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Construction Disruption Broward Businesses Brace for Interruptions as Convention Center is Renovated

One of Broward County's top economic engines has become a construction zone and area business owners worry how the massive project will impact their cash flows.

The Greater Fort Lauderdale/Broward County Convention Center is undergoing a much-needed \$900 million expansion, which broke ground in November as peak tourist season began. The project will add a headquarters hotel and more convention space to the facility, which hosts more than 200 annual events.

Slated to be completed in 2023, the project promises to raise Fort Lauderdale's profile for high-dollar conventions that attract affluent attendees. But in the meantime, local businesses must account for what years of potential disruptions will mean for their bottom lines.

County representatives say they have gone to great lengths to minimize the impact to area business owners, but the effects won't be nullified completely. Meanwhile, restaurant and hotel owners most affected by construction say they look forward to the boons the finished project will bring.

That's because in its current state, the convention center doesn't bring in much foot traffic.

"It's not as if the convention center was booming, booming, booming and, all of a sudden, we shut the faucet off," Tim Petrillo, president of Fort Lauderdale-based The Restaurant People, told the Business Journal.

Caught in the middle

With attractive options not far away, the convention center was at a marked disadvantage.

The Miami Beach Convention Center recently completed its \$600 million expansion and has a 800-room headquarters hotel on the way. Meanwhile, the Palm Beach County Convention Center is planning to upgrade its existing facilities and could add a secondary hotel adjacent to the convention space.

When it closes in February, the Broward County Convention Center will lose some events, but its headliners will remain.

The Fort Lauderdale International Boat Show (FLIBS), which attracts more than 110,000 visitors annually, is one of the events that will stay put.

Alan Cohen, assistant county administrator since 2015, said construction has been planned around the boat show so that the convention center – and the city – doesn't lose that business to a competitor. He said construction will pause after the crew finishes laying the foundation work. That will leave 3 acres of exhibit space for the 2020 boat show, and construction will resume when the show wraps up.

To make up for the space it lost in the convention center due to construction, FLIBS will set up air-conditioned tents that equal about the same exhibition space it occupied before, said Andrew Doole, president of Informa's U.S. boat shows.

But FLIBS is spread across six marinas plus the convention center, so most of it won't be affected by the renovations over the next three years, he added.

"I think the two can live next to each other without it having an impact," Doole said. "The boat show is a major economic driver. It has over \$850 million in economic impact across the local region, so the county recognizes that. We appreciate them working with us."

Additionally, the county implemented precautions to prevent traffic from becoming an issue, Cohen said. All construction vehicles will have to take the long way through Port Everglades to get to the convention center. The entrance to the port is away from Southeast 17th Street, the main thoroughfare to Fort Lauderdale's beach.

Thanks to this plan, Petrillo said he isn't worried about traffic jams caused by construction.

"It could be argued that an active convention center has more traffic coming in and out of it than a construction site would," he said.

Improvements needed

The Broward County Convention Center, which opened in 1991, hasn't undergone a renovation since 2002. Plans for the revamp have been in the works for more than a decade, and it's expected to bring new conventions to the city, while keeping longtime clients like the boat show happy, said Stacy Ritter, president and CEO of the Greater Fort Lauderdale Convention and Visitors Bureau (GFLCVB).

"We want new business [and] we want old business to come back and see what we have to offer," she said.

The convention center simply isn't cutting it anymore in its current state, GFLCVB VP Ed Simon said. The county is likely losing out on many conventions because it lacks a headquarters hotel.

"There has been hesitancy [from convention organizers prior to the project's completion], as to be expected, but we think we're going to open pretty strong," he said.

The renovation is a necessity, even if the city loses out on some conventions and meetings in the short term, Simon added.

Businesses in a bind

Just across the street from the convention center, Petrillo's restaurant Boatyard could always count on nearby conventions to bring in some extra foot traffic. Petrillo said conventions account for about 6% of the restaurant's annual revenue.

But in recent years, he's noticed less of the checks coming from convention-goers. Petrillo expects the restaurant to take a small hit immediately after the convention center closes, but, overall, it's a pretty insignificant share of his profits.

Still, to make up for the potential losses, Boatyard will take more reservations. The restaurant previously limited reservations during peak convention season. With that pivot, Petrillo thinks the restaurant's profits will be back on track in no time.

"Obviously, the convention center is a major driver in this area, but it's not the only driver," said Daniel Solomon, a principal with Katz & Associates, which broke ground on a 4,700-square-foot building across from the convention center in October. "They're not having a lot of big conventions right now as it is."

The real estate firm, which has its Southeast headquarters in Boca Raton, expects to complete the retail project in March. So far, Solomon and Katz sales associate Eric Spritz said they hadn't heard concerns about the convention center's construction from potential tenants.

He expects the tenant to be a restaurant concept from a national brand. For established U.S. brands, the convention center renovation "isn't something that's really even on their radar. There's so much else going on here," Solomon said.

Just like area retailers and restaurants, hotels near the convention center will feel some pressure from its impending closure – but not much.

Gregory Cook, area general manager for the W Fort Lauderdale and The Ritz-Carlton, Fort Lauderdale, said his hotels receive some spillover guests when conventions come to town. But because the properties are geared toward luxury travelers, he sees convention-goers as a bonus set of clientele, rather than the bread and butter.

"We know that we're going to have the loss of these room nights, but it's well worth the end product," Cook said. "You have to go through some pain points to move forward, so [the renovation] is something you find that all the hoteliers are very in favor of."

What's more, hoteliers like Cook are expecting weaker global travel trends to affect Fort Lauderdale between 2020 and 2023, he said. So, the next three years could strategically be the best time for the convention center to roll back operations.

"The bottom line is it's outdated and needs to be updated," Cook said. "It's probably a good time to take a little bit of a hit."

Hotels close to the convention center could cut rates to keep occupancy up. If this happens – which experts say is likely – then even Fort Lauderdale's luxury hotels can also expect a slowdown in business.

Back to business

The GFLCVB will seek to limit the impact on area hotels until the convention center is restored to full operations.

Ritter said the bureau has expanded its sales team to more aggressively book events that are one-property, small-scale group meetings, such as large companies' board meetings and affinity group events.

Ritter said she promoted one event salesperson to specialize in these smaller events. This new position within the CVB is committed to turning around decisions and contract signings for these meetings within a day, she said.

She hopes the small-scale meetings strategy will lure those companies back for larger-scale gatherings when the convention center reopens.

Before it closed for renovations, the convention center only accounted for 7% to 12% of meeting business in the county. Seventy-five percent of Broward's visitors are here for leisure, and the rest are here for business, Ritter said.

The GFLCVB is already in talks with event organizers to book functions at the convention center in 2023 and beyond.

"The good thing about the conventions business," Simon said, "is that it books far out in advance, which gives you plenty of time to forecast."