Securitized Products Special Topics

Sports Securitization: Gear Up to Vet League Revenues and Stadium Cashflows

Private Equity Stakes and Stadium Construction Boom to Buoy Sports Securitization

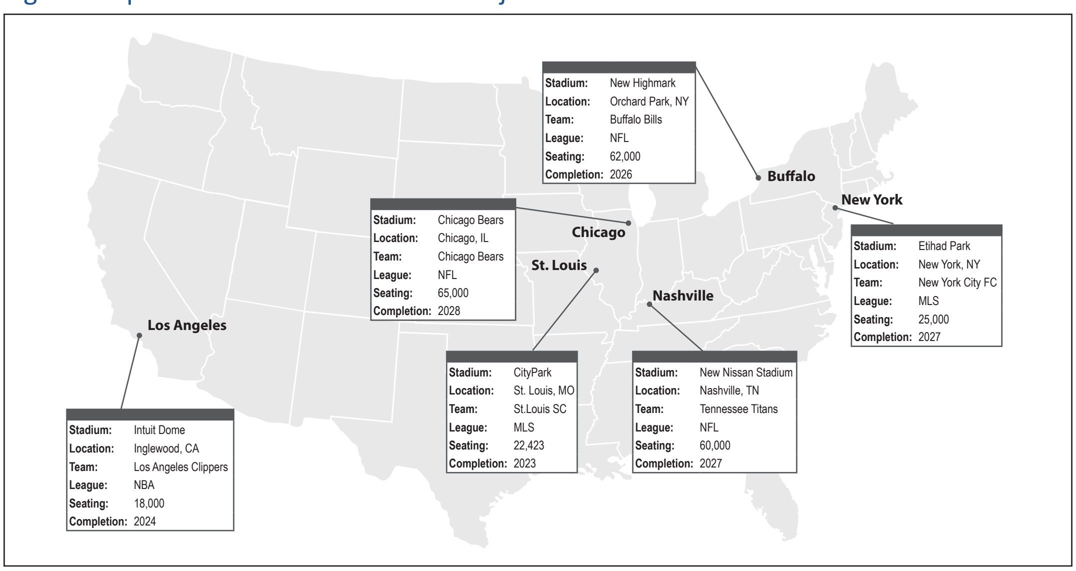
Stav Gaon
+1 (646) 768-9173
sgaon@academysecurities.com

Headquarters Address:
Academy Securities, Inc.
622 Third Avenue, 12th Fl
New York, NY 10017

We expect to see growing market interest in sports securitization, across both issuers and investors. Recent developments such as private equity firms buying stakes in NFL teams, and an ongoing focus on stadium construction or renovation, make securitization an attractive approach to finance major projects and monetize future cashflows. Miami Dolphins and Buffalo Bills recently sold 10% stake each to Ares Management and Arctos Partners, respectively. Other teams sold stakes to individual investors, which the league also approved. More deals are likely to come, according to press reports.

Meanwhile, quite a few teams are building new stadiums, or undertaking major renovations to existing ones (Figure 1)**.** Notable new construction examples include Chicago Bears $4.7 billion stadium plans in downtown Chicago (after nixing an earlier planned move to suburban Arlington Heights, IL), and a new soccer stadium for the New England Revolution in Everett, MA. Stadium upgrades, which could boost seat and concessions revenue, include Carolina Panthers' $800 million renovation to Bank of America Stadium, and Dallas Cowboys' $295 million upgrade to AT&T Stadium. All told, this should drive sports facilities-backed debt (including ticket sales securitization), as well as other forms of sports-backed debt, such as league-sponsored borrowing programs or specific team/ franchise issuance.

Figure 1. Sports Stadium Construction Projects



Source: Press reports and Academy Securities

Check League Revenue Allocation and Salary Cap Structures

We expect a healthy investor appetite for sports securitizations as securitized products investors embrace a widening range of esoteric securitizations, such as digital infrastructure and music royalties.[1] Still, sports securitization unique collateral merits attention, as well as the potential meaningful differences in performance drivers across different deals.

Distinct factors such as (1) different revenue allocation mechanisms among league member teams, or (2) varying salary structures, could impact the quality and predictability of securitized cashflows. For example, the NFL equitably distributes a significantly larger portion of total leaguewide revenues across teams, compared to other sports leagues. A less equitable distribution puts much more emphasis on individual franchise local revenue potential, which can be less predictable.

In turn, league salary caps (hard or soft) can bolster expense certainty compared to no salary caps, where an owner can choose to spend as they see fit on a franchise payroll.[2] Interestingly, the same attributes that rating agencies could view as credit positives – equitable league revenue distribution and salary caps – have been flagged as hurting league or team success. NFL's revenue sharing model is shielding poorly performing teams, such as Carolina Panthers, from accountability, according to sports commentators.

In turn, NBA's salary caps could make it more difficult to form great teams and elevate new superstars. This perhaps explains the precipitous decline in the league's TV ratings and fan interest. From late October to mid-December of the 2024-25 season, average viewership declined 19% across the league's national media partners, according to press reports. Following a holiday bump, it is sliding again in 2025. Viewership trends are particularly relevant for sports league debt deals. The primary collateral for such deals is national television contracts.

CRE Market Views Can Inform Sports Facilities Analysis

Sports facilities securitization should pique the interest of CRE/CMBS investors. Deal collateral can include game-day and season ticket sales, club seats, luxury suites, concessions, and other cashflow-generating sources that may be tied to the facility specific location, market, and demographics. CRE investors may be able to leverage existing views on geographics and markets to assess facility prospects. The presence of sports stadiums already has been closely tied to the performance of surrounding CRE properties, mostly hotels, restaurants, and retail.

For example, stadiums such as Gillette Stadium in Foxborough, MA, and Lambeau Field in Green Bay, WI, have become year-round destinations and generate revenues outside of football-related activities, according to Morningstar. The two stadiums have become part of larger developments that include entertainment districts, hotels, multifamily, office, and medical facilities.

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1 "Music ABS: Pool Variations Emerge Amid Constructive Sector View," Securitized Products Special Topics, Academy Securities, December 9, 2024

2 A hard salary cap establishes a maximum for player payroll and often a floor. The player payroll may be adjusted upward or downward based on the index to which it is linked, typically some aspect of league revenues. A soft salary cap may generally have the same structure as a hard salary cap, with exceptions for veteran or key franchise players.

On the flip side, departures of sports teams from stadiums may fuel value losses in nearby properties. One example is hotels around Oakland Coliseum, that have seen valuation drops after both Oakland Raiders and Athletics moved to Las Vegas, as CoStar reported. Specifically, the specially serviced, $28.1 million Radisson Oakland (UBSCM 2018-C9) saw its appraisal slashed to $15 million in late 2024, a 70% drop from the $50 million valuation at issuance. The underlying 289-room full-service hotel sits just blocks from the complex that at the CMBS loan origination housed the Golden State Warriors, Raiders and Athletics. Separately, the non-securitized $100 million loan on Oakland's largest hotel, the 500-room Oakland Marriott City Center, just defaulted, according to press reports.

Out-of-market team relocations, as well as field moves within the same area, can have a significant impact on sports deals (Figure 2). As such, team non-relocation agreements and covenants have been protective features traditionally provided in all sports facility financing structures, according to rating agencies. We would expect to see sports debt maturities fall within the term of the non-relocation agreement.

Figure 2. Sports Team Relocations

Team	League	Previous Host City	Relocation Year	New Host Stadium	Previous Host Stadium
Out-of-market Relocations					
Las Vegas Raiders	NFL	Oakland, CA	2020	Allegiant Stadium	Oakland Coliseum
Los Angeles Rams	NFL	St. Louis, MO	2015	SoFi Stadium	Edward Jones Dome
Los Angeles Chargers	NFL	San Diego, CA	2016	SoFi Stadium	San Diego Stadium
Athletics	MLB	Oakland, CA	2028	Tropicana Las Vegas	Oakland Coliseum
Field/Court Relocations					
Los Angeles Clippers	NBA		2024	Intuit Dome	Crypto.com Arena
Golden State Warriors	NBA		2019	Chase Center	Oracle Arena
Texas Rangers	MLB		2020	Globe Life Field	Globe Life Park
Nashville SC	MLS		2022	Geodis Park	Nissan Stadium

Source: Press reports and Academy Securities

In similar vein, natural disasters also have an impact on sports stadium cashflows. The NFL relocated last month the Los Angeles Rams playoff game against the Minnesota Vikings from SoFi Stadium in Inglewood to State Farm Stadium in Glendale, AZ, due to the wildfires in Los Angeles. The NHL and NBA postponed multiple games at Crypto.com Arena.

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Timeshare ABS: Program-specific Attributes to Drive Performance

Music ABS: Pool Variations Emerge Amid Constructive Sector View

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Aircraft ABS: Momentum Builds for Insurance Booster

Data Centers: Tenant Rosters Poised to Change

Container ABS: Geopolitical Tailwinds as Issuance Picks Up

Gas Securitization: Shorter WAL Alternative to Electric Charge Deals

Net Leases: Scarcity Value as Issuance Poised to Pick Up

Recovery Bonds: Deal Reporting Shows True-Up Adjustments Potency

Data Centers: Performance Wrinkles to Test Operators' Role

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Aircraft ABS: Waterfalls Playing Catch-Up as Fundamentals Recover

Data Centers: Teakeaways from 2023-Vintage Deals

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Cell Towers: Lender-Friendly Features Dovetail with Secular Tailwinds

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Recovery Bonds: No Need to Closely Watch the Fed or the Economy Here

Data Centers: A Strong Segment Juggles ABS and CMBS

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Senior Housing: Focus on Segment Selection Amid Pandemic Impact

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Russian Sanctions Impact: Lease Terminations and Forced Property Sales

CMBS Credit Focus:

Office Re-defaults: Foreclosures to the Fore as Modified Maturities Near
Interest Adjustments: Track Shortfalls Repayment and Priority
New Leases: Track Post-Issuance Replacement Tenants
Property Protection Advances: Track Opaque Expenses in Long Workouts
Parkmerced: Abundance of Structural Angles to Determine Bond Cashflows
Pro-rata Prepays: Surprise Booster for Subordinate Bonds
PILOT: Check Another Wrinkle of Ground Leases
Non-Trust Debt: Check the Seniority of Your CMBS Collateral
Recovering Shortfalls: Credit IO Value in Distressed Office
Releasing Holdbacks: RENT is Writing Up Bonds
Reserves vs Advances: Servicers Tap Reserves to Lower Advances
Forward Forbearances: One Market Plaza Introduces a Twist to Mods
Loan Assumptions: Watch Waterfalls as New Borrowers Redevelop
Holdbacks: RENT in the Limelight, as Other Cases Brewing
Blanket NRAs: Shutting Down Advances Upends Credit IO Trades
Credit 2024: Workout Nuances Come to the Fore
Recovering the Non-Recoverable: Liquidation Nuance Bolsters Paydowns
Special Servicer Replacements: 1740 Broadway Crystalizes Implications
Crossgates Liquidation: Holdbacks Complicate Severity Projections
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