



NEW TENNESSEE TITANS FOOTBALL STADIUM

PRELIMINARY PROJECTIONS IN ANTICIPATION OF PREPARATION OF IN-STADIUM TAX AND RENT REVENUE ASSESSMENT

March 29th, 2023



CSL

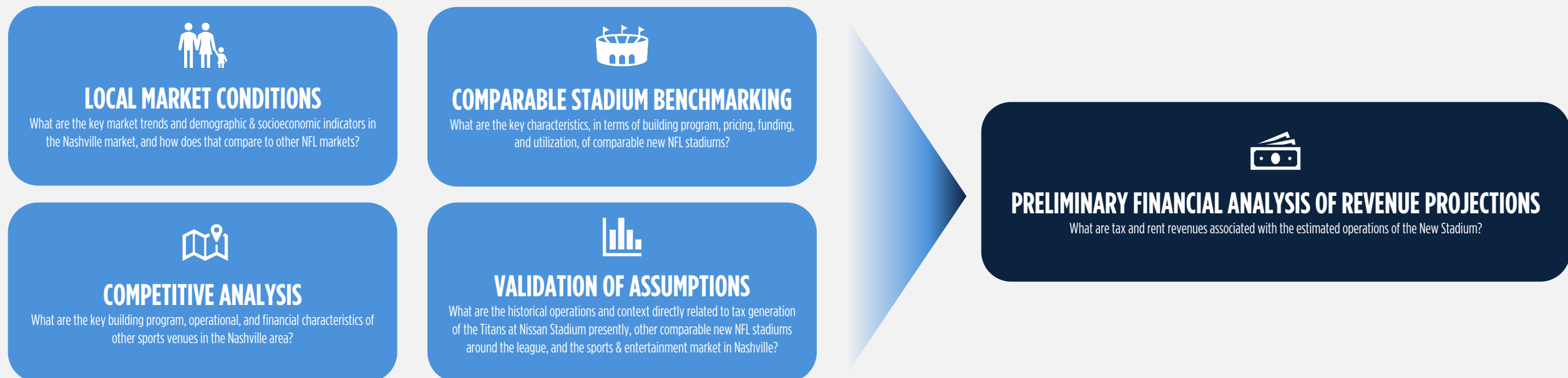
PRELIMINARY PROJECTIONS

INTRODUCTION & METHODOLOGY

The Tennessee Titans (“Titans”) have played in Nissan Stadium (“Stadium”) in Nashville, TN since the stadium’s opening in 1999, serving as a centerpiece of downtown Nashville’s east bank. In addition to the 10 Titans games hosted each year, the Stadium is also host to the Tennessee State Tigers (“TSU”) football team, the Music City Bowl (NCAA), the four-day Country Music Association (“CMA”) Music Festival, and numerous other sports and entertainment events, including concerts, soccer, college football, and dirt shows, among others. Given the age, condition, and outdoor nature of the Stadium, the Titans are planning to move into a new enclosed stadium (“New Stadium”) located adjacent to the current stadium prior to the start of the 2027 NFL season. Based on current designs from project architect, Manica, the \$2.1 billion New Stadium, which includes a fixed roof, is estimated to have a capacity of 60,000, including approximately 55,500 fixed seats and 4,500 standing-room-only capacity, representing a 13 percent decrease from the 69,143-seat Nissan Stadium. The New Stadium is also anticipated to be designed with more modern NFL seating trends in mind, including lower bowl club seats, a myriad of small group seating offerings, and market right-sized inventory of luxury suites.

Part of the potential funding plan on behalf of the public entities includes utilizing the sales and ticket taxes generated within the New Stadium and rent payable by the Titans. This plan, as currently contemplated, includes redirecting 7.75 percent of the full 9.25 percent sales tax rate on most in-stadium sales taxable revenues; applying a ticket tax on all paid tickets in the stadium at a rate of \$3.00 for Titans events and non-Titans events; and charging the Titans rent in an amount equal to \$3.00 for all paid tickets to non-Titans events.

In order to confirm the tax and rent revenue streams, on which some portion of public funding would be reliant, the Sports Authority of the Metropolitan Government of Nashville and Davidson County (“Sports Authority”), in partnership with Inner Circle Sports, engaged Conventions, Sports & Leisure International (“CSL”) to develop projections to be included in one or more official statements or offering documents distributed in connection with the public funding by the Sports Authority. The methodology for the CSL analysis is outlined in the graphic below. The remainder of this document is a summary of the analysis completed to date and is a preliminary outline of what will be included in the full report. The complete report will be prepared upon approval of the financing by the Council and Sports Authority.



PRELIMINARY PROJECTIONS

LOCAL MARKET CONDITIONS

The operations and financial viability at a new stadium is dependent, in part, on the demographic and socioeconomic characteristics of the local market. An analysis of the metro area (i.e., CBSA) includes metrics such as population, age, income, corporate base and tourism. Preliminary key takeaways from this analysis include:

The Nashville Market is Known for its Fast-Growing, Young Population Fueling Economic Growth and Continued Migration in a Low Cost-of-Living, High-Income Environment with a Unique and Thriving Entertainment, Music & Tourist-Forward Culture

- Nashville is the 36th largest market in the United States and is known for its explosive population growth (third fastest in the U.S. among top 50 markets by population), projected to grow 4.6x faster than the U.S. over the next five years.
- The median age in Nashville (37.9) is a full year younger than the U.S. as a whole (38.9), with a higher proportion of those aged 25 to 45, a prime age for sports & entertainment event attendees.
- Nashville ranks within the top 10 youngest NFL markets and is known especially for its large concentration of prime age workers.
- The Nashville market has seen strong, sustained positive migration, with top flows from across the country, including Memphis (TN), Atlanta (GA), Chicago (IL), and Los Angeles (CA).
- Nashville has a cost-of-living-adjusted median household income of \$79,400, with ranks 6th highest in the NFL and is 10 percent above the national median (\$72,400).
- Nashville, despite its characteristic as a growing metro area, has a cost of living (97.0) below the national average (100.0), ranking in the top 10 least expensive NFL markets.
- Nashville is known as “Music City” and is home to over 50 music venues, including numerous landmarks and attractions, with particular emphasis on country music performance and history.
- Nashville attracts approximately 15 million visitors each year, with 14 percent growth year over year in 2022.

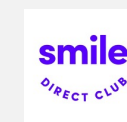
Fueled by its Growing Population and Healthy Migration of Prime Age, Educated Workers, the Nashville Corporate Base is Marked by Growth in Various Sectors and an Increase of New Headquarters and Regional Offices

- Nashville was recently ranked in the top three cities for young professionals, which is notably supported by its recent growth among high-income, young professionals migrating to the market for its relatively high incomes in a low-cost environment.
- The Nashville market is fueled by a variety of industries, over-indexing in areas such as manufacturing, transportation, financial activities, leisure & hospitality, and other services.
- In recent years, Nashville has accounted for over 60 percent of job growth in the State of Tennessee
- In just the last few years, Nashville has seen rapid increases in opening/relocations of headquarter and large regional offices for major corporations, including those listed below, among others.

Recent Major Corporate Growth / Expansion into Nashville Market



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ORACLE

PRELIMINARY PROJECTIONS

COMPARABLE STADIUM BENCHMARKING

A basis from which to assess the viability of a new Titans stadium includes assessing the building program, pricing, and operations of other NFL stadiums, including especially the characteristics of recently constructed NFL stadiums, including AT&T Stadium (Dallas), MetLife Stadium (New York), Levi's Stadium (San Francisco), U.S. Bank Stadium (Minnesota), Mercedes-Benz Stadium (Atlanta), Allegiant Stadium (Las Vegas), and SoFi Stadium (Los Angeles). Preliminary key takeaways from this analysis include:



Recently constructed NFL stadiums have incurred an average project cost of \$2.2 billion (in 2023 dollars) with an average fixed capacity of 70,610 and square footage of 2.2 million.



Across the entire market, Nashville currently has 6.0 club seats per corporation and 8.6 corporations per suite, which both rank as the 16th least saturated market in the NFL, roughly right at the league median.



In terms of premium seating, recently constructed NFL stadiums have an average of 280 luxury suites that sell for approximately \$240,000 and over 14,000 club seats that sell at an average price of approximately \$3,900.



The average team in a recently constructed stadium has generated over \$580 million in PSL revenue (2027 dollars).



On average, recently constructed NFL stadiums host over 20 ticketed third-party events on an annual basis, increasing to 26 for enclosed stadiums.

PRELIMINARY PROJECTIONS

VALIDATION OF ASSUMPTIONS

In order to estimate the potential operations of the New Stadium, it is important to evaluate the historical operations of the Titans at Nissan Stadium as well as the operations of comparable new NFL stadiums and the tourism and entertainment market in the Nashville area. Preliminary key takeaways from this analysis include:



Over the last five seasons, the Titans have averaged a paid attendance at Nissan Stadium of approximately 62,100, which is greater than the anticipated capacity of the New Stadium.



In terms of premium seating, the Titans currently sell over 10,000 club seats and 150 luxury suites, both higher than the planned inventory at the New Stadium (6,300 and 120).



Based on market penetrations that adjust current inventory to market size, the Nashville market can support a stadium with capacity of 60,000 to 64,500 with 113 to 120 suites and 8,400 to 8,700 club seats, all of which are in-line or greater than the current proposed building program for the New Stadium.



The Titans, in the older Nissan Stadium, currently generate food & beverage per capita spending in-line with high-performing comparable new NFL stadiums.



In 2022, Nissan Stadium hosted 10 concerts, higher than the comparable new NFL stadium average (8).



The live music industry has grown significantly, with particular growth in ticket pricing in recent years.



Even with the older Nissan Stadium, Nashville hosts the second most stadium concerts per capita among all U.S. markets, increasing to first among country music concerts.

PRELIMINARY PROJECTIONS

EVENT & ATTENDANCE UTILIZATION

The chart to the right depicts the preliminary estimated annual events and attendance utilization at the New Stadium, including both Titans and third-party events.

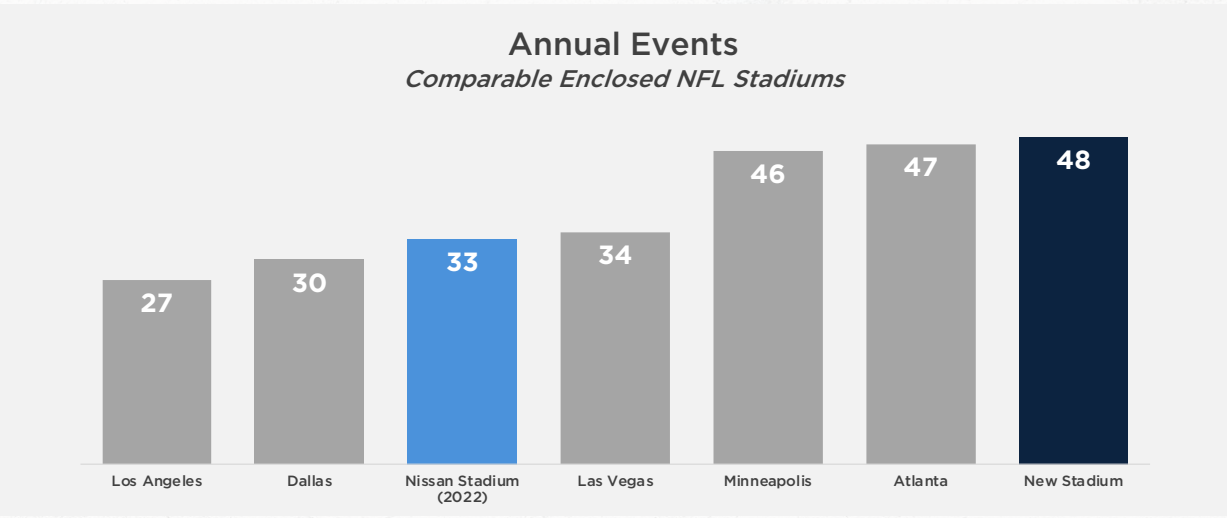
Overall, it is preliminarily estimated that the New Stadium would host 48 total events, representing a 45 percent increase over 2022 operations, which falls within the range seen at other comparable new NFL stadiums, taking into account the unique musical and entertainment culture and tourist climate in the Nashville market.

Specifically, concerts are estimated to be a significant driver of utilization as the new, modern, enclosed environment of the New Stadium would be a particular asset to touring artists and promoters in the music-rich Nashville market. The 16 events, inclusive of four CMA event days, would be comparable to other new NFL stadiums in entertainment-rich markets (i.e., Las Vegas, with 15 annual concerts).

Overall, it is estimated that the New Stadium would generate approximately 2.0 million annual visitors.

EVENTS & ATTENDANCE					
	Annual Events	Average Paid Attendance	Total Paid Attendance	Average Turnstile Attendance	Total Turnstile Attendance
Tennessee Titans Regular Season	8	54,898	439,184	55,080	440,637
Tennessee Titans Preseason	2	52,673	105,346	41,156	82,313
College Football	2	49,486	98,971	50,104	100,209
Soccer	2	42,655	85,311	43,119	86,238
Concerts	16	47,578	761,254	48,183	770,933
Dirt Shows	3	25,055	75,165	23,658	70,975
Major Non-Recurring	1	56,077	56,077	56,834	56,834
High School Football	6	19,010	114,061	20,089	120,532
Religious/Speaker Event	2	25,451	50,902	25,739	51,478
Other	3	19,396	58,187	19,682	59,047
Other Sports	3	45,480	136,440	46,113	138,338
TOTAL	48	41,269	1,980,897	41,199	1,977,534

Note: College football events do not include Tennessee State University games.
Note: Turnstile attendance is higher than paid attendance to account for comped (unpaid) tickets. These tickets do not generate ticket revenue but would generate other stadium revenues such as concessions and merchandise.



PRELIMINARY PROJECTIONS

TAX REVENUE PROJECTIONS

Based on the estimated event and attendance utilization and the financial operations of comparable NFL stadiums, within the context of the historical Titans operations and that of the Nashville market, CSL estimated tax revenue projections for sales taxes as well as ticket tax and rent.

As shown, in year one, it is preliminarily estimated that the New Stadium will generate approximately \$27.0 million in sales tax revenue as well as \$10.3 million in ticket taxes and rental fees.

SALES TAX PROJECTIONS (YEAR 1)				
Revenue Category	Gross Revenue (Year 1)	% Taxable	In-Stadium Sales Tax Redirect	Sales Tax Collections
Titans Events	\$149,188,000	100%	7.75%	\$11,561,000
Third-Party Events	\$236,177,000	84% ⁽¹⁾	7.75%	\$15,402,000
TOTAL	\$385,365,000	90%	7.75%	\$26,963,000

(1) The ticket and premium seating revenue for the four CMA events and Music City Bowl are assumed to be sales tax exempt.

Note: Revenue collected by third-parties and Titans.

Note: Third-party events do not included any impacts from Tennessee State University football games.

ANNUAL TICKET TAX & RENT REVENUE				
Event Type	Paid Attendance	Ticket Tax	Rental Fee	Total Taxes Collected
Titans	544,530	\$3.00	--	\$1,634,000
Third-Party	1,436,367	\$3.00	\$3.00	\$8,618,000
TOTAL (Year 1)	1,980,897			\$10,252,000

Note: Paid attendance alternates between 544,530 and 546,755 depending the number of regular season games each season (8 or 9), resulting in an approximate \$7,000 difference in collections year over year.

PRELIMINARY PROJECTIONS

TAX REVENUE PROJECTIONS

The chart to the right depicts the total collections from in-stadium operations, including the sales tax redirect, ticket tax, and rent, over the course of 30 years of New Stadium operations and three years prior to stadium opening (not inclusive of operations from Nissan Stadium prior to New Stadium construction). In general, revenues fluctuate based on:

- The number of Titans regular season games, which alternates between eight and nine games every year
- A three percent escalator in all revenues every other year.

Ticket taxes and rental fees are assumed to be held flat over the course of the 30-year period.

Overall, it is preliminarily estimated that the New Stadium would generate \$1.5 billion in tax and rent collections available for project funding, or \$637 million net present value (5.0 percent discount rate), of which 79 percent is attributable to sales taxes and 21 percent is attributable to the ticket fees and rent.

TOTAL IN-STADIUM TAX & RENT COLLECTIONS			
Year	Total Sales Tax Redirect Collections	Total Ticket Taxes & Rent	Total Collections
Year -3 (2024)	\$100,000	--	\$100,000
Year -2 (2025)	\$280,000	--	\$280,000
Year -1 (2026)	\$420,000	--	\$420,000
Year 1 (2027)	\$26,960,000	\$10,250,000	\$37,210,000
Year 2 (2028)	\$31,100,000	\$10,260,000	\$41,360,000
Year 3 (2029)	\$31,450,000	\$10,250,000	\$41,700,000
Year 4 (2030)	\$31,950,000	\$10,260,000	\$42,210,000
Year 5 (2031)	\$32,370,000	\$10,250,000	\$42,620,000
Year 6 (2032)	\$32,930,000	\$10,260,000	\$43,190,000
Year 7 (2033)	\$33,400,000	\$10,250,000	\$43,650,000
Year 8 (2034)	\$33,950,000	\$10,260,000	\$44,210,000
Year 9 (2035)	\$34,430,000	\$10,250,000	\$44,680,000
Year 10 (2036)	\$34,990,000	\$10,260,000	\$45,250,000
Year 11 (2037)	\$35,500,000	\$10,250,000	\$45,750,000
Year 12 (2038)	\$36,040,000	\$10,260,000	\$46,300,000
Year 13 (2039)	\$36,570,000	\$10,250,000	\$46,820,000
Year 14 (2040)	\$37,120,000	\$10,260,000	\$47,380,000
Year 15 (2041)	\$37,670,000	\$10,250,000	\$47,920,000
Year 16 (2042)	\$38,240,000	\$10,260,000	\$48,500,000
Year 17 (2043)	\$38,800,000	\$10,250,000	\$49,050,000
Year 18 (2044)	\$39,380,000	\$10,260,000	\$49,640,000
Year 19 (2045)	\$39,960,000	\$10,250,000	\$50,210,000
Year 20 (2046)	\$40,560,000	\$10,260,000	\$50,820,000
Year 21 (2047)	\$41,160,000	\$10,250,000	\$51,410,000
Year 22 (2048)	\$41,780,000	\$10,260,000	\$52,040,000
Year 23 (2049)	\$42,390,000	\$10,250,000	\$52,640,000
Year 24 (2050)	\$43,030,000	\$10,260,000	\$53,290,000
Year 25 (2051)	\$43,660,000	\$10,250,000	\$53,910,000
Year 26 (2052)	\$44,330,000	\$10,260,000	\$54,590,000
Year 27 (2053)	\$44,970,000	\$10,250,000	\$55,220,000
Year 28 (2054)	\$45,660,000	\$10,260,000	\$55,920,000
Year 29 (2055)	\$46,320,000	\$10,250,000	\$56,570,000
Year 30 (2056)	\$47,030,000	\$10,260,000	\$57,290,000
TOTAL	\$1,144,500,000	\$307,600,000	\$1,452,100,000
NPV (5.0%)	\$479,300,000	\$157,600,000	\$636,900,000