



## Project Summary: Multi Use Events Center

One of the nine key strategies in the Pearland 20/20 Community Strategic Plan is to construct a multi-use events center in Pearland. The strategy states the following:

“There is a near-universal agreement that Pearland needs some type of major facility to accommodate large groups of people. But that is where the consensus ends; some feel the building should be dedicated to the arts, others to conventions and conferences, others to sports and concerts, and some for a facility flexible enough to accommodate many or all of these different functions.....Most leaders now feel that the concept of a “multi-use” as it applies to an events center should be more fully fleshed out and a menu of potential development options developed and debated for advancement.”

### Feasibility Study

To begin the process of developing one or more public facilities, PEDC engaged the services of Conventions, Sports & Leisure International (CSL) to conduct a feasibility study for a potential new multi-use Events Center in Pearland. The study considered all facets necessary to begin to inform a process to form a consensus on developing some type of facility, including evaluating market potential and the definition of several facility scenarios and associated program of space that were determined to be market supportable in Pearland. This included an analysis of the existing market conditions, industry characteristics and trends, comparable and competitive facilities, and market surveys. In addition, an initial analysis of costs (construction and operating), benefits (economic impacts and non-quantifiable aspects) and funding alternatives were performed.

The potential following facility types were considered:

- Hotel + conference center
- Spectator/entertainment arena
- Expo/multipurpose venue
- Performing arts/cultural venue
- Indoor amateur sports
- Outdoor amateur sports
- Amphitheater/festival grounds

After consideration of the above facility types, the two facility types that were found to be the most supportable in our market were:

1. Indoor Amateur Sports Facility
  - Moderate to high unmet demand (nonlocal and local), broad variety of sports/rec
  - Opportunity to leverage visibility and brand of existing tournament activity
  - Could alleviate pressure on area school gyms with a centralized facility to accommodate community demand and nonlocal tournaments
2. Hotel + Conference Center
  - Moderate unmet demand
  - Relatively high facility/destination competition in state/region
  - Appropriate headquarters hotel required
  - Competitiveness depends on a compelling, walkable visitor amenity base

We requested CSL to analyze market demand and recommend development options for the above two facility types, along with two additional facility types: an Outdoor Amateur Sports Complex and a Performing Arts/Cultural Venue.

The Indoor Amateur Sports Facility represents a facility that is designed to optimize net new visitor impact among indoor sports tournaments/meets/competitions, in addition to also serving certain local sports/recreation needs, while of a size that would allow for appropriate occupancy levels. It represents a high-quality, hardcourt facility (with indoor turf areas) that would be competitive in attracting a variety of key sports tournaments/meets/competitions (notably, basketball, volleyball, wrestling, gymnastics, dance, cheer, wrestling, indoor soccer/training, futsal, baseball and football training, etc.).

The Hotel + Conference Center represents a facility development and sizing model that would best match demand characteristics and serve to address unmet market demand in Pearland within the conventions, conferences and meetings market. A large stand-alone convention center is not believed to be feasible in Pearland; however, a smaller, state-of-the-industry, combined hotel & conference center product (that also better fits with the current and near-term hotel and visitor industry infrastructure in the local area) is market supportable and could attract new convention, conference and meeting groups to Pearland. The conference center would be integrated with and operated seamlessly with a new full service hotel. An added benefit of this scenario via a public/private partnership (P3) arrangement would be the addition of a new class of hotel product to Pearland's inventory of lodging product (i.e., upper-upscale chain scale, full-service, nationally-branded hotel). The benefits of attracting this type of hotel product to Pearland will extend beyond serving as a host headquarters hotel for convention, conference, and meeting activity—allowing for the greater attraction of transient group, commercial and leisure hotel room night demand in Pearland.

It was estimated that the Indoor Amateur Sports Facility would generate the highest level of economic impact among the four analyzed scenarios, while the Hotel + Conference Center would generate the second highest economic impact.

Specifically, it is estimated that the Indoor Amateur Sports Facility would generate \$24.3 million in annual economic output (direct, indirect, and induced spending), annually supporting 334 full and part-time jobs that generate \$7.6 million in personal income. Over a 10-year period, it is estimated that the facility would generate \$266 million in cumulative economic output (direct, indirect, and induced spending—including economic impacts related to construction and operations).

The Hotel + Conference Center is estimated to generate \$16.5 million in annual economic output, annually supporting 203 full and part-time jobs that generate \$6.8 million in personal income. Over a 10-year period, it is estimated that the facility would generate \$218 million in cumulative economic output.

The Outdoor Sports Complex and Performing Arts/Cultural Venue were determined to be projects to be considered at a future time.

## Next Steps

Now that the feasibility study has narrowed down the big picture to a few options, PEDC will be further analyzing the development potential of the indoor amateur sports facility and hotel + conference center.

### **Indoor Amateur Sports Facility**

PEDC will be working on the solicitation, evaluation and selection of a private management firm for the proposed indoor amateur sports facility. This will include developing an RFP to seek proposal submittals from qualified facility

management companies, the evaluation of RFP responses and the selection and negotiation process with the selected firm.

### **Hotel + Conference Center**

PEDC will be working on a hotel market and financial analysis for the proposed hotel + conference center. This financial analysis will evaluate the financial performance and relevant implications of a potential new hotel/conference center, evaluate various program scenarios and the potential impact of public sector financial support needed, and include a financial operating analysis for the proposed hotel, along with five-, ten- and twenty-year projections of net income and financing gap analysis to determine the level of public support required to provide a sufficient private sector return-on-investment.