

Executive Summary

From the RFP submission process through to the present, Benchmark Global Hospitality has worked closely with the Development Team to study the market demand for a new Downtown Richmond convention center hotel.

The following presentation will assist in summarizing the feedback received from the Greater Richmond Convention Center, as well as market studies from Smith Travel Research, HR&A and HVS. The data that these sources have provided has led us to conclude that a Hyatt Regency would serve as the ideal hotel flag for the new convention center hotel.

We are confident that a Hyatt Regency within the Navy Hill district would complement a revitalized Downtown area and aid in the economic expansion of the City of Richmond.

Major Employers

Rank	Firm	Number of Employees
1	Capital One Financial Corporation	13,000
2	VCU Health System	9,313
3	HCA Virginia Health System	7,628
4	Bon Secours Health System, Inc.	7,136
5	Dominion Virginia Power	5,433
6	SunTrust Banks, Inc.	3,810
7	Altria Group, Inc. (Philip Morris)	3,800
8	Amazon.com	3,800
9	Wells Fargo	2,902
10	Anthem Blue Cross and Blue Shield	2,655

Source: Greater Richmond Partnership, July 2019

According to Woods & Poole Economics, by 2025 the Finance & Insurance and Health Care & Social Assistance Industries are expected to comprise of a combined 23% of Industries in Richmond. Both of these sectors will contribute to employment growth and act as visitation drivers.

Employer Statistics – Demand Generators

Government

- As the state capital of Virginia, the city is home to local and the state courts. Richmond hosts the Senate and House of Delegates every January and February

Finance

- The Federal Reserve Bank of Richmond, serving Maryland, Virginia, North Carolina, South Carolina, West Virginia, and the District of Columbia is located in the city.
- Over 600 financial services companies are located in Richmond
- Over 100 insurance companies are located in Richmond

Education / Healthcare

- Virginia Commonwealth University has an enrollment of over 31,000
- There are several hospitals in the greater Richmond area, including the VCU Medical Center, the HCA System, and the Bon Secours Health System

Convention Statistics

Year	Number of Events	Percent Change	Number of Delegates	Percent Change
2011/12	377	—	305,458	—
2012/13	359	(4.8) %	354,291	16.0 %
2013/14	362	0.8	370,055	4.4
2014/15	324	(10.5)	360,683	(2.5)
2015/16	350	8.0	390,201	8.2
2016/17	337	(3.7)	363,500	(6.8)
2017/18	294	(12.8)	357,045	(1.8)
2018/19	271	(7.8)	406,307	13.8

Source: Greater Richmond Convention Center

Convention trends show a decline in number of events as well as a general decline in the number of delegates.

The lack of available guest rooms within close proximity to the convention center contributes to the inability to bid on Convention Groups.

Air Traffic Statistics

Year	Passenger Traffic	Percent Change*	Percent Change**
2009	3,305,199	—	—
2010	3,311,747	0.2 %	0.2 %
2011	3,179,956	(4.0)	(1.9)
2012	3,167,294	(0.4)	(1.4)
2013	3,196,480	0.9	(0.8)
2014	3,352,651	4.9	0.3
2015	3,513,142	4.8	1.0
2016	3,559,052	1.3	1.1
2017	3,657,479	2.8	1.3
2018	4,077,769	11.5	2.4
<i>Year-to-date, Aug</i>			
2018	2,665,109	—	—
2019	2,884,356	8.2 %	—

*Annual average compounded percentage change from the previous year

**Annual average compounded percentage change from first year of data

Source: Richmond International Airport

Increasing passenger traffic trends demonstrate the growing demand for Richmond and greater accessibility due to increased services by Allegiant Airlines as well as more daily flights from JFK Airport by American Airlines.

Market Segmentation (Current)

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Commercial	223,239	62 %
Meeting and Group	75,669	21
Leisure	61,413	17
Total	360,321	100 %

Source: STR

The strength of the Transient Non-Leisure segment is evident in the current Market Segmentation, highlighting the need to target the Meeting & Group and Leisure Markets through the Induced demand of a Convention Center Headquarters hotel.

Induced Demand from new hotel supply

Market Segment	Induced Room Nights						
	2019	2020	2021	2022	2023	2024	2025
Commercial	0	0	0	0	0	0	0
Meeting and Group	0	0	0	0	9,000	9,000	9,000
Leisure	0	0	0	0	27,320	27,320	27,320
Total	0	0	0	0	36,320	36,320	36,320

Source: HVS

A new hotel and meeting space will enable the city to bid on larger Meeting & Conventions that the current space and available hotel room inventory are currently limiting.

In addition, a significant impact is expected in the Leisure travel segment, resulting in ancillary spend and economic effect to the city.

Induced Demand from new hotel supply

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Sep 16 - Aug 17	39.5 %	60.2 %	73.1 %	72.9 %	61.8 %	67.7 %	74.4 %
Sep 17 - Aug 18	40.4	66.1	75.8	74.3	62.0	68.6	74.3
Sep 18 - Aug 19	39.8	66.0	78.1	75.7	62.7	70.9	77.3

A boost in Meetings and Conventions will impact the need periods of Sunday and Monday while Leisure marketability will add to Thursday and Friday night stays to add more balance during need days.

Source: HVS

A tall, modern glass skyscraper with a Hyatt logo overlay. The building has a distinctive diamond-patterned glass facade on its upper portion. The ground floor features large windows and a modern entrance. People are walking on the sidewalk in front of the building, and there are trees and outdoor seating areas. The sky is blue with some clouds.

HYATT®

WHY HYATT REGENCY

- Hyatt branded hotels are greatly underrepresented in the greater Richmond marketplace. As such, the property would benefit from being Hyatt's primary convention center hotel in Virginia.
- Best in class revenue delivery systems including Hyatt's national sales organization, central reservations system, marketing platform, and loyalty program.
- Hyatt's forward thinking design aesthetic creates exceptional hotels, reflective of their unique locations.
 - Hyatt has struck the right balance between being broadly distributed, but remaining deliberate and thoughtful about how we develop hotels within a trade area. Looking for the best hotels in the best locations in each submarket.



694
properties

Only multinational, multi-brand
hotel company focused on the high-end traveler

65
countries

LUXURY

PARK HYATT®

WELLNESS

M/RAVAL

PREMIUM

GRAND
HYATT



HYATT

LIFESTYLE

ANdAZ.

HYATT CENTRIC®



MODERN ESSENTIAL



ALL INCLUSIVE



VACATION OWNERSHIP

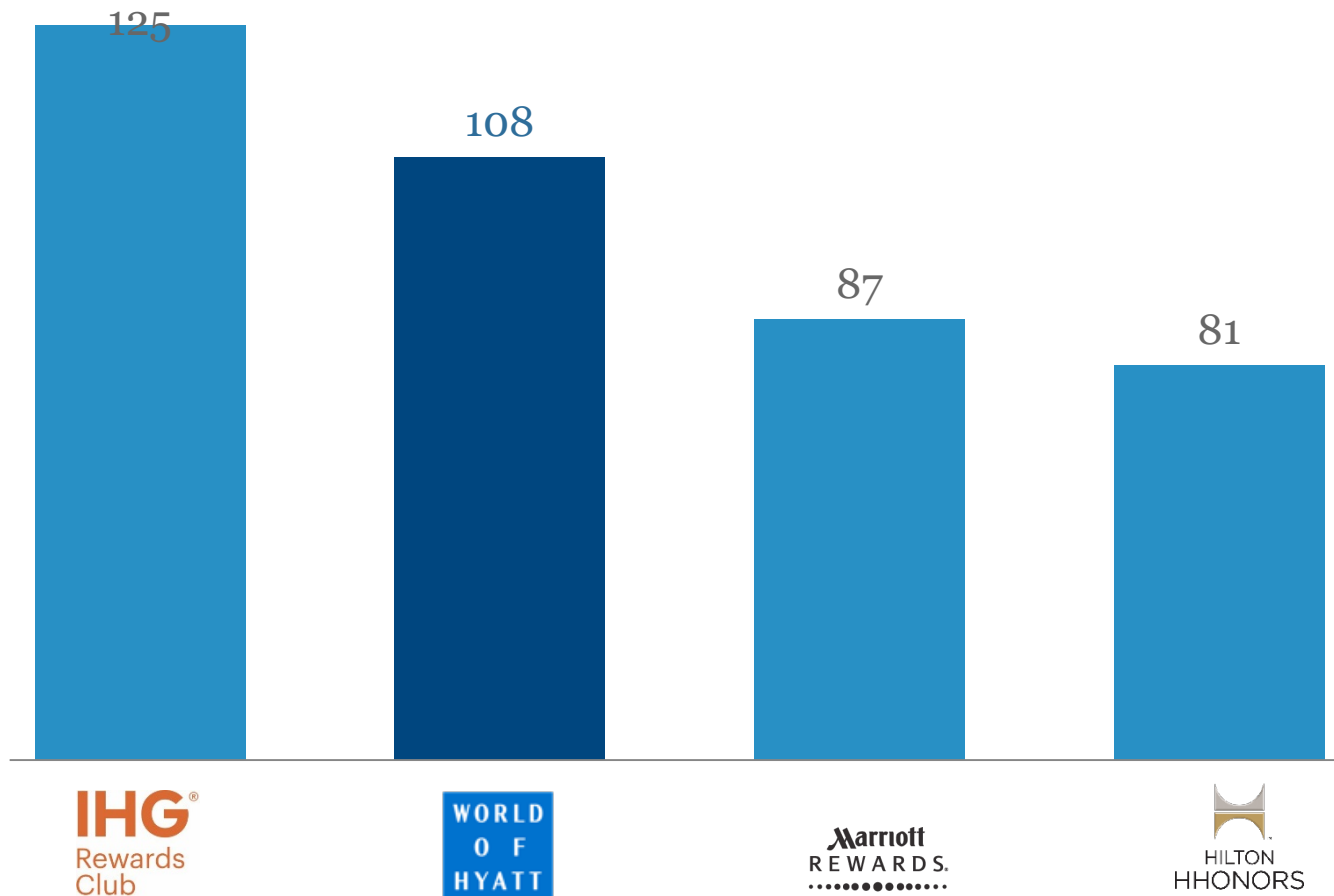


Accelerating success.

Loyalty Program Members Per Available Room v. Competitors

The number of Hyatt loyal guests per available hotel room is the second highest in the industry. Our brands and systems have a greater impact on our hotels than that of our competitors which have been diluted over time by oversaturation in their local markets.

World of Hyatt Members PAR vs. the competition.



Redefined loyalty program

World of Hyatt members:

Spend more

- Loyalty Member ADR commands a premium in the high single digits over our System-wide ADR
- Including incidental spend, members pay on average **37%** more per night

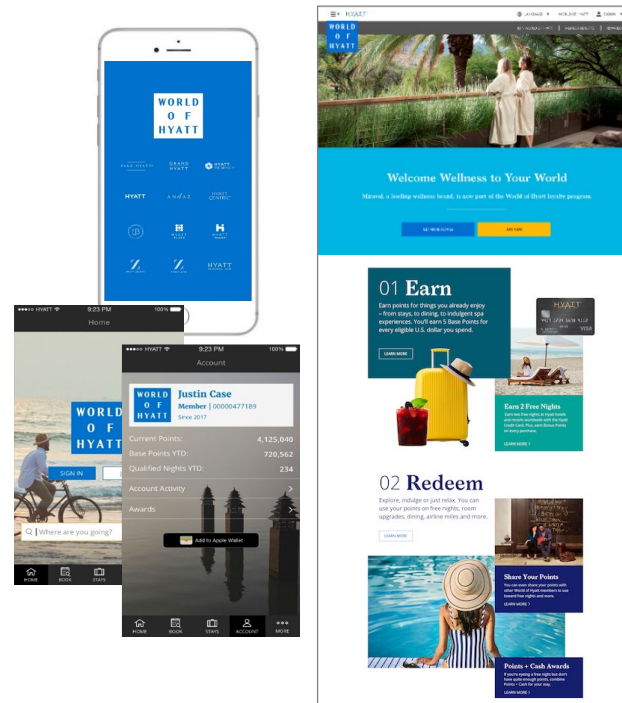
Stay more

- Represent **~1/3** of consumed room nights
- **3X** more likely to have multiple stays in a year than nonmembers
- **7X** more likely to return YOY than nonmembers

Book direct

- More likely than nonmembers to book direct which are our least costly reservation channels

World of Hyatt Loyalty Program





CAPITALIZE ON CONNECTIONS

Hyatt's Premium Upper Upscale brand

- Most widely distributed & well recognized brand globally
- Known for design innovation

Brand Promise: Bringing people together by fostering connection & collaboration

- Creating gathering places
- Variety of spaces to work, engage or relax

183 HOTELS around the world with
44 more under development



Hyatt Convention Hotel Alliance

Since opening the Hyatt Regency Atlanta in 1967 Hyatt has distinguished itself as the premiere group hotel for nearly 50 years.

Hyatt currently manages 41 convention hotels; 15 with 800+ rooms

1. **Atlanta**
2. **Chicago**
3. **McCormick Place**
4. **Dallas**
5. **Dallas Airport**
6. **Denver CC**
7. **Jacksonville**
8. **New Orleans**
9. **O'Hare**
10. **Orlando**
11. **St. Louis**
12. **Washington, D.C.**
13. **San Diego**
14. **San Antonio**
15. **Seattle**

Hyatt Convention Hotel Alliance

The Hyatt Convention Alliance combines the collective power of Hyatt Hotels to host any conference, convention or meeting event. They are focused on taking a thoughtful and innovative approach to multiple meetings. They look to partner with prospective customers who have the potential to forge long term relationships with our collection of fine Convention Hotels.

Objectives:

- To build brand loyalty among meeting planners
- To truly understand our customers wants, needs, and desires long term
- To streamline the planning process by giving planners the convenience of signing one contract for multi-year business within the alliance
- To create a liaison between our hotels and our clients through our Sales and Event Planning Managers for multiple meetings
- To Involve the planner in the sales process to offer concessions that are exclusive and tailored to the needs of each conference
- To evolve and leverage our award winning Gold Passport Program as incentive to book multiple meetings





Our Proprietary Envision Database Automates & Drives Group Bookings at both the Hyatt Full Service and Field Sales Level

The only centralized database of its kind in the hospitality industry

A proprietary sales application that shares client information, preferences, requirements and history between properties and brands, so clients do not need to re-supply information

A unique tool used to track the booking process from beginning to end

Provides a system to manage contact and organization information and their event history

Real time viewing opportunity of all group diaries and hotel's function space

Application used for Group Customers and Transient Customers.

**Envision Database Contacts
over 3.1M**



Hyatt Impact on Bookings for Convention Hotels

NEW CONSTRUCTION PROJECTS

Hyatt Regency Denver at the Colorado Convention Center

- \$103M in pre-opening sales

Grand Hyatt San Antonio

- \$106M in pre-opening sales

ACQUISITION PROJECTS

Hyatt Regency Orlando

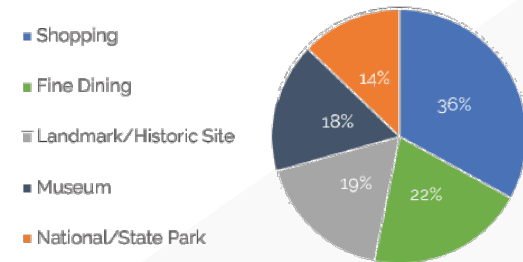
- \$125M in revenue in first year
- 38% increase in revenue versus previous operator results



SOUNDBITES ON THE **RICHMOND MARKET**

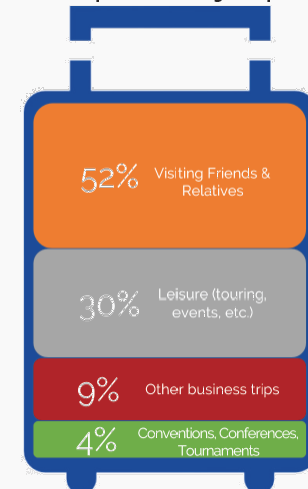
- “Top Destination for Travel” worldwide by Frommer’s
- Number three spot in Travel + Leisure’s top places to visit
- One of “8 Under-the-Radar Foodie Cities” by US News Today
- Country’s New Must-visit Art Destination by Travel + Leisure
- Richmond ranks second for the total number of Fortune 500 companies, as compared to other MSAs with a population of 1-2 million
- Richmond tourism is active year-round, with an uptick in the spring and summer
- Over 174,500 meeting and group room nights were booked in fiscal 2015/16, of which Sports tournaments and groups accounted for 45%

About 58% of Richmond Tourists Come for Multiple Visits within the Same Year



Source: Richmond Regional Tourism, 2016

Purpose of Overnight Trips



Source: Richmond Regional Tourism, 2016

SOURCE: HVS Market Pulse: Richmond VA (July 3, 2017)

INDEPENDENT REVIEW OF THE **RICHMOND MARKET**

- An analysis of Downtown hotel offerings indicates that the Greater Richmond Convention Center (GRCC) is unable to accommodate large block groups of 1,500 or more at hotels within ½ mile of the Center, or within greater Downtown Richmond
- Job and population growth estimates, coupled with expectations for visitation to Downtown Richmond, indicate there is a demand for between 460 and 590 new hotel rooms
- Occupancy rates have increased in Downtown, consistently achieving 70% across a subset of hotels within close proximity to the GRCC
- ADR and RevPAR have increased by 25% over the past three years, indicating there is a growing demand for Downtown hotels
 - HR&A projections indicate room rates in Downtown Richmond may achieve upwards of \$220 by 2021
- Projected Annual Growth for Hotel demand ranges from 2.0%-2.4% (2017-2027)
- HR&A estimates that a large-scale, new Downtown hotel will achieve 63% to 64% occupancy at the end of the first year in operation and fully stabilize within three years

IMPACT OF NEW HEADQUARTER CONVENTION HOTELS

Contrary to the belief that a new convention hotel would cannibalize a market, we generally see the entire market improve during the period following the opening of a HQ convention hotel.

HQ Hotel	Opening Date	Rooms	Metric	% Chg +5	CAGR
JW Marriott Indianapolis	Feb 2011	1005	Occ	3.7%	1%
			ADR	16.6%	3%
			RevPAR	20.9%	4%
Omni Dallas Convention Center Hotel	Nov 2011	1001	Occ	15.8%	3%
			ADR	19.4%	4%
			RevPAR	38.2%	7%
Hyatt Regency Denver @ Colorado Convention Center	Dec 2005	1100	Occ	9.3%	2%
			ADR	13.0%	2%
			RevPAR	23.5%	4%
Grand Hyatt San Antonio	March 2008	1003	Occ	-3.9%	-1%
			ADR	-3.1%	-1%
			RevPAR	-10.0%	-2%
Renaissance Schaumburg Convention Center Hotel	July 2006	500	Occ	1.4%	0%
			ADR	0.4%	0%
			RevPAR	1.8%	0%

GREATER RICHMOND CONVENTION CENTER

PEAK ROOM NIGHTS

- Based on the Peak Hotel Usage Report (reflecting events with greater than 500 attendees) Richmond will host 47,334 peak room nights in 2018
- An additional 4,356 peak (16,168 total) room nights have been identified as lost/new business by Richmond Regional Tourism
- Our projections assume that citywide peak room nights for Richmond will grow by 8% + the identified 4,356 room nights by 2023 (Year 3)
- Of the anticipated 55,486 peak room nights in 2023, we expect to capture 70% of the business headquartered at the Convention Center and New Arena and 23% of the remaining citywide peak room nights

Headquarters	Available Peak RN	Capture Ratio	Captured Peak RN
Conv. Center	19,558	70.0%	13,691
New Arena	12,000	70.0%	8,400
Other	23,927	23.0%	5,503
TOTAL RNs	55,486	49.7%	27,594

- Capture ratios take into consideration that we would be unable to accommodate 25% of total citywides due to those peak room nights that would exceed our room inventory



STABILIZED **GROUP MIX**

We anticipate that the Hyatt Regency Richmond Convention Hotel would stabilize with a 35/65% Transient/Group Mix by year three; comprised of the following group types:

Group Type	Group ORN	% of Group Mix
Corporate	26,807	32.0%
Association	15,079	18.0%
SMERF	6,333	7.6%
Citywides	27,594	32.9%
Government	7,958	9.5%
TOTAL GROUP	83,771	100%

This assumes a close-working relationship with the GRCC to avoid any disconnects and to improve the mix of citywide events (drive more corporate and association room nights vs. SMERF)