



# **Workshop Block B: Entertainment Venue**

**Economic Impact Study Roundtable**

**June 29, 2023**

# Meeting Agenda

8:30 am	Welcome + Purpose + Introductions
8:50 am	Property Overview
9:00 am	Project Overview
9:05 am	Economic Impact Study Findings + Discussion
9:55 am	Next Steps
10:00 am	Meeting End

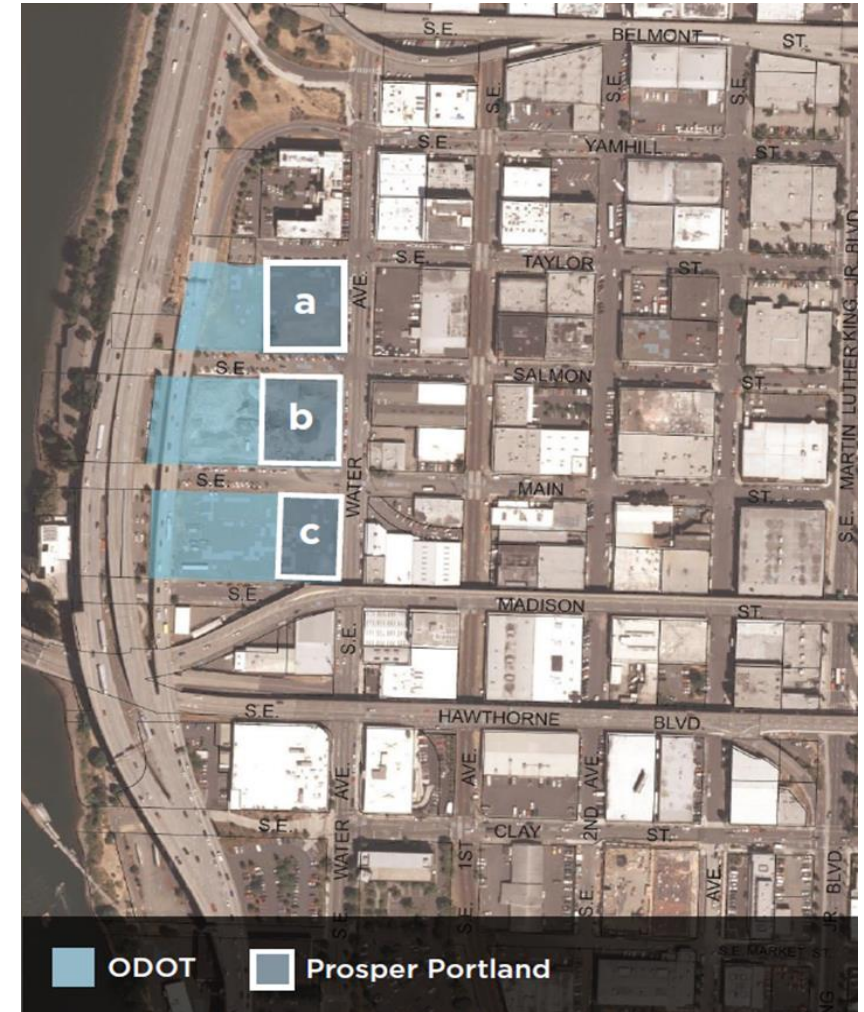
# Workshop Blocks Property: Overview

Prosper Portland

# Background

- 2014-16** Prosper Portland undertook due diligence and acquired a portion of the 3 parcels (~2 acres) from ODOT.
- 2017** Issued a Request for Proposals for redevelopment consistent with the goals of the Central Eastside Urban Renewal Plan.
- 2018** Prosper Portland selected Beam Development who proposed the Workshop Blocks project, a mixed-use development of industrial office, flex maker and retail space, with a parking program.
- 2020 ->** Prior to the COVID-19 pandemic, Beam was pursuing predevelopment activities on Block A. Impacts from COVID have eroded market demand for office space and ability to finance commercially-focused projects. Beam pursued other options compatible with an industrial zoning and entered into discussions with Live Nation.

3 parcels (4+ acres) in CES TIF District west of Water Avenue SE Taylor Street (to the north) and SE Madison Street (to the south)



# Development Partnership

## Agreement

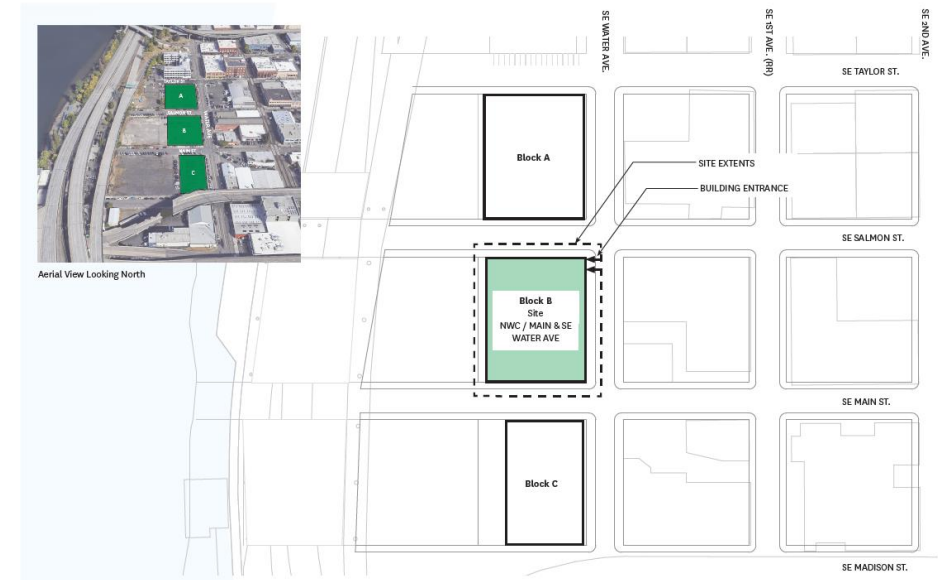
- Beam Development holds exclusivity for development on all 3 blocks through March 31, 2024
- Continued exclusivity is dependent upon predevelopment progress
- Prosper Portland to ground lease parcels to Beam to develop/own facilities and manage leasing
- Prosper Portland and Beam will enter into a development agreement for redevelopment of the parcels

## Financial Objectives & Transaction Structure

- Prosper Portland set a targeted minimum return to create a long-term revenue stream to meet agency and community objectives
- Development to be phased over time
- Any public investment is focused on community goals and redevelopment objectives across the 3 blocks. There is no public investment requested or anticipated for the entertainment venue.

# Economic Impact Study

- Proser Portland undertook a 3<sup>rd</sup> party study of the impacts of construction and operations of a new venue and to learn about impact to Portland's economy and from other comparable cities where Live Nation also operates venues
- Project Scoping: Music Portland, Beam Development, and Mayor Wheeler's Office provided input on the scope of the study
- Johnson Economics completed the study June 2023



# Block B: Project Overview

Development Team

# Project Summary

- **Proposed Venue Project**
  - Fills a gap in the Portland venue market by providing a large ballroom venue with significant standing capacity (as opposed to fixed seating).
  - ~60,000 SF and with total capacity of ~3,500 people with a standing GA floor of ~2,000 people.
  - Flexible design to accommodate multiple configurations and host numerous types of events.
- **Deal Structure with Live Nation**
  - The Beam and Colas development partnership will lease the venue to Live Nation and retain ownership of the venue.
  - Live Nation will make a significant investment in the construction and development of this venue.
  - It will be privately financed which is made possible by the strength of Live Nation's lease guaranty.
- **Current Status**
  - Initial round of schematic design is complete and now working with Colas Construction on a cost estimate.
  - Once pricing feasibility is confirmed → progress with venue design and commence the entitlements.
  - Noise study is complete
  - Transportation impact study is underway

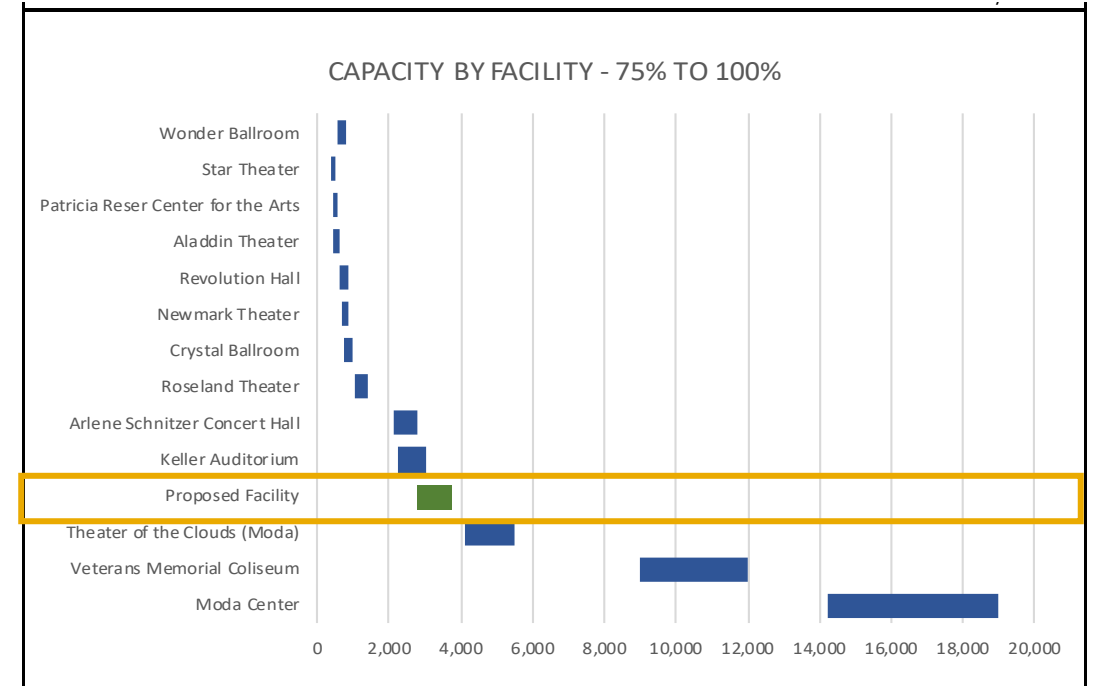


# Findings from Economic Impact Study

Jerry Johnson, Johnson Economics

# Portland's Live Music Venues

	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
<b>Proposed Facility</b>	<b>3,750</b>	<b>Beam Development</b>	<b>Live Nation</b>	<b>2024</b>
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



# Proposed Facility within Existing Venue Options

- Nationally ~43% of shows are 1,000 and 4,000 attendees
- This show size accounts for an estimated 32% of tickets sold and 22% of revenues nationwide.
- Proposed venue overlaps in capacity with Schnitz + Keller Auditorium but offers general admission standing room capacity which does not exist in today's market.
- 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.
- New venue expected to attract a greater number of artists to the market.

***Proposed facility would appear to address a current gap in venues hosting live music events in the city with limited overlap with existing facilities.***

# Economic Impact of New Venue

## Construction

411 FTE\* positions, \$34.9M (labor)  
\$47.2M direct investment (3 yrs)  
\$188M indirect and induced economic output  
~223 direct (FTE) over construction period  
\$99,600 per FTE for wages and benefits (direct jobs)  
~188 FTE (indirect + induced) jobs, \$12.9M labor income million

## Operations

126 events per year  
81 concerts by LVN | 20 concerts by others | 25 special events  
42 full time positions, \$2.2M annual payroll  
Total supportable employment 71.6 FTE  
Overnight stays support 8.3 FTE, \$414,300 annual payroll

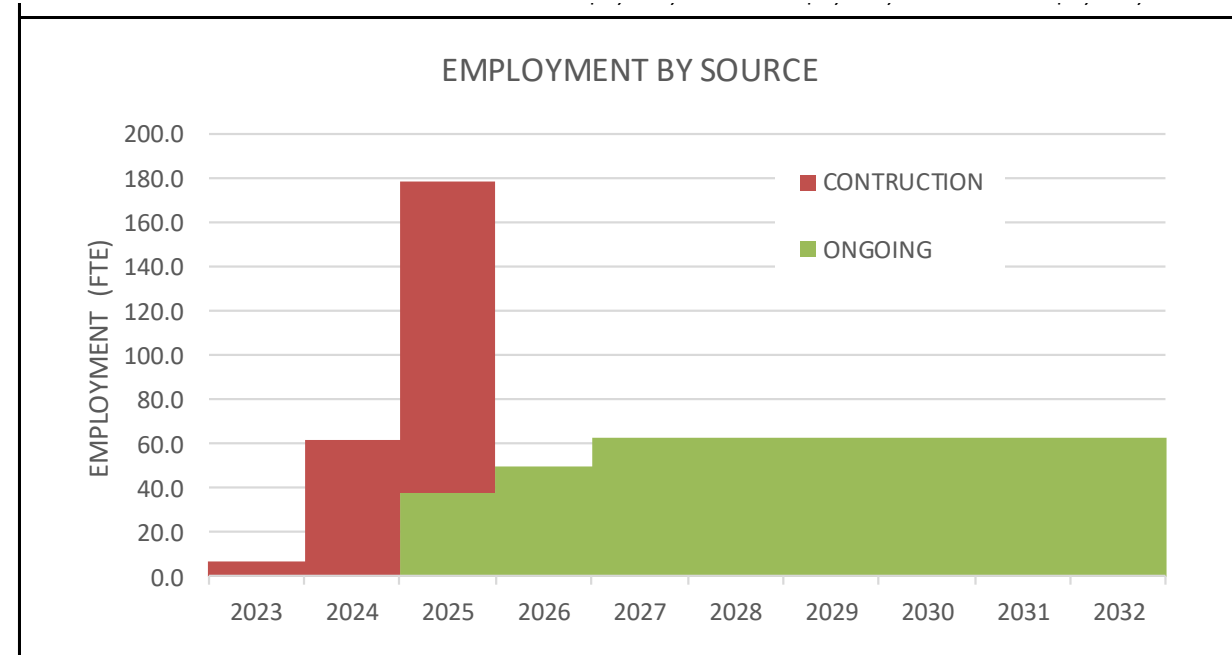
## Fiscal

\$577,900 Annual property tax revenue \$221,400 to City of Portland  
5,000 room nights per year by 2029, ~\$103,700 in annual transient lodging taxes.  
\$41,000 per year State of Oregon's Corporate Activities Tax  
Significant tax revenues during the construction period

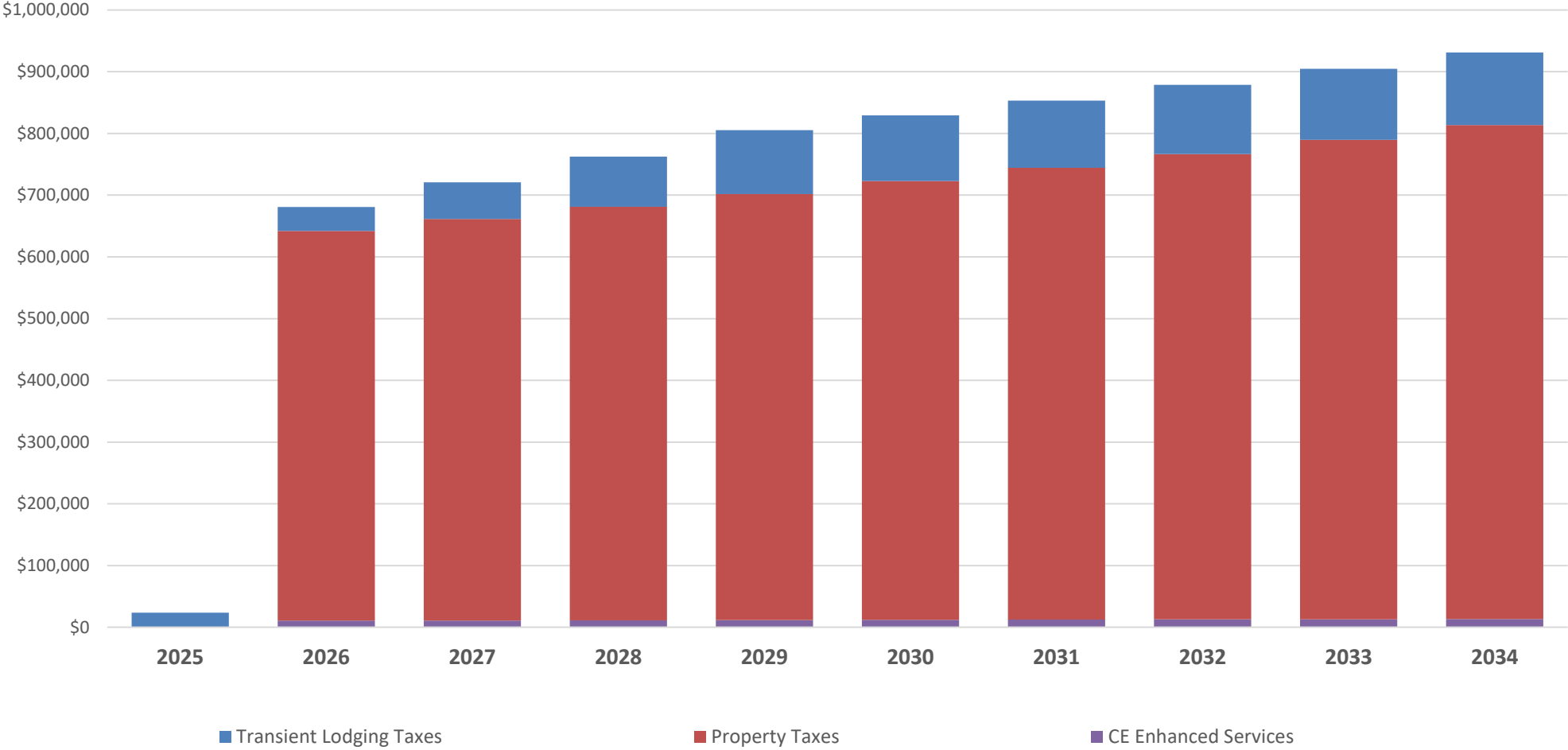
\*Full Time Employment

# Economic Impact Summary

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

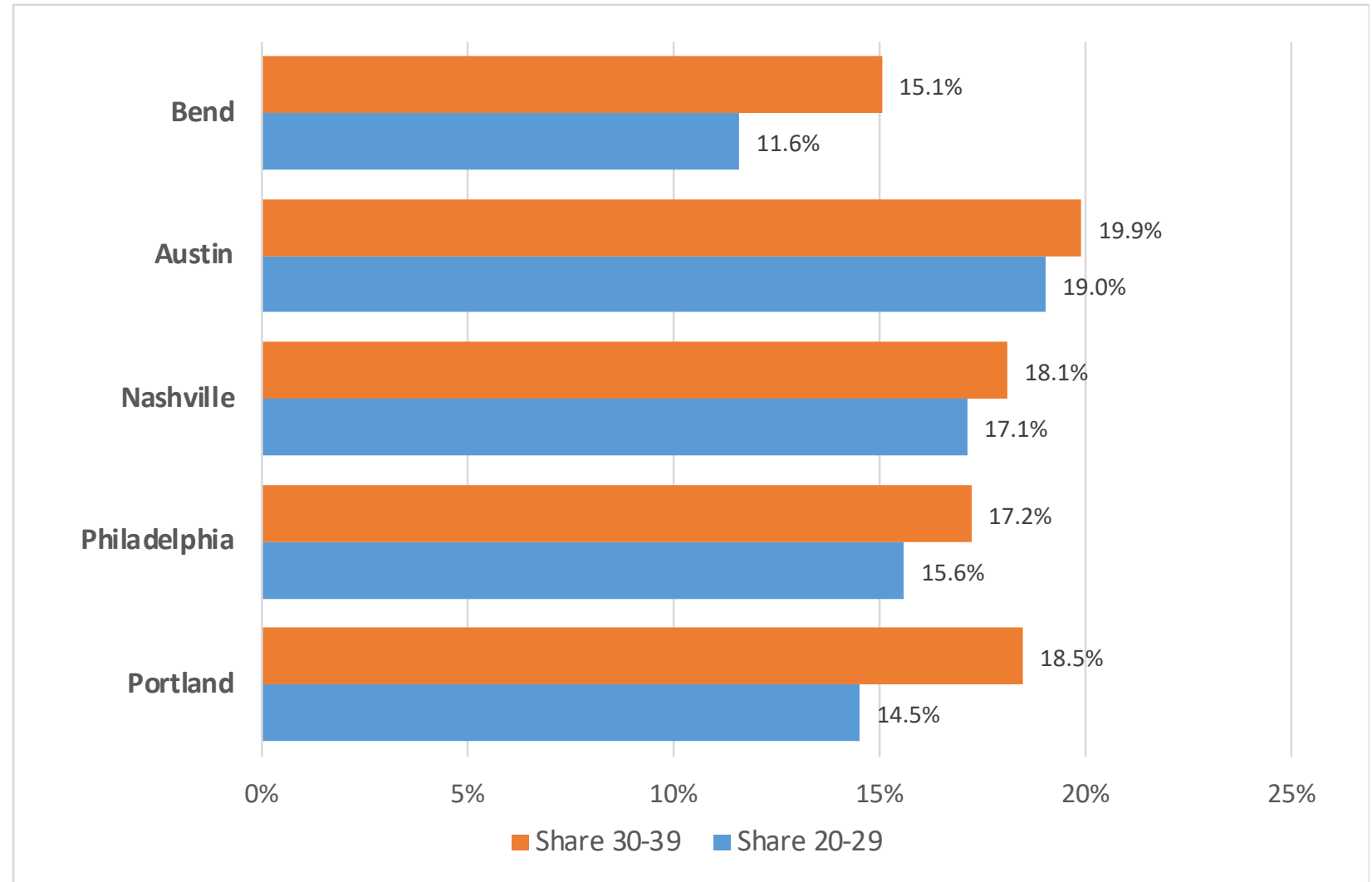


# Economic Impact: Project Tax Revenues Summary



# Concert Goer Demographics

- 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.



# Comparable Markets

Total Shows Booked by Market  
Live Nation vs Overall Market

	2019		2020		2021		2022		2023 YTD	
	Shows	% of Mkt.	Shows	% of Mkt.	Shows	% of Mkt.	Shows	% of Mkt.	Shows	% of Mkt.
<b>PORTLAND, OR</b>										
Owned/Operated	11		0		8		16		22	
Exclusively Booked	0		0		0		0		0	
Third Party Venue	114		13		39		164		109	
LN Total	125	8.6%	13	5.0%	47	13.1%	180	12.2%	131	22.4%
Non-LN Total	1,329	91.4%	248	95.0%	311	86.9%	1,292	87.8%	455	77.6%
Market Total	1,454	100.0%	261	100.0%	358	100.0%	1,472	100.0%	586	100.0%
<b>BEND, OR</b>										
Owned/Operated	2		0		26		53		51	
Exclusively Booked	0		0		0		0		0	
Third Party Venue	5		1		1		6		5	
LN Total	7	13.2%	1	10.0%	27	62.8%	59	69.4%	56	83.6%
Non-LN Total	46	86.8%	9	90.0%	16	37.2%	26	30.6%	11	16.4%
Market Total	53	100.0%	10	100.0%	43	100.0%	85	100.0%	67	100.0%
<b>PHILADELPHIA, PA</b>										
Owned/Operated	961		300		568		1,083		733	
Exclusively Booked	0		0		0		0		0	
Third Party Venue	150		33		38		67		55	
LN Total	1,111	43.1%	333	61.1%	606	56.8%	1,150	46.7%	788	57.8%
Non-LN Total	1,466	56.9%	212	38.9%	460	43.2%	1,310	53.3%	575	42.2%
Market Total	2,577	100.0%	545	100.0%	1,066	100.0%	2,460	100.0%	1,363	100.0%
<b>AUSTIN, TX</b>										
Owned/Operated	217		39		86		243		167	
Exclusively Booked	0		0		0		0		1	
Third Party Venue	179		41		53		155		132	
LN Total	396	38.7%	80	35.9%	139	33.1%	398	36.1%	300	51.0%
Non-LN Total	627	61.3%	143	64.1%	281	66.9%	705	63.9%	288	49.0%
Market Total	1,023	100.0%	223	100.0%	420	100.0%	1,103	100.0%	588	100.0%
<b>NASHVILLE, TN</b>										
Owned/Operated	24		2		141		206		140	
Exclusively Booked	0		0		0		0		0	
Third Party Venue	215		47		94		260		232	
LN Total	239	16.4%	49	14.5%	235	30.9%	466	32.3%	372	51.4%
Non-LN Total	1,217	83.6%	288	85.5%	526	69.1%	975	67.7%	352	48.6%
Market Total	1,456	100.0%	337	100.0%	761	100.0%	1,441	100.0%	724	100.0%



# Concerns & Findings

Stated Concern	Study Findings	Mitigating Factors
<p><b>A new venue will negatively impact other venues' ability to book acts</b></p>	<p>A new venue in the market will increase competition, but the program (standing general admission) addresses a gap in local venues</p> <p>Booking agents interviewed cited a need for this type of facility in Portland</p>	<p>New venue would be expected to significantly increase the overall volume of shows in the market</p>

# Concerns & Findings

Stated Concern	Study Findings	Mitigating Factors
<b>A new venue will negatively impact other venues' ability to book acts</b>	<p>A new venue in the market will increase competition, but the program (standing general admission) addresses a gap in local venues</p> <p>Booking agents interviewed cited a need for this type of facility in Portland</p>	<p>New venue would be expected to significantly increase the overall volume of shows in the market</p>
<b>Live Nation's control of Ticketmaster provides an unfair advantage</b>	<p>Many venue operators and promoters of scale have ticket sales operations (including locals)</p>	<p>Live Nation would operate as "open venue" enabling other booking agents to schedule at the venue</p>

# Concerns & Findings

Stated Concern	Study Findings	Mitigating Factors
<b>A new venue will negatively impact other venues' ability to book acts</b>	<p>A new venue in the market will increase competition, but the program (standing general admission) addresses a gap in local venues</p> <p>Booking agents interviewed cited a need for this type of facility in Portland</p>	<p>New venue would be expected to significantly increase the overall volume of shows in the market</p>
<b>Live Nation's control of Ticketmaster provides an unfair advantage</b>	<p>Many venue operators and promoters of scale have ticket sales operations (including locals)</p>	<p>Live Nation would operate as "open venue" enabling other booking agents to schedule at the venue</p>
<b>Live Nation will try to control the market over time</b>	<p>In markets where Live Nation has control of a local venue, they have a strong but not "monopoly" market share</p>	<p>Live Nation estimates ~16% of bookings at the venue to be made available to outside promoters</p>

# Concerns & Findings

Stated Concern	Study Findings	Mitigating Factors
<p><b>A new venue will negatively impact other venues' ability to book acts</b></p>	<p>A new venue in the market will increase competition, but the program (standing general admission) addresses a gap in local venues</p> <p>Booking agents interviewed cited a need for this type of facility in Portland</p>	<p>New venue would be expected to significantly increase the overall volume of shows in the market</p>
<p><b>Live Nation's control of Ticketmaster provides an unfair advantage</b></p>	<p>Many venue operators and promoters of scale have ticket sales operations (including locals)</p>	<p>Live Nation would operate as "open venue" enabling other booking agents to schedule at the venue</p>
<p><b>Live Nation will try to control the market over time</b></p>	<p>In markets where Live Nation has control of a local venue, they have a strong but not "monopoly" market share</p>	<p>Live Nation estimates ~16% of bookings at the venue to be made available to outside promoters</p>
<p><b>A higher percentage of Live Nation earnings leave the local economy</b></p>	<p>Most show revenues are captured locally through operating costs → profits and payments to acts from outside Portland would likely leave the market.</p>	<p>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.</p>

# Concerns & Findings

Stated Concern	Study Findings	Mitigating Factors
<p><b>A new venue will negatively impact other venues' ability to book acts</b></p>	<p>A new venue in the market will increase competition, but the program (standing general admission) addresses a gap in local venues</p> <p>Booking agents interviewed cited a need for this type of facility in Portland</p>	<p>New venue would be expected to significantly increase the overall volume of shows in the market</p>
<p><b>Live Nation's control of Ticketmaster provides an unfair advantage</b></p>	<p>Many venue operators and promoters of scale have ticket sales operations (including locals)</p>	<p>Live Nation would operate as "open venue" enabling other booking agents to schedule at the venue</p>
<p><b>Live Nation will try to control the market over time</b></p>	<p>In markets where Live Nation has control of a local venue, they have a strong but not "monopoly" market share</p>	<p>Live Nation estimates ~16% of bookings at the venue to be made available to outside promoters</p>
<p><b>A higher percentage of Live Nation earnings leave the local economy</b></p>	<p>Most show revenues are captured locally through operating costs → profits and payments to acts from outside Portland would likely leave the market.</p>	<p>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.</p>
<p><b>Live Nation uses radius clause language that makes it difficult for local operators to compete</b></p>	<p>Radius clause language is standard in the industry and is used by locals</p>	<p>Venue would attract acts that are not currently booking in Portland.</p>

# Questions + Discussion



PROSPER  
PORTLAND

Building an Equitable Economy