

## DOWNTOWN SOUTH SPORTS & ENTERTAINMENT VENUE:

# *Feasibility Study Report*

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Presented to



Raleigh

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**Dan Fenton**

Executive Vice President, Director of Global Tourism and  
Destination Development Services  
Hotels & Hospitality Group







# Agenda

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- Study Scope
- Market Assessment
  - Market Demand
  - Case Studies
  - Placemaking Potential
- Potential Programing
- Impact on Community
- Organizational Scenarios/Models

# Study Scope and Methodology

Collect data to understand the **potential impact** of the proposed **sports and entertainment venue** at Downtown South from a placemaking and **visitor-facing perspective**.

- 10,000 seat stadium
- 12,000 seat concert capacity
- Primary use is NWSL and USL Soccer
- Located in Downtown South



## Understand Market

Current State

Stakeholder  
Input

Industry Data  
& Trends

Best Practice  
Research



## Test Potential Uses

Soccer

Other  
Sports

Entertainment



## Project Impact

- Destination
- Hospitality
- Surrounding Area



# Research + Trends + Stakeholder Input

Met with 25+ groups of local stakeholders and potential users to gauge potential use, understand the impact of the new stadium on Wake County, and set a context for collected data and other trend research

- Destination Desirability – Destination Strategic Plan
- Wake County Market
  - Growing indicators
  - Positive feedback from users
- Entertainment Industry Research
- NWSL, USL and Soccer Trends
  - Sport continues to gain popularity
  - Wake County branded for soccer events and teams

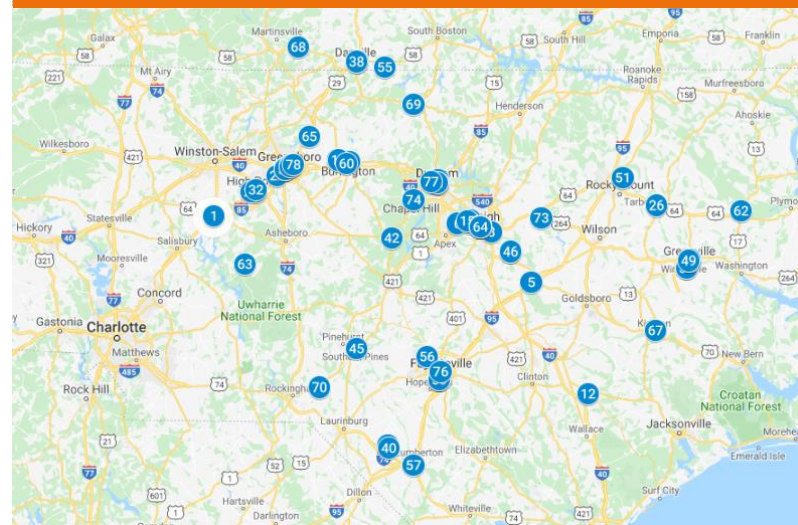


# Venue Inventory

## Comparable Venues

- Within 90-mile radius
  - Feedback supported additive projections
  - Regional market trends are positive
- Other NWSL and USL Markets
  - Comparable markets suggest opportunity for growth
  - Trends are generally positive

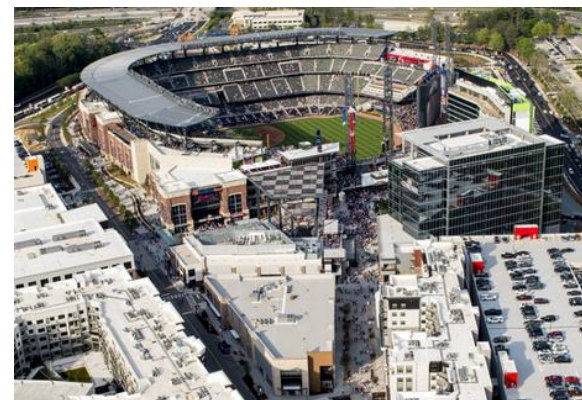
## Sports or Entertainment Venues in the Region



Existing Inventory Components	Venues within 90 miles of Wake County
Amphitheaters	9
Arenas	6
Convention Centers	3
Fairgrounds	4
Stadiums (not soccer)	8
Soccer fields/complexes	5

# Comparable Venues/Case Studies

- Growing market for soccer nationally = more professional level soccer-specific stadiums built
- Activated sports + entertainment venues = placemaking anchor
  - Spurred increases in property tax values and other development
  - Current development plans will be enhanced with projected activity
- Single-use stadium impact is less
  - Important to plan for multiuse, concerts, festivals, and other sporting events



*The Battery (Atlanta)*



*Toyota Field (San Antonio)*



*Potential Programming*

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# Optimized Programming/Other Uses

## • Other Field Sports

- Championship collegiate games
- Specialty sporting events (e.g., lacrosse, field hockey, and rugby)
- Field flexibility is important

## • Concert Venue

- Sized strategically (10,000 – 12,000)
- Designed for entertainment
- Complementary to Red Hat Amphitheater, Coastal Credit Union Amphitheater at Walnut Creek, and Koka Booth Amphitheater

Venue Highest-and-Best Uses	Projected Annual Activity/ Events		
	Existing	New	Total
Professional Soccer (NC Courage, NCFC) and Shaw Soccer	45		45
Specialty Sporting Events (out-of- market tournaments/other sports)		4-6	4-6
Concerts (10,000 -12,000 attendees) across various genres		6-8	6-8
Large scale, signature festival (requires an urban footprint)		1	1
Smaller scale festivals (grow existing events and new)	1	2	3
<b>Total</b>	<b>46</b>	<b>12-17</b>	<b>58-63</b>



# Optimized Programming/Other Uses continued

- **Urban Festival Venue**

- Destination Strategic Plan recommends use of signature, large-scale events to drive overnight visitors to the area
- Proposed venue would provide opportunity to move some events out of downtown
- Larger space would allow for growing current events and developing new signature events
- Potential festival use should be a design consideration



*IBMA World of Bluegrass (Raleigh)*



*Coachella (Indio, CA)*

*Impact on Community*

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# Community Impact

- Wide variety of programming will support increased housing and commercial values
- Intentional community engagement is imperative
- New amenities for residents
- Expected increase in activity and traffic to area
- Additional direct and indirect spending will occur





# Direct Spending by Day and Overnight Visitors

- Strong impact of local and day visitors
- New visitors activity and incremental increase in existing activity

## Projected Total Visitors and Hospitality Related Spending

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>All Overnight Visitors</b>	6,377	6,684	22,010	22,742	23,500	24,287	25,102	25,948	26,825	27,735
<b>All Day Visitors</b>	16,103	16,999	32,954	34,230	35,562	36,953	38,406	39,925	41,511	43,170
<b>All Wake County/Local Visitor</b>	296,246	313,445	402,566	419,339	437,334	456,663	477,446	499,817	523,923	549,924
<b>Total All Visitors (New and Existing)</b>	318,725	337,128	457,530	476,311	496,396	517,903	540,954	565,690	592,259	620,828
% of Total Visitors that are New	41.6%	43.4%	57.2%	57.8%	58.4%	59.0%	59.7%	60.4%	61.1%	61.8%
<b>Meal Spend<sup>1</sup></b>										
Day Visitors Meal Spend	\$ 510,456	\$ 538,877	\$ 1,044,651	\$ 1,085,091	\$ 1,127,317	\$ 1,171,416	\$ 1,217,481	\$ 1,265,611	\$ 1,315,907	\$ 1,368,478
Overnight Visitors Meal Spend	\$ 184,290	\$ 193,165	\$ 636,081	\$ 657,232	\$ 679,157	\$ 701,888	\$ 725,457	\$ 749,896	\$ 775,242	\$ 801,530
<b>Total Meal Spend</b>	<b>\$ 694,745</b>	<b>\$ 732,042</b>	<b>\$ 1,680,732</b>	<b>\$ 1,742,323</b>	<b>\$ 1,806,474</b>	<b>\$ 1,873,304</b>	<b>\$ 1,942,938</b>	<b>\$ 2,015,507</b>	<b>\$ 2,091,148</b>	<b>\$ 2,170,008</b>
Food & Bev Tax	\$ 6,947	\$ 7,320	\$ 16,807	\$ 17,423	\$ 18,065	\$ 18,733	\$ 19,429	\$ 20,155	\$ 20,911	\$ 21,700
<b>Lodging<sup>1</sup></b>										
Room Nights Needed	3,773	3,955	17,461	18,028	18,614	19,220	19,848	20,499	21,172	21,869
<b>Total Room Spend</b>	<b>\$ 403,738</b>	<b>\$ 423,182</b>	<b>\$ 1,868,367</b>	<b>\$ 1,928,949</b>	<b>\$ 1,991,656</b>	<b>\$ 2,056,568</b>	<b>\$ 2,123,768</b>	<b>\$ 2,193,343</b>	<b>\$ 2,265,384</b>	<b>\$ 2,339,986</b>
Occupancy Tax	\$ 24,224	\$ 25,391	\$ 112,102	\$ 115,737	\$ 119,499	\$ 123,394	\$ 127,426	\$ 131,601	\$ 135,923	\$ 140,399
<b>Total Spending<sup>2</sup></b>	<b>\$ 1,098,483</b>	<b>\$ 1,155,223</b>	<b>\$ 3,549,098</b>	<b>\$ 3,671,272</b>	<b>\$ 3,798,130</b>	<b>\$ 3,929,872</b>	<b>\$ 4,066,705</b>	<b>\$ 4,208,850</b>	<b>\$ 4,356,533</b>	<b>\$ 4,509,995</b>
<b>Total Hospitality Tax Collected</b>	<b>\$ 31,172</b>	<b>\$ 32,711</b>	<b>\$ 128,909</b>	<b>\$ 133,160</b>	<b>\$ 137,564</b>	<b>\$ 142,127</b>	<b>\$ 146,855</b>	<b>\$ 151,756</b>	<b>\$ 156,835</b>	<b>\$ 162,099</b>

Large Festival  
comes online

1. Based on Wake County lodging and meal spend projections and visitor categories
2. Assumes overnight festival attendees spend 1.5 nights in the County
3. Does not include local attendee spend; does not include induced spending at adjacent mixed use

# Construction Costs

## Range Considerations

- **Lower Cost:** Similar amenity package and quality to WakeMed Soccer Park
- **Mid-Cost:** Higher-level amenity package, basic adaptability for other uses
- **Higher Cost:** Higher-level amenity package and designed with adaptability for entertainment and large gathering uses, high-quality attendee experience, expandable to MLS specific play

Order of Magnitude Construction Costs

	Lower Cost End	Mid-Cost End	Higher Cost End
<b>Total Fixed Seats</b>	\$ 10,000	\$ 10,000	\$ 10,000
Cost/seat	\$ 10,000	\$ 12,500	\$ 15,000
<b>Projected Construction</b>	\$ 100,000,000	\$ 125,000,000	\$ 150,000,000
<b>Field</b> (initial installation)	\$ 690,000	\$ 690,000	\$ 690,000
Soft Costs (40% of construction)	\$ 40,000,000	\$ 50,000,000	\$ 60,000,000
<b>Total Construction (no parking)</b>	\$ 140,690,000	\$ 175,690,000	\$ 210,690,000

- Highest quality attendee experience
- Design and infrastructure to allow for MLS conversion as warranted

# High-level Proforma

Based on 10,000 – 12,000 seat stadium with mixed uses

- Revenue based on programming
- Operating expenses based on industry averages
- Range of contribution

Does not include capital costs and/or debt service. Depending on the organizational scenario/model chosen, other costs need to be considered, including capital costs and/or debt service.

## High-level Operating Proforma

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	\$ 3,176,861	\$ 3,340,966	\$ 5,845,196	\$ 6,080,750	\$ 6,325,163	\$ 6,313,458	\$ 6,391,955	\$ 6,700,048	\$ 7,053,361	\$ 7,460,744
Expenses	\$ 1,607,658	\$ 1,721,946	\$ 1,981,438	\$ 2,050,281	\$ 2,090,836	\$ 2,139,243	\$ 2,200,548	\$ 2,294,864	\$ 2,403,177	\$ 2,529,568
Net	\$ 1,569,203	\$ 1,619,020	\$ 3,863,759	\$ 4,030,470	\$ 4,234,327	\$ 4,174,215	\$ 4,191,407	\$ 4,405,185	\$ 4,650,183	\$ 4,931,176

Large Festival comes online

NB: Net does not include capital costs and/or debt service



# *Organizational Scenarios/Models*

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# Scenarios

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Examples of ownership models and management agreements

Key considerations

- Operational risk
- Development costs
- Programming vision
- Capital improvements
- Ownership structure

Developer-led

Partnership

Public

# Developer-led

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- Developer takes majority risk; private operating partner
- Public agency contributes land, financing support, etc.
- Team is anchor tenant
- Long-term lease; facility reverts back to public agency upon lease termination

Example: University of Texas Austin

Developer-led

Partnership

Public



# Partnership

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- Public agency takes on large share of project
- Team/developer provides level of upfront investment (e.g., construction, adjacent non-sports development)
- Team is primary tenant and operator/leaseholder; assumes operating risk

Example: Braves Battery Park (Atlanta/Cobb County)

Developer-led

Partnership

Public

# Public

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- Public agency builds or finances asset and leases to team
- Private management company contracted to operate venue
- Public agency responsible for “bottom line” and capital expenditures
- Team uses venue

Example: Toyota Field (San Antonio)

Developer-led

Partnership

Public

# Summary of Key Findings

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## Market Demand

- Sports + entertainment trends provide positive foundation
- Potential for increased attendance with higher-level experience

## Optimized Programming

- Mix of uses differentiates venue; encourages higher levels of new visitation
- Flexibility in design is important in planning for mix of uses

## Impact

- Stadium can provide important vibrancy for Downtown South and Wake County overall
- Growth in new visitation and incremental increase in existing team attendance

## Organizational Considerations

- Test desired organizational scenario/model in private market
- Encourage public and private investors to explore range of financing options

Dan Fenton  
Executive Vice President  
(831) 298-7215  
dan.fenton@am.jll.com

Tina Valdecanas  
Sr. Associate  
(984) 209-6149  
tina.valdecanas@am.jll.com

