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Governor Patrick, Mayor Menino and the MCCA Announce Expansion Strategy to Move Boston to Top 5 Destinations for North American Conventions

"Top 5" initiative starts public dialogue on economic benefits of BCEC expansion

BOSTON – Governor Deval L. Patrick, Boston Mayor Thomas M. Menino, James E. Rooney of the Massachusetts Convention Center Authority, and a host of stakeholders today announced the start of a long-term strategic initiative to increase its share of the meetings market and make Boston a Top 5 North American destination for meetings and conventions as well as a leading international destination. The move has the potential to bring billions of dollars in new economic income to the region.

This process is intended to provide a roadmap for the hospitality and convention industry in Massachusetts over the next 10 years. It starts with a 12- to 18-month public dialogue over the value of the initiative and the route it will take, which includes expanding the Boston Convention & Exhibition Center, increasing the number of hotel rooms around the BCEC, and enhancing the hospitality culture of Boston. To foster this dialogue, the Top 5 initiative is forming a "Convention Partnership," a 25-member working group of key stakeholders, opinion leaders and decision makers designed to steward the strategy, expansion study and analysis. The Convention Partnership will present a report of its findings to the Governor, Mayor, Senate President and House Speaker by December 31, 2010.

The effort, if successful, could create billions of dollars in economic impact for the city, the region and the state, create new jobs, and serve as an engine for future long-term economic development.

Since its opening in 2004, the BCEC along with the Hynes Convention Center have generated \$2.4 billion in economic impact, with more than \$1 billion generated in the last two years alone. But a study commissioned by the MCCA and released today found that the 516,000-square-foot facility must expand to increase its market share, something that was discussed in 1997 when legislation for the facility was approved. Boston currently ranks ninth in North America for drawing meetings and conventions, a status that will be difficult to maintain over time without a strategy.

Despite the economic downturn, the trade show and meetings industry continues to expand, generating more than \$122 billion in economic impact nationwide.

Today's announcement follows a vote by the MCCA Board of Directors on a resolution backing the strategy, with Gov. Patrick, Mayor Menino and other key stakeholders supporting the vision. Total costs and financing for the expansion remains unknown but will be debated and developed during the Convention Partnership's public outreach.

"This initiative allows the Commonwealth to plan for the future even when times are tough," said Governor Patrick. "By building on our strengths as a destination now, we can bolster opportunities for jobs, long-term economic growth and business development in the future."

"The ideas and goals that are part of this initiative demonstrate to the world that we have unlimited confidence in our city and what it can do, not only as a convention destination but as the center of the most important trends in science, health and education," said Mayor Menino. "If we all work together to achieve the vision, the ancillary benefits are enormous, including building momentum to fully develop the South Boston Waterfront. This is a great idea coming at the absolute right time."

"This is an opportunity to build on the very solid foundation created by the successes of the BCEC and the Hynes," said Rooney, executive director of the Massachusetts Convention Center Authority. "We could sit back for the next few years, do nothing, and still be successful, but that is not an appropriate long-term growth strategy. By planning ahead and making our facilities, hotels, hospitality culture competitive well into the future, we guarantee that Boston and the Commonwealth remain one of the top destinations in the world, and that the economic benefits of these meetings and conventions bring their benefit for years to come."

"We begin this initiative not with a building in mind but with the region's future in mind," said Paul Guzzi, president and chief executive officer of the Greater Boston Chamber of Commerce, and co-chair of the Convention Partnership. "If Boston and the region are to move forward and take full advantage of all that the conventions and meetings industry has to offer, this dialogue must take place."

Expanding the BCEC

Despite being one of the most popular convention facilities in North America and being named Convention Center of the Year in 2007, the BCEC's current configuration lacks enough square footage to accommodate a number of

large, important meetings and conventions that want to come to Boston but can't. The lack of a second ballroom also prevents the BCEC from hosting two large conventions simultaneously.

Early estimates show that expanding the BCEC will deliver immediate economic results, including 5,000 construction related jobs. The enhanced facility could support 1,200 new permanent hospitality jobs, according to projections by the Convention Sports and Leisure consultant group, and support between 3,500 and 4,500 new jobs in associated Massachusetts businesses.

To demonstrate the growing interest in Boston, a total of 72 future shows that were interested in Boston were lost due to concerns about building space, specific dates or hotel rates. Not being able to accommodate these shows could mean the loss of \$336 million in potential economic impact for the region. In addition, a growing number of repeat shows are reconsidering Boston as a destination as those shows increase in size and attendee numbers.

In 2007, the MCCA commissioned Sasaki Associates to develop a master plan for the 62-acre site on which the BCEC sits, which includes the 22 acres of undeveloped space currently used as a parking lot. The Massachusetts-based Sasaki team includes architects from Atlanta-based Thompson, Ventulett, Stainback, and highly regarded business consultant, John Kaatz of Convention Sports & Leisure of Minnesota.

A strategic development plan developed by the Sasaki team and released today offers options and flexibility for the Convention Partnership to consider when it comes to expanding the exhibit and meeting space at BCEC. The plan discusses the possibility of adding an additional ballroom to allow the hosting of two shows simultaneously, and creating a fixed-seat auditorium. The study examined a campus-like setting that can be phased-in to match market demand. The study also stresses that any expansion respect surrounding neighborhoods.

Why now?

Despite the current economic crisis, the meetings and convention business is strong, especially in Boston, with the BCEC and the Hynes seeing solid bookings with major shows well into 2016 and 2017. The analysis performed by CSL indicates that the BCEC will be essentially sold out starting in 2011 reaching "maximum practical occupancy" each year into the foreseeable future.

The downturn in the economy has also produced a favorable construction bidding environment, with construction costs down between 20 and 30 percent in the Northeast, making this an opportune time to consider a major public works project. With local construction industry employment down 16 percent

over the past year, a major project of this nature could provide a short-term boost to the economy.

In addition, the majority of the MCCA's top shows align with the core industries of Massachusetts, such as life science, medicine, hospitality/tourism and technology. Leaders in these industries have indicated that keeping these shows in Massachusetts will continue to raise the Commonwealth's international profile in their industries while providing opportunities for economic development far into the future.

Increasing the hotel inventory in Boston

The Top 5 strategic initiative will also discuss the need to grow the inventory of hotel rooms in Boston, especially around the BCEC. The discussions will include debating the value of a major hotel project as well as how to develop and ultimately finance its construction.

Because of the lack of hotel rooms nearer to the BCEC, transportation costs associated with driving attendees to and from downtown hotels is becoming prohibitive, reaching in some cases to upwards of \$700,000 for a single event. At the same time, competitor cities have or are building more hotels clustered around convention facilities.

In addition to hotels in the South Boston waterfront, the strategic development plan also examines the lack of mid-priced hotel rooms in Boston and its impact on the local conventions and meetings industry. The plan suggests that a strategy be developed to create more mid-priced hotel rooms in Boston.

Enhancing Boston's hospitality culture and the South Boston Waterfront

This initiative also focuses on enhancing the hospitality culture in Boston to create a more cosmopolitan and international feeling in the city while preserving all of its unique characteristics and charm.

Boston is currently a major draw for tourists as well as meetings and conventions. If the city is to succeed, this initiative believes it must begin to treat hospitality as an industry and an economic driver, one as important as biotechnology and medical research.

The expansion and enhancement of the BCEC will also be a major boost in the ongoing development of the South Boston Waterfront. A campus-like setting around an expanded BCEC will provide more opportunity for economic stimulus and mixed-use in this burgeoning neighborhood, much the same way the Hynes Convention Center and the Prudential Center dramatically helped develop the Back Bay.

Expanding Boston's International Presence

Along with becoming a Top 5 destination for meetings and conventions in North America, Boston is well positioned to also become a leader for international gatherings in North America.

The city's proximity to Europe, a first-class airport nearby with expanding international carriers and destinations, and Boston's world-renowned academic institutions and medical centers are beacons for such gatherings.

"Globalization is a long-term, ongoing trend that will be unfettered by economic cycles," said Rooney. "Businesses, cities and the meetings' industry all need a strategy, and this is ours."

The long-term campaign would include examining the conversion of the Hynes Convention Center into a technologically advanced international Congress Center for both breakout events from the BCEC as well as smaller gatherings and events.

Guidance from Stakeholders

With the backing of the Governor and the Mayor, the MCCA will form the 25-member Convention Partnership, composed of key stakeholders from a variety of city and state interests to help debate the merits of this initiative while fostering support. The committee will be co-chaired by Rooney and Guzzi and will meet regularly with the public and other stakeholders to debate the merits of expansion, conduct public outreach and launch a detailed financial analysis.

"For the review of this campaign to be successful, we must rely on a group of leaders who understand the importance of our business and our economic impact," said Rooney. "Right now, we're not seeking a specific endorsement. We simply want a commitment by the Convention Partnership to support the ongoing dialogue and analysis."

The progress of this Partnership and this initiative, including scheduled meetings, can be followed via a new web page dedicated to Top 5 at <http://www.T5Boston.com>.

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