



CITY OF HENDERSON

# MINOR LEAGUE HOCKEY ARENA AND EVENT CENTER ANALYSIS

APPLIED  
ANALYSIS



March 5, 2020

Mr. Richard Derrick, City Manager/CEO  
City of Henderson  
240 Water Street  
Henderson, NV 89009

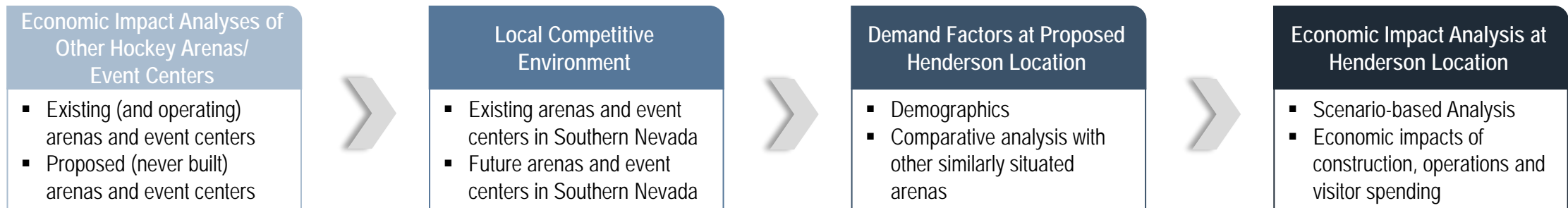
## RE: City of Henderson | Minor League Hockey Arena and Event Center Analysis

Dear Mr. Derrick:

In accordance with your request, Applied Analysis (“AA”) is pleased to submit this reported titled *City of Henderson | Minor League Hockey Arena and Event Center Analysis*. AA was retained by the City of Henderson (the “City”) to review and analyze available information on the economic impacts associated with minor league hockey arenas and event centers across the United States. More specifically, AA reviewed these analyses, along with other site-specific information, to develop an economic impact assessment for a potential arena/event center suitable to host minor league hockey and other events in Henderson, Nevada. This summary report outlines the salient findings and conclusions of our review and analysis.

### Scope of Work

To evaluate the potential economic impact associated with a proposed arena/event center, it is important to understand the underlying supply-demand dynamics and the market opportunity that may or may not exist for such a use. Accordingly, this analysis considered several factors and evaluations that have the potential to impact demand for a proposed facility. While this research effort is not designed to specifically evaluate the financial viability of a potential investment, it does consider the findings sourced to a feasibility analysis conducted by Convention, Sports & Leisure (“CSL”) on behalf of the City of Henderson. The following highlights the key elements of the analysis.



**Impact of Other Minor League Hockey Arenas and Event Centers in the United States**

Understanding the environment in which peer minor league hockey arenas operate is a foundational element to understanding the positioning and impacts of a minor league hockey arena in Henderson. Minor league hockey arenas (for both AHL and ECHL tenants) often operate under a distinct set of circumstances where the arena is one of the only indoor venues available for concerts, sporting events and other forms of entertainment. On the other hand, the urban Las Vegas valley is known by many as the “entertainment capital of the world.” The local operating environment in Southern Nevada – which includes the City of Henderson – is much different than other minor league hockey markets in the United States.

Despite Las Vegas’ unique amenity-rich environment and to understand the positioning of an arena in Henderson, AA researched the types of events peer arenas host besides hockey, the proximity of competing arenas, demographics of peer markets and the economic impacts these arenas were able to generate. As such, this analysis includes a survey of arenas in which the economic impacts were disclosed to allow for a comparative analysis with the proposed Henderson arena. The following provides a summary of venues and impacts for reference.

**Comparative Analysis of Economic Impacts  
Selected Arenas in the United States**

	XL Center	Heritage Bank Ctr.	Huntington Center	Agua Caliente
Location	Hartford, CT	Cincinnati, OH	Toledo, OH	Palm Springs, CA
Year Opened	1975	1975	2009	2021
Est. Cost (When Built)	\$30 M (1975)	\$20 M (1975)	\$105 M (2009)	N/A
Est. Cost (2018 Dollars)	\$140 M (2018)	\$93 M (2018)	\$123 M (2018)	\$250 M (2021)
Seating Capacity	14,750	14,500	7,400	10,000
Avg. Attendance	3,942	5,100	7,800	N/A
Metro (MSA) Population	1.2 M	2.2 M	603 K	4.6 M
Nearby Competitors	3	3	1	0
Economic Impact (Ops)	\$46 M - \$58 M	\$39 M	\$43 M	\$100 M

**Competitive Environment in Southern Nevada**

The competitive landscape in Southern Nevada is substantial. At present, there are 6 arena complexes that offer seating capacity ranging from 4,600 to 18,500. In addition, MSG Sphere is actively under construction and expected to add another 18,000 seats to overall market inventory, reaching a total of 96,400. Beyond venues that could support minor league hockey and other competitive events, there are two hockey practice facilities – City National Arena and the under-construction Lifeguard Arena in Henderson. The market is also poised to welcome Allegiant Stadium, a 65,000-seat stadium, in Fall 2020. Beyond traditional venues with the potential to house sports and entertainment, there are millions of square feet of exhibition and conference centers throughout Southern Nevada and countless showrooms and other venues competing for entertainment acts, and ultimately customers. There is no question that the environment remains highly competitive, and it will be important for a proposed facility in Henderson to attract unique acts and local events (e.g., graduations or religious groups). The facility’s ability to out-perform regional assets in events outside its primary tenant (minor league hockey) is a concern and remains somewhat speculative.

**Arenas  
Urban Las Vegas Valley**

Name	Typical Seating Capacity
<b>Existing Venues:</b>	
1. Thomas & Mack Center	18,500
2. T-Mobile Arena	17,500
3. MGM Grand Garden Arena	16,800
4. Mandalay Bay Events Center	12,000
5. Orleans Arena	9,000
6. South Point Arena & Equestrian Center	4,600
<b>Under Construction Venue:</b>	
7. MSG Sphere at The Venetian	18,000
<b>Total Existing/Under Construction</b>	<b>96,400</b>



**Demand Factors for Consideration**

Understanding demographics relative to competitive trends within Southern Nevada is also critical to assessing the market potential and impacts of a proposed facility. Population growth within five miles of the project proposed location in Henderson is expected reach 309,449 by 2020, expanding by nearly 18 percent from 2010. The market area surrounding the proposed facility location reports premium population and household counts relative to selected markets reviewed, and the growth prospects are even more impressive. Balancing these demand-side indicators with supply conditions noted on the preceding page is important.

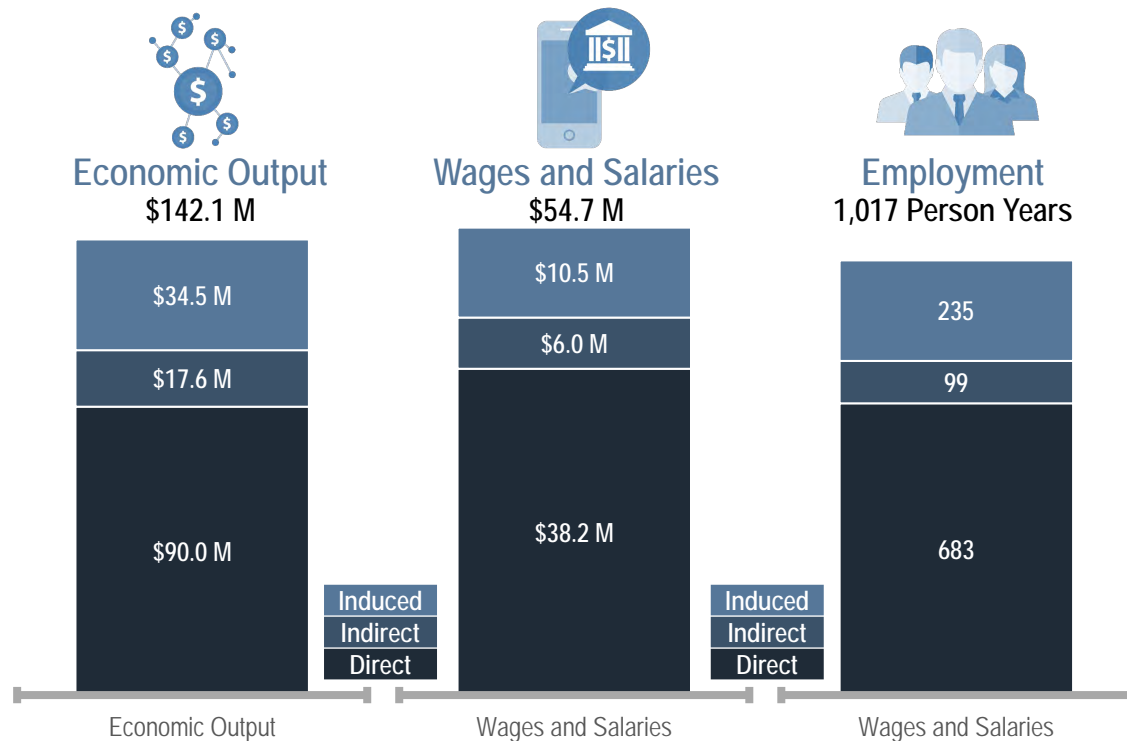
**Demographic Comparative Analysis**  
Population and Household Counts As of 2020 (Growth From 2010)

Arena/Event Center Location	Henderson Pavilion Henderson, NV	XL Center Hartford, CT	Heritage Bank Center Cincinnati, OH	Huntington Center Toledo, OH	Agua Caliente Palm Springs, CA
<b>Population (2020):</b>					
1-Mile Radius	16,830	24,267	18,936	10,435	7,436
3-Mile Radius	147,578	154,840	136,243	96,852	44,361
5-Mile Radius	309,449	274,037	286,845	201,813	89,558
7-Mile Radius	532,640	368,894	473,672	311,095	113,551
<b>Households (2020):</b>					
1-Mile Radius	6,909	10,143	9,735	4,583	4,080
3-Mile Radius	58,805	58,709	60,267	38,002	22,075
5-Mile Radius	122,212	105,712	124,183	81,882	37,144
7-Mile Radius	219,855	145,444	207,025	130,426	47,633
<b>Population Growth (2010 to 2020):</b>					
1-Mile Radius	11.6%	3.1%	13.7%	-6.4%	6.9%
3-Mile Radius	16.2%	-1.0%	4.1%	-8.9%	9.5%
5-Mile Radius	17.9%	-1.6%	1.8%	-6.8%	9.9%
7-Mile Radius	18.0%	-1.0%	2.1%	-5.4%	9.9%
<b>Households Growth (2010 to 2020):</b>					
1-Mile Radius	12.3%	7.1%	18.9%	-4.4%	7.9%
3-Mile Radius	16.0%	0.2%	6.0%	-7.6%	9.9%
5-Mile Radius	16.2%	-0.6%	3.2%	-4.9%	10.2%
7-Mile Radius	7.0%	-0.2%	3.2%	-3.5%	10.0%

**One-Time Construction Impacts of the Proposed Facility**

According to CSL, the average development costs of recently constructed venues ranges from about \$74 million to \$130 million, and the proposed facility cost is estimated to reach approximately \$90 million (6,000 seats X \$15,000 per seat). The economic impacts associated with that level of investment translates into significant economic activity, including a total of \$142.1 million in economic output, which supports \$38.2 million in wages and salaries and over 1,000 person years of employment.

**Non-Recurring Construction Phase Impacts**



Note: A person year of employment is equal to one person employed full time for one year.

**Estimating Operations Phase Impacts of the Proposed Facility**

The overall operational impacts of the proposed facility include two key components: (1) the economic impacts sourced to incremental visitation to the urban Las Vegas valley; and (2) the impacts associated with the operations of the facility itself. Leveraging work conducted by CSL the total number of events and attendance cited by CSL were utilized as the base case (or “mid”) scenario. Based on AA’s review of programming at comparable venues and events that are already taking place in Southern Nevada, it is possible alternative scenarios could ultimately unfold. As such, a more conservative scenario, the “low” scenario” contemplates fewer attendees at hockey games and fewer non-tenant events overall. Similarly, a more aggressive (“high”) scenario was also considered – assuming actual results outperform those identified by CSL.

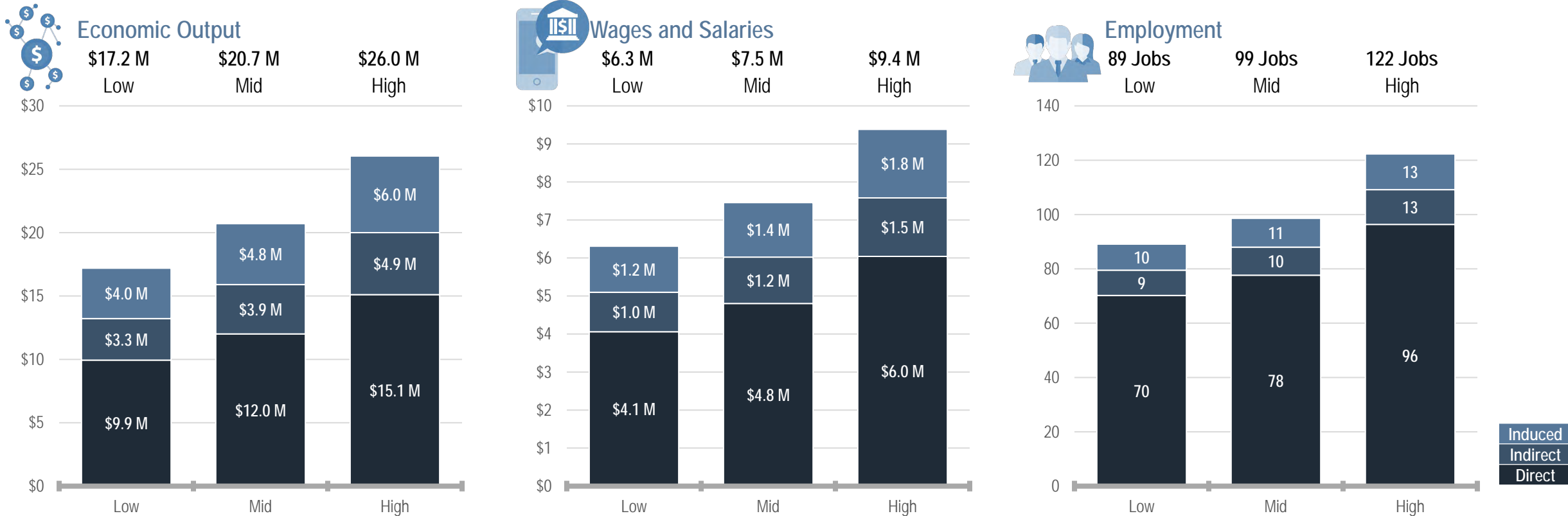
**Operational Performance Metrics**  
A Scenario-Based Analysis

Utilization	Low Scenario			Mid Scenario (Source: CSL)			High Scenario		
	Events	Average	Total	Events	Average	Total	Events	Average	Total
<b>Tenant Events:</b>									
Minor League Hockey	36	5,000	180,000	36	5,500	198,000	36	6,000	216,000
<b>Other Ticketed Events:</b>									
Other Sports Events	5	3,500	17,500	10	3,500	35,000	15	3,500	52,500
Family Shows	2	2,000	4,000	5	2,000	10,000	10	2,000	20,000
Concerts - Minor	2	3,200	6,400	5	3,200	16,000	10	3,200	32,000
<b>Non-Ticketed Events:</b>									
Religious Events	2	4,000	8,000	5	4,000	20,000	12	4,000	48,000
Graduations	3	3,000	9,000	6	3,000	18,000	8	3,000	24,000
Trade Shows/Conferences	2	2,500	5,000	4	2,500	10,000	10	2,500	25,000
Banquets	3	450	1,350	5	450	2,250	45	450	20,250
Private Events	15	150	2,250	30	150	4,500	30	150	4,500
<b>Total</b>	<b>70</b>	<b>3,336</b>	<b>233,500</b>	<b>106</b>	<b>2,960</b>	<b>313,750</b>	<b>186</b>	<b>2,378</b>	<b>442,250</b>

**Overall Operational Impacts (Incremental Visitation Combined With Facility Operations)**

The next step of the analysis focused on converting overall attendance estimates into the number of incremental (net new) visitors to Southern Nevada. This analysis was conducted on an event-by-event type basis. The net result is that between 3.8 percent and 4.6 percent of attendance (depending on the scenario) is expected to be incremental to the market. The spend profile for these visitors was adjusted relative to broader visitor profiles to Southern Nevada based on the type of events contemplated at the venue. Finally, the incremental visitor impacts were aggregated with the anticipated operations impacts of the arena itself. These impacts range from approximately \$3.4 million to \$4.6 million annually depending on the scenario. The following summarizes the combined impacts at stabilization.

**Operations Impacts (Incremental Visitors and Arena Operations)**  
A Scenario-Based Analysis



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This report was designed by AA in response to your request. However, we make no representations as to the adequacy of these procedures for all your purposes. Generally speaking, the information provided in this summary, and the conclusions reached herein, are based on the findings of our research and our knowledge of the market as of the date of this report. Our report contains economic, financial and other predominant market data. This information was collected from public agencies, our internal databases and various third parties, including the City. The data were assembled by AA. While we have no reason to doubt its accuracy, the information collected was not subjected to any auditing or review procedures by AA; therefore, we can offer no representations or assurances as to its completeness.

This report is an executive summary. It is intended to provide an overview of the analyses conducted and a summary of our salient findings. AA will retain additional working papers relevant to this study. If you reproduce this report, it must be done so in its entirety. We welcome the opportunity to discuss this report with you at any time. Should you have any questions, please contact Jeremy Aguero or Brian Gordon at (702) 967-3333.

Sincerely,

  
Applied Analysis