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HVS STUDY CONCLUDES THAT CONVENTION CENTER HOTEL SHOULD SIGNIFICANTLY ENHANCE CITY'S POSITION TO CAPTURE MAJOR CONVENTIONS

Market report states that downtown hotel industry "remains crippled" and Dallas Convention Center is underutilized without a convention center hotel

DALLAS (Apr. 7, 2008) -- Mayor Tom Leppert and Dallas City Councilmembers today received an independent market study concluding that a proposed convention center hotel is a sound and necessary financial investment for Dallas to regain its spot as a top-tier convention center city and compete against the country's top markets. Members of the Dallas City Council discussed the report at the Economic Development Committee meeting held earlier today.

The study, conducted by HVS Consulting and Valuation Services Inc. for the City of Dallas, is an update to reports conducted in 2001 and 2003.

"The Dallas Convention Center remains underutilized due in part to the lack of an adjacent hotel which remains as a requirement high on the priority list of today's convention meeting planners," said Rod Clough, MAI, Managing Director of HVS Dallas. "If the convention center headquarters hotel is not realized, the rebirth of the downtown Dallas landscape will be short-lived."

In the report, HVS states that "despite a positive trend in the Dallas economy, the downtown hotel industry remains crippled due to the limited salability of the Dallas Convention Center, which lacks an adjacent headquarters hotel." Another key recommendation states that "a vibrant highly-utilized convention center typically serves as a vital component to a major city's downtown visitation and downtown hotel utilization levels."

Clough adds that once Dallas' headquarters hotel opens and when Downtown Dallas' massive 1,840-room Adam's Mark Hotel is rebranded as a Sheraton "the city's competitive position should be significantly enhanced as it related to capturing major conventions."

Based on an expected opening date of January 1, 2012, HVS' suggested improvements are to build a convention headquarters facility with first-class finishes that offers 1,200 guestrooms; food and beverages facilities including two restaurants, a lounge and a coffee kiosk; and total meeting space of 100,000 to 140,000 square feet (including 45,000 to 60,000 for a grand ballroom and 25,000 to 40,000 for a junior ballroom). In the report, HVS also recommends the following additional facilities: an outdoor pool and whirlpool, fitness center, business center, retail outlets, and vending areas.

"This study confirms we are heading down the right road, and that a convention center hotel will position Dallas to aggressively compete and regain its spot as a top-tier convention destination," said Dallas Mayor Tom Leppert. "A new convention center hotel also will help revitalize the Downtown area, attract more visitors to the heart of the city, and bolster our existing hotel industry."

HVS – the leading management consulting firm that provides economic study and appraisal of proposed hotel, motel, restaurant and leisure projects worldwide – compiled the 193-page study. To prepare the report, HVS inspected the real estate property (on January 24, 2008) and analyzed the hotel market conditions in the Dallas area as well as the pertinent nationwide hotel market conditions for convention headquarters hotels.

The study addressed the current economic environment and future economic trends locally and nationwide, access to the hotel (via roadways, air travel, and local transportation), the type of travelers and organizations expected to use the hotel (i.e. purpose of visit, average length of stay, etc.), analysis of existing and proposed competition, documentation on occupancy and average rate projection, and a detailed projection of income and expense.

“Of the top 20 competitive convention markets nationwide, Dallas is the only city without a convention center hotel announced, under construction or completed,” said Phillip Jones, president and CEO of the Dallas Convention & Visitors Bureau. “In the state of Texas, Houston, San Antonio, Austin and Fort Worth have constructed or are in the process of building a convention center hotel.”

According to the DCVB, from 2003 to 2007, the City of Dallas lost 68 meetings, which represented \$300 million in direct dollars, that moved from Dallas to other cities with convention center hotels. In addition, the DCVB has compiled a list 80 groups, representing \$800 million in direct spending, who have stated they will not consider holding conventions in Dallas until a convention center hotel is built.

In 2005, the economic impact from the local hospitality industry was \$2.6 billion, and local taxes generated by hospitality industry were \$228 million. In addition, hospitality industry spending supported 50,840 jobs.

“What a shame when you consider Dallas used to be one of the top five destinations in the country for conventions,” said Arthur Hollingsworth, chairman of the Dallas CVB. “Dallas has it all -- a central location, great airports, tremendous amenities and a mild climate – we have everything but a convention center hotel.”

“We’ve got to do this so we can regain our competitiveness and prevent further erosion to cities that either have or are building convention center hotels. Dallas has moved up in the last four years from #11 in convention destinations to #7, based in part on \$12 billion in downtown investment such as Victory Park, the Trinity River, the W Hotel and the Ritz-Carlton,” added Hollingsworth. “The Dallas area has the fourth largest metro population, is the #4 headquarters of Fortune 500 companies, and should be in the top five in convention business. A convention center hotel can get us there.”

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