

# FEASIBILITY STUDY OF A HOTEL & CONVENTION CENTER

in Seguin, Texas

July 14, 2023





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Mr. Kyle Kramm  
Main Street & CVB Director  
City of Seguin  
116 North Camp Street  
Seguin, Texas 78155

Dear Mr. Kramm:

Conventions, Sports & Leisure International (CSL), in conjunction with Convergence Design, has completed a draft report summarizing the results of a Feasibility Study of a New Hotel & Convention Center in Seguin, Texas. The purpose of the study is to assist the City of Seguin (City) and other stakeholders in evaluating key market, program, financial, economic impact, and funding aspects associated with a new Hotel & Convention Center development in Seguin, Texas.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data and certain assumptions provided by the City of Seguin, discussions with industry participants, surveys of potential facility users, industry trend data, and analysis of competitive/comparable facilities and communities. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Seguin, Texas area (including consideration of both pre- and post-pandemic environments), as well as existing interest levels by the potential base of users for a new Hotel & Convention Center product. Any significant future changes in the characteristics of the local community, such as growth in population, corporate inventory, competitive inventory and visitor amenities/attractions, could materially impact the key market conclusions developed as a part of this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential facilities and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct. All primary market research for this study was completed prior to February 2023.

This report has been prepared for the internal use of the City and other related stakeholders and should not be relied upon by any other party. The report has been structured to provide the City with a foundation of research to provide decision makers with the information necessary to strategically plan for Seguin's future in the convention and lodging industries, with a focus on establishing and growing its competitive position in the evolving state and regional convention industry and should not be used for any other purpose. This report, its findings or references to CSL may not be included or reproduced in any public offering statement or other financing document.

We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Sincerely,

CSL International



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# EXECUTIVE SUMMARY

## Introduction & Background

Conventions, Sports & Leisure International (CSL), with the participation of Convergence Design, was retained by the City of Seguin, through the Seguin Main Street & CVB, to conduct a feasibility study for the potential development of a Hotel & Convention Center in Seguin, Texas. The purpose of the analysis is to assist the City and other stakeholders in evaluating key market, program, financial, economic and funding aspects of a potential new Hotel & Convention Center in Seguin.

The attached report outlines the findings associated with the analysis. The full report should be reviewed in its entirety to gain an understanding of analysis methods, limitations and implications.

The Seguin market has experienced significant residential growth in recent years, with thousands of new home permits granted for future housing projects. The market's location between Austin and San Antonio, both of which are quickly growing major metropolitan areas, will likely have material, positive impacts on the City's economy, tax base, and marketability. This growth marks the impetus for the study effort—though the area is growing as a place to live and work, some local leaders feel that it is underdeveloped as a visitor destination and lacks assets that can generate room nights.

Existing event facilities in Seguin are generally substandard relative to modern industry models and have material limitations with respect to their ability to host large, economically impactful events such as conventions and tradeshow. At the same time, many large employers in the area have noted that Seguin lacks business-quality hotel rooms, and that their visiting employees and clients prefer full-service properties in other nearby cities. A Hotel & Convention Center in Seguin could importantly address both of the above challenges: (1) providing event space for non-local conventions and other events, (2) providing business-class overnight accommodations to corporate transient visitors and other high impact visitor segments, and (3) working to elevate Seguin's presence in the convention industry, while also delivering a quality new lodging and event facility product that can benefit a wide spectrum of residents and businesses alike.

## Local & Regional Conditions

The following key findings have been reached concerning the analysis of local and regional conditions in the Seguin area that are relevant when evaluating the market opportunity for a new hotel and convention product.

- **A GROWING COMMUNITY:** Population levels have increased by more than 50 percent within a 30-minute drivetime of downtown Seguin, significantly outpacing national growth by a factor of five. Over the next five years, the area is projected to grow an additional ten percent, which outpaces national growth by a factor of eight. With this residential boom, demand will be generated for those services and amenities (such as restaurants, retail, and entertainment) that benefit and appeal to the convention marketplace.
- **LOCAL INDUSTRY:** Originally founded in 1838, Seguin's diverse economy is a principal component of the San Antonio metropolitan area. The manufacturing industry, Seguin's main source of employment, accounts for nearly 26% of its workforce; the city's 6,000 manufacturing jobs exceed more than three times the national per capita average and its major employers in this sector include Vitesco Technologies, Caterpillar and Commercial Metals Corporation (CMC Steel). The City's major employers can leverage a large, diverse labor pool given proximity to San Antonio and Austin markets, while also attracting nationwide talent to the area. This corporate base should be considered key demand generator for a potential Hotel & Convention Center in Seguin.
- **EXISTING HOTEL INVENTORY:** Seguin currently has 621 hotel rooms spread over nine properties. Currently, Seguin lacks a downtown hotel property and any hotel property above the Upper Midscale chain scale classification (such as Upscale and Upper Upscale properties). Convention facilities are optimized when they have the support of integrated, attached or adjacent full-service hotel products (typically within the Upper Upscale chain scale). The lack of sizeable, quality, full-service hotel products in Seguin is believed to be a substantially limiter for the community in terms of growing its presence in the convention industry. Additionally, the lack of quality, full-service hotel product in Seguin is also constraining Seguin's attraction of corporate group and transient business. If planned and designed correctly, a new Hotel & Convention Center in Seguin would also benefit existing hotel products in the area, through the compression of room night demand to ancillary properties beyond the subject headquarters Hotel. Furthermore, convention business tends to have longer booking windows than normal corporate and leisure transient business—leading to additional benefits to other existing hotel properties in the market as the primary full-service Hotel is booked for convention events.
- **EXISTING SEGUIN EVENT FACILITIES:** None of Seguin's existing flat floor event facilities are consistent with modern, industry standards for convention facility products, and local stakeholders often noted that the area fails to capture state or regional association business due to the lack of carpeted event space and/or full-service hotels in the market.

- **COMPETITIVE CONVENTION FACILITIES IN TEXAS:** Forty-four (44) facilities were identified in Texas that may pose varying levels of competition for a new Convention Center in Seguin, including six facilities in San Antonio and three facilities in Austin. The Irving Convention Center and the Arlington Convention Center both offer nearly 50,000-square foot contiguous exhibit halls, while Sheraton Dallas Hotel offers the most total sellable space at 131,400 square feet. With a nearly 12,000-square foot exhibit hall and 24,600 total square feet of sellable space, the New Braunfels Civic & Convention Center is the closest competitor geographically to Seguin. It will be important to consider these data as part of recommendations described later herein.
- **COMPETITIVE SET HOTEL SUPPLY & DEMAND:** As population and commercial development continue to grow within the competitive market and the hospitality industry continues to rebound, strong year-over-year demand growth is expected to continue upon within a post-pandemic environment. It is assumed that demand recovery will continue through 2025 (at which time the new subject Hotel & Convention Center would open, adding its supply to the set), upon which time demand levels would be expected to stabilize. Key issues beyond the pandemic recovery that would be expected to influence demand growth include: (1) strong projected greater market area population growth, (2) convention, conference and meetings industry demand growth, largely as a result of the assumed new Hotel & Convention Center in Seguin, along with the Embassy Suites San Marcos Hotel & Conference Center, (3) latent and unaccommodated group, commercial and leisure demand, and (4) induced demand, particularly in group and commercial segments.

## Industry Trends

The following key findings have been reached concerning the analysis of industry characteristics and trends that are relevant when evaluating the market opportunity for a new Hotel & Convention Center product in Seguin.

- **COVID IMPACTS ON CONVENTION/EVENT ACTIVITY:** Given the parallels between GDP changes and changes in various measures of the convention and conference industry, we expect future industry growth to continue to mirror the overall health of the economy. With leading economists noting that the economy is now rebounding from COVID impacts, we can assume a rebound to the convention and conference sector over the next several years. This rebound has already begun in many markets, however future virus variants may provide some set-backs to progress. Longer term, potentially by the time a new Seguin Hotel Convention Center is developed, it is likely that COVID impacts will have largely dissipated, and that standard economy-driven fluctuations in the convention and conference industry will prevail.
- **COVID IMPACTS ON CONSTRUCTION:** The COVID-19 pandemic has resulted in unprecedented disruption across all industry sectors and their various supply chains, including construction markets. This has led to precipitous inflation of construction costs for projects of all types, including hotels and convention centers. While the estimated construction data provided previously within this Chapter is useful in framing potential costs for hotel projects, significant volatility remains in the construction industry, and certain projects may cost out at rates/totals higher than these figures.
- **LODGING INDUSTRY TRENDS:** The massive disruption of the lodging industry by the COVID-19 pandemic is illustrated by the precipitous declines across all metrics impacted the industry, commencing in March 2020. A significant rebound occurred in 2021, with metrics in many markets throughout the country improving at a rapid rate and nearing pre-pandemic levels. Data suggest that the industry will substantially stabilize and return to historical rates/levels within 2023. Rather than pursuing stand-alone convention center projects while concurrently soliciting (and often incentivizing a separate hotel development), many small to mid-sized communities have pursued integrated hotel & conference center projects via public-private partnership (P3) transactions. These types of projects typically involve a public sector incentive to a private full-service Hotel developer/investor (most often upfront related to the necessary capital outlay to construct the project).
- **MACRO CONVENTION INDUSTRY DATA:** In the pre-pandemic/pre-recession environment, according to a PricewaterhouseCoopers study, just over 1.8 million meetings were held annually, attracting a total of just under 225 million meeting participants. Direct spending levels resulting from these meetings approximated \$280 billion, that was directly attributable to meeting activity. Spending on accommodations and food and beverage resulted in just under \$70 billion of total direct spending, making up a majority of the \$130 billion of direct spending on travel and tourism commodities. Also of note, money spent on meeting planning and production resulted in a total of \$107 billion of direct spending.
- **CONVENTION FACILITY TRENDS:** The convention industry continues to evolve as attendee bases undergo generational shifts, and as planner preferences regarding event spaces, services and technologies continue to change. Event planner feedback suggests that it will be important to prioritize the inclusion of hybrid event technology, dynamic pre-function areas, signature outdoor space, local/authentic food and beverage outlets, and pop-up/temporary food stations as part of a potential Seguin Hotel Convention Center.
- **CONVENTION DISTRICTS TRENDS:** Event planners increasingly consider the appeal of a convention facility's surrounding destination as part of their host facility selection process. Event planner input highlights the need to include various "district" elements around a potential Seguin Hotel Convention Center, including full-service and other hotel properties, pedestrian lighting, sit-down and fast/casual restaurants, easy to understand pedestrian wayfinding, and shuttle/trolley vehicle service.

## Comparable Facilities

The following key findings have been reached concerning the analysis comparable facilities that are relevant when evaluating the market opportunity for a new Hotel & Convention Center in Seguin.

- **COMPARABLE FACILITY EVENT SPACE:** Fifteen (15) markets comparable to Seguin offer convention or conference facilities with a median largest contiguous space of 20,500 square feet and a median of 46,500 total sellable square feet. Largest contiguous spaces, which are typically exhibit halls or large multipurpose rooms, range from the 11,800-square foot exhibit hall at the New Braunfels Civic & Convention Center to the 58,100-square foot exhibit hall at the Tinley Park (IL) Convention Center.
- **COMPARABLE FACILITY HOTELS:** The 15 facilities reviewed are supported by an average of just over nearly 570 hotel rooms within ½-mile, and a median of nearly 620 rooms. Further, the New Braunfels Civic & Convention Center is the only facility lacking a headquarter hotel property, or a hotel that is connected or adjacent to the facility. Overall, the facilities reviewed average just over 230 headquarter hotel rooms.
- **COMPARABLE FACILITY SIZING EXTRAPOLATION:** One preliminary method of evaluating potential size parameters for a potential Hotel & Convention Center in Seguin is to consider the sizes of comparable facilities relative to their demographic and socioeconomic characteristics. While this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand, it helps paint a broader picture of what the Seguin market could sustain and serves to provide some initial insight into potential sizing parameters for a potential facility. Nevertheless, it does not take into consideration the specific demand generators unique to each community (which will be subsequently analyzed later). The hypothetical sizing extrapolation using comparable facility data begins to frame the sizing of a potential new Convention Center space in Seguin—suggesting between approximately 15,000 and 65,000 square feet of sellable flat floor space (i.e., combination of exhibit, ballroom and meeting space square footage).
- **COMPARABLE FACILITY FINANCIAL DATA:** In terms of financial performance, a set of comparable stand-alone convention facilities that were reviewed have a median loss of \$491,200 annually, with median revenues at \$1.9 million and expenses at \$2.4 million. The comparison set average a loss of \$12.55 per sellable square foot, resulting in an average coverage ratio (the extent to which a convention facility covers its operational expenses) of 76 percent. Conversely, hotel-based convention/conference facilities tend to represent projects with smaller event space offerings (their sizes often directly correlated to the number of guestrooms provided by their host hotel property) and are typically privately owned and operated. These facilities often operate convention/conference space more efficiently and normally do not require an operating subsidy.

## Market Demand

The following key findings have been reached concerning the analysis of market demand for a potential new Hotel & Convention Center in Seguin.

- **STATE/REGIONAL EVENT PLANNER DEMAND:** Forty-one (41) percent of events organized by the 25 state/regional event planners interviewed via telephone would at least “possibly” rotate to a Seguin Hotel & Convention Center in the future, assuming it meets their space and hotel requirements. Reasons for disinterest largely related to lack of association membership base in the area, preference for San Antonio- or Austin-based facilities, and preference for larger destinations.
- **CORPORATE/INDEPENDENT MEETING PLANNER DEMAND:** 10 corporate/independent event planners representing nearly 800 events per year were interviewed. Five of the ten planners expressed significant interest in the market, and 13 events were specifically identified as potential users of a Seguin Hotel & Convention Center. These would average just over 230 attendees and approximately 80 peak night hotel rooms.
- **EVENT SPACE AND HOTEL NEEDS:** The event space and hotel needs of the groups above, and their implications for the sizing of a potential Seguin Hotel & Convention Center development, are summarized below:
  - **State/Regional Demand:** Approximately 85 percent of event planner demand would be accommodated by a Hotel & Convention Center offering 17,400 square feet of exhibit space, 8,300 square feet of ballroom space, and 9,700 square feet of breakout meeting space. Approximately 295 committable hotel rooms within close proximity (preferably ½-mile) of the Convention Center would be needed house 85 percent of interested events. Assuming a 60 percent committability rate at nearby hotels, a total of just over 490 sleeping rooms within walking distance of a potential Convention Center would meet 85 percent of event planner demand.
  - **Corporate/Independent Demand:** An 8,000-square foot ballroom with limited ancillary meeting spaces would be able to accommodate each of the corporate events identified, which are typically smaller board meetings/conferences relative to association events. The corporate/independent events identified require between 50 to 150 total hotel rooms.
- **SITE PREFERENCES:** Surveyed event planners expressed significant interest in both a potential downtown Seguin location and a location within a newly developed mixed-use district as potential sites for a Hotel & Convention Center. This input will be considered as part of the subsequent site analyses.

- **OVERALL DEMAND CONCLUSIONS:** The research and analysis conducted suggests that moderate but sufficient unmet market demand exists to support a new Hotel & Convention Center in Seguin. The combination of significant limitations in existing convention, conference and meeting facilities in the local market, plus the unmet demand indicated through surveys of state, regional, independent, and corporate meeting planners supports this conclusion. Market analysis results suggest a relatively small, but high-quality convention facility plus appropriate supporting hotel product (i.e., a new full-service or quasi-full-service hotel property). Along with local events, state and regional conventions, conferences and tradeshow will likely be a primary source of economic impact-generating business for a new Hotel & Convention Center in Seguin, and the facility will be able to host a number of niche national, corporate, local, amateur sports and “emerging” events, oftentimes on a concurrent basis (through differentiated and subdividable rooms and spaces).

## Program, Concept & Model

Based on the results of the analysis of local market conditions, historical facility operations, competitive/comparable facilities and host communities, industry conditions/trends and market demand, an evaluation of facility program components and relevant development issues was performed for a potential new Hotel & Convention Center in Seguin.

- **PUBLIC/PRIVATE PARTNERSHIP (P3) MODEL:** Convention centers require quality and appropriate supporting hotel product (typically, one or more full-service hotels) to function optimally and deliver economic returns for host communities. Seguin presently lacks a logical, appropriate candidate headquarters hotel property. As such, a new quality hotel product will need to be developed to support any new convention center in Seguin. Rather than pursuing stand-alone convention center projects while concurrently soliciting (and often incentivizing a separate hotel development), many small to mid-sized communities have pursued Hotel & Convention Center projects via public-private partnership (P3) transactions. These types of projects typically involve a public sector incentive to a private full-service Hotel developer/investor (most often upfront related to the necessary capital outlay to construct the project). Normally, this model allows for more efficient operations of the related convention center product (relative to stand-alone convention center models) and does not require an annual public sector operating subsidy. Not only do P3 transactions of this type secure needed improved convention center products in host communities, but they also often attract high-quality hotel product investment (that likely would not have occurred locally without the public sector incentive provided through the P3 transaction).
- **RECOMMENDED PROJECT TYPE & SIZING:** Based on the analyses completed, it is believed that a Hotel & Convention Center project structured under a P3 transaction is the most appropriate model to be considered in Seguin. The model assumes convention/conference space is physically and operationally-integrated with a full-service headquarters hotel partner. The assumed hotel would represent a nationally-branded product within the lower tier (i.e., more cost efficient) of the chain scale, such as Sheraton, Embassy Suites, or Wyndham. Certain upscale chain scale brands could also meet the needs of the project (such as DoubleTree or Radisson). Ideally, this type of P3 scenario would involve a certain upfront incentive and would not involve any ongoing operating subsidy requirement for the public sector. The target project would be a 200-key nationally-branded full-service Hotel and a Convention Center comprising 35,000 square feet of sellable space (including a 18,000-square foot Ballroom, as the largest contiguous space).

## Site Evaluation

As important as size and configuration, the location and site of a convention facility can have a significant impact on the facility's operational success and its ability to generate new visitation and associated economic impact in a host community. Likewise, should the convention center project involve a P3 model, the needs and preferences of the hotel partner in terms of site/location often carries equal or larger weight in the ultimate site selection. As part of the overall evaluation of a potential Hotel & Convention Center, an assessment of potential site/locations in Seguin was conducted to determine what general areas might be best suited as a host site/location for the project. Based on discussions with the City and project team members, 11 potential site candidates in Seguin were identified. Information and maps regarding each of these sites is provided in the Site Evaluation chapter of this report.

Utilizing a site evaluation matrix containing 22 variables that are believed to impact the optimal support of a convention center, four sites ranked as the strongest potential sites/locations: Hotel Corner, Bachman Farm, TLU-North, and NewQuest. These four sites are believed to offer the greatest combination of strengths and smallest impactful weaknesses among the candidate sites. Given the nature of the existing hotel product serving Seguin, each of the reviewed sites have negative scoring impacts involving hotel-related criteria. This again underscores the importance of executing a quality headquarters hotel product concurrent to the development of a convention center. It is suggested that additional analyses be conducted with regard to site acquisition/preparation costs and unique costs associated with architectural and engineering requirements, traffic, infrastructure and other related concerns prior to final site selection.



## Cost/Benefit Analysis

An analysis of estimated utilization, cost/benefit and funding considerations associated with a new Hotel & Convention Center in Seguin. The following exhibit presents the key hotel market performance metrics estimated for the Hotel component of the potential new project in Seguin. Average rates assumed for the subject Hotel component are lower than industry-typical properties for the upper-upscale chain scale nationally, but comparable to local/regional rates). Latent demand reflects potential room night demand that is unaccommodated and has not been realized by the existing competitive supply. Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. In this case, a new Hotel & Convention Center in Seguin will induce and capture new hotel room nights by virtue of representing a new, quality, upper-upscale lodging product in the submarket and the key demand generators in Seguin and the surrounding region.

Ten-Year Projection of Subject Hotel Market Performance

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2029	Year 7 2029	Year 8 2029	Year 9 2029	Year 10 2029
<b>OVERALL</b>										
Number of Rooms	200	200	200	200	200	200	200	200	200	200
Occupancy	67.0%	67.3%	67.6%	68.1%	69.7%	71.2%	72.8%	72.8%	72.8%	72.8%
Average Rate	\$162.00	\$167.67	\$173.54	\$179.61	\$185.90	\$192.41	\$199.14	\$206.11	\$213.32	\$220.79
Days Open	365	365	365	365	365	365	365	365	365	365
Rooms Occupied	48,883	49,128	49,360	49,745	50,860	51,986	53,123	53,123	53,123	53,123
<b>MARKET MIX</b>										
Commercial	17,190	17,271	17,349	17,521	17,971	18,426	18,886	18,940	18,940	18,940
Meeting/Group	16,873	16,972	17,065	17,159	17,492	17,828	18,168	18,119	18,119	18,119
Leisure	14,820	14,884	14,946	15,066	15,397	15,731	16,069	16,064	16,064	16,064
Total	48,883	49,128	49,360	49,745	50,860	51,986	53,123	53,123	53,123	53,123
<b>MARKET LATENT ROOM NIGHTS</b>										
Commercial	8,595	8,636	8,675	8,760	8,986	9,213	9,443	9,470	9,470	9,470
Meeting/Group	6,749	6,789	6,826	6,863	6,997	7,131	7,267	7,248	7,248	7,248
Leisure	10,374	10,419	10,462	10,546	10,778	11,012	11,248	11,245	11,245	11,245
Total	25,718	25,844	25,963	26,170	26,760	27,356	27,958	27,962	27,962	27,962
<b>MARKET INDUCED ROOM NIGHTS</b>										
Commercial	8,595	8,636	8,675	8,760	8,986	9,213	9,443	9,470	9,470	9,470
Meeting/Group	10,124	10,183	10,239	10,295	10,495	10,697	10,901	10,872	10,872	10,872
Leisure	4,446	4,465	4,484	4,520	4,619	4,719	4,821	4,819	4,819	4,819
Total	23,165	23,284	23,397	23,575	24,100	24,630	25,164	25,161	25,161	25,161

Convention, conference and meeting space included in a typical full-service hotel property normally contributes a significant level of room night demand and economic impact for the greater community. Based on the market analysis completed and the program assumptions discussed herein, the following exhibit presents a summary of the estimated annual event levels, event days, and attendee days by event type for the Convention Center space in a new Seguin Hotel & Convention Center over the first assumed 10 years of operation.

Ten-Year Projection of Subject Hotel Property Market Performance

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2029	Year 7 2029	Year 8 2029	Year 9 2029	Year 10 2029
<b>CONVENTION CENTER EVENTS</b>										
Conventions/Tradeshows (w exhibits)	4	6	8	9	10	10	10	10	10	10
Conventions/Conferences (no exhibits)	6	9	14	18	22	22	22	22	22	22
Public/Consumer Shows	5	6	7	8	9	9	9	9	9	9
Meetings	140	150	160	170	180	180	180	180	180	180
Banquets/Receptions	50	55	60	65	70	70	70	70	70	70
Miscellaneous/Other	7	9	11	13	15	15	15	15	15	15
Total	212	235	260	283	306	306	306	306	306	306
<b>CONVENTION CENTER EVENT DAYS</b>										
Conventions/Tradeshows (w exhibits)	10	15	20	23	25	25	25	25	25	25
Conventions/Conferences (no exhibits)	15	23	35	45	55	55	55	55	55	55
Public/Consumer Shows	15	18	21	24	27	27	27	27	27	27
Meetings	140	150	160	170	180	180	180	180	180	180
Banquets/Receptions	50	55	60	65	70	70	70	70	70	70
Miscellaneous/Other	11	14	17	20	23	23	23	23	23	23
Total	241	274	313	346	380	380	380	380	380	380
<b>CONVENTION CENTER ATTENDEE DAYS</b>										
Conventions/Tradeshows (w exhibits)	5,000	7,500	10,000	11,250	12,500	12,500	12,500	12,500	12,500	12,500
Conventions/Conferences (no exhibits)	6,000	9,000	14,000	18,000	22,000	22,000	22,000	22,000	22,000	22,000
Public/Consumer Shows	12,000	14,400	16,800	19,200	21,600	21,600	21,600	21,600	21,600	21,600
Meetings	21,000	22,500	24,000	25,500	27,000	27,000	27,000	27,000	27,000	27,000
Banquets/Receptions	15,000	16,500	18,000	19,500	21,000	21,000	21,000	21,000	21,000	21,000
Miscellaneous/Other	5,250	6,750	8,250	9,750	11,250	11,250	11,250	11,250	11,250	11,250
Total	64,250	76,650	91,050	103,200	115,350	115,350	115,350	115,350	115,350	115,350

Projected rate, occupancy and RevPAR performance of a potential new Hotel & Convention Center in Seguin would be expected to be slightly below national averages for the upper-upscale chain scale, but higher than the nearby competitive set and significantly higher in terms of rate and RevPAR relative to existing Seguin hotel products (due to lack of quality, full-service hotel products). Given the estimated capital costs associated with a new Hotel & Convention Center, the ROI opportunity for prospective private investors is believed to be lower than that needed to attract a wholly privately-funded project. Therefore, the analysis concludes that a public sector incentive will be required to execute the subject Hotel & Convention Center project in Seguin consistent with the type and size of hotel product evaluated under this analysis.

A summary of key performance and cost/benefit estimates associated with a new, upper-upscale chain scale, 200-key, full-service (upper-upscale chain scale) Hotel & Convention Center in Seguin includes the following:

- Order-of-magnitude construction costs are assumed at \$66.2 million (or \$331,000 per key).
- EBITDA is estimated to range from approximately \$3.6 million in Year 1 (assumed 2025) to \$6.3 million in Year 10 (assumed 2034).
- Feasibility Gap (minimum estimated public sector incentive required) is estimated at \$20.8 million.
- Assuming a discount rate of 3.0%, through the 10<sup>th</sup> year of operation, the total Net Present Value (NPV) of cumulative net new economic impacts in the Seguin area is estimated to approximate:
  - 1) \$184.2 million in Direct Spending
  - 2) \$310.4 million in Economic Output
  - 3) \$124.5 million in Personal Income
  - 4) 569 full and part-time Jobs (in a peak year)
  - 5) \$8.2 million in City Sales and Hotel Tax Revenue
- The investment opportunity for the City of Seguin is considered favorable—a \$20.8 million dollar City investment would be expected to facilitate private sector investment in the development and operation of a new, state-of-the-industry \$66.2 million Hotel & Convention Center project in Seguin (i.e., 31% public, 69% private).
- Types of public sector incentives frequently used for projects of this nature include, but are not limited to: (1) donation of land for the project; (2) infrastructure improvements; (3) property tax abatements, rebates and other techniques that serve to remove or lower property tax burden; (4) hotel tax abatement or rebate (i.e., hotel taxes collected at the subject property); (5) assistance in securing low interest loans/financing; (6) TIF revenue rebates; (7) right to physically connect to a new convention center (under a situation where the convention center is publicly-owned); (8) priority bidding opportunity for exclusive catering contract for other local related or unrelated public sector facilities; and (9) capital/cash contribution.

Based on the analysis completed for this study, a summary of key project characteristics and performance projections for a potential new Hotel & Convention Center in Seguin is provided in the exhibit below.

### Summary of Project & Key Projections for a New Hotel & Convention Center in Seguin

CONCEPT & PROGRAM		PERFORMANCE PROJECTIONS	
<b>Project Ownership:</b>		<b>Financial Projections:</b>	
Hotel:	Private	Hotel + Convention Center EBITDA - Year 1:	\$3,558,000
Convention Center:	Private or Public	Hotel + Convention Center EBITDA - Year 5:	\$4,644,000
<b>Hotel:</b>		Hotel + Convention Center EBITDA - Year 10:	\$6,299,000
Keys/Rooms:	200	Feasibility Gap (base estimate) <sup>(1)</sup>	\$20,800,000
Chain Scale:	Upper-Upscale	Feasibility Gap (high estimate) <sup>(1)</sup>	\$23,400,000
<b>Convention Center (SF):</b>		Feasibility Gap (low estimate) <sup>(1)</sup>	\$17,800,000
Grand Ballroom:	18,000	<b>Market Projections:</b>	
Junior Ballroom:	7,000	Subject Hotel Occupied Room Nights - Through Year 10:	512,453
Meeting Space:	10,000	Net New Hotel + CC Room Nights - Through Year 10:	352,736
Total Sellable Space:	35,000	Convention Center Event Days - Through Year 10:	3,450
<b>Site Requirements (acres):</b>		Convention Center Attendee Days - Through Year 10:	1,027,250
Base Layout Scenario	4.5	<b>Economic Impact Projections:</b>	
Compact Layout Scenario	2.5	Total Direct Spending - NPV cumulative through Year 10:	\$184,223,000
<b>Estimated Construction Costs (Hard + Soft Costs):</b>		Total Economic Output - NPV cumulative through Year 10:	\$310,364,000
Hotel & Convention Center (base estimate):	\$66,198,000	Total Personal Income - NPV cumulative through Year 10:	\$124,542,000
Hotel & Convention Center (high estimate):	\$71,832,000	Employment (full & part-time jobs supported, in peak year):	569
Hotel & Convention Center (low estimate):	\$60,564,000	City Sales & Hotel Taxes - NPV cumulative through Year 10:	\$8,190,000

(1) Estimated public sector incentive required to attract private partner investment in the project. Assumes donated land and abatement of 100% of subject property taxes.



1

# BACKGROUND & SITUATION

# 1 BACKGROUND & SITUATION

## Introduction & Background

Conventions, Sports & Leisure International (CSL), with the participation of Convergence Design, was retained by the City of Seguin, through the Seguin Main Street & CVB, to conduct a feasibility study for the potential development of a Hotel & Convention Center in Seguin, Texas. The purpose of the analysis is to assist the City and other stakeholders in evaluating key market, program, financial, economic and funding aspects of a potential new Hotel & Convention Center in Seguin.

The Seguin market has experienced significant residential growth in recent years, with thousands of new home permits granted for future housing projects. The market's location between Austin and San Antonio, both of which are quickly growing major metropolitan areas, will likely have material, positive impacts on the City's economy, tax base, and marketability. This growth marks the impetus for the study effort—though the area is growing as a place to live and work, some local leaders feel that it is underdeveloped as a visitor destination and lacks assets that can generate room nights.

Several event venues exist throughout Seguin that can accommodate large events, with the Coliseum at the Seguin Events Complex serving as the market's largest event facility. However, the Coliseum and other event facilities in Seguin are generally substandard relative to modern industry models and have material limitations with respect to their ability to host large, economically impactful events such as conventions and tradeshows. These are explored extensively herein.

At the same time, many large employers in the area have noted that Seguin lacks business-quality hotel rooms, and that their visiting employees and clients prefer full-service properties in other nearby cities.

A Hotel & Convention Center in Seguin could importantly address both of the above challenges: (1) providing event space for non-local conventions and other events, (2) providing business-class overnight accommodations to corporate transient visitors and other high impact visitor segments, and (3) working to elevate Seguin's presence in the convention industry, while also delivering a quality new lodging and event facility product that can benefit a wide spectrum of residents and businesses alike.

The study results detailed herein consisted of extensive research and analysis, including a comprehensive set of market-specific information derived from the following:

- **PROJECT EXPERIENCE:** Experience garnered through more than 1,000 convention, hotel, exposition, sports, and other event and hospitality facility planning and benchmarking projects in communities of all sizes throughout the country.
- **EXISTING CONDITIONS:** Review of the current and evolving conditions of the Seguin, San Antonio, and Austin metropolitan area marketplaces.
- **COMPARABLE ANALYSIS:** Benchmarking analysis of 15 comparable facilities and markets throughout the country, with a focus on event space square footage, supporting hotel inventories, and surrounding destination amenities.
- **INDUSTRY TRENDS:** Detailed evaluation of macroeconomic trends in the convention and exhibition industries, as well as survey results provided by national meeting planners regarding changing event space and destination preferences during/after the COVID-19 pandemic.
- **SITE VISIT, INTERVIEWS & OUTREACH:** Completed a multi-day site visit for tours and meetings with key stakeholders. Detailed telephone surveys were completed with representatives of potential user groups, including state/association tradeshows and conventions, corporate events, amateur sports tournaments, public/consumer shows and other such groups/events. Completed more than 35 surveys of event planners representing nearly 820 total events.



## Stakeholder Interviews

Extensive in-market interviews were conducted with a wide cross-section of stakeholder organizations, including organization leaders and decision-makers from the local tourism industry, City government, economic development entities, local businesses, hotels and school districts. In total, more than 25 individuals were interviewed. This research provides insight into existing destination strengths and weaknesses and assists in the ideation of potential Seguin Hotel Convention Center development. The organizations that participated in this process are listed below.

- Alamo Group
- Caterpillar
- City Attorney
- City Main Street Program
- City Manager's Office`
- City Mayor's Office
- City Parks & Recreation Department
- CMC Steel Texas
- Comfort Inn and Suites
- Guadalupe County Judge
- Guadalupe Regional Medical Center
- Hampton Inn Seguin
- Holiday Inn Express & Suites Seguin
- Navarro Independent School District
- Seguin Chamber of Commerce
- Seguin Main Street & CVB
- Seguin Events Complex
- Seguin Economic Development Corporation
- Seguin Independent School District
- SpringHill Suites by Marriott San Antonio Downtown
- Texas Lutheran University
- TownePlace Suites

Feedback provided by these stakeholders provided important insights and helped guide the direction of subsequent study tasks. Many of the strengths and deficiencies of Seguin as a convention destination were initially highlighted as part of these conversations, and then further analyzed via local, comparable and other market demand research.





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## LOCAL & REGIONAL CONDITIONS

## Introduction

An important component in assessing the potential success of a new Hotel & Convention Center in Seguin is the demographic and socioeconomic profile of the local and regional market. The strength of a market in terms of its ability to support and utilize a Hotel & Convention Center is measured, to some extent, by the size of the regional market area population, its age, income, and other characteristics. In addition to the demographic profile of the local and regional market area, other local market characteristics have relevance when considering the attractiveness of a particular community as a host for convention events and attendance. These include items such as the existing/future inventory of local event facilities, the presence and proximity of downtown amenities (such as hotels, restaurants/bars, parking, attractions, and other such items), transportation accessibility, ingress/egress convenience, corporate and resident base, among others.

## Seguin Destination

Located in southern Texas, approximately 35 miles northeast of San Antonio and 55 miles southwest of Austin, Seguin is the Guadalupe County seat and predominant commercial center of the area. Seguin is accessible via Interstate 10 as well as State Highway 130, a reliable alternative to the often-congested Interstate 35 in Central Texas. Strong air access to/from the market is served by both San Antonio International Airport, located 39 miles west of Seguin, and Austin-Bergstrom International Airport, located 60 miles northeast of Seguin.

Originally founded in 1838, Seguin's diverse economy is a principal component of the San Antonio metropolitan area. The manufacturing industry, Seguin's main source of employment, accounts for nearly 26% of its workforce; the city's 6,000 manufacturing jobs exceed more than three times the national per capita average and its major employers in this sector include Vitesco Technologies, Caterpillar and Commercial Metals Corporation (CMC Steel). The City's major employers can leverage a large, diverse labor pool given proximity to San Antonio and Austin markets, while also attracting nationwide talent to the area. Other primary industries include healthcare, education and retail trade.

Two major economic developments began operations in Seguin in 2021: Teijin Automotive Technologies' new 200,000 square foot automotive competent manufacturing facility and United Alloy's 120,000 square foot metal fabrication facility. These two development projects are expected to generate more than 400 new manufacturing jobs in the city over the next five years.

The market is also home to several popular attractions and experiences that support the visitor economy, including ZDT's Amusement Park, Sebastopol House Historic Site, Seguin Downtown Historic District, Max Starcke Park and Golf Course and Son's Island, among others.

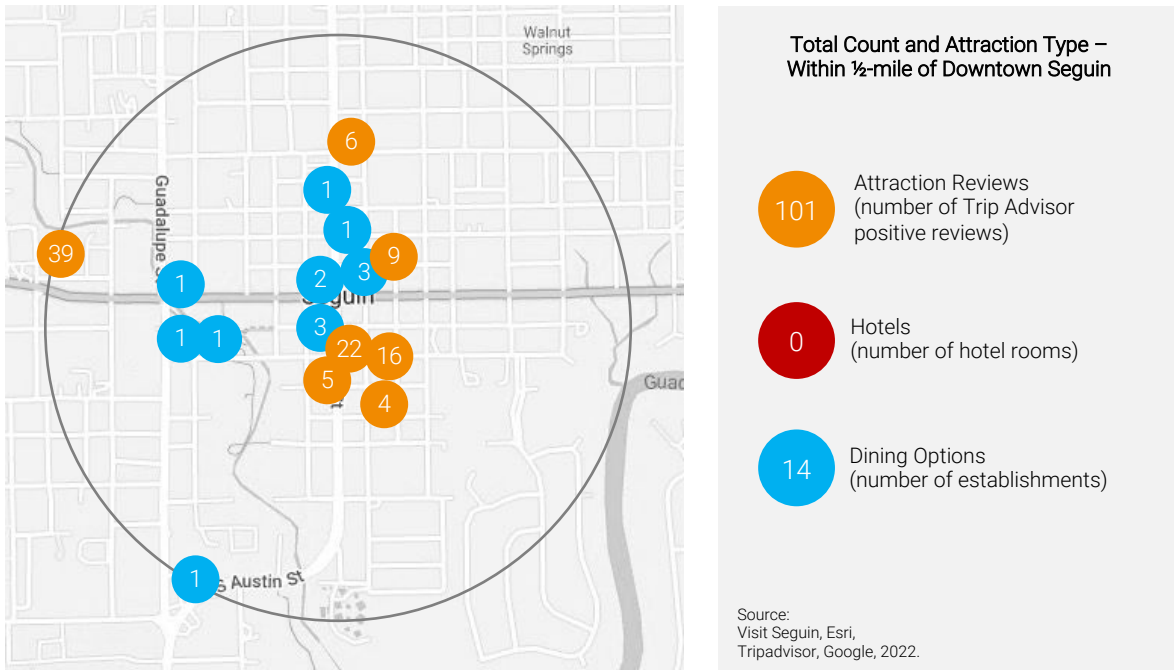


## Downtown Attractions & Amenities

Event planners increasingly consider the destination outside of a host facility when selecting sites for their event. Highly walkable, urban areas such as downtowns, main streets, and entertainment districts provide vibrant and convenient environments for attendees to enjoy before and after their events. To evaluate the appeal and vibrancy of the area around Downtown Seguin, we have prepared the map below that displays the hotel, attractions, and dining inventory within ½-mile. As shown, there are a total of 14 dining establishments within ½-mile of Central Park, as well as 7 attractions listed on TripAdvisor. There are presently no active lodging properties within a half-mile of downtown Seguin. It is also important to note that continuing the growth of hospitality businesses in downtown represents one of the City’s key goals. The inventory of these assets will likely increase going forward.

Considering the attractions with the most reviews on Trip Advisor’s website helps reflect the leisure visitation to the area, with attractions garnering more reviews representing the more well known and popular elements of the downtown Seguin destination. The most reviewed attractions in the area include Sebastopol House Historic Site (39), Seguin Downtown Historic District (22) and The Haunted Magnolia Hotel (16). Other attractions include The Heritage Museum, Texas Theatre, Los Nogales Museum and Palace Theater.

Summary of Downtown Seguin Attractions & Amenities



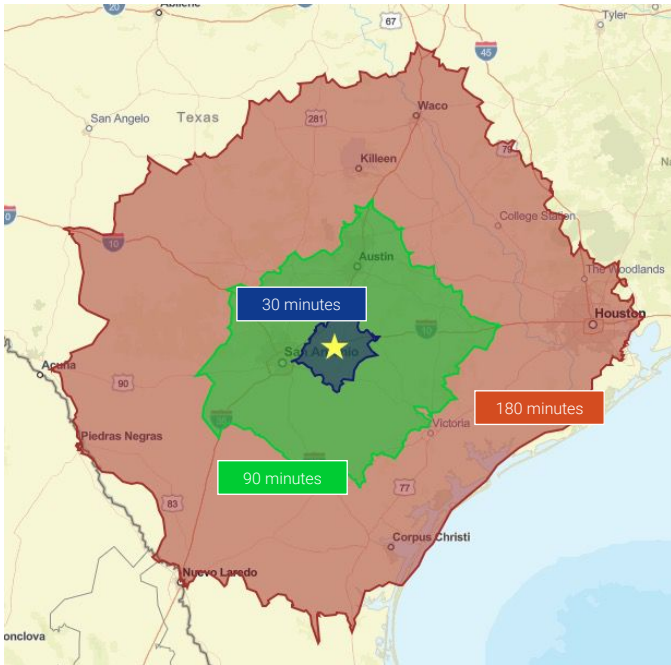


Location & Accessibility

The exhibit below illustrates the proximity of Seguin, Texas with other nearby markets and the markets/land area captured within an estimated 30-, 90- and 180-minute drive of the Seguin Coliseum. As shown, Houston, Austin and San Antonio represent the largest population centers within a 180-minute drivetime. Association, corporate and other types of event activity at a potential new Hotel & Convention Center in Seguin will likely draw significantly from these areas.

These driving distances will be utilized on the subsequent page and later in the report for purposes of comparing demographic and socioeconomic variables.

Summary of Driving Distance To/From the City of Seguin & Nearby Major Markets



Source: Esri, Google Maps, 2023.

City, State	Distance to Seguin (miles)	Distance to Seguin (hrs:min)	Market Population
New Braunfels	16	0:28	84,622
San Marcos	23	0:35	64,053
San Antonio	36	0:41	1,529,000
Austin	53	1:02	2,227,083
Victoria	91	1:37	99,742
Killeen	129	2:03	460,303
College Station	139	2:34	264,728
Corpus Christi	145	2:17	429,024
Waco	164	2:28	273,920
Houston	166	2:50	7,066,141

Demographic & Socioeconomic Characteristics

The table on the following page presents a summary of key demographic metrics associated within the previously presented driving distances to/from Seguin’s downtown, along with overall city, county, state, and United States benchmarking data.

As shown in the exhibit on the following page, the estimated population within the city of Seguin and Guadalupe County is approximately 31,200 and 183,700, respectively. The population within 30 minutes of the City’s downtown is approximately 286,500, while the population within 90 minutes approximates 5.19 million, as this radius captures all of the San Antonio Metropolitan Area and much of the Austin Metropolitan Area. Population levels have increased by more than 50 percent within a 30-minute drivetime of downtown Seguin, significantly outpacing national growth by a factor of five. Over the next five years, the area is projected to grow an additional ten percent, which outpaces national growth by a factor of eight. With this residential boom, demand will be generated for those services and amenities (such as restaurants, retail, and entertainment) that benefit and appeal to the convention marketplace. Further, the level of population from which convention centers will draw participants for public shows, state/regional events and other activity greatly impacts their utilization and revenue performance.

## Summary of Key Demographics Associated with Seguin, Texas

DEMOGRAPHIC VARIABLE	30-Minutes	90-Minutes	180-Minutes	City of Seguin	Guadalupe County	State of Texas	United States
<b>POPULATION:</b>							
2010 Total Population	190,498	3,977,540	11,783,479	26,294	131,533	25,145,561	308,745,538
2022 Total Population	286,741	5,189,948	14,634,282	31,189	183,727	30,157,100	335,707,897
2027 Total Population	315,447	5,543,947	15,397,264	34,578	198,476	31,502,395	339,902,796
Historical Annual Growth (2010-2021)	50.52%	30.48%	24.19%	18.62%	39.68%	19.93%	8.73%
Projected Annual Growth (2022-2027)	10.01%	6.82%	5.21%	10.87%	8.03%	4.46%	1.25%
<b>AGE:</b>							
Median Age	37.0	35.6	35.1	38.6	37.5	35.4	38.9
Population age 25 to 44	27.26%	29.10%	28.98%	24.18%	27.41%	28.50%	26.79%
<b>AGE DISTRIBUTION:</b>							
Under 15	20.15%	20.07%	20.84%	18.93%	20.42%	20.84%	18.12%
15 to 24	13.04%	13.93%	13.78%	13.53%	12.22%	13.58%	12.78%
25 to 34	14.15%	15.12%	15.20%	13.46%	13.91%	15.02%	13.96%
35 to 44	13.11%	13.98%	13.78%	10.72%	13.50%	13.48%	12.83%
45 to 54	11.87%	11.87%	11.70%	10.75%	12.67%	11.72%	12.03%
55 and over	27.69%	25.03%	24.71%	32.60%	27.28%	25.36%	30.29%
<b>HOUSEHOLD INCOME:</b>							
Median Household Income	\$78,313	\$77,274	\$74,187	\$57,356	\$85,978	\$70,834	\$72,414
Per Capita Income	\$35,887	\$40,344	\$38,395	\$28,354	\$36,420	\$36,743	\$40,363
<b>INCOME DISTRIBUTION:</b>							
\$0 to \$24,999	10.56%	13.33%	14.76%	18.12%	8.76%	15.51%	15.79%
\$25,000 to \$49,999	18.36%	17.55%	18.37%	23.89%	16.65%	18.93%	18.58%
\$50,000 to \$74,999	18.21%	17.50%	17.26%	20.56%	16.17%	17.73%	16.91%
\$75,000 to \$99,999	16.41%	13.66%	13.17%	13.01%	16.33%	13.26%	13.19%
\$100,000 to \$149,999	20.66%	18.39%	17.39%	13.96%	24.37%	17.19%	17.23%
\$150,000 or more	15.80%	19.58%	19.04%	10.46%	17.73%	17.38%	18.31%
<b>POPULATION BY RACE/ETHNICITY:</b>							
White/Caucasian	59.81%	52.76%	46.75%	53.93%	59.75%	49.11%	60.99%
Black/African American	6.90%	7.07%	12.51%	6.22%	7.19%	12.19%	12.39%
American Indian	0.87%	1.00%	0.99%	0.84%	0.82%	0.97%	1.14%
Asian	1.60%	4.88%	6.30%	1.04%	1.97%	5.53%	6.12%
Pacific Islander	0.21%	0.13%	0.13%	0.11%	0.25%	0.12%	0.21%
Other Race	11.16%	12.81%	14.38%	17.62%	10.84%	13.68%	8.55%
Two or More Races	19.47%	21.35%	18.93%	20.24%	19.18%	18.40%	10.59%
Hispanic Origin	39.39%	44.29%	41.56%	53.20%	37.62%	39.64%	18.95%
Diversity Index	78.4	82.4	84.8	81.6	78.2	83.7	71.6
<b>BUSINESS:</b>							
Total Business 2022	8,181	172,674	516,874	1,366	3,828	1,048,394	12,609,070
Total Employees 2022	88,827	2,032,160	5,886,610	19,066	42,309	11,906,172	151,363,907
Employee/Residential Population Ratio	0.31:1	0.39:1	0.40:1	0.61:1	0.23:1	0.39:1	0.45:1

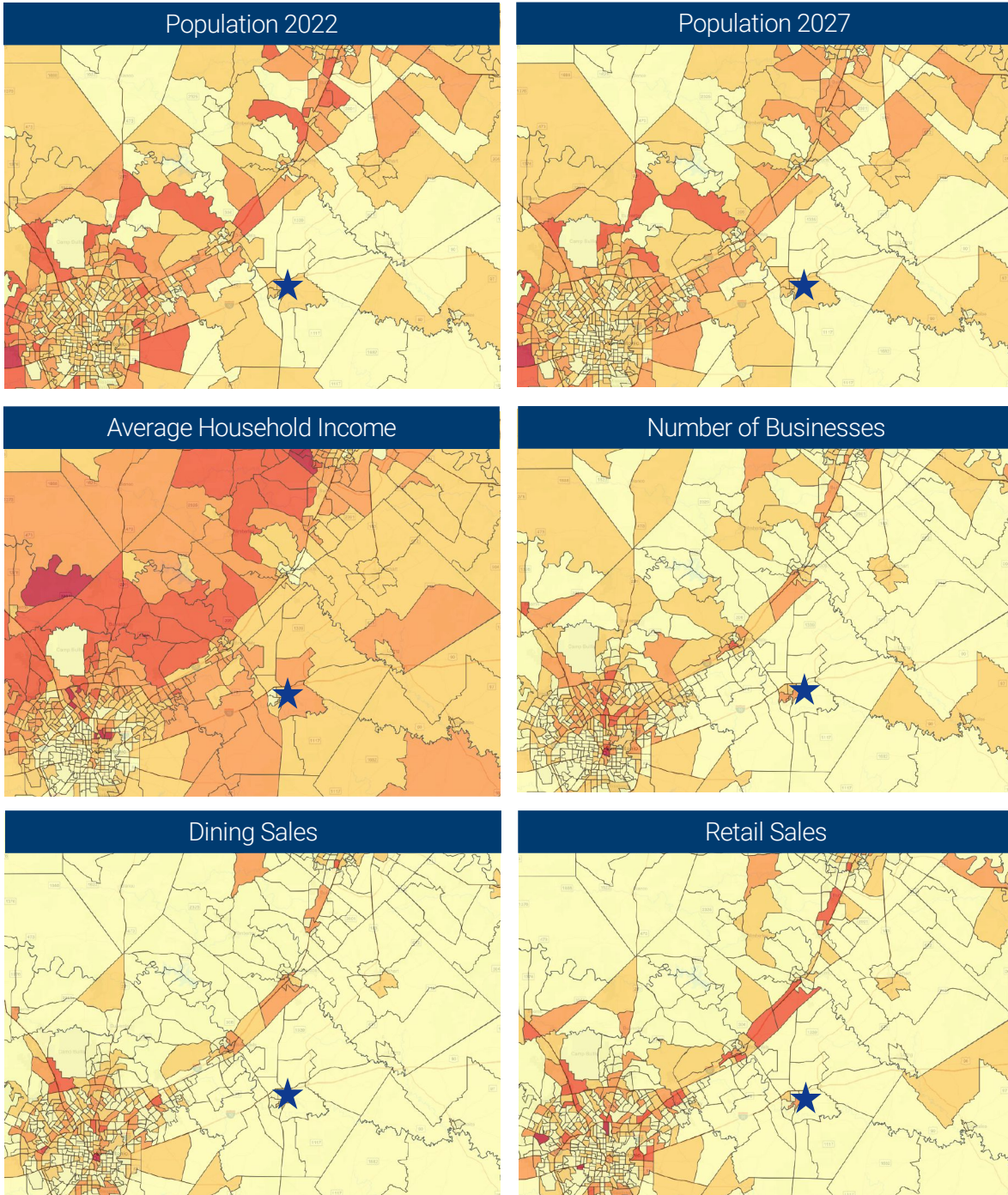
Source: Esri, 2022.

Additionally, the 30-minute drivetime area surrounding Seguin's downtown also has a high median household income relative to national figures (eight percent higher than U.S. average), and the percentage of households making \$100,000 or more (36 percent) is approximately equivalent to the proportion in the U.S.

Business inventory is another important socioeconomic characteristic to consider as part of any convention center expansion planning effort. There are approximately 8,181 businesses within a 30-minute drive of Downtown Seguin, with a total of approximately 88,800 employees. Furthermore, there are approximately 172,700 businesses with a total of 2.0 million employees within a 90-minute drive of Downtown Seguin. The employee-to-residential ratio for the city of Seguin outperforms that of the U.S. Taken with income data above, these data suggest a strong regional economy that can help support a growing local events industry.

## Demographic & Socioeconomic Heat Maps

The heat maps below display the relative density of demographic data points as a spectrum of colors ranging from cool (lighter color, indicating a low density of points) to hot (darker color, indicating a high relative density of points). These data are segmented by census tract. As presented in the exhibits below, relative to surrounding markets, Seguin has a higher concentration of population, average household income and number of businesses, but generates relatively limited dining and retail sales compared to other regional tracts in or near San Antonio and Austin. These data suggest market leakage of these sales to nearby major markets, primarily San Antonio and Austin. In considering CSL’s experience with markets around the country, a new Hotel & Convention Center in Seguin would likely serve to attract non-locals to the area, thereby positively impacting dining and retail sales and furthermore spurring the development of additional dining and retail businesses near the ultimate site.

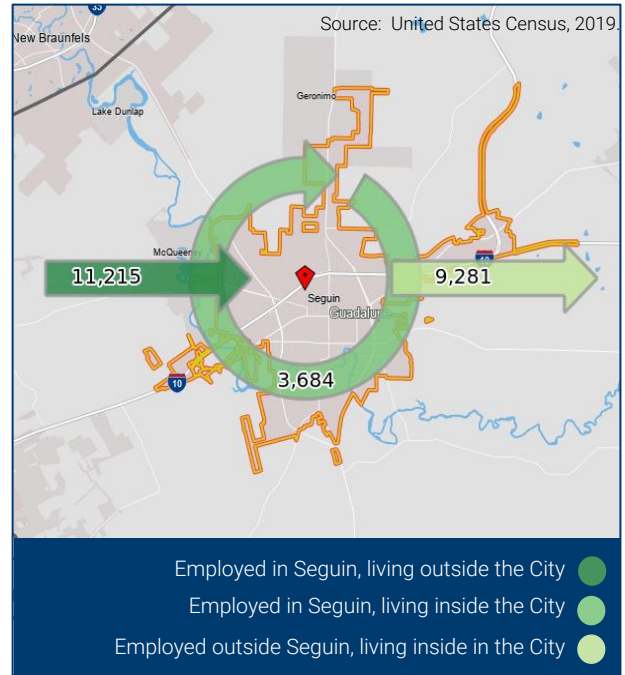


Source: Esri, 2022.

## Corporate Base

The depth of the inventory of local corporations and employers can provide an indication of potential for corporate meeting activity in a given market. Often, the major employers in a local market are an important source of facility usage with regard to corporate meetings, banquets and other similar uses, all of which are important to maintain the utilization and financial viability of a convention center. Indirectly, the size of a local corporate base also tends to correlate with the level and breadth of supporting community amenities (i.e., hotels, restaurants, transportation infrastructure, etc.), which are relevant when considering the ability to attract non-local events. Also, attracting events consistent with industry clusters that are prioritized by local economic development organizations can create important business generation synergies.

The graphic to the right shows an analysis of inflow/outflow job counts for workers in Seguin. As shown, there are over 11,200 employees who live outside of Seguin and travel to the city for work, 3,700 workers who both live and work in the city, and nearly 9,300 workers who live in the city and travel outside its borders for work. Of those 9,300 who leave to work in other markets, the most common cities they travel to include San Antonio (8.1 percent) and New Braunfels (7.7 percent). As noted in the demographic analysis, these data overall suggest Seguin has a moderately-strong employer base that significantly benefits its economy.



The chart below provides a listing of the top 10 employers within Seguin measured by employee count. Of the 10 listed, the entities with the largest employee base are Caterpillar, Vitesco Technologies and Seguin Independent School District. Manufacturing is the most prominent industry in the Seguin economy, which represents 26.3% of jobs in the city. Seguin’s total number of manufacturing jobs is greater than three times the national average. Other prominent industries include Health Care and Social Assistance (14.9%), Educational Services (11.9%) and Retail Trade (11.5%).

Summary of Largest Employers in Seguin, Texas

	Company Name	Estimated Number of Employees	Industry
1	Vitesco Technologies	1,750	Manufacturing
2	Caterpillar	1,500	Engine Assembly
3	Seguin Independent School District	1,100	Education
4	CMC Steel Texas	850	Steel Products Manufacturing
5	Guadalupe Regional Medical Center	835	Healthcare
6	Tyson Foods, Inc.	750	Manufacturing
7	Guadalupe County	600	Government
8	City of Seguin	460	Government
9	HEB	430	Retail
10	Walmart Supercenter	300	Retail
TOTAL		8,575	



Source: Seguin Economic Development Corporation, 2022.

## Existing Local Event Facilities

The abbreviated case studies below provide some detail regarding several facilities in the area that currently serve the Seguin area as event facility products. None of the facilities are consistent with modern, industry standards for convention facility products, and local stakeholders often noted that the area fails to capture state or regional association business due to the lack of carpeted event space and/or full-service hotels in the market.



### Fiesta Ballroom

Opened in 1976 by the Trevino family, Fiesta Ballroom is located off of Interstate Highway I-10 and is within a mile of five of the city's six largest hotel properties. This 24,800 square foot dance hall hosts the largest parquet wood dance floor in South Central Texas (at 6,000 square feet) and can seat up to 1200 guests. The facility has historically been rented for special events including weddings, anniversaries, quinceañeras, banquets and concerts. Since its introduction, Fiesta Ballroom has hosted a considerable number of celebrities, comedians, wrestlers and musicians and has become a popular venue for the local Tejano music industry.



### Soel Venue

The Soel Venue opened in 2019 and is positioned within a group of historic buildings in Downtown Seguin and is located less than a block west of City's Central Park. The Soel venue is primarily used for weddings, receptions, and other special events. The facility's main room can seat up to 300 guests and features a dance floor and stage. The entrance leads into a 2,000-square foot cocktail room with a pair of bars and artificial hedge wall for photo opportunities.



### The Big Red Barn

The Texas Agricultural Education and Heritage Center, more commonly known as the Big Red Barn, is located north of the City of Seguin off of Texas State Highway 123 on working farmland. It houses a collection of farm, ranch and household equipment and is regularly rented for meetings, weddings, birthdays, and other special events. The Barn's main hall can seat more than 200 guests as well as its extension room (200 capacity) and side room (45 capacity). The site's 19th Century Zion Lutheran Church is popular for weddings and other religious events. Additional spaces, including the educational Ag Wing, barns with farm animals, and a rural village reconstructed to model a historical site, are available for tours but are not rentable for events.



### Seguin Coliseum (Seguin Events Complex)

Dedicated in 1977, the Seguin Coliseum is a multi-purpose event facility that hosts banquets, conventions, meetings, trade shows and private events. With 12,000 square feet of event space, the facility is part of the overall Seguin Events Complex and operated by the City Parks & Recreation Department. The Coliseum offers a fully equipped kitchen along with full concession services. Overall, management feels that the facility is underutilized as an event space asset, and that its lack of business-quality meeting space and nearby hotel inventory preclude its ability to accommodate to conventions and conferences. In recent years, the facility has hosted more local banquet activity, including weddings, quinceañeras, holiday parties, and other such events. Overall, the facility generates approximately \$60,000 in annual revenue and \$100,000 in expenses, resulting in an annual operating deficit of \$40,000.

# 2 LOCAL & REGIONAL CONDITIONS

## Texas Convention & Meeting Facilities

Taking inventory of the existing meeting facilities in a surrounding area can provide an understanding of convention/meeting space gaps in the market. These gaps could potentially be addressed with new or expanded convention/meeting facilities in the market. The exhibit below presents the event space inventories identified as potential competitors with a Seguin Hotel Convention Center. These facilities would presumably vie for similar events as a potential Hotel Convention Center, including target segments such as state association conferences/conventions/tradeshows, SMERF (social, military, education, religious, fraternal) events and others. Note that larger facilities in the state of Texas, including the Austin Convention Center in Austin and the Henry B. Gonzalez Convention Center in San Antonio, have been excluded from this analysis due to their significant sizes and target customers (i.e., national associations and corporations and large regional events).

As shown, 42 facilities were identified in Texas that may pose varying levels of competition for a new Convention Center in Seguin, including six facilities in San Antonio and three facilities in Austin. The Irving Convention Center and the Arlington Convention Center both offer nearly 50,000-square foot contiguous exhibit halls, while Sheraton Dallas Hotel offers the most total sellable space at 131,400 square feet. With a nearly 12,000-square foot exhibit hall and 24,600 total square feet of sellable space, the New Braunfels Civic & Convention Center is the closest competitor geographically to Seguin. It will be important to consider these data as part of recommendations described later herein.

Summary of Mid-Sized Convention Facility Products within Texas

Facility	Market	Distance to Seguin (mi)	Exhibit (SF)	Meeting (SF)	Ballroom (SF)	Total Sellable Space (SF)	Largest Contiguous Space (SF)	
1	New Braunfels Civic & Convention Center	New Braunfels, TX	15	11,780	3,485	9,298	24,600	11,780
2	San Marcos Conference Center	San Marcos, TX	21	0	6,300	36,000	42,300	28,800
3	Grand Hyatt San Antonio	San Antonio, TX	36	0	21,600	51,600	73,200	30,600
4	JW Marriott San Antonio Hill Country Resort & Spa	San Antonio, TX	36	0	18,300	101,700	120,000	40,500
5	San Antonio Marriott Rivercenter Hotel	San Antonio, TX	36	0	13,100	41,600	54,700	41,600
6	Hyatt Regency Hill Country Resort & Spa	San Antonio, TX	49	0	6,100	39,500	45,600	20,200
7	Hilton Austin	Austin, TX	52	0	21,200	41,100	62,300	25,600
8	JW Marriott Austin	Austin, TX	52	23,200	35,200	53,300	111,700	30,200
9	Pedrotti's Ranch	San Antonio, TX	58	7,500	0	33,900	41,400	14,400
10	Renaissance Austin Hotel	Austin, TX	62	35,300	17,200	19,600	72,100	30,300
11	Courtyard Austin Pflugerville and Conference Center	Pflugerville, TX	73	0	8,200	2,800	11,000	8,200
12	Victoria Community Center	Victoria, TX	93	53,300	300	0	53,600	33,800
13	Sheraton Ausitn Georgetown Hotel & Conference Center	Georgetown, TX	95	0	15,900	2,900	18,800	15,900
14	Richard M. Borchard Regional Fairgrounds	Robstown, TX	136	110,400	1,300	19,200	130,900	45,000
15	The Westin Galleria Houston	Houston, TX	158	26,000	18,600	17,800	62,400	26,000
16	Hyatt Regency Houston	Houston, TX	162	28,000	23,600	16,000	67,600	28,000
17	Marriott Marquis Houston Downtown	Houston, TX	162	0	32,400	61,400	93,800	39,700
18	Waco Convention Center	Waco, TX	164	32,000	17,700	30,000	79,700	32,000
19	Hilton Americas - Houston	Houston, TX	164	0	23,800	65,000	88,800	39,100
20	The Woodlands Waterway Marriott Hotel & Conv. Ctr.	The Woodlands, TX	180	37,200	7,300	22,100	66,600	37,200
21	Pasadena Convention Center	Pasadena, TX	185	36,500	3,900	0	40,400	21,200
22	The Lone Star Convention & Expo Center	Conroe, TX	195	45,000	8,400	22,300	75,700	45,000
23	The Galveston Island CC at The San Luis Resort	Galveston, TX	211	43,100	11,700	15,500	70,300	43,100
24	Somervell County Expo Center	Glen Rose, TX	214	78,800	0	0	78,800	33,000
25	Ford Park	Beaumont, TX	238	83,000	7,620	0	88,700	48,000
26	Beaumont Civic Center	Beaumont, TX	248	41,300	0	0	41,300	29,300
27	Pitser Garrison Convention Center	Lufkin, TX	254	21,900	4,800	0	26,700	21,900
28	Hyatt Regency Dallas	Dallas, TX	256	39,000	16,200	65,100	120,300	30,000
29	Omni Dallas Hotel	Dallas, TX	256	0	24,800	46,500	71,300	31,700
30	Sheraton Dallas Hotel	Dallas, TX	257	0	38,400	93,000	131,400	40,800
31	Mesquite Hampton Inn & Suites/Convention & Expo Ctr.	Mesquite, TX	263	63,000	3,300	18,000	84,300	35,000
32	Arlington Convention Center	Arlington, TX	264	48,600	8,500	30,000	87,100	48,600
33	Hyatt Regency DFW Hotel	DFW Airport, TX	266	0	33,300	44,000	77,300	21,100
34	Irving Convention Center at Las Colinas	Irving, TX	267	48,600	10,600	26,100	85,300	48,600
35	Intercontinental Dallas	Addison, TX	269	0	27,200	30,000	57,200	25,400
36	Abilene Civic Center	Abilene, TX	279	20,600	8,000	13,400	42,000	20,600
37	Plano Centre	Plano, TX	281	0	11,400	21,600	33,000	21,600
38	Marriott Dallas Allen Hotel & Watters Creek Convention Center	Allen, TX	283	40,000	8,000	12,000	60,000	40,000
39	Southfork Ranch Event and Conf.Center	Parker, TX	289	0	3,500	32,800	36,300	26,500
40	South Padre Island Convention Center	S. Padre Island, TX	302	22,500	8,400	0	30,900	22,500
41	Maude Cobb Convention Center	Longview, TX	317	27,378	3,640	0	31,018	27,378
42	Wichita Falls MEC - Ray Clymer Exhibit Hall	Wichita Falls, TX	364	38,100	20,200	0	58,300	38,100
43	Lubbock Memorial Civic Center	Lubbock, TX	420	40,000	13,229	14,105	67,334	40,000
44	Amarillo Civic Center	Amarillo, TX	542	68,365	31,180	20,725	120,270	26,700
AVERAGE				26,600	13,600	26,600	66,700	31,000
MEDIAN				24,600	11,000	21,200	67,000	30,300

Source: CSL research, interviews with facility management, facility websites, Google maps, 2022.

Hotel Inventory

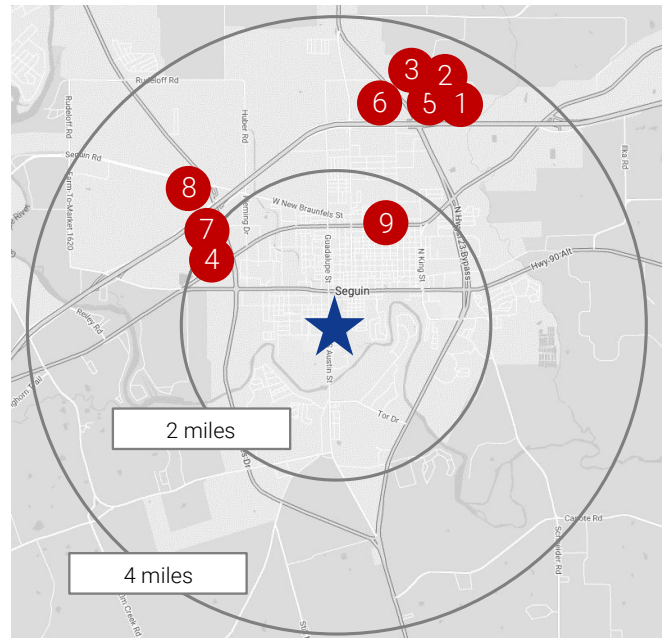
The chart and map below summarize the key existing lodging facilities located in Seguin. The location of the Seguin Coliseum has been used as a center point in this exhibit due to the facility's identity as the market's primary event facility. There are 621 hotel rooms within four miles of the Seguin Coliseum, distributed across nine hotel properties.

The spectrum of properties, according to the hotel classification system maintained by STR, Inc. (formerly, Smith Travel Research, which is an independent research firm that compiles performance data from individual properties in the lodging industry), mostly range from Midscale to Upper Midscale. Currently, Seguin lacks any hotel property above Upper Midscale, such as Upscale and Upper Upscale properties. Convention facilities are optimized when they have the support of integrated, attached or adjacent full-service hotel products (typically within the Upper Upscale chain scale). The lack of sizeable, quality, full-service hotel products in Seguin is believed to be a substantially limiter for the community in terms of growing its presence in the convention industry. Additionally, the lack of quality, full-service hotel product in Seguin is also constraining Seguin's attraction of corporate group and transient business.

If planned and designed correctly, a new Hotel & Convention Center in Seguin would also benefit existing hotel products in the area, through the compression of room night demand to ancillary properties beyond the subject headquarters Hotel. Furthermore, convention business tends to have longer booking windows than normal corporate and leisure transient business—leading to additional benefits to other existing hotel properties in the market as the primary full-service Hotel is booked for convention events.

Summary of Primary Lodging Facilities in Seguin

Hotel Property	Hotel Guest	Distance from	Hotel Chain Scale
	Rooms (number)	Coliseum (miles)	
1 TownePlace Suites	118	4.1	Upper Midscale
2 Holiday Inn Express	89	4.0	Upper Midscale
3 Comfort Inn & Suites	72	4.2	Upper Midscale
4 La Quinta Inn & Suites	72	2.7	Midscale
5 Hampton Inn	69	4.0	Upper Midscale
6 Days Inn	67	4.0	Midscale
7 Super 8	48	2.7	Midscale
8 Motel 6	45	3.0	Midscale
9 Texas Inn	41	2.2	Independent
TOTAL		621	



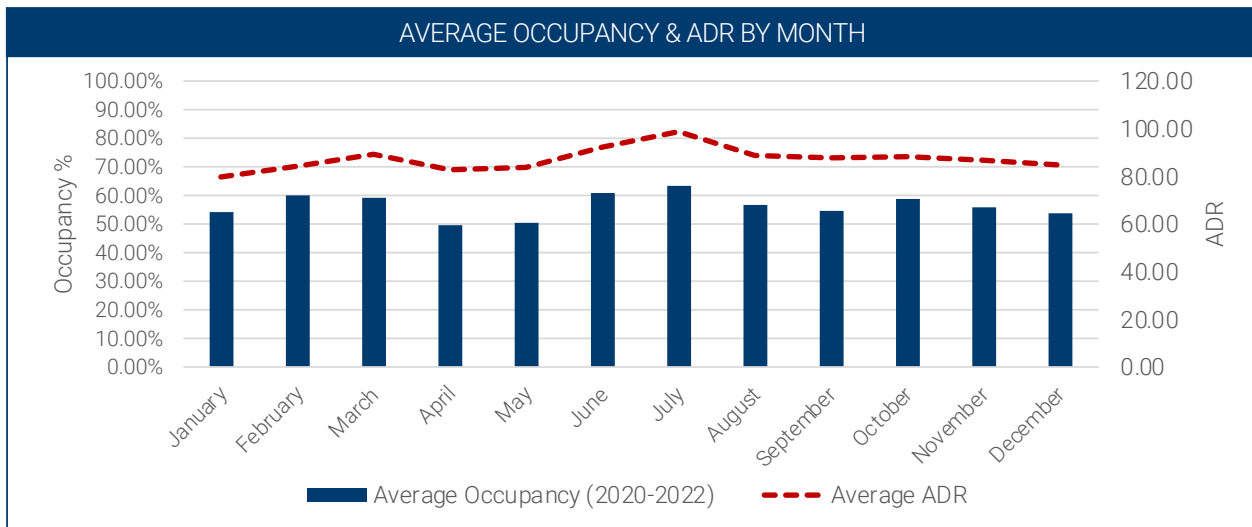
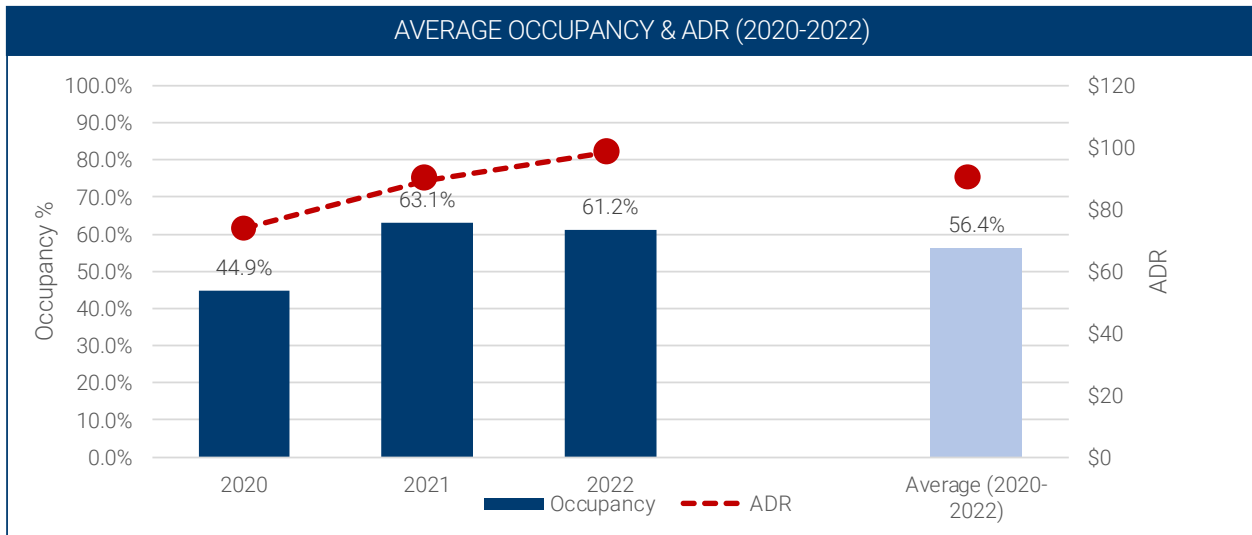
Source: Visit Seguin, City of Seguin, Google Maps, 2022.

## Hotel Market Performance

To evaluate local tourism trends, we have reviewed information maintained by the City of Seguin, including hotel average daily rate (ADR) performance, as well as hotel occupancy in Seguin for the three-year period spanning January 2020 through December 2022. Seasonal patterns associated with hotel occupancy and ADR by year and month are presented below. The data includes all lodging properties in Seguin who reported performance data to STR (therefore, a mix of economy, limited service and select service properties, which will collectively result in lower ADR figures than typical full-service hotel properties in other markets).

The data shows Seguin has experienced a steady rebound from COVID, with increases in occupancy and ADR since 2020. Monthly occupancy data suggests relatively consistent hotel business throughout the year. Considering the moderate occupancy and lower ADR represented by the data below (along with the lack of a traditional full-service precedence property), private sector demand to develop/invest in a new hotel in the region is likely challenged, and public sector incentives for such a development may be warranted. This is evaluated further later in this report.

Summary of Key Occupancy & Rate Statistics for Existing Seguin Hotels



Source: City of Seguin, STR, 2023.

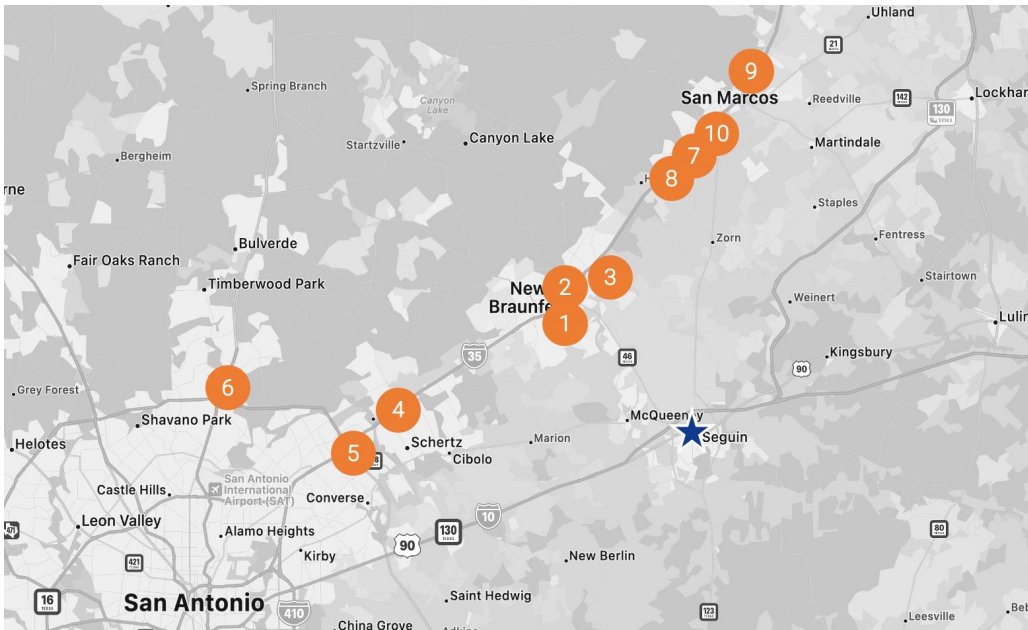


## Local & Regional Competitive Hotel Performance

Given that local market evidence is pointing to the need for a new, appropriate full-service hotel product, a development scenario in Seguin involves an integrated Hotel & Conference Center model, it is important to evaluate the potential market and financial performance of existing area comparable hotel products. As such, a competitive set of Seguin area hotel properties was identified through STR. Existing comparable competitive area hotel properties can provide an important basis for understanding how a potential new hotel asset may be able to perform in a market. The most common measurement of supply in the lodging industry is the number of available guestrooms. The existing hotel inventory in Seguin and the surrounding area was investigated. As quality upper-upscale and upscale chain scale hotels do not exist in Seguin, certain comparable hotel properties were considered in the nearby regional area to add value to the understanding of regional comparable property performance. The 10 hotel properties shown were identified as a competitive set. These facilities form one basis of understanding competitive hotel room supply and demand concerning a potential new full-service Hotel in Seguin.

Identified STR Competitive Hotel Set

	Hotel Name	City, State	Number of Hotel Rooms	Hotel Class
1	Courtyard New Braunfels River Village	New Braunfels, TX	125	Upscale Class
2	Hilton Garden Inn New Braunfels	New Braunfels, TX	103	Upscale Class
3	Homewood Suites by Hilton New Braunfels	New Braunfels, TX	90	Upscale Class
4	Staybridge Suites San Antonio - Schertz	Schertz, TX	97	Upscale Class
5	Hilton Garden Inn San Antonio Live Oak Conf. Ctr.	Live Oak, TX	138	Upscale Class
6	Courtyard San Antonio North Stone Oak At Legacy	San Antonio, TX	107	Upscale Class
7	Embassy Suites San Marcos Hotel Spa & Conf. Ctr.	San Marcos, TX	283	Upper Upscale Class
8	Courtyard San Marcos	San Marcos, TX	97	Upscale Class
9	Hilton Garden Inn San Marcos	San Marcos, TX	107	Upscale Class
10	Homewood Suites by Hilton San Marcos	San Marcos, TX	94	Upscale Class
Average			124	
Median			105	



Source: STR custom trend report, Google maps, 2023.

# 2 LOCAL & REGIONAL CONDITIONS

Data generated by STR, Inc. associated with the historical performance of the competitive set was analyzed. As shown, within the competitive set, total hotel room supply increased since 2014, calculating over the period to an average of 10.8 percent annual growth, with significant supply entering the competitive marketplace between 2015 and 2017. Prior to the COVID-19 pandemic, occupancy was relatively stable. The retraction and recovery of statistics in 2020 and 2021 demonstrate the dramatic volatility of the unprecedented pandemic event. Overall, occupancy and ADR averages within the competitive set have been consistent with national trends given the types of products included.

## STR Competitive Hotel Set Historical Supply & Demand

Year	Average Daily Room Count	Available Room Nights	% Change	Occupied Room Nights	% Change	Occupancy	% Change	Average Rate	% Change	RevPAR	% Change
Historical Performance (Last 8 full years)											
2014	667	243,418	—	177,527	—	72.9%	—	\$129.62	—	\$94.53	—
2015	715	260,975	7.2%	191,804	8.0%	73.5%	0.8%	\$133.66	3.1%	\$98.23	3.9%
2016	864	315,347	20.8%	225,111	17.4%	71.4%	-2.9%	\$129.57	-3.1%	\$92.49	-5.8%
2017	1,024	373,620	18.5%	266,201	18.3%	71.2%	-0.2%	\$126.11	-2.7%	\$89.85	-2.9%
2018	1,121	409,100	9.5%	280,926	5.5%	68.7%	-3.6%	\$125.53	-0.5%	\$86.20	-4.1%
2019	1,217	444,235	8.6%	320,200	14.0%	72.1%	5.0%	\$122.91	-2.1%	\$88.59	2.8%
2020	1,241	452,965	2.0%	212,746	-33.6%	47.0%	-34.8%	\$105.14	-14.5%	\$49.38	-44.3%
2021	1,241	452,965	0.0%	319,308	50.1%	70.5%	50.1%	\$125.90	19.7%	\$88.75	79.7%
Average Annual Compounded Change											
2014-2021	—	—	10.8%	—	10.0%	—	-0.4%	—	-0.4%	—	-0.8%
Year-to-Date (through October)											
2021	1,363	414,494	—	295,049	—	71.2%	—	\$126.11	—	\$89.77	—
2022	1,363	414,494	0.0%	301,399	2.2%	72.7%	2.2%	\$144.99	15.0%	\$105.43	17.4%

Source: STR custom trend report, 2023.

The following exhibits illustrate seasonal demand patterns in the competitive set. Occupancies above 80 percent indicate the likely presence of periods of unaccommodated demand. While these statistics remain affected by the pandemic, these patterns indicate moderate to moderately-high volumes of unaccommodated demand in the competitive marketplace, which would be expected to continue to strengthen in future near-term periods. In markets with measurable levels of unaccommodated demand, as new supply enters the market, the new supply will allow some of the historically unaccommodated demand to be absorbed. New supply will likely have some negative effect on overall market occupancies, as is typical in any market.

## STR Competitive Hotel Set Historical Daily Occupancy & Daily ADR

	Sun	Mon	Tues	Wed	Thu	Fri	Sat		Sun	Mon	Tues	Wed	Thu	Fri	Sat
Dec - 21	48.3%	58.9%	63.9%	67.4%	59.3%	68.6%	73.5%	Dec - 21	\$113.52	\$118.48	\$118.29	\$118.58	\$120.32	\$133.24	\$135.12
Jan - 22	40.4%	52.7%	55.5%	56.4%	53.1%	61.5%	62.2%	Jan - 22	\$114.36	\$118.06	\$118.44	\$117.26	\$115.03	\$119.42	\$119.88
Feb - 22	50.0%	62.8%	74.0%	66.1%	64.1%	77.8%	81.8%	Feb - 22	\$118.23	\$120.46	\$124.51	\$121.96	\$117.56	\$135.43	\$137.92
Mar - 22	53.1%	69.8%	79.8%	81.4%	81.5%	89.9%	92.1%	Mar - 22	\$134.84	\$138.70	\$140.05	\$139.80	\$142.32	\$162.01	\$163.18
Apr - 22	48.0%	72.2%	83.2%	81.3%	76.0%	88.3%	87.4%	Apr - 22	\$130.63	\$134.40	\$132.52	\$131.69	\$135.88	\$163.62	\$165.82
May - 22	54.3%	65.8%	74.5%	77.4%	69.3%	79.7%	89.5%	May - 22	\$140.58	\$136.61	\$135.11	\$138.25	\$143.02	\$169.95	\$177.09
Jun - 22	58.0%	79.3%	85.8%	84.6%	81.0%	85.7%	90.0%	Jun - 22	\$138.72	\$144.15	\$144.36	\$144.16	\$144.11	\$174.41	\$181.50
Jul - 22	61.5%	72.3%	81.6%	81.8%	84.6%	89.1%	93.6%	Jul - 22	\$152.02	\$149.77	\$148.06	\$147.97	\$148.43	\$175.17	\$188.80
Aug - 22	53.1%	71.3%	75.2%	68.4%	71.4%	80.8%	85.4%	Aug - 22	\$135.45	\$133.51	\$140.16	\$137.80	\$140.32	\$165.53	\$169.85
Sep - 22	56.1%	56.1%	73.3%	75.8%	71.7%	78.5%	88.6%	Sep - 22	\$138.11	\$131.63	\$138.33	\$138.07	\$137.94	\$149.05	\$162.25
Oct - 22	53.0%	68.6%	76.7%	76.6%	74.3%	85.0%	90.3%	Oct - 22	\$135.58	\$130.36	\$141.25	\$137.99	\$144.93	\$169.99	\$174.98
Nov - 22	47.2%	61.1%	72.4%	74.0%	69.8%	78.5%	81.8%	Nov - 22	\$131.74	\$134.10	\$136.33	\$139.19	\$137.88	\$154.56	\$162.39
<b>Total Year</b>	<b>51.9%</b>	<b>65.8%</b>	<b>74.7%</b>	<b>74.3%</b>	<b>71.5%</b>	<b>80.3%</b>	<b>84.6%</b>	<b>Total Year</b>	<b>\$133.30</b>	<b>\$133.09</b>	<b>\$135.77</b>	<b>\$135.35</b>	<b>\$136.87</b>	<b>\$157.50</b>	<b>\$163.58</b>

Source: STR custom trend report, 2023.

# 2 LOCAL & REGIONAL CONDITIONS

The following exhibit presents historical results and projections of supply, demand, occupancy, ADR and RevPAR for the competitive set, including the subject Hotel & Convention Center in Seguin (which is assumed to enter the market in 2025). As population and commercial development continue to grow within the competitive market and the hospitality industry continues to rebound, strong year-over-year demand growth is expected to continue upon within a post-pandemic environment. For purposes of this analysis, it is assumed that demand recovery will continue through 2025 (at which time the new subject Hotel & Convention Center would open, adding its supply to the set), upon which time demand levels would be expected to stabilize. Key issues beyond the pandemic recovery that would be expected to influence demand growth include: (1) strong projected greater market area population growth, (2) convention, conference and meetings industry demand growth, largely as a result of the assumed new Hotel & Convention Center in Seguin, along with the Embassy Suites San Marcos Hotel & Conference Center, (3) latent and unaccommodated group, commercial and leisure demand, and (4) induced demand, particularly in group and commercial segments.

STR Competitive Hotel Set Projected Demand

Year	Average Daily Room Count	Available Room Nights	% Change	Occupied Room Nights	% Change	Occupancy	% Change	Average Rate	% Change	RevPAR	% Change
<b>Historical - Competitive Set</b>											
2014	667	243,418	—	177,527	—	72.9%	—	\$129.62	—	\$94.53	—
2015	715	260,975	7.2%	191,804	8.0%	73.5%	0.8%	\$133.66	3.1%	\$98.23	3.9%
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2021	1,241	452,965	0.0%	319,308	50.1%	70.5%	50.1%	\$125.90	19.7%	\$88.75	79.7%
<b>Projected - Competitive Set</b>											
2022	1,363	497,665	9.9%	366,854	14.9%	73.7%	4.6%	\$132.20	5.0%	\$97.45	9.8%
2023	1,439	525,368	5.6%	399,461	8.9%	76.0%	3.1%	\$138.15	4.5%	\$105.04	7.8%
2024	1,513	552,175	5.1%	421,638	5.6%	76.4%	0.4%	\$143.67	4.0%	\$109.71	4.4%
2025	1,783	650,789	17.9%	487,963	15.7%	75.0%	-1.8%	\$148.70	3.5%	\$111.50	1.6%
2026	1,849	674,939	3.7%	503,651	3.2%	74.6%	-0.5%	\$153.91	3.5%	\$114.85	3.0%
2027	1,918	699,986	3.7%	519,713	3.2%	74.2%	-0.5%	\$159.29	3.5%	\$118.27	3.0%
2028	1,971	719,468	2.8%	533,161	2.6%	74.1%	-0.2%	\$164.87	3.5%	\$122.18	3.3%
2029	2,017	736,155	2.3%	547,003	2.6%	74.3%	0.3%	\$170.64	3.5%	\$126.79	3.8%
2030	2,064	753,229	2.3%	561,255	2.6%	74.5%	0.3%	\$176.61	3.5%	\$131.60	3.8%
2031	2,112	770,699	2.3%	575,929	2.6%	74.7%	0.3%	\$182.79	3.5%	\$136.60	3.8%

Source: STR custom trend report, 2023.

## Summary & Conclusions

- **A GROWING COMMUNITY:** Population levels have increased by more than 50 percent within a 30-minute drivetime of downtown Seguin, significantly outpacing national growth by a factor of five. Over the next five years, the area is projected to grow an additional ten percent, which outpaces national growth by a factor of eight. With this residential boom, demand will be generated for those services and amenities (such as restaurants, retail, and entertainment) that benefit and appeal to the convention marketplace.
- **LOCAL INDUSTRY:** Originally founded in 1838, Seguin's diverse economy is a principal component of the San Antonio metropolitan area. The manufacturing industry, Seguin's main source of employment, accounts for nearly 26% of its workforce; the city's 6,000 manufacturing jobs exceed more than three times the national per capita average and its major employers in this sector include Vitesco Technologies, Caterpillar and Commercial Metals Corporation (CMC Steel). The City's major employers can leverage a large, diverse labor pool given proximity to San Antonio and Austin markets, while also attracting nationwide talent to the area. This corporate base should be considered key demand generator for a potential Hotel & Convention Center in Seguin.
- **EXISTING HOTEL INVENTORY:** Seguin currently has 621 hotel rooms spread over nine properties. Currently, Seguin lacks a downtown hotel property and any hotel property above the Upper Midscale chain scale classification (such as Upscale and Upper Upscale properties). Convention facilities are optimized when they have the support of integrated, attached or adjacent full-service hotel products (typically within the Upper Upscale chain scale). The lack of sizeable, quality, full-service hotel products in Seguin is believed to be a substantially limiter for the community in terms of growing its presence in the convention industry. Additionally, the lack of quality, full-service hotel product in Seguin is also constraining Seguin's attraction of corporate group and transient business. If planned and designed correctly, a new Hotel & Convention Center in Seguin would also benefit existing hotel products in the area, through the compression of room night demand to ancillary properties beyond the subject headquarters Hotel. Furthermore, convention business tends to have longer booking windows than normal corporate and leisure transient business—leading to additional benefits to other existing hotel properties in the market as the primary full-service Hotel is booked for convention events.
- **EXISTING SEGUIN EVENT FACILITIES:** None of Seguin's existing flat floor event facilities are consistent with modern, industry standards for convention facility products, and local stakeholders often noted that the area fails to capture state or regional association business due to the lack of carpeted event space and/or full-service hotels in the market.
- **COMPETITIVE CONVENTION FACILITIES IN TEXAS:** Forty-four (44) facilities were identified in Texas that may pose varying levels of competition for a new Convention Center in Seguin, including six facilities in San Antonio and three facilities in Austin. The Irving Convention Center and the Arlington Convention Center both offer nearly 50,000-square foot contiguous exhibit halls, while Sheraton Dallas Hotel offers the most total sellable space at 131,400 square feet. With a nearly 12,000-square foot exhibit hall and 24,600 total square feet of sellable space, the New Braunfels Civic & Convention Center is the closest competitor geographically to Seguin. It will be important to consider these data as part of recommendations described later herein.
- **COMPETITIVE SET HOTEL SUPPLY & DEMAND:** As population and commercial development continue to grow within the competitive market and the hospitality industry continues to rebound, strong year-over-year demand growth is expected to continue upon within a post-pandemic environment. It is assumed that demand recovery will continue through 2025 (at which time the new subject Hotel & Convention Center would open, adding its supply to the set), upon which time demand levels would be expected to stabilize. Key issues beyond the pandemic recovery that would be expected to influence demand growth include: (1) strong projected greater market area population growth, (2) convention, conference and meetings industry demand growth, largely as a result of the assumed new Hotel & Convention Center in Seguin, along with the Embassy Suites San Marcos Hotel & Conference Center, (3) latent and unaccommodated group, commercial and leisure demand, and (4) induced demand, particularly in group and commercial segments.



3

# INDUSTRY TRENDS

## Introduction

The economy of any destination can be influenced by many factors outside the control of community leaders. Economic conditions, corporate relocations, changes in governmental or institutional presence and other factors will influence employment, income, tax revenues and other critical aspects of an economy.

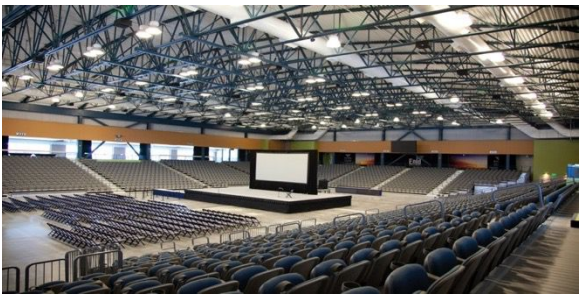
In most communities, the visitor industry also plays an important role in local and regional economic health. Visitors to a market offer an opportunity to inject new dollars into the economy, with relatively limited use of public infrastructure. Visitor spending then generates net new tax revenue, reducing the tax burden on residents.

At the same time, the competition for visitor industry market share is fierce. Communities throughout the country continue to invest in assets and amenities that are designed in part to attract visitors. Much of this investment involves convention, sports and entertainment facilities.

The market success of convention facility products can be partially attributed to broader industry characteristics and trends. In order to assess the current and future strength of any market with regard to a potential expanded convention product, it is important to evaluate prominent and emerging trends from a national perspective.

Additionally, the "state-of-the-industry" in terms of the physical product aesthetics and functionality of convention facilities has continued to advance year-over-year in cities throughout the country. Event planners and users increasingly prefer, and oftentimes demand, the modern, spacious aesthetics and optimized, advanced functionality and efficiency of newer facility designs and programs. Beyond attracting higher numbers of groups, visitors and economic impact, modern convention facilities often offer significant advancements in operating efficiencies and enhanced revenue generation opportunities, as compared to previous generations of facilities.

Broad industry changes, characterized by—sometimes significant—retraction and expansion in event demand and attendance and participation characteristics have taken place within the industry over the past few decades. Most recently, the COVID-19 pandemic has caused dramatic disruption in all sectors of the global economy, including severe impacts in the convention and tourism industries.

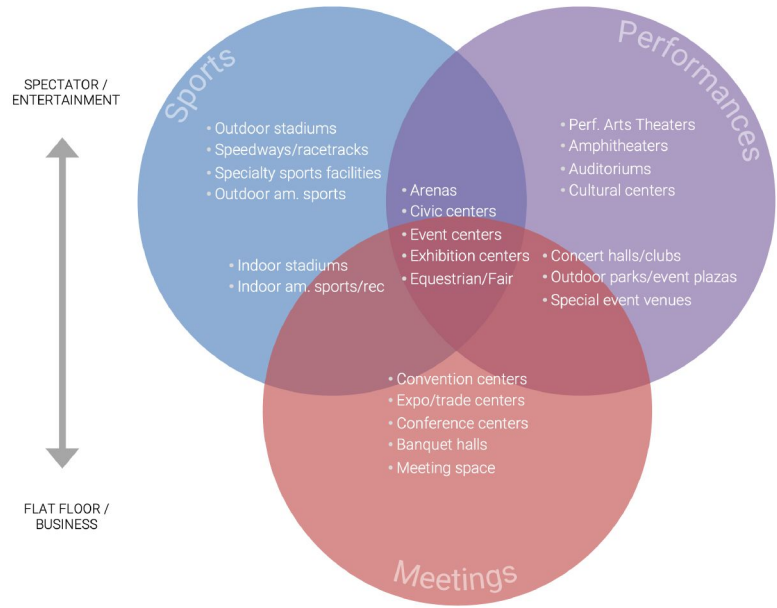


## Event & Facility Alignment

It is often useful to consider events as those residing in one of three general categories: sports, performances, and meetings. Facilities that normally accommodate these event types tend to overlap somewhat, as certain event facilities can accommodate events in multiple categories.

The exhibit to the right illustrates how specific types of industry-typical event facilities fit within this framework of events. As shown, event facilities situated near the top of the diagram tend to be facilities that are more spectator/entertainment event-oriented, while those facilities located near the bottom of the diagram tend to be those that do not integrate fixed seating and are instead flat floor venues that focus on conventions, meetings, tradeshows and other such events.

While facilities employ varying degrees of flexibility and multipurpose space, allowing them to technically accommodate events from all three general categories (for instance, arenas and civic centers), any event facility will possess attributes that will allow it to better compete/serve certain event types, while being less competitive, efficient, and/or effective in other segments.



As shown in the exhibit below, different types of events can have very different preferences and requirements with regard to facility characteristics. For example, conventions typically place high premiums on high quality finish of event space (including carpeted space), adjacent or proximate full-service hotel rooms and other visitor amenities (i.e., restaurants, retail, entertainment, etc.) in close walking distance, while sporting events typically focus on large seating capacities and plentiful parking.

This discussion begins to lay the groundwork for some important issues that will likely affect the types of events that may be attracted to any new convention, sports or entertainment facility product in a particular community. The type, level of finish, configuration, and amenities of the space offered in any potential facility will play a strong role in determining the ability of the facility to attract and accommodate certain types of events. Ultimately, this information also implies that industry best practices dictate that event facilities cannot, and should not, be “everything to everyone”.

	High Quality Finish	Exhibit/Lg. Event Facility	Upscale Carpeted Space	Breakout Rooms	Spectator Seating	Parking	Nearby Hotels	Secondary Facilities	Nearby Visitor Amenities
Conventions	HIGH	HIGH	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Conferences	HIGH	MED	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Meetings	HIGH	LOW	MED	HIGH	LOW	LOW	LOW	LOW	MED
Banquets/Receptions	HIGH	LOW	HIGH	MED	LOW	MED	LOW	LOW	MED
Tradeshows	MED	HIGH	LOW	LOW	LOW	HIGH	MED	LOW	HIGH
Consumer/Public Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	MED
Livestock/Ag Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	HIGH	LOW
Equestrian Events	LOW	HIGH	LOW	LOW	MED	HIGH	LOW	HIGH	MED
Rodeos	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Fairs	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	HIGH	LOW
Sports (ticketed)	MED	MED	LOW	LOW	HIGH	HIGH	LOW	LOW	LOW
Sports (amateur/youth)	MED	HIGH	LOW	LOW	HIGH	HIGH	MED	MED	MED
Concerts	MED	MED	LOW	LOW	HIGH	HIGH	LOW	LOW	MED
Festivals	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	LOW

## CONVENTION CENTER (stand-alone facility):

### Typical Facility Model Characteristics

Convention centers typically incorporate exhibit, meeting and ballroom space. Usually located in medium- to large-sized cities, convention centers tend to focus on attracting non-local economic impact-generating events such as conventions, tradeshows and conferences. It is imperative that convention-quality hotel inventory is located close to the center. Convention centers also tend to host a large number of secondary events, such as corporate meetings, public shows and banquets.

The exhibit to the right presents a visual representation of how traditional convention center products align with typical facility requirements and preferences of variety event types.

While convention center products throughout the country vary widely in terms of physical and operational characteristics, convention center products typically possess the following attributes:

- **Typical Mission/Orientation:**
  - Tourism & economic impact generation
  - Driving new hotel room nights
  - Large flat floor events (non-local & local)
- **Typical Event Focus:**
  - Conventions
  - Tradeshows
  - Conferences
  - Public/consumer shows
- **Typical Owner/Operator Model:**
  - Publicly-owned
  - Privately-managed via third party
- **Typical Space Components:**
  - Exhibit Space (concrete floor)
  - Ballroom Space (carpeted)
  - Meeting Space (carpeted)
- **Typical Site Factors:**
  - Attached or adjacent full-service hotel(s)
  - Downtown, urban environment
  - Walkable visitor amenities, including ancillary hotels
- **Typical Funding Structure:**
  - Public: 100%
  - Private: 0%

CONVENTION CENTER:  
Alignment of Facility with Event Types

	1	2	3	4	5	6	7	8	9	10
	Weak					Strong				
<b>Flat Floor (Business-Focused)</b>										
Conventions (with exhibits)	1	2	3	4	5	6	7	8	9	10
Conventions (without exhibits)	1	2	3	4	5	6	7	8	9	10
Tradeshows	1	2	3	4	5	6	7	8	9	10
Public/Consumer Shows	1	2	3	4	5	6	7	8	9	10
Conferences	1	2	3	4	5	6	7	8	9	10
Meetings	1	2	3	4	5	6	7	8	9	10
Banquets	1	2	3	4	5	6	7	8	9	10
Receptions	1	2	3	4	5	6	7	8	9	10
Community Meetings/Assemblies	1	2	3	4	5	6	7	8	9	10
Agricultural/Animal Shows & Events	1	2	3	4	5	6	7	8	9	10
<b>Entertainment (Spectator-Focused)</b>										
Concerts (touring)	1	2	3	4	5	6	7	8	9	10
Concerts (local/community)	1	2	3	4	5	6	7	8	9	10
Family Shows	1	2	3	4	5	6	7	8	9	10
Ice Shows	1	2	3	4	5	6	7	8	9	10
Boxing/MMA	1	2	3	4	5	6	7	8	9	10
Pro/Minor League Sports (tenant)	1	2	3	4	5	6	7	8	9	10
Pro/Minor League Sports (exhibitions)	1	2	3	4	5	6	7	8	9	10
High School Sports Games/Tournaments	1	2	3	4	5	6	7	8	9	10
Rodeos	1	2	3	4	5	6	7	8	9	10
Tractor Pulls / Motocross	1	2	3	4	5	6	7	8	9	10
E-Sports events/competitions	1	2	3	4	5	6	7	8	9	10
Broadway/Musicals	1	2	3	4	5	6	7	8	9	10
Theatricals/Plays	1	2	3	4	5	6	7	8	9	10
Opera	1	2	3	4	5	6	7	8	9	10
Ballet / Dance Productions	1	2	3	4	5	6	7	8	9	10
<b>Entertainment/Leisure/Other (Participant-Focused)</b>										
Basketball tournaments, camps/clinics	1	2	3	4	5	6	7	8	9	10
Volleyball tournaments, camps/clinics	1	2	3	4	5	6	7	8	9	10
Gymnastic meets, camps/clinics	1	2	3	4	5	6	7	8	9	10
Wrestling meets, camps/clinics	1	2	3	4	5	6	7	8	9	10
Cheer/dance competitions, camps	1	2	3	4	5	6	7	8	9	10
Futsal tournaments, clinics	1	2	3	4	5	6	7	8	9	10
Table tennis tournaments	1	2	3	4	5	6	7	8	9	10
Robotics/engineering competitions	1	2	3	4	5	6	7	8	9	10
Indoor soccer tournaments, camps/clinics	1	2	3	4	5	6	7	8	9	10
Pickleball tournaments, camps/clinics	1	2	3	4	5	6	7	8	9	10
Open recreation	1	2	3	4	5	6	7	8	9	10
Civic assemblies/events	1	2	3	4	5	6	7	8	9	10
Festivals/fairs	1	2	3	4	5	6	7	8	9	10
Graduations/commencements	1	2	3	4	5	6	7	8	9	10
Cultural/heritage events	1	2	3	4	5	6	7	8	9	10
Emergency Shelter/Operations Center	1	2	3	4	5	6	7	8	9	10



## HOTEL & CONFERENCE CENTER (combined): Typical Facility Model Characteristics

Rather than pursuing stand-alone convention center projects, many small to mid-sized communities have pursued Hotel/Conference Center projects via public-private partnership (P3) transactions. These types of projects typically involve a public sector incentive to a private Hotel developer/investor related to capital. Normally, this allows for more efficient operations and does not require an annual public sector operating subsidy. Typical tradeoffs include a smaller than optimal conference/convention facility product for the greater destination, lack of concrete floor exhibit space, and less public sector control over bookings.

The exhibit to the right presents a visual representation of how traditional hotel-based conference center products align with typical facility requirements and preferences of variety event types.

While products throughout the country vary widely in terms of physical and operational characteristics, a typical small- to mid-sized market P3 Hotel/Conference Center might consist of and generate the following:

- **Typical Mission/Orientation:**
  - Profit (if private-led)
  - Profit, economic impact, civic (if P3 or public-led)
- **Typical Event Focus:**
  - Conventions
  - Conferences
  - Meetings
  - Trade & consumer shows
- **Typical Owner/Operator Model:**
  - Privately-owned Hotel (most common)
  - Publicly-owned Hotel (less common)
  - Publicly- or privately-owned Conference Center
  - Privately-managed Conference Center
- **Typical Conference Center Components:**
  - Ballroom Space (carpeted)
  - Meeting Space (carpeted)
- **Typical Site Factors:**
  - Integrated or attached full-service Hotel
  - Site is driven by Hotel partner needs
- **Typical Funding Structure:**
  - Public: 25%
  - Private: 75%

HOTEL-BASED CONFERENCE CTR:  
Alignment of Facility with Event Types

	1	2	3	4	5	6	7	8	9	10
	Weak					Strong				
<b>Flat Floor (Business-Focused)</b>										
Conventions (with exhibits)	1	2	3	4	5	6	7	8	9	10
Conventions (without exhibits)	1	2	3	4	5	6	7	8	9	10
Tradeshows	1	2	3	4	5	6	7	8	9	10
Public/Consumer Shows	1	2	3	4	5	6	7	8	9	10
Conferences	1	2	3	4	5	6	7	8	9	10
Meetings	1	2	3	4	5	6	7	8	9	10
Banquets	1	2	3	4	5	6	7	8	9	10
Receptions	1	2	3	4	5	6	7	8	9	10
Community Meetings/Assemblies	1	2	3	4	5	6	7	8	9	10
Agricultural/Animal Shows & Events	1	2	3	4	5	6	7	8	9	10
<b>Entertainment (Spectator-Focused)</b>										
Concerts (touring)	1	2	3	4	5	6	7	8	9	10
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Family Shows	1	2	3	4	5	6	7	8	9	10
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Pro/Minor League Sports (tenant)	1	2	3	4	5	6	7	8	9	10
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Rodeos	1	2	3	4	5	6	7	8	9	10
Tractor Pulls / Motocross	1	2	3	4	5	6	7	8	9	10
E-Sports events/competitions	1	2	3	4	5	6	7	8	9	10
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Wrestling meets, camps/clinics	1	2	3	4	5	6	7	8	9	10
Cheer/dance competitions, camps	1	2	3	4	5	6	7	8	9	10
Futsal tournaments, clinics	1	2	3	4	5	6	7	8	9	10
Table tennis tournaments	1	2	3	4	5	6	7	8	9	10
Robotics/engineering competitions	1	2	3	4	5	6	7	8	9	10
Indoor soccer tournaments, camps/clinics	1	2	3	4	5	6	7	8	9	10
Pickleball tournaments, camps/clinics	1	2	3	4	5	6	7	8	9	10
Open recreation	1	2	3	4	5	6	7	8	9	10
Civic assemblies/events	1	2	3	4	5	6	7	8	9	10
Festivals/fairs	1	2	3	4	5	6	7	8	9	10
Graduations/commencements	1	2	3	4	5	6	7	8	9	10
Cultural/heritage events	1	2	3	4	5	6	7	8	9	10
Emergency Shelter/Operations Center	1	2	3	4	5	6	7	8	9	10

## Lodging Industry Characteristics

In the lodging industry, supply is measured by the number of guestrooms available, while demand is measured by the number of rooms occupied; the net effect of supply and demand towards equilibrium results in a prevailing price, or average rate. Any new hotel project's local lodging market is most directly affected by the supply and demand trends within the immediate area. STR, Inc. (formerly, Smith Travel Research) is an independent research firm that compiles data on the lodging industry; this information is routinely used by typical hotel buyers. The statistics that STR analyzes include occupancy, average daily rate (ADR) and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

STR utilizes chain scale segments to categorize branded hotels into seven different groups based on the actual average room rates. The seven different categories, and examples of hotel brands, are as follows:

- **LUXURY:** Conrad; Four Seasons; Grand Hyatt; InterContinental; JW Marriott; Loews; Park Hyatt; Ritz-Carlton; W Hotel; and, Waldorf Astoria.
- **UPPER UPSCALE:** Embassy Suites; Hilton; Hyatt; Marriott; Omni; Radisson Blu; Renaissance; Sheraton; Westin; and, Wyndham.
- **UPSCALE:** aloft; Cambria Suites; Courtyard Marriott; DoubleTree; Hilton Garden Inn; Hyatt Place; Radisson; Residence Inn; Springhill Suites; and, Staybridge Suites.
- **UPPER MIDSSCALE:** Best Western Plus; Clarion; Comfort Inn; Drury Inn; Fairfield Inn; Home2Suites by Hilton; Holiday Inn Express; TownePlace Suites; and, Westmark.
- **MIDSCALE:** America's Best Suites; AmericInn; Best Western; Candlewood Suites; Howard Johnson; La Quinta Inn and Suites; Quality Inn; Ramada; Tru by Hilton; and, Wingate by Wyndham.
- **ECONOMY:** America's Best Inn; Budget Suites of America; Country Hearth Inn; Days Inn; Econo Lodge; Extended Stay America; Microtel Inn; Motel 6; Red Roof Inn; Super 8; and, Travelodge.
- **INDEPENDENT:** Other non-categorized properties; varies by market.

Brands/chains are based on the previous year's annual system wide (global) average daily rate. Independent hotels, for example regardless of their average room rates, are included as a separate chain scale category. The rate ranges defining each scale category are determined by STR, Inc. Alternately, hotel projects also tend to be classified by the following categories:

- Luxury.
- Full-Service.
- Dual-Branded.
- Select/Focused Service.
- Extended-Stay (Upscale).
- Extended Stay (Midscale).
- Limited-Service, and Budget/Economy.

A new hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the competitive set associated with a potential new hotel development.

In terms of national trends, the U.S. hotel industry continued positive growth across a number of key performance metrics through 2019 (the final full year prior to the COVID-19 pandemic), according to data from STR. Compared with five years earlier:

- Occupancy: +1.1% to 66.1%
- Average daily rate (ADR): +13.8% to \$131.21
- Revenue per available room (RevPAR): +14.7% to \$86.76

The absolute values in those three key performance metrics were each the highest STR has ever benchmarked, according to Hotel News Now. According to STR, the industry reached its highest-ever annual occupancy and grew ADR for the ninth year in a row; however, the most recent year of growth was at a lower rate than the long-term average.

# 3 INDUSTRY TRENDS

The STR exhibit to the right presents annual hotel occupancy and average rate data since 1992. The exhibit at the bottom of the page presents historical performance data grouped by geographical region, price point, type of location, and chain scale, and the statistics include occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is approximated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

The massive disruption of the industry by the COVID-19 pandemic is illustrated by the precipitous declines across all metrics impacted the industry, commencing in March 2020. A significant rebound occurred in 2021, with metrics in many markets throughout the country improving at a rapid rate and nearing pre-pandemic levels. Data suggest that the industry will substantially stabilize and return to historical rates/levels within 2023.

National Occupancy & Average Rate Trends						
Year	Occupancy	Change	ADR	Change	RevPAR	Change
1992	61.9%	-	\$59.62	-	\$36.90	-
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
2011	60.1%	4.3%	\$101.64	3.6%	\$61.06	8.1%
2012	61.4%	2.2%	\$106.10	4.4%	\$65.17	6.7%
2013	62.3%	1.5%	\$110.35	4.0%	\$68.69	5.4%
2014	65.0%	4.3%	\$115.26	4.4%	\$75.66	10.1%
2015	65.6%	0.9%	\$120.01	4.1%	\$78.67	4.0%
2016	66.7%	1.7%	\$124.00	3.3%	\$83.00	5.5%
2017	65.3%	-2.1%	\$125.90	1.5%	\$82.20	-1.0%
2018	66.1%	1.2%	\$129.97	3.2%	\$85.96	4.6%
2019	66.1%	0.0%	\$131.21	1.0%	\$86.76	0.9%
2020	44.0%	-33.4%	\$103.25	-21.3%	\$45.48	-47.6%
2021	57.6%	30.9%	\$124.67	20.7%	\$71.87	58.0%
<b>Avg Annual Growth</b>		<b>0.2%</b>		<b>2.8%</b>		<b>3.5%</b>

Pre-Pandemic National Occupancy & Average Rate Trends (by region, location & chain scale)											
	Occupancy			ADR			RevPAR			% Change	
	2018	2019	Change	2018	2019	Change	2018	2019	Change	Rms Avail	Rms Sold
<b>United States</b>	66.1%	66.1%	0.0%	\$129.97	\$131.21	0.9%	\$85.96	\$86.76	0.9%	2.0%	2.0%
<b>Region</b>											
New England	65.8%	65.0%	-1.2%	\$158.93	\$159.91	0.6%	\$104.56	\$104.00	-0.5%	1.6%	0.5%
Middle Atlantic	69.7%	69.1%	-0.9%	\$166.57	\$166.33	-0.1%	\$116.10	\$114.91	-1.0%	2.5%	1.6%
South Atlantic	67.9%	67.6%	-0.4%	\$126.38	\$128.40	1.6%	\$85.76	\$86.81	1.2%	2.0%	1.7%
East North Central	61.5%	61.2%	-0.6%	\$112.57	\$112.69	0.1%	\$69.28	\$68.96	-0.5%	2.0%	1.5%
East South Central	61.9%	62.6%	1.1%	\$100.91	\$103.45	2.5%	\$62.44	\$64.71	3.5%	2.8%	3.9%
West North Central	57.7%	58.5%	1.2%	\$99.03	\$99.26	0.2%	\$57.18	\$58.02	1.5%	2.0%	3.3%
West South Central	62.7%	62.7%	0.1%	\$102.56	\$101.88	-0.7%	\$64.26	\$63.92	-0.5%	2.6%	2.7%
Mountain	66.2%	66.9%	1.0%	\$119.09	\$122.23	2.6%	\$78.86	\$81.76	3.5%	1.2%	2.2%
Pacific	73.8%	73.7%	-0.1%	\$168.77	\$171.42	1.5%	\$124.52	\$126.36	1.5%	1.6%	1.5%
<b>Location</b>											
Urban	73.4%	73.1%	-0.4%	\$183.22	\$183.71	0.3%	\$134.52	\$134.36	-0.1%	3.2%	2.8%
Suburban	66.9%	66.8%	-0.2%	\$110.65	\$111.23	0.5%	\$74.07	\$74.32	0.3%	2.3%	2.1%
Airport	73.7%	73.8%	0.1%	\$118.33	\$119.19	0.7%	\$87.21	\$87.91	0.8%	2.2%	2.2%
Interstate	57.9%	58.0%	0.1%	\$87.01	\$87.79	0.9%	\$50.41	\$50.90	1.0%	1.7%	1.8%
Resort	70.2%	70.1%	-0.1%	\$178.81	\$182.96	2.3%	\$125.51	\$128.29	2.2%	1.2%	1.1%
Small Metro/Town	57.7%	58.0%	0.4%	\$105.16	\$106.72	1.5%	\$60.73	\$61.90	1.9%	1.2%	1.6%
<b>Chain Scale</b>											
Luxury	74.5%	73.9%	-0.9%	\$336.12	\$343.44	2.1%	\$250.47	\$253.67	1.3%	0.5%	-0.3%
Upper-Upscale	74.2%	73.9%	-0.5%	\$187.10	\$189.74	1.4%	\$138.91	\$140.21	0.9%	1.9%	1.4%
Upscale	73.2%	72.6%	-0.8%	\$142.14	\$142.58	0.3%	\$103.98	\$103.46	-0.5%	4.9%	4.0%
Upper-Midscale	67.9%	67.6%	-0.5%	\$112.72	\$113.03	0.3%	\$76.52	\$76.35	-0.2%	3.4%	2.9%
Midscale	58.6%	58.2%	-0.7%	\$86.94	\$86.56	-0.4%	\$50.95	\$50.37	-1.2%	2.8%	2.1%
Economy	58.5%	58.8%	0.5%	\$63.85	\$63.68	-0.3%	\$37.36	\$37.45	0.2%	-1.2%	-0.7%
Independents	63.2%	63.6%	0.7%	\$130.21	\$132.24	1.5%	\$82.27	\$84.12	2.2%	1.2%	1.9%

Source: STR, Inc.

# 3 INDUSTRY TRENDS

The exhibit below summarizes hotel development cost averages and medians by category in 2023 dollars, based on data collected and compiled by HVS. As shown, development costs per room vary significantly by category/type. For instance, the median development costs for select/focused-service hotel projects (typically representing wood frame construction projects such as Hilton Garden Inn, Courtyard by Marriot, etc.) approximate \$214,500 per key (excluding land), while the median for full-service projects (typically representing steel and concrete tower projects, such as Hilton, Marriott, Hyatt, Westin, Omni, etc.) approximate \$364,300 per key (excluding land).

In past years, a normal industry rule-of-thumb during initial project concept investigation is that the expected project ADR multiplied by 1,000 provides developers with an indication of the potential hotel cost/room the subject market could support (in terms of a traditional privately-funded project). For example, a hotel with a projected \$150 ADR would suggest a \$150,000 per key (room) hotel project. However, given the high escalation in construction costs over the past decade-plus (relative to normal inflation in other industry sectors), combined with increasing public sector incentives and participation in high-profile hotel projects and alternate avenues for revenue generation has reduced the applicability of this type of rule-of-thumb in a number of markets, particularly concerning higher-quality category projects (i.e., focused service, full service and luxury).

The COVID-19 pandemic has resulted in unprecedented disruption across all industry sectors and their various supply chains, including construction markets. This has led to precipitous inflation of construction costs for projects of all types, including hotels and convention centers. While the estimated construction data below is useful in framing potential costs for hotel projects, significant volatility remains in the construction industry, and certain projects may cost out at rates/totals higher than these figures.

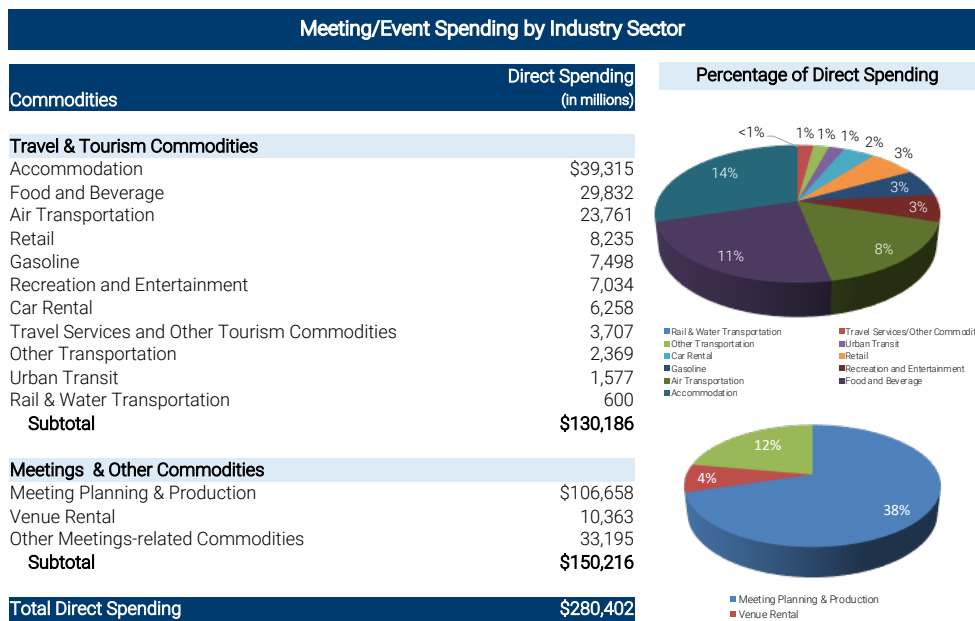
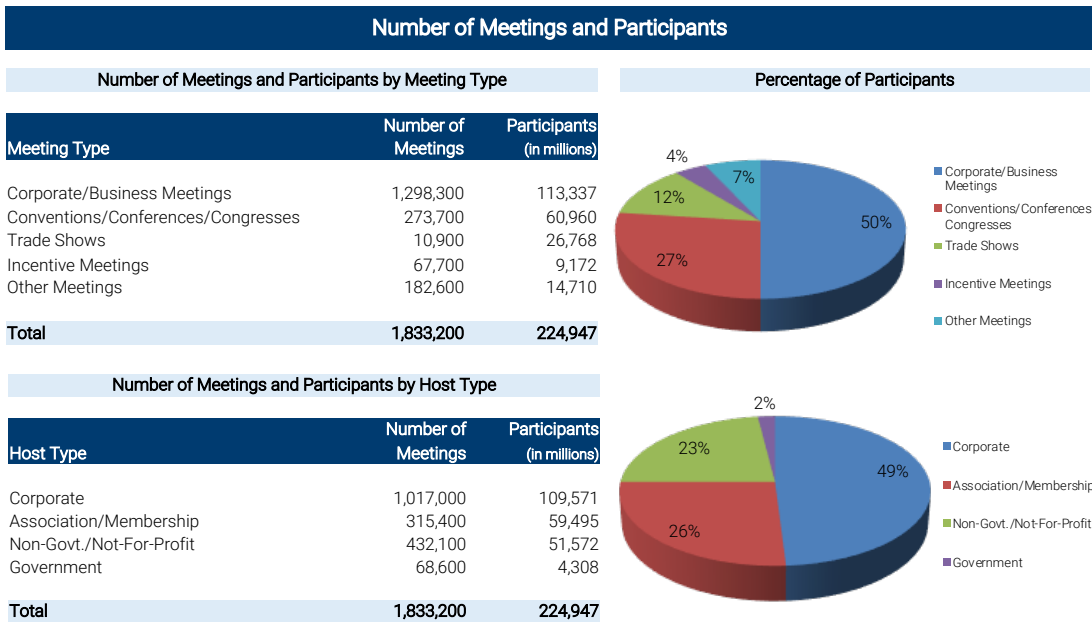
Development Cost Per Key (Per Room) Averages - Recent National Projects								
	Land	Hard Costs	Soft Costs	FF&E	Pre-Opening & Working Capital	Developer Fee	Total (including land costs)	Total (excluding land costs)
<b>Budget/Economy</b>								
Average	\$8,300	\$72,600	\$8,700	\$11,300	\$2,200	\$6,000	<b>\$109,100</b>	<b>\$100,800</b>
Median	\$8,300	\$75,600	\$3,800	\$11,400	\$2,500	\$6,000	<b>\$107,600</b>	<b>\$99,300</b>
% of Total	7%	72%	7%	11%	2%	1%	<b>100%</b>	<b>93%</b>
<b>Limited Service</b>								
Average	\$22,600	\$117,200	\$20,500	\$17,400	\$4,700	\$6,700	<b>\$189,100</b>	<b>\$166,500</b>
Median	\$14,200	\$102,000	\$15,000	\$16,400	\$3,500	\$5,100	<b>\$156,200</b>	<b>\$142,000</b>
% of Total	11%	65%	11%	9%	2%	1%	<b>100%</b>	<b>88%</b>
<b>Extended Stay (Midscale)</b>								
Average	\$16,500	\$102,600	\$18,400	\$18,900	\$3,400	\$4,900	<b>\$164,700</b>	<b>\$148,200</b>
Median	\$14,000	\$97,300	\$15,200	\$18,900	\$2,800	\$4,300	<b>\$152,500</b>	<b>\$138,500</b>
% of Total	10%	64%	11%	11%	2%	2%	<b>100%</b>	<b>90%</b>
<b>Extended Stay (Upscale)</b>								
Average	\$23,600	\$150,600	\$21,500	\$24,100	\$4,600	\$7,100	<b>\$231,500</b>	<b>\$207,900</b>
Median	\$20,400	\$137,100	\$17,400	\$24,300	\$4,100	\$5,000	<b>\$208,300</b>	<b>\$187,900</b>
% of Total	10%	67%	10%	11%	2%	2%	<b>100%</b>	<b>92%</b>
<b>Select/Focused Service</b>								
Average	\$30,300	\$185,200	\$39,900	\$23,800	\$6,600	\$8,000	<b>\$293,800</b>	<b>\$263,500</b>
Median	\$18,000	\$153,200	\$25,300	\$22,700	\$6,300	\$7,000	<b>\$232,500</b>	<b>\$214,500</b>
% of Total	11%	61%	15%	8%	2%	2%	<b>100%</b>	<b>88%</b>
<b>Dual Branded</b>								
Average	\$34,800	\$210,600	\$40,200	\$29,700	\$6,300	\$7,100	<b>\$328,700</b>	<b>\$293,900</b>
Median	\$30,200	\$165,300	\$33,000	\$28,100	\$5,200	\$5,200	<b>\$267,000</b>	<b>\$236,800</b>
% of Total	11%	65%	12%	9%	1%	2%	<b>100%</b>	<b>89%</b>
<b>Full Service</b>								
Average	\$37,100	\$366,200	\$73,900	\$46,400	\$15,000	\$16,000	<b>\$554,600</b>	<b>\$517,500</b>
Median	\$29,500	\$258,400	\$50,000	\$33,000	\$11,500	\$11,400	<b>\$393,800</b>	<b>\$364,300</b>
% of Total	5%	68%	14%	8%	2%	2%	<b>100%</b>	<b>94%</b>
<b>Luxury</b>								
Average	\$109,800	\$523,300	\$119,900	\$71,400	\$30,100	\$22,600	<b>\$877,100</b>	<b>\$767,300</b>
Median	\$83,000	\$473,800	\$99,200	\$64,000	\$23,500	\$23,400	<b>\$766,900</b>	<b>\$683,900</b>
% of Total	11%	63%	14%	9%	3%	1%	<b>100%</b>	<b>90%</b>

Source: HVS, U.S. Hotel Development Cost Survey, CSL research.

## Conventions, Tradeshows & Meetings

In the pre-pandemic/pre-recession environment, according to a PricewaterhouseCoopers study, just over 1.8 million meetings were held annually, attracting a total of just under 225 million meeting participants. Corporate/business meetings made up the largest portion of meeting activity, encompassing 50 percent of all meetings, with conventions/conferences following behind at 27 percent.

Direct spending levels resulting from these meetings approximated \$280 billion, that was directly attributable to meeting activity. Spending on accommodations and food and beverage resulted in just under \$70 billion of total direct spending, making up a majority of the \$130 billion of direct spending on travel and tourism commodities. Also of note, money spent on meeting planning and production resulted in a total of \$107 billion of direct spending.



Source: PWC, The Economic Significance of Meetings in the U.S. Economy.

The Center for Exhibition Industry Research (CEIR) is a nonprofit organization whose mission is to advance the growth, awareness and value of conferences, exhibitions and meetings in the United States. The annual CEIR Index Report is developed to provide an objective measure of the annual performance of the conference, exhibition and meetings industry. The CEIR Index Report measures year-over-year changes in key metrics of industry performance. The industry's performance within these metrics was calculated from data provided from over 400 events. The CEIR Index Report displays and analyzes actual event-specific data and provides future forecasts. The Report's findings for number of events and direct spending by commodity are shown to the right and below (relating to a pre-pandemic time period).

### Number of Exhibition Events by Industry Sector

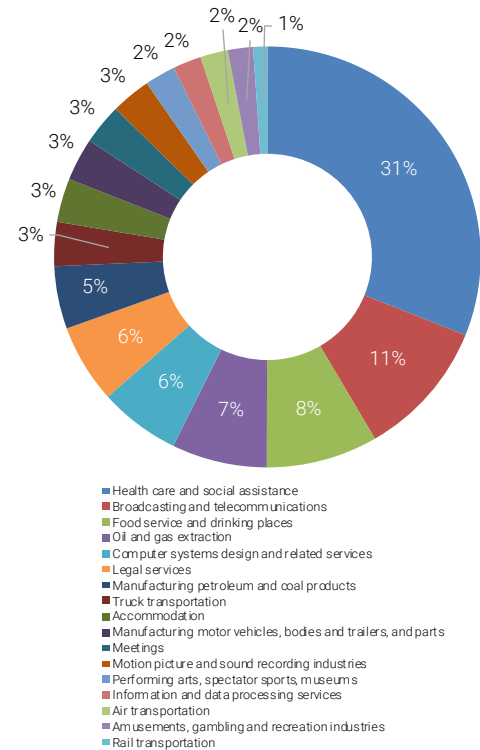
Industry Sector	Number of Events
Medical and Health Care	1,549
Raw Materials and Science	930
Professional Business Services	893
Communications and Information Technology	784
Education	672
Financial, Legal and Real Estate	658
Consumer Goods and Retail Trade	649
Sporting Goods, Travel and Amusement	491
Discretionary Consumer Goods and Services	472
Industrial/Heavy Machinery and Finished business Outputs	435
Transportation	413
Building, Construction, Home and Repair	386
Government	352
Food	278
<b>Total Events</b>	<b>8,962</b>

### Direct Contribution to GDP of Select Industries

Industry	Estimated Value Added to GDP (in millions)
Health care and social assistance	\$1,157,000
Broadcasting and telecommunications	392,000
Food service and drinking places	315,000
Oil and gas extraction	269,000
Computer systems design and related services	230,000
Legal services	225,000
Manufacturing petroleum and coal products	179,000
Truck transportation	126,000
Accommodation	125,000
Manufacturing motor vehicles, bodies and trailers, and parts	122,000
<b>Meetings</b>	<b>115,615</b>
Motion picture and sound recording industries	113,000
Performing arts, spectator sports, museums	87,000
Information and data processing services	80,000
Air transportation	78,000
Amusements, gambling and recreation industries	71,000
Rail transportation	40,000
<b>Total</b>	<b>\$3,724,615</b>

Source: Center for Exhibition Industry Research (CEIR), CEIR Index Report.

### Percentage of Value Added to GDP



## COVID-19 Pandemic Effects & Recovery

Since early 2020, the negative impact of the COVID-19 pandemic on the event, entertainment, retail, hospitality and tourism industries cannot be understated. Cancellations and postponements of nearly all live events and gatherings through the end of 2020 and early 2021 occurred. Even now in 2022, the industry is still experiencing lingering turbulence. These conditions, however, will not be permanent. The timeline for full industry recovery is still somewhat uncertain; however, as of late 2022, much of the industry has recovered.

From the perspective of a potential new Hotel & Convention Center in Seguin, it is important to consider how the planned product will be positioned following this highly unusual period. Careful planning during this period could lead to significant and cost-effective product development over the next economic recovery and growth cycle and beyond. Near-term planning, marketing and sales efforts associated with any new Hotel & Convention Center product in Seguin should be able to capitalize on this unique timing. Subsequent operational planning will certainly take into account the evolving needs and best practices facing such facilities in a post-COVID environment (including emphasis on flex spaces, attendee/participant social distancing, PPE and other health/safety policies, amenities and operating practices). A best practices approach developed by Legends, CSL's parent company, is summarized below.

### VRP - OUR SOLUTION

OUR SOLUTION HAS BEEN DEVELOPED TO FOCUS ON THE REOPENING AND MAINTENANCE OF PUBLIC ASSEMBLY VENUES WITH THE GUEST AND EMPLOYEE IN MIND.

- HYPER CLEANING & HYGIENE PROCESS
- PRODUCTS & SOLUTIONS
- HEALTH & MEDICAL APP
- TRAINING PROTOCOLS
- MONITORING
- PROCUREMENT

- GUEST JOURNEY
- CASHLESS OPERATION
- CONTACT LESS OPERATION
- GUEST MESSAGING
- GUEST FEEDBACK
- TICKETING & SOCIAL DISTANCING PLANNING

- OPERATIONAL LAYOUT
- TEMPERATURE TESTING
- PACKAGING & DELIVERY HANDLING
- PPE EQUIPMENT EVALUATION & SOURCING
- SECURITY
- F&B, MERCHANDISE & PARKING OPERATIONS
- EMPLOYEE CHECK-IN & INTERACTION
- COMMUNICATION PROTOCOLS

### OUR PROCESS

OUR PROCESS IS BASED ON DATA AND PROVEN TECHNIQUES WITH THE FOCUS ON THE NEW COVID ENVIRONMENT.

- CURRENT VENUE ASSESSMENT
- PLANNING & DESIGN
- IMPLEMENTATION
- MESSAGING, ENGAGEMENT AND MAINTENANCE

As a long-term planning document, the findings and conclusions presented herein are believed to be relevant with respect to a post-pandemic recovery within the context of the likely timeframe of facility development and operation of a potential new Seguin Hotel & Convention Center. For example, the timeline of facility development would most likely represent construction completion and commencement of operations in 2025 or later. Indications suggest that the industry will almost certainly be in a complete post-COVID environment by that time, with a significant portion of event activity nationwide functioning consistent with the pre-COVID environment and a portion of activity continuing to grow or evolve.



Many indicators suggest that the national economy is rebounding at a significant pace. A large collection of data suggests that the health of the conference and meetings industry, like nearly all industries, has historically been and is currently linked to the strength and fluctuations of the overall U.S. economy. This “linkage” is a fundamental premise of any analysis of future convention and conference industry performance. To address the question of future industry trends, it is important to consider how the future performance of the convention and conference industry will respond in the post COVID period.

The Center for Exhibition Industry Research (CEIR) is a nonprofit organization whose mission is to advance the growth, awareness and value of exhibitions in the United States. The annual CEIR Index Report is developed to provide an objective measure of the annual performance of the exhibition industry.

The CEIR Index Report measures year-over-year changes in three key metrics of industry performance:

- Square Feet of Exhibit Space Sold
- Number of Exhibiting Companies
- Professional Attendance

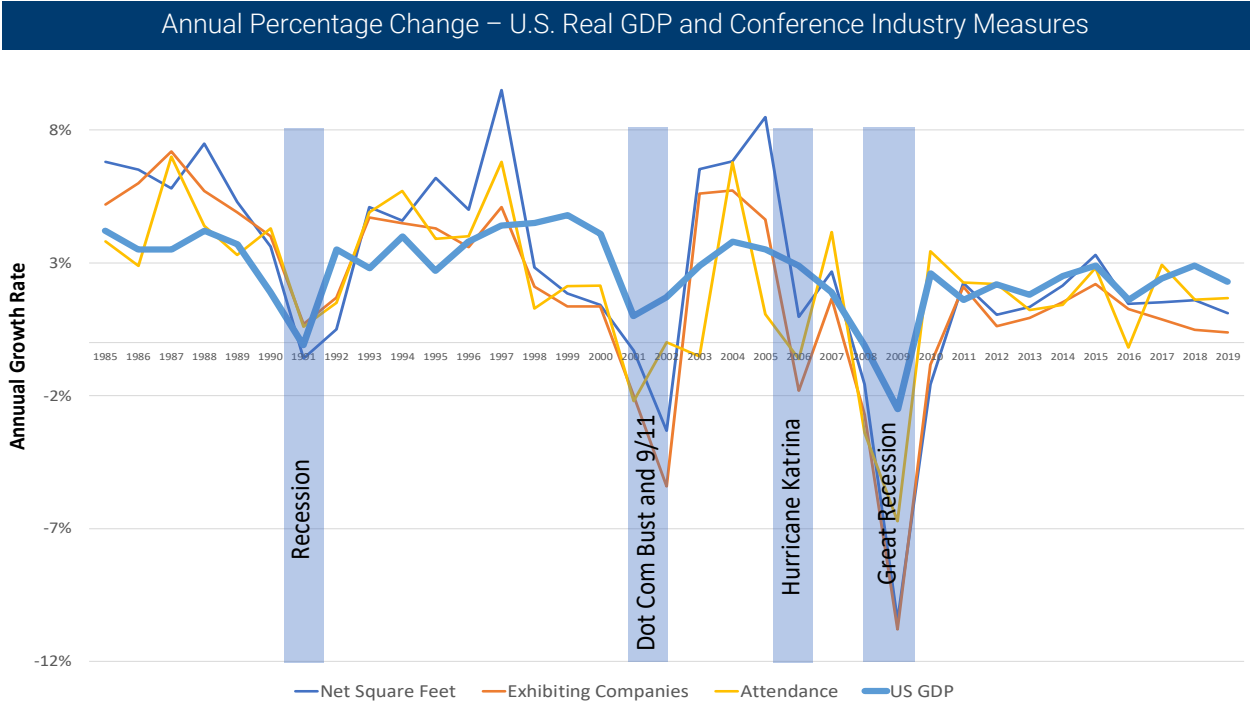
The industry’s performance within these three metrics was calculated from data provided by more than 13,000 industry conferences, conventions, and tradeshows that utilize more than 3,000 net square feet of exhibit space in off-site public and private event facilities. The CEIR Index Report displays and analyzes actual and projected event-specific data through 2022, though the COVID-19 pandemic has significantly impacted these projections. As such, the analysis on the next page analyzes actual exhibition industry performance through 2019, with a focus on historical exhibition industry rebounds following substantial downturns in the U.S. economy.



The U.S. economy appeared to be on solid footing prior to the COVID-19 outbreak. An historical perspective focusing on changes to GDP growth relative to the national conference and meetings industry may be useful in assessing the longer-term impact of the COVID-19 pandemic. As outlined in the chart below, broad industry changes, characterized by retraction and expansion in exhibition, convention, conference, tradeshow and meeting demand have taken place during the past 35 years.

Given the parallels between GDP changes and changes in various measures of the convention and conference industry, we expect future industry growth to continue to mirror the overall health of the economy. With leading economists noting that the economy is now rebounding from COVID impacts, we can assume a rebound to the convention and conference sector over the next several years. This rebound has already begun in many markets, however future virus variants may provide some set-backs to progress.

Longer term, potentially by the time a new Hotel & Convention Center in Seguin could be opened, it is likely that COVID impacts will have largely dissipated, and that standard economy-driven fluctuations in the convention and conference industry will prevail.

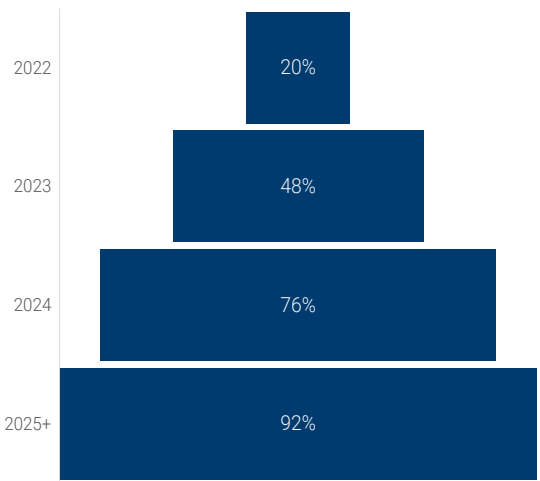


Source: U.S. Bureau of Economic Analysis, Center for Exhibition Industry Research, CSL research, 2022.

The pandemic took a significant toll on the U.S. exhibition industry. As U.S. GDP decreased by over three percent in 2020, the exhibition industry's total attendance, square footage, and revenues decreased by nearly 80 percent due to the COVID-19 pandemic.

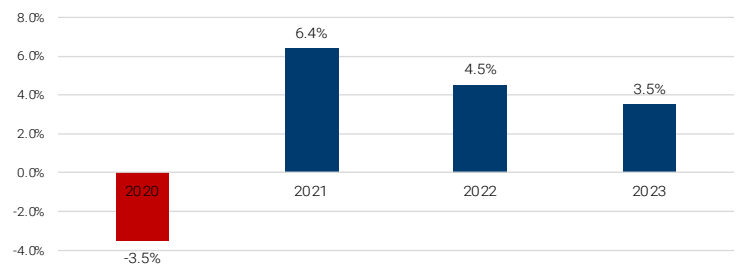
As previously noted, the industry is presently at the tail end of a rebound. In general, event planners and event facilities resumed booking in-person events in early 2022. This rebound of the events industry will not mirror the anticipated growth of the broader economy due to the negative impact of the pandemic on domestic and global travel. The CEIR total index is estimated to improve to 57 percent below 2019 performance, with a near return to normalcy by 2022 (only ten percent below 2019 performance). By 2023, the industry will begin to resume its growth beyond 2019 metrics. The exhibit to the below right presents a summary of forecasted U.S. GDP (gross domestic product) growth, along with expected CEIR index growth. Additionally, the chart to the below left presents the results of a recent survey conducted by CSL of national convention planners who were asked to identify the year in which they expect the convention industry to largely return to pre-pandemic conditions. As shown, 76 percent expect a return to pre-pandemic conditions by 2024, while 92 percent expect a return by 2025 or later.

**Survey of Convention Planners**  
Expectation of the year the convention industry will return to pre-pandemic conditions

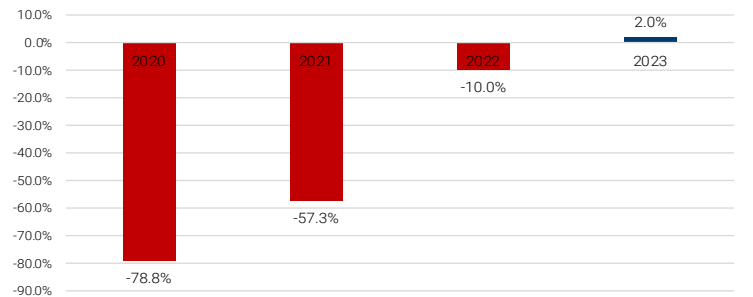


Source: CSL survey of national convention planners, 2021.

**Forecasted Real GDP Growth (% change over year)**



**Forecasted CEIR Total Index Deviation from 2019 (% change)**



Source: Center for Exhibition Industry Research (CEIR), 2021.

Beyond external economic trends, the conference, convention and meeting industry landscape continues to evolve and expand. The increasing importance placed on the adoption and use of technology, the physical design and flexibility of facility space, and the emphasis on an authentic and unique destination experience, among other elements, are indicative of the future trends within the industry as a whole. In order for any convention center to sustain market share in an increasingly competitive environment, it is critical to understand and adapt to these needs. The remainder of this section summarizes our assessment of future initiatives that should be considered for any future convention development in order to address the constantly evolving conference, convention and meeting industry.

As with any product in any industry, continual investment is required to respond to evolving customer and industry demands. Planning a new convention center project requires a future-focused approach to market-supported design and technology investments in an evolving and highly-competitive environment.

Even prior to the COVID-19 pandemic, CSL’s research had shown that the increasing Millennial and Gen-Z convention attendee base was creating new demands and expectations of event facility design and programming. The next generation of event attendees will require greater flexibility in how meetings are conducted, how information is delivered, and how technology is used. Greater emphasis is being placed on the ability of a destination to offer a unique, authentic and productive experience.



At the same time, the COVID-19 pandemic has greatly accelerated the demand for specific convention facility elements, including broadcast and hybrid event capabilities, space for outdoor functions, and safe and walkable environments in desirable (but not overcrowded) urban locations. It is critical to consider how planner preferences and attendee behavior may be impacted in the short- and long-term as the event industry “returns to normal”.

### Pre- and Post-COVID Convention/Conference Center Trends

Event planners and attendees are increasingly emphasizing the following facility/destination attributes. The following pages summarize the emerging and future trends of various event industries (as outlined below), as well as examples of how facilities around the country have adapted to changing needs of event attendees:

- **Virtual/hybrid events** – turnkey broadcast and production studios will help in-person events stream to broader virtual audiences.
- **Outdoor event space** – planners increasingly use terraces, rooftops, patios, and pavilions for off-site events and general sessions.
- **Walkable districts** – vibrant, safe and navigable districts around a facility are nearly as important as event space square footage.
- **Dynamic meeting spaces** – larger meeting spaces with modular furniture help support creative and interactive breakout sessions.
- **Unique and authentic F&B** – static food courts are being replaced by locally owned pop-ups and stylish food halls.
- **Flexible pre-function space** – events increasingly utilize lobbies and concourses for presentations and networking events.
- **Augmented/virtual reality** – virtual, shared experiences are increasingly important to science, medical and tech organizations.
- **On demand meeting space** – app-activated breakout spaces support frictionless scheduling for tomorrow’s event attendees.
- **Other trends** – public art, digital signage, natural lighting, and casual furniture each enhance the appeal of any convention product.

Tier 1 Facility Trends – The Most Important Trends Accelerated by COVID-19 Pandemic

Sans Expo & Convention Centre (Singapore)

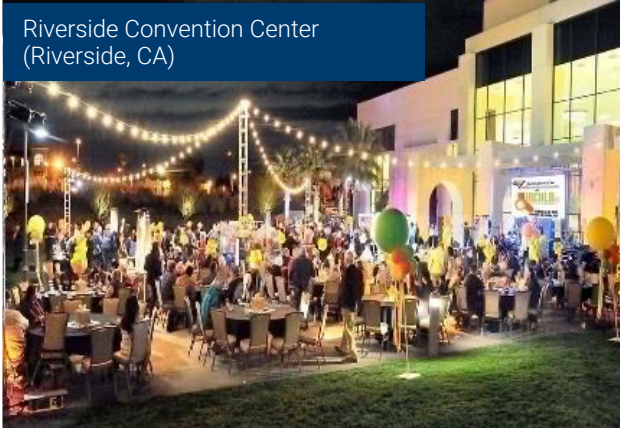


Virtual/Hybrid Events

Event planners interviewed by CSL in recent months suggest a significant interest in permanent turnkey production and broadcast facilities on-site at event venues to stream and produce content for events in real-time.

Some facilities have already invested in technologies to accommodate virtual attendees. The tcf Center in Detroit includes a 5,000-square foot broadcast studio that offers the technologies and services needed to create programming, live event webcasting, and large-scale program distribution, among other offerings. Centers in Baltimore and Houston are also being outfitted with enhanced broadcast/ production capabilities.

Riverside Convention Center (Riverside, CA)



Outdoor Event Space

Even prior to the pandemic, event planners indicated an increasing demand for unique outdoor event space at their host sites. Popular conference/convention facilities throughout the country offer terraces, patios, lawns, and pavilions to events for networking events or general sessions.

Outdoor event space provides attendees with the opportunity to connect with the culture and feeling of a destination in a unique event setting while creating an additional selling point and source of revenue for centers. Further detail regarding best practices in outdoor event space design and programming is presented on the following page.

Planned Mixed-Use District (New Haven, CT)



Walkable Destinations

As the competition to attract nationally rotating conferences has become increasingly intense, many facilities have begun to position themselves as “convention districts”. In this way, the value proposition for an event planner broadens beyond traditional event space and hotel criteria to include restaurant, retail, entertainment and transportation within walking distance of a convention facility.

Convention and conference facilities located within vibrant mixed-use districts cater to this emerging event planner demand, and those that integrate with their surrounding dining, retail and entertainment environments are positioned to succeed in the post-COVID convention industry.

## Outdoor Event Space – Additional Concepts Applicable to a New Convention Center

Growing event planner demand for usable outdoor event space at convention facilities highlights the importance of consider these types of spaces associated with a potential new convention center project. To better understand specific best practices regarding outdoor event space development, we identified a short list of convention facilities nationally with signature outdoor spaces that are frequently programmed and lauded by interviewed event planners.

Boise Center (Boise ID)



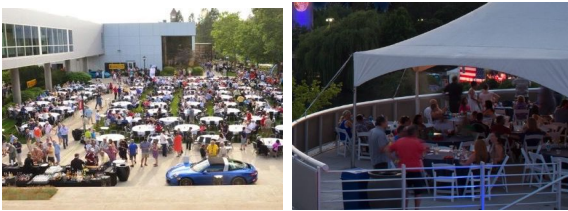
Boise Centre’s outdoor event plaza is centrally located and is an extension of the urban grid, so the pedestrian flow is natural. It is also easily controlled for non-public events, and the plaza is central to the layout of the convention center.

Pasadena Convention Center (Pasadena, CA)



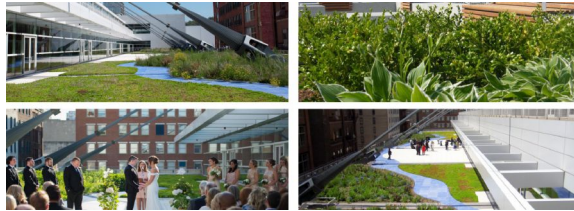
The Pasadena Convention Center’s front plaza area, which is also a public plaza across the street from a popular commercial district, is periodically closed for events at the Center and other community events or festivals. The Center has purchased tent equipment and portable seating to furnish the outdoor space, and is planning to add additional electrical outlets and tent put-ins in the area to make it more “turnkey” for increased use.

Spokane Convention Center (Spokane, WA)



The SPCC’s plaza is adjacent to Centennial Trail, so public use is encouraged when not being utilized by the center. Space is also easily controlled by the center for non-public events. The Center also features a 7,200 square foot rooftop patio and 9,200 riverside lawn space for weddings, food functions and other events.

DLL Convention Center (Pittsburgh, PA)



The DLLCC is known for its South Terrace Green Roof, a 20,000-square foot outdoor space located just off of the building’s third floor. The space is used as an urban event patio, and features put-ins for tents and kiosks, electrical access, gardens and a walking path. This unique outdoor space has been increasingly used, and has helped the DLLCC compete for regional and national events with facilities in much larger markets.

Other unique and valuable design and/or marketing of outdoor event spaces at convention centers in larger destinations are briefly summarized below.

- **Long Beach Convention Center:** The Cove, a streetside plaza space covered by a second-story walkway, is a frequently programmed outdoor event space featuring lounge furniture, outdoor games, and an area for food trucks.
- **Anaheim Convention Center:** The Center’s plaza frequently hosts up to 27 food trucks that cater to some of the facility’s larger national conventions throughout the year. To support the “convention environment” the plaza is blocked off with temporary barriers, and seating/resting areas and shading are provided for dining event attendees.
- **Phoenix Convention Center:** 3<sup>rd</sup> Street, which separates the two halves of Phoenix Convention Center, is occasionally blocked off with bollards for large citywide conventions. In this way, the street can be activated as a “block party” space for special programming.
- **Colorado Convention Center:** The upcoming expansion of the Colorado Convention Center will feature a rooftop terrace that directly connects to an 80,000-square foot multipurpose hall via operable roll-up doors.

## Tier 2 Facility Trends – Amenities Increasingly Preferred by Event Planners

Cantilever Room at HGBCC  
(San Antonio, TX)



### Dynamic/Interactive Meeting Spaces

Planners are increasingly using larger, more versatile spaces for breakout sessions. These rooms range anywhere between 3,000 and 10,000 square feet and feature portable and modular furniture to accommodate a variety of programs. The Cantilever Room at the Henry B. Gonzalez Convention Center in San Antonio (TX) is often cited by event planners as an exemplary multipurpose space, and the Room’s built-in A/V, movable furniture, and dual-purpose window/whiteboard help create a flexible and open environment for workshops, brainstorm sessions, and strategy meetings.

tcf Center  
(Detroit, MI)



### Unique and Authentic Food & Beverage

Recent trends in the food and beverage sector are more reflective of changing demographics and how conventions and meetings are being produced. The balance between standard sit-down banquets and more formal food options may be shifting towards the informal, and the ability of a center to offer more convenient “grab & go” or “pop-up” dining opportunities could become much more important in the future. Planners and attendees today are also preferring more trend forward amenities such as food trucks, and locally sourced offerings at pop-ups within the center.

Waukee Innovation Center  
(Waukee, IA)



### Engaging Pre-Function Areas

The Open Space Learning (OSL) concept challenges the traditional lecture or seminar-based formats that tend to draw attendees off the main show floor during events and instead provides unique and creative learning environments that can be constructed in lobbies, pre-function areas, atriums, etc. Facilities such as the Renasant Convention Center in Memphis, the Vancouver Convention Centre, and the Grand Wayne Convention Center in Fort Wayne (IN) have invested in portable and versatile furniture to create environments for small meetings and lectures, podcasts, and informal networking events.

## Tier 3 Facility Trends – Other Trends to Monitor



### Augmented and Virtual Reality

Augmented reality technologies allow for “shared experiences” among attendees. By using headsets or mobile technologies, attendees can be alerted by the same statistics or goals/waypoints in the real world while they attempt to complete a shared task.

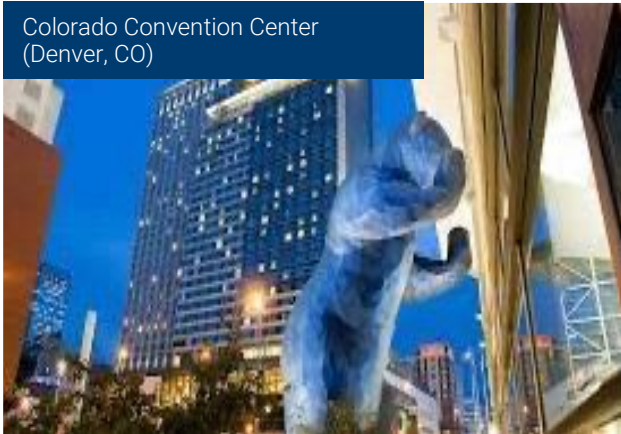
Beyond A/R, virtual reality enables medical professionals to share experiences in completely simulated environments by wearing headsets or other currently available technologies. These technologies and their applications are still evolving, but many conference and convention industry leaders envision multipurpose “black box” rooms that will host completely immersive environments rendered as lifelike to its observers.



### On Demand Micro Meetings

As Millennials and Gen-Z make up an increasing share of convention and conference attendee bases, event booking technologies have emerged that allow for app-based scheduling of breakout meeting spaces in venues.

ZenSpace has developed private, tech-enabled Smart Pods that can be rented on demand using an integrated mobile app. These spaces are outfitted with comfortable booth seating, tabletops, whiteboards, monitors, HDMI cables and phone charging stations. This allows planners to schedule their own impromptu, private meeting sessions.

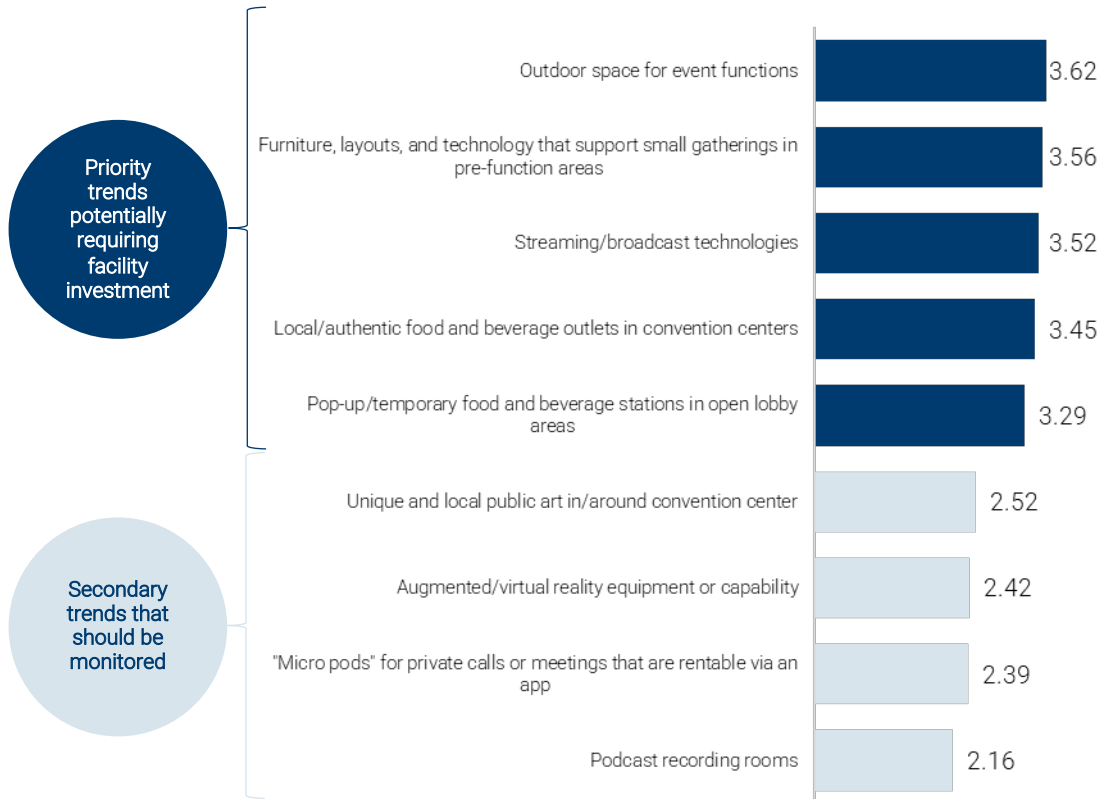


### Other Trends

Other conference facility building program and technology trends increasingly noted by event planners during interviews include:

- Public art
- Internet
- Cyber cafes
- Digital signage and monitors throughout venue
- Charging stations
- Natural lighting
- Casual furniture

Convention Center Facility Feature Trends by Importance and Appeal (according to surveyed event planners)



Source: CSL Convention Planner Surveys, 2022.

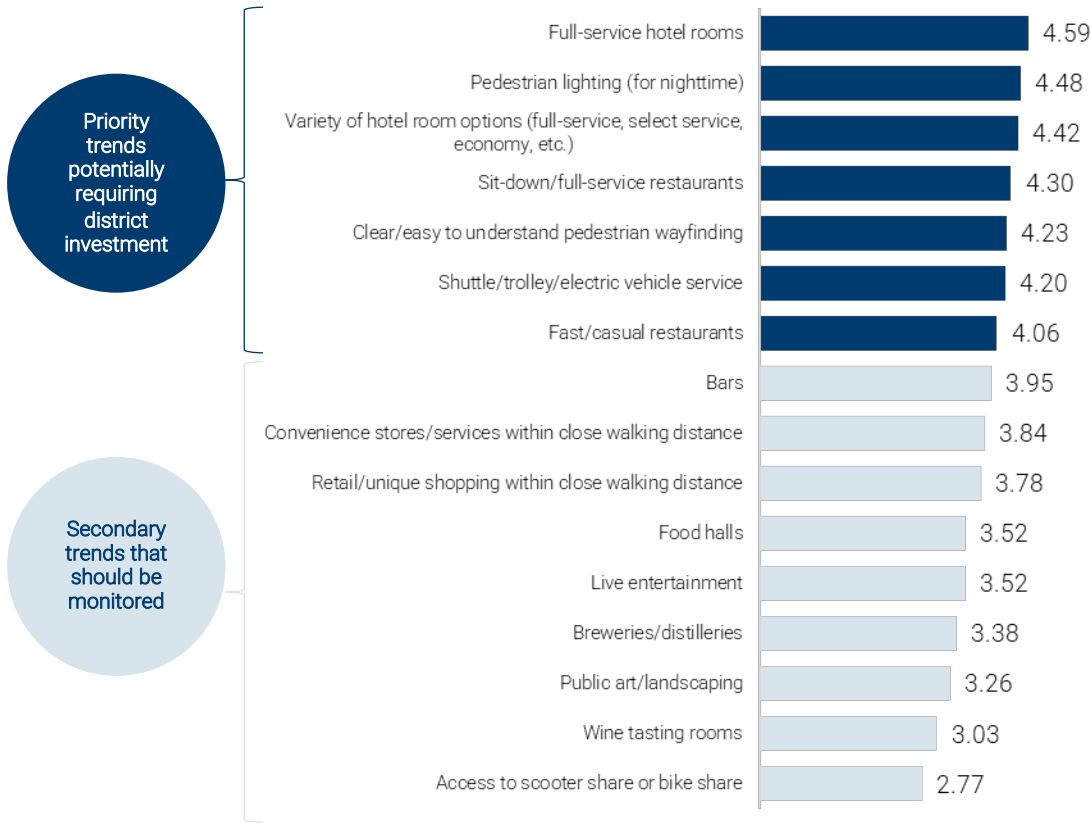
To test the demand for each of the facility feature concepts presented on previous pages, CSL collected survey input from nearly 90 planners of major national and regional conventions and conferences. Participating planners were asked to rate the importance and appeal of several different event facility trends on a scale of "1" to "5", with "5" being the highest score. Their feedback is summarized in the above chart.

Trends that should be considered a high priority by the convention industry garnered scores of 3.25 or higher. No concepts received a score above 4.0, contrary to several convention district amenities, which are listed on the subsequent page. As shown, outdoor event space received the highest rating from planners, followed by using pre-function areas for informal meetings, streaming and broadcast technologies, and local and authentic food stations. It will be important to consider each of these trends as part of any conference center development.

Trends that scored lower are less of a near-term priority but should still be considered important as part of any convention center development or expansion project. These include unique or local public art, augmented and virtual reality capabilities, 'micro pods', and podcast recording rooms.



Convention District Amenity Trends by Importance and Appeal (according to surveyed event planners)



Source: CSL Convention Planner Surveys, 2022.

CSL also asked national and regional convention planners to rate the importance and appeal of various surrounding convention district amenity trends. This questions was similarly scaled from "1" to "5", with "5" as the highest score. These amenities received significantly higher levels of intrigue compared to specific convention center facility features. The highest score these district amenities received was 4.59, compared to 3.62 of convention center facility features. Their feedback is summarized in the above chart.

Trends that should be considered a high priority by the convention industry garnered scores of 4.00 or higher. The most important convention district amenity to event planners was access to full-service hotel rooms. This amenity is followed by pedestrian lighting for nighttime activities, a variety of hotel offerings, full-service restaurant options, easily understandable wayfinding for pedestrians, some form of vehicle service, and access to fast-casual dining options.

Trends that scored lower are less important to planners but should still be considered regarding new developments immediately surrounding any convention center. These amenities include nearby bars, convenience stores and services within walking distance, food halls, access to live entertainment, breweries and/or distilleries, and public art and landscaping design. The lowest scoring district amenities include wine tasting rooms and access to scooter or bike share for attendees.

## Summary & Conclusions

- **COVID IMPACTS ON CONVENTION/EVENT ACTIVITY:** Given the parallels between GDP changes and changes in various measures of the convention and conference industry, we expect future industry growth to continue to mirror the overall health of the economy. With leading economists noting that the economy is now rebounding from COVID impacts, we can assume a rebound to the convention and conference sector over the next several years. This rebound has already begun in many markets, however future virus variants may provide some set-backs to progress. Longer term, potentially by the time a new Seguin Hotel Convention Center is developed, it is likely that COVID impacts will have largely dissipated, and that standard economy-driven fluctuations in the convention and conference industry will prevail.
- **COVID IMPACTS ON CONSTRUCTION:** The COVID-19 pandemic has resulted in unprecedented disruption across all industry sectors and their various supply chains, including construction markets. This has led to precipitous inflation of construction costs for projects of all types, including hotels and convention centers. While the estimated construction data provided previously within this Chapter is useful in framing potential costs for hotel projects, significant volatility remains in the construction industry, and certain projects may cost out at rates/totals higher than these figures.
- **LODGING INDUSTRY TRENDS:** The massive disruption of the lodging industry by the COVID-19 pandemic is illustrated by the precipitous declines across all metrics impacted the industry, commencing in March 2020. A significant rebound occurred in 2021, with metrics in many markets throughout the country improving at a rapid rate and nearing pre-pandemic levels. Data suggest that the industry will substantially stabilize and return to historical rates/levels within 2023. Rather than pursuing stand-alone convention center projects while concurrently soliciting (and often incentivizing a separate hotel development), many small to mid-sized communities have pursued integrated hotel & conference center projects via public-private partnership (P3) transactions. These types of projects typically involve a public sector incentive to a private full-service Hotel developer/investor (most often upfront related to the necessary capital outlay to construct the project).
- **MACRO CONVENTION INDUSTRY DATA:** In the pre-pandemic/pre-recession environment, according to a PricewaterhouseCoopers study, just over 1.8 million meetings were held annually, attracting a total of just under 225 million meeting participants. Direct spending levels resulting from these meetings approximated \$280 billion, that was directly attributable to meeting activity. Spending on accommodations and food and beverage resulted in just under \$70 billion of total direct spending, making up a majority of the \$130 billion of direct spending on travel and tourism commodities. Also of note, money spent on meeting planning and production resulted in a total of \$107 billion of direct spending.
- **CONVENTION FACILITY TRENDS:** The convention industry continues to evolve as attendee bases undergo generational shifts, and as planner preferences regarding event spaces, services and technologies continue to change. Event planner feedback suggests that it will be important to prioritize the inclusion of hybrid event technology, dynamic pre-function areas, signature outdoor space, local/authentic food and beverage outlets, and pop-up/temporary food stations as part of a potential Seguin Hotel Convention Center.
- **CONVENTION DISTRICTS TRENDS:** Event planners increasingly consider the appeal of a convention facility's surrounding destination as part of their host facility selection process. Event planner input highlights the need to include various "district" elements around a potential Seguin Hotel Convention Center, including full-service and other hotel properties, pedestrian lighting, sit-down and fast/casual restaurants, easy to understand pedestrian wayfinding, and shuttle/trolley vehicle service.



4

## COMPARABLE FACILITIES

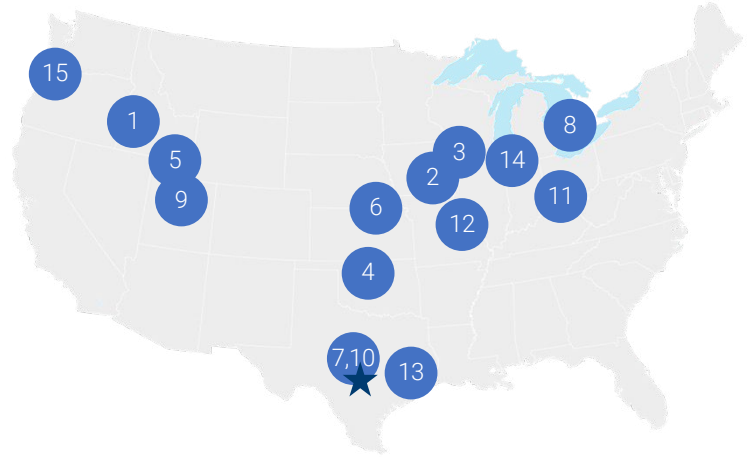
# 4

# COMPARABLE FACILITIES

## Overview

Certain inferences can be made by reviewing comparable convention and conference facilities operating in markets throughout the country of a similar size and/or geographic positioning to Seguin. These data help place a potential Hotel & Convention Center in Seguin within a comparable context with respect to facility offerings, demographics and related host market features.

The comparable convention centers reviewed were selected based on their event space offerings, hotel inventories, walkable surrounding environments, and market population characteristics. The exhibit below presents a summary of the 15 selected comparable convention facilities and markets analyzed. As shown, facilities reviewed range from the Hilton Garden Inn and Conference Center in Manhattan, Kansas (16,400 square feet of sellable space) to the Tinley Park Convention Center in Tinley Park, Illinois (82,100 square feet). In all, the facilities reviewed offer an average of 17,800 square feet of exhibit space, 17,400 square feet of ballroom space, and 10,400 square feet of meeting space.



Summary of Key Characteristics of Selected Comparable Facilities

Facility Name	City, State	Exhibit Space (SF)	Meeting Space (SF)	Ballroom Space (SF)	Total Sellable Space (SF)	Largest Contiguous Hall (SF)	Hotel Rms within 1/2-mile (number)	HQ Hotel Rooms (number)	
1	Boise Centre	Boise, ID	0	42,200	19,300	61,500	24,400	995	250
2	Hyatt Regency Hotel & Conference Center	Coralville, IA	30,000	5,400	22,400	57,800	30,000	947	286
3	Grand River Center	Dubuque, IA	29,300	11,500	14,500	55,300	29,300	618	193
4	Stride Bank Center	Enid, OK	31,500	6,700	11,300	49,500	31,500	96	96
5	Davis Conference Center	Layton, UT	18,400	2,700	22,400	43,500	18,400	688	245
6	Hilton Garden Inn and Conference Center	Manhattan, KS	0	1,900	14,500	16,400	14,500	580	135
7	New Braunfels Civic & Convention Center	New Braunfels, TX	11,800	3,500	9,300	24,600	11,800	73	0
8	Blue Water Convention Center	Port Huron, MI	20,100	4,200	7,300	31,600	20,100	245	149
9	Utah Valley Convention Center	Provo, UT	19,600	10,000	16,900	46,500	19,600	338	329
10	San Marcos Conference Center	San Marcos, TX	0	6,300	36,000	42,300	28,800	371	283
11	Sharonville Convention Center	Sharonville, OH	20,500	24,200	14,100	58,800	20,500	1,058	512
12	St. Charles Convention Center	St. Charles, MO	27,600	7,000	22,200	56,800	35,700	574	296
13	Sugar Land Marriott Town Square	Sugar Land, TX	0	10,100	15,500	25,600	15,500	641	300
14	Tinley Park Convention Center	Tinley Park, IL	58,100	5,300	18,700	82,100	58,100	641	192
15	Vancouver Conference Center	Vancouver, WA	0	8,700	21,900	30,600	14,100	669	226
AVERAGE			17,800	10,000	17,800	45,500	24,800	570	230
MEDIAN			19,600	6,700	16,900	46,500	20,500	620	250

Note: Sorted by City, State (Alphabetically).  
Source: CSL research, interviews with facility management, facility websites, Google maps, 2023.

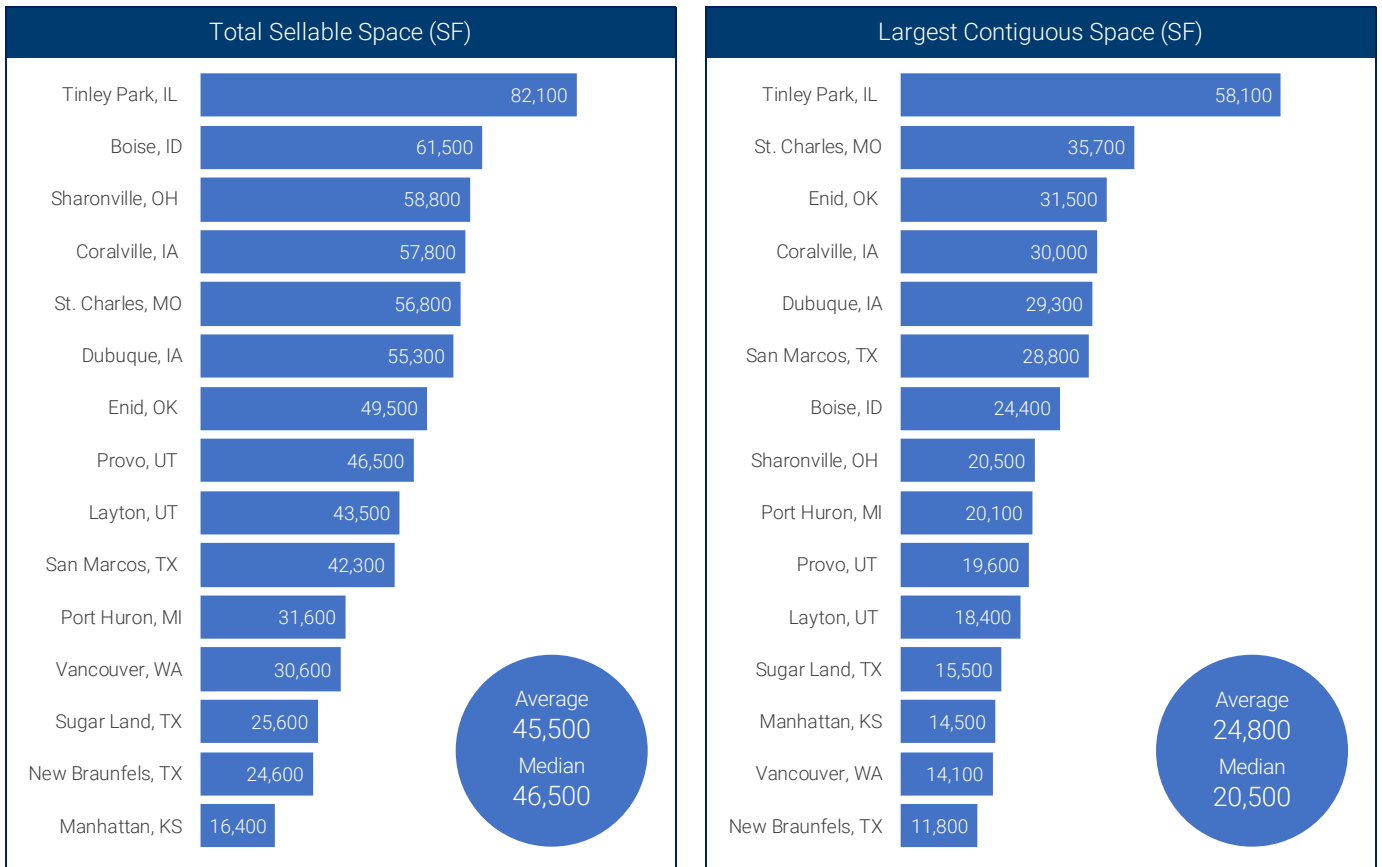
## Convention Space Comparisons

To provide further context regarding the comparable facilities reviewed on the previous page, we have prepared the bar charts below that compare the sellable event spaces offered by said facilities. As shown, the average facility within the comparison set has a largest contiguous space offering of 24,800 square feet and offers 45,500 square feet of total sellable event space.

Though located in similar markets in terms of population size and corporate base, each of the facilities reviewed offer varying contiguous event spaces and differing total sellable spaces. Largest contiguous spaces range from the 58,100-square foot event hall at Tinley Park Convention Center in Tinley Park, Illinois to the 11,800-square foot exhibit hall at New Braunfels Civic & Convention Center in New Braunfels, Texas.

Given Seguin’s relatively small population, considering event space targets at or just short of the median may be warranted for a potential Hotel & Convention Center. This is furthered explored as part of a demographic analysis later herein.

Comparison of Key Convention Space Offerings at Selected Comparable Facilities



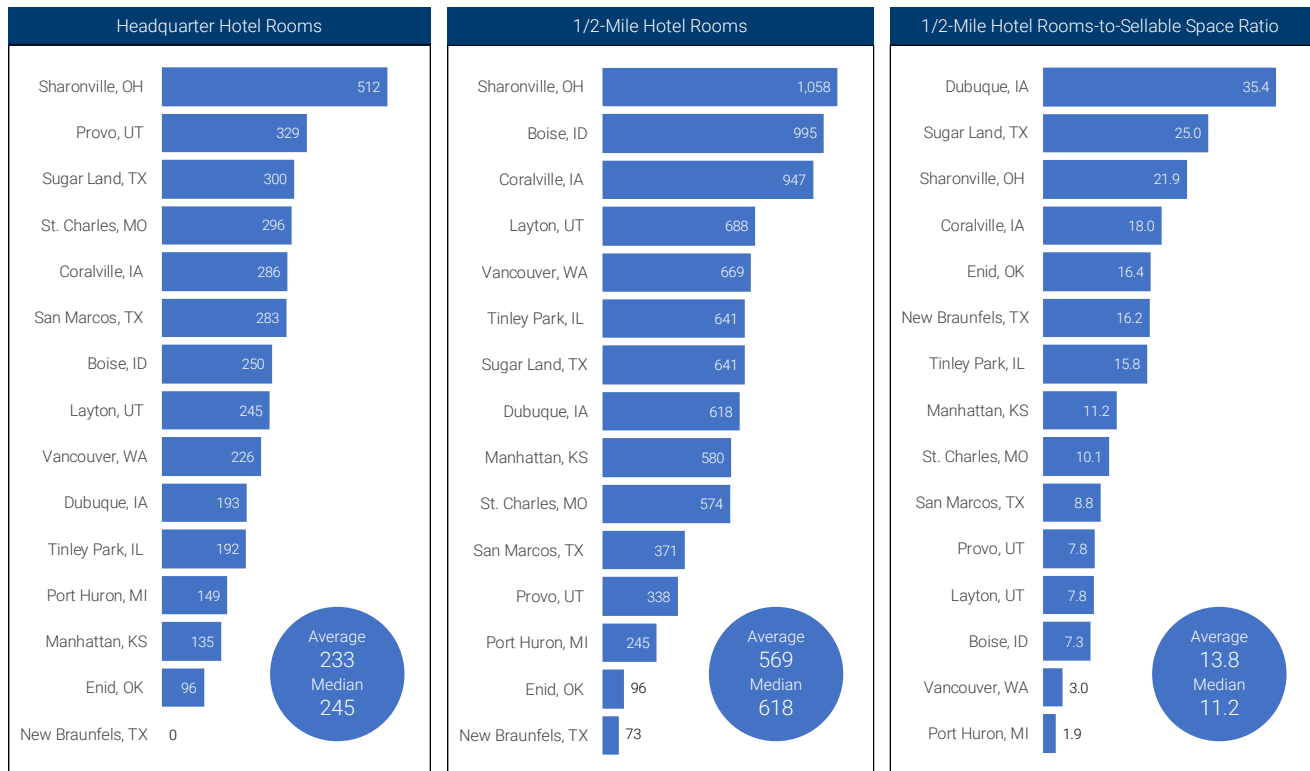
Source: CSL research, interviews with facility management, facility websites, 2023.

## Hotel Inventory Comparison

The supporting hotel inventory of a potential Hotel & Convention Center is instrumental in competing for state, regional and national conventions and tradeshows with significant non-local attendee bases. Headquarter and other supporting hotel inventory are often among the first data points sought by event planners when considering a future host site. To evaluate Seguin’s supporting hotel inventory, the charts below provide comparisons with hotel inventory of other convention products nationally.

As shown, the number of hotel rooms available within a half-mile of the previously identified comparable facilities range from 1,058 rooms in Sharonville, Ohio to 73 rooms in New Braunfels, Texas. To provide context, there are not presently any lodging facilities in downtown Seguin. This information suggests that if a potential new Seguin convention product is developed in or near downtown, a quality new hotel product located adjacent or closely proximate to the convention center will likely also be needed.

Comparison of Key Hotel Metrics Related to Selected Comparable Facilities



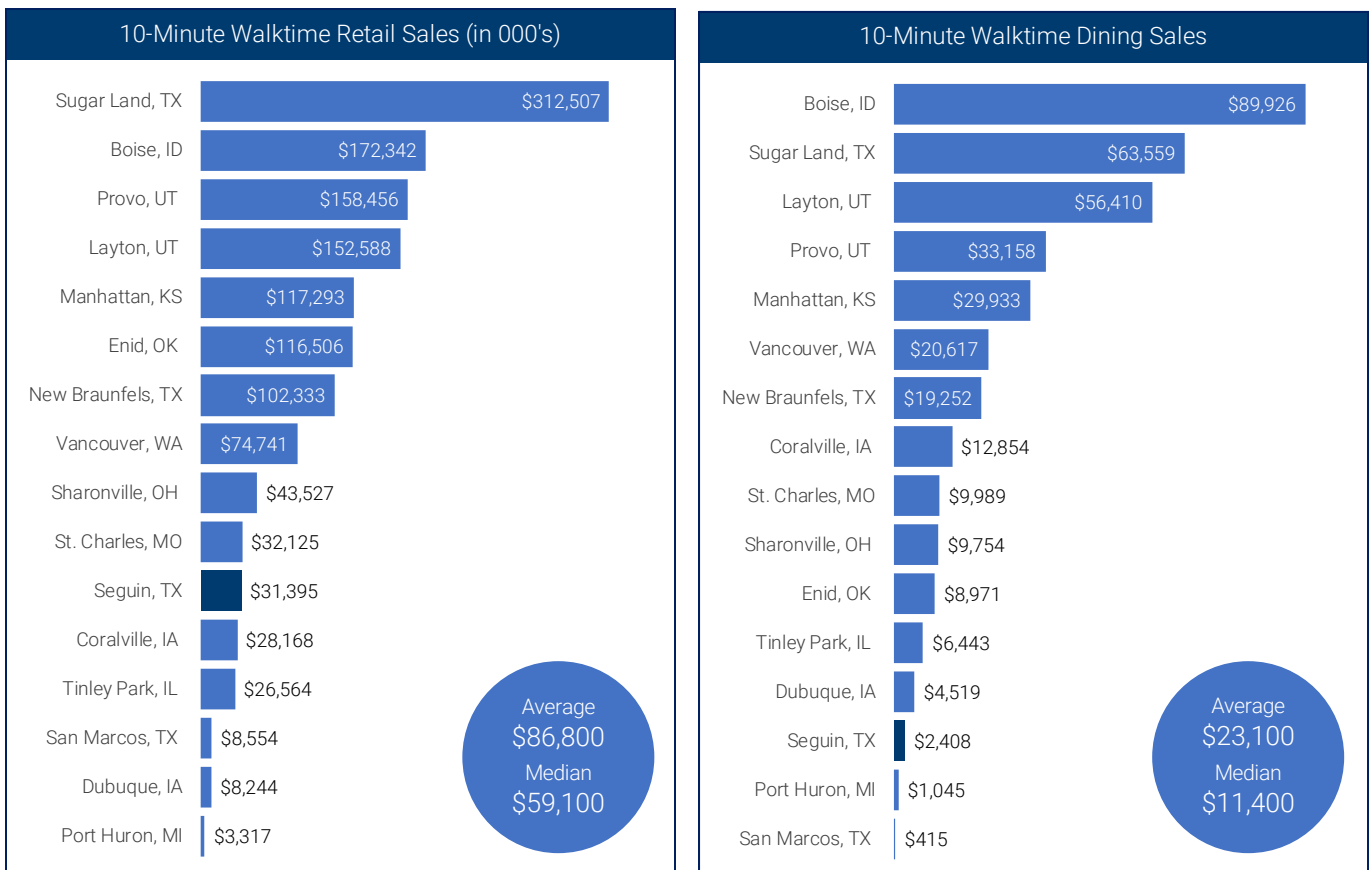
Source: CSL research, interviews with facility management, facility and CVB websites, Google Maps, 2023.

## Dining & Retail Environment Comparison

Event planners increasingly consider the commercial vibrancy within walking distance of a host convention facility when selecting future host sites. As such, the exhibits below summarize the retail and dining sales typically generated on an annual basis within a 10-minute walk of each of the comparable convention facilities reviewed.

Using GIS software, we can analyze the level of hospitality spending (food, beverage and retail) on a geographically targeted basis. The data presented below show the level of spending in these segments that takes place within a 10-minute walk time from each compared convention center. For context, the 10-minute walktime surrounding Seguin Central Park has been included in the comparison set. As shown, retail and dining sales in downtown Seguin are below average (\$86.8 million and \$23.1 million, respectively), though a new Hotel & Convention Center product in the area could likely bolster these sales and spur the development of additional dining and retail businesses in the area.

Comparison of Retail & Dining Spending Nearby Selected Comparable Facilities



Source: Esri, 2023.

## Demographic Comparison

The level of drive-in population from which convention centers will drive some state- and regional-based business is an important element to consider as part of any expansion planning effort. The numbers indicated in the farthest left column on each chart correspond to the market/facility identification established on the previous page. As shown in the exhibits below, Seguin's population ranks below average among the 30-minute drivetime regions surrounding the comparable convention facilities reviewed. However, it ranks above average among the 90- and 180-minute regions.

Household income is another important socioeconomic characteristic of host markets that typically impacts convention center performance. The affluence of area households can impact the types of drive-in programming that will be most successful at a convention center, and it can also serve as a proximate indicator of the economic vibrancy of a market. Not unlike its population rankings, Seguin ranks near the median of the 30- and 90-minute drive-in markets, but ranks as the second highest of 16 for the 180-minute drive-time regions.

The regional corporate base (number of companies) also can play an important role in the success of convention centers. Corporate events and sponsorships often contribute significantly to convention facility income. As shown in the exhibit, Seguin ranks in the bottom half of the comparison set for its 30-minute drive-in capture, comparing closely with Midwest convention destinations such as Coralville, Dubuque and Manhattan. For it's 90- and 180-minute drivetime regions, Seguin ranks in the top third, comparable to markets including Tinley Park, Sugar Land and Sharonville.

Comparison of Demographic Metrics of Selected Comparable Facility Markets

POPULATION				AVERAGE HOUSEHOLD INCOME				NUMBER OF COMPANIES						
Market	30-min	90-min	180-min	Market	30-min	90-min	180-min	Market	30-min	90-min	180-min			
13	Sugar Land, TX	2,661,013	7,638,699	13,866,010	13	Sugar Land, TX	\$120,782	\$111,522	\$105,851	13	Sugar Land, TX	124,066	281,104	503,070
14	Tinley Park, IL	1,857,204	9,812,129	20,517,435	15	Vancouver, WA	\$119,603	\$113,095	\$122,612	15	Vancouver, WA	81,061	129,358	288,225
15	Vancouver, WA	1,840,064	3,338,638	7,932,564	9	Provo, UT	\$113,403	\$110,109	\$105,686	12	St. Charles, MO	56,650	104,477	239,196
12	St. Charles, MO	1,524,198	3,101,165	6,599,877	12	St. Charles, MO	\$111,309	\$100,405	\$89,895	11	Sharonville, OH	55,994	132,284	497,537
11	Sharonville, OH	1,509,481	4,036,657	14,798,941	11	Sharonville, OH	\$104,757	\$94,332	\$90,312	14	Tinley Park, IL	53,226	335,090	714,171
5	Layton, UT	793,981	2,971,434	3,694,596	1	Boise, ID	\$102,771	\$97,411	\$94,116	1	Boise, ID	25,474	31,610	43,940
9	Provo, UT	727,476	2,815,765	3,318,838	10	San Marcos, TX	\$102,089	\$108,179	\$105,588	5	Layton, UT	24,882	79,574	105,822
7	New Braunfels, TX	711,210	5,277,313	13,529,656		Seguin, TX	\$100,858	\$107,497	\$105,991	7	New Braunfels, TX	21,019	177,317	481,452
1	Boise, ID	693,330	911,978	1,187,909	5	Layton, UT	\$100,661	\$109,188	\$103,764	9	Provo, UT	17,707	75,911	92,607
10	San Marcos, TX	589,872	5,318,682	13,619,226	7	New Braunfels, TX	\$98,553	\$107,916	\$105,327	10	San Marcos, TX	15,820	177,385	485,165
	Seguin, TX	283,409	5,178,691	14,640,923	14	Tinley Park, IL	\$97,247	\$116,737	\$103,703	2	Coralville, IA	10,286	53,167	218,390
2	Coralville, IA	262,112	1,375,204	5,786,981	2	Coralville, IA	\$94,551	\$89,188	\$94,155		Seguin, TX	7,787	172,370	516,964
8	Port Huron, MI	140,248	4,843,658	9,426,242	3	Dubuque, IA	\$89,387	\$93,866	\$102,578	3	Dubuque, IA	5,494	50,488	353,214
3	Dubuque, IA	131,804	1,268,538	9,361,676	8	Port Huron, MI	\$88,183	\$96,544	\$92,696	6	Manhattan, KS	4,639	28,475	200,061
6	Manhattan, KS	128,633	687,663	5,267,216	4	Enid, OK	\$82,729	\$93,430	\$87,006	8	Port Huron, MI	4,516	159,072	314,266
	Average	923,600	3,905,100	9,569,900		Average	\$101,800	\$103,300	\$100,600		Average	33,900	132,500	336,900
	Rank (out of 16)	11	5	3		Rank (out of 16)	8	8	2		Rank (out of 16)	12	5	2

Source: Esri, 2023.



**Extrapolation-Based Facility Sizing**

One preliminary method of evaluating potential size parameters for a potential Hotel & Convention Center in Seguin is to consider the sizes of comparable facilities relative to their demographic and socioeconomic characteristics. While this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand, it helps paint a broader picture of what the Seguin market could sustain and serves to provide some initial insight into potential sizing parameters for a potential facility. Nevertheless, it does not take into consideration the specific demand generators unique to each community. These issues relative to the Seguin market will be discussed in a subsequent chapter of this report.

The exhibit below presents a market and facility ratio analysis using exhibit, meeting, ballroom, largest contiguous space and total sellable space figures to the populations in the 30-, 90- and 180-minute regions surrounding the comparable convention facilities reviewed. For instance, based on the population within a 30-minute drive of Downtown Seguin, the facility requires 9,800 square feet of exhibit space, 5,400 square feet of ballroom space, and 3,200 square feet of meeting space to align with the average ratio of its peer convention markets. These data also suggest the need for a 7,700 square foot contiguous space.

Due to the Seguin’s close proximity to San Antonio and Austin, the 90- and 180-minute population ratios suggest a large facility. However, given the significant number of event facilities in the region and the somewhat isolated geographical nature of Seguin, it is believed to be most appropriate to consider narrower drive-time populations as part of a recommended building program scenario. As such, giving a higher weight to the 30-min drive time (with consideration of the 90-minute drive time), this hypothetical extrapolation exercise suggests a modest-sized facility that is likely a more appropriate size to consider in Seguin.

This analysis also includes potential comparable facility-based suggestions for necessary hotel inventory. The existing lack of Upscale and Upper Upscale hotel product in Seguin, along with the lack of hotels within Seguin’s downtown, suggests a critical need for a new quality headquarters hotel product to support a potential Convention Center in Seguin. The exhibit below presents the results from a second ratio analysis, this one focusing on comparable event spaces to the number of businesses in each targeted geographic area. These data closely resemble the population figures above.

**Hypothetical Seguin Convention Center Sizing & Hotel Needs Based on Comparable Facilities**

Extrapolation Metric	BASED ON POPULATION			BASED ON COMPANIES			Average
	30-min	90-min	180-min	30-min	90-min	180-min	
Indicated Convention Space (SF)							
Exhibit Space	9,800	37,800	42,700	8,200	37,800	43,100	29,900
Meeting Space	3,200	14,800	17,100	2,400	14,400	17,000	11,483
Ballroom Space	5,400	24,800	28,600	4,000	24,100	28,500	19,233
Sellable Space	14,200	64,900	74,900	10,600	63,100	74,800	50,417
Largest Contiguous Space	7,700	35,400	40,900	5,800	34,400	40,800	27,500
Indicated Hotel Support (Rooms)							
Headquarters Hotel Rooms	70	330	380	50	320	380	255
Hotels within 1/2 Mile	180	810	940	130	790	930	630

Source: CSL research, interviews with facility and CVB management, Esri, 2023.  
 Note: Figures are extrapolated space and hotel room levels for a hypothetical convention center product in Seguin (TX) based only on ratios relative to the identified comparable facility set considered for this study. This type of analysis does not consider unique market conditions nor measured demand from potential events in the comparable and subject markets. Demand research and analysis specific to Seguin will be addressed in a subsequent chapter of this report.

## Comparison of Financial Operations

We have collected financial operating data from 26 convention centers nationally. Based on requests for confidentiality that are commonly made by facilities providing this type of data, the names of the facilities/cities have not been specifically attributed to the data that are listed. Each of these facilities represent stand-alone conference centers of convention centers (i.e. not including hotel products).

On average, these facilities offer a total of 59,000 square feet of total sellable space and collectively represent larger facilities than the comparable facilities examined previously. These financial data provide helpful perspective as to typical per square foot operational revenues and expenses associated with traditional conference products that feature industry standard mixes of exhibit space, ballroom space, and meeting space. In terms of financial performance, the convention facilities reviewed have a median loss of \$491,200 annually, with median revenues at \$1,924,800 and operating expenses at \$2,449,800. The comparison set averages a loss of \$12.55 per sellable square foot, resulting in an average coverage ratio (the extent to which a convention facility covers its operational expenses) of 76% percent.

### Comparison of Financial Operating Performance of Stand-Alone Convention Centers

Facility	Operating Revenue	Operating Expense	Sellable Space	Net Operating Income/(Loss)	Net Operating Inc./ (Loss) per SF Tot. Sel. Space	Coverage Ratio	Rev. per SF of Tot. Sel. Space	Exp. per SF of Tot. Sel. Space
Facility A	\$9,129,491	\$9,142,739	49,400	(\$13,248)	(\$0.27)	100%	\$184.81	\$185.08
Facility B	\$1,327,785	\$1,756,371	63,500	(\$428,586)	(\$6.75)	76%	\$20.91	\$27.66
Facility C	\$1,908,691	\$2,183,512	33,100	(\$274,821)	(\$8.30)	87%	\$57.66	\$65.97
Facility D	\$2,546,412	\$2,182,612	21,400	\$363,800	\$17.00	117%	\$118.99	\$101.99
Facility E	\$1,379,358	\$1,853,542	27,700	(\$474,184)	(\$17.12)	74%	\$49.80	\$66.91
Facility F	\$4,989,038	\$6,924,191	115,000	(\$1,935,153)	(\$16.83)	72%	\$43.38	\$60.21
Facility G	\$2,574,420	\$2,504,725	46,500	\$69,695	\$1.50	103%	\$55.36	\$53.87
Facility H	\$874,661	\$1,626,607	21,100	(\$751,946)	(\$35.64)	54%	\$41.45	\$77.09
Facility I	\$496,851	\$701,590	24,600	(\$204,739)	(\$8.32)	71%	\$20.20	\$28.52
Facility J	\$2,893,856	\$2,585,052	24,300	\$308,804	\$12.71	112%	\$119.09	\$106.38
Facility K	\$1,940,934	\$3,814,200	132,200	(\$1,873,266)	(\$14.17)	51%	\$14.68	\$28.85
Facility L	\$239,235	\$1,278,990	18,000	(\$1,039,755)	(\$57.76)	19%	\$13.29	\$71.05
Facility M	\$5,678,457	\$5,325,913	56,800	\$352,544	\$6.21	107%	\$99.97	\$93.77
Facility N	\$2,292,268	\$2,341,268	47,800	(\$49,000)	(\$1.03)	98%	\$47.96	\$48.98
Facility O	\$1,125,833	\$1,634,113	22,900	(\$508,280)	(\$22.20)	69%	\$49.16	\$71.36
Facility P	\$4,656,669	\$7,368,760	62,900	(\$2,712,091)	(\$43.12)	63%	\$74.03	\$117.15
Facility Q	\$4,426,206	\$5,215,646	169,200	(\$789,440)	(\$4.67)	85%	\$26.16	\$30.83
Facility R	\$631,765	\$704,743	21,000	(\$72,979)	(\$3.48)	90%	\$30.08	\$33.56
Facility S	\$1,497,885	\$2,394,778	33,300	(\$896,893)	(\$26.93)	63%	\$44.98	\$71.92
Facility T	\$2,756,581	\$3,751,441	105,700	(\$994,860)	(\$9.41)	73%	\$26.08	\$35.49
Facility U	\$1,342,453	\$3,450,102	79,700	(\$2,107,649)	(\$26.44)	39%	\$16.84	\$43.29
Facility V	\$511,480	\$1,706,060	43,500	(\$1,194,580)	(\$27.46)	30%	\$11.76	\$39.22
Facility W	\$1,476,381	\$3,906,232	75,900	(\$2,429,851)	(\$32.01)	38%	\$19.45	\$51.47
Facility X	\$1,756,000	\$1,796,094	58,800	(\$40,094)	(\$0.68)	98%	\$29.86	\$30.55
Facility Y	\$2,259,727	\$3,009,624	82,300	(\$749,897)	(\$9.11)	75%	\$27.46	\$36.57
Facility Z	\$6,778,369	\$5,988,330	97,600	\$790,039	\$8.09	113%	\$69.45	\$61.36
AVERAGE	\$2,595,800	\$3,274,900	59,000	(\$679,100)	(\$12.55)	76%	\$50.50	\$63.04
MEDIAN	\$1,924,800	\$2,449,800	48,600	(\$491,200)	(\$8.72)	75%	\$42.42	\$57.04

Source: Interviews with facility management, CSL research, 2022.

## Selected Case Studies

Case studies for a select set of the identified comparable convention facilities are provided on the following pages. Construction costs are shown in terms of their original costs, as well as adjusted costs (modified for time and place).

# 4

# COMPARABLE FACILITIES

## 1

### BOISE CENTER ON THE GROVE

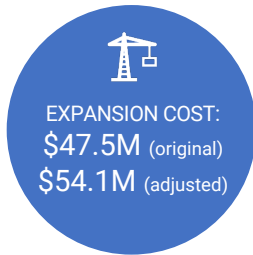
City, State: Boise, Idaho  
 Owner: City of Boise  
 Operator: City of Boise  
 Year Opened: 2006  
 Expansion Cost: \$47.5 million  
 Exhibit Space: 0 sf  
 Ballroom Space: 19,300 sf  
 Meeting Space: 42,200 sf



The Boise Center, located in downtown Boise, opened in 1990 and is owned and operated by the City of Boise. At the time of CSL’s 2013 study, the Center offered 33,000 square feet of sellable space, including 9,000 square feet of meeting space within 8 separate meeting rooms and nearly 25,000 square feet of ballroom space. In 2017, the facility underwent a \$47.5 million expansion to add Boise Center East, a new wing that added a 13,700-square foot junior ballroom as well as more than 10,000 square feet of highly divisible breakout meeting space. The expansion enabled the Center to accommodate significantly more concurrent activity from the state and regional association and corporate marketplace, as well as offer its Grand Ballroom as a primary convention space. In this way, the Ballroom serves as an exhibit hall while the jr. ballroom hosts assemblies and meal functions.

Significant hotel development in downtown Boise has also taken place since the 2013 study. Rooms within ½-mile of the Center have grown from 760 to nearly 1,000, and this area generated more than \$79.4 million and \$106.3 million in retail and dining sales, respectively in a recent year. The condensed and highly walkable area surrounding the Center has been noted by planners as an ideal convention environment.

In a recent year, the Center hosted nearly 220 events and 140,000 attendees, operating at a loss of approximately \$890,000, with \$1.5 million in operational revenues and \$2.4 million in expenses.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• Very flexible, high-finish event space.</li> <li>• Access to outdoor event space, nearby arena, and other off-site facility options that event planners desire.</li> <li>• Highly-walkable surrounding district that continues to improve.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• Lack of contiguous event space; cannot host national events that Century II could accommodate.</li> <li>• Split nature of original building and Boise Center East not ideal for large events that require the entire event space inventory.</li> </ul>

# 4

# COMPARABLE FACILITIES

## 2

### HYATT REGENCY CORALVILLE CC

City, State: Coralville, Iowa  
 Owner: City of Coralville  
 Operator: Marcus Hotels and Resorts  
 Year Opened: 2006  
 Construction Cost: \$60 million estimated  
 Exhibit Space: 30,000 sf  
 Ballroom Space: 22,400 sf  
 Meeting Space: 5,400 sf

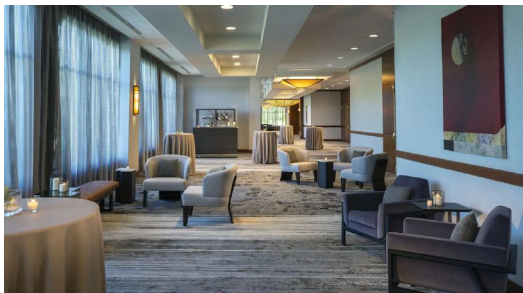
The Hyatt Regency Hotel & Conference Center (formerly the Coralville Marriott Hotel & Conference Center until a 2021 hotel rebrand) is located in Coralville, Iowa. The facility originally opened in 2006 as a publicly-funded hotel and conference center development. The estimated construction cost for the project totaled \$60 million, which included both the hotel and conference center. The project was funded with \$20 million in hotel tax revenue, \$33 million in taxpayer backed bonds, and \$5 million contributed from the State of Iowa.

In 2005, the City and Marriott came to an agreement for the hotel to manage the center for 15 years. In 2021, the hotel was renamed the Hyatt Regency and is now managed by Marcus Hotels and Resorts group.

The attached headquarter hotel hosts 286 rooms and the area hosts 947 total guest rooms within ½ mile of the facility. Additionally, the facility contains 20 separate options for meeting spaces and can host up to 3,000 people at one time.

The facility offers 58,000 square feet of total sellable space; made up from exhibit, ballroom, and meeting spaces. The largest available contiguous space totals to 30,000 square feet.

The facility is located along the Iowa River, is located adjacent to the University of Iowa, and is easily accessible from downtown Iowa City and the Eastern Iowa Airport. As another waterfront-located facility, the Center serves as a closely comparable option to a potential Ashland facility.



**CONSTRUCTION COST:**  
 \$60.0M (original)  
 \$88.7M (adjusted)

**NET OPERATING PROFIT/(LOSS):**  
 N/A

**ANNUAL EVENTS:**  
 N/A

STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• High accessibility of the venue to surrounding populations, hotel rooms, amenities, and attractions.</li> <li>• High amount of prime exhibit space capable of hosting larger trade show- / convention-oriented events.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• Operated through hotel group lowering overall net income due to half a million dollars in operator fees annually.</li> </ul>

# 4

# COMPARABLE FACILITIES

## 3

### DUBUQUE GRAND RIVER CENTER

City, State: Dubuque, Iowa  
 Owner: City of Dubuque  
 Operator: Platinum Hospitality Group  
 Year Opened: 2003  
 Expansion Cost: \$41.3 million  
 Exhibit Space: 29,300 sf  
 Ballroom Space: 11,500 sf  
 Meeting Space: 14,500 sf

The Grand River Center was constructed in 2003. The neighboring Grand Resort and Waterpark offers 193 guestrooms and is attached to the Grand River Center via a skywalk. It opened in December 2002, and features Iowa's first 25,000 square foot indoor waterpark, along with a large interactive arcade, fitness center and restaurant.

The Convention Center and Resort is located along the Mississippi River and is a part of America's River Campus at the Port of Dubuque.

The project was part of a \$188 million development initiative spearheaded by public and private enterprises to revitalize and develop the Port of Dubuque. The Center cost approximately \$41.3 million and the resort approximately \$30.0 million.

Other developments borne from America's River Project along the Port of Dubuque include the National Mississippi River Museum and Aquarium, Diamond Jo Casino, Alliant Energy Amphitheater and Star Brewery, Mystique Casino, and the Mississippi Riverwalk.

The project was funded publicly (65 percent) and privately (35 percent) with \$71.3 million. Nearly \$20.0 million came in the form of a grant from Vision Iowa, a state fund created to assist projects that provide recreational, cultural, entertainment and educational attractions. The City of Dubuque contributed over \$5.0 million via issued debt and the remaining cost of \$25.0 million was covered by private developer, Platinum Hospitality Group.



**CONSTRUCTION COST:**  
 \$41.3M (original)  
 \$66.9M (adjusted)

**NET OPERATING PROFIT/(LOSS):**  
 N/A

**ANNUAL EVENTS:**  
 N/A

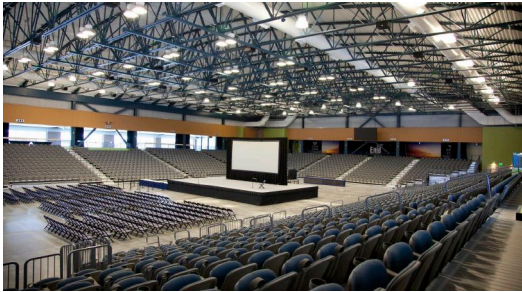
STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Public-private partnership that spurred broader transformational development.</li> <li>Leverages riverfront location to provide unique vistas throughout its meeting spaces.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Lack of a nationally-branded, convention-quality headquarters hotel.</li> <li>Current management company (Grand Resort &amp; Waterpark) is more oriented towards leisure sales and marketing.</li> <li>Mgmt. agreement provides weak guidance for convention attraction.</li> </ul>



4

## STRIDE BANK CENTER

City, State: Enid, Oklahoma  
 Owner: City of Enid  
 Operator: Spectra/OVG  
 Year Opened: 2013  
 Construction Cost: \$18.6 million  
 Exhibit Space: 31,500 sf  
 Ballroom Space: 11,300 sf  
 Meeting Space: 6,700 sf



Stride Bank Center opened in 2013 and is located in Enid, Oklahoma, which is an approximate 1.5-hour drive north of Oklahoma City. The facility is comprised of a 74,000-square-foot, 5,000-seat arena with fully retractable seating near the bowl floor, and a convention center. Both facilities are collectively known as Stride Bank Center, and the arena was constructed adjacent to the existing convention center with interior connectivity. The arena has served as the home of the Oklahoma Flying Aces (Champions Indoor Football) since 2019 and will serve as the home of the Enid Outlaws (The Basketball League) starting in 2021.

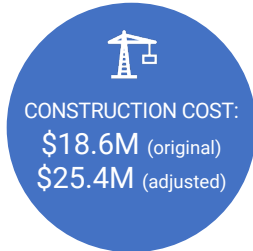


In 2010, the City included construction of the arena and the renovation of the existing convention center as part of the capital improvement master plan. The capital improvement fund, which was the mechanism utilized by the City to construct the \$18 million arena, is funded through the City's portion of sales tax revenues. Central National Bank signed a 10-year naming rights agreement for the arena in 2016 for a total value of \$1.3 million, or \$130,000 annually, on average. The facility changed names in 2019 after Central National Bank rebranded to Stride Bank.



Stride Bank Center has three luxury suite lounge spaces located behind the seating bowl opposite the concourse. These suite spaces are included as part of broader sponsorship deals and are mainly utilized during concerts and other similar entertainment events.

In 2019, Stride Bank Center hosted 83 events and attracted approximately 83,000 attendees, according to arena management representatives. The chart below provides an overview of the types of events hosted in that year, with high school events (31), other sporting events (18), and concerts (9) comprising 70 percent of the total annual events hosted. Stride Bank Center has generally operated at a deficit of \$500,000 or more each year since opening, though the amount of the deficit has decreased every year. The largest source of income at the venue is catering/concessions sales (approximately 39 percent of total revenue) while rental income represents approximately 25 percent of total revenue. The City funds shortfalls in the operating budget through hotel tax revenues.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Highly multi-functional and benefits community as both a civic center and convention center</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Lack of nearby hotel rooms, restaurants and other amenities precludes facility from hosting state and regional conventions</li> <li>Lacks breakout meeting spaces</li> </ul>

4

# COMPARABLE FACILITIES



5

## DAVIS CONFERENCE CENTER & HILTON INN

City, State: Layton, Utah  
 Owner: Davis County  
 Operator: Western States Lodging  
 Year Opened / Expanded: 2004 / 2008  
 Expansion Cost: \$13.2 million  
 Exhibit Space: 18,400 sf  
 Ballroom Space: 22,400 sf  
 Meeting Space: 2,700 sf

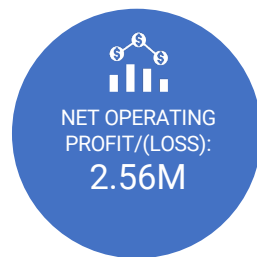
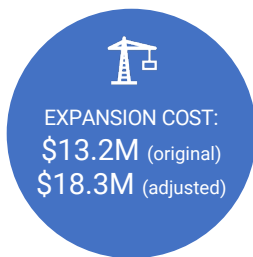
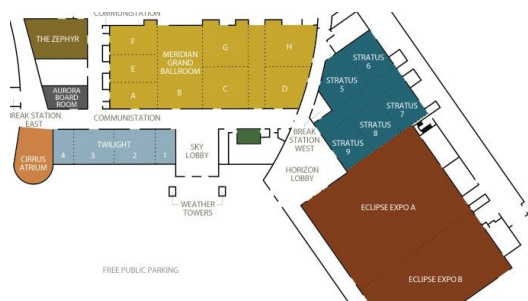
The Davis Conference Center, located in Layton, Utah, originally opened in 2004. The owner of the facility is Davis County, but operation is left to the Hilton hotel operators, Western States Lodging. The facility was originally constructed for a cost of \$11.3 million.

Due to initial high-demand and inability to meet user needs, the County broke ground for an expansion to nearly double the Center's size only three years after the Center's 2004 opening. In May of 2008, the Center opened a new 18,400 square foot exhibit hall as well as a 7,000 square foot junior ballroom. While this immediate expansion likely cost more than initially building the facility to this size, the County weighed the risk in its first development and built too small of a structure to meet needs.

The expansion brought the total sellable space for the facility to 43,400 square feet.

Attached to the facility is the Hilton Garden Inn, offering additional meeting space and 245 guest rooms. Within ½ mile of the center are 688 available hotel rooms. The hotel offers outdoor meeting space, The Solstice Courtyard, and unique meeting space in the Cirrus Atrium.

The development of this facility was made possible through a public/private partnership between the County and Western States Lodging. Since its opening, the center has hosted an average of 600-700 events annually. Government related events make up 32% of this total. The facility generates an estimate revenue of \$2.56 million annually.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Designed to exactly meet existing demand needs based on three years of trial operation.</li> <li>Attached hotel allows for outsourced operation and additional meeting space for attendees.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Outsourced operator results in higher expenses and potentially lower Net Income.</li> <li>No waterfront accessibility lowering surrounding scenic views and attractiveness of the venue.</li> </ul>

# 4 COMPARABLE FACILITIES



## 6 HILTON GARDEN INN & CONFERENCE CENTER

City, State: Manhattan, Kansas  
 Owner: HCW Development  
 Operator: Kinseth Hospitality  
 Year Opened: 2011  
 Construction Cost: \$30.8 million  
 Exhibit Space: 0 sf  
 Ballroom Space: 14,500 sf  
 Meeting Space: 1,900 sf



The Hilton Garden Inn and Conference Center opened in November of 2011 and features 135 sleeping rooms. The Center and hotel is owned by HCW Development for a \$100,000 annual lease agreement paid to the city of Manhattan. A \$2.1 million balloon payment is due to the City in 2041.



The Hotel and Conference Center were a part of the Manhattan South End Redevelopment Plan that envisioned growth in the community and enhancing Manhattan as a regional shopping and entertainment area. The Redevelopment Project was funded through \$31.0 million from the City and \$36.0 million from three private developers.

To acquire the necessary land for the project, the City Commission spent three years and \$15.5 million to attain acreage. The City of Manhattan provided funding for the \$9.5 million conference center while HCW Development provided approximately \$15.0 million in funding for the Hilton Garden Inn hotel. In total, the Center, hotel and parking garage cost approximately \$30.8 million to construct.

Center representatives report that the facility hosts approximately 50 events per month and 3,000 event attendees per month; approximately 600 events and 36,000 attendees annually. It is estimated that the Center generates approximately 13,000 to 17,000 incremental room nights annually.



 <b>CONSTRUCTION COST:</b> \$30.8M (original) \$40.8M (adjusted)	 <b>NET OPERATING PROFIT/(LOSS):</b> N/A	 <b>ANNUAL EVENTS:</b> 600
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STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• Modern and efficient space</li> <li>• Productive public/private partnership</li> <li>• Key anchor for the surrounding retail/entertainment district</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• Lack of a traditional full-service headquarters hotel</li> <li>• Relatively small size of the largest contiguous hall</li> <li>• Significant limitation in breakout meeting space</li> </ul>



# 4

# COMPARABLE FACILITIES



## 7

### NEW BRAUNFELS CIVIC & CONVENTION CENTER

City, State: New Braunfels, Texas  
 Owner: City of New Braunfels  
 Operator: City of New Braunfels  
 Year Opened / Expanded: 1971 / 2008  
 Expansion Cost: \$12.0 million  
 Exhibit Space: 11,800 sf  
 Ballroom Space: 9,300 sf  
 Meeting Space: 3,500 sf



The 25,000-square foot New Braunfels Civic Center opened in 1971 and initially featured a single rentable exhibit hall and kitchenette. For more than 30 years, it served the New Braunfels community, primarily hosting private social events such as weddings, quinceañeras and reunions.



As demand for the facility continued to grow, the City voted in 2006 to allocate room tax revenue for a \$12.0 million expansion. Construction was completed in 2008, doubling the overall square footage of the Center and adding a 9,300-square foot ballroom as well as 3,500 square feet of meeting space which can be subdivided into five equally-sized rooms. The Center's exhibit hall is 11,800 square feet in size and features a 2,300-square foot stage.



Since the expansion, the New Braunfels CVB has made a concerted effort to attract larger, multi-day tradeshow and corporate meetings. This has decreased the number of smaller social events at the facility but increased overall event activity and attendance levels. In FY2019, the Center hosted 525 events, including 28 public/consumer shows and 225 meetings, with a total annual attendance of nearly 85,400. Further, the Center operated at a loss of \$205,000, with \$497,000 in operating revenues and \$702,000 in operating expenses.



Facility management noted that after the significantly negative pandemic-impacted years of 2020 and 2021, demand for facility usage rebounded in 2022. They noted that today event planners are often interested in renting the entire facility, not just the exhibit hall or ballroom. Recently, the Center has turned away many flat floor/public consumer shows due to limited space availability. This suggests opportunity for a potential new Hotel/Convention Center in Seguin to potentially accommodate these events given its proximity to the city of New Braunfels. Management also noted that New Braunfels' position between San Antonio and Austin allows the Civic & Convention Center to draw event activity from these larger markets and believe that opportunity exists for Seguin to do the same.

**EXPANSION COST:**  
 \$12.0M (original)  
 \$16.6M (adjusted)

**NET OPERATING PROFIT/(LOSS):**  
 (\$205,000)

**ANNUAL EVENTS:**  
 525

STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Highly utilized exhibit hall due to strong consumer show market.</li> <li>Two rooms approximating 10,000 square feet enables facility to effectively host concurrent event activity.</li> <li>Accommodates important local event activity, including graduations and other assemblies.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Lack of nearby hotel inventory.</li> <li>Square footage of both exhibit hall and ballroom fall just short of many state/regional event planner demands.</li> </ul>



8

BLUE WATER CONVENTION CENTER

City, State: Port Huron, Michigan  
 Owner: St. Clair County  
 Operator: ASM-Global  
 Year Opened: 2015  
 Construction Cost: \$9 million  
 Exhibit Space: 20,100 sf  
 Ballroom Space: 7,300 sf  
 Meeting Space: 4,200 sf



The Blue Water Convention Center, located in Port Huron, Michigan, opened in 2015. The facility is owned by St. Clair County but operated by ASM-Global. The facility was developed with a construction cost of \$9 million. The facility is located on working waterfront Port of Huron at the mouth of the St. Clair River.

The public-private development project responsible for the development of the Center also included a \$10.5 million renovation of the Thomas Edison Inn, now a DoubleTree hotel. The hotel operates as a headquarter hotel for the venue. The development project also includes a \$4 million privately funded culinary institute that partners with the Blue Water Convention Center. The culinary institute offers catering services for any events taking place at the center.



The headquarters hotel of the facility hosts 149 guest rooms which are the only hotel rooms available within a half-mile. In the facility are nine available breakout spaces for meetings. The majority of space in the facility comes from 21,800 square feet of ballroom space with the rest made up of 7,400 square feet of available meeting space.

In 2020, the County had to subsidize an additional \$450,000 in order for the facility to breakeven. In the facility's first year, it had revenues of \$608,500 and expenses of \$850,500 for a deficit of \$242,000. In 2022, the facility has 66 events scheduled for the first two quarters of the year.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• Scenic waterfront location in downtown Port Huron.</li> <li>• In-house culinary catering options for streamlined event scheduling and maintenance.</li> <li>• Leveraged public/private partnership (P3) to secure re-brand and improvements to headquarters hotel</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• No prime exhibit space offered in the facility whatsoever.</li> <li>• Lack of nearby hotel rooms presents an obstacle for the facility to host events that are up-to-scale with the size of the facility.</li> <li>• Ongoing operating subsidy required of the County</li> </ul>

4

# COMPARABLE FACILITIES



9

## UTAH VALLEY CONVENTION CENTER

City, State: Provo, Utah  
 Owner: Utah County  
 Operator: Spectra  
 Year Opened: 2012  
 Construction Cost: \$41 million  
 Exhibit Space: 19,600 sf  
 Ballroom Space: 16,900 sf  
 Meeting Space: 10,000 sf



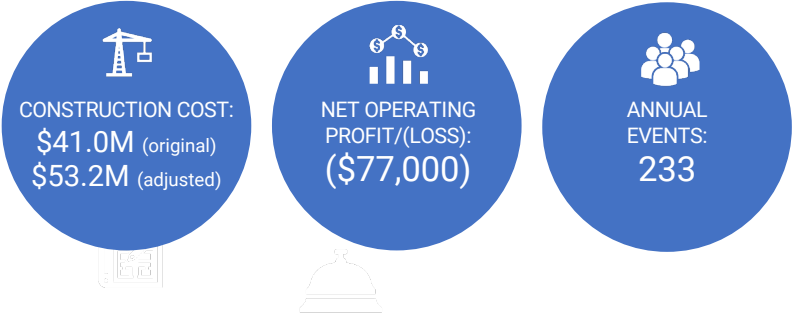
Opened May 2012, the Utah Valley Convention Center was developed for a total \$41 million. The building is LEED certified and offers complimentary Wi-Fi services as well as on-site catering, electric and A/V services. A 329-room Marriott Hotel is located adjacent to the Center, offering over 22,000 square feet of additional event space.

In 2013, the Center's first operating year, 233 events were held with nearly 110,000 total attendees. This included 15 major conventions that brought in a total of \$450,000 in revenue and \$2.5 million in economic impact.

Meetings are the most commonly hosted events at the Center, accounting for 49 percent of all events in 2013.

December was the Center's highest grossing month in 2013 due to the large number of corporate holiday banquets hosted. These parties resulted in \$300,000 of revenue for the Center.

Total gross revenue for 2013 was nearly \$2.9 million, and the Center finished the year with a net loss of \$77,000.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Downtown location adjacent to largest full-service hotel in market and within a walkable downtown district with plentiful amenities</li> <li>Carpeted multipurpose hall with modern finish and unique aesthetic</li> <li>Significant demand generators through BYU and major area corporate employers</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Failure to secure a hotel room block agreement with existing adjacent Marriott Hotel (which can limit ability to secure convention business during peak hotel periods)</li> <li>Lack of other nearby hotel properties in/near the downtown</li> </ul>

4

# COMPARABLE FACILITIES



## 10 SAN MARCOS CONFERENCE CENTER

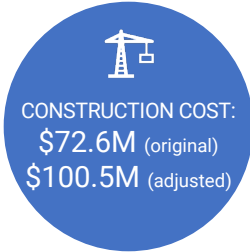
City, State: San Marcos, Texas  
 Owner: City of San Marcos  
 Operator: John Q. Hammons  
 Year Opened: 2008  
 Construction Cost: \$72.6 million  
 Exhibit Space: 0 sf  
 Ballroom Space: 36,000 sf  
 Meeting Space: 6,300 sf

The Embassy Suites San Marcos – Hotel, Spa and Conference Center opened in October 2008. The hotel is a full-service property offering 283 guest rooms.

The Center and hotel employ approximately 180 year-round staff with peak season numbers reaching 250 FTE employees. Five months prior to opening, facility representatives estimated that the conference center had more than \$700,000 in convention bookings and room reservations.

Examples of recent growth in San Marcos tourism infrastructure due to the Center include the estimated 900,000-square foot Stonecreek Crossing retail development, with JC Penney’s and Target as anchor tenants, and the estimated 311,000-square foot Red Oak Village development.

To start the development process, the City Council loaned \$1.5 million and granted \$500,000 to JQH to purchase the hotel site. The loan was eventually converted into a future economic development grant. The \$72.6 million project was funded with \$15.7 million in proceeds from tax-exempt combination tax and revenue certificates of obligation, along with a \$56.9 million contribution from JQH. Of JQH’s contribution \$6.9 million went to the Center and \$50.0 million went to the hotel property. The Center itself cost \$22.6 million to construct. The City owns the center and leases it to JQH on a 25-year agreement. JQH pays approximately \$550,000 annually in rent payments.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• Successful public/private partnership.</li> <li>• Key anchor of vibrant mixed-use district.</li> <li>• Self-contained model with nearby amenities that are particularly appealing to corporate event sector.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• Lack of walkability surrounding conference center.</li> <li>• Lack of true prime exhibit space.</li> </ul>

4

# COMPARABLE FACILITIES



## 11 SHARONVILLE CONVENTION CENTER

City, State: Sharonville, Ohio  
 Owner: Hamilton County  
 Operator: City of Sharonville / Spectra (OVG)  
 Year Opened / Expanded: 1994 / 2009  
 Expansion Cost: \$26 million  
 Exhibit Space: 27,600 sf  
 Ballroom Space: 14,100 sf  
 Meeting Space: 24,200 sf

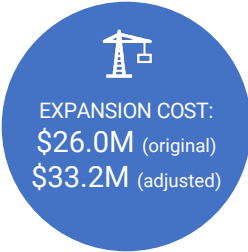
Opened in 1994, the Sharonville Convention Center is located approximately 15 miles north of downtown Cincinnati near the intersection of I-75 and I-275, the Sharonville Convention Center is northern Cincinnati’s primary convention, conference and event facility.

Sharonville’s location, less than 20 miles north of downtown Cincinnati, offers a complementary sub-destination that appeals to a variety of convention and meeting groups interested in affordability and convenience.

In 2019, the facility achieved an operational surplus of approximately \$175,500, and hosted 309 total events. The breakdown of this event inventory includes:

- 20 conventions
- 5 tradeshows
- 44 public shows
- 49 special events
- 55 banquets
- 134 meetings

County officials and facility management are also in planning stages for an eventual expansion of the facility that would add an additional 20,000 square feet of exhibit space and increases in ballroom and meeting space.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• High-finish and highly sub-divisible convention product enables the hosting of high number of revenue generating events</li> <li>• Interstate access makes the facility highly accessible for events with significant drive-in attendee bases such as public shows.</li> <li>• Robust inventory of hotel rooms within ½-mile for a facility its size.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• Lacks the contiguous exhibit hall needed to accommodate many convention and tradeshow events at the state and regional level.</li> <li>• Lacks nearby hotel inventory to support retention of large corporate and association events.</li> </ul>

4

# COMPARABLE FACILITIES



12 **ST. CHARLES CONVENTION CENTER**

City, State: St. Charles, Missouri  
 Owner: St. Charles County CFSA and the City of St. Charles  
 Operator: Spectrum Global  
 Year Opened: 2005  
 Construction Cost: \$35 million  
 Exhibit Space: 27,600 sf  
 Ballroom Space: 22,200 sf  
 Meeting Space: 7,000 sf

The Saint Charles Convention Center is a \$35 million multi-functional facility that opened in April 2005.

In a recent year, the Center hosted 463 events and attracted 190,000 people, generating approximately 20,000 room nights. Specifically, the Center hosted 10 conventions, 25 tradeshow, 19 consumer shows, 98 banquets, 287 meetings and 24 miscellaneous events.

There are over 2,100 hotel rooms in the greater St. Charles area. Major properties include a 296-room Embassy Suites Hotel that is attached to the Center, which is owned and operated by John Q. Hammons.

The \$36 million Hotel and Convention Center unite sales and marketing staff to centralize promotions of both facilities.

Largely viewed as a result of the Center's success, approval for a \$55 million tax increment financing subsidy was recently approved to fund a \$385 million economic development project to be located a few blocks from the Center. This complex is to include an 18-floor residential tower, several condominium buildings with lower-floor shops and restaurants and offices, a 10 to 14-story hotel, a movie theater and an outdoor ice rink.





**CONSTRUCTION COST:**  
 \$35.0M (original)  
 \$53.4M (adjusted)



**NET OPERATING PROFIT/(LOSS):**  
 N/A



**ANNUAL EVENTS:**  
 463

STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Highly multi-purpose venue that serves important local needs for event space.</li> <li>Spurred additional nearby commercial investment.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Remote/non-distinct location that does not incentivize repeat visits from convention attendees.</li> <li>Hotel/convention center ownership structure sometimes presents issues for prioritizing retention of economically impactful events.</li> </ul>

# 4

# COMPARABLE FACILITIES



## 13

### SUGAR LAND MARRIOTT TOWN SQUARE

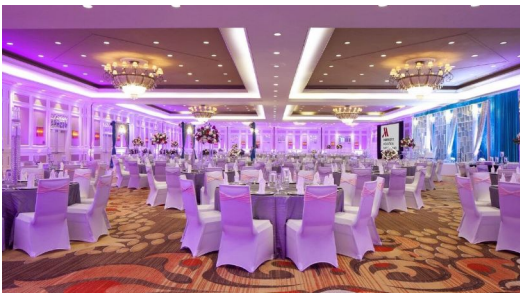
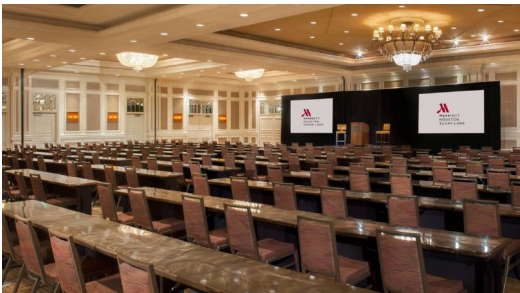
City, State: Sugar Land, Texas  
 Owner: City of Sugar Land  
 Operator: Crestline Hotel  
 Year Opened: 2003  
 Construction Cost: \$54.8 million  
 Exhibit Space: 0 sf  
 Ballroom Space: 10,100 sf  
 Meeting Space: 15,500 sf


The Sugar Land Marriot Conference Center opened in 2003 and features 300 guest rooms and a 600-stall parking garage.

The Center and parking garage is the prominent component of Sugar Land Town Square, a 32-acre pedestrian-oriented, master-developed, main-street city center and business district that also includes restaurants, retail, entertainment, office space, condominiums, among other amenities.

Total project costs for the Center were approximately \$54.8 million funded through a public-private partnership. The City's \$19.3 million portion of the funding was generated by \$10 million in certificates of obligation, funded by a local hotel occupancy tax, \$1 million generated by a 0.25 cent sales tax targeted toward economic and community development programs and another \$8.3 million of issued debt that is to be paid back by continued collections of the aforementioned sales tax. The remaining \$35.5 million was privately funded.

Crestline Hotels was contracted by the City to manage and operate the Center and hotel for a term of 20 years and receives a base mgmt. fee of three percent of gross hotel and Center revenues as well as an incentive fee equal to 15 percent of annual operating profit.



  
**CONSTRUCTION COST:**  
 \$54.8M (original)  
 \$88.7M (adjusted)

  
**NET OPERATING PROFIT/(LOSS):**  
 N/A

  
**ANNUAL EVENTS:**  
 N/A

STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Developed via successful public/private partnership.</li> <li>Located in highly vibrant mixed-use district.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Lacks true prime exhibit space.</li> <li>Ballroom is somewhat undersized relative to competitive facilities in the region.</li> </ul>

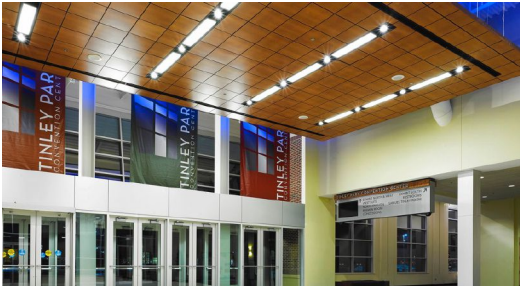
4

# COMPARABLE FACILITIES

14

## TINLEY PARK CONVENTION CENTER

City, State: Tinley Park, Illinois  
 Owner: Village of Tinley Park  
 Operator: MID-CON Hospitality  
 Year Opened / Expanded: 2003 / 2011  
 Expansion Cost: \$22 million  
 Exhibit Space: 58,100 sf  
 Ballroom Space: 5,300 sf  
 Meeting Space: 18,700 sf



Built in 2000 along I-80 and I-355, the Tinley Park Convention Center has hosted an array of local, state, regional, and (since its expansion) national events. The Village of Tinley Park built the original convention center for \$10 million in bonds paid for with money from the village's Oak Park Avenue tax increment financing district, which captures a share of the property tax revenues from downtown Tinley Park and the convention center and hotel area. Money from a two percent hotel tax increase and the TIF pay the debt service for a \$22 million expansion of the Center that occurred in 2011, as well as payments for maintenance and capital improvements to the building.

A 2008 agreement established that MID-CON Hospitality would operate and manage the convention center on behalf of the Village. The new agreement called for the Village to pay the hotel operator a "Facility Maintenance Cost Sharing" payment of \$675,000 in two equal installments each year over the ten-year agreement.

A recent report indicates that the Center's event mix is comprised of approximately 49 percent corporate business, 25 percent SMERF, 8 percent association, and 7 percent weddings, 5 percent consumer shows, and 6 percent "other".

**EXPANSION COST:**  
 \$22.0M (original)  
 \$29.1M (adjusted)

**NET OPERATING PROFIT/(LOSS):**  
 N/A

**ANNUAL EVENTS:**  
 N/A

STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>• High quality, modern convention facility product</li> <li>• Proximity to significant demand generators throughout the greater Chicago metropolitan area</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>• Breakout meeting space limitations</li> <li>• Overall level of business/utilization is high; however, a substantial portion of business represents local drive-in/out business from other areas of Chicago metropolitan area, thereby resulting in lower than typical economic impact per event</li> </ul>



# 4

# COMPARABLE FACILITIES



## 15

### VANCOUVER HILTON & CONFERENCE CENTER

City, State: Vancouver, WA  
 Owner: Downtown Redevelopment Authority (DRA)  
 Operator: Hilton Hotels via CHMWarnick (asset manager)  
 Year Opened: 2005  
 Construction Cost: \$52 million  
 Exhibit Space: 0 sf  
 Ballroom Space: 21,900 sf  
 Meeting Space: 8,700 sf



The Vancouver Hilton & Convention Center is a multi-functional facility that opened in June 2005 across from Esther Short Park. The facility is part of redevelopment and revitalization efforts of the City of Vancouver that began in the early 2000s with the construction of numerous condominium structures surrounding Esther Short Park and around the Uptown Village neighborhood. The full-service Hilton Hotel offers 226 guest rooms and the Convention Center integrates 30,600 square feet of sellable space. Development plans in the immediate area include a potential expansion of the Convention Center, a new library, Marriott hotel and approximately 250 additional condominiums.

The City of Vancouver and Clark County estimated that they were losing approximately \$500 to \$950 million in retail and entertainment dollars annually to other communities. Therefore, they decided to construct the 226-room Hotel and Center as one vehicle to drive new visitation to the community. Approximately \$64.1 million in tax-exempt revenue bonds are the primary funding source for the project.

In recent pre-COVID years, the Vancouver Hilton & Convention Center has been a high-performing asset. Hotel occupancy and overall financial operating performance typically met or exceeded hotel brand standards, while Convention Center utilization and attendance per square foot exceeded convention facility averages nationwide. Specifically, in 2019, the Hilton & VCC business unit generated \$20.3 million in operating revenue and \$14.8 million in operating expenses, resulting in EBITA (earnings before interest, taxes and amortization) of \$5.5 million. In 2019, the Hilton recorded year-end hotel room occupancy of 78.7 percent, an ADR (average daily rate) of \$170.59, and a RevPAR of \$130.85.

During the period spanning 2017 through 2019 (the most recent period not affected by the COVID-19 pandemic), the VCC averaged a total of 667 events annually, resulting in an average of more than 1,800 days of utilization and nearly 28,700 room nights. Overall event activity grew from 645 events and 1,722 utilization days in 2017 to 703 and 1,987, respectively, in 2019.



STRENGTHS & WEAKNESSES RELEVANT TO SEGUIN	
<b>STRENGTHS:</b>	<ul style="list-style-type: none"> <li>Developed through successful public/private partnership, wherein public sector also controls "destiny" of event space.</li> <li>Situated within highly walkable downtown that is also undergoing further development.</li> <li>Generates significant food &amp; beverage revenue partly due to inclusion of multiple ballrooms, in-house technology offerings, and high-finish of meeting spaces.</li> </ul>
<b>WEAKNESSES:</b>	<ul style="list-style-type: none"> <li>Currently lacks true prime exhibit space.</li> <li>Turns away economically impactful pieces of business due to lack of contiguous event space of 20,000 square feet.</li> <li>Lacks nearby hotel rooms beyond the connected Hilton property.</li> </ul>

## Summary & Conclusions

- **COMPARABLE FACILITY EVENT SPACE:** Fifteen (15) markets comparable to Seguin offer convention or conference facilities with a median largest contiguous space of 20,500 square feet and a median of 46,500 total sellable square feet. Largest contiguous spaces, which are typically exhibit halls or large multipurpose rooms, range from the 11,800-square foot exhibit hall at the New Braunfels Civic & Convention Center to the 58,100-square foot exhibit hall at the Tinley Park (IL) Convention Center.
- **COMPARABLE FACILITY HOTELS:** The 15 facilities reviewed are supported by an average of just over nearly 570 hotel rooms within ½-mile, and a median of nearly 620 rooms. Further, the New Braunfels Civic & Convention Center is the only facility lacking a headquarter hotel property, or a hotel that is connected or adjacent to the facility. Overall, the facilities reviewed average just over 230 headquarter hotel rooms.
- **COMPARABLE FACILITY SIZING EXTRAPOLATION:** One preliminary method of evaluating potential size parameters for a potential Hotel & Convention Center in Seguin is to consider the sizes of comparable facilities relative to their demographic and socioeconomic characteristics. While this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand, it helps paint a broader picture of what the Seguin market could sustain and serves to provide some initial insight into potential sizing parameters for a potential facility. Nevertheless, it does not take into consideration the specific demand generators unique to each community (which will be subsequently analyzed later). The hypothetical sizing extrapolation using comparable facility data begins to frame the sizing of a potential new Convention Center space in Seguin—suggesting between approximately 15,000 and 65,000 square feet of sellable flat floor space (i.e., combination of exhibit, ballroom and meeting space square footage).
- **COMPARABLE FACILITY FINANCIAL DATA:** In terms of financial performance, a set of comparable stand-alone convention facilities that were reviewed have a median loss of \$491,200 annually, with median revenues at \$1.9 million and expenses at \$2.4 million. The comparison set average a loss of \$12.55 per sellable square foot, resulting in an average coverage ratio (the extent to which a convention facility covers its operational expenses) of 76 percent. Conversely, hotel-based convention/conference facilities tend to represent projects with smaller event space offerings (their sizes often directly correlated to the number of guestrooms provided by their host hotel property) and are typically privately owned and operated. These types of facilities often operate convention/conference space more efficiently and normally do not require an operating subsidy from a public sector entity.



5

## MARKET DEMAND

## Interviews & Primary Market Research

The purpose of this chapter is to provide an analysis of event planner demand for a potential new Hotel & Convention Center in Seguin. The data generated as part of this market analysis have been derived from the following:

- Experience gained from 1,000 convention, conference, exhibition, hospitality, sports, entertainment and event facility projects throughout North America.
- Research and analysis of local market conditions including hotel inventory, walkability, hospitality assets, attractions and other components of a successful conference and visitor destination.
- Analysis of the competitive and comparable facilities and host destinations.
- In-person meetings and focus groups in Seguin with approximately 25 local stakeholders, organizations and individuals.
- Telephone and email surveys of convention/event planners, consisting of more than 35 completed interviews of planners representing more than 800 total events, including:
  - Rotating State/Regional Events – 25 telephone interviews with state/regional convention, conference, and tradeshow planners, representing more than 30 annually rotating events.
  - Independent Meeting Planners – 10 telephone interviews with corporate and independent meeting planners that collectively plan more than 450 events annually.



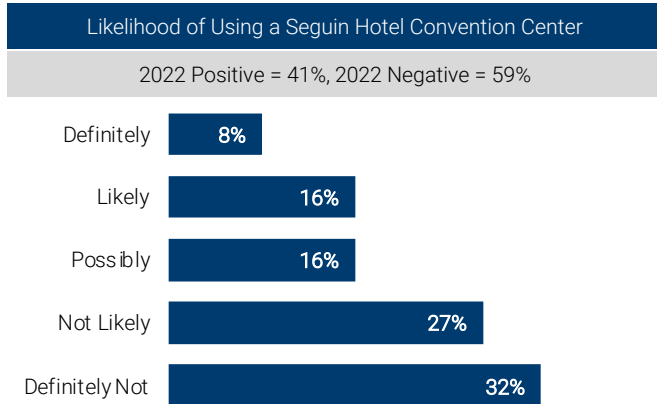
The focus of much of the remainder of this chapter is on quantified survey data associated with three primary groupings of research completed for this study: 1) state and regional conventions, conferences and tradeshow, 2) corporate and special events, and 3) other types of amateur sports, local, and emerging event types. These event sectors represent logical, economic impact generating targets for a potential Seguin Hotel & Convention Center, and as such it will be critical to consider their interest, event space and hotel requirements, and various destination preferences. Feedback from each of these groups is presented below and on the following pages.

### A State and Regional Conventions, Conferences and Tradeshow

During the initial site visit to Seguin, many local stakeholders expressed optimism and curiosity regarding Seguin's potential ability to attract more mid-sized convention, conference, and other events from the state and regional level relative to those larger events often hosted by facilities in San Antonio and Austin. To gauge this state/regional potential demand for a potential Hotel & Convention Center, CSL completed 25 interviews with event planning representatives from state and regional associations and SMERF groups (social, military, education, religious, fraternal) to collect information regarding attendance, event space needs and their potential interest in hosting events at a potential Seguin Hotel & Convention Center.

We begin with an overview of event planner interest in a Seguin Hotel & Convention Center. Approximately 41 percent of surveyed planners expressed positive interest in rotating one or more events to a new Hotel & Convention Center in the future, with eight percent indicating they would “definitely” use the facility, 16 percent would “likely” use, and 16 percent would at least “possibly” use. Planners who indicated they would “not likely” use a new Seguin Hotel & Convention Center (27 percent) or would “definitely not” use it (32 percent) were also asked to explain their lack of interest. Their input is summarized within the exhibit on the bottom-right.

### Likelihood of Using a New Seguin Hotel & Convention Center – State/Regional Conventions



### Comments on Strengths

- Growing market
- Proximity to San Antonio
- Centrally located within the state

### Reasons for Disinterest

- Not enough membership in immediate area
- Prefer to use San Antonio and Austin facilities
- Size of market is perceived to be too small

Source: CSL event planner surveys, 2022.  
 Note: Figures above do not add to 100 percent due to rounding.

Interested planners frequently mentioned Seguin’s growing economy and population as points of interest. Additionally, they noted the proximity of the city to San Antonio (specifically San Antonio International Airport) and Seguin’s central location within the state of Texas as strengths. Those who indicated that they would “not likely” or “definitely not” frequent the Seguin market most frequently cited their lack of members in the immediate area as the primary reason for negative interest. Other reasons included a preference for facilities within the cities of San Antonio and Austin and correspondingly the perceived lack of space and amenities in Seguin compared to these larger nearby markets.

To provide a comparative context for survey data presented above, the exhibit to the right provides average, median, low, and high data from 65 comparable studies completed by CSL in recent years.

As presented, state/regional planner positive interest of 41 percent is lower than the average of the similar study surveys conducted. To better assess these variations, a formula was developed to consider the “strength of interest,” whereby a weighting system is applied to positive responses. Using this method, Seguin rates below average in terms of its “strength of interest” score (1.95 versus an average survey score of 2.26 and a median score of 2.04). This is due to the lower-than-average percentage of event planners with positive interest who indicated they would “definitely” use a Seguin Hotel & Convention Center.

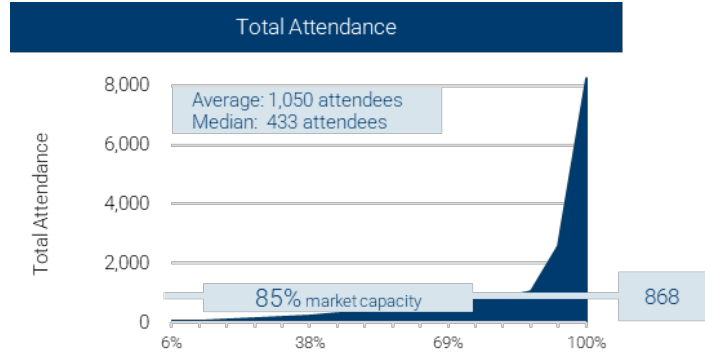
The population basis, which considers the overall number of associations in a given state, is above average in Texas. Taken together with the strength of interest rating, this results in a well above average Demand Index score of 4.46. This rates significantly above the median of the comparison set. These data suggest notable material interest in a Seguin Hotel & Convention Center, and it will be critical to consider the event space needs of these surveyed planners. The following page presents data regarding the exhibit, ballroom, and meeting space needs of interested planners.

### Interest Demand Comparison with Other Studies – State/Regional Conventions

		Past CSL State/Reg. Telephone Surveys 65 Comparable Markets				
		AVERAGE		MEDIAN		
		Low metric	High metric	Low metric	High metric	
Interest Levels:	Definitely Use	8%	10%	10%	0%	33%
	Likely Use	16%	13%	13%	3%	29%
	Possibly Use	16%	28%	28%	9%	44%
	Not Likely Use	27%	25%	25%	7%	48%
	Definitely Not Use	32%	23%	23%	0%	48%
	Positive	41%	52%	51%	21%	86%
Strength of Interest	1.95	2.26	2.04	0.54	4.50	
Population Basis	2.29	1.09	0.89	0.38	3.25	
Demand Index	4.46	2.39	2.08	0.54	7.82	

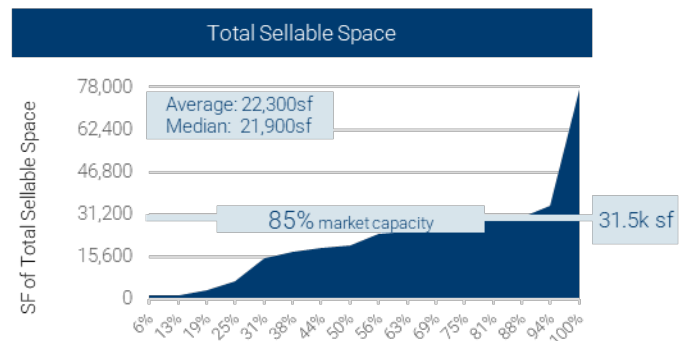
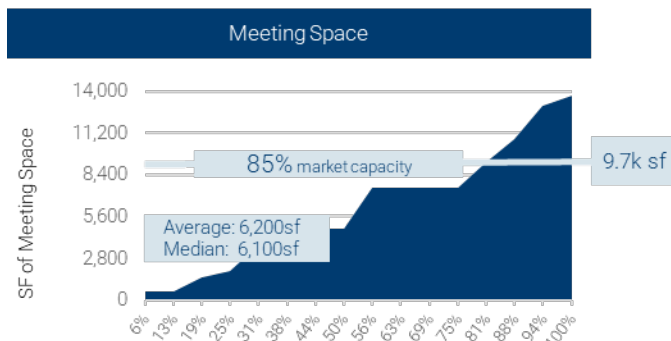
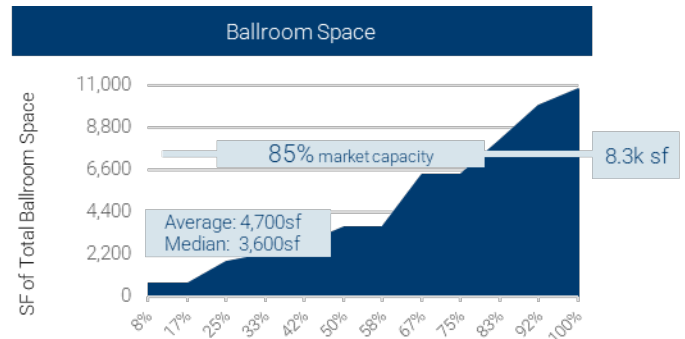
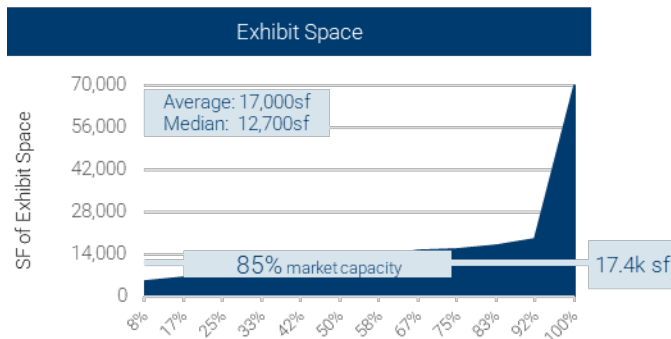
Source: CSL event planner surveys, 2022.

Interviewees that responded positively to using a potential new Hotel & Convention Center were also asked about the attendance levels of those events they might bring to Seguin, assuming a post-pandemic recovery of the convention industry. An exhibit summarizing these estimates is included on the right. Interested event planners estimated an average attendance of 1,050 for events they indicated could potentially rotate to a new Seguin Hotel & Convention Center. A measured 85 percent of planners could be accommodated by a facility capable of hosting events with an attendance of 868 total attendees.



Interviewees that responded positively to using a potential new Seguin Hotel & Convention Center were also asked about their event space requirements and preferences, assuming a full post-pandemic recovery of the convention industry. Exhibits summarizing these responses are shown below and on the following page. Percentages in the below charts indicate the percentage of positive respondents (and, therefore, the percentage of positive respondent market share captured at the respective levels for the metrics labeled to the left).

Facility Space Requirements & Sizing Demand – State/Regional Conventions



Source: CSL event planner surveys, 2022.

Beginning with the exhibit to the top-left, approximately 75 percent of interviewed planners require exhibit space, which typically serves as an event’s tradeshow floor and requires the most square footage of any single event space in order to accommodate a significant number of ten-by-ten vendor booths. CSL typically recommends accommodating 85 percent to 90 percent of indicated event space requirements indicated by event planners. As shown, 85 percent of identified market demand would be accommodated by an exhibit hall of 17,400 square feet. On average, events required 17,000 square feet of exhibit space. This will be important to consider when planning a potential Seguin Hotel & Convention Center’s largest contiguous space.

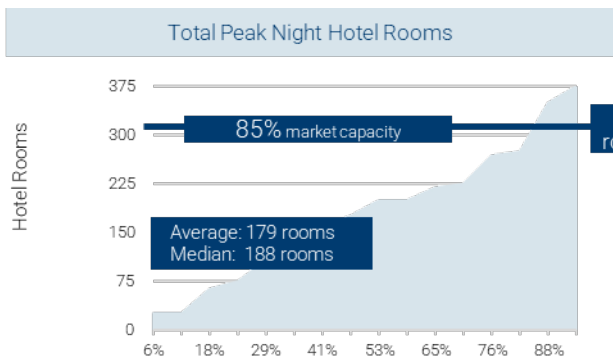
In terms of carpeted, high-finished ballroom space, 85 percent of event planner needs would be accommodated by an 8,300-square foot ballroom. Surveyed planners indicated an average need of 4,700 square feet of ballroom space, with a median of 3,600 square feet. The ability to potentially sub-divide a large, carpeted multipurpose event space could be considered to address both exhibit and ballroom space needs of events. In this way, a space with approximately 26,000 square feet of contiguous, high-ceiling space with sub-divisibility into two or more spaces could accommodate 85 percent of the markets' exhibit space and ballroom space needs.

Interested event planners averaged a need for approximately 6,200 square feet of breakout meeting space, and 85 percent of the market could be accommodated by 9,700 square feet of breakout meeting space. In terms of total sellable space, a sum of exhibit, ballroom, and meeting space, event planners require an average of 22,300 square feet of total event space. To accommodate 85 percent of the identified market, approximately 31,500 square feet of total sellable event space will be needed.

Overall, event planner demand suggests a slightly smaller convention center product relative to comparable facilities reviewed previously. This is considered as part of recommended building program solutions later herein.

Interested respondents were also asked to provide data regarding the hotel needs of their event(s), including total peak night hotel room counts and their preferences regarding hotel brand, amenities, and quality. These data are summarized in the area charts below.

Hotel Requirements & Sizing Demand – State and Regional Conventions



General Comments on Potential Seguin CC Hotel

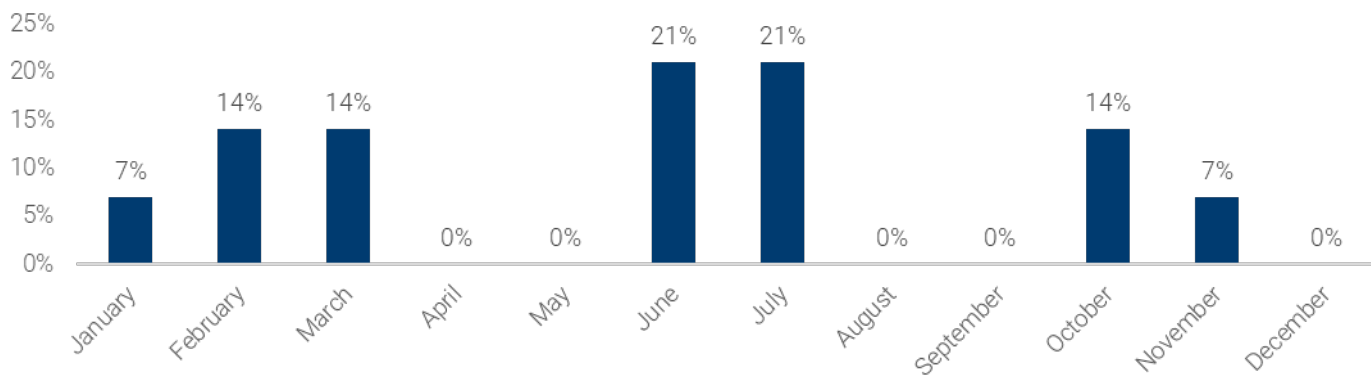
- No strong preference on full- vs. select-service
  - Comments suggest a lifestyle or select service "plus" property
- No strong preference for hotel brand
  - Respondents with brand preference noted Holiday, Hyatt and Comfort
- Connectivity to host facility strongly preferred
- Hotel restaurant strongly preferred
- Competitive daily rates/special or guaranteed rates
- Cleanliness is a significant want

Source: CSL event planner surveys, 2022.

Interested events average 179 hotel rooms, and approximately 85 percent of the market would be accommodated by 295 sleeping rooms within proximity of a potential Seguin Hotel & Convention Center. In CSL's experience, hotels will typically offer between 40 percent and 70 percent of their room inventory to support convention center event activity. Considering this, in order to best offer a committable room block, a total of to 421 to 738 rooms will be needed within proximity (preferably ½-mile) of a potential Seguin Hotel \* Convention Center. Planners overall did not show a strong preference between full- and select-service or show affinity towards any particular brand with respect to a headquarters hotel and other supporting hotel properties. Respondents that did show a preference for brand noted Marriott, Hyatt, Omni, and Hilton as their preferred headquarter hotel brands. Various suggestions provided by planners included connecting (or integrating) at least one hotel to the potential Seguin Convention Center and the inclusion of a restaurant within the hotel.

It is also important to consider the seasonality of event demand, particularly with respect to walking conditions from hotels and key points of interest to/from a potential Hotel & Convention Center. The exhibit on the following page presents the seasonality patterns, by month, for those state/regional organization events that represent the primary event market demand for Seguin.

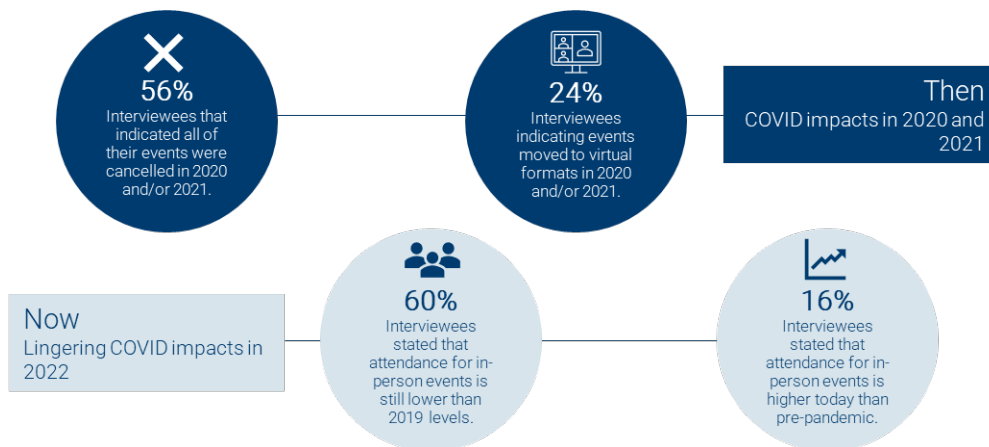
Event Seasonality – State/Regional Conventions



The seasonality of demand can assist in understanding demand potential for multiple overlapping events. For example, significant demand for a particular event type during historically busy periods can indicate a “clustering” of demand and highlight the need for a center to be able to accommodate multiple overlapping events. As presented within the exhibit above, a Seguin Hotel & Convention Center’s potential event market peaks in demand during the summer months. This is somewhat atypical in the convention industry, as conventions most often occur during the late spring and early fall periods. Given the climate in the Seguin area, it will be important to consider climate-controlled pedestrian connections to a potential Hotel & Convention Center, as well as significant shading, misters and other amenities for any potential outdoor event spaces.

State/regional event planners were also asked to describe the status of their events following the effects of the COVID-19 pandemic, as well as to provide their opinion as to when the in-person event industry will resume its growth trajectory from 2019. Their feedback is summarized in the exhibits and subsequent text below.

COVID-19 Event Impacts – State/Regional Conventions



Source: CSL event planner surveys, 2022.

As shown, the COVID-19 impacts on the Texas regional event industry were significant. Fifty-six (56) percent of surveyed event planners cancelled all of their events in 2020 and/or 2021. However, each of these groups were resuming normal event schedules in 2022. Twenty-four (24) percent of planners moved to virtual formats during that time span.

Sixty (60) percent of planners noted that their attendance levels are still lower than those in 2019. Estimates regarding 2022 attendance levels relative to 2019 ranged from 50 percent to 95 percent, with an average of 78 percent, but a significant majority of these planners expressed optimism that they will return to (or even grow) pre-pandemic attendance levels by 2023. In fact, 24 percent of planners indicated that they were already back to pre-pandemic attendance levels in 2022, and 16 percent indicated that they reached greater attendance levels in 2022 than they did in 2019.



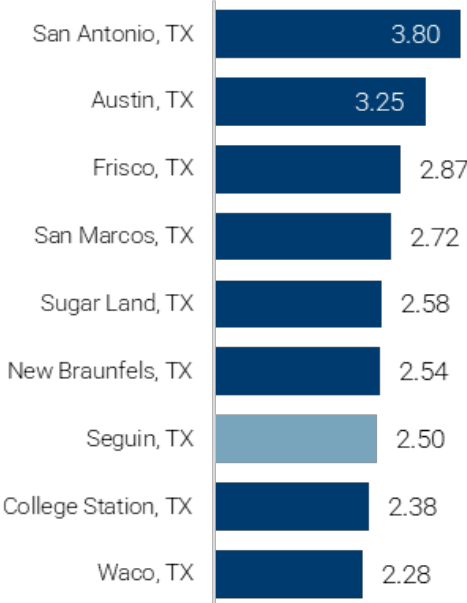
# 5

## MARKET DEMAND

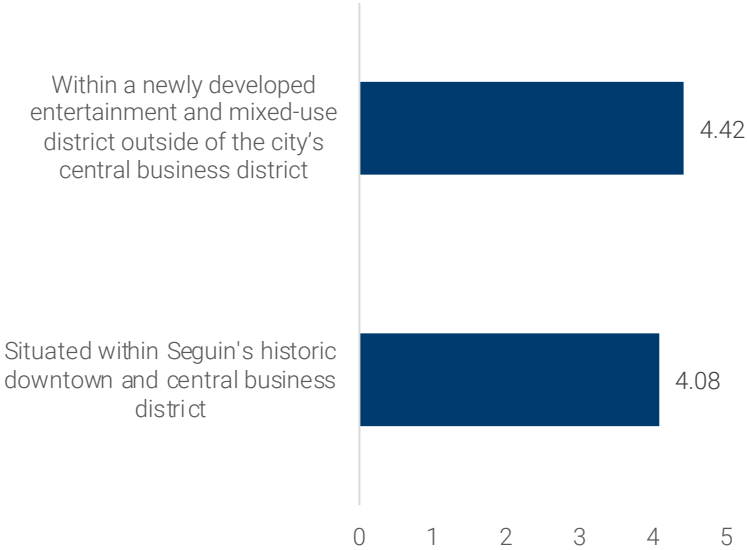
Surveyed planners were asked to rate Seguin and eight additional peer destinations in the state of Texas terms of their attractiveness as host communities for an event. Results can be seen in the exhibit to the right, with "1" representing the weakest rating and "5" representing the strongest rating. Respondents rated Seguin as below average, with an average score of 2.50 out of 5. San Antonio and Austin ranked significantly higher than their peer group, with average ratings of 3.80 and 3.25, respectively.

These results align with the strengths and weaknesses of the Seguin destination listed in the beginning of this section: planners are drawn to the centralized location of Seguin within the state of Texas, but prefer the size of proximate markets such as San Antonio and Austin. Because many respondents indicated a lack of familiarity with Seguin, potential to further establish an identity in the national and regional event marketplace may exist.

### Destination Ratings



### Conceptual Site Scoring – State/Regional Conventions



Source: CSL event planner surveys, 2022.

National planners were also asked to rate two hypothetical sites for a potential Seguin Hotel & Convention Center on a scale of 1 to 5, with 5 being the highest rating. Their input is provided in the adjacent bar chart.

An entertainment/mixed-use district within walking or short driving distance to Seguin scored the highest among the two options, with an average rating of 4.42 out of 5. A central location within Seguin's historic downtown ranked slightly lower, with a score of 4.08.

Interested event planners slightly prefer a convention facility that is situated within highly vibrant and walkable districts. This is closely considered as part of subsequent site analysis.

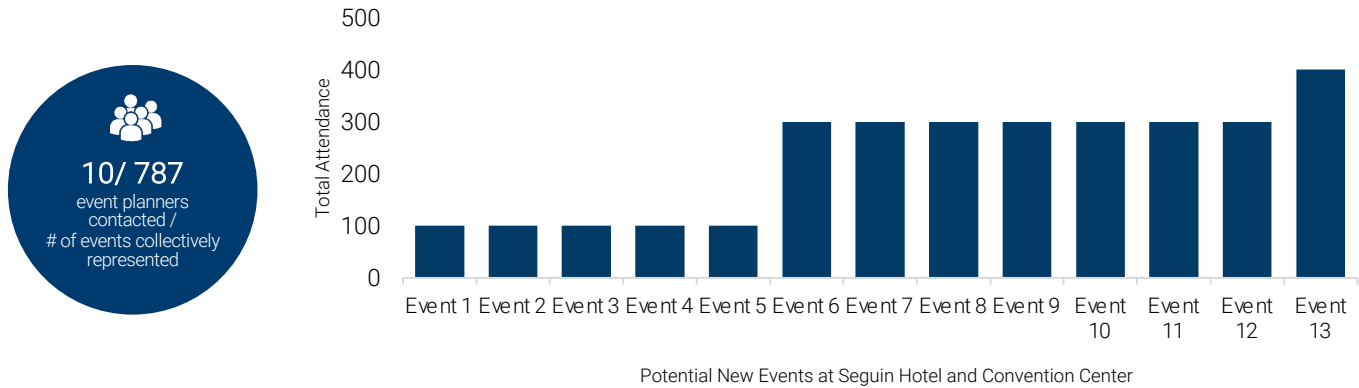
**C Corporate/Independent Meeting Planners**

CSL also conducted outreach to the Meeting Professionals International (MPI) database of meeting planners that plan meetings in the Seguin Market. Meeting planners represent large local corporations, associations, tradeshow companies, and private event planning firms. Events include educational and training events, executive events, tradeshow, team-building events, company dinners/galas, annual conferences/meetings, among others. In total, 10 planners were interviewed who collectively plan over 787 events per year.

Fifty (50) percent (five of the 10 planners) indicated positive interest in hosting one or more events at a new Seguin Hotel & Convention Center. It is important to note that area hotel inventory was mentioned as a significant priority for event host site decision-making. The newly built hotel would have to be able to accommodate large enough groups for some organizations to consider the venue.

CSL asked respondents about how the COVID-19 pandemic has impacted their events and how they're recovering. In general, it was noted that there are far more cancellations since the pandemic started and there are far more virtual and hybrid events. One group noted that registration is delayed now because people don't want to commit as far in advance. Most events discussed have almost completely recovered their attendance numbers, but they are still lacking slightly.

As shown below, the largest potential event identified approximates 400 attendees. Considering round table layout industry standards of 15 square feet per person, a 6,000-square foot room would be needed to accommodate a group of this size. However, considering increasing industry demand for larger meeting and ballroom spaces (approximately 20 square feet per attendee in a round table setting), an 8,000-square foot hall would be needed. Relative to state/regional event planner space needs, corporate and independent planners require much smaller contiguous event spaces. A larger convention product, built to accommodate state/regional demand, could likely host many corporate and independent events concurrently.



**10/787**  
event planners contacted /  
# of events collectively represented

The 10 interviewed meeting planners were also asked to provide additional comments regarding required amenities for their host facilities and destinations, their thoughts on the Seguin marketplace, and their reasons for negative interest in the project (if applicable). Their input is segmented by area of focus below.

**Reasons for Negative Interest**

- "Our big event is too big for Seguin and our small events are too small for convention centers."
- "Seguin is too small for our events."
- "I'm not sure Seguin would have the hotel rooms, food and beverage options, and transportation capabilities to support my events."

**Required Amenities**

- Streaming/hybrid event technologies
- Easily modifiable and flexible space
- Good lighting and décor
- Latest technology available – Wi-Fi quality, projection and sound, ports/outlets built into carpeted floor and tables
- Sound-proof rooms
- Nightlife and a wide variety of entertainment options
- Locally sourced food offerings
- Restaurants, entertainment, retail, etc. must be within walking distance
- Ample parking for drive-in attendees
- Sustainability is a big drawing point

**Additional Comments**

- "Location of Seguin is very beneficial, but it's not very well-known."
- "Don't know much about Seguin, other than the fact that it's growing."
- "Make sure your event planning clients don't think they'll be in San Antonio."

D Other Event Planners & Opportunities

Other potential event opportunities for a Seguin Hotel & Convention Center include: 1) amateur sports, 2) local meetings, banquets and assemblies organized by local organizations, and 3) other emerging event segments such as esports, podcasts, immersive experiences, robotics competitions, drone races, and hackathons. Each of these three segments are discussed below.

AMATEUR SPORTS & SPORTS TOURISM

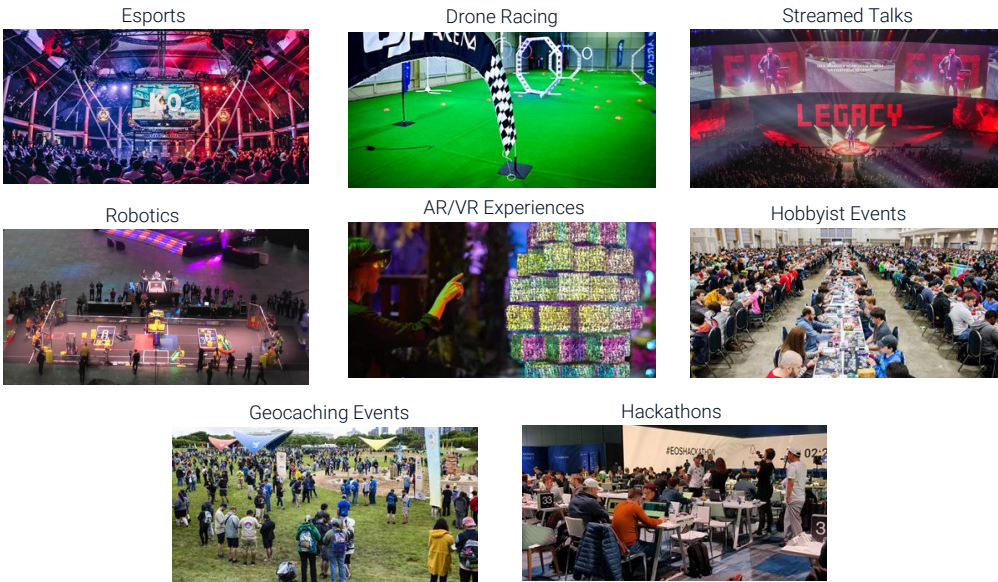
In considering typical event activity at the comparable convention facilities analyzed, a potential Seguin Hotel & Convention Center may be able to attract a limited amount of indoor amateur sports tournaments/competitions each year. The state of Texas and area surrounding Seguin features a significant number of convention and amateur sports-specialized facilities that are able to accommodate large basketball and volleyball tournaments, but opportunity may exist for Seguin to host one to two of these types of event annually. Some gymnastics, dance, cheer and martial arts events may be occasional users of the facility, but would not be expected to make up a material portion of the facility's business. To accommodate the needs of these flat floor sports groups, a main event hall with a minimum 20,000 square feet of contiguous space and 30-foot ceilings is typically required.

LOCAL EVENTS

Local stakeholder input suggests a need for additional event space in the community for residents, non-profits, other local organizations, and it is often typical for convention centers throughout the country to host a moderate amount of local meetings, banquets, weddings, cultural events and assemblies throughout the year. Many of these use cases serve an important community need (such as graduations) or serve a charitable cause (fundraisers). Event, food & beverage, and/or service discounts are often granted to these groups due to help support their limited budgets. A Seguin Hotel & Convention Center would likely host a significant number of smaller events from this segment within its breakout meeting spaces, as well as larger events requiring ballroom or exhibit space on a more limited basis. With the inclusion of outdoor event space, the facility will likely appeal to weddings and a variety of cultural events with significant food & beverage revenue potential.

EMERGING EVENTS

As the supply of event facilities throughout the country advances, new event types are beginning to emerge. In conjunction with progression in technology and broader changes in consumer behavior, the event industry continues to evolve and diversify. For modern convention facilities, careful consideration is often given to designing spaces with the ability to incorporate these, or other, evolving event types. Fiber internet, 5G capabilities, robust WiFi, trend forward audiovisual and significant access to each of these services will be increasingly needed to accommodate their needs. Though not anticipated to be a significant user of a potential Seguin Hotel & Convention Center in the near-term (the next five years) emerging event segments that may increasingly use the facility in the future are shown below.



## Key Demand Findings

Overall, market analysis findings suggest that a moderate but sufficient level of unmet demand exists to support the development of a new Hotel & Convention Center in Seguin. Based on the feedback presented by each potential user group on the previous pages, the following observations have been made. Along with local events, state and regional conventions, conferences and tradeshows will likely be a primary source of economic impact-generating business for a new Hotel & Convention Center in Seguin, and the facility will be able to host a number of niche national, corporate, local, amateur sports and “emerging” events, oftentimes on a concurrent basis (through differentiated and subdividable rooms and spaces).

Event Segment	Demand (0-10)	Key Observations
National Events	3	In considering event lists at facilities in comparable small markets, limited national event demand likely exists for a new Hotel Convention Center in Seguin. Potential likely exists to attract niche national groups with event sizes ranging from 100 to 300 total attendees. A new Seguin facility could likely host one to four such events on an annual basis.
State/Regional Events	7	As discussed, state/regional associations expressed interest in a convention-quality event space in Seguin. An exhibit hall with at least 18,000-square feet, ample parking and supporting hotel room inventory would likely attract events away from competing in-state facilities. Positive interest measured among regional events was similar to state demand, suggesting the opportunity for Seguin to also penetrate the broader regional convention marketplace.
Corporate/Independent Meeting Planners	7	Corporate event planner feedback suggests higher than normal demand for event space in Seguin relative to recent similar studies conducted by CSL. With more than 110 organizations listed on the Meeting Planner International (MPI) Texas Hills Country Chapter database, a material amount of a potential Seguin Hotel Convention Center’s business mix could be comprised of corporate sector events. Due to their previously discussed limited event space needs, a Seguin Hotel Convention Center could host many of these events concurrently.
Other Events (Sports, Local and Emerging)	6	Smaller flat floor sports groups (i.e., cheer, dance, gymnastics, martial arts, and others) could be occasional users of a Seguin Hotel Convention Center. Local non-profits could fill empty days in ballroom and meeting spaces, while wedding and cultural event planners could rent outdoor or ballroom spaces on non-busy weekends. The facility could also address an important local need for civic event space and could host graduations and other types of public assemblies. Esports and other emerging event segments could become periodic users in the mid-term, and potentially more active users in the long-term.

## Summary & Conclusions

- **STATE/REGIONAL EVENT PLANNER DEMAND:** Forty-one (41) percent of events organized by the 25 state/regional event planners interviewed via telephone would at least “possibly” rotate to a Seguin Hotel & Convention Center in the future, assuming it meets their space and hotel requirements. Reasons for disinterest largely related to lack of association membership base in the area, preference for San Antonio- or Austin-based facilities, and preference for larger destinations.
- **CORPORATE/INDEPENDENT MEETING PLANNER DEMAND:** 10 corporate/independent event planners representing nearly 800 events per year were interviewed. Five of the ten planners expressed significant interest in the market, and 13 events were specifically identified as potential users of a Seguin Hotel & Convention Center. These would average just over 230 attendees and approximately 80 peak night hotel rooms.
- **EVENT SPACE AND HOTEL NEEDS:** The event space and hotel needs of the groups above, and their implications for the sizing of a potential Seguin Hotel & Convention Center development, are summarized below:
  - **State/Regional Demand:** Approximately 85 percent of event planner demand would be accommodated by a Hotel & Convention Center offering 17,400 square feet of exhibit space, 8,300 square feet of ballroom space, and 9,700 square feet of breakout meeting space. Approximately 295 committable hotel rooms within close proximity (preferably ½-mile) of the Convention Center would be needed house 85 percent of interested events. Assuming a 60 percent committability rate at nearby hotels, a total of just over 490 sleeping rooms within walking distance of a potential Convention Center would meet 85 percent of event planner demand.
  - **Corporate/Independent Demand:** An 8,000-square foot ballroom with limited ancillary meeting spaces would be able to accommodate each of the corporate events identified, which are typically smaller board meetings/conferences relative to association events. The corporate/independent events identified require between 50 to 150 total hotel rooms.
- **SITE PREFERENCES:** Surveyed event planners expressed significant interest in both a potential downtown Seguin location and a location within a newly developed mixed-use district as potential sites for a Hotel & Convention Center. This input will be considered as part of the site evaluation presented in a subsequent chapter.
- **OVERALL DEMAND CONCLUSIONS:** The research and analysis conducted suggests that moderate but sufficient unmet market demand exists to support a new Hotel & Convention Center in Seguin. The combination of significant limitations in existing convention, conference and meeting facilities in the local market, plus the unmet demand indicated through surveys of state, regional, independent, and corporate meeting planners supports this conclusion. Market analysis results suggest a relatively small, but high-quality convention facility plus appropriate supporting hotel product (i.e., a new full-service or quasi-full-service hotel property). Along with local events, state and regional conventions, conferences and tradeshow will likely be a primary source of economic impact-generating business for a new Hotel & Convention Center in Seguin, and the facility will be able to host a number of niche national, corporate, local, amateur sports and “emerging” events, oftentimes on a concurrent basis (through differentiated and subdividable rooms and spaces).



6

PROGRAM,  
CONCEPT & MODEL

## Market-Indicated Convention Center Product

Based on the results of the analysis of local market conditions, historical facility operations, competitive/comparable facilities and host communities, industry conditions/trends and market demand, an evaluation of facility program components and relevant development issues was performed for a potential new Hotel & Convention Center in Seguin.

The estimated market supportable facility program is tied closely to the unique characteristics of the Seguin market. The characteristics of the current/potential future hotel inventory and other visitor amenities in the area also influence program estimates. Adjustments to the convention center space program are made to reflect event segments that require hotel room blocks beyond the expected capacity of the Seguin area. The resulting market-supportable convention center and hotel building program focuses on the levels of sellable space that would be necessary to accommodate potential convention, conference and meeting event demand for a new Seguin convention center product. Specific square footage and configuration of individual support areas for both facilities, such as lobby, circulation, storage, box office, administrative office and other front/back-of-house areas, are not specifically itemized. Based on the previous analyses undertaken, key aspects of a “market supportable” facility program for a new convention center in Seguin are presented below.

### Ballroom Space:

- 20,000 square feet of subdividable, column-free, carpeted, upscale space.
- Minimum of 25-foot ceiling height.
- Temperature and lighting controls in each individual subdivided space module.
- A level of finish (wall treatment, floor covering, lighting, etc.) that is characteristic of three or four-star hotels.
- Significant prefunction space leading into the ballroom space.
- Back of house service into the ballroom space to allow for event set up without working through public spaces.

### Meeting Space:

- 15,000 square feet of well-apportioned space, including breakout rooms and other flex meeting spaces.
- User accessible temperature and lighting controls in each individual meeting room module.
- A level of finish (wall treatment, floor covering, lighting, etc.) that is characteristic of three or four-star hotels.
- Significant pre-function space leading into the meeting room blocks.
- Back of house service into the meeting space to allow for event set up without working through public spaces.

### Hotel Support:

- A full-service or quasi-full-service headquarters hotel that is integrated, attached or adjacent to the convention center product offering a minimum of 170 guest rooms (keys).

## Development Recommendation

In most cases throughout the country, the market supportable facility program associated with a convention center product that is optimally-sized to address overall non-local demand needs for a given market area significantly exceeds the size and scope of a facility project that a motivated private sector partner (e.g., hotel) would have an interest in participating in as the sole funding participant. Most convention center projects that are large (in relative terms for the particular market) operate at a financial operating deficit (requiring public sector funding participation), and are intended to maximize economic impact for the host destination or community.

Convention centers require quality and appropriate supporting hotel product (typically, one or more full-service hotels) to function optimally and deliver economic returns for host communities. As mentioned earlier in this report, Seguin presently lacks a logical, appropriate candidate headquarters hotel property. As such, a new quality hotel product will need to be developed to support any new convention center in Seguin. Rather than pursuing stand-alone convention center projects while concurrently soliciting (and often incentivizing a separate hotel development), many small to mid-sized communities have pursued Hotel & Convention Center projects via public-private partnership (P3) transactions. These types of projects typically involve a public sector incentive to a private full-service Hotel developer/investor (most often upfront related to the necessary capital outlay to construct the project). Normally, this model allows for more efficient operations of the related convention center product (relative to stand-alone convention center models) and does not require an annual public sector operating subsidy. Not only do P3 transactions of this type secure needed improved convention center products in host communities, but they also often attract high-quality hotel product investment (that likely would not have occurred locally without the public sector incentive provided through the P3 transaction).

A private partner (typically the headquarters hotel investor/owner) normally is interested only in a convention/conference space product that maximizes its ability to fill hotel room nights in its owned, individual lodging asset. Convention/conference space square footage that is in excess of this level provides hotel room nights that will be displaced to other hotel properties in the marketplace, and therefore, is not incrementally desirable for the private partner, as the lodging asset represents the primary profit center (i.e., "heads in beds") for the private owner. As such, typical tradeoffs of this type of P3 model can include a smaller than optimal conference/convention facility product for the greater destination, lack of concrete floor exhibit space, and less public sector control over bookings.

Based on the analyses completed, it is believed that a Hotel & Convention Center project structured under a P3 transaction is the most appropriate model to be considered in Seguin. The model assumes convention/conference space is physically and operationally-integrated with a full-service headquarters hotel partner. The assumed hotel would represent a nationally-branded product within the lower tier (i.e., more cost efficient) of the chain scale, such as Sheraton, Embassy Suites, or Wyndham. Certain upscale chain scale brands could also meet the needs of the project (such as DoubleTree or Radisson). Ideally, this type of P3 scenario would involve a certain upfront incentive and would not involve any ongoing operating subsidy requirement for the public sector. The target project would be a 200-key nationally-branded full-service Hotel and a Convention Center comprising 35,000 square feet of sellable space (including a 18,000-square foot Ballroom, as the largest contiguous space). The specific funding needs for this type of transaction are evaluated and discussed in a subsequent section of this report. A summary of the hypothetical characteristics and programmatic elements of this targeted scenario are presented in the following exhibit.

### Program & Concept Summary for a Potential New Hotel & Convention Center in Seguin, Texas

#### Type/Brand

Hotel: Full-service, upper-upscale chain scale, nationally-branded

Convention Center: Multipurpose ballroom and breakout meeting space, upscale, high-level of finish, fully carpeted

Physically-attached/operationally-integrated Hotel & Convention Center

P3 funding model, Hotel & Convention Center privately-owned and managed privately by hotel partner

Hotel				Area (sf)	Comment
Total Hotel Keys	200				
SF per Key	350	sf	per key	= 70,000	
Guest Rooms Circulation/Support	25%	of	70,000	= 17,500	
Ground Floor (Guest Services)				25,000	
Second Floor (Meeting/Admin./Support)				25,000	
Dining/Kitchen/Pool/Fitness				30,000	
<b>Subtotal Hotel Program</b>				<b>167,500</b>	
Support Space	11%	of	167,500	= 18,425	Circulation, structure, unaccounted
<b>Total Hotel Square Feet</b>				<b>185,925</b>	
<i>GSF per Key</i>				<i>930</i>	
Convention Center				Area (sf)	Comment
Grand Ballroom				18,000	Carpet floor, 30' clear height, column free, subdivisible
Junior Ballroom				7,000	Carpet floor, 20' clear height, column free, subdivisible
Breakout Meeting Rooms				10,000	Carpet floor, subdivisible
<b>Subtotal Net Square Feet (Sellable Space)</b>				<b>35,000</b>	
Support Space				31,500	
<b>Total Gross Square Feet</b>				<b>66,500</b>	
Footprint (Hotel & Convention Center)				Area (sf)	Comment
Ground Floor Area				55,900	
Porte Cochere/Drop Off	15%	of	55,900	= 8,385	
Loading/Service	10%	of	55,900	= 5,590	
Landscaping	10%	of	55,900	= 5,590	Inside property line
<b>Total Square Feet (Footprint)</b>				<b>75,465</b>	
Minimum Parking (On-site/Adjacent)			sf per	Area (sf)	Comment
Hotel	215	spaces	330	= 40,000	
Convention Center (add'l beyond hotel)	250	spaces	330	= 82,500	
<b>Total Parking Spaces / Square Feet</b>	<b>465</b>			<b>122,500</b>	
Overall Site Area (including parking)				Area (acres)	Comment
Base Layout Scenario				4.5	Cost efficient layout, limited convention space stacking, grade parking
Compact Layout Scenario				2.5	Higher cost, compact site layout, stacked spaces, structured parking



## Summary & Conclusions

- **PUBLIC/PRIVATE PARTNERSHIP (P3) MODEL:** Convention centers require quality and appropriate supporting hotel product (typically, one or more full-service hotels) to function optimally and deliver economic returns for host communities. Seguin presently lacks a logical, appropriate candidate headquarters hotel property. As such, a new quality hotel product will need to be developed to support any new convention center in Seguin. Rather than pursuing stand-alone convention center projects while concurrently soliciting (and often incentivizing a separate hotel development), many small to mid-sized communities have pursued Hotel & Convention Center projects via public-private partnership (P3) transactions. These types of projects typically involve a public sector incentive to a private full-service Hotel developer/investor (most often upfront related to the necessary capital outlay to construct the project). Normally, this model allows for more efficient operations of the related convention center product (relative to stand-alone convention center models) and does not require an annual public sector operating subsidy. Not only do P3 transactions of this type secure needed improved convention center products in host communities, but they also often attract high-quality hotel product investment (that likely would not have occurred locally without the public sector incentive provided through the P3 transaction).
- **RECOMMENDED PROJECT TYPE & SIZING:** Based on the analyses completed, it is believed that a Hotel & Convention Center project structured under a P3 transaction is the most appropriate model to be considered in Seguin. The model assumes convention/conference space is physically and operationally-integrated with a full-service headquarters hotel partner. The assumed hotel would represent a nationally-branded product within the lower tier (i.e., more cost efficient) of the chain scale, such as Sheraton, Embassy Suites, or Wyndham. Certain upscale chain scale brands could also meet the needs of the project (such as DoubleTree or Radisson). Ideally, this type of P3 scenario would involve a certain upfront incentive and would not involve any ongoing operating subsidy requirement for the public sector. The target project would be a 200-key nationally-branded full-service Hotel and a Convention Center comprising 35,000 square feet of sellable space (including a 18,000-square foot Ballroom, as the largest contiguous space).



7

# SITE EVALUATION

## Overview

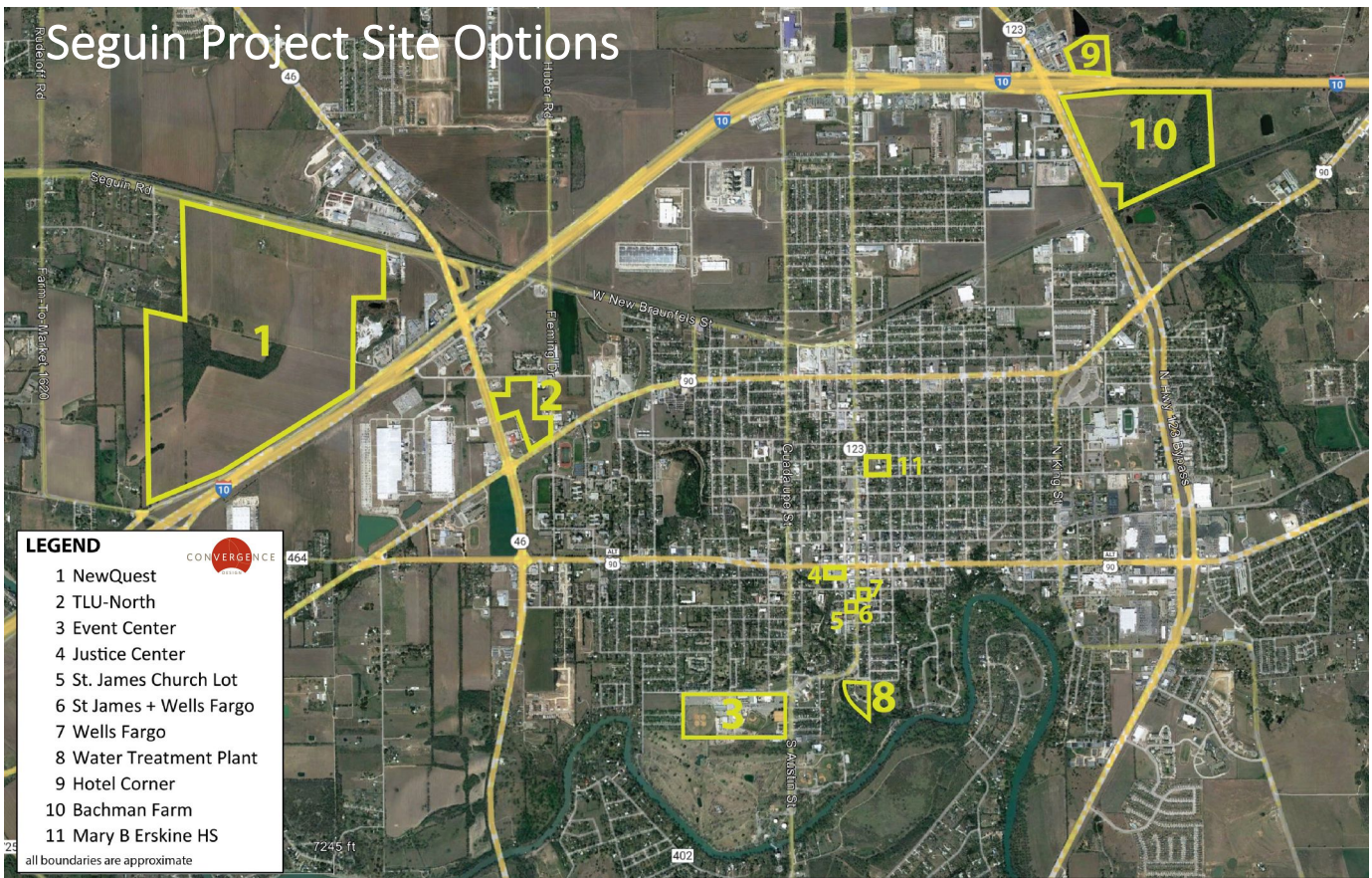
As important as size and configuration, the location and site of a convention facility can have a significant impact on the facility's operational success and its ability to generate new visitation and associated economic impact in a host community. Likewise, should the convention center project involve a P3 model, the needs and preferences of the hotel partner in terms of site/location often carries equal or larger weight in the ultimate site selection. As part of the overall evaluation of a potential Hotel & Convention Center, an assessment of potential site/locations Seguin was conducted to determine what general areas might be best suited as a host site/location for the project.

In general, a large number of characteristics and factors are typically important when evaluating the attractiveness of site locations for both stand-alone convention center projects and integrated hotel & convention center projects. These include:

- Proximity to quality supporting hotel inventory.
- Ability to leverage existing facility investment / infrastructure.
- Requirements / preferences of private partner (if applicable).
- Size, cost and ownership complexity of site.
- Proximity to restaurants, retail, nightlife, entertainment.
- Pedestrian-friendly walking environment.
- Parking availability.
- Ingress / egress.
- Site visibility.
- Synergy with other public sector development initiatives / master plans.
- Compatibility with surroundings.
- Other considerations.

For a convention center project, proximity to quality hotel inventory is the single most important factor. Without a sizeable, quality hotel property that is attached or adjacent (plus ideally nearby other ancillary hotel properties), a convention center will be extremely limited in its ability to attract non-local conventions, conferences and tradeshows. Without this type of hotel support, the convention center will function more as a "local" venue, such as a community center or civic center.

Based on discussions with the City and project team members, 11 potential site candidates have been identified in Seguin. They are identified in no particular order on the map below. The pages that follow present each site individually.



## NewQuest



### PROS:

- ~566 Acres
- Excellent highway access
- Unlimited size

### CONS:

- Disconnected
- Not walkable
- Requires development to be viable
- Utilities & infrastructure



## TLU-North



### PROS:

- ~25 Acres
- Good highway access
- Hotel proximity
- TLU proximity

### CONS:

- Not walkable
- Not uniquely Seguin
- Irregular shape



### Event Center Complex



**PROS:**

- ~52 Acres
- Compatible uses
- Existing parking

**CONS:**

- Amenity access
- Congested site
- Poor visibility



### Justice Center



**PROS:**

- Downtown connectivity
- Walkable
- Reuse parking structure?

**CONS:**

- ~2 Acres
- Size constraint
- Unavailable for several years
- Extensive demolition



## St. James Church Lot



### PROS:

- Downtown connectivity
- Highly walkable
- Undeveloped

### CONS:

- ~1 Acre
- Loss of open space
- Expansion
- Limited development opportunities



## St. James Lot + Wells Fargo



### PROS:

- Downtown connectivity
- Highly walkable
- 2 building complex

### CONS:

- ~2 Acres
- Limited expansion
- Limited development opportunities



## Wells Fargo



### PROS:

- Downtown connectivity
- Highly walkable
- Great visibility

### CONS:

- ~1 Acre
- Extensive demolition
- Expansion
- Limited development opportunities



## Water Treatment Plant



### PROS:

- ~7.5 Acres
- Trail/river access
- Natural surroundings

### CONS:

- Neighborhood context
- Proximity to hotels/dining
- Floodplain issue



## Hotel Corner



### PROS:

- ~14 Acres
- Excellent highway access
- Land use compatibility

### CONS:

- Not walkable
- Not uniquely Seguin
- Disconnected
- Opportunity cost



## Bachman Farm

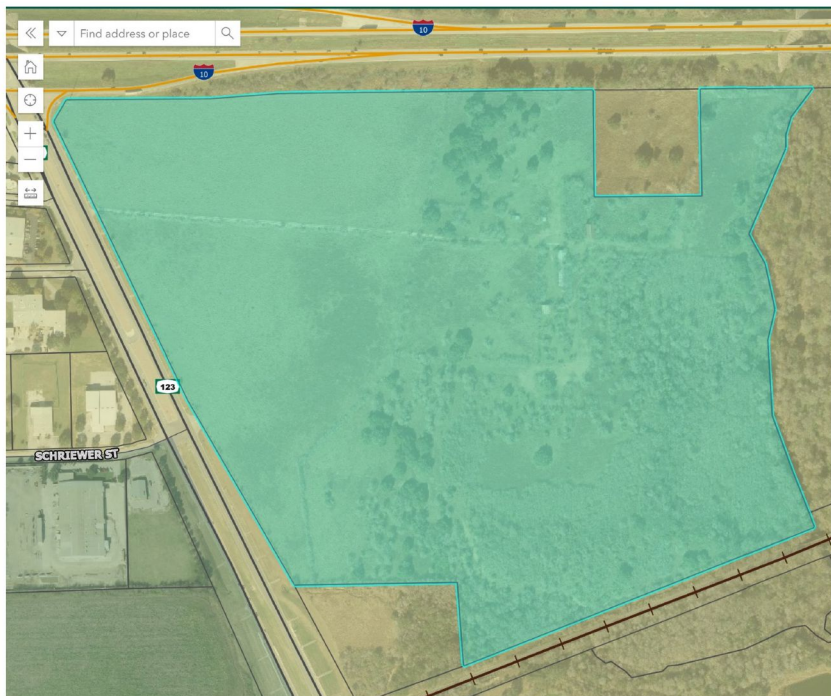


### PROS:

- ~129 Acres
- Excellent highway access
- Unlimited size

### CONS:

- Disconnected
- Not walkable
- Requires development to be viable
- Utilities & infrastructure





### Mary B Erskine HS



**PROS:**

- 4.3 Acres
- Near downtown
- Centralized location

**CONS:**

- Residential neighborhood location
- Long walk to core downtown amenities
- Required demolition of existing structures



### Site Matrix Analysis

With the assistance of the City, background and physical characteristic information for each of the 11 candidate sites and their likely parcel assemblage was collected and reviewed. Weighted site evaluation criteria were developed and each of the sites has been subjectively ranked according to relative strength. The resultant scores were then summed and a ranking was established for the sites/locations in order of preference.

The site evaluation matrix contains 22 variables which are believed to impact a site’s suitability for optimally supporting a convention center. The sites are rated for each variable on a scale of “0” to “5,” where “0” represents a complete lack of responsiveness to the criteria listed. A score of “5” represents an optimum condition where the greatest possible success is likely to be realized. Scores between “0” and “5” represent a range of conditions that are progressively better for convention facility development. Raw scores have been weighted from the expected point of view of the convention planner and attendee for desirable facility sites/destinations.

The scoring matrix and results are shown on the following page.

## Site Matrix Analysis – Potential New Hotel & Convention Center in Seguin

Site	SITE 1		SITE 2		SITE 3		SITE 4		SITE 5		SITE 6		SITE 7		SITE 8		SITE 9		SITE 10		SITE 11		
	NewQuest	TLU-North	Event Center	Justice Center	St. James Lot	St. James + WF	Wells Fargo	Water Plant	Hotel Corner	Bachman Farm	Erskine HS												
Site Size (in acres)	566	25	52	2	1	2	1	8	14	129	4												
<b>Site Elements</b>	<b>Weight</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>	<b>Score</b>	<b>Rating</b>		
<b>Site Suitability (31%)</b>	<b>55</b>																						
Acree/Topography for Optimized Program Configuration	25	125	5	125	5	125	5	50	2	25	1	50	2	25	1	75	3	125	5	125	5	75	3
Acree for Future Expansion	5	25	5	25	5	20	4	5	1	5	1	5	1	5	1	20	4	25	5	25	5	10	2
Acree for Additional Onsite Complementary Development	4	20	5	12	3	20	5	4	1	4	1	4	1	4	1	8	2	12	3	20	5	4	1
Attractiveness of the Site to Event Planners & Attendees	6	12	2	12	2	12	2	24	4	24	4	24	4	24	4	18	3	12	2	12	2	12	2
Drainage / Wetlands / Flooding Characteristics	2	8	4	8	4	8	4	8	4	8	4	8	4	8	4	2	1	8	4	8	4	8	4
Environmental Issues	2	6	3	6	3	6	3	6	3	6	3	6	3	6	3	6	3	6	3	6	3	6	3
Land Acquisition Costs	2	6	3	4	2	10	5	4	2	6	3	4	2	2	1	10	5	6	3	6	3	8	4
Single vs Multiple Land Parcels	1	5	5	5	5	5	5	5	5	5	5	3	3	5	5	5	5	5	5	5	5	5	5
Magnitude of Necessary Infrastructure Improvements	3	9	3	12	4	9	3	6	2	9	3	9	3	6	2	9	3	12	4	9	3	6	2
Local Accessibility	2	6	3	8	4	6	3	8	4	8	4	8	4	8	4	6	3	8	4	6	3	8	4
Visibility	3	15	5	12	4	3	1	12	4	12	4	15	5	15	5	6	2	12	4	15	5	3	1
<b>Hotel Availability (43%)</b>	<b>75</b>																						
Headquarters Hotel	32	32	1	32	1	32	1	32	1	32	1	32	1	32	1	32	1	32	1	32	1	32	1
Quality Hotel Rooms Within Walking Distance	30	30	1	60	2	30	1	30	1	30	1	30	1	30	1	30	1	90	3	60	2	30	1
Quality Hotel Rooms Within One Mile	13	26	2	26	2	13	1	13	1	13	1	13	1	13	1	13	1	39	3	39	3	26	2
<b>Other Visitor Amenity Availability (20%)</b>	<b>35</b>																						
Proximity to Restaurants/Bars	17	17	1	17	1	17	1	51	3	51	3	51	3	51	3	34	2	34	2	34	2	34	2
Proximity to Shopping/Retail	10	10	1	10	1	10	1	30	3	30	3	30	3	30	3	20	2	20	2	20	2	20	2
Proximity to Entertainment/Attractions	6	6	1	6	1	6	1	12	2	12	2	12	2	12	2	6	1	6	1	6	1	6	1
Proximity to Public Transit	2	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1
<b>Community Surroundings (6%)</b>	<b>10</b>																						
Compatibility with Neighborhood	4	12	3	8	2	8	2	12	3	12	3	12	3	12	3	8	2	12	3	12	3	8	2
Synergy with Surroundings/Setting	3	3	1	3	1	6	2	9	3	9	3	9	3	9	3	6	2	3	1	3	1	3	1
Opportunity for Induced Economic Development	3	15	5	6	2	6	2	3	1	3	1	3	1	6	2	6	2	15	5	15	5	3	1
<b>Total Weighting (100%)</b>	<b>175</b>																						
<b>TOTAL SCORE</b>	<b>390</b>	<b>399</b>	<b>354</b>	<b>326</b>	<b>306</b>	<b>330</b>	<b>305</b>	<b>322</b>	<b>484</b>	<b>460</b>	<b>309</b>												
<b>SITE RANK</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>	<b>6</b>	<b>11</b>	<b>8</b>	<b>1</b>	<b>2</b>	<b>9</b>												

**Subjective Rating**  
 1 = Lowest/Weakest  
 5 = Highest/Strongest

**Comment:**  
 875 = Maximum score  
 Greater Than 600 = Excellent/Very Good Score  
 550-600 = Good Score  
 400-550 = Suggests Certain Site Challenges/Limitations  
 Less Than 400 = Poor Score

In summary, the weighted scores for the 11 sites range between 305 and 484 points. A weighted score of 875 is the maximum possible score. Typically, scores above 600 are considered “excellent/very good”, indicating the subject site has strong potential as a successful host for the project. Scores between 550 and 600 are considered “good”. Scores between 400 and 550 indicate a number of positive attributes with certain site challenges/limitations. Scores less than 400 are considered poor.

The following four sites ranked as the strongest potential sites/locations (in order of initial ranking):

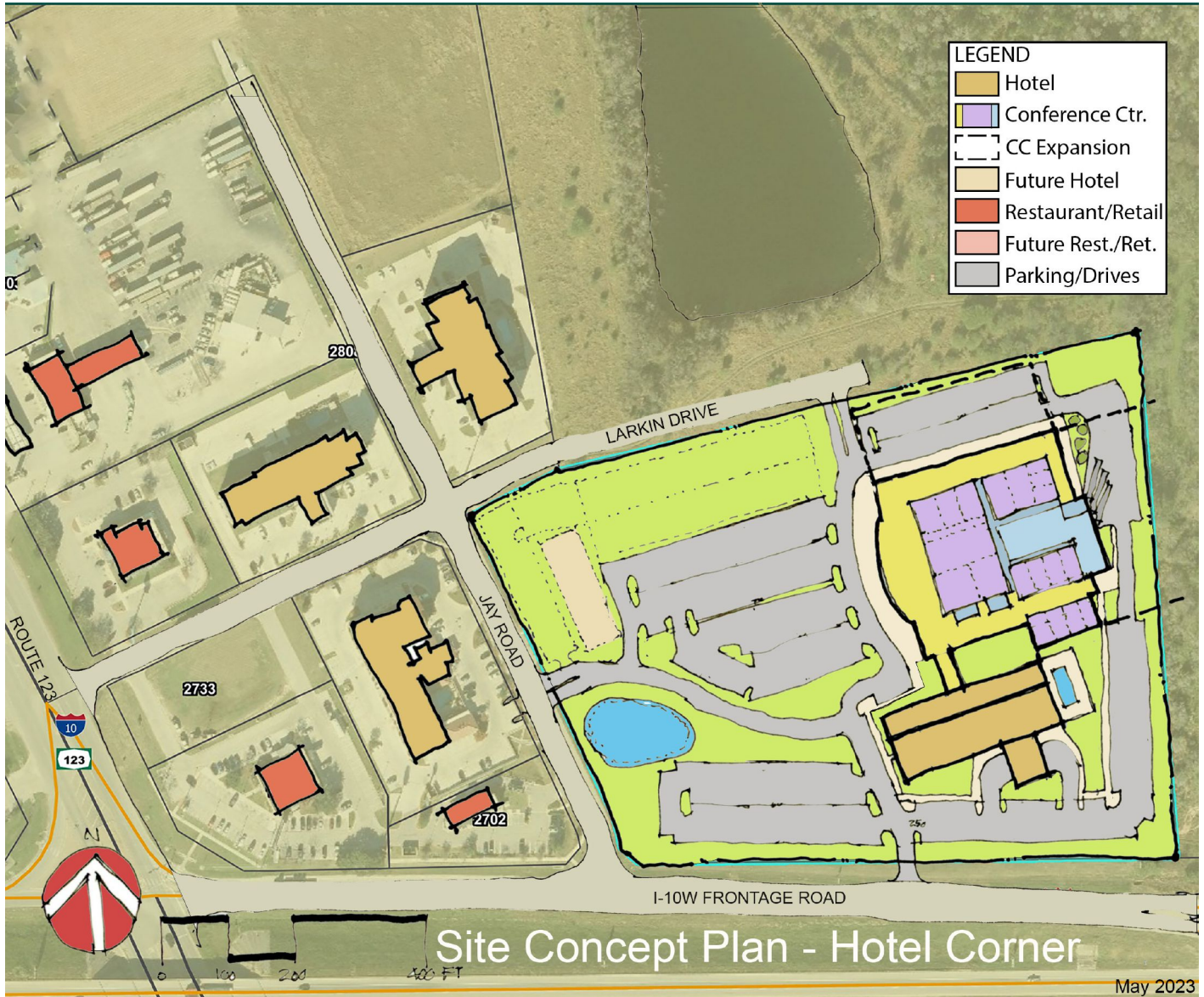
- Site 9: Hotel Corner
- Site 10: Bachman Farm
- Site 2: TLU-North
- Site 1: NewQuest

The four highest ranked sites could offer the greatest combination of strengths and smallest impactful weaknesses among the candidate sites. Given the nature of the existing hotel product serving Seguin, each of the reviewed sites have negative scoring impacts involving hotel-related criteria, resulting in a range of total scores that are all below the 550 target that would suggest a “good” site. This again underscores the importance of executing a quality headquarters hotel product concurrent to the development of a convention center. With the co-development of an appropriate hotel, each of the revised hotel scores would increase by 100 or more points.

It is suggested that additional analyses be conducted with regard to site acquisition/preparation costs and unique costs associated with architectural and engineering requirements, traffic, infrastructure and other related concerns prior to final site selection.

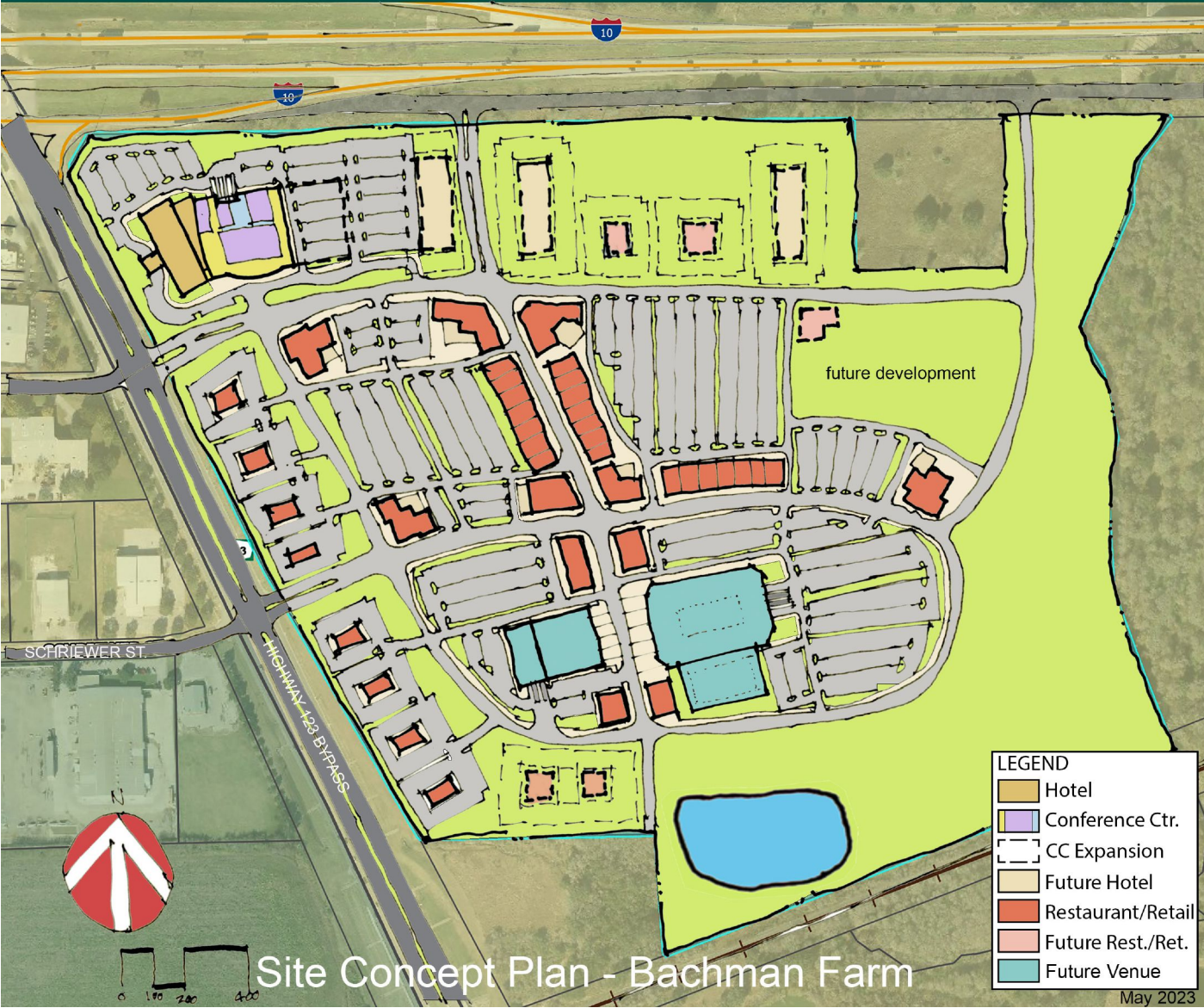
## Hypothetical Site Layouts

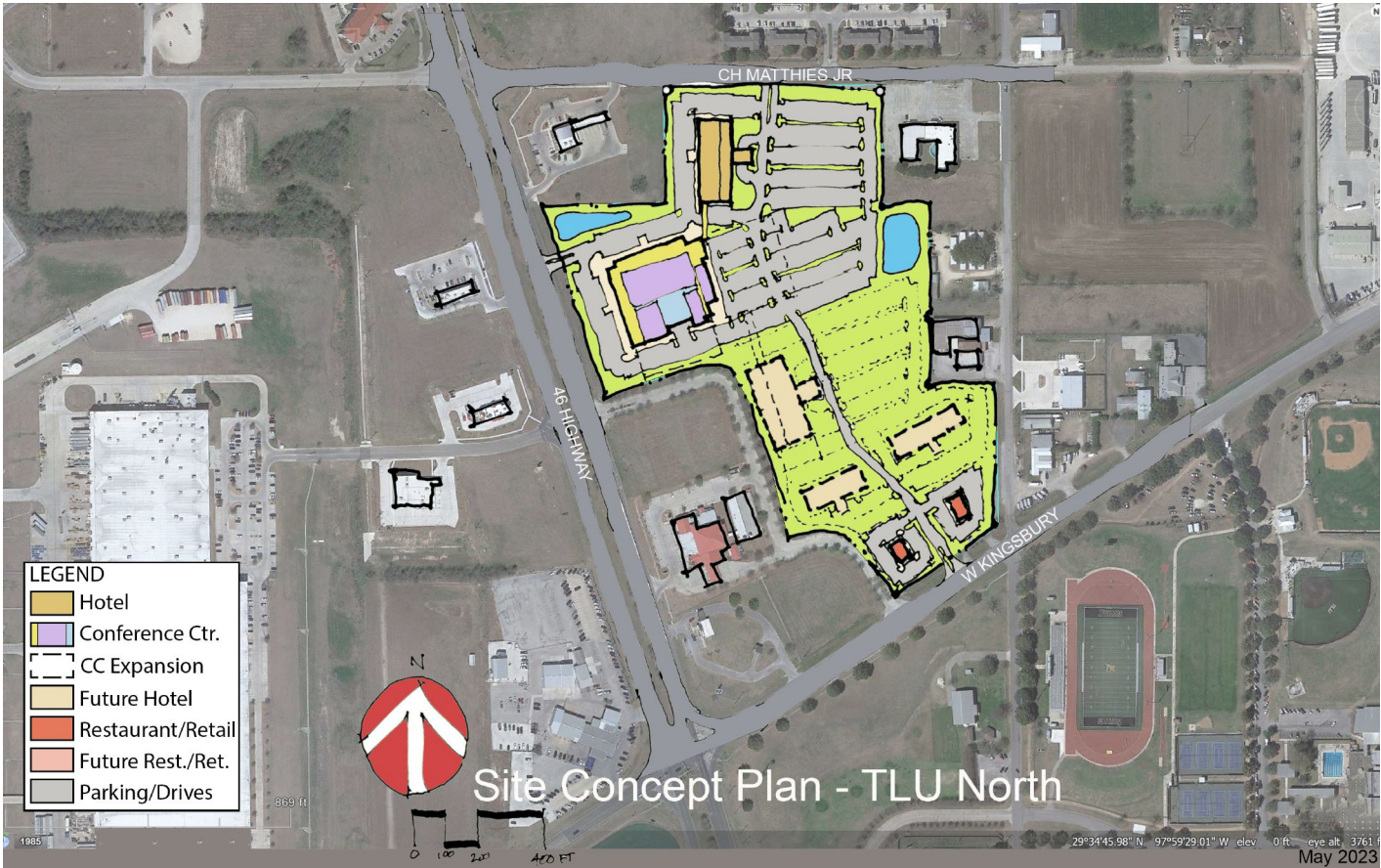
To assist in the evaluation of site options and to illustrate various Hotel & Convention Center programmatic configurations, Convergence Design developed hypothetical site layouts corresponding to three of the preferred sites (Hotel Corner, Bachman Farm and TLU-North). A site layout was not prepared for the final preferred site (NewQuest) due to very large and undeveloped nature of the site. A Hotel & Convention Center project at the NewQuest site could be placed and situated many different ways at this site and would be expected to be dependent on a larger master plan concerning new mixed-use development pieces.



# 7

# SITE EVALUATION







8

## COST/BENEFIT ANALYSIS

## Overview & Key Assumptions

This section presents an analysis of estimated utilization, costs/benefits and funding considerations associated with a new Hotel & Convention Center in Seguin, Texas. Initially, a detailed computer-based model was developed, along with key assumptions, to generate estimates related to a new Hotel & Convention Center. Performance estimates for a new Hotel & Convention Center have been presented over a 10-year projection period. Key assumptions used in the analysis and projection of operating performance associated with a new Hotel & Convention Center in Seguin include, but are not limited to the following:

1. This analysis is designed to assist project representatives in assessing the potential utilization, financial and economic impacts associated with a new Hotel & Convention Center in Seguin and cannot be considered a presentation of expected future results. The assumptions disclosed herein are not all-inclusive, but are those deemed to be significant. Because events and circumstances frequently do not occur as expected, there usually will be differences between estimated and actual results and these differences may be material.
2. It is assumed that a new Hotel & Convention Center will be developed under a P3 (public-private partnership) arrangement with a qualified hotel developer/investor. The private partner would own and operate the Hotel & Convention Center as a seamless and integrated product. The City would be expected to participate in the P3 by providing the incentives required by the private party to secure the development. As an alternative, the City could structure the transaction in a way that allows it to own the Convention Center piece of the project, with management of the Convention Center contracted to the Hotel partner under a management agreement or long-term lease.
3. Since detailed facility design, configuration, site selection, and final costing have not yet been completed, the assumptions used in this analysis are based on the research and analysis completed for this study engagement, past similar studies, industry experience with similar facility projects, comparable facility data, and information provided by certain stakeholders, including the City of Seguin, candidate user groups, and other stakeholders and community leaders. Additional physical development planning (including ultimate site selection and discussion with private partners) must be completed before more precise estimations of the Hotel & Convention Center's operating costs can be made, and likewise, estimates of construction costs. Also, upon completion of further planning, revenue and expense assumptions should be updated to reflect changes to the assumptions made herein. These changes could significantly affect the analysis of future operating results.
4. The market, financial and economic projections related to the Hotel & Convention Center presented herein assume the ultimate site selected corresponds to one of the top ranked sites measured through this analysis.
5. The analysis and projection of tax revenues generated by the Hotel & Convention only considers directly-attributable taxes relevant to the City of Seguin. For purposes of this analysis, the taxes considered are the 1.5% City Sales Tax and the 7.0% City Hotel Tax. Positive impacts may also be realized with respect to the collection of other taxes and governmental fees (i.e., property taxes, income taxes, licenses, permitting, etc.); however, they tend to have a less direct correlation with the construction and operation of a hotel and convention center. As such, for conservative purposes, these other types of taxes, as well as taxes generated for other municipal governments (i.e., County) were not considered in this analysis.
6. For purposes of this analysis, total hard and soft construction costs for the overall targeted Hotel & Convention Center project have been estimated using adjusted national industry data. The figures do not include any costs related to site acquisition, nor do they fully consider the highly-volatile steel, lumber and materials costs presently impacting the construction industry nationwide as the country exits an unprecedented pandemic. It is assumed that current construction cost volatility will largely be normalized to pre-pandemic levels by the time that construction services would be contracted/purchased for any new Hotel & Convention Center project in Seguin. Many variables exist that influence actual realized construction costs, including type of facility (facilities), size, components, level of finish, integrated amenities, costs of goods and services in the local market, location and topography of the site, ingress/egress issues, and other such aspects. Detailed architectural concept, design and costing study would be required to specifically estimate construction costs for the project.
7. It is assumed that the new Hotel & Convention Center will be aggressively marketed by the private management entity (i.e., Hotel partner), providing competitive rates and focusing on attracting hotel room night-generating business for the Convention Center space, such as conventions, conferences and tradeshows. It is assumed that there are no significant or material changes in the supply or quality of existing competitive venues in the local and regional marketplace, nor are there any significant or material changes to local and national event industry trends.
8. The projections developed herein relate to opening and annual operations in a post-COVID-19 environment (first full year of operations is assumed to be 2025). Should the recovery from the pandemic be slower than broadly expected, disruption by new virus variants, or economic conditions and commerce have not substantially recovered by 2025, the performance projections outlined herein will need to be revised.

## Projected Market Performance (Hotel)

The exhibit below presents a summary of the projected performance of the Hotel component of the potential new Hotel & Convention Center in Seguin. PenRate represents the projected penetration rates for the subject Hotel, indicating the ratio between the projected Hotel's operating results and the corresponding data for the competitive market. If the penetration factor is greater than 100 percent, the property is performing better than the competitive market set as a whole. If the penetration rate is less than 100 percent, the Hotel is performing at a level below the competitive market average.

While the greater market area in which Seguin resides is a fast-growing area and significant economic development has, and continues, to occur in it, its relatively-isolated geographic location, smaller corporate base, and core demand generators will likely lead to slightly lower than average performance statistics for the type of property being targeted (relative to national trends). The Convention Center component of the project will assist in driving higher group business to the property; however, projected rate and RevPAR performance metrics for the Hotel & Convention Center are estimated to be lower than typical similar projects that are being considered under traditional private investment opportunities. Hence, this is another indication that a P3 model will be required to execute a project like the targeted Hotel & Convention Center project in Seguin.

### Subject Hotel Property Projected Market Performance

Year	Subject Rooms	Comp Set Occupancy	Subject PenRate	Subject Occupancy	Comp Set ADR	Subject PenRate	Subject ADR	Comp Set RevPAR	Subject PenRate	Subject RevPAR
2025	200	75.0%	89.3%	67.0%	\$148.70	108.9%	\$162.00	\$111.50	97.3%	\$108.48
2026	200	74.6%	90.2%	67.3%	\$153.91	108.9%	\$167.67	\$114.85	98.3%	\$112.84
2027	200	74.2%	91.1%	67.6%	\$159.29	108.9%	\$173.54	\$118.27	99.2%	\$117.34
2028	200	74.1%	92.0%	68.1%	\$164.87	108.9%	\$179.61	\$122.18	100.2%	\$122.40
2029	200	74.3%	93.8%	69.7%	\$170.64	108.9%	\$185.90	\$126.79	102.1%	\$129.52
2030	200	74.5%	95.6%	71.2%	\$176.61	108.9%	\$192.41	\$131.60	104.1%	\$137.02
2031	200	74.7%	97.4%	72.8%	\$182.79	108.9%	\$199.14	\$136.60	106.1%	\$144.92

A detailed market, financial and economic model was developed. The following exhibit presents a summary of the key hotel market performance metrics estimated for the Hotel component of the potential new project in Seguin. Average rates assumed for the subject Hotel component are lower than industry-typical properties for the upper-upscale chain scale nationally, but comparable to local/regional rates). Latent demand reflects potential room night demand that is unaccommodated and has not been realized by the existing competitive supply. Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. In this case, a new Hotel & Convention Center in Seguin will induce and capture new hotel room nights by virtue of representing a new, quality, upper-upscale lodging product in the submarket and the key demand generators in Seguin and the surrounding region.

### Ten-Year Projection of Subject Hotel Property Market Performance

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033	Year 10 2034
<b>OVERALL</b>										
Number of Rooms	200	200	200	200	200	200	200	200	200	200
Occupancy	67.0%	67.3%	67.6%	68.1%	69.7%	71.2%	72.8%	72.8%	72.8%	72.8%
Average Rate	\$162.00	\$167.67	\$173.54	\$179.61	\$185.90	\$192.41	\$199.14	\$206.11	\$213.32	\$220.79
Days Open	365	365	365	365	365	365	365	365	365	365
Rooms Occupied	48,883	49,128	49,360	49,745	50,860	51,986	53,123	53,123	53,123	53,123
<b>MARKET MIX</b>										
Commercial	17,190	17,271	17,349	17,521	17,971	18,426	18,886	18,940	18,940	18,940
Meeting/Group	16,873	16,972	17,065	17,159	17,492	17,828	18,168	18,119	18,119	18,119
Leisure	14,820	14,884	14,946	15,066	15,397	15,731	16,069	16,064	16,064	16,064
Total	48,883	49,128	49,360	49,745	50,860	51,986	53,123	53,123	53,123	53,123
<b>MARKET LATENT ROOM NIGHTS</b>										
Commercial	8,595	8,636	8,675	8,760	8,986	9,213	9,443	9,470	9,470	9,470
Meeting/Group	6,749	6,789	6,826	6,863	6,997	7,131	7,267	7,248	7,248	7,248
Leisure	10,374	10,419	10,462	10,546	10,778	11,012	11,248	11,245	11,245	11,245
Total	25,718	25,844	25,963	26,170	26,760	27,356	27,958	27,962	27,962	27,962
<b>MARKET INDUCED ROOM NIGHTS</b>										
Commercial	8,595	8,636	8,675	8,760	8,986	9,213	9,443	9,470	9,470	9,470
Meeting/Group	10,124	10,183	10,239	10,295	10,495	10,697	10,901	10,872	10,872	10,872
Leisure	4,446	4,465	4,484	4,520	4,619	4,719	4,821	4,819	4,819	4,819
Total	23,165	23,284	23,397	23,575	24,100	24,630	25,164	25,161	25,161	25,161



## Projected Market Performance (Convention Center)

Convention, conference and meeting space included in a typical full-service hotel property normally contributes a significant level of room night demand and economic impact for the greater community. Based on the market analysis completed and the program assumptions discussed herein, the following exhibit presents a summary of the estimated annual event levels, event days, and attendee days by event type for the Convention Center space in a new Seguin Hotel & Convention Center over the first assumed 10 years of operation.

### Ten-Year Projection of Subject Convention Center Utilization

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033	Year 10 2034
<b>CONVENTION CENTER EVENTS</b>										
Conventions/Tradeshows (w exhibits)	4	6	8	9	10	10	10	10	10	10
Conventions/Conferences (no exhibits)	6	9	14	18	22	22	22	22	22	22
Public/Consumer Shows	5	6	7	8	9	9	9	9	9	9
Meetings	140	150	160	170	180	180	180	180	180	180
Banquets/Receptions	50	55	60	65	70	70	70	70	70	70
Miscellaneous/Other	7	9	11	13	15	15	15	15	15	15
<b>Total</b>	<b>212</b>	<b>235</b>	<b>260</b>	<b>283</b>	<b>306</b>	<b>306</b>	<b>306</b>	<b>306</b>	<b>306</b>	<b>306</b>
<b>CONVENTION CENTER EVENT DAYS</b>										
Conventions/Tradeshows (w exhibits)	10	15	20	23	25	25	25	25	25	25
Conventions/Conferences (no exhibits)	15	23	35	45	55	55	55	55	55	55
Public/Consumer Shows	15	18	21	24	27	27	27	27	27	27
Meetings	140	150	160	170	180	180	180	180	180	180
Banquets/Receptions	50	55	60	65	70	70	70	70	70	70
Miscellaneous/Other	11	14	17	20	23	23	23	23	23	23
<b>Total</b>	<b>241</b>	<b>274</b>	<b>313</b>	<b>346</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>
<b>CONVENTION CENTER ATTENDEE DAYS</b>										
Conventions/Tradeshows (w exhibits)	5,000	7,500	10,000	11,250	12,500	12,500	12,500	12,500	12,500	12,500
Conventions/Conferences (no exhibits)	6,000	9,000	14,000	18,000	22,000	22,000	22,000	22,000	22,000	22,000
Public/Consumer Shows	12,000	14,400	16,800	19,200	21,600	21,600	21,600	21,600	21,600	21,600
Meetings	21,000	22,500	24,000	25,500	27,000	27,000	27,000	27,000	27,000	27,000
Banquets/Receptions	15,000	16,500	18,000	19,500	21,000	21,000	21,000	21,000	21,000	21,000
Miscellaneous/Other	5,250	6,750	8,250	9,750	11,250	11,250	11,250	11,250	11,250	11,250
<b>Total</b>	<b>64,250</b>	<b>76,650</b>	<b>91,050</b>	<b>103,200</b>	<b>115,350</b>	<b>115,350</b>	<b>115,350</b>	<b>115,350</b>	<b>115,350</b>	<b>115,350</b>

## Projected Overall Attendance (Hotel & Convention Center)

The exhibit below presents a summary of total estimated annual attendance for a new Hotel & Convention Center in Seguin. The figures below represent annual sums of all persons that are estimated to be drawn into the subject property. These visitors include a mix of overnight hotel guests and Convention Center attendees that do not rent overnight accommodations.

### Ten-Year Projection of Subject Hotel & Convention Center Total Estimated Attendance

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033	Year 10 2034
<b>OVERNIGHT VISITORS (1)</b>										
Commercial	18,909	18,998	19,084	19,273	19,769	20,269	20,774	20,834	20,834	20,834
Meeting/Group	21,934	22,064	22,184	22,306	22,739	23,177	23,619	23,555	23,555	23,555
Leisure	32,603	32,746	32,881	33,145	33,873	34,608	35,352	35,340	35,340	35,340
<b>DAY VISITORS (2)</b>	<b>47,135</b>	<b>53,295</b>	<b>59,675</b>	<b>65,876</b>	<b>72,078</b>	<b>72,078</b>	<b>72,078</b>	<b>72,078</b>	<b>72,078</b>	<b>72,078</b>
<b>TOTAL ATTENDANCE (3)</b>	<b>120,582</b>	<b>127,103</b>	<b>133,824</b>	<b>140,600</b>	<b>148,458</b>	<b>150,132</b>	<b>151,822</b>	<b>151,807</b>	<b>151,807</b>	<b>151,807</b>

- (1) Total persons staying in the subject Hotel property for an overnight stay.  
(2) Total persons visiting subject property's convention space without renting an overnight hotel room.  
(3) Total Hotel & Convention Center attendance (sum of overnight and day visitors).

## Projected Financial Operating Performance (Hotel & Convention Center)

Based on the analysis conducted and the assumptions discussed herein, the exhibit to the right presents a 10-year projection of revenues and expenses associated with the potential new Hotel & Convention Center in Seguin.

As shown, EBITDA (earnings before interest, taxes, depreciation and amortization) for the new Hotel & Convention Center is projected to range between \$3.6 million in the first year of operation, to \$6.3 million in year 10. For a hospitality property transaction of this type and size, these EBITDA returns are lower than those typically sought under traditional privately-financed projects of comparable type and size.

### Ten-Year Projection of Subject Hotel & Convention Center Financial Operating Performance

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 10 2034
<b>Revenues</b>						
Rooms	\$7,919,000	\$8,237,000	\$8,566,000	\$8,935,000	\$9,455,000	\$11,729,000
Food & Beverage	3,960,000	4,115,000	4,275,000	4,452,000	4,691,000	5,771,000
Other Operated	713,000	740,000	767,000	797,000	834,000	1,013,000
Miscellaneous Income	198,000	206,000	214,000	223,000	236,000	293,000
<b>Total Revenue</b>	<b>\$12,790,000</b>	<b>\$13,298,000</b>	<b>\$13,822,000</b>	<b>\$14,407,000</b>	<b>\$15,216,000</b>	<b>\$18,806,000</b>
<b>Departmental Expenses</b>						
Rooms	\$1,980,000	\$2,043,000	\$2,109,000	\$2,179,000	\$2,264,000	\$2,673,000
Food & Beverage	2,376,000	2,452,000	2,529,000	2,613,000	2,713,000	3,197,000
Other Operated	285,000	294,000	303,000	313,000	324,000	380,000
<b>Total Departmental Expenses</b>	<b>\$4,641,000</b>	<b>\$4,789,000</b>	<b>\$4,941,000</b>	<b>\$5,105,000</b>	<b>\$5,301,000</b>	<b>\$6,250,000</b>
<b>Departmental Income</b>	<b>\$7,998,000</b>	<b>\$7,998,000</b>	<b>\$7,998,000</b>	<b>\$7,998,000</b>	<b>\$7,998,000</b>	<b>\$7,998,000</b>
<b>Undistributed Operating Expenses</b>						
Administrative & General	\$895,000	\$923,000	\$952,000	\$983,000	\$1,019,000	\$1,196,000
Information & Telecommunications	38,000	40,000	41,000	42,000	43,000	50,000
Marketing	1,343,000	1,385,000	1,428,000	1,474,000	1,528,000	1,794,000
Franchise Fees	396,000	412,000	428,000	447,000	473,000	586,000
Property Operations & Maintenance	512,000	528,000	544,000	562,000	582,000	683,000
Energy	639,000	659,000	679,000	700,000	722,000	841,000
<b>Total UDOEs</b>	<b>\$3,823,000</b>	<b>\$3,947,000</b>	<b>\$4,072,000</b>	<b>\$4,208,000</b>	<b>\$4,367,000</b>	<b>\$5,150,000</b>
<b>Income Before Fixed Charges</b>	<b>\$4,326,000</b>	<b>\$4,562,000</b>	<b>\$4,809,000</b>	<b>\$5,094,000</b>	<b>\$5,548,000</b>	<b>\$7,406,000</b>
<b>Fixed Charges</b>						
Management Fee	\$384,000	\$399,000	\$415,000	\$432,000	\$456,000	\$564,000
Property Taxes & Related	0	0	0	0	0	0
Insurance	128,000	132,000	136,000	140,000	144,000	167,000
Reserve for Replacement	256,000	266,000	276,000	288,000	304,000	376,000
<b>Total Fixed Charges</b>	<b>\$768,000</b>	<b>\$797,000</b>	<b>\$827,000</b>	<b>\$860,000</b>	<b>\$904,000</b>	<b>\$1,107,000</b>
<b>EBITDA</b>	<b>\$3,558,000</b>	<b>\$3,765,000</b>	<b>\$3,982,000</b>	<b>\$4,234,000</b>	<b>\$4,644,000</b>	<b>\$6,299,000</b>

## Development Costs & Feasibility Gap (Hotel & Convention Center)

The potential "feasibility gap" (or the anticipated funding contribution required of the public sector to attract the necessary private sector investment) of the potential Hotel & Convention Center in Seguin has been estimated by converting facility cash flows into net present value figures based on typical industry debt and equity requirements. Capitalization rates are designed to translate an annual net income into present value. The calculated difference between estimated development costs and market values (based on possible capitalization rate variations) results in a range of feasibility gap projections. Further evaluation of project costs will be required to refine these estimates as planning progresses.

The chart on the following page shows the resultant calculated feasibility gap based on differing construction cost and capitalization rate assumptions. Current cost structures involving development of modern hotel prototypes within the Upper Upscale chain scale category (i.e., full-service, nationally-branded property) is significant.

For purposes of this analysis, it has been assumed that: (1) land acquisition or major infrastructure improvements will not be the responsibility of the private partner; (2) the subject Hotel & Convention Center will be privately owned and privately-managed by the hotel partner, and (3) property taxes associated with the project will be fully-abated or rebated to the private partner.

A midpoint projection (assuming a valuation with a cap rate of 8.00 percent and construction costs of \$66.2 million) results in an estimated \$20.8 million feasibility gap for the potential new Hotel & Convention Center in Seguin. The analysis suggests that the likely range of incentives required of a public sector partner to attract a private partner could fall between \$17.8 million and \$23.4 million, depending on ultimate construction costs and cap rates.

The estimated feasibility gap is substantial—partially due to significant recent construction cost inflation and continued disruption of materials and labor markets facilitated by the COVID-19 pandemic and subsequent national economic conditions. However, the investment opportunity for the City of Seguin is considered favorable—a \$20.8 million dollar City investment would be expected to facilitate private sector investment in the development and operation of a new, state-of-the-industry \$66.2 million Hotel & Convention Center project in Seguin (i.e., 31% public, 69% private). As will be shown later in this section, this level of public sector investment would be expected to deliver substantial new economic impacts in Seguin, as well as elevating Seguin’s standing in the convention and tourism industries.

#### Estimated Development Costs & Hypothetical Feasibility Gap (Hotel & Convention Center)

HYPOTHETICAL DEVELOPMENT COSTS					
	LOW RANGE		MID RANGE		HIGH RANGE
Hard Construction Costs	\$43,000,000	\$45,000,000	\$47,000,000	\$49,000,000	\$51,000,000
Land Costs	\$0	\$0	\$0	\$0	\$0
Soft Costs	\$9,085,000	\$9,507,000	\$9,930,000	\$10,352,000	\$10,775,000
FF&E Costs	\$5,451,000	\$5,704,000	\$5,958,000	\$6,211,000	\$6,465,000
Pre-Opening & Working Capital	\$3,028,000	\$3,169,000	\$3,310,000	\$3,451,000	\$3,592,000
<b>Development Costs</b>	<b>\$60,564,000</b>	<b>\$63,380,000</b>	<b>\$66,198,000</b>	<b>\$69,014,000</b>	<b>\$71,832,000</b>
<b>Cost Per Room</b>	<b>\$303,000</b>	<b>\$317,000</b>	<b>\$331,000</b>	<b>\$345,000</b>	<b>\$359,000</b>

HYPOTHETICAL FEASIBILITY GAP (Base)						
		Construction Cost / Room Range				
		\$303,000	\$317,000	\$331,000	\$345,000	\$359,000
Capitalization Rate	7.50%	\$12,100,000	\$14,900,000	\$17,700,000	\$20,500,000	\$23,400,000
	7.75%	\$13,700,000	\$16,500,000	\$19,300,000	\$22,100,000	\$24,900,000
	8.00%	\$15,100,000	\$17,900,000	\$20,800,000	\$23,600,000	\$26,400,000
	8.25%	\$16,500,000	\$19,300,000	\$22,100,000	\$25,000,000	\$27,800,000
	8.50%	\$17,800,000	\$20,600,000	\$23,400,000	\$26,200,000	\$29,100,000

## Economic Impact Concepts & Methods

The investment in a new Hotel & Convention Center project will be expected to provide substantial quantifiable benefits. These quantifiable benefits often serve as the “return on investment” of public dollars that are contributed to develop the facility project and site. Quantifiable measurements of the effects that facility project could have on the local economy are characterized in terms of economic impacts and fiscal impacts. Direct spending represents the primary spending that would occur as a result of the construction and operations of the Hotel & Convention Center. Direct spending occurs in three ways:



A primary intent of this analysis is to estimate the direct spending that could occur directly at the Hotel & Convention Center itself, in order to approximate the potential associated tax revenues generated from such spending. The vast majority of Construction and In-Facility Spending will be estimated to occur within the Seguin area. Additionally, net new impacts will be generated throughout Seguin area, primarily relating to Out-of-Facility Spending (i.e., spending occurring off the Hotel & Convention Center site by visitors to the Seguin area on items such as hotels, restaurants, retail, transportation, etc.).

From a broad perspective, gross direct spending would flow to various economic entities, including the City of Seguin, Guadalupe County and local restaurants, hotel operators, retail businesses and other such entities. However, some of the spending that occurs in connection with the ongoing operations of the Hotel & Convention Center project would not fully impact the local area. As such, reductions must be made to gross direct spending to reflect the amount of direct spending associated with the Hotel & Convention Center project and site improvements that are considered net new to Seguin. These adjustments include:

**LEAKAGE** represents the portion of gross spending estimated to occur outside the larger geographic area considered for this analysis (Seguin area). Immediate leakage occurs when initial direct expenditures occur outside the area, such as an out-of-town Convention Center visitor that patronizes a hotel or restaurant located outside of the Seguin area. Leakage also occurs when initial local spending is used immediately to pay for goods, services, etc. outside of the Seguin area. Examples of this type of secondary leakage include food and beverage profits retained by companies based outside of the Seguin area.

**DISPLACEMENT** refers to spending that would have likely occurred anyway in the Seguin area without the presence of the Hotel & Convention Center. Examples of displaced spending would include spending by Seguin residents in connection with their visit to the new Hotel & Convention Center site (registrations, food and beverage, retail items, etc.) that would have been spent the Seguin area anyway on other items (e.g., movies, restaurants, shopping, etc.) if they did not visit the Hotel & Convention Center site. Another example of displaced spending would include out-of-facility spending by non-local individuals visiting from outside of the Seguin area whose primary purpose for visiting the Seguin area was something other than visiting or participating in activities at the Hotel & Convention Center itself, and who would have spent their money in some other form in the Seguin area. The concept of displacement is oftentimes referred to as the substitution effect.

The flow of gross direct spending is adjusted to reflect only the spending that is considered net new to the local economy (i.e., Seguin area). The resulting spending after all adjustments is referred to throughout the remainder of this analysis as net new direct spending.

Economic impacts are further increased through re-spending of the direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with direct spending and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. Each is discussed in more detail below.

**INDIRECT EFFECTS** consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed leakage and reduces the overall economic impact.

Indirect impacts occur in a number of areas including the following:

- Wholesale industry as purchases of food and merchandise products are made.
- Transportation industry as the products are shipped from purchaser to buyer.
- Manufacturing industry as products used to service the Hotel & Convention Center and site, vendors and others are produced.
- Utility industry as the power to produce goods and services is consumed.
- Other such industries.

**INDUCED EFFECTS** consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the Hotel & Convention Center and other related facilities. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

Indirect and induced effects are calculated by applying the appropriate multipliers to the net new direct spending estimates. The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. Generally, an area which is capable of producing a wide range of goods and services within its borders will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result.

The multiplier estimates used in this analysis are based on the IMPLAN system. IMPLAN, which stands for Impact Analyses and Planning, is a computer software package that consists of procedures for estimating local input-output models and associated databases. Input-output models are a technique for quantifying interactions between firms, industries and social institutions within a local economy. IMPLAN was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Department of the Interior's Bureau of Land Management to assist in land and resource management planning. Since 1993, the IMPLAN system has been developed under exclusive rights by the Minnesota Implan Group, Inc., which licenses and distributes the software to users. Currently, there are thousands of licensed users in the United States including universities, government agencies, and private companies.

The economic data for IMPLAN comes from the system of national accounts for the United States based on data collected by the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data are collected for 440 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Categories (SICs). Industry sectors are classified on the basis of the primary commodity or service produced. Corresponding data sets are also produced for each county and zip code in the United States, allowing analyses at both the city and county level and for geographic aggregations such as clusters of contiguous cities, counties, individual states, or groups of states.

Data provided for each industry sector include outputs and inputs from other sectors; value added, employment, wages and business taxes paid; imports and exports; final demand by households and government; capital investment; business inventories; marketing margins and inflation factors (deflators). These data are provided both for the 440 producing sectors at the national level and for the corresponding sectors at the local level. Data on the technological mix of inputs and levels of transactions between producing sectors are taken from detailed input-output tables of the national economy. National and local level data are the basis for IMPLAN calculations of input-output tables and multipliers for geographic areas. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a local economic area.

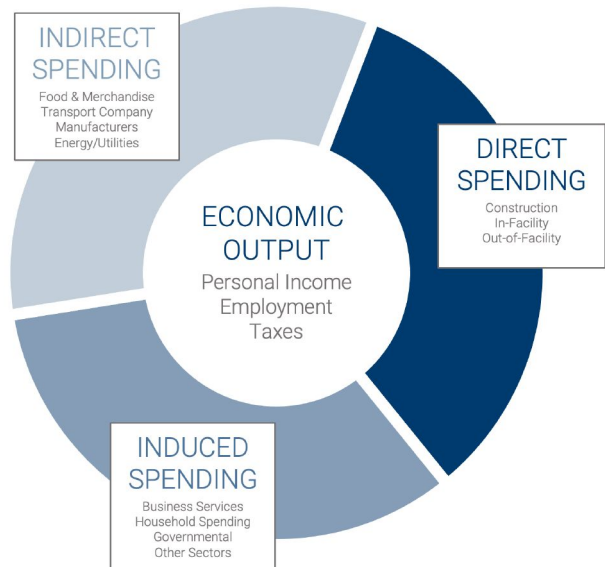
The multiplier effects estimated in this analysis include:

- **TOTAL OUTPUT** represents the total direct, indirect, and induced spending effects generated by the new Hotel & Convention Center. Total output is calculated by multiplying the appropriate total output multiplier by the estimated direct spending within each industry.
- **PERSONAL INCOME (EARNINGS)** represent the wages and salaries earned by employees of businesses impacted by the new Hotel & Convention Center. Personal earnings are calculated by multiplying the appropriate personal earnings multiplier by the estimated direct spending within each industry.
- **EMPLOYMENT** is expressed in terms of total jobs and includes both full and part-time jobs. Employment is calculated by dividing the appropriate employment multiplier by one million, and then multiplying by the estimated direct spending within each industry.

In addition to the economic impacts that could be generated by the new Hotel & Convention Center, fiscal revenues could be generated to Seguin and various other municipal/governmental entities from a variety of sources. In preparing estimates of fiscal impacts, revenues generated to the City of Seguin from direct, indirect and induced spending were examined. As a focus of this analysis relates to the economic and tax impact within the Seguin area, the primary fiscal revenues estimated herein are sales and lodging taxes that are estimated to be generated within Seguin. The net new tax impacts consider reductions for assumed displaced spending within Seguin, as well as spending that is assumed to occur outside of the Seguin area.

Although there may be other tax revenues and public sector fees/charges generated as a result of the construction and operations of the new Hotel & Convention Center, net new sales and hotel-related taxes represent the most directly-attributable and relevant sources relating to this analysis.

The graphic to the right illustrates key measurements of economic and tax impacts utilized in this analysis. Commencing with the estimation of net new direct spending associated with the Hotel & Convention Center project, successive rounds of re-spending generate indirect and induced effects. The sum of all this net new spending in Seguin's economy represents total Economic Output. This new economic output, in turn, likewise generates added earnings (personal income), jobs (employment), and tax revenues.



In addition to the quantifiable benefits associated with a new Hotel & Convention Center, there are a number of existing and potential benefits that cannot be quantified. In fact, these qualitative benefits tend to be a critical factor in the consideration of public and private investment in facilities of this nature. These include issues pertaining to quality of life, ancillary economic development facilitation, employment opportunities, community pride, complementing other economic development initiatives, and other items.

The quantitative impact figures do not include economic impact that could be generated by other greater site elements and other ancillary private sector development/investment that may occur as result of the Hotel & Convention Center development (i.e., hotels, restaurants, etc.). Some of the impacts associated with the new Hotel & Convention Center would be quantitatively captured by these other developments and improvements, but substantial additional economic impact could be generated by any new public or private investment that occurs at, or near, the site. The net effect of a calculation of quantified economic impact could hypothetically be several times greater in magnitude (depending on the level of investment and development outcomes that are ultimately realized at, or near, the site).

As previously indicated, the economic impacts associated with a new Hotel & Convention Center in Seguin have been analyzed and projected. Results are shown and discussed within the following four groupings:

- A) Construction Impacts
- B) In-Facility Impacts
- C) Out-of-Facility Impacts
- D) Qualitative Impacts / Other Benefits

## A) Construction Impacts (One-Time)

The impact of the construction period is determined by the volume and nature of the construction expenditures as well as the geographic region in which they take place. The exhibit below summarizes the estimated net new economic and fiscal impacts that could be generated in the Seguin area. These impacts represent one-time impacts from construction.

Construction costs tend to vary widely among comparable hotel projects. Many variables exist that influence actual realized construction costs, including type of facility, size, components, level of finish, integrated amenities, costs of goods and services in the local market, location and topography of the site, ingress/egress issues, and other such aspects. Importantly, additional architectural concept, design and costing study would be required to confirm and refine estimated construction costs for the proposed project in Seguin.

As previously discussed, an order-of-magnitude construction cost of \$66.2 million (or \$331,000 per key) has been assumed, not including land costs.

### Key Construction Period Assumptions & Projection of Subject Hotel & Convention Center Construction Impacts

**ASSUMPTIONS**

Construction Period (months)	18
Construction Start	Jan-24
Construction End	Jul-25
Opening	Aug-25
Hotel Keys	200
Assumed Construction Costs Per Key	\$331,000
Hypothetical Construction Costs	\$66,200,000
Spending - Gross	
Materials	55.0%
Labor	45.0%
Total	100.0%
Spending % - Local:	
Materials	12.0%
Labor	20.0%
Total	32.0%

	Construction Period	
	CP 1 2024	CP 2 2025
<b>TOTAL CONSTRUCTION IMPACTS</b>		
<b>Direct Spending</b>	<b>\$12,710,400</b>	<b>\$8,473,600</b>
Indirect/Induced Spending	<u>\$8,727,191</u>	<u>\$5,818,128</u>
<b>Economic Output</b>	<b>\$21,437,591</b>	<b>\$14,291,728</b>
Personal Income	\$7,219,158	\$4,812,772
Employment (full & part-time jobs)	152	102
City Sales Tax (1.5%)	\$229,928	\$153,286

## B) In-Facility Impacts (Ongoing)

Direct spending is generated through the operations of the subject Hotel & Convention Center (represented through operating revenues) driven by events and patronage. This spending occurs with respect to both event and non-event items, such as rentals, admissions, food and beverage, merchandise, sponsorship and advertising, education, and retail leases. For purposes of this economic impact analysis, 60 percent of gross spending is estimated to be "net new" to Seguin.

Economic impacts are further increased through re-spending of the direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with direct spending and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. As mentioned on the previous page, 60 percent of gross spending and tax revenues are estimated to be "net new" to Seguin. Estimated "net new" in-facility economic impacts associated with the operation of the proposed Hotel & Convention Center in Seguin is summarized below.

Ten-Year Projection of Subject Hotel & Convention Center Generated In-Facility Economic Impacts

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 10 2034
<b>IN-FACILITY SPENDING (GROSS)</b>						
Rooms	\$7,919,000	\$8,237,000	\$8,566,000	\$8,935,000	\$9,455,000	\$11,729,000
Food & Beverage	\$3,960,000	\$4,115,000	\$4,275,000	\$4,452,000	\$4,691,000	\$5,771,000
Other Operated	\$713,000	\$740,000	\$767,000	\$797,000	\$834,000	\$1,013,000
Miscellaneous Income	\$198,000	\$206,000	\$214,000	\$223,000	\$236,000	\$293,000
<b>Total</b>	<b>\$12,790,000</b>	<b>\$13,298,000</b>	<b>\$13,822,000</b>	<b>\$14,407,000</b>	<b>\$15,216,000</b>	<b>\$18,806,000</b>
<b>IN-FACILITY SPENDING (NET NEW)</b>						
Rooms	\$4,751,400	\$4,942,200	\$5,139,600	\$5,361,000	\$5,673,000	\$7,037,400
Food & Beverage	\$2,376,000	\$2,469,000	\$2,565,000	\$2,671,200	\$2,814,600	\$3,462,600
Other Operated	\$427,800	\$444,000	\$460,200	\$478,200	\$500,400	\$607,800
Miscellaneous Income	\$118,800	\$123,600	\$128,400	\$133,800	\$141,600	\$175,800
<b>Total</b>	<b>\$7,674,000</b>	<b>\$7,978,800</b>	<b>\$8,293,200</b>	<b>\$8,644,200</b>	<b>\$9,129,600</b>	<b>\$11,283,600</b>
<b>DIRECT SPENDING BY INDUSTRY</b>						
Hotel	\$4,751,400	\$4,942,200	\$5,139,600	\$5,361,000	\$5,673,000	\$7,037,400
Restaurant	\$2,376,000	\$2,469,000	\$2,565,000	\$2,671,200	\$2,814,600	\$3,462,600
Entertainment	\$0	\$0	\$0	\$0	\$0	\$0
Retail	\$0	\$0	\$0	\$0	\$0	\$0
Auto Rental	\$0	\$0	\$0	\$0	\$0	\$0
Other Local Transit	\$0	\$0	\$0	\$0	\$0	\$0
Other Industries	\$546,600	\$567,600	\$588,600	\$612,000	\$642,000	\$783,600
Construction - Non Residential	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Spending</b>	<b>\$7,674,000</b>	<b>\$7,978,800</b>	<b>\$8,293,200</b>	<b>\$8,644,200</b>	<b>\$9,129,600</b>	<b>\$11,283,600</b>
<b>TOTAL IN-FACILITY IMPACTS</b>						
<b>Direct Spending</b>	<b>\$7,674,000</b>	<b>\$7,978,800</b>	<b>\$8,293,200</b>	<b>\$8,644,200</b>	<b>\$9,129,600</b>	<b>\$11,283,600</b>
Indirect/ Induced Spending	\$5,297,198	\$5,507,544	\$5,724,466	\$5,966,639	\$6,301,370	\$7,787,380
<b>Economic Output</b>	<b>\$12,971,198</b>	<b>\$13,486,344</b>	<b>\$14,017,666</b>	<b>\$14,610,839</b>	<b>\$15,430,970</b>	<b>\$19,070,980</b>
Personal Income	\$5,347,689	\$5,560,007	\$5,779,007	\$6,023,448	\$6,361,265	\$7,861,106
Employment (full & part-time jobs)	149	154	160	167	177	218
City Sales Tax (1.5%)	\$138,947	\$144,466	\$150,158	\$156,513	\$165,300	\$204,297
City Hotel Tax (7.0%)	\$332,598	\$345,954	\$359,772	\$375,270	\$397,110	\$492,618
<b>Total Taxes</b>	<b>\$471,545</b>	<b>\$490,420</b>	<b>\$509,930</b>	<b>\$531,783</b>	<b>\$562,410</b>	<b>\$696,915</b>



### C) Out-of-Facility Impacts (Ongoing)

Outside the subject Hotel & Convention Center itself, additional direct spending is generated in the local area by visitors, spectators, attendees, participants, event staff, and exhibitors users on lodging, food and beverage, retail, entertainment, transportation, etc. in connection with their visit to the area. Estimated out-of-facility direct spending associated with the operation of a new Hotel & Convention Center in Seguin is summarized below. The total hotel room nights generated in the Seguin area as a result of the annual operation of the proposed subject Hotel & Convention Center have been estimated. These represent net new hotel room nights that are estimated to be induced to the Seguin area due to the project (i.e., existing or displaced room nights have been removed). These hotel room nights are Seguin area market-wide impacts, extending beyond those captured only by the new Hotel & Convention Center project itself. These room night impact estimates are presented below in terms of conferences, meetings and events hosted by the subject facility and other hotel-driven impacts that are projected to be induced and new to the Seguin area.

#### Ten-Year Projection of Subject Hotel & Convention Center Generated Hotel Room Nights & Out-of-Facility Direct Spending by Type/Segment

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 10 2034
<b>HOTEL ROOM NIGHTS</b>						
<b>(excluding meetings &amp; events)</b>						
Commercial	8,595	8,636	8,675	8,760	8,986	9,470
Meeting/Group	2,531	2,546	2,560	2,574	2,624	2,718
Leisure	4,446	4,465	4,484	4,520	4,619	4,819
Total	15,572	15,647	15,718	15,854	16,229	17,007
<b>HOTEL ROOM NIGHTS</b>						
<b>(meetings &amp; events)</b>						
Conventions/Tradeshows (w exhibits)	3,498	5,247	6,995	7,870	8,744	8,744
Conventions/Conferences (no exhibits)	3,338	5,007	7,789	10,015	12,240	12,240
Public/Consumer Shows	123	147	172	196	221	221
Meetings	276	295	315	335	354	354
Banquets/Receptions	225	248	270	293	315	315
Miscellaneous/Other	280	360	440	520	600	600
Total	7,739	11,304	15,981	19,228	22,475	22,475
<b>Total Net New Room Nights</b>	<b>23,311</b>	<b>26,951</b>	<b>31,699</b>	<b>35,082</b>	<b>38,703</b>	<b>39,482</b>
<b>DIRECT SPENDING</b>						
<b>(excluding meetings &amp; events)</b>						
Commercial	\$2,458,229	\$2,556,244	\$2,657,658	\$2,777,871	\$2,949,032	\$3,691,262
Meeting/Group	\$789,638	\$822,088	\$855,512	\$890,320	\$939,387	\$1,155,727
Leisure	\$1,858,373	\$1,931,832	\$2,007,699	\$2,094,665	\$2,215,577	\$2,745,393
Total	\$5,106,239	\$5,310,164	\$5,520,869	\$5,762,856	\$6,103,996	\$7,592,381
<b>DIRECT SPENDING</b>						
<b>(overnight meetings &amp; events)</b>						
Conventions/Tradeshows (w exhibits)	\$904,163	\$1,403,712	\$1,937,123	\$2,255,538	\$2,593,868	\$3,080,702
Conventions/Conferences (no exhibits)	\$862,920	\$1,339,683	\$2,156,890	\$2,870,204	\$3,630,809	\$4,312,262
Public/Consumer Shows	\$36,450	\$45,271	\$54,665	\$64,660	\$75,289	\$89,420
Meetings	\$62,843	\$69,688	\$76,935	\$84,605	\$92,717	\$110,119
Banquets/Receptions	\$58,275	\$66,346	\$74,911	\$83,994	\$93,621	\$111,192
Miscellaneous/Other	\$67,200	\$89,424	\$113,121	\$138,368	\$165,243	\$196,257
Total	\$1,991,850	\$3,014,124	\$4,413,645	\$5,497,369	\$6,651,547	\$7,899,951
<b>DIRECT SPENDING</b>						
<b>(daytrip meetings &amp; events)</b>						
Conventions/Tradeshows (w exhibits)	\$36,338	\$56,414	\$77,851	\$90,648	\$104,245	\$123,811
Conventions/Conferences (no exhibits)	\$78,030	\$121,142	\$195,038	\$259,540	\$328,318	\$389,939
Public/Consumer Shows	\$133,650	\$165,993	\$200,437	\$237,088	\$276,060	\$327,872
Meetings	\$121,826	\$135,097	\$149,147	\$164,015	\$179,741	\$213,476
Banquets/Receptions	\$124,950	\$142,256	\$160,619	\$180,095	\$200,736	\$238,412
Miscellaneous/Other	\$75,600	\$100,602	\$127,262	\$155,664	\$185,899	\$220,789
Total	\$570,394	\$721,503	\$910,354	\$1,087,049	\$1,274,998	\$1,514,298
<b>Total Direct Spending</b>	<b>\$7,668,483</b>	<b>\$9,045,792</b>	<b>\$10,844,868</b>	<b>\$12,347,274</b>	<b>\$14,030,541</b>	<b>\$17,006,630</b>

Estimated out-of-facility direct spending (by industry) associated with the operation of the proposed subject Hotel & Convention Center in Seguin is summarized below. Economic impacts are further increased through re-spending of the direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with direct spending and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. Estimated out-of-facility economic impacts associated with the operation of the proposed Hotel & Convention Center in Seguin are summarized below.

### Ten-Year Projection of Subject Hotel & Convention Center Generated Out-of-Facility Economic Impacts

	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 10 2034
<b>DIRECT SPENDING</b>						
<b>(excluding meetings &amp; events)</b>						
Hotel	\$1,633,997	\$1,699,253	\$1,766,678	\$1,844,114	\$1,953,279	\$2,429,562
Restaurant	\$1,736,121	\$1,805,456	\$1,877,095	\$1,959,371	\$2,075,359	\$2,581,410
Entertainment	\$663,811	\$690,321	\$717,713	\$749,171	\$793,519	\$987,010
Retail	\$714,874	\$743,423	\$772,922	\$806,800	\$854,559	\$1,062,933
Auto Rental	\$0	\$0	\$0	\$0	\$0	\$0
Other Local Transit	\$102,125	\$106,203	\$110,417	\$115,257	\$122,080	\$151,848
Other Industries	\$255,312	\$265,508	\$276,043	\$288,143	\$305,200	\$379,619
Construction - Non Residential	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$5,106,239</b>	<b>\$5,310,164</b>	<b>\$5,520,869</b>	<b>\$5,762,856</b>	<b>\$6,103,996</b>	<b>\$7,592,381</b>
<b>DIRECT SPENDING</b>						
<b>(meetings &amp; events)</b>						
Hotel	\$717,066	\$1,085,085	\$1,588,912	\$1,979,053	\$2,394,557	\$2,843,982
Restaurant	\$973,834	\$1,399,984	\$1,974,023	\$2,434,371	\$2,924,525	\$3,473,418
Entertainment	\$224,898	\$328,991	\$470,056	\$581,727	\$700,639	\$832,139
Retail	\$449,977	\$638,428	\$891,016	\$1,095,746	\$1,313,716	\$1,560,283
Auto Rental	\$0	\$0	\$0	\$0	\$0	\$0
Other Local Transit	\$45,541	\$67,498	\$97,376	\$120,818	\$145,781	\$173,142
Other Industries	\$150,928	\$215,641	\$302,614	\$372,703	\$447,327	\$531,284
Construction - Non Residential	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$2,562,244</b>	<b>\$3,735,627</b>	<b>\$5,323,999</b>	<b>\$6,584,418</b>	<b>\$7,926,545</b>	<b>\$9,414,249</b>
<b>DIRECT SPENDING</b>						
<b>(overall)</b>						
Hotel	\$2,351,063	\$2,784,337	\$3,355,590	\$3,823,167	\$4,347,836	\$5,273,544
Restaurant	\$2,709,955	\$3,205,440	\$3,851,119	\$4,393,742	\$4,999,884	\$6,054,828
Entertainment	\$888,709	\$1,019,313	\$1,187,769	\$1,330,898	\$1,494,159	\$1,819,149
Retail	\$1,164,851	\$1,381,851	\$1,663,938	\$1,902,546	\$2,168,276	\$2,623,216
Auto Rental	\$0	\$0	\$0	\$0	\$0	\$0
Other Local Transit	\$147,666	\$173,701	\$207,794	\$236,075	\$267,861	\$324,990
Other Industries	\$406,240	\$481,150	\$578,658	\$660,846	\$752,527	\$910,903
Construction - Non Residential	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Spending</b>	<b>\$7,668,483</b>	<b>\$9,045,792</b>	<b>\$10,844,868</b>	<b>\$12,347,274</b>	<b>\$14,030,541</b>	<b>\$17,006,630</b>
<b>TOTAL OUT-OF-FACILITY IMPACTS</b>						
<b>Direct Spending</b>	<b>\$7,668,483</b>	<b>\$9,045,792</b>	<b>\$10,844,868</b>	<b>\$12,347,274</b>	<b>\$14,030,541</b>	<b>\$17,006,630</b>
Indirect/Induced Spending	\$5,211,079	\$6,150,323	\$7,377,392	\$8,401,912	\$9,549,418	\$11,574,019
<b>Economic Output</b>	<b>\$12,879,563</b>	<b>\$15,196,115</b>	<b>\$18,222,260</b>	<b>\$20,749,186</b>	<b>\$23,579,959</b>	<b>\$28,580,649</b>
Personal Income	\$5,226,016	\$6,169,617	\$7,402,454	\$8,431,739	\$9,584,396	\$11,615,883
Employment (full & part-time jobs)	158	187	224	255	290	351
City Sales Tax (1.5%)	\$113,967	\$137,875	\$169,371	\$195,356	\$224,131	\$270,739
City Hotel Tax (7.0%)	\$164,574	\$194,904	\$234,891	\$267,622	\$304,348	\$369,148
<b>Total Taxes</b>	<b>\$278,542</b>	<b>\$332,778</b>	<b>\$404,262</b>	<b>\$462,978</b>	<b>\$528,480</b>	<b>\$639,887</b>

## (A+B+C) Summary of Quantifiable Impacts

A consolidated summary of all estimated economic impacts (including construction, in-facility, and out-of-facility) associated with the proposed new subject Hotel & Convention Center in Seguin is presented below.

### Ten-Year Projection of Subject Hotel & Convention Center Generated - Overall Economic Impacts

	Construction Period		Annual Operations						NPV of Cumulative Impacts (1)
	CP 1 2024	CP 2 2025	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 10 2034	
<b>OVERALL ECONOMIC IMPACTS</b>									
Net New Hotel Room Nights	0	0	23,311	26,951	31,699	35,082	38,703	39,482	352,736
Net New Non Local Visitor Days	0	0	40,076	46,002	53,454	59,162	65,210	66,305	594,852
<b>Direct Spending</b>	<b>\$12,710,400</b>	<b>\$8,473,600</b>	<b>\$15,342,483</b>	<b>\$17,024,592</b>	<b>\$19,138,068</b>	<b>\$20,991,474</b>	<b>\$23,160,141</b>	<b>\$28,290,230</b>	<b>\$184,223,059</b>
Indirect/Induced Spending	\$8,727,191	\$5,818,128	\$10,508,277	\$11,657,867	\$13,101,858	\$14,368,550	\$15,850,788	\$19,361,399	\$126,140,624
<b>Economic Output</b>	<b>\$21,437,591</b>	<b>\$14,291,728</b>	<b>\$25,850,760</b>	<b>\$28,682,459</b>	<b>\$32,239,926</b>	<b>\$35,360,024</b>	<b>\$39,010,929</b>	<b>\$47,651,629</b>	<b>\$310,363,683</b>
Personal Income	\$7,219,158	\$4,812,772	\$10,573,706	\$11,729,624	\$13,181,461	\$14,455,187	\$15,945,661	\$19,476,988	\$124,541,939
Employment (full- & part-time jobs)	152	102	307	341	384	422	466	569	569 (peak year)
City Sales Tax (1.5%)	\$229,928	\$153,286	\$252,915	\$282,340	\$319,529	\$351,869	\$389,431	\$475,036	\$3,109,824
City Hotel Tax (7.0%)	\$0	\$0	\$497,172	\$540,858	\$594,663	\$642,892	\$701,458	\$861,766	\$5,079,532
<b>Total Taxes</b>	<b>\$229,928</b>	<b>\$153,286</b>	<b>\$750,087</b>	<b>\$823,198</b>	<b>\$914,193</b>	<b>\$994,761</b>	<b>\$1,090,890</b>	<b>\$1,336,802</b>	<b>\$8,189,355</b>

(1) Represents the net present value of the net new annual impacts generated in Seguin by the Hotel & Convention Center project for the construction period plus first 10 years of operations using an assumed discount rate of 4.0%.

## (D) Qualitative Impacts / Other Benefits

In addition to the quantifiable benefits discussed heretofore, some benefits related to the construction and operation of a new Hotel & Convention Center cannot be quantitatively measured. Beyond the economic activity and jobs indirectly provided, these types of non-quantifiable impacts of a project of this nature and scope can serve to elevate Seguin's profile and brand as a visitor destination and as a quality place to live, work, learn and play. In fact, these qualitative benefits tend to be a critical factor in the consideration of public and private investment in projects of this nature, particularly those involving a major investment in community assets and infrastructure. These include issues pertaining to quality of life, ancillary economic development facilitation, employment opportunities, community pride and other such issues. Potential non-quantifiable benefits could include:



**Potential Transformative and Iconic Effects** – High profile, event and hospitality facility projects, like a new Hotel & Convention Center, can have extensive, long-lasting transformative impacts on the Seguin community and destination, in terms of quality of life, community prestige, perception by visitors and non-locals, and other such effects.



**Quality of Life for Residents** – New convention center and full-service hotel projects provide diversified activities for local residents and can lead to enhanced economic opportunities in the local community, which can make Seguin a more attractive and enjoyable place to reside. Quality public assembly and hospitality facilities can contribute to enhancing community pride, self-image, exposure and reputation. All these items can assist in retaining and attracting an educated workforce, particularly younger adults who often desire quality hospitality, meeting, entertainment, cultural, leisure and recreational amenities.



**New Visitation** – New visitors will be attracted to the area because of an event and/or an overnight stay at the new Convention Center & Hotel. These attendees and visitors, in turn, may elect to return to the area later with their families, etc. for a leisure visit after visiting the area for the first time.



**Spin-Off Development** – New retail/business tend to invariably sprout up near major new convention center and hotel developments, spurred by the operations and activities associated with the new event and hospitality facilities, representing additions to the local tax base.



**Anchor for Revitalization** – Major convention center and hotel developments can oftentimes serve as an anchor for larger master plans and revitalization efforts. Convention centers and host headquarters hotels can annually attract hundreds of thousands of attendees. This added visitation to a downtown or mixed-use site can be critical to the health & vitality of existing nearby businesses, as well as providing the incentive for future investment by the private sector in business improvements.



**Other Benefits** – Increased synergy with the other local event, hospitality and entertainment facilities can lead to increased tourism activity to Seguin and the surround area. Likewise, convention facility and hospitality infrastructure investment will enhance the options for area residents and businesses to select as a host venues for events and for overnight visitors.

## Funding Considerations

While there are a variety of public sector funding vehicles and revenue sources that have been used in the financing of convention center projects (including hotel + conv. ctr. projects) in communities throughout the country, a large percentage are owned by the public sector and had construction funding provided through municipal capital project funding (i.e., transfers from a City or County's General Fund or Capital Projects Fund, etc.) or through the issuance of General Obligation Revenue bonds.

Types of financing/funding vehicles that are commonly used in convention center projects, including combined hotel and convention center projects, throughout the country include:

- General Obligation Revenue Bonds
- Tax Increment Financing (TIF)
- Pay-As-You-Go Financing
- Certificates of Participation
- State/Federal Assistance
- Private/Public Equity & Grants

Under situations where bonds have been issued, debt service is often supported by local tax revenue, which has tended to include the following:

- Hotel/motel taxes
- Sales & use taxes
- Property taxes
- Food & beverage taxes
- Auto rental/taxicab taxes/fees
- Sin taxes (alcohol, cigarette, etc.)
- Admissions/entertainment taxes

In recent years, a growing number of communities have explored ways in which the private sector can participate in reducing the overall funding burden borne by the public sector. This participation has taken the form of: (1) public-private partnerships (P3) for combined hotel + convention center projects; (2) naming rights and other sponsorships; (3) upfront service provider fees and facility component build-outs; (4) exclusive facility use agreements; and (5) private donations of capital and/or land.

Since an appropriate new, full-service headquarters hotel product is needed in Seguin to support a new convention center, a P3 model involving an integrated Hotel & Convention Center is believed to be the most appropriate strategy. The investment opportunity for the City of Seguin related to a new Hotel & Convention Center is considered favorable—a \$20.8 million dollar City investment would be expected to facilitate private sector investment in the development and operation of a new, state-of-the-industry \$66.2 million Hotel & Convention Center project in Seguin (i.e., 31% public, 69% private). However, the analysis indicates a \$20.8 million feasibility gap, which is the estimated incentive that would theoretically be required to interest private hotel investors in the project (allowing for a targeted 20 percent ROI).

The most efficient method of structuring a P3 transaction of this type is to allow the private developer/investor take the lead on the Hotel & Conference Center development planning and financing. The public entity (i.e., City) could provide incentives to bridge the feasibility gap for the private party. For purposes of this analysis, it has been assumed that land for the Hotel & Convention Center will be donated to the private investor/developer and that property taxes associated with the subject Hotel & Convention Center will be abated or rebated to the private party. The State of Texas also provides some relevant funding tools should the project be pursued under a P3 framework, including rebate of the State's portion of HOT (hotel occupancy taxes) and sales taxes for Qualified Hotel and Convention Center projects.

An alternate option would be to have the Convention Center piece be publicly-owned (i.e., by the City); however, these types of transactions can result in a somewhat less appealing opportunity to a typical private investor, as a future transaction of the asset will be encumbered. For instance, by definition, full-service hotels require in-house meeting and conference space. Therefore, the cost of capital for the private party can be reduced by removing the need for the private party to build in-house conference/meeting space (and instead have a publicly-owned convention facility attached to the hotel; however, many hotel owners will want the flexibility to easily re-transact the asset after five to ten years. If the convention facility is not owned outright by the hotel owner (and instead operated by the hotel under a management or lease agreement), the backend transaction opportunity will be more complicated and, in turn, less appealing.

A variety of types and sources of public sector incentives for P3 transactions involving hotel and convention center projects have been used throughout the country. Types of incentives frequently used for projects of this nature include, but are not limited to:

- Donation of land for the project.
- Infrastructure improvements.
- Property tax abatements, rebates and other techniques that serve to remove or lower property tax burden.
- Hotel tax abatement or rebate (i.e., hotel taxes collected at the subject property).
- Assistance in securing low interest loans/financing.
- TIF revenue rebates.
- Right to physically connect to a new convention center (under a situation where the convention center is publicly-owned).
- Priority bidding opportunity for exclusive catering contract for other local related or unrelated public sector facilities.
- Capital/cash contribution.

## Summary & Conclusions

Projected rate, occupancy and RevPAR performance of a potential new Hotel & Convention Center in Seguin would be expected to be slightly below national averages for the upper-upscale chain scale, but higher than the nearby competitive set and significantly higher in terms of rate and RevPAR relative to existing Seguin hotel products (due to lack of quality, full-service hotel products). Given the estimated capital costs associated with a new Hotel & Convention Center, the ROI opportunity for prospective private investors is believed to be lower than that needed to attract a wholly privately-funded project. Therefore, the analysis concludes that a public sector incentive will be required to execute the subject Hotel & Convention Center project in Seguin consistent with the type and size of hotel product evaluated under this analysis.

A summary of key performance and cost/benefit estimates associated with a new, upper-upscale chain scale, 200-key, full-service (upper-upscale chain scale) Hotel & Convention Center in Seguin includes the following:

- Order-of-magnitude construction costs are assumed at \$66.2 million (or \$331,000 per key).
- EBITDA is estimated to range from approximately \$3.6 million in Year 1 (assumed 2025) to \$6.3 million in Year 10 (assumed 2034).
- Feasibility Gap (minimum estimated public sector incentive required) is estimated at \$20.8 million.
- Assuming a discount rate of 3.0%, through the 10<sup>th</sup> year of operation, the total Net Present Value (NPV) of cumulative net new economic impacts in the Seguin area is estimated to approximate:
  - 1) \$184.2 million in Direct Spending
  - 2) \$310.4 million in Economic Output
  - 3) \$124.5 million in Personal Income
  - 4) 569 full and part-time Jobs (in a peak year)
  - 5) \$8.2 million in City Sales and Hotel Tax Revenue
- The investment opportunity for the City of Seguin is considered favorable—a \$20.8 million dollar City investment would be expected to facilitate private sector investment in the development and operation of a new, state-of-the-industry \$66.2 million Hotel & Convention Center project in Seguin (i.e., 31% public, 69% private).
- Types of public sector incentives frequently used for projects of this nature include, but are not limited to: (1) donation of land for the project; (2) infrastructure improvements; (3) property tax abatements, rebates and other techniques that serve to remove or lower property tax burden; (4) hotel tax abatement or rebate (i.e., hotel taxes collected at the subject property); (5) assistance in securing low interest loans/financing; (6) TIF revenue rebates; (7) right to physically connect to a new convention center (under a situation where the convention center is publicly-owned); (8) priority bidding opportunity for exclusive catering contract for other local related or unrelated public sector facilities; and (9) capital/cash contribution.

Based on the analysis completed for this study, a summary of key project characteristics and performance projections for a potential new Hotel & Convention Center in Seguin is provided in the exhibit below.

### Summary of Project & Key Projections for a New Hotel & Convention Center in Seguin

CONCEPT & PROGRAM		PERFORMANCE PROJECTIONS	
<b>Project Ownership:</b>		<b>Financial Projections:</b>	
Hotel:	Private	Hotel + Convention Center EBITDA - Year 1:	\$3,558,000
Convention Center:	Private or Public	Hotel + Convention Center EBITDA - Year 5:	\$4,644,000
<b>Hotel:</b>		Hotel + Convention Center EBITDA - Year 10:	\$6,299,000
Keys/Rooms:	200	Feasibility Gap (base estimate) <sup>(1)</sup>	\$20,800,000
Chain Scale:	Upper-Upscale	Feasibility Gap (high estimate) <sup>(1)</sup>	\$23,400,000
<b>Convention Center (SF):</b>		Feasibility Gap (low estimate) <sup>(1)</sup>	\$17,800,000
Grand Ballroom:	18,000	<b>Market Projections:</b>	
Junior Ballroom:	7,000	Subject Hotel Occupied Room Nights - Through Year 10:	512,453
Meeting Space:	10,000	Net New Hotel + CC Room Nights - Through Year 10:	352,736
Total Sellable Space:	35,000	Convention Center Event Days - Through Year 10:	3,450
<b>Site Requirements (acres):</b>		Convention Center Attendee Days - Through Year 10:	1,027,250
Base Layout Scenario	4.5	<b>Economic Impact Projections:</b>	
Compact Layout Scenario	2.5	Total Direct Spending - NPV cumulative through Year 10:	\$184,223,000
<b>Estimated Construction Costs (Hard + Soft Costs):</b>		Total Economic Output - NPV cumulative through Year 10:	\$310,364,000
Hotel & Convention Center (base estimate):	\$66,198,000	Total Personal Income - NPV cumulative through Year 10:	\$124,542,000
Hotel & Convention Center (high estimate):	\$71,832,000	Employment (full & part-time jobs supported, in peak year):	569
Hotel & Convention Center (low estimate):	\$60,564,000	City Sales & Hotel Taxes - NPV cumulative through Year 10:	\$8,190,000

(1) Estimated public sector incentive required to attract private partner investment in the project. Assumes donated land and abatement of 100% of subject property taxes.