



# Virginia Beach Arena Feasibility Study

## Public Presentation

Prepared by:  
C.H. Johnson Consulting, Inc.  
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# About Johnson Consulting



- Discipline
- Integrity
- Best in Class
- Competency
- Knowledge
- Relationships
- Quality
- Thoroughness
- Creativity
- Protection

**Johnson Consulting** is nationally recognized for its independent market feasibility research and expertise for arenas, stadiums, and mixed-use real estate districts. Our expertise allows us to advise on whether development is appropriate, and if so, what should be built, where it should be built, and how to finance and develop the project. Johnson Consulting is noted for providing straightforward opinions and creating meaningful solutions to complex problems.

# Process

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- ❑ Interviewed stakeholders to gather information, obtain work performed to date, and understand the expectations and objectives of this development
- ❑ Examined regional economic and demographic data and projected regional economic trends relevant to supporting the proposed development.
- ❑ Interviewed industry participants and those familiar with the local market to identify specific market opportunities
- ❑ Analyzed operating results of comparable facilities, as well as characteristics of those facilities' markets.
- ❑ Developed an understanding of the existing facilities in the Virginia Beach area and the surrounding area and their demand profiles.
- ❑ Conducted an assessment of programming and utilization at peer facilities
- ❑ Prepared demand and financial projections for the proposed arena.

# Proposed Site

- Adjacent to the Virginia Beach Convention Center
- 1-mile west of boardwalk and oceanfront





# Economic & Demographic Highlights



Historic & Current Population - Virginia Beach, VA (2000-2016)

	2000	2010	2016	% Growth 2000-2016	CAGR* 2000-2010	CAGR* 2010-2016
United States	281,421,906	308,745,538	325,580,626	15.7%	0.93%	0.89%
Virginia	7,078,515	8,001,024	8,462,749	19.6%	1.23%	0.94%
Virginia Beach - Norfolk - Newport News, VA-NC MSA	1,580,057	1,676,822	1,746,934	10.6%	0.60%	0.69%
<b>Virginia Beach, VA</b>	<b>424,140</b>	<b>437,994</b>	<b>453,947</b>	<b>7.0%</b>	<b>0.32%</b>	<b>0.60%</b>

\*Compounded Annual Growth Rate

Sources: Johnson Consulting, Esri ArcGIS BAO

## Market Observations:

- Growing City/MSA Population
- Median Age 36.1 years (1.9 below that national rate)
- Median Household Income, above national rate (\$73,193)
- The United States Military is the markets largest employer

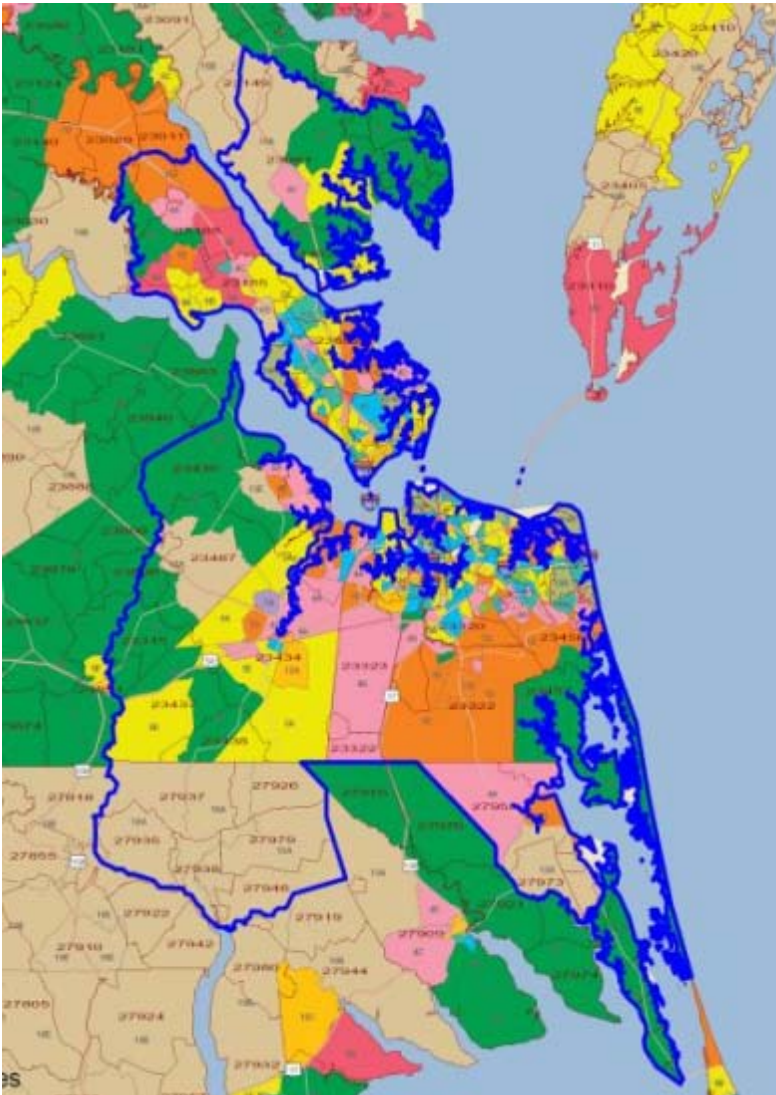
## Local Attractions:

- Virginia Beach Boardwalk
- Virginia Aquarium and Marine Science Museum
- Neptune's Park

# Tapestry Segmentation

## Segment Observations:

- Several of the main demographic segments that make up the Virginia Beach Market, enjoy participating in recreational activities (e.g. Bright Young Professionals, Young & Restless, Park & Rec)
- Members of Young & Restless segment are avid consumers of music and entertainment



Virginia Beach, VA Tapestry Breakdown (2016)

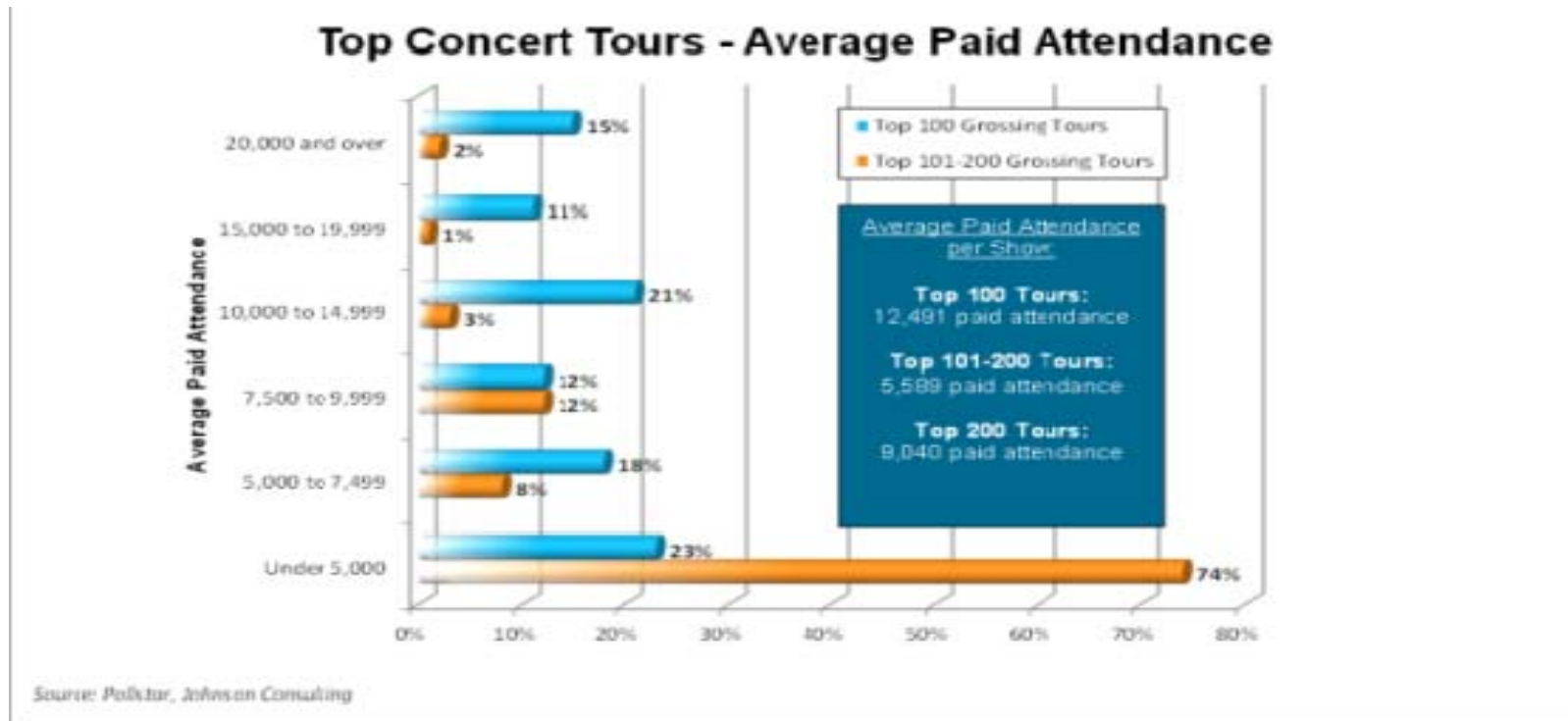
	Virginia Beach, VA		Virginia Beach MSA		United States	Color-Code (Tapestry Map)
	Population Percentage	Index*	Population Percentage	Index*	Population Percentage	
Bright Young Professionals	13%	600	9%	408	2%	
Young & Restless	11%	655	6%	334	2%	
Home Improvement	9%	547	4%	250	2%	
Soccer Moms	9%	314	7%	237	3%	
Exurbanites	7%	350	4%	216	2%	
Parks & Rec	6%	300	8%	416	2%	

\*Compounded Annual Growth Rate

\*Index is a comparison of the percent of households or population in the area, by Tapestry segment, to the percent of households or population in the United States, by segment. An index of 100 is the U.S. average

Sources: STDB

# Industry Trends - Concerts



- Indicative of the number of acts in the industry that can sell out larger venues
- 21% of Top 100 grossing tours had average attendance between 10,000-14,999.

# Industry Trends - Arenas



10,000+ Seat Venues Opened in the Last Ten Years (2016)											
Facility Name	MSA	Population	Median Income	Recreation & Entertainment Spending (\$)	Tenant/s	Capacity*	Luxury Suites	Annual Naming Rights	Term (years)	Estimated Cost of Development (\$ millions)	Year Opened
T-Mobile Arena	Las Vegas, NV	2,128,903	\$52,476	\$438,822,050	NHL	20,000	54	-	-	\$375	2016
Denny Sanford Premier Center	Sioux Falls, SD	256,629	\$55,820	\$59,587,857	IFL/USHL	12,000	38	\$840,000	25	\$117	2014
PPL Center	Allentown, PA	843,575	\$59,322	\$213,470,824	AHL/PIFL	10,500	n/a	-	10	\$177	2014
Barclays Center	New York, NY	20,249,968	\$67,326	\$6,594,889,295	NHL/NBA	18,000	130	\$10,000,000	20	\$500	2012
Ford Center	Evansville, IN	319,724	\$48,400	\$63,437,732	ECHL	11,000	20	\$420,000	10	\$127	2011
Amway Center	Orlando, FL	2,371,879	\$50,559	\$502,613,665	NBA/ECHL/AFL	17,030	60	\$4,000,000	10	\$480	2010
CONSOL Energy Center	Pittsburgh, PA	2,371,215	\$51,724	\$561,312,639	NHL	18,807	66	-	21	\$321	2010
BOK Center	Tulsa, OK	992,640	\$51,532	\$210,643,154	ECHL	19,200	65	\$550,000	20	\$196	2008
Citizens Business Bank Arena	Ontario, CA	4,460,387	\$56,973	\$889,285,986	AHL/MASL	11,089	36	-	10	\$150	2008
Sprint Center	Kansas City, MO	2,098,082	\$57,817	\$524,342,544	None	19,000	72	\$2,500,000	25	\$276	2007
Prudential Center	Newark, NJ	20,249,968	\$67,326	\$6,594,889,295	NHL	17,625	76	\$5,100,000	20	\$300	2007
CFE Arena	Orlando	2,371,879	\$50,559	\$502,613,665	NCAA	10,000	16	\$570,000	7	\$107	2007
Sears Centre	Hoffman Estates	9,649,592	\$62,058	\$2,267,722,185	NBA-D/MASL	11,800	43	\$1,200,000	1.75	\$62	2006
Median		2,371,215	55,820	502,613,665	-	17,030	57	1,200,000	15	196	2010
Proposed Arena	Virginia Beach, VA	1,746,934	\$58,564	\$417,938,668							

\* Concert Capacity

Sources: Facility Websites, STDB, RSVdatabase, Johnson Consulting



# Comparative Market Analysis

- Examined Six Markets, similar to Virginia Beach, that each have an existing arena
- The Virginia Beach is a larger market than all, but one of the examined markets.
- Demographics Data Sets are as follows:
  - Population
  - Projected Population
  - Median Age
  - Total Number of Households (Pop density)
  - Median Household Income
  - Entertainment & Recreation Spending
  - Total Businesses



Proposed Virginia Beach Arena Comparable Market Summary (2016)						
Market	MSA Population	Venue	Year Opened	Capacity	Total SF	Cost of Development*
Lincoln, NE	324,396	Pinnacle Bank Arena	2013	16,310	471,000	\$184
Tulsa, OK	992,640	BOK Center	2008	19,200	565,000	\$196
Kansas City, MO	2,098,082	Sprint Center	2007	19,000	657,000	\$276
Oklahoma City, OK	1,379,525	Chesapeake Energy Arena	2002	19,675	-	\$210***
New Orleans, LA	1,265,665	Smoothie King Center	1999	18,500	-	\$110
<b>Virginia Beach, VA</b>	<b>1,746,934</b>	<b>Proposed Arena**</b>	<b>-</b>	<b>16,500-18,000</b>	<b>500,000</b>	<b>\$200</b>
<b>Average</b>	<b>1,212,062</b>	<b>-</b>	<b>2006</b>	<b>18,537</b>	<b>564,333</b>	<b>\$195</b>

\*based on historic cost (in millions)

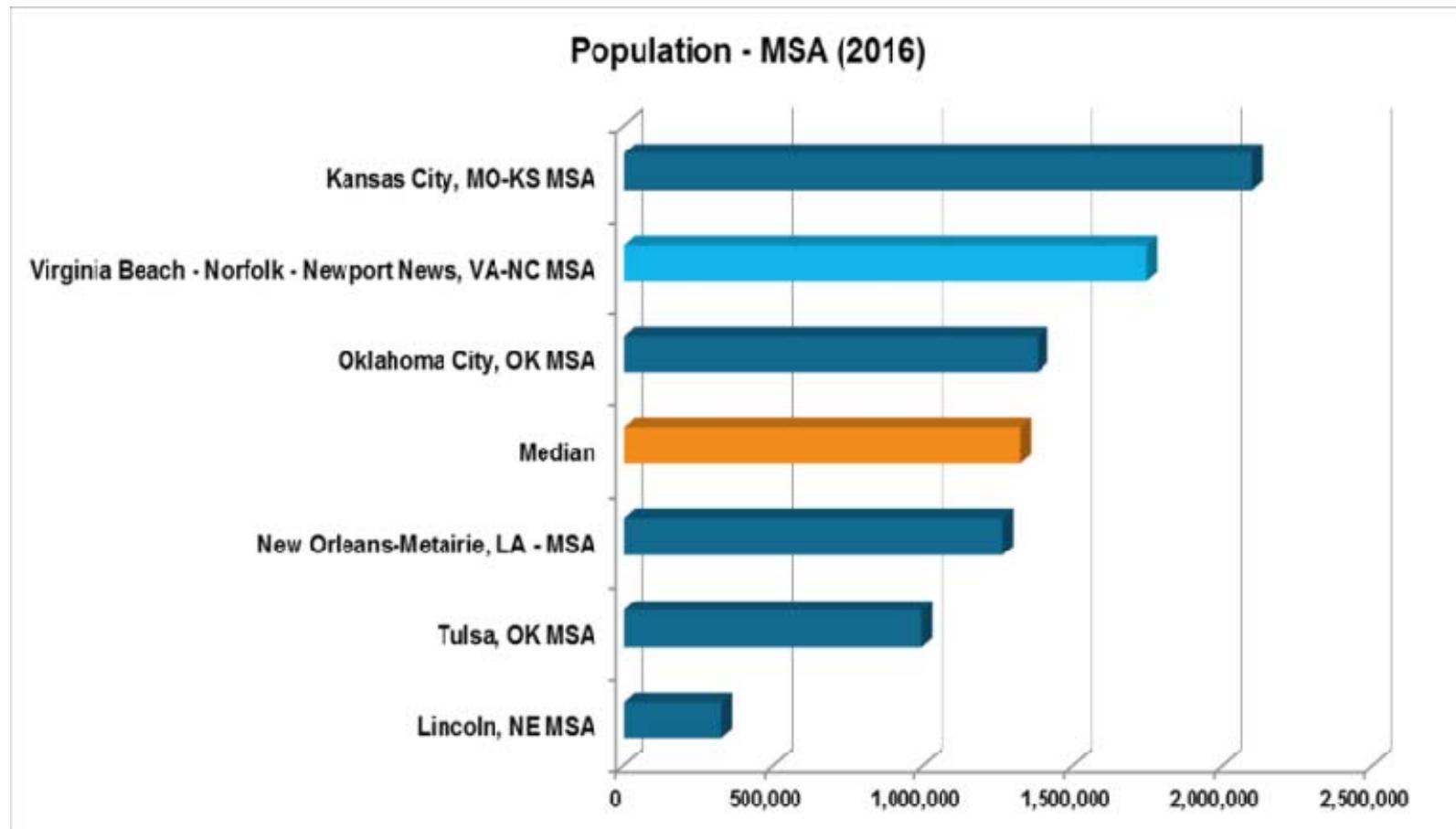
\*\*based on proposed program

\*\*\*Including \$121 million renovation in 2008 (to accommodate Thunder/NBA)

Sources: Ersi BAO, AEG, SMG, RSVdatabase, Johnson Consulting

# Comparative Market Population

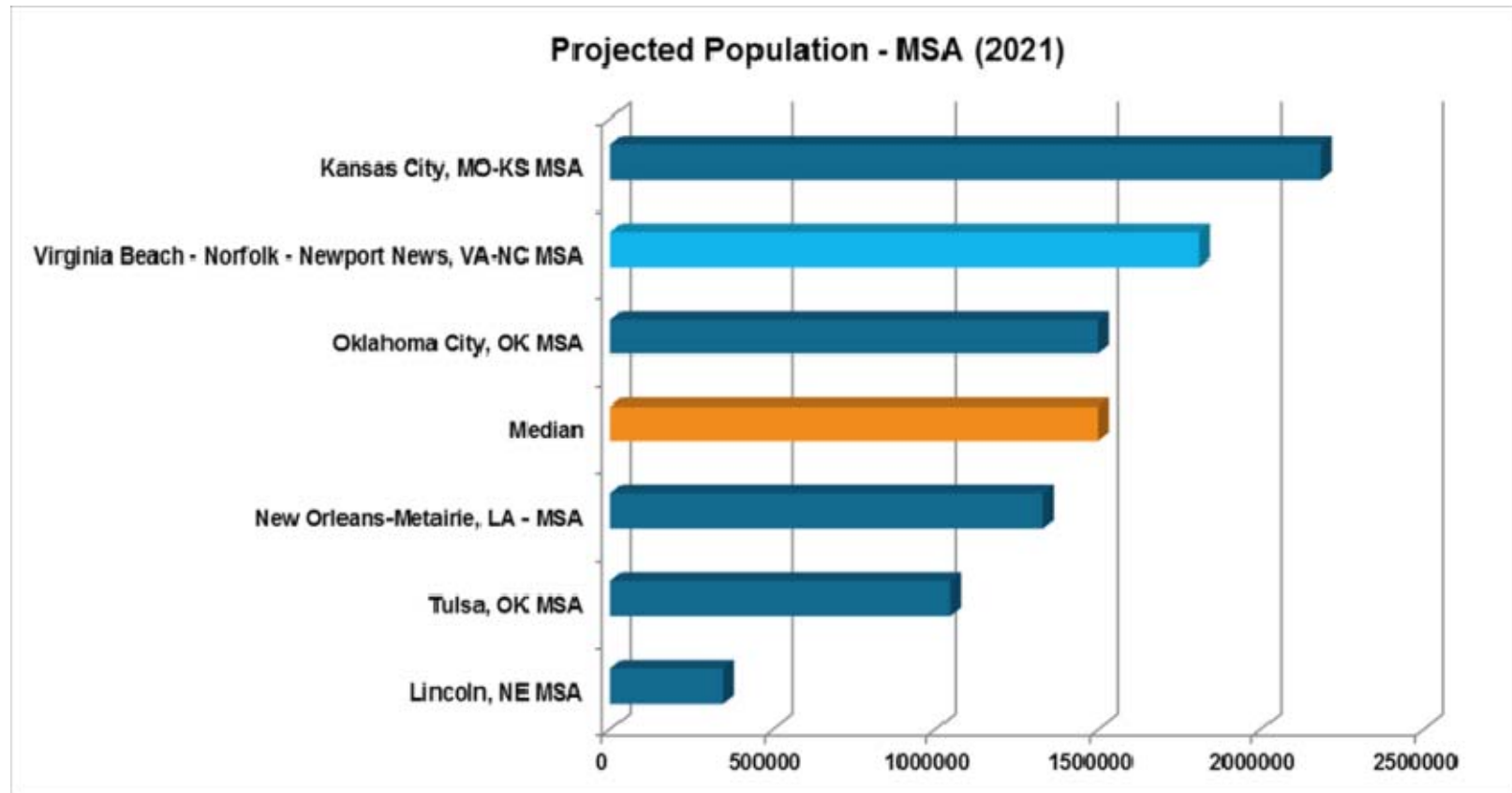
Population 2016: Rank 2 out of 6



# Comparative Market Projected Population

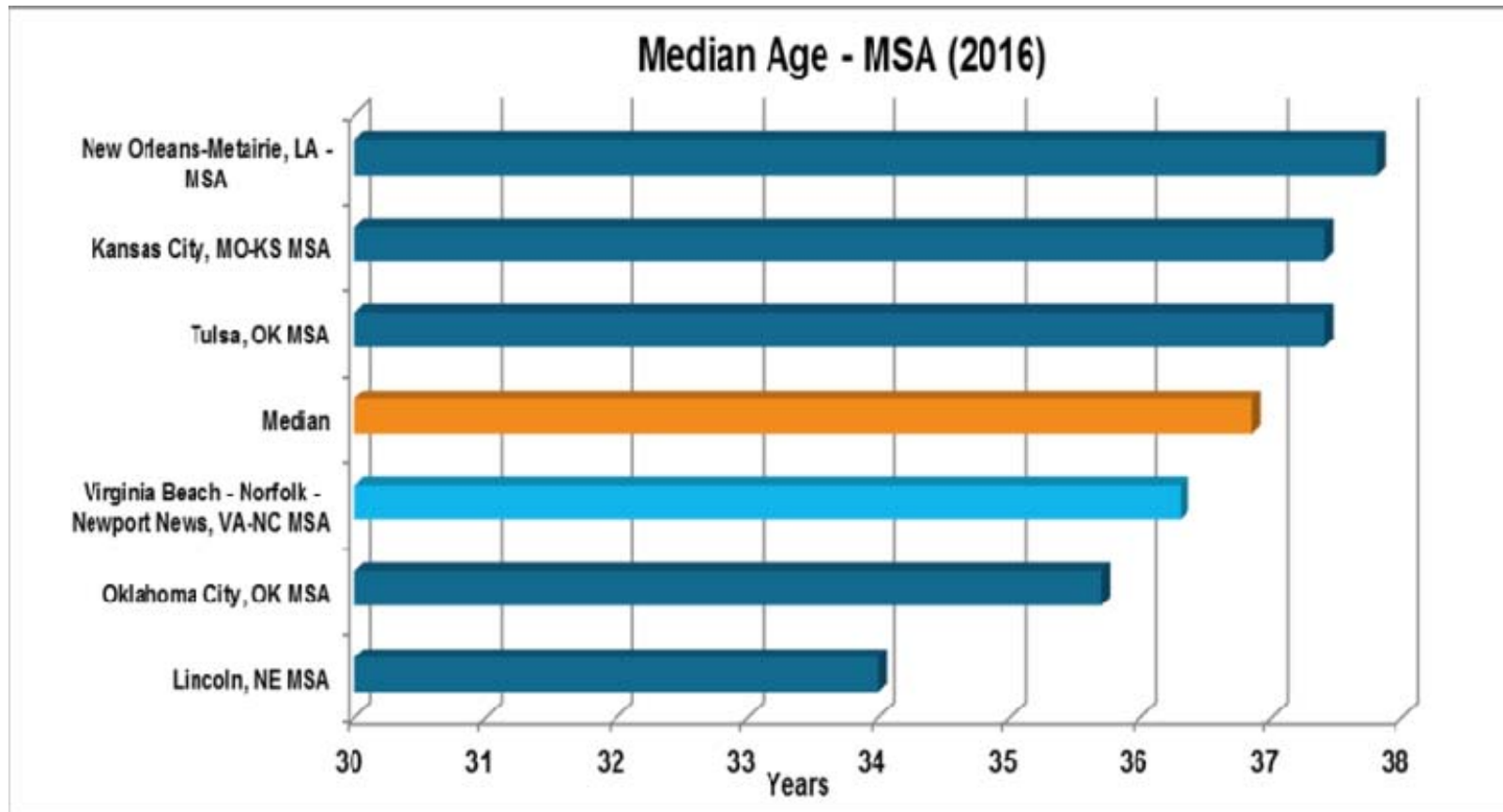


Projected Population 2021: Rank 2 out of 6



# Comparative Market Median Age

Median Age: Rank 3 out of 6

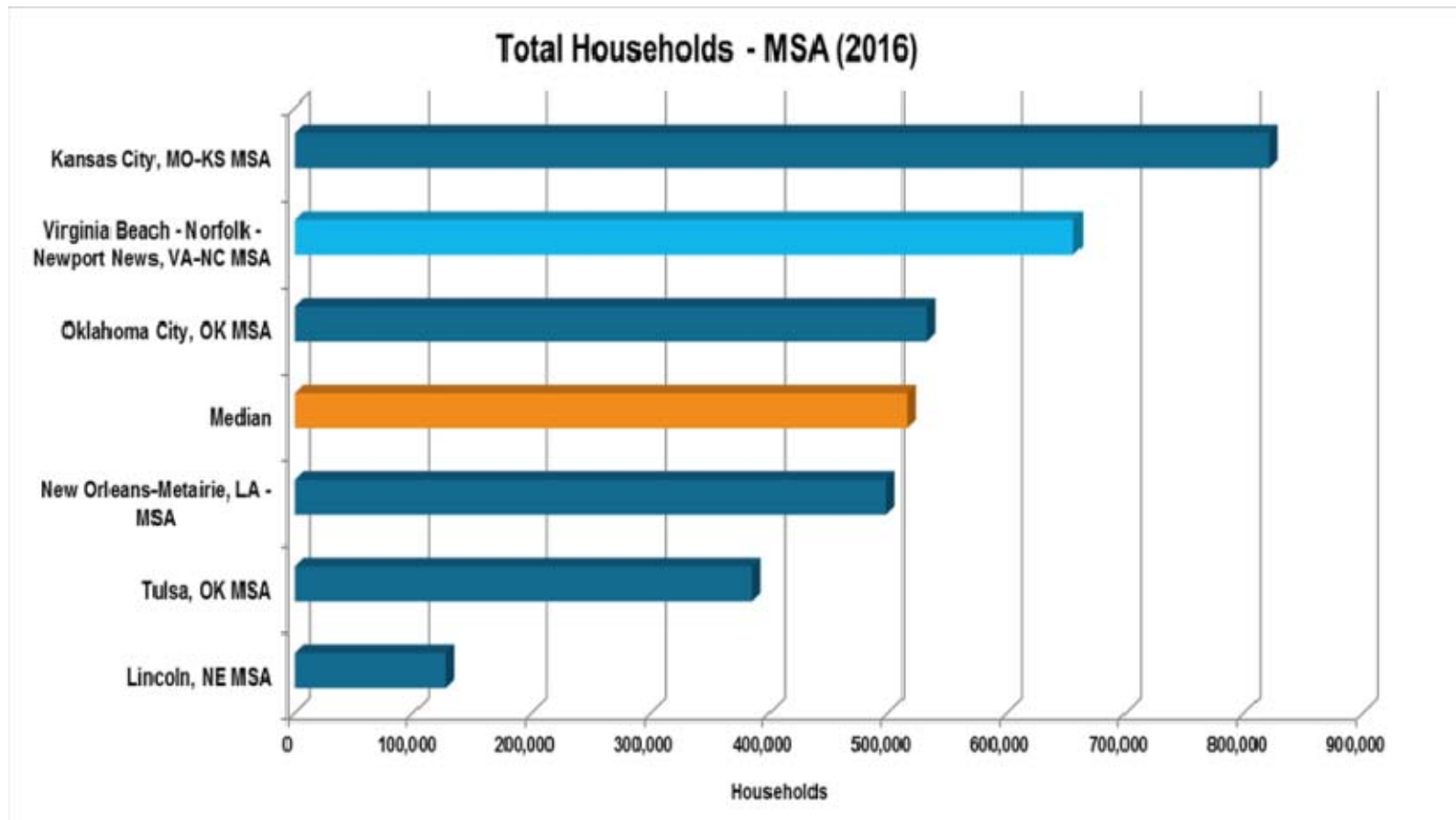




# Comparative Market Total Households

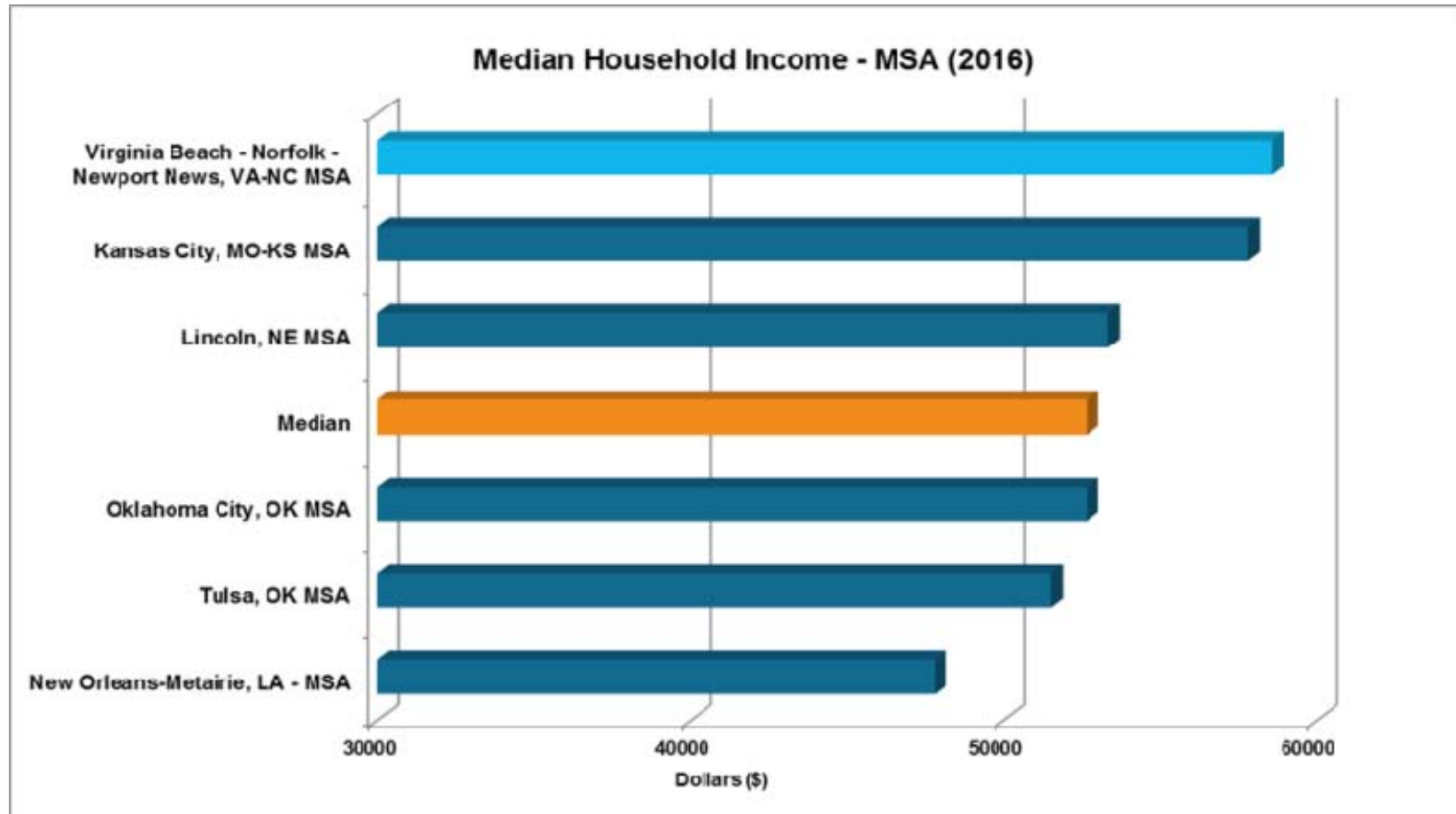


Total Households: Rank out 2 of 6



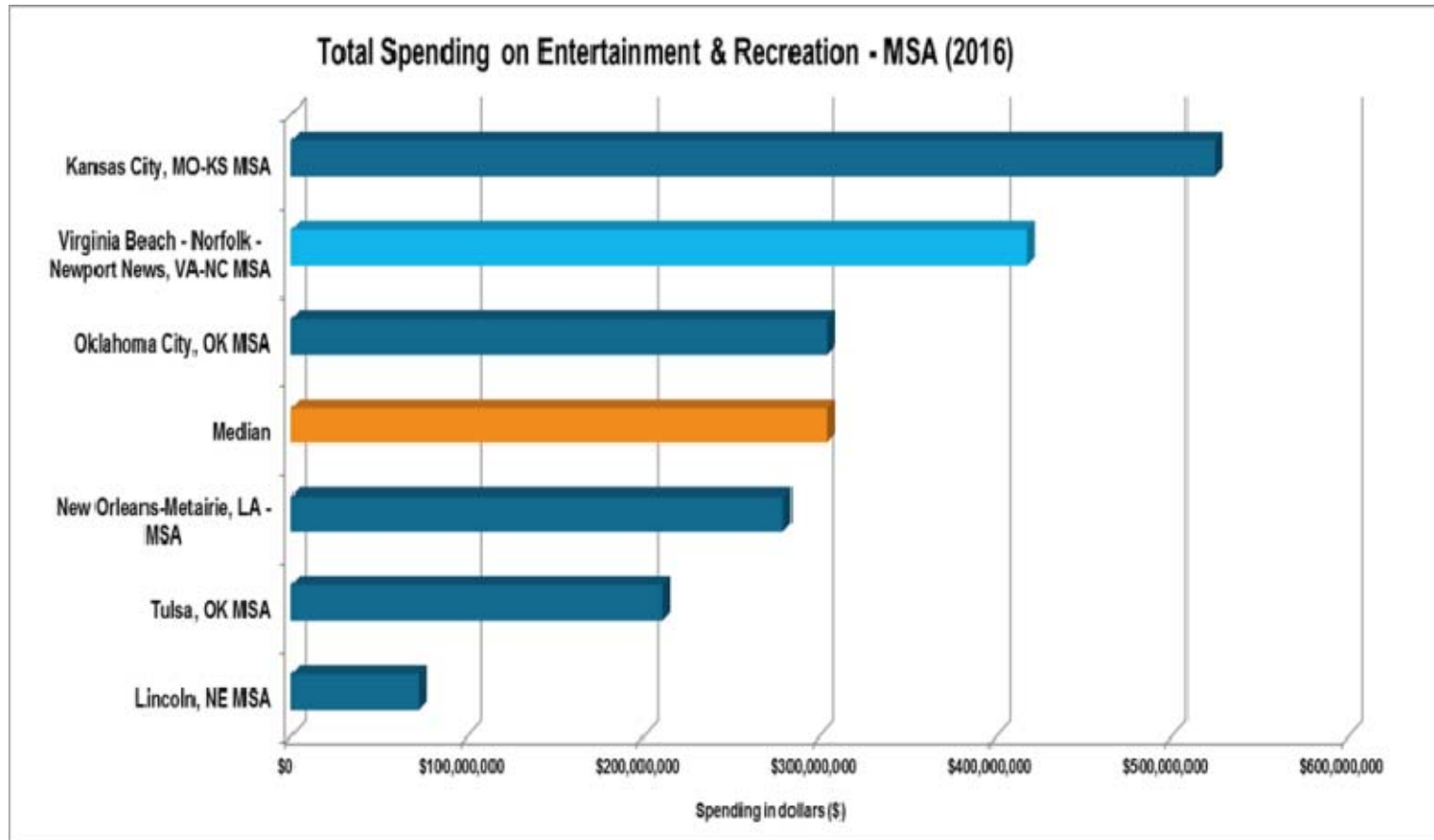
# Comparative Market Median Income

Median Household Income: Rank 1 out of 6



# Comparative Entertainment & Recreation Spending

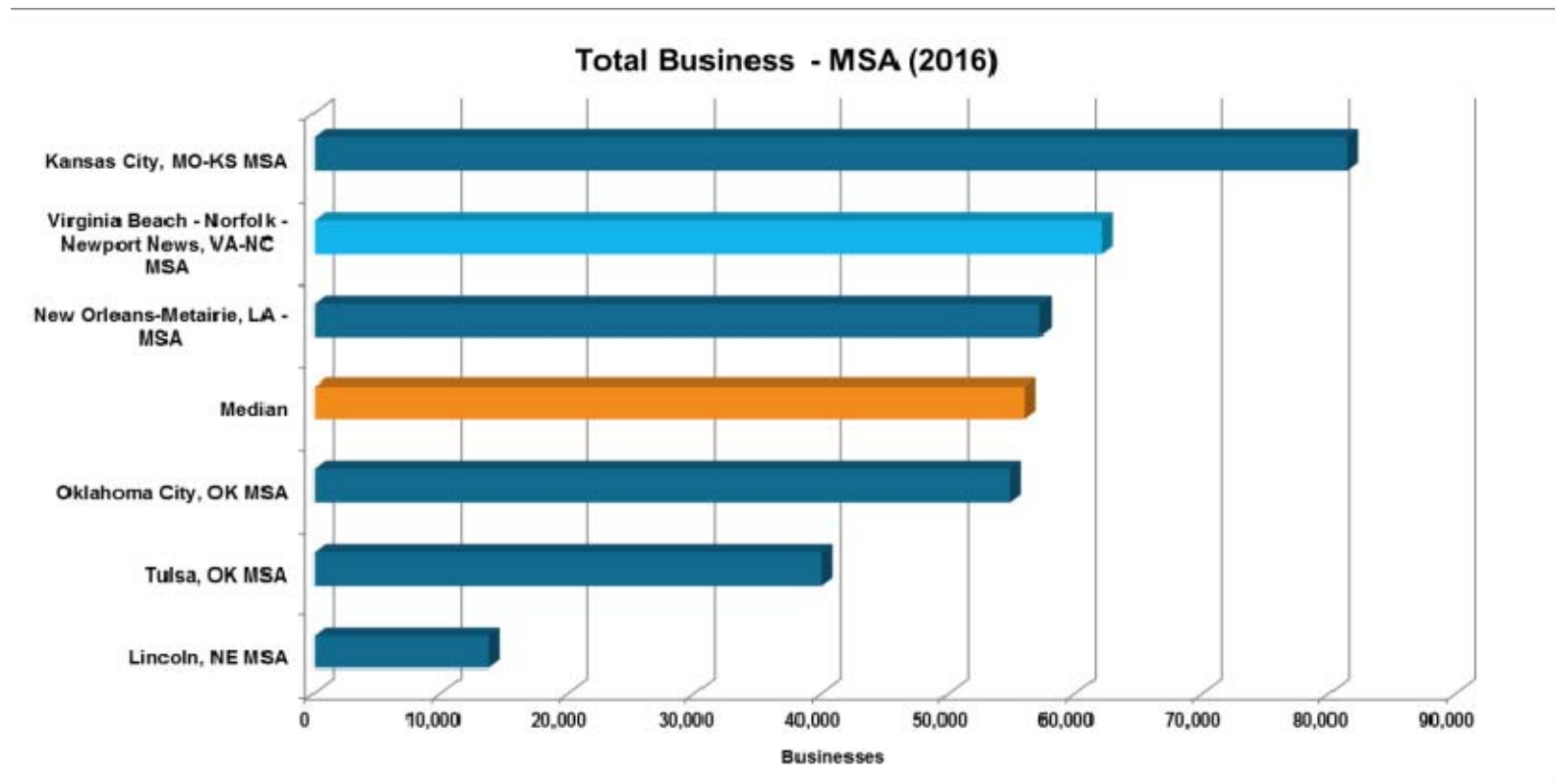
Entertainment & Recreation Spending: Rank 2 out of 6



# Comparative Market Total Business



Total Businesses: Rank 2 out of 6





# Comparative Market Analysis - Summary



Comparable Market Analysis Summary (MSA)			
Data	Virginia Beach - Norfolk - Newport News, VA-NC MSA	Median	Virginia Beach Rank (1-6)
Population 2016	1,746,934	1,322,595	2
Population 2021	1,809,847	1,412,654	2
Population CAGR* (2016-2021)	0.71%	0.97%	6
Median Household Income	\$58,564	\$52,992	1
Median Age**	36.3	36.9	3
Total Households	656,287	515,651	2
Total Spending - Entertainment/Recreation & Sports (Fees & Admissions)	\$417,938,668	\$291,947,749	2
Total Businesses	62,049	56,016	2

\*Compounded Annual Growth Rate

\*\* Ranked from youngest to oldest

Sources: Ersi BAO and Johnson Consulting

# Local Competitive Facilities

## John Paul Jones Arena

Charlottesville, VA



## The Richmond Coliseum

Richmond, VA



Local Competing Facilities (2015)					
Arena	Market	Capacity	Events	Average Attendance	Total Attendance
Richmond Coliseum	Richmond, VA	13,553	91	3,964	360,733
John Paul Jones Arena	Charlottesville, VA	15,218	53	5,980	316,918
Average		13,482	72	4,706	338,826

Sources: SMG, Johnson Consulting

# National Comparable Facilities

Proposed Arena in Virginia Beach, VA Summary of Comparable Facilities and Markets							
	Proposed Arena	Sprint Center	BOK Center	Pinnacle Bank Arena	Smoothie King Center	Chesapeake Energy Arena	Average
<b>Location</b>	Virginia Beach, VA	Kansas City, MO	Tulsa, OK	Lincoln, NE	New Orleans, LA	Oklahoma City, OK	
<b>Market Characteristics (MSA)</b>							
Population 2016	1,746,934	2,098,082	992,640	324,396	1,265,665	1,379,525	1,212,062
Households	656,287	820,791	385,544	127,825	498,419	532,882	473,092
Median Income	\$58,564	\$57,817	\$51,532	\$53,333	\$47,800	\$52,650	\$52,626
Entertainment/ Recreation & Sports Spending (Fees & Admissions)	\$417,938,668	\$524,342,544	\$210,643,154	\$72,539,491	\$279,409,598	\$304,485,900	\$278,284,137
Total Business	62,049	81,386	39,996	13,797	57,205	54,827	49,442
Median Age	36.3	37.4	37.4	34	37.8	35.7	36.5
<b>Facility Characteristics (FY 2015)</b>							
Year Opened	2017/2018	2007	2008	2013	1999	2002	2006
Most Recent Renovation	-	-	-	-	2014	2014	2014
Historic Cost (million)	-	\$276	\$196	\$184	\$110	\$89	\$171
Funding Sources	Public/Private	Public/Private	Public/Private	Public	Public	Public	-
Anchor Tenant/s	-	-	ECHL	NCAA	NBA	NBA	-
Club seats	1,200	1,888	682	832	2,450	2,838	1,738
Suites	30	72	45	36	56	48	51
Loge Boxes	50	-	20	20	16	48	26
Total Arena Seats	16,500-18,000	19,000	19,200	16,310	18,500	19,675	18,537

Sources: Esri BAO, AEG, SMG, RSVdatabase, team/facility's website, Johnson Consulting

# National Comparable Facilities

## Sprint Center– Kansas City, MO

- Since 2007, the Sprint Center is said to have generated \$660 million economic output
- Publicly funded by a City-Tax
- Home of the College Basketball Hall of Fame

Sprint Center	
Year Opened	2007
Historic Cost	\$276 million
Anchor Tenant/s	none
Capacity	19,000
Luxury Suites	72
Club Seats	1,888
Owner	City of Kansas City
Operator	AEG
Number of Events Held (FY 2015)	94
Source of Funding	Private/Public
<i>Source: AEG, Johnson Consulting</i>	





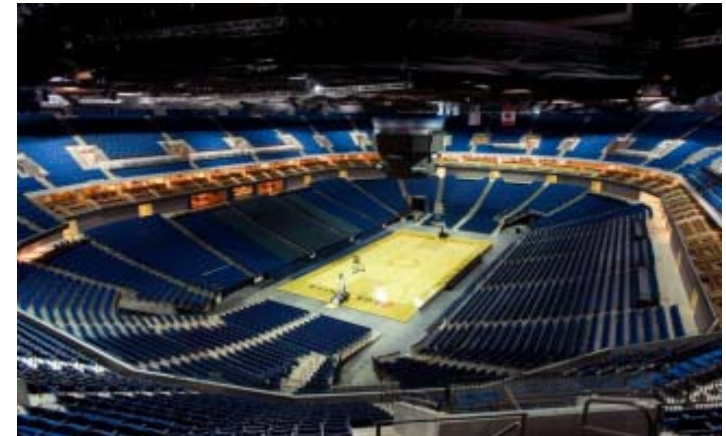
# National Comparable Facilities

## BOK Center – Tulsa, OK

- Majority of the development costs of the arena were publicly funded.
- Has hosted NCAA Men's Basketball Tournament games and major entertainment acts



BOK Center	
Year Opened	2008
Historic Cost	\$196 million
Anchor Tenant/s	ECHL
Capacity	19,200
Club Seats	682
Suites	65
Owner	City of Tulsa
Operator	SMG
Source of Funding	Public/Private
<i>Source: RSVdatabase, SMG, Johnson Consulting</i>	



# National Comparable Facilities

## Pinnacle Bank Arena – Lincoln, NE

- The Arena was developed as part of a \$355 million public initiative to redevelop the West Haymarket area of Lincoln.
- The re-development of the West Haymarket is believed to have spurred over \$70 million in private investment in the area.



Pinnacle Bank Arena	
Year Opened	2013
Historic Cost	\$184 million
Anchor Tenant/s	NCAA
Capacity	16,130
Club Seats	832
Suites	56
Owner	City of Lincoln
Operator	SMG
Source of Funding	Public
<i>Source: RSVdatabase, SMG, Johnson Consulting</i>	





# National Comparable Facilities

## Smoothie King Center - New Orleans, LA

- Opened in 1999 as the home of a ECHL team, the Charlotte Hornets (now the New Orleans Pelicans) relocated in 2002.
- Underwent major renovations in 2014
- Public funded and owned by the State of Louisiana

### Smoothie King Center

Year Opened	1999
Most Recent Renovation	2014
Historic Cost	\$110 million
Anchor Tenant/s	NBA
Capacity	18,500
Suites	56
Loge Boxes	16
Club Seats	2,450
Owner	The State of Louisiana
Operator	SMG
Source of Funding	Public

Source: RSVdatabase, SMG, Johnson Consulting



# National Comparable Facilities

## Chesapeake Energy Arena - Oklahoma City, OK

- Opened in 2002 and underwent a \$121 million renovation/expansion in 2008 to accommodate the relocated Seattle SuperSonics



Chesapeake Energy Arena	
Year Opened	2002
Most Recent Renovation	2014
Historic Cost	\$89 million
Anchor Tenant/s	NBA
Capacity	19,675
Suites	48
Loge Boxes	48
Club Seats	2,838
Owner	City of Oklahoma City
Operator	SMG
Source of Funding	Public
<i>Source: RSVdatabase, SMG, Johnson Consulting</i>	





## Conclusion

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Johnson Consulting is of the opinion that an arena development in Virginia Beach would provide a severely under-met need for a large arena within the market place. The Virginia Beach market already has the necessary infrastructure in place for supporting large-scale events like concerts, conferences and NCAA tournaments. A new arena development would provide a venue for nearby residents and also for additional tourists. Virginia Beach does extremely well as a tourism destination, but adding an arena to the existing tourism infrastructure could allow for even greater economic benefits to the City.