



# ECONOMIC IMPACT ANALYSIS OF A PROSPECTIVE ENTERTAINMENT VENUE IN PORTLAND'S CENTRAL EASTSIDE

PREPARED FOR  
PROSPER PORTLAND  
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# I. INTRODUCTION

JOHNSON ECONOMICS was hired to prepare a third-party analysis of the economic impacts of a proposed music venue in Portland's Central Eastside.

This analysis considers the following categories of economic and fiscal impact from the proposed development:

- A. Economic Impacts:** Impacts on employment, payroll, and capital investment from the construction of the facility, and on-going operations. Direct, indirect, and induced impacts are considered.
- B. Fiscal Impacts:** Projected impacts to local, state, and federal revenues from property and income taxes, fees, and system development charges.
- C. Spillover Impacts:** Additional potential qualitative benefits and costs are discussed throughout the report.

The preliminary details of the proposed development are likely to change through the planning and development process. While findings are presented in precise figures, achieved results are likely to differ somewhat. Therefore, the forecast presented in this analysis is intended to provide order-of-magnitude estimates of the likely economic impacts of the construction and operation of the facility in this location, based on the best and most reasonable assumptions available at the time this analysis was completed.

# II. EXECUTIVE SUMMARY

A new entertainment venue is being proposed on Block B of the Workshop Blocks in Portland's Central Eastside. While still in its preliminary design phase, the venue is expected to be approximately 59,000 square feet with a capacity of 3,750, of which approximately 2,000 would be on the standing general admission floor. The location is bound by SE Salmon to the north, SE Mill to the south, and SE Water Avenue to the east. The parcel is owned by Prosper Portland, the city's economic and urban development agency. Beam Development currently has exclusive development rights on the parcel as well as the two adjacent parcels to the north and south. Beam Development and Colas Construction plan to jointly develop the project and lease it to Live Nation, a global leader in the live entertainment industry to operate it.

The live music industry plays a significant role in the local and regional economy. A recent report completed by the Northwest Economic Research Center estimated that the live performance industry accounted for over 15,700 direct jobs in the State of Oregon in 2021, increasing to 21,143 when indirect and induced jobs are included. The industry generated more than \$850 million in labor income and \$3.1 billion in economic output. The performance venue sector accounted for 7,690 of these jobs. In addition to evaluating the direct impacts of the proposed facility, this analysis also addresses the potential impact(s) of the new facility on the existing local live music ecosystem.

Music Portland provided data from Near Hear, a free event calendar and music aggregator that coordinates local events in the Portland metro area. The data on overall booking activity collected by Music Portland from Hear Near



data documents were over 21,600 shows in 2019. Pollstar data is reported in this report as it provided time series information to identify trends, but it is limited in coverage and accounts for less than 7% of overall show volume in the Portland area.

The build-out of the proposed entertainment venue would entail a significant level of investment in real property and equipment over the coming years. Investment is estimated at \$800 per square foot of built space in 2022 dollars, with an overall investment of \$47.2 million for the facility.

As outlined in this report, the proposed development is projected to have a range of economic and fiscal impacts in the City of Portland and Multnomah County. The impacts include new employment, payroll, spending with vendors on construction and operations, new tax revenue, and indirect and induced economic activity.

The addition of this venue to the local market will broaden the local and regional performance venue offerings, providing for an increased level of options for local and touring acts. The anticipated operator has extensive relationships with performers/acts and will increase the marketing presence of the venue. “While the entry of a strong competitor into the market with a new venue is likely to impact existing venues, the proposed facility will largely occupy a missing gap in the City’s current lineup. The facility will provide capacity for roughly 3,750 attendees, of which approximately 2,000 would be on the standing general admission floor. The scale of the project and significant general admission capacity will differentiate it from facilities such as the Schnitzer.

Our expectation is that the new venue will contribute to an increase in the number of acts and live performances attracted to the market, while also redistributing event traffic and locally originating expenditures. It will address a deficiency in the current market that was noted by several industry professionals interviewed as part of this analysis.

The following is a summary of projected impacts:

### CONSTRUCTION OF FACILITY

- \$47.2M in direct investment in the new performance venue over a three-year period. \$188 M in additional indirect and induced economic output.
- Construction spending would translate into an estimated 223 direct full time equivalent (FTE) jobs over the construction period (assumed to be two years for site and venue improvements). Direct jobs would pay an estimated average of over \$99,600 per FTE for wages and benefits.
- Each direct construction job would support approximately 0.84 indirect and induced jobs during the construction period. This translates into roughly 188 FTE jobs, with overall labor income of \$12.9 million during the construction period.
- \$34.9M in labor income over the construction phase. (Labor income is included in the total investment presented above.)
- The total estimated economic impacts (direct, indirect, and induced) from the construction phase are over 411 FTE positions and \$34.9 million in labor income (current dollars).



## ONGOING OPERATIONS

- At stabilization the facility is assumed to host 126 events per year. Of these, 81 would be concerts promoted by Live Nation, 20 would be concerts promoted by a different entity, and 25 would be special events such as weddings or meetings.
- Live Nation anticipates that roughly 70% of all event attendees will live in Portland, with 30% living outside of the city. Roughly 5% of total attendees are assumed to stay overnight due to show attendance. Our analysis utilizes these attendance expectations in estimating ongoing impacts. Stabilization of the facility is assumed to be 2029, with the facility opening in 2025.
- When stabilized, the facility is expected to support a total of 42 full time equivalent positions within Multnomah County, with estimated annual payroll in current dollars of over \$2.2 million. The total supportable employment from operations at the facility would be 71.6 full time equivalent positions.
- Attendees at events are expected to generate an increase in demand for overnight lodging. Overnight stays would generate additional expenditures outside of the venue, such as restaurant/bars expenditures. At the county level, overnight stays are expected to support a total of 8.3 full time equivalent positions and payroll of \$414,300 at stabilization.
- At the county level, overnight stays are expected to support a total of 8.3 full time equivalent positions and payroll of \$414,300 at stabilization.
- The degree to which the impacts are captured within the City of Portland are a function of the assumed capture rate. If 80% of employees at the facility and 95% of overnight stays are located within the City of Portland, the venue’s ongoing operation would support a total of 65.1 full time positions and close to \$3.4 million in payroll within the City of Portland.

**PROJECTED ONGOING IMPACTS AT STABILIZATION, CITY OF PORTLAND AT ALTERNATIVE CAPTURE RATES**

Assumed City Capture Rate	PROJECTED IMPACTS, CITY OF PORTLAND (2022 \$s)			
	Employment	Labor Income	Value Added	Output
<b>ONGOING - OPERATIONS</b>				
40%	28.6	\$1,484,185	\$2,718,779	\$4,207,119
60%	42.9	\$2,226,277	\$4,078,168	\$6,310,679
80%	57.3	\$2,968,370	\$5,437,558	\$8,414,238
90%	64.4	\$3,339,416	\$6,117,252	\$9,466,018
<b>ONGOING - VISITORS</b>				
20%	1.7	\$82,853	\$133,624	\$248,224
40%	3.3	\$165,705	\$267,247	\$496,448
60%	5.0	\$248,558	\$400,871	\$744,671
80%	6.6	\$331,411	\$534,494	\$992,895
95%	7.8	\$393,550	\$634,712	\$1,179,063
<b>OVERALL ONGOING</b>	<b>65.1</b>	<b>\$3,361,920</b>	<b>\$6,072,269</b>	<b>\$9,593,301</b>

- Calculating the net impacts of operations on the local and regional economy is highly dependent upon assumptions as to the percentage of new traffic into the region can be attributed to the proposed facility. Entertainment-related expenditure within a set geographic area tends to be largely limited, and expenditures captured by events at a venue typically represent a redistribution of expenditures as opposed to net new economic activity.
- The operator expects 30% of their attendees will live outside of the City of Portland, and 5% are assumed to stay overnight. The assumption is not documented but seems reasonable. While linked to attending an



event at the facility, the event may not be the primary or controlling reason for all these trips, and it would be reasonable to assume that a significant share of these trips would have occurred anyways. In instances in which the trip would have occurred for another reason, the expenditures would represent a redistribution as opposed to net new activity.

## FISCAL IMPACTS

- Development and operation of the venue would have fiscal implications for the City of Portland, Multnomah County, other local service providers, and the State of Oregon. These impacts include property taxes, income and business taxes, and development charges and fees.
- When fully developed and operational, annual property tax revenue from the property is expected to be roughly \$577,900 in current dollars. Of these, an estimated \$221,400 would be collected by the City of Portland, including bonds, pensions, and urban renewal revenues.
- Event related overnight stays are expected to result in over 5,000 room nights per year by 2029, generating an estimated \$103,700 in annual transient lodging taxes.
- The project would be subject to the State of Oregon's Corporate Activities Tax, which is estimated to yield over \$41,000 per year when the facility is stabilized in 2029.
- The development will also contribute significantly to tax revenues during the construction period.

## OTHER CONSIDERATIONS

- The lessee and operator of the facility will be Live Nation, a global entertainment company that promotes, operates, and manages ticket sales for live entertainment. The group also owns Ticketmaster. Live Nation's dominant position in the industry provides significant competitive advantages in booking artists and events.
- As an established and publicly traded company, the lease commitment by Live Nation will likely increase the marketability of debt for the facility with lenders.
- Interviews with individuals in the music promotion and venue industry raised concern that Live Nation expanding its influence in the Portland market could negatively impact local venues and local promoters. Live Nation's market power and financial depth provide for significant competitive advantages.
- The proposed facility provides a facility size and characteristics not currently found in the market. The availability of the venue has the potential to increase the region's ability to attract touring acts. While a new venue will likely result in some redistribution of existing bookings, the venue has the potential to increase the pool of local performances that can be accommodated.
- The current development environment is unusually challenging, and the financial and market strength of Live Nation increases the ability of the developer to finance this facility.

The analysis includes both quantitative economic and fiscal impacts as well as qualitative information gained from interviews with contacts in other cities where Live Nation is operating a venue. Appreciating that at times these sources of information are in conflict, below is a summary of what has been said from a qualitative perspective and the findings from the analysis.



Claims	Findings	Mitigating Factors
<b>A new venue will negatively impact other venues' ability to book acts</b>	A new venue in the market will increase competition, but the program (standing general admission) addresses a gap in local venues. The availability of the new venue is expected to increase the number of shows attracted locally, while also impacting the distribution of bookings. Booking agents interviewed cited a need for this type of facility in Portland	New venue would be expected to significantly increase the overall volume of shows in the market
<b>Live Nation's control of Ticketmaster provides an unfair advantage</b>	All venue operators and promoters of scale have ticket sales operations (including locals)	Live Nation would operate as "open venue" enabling other booking agents to schedule at the venue
<b>Live Nation will try to control the market over time</b>	In markets where Live Nation has control of a local venue, they have a strong but not "monopoly" market share	Live Nation offering to allow outside promoters to book at the venue, and assumes 16% of bookings will be with outside promoters
<b>A higher percentage of Live Nation earnings leave the local economy</b>	Most show revenues are captured locally through operating costs. Profits and payments to acts from outside Portland would likely leave the market.	Anticipate increased hotel bookings, and attendees are likely to link an event with local restaurant and/or bar expenditures, providing a net gain to economic activity in the city.
<b>Live Nation uses radius clause language that makes it difficult for local operators to compete</b>	Radius clause language is standard in the industry and is used by locals	Venue would attract acts that are not currently booking in Portland.

The following report outlines these findings in more detail and the methodologies used. The forecast presented in this analysis is intended to provide order-of-magnitude estimates of the likely economic impacts of a performance venue at this location, based on the best and most reasonable assumptions available at the time this analysis was completed. Broader questions regarding the extent to which the construction and operation of this facility impacts the broader entertainment venue market and live music industry in the City of Portland cannot be definitively addressed. Our review indicates that the venue will be unique in the market in terms of size and characteristics, minimizing the likely impact on other existing facilities. The live music industry is a significant contributor to the local and regional economy, and maintaining its vitality should be a key economic development concern for the City of Portland.



### III. PROJECT DESCRIPTION

This analysis evaluates the economic impact profile of a new music venue on a site in Portland’s Central Eastside. The proposed building is still in preliminary design phase and is expected to be approximately 59,000 square feet with a capacity of 3,750, of which approximately 2,000 would be on the standing general admission floor. The project would be on a block bound by SE Salmon to the north, SE Mill to the south, and SE Water Avenue to the east. The parcel is owned by Prosper Portland. Beam Development currently has exclusive development rights on the parcel as well as the two adjacent parcels to the north and south. The proposed facility would be leased and operated by Live Nation when completed. The company a dominant player in the industry in the United States and internationally.

#### SUBJECT SITE LOCATION



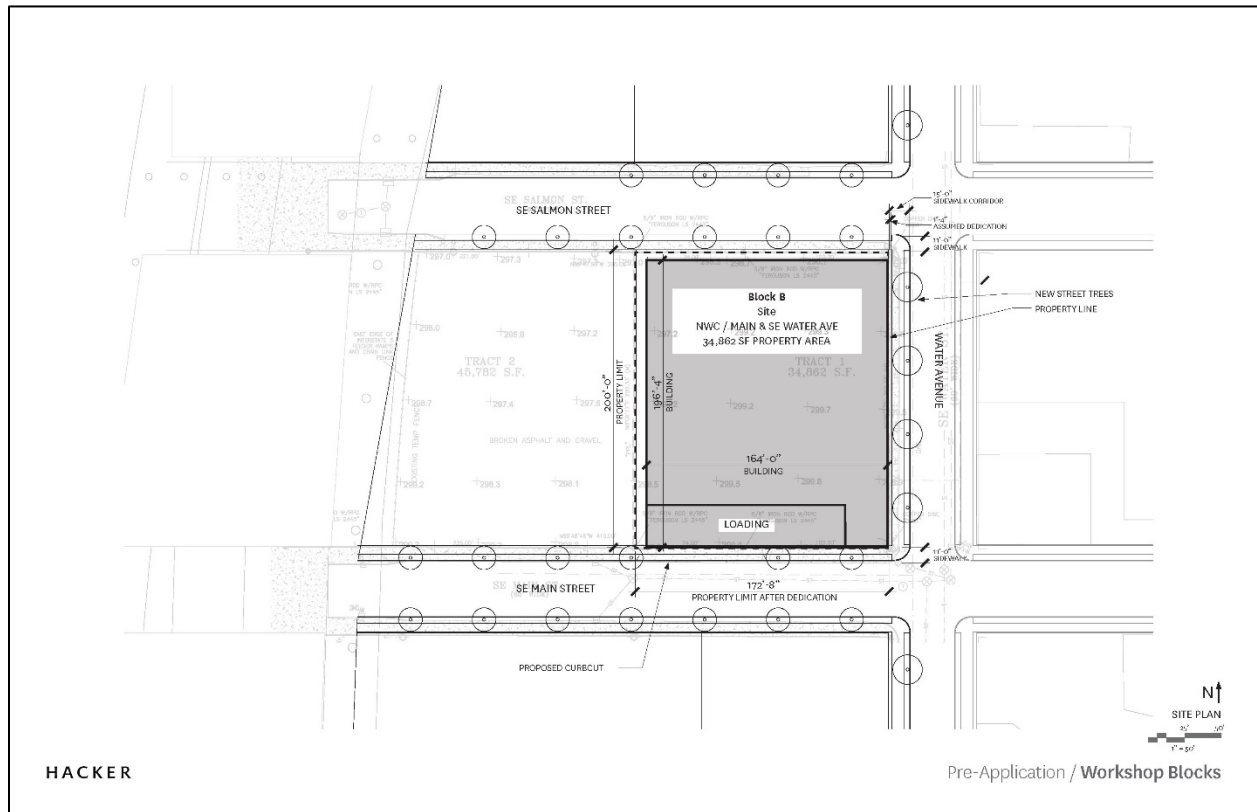
The Central Eastside saw a significant level of investment prior to the pandemic, including an extensive expansion of employment space. OMSI’s master planned development to the south is expected to include further employment and residential uses in the district over the next decade. The pandemic has shifted office use patterns substantially, and the demand for office space is expected to be anemic over the next several years.

Access into and out of the area is generally good, but the area is bisected north/south by a Burlington Northern line that runs one block east of Water Avenue. The line is regularly used and sharply limits access and egress options when active. The scheduling of the trains is neither available nor controllable and presents a challenge for any development on these blocks. Access to the east is limited when blocked by the train, with the only outlet to the south being through the OMSI properties and out to McLoughlin Boulevard (Highway 99E) southbound. This route is typically blocked by back up traffic trying to go east.





### PRELIMINARY SITE PLAN, SUBJECT SITE



Source: Hacker

Figure 3 summarizes the expected timeline for development of the site and venue. The project is anticipated to largely incur planning and design costs in 2023, with construction of the shell and tenant improvements in 2024 and 2025. Tenant improvements are a highly significant cost item for this type of facility, with all-in construction costs expected at approximately \$800 per square foot.

**FIGURE 3: ASSUMED DEVELOPMENT SCHEDULE, SUBJECT SITE**

		YEAR SPENT		
		2023	2024	2025
<b>CONSTRUCTION</b>				
Core/Shell				
Hard Costs	\$20,543,361		\$10,271,681	\$10,271,681
Soft Costs	\$5,170,464	\$1,551,139	\$3,619,325	
Tenant Improvements				
Landlord	\$1,760,880			\$1,760,880
Tenant	\$19,725,295			\$19,725,295
<b>Total Construction</b>	<b>\$47,200,000</b>	<b>\$1,551,139</b>	<b>\$13,891,005</b>	<b>\$31,757,856</b>

Source: Beam Development, Live Nation, and Johnson Economics

\* Excluding land cost.



The projected investment in the physical improvements for this venue is assumed to be close to \$31.8 million in current dollars.

An inventory of venue space available in the area indicates a market opportunity for a live performance venue in the 3,000 to 4,500 capacity range. Existing facilities in this size range are publicly owned with fixed seating. Concert promoters interviewed indicated that many acts prefer significant general admission floor area in this size of facility.

*The Portland market is ready for a new venue with a 3,000 to 4,000-person capacity. A city the size of Portland should have this type of facility, and it is ready now. (Mike Quinn, Monqui Presents, 10/6/2022 interview)*

This cannot be accommodated in the Keller Auditorium and Arlene Schnitzer Concert Hall facilities. “The impact on Portland5 facilities will depend largely upon the configuration of the new venue. The more it has fixed seating the more overlap it will have with P5’s facilities.”<sup>1</sup> In addition, the facilities have limited availability and may not be available in viable time windows. Touring acts look for facilities that best match their ability to draw, which maximizes their ability to generate income from performances. Providing a facility in this size range would expand local offerings and likely result in an increase in overall bookings.

The proposed facility would appear to address a current gap in venues hosting live music events in the City of Portland. It does overlap in capacity with both the Arlene Schnitzer Concert Hall and Keller Auditorium, but these facilities are unable to accommodate acts requiring or desiring significant general admission standing room capacity.

By addressing this market gap and expanding the range of facilities available in the market, the addition of the proposed new venue is expected to attract a greater number of artists to the market. Promoters interviewed as part of this analysis cited a desire for acts to grow within a market to larger venues, developing a following at smaller venues and then transitioning to mid-level spaces such as the one proposed. There have been changes in how music is consumed over the last few decades, with more online streaming and other platforms distributing content. Labels no longer make long term investments in careers, and so less need for 20k+ venues.<sup>2</sup>

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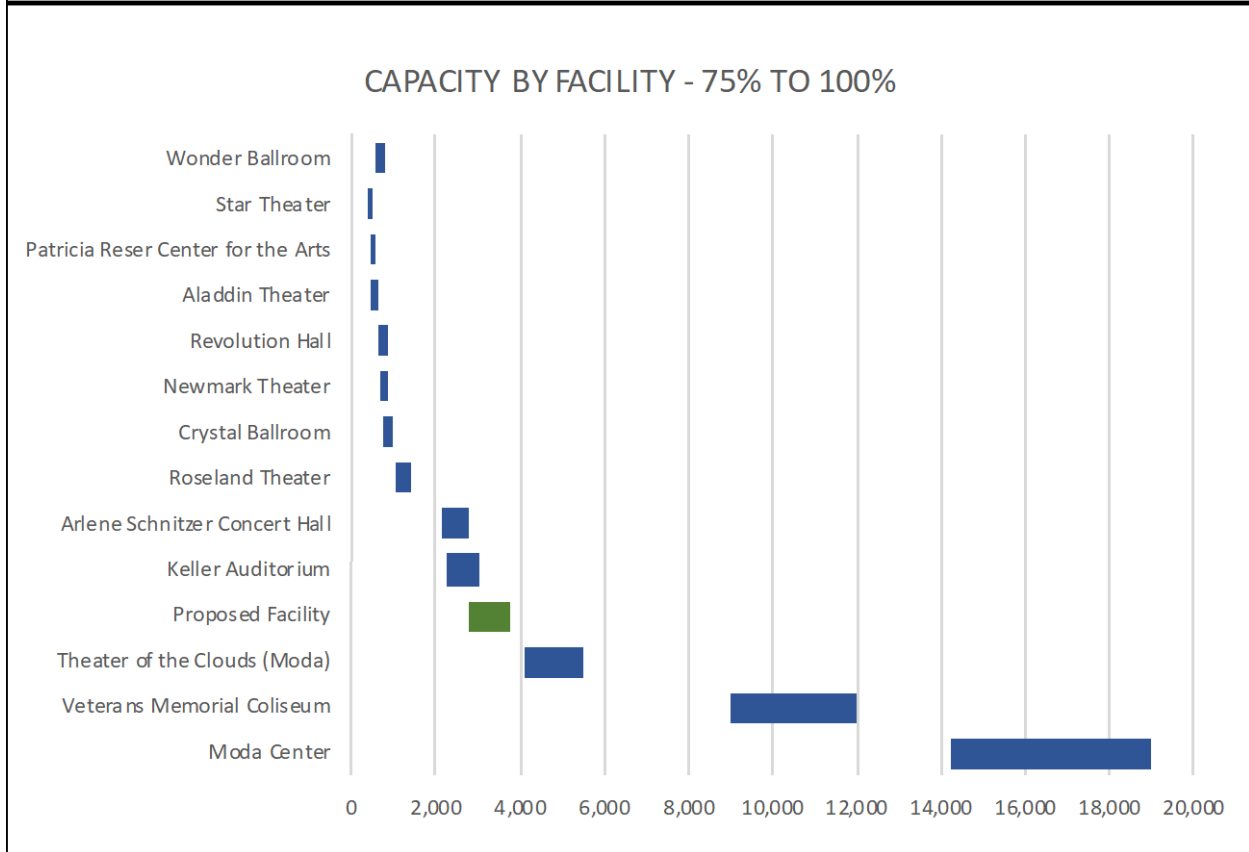
<sup>1</sup> Interview with Robyn Williams, Portland5, 11/21/2022

<sup>2</sup> Interview with Chris Cobb, Concert Promoter and Venue Operator, 10/6/2022



OVERVIEW OF SELECTED LIVE MUSIC VENUES IN THE PORTLAND METRO AREA

	Capacity	Owner	Operator	Year Built/ Renovated
Moda Center	19,000	Rip City Management	Rip City Management	1995
Veterans Memorial Coliseum	12,000	City of Portland	Rip City Management	1960
Theater of the Clouds (Moda)	5,500	Rip City Management	Rip City Management	1995
Proposed Facility	3,750	Beam Development	Live Nation	2024
Keller Auditorium	3,000	City of Portland	Portland'5	1917/1968
Arlene Schnitzer Concert Hall	2,800	City of Portland	Portland'5	1928/1984
Roseland Theater	1,410	Private	Double Tee Concerts	1922/1982
Crystal Ballroom	1,000	Private	McMenamins	1914/1997
Newmark Theater	880	City of Portland	Portland'5	1987
Revolution Hall	830	Private	True West	1924/2014
Aladdin Theater	620	Private	True West	1927/1991
Patricia Reser Center for the Arts	550	Foundation	Foundation	2022
Star Theater	500	Private	Private	1911/2011
Wonder Ballroom	778	Private	Private	1914/2004

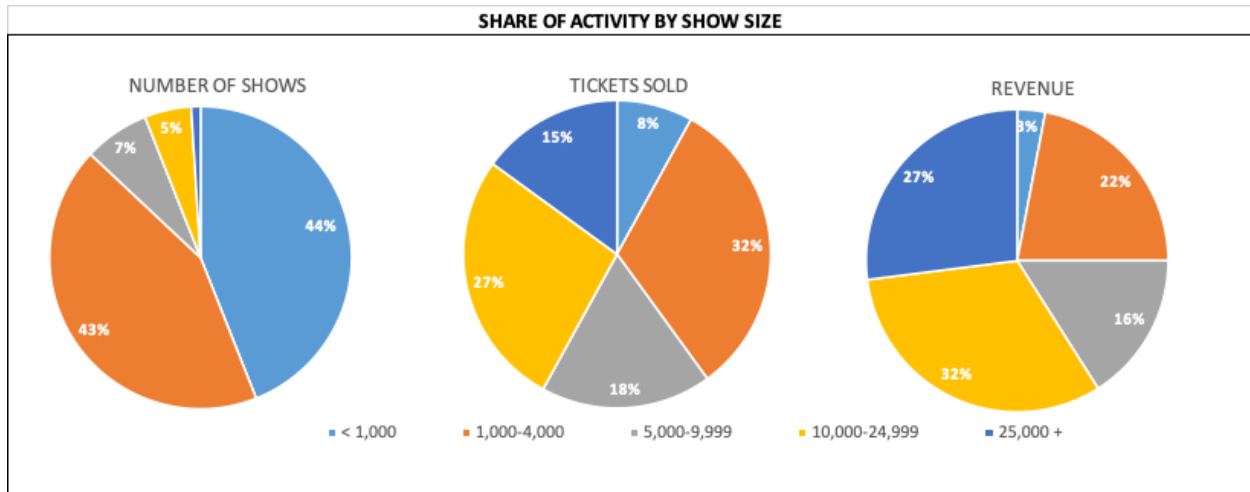


SOURCE: Prosper Portland

National booking data indicates that roughly 43% of shows have between 1,000 and 4,000 attendees. This show size accounts for an estimated 32% of tickets sold and 22% of revenues nationwide. The proposed facility addresses a critical gap in the City’s overall portfolio of venues, with limited overlap with existing facilities. A booking agent



interviewed said “This facility is really needed for acts that are too big for the Crystal Ballroom or Roseland, otherwise they can only come to Portland in the summer when outdoor concerts work.”<sup>3</sup>



SOURCE: Pollstar, 12 Months Ending June 2022

Collecting data on the live music industry is challenging, as venues and operators are not well organized and not a reporting entity that produces reliable data for the whole spectrum of the industry. Pollstar is cited in this report as it is readily available, but feedback from local industry professionals indicates that it does not include a significant share of venues who do not report through their system.

Music Portland provided data from Near Hear, a free event calendar and music aggregator that coordinates local events in the Portland metro area. Data from 30 days of live performances in the Portland area was extrapolated to create an estimated annual average of individual ticket sales to audiences. The Near Hear data covered 58 local venues, many of which are quite small.

Information from these estimates is summarized in the following tables:

**OVERVIEW OF SELECTED LIVE MUSIC VENUES AND ESTIMATED ACTIVITY IN THE PORTLAND METRO AREA**  
**OVERVIEW OF SELECTED LIVE MUSIC VENUES**  
**PORTLAND METRO AREA**

Venue Type	Venues	Shows per Year	Tickets @ 80%
Mixed Use	121	12,824	1,538,880
Dedicated	49	8,836	5,235,574
<b>Total</b>	<b>170</b>	<b>21,660</b>	<b>6,774,454</b>

**ESTIMATED VENUES, SHOWS, AND TICKETS BY CAPACITY**

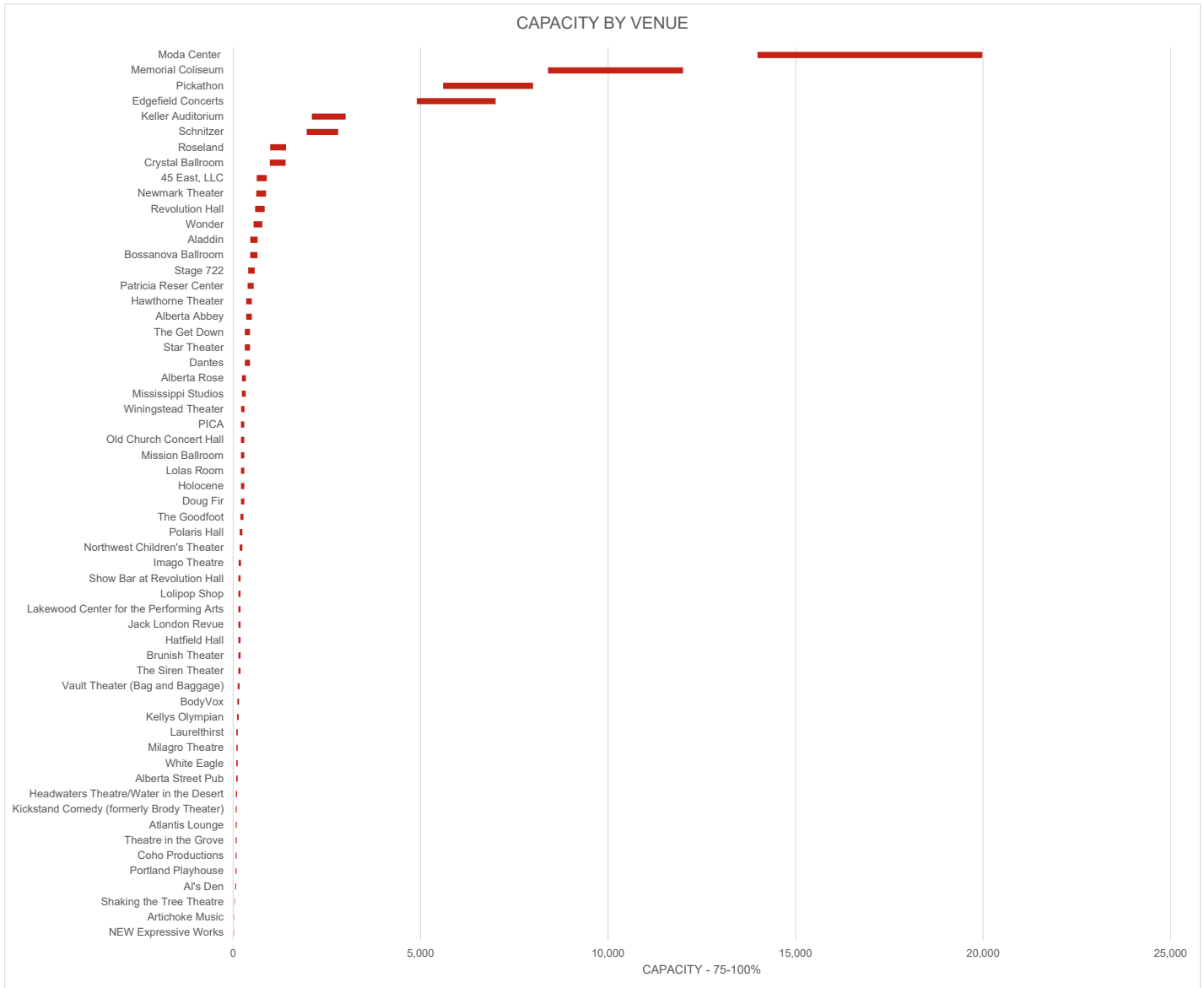
CAPACITY	VENUES	SHOWS		TICKETS	
		TOTAL	SHARE	TOTAL	SHARE
< 100	6	780	8.0%	28,400	0.5%
100-200	18	3,664	37.7%	373,060	7.0%
201-300	10	1,594	16.4%	327,514	6.2%
301-500	8	1,670	17.2%	535,760	10.1%
501-1,000	8	1,149	11.8%	625,352	11.8%
1,001-3,000	4	668	6.9%	1,123,488	21.2%
> 3,000	4	195	2.0%	2,291,200	43.2%
<b>TOTAL</b>	<b>58</b>	<b>9,720</b>	<b>100.0%</b>	<b>5,304,774</b>	<b>100.0%</b>

SOURCE: Music Portland and Near Hear

<sup>3</sup> Interview with Trey Many, Booking Agent, Wasserman, 5/12/2023.



## OVERVIEW OF LOCAL LIVE MUSIC VENUES AND ESTIMATED CAPACITY



SOURCE: Music Portland and Near Hear

Later in this analysis we utilize Pollstar data to assess trends in the live music industry for the Portland area as well as several case study areas. Extrapolated annual data on overall booking activity collected by Music Portland from Hear Near data were over 8,836 shows in music venues per year, compared to 1,454 reported by Pollstar in 2019. This indicates that the Pollstar data may only report roughly 16.5% of the overall show volume in the Portland area. While useful for assessing broad industry trends in national peer cities, the Pollstar data will significantly overestimate Live Nation’s share of the market as all Live Nation bookings are reported in this dataset.

Another data source is reported information from the Shattered Venue Operators Grant (SVOG), which was set up by the Small Business Administration (SBA) to assist venue operators impacted by COVID-19 restrictions. These grants were limited to 45% of the reported, taxed, gross earned income of venues in 2019, and are capped out at \$10.0



million. The awarded grants can therefore be used to estimate stated 2019 income from these venues. The grant program was not available for mixed-use venues in which ticketed events didn't constitute most of their gross earned revenues, publicly traded entities, and entities with over 500 full time equivalent employees. A total of 121 entities received these grants in the Portland metro area. Two entities (Portland's 5 and the Oregon Zoo) maxed out their grant amount, but the remainder were capped by gross income limits, receiving a total of \$100.8 million. The data would imply that the gross earned income of venues receiving grants was \$224 million in 2019, excluding Portland's 5 and the Oregon Zoo.

## IV. ECONOMIC IMPACTS – LOCAL AND REGIONAL

The construction and ongoing business operations of the facility will have significant economic impacts to the local and regional economy. To model the economic impacts of various activities, Johnson Economics utilized the IMPLAN (IMPact for PLANning)<sup>4</sup> economic multiplier model. IMPLAN is an economic impact model designed for analyzing the effects of industry activity (employment, income, or business revenues) upon all other industries in an economic area.

### A. IMPLAN MODELING METHODOLOGY

#### Social Accounting Matrices

Regional Social Accounting Matrices, or SAM, represent an IMPLAN extension for regional economic modeling. SAMs provide information on non-market financial flows. IMPLAN type inter-industry models provide information on market transactions between firms and consumers, and they capture payments of taxes by individuals and businesses, transfers of government funds to people and businesses, and transfer of funds from people to people.

#### IMPLAN Multipliers

Social Accounting Matrices are constructed to show the effects of a given change on the economy of interest. These are called Multiplier Models. Multiplier Models study the impacts of a user—specified change in the chosen economy for a given industry or industries. Because the Multiplier Models are built directly from the region-specific SAM, they will reflect the region's unique structure and trade situation.

Multiplier Models are the framework for construction impact analysis questions. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects. These are the direct, indirect, and induced changes within the economy. The following is a brief definition of the three impact types:

***Direct Impacts:*** The actual change in activity affecting a local economy. For example, if a new industrial building is constructed, direct economic impacts represent the value-added output for that firm/user, as well as the jobs required by that business and the labor income paid.

***Indirect Impacts:*** Indirect impacts reflect the response of all other local businesses within the geographic area to the direct impact. Continuing the previous example, indirect impacts of a new institutional user would comprise revenues for related vendors (e.g., real estate services, vendors, etc.), and the jobs and labor income thereby generated.

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<sup>4</sup> Minnesota IMPLAN Group (MIG), Stillwater, Minnesota



**Induced Impacts:** These reflect the response of households within the geographic area affected by direct and indirect impacts. In the given example, induced impacts would be the increase in all categories of spending by households in the geography directly or indirectly employed by the businesses' activities.

Our analysis will evaluate the Jobs, Labor Income, and Value-Added Output of our estimated direct industry change and commodity change activities.

### **Glossary of Terms**<sup>5</sup>

**Value Added Output:** The difference between an industry's or an establishment's total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). Value added consists of compensation of employees, taxes on production and imports less subsidies (formerly indirect business taxes and nontax payments), and gross operating surplus (formerly "other value added").

**Labor Income:** All forms of employment income, including Employee Compensation (wages and benefits) and Proprietor Income.

**Industry:** A group of establishments engaged in the same or similar types of economic activity.

**Commodity:** A commodity is a product or service. It may be produced by one or by many industries. Commodity output represents the total output of the product or service, regardless of the industry that produced it. If an industry and the commodity produced by the industry have the same name, the commodity is considered the primary product of that industry. Any other commodity produced by that industry is a secondary product of that industry.

### **Geographic Level**

Impact analysis has varying degrees of geographic coverage. Specifically, vendors who provide goods and services in response to modeled impacts are in a range of locales. For this analysis, we focused on impacts retained in Multnomah County. That is, indirect and induced impacts which leak outside of the county are not included. The degree to which indirect and induced impacts are captured within the City of Portland will be a function of how well local businesses capitalize on the opportunities associated with the facilities.

## **B. ECONOMIC IMPACTS OF CONSTRUCTION ACTIVITY**

To evaluate the temporary construction impacts of the proposed development program, we calculated the *total* construction spending of the project measured as a direct industry change in construction of new nonresidential commercial structures. Estimated construction expenditures were converted into estimated contributions to employment income and output at the Multnomah County level.

- Construction spending would translate into an estimated 223 direct full time equivalent (FTE) jobs over the construction period (assumed to be two years for site and venue improvements). Direct jobs would pay an estimated average of over \$99,600 per FTE for wages and benefits.

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<sup>5</sup> From the United States Bureau of Economic Analysis (BEA)



- Because the development period is estimated to extend over multiple years, the direct construction jobs projected likely represent some of the same employees, employed throughout the project lifecycle over multiple buildings/phases.
- Each direct construction job would support approximately 0.84 indirect and induced jobs during the construction period. This translates into roughly 188 FTE jobs, with overall labor income of \$12.9 million during the construction period.
- The total estimated economic impacts (direct, indirect, and induced) from the construction phase are over 411 FTE positions and \$34.9 million in labor income (current dollars).

#### SUMMARY OF CONSTRUCTION IMPACTS

	PROJECTED IMPACTS, MULTNOMAH COUNTY (2022 \$s)			
	Employment	Labor Income	Value Added	Output
<b>CONSTRUCTION</b>				
Direct Effect	223.2	\$22,223,108	\$24,362,494	\$47,200,000
Indirect Effect	85.7	\$6,794,541	\$9,235,411	\$15,188,829
Induced Effect	102.2	\$5,891,334	\$9,969,316	\$15,746,275
<b>Total Effect</b>	<b>411.2</b>	<b>\$34,908,983</b>	<b>\$43,567,221</b>	<b>\$78,135,104</b>

Source: IMPLAN, Johnson Economics

- The industries most significantly impacted during the construction period are summarized in the following table:

#### TOP TEN SECTOR IMPACTS, CONSTRUCTION OF VENUE

Sector	Description	PROJECTED IMPACTS, MULTNOMAH COUNTY (2022 \$s)			
		Employment	Labor Income	Value Added	Output
36	Construction of other new nonresidential structures	223.2	\$22,223,107	\$24,362,494	\$47,200,000
369	Architectural, engineering, and related services	24.5	\$2,252,083	\$2,275,614	\$3,764,124
413	Food services and drinking places	16.2	\$501,139	\$648,943	\$1,168,885
360	Real estate establishments	8.8	\$162,435	\$1,287,856	\$1,679,894
382	Employment services	6.2	\$294,085	\$323,192	\$380,136
397	Private hospitals	5.9	\$560,481	\$629,391	\$1,143,827
394	Offices of physicians, dentists, and other health practitioners	5.9	\$668,211	\$682,955	\$1,052,761
324	Retail Stores - Food and beverage	5.4	\$205,529	\$224,889	\$322,921
319	Wholesale trade businesses	5.1	\$554,374	\$876,132	\$1,195,095
367	Legal services	4.9	\$547,379	\$713,814	\$981,650

Source: IMPLAN, Johnson Economics

- Impacts specific to the City of Portland will be dependent upon the percentage of impacts captured. While Portland firms can address most of the needs and demand associated with construction a significant percentage of economic activity generated is expected to be captured by firms and/or employees living outside of Portland with any level of certainty. The following table summarizes the level of impact associated with a range of assumed capture rates:





### SUMMARY OF CONSTRUCTION IMPACTS UNDER ALTERNATIVE CAPTURE SCENARIOS

Assumed City Capture Rate	PROJECTED IMPACTS, CITY OF PORTLAND (2022 \$s)			
	Employment	Labor Income	Value Added	Output
<b>CONSTRUCTION</b>				
10%	41.1	\$3,490,898	\$4,356,722	\$7,813,510
20%	82.2	\$6,981,797	\$8,713,444	\$15,627,021
35%	143.9	\$12,218,144	\$15,248,527	\$27,347,286
50%	205.6	\$17,454,491	\$21,783,610	\$39,067,552
65%	267.3	\$22,690,839	\$28,318,694	\$50,787,818

Source: IMPLAN, Johnson Economics



### C. ECONOMIC IMPACTS OF ON-GOING OPERATING ACTIVITY

The ongoing operation of the facility is expected to contribute to the local and regional economy, supporting an incremental gain in employment and payroll. As with construction impacts, direct employment, payroll, and expenditures at the facility will support indirect and induced activity.

At stabilization the facility is assumed to host 126 events per year. Of these, 81 would be concerts promoted by Live Nation, 20 would be concerts promoted by a different entity, and 25 would be special events such as weddings or meetings.

#### PROJECTED EVENT ATTENDANCE AT STABILIZATION

	# of Events	Average Attendance	Total Attendance	Comments
Concerts	81	2,013	163,053	Promoted by Live Nation
Special Events	25	200	5,000	Weddings, Meetings, Etc.
Rentals	20	1,730	34,600	Concerts
<b>Total</b>	<b>126</b>	<b>1,608</b>	<b>202,653</b>	

SOURCE: Live Nation

Live Nation anticipates that roughly 70% of all event attendees will live in Portland, with 30% living outside of the city. Roughly 5% of total attendees are assumed to stay overnight due to show attendance. Our analysis utilizes these attendance expectations in estimating ongoing impacts. Stabilization of the facility is assumed to be 2029, with the facility opening in 2025.

When stabilized, the facility is expected to support a total of 42 full time equivalent positions within Multnomah County, with estimated annual payroll in current dollars of over \$2.2 million. The total supportable employment would be 71.6 full time equivalent positions, with annual payroll of \$3.7 million.

#### PROJECTED ONGOING IMPACTS OF FACILITY AT STABILIZATION, MULTNOMAH COUNTY

	PROJECTED IMPACTS, MULTNOMAH COUNTY (2022 \$s)			
	Employment	Labor Income	Value Added	Output
<b>ONGOING - ANNUAL</b>				
Direct Effect	42.0	\$2,218,136	\$4,568,977	\$7,070,714
Indirect Effect	15.9	\$858,906	\$1,156,321	\$1,754,299
Induced Effect	13.7	\$633,421	\$1,071,649	\$1,692,785
<b>Total Effect</b>	<b>71.6</b>	<b>\$3,710,462</b>	<b>\$6,796,947</b>	<b>\$10,517,798</b>

Source: IMPLAN, Johnson Economics

Attendees at events are expected to generate an increase in demand for overnight lodging. Live Nation estimated that 5% of event attendees will stay overnight with friends, of which a projected 80% will stay in hotels. Assuming two persons per room, at stabilization overnight stays associated with attendees would be estimated to exceed 5,000 room nights per year. Overnight stays would also generate additional expenditure outside of the venue, such as restaurant/bars expenditures.

At the county level, overnight stays are expected to support a total of 8.3 full time equivalent positions and payroll of \$414,300 at stabilization.



**PROJECTED ONGOING IMPACTS OF TOURISM IMPACTS AT STABILIZATION, MULTNOMAH COUNTY**

	<b>PROJECTED IMPACTS, MULTNOMAH COUNTY (2022 \$s)</b>			
	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
<b>ONGOING - VISITORS</b>				
Direct Effect	5.4	\$220,833	\$368,821	\$758,500
Indirect Effect	1.7	\$124,930	\$183,332	\$299,486
Induced Effect	1.2	\$68,500	\$115,965	\$183,133
<b>Total Effect</b>	<b>8.3</b>	<b>\$414,263</b>	<b>\$668,118</b>	<b>\$1,241,119</b>

Source: IMPLAN, Johnson Economics

The degree to which the impacts are captured within the City of Portland are a function of the assumed capture rate. If 80% of employees at the facility and 95% of overnight stays are located within the City of Portland, the venue's ongoing operation would support a total of 65.1 full time positions and close to \$3.4 million in payroll within the City of Portland.

**PROJECTED ONGOING IMPACTS AT STABILIZATION, CITY OF PORTLAND AT ALTERNATIVE CAPTURE RATES**

<b>Assumed City Capture Rate</b>	<b>PROJECTED IMPACTS, CITY OF PORTLAND (2022 \$s)</b>			
	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
<b>ONGOING - OPERATIONS</b>				
40%	28.6	\$1,484,185	\$2,718,779	\$4,207,119
60%	42.9	\$2,226,277	\$4,078,168	\$6,310,679
80%	57.3	\$2,968,370	\$5,437,558	\$8,414,238
90%	64.4	\$3,339,416	\$6,117,252	\$9,466,018
<b>ONGOING - VISITORS</b>				
20%	1.7	\$82,853	\$133,624	\$248,224
40%	3.3	\$165,705	\$267,247	\$496,448
60%	5.0	\$248,558	\$400,871	\$744,671
80%	6.6	\$331,411	\$534,494	\$992,895
95%	7.8	\$393,550	\$634,712	\$1,179,063
<b>OVERALL ONGOING</b>	<b>65.1</b>	<b>\$3,361,920</b>	<b>\$6,072,269</b>	<b>\$9,593,301</b>

It is important to note that a significant level of economic activity captured at the venue will represent a redistribution of activity that would have occurred within the City of Portland. Visitors to a show at the venue could have spent the time and money on another activity within the City, and the impacts shown represent a gross as opposed to net impact for the City. While we expect that the facility will increase the overall market for shows, expanding the local venue options and attracting a broader range of offerings, it will also result in a shift in the allocation of local expenditure.

While only a small proportion of visitors will be coming from outside of the metro area, The City of Portland represents roughly 26% of the population in the broader metropolitan area, and a significant share of attendees at shows in the City are likely to come from other jurisdictions in the metro area. Attendees are likely to link an event with local restaurant and/or bar expenditures, providing a net gain to economic activity in the City of Portland.

**D. COMBINED ECONOMIC IMPACTS (CONSTRUCTION AND OPERATIONS)**

Construction and ongoing operation of the venue is expected to support a significant level of employment, payroll, and output. A total of 143.9 full time equivalent positions are expected to be supported in the City of Portland from



construction of the facility, while operations of the facility is expected to increase employment levels in the City by 62.4 positions per year. This assumes that the City captures 35% of construction impacts, 80% of operational employment and spending, and 95% of overnight stay impacts.

**SUMMARY OF CONSOLIDATED IMPACTS, CITY OF PORTLAND**

	PROJECTED IMPACTS, CITY OF PORTLAND (2022 \$s)			
	Employment	Labor Income	Value Added	Output
<b>CONSTRUCTION</b>				
Direct Effect	78.1	\$7,778,088	\$8,526,873	\$16,520,000
Indirect Effect	30.0	\$2,378,089	\$3,232,394	\$5,316,090
Induced Effect	35.8	\$2,061,967	\$3,489,261	\$5,511,196
Total Effect	143.9	\$12,218,144	\$15,248,527	\$27,347,286
<b>ONGOING</b>				
Direct Effect	38.7	\$1,984,300	\$4,005,561	\$6,377,146
Indirect Effect	12.7	\$687,124	\$925,056	\$1,403,439
Induced Effect	11.0	\$506,737	\$857,319	\$1,354,228
Total Effect	62.4	\$3,178,161	\$5,787,937	\$9,134,813

**EMPLOYMENT BY SOURCE**

Year	Construction (FTE)	Ongoing (FTE)	Total (FTE)
2023	5.0	0.0	5.0
2024	60.0	0.0	60.0
2025	140.0	38.7	178.7
2026	0.0	48.0	48.0
2027	0.0	62.4	62.4
2028	0.0	62.4	62.4
2029	0.0	62.4	62.4
2030	0.0	62.4	62.4
2031	0.0	62.4	62.4
2032	0.0	62.4	62.4

Construction and operation of the facility will also impact the local entertainment venue industry. The Portland metro area has a limited supportable event volume, and introduction of this facility into the competitive environment is expected to impact the distribution and volume of music bookings in the area. The net impact of the facility to the region is a function of the extent to which the new venue can increase the number of bookings by attracting unique acts and/or expanding the marketing reach to attract more out of area visitors. For the City of Portland, net impacts would also include the impact of increasing performance and visitor share from outside of the City proper. The physical characteristics of the venue vary substantively from other available venues, which should reduce the level of impact and support an increase in overall event volume attracted to the region.



## V. FISCAL IMPACT

In addition to economic impacts, development and operation of the venue would have fiscal implications for the City of Portland, Multnomah County, other local service providers, and the State of Oregon. These impacts include property taxes, income and business taxes, and development charges and fees.

### A. PROPERTY TAX IMPACTS

When fully developed and operational, annual property tax revenue from the property is expected to be roughly \$577,900 in current dollars. Of these, an estimated \$221,400 would be collected by the City of Portland, including bonds, pensions, and urban renewal revenues. The remainder of the revenues would accrue to Portland Public Schools, Multnomah County, and a variety of smaller taxing entities.

The improvements to the property are expected to be placed on the tax rolls in 2026. The estimated RMV was escalated annually at 3% in our calculations.

#### PROPERTY TAX BREAKOUT

<b>Estimated RMV</b>	\$50,000,000
<b>Change Property Ratio</b>	0.43
<b>Estimated AV</b>	\$21,642,348
<b>Property Taxes</b>	
<i>City of Portland</i>	\$90,859
<i>City of Portland Local Option</i>	\$26,027
<i>Portland Fire/Police Pension</i>	\$54,158
<i>Urban Renewal-Portland</i>	\$42,670
<i>City of Portland Bonds</i>	\$7,668
<i>Other</i>	\$356,519
<b>Annual Tax Revenue</b>	
<i>Overall</i>	\$577,901
<i>City of Portland (GF, Bonds, Pensions, UR)</i>	\$221,382

### B. TRANSIENT LODGING TAX IMPACTS

Event induced overnight stays are expected to result in over 5,000 room nights per year by 2029, with an average room rate of \$178 yielding over \$900,000 in annual room rate revenues for local hotels. This activity would generate an estimated \$103,700 in annual transient lodging taxes, as summarized in Figure 14 to the right.

The largest share of the transient lodging taxes is dedicated to Multnomah County's Convention Center Phase II bond, followed by the City of Portland's General Fund and Travel Portland.

The average room rate was escalated in the projections at an average annual rate of 3%.

#### TRANSIENT LODGINGS TAXES

	<b>2029</b>
<b>Projected Overnight Stays</b>	5,066
<b>Average Room Rate</b>	\$178
<b>Annual Revenue</b>	\$901,748
<b>City of Portland Transient Lodgings Tax</b>	
<i>General Fund</i>	\$45,087
<i>Travel Portland</i>	\$9,017
<b>Multnomah County Transient Lodgings Tax</b>	
<i>Convention Center Phase II</i>	\$47,116
<i>Hotel Operators</i>	\$2,480
<b>Portland Tourism Improvement District</b>	\$0
<b>Total Projected Tax Revenues</b>	<b>\$103,700</b>

### C. ADDITIONAL TAX IMPACTS (OTHER THAN PROPERTY TAX)

The ongoing operation of the venue will generate additional tax contributions to a range of entities. The federal government will gain a considerable level of annual revenue, primarily through income taxes and social security contributions. State and local governments will derive revenue from fees and taxes, most notably the State of Oregon's income tax. Figure 15 presents an estimate of other ongoing tax contributions, such as income and business



taxes, from the projects construction and operations based on the modeling assumptions in the IMPLAN scenarios. Estimates are broken down by federal, vs. state and local contributions.

### SUMMARY OF MISCELLANEOUS TAX CONTRIBUTIONS FROM OPERATIONS

Description	Employee & Proprietor Compensation	Tax on Production and Imports	Households	Corporations	Total
<b>FEDERAL</b>					
Social Ins Tax- Employee Contribution	\$496,544				\$496,544
Social Ins Tax- Employer Contribution	\$555,697				\$555,697
Tax on Production and Imports: Excise Taxes		\$30,791			\$30,791
Tax on Production and Imports: Custom Duty		\$12,208			\$12,208
Tax on Production and Imports: Fed NonTaxes		\$3,498			\$3,498
Corporate Profits Tax				\$561,866	\$561,866
Personal Tax: Income Tax			\$474,422		\$474,422
<b>Total Federal Tax</b>	<b>\$1,052,240</b>	<b>\$46,497</b>	<b>\$474,422</b>	<b>\$561,866</b>	<b>\$2,135,025</b>
<b>STATE AND LOCAL</b>					
Dividends				\$3,636	\$3,636
Social Ins Tax- Employee Contribution	\$10,303				\$10,303
Social Ins Tax- Employer Contribution	\$20,258				\$20,258
Tax on Production and Imports: Sales Tax		\$48,895			\$48,895
Tax on Production and Imports: Motor Vehicle Lic		\$8,083			\$8,083
Tax on Production and Imports: Severance Tax		\$531			\$531
Tax on Production and Imports: S/L NonTaxes		\$4,015			\$4,015
Corporate Profits Tax				\$42,564	\$42,564
Personal Tax: Income Tax			\$283,058		\$283,058
Personal Tax: NonTaxes (Fines- Fees)			\$65,997		\$65,997
Personal Tax: Motor Vehicle License			\$18,749		\$18,749
Personal Tax: Property Taxes			\$3,529		\$3,529
Personal Tax: Other Tax (Fish/Hunt)			\$8,346		\$8,346
<b>Total State and Local Tax</b>	<b>\$30,561</b>	<b>\$61,525</b>	<b>\$379,679</b>	<b>\$46,200</b>	<b>\$517,965</b>

The project would be subject to the State of Oregon's Corporate Activities Tax, which is estimated to yield over \$41,000 per year when the facility is stabilized in 2029.

### CORPORATE ACTIVITY TAX

	2029
Total Gross Income	\$7,614,386
Labor/Input Deduction Assumption	\$0
Base Deduction	(\$1,000,000)
Taxable Commercial Activity	\$7,281,868
Rate	0.00570
<b>Estimated Tax</b>	<b>\$41,507</b>

### D. CONSTRUCTION PERIOD IMPACTS

The development will also contribute significantly to tax revenues during the construction period. The following table presents an estimate of revenue generated from the new development based on the IMPlan scenario. The project will also be charged development fees and system development charges (SDCs). SDCs are one-time charges which occur at the time of development. These fees are meant to off-set the impact of the new development on current city systems such as streets, parks, and the water and sewer system. The fees are used for capital improvements to expand these systems or reimburse the city for prior expansions that benefit the new development. As a result, the impact of these fees is assumed to be neutral.



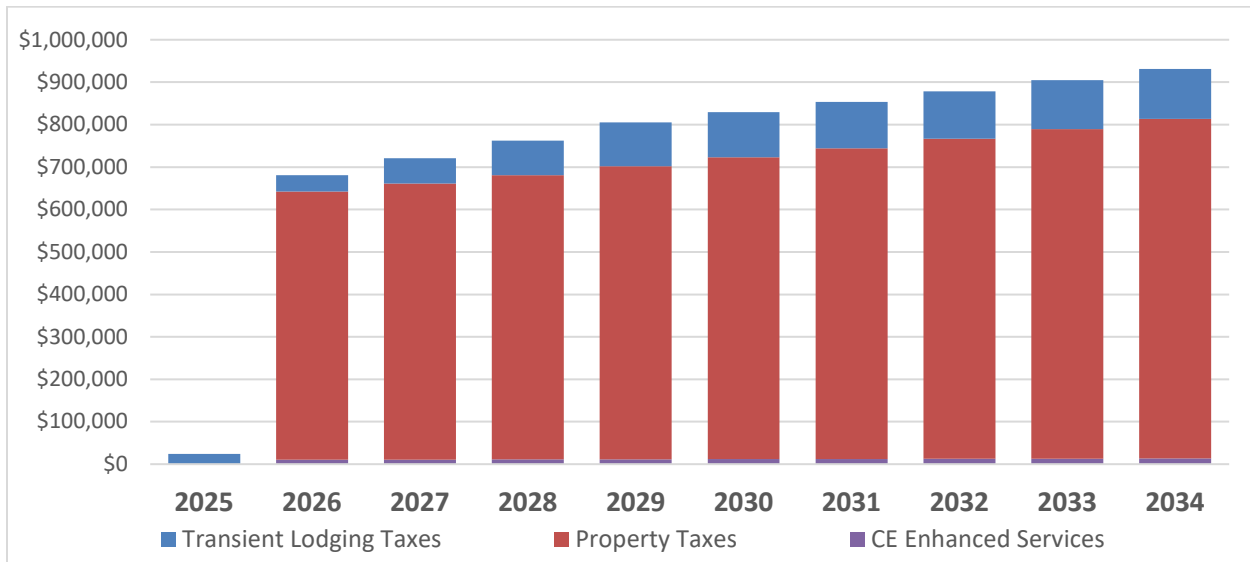
### SUMMARY OF FISCAL IMPACTS OF CONSTRUCTION

Description	Employee & Proprietor Compensation	Tax on Production and Imports	Households	Corporations	Total
<b>FEDERAL</b>					
Social Ins Tax- Employee Contribution	\$0				\$0
Social Ins Tax- Employer Contribution	\$0				\$0
Tax on Production and Imports: Excise Taxes		\$116,638			\$116,638
Tax on Production and Imports: Custom Duty		\$46,241			\$46,241
Tax on Production and Imports: Fed NonTaxes		\$13,252			\$13,252
Corporate Profits Tax				\$495,183	\$495,183
Personal Tax: Income Tax			\$1,520,296		\$1,520,296
<b>Total Federal Tax</b>	<b>\$0</b>	<b>\$176,131</b>	<b>\$1,520,296</b>	<b>\$495,183</b>	<b>\$2,191,610</b>
<b>STATE AND LOCAL</b>					
Dividends	\$0			\$3,204	\$3,204
Social Ins Tax- Employee Contribution	\$34,980				\$34,980
Social Ins Tax- Employer Contribution	\$68,775				\$68,775
Tax on Production and Imports: Sales Tax		\$185,216			\$185,216
Tax on Production and Imports: Property Tax		\$613,190			\$613,190
Tax on Production and Imports: Motor Vehicle Lic		\$30,621			\$30,621
Tax on Production and Imports: Severance Tax		\$2,012			\$2,012
Tax on Production and Imports: Other Taxes		\$110,600			\$110,600
Tax on Production and Imports: S/L NonTaxes		\$15,209			\$15,209
Corporate Profits Tax				\$37,512	\$37,512
Personal Tax: Income Tax			\$907,068		\$907,068
Personal Tax: NonTaxes (Fines- Fees)			\$211,489		\$211,489
Personal Tax: Motor Vehicle License			\$60,079		\$60,079
Personal Tax: Property Taxes			\$11,311		\$11,311
Personal Tax: Other Tax (Fish/Hunt)			\$26,747		\$26,747
<b>Total State and Local Tax</b>	<b>\$103,755</b>	<b>\$956,848</b>	<b>\$1,216,695</b>	<b>\$40,717</b>	<b>\$2,318,015</b>

### E. SUMMARY OF TAX REVENUES

Property taxes represent the largest ongoing tax revenue stream to local jurisdictions, followed by transient lodging taxes.

#### PROJECTED TAX REVENUES BY TYPE, OPERATIONS





The following table summarizes projected annual tax revenues by type.

**FIGURE 19: PROJECTED TAX REVENUES BY TYPE, OPERATIONS**

	YEAR									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>TRANSIENT LODGING TAXES</b>										
Projected Overnight Stays	1,013	2,026	3,040	4,053	5,066	5,066	5,066	5,066	5,066	5,066
Average Room Rate	\$162	\$166	\$170	\$174	\$178	\$183	\$187	\$192	\$197	\$202
Annual Revenue	\$164,138	\$336,382	\$516,732	\$705,187	\$901,748	\$927,078	\$947,342	\$972,672	\$998,002	\$1,023,332
<b>City of Portland Transient Lodgings Tax</b>										
General Fund	\$8,207	\$16,819	\$25,837	\$35,259	\$45,087	\$46,354	\$47,367	\$48,634	\$49,900	\$51,167
Travel Portland	\$1,641	\$3,364	\$5,167	\$7,052	\$9,017	\$9,271	\$9,473	\$9,727	\$9,980	\$10,233
<b>Multnomah County Transient Lodgings Tax</b>										
Convention Center Phase II	\$8,576	\$17,576	\$26,999	\$36,846	\$47,116	\$48,440	\$49,499	\$50,822	\$52,146	\$53,469
Hotel Operators	\$451	\$925	\$1,421	\$1,939	\$2,480	\$2,549	\$2,605	\$2,675	\$2,745	\$2,814
Portland Tourism Improvement District	\$4,924									
Projected Transient Lodging Revenues	\$23,799	\$38,684	\$59,424	\$81,096	\$103,700	\$106,614	\$108,944	\$111,858	\$114,771	\$117,683
<b>PROPERTY TAXES ON IMPROVEMENTS</b>										
Overall		\$631,488	\$650,432	\$669,945	\$690,043	\$710,745	\$732,067	\$754,029	\$776,650	\$799,949
City of Portland (GF, Bonds, Pensions, UR)		\$241,910	\$249,167	\$256,642	\$264,341	\$272,272	\$280,440	\$288,853	\$297,519	\$306,444
Central Eastside Enhanced Services District		\$10,642	\$10,961	\$11,290	\$11,629	\$11,978	\$12,337	\$12,707	\$13,088	\$13,481
<b>COMMERCIAL ACTIVITIES TAX</b>										
Total Gross Income		\$7,070,714	\$7,247,482	\$7,428,669	\$7,614,386	\$7,804,746	\$7,999,864	\$8,199,861	\$8,404,857	\$8,614,979
Labor/Input Deduction Assumption		0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175
Base Deduction		(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Taxable Commercial Activity		\$6,833,339	\$6,979,173	\$7,128,652	\$7,281,868	\$7,438,915	\$7,599,888	\$7,764,885	\$7,934,007	\$8,107,358
Rate		0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057
Estimated Tax		\$38,950	\$39,781	\$40,633	\$41,507	\$42,402	\$43,319	\$44,260	\$45,224	\$46,212
<b>CONSTRUCTION PERIOD</b>										
Federal-Construction	\$72,023	\$644,993	\$1,474,594	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State-Construction	\$37,078	\$332,051	\$759,141	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Local-Construction	\$39,099	\$350,143	\$800,503	\$0	\$0	\$0	\$0	\$0	\$0	\$0





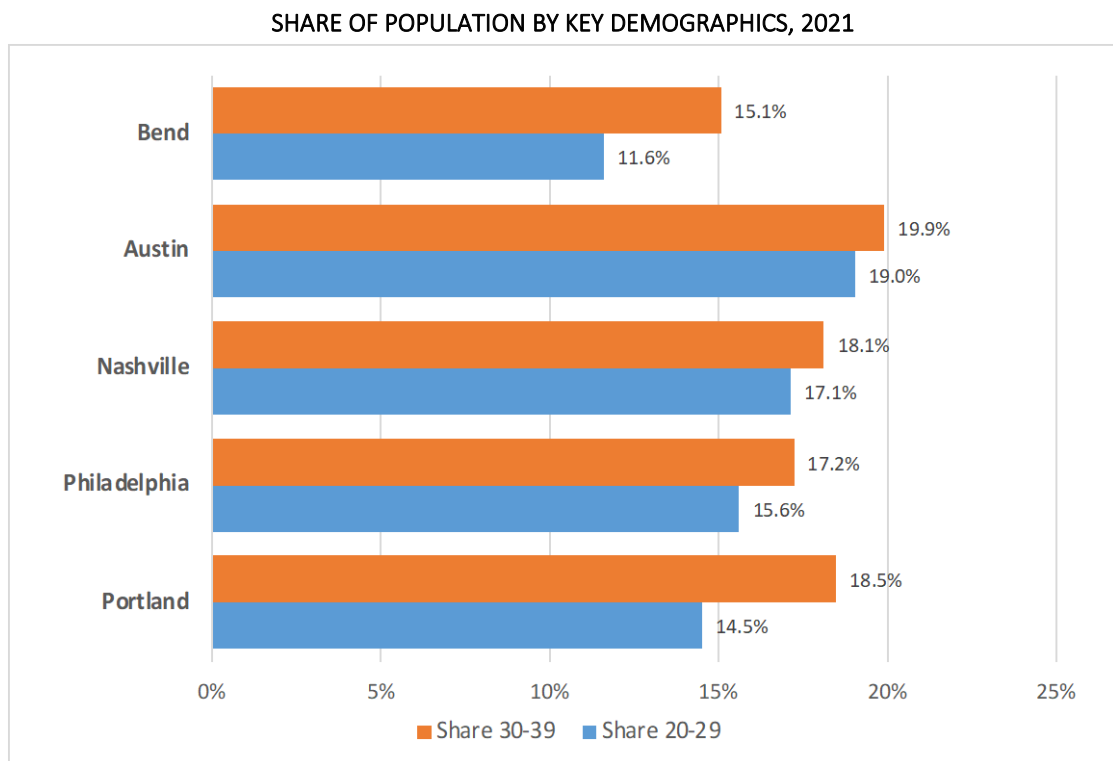
## VI. CASE STUDIES

The assumed tenant for the facility is Live Nation, the nation's largest events promoter and venue operator. The company owns or has an equity interest in over 680 performance venues across the country. In addition, they have exclusive booking rights for facilities they do not own or have an equity interest in. To better understand the impact of Live Nation within markets, we have looked at the entertainment market in several cities in which they are active. Cities evaluated in this study included Austin Texas, Bend Oregon, Nashville Tennessee, and Philadelphia Pennsylvania.

### Demographic

The most important aspect of a live event, besides the performer and venue, are the people who attend it. Although the average age of concertgoers is typically dependent on things such as genre, recent surveys indicate millennials account for most of the attendance at live music events. This is most likely due to millennials coming into their prime spending ages during a time where concert ticket sales have been noted to be increasing more than ever. The nature of the music industry has shifted with the expansion of music streaming, and live performance and touring revenues have taken on an increased importance for musical acts.

The following graph shows the percentage of population that fall in the 20-29 and 30-39 age group in the case study cities as well as Portland.



Source: ACS 5-Year Estimates, JOHNSON ECONOMICS



### **Show Booking Trends**

The number of show bookings in the case study markets has rebounded following the pandemic, with 2022 booking volume equivalent to 2019 activity. This study utilizes Pollstar data to report trends in these markets. We understand that this data set represents only a small proportion of overall live music booking activity, but it is the only source available to us that compiles this information in each of the study areas.

While Austin and Nashville are viewed as two of the most active live act markets in the country, the number of show bookings in the Portland metro area have exceeded Austin and approached Nashville numbers. As outlined in the following data from Pollstar, shows promoted by Live Nation have represented roughly 10% of total bookings since 2018. The share of bookings accounted for by Live Nation during this period was 37% in Austin and 25% in Nashville. Live Nation accounted for 48% of reported booking activity in Philadelphia. The level of booking activity in Bend is much more limited, and Live Nation accounted for much of the tracked booking due to their operation of the Hayden Homes Amphitheater. The market share for each of these markets is skewed using Pollstar data, which tracks only a share of venues and acts (but all Live Nation's facilities).



SHOW BOOKED BY MARKET, LIVE NATION AND OVERALL MARKET

	2019		2020		2021		2022	
	Shows	% of Mkt.	Shows	% of Mkt.	Shows	% of Mkt.	Shows	% of Mkt.
<b>PORTLAND, OR</b>								
Owned/Operated	11		0		8		16	
Exclusively Booked	0		0		0		0	
Third Party Venue	114		13		39		164	
LN Total	125	8.6%	13	5.0%	47	13.1%	180	12.2%
Non-LN Total	1,329	91.4%	248	95.0%	311	86.9%	1,292	87.8%
Market Total	1,454	100.0%	261	100.0%	358	100.0%	1,472	100.0%
<b>BEND, OR</b>								
Owned/Operated	2		0		26		53	
Exclusively Booked	0		0		0		0	
Third Party Venue	5		1		1		6	
LN Total	7	13.2%	1	10.0%	27	62.8%	59	69.4%
Non-LN Total	46	86.8%	9	90.0%	16	37.2%	26	30.6%
Market Total	53	100.0%	10	100.0%	43	100.0%	85	100.0%
<b>PHILADELPHIA, PA</b>								
Owned/Operated	961		300		568		1,083	
Exclusively Booked	0		0		0		0	
Third Party Venue	150		33		38		67	
LN Total	1,111	43.1%	333	61.1%	606	56.8%	1,150	46.7%
Non-LN Total	1,466	56.9%	212	38.9%	460	43.2%	1,310	53.3%
Market Total	2,577	100.0%	545	100.0%	1,066	100.0%	2,460	100.0%
<b>AUSTIN, TX</b>								
Owned/Operated	217		39		86		243	
Exclusively Booked	0		0		0		0	
Third Party Venue	179		41		53		155	
LN Total	396	38.7%	80	35.9%	139	33.1%	398	36.1%
Non-LN Total	627	61.3%	143	64.1%	281	66.9%	705	63.9%
Market Total	1,023	100.0%	223	100.0%	420	100.0%	1,103	100.0%
<b>NASHVILLE, TN</b>								
Owned/Operated	24		2		141		206	
Exclusively Booked	0		0		0		0	
Third Party Venue	215		47		94		260	
LN Total	239	16.4%	49	14.5%	235	30.9%	466	32.3%
Non-LN Total	1,217	83.6%	288	85.5%	526	69.1%	975	67.7%
Market Total	1,456	100.0%	337	100.0%	761	100.0%	1,441	100.0%
<b>ALL MARKETS</b>								
Owned/Operated	1,215		341		829		1,601	
Exclusively Booked	0		0		0		0	
Third Party Venue	663		135		225		652	
LN Total	1,878	28.6%	476	34.6%	1,054	39.8%	2,253	34.3%
Non-LN Total	4,685	71.4%	900	65.4%	1,594	60.2%	4,308	65.7%
Market Total	6,563	100.0%	1,376	100.0%	2,648	100.0%	6,561	100.0%

SOURCE: Pollstar

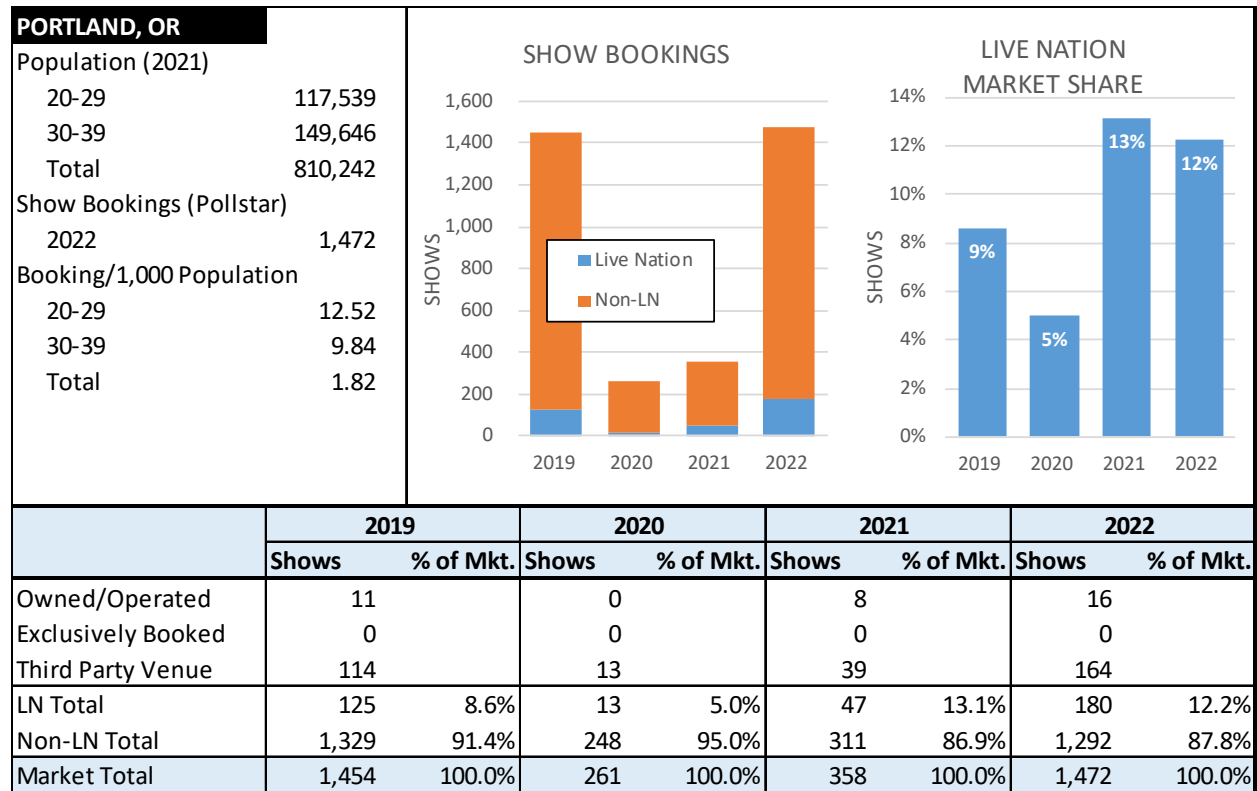


It is important to note that the Pollstar data does not include a significant portion of bookings, as not all venues report through this system. This is particularly true for small venues, but even larger groups such as AEG do not report through Pollstar. As a result, Live Nation’s indicated market share will be significantly overstated.

## PORTLAND MARKET PROFILE

The Portland metro area is a mid-sized market with a thriving live music and club scene. The demographic profile of the market is less favorable than other markets evaluated, with the key targeted populations representing roughly one third of the total population in Multnomah County. This is significantly lower than either Austin (39%) or Nashville (35%), and comparable to Philadelphia.

The overall level of reported bookings in the market has rebounded to 2019 levels following sharp declines during the pandemic. Live Nation has had a relatively low market share of bookings in the market, estimated at 12% in 2022. Live Nation promoted shows have largely been booked at third party venues. Pollstar’s definition for the Portland metro area extends north to Ridgefield and includes the RV Inn Style Resorts Amphitheater which is operated by Live Nation.



SOURCE: Pollstar

“Portland has a world class music scene. The current scene is characterized by a large number of non-corporate venue owners and promoters. The local industry has more venues than Austin, with more than 10,000 unique acts and 30,000 people employed in the industry. It is estimated that the industry generates over \$1.5 billion in economic activity. The local reputation of the music scene and reality on the ground supports economic development activity.”<sup>6</sup>

<sup>6</sup> Interview with Meara McLoughlin, Music Portland, 11/22/2022

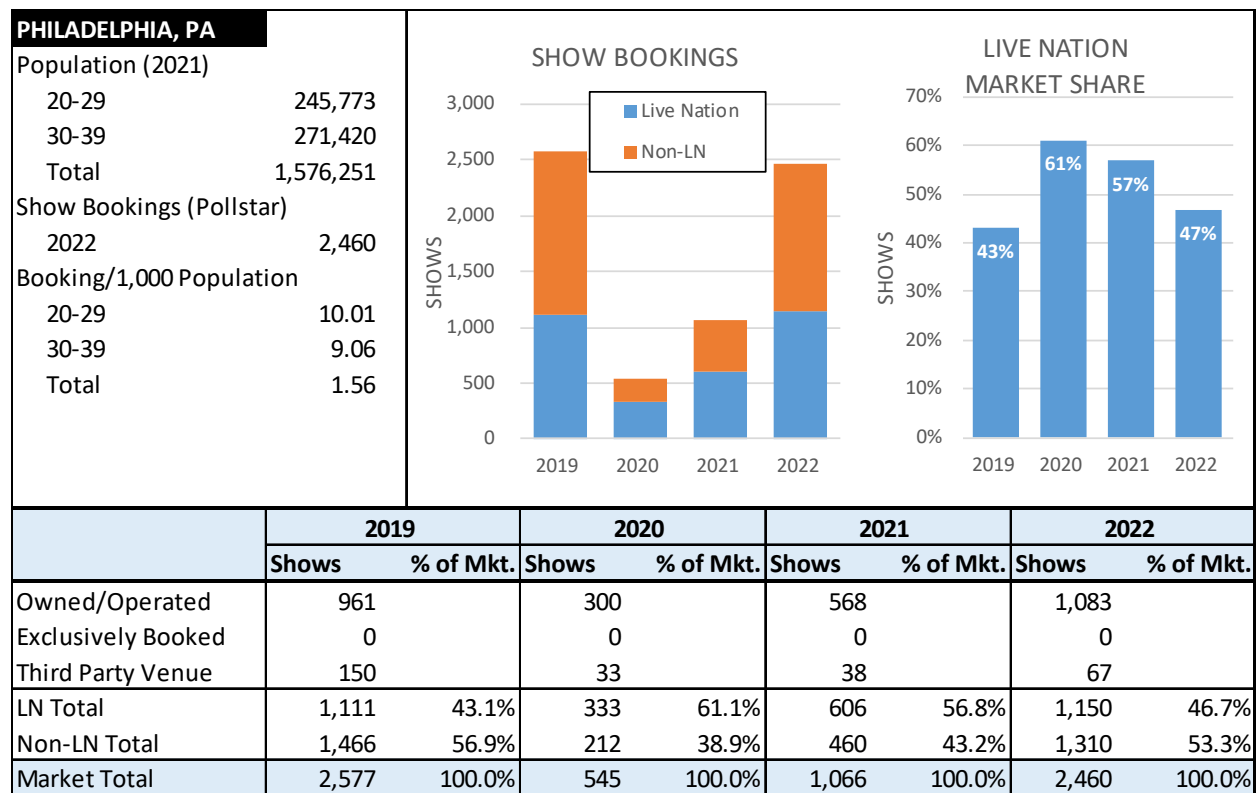


Data on local booking activity was estimated by Music Portland from Hear Near data and summarized in Chapter III. This data indicated a much larger level of activity than Pollstar, with an estimated 8,836 shows in dedicated music facilities and the total estimated shows per year exceeding 21,600. An estimated 91.1% of shows were in venues with a capacity of less than 1,000, accounting for 35.6% of ticket sales.

The volume of shows derived from the Hear Near data indicates that the Pollstar data represents only 16.5% of the overall show volume. As Live Nation reports all bookings through Pollstar, this would reduce their indicated share of the local market to 2.1% in 2021, and 1.9% in 2022.

### PHILADELPHIA MARKET PROFILE

The Philadelphia market is significantly larger than the Portland metro area, but the demographic composition is similar. Live Nation has had a significant profile in this market, operating multiple venues with a market share of bookings ranging from 43% to 61% over the last several years. Within the Philadelphia market, Live Nation operates some well-known and historic performance spaces such as the TD Pavilion at the Mann, The Met Philadelphia, and the Theatre of Living Arts.



SOURCE: Pollstar

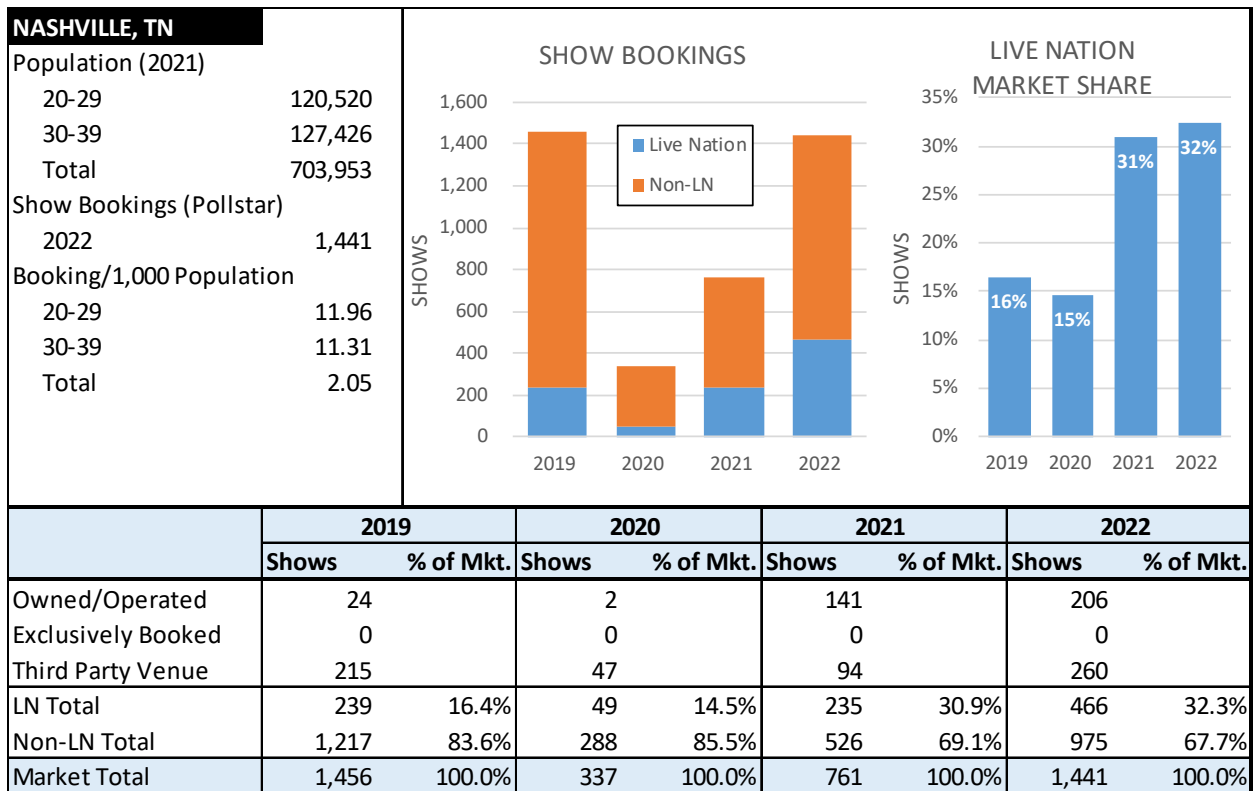
As with Portland, our expectation is that the overall market is significantly larger than that reflected in the Pollstar data.



## NASHVILLE MARKET PROFILE

The Nashville market is similar in scale to Portland, with a demographic that is somewhat younger. The area has a highly established live music scene, boasting one of the highest music venues per capita in the country. Live Nation has been increasingly active in the Nashville market, with its share of overall booking growing to almost a third in 2022.

Live Nation has exclusive booking rights for venues with capacities ranging from 200 to 15,000 attendees in this market, including the Ascend amphitheater, Municipal Auditorium, and Marathon Music Works. Live Nation also has exclusive booking rights for Fontanel, a small amphitheater outside of town. This provides the firm with an ability to market to a range of performers at profitable venue sizes. The geographic range of available facilities also allows for package offerings, in which Live Nation can provide appropriate venues in a sequence of markets which facilitates profitable touring. Live Nation also controls booking for a range of music festivals, such as the Bonnaroo Festival in nearby Manchester, Tennessee. Live Nation will package multiple festival opportunities to acts, which can preclude them from playing local venues for extended periods.<sup>7</sup>



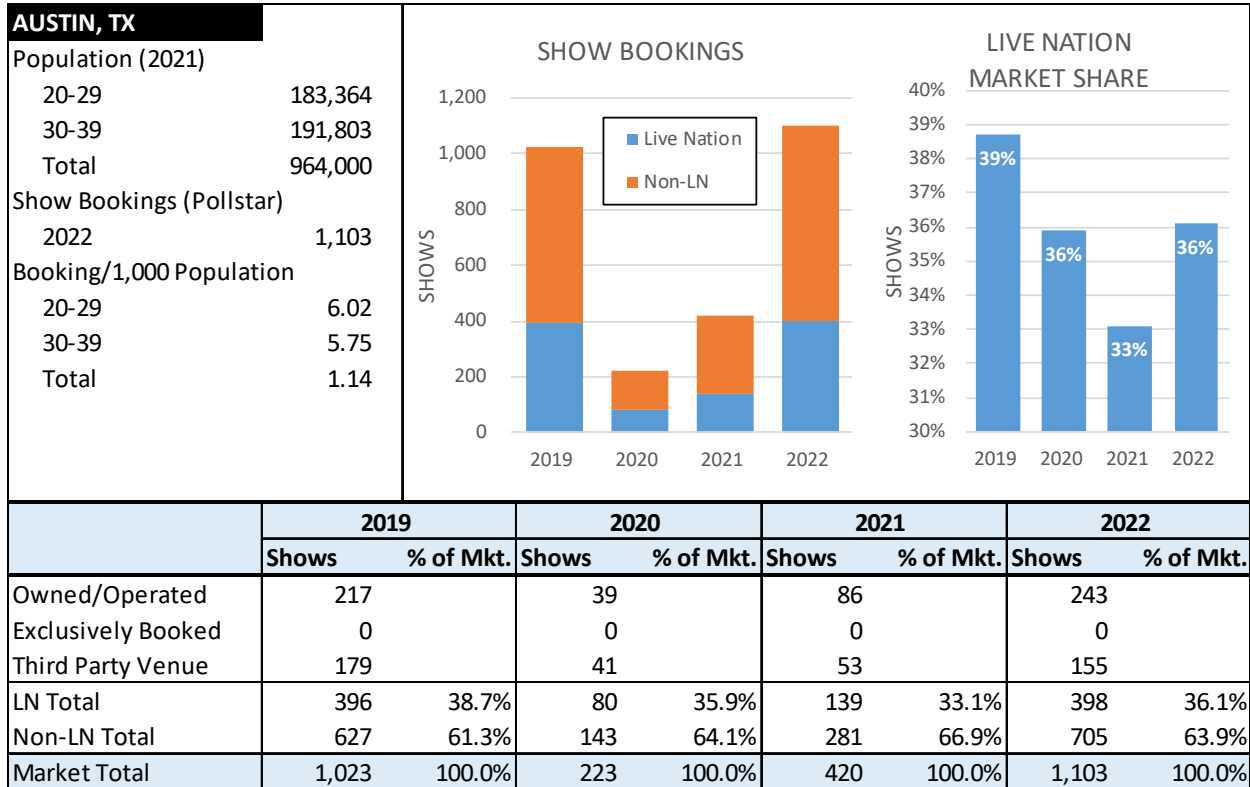
SOURCE: Pollstar

<sup>7</sup> Interview with Chris Cobb, Concert Promoter and Venue Operator, 10/6/2022



## AUSTIN MARKET PROFILE

The Austin Market has been among the fastest growing metro areas in the country over the last decade. The area has a strong live music scene, with supportive demographics as well as being home to the University of Texas. Live Nation has been a consistent player in this market, accounting for over a third of all reported bookings.



SOURCE: Pollstar

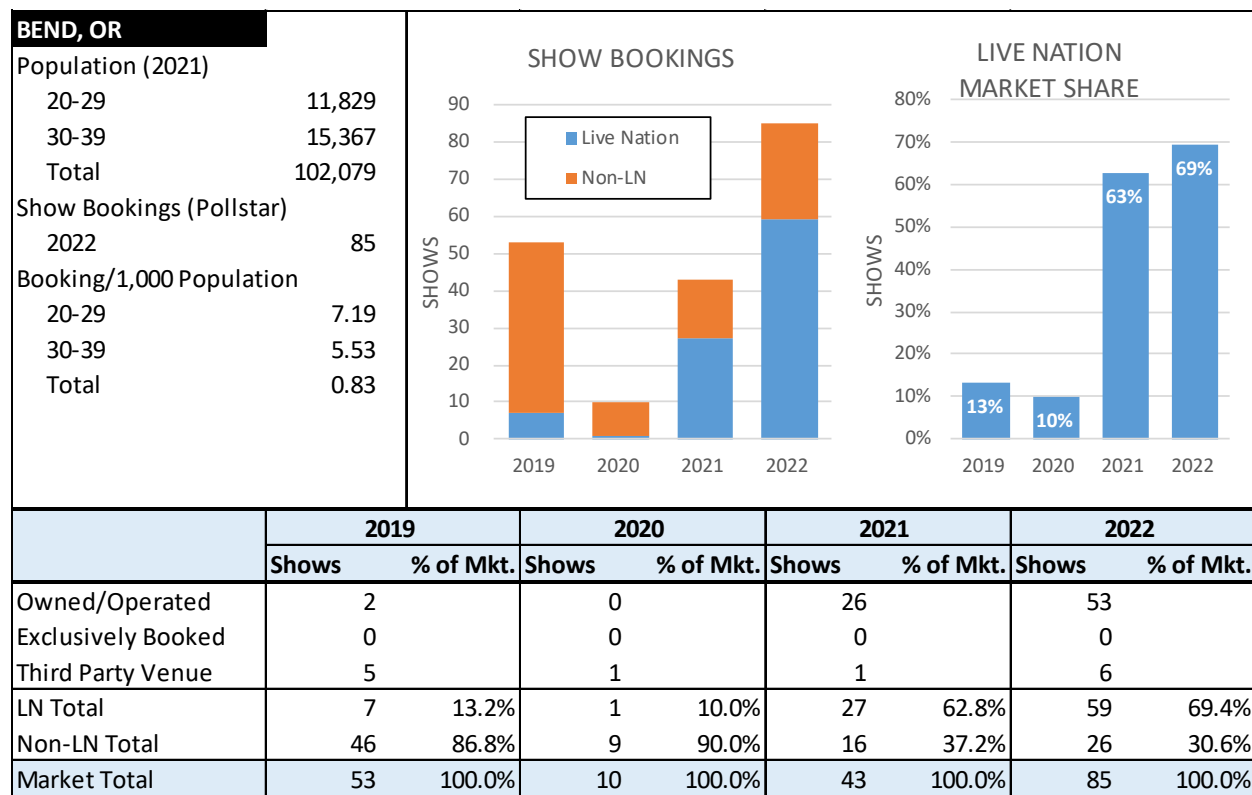
Live Nation's market share has ranged from 33% to 39% over the last four years in this market.



## BEND MARKET PROFILE

The Bend market is significantly different from the other case studies, most notably in scale. Due to their limited scale, concert events are often a regional draw that support tourism and weekend trips. Portland is the primary market, and attendees link the show to a trip to Bend. Live Nation has a very high percentage of the reported bookings, which is attributable to the Hayden Homes Amphitheater (the largest venue in Oregon).

The amphitheater was previously booked by Monqui and drew roughly 11 largely local shows per year. Live Nation took over, paid for upgrades, and expanded the booking volume. They have maintained an open booking policy at the facility and retained most of the management team from the previous operator.<sup>8</sup> The increased volume of shows allowed them to sustain consistent stage crews.



SOURCE: Pollstar

## TOURISM IMPACTS

Live events are also a big factor in visitor spending. The following figure depicts visitors spending on arts & recreation commodities, a category which live performance tickets fall under. The data on visitor spending is provided by region as the closest approximation, while the closest approximation to data on Nashville is provided at the county-level. Furthermore, data on Philadelphia's region is only available up until 2020.

<sup>8</sup> Interview with Marney Smith, Director, Hayden Homes Amphitheater, 5/16/2023.

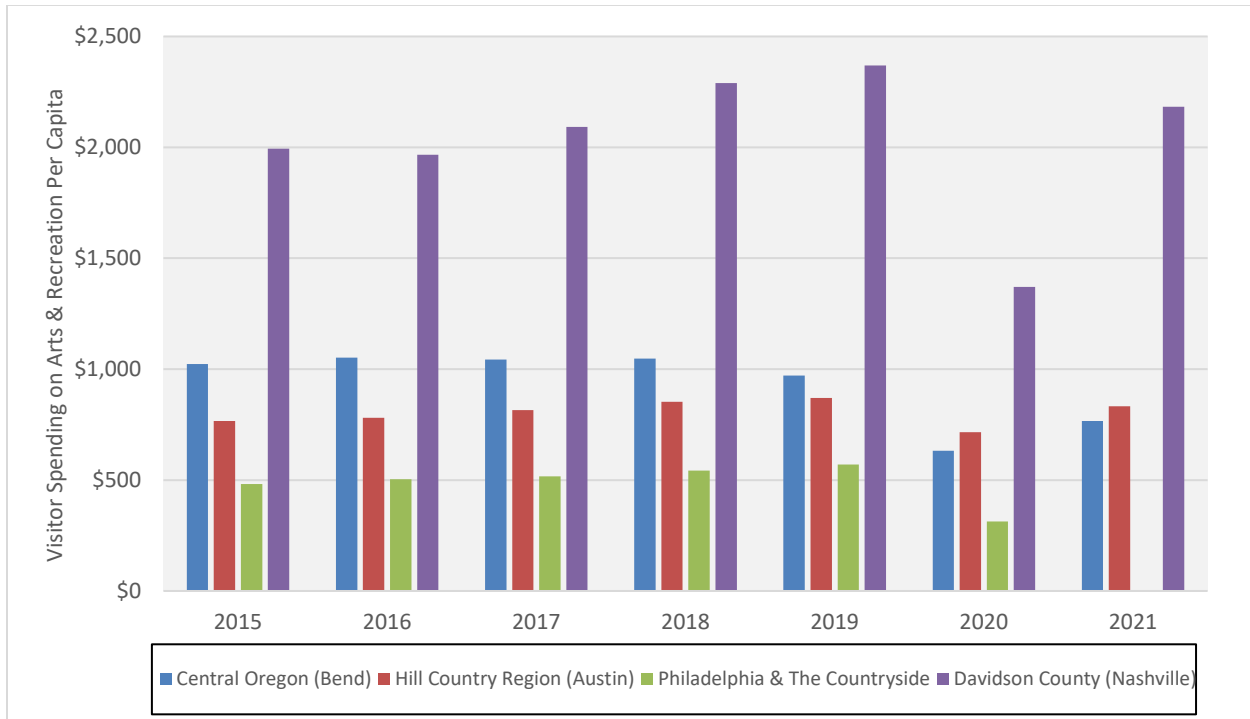




The geography that has the highest spending on arts & recreation commodities out of all the observed geographies is Davidson County which houses Nashville. This is consistent with expectations, as Nashville is one of the largest live music destinations in the world. Moreover, Davidson County displayed the strongest recovery post-COVID in terms of spending on arts & recreation commodities by visitors, recording a sizable increase of roughly 62% from 2020 to 2021. Comparatively, Central Oregon, where Bend is, sees the least amount of spending under the same category from all the regions, although this is because overall visitor spending is also much lower in general when compared to the other regions. Proportionally, visitors spending on arts & recreation commodities in Central Oregon is comparable to the other listed regions.

Of the four case study cities, live music plays a mayor role in destination tourism in Nashville and Austin. Tourism also plays a major role in Bend’s economy, but it is more related to outdoor activities and its natural setting. Philadelphia is a major metro area with a robust and diverse economy. While arts & recreation spending plays a significant role, it is not as pronounced as it is in the other cities.

**PER CAPITA VISITOR SPENDING ON ARTS & RECREATION COMMODITIES (2015 – 2021)**



Source: Dean Runyan Associates, *Tourism Economics*, JOHNSON ECONOMICS

In terms of COVID’s impacts in this category of visitor spending, the Philadelphia & Countryside region saw the largest negative shock with a decrease of roughly 45% from 2019 to 2020. However, since visitor spending data from 2021 in the region is still unavailable, it is hard to tell how the region has rebounded since. The region that was the least impacted by the COVID downturn is the Hill Country region where Austin is located. From 2019 to 2020, visitor spending on arts & recreations in the Hill Country region decreased roughly 19%, which was still quite sizable, but nowhere near as pronounced as some of the other regions. However, recovery in terms of arts & recreation spending in the Hill Country region was also the mildest, with only a 16% increase from 2020 to 2021. Comparatively, arts & recreation spending in Central Oregon decreased by roughly 37% from 2019 to 2020 and rebounded by roughly 27%



from 2020 to 2021. Variations in the impact of the pandemic on event spending was significantly impacted by the regulatory responses of various states and jurisdictions. Event limitations were significantly less restrictive in Texas and Tennessee during the pandemic.