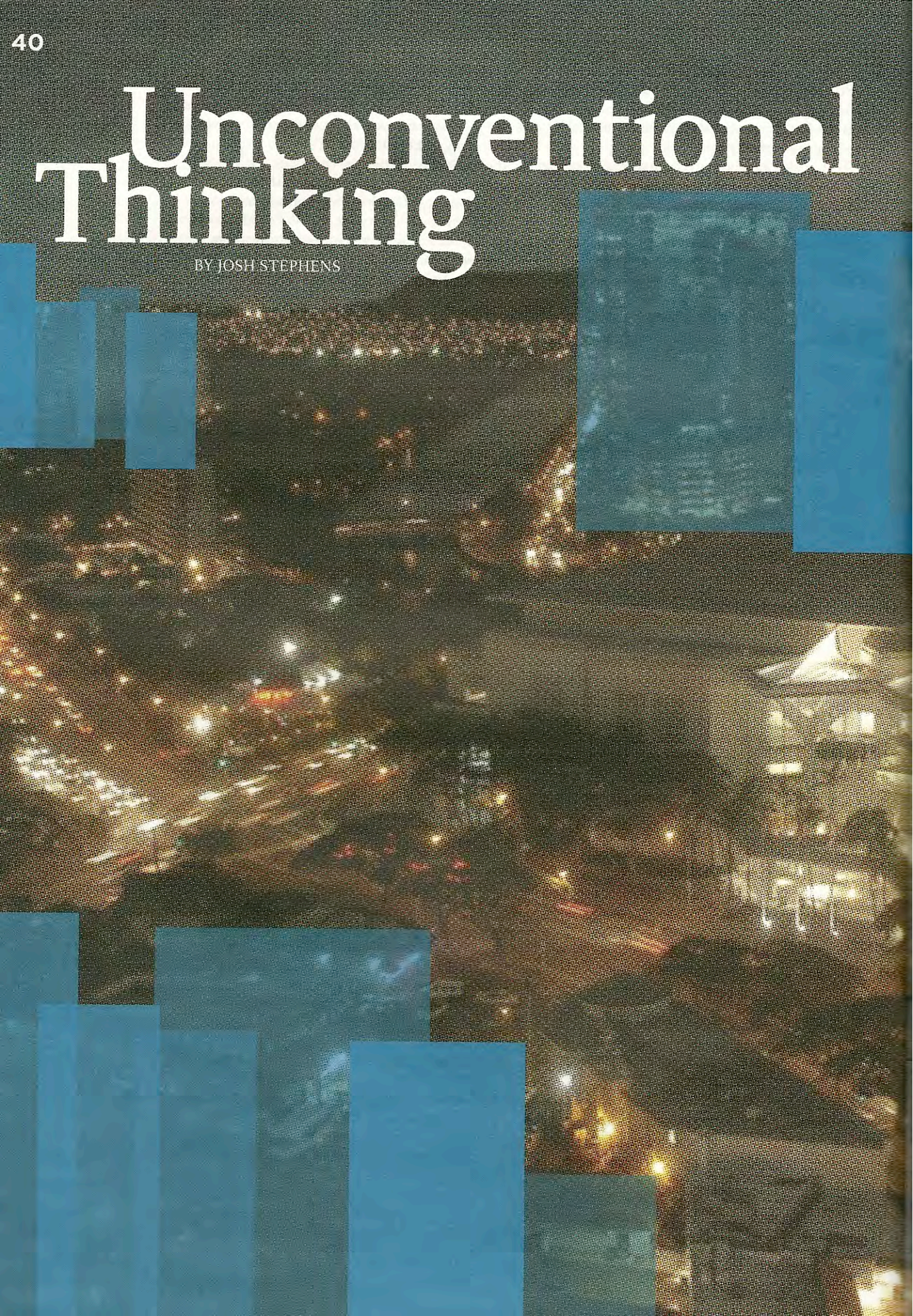
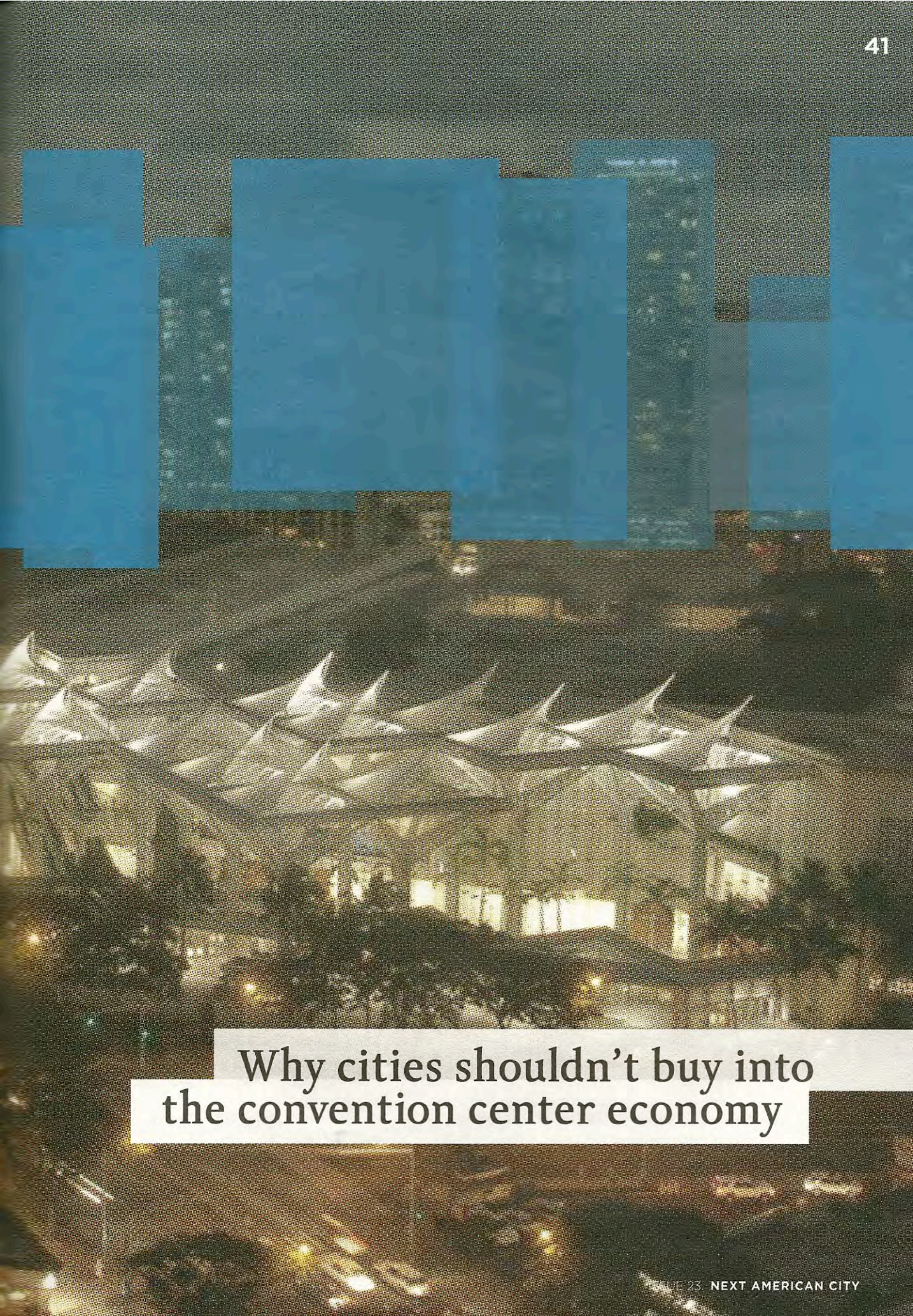
Unconventional Thinking

BY JOSH STEPHENS





Why cities shouldn't buy into the convention center economy

Two generations ago, city economies relied on money from the products they manufactured. Faraway customers purchased Fords, Zeniths, Maytags and Levi's, and their cash made its way to the factory foreman and his workers, who would then spread the wealth to the local butcher and baker. In the postindustrial visitor economy, however, the city itself becomes the product, and cities must contrive reasons for people to visit. Enter the convention center.

At any given moment, the average American convention center is buzzing with accountants, motivational speakers, comic book collectors and other hordes of professionals and enthusiasts — adding up to 12,000 events a year. As the demand for spaces in which to buy, sell, make deals and exchange information has boomed, formerly modest meeting halls have ballooned into spaces that could swallow a typical Wal-Mart whole. Since 1993 American cities have invested more than $23 billion in ever-larger boxes that now number more than 320, and since 2000 the country's total convention space increased by 25 percent to nearly 90 million square feet, which collectively eclipses the commercial space in all but two of America's largest central business districts. Chicago's McCormick Place alone spans 2.6 million square feet, with contiguous spaces that could hold about as many superlatives as you care to fit.

The story of a single convention center would be an unremarkable tale. There is no Guggenheim Bilbao, but no Pruitt-Igoe either. The story of convention centers is that, for all cities do to distinguish themselves, the convention industry treats cities not as places but rather as spaces — fungible, interchangeable and characterless. Even though convention centers are marketed with Platonic conceptions of cities (palm trees, skyscrapers, longhorns, slot machines), the convention economy is one of placelessness. "Most of them have removed themselves from the community they're in by virtue of becoming developments that are about drawing people into the city, not about being integrated in the city culture and fabric," says Fred Kent, president of the Project for Public Spaces, which advocates for attractive, energized public spaces.

Even so, convention centers might seem tolerably innocuous — they don't pollute (directly), they don't bulldoze historic neighborhoods (usually), and they pay for themselves — except when they don't.

Registration Fees

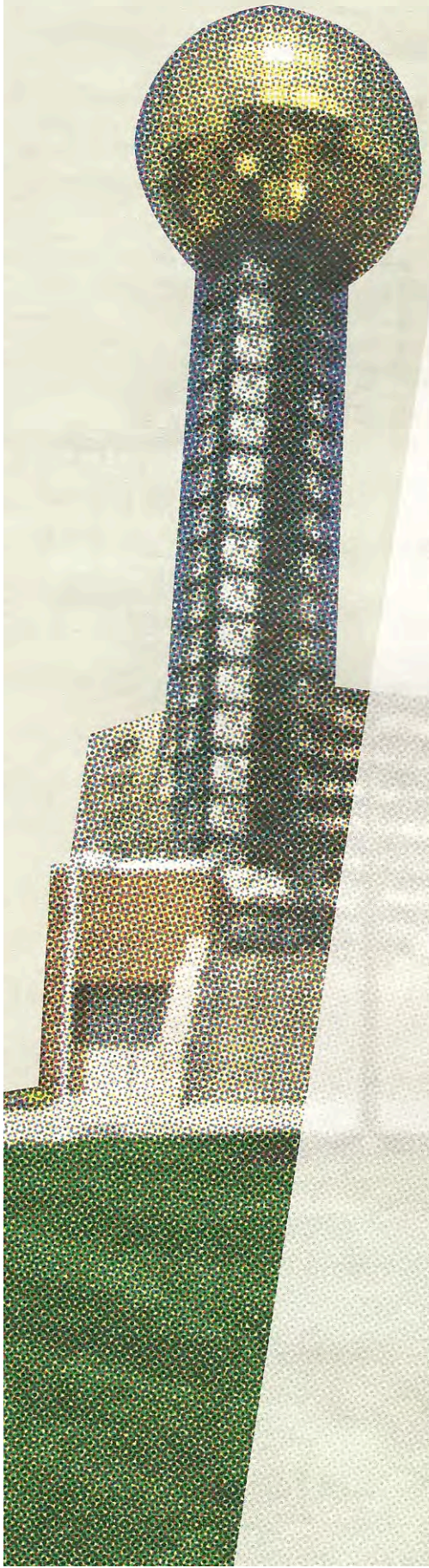
While the convention industry has forged ahead, Heywood Sanders, professor of public administration at the University of Texas-San Antonio, has positioned himself as its leading opponent — making him more or less a convention of one. In his 2005 Brookings Institution paper "Space Available: The Realities of Convention Centers as Economic Development Strategy," Sanders, who has testified before Congress and often giggles when he discusses the industry's absurdities, described the breathtaking pace at which convention-center supply was outstripping demand.

Despite the steady increase in nationwide square footage, Sanders presents data indicating that attendance at many convention centers, including the mighty McCormick Place and New York's Javits Center, declined markedly from 1997 to 2003. When demand declines in a typical capitalist system, weak companies go out of business and successful ones get leaner. Convention centers do not respond to market signals quite so rationally. With fixed footprints, they generally cannot downsize, and as wholly owned subsidiaries of urban America, they cannot outsource. Their chief solution, then, is to expand. A 420,000-square-foot expansion of Houston's George R. Brown Center was projected to yield nearly 600,000 room-nights in 2005, but a 2006 audit found that it was generating roughly 220,000 annual room-nights. In 2003, Washington, D.C., completed an $850 million expansion; as of 2007 annual convention-related hotel bookings were roughly 25 percent below projections, and the convention center's 2007 operating loss was estimated at $22 million. In cities from Los Angeles to Boston to Baltimore, the story is much the same. The current economic crisis is, of course, bound to make matters worse.

Nonetheless, according to industry publication *Trade Show Week*, 71 expansions or new projects, 81 percent of which involve public funding, were underway as of Sept. 2008, in keeping with the 10-year average of 74 projects underway at any given moment. In his analysis of these figures, *Trade Show Week*'s Michael Hughes writes, "It is still a buyer's market for convention center space, and the extra space under development will exacerbate this." In other words, convention centers are offering lower rents and sweetheart deals in order to attract fewer tenants who rent less space.

This remarkable escalation in the number and size of facilities stems from genuine civic enthusiasm, opportunism and cities' belief in their own exceptionalism. According to Sanders, officials hold fast to dreams of what a new building or exhibit hall can do without acknowledging that the very same ideas are brewing in the minds of civic boosters elsewhere. Those boosters almost invariably rely on the recommendations of consultants, upon whom Sanders levels much of the blame for the national oversupply. "You have a great many people with very particular interests in making these things happen: consultants, unions, developers," says Sanders. "All of that suggests that what's going on in the larger market doesn't matter, because fundamentally there's no one who will pay the price for a center not delivering what it's supposed to."

These consultants usually work for quasi-public convention and visitors bureaus. Part bureaucracy, part marketing firm and part real estate developer,



these agencies operate with single-minded attitudes toward increasing attendance and, at regular intervals, commandeering public funds to expand and upgrade their spaces to attract major events and out-of-town visitors. Consultants often offer optimistic projections of attendance, accompanied by optimistic projections of spinoff expenditures, by way of hotel nights and meals consumed. And cities buy into it: "We are very familiar with the benefits of the industry, and we understand the rollover effect of meetings and conventions," says Mike Carrier, president of the Oklahoma City Convention and Visitors Bureau, which is studying an expansion of its facility. "These don't necessarily pay directly for the facilities, but the indirect benefits through increased sales taxes, the spending in local hotels, restaurants, entertainment, are very beneficial for the city."

Ironically, though, the events that demand the most space and the highest rent — large exhibits such as boat and car shows — tend to attract locals with no need for hotels. Meanwhile, the cosmographers who attend a Galactic Center Workshop might stay the week at top dollar, but there are only 100 of them. In the world. And while more square footage allows convention centers to accommodate bigger events, there is no guarantee that they won't sit idle for long stretches. Sanders notes that business is not growing among the country's 200 largest events, and that expansion makes little sense in a market where the vast majority of events do not need hundreds of thousands of square feet. "There is very clear evidence of ongoing growth on the supply side," says Sanders. "There is every indication even from folks within the industry that the market is seriously overbuilt. There are a lot more convention centers chasing a relatively fixed volume of events."

Boosters, of course, are quick to point out that they rarely, if ever, expect rents to cover capital costs (or even operating costs), thereby undercutting Sanders' fiscally conservative line of criticism. "They've never been intended to be profitable," says Steven Hacker, president of the International Association of Exhibitions and Events. "They've been intended to attract audience and the audience has the economic clout, the impact to the local community by way of hotel rooms, restaurant meals, entertainment, expenses to support the business activity on the show floor, etcetera. The buildings are nothing more than a convenient stage upon which to build that economic model."

Look Who's Paying

Sanders has acquired such nicknames as "Dr. No" from industry advocates, who maintain that the building boom, along with its billions of dollars in public expenditures, is a sign of healthy competition. "There are times when we think that competition among cities is actually healthy," says Edward Glaeser, professor of urban economics at Harvard University. "It's a good thing when cities compete by having better schools and safer streets and even by reducing taxes. The question is whether they're competing in a way that actually delivers value."

But by the time convention centers can answer the "value" question, it's often too late to change course — and it's likely no one bothered to make the calculations. In the pantheon of public works and the litany of angry responses generated by NIMBYs, convention centers have hit on a formula that has allowed them to proliferate and expand almost without anyone noticing. Their downtown-edge locations and low profiles help them avoid the ire of neighbors, and their funding mechanisms — bonds or, more likely, hotel taxes — mean that local taxpayers do not directly bear capital costs. "Convention centers are not sexy. They're below the radar," says Dennis Judd, professor of political science at the University of Illinois at Chicago. "They have very well-organized interests working on their behalf, and then you have an unorganized, inchoate public who may knit their brows. That's an unequal contest."

Because they play nearly no role in a city's indigenous culture, convention centers are ignored by would-be activists and watchdogs who might speak up if it were clear that funds that could have gone to, say, schools were going to a convention center instead. "Since nobody's ox is being directly gored, it isn't as if you feel your kids' kindergarten class is going to have five more students in it because they're building this convention center — even though

it might," says Susan Fainstein, professor of planning at Harvard and editor of *Tourist City*.

To repay the public largesse, convention centers almost always promise positive externalities and multipliers that could, in a fanciful world, justify hundreds of millions in public subsidies. But those externalities are vague, opaque and almost impossible to measure, especially ex ante. They are, therefore, almost impossible to oppose. Meanwhile, the hotels, real estate interests, downtown business groups and public officials who gain directly from convention business portray them as painless investments. "There's a limited range of things that cities can do and a limited range of things that mayors can say, 'Look what I did for the city,'" says Fainstein. "They like things that are visible ... but I don't think that any rational benefit-cost analysis can justify it in most places."

Lack In The Box

While fiscal conservatives such as Sanders might legitimately debate, or disregard, the economic benefits of convention centers, their aesthetic offenses are, with scant exception, undeniable. Convention centers — which differ from warehouses only in their cloyingly futuristic entryways and clever skins to disguise the enormous sheds therein — sit most comfortably on large forlorn parcels, often surrounded by other large, forlorn parcels. Though sightseers may wing off in search of cobblestone streets or natural grandeur, the typical convention-goer arrives with modest needs and no expectations, which are likely to be met. Cities become mere destinations — a bland chain stretching from Jetway to hotel lobby to meeting hall to Chili's — rather than genuine places. "If you sign up for a convention center and your company sends you there, that's where you wind up," says *Los Angeles Times* architecture critic Christopher Hawthorne. "You're not making a decision to see a particular convention center."

Only recently have a handful of convention centers gestured toward high design. Renowned architect Rafael Viñoly has singlehandedly cornered the market on highbrow convention centers with his 1.5 million-square-foot, waterfront David L. Lawrence Convention Center in Pittsburgh and the 660,000-square-foot Boston Convention and Events Center, the latter of which looks impressively like the starship Enterprise in drydock, with a titanium prow stretching toward the harbor. Otherwise, starchitects have tended to bestow their gifts elsewhere. "It's difficult to find an architect who is self-effacing enough to [design a convention center]," says Congress for the New Urbanism co-founder Andres Duany, whose prescriptions for urban America typically do not come in million-square-foot doses. "For most architects, a building of that size is their bid for immortality. So they want to be as different and unique as possible, and it's very difficult with an elephantine building to do that."

Many convention centers, it turns out, limp along in a spectral guise of success: plenty of them do robust business, but almost none generates the revenues that they promise.

Populous (formerly HOK Sport Venue Event), the firm famous for designing neo-traditional ballparks and arenas, has positioned itself to bring innovation and higher-minded design to the next generation of convention centers. "A lot of cities ... just want something incrementally better than their next competitor," says Populous senior principal Todd Voth.

"I think there's an opportunity to redefine the whole convention center building per se, if people were just willing to take a little bit more risk." Voth says that his group tries to embody core principles that include aesthetics, sustainability and connection to the urban fabric. The group's flagship design opened recently in Phoenix, where an additional 870,000 square feet has tripled the facility's size.

Then again, whatever sculptural elements or detailing an architect can bring, the greatest challenge facing convention centers is that, for the most part, they fail to relate to the urban fabric that surrounds them. Viñoly's BCEC, for example, occupies a wide berth in a formerly industrial section of Boston. Utterly devoid of history or urban intrigue, it sits across a highway and a channel from quaint downtown streets where the shots of the Revolution once echoed. At their worst, convention centers equate to taxation without representation, because city residents are sacrificing funds that in some cases could be spent on other redevelopment strategies that enhance their street life. "It would be surrounded by urban fabric, seamlessly," says Duany. "It would not have blank walls. There would probably be shops. There would be liner buildings. As a convention center, it probably would not be particularly expressive."

"Big-scale government programs for stadiums and convention centers don't work," says Richard Florida, author and proponent of the theory that cities gain vibrancy from the "creative class." "Small investment into the arts provides public leaders with a viable alternative to the large capital investments and helps to foster the organic development of a creative scene that is unique to their community."

Ultimately, convention centers are an example of the tail wagging the dog: If cities had pleasant, vibrant, appealing neighborhoods — of the sort that create their own economies and draw visitors — they wouldn't need contrived assembly spaces in the first place. Most convention centers are removed from their communities by virtue of becoming developments that are about drawing people into the city, not about being integrated in the city culture and fabric. "In the end," says Sanders, "what you're getting is a box, however nicely done, that is competing in a marketplace crowded with other boxes." ✖