



New Sixers Arena Incremental Event Economic Impact Analysis

July 2024

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Sam Rhoads
Executive Vice President
Philadelphia Industrial Development Corporation
1500 Market Street, Suite 3500 West
Philadelphia, PA 19102

Dear Mr. Rhoads,

Conventions, Sports & Leisure International (“CSL”) is pleased to present this economic and fiscal impact analysis to Philadelphia Industrial Development Corporation (“PIDC”) related to the development of and incremental events at a new arena (“Arena”) for the Philadelphia 76ers (“76ers” or “Sixers”) in downtown Philadelphia. The attached report summarizes our research and analyses and is intended to assist project stakeholders in understanding the feasibility of and quantifying the impacts of a new Arena.

The information contained in this report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the sports and entertainment industries and other factors, including certain information provided by others. All information provided to us was not audited and was assumed to be correct based on our professional judgement and experience. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the study’s findings.

Very truly yours,

A handwritten signature in black ink that reads 'CSL International' in a cursive, flowing script.

CSL International

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY: Study Overview & Methodology

KEY PROJECT OBJECTIVES



Estimate the demand for incremental event and attendance utilization within the Philadelphia metro area due to presence of additional arena



Estimate the annual financial performance of these incremental events and the direct economic and tax revenue impacts to the City of Philadelphia, School District, and Commonwealth of Pennsylvania.



Evaluate the potential of the Philadelphia metro area to support two major league arenas

STUDY METHODOLOGY

MARKET RESEARCH: USED TO ANALYZE MARKET POTENTIAL FOR NEW ARENA TO BENCHMARK PERFORMANCE



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EVENT ANALYSIS



LOCAL MARKET
CONDITIONS



COMPETITIVE
FACILITY
ANALYSIS



MULTI-ARENA
MARKET
ASSESSMENT

ESTIMATES & RECOMMENDATIONS: PROVIDES A BASIS OF ARENA PERFORMANCE TO BE UTILIZED FOR IMPACT MODELING



ESTIMATED EVENT &
ATTENDANCE UTILIZATION

FINANCIAL & IMPACT MODELING: PROVIDES ESTIMATE OF FINANCIAL, ECONOMIC, AND TAX REVENUE IMPACTS



FINANCIAL ANALYSIS



ECONOMIC & FISCAL IMPACTS

EXECUTIVE SUMMARY: Market Overview

LOCAL MARKET CONDITIONS (PHILADELPHIA CBSA)

The Philadelphia metro area or market is defined as the **Philadelphia-Camden-Wilmington, PA-NJ-DE-MD CBSA** ("Philadelphia CBSA"). A CBSA is a U.S. geographic area defined by the U.S. Office of Management and Budget based around an urban center of at least 10,000 people and adjacent areas that are socioeconomically tied to the urban center by commuting. The Philadelphia CBSA includes the City of Philadelphia and many counties, including Philadelphia (PA), Delaware (PA), Chester (PA), Montgomery (PA), Bucks (PA), Burlington (NJ), Camden (NJ), Gloucester (NJ), Salem (NJ), New Castle (DE), and Cecil (MD).



LARGE CBSA POPULATION

The Philadelphia CBSA is the 8th largest market by population in the United States (and includes the 6th largest U.S. city). Among U.S. CBSAs with multiple arenas, Philadelphia would be the 5th largest (of 9).



ABOVE AVERAGE CORPORATE BASE

The Philadelphia CBSA is home to nearly 5,500 corporations*, the third-most among seven similarly-sized CBSAs and 4th among 9 multi-arena CBSAs.



LARGE SHARE OF HIGH-INCOME AND LOW-INCOME RESIDENTS

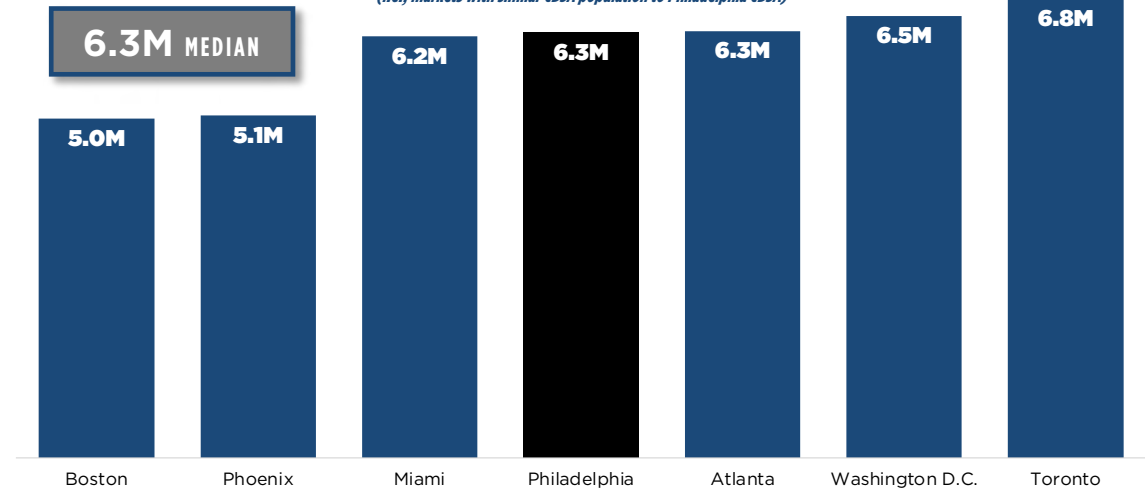
The Philadelphia CBSA has a 19 percent higher proportion of high-income households (\$150K+) than the other top 20 CBSAs (by population) and the 3rd highest cost-of-living-adjusted median household income among multi-arena CBSAs and other similarly sized CBSAs. The CBSA also has the 8th largest poverty rate among the top 20 CBSAs, and among the top 20 cities (not CBSAs) in the United States, the city of Philadelphia has the highest poverty rate.

KEY TAKEAWAY

The Philadelphia CBSA, from which the majority of Arena attendees is anticipated to originate, has a variety of **positive market indicators**, including robust market size and high-income household base, that place it among other markets that support multiple professional arenas and **demonstrate its ability to absorb new events**. The CBSA has some challenges, including a higher share of low-income residents, but overall demographics are within range of other multi-arena markets.

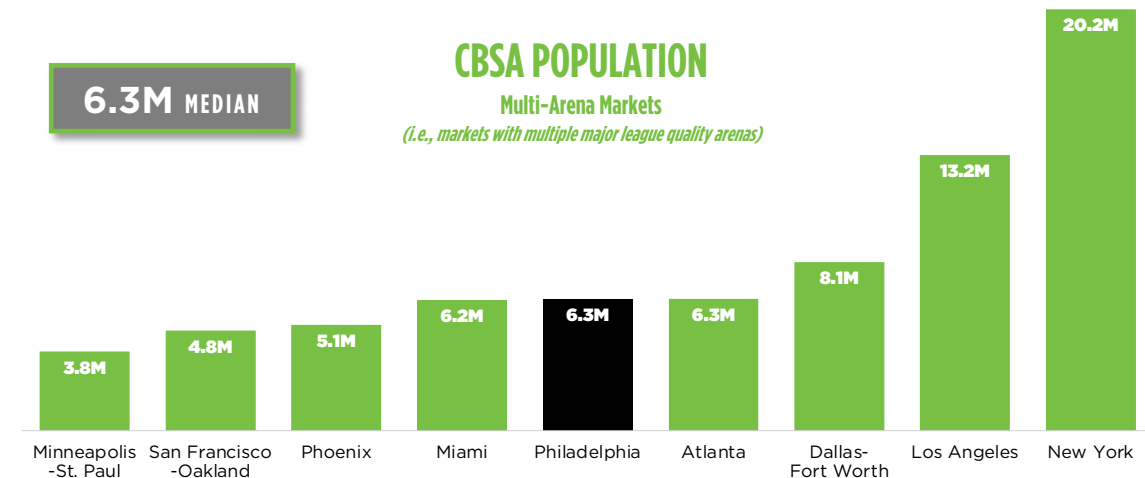
CBSA POPULATION

Similarly-Sized Markets
(i.e., markets with similar CBSA population to Philadelphia CBSA)



CBSA POPULATION

Multi-Arena Markets
(i.e., markets with multiple major league quality arenas)



EXECUTIVE SUMMARY: Estimated Event & Attendance Utilization

ESTIMATED INCREMENTAL EVENT METHODOLOGY



Benchmark Philadelphia CBSA to Other Markets with 2+ Arenas

The Philadelphia CBSA, among 9 markets with dual arenas, ranks near the median in both market population and corporate base, demonstrating the potential ability to host an additional arena.



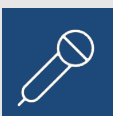
Evaluate Market Penetration for Events

Relative to CBSA population, the Philadelphia CBSA is third to last (131K residents per concert) in terms of concerts per arena per CBSA resident, showing room for growth in concert utilization. Other multi-arena CBSAs comprise 7 of the top 8 in penetration rate (i.e., host more concerts per capita).



Benchmark Third-Party Event Utilization at Comparable Arenas

Among markets with multiple arenas, the average number of concerts hosted at these arenas is 48 per arena. On average, markets with just one arena host an average of 40 concerts annually, increasing to 78 concerts for markets with two arenas. For family shows, dual-arena markets host 85 percent more events annually than single-arena markets. *This demonstrates that additional arena inventory in a marketplace can increase the overall event total.*



Direct Input from Event Promoters

As part of the analysis, CSL received feedback from promoters on the strength of the Philadelphia market and the ability for new events to be absorbed in the market. Overall, promoters were bullish on the ability of the Philadelphia metro area to support an additional arena with incremental events, for concerts, family shows, and other sporting events.

NEW EVENTS TO MARKET

Based on the combined analyses highlighted to the left, below depicts the estimated annual incremental ticketed event load in the Philadelphia CBSA as a result of the presence of a new arena, which would be additive to the existing ~100 third-party events at Wells Fargo Center today



35 Concerts

~463,000 Attendees



15 Family Shows

~118,000 Attendees



3 Other Sporting Events

~32,000 Attendees

KEY TAKEAWAY

CSL estimates the Philadelphia CBSA, with the presence of a second major league arena, could host **53 ANNUAL INCREMENTAL TICKETED EVENTS** and generate approximately **613,000 ATTENDEES** (not inclusive of non-ticketed or private events)

EXECUTIVE SUMMARY: Economic & Fiscal Impacts

Based on the financial operations of the incremental events at the new Arena, CSL estimated the “net new” economic and fiscal (i.e., tax revenue) impacts to the City of Philadelphia, School District, and Commonwealth of Pennsylvania.

“Net New” impacts adjust gross direct spending related to these incremental events for displacement (money that otherwise would have been spent) and leakage (money that leaves the measured economy).

Economic Impacts are presented in the following measures:

- **Direct Spending:** The total net new money spent in accordance with construction and operations of the Arena directly related to incremental events and spending within the Arena.
- **Jobs:** Full-time equivalent (FTE) jobs created as a result of the direct spending (note: FTE assumes 40-hour work week).
- **Personal Earnings:** Personal income earned from the FTE jobs created.

Note: Economic impacts reflect only direct impacts and do not include indirect or induced spending.

KEY TAKEAWAY

Over the course of construction and 30 years of operations, it is estimated that the construction of and incremental events at the proposed Arena would generate \$1.9 billion in present value net new direct spending and 710 jobs to the city of Philadelphia as well as \$390 million in combined net new tax revenue to the City, School District, and Commonwealth.

ECONOMIC IMPACT SUMMARY		
	City	Commonwealth
Construction Impacts (3 Years)		
Direct Spending	\$303.8M	\$615.6M
Jobs (FTE)	260	520
Personal Earnings	\$67.1M	\$136.0M
Annual Impacts (2032)		
Direct Spending	\$107.5M	\$131.6M
Jobs (FTE)	450	550
Personal Earnings	\$34.9M	\$42.7M
Construction + 30-Year Impacts (Present Value 2025\$)		
Direct Spending	\$1.90B	\$2.51B
Jobs (FTE)	710	1,070
Personal Earnings	\$593M	\$767M

Note: Economic impacts are not additive across City and Commonwealth.

Note: Present value assumes a 5% discount rate.

FISCAL IMPACT SUMMARY			
	City	School District	Commonwealth
Construction Impacts (3 Years)			
Sales Tax	\$16.0M	--	\$48.0M
Wage Tax	\$17.5M	--	\$14.7M
Total	\$33.5M	--	\$62.7M
Annual Impacts (2032)			
Sales Tax	\$1.9M	--	\$5.6M
Wage Tax	\$0.5M	--	\$0.4M
Amusement Tax	\$3.9M	--	--
Business Tax	\$2.9M	--	--
Parking Tax	\$0.4M	--	--
Beverage Tax	\$0.04M	--	--
Liquor Tax	--	\$1.0M	--
PILOT*	\$2.2M	\$2.8M	--
Use & Occupancy Tax	--	\$0.5M	--
Total	\$11.9M	\$4.3M	\$6.0M
Construction + 30-Year Impacts (Present Value 2025\$)			
Sales Tax	\$41.7M	--	\$123.3M
Wage Tax	\$20.5M	--	\$17.4M
Amusement Tax	\$61.2M	--	--
Business Tax	\$42.2M	--	--
Parking Tax	\$7.0M	--	--
Beverage Tax	\$0.4M	--	--
Liquor Tax	--	\$15.3M	--
PILOT	\$24.1M	\$30.7M	--
Use & Occupancy Tax	--	\$5.8M	--
Total	\$197.0M	\$51.8M	\$140.7M

* PILOT begins in 2033.

\$390M
Total PV Tax Revenue

EXECUTIVE SUMMARY: Economic & Fiscal Impact - *Scenario Analysis*

The chart to the right is a sensitivity analysis depicting the effect to 32-year economic and fiscal impacts to the city of Philadelphia should third-party events at the proposed Arena differ from CSL estimates (53 total net new events).

Scenarios (compared to base scenario) shown include:

- Increased Concerts (12 Additional Concerts)
- Base CSL Scenario: (All Estimated Incremental Events Included)
- Reduced Concerts: (8 Fewer Concerts)
- Additional Reduced Concerts: (19 Fewer Concerts)
- Reduced Concert & Family Shows: (19 Fewer Concerts and 8 Fewer Family Shows)
- High Reduction: (23 Fewer Concerts and 12 Fewer Family Shows)

As shown, in the Increased Concerts scenario, impacts increase approximately 17 percent, and in the High Reduction Scenario, impacts decrease approximately 39 percent.

It should be noted that in all scenarios, the arena would result in net new revenue.

THIRD-PARTY EVENT SCENARIO ANALYSIS Impact to City of Philadelphia						
Scenario	Increased Concerts	Base CSL Scenario	Reduced Concerts	Additional Reduced Concerts	Reduced Concert & Family Shows	High Reduction
<i>Annual Third-Party Events</i>	65	53	45	34	26	18
Construction + 30-Year Impacts (Present Value)						
Direct Spending	\$2.3B	\$1.9B	\$1.7B	\$1.3B	\$1.3B	\$1.1B
Total Jobs	810	710	640	550	530	490
Personal Earnings	\$709M	\$593M	\$513M	\$405M	\$386M	\$337M
<i>% Difference from Base</i>	+19%	--	-13%	-31%	-34%	-42%
Construction + 30-Year Impacts (Present Value)						
Sales Tax	\$50.4M	\$41.7M	\$35.6M	\$27.5M	\$26.1M	\$22.3M
Wage Tax	\$21.2M	\$20.5M	\$20.1M	\$19.5M	\$19.3M	\$19.0M
Amusement Tax	\$79.3M	\$61.2M	\$48.5M	\$31.6M	\$28.9M	\$21.3M
Business Tax	\$51.3M	\$42.2M	\$35.9M	\$27.4M	\$25.6M	\$21.5M
Parking Tax	\$9.0M	\$7.0M	\$5.6M	\$3.7M	\$3.4M	\$2.5M
Beverage Tax	\$0.5M	\$0.4M	\$0.3M	\$0.2M	\$0.2M	\$0.1M
Liquor Tax*	\$19.5M	\$15.3M	\$12.5M	\$8.6M	\$7.5M	\$5.4M
PILOT*	\$54.7M	\$54.7M	\$54.7M	\$54.7M	\$54.7M	\$54.7M
Use & Occupancy Tax*	\$5.8M	\$5.8M	\$5.8M	\$5.8M	\$5.8M	\$5.8M
Total	\$291.8M	\$248.8M	\$219.1M	\$179.1M	\$171.6M	\$152.6M
<i>% Difference from Base</i>	+17%	--	-12%	-28%	-31%	-39%

* Includes School District impacts.

EXECUTIVE SUMMARY: Competitive Arena Assessment

As part of its analysis, CSL assessed the impact of having multiple arenas within a CBSA across a variety of key arena and team performance indicators, as shown below.

MARKETS WITH MULTIPLE MAJOR QUALITY LEAGUE ARENAS

PHOENIX, AZ*

*Note: Includes Desert Diamond Arena, a major league quality venue for concerts

MINNEAPOLIS-ST. PAUL, MN

NEW YORK, NY

SAN FRANCISCO, CA*

*Note: Includes Oakland Arena, a major league quality venue for concerts

DALLAS-FORT WORTH, TX*

*Note: Includes Dickies Arena, a major league quality venue for concerts

ATLANTA, GA*

*Note: Includes Gas South Arena, a major league quality venue for concerts

MIAMI, FL

LOS ANGELES, CA

FACTORS EVALUATED FOR IMPACTS



MAJOR LEAGUE ATTENDANCE

Major league teams in multi-arena markets had a negative impact of less than 3% on annual home attendance due to competition.



TICKET PRICING

Ticket pricing across both teams is almost equal (+1%) in multi-arena and single-arena markets.



CONCERT UTILIZATION

Concert utilization is slightly higher (+8%) in multi-arena markets, more effectively penetrating the larger market base



SUITE PRICING

Suite pricing is, on average, 12% lower in multi-arena markets as the presence of multiple arenas introduces additional levels of competition for suite sales in the market



NAMING RIGHTS VALUE

Naming rights values per arena are, on average, slightly higher (+8%) in multi-arena markets as these markets have significant depth and breadth of corporate base. In Philadelphia specifically, future naming rights revenue at Wells Fargo Center would not be maximized upon its next renewal, but combined with the second arena, total naming rights revenues would be expected to exceed the combined from one arena alone.

KEY TAKEAWAY

Based on this evidence and CSL's industry experience with arena financial modeling, it is likely that the Wells Fargo Center would be **negatively impacted** especially in terms of suite revenue generation (15% to 25% decrease in revenue) and potential naming rights revenue maximization (20% to 30% decrease in value) upon next renewal as well as the general losses from the removal of annual Sixers games, including rent, concessions, parking, and ticket fee revenue (approximately 25 to 35 percent negative impact in these arena revenues). However, it is not estimated that the presence of a new arena would detract from the third-party event utilization at Wells Fargo Center or the attendance and ticket pricing of its remaining NHL tenant (Flyers). While the new arena would increase competition in the arena marketplace in Philadelphia, CSL estimates that the Philadelphia market would be able to support two arenas and that both arenas would be **financially viable**.



INTRODUCTION

INTRODUCTION

The Sixers, along with the Philadelphia Flyers (NHL), currently play their home games at Wells Fargo Center, located in south Philadelphia at the South Philadelphia Sports Complex, which also includes Lincoln Financial Field (NFL) and Citizens Bank Park (MLB). Recently, the Sixers have been publicly considering and planning the potential construction of their own arena located in downtown Philadelphia adjacent to Chinatown and within the existing Fashion District (above the Jefferson SEPTA station).

While the potential Arena is not planned to open until 2031, the City and its representatives, including the City's public-private economic development corporation, PIDC, have been evaluating the Sixers' proposal. The City and PIDC have been in active discussions with the Sixers to understand the several project components, including lease terms, design and urban planning, traffic and parking, community impact, fiscal impact, and other such items pertinent to City planning and development. The Sixers have already contracted their own impact analysis in terms of tax generation to the City.

To evaluate the potential impacts of a second Arena to the City, PIDC engaged CSL to conduct a market and financial analysis and impact assessment. As part of this process, as outlined to the right, CSL analyzed the historical events at Wells Fargo Center, identified key demographic and socioeconomic characteristics of the Philadelphia CBSA and compared those to other similarly-sized CBSAs and other CBSAs that currently host multiple major league arenas, analyzed the competitive landscape of major entertainment venues in the market and analyzed the impacts of multiple competitive venues within single markets. Based on this market research, CSL estimated incremental and attendance utilization for the new Arena to guide the operating and economic assumptions. Utilizing these estimates, CSL estimated the incremental financial, economic, and tax revenue impacts to the local community.

This report outlines the key findings of CSL's economic analysis for the new Arena and should be read in its entirety to obtain the background, methods, and assumptions underlying the findings.

STUDY METHODOLOGY

MARKET RESEARCH: USED TO ANALYZE MARKET POTENTIAL FOR NEW ARENA TO BENCHMARK PERFORMANCE



ESTIMATES & RECOMMENDATIONS: PROVIDES A BASIS OF ARENA PERFORMANCE TO BE UTILIZED FOR IMPACT MODELING



FINANCIAL & IMPACT MODELING: PROVIDES ESTIMATE OF FINANCIAL, ECONOMIC, AND TAX REVENUE IMPACTS





LOCAL MARKET CONDITIONS

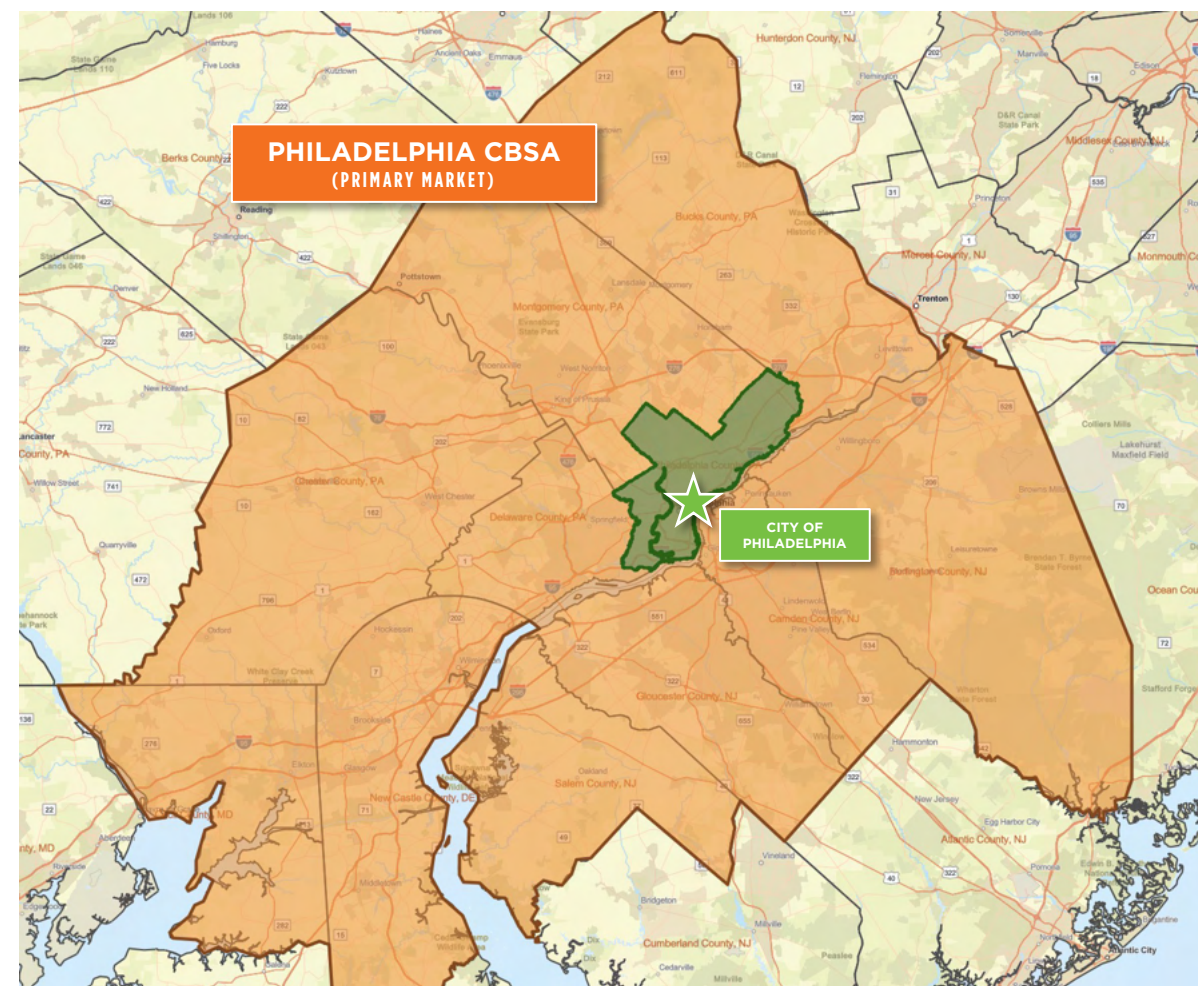
LOCAL MARKET CONDITIONS

The ability of the market to support additional events at a new Arena is dependent, in part, on the demographic and socioeconomic characteristics of the local market.

Based on a historical zip code analysis of Wells Fargo Center attendees, which shows that over 80 percent of Wells Fargo Center attendees originate from within the metro area, the primary market for the new Arena (“Arena”) development is defined as the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (“Philadelphia CBSA” or “Primary Market”). A CBSA is a U.S. geographic area defined by the U.S. Office of Management and Budget based around an urban center of at least 10,000 people and adjacent areas that are socioeconomically tied to the urban center by commuting. The Philadelphia CBSA includes the city of Philadelphia and many surrounding counties, including Philadelphia (PA), Delaware (PA), Chester (PA), Montgomery (PA), Bucks (PA), Burlington (NJ), Camden (NJ), Gloucester (NJ), Salem (NJ), New Castle (DE), and Cecil (MD).

The remainder of this section evaluates key demographic indicators of the Primary Market, as well as those of the city of Philadelphia, relative to other top CBSAs* in the United States, including other markets of a similar size to Philadelphia and markets currently or planning to support multiple major-league quality arenas.

** Top 20 CBSAs by population in the United States include: New York (20.2M), Los Angeles (13.2M), Chicago (9.6M), Dallas-Fort Worth (8.1M), Houston (7.5M), Washington D.C. (6.5M), Atlanta (6.3M), Philadelphia (6.3M), Miami (6.2M), Phoenix (5.1M), Boston (5.0M), San Francisco-Oakland (4.8M), Riverside-San Bernardino-Ontario (4.7M), Detroit (4.4M), Seattle (4.1M), Minneapolis-St. Paul (3.8M), Tampa (3.3M), San Diego (3.3M), Denver (3.1M), and St. Louis (2.8M).*



Note: Using CBSA Based on historical zip code data of WFC attendees

PHILADELPHIA CBSA MARKET CHARACTERISTICS

The chart to the right depicts key demographic and socioeconomic variables of the Philadelphia CBSA relative to both the United States and the median of the top 20 CBSAs (by population) in the United States (“Top 20 Median”).

Market Size

As shown, the Philadelphia CBSA contains approximately 6.3 million residents, making it the 8th largest metro area in the United States and 25 percent larger than the Top 20 Median. The market is slightly older than that of the United States (39.9 v 39.1 median age) and projected to grow at a slower rate (0.13 percent v. 0.30 percent). The Top 20 Median is projected to grow 1.8x faster than the Philadelphia CBSA.

Income

Within the Philadelphia CBSA, the median household income is \$83,525, three percent larger than the Top 20 Median and 15 percent larger than the United States. The Philadelphia CBSA has a nine percent higher poverty index than the Top 20 Median (94 v 86), and there is a 10 percent larger share of high income households (\$150,000+) with nearly a quarter of households at this earning level, 29 percent higher than the United States as a whole.

Corporate Base

Corporate support of live entertainment facilities includes the purchase of tickets and premium seating, group outings, advertising, sponsorships, and naming rights and will be a critical component of the success of a new arena. As shown, the Philadelphia CBSA has a corporate base of approximately 5,500, which is 19 percent larger than the Top 20 Median (4,601).

Race & Ethnicity

The Philadelphia CBSA is approximately seven percent less diverse than the U.S. as a whole and 15 percent less than the Top 20 Median. However, there is a significantly larger Black population, 73 percent larger than the Top 20 Median.

Demographic Variable	Philadelphia CBSA		Median of Top 20 U.S. CBSAs (By Population)	United States
Market Size & Residents				
		<u>Rank</u>		
2023 Population	6,292,945	8	5,017,305	337,470,185
Projected Population Growth Rate (2023-28)	0.13%	15	0.36%	0.30%
Median Age	39.9	14	38.2	39.1
Income & Socioeconomics				
Median Household Income	\$83,525	10	\$81,148	\$72,603
Total High Income Households (\$150K+)	607,537	8	515,861	24,876,284
% High Income Households (\$150K+)	24.8%	10	22.6%	19.2%
Poverty Index (to 100)	94	13	86	100
Poverty Rate	11.7%	13	10.7%	12.4%
Corporate Base				
Total Corporations*	5,462	7	4,601	1,980,299
Race & Ethnicity				
Diversity Index (out of 100)	67.0	16	78.6	72.1
White Population (%)	60%	7	48%	61%
Black Population (%)	21%	4	12%	12%
Hispanic Population (%)	11%	17	24%	19%

*Corporate base includes those companies in industries most likely to support local sports and entertainment (e.g., excludes religious, governmental, educational, and/or non-profit entities). These companies also have 25 or more employees and \$5M+ in annual sales.

Note: Diversity index is the percent likelihood of two people being different races, with 100 being most diverse.

Source: ESRI, Hoovers.

CITY OF PHILADELPHIA MARKET CHARACTERISTICS

The chart to the right depicts key demographic and socioeconomic variables of the city of Philadelphia (“City”) relative to both the United States and the median of the top 20 U.S. cities* (by population) in the United States (“Top 20 City Median”).

Market Size

As shown, the City has a population of 1.6 million, the sixth largest in the United States, and is 59 percent larger than the Top 20 City Median. Approximately 25 percent of the Philadelphia’s CBSA population lives within the City (compared to approximately 32 percent among other top 20 markets). The City is projected to grow more slowly than both the Top 20 City Median and the United States by 72 and 58 percent, respectively. The City is younger than the U.S. as a whole (35.9 v 39.1 median age) but slightly older than the Top 20 City Median (35.6).

Income

With the city of Philadelphia, the median household income (\$55,402) is substantially lower than that of the United States (\$72,603 | 24 percent lower) and the Top 20 City Median (\$70,967 | 22 percent lower), with a high poverty rate (74 percent higher than the United States) and low share of high income households (\$150,000+) at 13.9 percent, 27 percent lower than the United States. Compared to the top 20 cities, Philadelphia has the lowest median household income and the highest poverty rate.

Corporate Base

Within the city, the corporate base is 931, or 17 percent of the metro area’s corporate base, and is 23 percent lower than the Top 20 City Median.

Race & Ethnicity

The city is eight percent more diverse than the United States as a whole, with a substantially higher Black population (2.1x). Compared to the Top 20 City Median, the City is slightly less diverse (seven percent) with a 1.8x larger Black population.

*Top 20 cities by population in the United States include: New York (8.7M), Los Angeles (3.9M), Chicago (2.7M), Houston (2.4M), Phoenix (1.6M), Philadelphia (1.6M), San Antonio (1.4M), San Diego (1.4M), Dallas (1.3M), San Jose (1.0M), Austin (1.0M), Jacksonville (1.0M), Fort Worth (1.0M), Columbus (0.9M), Charlotte (0.9M), Indianapolis (0.9M), San Francisco (0.9M), Seattle (0.8M), Denver (0.7M), and Oklahoma City (0.7M).

Demographic Variable	City of Philadelphia	Rank	Median of Top 20 U.S. Cities (By Population)	United States
Market Size & Residents				
2023 Population	1,602,840	6	1,007,847	337,470,185
Projected Population Growth Rate (2023-28)	0.14%	15	0.35%	0.30%
Median Age	35.9	11	35.6	39.1
Income & Socioeconomics				
Median Household Income	\$55,402	20	\$70,967	\$72,603
Total High Income Households (\$150K+)	92,437	11	103,522	24,876,284
% High Income Households (\$150K+)	13.9%	15	20.0%	19.2%
Poverty Index (to 100)	174	20	113	100
Poverty Rate	21.6%	20	14.0%	12.4%
Corporate Base				
Total Corporations*	931	15	1,210	1,980,299
Race & Ethnicity				
Diversity Index (out of 100)	78.2	14	83.8	72.1
White Population (%)	35%	15	44%	61%
Black Population (%)	39%	1	14%	12%
Hispanic Population (%)	16%	16	31%	19%

*Corporate base includes those companies in industries most likely to support local sports and entertainment (e.g., excludes religious, governmental, educational, and/or non-profit entities). These companies also have 25 or more employees and \$5M+ in annual sales.

Note: Diversity index is the percent likelihood of two people being different races, with 100 being most diverse.

Source: ESRI, Hoovers.

MARKET COMPARATORS

As a means to compare the Primary Market (Philadelphia CBSA) to other markets supporting NBA-quality arenas, CSL developed two sets of comparable CBSAs: markets with a similar CBSA population, and CBSAs where two or more major league quality arenas compete for concerts and events. CBSAs of a similar population include: Toronto, Washington D.C., Atlanta, Miami, Phoenix, and Boston. CBSAs supporting two or more major league quality arenas that compete for events include: New York, Los Angeles, Dallas-Fort Worth, Atlanta, Miami, Phoenix, San Francisco, and Minneapolis-St. Paul. The remainder of this section compares the key demographic and socioeconomic characteristics of these CBSAs to the Philadelphia CBSA to provide an indication of Philadelphia's market potential to absorb new events at a new downtown arena.

SIMILAR CBSA SIZE SET

Atlanta
Boston
Miami
Phoenix
Toronto
Washington, D.C.

MULTI-ARENA CBSA SET

Atlanta
Dallas-Fort Worth
Los Angeles
Miami
Minneapolis-St. Paul
New York
Phoenix
San Francisco-Oakland

MARKET COMPARATORS | POPULATION

As shown, among similarly-sized CBSAs, the Philadelphia CBSA is 4th in population, approximately equal to the median (6.3 million).

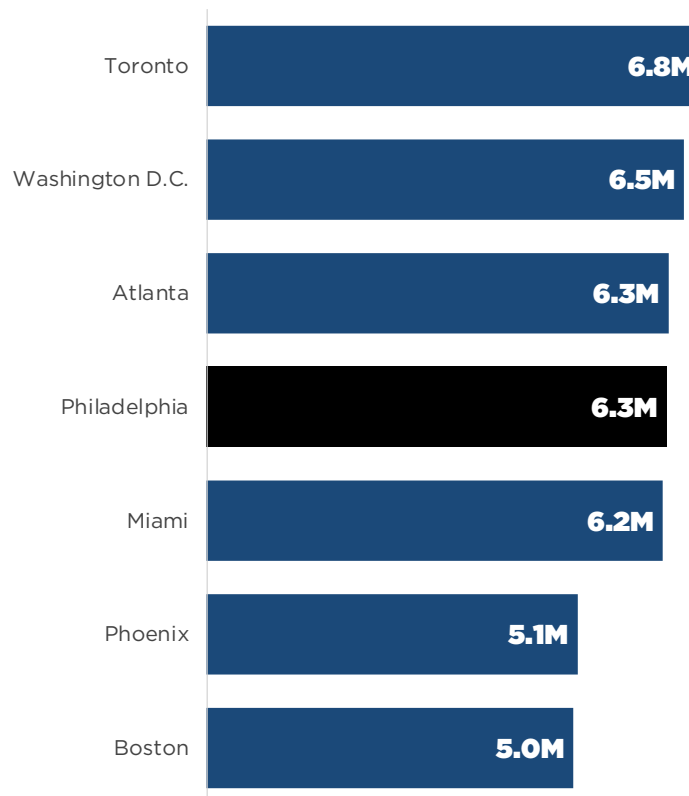
Note: the population set here was specifically chosen for this quality, so Philadelphia is intentionally close to the median.

Among CBSAs supporting multiple arenas, the Philadelphia CBSA ranks 5th of 9 and is also approximately equal to the median (6.3 million). Philadelphia ranking firmly within the comparable set supports the conclusion that the market is able to absorb the event profile of a second arena.

The Philadelphia CBSA population is comparable to other high-population CBSAs and CBSAs supporting multiple arenas.

MARKET POPULATION

Similarly-Sized Markets

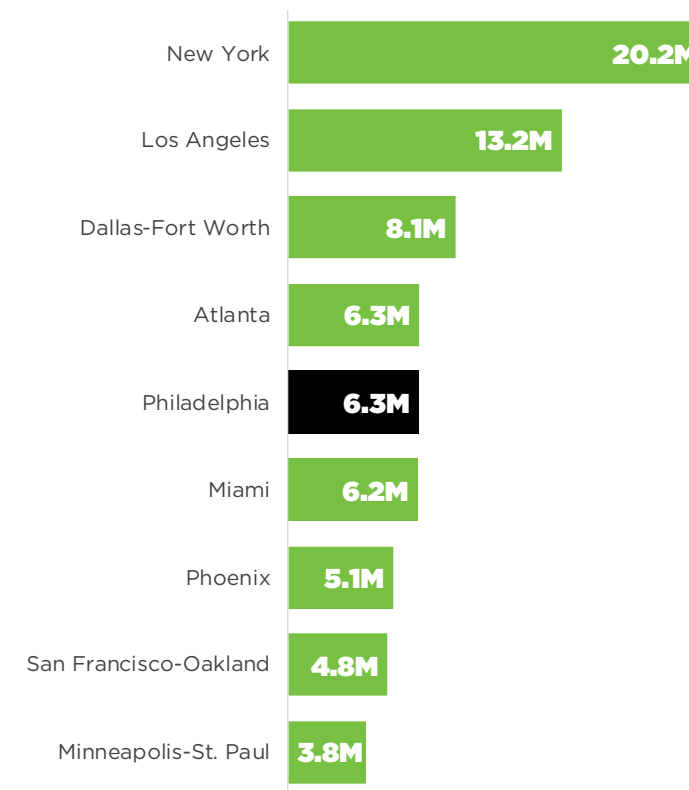


6.3M
MEDIAN

4th | +0%
PHL RANK | TO MEDIAN

MARKET POPULATION

Multi-Arena Markets



6.3M
MEDIAN

5th | +0%
PHL RANK | TO MEDIAN

MARKET COMPARATORS | POPULATION GROWTH

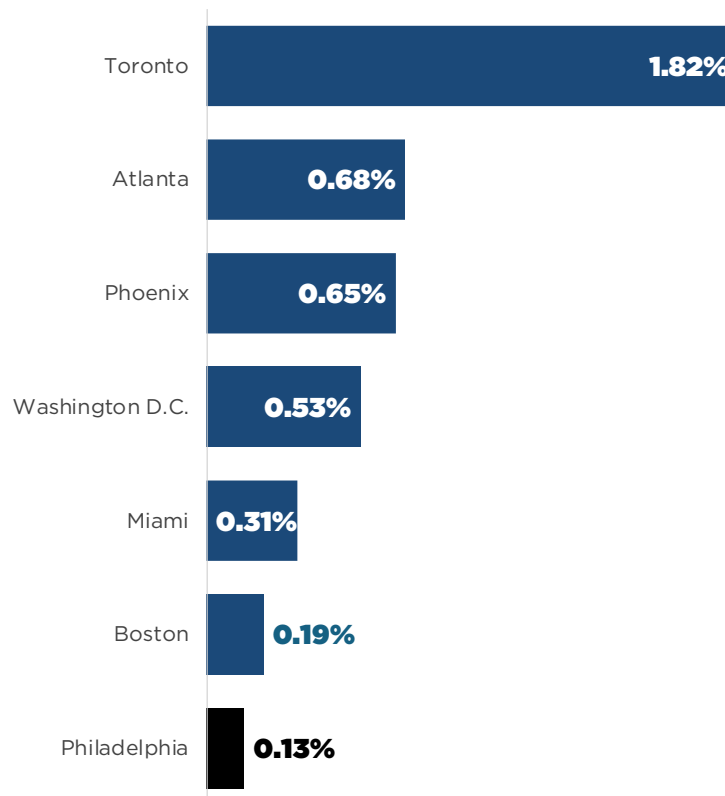
Among similarly sized CBSAs, the Philadelphia CBSA ranks last in projected population growth at 0.13 percent, or 78 percent below the median (0.59 percent).

Among multi-arena CBSAs, the Philadelphia CBSA ranks 7th or 68 percent below the median (0.41 percent), higher than only New York and Los Angeles, which are projected to have negative population growth.

The Philadelphia CBSA is projected to have relatively limited population growth but close to the San Francisco CBSA (2 arenas) and larger than New York (4) and Los Angeles (4).

PROJECTED POPULATION GROWTH (2023-2028)

Similarly-Sized Markets

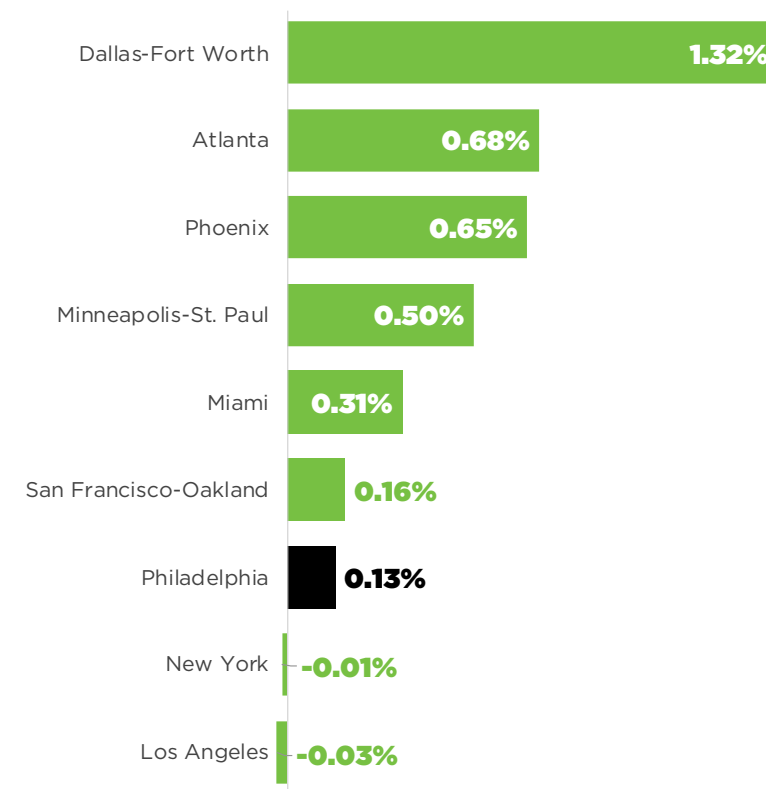


0.59%
MEDIAN

7th | -78%
PHL RANK | TO MEDIAN

PROJECTED POPULATION GROWTH (2023-2028)

Multi-Arena Markets



0.41%
MEDIAN

7th | -68%
PHL RANK | TO MEDIAN

MARKET COMPARATORS | HOUSEHOLD INCOME

The charts to the right depict median household income adjusted for cost of living, as estimated by the Regional Price Parities developed by the Bureau of Economic Analysis (BEA).

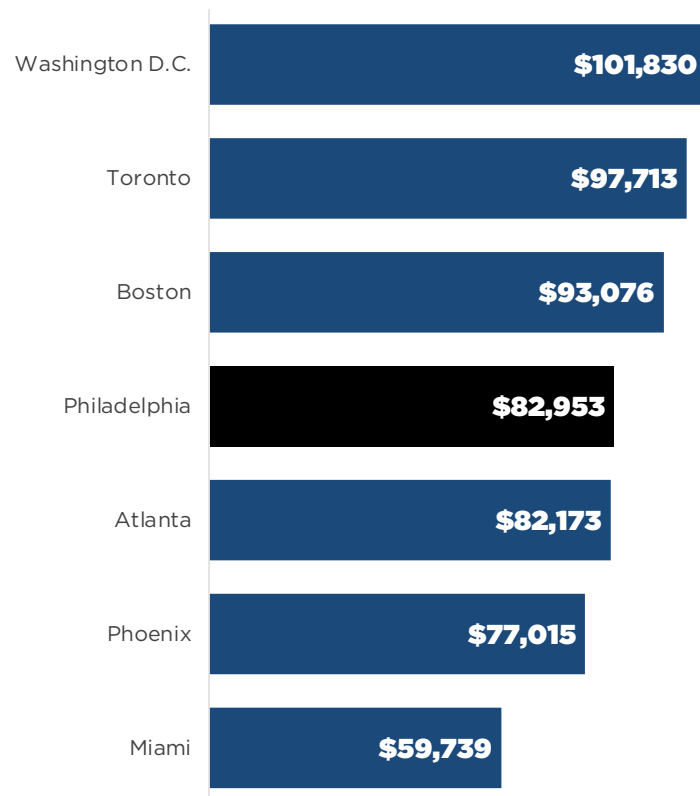
As shown, the Philadelphia CBSA ranks 4th among similarly-sized CBSAs in household income, only five percent below the median (\$87,624).

Among multi-arena CBSAs, the Philadelphia CBSA ranks 3rd, or seven percent above the median (\$77,396).

The Philadelphia CBSA adjusted median household income ranks mid to upper tier among other comparable and multi-arena CBSAs.

ADJUSTED MEDIAN HOUSEHOLD INCOME

Similarly-Sized Markets

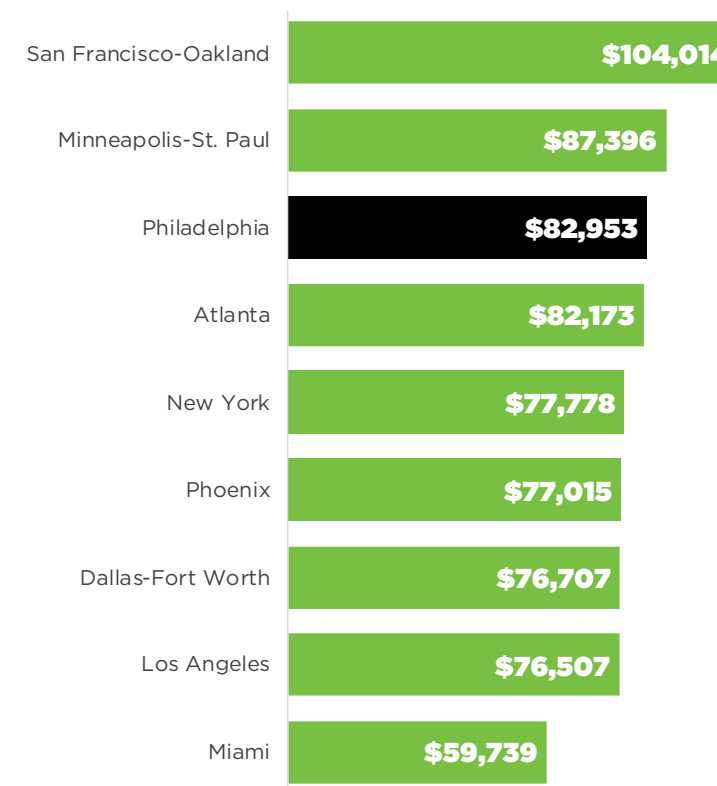


\$87,624
MEDIAN

4th | -5%
PHL RANK | TO MEDIAN

ADJUSTED MEDIAN HOUSEHOLD INCOME

Multi-Arena Markets



\$77,396
MEDIAN

3rd | +7%
PHL RANK | TO MEDIAN

MARKET COMPARATORS | POVERTY INDEX

The charts to the right depict poverty index within each CBSA. Each CBSA is indexed to 100, or the average poverty level of the United States as a whole, so an index below 100 means less poverty than the United States on average. Poverty index is directly proportional with actual poverty rate and is used to ease the comparison process.

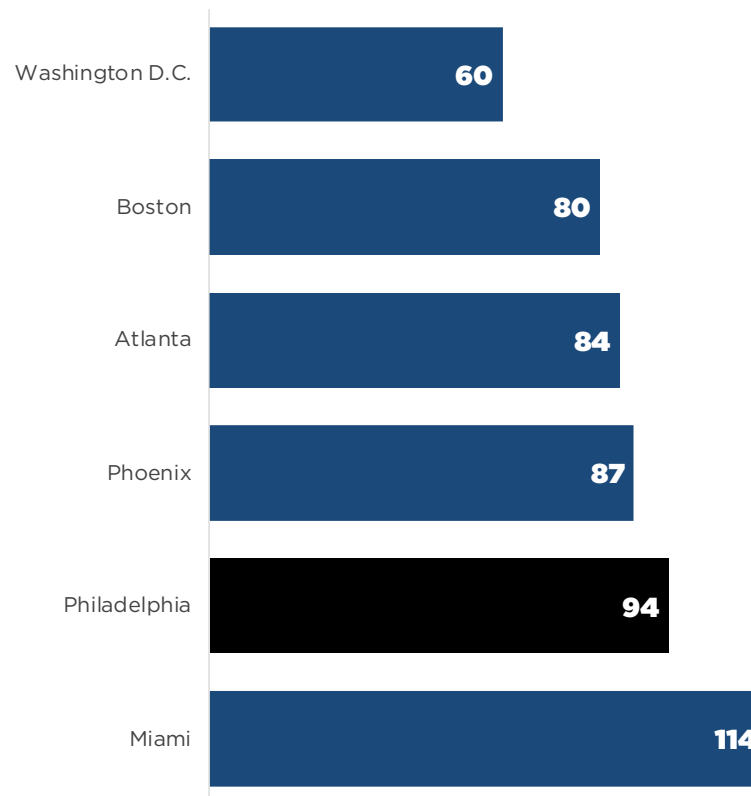
As shown, the Philadelphia CBSA ranks 5th of six similarly-sized CBSAs in poverty index, 12 percent above the median (84).

Among multi-arena CBSAs, the Philadelphia CBSA ranks 6th, or 10 percent above the median (86).

The Philadelphia CBSA has a poverty rate similar to other high-population and multi-arena CBSAs, at 10 to 12 percent above the median.

POVERTY INDEX (TO 100)

Similarly-Sized Markets



84

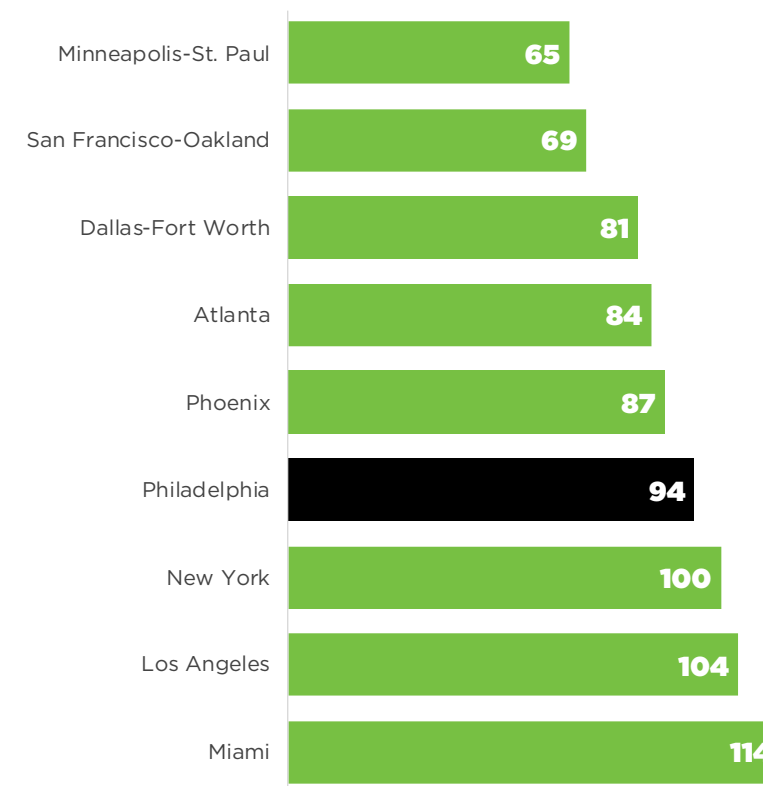
MEDIAN

5th | +12%

PHL RANK | TO MEDIAN

POVERTY INDEX (TO 100)

Multi-Arena Markets



86

MEDIAN

6th | +10%

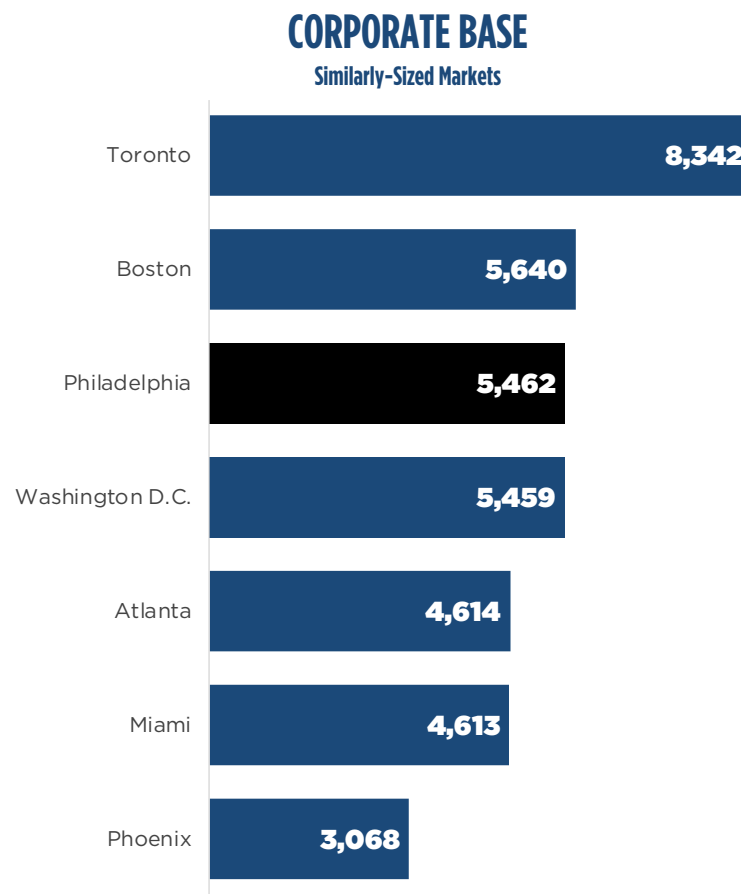
PHL RANK | TO MEDIAN

MARKET COMPARATORS | CORPORATE BASE

As shown, among similarly-sized CBSAs, the Philadelphia CBSA is 3rd in corporate base, approximately eight percent greater than the median (5,037).

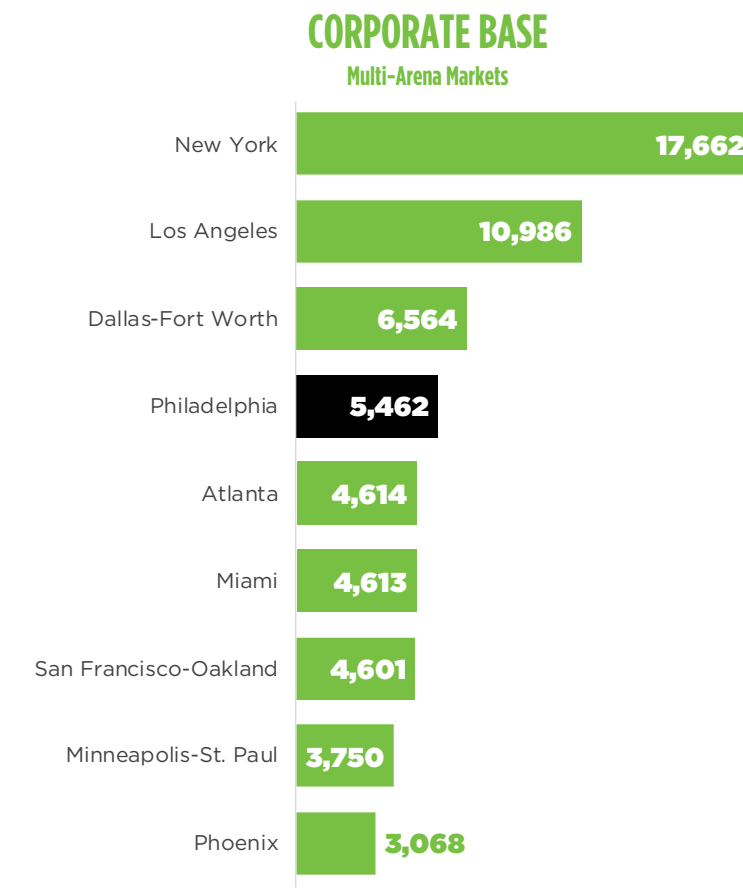
Among CBSAs supporting multiple arenas, the Philadelphia CBSA ranks 4th of 9 and is 18 percent higher than the median (4,614).

The Philadelphia CBSA contains a high-volume corporate base similar to other high-population and multi-arena CBSAs.



5,037
MEDIAN

3rd | +8%
PHL RANK | TO MEDIAN



4,614
MEDIAN

4th | +18%
PHL RANK | TO MEDIAN

KEY TAKEAWAYS

The graphic below presents a summary of key demographic and socioeconomic conditions in the primary market.



LARGE CBSA POPULATION

The Philadelphia CBSA is the 8th largest CBSA by population in the United States (and includes the 6th largest U.S. city). Among CBSAs with multiple arenas, Philadelphia is the 6th largest (of 10).



ABOVE AVERAGE CORPORATE BASE

The Philadelphia CBSA is home to nearly 5,500 corporations, the third-most among similarly-sized CBSAs and 4th among multi-arena CBSAs.



LARGE SHARE OF HIGH-INCOME AND LOW-INCOME RESIDENTS

The Philadelphia CBSA has a 19 percent higher proportion of high-income households (\$150K+) than other top 20 metro areas, but also has the 8th largest poverty rate. Among all top 20 cities in the United States, the city of Philadelphia has the highest poverty rate. However, on a CBSA-basis, the Philadelphia CBSA has the 4th highest adjusted median household income among multi-arena CBSAs and other similarly sized CBSAs.



STRONG MARKET DIVERSITY

The Philadelphia CBSAs has a significantly higher proportion of Black residents than the United States and other Top 20 U.S. metro areas.

MARKET RANKINGS

Variable	Philadelphia CBSA	Rank Among Similarly-Sized Markets (of 7)	Rank Among Multi-Arena Markets (of 9)
Market Population	6,292,945	4th	5th
Population Growth	0.13%	7th	7th
Adjusted Median Household Income	\$82,953	4th	3rd
Poverty Rate	94	5th*	6th
Corporate Base	5,462	3rd	4th



KEY TAKEAWAY

The Philadelphia CBSA has a variety of positive market indicators, including robust population size and high-income household base, that place it among other CBSAs that support multiple professional arenas and demonstrate its ability to absorb new events into the marketplace.

COMPETITIVE ANALYSIS: SUMMARY

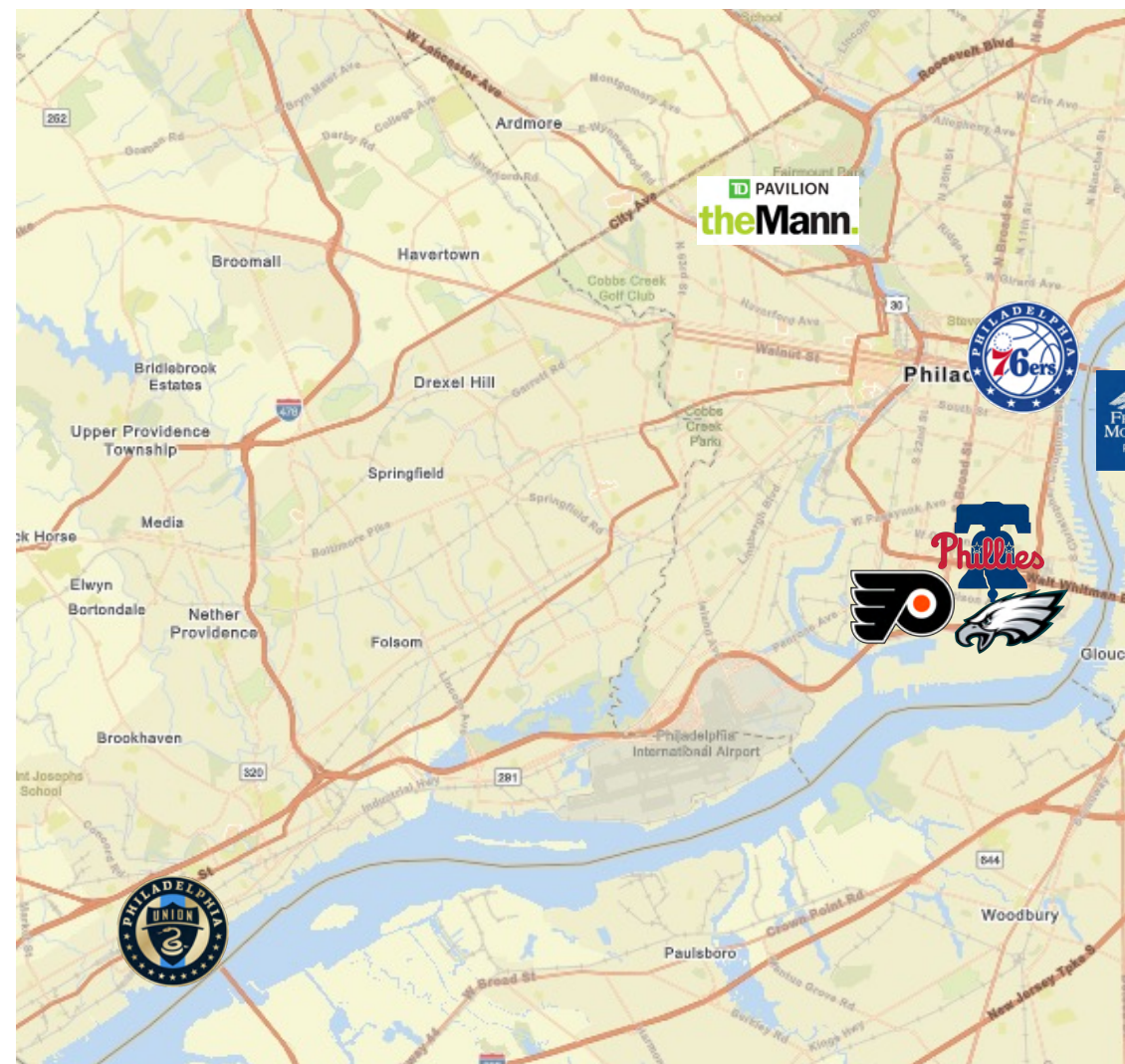
The long-term sustainability and operations at a new Arena could be affected, to some degree, by the local and regional facilities that would compete for the limited supply of events, spectators, disposable income, and corporate dollars within the marketplace. The Philadelphia CBSA includes a variety of sports and entertainment facilities of varying sizes and market-focus. Some facilities in the local marketplace serve shared market segments and would compete directly with a new Arena to host the same events. A summary of the competitive facilities within the local market is shown in the table below.

Competitive Venue Summary						
Venue	Primary Tenant	Indoor / Outdoor	Capacity	Premium %	Third Party Events	Average Attendance
Lincoln Financial Field	Eagles (NFL)	Outdoor	68,532	16.6%	4	53,140
Citizens Bank Park	Phillies (MLB)	Outdoor	42,901	20.6%	4	37,921
Subaru Park	Union (MLS)	Outdoor	18,500	12.9%	1	--*
Wells Fargo Center	Flyers (NHL)	Indoor	20,318	17.9%	88	10,210
Freedom Mortgage Pavilion	--	Outdoor	25,000	1.0%	25	16,373
TD Pavilion at The Mann Center	--	Outdoor	14,000	0.0%	68	11,426
Average	--	--	31,542	11.5%	32	12,958

Note: Project Glow Festival attendance is not publicly available and is not included in average attendance.

As shown, the Philadelphia market includes four major professional sports venues plus the Freedom Mortgage Pavilion and TD Pavilion at the Mann Center for Performing Arts that support concert type events. The Wells Fargo Center is the only comparable all-season indoor venue, and all other venues fill other niche demand based on seasonality and size.

The remainder of this section details key operating and event details from these venues.



WELLS FARGO CENTER: HISTORICAL EVENT ACTIVITY

Analyzing the current tenant and third-party event activity at Wells Fargo Center provides important context for a new arena's ability to host events. Given that the Wells Fargo Center would be the most competitive venue to the new Arena, the table below presents an overview of ticketed events hosted at Wells Fargo Arena over the last three non-COVID-impacted seasons (FY18, FY19, FY22) for which data is available.

EVENT TYPE	FY2018	FY2019	FY2022	AVERAGE
Philadelphia 76ers	44	40	46	43.3
Philadelphia Flyers	45	38	47	43.3
Concert	49	40	37	41.3
Family Show	32	27	37	32.0
Other Sports	30	27	12	23.0
Comedy Show	4	0	2	2.0
TOTAL	204	172	181	185
Other/Non-Ticketed Events	41	74	N/A	58

Source: Average attendances calculated from Pollstar; Event Counts Provided by Comcast. "N/A" means event data was not available at time of report issuance.

As shown, over the past three non-COVID-impacted years, Wells Fargo Center has hosted on average 185 events per year. Approximately 48 percent of events are tenant events (24 percent Philadelphia 76ers home games and 24 percent Philadelphia Flyers home games). Concerts constitute 22 percent of major events while family shows, other sports, and comedy shows make up 17, 12, and one percent, respectively. Additionally, over these three years, there have been an average of 58 other/non-ticketed events at the arena. This brings the average total number of events to 243.

COMPETITIVE ANALYSIS: THIRD-PARTY UTILIZATION SUMMARY

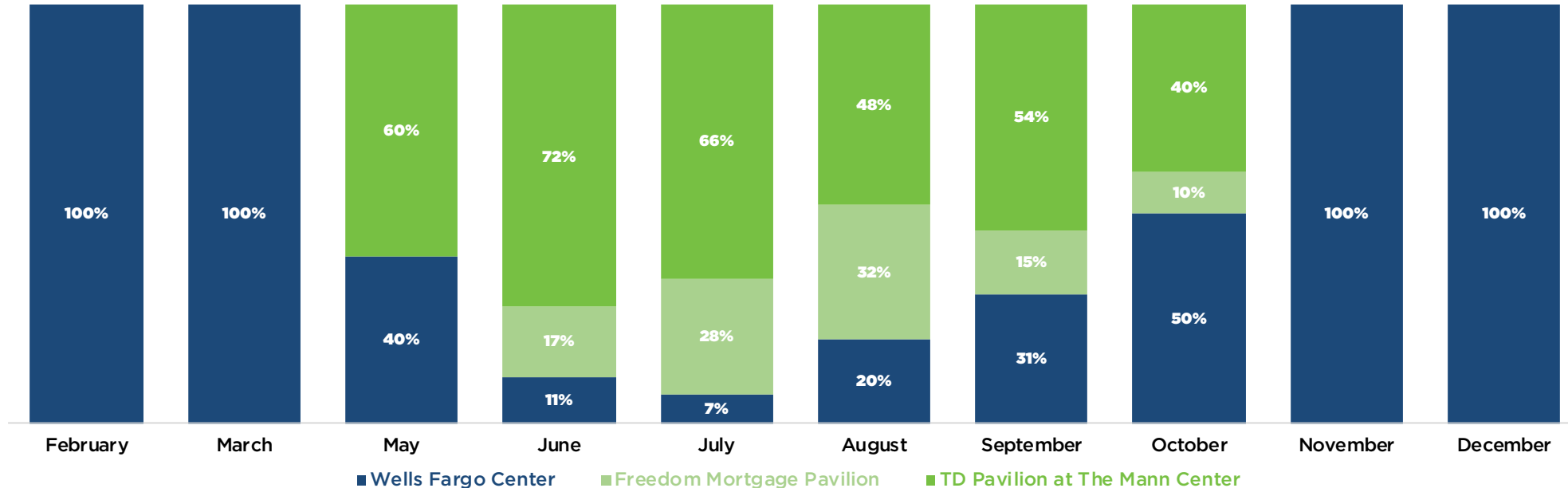
The chart below provides an overview of the third-party event utilization in 2022 at competitive venues. As shown, the competitive venues hosted a total of 190 events with an average attendance of approximately 13,000. While the average Wells Fargo Center, Freedom Mortgage Pavilion, and TD Pavilion at The Mann Center event is approximately 10,000 to 16,000 people, Citizen's Bank Park and Lincoln Financial Field, with their larger capacities, host significantly larger events on average at approximately 37,900 and 53,100 attendees, respectively. Among other sporting venues in the area (NFL, MLB, and MLS), there was a total of nine (9) concerts hosted in 2022, showing that there is little competition for concerts to arena and amphitheater venues.

Third-Party Event Analysis						
Venue	Number of Events	Concerts	Family Shows	Other Sports	Comedy	Average Attendance
Lincoln Financial Field	4	4	0	0	0	53,140
Citizen's Bank Park	4	4	0	0	0	37,921
Subaru Park	1	1	0	0	0	--
Wells Fargo Center	88	37	37	12	2	10,210
Freedom Mortgage Pavilion	25	25	0	0	0	16,373
TD Pavilion at The Mann Center	68	67	1	0	0	11,426
Average	32	23	6	2	0	12,890
Total	190	138	38	12	2	--

Note: Attendance for the Project Glow Festival, which occurred at Subaru Park, is not available

COMPETITIVE ANALYSIS: SEASONALITY

Arenas and amphitheaters, while similar in their ability to provide a venue for live events of a similar size, have key differences that prevent them from directly competing with each other for live events. The first difference has to do with the capabilities provided to the tours. Arenas and amphitheaters require and allow for different rigging configurations for stages. Most often, tours choose between being an “amphitheater tour” or an “arena tour”, as the setup and operations often the concerts are significantly different in these different types of venues. Additionally, amphitheater and arenas have different seasonality in their markets, with amphitheaters seeing higher utilization in the summer and lower in the winter. The chart below provides a breakdown of the concert market share for the Wells Fargo Center and the local amphitheaters by month in 2023. As shown, while the Wells Fargo Center hosts concerts throughout the year, all amphitheater events are between May and October. The amphitheater’s season is squarely in the summer where it overwhelmingly dominates from June through August. Additionally, the amphitheater is busiest with concerts during the season that the Wells Fargo Center sees fewer shows. This illustrates that while amphitheaters make up an important part of the concert market, they fill a different role than arenas and thus **do not directly compete** with them for event bookings.



Note: No events identified in January or April 2023.



ESTIMATED THIRD-PARTY EVENT UTILIZATION

INTRODUCTION

The purpose of this section is to estimate the potential incremental third-party event utilization that could be added to the Philadelphia market due to the proposed Arena. The estimates contained herein are based on comparable benchmarking of event and attendance utilization at similar arenas around the country as well as the local market characteristics including the competitive landscape for sports and entertainment within the Philadelphia market.

The section will be presented in the following order:



Concerts



Family Shows



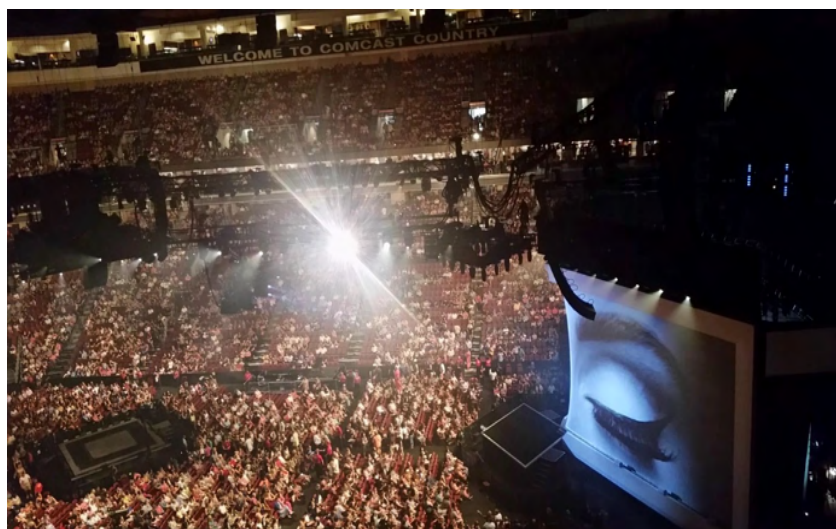
College Basketball



Combat Sports



Other Events



CONCERTS: HISTORICAL ACTIVITY

The chart to the right provides an overview of the historical concert utilization at the Wells Fargo Center since 2018. As shown, since 2018, the Wells Fargo Center has averaged approximately 42 concerts annually when excluding 2020 and 2021 due to the effects of the COVID-19 pandemic (31 on average in 2018-2023). These concerts see an average attendance of approximately 10,200.

During this time, the arena saw performances by major artists including Childish Gambino, Harry Styles, the Eagles, and more.

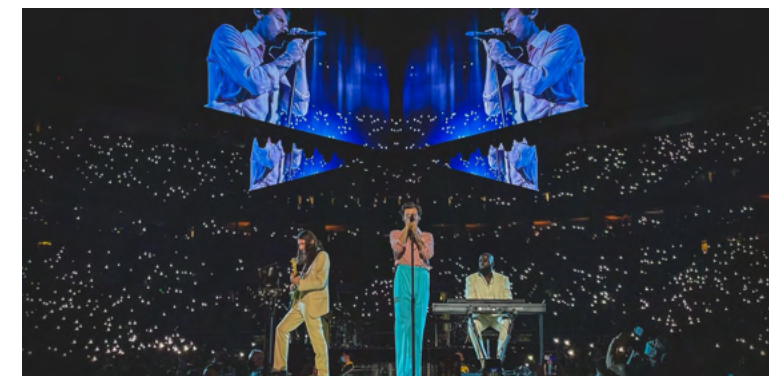
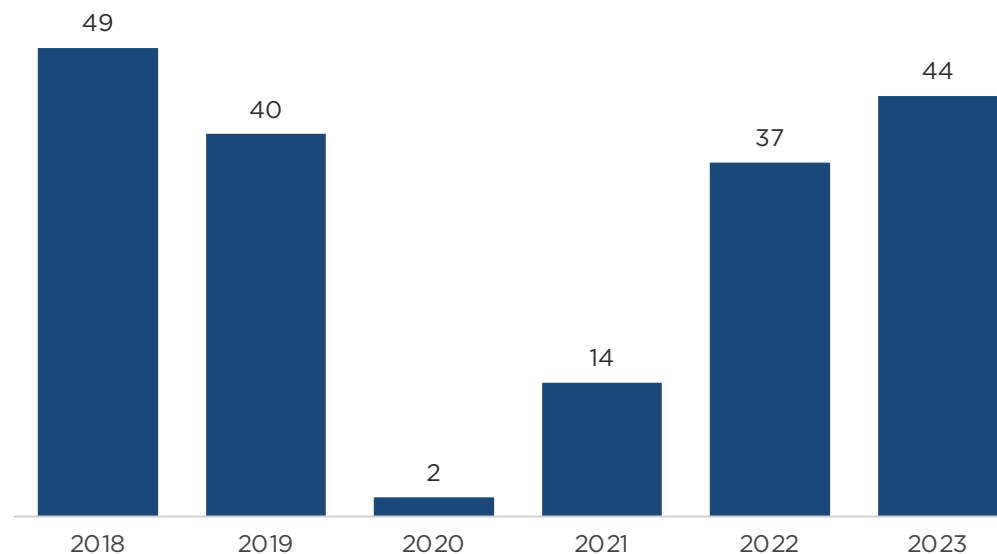
42

AVERAGE COVID
ADJUSTED CONCERTS

31

AVERAGE CONCERTS
2018-2023

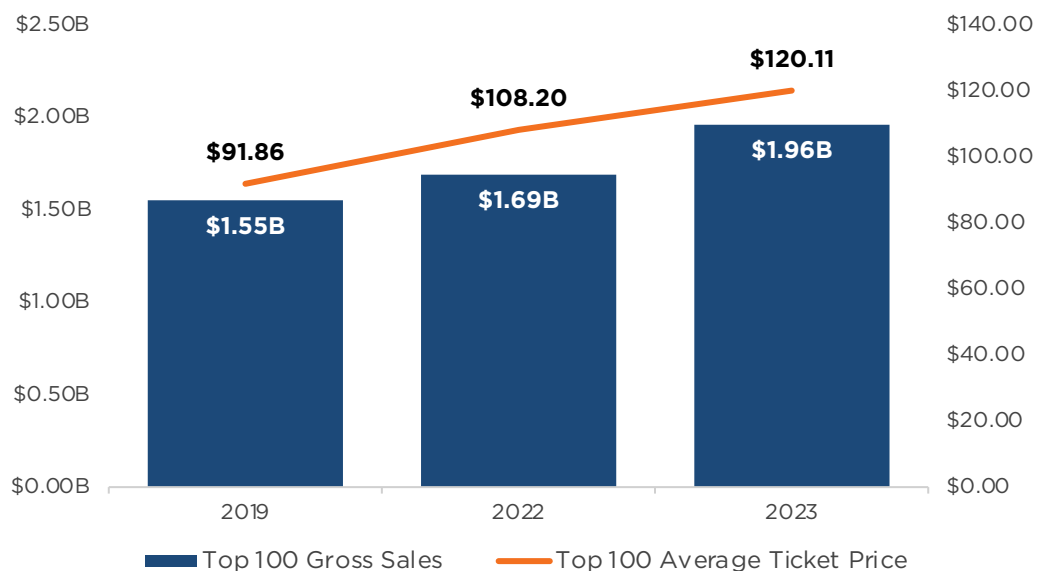
WELLS FARGO CENTER HISTORICAL CONCERT UTILIZATION SINCE 2018



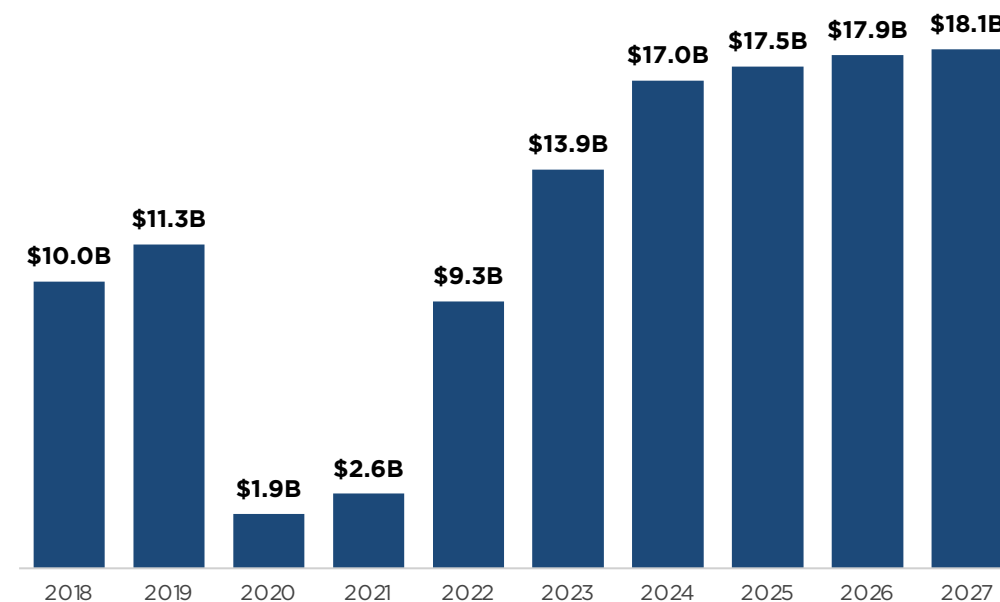
CONCERTS: INDUSTRY OVERVIEW

The North American concert market has demonstrated robust growth in recent years. For example, Live Nation, one of the largest concert promoters in the country has seen on average a five percent annual growth in promoted concerts from 2008 to 2022. This growth has continued to be strong coming out of the COVID-19 pandemic. According to live event publication Pollstar, the top 100 tours in North America saw gross sales of approximately \$1.69 billion in 2022, approximately a nine percent increase over 2019. Additionally, their mid-year 2023 report estimates that by the end of the year there would be approximately \$1.96 billion in gross sales for the top 100 North American tours, a 16 percent increase. These gross sales figures are based off an 18 percent increase of ticket prices in 2022 vs 2019 and a 11 percent increase in 2023 vs 2022. This growth is expected to continue with total U.S. music event ticket revenue expected to grow at an average of 6.1 percent annually between 2018 and 2027. In recent years, attendance and concert events from Live Nation have grown by an average of 20 percent year-over-year. Together, there has been robust historical growth in the concert industry, including a strong resiliency from the COVID-19 pandemic.

AVERAGE TICKET PRICES & GROSS SALES TOP 100 NORTH AMERICAN TOURS



TOTAL U.S. MUSIC EVENT TICKET REVENUE

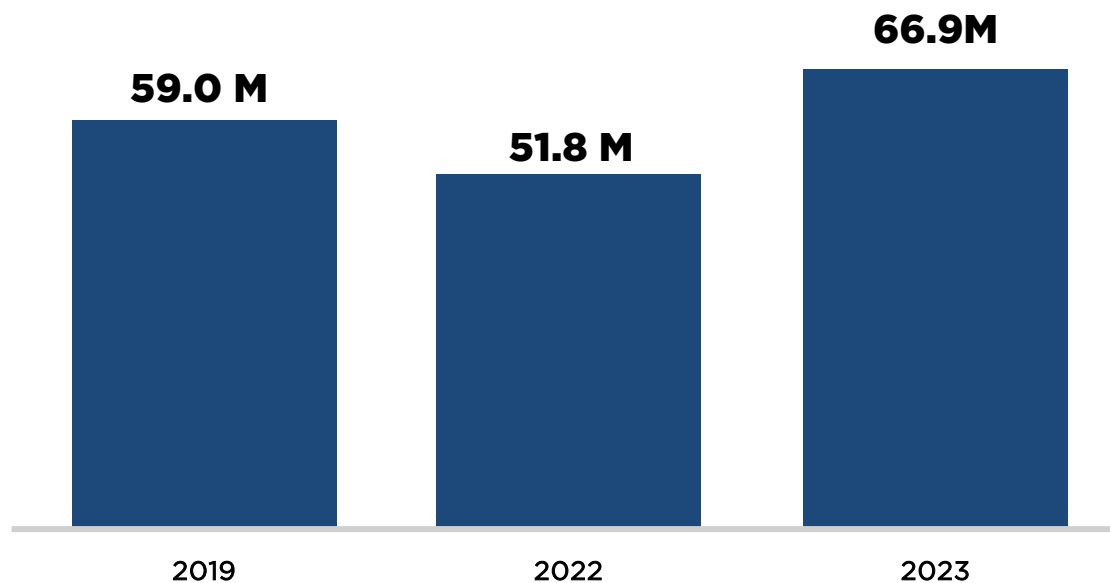


Source: Statista.

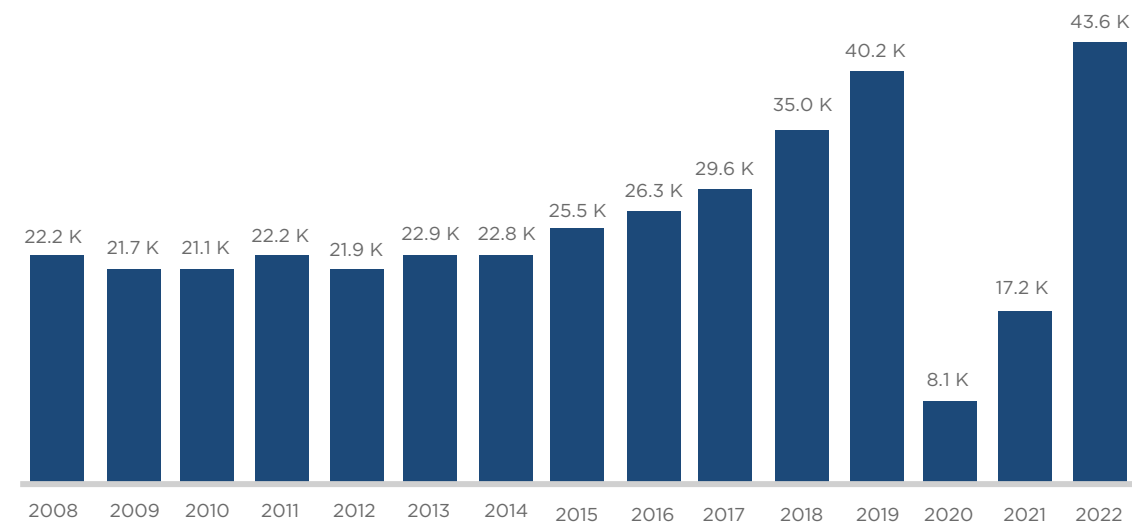
CONCERTS: MARKET GROWTH

The charts below provide additional data on the growth of the concert market in recent years. The chart on the bottom left provides a summary of the number of tickets sold at the top 200 arenas worldwide in 2019, 2022 and 2023. As shown, 2023 had the highest ticket sales in recent years (66.9 million), showing a rebound from the COVID-19 pandemic. The chart on the right provides a summary of the number of Live Nation promoted concerts and festivals annually. Live Nation is one of the largest live entertainment companies in the world and in 2023 CNBC estimated that they controlled approximately 70 percent of the ticketing and live events venue market, effectively making them a reasonable proxy for the industry as a whole. Since 2008, Live Nation has seen a five percent annual increase in promoted events, a similar number to the increase in ticket sales at the top 200 arenas. Event counts from 2008 to 2014 held steady but saw eight percent annual growth over the last 9 years. In general, concert touring has increased due to changes in the music industry, such as the advent of streaming and decline of album sales, which has contributed to a reliance on touring for artist income. Additionally, sports and entertainment venues around the country have become more aggressive in booking concerts as increased costs have created more pressure to host high-revenue-generating events, like concerts.

**TICKET SALES (# of Tickets Sold)
GLOBAL TOP 200 ARENAS**



GLOBAL LIVE NATION PROMOTED CONCERTS & FESTIVALS (# of Events)



CONCERTS: MARKET PENETRATION

In order to determine whether the Philadelphia concert market can support an additional Arena, it is useful to consider the penetration (residents per arena per arena concert) of that market. The chart to the right provides an overview of the arena-concert penetrations for all 38 U.S. NBA and NHL markets.

As shown, Philadelphia has a penetration rate of 131,054 residents per concert per arena. This penetration rate is nearly 132 percent higher than the average of NBA and NHL markets' penetration rate of 56,456, demonstrating Philadelphia's relative undersaturation. The average penetration among markets with two arenas is 38,055, which shows that **even if Philadelphia had two arenas, it would be the least saturated of two arena markets.**

Based on this analysis, given the average penetration of markets with two arenas and the population of Philadelphia, it is implied that Philadelphia would have 83 arena concerts, an increase of 41 from its current average 42.

Similarly sized concert venues (i.e. Amphitheaters, Stadiums, etc.) are excluded from this analysis due to the fact that tours generally stay at one type of venue, having limited overlap between arenas and amphitheaters for instance. This is due in part to the size of the shows, the schedule and timing of these tours, as well as the different set up required for shows in different venue types.

83

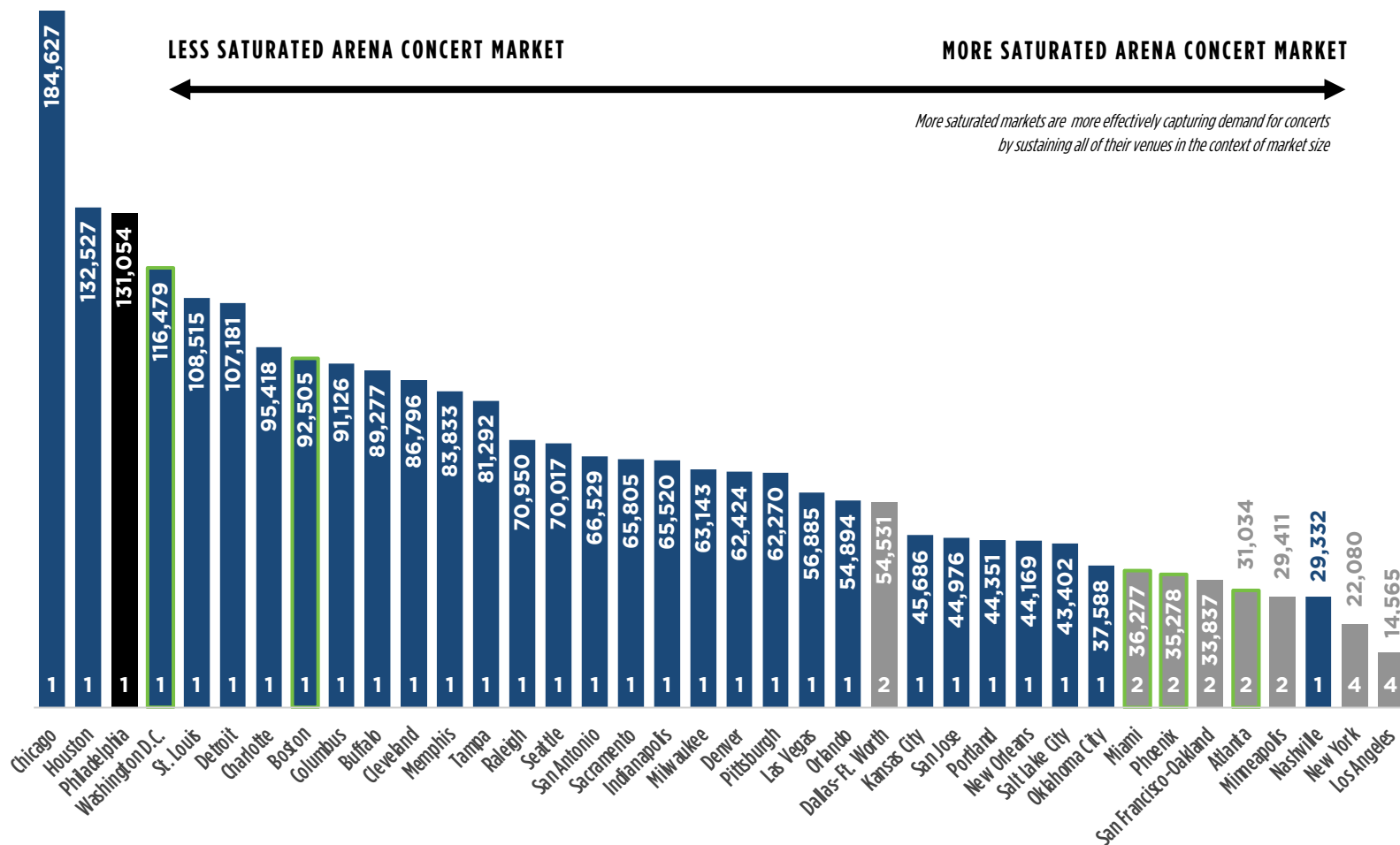
PENETRATION-CALCULATED
ARENA TOTAL MARKET SIZE

41

PENETRATION-CALCULATED
NEW ARENA CONCERTS

Penetration = Population/Arena Concerts/Arenas

RESIDENTS PER ARENA PER CONCERT OF NBA AND NHL MARKETS



Note: **Grey** bars represent multi-arena markets and **green** outlines represent markets similarly-sized to Philadelphia. Averages exclude Philadelphia.

Source: Pollstar, ESRI.

CONCERTS: AMPHITHEATER ANALYSIS

While amphitheatres do not provide direct competition to arenas for concerts, given the presence of major, successful amphitheatres in Philadelphia, it is useful to examine the presence of amphitheatres in other markets with NBA and NHL Arenas. The chart to the right provides an overview of whether a top 50 worldwide amphitheater is located in one of the 38 domestic NBA and NHL markets.

As seen, 23 of 38 (61 percent) domestic markets with NBA or NHL arenas have a top 50 worldwide amphitheater. As shown, this includes every market with multiple arenas except Minneapolis.

Ultimately, based on this analysis and previous assessment of the amphitheater seasonality contained herein, the presence of high-performing outdoor amphitheatres in major markets do not meaningfully impact the concert business in indoor major league arenas.

61%

PROPORTION OF U.S. NBA/NHL MARKETS
WITH A TOP 50 AMPHITHEATER

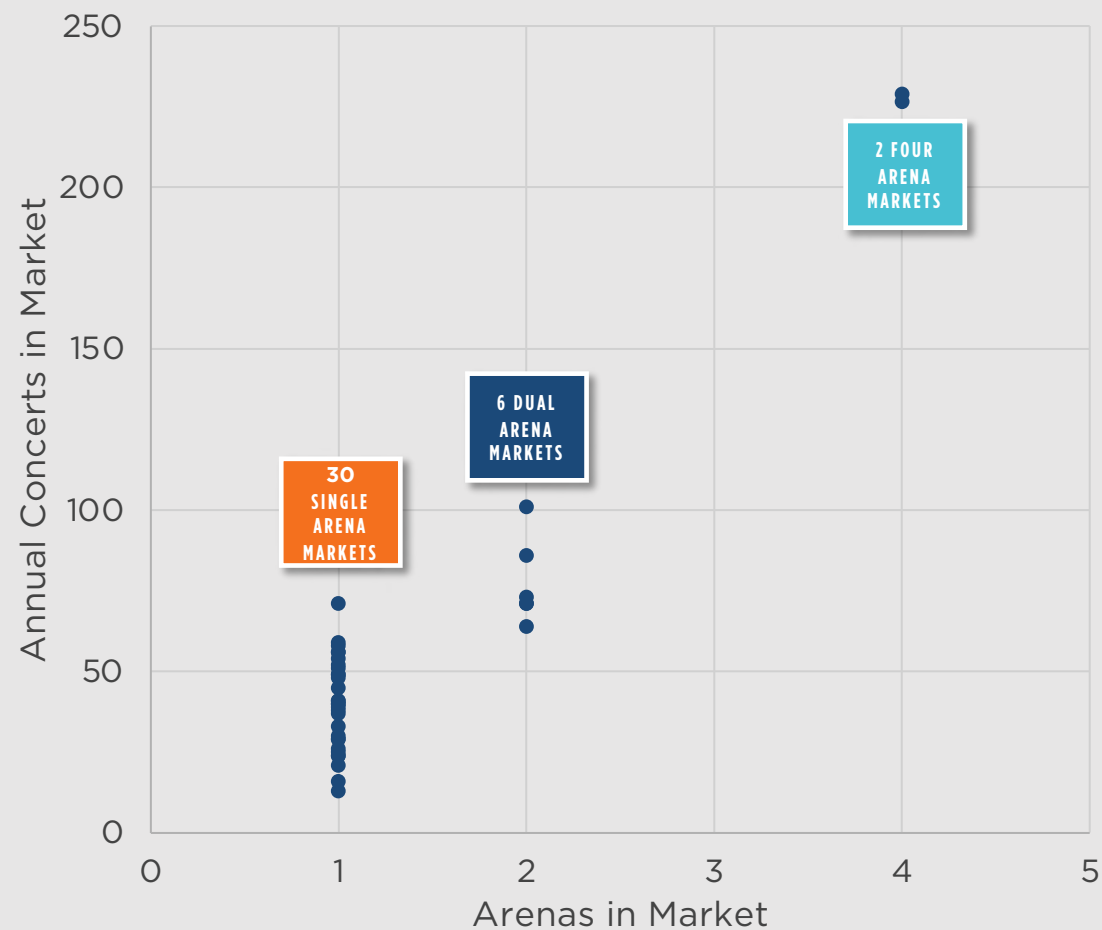
88%

PERCENT OF MULTIPLE ARENA MARKETS
WITH A TOP 50 AMPHITHEATER

Saturation Rank	Market	# of Arenas	Top 50 Amphitheater
1	Los Angeles	4	Yes
2	New York	4	Yes
3	Nashville	1	No
4	Minneapolis	2	No
5	Atlanta	2	Yes
6	San Francisco-Oakland	2	Yes
7	Phoenix	2	Yes
8	Miami	2	Yes
9	Oklahoma City	1	No
10	Salt Lake City	1	Yes
11	New Orleans	1	No
12	Portland	1	Yes
13	San Jose	1	Yes
14	Kansas City	1	No
15	Dallas-Ft. Worth	2	Yes
16	Orlando	1	No
17	Las Vegas	1	No
18	Pittsburgh	1	No
19	Denver	1	Yes
20	Milwaukee	1	Yes
21	Indianapolis	1	Yes
22	Sacramento	1	No
23	San Antonio	1	No
24	Seattle	1	No
25	Raleigh	1	Yes
26	Tampa	1	Yes
27	Memphis	1	No
28	Cleveland	1	No
29	Buffalo	1	No
30	Columbus	1	No
31	Boston	1	Yes
32	Charlotte	1	Yes
33	Detroit	1	Yes
34	St. Louis	1	Yes
35	Washington D.C.	1	Yes
36	Philadelphia	1	Yes
37	Houston	1	Yes
38	Chicago	1	Yes

CONCERTS: ARENA BENCHMARKING

ARENAS IN MARKET VS TOTAL ARENA CONCERTS



The chart to the left provides an overview of the total arenas in a market against the number of arena concerts in that market for all 38 U.S. NBA and NHL markets. As shown, on average single arena markets host approximately 39.5 arena concerts while dual arena markets host 77.7 arena concerts (38.9 per arena) (95 percent increase). While there are no three arena markets in the NBA or NHL, four arena markets host on average 227.8 concerts (56.95 per arena) (193 percent higher than two arena markets).

39.5

AVERAGE SINGLE ARENA
MARKET CONCERTS

77.7

AVERAGE DUAL ARENA
MARKET CONCERTS

227.8

AVERAGE FOUR
ARENA MARKET CONCERTS

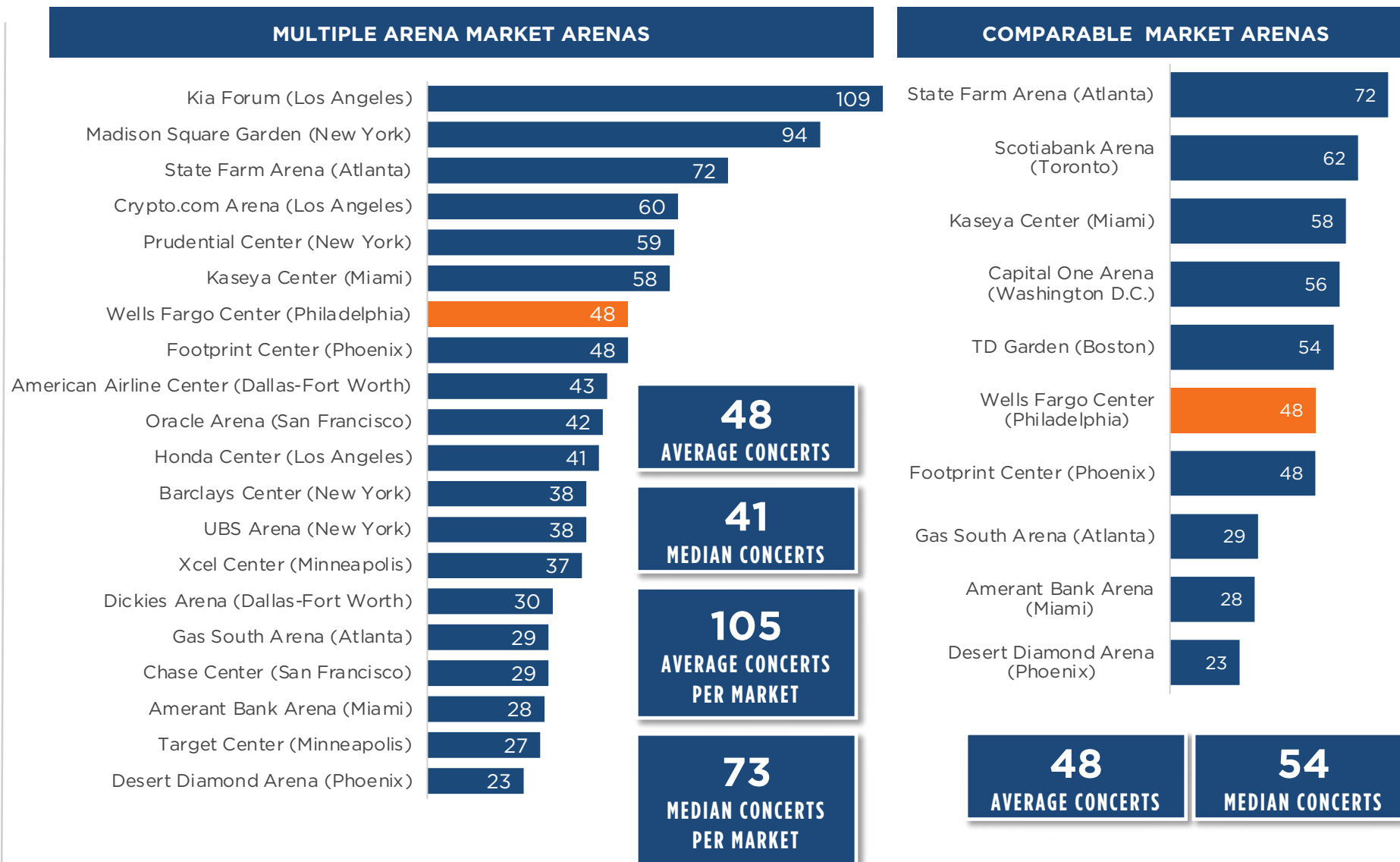
CONCERTS: ARENA BENCHMARKING

In addition to evaluating the Philadelphia market, it is important to understand the typical concert utilization among arenas in comparable markets around the country. The charts to the right provide an overview of the concerts performed at venues in multiple arena markets and in comparable markets.

The leftmost chart provides an overview of the concerts performed at venues in multiple arena markets in 2022. As shown, there were an average of 48 concerts in arenas in multiple arena markets ranging from a high of 109 in the Kia Forum to a low of 23 in Desert Diamond Arena.

In comparable markets, the arenas average 48 concerts ranging from a high of 72 in State Farm Arena to a low of 23 at Desert Diamond Arena. Further, many of these event counts are not the same events. For instance, TD Garden in Boston has, on average in the last three non-COVID-impacted years, hosted 11 third-party tours that did not play in the Philadelphia market, including 19 in 2023.

Based on this analysis, arenas operating in multi-arena markets have the ability to sustain comparable levels of concert activity.



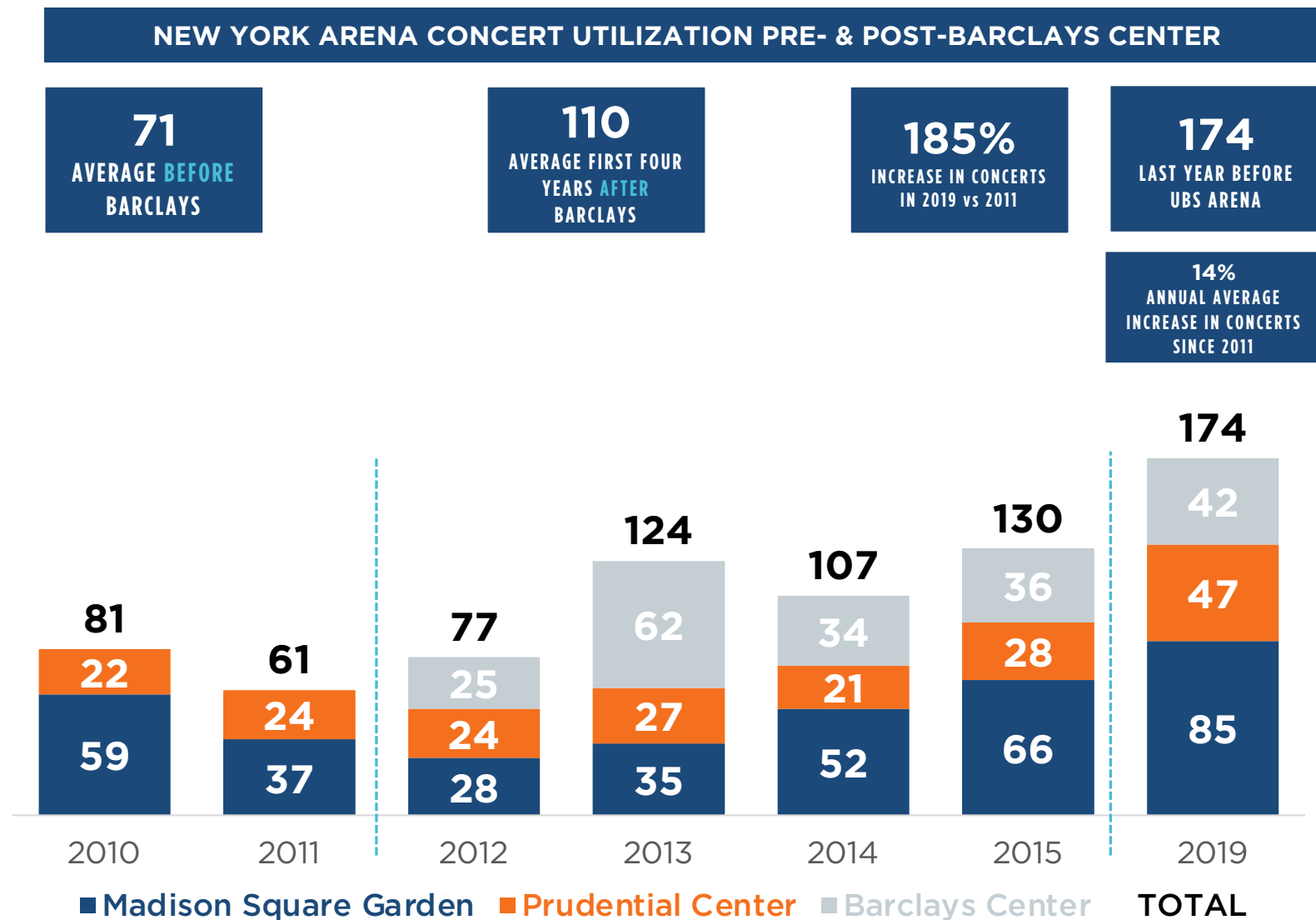
Note: Medians and averages exclude Wells Fargo Center
Source: Pollstar

CONCERTS: NEW ARENA EFFECT ANALYSIS *New York*

The proposed Arena would be opening in a market in which another major arena is already present. In order to understand the impact of an additional arena on a concert market, it is important to analyze what happened in other markets that gained an additional arena.

When Barclays Center opened in Brooklyn, New York in 2012, it entered a market where it competes for events with other arenas that were already in the market such as Madison Square Garden and the Prudential Center. To assess the potential impact of existing in-market competition for the proposed Arena, the chart to the right provides an overview of the New York City arena concert market before and after the Barclays Center opened.

As shown, prior to the opening of the Barclays Center, New York City saw an average of 71 arena concerts. In the four years that followed the opening of Barclays Center, the market grew to 110 average annual concerts (55 percent increase). By 2019, the last year before the opening of UBS Arena, the market had increased to 174 concerts (145 percent increase). Not only did Barclays Center host 42 additional annual concerts in 2019, but it did not cannibalize concerts from the existing Madison Square Garden and Prudential Center which saw 129 and 95 percent increases in 2019 over 2011, respectively.



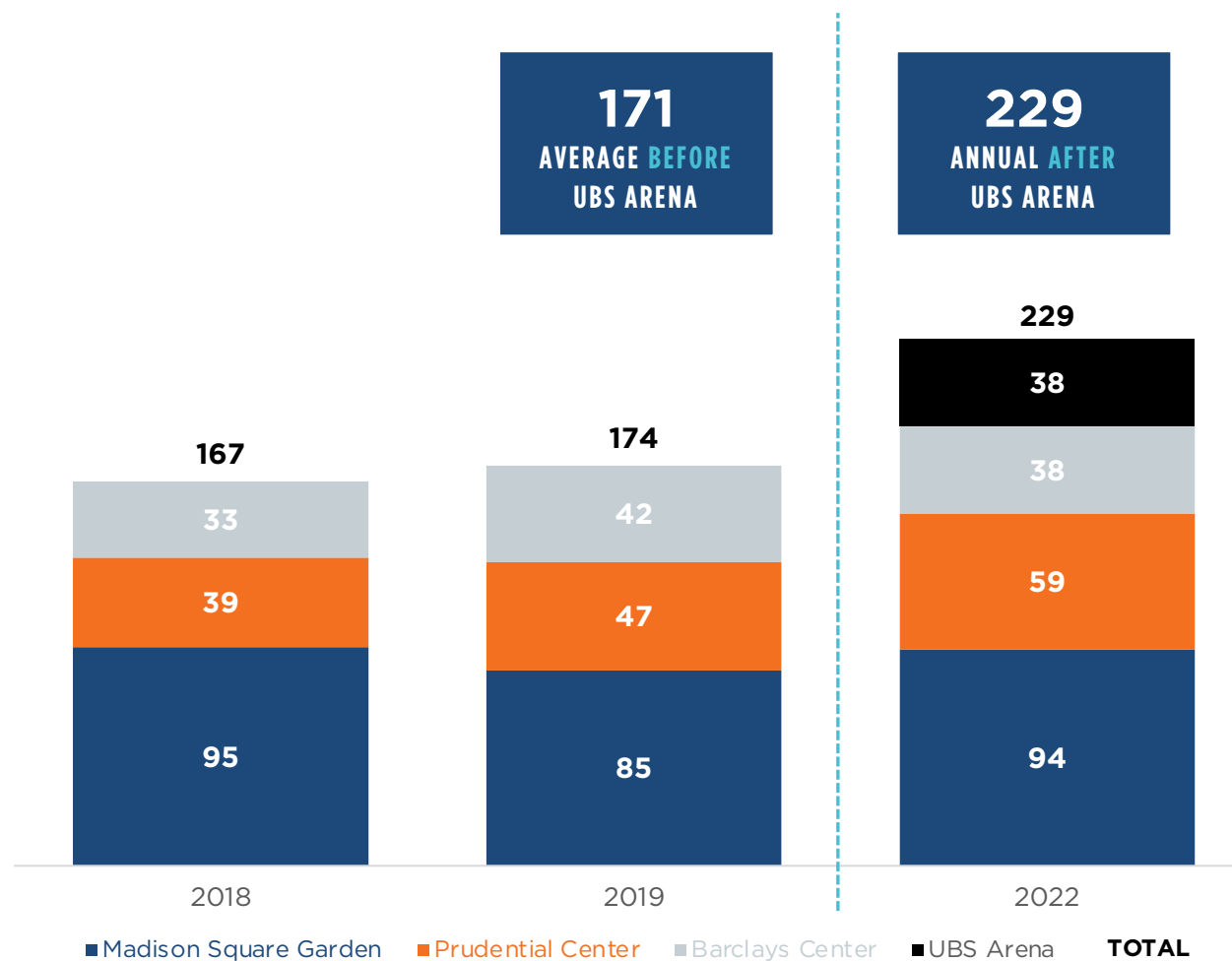
Note: Years shown represent the years immediately prior to and immediately following the opening of the Prudential Center, as well as the latest non-Covid affected year before the opening of UBS Arena.

Source: Pollstar

CONCERTS: NEW ARENA EFFECT ANALYSIS *New York*

New York City again saw the addition of a new arena in 2021 with the opening of UBS Arena on Long Island. The analysis of UBS Arena's impact is complicated by both its recent opening, and the fact that it opened during a year that was still affected by COVID-19. In the course of this analysis, 2018 and 2019 are considered the two prior non-COVID affected years, and 2022 is the only full year of operations for UBS Arena. With these years in consideration, before UBS Arena opened New York City saw an average of 171 arena concerts and 229 after the Arena opened, a 34 percent increase. The 38 concerts hosted at UBS Arena in 2022 did not seem to demonstrate cannibalization from the other arenas. Over this period Madison Square Garden saw a four percent increase, Prudential Center saw a 37 percent increase, and Barclays Center saw a one percent increase in concerts.

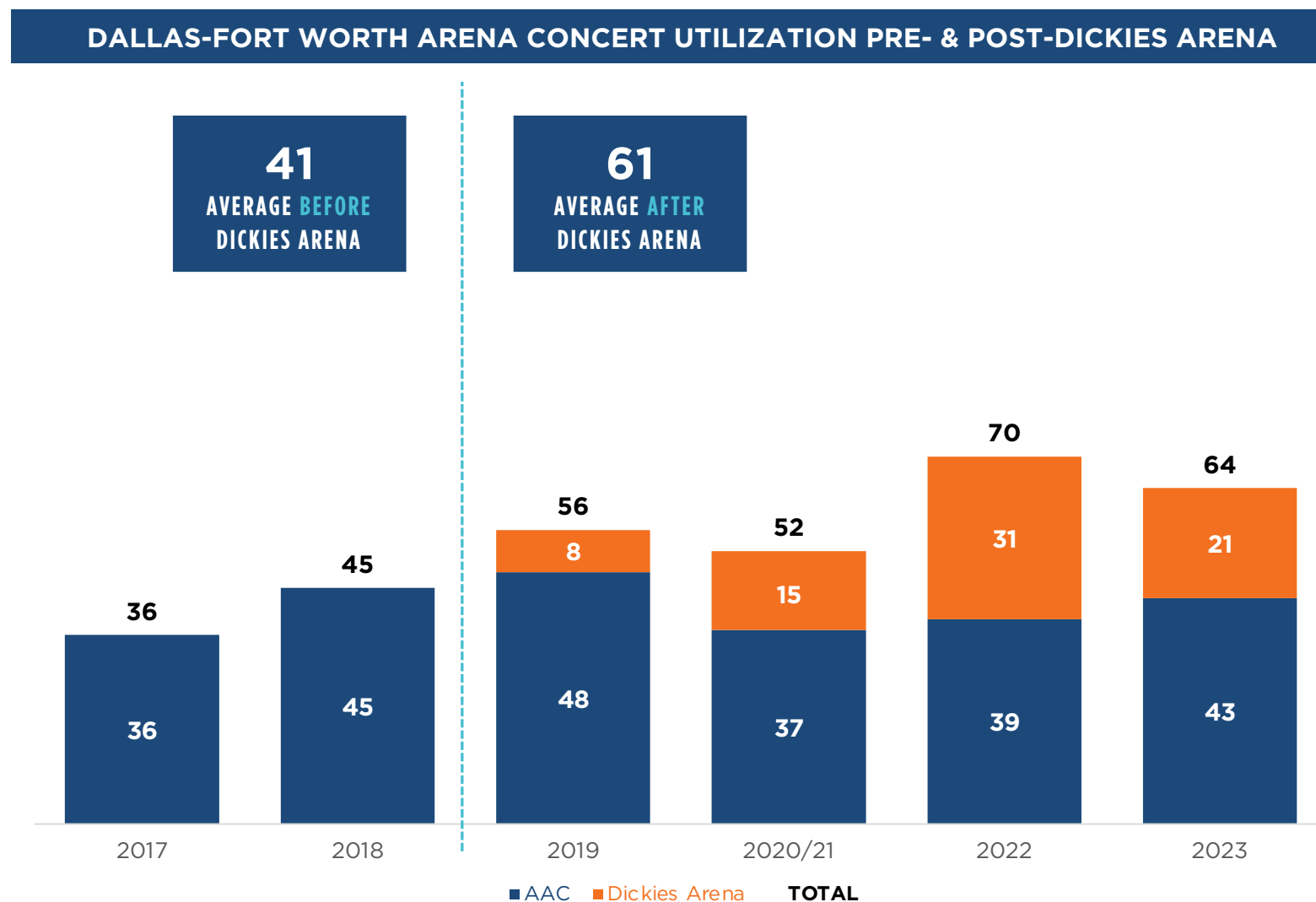
NEW YORK CITY ARENA CONCERT UTILIZATION PRE- & POST-UBS ARENA



Note: Years shown represent the years immediately prior to and immediately following the opening of UBS Arena.
Source: Pollstar

CONCERTS: NEW ARENA EFFECT ANALYSIS *Dallas-Fort Worth*

Similarly to New York City, Dallas-Fort Worth (“DFW”) recently has also seen the addition of an arena to the market. In 2018, Dickies Arena in Fort Worth opened which directly competed with the American Airlines Center (“AAC”) for events. Prior to Dickies Arena opening, the AAC saw an average of 41 annual concerts. After Dickies Arena opened, the number of arena concerts in the DFW market increased to 61 with an average of 19 new concerts at Dickies Arena and an average of 42 concerts at the AAC, an increase of one from the period prior to Dickies opening. The DFW market similarly to the New York City market demonstrated no cannibalization from opening an additional arena.



Note: Years shown represent the years immediately prior to and immediately following the opening of Dickies Arena.
Source: Pollstar

CONCERTS: NEW ARENA EFFECT ANALYSIS *Phoenix*

The chart to the right provides an overview of the Phoenix arena concert market before and after the opening of Desert Diamond Arena. As shown, before Desert Diamond Arena opened, the Footprint Center saw 14 concerts annually on average. When Desert Diamond Arena opened, the Phoenix area saw an increase to 39 total arena concerts over the first four years with the Footprint Center seeing 17.5 concerts (25 percent increase) and Desert Diamond Arena seeing 21.5 new concerts. Like previous examples, Phoenix demonstrates that adding new arenas increases the total arena concert market.

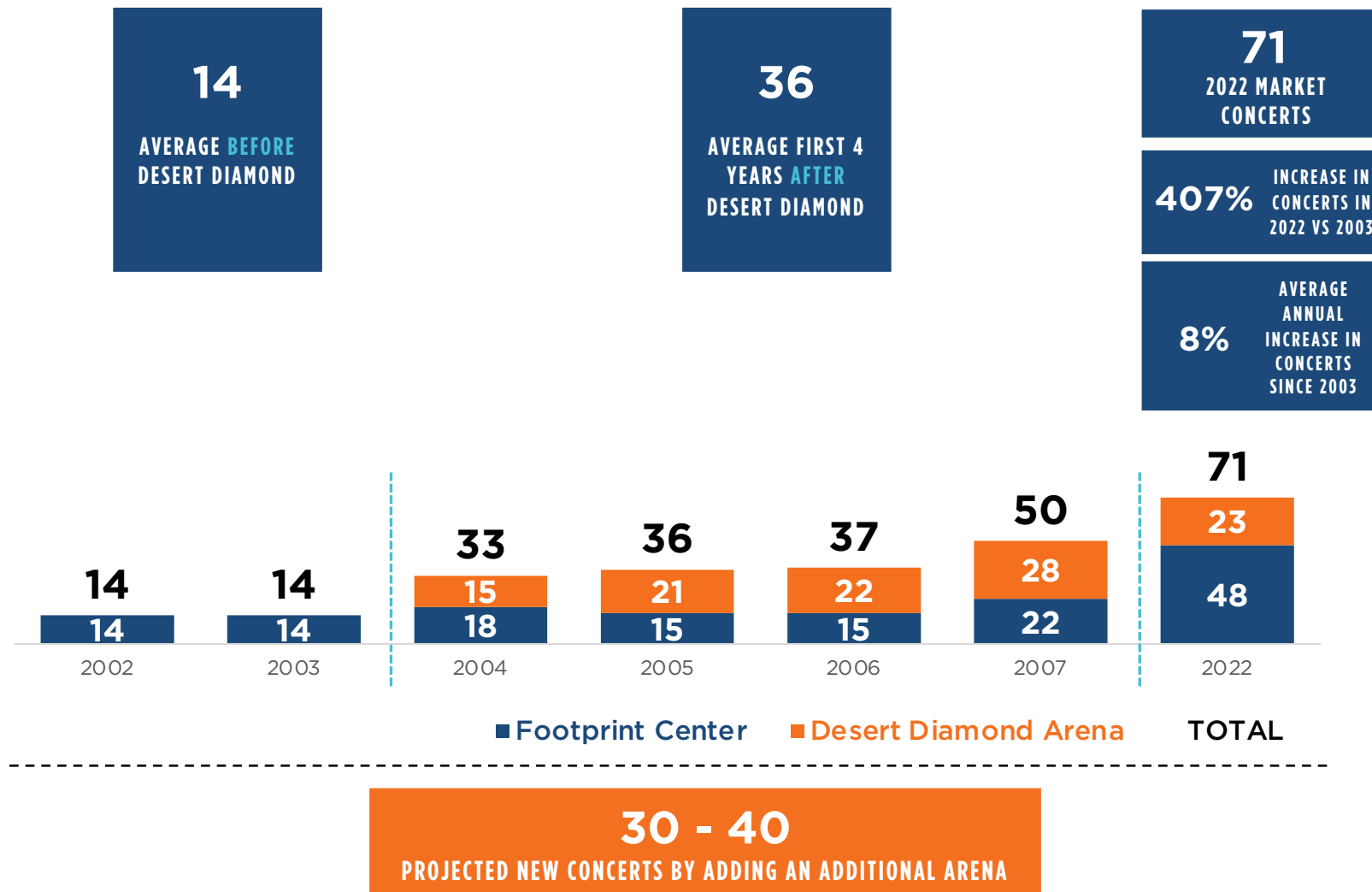
ADDITIONAL ARENA SUMMARY

Across these four examples (New York adding Barclays and UBS, DFW adding Dickies, and Phoenix adding Desert Diamond) there is an average increase of approximately 79 percent (129 percent excluding New York which added its third and fourth arenas) in the number of arena concerts a market hosts before and after adding a new arena. After adjusting for the natural growth of the concert market in the U.S. (approximately five percent annually), and accounting for the current size of the Philadelphia arena concert market, CSL concludes that the addition of a new Sixers Arena to the market could increase arena concerts by between 30 and 40 concerts.

Note: Years shown represent the years immediately prior to and immediately following the opening of Desert Diamond Arena as well as the first post Covid year.

Source: Pollstar

PHOENIX ARENA CONCERT UTILIZATION PRE- & POST-DIAMOND ARENA



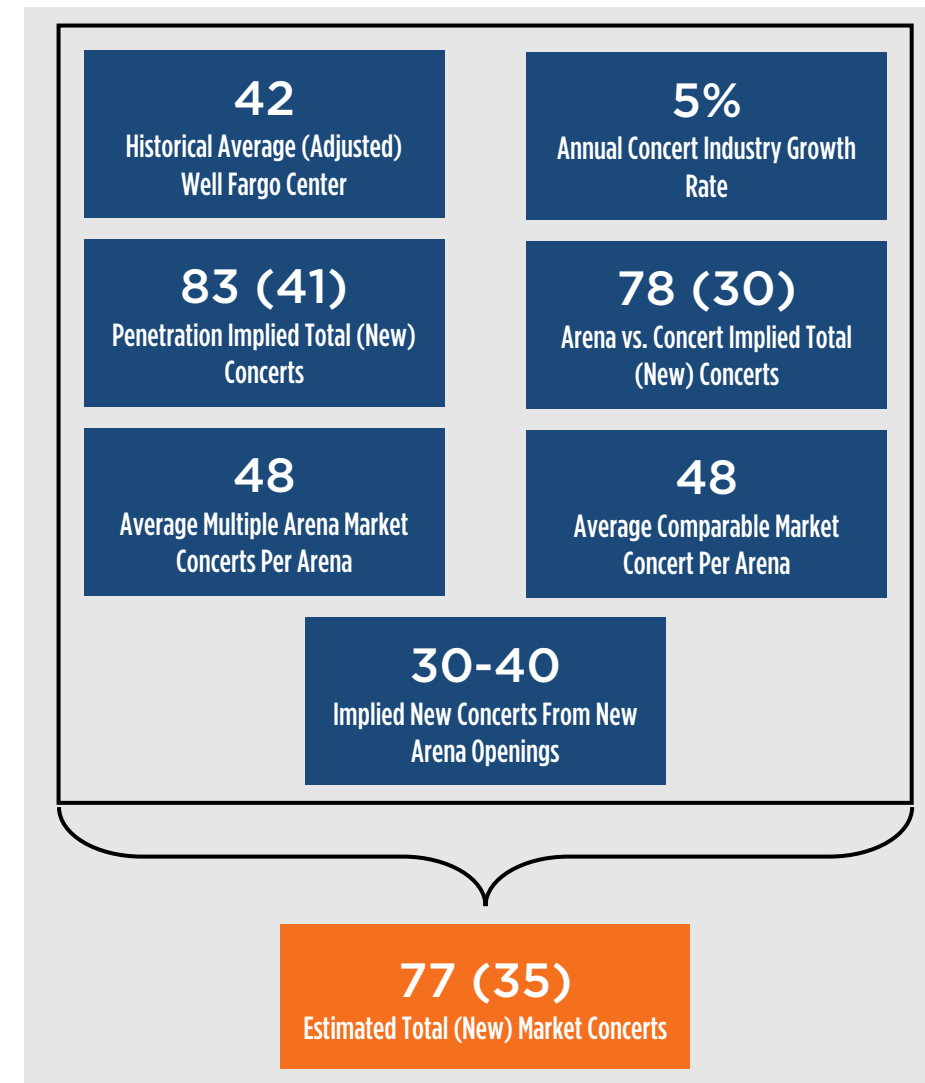
CONCERTS: SUMMARY ESTIMATE

Analysis indicates that there is room in the Philadelphia CBSA for additional arena concerts that the Wells Fargo Center is not accommodating in a single arena scenario. While other venues in the Philadelphia market are present, these outdoor venues provide a different experience to arenas both to the attendee and tour, and, therefore, do not serve this market type. Additionally, the fact that Philadelphia is located within the Northeast Corridor is not anticipated to have any adverse effects on the number of concerts supportable in the market as CSL does not anticipate that a general tour would miss out on the large Philadelphia market just because it played other large markets in the Northeast; for example, TD Garden in Boston, in the last few years, has hosted approximately 15 more concerts than Wells Fargo Center, both serving as high-performing venues in the greater northeast region. Boston has historically seen higher event loads than Philadelphia, as some markets naturally have different preferences and propensity toward concerts. Inversely, Philadelphia's increased connectivity to other markets could increase the number of tours accessing the market with ease of touring and connectivity.

Wells Fargo Center has hosted on average 42 concerts per year since 2018 (excluding 2020 and 2021 due to the effects of COVID-19). This number has remained relatively stable over time, starting at 47 in 2018 and decreasing only slightly to 44 in 2023, despite the average five percent annual growth rate seen across both arena ticket sales and Live Nation promoted concerts and festivals.

Additionally, penetrations of the 38 NBA and NHL markets suggest that there could be 38 additional concerts supportable by the Philadelphia market were it to add an additional arena. Analysis of the number of arena concerts against the number of arenas in a market suggest an average of 39 concerts per arena in a multi-arena market. Analysis of comparable arenas was also undertaken, finding that both arenas in two arena markets and arenas in comparable markets saw an average of 48 concerts in 2022. Finally, analysis of the effects of adding an additional arena to a market have implied that a new arena could add 30 to 40 new concerts to the market.

Considered together, CSL estimates that a new arena in Philadelphia could bring a total of 35 new concerts to the market.



FAMILY SHOWS: OVERVIEW & PROMOTER FEEDBACK

FELD ENTERTAINMENT

Family shows represent an additional large source of potential events that could be hosted at a new Sixers Arena. As part of the research process, CSL spoke with representatives of Feld Entertainment, one of the largest family show promoters in the country and the promoter that puts on shows such as Disney On Ice, Marvel Universe Live, Monster Jam, and more.

Representatives indicated that Philadelphia is a strong market for family shows, capable of regularly hosting events with 7,000 to 8,000 attendees. Representatives further noted that despite the current success, booking dates at the Wells Fargo Cent in the single arena configuration is currently difficult.

Feld indicated that should an additional arena open, increasing event day availability, they would be able to increase their current event load and project being able to host 16 to 20 events across both arenas annually. They would anticipate being able to bring at least four different productions to the market annually, of which each production could see up to 10 performances.

OTHER SHOWS

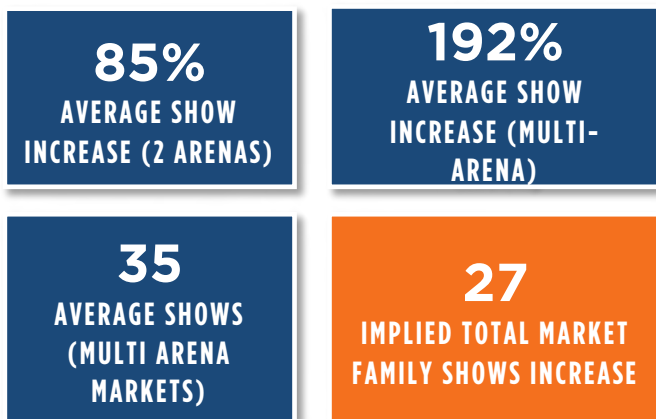
In addition to those by Feld Entertainment, there are a variety of other shows that could utilize a new Sixers Arena. Other than 2021 due to the effects of COVID-19, the Harlem Globetrotters have played a game at the Wells Fargo Center every year since at least 2018. Additionally, since 2018, Cirque Du Soleil has had two runs at Wells Fargo Center with a total of 11 shows. A new Sixers Arena would be available to host these events but would likely represent a shift in the marketplace, not necessarily net new event activity.



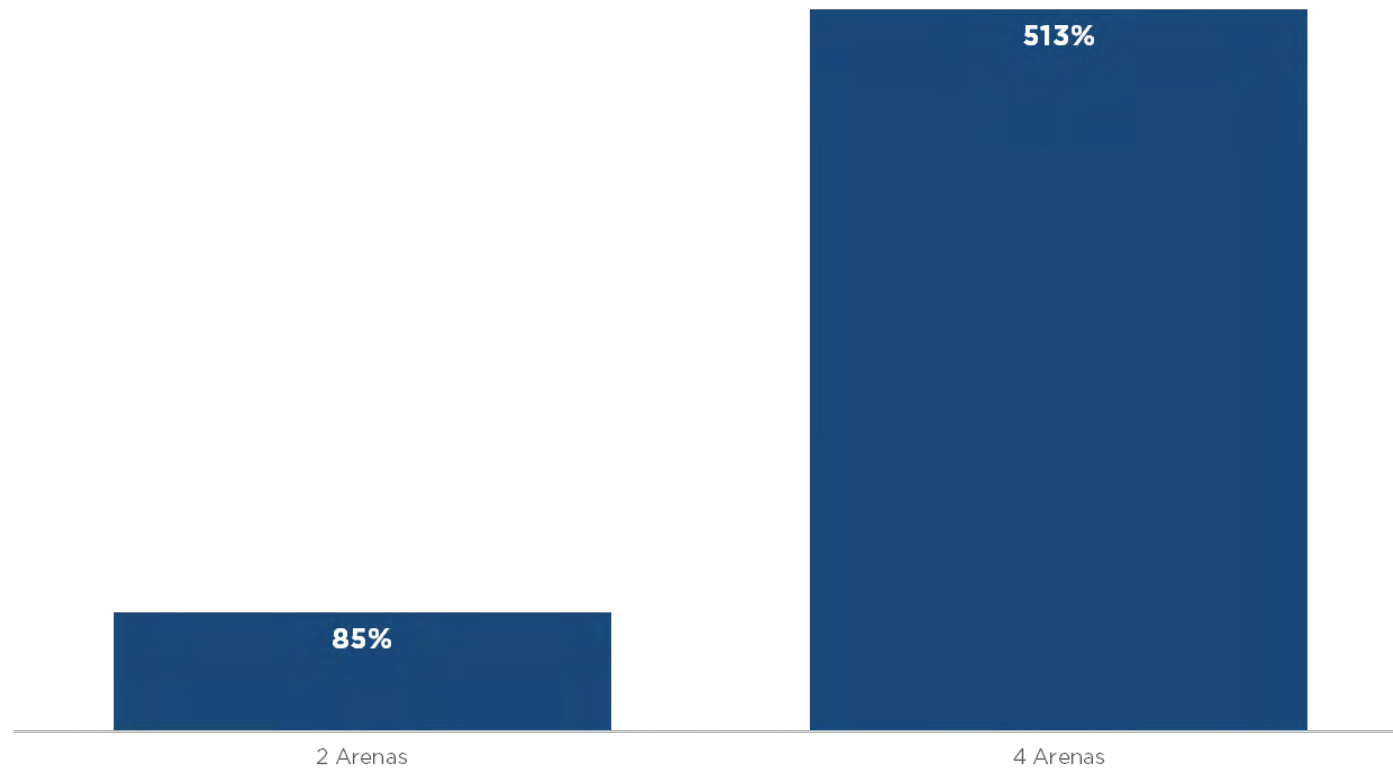
FAMILY SHOWS: NEW ARENA IMPACT

The chart to the right provides an overview of the average family show increase seen in multiple arena markets over single arena markets. As shown, the average two arena market has 85 percent more family shows than single arena markets. As the number of arenas increases, the date availability increases in the market, leading to greater growth in family shows, with four arena markets (i.e., the larger New York and Los Angeles markets) having 513 percent more family shows than single arena markets.

Utilizing this metric combined with Philadelphia's current family show utilization of 32 implies approximately 59 total family shows (an increase of 27).

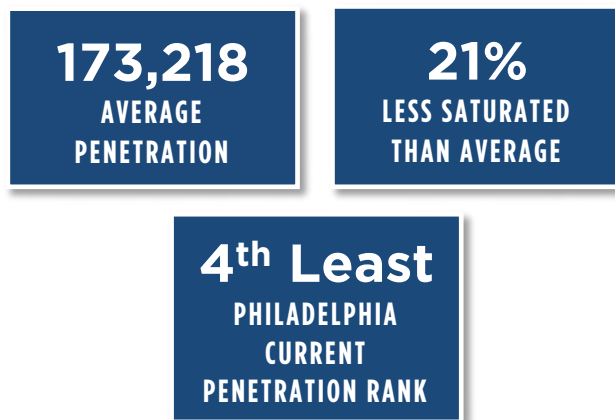


FAMILY SHOW INCREASES VS SINGLE ARENA MARKETS



FAMILY SHOWS: MARKET SATURATION

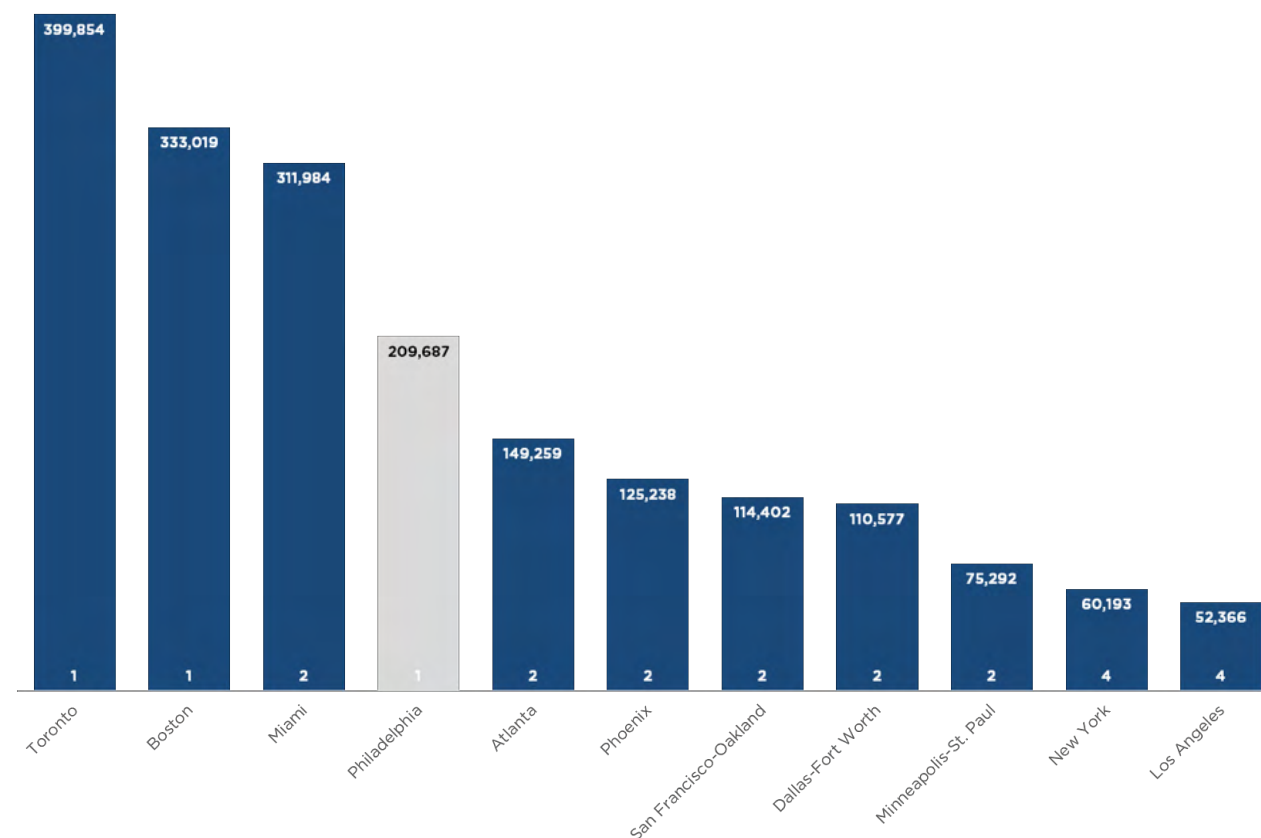
The chart to the right provides an overview of the arena family show penetrations (residents per arena family show per arena) in Philadelphia as well as the 10 markets with NBA/NHL arenas that are similarly sized or have more than two arenas. As seen, the average penetration for these markets, excluding Philadelphia, is 173,218 residents per arena family show per arena. Compared to the other 10 markets, Philadelphia's penetration of 209,687 would rank 4th least saturated, 21 percent less saturated than the average team.



FAMILY SHOW PENETRATIONS

← LESS SATURATED FAMILY SHOW MARKET

MORE SATURATED FAMILY SHOW MARKET →



Note: Washington D.C. is excluded due to its outlier arena family show count.

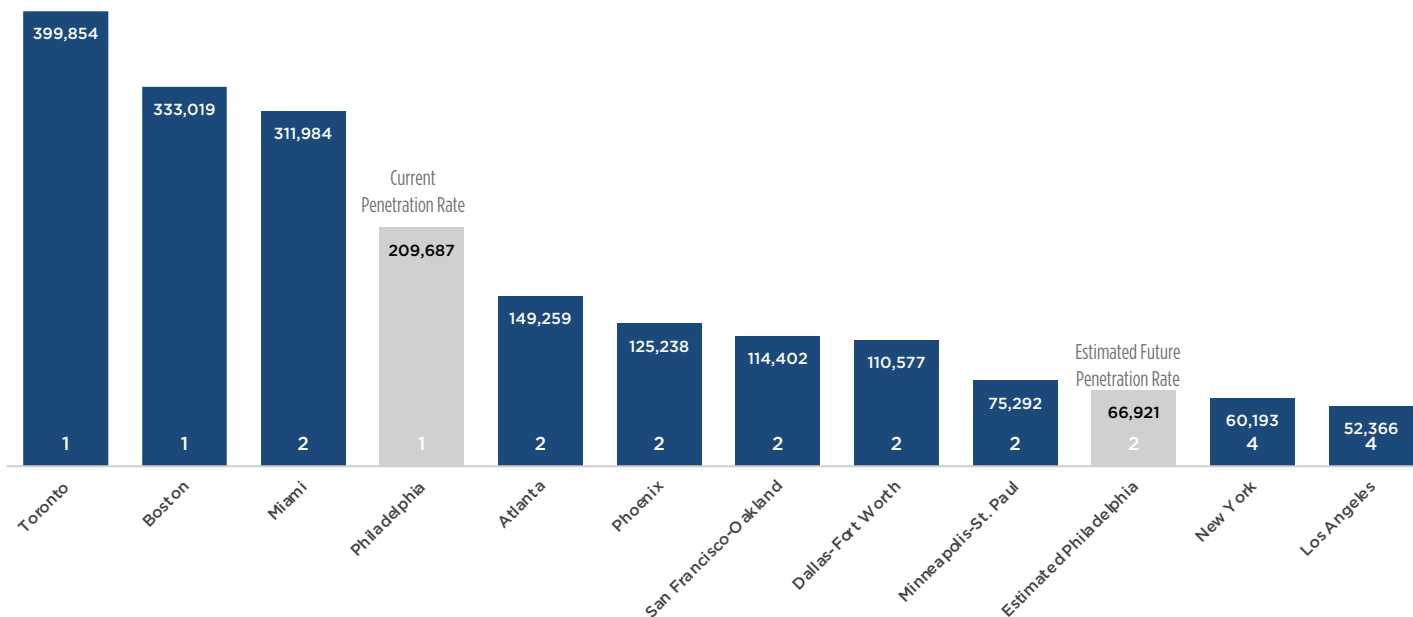
FAMILY SHOWS: SUMMARY ESTIMATE

There is potential in the Philadelphia market for additional arena family shows that are not currently being accommodated at Wells Fargo Center. Non-arena venues traditionally have very limited utilization for family shows with larger football stadiums hosting occasional large motor sports events, but with smaller stadiums and amphitheaters unable to provide the venue necessary for other family shows.

Wells Fargo Center has hosted on average 32 family shows per year since 2018 (excluding 2020 and 2021 due to the effects of COVID-19) ranging between 27 and 37 shows.

Analysis has shown that markets with multiple arenas on average see 85 percent more shows than single arena markets. While Philadelphia is doing well with family shows currently, penetrations of 10 NBA and NHL markets of similar sizes or with multiple arenas demonstrate that Philadelphia is currently undersaturated in family shows. Additionally, conversations with family show promoters such as Feld Entertainment indicate a potential for 16 to 20 more family shows in the market should a second arena open.

Overall, CSL estimates that a new arena in Philadelphia could bring a total of 15 new family shows to the market, as well as up to three (3) family-oriented dirt shows (e.g., Monster Jam).



16-20 More

Feld Estimate of Increased
Market-Wide Family Show
Utilization

85%

Average Increase of Shows in 2
Arena Markets over 1 Arena
Markets

35

Average Show Multi Arena
Markets

4th Least

Current Family Show Penetration
Rank

21%

Less Saturated than Average

47 (15)

Estimated Total (New) Family Shows

COLLEGE BASKETBALL

The new Arena has the opportunity to host College Basketball games. Since 2018, Villanova has hosted an average of five games in the Wells Fargo Center annually which have seen an average attendance of approximately 16,200. A new Sixers Arena could compete to host some of these games. Other local colleges and universities could additionally host occasional games at a new Sixers Arena.

Additionally, a new Sixers Arena has an opportunity to host events for the NCAA Division I Men's and Women's Basketball Tournaments. Since 2000, there have been six years where the Wells Fargo Center has hosted these games. While it is expected that the new Sixers Arena would be in competition for these events, it is not expected that they would make up a significant portion of the event utilization at the Arena.



COMBAT SPORTS

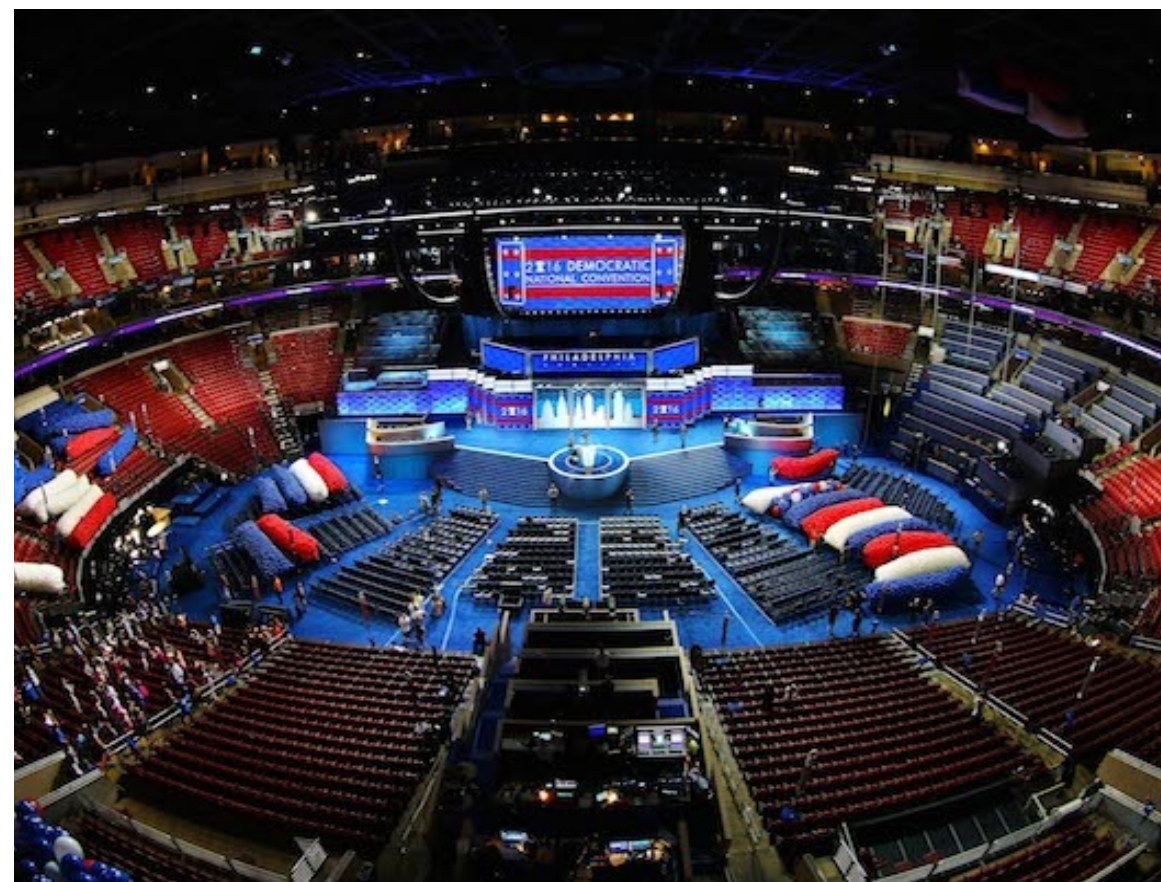
Combat Sports such as boxing, mixed martial arts (“MMA”), or wrestling are events that could be hosted at a new Sixers Arena in the future. Since 2018, Philadelphia has not hosted a single boxing event, and only one UFC event which was hosted at Wells Fargo Center in 2019.

WWE on the other hand has hosted 14 events in the Wells Fargo Center since 2018 and saw an average attendance of approximately 15,300. Additionally, in 2024, Lincoln Financial Field hosted WWE’s signature WrestleMania 40 event. Going forward, it is expected that a new Sixers Arena will be competing for these wrestling events and any other combat sport events.



OTHER EVENTS

There are a variety of other events that major arenas across the country host. Other ticketed event types include comedy shows, speaker series, religious events, rodeo shows, bull riding, esports competitions, or more. Considering that Philadelphia is not a major market for rodeos or bull riding, it is not expected that rodeo, bull riding, or esports would make up a large portion of events at a new Sixers Arena. Despite this, the Arena would be in competition to host other event types occasionally.



SUMMARY

The chart below depicts the estimated third-party event and attendance utilization for the proposed new Sixers Arena. In order to better demonstrate the nuances of concerts and the relative size of shows, concerts are split into two tiers based on both average attendance and average ticket price. Estimated attendances at all events is based on CSL's evaluations of attendances at similar type events across both Philadelphia, and the country. As shown, CSL estimates that the Arena will host a total of 53 third party events with total annual paid attendance of approximately 613,000. **The following event projection is the estimated events that are new and incremental to the Philadelphia market.** In total, it is estimated that the Philadelphia CBSA, after the opening of the new Sixers Arena, would include 77 concerts (35 new | 83% increase) and 47 family shows (15 new | 47% increase). It should be noted that concerts are tiered into two categories (Tier I and Tier II) based off of attendance and ticket pricing (i.e., Tier 1 concerts generated higher attendance at higher ticket prices) as not all concerts, based on historical event activity at comparable arenas, would generate the same level of performance, due to variances in concert tours and popularity.

INCREMENTAL THIRD PARTY EVENT UTILIZATION			
EVENT CATEGORY	ANNUAL EVENTS	AVERAGE ATTENDANCE	TOTAL ATTENDANCE
TICKETED EVENTS			
Concerts - Tier I	20	14,088	281,760
Concerts - Tier II	15	12,066	180,990
Other Sports / Dirt Shows	3	10,585	31,755
Family Shows	15	7,880	118,200
TOTAL	53	11,560	612,705

Note: Does not include non-ticketed or other private events.



FINANCIAL ANALYSIS

FINANCIAL ANALYSIS

The purpose of this analysis is to present estimated operating revenues and expenses for the incremental events at the proposed Arena, providing context to the economic and fiscal impact analyses. The assumptions used in this analysis, as determined by CSL, are based on those listed below, industry trends, comparable arena benchmarking, knowledge of the marketplace, and financial results from comparable arenas. This analysis is designed to assist project representatives in estimating the financial attributes of the incremental events at the new Arena and cannot be considered to be a presentation of expected future results. Accordingly, this analysis may not be useful for any other purpose. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant; however, there will be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and these differences may be material.

The remainder of this section depicts estimated incremental financial operations in the *first year* of Arena operations (2032). It is estimated that financial operations would increase by three percent annually for inflation in subsequent years based on historical national inflation rates.

KEY ASSUMPTIONS

- The Arena will open in time for the 2031 NBA season;
- The market will generate spending that is consistent with the recent history of other new arenas in the context of Philadelphia’s market;
- Like many other professional arenas, the Arena will charge a \$2.00 facility fee on most ticketed Arena events;
- The proposed Arena will be developed as a quality, state-of-the-art venue and conducive to providing a pleasant patron experience (e.g., efficient traffic ingress/egress, convenient and affordable parking, covered seating, etc.);
- The venue will be operated by the Philadelphia 76ers and will be aggressively marketed, providing competitive guarantees and, where applicable, rental rates;
- There will be no significant or material changes in the supply or quality of existing venues in the marketplace or new preferred or exclusive booking agreements with event promoters at competitive venues
- The venue is subject to a payment in lieu of taxes and will be subject to an annual year one \$5.0 million PILOT payment (\$6.0 million average over 30 years) and \$500,000 use and occupancy tax over 30 years (both inflating ten percent every ten years) and therefore not subject to property taxation;
- There will be no significant or material changes to current trends in the sports and live entertainment industries, and unknown future economic conditions will not adversely affect the market and its response to Arena events (e.g., population levels, employment levels, etc.)

EVENT & ATTENDANCE UTILIZATION

The table to the right presents a summary of the projected incremental events and attendance for the new Arena.

It is estimated that there will be 53 net new third-party events each year, inclusive of 35 concerts and 15 family shows.

Overall, CSL estimates that the Arena will host approximately 613,000 new paid attendees on an annual basis. It is also estimated that there will be approximately 567,000 turnstile attendees annually - turnstile attendance is the projected attendance of who will actually attend the event in-person (and therefore spend money on concessions, merchandise, etc.), not just buy tickets; typically, there is some limited attrition from ticket buyers to actual day-of attendees.

It should be noted that the Arena is expected to host more than 53 events annually, in addition to the 44 Sixers games, but only the 53 events are estimated to be *incremental* to the Philadelphia marketplace.

EVENTS & ATTENDANCE

	ANNUAL EVENTS	AVERAGE PAID ATTENDANCE PER EVENT	TOTAL PAID ATTENDANCE	AVERAGE TURNSTILE ATTENDANCE PER EVENT	TOTAL TURNSTILE ATTENDANCE
Concerts - Tier I	20	14,088	281,760	13,109	262,188
Concerts - Tier II	15	12,066	180,990	11,187	167,805
Other Sports / Dirt Shows	3	10,585	31,755	9,780	29,341
Family Shows	15	7,880	118,200	7,211	108,162
TOTAL	53	11,560	612,705	10,707	567,496

TICKET REVENUE

The table to the right depicts the estimated ticket pricing for third-party (i.e., non-Sixers) events in the proposed new Arena in the first year of operation.

Ticket revenue is based on a review of third-party event pricing at comparable arenas in markets similar to Philadelphia. As shown, average ticket price (inclusive of premium seating) is estimated to range from \$58 for family shows to \$171 for Tier I concerts. Overall, it is estimated that third-party ticket revenue will be approximately \$82.7 million in the first year of Arena operation.

It should be noted that the Arena would not keep the vast majority of the ticket revenue which would instead reside with the third-party event organization, artist, or promoter. This ticket revenue would still be subject to taxation. It is anticipated that the Arena would charge a rent on all third-party events in the form of a flat fee or a percent of ticket sales, as shown to the right. As shown, it is estimated that the Arena would generate approximately \$6.6 million in third-party event rent.

THIRD-PARTY EVENT TICKETING

	ANNUAL EVENTS	AVERAGE TICKET PRICE (2032) ⁽¹⁾	AVERAGE TICKET REVENUE PER EVENT ⁽¹⁾	TOTAL TICKET REVENUE ⁽¹⁾	RENT STRUCTURE	ANNUAL RENT
Concerts - Tier I	20	\$171	\$2,411,000	\$48,229,000	\$150,000 or 8% of Ticket Sales	\$3,858,000
Concerts - Tier II	15	\$139	\$1,675,000	\$25,131,000	\$90,000 or 8% of Ticket Sales	\$2,010,000
Other Sports / Dirt Shows	3	\$79	\$833,000	\$2,498,000	\$50,000 or 8% of Ticket Sales	\$200,000
Family Shows	15	\$58	\$455,000	\$6,824,000	\$15,000 or 8% of Ticket Sales	\$546,000
TOTAL	53	--	--	\$82,682,000	--	\$6,614,000

(1) Includes general and premium seating sales.

CONCESSIONS

The chart below depicts the estimated food & beverage per capita (“per cap”) spending by seating product and event. To arrive at the estimated concessions revenue, CSL applied per caps to turnstile attendance, or the attendees that are estimated to actually be in the Arena on event day (as opposed to paid or reported attendance).

CONCESSIONS PER CAPS

GENERAL CONCESSIONS

Concerts - Tier I	\$25.00
Concerts - Tier II	\$25.00
Other Sports / Dirt Shows	\$25.00
Family Shows	\$10.00

PREMIUM CONCESSIONS

SUITES		A LA CARTE CLUB SEATS	
Concerts - Tier I	\$115.00	Concerts - Tier I	\$40.00
Concerts - Tier II	\$115.00	Concerts - Tier II	\$40.00
Other Sports / Dirt Shows	\$115.00	Other Sports / Dirt Shows	\$40.00
Family Shows	\$115.00	Family Shows	\$15.00

NET CONCESSIONS REVENUE

\$7,015,000

Note: Profit margin on food & beverage ranges from 35% for premium seating to 45% for general concessions.

As shown above, after costs of goods sold (expenses equal to 55 to 65 percent of gross sales), the Arena is estimated to generate \$7.0 million in net concessions revenue from incremental events. Based on historical operations at other major league arenas, it is estimated that alcohol would comprise approximately 70 percent of food & beverage spending.

MERCHANDISE

The chart to the right depicts the estimated merchandise per capita spending by event type. To arrive at the estimated merchandise revenue, CSL applied per caps to turnstile attendance, or the attendees that are estimated to actually be in the Arena on event day (as opposed to paid or reported attendance).

It is estimated that the Arena will generate a profit margin of 30 percent on gross merchandise sales after sharing most of gross merchandise revenue with the event promoter or artist. As shown, the Arena is estimated to generate a total of \$588,000 from incremental third-party event merchandise sales.

MERCHANDISE PER CAPS

Concerts - Tier I	\$11.50
Concerts - Tier II	\$11.50
Other Sports / Dirt Shows	\$11.50
Family Shows	\$5.50
NET MERCHANDISE REVENUE	\$588,000
<i>Note: Profit margin on merchandise is 30%.</i>	

TICKET FEES

SERVICE FEES

Arenas often utilize a third-party ticketing service, such as Ticketmaster or SeatGeek, to handle ticket sales for certain events at the venue. The ticketing service generally collects a convenience charge on each ticket sold, a portion of which is shared with the venue. Convenience charges were estimated based on a review of charges at local and regional facilities in the Philadelphia market. It is estimated that the average convenience charge per ticket will range from approximately \$17.50 for family shows to \$47.00 for concerts for each ticket sold by the venue's ticketing partner, depending on the event. The proposed Arena is estimated to retain 25 percent of the gross revenues generated by these convenience charges. Total ticket rebates generated by the proposed Arena for incremental events are estimated to total approximately \$4.7 million, as shown in the chart below.

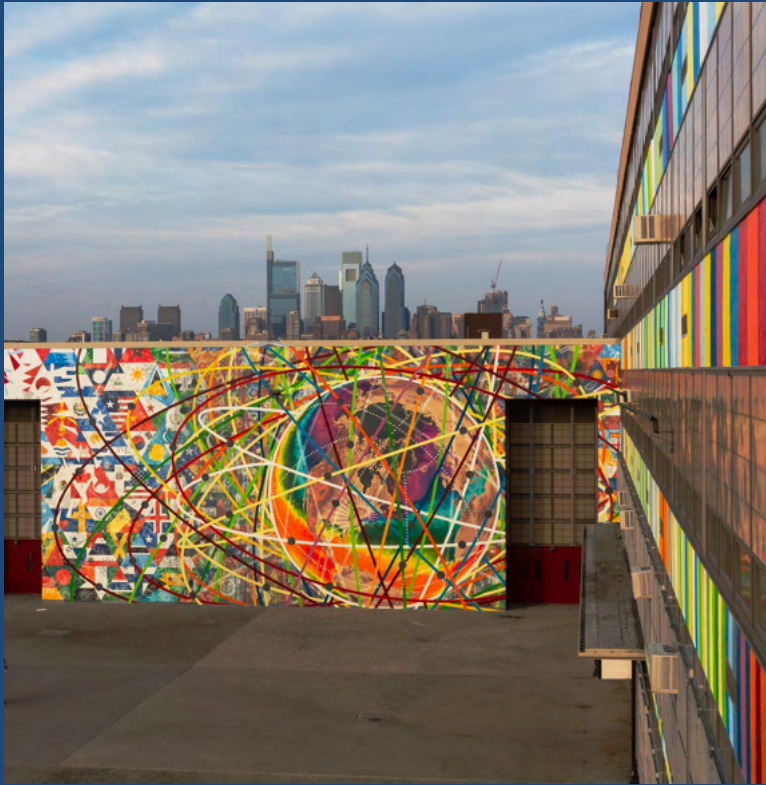
FACILITY FEES

The table also presents the revenue generated from facility fees during the first year of operation. It is estimated that a \$2.00 facility fee will be charged per paid attendee across all ticketed Arena events, comparable with facility fees at other Philadelphia-area and NBA venues. As shown, it is estimated that facility fees could generate approximately \$1.2 million to the proposed Arena for incremental events during the first year of operations.

TICKET FEES

EVENT	ANNUAL EVENTS	AVERAGE PAID ATTENDANCE	TOTAL PAID ATTENDANCE	TICKET FEES				FACILITY FEES	
				% OF TICKETS APPLICABLE	FEE AMOUNT ⁽¹⁾	% TO TEAM/ARENA	TOTAL TO TEAM/ARENA	FEE PER PAID ATTENDEE	TOTAL FEES
Concerts - Tier I	20	14,088	281,760	81%	\$47.42	25%	\$2,713,000	\$2.00	\$564,000
Concerts - Tier II	15	12,066	180,990	80%	\$39.18	25%	\$1,414,000	\$2.00	\$362,000
Other Sports / Dirt Shows	3	10,585	31,755	78%	\$22.61	25%	\$141,000	\$2.00	\$64,000
Family Shows	15	7,880	118,200	74%	\$17.49	25%	\$384,000	\$2.00	\$236,000
TOTAL	53	11,560	612,705				\$4,652,000		\$1,226,000

(1) Approximately 25% of ticket cost.



ECONOMIC & FISCAL IMPACTS

ECONOMIC & FISCAL IMPACTS: Direct Spending

The construction and operation of the incremental events at the proposed venue will provide quantifiable benefits to the local economy, as well. Quantifiable measurements of the effects that the proposed Arena could have on the local economy include economic and fiscal impacts are summarized over the following pages.

DIRECT SPENDING represents the initial primary spending that would occur as a result of the construction of the proposed Arena and the incremental events hosted therein. Direct spending occurs in the following ways:



CONSTRUCTION SPENDING - Construction materials, supplies, labor, professional fees and other soft cost spending will be generated during the planning and construction of the proposed Arena.



FACILITY OPERATIONS SPENDING - Direct spending will be generated by tickets, concessions, and merchandise sales to patrons attending incremental events at the Arena. The operations of the Arena will also generate direct spending through premium seating, naming rights, sponsorships, spending on salaries, wages, and benefits, marketing, and other such sources.

The graphic on the following page illustrates the primary sources of direct spending anticipated to be associated with the construction and operations of the proposed Arena.

ECONOMIC & FISCAL IMPACTS: Direct Spending Adjustments

DIRECT SPENDING SOURCES



CONSTRUCTION SPENDING

Construction Spending:

- Materials
- Supplies
 - Labor
- Professional Fees



OPERATIONS SPENDING

Arena Spending:

- Ticket Sales
- Premium Seats
- Concessions
- Merchandise
- Sponsorship
 - Parking
 - Fees
 - Other

Gross direct spending will flow to various economic entities, including the Arena, service providers, retail businesses, and other such entities. However, some of the spending that occurs in connection with the construction and ongoing operations of the Arena will not fully impact the local economy. As such, reductions must be made to gross direct spending to reflect the amount of direct spending associated with the venue that is considered net new to the Philadelphia city economy. These adjustments include:

- **Leakage** - Leakage represents the portion of gross spending estimated to occur outside the measured economy (i.e., city of Philadelphia). Immediate leakage occurs when initial direct expenditures occur outside the local area, such as the arena spending for contracted services with a provider located outside the measured economy's boundaries. Leakage also occurs when initial local spending is used immediately to pay for non-local goods, services, etc. Examples of this type of secondary leakage include ticket sales allocated to non-local promoters or artists, or concessionaire profits retained by companies based outside of the local area.
- **Displacement** - Displacement refers to spending that would have likely occurred anyway in the local market without the presence of the proposed Arena. Examples of displaced spending would include spending by local residents in connection with their attendance at the Arena that would have been spent within the local area anyway on other items (movies, restaurants, shopping, etc.) if they did not patronize the Arena. This concept of displacement is oftentimes referred to as the substitution effect. It should be noted that the effect of displacement is scaled by frequency of attendance by local residents versus out-of-city visitors.

ECONOMIC & FISCAL IMPACTS: Net New Direct Spending

As illustrated in the graphic on the right, the flow of gross direct spending is adjusted to reflect only the spending that is considered net new to the local economy. The resulting spending after all adjustments, as previously discussed, is referred to throughout the remainder of this analysis as *net new direct spending*.

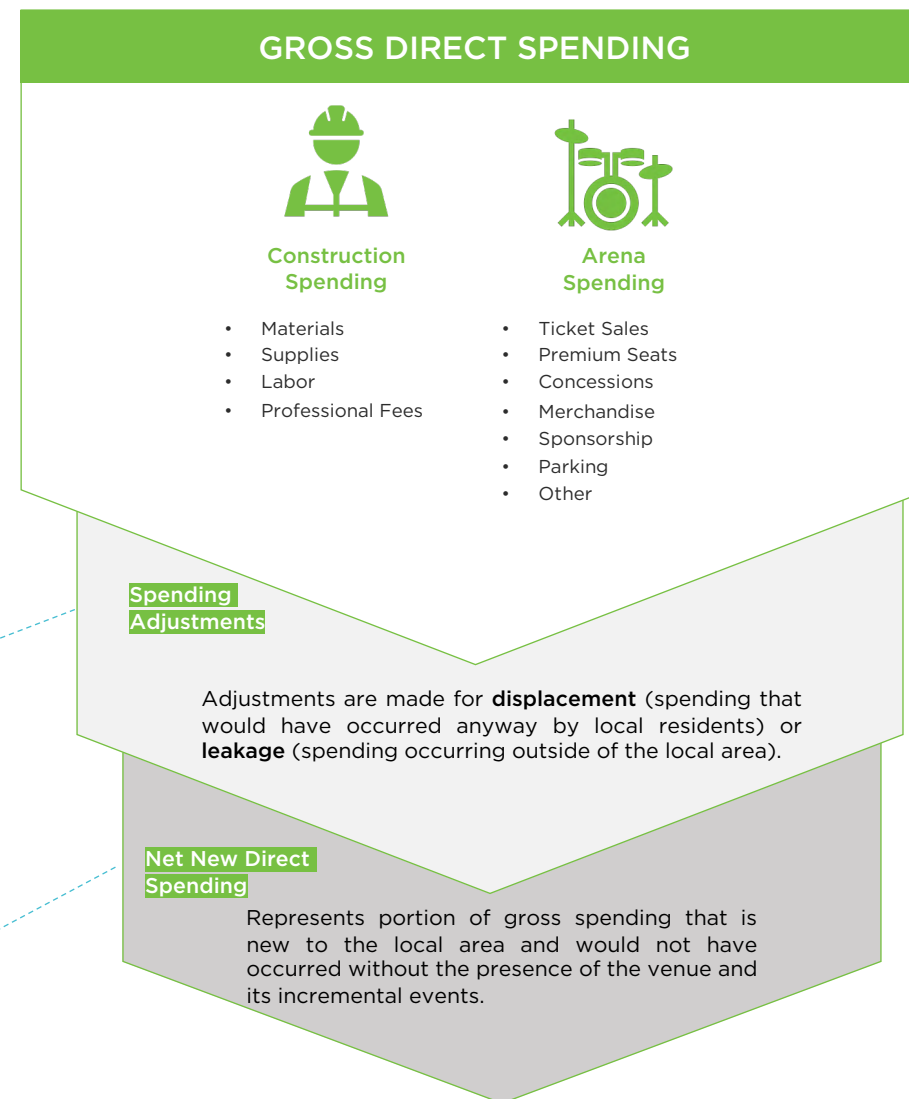
Gross Direct Spending is adjusted:

in order to estimate the **incremental** economic impact benefits generated to the local economy

“Net New” Direct Spending is:

calculated by applying spending adjustments for displacement and leakage to gross direct spending

In this analysis, it is estimated that approximately 59% of gross spending from net new events is net new to the city of Philadelphia. This represents a weighted average of displacement and leakage across numerous spending categories based on historical CSL surveys and vendor origin.



TOTAL NET NEW ECONOMIC IMPACTS

The table to the right summarizes the net new economic impacts of the incremental events at the proposed Arena to the City and Commonwealth.

Economic impacts are presented in the following metrics:

- **Direct Spending:** The total net new money spent in accordance with construction and operations of the Arena directly related to incremental events and spending within the Arena.
- **Jobs:** Full-time equivalent (FTE) jobs created as a result of the direct spending.
- **Personal Earnings:** Personal income earned from the FTE jobs created.

Note: Economic impacts reflect only direct impacts and do not include indirect or induced spending.

Jobs and personal earnings are estimated by applying spending multipliers to direct spending. The multiplier estimates used in this analysis are based on the RIMS II system, which is a regional economic model developed by the Bureau of Economic Analysis that is used by investors, planners, and elected officials across the country to accurately assess economic impact and are specific to the city of Philadelphia. The multipliers utilized in this analysis are specific to direct spending only and do not include the effects of re-spending (i.e., indirect and induced spending).

As shown, over a period of construction and 30 years of operations, it is estimated that the Arena will generate to the city of Philadelphia approximately \$1.9 billion in net new direct spending that will generate 710 total jobs that generate \$593 million in personal earnings.

Additionally, over a period of construction and 30 years of operations, it is estimated that the Arena will generate to the Commonwealth of Pennsylvania approximately \$2.5 billion in net new direct spending that will generate 1,070 total jobs that generate \$767 million in personal earnings.

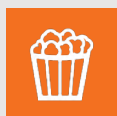
ECONOMIC IMPACT SUMMARY		
	City	Commonwealth
Construction Impacts (3 Years)		
Direct Spending	\$303.8M	\$615.6M
Jobs (FTE)	260	520
Personal Earnings	\$67.1M	\$136.0M
Annual Impacts (2032)		
Direct Spending	\$107.5M	\$131.6M
Jobs (FTE)	450	550
Personal Earnings	\$34.9M	\$42.7M
Construction + 30-Year Impacts (Present Value 2025\$)		
Direct Spending	\$1.90B	\$2.51B
Jobs (FTE)	710	1,070
Personal Earnings	\$593M	\$767M

Note: Economic impacts are not additive across City and Commonwealth.

APPLICABLE TAXES

In addition to the economic impacts expected to be generated by the construction and operations of the proposed Arena, the public sector will also benefit from increased tax revenues. In preparing estimates of fiscal impacts, tax revenues attributable to the direct spending generated by the proposed Arena were estimated. Tax revenues are based on the current applicable tax rates, so future changes in these rates would have an impact on the resulting tax collections. Taxes specific to the City, School District, and Commonwealth are considered in this analysis and are shown below.

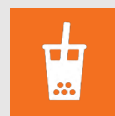
CITY OF PHILADELPHIA



2.0%
SALES TAX



3.65%*
WAGE TAX
*Weighted Average



1.5¢ per oz.
BEVERAGE TAX



22.5%
PARKING TAX



5.0%
AMUSEMENT TAX

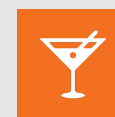


\$2.2M Annually
PILOT* (44% of Total)
Note: Inflates 10% every 10 years



0.14% Gross Receipts
5.81% Net Income
BUSINESS TAX

SCHOOL DISTRICT



10.0%
LIQUOR TAX



\$2.8M Annually
PILOT* (56% of Total)



\$0.5M Annually
USE & OCCUPANCY TAX*
Note: Inflates 10% every 10 years

COMMONWEALTH OF PHILADELPHIA



6.0%
SALES TAX



7.0%
HOTEL TAX



3.07%
INCOME TAX

TOTAL FISCAL IMPACTS

The chart to the right depicts the estimated adjusted gross fiscal impacts of the proposed Arena to the City, School District, and Commonwealth.

As shown, it is estimated that the proposed Arena, over a period of construction and 30 years of operations, could generate \$197 million in net new tax revenues to the City from seven different sources on a net present value basis (equivalent to a cumulative total of \$563 million).

Additionally, it is estimated that the proposed Arena, over a period of construction and 30 years of operations, could generate \$52 million in net new tax revenues to the School District from three different sources on a net present value basis (equivalent to a cumulative total of \$145 million).

Lastly, it is estimated that the proposed Arena, over a period of construction and 30 years of operations, could generate \$141 million in net new tax revenues to the Commonwealth from two different sources on a net present value basis (equivalent to a cumulative total of \$349 million).

\$390M

Total PV Tax Revenue

FISCAL IMPACT SUMMARY			
	City	School District	Commonwealth
Construction Impacts (3 Years)			
Sales Tax	\$16.0M	--	\$48.0M
Wage Tax	\$17.5M	--	\$14.7M
Total	\$33.5M	--	\$62.7M
Annual Impacts (2032)			
Sales Tax	\$1.9M	--	\$5.6M
Wage Tax	\$0.5M	--	\$0.4M
Amusement Tax	\$3.9M	--	--
Business Tax	\$2.9M	--	--
Parking Tax	\$0.4M	--	--
Beverage Tax	\$0.04M	--	--
Liquor Tax	--	\$1.0M	--
PILOT*	\$2.2M	\$2.8M	--
Use & Occupancy Tax	--	\$0.5M	--
Total	\$11.9M	\$4.3M	\$6.0M
Construction + 30-Year Impacts (Present Value 2025\$)			
Sales Tax	\$41.7M	--	\$123.3M
Wage Tax	\$20.5M	--	\$17.4M
Amusement Tax	\$61.2M	--	--
Business Tax	\$42.2M	--	--
Parking Tax	\$7.0M	--	--
Beverage Tax	\$0.4M	--	--
Liquor Tax	--	\$15.3M	--
PILOT	\$24.1M	\$30.7M	--
Use & Occupancy Tax	--	\$5.8M	--
Total	\$197.0M	\$51.8M	\$140.7M

*PILOT begins in 2033.

SENSITIVITY ANALYSIS

The chart to the right is a sensitivity analysis depicting the effect to 32-year economic and fiscal impacts to the city of Philadelphia should third-party events at the proposed Arena differ from CSL estimates (53 total net new events).

Scenarios (compared to base scenario) shown include:

- Increased Concerts (12 Additional Concerts)
- Base CSL Scenario: (All Estimated Incremental Events Included)
- Reduced Concerts: (8 Fewer Concerts)
- Additional Reduced Concerts: (19 Fewer Concerts)
- Reduced Concert & Family Shows: (19 Fewer Concerts and 8 Fewer Family Shows)
- High Reduction: (23 Fewer Concerts and 12 Fewer Family Shows)

As shown, in the Increased Concerts scenario, impacts increase approximately 17 percent, and in the High Reduction Scenario, impacts decrease approximately 39 percent.

It should be noted that in all scenarios, the arena would result in net new revenue.

THIRD-PARTY EVENT SCENARIO ANALYSIS Impact to City of Philadelphia						
Scenario	Increased Concerts	Base CSL Scenario	Reduced Concerts	Additional Reduced Concerts	Reduced Concert & Family Shows	High Reduction
<i>Annual Third-Party Events</i>	65	53	45	34	26	18
Construction + 30-Year Impacts (Present Value)						
Direct Spending	\$2.3B	\$1.9B	\$1.7B	\$1.3B	\$1.3B	\$1.1B
Total Jobs	810	710	640	550	530	490
Personal Earnings	\$709M	\$593M	\$513M	\$405M	\$386M	\$337M
<i>% Difference from Base</i>	+19%	--	-13%	-31%	-34%	-42%
Construction + 30-Year Impacts (Present Value)						
Sales Tax	\$50.4M	\$41.7M	\$35.6M	\$27.5M	\$26.1M	\$22.3M
Wage Tax	\$21.2M	\$20.5M	\$20.1M	\$19.5M	\$19.3M	\$19.0M
Amusement Tax	\$79.3M	\$61.2M	\$48.5M	\$31.6M	\$28.9M	\$21.3M
Business Tax	\$51.3M	\$42.2M	\$35.9M	\$27.4M	\$25.6M	\$21.5M
Parking Tax	\$9.0M	\$7.0M	\$5.6M	\$3.7M	\$3.4M	\$2.5M
Beverage Tax	\$0.5M	\$0.4M	\$0.3M	\$0.2M	\$0.2M	\$0.1M
Liquor Tax*	\$19.5M	\$15.3M	\$12.5M	\$8.6M	\$7.5M	\$5.4M
PILOT*	\$54.7M	\$54.7M	\$54.7M	\$54.7M	\$54.7M	\$54.7M
Use & Occupancy Tax*	\$5.8M	\$5.8M	\$5.8M	\$5.8M	\$5.8M	\$5.8M
Total	\$291.8M	\$248.8M	\$219.1M	\$179.1M	\$171.6M	\$152.6M
<i>% Difference from Base</i>	+17%	--	-12%	-28%	-31%	-39%

* Includes School District impacts.



COMPETITIVE ARENA ASSESSMENT

INTRODUCTION

As project stakeholders continue to evaluate the potential impacts of the proposed Sixers Arena within the community, it is important to consider the impact of adding a second arena to the market on the existing Wells Fargo Center operations. The purpose of this section is to examine the key performance trends at arenas within multi-arena markets relative to those in single-arena markets. For the purpose of this analysis, markets with multiple arenas include New York, Los Angeles, Phoenix, Minneapolis-St. Paul, and Miami (as well as Atlanta, Dallas-Fort Worth, and San Francisco-Oakland for select comparisons).

The remainder of this section evaluates key performance indicators including:



Annual Concert Utilization



Major League Tenant Attendance



Average Major League Tenant Ticket Pricing



Suite Pricing



Naming Rights Value



ANNUAL CONCERT UTILIZATION

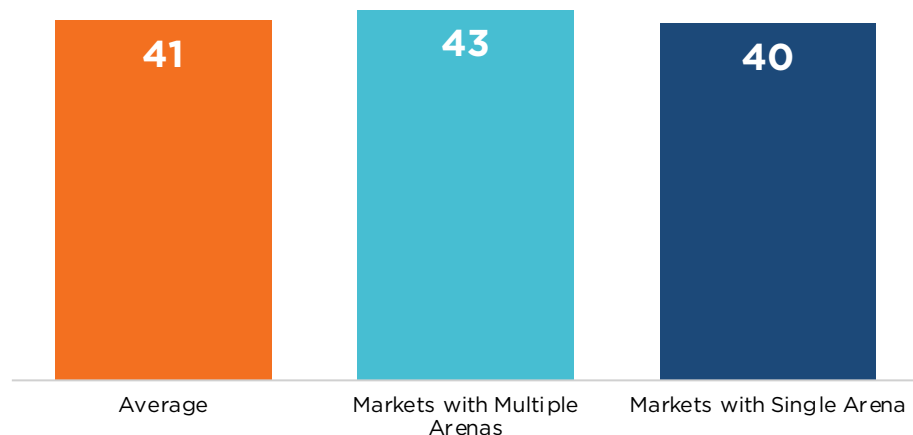
Beyond major league sports, concerts typically serve as the most profitable and high-profile type of events at professional arenas, driving the highest rental rates and generating top levels of concessions and parking revenue. Access to popular concerts is also a driving factor in the marketability of premium seating, and especially suite, sales.

The chart on the bottom left depicts the average number of concerts held at arenas in 2022. As shown, the average number of concerts in major league arenas was 41, with an average of 43 for arenas in multi-arena markets and an average of 40 of arenas in single-arena markets. This shows minimal if not slightly positive, impact on concert utilization with the presence of additional arenas in the market.

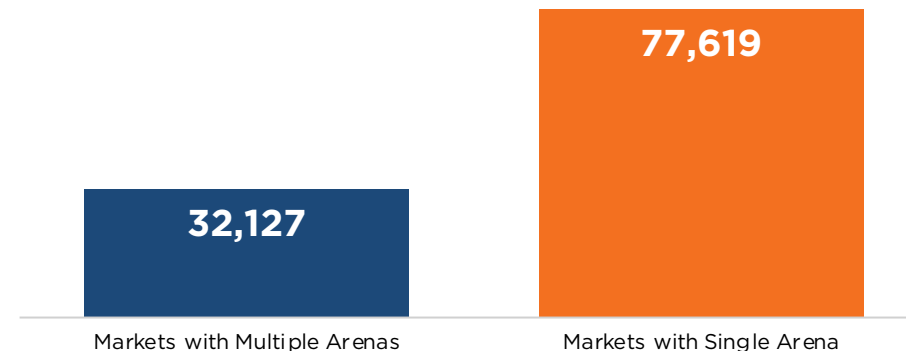
The chart to the bottom right depicts the average "saturation" of concerts given market population base per arena. As shown, arenas in multi-arena markets have a saturation that is 59 percent lower than single-arena market arenas, indicating that the presence of multiple arenas, especially in larger markets, can more effectively penetrate the local market, providing additional opportunities for concert entertainment within the marketplace.

Additionally, as outlined previously in the Estimated Third-Party Event Utilization section, the Philadelphia CBSA, based on its market size and other key factors, is in a strong position to increase its market-wide availability of concerts with the addition of a second arena, providing an estimated incremental increase of approximately 35 concerts at the new venue.

2022 TOTAL CONCERTS PER ARENA



CONCERT SATURATION: MARKET RESIDENTS PER ARENA PER CONCERT



MAJOR LEAGUE TENANT ATTENDANCE

An important component to the overall health and success of professional arenas is the attendance of its major league tenant, which drives important revenue streams, such as premium seating, sponsorship, concessions, merchandise, parking, and ticket fees. The chart to the right depicts the average attendance for NBA and NHL teams, broken out by multi-arena and single-arena markets.

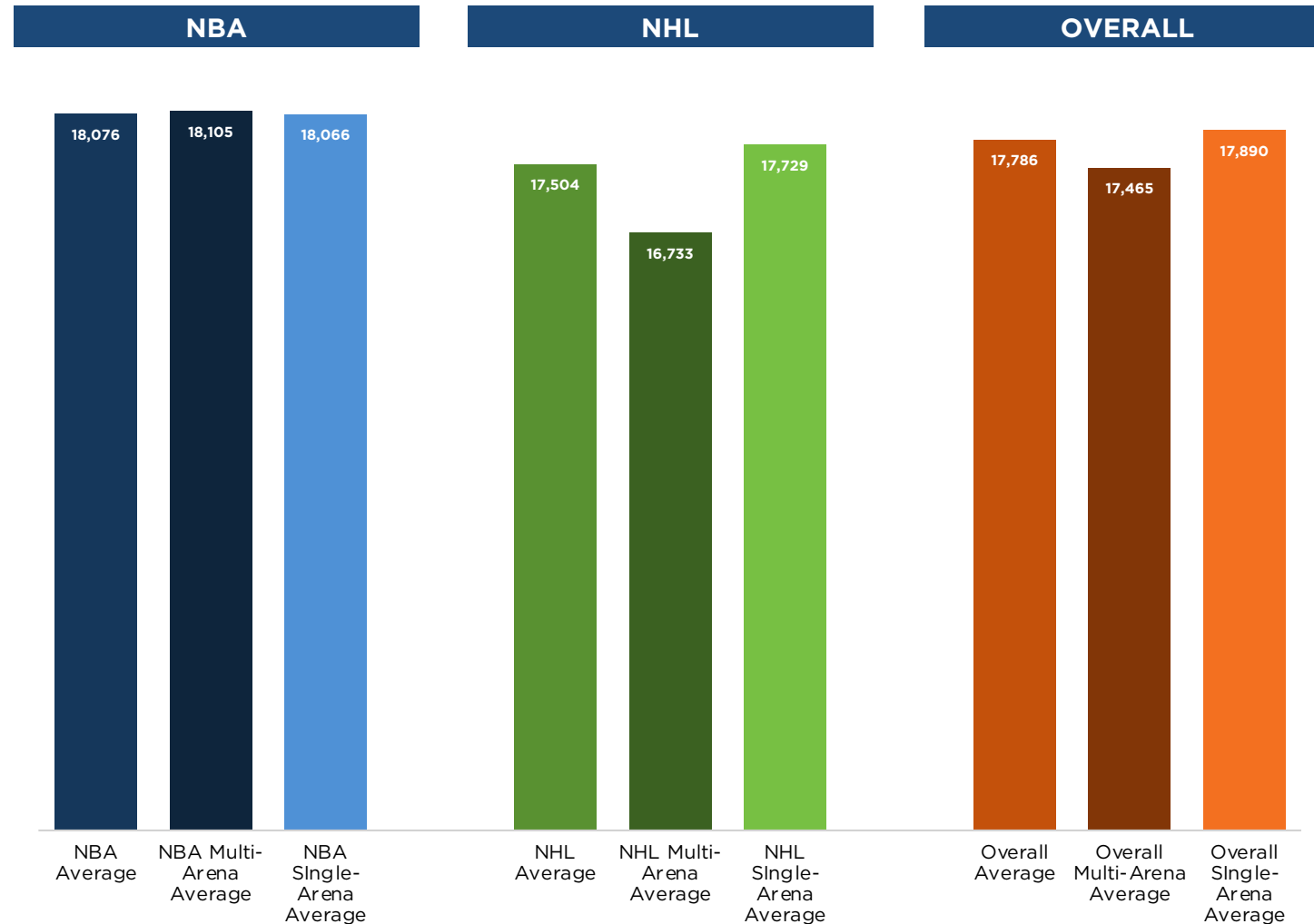
As shown, for the NBA, average attendance in 2022-23 was 18,076. Among NBA teams in multi-arena markets, attendance was slightly higher at 18,105 while, in single-arena markets, attendance was 18,066, representing a 0.2 percent increase for multi-arena markets.

Within the NHL, average attendance in 2022-23 was 17,504. Among NHL teams in multi-arena markets, attendance was 4.4 percent lower at 16,733 while, in single-arena markets, attendance was 17,729, representing a 5.6 percent decrease for multi-arena markets.

Averaging across the NBA and NHL together, average home attendance in multi-arena markets was 2.4 percent lower than single-arena markets. Overall, based on this data, the impact of an additional arena within the Philadelphia market would likely have **minimal to no impact** on NHL attendance at Wells Fargo Center.

It should be noted that attendance is a result of a confluence of factors, such as team success, popularity, market dynamics, etc., and nearby arena competition is only one of these factors.

2022-23 SEASON AVERAGE HOME ATTENDANCE



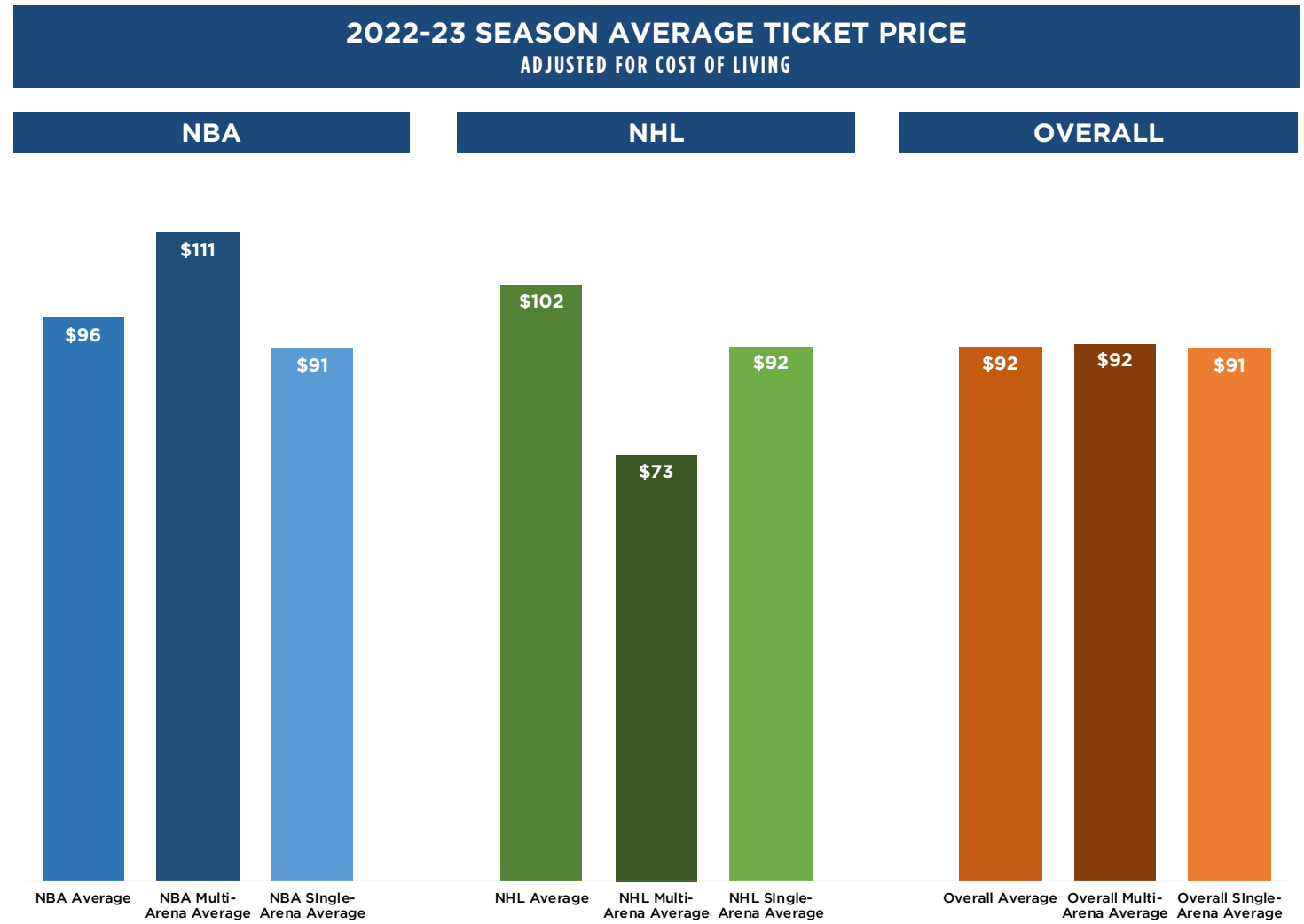
Note: For comparison purposes, only U.S.-based teams are utilized in this analysis.

AVERAGE MAJOR LEAGUE TENANT TICKET PRICING

Ticket revenue is the key driver of the health and success of major league teams playing in professional arenas. The chart to the right depicts the average ticket price in the 2022-23 season for NBA and NHL teams playing in major league arenas, adjusted for cost of living. It should be noted that ticket pricing is heavily influenced by a variety of factors beyond local venue inventory, including on-court/ice success, long-term team popularity, access to star players, etc.

As shown, in the NBA, average ticket price is higher in multi-arena markets with an average of \$111, or 22 percent higher than single-arena market teams. In the NHL, average ticket price is lower in multi-arena markets (\$73) by 20 percent relative to single-arena market teams (\$92). On average, across both leagues, average ticket price is approximately equal (\$92 versus \$91, respectively).

Based on this data, it is likely that the presence of a new Sixers Arena could have **minimal to no impact** on the ticket pricing for the NHL team at Wells Fargo Center, but this impact would likely vary dramatically based on the popularity and performance of the Flyers on a year-over-year basis.



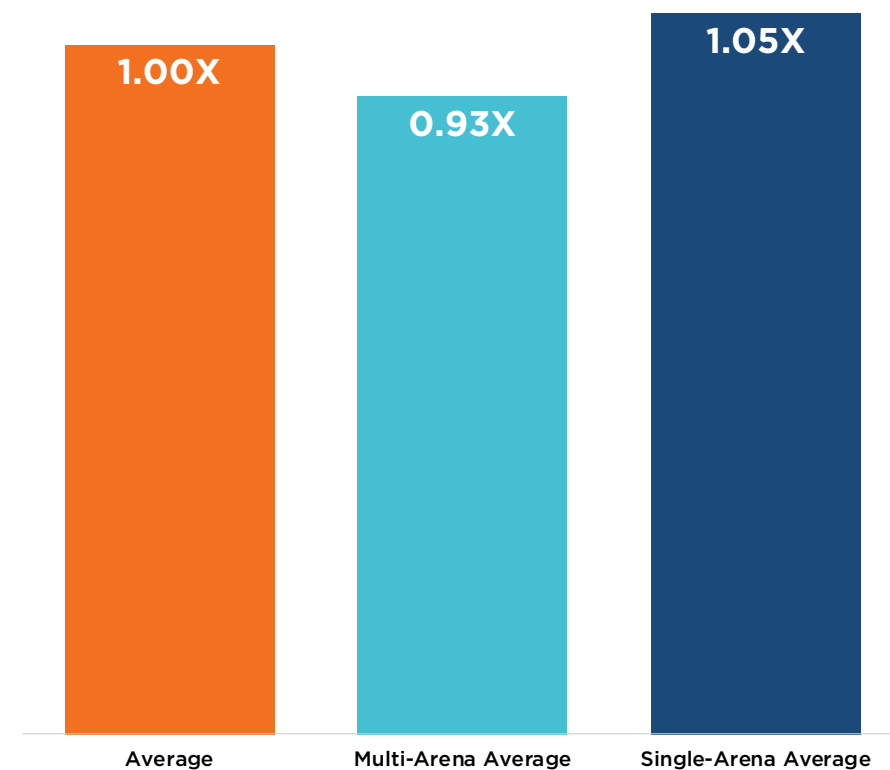
SUITE PRICING

An important revenue source for both major league teams and their respective arenas is the sale of luxury suites. Luxury suite buyers compete from a pool of local and regional corporations and high-net worth individuals. In markets with single arena, a single buyer may be given the opportunity to purchase their suite for the major league tenant(s) as well as other arena events, whereas buyers in markets with multiple arenas would have to purchase multiple suites across the various venues in order to achieve the same level of included event utilization.

The chart to the right depicts the relative suite pricing for suites across major league arenas. As shown, indexing the average suite price to 1.0, suite pricing for multi-arena market arenas is 0.93X, which is 12 percent lower than the single-arena market arenas (1.05X).

Based on this data, it is likely that, following the introduction of the new Sixers Arena, suite pricing across both arenas would be **lower** on average than the combined suite pricing of a single dual-tenant arena. For the Wells Fargo Center specifically, future suite prices would likely be **lower** on average than current pricing due to the loss of a major league tenant (Sixers). It should be noted that suites sold only for Flyers games, not Sixers or third-party events, would not be impacted.

NBA/NHL SUITE PRICING INDEX ADJUSTED FOR COST OF LIVING



NAMING RIGHTS VALUE

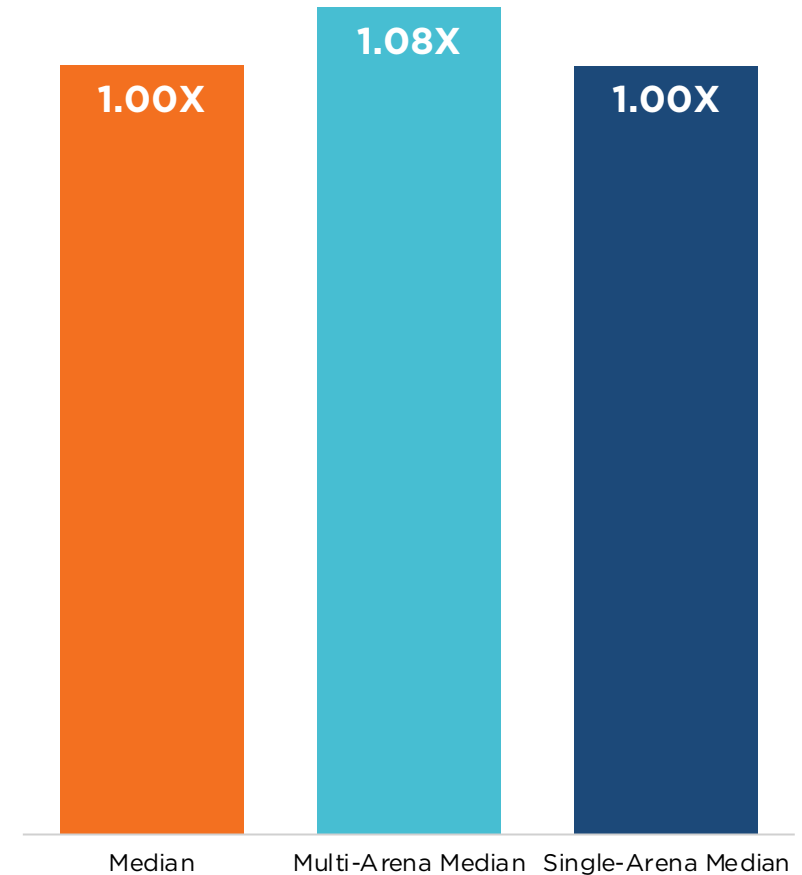
Title naming rights is a key source of revenue for professional arenas, typically comprising the single highest value sponsor for the entire facility.

The chart to the right depicts median naming rights values across professional arenas. As shown, there is little variation in naming rights values by market type, with arenas in multi-arena markets having 8.0 percent higher naming rights values on average.

The median is higher in multi-arena markets likely because these markets are typically larger than single-arena markets and often include some of the more popular teams in the league and potentially access to the largest companies with outsized local presence. Based on this increased exposure, naming rights values are accordingly higher and are able to combat any negative competitive effects from the presence of additional arenas.

It should be noted that, specifically in Philadelphia, the departure of the Sixers for a new arena would certainly have a **negative impact** on the maximum potential of a new naming rights deal in the future, as the loss of the NBA viewership impressions and attendance would negatively impact the market demand for a future title naming rights partner.

NAMING RIGHTS VALUE (2024\$)



SUMMARY

The graphic to the right depicts a summary of the potential effects of the new competitive arena.

Based on this evidence and CSL's industry experience with arena financial modeling, it is likely that the Wells Fargo Center would be **negatively impacted** especially in terms of suite revenue generation (15% to 25% decrease in revenue) and potential naming rights revenue maximization (20% to 30% decrease in value) upon next renewal as well as the general losses from the removal of annual Sixers games, including rent, concessions, parking, and ticket fee revenue (approximately 25 to 35 percent negative impact in these arena revenues). However, it is not estimated that the presence of a new arena would detract from the third-party event utilization at Wells Fargo Center or the attendance and ticket pricing of its remaining NHL tenant (Flyers). While the new arena would increase competition in the arena marketplace in Philadelphia, CSL estimates that the Philadelphia market would be able to support two arenas and that both arenas would be **financially viable**.

IMPACT SUMMARY



MAJOR LEAGUE ATTENDANCE

Major league teams in multi-arena markets had a negative impact of less than 3% on annual home attendance due to competition.



TICKET PRICING

Ticket pricing across both teams is almost equal (+1%) in multi-arena and single-arena markets.



CONCERT UTILIZATION

Concert utilization is slightly higher (+8%) in multi-arena markets, more effectively penetrating the larger market base



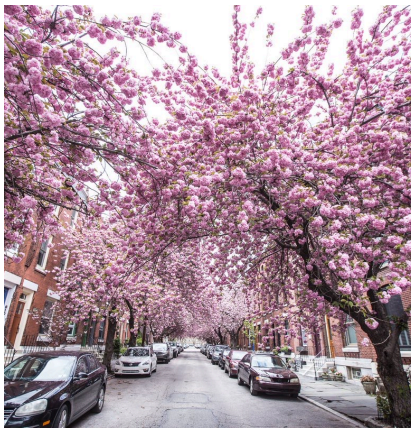
SUITE PRICING

Suite pricing is, on average, 12% lower in multi-arena markets as the presence of multiple arenas introduces additional levels of competition for suite sales in the market



NAMING RIGHTS VALUE

Naming rights values are, on average, slightly higher (+8%) in multi-arena markets as these markets have significant depth and breadth of corporate base. *In Philadelphia specifically, the impact would be negative as the current naming rights agreement would likely increase upon next renewal, but not as much without the presence of a second tenant.*



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