

MAKING A GREAT PLACE



Convention Center Hotel

PROJECT FACT SHEET

Metro and its partners at the City of Portland, Multnomah County and Portland Development Commission are working together to create jobs, boost the region's tourism economy and leverage private investment in our community through the Oregon Convention Center (OCC) hotel project.

Negotiations are underway to develop a LEED-certified 600-room Hyatt Regency directly adjacent to the OCC to serve national convention clients, exhibitors, sponsors and planners. Hotel construction and operations will follow MWESB policies and, prior to launching project negotiations, a labor peace agreement was signed between Hyatt and the union representing workers. Construction is planned to begin in fall 2014 and be complete in early 2017.

According to independent analysis, the hotel will achieve the project's goals:

- Create 3,000 jobs (2,000 construction and 950 hotel & hospitality)
- Attract 5 to 10 new mid-sized conventions to Portland each year
- Boost annual hotel business by 70,000 – 110,000 new room nights
- Increase convention-related tourism spending to \$600 million per year
- Generate \$5.6 million in new state tax revenues and \$4.7 in new local tax revenues annually

Estimated project costs and proposed funding sources

Private share – approximately 60%

Hyatt/Mortenson Development investment: ~ \$134 million

Public share – approximately 10%

Investment by Metro (OCC reserves): \$4 million

Portland Development Commission loan (OCC URA): \$4 million

State lottery funds: \$10 million

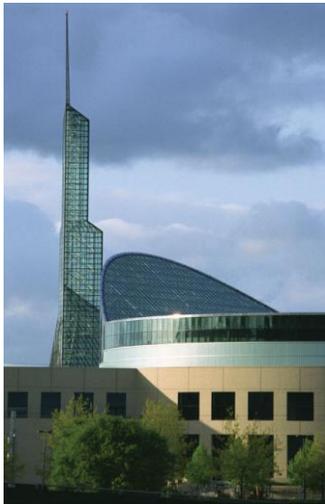
Construction financing backed by room taxes – approximately 30%

Metro revenue bond \$60 million

Total project cost: \$212 million

Project status and next steps:

- Metro Council consideration of Development and Room Block Agreements, June 26, 2014
- Pre-Development, Summer 2014
- Design Review, Summer 2014
- Bond Issuance, Spring 2015
- Closing, Spring 2015
- Construction, Summer 2015
- Grand Opening, Fall 2017



Why do conventions matter?

In addition to supporting local jobs, the convention business means big bucks for local businesses as visitors lodge, dine, shop and recreate throughout the state.

National convention attendees spend \$333/day.

In FY 2013, convention attendee spending totaled \$481.4 million.

Learn more:

www.oregonmetro.gov/hotel

Sustaining and creating good jobs

Each year, the OCC supports 4,500 jobs, translating to \$168 million in personal earnings.

A new convention center hotel is expected to create 2,000 union construction jobs and 950 permanent hotel and hospitality jobs in the metropolitan region.

In October 2012, a labor peace agreement was signed between Hyatt and the national union representing hotel workers, UNITE HERE. With this agreement, Hyatt has pledged to allow union discussions and organizing to occur, should employees be inclined to do so.



Proposed OCC hotel rendering

Convention and hotel market study

In December 2012, an independent study was conducted by the Strategic Advisory Group measuring the impact a 600-room Hyatt Regency hotel located immediately adjacent to the Oregon Convention Center (OCC) would have on the local convention market, hospitality industry and greater Portland metropolitan region. Below are key findings.

Oregon Convention Center performance and economic forecast

Since opening in 1990, the OCC has generated \$4.7 billion in regional economic impact as a result of its business, measured by direct tourist and indirect business spending in the tri-county metropolitan area.

The convention business is a mature industry (50+ years) that fluctuates with the US economy. The industry began its recovery in 2011 and is expected to reach pre-recession 2008 levels in 2014.

National convention attendees spend an average of \$333 per day during their stay – in hotels, restaurants, retail shops and other local businesses.

Portland loses mid-sized national conventions to other cities with convention center hotels. In 2011, 30 national conventions bypassed the OCC for this reason. The impact to the Portland area's hotel industry is 847,000 lost room nights during the booking period of 2006-2018.

Portland ranks as a highly attractive convention and travel destination. A survey of national meeting planners found that they were 79% more likely to book the OCC with an adjacent convention center hotel.

A convention center hotel is expected to boost the OCC's business significantly, attracting 5-10 new conventions each year and increasing the facility's annual economic impact by \$120 million. State and local tax revenues are expected to increase by \$11 million. Over 32 years, the State of Oregon is expected to receive over \$180 million in transient lodging and income tax revenues.

Portland's hotel industry

Portland's hotel market is among the strongest in the nation, with an estimated 71% occupancy rate overall and 75% occupancy rate in the central city (2012).

Central city occupancy has been 10-17% higher than the national average for the last six years. Average daily room rates in 2012 met or exceeded pre-recession levels.

Cities that have added convention center hotels have experienced a 15-30% growth in room nights.

A convention center hotel in Portland is expected to generate an additional 20,000-40,000 new room nights each year. Hyatt's group business is estimated to generate 50,000-70,000 more. Overall, the annual impact to Portland area hotels is the creation of 70,000-110,000 new room nights.