



April 26, 2011

Mr. William D. Talbert III, CDME  
President and Chief Executive Officer  
The Greater Miami Convention & Visitors Bureau, Inc.  
701 Brickell Avenue, Suite 2700  
Miami, Florida 33131

Dear Mr. Talbert:

Conventions, Sports & Leisure International (CSL) has completed the economic impact analysis for various Miami Beach Convention Center (MBCC) expansion scenarios. The research conducted as part of this analysis consisted primarily of a collaborative effort between CSL and sales executives at the Greater Miami Convention & Visitors Bureau (GMCVB) and the MBCC. Together, we prepared estimates of potential added events and event characteristics associated with the various MBCC expansion scenarios. Estimates of incremental event attendee spending and resulting total output were based on these characteristics.

The attached report presents the analysis and findings and is intended to assist the GMCVB, the City of Miami Beach and other project participants in evaluating potential impacts associated with MBCC expansion.

We sincerely appreciate the assistance and cooperation we have been 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

# Economic Impact Analysis for Various Miami Beach Convention Center (MBCC) Expansion Scenarios

The purpose of this analysis is to summarize the potential economic impacts associated with various MBCC expansion scenarios. Working with GMCVB and MBCC sales executives, a profile of potential added event activity was prepared, forming the basis for impact assessments. This analysis is organized into the following sections.

- Executive Summary
- 1.0 Potential Event Characteristics
- 2.0 Economic and Fiscal Impact Concepts
- 3.0 MBCC Economic Impact Calculations

In developing economic impact estimates, we have defined two specific MBCC/hotel expansion scenarios, as described below:

1. A full expansion as envisioned in current architectural planning, along with a large headquarter hotel. The expansion would yield approximately 280,000 square feet of added sellable space and a hotel of at least 1,000 rooms.
2. A full expansion as envisioned in current architectural planning, with NO headquarter hotel.

The analysis presented herein focuses on these development scenarios. Changes to the assumed MBCC expansion and/or hotel program will affect the estimates of economic impact.

## Executive Summary

- MBCC exhibit space event activity averaged 54 events over the 2006 to 2010 calendar year period that attracted non-local attendees to the market. Conventions tend to generate a higher percentage of non-local attendees, and have included the American Institute of Architects and the American Academy of Dermatology. Consumer shows, meetings and special events tend to draw a local audience and include events such as the Antique Roadshow, Orange Bowl functions and Junior Olympics events.
- Under the full MBCC expansion and headquarter hotel scenario, events with non-local attendance are estimated to increase to 59, largely due to the fact that the added ballroom and meeting space, as well as the headquarter hotel, address key event needs

that are not fully provided for in the current MBCC space program. The five year average event data is boosted by high levels of consumer shows, special events and small conventions in the 2006 to 2008 period. As a result, under the full MBCC expansion scenario with NO headquarter hotel, the event levels are more modest, reaching 48 events. Although this is lower than the five year average, the economic impact generating potential of the projected events under the expansion scenarios, even with no hotel, is significant.

- The MBCC has attracted an average of 235,320 non-local attendee days over the calendar year 2006-2010 period. These totals are significantly higher for 2010 due to several large national conventions. Under a full MBCC expansion and headquarter hotel scenario, total non-local attendee level at MBCC events are estimated at approximately 533,000. Without the headquarter hotel, only a modest increase from the two-year average is estimated, reaching just over 369,000 in total non-local attendee days.
- The estimated total annual net direct spending associated with MBCC events averaged \$70.8 million over the 2006-2010 period. Under the full expansion/headquarter hotel scenario, the direct spending associated with MBCC events is estimated to increase to \$183.8 million, largely due to an estimated increase in convention activity, and modest increases in tradeshow and meeting activity. The direct spending under the scenario that excludes the headquarter hotel reaches approximately \$120.2 million. It should be noted that the impact under the no-hotel scenario is actually less than the MBCC direct spending generated in 2010, due to the unusual circumstance of having two very large national conventions within the 2010 calendar year. The hotel industry tends to be the largest beneficiary of non-local convention center generated spending, followed by the restaurant industry.
- The total estimated direct expenditures generate effects on the greater Miami economy that extend beyond the initial expenditures, often times characterized as total output. The estimated level of net total output (total direct and secondary spending) associated with MBCC events averaged \$121.7 million over the calendar year 2006-2010 period. Given estimated increases to convention events associated with planned MBCC improvements and the headquarter hotel addition, total output for MBCC events is estimated to increase to \$316.0 million under the full expansion scenario with a headquarter hotel. Total output approximates \$206.7 million under the scenario that excludes the headquarter hotel.
- The current level of personal earnings supported by the MBCC has averaged \$51.7 million over the 2006-2010 period, and is estimated to increase to \$134.1 million with a full expansion of the MBCC in addition to a headquarter hotel. These earnings estimates drop to \$87.7 million if no headquarter hotel is included as part of the project.
- From an employment perspective, MBCC operations and event activity have supported approximately 1,400 employment positions over the calendar year 2006-2010 period, with a potential to support approximately 3,700 positions if the MBCC is expanded as proposed in addition to a new headquarter hotel. If the hotel is not

included in the project, the level of employment that is supported drops to approximately 2,400.

- The MBCC has generated an estimated average of \$1.7 million in county tax revenues, \$1.1 million in Miami Beach tax revenues, and \$5.8 million in sales taxes over the 2006-2010 period. With full expansion and headquarter hotel, tax collections are estimated to increase to \$4.6 million for the county, \$2.9 million for Miami Beach, and \$15.0 million in various sales taxes. Without the headquarter hotel, the expanded MBCC is estimated to generate a total of \$3.0 million in county taxes, \$1.9 million in Miami Beach taxes, and \$9.8 million in sales taxes. It should be noted that to the extent attendees at MBCC events travel to the center from other locations within the state, this would generally represent a displacement of spending within the state.

### 1.0 Potential Event Characteristics

Based on input from CSL, the GMCVB and the MBCC, estimates of event potential for various MBCC expansion scenarios were prepared. In addition, assessment of average attendance, length of event, and portion of attendees originating from outside the greater Miami market were also made. This assessment was based on past CSL market research into the convention and tradeshow demand characteristics for the market, and the extensive experience of the GMCVB and MBCC sales staff.

The following exhibit highlights the exhibit space event levels assumed for this analysis. The exhibit presents historical MBCC event data for calendar years 2006 through 2010, along with projected data for the two development scenarios. Events include only those that generate some element of non-local attendance, and do not include those events drawing attendees solely from the greater Miami area.

**Exhibit 1  
Summary of Historic and Estimated Future MBCC Event Activity**

	HISTORICAL MBCC EVENTS					5-Year Average	MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010		Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Trade Shows	29	28	29	24	19	26	27	23
Consumer Shows	13	18	14	7	8	12	9	9
Conventions	9	7	5	5	5	6	10	7
Meetings	4	5	8	2	2	4	8	5
Special Events	6	11	6	2	3	6	5	4
<b>Total</b>	<b>61</b>	<b>69</b>	<b>62</b>	<b>40</b>	<b>37</b>	<b>54</b>	<b>59</b>	<b>48</b>

As noted above, overall MBCC exhibit space event activity averaged 54 events over the analysis period (considering only those that attracted non-local attendees to the market). Event activity declined after 2008, likely due to recessionary effects, however the economic impact associated with MBCC events increased somewhat in 2009 and



dramatically in 2010, despite the lower event levels. Impact data, as shown later in this analysis, will underscore the importance of the *type* of event attracted versus simply the number of events in terms of generating economic impact.

The majority of MBCC exhibit space events consisted of large trade shows, including the Jewelers International Showcase, Cruise Shipping Miami, Graphics of the Americas, and Americas Food and Beverage Show. Consumer shows include events that generally attract the local public, including the Auto Show and the Boat Show. Conventions tend to generate a higher percentage of non-local attendees, and have included the American Institute of Architects and the American Academy of Dermatology. Meetings and special events tend to draw a local audience and include events such as the Antique Roadshow, Orange Bowl functions and Junior Olympics events.

Under the full MBCC expansion and headquarter hotel scenario, events with non-local attendance are estimated at 59. Consumer shows and special events are assumed to increase modestly from 2009/2010 levels. Conventions, tradeshow and meetings are estimated to increase more significantly due to the fact that the added ballroom and meeting space, as well as the headquarter hotel, address key event needs that are not fully provided for in the current MBCC space program.

Under the full MBCC expansion scenario with NO headquarter hotel, the non-local event levels are more modest, reaching 48 events. Under this scenario, less significant increases in convention and meeting event activity are estimated. This results from the fact that a large majority of nationally-rotating conventions require an adjacent or attached headquarter hotel as part of their inventory of sleeping rooms. The MBCC has been limited in its ability to compete for these events due to the lack of such a property. Although event levels under the no-hotel scenario are lower than the five year average, the economic impact generating potential of the projected events under this scenarios is significant.

Based on the event estimates presented herein, along with data for average attendance, length of stay and share of attendees originating from outside the greater Miami market, we have prepared estimates of past and estimated future non-local attendee days associated with MBCC events. These estimates are presented in Exhibit 2.

**Exhibit 2  
MBCC Non-Local Attendee Days**

	HISTORICAL MBCC EVENTS					5-Year Average	MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010		Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Trade Shows	78,620	80,295	71,035	79,136	117,395	85,296	145,840	120,805
Consumer Shows	73,520	80,902	81,090	49,521	51,186	67,244	61,608	58,166
Conventions	37,415	23,520	18,650	65,265	180,755	65,121	260,143	140,959
Meetings	547	570	1,275	717	6,887	1,999	16,760	10,475
Special Events	5,195	15,678	4,504	41,720	11,200	15,659	48,764	39,011
<b>Total</b>	<b>195,297</b>	<b>200,965</b>	<b>176,554</b>	<b>236,359</b>	<b>367,422</b>	<b>235,320</b>	<b>533,115</b>	<b>369,416</b>

As noted above, the MBCC has attracted an average of 235,320 non-local attendee days over the five year analysis period. The high convention attendance recorded in 2010 results from the American Institute of Architects (which drew 17,000 attendees over a three day period), and American Academy of Dermatology (which drew 19,000 attendees over a four day period). The significant room-night generating and economic impact potential of the national convention category is exemplified by these types of events.

Under a full MBCC expansion and headquarter hotel scenario, the annual convention attendance is estimated to increase to just over 260,000, with a total non-local attendee level of over 533,000. Without the headquarter hotel, only a modest increase from the two-year average is estimated, reaching nearly 141,000 non-local convention attendee days, and approximately 369,000 in total non-local attendee days.

Meetings, although a much smaller share of the overall non-local attendee base, are also assumed to increase significantly under the scenario that envisions a headquarter hotel. Consumer shows and special events, generally of a local nature, show relatively modest increases over the past two-year averages.

It should be noted that we have not included extended stay impacts that are generated when attendees travel to the greater Miami area before an event or stay afterwards for leisure purposes.

Using the attendee day data, and assuming various per-day spending levels, we have estimated the resulting direct spending associated with the MBCC. The average daily spending levels for non-local attendees are assumed as follows:

Tradeshows	\$350
Consumer Shows	\$150
Conventions	\$429
Meetings	\$270
Special Events	\$150



These spending levels, particularly for conventions, are based on past survey data generated by Destination Marketing Association International. It should be noted that these spending estimates are applied only to event attendees that are non-local. For example, based on analysis of past MBCC event activity, only 20 percent of consumer show attendees are assumed to originate from outside the greater Miami area, while 90 percent of national convention attendees would be non-local. No economic impact is attributed to local attendees as part of this analysis.

## 2.0 Economic and Fiscal Impact Concepts

The impact of the Center will be maximized when *out-of-town* attendees spend money in the greater Miami area while attending MBCC events. This spending by out-of-town attendees represents new money to the community. This new money then creates multiplier effects as the initial spending is circulated throughout the local economy.

The characteristics of these effects are generally discussed in terms of their *direct, indirect and induced* effects on the area economy. These terms are further defined as:

- **Direct effects** consist principally of initial purchases made by delegates or attendees at an event who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses.
- **Indirect effects** consist of the re-spending of the initial or direct expenditures. An example of indirect spending is when a hotel uses the direct spending dollars received from out-of-town event attendees to pay the hotel's staff. The hotel's staff then spends their personal income in local grocery stores, retail establishments and other local businesses throughout the greater Miami area for various products and services.
- **Induced effects** consist of the positive changes in employment, earnings and tax collections generated throughout the greater Miami area by changes in population associated with the direct and indirect expenditures.

The re-spending of dollars in an economy is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending. The "multiplier" effect is estimated in this analysis using a regional economic forecasting model developed by the IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system utilizes an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources that include, but are not limited to, the U.S. Department of Labor, as well as state sales and tax reports. The system utilizes this data to determine the economic independence of specific geographic regions, as well as the interdependence which exists between industries in those regions. The systems provide

total economic impact, personal earnings and employment data for more than 400 industry segments.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by utilizing the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy, such as the taxes paid on purchases of goods and services.

### 3.0 MBCC Economic Impact Calculations

One of the primary sources of direct spending related to MBCC event activity involves attracting event attendees from outside the greater Miami area to make purchases in area hotels, restaurants and retail establishments. As previously noted, events attracting attendance largely from the greater Miami area, including many meetings, special events, banquets, and other such local events, generally represent a displacement of spending. Most of these local attendees would likely have made expenditures within the local area in some other manner had the event not been held. In contrast, a larger share of attendance at convention and tradeshow events is often non-local in nature—hence the propensity of events of this type to generate significant levels of economic impact on the host community.

Based on estimates of MBCC events, non-local attendee days and spending levels, estimates of potential direct spending have been prepared. Exhibit 3 presents the direct spending that could be generated by MBCC events under the two scenarios previously described. Estimates of direct spending generated from calendar year 2006 through 2010 MBCC events are also presented.

**Exhibit 3  
Breakdown of Estimated Annual Net New Direct Spending  
(Upon Stabilization of Operations in 2011 Dollars)**

	HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Hotel Rooms	\$21,919,286	\$20,707,720	\$17,829,134	\$28,363,410	\$53,435,282	\$28,450,966	\$75,982,650	\$49,401,181
Hotel Restaurants	5,036,299	4,800,747	4,177,887	6,339,083	11,786,549	6,428,113	16,713,011	10,934,950
Other Restaurants	9,730,403	9,275,303	8,071,904	12,247,452	22,772,254	12,419,463	32,290,446	21,126,917
Recreation	520,057	490,115	430,547	636,281	1,212,357	657,871	1,695,464	1,106,072
Sporting Events	275,068	259,563	227,776	337,622	641,519	348,310	898,556	586,386
Tours and Sightseeing	916,507	872,877	760,174	1,151,097	2,144,274	1,168,986	3,037,308	1,986,803
Retail Stores	4,742,076	4,535,922	3,936,232	6,019,692	11,111,174	6,069,019	15,821,099	10,360,387
Local Transport	1,393,012	1,332,692	1,156,327	1,769,099	3,264,172	1,783,060	4,648,831	3,044,407
Auto Rental	1,333,935	1,268,371	1,106,081	1,668,654	3,119,154	1,699,239	4,409,529	2,883,230
Gasoline, Tolls & Parking	2,962,244	3,022,985	2,818,445	2,975,322	4,771,184	3,310,036	6,591,557	4,635,849
Other	6,696,521	6,267,854	5,531,634	8,076,543	15,614,277	8,437,366	21,672,376	14,109,766
<b>Total</b>	<b>\$55,525,408</b>	<b>\$52,834,148</b>	<b>\$46,046,141</b>	<b>\$69,584,254</b>	<b>\$129,872,195</b>	<b>\$70,772,429</b>	<b>\$183,760,828</b>	<b>\$120,175,949</b>



As presented in the exhibit, the estimated total annual net direct spending associated with MBCC events averaged \$70.8 million over the 2006-2010 period. There was a significant increase in direct spending beginning in 2009 and continuing into 2010 due to the large conventions hosted at the MBCC. Under the full expansion/headquarter hotel scenario, the direct spending associated with MBCC events is estimated to increase to \$183.8 million, largely due to an estimated increase in convention activity and modest increases in tradeshow and meeting activity. There is a significant decrease in this level of direct spending under the scenario that excludes the headquarter hotel. While there were two very large, high-impact conventions held at the MBCC in 2010, it is difficult to project any kind of continuance of this success without the type of headquarter hotel typically required to accommodate these types of events. From an industry sector perspective, the hotel industry tends to be the largest beneficiary of non-local convention center generated spending, followed by the restaurant industry.

As this direct spending flows throughout the local and state economy, additional rounds of spending are generated. The total impact generated is estimated by applying specific industry multipliers to the initial expenditure to account for the total economic impact of the re-spending activity. The application of the multipliers involves calculating the product of the estimated amount of direct spending and the multiplier. The output multiplier used for this study is 1.72.

The total estimated direct expenditures generate effects on the greater Miami economy that extend beyond the initial expenditures. Exhibit 4 summarizes the overall economic effects that could be expected given the event and attendance estimates presented earlier, based on the application of the IMPLAN multipliers.

**Exhibit 4**  
**Estimated Annual Net New Total Output Upon**  
**Stabilization of Operations (in 2011 dollars)**

	HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Trade Shows	\$47,329,000	\$48,337,000	\$42,763,000	\$47,641,000	\$70,671,000	\$51,348,200	\$87,796,000	\$72,725,000
Consumer Shows	18,968,000	20,872,000	20,922,000	12,776,000	13,206,000	17,348,800	15,895,000	\$15,007,000
Conventions	27,616,000	17,360,000	13,765,000	48,174,000	133,419,000	48,066,800	192,017,000	\$104,045,000
Meetings	255,000	265,000	592,000	334,000	3,197,000	928,600	7,783,000	\$4,864,000
Special Events	1,340,000	4,045,000	1,163,000	10,764,000	2,890,000	4,040,400	12,582,000	\$10,065,000
<b>Total</b>	<b>\$95,508,000</b>	<b>\$90,879,000</b>	<b>\$79,205,000</b>	<b>\$119,689,000</b>	<b>\$223,383,000</b>	<b>\$121,732,800</b>	<b>\$316,073,000</b>	<b>\$206,706,000</b>

As outlined in the exhibit, the estimated level of net total output (total direct and secondary spending) associated with MBCC events averaged \$121.7 million over the calendar year 2006-2010 period. Given estimated increases to convention events associated with planned MBCC improvements and the headquarter hotel addition, total output for MBCC events is estimated to increase to \$316.0 million under the full expansion scenario with a headquarter hotel. This decreases to \$206.7 million under the scenario that excludes the headquarter hotel.

We have also applied earnings and employment multipliers to the direct spending estimates. The resulting impacts are summarized in the following exhibit.

**Exhibit 5**  
**Estimated Annual Earnings (2011 dollars and Employment**  
**Stabilization of Operations**

	HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Annual Earnings	\$40,535,440	\$38,571,010	\$33,615,770	\$50,797,780	\$94,808,020	\$51,665,604	\$134,146,990	\$87,729,940
Annual Employment	1,108	1,055	919	1,389	2,592	1,413	3,668	2,399

As presented above, the current level of earnings supported by the MBCC has averaged \$51.7 million over the 2006-2010 period, and is estimated to increase to \$134.0 million with a full expansion of the MBCC in addition to a headquarter hotel. These earnings estimates drop to \$87.7 million if no headquarter hotel is included as part of the project.

From an employment perspective, MBCC operations and event activity have supported approximately 1,400 employment positions over the calendar year 2006-2010 period, with a potential to support approximately 3,700 positions if the MBCC is expanded as proposed in addition to a new headquarter hotel. If the hotel is not included in the project, the level of employment that is supported drops to approximately 2,400.

We have also analyzed the fiscal or tax implications of the project. We have applied the various county, city and state tax rates to the spending generated by events held at the MBCC, as summarized in the following exhibit.



**Exhibit 7  
Estimated Annual Tax Impacts  
(Stabilization of Operations in 2011 Dollars)**

HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel

**County Taxes**

Convention Development Tax	\$624,700	\$590,170	\$508,130	\$808,357	\$1,522,906	\$810,853	\$2,165,506	\$1,407,934
Tourist Development Tax	416,466	393,447	338,754	538,905	1,015,270	540,568	1,443,670	938,622
Food & Beverage Tax - Hotels	19,138	18,243	15,876	24,089	44,789	24,427	63,509	41,553
Homeless Tax	73,951	70,492	61,346	93,081	173,069	94,388	245,407	160,565
Professional Sports	208,233	196,723	169,377	269,452	507,635	270,284	721,835	469,311
<b>Total</b>	<b>\$1,342,488</b>	<b>\$1,269,075</b>	<b>\$1,093,483</b>	<b>\$1,733,884</b>	<b>\$3,263,669</b>	<b>\$1,740,520</b>	<b>\$4,639,928</b>	<b>\$3,017,985</b>

**Miami Beach Taxes**

Resort Tax	\$624,700	\$590,170	\$508,130	\$808,357	\$1,522,906	\$810,853	\$2,165,506	\$1,407,934
Food & Beverage Tax	224,454	213,956	186,197	282,515	525,294	286,483	744,853	487,340
<b>Total</b>	<b>\$849,154</b>	<b>\$804,126</b>	<b>\$694,327</b>	<b>\$1,090,873</b>	<b>\$2,048,199</b>	<b>\$1,097,336</b>	<b>\$2,910,358</b>	<b>\$1,895,274</b>

**Sales Taxes**

State Sales Tax	\$3,884,588	\$3,696,302	\$3,221,438	\$4,868,156	\$9,085,877	\$4,951,272	\$12,855,947	\$8,407,533
Transportation Tax	323,716	308,025	268,453	405,680	757,156	412,606	1,071,329	700,628
Health Trust	323,716	308,025	268,453	405,680	757,156	412,606	1,071,329	700,628
<b>Total</b>	<b>\$4,532,020</b>	<b>\$4,312,353</b>	<b>\$3,758,344</b>	<b>\$5,679,516</b>	<b>\$10,600,190</b>	<b>\$5,776,485</b>	<b>\$14,998,605</b>	<b>\$9,808,789</b>

As presented above, the MBCC has generated an estimated average of \$1.7 million in county tax revenues, \$1.1 million in Miami Beach tax revenues, and \$5.8 million in sales taxes over the 2006-2010 period. Tax collections increased significantly in 2010 due to the impact of several large national conventions. With full expansion and headquarter hotel, tax collections are estimated to increase to \$4.6 million for the county, \$2.9 million for Miami Beach, and \$15.0 million in various sales taxes. Without the headquarter hotel, the expanded MBCC is estimated to generate a total of \$3.0 million in county taxes, \$1.9 million in Miami Beach taxes, and \$9.8 million in sales taxes. It should be noted that to the extent attendees at MBCC events travel to the center from other locations within the state, this would generally represent a displacement of spending within the state.