HVS

MARKET REPORT

Texas Goes All In For Convention Centers

AUGUST 21, 2025

Austin, Dallas, Houston, and Fort Worth are pursuing convention center expansions totaling $7.6 to $7.8 billion, with San Antonio considering an additional $900 million project. These developments are largely enabled by Texas's innovative financing mechanisms, such as Project Financing Zones. This article examines the scope of these projects and their policy foundations, while analyzing how they shape both Texas's internal competition and its national positioning in the convention industry.

Convention Centers have emerged as a hub of industry, commerce, culture, and architecture. Since they first marked the maps in the mid-20th-century U.S., they have become a symbol of economic progress. As the global events industry rebounds from the COVID-19 pandemic's disruption, convention centers across the U.S. are rapidly transforming to meet the evolving expectations of today's planners and attendees. Events are no longer just about networking and sharing information; they are full-fledged experiences, powered by smart infrastructure, flexible layouts, immersive technology, and access to vibrant urban surroundings.

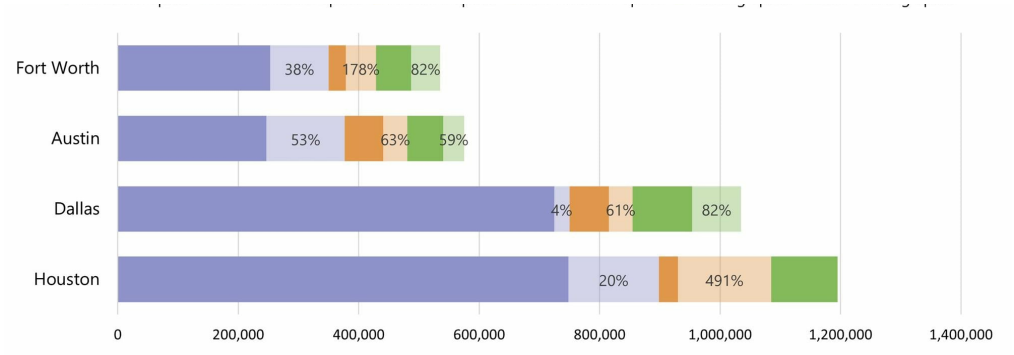
Top national destinations, such as Las Vegas and Orlando, are already expanding their facilities, but few places match the pace and scale of what's unfolding in Texas. Home to four of the largest convention centers in the country, Texas is in the middle of a multibillion-dollar reinvention.

Austin, Dallas, Houston, and Fort Worth are racing to become not just the largest, but also the most competitive, technologically advanced, and experience-driven convention destinations in North America. How will this reshape Texas's competitive position nationally? Could in-state competition lead to cannibalization of events and business? What economic, political, and strategic factors are fueling this expansion? And what should other U.S. convention markets make of Texas's rapid ascent?

Overview of the Expansion Race

All four venues are undergoing extensive renovations, adding flexible function space, enhancing the attendee experience, and integrating more meaningfully with the surrounding public areas.

Overview of the Expansions



Sources: Respective Venues & News Outlets

Austin Convention Center ("ACC") is undergoing a complete teardown and rebuild, nearly doubling its function space from 365,000 square feet to a reported 620,000 square feet, including 70,000 square feet of outdoor event space.[1] The construction is expected to be completed in 2028.

The **Kay Bailey Hutchison Convention Center Dallas** ("KBHCCD") is undergoing one of the most expensive public projects in the city's history. Scheduled to reopen in early 2029, the Convention Center is undergoing a major renovation, with a focus on expansion of its flexible meeting space to attract a wider range of events.[2] The project includes substantial infrastructure upgrades and improved connectivity to surrounding districts.

The **George R. Brown Convention Center** ("GRBCC") is expanding as a part of a larger development of the Houston Convention District. In addition to enhancing pedestrian experience in the area, the Convention Center will now be connected to the **Toyota Center**. The project boasts of creating the largest ballroom in Texas and adds two exhibition halls to the Center.[3] Though smaller in scale than its counterparts, the **Fort Worth Convention Center** ("FWCC") is undergoing a full-scale overhaul aimed at revitalizing downtown and stimulating economic activity. The expansion is being completed in two phases:[4]

- Phase I (2026 completion) – Seeks to add a new grand southeast entrance, state-of-the-art food and beverage facilities, and create space for a privately developed convention hotel in the future.
- Phase II (2030 completion) - Seeks to add about 195,000 square feet of function space, expanding the center's ability to host mid-size regional and national events

Public Policy as a Catalyst for Project Financing in Texas

Texas's convention center expansion benefits from a sophisticated tourism-related infrastructure financing environment. Overall, the State and local governments in Texas have committed an estimated $7.6 to $7.8 billion toward expanding and modernizing convention centers, with an additional $900 million under consideration. Much of this funding is made possible through a combination of Hotel Occupancy Tax ("HOT") revenue and Project Financing Zones ("PFZ"), an innovative funding program that is unique to Texas.

Under Texas law, state HOT revenues can only be used if they meet two criteria: First, funds must promote tourism and the convention and hotel industries, especially encouraging overnight stays. Second, funds must fall within one of nine

statutorily authorized categories, including items like convention and visitor centers and convention registration. [5] Further, cities and counties may levy a general HOT of up to 7%, and may add special HOTs for eligible projects. For example, Austin has a 2% Venue Project Tax, Dallas has a 2% Brimer HOT increase, of which 80% is allocated to the KBHCCD, while 20% goes toward Fair Park improvements. Harris County has a 2% tax for the Houston Sports Authority, and San Antonio has a 2% tax for the Convention Center expansion.

Project Financing Zones

PDZs are a powerful and unique finding mechanism provided by the State. PFZs were established by the 83rd Texas Legislature in 2013 through **Senate Bill 748**. These zones enable authorized cities to capture and reinvest certain state and local taxes generated within a three-mile radius of a qualified project. PFZs serve as a valuable financial tool, enabling cities to redirect substantial revenues toward qualified tourism-related developments such as convention centers.

PFZ funds primarily come from a 6% state hotel occupancy tax, 6.25% state sales and use tax, and the state mixed beverage tax collected from eligible businesses within the zone. Cities with populations of 750,000 or more, located in counties with fewer than 1.5 million residents, can qualify under the law. These cities may also choose to include incremental municipal tax revenues.

Once a PFZ is established, a base tax year is selected, and any tax revenue exceeding that baseline can be allocated for qualified projects over a period of up to 30 years. Sales tax revenues are calculated based on eligible transactions at hotels and hotel-associated businesses within the PFZ, minus the baseline levels. Because PFZs cover large areas and multiple revenue streams, they have become a major funding source for large-scale projects. For example, about 47% of Dallas's hotel rooms are within the city's PFZ, providing the city with a substantial revenue base.

Overview of Project Financings

City	Convention Center	Project Type	Expected Completion	Key Additions	Estimated Investment	Funding Sources
Austin	Austin CC	Rebuild	2028	205,000 sq ft + 70,000 sq ft outdoor space	$1.6 billion	Local HOT and Convention Center revenue
Dallas	Kay Bailey Hutchison CC	Rebuild	2029	146,500 sq ft	$3.3–$3.5 billion	67% via revenue bonds backed by HOT 2% Brimer HOT increase Project Financing Zone (PFZ)
Fort Worth	Fort Worth CC	Expansion	Phase 1: 2026 Phase 2: 2030	195,000 sq ft	Phase 1: $95 million Phase 2: $60 million design and preconstruction; $546 million construction	2% HOT increase (2024) + City HOT Phase 1: $43 million in debt Phase 2: HOT
Houston	George R. Brown CC	Expansion	Phase 1 by 2028 Complete by 2038	300,000 sq ft.	$2 billion	PFZ revenues Local HOT
San Antonio (proposed)	Henry B. González CC	Proposed expansion	TBD (Planning stage)	200,000 sq ft (proposed)	$900 million (est.)	PFZ created in 2025; other sources TBD

Sources: Respective Venues & News Outlets

Given the wide coverage and funding capacity of PFZs, it is no surprise that three of the major convention center expansions in Texas are leveraging this financing tool. In Dallas, the $3.3 to $3.5 billion convention center redevelopment

is expected to generate approximately 67% of its funding through revenue bonds backed by pledged revenues from the local 7% HOT, an additional 2% HOT, and PFZ funds.[6] Houston's estimated $2 billion convention center project is similarly drawing on PFZ revenues to supplement its financing.[7] In Austin, the city is investing $1.6 billion in its convention center expansion, also supported by a combination of HOT revenues and PFZ funds.[8] Fort Worth is the only one of the four not utilizing a PFZ. Its $701 million expansion is being executed in two phases and is funded through HOT revenues.[9] In May 2024, the city increased its HOT rate by 2 percentage points, bringing the total to 17%, which includes the 6% state hotel occupancy tax.[10]

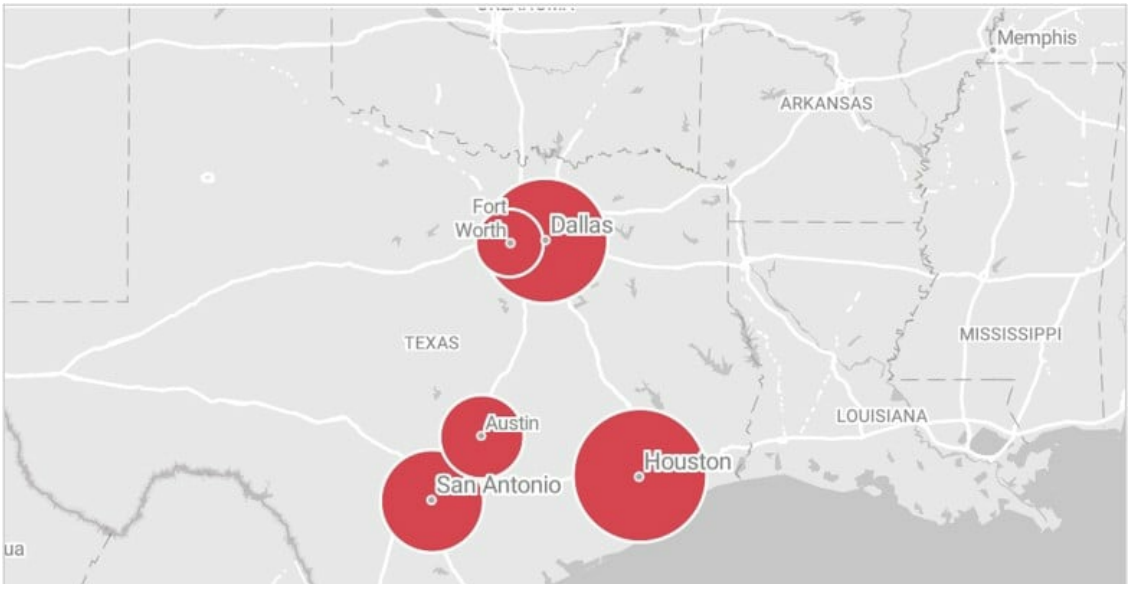
While most states collect and allocate lodging taxes to promote tourism, few offer targeted mechanisms for convention center development as robust as Texas's PFZ model. Some models that come close to that of Texas are listed below:

- **Tennessee's Tourism Development Zones ("TDZ")**: Nashville used this tool to fund the **Music City Center** starting in 2009.[11] The TDZ captures incremental sales tax growth within a designated area. If sales tax revenue in the TDZ exceeds county-wide averages in a given year, the excess is redirected to repay debt service and capital costs associated with the center.
- **Kansas's Sales Tax and Revenue ("STAR") Bonds**: STAR Bonds enable funding for large tourism attractions by diverting state and local sales tax revenues. Projects must involve at least $75 million in investment and generate projected annual sales of $75 million or more. [12]
- **Oklahoma's Metropolitan Area Projects ("MAPS 3")**: A temporary citywide sales tax of 1 cent, collected from 2010 to 2017, raised $801 million and supported various civic initiatives, including the $278.1 million **Oklahoma City Convention Center**, completed in 2020. [13]
- **San Diego's Transient Occupancy Tax ("TOT")**: will increase starting May 2025. Over the next decade, 59% of the additional TOT revenue will be allocated toward improvements and operations at the **San Diego Convention Center**. [14]

Competition in Texas

Even as Austin, Dallas, Houston, and Fort Worth advance major convention center projects, another Texas city which is positioning itself to stay competitive is San Antonio.

Convention Centers in Texas





Note: Circle size represents each venue's total function space after expansion. For San Antonio, the size reflects its current capacity.

Source: HVS

The city has already conducted feasibility studies for the expansion of the **Henry B. González Convention Center**, and in 2023, established a PFZ to support tourism infrastructure development with the Convention Center as one of the qualified projects. In May 2025, this PFZ was replaced by a new one under which the Convention Center Complex became the sole qualified project. The latest proposal outlines a 200,000-square-foot expansion at an estimated cost of $900 million.[15]

With five major cities either planning or executing convention center expansions, a key question arises: Will Texas's internal market become fragmented, or can each city maintain its share? Much will depend on each city's ability to differentiate itself as a destination—not just in square footage, but in experience, accessibility, cost competitiveness, and value for organizers.

Our experience suggests that market share within Texas is unlikely to shift dramatically in the long term. Even after expansion, each city will retain its proportionate relative scale, helping preserve existing regional positioning. That said, short-term disruption may be possible, especially during construction phases. Venues undergoing partial or full closures will lose events to competitors or out-of-state locations. While rotating conventions may return to post-construction, other bookings may prove harder to recover if event planners find satisfactory alternatives. According to the **2025 Cvent Planner Sourcing Report**, 94% of planners are willing to pay more to book with a preferred hotel or venue, indicating that relationships and loyalty are important factors for event planners.

Breaking into the Million-Square-Feet Club

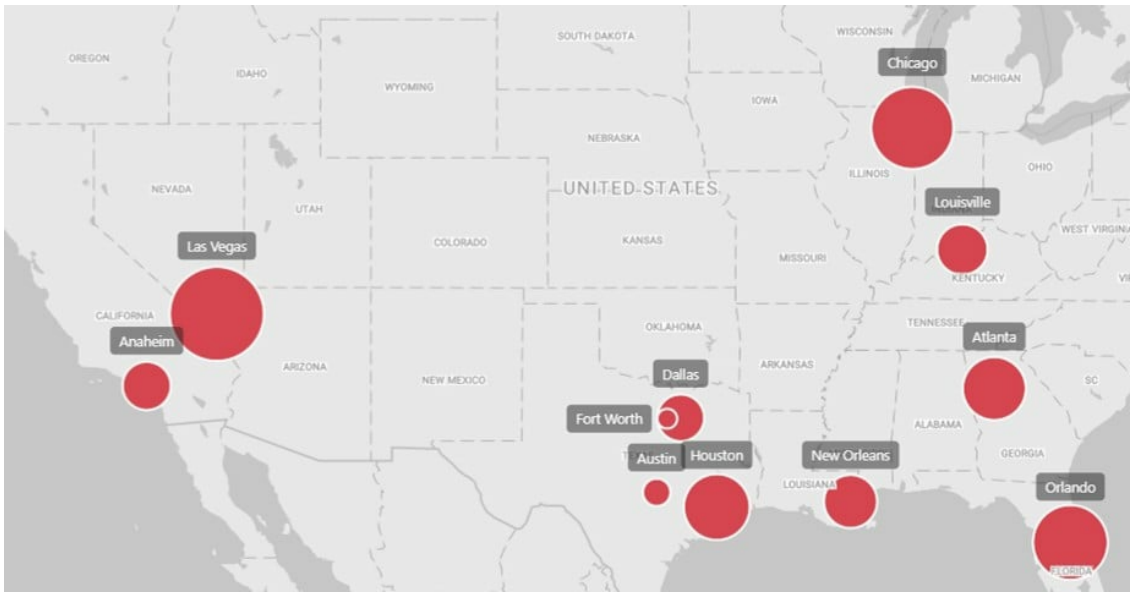
Chicago's **McCormick Place** remains the largest convention center in the United States, with over three million square feet of function space. While it is not currently expanding, it continues to lead in scale and international prestige. Only three large national venues are undergoing expansions.

- Las Vegas, the leading convention destination, is currently expanding the **Las Vegas Convention Center** from 1.9 million to 2.5 million square feet of rentable space, with completion expected by December 2025.[16]
- Orlando's **Orange County Convention Center** is undergoing a multi-phase expansion. Phase 1, targeted for completion by 2029, includes 44,000 square feet of new meeting space and a massive 100,000-square-foot ballroom.[17]
- Meanwhile, Kentucky has launched a two-phase expansion of the **Kentucky Exposition Center** with Phase I ($180 million) adding a 350,000-square-foot exhibit hall, and Phase II ($213 million) adding 249,000 square feet of modern, flexible event space.[18]

Texas is positioned to join these national frontrunners. The ongoing expansions in Dallas and Houston could push their total size beyond a million square feet, with Houston surpassing Anaheim and directly competing with Louisville, KY in size.

Meanwhile, other major markets, including San Diego, Los Angeles, Boston, and Nashville, remain in the exploratory or planning stages, with no firm timelines or financial commitments in place.

Comparison of the Largest National Venues and Expanded Texas Venues



Note: Circle size represents each venue's total function space. For Texas venues, the size reflects their expanded capacity.

Source: HVS

Conclusion

While many U.S. markets remain in cycles of feasibility studies and delayed decisions, Texas is taking decisive and, coordinated action. With Houston and Dallas surpassing the million-square-foot threshold, Texas is setting the pace for convention center development. These ambitious multi-billion-dollar investments, combined with favorable state funding mechanisms like PFZs, position Texas to compete directly with global convention powerhouses like Las Vegas, Chicago, and Orlando on both size and sophistication.

What's certain is this: the next decade will redefine how conventions are hosted in Texas and the stakes couldn't be higher.

[1] Visit Austin, "Austin Convention Center," Retrieved August 7, 2025.

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[3] Houston First Corporation, "Mayor Whitmire and Houston First Unveil Master Plan to Transform the Core of East Downtown," Retrieved August 7, 2025.

[4] Fort Worth Report, "Fort Worth Selects Design Firms for First Phase of Convention Center Expansion," Retrieved August 7, 2025.

[5] Texas Comptroller of Public Accounts, "Local Hotel Occupancy Tax Overview," Retrieved August 7, 2025.

[6] See note 2.

[7] See note 3.

[8] See note 1.

[9] City of Fort Worth, "Phase 2 Expansion and Renovation Update," Retrieved August 7, 2025.

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[15] Visit San Diego, "As Texas Convention Centres Grow, San Antonio Is Betting $900M to Stay Competitive," Retrieved August 7, 2025.

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[17] Orange County Convention Center, "OCCC's Grand Concourse Expansion to Begin Construction in 2026," Retrieved August 7, 2025

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