Belfast City Council

Report to:	Development Committee
Subject:	Options for Development of Conference Facilities in Belfast
Date:	15 February 2011
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1	Relevant Background Information
1.1	Northern Ireland Context The current NITB Business Tourism Plan for 2010 to 2013 includes the objective to increase both volume and value from Business Tourism. In addition, the NITB Business Visitor Attitude Survey in June 2010 highlighted the following:
1.2	"The lack of large scale fully integrated conference facilities conference and exhibition space under one roof, is viewed as the cause of lost conference/meetings/exhibition business. This lack of large scale capacity at conference venues was also highlighted in the earlier 2005/06 survey."
1.3	Among suggested improvements, was the need for a new purpose built large, integrated conference and exhibition space that can cater for large conferences and also for large gala dinners.
1.4	Traditionally many national associations chose the locations of their conferences on a rotation system and increasingly they demand high quality conference venues with state of the art facilities and high levels of service. Their requirements include adequate provision of electronic communications technology, flexible space for syndicate/breakout rooms and there is now a greater need for exhibition space. This is an area in which NI is currently finding difficult to provide as the current facilities offer limited integrated conference and exhibition space. Organisers also look for high quality transport systems to and within a destination, plus venue, accommodation, restaurants and post conference entertainment in close proximity.
1.5	However, the Association Conference market, both national and international is becoming increasingly competitive, and NI is currently unable to compete for a percentage of this market due to the limited product capacity, in particular conference venues that can house 800-2000 delegates under one roof, including main auditorium, break out spaces, exhibition and dining facilities.

1.6	Most of the conferences held in NI, in particular in Belfast, currently fall into this sector. For example, in 2009 Belfast welcomed a total of 59 Association conferences, 36 of which were National Associations, generating £17million for the economy. Ambassadors play a big role in the success of bringing these conferences to NI with 70-78% of all wins being connected with an Ambassador. NI's particular strengths lie in attracting Association Conferences with links to the skills and industries associated with specialist fields of academia and medicine. Within the bidding process, NI cities compete with cities such as Glasgow, Edinburgh, Newcastle, Liverpool and Manchester. NI has been successful in this sector due to its high quality product provision, strong Ambassador Programme, compact cities and personal services. The Business visitor Attitude Survey 2006, indicated that NI was perceived as a 'new' business tourism destination. However, as the dynamics of the sector have changed, a reliance on subvention and significant exhibition space with integrated conference and break out facilities is apparent. As NI currently has only a modest subvention programme and lacks integrated exhibition facilities, business is being lost and Belfast in particular is experiencing an erosion of its conference market share.
1.7	Belfast Context In July 2008, Belfast City Council commissioned a feasibility study for new conference and exhibition facilities within the city. The study was initiated as a result of the fact that Belfast was finding it increasingly difficult to compete within the sector where it has been successful in recent years, namely the 'not for profit' or association sector, both nationally and internationally. Evidence of this has been the gradually reducing level of conference business in recent years, at the city's main venue, the Waterfront Hall.
1.8	To retain and increase current market share, there is a need for large clear span exhibition space and additional breakout rooms to support conference facilities, as well as large scale (c1,000 pax) banqueting facilities. Conference organisers require exhibition space to secure sponsors in order to make their events financially viable. The exhibition and breakout space must be close to the other conference facilities in order to encourage delegates to visit exhibition stands and to ensure they are not lost travelling to/from breakout sessions. In terms of banqueting space, although the city is well served by the hotel sector, the current maximum capacity available in the city is 750.
1.9	These needs are recognised and referenced in a number of places within the Belfast Integrated Strategic framework document 2010-14, particularly within the section of 'Visionary Drivers', where it states that : "There is a need for new or extended integrated conference and exhibition facilities in the city, in response to growing competition and certain current deficiencies (e.g. lack of dedicated exhibition space). Significant work has already been undertaken to identify possible solutions to this product gap. With Dublin's new conference centre opening in 2010, there is now an urgent need to review options and potential delivery with a view to plugging Belfast's infrastructure weaknesses within the next 3-5 years if not before".
1.10	The framework document recommends that a long term development and feasibility study is carried out.
1.11	Whilst business tourism is a vital element of the city's Tourism Product, contributing annually £6 - £7m to the local economy, Belfast will find it ever more difficult to compete in the future, therefore continuing to experience the erosion of its market share, unless enhanced facilities are provided in the future.

1.12	Hotel and Service Sector It should also be noted that both the Northern Ireland Hotels Federation and BVCB have also expressed concern over Belfast's current ability to compete effectively in the Business Tourism market, and supports the need for the city to invest in appropriate facilities in order to allow it to do so. The Federation notes that "the business visitor is critical in Belfast's success as a destination, and that the weekday economy depends heavily on this sector, with the business tourist spending £127/day against the leisure visitor's spend of £37/day.

2	**Key Issues**
2.1	The Market Opportunity The most recent industry estimate of the overall value of the Business Visits and Events in the UK is £24 billion, with the conference market making up approximately £8 billion of this total in terms of value to UK venues, with the exhibition market valued at £9.3 billion. This does not include the indirect spend and economic value of attracting conference delegates to the cities hosting these events, which the UK Events Market Trends Survey 2010 estimates to be in the region of £18.8 billion.
2.2	The greatest opportunity for Belfast is within the 'non-profit' making sector and National (UK) Associations. Research by the British Association of Conference Destinations (BACD) in 2006 identified that 2500 national associations regularly hold events, 1200 hold a conference as their major event, with a further 800 having the AGM as their major event.
2.3	The Competition The British Meetings and Events Industry Survey (BMEIS) 2009 reveals that the most popular destinations for the 'not-for-profit' sector as follows:

Destination	Percentage of organisers preferring destination
London	59%
Birmingham	31%
Manchester	21%
Leeds	16%
Edinburgh	15%
Glasgow	11%
Cardiff	10%
Nottingham	10%
Newcastle	10%
Coventry	8%
Liverpool	8%
Harrowgate	6%
Belfast	5%

2.4	Factors influencing destination and venue The key factors influencing destination and venue are:

Rank	Key Factors
1	Location
2	Price / Value for Money
3	Access (road/rail/air)
4	Capacity of Conference Facilities
5	Availability
6	Quality of Service
7	Quality of Facilities

2.5 Conference with Exhibiton Market Characteristics

The 'EIA (Exhibition Industry Association) Facts 2009' survey provided the following breakdown of space requirements for events held in the UK in 2008:

Square Metres	**Percentage of Events**
Up to 5000	48.5%
5001 – 10000	21.8%
10001 – 20000	14.9%
20001 – 60000	9.9%
Over 60000	5.0%
Total	100%

The median of all exhibitors was 5,132 sq metres.

2.6 Market Supply

While demand has flattened due to the economic climate in the last two years, cities are continuing to expand facilities to capture or retain market share within this sector of the business tourism market. The following cities are currently considering new centres or extending existing facilities:

Location	**Status**
Aberdeen	Redevelopment of the Arena being explored, which would also add exhibition space
Blackpool	Council have bought the Winter Gardens and are looking at maximising the building's use as conference facilities
Brighton	Planning underway for redevelopment of existing centre
Cardiff	Developers being sought for new convention centre
Coventry	Expansion of available facilities at RICOH Arena underway
Dublin	Convention Centre, Dublin opened September 2010
Edinburgh	Extension to EICC has started on site (c £86m)
Glasgow	12,500-seat Arena development to SECC, due to open in 2013, increases capacity for conferences
Leeds	Despite setback from CPRG re funding the Council are continuing to explore new Arena development with conference capacity
London	London ICC opened Spring 2010. New Olympia ICC and Battersea Power Station events facilities submitted for planning applications
Manchester	£20m refurbishment and reconfiguration to Manchester Central Convention Complex now complete redefining the entrance areas and adding a large banqueting space accommodating 1,000
Newcastle Gateshead	Funding being sought for new conference and exhibition facilities adjacent to The Sage Gateshead
Nottingham	The city revisits feasibility of a new city centre location regularly. Most recently considered expansion of the Ice Centre and new facilities at the football club
Telford	Changes to Telford International Centre commencing Winter 2010 add new entrances and 3,000 sq m. Planning applications for hotel adjacent

	Torquay	OJEU process has been carried out with potential developers for site alongside the Riviera Centre. This includes options for redevelopment of the centre

Clearly the opening of the Convention Centre in Dublin will also impact on the level of business taking place in Belfast, as many of the Associations being targeted will have membership in UK and Ireland.

2.7 Existing Conference and Meetings Business in the Waterfront Hall

The revenue from conferences in the Waterfront Hall over the last few years is as follows:

Year	Turnover
March 2007	£690k
March 2008	£668k
March 2009	£589k
March 2010	£549k

Conference Business Revenue at the Waterfront has reduced by 19% since 2007. Whilst the decline in income is in no doubt partly due to the economic climate of the past five years, the Waterfront's Business Sales Team and the Belfast Visitor and Convention Bureau repeatedly find that the venue is rejected at enquiry stage due to the lack of integrated exhibition space and inadequate breakout rooms and banqueting facilities. Many repeat and new business opportunities have been abandoned. Since 2008, over 100 conference bids have been lost because the requested special requirements cannot be met.

In addition, in the last year alone, BVCB have identified at least 30 conferences that the city was unable to facilitate due to a number of factors – delegate numbers and the lack of integrated exhibition space and break-out facilities. The lost economic benefit of not being able to service these 30 conferences is estimated to be in the region of £100m.

Belfast's ability to attract conference business will continue to be challenged by increased venue supply and competition on price. Without investment in the required conference and exhibition facilities, its market share for national and international conference business will continue to decline.

Current Options within the City

2.8 A number of options have been considered for the provision of enhanced conference and exhibition facilities within the city. These are as follows:

2.9 Redevelopment of Sirocco Works Site & Shatterzone

Over the past two years, the Carvill Group have been examining the potential redevelopment of the Sirocco Works site and have drawn up preliminary proposals for a purpose built facility opposite the Waterfront Hall on the East side of the River Lagan. Initial projections suggest a build cost of £125m with an annual operating deficit of circa £2m. Any proposal by Carvill will probably envisage an annual subvention from the public sector to cover the cost of the deficit.

2.10	Redevelopment of the Odyssey The Odyssey Trust has given some consideration to the reconfiguration of the Odyssey building as a potential exhibition and conference facility. Preliminary work would suggest that this would require the relocation of W5 and substantial capital works. It would also require the construction of a hotel adjacent to the Odyssey building to make the option viable financially. The Trust has reported that they do not see this being a feasible option in the current financial climate and have decided not to pursue this further.
2.11	Conference Facility at Titanic Quarter Titanic Quarter Ltd had for some time been in contact with a New York based entrepreneur who has expressed a desire to construct a conference and exhibition centre alongside an International Standard Museum and Multi-Media Campus adjacent to the Northern Ireland Science Park. To date, they have not received any business case for this proposal although they remain in contact with the project promoter. At this point there is no evidence to suggest that this proposal will develop into a realistic project in the short to medium term.
2.12	Belfast Waterfront Hall In the absence of any viable alternative, Belfast City Council recently requested a report by Right Solution Ltd, as a follow up to their 2008 market report, to examine a number of options for extending the facilities at the Waterfront Hall, including the potential purchase and redevelopment of currently vacant buildings adjacent to the Waterfront Hall on Lanyon Quay, which currently house restaurant units (now vacant), and car parking facilities on the low ground floor. The options and estimated associated costs in relation to this potential project are as follows:

Option	Additional Usable Space Achieved (sqm)	Total Space including existing capacity (sqm)	Total Estimated project cost (£million)
Redevelopment of two floors at Lanyon Quay with extension to river side of building. Additional extensions on 3 levels to the Waterfront Hall, link between buildings	4820	7470	£22.2m
Redevelopment of one floor of Lanyon Quay, link between buildings, and extensions to Waterfront Hall	3152	5820	£17.2m
Waterfront extension only (bar level areas) on three levels	1692	4193	£8m+ (£3m for temporary structure)
Two floors Lanyon Quay building and link bridge only	3110	6300	£14m

In addition to the Lanyon Quay building, the site opposite the 'Hilton' car park on

	Lanyon Place is also vacant called Lanyon Plaza, which may also provide a development opportunity to add conferences and exhibition facilities to those provided at the Waterfront. This option has not been considered in detail at this time, as it has only just become available on the open market. The potential accommodation provided within this option would be over four floors, providing additional floor space of over 8,000m². This opportunity is only available on a lease basis. The economic impact of each of the above options is still under assessment. This data will be essential to conclude upon which option gives the greatest return on investment.

3	Resource Implications
	There are no resource implications attached to this report

4	Equality and Good Relations Considerations
	None

5	Recommendations
	1. It is recommended that the five options identified are subjected to more detailed financial and operational appraisal, and funding options further explored, in addition to a 'Do Nothing' option. 2. That an application is made for support funding for the project, through the European Union Sustainable Competiveness Programme.

6	Decision Tracking
There is no decision tracking attached to this report	

7	Documents Attached
Appendix 1 - Overview of options 1 - 4 Appendix 2 - Artist impression of options 1 – 4 Appendix 3 - Lanyon Place site map Appendix 4 - Artist impression – Waterfront Link Bridge Appendix 5 – Waterfront/Lanyon Quay building site map	

8	Abbreviations
NITB – Northern Ireland Tourist Board BVCB – Belfast Visitor and Convention Bureau PCO – Professional Conference Organiser EIA – Exhibition Industry Association BMEIS – British Meetings and Events Industry Survey	