

# Midway Rising

Economic and fiscal impact analysis



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# Introduction

The purpose of this document is to provide an economic and fiscal impact analysis of the proposed redevelopment of the San Diego Sports Arena area. This analysis was conducted by San Diego Regional Economic Development Corporation (EDC) with input and consultation from CITECON, a firm specializing in the integration of economic development and urban & regional planning.

The analysis is based on data gathered and provided by Zephyr on the Midway Rising development plan. While EDC used all the data available and provided, it may not have captured all relevant events, spending, and or activity that will happen.

Midway Rising has put forth a transformative plan to rejuvenate the 48.5 acres site, including thousands of market-rate and designated affordable housing units, an entertainment district centered around a 16,000-seat facility, and highly-amenitized urban park.

The analysis includes a written narrative to contextualize the impact of this redevelopment and to help inform the proposed creation of an Enhanced Infrastructure Financing District (EIFD), a potential mechanism to capture future increases in property tax revenues to help fund public infrastructure improvements necessary for the site's redevelopment.

The economic impact reflects estimated activity including output, employment, labor income, and value added (contribution to regional Gross Domestic Product - GDP), and includes direct, indirect, and induced activity. The fiscal impact includes the City of San Diego and County of San Diego operational costs and revenues. Federal, state, and local (city) taxes generated by construction activity were also estimated.

The assessment is based on cost estimates and projections from Midway Rising. EDC created a model based on data from IMPLAN group, LLC, the provider of industry standard input-output data.

# Executive summary

## Community benefits

- **The new arena is expected to bring an influx of new visitors to the San Diego region, increasing spending not only within the site, but throughout the region.** The redevelopment plan for the San Diego Sports Arena site put forth by Midway Rising will include a reimagined entertainment center.
- **The proposed housing units will nearly triple housing stock in the immediate area.** There are currently 2,471 housing units in a 15-minute walkshed of the site of the planned redevelopment. The addition of 4,250 new housing units will increase the housing stock by 172 percent in an area where the housing vacancy rate is lower than the city's average.
- **Nearly half of the new housing units added will be designated affordable in an area where the median household income is 56% lower than the rest of the city.** The 2,000 units designated affordable housing will be beneficial to the area within the 15-minute walkshed surrounding the site of the redevelopment plan where the median household income is \$58,457.
- **Nearly 15 acres of open space, with over 8 acres of designated park space will be added in area where there currently is none.**
- **The proposed retail mix is expected to offer jobs with 12 percent higher average wages on site relative to the current retail mix.** Although the total square footage will shrink relative to the current operations, the mix shifting towards more food, beverage, and retail options is estimated to increase the average wage from \$33,951 to \$38,126.

## Construction impacts

- **The contribution to the gross regional product (GRP) from construction is approximately \$3 billion.** Construction of the planned redevelopment is expected to span over a 14 year period, costing a total of approximately \$3.9 billion.
- **Construction is estimated to employ the equivalent of 21,900 job-years in the San Diego region.** \$1.6 billion in wages will be paid out over the course of the 14 year period.
- **\$94 million in gross tax revenues is estimated to be generated and captured by local governments from construction activities and material purchases.**

## Annual impacts upon full build out

- **The proposed redevelopment is estimated to contribute approximately \$285 million in value add to the San Diego region annually. After netting out existing operations the new value add is \$178 million, equivalent to another San Diego Comic Con ([SDCC](#), 2024).**
- **The redevelopment plan is expected to nearly double the number of jobs supported in the region.** A total of 1,500 jobs are estimated to be newly added to the region due to the redevelopment, whereas existing operations currently

supports approximately 1,600 jobs annually. In total, 3,100 jobs throughout the region will be supported by the full build out of the redevelopment plan annually.

- **The projected fiscal revenue from the operations of the full build out of the redevelopment plan is estimated to provide more than \$13.2 million to the City of San Diego's General Fund.** Accounting for costs, the City's surplus due to the proposed development is approximately \$1.1 million.
- **The County of San Diego will collect an estimated \$31.6 million in property taxes annually from operations, of which \$5 million will be allocated to the County of San Diego's General Fund.** Accounting for costs, the County's surplus due to the proposed development is approximately \$3.9 million.

## Proposed program development

The 48.5 acre proposed program development plans include three main components: entertainment, residential, and commercial.

### Entertainment

An entertainment district which includes an arena with 16,000 seat capacity is included in the proposed development plan. With the new arena, a new event mix is also proposed and is detailed in Table 1.

*Table 1: Arena programs and annual attendance figures*

Event	Number of events	Average attendance	Total attendance
San Diego Gulls	38	8,500	323,000
San Diego Seals	9	6,500	58,500
San Diego Strike Force	8	3,000	24,000
Concerts - Full	33	12,500	412,500
Concerts - Half	29	7,500	217,500
Family Shows	8	3,500	28,000
Ice Shows	6	3,000	18,000
Motorsports	1	4,000	4,000
Boxing	1	8,000	8,000
Wrestling	2	4,000	8,000
Rodeos	1	3,000	3,000
High School Sports	5	1,500	7,500
Other	2	4,000	8,000
<b>Total</b>	<b>143</b>	<b>5,308</b>	<b>1,120,000</b>

Source: Zephyr

### Residential

A total of 4,250 multi-family housing units is included in the proposed development plan. 2,250 is designated market rate, and 2,000 is designated deed-restricted affordable housing (all units designated 80 percent or less area median income). The residential units is to be accompanied by 14.97 acres of open space, 8.25 acres of which are dedicated to park space.

### Commercial

Total space designated for commercial use is 130,000 square feet (sq. ft.). General allocations of the commercial space are detailed in Table 2.

Table 2: Proposed retail mix

Retail type	Sq. ft. allocation
Boutique fitness	7,500
Entertainment/Live music	40,000
Food & beverage – Full-service restaurants	25,000
Food & beverage – Fast casual	9,500
Grocery	30,000
General retail – Fashion	7,500
General retail – Service/Beauty	10,500
Total	130,000

Source: Zephyr (retail mix was amended by EDC to include grocery)

## Construction timeline

Total construction costs for the full build-out of the proposed development is \$3.9 billion. Approximate breakdown of the construction costs across the components is detailed in Table 3.

Table 3: Construction costs detail

Component	Construction costs
Infrastructure and site development	\$422,898,000
Entertainment	\$522,217,000
Housing	\$2,854,257,000
Retail	\$104,647,000
Total	\$3,904,020,000

Source: Zephyr

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent a one-time impact.

Construction is planned to take place over a 14-year period, beginning in 2027 and ending in 2040.

# Current market and community impact

## Current market

The area that surrounds the site of the redevelopment houses residents with a lower household income than the rest of the City, has a housing stock that is relatively older, and is underhoused. Currently, there are about 5,000 residents living in within a 15-minute walkshed that surrounds the site of the redevelopment. These residents live within portions of the Midway and the Old Town Community Plan areas. The median household income for the area is \$58,457, which is 56 percent lower than the median for the City of San Diego. There are 2,471 housing units in the community, where only about 10 percent of them were built in the last 25 years. Relative to the city, this is on the low end, where 20 percent of the city's housing stock were built in the last 25 years. Additionally, the housing vacancy rate for the area is 4.7 percent compared to the city's 6.9 percent.

In total, there are about 1,100 businesses in the 15-minute walkshed, with over a quarter of them being classified as retail or food services. Additionally, there are approximately 14,200 jobs employed by these businesses with about 38 percent being retail or food service related. There are a variety of options for food and beverages locations including three grocery stores that support the surrounding community. However, there are currently no open space including parks.

## Community impact

New to the area will be 4,250 housing units. This means that the introduction of the housing units in the proposed redevelopment plan will increase the supply of housing units in the 15-minute walkshed surround the site by 172 percent. The project will provide new high quality housing units, in an area where the housing stock is relatively old. The 2,000 units of affordable housing, the largest affordable housing projects in California history<sup>1</sup>, will be beneficial to this community specifically, due to the lower median household income than the rest of the city. Additionally, nearly 15 acres of open space is planned, with over 8 acres designated as park space.

The current retail mix in the surrounding area mainly includes small shops in a strip mall style and warehouse type facilities. The proposed retail mix on site is designed to be within walkable sub-districts that aim to serve visitors with an expansion of food and beverage offerings, including full service and fast casual restaurants. The mix also aims to serve the 4,250 new housing units on the site with a grocery store, fitness center, and general retail (fashion, service/beauty).

The Pechanga arena will be replaced with a revitalized entertainment center which includes a 16,000 seat arena. This new arena is expected to hold more events annually and attract more attendees per event. Located on the east side of the site, it is intentionally placed closer to the Old Town Trolley station.

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<sup>1</sup> Source: Midway Rising



# Economic impact

## Construction

The estimated total value added to the regional economy over the 14 year construction time span is \$3 billion, with approximately \$2.5 billion of the value added contained within the City of San Diego.

After accounting for leakages, total sales during the construction period amounts to approximately \$4.9 billion, \$4.2 billion of which are contained within the City of San Diego. A total of 21,900 job-years may be added to the region as a result of the construction of the Midway Rising development plan. 18,900 of those job-years are created within the City of San Diego. Most of the jobs created in the region are a direct result of the construction activity (15,900), with an additional jobs (6,000) created as result of indirect and induced effects.

*Table 4a: Construction economic impact to the County of San Diego<sup>22</sup>*

Impact	Employment	Labor Income	Value Added	Output
Direct	15,900	\$1,197,052,000	\$2,091,289,000	\$3,540,769,000
Indirect	3,900	\$292,218,000	\$567,1467,000	\$916,363,000
Induced	2,100	\$132,005,000	\$319,605,000	\$459,116,000
Total	21,900	\$1,621,276,000	\$2,978,041,000	\$4,916,248,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent a one-time impact.

*Table 4b: Construction economic impact to the City of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	15,900	\$1,197,053,000	\$2,091,289,000	\$3,540,769,000
Indirect	2,000	\$154,771,000	\$286,196,000	\$460,463,000
Induced	1,000	\$68,039,000	\$153,771,000	\$226,553,000
Total	18,900	\$1,419,862,000	\$2,531,257,000	\$4,227,786,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent a one-time impact.

## Operations at build out (includes entertainment, housing, and retail)

At full build out, the revitalization of the Midway Rising district will provide annual economic benefits to the City of San Diego and to the larger County of San Diego region. Total estimated value add to the region is \$285 million annually, \$251 million of which may be contained within the City of San Diego. Netting out transfers and impacts of the existing operations, the total estimated net value add to the region is

<sup>22</sup> Direct effects refer to the activity resulting directly from redevelopment. Indirect spending represents gains in industries in the supply chain – the business-to-business suppliers of goods and services that are inputs to the direct economic activities. Induced spending represents increases in local spending due to increased jobs and workers' incomes associated with direct and indirect spending (e.g., healthcare, food).

\$178 million annually, of which \$160 million may be contained within the City of San Diego.

Total estimated net sales for the region provided by the Midway Rising plan at full buildout is \$264 million annually, \$236 million of which may be contained inside of the City of San Diego. An additional 1,500 jobs throughout the region may be supported by the operations of this development annually, 1,400 of which may be contained within the City of San Diego. Most of the jobs are a result of a direct impact of operations (1,100); 400 jobs were created as a result of indirect and induced effects.

*Table 5a: Operations gross economic impact to the County of San Diego (existing operations not netted out)*

Impact	Employment	Labor Income	Value Added	Output
Direct	2,300	\$104,400,000	\$200,366,000	\$311,081,000
Indirect	600	\$41,904,000	\$54,044,000	\$92,622,000
Induced	200	\$13,044,000	\$31,459,000	\$45,254,000
Total	3,100	\$159,349,000	\$285,868,000	\$448,958,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent annual impact at build out.

*Table 5b: Operations gross economic impact to the City of San Diego (existing operations not netted out)*

Impact	Employment	Labor Income	Value Added	Output
Direct	2,300	\$104,400,000	\$200,366,000	\$311,081,000
Indirect	400	\$29,408,000	\$34,971,000	\$59,692,000
Induced	100	\$7,073,000	\$15,979,000	\$23,544,000
Total	2,800	\$140,881,000	\$251,315,000	\$394,317,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent annual impact at build out.

*Table 5c: Operations net economic impact to the County of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	1,100	\$48,940,000	\$133,803,000	\$193,429,000
Indirect	300	\$22,599,000	\$28,911,000	\$49,139,000
Induced	100	\$6,370,000	\$15,362,000	\$22,099,000
Total	1,500	\$77,909,000	\$178,076,000	\$264,667,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent annual impact at build out.

*Table 5d: Operations net economic impact to the City of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	1,100	\$48,940,000	\$133,803,000	\$193,429,000
Indirect	200	\$15,833,000	\$18,728,000	\$31,734,000
Induced	100	\$3,455,000	\$7,804,000	\$11,499,000
Total	1,400	\$68,227,000	\$160,335,000	\$236,662,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent annual impact at build out.

## Entertainment - Arena and visitor spending

The proposed 16,000 seat facility will hold a variety of events, drawing in attendees from different geographic origins. The economic impact will include spending inside the arena, as well as spending outside the arena spurred by visitation to arena events. The visitation includes those who live outside the region who come to San Diego due to arena events and spend in other places in San Diego.

The total net value added to the regional economy due to arena and visitor spending amounts to an estimated \$104 million annually, with \$87 million contained within the City of San Diego. This value add represents more than half of all net operations impact, making it a significant contributor to the economic impact of the full buildout of the proposed development plan.

Approximately 1,400 net new jobs across the region may be supported by the arena and visitor spending annually, with 1,300 of those jobs contained within the City of San Diego.

*Table 6a: Arena and visitor spending net economic impact to the County of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	1,000	\$45,209,000	\$62,568,000	\$117,797,000
Indirect	300	\$21,156,000	\$26,695,000	\$45,358,000
Induced	100	\$5,921,000	\$14,283,000	\$20,545,000
Total	1,400	\$72,286,000	\$103,546,000	\$183,700,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent annual impact at build out.

*Table 6b: Arena and visitor spending net economic impact to the City of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	1,000	\$45,209,000	\$62,568,000	\$117,797,000
Indirect	200	\$15,031,000	\$17,501,000	\$29,651,000
Induced	0	\$3,202,000	\$7,234,000	\$10,659,000
Total	1,300	\$63,442,000	\$87,303,000	\$158,107,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Employment values are rounded to the nearest hundred. Values represent annual impact at build out.

## Housing management & maintenance

The economic impact of managing and maintaining Midway Rising's housing components includes employees who will be responsible for management and maintenance of the units as well as the open/park space. This amounts to a total of 127 direct jobs. Including indirect and induced effects, this totals to 158 jobs added to the regional economy annually due to the new housing units.

*Table 7a: Housing management & maintenance net economic impact to the County of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	127	\$4,250,000	\$71,034,000	\$74,783,000
Indirect	24	\$1,424,000	\$2,207,000	\$3,832,000
Induced	8	\$503,000	\$1,202,000	\$1,734,000
Total	158	\$6,177,000	\$74,443,000	\$80,349,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent annual impact at build out.

*Table 7b: Housing management & maintenance net economic impact to the City of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	127	\$4,250,000	\$71,034,000	\$74,783,000
Indirect	12	\$788,000	\$1,228,000	\$2,125,000
Induced	5	\$302,000	\$681,000	\$1,004,000
Total	143	\$5,339,000	\$72,944,000	\$77,912,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent annual impact at build out.

## Retail

A decreased footprint in expected retail space results in a net negative impact in terms of jobs. However, the projected mix results in a net positive economic contribution to the regional economy due to shift in types of jobs being added and general increase in productivity from technological advancements.

The proposed retail mix is expected to offer 12 percent higher average wages on site relative to the current retail mix. Although the total square footage will shrink relative to the current operations, the mix shifts towards more food, beverage, and retail options is estimated to increase the average wage from \$33,951 to \$38,126.

*Table 8a: Retail net economic impact to the County of San Diego*

Impact	Employment	Labor Income	Value Added	Output
Direct	-35	-\$519,000	\$200,000	\$849,000
Indirect	-1	\$18,000	\$9,000	-\$51,000
Induced	-1	-\$54,000	-\$122,000	-\$180,000
Total	-37	-\$555,000	\$87,000	\$618,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent annual impact at build out.

*Table 8b: Retail net economic impact to the City of San Diego*

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct	-35	-\$519,000	\$200,000	\$849,000
Indirect	-1	\$14,000	-\$1,000	-\$41,000
Induced	-1	-\$49,000	-\$111,000	-\$164,000
<b>Total</b>	<b>-36</b>	<b>-\$554,000</b>	<b>\$88,000</b>	<b>\$643,000</b>

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent annual impact at build out.

# Fiscal impact

## Construction

Over the 14 year construction period, an estimated \$76 million may be generated for the City of San Diego and \$18 million captured by the County of San Diego.

*Table 9: Fiscal impacts of construction*

Impact	Sub County (City)	County	State	Federal	Total
Direct	\$23,201,737	\$5,577,004	\$63,365,262	\$229,822,394	\$321,966,397
Indirect	\$37,853,703	\$9,073,747	\$44,419,177	\$60,419,068	\$151,765,6695
Induced	\$15,146,652	\$3,631,237	\$19,776,512	\$29,864,989	\$68,420,390
Total	\$76,203,092	\$18,281,987	\$127,50,951	\$320,106,452	\$542,152,482

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent a one time impact.

## Operations impact on City of San Diego

Annual operations are projected to generate over \$13 million gross tax revenues to the City of San Diego. These revenues are generated through the property taxes on the value of the development, property transfer tax, sales tax, and other revenues. The City may incur more than \$12 million in costs to service the new development and households. The annual net fiscal surplus from the proposed development to the City's general fund is estimated to be approximately \$1.1 million.

*Table 10: City of San Diego Net fiscal impact*

Description	Estimated Value
Annual Costs to the City of San Diego	\$12,098,000
Annual Revenue to City of San Diego	\$13,490,000
Annual Fiscal Surplus of Proposed Development	\$1,132,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent direct impacts. Fiscal impacts of existing operations are not netted out. This table does not include possessory interest tax on the existing arena.

## Operations impact on County of San Diego

The operations to the County of San Diego are projected to generate over \$31.6 million gross annually through the County's share of the 1% property tax on the value of the development.

Table 11: 1% property tax allocation

Description	Estimated Value
Total improved land value	\$3,155,672,000
1% property tax	\$31,557,000
City of San Diego general fund allocation (17.1%)	\$5,558,000
County of San Diego general fund allocation (15.7%)	\$4,964,000
Other allocations (67.2%)	\$21,055,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Valuation was determined using the cost method. Allocation percentages were sourced from the Midway Area EIFD projections provided by Zephyr. Other obligations include Schools, County Library, Redevelopment Successor Agencies, and Special Districts. City and County allocations is expected to increase to 20.94% and 26.17%, respectively, in 2041.

An estimated \$5 million may be generated for the County's general fund. This is gross revenue for the County. The County will incur some costs due to the operations in the new development and its households. Counties focus on services such as, but not limited to public health, social services, and planning. Therefore, we estimate that the annual net fiscal surplus from the proposed development to the County's general fund to be closer to \$3.9 million.

Table 12: County of San Diego net fiscal impact

Description	Estimated Value
Annual Costs to County of San Diego	\$1,069,000
Annual Revenue to County of San Diego	\$4,964,000
Annual Fiscal Surplus of Proposed Development	\$3,895,000

\*All currency values are in 2025 dollars and rounded to the nearest thousand. Values represent direct impacts. Fiscal impacts of existing operations are not netted out. This table does not include possessory interest tax on the existing arena.

## Additional benefits

There is potential during the construction phase for Midway Rising to take part in the [Business Cooperation Program](#) (BCP) by the City of San Diego. The BCP encourages businesses to spend local by providing a tax rebate of up to 45 percent of the local 1 percent sales or use tax paid in connection with San Diego-based operations. This will increase the City's General Fund revenues.

The parks and open space planned are expected to be privately maintained and secured by Midway Rising. This will thereby decrease the costs incurred by the City of San Diego.

There is currently a proposed ground rent agreement between Midway Rising and the City of San Diego. Midway Rising is expected to pay a ground rent of 1.5 percent of net operating income (NOI) from years 1 to sixty. However, rent owed to city will be paid back to Midway Rising until one hundred percent of equity is recouped (5-7 years). Ground rent will increase to 2.5 percent of NOI after year sixty. The cumulative ground rent paid over the 85-year lease is estimated to total over \$600 million.