

The Economic Impact of a New MLS Soccer Stadium

Summary of Research

In November 2016 the St. Louis Land Clearance for Redevelopment Authority of the City of St. Louis released details for the construction of a new professional soccer stadium in downtown St. Louis. The construction of the project would start in 2017 and would be largely completed by the end of 2020. The first year of full operations would be 2020. The total project cost, excluding a Major League Soccer (MLS) expansion fee, is estimated at \$205 million and includes a 20,000 seat stadium.

This analysis estimates the general economic impact of the new stadium construction, as well as the expected operational impacts of the franchise through the year 2049, when the original lease of the stadium is expected to end. The state fiscal benefit is calculated to consider the tax credit costs during construction and the expected tax revenues that would be generated to the state from 2017 through 2049. This research summary is based on preliminary data available from the applicant and other figures outlined in the **Assumptions** section. The analysis only includes the state fiscal return and does not include local fiscal benefits or costs.

The construction of a new stadium and continued operations is expected to generate **\$24.5 million in net state general revenue** (see **Table 1**) over 33 years. Net general revenue deducts the \$40 million in tax credits. Just over 355 jobs would be supported annually over the four year construction period to include construction, supplier, and indirect jobs created by the spending as well as MLS activities. The franchise operation is estimated to support an average of 475 jobs annually during the remaining years. The construction and operations would contribute \$1.56 billion to total state personal income and \$1.74 billion to gross domestic product over the 33 years. Tax credits of \$40,000,000 would result in an expected state fiscal benefit ratio of **1.62** (\$64.2 M cumulative state general revenue / \$39.7 M cumulative state cost in present value 2016 dollars resulting in \$24.5 M in net state revenue).

Economic Impact Estimate

Table 1. Economic Impact Estimate for the New MLS Soccer Stadium in St. Louis

**All Figures in Millions of 2016 Constant Dollars*

Phase	Year	Annual Avg. Emp.	Annual Personal Income	Annual Gross Domestic Product	Net State General Revenue*		
					Annual Net State GR	Cumulative Net State GR	State Fiscal Benefit Ratio
Construction Phase	2017	276	\$16,686,866	\$26,475,907	(\$19,333,699)	(\$19,333,699)	0.03
	2018	145	\$10,355,871	\$14,029,291	(\$19,309,802)	(\$38,643,502)	0.03
	2019	323	\$22,404,438	\$31,811,538	\$785,424	(\$37,858,077)	0.05
	2020	676	\$46,602,813	\$62,444,161	\$2,770,202	(\$35,087,875)	0.12
Operations Phase	2021	522	\$41,430,189	\$50,037,918	\$2,340,744	(\$32,747,132)	0.17
	2022	524	\$42,559,791	\$48,723,681	\$2,093,006	(\$30,654,126)	0.23
	2023	512	\$43,757,517	\$48,523,801	\$2,010,145	(\$28,643,980)	0.28
	2024	499	\$44,699,897	\$48,375,520	\$2,274,369	(\$26,369,611)	0.34
	2025	489	\$45,426,475	\$48,313,776	\$1,958,435	(\$24,411,177)	0.38
	2026	480	\$46,013,869	\$48,426,464	\$1,938,612	(\$22,472,564)	0.43
	2027	473	\$46,528,259	\$48,691,054	\$1,915,442	(\$20,557,122)	0.48
	2028	467	\$46,996,921	\$49,113,438	\$1,907,671	(\$18,649,450)	0.53
	2029	463	\$47,479,048	\$49,693,662	\$1,898,177	(\$16,751,273)	0.58
	2030	458	\$47,891,266	\$50,263,731	\$1,895,317	(\$14,855,956)	0.63
	2031	457	\$48,227,681	\$50,856,709	\$1,891,156	(\$12,964,801)	0.67
	2032	458	\$48,561,328	\$51,541,536	\$1,900,100	(\$11,064,700)	0.72
	2033	459	\$48,972,643	\$52,327,334	\$1,905,240	(\$9,159,460)	0.77
	2034	460	\$49,420,731	\$53,173,460	\$1,922,815	(\$7,236,645)	0.82
	2035	461	\$49,759,387	\$53,967,564	\$1,928,152	(\$5,308,494)	0.87
	2036	462	\$50,112,966	\$54,782,361	\$1,945,463	(\$3,363,031)	0.92
	2037	463	\$50,640,955	\$55,671,726	\$1,960,688	(\$1,402,343)	0.96
	2038	464	\$51,207,253	\$56,593,658	\$1,987,652	\$585,309	1.01
	2039	466	\$51,798,837	\$57,527,082	\$2,006,925	\$2,592,234	1.07
	2040	471	\$52,572,162	\$58,774,906	\$2,056,537	\$4,648,771	1.12
	2041	471	\$53,233,906	\$59,715,566	\$2,075,502	\$6,724,272	1.17
	2042	472	\$60,678,672	\$60,678,672	\$2,105,898	\$8,830,170	1.22
	2043	472	\$61,671,947	\$61,671,947	\$2,126,750	\$10,956,920	1.28
	2044	473	\$62,691,637	\$62,691,637	\$2,348,058	\$13,304,978	1.34
	2045	473	\$63,743,898	\$63,743,898	\$2,180,999	\$15,485,976	1.39
	2046	473	\$64,814,516	\$64,814,516	\$2,214,478	\$17,700,455	1.45
2047	473	\$65,909,046	\$65,909,046	\$2,238,793	\$19,939,248	1.50	
2048	474	\$67,034,105	\$67,034,105	\$2,274,398	\$22,213,646	1.56	
2049	474	\$68,203,872	\$68,203,872	\$2,301,904	\$24,515,550	1.62	

**Net GR deducts tax credits of \$40 million spread over 2017 and 2018 from Gross General Revenue.*

Assumptions

1. Construction and operation figures derived from the application and further research of seventeen MLS team operations to determine reasonability of assumptions where applicable.
2. The construction phase begins in 2017 and is largely completed by the end of 2020. Total cost of \$205 million is broken out as follows:
 - a. Land cost of \$15 million in 2017, resulting in real estate fees of \$900,000.
 - b. Stadium site work, clearance, and parking of \$30 million in 2017.
 - c. Stadium construction cost of \$150 million spread over years 2018-2021, with 95% of the spending occurring in 2018-2020. Only 50 percent of construction costs are assumed to be paid to Missouri firms.
 - d. Durable equipment purchases of \$10 million spread over years 2020 and 2021.
3. During the construction phase it is assumed that the state sales tax intake on building materials will be minimal if a public entity tax exemption status is in effect.
4. The MLS team full-time operations staff is estimated at 73 for Technical, Front Office and Ticketing Staff based on the average employment found on 17 MLS team websites. Payroll estimate of \$5,975,000 in 2020 (first year of full team operations) was used based on the payroll data provided. Average wage growth of 2.6 percent was used for the Technical, Front Office and Ticketing Staff.
5. Player salaries were estimated at \$8.3 million in 2020 with \$1.2 million for designated players and \$7.1 million for non-designated players. Average wage growth of 2.6 percent was used for all player salaries and an additional 2% entertainer and athletes' income tax was assumed to be placed on their earnings. It is estimated that 90 percent of soccer players (25 of the 28 players on the roster) will live in the St. Louis area and contribute to the Missouri economy year round.
6. The MLS stadium operations would result in an estimated \$14.2 million in receipts for ticket sales based on MLS facility use research. The analysis assumes that 30 percent of event attendees would be net new to the area and 70 percent would be local consumers who would still spend income on other entertainment within Missouri if no MLS team existed.
7. Although the stadium is built at a capacity of 20,000, it is assumed that actual attendance will be less and will decrease after a few years of operation. From 2020 to 2022 attendance

of 18,700 is anticipated with the new stadium per MLS event and 18,000 from year 2023 onward. Although the applicant estimates seating will increase to 26,000 by the year 2031, this analysis does not include that assumption. An average ticket price of \$32.50 at the new stadium starting in 2020 is assumed with an annual growth rate of 2.8 percent.

8. This analysis assumes non-local attendees spend just over \$50 per day on non-ticket related purchases (dining, retail, and transportation) excluding lodging. With 20 MLS home games (including exhibition) and six other anticipated events, this results in nearly \$8.9 million in average spending by non-local attendees. The price per day estimates come from the Missouri Division of Tourism's spending research on out-of-state visitors. This analysis assumes 25 percent of out-of-state visitors pay for lodging in the area, resulting in over \$1.2 million in average spending.
9. The impact analysis was developed using the REMI Policy Insight economic model (REMI) and the above assumptions about future events. Therefore the results of this brief should be considered an estimate that is subject to change, based on variations in the assumptions or economy, over the time period of study. REMI has been used by the Department of Economic Development for over sixteen years to analyze the economic and fiscal impacts to the state of new firms locating to Missouri or the contribution of existing companies in threat of departure. It is a long-term, dynamic model that considers changes in the economy over time, new fiscal costs due to migrating workers, and sales displacement when firms compete for local market share. Over one hundred and fifty organization, universities, and consulting firms use this model for impact analysis, including governmental agencies in thirty three states. The fiscal component of the model is updated annually with Missouri Office of Administration budget figures to produce better state tax estimates.

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