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# Local Market Conditions

# 3. Local Market Conditions

## Market Overview

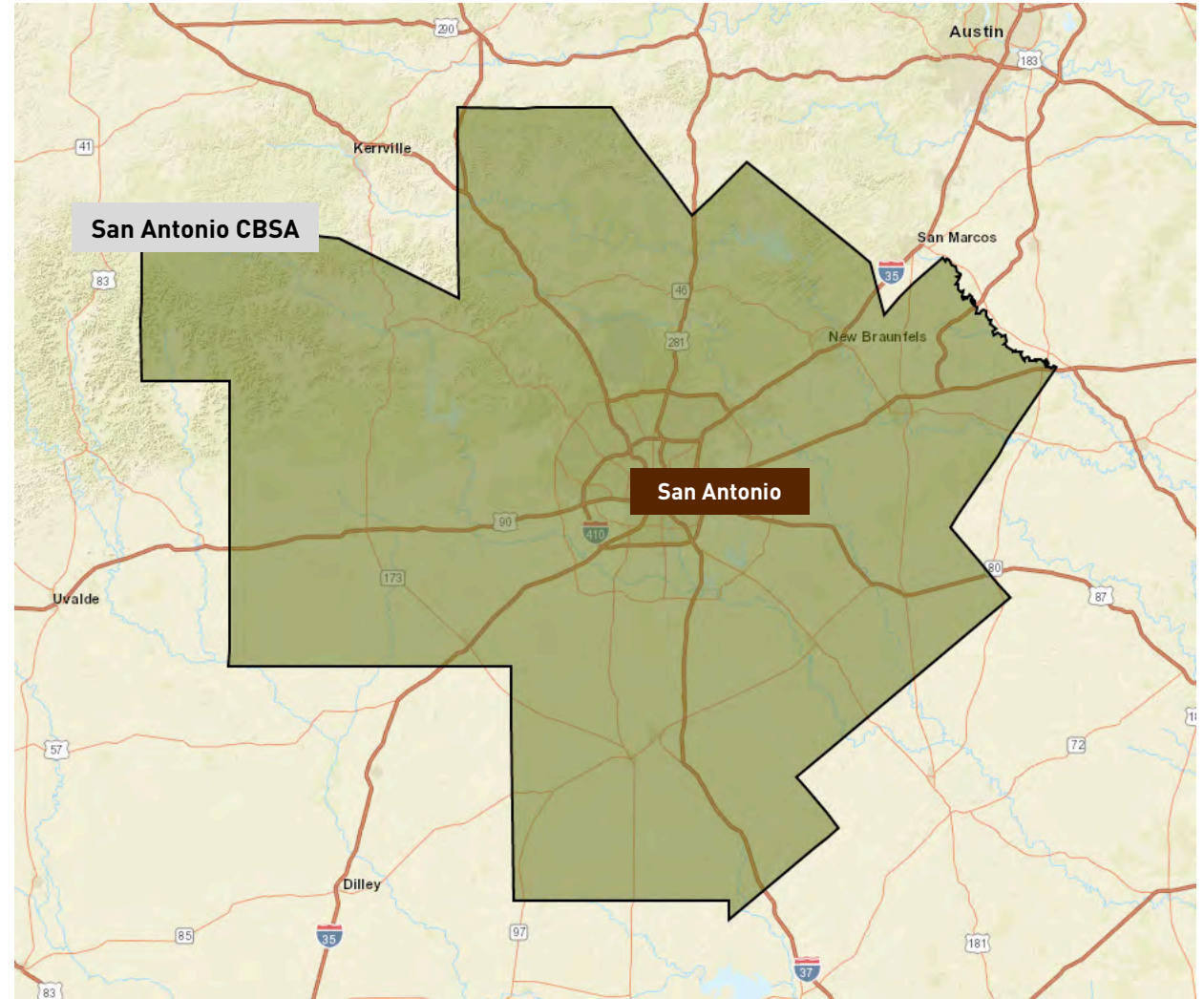
The viability of the renovated Theater is dependent, to some extent, on the demographic and socioeconomic characteristics of the local and regional market.

San Antonio, with over 2.5 million residents, is the 25th most populous metropolitan area in the United States and the third-most populous metropolitan area in the state of Texas. While known for its steep history as the oldest municipality in Texas, San Antonio has also seen rapid growth in the past few decades. Residents and visitors to San Antonio can frequent popular landmarks such as The Alamo and the Riverwalk, as well as existing live entertainment venues such as the Alamodome (65,000 capacity), AT&T Center (18,000 capacity) and the Tobin Center for the Performing Arts (1,746 capacity).

Based on the distance from which live entertainment events tend to draw attendees and an analysis of demographic conditions in and around San Antonio, the primary market from which the vast majority of Theater event attendees are anticipated to originate is expected to be the San Antonio-New Braunfels core-based statistical area ("CBSA").

While it is anticipated that most attendees will originate from the San Antonio CBSA, the Theater could also attract attendees from outside the primary market for select, premier performances. In general, people residing in rural, less-populated areas exhibit an increased willingness to travel long distances to major metro areas to attend events.

The demographic and socioeconomic data presented herein is based on this anticipated primary market, illustrated in the map to the right.



Source: ESRI.

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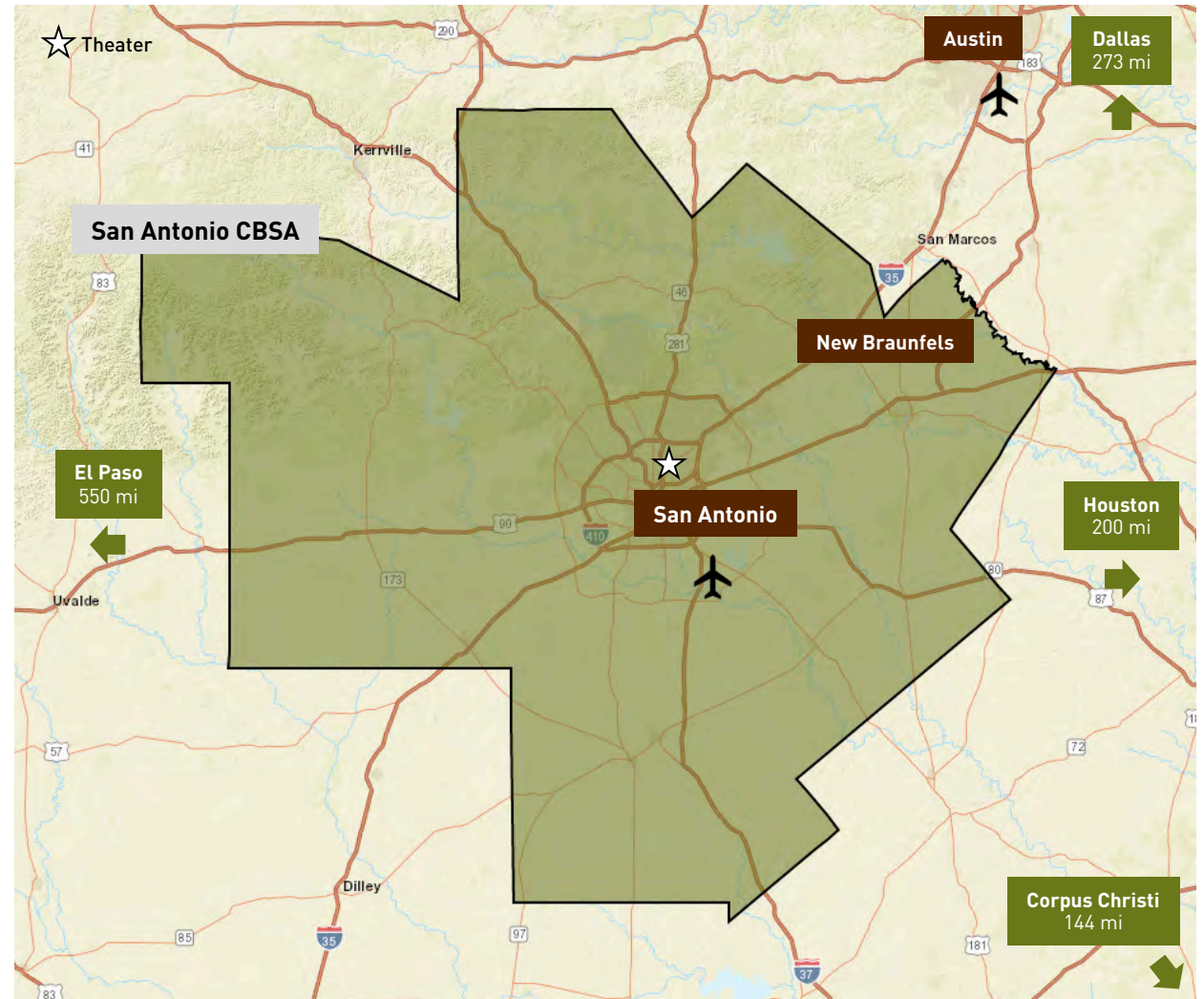
## Transportation & Access

Accessibility is vital to the success of any live entertainment venue. Ease of access is important to potential patrons and attendees on a local and regional basis, as well as promoters when choosing venues for shows to ensure the facility fits into the overall routing of touring acts. As such, easy access to major airports and highways can impact the appeal and success of a venue.

San Antonio is located in southern Texas, west of the Houston metro area and south of the Dallas-Fort Worth and Austin metro areas. Due to this central location, San Antonio is uniquely positioned to accommodate touring acts looking to tour the state of Texas.

In addition to its access via I-10 to Houston and El Paso, as well as access to Austin and Dallas-Fort Worth via I-35, the Theater itself is close to two major airports. The Theater is six miles from the San Antonio International Airport, which is the 43rd busiest airport in the United States. Additionally, the Theater is approximately a 90-mile drive from the Austin-Bergstrom International Airport, which is the 33rd busiest airport in the nation.

	Distance from Theater	Travel Time
<b>CITIES</b>		
Austin, TX	79 mi	1h 45m
Corpus Christi, TX	146 mi	2h 4m
Houston, TX	200 mi	3h 3m
Dallas, TX	273 mi	4h 48m
Oklahoma City, OK	487 mi	7h 14m
El Paso, TX	550 mi	8h 8m
<b>AIRPORTS</b>		
San Antonio Int'l Airport	6 mi	8m
Austin-Bergstrom Int'l Airport	93 mi	1h 34m



Source: ESRI.

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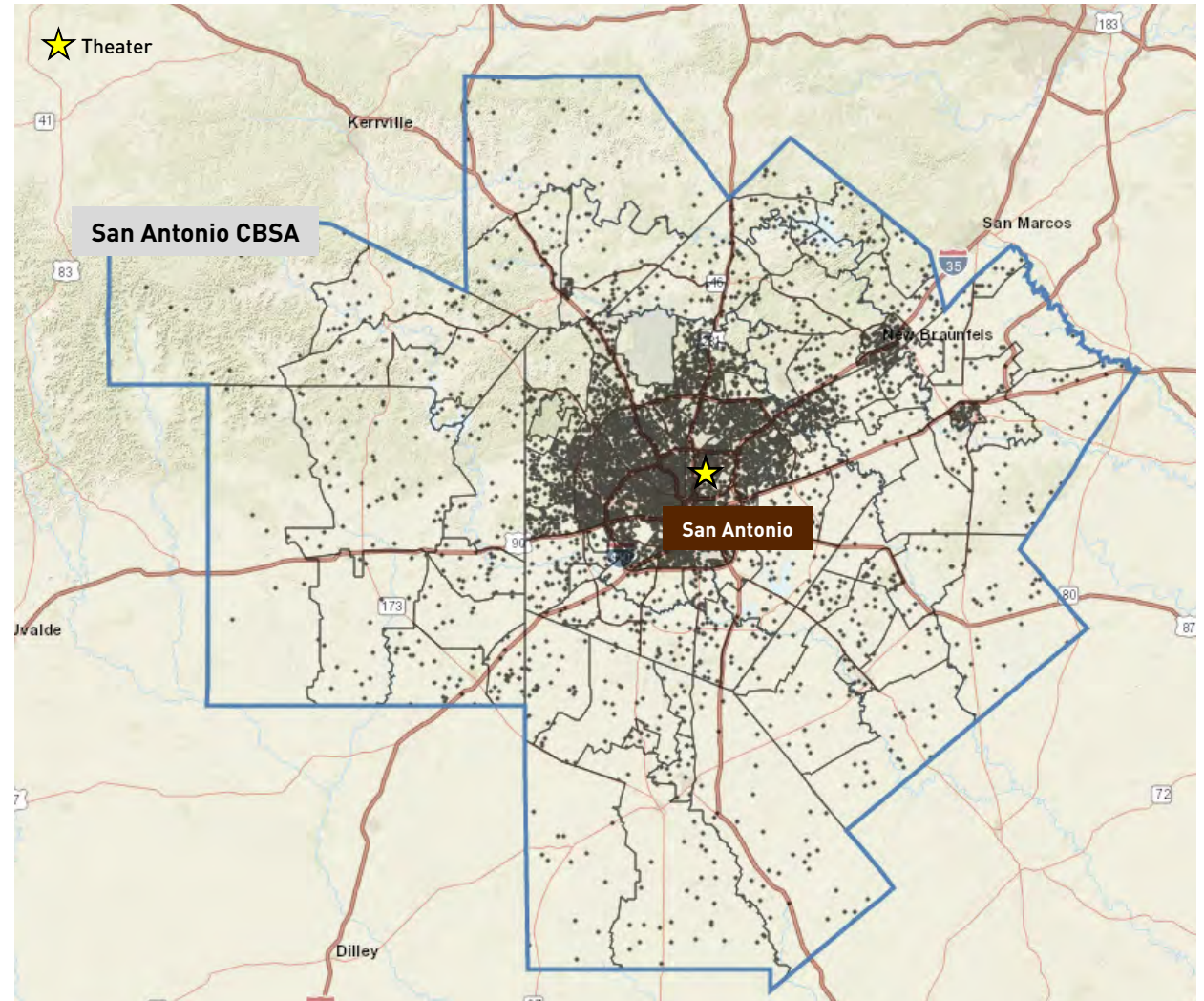
## Population

The ability of a venue to attract attendees to events and acts to perform is affected by the level of population within the primary market. As detailed in the table below, the San Antonio CBSA has approximately 2.5 million residents.

Variable	San Antonio CBSA	United States
<b>POPULATION</b>		
2010 Total Population	2,142,508	308,745,538
2019 Total Population	2,547,033	332,417,793
2024 Total Population	2,776,239	345,487,602
Historical Annual Growth Rate (2010 to 2019)	1.7%	0.8%
Projected Annual Growth Rate (2019 to 2024)	1.7%	0.8%

The population of this primary market is projected to grow by 1.7 percent annually for the next five years, which is more than double the national average of 0.8 percent.

The map on the right shows the population density of the San Antonio CBSA. As shown, the Theater is located in one of the most densely populated areas of the metro area, near the highly-populated central and northern corridors of San Antonio.



Source: ESRI.

● 200 residents

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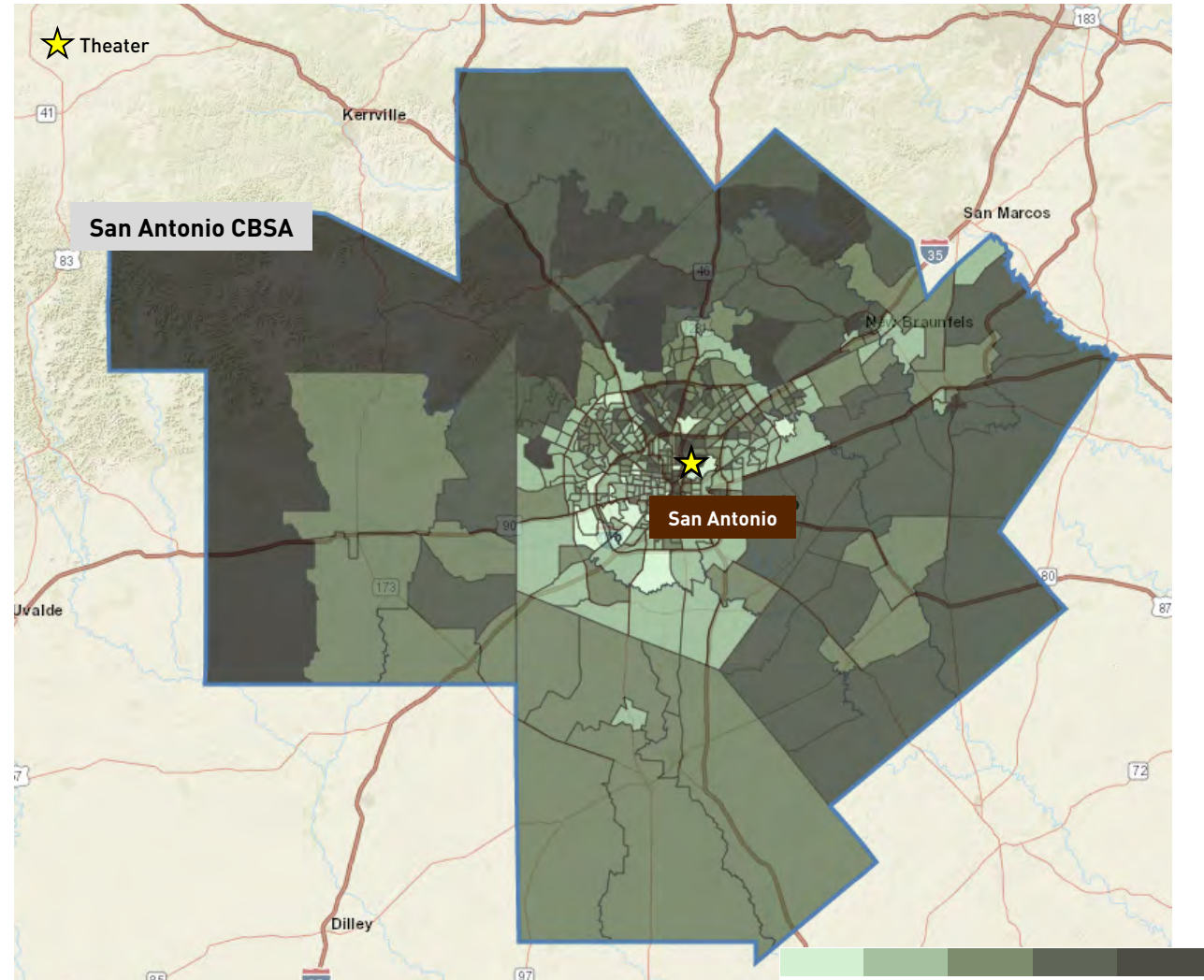
## Age

The age distribution of a market's population can be indicative of the total base from which to draw attendees and influence the type of programming offered at the Theater. The table below shows the ages of residents within the primary market compared to the United States as a whole.

Variable	San Antonio CBSA	United States
Median Age	35.6	38.5
<b>AGE DISTRIBUTION</b>		
Under 20	27%	25%
20 to 29	15%	14%
30 to 39	14%	13%
40 to 49	12%	12%
50 to 59	12%	13%
60 to 69	10%	12%
70 and Over	9%	11%

The median age of residents living within the primary market is 35.6 years, nearly three years younger than the nation as a whole (38.5 years). Generally, the population group between the ages of 30 and 49 represents a large proportion of concert and live entertainment attendees, as this age range typically has higher median household incomes and entertainment spending levels relative to other age groups. In the primary market approximately 26 percent of residents fall within this age group, one percent higher than the national average of 25 percent.

The map on the right illustrates the median age distribution within the primary market of the Theater. As shown, the metro area skews younger in the city of San Antonio itself and to the south, with an older population to the north and west of the city.



Source: ESRI.

Younger Older

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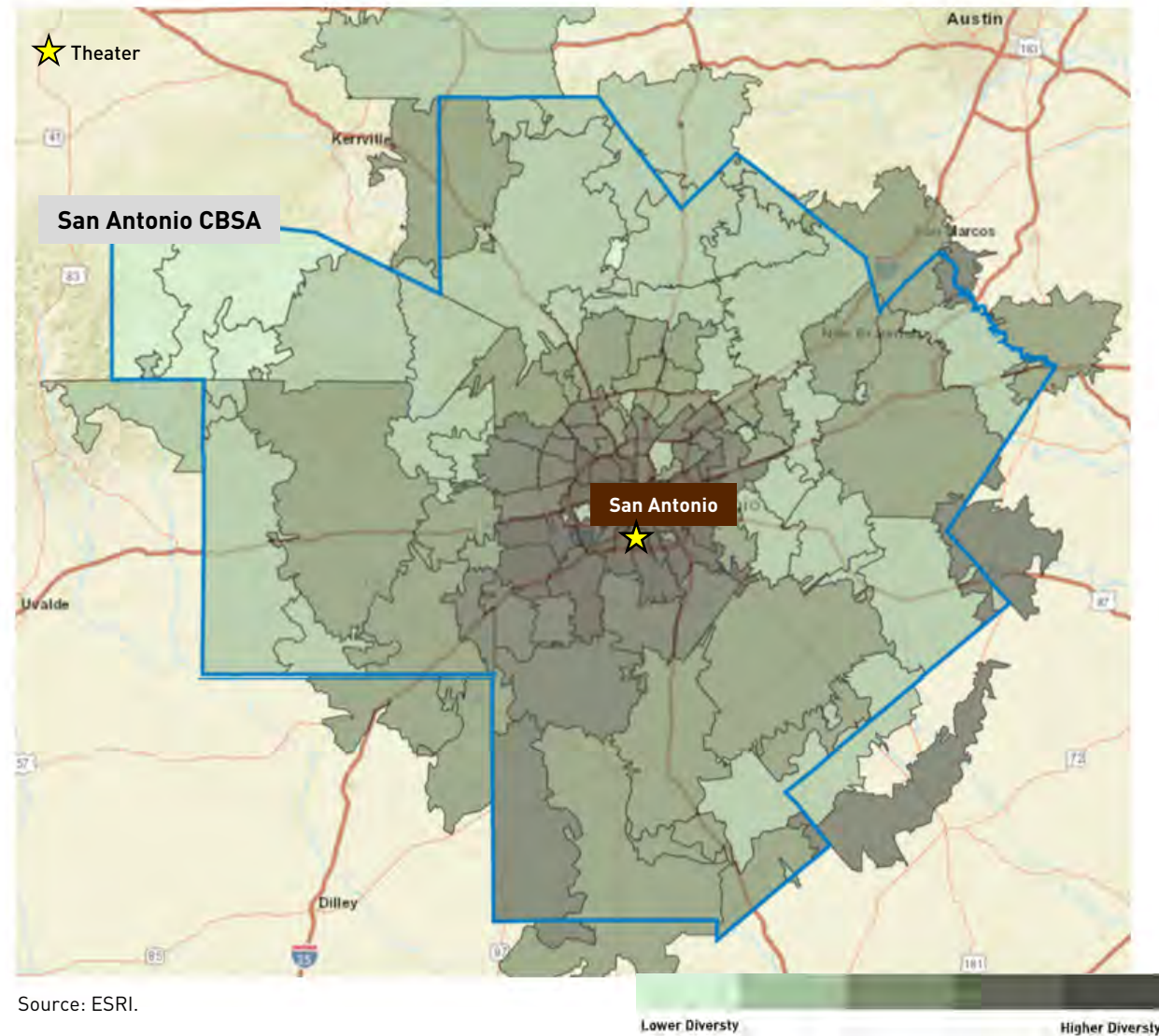
## Diversity & Minority Population

To most successfully program a renovated Theater, it will be important to understand the racial and ethnic makeup of the San Antonio market. To measure this diversity, two standards were utilized: diversity index and minority population proportion.

A market's diversity index refers to the probability (0 to 100) that two people chosen at random from a specified market catchment would belong to different race or ethnic groups. A high index score indicates a more diverse population base while a low index score indicates a more uniform population base. The primary market has a diversity index of 72.4, nearly eight percent higher than the nation as a whole (64.8). Additionally, approximately 69 percent of the Theater's primary market population is considered "minority", which is 28 percent greater than the nation as a whole (40 percent). Of the 1.7 million minority population, approximately 83 percent, or 56 percent of the total population, is classified as Hispanic. Coupling these two demographic factors together reflects the importance that the Theater's programming be equally as diverse as the primary market population itself.

It is vital for south Texas venues, which typically serve highly-diverse primary markets, to offer a wide variety of entertainment options for this variegated audience. For example, the Smart Financial Center in Sugar Land, Texas consistently schedules a diverse array of programming including, but not limited to, hip-hop, country, heavy metal, classic rock, Latino/Tejano, R&B, comedy, and family shows. This diversity of programming reflects the diverse population in the area and helps foster additional success and utilization at the facility.

Variable	San Antonio CBSA	United States
Total Population	2,496,965	324,324,153
Diversity Index	72.4	64.8
Minority Population	1,713,693	133,632,863
Minority Percentage	69%	41%



Source: ESRI.

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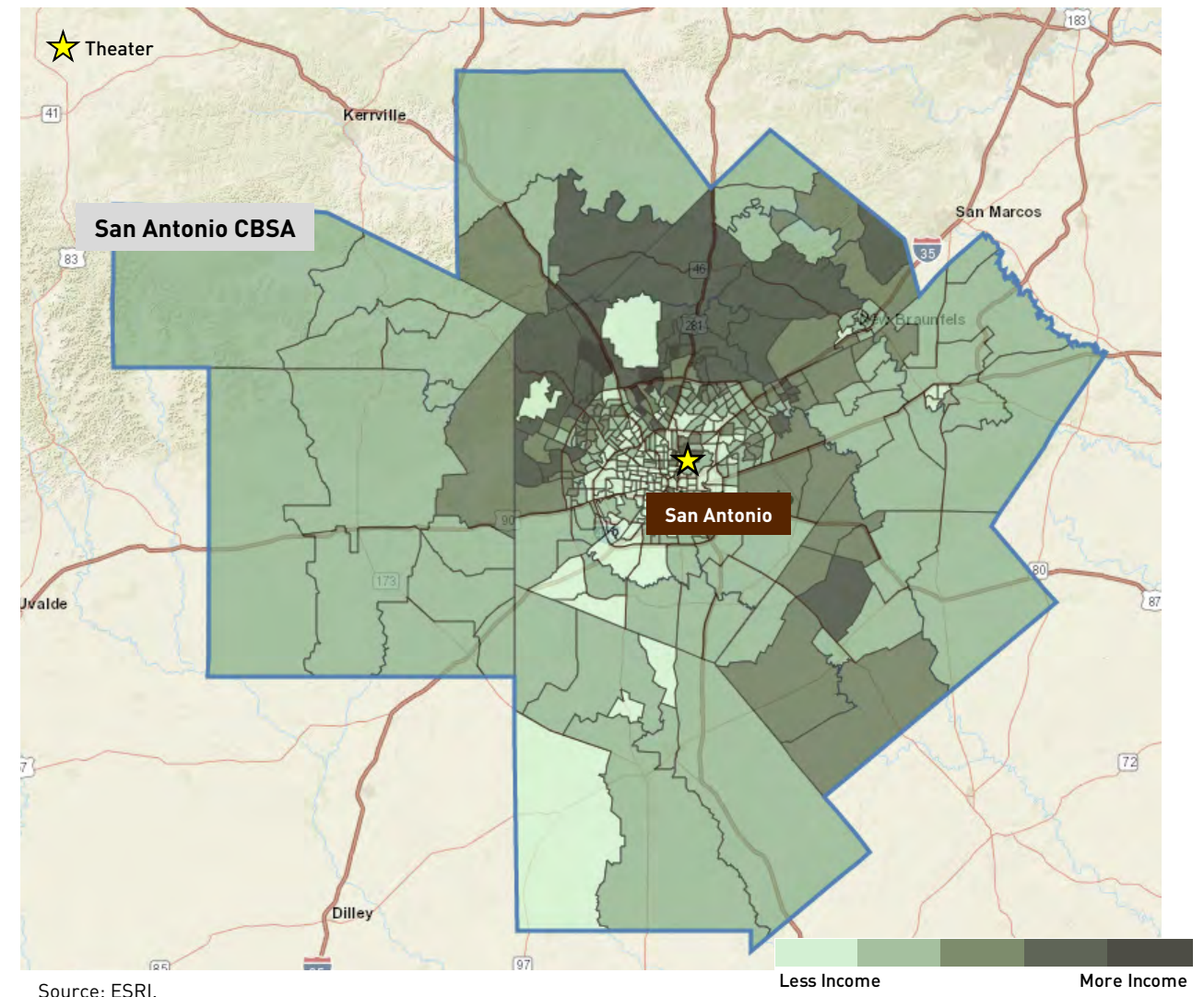
## Household Income

An important socioeconomic characteristic that provides insight into a market’s ability to support a venue through the purchase of tickets, F&B, merchandise and parking is household income. The table below presents an overview of the income characteristics of residents within the Theater’s primary market.

Variable	San Antonio CBSA	United States
<b>HOUSEHOLD INCOME</b>		
Median Household Income	\$57,387	\$60,548
Adjusted Household Income	\$67,277	\$60,548
Cost of Living	85.3	100.0
<b>INCOME DISTRIBUTION</b>		
Under \$25,000	21%	20%
\$25,000 to \$49,999	22%	21%
\$50,000 to \$74,999	19%	18%
\$75,000 to \$99,999	13%	13%
\$100,000 to \$149,999	15%	15%
\$150,000 or more	11%	14%

The median household income of the primary market is \$57,387, which is lower than the national average of \$60,548. However, when adjusting the household income for cost of living, the primary market’s median household income (\$67,277) is higher than the nation as a whole (\$60,548). The primary market’s percentage of households earning \$100,000 or more (26 percent) is comparable to the United States as a whole (29 percent), not accounting for cost of living adjustments.

The map to the right shows the median household income distribution within the market area of the Theater. As shown, areas immediately north and east of the Theater feature some of the highest median household incomes within the primary market.



Source: ESRI.

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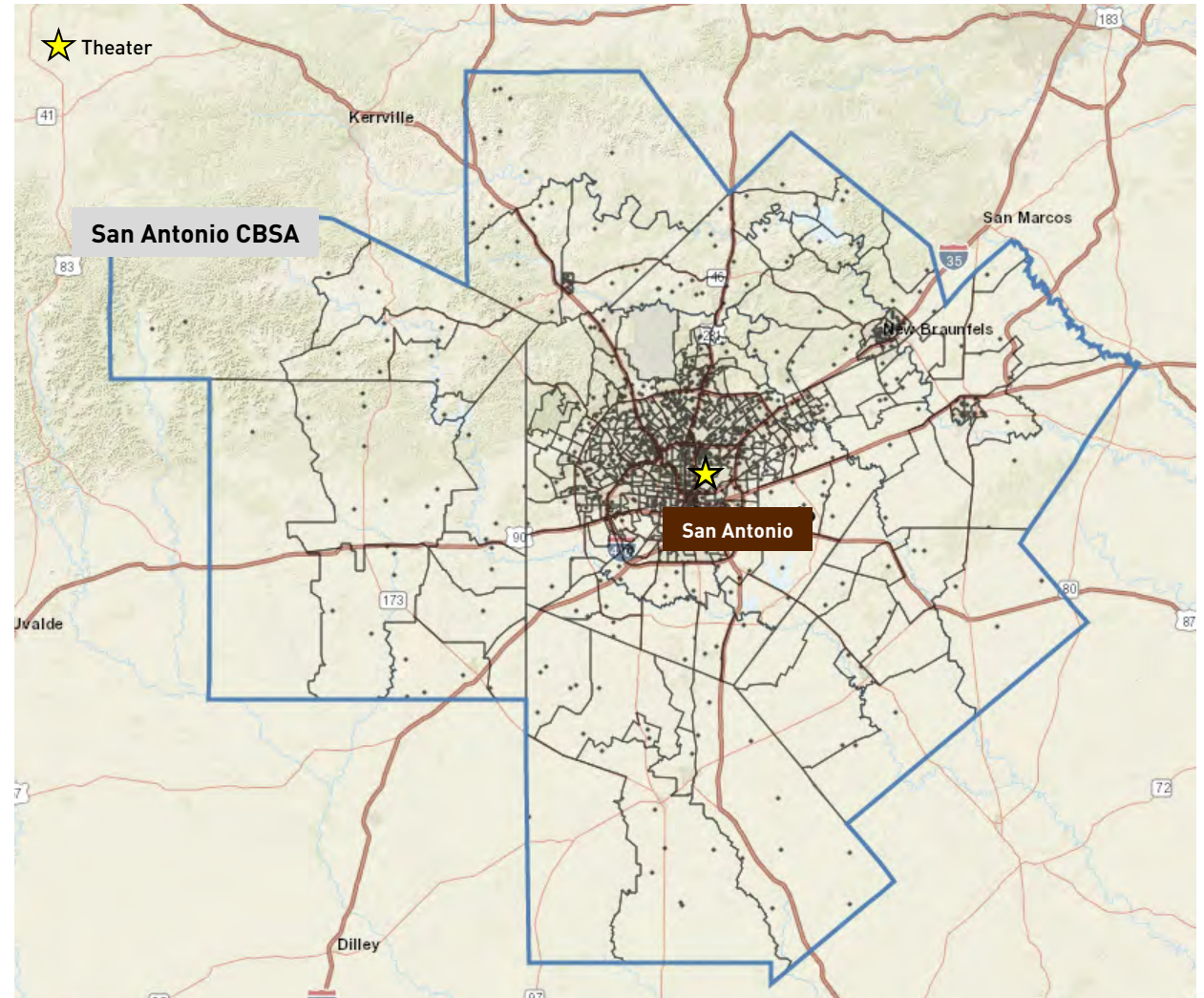
## Corporate Base

The corporate base within a market can play a crucial role in the success of an entertainment venue. Corporate support of live entertainment venues includes the purchase of tickets and premium seating, advertising and sponsorship opportunities, and the hosting of a variety of special events. The table below shows an overview of the number and size of corporations within the primary and secondary markets.

Variable	San Antonio CBSA	United States
Corporate Base	12,737	119,857,389
<b>Corporate Distribution by Income</b>		
Less than \$1.0M	43%	81%
\$1.0M TO \$2.4M	26%	13%
\$2.5M TO \$4.9M	12%	3%
\$5.0M TO \$9.9M	8%	1%
\$10M TO \$24.9M	6%	0.7%
\$25.0M TO \$49.9M	2%	0.2%
\$50.0M OR MORE	3%	0.3%

Overall, there are approximately 12,700 corporations within the primary market\*. This corporate base is comprised of a significantly higher percentage of high-revenue companies (11 percent with annual revenue greater than \$10 million) compared to the United States as a whole (just over one percent with annual revenue greater than \$10 million). The Theater is envisioned to provide corporations of all sizes the opportunity to have a sponsorship presence, which include ticket back sponsorships, signage, founding partnerships and naming rights, among others.

The map to the right shows the distribution of corporations within the Theater’s primary market. As shown, the Theater is located near the highest concentration of businesses in the market in downtown San Antonio.



Source: ESRI.

● 10 companies

Source: Hoovers

\*Excludes corporations that typically do not participate in sponsorship opportunities, such as religious, non-profit, membership, governmental or educational organizations

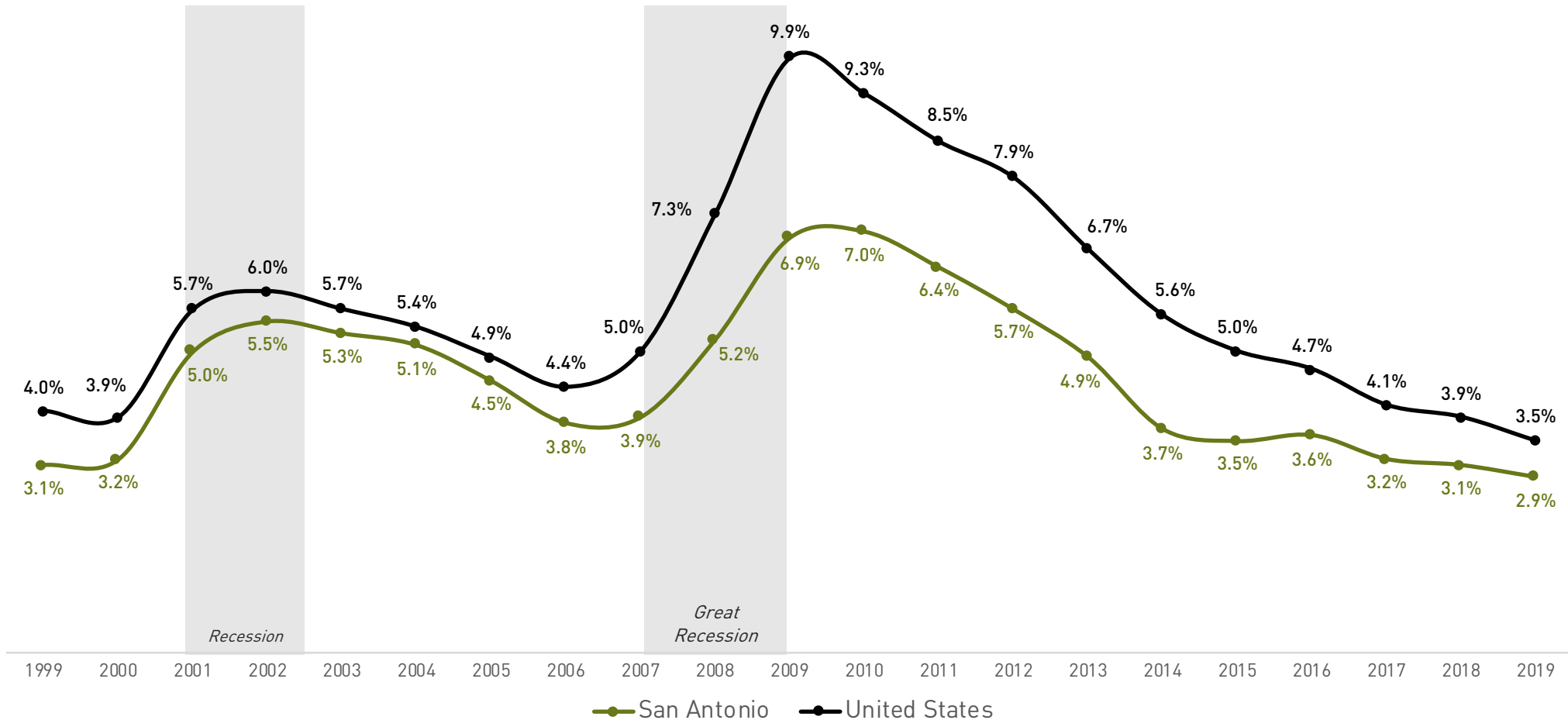


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## Unemployment

A market's unemployment rate is an indicator of the relative strength of the local economy. The chart below provides an overview of the historical unemployment rate in the San Antonio CBSA area over the past 20 years compared the United States as a whole. The San Antonio area's unemployment rate has consistently been lower than the national average, including during the 2007-2009 Great Recession, indicating that the San Antonio area has a relatively healthy local economy.

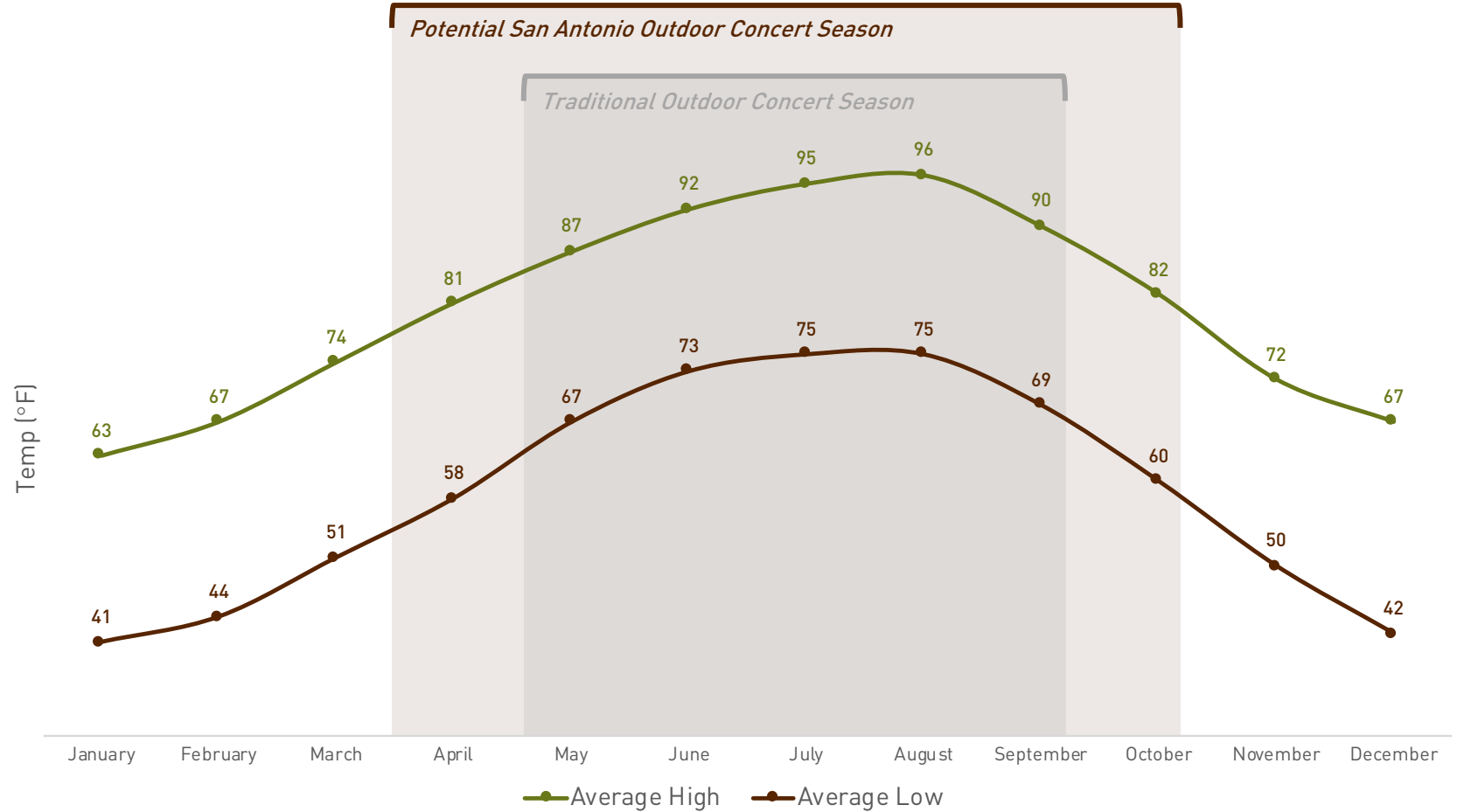


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## Climate

The chart on the right provides an overview of the average high and low temperatures by month in San Antonio. As shown, the hottest months (June, July, and August) occur during the peak concert season for outdoor live entertainment (generally, May through September). Because of this, any Theater renovation project should include, to the extent possible, a variety of sun and heat mitigation tools such as covered seating, communal concession areas with cover, misters, etc.

The temperate months in early spring and late fall (April, October, and November) could appeal to major touring acts and potentially extend the concert season for the Theater, mitigating adverse impacts during the hottest summer months.



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## Tourism

San Antonio is a popular destination for both domestic and international travelers. The San Antonio metropolitan area attracted approximately 39 million visitors a year in 2018, a five percent increase over the previous year. In general, the hospitality industry in San Antonio accounted for \$15.2 billion in economic impact in 2018, contributing over \$200 million to the City of San Antonio in taxes and fees. Because of this robust and established visitor infrastructure, tourism represents a tertiary market for the renovated Theater as visitors to San Antonio may look for additional activities throughout their stay.

In 2018, Travel + Leisure Magazine named San Antonio one of the 50 best places to travel in the world. As the oldest municipality in Texas, San Antonio is known for its history and arts scene. The city offers a wide array of attractions, the most popular of which are the Alamo and the River Walk. Each year, approximately 2.5 million people visit the Alamo, while over 11.5 million people visit the River Walk.

In addition to the Alamo and the River Walk, other popular attractions in San Antonio include the Witte Museum, the San Antonio Botanical Garden, the Natural Bridge Caverns, and the Natural Bridge Wildlife Ranch. San Antonio also offers a wide array of shopping, fine dining, and nightlife options. With the city scheduled to host the NCAA men's basketball Final Four at the Alamodome in 2025, continued growth in tourism over the next five years is expected.



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## Summary

The demographic and socioeconomic characteristics of a market are an important component in assessing the potential to attract concerts and shows and the ability of the market to support programming at the Theater. The ability of an entertainment venue to attract spectators, sell tickets, secure corporate sponsors, and generate revenues is predicated, to a large extent, on the size of the local and regional market area population and corporate base, and its spending characteristics. The following are key takeaways from a review of the Theater's market characteristics:

- The primary market of the Theater (San Antonio CBSA) provides access to 2.5 million residents. Over the next five years, the primary market population is projected to grow at a rate (1.7 percent) more than double the national average (0.8 percent).
- The ages of 30 to 49 represents a strong proportion of concert and live entertainment attendees. In the primary market, there is a higher percentage of people in this age group (26%) than the national average (25%), indicating that there is a strong population base in this key age demographic to support programming at the Theater.
- San Antonio has a diverse population with 69 percent being considered a minority, of which 83 percent is Hispanic (56 percent of the total population), which is significantly higher than the United States as a whole at 41 percent. Because of this, it is important for the Theater to offer a wide array of programming that reflects the market's diverse population.
- Residents within the San Antonio CBSA, when adjusting for cost of living, have a higher median income (\$67,277) than the national average (\$60,548) and live in a market with a lower cost of living (85.3) when compared to the U.S (100).
- The purchase of sponsorship opportunities, naming rights, and premium seating, as well as corporate events hosted by companies, are key sources of revenue that can be generated the Theater to support operations. The location of the Theater is within the highest concentration of businesses in the primary market area.
- San Antonio's central location near major Texas touring destinations such as Dallas and Houston makes the city an attractive location for promoters to book acts. The appeal of the temperate spring and fall seasons in the area, combined with its central location, indicates that San Antonio can easily fit into tour routes at either the beginning or end of the outdoor live music season.
- The San Antonio metropolitan area saw 37 million visitors in 2017, a 23 percent increase over the previous year. This robust and established visitor base is anticipated to represent a tertiary market for the renovated Theater as visitors may look for additional activities throughout their stay.

Local market conditions are considered together with the competition within the market, the historical operations of comparable venues, and potential user interviews to draw conclusions regarding the market potential for the Theater.