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Making Sports-Oriented Mixed Use Work

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Retail-entertainment amenities generated density throughout the Columbus, Ohio, Arena District and catalyzed revitalization of the city's central business district. (Courtesy of Nationwide Realty Investors)

The successful development of the Arena District in Columbus, Ohio, set into motion a nationwide flurry of development of urban sports-oriented entertainment districts, as municipal officials across the country reimagined their city centers as places where people live, work, and play.

Breaking ground in 1998, Columbus's 75-acre (30 ha) Arena District—the brainchild of Columbus-based Nationwide Realty Investors—is a recreation destination with 300,000 square feet (28,000 sq m) of retail, restaurants, and entertainment venues around Nationwide Arena, which is home to the National Hockey League's Columbus Blue Jackets and Triple-A affiliate Columbus Clippers baseball team.

The Arena District has evolved into popular office, residential, and tourist markets, with 1.5 million square feet (139,000 sq m) of office space, 800 apartment and condominium units, and multiple hotels to accommodate visitors at the Columbus Convention Center. HOK, a global design firm headquartered in New York City, planned the Arena District and designed Nationwide Arena, the aforementioned 1.5 million square feet of office space, and four residential projects, as well as a community theater, an amphitheater, a riverside park, and parking garages.

Creating “Critical Mass”

Speaking at a ULI Los Angeles breakfast meeting in March on the subject of sport-oriented mixed-use development, HOK architect Christopher Lamberth, associate director of business development for his firm's sports, recreation, and entertainment division, noted that a critical mass of both retail amenities and people—residents, daytime workers, and visitors—is required for sports-oriented, mixed-use developments to succeed.

“If you want a critical mass, you need to give people something to do,” he said. “You need a gimmick—a Staples Center. The arena was a big component . . . and pedestrian retail amenities were huge to get people to hang out after the games.” This district attracts 2.75 million visitors annually, according to Nationwide Realty.

Lamberth explained that the retail amenities generated density throughout the Arena District, connected it to the city's central business district (CBD), and catalyzed revitalization of the CBD. At present, commercial and residential occupancy is at 90 percent in the Arena District and 80 percent in the CBD.



Woodward Square, the heart and soul of The District Detroit, is home to the Detroit Arena, home to the city's Red Wings hockey team, but is also the development's lively entertainment district, with nightclubs, restaurants, shops, residential lofts, and a large gathering place for activities and events. (Olympia Development)

He noted that Detroit's planned sports and entertainment district, the District Detroit, will create a similar environment, as the 50-block project connects the city's CBD and midtown district—which also are experiencing a spate of pedestrian-friendly

residential and commercial development—into a contiguous, walkable area.

Under development by Olympia Development, a division of Detroit's Ilitch Companies, the District Detroit plan comprises five distinct residential neighborhoods, each of which will include commercial space and be anchored by an entertainment venue, including the new Detroit Arena, which will be home to the popular National Hockey League (NHL) Detroit Red Wings hockey team; a Fox theater; Comerica Park, home to the American League's Detroit Tigers baseball team; Ford Field, home to the National Football League's Detroit Lions; and MotorCity Casino Hotel.

At the heart of the district lies Woodward Square, featuring a mix of shopping, restaurants, bars, nightclubs, and other entertainment venues, as well as a large gathering space for community events and activities.

Jump-Starting with Public Funds

For entertainment districts to happen, they need critical mass, which almost always requires a major upfront public investment, says Robin Hunden, president of Chicago-based Hunden Strategic Partners, a real estate advisory practice specializing in destination development.

Hunden points out, however, that Los Angeles and San Francisco are exceptions, because land values there are so high, but elsewhere the public sector has to put in some money. He also notes that timing is key for success, as are land banking, site control, strong leadership, favorable financing, and big incentives.



Located on the former Texas Stadium site, the \$165 million Music Factory in Irving, Texas, received land and other incentives from the city, which amounted to 70 percent to 80 percent of the project's total cost. (ARK Group U.S.)

The city of Irving, Texas, for example, is providing the land and putting in \$80 million upfront by constructing most of the buildings for Cornelius, North Carolina–based Ark Group's \$165 million Irving Music Factory. The Ark project is also benefiting from tax-increment financing, and tenant property tax is minimal due to city ownership. In addition, sales tax rebates from the city and state, along with the land value, bring the total public incentive to 70 to 80 percent of the \$200 million deal.

Located on the former Texas Stadium site in Los Colinas, this entertainment megaplex features an 8,000-seat Live Nation concert venue; a 50,000-square-foot (4,600 sq m) plaza; 250,000 square feet (23,000 sq m) of entertainment retail, including a movie theater, a comedy club, and 20-plus restaurant options; and 100,000 square feet (9,300 sq m) of office space.

The Banks on Cincinnati's riverfront also is a public/private project with multiple levels of public financing, which included \$157 million in infrastructure improvements by the city of Cincinnati and Hamilton County.

Under development in downtown Cincinnati, this riverfront revitalization project—anchored by the NFL's Cincinnati Bengals' Paul Brown Stadium and the National League's Cincinnati Reds' Great American Ball Park —includes residential, office, hotel, and entertainment-retail components, as well as a 45-acre (18 ha) riverfront park. Developers Carter and the Dawson Company, along with capital partner USAA Real Estate Company, also are investing \$231 million in this development.

"Newport on the Levee, just across the Ohio River from the Reds' ballpark, is still the leading entertainment complex in the downtown area for before and after games," says Hunden, although he suggests that the Banks is beginning to keep more of Cincinnati's sports fans from crossing the bridge into Kentucky as it gains its own critical mass of restaurants and bars. Newport on the Levee is a popular retail-entertainment venue that attracts visitors from both sides of the Purple People Bridge. Fans use this bridge to walk over the Ohio River between Newport on the Levee and downtown Cincinnati.

Despite high property values in downtown Los Angeles, the city's entertainment district was jump-started with public funds, according to Ted Tanner, executive vice president of real estate development for Los Angeles-based Anschutz Entertainment Group (AEG). A global entertainment company that develops, owns, and operates sports and entertainment facilities and convention centers, AEG is owner-developer-operator of the Nokia Theatre L.A. Live complex and the adjacent Staples Center.



Los Angeles-based Anschutz Entertainment Group builds sports facilities first and then adds an entertainment district. The company built Staples Center in downtown Los Angeles, then added L.A. Live. (AEG)

AEG's Downtown Los Angeles Play

While AEG focuses on wholly owned assets, Tanner notes that 20 years ago, when downtown Los Angeles was a desolate, blighted place, his company acquired 45 acres (18 ha) in what is now known as the South Park District of downtown, and the city floated bonds to help build the Staples Center. He says that AEG has paid off the bonds and now has \$3.5 billion invested in this sports-entertainment complex, which also includes a flagship Regal Hotel.

But AEG is not done yet. While the company rescinded its proposal for the Farmers Field National Football League (NFL) stadium in South Park, the retail-entertainment project proposed adjacent to the stadium, however, is still a go, Tanner says, noting that the plan calls for renaming Francisco Street to Avenue of Angels and creating a French Quarter/Gaslamp-style

entertainment district along this street.

He notes that a portion of the street will be developed by Chinese developer Greenland USA, as it is part of that company's new \$1 billion mixed-use development, Metropolis. Located on 6.3 acres (2.5 ha) in South Park, Metropolis includes three residential towers, a six-star boutique hotel, and curated, destination retail.

AEG quit its proposed NFL stadium project when two other NFL stadium-entertainment district proposals gained momentum, due to support by three NFL teams. St. Louis Rams owner Stan Kroenke is backing the football stadium at Hollywood Park in Inglewood; and San Diego Chargers owner Dean Spanos and Oakland Raiders owner Mark Davis are partners in competing a proposal in Carson.

"Football is going outside downtown, so this is our mothership [AEG's collective South Park interests], and it's a significant model for what we're doing elsewhere in the world," says Tanner.

AEG Goes Where Others Fail to Tread

"Our approach is to look for opportunities lacking in a core entertainment district," Tanner continues. "We start with an arena, then add the entertainment district." AEG's site selection criterion is an intercity location with developable land around it and good public transit.

An example of this approach is the company's project in the East Berlin area of the German capital. AEG acquired the franchise for the city's Berliner Eisbären hockey team and opened the O₂ World Berlin arena, now rebranded Mercedes-Benz Arena, in 2008. The company is currently redeveloping an adjacent train yard to create the Berlin Entertainment District, a mixed-use project with 600,000 square feet (55,700 sq m) of retail-entertainment amenities, residential uses, and office space.

Tanner notes that this project is not only in a dense urban location, but also adjacent to the largest standing portion of the historic Berlin Wall, which attracts tens of thousands of tourists annually.

Proximity to Urban Amenities Key to Successful Sports-Entertainment Projects

Sports and event facilities are key demand generators for nearby retail amenities, Hunden points out, noting, "They feed off each other and create a sense of place." He warns, however, that proximity is key in developing "packaged districts," as people will walk only in a one-quarter-mile (0.4 km) radius of the sports or event facility. Entertainment retail services also must be "visible, walkable, and safe."

Hunden stresses that critical mass is best achieved by locating packaged projects in urban environments where infrastructure and density are already in place. "The high cost of urban sites is forcing facilities to be developed outside the urban core, or at least providing an incentive for them to be built where land is easier to assemble and less expensive, but proximity matters," he adds, pointing out that entertainment facilities are not generally successful as islands, and isolation limits their economic impact.

By locating Miller Park, home to the National League's Milwaukee Brewers, outside downtown, Hunden notes that the city of Milwaukee missed the opportunity to offer fans the ability to visit restaurants before and after games and the economic impact that would have provided.

Power Plant Live! in Baltimore, for instance, is a very successful project, Hunden says, because it lies just a block from the Inner Harbor and a short walk from many other attractions, including the NFL's Baltimore Ravens' M&T Stadium; the Baltimore Orioles' Oriole Park at Camden Yards; many downtown hotels; the convention center; and other local attractions.



AEG opened the Mercedes-Benz Arena (formerly O₂ World Arena of East Berlin) in 2008, and is now building an entertainment district there. (Anschutz Entertainment Group)

“People want to know if there’s payoff for these districts,” he concludes. “It’s what gets developed outside the district that signifies success—walkable streets beyond the district’s six to eight blocks buzzing with activity.”

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