

Feasibility Studies

We specialize in a common sense approach to the feasibility of a potential new sports facility. Rather than relying on national averages we base our reports on information gathered in market that we filter through actual experience in operating arenas and stadiums and bidding on and producing sports events. In other words, we know what is likely to happen by drawing on personal experiences.

Our feasibility studies are divided into two parts:

- Market Analysis
- Financial Analysis

We also divide our project costs between these stages. Why? If the Market Analysis concludes that the proposed facility may have difficulty achieving its objectives, there is little reason to continue on to the financial analysis. This approach saves time and money for our clients. It also results in saying “no” to what might have already become a pet project for local promoters. At DSA we have recommended against some of the projects we have studied.

It is important for project promoters to understand building facilities does not mean success will be achieved. There is a “mini building boom” across the United States. This boom has extended in some cases to communities that were not previously involved in sport tourism. New fields or courts must be in locations able to serve the needs of visitors, including the proper kinds of accommodations, restaurants, retail shopping and attractions of interest to visitors.

Tournament trips are often “mini-vacations” and destinations must deliver well rounded experiences to every tourist.

These new facilities should also be managed by people known in their sports. People deal with people they know and feel comfortable with. A new sports complex with equally “green management” is not likely to convince an event to leave a trusted destination.

Market Analysis

The first stage is designed to collect data that will indicate chances for success. The size of the market, its characteristics, a determination of unmet local needs, a SWOT analysis of the destination compared to its competitive set, and case histories on the performance and costs of similar facilities are all important elements to consider.

DSA is able to augment locally obtained research with knowledge of hundreds of sports facilities across the country. This kind of experience is earned, not researched.

A market analysis should include the possibilities for funding, proposed location(s), options for operation and management, and estimated costs.

Financial Analysis

If indicators seem promising, a three year financial pro forma is needed. Any new facility will take at least three years to reach a stabilized level of operation. Some will start slowly, and others booked heavily out of the gate. DSA looks at possible operating shortfalls and compares these losses with potential for increased tax collections. We do not recommend decisions based upon economic impact estimates. These are notoriously optimistic. Our experience suggests reliance on projections of direct appending and resulting taxes paid.

Customized Approach

Every market is different and every one of our studies reflect these differences. What might make sense in a recognized tourist destination may not look the same somewhere else. The ability of the new complex to succeed will also be impacted by other facilities in the region.

DSA Sports LLC learned long ago the importance of tempered expectations.

