

Assessing Strategies for Mixed-Use Pro Sports Projects

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The Battery Atlanta has become the envy of the sports industry, with 2.25 million square feet of apartments, offices, hotels, restaurants and entertainment options surrounding Truist Park, the home stadium of the Atlanta Braves.¹

Other professional sports teams have similarly followed suit, developing, or planning to develop, entertainment mixed-use districts around their home venues or integrating new venues as components of entertainment districts from the outset.²

In addition to enhancing the game day atmosphere for sports franchises, these entertainment districts represent long-term investments that can generate new revenue streams, increase franchise value, attract additional capital, and build a deeper connection with fans and the surrounding community.

While the upside is significant, so too is the complexity. These districts often involve sensitive land aggregation efforts, public-private cooperation, long time horizons and regulatory scrutiny from municipalities, leagues, associations and the media.

When advising clients on mixed-use sports and entertainment districts, the attorney's role goes beyond traditional real estate counsel. The attorney must combine expertise in stadium-arena finance, land use, municipal law, public-private partnerships, league or collegiate regulations, tax planning, and public relations into a unified strategy. This article provides practice tips for counsel managing these projects from inception to completion.

Formation of Acquisition Vehicles

Engagement often starts before a letter of intent is signed. At this early stage, counsel should conduct a legal-architecture session to map risk areas and align the client's goals with an entity structure and confidentiality plan.

One important client goal in sports and entertainment mixed-use developments is controlling messaging to the community, especially given the media attention these projects often attract. Since land aggregation affects timing and cost — such as dealing with price inflation and landowner holdouts — initial efforts should focus on discretion.

Counsel can create acquisition vehicles in jurisdictions that do not require public disclosure of members and managers, appoint corporate service providers as registered agents, and avoid naming conventions that reveal connections. If the acquisition vehicle must qualify as a foreign entity in a jurisdiction that requires public disclosure, establishing such members and/or managers in separate jurisdictions that do not require disclosure may be effective.

Engaging With Public Entities

Due to the sheer size and community importance of sports and entertainment mixed-use districts, counsel is frequently required to engage with public entities during the predevelopment and development stages.

Such engagement extends far beyond requesting a building permit, as is typical in smaller-scale real estate developments. Special care must be taken when public entities are involved, particularly regarding the flow of information.

Nondisclosure agreements with private parties should impose additional consent requirements when confidential information is shared with public entities, even if in furtherance of the private party's role in the project. Counsel should be mindful of the public records disclosure framework prior to interacting with public entities. Key strategies include:

- Identifying likely requested documents in advance and maintaining a parallel record that omits sensitive data but meets disclosure requirements;
- Understanding whether the applicable jurisdiction includes exceptions to public disclosure requirements, and, if so, ensuring documents conspicuously disclaim confidentiality with statutory references;
- Determining whether communications other than documents — e.g., oral communications, presentations, emails — are subject to open records requests; and
- Understanding the breadth of a public entity's required response to a public records request, as some jurisdictions require public posting of all responses.

Navigating League Rules and Regulations

Professional sports leagues have a vested interest in preserving the integrity of their organizations and member franchises. These leagues impose far-reaching rules and regulations, in part to protect against the consequences of defaults inherent to real estate development and financing.

At the outset, counsel should obtain and review the applicable league's rules and regulations to understand their reach and the consequences of violations.

League assets are often broadly defined and include the team and its home venue, training facilities, and office space, and, without careful structuring, may also include all or portions of the adjacent mixed-use development.

Organizational Structures to Compartmentalize League and Nonleague Assets

Clients that operate established sports and entertainment enterprises often have complex organizational structures to ring-fence liabilities, provide for separate financeability, and limit the reach of league rules and regulations. Counsel should consider the following hypotheticals.

- A separate Delaware limited liability company — which we'll call TeamCo here — should own the rights to operate the team, including associated intellectual property and ticket rights.
- A separate Delaware LLC — or StadCo — should own the rights to the home stadium or arena, whether by fee title, ground lease or other interests.
- A separate Delaware LLC — or TrainingCo — should own the rights to the practice facility.
- TeamCo, StadCo and TrainingCo should be sister entities with a common parent.
- A separate Delaware LLC — MixedUseCo — should own, indirectly through subsidiaries, the rights to the mixed-use development, either in its entirety or through various components.

Organizational Structures to Provide Development Flexibility

Because these developments are typically phased over many years and may involve multiple co-investors and development partners, careful up-front structuring is essential. Subsidiaries of MixedUseCo should own the various components of the mixed-use development.

This approach facilitates the admission of co-investors to specific components and helps avoid the need to later parse through rights, obligations and liabilities. Additionally, this structure can potentially help avoid triggering real estate transfer taxes.

Leagues have consent rights over ownership interests in league assets. By including co-investors and development partners in MixedUseCo or its subsidiaries — rather than in MixedUseCo's common

parent with TeamCo, StadCo and TrainingCo — it may be possible to avoid the requirement to obtain league consent.

Documenting Transactions Between Affiliates

Transactions between affiliates should be properly documented on third-party market terms and conditions. As these developments are intended to operate as integrated entertainment districts, operations will frequently cross from StadCo to TeamCo to MixedUseCo and vice versa.

Proper documentation can mitigate the risk of a mixed-use asset being considered a league asset and included in a potential involuntary sale. Examples include:

- A team use agreement between StadCo and TeamCo for use of the home venue, allocation of sponsorship inventory and coordination with sponsors;
- A training facility use agreement between TrainingCo and TeamCo;
- A parking agreement to ensure sufficient parking for events and employees;
- An operations agreement between StadCo and MixedUseCo governing district rules, traffic management, security, sponsor activation and marketing restrictions; and
- A sponsorship coordination agreement between MixedUseCo and TeamCo.

Conclusion

Sports and entertainment mixed-use developments are complex, public-facing and often politically sensitive, but they represent some of the most exciting and high-impact opportunities in real estate today.

Success requires a careful blend of real estate, corporate, public policy and league compliance considerations.

Counsel who anticipate requirements and structuring considerations early in the process can avoid preventable pitfalls, preserve flexibility and maximize long-term value for their clients.

¹ <https://www.wsj.com/sports/baseball/truist-park-battery-atlanta-a3698b69>.

² <https://www.nytimes.com/2025/07/20/sports/football/pro-sports-teams-real-estate-development.html?smid=nytcore-ios-share&referringSource=articleShare>.

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