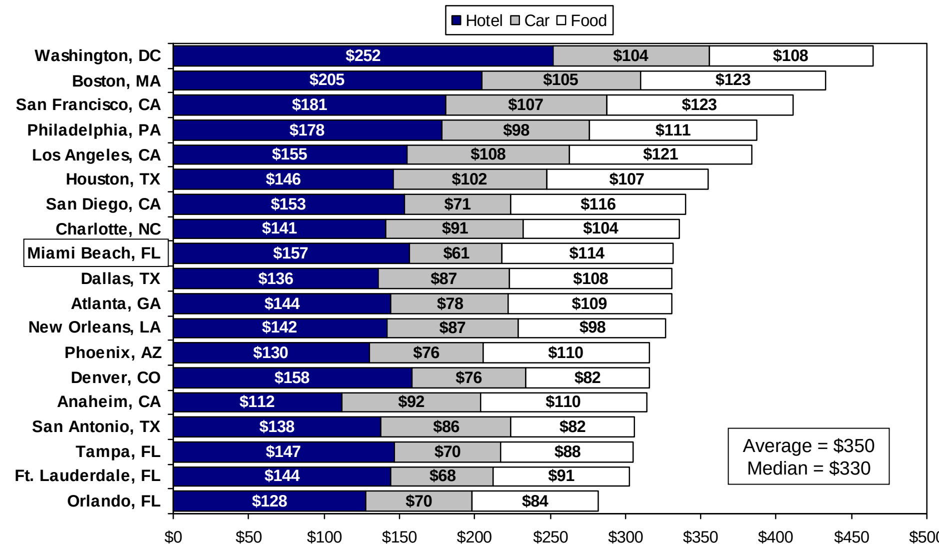


(1) Anaheim airport data includes passenger boarding data from Los Angeles International Airport.
(2) San Francisco airport data includes passenger boarding data from San Francisco International Airport (16.2 million passengers) and Metropolitan Oakland International Airport (7.1 million passengers).
(3) Washington, D.C. airport data includes passenger boarding data from Washington Dulles International Airport (11.0 million passengers) and Ronald Reagan Washington National Airport (9.0 million passengers).
Note: Data reflective of 2007 passenger boarding data, which is the most current data available.
Source: Federal Aviation Administration Passenger Boarding Data, 2008

According to FAA passenger boarding data, MIA generated approximately 16.2 million enplanements in 2007, ranking just below the midpoint of the markets reviewed. Certainly with the compressed flight schedules and increased travel costs currently impacting the industry, travel into and out of MIA will be impacted. However, the strength of the leisure market and access to Latin American markets will continue to support travel into and out of the greater Miami area. In addition, airports in Fort Lauderdale and West Palm Beach can provide additional seat inventory for the convention attendee. In this respect, air access into and out of greater Miami is viewed as a strength when selling to convention and tradeshow organizations.

The overall costs to conduct business in a destination can also impact the desirability of the market from a convention planner perspective. Exhibit 28 summarizes the Corporate Travel Index data prepared by Business Travel News, showing per diem costs associated with hotel, car rental and food in each market.

Exhibit 28
Comparison of Per Diem Travel Costs – Competitive and Comparable Markets

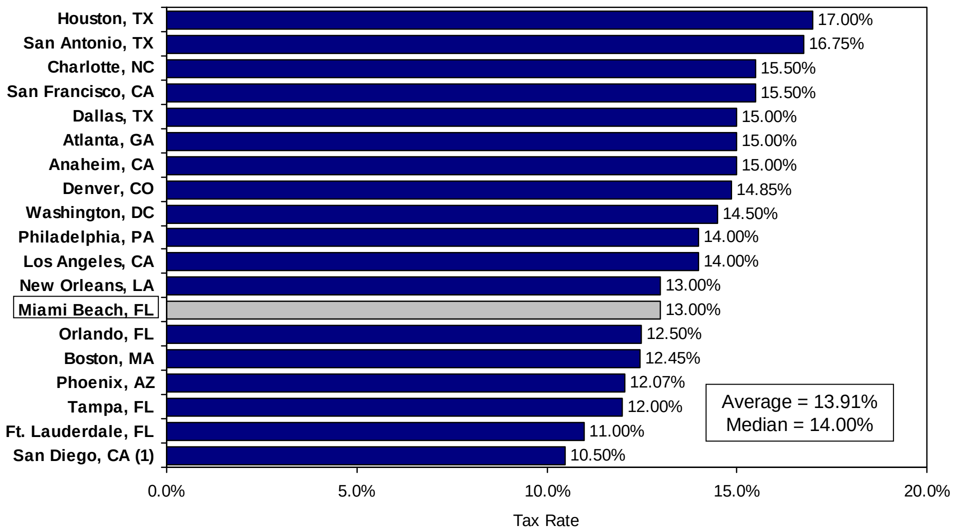


Source: Business Travel News, 2008 Corporate Travel Index, 2008

As noted above, the average cost for hotel, lodging and transportation in the greater Miami area are above the mid-point of markets reviewed, but not excessively high relative to markets such as Washington D.C., Boston and San Francisco. The data indicate that the higher than average hotel and food costs in the market (as referenced by many of the meeting planners surveyed) are somewhat offset by lower than average car rental costs.

It is also useful to review the total tax rate on sleeping rooms in the various markets analyzed. Particularly high tax rates when combined with high destination hotel costs can represent a deterrent to booking a facility. This data is presented in Exhibit 29.

Exhibit 29
Comparison of Hotel Tax Rates –
Competitive and Comparable Markets



(1) Does not include a two percent charge in an Assessment District encompassing the San Diego Convention Center.
Source: Destination Marketing Association International CVB Organizational & Financial Profile, 2007

As noted above, the 13.0 percent total tax charged on sleeping rooms in Miami and Miami Beach ranks toward the low end of the markets reviewed. While destinations such as Houston and San Antonio may be viewed as high-tax destinations, the tax rates in the Miami area are not comparatively onerous.

6.0 Creative Convention Center Design Elements

As part of this study, another important element of our research focused on efforts undertaken in other national convention and tradeshow destinations to go beyond traditional elements of convention center and hotel inventory to create competitive advantages. By understanding these measures, and assessing their value in the context of the unique character of the greater Miami and Miami Beach area, we attempt to develop several recommendations for improvements to the overall Miami convention product designed to go beyond straight forward space and hotel investment.

6.1 Case Studies

We have conducted an evaluation of unique features of the convention product in various national markets including Hawaii, San Antonio, Seattle, San Diego, Denver, Puerto Rico and Vancouver. Each of these markets have experienced various levels of investment in features that have benefited the effort to attract high-impact conventions and tradeshows.

<u>Hawaii Convention Center</u>

The Hawaii Convention Center has created a significant facility feature with respect to rooftop gardens and terraces. In particular, there are approximately 2.5 acres of open-to-the-air terraces suitable for banquets, receptions and other event functions. The design of the gardens offers the experience of being in Hawaii during events, rather than the generic environment typical of many convention centers.

The following visuals highlight the rooftop garden experience offered at the Center.

San Antonio

San Antonio currently offers a convention center with 630,300 square feet of sellable space and 2,500 hotel rooms in adjacent headquarter properties. The Center is located within an urban environment with adjacent historic districts and next to Hemisfair Park. The significant efforts and expense incurred to incorporate a defining feature of the San Antonio brand into the Center provides what convention center representatives characterize as a competitive advantage. Specifically, in 1981, the Riverwalk was extended to run within the convention center campus, as shown in the following visual.

In effect, city planners have successfully incorporated a key element of the San Antonio brand and visitor industry infrastructure into the convention center product. Beyond a consistent brand message, the Riverwalk tie in provides highly landscaped and convenient pedestrian access to restaurant, retail, hotel and entertainment amenities of the downtown area.

Seattle

The Washington State Convention and Trade Center was expanded in 2001. The expansion took place across a city street and neither the existing Center space nor the new space offers a significant grand entrance for event attendees. To address this lack of a "front door", the architects created a major connector above the street linking the two facilities together.

As shown above, a 100 foot wide covering over the street provides for dramatic function space, and offers the sense of an entrance into the Center. The iconic scale of the connector provides for a familiar identifier for out-of-town delegates.

San Diego

There are several features of the San Diego Convention Center and surrounding environment that appear to offer competitive advantages that go beyond the traditional convention and hotel package. First, there are outdoor and glass enclosed terraces at several locations within the Center, most taking advantage of the water views. Our research into meeting planner facility needs has indicated an increased interest in outdoor space for selected event functions. Warm weather destinations in particular have an opportunity to take advantage of this trend.

Beyond the facility itself, San Diego offers a very highly developed entertainment and sports district, benefiting convention attendees and exhibitors. The following visual draws attention to PETCO Park, the new baseball stadium for the Padres, and the 16 ½-block Gas Lamp District (with extensive restaurant, entertainment and retail inventory) accessible directly outside the Convention Center site. The combination of the convention center, hotel, entertainment, retail and sports amenities in a walkable district represents a distinct competitive advantage for the Center

Denver

The Colorado Convention Center provides examples of two features that impact the convention product beyond traditional facility and hotel amenities. First, a 5,000 seat lecture hall/theater was developed within the building that caters to convention and tradeshow general sessions, corporate events and entertainment productions. The facility, the "Wells Fargo Theater", can be divided into several sections to accommodate events of varying capacities.

The lecture hall/theater venue provides a unique selling point for the Center, and addresses the increasing use of meetings as part of convention and trade events. The space is expensive to develop, and is not appropriate for all markets. Typically, successfully operating general session halls require a significant local corporate base to generate desired occupancy levels.

The second interesting element of the Colorado Convention Center results from a one-percent arts program, requiring that one percent of construction funds are used for public art. As a result of this program, a 50-foot sculpture of a bear (see picture below) looking into the Center was created.

Today, the "Big Blue Bear" has become something of an icon among event attendees and planners. Creative use of the bear (meetings at the "bear", bear tracks to guide attendees throughout the Center, various marketing pieces) has resulted in a relatively inexpensive feature with ties to the nature "brand" of the Denver destination that can offer a point of distinction among a set of competitive venues.

Puerto Rico

The Puerto Rico Convention Center was constructed in a totally un-developed area near downtown San Juan. The area has been fully repositioned as a master-planned entertainment, hotel and residential district. The synergy between these elements and the Convention Center is critical to the Center's success.

In addition to the creation of a walkable district surrounding the Center, a large open-air plaza with an iconic musical fountain was created. The plaza/fountain area now serves as a site for receptions, dinners and other convention functions.

In addition to the plaza area, a large open air terrace was created within the Center that has become a selling feature.

Vancouver

An estimated $883.2 million (Canadian) expansion of the Vancouver Convention and Exhibition Centre will add approximately 1.1 million square feet of space over both land and water on the Burrard Inlet.

A defining feature of the Center is the approximately six-acre "living roof", which will include a variety of plants native to the Vancouver region. The roof design reduces the transmission of heat to the surrounding environment, reduces or delays storm water runoff and creates an ecological habitat in the urban core of downtown Vancouver.

While access to the roof is limited only to periodic maintenance to minimize human impact, the environmentally-friendly element is expected to provide a competitive advantage in marketing to conventions and tradeshows that are increasingly adding environmental factors to their site selection criteria.

6.2 *Summary*

The case studies presented above serve to highlight several features of convention center programming, design, site planning and other elements that go beyond the traditional exhibit, meeting, ballroom and hotel package offered in most markets, including the MBCC and the greater Miami area. These elements include the following:

Entertainment Districts

For purposes of this report, entertainment districts can be considered areas within walking distance of a convention center that contain restaurant, retail, entertainment and hotel amenities. Convention and tradeshow planners have cited the availability of these amenities in a walking environment as an increasingly important feature.

For the MBCC, there are currently no easily accessible adjacent entertainment districts; however, there are numerous visitor industry assets within the area that are currently distinct and separate from the Center. Amenities such as the Holocaust Memorial, New World Symphony, Miami Beach Botanical Gardens, and Lincoln Road are all in the general area of the MBCC but not tied visually or aesthetically through well-designed pedestrian connections. We discuss opportunities to address this condition in the next chapter of the report.

Exterior Plaza and Terrace Space

Several convention centers, particularly those in Hawaii, Puerto Rico and San Diego, offer exterior plazas and terraces that are often used for event functions. Our survey research indicates that the use of outdoor space unique to a particular destination can provide for a competitive advantage in attracting conventions and tradeshows.

Architects and planners for the centers referenced above have gone well beyond traditional landscaped or "green space" developed as part of most centers. The use of the following types of features set these centers above most competitors:

- iconic fountains and large plaza areas;
- large outdoor terraces suitable for banquets and receptions;
- climate controlled areas with glass walls;
- iconic sculptures within and outside the center; and
- extensive covered public plaza areas.

The climate, destination brand and site area in which the MBCC exists provides for significant opportunities to take advantage of these types of features.

Environmentally Focused Development

An increasing number of convention and tradeshow planners are focusing on how convention centers are addressing environmental issues. There are several examples in North America of convention centers that have been developed with environmental features. The Vancouver Convention Center referred to herein is an important example of public investment in environmentally-focused development.

The convention center in Pittsburgh also achieved a Leadership in Energy and Environmental Design (LEED) designation with features such as ensuring that over 75 percent of the Center's exhibit space provides natural light, water reclamation systems to reduce water use, natural airflow for facility ventilation, and a collection of features resulting in a 35 percent savings in annual energy costs.

In Portland, the Oregon Convention Center was recently recertified at LEED Silver (an industry rating) for operation, maintenance and capital improvement efforts.

For the MBCC, any future facility development initiatives should provide for features that address environmental issues, potentially seeking a LEED certification.

7.0 MBCC Master Planning and Program Considerations

The previous sections of this report have addressed the visitor industry conditions in the greater Miami area and their impact on convention and tradeshow business, historical operating characteristics of the MBCC, comparable and competitive facility/market data, trends in the industry that impact facility development, interviews with current and past MBCC users and surveys of event planners nationally that represent potential business for the MBCC.

Taking these and other primary research findings into consideration, we have prepared an analysis of potential market-supportable convention industry development initiatives for the MBCC and surrounding area. The findings go beyond a focus on traditional building space to include the concept of the convention "experience" for event attendees, exhibitors and planners. Our research indicates that to surpass the traditional convention product offered by most competitors, this type of focus on the broader spectrum of initiatives is important.

Based on the research conducted as part of this study, we have presented our findings in three areas as described below.

- Convention Center – focusing on both the program elements within the MBCC to meet the standards of competitive venues, and elements that are reflective of emerging trends in the industry.
- Hotel Product – focusing on development that would address critical event planner criteria.
- Destination Planning – focusing on the broader site area and how investment can work to create a highly unique and authentic experience for convention industry participants.
- Development Initiatives – summary of the approach that should be considered in pursuing recommended program, hotel and destination elements.

Study findings for each of these areas are presented throughout the remainder of this section.

7.1 Convention Center Program Findings

Primary facility program elements in a convention center include multi-use/ballroom space, exhibit space and meeting space. Study findings with respect to each of the space elements are described below.

<u>Multi-Use/Ballroom Space</u>

The MBCC does not currently offer a multi-use ballroom, representing a significant shortfall in space with respect to competitive and comparable centers. Traditional multi-use/ballroom space is uniquely designed to accommodate food functions, general sessions, product demonstrations, seminars and related functions. Today, events held at the MBCC often use modified exhibit space to accommodate these functions. This can result in significant decorator costs for the event planner, and has the effect of taking a portion of exhibit space out of inventory. Planning for future MBCC investment should target 50,000 square feet of multi-use ballroom space, placing the MBCC towards the high end of comparable and competitive centers in terms of contiguous space, and near the median of centers reviewed in terms of total multi-use/ballroom space.

<u>Exhibit Space</u>

While MBCC exhibit space occupancy has increased over the past several years, the space has not achieved consistently full occupancy. In addition, many of the events that generate significant exhibit space use do not generate high levels of room nights. The potential exists to increase the room night generating event activity at the MBCC without substantial expansion of exhibit space and, as a result, no major expansion of exhibit space is recommended at this time.

Beyond market demand issues, we note that the approximate 500,000 square feet of MBCC exhibit space exists in a fairly sensitive urban and residential area. Centers across the country that offer large exhibit space totals (1.4 million in Atlanta, 2.0 million in Orlando, for example) exist outside or on the periphery of sensitive urban areas. The increase in truck, taxi and bus traffic associated with a significant increase in MBCC exhibit space may not be compatible with the overall urban planning goals of the area.

The implications of retaining a "mid-sized" exhibit space status can be beneficial for the market. Any increase in convention and tradeshow demand for the MBCC would likely result in higher occupancy and room-night generation. Like centers in San Antonio and San Francisco that are also located in sensitive urban settings, higher demand offers opportunities to focus on high-impact events, foregoing events that may not generate significant room nights. This could also be the case for the MBCC over time, should additional convention and tradeshow demand materialize.

Meeting Space

The current MBCC meeting space level ranks near the mid-range of competitive and comparable facilities and is currently appropriately proportioned given the existing level of exhibit space. However, meeting space needs industry wide tend to increase at a faster rate compared to exhibit space. Future MBCC development initiatives should consider an addition of approximately 25,000 square feet of meeting space in conjunction with the development of the multi-use ballroom.

Unique Space Additions

Beyond the traditional convention center space elements outlined above, many centers throughout the North America are being developed or expanded with unique spaces such as plazas, terraces and roof-top gardens. Centers in Puerto Rico and Hawaii have created public spaces that are beautifully designed and highly used. The covered pavilion linking convention center components in Seattle may offer a vision for linking the existing MBCC space with any development that may take place on adjacent parcels. The Henry B. Gonzalez Convention Center (in San Antonio) draws the highly unique elements of the Riverwalk directly into the center's campus. Our focus group research does indicate that use of such spaces by event planners may become an emerging trend.

The ultimate success of these types of spaces will likely depend on several factors, including the following:

- Functionality – the space must allow for convenient access by event attendees and for functional service from back-of-house (if food is served). Planners are looking to take advantage of unique settings; however, concern still exists that use of such space will add to overall event production costs and attendee dissatisfaction. Architectural planning for these spaces should therefore take these factors into consideration.
- Address a need – the space must serve a need or event component for the planner, rather than just offering a pleasing aesthetic. Gardens and terraces can be beautifully landscaped, but should also provide the planner with an opportunity to use the space to accommodate typical banquet, reception or other event needs.
- Unique and authentic – Any market can provide for a center that has ample green space, terraces and plazas. To distinguish these features from the competition, it is critical that the unique and authentic culture, architecture and artistic influences of the destination be integrally linked to any space added at the Center. In fact, MBCC architects should consider reviewing all existing and planned space, interior and exterior, in terms of improvements designed to draw out elements that are unique and authentic to the greater Miami area.

7.2 Hotel Findings

The large majority of major market convention centers benefit from an adjacent or attached headquarter hotel, typically ranging in room count from 700 to

1,200. In many markets, there are several large hotels adjacent to the center. The lack of such a property adjacent to the MBCC represents a competitive disadvantage when competing for high-impact conventions and tradeshows.

Offsetting this disadvantage, there are a significant number of smaller boutique hotels and large resort properties that can combine to form a large block of rooms to accommodate convention and tradeshow activity. The MBCC has successfully accommodated corporate and association events willing to use the existing inventory of hotels. However, in order to *significantly* increase convention and tradeshow demand for the MBCC, the development of a headquarter hotel would likely be needed.

The benefits that a headquarter hotel could provide to MBCC bookings do not translate to financial viability of the hotel project. In fact, it is highly unlikely that a private developer could generate the necessary return on investment to justify financing a headquarter hotel project. In reality, this is the situation that exists in nearly all markets in North America. As a result, the development of a headquarter hotel typically involves various forms of public participation, as was the case with the financing of the Lowes Hotel in Miami Beach.

It is beyond the scope of this study to evaluate potential methods of public participation in any headquarter hotel financing; however, it is likely that this participation would take one of two general forms, should such a project proceed.

First, the public sector can provide a developer/owner with a series of financial incentives designed to reduce the cost of the project for the developer, and thereby increase the return on investment to acceptable levels. Secondly, the public sector can use its authority to issue tax exempt bonds, working with a hotel developer to construct the project. The use of tax exempt bonds has the effect of significantly reducing the costs to finance the project.

7.3 Destination Planning and the Development of a Convention District

As discussed previously in this report, event planners have increasingly cited a "walkable" environment surrounding the convention center as an important site selection criterion. This walkable environment should offer restaurant, retail, cultural and entertainment amenities that benefit event attendees and exhibitors. In addition, these amenities can provide a significant benefit to area residents.

Today, the areas surrounding the MBCC are developed at a low density, are very non-descript, and appear to lack significant elements that are unique and authentic to the Miami Beach area. However, we note that there are important elements nearby to the MBCC that have the potential to combine for the kind of environment desired by meeting planners.

The following aerial photograph highlights many of the elements in the neighborhood of the MBCC that could be linked together.

As noted above, there are several visitor industry assets in the area of the MBCC, including the Fillmore Theater, the Botanical Gardens, the Holocaust Memorial, the Miami Beach Golf Club and the New World Symphony project.

In addition, world-class retail options are available along Lincoln Road, a short distance from the MBCC.

The objective of any future MBCC development effort should be to create visual and pedestrian linkages between these assets, creating the feel of a coordinated district. Use of signage (perhaps branding a convention and entertainment district), landscaping, infill development (including potential MBCC space additions), potential demolition of structures that impede district creation, and other measures should be incorporated into this effort. Project architects and planners should be directed to explore these types of efforts, with the objective of creating a physical plan for a Miami Beach Convention Center entertainment and cultural district.

7.4 Summary of Future Development Approach

The research presented within this section and throughout this report serves to identify specific building program, hotel and destination characteristics that should be considered in order to improve the position of Miami Beach and the greater Miami area in the convention and tradeshow industry. The remainder of this section seeks to prioritize these development initiatives, and to summarize on-going planning efforts that should be considered.

<u>MBCC Development</u> – There is a clear deficiency with respect to the MBCC space program relating to a lack of ballroom/general session space. Consideration should be given to using the parking lot site to the west of the MBCC across Convention Center Drive and to the South of the Botanical Gardens to develop the recommended space. This new structure could be tied back into the MBCC using a covered pavilion that could also be used to physically create an outdoor plaza as described earlier in this section. Planning and development of this space should be considered a short term priority.

<u>Hotel Development</u> – The success of the MBCC space additions noted above will not be solely dependent on the development of a new headquarter hotel. However, the future ability of the MBCC to fully accommodate convention and tradeshow demand in the market will be impacted by whether or not a headquarter hotel attached or adjacent to the Center is developed. Going forward, public officials and convention/visitor industry leaders should evaluate the creative methods being used to fund convention center headquarter hotels in other markets throughout the country. Undertaking this effort would not represent final public approval of such a development, but would provide elected officials, city management and convention/visitor industry leaders with financial, market, case study and financing information useful for future decision making purposes.

<u>Destination Planning</u> – This represents more of a long-term focus, with initiatives potentially requiring site acquisition, demolition, extensive landscaping and signage programs, and related efforts. Urban planners should be retained to begin a process of planning for the creation of a Convention and Entertainment District that encompasses the MBCC and surrounding visitor industry assets. It is likely that fulfilling such a master plan would take place in numerous stages over an extended period of time.

Appendix 1
Organizations and Individuals Contacted During the Study Process

In-person interviews

Ms. Mattie Bower - Mayor	Mr. Bill Talbert - Greater Miami CVB	Mr. Rich Curren - Expo Contractors
Mr. Jorge Gonzalez - Miami Beach City Manager	Ms. Ita Moriarty - Greater Miami CVB	Mr. Rick Bredenberg - Edlen Electric
Ms. Hilda M. Fernandez - Assistant to Miami Beach City Manager	Mr. Barry Moskowitz - Greater Miami CVB	Mr. Saun Lightbourne - Eden Roc
Mr. Max Sklar - Miami Beach Dept. of Tourism & Cultural Development	Mr. Pepe Diaz - Miami Beach City Commissioner	Mr. Scott Flexman - Fontainebleau Hotel
Mr. Doug Tober - MBCC	Mr. Stu Blumberg - Greater Miami & the Beaches Hotel Association	Mr. Tim Nardi - Shoreclub Hotel
Mr. Eric Nealy - MBCC	Mr. Eric Bayne - Centerplate	Mr. Tim Overall - Priority Networks
Ms. Kay Hollander - MBCC	Mr. Eric Gavin - Loew's Miami Beach	Ms. Beverlee Maier - Miami Beach Shoe Market
Ms. Ileana Garcia - MBCC	Mr. Ivan Gonzalez - Priority Networks	Ms. Debbie Castillo - Loew's Miami Beach

Current & Past MBCC Users

Aesthetic Congress Communications	International Boat Builders' Exhibition and Conference	Newport Guitar Festival in Miami
American Speech-Language-Hearing Association	International Engineered Fabrics Conference and Exposition	Printing Association of Florida
Business Expo International	International Gem & Jewelry Show	Shoe Market of the Americas
Chartered Financial Analyst Exam	Johnson & Wales University	South Florida Boat Show
CMP Asia - Tissueworld	Leo Foundation	South Florida International Auto Show
COMMON A Users Group	MFV Expositions	Trafik, LLC
Digital Drafting Systems	Network Events Inc.	Victory Tradeshow Management
DMG World Media		

National Organization Event Planners

11th Armored Cavalry Veterans of Vietnam and Cambodia	BoardSource	National Association for Home Care and Hospice
Abbey Carpet Co., Inc.	Costume Society of America	National Association of RV Parks and Campgrounds
American Academy of Dermatology	Electrical Apparatus Service Association	National Business Travel Association
American Association for Cancer Research	Evangelical Lutheran Church in America	National Council of Teachers of English
American Association for Marriage and Family Therapy	FSA Group	National Council of Urban Education Associations
American College of Foot and Ankle Surgeons	Global Event Services, LLC	National Home Infusion Association
American College of Osteopathic Internists, Inc.	HTE Users' Group Inc.	National Sheriffs' Association
American Correctional Association	IDEEA, Inc.	National Trust for Historic Preservation
American Institute of Architects	IMN Solutions	NIGP
American Kennel Club	Industrial Fabrics Association International	North American Association for Environmental Education
American Meteorological Society	Institute of Industrial Engineers	Oracle Corporation
American School Health Association	International Association for Dental Research	Painting and Decorating Contractors of America
American Society of Gene Therapy	International Association for Food Protection	SAP America
America's Health Insurance Plans	International Association of Operative Millers	Society of Automobile Engineers International
Associated Locksmiths of America	International Foundation of Employee Benefit Plans	Society of General Internal Medicine
Association of Clinical Research Professionals	International Association of Assembly Managers	Southern States Cooperatives
Association of Legal Administrators	Kellen Company	Students in Free Enterprise
Association of Perioperative Registered Nurses	L'oreal	Veterans of Foreign Wars of the U.S.
Barbershop Harmony Society	Materials Research Society	