# FEASIBILITY ANALYSIS FOR A NEW CONVENTION CENTER

## In Lincoln, Nebraska

February 2, 2022

LINCOLN
CONVENTION
AND VISITORS
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# TABLE OF CONTENTS

# 1

# INTRODUCTION

# 1 INTRODUCTION

## Introduction & Background

Lincoln, Nebraska has made great strides as a visitor destination over the past decade. With the advent of Pinnacle Bank Arena and continued growth within surrounding Haymarket District since 2008, the downtown area has experienced a surge in investment and visitation. Added footfall throughout the year, combined with special events at the Arena and Cornhusker football Saturdays, have made Lincoln a popular leisure and sports destination in recent years.

Meanwhile, Lincoln's convention and group business has likely plateaued during this timespan. Existing facilities at the Lincoln Marriott Cornhusker, Embassy Suites and elsewhere are increasingly challenged to maintain a competitive position in attracting larger state and regional events. Many organizations increasingly utilize rival facilities in Omaha, Kearney and other destinations, costing the Lincoln region the important event-related economic benefits.

To further vet this perceived convention product challenge, the Lincoln CVB retained CSL to conduct a feasibility study regarding the potential development of a new Lincoln Convention Center. This study is designed to evaluate the convention industry as it stands today in the market, identify potential challenges or unrealized market share potential, and confirm these findings with real input from ultimate end-users of a potential Lincoln Convention Center – the event planners.

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, exhibition, sports, recreation, and other event facility planning and benchmarking projects in communities of all sizes throughout the country.
- EXISTING CONDITIONS: Review of existing event facilities in the Lincoln area, as well as the changing demographic, socioeconomic, and corporate conditions in the Greater Lincoln marketplace.
- INDUSTRY TRENDS: Detailed evaluation of macroeconomic trends in the convention and exhibition industries, as well as survey results provided by meeting planners regarding changing event space and destination preferences during/after the COVID-19 pandemic.
- INTERVIEWS & OUTREACH: Telephone interviews and meetings with stakeholders and representatives of potential user groups, including state/association tradeshows and conventions, corporate events, amateur sports tournaments, public/consumer shows and other such groups/events.

The study's contracted scope of work includes the following elements:

1. Kickoff, Project Orientation, and Interviews
2. Existing Market Conditions Analysis
3. Industry Trends Review
4. Competitive & Comparable Facility and Destination Analysis
5. Market Surveys
6. Market Supportable Facility Program Analysis
7. Event/Use Levels Analysis
8. Preliminary Site Evaluation
9. Preparation and Presentation of Final Report

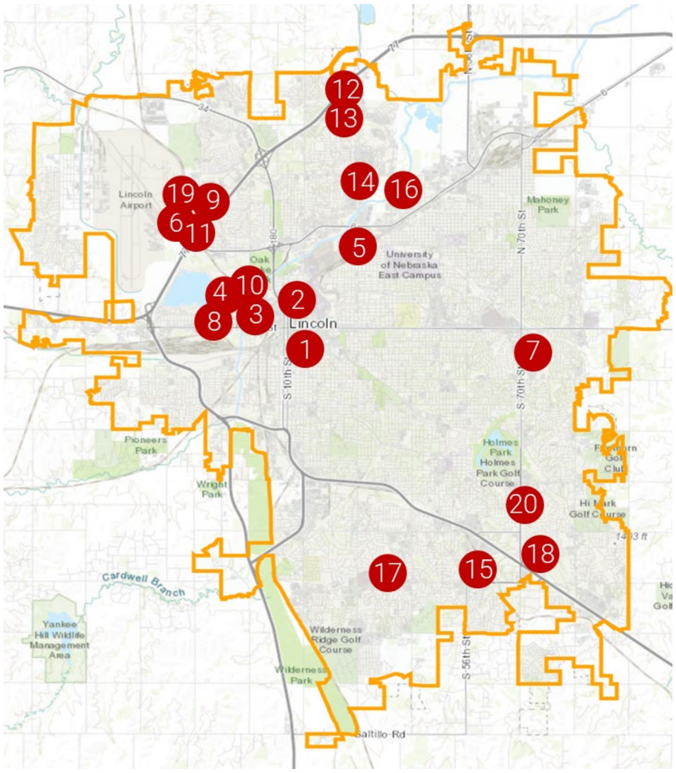
## 2

# LOCAL & REGIONAL CONDITIONS

# 2 LOCAL & REGIONAL CONDITIONS

## Introduction

An important component in assessing the potential success of a new Convention Center in Lincoln is the existing hospitality infrastructure and demographics of the local and regional market. The strength of a market in terms of its ability to support and utilize a new event facility is measured, to some extent, by its existing hospitality assets such as hotels, attractions, restaurants, and retail. In addition to hospitality infrastructure, 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 demographic and socioeconomic profile of the local and regional area, transportation accessibility, ingress/egress convenience, and corporate and resident base, among others.



| | Hotel | Room Count |
|---|---|---|
| 1 | Lincoln Marriot Cornhusker | 300 |
| 2 | Embassy Suites | 252 |
| 3 | Graduate Lincoln | 231 |
| 4 | Cortyard by Marriott Lincoln Downtown | 155 |
| 5 | Super 8 by Wyndham Lincoln North | 133 |
| 6 | Motel 6 Lincoln, NE - Airport | 127 |
| 7 | Annabell Gardens | 120 |
| 8 | Hyatt Place Lincoln/ Dwntwn - Haymarket | 111 |
| 9 | Country Inn & Suites Lincoln Airport | 110 |
| 10 | Hilton Garden Inn Downtown/ Haymarket | 104 |
| 11 | Travelodge by Wyndham Airport I-80 | 103 |
| 12 | Holiday Inn Express & Suites I-80 | 99 |
| 13 | Best Western Plus Lincoln Inn & Suites | 97 |
| 14 | Country Inn & Suites N. Hotel and Conf. Center | 95 |
| 15 | Residence Inn Lincoln South | 91 |
| 16 | Americas Best Value Inn Lincoln Airport | 91 |
| 17 | Holiday Inn Lincoln Southwest | 90 |
| 18 | Fairfield Inn & Suites Southeast | 88 |
| 19 | Hampton Inn Lincoln Airport | 86 |
| 20 | Candlewood Suites Lincoln | 85 |

Source: Lincoln, CVB, Google Maps, 2021.

## Hotel Inventory

The chart and map above summarize the key lodging facilities located throughout Lincoln. There are a total of 20 properties that offer 80 or more sleeping rooms, totaling 2,568 rooms. There are currently six hotel properties in the downtown area, totaling 1,153 rooms. Assuming the likelihood that a new Convention Center will be located in downtown, this inventory will be instrumental in helping to support the lodging needs of citywide convention events that would take place at the potential facility.

It is also important to consider the annual performance metrics of a destination's hotel inventory to further assess its ability to accommodate the demands from the convention/group segment. An evaluation of these metrics is presented on the following page.

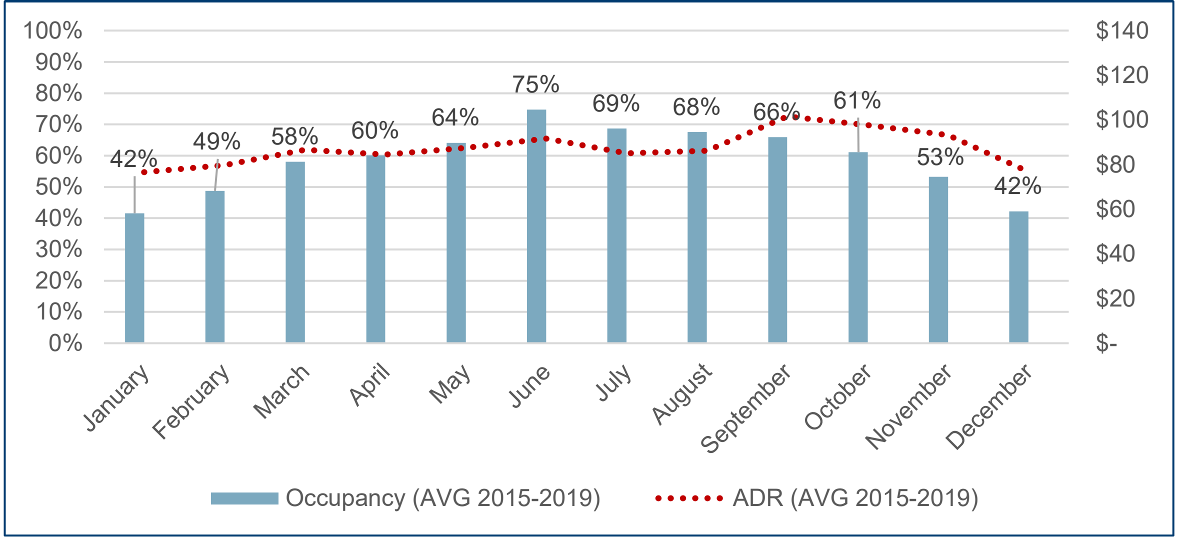
## Hotel Occupancy & ADR Data

Decisions as to the future of any substantial hospitality-related investment such as a new convention center or hotel development should consider the overall performance of a given area's hospitality sector, which is partly defined by overall hotel occupancy and room rates. Markets with substantial leisure, group, and/or corporate transient demand often experience hotel occupancy levels ranging between 70 percent and 80 percent. In these cases, additional hotel inventory may be supported. The average daily rate (ADR) is also important to consider as part of any convention-related investment, as event planners typically seek competitive hotel rates when selecting a host destination.

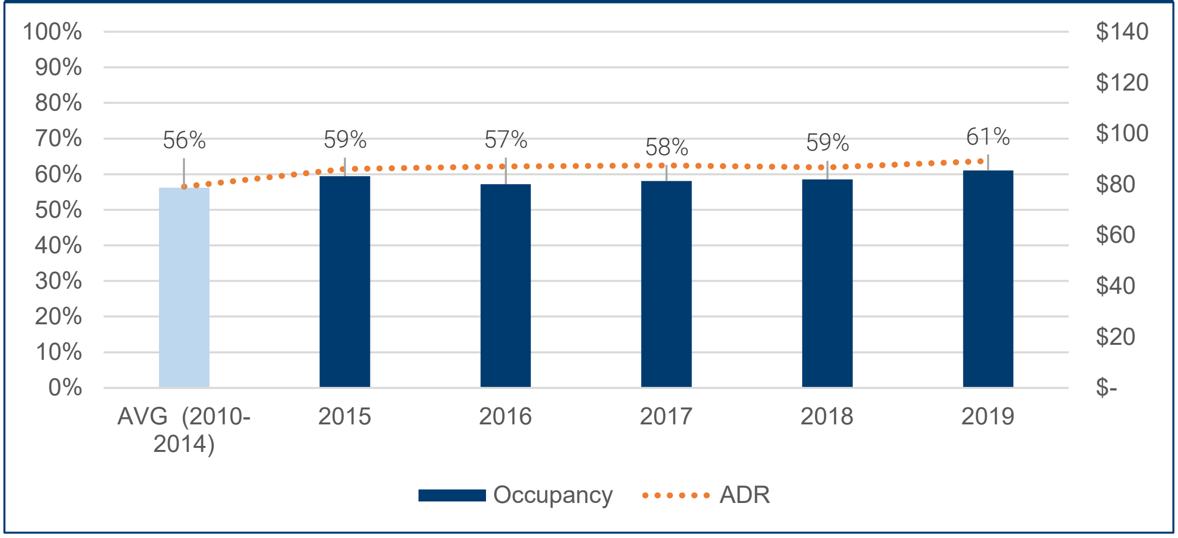
As shown below, city-wide hotel occupancy in Lincoln has grown slightly from an average of 56 percent in 2010-2014 to 61 percent in 2019. ADR rose from approximately $79 to $89 during this timespan. Seasonal hotel performance has largely followed the same pattern since 2010, with occupancy and ADR peaks occurring in June and September (beginning of college football season), and lulls during the winter months.

According to industry stakeholders, downtown hotels achieve much higher occupancy and ADR levels relative to non-downtown properties. Many exceed 75 percent annual occupancy and have ADR's ranging from $100 to $140. These figures support the notion that additional downtown hotel development could be warranted in the future, especially if a demand generator such as Lincoln Convention Center were developed.

Historical Lincoln Hotel Occupancy and Rate by Month (2015-2019 Averages)



Historical Lincoln Hotel Occupancy and Rate by Year (2010-2014 and 2015-2019)



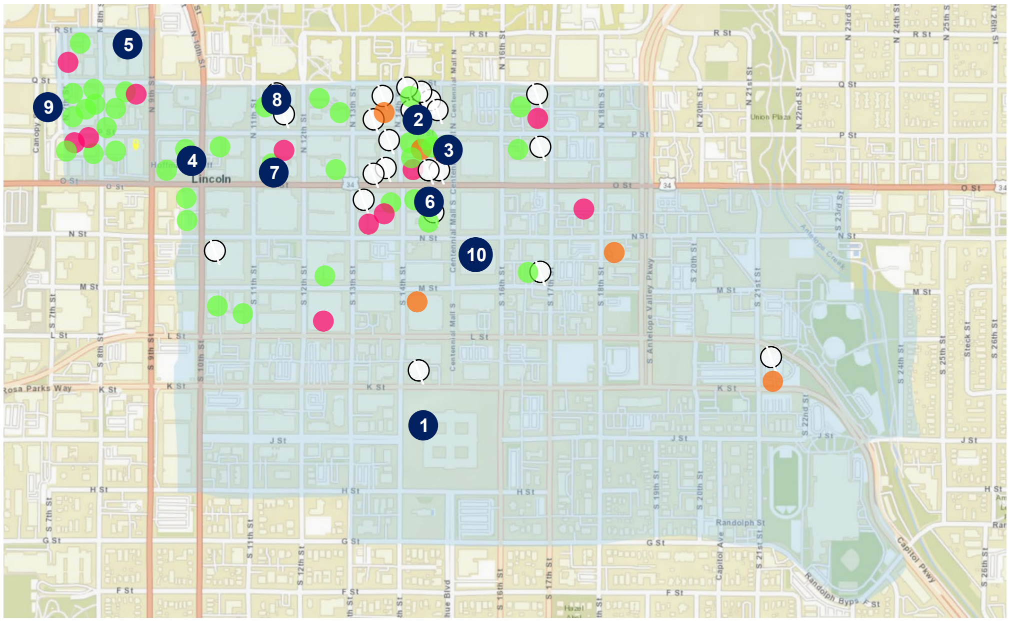
Source: Lincoln CVB, 2021.

# 2 LOCAL & REGIONAL CONDITIONS

## Downtown Lincoln Amenities

Event planners increasingly consider the destination surrounding a host facility when selecting sites for their events. To evaluate the appeal and vibrancy of downtown Lincoln as a host site for a new Convention Center, we have prepared the map below that displays the attractions and dining establishments throughout the area. As shown, there are 76 restaurants in downtown, and popular attractions (sorted by number of reviews on Tripadvisor) include the Nebraska State Capital, Lincoln Children's Museum, the Nebraska History Museum, Boiler Brewing Company, the Haymarket District, and the Bourbon Theatre.

| | Attractions |
|---|---|
| 1 | State Capital |
| 2 | Children's Museum |
| 3 | Nebraska History Museum |
| 4 | Boiler Bewing Company |
| 5 | Haymarket District |
| 6 | The Bourbon Theatre |
| 7 | Kiechel Fine Art |
| 8 | Center for Great Plains Studies |
| 9 | Burlington Antique Mall |
| 10 | Pershing Center |



Source: esri, 2021.

| Key | Amenity | Count |
|---|---|---|
| 🟢 | Resturaunt | 36 |
| ○ | Fast Food/ Carryout | 23 |
| 🟠 | Café/Bakery | 6 |
| ● | Bar/ Lounge/ Nightlife | 11 |

Clusters of dining exist in both the Haymarket District and the northern portion of downtown along P Street. Notably, Haymarket District offers a robust number of local full-service restaurants and bars/nightlife, while the central downtown area is more saturated with fast food/carryout options. These elements will be closely considered as part of site evaluations discussed later herein.

We have also analyzed the demographic and socioeconomic characteristics of the downtown area. As shown to the right, approximately 3,900 people live in downtown, with 17,600 people working or living downtown during weekdays. This accounts for the footfall in downtown that supports approximately $70.0 million in dining sales and $51.0 million in retail sales.

This relationship between resident/employee base and dining/retail inventory plays a direct role in supporting the quality of a convention destination. Added foot traffic leads to more dining/retail establishments, which creates a more appealing walkable environment for convention visitors. Continued efforts by the private and public sector efforts to enhance density in the downtown should have a materially positive impact on the marketability of a potential new Lincoln Convention Center in the future.

### Key Downtown Metrics

3,900 Total Downtown Population (2021)

17,600 Total Downtown Daytime Population (2021)

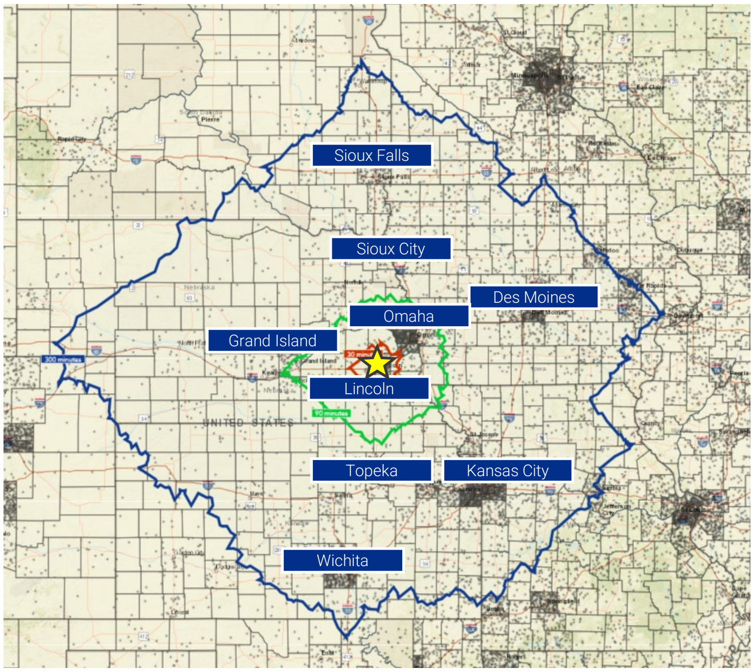
$70m in Downtown Dining Sales (2021)

$51m in Downtown Retail Sales (2021)

## Location & Accessibility

The exhibits below illustrate the proximity of Lincoln with other nearby markets and the markets/land area captured within an estimated 30-, 90- and 180-minute drive of the existing Lincoln Marriott Cornhusker. Key population centers within two hours include Grand Island and Omaha. Others within four hours include Sioux Falls, Topeka, Des Moines, Kansas City, and Sioux City. These markets represent potential drive-in traffic for state and regional event activity at a potential Lincoln Convention Center.

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



| Market | Distance to Site (miles) | Drive Time (hrs:mins) | Market Population |
|---|---|---|---|
| Omaha, NE | 59 | 0:56 | 949,442 |
| Grand Island, NE | 94 | 1:28 | 75,553 |
| Sioux City, IA | 152 | 2:14 | 144,701 |
| Des Moines, IA | 190 | 2:47 | 699,292 |
| Topeka, KS | 168 | 2:53 | 231,969 |
| Kansas City, MS | 195 | 3:09 | 2,157,990 |
| Sioux Falls, SD | 237 | 3:27 | 268,232 |
| Wichita, KS | 476 | 4:02 | 640,218 |

Source: Esri, 2021.

## Demographic & Socioeconomic Characteristics

The exhibit below presents a summary of key demographic metrics associated within the aforementioned driving distances surrounding the Lincoln Marriott Cornhusker, along with city of Lincoln, Lancaster County, state of Nebraska, and United States benchmarking data. Approximately 354,600 people live within 30-minutes of the Cornhusker, a figure that has grown by 13.3 percent since 2010. This growth far exceeds the average growth rate throughout the state and the country. Similar growth has been experienced within the 90-minute drive time range. Growth in population has a direct correlation with the size and number of event planning organization in a given market, a positive indicator for a potential Lincoln Convention Center.

The area's population generally skews younger and less diverse than the national average, while median household income is largely aligned with national averages.

| DEMOGRAPHIC VARIABLE | 30-Minutes | 90-Minutes | 300-Minutes | City of Lincoln | Lancaster County | State of Nebraska | United States |
|---|---|---|---|---|---|---|---|
| POPULATION: | | | | | | | |
| 2010 Total Population | 313,004 | 1,451,668 | 9,217,407 | 258,605 | 285,407 | 1,826,341 | 308,745,538 |
| 2021 Total Population | 354,546 | 1,600,348 | 9,815,765 | 292,988 | 325,405 | 1,975,306 | 333,934,112 |
| 2026 Total Population | 374,769 | 1,670,451 | 10,099,631 | 309,471 | 345,057 | 2,043,239 | 345,887,495 |
| Historical Annual Growth Rate (2010 to 2021) | 13.27% | 10.24% | 6.49% | 13.30% | 14.01% | 2.62% | 8.16% |
| Projected Annual Growth Rate (2021 to 2026) | 5.70% | 4.38% | 2.89% | 5.63% | 6.04% | 3.44% | 3.58% |
| AGE: | | | | | | | |
| Median Age | 35.2 | 37.0 | 38.1 | 34.4 | 35.0 | 37.8 | 38.5 |
| Population age 25 to 44 | 28.24% | 27.28% | 26.01% | 29.33% | 28.72% | 26.40% | 26.60% |
| AGE DISTRIBUTION: | | | | | | | |
| Under 15 | 18.47% | 19.85% | 18.99% | 18.38% | 18.46% | 19.65% | 18.4% |
| 15 to 24 | 15.75% | 13.09% | 13.36% | 16.32% | 15.81% | 12.89% | 13.0% |
| 25 to 34 | 15.44% | 14.23% | 13.49% | 16.31% | 15.80% | 13.77% | 14.0% |
| 35 to 44 | 12.80% | 13.05% | 12.52% | 13.02% | 12.92% | 12.63% | 12.6% |
| 45 to 54 | 10.56% | 11.28% | 11.31% | 10.23% | 10.51% | 11.18% | 12.5% |
| 55 and over | 26.97% | 28.49% | 30.31% | 25.75% | 26.50% | 29.88% | 29.50% |
| HOUSEHOLD INCOME: | | | | | | | |
| Median Household Income | $60,237 | $64,726 | $60,830 | $65,254 | $59,820 | $62,568 | $62,203 |
| Per Capita Income | $33,237 | $33,646 | $32,436 | $33,566 | $33,463 | $32,969 | $34,136 |
| INCOME DISTRIBUTION: | | | | | | | |
| $0 to $24,999 | 16.11% | 15.91% | 17.64% | 17.18% | 16.24% | 16.58% | 19.1% |
| $25,000 to $49,999 | 23.11% | 21.03% | 22.14% | 24.31% | 23.30% | 21.77% | 20.9% |
| $50,000 to $74,999 | 21.04% | 19.27% | 19.23% | 21.54% | 21.15% | 19.44% | 17.3% |
| $75,000 to $99,999 | 12.55% | 14.62% | 13.95% | 11.96% | 12.23% | 14.50% | 12.6% |
| $100,000 to $149,999 | 14.60% | 16.60% | 15.84% | 13.52% | 14.36% | 16.04% | 15.3% |
| $150,000 or more | 12.60% | 12.58% | 11.20% | 11.48% | 12.74% | 11.68% | 14.8% |
| POPULATION BY RACE/ETHNICITY: | | | | | | | |
| White/Caucasian | 83.60% | 81.30% | 82.97% | 81.65% | 83.01% | 82.36% | 72.4% |
| Black/African American | 3.97% | 5.86% | 6.44% | 4.64% | 4.25% | 4.99% | 12.6% |
| American Indian | 0.80% | 0.74% | 0.87% | 0.88% | 0.83% | 1.16% | 0.9% |
| Asian | 4.85% | 3.38% | 2.90% | 5.60% | 5.18% | 2.89% | 4.8% |
| Pacific Islander | 0.06% | 0.08% | 0.14% | 0.07% | 0.07% | 0.08% | 0.2% |
| Other Race | 3.28% | 5.45% | 3.62% | 3.35% | 3.11% | 5.57% | 6.2% |
| Two or More Races | 3.43% | 3.18% | 3.06% | 3.81% | 3.56% | 2.95% | 2.9% |
| Hispanic Origin | 7.92% | 11.54% | 8.94% | 8.33% | 7.80% | 11.91% | 16.3% |
| Diversity Index | 40.0 | 47 | 41.9 | 43.1 | 40.6 | 46.1 | 60.6 |
| BUSINESS: | | | | | | | |
| Total Business 2021 | 12,198 | 57,224 | 379,694 | 10,298 | 11,196 | 78,763 | 11,994,763 |
| Total Employees 2021 | 197,391 | 855,766 | 5,168,679 | 178,650 | 186,867 | 1,051,928 | 146,120,824 |
| Employee to Residential Population Ratio | 0.56:1 | 0.53:1 | 0.53:1 | 0.61:1 | 0.57:1 | 0.53:1 | 0.44:1 |

Source: Esri, 2021.

Business inventory is another important socioeconomic characteristic to consider as part of any Convention Center planning effort. There are approximately 12,200 businesses within a 30-minute drive of the Cornhusker, with a total of 197,400 employees. The employee-to-residential ratio for each of the geographic areas identified outperforms that of the U.S., suggesting an above average economy to help support the local and regional events industry.

## Corporate Base

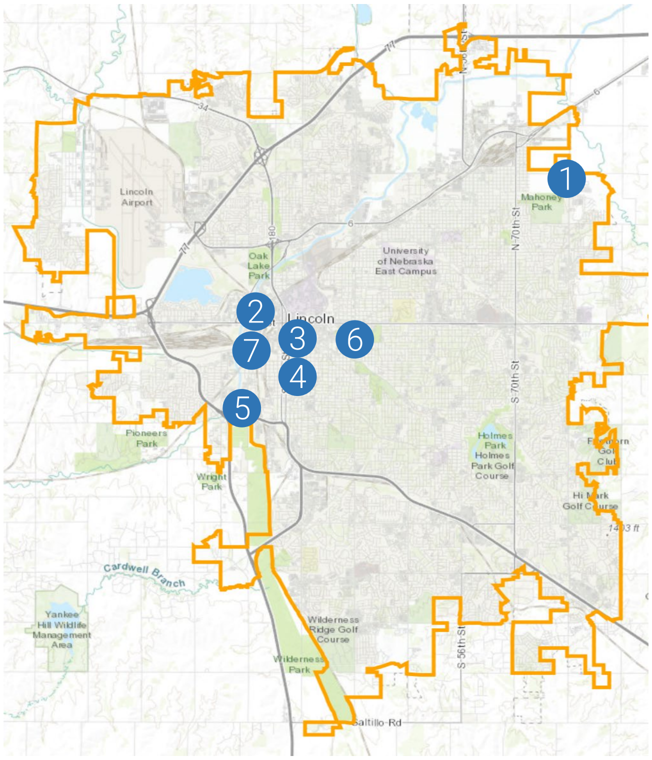
The depth of the inventory of local corporations and employers can provide an indication of potential for corporate meeting activity in a given market. Often, the major employers in a local market are an important source of facility usage with regard to corporate meetings, banquets and other similar 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 chart below provides a listing of the top 19 employers within the Greater Lincoln region measured by employee count. Primary employers include public sector entities such as the State of Nebraska, Lincoln Public Schools, and University of Nebraska. The largest private employers include Bryan Health Medial Center, Ameritas Life Insurance Corp., B & R Stores Inc., and BNSF Railway.

Summary of Largest Employers in Greater Lincoln Region

| | Name | Number of Employees | Industry/ Sector |
|---|---|---|---|
| 1 | State of Nebraska | 10,000 | Government |
| 2 | Lincoln Public Schools | 7,500 | Education |
| 3 | University of Nebraska | 5,000 | Education |
| 4 | Bryan Health Medical Center | 5,000 | Healthcare |
| 5 | Ameritas Life Insurance Corp. | 2,500 | Insurance |
| 6 | B & R Stores Inc. | 2,500 | Retail Grocer |
| 7 | BNSF Railway | 2,500 | Transportation |
| 8 | City of Lincoln | 2,500 | Government |
| 9 | Duncan Aviation, Inc. | 2,500 | Aviation Services |
| 10 | Hy-Vee Food Stores | 2,500 | Retail Grocer |
| 11 | Kawasaki Motors Manufacturing | 2,500 | Recreational Vehicles |
| 12 | Lancaster County | 2,500 | Government |
| 13 | Madonna Rehabilitation Hospital | 2,500 | Healthcare |
| 14 | Molex Inc. | 2,500 | Electronic Systems |
| 15 | Nelnet Inc. | 2,500 | Student Loan Origination |
| 16 | Saint Elizabeth Health Systems | 2,500 | Healthcare |
| 17 | State Farm Insurance | 2,500 | Insurance |
| 18 | US Government | 2,500 | Government |
| 19 | Wal-Mart Stores Inc. | 2,500 | Retail Stores |

*Source: Lincoln Partnership For Economic Development*



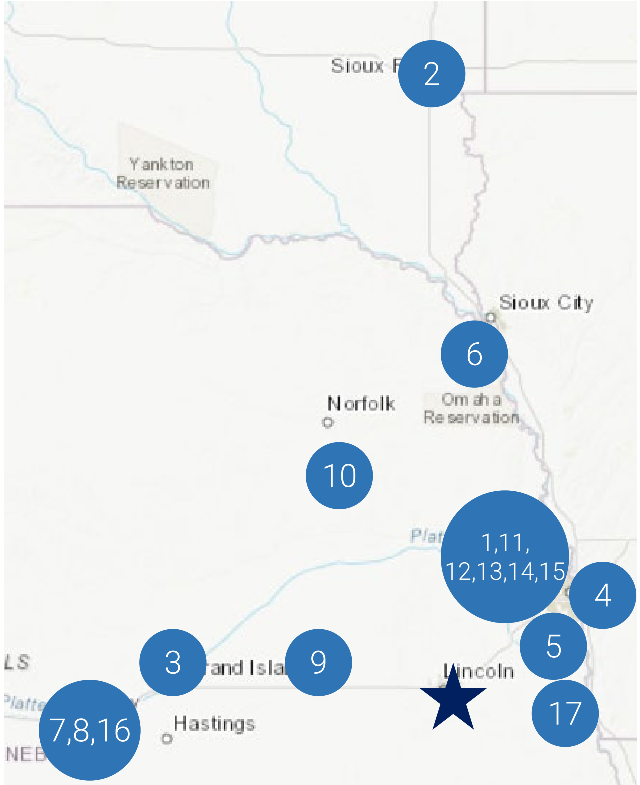
## Existing Meeting Facilities

The Lincoln destination currently offers seven facilities with more than 5,000 square feet of contiguous public assembly event space. This list ranges from the 5,600-square foot ballroom in the Graduate Lincoln to the 87,600-square foot exhibit hall at the Lancaster Event Center. The Pinnacle Bank Arena offers 30,000 square feet of exhibit space on its arena floor, but this space is considered sub-prime by industry standards due to lack of electrical pick-ups for vendors and lack of pre-function adjacencies. The facility is also often booked for entertainment and sport events, precluding it from long-term bookings for citywide conventions.

Beyond the Event Center and Arena, the largest contiguous event spaces in Lincoln include the 11,900-square foot ballroom at the Embassy Suites Lincoln and the 10,500-square foot ballroom at the Lincoln Marriott Cornhusker. According to interviewed stakeholders, the Cornhusker serves as the destination's primary convention facility due to its mix of contiguous space and supporting meeting space. However, with only 10,500 square feet, the building lacks the contiguous square footage needed to retain many large convention and tradeshow events. This condition is explored further as part of the Market Demand Analysis later herein.

| | Facility | Total Sellable Event Space | Largest Contiguous Space | Exhibit Space | Ballroom Space | Meeting Space | Hotel Rooms |
|---|---|---|---|---|---|---|---|
| 1 | Lancaster Event Center | 387,200 sq ft | 87,600 sq ft | 370,000 sq ft | 17,200 sq ft | 0 | 0 |
| 2 | Pinnacle Bank Arena | 42,600 sq ft | 30,000 sq ft | 30,000 sq ft | 0 | 12,600 sq ft | 0 |
| 3 | Embassy Suites Lincoln | 16,400 sq ft | 11,900 sq ft | 0 | 11,900 sq ft | 4,500 sq ft | 252 |
| 4 | Lincoln Marriott Cornhusker Hotel | 27,900 sq ft | 10,500 sq ft | 0 | 16,500 sq ft | 11,500 sq ft | 300 |
| 5 | Courtside Banquet Hall | 9,000 sq ft | 9,000 sq ft | 0 | 0 | 9,000 sq ft | 0 |
| 6 | Chez Hay Catering | 7,000 sq ft | 7,000 sq ft | 0 | 00 sq ft | 7,000 sq ft | 0 |
| 7 | Graduate Lincoln | 14,100 sq ft | 5,800 sq ft | 0 | 10,800 sq ft | 3,300 sq ft | 231 |
| | Average | 72,000 sq ft | 23,100 sq ft | 200,000 sq ft | 14,100 sq ft | 8,000 sq ft | 112 |
| | Average Excluding LEC | 19,500 sq ft | 12,400 sq ft | 5,000 sq ft | 6,500 sq ft | 8,000 sq ft | 149 |

Source: facility websites, Google Maps, 2021.



## Regionally Competitive Facilities

Beyond Lincoln, an analysis of event facilities with at least 10,000 square feet of total sellable space in the Heartland region has been prepared. As shown in the adjacent map, 17 facilities have been identified that may be potentially competitive with existing and potential future convention facilities in Lincoln. On average, these facilities house 28,000 square feet of contiguous event space, and 43,300 square feet of total sellable space. These facilities are also supported by an average of 1,060 hotel rooms within ½-mile and 185 headquarter hotel rooms.

Largest contiguous spaces in the region include the 194,300-square foot exhibit hall offered by CHI Health Center Omaha, and the 50,400-square foot exhibit hall offered by Denny Sanford Premier Center & Sioux Falls Convention Center. Beyond these facilities, four other convention centers offer between 23,000 and 30,000 square feet of contiguous event space. Should a larger convention product be developed in Lincoln, it will likely compete to varying degrees with these larger facilities. Today, the Lincoln destination is in competition with those that fall between the 10,000 to 20,000 square-foot mark. This list includes the Younes Conference Center South in Kearney, which is opening a convention/conference facility near its existing site that will reportedly offer 100,000 square feet of event space. Detailed information regarding capacity charts and floor plans was not available at the time of this study.

### Summary of Competitive Facilities

| | Facility Name | City, State | Total Sellable (SF) | Largest Contiguous (SF) | 1/2 Mile Hotels | HQ Hotel Rooms |
|---|---|---|---|---|---|---|
| 1 | CHI Health Center Omaha | Omaha, NE | 258,300 | 194,300 | 2,463 | 600 |
| 2 | Denny Sanford Premier Center & Sioux Falls Convention Center | Sioux Falls, SD | 59,148 | 50,400 | 600 | 243 |
| 3 | Heartland Event Center | Grand Island, NE | 38,000 | 30,000 | - | - |
| 4 | Mid-America Center | Council Bluffs, IA | 78,299 | 30,000 | 670 | 133 |
| 5 | Embassy Suites by Hilton Conference Center | La Vista, NE | 42,322 | 29,520 | 759 | 257 |
| 6 | South Sioux City Marriott Riverfront | South Sioux City, NE | 44,078 | 23,000 | 457 | 182 |
| 7 | Viaero Center | Kearney, NE | 17,000 | 17,000 | 623 | - |
| 8 | Younes Conference Center South | Kearney, NE | 33,415 | 16,092 | 1,430 | - |
| 9 | Holthus Convention Center | York, NE | 14,008 | 12,000 | 232 | - |
| 10 | Ramada by Wyndham Columbus Hotel & Conference Center | Columbus, NE | 22,160 | 11,500 | 180 | 140 |
| 11 | DoubleTree by Hilton Omaha | Omaha, NE | 30,484 | 10,875 | 2,244 | 414 |
| 12 | Embassy Suites Omaha | Omaha, NE | 12,261 | 10,658 | 1,273 | 249 |
| 13 | Omaha Marriot at Capitol District | Omaha, NE | 15,077 | 10,275 | 2,603 | 333 |
| 14 | Hilton Omaha | Omaha, NE | 25,955 | 9,855 | 2,463 | 600 |
| 15 | Scott Conference Center | Omaha, NE | 10,052 | 8,288 | 597 | - |
| 16 | Holiday Inn Hotel & Convention Center | Kearney, NE | 20,598 | 6,996 | 1,430 | - |
| 17 | Lied Lodge & Conference Center | Nebraska City, NE | 13,741 | 4,672 | - | - |
| | Average | | 43,200 | 28,000 | 1,060 | 185 |
| | Median | | 26,000 | 12,000 | 670 | 140 |
| | Lincoln Marriott Cornhusker Hotel | Lincoln, NE | 27,900 | 10,500 | 1,022 | 300 |

Source: CSL research, interviews with facility management, facility websites, Google maps, 2021.

## 3

# INDUSTRY TRENDS

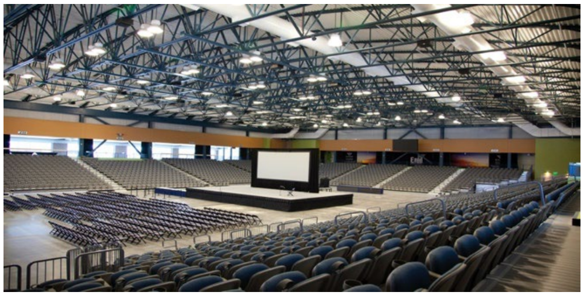
## Tourism-Focused Event Facilities

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, sports and entertainment 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 new/expanded facility 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, sports and entertainment 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 exhibition 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, entertainment, sports, and tourism industries.

# 3 INDUSTRY TRENDS

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, we need 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 2019 CEIR Index Report displays and analyzes actual and projected event-specific data through 2021, 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.

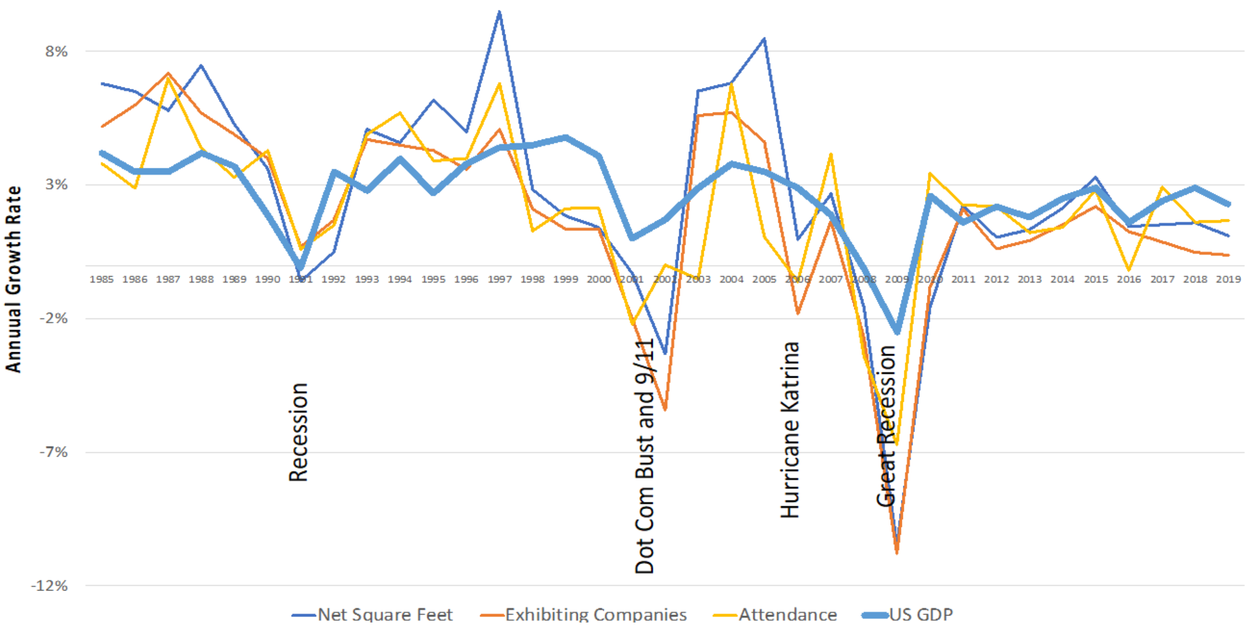
# 3 INDUSTRY TRENDS

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.

A large collection of data suggests that the health of the convention, conference, tradeshow and meetings industry, like nearly all industries, has historically been linked to the strength and fluctuations of the overall U.S. economy. This "linkage" is a fundamental premise of any analysis of future convention, conference, tradeshow and meeting industry performance.

Given the close parallels between GDP changes and changes in various measures of the exhibition, convention and meetings industry, we expect future industry growth to continue to mirror the overall health of the economy. With leading economists noting that the economy has now entered a recession, the impacts on the convention and meetings industry will likely be significant. A return to "normal" growth may not take place until sometime in late 2022, consistent with a future rebound in overall economic conditions.

Annual Percentage Change – U.S. Real GDP and Conference Industry Measures



Source: U.S. Bureau of Economic Analysis, Center for Exhibition Industry Research, CSL research, 2020.

# 3 INDUSTRY TRENDS

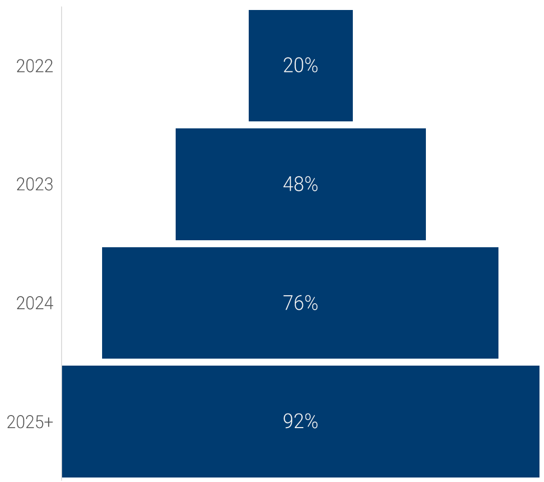
The pandemic took a significant toll on the U.S. exhibition industry. As U.S. GDP decreased by over three percent in 2020, the exhibition industry's total attendance, square footage, and revenues decreased by nearly 80 percent due to the COVID-19 pandemic.

As previously noted, a gradual rebound has already started. As vaccinations of the U.S. population continue to progress, many planners and event facilities are now booking in-person events in mid-2021, with plans to ramp up this activity through the fall and winter. According to a CEIR poll of event planners, 78 percent of attendees expect to attend in-person events in fall of 2021, increasing to 94 percent by winter. Likewise, 80 percent of exhibitors expect to return to in-person events this fall, with 95 percent anticipating a winter return.

This gradual 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.

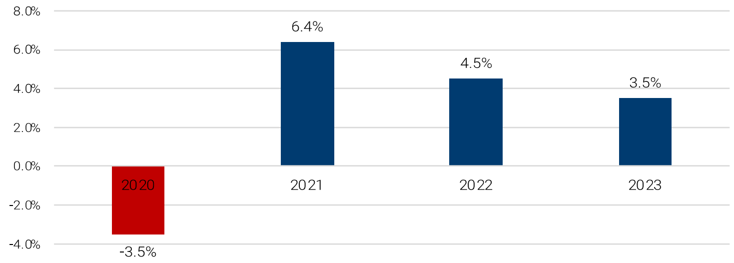
Survey of Convention Planners

Expectation of the year the convention industry will return to pre-pandemic conditions

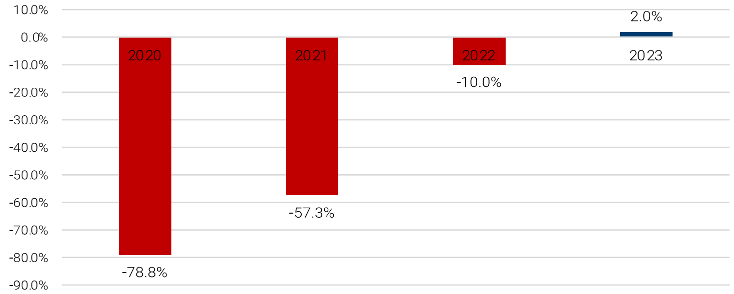


Source: CSL survey of national convention planners, 2021.

Forecasted Real GDP Growth (% change over year)



Forecasted CEIR Total Index Deviation from 2019 (% change)



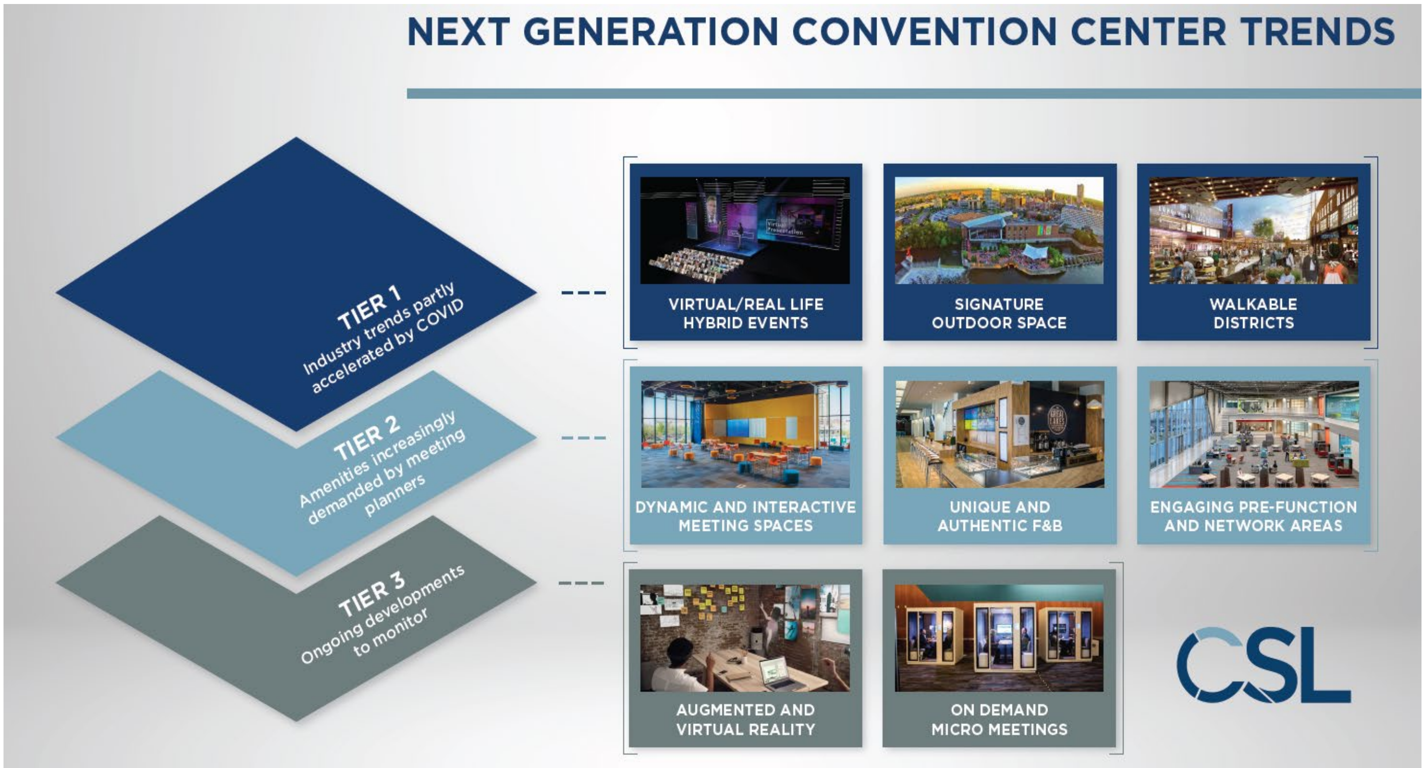
Source: Center for Exhibition Industry Research (CEIR), 2021.

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 or exhibition 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.

# 3 INDUSTRY TRENDS

As with any product in any industry, continual investment is required to respond to evolving customer and industry demands. Planning a convention center expansion 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".

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

Event planners and attendees are increasingly emphasizing the following facility/destination attributes. The following pages summarize these emerging and future trends of various event industries, 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 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 onsite 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.

Planned Mixed-Use District (New Haven, CT)

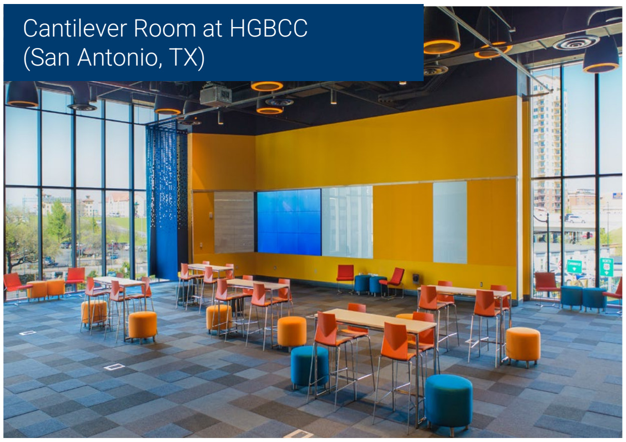
### Walkable Destinations

As the competition to attract nationally rotating conferences has become increasingly intense, many facilities have begun to position themselves as "conference 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.

## 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

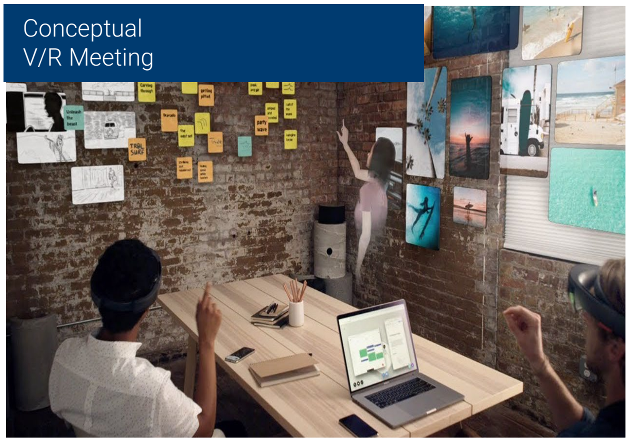
Recent trends in the food and beverage sector are more reflective of changing demographics and how conventions and meetings are being produced. The balance between standard sit-down banquets and more formal food options may be shifting towards the informal, and the ability of a center to offer more convenient "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.

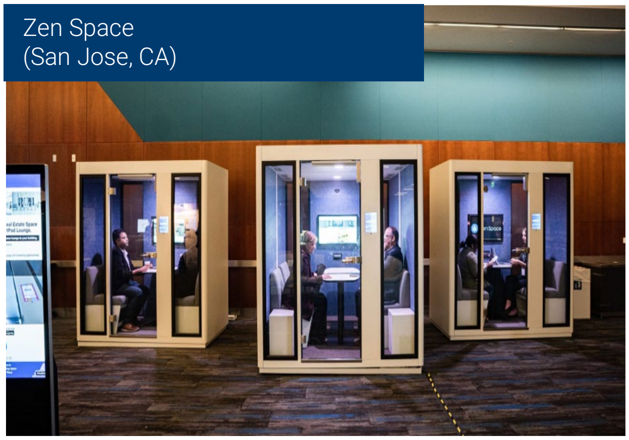
## Tier 3 Facility Trends – Other Trends to Monitor


Conceptual
V/R Meeting

### 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.

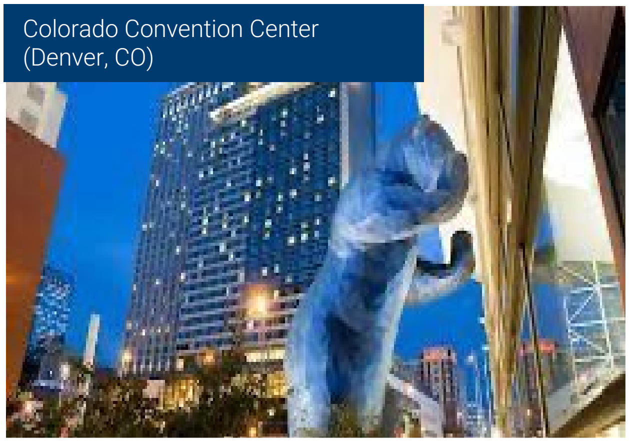
Beyond A/R, virtual reality enables medical professionals to share experiences in completely simulated environments by wearing headsets or other currently available technologies. These technologies and their applications are still evolving, but many conference and convention industry leaders envision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


Zen Space
(San Jose, CA)

### On Demand Micro Meetings

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

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.

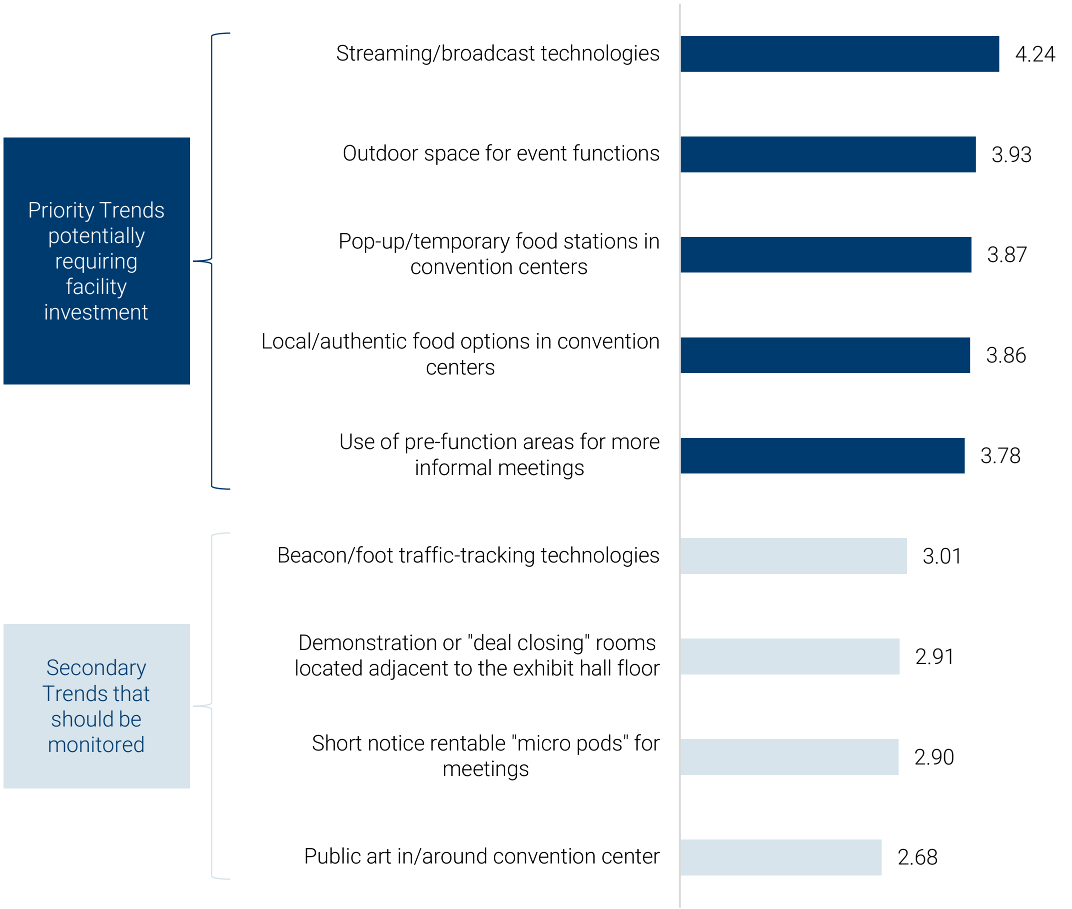

Colorado Convention Center
(Denver, CO)

### 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/Conference Center Trends by Importance and Appeal
(according to surveyed event planners)



To test the demand for each of the concepts presented on the 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 3.75 or higher. As shown, streaming and broadcast technologies received a significantly high rating from planners, followed by outdoor event spaces, pop-up/temporary food stations, local and authentic food stations, and the use of pre-function areas for informal meetings. It will be important to consider each of these trends as part of any conference center development.

Trends that scored lower may not be a near-term priority but should still be considered important as part of any convention center development or expansion project. These include demonstration rooms adjacent to the exhibit hall or ballroom, rentable micro pods, and public art in and around a conference or convention center.

# 4

# COMPARABLE FACILITIES

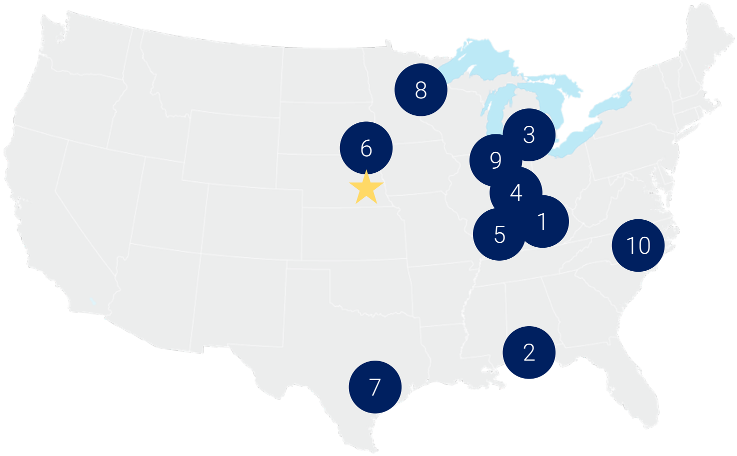
# 4 COMPARABLE FACILITIES

## Overview

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

The comparable facilities reviewed were selected based on their characteristics, space offerings and the size and location of the markets in which they are located. For comparative purposes, the event space and hotel inventory at the Lincoln Marriott Cornhusker Hotel has been included as part of this analysis.

The exhibit below presents a summary of the 10 selected comparable Convention Center facilities and markets analyzed. As shown, the total sellable space ranges from 31,800 square feet at the Durham Convention Center in Durham, NC to 200,000 square feet at the soon to be expanded Central Bank Center in Lexington, KY. In all, the average total sellable space for the facilities analyzed approximates 88,400 square feet. More detailed comparisons of space and hotel levels are presented throughout the remainder of this chapter.



Summary of Comparable Facilities

| | Facility Name | City, State | Exhibit Space | Meeting Space | Ballroom Space | Total Sellable (SF) | Largest Contiguous (SF) | 1/2 Mile Hotels | HQ Hotel Rooms |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Central Bank Center | Lexington, KY | 100,000 | 29,000 | 24,330 | 200,000 | 100,000 | 777 | 366 |
| 2 | Arthur R. Outlaw Mobile Convention Center | Mobile, AL | 100,000 | 25,700 | 15,500 | 141,200 | 100,000 | 992 | 0 |
| 3 | Lansing Center | Lansing, MI | 71,800 | 12,000 | 13,300 | 97,100 | 71,800 | 256 | 256 |
| 4 | Grand Wayne Convention Center | Fort Wayne, IN | 48,500 | 11,500 | 16,000 | 76,000 | 48,500 | 756 | 246 |
| 5 | Old National Events Plaza | Evansville, IN | 36,300 | 8,900 | 14,600 | 59,800 | 36,300 | 241 | 241 |
| 6 | Sioux Falls Convention Center | Sioux Falls, SD | 33,600 | 10,100 | 16,800 | 60,500 | 33,600 | 509 | 243 |
| 7 | Waco Convention Center | Waco, TX | 48,000 | 17,000 | 13,800 | 78,800 | 33,000 | 531 | 195 |
| 8 | Duluth Entertainment Convention Center | Duluth, MN | 15,000 | 14,600 | 38,000 | 67,600 | 26,000 | 999 | 0 |
| 9 | Century Center | South Bend, IN | 41,100 | 18,100 | 11,600 | 70,800 | 24,500 | 618 | 291 |
| 10 | Durham Convention Center | Durham, NC | - | 4,800 | 27,000 | 31,800 | 15,500 | 576 | 190 |
| | **Average** | | **49,400** | **15,200** | **19,100** | **88,400** | **48,900** | **626** | **203** |
| | **Median** | | **44,600** | **13,300** | **15,800** | **73,400** | **35,000** | **597** | **242** |
| | **Lincoln Marriott Cornhusker Hotel** | **Lincoln, NE** | **-** | **11,500** | **16,500** | **27,900** | **10,500** | **1,022** | **300** |

Source: CSL research, interviews with facility management, facility websites, Google maps, 2021.

# 4 COMPARABLE FACILITIES

## 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. As shown in the exhibits below, the Lincoln area's population ranks slightly below average among the comparable facility markets for most population measurements.

Household income is another important socioeconomic characteristic of host markets that can give an indication as to a given market's economic vitality, which may affect how a destination is perceived by the event planning community. The affluence of area households can also impact the types of drive-in programming that will be most successful at a convention center. Similar to its population rankings, the Lincoln area ranks slightly lower, but still within the middle tier of comparable facility market averages among the 30- and 90-minute drive-in markets. The three-hour drive area surrounding the Convention Center ranks ninth in the comparison set.

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, Lincoln ranks in the lower half of the comparison set, with its 30-minue drive-in capture comparing closely with convention destinations such as Fort Wayne, South Bend and Evansville. This ranking is lower as the drive time increases to 180 minutes.

### POPULATION

| | Market | 30-min | 90-min | 180-min |
|---|---|---|---|---|
| 1 | Durham, NC | 1,029,400 | 4,523,600 | 13,019,400 |
| 2 | Lexington, KY | 506,300 | 3,196,800 | 10,554,200 |
| 3 | Mobile, AL | 475,900 | 1,702,400 | 5,456,200 |
| 4 | Lansing, MI | 472,800 | 6,835,800 | 12,886,500 |
| 5 | Fort Wayne, IN | 444,700 | 2,004,800 | 18,978,000 |
| 6 | South Bend, IN | 436,400 | 2,718,900 | 19,350,900 |
| 7th | Lincoln, NE | 353,700 | 1,602,400 | 3,884,100 |
| 8 | Evansville, IN | 306,100 | 1,004,300 | 9,840,900 |
| 9 | Waco, TX | 285,900 | 4,868,200 | 20,684,300 |
| 10 | Sioux Falls, SD | 261,600 | 714,600 | 2,616,900 |
| 11 | Duluth, MN | 176,700 | 373,700 | 4,937,700 |
| | AVERAGE | 448,790 | 2,883,090 | 11,959,220 |
| | Rank (out of 11) | 7 | 8 | 10 |

### AVERAGE HOUSEHOLD INCOME

| | Market | 30-min | 90-min | 180-min |
|---|---|---|---|---|
| 1 | Durham, NC | 109,800 | 83,200 | 81,600 |
| 2 | Lexington, KY | 87,200 | 80,100 | 81,100 |
| 3 | Mobile, AL | 83,700 | 85,600 | 81,900 |
| 4 | Lansing, MI | 83,200 | 78,500 | 75,900 |
| 5 | Fort Wayne, IN | 80,500 | 84,100 | 79,800 |
| 6 | South Bend, IN | 78,000 | 73,400 | 100,000 |
| 7th | Lincoln, NE | 75,600 | 69,900 | 79,500 |
| 8 | Evansville, IN | 75,500 | 71,900 | 80,700 |
| 9 | Waco, TX | 72,600 | 84,300 | 95,900 |
| 10 | Sioux Falls, SD | 72,100 | 72,100 | 73,500 |
| 11 | Duluth, MN | 71,000 | 72,900 | 91,800 |
| | AVERAGE | 81,360 | 78,610 | 84,220 |
| | Rank (out of 11) | 7 | 11 | 9 |

Source: Esri, 2021.

### NUMBER OF COMPANIES

| | Market | 30-min | 90-min | 180-min |
|---|---|---|---|---|
| 1 | Durham, NC | 39,800 | 156,400 | 435,900 |
| 2 | Lexington, KY | 20,400 | 113,700 | 339,800 |
| 3 | Mobile, AL | 16,700 | 56,500 | 207,100 |
| 4 | Lansing, MI | 15,400 | 225,300 | 420,300 |
| 5 | Fort Wayne, IN | 15,000 | 65,300 | 597,600 |
| 6 | South Bend, IN | 14,300 | 87,300 | 629,300 |
| 7th | Lincoln, NE | 12,300 | 57,300 | 147,000 |
| 8 | Evansville, IN | 10,500 | 34,200 | 331,700 |
| 9 | Waco, TX | 10,500 | 31,200 | 109,500 |
| 10 | Sioux Falls, SD | 9,300 | 145,400 | 724,000 |
| 11 | Duluth, MN | 6,900 | 15,200 | 172,900 |
| | AVERAGE | 15,880 | 93,050 | 396,810 |
| | Rank (out of 11) | 7 | 7 | 10 |

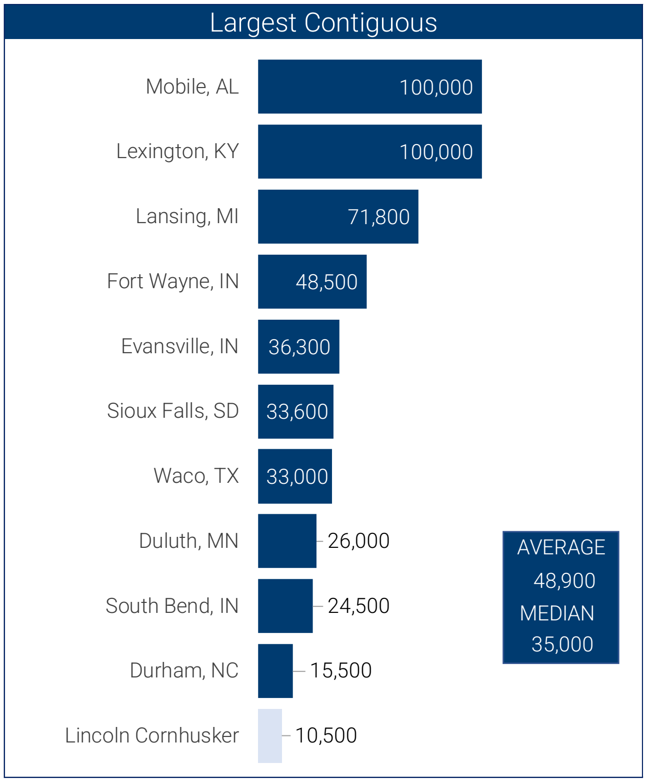
# 4 COMPARABLE FACILITIES

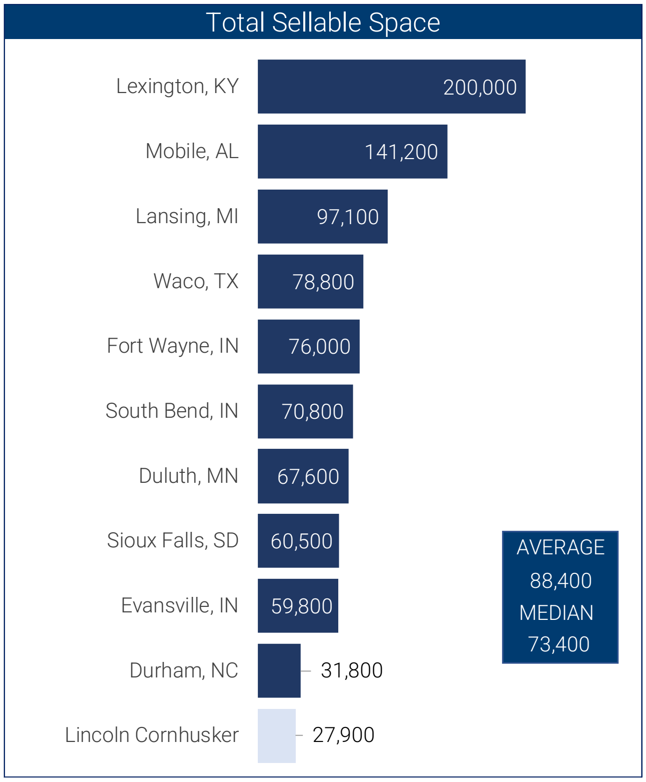
## Event Space Comparisons

To provide further context regarding the competitive facilities reviewed on the previous page, we have prepared the bar chars below that compare the sellable event spaces at the comparable facilities with those offered at Lincoln Convention Center. As shown, the facilities within the comparison set have a largest contiguous space offering 48,900 square feet on average and offer 88,400 square feet of total sellable event space. The median largest contiguous space among the comparison set is 35,000 square feet.

As shown, the Lincoln Marriott Cornhusker ranks well below the average and median in terms of largest contiguous space and total sellable event space. Similar markets have been able to support much larger convention products, suggesting that potential may exist for Lincoln to develop a similar sized product in the future.

To better compete for economically impactful events at the state, regional, and national levels, a larger contiguous exhibit hall may be warranted. A suggested building program is presented later in this report.





Source: Facility management, facility websites, 2021.

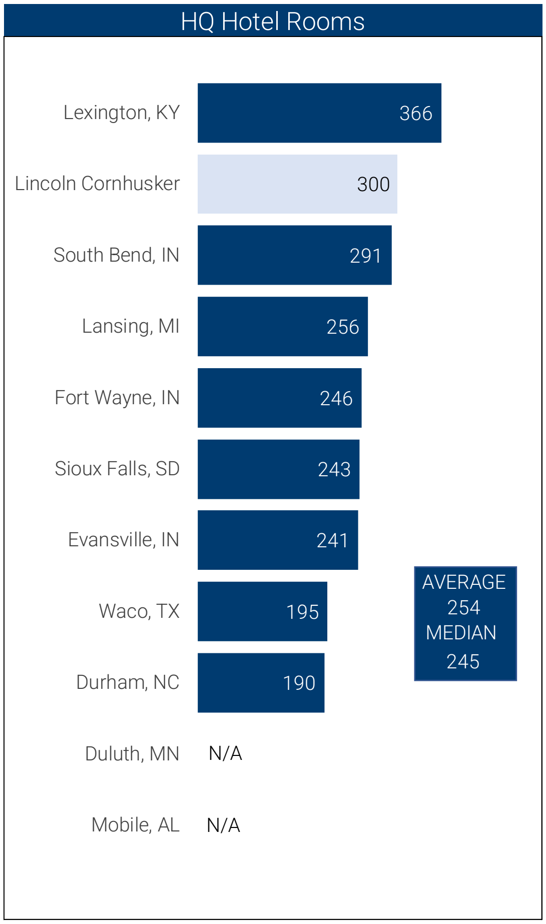
# 4 COMPARABLE FACILITIES

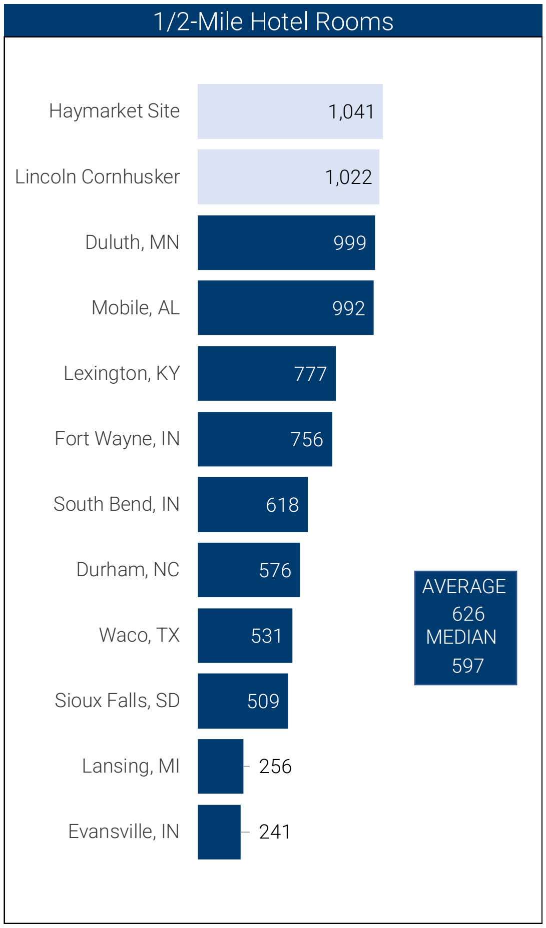
## Hotel Inventory Comparison

The supporting hotel inventory of a convention facility is instrumental in competing for 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 potential need for added hotel inventory, the charts below show the hotel inventory near the Lincoln Marriott Cornhusker in context with other hotel and convention products nationally.

As shown, the 300 rooms offered at the Lincoln Marriott Cornhusker ranks above the median and average of the comparison set's headquarter hotel inventory. Also, when analyzing the broader ½-mile area surrounding each convention center, the hotel package in downtown Lincoln well exceeds the average and median of the comparison set. The ½-mile area surrounding Pinnacle Bank Arena (labeled as Haymarket Site) offers a similarly large hotel inventory.

This hotel inventory will be helpful in supporting a new Lincoln Convention Center development, but it is also important to consider the committability of this inventory. Stakeholder feedback suggests above average occupancy and ADR performance in the downtown area due to leisure room night demand. As such, existing hotels have less of a need to generate room nights from the group segment. This may negatively impact the ability to assemble room blocks for citywide convention events that will require multiple hotel properties.



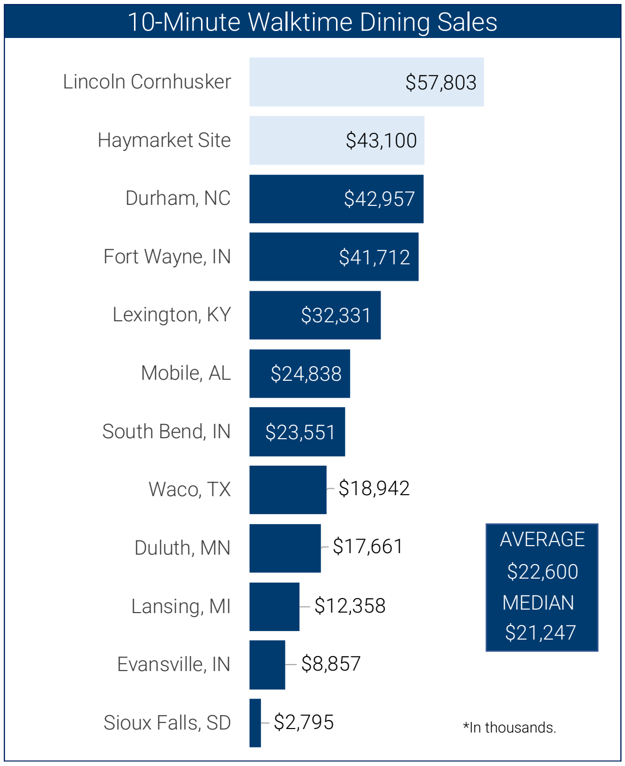


Note: Haymarket Site includes ½-mile area surrounding Pinnacle Bank Arena.
Source: CVB's, Google Maps, Trip Advisor, 2021.

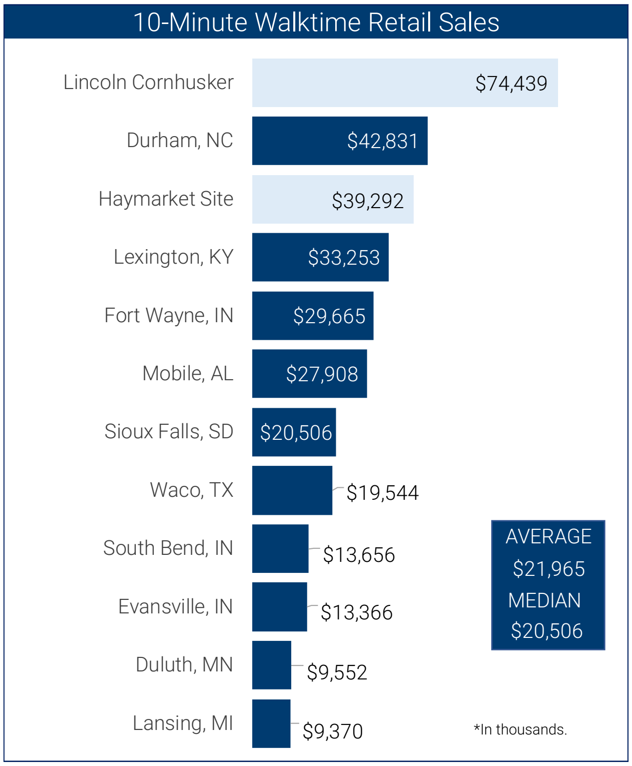
## Dining and Retail Environment Comparison

Using GIS software, we have also analyzed 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. The environment around the Lincoln Marriott Cornhusker ranks first in retail and dining sales among the compared markets. This suggests that the downtown has a strong base of hospitality amenities, vibrancy and foot traffic to support a highly appealing convention destination. However, we note that much of this dining economy is based on fast food establishments, which are not typically considered convention industry assets.

The Haymarket District ranks second in terms of dining sales and third in retail sales. However, a large majority of this activity is generated from full-service sit-down restaurants that are more typically seen as an asset in the convention and meetings industry. These conditions are further discussed in the site review section of this report.


10-Minute Walktime Dining Sales

*In thousands.


10-Minute Walktime Retail Sales

*In thousands.

Note: Haymarket Site includes ½-mile area surrounding Pinnacle Bank Arena.
Source: Esri, 2021.

# 4 COMPARABLE FACILITIES

## Comparable Financial Operations

We have collected financial operating data from 12 convention centers located in markets that are relatively similar with Lincoln. 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.

On average, these facilities offer a total of 68,800 square feet of total sellable event space. These financial data provide helpful perspective as to typical operational revenues and expenses associated with traditional convention products that feature industry standard mixes of exhibit space, ballroom space, and meeting space.

In terms of financial performance, convention facilities operate with an average annual loss of approximately $566,300, with average revenues at $3.3 million and expenses at $3.7 million. The comparison set average a loss of $8.86 per sellable square foot, resulting in an average coverage ratio (the extent to which a convention facility covers its operational expenses) of 85 percent.

Future planning for a new Lincoln Convention Center should consider the need to financially support the operations of the venue.

| Facility | Sellable Space | Operating Revenue | Operating Expense | 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 | 63,800 | $1,497,885 | $2,394,778 | ($896,893) | ($14.06) | 63% | $23.48 | $37.54 |
| Facility B | 49,400 | $9,129,491 | $9,142,739 | ($13,248) | ($0.27) | 100% | $184.81 | $185.08 |
| Facility C | 76,000 | $1,959,958 | $3,971,642 | ($2,011,684) | ($26.47) | 49% | $25.79 | $52.26 |
| Facility D | 82,300 | $2,094,975 | $2,998,711 | ($903,736) | ($10.98) | 70% | $25.46 | $36.44 |
| Facility E | 79,700 | $2,610,212 | $3,090,000 | ($479,788) | ($6.02) | 84% | $32.75 | $38.77 |
| Facility F | 97,600 | $8,262,219 | $7,699,264 | $562,955 | $5.77 | 107% | $84.65 | $78.89 |
| Facility G | 87,400 | $1,961,999 | $3,293,920 | ($1,331,921) | ($15.24) | 60% | $22.45 | $37.69 |
| Facility H | 140,700 | $5,263,435 | $6,041,343 | ($777,908) | ($5.53) | 87% | $37.41 | $42.94 |
| Facility I | 31,800 | $1,883,675 | $1,848,200 | $35,475 | $1.12 | 102% | $59.24 | $58.12 |
| Facility J | 33,600 | $977,713 | $1,396,830 | ($877,740) | ($26.12) | 70% | $29.10 | $41.57 |
| Facility K | 24,100 | $521,839 | $798,628 | ($276,789) | ($11.49) | 65% | $21.65 | $33.14 |
| Facility L | 58,800 | $3,303,122 | $2,006,043 | $175,541 | $2.99 | 165% | $56.18 | $34.12 |
| Median | 69,900 | $2,028,500 | $3,044,400 | ($628,800) | ($8.50) | 77% | $30.92 | $40.17 |
| Average | 68,800 | $3,288,900 | $3,723,500 | ($566,300) | ($8.86) | 85% | $50.25 | $56.38 |

Source: Facility management, 2021.

## 5

# MARKET DEMAND

# 5 MARKET DEMAND

## CONVENTION CENTER:

### Typical Facility Model Characteristics

We begin the Market Demand analysis for a potential new Lincoln Convention Center with an overview of industry standard convention center characteristics, including the typical event mix accommodated by these facilities. This is followed by real world data provided by outreach to event planners and analysis of convention center events at the local, state, regional and national levels.

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 posses the following attributes:

- Typical Mission/Orientation:
    - Visitor & 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 |
| Flat Floor (Business-Focused) | | | | | | | | | | |
| 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 |
| Entertainment (Spectator-Focused) | | | | | | | | | | |
| 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 |
| Entertainment/Leisure/Other (Participant-Focused) | | | | | | | | | | |
| 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** |

# 5 MARKET DEMAND

## Market Demand Research

Analysis of state/regional, national, corporate, independent, public/consumer show and amateur sports event planners was conducted to identify target markets for a potential new Lincoln Convention Center. Data collection involved survey outreach to planners from these segments, in addition to review of event databases from past CSL projects and national sources to identify potential attendance, event space and hotel room night characteristics. This analysis provided insight and estimates regarding the market demand and the number and type of events that could reasonably be held at a potential new Lincoln Convention Center. Information collected from interviews have been grouped and summarized into the following categories:

- A State/Regional Events
- B National Events
- C Corporate/Independent Meeting Planners
- D Amateur Sports, SMERF, Local and Other

A summary of key findings related to each of these groupings are provided below and on the subsequent pages. Data regarding interest, attendance levels, space needs, hotel needs, and service/amenity needs are presented for each user group.

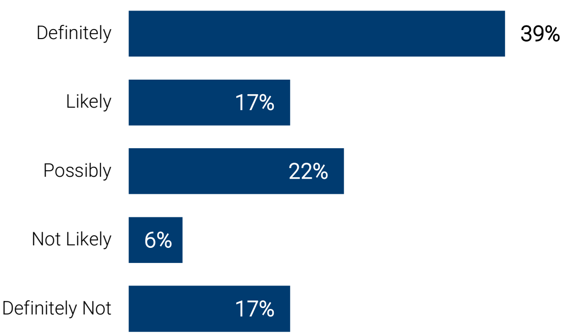
## A State/Regional Events

According to interviewed Lincoln CVB officials and other local stakeholders, state and regional event organizations represent the Lincoln destination's primary market for economically impactful events. To gather invaluable feedback from this critical user group, CSL completed 20 interviews with planners to collect information regarding event space needs, potential interest in hosting events at a new Lincoln Convention Center, and the impacts of the COVID-19 pandemic on their event activity.

Events represented in this outreach sample include state/regional meetings, summits, conferences, tradeshows, conventions, banquets, and galas, among others. Approximately 78 percent of surveyed events expressed positive interest in utilizing a Lincoln Convention Center, with 39 percent suggesting they would "definitely" use the facility, 17 percent indicating they would "likely" use, and 22 percent expressing that they would "possibly" use. Positive interest was frequently attributed to the walkability of downtown Lincoln (many planners assumed the Center would be built in downtown), the enhanced navigability and convenience of the destination relative to Omaha, and the potential for the facility to be the most advanced/state of the art facility in Nebraska.

Likelihood of Using a New Lincoln Convention Center

Positive = 78%, Negative = 22%



**Comments on Strengths**

- Walkability is a significant competitive advantage
- Would be more navigable than Omaha
- New center in Nebraska with state of the industry amenities would be very exciting

**Reasons for Disinterest**

- Long-term rotations established
- Affordability (Kearney offers low rates)
- Prefer self-contained hotel facilities

# 5 MARKET DEMAND

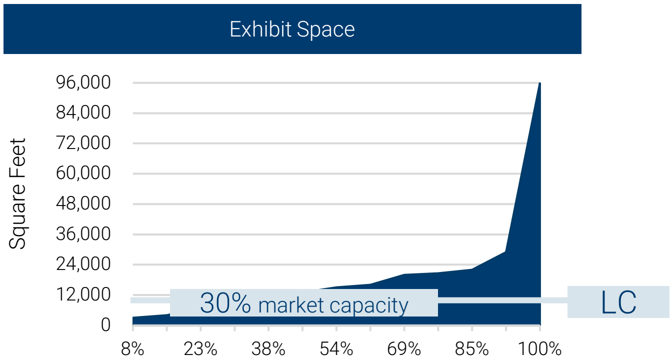
Based on other state/regional convention, conference and meeting planner surveys completed by CSL in recent years for other convention center feasibility studies, the response to the Lincoln market is much higher than average, suggesting that state and regional events may represent a substantial portion of a potential Lincoln Convention Center's event mix.

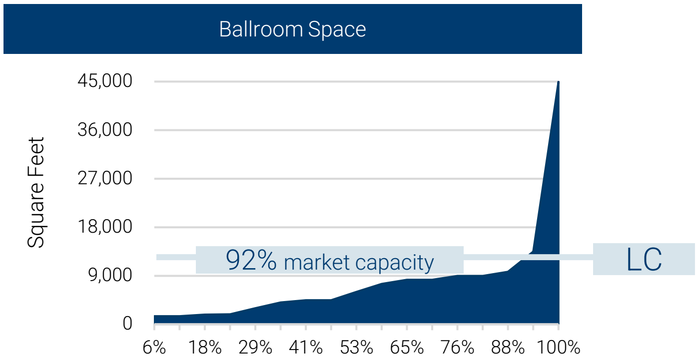
As shown in the adjacent table, survey outreach for 65 past comparable studies has yielded an average positive response rate of 52 percent, far below the 78 percent rate for Lincoln. Further, the “strength of interest” in the market, which is a weighted calculation that rewards “definitely” and “likely” responses, is the highest that has been recorded among the 65 studies. Tempered slightly by the Nebraska and Heartland region population basis, which accounts for the number of state/regional organizations in the area, Lincoln’s Demand Index still far exceeds the average and median of the comparison set.

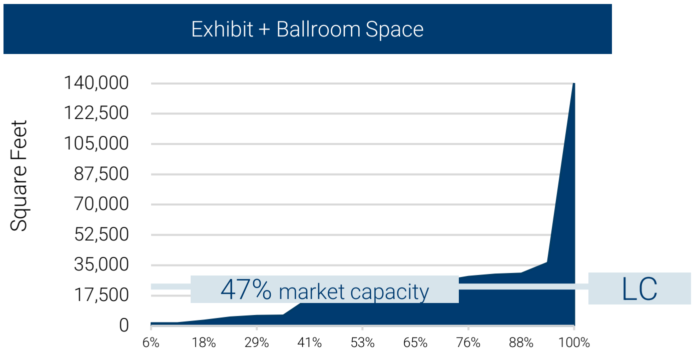
It will also be important to consider the event space needs of state/regional events that expressed interest in a potential new Lincoln Convention Center. Exhibits summarizing these needs are shown below. Percentages in the below charts indicate the percentage of positive respondents (and, therefore, the percentage of positive respondent market share captured at the respective levels for the metrics labeled to the left). Available event space at the Lincoln Marriott Cornhusker is represented by “LC”.

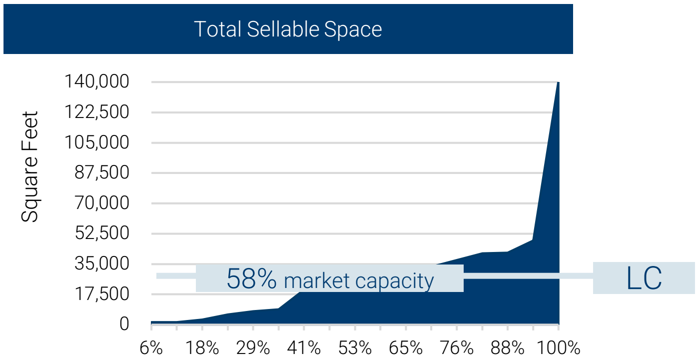
| | | Past CSL State/Reg. Telephone Surveys 65 Comparable Markets | | | |
|---|---|---|---|---|---|
| | Lincoln, NE | AVERAGE | MEDIAN | Low metric | High metric |
| Interest Levels: | | | | | |
| Definitely Use | 39% | 10% | 10% | 0% | 33% |
| Likely Use | 17% | 13% | 13% | 3% | 29% |
| Possibly Use | 22% | 28% | 28% | 9% | 44% |
| Not Likely Use | 6% | 25% | 25% | 7% | 48% |
| Definitely Not Use | 17% | 23% | 23% | 0% | 48% |
| Positive | 78% | 52% | 51% | 21% | 86% |
| Strength of Interest | 5.17 | 2.26 | 2.04 | 0.54 | 4.50 |
| Population Basis | 0.81 | 1.09 | 0.89 | 0.38 | 3.25 |
| Demand Index | 4.16 | 2.39 | 2.08 | 0.54 | 7.82 |

As shown, the Lincoln Marriott Cornhusker, described by many as the destination’s primary convention facility, only accommodates 30 percent of identified exhibit space needs of the state/regional marketplace. While it serves ballroom demand among a significant majority of these groups (92 percent), it is unable to accommodate the exhibitor set-ups required by many events. In terms of total sellable space, the facility accommodates 58 percent of the market. For similar studies, CSL generally recommends a target of 85 to 95 percent market capacity. To fall in this range, 25,000 to 30,000 square feet of exhibit space and 50,000 or more square feet of total sellable space may be needed.









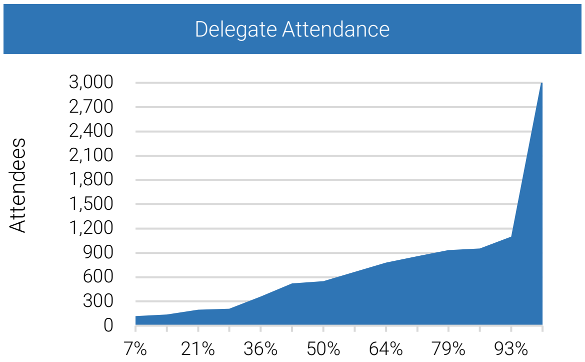
# 5 MARKET DEMAND

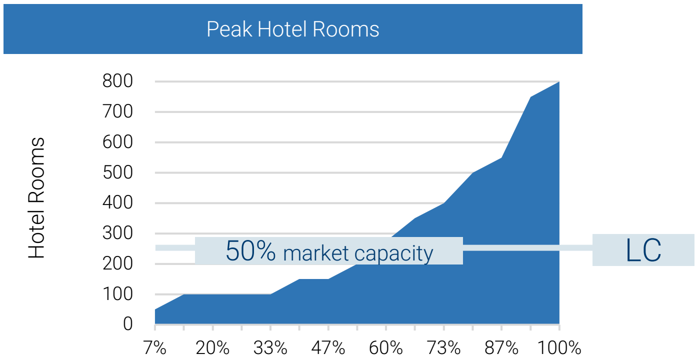
Surveyed state/regional event planners were also asked to describe their attendance levels and hotel needs associated with their events. Their feedback is summarized in the exhibits below.

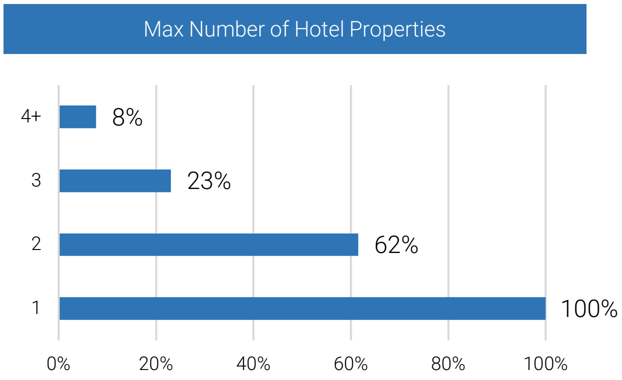
As shown, surveyed events range in attendance from 120 to 3,000. Ninety percent of the identified market feature between 120 and 1,000 attendees. At the same time, interviewed planners average 305 hotel rooms on the peak night of their events. Assuming the Lincoln Marriott Cornhusker can offer 250 of its 300 total rooms for conventions, the facility can currently accommodate 50 percent of the identified marketplace. To accommodate 90 percent of the market, approximately 650 total committable rooms will be needed.

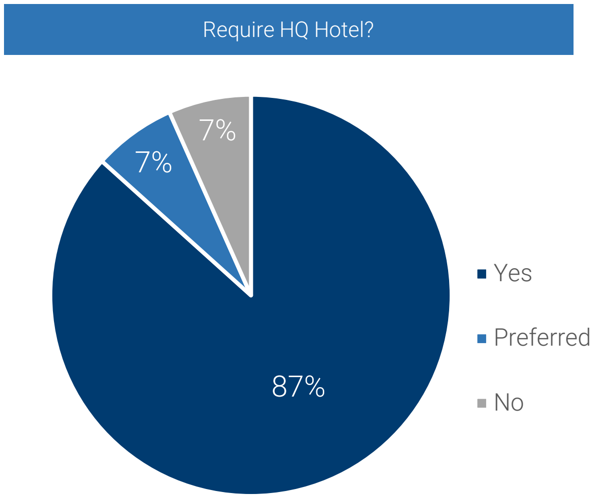
The exhibit on the bottom left highlights the importance of being able to offer as many hotel rooms as possible within a small number of properties. As shown, while 62 percent of planners prefer to use up to two hotel properties to accommodate their hotel room block needs, only 23 percent are open to use 3 and only 8 percent are open to use four or more. Meanwhile, 87 percent of planners require an attached or very proximate headquarter hotel property at their host event facilities. It is important to note that these figures represent the ideal setting among event planners, but in reality, they often willingly use more hotel properties to accommodate their room block needs. However, an extensive inventory of committable hotel rooms that nearly accommodates these demands will help a Lincoln Convention Center stand out in the state/regional convention marketplace.

Considering these data, it will be important to consider the committable room block associated with a potential new Lincoln Convention Center.









### State Government Groups

As the capital of Nebraska, a new Lincoln Convention Center will likely be able to rely on frequent state government business to help fill its event calendar. While these state events will likely be smaller than most state/regional association conventions, conferences and tradeshows, they may still generate a modest number of room nights while supplying the Center with some event revenues.

## B National Associations

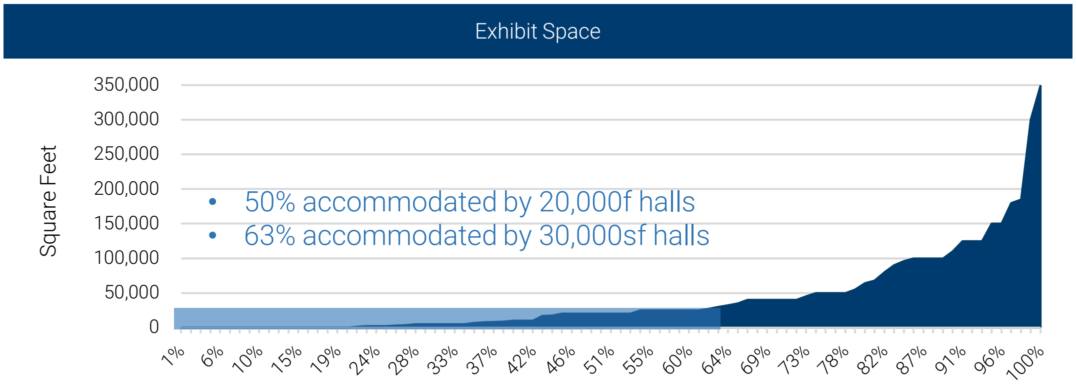
Considering the event mixes of event venues in comparable destinations, a potential new Lincoln Convention Center may have potential to host a modest amount of national association and SMERF (social, military, educational, religious, fraternal) events each year. To evaluate this potential, we conducted a review of the event space needs of national groups that recently indicated interest in hosting in the Midwest. The results from this exercise are shown below.

On average, the national events reviewed average 42,000 square feet of exhibit space. However, the median of the data set is only 20,000 square feet. If a 30,000-square foot exhibit hall were developed in Lincoln, the facility would be able to accommodate the exhibit space needs of 63 percent of identified national groups. Identified events also average approximately 1,000 attendees and require 450 hotel rooms to accommodate their room blocks.

The specific types of events that the potential Convention Center could draw may resemble the national event mix at other centers in similar markets. As such, CSL reviewed the event calendars of convention centers in Fort Wayne, (IN), Evansville, (IN), Lexington, (KY), Covington, (KY), and Greenville, (SC) to identify groups that may have interest in utilizing a similar convention product if it were developed in Lincoln. A full listing of these events is provided below. As shown, organizations in the sample include smaller/niche national associations, national hobby groups, and other national SMERF groups.

In speaking with University representatives, it is anticipated that the presence of the University of Nebraska in Lincoln would help a new convention product attract smaller and mid-sized national groups from specific education sectors such as hospitality, business management, engineering, journalism, and biosciences, among others.

**1,000 / 450**
Avg. # of Attendees / Average # of Hotel Rooms Needed



### Potential Types of National Event Business

National Conference on Professional Nursing Education and Development
American Association of Airport Execs
American Association of Textile Chemists & Colorists
American Contract Bridge League
American Heart Association
American Institute of Constructors
American Mock Trial Association
American Public Works Assn.
American Society Of Sugar Beet Technologists
American Wedding Society
Automobile License Plate Collectors Assn. - Conven
Federation of Genealogical Societies - Nat'l Conf.
Hyatt/American Bar Association
National Apostolate of Maronites
National Association for Catering and Events
National Association for Developmental Education
National Association Of Development Organizations
National Association of Educational Office Professionals
National Association of Federally-Insured Credit Unions
National Association of Miniature Enthusiasts
National Association of State Aviation Officials
National Christian College Athletic Association
National Council for Air and Stream Improvement
National Exchange Club
National Federation of Music Clubs
National Federation of Urban and Suburban School Districts
National Fishing Lure Collectors Club - Convention
National Intramural Recreational Sports Association
National MS Society
National Nursing Day Event
National Ornamental & Miscellaneous Metals Association
National SCRABBLE Championship
National Society of Black Engineers-2018 Leadership Conference
National Softball Association
National Verbatim Reporters Association
National Veterinary Associates
Natl Assoc of Ins. and Financial Advis. Mid Yr Mtg
North American Intercollegiate Dairy Challenge
Outdoor Writers Association of America 2018 Conference
USA Curling Association

## C Corporate/Independent Meeting Planners

CSL also conducted outreach to the Meeting Professionals International (MPI) database of meeting planners that plan meetings in the Midwest area marketplace. Meeting planners represent large local corporations, associations, tradeshow companies, and private event planning firms. Events include educational and training events, executive events, tradeshows, team-building events, company dinners/galas, and annual conferences/meetings, among others. In total, 10 planners were interviewed who collectively plan just over 100 events per year.

Planners in this group indicated limited positive interest in hosting one or more events at a new Lincoln Convention Center. It is not estimated that the corporate sector represents a primary market for the potential facility, but smaller and less economically impactful events organized by local companies could use the venue's breakout meeting spaces on a periodic basis. Limited potential may also exist to host one or two large annual meetings or conventions hosted by large local companies on an annual basis.

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 Lincoln destination, and their reasons for negative interest in the project (if applicable). Their input is segmented by area of focus below. Note that events from the corporate segment typically have higher tech, service, food & beverage and other needs relative to previously discussed association and SMERF events.

| Reasons for Negative Interest | Required Amenities | Positive Comments |
|---|---|---|
| • "We like to stick with self-contained hotels."<br>• "Lincoln doesn't have the airlift we need."<br>• "We only host in resort or luxury destinations."<br>• "We host internally, otherwise we're looking for exhibit halls that are 150,000 square feet or larger." | • Streaming/hybrid event technologies<br>• Easily modifiable and flexible space<br>• Good lighting and décor<br>• Latest technology available – Wi-Fi quality, projection and sound, ports/outlets built into carpeted floor and tables<br>• Sound-proof rooms<br>• Nightlife and a wide variety of entertainment options<br>• Locally sourced food offerings<br>• Restaurants, entertainment, retail, etc. must be within walking distance<br>• Ample parking for drive-in attendees | • "A unique downtown like that would be very appealing, particularly for my groups that prefer university towns."<br>• "Existing hotel inventory they have down there sounds like a plus."<br>• "The affordability of hosting there would be something to consider… big events likely will not go there but you could pull several hundred, even with that airlift." |

## D Amateur Sports, Local and Emerging Events

Other potential event opportunities for a new Lincoln 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, robotics competitions, drone races, and hackathons. Each of these three segments are discussed below and on the following page.

### Amateur Sports

According to interviewed stakeholders and sports organizers, a new Lincoln Convention Center may be able to host large, indoor amateur sports tournaments. Basketball and volleyball tournaments, which currently use existing indoor sports facilities in the Lincoln region, could potentially use the Convention Center to help grow their events into true citywide events with significant room night generation potential. At least four full-sized basketball courts (eight volleyball courts) would need to be accommodated to provide the space needed by groups such as AAU Volleyball, USA Volleyball, Under Armour Basketball, and RecruitLook Hoops. This requires at minimum 30,000 square feet of contiguous space and 35-foot ceilings.

Other groups that could potentially be accommodated by a Lincoln Convention Center include cheer and dance, weightlifting and bodybuilding, pickle ball, martial arts, and gymnastics at the state/regional/national levels. Considering the inventory of other indoor sports facilities that accommodate sports in the area, including Lancaster Events Center, Kinetic Sports Complex & Speedway Village, it is not anticipated that this will be a high demand generator for the facility, but opportunity still exists to attract those events that prefer proximity to hotels (i.e., weightlifting, martial arts, dance/cheer) on an occasional basis. Food courts, spaces that can be repurposed as team rooms, and some in-house equipment would be recommended to best suit this user group.

## Local Events

Local stakeholder input indicates a need for non-profit event space in the community, and it is often typical for convention centers throughout the country to host a moderate amount of local meetings, banquets 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 Lincoln Convention Center will 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.

A listing of the local organizations that would potentially benefit from a new Lincoln Convention Center is provided below.

Abendmusik
Acklie Foundation
Aging Partners
Asian Community and Cultural Center
Associated Builders & Contractors Cornhusker Chapter
Atlas: Lincoln
Autism Center of Nebraska, Inc
Bluestem Health
Belmont Community Center
Boys and Girls Club of Lincoln Lancaster County
Bridges To Hope
Bright Lights, Inc.
Camp Summergold
Casa for Lancaster County
Catholic Social Services
CEDARS Youth Services
Celebrating Nebraska Statehood Inc.
Center for Legal Immigration Assistance
Center for People in Need
CenterPointe, Inc.
Child Advocacy Center
Civic Nebraska
Clinic With a Heart
Community Action of Nebraska
Community Action Partnership of Lancaster
Community Crops
Community Development Resources
Community Health Endowment
ConnectioN Point
Cooper Foundation
Doane University - College of Business
Down Syndrome Association for Families
Duncan Family Trust
EducationQuest Foundation
El Centro de las Americas
Family Health Services, Inc.
Family Service Lincoln
Flatwater Shakespeare Company
Food Bank of Lincoln
Food Fort
Foster Care Closet
Foundation of LPS
Fresh Start Home
Friendship Home
Girl PowR
Girls Inc of Lincoln
Girls on the Run of Nebraska
Give Nebraska
Good Neighbor Community Center
Goodwill Industries Serving Southeast Nebraska, Inc.
Habitat For Humanity
Heartland Big Brothers Big Sisters
HopeSpoke
Houses of Hope
HUB - Central Access Point for Young Adults
Humanities Nebraska
Indian Center, Inc.
Jazz in June
Karen Society of Nebraska
KZUM Radio 89.3 FM
Leadership Lincoln, Inc.
League of Human Dignity
Legal Aid of Nebraska
Lighthouse
Lincoln/ Lancaster County Health Dept
Lancaster County Human Services Administration
Lincoln Arts Council
Lincoln Children's Museum
Lincoln City Libraries
Lincoln Community Foundation
Lincoln Fencing Club
Lincoln Housing Authority
Lincoln Literacy
Lincoln Medical Education Partnership
Lincoln Parks Foundation
Lincoln Public Schools
Lincoln's Symphony Orchestra
Loaves and Fishes
Lutheran Family Services
LUX Center for the Arts
Madonna Foundation
Matt Talbot Kitchen & Outreach
Mediation Center
Mental Health Association of Nebraska
Mentoring Plus
Mercy Housing
MilkWorks
Mourning Hope Grief Center
Neighborworks - Lincoln
Nonprofit Association of the Midlands
Northeast Family Center
OutNebraska
Ponca Tribe of Nebraska
Prairie Hill Learning Center
Region V Systems
Released and Restored
Santee Sioux Nation Society of Care
SCORE Lincoln
ServeNebraska
South of Downtown Community Development Org.
Sowers Club of Nebraska Foundation
St. Monica's
Stand for Schools
The Bridge Behavioral Health
The Foundry
The Nebraska Land Trust, Inc.
The White Cane Foundation / The Refinery
United Way of Lincoln and Lancaster County
Uplifting Paws
UNL Extension in Lancaster County

## Emerging Event Segments

As the supply of event facilities throughout the country advances, new event types are also beginning to emerge. In conjunction with advancements 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 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 new Lincoln 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.

# 6

# SUPPORTABLE PROGRAM

# 6 SUPPORTABLE PROGRAM

## Key Market Demand Conclusions

Overall, market analysis findings suggest that a sufficient level of unmet demand exists to support the development of a Lincoln Convention Center. Based on the feedback presented by each potential user group in the previous chapter, the following observations have been made. As described below, state/regional events will be a primary demand generator for the potential facility, but it will also need to aggressively market to a diverse array of event segments to build out its event calendar and maintain a balanced mix of event activity.

| Event Segment | Demand (0-10) | Key Observations |
|---|---|---|
| State/regional events | 9 | State/regional associations expressed significant interest in a larger convention-quality event space in Lincoln. A hall with at least 25,000-square feet, ample parking and supporting hotel room inventory would likely attract events away from competing facilities in Omaha and Kearney. Positive interest measured among regional events was similar to state demand, suggesting the opportunity for Lincoln to better penetrate the broader regional convention marketplace. Due Lincoln being the state capital, a large number of smaller government groups will also represent a source of "calendar filler" business |
| National events | 5 | Analysis of national event demand and national event activity at comparable facilities suggests modest opportunity to attract one to three national events per year. This segment could benefit as the national event marketplace may continue to increasingly prefer mid-sized and walkable urban destinations. The presence of the University of Nebraska could also likely attract a number of smaller, education-oriented national groups on an annual basis. |
| Corporate | 4 | The corporate event sector is not strong in the region, though Lincoln Convention Center could still likely attract a modest number of meetings from this segment. |
| Sports, SMERF, Local | 7 | Interviews with local stakeholders and sports tournament organizers suggest potential for occasional citywide volleyball and basketball tournaments via packaging of new Lincoln Convention Center with other sports facilities in town. Esports and other emerging event segments could become quarterly users in mid-term. The presence of the University of Nebraska could attract educational and fraternal groups. Local non-profits could fill empty days in ballroom and meeting spaces. |

## Supportable Building Program

The market supportable program for a new Lincoln Convention Center provides a convention product offering that would be optimized in terms of size and finish to address the majority of Lincoln's measured market demand, and to maximize economic impacts and incremental revenue. Based on the previous analyses undertaken, key aspects of a market supportable facility program for a Lincoln Convention Center are presented below.

### CONVENTION SPACE (50,000 to 59,000 sf of sellable event space, ~100,000-sf footprint)

**Exhibit Hall:**

- 25,000-30,000 SF
- Carpeted multipurpose hall
- Minimum ceiling height of 35 feet
- Column-free (or no less than 90-foot centers)
- Floor utility boxes on a 30' x 30' matrix
- Subdivisibility via 2 or 3 movable air walls (allowing for 3 to 4 separated event spaces)
- Covered loading docks & service via the rear length of the halls, public access via the front

**Ballroom:**

- 10,000-12,000 SF
- Carpeted, upscale
- Minimum ceiling height of 25 feet
- Subdividable via air walls
- Robust a/v, live production and broadcast capabilities

**Breakout Meeting Space:**

- 10,000-12,000 SF
- Carpeted, upscale
- Minimum ceiling height of 12 feet
- Subdividable, rooms with various capacities
- One or more hybrid presentation/engagement rooms

**Pre-Function Space:**

- ~5,000+ SF pre-function usable for events
- High, multi-level ceiling heights
- Natural light
- Public art and trend forward furnishings

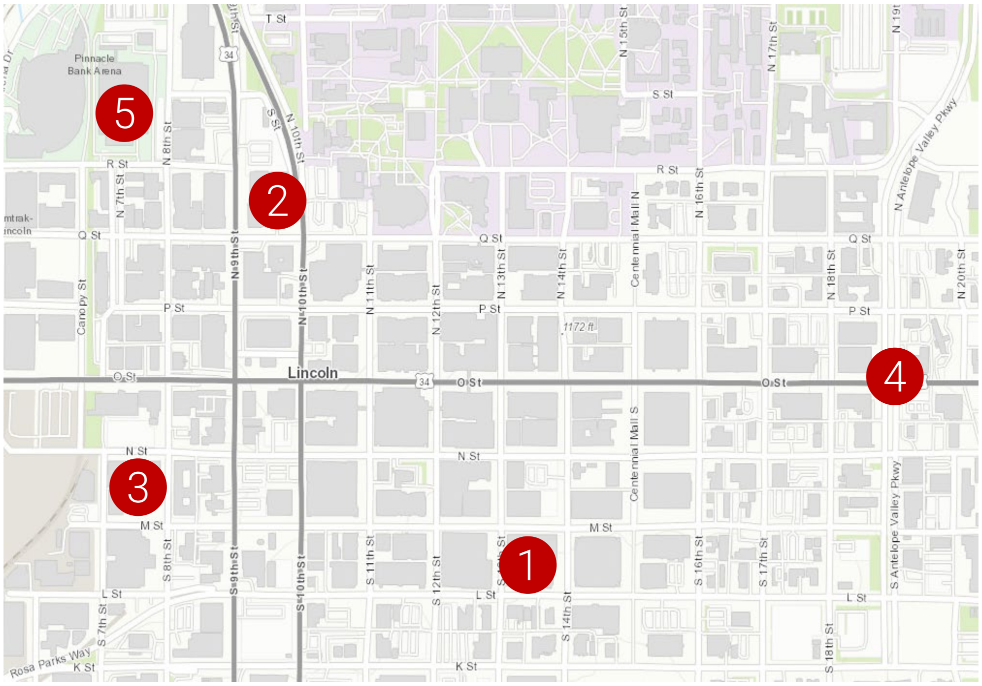
**Outdoor Event Space:**

- Prioritize patio and/or rooftop terrace product
- ~5,000 square feet of usable event space
- Tent put-ins and/or permanent kiosks
- Electrical and fiber internet access

# 7

# SITE EVALUATION

# 7 SITE EVALUATION



| Site ID | Site Name |
|---|---|
| 1 | Cornhusker |
| 2 | Journal Star |
| 3 | Midwest Steel |
| 4 | Telegraph District |
| 5 | USPS |

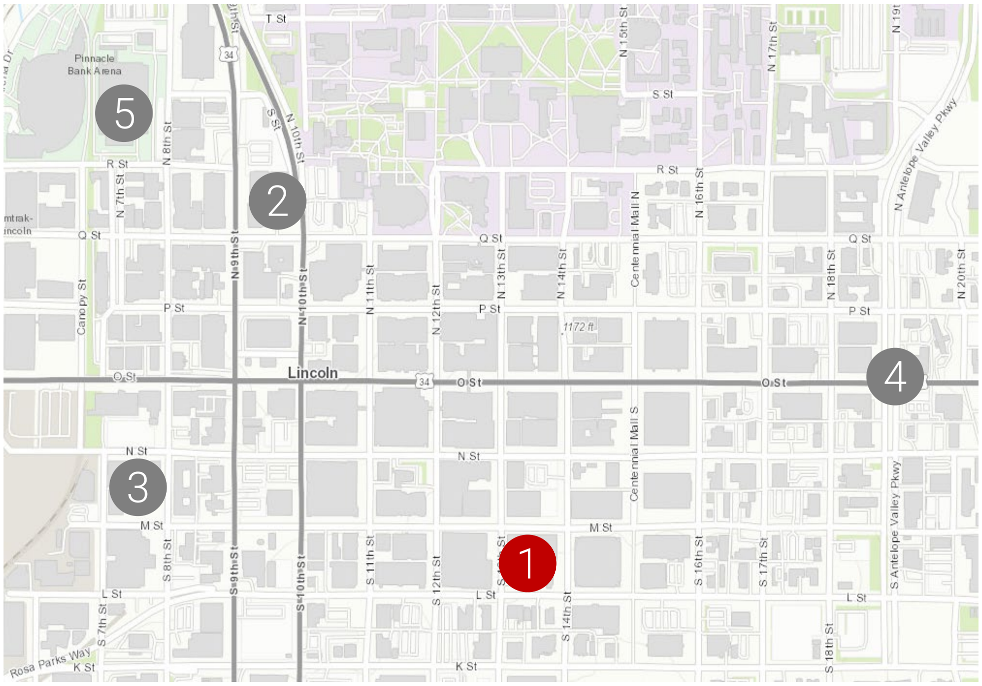
In today's convention industry, the ultimate location of a Lincoln Convention Center will be just as important as its square footage and building program. With the assistance of the Lincoln CVB and other project stakeholders, five potential sites have been identified throughout downtown Lincoln as potential locations for a new Lincoln Convention Center. As discussed previously, event planners increasingly prefer vibrant, walkable environments surrounding their host facilities. Therefore, this analysis focuses on the downtown area due to its abundance of hospitality assets and significant walkability.

The exhibit above shows the locations of the five sites considered. These were selected due to a variety of reasons, including but not limited to their ownership status, acreage, ingress/egress, and proximity to existing or planned development. The sites are listed and briefly described below in alphabetical order, followed by more detailed evaluations on the following pages:

1. **Cornhusker**: The Lincoln Cornhusker Marriott is located across from a privately owned block that could potentially be redeveloped. In this way, the new convention facility could serve as an extension of the Cornhusker.
2. **Journal Star**: The former Journal Star building site, along with the land area just north of the site, could potentially be redeveloped. Similar to site 2, this would be within close proximity of the Haymarket District.
3. **Steel Works:** The redevelopment site adjacent to Midwest Steel Works will be transformed into an urban park and residential area. A new Convention Center could potentially be built atop the Midwest Steel site if it is acquired.
4. **Telegraphic District:** Several sites near the intersection of 18th and O Street could be redeveloped to accommodate a new Convention Center, building on the development taking place in the Telegraph District area.
5. **USPS**: The Post Office site located next to Pinnacle Bank Arena may not be in the long-term plans for the USPS as a distribution site, and its location in the middle of Haymarket District provides intriguing potential as an event/entertainment hub.

The following pages provide high-level evaluations of the strengths and challenges of each site. This exercise serves as a preliminary assessment of the sites that should be helpful in prioritizing one or more that are deemed to be most viable in today's convention marketplace. More detailed analysis of the physical characteristics of each will need to be conducted prior to final site selection.

# 7 SITE EVALUATION



## 1

## Cornhusker

| | |
|---|---|
| Site Name: | Cornhusker |
| Acreage: | ~2.5 acres |
| Ownership: | Private |

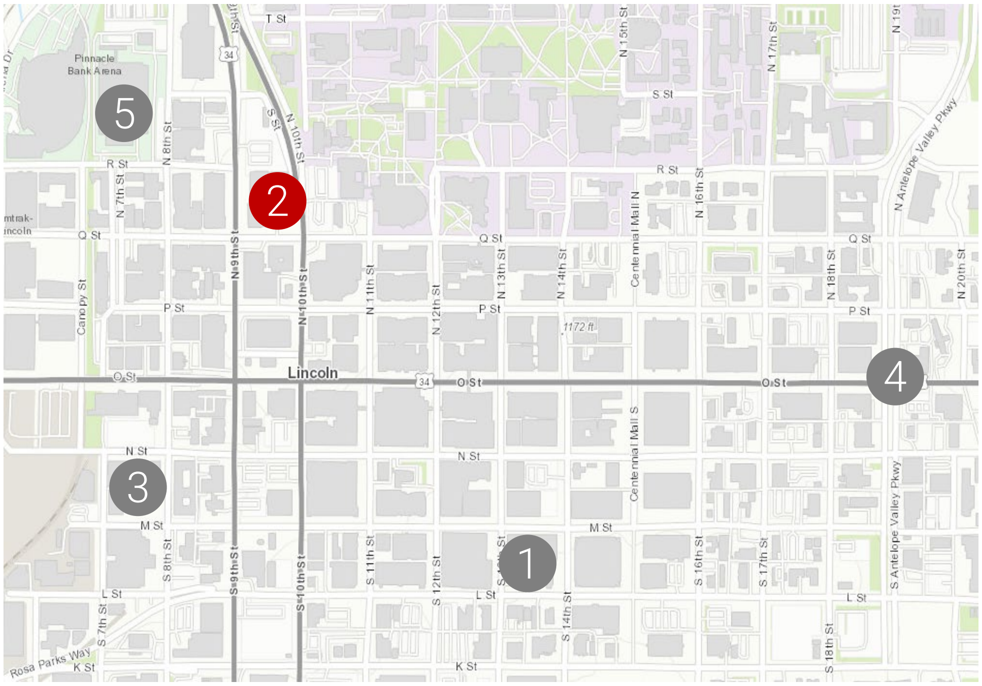
**Site Strengths**

- Existing headquarter hotel property
- Potential for full block to accommodate Convention Center
- New hotel could be developed as part of City's planned new parking structure across M Street from the site
- Walkable proximity to clusters of dining on P Street and other areas
- Private partner willing to work with public sector
- Walkable distance to/from the Haymarket District and State Capitol
- Could help accelerate investment/development in area

**Site Challenges**

- Underdeveloped hospitality environment in area surrounding site
- May be difficult to expand in future
- Longer walking distance to unique/authentic dining and drink in Haymarket District
- Cornhusker property requires renovation
- New hotel of approximately 250 rooms needed adjacent to the site

# 7 SITE EVALUATION



## 2

## Journal Star

| | |
|---|---|
| **Site Name:** | Journal Star |
| **Acreage:** | ~4.5 acres |
| **Ownership:** | Private |

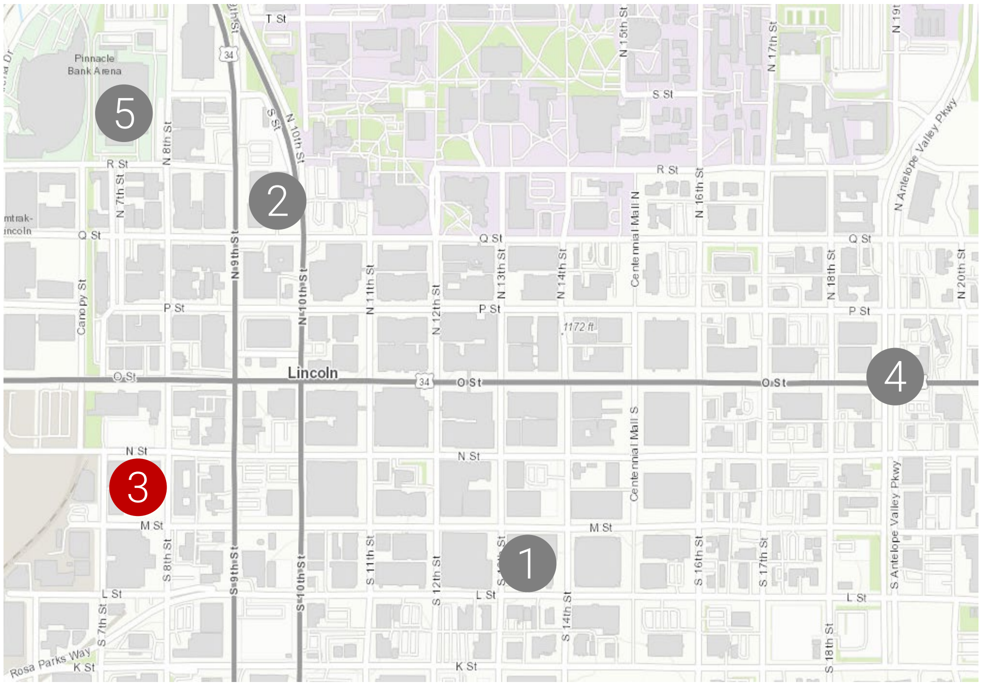
**Site Strengths**

- Very close proximity to amenities offered in Haymarket
- Very close proximity to full-service hotel property (Embassy Suites) and nearby select service properties
- Opportunity to create iconic entry into downtown along I-180 via marquee or public art associated with Convention Center

**Site Challenges**

- Congested traffic in the immediate area, significant traffic on 9th and 10th may impact walkability
- Awkward site configuration; Convention Center could be built atop site of existing Journal Star building, but would be constraining when considering full footprint needs
- No opportunity for future Convention Center expansion
- Lack of parking in area
- Requires development of a new headquarters hotel (approximately 300 rooms) to partner with existing area smaller properties

# 7 SITE EVALUATION



## 3

## Midwest Steel

| | |
|---|---|
| Site Name: | Midwest Steel |
| Acreage: | ~3.6 acres |
| Ownership: | Private |

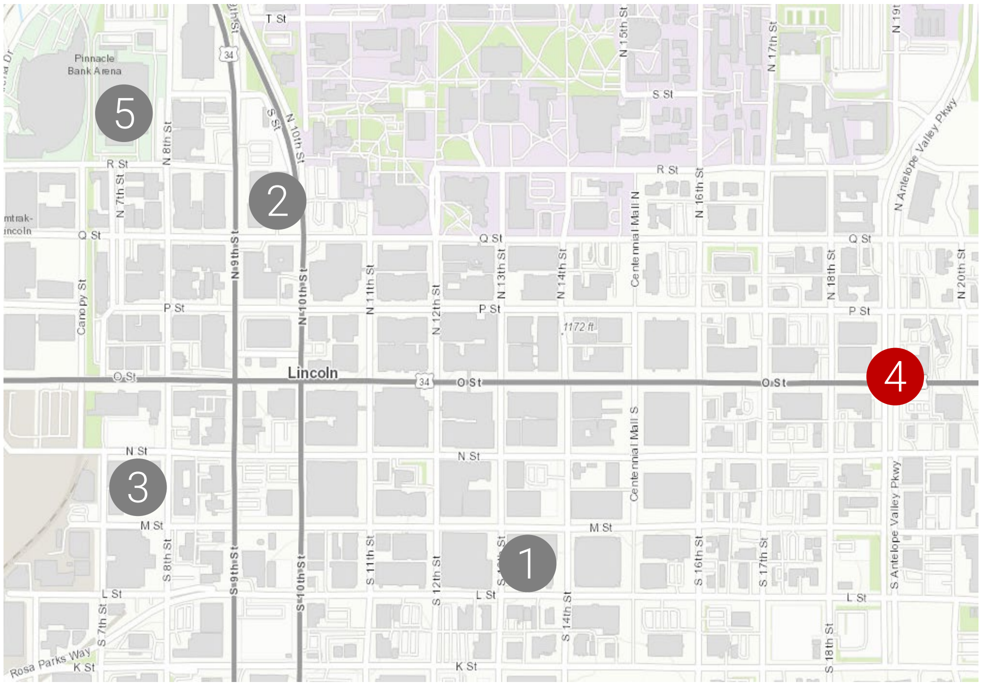
**Site Strengths**

- Walking distance to the amenities offered in Haymarket
- Would be part of a larger redevelopment plan that includes a large urban park
- Sufficient space for Convention Center footprint and potential expansion
- Access to significant restaurant/night life inventory

**Site Challenges**

- May require environmental remediation, adding to costs of construction
- M and N Street (the north/southbound borders) are under activated
- Somewhat removed from supporting hotel inventory
- Requires development of a new headquarters hotel (approximately 300 rooms) to partner with existing area smaller properties

# 7 SITE EVALUATION



## 4

## Telegraph District

**Site Name:** Telegraph District

**Acreage:** N/A

**Ownership:** Private

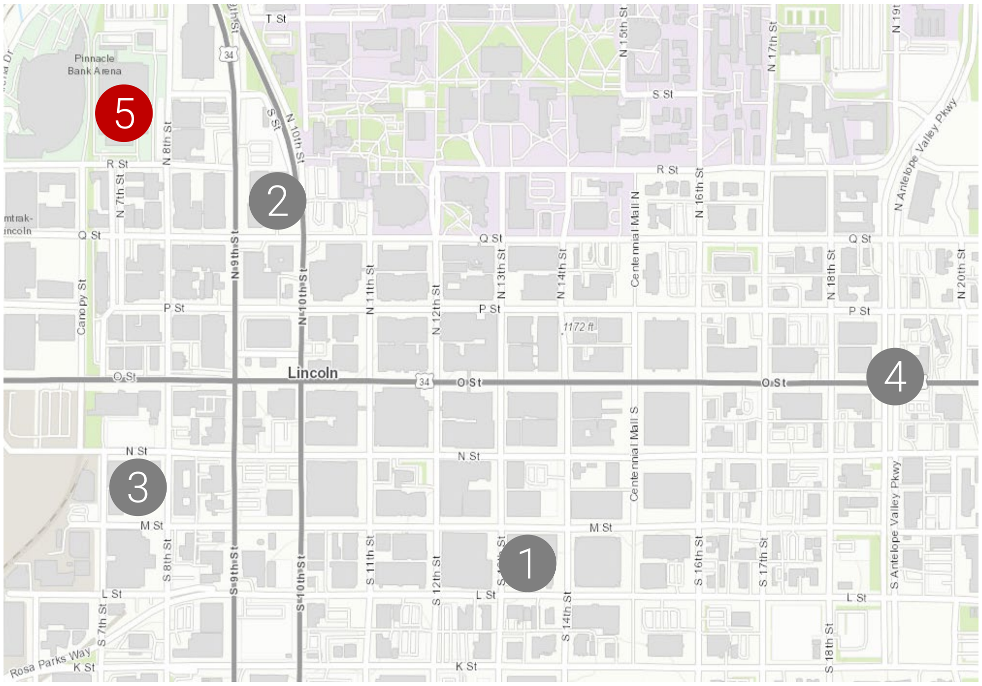
**Site Strengths**

- Multiple choices for sites in the surrounding area
- Could help accelerate investment/development in area

**Site Challenges**

- Removed from Lincoln’s most vibrant and walkable areas
- Very removed from supporting hotel inventory
- Lack of nearby parking
- Requires development of a new headquarters hotel (approximately 300 rooms) to partner with existing area smaller properties

# 7 SITE EVALUATION



## 5

## USPS

**Site Name:** USPS

**Acreage:** ~7.2 acres

**Ownership:** Federal

**Site Strengths**

- Very close proximity to amenities offered in Haymarket
- Potential for event synergies with the neighboring Pinnacle Bank Arena
- Large footprint offers development sites for Convention Center as well as new hotel and parking

**Site Challenges**

- Will require long-term negotiations with federal government, potential for a 10+ year effort to secure the site
- May be more costly relative to other sites due to demolition, purchasing and construction costs
- Requires development of a new headquarters hotel (approximately 300 rooms) to partner with existing area smaller properties

## 8

# EVENT/USE LEVELS ANALYSIS

# 8 EVENT/USE LEVELS ANALYSIS

## Event & Utilization Levels

A high-level, preliminary event and utilization forecast was developed for a potential new Lincoln Convention Center. Based on the market and program assumptions discussed herein, the exhibit below presents a summary of the estimated annual event levels, event days, and utilization days (move-in + event + move-out days) by event type for a new Convention Center in downtown Lincoln. Event days tend to be the one of the key metrics for economic impact analyses, as this measurement reflects the number of days that event attendees are drawn to the Convention Center (and number of days that non-local event attendees are in Lincoln as a part of their visit).

As shown, upon stabilization of operations (fourth full year), a new Lincoln Convention Center is estimated to attract 216 events annually, consisting of 300 event days and 381 utilization days, respectively.

Further detail regarding the attendance levels associated with this event activity is presented on the following page.

ANNUAL
EVENT DAYS:
300

| UTILIZATION ESTIMATES | Opening Year 1 | Year 2 | Year 3 | Stabilized Year Year 4 |
|---|---|---|---|---|
| NUMBER OF EVENTS | | | | |
| Conventions - National | 2 | 3 | 4 | 4 |
| Conventions - State/Regional | 18 | 21 | 24 | 27 |
| Public/Consumer Shows | 8 | 9 | 10 | 10 |
| Banquets | 35 | 40 | 40 | 40 |
| Meetings | 70 | 75 | 80 | 85 |
| Other/Miscellaneous Events | 35 | 40 | 45 | 50 |
| Total | 168 | 188 | 203 | 216 |
| EVENT DAYS | | | | |
| Conventions - National | 6 | 9 | 12 | 12 |
| Conventions - State/Regional | 45 | 53 | 60 | 68 |
| Public/Consumer Shows | 16 | 18 | 20 | 20 |
| Banquets | 35 | 40 | 40 | 40 |
| Meetings | 70 | 75 | 80 | 85 |
| Other/Miscellaneous Events | 53 | 60 | 68 | 75 |
| Total | 225 | 255 | 280 | 300 |
| UTILIZATION DAYS | | | | |
| Conventions - National | 8 | 12 | 16 | 16 |
| Conventions - State/Regional | 63 | 74 | 84 | 95 |
| Public/Consumer Shows | 20 | 23 | 25 | 25 |
| Banquets | 53 | 60 | 60 | 60 |
| Meetings | 70 | 75 | 80 | 85 |
| Other/Miscellaneous Events | 70 | 80 | 90 | 100 |
| Total | 284 | 323 | 355 | 381 |

## Attendance & Hotel Room Nights

The exhibit below presents a preliminary summary of the estimated attendee days by event type for a new Convention Center in Lincoln for the initial years of operation and during a stabilized year (assumed fourth full year).

A breakdown of assumed "non-local" attendee days (i.e., Convention Center attendees that do not reside in Lancaster County) and hotel room nights generated have also been projected. These figures can be important to demonstrate the "net new" visitors and economic impact of any convention facility project—particularly important when public sector funding is accessed for development and/or ongoing operations.

ANNUAL ATTENDEE DAYS:
112,600

Most of the attendees are assumed to be "local" (i.e., reside in the Lancaster County area). While some of the "non-local" attendee base would represent "daytrip" attendees (i.e., drive in and out of Lincoln the same day), much of the "non-local" attendee base will require overnight lodging, generating new hotel room nights in Lincoln.

As shown, upon stabilization, a new Convention Center in downtown Lincoln is estimated to attract approximately 112,600 attendee days per annum, while annually generating 25,800 new hotel room nights in Lincoln.

| ATTENDANCE ESTIMATES | Opening Year 1 | Year 2 | Year 3 | Stabilized Year 4 |
|---|---|---|---|---|
| ATTENDANCE PER EVENT | | | | |
| Conventions - National | 1,000 | 1,000 | 1,000 | 1,000 |
| Conventions - State/Regional | 500 | 500 | 500 | 500 |
| Public/Consumer Shows | 1,600 | 1,600 | 1,600 | 1,600 |
| Banquets | 150 | 150 | 150 | 150 |
| Meetings | 75 | 75 | 75 | 75 |
| Other/Miscellaneous Events | 300 | 300 | 300 | 300 |
| Total | 358 | 368 | 380 | 376 |
| ATTENDEE DAYS | | | | |
| Conventions - National | 6,000 | 9,000 | 12,000 | 12,000 |
| Conventions - State/Regional | 22,500 | 26,250 | 30,000 | 33,750 |
| Public/Consumer Shows | 25,600 | 28,800 | 32,000 | 32,000 |
| Banquets | 5,250 | 6,000 | 6,000 | 6,000 |
| Meetings | 5,250 | 5,625 | 6,000 | 6,375 |
| Other/Miscellaneous Events | 15,750 | 18,000 | 20,250 | 22,500 |
| Total | 80,350 | 93,675 | 106,250 | 112,625 |
| ATTENDEE DAYS (NON-LOCAL) | | | | |
| Conventions - National | 4,200 | 6,300 | 8,400 | 8,400 |
| Conventions - State/Regional | 12,375 | 14,438 | 16,500 | 18,563 |
| Public/Consumer Shows | 1,280 | 1,440 | 1,600 | 1,600 |
| Banquets | 263 | 300 | 300 | 300 |
| Meetings | 525 | 563 | 600 | 638 |
| Other/Miscellaneous Events | 1,575 | 1,800 | 2,025 | 2,250 |
| Total | 20,218 | 24,840 | 29,425 | 31,750 |
| HOTEL ROOM NIGHTS | | | | |
| Conventions - National | 3,500 | 5,250 | 7,000 | 7,000 |
| Conventions - State/Regional | 10,313 | 12,031 | 13,750 | 15,469 |
| Public/Consumer Shows | 853 | 960 | 1,067 | 1,067 |
| Banquets | 219 | 250 | 250 | 250 |
| Meetings | 438 | 469 | 500 | 531 |
| Other/Miscellaneous Events | 1,050 | 1,200 | 1,350 | 1,500 |
| Total | 16,372 | 20,160 | 23,917 | 25,817 |