

# Appendix R

## **Analysis of Future Events**





# **INGLEWOOD BASKETBALL AND ENTERTAINMENT CENTER – ANALYSIS OF FUTURE EVENTS**

July 2019





July 6, 2019

Ms. Mindy Wilcox, AICP  
Planning Manager, City of Inglewood  
mwilcox@cityofinglewood.org

Dear Ms. Wilcox:

Stone Planning LLC has completed this analysis of the future usage of the Inglewood Basketball and Entertainment Center, and its anticipated mix of events that will be new to the broader Los Angeles market. The attached report presents the results of our research, analysis, findings, and conclusions and recommendations.

The analyses presented in this report are based on data, estimates, assumptions, and other information developed from industry research, interviews with local and industry stakeholders, and analysis of other facilities and markets. The sources of information and the basis of assumptions, estimates, and forecasts are stated in this report. As with any forecast based on assumptions and information from past conditions, there is uncertainty about actual outcomes in the future. The forecasts presented here are quantitative, and such quantification may imply a greater deal of precision than is warranted. In fact, any forecast regarding future events necessarily involves a degree of uncertainty. That is particularly true where, as here, the market for sports and entertainment is both complex and dynamic, and there are multiple facilities and organizations participating in that market. The predictions should therefore be regarded as general forecasts of what may reasonably be expected to occur, rather than as precise calculations of what will occur. Despite this unavoidable uncertainty, Nevertheless, in our view the report sets forth a realistic forecast of what will likely occur, based on the information we have obtained in the course of preparing this report.

The findings presented are based on analysis of present and near-term conditions in the greater Los Angeles market, as well as existing interest levels by potential users for a new arena in Inglewood. Significant changes in the characteristics of the local community, such as change in population and/or competitive facilities, could materially affect conclusions and recommendations developed in this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential facility and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct. Although the information provided to us was not independently verified or audited, we have no reason to believe that the information we obtained from others was inaccurate or unreliable. We therefore believe that the information provided to us provides a reasonably evidentiary basis upon which to base our analysis.

This report has been prepared for use by the City, and should not be used by any other party. The report has been structured to include research, conclusions and recommendations, and forecasts to provide the City with information to review and consider for potential new-arena development and should not be used for any other purpose. This report and its findings may not be included or reproduced in any public offering statement or other financing document.

We very much appreciate the assistance and cooperation that has been provided in the completion of this report, and have enjoyed working with the City. Should you need anything else, please let us know.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stone Planning", written in a cursive style.

**Stone Planning LLC**

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# EXECUTIVE SUMMARY

Stone Planning was engaged by the City of Inglewood to complete an analysis of the effect of the introduction of the Inglewood Basketball and Entertainment Center (IBEC) on the Los Angeles market.

The IBEC is a planned multipurpose sports and entertainment arena complex that is intended to serve as the home of the NBA's Los Angeles Clippers and is planned to open for the 2024-25 season.

Stone Planning was asked to estimate the percentage of major third-party events that would be new to the Los Angeles market versus events that would relocate from other venues in the market.

Our framework for estimating the percentage of new events includes an analysis of the following:

- Overall trends in the live entertainment industry,
  - The current and future arena environment in Los Angeles,
  - Historic arena usage of the Staples Center, Forum, and Sports Arena, and
  - A case study of the New York City metropolitan area's arena industry.
- 

## **The Live Entertainment Industry**

In general, the live entertainment industry has seen annual growth in both total tickets sold and gross ticket sales. During the time period we analyzed (2000 – 2017), ticket sales increased by approximately four percent per year while ticket grosses increased by approximately 10 percent. This growth is consistent with our historical analysis of the Los Angeles arena market's event levels.

## **The Arena Environment in Los Angeles**

There are two major arenas in the LA market: the 17,500-seat Staples Center and the 16,500-seat Forum (which reopened in 2014 after a major renovation). The Los Angeles Memorial Sports Arena was somewhat of a competitor to the Staples Center and Forum, and was demolished in early 2016.

Our analysis of past arena events focused on the Staples Center and Forum, including the time period prior to and after the reopening of The Forum. This provided an historic representation of the effect of the introduction of a second major arena into the Los Angeles market. (Although it had a minimal impact, we also took into account the Sports Arena.)

When The Forum was reintroduced to the market, there was an increase in the number of arena events held at the two facilities. Over a two-year period encompassing The Forum's reopening, the total number of reported third-party arena events increased by approximately 75 percent before stabilizing.

# EXECUTIVE SUMMARY

We then estimated the percentage of events that were new to the market for each of the two years of the 75-percent market increase, and specifically the percentage of The Forum’s events that were new to the market under two scenarios:

- The Forum captured all of the new events: 63 percent of its events would have been new in 2014, and 29 percent in 2015.
- The Forum and the Staples Center split the new events by their market share: 33 percent of The Forum’s events would have been new in 2014, and 15 percent in 2015.

## Case Study of New York City Market

In addition to the historic analysis of the Los Angeles market, we also analyzed the characteristics of the past usage of major New York arenas. New York is a similar market in many respects, including recent and planned facility development.

We analyzed the historical usage of three major arenas in the New York market and we also spoke to a number of industry professionals who are active in the New York-area market to understand the local dynamics and their potential relevance to our analysis.

When the Barclays Center opened in Brooklyn in 2012 as the area’s third major arena, Madison Square Garden was undergoing a three-year renovation that makes an estimate of the Barclays Center’s new-event capture particularly difficult. In addition, the size of the New York market and the continued and planned addition of more major arenas provides difficulties in comparing this market to Los Angeles.

## Conclusions

Based on our analysis, we believe there will be an increase in the number of third-party events held at the three Los Angeles arenas when the IBEC opens. Given the size of the Los Angeles market, existing and planned venues, and feedback from local and industry stakeholders, we believe that the overall market is currently able to accommodate most events and the increase will be smaller than what was seen in 2014 and 2015 with the reopening of The Forum.

Based on our assumptions of annual growth in event levels at the Staples Center and Forum through the IBEC’s mid-2024 opening, as well as the growth following the opening of the IBEC, our projected percentages of IBEC events (for its first full year of operations) that are new to the market are summarized below.

PROJECTED IBEC EVENTS BY TYPE - 2025			
	Murphy's Bowl Projected Totals	New To Market - % of Events	New To Market - # of Events
Concerts	23	20%	5
Family Shows	20	20%	4
Other Events	35	59%	21
Total	78	38%	29

Source: Murphy's Bowl, Stone Planning

# OVERALL INDUSTRY TRENDS





# OVERALL INDUSTRY TRENDS

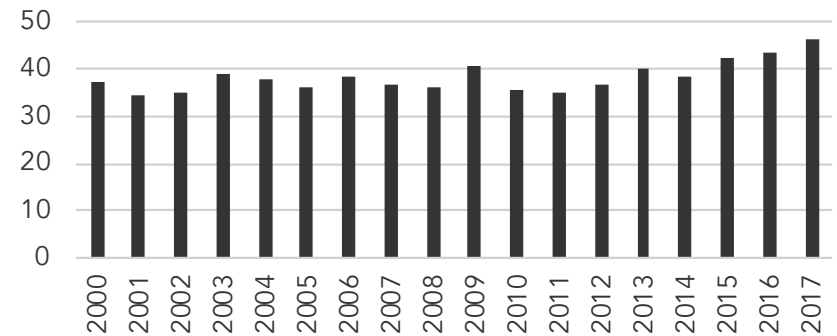
As an indicator of standard industry growth, we looked at overall trends in the live concert industry. For the purposes of our analysis, the most applicable data available is total ticket sales and gross ticket sales revenue in North America, from Pollstar.

Overall, the live concert industry in North America has seen growth in both total tickets sold and total revenue. From 2010 to 2017, there was an overall increase in the number of tickets sold of approximately 30 percent, from 36.7 million to 46.2 million. Annual increases averaged approximately four percent, with a high of 10 percent (2015).

Overall gross tickets sales saw greater increases, with annual average growth of approximately 10 percent and a high of 22 percent (2014). Despite higher prices, as shown above, the number of tickets sold continued to increase.

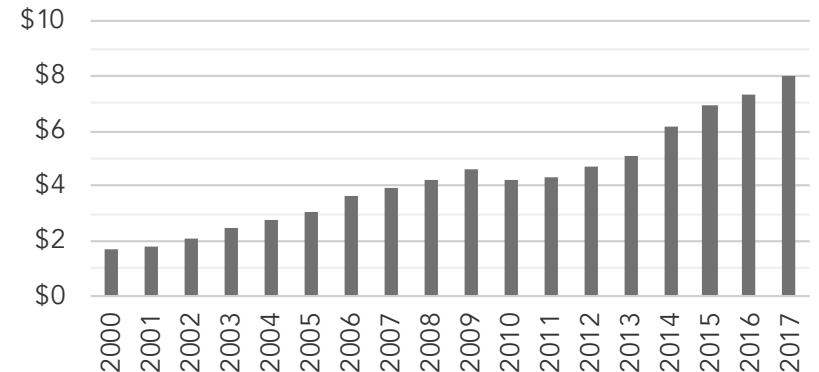
This past industrywide growth will be used to provide additional context to our analysis of recent event usage of Los Angeles facilities and our estimates of future demand.

**North American Tickets Sold  
(in Millions)**



Source: Pollstar

**Gross North American Ticket Sales  
(in Billions)**



Source: Pollstar

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES



# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

This section of our report addresses the competitive environment for arena events in the Inglewood/Los Angeles area, with the ultimate goal of understanding what share of the IBEC's events will be new to the market or transferred from existing venues. As a result, we identify competitive facilities and their characteristics (including the IBEC), analyze past usage of the facilities, and summarize feedback provided by a wide range of local and industry stakeholders.

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## The Inglewood Basketball and Entertainment Center

The IBEC is planned to be a multipurpose sports and entertainment arena that will serve as the home of the NBA's Los Angeles Clippers beginning in the 2024-25 season. The facility is also planned to include a public plaza, outdoor stage, community space, a basketball practice facility, sports medicine clinic, team offices, retail and restaurants, a parking structure, and hotel.

The IBEC site in Inglewood is approximately ten miles south/southwest of downtown Los Angeles and three-quarters of a mile south of The Forum, an existing arena with a similar capacity. The arena site is also immediately south of the Hollywood Park Specific Plan area, which will include the 70,000-seat Los Angeles Sports and Entertainment District (for the NFL Rams and Chargers), a 6,000-seat entertainment venue, and other retail, office, residential, and parking development.

While many details regarding the IBEC, its design, operations, and other major characteristics have not yet been determined, this section summarizes those characteristics that are known and are particularly relevant to the facility's ability to attract non-tenant event

bookings and to more broadly compete in the local market. (However, these characteristics can potentially change throughout the planning and design process.) We also identify relevant characteristics that are not currently known.

- The 915,000-square foot IBEC is currently designed to have 18,000 seats for basketball games. The expected sellable capacity to a promoter will be approximately 15,300 for an end-stage concert and 18,500 for a center-stage concert.
- The arena is expected to offer modern and state-of-the-art amenities including sound, lighting, and other media systems.
- The arena is expected to offer sufficient parking both on- and off-site, and is accessible via multiple roadways and transit options.
- It is not known whether a team-related entity, or a third-party company, would operate the IBEC.
- The sales and marketing/booking philosophy of the arena is not yet known; however, we assume that the facility will aggressively compete for events that make financial sense to ownership and management.

Estimated annual event levels of the IBEC are shown on the following page. These estimates were provided by the applicant team and have not been validated by Stone Planning. The number and type of events, with the likely exception of Clippers preseason and regular-season games, will vary from year to year.

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## IBEC EVENTS - PROJECTED ANNUAL AVERAGE

Clippers Games	
Preseason	4
Regular Season	41
Playoffs	3
Concerts	
7,000 Average Attendance	10
12,000 Average Attendance	8
15,000 Average Attendance	5
Total - Concerts	23
Family Shows	20
Other Events	35
Corporate/Community Events	100
Plaza Events	16

<b>TOTAL</b>	<b>242</b>
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Source: Murphy's Bowl LLC

As shown above, the arena would host all Clippers games (approximately 48 per year, including an estimated average of three playoff games), and an expected average of 23 concerts, 20 family shows, 35 other events (which include sports, graduations, and civic events), 100 corporate/ community events (such as conventions, conferences, and private events), and 16 outdoor plaza events (such as exhibitions, festivals, holiday celebrations, and other similar events).

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## The Staples Center

**OPENED** / 1999

**LOCATION** / Downtown Los Angeles

**OWNERSHIP/MANAGEMENT** / AEG

**CAPACITY** / Sellable capacity for concerts has exceeded 19,000 but is typically a maximum of approximately 17,500 or less

**TENANTS** / NBA Lakers and Clippers, NHL Kings, WNBA Sparks

The Staples Center in downtown Los Angeles is the current home of the Clippers, as well as the Lakers, NHL Kings, and WNBA Sparks. It is one of the major indoor sports and entertainment facilities in the Los Angeles area, as well as nationally.

According to reports, the arena has hosted more than 250 events and four million attendees in a year. It is the only arena that has two NBA tenants, and with the Kings as a third tenant, the arena has limited date availability from fall through spring. The WNBA Sparks play during a spring/summer season that has less overlap with the prime concert season than the NBA and NHL schedules. According to Pollstar, it was the 45<sup>th</sup>-highest selling entertainment arena in the world in 2017, based on reported ticket sales, and would likely have been much higher if not for the four sports tenants. However, even with the four tenants, the Staples Center was fifth worldwide in 2013, before The Forum opened. (Usage of the arena is analyzed in more detail later in this report.)



The arena has 2,500 club seats and 160 luxury suites.

In addition to tenant events and touring events such as concerts, the Staples Center has hosted a wide range of special events, such as the Democratic National Convention, the Grammy Awards, the U.S. Figure Skating Championships, NBA and NHL All-Star Games, professional tennis, UFC, the World Figure Skating Championships, boxing, the NHL draft, League of Legends, and others. It will also host the basketball competition of the 2028 Olympics.

Any potential changes or capital improvements to the Staples Center in the future, particularly with additional competition from the IBEC, are not known. However, we assume that the arena will receive ongoing reinvestment and that it will remain a leading destination for sports and entertainment events.

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## The Forum

**OPENED** / Reopened in 2014 after a major renovation

**LOCATION** / Inglewood

**OWNERSHIP/MANAGEMENT** / Madison Square Garden

**CAPACITY** / Sellable capacity for concerts has exceeded 17,000 but maximum capacity is typically approximately 16,500 or less

**TENANTS** / None

The Forum originally opened in 1967 and was the home of the Lakers and Kings until the opening of the Staples Center, and is listed on the National Register of Historic Places. In 2012, the Madison Square Garden Company acquired the arena and invested in a renovation that oriented the facility as an entertainment venue, with design features specific for events such as concerts rather than sports.

With its focus on concerts and entertainment and a lack of tenants, The Forum has benefitted from the Staples Center's limited availability from spring through fall. In 2017, it sold the ninth-most entertainment tickets of worldwide arenas, according to Pollstar. The Forum has succeeded in establishing itself as a leading venue for concerts. Part of this success may be attributable to the Staples Center's limited availability during much of the year, and to The Forum's configuration for such events. In addition, The Forum has appeared to have captured much of the growth that has occurred in the industry in recent years (Usage of the arena is analyzed in more detail later in this report.)



Since reopening in 2014, The Forum has primarily hosted concerts, including six grand-opening shows with the Eagles. Other special events have included the MTV Video Music Awards, the Nickelodeon Kids' Choice Awards, the iHeart Radio Music Awards, the American Country Countdown Awards, the Teen Choice Awards, and the KROQ Almost Acoustic Christmas shows, as well as the men's freestyle wrestling World Cup, boxing, and UFC. In 2028, it will host the Olympics' gymnastics competition.

Similar to the Staples Center, any future improvements to The Forum are not known but we assume that it will maintain its position as a leading entertainment destination.

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

The Los Angeles market has a wide range of other venues that are relevant to the IBEC, to varying degrees. These facilities, and their relevance, are briefly described below.

## **The Honda Center**

Located in Anaheim (approximately 30 miles from the Staples Center and 37 miles from The Forum), the Honda Center is the home of the NHL Ducks and has a maximum concert capacity of more than 18,000. Despite its proximity to LA and sharing a media market, it is generally considered to serve a different population than LA venues and is therefore not thought to be direct competition for the IBEC.

Similar to the Staples Center and Forum, we analyzed past usage data not only for the Honda Center, but also for events that used multiple arenas in the area. From 2014 through 2017, we identified events that performed in one or more of the three arenas in one year or touring cycle. Our analysis showed that a significant percent of touring events that performed at the Honda Center (45%) also used either the Staples Center or Forum on a tour. (In comparison, only 1% of reported shows played both the Staples Center and Forum.)

As a result, after review of the historical event data, as well as interviews with industry stakeholders, we conclude that the Honda Center serves a separate market (Orange County) from Los Angeles and is not further considered in our historical analysis of events and arena usage.

## **Los Angeles Memorial Sports Arena (Closed)**

The Sports Arena opened in 1959 but closed in early 2016 in Exposition Park. It hosted many ethnic shows and one-off events, as well as tour rehearsals (due to its lack of tenants and available dates), but also hosted some major touring events. While it was not considered to be a significant competitor to the Staples Center or Forum, most major events that would have otherwise been held at the Sports Arena are generally thought to have been displaced to the Staples Center and Forum after it closed.

## **University Arenas**

The area also has a number of smaller, university-based arenas that are not particularly active in booking external events and therefore not considered in our analysis. These include USC's 10,000-seat Galen Center, UCLA's 14,000-seat Pauley Pavilion, and others. CSU-Northridge is also in the planning process for a new 10,000-seat arena.

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## Local Stadiums

The Los Angeles area has a number of large football and soccer stadiums that also host non-tenant events.

- Soccer – the new 22,000-seat Banc of California Stadium is on the former site of the Sports Arena, and the 27,000-seat Dignity Health Sports Park (formerly the StubHub Center) is in nearby Carson. Both facilities host concerts and festivals. While the Banc of California Stadium in particular has a capacity that is closer to that of a major arena, these facilities primarily compete with other outdoor stadiums for non-sports events.
- Baseball – the 56,000-seat Dodger Stadium is the city's primary large baseball stadium and has become much more active in booking concerts and festivals, such as the Classic West festival, Guns 'n Roses, Paul McCartney, and Beyoncé, in recent years.
- Football – the 78,000-seat Los Angeles Memorial Coliseum (USC), 91,000-seat Rose Bowl (UCLA) in Pasadena, and the planned 70,000-seat City of Champions Stadium (Rams and Chargers) in Inglewood all host collegiate or NFL teams and do, or are expected to, also host major concerts, festivals, and other non-tenant events.

These facilities are not considered in our historical analysis of local facility usage, but they do represent potential competition for arenas in that a performer could perform one stadium show vs multiple arena shows. With six stadiums ranging from 22,000 to 91,000 seats (including one in Inglewood) the LA market has a relatively high number of facilities that are available to host third-party events.

## Local Amphitheaters

The major amphitheaters in the immediate LA area are the 17,500-seat Hollywood Bowl and the 5,800-seat Greek Theatre. A number of other amphitheaters of various sizes are located outside of Los Angeles. The Greek Theatre in particular is a destination facility for many artists who want to play the venue. During the outdoor event season (generally from spring through fall), these facilities can provide some competition to arenas, and the Hollywood Bowl's capacity is similar to that of the local major arenas.

## Local Theaters

The Los Angeles area also has number of indoor theaters that can also compete with an arena. The most relevant are the 7,000-seat Microsoft Theatre (at LA LIVE, next to the Staples Center) and the planned 6,000-seat theater that is planned as part of the LASED project in Inglewood.

Similar to stadiums, the local amphitheaters and theaters are not considered in our historical analysis but do represent potential competition for arena shows. Artists may chose to perform multiple theater shows instead of one arena show.



# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## Analysis of Historical Arena Usage – Staples Center and The Forum

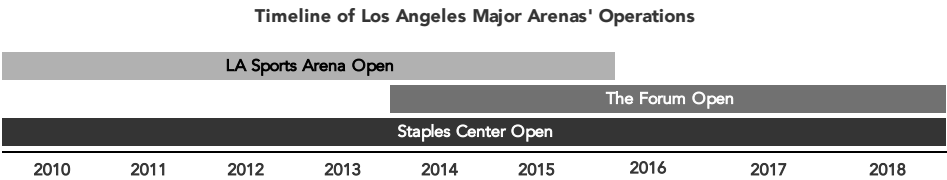
As previously described, this section focuses on the two facilities that are the most similar to, and will present the most competition to, the IBEC – the Staples Center and The Forum.

This section analyzes the recent historical event demand of the Staples Center and The Forum, which will help to inform estimates of future usage of all three arenas. We also address changes in event demand over time, particularly after the reopening of The Forum.

We have utilized historical event data from Pollstar, which is considered to be the most consistent source for ticketed entertainment event data (concerts as well as family shows and other entertainment events). Because of The Forum’s orientation, most of its past events appear in Pollstar’s database; however, non-tenant sporting events such as college basketball games, WWE, award shows, and others that have occurred more frequently at the Staples Center are not included in Pollstar’s database.

To supplement the data available through Pollstar, we have also researched event data for the two arenas from other sources in order to estimate annual usage by other types of events. On the following pages, these two types of events are addressed separately.

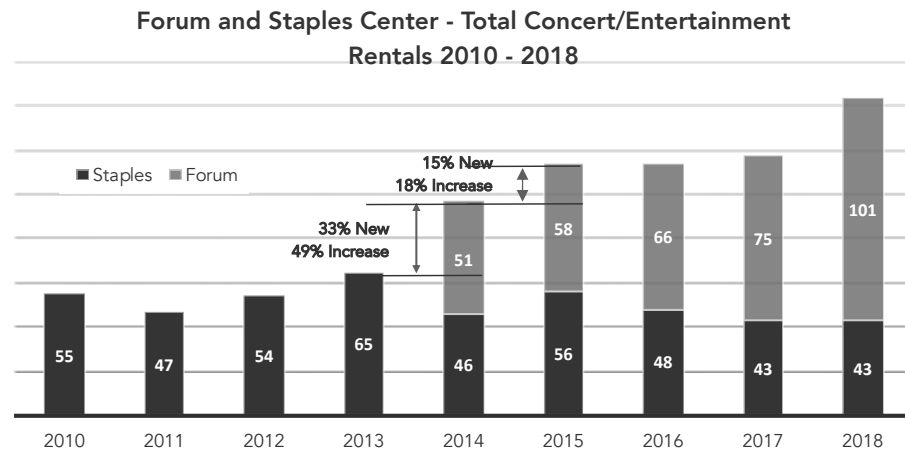
In our analysis of past entertainment events, we excluded Ringling Brothers circus performances, as the production stopped touring in 2016 and would affect comparisons of multiple years over time (as well as future projections).



# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## Concerts/Entertainment Events

We began our analysis of the LA market by analyzing data reported to Pollstar for third-party entertainment events for the two arenas from 2010 to 2018. During that time period, we looked at annual increases in events and specifically focused on 2014 and 2015 because they represent The Forum's reopening (in mid-January 2014) and its first full year of operations after reopening (2015).



Source: Pollstar, Stone Planning

As the chart shows, Staples Center events generally increased from 2011 through 2013, and total number of events at the two facilities further increased with the opening of The Forum.

### Annual increases:

- In 2012 and 2013, prior to The Forum's opening, the growth in reported events at the Staples Center was 15 percent and 20 percent, respectively (after decreasing in 2011).
- In 2014, with the opening of The Forum, the increase in combined events for the two arenas was 49 percent (from 65 to 97 events) and in 2015 was 18 percent (from 97 to 114 events).
- From 2013 to 2015, there was a 75-percent increase in the total number of events. The total number of events then generally stabilizes in 2016 and 2017, followed by a 22-percent increase in 2018, due entirely to increased events at The Forum. However, while it is not yet known for certain if 2018 was an aberration, this level of annual increase is likely not sustainable into the future.

### New events as a percent of a year's total events:

We also calculated the number of new events in 2014 and 2015 as a percentage of the overall events for each year.

- In 2014, the increase of 32 events (from 65 to 97 events) represented 33 percent of the 97 total events.
- In 2015, the increase of 17 events (from 97 to 114 events) represented 15 percent of the year's total.

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## Other Events

While publicly-available reporting on other types of events (such as the non-tenant sporting events, awards shows, WWE, and others) is not as consistent through a single source, we have researched past event calendars for the Staples Center and The Forum in order to estimate these uses.

In 2016, we estimate that 13 other events were held at the Staples Center, and 12 at The Forum. These numbers of events are used as a baseline for “other” events in regards to our forecasts of future usage. In 2016, these events included comedians, gymnastics and wrestling competitions, awards shows, esports, boxing, and WWE at the two arenas.

## Total Events

The annual number of events from Pollstar’s database (concert and entertainment events) held at the two arenas are summarized on page 16, and the “other” events are described to the left.

In 2016, the total number events at the Staples Center was 61 (48 concerts/entertainment events and 13 other events), and there were a total of 78 events at The Forum (66 concert/entertainment events and 12 other events). This results in a combined total of 139 events at the two facilities in 2016.

As described, estimated actual event totals for the concert and entertainment events are available for all recent historical years, and we separately use 2016 as the baseline year for “other” events, as data on these events is less available. As a result, our multiyear analyses on the following two pages focus on concerts and entertainment events only, and our later analysis of future event estimates utilize different methodologies for projecting the two categories of events.

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## Analysis of Event Allocation

In order to further understand the impact of a new area in the LA market and what portion of that arena's events would be new to the market, we further analyzed the historical data and estimated an allocation of events to the two arenas. For The Forum's reopening, this analysis would provide an additional estimated number and percent of events it hosted that were considered new to the market.

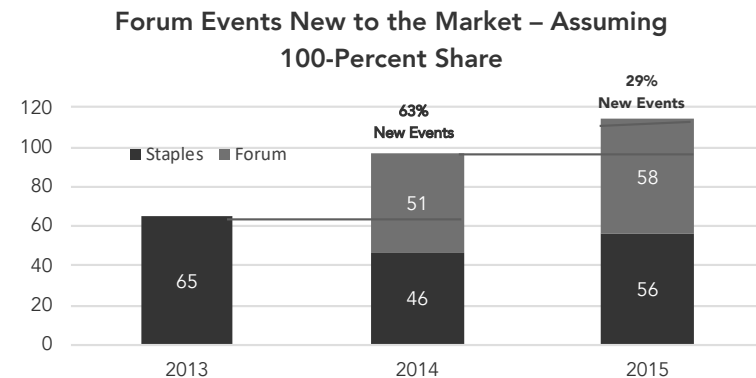
This analysis focuses only on entertainment events reported to Pollstar, as data is not available on "other" events at the Staples Center for all years analyzed in this section regarding the opening of The Forum.

The number and percent of new events in the market referenced on the previous pages do not take into account allocation of the new events to either of the two arenas. While we do identify how many events each arena hosted, the analysis was only concerned with the total combined number of events and the resulting incremental change. However, for this analysis, we look at both the total number of additional events held in a year as well as an estimated number and percent of events that were held specifically at The Forum, based on two different scenarios:

- 100 percent of the incremental entertainment events occurred at The Forum, and
- Incremental entertainment events are shared between The Forum and Staples Center, based on their market share.

## Scenario 1 – All New Entertainment Events Captured by The Forum

If we assume that The Forum hosted 100 percent of entertainment events that were new to the market in 2014 and 2015, they represented 63 percent and 29 percent of The Forum's events for those years, respectively.



Source: Pollstar, Stone Planning

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

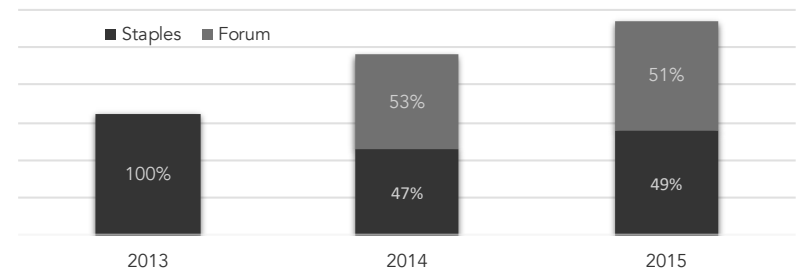
## Scenario 2 – New Entertainment Events Shared by The Forum and Staples Center

Assuming that not all of the new events took place at The Forum and some also took place at the Staples Center, we look at the distribution of total reported events for both arenas as a means of determining an allocation. The chart on the top right indicates the percentage of total reported events for both arenas, before and after The Forum's opening.

We then allocated new events to the two arenas based on their market share for each year.

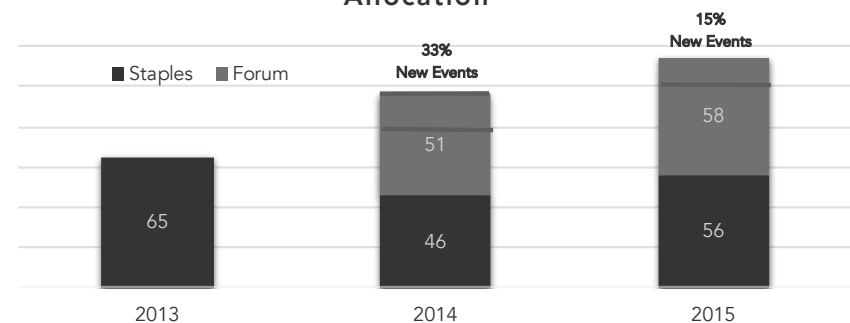
- Of the 32 new events in 2014, we assume that 53 percent (or 17) would go to The Forum. Those 17 events represent 33 percent of The Forum's 51 events.
- Of the 17 new events in 2015, we assume that 51 percent (or 9) would go to The Forum. Those 9 events represent 15 percent of The Forum's 53 events.

Forum and Staples Center  
Share of Major Third-Party Events



Source: Pollstar, Stone Planning

Forum Events New to the Market – Assuming  
Allocation



Source: Pollstar, Stone Planning

# THE CURRENT AND FUTURE ARENA ENVIRONMENT IN LOS ANGELES

## Stakeholder Feedback

We also spoke to a wide range of industry professionals regarding their thoughts on the local competitive environment for arena events. This included event promoters, operators and event bookers of other facilities in the market, and others. Feedback received is summarized below.

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- The Sports Arena did not compete much with the Staples Center or Forum, but once it closed, events that would have been held there were generally dispersed to those two arenas.
- The Honda Center generally serves a different population than the Staples Center and Forum, and many events will perform in both Anaheim and Staples or The Forum.
- Local amphitheaters compete somewhat with arenas during their operating season (generally from spring through fall). The Hollywood Bowl has a similar capacity as the major arenas, and an event could perform multiple shows at the Greek Theatre instead of one at a large arena.
- Indoor theaters could also host multiple performances of a show that could otherwise be held in a large arena.
- Stadiums are now more active in hosting concerts and festivals, and could attract concerts that could otherwise perform multiple arena concert dates.
- The Los Angeles facility market can currently accommodate any event that wants to be held locally.
- The Forum took advantage of the Staples Center's lack of event dates and is generally considered to be a better venue for a concert.
- The Staples Center will gain available dates with the loss of the Clippers (but still have three tenants), and the IBEC is expected to have the Clippers as its sole tenant.
- There are a significant number of festivals in the area and they provide competition to all venues. Coachella's radius clause prohibits its acts from performing in southern California from December 15 through May 1, prior to and immediately after the festival in April.
- The Staples Center has a strong history with family shows (particularly Disney events) and would likely keep these events.
- Most Forum concerts are promoted by Live Nation; AEG, as the owner and operator of the Staples Center, typically promotes its shows. It is thought that Live Nation, as the country's largest concert promoter, would use a new venue as long as it can be profitable there.
- Given that the LA market for arena venues is more competitive since The Forum reopened, a larger percentage of shows at the IBEC will be transferred from the other venues than will be new to the market.
- There are a limited number of major touring artists and they all already play the LA market, and a new arena would not generate additional shows by such artists.

# CASE STUDY – NEW YORK CITY MARKET



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As the country's second-largest market by population, with a significant share of the entertainment industry based in the area, the Los Angeles market is relatively unique in its ability to attract and host major events. It also has a significant inventory of facilities that can host these events.

There are very few U.S. markets that can compare in terms of Los Angeles' size, entertainment industry presence, facility inventory, destination appeal, or plans to develop additional major venues. However, we have analyzed the greater New York City market, which is similar in many respects, including recent (and planned) facility development that has added major new arenas to the area.

For the New York City market, we consider three major arenas: Madison Square Garden and the Prudential Center, both of which have been open since 2007, and the Barclays Center, which opened in 2012.

This section analyzes the historical development and usage of these major arenas in the New York market to understand if its experiences may be relevant to Inglewood/Los Angeles and the addition of the IBEC. We have also spoken to a number of facility and event industry professionals who are active in the New York-area market to understand their perspectives on the local dynamics and their potential relevance to Inglewood.



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## Madison Square Garden

**OPENED** / Originally 1968,  
“transformation” completed 2013

**LOCATION** / Manhattan

**OWNERSHIP/MANAGEMENT** / MSG

**CAPACITY** / Sellable capacity for concerts  
typically approximately 19,000 or less

**TENANTS** / NBA Knicks, NHL Rangers,  
NCAA St. John’s

Known as “the World’s Most Famous Arena,” MSG is annually one of the highest-selling arenas and generally hosts well over 200 events per year. It recently underwent a \$1-billion transformation.



## Barclays Center

**OPENED** / 2012

**LOCATION** / Brooklyn

**OWNERSHIP/MANAGEMENT** /  
Brooklyn Events Center LLC / AEG

**CAPACITY** / Sellable capacity for concerts  
is typically less than 17,000

**TENANTS** / NBA Nets, NHL Islanders

Since its opening, the Barclays Center has also been among the world’s top-selling arenas for entertainment events. In addition to attracting a significant number of concerts, it has also created many new sporting events.



## Prudential Center

**OPENED** / 2007

**LOCATION** / Newark, NJ

**OWNERSHIP/MANAGEMENT** / Newark  
Housing Authority / Devils Arena  
Entertainment

**CAPACITY** / Sellable capacity for concerts  
is typically less than 17,000

**TENANTS** / NHL Devils, NCAA Seton Hall  
and NJIT, NWHL Riveters

The Prudential Center is located less than 20 miles from both MSG and the Barclays Center and generally shares the greater NY market, although it also reaches a more suburban market. It generally hosts fewer events but is also a busy facility.

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For our NY market analysis, we collected third-party entertainment event data reported to Pollstar for the three arenas. We looked at 2009 to 2017, to encompass two years prior to the MSG transformation and the Barclays Center opening in 2012. We included the Prudential Center in our data set, although it partially serves a separate market from MSG and the Barclays Center, similar to the Honda Center in Anaheim (but to a lesser extent). As with our LA analysis, we did not include past Ringling Brothers events in our analysis.

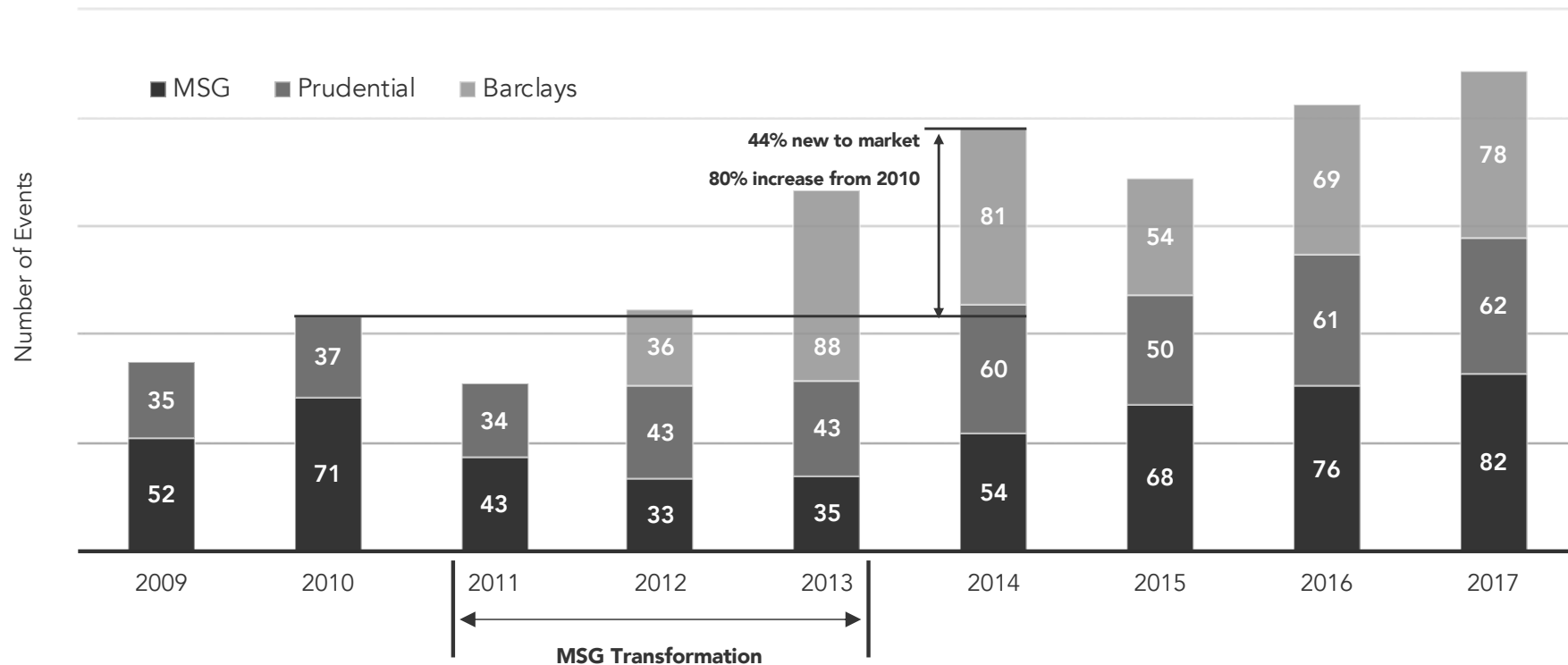
In 2010, the total number of events at the two arenas in operation increased by 24 percent, but then decreased to lower than 2009's level in 2011. This was due to the beginning of the three-year transformation of Madison Square Garden. During the transformation, the arena closed from late spring through late summer.

During MSG's transformation, the Barclays Center opened in 2012. Once it opened, there was a total increase in reported events in the market. In 2014, which was the first year after the MSG transformation

- There was an increase of 80 percent over 2010, which was the last full year of operations for MSG prior to the transformation.
- The share of 2014's events that were new to the NY market was 44 percent.

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## New York Market Third-Party Events, 2009 – 2017



Source: Pollstar, Stone Planning

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## New York Conclusions

We have identified multiple issues that make the comparison of the historical performance of the NY market to Los Angeles problematic. The addition of the third major arena (the Barclays Center) happened while MSG was undergoing its transformation and did not host events during the summer months, which made the annual event totals irregular in those years.

Given that the Barclays Center opened during the MSG transformation, we cannot use the overall increase in reported event totals as an accurate indicator of market growth. Attempting to offset this by comparing to 2010, which represented the last full year of MSG operations prior to renovations, fails to take into account what would have been regular increases in event counts. Unfortunately we have no way of knowing for certain what those increases may have been with a fully operational Madison Square Garden and cannot get a true sense of market growth.

Additionally, of the 88 events reported for the Barclays Center in 2013, approximately 32 percent of those events took place during the Garden's transformation. An undeterminable portion of these events presumably would have taken place at MSG and makes a complete analysis of the historical data problematic. Not knowing which arena would have hosted this portion of events, coupled with the shutting down of Madison Square Garden during its transformation, reduces the certainty to which we can draw any historical conclusions regarding the impact of the Barclays Center on the NY market.

The New York metropolitan market, with a population of approximately 20.3 million, is also significantly larger than the LA market, which has a population of approximately 13.4 million (including Anaheim/Orange County) and can presumably support more events. In addition to the three venues included in the case study, the 14,500-seat NYCB Live (formerly Nassau Coliseum) on Long Island reopened in 2017 after extensive renovations, and there are plans to build an 18,000-seat arena for the NHL's Islanders just outside of Queens.

For the reasons noted above, we believe that the data for New York, while generally informative, cannot be used to support any direct comparisons to future dynamics in the Los Angeles arena market and we did not deem it necessary to further analyze event allocations as we did for LA.

# CONCLUSIONS



# CONCLUSIONS

## Historical Analysis

Based on the analysis of historical data encompassing the reintroduction of The Forum to the LA market, we have determined the following (based on multiyear concert and entertainment event data reported to Pollstar):

### Annual Increase in Events

- There was an increase in total reported third-party entertainment events at the Staples Center and Forum during the first two years of The Forum's reopening:
  - In 2014, there was a 49-percent increase,
  - In 2015, there was an 18-percent increase, and
  - From 2013 to 2015, there was a 75-percent increase.

### Estimated Forum Events New to the Market

- We estimated the share of total events that were new to the market each year for the first two years of The Forum's reopening and an allocation of those new events based on two scenarios.
  - Assuming all new events were captured by The Forum – in 2014, 63 percent of The Forum's events would have been new to the market and in 2015, 29 percent would have been new to the market.
  - Assuming new events were captured based on market share – in 2014, 33 percent of The Forum's events would have been new to the market and in 2015, 15 percent of the Forum's events would have been new to the market.

# CONCLUSIONS

## Analysis of Future Events

Following our analysis of the historical data, review of overall industry trends, and interviews with industry stakeholders, we have concluded that there will be some overall growth in the overall number of events at the three arenas with the introduction of the IBEC to the LA market.

Given factors that include the IBEC being the third major arena added to the market, the addition of a new stadium with a 6,000-seat theatre in Inglewood, and the addition of more available dates at the Staples Center that will make it more competitive, we believe that the increase will be smaller than what occurred when The Forum reopened. As was seen with the reopening of The Forum, it may also take more than one year to realize the total increase prior to stabilization.

Based on a stabilized year's projected event calendar supplied by Murphy's Bowl, as well as the IBEC's planned opening in July 2024, we have estimated the following percentage of its events that will be new to the market by using the following assumptions:

- From 2016 through 2018 (after the reopening of The Forum), the number of concert and entertainment events at the Staples Center and Forum increased by an average of approximately 9% per year. This average increase is driven largely by a 22% increase in 2018, following no increase in 2016 and a 4% increase in 2017.
- Assuming that the 22% increase is an aberration and not likely to be repeated into the future, we assume a more realistic 6% annual increase in the future (beginning in 2019) for concert and entertainment events.

Because our baseline for "other" events is 2016 (a total of 25 such events at the two arenas), the 6% growth rate is applied to these events beginning in 2017, which results in 27 "other" events in 2017 and 28 in 2018 (rounded to the nearest whole number).

As a result, we estimate that a total of 172 total events occurred at the two arenas in 2018. This estimate is based on 144 concerts/entertainment events as shown on page 16 (101 such events at The Forum and 43 such events at the Staples Center), plus 28 other events. Beginning in 2019, both categories of events are grown at the 6% rate through 2023, which results in 230 events.

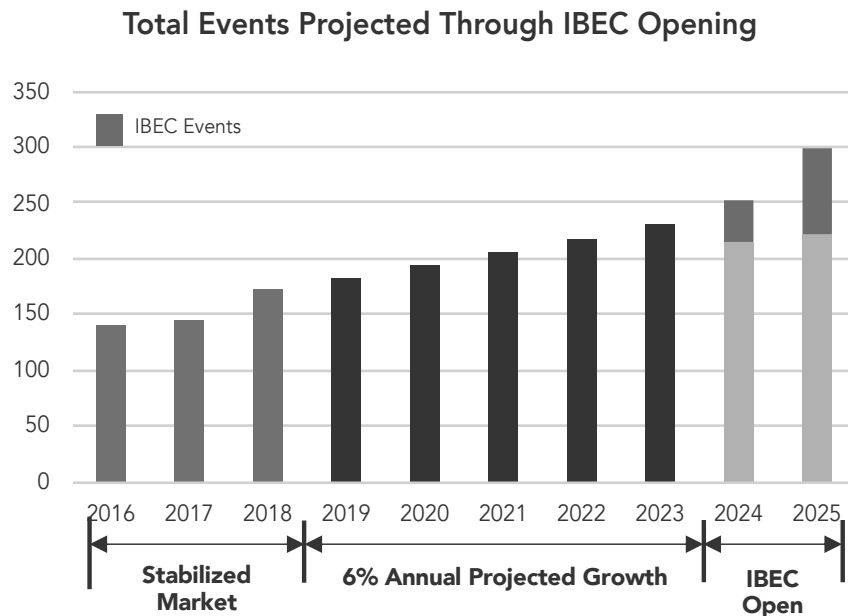
- Despite industry feedback pointing to the market already being able to accommodate events that want to be held locally, we still believe that there will be some overall growth in the market. It is our position that the anticipated growth will be less than what was seen when The Forum reopened and that the new arena will have some opportunities to attract new events to the market, particularly with certain event types. This is further detailed later in this section.

For first full year of IBEC operations (2025), we assume that the total number of third-party events at the three arenas will increase by 30 percent (compared to the 75-percent increase when The Forum reopened). This results in a total of 299 such events at the three arenas in 2025.

# CONCLUSIONS

- Since the IBEC is planned to open in July, the 2024 calendar year will represent a half year of operations. We assume a roughly 20-percent increase over 2023 for a full year of operations. This represents 40% of the increase experienced in the first year of The Forum's reintroduction. For a half year we are assuming a 10-percent increase over 2023 (or one-quarter of the increase experienced in the first full year of The Forum's reintroduction to the LA market). This results in 253 events in 2024.

These assumptions are illustrated in the chart below.



## Estimated New IBEC Events to the Market

Based on our quantitative analysis and feedback from interviews, we determined that the concert segment of the event business has relatively little room for growth in the LA market, and therefore we assume a lower share of events at the IBEC that will be new to the market. The same is true with family shows, based largely on the Staples Center's strong relationship with touring family events. Given these circumstances, we project new events in those two segments at the bottom of our range. However, we believe that the event type with the most opportunity to generate incremental events to the Los Angeles market is "other" events (including sporting events) and projected those events on the higher end of our range.

Following the projection of assumed event levels at the three arenas, and given Murphy's Bowl's event projections for the IBEC, we then calculate the percent of IBEC events that will be new to the market. Similar to our historical analysis of The Forum, we estimated the share of new events based on two scenarios.

- Assuming that the entire event increase is captured by the IBEC 2025, this results in 46 new events, or 59 percent of its total.
- If we distribute the new events equally across the three arenas in 2025, this results in 15 new events, or 20 percent of its total.

These two percentages – 59 percent and 20 percent – represent the upper and lower bounds of what we believe to be possible for the IBEC's share of new events captured, and are incorporated into our assumptions by individual event type on the following page.



# CONCLUSIONS

Given these assumptions and calculations, we project the following numbers of new events by event type for 2025 (totals do not necessarily add up due to rounding):

## PROJECTED IBEC EVENTS BY TYPE - 2025

	Murphy's Bowl Projected Totals	New To Market - % of Events	New To Market - # of Events
Concerts	23	20%	5
Family Shows	20	20%	4
Other Events	35	59%	21
<b>Total</b>	<b>78</b>	<b>38%</b>	<b>29</b>

Source: Murphy's Bowl, Stone Planning

As described on the previous page, we believe that the IBEC's opportunity to capture new concert and family show demand is relatively low, and therefore we assume that 20 percent of these events are new to the market (which represents less than its one-third fair share). For "other" events, the IBEC could generate a significantly larger share of new events, and we have assumed the upper bound of 59 percent.

Based on these calculations, this results in an overall 38 percent of the IBEC's events being new to the Los Angeles market. We do not believe it would be realistic to assume that all of the new events will be captured by the IBEC, and it is also reasonable to assume that it will capture slightly more than its fair share of one-third of the new events overall.

# CONCLUSIONS

## Third-Party Event Booking – Scheduling and Timing

There are several factors that affect the booking process for major third-party events. Concerts will typically be booked anywhere from three to six months in advance, although in some cases, that time frame can be shorter (if the artist can sell tickets quickly) or can be longer for various reasons. Other events such as sporting events will typically book much further out and can range anywhere from a year to multiple years in advance.

Factors that will affect the timing of how events will be booked at the IBEC will include:

- The Clippers' schedule: third-party events typically require coordination with the team schedule, which is usually confirmed in mid-August. There is some leeway in the team schedule and the team is required to provide a sufficient number of potential game dates to the league. Booking of events can be coordinated with the team's scheduling prior to the official release of the schedule. In addition to the regular-season schedule, there will typically be holds for playoff games that will not be released until the team is eliminated from the playoffs.
- The City of Champions Stadium schedule: this may affect events at the IBEC at certain days or times of day, depending on the ability to manage traffic flow coordination with the City or between the multiple venues.

- The IBEC's management structure: the approach of any potential third-party operator and how aggressively the arena's owners pursue the booking of third-party events will affect the IBEC's event calendar. Additionally, the timing of when the individual or team responsible for booking third-party events is brought on board prior to opening will affect the first year of booking for the IBEC.

While it is standard procedure to wait until the primary tenant's schedule is released, there can and will be discussions regarding inquiries for third-party rentals on dates where tenant schedules may not yet be confirmed. In these cases, team representatives can provide guidance to the booking team on the likelihood of confirmation and availability of dates and potential conflicts. This dynamic, however, will be a function of the relationship between the Clippers and the event booking team. The first priority for bookings would go to the Clippers as the arena's primary tenant and then third-party events.



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