

A new game for sports arena business suites

Transforming sports venue hospitality suites into dynamic “business suites” can be a win-win for arena owners and businesses

Sports arenas and stadiums: High cost, low usage

The United States has more than 130 sports stadiums and arenas across its five major professional sports leagues—NFL, NBA, MLB, NHL, and MLS.

Most sit in major cities or nearby. On game days, they can be filled with tens of thousands of spectators. But on days when no home game or other ancillary event is scheduled, these vast facilities remain empty. Minimal revenue is generated, and the owner still must pay for basic upkeep, such as electricity, heating, cooling, and security.

That adds up to a low dollar return per square foot.

But there is a way for stadiums to increase their usage and become more of a destination during nongame times.

All professional stadiums offer hospitality suites, where businesses can entertain their prospective and existing clients on game day to build relationships and close deals. In today's work environment, with the increase of hybrid and remote workforces, businesses are searching for multi-function spaces for employees and customers to convene. What if those hospitality suites were converted to allow more than just entertainment during a game? What if they were redesigned to be unique business meeting spaces that would allow a company to not only meet its clients but also give them an immersive experience with its products and services? And after the meeting, what if the suite still functioned as an exclusive space to enjoy the game?

Such a plan would benefit both businesses and stadium owners: Businesses get a unique “destination” venue to conduct their business and meet with clients that has a lot more cachet than a typical office or hotel meeting room, while owners get increased use for their facilities and additional revenue for the enhanced suites.

In this paper, we’ll look at how sports arena and stadium owners can leverage their hospitality suites to gain additional revenue, enhance their brand and offer their hospitality-suite clients an exciting new option for their own business development.

Home games equate to just a fraction of stadium/arena usage

Pro sports teams across the major sports leagues primarily only use their facilities for home games, which is a fraction of the available days during the year. By not maximizing usage outside of game days, a valuable asset is underutilized.



“There’s just so much down time.”

Today, sports stadiums and arenas cost billions of dollars to construct and millions of dollars more to operate—a price tag so large that most new facilities have corporate sponsorships tagged to their names. SoFi Stadium in Inglewood, Calif., home to the NFL’s Los Angeles Rams and Los Angeles Chargers, opened in 2020 and cost an estimated \$5.5 billion to develop. The Chase Center in San Francisco, home to the NBA’s Golden State Warriors, opened in 2019 and cost an estimated \$1.4 billion.

What’s more, these stadiums and arenas boast some of the latest engineering and technology. From self-serve concessions and cashless transactions to increased Wi-Fi coverage and location-based optimizations, these stadiums are doing everything possible to provide a convenient and memorable experience for their fans.

Yet for all the dollars needed to build these modern coliseums for today’s professional sport gladiators, most of them are dormant for much of the year (hourly speaking) and are losing money when not in use. When the home team is away, during the day, and in off-seasons, their arena is dormant while the operational costs remain steady.

“We do more than 230 events per year, but we open an hour before each event and close almost immediately after,” said Jim Van Stone, President of Business Operations and Chief Commercial Officer at Monumental Sports and Entertainment, the owner of Capital One Arena in Washington, DC, home to the NBA’s Washington Wizards and NHL’s Washington Capitals. “There’s just so much down time.”

The bottom line is that the cost-value benefit for these properties is low, and some stadium owners are beginning to realize that they are missing an opportunity to not only add to revenues but also gain good will and enhance their brand by making their facility more of a destination for fans, the community, and businesses.

We’ve already seen examples of owners offering their stadiums for other uses, such locations for COVID-19 testing and vaccinations, which strengthens the sports organization’s relationship with the community and businesses. So, the big question stadium and arena owners should be asking is: How can we use this facility more?

A better ROI on hospitality suites

For decades, businesses of all sizes have used professional sporting events to build relationships with clients or customers. In the past, this might have meant purchasing season tickets in prime seating locations like the 50-yard line, behind home plate, or center ice.

Today, stadium and arena owners have taken the idea even further by building into sports-facility designs seating levels with hospitality suites that can be sponsored on an annual basis or on a game-day basis for their exclusive use. These luxury suites offer air conditioned or heated rooms, prime viewing locations, full catering, and other amenities.

Stadiums and arenas built within the last decade on average have a hundred or so of these hospitality suites or boxes. Capital

One Arena in Washington, DC, for example, has 110. But the current business model for hospitality suites isn't designed for people to use them when games aren't being played. Suite owners pay to use the suite during games and events such as concerts, but don't typically see additional value from the suite during off-hours. That leaves a lot of time—nonevent days and off-hours on day games—when the suites are unused and empty. Not exactly the best return for investment.

“ Hospitality suites are just like any other business investment. The question businesses should be asking is: Am I getting the most value out of this sports sponsorship that I can? When you compare the year-round access you theoretically have to the suite with the limited amount of time you actually use the suite during games each week, the answer is likely no.”

—Shawn Quill, National Sports Industry Leader, KPMG LLP (U.S.)

KPMG opens Ignition Center in Capital One Arena

Monumental Sports & Entertainment (MSE) and KPMG LLP announced the opening of a transformed existing arena suite as the newest KPMG Ignition Center, located at Capital One Arena.

The renovated suite is equipped with the latest technology and will serve as a meeting place for KPMG and its clients to collaborate and solve business problems together, 365 days a year, at any time of the day, regardless of the event and game schedules.

When a game, concert, or event is hosted in the arena, KPMG will also be able to offer traditional live-event hospitality to their clients integrated into an innovative customer experience. *(Read the full story on next page)*

Transforming the suite-before, during, and after:



Existing suite



Under construction



The completed suite transformation

KPMG turns Capital One Arena hospitality suite into innovative and interactive Ignition Center

The KPMG Ignition Centers are designed to highlight and encourage innovative thinking. So, it's fitting that Tim Gillis, KPMG Office Managing Partner, Greater Washington, DC, Metro Area, did a bit of creative and innovative thinking of his own when it came to finding a home for the new center.

Gillis was looking for a place to build a KPMG Ignition Center, an innovative meeting space where clients can interact with the firm's newest technology solutions. At the same time, KPMG was considering leasing a suite at the Capital One Arena in Washington, DC, home to the Washington Capitals and Washington Wizards, for client entertainment purposes.



On June 15, 2022, “KPMG Ignition – DC” was officially unveiled at Capital One Arena. The once-standard hospitality suite has been completely redesigned, featuring advanced technology, modular and movable functionality, and an array of digital monitors that are interactive and adaptable for any business session. KPMG Ignition – DC will still have

all the amenities of a standard hospitality suite and will continue to function as a gathering place for Capital One Arena games and events.

Gillis thought, why not locate the Ignition Center at the arena? He approached MSE, the ownership group of Capital One Arena, about being able to use the suite 365 days a year. The idea eventually made its way to MSE CEO Ted Leonsis, who loved the idea and recognized its seamless alignment with MSE's innovative culture.

“I am always looking in the business world for creative ways to develop and nurture a new relationship,” Gillis said. “I hope in having our clients walk into a space that defies convention that they will begin thinking unconventionally about their own businesses. What we expect to come out of this is that people will not forget the experience.”

To learn more about how the KPMG Ignition – DC went from idea to reality, go to: [visit.kpmg.us/sports](https://www.kpmg.us/sports).

The solution for arena owners and suite sponsors

But what if those suites could be redesigned and equipped so they can be used for more than just entertaining clients at a game? What if these hospitality suites could be expanded and transformed into a new and innovative place to meet with and sell to clients? And perhaps, most importantly, what if these suites could function in a way to benefit both the arena owners and the suite owners?

The answer is converting these primarily dormant hospitality suites into one-of-a-kind business suites, designed for strategic off-site meetings.

While still functioning as a place to entertain clients during the arena's events, these revamped suites would include much more than just traditional meeting space. The suites would be completely redesigned with a different look and feel from the other suites in the arena. In addition, they would highlight a unique product or service in a way or environment that couldn't be replicated in a typical office or hotel meeting room. The design would encourage creative thinking where the business could really focus on solving problems.

These new business suites would offer benefits to both the arena owner and the hospitality suite renters. For arena owners, the use of the venue during off-hours would help to off-set operational costs for dark days and would help further develop the relationship with the businesses that come to the arena for meetings in the customized business suites. The companies that are business-suite partners would be able to extract more value from their suite agreement and provide a unique environment to serve a particular business need with a product or technology specific to the business while creating a memorable experience for their clients.

"We have to look at ourselves as a 360-degree ecosystem for business development, and that's what we're going to do together here," Monumental's Van Stone said. "We grow our brand by the unique partnerships that we have and the things we do together to be different. We don't want our partnerships to be just transactional experiences. We want them to have a return and be a solution-based opportunity for our partners."

These business suites could be used during the day or nights when games aren't scheduled, although the ideal use would be prior to a game so the business working session could easily segue into the sporting event for relaxed client entertainment.

"There's something magical about stepping into a sports arena when it's not in use," Quill said. "You think about the players that you're a fan of. Those players come to the arena when it's dark, walk through the tunnels when it's quiet, and are exposed to that latent energy in the arena before a game. Clients will enter the building, walk the concourse, see all the signage from the teams that play in the arena, and feel like they're going to a game, even though they are going to a business meeting. That meeting experience enhanced by the sports elements of the arena will make it feel different. It will stand out from the other meetings they've had in recent memory."

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Questions to ask

Before embarking on a plan to transform a hospitality suite into a business suite, there are a few questions arena owners and suite sponsors should ask.

Arena owners ask:

- What is the utilization rate for your suite sponsors?
- Are you sold out with 100 percent of your suites occupied?
- Are your suite sponsors looking for ways to realize more value from their hospitality investment?
- Would you like to generate revenue from your venue outside of event and game days?

Suite sponsors ask:

- Am I getting the desired value out of my hospitality suite?
- Is it challenging to get proper face time with my clients?
- Does my business or service lend itself to a business suite in a sports arena?
- Could a business suite provide an alternative to traditional ways to meet with clients?

Final thoughts

Transforming hospitality suites into business suites is a classic “win-win” for both arena owners and suite sponsors. The capital investment to convert a suite is not prohibitive, and there is real potential for ROI. The idea can be incorporated into the design of new sporting facilities, or existing suites can be easily retrofitted to become a strategic business suite.

“People still come to the arena. They experience the arena product. They are brought in more so to the sports experience, so I think this idea can catch on quickly, and I believe when we look back in a few years, we’ll see the idea of this business suite very prevalent in sports arenas,” Quill said.

Opening stadiums and arenas to more regular use can also help transform them from an empty edifice most of the time to more of a city

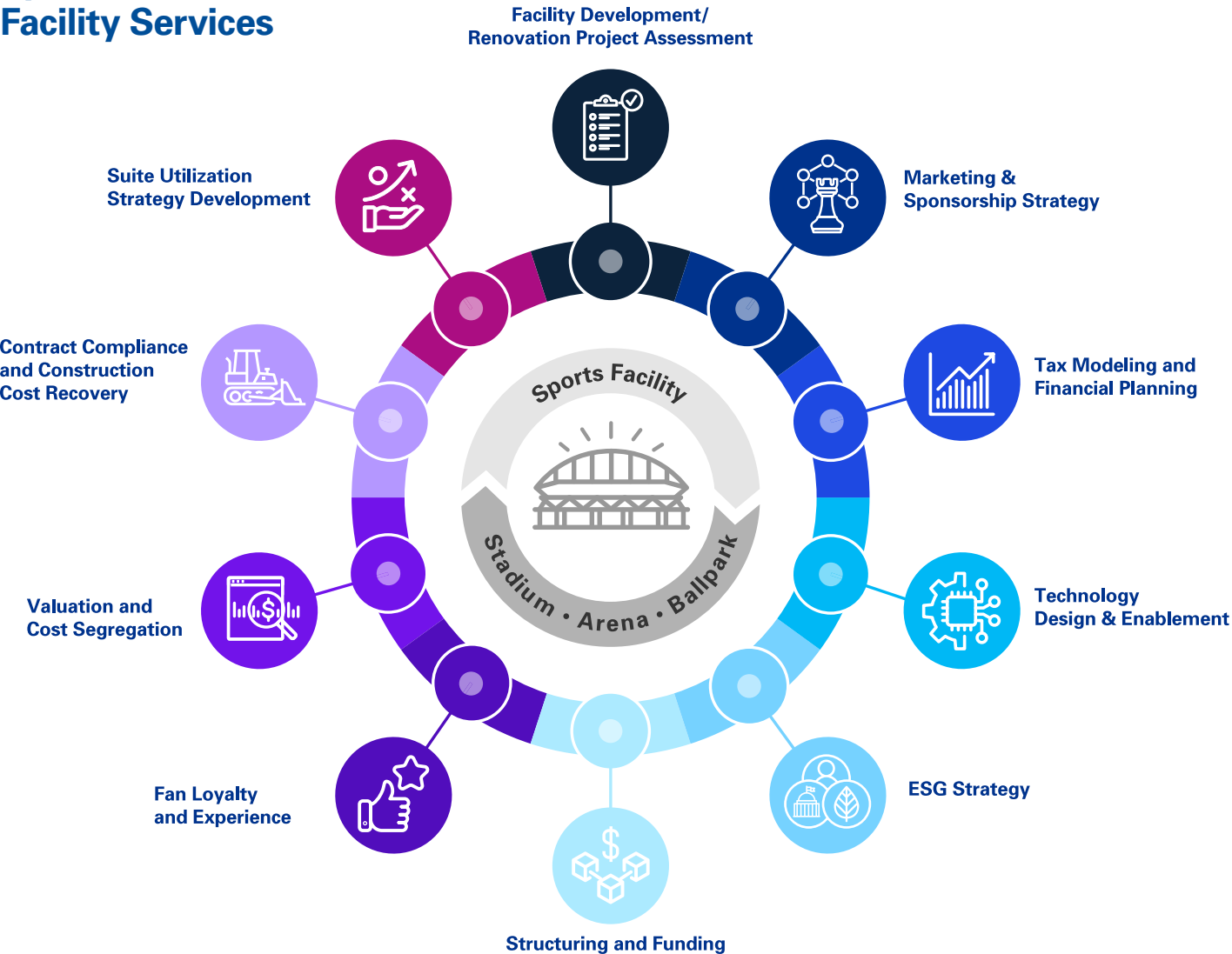
destination, enhancing the team’s brand and profile among the host city’s citizens.

“I do think it’s going to set the new standard for arenas around the country that look at themselves as more than just a sports facility or an entertainment facility,” Van Stone said. “I view in the future us having 8 to 12 of these business suites that are operational year-round for partners.”

How KPMG can help

Whether you're considering building a new sports facility, renovating an existing arena, stadium, or ballpark, or examining how to optimize utilization and increase revenue from your existing facility, KPMG has a specialized team experienced in infrastructure, real estate, and the sports industry who can help.

Sports Real Estate and Facility Services



KPMG Sports Industry practice: Who we are. What we do.



We are a dedicated sports practice composed of industry specialists.



Our clients include top sports leagues, teams, facilities, and collegiate programs.



We bring together a broad range of KPMG services and skills to serve the needs of the sports industry.



We are part of the KPMG Global Sports Advisory network, comprising 18 country practices around the globe.

About the KPMG Sports Industry practice

The KPMG Sports Industry practice is steeped in the business of sports. We help major sports stakeholders, from professional teams and leagues to collegiate programs and event facilities, identify opportunities, increase profitability, and manage risk.

To learn more, go to
[visit.kpmg.us/sports](https://www.kpmg.us/sports).

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