An Overview of Convention and Tradeshow Demand for a New Halifax World Trade & Convention Centre

Focused on the Impact of Additional Ballroom and Meeting/Breakout Room Space

Developed for

TRADE CENTRE LIMITED

By

RED7MEDIA

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Introduction

Red 7 Media Research developed this overview of market demand potential based on a review of the impact of additional ballroom and meeting space in Halifax. The purpose of the overview is to provide an expert opinion to help Halifax convention, meeting and venue stakeholders answer the question:

- *What is the potential incremental demand for a new convention centre with an approximately 50,000 gross square foot multi-purpose hall, an approximately 35,000 square foot ballroom and approximately 35,000 gross square feet of additional meeting/breakout space?*

To develop the overview, Red 7 Media Research has utilized our full range of venue supply and demand data, industry coverage and knowledge. A key part of the overview is based on a proprietary listing of Canadian and U.S. conventions and tradeshows that have provided detailed event size information including exhibit space, ballroom and meeting room requirements, and attendance and hotel room demand. The sources include data collected from venue feasibility studies and other data sets.

For this overview, a custom data set of 140 events that form a representative sample of the Canadian and U.S. convention and tradeshow market was reviewed. These events are all under 51,000 net square feet of exhibit space, meaning they would fit within the proposed multi-purpose and ballroom space at the new venue. These events are applicable to study as client prospects and comparables for the new Halifax Convention Centre. During the list development process the focus was on "exhibit-centric" events which include association conventions and for-profit tradeshows.

The overview focuses only on events with the highest level of economic impact – national and international conventions and tradeshows with significant exhibit space requirements. Stand-alone meetings, conferences and other events with little or no exhibit space needs are not covered in this overview. A specific survey of current and prospective World Trade and Convention Centre on venue requirements has also not been covered in this overview. Data from Tradeshow Week has been used in this report.

The information used in the overview has been collected from sources we believe to be authoritative and reliable. However, we do not and cannot guarantee the accuracy or completeness of any such information. The estimates and projections reflected in our reports, and the assumptions upon which they are based, are made in accordance with our professional judgment based upon available information.

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Executive Summary

Based on the research outlined in this overview, Red 7 Media Research feels the proposed new Convention Centre in Halifax would allow venue marketing officials and staff to market to a significant increased segment of the North American convention, tradeshow and meetings industry.

New Venue Development Endorsement Based on Incremental Market Demand

The proposed new Halifax Convention Centre would allow the facility management and marketing team to market to approximately 20% more of the convention and tradeshow industry in terms of the number of events that would fit the facility. This would mainly be due to the larger ballroom and meeting space. The ballroom demand analysis found a 29% increase in market demand potential, while adding 10 meeting/breakout rooms would "open up" the facility to 11% more of the market. Therefore, the 20% overall estimate is an average of these two findings. Twenty-percent of the market is estimated to be approximately 250 North American conventions and tradeshows.

I.) Convention and Tradeshow Market Demand Analysis Focused on Increased Ballroom and Meeting/Breakout Room Space

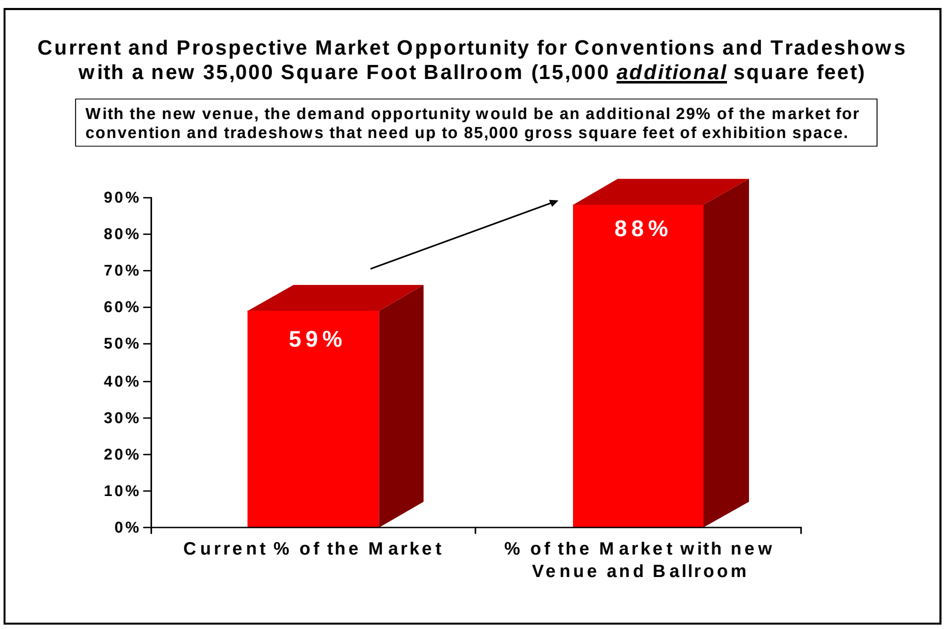
This section of the overview provides an estimate of the potential incremental demand based on the proposed new Convention Centre in Halifax.

Current and Proposed Halifax Convention Centre Facility Specifications

	Current – World Trade & Convention Centre	Proposed – New Halifax Convention Centre
Total Multi-Purpose Space	22,000 square feet	50,000 square feet (estimate)
Ballroom	20,000 square feet	35,000 square feet (estimate)
Number of Meeting/Breakout Rooms	21(13,000 square feet)	31(35,000 square feet) (estimate)
Total Rentable Facility Square Footage	55,000 square feet	120, 000 square feet (estimate)

Ballroom Space Demand

The larger ballroom is likely to help drive more new demand than the proposed meeting and breakout rooms. Fifty-nine percent of conventions and tradeshows that are less than 51,000 net square feet of exhibit space[1] in North America require up to 20,000 gross square feet of ballroom space. This is the same amount of ballroom space at the World Trade & Convention Centre currently. With a 35,000 gross square foot ballroom at the new venue, an additional 29% of conventions and tradeshows would fit the facility.

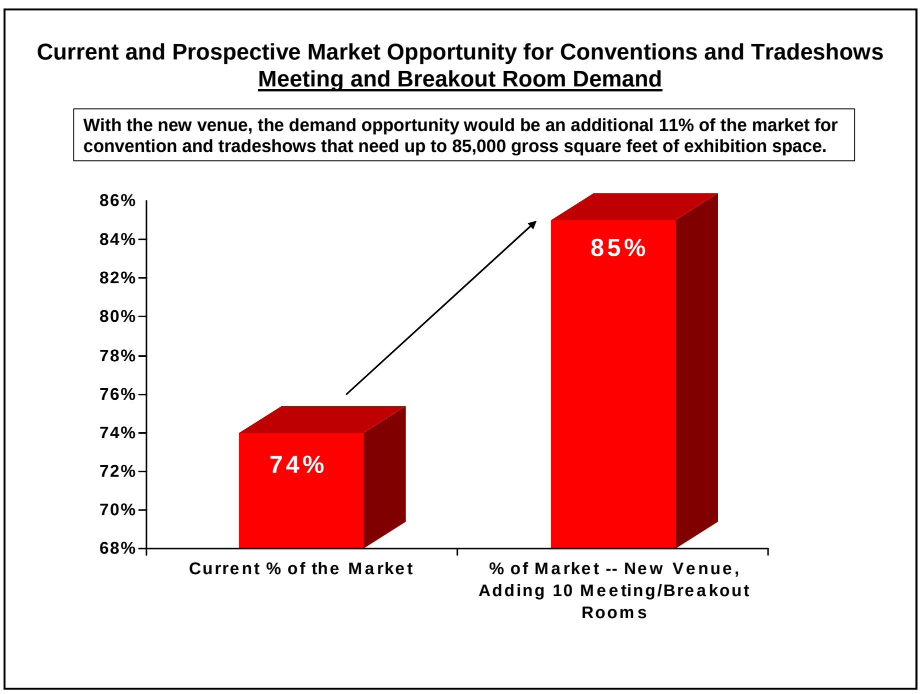


[1] Approximately the largest show that would be able to fit the new venue.

The average total hotel room night requirement of events in this additional 29% of the market is 2,103 hotel room nights. In short, the current ballroom is too small and the proposed new ballroom would allow Halifax to market to a total of 88% of conventions and tradeshows that would also fit the exhibit hall component. This would be up from the current "market coverage" of 59%.

Meeting/Breakout Room Space Demand

The World Trade & Convention Centre currently has 21 meeting and breakout rooms, according to the Tradeshow Week Major Exhibit Hall Directory. Based on the custom database of conventions and tradeshows with detailed venue requirements, 74% of the market of events with up to 51,000 net square feet of exhibit space need up to 21 meeting rooms. An additional 11% of these shows need up to 31 meeting rooms. The average total hotel room night requirement of this additional 11% of the market is 2,594 hotel room nights per event.



II.) Industry Outlook

New venue developments and expansions today may be questioned in light of the recent recession. But it is important to note that event producers are becoming more positive. A recent Tradeshow Week survey of North American convention and tradeshow producers conducted in November 2009 found that 46% expect their total event revenue to increase in 2010 vs. 2009, and 44% expect revenue to be flat. Therefore, 90% of convention and tradeshow producers believe the industry has hit bottom or will start to rebound in 2010 or 2011.

The growth of the convention and tradeshow industry mirrors the growth of the economy, with a lag time of about nine to twelve months. During the boom period of 2004 to 2007 attendance grew on average by 2.7% at North American conventions and tradeshows, according to Tradeshow Week.

Another key factor is that attendance quality remained relatively stable at conventions and tradeshows in 2009 in North America. Tradeshow Week found that 96% of CEOs and C-level executives said they were attending their industry's most important event last year. Decision-makers have attended major events and tradeshows during the recession to stay connected to what is happening in their industry.

Association conventions in particular as well as leading for-profit tradeshows are relatively stable. For one, associations often have to meet annually as part of their mission and leading tradeshows usually do not have a direct, head-to-head competitor. This is because it is more efficient for an industry to support a single leading "industry event". Thus, the number of association conventions and for-profit tradeshows is relatively static with few cancellations even in a recession.

Municipal convention venues are focused on return on investment that circulates new dollars in the local economy. The typical event attendee generates over $1,000 in economic impact per visit. The average convention and meeting economic impact on a host city is $3.6 million, according to the Professional Convention Management Association.

Capturing this spending is the key rationale for convention centres. That is, to develop a convention, tradeshow and meeting "ecosystem" focused on driving new spending for local businesses, as well as sales tax revenue. Consider that 17% of convention attendees bring a spouse or friend to the event; 90% visit a restaurant; 44% do some shopping while in town; and 25% stay in the region after the event for sight-seeing or a vacation. It is common for tourism-related industries to drive 10% to 20% of a major city's total employment and tax base.

A Competitive Industry

The convention centre industry is very competitive. Municipalities have been investing aggressively in convention centres in North America since the 1970s and the building boom is finally slowing but it is still under way. There are over 60 new convention centres or venue expansions underway or in the planning stages currently in North America. Seventy percent of North American convention centre General Managers say they will need an expansion, refurbishment or new venue within the next 10 years to stay competitive. In the last 15 years hotels have also begun to compete with cities for conventions, tradeshows and meetings – which has only made the industry more competitive.

The most attractive and important part of the "convention and meetings industry" is the largest and most stable part of the industry: association conventions with exhibits and tradeshows/trade exhibitions. But this sector is also well established and not many new major shows are launched annually. That means competition is fierce for these types of events. Corporate meetings are also important but highly cyclical, and are often the first to be cut back during an economic downturn.

In a competitive market convention centre facilities have to be comparable or better than venues in other cities. Most venues built in the 1980s and even the 1990s are behind the times. Today's event producers need higher quality space, more and improved meeting and breakout rooms and ballrooms. The focus is on event flexibility and improving the attendee experience.

III.) Comments on Incremental Market Demand from Facility Expansions

It is the Red 7 Media Research team's view that convention centre expansion projects that are projected to increase the market opportunity in terms of the number of conventions and tradeshows by less than 10% should not be developed. A projected increased market opportunity of 20% or more is preferable. Although for very large venues with over 500,000 gross square feet of exhibit space there are instances where the ability to market to less than 10% of the market for very large events is worthwhile. The additional 29% of the convention and tradeshow market that the research team expects the larger ballroom to "open up" for Halifax is deemed attractive. Here are additional comments on new facility development.

- The 20% +/- figure usually includes adding exhibit space, which is not proposed currently for the Halifax Convention Centre. Although, high-quality and more flexible space that can be used to hold "exhibit-centric" events is proposed.

- When considering venue expansion or new development plans, the potential for industry growth needs to be considered. The custom data set used in this overview partially covers event sizes during a recessionary period of 2008 and 2009, in which industry-wide net square footage was down nearly 10%. A longer term annual growth rate of 2% in square footage demand for many of these shows is a reasonable expectation once the economy recovers. The average annual growth in net square footage demand at conventions and tradeshows in North America from 2004 to 2007 was 2.2%, according to Tradeshow Week's Quarterly Reports of Tradeshow Statistics. Red 7 Media Research recommends that an expansion be considered to serve the market for approximately 20 years. The expansion of meeting and ballroom space demand is not tracked on a national basis but is assumed to be similar or even greater than exhibit space usage as events focus more on educational, entertainment and food and beverage elements.

- The recommendation in this overview which endorses the planned new development is an estimate based on the data outlined throughout this overview. It is also assumed by the research team that the recommendation will be matched to other data gathered by Trade Centre Limited and other Halifax stakeholders, the available land and space for an expansion, as well as specific architectural and engineering issues and constraints unknown to the Red 7 Media Research team.

- The expanded ballroom and meeting space will allow for the Convention Centre to book more sports, entertainment, conference and educational events, besides conventions and tradeshows with exhibit space requirements. This extra space would also allow for holding more events – and a more diverse range of events – at the same time.

IV.) Canadian Convention Centres and Exhibition Halls

Canadian venues with over 25,000 gross square feet of exhibit space are listed in the table below ranked by size of total exhibit space.

Facility	City	Total Exhibit Space	Meeting Rooms	Meeting Space	Meeting Space Included in Total Ex. Sp.
Direct Energy Centre & Allstream Centre	Toronto, ON	1,072,000	24	25,000	
The Toronto Congress Centre	Toronto, ON	1,000,000	67	124,000	*124,000*
International Centre	Toronto, ON	507,813	36	84,813	
IPSCO Place	Regina, SK	500,000	9	50,500	
Metro Toronto Convention Centre	Toronto, ON	460,000	64	104,000	
Stampede Park	Calgary, AB	450,000	17	29,000	
Olympic Stadium	Montreal, QC	432,500	3	15,000	
Vancouver Convention & Exhibition Centre	Vancouver, BC	388,000	72	85,000	
Palais des congres de Montreal	Montreal, QC	331,700	65	131,700	*131,700*
Northlands	Edmonton, AB	317,588	6	21,000	*21,000*
Place Bonaventure Exhibition Halls	Montreal, QC	315,000	10	20,750	
BC Place	Vancouver, BC	247,000	6	10,000	
Western Fair Association Event Center	London, ON	204,600	3	2,700	
Rogers Centre	Toronto, ON	200,000	na	na	
Prairieland Park Trade Centre	Saskatoon, SK	180,000	4	2,400	
Shaw Conference Centre	Edmonton, AB	177,000	27	34,000	
Winnipeg Convention Centre	Winnipeg, MB	160,000	33	49,400	*49,400*
TRADEX/Fraser Valley Trade & Exhibition Centre	Abbotsford, BC	137,000	3	3,200	
Pacific National Exhibition	Vancouver, BC	130,000	3	1,000	
Lethbridge Exhibition Park	Lethbridge, AB	125,000	2	125,000	*125,000*
Moncton Coliseum Complex	Moncton, NB	125,000	3	3,206	
Centre de foires de Quebec	Quebec City, QC	125,000	4	130,000	*125,000*
Copps Coliseum	Hamilton, ON	117,000	na	na	
Lansdowne Park/Ottawa Civic Centre Complex	Ottawa, ON	103,000	6	33,000	
World Trade & Convention Centre	***Halifax, NS***	***35,600***	***21***	***20,300***	
Exhibition Park	***Halifax, NS***	***92,500***	***1***	***7,500***	
Halifax Metro Centre	***Halifax, NS***	***40,000***	***1***	***1,600***	
Sheraton Centre Toronto Hotel	Toronto, ON	100,000	52	100,000	*100,000*
Quebec City Convention Centre	Quebec City, QC	100,000	30	58,000	*25,000*
Kitchener Memorial Auditorium Complex	Kitchener, ON	98,916	4	13,400	
Credit Union Centre	Saskatoon, SK	90,000	8	25,000	
Calgary TELUS Convention Centre	Calgary, AB	82,327	36	122,000	*82,327*
Harbour Station	Saint John, NB	78,000	1	1,750	

London Convention Centre	London, ON	67,000	10	56,000	
Penticton Trade & Convention Centre	Penticton, BC	60,000	13	40,000	*36,000*
Hamilton Convention Centre	Hamilton, ON	60,000	13	12,000	
Ottawa Convention Centre	Ottawa, ON	54,113	9	12,524	
Paradise Banquet & Convention Centre	Vaughan, ON	50,000	8	30,000	*30,000*
The Westin Harbour Castle	Toronto, ON	49,638	27	64,470	
South Okanagan Events Centre	Penticton, BC	45,000	4	7,500	
Confederation Centre of the Arts	Charlottetown, PE	25,000	7	8,685	
	Average	***221,102***	***18***	***43,923***	***75,369***
	Median	***125,000***	***9***	***29,000***	***68,664***

Source: Tradeshow Week Major Exhibit Hall Directory 2009

Methodology, Data Sources and Definitions

The key data set used to develop this overview is the custom listing of 140 conventions and tradeshows. This event database was developed by utilizing the following lists and data sets:

- Event producer responses to a number of North American venue demand, development and feasibility surveys.
- Tradeshow Week Quarterly Reports of Tradeshow Statistics 2008 and 2009, Canadian shows only.
- Tradeshow Week's master database of Canadian conventions and tradeshows held in 2009 and 2010.

When developing the list, the research team focused on events with the following characteristics:

- Events held at comparable Canadian venues.
- U.S.-based medical conventions with exhibits that rotate around North America, including Canada.

Data Sources

- Surveys of Convention and Tradeshow Producers
- Tradeshow Week Major Exhibit Hall Directory
- Tradeshow Week Quarterly Reports
- Tradeshow Week Data Book
- Red 7 Media Research

Definitions

- **Exhibit Space** or **Total Exhibit Space –** All available space in a venue that can be used to hold exhibits. This sometimes can also include meeting rooms, ballrooms and pre-function space.

- **Prime Exhibit Space –** The primary exhibit hall space built mainly to hold exhibits. Prime Exhibit Space does not include ballrooms, meeting areas or pre-function space that can sometimes also hold exhibits.

- **Gross Square Footage –** This is the total amount of exhibit space including aisle space required by event producers. This is opposed to "Net Square Footage" which is a metric for measuring a tradeshow by adding up the total exhibit footprints for exhibit booths excluding aisle space.

About Red 7 Media Research & Consulting

The Red 7 Media Research and Consulting Practice helps leaders in the global event, venue and media industries analyze data and information to make more informed business decisions and gain competitive advantage. We leverage all of our trusted brands, industry leading data and market expertise to provide clients with insights and improve their business performance. The Red 7 Media Research and Consulting Practice works across all of the company's leading magazines including EXPO, Event Marketer, Event Design, Best Events, FOLIO and Audience Development. The company also provides data and analysis as a service of the Event Marketing Institute and several conferences and numerous websites.

The Red 7 Media Research and Consulting Practice is unique in maintaining expertise in the following event and media industry sectors:

- Conventions, trade shows and conferences
- Convention centers and hotels
- Event marketing, corporate events and event design
- Magazines, information publishing and audience development
- Online and digital media and marketing

Our team has conducted thousands of assignments and projects for some of the leading event, venue and media organizations in the world as well as in the financial and consulting communities.

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