

# economic analysis



## Verizon Center Economic Impact

January 2014

### Background

The 20,674 seat Verizon Center opened in 1997 (then called the MCI Center) in the Chinatown neighborhood of Downtown D.C. The sports arena was privately financed and cost \$220 million to construct. However, the D.C. government contributed the following: (1) economic value of approximately \$70 million through below-market rent for the land and a property tax exemption and (2) the issuance of \$60 million in "Arena Bonds" financed by a supplemental gross receipts tax of all D.C. businesses. In addition, in 2007, a \$50 million tax increment financing loan—backed by a supplemental sales tax on arena food and retail purchases—was used to upgrade the Verizon Center's scoreboard. The Verizon Center currently houses the Washington Wizards men's basketball team, the Washington Capitals men's hockey team, the Georgetown University men's basketball team, the Washington Mystics women's basketball team, as well as concerts, events and shows. The Verizon Center is owned by Monumental Sports & Entertainment. It hosts between 210 and 230 events per year.

### DowntownDC BID Research

The DowntownDC BID has compiled the development that followed the announcement of the final construction plans in 1995 on the seven blocks surrounding the arena. We chose this study area because other major projects likely influenced redevelopment in the areas outside of those seven blocks (i.e. the Walter E. Washington Convention Center, the Ronald Reagan Building and International Trade Center, the Newseum, etc.). To calculate the economic impact of the Verizon Center, we looked at all the real estate developments in the study area from 1995 (pre-Verizon Center) to the projects planned for completion in 2014. We examined the use (i.e. office, hotel, retail, etc.) of each development project, the annual incremental tax revenues generated by each sector, and the estimated jobs generated by each of the developments.

### Findings



Based on our analysis, we estimate that:

- The value of the real estate projects completed in the area surrounding the Verizon Center between 1995 and 2013 totals \$8.1 billion. We project another \$423 million in real estate projects to be completed by the end of 2014.
- The development activity in the area surrounding the Verizon Center between 1995 and 2013 is now home to 52,739 additional jobs. We project another 2,195 jobs to be located in the real estate projects to be completed in 2014.
- The development activity in the area surrounding the Verizon Center between 1995 and 2013 is estimated to have generated a cumulative \$3.3 billion in nominal tax revenue for the District. The 1995-2014 cumulative development is estimated to generate \$520 million in taxes in 2014.

It is our view that all of this redevelopment would have happened without the Verizon Center, but the Verizon Center accelerated the redevelopment of surrounding areas by seven to 10 years.

For the complete analysis, please see the "Verizon Center Development Summary and Impact, January 2014" PDF.

#### Source: DowntownDC BID

DowntownDC Business Improvement District  
1250 H Street, NW  
Suite 1000  
Washington, D.C. 20005  
p. 202-638-3232  
f. 202-661-7599  
www.downtowndc.org

For more information on our research, contact:  
Alexandria Murnan  
Economic Research Analyst  
202-626-1131  
alexandria@downtowndc.org

**About the BID:** The DowntownDC Business Improvement District is a private non-profit organization that provides capital improvements, resources and research to help diversify the economy and enhance the Downtown experience for all. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of approximately 520 properties from Massachusetts Avenue on the north to Constitution Avenue on the south, and from Louisiana Avenue on the east to 16th Street on the west.