

Setting the Goal Posts: The Titans, Nashville, and State of Tennessee Negotiate a New Stadium

The Tennessee Titans are contractually due for a new stadium. The current Nissan Stadium lease agreement with the city requires a “first-class stadium”, clarified by Mayor John Cooper to mean “the median of the most recent half-dozen stadiums that have been built.”¹ Nissan Stadium is one of the oldest stadiums in the NFL that has never received a major renovation to extend its useful life. The city has recently investigated renovations, but with an estimated \$1.2 billion price tag for renovations alone the focus has turned to construction of a new facility. A new facility would far surpass renovations in terms of features, providing amenities such as a retractable or transparent roof, increased suite-space, state-of-the-art technology, and enhanced video boards. While renovations would extend the useful life of Nissan Stadium up to fifteen years, a new stadium would likely last upwards of thirty.

As Nashville continues its rapid expansion, the city’s focus has turned to waterfront development along the Cumberland River.² With Oracle’s tech hub announcement spurring East Bank development, the city plans for a complete overhaul of the riverfront to create a Chicago-esque space featuring walking paths, commercial facilities, and a more connected East Nashville to Broadway and Germantown.³ A new Titans stadium built on parking lots just east of Nissan Stadium would anchor this vision.

The economic boons of a state-of the art NFL stadium are evident. A Super Bowl in Nashville is almost guaranteed, and the city can host year-round concerts for the biggest stars, bid to host the NCAA’s March Madness Final Four, secure FIFA World Cup games, and more. While the long-term economics are certain, aligning parties and structuring finances is key to getting a stadium built.

With recent stadium builds in the \$2 billion range, a division of costs among Titan’s ownership (and the NFL by extension), the city, and the state is essential. The bulk of costs will likely be covered by the Titans and NFL, but a major negotiation point will be how much the city is willing to contribute and how the contribution will be structured. The negotiated amount the city agrees to contribute will likely be funded through revenue bonds.⁴ This structure enables Nashville to contribute its share while paying back its debt through tax gains stemming from development surrounding the new stadium. The city could pursue other financing structures such as jobs or property tax credits, but for now the focus is on revenue bonds.

Turning to state contributions, Governor Bill Lee is expected to include a line item for stadium funding in his upcoming budget amendment. This action coupled with on-going negotiations between Governor Lee, other state lawmakers, and the Titans indicates aligned interests and momentum between the parties, but a final agreement on the state’s contribution remains pending.

¹ <https://www.tennessean.com/story/news/local/2022/03/18/tennessee-titans-lawmakers-negotiating-deal-funding-new-stadium/7078360001/>

² <https://www.bizjournals.com/nashville/news/2021/10/07/river-north-breaks-ground.html>;
<https://www.bizjournals.com/nashville/news/2022/02/17/boundary-pushing-projects-2022.html>

³ <https://www.bizjournals.com/nashville/news/2021/05/04/oracle-metro-council-incentives-vote.html>

⁴ <https://www.investopedia.com/terms/r/revenuebond.asp>

Following Nashville's highly praised hosting of the 2019 NFL draft, the NFL has a vested interest in the city and is certain to support development of a new stadium.⁵

The Titans, the city, and the state appear aligned in achieving the vision of a new stadium in Nashville. If negotiations lead to a tenable financing and cost structure then stadium planning and development will commence, and the Titans could be kicking off in a new stadium as soon as 2026.⁶ --Tilghman Kazmierowicz (Kaz)

Summary: The Tennessee Titans are due for a new stadium in Nashville. The team, city, and state are currently aligned in the vision for a new stadium but need to negotiate a tenable allocation of costs and establish a viable funding structure before development can begin.

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⁵ <https://www.tennessean.com/story/news/2019/04/28/nashville-nfl-draft-host-city-earns-rave-reviews/3510021002/>; <https://www.tennessean.com/story/sports/2019/04/27/nfl-draft-nashville-host-regular/3599352002/>; <https://www.tennessean.com/story/money/2019/05/22/2019-nfl-draft-nashville-record-visitor-spending/3767281002/>.

⁶ <https://www.bizjournals.com/nashville/news/2022/03/11/new-titans-stadium-could-be-open-for-2026-season.html>