

# CHATTANOOGA CONVENTION CENTER

## FUTURES STUDY

August 2023

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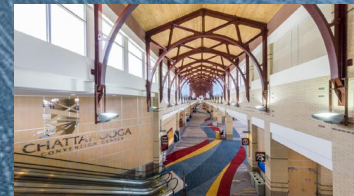
# INTRODUCTION AND BACKGROUND

Located in Downtown Chattanooga, the Chattanooga Convention Center (CCC) has long served the city's needs as a venue for conventions, corporate meetings, banquets, consumer shows, trade shows, and a variety of other activities. Since its opening in 1985, the facility has only undergone a single expansion in 2003. The purpose of this analysis is to inform and guide decisions in several key areas.

This study examines the Chattanooga Convention Center's historical performance, conducts a comprehensive local market analysis, and compares it with similar facilities. The study also highlights current and emerging industry trends and includes active market demand research.

The results of the Study seek to assist the City of Chattanooga and Hamilton County, CCC management, CTC and industry stakeholders in defining a set of market-supported, financially viable development options to position the Center and surrounding district for a successful future.

Ultimately, the community should use this document to build on a mission to increase events, impact and room night generation, to support businesses and employment, to enhance the vibrancy of the community, to improve quality of life for residents, and to enhance the desirability of the destination for residents, visitors and businesses.





# A THOROUGH MARKET ANALYSIS PROCESS

## Key Research Findings



### PLATEAUED OCCUPANCY LEVELS

The CCC's consistent and somewhat low occupancy levels suggest that there are factors limiting increases to event market capture.



### SUPPORTING HOTEL CHALLENGES

The hotels closest to the CCC do not have enough available rooms to host impactful conventions.



### DISCONNECT FROM KEY DOWNTOWN AREAS

Areas surrounding the CCC lack dining, shopping and entertainment. Highly vibrant areas of downtown are only a short walk away, and efforts should be made to improve pedestrian connections to those areas.



### IMPROVING COMPETITION

Comparable facilities have undergone significant improvements, such as re-configuration of flexible event spaces, integrating with growing districts, creation of outdoor event space, and development of new hotel inventory.



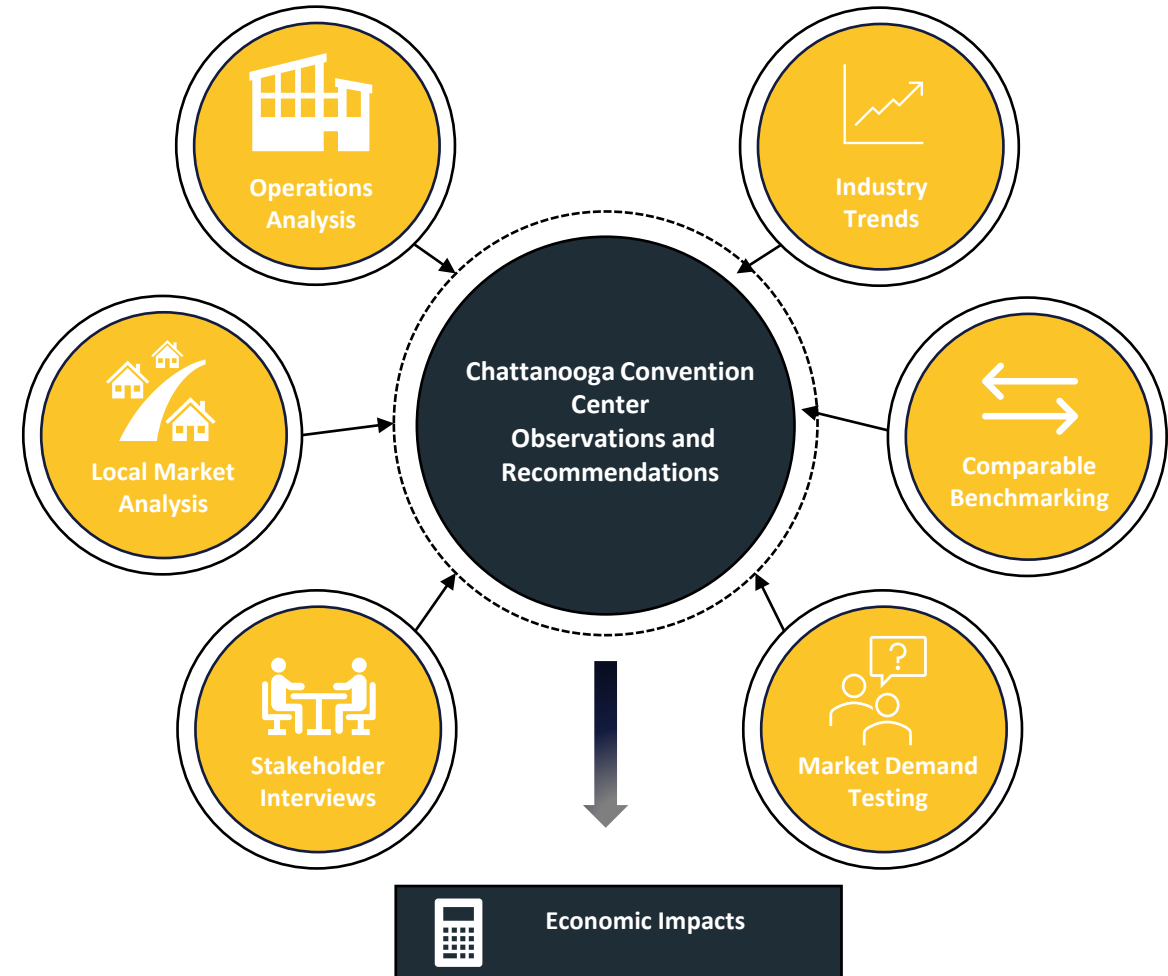
### SIGNIFICANT EVENT PLANNER INTEREST

When asked to rate their interest in comparable destinations, national and regional event planners gave Chattanooga a relatively high rating compared to our competition.



### BALLROOM FALLING SHORT IN THE MARKETPLACE

The size and amenities of the CCC's ballroom are currently inadequate to meet the needs of its events and guests.



# CCC PRODUCT IMPROVEMENTS

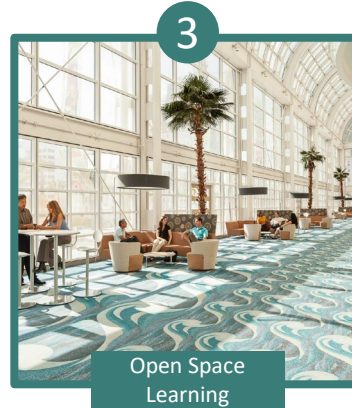
The evolution of technology, culture and how we socially interact has begun to affect how meetings and conventions are conducted. To remain relevant in this changing environment, a convention center must also evolve. Below are several concepts that represent a concerted effort to transform how the CCC successfully hosts events.



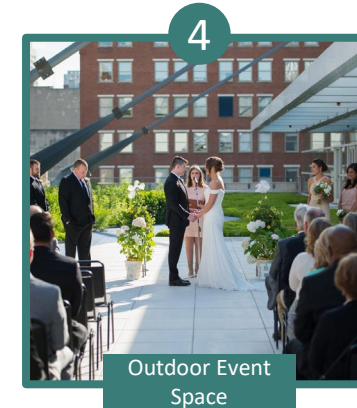
1 Highlighting unique and authentic food and beverage – hosting local restaurants, breweries, retailers or other businesses at a redesigned lobby.



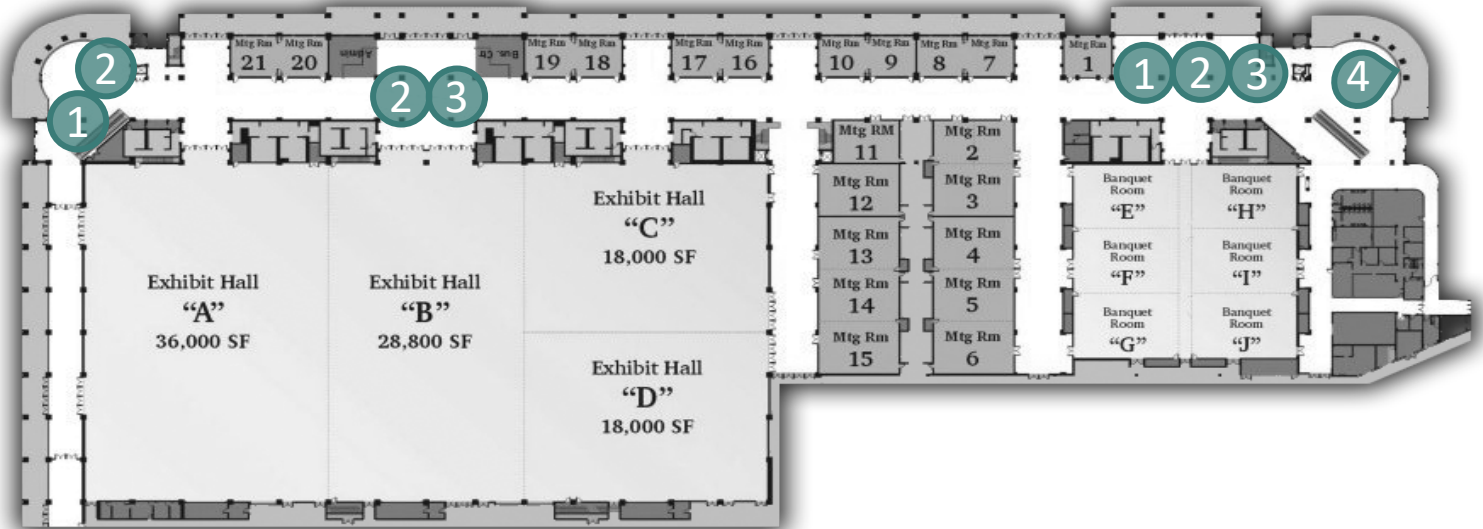
2 Integrate large-scale public art installations throughout spacious common areas.



3 Enhance shared spaces for hosting small to mid-sized gatherings. Consider incorporating trendy, adaptable seating, collaborative workspaces, portable whiteboards, and charging stations to create a convenient and versatile environment.

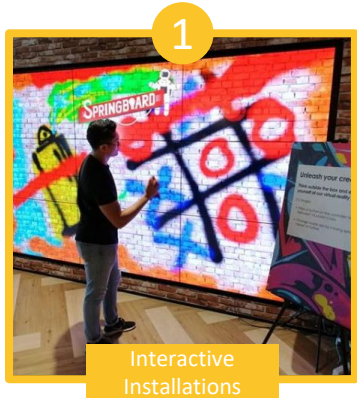


4 Consider outdoor spaces that could become a signature space for citywide conventions, banquets, weddings and cultural events.



# CCC TECHNOLOGY IMPROVEMENTS

*In today's advanced digital world, technology is a driving force reshaping the event landscape. Digital display technologies not only inform, guide, and entertain but also offer substantial revenue opportunities. Leveraging Chattanooga's world-leading 25-gig capacity can empower the CCC to provide cutting-edge amenities and embrace a forward-looking environment.*



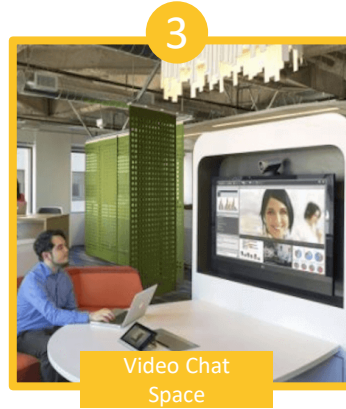
1  
Interactive Installations

A locally-focused interactive entertainment station in a highly visible common area to create a memorable experience that can be shared on social media.



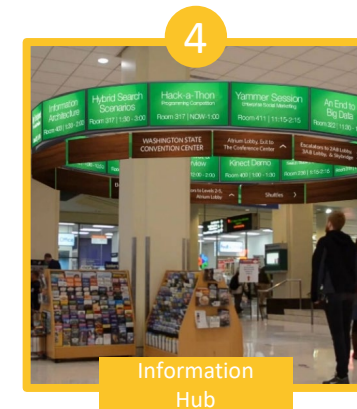
2  
Rotating Digital Art

Install video walls featuring both advertisements and local digital art.



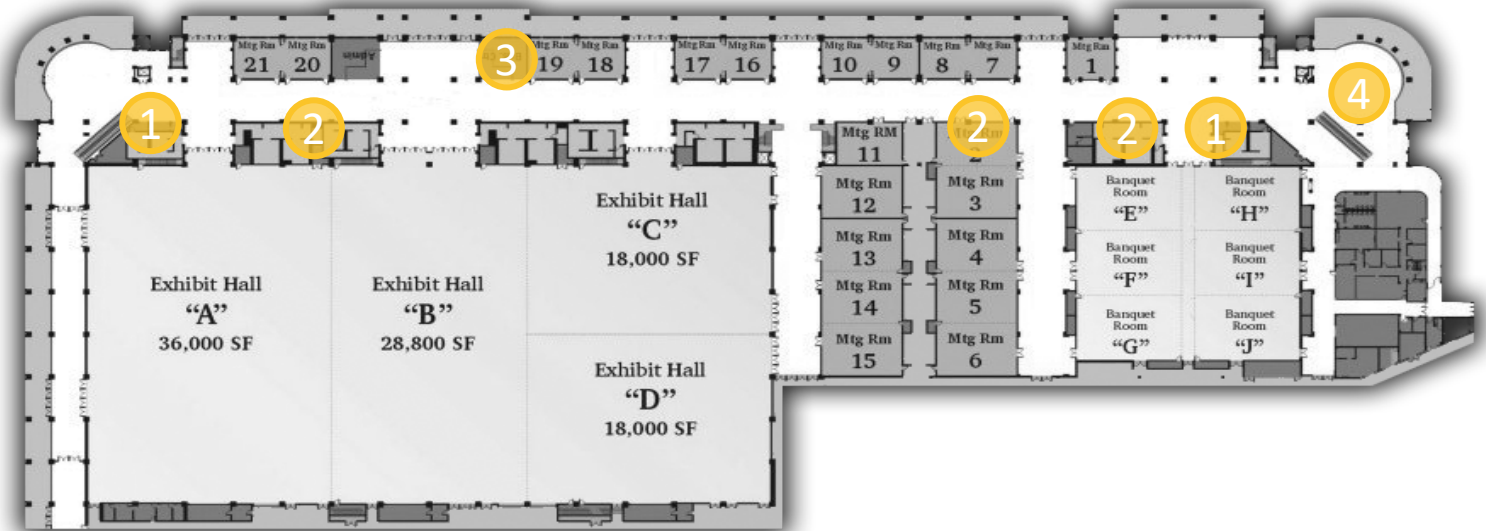
3  
Video Chat Space

Underutilized spaces should be outfitted with turnkey virtual meeting set-ups to accommodate convention attendees struggling to find breakaway spaces for their growing virtual meeting calendar.



4  
Information Hub

Expand on existing digital displays to create a new centralized information hub with highly visible screens to help guide attendees throughout the Center and community. These screens could also be used for advertisements.





# CONNECTIVITY AND PLACEMAKING

Today's convention attendee seeks a unique experience when attending an event...an experience that goes well beyond the walls of the convention center. Chattanooga has a great opportunity to link the CCC with the highly unique, authentic and abundant hospitality assets located in the downtown area. Any investment in the CCC should include extensive improvement to the pedestrian experience between the CCC and key areas of downtown, focusing on wayfinding, public art, lighting, technology, landscaping and other elements.



1

Develop Convention District-based wayfinding signs. Program to identify key points of interest

Signature Wayfinding



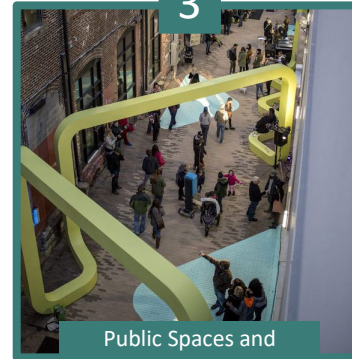
2

A trail of downtown installations "art as directional cues" could serve as landmarks that guide convention attendees toward downtown areas of interest such as West Village, North Shore, Southside, and Riverfront District.

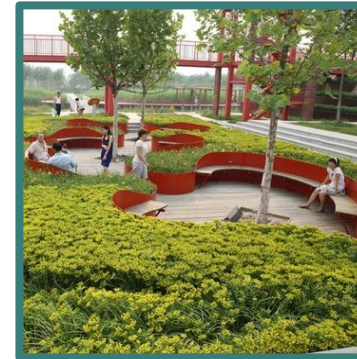
Signature Public Art



3



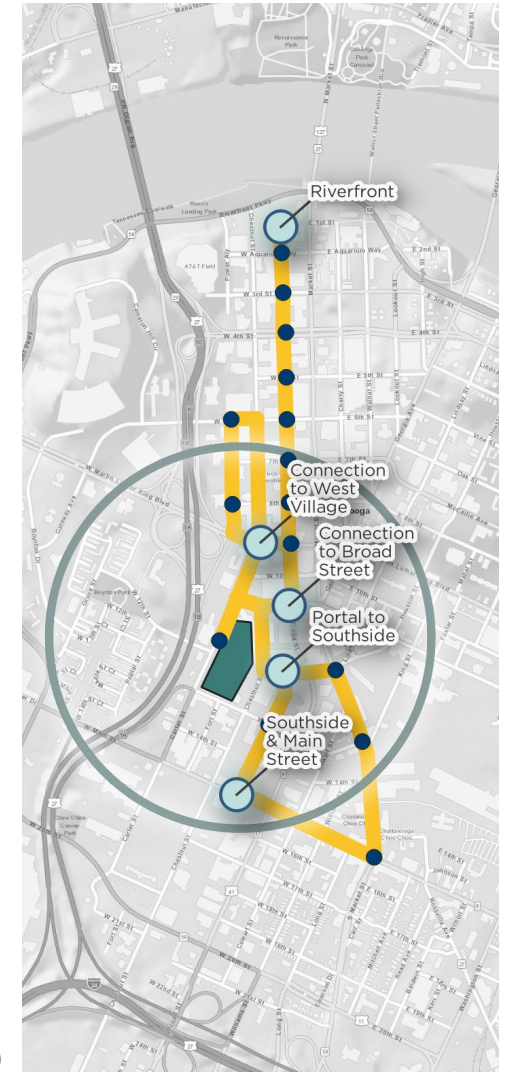
Public Spaces and Activations



Nearby outdoor plazas (such as Miller Plaza), pocket parks, and rooftop terraces could be leveraged as offsite spaces for CCC events. To enhance Chattanooga's convention district, additional outdoor spaces could be developed at some of the identified parcel opportunities adjacent to the CCC.

With added outdoor spaces, create vibrant, highly programmed and highly visible activations within the identified "District".

Connections both north and south, and eventually to The Bend and U.S. Pipe (Baseball stadium)



# CONNECTIVITY AND EVENING ACTIVATIONS

*Opportunity exists to convert a challenge into a strength by enlivening the nighttime ambiance surrounding the CCC with lighting, light-up installations, projection mapping, and convenient shuttle services.*



Improve perception of safety and sense of place by implementing state of the art, pedestrian lighting. LED technology could be used to create dynamic lighting displays along key pedestrian corridors.



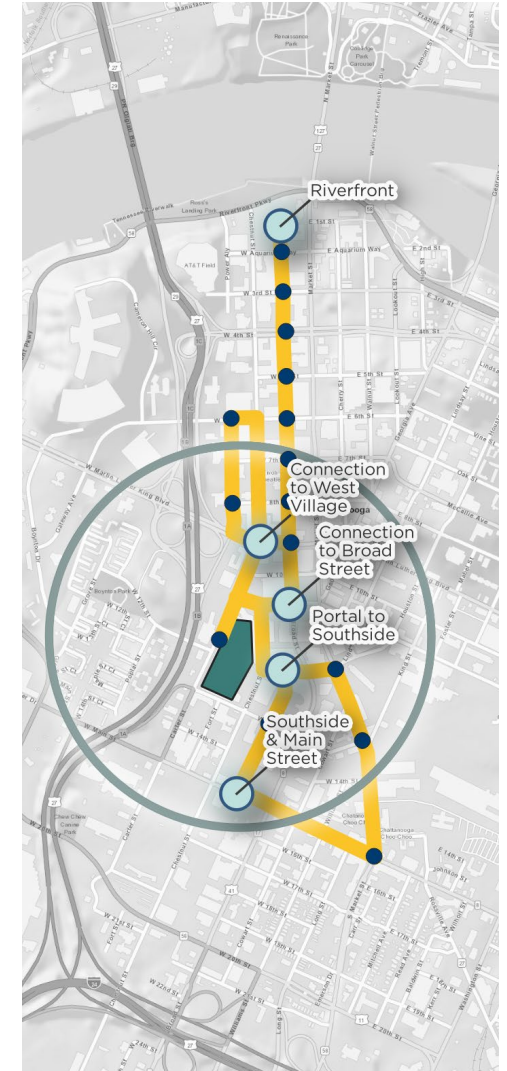
Projection mapping technology could be used to decorate the CCC and other nearby locations at night. A large, LED installation could also serve as the CCC's primary marquee.



Develop a trail of interactive and light-enabled, public art installations to guide convention attendees throughout the District and downtown at night.



Work with a private partner to provide electric vehicle shuttling services between the CCC and to/throughout downtown Chattanooga.



*Connections both north and south, and eventually to The Bend and U.S. Pipe (Baseball stadium)*



# LONG TERM IMPROVEMENTS – CCC Expansion

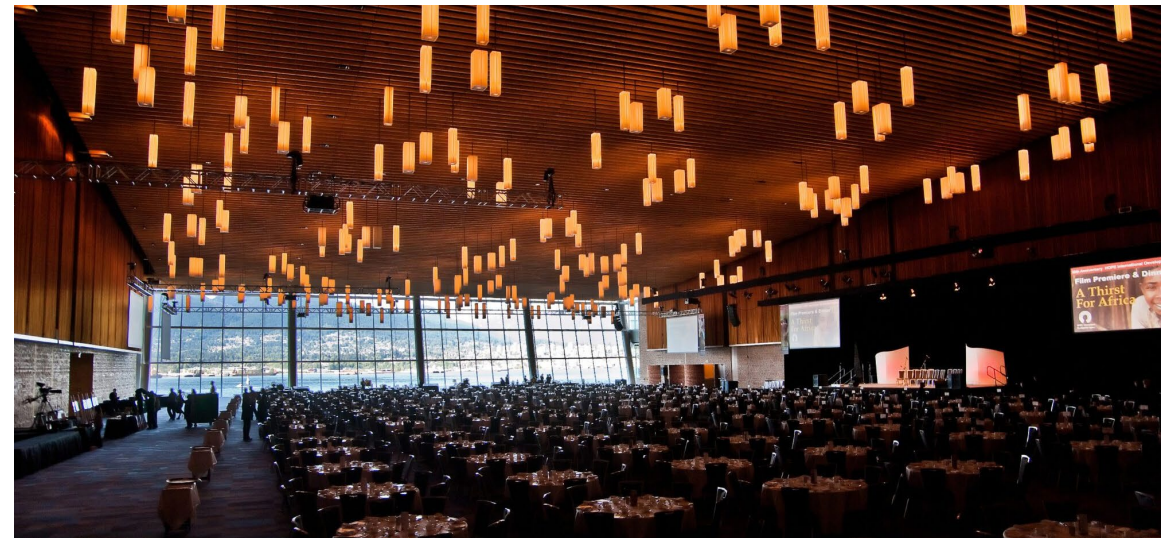
## New Multipurpose Space

### Analysis Results

- The current ballroom (18,400 sf) is significantly smaller than comparable set average
- The ballroom finishes are somewhat outdated
- There is a very low current ratio of ballroom to exhibit space
- Exhibit space accommodates 93% of the convention market, ballroom accommodates 78%
- Competitive market investment:
  - ✓ Savannah Convention Center – adding new 40,000 sf ballroom
  - ✓ Kentucky International Convention Center – added 40,000 sf ballroom
  - ✓ Central Bank Center in Lexington – new 24,300 sf ballroom
- Industry-wide, today's ballroom is highly multi-use

### Development Opportunities

- There are limited opportunities for new ballroom space within existing Center
- Expansion of existing ballroom not likely viable
- Potential for:
  1. New ballroom above CCC loading docks
  2. Renovation Exhibit Halls A or C/D to serve multipurpose/ballroom role
  3. New ballroom on an adjacent site





# LONG TERM IMPROVEMENTS – New HQ Hotel

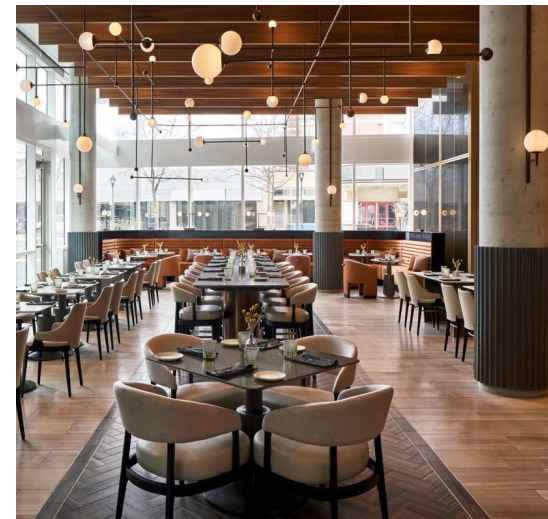
## New HQ Hotel Program

### Analysis Results

- Marriott room count ranks 14<sup>th</sup> of 17 comparable headquarter hotels reviewed
- Room count within a half-mile is comparable, but:
  - ✓ Limited properties adjacent to Center
  - ✓ Only 3 properties with over 200 rooms
  - ✓ Few larger branded properties
  - ✓ Average room count is very low at 137
- Surrounding hotels are reluctant to commit large blocks of rooms for CCC events
- Hotel inventory #1 reason for lost business
- New smaller select service properties in development pipeline don't benefit CCC room needs

### Development Opportunities

- New headquarter hotel development on adjacent site
- Consider financing options
  1. Traditional developer led model
  2. Tax exempt financing
- Establish a real estate strategy with support from Hamilton County and the City of Chattanooga



# LONG TERM IMPROVEMENTS – Opportunity Parcels

## New HQ Hotel Program

*Collaboration between Chattanooga Tourism Co., Carter Street Corporation, River City Company, City and County officials, and relevant land owners will be needed to identify future development sites for recommended ballroom and headquarter hotel programs.*

*The TVA site is first priority – significant efforts should be made to reserve portion of site for ballroom and headquarter hotel, as well as encouraging development of dining/retail/entertainment at the site.*

### New Ballroom Program

- 30,000 to 35,000 square foot ballroom
- Sub-divisible into approximately six spaces
- 25' to 30' foot high ceilings
- State of the industry finish, acoustics and lighting
- Trend forward a/v, lighting and other technology capabilities

### New Hotel Program

- 350 to 400 rooms
- Full-service
- Restaurant, meeting space, business center, fitness center, spacious lobby, etc.
- Adequate space for meeting areas and a newly added ballroom



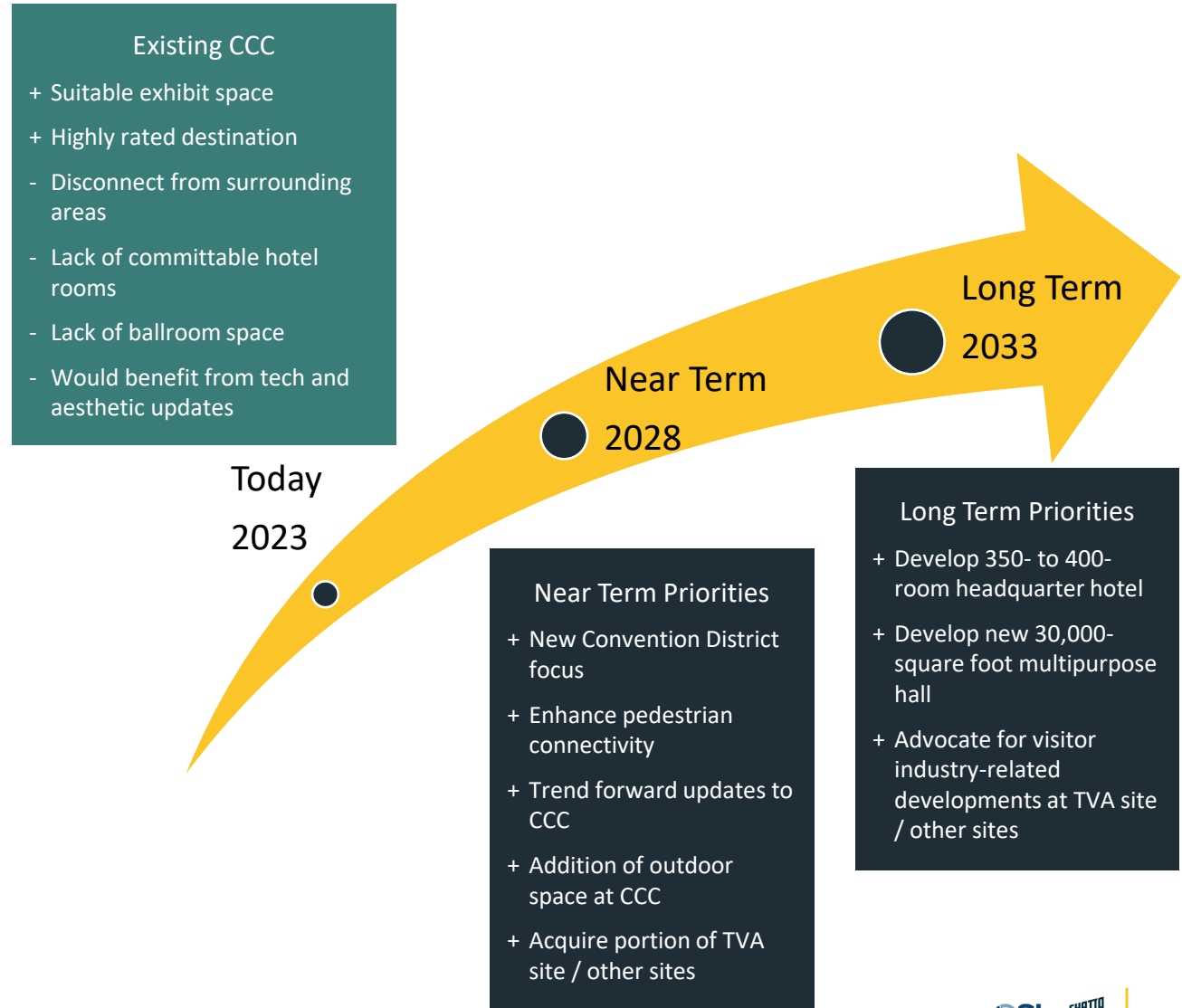


# EVALUATING SCENARIOS

## Future Scenarios

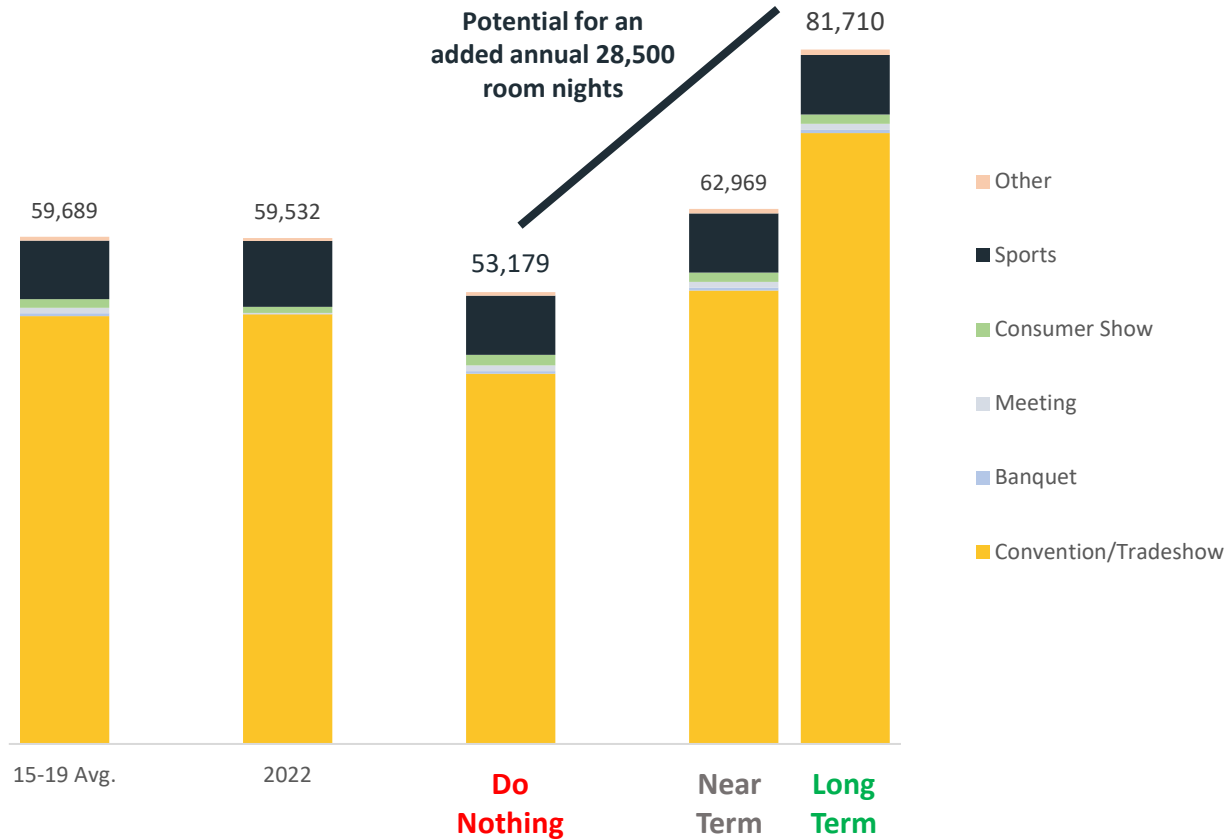
CCC event and attendance levels, associated economic and fiscal/tax impacts, and hospitality industry profit estimates have been prepared for three potential future scenarios:

- 1. Do Nothing:** The CCC product continues to operate as is; lack of investment leads to deterioration of market share, as planners of rotating conventions select convention facilities and destinations with more updated amenities, walkable districts and greater hotel room support.
- 2. Near-Term Improvements:** Previously discussed improvements and advancements are made to the CCC convention product, including the development outdoor event space, investment in more usable and active common area space, updates to the ballroom and meeting rooms, and enhanced pedestrian connectivity to surrounding districts in downtown Chattanooga.
- 3. Long-Term Improvements:** Transformational projects previously discussed are completed that greatly enhance the desirability of the CCC product and enable the facility to host larger, more economically impactful conventions. These projects include the development of a new 350- to 400-room headquarter hotel, as well as the addition of a new 30,000- to 35,000-square foot ballroom. We note that successful completion of these projects within a 10-year timeframe would likely require initial conceptual planning in the near term.

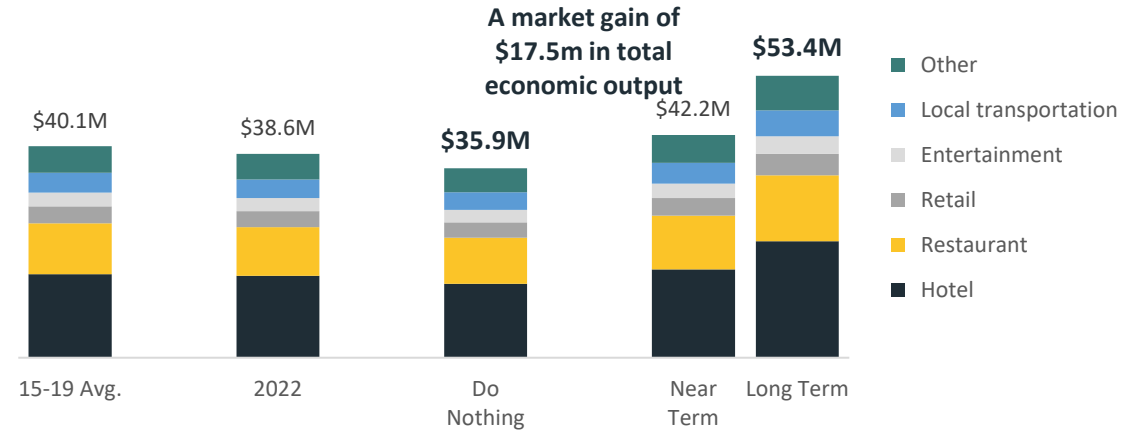


# IMPACT ESTIMATE SCENERIOS

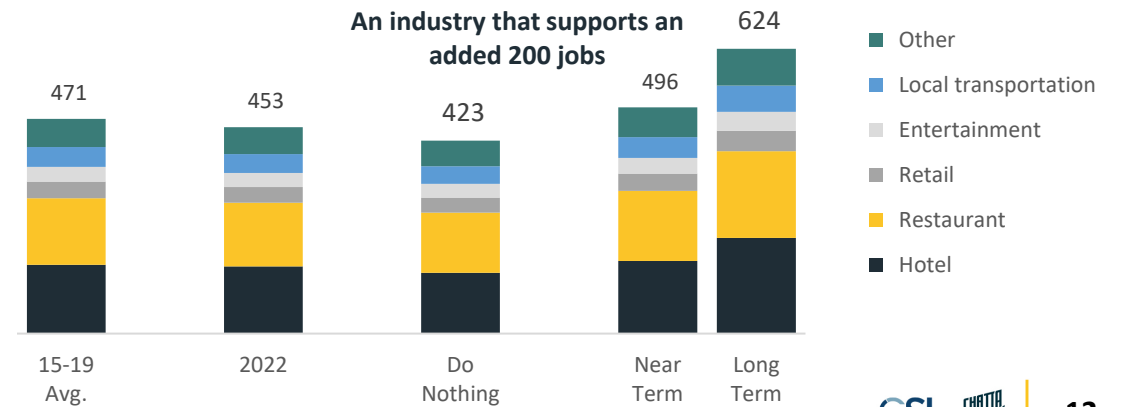
## Annual Hotel Room Nights



## Annual Economic Output



## Annual Employment (Full-Time Equivalent Jobs)





# KEY TAKEAWAYS

## Current Conditions

- Plateau in CCC occupancy
- Limited ballroom space
- Lack of adjacent hotel inventory
- Disconnected from downtown hospitality districts

## Competition & Trends

- Significant investment in competitive and comparable markets
- Significant opportunity to invest in trend-forward CCC improvements

## Market Opportunities

- Strong interest from regional and national event planners
- Secure adjacent TVA property as needed.
- New large convention hotel and ballroom