



CITY OF ALEXANDRIA, LOUISIANA
MAYOR JACQUES M. ROY

FOR IMMEDIATE STAFF USE AND PUBLIC DISTRIBUTION

December 31, 2015
Office of the Alexandria Mayor
Alexandria, Louisiana

Part II

R.I.V.E.R. ACT GUIDING PRINCIPLES

City of Alexandria Guiding Principles and General Philosophy for Vetting Downtown and Riverfront Development Policies under the Riverfront Improvement Venture and Essential Recreation Act and Related Projects (SPARC, CCI, DHI)

This paper presents analysis and due diligence for purposes of implementing the R.I.V.E.R. Act. Additional comments may be made after December 31, 2015; however, this paper is responsive to the September 9, 2015 Guiding Principles/Policy Guidance deadline. This paper provides information for internal staff use, is published to make a record of the process, and provides a thumbnail sketch of the future activities pertaining to the R.I.V.E.R. Act. Additional executive summaries may be made available in each of the three (3) study item areas listed.

Background

The City of Alexandria (“Alexandria” or the “City”) is collaborating with stakeholders to enhance our workforce and increase the quality of life and attractiveness of our City. To that end, recreation projects as part of the R.I.V.E.R. Act—essentially projects historically focused on quality of life—are better described as recreation and leisure projects supporting education and readying our future workforce to enhance contributions to our community. In short, we hope this initiative is about “future proofing.”

The Louisiana Community and Technical Colleges System (“LCTCS”), Louisiana State University of Alexandria (“LSUA”), the Chamber of Commerce, the Rapides Foundation (and other foundations), Greater Alexandria Economic Development Authority (“GAEDA”), Central Louisiana Economic Development Alliance (“CLEDA”), our healthcare partners, the Central Louisiana Business Incubator (“CLBI”), and private and public sectors have been working toward a measurable,



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significant increase in the capacities needed for a trained and able workforce—the underpinning for all real, sustainable economic development. For this reason, the first level of focus of the R.I.V.E.R. Act’s economic partnering opportunities center upon education-related development, as provided in Item 1 of the Guiding Principles issued September 9, 2015, and adopted by the City Council in Resolution No. 9459-2015 and by Ordinance No. 155-2015.

Alexandria has resources to aid in offering and expanding current training and educational opportunities to citizens and stakeholders throughout Central Louisiana and the State, while simultaneously reinvigorating its downtown and promoting partnerships through its SPARC and other capital programming. In this process, community and education stakeholders should consider the long-term implications to *all* education assets in the community that the location and establishment of the *comprehensive* LCTCS and related partnering with LSUA and other workforce stakeholders (together, the “Community College Initiative”) mean to our region.

The City has engaged stakeholders regarding the Community College Initiative and spent considerable time speaking with officials and private sector participants. **Based on initial data and marked interest in the designated area’s future and growth, the City is extending time to complete its market analysis—beyond the December 31, 2015 deadline.** Nonetheless, this paper is being provided to address the following requirements and deadlines:

The Administration shall provide verified market study, demonstrating clear and reasonably anticipated commercial or quality of life local or realizable demand for any project.

The Administration shall provide a comprehensive report to the Council before December 31, 2015. The report shall include within budget constraints:

- a. An assessment of one (1) to two (2) best anticipated “destination” projects,
- b. One (1) to two (2) best anticipated “mixed-use” recommendations, and
- c. Any number of other projects.

Taken from September 9, 2015 Report.

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Specifically, the interest in *three principal developments* is driving the decision to extend market analysis into the first quarter of 2016: (i) the upgrades and new construction associated with the Central Louisiana Technical and Community College (“CLTCC”) and its ability to transform existing built space and create new space is still in its own pre-design phase; (ii) the need to fully determine the efficacy and application of parking and transit structures and if any are available for modification and expansion, which is necessarily determined by preceding Item (i); and (iii) the opportunity to fund, plan, implement and operate a destination museum or museum complex, with new structures and existing museums, and/or to create a STEM-level children’s learning center associated with the museum complex or destination learning center.

As a primary driver of future development in the downtown, the CLTCC preliminary designs need some firming up for the R.I.V.E.R. Act to move forward responsibly. We are engaged with its leadership and the design team, working together on how to best integrate and deploy city funds and assets to maximize the **DOWNTOWN ALEXANDRIA NOW!**

Extension of Market Analysis and Review of Current Market Analysis

Consistent with the priorities set forth by the September 9, 2015 R.I.V.E.R. Act Guiding Principles, these *three principal developments* bring together the City’s educational and recreational goals in what is considered the best expenditure of public dollars relative to return on investment. The continued feasibility identified by staff is fairly specific and remains squarely in the market analysis aspect of an overall plan; therefore, the continued analysis shall include, at minimum, to:

- 1) Conduct an update of the RKG analysis,^{1,2} subject to in-house determinations by the Division of Finance and local real estate experts.

¹ RKG conducted market analysis of several sectors specific to the downtown area: convention and visitors, the Alexandria Riverfront Center, the hotel-motel capacities, and housing opportunities. In addition, although not public record, the City has reviewed several hotel market studies within the private sector, which confirm general findings of the RKG report. There is an appraisal by HVS of the Fulton Hotel and thereby analysis of the property and its relationship to the area. The RKG report used data from roughly 2003-09 and therefore needs updating. Finally, there is a detailed SWOT analysis of the area, which requires updating based on material development changes in the past year and the wealth of food-and-beverage investment that simply did not exist when these studies were begun—but were desired products of the data drawn from and used relative to those studies.

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- The in-house portion will be substantial to avoid consulting fees of little primary value; however, integration of some anticipated data requires expertise and, to some extent, verification of city-produced material for accountability purposes.
- If there is any desire to use a consultant other than RKG, now is the time to make that suggestion, and a quick turn-around RFP could be issued.
- The RKG report summary provides important 2009 data. Here are some of the relevant highlights regarding downtown:

Downtown Housing Demand

- Based on RKG's analysis, it is estimated that between 44% to 60% of city households and 52% to 68% of Parish households could afford to purchase a unit priced at \$150,000. Assuming that a higher percentage of buyers will come from the City of Alexandria than the Parish and fall within the key age groups, we estimate that between 43 and 50 households annually would be interested in purchasing a downtown residential unit priced above \$100,000. However, if units are priced at \$150,000 and above, the number of potential buyers will drop to between 30 and 41 buyers per year.
- The largest potential buying segment would be "empty nester" households (55 to 74 age group), which would account for nearly 60% of the demand. These annual sales projections are in line with recent condominiums sales activity, which have averaged roughly 50 units per year over the last decade.

² The actual scope of the analysis submitted in *draft* form on August 14, 2009, was:

- Local and regional demographic and economic trends;
- Supply and demand indicators for office and residential market segments downtown;
- Hotel market trends;
- Regional competitiveness for convention and conference center business; and
- Options for repositioning the Hotel Bentley and the Alexander Fulton Hotel.

"The results of these findings are essential to the revitalization of CRA-1, an area which includes several important facilities, all of which play an important role in the downtown, City, and region. These facilities include the Hotel Bentley, Alexander Fulton Hotel, and the Alexandria Riverfront Convention."

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Notably, this 2009 data needs to be revised with 2014-15 data, and in particular any data used by at least two (if not three) downtown developers and by local real estate experts.³

- RKG noted: “no designated senior citizen public housing units within the City.”
- RKG noted: “It is important to note that this analysis provides a regional context for higher density housing opportunities not only at the Hotel Bentley site, but also throughout the Downtown and CRA neighborhoods. Although the Downtown has historically been dominated by commercial and hospitality uses, there could be potential to strategically position higher density residential development. New residential development will in turn help to support and foster local retail and office uses and help to create a more vibrant City.

³ For example, overall condo/townhome demand in 2009 was described as:

Condominium and Townhome Market

- There are just over 600 condominium units in the Parish. Interviews indicate that all of the condominium/townhome subdivisions in the City are well occupied (95% or higher occupancy). There was a substantial amount of new condominium and townhome sales in 2006 through 2008. In addition, the Cypress Point Townhomes and Condominiums, as well as the Villa Rachelle Townhomes were built during this time. This recent activity indicates there is growing interest in the condominium and townhome market.
- The 32 Condominiums at Cypress Point (Lake District) are 100% occupied. The value of the condominiums ranges from approximately \$125,000 to \$167,500 for either a 1,430 SF or 1,500 SF 2-bedroom unit. Amenities at the condominiums include granite countertops, a private back patio, large walk-in closets and covered parking. It is likely that new luxury- style condominium units built in the Downtown would need to offer the same or comparable level of amenities in order to help attract potential owners.
- Interviews with various brokers and developers have repeatedly mentioned that parking may be the biggest barrier towards residential development in the Downtown. Residents typically demand 2 spots per unit as well as guest spots.
- Typical condominium and townhome residents are young professionals, older residents looking to downsize their single-family homes, and couples or small families with one child. Many condominium/townhome owners work at Rapides Regional Hospital, Cabrini Hospital, and England Airpark Industrial Center.

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- RKG noted: “There are several significant trends occurring in the City and the surrounding areas. First, the population is increasing in the City of Alexandria. An increasing population is typically important in sustaining additional housing stock. Second, the declining household size and increasing median age typically are indicators of potential demand for higher-density, lower-maintenance housing, which are often more attractive to older or single residents. Finally, the relatively high share of college-age adults is an important indicator of the City’s role as a regional job center as well as the City’s *potential* for future job growth, as adults with specialized skills continue to aggregate in Alexandria. These trends, when considered as whole, present positive results for future development in the City.”
- The RKG hotel, convention, and office space analyses can no longer be used due to changes and successes in downtown, and these areas of study should be reassessed in light of current data. The value of the study and its underlying methodology are not in serious question; rather, interventions and community spirit toward downtown has altered the trends in very positive, stark, and measurable fashion.

THESE FINDINGS TEND TO DEMONSTRATE A DESTINATION LEARNING/MUSEUM COMPLEX IN THE DOWNTOWN IS SUPPORTABLE AND ABLE TO ATTRACT VISITORS AND PERMANENT RESIDENTS. COUPLED WITH THE MIXED USE EXPERIENCE ALREADY TRENDING IN THE DOWNTOWN, THIS BEARS FURTHER STUDY—PARTICULARLY BY ENGAGING LOCAL EXPERTS TO “TAKE ANOTHER LOOK” AT DOWNTOWN.

ENGAGING RKG AND LOCAL CCIM SPECIALISTS WOULD BE ADVISABLE AND WILL OCCUR BASED ON THE ORDINANCE. COUNCIL INPUT IS SOLICITED, AND THE ADMINISTRATION IS PLEASED TO HOST A COUNCIL PLANNING CHARRETTE IN THIS REGARD IF REQUESTED.

For these reasons, an extension of market analysis is needed and further expense in this regard justified. Next, the City should consider in conjunction with RKG and local CCIM specialists, that:

- 2) The city should follow the existing Land Use Plan recently adopted by the City Council and principles derived from the resiliency plan completed by

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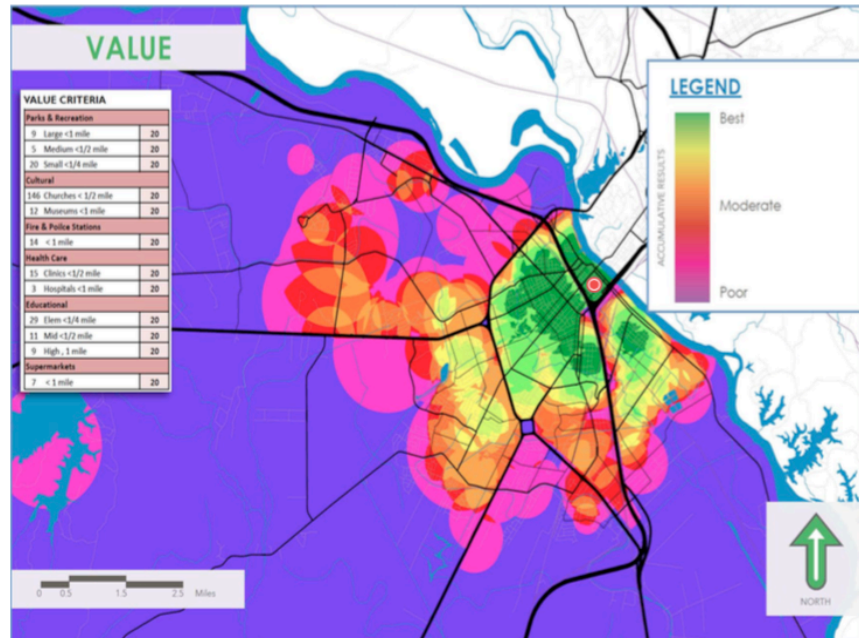
Think Alex, and then consider the current uses in and around the proposed CLTCC site, its adjacent parking, and other major developments.⁴ Real estate and other specialists need to take note of the value of land in downtown and how it relates to other areas in the City.

As can be seen on this map, Downtown Alexandria is the cultural center of the City.

Data used for analyzing more than two hundred data points as community, cultural, parks and recreational, educational, and healthcare-related assets.

Cultural assets covered a wide range of facilities, from small neighborhood churches to large museums and historic sites. All represent places of value to the community where citizens gather.

Depending on their size and scope, neighborhood churches and cultural sites were valued with a half-mile or one-mile radius.



This graph, based on hundreds of data points and a year of work by community leaders and experts, forcefully shows the downtown is the highest value for development in the City.

THESE FINDINGS ALSO TEND TO DEMONSTRATE A DESTINATION LEARNING/MUSEUM COMPLEX IN THE DOWNTOWN IS "DOABLE." MOREOVER, THESE FINDINGS SUGGEST A RECEPTION HOSTED BY THE CITY TO OPEN DIALOGUE WITH REAL ESTATE EXPERTS WOULD DISPEL RUMORS AND ALLOW REVIEW OF THE PROGRESS IN THE DOWNTOWN THROUGH SUPERB GRAPHIC, AUDIO AND VISUAL DEMONSTRATIONS. PERHAPS, THE BEST PROOF WAS THE RECENT INAUGURAL WINTER FESTIVAL.

⁴ It is the City's goal to minimize the level of public financial participation in the projects and to attain the most distinctive, highest-quality and marketable projects possible. Partners must provide information regarding sources of debt and equity, and demonstrate the effectiveness of proposed development and financing structures to accomplish these ends. Preference will be given to those developers who/that minimize the use of public financing, emphasize private sector financing and/or participation, and provide the greatest economic opportunity for the City. This, too, has not been determined to the satisfaction of the City.

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- 3) Conduct additional real estate and transportation analysis to evaluate objectives identified by the City's experts regarding transportation and its requirements, and review the core system concepts of at least two large projects: the CLTCC campus extension, primarily considered to be the Chase Building (for purposes of a mixed-use education and community development center) and a destination museum and related complexes, including the project justification and anticipated demand, schedules, and end products (primarily considered to be the Weiss and Goldring Building). If there are comparable assets related to a destination project, or other alternatives, these should be vetted against the proposed project to determine feasibility for continued development of all the projects and related end products as a primary goal of the R.I.V.E.R. Act. For each, the financial resources are estimated.

• Chase Building construction costs:	\$6,000,0000
○ Acquisition	\$800,000
○ Engineering, planning	\$200,000
○ Environmental, site prep	\$750,000
○ Construction	\$3,750,000
○ Contingency	\$500,000

Balance: **(\$1,000,000)**⁵

• Chase Building operations/annum	\$300,000
○ Physical Plant	\$65,000
○ Utilities	\$65,000
○ Other	\$170,000

▪ Rental Contribution (\$350,000)

Balance: **\$50,000**

⁵ The private sector, the public education sector, and other partners would be expected to cover any capital needs above \$5,000,000 and ensure the return on investment can be amortized to equal the \$5,000,000 value in combination of nominal cash and deliverables, significant deliverables, long-term guarantees on operations, or cash. The \$5,000,000 is not a grant but an investment, for a public purpose, with an expected measurable return. That return is measured by student successes, entrepreneurial expansion, and other public deliverables.

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- Destination Facility Construction costs: \$10,000,000
 - Community match \$1,000,000
 - City Match \$1,000,000
 - Foundations \$2,000,000
 - Federal \$8,000,000
- Endowment for Future Needs: \$2,000,000

Balance: **(\$0)**⁶

4) Conduct *Phase I* environmental and other site analysis. In addition, Alexandria previously determined that special attention to the microeconomies of several local areas (basically comprising S.P.A.R.C.-CRA-1 and including Alexandria's convention and hotel microeconomy in the downtown) is necessary because dysfunctional uses were having a compromising effect on the overall Alexandria economy. With the advent of the two hotels in service, the previous data and other assessments need to be considered in light of the LCTCS commitment.

- The City will ask the APA-CVB to participate in an update of the following:
 - Fresh convention and visitor data.
 - Update of past professionally completed empirical evidence of the viability of mixed-use development in the downtown.
- The City will determine if cooperative economic development activities and powers prescribed and conferred by its home rule charter and state law, given that the initial proposals of SPARC are for a definitive public purpose for which public money may be expended, offer additional

⁶ The private sector, the public education sector, and other partners would be expected to cover any capital needs above \$2,000,000. This is ambitious and the depth of support uncertain at this time. This does not address operations and maintenance, but the City has a plan to produce as much as \$300,000 per year in O/M funding on a permanent or long term basis. The endowment is not O/M funding, but would act as a "rainy day" fund, or retained earnings to ensure best practices from the outset of the venture. While the balance is "0," this project is much riskier *and* finance-ready than the Chase Building partnership. It has a big punch, but getting it to the ring is much more difficult.

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methods of financing projects addressing economic distress, which: (i) employ effective, innovative steps in the planning, promotion, and financing of local economic development; (ii) benefit the City and its citizens by providing economic stimulus and improving city and other properties; and (iii) allow entry into intergovernmental and cooperative endeavor agreements with public and private entities, including other political subdivisions, the State, the United States and its agencies and with other public or private associations, corporations and individuals.

**THERE ARE NUMEROUS OPPORTUNITIES TO CREATE
FUNDING MECHANISMS—WITHOUT RAISING NEW TAXES—
BECAUSE OF NEW TAX DOLLARS GENERATED BY NEW
LARGE-SCALE PROJECTS.**

Recommended Response to Assessments and Potential “Makers”

Consistent with (A) the priorities set forth by the September 9, 2015 R.I.V.E.R. Act Guiding Principles, (B) the *three principal developments* discussed earlier, (C) the three required assessments, which are:

- a. An assessment of one (1) to two (2) best anticipated “destination” projects,
- b. One (1) to two (2) best anticipated “mixed-use” recommendations, and
- c. Any number of other projects,

and (D) based on the discussions in this paper, it is premature to rate those items in the absence of the additional market study.⁷ However, the following comments indicate several projects, within the assessment requirements, that deserve what the City terms as “fatal flaw” review,⁸ as of this time:

⁷ The obvious expense in the destination project is daunting on paper and from a fundraising standpoint, but with proper diligence may prove more reasonable with additional analysis and dedicated funding possibilities coupled with federal matches pursuant to 49 U.S.C. § 5301 et seq.

⁸ A fatal flaw review is structured to efficiently identify the alternatives that do not meet the project purpose and needs or goals and objectives, and is designed to remove them from further consideration in future phases of the project. It is to vet the unfeasible aspects or projects to hone down the list to projects or aspects that can remain competitive with others. In this sense, it is not designed to pick the winner, although this is possible by default. Rather, it is designed to cull out the clear non-winners.

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- Destination learning and/or museum complex at or near the former Weiss and Goldring building, accomplishing at least three goals (and probably more) of the Guiding Principles in a single project.⁹



THE CITY HAS LONG IMAGINED WEISS'S REDONE AS MULTI-STORIED MIXED USE WITH RETAIL ON BOTTOM AND LIVING AND OFFICES IN THE MIDDLE, FOLLOWED BY PARKING ABOVE (WHICH MIGHT BE UTILIZED AS VALET FOR THE HOTEL BENTLEY).

THIS PICTURE PRESENTS A DOABLE AND SIMILAR FAÇADE TO A REDONE WEISS'S, WHILE WE MIGHT INSIST AS A COMMUNITY THAT HISTORICAL FEATURES DOWN TO THE WATER TOWER BE MAINTAINED.

IN THE HEART OF THE BUILDING COMPLEX, THE CITY ENVISIONS THE DESTINATION-LEARNING CENTER, BUT THIS IS NOT LIMITED TO THIS BUILDING ALONE.

In this rendering, the mixed-use model involves more “doable” infrastructure downtown that is consistent with market study findings. Weiss’s has so many opportunities. Oftentimes, in conducting SWOT analysis the worst threats are also the best opportunities.

⁹ We are using several pictures and phases of design from the Urban Land Institute’s coverage of a project in Overland Park, Kansas, known as the Museum at Prairefire. While the scrub of sprawl on which this museum is located outside of the second most-populous city in Kansas does not mirror the downtown in Alexandria, the desirable look for this phased developed is notably comparable *to what we already have*. This project was used to demonstrate the existing infrastructure in downtown Alexandria—reimagined only slightly—can alter the community landscape drastically.

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IN THIS RENDERING, IMAGINE THIRD STREET EXCEPT WITH EXISTING ASSETS PLUS THE MIXED-USE FACILITY.



A rendering of Phase II of the development, which is to include a hotel and retail buildings. (Field Paoli Architects)



The exterior of the Museum at Prairiefire. (©Sam Fentress)

THE POPULARITY OF THE “HEART WALL” —CREATED BY CITIZENS ON THE SIDE OF THE DILAPIDATED WEISS’S BUILDING IS RE-IMAGINED HERE AS THE SIDE OF THE MIXED-USE FACILITY HOUSING THE MUSEUM. A SIMILAR COMMUNITY ART PIECE COULD MAKE UP THE 2/3 OF STREET FAÇADE ON DESOTO MOVING BACK TO FOURTH STREET.

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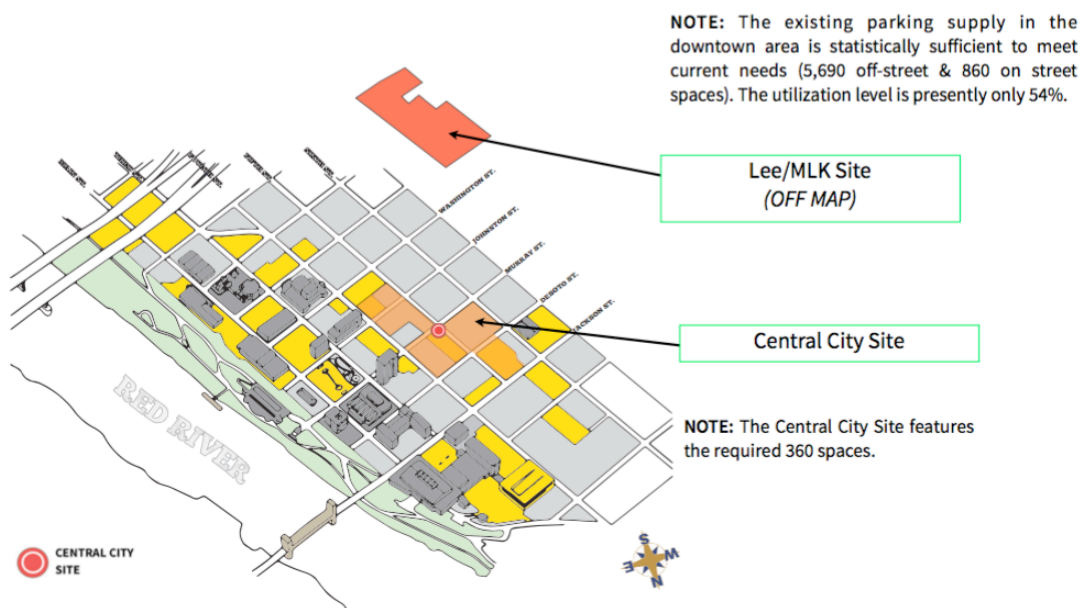


INSIDE THE NEW
MUSEUM DRIVEN BY
CHILDREN
PRESENTING A NEVER-
ENDING CROP OF
POTENTIAL
MUSEUMGOERS AND
CONTRIBUTORS TO
OUR COMMUNITY.

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- Construction or acquisition of related parking infrastructure in support of downtown development, which may be accomplished in a number of ways including land exchanges and new development. During the Community College Initiative, several areas for parking facility and transit were identified.

Available Parking



Parking remains a priority for all partners interviewed thus far in this process. Parking is the subject of slight controversy since—as can be seen—there is seemingly plenty of parking in downtown and yet access to, and security regarding, this parking capacity is very limited. Alexandria is averse to pedestrian-parking dynamics—i.e., walking from parking to destinations. Customers want to park in front of every destination to walk out to their vehicles quickly. This is inconsistent with the current period of mass transit. We do not have to be a large city to commit more to walkability and downtown life. What is an awesome parking spot in New Orleans would be tragic in Alexandria!

New parking infrastructure is expensive and should be planned strategically. Weiss and Goldring's has a contribution here, as well, in that its storied history has lessons about limiting street direction and parking. The parking question is not as simple as

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what “a study” concludes. In fact, a study likely is not needed to answer this question, but a robust conversation is.

- The potential reconfiguration of several transit assets in the downtown.

In this project, the City is considering whether the current transit system and its central station is located in the optimal place, particularly considering the highest and best use of the current former train depot might be reimaged in a number of ways allowing a new transit station to match much-needed federal development dollars and grants in a better location.

- A large mixed-use project at the Chase (or a nearby) building to house economic development partnering between and among several major educational stakeholders, earlier referred to as the “campus extension.”



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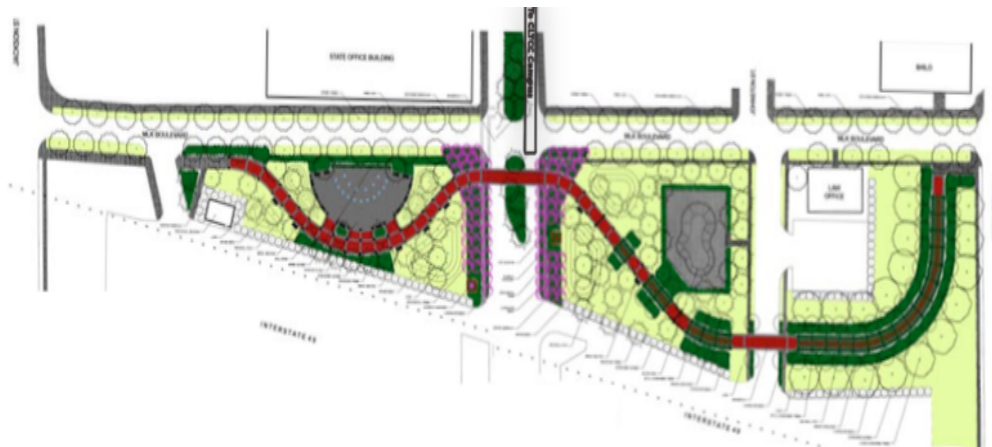
This project is *the* essential project of these recommendations. It will be the subject of immediate and more detailed analysis.

- The planning and development of the Civil Rights Park as a destination point and place of reflection in the downtown, and to include a gateway to the downtown area.

Civil Rights Memorial

1. The Civil Rights Memorial (CRM) is part of the City's planning efforts to bring attention to historic and important moral and contributive efforts by civil rights leaders on a national and local scale.
2. The CRM has a secondary function of providing another high-quality and highly visible gateway into the City through the City's SPARC Gateway project.

The Civil Rights Memorial, as can be seen from this map, is adjacent to the Lee Gateway site. Therefore, they function in tandem in terms of shared greenspace and aesthetic quality. The park area already is located on properties with restrictive development capacity because of Federal grants used for greenways and will provide a much needed and visible facelift from the vantage points of the Cottingham Expressway and I-49 into downtown. For example, if the Central City site is used for LCTCS and the Lee Gateway site is used for transit and additional mixed-use development and services, the CRM is able to meet the two goals stated above.



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Notice the gateway effect the park has on the rest of downtown.



Therefore, the projects are rated for fatal flaw analysis, preliminarily, as follows:

Implementation

- 1) Chase Building Education Annex
- 2) Weiss and Goldring project¹¹

Design and Planning

- 1) Civil Rights Park Gateway¹⁰
- 2) Parking and Transit projects

¹⁰ A local charitable, civic, and service organization has offered to partner in a meaningful and spirited manner to aid the Human Relations Commission in fundraising.

¹¹ If private sector funds are in place, this project could “jump” others and move to the prime slot. It would not affect the planning and design for the CRM. The interest in private sector development of the Weiss and Goldring building as a mixed-use facility is verified.



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DRAFT

**S.P.A.R.C. Hotels Initiative
Downtown Market Study
Alexandria, LA**

August 14, 2009

Prepared for

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1 INTRODUCTION

In 2008, the City of Alexandria began the process of implementing its S.P.A.R.C. (Special Planned Activity Redevelopment Corridors) initiative, which aims to directing almost \$100 million towards infrastructure improvements and the revitalization of some of the City's most underserved areas. Ninety percent of these funds will be spent to develop public infrastructure improvements, with the remainder to be used for creating and funding business incentives to generate growth in private sector employment and investment. The S.P.A.R.C. initiative is focused on three distinct corridors or "Cultural Restoration Areas" (CRAs):

- CRA-1: The downtown, riverfront, and Lower Third areas
- CRA-2: North MacArthur Drive and Bolton Avenue
- CRA-3: Masonic Street and Lee Street

This study is focused on the first of these CRAs—including the downtown, riverfront, and Lower Third portions of the City. In order to most effectively distribute the S.P.A.R.C. initiative's funds, the City of Alexandria retained RKG Associates to provide market feasibility and development advisory services to assist in analyzing the local economic and demographic trends, real estate market conditions, and the current hotel and convention market.

The scope of this analysis examines the following major subjects:

- Local and regional demographic and economic trends;
- Supply and demand indicators for office and residential market segments downtown;
- Hotel market trends;
- Regional competitiveness for convention and conference center business; and
- Options for repositioning the Hotel Bentley and the Alexander Fulton Hotel.

The results of these findings are essential to the revitalization of CRA-1, an area which includes several important facilities, all of which play an important role in the downtown, City, and region. These facilities include the Hotel Bentley, Alexander Fulton Hotel, and the Alexandria Riverfront Convention.

During its century-long history, the Hotel Bentley has seen periods of both success and inactivity. The Hotel was prosperous from its construction in 1908 until the 1968 when it was shuttered. Since then, it has closed and reopened several times, and has been out of operation since 2004. This 8-story, 182 room hotel is a local and regional landmark, and is a historically significant structure. The second downtown hotel is the 7-story, 173-room Alexander Fulton Hotel, which is a relatively newer structure, built in 1983, but its recent operating history has been plagued by poor management and deferred maintenance and investment. In 2009, the owner of the hotel's residential tower filed for bankruptcy, which has impacted the hotel operations, but has not closed its doors. The City of Alexandria, the current owner of the hotel land, parking garage, and meeting facilities, has intervened in an attempt to keep the hotel operating and to find another owner/operator to run the facility. The continued operation of the Alexander Fulton is critical to the success of the convention center as it is directly connected to the Riverfront Center and is currently the only active hotel downtown.

Given the current circumstances, the City and its convention center are at a critical juncture. The City's goal to revitalize the downtown and CRA-1 will not be possible without first solving what Mayor Jacques Roy refers to as his "Hotels Initiative."

To this end, the results of this analysis will serve as a guide for stabilizing and growing one of the City's greatest assets, its \$30 million Riverfront Center. The S.P.A.R.C. Hotels Initiative Market Study contains the following six sections, including an attached appendix section with supporting data.

- Introduction
- Demographic Trends
- Residential Real Estate Market Analysis
- Office Real Estate Market Analysis
- Hotel Market Analysis
- Convention Center Market Analysis

2 SOCIO-ECONOMIC ANALYSIS

A. INTRODUCTION

This chapter focuses on identifying current and potential future socioeconomic trends relevant to the market potential of new development opportunities within the City of Alexandria. The Consultant analyzed demographic and socioeconomic trends along with future projections to clarify differences between the City of Alexandria and surrounding areas deemed competitive. Comparing the changing social fabric of the City with other nearby areas reveals the depth and breadth of market shifts occurring within the greater Alexandria, Louisiana market. Identifying these patterns will inform the recommendations of the Consultant as to approaches most suitable for the revitalization of the two hotels in downtown Alexandria.

Four separate markets are examined in this analysis. At the local level, the Consultant studied trends and projections for the City of Alexandria and Rapides Parish individually. The analysis also includes the greater Alexandria study region, which has been defined to include the Parishes of Rapides, Natchitoches, Grant, and Evangeline. Finally, the State of Louisiana trends were included as a control group for analysis. The data collected for this analysis was taken from CCIM Institute's Site to do Business (STDB) and DemographicsNow¹. The population estimates and projections were obtained from Louisiana Tech University and the Louisiana State Census Data Center.

B. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

Population

- The greater Alexandria study region had historically been experiencing a shift in population from the urban center of Alexandria into the more suburban areas of the four study region Parishes. However, there was a significant increase in population from 2000 to 2008 (3,741) which may indicate a reversal of the historic population decline experienced in the City.
- The local and regional study areas all experienced substantial positive shifts in population between 2000 and 2009. Although some of this growth is likely due to the natural growth in population that has been occurring since 1980, it also is partially attributable to the dispersion of residents from the New Orleans area after Hurricane Katrina. Simply put, the Alexandria region received a share of the displaced population, some of which has chosen to remain in the Alexandria area. The impact of Katrina on Louisiana is evident in the state population trends, where Louisiana had a negative growth rate during the 2000s despite having higher levels over the previous 20 years.
- The most significant shift occurring in Alexandria's population is a change in racial composition caused by steady period of "white flight." This trend has resulted in a 35% decline in the white population since 1980 and has been occurring at the regional and state level. Aside

¹ STDB and DemographicsNow are private data vendors that compile and analyze socio-economic and demographic data. The companies also apply proprietary methodologies to develop future projections.

from this change, all other racial groups remain relatively stable, with fluctuations remaining in the single digit percent range over several years. Outside of the City, significant growth rates are occurring in the Hispanic population and, to a lesser extent, the black population.

Household Formations

- Household formation trends have generally been stronger than population growth trends due to the decline in average household size. All study areas experienced a steady growth in household formations.
- Alexandria's average household size has gone down consistently since 1980, consistent with national trends of decreasing family size, a "greying" population, and an increase of individuals living alone.
- The median household income for Alexandria has gone down from about \$31,500 in 1980 to a projected \$28,000 in 2014, after adjusting for inflation. These findings indicate that local household incomes are not keeping pace with inflation, which is eroding household buying power.

Education Attainment

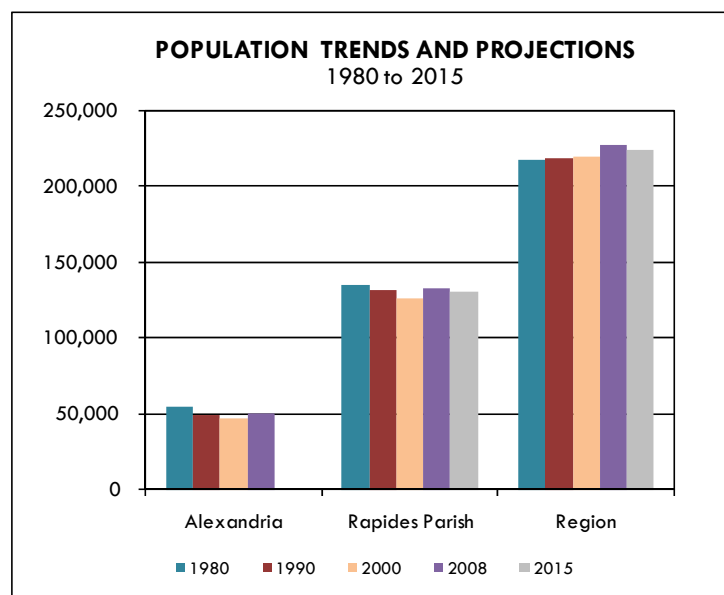
- The growth and overall share of college-educated adults over the age of 25 is higher in Alexandria than in the other study areas, which bodes well for any demand for new office space, but the volume of employees is somewhat shallow, and is limited to just over 100 adults annually.

C. DEMOGRAPHIC ANALYSIS

1. Population Trends and Projections

In order to fully understand the depth and breadth of population trends and projections in the Alexandria region and study area, it was necessary for the consultant to collect data from a variety of sources. The 1980 and 1990 population data were obtained from STDB, which reports decennial data from the U.S. Census. The estimates for 2000 and 2008 were obtained from the Louisiana Tech University College of Business. Louisiana Tech does not provide population projections, and as such the projection data was obtained from the Louisiana State Census Data Center. Unfortunately, the state census data center only provides projections at the state and parish level.

Figure 2-1



Source: Louisiana Tech University, Louisiana State Census Data Center, STDB, and RKG Associates, Inc., 2009

Prior to 2008, the greater Alexandria study region had been experiencing a shift in population from the urban center of Alexandria into the more suburban and rural areas of the four parish study region. The population for the City has declined by nearly 4,729 (8.6%) persons during the study period of 1980 to 2008, from 54,965 to 50,236 (Figure 2-1). However, there has been a significant increase in population from 2000 to 2008 (8% increase or 3,741 people) which may indicate a reversal of the historic population decline experienced in the City.

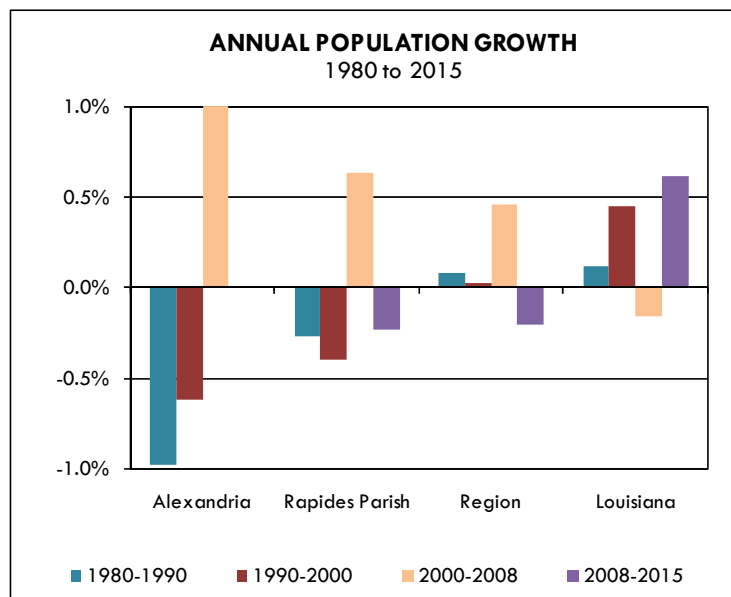
In contrast, Rapides Parish as a whole has experienced a net decline of 2,513 persons, indicating a net gain of almost 2,216 persons when the City population is removed from its totals. The four parish region experienced a net gain of 10,431 people during the same study period including both City and Rapides Parish totals. Although not represented in the graphic, the State of Louisiana experienced an increase of nearly 241,873 persons during the study period.

These findings are most evident in the annual population growth rate for the different study areas. The City experienced a negative annual growth rate for each study period between 1980 and 2000 (Figure 2-2). Rapides Parish experienced net losses between 1980 and 2000 with the City trends included in its totals. However, the Parish's population level less the City was stable during that period of time. The Alexandria study region experienced positive population growth, particularly during the past nine years.

It is important to note that the local and regional study areas all experienced substantial positive shifts in population between 2000 and 2008. Although some of this growth is likely due to the natural growth in population that has been occurring since 1980, it also is partially attributable to the dispersion of residents from the New Orleans and Gulf Coast following Hurricanes Katrina and Rita. The Alexandria region received a share of the displaced population, some of which has chosen to remain in the region. The impact of Katrina on Louisiana is evident in the state population trends, where Louisiana had a negative growth rate during the 2000s despite having higher levels over the previous 20 years.

Projections were not available at the City level, however the data indicates Alexandria region's suburban areas will experience a population decline into the future. The Parish and 4-parish study region are both projected to experience a net decline in population (2,172 and 3,272, respectively). Comparatively, the State as a whole is projected to experience a substantial annual growth rate of nearly 0.6% annually over the next six years. It is likely this projection includes a certain the assumption that more New Orleans natives will return to the state.

Figure 2-2



Source: Louisiana Tech University, Louisiana State Census Data Center, STDB, and RKG Associates, Inc., 2009

2. Population by Age

Similar to national trends, the Alexandria region is experiencing an increase in median age of its residents. The median age of residents in the City of Alexandria has increased from 28.5 years in 1980 to 37.4 years in 2008. This shift is similar for both Rapides Parish as a whole and the four-parish study region (Table 2-1). In comparison, the population for the State as a whole has remained slightly lower than local medians (ranging from 27.3 years to 35.6 years), but is increasing at a similar pace to the local study areas.

This similarity is consistent within individual age cohorts as well. Most notably, the number of persons less than 40-years old has substantially declined during the study period in all study areas. The most substantial declines have happened in the 20 to 24-year old age cohort, which has declined between 21% (study region) and 40% (City) since 1980. In contrast, the number of persons over 40-years old has increased within the study region. The number of persons over 80-years old has nearly doubled in each of the local study areas. The 40 to 59-year old cohort also has experienced higher growth rates for each study area.

The loss of younger people is generally a response to declining economic opportunities in the region and State of Louisiana. The out-migration of people seeking better employment opportunities is common in many regions as people are lured by greater employment opportunities and better pay. This gradual loss of younger population is not replenished at the same rate, which leaves the community with a growing percentage of older residents. These trends are reflected in the rising median age of City and Parish residents. The increase in older populations is likely to continue as the aging 'Baby Boomer' population reaches retirement age.

Table 2-1
Population, By Age
1980-2015

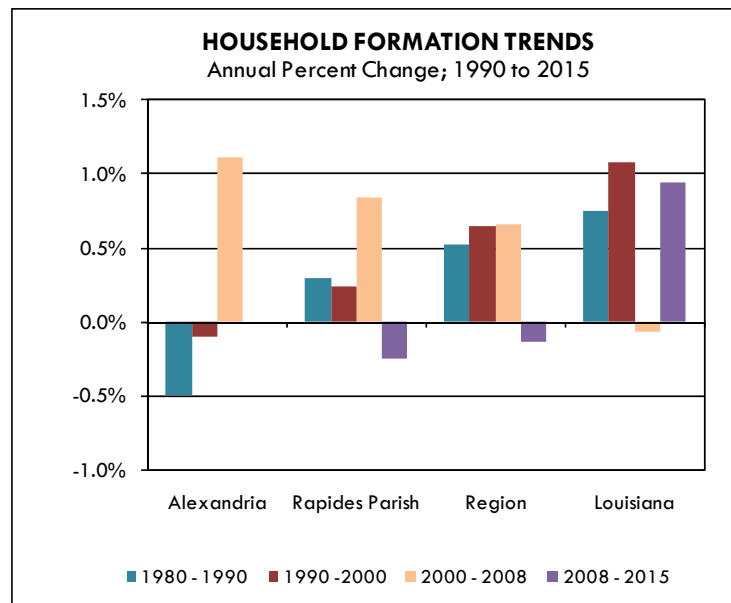
	Trends				Projection
	1980	1990	2000	2008	2015
ALEXANDRIA					
0 to 4	4,750	3,825	3,405	3,599	--
5 to 19	14,610	11,924	11,036	10,922	--
20 to 24	5,205	3,443	2,891	3,122	--
25 to 39	10,219	11,199	8,820	8,962	--
40 to 54	8,065	7,671	9,290	10,159	--
55 to 64	5,399	4,349	4,047	5,714	--
65 to 79	5,383	5,428	5,021	5,201	--
80+	1,335	1,739	1,986	2,558	--
Median Age	28.5	32.2	35.6	37.4	--
RAPIDES PARISH					
0 to 4	11,500	10,102	8,913	9,389	8,962
5 to 19	36,537	32,051	29,394	28,142	27,491
20 to 24	12,546	9,580	8,075	8,221	8,066
25 to 39	28,443	31,510	25,639	25,310	24,478
40 to 54	19,763	21,404	26,206	28,048	25,498
55 to 64	12,271	11,084	11,618	15,462	16,563
65 to 79	11,603	12,275	12,403	13,070	14,487
80+	2,583	3,550	4,089	5,090	5,016
Median Age	28.2	31.4	35.5	37.2	37.7
FOUR PARISH REGION					
0 to 4	18,397	17,153	15,888	16,411	15,666
5 to 19	59,728	55,293	52,635	49,545	48,601
20 to 24	19,986	16,173	15,668	15,741	15,484
25 to 39	43,297	49,843	43,656	43,506	41,983
40 to 54	31,267	34,616	43,886	46,658	42,579
55 to 64	19,810	18,535	19,709	25,760	27,709
65 to 79	20,225	21,187	20,946	21,631	24,098
80+	4,511	6,245	7,166	8,401	8,260
Median Age	28.2	31.1	34.4	36.0	36.6
LOUISIANA					
0 to 4	390,702	363,471	341,653	340,125	348,138
5 to 19	1,240,550	1,121,922	1,130,948	1,013,048	1,041,870
20 to 24	455,001	352,089	350,458	337,062	346,005
25 to 39	1,004,526	1,119,477	1,016,472	953,642	988,895
40 to 54	649,768	744,634	1,006,589	1,001,394	958,061
55 to 64	382,034	372,436	408,022	535,278	609,220
65 to 79	359,077	397,958	419,540	412,614	496,274
80+	77,938	111,424	136,903	157,719	161,336
Median Age	27.3	31.0	34.0	35.6	36.1

Source: Louisiana Tech University College of Business, Louisiana State Census Data Center, STDB, and RKG Associates, Inc., 2009

3. Household Formation Trends and Projections

Similar to the population growth trends and projections, the more suburban study areas experienced stronger growth of households prior to 2008 than the City of Alexandria. The City had experienced a net decline in households totaling 1,174 between 1980 and 2000. However, there was a significant increase in household formations from 2000 to 2008 (1,658), indicating a reversal of the historic household formation decline. Although the average annual growth rate was negative between 1980 and 2000, it has increased by over 1% a year from 2000 to 2008 (Figure 2-3). As mentioned earlier, the dispersion of residents from New Orleans after Hurricane Katrina has had some impacts on the local region.

Figure 2-3



Source: Louisiana Tech University, Louisiana State Census Data Center, STDB and RKG Associates, Inc., 2009

In comparison, the Parish (including the City's loss) has experienced a steady net growth in households. The four-parish study region experienced a net gain of more than 13,675 new households from 1980 to 2008. However, the growth projections indicate these trends will slightly decline into the near future. As with the population trends the State as a whole has been outperforming the localities except for the 2000 to 2008 study period.

4. Average Household Size

Average household size is an indicator of the number of people living in a single household, whether related or unrelated. Changes in this figure are related to shifts in household formations, which could include the increase or decrease in people living alone, households with children, shared living arrangements, or multigenerational households. These changes also often signal subsequent demands in housing product types, as different household formations demand different housing types (older residents without children often favor a low-maintenance environment like a condominium or apartment).

In the case of Alexandria, the average household size has decreased from 2.78 in 1980 to 2.48 in 2009. This decrease is roughly mirrored in the other three study areas, where the average was as high as 2.91 in 1980, but is now within the range of 2.50-2.60, slightly higher than the City of Alexandria. Most of the decline occurred between 1980 and 2000 decreasing from 2.9-2.9 to 2.5-2.6), while the periods between 2000 and 2009 and 2009 and 2014 (expected) are essentially static.

These trends are consistent with national trends in household size, as average household size decreased from 2.76 in 1980 to 2.61 in 2009 nationwide. This indicates that households in Louisiana are, on average, smaller than those in the rest of the country. Furthermore, within the study area, Alexandria has the smallest average household size (2.48). This condition may be due, at least part,

to the overall aging of the City's population, which often drives down average household size, as older residents are more likely to be the only household occupant. This decrease also may be attributable to the loss of families with children to suburban areas—a phenomenon which is currently underway in Alexandria and Rapides Parish, leaving behind relatively smaller households.

5. Median Household Income

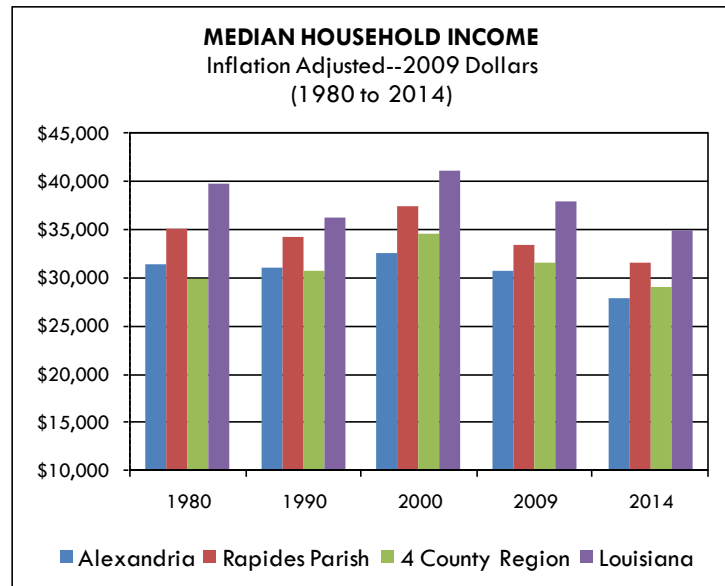
Median household income is a strong indicator of local buying power, especially when adjusted for inflation, as it offers a more accurate view of changes in income relative to the cost of goods and services over time. In this case, RKG Associates adjusted median household income to current dollars for the period 1980 to 2014. The results indicate that Alexandria's buying power has decreased since 1980, declining from about \$31,500 to an expected \$28,000 in 2014 (Figure 2-4).

Between 1980 and 1990, median household income decreased 1.2%, and then increased 5.1% between 1990 and 2000. Current income levels have declined by roughly 6% from 2000 levels and are projected to decline by another 9% over the next five years. These downward trends since 2000 indicate a loss in buying power, but are consistent with losses in the country as a whole. Adjusted for 2009 dollars, U.S. median household income increased from about \$49,400 in 1990 to \$52,600 in 2000, but then declined to \$48,200 in 2009. The other three study areas experienced similar trends as well, with a net loss of median household income between 1980 and 1990 and a net gain between 1990 and 2000. Declines of 6-10% are expected for both 2000-2009 and 2009-2014, during which time every study area will have a lower median income in 2014 than it did in 1980, which, again, is consistent with national trends.

The erosion of local buying power has a direct impact on the affordability of real estate, particularly housing. According to HUD, a household should not spend more than 28% of its annual gross income on housing costs, which, in the case of for sale residential, includes mortgage, taxes, and insurance. Using this metric, a household earning the median income for the city would only be able to spend \$8,589 per year, or \$716 per month on the cost of a home. Based on this payment amount and assuming a mortgage payment that included taxes and insurance, a household would be able to afford a mortgage of \$133,400. This poses a challenge for new residential development, which costs about \$105 per square foot for mid-grade single family construction in the Alexandria area. At that price, a 1,400 square foot home would cost \$147,000 to build, posing a gap between the residents' ability to pay and the price to produce new housing. In this situation, resale housing often maintains a competitive edge unless lower quality construction materials and techniques are implemented, the number of square feet per unit is reduced, or a tax incentive is involved.

6. Educational Attainment

Figure 2-4



Source: DemographicsNow and RKG Associates, Inc., 2009

Educational attainment correlates strongly with potential income levels of the population, as well as the range of employment opportunities available to people in the workforce. Generally, more advanced jobs require a relatively high level of training, often requiring some form of formal education, but not always. Jobs with advanced skill and education requirements often pay higher wages and salaries than unskilled jobs.

In this case, the educational attainment of the area is measured for adults 25 years or older. The number of people in Alexandria with at least a high school diploma is on the rise, increasing from about 14,000 in 1980 to about 26,300 in 2008 (Table 2-2). Similar growth occurred in Rapides Parish as well, increasing from 51% to 83%. This increase is also consistent with changes occurring on a region and state level, where both study areas increased from 45% to 50% in 1980 to 75% to 80% in 2008.

For those residents with at least a high school diploma, the largest shifts of individual educational levels are occurring among those with some college, those with associates, and those with bachelor's degrees. In Alexandria, the share of adults who have completed some college has almost doubled, increasing from 11.2% in 1980 to 20.7% in 2008. Adults with bachelor's degrees have experienced similar growth, climbing from 7.4% in 1980 to 12.6% in 2008. Graduate degree holders have increased from 5.8% in 1980 to 8.2% in 2008. These patterns of growth are consistent with activity in Rapides Parish, where similar trends are occurring.

This increase in the share of college-educated adults is outpacing the increase occurring in the region and the state; the total share in Alexandria and the Parish is 50% and 48%, respectively, while the region and the state are 42% and 44%, respectively. With three major hospitals as the region's

Table 2-2
Educational Attainment
Alexandria, Louisiana (1980-2015)

City of Alexandria					
Educational Attainment	Trends				Projection
	1980	1990	2000	2008	2015
Age 25+ Population	28,520	30,371	29,366	31,998	--
Grade K - 8	5,950	4,217	2,332	1,364	--
Grade 9 - 12	4,812	5,243	5,157	4,325	--
High School Graduate	7,079	8,862	8,934	10,496	--
Some College, No Degree	3,192	5,468	6,021	6,622	--
Associates Degree	-	1,114	916	2,533	--
Bachelor's Degree	2,106	3,381	3,326	4,043	--
Graduate Degree	1,649	2,086	2,172	2,613	--
Percent of Total					
Educational Attainment	Trends				Projection
	1980	1990	2000	2008	2015
Age 25+ Population					
Grade K - 8	20.9%	13.9%	7.9%	4.3%	--
Grade 9 - 12	16.9%	17.3%	17.6%	13.5%	--
High School Graduate	24.8%	29.2%	30.4%	32.8%	--
Some College, No Degree	11.2%	18.0%	20.5%	20.7%	--
Associates Degree	0.0%	3.7%	3.1%	7.9%	--
Bachelor's Degree	7.4%	11.1%	11.3%	12.6%	--
Graduate Degree	5.8%	6.9%	7.4%	8.2%	--
Rapides Parish					
Educational Attainment	Trends				Projection
	1980	1990	2000	2008	2015
Age 25+ Population	74,683	79,817	79,956	83,297	80,777
Grade K - 8	16,375	11,625	5,623	3,294	1,859
Grade 9 - 12	12,440	13,196	13,003	10,439	8,437
High School Graduate	22,101	26,235	26,981	29,605	29,208
Some College, No Degree	8,011	14,331	16,518	17,167	16,216
Associates Degree	-	2,806	2,927	7,535	10,049
Bachelor's Degree	4,730	7,410	8,493	9,733	9,624
Graduate Degree	3,369	4,227	4,741	5,524	5,385
Percent of Total					
Educational Attainment	Trends				Projection
	1980	1990	2000	2008	2013
Age 25+ Population					
Grade K - 8	21.9%	14.6%	7.0%	4.0%	2.3%
Grade 9 - 12	16.7%	16.5%	16.3%	12.5%	10.4%
High School Graduate	29.6%	32.9%	33.7%	35.5%	36.2%
Some College, No Degree	10.7%	18.0%	20.7%	20.6%	20.1%
Associates Degree	0.0%	3.5%	3.7%	9.0%	12.4%
Bachelor's Degree	6.3%	9.3%	10.6%	11.7%	11.9%
Graduate Degree	4.5%	5.3%	5.9%	6.6%	6.7%

Source: Louisiana Tech University College of Business, Louisiana State Census Data Center, DemographicsNow, and RKG Associates, Inc., 2009

primary employers, the education attainment in the region has likely risen to capitalize on these job opportunities. These facilities often require specialized training and employ large numbers of employees, with direct employment at St. Frances Cabrini and Rapides Regional Medical Center estimated at over 3,300 employees. While these employees certainly do not all have a college education, many of them likely do.

7. Racial Composition of Population

Alexandria's racial composition has changed significantly during the last 30 years. The City's white population has declined over 35%, dropping from more than 30,100 people in 1980 to about 19,338 in 2008. This decline is largely a combination of "white flight," and out-migration in search of better employment opportunities. White flight accelerated during the 1970s and 1980s following the race riots of the late 1960s, which escalated racial tensions throughout the country, drove households to suburban communities in search of newer communities and racial separation.

This decrease in white population is not as significant in the decline in Rapides Parish, where it has only declined by about 15% since 1980, dropping from 97,454 to 83,222. This rate is expected to continue at a little less than 1% annually through 2015. During that same time period of 1980 to 2008, the City's black population has increased from about 24,400 to 29,242 people. In terms of percentage growth, this increase is modest, typically equaling slightly less than one percentage point annually. In terms of relative growth, the City's Asian population has increased the most, growing by about fourfold, from 175 in 1980 to 824 in 2008. The City's Hispanic population is relatively stable, having remained between 400-600 people since 1980.

D. CONCLUSION

There are several significant trends occurring in the City and the surrounding areas. First, the population is increasing in the City of Alexandria. An increasing population is typically important in sustaining additional housing stock. Second, the declining household size and increasing median age typically are indicators of potential demand for higher-density, lower-maintenance housing, which are often more attractive to older or single residents. Finally, the relatively high share of college-age adults is an important indicator of the City's role as a regional job center as well as the City's *potential* for future job growth, as adults with specialized skills continue to aggregate in Alexandria. These trends, when considered as whole, present positive results for future development in the City.

3 RESIDENTIAL MARKET ANALYSIS

A. INTRODUCTION

RKG Associates, Inc. prepared a residential market analysis in order to provide a more detailed assessment of the potential demand for higher density housing at the Hotel Bentley site and throughout the Downtown. In preparing this assessment, the consultant conducted field research within the Downtown and City, analyzed primary and secondary data related to housing sales and recent household growth trends, and interviewed a number of local real estate professionals (i.e., real estate brokers and developers) with knowledge about the City and surrounding area's housing markets.

The general purpose of this analysis is to provide a better sense of the current supply and demand for high-density housing in the Downtown. Specifically, the following analysis will give City administrators a better understanding of the investment climate within the downtown study areas and the City as a whole. The following analysis focuses on rental apartments, for-sale condominiums and townhomes, and senior independent living centers. These higher density living units are the most likely housing types and are the most comparable to what could be created at the Hotel Bentley under a residential redevelopment scenario.

It is important to note that this analysis provides a regional context for higher density housing opportunities not only at the Hotel Bentley site, but also throughout the Downtown and CRA neighborhoods. Although the Downtown has historically been dominated by commercial and hospitality uses, there could be potential to strategically position higher density residential development. New residential development will in turn help to support and foster local retail and office uses and help to create a more vibrant City.

B. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

Apartments Market

- At the time of report writing, all apartment communities that were inventoried as part of this study were 94% to 100% occupied. Although these types of apartments are not directly comparable to potential housing that may locate in the Downtown, it indicates a consistent and strong demand for garden-style rental units.
- The Magnolia Trace Apartments are 100% occupied and are the only luxury apartments in the City. The Magnolia Trace complex contains the largest amount of amenities found in any of the inventoried apartment communities. Amenities include a business center with high-speed internet and fax/copy machine, a high-tech fitness center, a clubhouse with fireplace and entertainment center, covered carports, detached garages, and a resort-style pool. A luxury apartment complex in Downtown would likely need to offer the same high level of amenities.
- The high end price points of the rental market (using Magnolia Trace Apartments as a comparable) are as follows: \$775/month to \$840/month for a 650 SF to 710 SF 1-bedroom unit; \$890/month to \$1,120/month for a 1,053 SF to 1,090 SF 2-bedroom unit; and

\$1,250/month for a 1,206 three-bedroom unit. Luxury units at the Bentley or Downtown would likely need to fall within a similar size and price range.

- Much of the recent residential permitting activity is for development of single family rental units for people with moderate-incomes. In today's economic climate, developers are more often utilizing tax credits to make a project feasible. It may be necessary for a certain percentage of potential residential units at the Bentley Hotel site or Downtown be designated for moderate-income or age-restricted (age 62 and over) residents.
- Interviews with hospital representatives indicate that there may be a need for a modest amount of extended stay living units in the Downtown. Families of patients often travel large distances to be with their loved ones and need an extended stay place to live. There are also a percentage of hospital staff members and doctors who commute large distances to work who may be interested in renting or owning a "second home" in the Downtown. Lastly, there is a Family Practice Residency program at Rapides Regional with about 15 spaces. The residency program may be significantly expanded in the near future. Representatives at Rapides Regional indicate that up to 8 living spaces may be needed for students in the residency program.
- There is high interest from the community in rehab/re-use projects. The "Alec House" located at 1902 Main Street was a former Mayflower storage building. The warehouse was redeveloped by Inner City Revitalization into a 21-unit apartment complex for the chronically homeless. Although this complex is an independent living center specifically for the chronically homeless, interviews with Inner City Revitalization board members indicate that they also receive approximately 8 walk-ins per month from interested community members who happen to be looking for housing.

Senior Independent Living Market

- There are no designated senior citizen public housing units within the City. However, the Housing Authority Director believes there is a large need for restricted elderly or disabled public housing. She once looked into creating this type of housing at the Hotel Bentley site, but the price of the building was too high. The Housing Authority would be highly interested in creating an elderly and disabled restricted housing complex in the near future.
- Stratford Manor is a new independent senior living center, located at the southern edge of the City near the intersection of Sugar House Road and Interstate 49. It is set to open in August or July of 2009. Interviews with representatives indicate that the preliminary senior housing feasibility analysis they conducted showed an incredible demand for age-restricted housing within the City. In fact, the developer of this project has stated that the report showed demand for senior housing units to be in the thousands. Despite the large demand for units that was shown in the feasibility study, the lease-up rate at Stratford Manor has been slow. One possible reason may be the rent may be on the high side (\$550/month). The developer has mentioned that the high utility costs in the City require them to charge higher rent than they would otherwise.
- Other senior independent living centers in the City are well-occupied. Our Lady Manor, located in Downtown, is a 104-unit senior apartment complex that was 100% occupied at the time of report writing. Mount Zion Senior Living Complex, located on 15th Street just outside of Downtown, is a 20-unit facility that was also 100% occupied at the time of report writing.
- England Oaks, which is located on the former England Air force Base, is a 182-unit independent living community comprised of duplex homes. This community targets higher income seniors, and offers amenities such as monthly catered potluck dinners, classes, a fitness center and pool, and proximity to the golf club. The independent living community was 97% occupied at the time of report writing. The rent is \$790 to \$840 for a 2-bedroom and \$920 for a 3-bedroom unit. Although the England Oaks retirement community has substantially higher rent, there is also a large amount of amenities provided at this location. It is likely that

senior housing units at the Bentley will need to offer the same level of amenities if a higher rental price point is desired.

Condominium and Townhome Market

- There are just over 600 condominium units in the Parish. Interviews indicate that all of the condominium/townhome subdivisions in the City are well-occupied (95% or higher occupancy). There was a substantial amount of new condominium and townhome sales in 2006 through 2008. In addition, the Cypress Point Townhomes and Condominiums, as well as the Villa Rachelle Townhomes were built during this time. This recent activity indicates there is growing interest in the condominium and townhome market.
- The 32 Condominiums at Cypress Point (Lake District) are 100% occupied. The value of the condominiums ranges from approximately \$125,000 to \$167,500 for either a 1,430 SF or 1,500 SF 2-bedroom unit. Amenities at the condominiums include granite countertops, a private back patio, large walk-in closets and covered parking. It is likely that new luxury-style condominium units built in the Downtown would need to offer the same or comparable level of amenities in order to help attract potential owners.
- Interviews with various brokers and developers have repeatedly mentioned that parking may be the biggest barrier towards residential development in the Downtown. Residents typically demand 2 spots per unit as well as guest spots.
- Typical condominium and townhome residents are young professionals, older residents looking to downsize their single family homes, and couples or small families with one child. Many condominium/townhome owners work at Rapides Regional Hospital, Cabrini Hospital, and England Airpark Industrial Center.

Downtown Housing Demand

- Based on RKG's analysis, it is estimated that between 44% to 60% of city households and 52% to 68% of Parish households could afford to purchase a unit priced at \$150,000. Assuming that a higher percentage of buyers will come from the City of Alexandria than the Parish and fall within the key age groups, we estimate that between 43 and 50 households annually would be interested in purchasing a downtown residential unit priced above \$100,000. However, if units are priced at \$150,000 and above, the number of potential buyers will drop to between 30 and 41 buyers per year.
- The largest potential buying segment would be "empty nester" households (55 to 74 age group), which would account for nearly 60% of the demand. These annual sales projections are in line with recent condominiums sales activity, which have averaged roughly 50 units per year over the last decade.

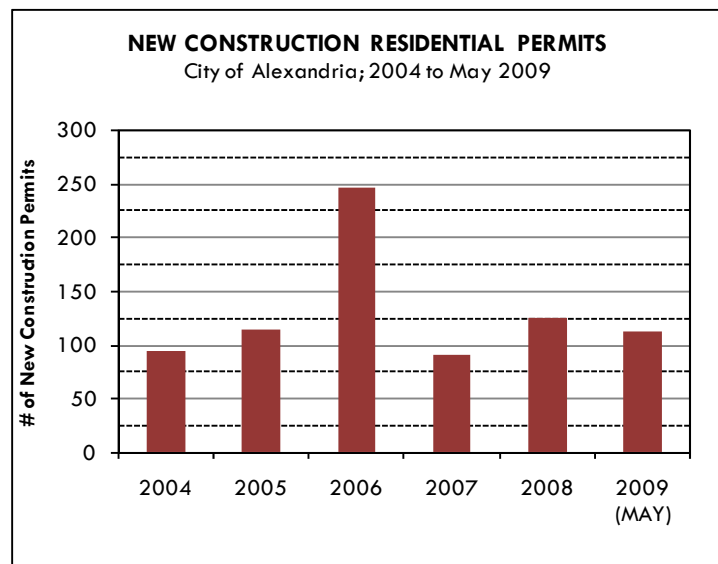
C. HOUSING SUPPLY ANALYSIS

This section provides an analysis of the supply for both rental housing and ownership condominium and townhome units within the Cities of Alexandria and Pineville. To conduct this analysis, the consultant interviewed real estate professionals, collected a various of housing related data, and created an inventory of all competitive apartment and condominium units.

1. Residential Permit Activity

The consultant received permit data from the City of Alexandria, which includes all residential building permits issued during the 2004 to 2009 period. However, it was not possible to accurately tease out the type of residential housing units that were permitted. As a complement to this data, the consultant also obtained more detailed residential permit data from the Census Bureau. The Census Bureau permit data reports information by type of housing unit. These two sources together give a good sense of permit activity in the City of Alexandria, City of Pineville, and the Parish as a whole.

Figure 3-1



Source: City of Alexandria and RKG Associates, Inc., 2009

The City permit data indicate that the level of new residential permits steadily increased from 2004 to 2006, reaching a peak of almost 250 new units (Figure 3-1). In 2007, the number of permits sharply declined, which is consistent with larger national economic trends which has seen a steady decline in new housing starts since 2007. However, contrary to national trends, local permit activity rebounded in 2008 and is showing a strong signs through the first half of 2009. Although the data only shows less than half of the 2009 year, the amount of permits issued almost equals that of 2008. The permits issued in 2008 and 2009 are primarily the result of new moderate-income single family rental units being built at the Pecan Grove Subdivision, Carlyle Loop and Stratford Manor subdivisions. All these permitted units are being built using tax credits and are specifically designated for moderate-income residents.

Recent Tax Credit Projects

- Pecan Grove Subdivision** - The Pecan Grove subdivision is located at the northern edge of the City near the intersection of State Highway 1 and Airbase Road. In 2008 there were 27 units permitted with a value of \$68,355 each and 9 units permitted with a value of \$75,367. The total build-out will be the same as the number permitted (36 units). Construction of these units was completed in 2009.
- Carlyle and Stratford Manor** - The Carlyle and Stratford Manor developments are located adjacent to each other on the southern edge of the City where Interstate 49 intersects with Highway 71 and Sugar House Road. There will be 40 single family rental units at the Carlyle development and 50 age-restricted (age 62 and over) units contained within duplexes at Stratford Manor development. In 2009, there were 40 permits issued for the Carlyle subdivision with buildings values ranging from \$116,601 to \$153,238. There were 25 (totaling 50 units) permits issued in the Stratford Manor subdivision. These duplexes all were valued at \$207,132. Construction should be complete by August of 2009.

Although trends indicate that new residential development is occurring within the City, a sizable share of this recent development is being financed, in part, using tax credits and the product is priced for

moderate-income households. In order to encourage redevelopment of the Hotel Bentley, it may be necessary to use similar financing tools to improve the project's financial feasibility.

The estimated value of new residential permits was highest in 2007 (\$262,373/permit). During this year, four single family homes in the Lake District were permitted, which ranged in value from \$220,000 to \$400,000. There were other higher valued permits scattered throughout the City. The most expensive permit was for a development on Carol Court (\$850,000), which is located near Jackson Road on the east side of MacArthur Drive. In 2008, the value of permits declined to \$133,080/permit. As mentioned previously, many of the permits that were issued during this year were for the Pecan Grove Subdivision and were valued at \$68,355 per permit. Recent trends indicate that as of May 2009, the value per permit value increased to \$147,066. Many of the Carlyle Loop permits discussed in the previous section were \$153,238, and the Stratford Manor permits were \$207,132, which accounts for the higher building permit values in this year.

The data obtained from the City also included permits issued for repairs and alterations. Unlike new construction trends, the amount of residential alteration and repair permits issued has been steadily declining since 2006. The slow-down in alterations and repairs is consistent with national trends. As the economy slows down, less people can afford to invest money into their homes.

Unfortunately, the residential permit data collected from the Census Bureau does not provide an exact match of permit data received by the City. However, the data collected from the Census does provide the reported permitted units by type. It should be noted that not all municipalities within the Parish have reported their building permit data to the Census Bureau. In these cases, the Census Bureau estimates the number of permits for the missing jurisdictions.

Almost all of the permitted units in the past five years have been for single family developments (Table 3-1). Only one permit was issued for a five or more family unit during this time. This permit was most likely for an 8-unit condominium development currently under construction at the Lake District (to be discussed in more detail in the following sections).

The types of permits issued in the City of Pineville and the Parish as a whole are also predominately single family. The City of Pineville, located just across the Red River from Alexandria, is a less developed City than Alexandria, but is fast growing and offers a large amount of competitive housing choices. In both 2004 and 2005, the number of permits issued in Pineville (412 permits) far outnumbered those issued in Alexandria (160 permits). According to interviews with real estate professionals, many people are choosing to live in Pineville due to the quality of development you can receive for the comparatively low cost of land and housing. It should be noted that permits issued in the City of Pineville have steadily decreased since 2004, and the permits issued in the City of Alexandria have increased in 2006 and 2007. In fact, the permits issued in Alexandria in 2007 (233 permits) almost doubled those issued in Pineville (118 permits). This is likely due to the large amount of single family rental housing being built using tax credits at the subdivisions mentioned above. The Census Bureau estimates that there has been no five or more family units permitted in the City of Pineville.

Table 3-1

Residential Building Permits

City of Alexandria, City of Pineville, and Rapides Parish

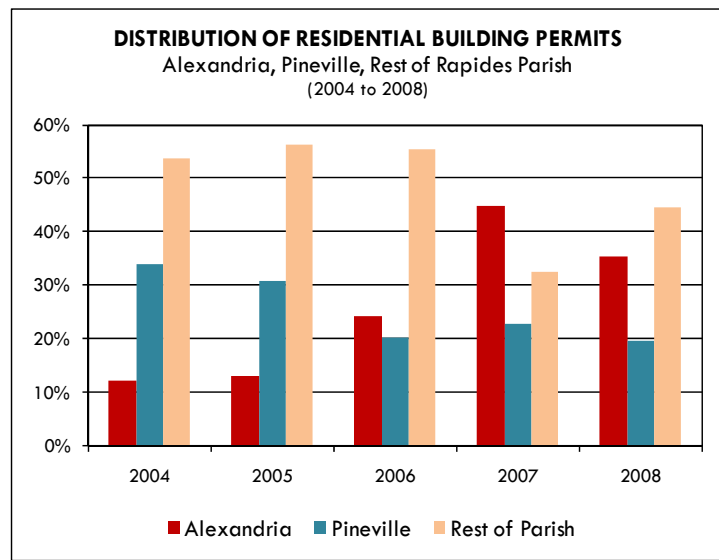
CITY OF ALEXANDRIA	Buildings	Units	Construction cost	CITY OF PINEVILLE	Buildings	Units	Construction cost	RAPIDES	Buildings	Units	Construction cost
2004				2004				2004			
Single Family	79	79	\$15,112,352	Single Family	219	219	\$21,600,737	Single Family	645	645	\$76,734,501
Two Family	0	0	\$0	Two Family	1	2	\$100,000	Two Family	1	2	\$100,000
Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0
Five or More Family	0	0	\$0	Five or More Family	0	0	\$0	Five or More Family	0	0	\$0
Total	79	79	\$15,112,352	Total	220	221	\$21,700,737	Total	646	647	\$76,834,501
2005				2005				2005			
Single Family	81	81	\$13,650,995	Single Family	191	191	\$18,731,621	Single Family	622	622	\$72,801,040
Two Family	0	0	\$0	Two Family	1	2	\$100,000	Two Family	1	2	\$100,000
Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0
Five or More Family	0	0	\$0	Five or More Family	0	0	\$0	Five or More Family	0	0	\$0
Total	81	81	\$13,650,995	Total	192	193	\$18,831,621	Total	623	624	\$72,901,040
2006				2006				2006			
Single Family	214	214	\$32,905,260	Single Family	178	178	\$17,490,425	Single Family	882	882	\$116,061,287
Two Family	0	0	\$0	Two Family	0	0	\$0	Two Family	0	0	\$0
Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0
Five or More Family	0	0	\$0	Five or More Family	0	0	\$0	Five or More Family	0	0	\$0
Total	214	214	\$32,905,260	Total	178	178	\$17,490,425	Total	882	882	\$116,061,287
2007				2007				2007			
Single Family	231	231	\$26,813,910	Single Family	118	118	\$11,588,522	Single Family	518	518	\$58,236,332
Two Family	0	0	\$0	Two Family	0	0	\$0	Two Family	0	0	\$0
Three and Four Family	2	8	\$1,100,000	Three and Four Family	0	0	\$0	Three and Four Family	2	8	\$1,100,000
Five or More Family	0	0	\$0	Five or More Family	0	0	\$0	Five or More Family	0	0	\$0
Total	233	239	\$27,913,910	Total	118	118	\$11,588,522	Total	520	526	\$59,336,332
2008				2008				2008			
Single Family	123	123	\$15,666,209	Single Family	69	69	\$6,777,453	Single Family	348	348	\$44,561,098
Two Family	0	0	\$0	Two Family	0	0	\$0	Two Family	0	0	\$0
Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0	Three and Four Family	0	0	\$0
Five or More Family	1	8	\$800,000	Five or More Family	0	0	\$0	Five or More Family	1	8	\$800,000
Total	124	131	\$16,466,209	Total	69	69	\$6,777,453	Total	349	356	\$45,361,098
GRAND TOTAL				GRAND TOTAL				GRAND TOTAL			
Single Family	728	728	\$104,148,726	Single Family	775	775	\$76,188,758	Single Family	3,015	3,015	\$368,394,258
Two Family	0	0	\$0	Two Family	2	4	\$200,000	Two Family	2	4	\$200,000
Three and Four Family	2	8	\$1,100,000	Three and Four Family	0	0	\$0	Three and Four Family	2	8	\$1,100,000
Five or More Family	1	8	\$800,000	Five or More Family	0	0	\$0	Five or More Family	1	8	\$800,000
Total	731	744	\$106,048,726	Total	777	779	\$76,388,758	Total	3,020	3,035	\$370,494,258
PERCENT CHANGE				PERCENT CHANGE				PERCENT CHANGE			
2004 to 2005				2004 to 2005				2004 to 2005			
Single Family	2.5%	2.5%	-9.7%	Single Family	-12.8%	-12.8%	-13.3%	Single Family	-3.6%	-3.6%	-5.1%
Two Family	0.0%	0.0%	0.0%	Two Family	0.0%	0.0%	0.0%	Two Family	0.0%	0.0%	0.0%
Three and Four Family	0.0%	0.0%	0.0%	Three and Four Family	0.0%	0.0%	0.0%	Three and Four Family	0.0%	0.0%	0.0%
Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%
Total	2.5%	2.5%	-9.7%	Total	-12.7%	-12.7%	-13.2%	Total	-3.6%	-3.6%	-5.1%
2005 to 2006				2005 to 2006				2005 to 2006			
Single Family	164.2%	164.2%	141.0%	Single Family	-6.8%	-6.8%	-6.6%	Single Family	41.8%	41.8%	59.4%
Two Family	0.0%	0.0%	0.0%	Two Family	-100.0%	-100.0%	-100.0%	Two Family	-100.0%	-100.0%	-100.0%
Three and Four Family	0.0%	0.0%	0.0%	Three and Four Family	0.0%	0.0%	0.0%	Three and Four Family	0.0%	0.0%	0.0%
Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%
Total	164.2%	164.2%	141.0%	Total	-7.3%	-7.8%	-7.1%	Total	41.6%	41.3%	59.2%
2006 to 2007				2006 to 2007				2006 to 2007			
Single Family	7.9%	7.9%	-18.5%	Single Family	-33.7%	-33.7%	-33.7%	Single Family	-41.3%	-41.3%	-49.8%
Two Family	0.0%	0.0%	0.0%	Two Family	0.0%	0.0%	0.0%	Two Family	0.0%	0.0%	0.0%
Three and Four Family	--	--	--	Three and Four Family	0.0%	0.0%	0.0%	Three and Four Family	--	--	--
Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%
Total	8.9%	11.7%	-15.2%	Total	-33.7%	-33.7%	-33.7%	Total	-41.0%	-40.4%	-48.9%
2007 to 2008				2007 to 2008				2007 to 2008			
Single Family	-46.8%	-46.8%	-41.6%	Single Family	-41.5%	-41.5%	-41.5%	Single Family	-32.8%	-32.8%	-23.5%
Two Family	--	--	--	Two Family	--	--	--	Two Family	0.0%	0.0%	0.0%
Three and Four Family	-100.0%	-100.0%	-100.0%	Three and Four Family	0.0%	0.0%	0.0%	Three and Four Family	-100.0%	-100.0%	-100.0%
Five or More Family	--	--	--	Five or More Family	0.0%	0.0%	0.0%	Five or More Family	0.0%	0.0%	0.0%
Total	-46.8%	-45.2%	-41.0%	Total	-41.5%	-41.5%	-41.5%	Total	-32.9%	-32.3%	-23.6%

Note: Rapides Parish and Pineville data are estimates

Source: U.S. Census Bureau and RKG Associates, Inc., 2009

The permit data collected from the Census Bureau also includes Rapides Parish as a whole. In 2004 through 2006, permitting activity in the rest of the Parish accounted for more than half of the total permitting activity (Figure 3-2). Permit activity was particularly active in 2006, and 882 single family permits were issued within the Parish. Only 44% of these permits were issued in either Alexandria or Pineville, which indicates a large proportion of units were being built in the unincorporated areas of Rapides Parish. However, in 2007, almost 70% of the permits were issued in either Alexandria or Pineville. The 2008 trends indicate the permitting activity is again picking up in the unincorporated areas of Rapides Parish. The only 5 or more unit building permitted in the Parish was the Lake District condominiums. Single family development in the Parish as a whole has been slowing, and permits issued have been steadily declined since 2006.

Figure 3-2



2. Apartment Inventory

RKG Associates inventoried the competitive apartment buildings within the City of Alexandria and Pineville and are included in Map 3-1 and Table 3-2. The apartment units are primarily clustered on the western side of the city near Jackson Street on the west side of MacArthur Drive. The Magnolia Trace Apartments, Rosewood Apartments, Berkshire Apartments and Pecan Grove Apartments are all located proximate Highway 28. Apartment complexes are located here due to convenient access to the highway network, which connects to nearby shopping and employment centers.

There are 2,074 units contained within these apartment communities Table 3-2. All of the units are 1, 2, and 3-bedroom apartments. These communities predominantly include two-story garden style apartment communities. An amenity found in nearly all of the apartment communities are outdoor or covered parking and a swimming pool. Rent rates are consistently less expensive in the City of Pineville. Comparatively, the high end of the market is the Magnolia Trace Apartments, a 208 unit luxury apartment complex located in the Lake District.

Map 3-1

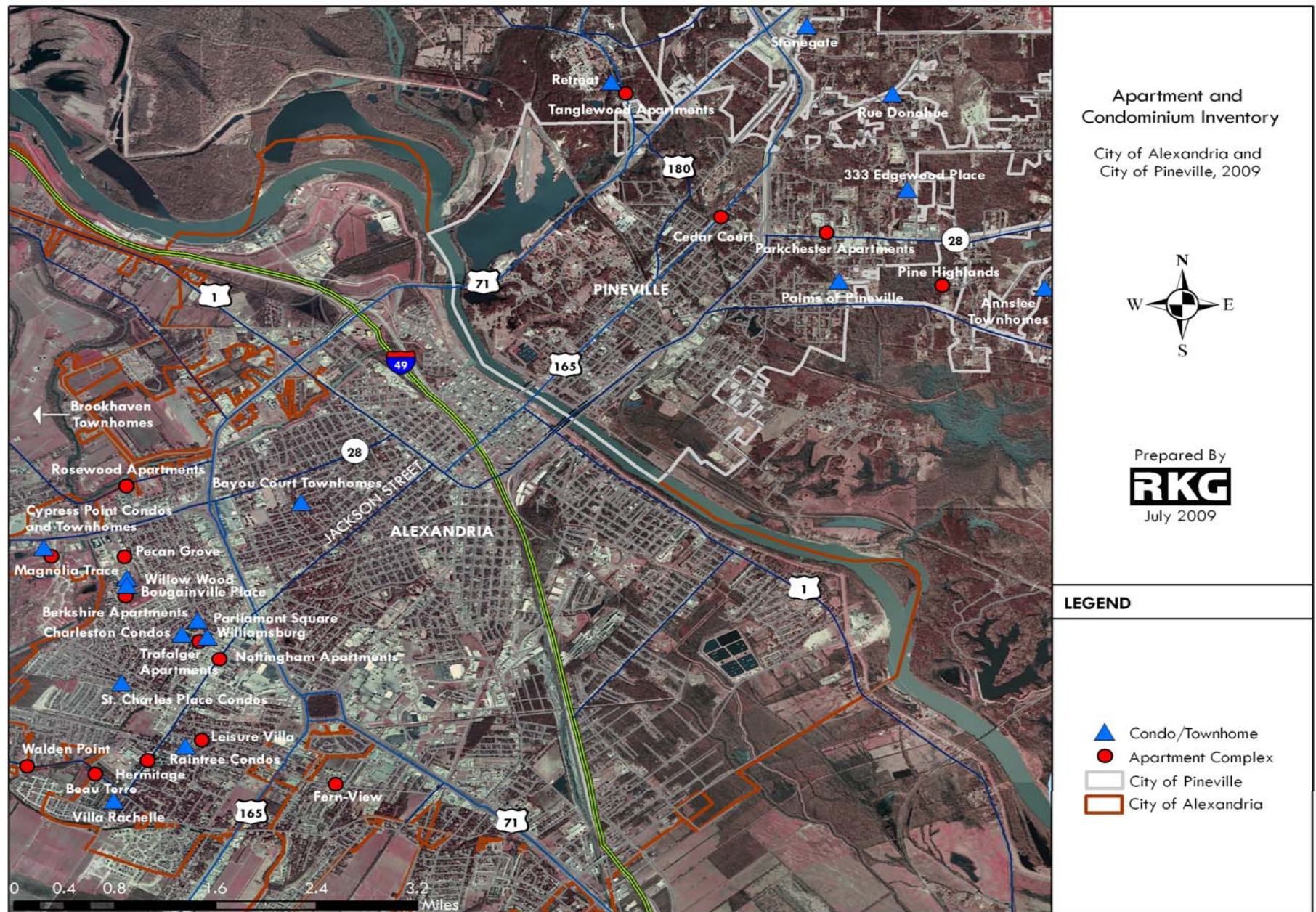


Table 3-2
Inventory of Competitive Apartment Buildings
City of Alexandria and City of Pineville; 2009

Complex Name		No. of Units	1 BDRM		2 BDRM		3 BDRM		Type of Building	Occ. %	AMENITIES						
			\$/Month	SF	\$/Month	SF	\$/Month	SF			Pool	On-Site Courtesy Officer	Tennis Court	Covered Parking	Fitness Center	Bus. Center	
NEAR HIGHWAY 28																	
Rosewood Apartment Homes	4051 Bayou Rapides Road	152	\$610 - \$700	704 - 848	\$745 - \$795	979	--	--	Garden Style	100%	x	x					
Berkshire Apartments	393 Windermere Boulevard	16	--	--	\$675	1,000	--	--	One-Story Attached	94%							
Pecan Grove Apartments	4335 Clubhouse Drive	168	\$585 - \$650	707 - 796	\$675 - \$765	865 - 1,023	--	--	Garden Style	98%	x	x	x	x	x		
NEAR JACKSON STREET																	
Nottingham Apartments	1301 King Arthur	241	\$600	750	\$700 - \$725	1,100	\$850 - \$1,000	1,600 - 2,000	Garden Style	100%	x		x	x			
Leisure Villa	5440 Downing Street	102	\$500 - \$550	n/a	\$645	1,100	\$720	n/a	Garden Style	99%	x			x			
Hermitage Apartments	5703 Jackson Street	119	\$475	740	\$550 to \$575	900 to 1,200	\$675	1,500	Garden Style	97%							
Beau Terre Apartments	920 Twin Bridges Road	168	\$660 - \$710	750	\$765 - \$850	1,150	--	--	Garden Style	100%	x				x		
Walden Point Apartments	476 Twin Bridges Rd	229	\$495	629 - 700	\$575 - \$700	750 - 1,000	\$600	1,260	Garden Style	99%	x	x					
Trafalger Apartments	4041 Heyman Lane	40	\$475	631	\$550	913	--	--	Garden Style	100%	x	x					
Fern-View Apartments	2509 Culpepper Rd	101	--	--	\$500	995	\$595	1,100	Garden Style	100%							
PINEVILLE																	
Cedar Court	1900 Donahue Ferry Rd	23	\$425	475	\$525 - \$600	744 - 1,058	--	--	One-Story Attached	100%							
Pine Highland	141 Sunburst Lane	275	\$450 - \$475	690	\$525 - \$575	915	--	--	Garden Style	99%	x	x					
Parkchester Apartments	200 Cleco Drive	80	\$425	585	\$525 - \$550	940	--	--	Garden Style	100%	x						
Tanglewood Apartments	2114 Shreveport Hwy	152	\$385	625	\$450	841	\$525	992	Garden Style	99%	x	x		x			
LAKE DISTRICT																	
Magnolia Apartments	5445 Provine Place	208	\$775 - \$840	650 - 710	\$890 - \$1,120	843 - 1,090	\$1,250	1,206	Luxury	100%	x	x (Gated)	x	x	x	x	
TOTAL UNITS		2,074	--	--	--	--	--	--	--	--	--	--	--	--	--	--	

Source: RKG Associates, Inc., 2009

Rent ranges for a 1-bedroom are \$385/month for a 625 SF unit in Pineville, to \$840/month for a 710 SF unit at the Magnolia Trace Apartments. The majority of the 1-bedroom units in the community rent for about \$475 to \$650/month. The 2-bedroom units range from \$450/month for an 800 SF unit in Pineville to \$1,120/month for a 1,090 SF unit at the Magnolia Trace Apartments. The majority of the 2-bedroom units in Alexandria rent for \$550/month to \$750/month. The 3-bedroom units range from \$525/month for a 992 SF unit in Pineville to \$1,250/month for a 1,206 SF unit at the Magnolia Trace Apartments, with the majority renting anywhere from \$600/month to \$1,000/month. It is important to note that all the apartment communities inventoried were 94% to 100% occupied.

The Magnolia Trace Apartments is the only luxury apartment development within the City of Alexandria and Pineville. The Magnolia Trace Apartments is a gated apartment community within the Lake District that contains 208 units. The Lake District is planned residential community located west of Downtown at the intersection of Route 28 and Ansley Boulevard, roughly 1 mile west of the Route 28/MacArthur Drive intersection. The Magnolia Trace complex contains the largest amount of amenities found in any of the inventoried apartment communities. Amenities include a business center with high-speed internet and fax/copy machine, a fitness center, a clubhouse with fireplace and entertainment center, covered carports, detached garages, and a resort-style pool. At the time of report writing, all the apartments units were occupied. This apartment complex is most comparable with luxury style units that might be developed at the Hotel Bentley site. The 100% occupancy of these units indicates a demand for luxury style apartment units within Alexandria.

While it is difficult to judge the full depth (i.e., the number of potential luxury apartment renters) of the luxury apartment market in Alexandria/Pineville, it is clear that there is demand for a higher quality residential product within a high amenity development. If similar conditions could be created in Downtown Alexandria, RKG believes that there would be some demand for higher end residential apartments or condominiums. However, the quality of the neighborhood environment, as well as retail, entertainment, and dining offering would have to expand to support these new residents.

3. Luxury Housing Development

Although potential residential units at the Hotel Bentley site would likely be higher density, the RKG analyzed the single family development activity at the Lake District to gauge the community's appetite for higher-end luxury residential units.

The Lake District is a high quality planned community located near Highway 28 that contains a total of 104 single family lots, 25 of which are currently available. The types of lots available at the Lake District are grouped according housing type. Estate lots allow single family homes with a minimum of 3,000 SF. Traditional lots support homes with a minimum 2,200 SF, and patio lots allow smaller homes of at least 2,200 SF. The majority of lots currently available are patio home lots. Of the 39 patio home lots, 20 are still available. In comparison, only 3 of the 28 estate lots and 2 of the 37 traditional lots are currently available (Table 3-3).

According to Parish real property assessment records, the first lot sold in the Lake District occurred in 2002. The information in Table 3-4 indicates almost 45% of the total lots available were sold by 2005. Since then, sales per year have varied and slowed, leaving mostly patio lots remaining. The slowing of lot sales is understandable given the recent pull-back in the mortgage lending practices, but the slow down might also reflect low buyer interest in the smaller patio lots. Since the first lot sale occurred in 2002, an average of 10.7 lots has been sold each year at the Lake District.

The homes at the Lake District are primarily custom built homes and are priced well above the average home price in Alexandria. Of the 79 lots sold since 2002, there are 35 homes built or under construction (44% of the sold lots) (Table 3-4). Interviews with local real estate professionals indicate that construction of 10 more homes are in the initial planning phase and will commence by the end of 2009.

According to assessment records, the first homes were built in 2003. Since then, the number of homes built per year has varied from 3 to 7 with an annual sales rate of 5.5 homes per year. New home construction could increase over the next two years with the construction of 19 new homes. As of July 2009, there were 9 homes built or are under construction, which is more than double the homes built in the previous year. The Lake District absorption indicates that the demand for higher value homes is present in Alexandria, but the depth of the market is quite shallow at the top price points offered at the Lake District community.

The fact that only 44% of the lots have homes built on them could indicate one or more of the following: (1) people originally purchased the lots with the hopes of building a new home in the future but their plans have been delayed, (2) people purchased lots as an investment and speculated that they would rise in value and be sold for a

Table 3-3
Single Family Supply
Lake District; July 2009

	#	% of Grand Total	Avg. Assessed Value
ESTATE LOTS			
Available	3	2.9%	\$72,833
Sold (No Home Built)	15	14.4%	\$95,345
Built	6	5.8%	\$538,027
Under Construction	4	3.8%	N/A
Total	28	26.9%	–
TRADITIONAL LOTS			
Available	2	1.9%	\$47,750
Sold (No Home Built)	17	16.3%	\$86,610
Built	15	14.4%	\$424,201
Under Construction	3	2.9%	N/A
Total	37	35.6%	–
PATIO LOTS			
Available	20	19.2%	\$40,000
Sold (No Home Built)	12	11.5%	\$50,822
Built	7	6.7%	\$443,480
Under Construction	0	0.0%	N/A
Total	39	37.5%	–
GRAND TOTAL			
Available	25	24.0%	\$44,560
Sold (No Home Built)	44	42.3%	\$66,513
Built	28	26.9%	\$343,043
Under Construction	7	6.7%	N/A
Total	104	100.0%	--

Source: Rapides Parish Assessment Database, Noles-Frye Realty and RKG Associates, Inc., 2009

Table 3-4
High-end Single Family Absorption
Lake District (2002-2009)

Year	Lots Sold		Homes Built	
	No. of Lots	% of Grand Total	No. of Homes	% of Grand Total
2002	3	2.9%	0	0.0%
2003	20	19.2%	2	5.7%
2004	5	4.8%	5	14.3%
2005	19	18.3%	3	8.6%
2006	10	9.6%	7	20.0%
2007	12	11.5%	5	14.3%
2008	7	6.7%	4	11.4%
2009	3	2.9%	9*	25.7%
TOTAL	79	76.0%	35	100.0%
LOTS AVAILABLE	25	24.0%	--	--
GRAND TOTAL	104	100.0%	35	100.0%
Avg. Annual Absorption	10.7		5.5	

Note: It was assumed lots with homes were built one year after the sale.

*Homes are under construction

Source: Rapides Parish Assessment Database, Noles-Frye Realty and RKG Associates, Inc., 2009

profit, (3) people are waiting for more of the community amenities to be constructed before they move in.

4. Condominium and Townhome Supply

RKG also inventoried all the condominium and townhome subdivisions in Rapides Parish using field analysis, MLS sales information and Parish assessment data. The analysis indicates that 607 condominium and townhome units currently exist within the Parish, equating to roughly 2.5% of the Parish's total housing units. The locations of the condominium and townhome subdivisions are included in Map 3-1. The majority of the condominiums and townhomes are located on the western side of the city near Jackson Street and on the west side of MacArthur Drive. There are also new condominium developments near Highway 28.

The high end of the condominium and townhome market in Alexandria is the Cypress Point Townhomes and Condominiums located within the Lake District. There are currently 32 constructed and occupied 2-bedroom condominium units at this subdivision, with the first condominium sale occurring in 2006. In addition to the 32 built units, 8 more units are currently under construction and should be delivered within the next 12 months. There are also plans to add an additional 16 units within the next three to five years, which would equal a total build-out of 56 condominium units. The value of the condominiums ranges from approximately \$125,000 to \$167,500 for either a 1,430 SF or 1,500 SF 2-bedroom unit. Amenities at the condominiums include granite countertops, a private back patio, large walk-in closets and covered parking. It is likely that new condominium units built in the Downtown would need to offer a similar, if not more expansive, offering of building and unit amenities in order to attract potential owners.

There are currently 10 occupied townhomes at Cypress Point and according to the developer there are plans to build another 3 units per year for the next two or three years. Townhome development is slower than condominium development. The townhomes at Cypress Point are priced between \$237,500 and \$332,205, which represents the very high end of the townhome market. Interviews with condominium real estate brokers have indicated that the typical price point for townhomes is generally \$170,000 or less. The townhomes at Cypress Point range in SF from 2,770 SF (1,900 SF heated/cooled) to 3,300 SF (2,406 heated/cooled). Interviews with Cypress Point representatives indicate that there is less demand for townhome units. Although they are 100% occupied, new townhome development will likely not exceed three units per year.

The other condominium subdivisions in Alexandria range in size from 19 units at Bougainville Place to 78 units at Parliament Square Condos. The values for these older condominium subdivisions range in value, but most are under \$125,000. There was a substantial amount of new condominium and townhome development in 2006 through 2008. The Cypress Point condominiums and townhomes were built during this time, as well as the Villa Rachelle (Table 3-5).

According to interviews with real estate professionals, the condominiums and townhomes in both cities are well occupied. The majority of people living in the condominium units and townhomes are young professionals, older residents looking to downsize to a smaller home, or small families with one child. It was cited by some real estate professionals that many of the residents occupying the condominiums on the west side of Alexandria work at Rapides Regional or Cabrini Hospital or England Industrial Airpark. The turnover rate is generally 3 to 5 years minimum before people move on to other forms of housing. New condominiums that come on the market and existing condos listed for sale take some time to move, approximately 3 to 6 months according to local Realtors.

Table 2-5

Condominium and Townhome Activity by Subdivision

Cities of Alexandria and Pineville

	Pre-2001	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total	Price Range
CITY OF ALEXANDRIA												
CYPRESS POINT TOWNHOMES	0	0	0	0	0	0	0	2	6	2	10	\$237,500 to \$332,205
CYPRESS POINT CONDOS	0	0	0	0	0	0	12	5	10	5	32	\$124,500 to \$167,500
VILLA RACHELLE	0	0	0	0	0	0	9	23	6	0	38	\$150,000 to \$163,000
WILLOW WOOD CONDOMINIUMS	27	0	3	0	1	2	6	3	6	1	49	\$72,300 to \$195,000
BROOKHAVEN	18	2	1	3	1	4	5	4	11	4	53	\$90,000 to \$140,000
ST CHARLES PLACE CONDOS	1	2	5	13	8	8	7	14	10	0	68	\$80,000 to \$135,000
BAYOU COURT TOWNHOMES	9	1	2	2	3	4	4	7	4	2	38	\$75,000 to \$125,000
BOUGAINVILLE PLACE	8	0	1	1	1	1	2	1	2	2	19	\$80,800 to \$120,000
PARLIAMENT SQUARE CONDOS	30	6	4	3	3	13	8	6	3	2	78	\$55,000 to \$135,000
CHARLESTON CONDO	11	3	0	3	0	4	3	1	4	2	31	\$80,000 to \$140,000
WILLIAMSBURG CONDOMINIUMS	18	1	6	0	3	3	4	6	7	0	48	\$36,000 to \$90,000
RAINTREE CONDOMINIUMS	14	5	3	3	2	5	9	6	4	3	54	\$46,500 to \$79,000
TOTAL	136	20	25	28	22	44	69	78	73	23	518	
% OF TOTAL	26.3%	3.9%	4.8%	5.4%	4.2%	8.5%	13.3%	15.1%	14.1%	4.4%	100.0%	
PINEVILLE												
JENNIFERS PLACE	0	0	0	0	0	0	0	5	0	0	5	\$132,870 to \$152,900
RETREAT	15	3	4	2	2	3	3	3	9	1	45	\$86,000 to \$116,000
ANNSLEE PLACE TOWNHOMES	0	0	0	0	0	2	0	2	0	1	5	\$145,500 to \$163,000
RUE DONAHUE	0	0	0	0	0	0	0	2	2	0	4	\$120,000 to \$175,000
333 EDGEWOOD PLACE	1	0	0	1	0	1	1	0	0	2	6	\$149,000 to \$196,000
STONEGATE CONDOMINIUMS	0	0	0	0	0	0	0	11	10	1	22	\$133,100 to \$192,000
PALMS OF PINEVILLE TOWNHOMES	0	0	0	0	0	0	0	0	2	0	2	\$150,000 to \$152,000
TOTAL	16	3	4	3	2	6	4	23	23	5	89	
% OF TOTAL	18.0%	3.4%	4.5%	3.4%	2.2%	6.7%	4.5%	25.8%	25.8%	5.6%	100.0%	
GRAND TOTAL	152	23	29	31	24	50	73	101	96	28	607	
% OF GRAND TOTAL	25.0%	3.8%	4.8%	5.1%	4.0%	8.2%	12.0%	16.6%	15.8%	4.6%	100.0%	
ANNUAL CHANGE IN UNITS												
		2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09			
ACTUAL CHANGE IN UNITS/YR.	--	23	29	31	24	50	73	101	96	28	--	
% YEARLY CHANGE IN GRAND TOTAL	--	15.1%	16.6%	15.2%	10.2%	19.3%	23.6%	26.4%	19.9%	4.8%	--	

Source: Rapides Parish Assessor's Office and RKG Associates, Inc., 2009

Approximately 85% of the built condominium units are located in the City of Alexandria. However, condominium units have recently been built in Pineville. In fact, 82% of the condominium and townhome stock in Pineville was sold or built within the last 8 years. One real estate broker mentioned that Pineville is an attractive place to live for families or individuals who prefer more living space. It was mentioned that Pineville is attractive to families because unlike Alexandria, Pineville does not allow open liquor sales which reduces the presence of bars. It was also asserted that the popular perception is that Pineville schools have a better reputation, although RKG made no attempt to verify that statement.

One Pineville developer stated that while the townhome market in Pineville is an emerging market, construction of townhomes and condominiums in the Pineville area has been cautiously phased. For example, out of a total of 36 lots available at Annslee Place Townhomes, only six units have been built. Although there is plenty of room to expand, the developer has no immediate plans to build more townhomes at this location. There are also 11 available lots at Jennifer's Place and 12 at Rue Donahue. There are no immediate plans to build units at these developments. Townhomes in Pineville are generally one-story attached developments, which are more desirable for older residents who desire to have their living space on one level.

Although single family homes are the predominant housing type in Alexandria, the growing inventory of higher density units indicates there is a small yet active condominium and townhome market. The strong occupancy levels in these developments indicate that there is steady demand for these types of units. However, it is likely that any condominium or townhome units in the Downtown would need to offer attractive amenities such as secured, dedicated parking; high quality interior finishes such as granite countertops and hardwood floors. One condominium developer has mentioned that residents would likely desire two parking spots plus guest spots. He thought parking might be the biggest barrier towards attracting people to live in the Downtown. In order to attract new residents downtown, additional retail, entertainment and dining establishments are needed to improve the livability of the district.

5. Independent Senior Living Centers

Independent senior living centers, also referred to as retirement communities, congregate living and senior apartments, are designed for seniors who are able to live independently, but desire the security and conveniences of community living. Amenities at these communities range from offering organized social and recreational programs to providing housing with minimal services. RKG Associates assessed the supply of independent living centers and the potential for this type of housing at the Hotel Bentley site and Downtown.

There are currently four senior independent living centers that contain a total of 356 units in the City of Alexandria (Table 3-6). It should be noted that although there are four independent living centers specifically designated as age-restricted units, many seniors live in public housing. They are spread out in housing units across the City; however interviews with the Alexandria Housing Authority indicate that a large population of seniors lives at Miracle Plaza. Although there are no age restrictions at this 35-unit development, almost all of the residents are elderly or disabled.

The Housing Authority Director reports that there is very high interest in creating a publically owned age-restricted and disabled only living community. In fact, the Housing Authority seriously considered the Hotel Bentley as a potential site for this type of housing. However, without partnerships, it was determined that the cost of the building was too high to make a senior living community center financially feasible at this location.

A brief description of senior housing developments includes:

- **Canterbury House** – The Canterbury House located at 1101 16th Street in Alexandria is an assisted living center with 60 units. Residents receive all meals, housekeeping, and laundry service as part of the rent. The deposit to live at the Canterbury house is \$250 and the monthly rent for a studio is \$1,680/month and the rent for a one-bedroom is \$2,040/month.
- **Our Lady Manor** - Our Lady's Manor is a 104-unit age-restricted apartment complex in the Downtown located at 402 Monroe Street. At the time of report writing, the complex was 100% occupied. The rent is determined on a sliding scale based on the income of the resident. There is a cafeteria located in the apartment complex and a 24-hour on-call staff member available in case of a resident emergency.
- **Mount Zion Senior Citizens Complex** - The Mount Zion Senior Citizens Complex is a 20-unit age-restricted complex near the Downtown on the west side of Interstate 49. It also is 100% occupied. According to interviews, there is no turnover at these units and the rent is \$375/month. While there are no other formal services offered at this community, the property manager will help residents set up home health care visits through a private agency and is available in case of emergencies.
- **Stratford Manor** - The Stratford Manor development has not yet opened. It will be located on the southern edge of the City, near the Interstate 49 and Sugar House Road intersection. There are 50 units planned for this development, which will open in August or September of 2009. Rent will be a flat \$550/month in addition to a \$300 deposit for a 2-bedroom unit. As of July, only seven to ten seniors have filled out an application. Interviews with the developer indicate that the preliminary senior housing feasibility analysis they conducted showed an incredible demand for age-restricted housing. In fact, the developer of this project has stated that the report showed demand for senior housing units to be in the thousands. The developer has also mentioned that in addition to advertising in print media, they have hired local people to work directly with elderly service providers in advertising and calling efforts. Despite the large demand for units that was shown in the feasibility study, the lease-up rate has been slow. One possible reason for the slow lease-rate may be that the rent may be on the high side. The developer has mentioned that the high utility costs in the City are forcing them to charge higher rent than they would otherwise.
- **England Oaks Retirement Community** - The England Oaks Retirement Community is a 182-unit senior community located on England Drive at the former England Air Force Base. This is a higher-end retirement community that contains many amenities such as a swimming pool, community center, library, fitness center, and conference room. Rent for a 2-bedroom ranges from \$790 to \$840/month and rent for a 3-bedroom is \$920/month. At the time of report writing, there were six available 2-bedroom units. Interviews with England Oaks representatives indicate the community usually maintains a 95% or better occupancy level.

Initial interviews with the Housing Authority indicate there is a great need for affordable senior housing in the City of Alexandria. However, it was mentioned to the consultant that the price point for the majority of senior citizens in Alexandria is under \$400/month. Although the England Oaks retirement community has substantially higher rent, there is also a large amount of amenities provided at this location and the project is marketed to wealthy retirees. It is likely that senior housing units at the Bentley would need to offer the same level of amenities if a higher rental price point is desired.

Table 3-6
Independent Living Senior Housing Facilities
City of Alexandria

Facility	Location	Restrictions	Type	Units	Date Opened	Rent/Month	Occupancy	Services/Amenities
Mt. Zion Senior Citizens Complex	127 15th Street	55 and older	Single-story garden apartments	20 (2-br)	2000	\$375	100%	There are no formal services offered.
Our Lady's Manor	402 Monroe Street	62 and older	Multi-story apartment complex	104 (1-br, 2-br)	1983	Sliding Scale	100%	There are no formal services offered.
Stratford Manor	Intersection of I-49 and Sugar House Road	62 and older	Duplexes	50	To open Aug. 2009	\$550	7 to 10 have filled out applications.	No extra services but will have a community building with activities to be determined.
England Oaks	6956 England Drive	55 and older	Duplexes	182 (2 and 3 br)	1996	\$790 to \$840 for 2-br; \$920 for 3-br	90 to 95%	library, fitness room, arts and crafts center and conference room. Also offer transportation assistance. They do not offer home health services but can offer referrals.
TOTAL	—	—	—	356	—	—	—	—

Source: RKG Associates, Inc., 2009

D. RESIDENTIAL DEMAND ANALYSIS

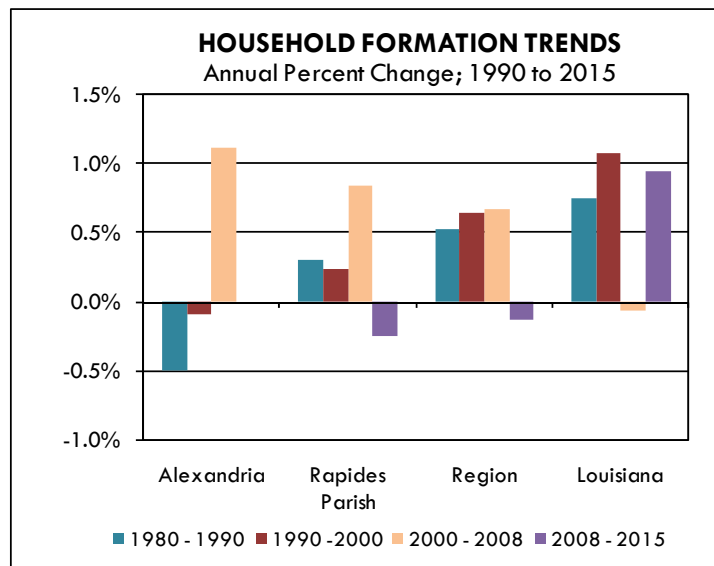
This section provides a detailed assessment of the demand for both rental housing and condominium/townhome ownership in the City of Alexandria and surrounding areas. To conduct this analysis, the consultant interviewed real estate professionals, analyzed sales trends with data from the Multiple Listing Service, and documented household growth trends using secondary data sources such as DemographicsNow and ESRI, Inc¹.

1. Household Formation Trends

Household formations in the City of Alexandria have historically declined. Figure 3-3 indicates an annual loss of 5.0% of households from 1980 to 1990. This loss of households slowed to a 1.0% during the 1990s to 2000 period. Since then, the household population has increased significantly (20,258 current households).

Comparatively, both the Parish and state of Louisiana have also experienced annual percent growth during 2000 to 2008. Projections indicate that the Parish and region will decline in households through 2015.

Figure 3-3

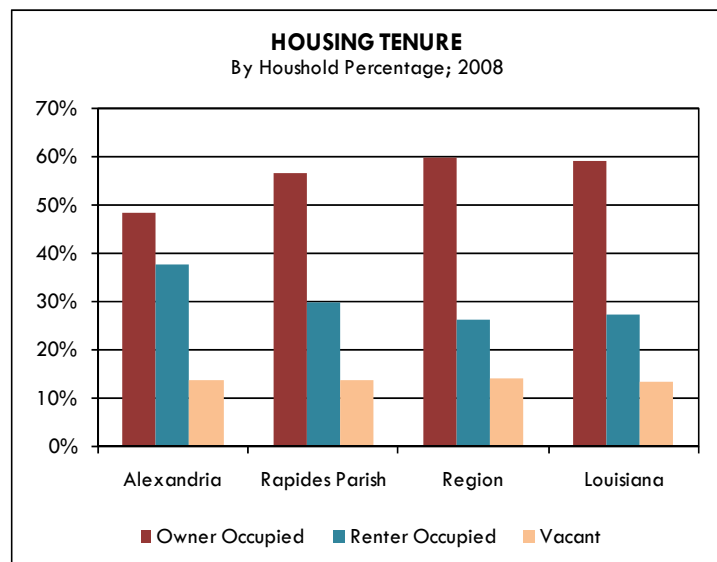


Source: ESRI and RKG Associates Inc., 2009

2. Housing Tenure and Composition of Housing Stock

Housing tenure defines the proportion of residents that either own or rent their housing. Nationally, the rate of home ownership is approximately 68%, which is considerably higher than either of the four study areas included in Figure 3-4. In Alexandria, the parish, and region, the rate of homeownership ranges from a low of 46% in Alexandria to 60% in the greater region.

Figure 3-4



Source: ESRI and RKG Associates, Inc., 2009

¹ DemographicsNow and ESRI Inc. are private data vendors that compile and analyze socio-economic and demographic data. The companies also apply a proprietary methodology to develop future projections.

There is a comparatively high percentage (38%) of renter-occupied households in the City of Alexandria. In fact, data obtained from the Census Bureau indicates that in 2006, only 28% of the City's housing stock was classified as multi-family structures having two or more units (Table 3-7). With 38% renter-occupied households in the City, it can be assumed that some portion of renters is living in single family attached or detached units. Typically this occurs in transitional neighborhoods where the owner moves to another location but retains the home as a rental property. In other cases, lower income housing providers or property managers will purchase homes for the purpose of converting them to rental housing when there is strong demand for lower income apartments but limited supply in the market.

Table 3-7
Housing Units By Type
1980 to 2006

Type	1980		1990		2000		2006	
	No.	%	No.	%	No.	%	No.	%
CITY OF ALEXANDRIA								
Detached Single Family	13,630	74.5%	14,651	71.1%	14,013	70.4%	14,402	67.1%
Attached Single Family	678	3.7%	536	2.6%	607	3.1%	667	3.1%
2 units	1,115	6.1%	1,736	8.4%	1,478	7.4%	1,804	8.4%
3 to 4 units	817	4.5%	749	3.6%	869	4.4%	663	3.1%
5 to 9 units	556	3.0%	722	3.5%	667	3.4%	1,496	7.0%
10 or more units	1,356	7.4%	1,386	6.7%	1,596	8.0%	2,101	9.8%
Mobile home or trailer	139	0.8%	567	2.8%	643	3.2%	273	1.3%
Other (Boat, RV, van, etc.)	--	--	258	1.3%	21	0.1%	71	0.3%
TOTAL	18,291	100.0%	20,605	100.0%	19,894	100.0%	21,477	100.0%
RAPIDES PARISH								
Detached Single Family	34,348	76.7%	35,459	69.2%	36,141	69.5%	38,480	69.6%
Attached Single Family	1,050	2.3%	1,114	2.2%	998	1.9%	1,083	2.0%
2 units	1,771	4.0%	2,616	5.1%	2,324	4.5%	2,576	4.7%
3 to 4 units	1,508	3.4%	1,732	3.4%	1,654	3.2%	1,608	2.9%
5 to 9 units	951	2.1%	1,411	2.8%	1,285	2.5%	2,445	4.4%
10 or more units	2,410	5.4%	2,312	4.5%	2,454	4.7%	2,297	4.2%
Mobile home or trailer	2,721	6.1%	6,068	11.8%	7,089	13.6%	6,671	12.1%
Other (Boat, RV, van, etc.)	--	--	527	1.0%	93	0.2%	140	0.3%
TOTAL	44,759	100.0%	51,239	100.0%	52,038	100.0%	55,300	100.0%

Source: U.S. Census Bureau and RKG Associates, Inc., 2009

Unfortunately, in many cities the introduction of rental housing in established single family ownership neighborhoods can have an erosion effect on the neighborhood. Neglectful property maintenance and tenant controls can adversely impact property values and turn a stable neighborhood from ownership to rental in a relatively short period of time. Based on the consultants field inspection, some of the CRA neighborhoods show signs that these changes are occurring and housing conditions are deteriorating.

3. Rapides Regional Hospital – Employees' Place of Residence

Luxury apartments and market rate condominiums in the Downtown would likely be priced at levels attainable by mid to higher income residents. As such, RKG Associates met with representatives of the Rapides Regional Hospital, the largest employer in the downtown. Rapides Regional has a current employment base of 1,563 people employed in a wide variety of medical and professional occupations. The notion that new downtown housing could be an attractive option for some individuals currently working downtown was examined by the consultant.

With the assistance of the hospital administration, RKG obtained "place of residence" data by zip code for all hospital employees to identify where they live. Street addresses were not available to the consultant due to confidentiality reasons. However, the following map provides a sense of the general locations where staff members are choosing to live. It should be noted that the analysis consists of managers, technicians, nurses, clerical and other support workers. Doctors are not included in the employment numbers of Rapides Regional as they are not paid employees of the hospital.

The data in Map 3-2 indicates a high proportion of staff currently live in the City of Pineville. There are approximately 365 employees living in this area. In the zip codes that comprise the City of Alexandria, there are 492 hospital employees. It should be noted that the zip codes extend well past City boundaries. The highest density of residents is living in the western section of Alexandria.

Interviews with hospital representative indicate that there may be a need for a modest number of extended stay living units. Family members of patients often travel long distances to be with their loved ones and would prefer to stay in an extended-stay residences. There are also a percentage of hospital staff members and doctors who commute large distances to work who may be interested in renting or owning a “second home” in the Downtown. Lastly, there is a Family Practice Residency program at the hospital with about 15 spaces. The residency program may be significantly expanded in the near future. Administrators of Rapides Regional indicate that up to eight living spaces may be needed for students in the expanded residency program. Interviews with hospital staff members indicate that most doctors and staff members who rent apartments are living in the Magnolia Trace Apartments in the Lake District. It is likely that potential units in the Downtown would need to offer the same high level of amenities in order to compete with the residential offerings at the Lake District.

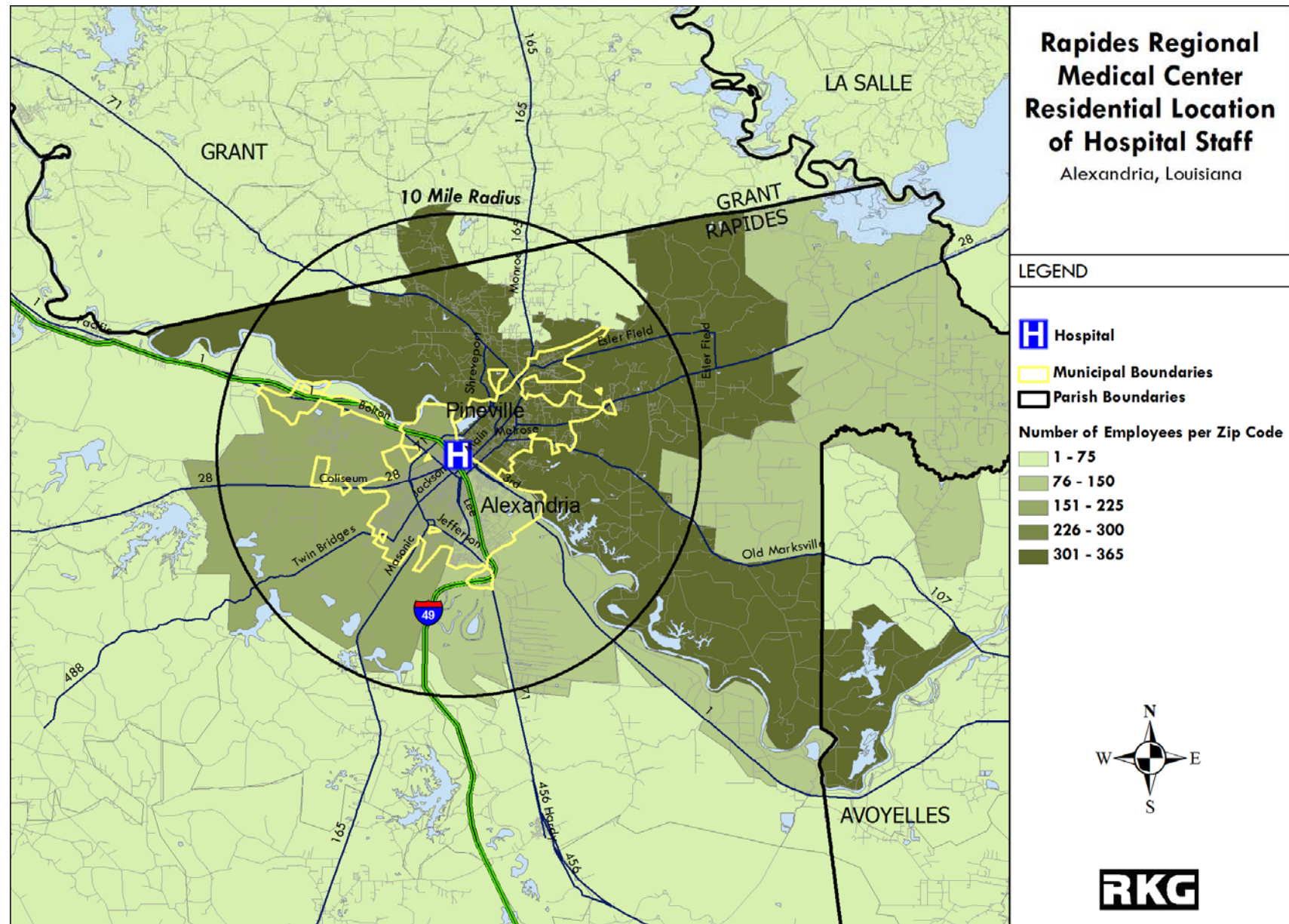
4. Residential Sales Trends

RKG Associates obtained sales trend information for Rapides Parish from Noles-Frye Realty and the regional Multiple Listing Service (MLS). The consultant collected sales information for the past three years for single family detached homes, single family attaches homes (which include duplexes, triplexes and apartments) condominiums/townhomes, and land/lots. The information provided includes average sale and listing price, average square feet, and average days on the market. The sales trend tables per area are included at the end of this section.

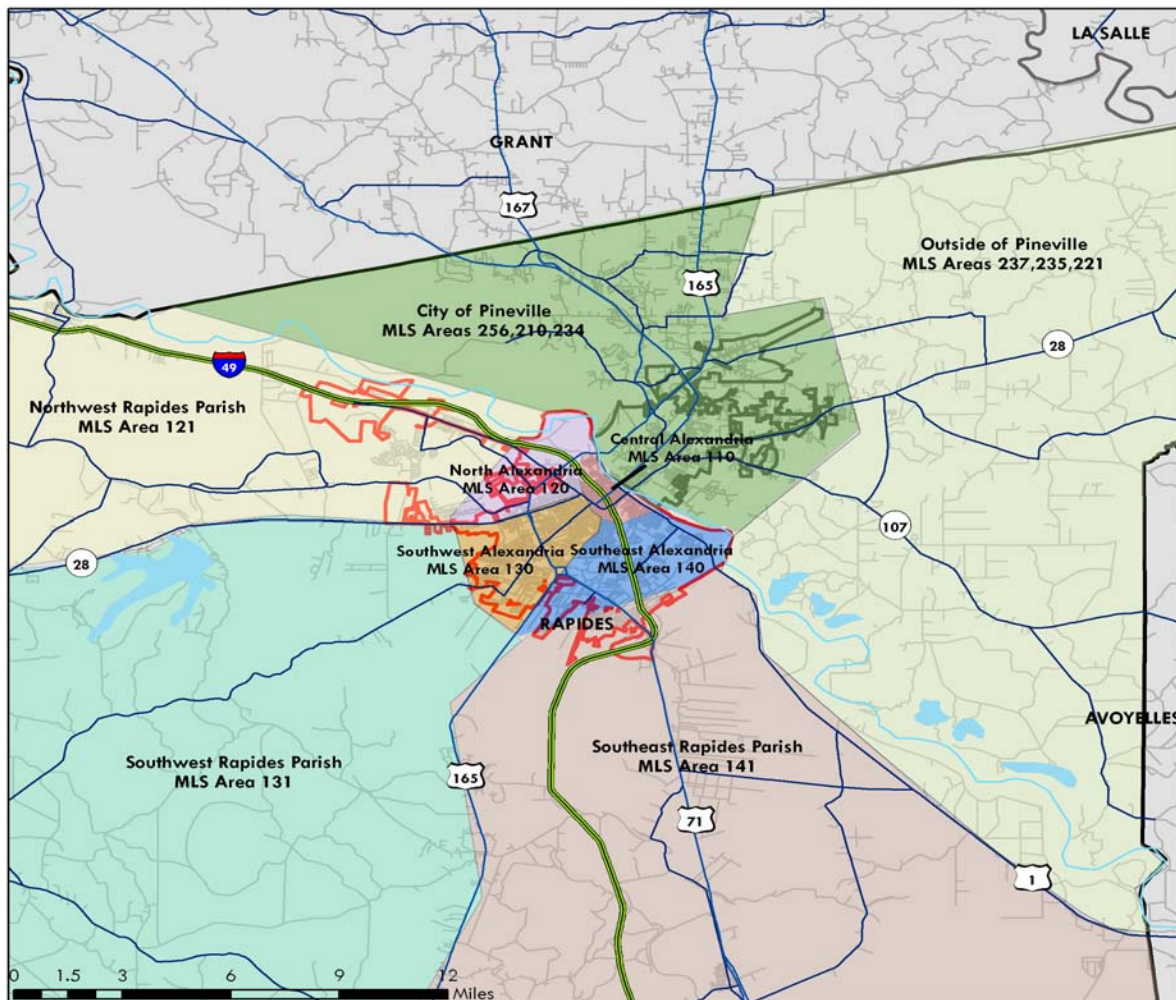
The MLS information for the City was broken into four distinct submarket areas which are shown in Map 3-3. Central Alexandria is included in area 110, the southern portion of the City is in area 140, the southwest portion of the City (Hwy 28 and South) is included in area 130, and the northern portion of the city (north of Hwy 28) is included in area 120. It should be noted the MLS boundaries are approximate and do not provide an exact match for the City boundaries. However, they do provide a good sense of trends occurring in each general area of the City.

The consultant also analyzed trends outside of the City. These areas include southeast Rapides (which extends from Parish lines west to Hwy 165), southwest Rapides Parish (which is the area in the Parish south of Hwy 28), and northwest Rapides, which includes the area north of Highway 28. A comparative analysis of Pineville as well as the portion of the Parish outside of Pineville on the north side of the River was also included.

Map 3-2



Map 3-3

MLS Residential Sales Zones

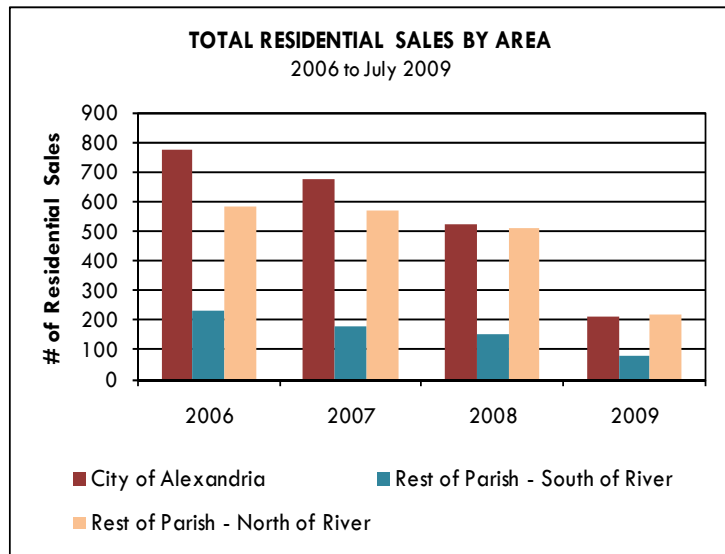
Source: Noles-Frye Realty and RKG Associates, Inc., 2009

a.) City of Alexandria Sales Trends

The proportion of sales that are occurring within the City are steadily declining (Figure 3-5). In 2006, about 49% of the total residential sales occurred within the City. By 2008, the City of Alexandria comprised only 44% of all sales activity within the Parish. There is evidence that the City will continue to decline in the proportion of sales and as of July 2009, the City of Alexandria comprised only 42% of the total. Multiple interviews have indicated that the areas outside of the Parish are fast growing. In fact, the MLS sales information confirms that Pineville and the areas north of the Red River have been experiencing a very active sales market. Pineville has a reputation for offering more space and a “country” feel. Additional housing in the Downtown may need to offer larger units or other amenities in order to remain competitive with Pineville and the rest of the Parish. It should be noted that sales activity has declined in all areas since 2006.

Some areas of the City have experienced higher sales activity than others. The Hotel Bentley is located in the Central Alexandria MLA area, which encompasses Downtown and extends west towards MacArthur Drive. Central Alexandria contains the “Garden District” which is a historic residential neighborhood within the downtown bounded by Marye, Jackson, Albert, and White Streets. This area also includes Lower Third, which based on field observations and interviews, has multiple areas of homes falling into disrepair and disinvestment.

Figure 3-5



Source: Multiple Listing Service and RKG Associates, Inc., 2009

The number of single family sales in Central Alexandria has been steadily declining since 2006, dropping from 200 sales in 2006 to 134 sales in 2008. The average size of single family homes in Central Alexandria is approximately 1,500 SF to 1,600 SF. The average sale price was at its peak in 2006 (\$100,942) (\$63.25/SF) and dropped to \$94,638 (\$56.96/SF) in 2008.

There are currently no condominiums/townhomes specifically within Downtown. However, there are a small number of condominium/townhome sales just outside of Downtown in the Central Alexandria MLS boundary. These sales occurred at the Villa Rachelle Condominiums and Bayou Court Townhomes. The average size of condominiums and townhomes ranged from 708 SF to 1,271 SF. In 2006, the four condos/townhomes spent an average of 60 days on the market, compared to 80 days in 2009. Most interviews about the demand for condos and townhomes have indicated that the Downtown would be an ideal place for this type of housing. However there is a perception of crime in the Downtown which may deter some residents. It has also been noted that parking issues and a lack of retail/restaurant opportunities may impact the demand for townhomes/condos in this area.

The most active sales market within the City is in southwest Alexandria (MLS area 130). The southwest Alexandria sales market extends west along Highway 28 to the edge of City limits. This area is bounded on the south by Highway 165. Southwest Alexandria is the location of new residential developments such as the Lake District. According to interviews with real estate professionals, this area of Alexandria, primarily along Highway 28, is the new “hotspot” of residential and commercial development. A roadway expansion that will connect Versailles Boulevard to Highway 28 is currently under construction. This expansion will provide easier access from Jackson Street to Highway 28. It is projected that this expansion will further facilitate future residential and commercial development along Highway 28.

In 2008, there were 231 single family sales in this area. However, similar to trends found in the Downtown, the number of single family sales per year has decreased since 2006 (46 sale decline). The value of homes is one of the highest in the City and had an average sale price of \$223,647 (\$100.04/SF) in 2008. Homes in this area are increasing in size, and the

average sale price of homes has risen from \$200,583 (\$99.94/SF) in 2006 to \$231,666 (\$99.73/SF) as of July 2009. The average size of homes has increased from 2,007 SF in 2006 to 2,323 SF as of July 2009.

The majority of condominiums and townhomes are located in southwest Alexandria. Condominium and townhome sales reached their peak in 2007 (47 sales) and then declined to 28 sales in 2008. The average price of condos and townhomes has varied, and currently is \$122,135 (\$89.61/SF). The average size was about 1,400 SF. Condominiums in the Downtown may be considered more attractive to potential buyers if they were similarly sized. Interesting to note, there were 100 land sales in 2007, which is the most land sales of any MLS area. The high number of land sales could be a sign of speculative buying near Highway 28.

There is much less sales activity occurring in both southeast Alexandria (MLS area 140), which is the southern area of the City bounded by Highway 1 to the east and Highway 165 to the west, and North Alexandria (MLS area 120), which is the area of the City west of Downtown and north of Highway 28. In 2008, there were 58 total sales in southeast Alexandria, and only 35 sales in north Alexandria (compared to 282 sales which occurred in southwest Alexandria during the same year). The Villa Rachelle condominiums are located in southeast Alexandria (they are located in both MLS area 140 and MLS area 110). In 2006, there were 10 condominium sales. There has been no condo/townhome sales activity in 2008 or the first half of 2009. Interviews with condominium and townhome real estate brokers have mentioned that the Villa Rachelle units were sold relatively quickly. It was mentioned that residents in the Alexandria market tend to prefer the one-story developments and new construction found at Villa Rachelle.

North Alexandria is primarily a light industrial area of Alexandria. However, the Brookhaven townhomes are located in this MLS area. In 2008, there were six sales with an average sale price of \$96,800. As of July 2009, there have also been 3 more condo/townhome sales for an average sale price of \$101,000. The average size of condos/townhomes in this area is just under 1,100 SF.

b.) Rest of Parish (South of Red River) Sales Trends

This area of the Parish is located outside of City limits south of the Red River (MLS areas 121, 131, and 141). As seen in Figure 3-5, there is much less sales activity occurring in the rest of Rapides Parish (south side of the river). Although this area comprises the largest geographical area, only 155 sales occurred here in 2008 (compared with 527 sales in the City of Alexandria). The MLS data the consultant obtained shows that there was only one townhome/condo sale in this area since 2006. However, this townhome is located at Bayou Court Townhomes, which is within the City limits. It is likely this one townhome sale was mis-categorized by the realtor.

Interviews with real estate professionals have indicated that there is some new residential development scattered along Interstate 49 in southeast Rapides Parish (MLS area 141). The average sale price in this area was \$152,529 (\$75.43/SF) in 2006. Sales trends indicate that larger homes were sold and the average sale price increased to \$159,667 (\$68.37/SF) in 2008.

Southwest Rapides Parish (MLS area 131) is located south of Highway 28 just outside of City limits. This area of the Parish is more rural in nature. Much of the land is agricultural/timber and development is scattered throughout. The average sale price as of July 2009 was \$174,107 (\$77.57/SF), which is slightly higher than in southeast Rapides Parish.

Northwest Rapides Parish (MLS area 121) contains the least amount of sales activity of any MLS area outside of the City. Northwest Rapides Parish includes the area outside City limits north of Highway 28. There have been 97 sales in this area since 2006. The average sale price in 2009 was \$88,248. Homes in this part of the Parish are generally less expensive.

The average size of homes has decreased from 1,602 SF in 2006 to 1,511 SF in the first half of 2009. While it is important to note that there is a single family market in the rest of the southern portion of the Parish, there are no condominiums or townhomes, or higher density residential development found here. This area of the Parish caters to those who prefer to live in a less populated and dense area.

c.) Rest of Parish (North of Red River) Sales Trends

The City of Pineville is the main competitive housing area within Rapides Parish and there is a high amount of sales activity in this City (MLS areas 210,234,256) (301 sales in 2008). As mentioned previously, the City of Pineville and areas north of the Red River comprise a growing proportion of total home sales within the Parish. In the City of Pineville, home sale prices have risen from \$144,959 (\$80.34/SF) in 2006 to \$157,899 (\$85.86/SF) in 2009. This price is significantly less than home sale prices in the same year in the most active area of Alexandria (\$231,666 in southwest Alexandria, MLS area 130). However, the homes in Pineville are also smaller (1,839 SF in 2009) compared to southwest Alexandria (2,323 SF in 2009).

There are a handful of condominiums and townhomes located in Pineville. These types of homes appear to be an emerging market in the City. In 2007, there were 14 sales, which declined to 11 sales in 2008. The price of condominiums/townhomes are less expensive on a per square foot basis than in southwest Alexandria (\$89.44/SF in Pineville as compared with \$99.12/SF in southwest Alexandria in 2008). However, the homes are also about 1,000 SF larger in the City of Pineville. The majority of the condo/townhomes in Pineville are single family townhomes, as opposed to two-story condominiums found in Alexandria.

Sales trends outside of Pineville City limits on the north side of the river (MLS areas 237,235, and 221) show that there were about 122 single family sales in 2006, which increased to 127 sales in 2008. Although a minor increase, this area was the only area to increase in number of single family sales from 2006 to 2008. The price and size of homes in this area are less than in Pineville (\$123,255 sale price and 1,660 SF in 2009). The Edgewood Place townhomes are located in this area. There were two townhome sales in 2008 and two sales in 2009, which sold for \$155,999 and \$174,900, respectively. According to interviews, this price represents the very high end of the townhome market.

d.) Sales Trends Conclusions

As mentioned in the condominium/townhome supply section, the main condominium/townhome sales activity is occurring in southwest Alexandria. A condominium/townhome development in the Downtown would likely need to offer the same level of amenities found in this area (discussed in more detail in the Condominium/Townhome Supply Section). The single family market dominates the sales in the Parish, and although the condominium/townhome market is comparatively small, there may be future demand to add more of these types of units to the Downtown.

D. DOWNTOWN RESIDENTIAL DEMAND ANALYSIS

A residential demand analysis projects the number of potential buyers for a given housing product based on the anticipated housing price point and household income characteristics of the local and region population. In order to answer the question of how many people would be able to afford new housing downtown priced between \$100,000 and \$250,000, RKG completed the following analysis.

a.) Housing Affordability Thresholds

Table 3-8 shows the housing affordability thresholds for residential units priced between \$100,000 and \$250,000 and the resulting gross household income required to afford units at these price points. With 2009 median household income levels of \$30,675 in Alexandria, and \$33,481 in Rapides Parish, the buying power of regional households is considerably below the state (\$37,868) median income.

Lower household incomes will reduce the affordability of housing as the price rises. In the City of Alexandria, where condominiums are typically priced between \$90,000 and \$200,000, the price points in Table 3-8 seem appropriate, and are most likely within the range of housing prices that would be produced in Downtown Alexandria. Based on typical mortgage underwriting assumptions for a FHA (Federal Housing

Table 3-8
Housing Affordability Thresholds
Conventional and FHA Homebuyers

FHA HOMEBUYER				
Threshold Home Value	\$100,000	\$150,000	\$200,000	\$250,000
Downpayment	3.5%	3.5%	3.5%	3.5%
Mortgage Total (%)	96.5%	96.5%	96.5%	96.5%
Current Interest Rates	6.00%	6.00%	6.00%	6.00%
Annual Mortgage Cost	\$6,908	\$10,362	\$13,817	\$17,271
Real Estate Taxes	\$565	\$1,391	\$2,217	\$3,043
Insurance Cost	\$222	\$333	\$444	\$556
Total Annual Cost	\$7,695	\$12,087	\$16,478	\$20,869
Required Gross Income	\$27,483	\$43,167	\$58,850	\$74,534
CONVENTIONAL HOMEBUYER				
Threshold Home Value	\$100,000	\$150,000	\$200,000	\$250,000
Downpayment	20.0%	20.0%	20.0%	20.0%
Mortgage Total (%)	80.0%	80.0%	80.0%	80.0%
Current Interest Rates	5.25%	5.25%	5.25%	5.25%
Annual Mortgage Cost	\$5,278	\$7,917	\$10,556	\$13,195
Real Estate Taxes	\$565	\$1,391	\$2,217	\$3,043
Insurance Cost	\$222	\$333	\$444	\$556
Total Annual Cost	\$6,065	\$9,641	\$13,218	\$16,794
Required Gross Income	\$18,379	\$29,216	\$40,054	\$50,891

Source: RKG Associates, 2009

Administration) financed homebuyer and a conventionally financed homebuyer, the threshold incomes required to purchase homes at the targeted price points range from a low of \$18,379 for a borrower purchasing a \$100,000 home with a 20% down payment to a high of \$74,534 for a homebuyer purchasing a \$250,000 home with only a 3.5% down payment. Current FHA mortgages require only a 3.5% down payment and a minimum credit score of 580. These loans are most appealing to first homebuyers and those households that cannot produce a 20% down payment. For those households that can put down 20% to purchase a home, their annual mortgage costs are lower because the amount financed is lower.

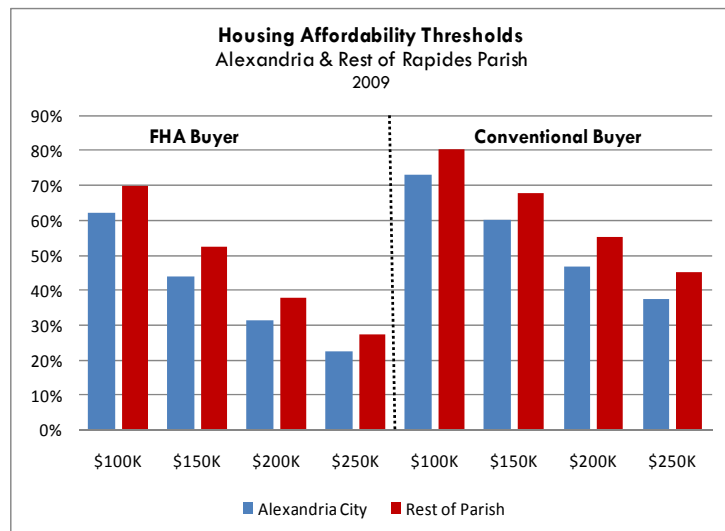
b.) Size of Homebuying Market

The size of the homebuying market drives the number of people that will be seeking to buy a new home in any given year. Within that potential homebuying market, household income levels will then dictate the maximum amount a homebuyer can afford to pay for a new home. According to Louisiana Tech's estimates, Rapides Parish has an estimated 52,671 households in 2008, with approximately 20,256 of those households located within the City of Alexandria. Of these total households, not all of them will have the income to purchase a downtown residential unit starting at \$100,000. In fact, the analysis indicates that between 60% and 70% of the Alexandria households and between 70% and 80% of Parish households could afford to purchase a home at that level. As home prices increase, the percentage of local households that can afford them drops considerably (Figure 3-6). At \$250,000, only 23% to 37% of city households and 27% to 45% of Parish households can qualify for either a FHA (Federal Housing Administration) mortgage or a conventional mortgage loan.

Given the higher cost of construction in the downtown, it is likely that sales prices for condominiums or townhomes will approach the higher end of the price range, which means that they will appeal to a smaller segment of the homebuying market.

Based on RKG's previous experience, roughly 2% to 4% of all homes in a typical community will be put on the market for sale and change hands in a given year. In a year like 2009, with a severe economic recession and constrained mortgage lending practices, that activity level could drop considerably and there is much evidence to indicate that this is currently happening throughout the U.S. housing market. However, in the future it's projected that new home building and home sales activity will bounce back to normal levels. In the context of Downtown Alexandria, not all homebuyers will be interested in living in a high-density, urban neighborhood in a condominium, townhome, and apartment.

Figure 3-6



Source: ESRI and RKG Associates, Inc., 2009

In other cities, downtown living tends to appeal to young professionals, people below the age of 35 who have not yet started a family. They are typically attracted to the urban amenities that many downtowns offer such as restaurants, entertainment, and proximity to employment. At the other end, people approaching retirement age are attracted to downtowns in search of alternative housing options as their children leave the home and they look to downsize into smaller living space. Other segments of the population are also drawn to downtown, but in much smaller numbers. Based on these market realities, RKG has produced an estimate of the number of households in Alexandria and Rapides Parish that might have some interest in new downtown residential units at the price points listed above.

Based on prevailing household income levels, the housing preferences of Parish residents, and Downtown Alexandria's early revitalization stage, RKG projects that, in the short-term a limited number of households would be interested in downtown living in a higher density residential product (i.e., condominium and townhome). However, as the downtown revitalizes and the environment for downtown living improves, so too will the numbers of interested buyers and renters.

Based on RKG's analysis, it is estimated that between 44% to 60% of city households and 52% to 68% of Parish households could afford to purchase a unit priced at \$150,000. Assuming that a higher percentage of buyers will come from the City of Alexandria than the Parish and fall within the key age groups, we estimate that between 43 and 50 households annually would be interested in purchasing a downtown residential unit priced above \$100,000. However, if units are priced at \$150,000 and above, the number of potential buyers will drop to between 30 and 41 buyers per year. The largest potential buying segment would be "empty nester" households (55 to 74 age group), which would account for nearly 60% of the demand. These annual sales projections are in line with recent condominiums sales activity, which have averaged roughly 50 units per year over the last decade.

Table 3-9
Active Household Buyers - Adjusted For Age And Buying Preference
By Age of Head of Household

City/Town or Precinct	FHA BUYERS				TOTAL	CONVENTIONAL BUYERS				TOTAL
	Under 35	35 - 54	55 - 74	Over 75		Under 35	35 - 54	55 - 74	Over 75	
\$100,000 THRESHOLD										
Rapides County	11	6	26	0	43	13	6	30	0	50
Alexandria City	7	4	18	0	29	9	4	21	0	35
Rest of Parish	4	2	8	0	14	5	2	9	0	16
\$150,000 THRESHOLD										
Rapides County	7	4	19	0	30	11	5	25	0	41
Alexandria City	5	3	13	0	20	7	4	17	0	28
Rest of Parish	3	1	6	0	10	4	2	8	0	13
\$200,000 THRESHOLD										
Rapides County	5	3	14	0	21	8	5	20	0	32
Alexandria City	3	2	9	0	14	5	3	13	0	21
Rest of Parish	2	1	4	0	7	3	2	6	0	11
\$250,000 THRESHOLD										
Rapides County	3	2	10	0	15	6	4	16	0	26
Alexandria City	2	2	7	0	10	4	3	11	0	17
Rest of Parish	1	1	3	0	5	2	1	5	0	9
TOTAL HOUSEHOLDS										
Rapides County	19	8	41	0	67	19	8	41	0	67
Alexandria City	13	5	29	0	48	13	5	29	0	48
Rest of Parish	6	2	11	0	20	6	2	11	0	20

Source: RKG Associates, 2009

The potential for downtown apartment living offers a better market opportunity and would allow people to experience downtown living without making the same financial commitment to purchasing a unit. Rental apartment occupancy rates are very high, above 95 percent in many complexes, and higher end rental units are very limited. RKG suspects that there is unmet demand for high quality rental apartments in the Parish, but the market is not likely to be very deep in terms of numbers. The ability to condominiumize apartment complexes would allow a developer the option to sell the units if the demand for for-sale units increases in the future.

E. DOWNTOWN IMPLICATIONS

1. Apartment Market

The rental market analysis indicates that multi-family apartment units in the City are well occupied and interviews with real estate professionals indicate that the demand for rental housing is strong. The 100% occupied luxury units at Magnolia Trace are the closest comparables to higher density rental units that might be created downtown. It is likely that residential units at the Hotel Bentley would need to offer similar price points \$850/month for a 1-bedroom units; \$1,100/month for 2-bedroom units; and \$1,350/month for a three-bedroom units. High end apartment units would also offer the potential to convert the building into for-sale condominiums if the market changes.

Parking spaces and a swimming pool were amenities found at nearly all apartment communities in the City. However, a higher level of amenities would need to be offered in order to make new luxury development in the Downtown competitive with the Magnolia Trace Apartments. Such amenities include a fitness center, business center, on-site maintenance and management.

In today's economic climate, it may be necessary to include rental units for age-restricted or moderate income residents. Developers are more often utilizing tax credits to make a project feasible. It may be necessary for a certain percentage of potential residential units at the Bentley Hotel site or Downtown be designated for moderate-income or age-restricted (age 62 and over) residents.

2. Condominium and Townhome Market

Although single family homes are the main housing type in Alexandria, the condominium inventory indicates there is a small yet active condominium and townhome market. The strong occupancy levels in these condo subdivisions are one indicator that there is demand for these types of units. However, it is likely that any condominium or townhome units in the Downtown would need to offer amenities such as parking and high quality interior features such as granite countertops and hardwood floors. One condominium developer has mentioned that residents would likely need two parking spots plus guest spots. He went on to say that parking might be the biggest barrier towards attracting people to live in the Downtown. Furthermore, in order to attract the type of residential owner that would typically locate to the Downtown, significant time and investment will also likely need to occur within the area. Attracting entertainment and additional retail and restaurant uses will help to make the Downtown a more attractive place to live. Based on RKG's estimate, the market for downtown condominiums might range from 27 to 36 sales per year. Over a five-year holding period, total absorption might fall between 135 and 180 units, which likely exceed the potential unit yield from a conversion of the Hotel Bentley.

3. Senior Independent Living Market

According to interviews with the Alexandria Housing Authority, there is great demand for affordable age-restricted and disabled only living units in the City of Alexandria. Although there currently is no public housing designated as age-restricted in the City, Housing Authority representatives would be very interested in creating this type of housing at the Hotel Bentley site.

Of the four age-restricted independent living communities in the City, three report occupancy levels of 95% or higher. Turnover at these facilities is very low, and once people choose to live at a senior independent living center they generally do not leave until they move into a nursing home. However, the new Stratford Manor subdivision, located near the intersection of Interstate 49 and Sugar House Road, has been slow to lease. Interviews with the Housing Authority and developer of the project state that one possible reason for the slow lease rate is that rent may be on the high side (\$550/month). Although there will be a community activity building, the level of amenities at this subdivision are not the same high level of amenities found at the higher priced England Oaks Retirement Community. The developer has mentioned that the high utility costs in the City require them to charge higher rent than they would otherwise. Despite the slow lease rate at the Stratford Manor, there is potential opportunity to add independent senior living units that have an appropriate price point to the Bentley.

4 OFFICE MARKET ANALYSIS

A. INTRODUCTION

In order to understand the potential demand for office space in Downtown Alexandria, RKG Associates analyzed past trends, present conditions, and projections relative to office supply and demand factors. The results of these analyses are essential in gauging the possibility of new development or redevelopment in Alexandria's downtown and in understanding the competitive nature of the local office market.

RKG Associates utilized a variety of methods to gather reliable indicators of current market conditions. Given the small size of the office market, there are no local real estate brokers currently tracking changes in office supply and demand on an annual basis. As such, RKG conduct in-field inspections of office properties, interviews with local real estate professionals and city staff, and the gathering and analysis of various data including building permits and property assessment data, and employment and establishment data from proprietary data sources. Using these tools, the consultant compiled information regarding new development activity, major office users, geographic distribution of office space and such things as vacancy rates, lease terms, and office sales transactions. The following analysis forms the foundation for future decision-making in the revitalization of Downtown Alexandria.

As the community's original office market, Downtown Alexandria is home to several large office employers including the City of Alexandria, Rapides Parish, Rapides Regional Hospital and various other banks and small office tenants. The Central Business District is populated by traditional brick block commercial buildings, many of them with retail/service space on the ground floor and office space above. The potential of adaptively reusing the Hotel Bentley as an office building has been discussed in the past, but no market assessment has been conducted to examine the potential demand for such space in the Downtown. One recent proposal involves the relocation of City Hall from its current Third Street location to the Hotel Bentley in an effort to stabilize the building's cash flows and preserve this important historic building. However, without a design study and assessment of the building's key mechanical systems, it is unknown at this time if such a plan could be implemented in a financially feasible manner.

The following section explores the current and future potential for new office users in the downtown.

B. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

Existing Office Districts

- The majority of the office space in Alexandria clustered in two areas:
 - Downtown
 - A one-mile radius around the intersection of Jackson Street and MacArthur Drive
- Development of office space appears to generally be moving south and west of the downtown along the Jackson Street Extension and Highway 28 West. The newest space is being built outside of the downtown, most commonly around the Jackson Street/MacArthur Drive intersection. This area provides easier access for employees and clients who are located

outside of the downtown and the relative abundance of amenities also serves to attract tenants to these locations. Another factor is decreasing demand to be within walking distance to government offices downtown, even for those professionals who still have frequent business there.

Major Office Drivers

- Office tenants in Alexandria can be summarily broken down into four major groups:
 - Government
 - Legal
 - Medical
 - FIRE (Finance, Insurance, and Real Estate) and Professional Services
- For major office users including government, FIRE (finance, insurance, and real estate), professional services, medical, and legal tenants, the quantity of occupied office space around the MacArthur-Jackson intersection is almost 50% larger than the quantity utilized downtown. Furthermore, the amount of personal services around which office tenants tend to attract (restaurants, dry cleaners, etc.) are also outnumbered. The most effective strategy for downtown to compete with this area will not be through replication but through the creation of a unique downtown environment and accompanying set of amenities, which will not be easily offered elsewhere in the city.

Office Leasing

- Office space downtown is mostly one or two-story height, with a few larger buildings which can be up to eight stories tall. Office space in the rest of the city is predominantly single story, often in low rise office arrangements. There are also several taller buildings up to four stories tall.
- Information on lease rates is sparse but broker listings and interview results indicate that current lease rates range from about \$3 to \$21/SF. The highest rates are clustered around the Jackson Street Extension just west of MacArthur Drive, where the six story Region's Bank building has recently been completed and is earning \$21/SF rent. The lowest prices in the market are found scattered throughout the city and are typically single store retail/office flex space. Newer or taller buildings in the downtown typically earn rents at or above the middle of the market. For example, the Commercial Building at 201 Johnson Street is earning \$8/SF, while the bankruptcy court building at 302 Jackson Street is earning \$15.75/SF.
- Lease terms in Alexandria are typically 2-3 years initially, followed by shorter lease renewal options. Generally, the newer the building, the longer the initial lease length, reaching five years for the newest buildings on the Jackson Street Extension. Utilities (and sometimes other costs) are often included in the lease price. CAM fees are not often applicable since many office space arrangements offer separate entrances for each user, but when they are applicable, they can reach \$2-\$3/SF.
- One significant source of office space downtown is the Rapides Regional Medical Center (RRMC). The hospital has about 75 suites available for lease at about \$8-\$12/SF, utilities and medical waste disposal included. It is likely that RRMC's low lease rates place downward pressure on rates in the rest of the downtown. Nevertheless, RRMC appears to be the only significant driver of new office development in the downtown—expansions in the facility are reportedly always accompanied by new development around the hospital.

Building Vacancy Rates

- While no comprehensive study of local office vacancy has been performed, local real estate professionals estimate that the downtown rate is at least 20%, while the rest of the City is estimated to be around 10%. RKG Associates performed a survey of downtown buildings experiencing noticeable and substantial vacancy and found 31 buildings fitting that profile, including about 505,000 vacant SF. Of that amount, about 230,000 SF are on the ground

floor and 275,000 SF are on the upper floors. Using a typical office space multiplier of 200 SF per employee on the retail/office/service buildings, this vacant space could house almost 1,800 employees.

Office Demand

- City-wide permit data indicates that the number of new facilities built in Alexandria has declined from 40 in 2004 to 26 in 2008, while the average dollar value of construction per permit has declined less quickly, dropping from \$661,916 to \$642,130. Permits for improvement of existing facilities have also decreased, declining from 91 in 2004 to 65 in 2008, with the average value per permit increasing significantly from \$137,192 to \$268,785.
- Absorption of space in the downtown is extremely slow—it is not uncommon for office space to sit vacant for a year or more, even in the suites available on-site at RRMC.
- Very few office real estate transactions have occurred downtown in the last 24 months, with two exceptions—the Chase Bank building was purchased in February of this year, and the Goldring building was purchased about 18 months ago. The Chase Bank building is two-thirds empty, and the Goldring building is completely vacant. The major property that is actively being marketed for sale is the Capital One (or Hibernia) building, which is currently being offered for \$3 million.

C. OFFICE MARKET PROFILE

1. Local Employment Base

Demand for office space is largely driven by changes in employment as businesses need space to operate their various work functions. As such, RKG Associates performed an analysis of employment in the City of Alexandria using business records from Experian, one of the “big three” U.S. credit reporting agencies. These records include information regarding the location, number of employees, and type of business by NAICS code. Since there is often frequent turnover in businesses, Experian’s data cannot be 100% accurate in real time, but is generally a good source of localized business information.

RKG Associates identified the largest employers in Rapides Parish by employment sector to get a sense of where these businesses were located in relationship to CRA 1. Alexandria’s biggest employment sector is health care and social assistance, which includes Rapides Regional Medical Center and St. Frances Cabrini Hospital and the health care providers and physicians clustered around both of these facilities. This employment sector includes about 10,400 people (about 30% of the City’s total jobs) (Table 4-1). Health care is followed by retail trade, which employs 3,492 people at 470 establishments. Major employers in this sector typically include department stores, supermarkets, and other retail stores. Accommodations and food services are third largest, with 176 employers employing about 3,300 people. These employers include hotels, restaurants, and bars. Administrative and support services employ almost 3,000 people at almost 300 businesses, including staffing services and waste removal services. Professional, scientific, and technical services are the fifth largest group, and include accountants, lawyers, architects, and engineers, and approximately 415 establishments employing 2,537 people. These five industries represent the top five industries in the City in terms of number of employees, comprising about 65% of the City’s total employment and firms.

Table 4-1
Employment in Alexandria, Louisiana
by 2 Digit NAICS Code Description

2 Digit NAICS Code Description	Number of Employers	Number of Employees	Average Number of Employees per Employer
Health Care and Social Assistance	682	10,382	15
Retail Trade	470	3,492	7
Accommodation and Food Services	176	3,299	19
Administrative and Support and Waste Management and Remediation Services	298	2,971	10
Professional, Scientific, and Technical Services	415	2,537	6
Other Services (except Public Administration)	280	2,284	8
Educational Services	66	2,248	34
Manufacturing	220	1,632	7
Finance and Insurance	211	1,549	7
Public Administration	41	1,204	29
Information	77	1,149	15
Construction	109	1,094	10
Transportation and Warehousing	34	274	8
Arts, Entertainment, and Recreation	34	217	6
Real Estate and Rental and Leasing	60	206	3
Management of Companies and Enterprises	8	28	4
TOTAL	3,181	34,566	11

Source: Experian & RKG Associates, Inc., 2009

RKG has mapped the location of major employers with more than 100 employees as shown in Map 4-1. These larger businesses tend to cluster in three locations: (1) Downtown Alexandria, (2) the intersection of MacArthur Drive and Masonic Drive, and (3) the City of Pineville near Highway 71 (Map 4-1). Downtown is home to the City's largest private employer, Rapides Regional Medical Center, while the MacArthur-Masonic intersection area is home to Cabrini Hospital and nearby medical employers, as well as major national retail chains at the Alexandria Mall.

2. Major Office Users

In order to determine the demand for office real estate, RKG Associates performed further analysis of major office-using employment sectors in the City (Table 4-2). For Alexandria, these included four major sectors:

- Government
- Legal
- Medical
- FIRE (Finance, Insurance, and Real Estate) and Professional Services

For the purposes of this analysis, the firms included in this analysis are limited to office users; firms which fit into a given category but are not office users are not included (i.e., schools are technically government entities, but do not use office space—they utilize institutional space). Government users are limited to administrative functions, and include City Hall, the U.S. Marshall's office, the Parish Courthouse, and state offices. Legal employers include lawyers' offices and related legal services (title research firms, paralegal firms, etc.). Medical space includes office space occupied by medical practitioners, but does *not* include the two hospitals, since these do not constitute leased office space, but are tenant-owned and occupied facilities. However, RRM's medical suites, which are available for lease and are located in the hospital, are included in the tally of medical office space, since these

Map 4-1

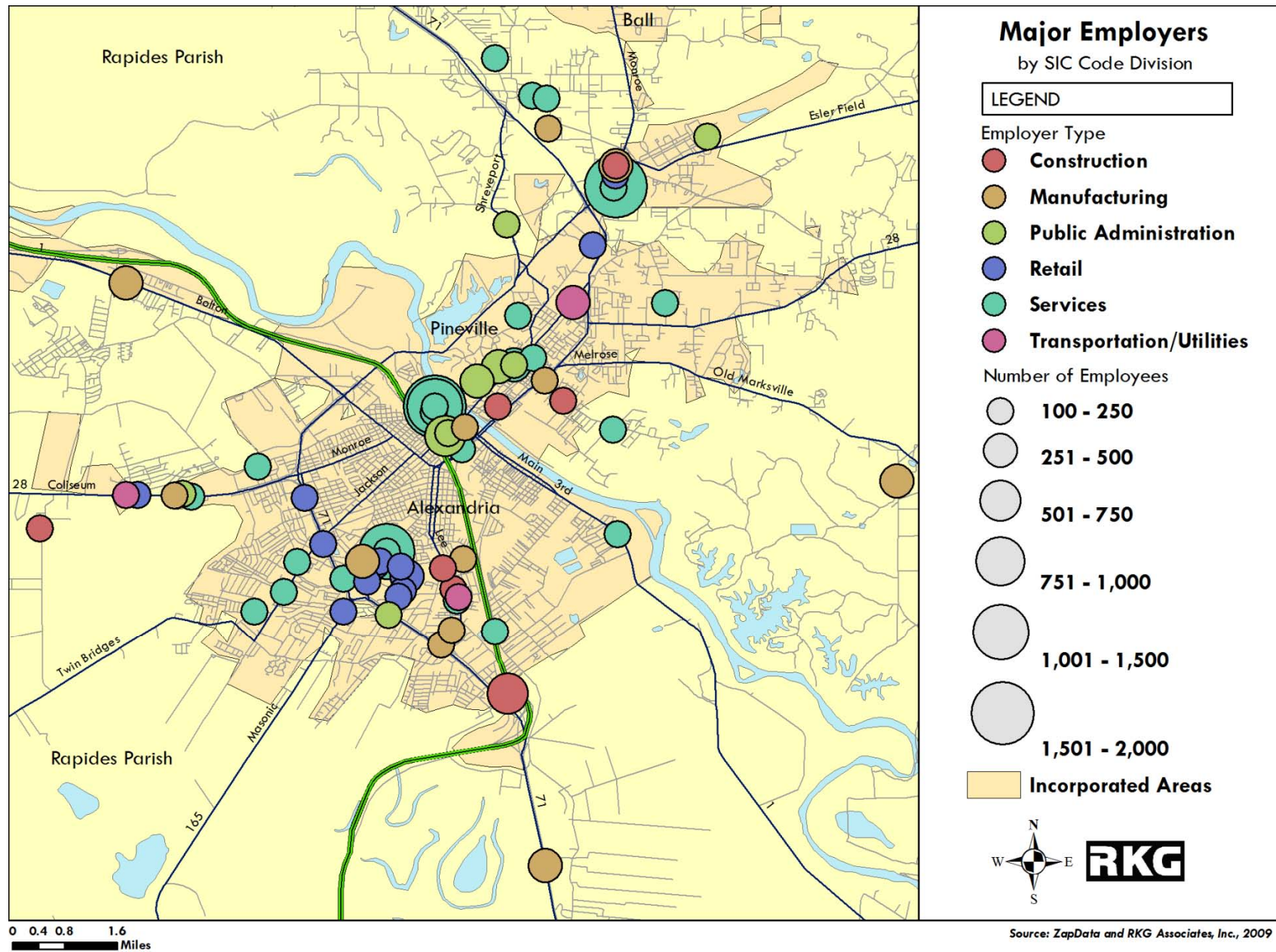


Table 4-2
Major Office Demand Industries
Alexandria, LA (2009)

Downtown								
Employer Type	Number of Businesses	% of City Total	Number of Employees	% of City Total	Total Square Feet	% of City Total	Average Employees	Average Square Feet
FIRE & Professional Services	34	6.5%	401	10.4%	80,200	10.4%	23	4,636
Legal	63	36.2%	313	36.3%	62,600	36.3%	5	994
Government	8	19.0%	664	40.1%	132,800	40.1%	83	16,600
Medical	100	26.7%	863	30.9%	215,750	30.9%	9	2,158
TOTAL	205		2,241		491,350		11	2,397
Macarthur-Jackson Street Intersection (1 mile radius)								
Employer Type	Number of Businesses	% of City Total	Number of Employees	% of City Total	Total Square Feet	% of City Total	Average Employees	Average Square Feet
FIRE & Professional Services	212	40.3%	1,344	34.8%	268,800	34.8%	16	3,294
Legal	56	32.2%	254	29.4%	50,800	29.4%	5	907
Government	2	4.8%	13	0.8%	2,600	0.8%	7	1,300
Medical	157	41.9%	1,056	37.8%	264,000	37.8%	7	1,682
TOTAL	427		2,667		586,200		6	1,373
Rest of City								
Employer Type	Number of Businesses	% of City Total	Number of Employees	% of City Total	Total Square Feet	% of City Total	Average Employees	Average Square Feet
FIRE & Professional Services	280	53.2%	2,117	54.8%	423,400	54.8%	19	3,800
Legal	55	31.6%	296	34.3%	59,200	34.3%	5	1,076
Government	32	76.2%	977	59.1%	195,400	59.1%	31	6,106
Medical	118	31.5%	878	31.4%	219,500	31.4%	7	1,860
TOTAL	485		4,268		897,500		9	1,851
Citywide								
Employer Type	Number of Businesses	% of City Total	Number of Employees	% of City Total	Total Square Feet	% of City Total	Average Employees per Business	Average Square Feet
FIRE & Professional Services	526	100.0%	3,862	100.0%	772,400	100.0%	19	3,807
Legal	174	100.0%	863	100.0%	172,600	100.0%	5	992
Government	42	100.0%	1,654	100.0%	330,800	100.0%	39	7,876
Medical	375	100.0%	2,797	100.0%	699,250	100.0%	7	1,865
TOTAL	1,117	100.0%	9,176	100.0%	1,975,050	100.0%	8	1,768

Source: Experian & RKG Associates, Inc., 2009

represent leasable space. FIRE (finance, insurance, real estate) and professional services include investment advisors, engineers, real estate brokers, advertising agencies, and accountants.

These four employment groups employ almost 9,176 people 1,117 different firms. Using a multiplier of 250 SF per employee for medical office use and 200 SF per employee for the remaining three employment groups, RKG Associates estimates that these firms occupy approximately 1.9 million SF of office space citywide. The multipliers used were provided by the Urban Land Institute, a leading membership organization representing real estate and land development professionals.

Of the 2 million SF occupied by these four employment sectors, FIRE and professional services is the largest, employing about 3,900 people in 526 firms, comprising 42% of the people employed by these groups. These firms occupy about 772,000 SF of office space and average 19 employees per firm. Medical services employ about 2,800 people spread among 375 employers, consuming almost 700,000 SF (not including hospitals) of office space and average seven employees per firm. Legal services employ 863 people among 174 firms, utilizing about 173,000 SF of office space. Government users employ about 1,650 employees in 42 different agencies and offices occupying

about 331,000 SF. Legal services tend to have the smallest firms, with an average of five employees per firm and government users have the largest average employment per agency at 29 employee. The latter two employment groups constitute the remaining 24% of employment for major office space users.

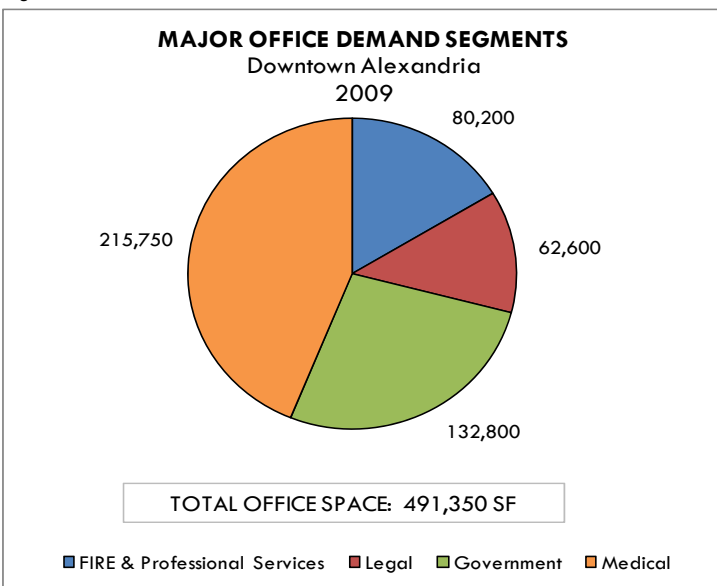
3. Location of Office Clusters

While the two largest centers of gravity for larger employers are located downtown and near the MacArthur-Masonic Drive intersection, when all firms are taken into account, regardless of size, the major employment cluster shifts from MacArthur-Masonic Drive to the intersection of MacArthur Drive and Jackson Street. This area is considered the downtown's biggest competitor for office tenants. For this reason, RKG Associates focused its office analysis on these two primary business districts.

Downtown and the MacArthur-Jackson office firms occupy approximately 25% and 30% respectively, of the City's total office supply. Downtown's biggest office consumer is the medical profession, occupying about 215,000 SF of office space, not including hospital space (Figure 4-1). Most of these firms are clustered in or around the hospital. Government uses are the second largest office driver accounting for 132,000 SF, with FIRE and professional services and legal services accounting for 80,200 SF and 62,600 SF respectively. These three groups are all more concentrated in the central portion of downtown.

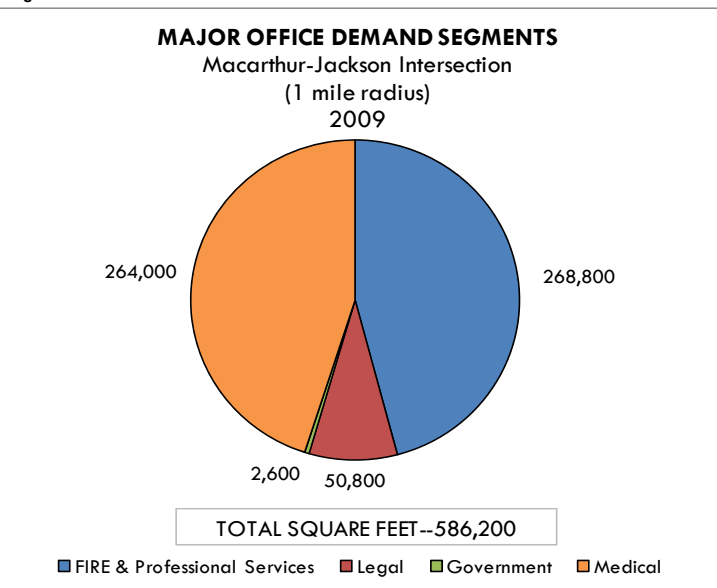
Around the MacArthur-Jackson intersection, FIRE and professional services occupy the largest amount of space (268,800 SF), with medical occupying nearly the same amount (264,000 SF) (Figure 4-2). While there is a significant medical office cluster surrounding Cabrini Hospital, Jackson Street also has a significant share of professional office uses. Legal offices occupy about 51,000 SF, while government offices are limited to about 2,600 SF.

Figure 4-1



Source: Experian & RKG Associates, Inc., 2009

Figure 4-2



Source: Experian & RKG Associates, Inc., 2009

4. Physical Description of Office Space

The office space offerings in downtown and at MacArthur-Jackson are quite different in their characteristics. The downtown office market offers immediate access to the court system and the municipal and parish offices. The area is more urban, offering higher densities and more walkability, which may be attractive to those tenants who desire the ability to travel on foot to other professionals or clients.

The buildings are more likely to be multi-story, with several buildings reaching eight stories, but most office properties are typically two story commercial blocks. Some of the buildings are older and historic in nature, including the Masonic Temple and the Commercial Building. Parking is often not as convenient as more suburban locations. Parking garages or other off-site parking arrangements are more common in the downtown. Retail and service business supporting downtown's employment base are limited, with few restaurants or convenience retail locations. In fact, RKG's analysis shows that there are four times the number of restaurants, retail, and personal service business (dry cleaners, office supply stores, etc.) in MacArthur-Jackson area than in the downtown (Table 4-3). There are also some negative perceptions of downtown as an unsafe neighborhood, which may make it more difficult to market space to new tenants.

Table 4-3
Office Worker Amenities
Alexandria, Louisiana

Office Worker Amenity	Macarthur-Jackson	Downtown
Florists	3	0
Full-Service Restaurants	27	2
Health and Personal Care Stores	6	4
Limited-Service Eating Places	14	3
Office Supplies, Stationery, and Gift Stores	6	1
Personal Care Services	41	13
TOTAL	97	23

Source: Experian & RKG Associates, Inc., 2009

Office space around MacArthur Drive and Jackson Street is relatively newer than the space downtown. The typical office space outside downtown is a single story office park, lacking common areas and offering separate office suites with discrete entrances and surface parking in front of the buildings. Multi-story buildings, up to four levels, are also scattered throughout this area, but are much less common. Suburban office properties in this area often represent the top of the market in terms of building quality and rent levels. Residential conversions into office space for legal, medical, or financial professionals are also common Downtown and near Jackson Street. Retail/office space is also common in older developments along MacArthur, in which in-line commercial space is easily fitted for either retail or office tenants. This area offers a wider range of hotels, restaurants, retailers, and services.

5. Office Space Usage by Major Employer Type

The following is a detailed analysis of the office use characteristics of the four major office demand sectors in Alexandria. The number of businesses, locations, SF, and employees are included to provide some context to the current major occupants of local office space.

a.) Legal Firms

There are 174 legal firms in Alexandria, 63 of which are located downtown and 56 of which are located at MacArthur-Jackson (Map 4-2). Downtown firms are mostly clustered within a three block radius around the Parish Courthouse, providing easy access for those occupying the space. These firms are concentrated into 31 buildings (occupying almost 63,000 SF), which house anywhere from one to ten legal tenants, representing firms ranging from 1 to 82 employees. The highest concentration of legal firms in a single building is found in the Capital One building on 3rd Street. These firms are small, averaging only five employees per firm. Legal firms at MacArthur-Jackson are typically similar in size to those downtown, with an average of five employees per firm, and occupying a total of almost 51,000 SF. These firms

are spread among about 30 different buildings or office complexes, ranging from a single legal tenant in a standalone building to a single story office park with five legal firms and 85 total legal employees. Most firms are located along Jackson Street, stretching about one mile north and south of the intersection with MacArthur.

b.) Professional Service Firms

FIRE and professional service firms total 34 in the downtown and 212 around the MacArthur-Jackson intersection. The downtown businesses are roughly clustered around the Chase Bank building at the intersection of Murray and 5th Street, spreading out over a several block radius. The majority of these services are finance and accounting-related, including CPAs, banks, and financial advisors. The remaining services include marketing and advertising professionals as well as design firms. These downtown businesses employ about 400 people, and utilize about 80,000 SF of office space. Firm size averages 23 employees per firm. These firms are more dispersed than the legal firms, with no more than three firms per building.

At the MacArthur-Jackson intersection, 212 firms employ roughly 1,350 people and occupy about 270,000 SF; more than three times the amount occupied by downtown firms. Financial firms are largely accountants, financial advisors, and real estate mortgage companies. There are almost 20 different banks or credit unions, approximately 30 accounting firms, and more than 30 real estate brokers or property managers. Professional service firms include about 20 design firms and 10 marketing firms. These firms typically occupy more conventional office space in lieu of a converted residence in light of their larger firm size and space needs.

c.) Medical Firms

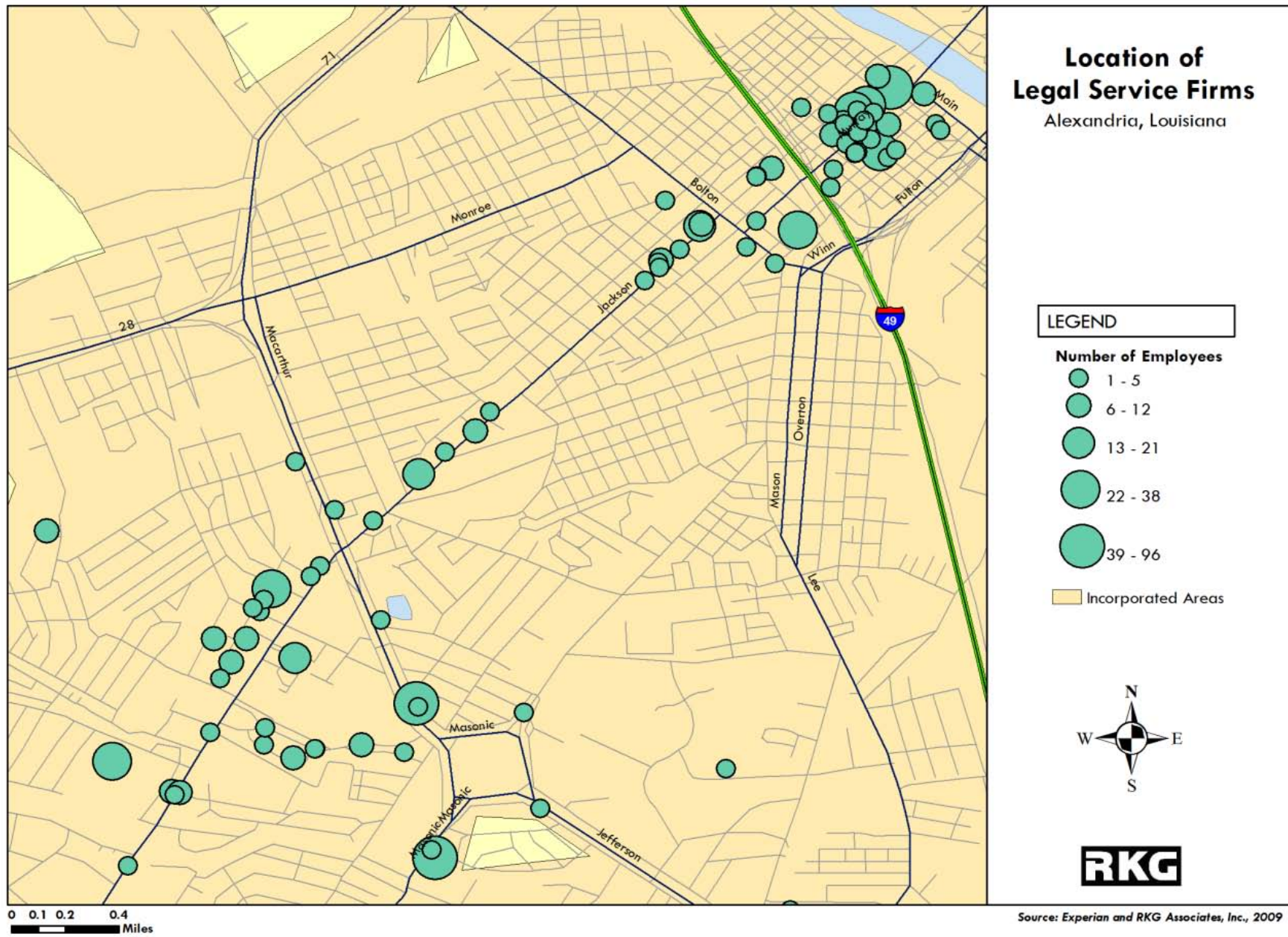
There are 375 medical office employers in Alexandria, 100 of which are in the downtown and 157 of which are around the MacArthur-Jackson intersection (Map 4-3). The downtown firms are heavily clustered around RRM (or may even be leasing space within it). These firms average nine employees per establishment and (aside from tenants in the hospital) are highly dispersed, often with less than five medical tenants per building. These users occupy and estimated 216,000 SF. These tenants are predominantly general practitioners, but some specialists are also found downtown, including cardiologists, anesthesiologists, and dermatologists. The majority of these businesses are located within the hospital, which has approximately 75 suites for lease.

The medical practices around MacArthur-Jackson are slightly smaller in size, averaging 7 employees per firm. These practices are largely clustered along Jackson Street. Those practices found north of MacArthur or more likely to smaller practices housed in residential conversions, while the space found south of MacArthur is more conventional. This area appears to house the highest number of multistory buildings outside of the downtown, but is still mostly single story office buildings or condos. As such, medical practitioners in this area are well-dispersed, with no more than two or three practitioners at a single address. Unlike the downtown, some practices in this area included non-hospital-related functions, including optometrists and physical therapists. These firms employ about 1,050 employees and occupy 264,000 SF of space.

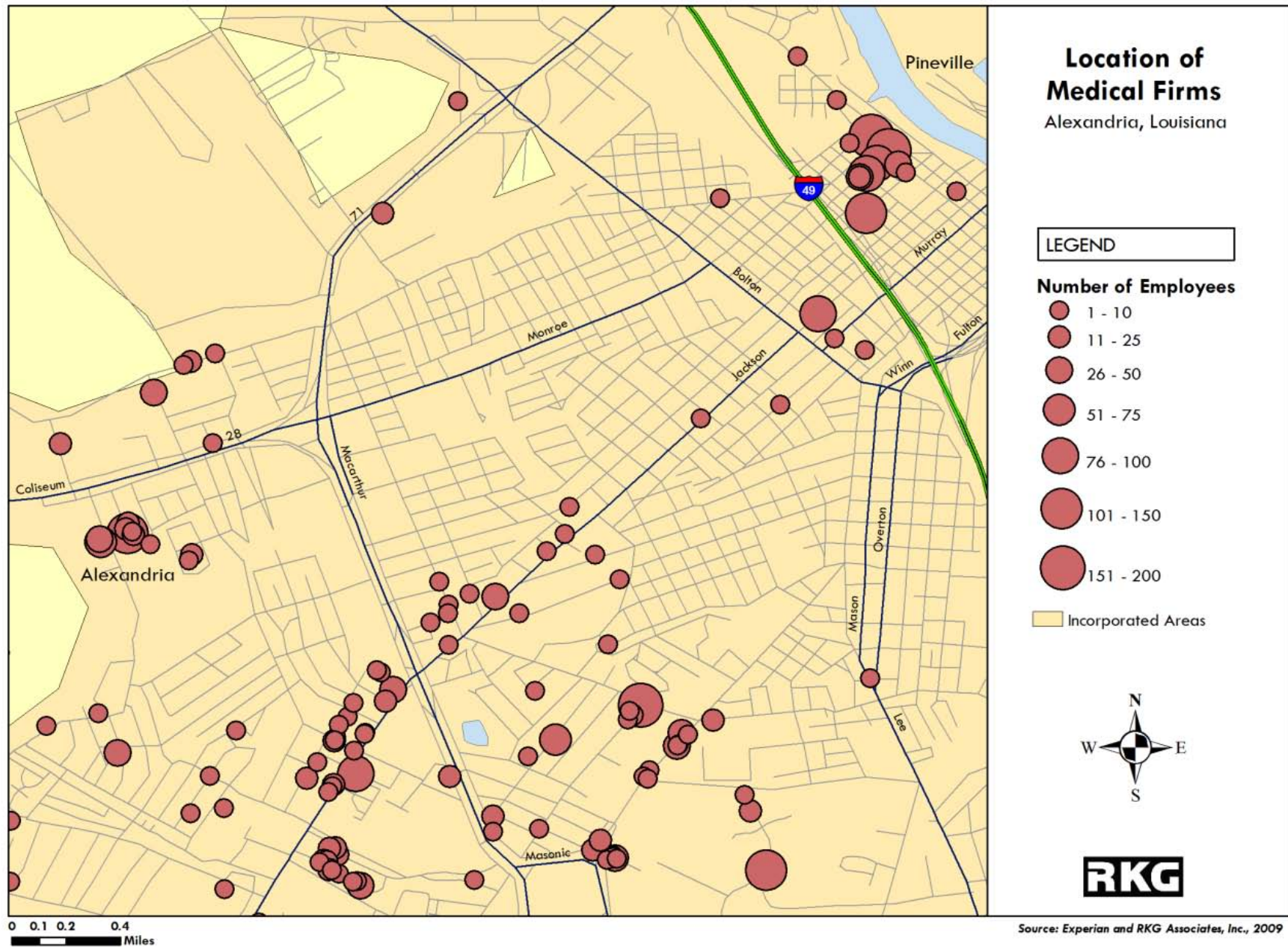
d.) Government Firms

When comparing downtown to the MacArthur-Jackson area, government office use is almost exclusively found in the downtown. The MacArthur-Jackson area only houses two government offices—the state's Office of Financial Institutions and CenLa's Agency on Aging, employing 13 people. Downtown includes seven organizations, including the City's administrative functions, the Police Parish and Courts, the state's Department of Labor, and the US Marshall's office. These facilities occupy almost 43,000 SF, and are all within 3 blocks of the Murray Street corridor. A total of 214 people are employed at these offices.

Map 4-2



Map 4-3



RKG Associates also interviewed City staff to determine current and future space needs for the City and the Parish. The City's administrative staff is currently spread out among City Hall, the Customer Service building, and a leased building on the corner of Jackson and Third Streets. It is likely that the staff currently housed in the leased space will be moved into the Customer Service building in the next seven months, at which point all administrative staff downtown will be housed in municipally-owned buildings. Besides this relocation, no other plans for future expansion or shuffling of City offices or staff are formally under consideration, however, City staff reported that a community college expressed recent interest in acquiring the City Hall for use as a satellite building in Alexandria—no other information on this topic is available at this time. Many of the Parish's operations are centrally located in the Courthouse; include the Police Jury and the jail, in addition to the courts and their offices. While we were unable to verify this with the Parish, City staff reported that the Courthouse is possibly overcrowded, and there may be a need in the future for one or many of the uses to relocate to a different location.

D. DOWNTOWN VACANCY TRENDS

1. Buildings Vacancy

Without a current inventory of downtown vacancy, RKG Associates performed an in-field, walking survey of all buildings with substantial vacancy in the downtown commercial district. While the number of vacant buildings had been documented in a previous Historic Preservation Commission survey, an estimate of vacant building space prepared at that time. In addition, no local real estate brokers are currently tracking the Alexandria market, and there is no source building vacancy data for either downtown or the City as a whole. While RKG's survey does not represent a comprehensive study of downtown vacancy, it is the best available information and is an important factor in projecting the demand for future downtown office space. Buildings which appeared to be occupied were not added to the inventory.

Based on the tally, RKG Associates estimates that there are roughly 31 commercial buildings totaling 604,251 SF of space. RKG estimates that roughly 85% or 505,000 SF of this space is currently vacant. This includes the 169,000 square foot Hotel Bentley, as well as several warehouse buildings, which would not be easily converted to office

Table 4-4
Substantial Downtown Vacancy
Alexandria, Louisiana

Building Type	Square Feet			
	Total Building	Total Vacant	Vacant-Ground Floor	Vacant-Upper Floors
Retail/Office/Service	355,344	315,174	184,745	130,609
Warehouse Space	169,000	169,000	25,000	144,000
Hotel Bentley	79,907	20,432	20,432	-
TOTAL	604,251	504,606	230,177	274,609

Source: City of Alexandria & RKG Associates, Inc., 2009

space, and are more appropriately classified as industrial flex space rather than office space (Table 4-4). The total space that could easily be used for retail, office, or services equals just over 350,000 SF, 200,000 of which are on the ground floor, with the remainder on upper floors. Using a multiplier of 200 SF per employee, 350,000 SF could potentially support more than 1,800 office workers downtown. These buildings include many significant structures, including the aforementioned Hotel Bentley, the Masonic Temple (approximately 55,000 SF), and the Chase Bank building (approximately 43,000 SF).

In interviews with major downtown property owners, vacant space is difficult to lease or sell. The interest in downtown office buildings is low and many of the larger office buildings are not currently being market for sale or for lease due to limited demand.

In mapping building vacancy, RKG Associates found that there are two clusters of buildings with significant vacancy in the downtown; at the south end of the downtown (about 50,000 SF) and the other clustered around the Chase Bank building (about 425,000 SF) (Map 4-4). While there are other vacant buildings elsewhere, these are concentrated into relatively small areas. These areas pose both a challenge and an opportunity for downtown revitalization. These areas of significant vacancy can be more easily dealt with since there are fewer tenants to relocate should redevelopment occur. However, these vacancies represent a supply of space that will compete with an office conversion of the Hotel Bentley.

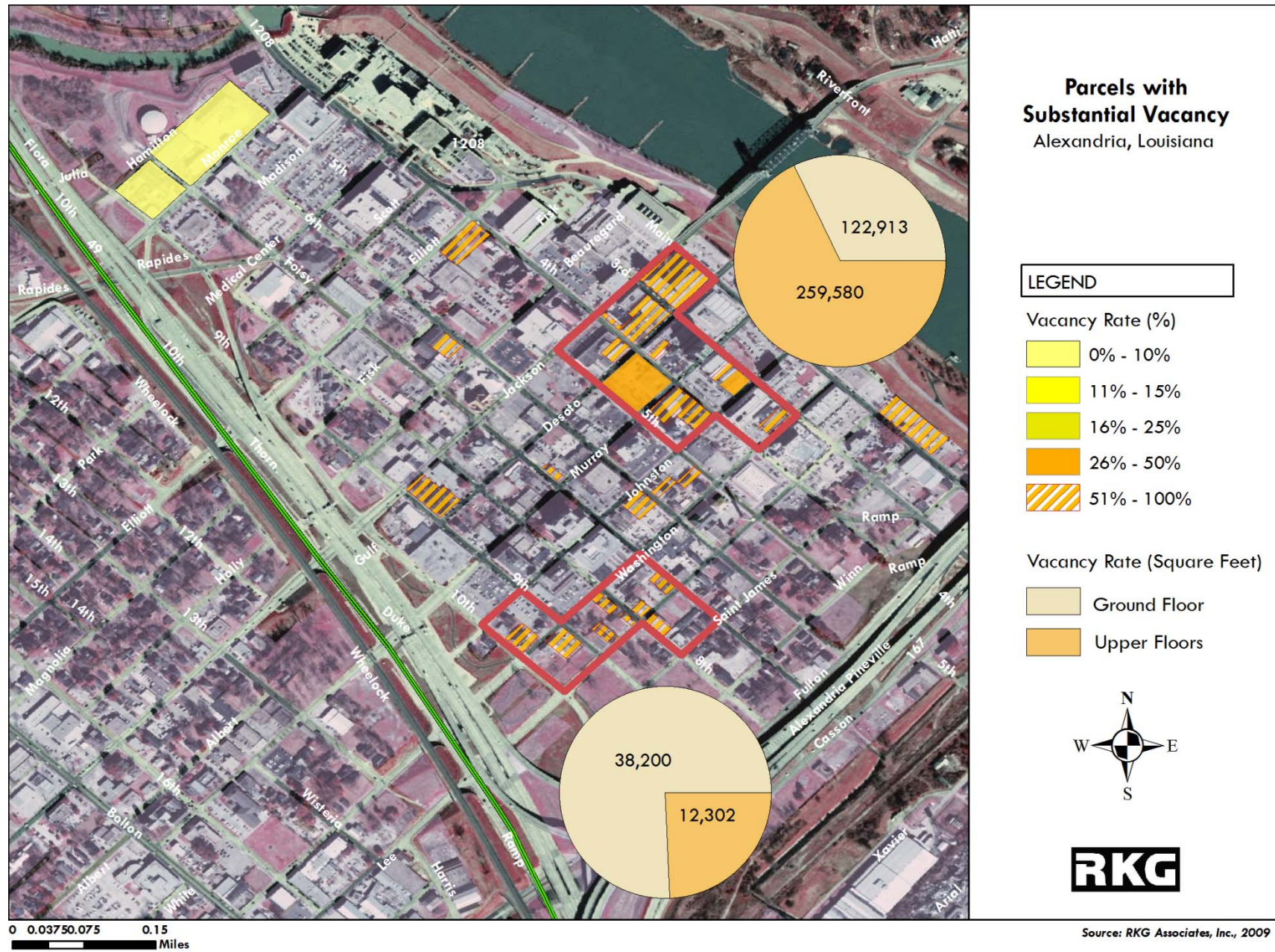
2. Reported Vacancy Trends

Local real estate professionals report that Alexandria's vacancy rates range from 10% for office space outside the downtown and 20% or more for space within the downtown. It should be noted that these rates are estimates only; however, other general trends which have an impact on vacancy were also mentioned during the interview process. First, it appears that demand from professional services appears to be waning. This group of businesses are now less concentrated in the downtown than they were in the past, dispersing to office space around MacArthur-Jackson and along Highway 28 West, where relatively newer space can be found. Second, the relatively high amount of amenities along MacArthur Drive also serves as an attraction for firms downtown to relocate there. Finally, Alexandria's office space in the outlying areas, especially along Highway 28 West, is closer to the newer and higher end housing stock also found along that corridor.

E. OFFICE LEASE RATES

RKG Associates utilized property listings, broker websites, and interviews with local real estate professionals to gather information on the lease rates and terms for Alexandria. These factors will be covered first for downtown and then for the rest of Alexandria, but some general trends apply globally. First, leases are typically gross, with most expenses like utilities and janitorial service included. This is attributed to the typically small business nature of Alexandria's office users—the gross lease simplifies the lease of a space. Second, typical lease terms are 3-5 years, with releases typically lasting just as long. Finally, CAM rates, when applicable, are typically in the \$2-\$3 range—but relatively few office properties outside of the downtown have shared entrance space. Since active property listings were very scarce, RKG Associates relied heavily on information obtained through interviews, which should be considered anecdotal.

Map 4-4



1. Downtown Lease Rates

Based on current real estate listings, office leases average roughly \$13 per square foot. The properties listed range from \$10 up to \$15.75 (Table 4-5). The property at 201 Johnston Street is the Commercial Building, which is a seven story historic structure. The property at 302 Jackson currently houses the bankruptcy court, but has almost 4,200 SF still available. The building at 528 Monroe Street is available for about \$8 per square foot, and is an older single story structure. These properties while few; represent the general scope of downtown office offerings, including newer, more modern structures like the bankruptcy court building, older historic buildings like the Commercial building, and older low-rise buildings like the Monroe Street property.

Table 4-5
Office Property for Lease (SF)
Alexandria, Louisiana

Address	No. of Buildings	Building SF	Price per Square Foot
Downtown			
302 Jackson St.	1	4,187	\$15.75
201 Johnston St.	1	4,000	\$10.00
528 Monroe St.	1	1,836	\$8.21
Subtotal	3	10,023	
Rest of Alexandria			
Under 2,500 SF	24	25,782	\$8.35
2,500 SF to 10,000 SF	5	18,924	\$8.78
>10,000 SF	2	47,431	\$8.55
Subtotal	31	158,492	
TOTAL	34	168,515	

Source: LoopNet, Other Sources & RKG Associates, Inc., 2009

However, in addition to these conventional office buildings, there is also a substantial portion of medical space for lease within Rapides Regional Medical Center. The RRMC houses approximately 75 suites with reported lease rates of \$8-\$12 per square foot. These suites are leased by medical practitioner groups (totaling 28 suites), individual practitioners (22 suites), 17 other arrangements, and five timeshare arrangements. Suite sizes are typically about 2,000 SF for a sole practitioner and 4,000-5,000 SF for a group medical practice.

The suites are typically filled to capacity, but it can take up to a year to fill an empty suite. The property is not heavily marketed; as most new tenants are referrals from existing ones. Leases are typically three years in length. The hospital covers medical waste removal and utilities. The competitive pricing of these suites, combined with the convenience of being on-site, represent a significant challenge to the potential for new medical space downtown, barring any expansion of the hospital.

2. MacArthur-Jackson Area Lease Rates

Office lease rates outside of the downtown are typically between \$3 and \$21 per square foot, with an average rate of \$9.39. The least expensive options are typically older retail/office units in an in-line strip setting. The high end of the market is typically newer investment grade construction, such as the property at 1439 Centre Court, which was formerly a call center for CenturyTel. This building was built in 1994 and appears to be above average in quality for both its original intended use and age. The Regions Bank building, which is a six story structure built at about \$200 per square foot, is an exceptional property for the Alexandria market, and represents the highest grade of office real estate in the City. Most of the market, however, is somewhere in between the two extremes. Single story office parks with separate entrances and convenient parking are very common, as are residential conversions in certain parts of the City (i.e., along Jackson Street).

The former England Air Force Base, now called England Airpark, also houses a significant amount of mid-priced office space. The Airpark has about 400,000 SF of office under management, about half of which is currently vacant. Changes in tenant count and amount of occupied space is slow, and has stayed somewhat static during the last 24 months. While pricing is negotiable, it is typically around \$13 per square foot, including utilities and grounds keeping, but not janitorial. The Airpark staff reports that some of the main attractions to the Airpark for office users include the security of the

facility, proximity to the airport, and grounds keeping. Typical tenants includes smaller local businesses, back office operations for larger companies (i.e., banks), and government offices.

F. CURRENT FOR-SALE OFFERINGS

RKG Associates utilized property listings, broker websites, and interviews with local real estate professionals to gather information on properties for sale in Alexandria. Like properties for lease, active listings for properties for sale are scarce, but reasonable effort was made to determine the characteristics of current for sale offerings.

1. Downtown “For Sale” Office Space

Currently available downtown buildings for sale include the Capital One (or Hibernia) building at about \$40 per square foot and a former printing office/facility on Main Street, listed at about \$84 per square foot. There is also a residential conversion available on Fifth Street for \$70 per square foot. The average price per square foot is \$46.14 (Table 4-6). Like those properties available for lease, these buildings represent a small but sufficient cross-section of downtown office space.

The Capital One building is a multistory structure with Capital One as the main tenant and several legal offices in smaller suites. The sale does not include adequate parking; only about twelve on-site spaces are included. The former printing building is unique in nature and would probably best suit a tenant with both office and industrial space. The residential conversion was an older single family home, and is therefore limited in its size and suitability for larger tenants.

Table 4-6
Office Property for Sale
Alexandria, Louisiana

Address	Square Feet	Total Price	Price per Square Foot
Downtown			
1416 Fifth Street	2,349	\$165,800	\$70.58
1321 Main Street	9,514	\$798,000	\$83.88
934 Third Street	74,052	\$3,000,000	\$40.51
Subtotal	85,915	\$3,963,800	
Rest of Alexandria			
6501 Coliseum Boulevard	42,896	\$6,225,000	\$145.12
Gus Kaplan Drive	5,500	\$625,000	\$113.64
2001 Jackson Street	2,693	\$215,000	\$79.84
1450 Peterman Drive	6,410	\$485,000	\$75.66
6410 Masonic Drive	7,469	\$350,000	\$46.86
1212 Bolton Avenue	3,182	\$95,400	\$29.98
1121 Chester Street	5,074	\$99,900	\$19.69
1756 Elliott Street	7,320	\$99,750	\$13.63
Subtotal	80,544	\$8,195,050	
TOTAL	166,459	\$12,158,850	

Source: LoopNet, Other Sources & RKG Associates, Inc., 2009

Sales activity has been very low with few properties changing hands over the last 24 months. The two reported exceptions are both in the downtown. The Chase Bank building which was purchased for \$140,000 earlier this year and the Goldring building which was purchased about 18 months ago for \$480,000 indicate that sales values on these buildings are far below the cost of construction.

2. Outside Downtown “For Sale” Office Space

Available property outside of the downtown ranges widely, from the 43,000 square foot former call center on Coliseum Boulevard built in 1994 (\$145.12 per square foot) to an older, single story office building on Elliott Street (\$13.63 per square foot). Buildings like the property on Peterman Drive (\$75.66 per square foot) are probably the best representative of the middle of the market—single story office buildings or parks with separate entrances for each tenant. These are typically in relatively high demand in Alexandria for their adequate amenities, construction quality, and pricing.

G. COMMERCIAL BUILDING PERMITS

In order to assess the current development of office real estate, RKG Associates researched local building permit data and interviewed local real estate professionals. Changes in building permit data is a good indicator of accelerating or slowing development in a community. The City of Alexandria provided RKG Associates with commercial building permit information for 2004 through May 2009 (Table 4-6). Unfortunately, the data does not define the type of commercial construction (whether office, retail, or services). However, it is RKG Associates' estimation that relatively few (less than 10% annually) of these permits are for office construction, meaning that no more than five office buildings or renovations are performed in any given year. This estimation has been corroborated during interviews with local real estate professionals who state that office development is extremely slow in Alexandria. Those projects which have been completed include the six-story, 40,000 square foot Regions Bank building near the MacArthur-Jackson intersection, two single-story medical office buildings near RPMC, and the Red River Bank building downtown.

The number of commercial permits for new construction has declined from 40 in 2004 to 26 in 2008, with only six permits issued as of May 2009. Permits for repairs and alterations have experienced a similar decline, dropping from 91 in 2004 to 65 in 2008, with only 22 permits issued for 2009 as of May. This trend corresponds to current economic conditions, which have restricted lending for commercial development. During that same time, the average value for a new construction permit had increased from about \$660,000 in 2004, peaking at about \$1.8 million in 2006, and then sliding back down to about \$640,000 in 2009. This is an indication of bigger dollar value projects being completed during the height of the last real estate cycle and then dropping off as conditions became less favorable. Permit values for repairs and alterations did not experience such a dramatic increase or subsequent decrease, but nevertheless rose from about \$140,000 in 2004 to \$330,000 in 2008, and have since dropped to an average permit value of about \$270,000.

Table 4-7
Commercial Building Permits
2004 to Present

Year	New Construction			Repairs/Alterations			Percent of Grand Total	
	#	Value	Value/Permit	#	Value	Value/Permit	New Construction	Alterations/Repairs
2004	40	\$26,476,650	\$661,916	91	\$12,484,436	\$137,192	23.3%	23.5%
2005	35	\$28,445,710	\$812,735	78	\$10,436,771	\$133,805	20.3%	20.1%
2006	32	\$58,104,548	\$1,815,767	65	\$10,726,427	\$165,022	18.6%	16.8%
2007	33	\$32,451,894	\$983,391	67	\$15,070,699	\$224,936	19.2%	17.3%
2008	26	\$21,964,845	\$844,802	65	\$21,498,708	\$330,749	15.1%	16.8%
2009 (MAY)	6	\$3,852,780	\$642,130	22	\$5,913,263	\$268,785	3.5%	5.7%
GRAND TOTAL	172	\$171,296,427	\$995,909	388	\$76,130,304	\$196,212	100.0%	100.0%

Source: City of Alexandria and RKG Associates Inc., 2009

H. OFFICE ABSORPTION TRENDS

No estimates of annual office space absorption are unavailable for the Alexandria market, but based on interviews with local real estate professionals, absorption is reported to be minimal and sporadic. A prime example of this condition are the suites available at RRM, which are typically filled, but upon the departure of a tenant, can take up to a year to fill, despite the relatively low pricing and excellent access to patients and the hospital.

I. OFFICE DEMAND PROJECTIONS

RKG Associates utilized a variety of data sources in order to estimate the downtown's demand for office space. On a conceptual level, demand for office space is generated by growth in private office-using businesses, and this assumption forms the basis for the following analysis. However, since growth projections for an area as specific as the downtown (or even the City) are not readily available, RKG Associates utilized the growth trends projected on a Parish level (provided by the Louisiana Workforce Commission), and then used existing levels of apportionment to approximate the downtown's relative rate of capture for expected job (and therefore office space) growth. For this exercise, job growth and employment is only calculated as a function of private office-using employers included a range of professional services including medical, financial, real estate, scientific, and services typically housed in office space—it does not include government. Therefore, for the purposes of this section, "employment", "jobs", or "employees" refer specifically to the professional fields mentioned herein and found in Table 4-8, and not to *all* jobs in the Parish.

1. Parish Employment Trends

Employment data for Rapides Parish was provided by the US Census' County Business Patterns (years 1998 and 2006), while the growth rate applied to the Census' figures to get the 2016 projections was derived from data provided by the Louisiana Workforce Commission. Based on these two data sources, Rapides Parish added 2,369 new jobs between 1998 and 2006, and is expected to add 3,348 more in between 2006 and 2016.

The Parish's major industries (in terms of the share of employees) are ambulatory health care services, social assistance, professional/scientific/technical services, and administrative and support services. Ambulatory health care services are typically physicians' offices, clinics, and other medical professionals' offices. Social assistance includes organizations which provide typically serve local residents, could include housing assistance programs, counseling, or any number of related

Table 4-8
Employment Trends--Major Office Users
Rapides Parish, Louisiana

NAICS	Description	EMPLOYMENT			CHANGE (#)		CHANGE (%)	
		1998	2006	2016	1998-2006	2006-2016	1998-2006	2006-2016
511	Publishing Industries (except Internet)	234	302	315	68	13	29.06%	4.4%
522	Credit Intermediation and Related Activities	971	1,040	1,052	69	12	7.11%	1.2%
523	Securities, Commodities, and Other Financial Investments	50	93	129	43	36	86.00%	38.4%
524	Insurance Carriers and Related Activities	680	518	506	-162	-12	-23.82%	-2.3%
531	Real Estate	318	458	565	140	107	44.03%	23.4%
532	Rental and Leasing Services	481	337	348	-144	11	-29.94%	3.3%
541	Professional, Scientific, and Technical Services	1,657	1,804	2,075	147	271	8.87%	15.0%
551	Management of Companies and Enterprises	70	351	443	281	92	401.43%	26.1%
561	Administrative and Support Services	1,828	2,031	2,332	203	301	11.11%	14.8%
611	Educational Services	741	750	865	9	115	1.21%	15.3%
621	Ambulatory health care services	2,498	3,595	4,936	1,097	1,341	43.92%	37.3%
624	Social Assistance	750	1,368	2,430	618	1,062	82.40%	77.6%
TOTAL		10,278	12,647	15,995	2,369	3,348	23.05%	26.5%

Source: Louisiana Workforce Commission, US Census & RKG Associates, Inc., 2009

organizations. Professional, scientific, and technical services include businesses like engineering firms, lawyers, and advertising agencies. Administrative and support services include temporary staffing agencies, travel agencies, and telemarketing companies. These four industries make up about 75% of the total employment of office-occupying industries. However, despite their size, these are not all high growth industries within the Parish. For example professional services, while the third biggest industry, is only expected to generate 271 jobs between 2006 and 2016. While this growth is healthy, this rate of increase (about 15%) is not nearly as strong as some of the other industries like ambulatory health care services, which is expected to increase by almost 40% between 2006 and 2016.

In terms of the number of jobs expected to be added, *ambulatory health care services and social assistance are expected to amount to 72% of job growth between 2006 and 2016*. These, along with 1) management of companies and enterprises and 2) securities, commodities, and other financial investments comprise the four industries with the highest projected growth rates, ranging between 26% and 76%. Industries which appear to be largely stable include rental and leasing services, credit intermediaries, and publishing industries. Each of these is only expected to generate about a dozen jobs each between 2006 and 2016. The only industry experiencing a decline during both time periods is insurance carriers and related activities, but the projected decline for 2006-2016 largely represents a leveling off and not a continuation of the industry's loss of almost 25% of its workforce from the previous period.

3. City of Alexandria Employment Projections

Using the growth trends outlined in the previous section, RKG Associates estimated the quantity of Parish job growth that could be expected to be captured during 2006-2016. By applying the estimated rate of capture of Citywide jobs by the downtown (21%) to the jobs expected to be added Citywide between 2006 and 2016, *a quantity of 499 jobs was determined to be the downtown's total job growth for the same time period*. Using a multiplier of 200 square feet per employee, these jobs are expected to demand 99,706 square feet of office space.

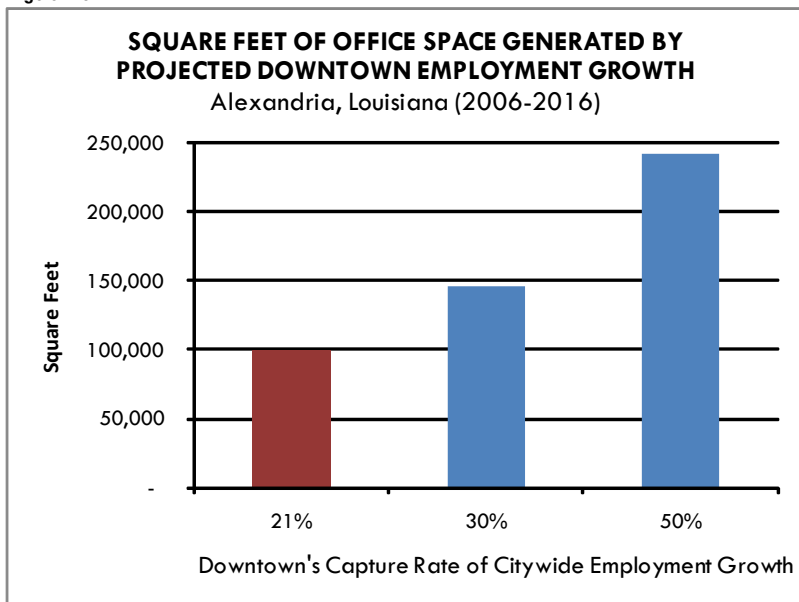
If the downtown were to capture all 499 of the projected jobs and all of these employees were housed in existing retail/office service space on the upper floors of downtown buildings included in the (which would be the most likely type of space to which they would be attracted), this growth would still only absorb about 76% of the upper floor space from the substantially vacant space mentioned in the building vacancy analysis outlined earlier. In this scenario, renovating the Hotel Bentley for the purpose of creating even more office space downtown may not be feasible, given the excess supply.

However, an increase in the downtown's ability to capture employment growth would result in a commensurate increase in demanded office space (Figure 4-3). With this in mind, RKG Associates tested increasing levels of downtown employment capture. If a 30% capture rate were achieved, the added jobs would absorb the *entire* vacant upper floor office space in the buildings surveyed while still requiring an additional 10,000 square feet in order to house every employee. While hypothetical, a rate of 30% would not be unattainable, but the City would have to aggressively pursue new tenants, encourage additional amenities, and stimulate demand for downtown office occupancy. RKG Associates also tested the scenario using a 50% rate of capture. Since achieving this rate is *highly* unlikely, the exercise was performed to illustrate the quantity of vacant space in the downtown. If such a rate were achieved, all surveyed vacant office space could be absorbed, as well as about 75% of the Hotel Bentley's upper floors.

It should be noted that these scenarios are hypothetical. Employment growth rarely solely seeks to locate in existing space—new businesses may demand new space, leaving older existing space to continue to sit vacant despite increases in employment. Additionally, an increase in downtown capture of employment rarely occurs without some sort of government effort or an existing critical mass of private employment activity.

Currently, the downtown is seen as a location for cost-sensitive tenants. This perception would need to be overturned in order to generate demand by businesses to locate in the downtown. This is often achieved through an increase in amenities, renovated or new buildings, and other features that are typical of a vibrant central business district. Taking a course of action that includes these items would help the downtown increase its share of the capture of job growth during the coming years and, at certain levels, generate significant demand for new office space.

Figure 4-3



Source: Louisiana Workforce Commission, Experian, US Census Bureau & RKG Associates, Inc., 2009

J. CONCLUSIONS

Based on our analysis, RKG Associates offers the following conclusions:

- Alexandria's stock of office space, while spread throughout the City, is largely concentrated around the MacArthur-Jackson intersection and downtown. The office properties available in the former are typically newer and lower in density, while downtown's stock is typically older and higher in density.
- The demand for downtown office space by traditional users appears to be waning, and development appears to be moving south and west of the downtown, along Jackson Street and Highway 28 West. Development of office space appears to generally be moving south and west of the downtown along the Jackson Street Extension and Highway 28 West.
- Current office lease rates range from \$3-\$21 per square foot, with an average of about \$9.50. Only the highest rates currently being collected would be sufficient to generate feasibility of additional space.
- Vacancy has not been comprehensively measured, but estimates by local real estate professionals indicate that the downtown's rate may be 20% or more, while the rest of the City is probably around 10%.
- Absorption of for sale and for lease space is extremely slow—even the more competitive properties in terms of location and price may have to wait up to a year or more to attract a tenant. Properties up for sale tend to also sit on the market for many months.
- The downtown is outnumbered by the MacArthur-Jackson area in terms of newer space, more convenient parking, and more amenities. In order for the downtown to become more competitive, it may be more effective to offer something very different than what is offered in

the outlying areas instead of trying to replicate what is offered elsewhere. The downtown already has a good pedestrian-oriented set of infrastructures that cannot be offered elsewhere in the City—leveraging those unique aspects of the downtown into a revitalization effort is suggested.

5 HOTEL MARKET ANALYSIS

A. INTRODUCTION

A competitive analysis was conducted to explore the current hotel market climate in Alexandria. In order to conduct the analysis, the consultant analyzed occupancy rates, hotel supply, average daily rates, and trends in revenue per available room (RevPAR) of those hotels that would be most competitive with a new or redeveloped hotel in the Downtown. The consultant also identified the competitive supply of “budget” hotels in order to gain a full understanding of the depth and breadth of the hotel market in Alexandria.

RKG Associates identified all hotels within Rapides Parish. The inventory was then divided into “limited service” and “budget” categories to reflect the difference in the two hotel market segments. Those hotels that generally do not offer services or many amenities were classified as budget hotels. These hotels typically offer lodging services at low rack rates to price sensitive travelers. Although RKG examined budget hotel trends as part of this analysis, the consultant does not believe that these hotels would be competitive with future hotel operations at either the Alexander Fulton or Hotel Bentley, but their inclusion contributes to a broader understanding of the positioning and performance of Alexandria’s hotel market.

B. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

Hotel Supply

- According to Smith Travel Research (STR), there are currently 15 budget hotels and 11 limited service hotels within Rapides Parish. These 26 hotels account for approximately 2,350 rooms, with budget hotels accounting for 48.8% of total rooms and limited service accounting for 51.2%.
- There are five new limited service hotels with 537 new rooms that have opened since 2007.
- According to local planning officials and Realtors, there are preliminary plans to add four new hotels to the local supply totaling approximately 281-rooms. Two of the hotels, a Courtyard by Marriott and a TownePlace Suites by Marriott have received preliminary approval for a site on South MacArthur Boulevard adjacent to the Alexandria Mall.

Hotel Demand

- In 2008, annual room demand jumped to over 205,000 as the number of limited service hotel rooms increased from 779 in January to 965 rooms by the end of that year. From 2003 to 2008, overall demand for limited service hotel rooms has increased by 80,771 (65%) annual room nights.

Hotel Occupancy

- Although occupancy declined roughly 20% from 2006 to 2007, occupancy rates have been steadily recovering over the past two years, despite the addition of several hundred new hotel rooms on the market. By the end of 2008, the occupancy rate of limited service hotels had increased to a 61%.

Daily Room Rates and RevPAR

- Room rates for the limited service hotels in Alexandria have been steadily climbing since 2003. Of the limited service hotels studied, average daily room rates have increased over the past six years from \$60.78 to \$93.09 in 2008. This has resulted in a 53% increase, which exceeds the rate of inflation by approximately \$21 during this period.
- Between 2003 and 2008, RevPAR increased 66% while the average daily room rate increased 53%. This gain reveals that the hotels improved their operating efficiency while raising room rates.
- Despite a 12% drop in occupancy since 2006, limited service hotels have continued to raise room rates without negatively impacting RevPAR. This relationship between rising room rates and RevPAR further supports the finding that the limited service hotel market is quite strong and has captured market share from budget hotels during a period of expansion.

C. HOTEL SUPPLY AND DEMAND ANALYSIS**1. Current Hotel Supply**

According to Smith Travel Research (STR), there are currently 15 budget hotels and 11 limited service hotels within Rapides Parish. These 26 hotels account for approximately 2,350 rooms, with budget hotels accounting for 48.8% of total rooms and limited service accounting for 51.2% (Table 5-1). It should be noted that not all hotels in the Alexandria market report data to Smith Travel Research (STR). The hotels that do not report data are marked as such. In addition, the Alexander Fulton Hotel stopped reporting data to STR in August 2007. To adjust for this change, STR has provided hotel performance estimates for 2008 and 2009 based on historical operating data. In total, only two of the limited service hotels (Best Western of Alexandria Inn & Suites and Parc England Hotel) have not reported performance data over the past six years.

There are five new limited service hotels with 537 new rooms that have opened since 2007. In addition, the former Hampton Inn on MacArthur Boulevard was purchased in 2006 by Dr. Arun Karsan. The 183-room hotel was then renovated over several months and then reopened under a different flag in June of 2007 as a 171-room Baymont Inn & Suites. The other hotels that opened in 2007 include the 80-room Holiday Inn Express and 100-room Comfort Inn & Suites in Pineville, which together added a total of 180-rooms to the area. In 2008, the 106-room Hampton Inn and 80-room Comfort Inn & Suites in Alexandria were opened adding a total of another 186 rooms to the local room supply. If the Baymont Inn is excluded from the analysis, and the net loss of 12 rooms is taken into account, the total new hotel rooms added since 2003 equals 354.

In terms of budget hotels, the 125-room Clarion Inn changed flags to the 106-room Econo Lodge in 2008, resulting in a net loss of 19 rooms since 2003. No other new budget hotels have been added to the hotel supply within the last 6 years.

Table 5-1
Hotel Inventory
Rapides Parish; 2009

Name of Establishment	City & State	Effective Date of Change	Hotel Open Date	No. of Rooms	Rack Rate
BUDGET HOTELS					
Value Place Alexandria Extended Stay (DNR)	Alexandria, LA	Jan 2006	Jan 2006	113	29**
Greenbrier Motel (DNR)	Alexandria, LA	--	--	26	\$30
Southerner Motel (DNR)	Alexandria, LA	--	--	54	\$40
Motel 6 Alexandria	Alexandria, LA	Mar 1986	Mar 1986	113	\$44
Super 8 Alexandria I 49	Alexandria, LA	Sep 1998	Sep 1998	61	\$50
Super 8 Alexandria	Alexandria, LA	Sep 1997	Jun 1962	79	\$58
Travel Express Inn	Alexandria, LA	Oct 2002	Jun 1997	44	\$60
Red River Inn (DNR)	Alexandria, LA	Dec 1996	Dec 1996	86	\$62
Econo Lodge Inn & Suites Alexandria	Alexandria, LA	Jan 2008	Jun 1974	106	\$63
Quality Inn Alexandria	Alexandria, LA	Oct 1997	Oct 1997	58	\$63
Alexandria Inn (DNR)	Alexandria, LA	--	--	61	\$65
Days Inn Pineville	Pineville, LA	Feb 2000	Nov 1993	46	\$68
Days Inn Alexandria	Alexandria, LA	Jan 2000	Jun 1964	67	\$69
Ramada Limited Alexandria	Alexandria, LA	Jan 2001	Jun 1972	119	\$75
Inn @ MacArthur (DNR)	Alexandria, LA	May 2007	Jun 1962	114	--
TOTAL				1,147	48.8%
LIMITED SERVICE HOTELS					
Comfort Inn Alexandria	Alexandria, LA	Nov 1997	Nov 1997	68	\$90
La Quinta Inn & Suites Alexandria	Alexandria, LA	May 1997	May 1997	117	\$92
Alexandria Fulton Hotel	Alexandria, LA	Jan 2008	Jun 1983	173	\$95
Hampton Inn Suites Alexandria	Alexandria, LA	Mar 2008	Mar 2008	106	\$99
Baymont Alexandria	Alexandria, LA	Jun 2007	Jan 1997	171	\$109
Sleep Inn & Suites Pineville	Pineville, LA	Dec 2002	Dec 2002	70	\$112
Best Western Of Alexandria Inn & Suites (DNR)	Alexandria, LA	Jun 1977	Jun 1977	190	\$113
Country Inn & Suites Pineville	Pineville, LA	Nov 2007	Nov 2007	100	\$114
Comfort Suites Alexandria	Alexandria, LA	Apr 2008	Apr 2008	80	\$128
Holiday Inn Express & Suites Alexandria	Alexandria, LA	Mar 2007	Mar 2007	80	\$128
Parc England Hotel (DNR)	Alexandria, LA	Aug 2003	Aug 2003	48	\$135
TOTAL				1,203	51.2%
GRAND TOTAL				2,350	

DNR - Hotel does not report data to Smith Travel Research

**Minimum one-week stay (\$209/week)

Source: Smith Travel Research and RKG Associates, Inc., 2009

2. New Proposed Hotels

According to local planning officials and Realtors, there are preliminary plans to add four new hotels to the local supply totaling approximately 281-rooms. Two of the hotels, a Courtyard by Marriott and a TownePlace Suites by Marriott have received preliminary approval for a site on South MacArthur Boulevard adjacent to the Alexandria Mall. The Courtyard by Marriott is planned to have 93 units, and the TownePlace Suites is planned to have 103 units (Table 5-2). The TownePlace Suites is an extended-stay hotel and most of the rooms feature full kitchens. Other amenities typically found at a TownePlace Suites include a swimming pool and fitness center. The Courtyard Marriott is a business-class hotel that typically has amenities such as continental breakfasts, wireless internet, a swimming pool and a fitness center.

There are also plans for an 82-room Holiday Inn Express at the intersection of Cunningham Highway and Highway 165 in Pineville. The Holiday Inn Express is a business-class hotel that would contain the same type of amenities discussed above. Lastly, the owner of the Baymont Inn recently bought land

near the intersection of Air Base Road and Highway 1. It has been reported to the consultant that a full-service Holiday Inn, which would include a restaurant, may be constructed at this site; however the number of rooms is currently unknown.

Table 5-2
New Hotel Proposals
Rapides Parish Market (2009)

Flag	Location	Acres	Land Cost	Land Cost/Acre	Rooms	Amenities			
						Full Kitchen	Pool	Fitness Room	Restaurant
Mariott Town Place Suites	S MacArthur Drive (near Mall)	6.5 (for both)	\$1.4 million (for both)	\$215,385	103	x	x	x	
Mariott Courtyard	S MacArthur Drive (near Mall)	6.5 (for both)	\$1.4 million (for both)	\$215,385	96		x	x	
Full-Service Holiday Inn	Air Base Road and Highway 1	13	\$750,000	\$57,692	unk		x	x	x
Holiday Inn Express - Pineville	Cunningham Highway and Route 165	1.87	\$400,000	\$213,904	82		x	x	

Source: RKG Associates, Inc., 2009

3. Hotel Business Segments

There are four primary market segments that define most hotel demand. They include:

- *Business/Corporate Travelers* – Business and corporate travelers typically generate hotel room demand during the business week. Business travelers will stay in all types of hotels and motels, but tend to prefer medium to higher cost business class hotels that provide an array of services and amenities such as: continental breakfast, exercise rooms, high-speed Internet connections, business service center, etc. The business and corporate presence within the region is fairly small and includes such companies as:
- *Event-Related Travelers* – Event-related travelers demand hotel rooms as they travel for special events, conferences, conventions, etc. In Alexandria, there are three functioning convention/conference centers including: (1) Alexandria Riverfront Center, (2) Best Western Convention Center, and (3) Sai Center at the Baymont Inn & Suites. Over the course of an average year, these facilities host tens of thousands of visitors to the city, which increases demand for local hotel rooms. Such events draw religious groups, corporate meetings, Mardi Gras balls, military organizations, state associations and government agencies. Over the past 4 ½ years, there have been over 200,000 event days of activities scheduled at the City Riverfront Center, the Best Western's conference center and the Sai Center at the Baymont Inn & Suites on MacArthur Boulevard.
- *Leisure/Tourism Traveler* – Leisure and tourism travelers generate hotel room demand as they travel across the county visiting places of interest. Tourism travel also accounts for a small portion of total room stays within this region. Not all tourists will demand hotel/motel rooms, depending on the size of the attraction and distance that people are traveling. Generally, tourists making day trips of 50 miles or less will not generate hotel demand. Leisure and tourism travel can occur throughout the week, but usually increases on the weekends and tends to be more seasonal in nature. Leisure travel for families usually occur during non-school months, making the summer months, spring break, and major holidays the peak travel times. Since Rapides Parish does not currently possess a large number of tourist attractions or facilities, RKG does not believe that leisure travel accounts for a large share of local hotel demand.
- *Transient Market Segments* – Transient hotel demand is driven by people traveling through the region in route to other destinations. It is likely that this segment of the hotel market makes up a share of region's demand due to the presence of Interstate 49, which connects to I-10 in Lafayette, LA and runs from Jacksonville, FL to the Los Angeles metropolitan area. To the north,

I-49 connects to I-20 in Shreveport, which runs from the east coast to New Mexico and then connects to I-10 to the west coast.

- **Other Demand** – Based on interviews with local hotel managers, the hotel market experiences unique demand from sources not found in all markets. The annual hurricane season has hit the State of Louisiana particularly hard in recent years and the evacuation of coastal areas and regional damage has increased the demand for hotel rooms during the hurricane season. This was particularly true in 2005 and 2008. In addition, military troop movements at Fort Polk related to the Iraq and Afghanistan wars periodically generate hotel room demand for hotels located in proximity to England Air Park where the deployments occur.

4. Supply and Demand

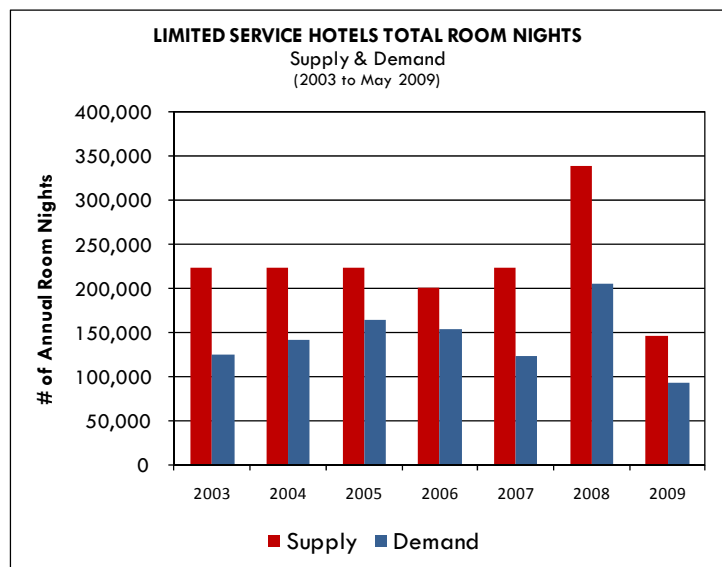
a.) Limited Service Hotels

The supply of limited service hotels has substantially increased, as five new hotels with 537 rooms were added to the supply in 2007 and 2008. However, the 171-room Baymont Inn & Suites of MacArthur Boulevard, which opened in 2007 replaced the former 183-room Hampton Inn, resulting in a net loss of 12 rooms. If the Baymont is considered a replacement rather than a new hotel and the 12 unit loss is taken into account, the actual number of hotel rooms has increased by 354 rooms in the past two years. More specifically, an 80-room Holiday Inn Express and a 100-room Comfort Inn & Suites in Pineville

were added to the supply in 2007. In 2008, the 106-room Hampton Inn and 80-room Comfort Inn & Suites in Alexandria were added to the supply. Since 2006, available room nights have increased from roughly 200,000 to 338,000 per year for an increase of 68% (Figure 5-1).

Hotel demand, or the actual number of hotel rooms occupied during a given year, peaked for limited service hotels in 2005 and 2006, and then dipped in 2007 while the 183-room Hampton Inn was closed and the new Baymont Inn was renovated. In 2008, annual room demand jumped to over 205,000 as the number of limited service hotel rooms increased from 779 in January to 965 rooms by the end of that year. From 2003 to 2008, overall demand for limited service hotel rooms has increased by 80,771 (65%) annual room nights.

Figure 5-1



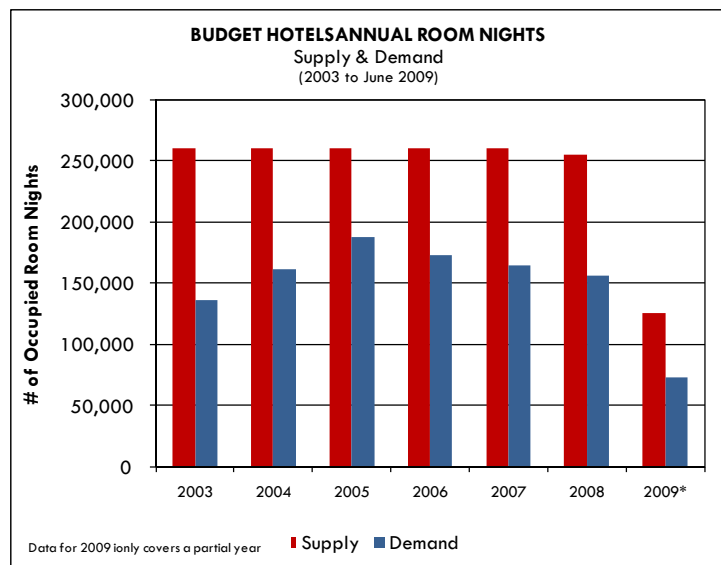
Source: Smith Travel Research and RKG Associates, Inc., 2009

b.) Budget Hotels

Unlike the limited service hotels, the budget hotel supply has remained flat since 2003. There was a slight drop of 19 rooms in 2008 when the 125-room Clarion Inn located on MacArthur Boulevard changed flags to a 106-room Econo Lodge. In 2008, there was a supply of 255,225 hotel room nights, as compared to 338,000 available room nights for limited service hotel rooms (Figure 5-2).

Similar to limited service hotel trends, demand peaked in 2005 and 2006 due to Hurricane Katrina. However, in 2008, demand for room nights decreased by 7,884 room nights, likely related to the reduction of 19 rooms and the increased competition from limited service hotels.

Figure 5-2



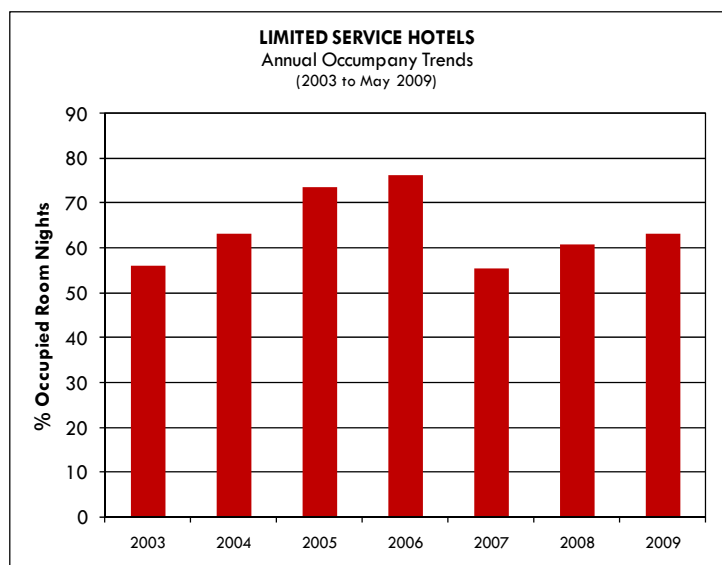
Source: Smith Travel Research and RKG Associates, Inc., 2009

5. Occupancy Trends

a.) Limited Service Hotels

As demand peaked in 2005 and 2006 so too did annual occupancy rates in limited service hotels (Figure 5-3). As mentioned previously, Hurricane Katrina skewed occupancy levels higher than normal during those two years, as people were displaced from coastal areas to inland locations like Alexandria in search of temporary housing. Although occupancy declined roughly 20% from 2006 to 2007, occupancy rates have been steadily recovering over the past two years, despite the addition of several hundred new hotel rooms on the market. By the end of 2008, the occupancy rate of limited service hotels had increased to a 61%, and as a general rule, hotel investors will look for sustained occupancy rates of 65% before adding new rooms to a market. This is a very positive sign for Alexandria's hotel market and demonstrates that the market is resilient and large enough to absorb the new hotel rooms and suggests that the market may have been underserved with higher quality, limited service hotels.

Figure 5-3

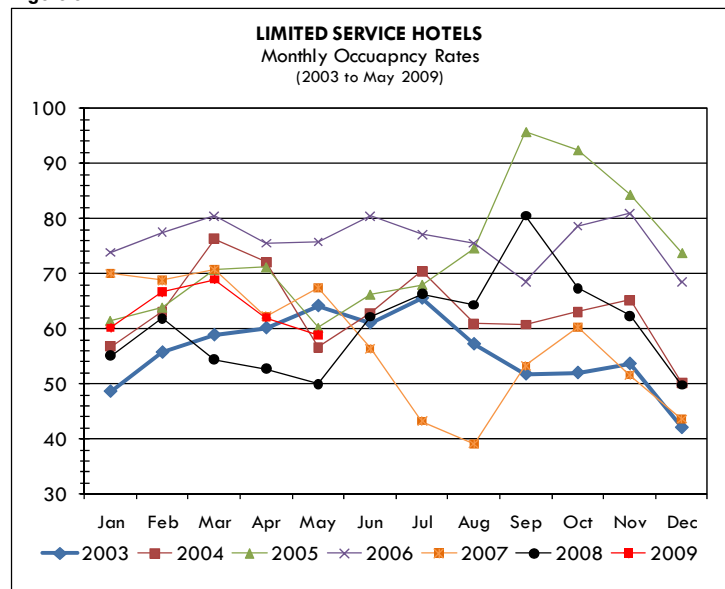


Source: Smith Travel Research and RKG Associates, Inc., 2009

Typically, occupancy will decrease when new rooms come on-line and the market adjusts to the new supply. In 2008, 186 rooms were added to the hotel supply. It is interesting to note that overall occupancy during last year actually increased from 55% to 60%, which indicates that the new units were very quickly absorbed into the market. Trends in the first half of 2009 indicate that occupancy rates have continued to rise in 2009 (63.3%) despite a deep economic recession and reduced travel among business and leisure travelers, providing further indication that Alexandria may have been underserved by quality hotel rooms.

To understand the peak periods for hotel room demand, monthly and daily occupancy trends were analyzed. The 2005 occupancy peaked in September, which is largely due to Hurricane Katrina. Occupancy again peaked in September of 2008, largely due to Hurricane Ike; although not as pronounced as in 2005. The recent hotel room increases have created extremely varied monthly occupancy rates. However, in most years, hotel occupancy in limited service hotels peaks during the month of March (Figure 5-4). There are Mardi Gras celebrations held during this month which likely account for the increased occupancy.

Figure 5-4



Source: Smith Travel Research and RKG Associates, Inc., 2009

In addition, convention and conference business peaks during the spring months. RKG's analysis the city's convention center event data indicate that nearly 50% of event days occur between February and May. In most years occupancy also climbs again in September and October as convention and conference business picks up, but remains lower than the spring months. Hurricane events have also impacted the late summer and fall months in the past. Occupancy rates typically dip during the months of November, December, and January as travel decreases during the holiday season.

In 2007, there was a sharp decrease in hotel occupancy from June through August. The 171-room Baymont Inn opened in June of 2007 and overall occupancy suffered as the room supply increased abruptly. In 2008, occupancy levels slightly declined March through May. The 106-room Hampton Inn and 80-room Comfort Inn and Suites opened in March and April of that year, respectively. It is likely that both these declines in hotel occupancy are reflective of the market adjusting to the new hotel rooms that came on-line during this time.

A review of daily occupancy trends reveal that peak demand typically occurs on Tuesdays and Wednesdays and drops off on Thursday through Sunday (Figure 5-5). Strong Monday through Wednesday occupancy indicates that limited service hotels are primarily catering to business travelers and people attending conventions and conferences in the city. Leisure travelers and tourists tend to travel on weekends.

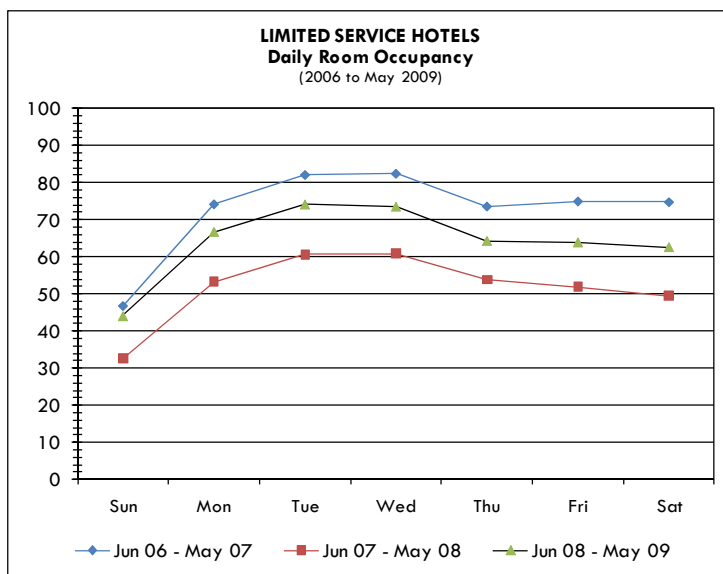
RKG's analysis of the city's convention center activity over the past five years supports that finding that much of the early week hotel demand is being driven by conference and convention center business. Most of the meeting events held in the Alexandria tend to be three days or less and generally occur in the front part of the week.

b.) Budget Hotels

The budget hotel occupancy trends are very different from the limited service trends. While both show a spike in occupancy in 2005 and 2006, budget hotel occupancy rates have steadily declined since 2006 (Figure 5-6). There have been no new rooms added to the supply of budget hotels for the six and a half year study period and demand has eroded each of the last five years. Trends in the first half of 2009 indicate that occupancy has recently dropped below 60%.

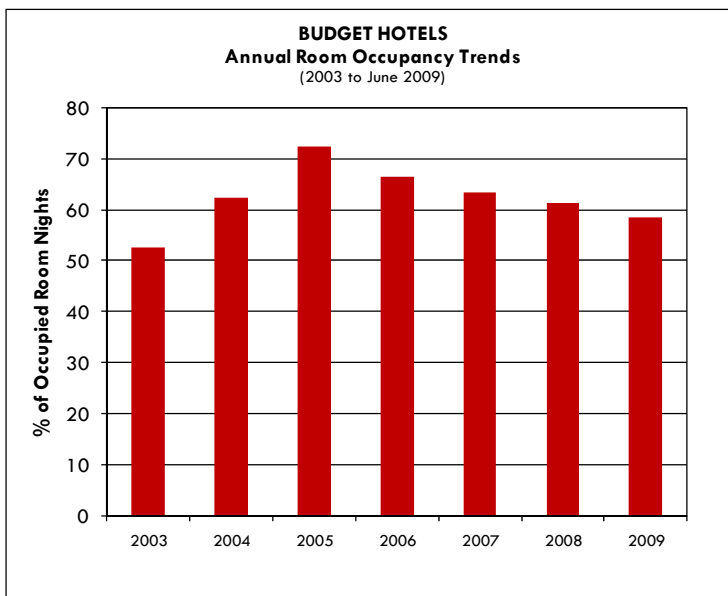
It is clear from the data that the local budget hotels have experienced steady drops in occupancy as limited service hotels have expanded. The enhanced quality of new hotel rooms exceeds those of the budget hotels and travelers are making a conscious choice for higher quality hotels.

Figure 5-5



Source: Smith Travel Research and RKG Associates, Inc., 2009

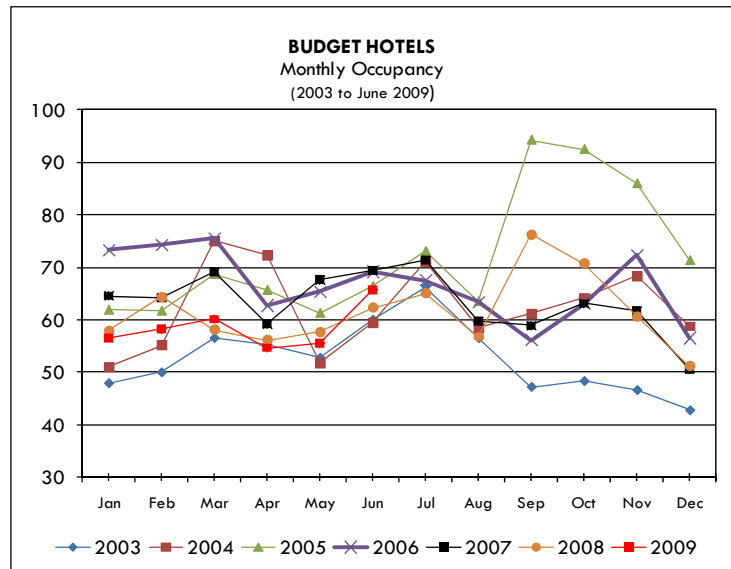
Figure 5-6



Source: Smith Travel Research and RKG Associates, Inc., 2009

In terms of monthly occupancy trends, occupancy peaked in September of 2005 and 2008, largely due to Hurricane Katrina and Hurricane Ike (Figure 5-7). Similar to limited service hotel trends, occupancy peaks in March of most years. The budget hotel data also shows occupancy peaking in July. Every July the Louisiana Rural Water Board holds an annual conference in Alexandria. Approximately 1,200 people attend this conference, which is a little more than half of the total room supply in the City. The annual Rural Water Board conference may be increasing occupancy during this month.

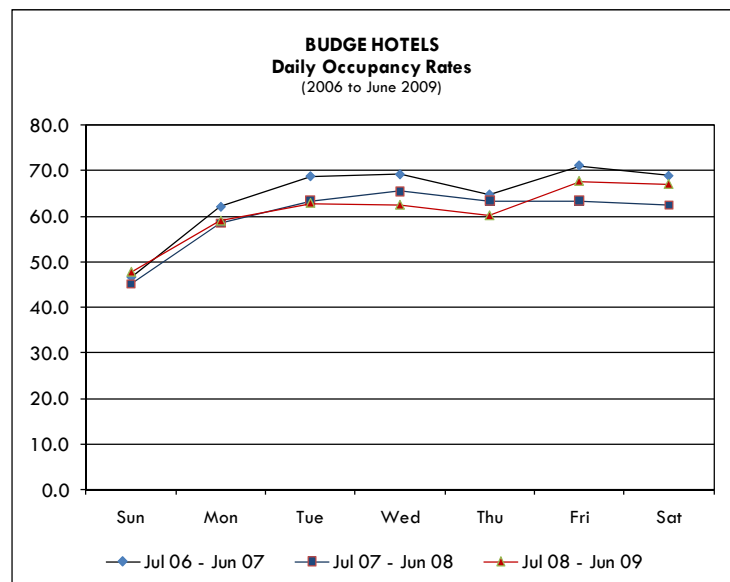
Figure 5-7



Source: Smith Travel Research and RKG Associates, Inc., 2009

The daily occupancy trends show that Tuesday and Wednesday and Friday and Saturday are peak occupancy periods during the average week (Figure 5-8). The higher weekend occupancy for budget hotels indicates they may appeal to leisure and transient travelers. In addition, the high early-week demand may suggest that some budget hotels are benefiting from the city's conference and convention business.

Figure 5-8



Source: Smith Travel Research and RKG Associates, Inc., 2009

6. Average Room Rates and RevPAR Trends

a.) Limited Service Hotels

The average daily room rate charged by a hotel is an indicator of the quality of the hotel and the demand for hotel rooms. Hospitality venues that have a relatively high room rate within a given market generally offer more amenities and services and have a higher quality interior fit-up.

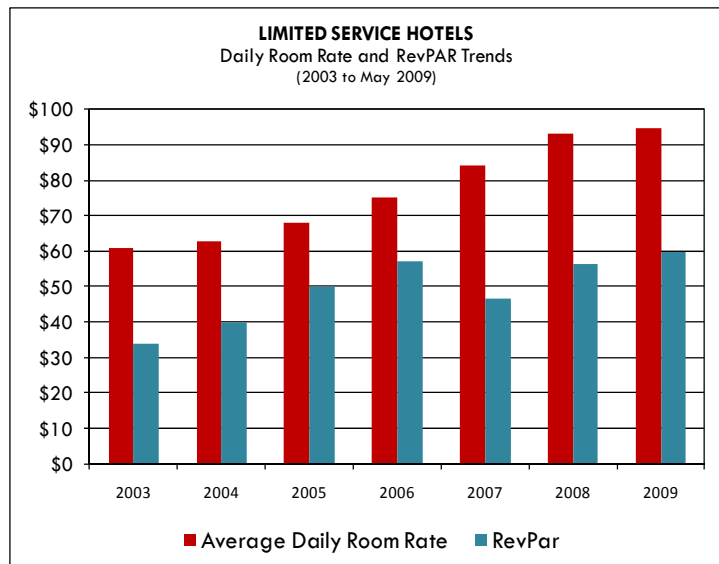
Room rates for the limited service hotels in Alexandria have been steadily climbing since 2003. Of the limited service hotels studied, average daily room rates have increased over the past six years from \$60.78 to \$93.09 in 2008. This has resulted in a 53% increase, which exceeds the rate of inflation by approximately \$21 during this period. Trends show that the average daily room rate has continued to increase into the first half of 2009 to \$94.70.

Revenue per available room, or RevPAR, is one of the most important measurements in the hotel industry for measuring hotel efficiency. In contrast to average room rates, which reflect the average daily rate charged for occupied rooms, RevPAR is a measure of average revenues per available room night throughout an entire year. For example, a 100-room hotel has 36,500 annual room-nights (100 rooms x 365 days per year). If this hotel has an occupancy rate of 50% (18,250 room-nights) and gross revenue of \$1,825,000 for a given year, then its average annual room rate would be \$100 and its average annual RevPAR would be \$50 (annual gross revenue/total annual room nights).

While the average room rate only measures current market pricing, without regard to the effectiveness of that room rate, RevPAR measures the efficiency of renting hotel rooms during low occupancy periods. Therefore, hotels with high room rates may experience higher vacancy rates, resulting in lower RevPAR, while more aggressively priced competitors with higher occupancy rates will achieve a higher RevPAR and greater operating efficiency.

The growth of RevPAR has slightly outpaced the growth in average daily room rates. Between 2003 and 2008, RevPAR increased 66% while the average daily room rate increased 53% (Figure 5-8). This gain reveals that the hotels improved their operating efficiency while raising room rates. RevPAR has continued to grow into the first half of 2009 to \$59.93, which is at the highest level during the 2003-2009 study period. Despite a 12% drop in occupancy since 2006, limited service hotels have continued to raise room rates without negatively impacting RevPAR. This relationship between rising room rates and RevPAR further supports the finding that the limited service hotel market is quite strong and has captured market share from budget hotels during a period of expansion.

Figure 5-8



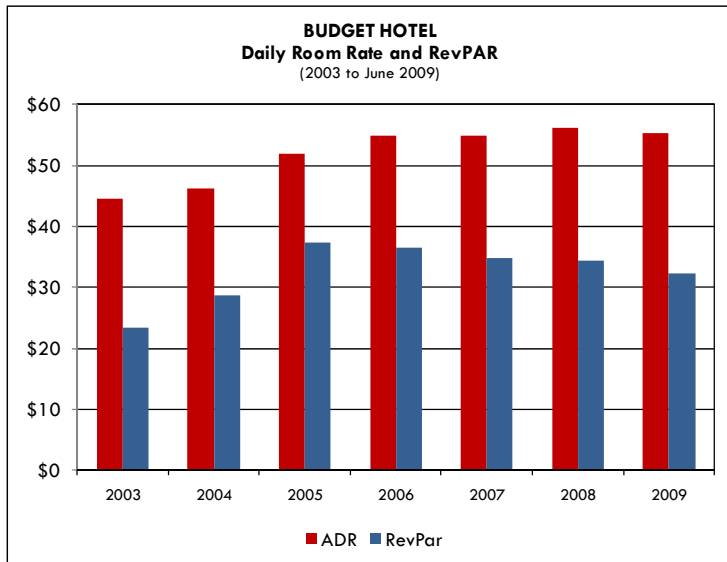
Source: Smith Travel Research and RKG Associates, Inc., 2009

c.) Budget Hotels

Budget hotel room rates have increased at a slower pace (26.2%) than the limited service hotels (53.2%) during the study period. From 2003 to 2008, the average daily room rate increased from \$44.47 to \$56.11 (Figure 5-9). Although the room rate has increased at a slower rate than limited service hotels, the budget hotel increase still exceeds the inflation rate by about \$4 dollars. During the first half of 2009, Smith Travel Research reports the average daily room rate for budget hotels slightly decreased to \$55.27. This drop in room pricing is likely in response to a 14% reduction in occupancy rates, which have occurred since the end of 2005.

Budget hotel RevPAR trends indicate that RevPAR has increased 47% from \$23.38 in 2003 to \$34.44 in 2008. The increase in RevPAR has outpaced the average daily room rate growth. However, it should be noted that RevPAR dropped to \$32.30 in the first half of 2009 and has been declining steadily since it peaked in 2005. In order to improve operating efficiency in a more competitive hotel market, budget hotels will likely have to reduce room rates to increase occupancy and RevPAR.

Figure 5-9



Source: Smith Travel Research and RKG Associates, Inc., 2009

6. Implications for Downtown Hotels

In 2007 and 2008, a total of 354 limited service rooms were added to the hotel supply. RKG's analysis indicates that the market has quickly absorbed these units. Although occupancy declined in 2007, it bounced back in 2008 and continues to increase into 2009 to about 63%. At the same time, RevPAR has increased, which typically indicates that limited service hotels are improving their operating efficiency while raising daily room rates. This resiliency in the market, and the lack of higher quality hotels, is likely going to attract new hotel development in the relative new future.

There are preliminary plans for two Marriott hotels, a Holiday Inn Express, and a full-service Holiday Inn to locate to the area. No construction has been initiated to date and it is unknown when development of these hotels will actually occur. However, the two proposed Marriott hotels that are approved for development will constitute an upgrade to the current hotel offerings in Alexandria.

The Alexander Fulton and Hotel Bentley operate in a different market context than many of the hotels included in this analysis. Because of their downtown location, they do not enjoy the same highway visibility and access that most highway hotels enjoy. As such, they are less likely to capture transient business from people traveling through the region in route to other destinations. The two downtown hotels must rely on steady convention and travel tour business, as well as a strong reservation network in order to compete. With the loss of a national hotel flag and reservation service, the Alexander Fulton is currently operating at a competitive disadvantage and will struggle until that is corrected. The level of convention and tour business activity contributes positively to downtown occupancy levels, but is far too low to sustain either of these hotels without developing other sources of demand.

Given the resiliency in the local hotel market, sustained occupancy rates in limited service hotels could rise above 65% in the next 18 months, which will create an opportunity for a new hotel to enter the market. The Alexander Fulton has the potential to be the only full-service hotel in the city and if a strong hotel operator and national flag are secured, the hotel will be in a much better competitive position.

The Hotel Bentley is a historic hotel that has not been in operation since 2004. In order to become a functional hotel again, it will need major renovations of its lobby, main function/ballrooms rooms, kitchen, and 182 guest rooms. The financial feasibility of operating the Bentley as a historic hotel will depend on the cost of renovation, the potential for public subsidies, and the future success of the Riverfront Convention Center. Adding to the downtown's hotel room supply will help boost convention

center business, which is currently constrained by the lack of quality hotel rooms in close proximity to the Riverfront Convention Center. For an analysis of the city's convention facilities, refer to Section 6 of this report.

6 CONVENTION CENTER MARKET ANALYSIS

A. INTRODUCTION

RKG Associates gathered and analyzed data for convention centers and local conference facilities in order to determine the current supply and demand for facilities considered competitive with the City of Alexandria's Riverfront Convention Center located downtown. In all, eight facilities were included in the analysis, from locations including Alexandria, Baton Rouge, Lafayette, Shreveport, and Marksville. These five cities and their respective convention facilities were selected to represent the Central Louisiana convention center market consider most comparable to the Riverfront Convention Center. The Shreveport Convention Center was not included due to the significant size difference between that facility and the other eight included in the analysis. The size difference indicates that the Shreveport Convention Center is competing in a larger event market, and is not considered comparable to the Alexandria Riverfront Center (ARC).

Facility amenities, function/ballroom space, convention hotels, and event characteristics were considered in RKG's analysis. The intent of this study was to determine the competitive position of the Alexandria Riverfront Center relative to other facilities with which it competes. Based on this analysis, the City and CVB staff should be better equipped to reposition the Riverfront Center to improve its competitiveness within the regional convention market. Since most operating information for these facilities is proprietary, RKG Associates utilized a variety of data sources to compensate, including facility websites, interviews with facility and CVB staff, and online event organizer databases. And while the level of detail for one facility may not be available for all, a general sense of the competitive nature of each facility was established.

Since hotel meeting space is a related function of convention center facilities, RKG Associates also performed a similar analysis of hotel conference and meeting space located within Rapides Parish, including the Alexander Fulton Hotel, the Best Western Hotel and Convention Center, and the Baymont Inn & Suites Sai Convention Center. The last two are private hotel conference centers located north of the Riverfront Center on MacArthur Boulevard. The results of this research provide a competitive context within which to frame the Alexander Fulton Hotel's meeting space.

B. SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

Competitive Facilities Profile

- Competitive convention facilities range in size from less than 12,000 square feet to 180,000 square feet and can host anywhere from less than 100 to 28,000 people. ARC has about 60,000 square feet and can host 6,700 people, including about 3,500 in the main hall.
- The ARC represents the middle of the competitive field in amenities (it shares all the amenities offered by a majority of the facilities) and size (it is in between the other eight in terms of square feet).

- Most are in more suburban locations, but some are in downtown urban areas (i.e., ARC and Baton Rouge River Center). ARC's unique downtown location should be used as a marketable asset as the downtown area continues to revitalize.

Convention Event Profile

- Since 2004, the largest share of convention event days (33%) has been consumed by state associations, such as the Louisiana Rural Water Board and the Police Jury Association of Louisiana. An additional 30% is reserved for religious and fraternal events.
- According from CVB data, an estimated 52% of the events hosted at the Alexandria Riverfront Center since 2004 were one day or shorter in length, while the same figure for the Best Western facility was 43% and the Sai Convention Center was 38%. The more event days per delegate, the greater the potential economic impact per event.
- Very few multi-day events, which attract out-of-town or out-of-state visitors, are held at any of the local facilities analyzed. Of those that meet this standard, most are state organizations and associations, which often change facilities on an annual basis, rotating through the state's different facilities and only visiting the same facility once every few years. The other exceptions are religious events, which have the ability to attract delegates from outside the region and state for multiday conventions. The remainder of each facility's event days is largely filled with events that, while perhaps being multiday, do not necessarily require the use of hotel space in the downtown.
- Over 90% of convention events held at the Best Western and Sai Convention Center cater to groups fewer than 500 people, while only 41% of Riverfront Center events are that size. However, despite the best intentions of the CVB to focus their marketing efforts on larger, regional conventions, that goal may not be realistic or achievable in the short-term until problems with the downtown convention hotels have been resolved.
- In order to sustain the two downtown hotels at 60% occupancy, demand for 77,964 annual room nights ($356 \text{ rooms} \times 365 \text{ days} = 129,940 \text{ room nights} \times .60\%$) would be required (Table 6-8). If these room nights were generated by downtown convention business exclusively, the current number of events and total event days would have to increase to support this level of business.
- RKG estimates that roughly 99 events per year, generating 191 annual event days would be required, resulting in a facility utilization rate of 52% per year. These estimates assume that future convention center events would have the same characteristics as those hosted over the past 5 ½ years. This level of convention activity seems realistic and achievable based on recent operations and represents a 10% to 15% increase over 2008 levels.

Alexandria Fulton Hotel

- Based on RKG's lodging experience at the Alexander Fulton Hotel, the wireless Internet was not functional nor was the elevator in the main lobby, which was being repaired. A water leak in the ceiling was observed in one of the main function/ballrooms and the hotel restaurant offered a lunch buffet but was not open for dinner. The guest rooms inspected were generally clean but somewhat dated and will require an upgrade of furnishing. While the potential exists for the Alexander Fulton to operate at a higher level in the future, the current level of operation is insufficient to achieve acceptable occupancy and room rates.

Hotel Meeting Space Profile

- There are five hotels with meeting space in Alexandria (including Alexander Fulton Hotel), but all except the Alexander Fulton Hotel have less than 1,000 square feet of meeting space, which has more than 11,000 square feet. The significant spread between the sizes of these facilities indicates that the Alexander Fulton Hotel is in a class unto itself with the ability to service much larger events than the other hotels.
- Alexander Fulton Hotel houses the only available hotel meeting space in the downtown—all other facilities are located on Macarthur Drive. While the current stock of amenities is much more plentiful on Macarthur than around the Fulton, the redevelopment of the downtown could supply it with a unique urban environment unmatched by the offerings on Macarthur.

C. COMPETITIVE CONVENTION CENTER PROFILE

1. Overview of Analysis

RKG Associates prepared a detailed inventory of the most competitive convention centers located within reasonable proximity of Downtown Alexandria. This group also included two privately-owned convention facilities located in Alexandria that share many of the same event characteristics as the Riverfront Convention Center. These facilities include:

- Alexandria Riverfront Convention Center – Alexandria, LA
- Best Western of Alexandria Inn & Suites & Convention Center – Alexandria, LA
- Sai Convention Center & Hotel – Alexandria, LA
- Paragon Casino & Resort – Marksville, LA
- Bossier City Civic Center – Bossier City, LA
- Cajundome & Convention Center – Lafayette, LA
- Heymann Center for the Performing Arts – Lafayette, LA
- Baton Rouge River Center – Baton Rouge, LA

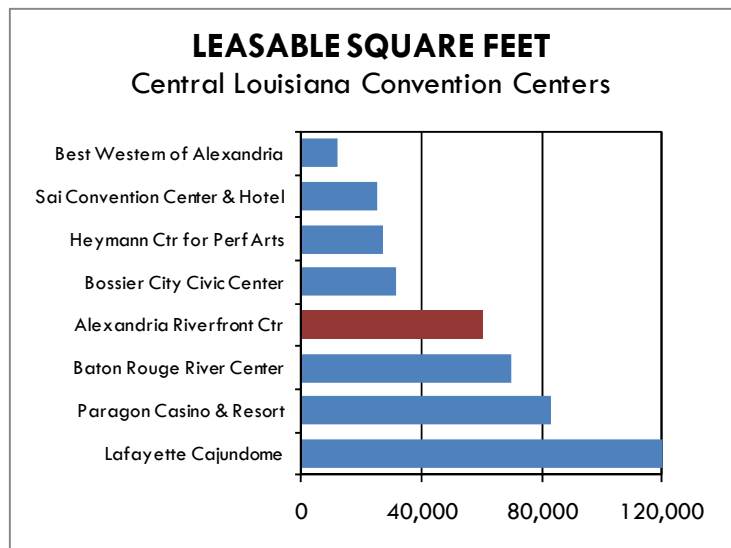
Data collected included the size of the facility, room count, minimum and maximum attendee figures, facility amenities, and adjacent convention hotels. Data regarding the frequency of events, the geographic area served by the facility's events, and the types of organizations utilizing the facility were also tabulated. This data was collected in order to assess Alexandria Riverfront Center's position in the regional convention center market. Understanding the competitive advantages of each facility will provide ARC's management with an increased understanding of how to increase its prominence in the region. Since the purpose of this report is not to detail every feature of every competing facility, but to show ARC's competitive position, the full details of each facility have been excluded from or summarized in the main section of the report, while the full details of these findings can be found in the appendix section.

2. Facility Analysis

a.) Convention Center Facilities

The Alexandria Riverfront Center contains approximately 60,000 square feet of leasable space, including a 31,240 square foot main exhibit hall, a 12,000 outdoor exhibit space, a 7,000 square foot plaza, and a 5,000 square foot lobby (Figure 6-1). Amenities within the facility include phone service and wireless internet, security services (provided by local police), and at-grade loading areas. Off-site amenities include five restaurants within 1/3 miles, a unique, downtown environment, and the nearby riverfront. The only hotel within one quarter mile of the convention center is the 173 room Alexander Fulton Hotel with an average room rate of \$95, which is attached to the Convention Center. Amenities at the hotel include wireless internet, business center, full service restaurant, meeting space, a pool, and a fitness room.

Figure 6-1



Source: CVent Supplier Network website, Facility Website, and RKG, 2009

The ARC is the fourth largest convention center of the eight that were examined, totaling about 60,000 square feet. The facility's facilities allow for a maximum of about 6,700 attendees occupying the entire facility and room for about 3,500 people in the main exhibit hall.

b.) Convention Center Amenities

The Riverfront Center's amenities include telecommunications (telephone services and wireless internet), medical and security services, loading docks, and on-site parking (Table 6-1). These amenities are quite common among the surveyed facilities. Catering is not considered an amenity at the facility, since they have no in-house caterer nor do they make any recommendations on outside caterers. Catering is allowed, but the user will need to find an outside company to provide it.

Table 6-1

Amenity Profile

Central Louisiana Convention Centers (2009)

Amenity	Telecom	Catering	Medical/ Security Svcs.	Stagehand/ AV Support	Loading Docks	On-Site Parking
Share of Total Facilities	88%	88%	63%	38%	88%	100%
Alexandria Riverfront Ctr	Yes	Yes	Yes		Yes	Yes

Source: CVent Supplier Network, Facility Websites, and RKG Associates, Inc., 2009

c.) **Convention Hotels**

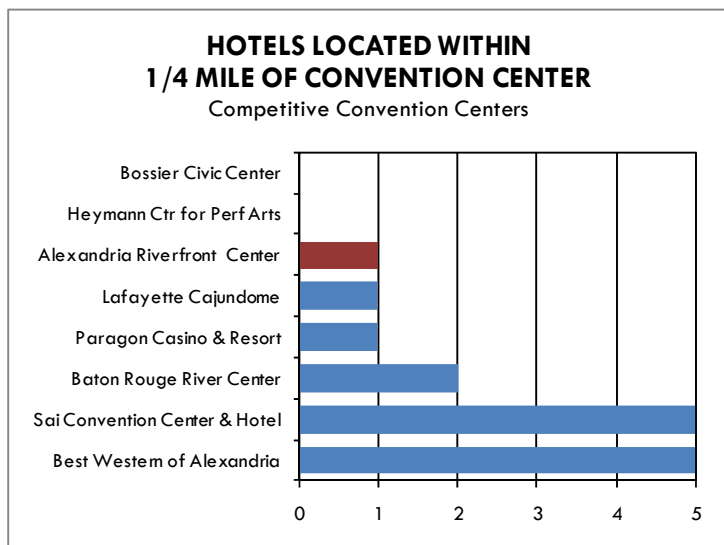
The quantity and amenities of adjacent hotels are critical resources for a convention center. As most convention center hotels are not large enough to accommodate every delegate, overflow hotels are often necessary to meet the needs of larger groups. As such, the convenience and quality of overflow hotels is an important factor in selling conventions to larger groups.

RKG used a distance of one quarter mile to identify the number of hotels and rooms located within reasonable walking distance of the Riverfront Center. While it is not uncommon for overflow hotels to be located farther away from the convention center, requiring delegates to drive or shuttle to daily events, it is considered less desirable by convention organizers.

Four of the convention facilities have hotels attached to the convention hall, including the Alexander Fulton Hotel, which has 171 rooms (not all currently available) (Figure 6-2). The Hotel Bentley, were it still open, would provide an additional 184 hotel rooms with a climate controlled walkway connecting to the Riverfront Center. However, the Hotel Bentley has not functioned as a hotel since 2004, and has had a variable operating history over the past several decades.

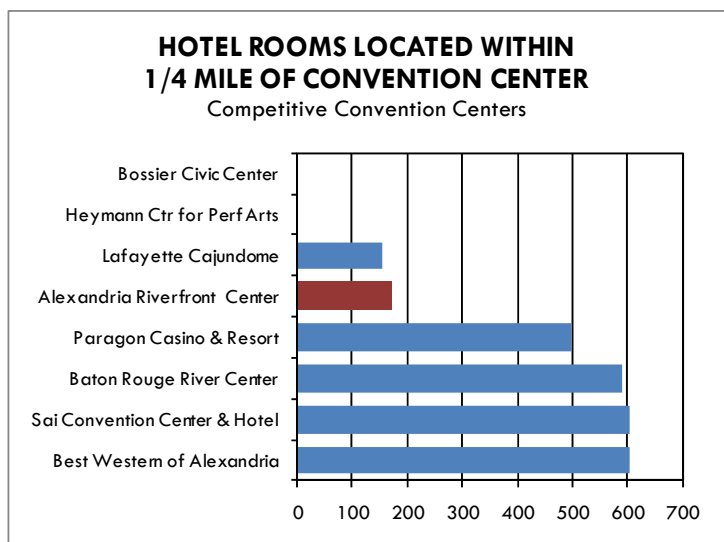
The other two private convention facilities in Alexandria have more than triple the number of nearby hotel rooms (600 rooms) along MacArthur Boulevard, despite having much smaller convention facilities (Figure 6-3). These hotels are located in a traditional strip commercial corridor where a number of national hotel chains have located. The Baton Rouge River Center located in Downtown Baton Rouge e, and the Paragon Casino & Resort in Marksville, LA also have several hundred additional hotel rooms located in close proximity.

Figure 6-2



Source: RKG Associates, Inc., 2009

Figure 6-3



Source: RKG Associates, Inc., 2009

d.) Convention Hotel Amenities

The amenities of the Alexander Fulton Hotel are commonly found in competing facilities. For every amenity offered by more than 50% of the convention hotels, the Alexander Fulton Hotel offers it as well, including wireless internet, a business center, full service restaurant, meeting space, a pool, and a fitness center (Table 6-2). However, the Alexander Fulton Hotel does not offer many of the amenities found at the higher-end conference hotels, such as a Hilton or Marriott, including a concierge desk, sundry store, or transportation shuttle.

Table 6-2

Amenity Profile of Convention Center Hotels
Central Louisiana Convention Centers

	Wireless Internet	Business Center	Full Service Restaurant	Meeting Space	Shuttle	Pool	Fitness Room	Sundry Store	Concierge Desk
Share of Hotels	100%	90%	70%	70%	20%	100%	80%	40%	30%
Alexander Fulton Hotel	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No

Source: RKG Associates, Inc., 2009

Based on RKG's lodging stay at the Alexander Fulton Hotel, the wireless Internet was not functional nor was the elevator in the main lobby. A water leak in the ceiling was observed in one of the main function/ballrooms and the hotel restaurant offered a lunch buffet but was not open for dinner. The guest rooms inspected were generally clean but somewhat dated and will require an upgrade of furnishing. While the potential exists for the Alexander Fulton to operate at a higher level in the future, the current level of operation is insufficient to achieve acceptable occupancy and room rates. Also, anecdotal information obtained through interviews indicates that convention business has suffered, and in some instances has been lost, due to subpar accommodations and management while under the Alexander Fulton name, as well as its former flag affiliation, Holiday Inn Express.

In defense of the current hotel management team, bankruptcy proceedings involving the owner of the hotel tower have created great disruption in the hotel's daily operations, as well as the availability of operating funds to address many of the on-going maintenance and operational problems. With a new owner and manager, these issues can be corrected over time.

Regarding off-site amenities, RKG Associates identified the number of restaurants located within a 5 minute walk of all the competitive convention centers. The Riverfront Center had a total of 5 restaurants located within convenient walking distance, while the other local convention centers on MacArthur Boulevard had 8 restaurant selections. The Paragon Resort & Casino reported the highest number of 23 restaurants located within the resort and convention complex. The Baton Rouge River Center has 12 nearby restaurants in a similar downtown setting as Alexandria.

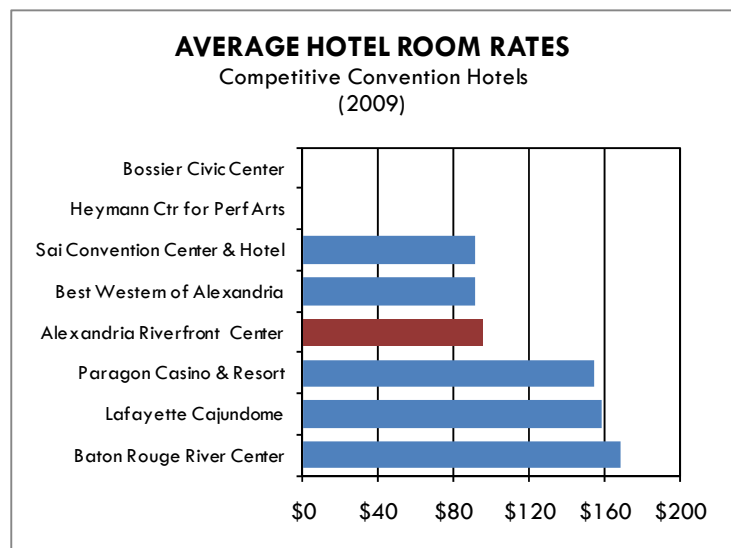
e.) Convention Hotel Room Rates

Pricing for convention center hotels is strongly correlated with the location, level of amenities, and the hotel's level of service. In this case, the convention centers which are associated with hotels offering a wider array of higher-end services also have higher average room rates, approximately \$160 (Figure 6-4). The rates for Alexandria's convention center hotels, however, are much lower, at just under \$100 for each facility. These hotels, including the Alexander Fulton Hotel, cater to a more price sensitive hotel and convention market.

One of the most unique aspects of the Alexandria Riverfront Center is its downtown location. While almost all the other facilities have amenities within walking distance, only the Baton Rouge River Center is in a downtown location, which can offer a much more pleasant pedestrian environment than an automobile-oriented corridor, where there may be a wide selection of restaurants, but the walk to and from these establishments is difficult, if not dangerous. This is the case for the two convention

facilities on MacArthur Drive—there are plenty of retail stores and restaurants within walking distance (about 1/4 miles), but the walk to get to these amenities does not always include sidewalks and may necessitate the crossing of a major thoroughfare without the benefit of a crosswalk. This would not typically be viewed as a “walkable” convention arrangement, despite the relative abundance of amenities. While downtown Alexandria is not currently able to offer the quantity of off-site attractions found in other convention cities, the necessary infrastructure is already in place to create a pleasant pedestrian experience just outside the conference center doors, which would not be easily replicated at most of the other facilities

Figure 6-4



Source: Orbitz and RKG, Associates, Inc. 2009

D. CONVENTION CENTER EVENT CHARACTERISTICS

1. Local Convention Event Analysis

The Alexandria Riverfront Center is operated by the Alexandria Pineville Area Convention and Visitors Bureau (CVB), and financially supported by the City of Alexandria through its hotel/motel occupancy tax. The other two local convention facilities, the Best Western of Alexandria Inn & Suites & Conference Center and the Sai Convention Center & Hotel (affiliated with Baymont Inn & Suites) are owned and operated by private companies. In order to understand the nature of the local convention business, RKG Associates analyzed event data for each facility provided by the CVB. The data include the types of organizations, number of events, number of attendees, and number days per event, and economic impact over the past five years. However, the data is not 100% complete and has been entered into the database intermittently as hotels and convention organizers provide the information to the CVB. The same is true for the Riverfront Convention Center, which has incomplete event data, but according to CVB staff, the data accurately characterize the types of events occurring in the City, if not the actual number of events.

The intent of this analysis was to understand how the Riverfront Center, Best Western and Sai Conference Center currently function and to identify areas of overlapping business segments, as well as potential business opportunities that are not yet developed. It is important that the operation of these three facilities complement each other rather than compete for the same business, which has been an occasional problem in the past. Each facility offers a different package of amenities and services

and is able to attract groups of different sizes and types. Event data for the other five convention centers was not available to the consultants and could not be analyzed to the same level of detail.

2. Alexandria Riverfront Center Event Activity (2004-2009 YTD)

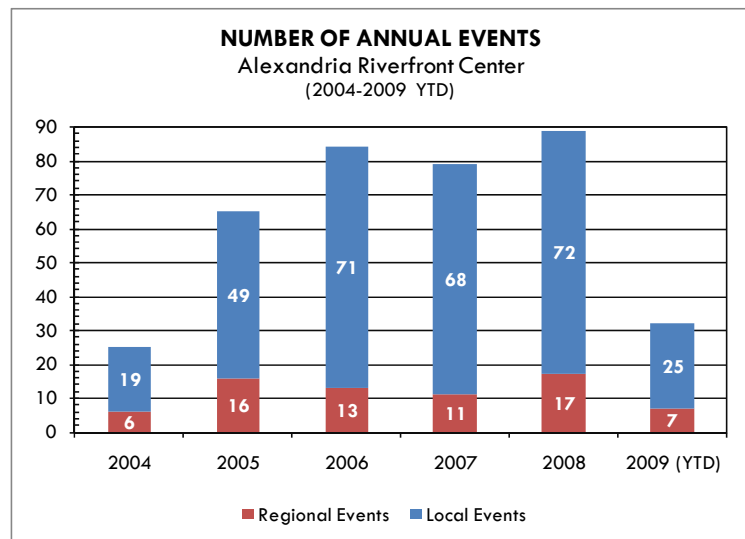
The Alexandria Riverfront Center is operated by the Alexandria Pineville Area Convention and Visitors Bureau (CVB). In order to understand the nature of the local convention center market, RKG Associates analyzed various components of each facility, including the types of users, number of events, number of attendees, and number of days per event over the last five years. This data was used to gauge the types and frequency of convention and meeting activities in the area. The findings of this analysis were reviewed with the CVB and are considered to be generally reliable in assessing overall trends.

The intent of this analysis is to further the success of each of the City's facilities in attracting convention and meeting activity without cannibalizing the growth of the others. Each facility is adequate in its own right to host facilities and each has a unique client base and amenity package, but assessing the current characteristics of each facility will bring additional value to both the City and the operators.

a.) Annual Event Load

The number of events held at the Alexandria Riverfront Center has increased from 25 in 2004 to 89 in 2008, for an increase of 256% (Figure 6-5). During this time, the share of regional events, or those drawing visitors from outside the Alexandria-Pineville area, has varied annually, from a high of 25% in 2004 to a low of 14% in 2007. During the 2004-2009 YTD study period, only 19% (70 events) of 374 events were classified as regional events (Table 6-3). Regional events are an important driver of economic impacts, since they are more likely to generate overnight stays by convention goers, which typically include spending on hotel rooms, food, and other items. Local events do not have the same economic impact on the community, since attendees are able to go home at the end of the day and tend to make fewer purchases while in town.

Figure 6-5



Source: Alexandria/Pineville Convention and Visitors Bureau and RKG Associates, Inc., 2009

b.) Estimated Annual Utilization Rate

An average of 68 events per year have been held at the Riverfront Center during the past 5 ½ years. The data depicted in Figure 6-5 were obtained from an event list provided by the facility manager and is believed to be the most complete listing of annual events. Unfortunately, the event list was not accompanied by operational data regarding the number of attendees, number of event days or other pertinent information. However, if the events shown in Figure 6-5 have the same characteristics as those in the CVB event database, it is estimated that the 374 events held at the Riverfront Center since 2004 would have generated and estimated 682 to 753 event days (calculated as the number of events times 1.92 event

days per event). If the convention center could host one event per day, 365 days per year, that would translate into an annual utilization rate of between 34% to 38%.

While 100% utilization is not achievable in most cases, the highest operating efficiency occurred in 2008 with a utilization rate of 47%, while the lowest occurred in 2004 at only 13%. Despite the rough nature of the utilization estimates, they hint at a convention center with considerable potential to generate additional events in the downtown, resulting in increased hotel room demand and other ancillary spending.

c.) **Event Organizers**

Table 6-3 contains the detailed list of events described above with the event organizers denoted, as well as the number of events held at the convention center in a given year. With the help of the Alexandria/ Pineville CVB, each event was designated as either regional or local in nature, based on where the attendees would come from. Local events would draw attendees from the immediate area of Rapides Parish and regional events would attract attendees from beyond the county.

The top portion of the table includes all of the regional event organizers by number of events since 2004. The bottom portion shows the top 20 local event organizers, as well as a total for all other local events during that same period. The local events outnumber the regional events by a ratio of 4:1.

The table shading highlights the repeat usage of the facility year-over-year as denoted by continuous shading, as well as the intensity of use by

Table 6-3
Riverfront Convention Center
Regional Events by Organizer

Organizer	Event Year						Total
	2004	2005	2006	2007	2008	2009	
Pentecostals of Alexandria		4	2	1	2		9
LA Rural Water Assn.	2	1	2	1	1	1	8
AAA Auto		2		1	1	1	5
Alexandria Dixie Girls Softball League			1		3	1	5
LA Parent Congress, Title One		1	1	1	2		5
Coburn Supply		1	2	1			4
Environmental Regulatory Conference		1		1	1	1	4
Police Jury Association of LA		1			3		4
Woodmen of the World		1		1		2	4
LA Baptist Convention	1	1		1			3
LA Cattleman's Association		1	1	1			3
School Nutrition Association of LA			1	1	1		3
Assemblies of God					1	1	2
Grand Lodge of Louisiana			2				2
Order of the Eastern Star					2		2
Speech Pathologist & Audiologists of LA	1	1					2
Take Off Pounds Sensibly		1	1				2
Knights of Columbus				1			1
LA School Board Association	1						1
LACUE	1						1
TOTAL EVENTS - REGION	6	16	13	11	17	7	70
ESTIMATED EVENT DAYS (2004-2009 YTD)	12	31	25	21	33	13	134

Riverfront Convention Center
Top 20 Local Events by Organizer

City of Alexandria		1	7	1	4	2	15
Convention & Visitors Bureau			4	3	4		11
Dana Pitcher Productions, Inc.			2	4	4		10
Krewe of Gratiae		2	2	1	2	2	9
Rapides Regional Medical Center	1	1	2	4	1		9
Tiger Athletic Foundation		2	2	1	2	2	9
Christus Cabrini Foundation		1	2	3	2		8
Krewe of Parlangua		2	1	1	2	2	8
LA Restaurant Assn.	1	1	2	1	1	2	8
LSUA			3	2	2	1	8
The Friendship House		2	1	2	3		8
Junior League of Alexandria	1	2		1	3		7
Krewe of Boogaloo	1	2	1	1	1	1	7
Alexandria Senior High Prom			1	3	1	1	6
Bridal Extravaganza	1	1	2	1	1		6
Global Fighting Alliance, Inc.					4	2	6
Calvary Baptist Church	1	2	1	1			5
Menard High School		2		1	1	1	5
Captain Jack Promotions			4				4
Cm2 Productions, LLC.				1	3		4
All Other Local Events	13	27	32	38	31	10	151
TOTAL EVENTS - LOCAL	19	49	71	68	72	25	304
ESTIMATED EVENT DAYS (2004-2009 YTD)	36	94	136	131	138	48	584
TOTAL EVENTS - REGIONAL & LOCAL	25	65	84	79	89	32	374
ESTIMATED EVENT DAYS (2004-2009 YTD)	48	125	161	152	171	61	718

Source: Alexandria Pineville Area CVB & RKG Associates, Inc., 2009

individual event organizers, denoted as light to dark shading. This identifies the groups that most frequently utilize the facility; their rate of annual use, and their status as regional or local convention organizers.

Major regional users include the Pentecostals of Alexandria, Assemblies of God, the Louisiana Rural Water Association, the Police Jury Association of Louisiana, the School Nutrition Association of Louisiana, the Woodmen of the World, and the Grand Lodge of Alexandria. Local events comprise the majority of the events at the Riverfront Center, occupying a total share of at least 80% of all events annually since 2004. Major users include the City of Alexandria, the CVB, Mardi Gras-related events, and locally-promoted private entertainment events. These events cater to visitors who typically do not require an overnight hotel stay, and therefore do not have the same economic impact as multi-day event visitors.

The Convention Center has lost several annual events during the last few years for reasons including the lack of downtown amenities, concerns regarding the management of Alexander Fulton Hotel, the limited number of hotel rooms since the closing of the Hotel Bentley in 2004. The number of events has continued to rise in recent despite these concerns, however, the nature of the events are shifting away from multi-day regional events to shorter local events.

3. Convention Center Comparative Analysis

a.) Alexandria Riverfront Center

The Alexandria Riverfront Center plays hosts to three major user groups: state associations, religious groups, and fraternal organizations. Together, these three groups accounted for approximately 70% of the event days for the facility between 2004 and 2009 YTD (Figure 6-6). The major users within these groups are largely composed of the organizations mentioned earlier, and constitute the majority of the facility's multi-day events.

Another indicator of the geographic scope of the facility is the location of event organizer and delegates. In this category, the majority of the organizers and attendees (51%) came from regional locations (i.e., those outside of the Cities of Alexandria and Pineville). This percentage is much higher than the 19% regional event share reported by the CVB in Table 6-3, which may indicate that the CVB database contains more regional event listings than local events.

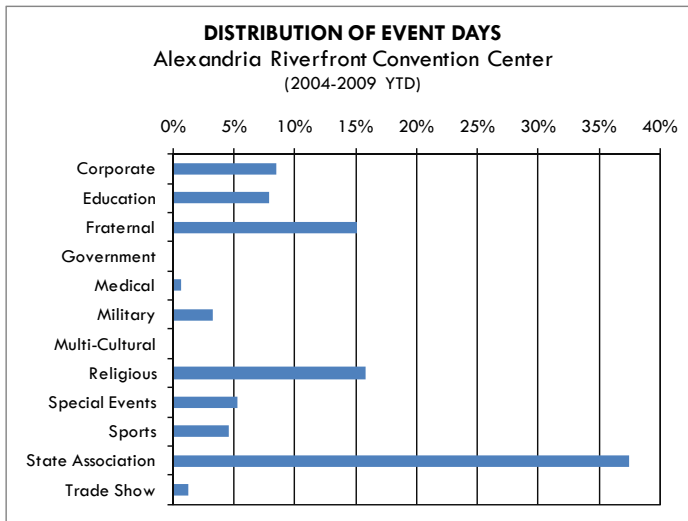
The four biggest single sources of event days were organized by event coordinators in Kinder, LA, Baton Rouge/Port Allen, LA, Lafayette, LA and Beaumont, TX. Kinder is the home of the state's rural water association, which holds regular meetings in Alexandria. Baton Rouge was largely comprised of events by the state's Police Jury Association, School Board Association, and state electric cooperatives. Lafayette's single organizer was the Woodmen of the World (a fraternal organization). Beaumont, Texas is the location of Coburn Supply, which is a plumbing, HVAC, and building product manufacturer which hosts a major trade show in Alexandria. The biggest numbers of events days for Alexandria were generated by several groups, including the Junior League of Alexandria, the Knights of Columbus, the Louisiana Baptist Convention, and the Louisiana Environmental Regulators Association.

According to CVB database, 79 Riverfront Center events since 2004 have produced 152 event days, which have attracted approximately 75,585 delegates for an average of nearly 956 delegates per event (Table 6-4). These events have generated roughly 129,145 total delegate days, which is equal the number of delegates attending each event multiplied by the number of event days per event.

Creating a ratio of total delegates to total delegate days produces a measure that roughly equates to the "effectiveness" of a facility in attracting multi-day events. In the case of the

Riverfront Center, each event generates less than two days (1.71) per delegate, indicating that many Riverfront events are not maximizing overnight stays. Upon closer review of the CVB data, the Riverfront Center has hosted nine 1-day events since 2004 with groups larger than 1,000 attendees. The events have accounted for roughly 19% (24,185 days) of all delegate days since 2004, which has driven down the average days per event, but has also produced reduced economic benefits.

Figure 6-6



Source: Alexandria/Pineville Convention and Visitors Bureau and RKG Associates, Inc., 2009

Table 6-4

Alexandria Riverfront Center**Top Five Event Organizer Locations**

Organizer Location	Event Days	
	Number	% Share
Alexandria-Pineville, LA	75	49%
Kinder, LA	20	13%
Baton Rouge-Port Allen, LA	23	15%
Lafayette, LA	3	2%
Beaumont, TX	5	3%
Other Regional Locations	26	17%
Total Event Days	152	100%
Total Delegates	75,585	
Total Delegate Days	129,145	
Delegate Day Multiplier	1.71	
% of Regional Event Days	51%	

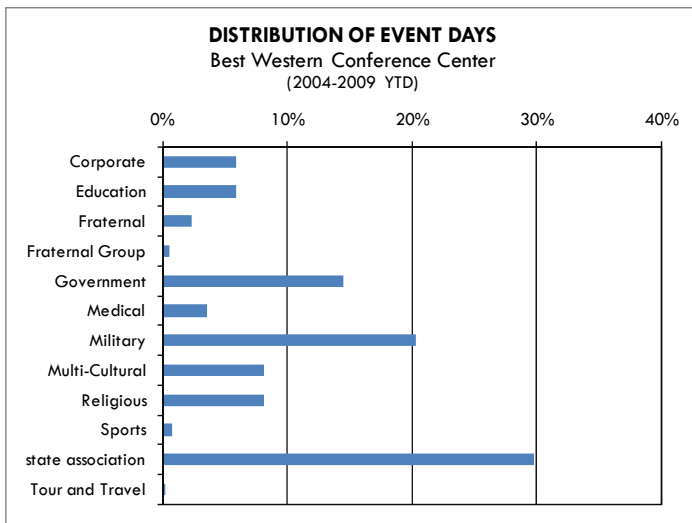
Source: APACVB & RKG Associates, Inc., 2009

b.) Best Western of Alexandria Hotel & Convention Center

The convention facility at the Best Western caters primarily to state associations, government agencies, and military users, occupying 65% of all event days (Figure 6-7). Regional organizers come largely from Baton Rouge-Port Allen, Raceland, Monroe, Houston, and Lafayette, Louisiana. Baton Rouge-Port Allen are mostly comprised of events held by the Louisiana Cattlemen's Association and the American Legion. Raceland is home to a major VFW post. Monroe's major organizers are the state department of social services, Louisiana Business & Professional Women, an Associated Press editorial association, and the state's foreign language teachers association. Houston is largely represented by the New Day Deliverance Holy Church. Lafayette's major organizers include the state's historical association, funeral association, school facilities manager's association, and Al Anon.

Total delegates to Best Western events total about 40,160, with total delegate days totaling almost 86,976, generating a delegate day multiplier of 2.17, almost a half a point higher than the Riverfront Center. This indicates that the Best Western Convention Center has been more effective at capturing multi-day events, even though there may be fewer events held at the facility (Table 6-5).

Figure 6-7



Source: Alexandria/Pineville Convention and Visitors Bureau and RKG Associates, Inc., 2009

Table 6-5

Best Western Convention Center**Top Five Event Organizer Locations**

Organizer Location	Event Days	
	Number	% Share
Alexandria-Pineville	147	37%
Baton Rouge-Port Arthur	88	22%
Raceland	19	5%
Monroe	12	3%
Houston, Texas	11	3%
Other Regional Locations	116	30%
Total Event Days	393	100%
Total Delegates	40,160	
Total Delegate Days	86,976	
Delegate Day Multiplier	2.17	
% of Regional Event Days	63%	

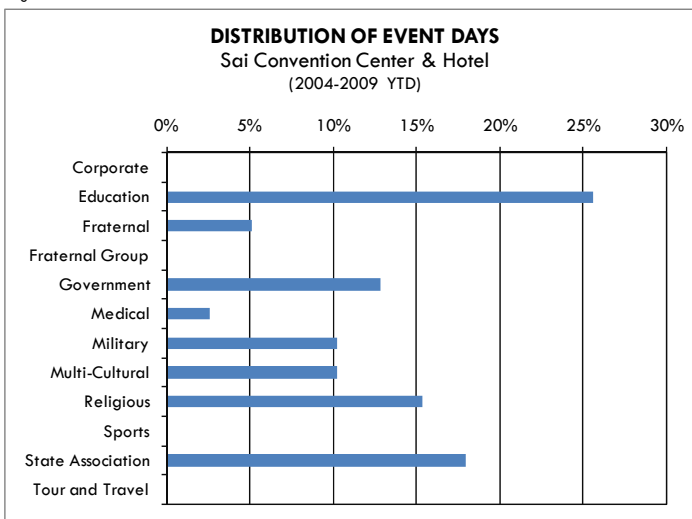
Source: APACVB & RKG Associates, Inc., 2009

c.)

d.) Sai Convention Center

The Sai Convention Center's three major event groups include education, multi-cultural events, and state associations, totaling 59% of event days (Figure 6-8). Sixty-three percent of the facility's event days are organized by regional coordinators. The five major regional organizer locations include Baton Rouge, Jena, Lafayette, Boyce, and Washington. Baton Rouge's major organizers are the state department of health and hospitals, department of education, ground water association, and school board association. Jena's sole organization utilizing the Sai Center is a Masonic Lodge. Lafayette is represented by the state's school facility manager's association and support staff association of libraries. Boyce is home to the Louisiana Lions, a fraternal organization. Washington's major organizer is the state's National Guard. The total delegate count for the Sai Center is much smaller than the other two facilities at just under 5,000, with 13,900 total delegate days. However, the Sai Center appears to have the most effective events in terms of capturing the longest visits per person per event, with a delegate day multiplier of 2.80 (Table 6-6).

Figure 6-8



Source: Alexandria/Pineville Convention and Visitors Bureau and RKG Associates, Inc., 2009

Table 6-6

Sai Convention Center & Hotel**Top Five Event Organizer Locations**

Organizer Location	Event Days	
	Number	% Share
Baton Rouge	10	26%
Alexandria-Pineville	14	36%
Walker	3	8%
Jena	3	8%
Boyce	2	5%
Other Regional Locations	7	18%
Total Event Days	39	100%
Total Delegates	4,970	
Total Delegate Days	10,445	
Delegate Day Multiplier	2.10	
% of Regional Event Days	74%	

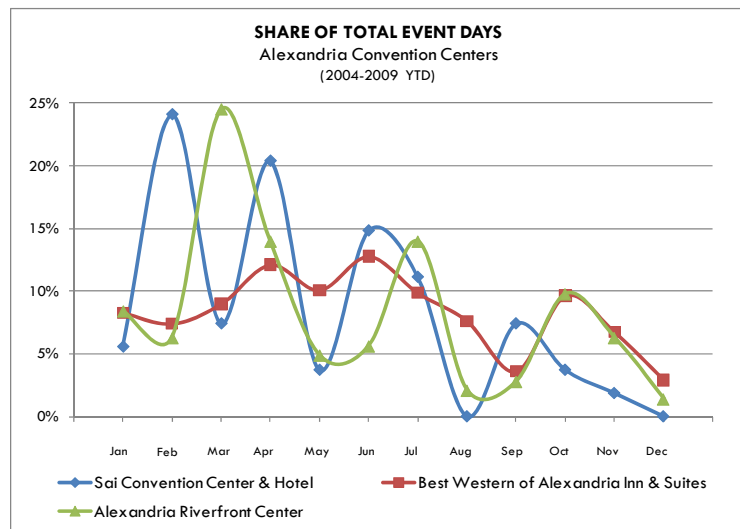
Source: APACVB & RKG Associates, Inc., 2009

4. Convention Event Profile

a.) Annual Convention Activity

Figure 6-9 depicts the monthly distribution of all event days at the City of Alexandria's three convention centers since 2004. The data indicate that the months of February through April are the most popular months for convention activity in the city. Approximately 25% of the Riverfront Center's event days occur in the month of March, which is a big month for the Police Jury Association, the National Guard, and several state associations. The Best

Figure 6-9



Source: APACVB and RKG Associates, Inc., 2009

Western's peak months start in April and end in June and tend to be more stable throughout the year than either the Riverfront Center or the Sai Conference Center.

The state associations and government events also tend to drive the summer convention activity at the Riverfront Center, while the Sai Convention Center attracts class reunions and military groups and the Best Western hosts corporate and military functions. The slow months of the year for all three facilities begins in August and lasts through December.

b.) Average Event Duration

According from CVB data, an estimated 52% of the events hosted at the Alexandria Riverfront Center since 2004 were one day or shorter in length, while the same figure for the Best Western facility was 43% and the Sai Convention Center was 38% (Table 6-7). This characteristic is captured in the delegate day multiplier, which measures the average number of event days per delegate. RKG estimates that the average days per delegate at the Riverfront Center is 1.71, as compared to 2.10 for the Sai Convention Center and 2.17 for the Best Western. The more event days per delegate, the greater the potential economic impact per event.

c.) Economic Impacts

Based on the event data provided by the CVB, RKG Associates generated rough estimates of economic impact by event size. The analysis indicates that 36% of the total economic impact of the Riverfront Center since 2004 has been generated by events lasting 1 day or less (Table 6-7). This is largely because such events tend attract much larger groups such as the Louisiana Baptist Convention (4,500 people), Ultimate Fighting Championship event (1,685 people) the Pentecostals of Alexandria (1,000 people). The Best Western generates the greatest impact from 3-day events and the Sai Convention Center from 2-day events. Approximately 17% of the Riverfront Center's economic impacts are generated by events lasting five days or more, while the private convention facilities report no events lasting that long.

The CVB's ability to sell large single-day events may reflect the fact that larger, multi-day events cannot be accommodated easily given limitations on the number of downtown hotel rooms, the proximity of overflow hotels, and the lack of coordinated shuttle service. These

structural problems can be improved over time in cooperation with local hotel operators, but with roughly 2,300 hotel rooms in the City, 1,200 of which are suitable for convention use, event size will be constrained until more rooms are added to the supply.

d.) Average Event Size

An analysis of event size indicates that approximately 15% of all Riverfront Center events since 2004 have been larger than 1,000 people, while no events at the Best Western or Sai Convention Center have reached that size (Table 6-7). This is logical, given the larger size of the Riverfront Center, however, the Sai Convention Center is large enough to host groups of that size and have drawn events exceeding 800 attendees in the past. Interviews with representatives of the local convention centers indicate an on-going discussion about the role of the Riverfront Center and its competitive stance with the other local convention centers.

The private convention centers are sensitive to many Riverfront Center events, which they believe encroach on their on their business prospects. In recent years, the CVB has been challenged to attract larger regional convention business due to the lack of functional hotels and limited downtown activities and amenities. It has also experienced increased demand from local groups to host events that might be better suited for the Best Western and Sai Center, which has created a competitive tension amongst the three facilities. While each of the private convention centers work closely with the CVB staff, more can be done to coordinate the marketing, sale, and execution of convention business in the City.

Table 6-7
Number of Event Days and Economic Impact
(2004-2009 YTD)

Facility	Number of Event Days						Totals
	<1	1	2	3	4	5	6
Riverfront Convention Center							
Number of Events	6	35	16	14	4	3	1
Share of Number of Days per Event	8%	44%	20%	18%	5%	4%	1%
Economic Impact	\$570,000	\$6,780,480	\$3,205,440	\$4,755,240	\$1,915,200	\$2,436,000	\$1,008,000
Economic Impact by Event Days	3%	33%	16%	23%	9%	12%	5%
Best Western Convention Center							
Number of Events	16	72	59	48	7	3	-
Share of Number of Days per Event	8%	35%	29%	23%	3%	1%	0%
Economic Impact	\$78,300	\$1,960,392	\$3,682,896	\$7,028,280	\$776,160	\$945,000	\$0
Economic Impact by Event Days	1%	14%	25%	49%	5%	7%	0%
Sai Convention Center							
Number of Events	0	8	9	3	1	0	-
Share of Number of Days per Event	0%	38%	43%	14%	5%	0%	0%
Economic Impact	\$0	\$180,600	\$794,640	\$745,920	\$33,600	\$0	\$0
Economic Impact	0%	10%	45%	43%	2%	0%	0%
Distribution of Events by Number of Attendees							
Facility	Number of Attendees						Total
	0-250	251-500	501-1,000	1,001-1,500	1,501-2,000	2,000+	
Riverfront Convention Center	19%	22%	44%	3%	7%	5%	100%
Best Western Convention Center	73%	18%	9%	0%	0%	0%	100%
Sai Convention Center	56%	36%	8%	0%	0%	0%	100%

Source: APACVB & RKG Associates, Inc., 2009

Over 90% of convention events held at the Best Western and Sai Convention Center cater to groups under 500 people, while only 41% of Riverfront Center events are that size. However, despite the best intentions of the CVB to focus their marketing efforts on larger, regional conventions, that goal may not be realistic or achievable in the short-term until problems with the downtown convention hotels have been resolved.

e.) Potential Hotel Room Demand

Based on the data provided by the CVB and presented previously, RKG estimates that the 374 events at the Riverfront Center since 2004 have hosted as many as 357,544 delegates (374 events x 956 delegates per event). Applying a 1.71 delegate day multiplier results in an estimated 611,400 delegate days over 5 ½ years. If every delegate day resulted in an overnight stay at a local hotel, which is unlikely, this level of activity would have generated demand for approximately 111,163 room nights per year.

Assuming a 60% hotel occupancy rate, this activity could support roughly 508 hotel rooms (111,163 room nights/60% = 185,272 room nights/365 days per year = 508 rooms) annually. However, if it is assumed that all 1-day events, which comprised 52% of all Riverfront Center activity, did not generate overnight stays, the number of supportable hotel rooms would drop to 244 per year. Consequently, increasing the number of multi-day events has the potential to increase hotel room demand at the Alexander Fulton, Hotel Bentley and other local hotels.

In order to sustain the two downtown hotels at 60% occupancy, demand for 77,964 annual room nights (356 rooms x 365 days = 129,940 room nights x .60%) would be required (Table 6-8). If these room nights were generated by downtown convention business exclusively, the current number of events and total event days would have to increase to support this level of business.

RKG estimates that roughly 99 events per year, generating 191 annual event days would be required, resulting in a facility utilization rate of 52% per year. These estimates assume that future convention center events would have the same characteristics as those hosted over the past 5 ½ years. This level of convention activity seems realistic and achievable based on recent operations and represents a 10% to 15% increase over 2008 levels. However, if the Riverfront Center can sell more multi-day events in the future (and fewer 1-day events), hotel room night demand will increase on a per event basis, thereby requiring fewer total events. It is also likely that a strong hotel management company, with a national flag and strong reservation service, could sell a significant portion of these annual room nights to non-convention guests visiting the City of Alexandria.

Table 6-8

Projected Utilization Rate to Support Convention Hotels

Alexander Fulton Hotel and Hotel Bentley

Hotel Rooms (Alexander Fulton/Hotel Bentley)	356
Total Available Room Nights Per Year	129,940
Occupancy Rate (60%)	77,964
No. of Delegate Days Per Year to Achieve 60% Occupancy	45,593
% of Delegate Days Per Year from Multi-day Events	48%
Total Delegate Days Per Year (All Events)	94,985
Number of Delegates Per Event	956
Number of Convention Events Per Year	99
Number of Days Per Event	1.92
Projected Event Days Per Year	191
Projected Utilization Rate Per Year	52%

Source: Alexandria-Pineville Area CVB and RKG Associates, Inc., 2009

5. Local Convention Center Conclusions

The Alexandria convention center market is heavily reliant on state associations, religious groups, and military and fraternal organizations. While these certainly have their place, the three local convention facilities, and particularly the Riverfront Center, should expand into the trade show and professional association market. The events held by these organizations are typically multi-day events and bring in visitor from the region as well as the Louisiana and the Gulf Coast. These events are essential to maintaining a competitive advantage over other cities in Louisiana. Furthermore, since no facility in the City is currently catering to these events, it will be possible for the Riverfront Center to begin to take on that market without taking events from other facilities.

The number of regional events at the Riverfront Center is fairly stable, but is proportionally small (19%) for a facility of its size. The facility should be repositioned, through improvements to the downtown hotels, to pursue events with larger numbers of attendees and longer stays. An effort should be made to recruit those events that have been lost over the last few years in order to begin the process of increasing the geographic reach of the Riverfront Center.

E. OVERVIEW OF REGIONAL CONVENTION CENTERS

In addition to the three facilities in Alexandria, RKG Associates also analyzed five other regional convention centers. These competitive centers are located between 45 and 120 miles away and compete for similar events in Central Louisiana. A matrix summarizing the physical dimensions and amenities for each convention center is contained in the appendix section of this report.

1. Paragon Casino Resort & Conference Center—Marksville Marksville, LA

- Full-service, self-contained facility, with significant high-end amenities on-site (e.g., restaurants, movie theater, hotel, casino, etc.).
- Maximum attendee capacity of almost 10,000, although most conference/meeting events host less than 100 people.
- User mix appears to be dominated by state and local business and government organizations, including teachers' associations, rotary clubs, pest control associations, etc.
- Convention facilities are estimated to be in use 300+ days per year reflecting much higher utilization rates than the Alexandria convention facilities.
- Competitive Advantages Include: integrated resort/conference facility, high quality amenities, entertainment venues, and state-of-the-art meeting space.
- Competitive Disadvantages: Location does not have Interstate access, not close to commercial airport, and only one hotel on site.

2. Bossier Civic Center Bossier City, LA

- Basic civic center on Bossier City's municipal campus; one 24,000 SF exhibit space and a 7,500 SF ballroom.
- Events are almost entirely local in nature, including graduations, receptions, and gun/boat/knife shows.
- The facility hosted 180 events generating 241 event days in 2008.
- Competitive advantages: Offers a more suburban alternative to the larger and more costly facilities in nearby downtown Shreveport.
- Competitive disadvantages: Limited space, little adjacent amenities. No hotels within walking distance.

3. Lafayette Cajundome & Convention Center Lafayette, LA

- 70,000 square foot convention center connected to 44,000 square foot Cajundome (a multipurpose arena).
- Facility held five major multiday conventions during 2008:
 - American Society of Civil Engineers (1,100 attendees)
 - Louisiana Engineering Society (1,100 attendees)
 - Louisiana Oil & Gas Association (1,100 attendees)
 - Beta Club (11,500 attendees)

- Remaining events are mostly limited to boat shows, bridal shows, and local Mardi Gras events. Generated 156 event days in 2008.
- Located on the campus of University of Louisiana-Lafayette.
- Competitive advantages: Connected to the Cajundome and can facilitate entertainment-oriented events. This facility is the biggest convention space in Lafayette.
- Competitive disadvantages: Few amenities within walking distance, despite a college campus location.

4. Heymann Center for the Performing Arts Lafayette, LA

- 16,000 square foot exhibit hall connected to 10,000 square foot performing arts hall.
- Approximately 60 events totaling 80 event days in 2008.
- Almost exclusively arts/crafts shows, local graduations, and gun/knife shows.
- Competitive advantages: Connected to performing arts hall and small facilities.
- Competitive disadvantages: No adjacent hotels, few amenities within walking distance.

5. Baton Rouge River Center Baton Rouge, LA

- 180,000 square foot facility in downtown Baton Rouge.
- Hosts approximately 100 public event days per year, including entertainment/performance and trade show events.
- Private event days comprise about 80 event days of conventions generated by about 20 conventions per year. Convention business is 60% local, 20% regional, and 20% national.
- Competitive advantages: Two high end hotels nearby; facility located in a high-amenity and walkable area, and largest event center outside of New Orleans and Shreveport.
- Competitive disadvantages: No lower cost hotels located near convention center.

6. Regional Convention Center Conclusions

There are three significant trends found in the Central Louisiana convention center market. First, the majority of the facilities are located in suburban areas with few walkable amenities, with the exception of the Baton Rouge River Center and the Riverfront Center. The revitalization of Alexandria's downtown could eventually capitalize on its historic downtown setting and arts and cultural center as revitalization occurs. Second, most event centers are catering to local events, and do not have adequate facilities to appeal to larger regional or national conventions. While many of these facilities are large enough to host major events, many of them simply are not hosting them. This could be a result of a variety of factors, including more desired alternatives elsewhere or a lack of hotel rooms, and professional marketing and sales staff. Finally, it is clear from talking to several convention operators and CVB staff that a significant subsidy is often offered to event organizers who can bring events and attendees large enough to generate a given amount of hotel stays and estimated dollars spent by visitors, but it appears that few organizations are sufficiently enticed to use Central Louisiana's convention facilities.

F. HOTEL MEETING SPACE ANALYSIS

One additional component of Downtown Alexandria's conference and meeting space market includes the meeting facilities located at the Alexander Fulton Hotel. RKG Associates identified five hotels in the city marketing on-site meeting space including the Alexander Fulton Hotel. RKG assessed the size and scope of the meeting space market through Internet research and staff interviews.

1. Alexander Fulton Hotel Meeting Facilities

The Alexander Fulton Hotel in downtown Alexandria includes approximately 11,000 square feet of meeting space and can be divided into nine rooms. There are also three additional board rooms available just outside the main exhibit hall. Facility features include the attached Riverfront Center, an in-house catering kitchen, and the capacity for up to 1,000 attendees.

According to hotel staff, half of the facility's events are state associations or other government agencies/associations, such as the Rural Water Board. Sixty percent of these events are multi-day events, and 60% of the time attendees stay at the Alexander Fulton Hotel. These government events receive a discounted room rate of \$70 per night. The organizers for these events are predominantly based in Baton Rouge or Alexandria. Non-government organizers include local social events like Mardi Gras balls, award banquets, and entertainment events. The facility is in use approximately 300 per year.

The cost of renting the meeting space is dependent on a variety of factors, but is mostly impacted by the amount of space needed and whether the hotel's catering service is utilized. The entire facility typically rents for about \$2,000, but using in-house catering can reduce that price by as much as 50%. No other outside catering is allowed in the hotel. Pricing for smaller portions of the meeting space is roughly proportional to the amount of space needed.

2. Other Local Meeting Space

Comfort Suites Alexandria - 6015 Old Boyce Road

- One meeting room, approximately 520 square feet
- Rental rate of \$50 per four hours
- Usage: 24-36 times annually, mostly local business meetings

LaQuinta Inn and Suites Alexandria - 6116 West Calhoun Drive

- One meeting room, approximately 675 square feet
- Rental rate of \$175 per day
- Usage: 180 days annually, mostly local sales meetings (business products, etc.)

Hampton Inn Suites Alexandria - 6124 West Calhoun Drive

- One meeting room, approximately 575 square feet
- Rental rate of \$100 per day for guests, \$175 per day for non-guests
- Usage: Varies, but typically local businesses holding internal meetings or meetings with clients/business partners

Ramada Alexandria - 742 MacArthur Drive

- One meeting room, approximately 500 square feet
- Rental rate of \$175 per day
- Usage: Varies, but typically local businesses, lawyers, etc.

3. Hotel Meeting Space Conclusions

Hotel meeting space in Alexandria is largely limited to single rooms in the hotels along MacArthur Drive. These rooms are significantly smaller than the space at the Alexander Fulton Hotel, indicating that there is probably not very much competition between Alexander Fulton Hotel and the others, except for smaller users. In fact, it appears that the Alexander Fulton Hotel is capturing the highest number of event days per year as compared to the other hotels, with about 300 days of use annually.

Greater integration of convention events with hotel conference space would seem logical, but historically there has been a rigid separation between the two facilities. Although there is a physical connection between the two facilities, there is some reluctance among the parties to fully integrate the privately managed hotel into the publically owned and operated convention center. In the future, it is recommended that a higher level of integration, coordination and cross marketing be pursued. Coordination between the CVB and Alexander Fulton Hotel sales staff might produce joint convention and conference events requiring both facilities.

Appendix Section

Chapter 6 – Convention Center Market Analysis (Appendix Section)

Baton Rouge River Center

275 South River Road, Baton Rouge, LA

		Room Size Range		Potential Number of Attendees												
	Number of Rooms	Smallest Room	Largest Room	Minimum	Maximum											
Leasable Square Feet																
182,743	9-25	1,938	70,000	12,297	12,297											
Convention Space																
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees											
			Divisible	Number of Breakout Rooms	Minimum	Maximum										
Exhibit Room	70,000	35	Yes	2	-	-										
Ballroom	23,000	25	Yes	2	-	-										
Meeting Rooms	2,532	16	Yes	2	-	-										
	2,281	16	Yes	2	-	-										
	6,536	16	Yes	4	-	-										
	4,928	16	Yes	3	-	-										
	4,928	17	Yes	4	-	-										
	4,928	17	Yes	4	-	-										
	4,928	17	Yes	4	-	-										
	4,928	17	Yes	4	-	-										
Other Function Space																
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees											
			Divisible	Number of Breakout Rooms	Minimum	Maximum										
Lobby	11,500	N/A	No	-	-	-										
Galleria	12,000	N/A	No	-	-	-										
Riverview Room	3,100	N/A	No	-	-	-										
Outdoor Veranda	1,938	N/A	No	-	-	-										
Arena	30,000	N/A	No	-	10,400	10,400										
Performing Arts Theater	10,000	N/A	No	-	1,897	1,897										
Convention Center Amenities																
Telecom	Catering	Medical/Security Svcs.	Stagehand/AV Support	Loading Docks	On-Site Parking											
X	X	X		X	X											
Convention Center Hotel(s)																
Hotel	Hotel Connect to Conv. Ctr.	Miles to Conv. Facility	Number of rooms	Average Price	Neigh. Walkability	Rest. within 0.3 miles**	Amenities									
							A	B	C	D	E	F	G	H	I	
Sheraton Baton Rouge Con. Center Hotel	No	0.1	300	\$159	69	12	X	X	X	X	X	X	X	X		
Hilton Baton Rouge Capitol Center	No	0.1	290	\$179	69	12	X	X	X	X	X	X	X	X		
Total/Average			590	\$169												

Key: Convention Center Hotel Amenities

(A) Wireless Internet	(F) Pool
(B) Business Center	(G) Fitness Room
(C) Full Service Restaurant	(H) Sundry Store
(D) Meeting Space	(I) Concierge Desk
(E) Shuttle	

Notes:

*Walkability Score Reflects Neighborhood Around Convention Center's Location

Scoring System: 0 = Poor Walkability 100 = Excellent Walkability

**Distance Measured from Convention Center

Chapter 6 – Convention Center Market Analysis (Appendix Section)

Paragon Casino Resort & Conference Center

711 Paragon Place, Marksville, LA

		Number of Rooms	Room Size Range		Potential Number of Attendees										
			Smallest Room	Largest Room	Minimum	Maximum									
Leasable Square Feet															
73,146		19-26	680	23,200	-	-									
Convention Space															
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees										
			Divisable	Number of Breakout Rooms	Minimum	Maximum									
Exhibit Room	23,200	32	Yes	4	-	-									
Ballroom	7,992	16	Yes	3	-	-									
Meeting Rooms	2,730	12	Yes	3	-	-									
	1,971	12	No	0	-	-									
	1,971	12	No	0	-	-									
	1,971	12	No	0	-	-									
	691	9	No	0	-	-									
	680	9	No	0	-	-									
	1,705	16	No	0	-	-									
	1,440	12	No	0	-	-									
Other Function Space															
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees										
			Divisable	Number of Breakout Rooms	Minimum	Maximum									
Cabaret	2,176	13	No	0	-	-									
Bar & Grill	4,407	12	No	0	-	-									
Restaurant	2,948	11	No	0	-	-									
RV Pool Patio	2,944	N/A	No	0	-	-									
Pool Deck	8,800	N/A	No	0	-	-									
Clubhouse	2,080	N/A	No	0	-	-									
Clubhouse Grill	680	N/A	No	0	-	-									
Pool	n/a	n/a	n/a	n/a	n/a	n/a									
Sundeck	4,760	N/A	No	0	-	-									
Convention Center Amenities															
Telecom	Catering	Medical/Security Svcs.	Stagehand/AV Support	Loading Docks	On-Site Parking										
X	X	X	X	X	X										
Convention Center Hotel(s)															
Hotel	Hotel Connect to Conv. Ctr.	Miles to Conv. Facility	Number of rooms	Average Price	Neigh. Walkability	Rest. within 0.3 miles**	Amenities								
							A	B	C	D	E	F	G	H	I
Paragon Hotel	Yes	0	500	\$155	23	1	X	X	X	X	X	X	X	X	X
Total/Average			500	\$155											

Key: Convention Center Hotel Amenities

(A) Wireless Internet	(F) Pool
(B) Business Center	(G) Fitness Room
(C) Full Service Restaurant	(H) Sundry Store
(D) Meeting Space	(I) Concierge Desk
(E) Shuttle	

Notes:

*Walkability Score Reflects Neighborhood Around Convention Center's Location

Scoring System: 0 = Poor Walkability 100 = Excellent Walkability

**Distance Measured from Convention Center

Chapter 6 – Convention Center Market Analysis (Appendix Section)

Lafayette Cajundome & Convention Center

444 Cajundome Boulevard, Lafayette, LA

Leasable Square Feet	Number of Rooms	Room Size Range		Potential Number of Attendees												
		Smallest Room	Largest Room	Minimum	Maximum											
120,152	10-23	4	44,000	-	-											
Convention Space																
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees											
			Divisable	Number of Breakout Rooms	Minimum	Maximum										
Exhibit Room	37,303	33	Yes	2	-	-										
Ballroom	12,000	15	Yes	5	-	-										
Meeting Rooms	827	8	No	0	-	-										
	5,865	18	Yes	5	-	-										
	1,045	12	No	0	-	-										
	1,047	12	No	0	-	-										
	9,510	14	Yes	4	-	-										
	3,551	18	Yes	3	-	-										
					-	-										
Other Function Space																
Room Type		Ceiling Height (Feet)	Configuration		Potential Number of Attendees											
			Divisable	Number of Breakout Rooms	Minimum	Maximum										
Cajundome	44,000	65	Y	4	-	-										
Outdoor Mall	5,000	N/A	N	0	-	-										
					-	-										
					-	-										
					-	-										
					-	-										
					-	-										
					-	-										
Convention Center Amenities																
Telecom	Catering	Medical/Security Svcs.	Stagehand/AV Support	Loading Docks	On-Site Parking											
	X			X	X											
Convention Center Hotel(s)																
Hotel	Hotel Connect to Conv. Ctr.	Miles to Conv. Facility	Number of rooms	Average Price	Neigh. Walkability	Rest. within 0.3 miles**	Amenities									
							A	B	C	D	E	F	G	H	I	
Hilton Garden Inn Lafayette	No	0.2	153	\$159	57	0	X	X	X	X		X	X	X		
Total/Average			153	\$159												

Key: Convention Center Hotel Amenities

(A) Wireless Internet	(F) Pool
(B) Business Center	(G) Fitness Room
(C) Full Service Restaurant	(H) Sundry Store
(D) Meeting Space	(I) Concierge Desk
(E) Shuttle	

Notes:

*Walkability Score Reflects Neighborhood Around Convention Center's Location

Scoring System: 0 = Poor Walkability 100 = Excellent Walkability

**Distance Measured from Convention Center

Chapter 6 – Convention Center Market Analysis (Appendix Section)

Heymann Center for the Performing Arts

1373 S. College Road, Lafayette, LA

		Number of Rooms	Room Size Range		Potential Number of Attendees											
			Smallest Room	Largest Room	Minimum	Maximum										
Leasable Square Feet																
27,380		3-5	449	16,092	100	2,230										
Convention Space																
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees											
			Divisable	Number of Breakout Rooms	Minimum	Maximum										
Exhibit Room	16,092	14	Yes	2	-	-										
Ballroom																
Meeting Rooms	449	9	No	0	-	-										
	839	9	Yes	2	-	-										
Other Funtion Space																
Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees											
			Divisable	Number of Breakout Rooms	Minimum	Maximum										
Performing Arts Hall	10,000	N/A	N	0	100	2,230										
Convention Center Amenities																
	Telecom	Catering	Medical/Security Svcs.	Stagehand/AV Support	Loading Docks	On-Site Parking										
	X			X	X	X										
Convention Center Hotel(s)																
Hotel	Hotel Connect to Conv. Ctr.	Miles to Conv. Facility	Number of rooms	Average Price	Neigh. Walkability	Rest. within 0.3 miles**	Amenities									
							A	B	C	D	E	F	G	H	I	J
None					82	8										
Total/Average																

Key: Convention Center Hotel Amenities

(A) Wireless Internet	(F) Pool
(B) Business Center	(G) Fitness Room
(C) Full Service Restaurant	(H) Sundry Store
(D) Meeting Space	(I) Concierge Desk
(E) Shuttle	

Notes:

*Walkability Score Reflects Neighborhood Around Convention Center's Location

Scoring System: 0 = Poor Walkability 100 = Excellent Walkability

**Distance Measured from Convention Center

Chapter 6 – Convention Center Market Analysis (Appendix Section)

Bossier Civic Center

620 Benton Road, Bossier City, LA

	Number of Rooms	Room Size Range		Potential Number of Attendees	
		Smallest Room	Largest Room	Minimum	Maximum
Leasable Square Feet					
31,500	2-6	7,500	24,000	-	-

Convention Space

Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees	
			Divisible	Number of Breakout Rooms	Minimum	Maximum
Exhibit Room	24,000	24	Yes	3	-	-
Ballroom	7,500	14	Yes	3	-	-
Meeting Rooms						

Other Function Space

Room Type	Square Feet	Ceiling Height (Feet)	Configuration		Potential Number of Attendees	
			Divisible	Number of Breakout Rooms	Minimum	Maximum

Convention Center Amenities

Telecom	Catering	Medical/Security Svcs.	Stagehand/AV Support	Loading Docks	On-Site Parking
X	X	X		X	X

Convention Center Hotel(s)

Hotel	Hotel Connect to Conv. Ctr.	Miles to Conv. Facility	Number of rooms	Average Price	Neigh. Walkability	Rest. within 0.3 miles**	Amenities								
							A	B	C	D	E	F	G	H	I
None					83	4									
Total/Average															

Key: Convention Center Hotel Amenities

(A) Wireless Internet	(F) Pool
(B) Business Center	(G) Fitness Room
(C) Full Service Restaurant	(H) Sundry Store
(D) Meeting Space	(I) Concierge Desk
(E) Shuttle	

Notes:

*Walkability Score Reflects Neighborhood Around Convention Center's Location

Scoring System: 0 = Poor Walkability 100 = Excellent Walkability

**Distance Measured from Convention Center