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FOR IMMEDIATE RELEASE
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City sells land for Convention Center hotel

Today, the City of Wilmington finalized the land sale for a \$33.6 million Embassy Suites Hotel next to the Wilmington Convention Center. Wilmington Mayor Bill Saffo and other city officials joined representatives from Harmony Hospitality, Inc. in signing documents for the final closing at City Hall.

Earlier this year, the City Council approved an agreement with Harmony to purchase about $\frac{3}{4}$ of an acre and construct a 186-room, full service Embassy Suites Hotel next to the convention center. The hotel will include a full-service restaurant, bar, pool and additional meeting space.



Pictured above from left to right: Wilmington Mayor Pro-Tem Margaret Haynes, Mayor Bill Saffo, and Page Johnson, president of Harmony Hospitality, Inc.

"Today marks a milestone in our 10-year-long effort to bring a first-class convention center and hotel to downtown Wilmington. We're already halfway there since the convention center opened and now we look forward to working with Harmony to get this top quality hotel built so we can realize the full economic impact that will benefit our entire region," Saffo said.

The closing was delayed for several months after Harmony advised the city that their financing has been frustrated after the land sale was legally challenged and then appealed by the owner of the downtown Hilton, Sotherly Hotels Inc.

Background information

Legal challenge

In June, a NC Superior Court judge ruled in the city's favor regarding a challenge about the city's conformance with a 2006 legal agreement that outlined how the convention center hotel could be privately built. That ruling was appealed to the NC Court of Appeals in August and is still pending.

The city's agreement with Harmony sets the land's purchase price at \$578,820, which was based on a 2007 appraisal – this same price was publically advertised and opened to all qualified developers three different times. MHI, predecessor to the downtown Hilton's owner Sotherly Hotels Inc., expressed an interest in development of the convention center hotel in the 2007 RFP when the price for the land was advertised for the same price.

Loss of revenue without a convention center hotel

- While the convention center has had a significant positive economic impact since it opened in late 2010, officials from the convention center and the convention and visitors' bureau say it has clearly lost a significant amount of business because of the lack of an adjacent convention center hotel.
- Using conservative numbers, the convention center and CVB estimated earlier this year that more than 18,000 hotel room nights have been lost because of the lack of a convention center hotel since 2011. Using these figures, the total economic impact lost is significant:
 - \$5.2 million in direct spending lost – amount that would have been paid for hotel rooms;
 - \$13 million in total economic impact lost – includes spillover costs such as eating at local restaurants, buying goods in local shops and staying additional nights in local hotels.

Convention Center hotel's economic impact

- The property currently provides no revenue to the city. Once the hotel is built and operational, the city is estimated to receive more than \$800,000 a year in revenue:

Room occupancy taxes	\$350,000 a year
Local sales taxes	\$32,000 a year
Parking revenues	\$320,000 a year
City property tax revenues	<u>\$132,000 a year</u>
Total: \$834,000 a year	

- In addition, the estimated construction costs of \$33.6 million are projected to generate \$44.3 million economic activity, creating approximately 346 direct and indirect jobs with \$12.4 million in employee earnings, according to Harmony's Economic and Employment Impact study.
- When construction is completed, hotel revenues are projected at \$12.6 million and 207 permanent jobs with an average wage of at least \$13 an hour.

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