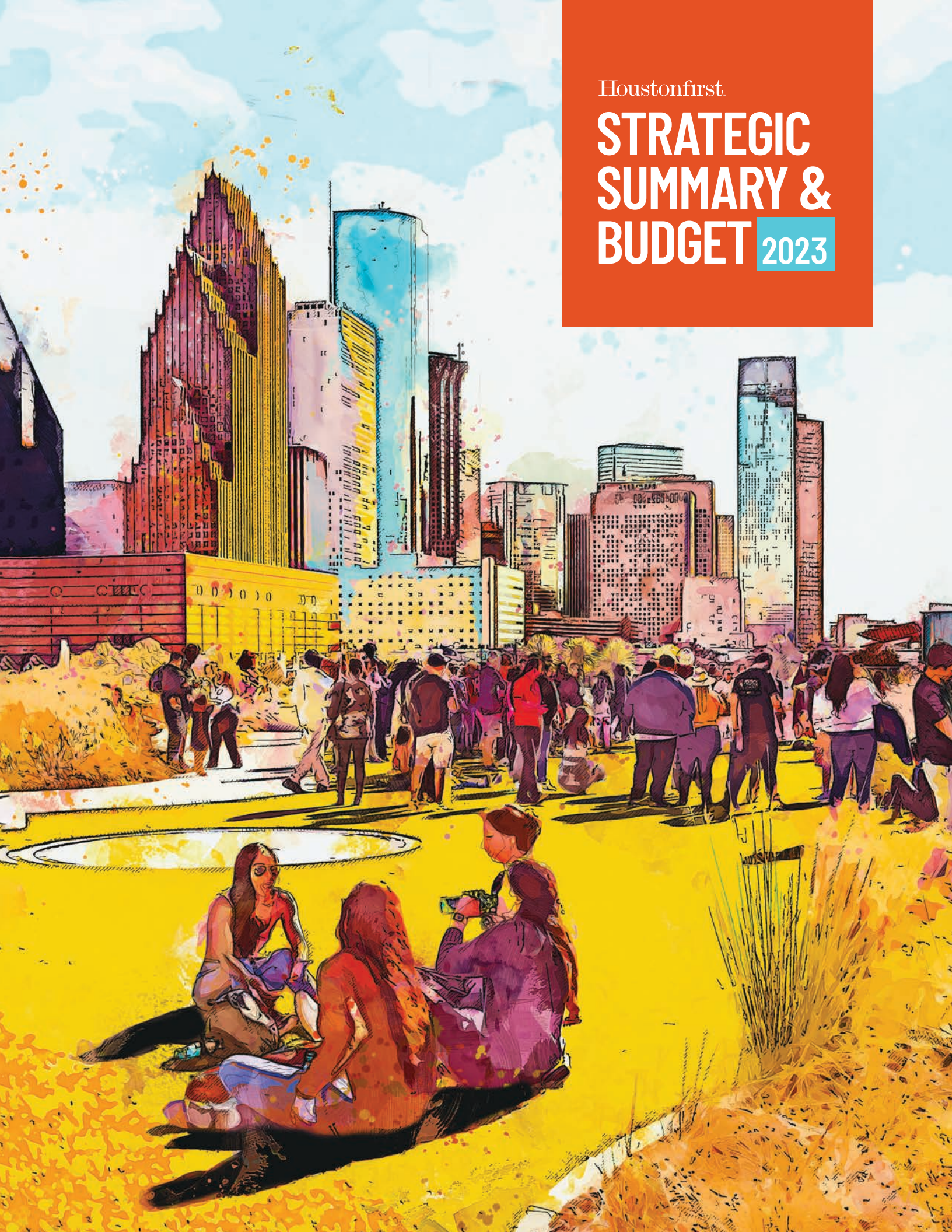


Houstonfirst.

STRATEGIC SUMMARY & BUDGET 2023



We share Houston with the world. We sing her diversity, her optimism, her teamwork, and her welcoming community.

We channel her innovation, her can-do spirit, and her inspiring creativity to solidify Houston's position as a leader in the bright frontiers of tomorrow.

Houstonfirst.

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MESSAGE FROM THE CHAIRMAN OF THE BOARD

During my tenure as Chairman, I've been fortunate to witness Houston First's enormous impact on Houston. In 2020, in the midst of the worst of the pandemic, I committed that Houston First would work collaboratively and entrepreneurially to help the city prevail against the overwhelming challenges we were facing, all the while HFC itself was encountering an unprecedented crisis in our industry.

Since then, Houston First confronted health and safety challenges, adjusted to market conditions, sought additional revenue streams to support our mission, and found new and creative ways to promote the city. As a result, visits to the region have surged and we have put the fiscal crisis of the pandemic behind us. Houston First's talented management team acted boldly and delivered on my commitment, and we are now forecast to return a balanced budget for 2022, a remarkable achievement. Kudos to our HFC staff!

In many ways Houston First is better positioned today than prior to the pandemic. The company has developed that entrepreneurial spirit, seeking opportunities to deliver on Houston First's mission to create value and enhance prosperity by promoting the Houston region, all while seeking the most opportune ways to collaborate with our numerous stakeholders as we position Houston as a global destination.

Houston has regained a vibrant energy and the future holds great promise. Houston First, with our partners across the community, is poised to achieve remarkable growth in 2023, and beyond.

All my best,



David Mincberg
Chairman, Board of Directors



Houston has regained a vibrant energy and the future holds great promise.

MESSAGE FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER

Over the last year, we've seen a reawakening of Houston and a resurgence of our hospitality community. When the future still seemed uncertain, we projected market conditions would normalize in 2022, and I'm pleased to report they have. Furthermore, Hotel Occupancy Tax (HOT) collections are expected to very nearly meet 2019 levels this year and are budgeted to substantially surpass 2019 next year. While not our only key performance indicator, it is an important measurement that demonstrates the health of the visitor economy.

The authoritative *America's Best Cities Report* showed a six-position improvement for Houston in 2022 versus 2021 in the ranking of the top 100 cities—including as the top ranked city in Texas. The report described Houston as *America's Stealthy Powerhouse on the Rise*. What an accurate way to describe this amazing city we call home.

Rise we certainly have since the depths of the pandemic, and with recovery now complete and global travel resuming we can look ahead with an eye towards further accelerating growth. Our talented team at Houston First is poised to lead our destination to compete with the best cities in the world. We will do this through marketing and promotional efforts that continue to improve Houston's image and attract visitation, relentless sales and brand awareness campaigns that enhance our reputation as a leading convention and events destination, and cooperation with industry stakeholders that can unite behind a common vision.

Among many other priorities, in 2023 we will create and develop a 10-year destination development plan. The process will be inclusive and comprehensive. The result will be a roadmap for necessary and progressive enhancements intended to push boundaries and make Houston a better place to visit and do business. It will be a reimagining that amplifies Houston's strengths as a destination while revealing new possibilities.

Though I have been elated to see our visitor economy roar back to life, I am even more enthusiastic about the opportunities we have ahead. And, while I am proud of our accomplishments, we will not rest on them. Let's get to work. Let's make tomorrow together.

Onward,



Michael Heckman
President & Chief Executive Officer



Though I have been elated to see our visitor economy roar back to life, I am even more enthusiastic about the opportunities we have ahead.

As the Destination Management Organization (DMO) for Houston, Houston First Corporation's (HFC) responsibilities involve the development of the destination brand strategy, promoting the city worldwide, driving tourism and convention business, operating numerous facilities, producing events that serve the community, collaborating with commercial and industry partners, and much more.

HOUSTON FIRST BRANDS & FACILITIES





**35
YEARS**

WORTHAM THEATER CENTER & GEORGE R. BROWN CONVENTION CENTER
Cheers to thirty-five years of entertaining millions of guests and shaping Houston!



Value Drivers

HFC promotes Houston’s vibrant and diverse culture throughout the world. We create and enhance opportunities for the community, and when we succeed, Houstonians prosper.

Within the organization, we continue to emphasize the importance of delivering value through our decisions and in our actions so that we maximize visitation to the region, inspire pride among residents, and contribute to a thriving Houston economy.

STRATEGIC PILLARS

TRANSFORMATIONAL LEADERSHIP

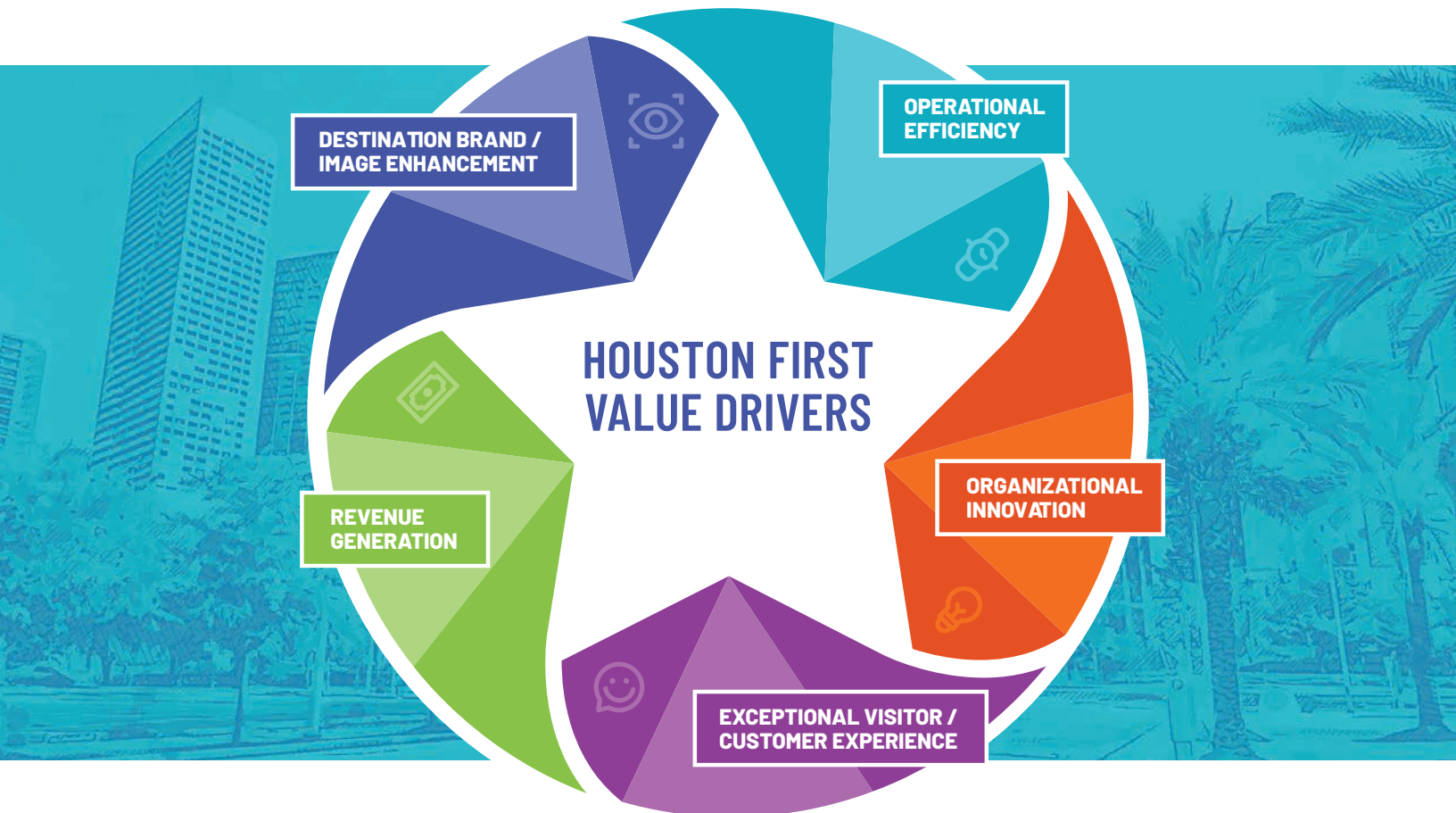
Enhance and employ organizational relevance by inspiring, influencing, and leading key stakeholder groups in furtherance of HFC’s mission and value for Houston.

DESTINATION DEVELOPMENT

Serve as a catalyst for initiatives that strengthen Houston’s global reputation, increase travel to the city, and improve HFC’s economic impact to the community.

REVENUE DIVERSIFICATION & ASSET GROWTH

Advance new opportunities for additional revenue streams, asset growth, and financial mechanisms that strengthen HFC’s financial outlook and viability.



One Team, One Mission

HFC works in service to the city – the impact from the visitor economy alone is worth billions of dollars to the region. Success requires a team of creative, skilled, and experienced professionals that must work well together, as well as with a broad scope of stakeholders throughout Houston.

HFC recognizes and appreciates the importance of cultivating an environment that nurtures talent; that is equitable and values different perspectives and backgrounds; and, above all, is respectful to everyone.

For the first time in more than five years, Houston First engaged a global workforce company to assess team member perception, which included a survey of nearly 70 questions. HFC not only scored above the average, but also scored high enough to receive the prestigious Great Place to Work® certification. Just as important, HFC discovered areas where improvement can be made.



In 2022, Houston First launched a DE&I Council and Business Resource Group (BRG). The Council, made up of diverse members of the senior executive team, is responsible for setting goals for the organization and assuring implementation of programs and policies that foster a diverse and equitable environment of inclusion.

The BRG, comprised of diverse team members of all levels, is tasked with providing recommendations to the DE&I Council that address issues, support

the company's culture, and help progress HFC forward. It is this group that has reviewed the findings of the Great Place to Work® survey and developed recommendations.

In the short time since the first meeting of the DE&I BRG in April, an apprenticeship program has been launched, additional professional development resources have been made available, DE&I training and storytelling for leaders and team members have been provided. In addition, educational activities around Heritage months have been produced, internally for staff and externally for the public, to increase awareness, understanding, and appreciation for the various cultures in Houston as well as the company.

More on heritage celebrations ahead.





MISSION

Create value and enhance economic prosperity by promoting the Houston region.

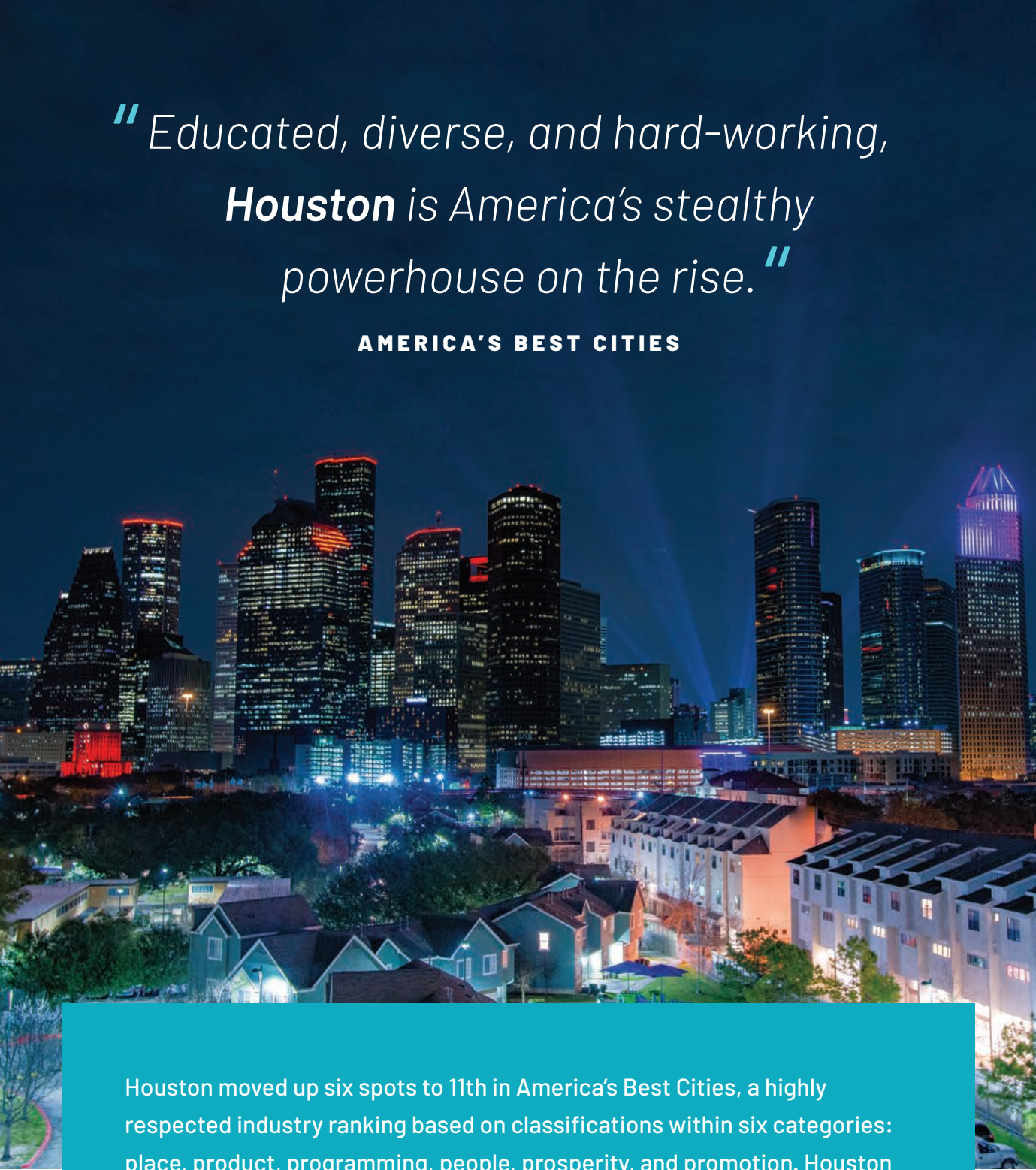
VISION

Promote Houston as a premier global destination, building partnerships to improve the quality of life of Houstonians, and becoming a top revenue generator for the Houston region.

CORE VALUES

Respect All - Embrace Partnerships - Own It
Pursue Fulfillment - Be a Passionate Ambassador





*“Educated, diverse, and hard-working,
Houston is America’s stealthy
powerhouse on the rise.”*

AMERICA’S BEST CITIES

Houston moved up six spots to 11th in America’s Best Cities, a highly respected industry ranking based on classifications within six categories: place, product, programming, people, prosperity, and promotion. Houston scored 4th for Fortune 500 companies, an indicator of a resilient economy; 4th for restaurants; 7th for culture; and 8th for international diversity.

Market Overview

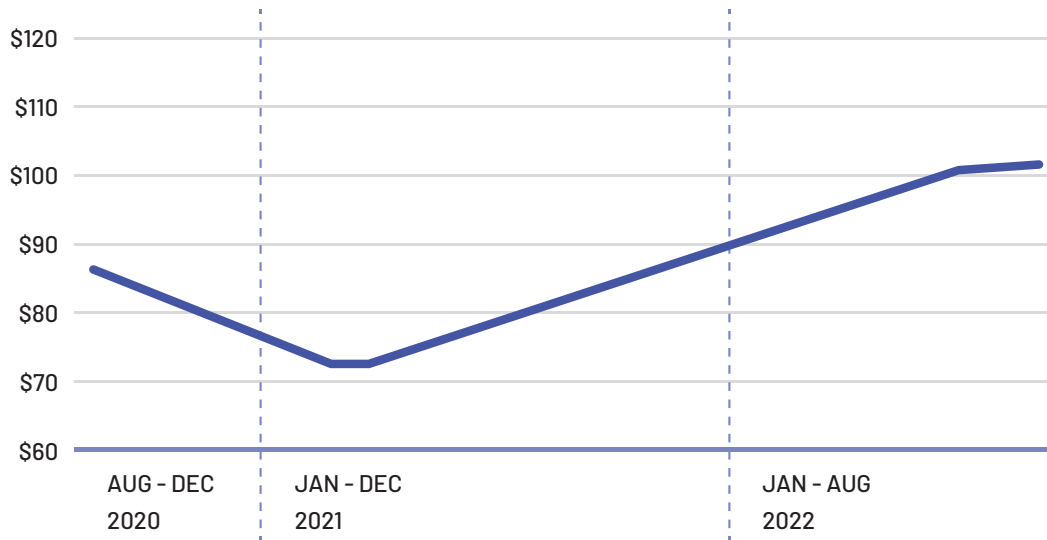
In 2021, Covid and the influx of variants continued to impact sentiment towards leisure and business travel, yet Houston welcomed 48.4 million visitors, just 5% less than the 50.8 million visitors in 2019. 26.9 million were day trippers, the most in five years—the closest being 26.2 million in 2019. Domestic overnight visitation accounted for 20.2 million of the 2021 visitation, down 5% from 2019 at 21.2 million and more consistent with 2018's 20.6 million.

While overall visitation impacts the city's local economy, an increase in overnight stays can more than double the economic impact to the city per day—whether more visitors to the area or more nights per visit. Current trends indicate that overnight visitation in 2022 is expected to near 2019's 21.2 million.

For the full Houston MSA, the average daily room rate (ADR) in 2021 vacillated between \$78 and \$90 but a steady climb persisted with the trailing twelve closing at \$101 in August of 2022.

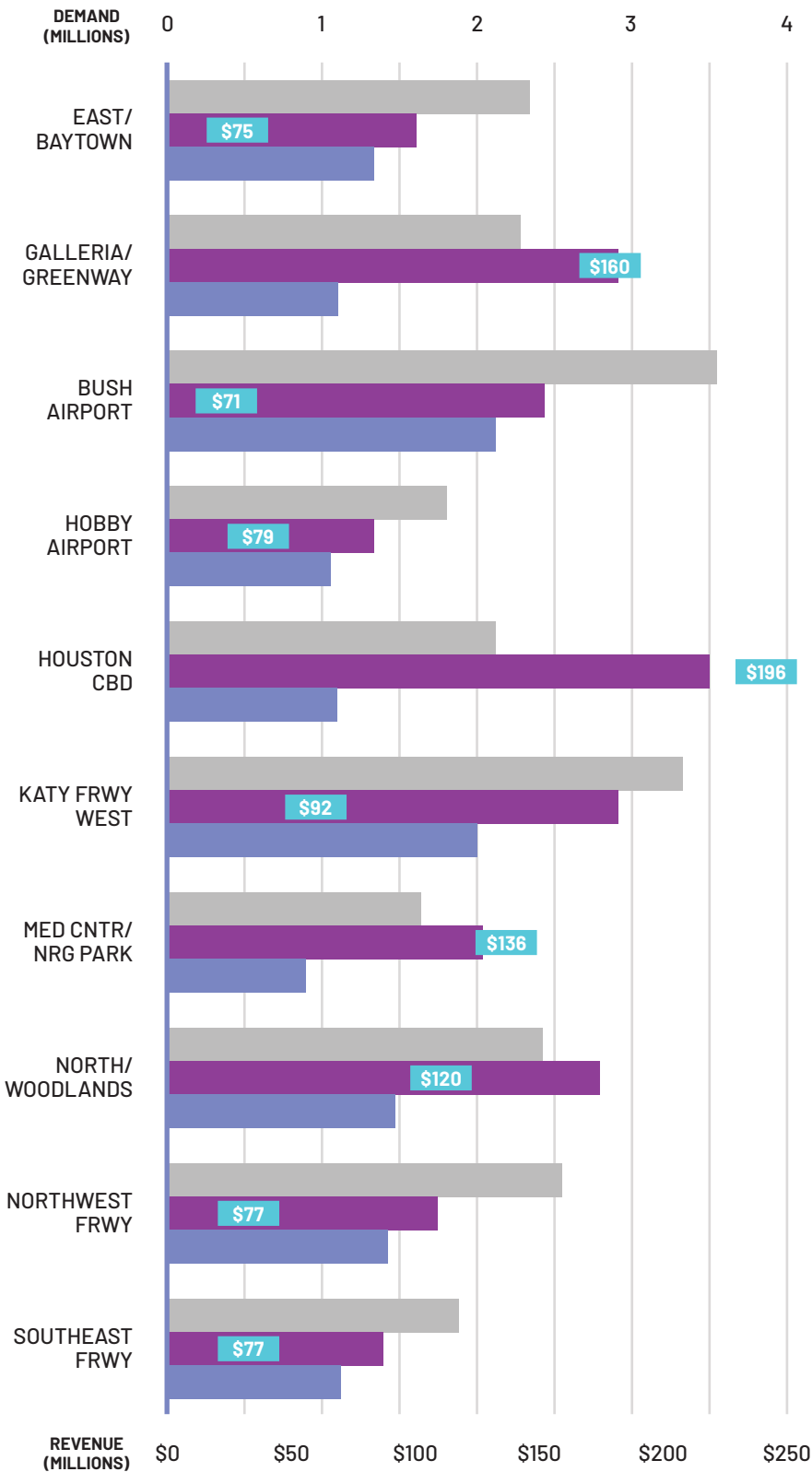


AVERAGE DAILY ROOM RATE
TRAILING TWELVE MONTHS



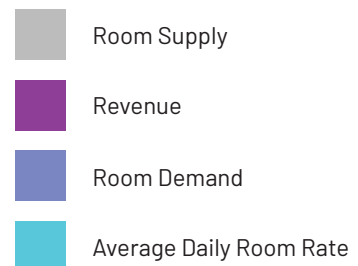
SOURCE: STR, inc.

HOTEL DISTRIBUTION & PERFORMANCE BY AREA
YEAR TO DATE



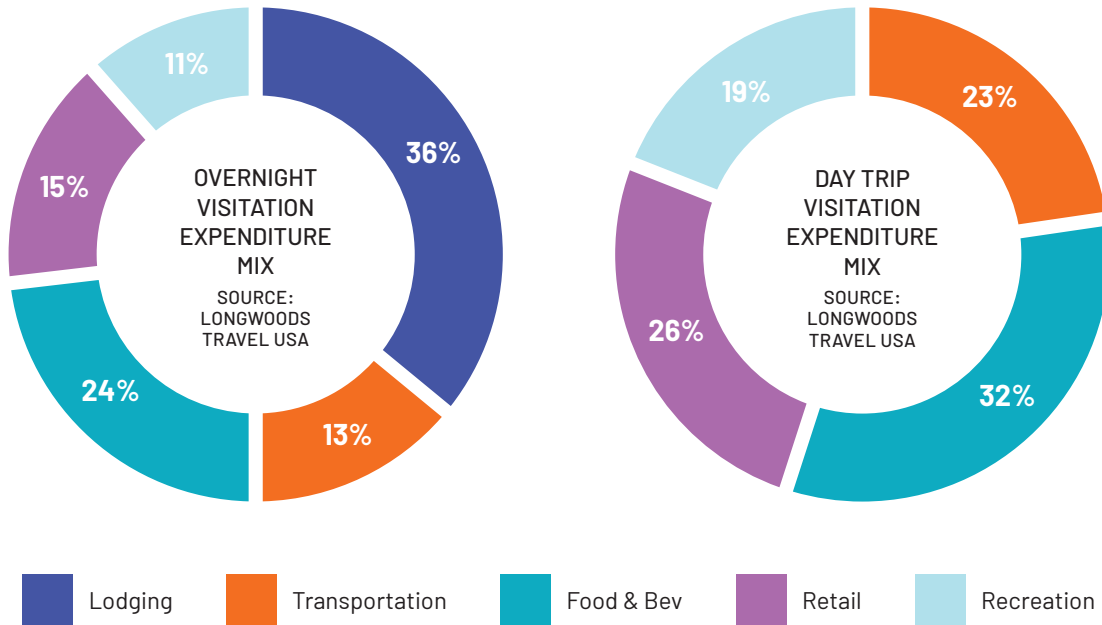
Occupancy across the Metropolitan Statistical Area (MSA) is averaging 57% with Galleria/Greenway and Houston’s Convention and Business District (CBD) the lowest performers. However, high ADR in both sub-regions has led to high revenue performance, contrary to Medical Center/NRG Park and Northwest Freeway where high revenue performance is the result of better demand, compared to the rest of the region, despite the low ADR.

Not only will an increase in overnight visitation improve demand across the city and surrounding areas, it should also lift ADR and improve revenue performance throughout.



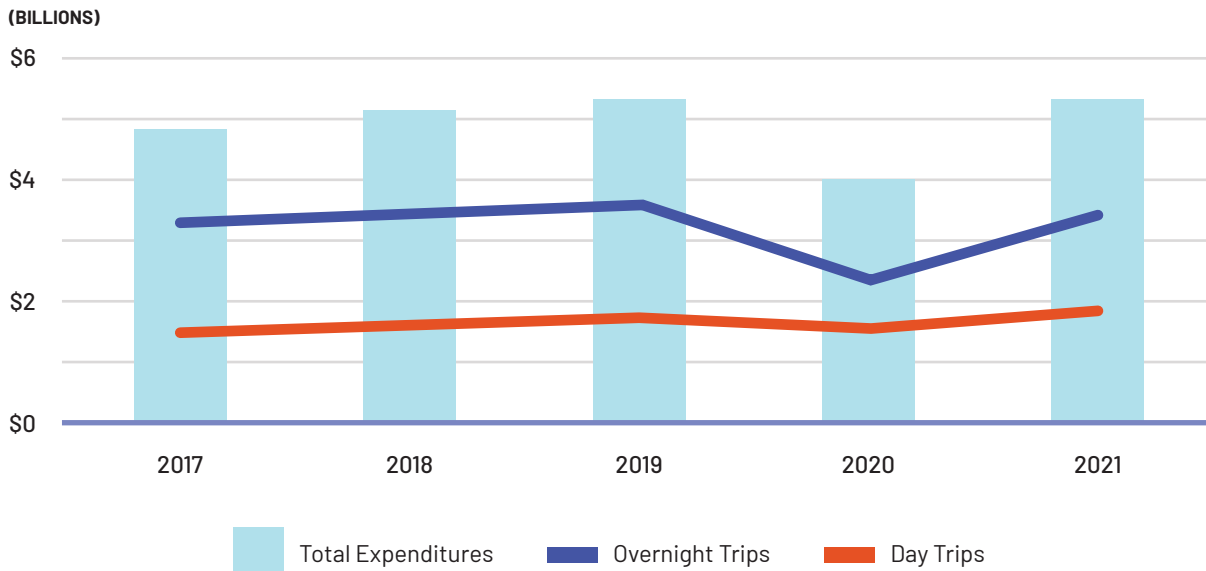
SOURCE: STR, inc.

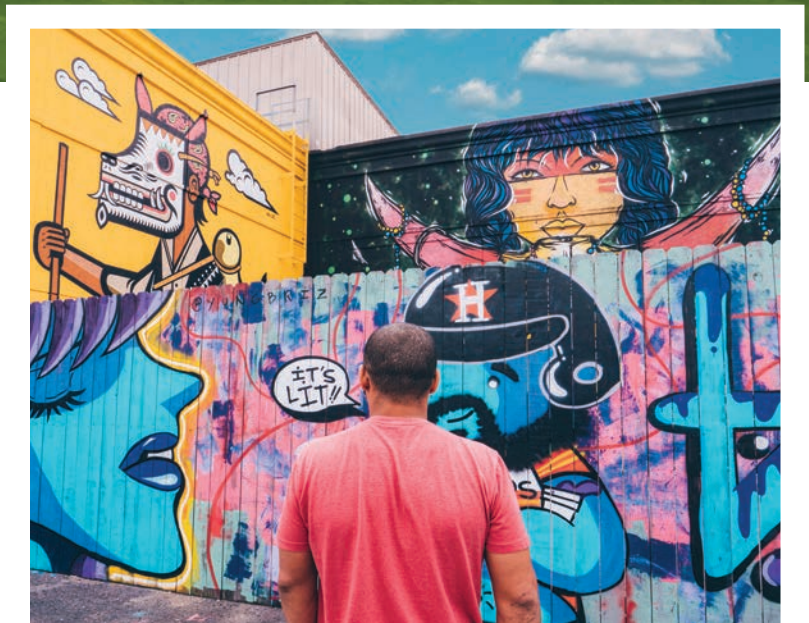
VISITATION EXPENDITURE: OVERNIGHT VS DAY TRIPS



Houston is a thriving tourist destination, unmatched in Texas, with a celebrated food scene, renowned historical and cultural communities, world-class retail venues, as well as sports, entertainment, and various recreational attractions for all ages. When here, 20% of tourists visit at least one of Houston’s prominent Cultural Districts, while a complement of amenities is enjoyed throughout the city.

VISITATION EXPENDITURE IMPACT
SOURCE: LONGWOODS TRAVEL USA





As of August 2022, employment in the local Leisure and Hospitality industry continued to improve, up 14.1% year-to-date compared to 2021 and 6.2% compared to 2019. Tourism to the Houston region infused \$16.9 billion into the economy and accounted for 122.4 thousand jobs.

Industry Relations

Houston First represents Houston’s hospitality interests among state, national, and international industry associations. The HFC managerial team is involved with more than a dozen organizations within the hospitality industry including Destinations International, BestCities Global Alliance, Texas Travel Alliance, the Expedia Group Select Advisory Board, and the U.S. Travel Association. Participation provides valuable insight, but also allows HFC to lobby on behalf of and influence decisions for the betterment of Houston’s travel economy.

In 2022, HFC advocated with Texas Travel Alliance for the allocation of funding for the recovery of Texas businesses in the tourism, travel, and hospitality

industries negatively impacted by COVID-19. The result was the Texas Travel Industry Recovery (TTIR) Program, which provides one-time reimbursement grants.

Locally, and in collaboration with other organizations, Houston First leads efforts that unify, strengthen, and advance the city—and is committing additional resources toward these endeavors. It is through collaboration and alignment that we can deliver not only on HFC objectives, but on those of our partners and make tomorrow together for Houston.

More on Houston’s brand unification ahead.

2023

In 2023, HFC is launching several initiatives to support hospitality stakeholders including traveler insight reports, pre- and post-visitation, and the restoration of the Tourism Summit, last held in 2019. Houston’s leisure sales program that includes a knowledge base, tools, and FAM trips directly targeting travel agencies, tour operators, and corporate travel personnel—locally, nationally, and internationally—is being assessed and refreshed to assure Houston’s global reputation as a destination for leisure and business. Furthermore, HFC will increase awareness and engagement at travel trade shows where professionals from across the world congregate.

2023 TRAVEL TRADE EVENTS

- IPW San Antonio
- ITB Berlin
- WTM London
- Houston Travel Fest
- NAO Tradeshow
- Expo Mayoristas
- IMACOP
- Brand USA Travel Weeks
- Visit USA Roadshow

Let’s make tomorrow together.







one of US

In 2021, Houston First embarked on a brand study intended to synthesize the essence of Houston—a challenge given the size of the city, the diversity of nationalities, and the juxtaposition of art and industry that inspire Houstonians. Furthermore, it was vital all stakeholders promoting Houston as a place to live, work, or visit were represented in the study.

Houston is a fusion of cultures, imagination, and ambition—unapologetically proud and tenacious. It is a city comprised of more than a hundred nationalities, thousands of businesses, and millions of dreams.

Houstonians lean into their individuality and experiences, but also appreciate other perspectives and collaboration in order to learn, evolve, and thrive. It is this spirit of together that drives visitation and cultivates a global economy.

Visitors, too, quickly become a part of Houston's fabric, enjoying the welcoming communities, the museums and theater district, the zoo and parks, the daytime and the nightlife; while Houstonians continuously overcome challenges, recognize new possibilities, and achieve new potential by working together. Together, Houston has a future with endless opportunity.



WHAT WE HEARD

"We come together, we're very united."

"We have a sense of closeness. It's easy to belong here."

"Houstonians are a different breed, and when push comes to shove, we come together in a crisis."

"We have a can-do attitude; as a business community we feel the responsibility to perpetuate the idea that you can make it happen here."

"It's a city made to make you feel welcome."

"There's never been a culinary identity in Houston. The best thing about it is everyone's contribution to it."

"No one industry or label defines us—that's how we like it."

WHAT WE LEARNED

[1] Houston is a tapestry of cultures whose whole is greater than the sum of its parts.

[2] In Houston people can be themselves and they can build a future of their own.

[3] Houston empowers people to succeed. Our community collaborates to build a shared future and a better city.



WHAT WE'RE DOING NOW

[A] Changing how we speak of the destination:

"We're a city of the future," is now

"We welcome you to build your future here."

We're no longer just America's fourth largest city,

Together, we're more than seven million ingredients that make something that can't be discovered or tasted or invented anywhere else.

[B] Evolving our touch-points to show the world the collective energy, ambition and imagination that is Houston. **Inviting them to say hello to the incredible power and infinite possibility of together.**

[C] Demonstrating the power of together through integrated campaigns that extend the brand perspective to leisure and business travelers, resulting in hundreds of millions of impressions. Showing that in Houston you're more than just a visitor – you're one of us.

As of October 2022, these campaigns have generated:

- **500 MILLION** Paid impressions
- **2+ BILLION** Earned media impressions

WHAT WE'RE DOING NEXT

- Towards the end of 2022 and leading into 2023, Houston First is sharing the brand study findings with other key groups, as well as preparing and making available brand assets to encourage adoption.
- Additionally, HFC is building upon this year's successful branding campaign in 2023, while also capitalizing on high-profile events like the NCAA® Men's Final Four® being held in Houston in the Spring.
- HFC will expand relationships with influencers who provide authentic and engaging content and implement modern marketing practices like 'smart targeting' of consumers.

Let's make tomorrow together.

We Celebrate Together



Houston was founded in 1836 and, in the relatively short time since, the city has gained a rich and diverse culture comprised of more than 140 nationalities. Houston First shares the city's history of triumph, creativity, and heritage locally and with the world through celebratory events, tourism activities, media engagement, and storytelling.

BLACK HERITAGE

During Black History Month Houston First produced a free public event on the plaza at Avenida Houston in front of the George R. Brown Convention Center. HFC partnered with BLCK Market to present an outdoor marketplace each Saturday featuring 50 local, black merchants. Live entertainment was provided by KTSU and comprised of a cross-section of genres including Jazz, Zydeco, and the Blues. A curated art display from the Harris County Cultural Arts Council honored and promoted the work of prominent Houston-based artists, but also included emerging talent.

In June, HFC partnered with Miller Outdoor Theatre for *Juneteenth: The Journey to Freedom*. The theatrical production shared a glimpse of the African American experience since emancipation, with performances by nationally recognized artists from the community, moving visuals, and an educational narrative enhanced by music and dance. Furthermore, for year-round visitation, a tour featuring three historical buildings, including a stop at Freedmen's Town, has been added to the Houston Marketplace and benefits from ongoing traffic from the website.

Finding opportunities to highlight Houston's black history continued to be a focus for Houston First. In 2022, HFC successfully pitched and secured media coverage in several national publications, including *Essence*, *Forbes*, *AFAR*, *Fodor's Travel*, *Black Enterprise*, and the *Matador Network*. Freedmen's Town also was prominently featured in the PBS show *Samantha Brown's Places to Love* and *Bravo's Top Chef Season 19: Houston*—both of which aired during the first quarter of 2022.

During Juneteenth weekend, HFC hosted two journalists from *Black Enterprise* and *Essence*, an effort that resulted in three additional pieces of national coverage talking about Houston and Juneteenth celebrations.



ASIAN AMERICAN PACIFIC ISLANDER HERITAGE

HFC paid homage to Houston's vibrant Asian communities with fashion, art, and music during Asian American Pacific Islander Heritage (AAPI) Month. Dance performances on Avenida Houston featured a Chinese dragon dance troupe, as well as traditional Indian, Filipino, Korean, and Lao dances. Local interactive art was provided by Asia Society TX and Dear Asian Youth with fashion exhibitions by Japan-America Society of Houston and Vietnamese designer Nghi Nguyen.

To generate additional awareness around Houston's Lunar New Year festivities, while also sharing important cultural landmarks, traditional foods, and retail across Houston's AAPI communities, HFC hosted its first Lunar New Year media FAM in 2022. Journalists writing for national and international media outlets such as *Conde Nast Traveler*, *Fodor's Travel*, *Thrillist*, *Food & Wine Magazine*, and *The Happening* were all participants in this inaugural initiative. This effort resulted in media coverage found in *Texas Highways*, *Texas Observer* and two pieces of international coverage in *The Happening*.

For 2023, HFC will create a media FAM centered around the Hindi festival of lights celebration known as Diwali.





HISPANIC HERITAGE

Celebrating Houston’s Hispanic Americans, HFC produced an evening of Latin influences showcasing popular Latin American and Afro-Tejano music accompanied by mariachis, and traditional dances like the samba, the tango, and the salsa. Arts, crafts, and face painting were available for families while a live mural was painted by Gelson D. Lemus, known as w3r3on3.

Also, on display in Partnership Tower was *Recuerdos de Juventud*, translated to “Memories of My Youth”, by Guadalupe Hernandez. Additionally, Houston First was a top sponsor of the second annual Dia de los Muertos Parade, a procession of stunning pageantry with authentic music and dance celebrating the living while honoring those who have been lost.

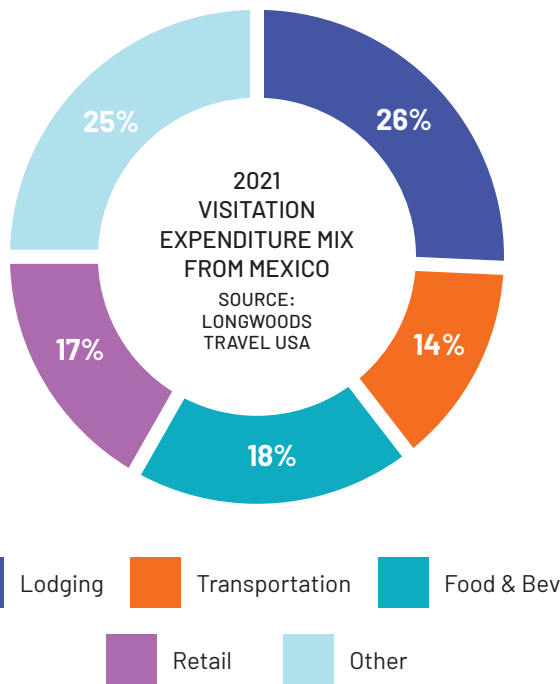


México es **uno de nosotros**

ONE OF US



Prior to the pandemic, travel from Mexico was Houston's top international market. As global travel resumed in the latter part of 2021, Houston First had a renewed commitment to the region with the intent of becoming the top destination for Mexican visitation in 2023.



— 2021 —

>70%
HOUSTON'S
INTERNATIONAL
TRAVEL

925,000
OVERNIGHT VISITS

3.3 AVG NIGHTS
PER TRIP

\$258 MIL
ECONOMIC SPEND

REASON FOR VISITING

FRIENDS & RELATIVES **55%**

LEISURE MARKETABLE **36%**

BUSINESS TRAVEL **9%**

HOUSTON WEEK, VIBRA GLOBAL CAMPAIGN + MORE

To achieve HFC’s 2023 objective, sales and marketing strategies were reimagined with additional resources devoted to an impressive, fully integrated approach.

HOUSTON WEEK A two-city travel trade expedition from Houston to Mexico initiated the campaign in March. Mayor Sylvester Turner lead the delegation that included select City officials along with members of Houston First, the Greater Houston Partnership, Houston Airport Systems, United Airlines, and other local travel and meetings trade clients.

Diplomatic meetings and a prestigious Houston Week event were held in both Monterrey and Mexico City. In all, 500 attendees including travel agencies, OTAs, wholesalers and tour operators; media and influencers; strategic partners and other local businesses attended to experience a taste of Houston.

Diplomatic meetings included:

- Mexico’s Secretary of Tourism
- Mexico’s Minister of Economy
- Mexico’s Vice-Minister of Foreign Affairs
- Mayor of Monterrey
- Mayor of Mexico City

VIBRA GLOBAL A mix-media campaign followed in April, with a combination of brand awareness and retail messaging earning:

- **260+ million** earned media impressions, print and digital
- **160+ million** broadcast impressions
- **200 million** print, advertorial, paid social, and digital impressions
- **29+ million** digital impressions from social media influencers

Following the successful consumer campaign, and with travel restrictions ending in Mexico, travel trade advertising was launched targeting top-tour operators in Mexico. Furthermore, trainings for travel agencies and OTAs selling Houston have commenced, with more than 1,900 agents expected to be trained before the end of the year.





2023

In the first quarter of 2023, Houston First will return to Monterrey and Mexico City for the second annual Houston Week, with a larger delegation of industry partners that recognize the potential of working with Mexico.

HFC will build on the integrated marketing activities started in 2022, expanding awareness, engagement, and interest that drives travel decisions. A Nielsen brand lift study will be performed in 2023 to assess the penetration of the brand message and planned shift in perspective.

Additionally, key agencies, OTAs, and tour operators will continue to be trained, with an emphasis on product and itinerary development in order to entice more visitation and increase room night production.

HFC will align travel trade advertising with luxury operators and agencies like Virtuoso and Nao Travel Collection to attract the luxury traveler and will engage local institutions from the Texas Medical Center for opportunities to enhance the visit of international customers.

Let's make tomorrow together.

The Resurgence of Meetings & Conventions

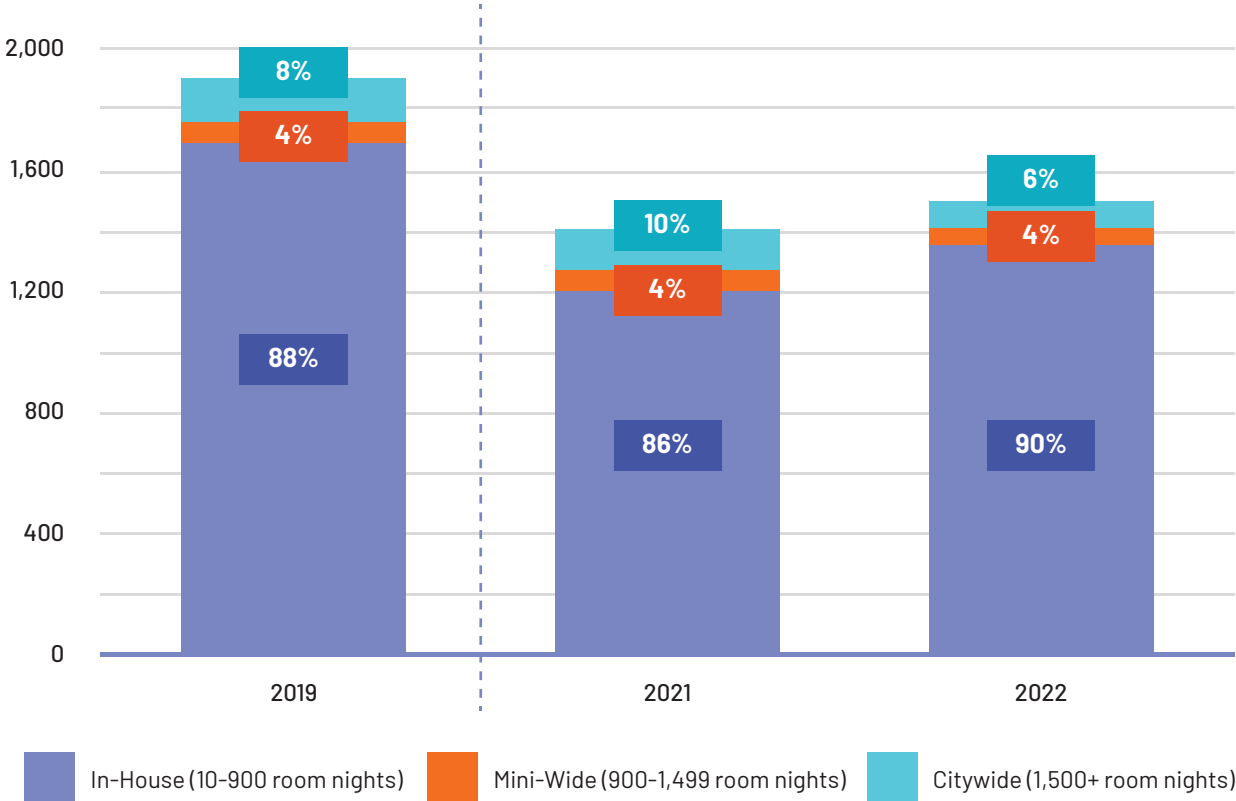
The HFC sales team strives to capitalize on opportunities and find unique ways to build rapport with prospects, referrals, and clients that are tailored to their organizational needs and membership. Since the pandemic, not only were the ways to connect limited but personnel changes occurred and booking cycles shifted to further challenge relationships.

With travel restrictions lifted and more businesses open to in-person gatherings in 2022, the HFC sales team was able to resume participation in larger-attended trade events as well as host smaller, in-market meetings, starting with clients in the Chicago, Washington D.C., Denver, and Austin markets, allowing the team to rebuild brand awareness and engagement with both new and established prospects and customers.

The sales team is on pace to end 2022 with more than 1,500 leads distributed, almost double 2021 and close to 10% above 2019. While the anticipated room nights of approximately 2.1 million is up more than 10% from 2020, projected room nights are down around 17% compared to 2019. Several factors are contributing to this shift:

- [1]** Since the pandemic, meetings and conferences, comprised largely of citywide events, that would typically be booked three to five years in advance, have shifted their booking patterns and have stalled future year commitments.
- [2]** HFC intentionally adjusted the sales approach to target smaller events with a shorter lead time for immediate impact, 85% of all leads sourced are scheduled to meet inside of 24 months.

NUMBER OF LEADS BY TYPE / EVENT SIZE



A self-correction in the market should start to take effect as citywide events, which have remained hesitant to commit too far out, are challenged to find available space. HFC is expected to host more than 60 site visits in 2022, triple 2021, and by the close of 2022 a total of 29 citywide conventions are anticipated, generating a projected 380,000 room nights. Currently, 26 citywide conventions are booked in Houston for 2023 with an estimated 334,000 room nights.

In 2023, the HFC Sales team is planning to host twice the number of promotional events in 2022, which is comparable with our 2019 outreach. The intended result is the replenishment of the existing pipeline with small (hotel) and mid-size events that can supplement 2023's planned business, but also increase citywide commitments which will benefit future years due to the longer lead time and historical booking cycles.

EVENTS ATTENDING IN 2023

PCMA Convening Leaders	Columbus, OH
ESPA Annual Conference	Pittsburgh, PA
Southwest Showcase	Round Rock, TX
CESSE Mid-Winter CEO Meeting	Baltimore, MD
MIC Council of Colorado	Denver, CO
PCMA Partner Conference & Visionary Awards	National Harbor, MD
Cvent CONNECT	Las Vegas, NV
PCMA GMID Industry Exchange	Chicago, IL
ConferenceDirect Annual Partner	Houston, TX
Simpleview Summit	Houston, TX
TSAE Open	Austin, TX
HelmsBriscoe Annual Business Conference	Denver, CO
PCMA Philadelphia Chapter Event	Philadelphia, PA
IMEX Europe	Frankfurt, Germany
PCMA Education Conference	Montreal, Canada
MPI-WEC	Riviera Maya, Q.R. Mexico
ACCESSE Leadership Conference	Detroit, MI
DI Annual Convention	Dallas, TX
CEMA Annual Summit	Denver, CO
ASAE Annual Meeting	Atlanta, GA
Connect Marketplace	Minneapolis, MN
NEXT (E4/Envision/Collaborative)	TBD
BestCities Global Forum	TBD
TSAE New Ideas Conference	Fort Worth, TX
IMEX America	Las Vegas, NV
FICP Annual Conference	Marco Island, FL
IAEE Expo! Expo!	Dallas, TX
Holiday Showcase	Chicago, IL

2023

Rebuilding for the sales team will continue into 2023 and include:

- Increasing brand awareness among meeting and event professionals
- Identifying high-value targets that improve the chance of success for events or industries that fit well with Houston's community
- Customer prospecting, in tandem with qualifying accounts and opportunities
- Connecting and building rapport with prospects, clients, and referrals in a meaningful way
- Proposal generation and pipeline development
- Winning new business and continuing to support annual events

Let's make tomorrow together.



In Houston, you're not a visitor. You're a dinner date, a shared passion, a conversation, a chance encounter, a friend. You're part of something bigger. Come weave your story into our tapestry of cultures. Here, you're not a visitor. You're a local. **You're one of us.**

The Infinite Possibility of Together

The Houston region is more than 600 square miles and exceeds 9,000 square miles when including surrounding areas like The Woodlands, Katy, and Sugar Land. The vast footprint of the Houston MSA creates numerous opportunities for once-in-a-lifetime adventures and lasting memories, but it also has its challenges. With more than 7 million residents in the region, and tens of millions of visitors each year, visibility, connectivity, and hospitality are imperative, especially when competing on the global stage.

HFC's commitment to the visitor experience is growing as resources are more readily available and business is normalizing, but it takes collaboration and cooperation across the local industry. In 2023, HFC is reinstating Houston visitation surveys that rate experiences as well as provide actionable insight that can be shared and addressed.

HFC's tourism team is developing new leisure packages targeting and simplifying the process for different consumer types. A tour retelling Houston's Juneteenth history will be available for those interested in black heritage. Luxury packages are also being developed, intended to indulge affluent consumers with lavish hotels, cultural excursions, shopping, spas, and fine dining.

Houston First will continue to produce public events that serve the community as well as visitors. The long-awaited Lynn Wyatt Square is expected to be fully operational in Spring 2023. The stunning park will become a shining centerpiece for the Theater District. Theater patrons, business professionals, and bystanders will enjoy an ever-changing landscape of art and performances that complement the activities surrounding the park.

Moreover, in 2023, Houston First will produce a 10-Year Destination Development Plan that will identify enhancements to further position Houston as a place to live, work, and visit—the result will be a holistic vision that could include new attractions, more green spaces, the need for new services, additional sports or entertainment venues, a call to cultivate sustainable communities, or more. By understanding today's needs, as well as new trends, Houston will not only adapt early, but lead as a city of the future.

Houston First is investing resources in high-performing marketing strategies, programs that educate the travel-trade industry, sales plans that attract more business, and experiences that enhance the community.

By working together, Houston First, community leaders, and industry partners will strengthen Houston's reputation as a destination.

2023 BUDGET SUMMARY

	CY19 ACTUALS	CY22 ORIGINAL BUDGET	CY22 FORECAST	CY23 BUDGET	VARIANCE H/(L) THAN CY22 FORECAST
Venue Revenue	\$73,055,432	\$67,980,859	\$74,547,546	\$85,315,300	\$10,767,754
Parking	\$19,282,150	\$17,013,729	\$19,173,288	\$19,903,565	\$730,277
Miscellaneous	\$1,053,336	\$3,065,850	\$1,690,222	\$2,852,400	\$1,162,178
OPERATING REVENUES	\$93,390,918	\$88,060,438	\$95,411,055	\$108,071,265	\$12,660,209
Personnel	\$26,227,584	\$25,493,968	\$22,525,180	\$27,341,382	\$4,816,202
Advertising & Promotion	\$7,691,486	\$7,784,547	\$7,411,447	\$8,212,233	\$800,786
Travel, Promotion, and Events	\$5,177,047	\$5,460,432	\$5,460,374	\$3,457,040	\$(2,003,334)
Facility Maintenance	\$8,715,495	\$8,519,550	\$7,659,367	\$10,191,295	\$2,531,928
Food and Beverage	\$16,716,532	\$15,746,824	\$14,239,740	\$14,943,235	\$703,495
Security	\$4,141,859	\$3,431,473	\$3,676,024	\$5,454,933	\$1,778,909
Utilities	\$4,737,098	\$5,169,980	\$5,486,753	\$5,767,314	\$280,560
Parking	\$3,465,167	\$2,190,859	\$2,107,951	\$2,424,329	\$316,378
Janitorial	\$6,318,350	\$4,169,912	\$5,588,946	\$6,534,287	\$945,341
Insurance	\$4,286,186	\$5,679,229	\$5,540,553	\$6,411,273	\$870,720
Lease Expense	\$1,470,164	\$1,526,450	\$1,525,067	\$1,525,410	\$343
Consulting	\$3,600,081	\$2,382,200	\$2,942,712	\$2,943,600	\$888
Supplies	\$1,412,423	\$1,173,300	\$770,294	\$1,092,784	\$322,490
Fees & Services	\$962,823	\$848,725	\$865,267	\$928,650	\$63,383
Computer Services	\$1,102,990	\$1,078,486	\$1,091,456	\$1,002,096	\$(89,360)
Legal Expense	\$349,821	\$600,000	\$544,754	\$830,000	\$285,246
Other	\$1,041,501	\$790,659	\$1,061,841	\$947,482	\$(114,359)
OPERATING EXPENSES	\$97,416,608	\$92,046,594	\$88,497,727	\$100,007,343	\$11,509,616
NET INCOME FROM OPERATIONS	\$(4,025,690)	\$(3,986,156)	\$6,913,328	\$8,063,922	\$1,150,593

	CY19 ACTUALS	CY22 ORIGINAL BUDGET	CY22 FORECAST	CY23 BUDGET	VARIANCE H/(L) THAN CY22 FORECAST
Hotel Occupancy Tax (Current & Delinquent)	\$87,494,966	\$83,640,000	\$86,695,273	\$99,000,000	\$12,304,727
Contributions	\$1,260,000	\$11,335,000	\$11,335,000	---	\$(11,335,000)
Net Available Pledged Rev. Transfer	\$103,714,538	---	\$416,035	---	\$(416,035)
Interest Income	\$2,165,186	\$215,382	\$340,187	\$515,969	\$175,782
NON OPERATING REVENUE	\$194,634,690	\$95,190,382	\$98,786,495	\$99,515,969	\$729,474
Sponsorship Expense	\$5,786,610	\$1,033,950	\$632,458	\$1,032,550	\$400,092
Non-COH Contractual Obligations	---	\$3,836,573	\$3,854,275	\$3,679,656	\$(174,619)
Programming & Events	---	\$1,800,000	\$1,751,906	\$2,985,000	\$1,233,094
Contingency	---	\$1,400,000	\$1,500,000	\$4,000,000	\$2,500,000
Capital Spending	\$2,981,357	\$11,471,000	\$13,140,838	\$1,215,582	\$(11,925,256)
Debt Service	\$60,488,148	\$66,778,851	\$64,120,826	\$70,879,200	\$6,758,374
COH Contractual Obligations	\$18,328,516	\$17,130,454	\$18,157,818	\$20,455,416	\$2,297,598
Hotel Tax Refunds	\$2,451,343	\$1,050,000	\$1,051,063	\$1,716,446	\$665,383
NON OPERATING EXPENSE	\$90,035,974	\$104,500,828	\$104,209,183	\$105,963,850	\$1,754,667
TOTAL REVENUE LESS EXPENSES	\$100,573,026	\$(13,296,602)	\$1,490,640	\$1,616,041	\$125,401
CAPITAL - PRIOR YEAR CARRY FORWARD	---	\$1,976,629	---	\$11,415,367	\$11,415,367
CAPITAL - FINANCED PROJECTS	\$32,475,366	\$14,921,913	\$6,459,305	\$18,122,312	\$11,663,007
DISASTER EXPENSE	\$26,382,885	\$263,000	\$274,573	---	\$(274,573)



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701 AVENIDA DE LAS AMERICAS HOUSTON TX 77010

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