



APPLIED ECONOMICS

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## **ECONOMIC AND REVENUE IMPACTS OF THE OKLAHOMA CITY ARENA**

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## 1.0 INTRODUCTION AND SUMMARY OF RESULTS

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The City of Oklahoma City is proposing to build a new arena that would host Oklahoma City Thunder games and other events. This new arena would replace Paycom Center where the Oklahoma City Thunder has played since they moved to Oklahoma in 2008. In 2022-23, Paycom Center hosted 43 Thunder home games, 23 Oklahoma City Blue home games and 47 other ticketed events including concerts and other sporting events. Attendance at Oklahoma City Thunder games and other events has largely rebounded from the pandemic with close to 1.1 million people attending events at Paycom Center in 2022-23, and average attendance at Oklahoma City Thunder games is continuing to increase 2023-24. This analysis provides a framework for understanding the economic and tax impacts that the arena supports using information provided by ASM Global and the Oklahoma City Thunder. The report includes the continuing economic impacts of jobs supported by the operations of the arena and the Oklahoma City Thunder, visitor spending outside the arena, and tax revenues from visitors and employees. All total, the arena supports an estimated annual economic impact of \$590.0 million in Oklahoma City.

- Paycom Center currently hosts 114 events per year. The number of ticketed third-party events could increase. The operations of the arena and the operations of the Oklahoma City Thunder support an annual economic impact of \$513.0 million, directly and indirectly supporting close to 2,500 jobs and \$273.8 million in annual labor income.
- With a total of about 472,900 non-local visitor days per year for basketball games and ticketed third-party events, the arena supports an estimated \$45.5 million in annual visitor expenditures outside the arena for lodging, food, retail and local transportation. This level of visitor generates an induced economic impact of \$77.0 million per year, supporting 795 jobs at local businesses.
- The estimated construction cost for a new arena is \$900.5 million, including \$693.0 million in hard costs that create local economic impacts. The estimated economic impact of construction could total \$1.3 billion, supporting over 10,000 jobs during the construction period.
- In addition to these economic impacts, local spending by ticketed event attendees in the arena and outside the arena, as well as household spending by arena staff, Oklahoma City Thunder players and staff, and indirect and induced workers supported by the operations of the arena supports \$9 million in city taxes, \$4 million in county, school and other local district taxes and \$17 million in state taxes each year.

**FIGURE 1  
SUMMARY OF RESULTS**

<b>Annual Economic Impacts for Team, Arena and Visitors</b>	
Total Output	\$590 M
Total Labor Income	\$300 M
Total Jobs	3,280
<b>Arena Operations</b>	
Annual Events at New Arena	
Oklahoma City Thunder Games	47
Oklahoma City Blue Games	23
Third Party Events	53
<b>Arena and Oklahoma City Thunder Team Operations</b>	
Employment	997
Annual Payroll	\$207 M
Annual Economic Impact of Team Operations	\$513 M
<b>Event Attendance</b>	
Total Non-Local Visitor Days	472,900
Overnight Visitors	305,700
Day-Trip Visitors	167,200
Annual Economic Impact of Visitor Spending	\$77 M
<b>Construction Impact of New Arena</b>	
Total Output	\$1.3 B
Total Jobs	10,250
Total Labor Income	\$547 M
<b>Annual Tax Impacts from Employees and Visitors</b>	
City Taxes	\$9 M
County and School Taxes	\$4 M
State Taxes	\$17 M

The information and observations contained in this report are based on our present knowledge of the current physical, socioeconomic and fiscal conditions of the affected areas. Estimates made in this analysis are based on current tax policies and the current economic structure of the region. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the estimates and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information to assist the city in understanding the value that the proposed arena and the Oklahoma City Thunder bring to the region. In no way will Applied Economics be held responsible or have any liability or be subject to damages related to this analysis. This report may only be used for the purposes that it was intended.

## 2.0 ECONOMIC IMPACTS

The local economic impacts from the arena in Oklahoma City that hosts NBA games and other events include one-time construction impacts, annual arena operations, annual Oklahoma City Thunder team operations and visitor spending impacts. Economic impacts measure the effects of economic stimuli or expenditures in the local economy. These impacts include direct, indirect and induced jobs, labor income and output that are generated by the arena and related economic activity. Labor income includes wages and salaries plus proprietor income, and output represents the total value of production for goods and services. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in Oklahoma City that benefit from the arena and from the Oklahoma City Thunder. The total impacts include both the direct impacts of the arena and team operations, and the indirect and induced impacts from visitor spending, local vendor spending and employee spending. It is important to note that the impact results presented here represent a combination of new and continuing activity. There would be new impacts related to the construction of a new arena. The remaining impacts represent a continuation of current economic contributions supported by Paycom Center.

Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in direct output (loosely defined for service industries as sales less profits) into a corresponding total increase in jobs, labor income and output. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities. The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to Oklahoma City. This analysis uses industry-specific multipliers for each category of expenditure.

### 2.1 Arena Construction Impacts

Although the new arena is still in the early planning stages, estimated total construction costs are \$900.5 million. Of this total, hard construction that could support local jobs and economic impacts could total \$693.0 million. The multiplier effect of this local construction spending could result in a total increase in economic activity of \$1.3 billion during the multi-year construction period (Figure 2). The project could support an estimated 6,630 direct construction jobs and an additional 3,620 indirect and induced jobs related to local suppliers and employee spending in Oklahoma City. These 10,250 total jobs created by the arena construction could support more than \$547.2 million in labor income during the construction period. While construction activity is non-recurring, the impacts can be significant for a large multi-year project like an arena.

**FIGURE 2**  
**ECONOMIC IMPACTS OF ARENA CONSTRUCTION**  
**(Millions of Dollars)**

	Direct Impacts			Total Impacts		
	Output	Jobs	Labor Income	Output	Jobs	Labor Income
Arena Construction	\$693.0	6,630	\$360.4	\$1,282.7	10,250	\$547.2

## 2.2 Arena and Oklahoma City Thunder Operations Impacts

ASM Global manages the arena providing facility management, sales, marketing and event booking. In a typical year, Paycom Center hosts 43 Oklahoma City Thunder games, 23 Oklahoma City Blue games and 47 other ticketed third-party events including concerts, comedy shows and other sporting events. Based on projections by ASM Global, the new arena with updated facilities could attract additional third-party events in future years. The operations of the arena combined with team operations support 997 FTE jobs with an annual payroll of \$207.2 million (Figure 3). This level of employment and payroll supports an estimated \$298.5 million in direct output, including annual revenues for the Oklahoma City Thunder.

**FIGURE 3**  
**ANNUAL ARENA AND TEAM OPERATIONS IMPACT**  
**(Millions of Dollars)**

	Direct Impacts			Indirect Impacts			Induced Impacts			Total Impacts		
	Labor			Labor			Labor			Labor		
	Output	Jobs	Income	Output	Jobs	Income	Output	Jobs	Income	Output	Jobs	Income
Arena and Team Operations	\$298.5	997	\$207.2	\$22.4	174	\$6.4	\$192.1	1,313	\$60.2	\$513.0	2,484	\$273.8

The arena management and the Oklahoma City Thunder makes local vendor purchases of goods and services to support their operations including food, medical services, IT services, insurance, advertising, media production, printing, office expenses and other items. Local vendor purchases are estimated at \$22.4 million per year, supporting 174 jobs and \$6.4 million in annual payroll at local businesses in Oklahoma City, creating indirect economic impacts.

In addition, the employees at the arena, Oklahoma City Thunder employees and players, and the employees at local vendors re-spend a portion of their payroll in the community, supporting jobs at local retail and service establishments and creating induced economic impacts. These induced impacts related to employee spending are estimated at \$192.1 million per year, supporting 1,313 jobs and \$60.2 million in labor income. Induced impacts are adjusted for the fact that players spend only about 60% of the year in Oklahoma.

All total, the operations of the arena and the team support an annual economic impact of \$513.0 million per year in Oklahoma City. The team directly and indirectly supports an estimated 2,484 jobs and \$273.8 million in annual labor income including projected arena staff, Oklahoma City Thunder players and staff, and supported jobs and payroll at other local businesses that benefit from expenditures by the team, the arena operator, and their employees.

## 2.3 Visitor Spending Impacts

In addition to the annual operations of the arena and the Oklahoma City Thunder, another important economic benefit of having an arena is the visitors that it brings to Oklahoma City. Average attendance at the 41 regular season NBA games from 2011 through 2020 was 18,200. While average attendance in 2022/23 was slightly lower, it is expected that the Thunder will return to pre-COVID attendance levels. For the two pre-season games, the analysis assumes an average of 9,877 attendees per game based on actual attendance at pre-season games in 2022/23. This would result in projected attendance at Oklahoma City Thunder games of 765,800 for 41 regular season games and 2 pre-season games, including more than 225,000 day-trip and overnight visitors from outside the metro area, or 29% of total game

attendees.<sup>1</sup> In addition to the 225,000 non-local fans, there are an estimated 4,128 visitor days associated with visiting team members (players, staff and coaches). NBA games are essential to supporting a new arena.

47 ticketed third-party events were held at Paycom Center in 2022/23. The projected number of ticketed third-party event attendees is expected to result in a total attendance of 489,966. Of this total, an estimated 243,679 attendees could be day trip and overnight visitors to Oklahoma City (Figure 4).

**FIGURE 4  
TICKETED EVENT ATTENDEES AT THE ARENA**

Event Attendees	NBA Thunder Games	OKC Blue Games	NBA		Total Attendance
			Opposing Teams	Ticketed 3rd Party Events	
Day Trip	123,966	0	0	43,195	167,161
Overnight	101,095	0	4,128	200,483	305,706
Local	540,739	42,399	0	246,287	829,425
<b>Total</b>	<b>765,800</b>	<b>42,399</b>	<b>4,128</b>	<b>489,966</b>	<b>1,302,293</b>

A total of 1.3 million per year people attend basketball games and other ticketed events at the arena. Many of these people live in the metro area and do not bring new money into the local economy, however assuming 29% Oklahoma City Thunder attendees and 50% of ticketed third-party event attendees are overnight or day-trip visitors, the arena supports 468,740 non-local visitor days per year. In addition, visiting NBA teams each spend two days in Oklahoma City. Based on an estimated 48 players and staff associated with each visiting team and 43 home games, this adds about 4,128 team visitor days per year.

Daytrip and overnight visitors attending events spend money outside the arena on lodging, food, retail and local transportation creating induced impacts. According to Tourism Economics, the average overnight leisure visitor to Oklahoma City spends an estimated \$178 per day and the average day-trip visitor spends \$75 per day, although arena attendees spend more on entertainment (tickets) than the typical visitor. This analysis uses visitor spending patterns to estimate total annual spending on lodging, food, retail and transportation. Spending inside the arena on food and merchandise by overnight and day-trip visitors is subtracted from total spending to estimate visitor spending outside the arena. The resulting estimates show that non-local fans spend an estimated \$78 per person in the arena and \$93 per person per day outside the arena. Visiting team members spend an estimated \$2.0 million total per year on food and lodging outside the arena (Figure 5). Spending outside the arena by non-local fans and visiting teams of \$45.5 million per year forms the basis for the visitor spending impacts.

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<sup>1</sup> ASM Global provided ticketholder zip code information for a sampling of basketball and third-party events at Paycom Center.

**FIGURE 5  
ANNUAL VISITOR SPENDING BY EVENT ATTENDEES**

	Visitor In-Arena Spending		Visitor Off-Site Spending		Visiting Team Spending	
	Amount	Distribution	Amount	Distribution	Amount	Distribution
Lodging	\$0	0%	\$14,276,000	33%	\$1,424,000	72%
Food	\$7,018,000	19%	\$10,406,000	24%	\$552,000	28%
Entertainment	\$26,751,000	73%	\$0	0%	\$0	0%
Retail	\$2,678,000	7%	\$10,968,000	25%	\$0	0%
Transportation	\$0	0%	\$7,913,000	18%	\$0	0%
<b>Total Spending</b>	<b>\$36,447,000</b>	<b>100%</b>	<b>\$43,563,000</b>	<b>100%</b>	<b>\$1,976,000</b>	<b>100%</b>
Annual Visitors Days*	468,740		468,740		4,128	
Average Per Person	\$78		\$93		\$479	

Source: OKC Thunder Organization; ASM Global Oklahoma City; Applied Economics; OmniTrak Group, Oklahoma Visitor Profile & Insights Report, November 2022; Tourism Economics, The Oklahoma City Visitor Economy 2022, August 2023; Destinations International Event Impact Calculator, 2023.

\* Visitor days include day trip and overnight visitors attending events at the new arena.

This analysis applies industry-specific multipliers to each category of off-site visitor expenditure. All total, the \$45.5 million in annual off-site visitor spending by event attendees and visiting teams generates an induced economic impact of \$77.0 million per year in Oklahoma City (Figure 6). This level of activity supports about 795 jobs and \$25.9 million in annual labor income at retail, restaurant and transportation businesses and their local suppliers.

**FIGURE 6  
ECONOMIC IMPACTS OF VISITOR SPENDING BY EVENT ATTENDEES  
(Millions of Dollars)**

Visitor Spending	Visitor Spending	Induced Impacts		
		Output	Jobs	Labor Income
<b>Oklahoma City Thunder</b>	<b>\$20.4</b>	<b>\$34.3</b>	<b>358</b>	<b>\$11.6</b>
Lodging	\$6.2	\$11.3	108	\$3.6
Food & Beverage	\$5.3	\$9.8	116	\$3.6
Retail	\$5.3	\$5.8	73	\$2.1
Transportation	\$3.6	\$7.3	60	\$2.2
<b>Third-Party Events</b>	<b>\$25.1</b>	<b>\$42.7</b>	<b>438</b>	<b>\$14.3</b>
Lodging	\$9.5	\$17.3	164	\$5.5
Food & Beverage	\$5.7	\$10.5	125	\$3.8
Retail	\$5.6	\$6.2	77	\$2.3
Transportation	\$4.3	\$8.6	72	\$2.7
<b>Total</b>	<b>\$45.5</b>	<b>\$77.0</b>	<b>795</b>	<b>\$25.9</b>

Note: Excludes visitor spending in the arena; includes spending by visiting teams on lodging and food.

## 2.4 Summary of Economic Impacts

The impacts of arena operations, team operations and visitor spending can be combined resulting in total annual economic impacts of \$590.0 million supported by the arena in Oklahoma City (Figure 7). ASM Global, concessionaires and the Oklahoma City Thunder directly support close to 1,000 jobs, \$207.2 million in labor income and \$298.5 million in annual direct output. Local vendor spending by the team and the arena operator supports 174 indirect jobs, \$6.4 million in labor income and \$22.4 million in annual output at local businesses. Employee spending and visitor spending could support 2,109 induced jobs, \$86.1 million in labor income and \$269.1 million in annual induced output.

All total, the arena supports an estimated 3,280 jobs, \$299.7 million in annual labor income and \$590.0 million in annual economic output in Oklahoma City, including more than 2,280 indirect and induced jobs at local business that benefit from the operations of the team, the arena and visitors. While most of these economic impacts are already taking place in the metro area due to the presence of Paycom Center, the new arena is important for retaining an NBA team and would allow for an increased level of third-party events and related impacts.

**FIGURE 7**  
**COMBINED ANNUAL ECONOMIC IMPACTS OF THE ARENA**  
**(Millions of Dollars)**

	Output	Jobs	Labor Income
<b>Direct Impacts of Arena and Team Operations</b>	<b>\$298.5</b>	<b>997</b>	<b>\$207.2</b>
<b>Indirect Impacts (Local Vendor Spending) from Arena and Team Operations</b>	<b>\$22.4</b>	<b>174</b>	<b>\$6.4</b>
<b>Induced Impacts (Visitor &amp; Employee Spending)</b>	<b>\$269.1</b>	<b>2,109</b>	<b>\$86.1</b>
Employee Spending	\$192.1	1,314	\$60.2
Oklahoma City Thunder Visitor Spending	\$34.3	358	\$11.6
Third Party Event Visitor Spending	\$42.7	438	\$14.3
<b>Total Annual Economic Impact</b>	<b>\$590.0</b>	<b>3,280</b>	<b>\$299.7</b>

Note: Direct jobs for future arena operations are full-time equivalents and include event staff.

### 3.0 STATE AND LOCAL TAX IMPACTS

In addition to supporting jobs, labor income and output at local businesses through multiplier effects, the arena supports state and local tax revenues. Although this city-owned facility would be exempt from taxes, the visitors and the employees associated with the arena and the Oklahoma City Thunder generate local taxes. *Note that these tax revenues are not necessarily new, they are simply supported by the ability to host NBA basketball and other ticketed third-party events at the arena.* City taxes total \$9.0 million per year, excluding facility fees paid by the Oklahoma City Thunder (Figure 8). County, school, other local district and state taxes total \$21.2 million per year. Tax impacts in this analysis represent taxes paid by the fans and visitors, as well as by arena staff and team employees.

**FIGURE 8  
LOCAL TAX REVENUES**

	Oklahoma City Taxes			County & School Taxes		State Taxes		Annual Total
	Sales	Lodging	Property	Sales	Property	Sales	Income	
<b>Visitor Taxes</b>	\$6,512,217	\$863,500	na	\$0	na	\$7,104,237	\$0	\$14,479,954
In-Arena Spending	\$4,633,733	\$0	na	\$0	na	\$5,054,982	\$0	\$9,688,715
Off-Site Visitor Spending	\$1,878,484	\$863,500	na	\$0	na	\$2,049,255	\$0	\$4,791,239
<b>Employee Taxes</b>	\$1,346,589	na	\$317,890	\$89,875	\$3,779,843	\$3,099,168	\$7,083,907	\$15,717,271
Arena Staff and Thunder Staff <sup>1</sup>	\$785,990	na	\$96,645	\$52,459	\$1,149,151	\$1,808,952	\$3,487,917	\$7,381,113
Indirect and Induced Jobs	\$560,599	na	\$221,244	\$37,416	\$2,630,692	\$1,290,216	\$3,595,990	\$8,336,158
<b>Total</b>	<b>\$7,858,806</b>	<b>\$863,500</b>	<b>\$317,890</b>	<b>\$89,875</b>	<b>\$3,779,843</b>	<b>\$10,203,405</b>	<b>\$7,083,907</b>	<b>\$30,197,225</b>

Source: AppliedEconomics, 2023. Does not include facility fees paid to the city by the Oklahoma City Thunder.

<sup>1</sup> Includes state income taxes paid by visiting players

#### 3.1 Visitor Taxes

Local and non-local fans attending Oklahoma City Thunder games, concerts and other events spend money in the arena on tickets, food and merchandise, and non-local visitors spend money outside the arena on lodging, restaurants, retail and transportation. This spending generates an estimated \$7.4 million per year in city sales and lodging taxes based on the expected number of events and level of local and non-local attendance at the arena. This level of in-arena sales and off-site visitor spending also supports \$7.1 million in annual state sales taxes.

#### 3.2 Employee Taxes

The staff at the arena, the employees of the Oklahoma City Thunder organization, and indirect and induced jobs in Oklahoma City, also support state and local tax revenues. Employees spend a portion of their payroll on taxable items, and they generate property taxes on their residences. Estimated annual sales taxes from employee spending total \$4.5 million per year, including \$1.3 million to the city, \$90,000 to local counties in the metro area and \$3.1 million to the state. Employee sales tax revenues are based on total labor income from the economic impact, the estimated share of income spent on taxable items, and the share of employees living in Oklahoma City (47%) and in the metro area (85%).<sup>2</sup>

<sup>2</sup> <https://onthemap.ces.census.gov/>

Estimated annual property taxes on employee residences total \$4.1 million, including taxes to the city, county, schools and other local taxing districts. Employee property tax revenues are based on average residential real property taxes per capita in each of the metro area counties, supported population associated with direct, indirect and induced jobs and regional commuting patterns.

Arena staff salaries, Oklahoma City Thunder player and staff salaries, visiting players and indirect and induced jobs and payroll in the region could translate into \$7.1 million in annual state income taxes. This estimate is based on current state tax rates applied to total labor income from the economic impacts. Estimated taxes paid by visiting NBA players are based on average annual salaries and average payroll per player per game subject to tax in Oklahoma.

### **3.3 Summary**

The arena continues to support significant economic and tax impacts in Oklahoma City and throughout the region. The Oklahoma City Thunder helps raise the awareness of the city through nationally televised games and the team is essential to supporting a new arena. In addition, the operations of the team and the arena supports jobs, payroll and economic activity in Oklahoma City and throughout the region. Basketball games, concerts and other events at the arena attract visitors from outside the area who spend money in the city both inside the arena and at local hotels, restaurants and retailers. Visitors to arena events also generate state and local tax revenues through their spending and their support of local business activity.