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## Competitive Gaming Is Moving Offline (Into an Arena Near You)

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FORTNITE WORLD CUP AT THE BILLY JEAN KING NATIONAL TENNIS CENTER.  
PHOTO: GETTY IMAGES

Minutes before the end of the Fortnite World Cup, there were still 38 players remaining out of the 100 finalists, who were battling it out in a Hunger Games-esque fight on their screens.

In the final seconds, 16-year-old Kyle Giersdorf, better known as “Buhga,” smiled calmly in his cubicle on a two-story stage at the Arthur Ashe Stadium in Queens. He had dominated through all six games that day, and he knew he was about to win \$3 million.

When he did, the crowd of 18,000 viewers in the packed stadium erupted in cheers. Buhga raised his hands in victory, and smiled almost sheepishly, his face filling the four giant screens that wrapped around the stage.

It was the crowning event of a three-day Fortnite festival in July at the Billie Jean King National Tennis Center (the complex that includes Arthur Ashe Stadium), attended by a mix of families, teens and twentysomething fans of the Epic Games-produced game.

The space, best known for thwacking balls and tennis whites, was transformed into a Fortnite map, with food, stores and clothes from the game for sale in real life. “When people entered the gates, [Epic] wanted people to feel like they were immersed in the game,” said Danny Zausner, the COO of the tennis center.

Fortnite is a Battle Royale-style video game that became a cultural phenomenon, amassing 250 million players since its launch in 2017. It’s a fast-paced game where 100 players fight to be the last one standing, while collecting resources and weapons, building forts (hence the name) for protection, and engaging in combat. Players can also build their own maps, play in teams of two or more, and endlessly explore the vivid virtual world of the game.

Epic chose to up the stakes by organizing a world championship with a \$30 million pot. Announced in February of this year, and open to anyone aged 13 and older, over 40 million people attempted to qualify for the competition.

“People came literally from all over the world and met with people they usually interact with through a headset,” Zausner added.

The cross from online to offline has been a steady trend in gaming, a segment still beset by stereotypes of Cheeto-eating loners in basements despite its continued rise from teenage hobby to money pot. As competitive gaming professionalizes, it regularly attracts large, passionate audiences and is set to surpass \$1 billion in revenues globally this year, according to data from Newzoo, a firm that tracks the global gaming business.

Fans want a piece of the action. They’re willing to travel out to arenas and pay ticket prices that can range from \$50 to \$300 to spend hours watching their favorite gamers compete, cheering raucously with their fellow gaming devotees, and filling up on snacks and merch. Like traditional sports, esports players have stats, announcers narrate the play-by-play, and jerseyed fans, sometimes with painted faces, ride the highs of victory and feel the pangs of defeat.

While Fortnite was a one-time event, esports generally refers to games with professional leagues; that includes paid teams, regular seasons, playoffs, championships, and prize money. Generally, game developers manage the leagues for their games, so Blizzard Entertainment manages the Overwatch League and Riot Games manages the League of Legends Pro League. The teams that play in the leagues are owned by esports organizations, many of which are owned by traditional pro sports

teams, and manage multiple teams. For example, the New York Excelsior, an Overwatch team, is owned by the New York Mets owners the Wilpon family, under a newly launched esports arm called Andbox.

However, since esports is still fairly new, there's a lot of overlap between developers, content producers, managers, franchises and teams, and they change hands often.

Esports events regularly sell out places like the Brooklyn Bowl, Barclays Center, and Beijing's Bird Nest — sometimes just for watch parties — and the online audience for the League of Legends championship was 99.6 million last year, according to the Riot Games. That's more viewers than tuned into the Super Bowl this year, which garnered an audience of 98.2 million, according to Nielsen.

For many, the notion that gaming supports a vibrant, passionate, social community is surprising, given that it's a fundamentally digital medium, but Brian Mirakian, principle of sports venue architect Populous, thinks it's the latest iteration of the human desire for social connection.

“You can go on to Twitch right now and watch somebody play Fortnite and there'll be a couple hundred thousand people watching that stream,” he said, referencing the live streaming platform for gamers. “What makes [the live event] so compelling is the same reason that fans love traditional sports teams: They can be up close and personal, they can sit in that seat, they can meet friends, they can have a social experience.”

In the world of esports, United States lags far behind Asia, particularly China and South Korea, where gaming and esports are far more developed and culturally mainstream. And yet, the United States is projected to account for \$410 million of gaming revenues this year, compared with China's \$210 million, according to Newzoo.

While the competitive events are a boon to entertainment venues, the rising sector has also led to a proliferation of gaming-related spaces, including training facilities for competitive gamers, local competitions and events, gaming venues known as LAN centers (for Local-Area Networks) and esports arenas — with developers and landlords beginning to take note.

“I imagine there's going to be a bit of a FOMO element [for landlords] as more people get up to speed,” said David Freitag, a CBRE broker in Los Angeles with knowledge of the gaming market.

In the last year alone, the first purpose-built esports arena in North America was announced, at least six esports organizations opened or announced plans to open training facilities for their teams, and two of the most prominent leagues, Overwatch and League of Legends, began to require their teams to have a home base. (Overwatch is a team-shooter game, where teams of six compete, and League of Legends is a multiplayer action-strategy game.) As an emerging segment, competitive gaming still has a lot of runway to grow, but it also carries a high level of uncertainty since its monetization models are still being solidified.

## Live events and arenas

At the moment, Los Angeles is the home base of United States gaming, since it's home to a large number of game developers, including Overwatch developer Blizzard Entertainment, and League of Legends maker Riot Games, and many more. Currently, almost all the large professional gaming events in the United States take place in the Blizzard Arena in Burbank, Calif., formerly "The Tonight Show" sound stage.

But other cities are upping their game. In November 2018, Infinite Sports, owned by Texas Rangers co-owner Neil Leibman, opened a 100,000-square-foot esports arena in Arlington, Texas, and Complexity Gaming, owned by Dallas Cowboys owner Jerry Jones, opened an 11,000-square-foot training facility on the Cowboys' campus in Frisco, Texas, in May.

In March, the Philadelphia-based Comcast Spectacor announced it would build the first purpose-built esports arena in North America, a \$50 million, 60,000-square-foot venue in the city's Wells Fargo sports complex, together with developer Cordish Companies. Comcast Spectacor, which owns several hockey and other traditional sports teams, owns the Philadelphia Fusion, an Overwatch team.

"The Fusion Arena will be a one-stop shop for gaming events," said Joe Marsh, CBO of the Philadelphia Fusion. "Part of the enticement was to become a hub of gaming on the East Coast." Just hours from New York, D.C., and many midwestern cities, Philadelphia is well-situated for that purpose, Marsh said.



**FUSION ARENA TRAINING CENTER. PHOTO: POPULOUS**

The architect for the project is Populous, which also designed the Arlington venue, and has a long history in building sporting venues and conference centers. Populous' Mirakian said esports is part of a broader trend that's in line with a new generation of sports audiences.

“Ten years ago, our primary focus was all eyes, as many seats as possible; the revenue was all based on how many seats you can pack into a stadium,” he said. “What’s changing now is that you can now watch and consume content, a soccer match or a baseball game or an NFL game, anywhere. You can sit in your living room and have this amazing, immersive, powerful experience. What we have to do is design buildings differently, where it’s maybe not as much about the physical seats, and more about the social experiences.”

Gaming venues will have to accommodate a variety of game types and equipment, as well as be able to adapt for future games that might come into vogue, since it’s a mercurial market. Overwatch and Fortnite, which have swept the gaming world, are barely three years old, while League of Legends has been around for decades.

“The way we designed the inner bowl [of the venue], we can fit 100 PCs for Fortnite, or a more intimate Smash Brothers game,” said Fusion’s Marsh. “The building is versatile enough to capture all the models of games that exist.”

## **Home stadiums**

Like Fusion and Complexity, many esports organizations are owned by traditional sports companies, and that has helped blur the distinction between the two. Esports has begun to adopt traditional sports models for leagues, sponsorships and distribution — most notably, the geo-based model, which is based on city location.

In 2017, Blizzard launched the first city-based esports league, for Overwatch, with 20 teams based in cities across North America, as well as South Korea, China and Europe. (All of New York’s players are from South Korea.)

This year, Overwatch announced that starting in 2020, each team is required to have a home base in their city, where they can host home games before advancing to the playoffs and final championship. It’s a model that works to the advantage of the many team owners who also own sports venues.

In Los Angeles, rival Overwatch teams — the Valiant and the Gladiators — will each play in venues owned by their pro sports owners, according to the *Los Angeles Times*. The Immortal Gaming Club’s Valiant will play at the 2,400-seat The Novo at L.A. Live, owned by AEG (which also owns the Staples Center), while the Gladiators, owned by the Los Angeles Rams-owner Kroenke Sports, will play at a 6,000-seat performance center opening near the company’s under-construction Los Angeles Stadium in Inglewood.

The League of Legends and Call of Duty leagues are also expected to require home stadiums in upcoming seasons, an initiative that is likely to lead to the need for smaller venues, with fewer than 1,000 seats, according to a Newzoo report. “The largest tournaments will still be held in current large stadiums, while newer venues will focus on smaller competitions, bringing fans closer to the action.”

In fact, Fusion's Marsh said the local element helps teams by providing a loyal fan base. "Traditionally esports fans would follow the players around," said Marsh. "What's happening now is that when players leave — and there's a lot of roster movement — fans are still fans of the Philadelphia Fusion."

And because the online communities are so robust, you have a loop that perpetuates between playing at home alone and the social community, said Jonathan Mallie, the head of Populous' New York office. "[Traditional] sports teams started with the actual physical teams, and then they create online communities, and people will follow the teams," Mallie said. "These teams are being formed because they've met online and created a virtual community that's now manifesting. It's like the inverse of a regular sports team."

### **Training facilities**

As competitive gaming grows into a more recognized business, the training process is getting an upgrade too, and many teams are opening headquarters that feature training facilities, amenities for their players, studios for content production, and space for community events.

In the last six months alone, at least three esports organizations have opened up training facilities — gen.G in Los Angeles, Complexity in Frisco, Texas, and Dignitas in Newark, New Jersey — with several more along the way. Team SoloMid, which owns teams for League of Legends, Fortnite, Super Smash Brothers and others, has plans to open a 25,000-square-foot space in Los Angeles in October in partnership with Lenovo, and 100 Thieves, an esports club known for its retail branding, announced that it would open a 15,000-square-foot facility and retail store, also in Los Angeles, in July.

Previously, gamers tended to live and train in a single house, said CBRE's Freitag. "Now they're finding a little bit of segmentation between the work, the gaming these athletes are doing, and where they're living," he said.

Complexity, which was acquired by Dallas Cowboys owner Jerry Jones in 2017, opened its space at The Star, the Cowboys' 91-acre campus. It includes training rooms where teams can scrimmage under gameday conditions, replay rooms where coaches can review games on interactive screens, gyms for athletes to work out, catered meals for the players, and gaming stations that are open to the public. It also has production studios for game-related and streaming content and offices for the staff.

These facilities help give teams a competitive edge, said Freitag, "They're positioning themselves the best way possible."

## **Gaming venues**

A final piece of the puzzle is the gaming venue, not for the competitive esports athlete, but for the committed gamer or hobbyist, who can't afford a \$3,000 computer setup.

In New York, OS Studios just opened a gaming center at 50 Bowery in Chinatown earlier this month and in Philly, N3rd Street Gamers, recently opened a third venue, to name just a few. Also known as LAN centers these venues usually offer access to PC setups or console stations for an hourly fee, and are often used for playing multiplayer games.

Esports is the latest sector to eliminate the line between online and offline worlds. However, unlike incumbent industries that were forced to adjust to the online world, gaming is a digital medium that is essentially bursting out of the confines of the screen into real life.

“There’s so much pent-up interest,” said USTA’s Zausner, whose pre-teen sons are avid Fortnite players. “To me, it was incredibly fun.”

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