

THE ECONOMIC IMPACT OF THE NORTH AMERICAN INTERNATIONAL AUTO SHOW: A CRITICAL ANALYSIS

[Does the Sowerby Study Provide the Right Data?]

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1. Introduction

A recent article in Crain's Detroit Business summarizes the issue surrounding Cobo Hall:

"Upgrading or replacing the exhibition center has been discussed for several years, with a variety of plans floated to ensure the North American International Auto Show (NAIAS) has enough room as more manufacturers are added. Fear that the auto show could dwindle in size or be lost because of limited space was most recently highlighted when Porsche Cars of North America Inc. did not exhibit in the 2008 show and Suzuki Motor Corp. dropped out of the 2009 show earlier this year. Space limitations have been exacerbated by a proliferation of international manufacturers.

Interest in preserving the auto show is high because of the dollars it and the venue bring to metro Detroit. Cobo generates \$595 million annually and provides 16,600 jobs for the region, with 80 percent of that coming from the auto show, according to an economic analysis last year by David Sowerby, portfolio manager and chief analyst in the Bloomfield Hills office of Loomis, Sayles & Co." (Shea, 2008)

The Cobo Expansion Report details a plan for \$323 million in renovations, a 120,000 square foot expansion, and sale of Cobo Hall to a new regional convention authority. It is imperative that accurate data be used to assess the benefits of the substantial investment of taxpayer dollars in the Cobo Hall expansion and renovation.

This paper evaluates the Sowerby annual benefit of \$476 million for the NAIAS against accepted economic impact methodology, economic impact studies for other recent events in Detroit (the Super Bowl and the PGA Championship), and the economic impact study for the New York Auto Show. The evidence reveals that the Sowerby study does not conform to accepted economic impact methodology. It overstates visitor attendance, their spending, and the amount of new money that is injected into the metro Detroit economy, and makes critical assumptions without any supporting data. While overstating the economic impact from visitors

to the NAIAS, the Sowerby study fails to include the economic impact from exhibiting companies, public relations departments, and the NAIAS producer (building and breaking down exhibits, security, advertising, public relation events).

The Sowerby study evaluates the economic impact of Cobo Hall and the NAIAS – *not the renovation and expansion*. It is the **CHANGE** in the economic impact of the NAIAS from renovating and expanding the Cobo Hall exhibition space that is relevant. Assigning all the economic benefits of the NAIAS to the \$323 million renovation and expansion project assumes that without the project, the NAIAS will not exist in Detroit – the extreme outcome. More realistic is an estimate of the economic impact of the NAIAS with the project (more exhibits and companies & visitors) minus the economic impact of the NAIAS without the project (reduced exhibits and companies & visitors).

2. Economic Impact: Methodology and Assumptions

An economic impact analysis is defined as the net economic change in the incomes of host residents that results from spending attributed to an event (Crompton, 2006). A review of the literature shows that six major issues must be addressed in an economic impact study of an event.

Attendance: The first major challenge of an economic impact analysis is to obtain an accurate estimate of attendance. Because all future economic impact figures are derived from this number, particular attention needs to be given to the attendance figure. At gated venues that charge admission, the most accurate counts are likely to come from ticket sales. However, many events are free and have many entrance points, making attendance numbers hard to

estimate. In these cases, attendance numbers are frequently estimated by organizers, who are sometimes tempted to exaggerate them. Independent attendance counting should be employed for free, multi-entrance events, this will produce the most accurate and reliable information.

Exclusion of Local Residents: Economic impact relates only to new money injected into the market by visitors, media, vendors, and other external individuals (Crompton, 2006). Only spending by visitors who reside outside the community and whose primary motivation for visiting is to attend the event should be included. Expenditures by those who reside in the community only represent a recycling of money that already exists there and would have been spent there anyway. There is a possibility of some local residents traveling to another auto show (Chicago or New York) if Cobo is not renovated. Economists refer to this as import substitution. It is important to clearly define the community and to exclude local visitors. If this designation is not done properly based on a random survey of admissions, then authors of such reports are often forced to do so arbitrarily.

Expenditures: Expenditures are the costs visitors incur related to an event. Expenditures typically include the costs for accommodations, food and drink, transportation, entertainment, and other miscellaneous costs. Expenditure averages typically come from sample surveys. Accurate estimates must be based on a representative sample of the visitors and should include variations in types of tourists – for the NAIAS that is media, industry, day and overnight visitors.

Length of Stay: Applying the proper length of stay to visitors is important. Media, industry representatives, working crews, and public visitors will all have different lengths of stay at the NAIAS. If each category of visitor length of stay is not represented individually, but

instead reported as a general estimate for all visitors, then the economic impact figure could become greatly skewed (aggregation bias). The most accurate and credible way to obtain and report this type of information is through random surveying of those attending an event. No survey of visitors to the NAIAS has been recently performed.

Capture Rates: The capture rate measures the portion of visitor spending that accrues to the region as final demand (Crompton, 2006). When visitors purchase retail goods, their total expenditures typically are considered to be new money injected into the economy. However, if the goods were manufactured outside the community their cost immediately leaks out of the local economy and only the mark up remains. Generally, only 60% to 70% of tourist spending appears as final demand in a local region (Stynes, 2001). Capture rates are calculated as the ratio of local final demand to tourist spending. Capture rates will vary with the size and nature of the region as well as the kind of tourist spending included. One must therefore be cautious in taking a capture rate cited in one study and using it in another.

Multipliers: In an economy, initial direct expenditures stimulate economic activity and create additional business, income, employment, and government revenue. This idea can be visualized with a drop of water into a pond, and the succession of ripples that follow (Crompton, 2001). The amount of ripples or additional economic activity compared to the initial investment can be mathematically represented by a multiplier. Multipliers are dependent upon two factors, marginal propensity to consume (MPC) and marginal propensity to import (MPI), (Riggs, 2007). The MPC is important because the more a resident consumes, the more currency is recycled in a community. Secondly, MPI is important because if products are not purchased locally, then the currency is eliminated from the recycling effect. To obtain a high multiplier,

MPC must be high and MPI must be low. When calculating the multiplier for a community, one must look at three players. They are the basic industries, households, and service firms. The relationship between these three players, the MPC, and the MPI is represented by the multiplier (Riggs, 2007). Multipliers vary by region, but as a rule of thumb, more developed regions have a larger multiplier. This is due to the MPI, the more developed a region is, the less need there is to import products. On the other hand, a small, less developed region will have a larger MPI. This is because there are less local firms to satisfy all the demand of the region. A multiplier typically ranges between 1.5 and 2.0, meaning for every dollar of direct expenditure, an additional 50 cents or dollar of economic activity occurred in the area. Multipliers can be overstated and skew impact results by millions of dollars. Multiplier information for regions and industries can be obtained from the Bureau of Economic Analysis (bea.gov).

3. A Critical Analysis of the Sowerby Report

Attendance: The Sowerby Report uses an attendance figure of 1.2 million for all events at Cobo Hall – there is no source reported in his written study. Information regarding the basis for this attendance is in the transcript of the January 18, 2008 meeting between Oakland and Wayne Counties on the Cobo Hall project. At that meeting Mr. Sowerby explains the attendance estimate: 871,000 tickets were collected at the NAIAS door, and that was increased to 960,000 to include complimentary admissions and military personnel. Then, assuming the NAIAS is 80% of the economic activity at Cobo Hall, I arrive at the estimated total of 1.2 million annual Cobo Hall attendees (Ficano & Sowerby, 2008). There is no source for the percentage of Cobo Hall activity represented by the NAIAS, or for the number of tickets collected.

Since the primary reason for the Cobo Hall renovation and expansion is the viability of the NAIAS, we exclude other events at Cobo Hall. Table 1 displays the Sowerby attendance and that reported by the NAIAS for the 2006 Auto Show (naias.com). The Sowerby study uses NAIAS attendance of 960,000. The information reported on the NAIAS web site is 759,310 ticket sales, media attendance of 6,647, and industry attendance of 17,440. The Sowerby study overstates attendance by 176,603.

Table 1 : Attendance Figure for 2006 NAIAS			
Sowerby Report		Accepted Methodology	
871,000	Tickets collected at NAIAS	17,440*	Industry Attendance Reported by NAIAS
89,000	Complimentary tickets not included in attendance figure	6,647	Media Attendance
960,000	Total estimated NAIAS attendees	759,310	Tickets collected at NAIAS
240,000	Estimated attendees to other Cobo Hall events	783,397	Total Attendance Reported by NAIAS
1,200,000	Total estimated attendees to Cobo Hall annually		
* Total media attendance for two preview days was 34,881 assumed media attended both days			

Exclusion of Local Residents: The Sowerby Report states that 30% of the visitors to the NAIAS are non-local and 70% are local. These percentages are arbitrarily assigned – they are not based on a random survey of visitors to the NAIAS. The Sowerby report includes local visitors in the economic impact calculations. Local visitors should not be included in the report. Expenditures by those who reside in the community only represent a recycling of money that already exists there and would have been spent there anyway. Visitors to the NAIAS from Oakland County, if they did not attend the Auto Show, will spend those funds on other activities in metro Detroit. Some local visitors may go elsewhere to see a better auto show. The Sowerby study overstates the economic impact from visitors to the NAIAS in the amount of \$87 million by including spending by local visitors.

Expenditures: The Sowerby Report states that each out-of-region visitor spends \$325 per day but fails to discuss the source of this data. In contrast, the Likely Economic Impact of Super Bowl XL Report allocated only \$193 per visitor per day after conducting a survey of attendees (Anderson, 2007). A comparison of visitor spending from using these reports can be found in Table 2; note there are two categories that differ greatly.

Table 2: A Comparison Of The Sowerby and Super Bowl XL Reports		
	The Sowerby Report	Likely Impact of Super Bowl XL
Attendee Spending		
Accommodations	\$170	\$93
Food & Drink	\$65	\$45
Transportation	\$55	\$10
Parking	XXX	\$15
Entertainment and Other	\$35	\$30
Total Average Daily Speding By Visitors	\$325	\$193

First, Mr. Sowerby’s report has allocated \$55 per day for transportation and parking. If visitors are assumed to be lodging downtown, and having only small transportation needs for food and entertainment, then this number seems exaggerated. In the study conducted by the Anderson Economic Group, only \$10 per day has been allocated for transportation and \$15 per day for parking, a total of \$25.

The second category which has a large discrepancy is accommodations. The Sowerby Report has allocated \$170 per day for accommodations, which is conservative compared to the \$93 per day of the Anderson Economic Group’s report. The Sowerby Report fails however to state the average room occupancy and make any necessary adjustments. This error has inflated the direct economic impact by \$51 million assuming an average occupancy of 1.5, the statistic used in the Super Bowl report.

Length of Stay: The Sowerby Report listed the length of stay for the NAIAS as 2.5 days. The report does not include a discussion of the source of this number – a random survey of visitors to the NAIAS is the appropriate method to ascertain length of stay and party size. The report also fails to account for different length of stay for media, industry, day and overnight public visitors. This information is important when calculating the total number of visitor days. It is likely that media covering the event would stay for a period longer than that of families. The Likely Economic Impact of Super Bowl XL report has made this distinction, noting that the media on average stayed three days, and general visitors stayed only two. Mr. Sowerby’s report needs to make the distinction between media, industry, and public visitors. If attendance figures from the NAIAS web site are used and media and industry are present for the 3.5 preview days, and only 50% of attendees from outside metro Detroit spend the night, the total media, industry, and visitor days is 340,432 compared with the Sowerby study estimate of 720,000 days. The Sowerby study overstates non-local visitor days by 379,429 days.

Table 3: Impact Of Length Of Stay			
Sowerby Report		Proper Methodology	
		6,647	Media reported by NAIAS
		17,440	Industry reported by NAIAS
		3.5	Media & industry preview days
		84,304	Total media & industry days
		227,793	Non-local attendees reported by NAIAS (30% of 759,310)
		50%	Day visitors (.75 days)
		50%	Overnight visitors (1.5 days)
	Non-local attendees reported by Sowerby (30% of 960,000)	256,267	Total public days
288,000	Average length of stay		
2.5			
720,000	Total non-local visitor days	340,571	Total media, industry, and visitor days

Capture Rate: Capture rates measure the portion of visitor spending that accrues to the region as final demand (Crompton, 2006). If the goods visitors purchase are manufactured outside the community, then their cost immediately leaks out of the local economy. Mr. Sowerby's report fails to take this into account. In an urban economy, capture rates are typically 70% (Stynes, 2001). Given this figure, Mr. Sowerby's report has been overstated by \$84 million. A capture rate needs to be applied to Mr. Sowerby's report to represent a more accurate economic impact figure.

Multiplier: The multiplier used in the Sowerby Report is consistent with multipliers used in other local economic impact studies. But as discussed in the capture rate section, a 1.9 multiplier should only be used in conjunction with a capture rate. Otherwise, to incorporate a capture rate and multiplier together a figure around 1.6 would be considered appropriate. For example, the Detroit Super Bowl, World Series, All-Star Game, Ryder Cup and PGA economic impact studies do not explicitly account for the 'capture rate' but all use a multiplier of around 1.6.

Producer and Exhibitors: An important section of an economic impact study of this type is accounting for the impact of exhibitors, producers, and non-local employees. These individuals bear expenses for advertisements, rent, security, labor, and transportation. The sum of these costs could be substantial and should not be overlooked in Sowerby's study. A recent economic impact study was conducted for the Greater New York Auto Show, in their case, these expenditures lead to an economic impact of \$86 million (BBC R & C, 2007). It is reasonable to assume that a similar impact would be found for the NAIAS.

A summary of our evaluation and comments on the Sowerby study is in Table 4.

Table 4: Summary Analysis of Sowerby Study

	SOWERBY STUDY	Criticism & COMMENT
Attendance at NAIAS	Total Annual Cobo Attendance of 1.2 million; NAIAS Attendance is 960,000; No source provided.	NAIAS reported for 2006: Public Days 759,310 Media Credentials 6,647 Industry: 17,647
Daily Spending by Visitors Staying Overnight	\$325; No source provided.	\$193 – used in study of the Detroit Super Bowl. Sowerby does not adjust accommodation room rate for average room occupancy.
Average Duration of Visitor Stay for Overnight Visitors	2.5 Days; No source provided.	Industry & Media: 3.5 days (preview days) Public: 50% .75 Days 50% 1.5 Days
Percentage of Visitors From Outside of Metro Detroit	30% or 288,000: No source is provided.	This is a critical figure in an economic impact analysis. Most of the media and industry visitors are from outside metro Detroit. We have no information on the percentage of public visitors from outside metro Detroit; some of these (from Northwest Ohio, Windsor, Ann Arbor) would be day visitors and not stay overnight. With the lack of any information, we use the 30% figure and allocate that to 15% day and 15% overnight. A random survey of visitors to the NAIAS is required to accurately obtain information on local, non-local visitors.
Average Spending by Visitors from Metro Detroit	\$65; No source is provided.	Only spending generated which would not otherwise occur to a local economy is included. Spending by metro Detroit visitors to the NAIAS is recycling of money that already exists. Economists refer to this as 'substitution' and it should not

Adjustment for Portion of Visitor Spending that Accrues to Detroit Region	None Made.	<p>be included.</p> <p>When visitors purchase retail goods some of the spending is goods manufactured elsewhere. A souvenir coffee mug was likely made in China; only the local markup remains in metro Detroit.</p> <p>Economists refer to this as the 'capture rate'; 70 percent is used to represent the percentage of visitor spending that is unique to metro Detroit.</p>
Multiplier	1.9	<p>Many economic impact studies take into account the 'capture rate' adjustment in the multiplier. For example, the Detroit Super Bowl, World Series, All-Star Game, Ryder Cup and PGA studies all use a multiplier of around 1.6. The 1.9 multiplier is reasonably Only if the capture rate is taken into account.</p>
Exhibitors & Producer	No adjustment	<p>These individuals account for a large portion of economic impact and should not be overlooked. Based off of the New York Auto Show our best guess for the NAIAS is around \$100 million. This information could be easily obtained by the NAIAS from surveys of exhibitors.</p>

4. Revised NAIAS Economic Impact

After the critical analysis of the Cobo Expansion Report (Sowerby Study), a revised economic impact study is estimated. This new report includes the recommended revisions laid out in the critical analysis as well as the correct attendance information from the 2006 NAIAS. The attendance information was gathered from the NAIAS website and also distinguishes

attendees as visitors, media, and industry. This revised report provides the most accurate and conservative statistical information regarding the economic benefit of the NAIAS from visitors. The economic impact has been dramatically reduced with the application of proper methodology and assumptions. This section will define the source and calculations behind each figure found in the report.

Attendance: The attendance figures used in this report came from the 2006 NAIAS. It was reported that there were 759,310 attendees, and 17,440 industry representatives, and 6,647 media personal (naias.com).

Exclusion of Local Residents: Local residents have been excluded from this report. The non-local attendance figure used is 227,793, which is 30% of the attendance figure reported by NAIAS for 2006 – this figure should be based on a random survey of visitors. The economic impact of the New York Auto Show is based on a random survey of visitors. That analysis revealed that 62 percent of the visitors were non-local (from outside of the 5 Burroughs of New York City) but only 9 percent spent the night (BBC, 2007). The population of the Detroit region is quite different than New York that has a substantial population within easy driving and mass transportation access in New Jersey, Connecticut, Long Island and Philadelphia. It demonstrates the importance of obtaining accurate information through a random survey of visitors.

Visitor Expenditures: The new report uses the expenditure information from the Likely Impact of Super Bowl XL. The numbers used in this report are taken a survey of visitors to Detroit conducted by the Anderson Economic Group (Anderson, 2006).

Length of Stay: It is believed that some of the non-local attendees would be in driving range and only stay the day. With this in mind we have denoted that 50% of the attendees will spend 1.5 days (1 night) and 50% will be a day visitors staying a total length of .75 days. The media & industry length of stay has been noted as 3.5 days, this reflects the preview days.

Capture Rate. A percentage of 70% has been recommended for an urban economy such as Detroit by Dr. Stynes, Professor Emeritus at Michigan State University (Stynes, 2001)

Multiplier: The economic multiplier of 1.9 is used. This is the same as the original report and is typical for urban economy the size of Detroit with the use of a capture rate.

Producer and Exhibitors: As demonstrated in the New York Auto Show economic impact study expenditures by exhibiting companies, their public relations departments and the NAIAS producer represents a significant economic impact. While we have no information on expenditures from these groups at NAIAS, it is reasonable that the economic impact will be similar to that reported by the NYAS. We estimate the economic impact from exhibiting companies and the producer at NAIAS to be around \$100 million.

The total annual economic impact from the NAIAS to metro Detroit is displayed in Table 5. The Sowerby study reports an economic impact from visitors to the NAIAS of \$476 million; our revision based on attendance reported on the NAIAS web site and accepted methodology used in the economic impact literature is \$77 million. We add economic impact from the NAIAS exhibitors and producer, not included in the Sowerby study, for a total economic impact of the NAIAS of \$176 million.

Table 5: NAIAS Economic Impact Analysis			
Visitors To Area			
Total Attendance		759,310	
Percentage Non-Local		30%	
Total Non-Local Attendees			227,793
Day Visitors: .75 Days		50%	
Overnight Visitors: 1.5 Days		50%	
Total Visitor Days			256,267
Media		6,647	
Industry		17,400	
Length Of Stay		3.5 Days	
Total Media & Industry Days			84,165
Total Media, Industry, and Visitor Days			340,432
Expenditures			
Accommodations Rate		\$ 93	
Food And Drink		\$ 45	
Transportation and Parking		\$ 25	
Other		\$ 30	
Total Expenditures Per Day Per Person			\$ 193
Total Expenditures Of Media & Industry		\$ 16,243,749	
Total Expenditures of Overnight Attendees		\$ 32,973,037	
Total Expenditures of Day Visitors*		\$ 8,542,238	
Total Expenditures Of Media, Industry, Visitors			\$ 57,759,023
Capture Rate		70%	
Direct Economic Impact			\$ 40,431,316
Multiplier		1.9	
Indirect Economic Impact			\$ 36,388,184
Total Economic Impact from Visitors			\$ 76,819,500
Total Economic Impact from Prod. & Exh.		\$ 100,000,000	
Total Economic Impact Including Prod. & Exh.			\$ 176,819,500

5. With And Without Project Analysis

Assigning all the economic benefits of the NAIAS to the \$323 million renovation and expansion project assumes that without the project, the NAIAS will not exist in Detroit – the extreme outcome. More realistic is an estimate of the economic impact of the NAIAS with the project (more exhibits and visitors) minus the economic impact of the NAIAS without the project (reduced exhibits, industry, and visitors). Table six demonstrates this idea with a hypothetical situation.

We assume that with the Cobo Hall renovation & expansion, producer and exhibitors (MIPA) economic impact will increase by 25% and visitors’ economic impact will increase by 15%. Without the Cobo Hall renovation & expansion we assume that economic impact from producers and exhibitors will decrease by 33% and economic impact from visitors will decrease by 25%. Using this hypothetical scenario, the annual marginal benefit from renovation & expansion of Cobo Hall is \$92 million. This annual marginal benefit should then be converted to a discounted present value by using a phase in period for net benefits, a 20 year project life, and a real discount rate of 2 percent. Estimates of the “With and Without Project” conditions can be made by a survey of exhibiting companies and visitors.

Table 6: With and Without Project Scenario				
Figures Reported In Millions	Current Impact	With Renovation MIPE +25% V +15%	Without MIPE -33% V -25%	Marginal Benefit
Media, Industry, Producer & Exhibitor Direct Impact	\$ 91	\$ 114	\$ 61	\$ 53
Visitor Direct Impact	\$ 42	\$ 48	\$ 31	\$ 17
Total Impact: Including Capture Rate and Multiplier	\$ 177	\$ 215	\$ 123	\$ 92

6. Conclusion

The Cobo Hall renovation and expansion involves \$100 of millions of tax payer dollars. Policy makers need the 'right data' to make an informed decision. The Sowerby report overstates the economic impact from visitors and excludes important economic impact from exhibiting companies and NAIAS producer. Using the proper assumptions and methodology our best estimate of the annual economic impact of the NAIAS is \$176 million. The analysis of the benefit of renovating Cobo Hall should not look only at the economic impact figure of \$176 million, but estimate the marginal impact from renovation & expansion – the 'with and without project' conditions.

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Attachment A

The Sowerby Report

The Tri-County Business Impact from Cobo Hall Convention Center

David Sowerby, CFA

Troy, Michigan

December 2007

Cobo Hall Business and Economic Impact Analysis

Local economic development initiatives are designed to increase the economy's ability to create and enhance wealth for local market participants. This analysis seeks to estimate the total economic impact generated from convention and trade shows at Cobo Hall.

The economic impact estimated to be generated annually by Cobo Hall is \$595 million, with a range of \$580 million to \$610 million in part, due to the normal standard deviation of the economic multiplier utilized.

Methodology Used

The spending multiplier was used. In an effort to estimate the impact of Cobo Hall on the greater metropolitan area, similar studies have pondered, what would be the impact of a reduced role for Cobo Hall if its main event, the NAIAS, was reduced to a regional versus international event? Given importance of both the motor vehicle and tourism industries on the regional economy, the quantitative and qualitative impact is significant. The direct and indirect expenditures and income generated utilizing a modest multiplier estimate of 1.9, generates nearly \$600 million in economic activity. This includes direct expenditures such as attendee spending, exhibitor and association spending and daily building operations. Indirect expenditures such as hotel and entertainment, retail, business services and dining can often have a greater impact via the multiplier approach due to the higher visitor spending associated with travel and tourism.

Background

When should the Public Sector have a part in Economic development?:

1. When there is limited incentive for the private sector, through one source, to provide the solution from a cost-benefit perspective. For example, public-private partnerships such as competitive contracting can enhance the cost-benefit initiatives of a publicly financed infrastructure development project.
2. When the economic impact (multiplier) has realistic projections and the result is consistent with the economic development objectives and framework for the local economic base. Specifically, when the development is rationalized as a needed infrastructure investment priority to compete with other regional economy's.

Desired Outcome

Primary:

Outside revenues are generated which would not otherwise occur to a local economy. These outside revenues spill over into additional economic activity. Equally important, when the existing economic infrastructure does not maintain standards to compete effectively with other local economies, dollars drip out of the region. Specific to Cobo Hall renovation, when competing Midwest travel and convention centers in more rapidly growing cities such as Indianapolis, Columbus and Grand Rapids to name a few competing cities, puts Detroit at a comparative disadvantage.

Secondary:

Urban versus Rural/Suburban location.

A convention center located in the urban core has a higher probability of generating a greater economic impact due to more intense tourism and convention spending. Although, the core urban area may appear to gain a disproportionate advantage if regional funding is involved. Federal Reserve Bank studies support that suburban and urban economic growth rates are highly correlated and hence are complementary versus substitute partners. As a result, while the actual dollar benefit between urban and suburban from a Cobo Hall convention center capital improvement is subject for debate, empirical evidence supports both areas benefit.

Highlights

- The total direct and indirect spending from Cobo Hall events is estimated to be \$595 million.
- The NAIAS accounts for approximately 80% of the total spending generated by Cobo Hall.
- The NAIAS event is particularly significant given the total time period from installation to shut-downs covers 3 months.
- To put \$595 million in perspective, with roughly \$470 million the result of the NAIAS, that recurring annual revenue over a 10 year period equals more than 50 Super Bowls or 400 World Series games.

- The significant increase in new models introduced by the motor vehicle industry over the last five years further enhances the economic impact from hosting North America's premier auto event. For example, in 2006 and 2007 over 100 new models were introduced by the world's major motor vehicle producers. In 2008, an estimated 55 new vehicles will be unveiled.
- This analysis sought to use more conservative estimates traditional convention dollars spent such as expenditures on lodging, dining, entertainment, length of stay and the economic multiplier associated with travel and tourism spending.
- The more recent additions of sports stadiums and gaming facilities enhances the total direct and indirect spending impact from Cobo Hall.
- The likely benefit share for the three major counties from the Total Cobo Hall \$595 million economic impact is estimated to be:
 - 60% Wayne County
 - 30% Oakland County
 - 10% Macomb County

This is based on the following regional variables:

- Hotel availability
- Urban entertainment options versus surrounding suburbs
- Major highway availability and distance
- Business spending and economic benefits of local firms doing business with Cobo Hall
- General economic profile of the three major counties based on total personal income, per capita personal income, population, and employment.

Economic Impact From Event Attendees

Attendance			
Total Annual Venue Attendances (unique attendees)			
Share from out-of-region (visitors)			
Visitor Attendance			360,000
Regional Attendance			840,000
Attendee Spending			
Visitor Spending (average daily)		170	
Accommodations		65	
Food & Drink		55	
Transportation		35	
Entertainment and Other			
Total Average Daily Spending by Visitors			\$ 325
Share of visitor spending			
"New" Spending by Regional Attendees			\$ 65
Total Regional Attendee Expenditures			\$ 54,600,000
Average duration of visitor stay (days)			
Total Visitor Spending			\$ 292,500,000
Total Attendee Expenditures			\$ 347,100,000
Substitution Effect			
Substituted Economic Activity			\$ (34,710,000)
Direct Economic Impact from Event Attendees			\$ 312,390,000
economic multiplier	1.9		
Indirect Economic Impact from Event Attendees			\$ 281,151,000
Total Economic Impact From Coho Event Attendance			\$ 593,541,000

**Jobs multiplier (number of jobs per \$ 1 million in spending)
based on BEA RIMMS employment multiplier**

28

Total jobs created

18,619

County Allocation
based on 2005 BEA county data

Wayne

Oakland

Macomb

Total personal income (billion \$)
percent total

\$61.40
40%

\$63.40
41%

\$28.30
19%

Total Employment
percent total

976,000
42%

931,000
40%

416,000
13%

Population
percent total

1,990,932
49%

1,213,969
30%

828,650
21%

Per capita personal income
percent of average

\$30,855
79%

\$52,274
133%

\$34,791
89%

Additional Factors
Hotel & Major entertainment location
Substitution effect of entertainment options
within the county
Travel and distance
Location of major airport

Percent & Dollar Benefit to each County
Percent
Dollar Benefit

60%
\$356,124,600

30%
\$178,062,300

10%
\$59,354,100

Jobs tied to Cobo by county

9,971

4,986

1,662

Attachment B

2007 New York Auto Show Economic Impact

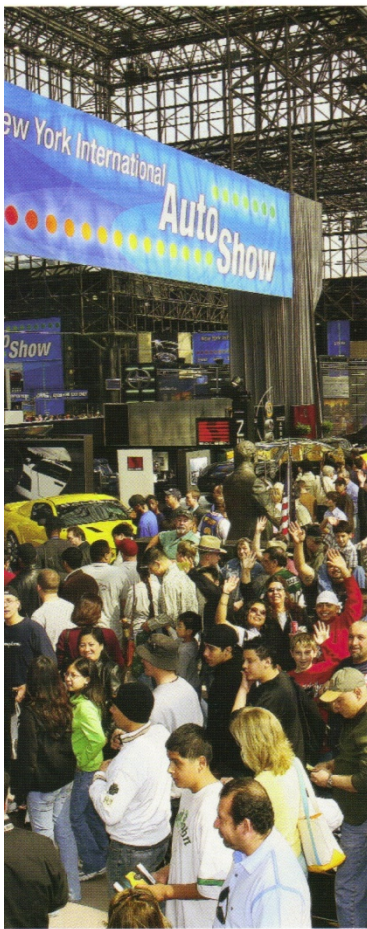
Summary

The 2007 New York Auto Show (NYAS) economic impact report was conducted by BBC Research and Consulting. The report has been administered with respect to the proper methodology and assumptions. Impacting groups have been labeled as non-local attendees, non-local press, non-local employees, exhibitors, and the producer. Each group's attendance, expenditures, and length of stay have been calculated separately. This information has been gathered from surveys. For additional information not explicit in the report I spoke with Madeline Joe, Associate at BBC Research and Consulting on August 20, 2008. The summary of our discussion is below.

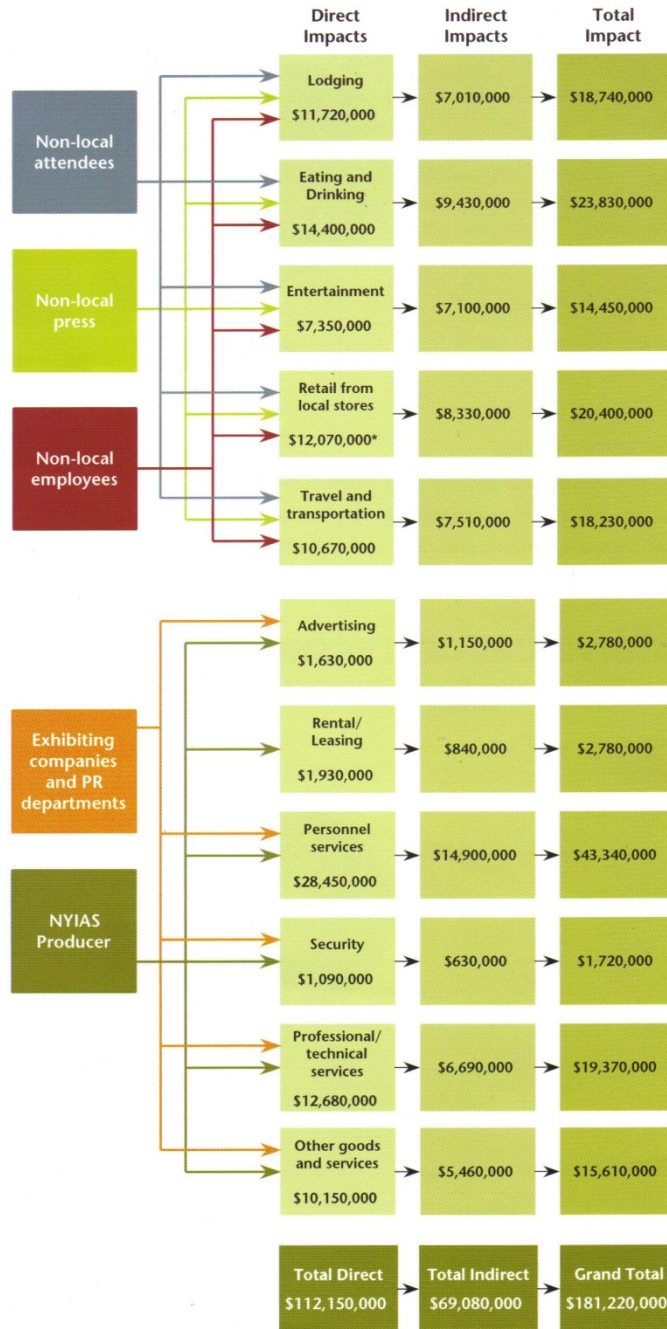
- Information regarding all statistics is from a survey
- The region is designated as the 5 Burroughs of NY
- Attendance figure is based from ticket sales, supplied by GNYADA
- 62% non local in 2002, (489,406)
- Of non-local, 9% spent the night
- Average party size was 3.22
- Average days spent per party was 1.48
- Average nights spent per party was 2.49
- Lodging expense averaged \$260 per night per party
- \$164 per day per party for entertainment
- \$169 per day per party for retail
- \$49 per day per party for transportation
- \$37 per day per party for parking
- \$75 per day per party for eating and drinking

New York International Auto Show

More than 1.2 million people attend the New York International Auto Show each year, and the Show generates more than \$181 million in direct and indirect economic impact for the city. The figures below represent 2006 spending.



New York International Auto Show is owned and produced by the Greater New York Automobile Dealers Association.



NOTE: Retail expenditure data for non-local employees is not included in the model.

