



2

# Live Music Industry Overview

# 2. Live Music Industry Overview

## Introduction

The viability of the renovated Theater will be impacted by the overall trends and characteristics of the live music industry. In order to provide a perspective from which to assess how these trends may impact operations, a review of historical performance and economic dynamics of the industry was completed. Specifically, this section includes a summary of:

- Industry Structure;
- Ticket Sales & Prices;
- Event Economics;
- Performance Tiers; and,
- Live Entertainment Venues.



# 2. Live Music Industry Overview

## Industry Structure

To fully understand the continually evolving economics of the live music industry, it is important to understand the function of all critical parties and their compensation mechanisms. The figure to the right illustrates the process behind the staging of a live entertainment event.

**ARTISTS:** Perform on contracted dates at contracted times.

*Compensation: fixed guarantee and/or percentage of ticket sales.*

**BOOKING AGENTS:** Directly contract with artists to represent them in negotiations and contact promoters to begin the tour planning process.

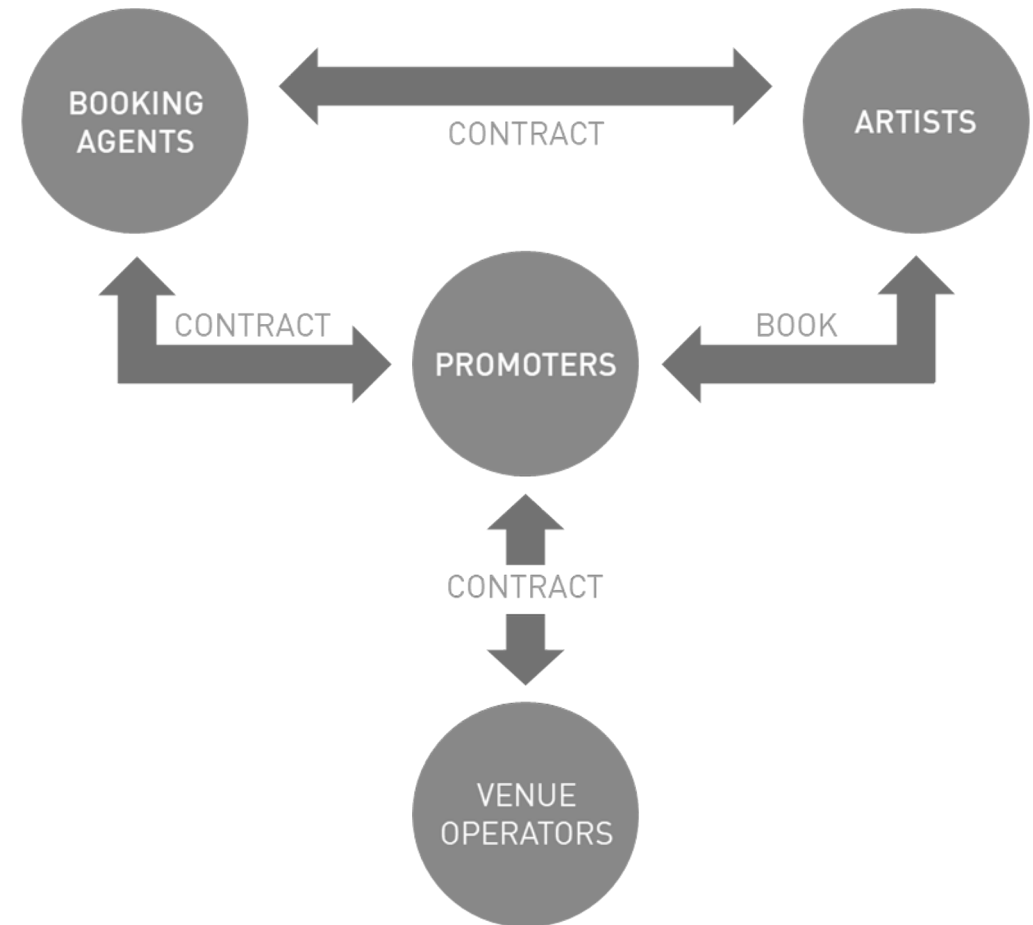
*Compensation: fixed guarantee and/or percentage of ticket sales.*

**PROMOTERS:** Set ticket prices, advertise events, sell tickets, organize performances, rent or otherwise provide venues and arrange for local production services.

*Compensation: percentage of ticket sales.*

**VENUE OPERATORS:** Provide parking and box office, security, concessions, ushering, and merchandise sales operations.

*Compensation: rental income (fixed or percentage of ticket sales), facility fees (percentage or amount varies from facility to facility), parking, concessions and merchandise sales, facility sponsorships, premium seat revenue, etc.*



# 2. Live Music Industry Overview

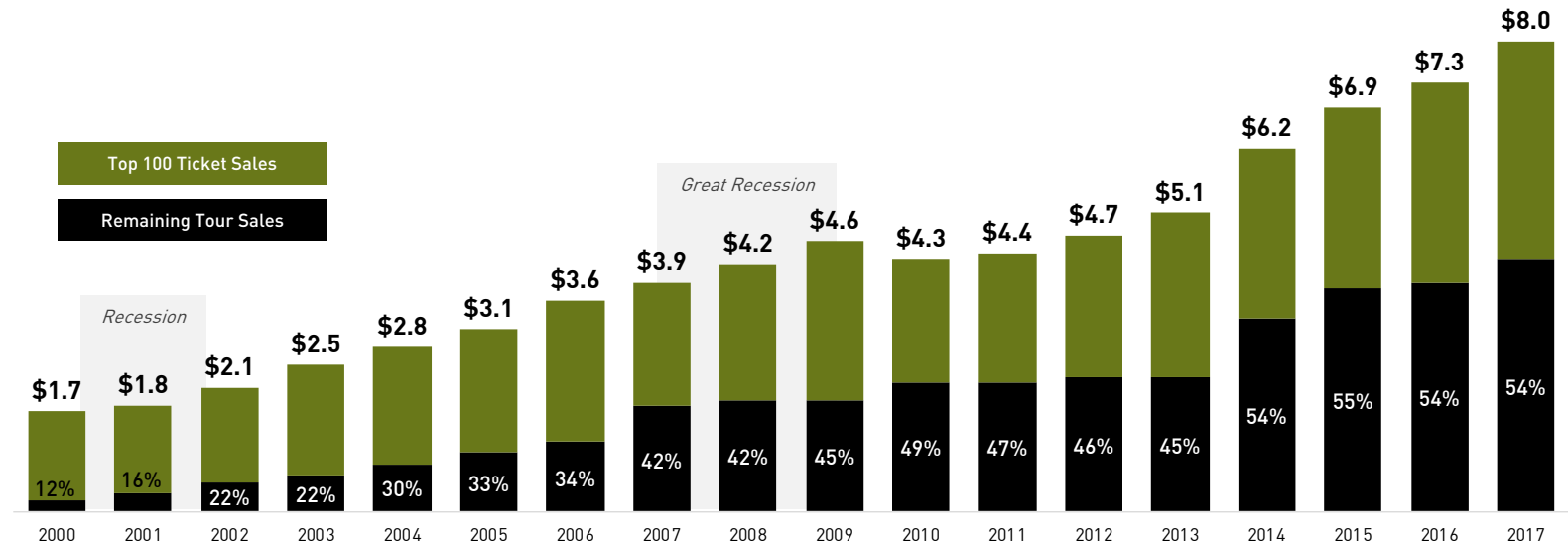
## Concert Industry Growth

The chart on the right illustrates annual gross ticket sales for concerts in North America from 2000 to 2017, as estimated by Pollstar, the industry's leading live entertainment event publication. It should be noted that data from 2018 and 2019 has not been publicly released.

Overall, ticket sales from 2000 to 2017 grew at a compound annual rate of nearly 10 percent. This strong growth still includes two major recessions that occurred during this period. Recessionary impacts included limited growth of six percent during the 2001 recession and negative growth of approximately seven percent one year immediately following the 2007-09 Great Recession, which was followed up by a return to positive growth in the subsequent years.

Pollstar estimates that gross ticket sales for major live entertainment acts worldwide reached \$8.0 billion in 2017, a 10 percent increase over the previous year. The top 100 concert tours accounted for \$3.7 billion in ticket sales in 2017, or 46 percent of total industry ticket sales for live music. Overall, the 46 percent share of ticket sales by the top 100 concert tours is a 10 percent smaller share than that generated in 2012, driven by the continued growth and segmentation of the industry as discussed over the following pages.

### CONCERT INDUSTRY TICKET SALES (\$BILLIONS) IN NORTH AMERICA



# 2. Live Music Industry Overview

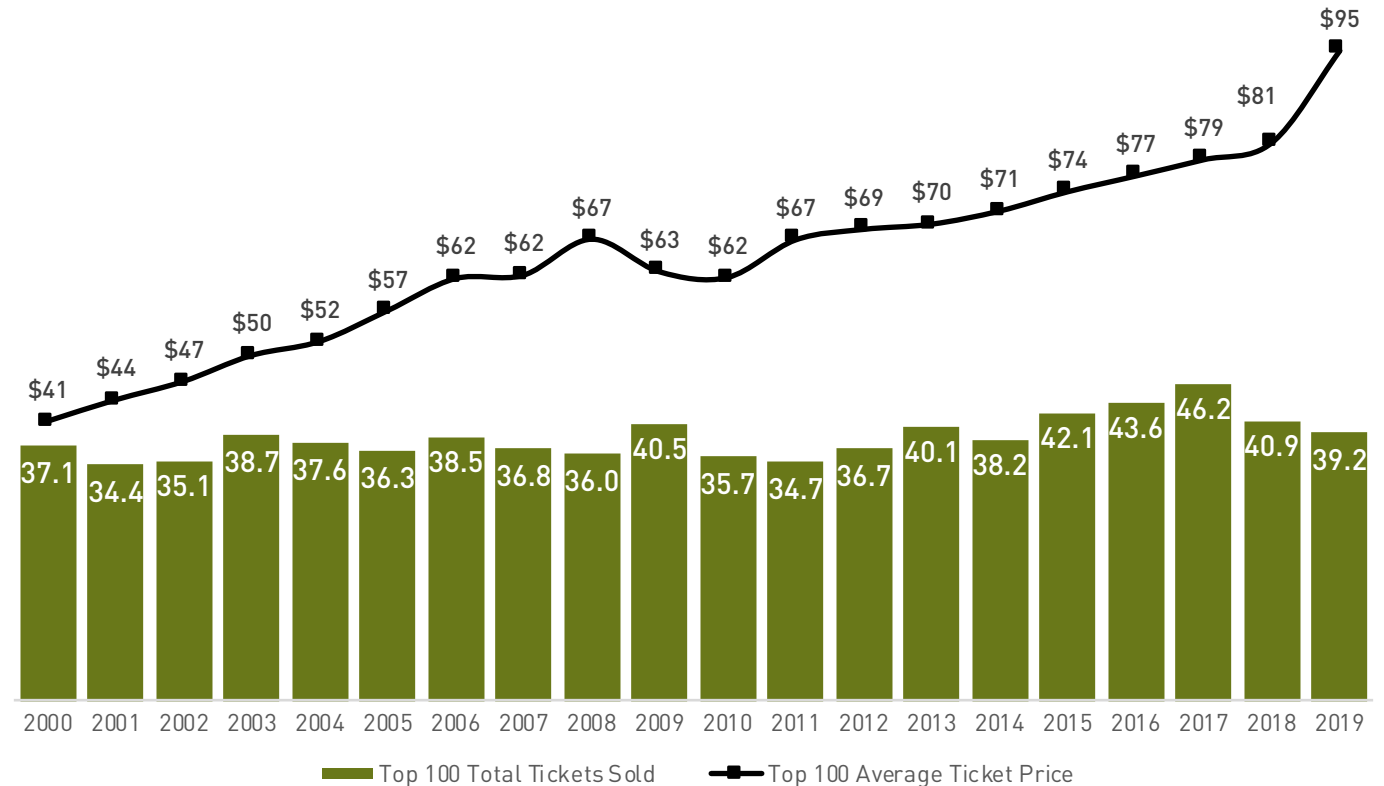
## Ticket Sales

Since 2000, gross concert ticket revenues have steadily trended upward as total tickets sold has remained relatively stable (0.3 percent compound annual growth rate from 2000 to present), mainly driven by increases in average concert ticket prices.

The chart below shows the average ticket price for the top 100 North American tours since 2000. Over the past 18 years, the compound annual growth rate in concert ticket prices was approximately 3.7 percent, outpacing the average Consumer Price Index (“CPI”) increase of approximately 2.0 percent per year over the same time period. In numerical terms, average ticket prices have nearly doubled since 2000, and can be attributed to several factors including, but not limited to:

- Realization by acts and promoters that patrons are willing to purchase tickets for more than face value from secondary market ticket re-sellers in order to see their favorite acts;
- Consolidation in the concert promotion business in which the largest promoters are paying higher guarantees in order to attract acts, resulting in pressure to charge higher ticket prices;
- The baby boomer generation, with higher disposable incomes, is relatively price inelastic and willing to pay top dollar to see certain acts; and,
- Increased guarantees demanded by artists as incomes from album sales have decreased.

These factors, especially the increased guarantees demanded by artists, have shifted the economics of the live music industry.





# 2. Live Music Industry Overview

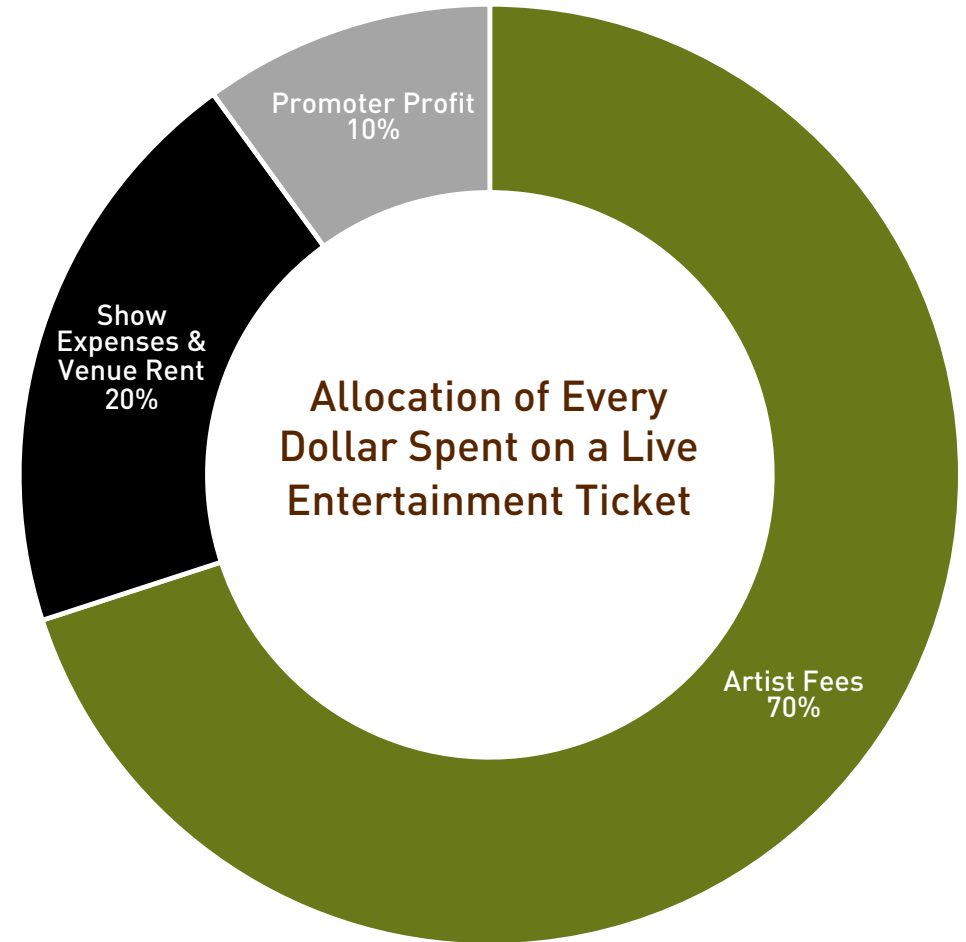
## Event Economics

Artist guarantee trends have generally resulted in lower margins for promoters and live music venues, as nearly all ticket sales revenue is allotted to artists. The chart to the right illustrates a general breakdown of the average dollar spent on a live entertainment act ticket.

Live entertainment ticket revenue is generally divided between the artists, show expenses (including venue rent), and the promoter. While each deal is unique and can vary considerably based on the event and market, live entertainment ticket revenue is generally allocated as follows: approximately 65 to 75 percent of the ticket price is paid to the artist (either through a flat guarantee or a percentage of total ticket revenues); approximately 20 percent pays for show expenses including staffing, utilities, facility rent, and other such costs; and approximately five to 15 percent is retained by the event promoter.

While shifting ticket price allocation trends have tightened margins, venues and promoters have placed increased emphasis on concessions, premium sales, and sponsorships in order to make up some of the profitability lost due to larger artist guarantees. Ancillary revenue sources have become an area of negotiation in booking acts, something that was not the case a decade ago.

As artist guarantees grow, promoters need to ensure that event ticket and negotiated ancillary revenues will cover not just this guarantee, but expenses, rent and preferred profit, as well. As margins continue to tighten, it will be critical that venues identify and target only events that their local markets can readily accommodate. Promoters will only commit to a venue if they feel they can recoup and profit from their investment in the artist.



# 2. Live Music Industry Overview

## Event Tiers

To identify and understand the classification of concerts the renovated Theater might be able to support, it is important to understand the different “tiers” of touring acts. An act’s tier is determined by the average gross ticket sales revenue it generates per show. This gross ticket sales revenue per show is assumed to cover the artist’s compensation, show expenses, and desired promoter profit. The more popular the act, the higher the artist fee and the more gross ticket revenue per show necessary to cover all expenses. For purposes of this analysis, nationally-touring artists fall into one of five different classifications as defined below:

TIER 1	TIER 2A	TIER 2B	TIER 3	TIER 4
<i>\$800,000+ in gross ticket sales revenue per show</i>	<i>\$500,000 - \$800,000 in gross ticket sales revenue per show</i>	<i>\$200,000 - \$500,000 in gross ticket sales revenue per show</i>	<i>\$100,000 - \$200,000 in gross ticket sales revenue per show</i>	<i>Less than \$100,000 in gross ticket sales revenue per show</i>
<b>21,509</b> Average Attendance	<b>11,383</b> Average Attendance	<b>6,451</b> Average Attendance	<b>4,846</b> Average Attendance	<b>1,821</b> Average Attendance
<b>\$116.86</b> Average Ticket Price	<b>\$84.78</b> Average Ticket Price	<b>\$69.14</b> Average Ticket Price	<b>\$59.73</b> Average Ticket Price	<b>\$59.41</b> Average Ticket Price
<b>29</b> Annual Shows Per Artist	<b>37</b> Annual Shows Per Artist	<b>39</b> Annual Shows Per Artist	<b>90</b> Annual Shows Per Artist	<b>119</b> Annual Shows Per Artist
<b>Example Artists:</b> The Rolling Stones, Pink	<b>Example Artists:</b> Imagine Dragons, Luke Bryan	<b>Example Artists:</b> Bryan Adams, Gwen Stefani	<b>Example Artists:</b> Future, Jake Owen	<b>Example Artists:</b> Taking Back Sunday, Miguel

# 2. Live Music Industry Overview

## Venues

As the concert industry has continued growing to support the various tiers of artists outlined on the previous page, different types of venues, including amphitheaters, serve to accommodate different act needs. Understanding the operational contrasts of these different venue types provides a basis from which to consider the competitive environment of a renovated Theater.



**STYLE: ENCLOSED**  
**CAPACITY: < 1,000**  
**CORE EVENT TIER: 4**



**STYLE: ENCLOSED**  
**CAPACITY: 1,000 TO 6,500**  
**CORE EVENT TIER: 3-4**



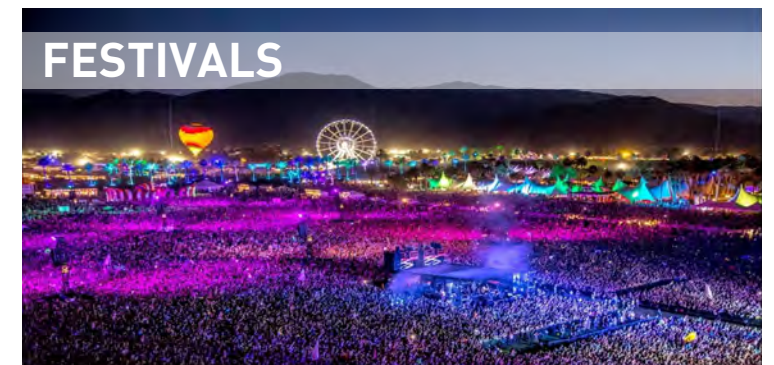
**STYLE: ENCLOSED**  
**CAPACITY: 5,000 TO 20,000**  
**CORE EVENT TIER: 1-3**



**STYLE: OPEN-AIR**  
**CAPACITY: 5,000 TO 30,000**  
**CORE EVENT TIER: 1-3**



**STYLE: ENCLOSED OR OPEN-AIR**  
**CAPACITY: 30,000+**  
**CORE EVENT TIER: 1**



**STYLE: OPEN-AIR**  
**CAPACITY: 10,000 TO 120,000**  
**CORE EVENT TIER: VARIES**



# 2. Live Music Industry Overview



## Top Amphitheaters

The chart to the right depicts the United States amphitheaters that are part of the 2019 Pollstar Top 100 Amphitheaters list by annual ticket sales. As shown, the average annual ticket sales is approximately 123,000 and ranges from a low of approximately 23,000 (Rockland Trust Bank Pavilion in Boston, MA) to a high of approximately 599,000 at DTE Energy Music Theatre in Clarkston, MI. Of these top performing amphitheaters, approximately 48 percent have annual ticket sales of over 100,000. Approximately 18 percent of the top 100 amphitheaters have a capacity of 5,000 or less, and theaters with this level of capacity, on average, generate annual ticket sales of approximately 56,200.

Additionally, six of the 100 amphitheaters are located in Texas, including the Cynthia Woods Mitchell Pavilion (The Woodlands, TX – 2<sup>nd</sup> in ticket sales), Dos Equis Pavilion (Dallas, TX – 14<sup>th</sup> in ticket sales), Toyota Music Factory (Irving, TX – 27<sup>th</sup> in ticket sales), Whitewater Amphitheater (New Braunfels, TX – 55<sup>th</sup> in ticket sales), White Oak Music Hall (Houston, TX – 62<sup>nd</sup> in ticket sales), and Germania Insurance Amphitheater (Austin, TX – 76<sup>th</sup> in ticket sales).

U.S. POLLSTAR TOP 100 AMPHITHEATERS									
Rank	Facility	Location	Ticket Sales	Capacity	Rank	Facility	Location	Ticket Sales	Capacity
1	DTE Energy Music Theatre	Clarkston, MI	598,617	15,040	51	Isleta Amphitheater	Albuquerque, NM	89,583	15,000
2	The Cynthia Woods Mitchell Pavilion	The Woodlands, TX	399,212	16,015	52	Michigan Lottery Amphitheater at Freedom Hill	Sterling Heights, MI	88,021	7,200
3	Red Rocks Amphitheatre	Morrison, CO	397,249	9,525	53	McMenamins Edgefield Amphitheater	Troutdale, OR	87,427	5,000
4	Merriweather Post Pavilion	Columbia, MD	347,616	19,316	54	Darling's Waterfront Pavilion	Bangor, ME	85,403	15,000
5	Filene Center at Wolf Trap	Vienna, VA	335,908	7,028	55	Whitewater Amphitheater	New Braunfels, TX	85,391	5,600
6	BB&T Pavilion	Camden, NJ	309,018	25,000	56	Oak Mountain Amphitheatre	Pelham, AL	81,689	10,289
7	PNC Music Pavilion	Charlotte, NC	278,328	18,812	57	Meadow Brook Amphitheatre	Rochester Hills, MI	78,345	7,700
8	Ruoff Home Mortgage Music Center	Noblesville, IN	249,706	25,000	58	Fraze Pavilion For The Performing Arts	Kettering, OH	78,289	4,400
9	Jiffy Lube Live	Bristow, VA	248,321	23,237	59	North Island Credit Union Amphitheater	Chula Vista, CA	73,962	19,442
10	Waldbuhne Berlin	Berlin, GERMANY	228,908	22,290	60	Humphrey's Concerts By The Bay	San Diego, CA	71,764	1,450
11	Greek Theatre	Los Angeles, CA	223,168	5,801	61	Brisbane Riverstage	Brisbane, AUSTRALIA	71,469	9,500
12	Saratoga Performing Arts Center	Saratoga Springs, NY	221,467	25,000	62	White Oak Music Hall - Lawn	Houston, TX	69,398	3,000
13	Bethel Woods Center For The Arts	Bethel, NY	220,069	16,000	63	Constellation Brands - Marvin Sands PAC	Canandaigua, NY	66,533	15,000
14	Dos Equis Pavilion	Dallas, TX	199,233	20,000	64	Brandon Amphitheater	Brandon, MS	66,008	7,000
15	Greek Theatre At UC Berkeley	Berkeley, CA	198,259	8,500	65	Ravinia Festival at Ravinia Park	Highland Park, IL	65,732	3,350
16	Xfinity Center	Mansfield, MA	192,314	19,900	66	Artpark Amphitheater	Lewiston, NY	65,726	10,000
17	Budweiser Stage	Toronto, CANADA	192,179	16,000	67	Vina Robles Amphitheatre	Paso Robles, CA	64,839	3,018
18	PNC Bank Arts Center	Holmdel, NJ	191,375	17,500	68	Tuscaloosa Amphitheatre	Tuscaloosa, AL	64,587	7,294
19	Pacific Amphitheatre	Costa Mesa, CA	189,965	8,200	69	Lake Tahoe Outdoor Arena at Harveys	Stateline, NV	63,501	7,200
20	Hollywood Casino Amphitheater	Maryland Heights, MO	189,910	19,000	70	Toyota Amphitheater	Wheatland, CA	62,194	18,500
21	The St. Augustine Amphitheatre	Saint Augustine, FL	185,602	4,789	71	KettleHouse Amphitheater	Bonner, MT	61,716	4,500
22	KeyBank Pavilion	Burgettstown, PA	182,402	23,000	72	Quinta Vergara Amphitheatre	Vina Del Mar, CHILE	57,924	20,000
23	Coastal Credit Union Music Park at Walnut Creek	Raleigh, NC	179,446	20,000	73	Red Hat Amphitheater	Raleigh, NC	55,822	5,500
24	Riverbend Music Center	Cincinnati, OH	178,681	20,500	74	Thompson's Point	Portland, ME	55,653	7,500
25	Coral Sky Amphitheatre	West Palm Beach, FL	177,513	20,000	75	Ascend Amphitheater	Nashville, TN	55,625	6,800
26	Hollywood Bowl	Los Angeles, CA	174,627	17,500	76	Germania Insurance Amphitheater	Austin, TX	52,815	13,164
27	Toyota Music Factory	Irving, TX	170,209	8,000	77	Mann Center for Performing Arts	Philadelphia, PA	52,230	14,000
28	Shoreline Amphitheatre	Mountain View, GA	166,940	22,000	78	Sunlight Supply Amphitheater	Ridgefield, WA	50,958	17,884
29	Bank of NH Pavilion	Gilford, NH	164,469	9,600	79	Cuthbert Amphitheater	Eugene, OR	50,931	5,000
30	Blossom Music Center	Cuyahoga Falls, OH	160,130	20,000	80	Santa Barbara Bowl	Santa Barbara, CA	49,351	4,563
31	Veterans United Home Loans Amphitheater	Virginia Beach, VA	153,819	20,000	81	Huntington Bank Pavilion at Northerly Island	Chicago, IL	48,787	8,734
32	Hollywood Casino Amphitheatre	Tinley Park, IL	153,438	28,630	82	American Family Insurance Amphitheater	Milwaukee, WI	48,227	23,000
33	Sidney Myer Music Bowl	Melbourne, AUSTRALIA	152,003	13,000	83	Bimbadeen Estate	Pokolbin, AUSTRALIA	48,051	7,500
34	Northwell Health at Jones Beach Theater	Wantagh, NY	142,376	13,855	84	Cal Coast Credit Union Open Air Theatre	San Diego, CA	44,521	4,635
35	Concord Pavilion	Concord, CA	140,248	13,708	85	Pavilion at Montage Mountain	Moosic, PA	43,682	17,528
36	The Wharf Amphitheater	Orange Beach, AL	140,057	10,250	86	Jardines De Mexico	Jojutla, MEXICO	39,024	12,000
37	Fiddler's Green Amphitheatre	Englewood, CO	136,345	16,823	87	Les Schwab Amphitheater	Bend, OR	38,974	8,000
38	MidFlorida Credit Union Amphitheatre	Tampa, FL	132,859	20,000	88	Ironstone Amphitheatre	Murphys, CA	37,215	6,700
39	Gorge Amphitheatre	George, WA	130,432	27,500	89	Charlotte Metro Credit Union Amphitheatre	Charlotte, NC	36,216	4,983
40	Ameris Bank Amphitheatre	Alpharetta, GA	122,545	13,196	90	PNE Amphitheatre	Vancouver, CANADA	35,145	7,000
41	FivePoint Amphitheatre	Irvine, CA	120,420	12,000	91	Starlight Theatre	Kansas City, MO	35,114	7,800
42	Xfinity Theatre	Hartford, CT	119,652	24,084	92	White River Amphitheatre	Auburn, WA	32,204	16,500
43	Ak-Chin Pavilion	Phoenix, AZ	117,791	20,000	93	Mission Estate Winery	Napier, NEW ZEALAND	27,736	25,000
44	Daily's Place Amphitheater	Jacksonville, FL	110,316	5,500	94	Glen Helen Amphitheater	San Bernardino, CA	26,814	65,000
45	Alpine Valley Music Theatre	East Troy, WI	108,834	35,600	95	Kelvingrove Bandstand and Amphitheatre	Glasgow, UNITED KINGDOM	25,827	2,500
46	Darien Lake Performing Arts Center	Darien Center, NY	107,900	21,800	96	Outlaw Field at Idaho Botanical Garden	Boise, ID	25,181	4,000
47	Walmart AMP	Rogers, AR	105,945	10,000	97	Mishawaka Amphitheatre	Bellvue, CO	24,635	1,000
48	Cellairis Amphitheatre At Lakewood	Atlanta, GA	104,487	19,000	98	BankPlus Amphitheater At Snowden Grove	Southaven, MS	24,012	4,000
49	Usana Amphitheatre	Salt Lake City, UT	92,531	20,000	99	Jacobs Pavilion At Nautica	Cleveland, OH	23,951	4,600
50	St. Joseph's Health Amphitheater at Lakeview	Syracuse, NY	92,421	17,500	100	Rockland Trust Bank Pavilion	Boston, MA	23,073	5,000

# 2. Live Music Industry Overview

## Summary

In summary, the concert industry has undergone significant growth over the past several years, which has impacted the operations of live entertainment venues nationwide. A summary of key trends that have emerged from the concert industry include:

- The North American concert market saw an average annual growth rate of nearly 10 percent between 2000 and 2017, the last year this data was made public. This strong growth belies two major recessions that occurred during this period, a testament to the industry's strong recovery following depressed economic periods.
- Talent costs have increased substantially, resulting in upward pressure on ticket prices and relatively flat attendance. As a result, the margins generated to promoters and concert venues have decreased.
- Venue operators are increasingly relying on revenue from ancillary sources such as facility fees, ticket sales rebates, concessions, merchandise, parking, advertising/sponsorships and premium seating to generate operating profits.
- As the live music industry has evolved, there has been continued segmentation among touring acts across all performance tiers. In order to be successful and make the complex economics previously outlined result in profitability, venues need to identify and fill a niche within their market for shows of specific performance tiers.

These industry trends are considered together with the local market conditions, competition within the market and the historical operations of comparable venues to estimate the event utilization and financial performance of the proposed amphitheater.

