



## What An L.A. NFL Franchise (or Two) Would Look Like - Part II



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**If a team moves to L.A., it will almost certainly build a new expensive new home. But how expensive?**

### **Pricing A New Stadium**

Dave Wakeman of Wakeman Consulting Group told Benzinga, "I've read reports that say the cost would be about \$750M, but knowing how much money needs to be invested in studies and preparation and that the stadium construction is likely to be subject to cost overages and the need to compress the timeline as we get closer to opening kickoff, I am going to tab the final cost at closer to \$900M-\$1B."

So where will this chunk of change come from?

John Boyd, Jr., principal at the corporate site selection firm The Boyd Company, made a comparison with the relatively new Cowboy Stadium. He told Benzinga, "A new stadium in L.A. will no doubt involve both public and private funding. The new Cowboy stadium cost \$1.2 billion to build, with Arlington taxpayers footing approximately \$325 million dollars."

In Boyd's view, L.A. and Southern California are already overtaxed, so something along those lines could be a tough sell. However, he also pointed out the flip side of the public financing question, noting that constructing a major stadium could boost job growth and economic development.

As a case study, he mentioned Kansas City in the 1970s, where the owners of the Kansas City Chiefs and Major League Baseball's KC Royals, as well as Charles Wheeler, the mayor of the city, used their 'Prime Time' economic development program to "leverage professional sports within their overall economic development strategy."

“The new stadiums built back in the late '70s did much to distinguish Kansas City as a popular Heartland [sic] destination for new business and investment. Today, the stadiums remain one of the best run and popular stadiums [sic] in all of pro football and baseball,” said Boyd.

He believes the same effect is possible in Southern California, and that a new stadium (or two) will help to build the L.A. brand and “provide a new narrative about Los Angeles being open for business, as new downtown stadiums work with the national trend of urban investments in offices, retail, entertainment. “

## **Who Will Sponsor The New Teams And Stadiums?**

Over the years of rumors about the NFL returning to L.A., Farmers Insurance Exchange has been the biggest name attached as a potential sponsor.

In 2011, while an earlier LA return rumor was circulating, Farmers said that, in a partnership with the world music and sporting entertainment presenter AEG, [it would](#) sponsor the L.A. team, and that its venue would be called Farmers Field. At that time, sources told ESPNLosAngeles.com that such a deal would be worth about \$700 million over the course of 30 years. Furthermore, they added that the deal could be worth north of \$1 billion if the stadium were to attract two NFL teams.

Dave Wakeman believes it might not be so straightforward.

He told Benzinga, “The one point of concern is that I look at the struggles that the Jets and Giants had selling the rights to their stadium and I think that if the Farmers deal doesn't pan out in L.A. that it may be very difficult for the team to generate \$25 million plus per year from a sponsorship deal because those naming rights deals have been quite controversial with stock holders of public companies since the financial crisis in 2008... see the Mets and **Citi** (NYSE: [C](#)) in New York”

(In 2009, in the midst of the recession and the uproar against banks, there was momentum to convince Citi [to pull out](#) of its \$400 million bid to have naming rights for the Mets' new stadium; of course, that effort ultimately didn't work, and Citi Field is still home to the Mets).

## **The Bottom Line**

Simply put, 'the NFL will make a triumphant return to L.A.' is an old story. Maybe this time, however, L.A. is ready to take on the development and growth required to make NFL franchises successful. Maybe this time, one or two teams are ready, and actually able, to head out to La La Land.