RIVERLINE DISTRICT

CONVENTION CENTER REVIEW AND MARKET ANALYSIS

July, 2024

JOHNSON CONSULTING

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1. Introduction

Transmittal Letter

Re: Convention Center Review and Market Analysis

Dear Mayor TenHaken,

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this report to you regarding the Convention Center Review and Market Analysis of a convention center in the Riverline District. Pursuant to our engagement, this report fulfills the scope of work outlined in the project proposal submitted by Johnson Consulting to the City of Sioux Falls (the Client) on February 21st, 2024.

Johnson Consulting has no responsibility to update this report for events, plan modifications, and circumstances occurring after the date of this report. As the ongoing impacts of the global COVID-19 pandemic impact is still uncertain, our report outlines our assumptions based on experience from previous economic disruptions, but the actual impact will not be known for the foreseeable future. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

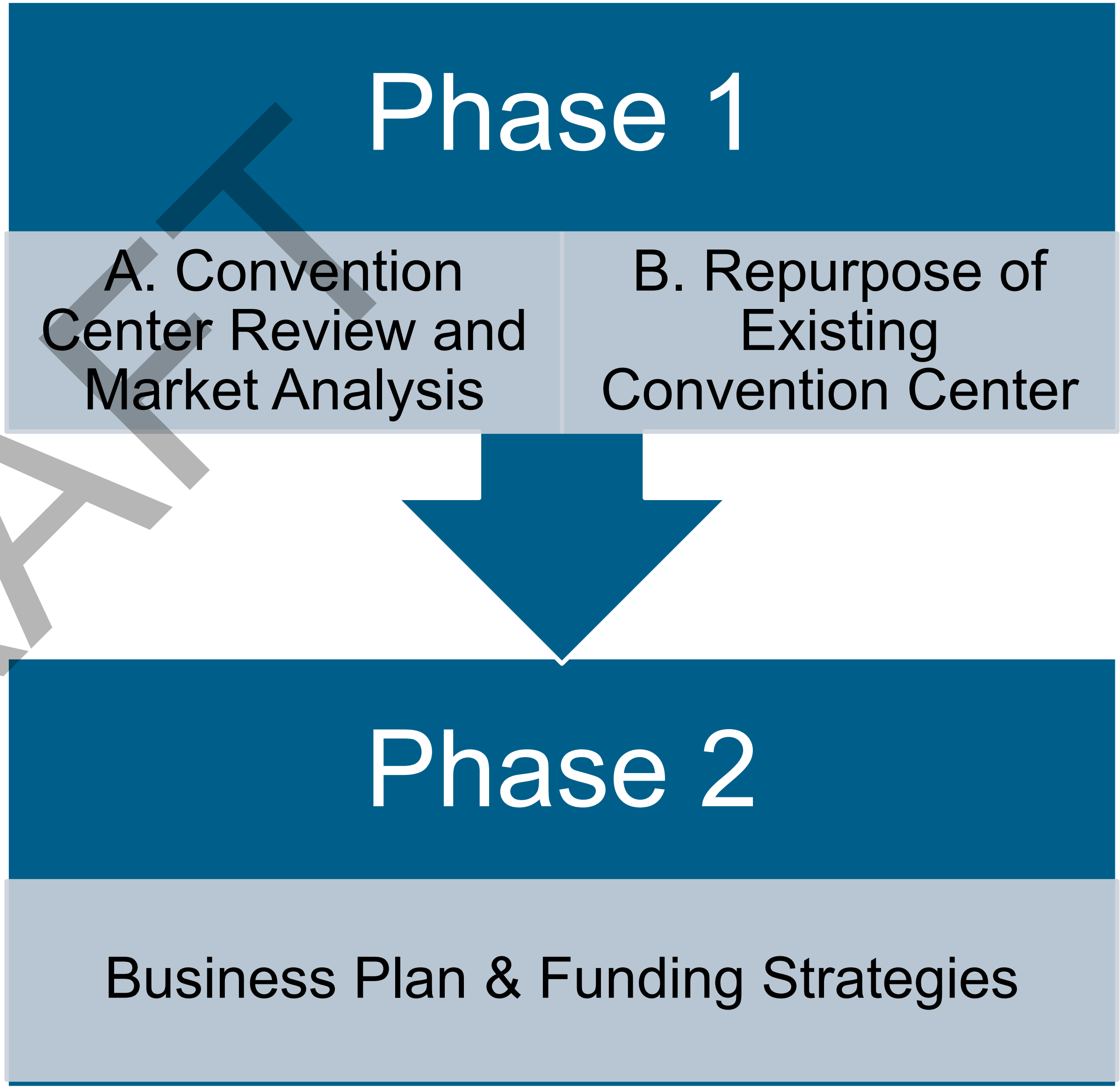
DRAFT

C.H. Johnson Consulting, Inc.

Study Introduction & Methodology

In 2023, Johnson Consulting was retained by the Sioux Falls Development Foundation to perform a Highest & Best Use Analysis and Economic Impact Study for the Riverline District adjacent to Downtown Sioux Falls. The finding of that report was that two products represented “highest and best use” for the District, based on criteria developed by the project’s steering committee: a new baseball stadium and a new convention center. Based on the latter product’s estimated economic impact, in tandem with its potential to catalyze development in the southeast quadrant of Sioux Falls’ downtown, the convention center opportunity was selected for further study.

This report represents Phase 1A of that additional study, the scope of which is illustrated in the diagram on the right. The intent is to assess the market feasibility of a convention center at the Riverline District and, if there is market supportability, put together an initial demand strategy for the facility. This has occurred concurrently with an analysis by Williams Architects of ways to repurpose the existing convention center. If the City decides to advance the project further, Phase 2 would include the development of detailed demand and financial projections, a funding strategy, an assessment of the hotel implications of the venue, and recommendations for integrating it with the existing Sioux Falls Convention Center.

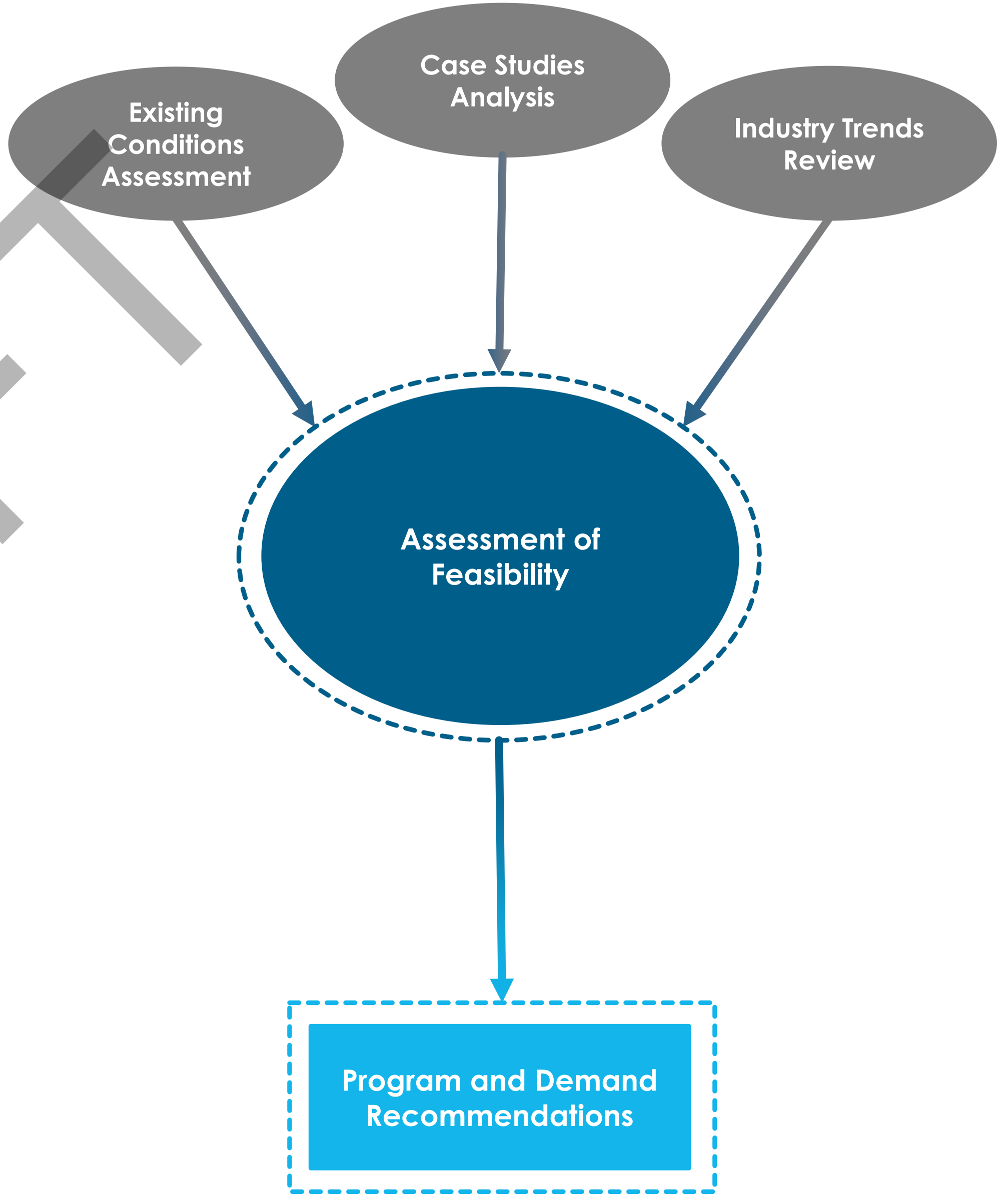


Study Introduction & Methodology

The proposal document submitted to the City of Sioux Falls by Johnson Consulting outlines a detailed list of services for the study. Broadly, the objective of this study is to answer the following questions:

- How is the existing Sioux Falls Convention Center operating today, and what are the implications regarding opportunity for a new facility?
- What can a review of industry trends and case studies tell us about Sioux Falls' opportunity for a downtown convention center?
- What is a market-supportable program for a new convention center in the Riverline District?
- What would a preliminary demand strategy for that facility look like?

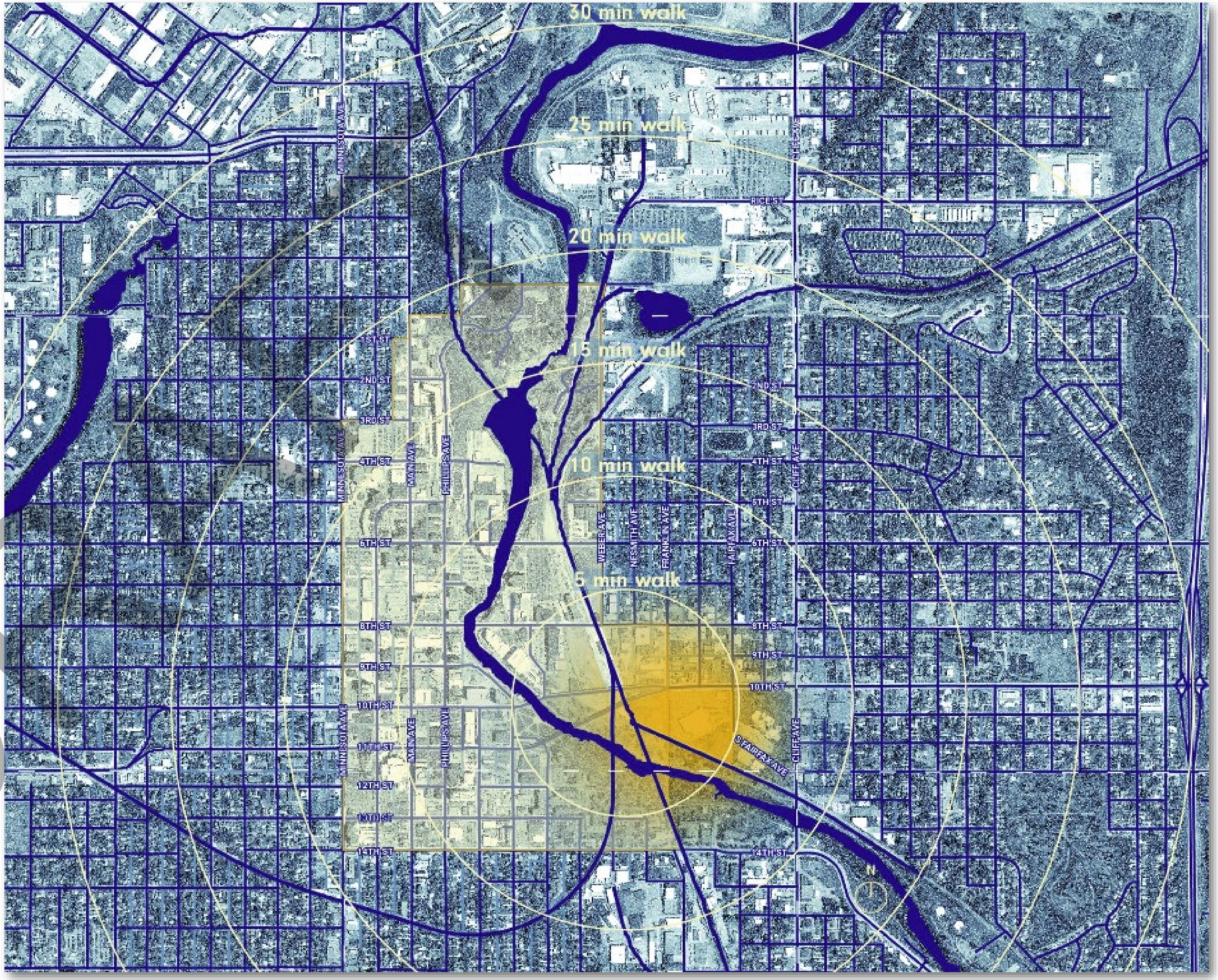
In order to answer the questions above, Johnson Consulting developed and executed a comprehensive methodology for the study, which is illustrated by the figure on the right. The observations, analysis, and conclusions of the study will be presented throughout the remaining sections of this report.



Project Overview

Sioux Falls is located in southeast South Dakota, near the Minnesota and Iowa borders. Originally chartered in 1856, the City has grown to a population of over 200,000 residents and is the largest city in South Dakota. Among other things, Sioux Falls is known for Falls Park, its dynamic financial services industry, and its vibrant downtown. The City serves as a regional hub of economic and cultural activity.

As Sioux Falls' downtown has developed, it has expanded to the east, crossing the Big Sioux River. However, development activity has essentially paused at the railroad tracks on the east side of downtown. The Riverline District sits at the southeast edge of downtown, and is currently occupied by several structures, including a McDonald's, a South Dakota Department of Social Services Facility, and a vacant building. The ambition of the City of Sioux Falls is to drive more development activity to the Riverline District and surrounding area, thus expanding Sioux Falls' downtown as a whole.



Rendering of the Riverline District relative to downtown developed by the Friends of the Riverline

Executive Summary

TO BE DEVELOPED PENDING INITIAL CLIENT REVIEW

2. Existing Conditions

Overview

Opened in 1996, the Sioux Falls Convention Center is a 125,000 square foot facility located on the Events Center Campus and connected to the Sanford PREMIER Center and Sioux Falls Arena. The SFCC features 60,510 square feet of total function space, in addition to pre-function and circulation space, a catering kitchen, four loading docks, and 3,400 available parking spaces (shared between the facilities at the Events Center). The facility is also connected to a 243-room Sheraton hotel.

The largest space within the SFCC is the combined exhibit halls & grand ballroom, offering 50,400 square feet of flat-floor contiguous space. This space can be subdivided into up to four smaller spaces: Two exhibit halls, each of which is 16,800 square feet, and a 16,800 square foot grand ballroom which can itself be subdivided into two smaller ballrooms. Additionally, the SFCC has 13 meeting rooms totaling 10,110 square feet of meeting space. Note that events at the SFCC sometimes use the arena floors in the Sioux Falls Arena and Denny Sanford PREMIER Center as additional exhibit space, adding roughly 60,000 square feet of usable space.

Sioux Falls Convention Center
Summary of Function Space Size and Capacities

	Size (SF)		Capacity (# of persons)						
	Smallest (Individual)	Largest (Combined)	Banquet	Theater	Reception	Classroom	U-Shape	Hollow Square	Booths (10 x 10)
Event Spaces									
Exhibit Hall 1	16,800	-	990	1,200	1,500	840	-	-	94
Exhibit Hall 2	16,800	-	990	1,200	1,500	840	-	-	96
Grand Ballroom	16,800	-	990	1,200	1,500	840	-	-	93
Ballroom A	9,600	-	450	704	800	456	-	-	-
Ballroom B	7,200	-	360	618	700	380	-	-	-
Exhibit Halls & Grand Ballroom (Combined)	-	50,400	3,190	3,600	4,500	2,520	-	-	283
Total Exhibit Hall SF		**50,400**							
Meeting Rooms		-	40	60	50	40	30	36	-
Meeting Room 1	752	-	40	60	50	40	30	36	-
Meeting Room 2	752	-	40	72	75	55	30	36	-
Meeting Room 3	928	-	40	72	75	55	30	36	-
Meeting Room 5	434	-	20	30	25	12	-	-	-
Meeting Room 6	752	-	40	60	50	40	30	36	-
Meeting Room 7	752	-	40	60	50	40	30	36	-
Meeting Room 8	690	-	40	60	50	40	30	36	-
Meeting Room 9	720	-	40	60	50	40	30	36	-
Meeting Room 10	690	-	40	60	50	40	30	36	-
Meeting Room 11	600	-	30	30	40	20	-	-	-
Meeting Room 12	920	-	50	70	80	48	30	36	-
Meeting Room 13	920	-	50	70	80	48	30	36	-
Meeting Room 14	1200	-	60	98	100	72	34	44	-
Meeting Rooms 1 & 2	-	1,504	80	115	100	80	-	-	-
Meeting Rooms 6 & 7	-	1,504	80	115	100	80	-	-	-
Meeting Rooms 8-10	-	2,100	120	200	200	136	-	-	-
Meeting Rooms 11-12	-	1,520	80	100	120	68	-	-	-
Meeting Rooms 11-13	-	2,440	130	170	200	116	-	-	-
Meeting Rooms 11-14	-	3,640	190	268	300	188	-	-	-
Meeting Rooms 12-13	-	1,840	120	150	160	88	-	-	-
Meeting Rooms 12-14	-	3,040	150	290	280	200	-	-	-
Meeting Rooms 13-14	-	2,120	120	180	200	128	-	-	-
Total Meeting Room SF		**10,110**							
Total Function Space SF		**60,510**							

Note that events at the SFCC sometimes use the arena floors in the Sioux Falls Arena and Denny Sanford Premier Center as additional exhibit space, adding roughly 60,000 square feet of usable space.

Source: Sioux Falls Convention Center, Johnson Consulting, Johnson Consulting

Sioux Falls Convention Center

Rental Rates

The table on the right summarizes rental rates at the SFCC. As can be seen, the facility has a fairly simple rental rate structure. For its large event spaces, it charges a "Peak" rate and a "Non-Peak" rate, and offers a discount for booking combined spaces. "Non-Peak" rates are charged during July, August, November, and December – the facilities least busy months. For its smaller meeting rooms, it offers a flat rate that scales fairly linearly by the number of rooms booked, offering a small discount for booking a combined space. This structure is advantageous because it is easy to understand for customers and thus easily communicated by the facility's sales team.

Sioux Falls Convention Center
Summary of 2024 Rental Rates and Fees

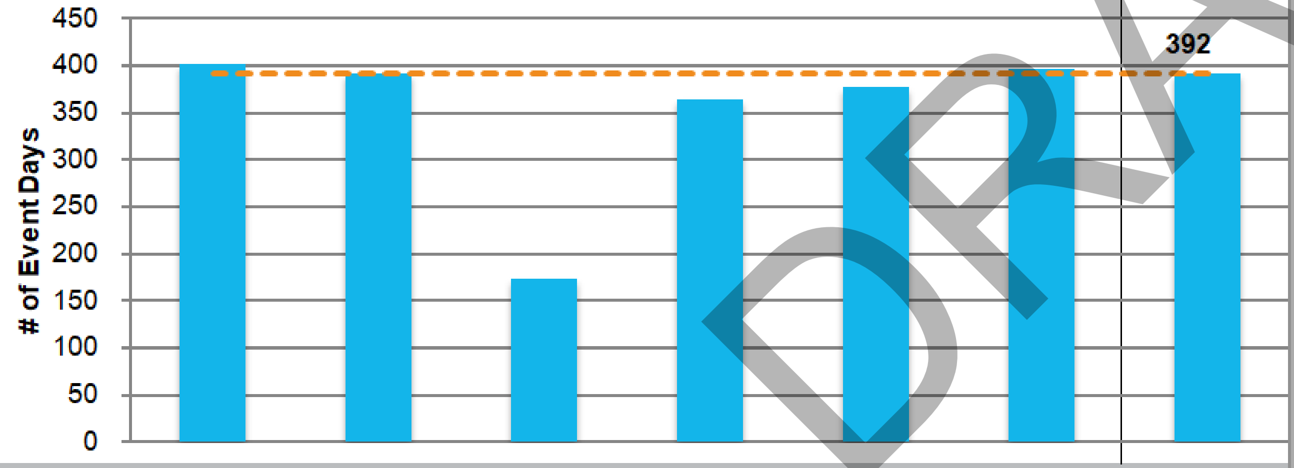
Space	Daily Rate	
	Peak	Non-Peak
Exhibit Halls & Grand Ballroom (Combined)	**$5,780**	**$4,850**
Exhibit Hall 1	$1,820	$1,460
Exhibit Hall 2	$1,820	$1,460
Grand Ballroom	$2,430	$2,180
Ballroom A	$1,820	$1,460
Ballroom B	$1,820	$1,460
1 Meeting Room	$360	$360
2 Meeting Rooms (Combined)	$730	$730
3 Meeting Rooms (Combined)	$1,090	$1,090
4 Meeting Rooms (Combined)	$1,460	$1,460
Sioux Falls Arena (Bowl Floor)	$2,980	$2,980

Source: Sioux Falls Convention Center, Johnson Consulting

Event Demand

The SFCC hosted 276 events totaling 397 event days in 2023 (note that events and event days were not tracked separately prior to 2023). This latter figure was its highest total since 2018, indicating that event demand has essentially rebounded to pre-pandemic levels. Overall, excluding 2020 and 2021, the SFCC averaged 392 event days per year over the past six years. In 2023 (the first year such data were tracked), meetings made up the plurality of event days at the SFCC, followed by conferences, parking lot training events, and trade shows.

Sioux Falls Convention Center
Historical Event Days

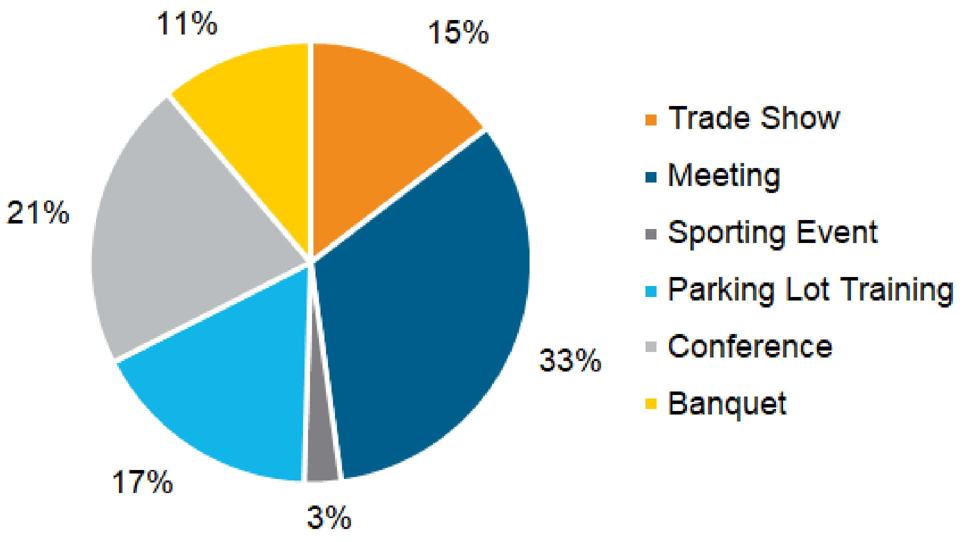


Year:	2018	2019	2020	2021	2022	2023	Avg*
Event Days:	402	392	174	364	377	397	392

** Excluding 2020 and 2021 due to demand being severely impacted by the COVID-19 pandemic*

Source: Sioux Falls Convention Center, Johnson Consulting

Sioux Falls Convention Center
2023 Event Days by Event Type

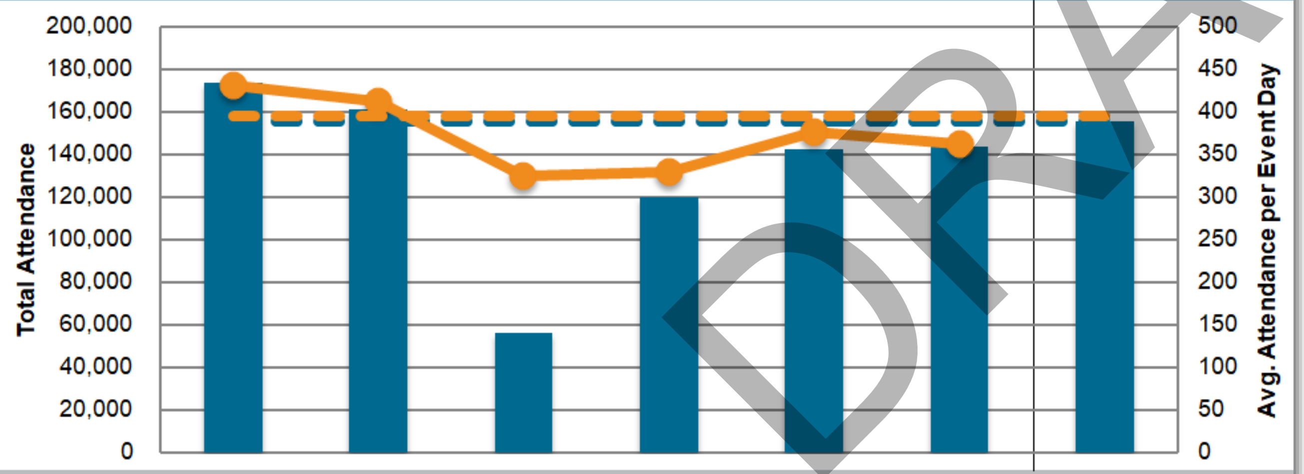


Source: Sioux Falls Convention Center, Johnson Consulting

Attendance

From 2018-2023, excluding 2020 and 2021, the SFCC averaged 155,081 attendees per year and 395 attendees per event day. As with event days, attendance took a significant hit due to the pandemic but, in contrast, has not yet recovered to pre-pandemic levels, though it is trending upwards. As the chart on the bottom right shows, trade shows are far and away the SFCC's most critical demand layer from an attendance perspective. Despite only accounting for 15 percent of event days in 2023, they brought in nearly half of the facility's attendees.

Sioux Falls Convention Center
Historical Attendance

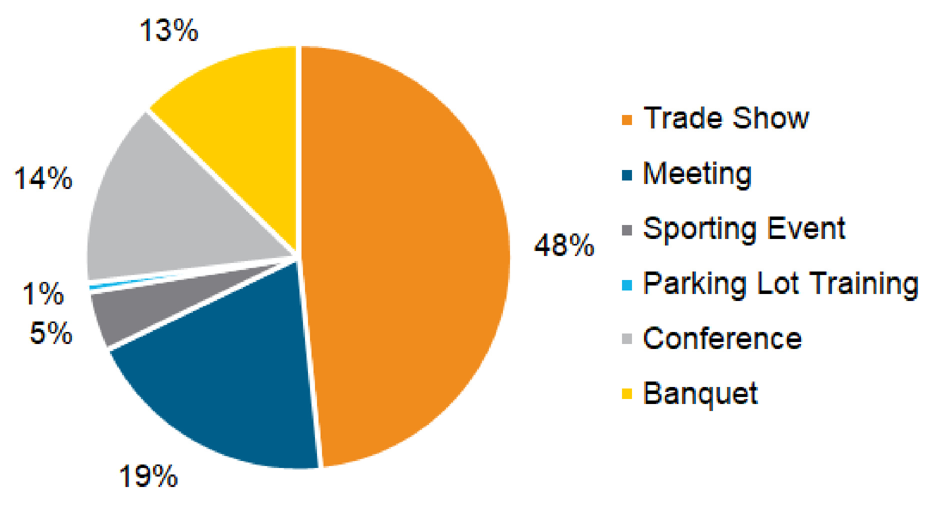


	2018	2019	2020	2021	2022	2023	Avg*
Total Attendance	173,271	161,199	56,340	120,039	142,029	143,823	155,081
Avg. Per Event Day	431	411	324	330	377	362	395

** Excluding 2020 and 2021 due to demand being severely impacted by the COVID-19 pandemic*

Source: Sioux Falls Convention Center, Johnson Consulting

Sioux Falls Convention Center
2023 Attendance by Event Type



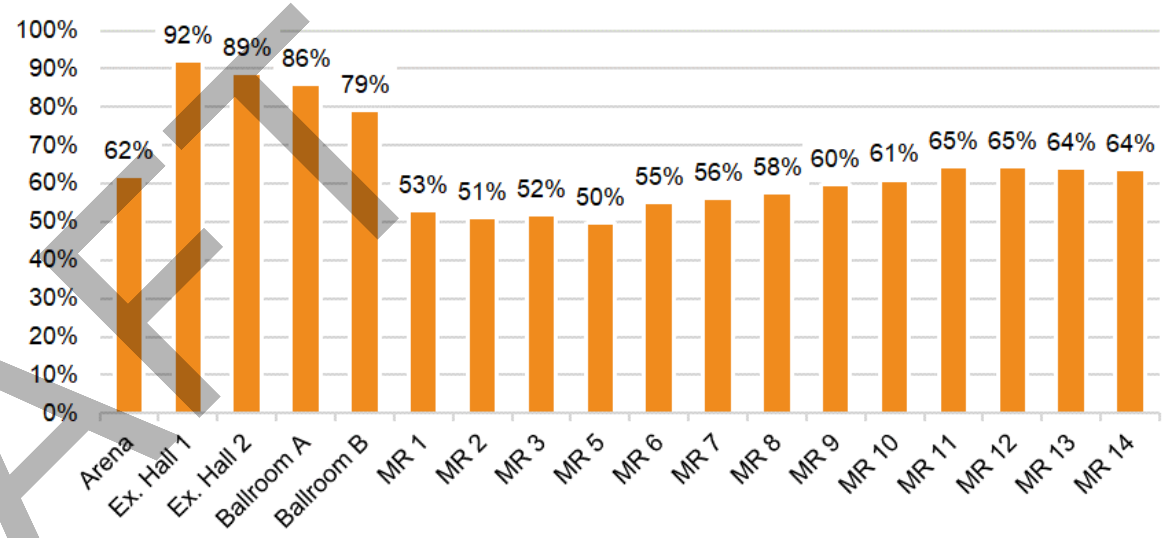
Source: Sioux Falls Convention Center, Johnson Consulting

Space Utilization

The chart on the right shows the utilization rate by space at the SFCC in 2023. Note that, to allow time for changeover, maintenance, and holidays, maximum possible utilization is assumed to be 70%, or 256 days per year.

As can be seen, there is a sharp contrast between the utilization of SFCC's largest spaces (its exhibit halls and ballrooms) and its smaller spaces (its meeting rooms). While the former had utilization rates between 79 and 92 percent, with Exhibit Hall 1 having the highest utilization, the meeting rooms ranged from 50 percent to 65 percent utilization. Notably, even the Sioux Falls Arena, which is not a traditional event space, had a 62 percent utilization rate. This suggests that the majority of the SFCC's demand is for its largest spaces, and that the Sioux Falls market is in need of more such spaces.

Sioux Falls Convention Center
2023 Utilization Rate* by Space



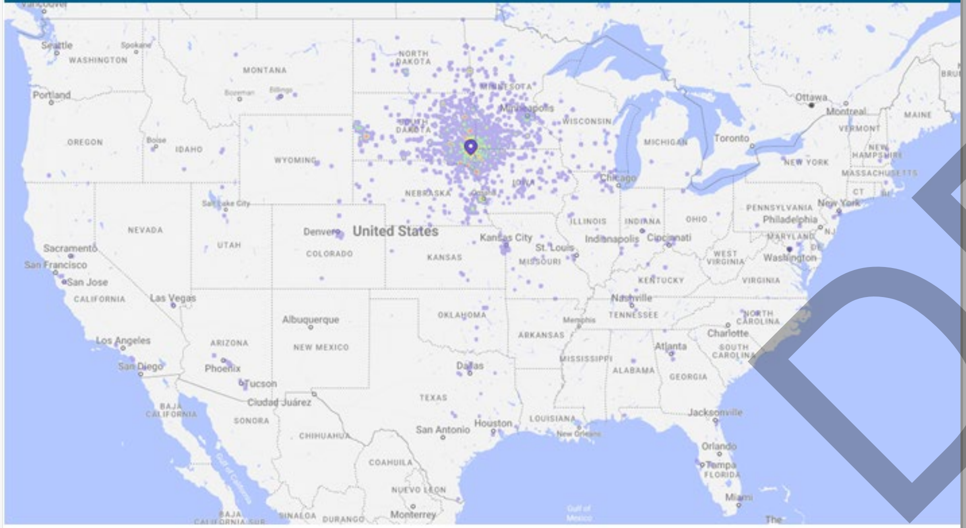
**To allow time for changeover, maintenance, and holidays, maximum possible utilization is assumed to be 70%, or 256 days per year*

Source: Sioux Falls Convention Center, Johnson Consulting

Visitation Profile

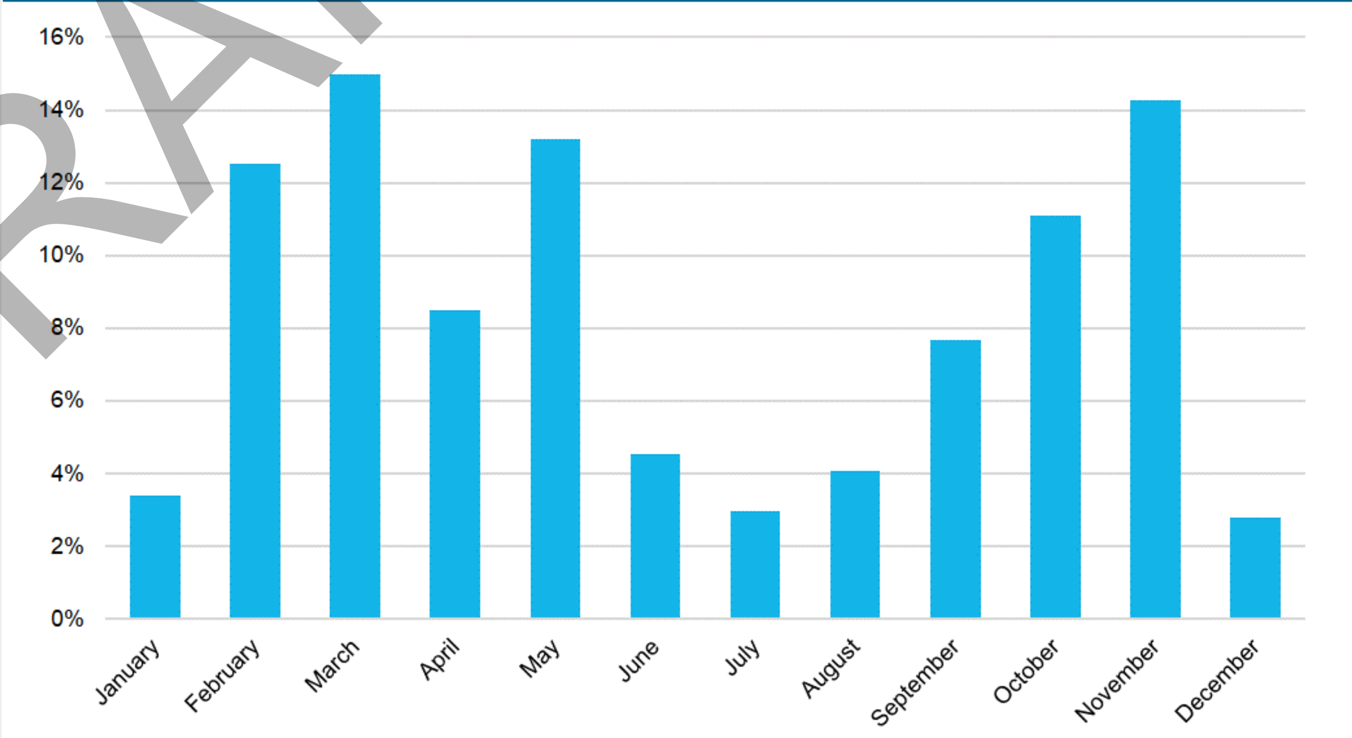
As the map on the bottom left shows, the SFCC draws primarily from regional markets such as Minneapolis/St. Paul, Omaha, Sioux City, and Des Moines, but does not significantly penetrate markets beyond the Upper Midwest and Great Plains. The chart on the bottom right shows a breakdown of visits to the SFCC by month and indicates that the spring and autumn are the facility's busiest seasons, with lulls in mid-winter and mid-summer.

Sioux Falls Convention Center
Visitor Origin Heatmap - 2023



Source: Placer.ai, Johnson Consulting

Sioux Falls Convention Center
Percentage of Total Visits by Month - 2023



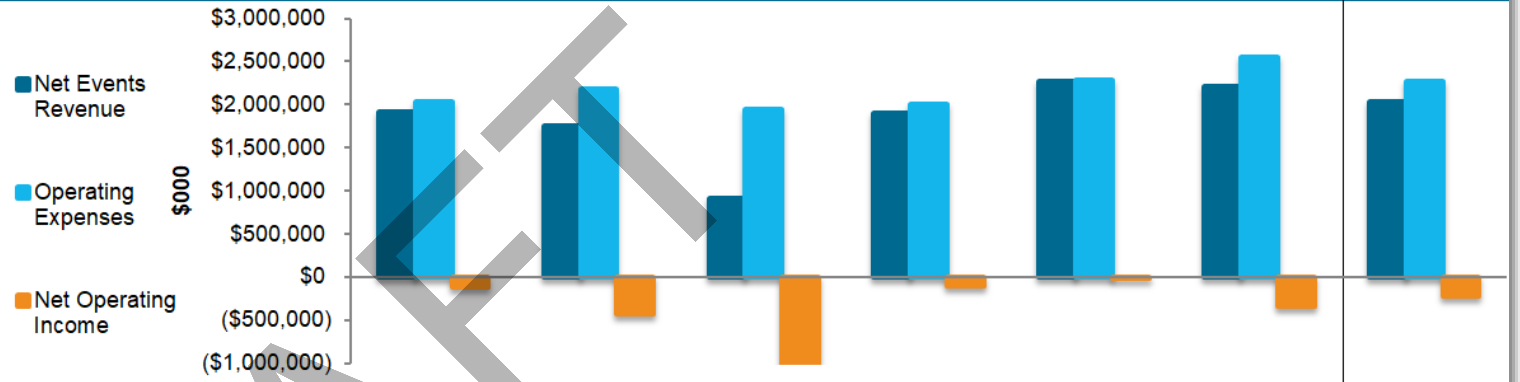
Source: Placer.ai, Johnson Consulting

Financial Performance

The chart on the right presents the revenue, expenses, and net operating income (NOI) of the SFCC from 2018 through 2023. In 2023, the facility reported $2.2 million of revenue, exceeding pre-pandemic levels but down from the $2.3 million reported in 2022. However, it also reported $2.6 million of operating expenses which was the highest figure in the last six years, resulting in a lost of $332,523.

It is not uncommon for publicly-owned convention centers to operate at a loss; losses are typically mitigated by the economic and fiscal impact generated by the events hosted at the facility. With this in mind, the SFCC's financial performance is reasonably healthy and appears to be trending in a positive direction coming out of the COVID-19 pandemic.

Sioux Falls Convention Center
Statement of Profit and Loss ($000)



	2018	2019	2020	2021	2022	2023	Average*
Events Revenue							
Gross Events Revenue	$2,622,651	$2,498,081	$1,184,767	$2,264,536	$2,702,542	$2,684,928	$2,627,051
Cost of Events	$701,546	$743,745	$269,122	$360,865	$430,547	$465,716	$585,389
Net Events Revenue	**$1,921,105**	**$1,754,336**	**$915,645**	**$1,903,671**	**$2,271,995**	**$2,219,212**	**$2,041,662**
Expense							
Operating Expenses	**$2,041,421**	**$2,180,058**	**$1,953,785**	**$2,000,901**	**$2,288,141**	**$2,551,735**	**$2,265,339**
Net Operating Income	**($120,316)**	**($425,722)**	**($1,038,140)**	**($97,230)**	**($16,146)**	**($332,523)**	**($223,677)**

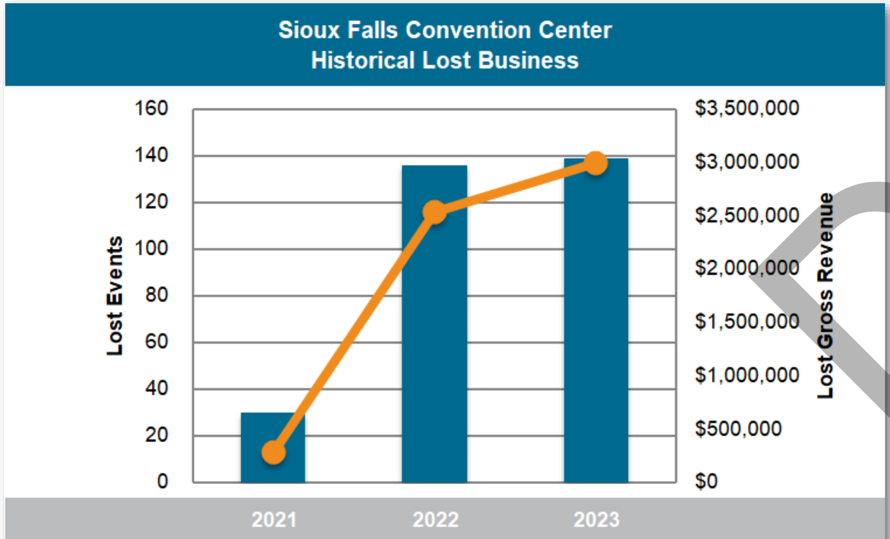
** Excluding 2020 and 2021 due to demand being severely impacted by the COVID-19 pandemic*

Source: Sioux Falls Convention Center, Johnson Consulting

Lost Business

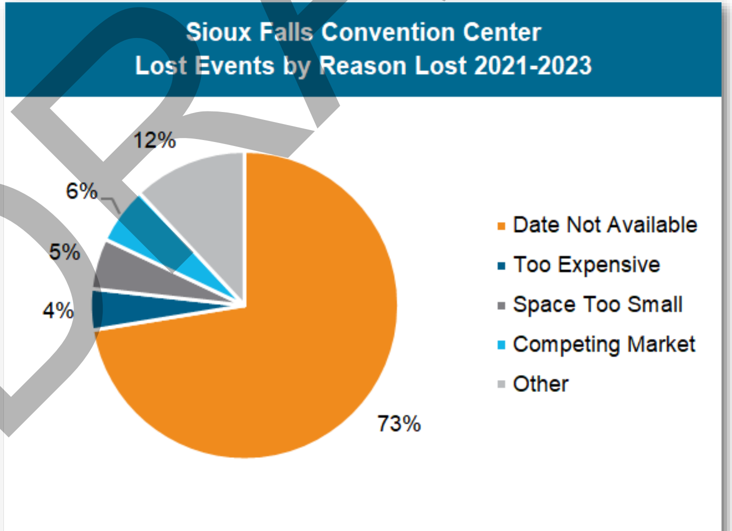
Understanding lost events at the SFCC is crucial as it speaks to the market potential that is not currently being captured. In 2023, the SFCC reported 139 lost events, totaling to just under $3 million of lost revenue. This was in line with 2022, though up significantly from 2021, when the COVID-19 pandemic likely impacted the amount of business that was available in the first place. Had the SFCC not “lost” that revenue in 2022 and 2023, it likely would have reported a positive NOI, in contrast with the operating losses observed in both of those years.

Of the lost events from 2021 through 2023, 73 percent came because the date requested by the customer was not available, indicating that the SFCC is extremely busy and essentially full. This corroborates the space utilization analysis presented earlier in this section. Notably, while only 5 percent of the lost events were due to the space being too small, this reason accounted for 13 percent of the lost gross revenue. This suggests that these events are larger and higher-impact on a per-event basis in terms of revenue, and should be a target for a new, larger convention center.

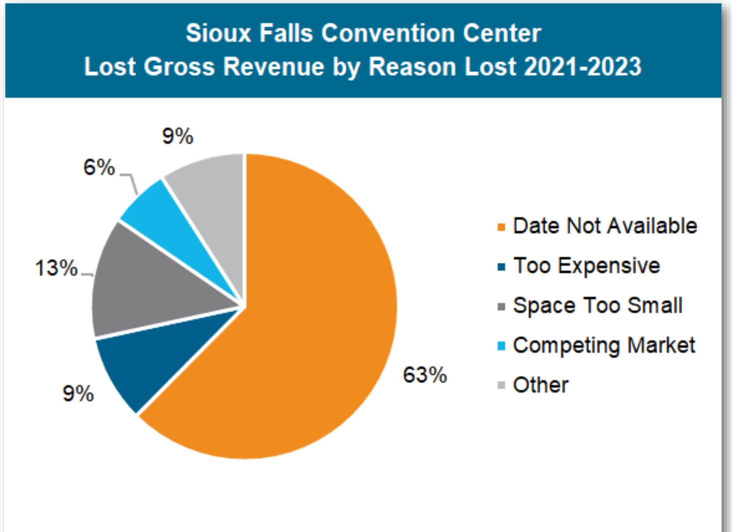


	2021	2022	2023
Events	30	136	139
Gross Revenue	$285,700	$2,535,520	$2,993,280

Source: Sioux Falls Convention Center, Johnson Consulting



Source: Sioux Falls Convention Center, Johnson Consulting



Source: Sioux Falls Convention Center, Johnson Consulting

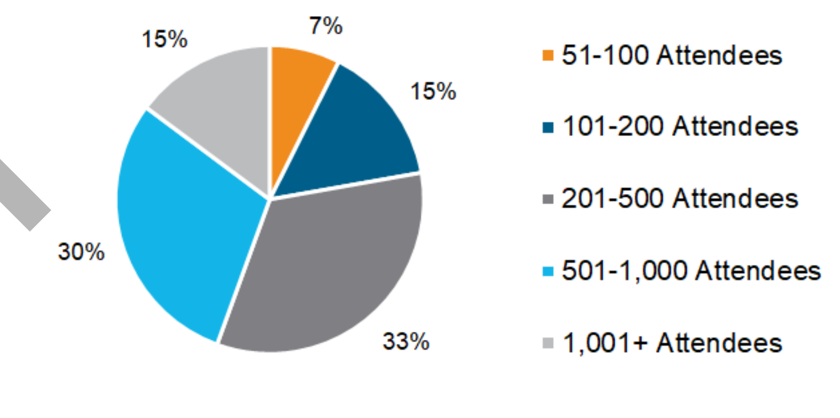
Survey Results

Respondent Makeup

In order to better assess the needs of the SFCC's current and potential users, Johnson Consulting surveyed representatives of events hosted at the venue as well as of events which the venue lost. This survey was conducted online and garnered 54 total responses out of 193 invitations, a response rate of 27.9 percent.

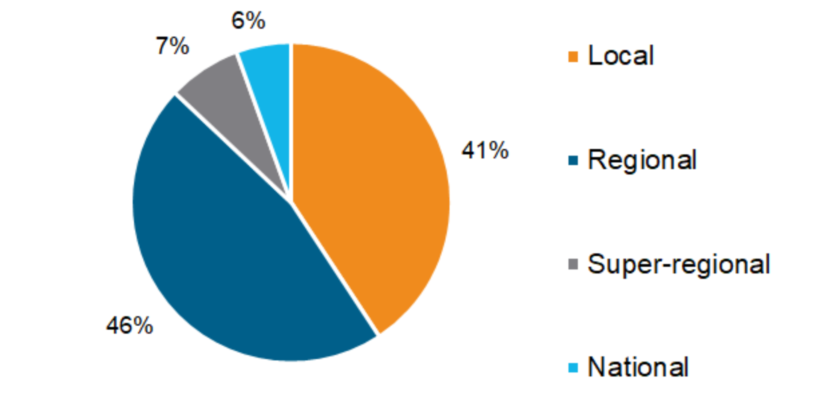
As the charts on the right show, the majority of respondents represent mid-sized events, with 63 percent representing events with between 201 and 1,000 attendees. Similarly, the vast majority of respondents represent events with local (defined as Sioux Falls and surrounding communities) or regional (defined as South Dakota/ Nebraska/ Iowa/ Minnesota) draw areas. This makeup of respondents is consistent with the SFCC's event mix and draw area, and thus is representative of the facility's market.

Sioux Falls Convention Center Users & Lost Business Survey Responses by Average Event Size



Source: Johnson Consulting

Sioux Falls Convention Center Users & Lost Business Survey Responses by Typical Event Draw Area



Source: Johnson Consulting

Survey Results

Facility Quality Relative to Other Facilities

The chart on page 20 details the survey respondents' rating of various characteristics of the SFCC relative to other venues. Both types of respondents – those who have hosted events at the SFCC and those who represent lost events – see the facility's size as its strongest quality, likely due to the lack of other, comparably large event centers in the region. Hotel rooms, both attached and nearby, are viewed as a considerably weaker component of the SFCC's offerings, in terms of access, quality, and cost. Proximity to tourism, leisure, entertainment, or recreational opportunities is seen as the facility's weakest quality relative to comparable venues by both the SFCC's users and representatives of lost events.

The chart on page 21 details the overall ratings of the SFCC relative to other venues by representatives of various event types hosted at the SFCC. As can be seen, the SFCC appears to be better suited for sporting events and banquets, which received average scores of 4.5 and 4.2 out of 5, respectively, than for meetings and conferences, which received average scores of just 3.5 and 3.67 out of 5. These results help inform a demand strategy for the existing SFCC if a new convention center were to be built in the Riverline District.

Survey Results

Facility Quality Relative to Other Facilities

Source: Johnson Consulting

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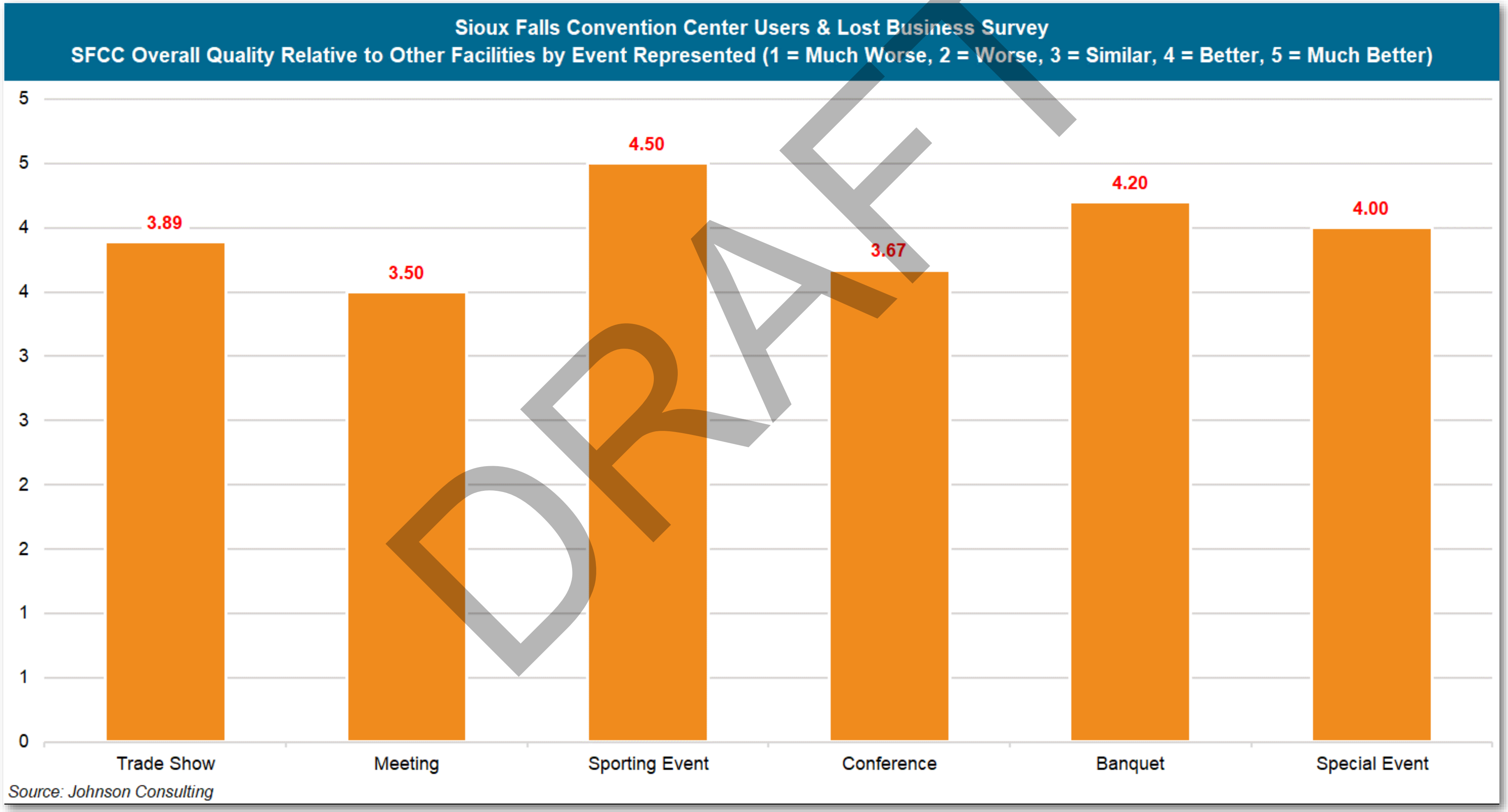
Survey Results

Facility Quality Relative to Other Facilities



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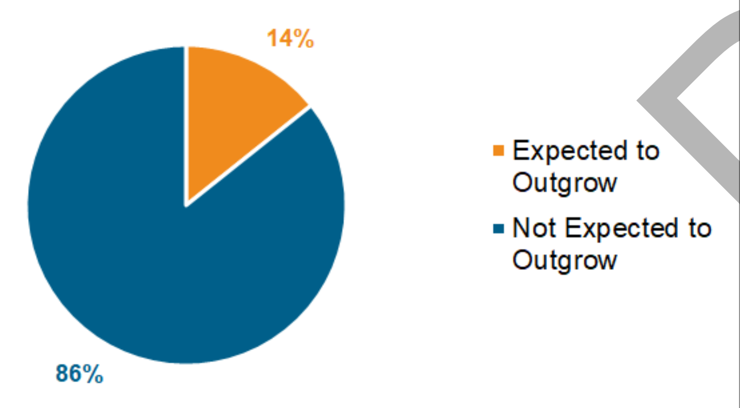
Survey Results

Event Growth Trends

The chart on page 23 shows the growth of the SFCC's current users' events over the past five years. As can be seen, despite the COVID-19 pandemic's impact on the events industry, no survey respondent indicated that their events have shrunk in size. Rather, 51 percent of respondents indicated that their events have grown by some amount (in terms of attendees) over the past five years, with 20 percent of those events growing by 25 percent or more over that period.

This trend appears likely to continue over the next five years. As the chart on page 24 shows, 48 percent of respondents expect their events to grow by some amount (in terms of attendees) over the next five years. As a result of this, survey results indicate that 14 percent of the SFCC's existing events are expected to outgrow the venue over the next five years. When looking specifically at events more than 500 attendees, that figure jumps to 30 percent. As might be expected, these events are exclusively 501 or more attendees, meaning they have the largest impact on the SFCC's bottom line. Given the lack of a larger event space within the Sioux Falls market, these events would be forced to go elsewhere, depriving the local hospitality industry of their economic impact.

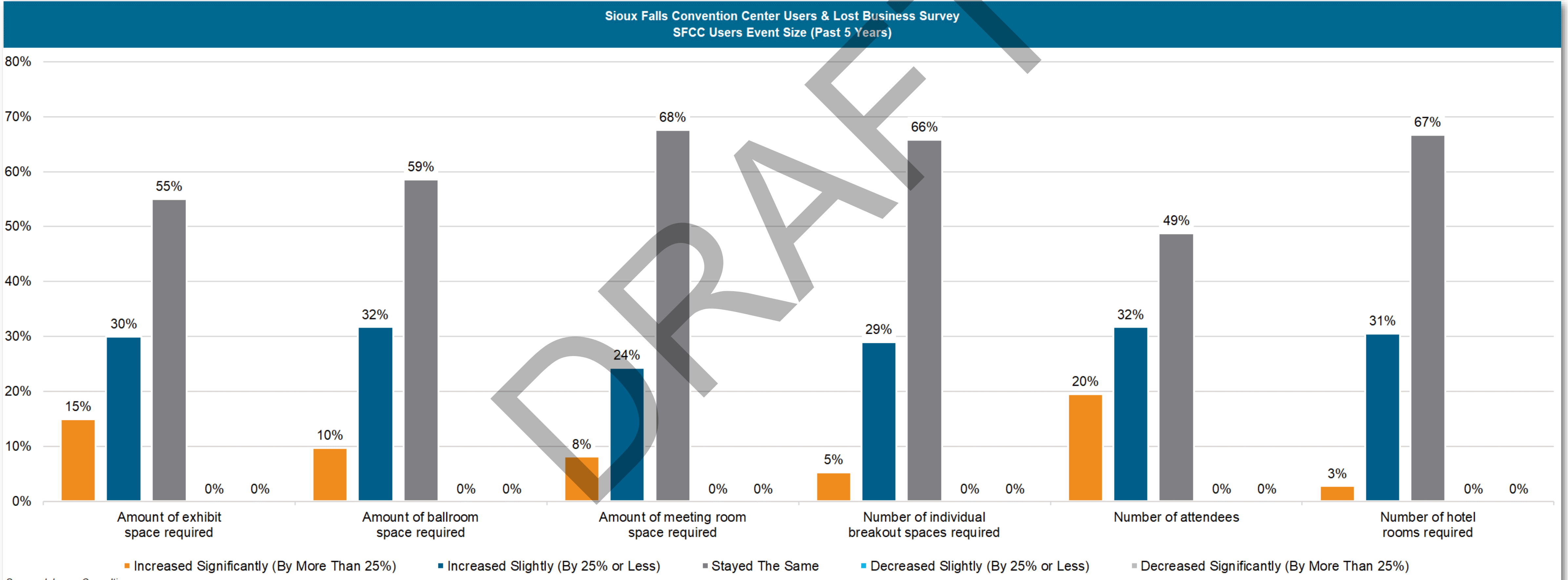
Sioux Falls Convention Center Users & Lost Business Survey
Events Expected to Outgrow the SFCC in the Next 5 Years



Source: Johnson Consulting

Survey Results

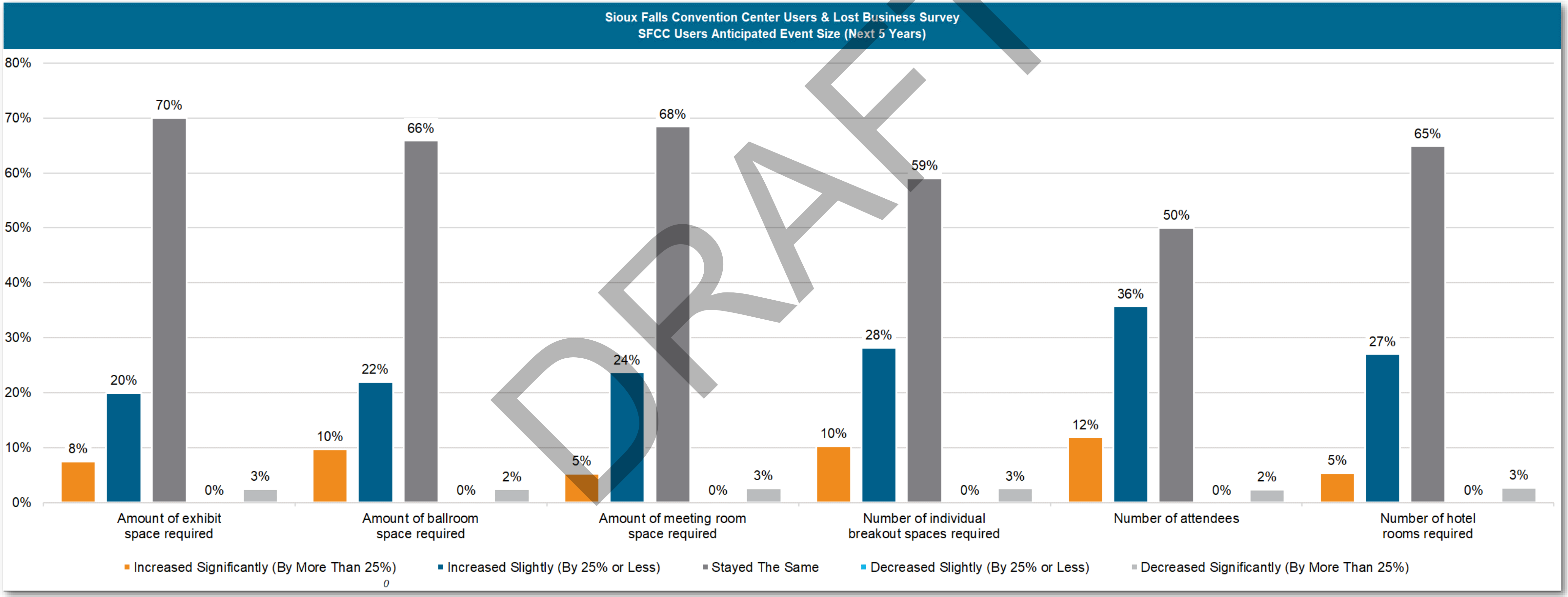
Event Growth Trends



Source: Johnson Consulting

Survey Results

Event Growth Trends



Sioux Falls Convention Center

Observations

As is the case with many convention centers throughout the United States, the SFCC has essentially recovered from dip caused by the COVID-19 pandemic. Though attendance remained slightly below pre-pandemic levels in 2023, event demand and revenue had recovered to exceed 2019. The facility's strongest event category in 2023 was trade shows, which accounted for nearly half of attendees. This is consistent with its visitation profile which tends to be highly regional – trade shows and other events at the SFCC draw well from Sioux Falls, Sioux City, Minneapolis/St. Paul, Des Moines, and Omaha, but the venue fails to penetrate the market for super-regional or national events.

Despite the strong event demand observed at the SFCC in recent years, the venue also had a large number of lost events. The vast majority of these were due to a lack of availability, indicating that the SFCC is essentially full. However, 13 percent of lost revenues from 2021 through 2023 were due to the SFCC's space being too small indicating that, in addition to demand outpacing supply in terms of date availability, facility size is beginning to become an issue.

This is corroborated by the results of a survey of representatives of the SFCC's existing events. Over half indicated that their events have grown over the past five years, while just under half indicate that their events will continue to grow over the next five years. At the same time, no respondents indicated that their events have shrunk over the past five years, while only a handful expect their events to shrink over the next five years. The result is that 14 percent of respondents expect their events to outgrow the SFCC over the next five years, with that rate growing to 30 percent for larger events.

However, the survey also indicated that facility size is not a significant weakness for the SFCC as it stands today – in fact, for most users, it appears to be a strength. Rather, the facility's most significant weakness in the eyes of event planners is its proximity, or lack thereof, to tourism, leisure, entertainment, or recreational opportunities. Additionally, respondents were less satisfied with the hotel rooms currently serving the SFCC. However, these challenges are not uniform across event types, with representatives of sporting events and banquets giving the venue higher scores than representatives of meetings and conferences, which could help inform a programming strategy should a new convention center be built on the Riverline Site.

Sioux Falls Convention Center

Observations

Generally, respondents gave the SFCC fairly high marks across the board, supporting the Consulting Team’s view that the venue is run extremely well and is in a fairly strong position overall. However, the lack of available dates, proximate amenities, and an exhibit hall able to accommodate growing events are challenges which hold the SFCC back from optimally serving the City of Sioux Falls’ hospitality industry.

3. Industry Trends

Overview

This section provides insight into the convention, exhibition, and meetings industry, including an industry overview along with research and trends, such as historical statistics, the current state of the industry, and future market trends. This section focuses on the impact of broader economic conditions, as well as the overall health of these industries.

The convention, exhibition, and meetings industry, like any, is subject to the expansion and contraction of the national and global economies. While the industry suffered during the most recent economic recession at the end of the last decade it has since rebounded to pre-recession levels and in many respects, has served as a catalyst for economic recovery and growth.

Indeed, the convention, meetings and exhibition industry plays a critical role in providing stability and propelling economies forward even as business and economic cycles fluctuate. The industry is a driver of global innovation with an enormous economic impact and convention centers will continue to serve as venues for the exchange of knowledge, culture, and capital – a defining component of economic innovation.

Fire Department Instructors Conference 2023, held in Indianapolis, IN

Accordingly, convention centers and other types of meeting and event venues should be viewed as strategic investments in the future of our communities. The purpose of this section is to elaborate on the many dimensions of the convention, exhibition, and meetings industry and to establish a standardized terminology that will be used throughout the rest of this report. The following subsections will outline the various types of facilities, types of events, and event sponsors that are present within the industry.

Types of Facilities

Each event type has unique facility needs. Certain events require large amounts of contiguous space, while others require many smaller meeting rooms. Often a single meeting will use many different types of spaces, such as large exhibit halls, banquet facilities, breakout meeting rooms, and theater seating. The diverse nature of this industry and the characteristics of various event types necessitate a variety of facility types. The main types of public assembly facilities are summarized as follows:

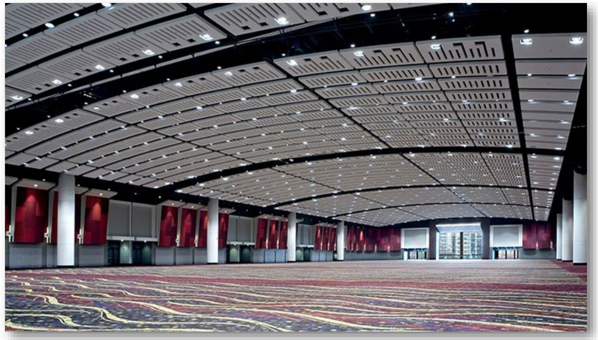
Hotel and Meeting Room Facilities: Many markets have developed a multipurpose or small convention or conference center complex within or adjacent to a hotel, as a means of improving the lure of the hotel and subsidizing its operations. These facilities, which have been undertaken in markets of varying sizes, are frequently developed through public-private partnerships whereby the public sector may assemble land, build parking, and fund meeting space components as a way to execute a project. Often the various project elements are developed as a joint project, in terms of timing, but in some markets, the public elements have been built first with the hotel coming later.

Conference Centers: Conference centers provide a specialized combination of meeting spaces, high-tech amenities, and services in support of training and education initiatives. Most conference centers are operated in conjunction with a hotel, although some are part of a university and a small number operate as stand-alone venues.

Convention Centers: On a larger scale, convention centers combine the meeting capabilities of a conference center with exhibit space. These facilities are designed to meet the broad needs of the Meetings, Incentive, Convention, and Exhibition (M.I.C.E.) industry and primarily serve as economic development enterprises for the community. Their mission is to bring outside visitors and associated spending into the community, although they may also host large locally oriented consumer events.

Eaglewood Resort and Spa in Itasca, IL

Kauffman Foundation Conference Center in Kansas City, MO



McCormick Place in Chicago, IL

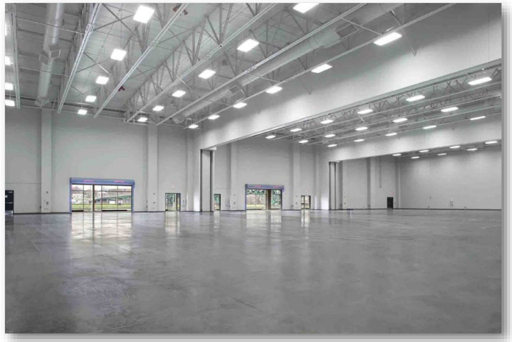
Types of Facilities

Exposition Halls: These facilities focus exclusively on product and consumer shows that require little meeting space. Pure exposition halls generally exist in markets that have other convention and/or meeting venues available or in situations where the private sector has responded to a lack of supply by developing an inexpensive facility. Fairgrounds also offer facilities that are exposition-oriented.

Trademarts: Trademarts or merchandise marts typically combine an exhibit facility, permanent display space that is occupied by businesses under long-term lease agreements, and specialized office space. These facilities provide space for the wholesale distribution of products in specific industries, including furniture, clothing, sporting goods, and computers. These facilities occur in large cities that serve as regional wholesale and marketing centers.

Fairgrounds: Fairgrounds combine a number of assembly and exposition elements on a large campus. Facilities may include one or more exhibition halls, along with arena and meeting hall functions, although little meeting space is usually offered on the property. Typically located away from downtown areas, fairgrounds provide acres of parking for large events.

Events Centers: Events centers, or arenas, are used as multi-purpose facilities to host a wide range of events, from small to mid-size conventions, and trade shows, to sporting events, concerts, and banquets. These facilities typically host many more locally oriented events than dedicated exhibit and ballroom space within convention centers. Events centers also incorporate breakout and meeting rooms, and often have a full commercial kitchen to cater banquet events.



Bridge View Center in Ottumwa, IA

The Merchandise Mart in Chicago

Custer County MT Fairgrounds

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Types of Events

Conventions or Congresses: These are privately held meetings of professional groups and associations that commonly take place in hotels, convention centers, or civic centers. These meetings attract association members and/or affiliates wishing to meet similar professionals and share ideas.

A convention can consist of a single meeting or a number of concurrent meetings during the event period, and are increasingly featuring exhibits to communicate ideas. These types of conventions are known as "conventions with exhibits."

Conventions are generally "high-impact" events since attendees normally stay several nights in the host city, generating hotel room nights. In addition to hotel expenditures, attendees purchase other goods and services while in the city such as food and beverage, souvenirs, and transportation that not only contribute to local business but also increase local and state tax revenues.

Temporary Expositions and Tradeshows: These events are designed to bring buyers and sellers of industry-specific products together. Trade shows usually cater to a specific industry, however, multi-industry "trade fairs" also occur. Most trade show events are not open to the public.

Like conventions, trade shows offer a forum for exchanging industry ideas. They differ from conventions, however, because they are more product and sales-oriented. Tradeshows are exhibit-intensive, and exhibitors prefer column-free, single-story, open-space facilities in which they construct temporary custom booths for product display. Tradeshows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees.

The event programs run for a period of three to six days, with equal or slightly less time allocated to setting up and tearing down the event booths. Therefore, individual attendees may have less impact on the host city's economy than a convention attendee.

MWC Barcelona, 2019

Types of Events

Assemblies: These are largely association, fraternal, or religious events that require a large plenary hall, arena, or stadium. Similar to conventions, they are characterized by large numbers of attendees originating from outside the host city.

Conferences: These are smaller convention-type events and are typically held in meeting rooms and ballrooms or in formal conference centers. Like conventions and congresses, they are often sponsored by associations and corporations, and address current issues and information. Attendees and users typically demand high-quality facilities and most originate from out of town.

Incentive Meetings: The corporate market uses incentive meetings as a way to reward employees, combine recreation and business meetings, or to mix employees and clients in a business and recreational setting. Product launches, key account conferences, and award events are all-important aspects of this type of event.

Consumer Shows: These are public, ticketed events featuring exhibitions of merchandise, such as clothing, food, and antiques. These events are typically held in public assembly facilities such as hotels, convention centers, and exposition centers. They normally attract large numbers of attendees, and depending upon the size, location, and type of merchandise being displayed, these shows normally attract primarily local residents.

Entertainment Events: Including performing arts, concerts, sporting events, and circuses that can be accommodated by a variety of facilities. Although entertainment facilities will typically be dedicated to one or more specific uses, multipurpose venues, such as convention centers, can accommodate a large variety of events, especially if they are designed appropriately. Entertainment event promoters require unobstructed space to arrange the performance and to allow attendees to view the show.

Permanent Expositions: Permanent expositions are designed to promote commerce by establishing permanent exhibit areas for manufacturers. Although these facilities cater primarily to businesses, the general public is usually allowed to enter. Show promoters, however, discourage public attendance, as the primary intent of the exhibition is to promote wholesale trade.

Austin Record Convention

Event Sponsors

The meetings industry includes a wide variety of event types that are sponsored by different types of businesses and organizations, including:

Corporations: Business meetings are an integral part of the meetings industry. They represent the majority of meetings held throughout the world, and topics can be as wide-ranging as the industries themselves. For the purposes of this report, corporate meetings will refer to off-site conferences, sales, and incentive meetings, such as the events that are often held at hotels.

Associations: Trade and business associations represent certain industries and strive to keep members informed about current issues related to their industry. Associations sponsor meetings and conventions to serve this educational and informational purpose, and also assist in marketing efforts by holding trade shows where members can display and sell their products.

Educational Institutions: Universities are increasingly recognizing that more continuing education occurs at meetings, rather than in classroom settings, and are becoming an important player in developing and sponsoring continuing education activities and conferences.

Event Sponsors

Government: All levels of government hold meetings for the purpose of education, discussion of issues, and policy deliberation. In many countries, governments also create and sponsor trade shows in order to support sectors of the economy.

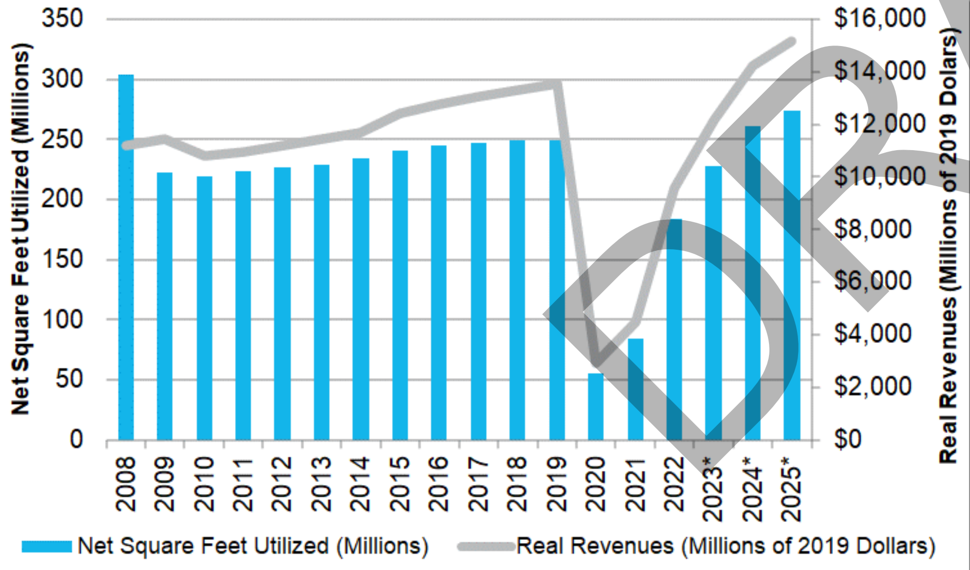
Independent Show Organizers, Incentive Houses, and Publishing Companies: The meetings industry has grown so large that it now supports a growing number of organizations that specialize in the business of producing meeting events. These businesses may work on behalf of corporations and associations, and handle all aspects of a meeting, from booking attendees to event operations. Many publishing companies have trade show and convention management divisions, while incentive houses not only work for their corporate and association clientele but may also develop programs and conferences as moneymaking ventures.

Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) Organizations: These organizations typically sponsor convention or assembly events that are not always business-related and tend to be geared more towards social networking and discussion of issues.

Research and Trends

Like other sectors of the broader hospitality industry, the events industry was devastated in by the COVID-19 pandemic and the resulting lockdowns and travel restrictions. According to the *2023 Index Report* produced by the Center for Exhibition Industry Research (CEIR), after a decade of growth following the 2008 economic crash, the number of net square feet utilized in the United States fell from 249 million in 2019 to 55 million in 2020, while real revenues (in 2019 dollars) went from $13.5 billion to $2.9 billion. The numbers of event exhibitors and attendees similarly declined sharply, from 1.4 million and 32.6 million in 2019, respectively, to 296,000 and 6.8 million in 2020. The industry has bounced back to some degree over the past two years but has yet to achieve pre-pandemic levels of success, and is not forecast to do so by CEIR until 2024. However, recovery from this most recent economic shock does appear to be moving more quickly than it did after the 2008 economic crash, with the overall events industry making sizeable year-over-year gains in square feet utilized, real revenues, exhibitors, and attendees.

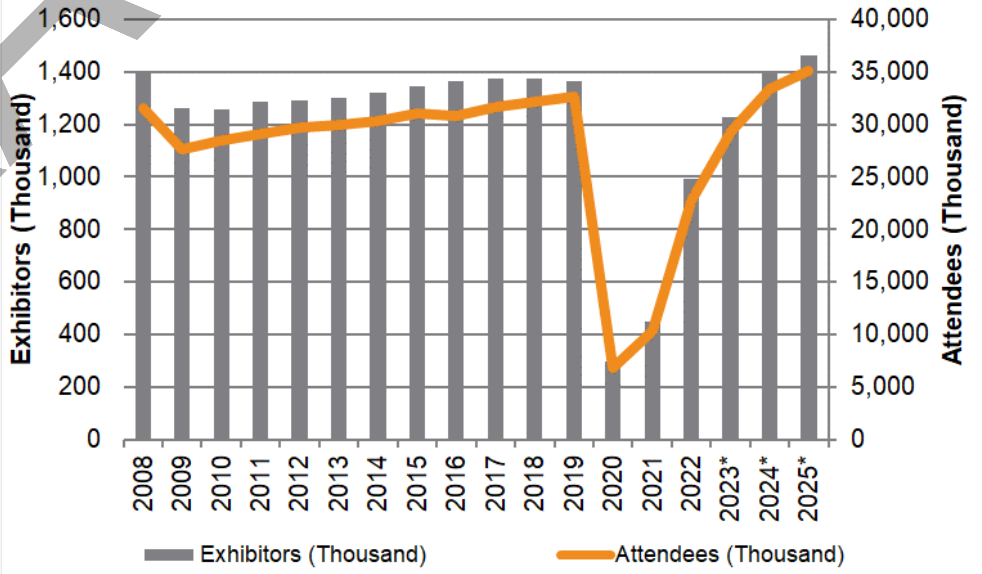
Square Foot Utilization and Real Revenues
2008-2025



**Forecast*

Sources: CEIR, Johnson Consulting

Exhibitors and Attendees
2008-2025



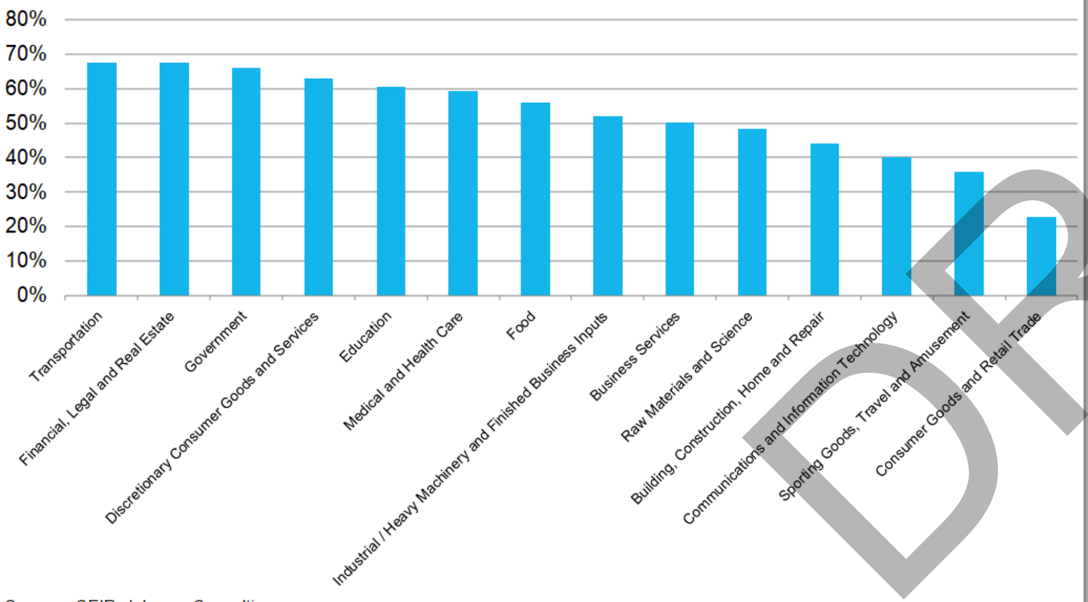
**Forecast*

Sources: CEIR, Johnson Consulting

Research and Trends

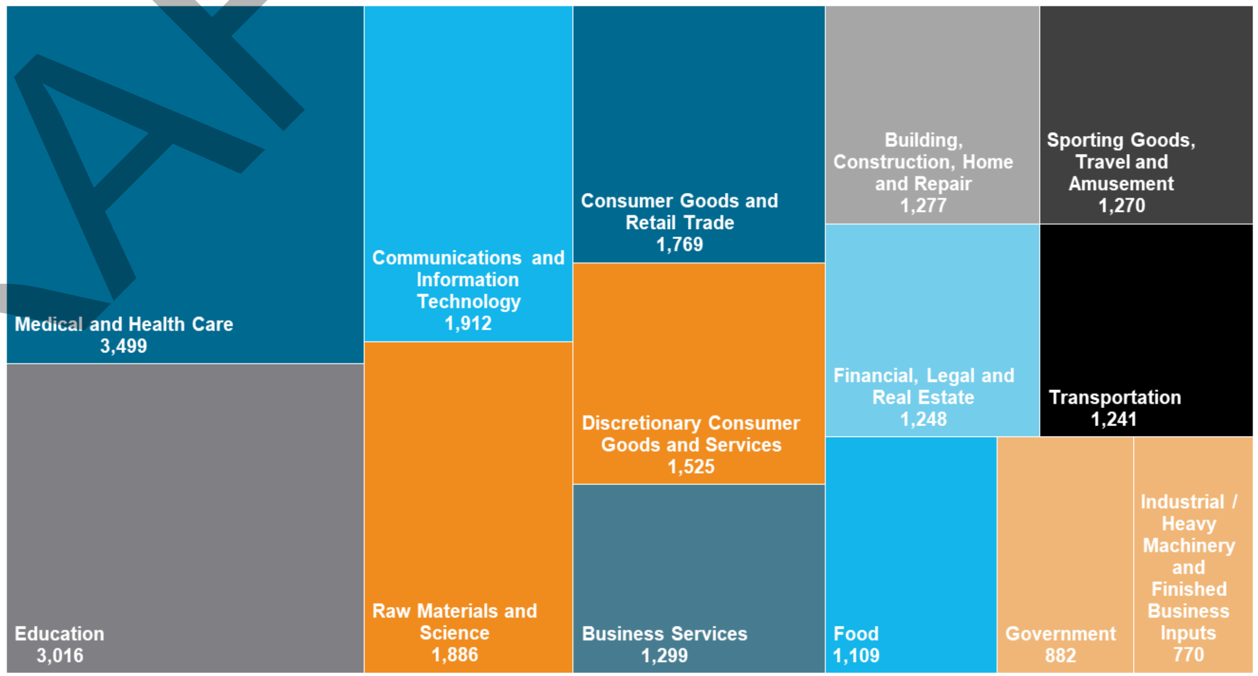
Recovery from the pandemic, however, has been uneven with certain sectors seeing faster growth than others. Between 2020 and 2022, the Transportation, Financial, Legal & Real Estate, Government, and Discretionary Consumer Goods and Services events sectors grew more than 60 percent, each returning to within 25 percent of their pre-pandemic levels. Meanwhile, the Consumer Goods & Retail Trade sector grew by only 23 percent, possibly due in part to the continued decline of in-person shopping which was accelerated by COVID-19. The two largest event sectors by attendees in 2022, Medical & Health Care and Education, both have seen relatively strong recoveries from the COVID-19 pandemic, with each growing by roughly 60 percent from 2020 through 2022.

Event Industry Growth by Sector
2020-2022



Sources: CEIR, Johnson Consulting

Event Attendees by Sector (Thousands)
2022



Sources: CEIR, Johnson Consulting

Research and Trends

In May of 2023, the International Congress and Convention Association (ICCA) released its annual rankings of cities and countries after a two-year hiatus due to the COVID-19 pandemic, reporting that roughly 85 percent of meetings held in 2022 were in-person or hybrid rather than fully remote. The United States hosted 690 conferences in 2022, by far the most of any country, with the second-place Spain hosting 528 conferences. Despite this, no individual city in the United States was in the top 20 of conferences hosted, indicating a strong, decentralized events industry in the country. The top city for hosting conferences in 2022 was Vienna, Austria, which hosted 162 conferences. Europe is popular for conferences in general; the top 12 cities and 17 of the top 20 were in European countries

Top International Conference Destinations - Countries 2022

Country	Assocation Conferences
1 United States	690
2 Spain	528
3 Italy	522
4 Germany	484
5 France	472
6 United Kingdom	449
7 Portugal	294
8 Netherlands	253
9 Belgium	234
10 Canada	233
11 Austria	232
12 Japan	228
13 Greece	185
14 Sweden	179
15 Switzerland	175
16 Denmark	169
17 Republic of Korea	162
18 Ireland	152
19 Norway	148
20 Czech Republic	146

Sources: International Congress and Convention Association, Johnson Consulting

Top International Conference Destinations - Cities 2022

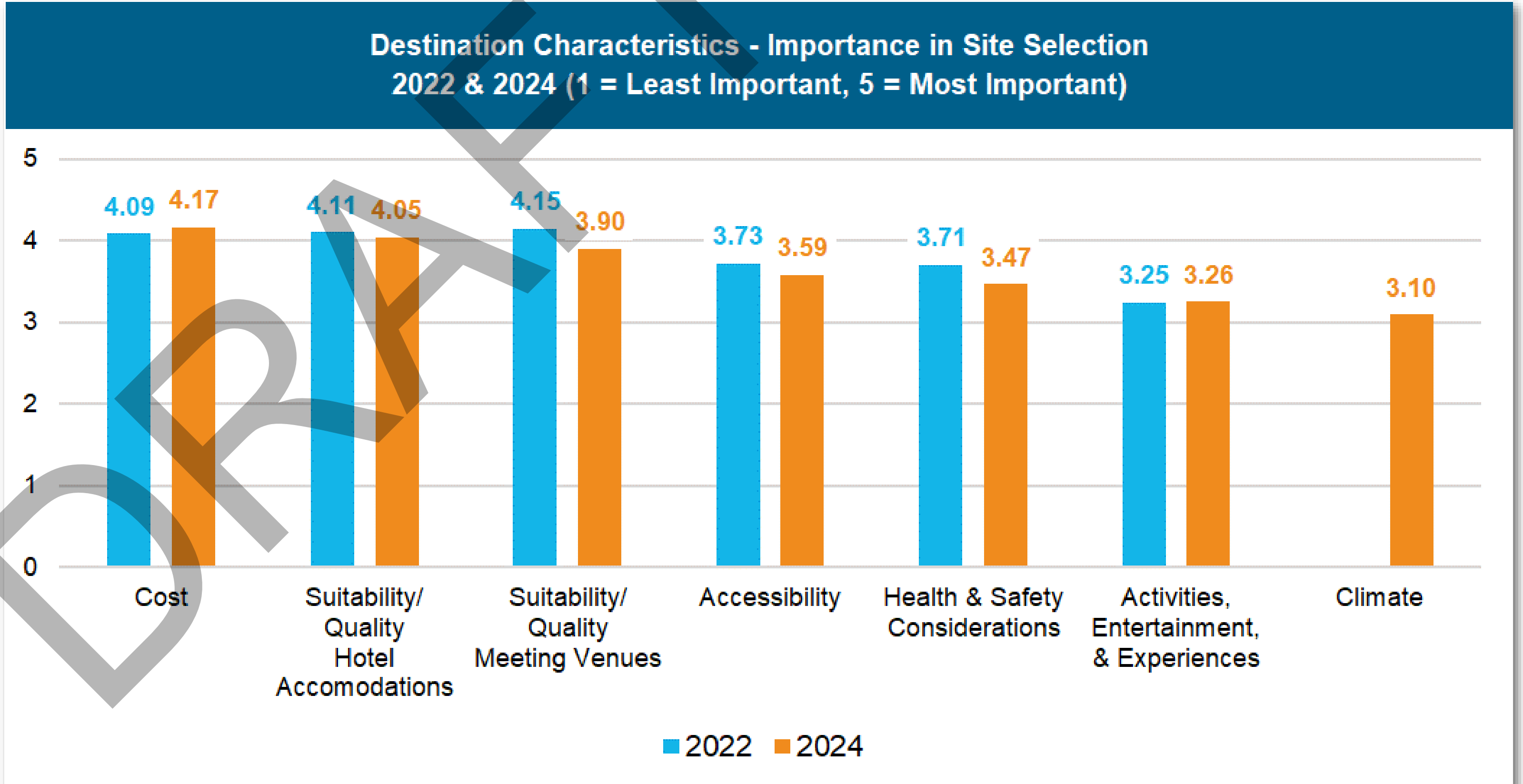
City	Assocation Conferences
1 Vienna	162
2 Lisbon	144
3 Paris	134
4 Barcelona	133
5 Prague	129
6 Madrid	128
7 Berlin	113
8 Athens	109
9 Brussels	108
10 London	106
11 Dublin	105
12 Copenhagen	102
13 Singapore	101
14 Rome	79
15 Amsterdam	73
16 Helsinki	69
17 Oslo	67
18 Buenos Aires	66
19 Milan	66
20 Seoul	66

Sources: International Congress and Convention Association, Johnson Consulting

Research and Trends

In May of 2024, Northstar Meetings Group, a meetings industry research firm, released *Site Selection Priorities: 2024 and Beyond*. Included within the report are the results of a survey of 408 professional meeting planners about their top criteria for selecting a location for meetings. The chart on the right summarizes the importance of those criteria on a scale of one to five, with five being the most important, for both the 2024 survey and a similar survey in 2022.

As can be seen, cost is more important than ever, with its rating increasing to 4.17 to become the single most important site selection factor. Behind it are the suitability and quality of hotel accommodations and event venues, though both declined in importance from 2022 to 2024. Health & safety considerations fell significantly in importance from 2022 to 2024, while the availability of activities, entertainment, & experiences rose slightly – these two trends indicate that concern around the COVID-19 pandemic is receding, and that planners (and attendees) are once again embracing destination characteristics which extend beyond the event itself. Interestingly, climate is the least important of the destination characteristics identified, indicating that, though colder or rainier destinations may still be at somewhat of a disadvantage, they are still able to compete with traditionally temperate or warm destinations.

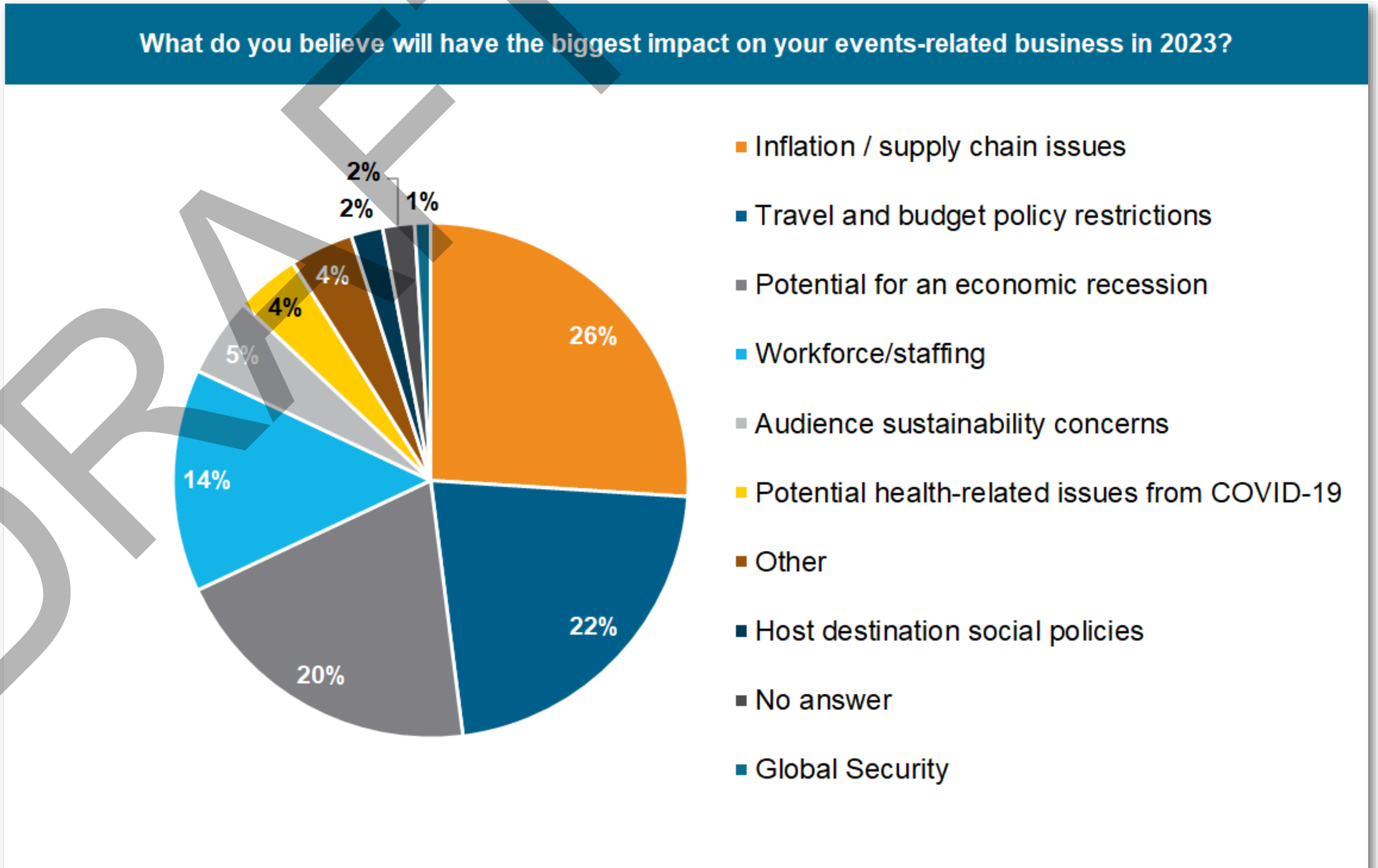


Source: Northstar Meetings Group, Johnson Consulting

The Future of Meetings and Events

The preceding subsections have established that the convention, meeting, and exhibition industry is in a state of significant flux as it adapts to the new realities of the post-pandemic landscape. In the November, 2022 issue of *Convene Magazine*, an events industry trade publication, the Professional Convention Management Association (PCMA) presented its annual industry forecast for 2023 and beyond. This report and others like it help provide insight into the direction of the events industry is going in the short and medium terms.

As part of the report, the PCMA surveyed over 200 event professionals about their outlook on the industry going forward. When asked what they believed will have the biggest impact on their events-related business in 2023, the top four responses were inflation / supply chain issues (26 percent), travel and budget policy restrictions (22 percent), potential for an economic recession (20 percent), and workforce / staffing (14 percent). By contrast, only 4 percent said that health-related issues from COVID-19 would have the biggest impact on their business. Though much of the concerns around the health-related implications of the pandemic have abated, the economic, social, and political consequences of COVID-19 remain very relevant and continue to have a significant impact on the events industry.



Source: PCMA Annual Industry Forecast November 2022, Johnson Consulting

The Future of Meetings and Events

The pandemic hasn't just impacted the events industry's bottom line: It has altered the criteria by which a successful event is judged. In its June, 2023 *Meeting Room of the Future Barometer* report, the International Association of Conference Centers surveyed more than 250 meeting planners from venues around the world. When asked how the criteria for meetings space has changed since the COVID-19 pandemic, respondents highlighted the five following categories:

More Space

Due to the pandemic, people are used to having more space, making larger event venues more popular.

Outdoors

Outdoor spaces have also become more in demand since the pandemic, with attendees increasingly wanting a more airy, natural setting

Flexible

Flexibility not only enables greater social distancing, it helps event planners cater to attendees' desire to have less rigid events with more breakout sessions

Hybrid

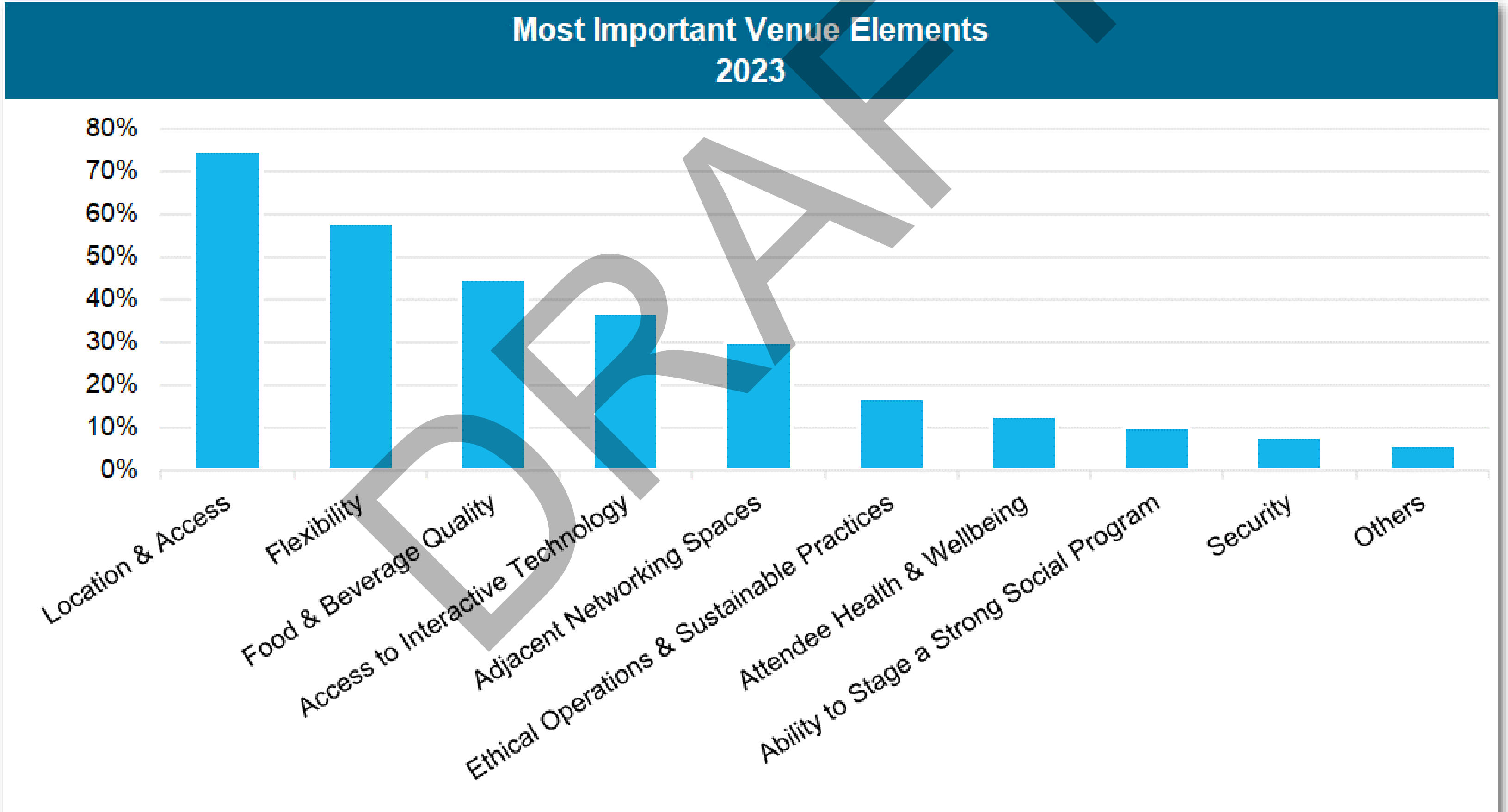
Hybrid work, socialization, and events are a legacy of the pandemic that appears to be here to stay. As such, it is important to consider how a venue will perform in a hybrid setting.

Evolved Technology

Beyond just hybrid events, the pandemic accelerated adoption of new technology and, as a result, attendees now expect more advanced, high-tech events to be the norm.

The Future of Meetings and Events

Though many criteria have changed due to the pandemic, many things have also remained the same. When asked what the most important elements of a venue are, 75 percent of meeting planners cited location and access, which has long been one of the most significant differentiators for an event facility. Also commonly cited were flexibility (58 percent) and food & beverage quality (45 percent). By contrast, attendee health and wellbeing was only listed by 13 percent of respondents, another indicator that the concerns around the danger of COVID-19 have lessened significantly in the last few years.



Source: IACC Meeting Room of the Future Report June 2023, Johnson Consulting

Recent Convention Center Developments

The table below details new convention centers built in the last 10 years (or under construction) in the United States. As can be seen, the locations of these convention centers emphasize amenities and walkability – two are in dense, downtown areas, while two are in walkable entertainment districts. This is reflective of a growing desire among event planners and attendees to not be forced to drive during the course of a convention or conference. Another notable trend is the pairing of convention centers with sports. The Arlington Convention Center is proximate to AT&T Stadium (home of the NFL's Dallas Cowboys), Globe Life Field (home of MLB's Texas Rangers), and Choctaw Stadium (which hosts professional rugby, soccer, and football teams); the Oklahoma City Convention Center is next to the Paycom Center (home of the NBA's Oklahoma City Thunder); and the Resch Expo is next to Lambeau Field (home of the Green Bay Packers). Not only do these sports teams represent amenities for event attendees, they also give those attendees an opportunity to have an authentic, local experience and get a sense of the city they are visiting.

New Convention Center Developments (Last 10 Years)

Facility	Location	Setting	Year Opened	Function Space (SF)	Attached Hotel Rooms	Hotel Rooms in 10-Minute Walk
New Dallas Convention Center	Dallas, TX	Downtown	2029*	1,200,000	TBD	TBD
Arlington Convention Center	Arlington, TX	Suburban Entertainment District	2024	266,000	1,188	1,188
Oklahoma City Convention Center	Oklahoma City, OK	Downtown	2021	374,126	605	963
Resch Expo	Ashwaubenon, WI	Suburban Entertainment District	2021	134,563	0	628

**Construction beginning in 2024*

Source: Relevant facilities, CoStar, Johnson Consulting

Implications

The COVID-19 pandemic had a profoundly negative impact on the global events industry. Between 2019 and 2020, net square feet exhibited, total revenue, number of exhibitors, and number of attendees all fell by more than 75 percent and have yet to recover to pre-pandemic levels. However, unlike the recession following the 2008 economic crash, year-over-year growth coming out of the pandemic has been robust, with the industry projected to exceed previous levels by 2024.

As a result, event planners and other industry are looking to the future and evaluating how the events industry will be different going forward. Though the health concerns and impacts of COVID-19 have been reduced over time, the pandemic's many legacies remain prevalent within the industry. Concerns around inflation and supply chains, travel and budget policy restrictions, fears of a looming recession, and labor shortages are front-of-mind for event planners, while attendees are increasingly expecting events with more indoor and outdoor space, greater flexibility, and further integration of technology.

However, some components of high-quality event facilities have stayed consistent: Accessibility, flexibility, and high-quality food & beverage offerings are important to event planners now, just as they were before the COVID-19 pandemic. It will be critical to carefully consider these trends while planning the contemplated Riverline District Convention Center to ensure that the facility is well-equipped to compete in a rapidly changing event space landscape.

Helsinki Fair Center

4. Case Studies

Overview

The *Highest & Best Use Analysis and Economic Impact Study* presented a benchmarking analysis of 11 convention centers, grouped into three categories: "comparable," "short-term aspirational," and "long-term aspirational." In building on this analysis, this study provides in-depth case studies of three facilities and markets which show potential stages of evolution for the contemplated convention center and for Sioux Falls' as market in order to draw conclusions on best practices for where Sioux Falls could be in the short term from a destination and conventions perspective, where it is going in the medium term, and where it wants to be in the long term.

These case studies analyze market factors and trends for each market, the physical and operational characteristics of the relevant convention centers, and how Sioux Falls compares today and going forward. This section culminates in a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis of the SFCC and Sioux Falls relative to these benchmarks. The facilities and markets analyzed are summarized in the table on the right.

Sioux Falls Convention Center Case Studies

	CURRENT	SHORT TERM	MEDIUM TERM	LONG TERM
	Sioux Falls Convention Center	**Grand Wayne Convention Center**	**DeVos Place Convention Center**	**Iowa Events Center**
Location	Sioux Falls, SD	Fort Wayne, IN	Grand Rapids, MI	Des Moines, IA
Market Overview (1-Hour Drive Time)				
Population (2023)	423,568	902,984	1,888,569	974,039
Population (2028)	442,279	907,905	1,905,046	1,007,984
Projected Population CAGR* (2023-2028)	0.87%	0.11%	0.17%	0.69%
Median Household Income	$75,276	$63,232	$70,204	$74,794
Median Age	36.8	39.5	38.3	37.2
Hotel Market Within 10-Minute Walk (as of March 2024)				
Hotel Inventory (Rooms)	243	756	1,985	797
12-Month Occupancy	69.2%	66.5%	57.6%	59.5%
12-Month Average Daily Rate	$144	$156	$159	$150
12-Month Revenue per Available Room	$100	$104	$91	$89
Location Attributes				
Retail Businesses (10-Minute Walk)	1	65	22	9
Daytime Population (10-Minute Walk)	3,063	17,806	18,622	27,076
Distance From Nearest Major Airport (Miles)	2.2	8.1	12.7	5.3
Enplanements Nearest Major Airport (2022)	606,055	359,800	1,716,904	1,368,130
Facility Attributes				
Exhibit Space (SF)	33,600**	50,000	162,000	146,926
Ballroom Space (SF)	16,800	16,000	40,000	39,370
Meeting Space (SF)	10,110	12,598	32,000	47,947
Total Function Space (SF)	60,510**	78,598	234,000	234,243
Largest Space (SF)	50,400	50,000	162,000	96,120
Ownership & Management				
Owner	City of Sioux Falls	Allen County Fort Wayne Capital Improvements Board	Grand Rapids-Kent County Convention/ Arena Authority	Polk County
Operator	ASM Global	Allen County Fort Wayne Capital Improvements Board	ASM Global	Oak View Group
Demand (Most Recent Year Available)				
Number of Events	286	325	458	242
Total Attendance	143,823	184,617	597,700	279,013
Average Attendance per Event	503	568	1,305	1,153
Revenue & Expenses (Most Recent Year Available)				
Total Operating Revenue	$2,219,212	$1,348,000	$9,481,306	$8,524,306
Total Operating Expenses	$2,551,735	$5,684,673	$8,331,281	$7,144,676
Net Operating Income	($332,523)	($4,336,673)	$1,150,025	$1,379,630
Revenue per Total Function Space SF	$37	$17	$41	$36

**Compound annual growth rate*

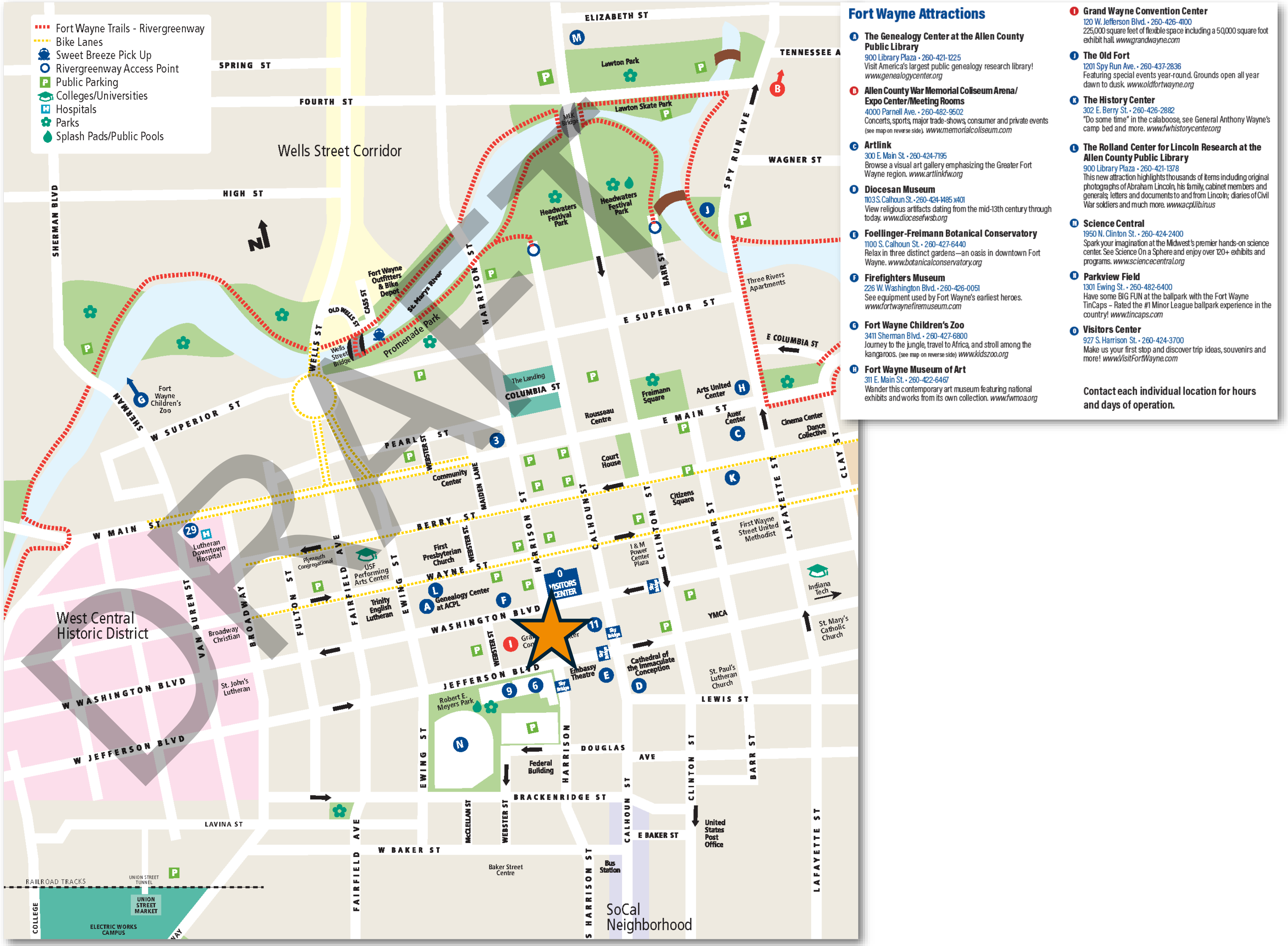
***Including the arena floors in the Sioux Falls Arena and Denny Sanford Premier Center as additional exhibit space adds roughly 60,000 square feet of usable space.*

Source: Relevant Facilities, Placer.ai, Federal Aviation Administration, CoStar, Esri, Johnson Consulting

Grand Wayne Convention Center

Location: The Grand Wayne Convention Center (GWCC) is located in the heart of downtown Fort Wayne, IN. This location means that it is proximate to numerous tourism amenities. The map on the right, courtesy of Visit Fort Wayne, shows the various shopping, dining, drinking, and entertainment options surrounding the GWCC. There are 756 hotel rooms within a 10-minute walk of the facility, giving convention-goers numerous options for lodging, and also various attractions such as Parkview Field, home of the minor league baseball Fort Wayne Tin Caps, the Embassy Theatre, and Foellinger-Freimann Botanical Conservatory.

The GWCC is located just 4.6 miles from I-69, and just 8.1 miles from the Fort Wayne International Airport, which offers nonstop flights to 13 destinations across the U.S.

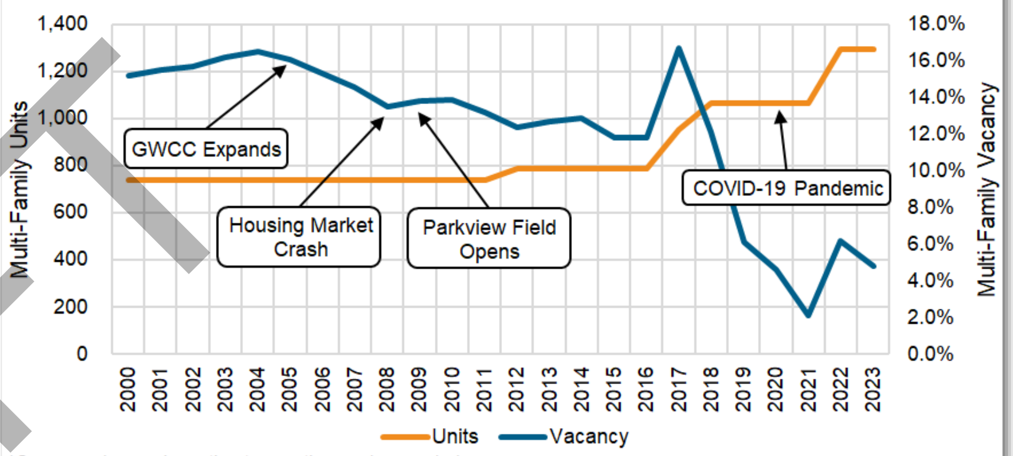


JOHNSON CONSULTING

Grand Wayne Convention Center

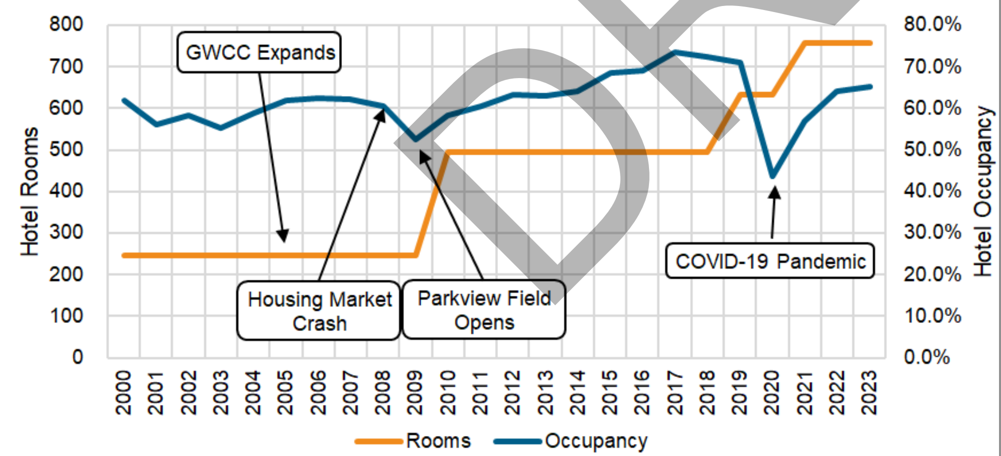
Evolution: The GWCC, in tandem with Parkview Field, Fort Wayne's minor league ballpark, have played a significant role in catalyzing the growth of Fort Wayne's downtown. Prior to the GWCC's 2005 expansion and Parkview Field's opening in 2009, there hadn't been any hotel inventory added to the market since the GWCC's initial construction in 1985. Between 2009 and 2023, hotel inventory more than tripled, and occupancies climbed from the low 60 percent range in the 2000s to above 70 percent by the end of the 2010s. Simultaneously, the district added 552 multi-family housing units and saw vacancy rates plummet. While retail saw a more modest growth, vacancy rates were extremely low prior to the COVID-19 pandemic. This growth can be largely attributed to public investments in Fort Wayne's downtown, including the GWCC, Parkview Field, and various riverfront and streetscape activation elements.

Grand Wayne Convention Center (15-Minute Walk Time)
Multi-Family Market Evolution (2000-2023)



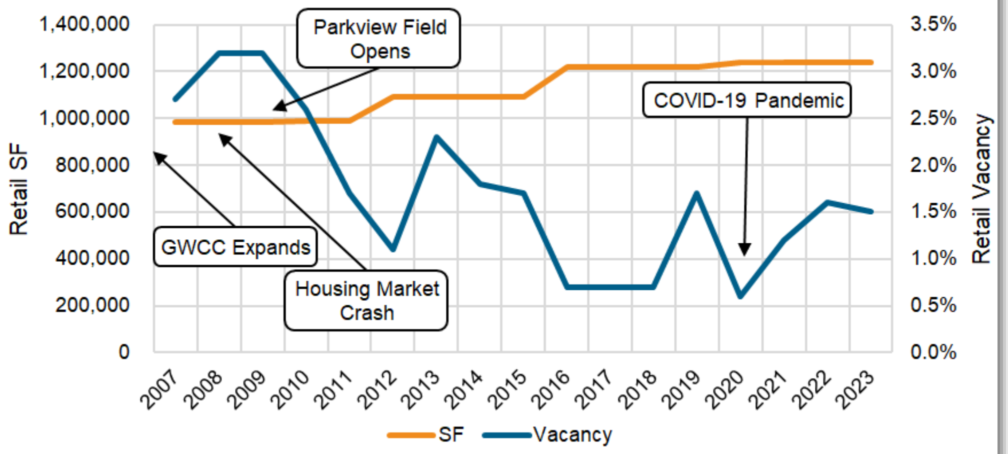
**Compound annual growth rate over the previous period*
Source: Esri, CoStar, Johnson Consulting

Grand Wayne Convention Center (15-Minute Walk Time)
Hotel Market Evolution (2000-2023)



**Compound annual growth rate over the previous period*
Source: Esri, CoStar, Johnson Consulting

Grand Wayne Convention Center (15-Minute Walk Time)
Retail Market Evolution (2007-2023)



**Compound annual growth rate over the previous period*
Source: Esri, CoStar, Johnson Consulting

Grand Wayne Convention Center

Market: Though Fort Wayne and Sioux Falls have some superficial similarities – both are mid-size midwestern cities, both have strong financial sectors – an examination of demographic indicators over time reveals that the two markets are on somewhat different evolutionary paths. Whereas the Sioux Falls market, defined in this case as a 60-minute drive-time catchment from the convention center, added nearly 75,000 residents between 2010 and 2023, the Fort Wayne market only added roughly 40,000. Incorporated Fort Wayne reached Sioux Falls' current size around 2000, and the city's growth has slowed since then, though the metro area has continued to add residents.

This trajectory can be reasonably compared to that of Sioux Falls, though with Sioux Falls' lack of proximate markets, it has a much greater opportunity to be a regional hub. Fort Wayne, by contrast, is in fairly close proximity to other mid-size markets, with South Bend, Toledo, and Indianapolis each roughly a 90-minute drive away. This proximity to other markets is both an advantage and a disadvantage for Fort Wayne; though it has access to a larger drive-to population, it also has more regional competition. Despite this competition, the GWCC has thrived and has helped Fort Wayne stand out as a destination within a fairly dense regional market.

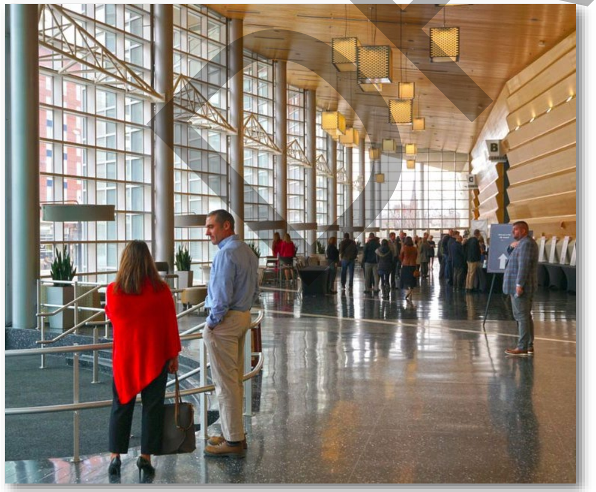
Grand Wayne Convention Center vs. Sioux Falls Convention Center (1-Hour Drive Time) Key Demographic Indicators (2010-2028)

		2010	2023	2028	CAGR* 2010-2023	CAGR* 2023-2028
Grand Wayne Convention Center	Population	858,176	897,306	902,347	0.3%	0.1%
	Median HH Income	-	$63,343	$72,475	-	2.7%
	Median Age	37.3	39.5	40.3	0.4%	0.4%
Sioux Falls Convention Center	Population	347,143	419,563	438,265	1.5%	0.9%
	Median HH Income	-	$75,280	$83,099	-	2.0%
	Median Age	34.2	36.7	37.3	0.5%	0.3%

**Compound annual growth rate*
Source: Esri, Johnson Consulting

Grand Wayne Convention Center

Ownership/ Management: The GWCC is owned an operated by the Allen County Fort Wayne Capital Improvements Board (CIB), an intergovernmental public authority which is funded by local food and beverage tax revenue. The CIB was created by a bill passed by the State of Indiana in 2009.



Grand Wayne Convention Center

Facilities: The GWCC features nearly 80,000 square feet of net usable function space. The bulk of that is comprised by its 50,000 square foot convention hall, which can be subdivided into halves or thirds, and represents the facility's largest contiguous space. That convention hall is supported by 10 meeting rooms totaling 12,598 square feet and two ballrooms totaling 16,000 square feet, all of which can be subdivided and combined in various ways. The GWCC is split across two floors, with the first level featuring the convention hall, Wayne Ballroom, and Harrison Meeting Rooms 1-5, while the remaining meeting rooms and ballroom are on the second level.

The original form of the GWCC, completed in 1985, was comprised essentially of exclusively the ballrooms and meeting rooms. The 50,000 square foot exhibit hall was added to the west side of the building during the renovation and expansion completed in 2005. Because the GWCC was surrounded by streets on all sides at the time, the convention hall was built on top of what was formerly Harrison Street, a reminder of the importance of dedicating land for future expansion. The CIB is currently considering a further expansion of the GWCC to add more convention space on the west side of the building.

A floor plan of the GWCC can be seen on the following page.

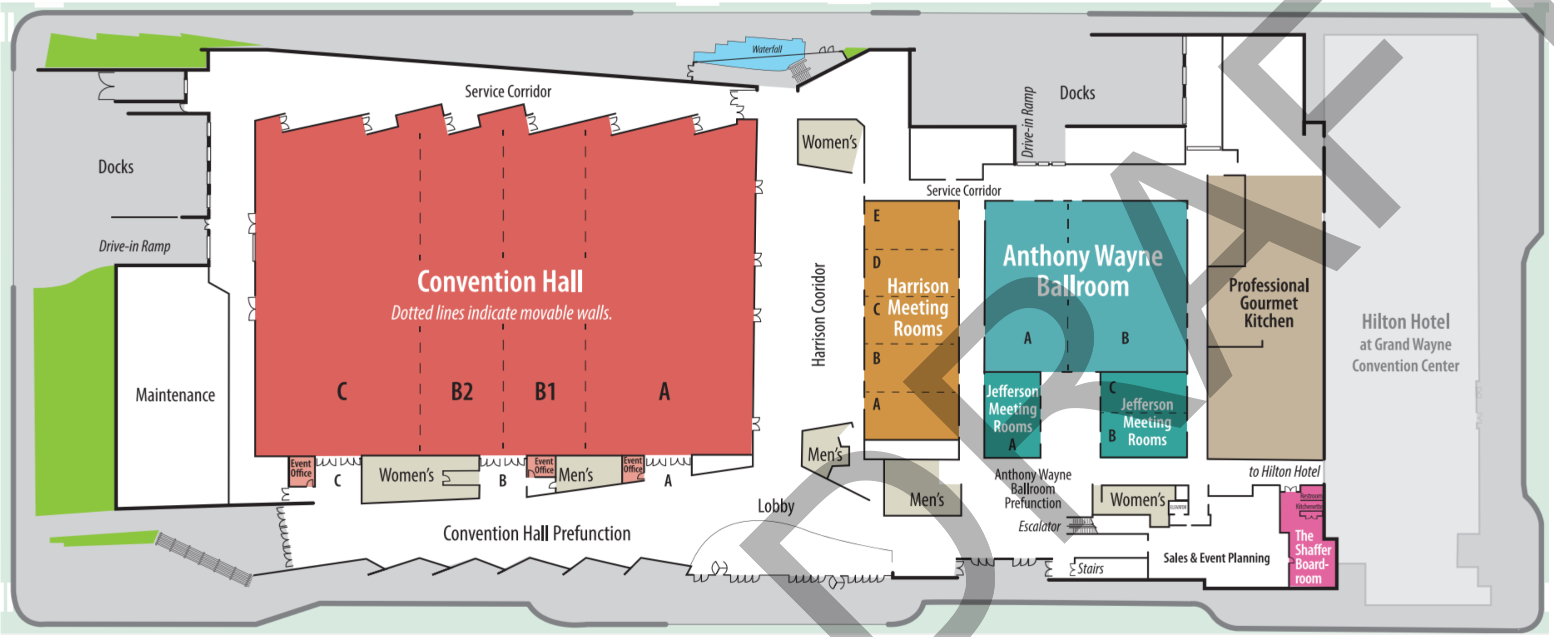
Grand Wayne Convention Center
Summary of Function Space Size and Capacities

	Size (SF)		Capacity (# of persons)			
	Smallest (Individual)	Largest (Combined)	Banquet	Theatre	Classroom	Booths (10 x 10)
Event Spaces						
1/3 Convention Hall	16,000	-	980	1,344	900	264
1/2 Convention Hall	24,360	-	1,500	2,184	1,440	120
2/3 Convention Hall	32,300	-	1,960	2,688	1,980	175
Full Convention Hall	-	50,000	3,080	4,500	2,880	264
Anthony Wayne Ballroom A	4,035	-	280	384	180	15
Anthony Wayne Ballroom B	5,890	-	350	672	360	25
Anthony Wayne Full Ballroom	-	10,000	630	1,152	540	45
Calhoun Ballroom A or B	2,400	-	160	200	126	10
Calhoun Ballroom C or D	625	-	40	50	27	0
Calhoun Ballroom A and B	4,800	-	320	480	288	24
Calhoun Ballroom C and D	1,200	-	80	100	63	0
Calhoun Ballroom B, C, and D	3,600	-	240	320	216	16
Full Calhoun Ballroom	-	6,000	400	600	360	32
Total Exhibit Hall / Ballroom SF		**66,000**				
Meeting Rooms						
Harrison Room 1	1,280	-	80	100	63	0
Harrison Room 2	1,280	-	80	100	63	0
Harrison Room 3	1,280	-	80	100	63	0
Harrison Room 4	1,280	-	80	100	63	0
Harrison Room 5	1,280	-	80	100	63	0
Harrison Rooms Combined	-	6,420	400	660	360	27
Jefferson Room A	1,260	-	80	144	63	0
Jefferson Room B	1,120	-	70	100	63	0
Jefferson Room C	1,015	-	70	100	63	0
Jefferson Room B + C	-	2,135	140	200	126	6
Shaffer Board Room	1,123	-	30	68	30	-
The Gallery	1,680	-	100	150	90	10
Total Meeting Room SF		**12,598**				
Total Function Space SF		**78,598**				

Source: GWCC, Johnson Consulting

Grand Wayne Convention Center

Facilities:



Grand Wayne Convention Center

Facilities Portfolio Approach: One of the many similarities between Fort Wayne and Sioux Falls is in the two markets' event space portfolios. Fort Wayne, like Sioux Falls, has an older arena on the outskirts of the city: the Allen County War Memorial Coliseum (ACWMC), which opened in 1961. Multipurpose event space, in the form of the 108,000 square foot expo center, was added in 1989, paralleling the 1996 construction of the SFCC.

However, while Sioux Falls has concentrated its investment at the event center campus, Fort Wayne and Allen County have taken more of a city-wide, "portfolio" approach. The construction and expansion of the GWCC has represented a major investment in the heart of in Fort Wayne's downtown and near its restaurant and entertainment amenities. The GWCC was built to serve room-night generating meetings and conferences, which are the highest-impact events in terms of economic development. This intent is reflected in its design – it is connected to a hotel, and the event spaces are carpeted. It is also reflected in its programming, which is heavily focused on conferences and conventions. Meanwhile, events which tend to have a more local and regional footprint – particularly trade shows and banquets – are located primarily in the ACWMC's expo hall which, given its larger footprint, easier access, and ample parking, is more suited for such events.

Grand Wayne Convention Center


Allen County War Memorial Coliseum

Grand Wayne Convention Center

Facilities Portfolio Approach: The results of this programming strategy can be seen in the origins of visitors to the two facilities. As the maps below show, the GWCC draws heavily from markets across the Midwest, as well as from East Coast markets such as New York, Philadelphia, and Washington D.C. By contrast, the ACWMC has a much more concentrated regional draw, with the vast majority of visitors coming from the Fort Wayne area.

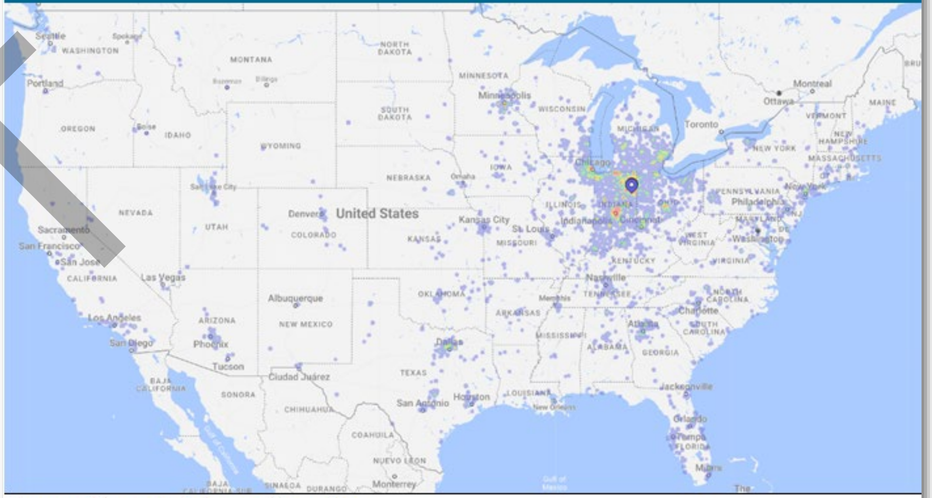
Bringing more out-of-town visitors into Fort Wayne's downtown helps stimulate its numerous hotels, restaurants, and shops, while keeping the "drive-to" events on the outskirts of the city allows those events easier parking and ingress/egress. This sort of synergistic programming strategy wherein multiple large event facilities complement, rather than compete with, one another by pursuing different event categories could be instructive for Sioux Falls as it contemplates building a new convention center in the Riverline District.

Fort Wayne Event Facilities Visitor Origin Breakdown (2023)

	Grand Wayne Convention Center	Allen County War Memorial Coliseum
Outside of Fort Wayne	68%	58%
Outside of Indiana	37%	16%
Outside of 50-Mile Radius	51%	21%
Outside of 100-Mile Radius	40%	10%

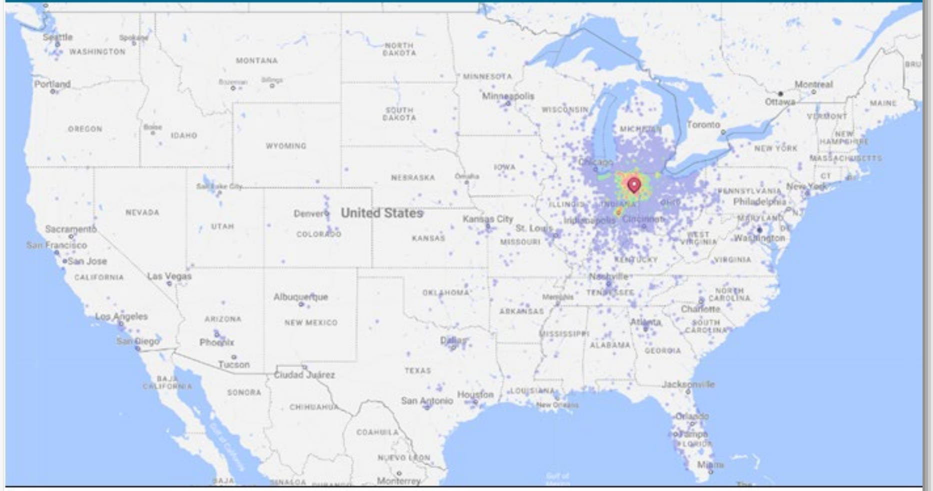
Source: Placer.ai, Johnson Consulting

Grand Wayne Convention Center Visitor Origin (2023)



Source: Placer.ai, Johnson Consulting

Allen County War Memorial Coliseum Visitor Origin (2023)



Source: Placer.ai, Johnson Consulting

Grand Wayne Convention Center

Demand: Johnson Consulting was unable to obtain detailed demand information for the GWCC. However, according to Visit Fort Wayne, the market's convention and visitors bureau, the facility hosts roughly 325 events annually. This figure, which indicates a busy venue, is consistent with the planned expansion of the GWCC. As is stated on the previous page, the GWCC primarily caters to conventions, conferences, and trade shows, with its goal being to attract out-of-town visitors to Fort Wayne's downtown.

Financial Performance: Though Johnson Consulting was unable to obtain comprehensive financial information for the GWCC, data from 2022 indicates that the facility was budgeted to generate $1.35 million of operating revenue and $5.7 million of operating expenses that year, for a total NOI of ($4,336,673)**.** However, the venue is credited with the hotel room tax generated by its events, which was budgeted to total $4.33 million in 2022, meaning that it essentially broke even. This operating strategy is designed to enable the GWCC to negotiate with events and cut rental rates in order to bring in large numbers of out-of-town visitors, thereby creating a high economic impact for Fort Wayne.

Observations: Fort Wayne, as a market, exhibits many similarities to Sioux Falls in terms of demographics, economic indicators, and physical characteristics. However, though Sioux Falls appears to be on a stronger trajectory, Fort Wayne performs much better in terms of bringing outside visitors to its downtown via its convention center. The city's portfolio approach, deploying its expo center and arena for local events and its downtown convention center for non-local events, has enabled it to serve both the local/regional market and the super-regional/national market. This strategy should be considered by Sioux Falls as it provides a road map for the possible synergies between the events center campus and a potential downtown convention center.

DeVos Place Convention Center

Location: The DeVos Place Convention Center (DPCC) is located in the heart of downtown Grand Rapids, which means visitors have easy access to a variety of shops, restaurants, and cafes – there are 22 such businesses within a 10-minute walk. Also within walking distance of the DPCC are numerous entertainment venues such as the Van Andel Arena, the Grand Rapids Civic Theatre, and the DeVos Performance Hall, as well as several cultural attractions such as the Grand Rapids Art Museum and the Urban Institute for Contemporary Arts.

Like Sioux Falls, Grand Rapids' downtown features an amenitized waterfront with the Grand River (directly adjacent to the DPCC) providing opportunities for scenic walks along the riverfront. There are parks and green spaces nearby where visitors can relax and enjoy the outdoors.

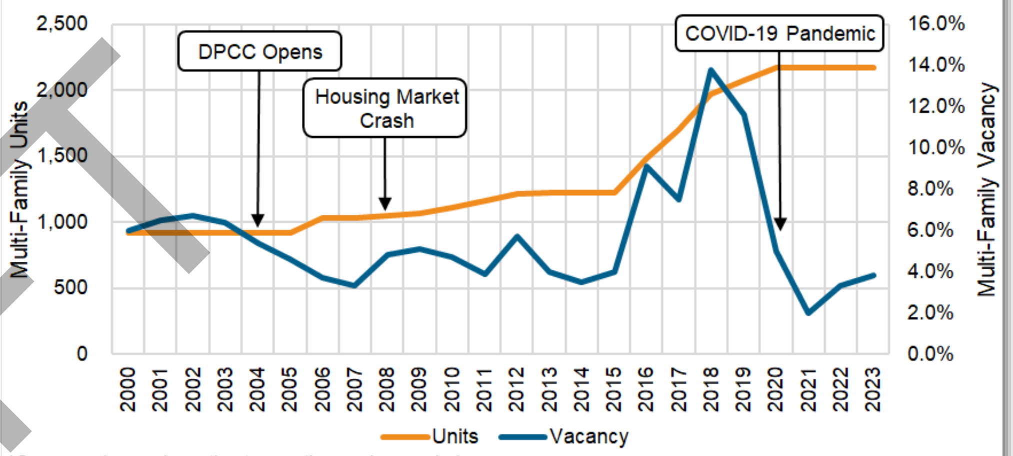
One of the DPCC's greatest locational advantages is its proximity to hotel inventory. There are 1,985 hotel rooms across 10 properties within a 10-minute walk of the facility, with chain scale options ranging from "Upper Midscale" to "Luxury" (as defined by CoStar). This abundance and variety of hotels helps support large events at the DPCC as well as Grand Rapids' tourism industry as a whole.

The map on the right, courtesy of Experience Grand Rapids (the City's convention and visitors bureau), details the density of amenities available to visitors to the DPCC.

DeVos Place Convention Center

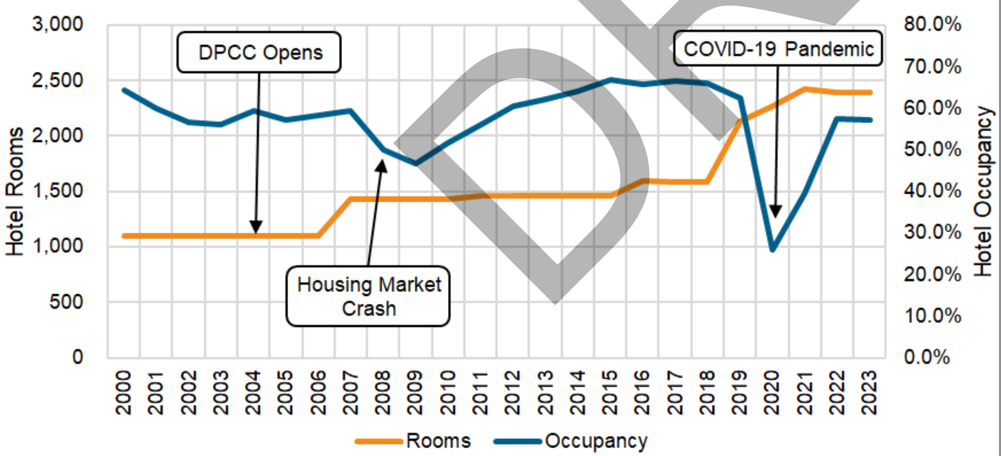
Evolution: When the DPCC opened, in 2004, Grand Rapids' downtown was characterized by the sort of stagnation common to many de-industrializing rust belt cities. However, the convention center has helped catalyze change in the district. Over the last 20 years, hotel rooms and multi-family units within a 15-minute walk of the DPCC have more than doubled. While retail space has increased by a more modest amount, this is due in large part to Grand Rapids' downtown being fairly built out with retail space from before the City's suburbanization in the latter half of the 20th century. However, the density of hospitality and residential space which currently characterizes the area was not present in 2000. Much of this growth can be attributed to strategic investments in Grand Rapids' downtown, including the Van Endel Arena, the amenitization of the riverfront, and the development of the DPCC.

DeVos Place Convention Center (15-Minute Walk Time)
Multi-Family Market Evolution (2000-2023)



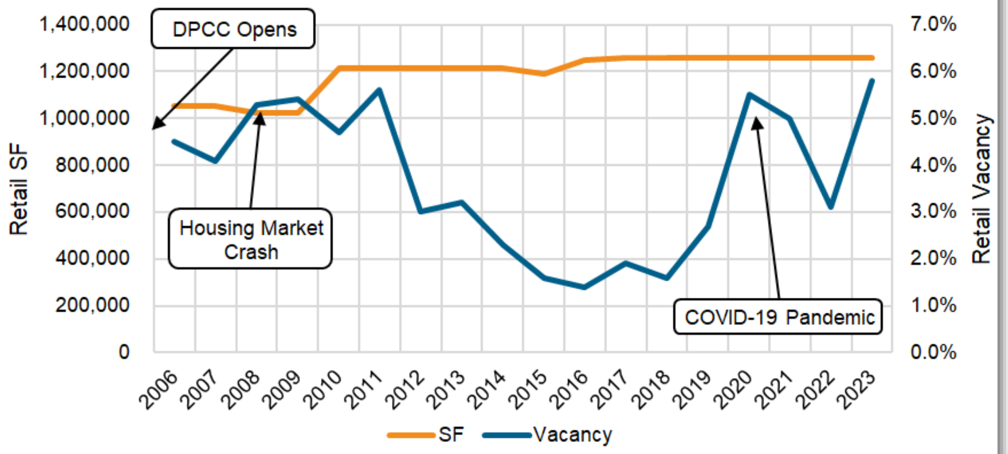
Compound annual growth rate over the previous period
Source: Esri, CoStar, Johnson Consulting

DeVos Place Convention Center (15-Minute Walk Time)
Hotel Market Evolution (2000-2023)



Compound annual growth rate over the previous period
Source: Esri, CoStar, Johnson Consulting

DeVos Place Convention Center (15-Minute Walk Time)
Retail Market Evolution (2006-2023)



Compound annual growth rate over the previous period
Source: Esri, CoStar, Johnson Consulting

JOHNSON CONSULTING

DeVos Place Convention Center

Market: Sioux Falls and Grand Rapids have fairly similar populations themselves, with each sitting around 200,000 residents. However, Grand Rapids, with its central location within a fairly dense state (Michigan), has access to more than four times as many residents within a 1-hour drive of its convention center, with the large Detroit and Chicago markets just a 3-hour drive away.

However, Sioux Falls performs better in terms of wealth and median age, in part due to its diverse economy. While nearly 20 percent of employees in the Grand Rapids market work in manufacturing – particularly furniture and automobile manufacturing – Sioux Falls has a more diversified economy, with its strong finance sector in particular driving regional wealth.

DeVos Place Convention Center vs. Sioux Falls Convention Center (1-Hour Drive Time) Key Demographic Indicators (2010-2028)

		2010	2023	2028	CAGR* 2010-2023	CAGR* 2023-2028
DeVos Place Convention Center	Population	1,705,441	1,853,471	1,870,091	0.6%	0.2%
	Median HH Income	-	$70,117	$78,875	-	2.4%
	Median Age	35.8	38.2	39.1	0.5%	0.5%
Sioux Falls Convention Center	Population	347,143	419,563	438,265	1.5%	0.9%
	Median HH Income	-	$75,280	$83,099	-	2.0%
	Median Age	34.2	36.7	37.3	0.5%	0.3%

*Compound annual growth rate
Source: Esri, Johnson Consulting

Partially as a result of this economic diversity, Sioux Falls has experienced faster population growth over the last 13 years relative to Grand Rapids, and projects to continue to do so. Grand Rapids has done significant work to revitalize its downtown and bring back population – after losing roughly 5 percent of its population between 2000 and 2010, the City has rebounded, reaching an all time population high in 2023, and the DPCC has been a significant contributor to the downtown's vibrancy. Though Sioux Falls has historically seen consistent and strong population growth, Grand Rapids' example suggests that a downtown convention center could help accelerate this growth.

DeVos Place Convention Center

Ownership/ Management: The DPCC is owned by the Grand Rapids-Kent County Convention/ Arena Authority (CAA). This public entity was created through a partnership between the City of Grand Rapids and Kent County to oversee the management and development of convention and entertainment facilities in the area. The CAA's other assets include the DeVos Performance Hall (which shares a building with the DPCC) and the Van Andel Arena. The CAA is responsible for owning, maintaining, and making strategic decisions regarding the DPCC's operation and development.

The day-to-day operation and management of the DPCC are contracted out to ASM Global, which also manages the CAA's other venues. This is a similar structure to the one currently observed in Sioux Falls, and enables the venues to collaborate on events, complementing, rather than competing with, one another.

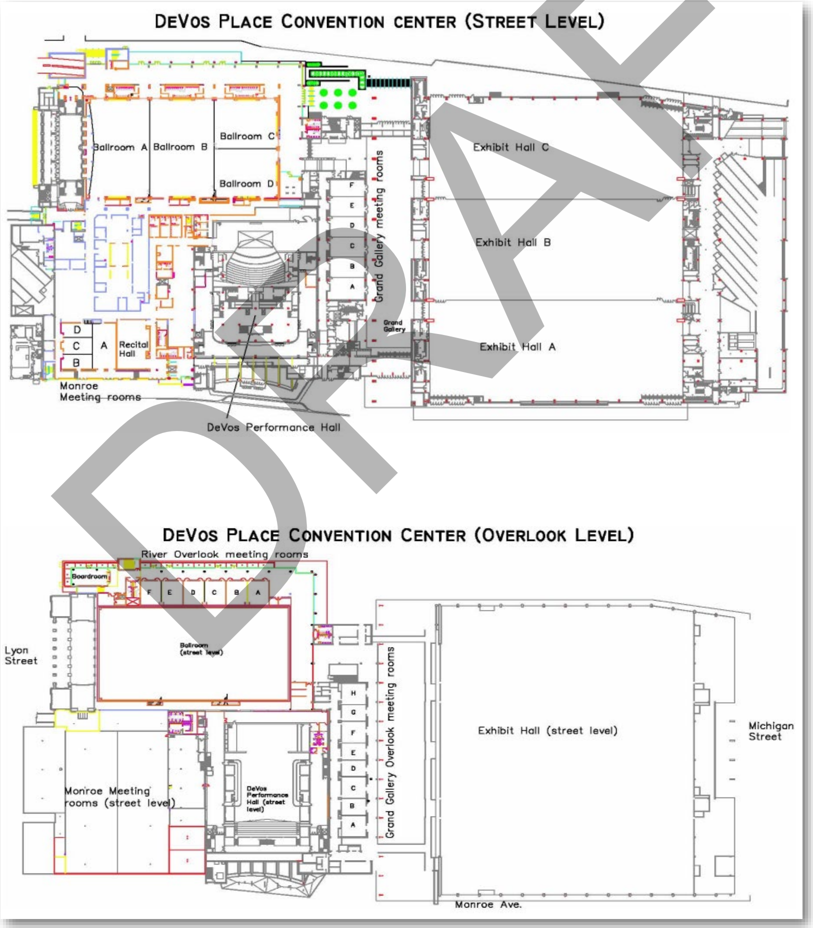



DeVos Place Convention Center

Facilities: The DPCC features 235,935 square feet of net usable function space. Over half of that space can be found in its 162,000 square foot exhibit hall, which is on the building's street level and can be subdivided into three smaller exhibit halls. Also on the street level is the DPCC's 40,000 square foot ballroom, subdividable into four smaller ballrooms, the DeVos Performance Hall and Recital Hall, the six Grand Gallery meeting rooms, and the four Monroe meeting rooms.

The overlook level of the facility is primarily comprised of meeting rooms. The corridor leading to the six River Overlook meeting rooms features views of the Grand River, as does the boardroom. The eight grand gallery meeting rooms are located around the corner.

One of the defining features of the DPCC is its flexibility. Almost all of its spaces have airwalls which allow them to be combined with adjacent spaces, while specialized spaces like the Performance and Recital Halls are selling points for events which requires such spaces. This flexibility distinguishes the DPCC from its competition, allowing it to accommodate a wide variety of event types and sizes.



DeVos Place Convention Center
Summary of Function Space Size and Capacities

	Size (SF)		Capacity (# of persons)			
	Smallest (Individual)	Largest (Combined)	Theater	Classroom	Banquet	Booths (10 x 10)
Event Spaces						
Steelcase Ballroom A	13,196	-	1,303	600	680	60
Steelcase Ballroom B	13,608	-	1,376	750	800	68
Steelcase Ballroom C	6,598	-	576	360	350	35
Steelcase Ballroom D	6,598	-	576	360	350	34
Steelcase Ballroom A-D	-	40,000	4,000	2,016	2,500	180
Steelcase Ballroom C-D	-	13,196	1,344	750	800	64
Exhibit Hall A	54,000	-	4,428	3,460	3,040	288
Exhibit Hall B	54,000	-	4,544	3,580	3,350	299
Exhibit Hall C	54,000	-	4,393	3,460	2,960	284
Exhibit Hall A-C	-	162,000	14,560	9,000	10,730	865
Total Exhibit Hall / Ballroom SF		202,000				
Meeting Rooms						
Grand Gallery A	1,584	-	142	109	120	-
Grand Gallery B	1,440	-	130	101	110	-
Grand Gallery C	1,440	-	130	101	110	-
Grand Gallery D	1,440	-	130	101	110	-
Grand Gallery E	1,440	-	130	101	110	-
Grand Gallery F	1,200	-	97	91	80	-
Grand Gallery A-F	-	8,544	790	486	600	-
Monroe A	2,244	-	208	132	100	-
Monroe B	903	-	70	49	30	-
Monroe C	1,000	-	100	56	60	-
Monroe D	903	-	70	49	30	-
Monroe B/C/D	-	2,924	252	182	150	-
Monroe B/C	-	2,244	195	105	110	-
Monroe C/D	-	1,978	180	105	90	-
Recital Hall	2,920	-	266	168	180	-
Monroe A-D + Recital Hall	-	5,168	476	364	300	-
River Overlook A	1,323	-	108	72	60	-
River Overlook B	1,323	-	108	72	60	-
River Overlook C	1,323	-	108	72	60	-
River Overlook D	1,323	-	108	72	60	-
River Overlook E	1,323	-	108	72	60	-
River Overlook F	1,323	-	108	72	60	-
River Overlook A/B	-	2,088	208	144	140	-
River Overlook C/D	-	2,088	208	144	140	-
River Overlook E/F	-	2,088	208	144	140	-
Chase Boardroom	1,323	-	80	72	80	-
Gallery Overlook A	1,156	-	122	81	90	-
Gallery Overlook B	884	-	86	63	60	-
Gallery Overlook C	1,156	-	122	81	90	-
Gallery Overlook D	884	-	86	63	60	-
Gallery Overlook E	884	-	86	63	60	-
Gallery Overlook F	1,156	-	122	81	90	-
Gallery Overlook G	884	-	86	63	60	-
Gallery Overlook H	1,156	-	122	81	90	-
Gallery Overlook A/B	-	2,006	210	138	150	-
Gallery Overlook C/D	-	2,006	210	138	150	-
Gallery Overlook E/F	-	2,006	210	138	150	-
Gallery Overlook G/H	-	2,006	210	138	150	-
Total Meeting Room SF		33,935				
Total Function Space SF		235,935				

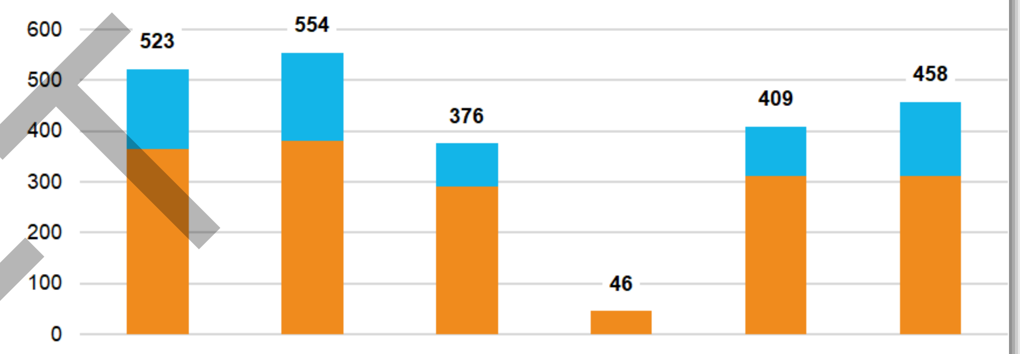
Source: DPCC, Johnson Consulting

DeVos Place Convention Center

Demand: The CAA does not distinguish between events and attendance at the DPCC and the DeVos Performance Hall. As such, the charts on the right show the events and attendance at DeVos Place's two venues collectively, from fiscal years ending 2018 through 2023. As can be seen, demand has yet to recover to pre-pandemic levels, with the 458 events and 597,700 attendees observed in FYE 2023 significantly below the 554 events and 667,402 attendees observed in FYE 2019.

Nonetheless, the "Conventions/ Trade Shows" category, which the CAA does break out, performed well in FYE 2023, with the DPCC hosting 146 such events and attracting 139,199 attendees. This performance clearly exceeds that of the SFCC which, in 2023, hosted a combined 67 Conferences and Trade Shows (note that these categorizations don't match exactly, but are understood to be roughly equivalent), bringing in 102,771 attendees.

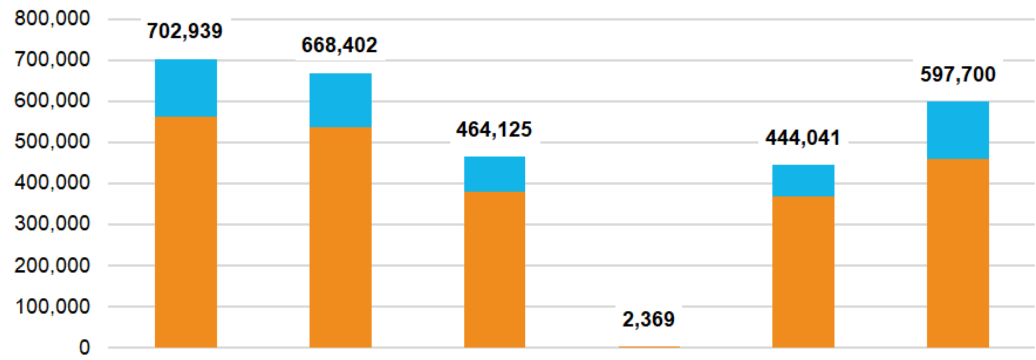
DeVos Place
Annual Events by Fiscal Year



	2018	2019	2020	2021	2022	2023
Conventions/ Trade Shows	158	172	84	0	98	146
Other	365	382	292	46	311	312
Total	523	554	376	46	409	458

Source: Grand Rapids-Kent County Convention/Arena Authority, Johnson Consulting

DeVos Place
Annual Attendance by Fiscal Year



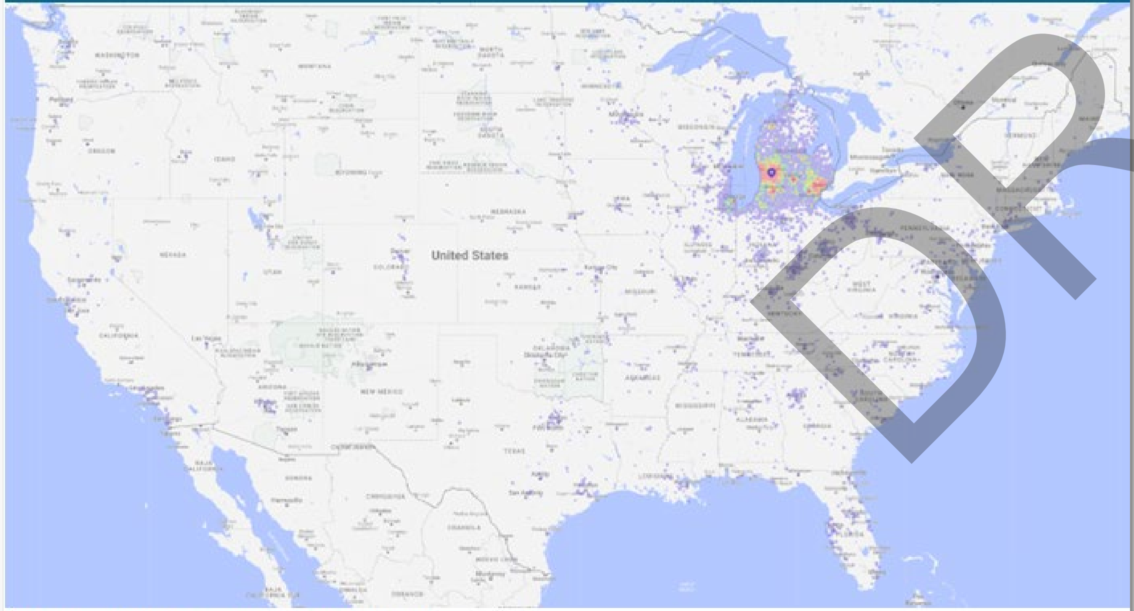
	2018	2019	2020	2021	2022	2023
Conventions/ Trade Shows	141,577	132,984	84,300	0	76,055	139,199
Other	561,362	535,418	379,825	2,369	367,986	458,501
Total	702,939	668,402	464,125	2,369	444,041	597,700

Source: Grand Rapids-Kent County Convention/Arena Authority, Johnson Consulting

DeVos Place Convention Center

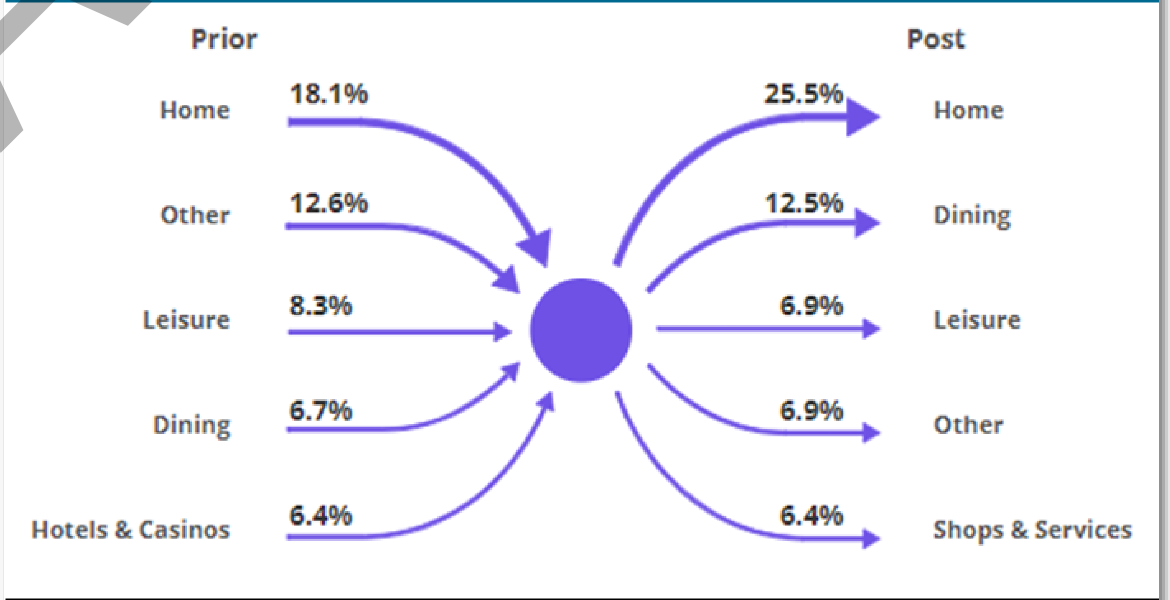
As the map below shows, DeVos Place draws visitors from across the Midwest. Though most visitors come from Michigan, there are numerous visitors coming from the Chicago, Milwaukee, Indianapolis, Cleveland, and Cincinnati markets, as well as smaller clusters of visitors coming from other major markets across the country. This suggests that the DPCC, in contrast with the SFCC, is able to draw attendees from across the country.

DeVos Place
Visitor Origin (2023)



Source: Placer.ai, Johnson Consulting

DeVos Place
Visitor Journey (2023)



Source: Placer.ai, Johnson Consulting

DeVos Place Convention Center

Financial Performance: The table on the top right presents the financial performance of DeVos Place (including, again, the DPCC and the DeVos Performance Hall) from FYE 2018 through 2024 (budgeted). As is shown, the facility generally operates at an annual profit of around $1 million to $1.2 million, when factoring event parking revenue. This is very strong performance and is indicative of the facility's high quality and optimal location. In years, such as FYE 2020 and 2021, where the CAA loses money, the City of Grand Rapids and Kent County are responsible for covering the operating deficit in equal parts using lodging tax funds.

DeVos Place
Financial Performance (FY 2019-2024) ($000)

	2018	2019	2020	2021	2022	2023	2024*
Revenue							
Convention Center	$7,193	$7,306	$4,962	$176	$6,285	$8,097	$7,984
Parking	1,273	1,337	731	272	1,003	1,385	1,689
Total	**$8,466**	**$8,643**	**$5,694**	**$448**	**$7,288**	**$9,481**	**$9,673**
Expenses							
Facilities	$6,804	$7,107	$6,305	$4,043	$6,689	$7,911	$7,793
Base Management Fee	176	176	179	180	180	191	197
Incentive Fee	219	152	0	0	145	193	301
Pedestrian Safety	45	63	42	71	36	36	308
Total	**$7,244**	**$7,498**	**$6,527**	**$4,294**	**$7,050**	**$8,331**	**$8,599**
Net Operating Income (Loss)	**$1,222**	**$1,145**	**($833)**	**($3,847)**	**$238**	**$1,150**	**$1,074**

**Budgeted*
Source: Grand Rapids-Kent County Convention/Arena Authority, Johnson Consulting

Observations: The DPCC is an example of a downtown convention center operating as intended. Thanks to its high-quality and flexible facilities, ideal location, and strong operating team, the venue has contributed significantly to downtown Grand Rapids' revitalization. This performance has been so strong that, even coming out of the operational lull brought on by the COVID-19 pandemic, the CAA is currently exploring expanding the DPCC.

Though Grand Rapids and Sioux Falls are similar sized cities, the DPCC has a far larger trade area, acting as a super-regional and even national destination. Part of this is due to its size – with roughly double the SFCC's function space, the DPCC is able to compete for larger events. Much of it, however, is the DPCC's downtown location, which puts it in close proximity to numerous amenities and situates it in the sort of vibrant, walkable urban environment that meeting planners typically look for. Sioux Falls' downtown is comparably appealing to Grand Rapids', suggesting that a venue there could have similar success in terms of attracting super-regional and national events.

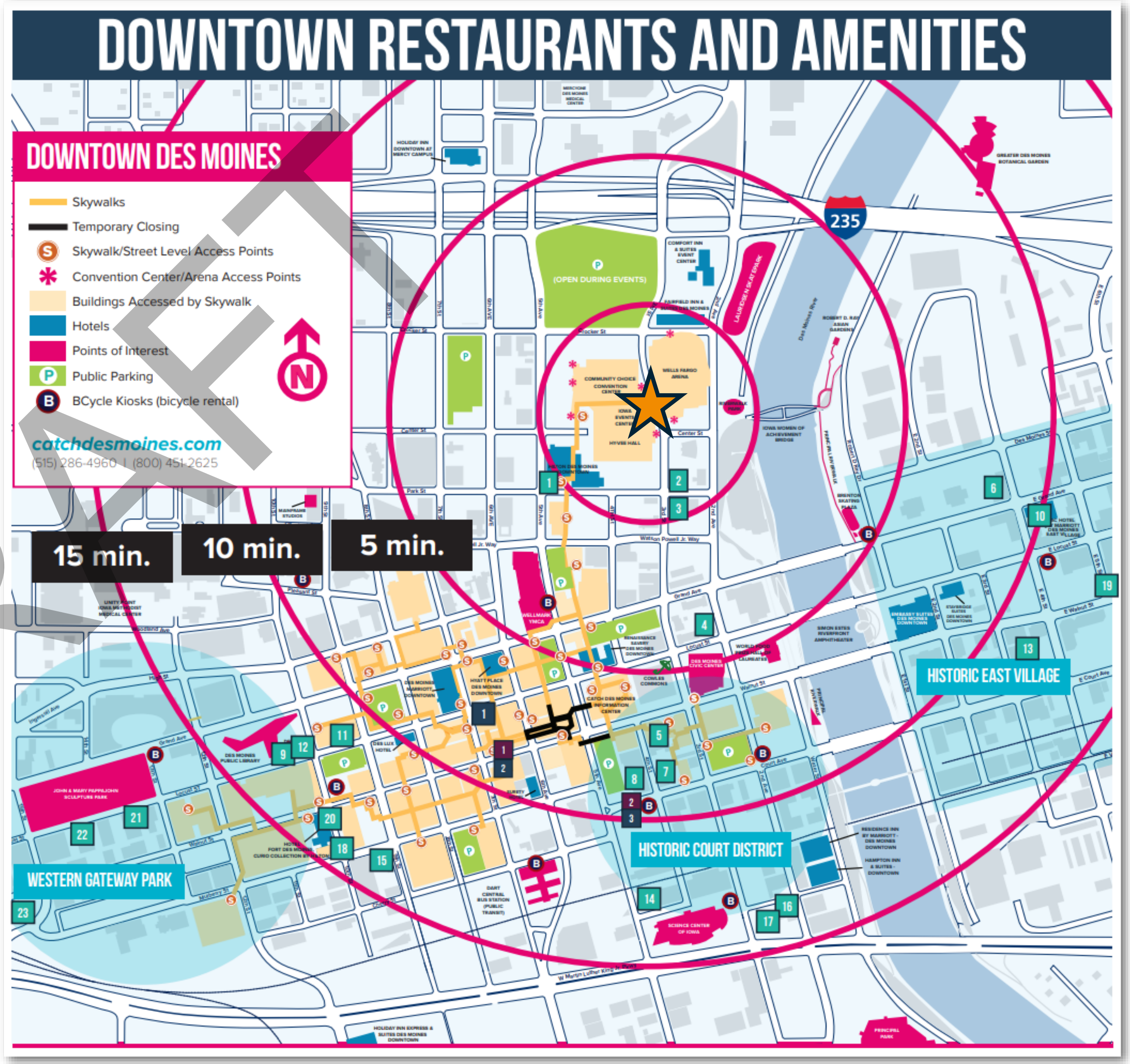
Iowa Events Center

Location: The Iowa Events Center (IEC), located in downtown Des Moines, serves as a focal point for entertainment, sports, and cultural activities in the city. The area around the Iowa Events Center features a variety of entertainment options, including restaurants, bars, and nightlife venues. It also offers shopping opportunities ranging from boutique shops to major retail centers. Data from Esri indicates that there are 9 retail businesses within a 10-minute walk of the facility, with many just beyond that in the Court District and East Village.

Several hotels are situated near the Iowa Events Center – five individual properties totaling 797 rooms providing convenient lodging options for event attendees, travelers, and tourists. These hotels range from Upper Midscale to Upper Upscale, according to data from CoStar. The largest is the 330-room Hilton Des Moines Downtown, which is connected to the IEC via a skybridge.

In addition to entertainment, dining, and lodging, the area surrounding the IEC is home to various cultural attractions and landmarks. Visitors can explore nearby museums, art galleries, and historical sites, immersing themselves in the rich heritage and vibrant arts scene of Des Moines.

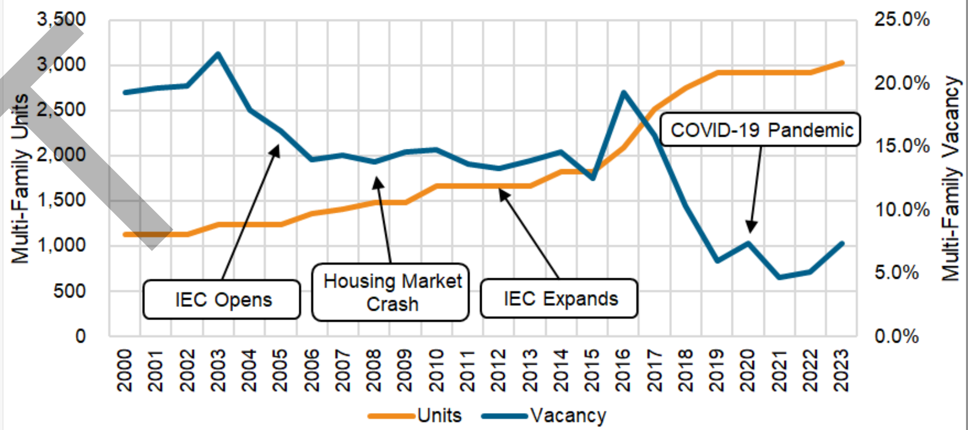
The map on the right, courtesy of Catch Des Moines (the City's convention and visitors bureau), shows the various bars and restaurants surrounding the IEC.



Iowa Events Center

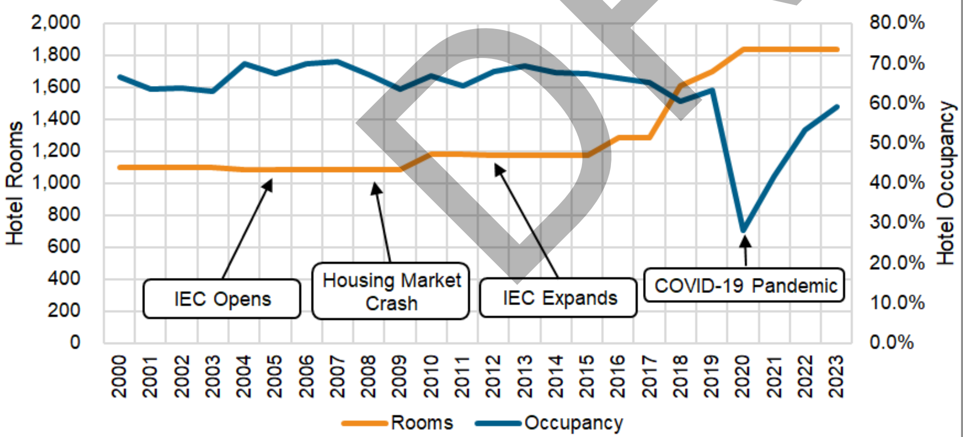
Evolution: Similar to Grand Rapids, Des Moines' downtown was significantly impacted by suburbanization during the latter half of the 20th century. Multi-family vacancy within a 15-minute walk of the IEC was at over 15 percent, and the area was fairly depressed. Since then, and thanks to strategic investments in facilities such as the IEC (opened in 2005) and in the city's arts scene, downtown Des Moines has transformed into a major hub of culture, commerce, and tourism within the Midwest. Hotel inventory has increased by 67 percent, and multi-family inventory has increased by 168 percent while vacancy has plummeted. Like Grand Rapids, the significant presence of existing retail space in the area has meant that retail has grown less in the area, but the district has still added nearly 60,000 square feet in the last 16 years. Not all of this can be attributable to the IEC, but the venue has helped bring in out-of-town visitors and showcase Des Moines' many downtown assets, contributing to this transformation.

Iowa Events Center (15-Minute Walk Time)
Multi-Family Market Evolution (2000-2023)



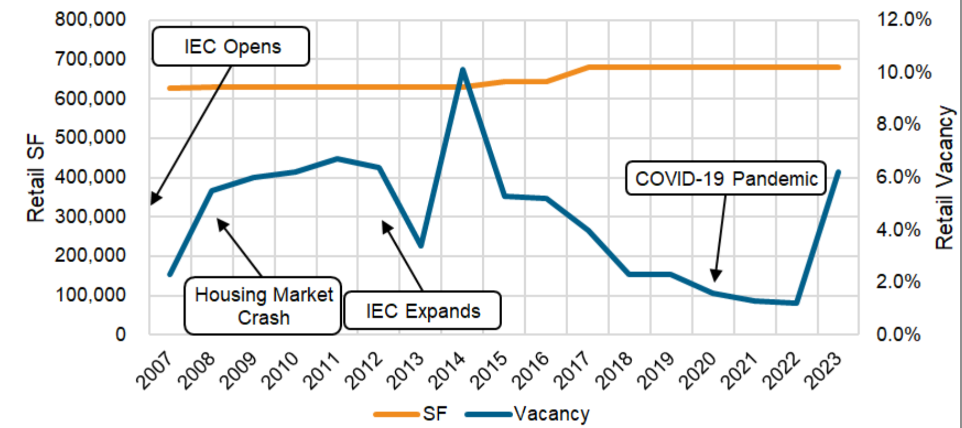
**Compound annual growth rate over the previous period*
Source: Esri, CoStar, Johnson Consulting

Iowa Events Center (15-Minute Walk Time)
Hotel Market Evolution (2000-2023)



**Compound annual growth rate over the previous period*
Source: Esri, CoStar, Johnson Consulting

Iowa Events Center (15-Minute Walk Time)
Retail Market Evolution (2007-2023)



**Compound annual growth rate over the previous period*
Source: Esri, CoStar, Johnson Consulting

Iowa Events Center

Ownership/ Management: The IEC is owned by Polk County and managed by Oak View Group. The same entities own/ manage the Wells Fargo Arena, allowing for synergies between the arena and the convention center, just like in Sioux Falls.

Iowa Events Center

Market: Des Moines, like Sioux Falls, is the largest market in its state and a regional economic and cultural hub. Though the city itself, with its roughly 218,000 residents, is similarly sized to Sioux Falls, its numerous large suburbs mean that it has a much larger regional population.

Outside of population, the two markets are very similar. They are closely aligned in terms of median household income and median age. They also feature similar economic clusters, with the financial, healthcare, and agricultural sectors factoring heavily in the regional economy. These similarities indicate that Sioux Falls is on a similar trajectory to Des Moines, which has in recent years been frequently touted as one of the best mid-size cities in the United States.

Iowa Events Center vs. Sioux Falls Convention Center (1-Hour Drive Time)
Key Demographic Indicators (2010-2028)

		2010	2023	2028	CAGR* 2010-2023	CAGR* 2023-2028
Iowa Events Center	Population	823,742	971,635	1,005,625	1.3%	0.7%
	Median HH Income	-	$74,833	$82,200	-	1.9%
	Median Age	35.1	37.2	37.6	0.4%	0.2%
Sioux Falls Convention Center	Population	347,143	419,563	438,265	1.5%	0.9%
	Median HH Income	-	$75,280	$83,099	-	2.0%
	Median Age	34.2	36.7	37.3	0.5%	0.3%

**Compound annual growth rate*
Source: Esri, Johnson Consulting

However, strategic investments are still needed to turn Sioux Falls into more of a destination, as it lacks Des Moines' density of regional population. Des Moines International Airport (DSM) offers nonstop service to 30 destinations, whereas Sioux Falls Regional Airport (FSD) only offers nonstop service to 16 destinations. Partially as a result of this, DSM served more than twice as many travelers in 2022 as FSD. Making Sioux Falls more of a national, rather than a regional destination, will be key in continuing its growth and a downtown convention center can help grown that national exposure.

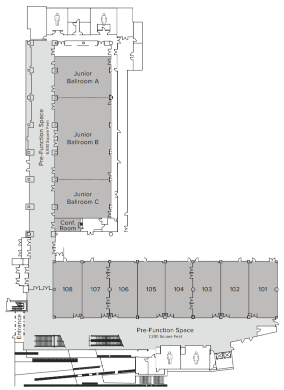
Iowa Events Center

Facilities: The IEC features 234,243 square feet of dedicated net usable function space, with the connected Wells Fargo Arena providing an additional 30,000 square feet of exhibit space on the exhibit floor. The facility's largest space is the combined Hy-Vee Exhibit Halls B & C, which total to 96,120 total square feet of space. The IEC also has a third exhibit space, a 28,800 square foot grand ballroom, and a 10,560 square foot junior ballroom.

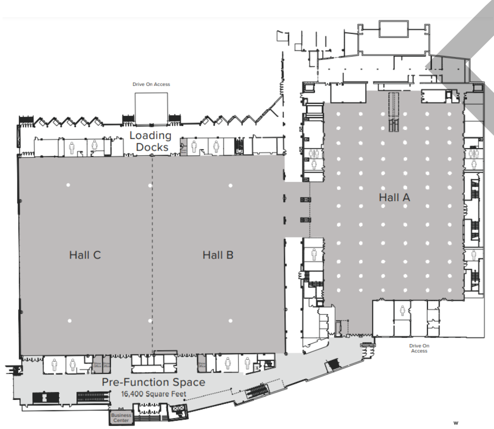
The facility is split into four levels. Level One contains the Junior Ballroom – subdivisible into three, as well as nine meeting rooms. Level Two houses the exhibit hall, and Level Three is comprised of 25 meeting rooms. Level Four holds the grand ballroom – the largest in Iowa – as well as two additional meeting rooms.

Like the DPCC, the IEC is particularly notable for its flexibility. Its 36 meeting rooms, 32 of which are over 1,000 square feet, make it ideal for events requiring significant breakout space. Furthermore, its ballrooms and exhibit halls can be combined and divided in various ways, helping it serve multiple events, or multiple components of one event, simultaneously.

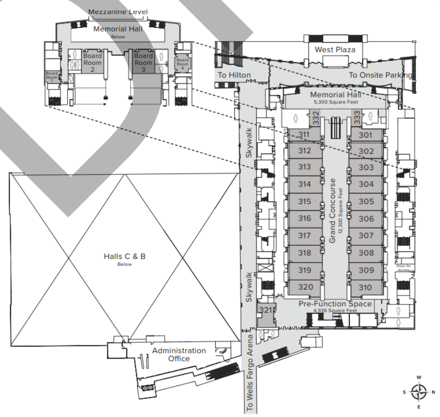
Level 1



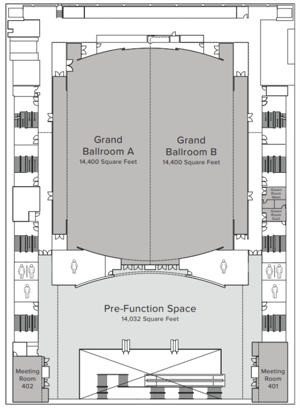
Level 2



Level 3



Level 4



Iowa Events Center Summary of Function Space Size and Capacities						
	Size (SF)		Capacity (# of persons)			
	Smallest (Individual)	Largest (Combined)	Theater	Classroom	Banquet	Booths (10 x 10)
Exhibit Halls / Ballrooms						
Hy-Vee Exhibit Hall A	50,806	-	-	-	-	236
Hy-Vee Exhibit Hall B	46,725	-	4,247	2,270	3,050	260
Hy-Vee Exhibit Hall C	49,395	-	4,490	2,318	3,200	281
Hy-Vee Exhibit Hall B-C	-	96,120	8,737	4,545	6,270	541
Junior Ballroom A	2,650	-	463	168	200	-
Junior Ballroom B	5,400	-	891	368	450	-
Junior Ballroom C	2,520	-	427	168	200	-
Junior Ballroom A-C	-	10,560	1,746	716	850	59
Grand Ballroom A	14,400	-	1,550	964	1,165	54
Grand Ballroom B	14,400	-	1,550	964	1,165	54
Grand Ballroom A-B	-	28,800	3,111	1,929	2,330	108
Total Exhibit Hall / Ballroom SF		186,296				
Meeting Rooms						
Meeting Room 101	1,800	-	180	120	110	-
Meeting Room 102	1,800	-	180	120	110	-
Meeting Room 103	1,800	-	180	120	110	-
Meeting Room 104	1,800	-	180	120	110	-
Meeting Room 105	1,800	-	180	120	110	-
Meeting Room 106	1,800	-	180	120	110	-
Meeting Room 107	1,800	-	180	120	110	-
Meeting Room 108	1,800	-	180	120	110	-
Meeting Room 107-108	-	3,600	360	240	340	-
Meeting Room 101-103	-	5,400	540	360	340	-
Meeting Room 104-106	-	5,400	540	360	340	-
Conference Room	322	-	-	-	-	-
Meeting Room 301	1,000	-	111	69	80	-
Meeting Room 302	1,350	-	155	96	110	-
Meeting Room 303	1,350	-	155	96	110	-
Meeting Room 304	1,350	-	155	96	110	-
Meeting Room 305	1,350	-	155	96	110	-
Meeting Room 306	1,350	-	155	96	110	-
Meeting Room 307	1,350	-	155	96	110	-
Meeting Room 308	1,350	-	155	96	110	-
Meeting Room 309	1,350	-	155	96	110	-
Meeting Room 310	1,200	-	133	81	100	-
Meeting Room 311	1,000	-	111	69	80	-
Meeting Room 312	1,350	-	155	96	110	-
Meeting Room 313	1,350	-	155	96	110	-
Meeting Room 314	1,350	-	155	96	110	-
Meeting Room 315	1,350	-	155	96	110	-
Meeting Room 316	1,350	-	155	96	110	-
Meeting Room 317	1,350	-	155	96	110	-
Meeting Room 318	1,350	-	155	96	110	-
Meeting Room 319	1,350	-	155	96	110	-
Meeting Room 320	1,200	-	133	81	100	-
Meeting Room 321	950	-	111	69	80	
Boardroom 1	485	-	-	-	-	-
Boardroom 2	1,315	-	133	81	100	-
Boardroom 3	1,315	-	133	81	100	-
Boardroom 4	760	-	-	-	-	-
Meeting Room 401	1,400	-	155	78	110	-
Meeting Room 402	1,000	-	111	69	80	-
Total Meeting Room SF		47,947				
Total Function Space SF		234,243				

Note that arena floor of the adjacent 16,110-seat Wells Fargo arena can be used for exhibit space, adding roughly 30,000 SF to the IEC's total

Source: IEC, Johnson Consulting

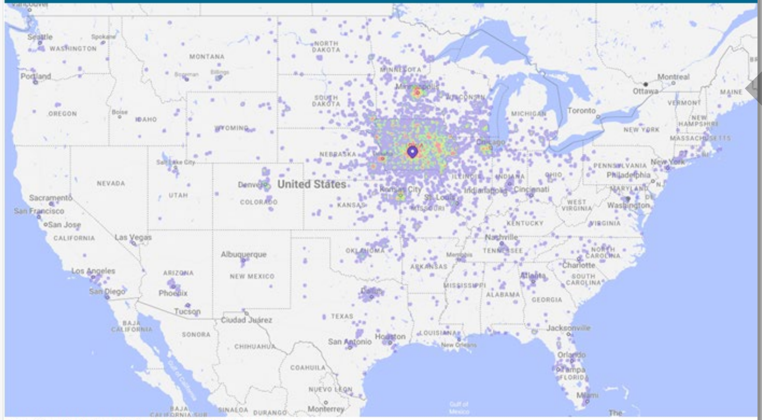
Iowa Events Center

Demand: In FYE 2022, the IEC hosted 242 events totaling 279,013 attendees. Though both these numbers represented significant growth over FYE 2021, demand (as of FYE 2022 – FYE 2023 data is not yet available) has not yet recovered to the 326 events and 385,047 attendees observed in the pre-pandemic FYE 2019.

Comparing FYE 2019 to FYE 2022 reveals a shift in event demand at the IEC. In FYE 2019, meetings accounted for 41 percent of events hosted at the facility, but that number fell to 31 percent in FYE 2022. This is indicative of the meeting's industry's challenges induced by the COVID-19 pandemic, which has led to many more virtual meetings. In other locations, meetings demand has recovered, and it remains to be seen whether the same is true of the IEC.

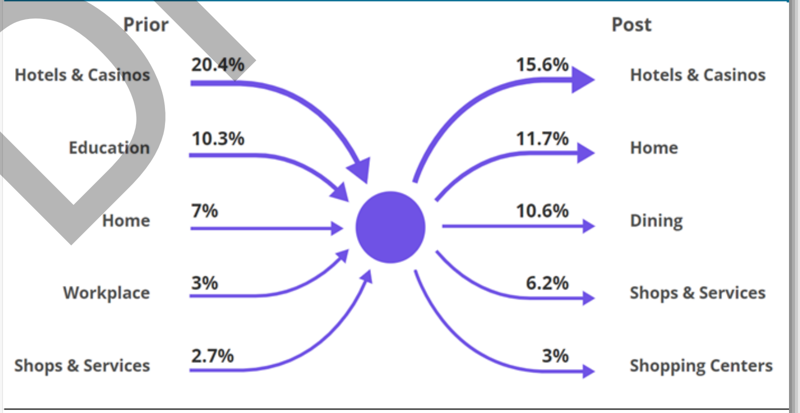
As the map below shows, the IEC has a super-regional draw, with visitors coming from across the Midwest. It also has some degree of national draw, as indicated by the visitor clusters in major markets across the U.S.

Iowa Events Center (Excluding Wells Fargo Arena)
Visitor Origin (2023)



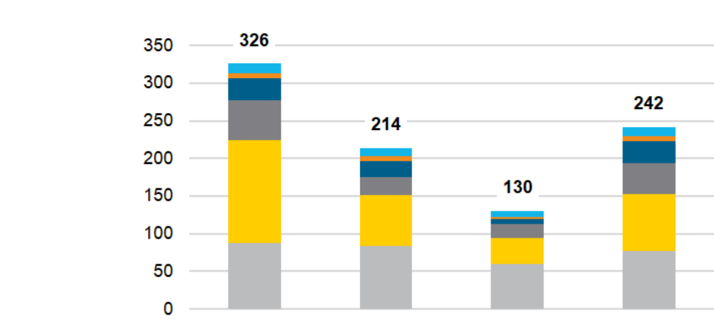
Source: Placer.ai, Johnson Consulting

Iowa Events Center (Excluding Wells Fargo Arena)
Visitor Journey (2023)



Source: Placer.ai, Johnson Consulting

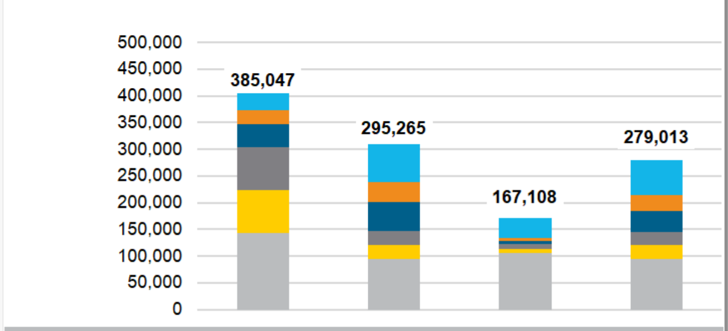
Iowa Events Center (Excluding Wells Fargo Arena)
Annual Events by Fiscal Year



	2019	2020	2021	2022
Consumer Shows	13	11	8	12
Trade Shows	7	6	3	7
Conventions	29	21	7	29
Banquets	52	24	18	41
Meetings	137	68	35	75
Special Events	88	83	60	77
Total	326	214	130	242

Source: IEC, Johnson Consulting

Iowa Events Center (Excluding Wells Fargo Arena)
Annual Attendance by Fiscal Year



	2019	2020	2021	2022
Consumer Shows	73,159	70,864	36,764	64,173
Trade Shows	26,953	38,384	5,013	30,691
Conventions	42,355	53,148	6,684	39,062
Banquets	19,252	11,811	5,013	25,111
Meetings	80,860	26,574	8,355	25,111
Special Events	142,467	94,485	105,278	94,864
Total	385,047	295,265	167,108	279,013

Source: IEC, Johnson Consulting

Iowa Events Center

Financial Performance: The table on the top right presents the financial performance of the IEC, excluding the Wells Fargo Arena, from FYE 2019-2022. As is shown, FYE 2022 saw a strong positive NOI of $1.4 million, following two years of operating losses due largely to the COVID-19 pandemic. Notably, this NOI exceeded levels seen in FYE 2019, despite demand (and revenue) being significantly lower in FYE 2022, due to roughly $650,000 less indirect expenses. This suggests that the IEC has found some operational efficiencies in recent years. On the whole, this is strong financial performance, particularly for a publicly owned convention facility.

Observations: The IEC is a perfect complement to Des Moines' vibrant downtown. The facility's size, flexibility, and ideal location have helped it bring in events and attendees from across the United States, contributing to the economic and population growth seen in the Des Moines area over the last decade and turning the city from a regional destination to a super-regional destination. Sioux Falls shares many of Des Moines' economic and physical characteristics, and appears to be on a similar trajectory as a market – the IEC provides a blueprint for the type of investment that could help further propel its destination development.

Iowa Events Center (Excluding Wells Fargo Arena) Financial Performance (FY 2019-2022) ($000)

	2019	2020	2021	2022
Income				
Net Rental Income	$2,190	$1,993	$1,006	$2,194
Net Service Income (Loss)	(472)	(261)	(67)	(205)
Net Surcharge/ Commission Revenue	83	111	34	105
Net Ancillary Income	6,237	4,530	1,525	5,641
Net Event Operating Income	**$8,039**	**$6,372**	**$2,498**	**$7,735**
Expenses				
Total Indirect Expenses	**$7,887**	**$6,785**	**$4,793**	**$7,145**
Other Income	$478	$389	$704	$789
Net Building Operating Income (Loss)	**$629**	**($24)**	**($1,591)**	**$1,380**

**Budgeted*

Source: IEC, Johnson Consulting

Implications

Location: The downtown locations of the GWCC, DPCC, and IEC give event attendees easy walking access to the most vibrant areas of Fort Wayne, Grand Rapids, and Des Moines, respectively. This sort of access is highly valued by event planners, particularly for super-regional and national events where attendees are more likely to fly than drive to the market, and therefore prefer amenities to be within walking distance. Furthermore, the fairly modest size of these markets means that, even with the downtown locations, accessibility via the airport or interstate is not significantly hindered. Simultaneously, the ACWMC provides an example of the success that a more suburban facility can have by serving more local and regional events – according to its annual report, the facility hosted nearly 900,000 guests in 2022, and data from Placer.ai suggests that that figure increased in 2023.

Evolution: The case study facilities represent major public investments designed to bolster economic activity in their respective markets' downtowns. As the real estate data presented demonstrates, the GWCC, DPCC, and IEC have helped catalyze significant downtown development. However, it is important to note that in all of those cases, investments in the convention center were paired with other investments in infrastructure such as sports facilities, performing arts venues, river amenities, and more. What makes Sioux Falls unique is that its downtown is already highly amenitized and has been the beneficiary of significant private and public investment – a downtown convention center is one of the few missing puzzle pieces.

Ownership/ Management: Having the same entities own and manage a community's public assembly facilities is key to those facilities complementing, rather than competing with, one another, as is observed in Grand Rapids and Des Moines. Fort Wayne is somewhat of an exception, in that Allen County manages the ACWMC while the Allen County Fort Wayne Capital Improvements Board manages the GWCC, but the entities collaborate to target different markets such that they do not compete with one another for business.

Market: As the analysis presented demonstrates, Sioux Falls is very similar to Fort Wayne and Grand Rapids in many respect and, in the long term, has the economic and demographic characteristics to become more like Des Moines. However, Sioux Falls is deficient relative to that aspirational markets in terms of its status as a destination. This is not due to a lack of amenities, as Sioux Falls has a vibrant downtown featuring numerous dining, drinking, entertainment, and cultural assets, but rather to a combination of accessibility (the FSD airport is fairly limited in terms of direct flights) and national awareness. A new downtown convention center would not only be able to accommodate more super-regional and national events, it would also help showcase to those visitors Sioux Falls' array of tourism assets.

Implications

Facilities: A convention center's largest contiguous space is the single factor that most determines the portion of the events market that it has access to. The DPCC (162,000 SF) and IEC (96,000 SF) both offer significantly more maximum contiguous space than the SFCC, allowing them to compete for larger events which would never consider Sioux Falls due to inadequate facility size. Additionally, these facilities both provide significant quantities of individual breakout spaces and are highly flexible, allowing them to accommodate multiple events simultaneously and host specialized events.

Demand: The SFCC is fairly busy relative to the case study facilities in terms of event demand, but falls somewhat short of the GWCC and significantly short of the DPCC and IEC in terms of attendees. Additionally, while those facilities have super-regional and even national trade areas, the SFCC is primarily a local and regional facility. This is reflective of those facilities' ability to host larger events (the DPCC and IEC both average over 1,100 attendees per event, while the SFCC averages only 500), which tend to have wider draw areas and generate more revenue as well as greater economic and fiscal impacts.

Financial Performance: Though the SFCC performs well from a financial perspective, the DPCC and IEC are illustrative of the revenue scale available to larger buildings. Those two facilities generate roughly $41 and $36 per square foot of function space, respectively, relative to the $18 seen at the SFCC. This is indicative of the fact that convention center revenue is non-linear – bigger buildings are able to generate more revenue per square foot of space simply because there are fewer facilities which are large enough to accommodate bigger events, which also have more attendees who drive catering revenue. Partially as a result of these strong revenues, both the DPCC and IEC are able to generate positive NOI, which is not common for public convention centers. This NOI does not account for their economic and fiscal impacts, which are significant.

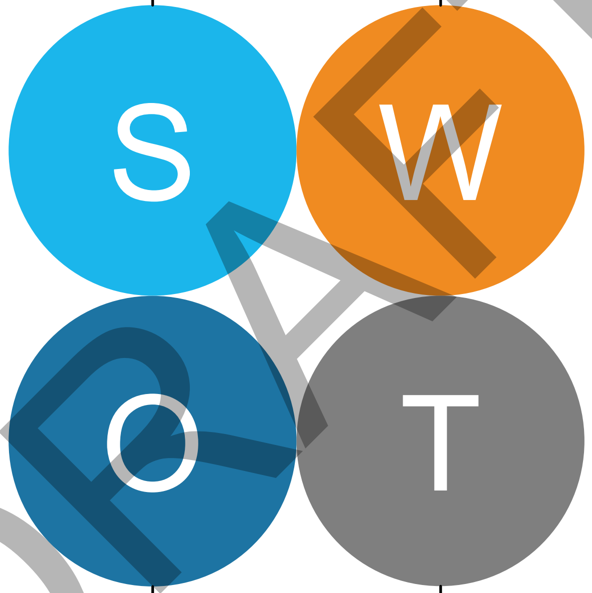
SWOT Analysis

Strengths

- Strong event demand
- Event center campus has significant flexibility
- Wealthy, growing market and economy
- Attached hotel
- Strong management team

Weaknesses

- Sparse regional population
- Lack of premium hotel inventory
- Lack of proximate amenities & walkability
- Fairly small exhibit hall/overall function space
- Low revenue PSF



Opportunities

- Capitalize on downtown's vibrancy and amenities
- Attract more full-service hotel inventory
- Make Sioux Falls more of a super-regional/national destination
- Pair downtown convention center with local/regional focused facility at the event center campus to better serve overall market

Threats

- Airport currently has limited direct service
- Sparse regional population limits drive-to market

5. Recommendations

Program Recommendations

Based on the analysis presented in the previous sections of this report, Johnson Consulting believes that a new convention center in the Riverline District is feasible and supported by the market. With that in mind, the recommended program of spaces for that convention center is presented in the table on the right.

As the table shows, Johnson Consulting has recommended a phased approach to construction of the convention center. The purpose of phasing construction is a) to allow Sioux Falls to grow into the new space, both in terms of the City's population and its visitation, and b) to make financing the convention center more feasible.

Riverline District Convention Center
Recommended Program of Event Spaces

	Phase 1	Phase 2	All phases
Exhibit Hall Space	75,000 SF	50,000 SF	125,000 SF
Ballroom Space	40,000 SF	-	40,000 SF
Meeting Space	20,000 SF	25,000 SF	45,000 SF
Net Usable Function Space	**135,000 SF**	**75,000 SF**	**210,000 SF**
Gross-Up Ratio*	2.5	2.5	2.5
Pre-Function & BOH Space	202,500 SF	112,500 SF	315,000 SF
Gross Space	**337,500 SF**	**187,500 SF**	**525,000 SF**

**Industry standard assumption*

Source: Johnson Consulting

The first phase includes a 75,000 square foot exhibit hall, subdivisible into three smaller halls with air walls. This would effectively increase the maximum contiguous event space in Sioux Falls by 50 percent, enabling the new venue to bring in larger events that had previously been inaccessible to the city. It also includes 40,000 square feet of ballroom space, which ideally would be separated between a grand ballroom (~30,000 square feet) and a junior ballroom (10,000 square feet), each subdivisible into smaller spaces, as well as 20,000 square feet of breakout meeting rooms (likely ~20 rooms, depending on configuration).

The second phase would include an expansion of that exhibit hall to bring it to 125,000 square feet, as well as 25,000 square feet of additional meeting room space. Across both phases, this would bring the convention center to 210,000 square feet of net usable function space, which would be in line with the DeVos Place Convention Center and Iowa Events Center. When considering pre-function and back-of-house space (generally estimated to be 50 percent larger than function space), the gross space of the completed convention center would come to 587,500 square feet. We recommend that the design incorporate high quality pre-function, circulation, and back-of-house spaces which take advantage of the site's natural assets (e.g., the nearby river) and integrate into the character of downtown Sioux Falls.

Demand Strategy Recommendations

Given the proposed Riverline District convention center's proximity to downtown's numerous hotels and amenities, we see a much greater opportunity for large, super-regional and national conventions and conferences. As such, we recommend that those be the basis of the new facility's demand strategy, with much of the marketing and sales efforts going towards securing those high-impact events. Secondary to those would large corporate events and meetings, and then some banquets and special events.

Ideally, local and regional trade and consumer shows (such as home shows, boat shows, gun shows, etc.), which attract numerous attendees but generate few room nights, would remain at the existing convention center, which is easier to access and park at. However, some super-regional or national trade & consumer shows could be well-suited to the new convention center. Similarly, sporting events would ideally remain at the existing convention center, with the freed up availability representing an opportunity to grow that event type at the SFCC.