

# Master Plan - Market Analysis Update



**November 15, 2017**

# Driving Forces of the Master Plan

## Driving Forces

- Continuing to operate as a self-sustaining, not-for-profit organization that provides economic development and improved quality of life
- Positioning for long-term success given constantly changing competitive environment and economic conditions at a macro level
- Retain and grow existing events and position the LEC to attract new events that have a regional and national appeal
- Prioritizing capital projects, facility upgrades, and adaptive reuse of existing buildings that provide:
  - Operational flexibility and adaptability
  - Financial and environmental sustainability
  - Return on investment
- The LEC was recently awarded the National High School Finals Rodeo (NHSFR) for 2020 and 2021
  - Several renovation/enhancement projects must be completed prior to this event include the construction of the new Grandstand and upgrading and expanding the campgrounds
  - LEC is in the rotation and could potentially host the NHSFR again in 2026 and 2027
  - The event is anticipated to bring approximately 50,000 people to Lincoln

# Work Plan

- Interviewed key stakeholders including LEC management and staff
- Attended Lancaster County Super Fair and toured existing facilities
- Profiled market attributes including the competitive environment
- Analyzed existing operational data
- Assessed industry trends
- Obtained feedback from existing and potential users
- Analyzed data on competitive/comparable facilities
- Developed a competitive market assessment

# Multiple Factors Impact Potential Market Demand Opportunities



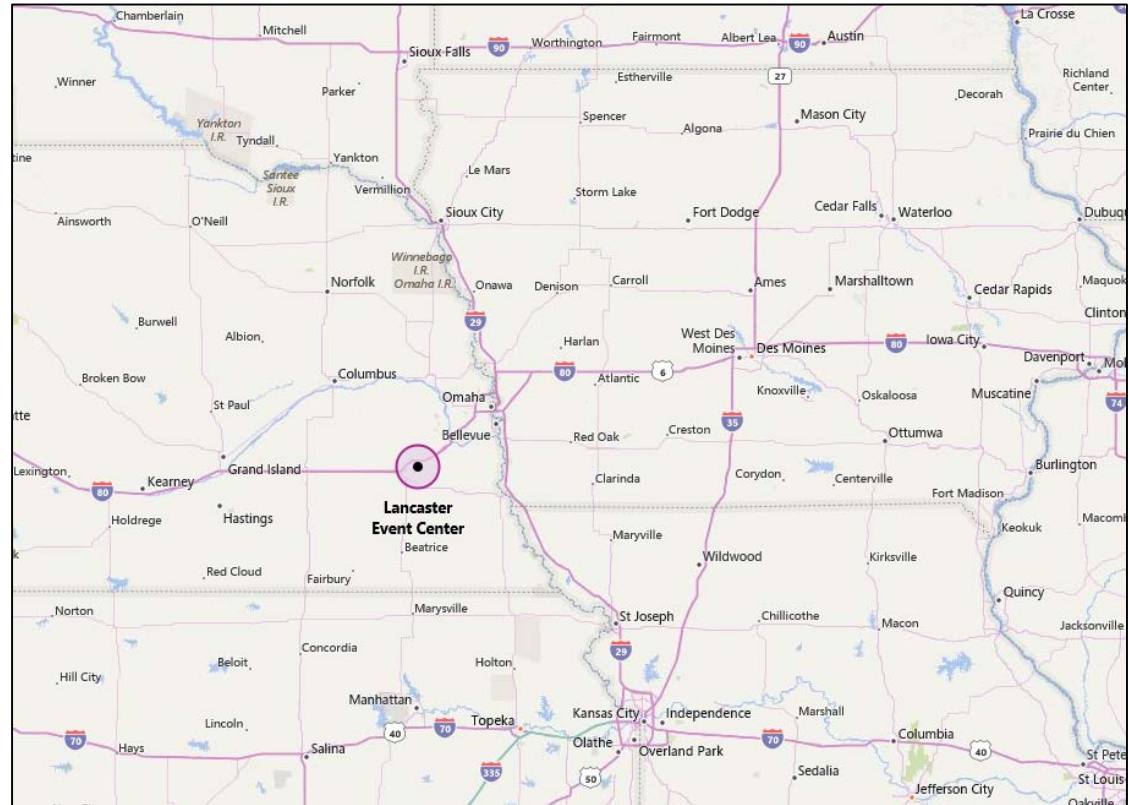
# Demographic & Economic Attributes Impact Programming Opportunities

Category	Primary Market 30-Mile Radius	Secondary Market 60-Mile Radius
2000 Population	313,400	1,190,500
2010 Population	357,500	1,323,800
2017 Population	392,300	1,429,500
2022 Projection	416,300	1,503,500
Median Age	35.0 years old	35.9 years old
Median Household Income	\$57,800	\$58,300
Average Household Income	\$76,500	\$78,000

- The primary and secondary markets are projected to experience annual growth rates of 1.2% and 1.0% from 2017 to 2022, respectively, which are higher than for the State (0.78%) and the U.S. (0.84%)
- Median age and income statistics are relatively similar in both the primary and secondary markets
- The Metro Area's employment is primarily made up of government; trade, transportation and utilities; education and health services; and professional and business services

# Accessibility and Geographic Location as well as Hotel Supply Impact the LEC's Marketability

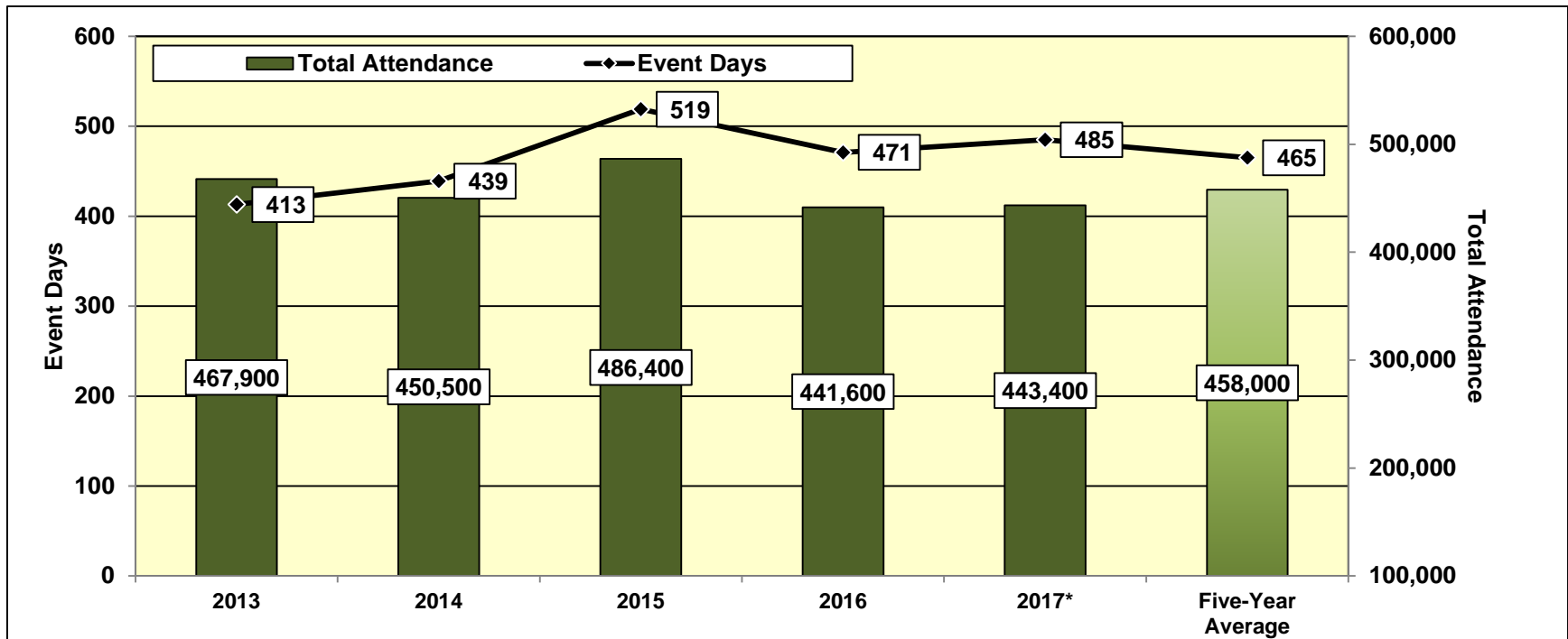
- North/South highway access is provided by Interstate 29
- Interstate 80 provides the primary East/West access
- Proximity to the Lincoln Airport and Eppley Airfield in Omaha can be advantageous
- There are approximately 5,300 hotel rooms in Lincoln, most of which are located within 10 miles of the LEC



# Historical LEC Operations Provide a Solid Base for Future Business

- Over the last five years, LEC has averaged 465 Event Days and 458,000 in Total Attendance
- Event activity peaked in 2015 due to an increase in sporting events, practices and community/civic events
- Attendance in 2015 was positively impacted by increases at the Fair and family shows
- After peaking in 2015, event days and attendance remained relatively consistent in 2017 to date

### Historical Event Days & Total Attendance (2013 – 2017)



Note: \* Event activity shown for 2017 includes management's projections for November and December.

# Historical LEC Operations Provide a Solid Base for Future Business (cont'd)

- Consumer/trade shows accounted for approximately 12% of total events and 15% of total event days as well as 37% of total attendance
- On average, equine/rodeo-related activity combined represented approximately 26% of total events, 30% of event days and 15% of total attendance at the LEC
- The facility began hosting UNL Rodeo practices and CCHPC Barrel Practices in 2014 and has also hosted private driving practices and Magellan soccer practices
- Banquets, including receptions, Quinceaneras and other food functions, averaged 8% of total events during the profiled period but only 3% of total attendance; however, these events can be profitable for the complex due to facility rental charges and food and beverage revenue
- In general, the LEC's event activity appears consistent with its mission to offer diverse, affordable programming
- Beginning in 2018, the Fair will be reduced to four days which will highlight the 4-H-focused days of the Fair and increase the number of days that the LEC is available for outside rentals



# Several Existing Events Are Limited in Their Ability to Grow and Others Interested in LEC Cannot Be Accommodated

- Several existing events are outgrowing the existing space or are unable to get their desired date
  - Farm Show, Cornhusker Classic Quarter Horse Show, Lawn & Leisure Show, UNL Rodeo, Antique Show
- Several existing events require more spectator seating (3,000 to 4000)
  - Cornhusker Classic Tractor Pull, Professional Bull Riders, Shrine Circus
- Other events that have been turned away because of date/space availability or existing building program elements include:
  - American Shetland Pony Club Nationals
  - American Shetland Sheep Dog
  - American Simmental Association
  - Derby Girls Roller Derby practices/competitions
  - Dare to Share Youth Seminar
  - National Simmental Show
  - National Versatility Ranch Horse & Mounted Shooting Finals
  - Nitro Arena Cross Tour
  - Palomino Nationals
  - Select World Show
  - Sporting events such as Youth Archery Competition and Wrestling
  - Local events such as weddings/Quinceaneras, 5K runs

# The Planned Upgrades at LEC Create Potential New Business Opportunities to Meet Unmet Demand

- Potential upgrades include: seating, additional square footage, breakout rooms as well as amenities such as A/C, lighting, stalling, camping
- Flexibility and affordability of space are key
- These upgrades would place the LEC in a better competitive position to attract the following types of events
  - Regional and national agricultural/livestock shows – National Dairy Goat Show
  - Regional and national equine/rodeo events – National Pony of the Americas Show
  - Consumer shows/expos – RV shows
  - Meetings/social functions – banquets, lectures, training events, weddings
  - Civic/community events – charity events, rallies, churches, schools, non-profits
  - Fraternal organizations – VFW, American Legion
  - Sporting events – Reebok Cross Fit Championships
  - Special Olympics
  - Cheer/dance/juggling/baton twirling events

# The LEC is Complementary to Other Local Facilities in Terms of Program and Market Niche

- Facility size, program elements, configuration, age, market focus, and date availability are factors that impact how competitive or complementary facilities are to LEC
- While some of these facilities do not directly compete with the LEC on a regular basis, they do serve as alternative locations for certain events

## **Sports/Entertainment Facilities**

- Bob Devaney Sports Center
- Ethel S. Abbott Sports Complex
- Ice Box
- John Breslow Ice Hockey Center
- Lied Center for Performing Arts
- Pinewood Bowl Theater
- Pinnacle Bank Arena
- R.B. Warren Arena
- Snyder Arena
- Speedway Sporting Village

## **Meeting/Banquet Facilities**

- Embassy Suites Lincoln
- Holiday Inn Downtown
- The Cornhusker

## **Educational/Learning Facilities**

- Nebraska Innovation Campus

# Based on the LEC's Program and Market Niche, it Competes with Multiple Regional Facilities

## Regional Fairgrounds/Complexes

- Buffalo County Fairgrounds – Kearney, NE
- Christensen Field Complex – Fremont, NE
- Clay County Fairgrounds – Spencer, IA
- Heartland Events Center – Grand Island, NE
- Iowa State Fairgrounds – Des Moines, IA
- Kansas State Fair – Hutchinson, KS
- Madison County Fairgrounds – Winterset, IA
- North Iowa Events Center – Mason City, IA
  
- On average, these facilities offer a fixed seating capacity of 2,300 in their primary arena
  
- Most of these facilities have:
  - Concrete floors in their primary arena
  - Additional indoor arenas to support the primary arena
  - Permanent stalls – range of 100 to 600 for an average of 180
  - A comparable number of RV hook-ups
  - Additional campsites
  
- Offering a climate-controlled arena with at least 2,500 fixed seats and an adjacent covered warm-up arena along with supporting exhibit space would increase the LEC's marketability and competitiveness multiple event types

# Summary of Market Potential by Major Event Type

- Based on market research, including feedback from current and potential users, new facilities will enhance demand potential – Coliseum, Pavilion 5, Grandstand, campgrounds and other site/facility upgrades

Event Type	Relative Demand Potential
State/Regional/National Multi-Day Equine Events	High
Rodeos	High
Motorsports	High
Local Community Events	High
Agricultural Events	Moderate
Consumer/Trade/Expo Shows	Moderate
Entertainment	Low
Family Shows	Low

# Several Common Factors Impact the Success of Similar Projects

- Strong recognizable brand identity
- Focused short and long-term operating objectives of the facility
- Management team with experience and relationships with event planners/producers in various target market segments
- Demographic/economic attributes
- Highway accessibility to/from the facility
- Providing a well-designed, safe and flexible facility
- Building program elements, patron amenities and supporting infrastructure that appropriately accommodates the desired target market(s)
- Inventory of, and proximity to, supporting amenities such as hotels and attractions
- Affordability of asset and destination
- Type and amount of activity and related revenue streams
- Positive industry trends
- Proactive and strategic marketing efforts from multiple partners
- Ability to attract capital investment and ongoing operational financial support

# Summary of Competitive Assessment

## Strengths

- Flexibility and overall functionality of LEC event space
- Existing supply of agricultural/equine space on-site
- Solid base of existing business with significant repeat business
- Grant funding for capital projects
- Highway and airport accessibility
- Geographic location in Nebraska and United States
- Growing population base with discretionary income
- Established partnerships with the CVB, City and County
- Established equine and agricultural industries in State/Region
- Proximity and relationship with UNL
- Political support of local governmental agencies
- Recent re-launch has resulted in increased visitor satisfaction

## Weaknesses

- Quality/general aesthetics of facilities
- Lack of facility with sufficient fixed seating to host expanded, new events
- Lack of permanent stalls
- Connectivity/flow among existing facilities
- RV/Campgrounds are not full-service
- Traffic flow in/ out of the LEC
- Date availability
- Quality/profitability of food/beverage service
- Limited hotel supply in close proximity to LEC

## SWOT Analysis

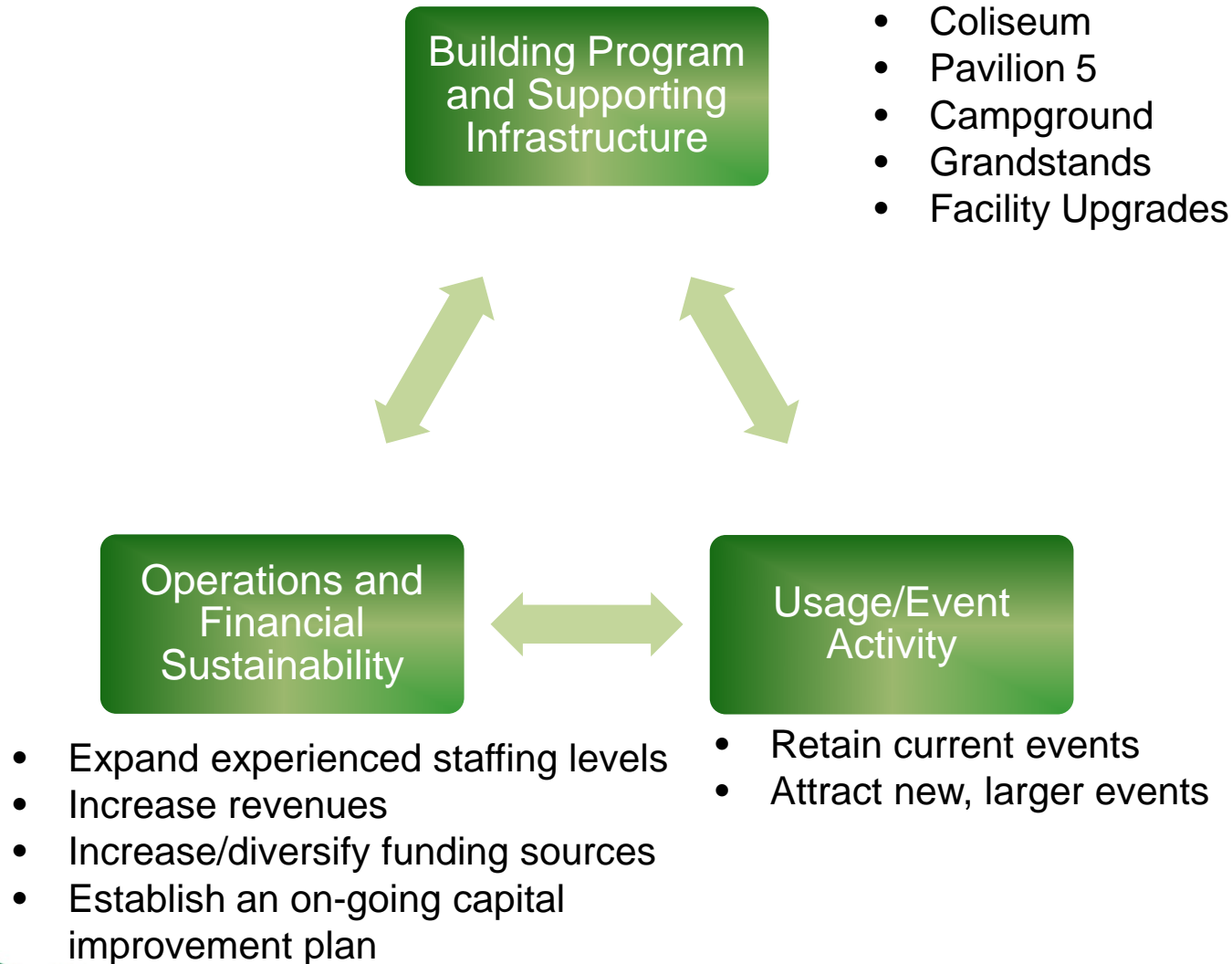
## Opportunities

- National profile raised by award of the NHSFR
- Ability to accommodate broader demand segments
- Ability to retain existing business and grow market share
- Additional asset to Lancaster County Super Fair
- Enhance spectator experience
- Increased revenue generating potential
- Attract smaller regional concerts and family show events
- Potential to draw out-of-town visitors that positively impact the area economy

## Threats

- Supply of facilities in region including Lincoln and Omaha
- Newer, more modern facilities in region
- Supply of local facilities offering convention/meeting and sports/entertainment in closer proximity to downtown Lincoln
- A portion of activity will represent a transfer and/or growth of existing LEC events
- Cost-conscious client base
- Potential changes in general economic conditions

# Successful Expansion/Renovation Requires a Multi-Faceted Approach





# Next Steps

- Develop an estimate of potential usage/event activity associated with an expanded/renovated LEC
- Develop a financial pro forma that estimates incremental new operating revenues and operating expenses
- Comment on prioritization of phasing related to the Ag Coliseum and Pavilion 5

# Questions/Discussion

