

# Proposed MLS and AAA Stadiums

Draft Project Report –

Economic Impact of the Proposed Portland  
MLS and AAA Stadiums

Prepared for:

Portland Beavers/Portland Timbers

Prepared by:

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Project No. 17639

ERA

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# Summary (Scope of Services)

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- ERA was selected as a consultant in January 2008 to perform three 3<sup>rd</sup> party economic impact analyses including:
  - *Scenario A* – PGE Park and its current franchises as it currently operates
  - *Scenario B* – Renovation of PGE Park to be future home of a Major League Soccer (MLS) franchise
  - *Scenario C* – Construction of a new AAA baseball stadium for the Portland Beavers



# Summary (Market)

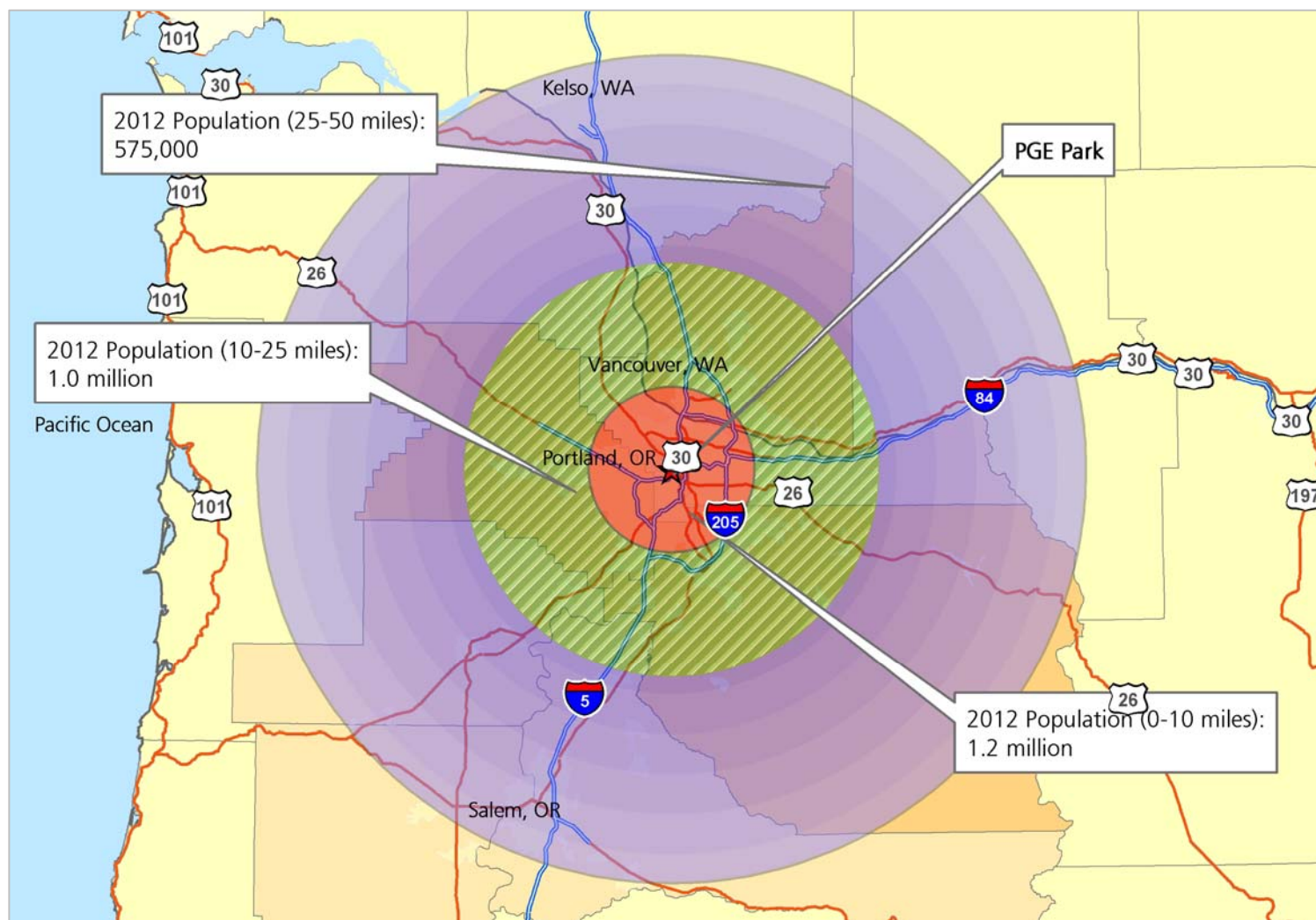
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## ➤ Portland Market

- From a demographic perspective, the Portland region with its more than 2 million residents is a strong sports market
  - Existing professional sports demand
    - Baseball (Independent, A, AA, AAA) since 1903; Pro (NASL/A-League/USL) soccer since 1975; NBA since 1970
  - Among comparable Metropolitan Statistical Areas (MSAs), Portland has the highest population per professional major league sports team
  - Variety of cultural attractions
  - Effective transportation infrastructure
  - Large youth soccer presence with more approximately 60,000 participants in region

# Summary (Market)

## ➤ Portland Market



Source: ESRI Business Information Systems and Economics Research Associates



# Summary (Market)

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- **MLS is top professional league in North America for soccer**
  - Growing with increased attendance (2007 was highest average since inaugural year in 1996)
  - MLS expanding (currently, 14 franchises with ultimate goal of 18-20)
  - Since beginning of 2003 season, MLS has 10 new owners
  - MLS building soccer-specific stadiums (six open, two due to open by 2009, and more in planning stages)
  
- **United Soccer Leagues First Division (USL) is second division of professional soccer in North America**
  - Currently, 11 franchises with significant turnover in recent years
  - Despite some struggles, several USL teams have had financial success including the Montreal, Vancouver and Portland franchises
  - A number of teams have moved from USL to MLS recently (Toronto and Seattle) and more are believed to be waiting
  
- **Professional baseball has been a part of Portland for 100+ years since the founding of the Portland Beavers in 1903**
  - Success and city's support of Portland Rockies (A) during the 1990s led to return of the Beavers and AAA baseball in 2001
  - Historically, Beavers have average 5,500 attendees per game
  - AAA franchises that move into new stadiums in same market average an attendance increase of approximately 25-50 percent



# Summary (Financial)

- Developed basic operating assumptions as inputs for economic impact analysis, based on data from and conversations with the Portland Beavers and Timbers management group and information in ERA's in-house database
- It should be noted that all stadium cost estimates are for construction only and are based on data provided by the client

## Scenario A

- Operations – Current situation [Beavers, Timbers and Portland State University (PSU)] at PGE Park
- Beavers operating assumptions:
  - Annual Paid Attendance (all events) - 300,000 to 400,000
  - Number of Events (incl. non-anchor) - 70 to 80
  - Season Ticket Prices - \$7 to \$22
  - Walk-up/Group - \$5 to \$15
  - Advertising - \$800,000 to \$1,200,000
  - Naming Rights - \$750,000 to \$1,000,000
- Timbers, PSU, and other events operating assumptions:
  - Annual Paid Attendance (all events) - 175,000 to 225,000
  - Number of Events (incl. non-anchor) - 25 to 35
  - Ticket Prices - \$8 to \$28
  - Other Major Soccer Games - \$35 to \$40
  - Concerts/Other Events - \$15 to \$35
  - Sponsorship - \$100,000 to \$300,000
  - Naming Rights - \$0



# Summary (Financial)

## Scenario A<sub>1</sub>

- Construction – \$6 million renovation of PGE Park
  - Completion approximately two years after start of *Scenario A*

## Scenario B

- Operations – PGE Park renovated at cost of approximately \$6 million and serves as home to expansion MLS franchise, Beavers and PSU
- Beavers operating assumptions:
  - Same as *Scenario A*
- Proposed MLS Franchise, PSU, and other events operating assumptions:

• Annual Paid Attendance (all events) -	335,000 to 375,000
• Number of Events (incl. non-anchor) -	35 to 40
• Ticket Prices -	\$15 to \$50
• Other Major Soccer Games -	\$50 to \$100
• Concerts/Other Events -	\$15 to \$100
• Sponsorship -	\$750,000 to \$1,250,000
• Naming Rights -	\$750,000 to \$1,500,000



# Summary (Financial)

## Scenario B<sub>1</sub>

- Construction – \$40 million construction of new AAA ballpark
  - Completion approximately two years after end of *Scenario A*

## Scenario B<sub>2</sub>

- Construction – \$34 million renovation of PGE Park
  - Completion approximately three years after end of *Scenario A*

## Scenario C

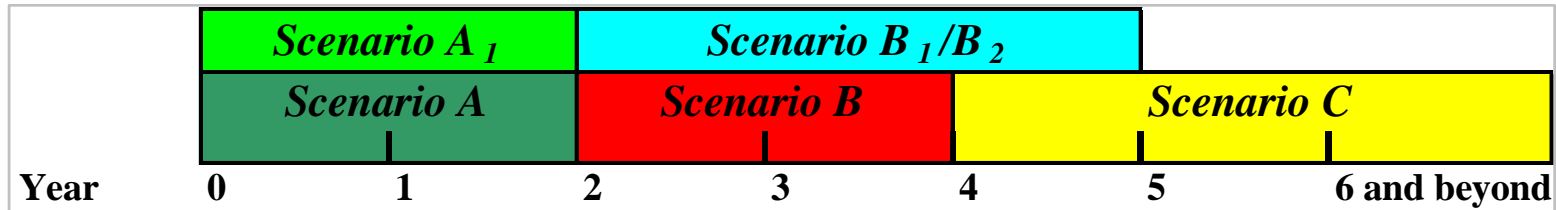
- Operations – PGE Park renovated at cost of approximately \$6 million and serves as home to expansion MLS franchise, Beavers and PSU
- Beavers operating assumptions:

• Annual Paid Attendance (all events) -	425,000 to 475,000
• Number of Events (incl. non-anchor) -	70 to 85
• Season Ticket Prices -	\$9 to \$25
• Walk-up/Group -	\$8 to \$18
• Other Events -	\$8 to \$12
• Advertising -	\$1,000,000 to \$1,500,000
• Naming Rights -	\$750,000 to 1,250,000
- Proposed MLS Franchise, PSU, and other events operating assumptions:
  - Same as *Scenario B*



# Summary (Timeline)

## *Proposed Portland Project Timeline*



Source: Economics Research Associates

## *Scenario B<sub>2</sub>: Fundamental step for Portland Sports Development*

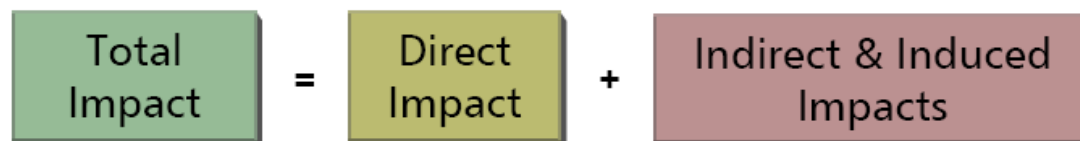
- Based on discussions with MLS, the League will not grant Portland a MLS franchise without the guarantee of a soccer-specific facility
  - Consequently, it is important to note that the improved economic performance of PGE Park and its franchises (seen in Scenario A) will not occur without the guarantee of the conversion of PGE Park to MLS standards



# Summary (Economic Impact)

## ➤ Components of Economic Impact

- **Direct Impact**: The direct output, earnings, and employment in the economy attributed to Portland Sports activities
- The '**Multiplier Effect**' Resulting In :
  - **Indirect Impacts** - Additional output, earnings, and employment generated as a result of the purchases of the industries which supply goods and services to Portland Sports facilities and its visitors
  - **Induced Impacts** - Additional output, earnings, and employment generated as a result of the purchases made by the employees of the supplying and supporting industries
- **Total Impacts**: The cumulative impact of the above components



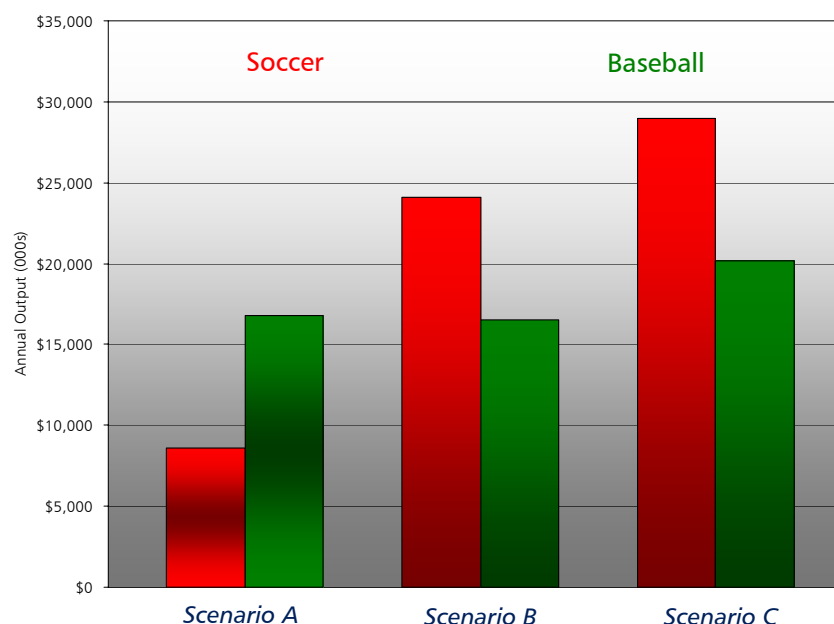


# Summary (Economic Impact)

## Annual Operations

- **Scenario B** - Approximate 60 percent increase from the current situation at PGE Park in annual outputs for Multnomah County due to the operations of the AAA baseball franchise, the MLS franchise, and Portland State football at PGE Park
  - Incremental value created between Scenarios A and B equals \$15.3 million in annual output, \$5.2 million in earnings, and 196 FTE jobs
- **Scenario C** - Further renovation of PGE Park in conjunction with the construction of a new AAA ballpark will help increase attendance for the Beavers, making the franchise more viable in the long run
  - Incremental value created between Scenarios B and C equals \$8.5 million in annual output, \$3.0 million in earnings, and 124 FTE jobs

Estimated Ongoing Economic Impacts from Portland Soccer and Baseball



Source: Economics Research Associates

Annual economic impacts from the two franchises (stadiums included) will increase another 21 percent over *Scenario B* or approximately 94 percent over *Scenario A*



# Summary (Economic Impact)

## Annual Operations

	Soccer			Baseball			Overall
	Direct	Indirect/ Induced	Total	Direct	Indirect/ Induced	Total	Total
<b>Scenario A</b>							
<i>Annual Output</i>							
Output	\$3,297	\$5,297	<b>\$8,595</b>	\$6,557	\$10,241	<b>\$16,798</b>	<b>\$25,393</b>
Earnings	\$1,971	\$1,059	<b>\$3,029</b>	\$3,884	\$1,983	<b>\$5,867</b>	<b>\$8,896</b>
Jobs	69	44	<b>113</b>	124	82	<b>206</b>	<b>319</b>
<b>Scenario B</b>							
<i>Annual Output</i>							
Output	\$9,915	\$14,200	<b>\$24,116</b>	\$6,514	\$10,029	<b>\$16,543</b>	<b>\$40,659</b>
Earnings	\$5,540	\$2,850	<b>\$8,390</b>	\$3,849	\$1,945	<b>\$5,793</b>	<b>\$14,183</b>
Jobs	201	111	<b>312</b>	123	80	<b>203</b>	<b>515</b>
<b>Scenario C</b>							
<i>Annual Output</i>							
Output	\$12,012	\$16,991	<b>\$29,002</b>	\$7,976	\$12,225	<b>\$20,201</b>	<b>\$49,203</b>
Earnings	\$6,762	\$3,405	<b>\$10,167</b>	\$4,714	\$2,328	<b>\$7,042</b>	<b>\$17,208</b>
Jobs	255	133	<b>388</b>	155	96	<b>251</b>	<b>639</b>

Source: Economics Research Associates



# Summary (Economic Impact)

## Construction Impacts

- Renovation of PGE Park and construction of a new baseball park will generate one-time construction impacts each occurring over a separate two year periods

Estimated One-Time Construction Impacts  
from Portland Soccer and Baseball Project

<i>Scenario A<sub>1</sub></i>	Soccer			Baseball			Overall
	Direct	Indirect/ Induced	Total	Direct	Indirect/ Induced	Total	
<i>One-time construction</i>							
Output	\$6,000	\$4,816	<b>\$10,816</b>	\$0	\$0	<b>\$0</b>	<b>\$10,816</b>
Earnings	\$1,500	\$237	<b>\$1,737</b>	\$0	\$0	<b>\$0</b>	<b>\$1,737</b>
Jobs	36	12	<b>48</b>	0	0	<b>0</b>	<b>48</b>
<i>Scenario B<sub>1</sub>/B<sub>2</sub></i>							
<i>One-time construction</i>							
Output	\$34,000	\$27,292	<b>\$61,292</b>	\$40,000	\$32,108	<b>\$72,108</b>	<b>\$133,400</b>
Earnings	\$8,500	\$1,343	<b>\$9,843</b>	\$10,000	\$1,580	<b>\$11,580</b>	<b>\$21,423</b>
Jobs	204	70	<b>274</b>	240	82	<b>322</b>	<b>596</b>

Source: Economics Research Associates

- In addition, renovation and construction will generate an estimated \$8 million in permit fees to the city (10% of \$80 million construction cost)