Tackles & Technology

Why the Return of Football May Help Fuel Real Estate Values

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I read with great interest a recent article in the Los Angeles Times which attempted to throw a healthy measure of cold water on the idea that any meaningful positive economic impact would be derived from the recently-approved Inglewood stadium complex, slated to be the new home of the Los Angeles Rams. To emphasize his point, the author points to the low number of new jobs associated with running a stadium, the inability to attract retail businesses with so few event dates, and emphatically states: "*one settled issue in economics is that a professional football team produces no measurable benefit to the local economy.*"

On the surface, it appears to be a wholly reasonable assumption. One need look no further than the giant albatross hanging around New Jersey's neck, in the form of the Meadowlands sports complex, to be instinctively leery of any stadium proposals. But there is always an attendant danger associated with such broad and sweeping generalisms. And in this instance, the Times may be missing the forest for the trees.

It's hard to look at the successful revitalization of Baltimore's dilapidated Inner Harbor without giving a healthy amount of credit to the birth of Camden Yards. And while a football stadium, in and of itself, certainly isn't a ticket to economic growth or urban revitalization – not considering the paltry 10 home games the average NFL team plays each year. The plan set forth by Rams' owner Stan Kroenke and real estate investment firm Stockbridge Capital Group, aims to tackle that challenge head-on.

In addition to a $2 billion retractable-roof 80,000 seat stadium, the mixed-use commercial and residential Hollywood Park development project is slated to include a performing arts center, a 300-room hotel, 890,000 square feet of retail space, 780,000 square feet of office space and 2,500 residential units. The intention is to build an all-encompassing urban business, residential and entertainment hub – the antithesis of remote single-purpose stadiums like the Meadowlands.

At the time of writing this, it appears likely that the San Diego Chargers could also move to the new stadium, doubling the number of NFL events held there. Add to that the wide array of major national events (e.g., Super Bowls, NCAA Final Fours, concerts, etc.) and the economic viability increases exponentially.

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A real estate "perfect storm"

Meanwhile, just 5 miles away from Inglewood, Playa Vista has rather quietly been emerging as L.A.'s newest technology epicenter – capped by last year's major $120 million purchase by Google of a 12-acre site for their new Southern California campus. Google now joins Facebook, Microsoft, YouTube and Yahoo in establishing a literal beachhead for the next tech boom.

And this infusion of young, well-compensated urban professionals is the ideal fuel to drive not only the success of the new Hollywood Park project, but the continued climb of residential and commercial real estate values in and around the South Bay. It's shaping up to be a unique confluence of tackles and technology that just may signal a perfect storm for the market.

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