

HOSPITALITY & TOURISM

Fifteen years ago, Philadelphia seriously entered the hospitality business with the opening of the 440,000 square-foot Pennsylvania Convention Center, not at the margins, but in the center of downtown, within easy walking distance of hotels, restaurants and other attractions. This public investment prompted a 50% increase in the number of downtown hotel rooms and has been followed by investment in new attractions in the historic district. Through an expanded hotel tax, marketing for conventions, trade shows and domestic and international tourism has significantly increased, yielding huge dividends for all the businesses and employees that benefit from expenditures by out-of-town guests.

Today, Center City's 10,450 hotel rooms comprise 25% of the region's supply but generate 41% of all room revenue. Average daily room rates downtown have risen by 47% since 1996, reaching \$172.55 in 2008. Given the slowing of the economy and the absence of a blockbuster exhibition like 2007's King Tut at The Franklin Institute, occupancy rates dropped slightly from 73.6% in 2007 to 71% in 2008, but were still significantly above rates in the last recession.

The 392,000 square foot expansion of the Pennsylvania Convention Center is well underway and will soon provide the largest contiguous meeting space in the Northeast. To accommodate increased activity, additional hotels are planned for downtown. From the new boutique Hotel Palomar property opening in 2009, to a large, full-service property directly north of the Convention Center, Center City Philadelphia has 20 new hotels in various stages of construction, pre-planning and planning. Given the difficulties associated with financing in this environment, new hotel supply is likely to be added more slowly than anticipated over the next five years, making market absorption easier and keeping existing hotel occupancy rates from dropping substantially.

Bookings for conventions of over 10,000 attendees are projected to expand from 2008 to 2009, jumping from five major conventions totaling 56,000 attendees in 2008 to eight in 2009 generating an estimated 100,200 attendees. Gate shows at the Convention Center, such as the Flower Show, Auto Show and Home Show, brought an additional 556,000 visitors to downtown Philadelphia in 2008.

Group meetings and conventions account for the largest share of hotel room revenues generated, with business travel second and tourism third. But the number of tourists to the Philadelphia region increased in 2007, the latest

year for which data is available. The 29.3 million domestic tourists visiting the region in 2007 for day and overnight trips were joined by 550,000 overseas visitors, the highest number ever. While 10.6 million leisure visitors to the region stayed overnight in 2007, an additional 12.8 million were day-trippers, drawn by the ease of reaching a destination within a five-hour drive of one quarter of the U.S. population.

Top tourist attractions continue to be historical sites, including Independence Visitor Center, which topped the list of destinations at 2.76 million visitors, an increase of nearly 400,000 over 2007. Visitation to the Liberty Bell Center showed a healthy increase as well, with 2.27 million visitors, almost 240,000 more than in 2007. Set soon to get a major \$18 million make-over, Franklin Court, the bicentennial-era underground museum honoring Benjamin Franklin, drew close to 270,000 visitors in 2008.



The Ritz Carlton Lobby

Conventions, Trade Shows and Gate Shows over 10,000 Attendees, 2008

Conventions & Trade Shows	Estimated Attendees
American Chemical Society	14,000
American Society of Nephrology	12,000
American Library Assn	10,000
Interphex USA	10,000
Society of Cable Telecommunications Engineers	10,000
Total	56,000

Philadelphia Convention and Visitors Bureau, 2008

Gate Shows	Estimated Attendees
Philadelphia International Auto Show	250,000
Philadelphia Flower Show	223,000
Philadelphia Home Show	53,000
Wizard World 2008	20,000
Philadelphia Fall Home Show	10,000
Total	556,000

Pennsylvania Convention Authority, 2009

Conventions, Trade Shows and Gate Shows over 10,000 Attendees Booked for 2009

Conventions & Trade Shows	Estimated Attendees
Questex Media Group	18,000
American Society for Microbiology	15,000
American College of Physicians	14,000
American Public Health Association	13,000
Buyers Market of American Craft	10,000
SunGard Higher Education	10,000
Irish Dance Teachers Association	10,000
American College of Rheumatology	10,000
Total	100,200

Philadelphia Convention and Visitors Bureau, 2008

Gate Shows	Estimated Attendees
Philadelphia International Auto Show	250,000
Philadelphia Flower Show	250,000
Philadelphia Home Show	50,000
Paradise City Fine Arts Festival	30,000
Wizard World 2009	20,000
Total	600,000

Pennsylvania Convention Authority, 2009

Pennsylvania Convention Center Facts

Features	
Total saleable space	1,000,000 SF
Exhibit space	440,000 SF
Planned expansion	392,000 SF
Meeting rooms (50)	90,000 SF
Grand Hall	35,000 SF
Ballroom	33,000 SF
Hotel rooms within a 15-minute walk	7,600
Planned hotel rooms within a 15-minute walk	537

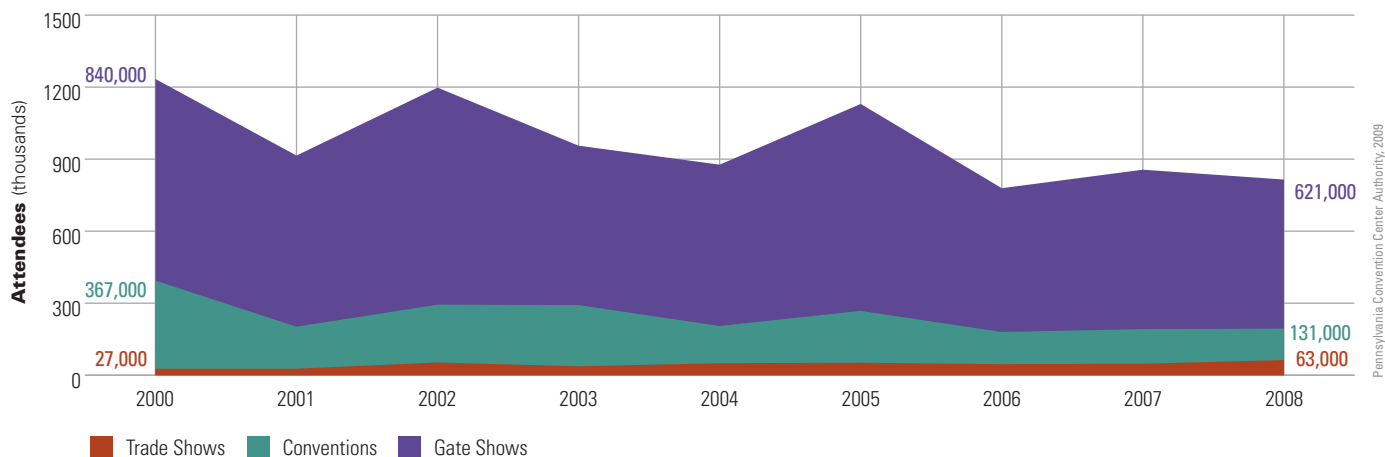
Philadelphia Convention & Visitors Bureau, 2008

Ten Additional Meeting Facilities

Facility	Square Feet
National Constitution Center	160,000
Independence Seaport Museum	115,000
Philadelphia Marriott Downtown	114,000
Franklin Institute	100,000
Sheraton Philadelphia City Center	60,000
Loews Philadelphia Hotel	40,393
National Liberty Museum	30,000
Doubletree Hotel Philadelphia	27,000
Ritz-Carlton Philadelphia	25,000
Union League of Philadelphia	25,000

Philadelphia Business Journal, Book of Lists 2007; Loews Philadelphia Hotel

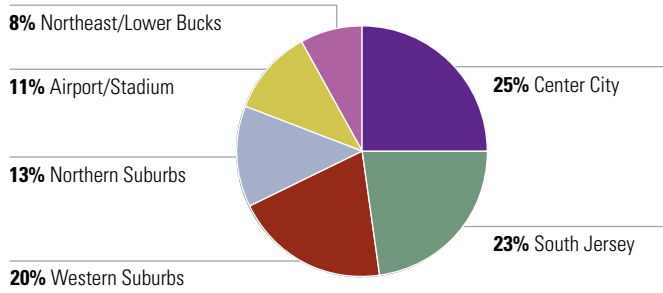
Convention, Trade Show and Gate Show Attendance at the Convention Center, 2000-2008



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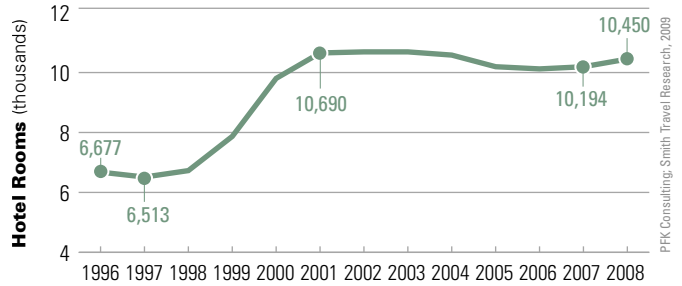
HOTELS

Hotel Rooms as a Percentage of Regional Supply, 2008



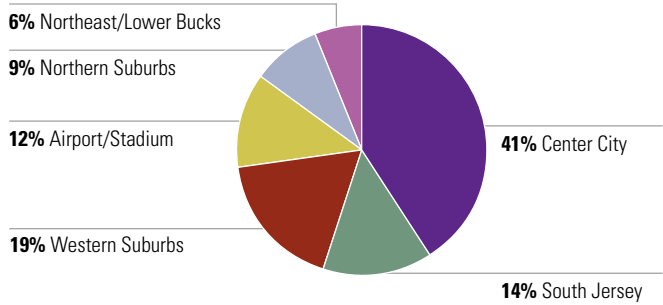
PKF Consulting, Smith Travel Research, 2009

Expanded Center City Hotel Room Supply, 1996–2008*



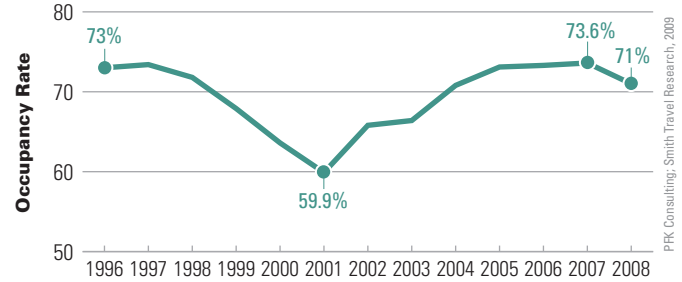
PKF Consulting, Smith Travel Research, 2009

Hotel Room Revenue by Geography, 2008



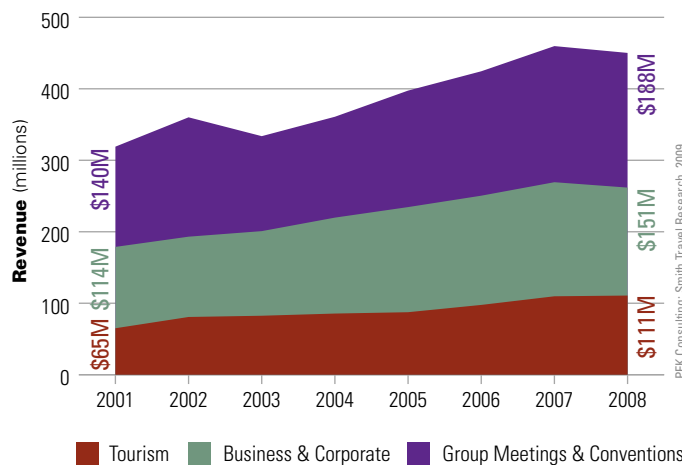
PKF Consulting, Smith Travel Research, 2009

Expanded Center City Hotel Room Occupancy Rates, 1996–2008*



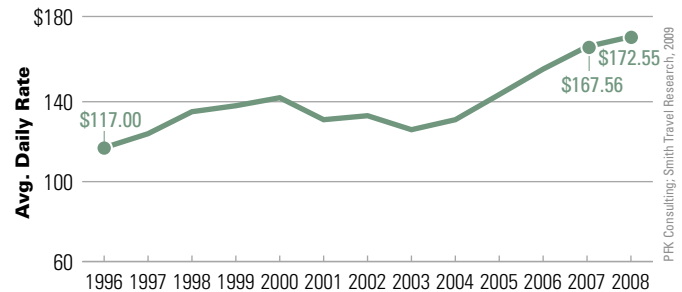
PKF Consulting, Smith Travel Research, 2009

Hotel Room Revenue by Visitor Type, 2001–2008



PKF Consulting, Smith Travel Research, 2009

Expanded Center City Hotel Room Average Daily Rates, 1996–2008*



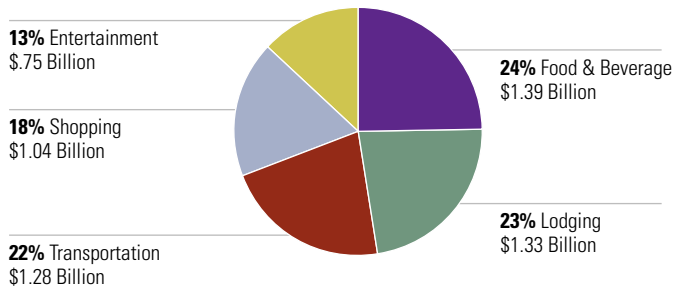
PKF Consulting, Smith Travel Research, 2009

Number of Visitors to the Philadelphia Region by Type, 2005-2007

	(in millions)			% Change (2005-2007)
	2005	2006	2007	
Leisure Visitors				
Total Overnight	10.62	10.43	10.58	-0.4%
Total Day	12.52	12.52	12.77	2.0%
Total Leisure Visitors	23.14	22.95	23.35	0.9%
Business Visitors				
Total Overnight	1.95	1.95	1.97	1.0%
Total Day	3.61	3.90	3.93	8.9%
Total Business Visitors	5.56	5.85	5.90	6.1%
Business & Leisure Visitors				
Total Overnight	12.57	12.38	12.55	-0.2%
Total Day	16.13	16.42	16.70	3.5%
Total Visitors	28.70	28.80	29.25	1.9%

Tourism Economics/Longwoods International, Greater Philadelphia Tourism Marketing Corporation, 2009

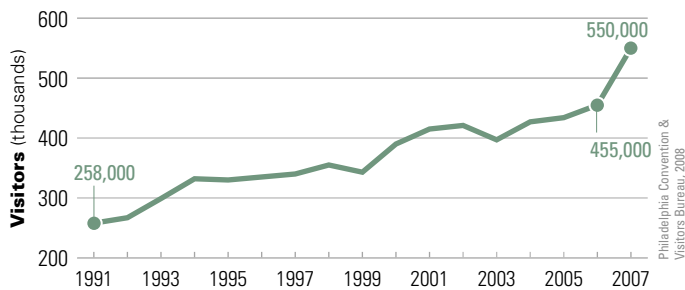
Domestic Traveler Spending in the Philadelphia Region, 2007



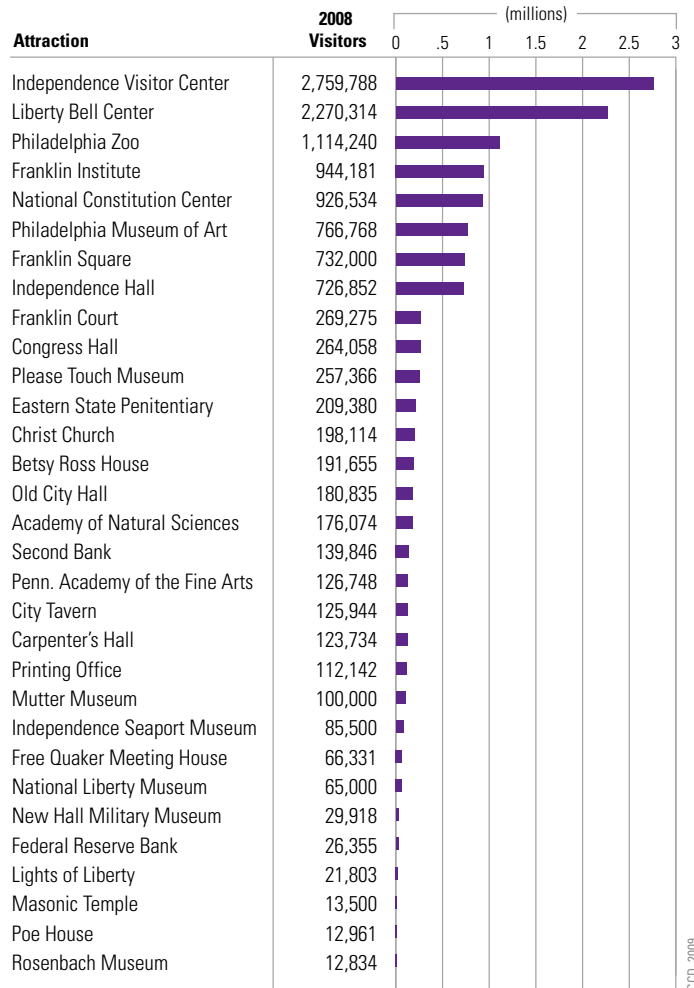
Total Spending = \$5.8 Billion

GPTMC, Tourism Economics, 2008

Overseas Visitors to Philadelphia, 1991-2007



Major Tourist Attraction Attendance, 2008



Center City Hotel Room Nights by Visitor Type, 1996-2008

