

# ***POLICY BRIEF***

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## **Convention Center Claptrap**

Anyone who read the Post-Gazette's business pages on January 29, 2003 probably saw the articles on the current state of the Pennsylvania Convention Center in Philadelphia and Pittsburgh's Lawrence Convention Center. Those readers might have come away feeling that it is the best of times and worst of times at opposite sides of the Commonwealth when it comes to the convention business. The Associated Press article noted that Philadelphia is still beset by union problems that are driving convention business away. The PG article, on the other hand, lauded Pittsburgh as being the beneficiary of extraordinarily strong bookings this year and through the rest of the decade.

Unfortunately, the article was more of a gushy puff piece than an attempt to paint an accurate picture of the Pittsburgh center. A little research is all that would have been needed in order to put the most recent numbers in context.

The article reported that through the end of 2003 there are 27 non-public shows that will generate an economic impact of \$53.8 million and 78,399 room nights. Granted, this is an increase over the number of shows for 2003 confirmed last year by the Convention and Visitors Bureau, but not by much. The article also reports numbers for the rest of this decade. As it now stands, the center will host 84 conventions from 2003 through 2010. A year ago at this time, there were 57 conventions confirmed from 2002 through 2008, an average of eight shows per year. Thus, the bookings average has been raised to roughly ten shows per year.

At first glance, these new numbers sound like significant strides are being made in adding new bookings. However, the truth is the numbers are still abysmally low. In actuality, bookings and attendance numbers for the next eight years at the new center are far below the eight years leading up to the demolition of the old, smaller center. From 1992 to 1999, a total of 315 non-public shows brought in 927,910 attendees, nearly four times the number of shows and attendees lined up through 2010. That means activity at the new center must quadruple from current levels just to match the booking levels of the 1990s at a much smaller center with fewer amenities. Given the supply and demand situation in the convention business nationally, a fourfold increase of business appears to be a remote possibility.

In trends we documented last year, growth in the supply of convention center exhibit space has increased 31 percent since the mid 1990s to a total of 32.1 million square feet. And, while cities were rushing to add capacity, indicators of convention demand--attendance, space use, and number of conventions--plummeted from levels reached in the early 1990s. A mismatch has resulted in the convention market, and the stakes for convention bureaus have been raised.

Instead of acknowledging these facts, the article was yet another example of the attempts by apologists for the center to put a brave face on the progress of the Plan B project. It is easy to

understand why. The new center was budgeted at \$270 million and is approaching \$80 million in costs above that mark and still needs \$20 million to complete; it took a lot of valuable property off the tax rolls; it has a large operating deficit, and is facing weak convention demand that could drag on for years. All in all, this is a fairly dreadful commentary on the planning and execution of building the new center.

It would be nice if rose-colored glasses could be discarded when reporters write about the circumstances surrounding the new convention center and other large taxpayer-funded projects.

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