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# Major League Soccer stadium ushers in a new era for Greater Sacramento

The case for Major League Soccer as a talent attraction driver

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# Executive summary

Greater Sacramento's economic success is primed to continue with Commissioner Don Garber's official announcement that Major League Soccer (MLS) is expanding to California's capital city. The Sacramento Republic FC will call a new state-of-the-art \$300 million stadium in the heart of the downtown Railyards District home by 2022. The team has a dedicated and diverse fanbase and has already secured commitments for more than 10,000 season tickets for their first MLS game in 2023<sup>1</sup>. Ron Burkle, the club's lead investor was quoted saying, "Soccer has gotten to a point now where I think you hit the turning point, where I think it's going to be one of the top two or three sports in America." He continued, "And this was a chance for us to be part of that growth." The new stadium will anchor the largest infill downtown development in the west with more than 5 million square feet of office space, 10,000 residential units, a hospital and retail<sup>2</sup> that will redefine downtown Sacramento. This game-changing development and the steady pipeline of diverse talent graduating from top-tier universities in the region create a perfect environment for companies to grow.

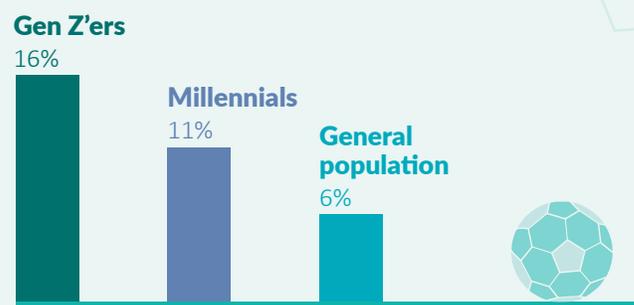


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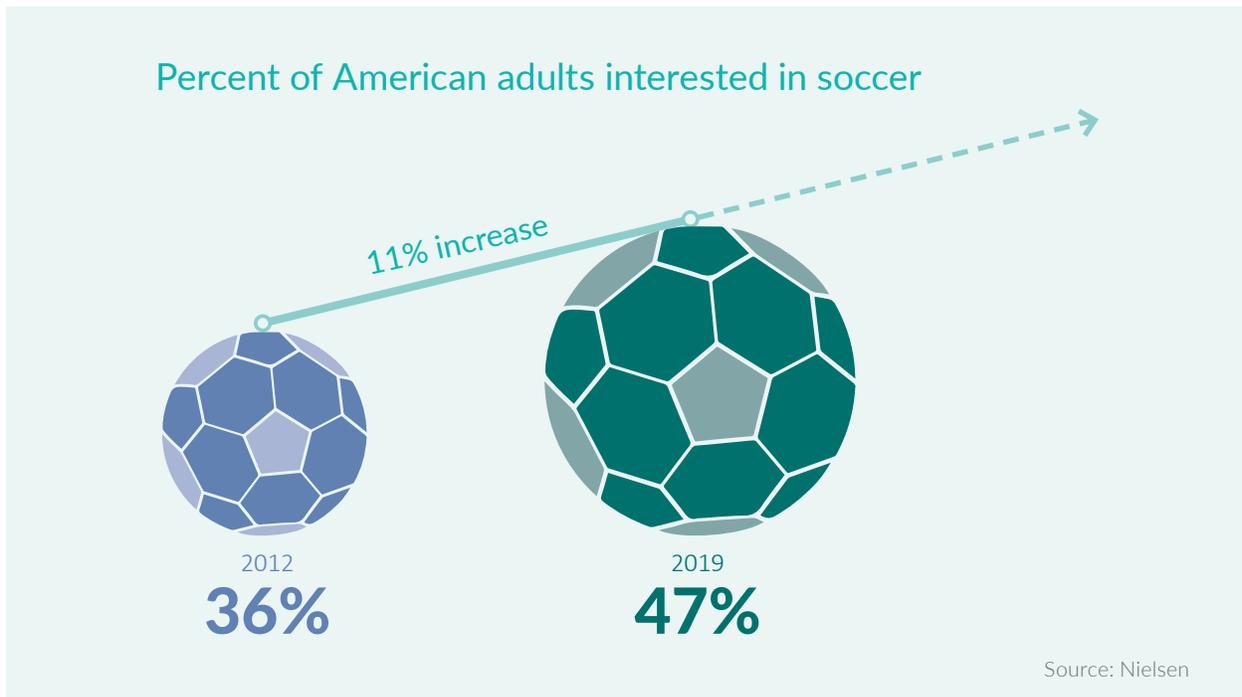
# The growth of Major League Soccer

Soccer has been steadily expanding in the U.S. and among millennials. With roughly 45 million children participating in youth sports and a 2019 professional sport market value of \$75 billion, one thing is certain: America is undeniably driven by sport. Six out of 10 Americans identify themselves as sport fans with numbers associated with millennials outpacing that. Popularity revolving around sports in America can be explained by a multitude of factors, but primarily it provides a common bond for people of all walks of life. Iconic moments such as Megan Rapinoe and team USA winning the 2019 Women's World Cup have the unique ability to spark interest and energize communities. That passion surrounding a team, their colors and venue brings in a different kind of obsession that can ultimately affect the economic direction and future of a region. The concern has consistently revolved around the United States' inability to garner interest in soccer, but for the first time numbers are beginning to tell us otherwise. In a 2019 report, 47% of American adults said they're interested in soccer, an increase of 11% since 2012<sup>4</sup>. Among millennials,

## Percent of U.S. population that played soccer in the past year



Source: Nielsen Scarborough 2017 (U.S. Market)



soccer and basketball tied as the second favorite sport in a recent study conducted by Gallup<sup>5</sup>. Additionally, soccer participation has increased, with 16% of Gen Z'ers playing soccer in the past 12 months compared to 6% of the general population<sup>6</sup>. As of 2018, the overall numbers of youth soccer players registered in the United States stands at 4.2 million<sup>7</sup>.

The basic success model when dealing with professional sports, besides a valuable product on the court or grass, is an electric and integrated venue. New sports stadiums, when done right, catalyze growth and investment, as is evident by successful efforts from Los Angeles to Boston. One of MLS's newest teams, Los Angeles FC, will add over 140,000 square feet of improved public space and \$350 million in development surrounding their innovative 2018 stadium<sup>8</sup>.

The new Atlanta Braves stadium, constructed in 2017, has driven the development of an additional 630,000 square feet of office, 500,000 square feet of retail and 450 hotel rooms to the surrounding area<sup>9</sup>. In Boston, The Hub being built around TD Garden, home of the Bruins and Celtics, will add 2 million square feet of development<sup>10</sup>. Through countless examples we end up in Sacramento, California which has already seen incredible investment from the NBA team the Kings. Their new arena, the Golden 1 Center, is the world's most sustainable and technologically advanced<sup>11</sup>. Completed in 2016, the 779,200 square foot arena can hold more than 17,000 fans for games and concerts. It will now be bolstered by the new MLS stadium.

# Major League Soccer to Sacramento

The Sacramento Republic FC is the 29th franchise in Major League Soccer, and was officially announced in October 2019.

Set to open in 2023, the new 20,000-seat MLS stadium is backed by some \$6 billion in public and private investments. The venue will primarily be home to the Republic FC, but will incorporate additional events including other professional sports like the X-Games, amateur sports, concerts and community events. It will sit on the 244-acre property known as The Railyards which was previously known as the former terminus of the transcontinental railroad and home to the seventh busiest Amtrak station in the nation. Developers will honor the site's history, preserving several buildings and incorporating modern innovation to create a bustling, mixed-use urban development. Plans include up to 5 million square feet of office space, a 900,000-square-foot Kaiser Permanente hospital, approximately 700,000 square feet of retail and additional cultural amenities. When complete, the development will add another 7 million square feet and 10,000 residential units to downtown Sacramento, effectively doubling the urban core<sup>12</sup>.

While projects like these are sometimes planned but never realized, The Railyards are being led by a seasoned development and investment company experienced in large-scale projects, LDK Ventures. LDK is well-known for its redevelopment of the former McClellan Air Force Base. In 2001 the base closed and became a Superfund site. Thanks to the efforts of LDK, the base is now a major employment center with 8 million square feet of industrial and commercial space and home to 230 companies, including Siemens, US Foods, Amazon, Northrop Grumman, General Dynamics and Consolidated Communications<sup>13</sup>.

The journey for a Major League Soccer team in Sacramento wasn't easy. The process included a five-year sojourn with the goal of benefiting the region in a drastic way. Sacramento fandom and support throughout the years has been second to none. Kevin Nagle, Sacramento Republic FC investor stated, "the bond between Sacramento and the Republic FC is unbreakable," adding, "Sacramento is indomitable."

## Planned development at The Railyards will double the size of downtown Sacramento



20,000-seat MLS stadium, opening in 2023



About 700,000 square feet of retail and additional cultural amenities



5 million square feet of office space



900,000-square-foot Kaiser Permanente hospital



10,000 residential units



— The Railyards

— Downtown Sacramento

The question remaining: what can we expect from soccer and a new stadium in Sacramento moving forward?

**The answer is a real draw to the Greater Sacramento region for Gen Z and millennials seeking a live/work community lifestyle.**

The question remaining: what can we expect from soccer and a new stadium in Sacramento moving forward? The answer is a real draw to the Greater Sacramento region for Gen Z and millennials seeking a live/work community lifestyle. The region ranks second in the country for per capita rate of youth soccer participation with 100,000 players in the community<sup>14</sup>.

Soccer is widely considered the most popular sport in the world. The 2018 Men's World Cup final drew in 3.5 billion viewers worldwide in comparison to the 2019 Super Bowl between the Patriots and Rams, viewed by roughly 98 million people. For the first time, the optimism surrounding the sport locally, in addition to the United States as a whole, is exceeding expectations. The Greater Sacramento region and specifically its younger generations have clearly demonstrated tremendous excitement for soccer. In 2014, the inaugural match of local team Republic FC shook the landscape with 20,000 fans packed into a sold-out stadium. Before promotion to MLS, they drew in an average of 11,311 fans during their 2018 campaign – good for second in the United Soccer League (USL)<sup>15</sup>. With Sacramento building a soccer entertainment hub in the heart of downtown, the attraction and interaction of millennials in the area will only grow.

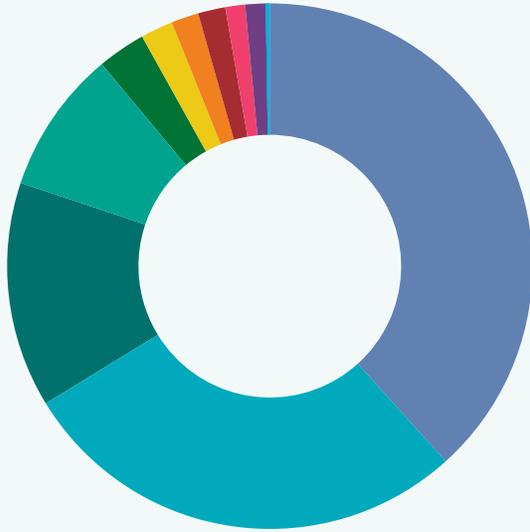
The economic success of soccer in medium sized markets has been demonstrated and replicated before, paving a path for Greater Sacramento to follow. Orlando, home of

the Orlando City SC, has a population approximately half the size of Sacramento. The team's new 2017 stadium added roughly 900 jobs and over \$100 million in economic impact. The club averages 22,761 fans during each contest, good for seventh in MLS<sup>16</sup>. FC Cincinnati, founded in 2016, shattered numerous USL attendance records. They averaged 25,717 fans during their 2018 season and were quickly awarded an MLS team. In the span of a few years, they broke ground on a new stadium predicted to add 2,500 full-time jobs to the region with added wages reaching \$215 million<sup>17</sup>. The Timbers, located in Portland, Oregon, vowed to add \$30 million annually and 300 long-term jobs into the local economy in 2009<sup>18</sup>. According to their website, the team has followed up on that promise in addition to selling out every home game since the club's inaugural MLS season in 2011. Their league attendance average of 25,218 fans in the 2018 season ranks fourth in MLS. With the success of soccer and its beneficial impact displayed economically in medium sized markets, the ability for Sacramento to replicate is evident.

Soccer is a melting pot. "The game of soccer is special in my family. I've seen up close and personal how the 'beautiful game' can bridge diverse populations, build lasting relationships, and create a shared sense of community," said Governor Gavin Newsom. MLS is a prime example of that, as the most diverse league in North America with 72 countries

## Diversity in Greater Sacramento

Diversity in the Greater Sacramento region is increasing rapidly. Of the non-Caucasian population, the leading ethnic minorities include Hispanic, Asian, Black and Two or More Races, Non-Hispanic.



2018 Population	Race/Ethnicity
467,635	Hispanic
340,932	Asian
169,419	Black
107,700	Two or More Races, Non-Hispanic
36,122	Two or More Races, Hispanic
24,343	American Indian or Alaskan Native, Hispanic
20,615	Black, Hispanic
20,480	Native Hawaiian or Pacific Islander, Non-Hispanic
15,269	Asian, Hispanic
14,900	American Indian or Alaskan Native, Non-Hispanic
3,016	Native Hawaiian or Pacific Islander, Hispanic
1,220,431	TOTAL

Source: Emsi, 2019

represented at the beginning of the 2018 season. Hispanics comprise the largest share of MLS fans at 34%<sup>19</sup>. To put that in perspective, the next highest share of Hispanics fans in a top sports league is the NBA at 12%. Sacramento has a similarly diverse population, with 28.7% of the population having Hispanic or Latino roots. In 2018, the city was ranked the sixth most diverse in a study composed of 500 cities<sup>20</sup>. The sport and city are also connected through their ties to the millennial population. Soccer is the second favorite sport for millennials and as the third market in the country for net millennial migration<sup>21</sup>, Sacramento was an easy choice for an MLS expansion team.

Just as MLS and Republic FC have the evidence showing soccer will be successful in Sacramento and to the future

development around the stadium, companies throughout the region now have the key demographic evidence they need to succeed, making the Greater Sacramento region a place where soccer and businesses are primed to coexist.

As millennials and others continue to migrate to Greater Sacramento, the soon to be constructed stadium and entertainment district will provide them with a place to spend their leisure time; the new office space will provide a place for the companies eager to employ them. MLS and The Railyards development are ushering in a new era for California's capital city.

**For more information on existing labor force and future pipeline, visit [www.TheTalentsHere.com](http://www.TheTalentsHere.com).**

# About the authors



## M. Scott Powell, EDFP

### Senior Vice President, Business Development and Market Analytics

Scott oversees GSEC's business development as well as research, analytics and policy analysis efforts. His focus ensures that the organization's business investment and job creation efforts are data-driven and highly successful. He has more than fifteen years of experience in municipal and regional economic development.



## Pierce Davis

### Research Analyst Intern

Pierce is a recent Economics graduate from Sacramento State. He serves as a dedicated teammate by providing accurate data and information for a variety of projects. He is a lifelong soccer player and referee.

# About the Greater Sacramento Economic Council

The Greater Sacramento Economic Council is the catalyst for innovative growth strategies in the Capital Region of California. The organization spearheads community-led direction to retain, attract, grow and scale tradable sectors, develop advanced industries and create jobs and investment throughout a six-county region. Greater Sacramento represents a collaboration between local and state governments, market leaders, influencers and stakeholders, with the sole mission of driving inclusive economic growth.

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