Carson Press Redevelopment

Adaptive Reuse of 2019 Stout St. into a Nightlife Venue

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Executive Summary

The proposed project is the acquisition and transformation of 2019 Stout Street, a 11,250 square foot industrial building in downtown Denver, into a state-of-the-art, two-room nightclub inspired by some of Europe's most iconic repurposed venues. Purchased for $987,000, the building's two level layout—featuring a 600-capacity main room in the basement and a 250-capacity ground floor room—will be reimagined as an immersive audiovisual space blending world-class sound with next level projection and laser mapping.

The concept draws inspiration from European clubs known for their raw industrial character and architectural intentionality—venues where space, sound, and lighting are designed as a cohesive experience. This project blends that aesthetic with immersive technology, featuring a Void sound system and projection-mapped interiors to create a venue where the environment is as central as the music itself. Programming will span bass, techno, and house, speaking to Denver's deep and expanding electronic community. While the city is home to several respected venues, few fully integrate sound, space, and light into a unified design language. This project seeks to fill that gap—offering a space where the experience itself becomes the headliner.

Total development costs are projected at $4.63 million, with a 60/40 debt-equity structure and a 15-year hold period at an 8.5% interest rate. The financial model projects a 14% levered IRR and a 3.84x equity multiple, supported by three primary revenue streams: bar sales (46%), ticket revenue (40%), and private rentals (14%).

There is also an option to add a rooftop deck during renovation, which could increase total capacity by up to 200 patrons. This addition would meaningfully enhance both bar and ticket revenue potential, resulting in a significantly higher IRR.

The site's downtown location is walkable, transit-accessible, and surrounded by ample parking—making it ideal for consistent foot traffic and regional draw. As Denver's music scene continues to gain global attention, and the electronic music industry is expected to double in value over the next decade, this project offers a timely and compelling opportunity to build a cultural institution with durable financial returns.

Property Overview

Located in the heart of downtown Denver, 2019 Stout Street is an 11,250 square foot, two-story brick building with an open plan layout and architectural character. It includes a street-level floor with direct sidewalk access and a full basement, both of which are wide open and ready for transformation. The exposed brick, high ceilings, and open-span construction make it an ideal candidate for creative reuse.

The building is zoned D-AS-20+, which allows for a wide variety of commercial and entertainment uses—making it especially well-suited for a venue or performance space. The structure can comfortably support the infrastructure needed for things like projection, lighting, and sound insulation, without the limitations that often come with newer or more segmented buildings.

It sits in a walkable, transit-connected part of town, surrounded by bars, restaurants, hotels, and parking lots. Light rail stops are just a few blocks away, and guests will have multiple options for getting to and from the venue easily.

The building is located at the transitional edge of downtown Denver, where the dense urban core begins to taper into lower-density blocks. It sits within the Arapahoe Square district, a zone identified in the city's Downtown Area Plan for higher-density, mixed-use redevelopment. Zoning updates are already in place to support that vision. While the area has developed gradually, recent city initiatives—like the $570 million tax increment financing package approved in 2024 to support downtown revitalization—signal renewed focus on edge-of-core sites like this one. As adaptive reuse and infill continue to gain traction, 2019 Stout is well positioned to benefit from that long-term growth.

Market & Comparable Analysis

Denver has solidified its reputation as a hub for electronic music, particularly in genres like bass, techno, and house. The city's audience is increasingly seeking venues that offer not just music but immersive audiovisual experiences. The success of Meow Wolf's Convergence Station exemplifies this trend, highlighting a market appetite for venues that blend cutting-edge sound with visual artistry.

Comparable Venues

Venue	Avg Ticket Price	Capacity	Floor Area (SF)	Notable Features
Club Vinyl	$20	2400	20000	4 levels, rooftop patio, Funktion-One sound system
The Church	$20	2000	17200	Historic church architecture, Void sound system
The Black Box	$20	500	Not specified	Dual-room venue, Basscouch, sound system

- ***Club Vinyl*** offers the largest capacity and features multiple levels, including a rooftop patio, catering to a diverse audience.
- ***The Church*** combines historic architecture with modern amenities, providing a unique atmosphere that supports a substantial capacity.

- ***The Black Box*** caters to a more intimate audience, focusing on underground electronic music with a specialized sound system.

These venues have carved out their niches in the market. However, there remains a gap for a midsize club that combines serious sound with immersive visual production—something that can combine The Black Box's intimacy and The Church's unique aesthetics, while tapping into the audience now gravitating toward immersive experiences.

The planned venue at 2019 Stout Street fits squarely into this emerging niche. Its size, layout, and zoning support a production-first concept that's still intimate enough to feel underground. With downtown expansion pushing outward and public efforts underway to reinvigorate the surrounding Arapahoe Square area, this project is well positioned to meet both current demand and where the scene is headed next.

Business Model and Operating Plan

Revenue Model

The venue's revenue strategy is built around three primary income streams:

- Bar Sales (46%)
- Ticket Revenue (40%)
- Private Rentals (14%)

The club will host an average of three shows and two rentals per week, establishing a consistent calendar while retaining flexibility to support private and community events. Tickets will be sold via DICE, a platform that charges no fees to the venue and passes a 13% service fee on to buyers—simplifying operations while encouraging a lower base ticket price.

The core strategy centers on high bar capture and low ticket pricing, with accessible pricing designed to attract regulars and encourage community formation. Programming leans toward deeper cuts in techno, house, and bass, cultivating a knowledgeable and engaged audience that returns not just for headliners, but for the overall experience.

Programming & Partnerships

Most acts will be booked through promoter partnerships, with promoter fees modeled at 15% of the talent budget. The club will host an average of four acts per night, with the headliner receiving approximately 60% of the total budget. Talent spending is primarily funded by ticket revenue but also includes an allocation of bar income to support stronger bookings. This structure keeps costs predictable while allowing for flexibility in programming, ensuring room for both well-known bookings and emerging local or touring acts within the same night.

On off-nights and dark periods, the space will be available for private rentals, including community showcases, creative collectives, artist-run nights, and other aligned programming. This allows the venue to stay active while supporting local culture and building relationships within the scene—without compromising its core identity.

Staffing & Operations

The club will operate with a fully in-house core team for most front-of-house and production roles, supported by an external cleaning crew. A typical show night will require:

- 2 Security personnel
- 4 Bartenders + 2 Barbacks
- 2 Lighting Designers
- 2 Sound Technicians
- 1 Venue Manager

This structure is designed to ensure consistent service quality and focus on efficiency in nightly operations, especially as the club leans into complex audiovisual programming.

Buildout & Timeline

Renovation and buildout will take place over the first two years of the project, with operations beginning in the third year of the hold period. While the base case assumes a fixed capacity of 700 across two rooms, sensitivity analysis shows that increasing the renovation budget to add a rooftop deck—boosting total capacity by up to 200—could raise the project IRR by 7–10% for every 100 additional patrons. This upgrade is an essential strategic option depending on construction feasibility and early financing flexibility.

To remain at the forefront of production quality and cultural relevance, the venue allocates $100,000 from operating revenue every 2–4 years to upgrade audiovisual systems. These reinvestments—covering sound, projection, lasers, and lighting—are not part of initial CapEx, but are a key component of the long-term experience and brand consistency.

Financial Feasibility

Total Investment & Capital Structure

The total project cost is approximately $4.63 million, funded through a 60% loan-to-cost senior loan of $2.78 million at 8.5% interest, with the remaining $1.85 million in equity. The loan is amortized over 30 years, and the model assumes a 15-year hold.

Revenue Model & Operations

- Average ticket price: $22
- Average bar spend per person: $25
- 60% average occupancy, across 3 shows + 2 rentals per week

Year 1:
- Annual revenue: ~$3.6 million
- Ticket Sales: $1.44M (40%)
- Bar Sales: $1.64M (46%)
- Rentals: $520K (14%)

Operating expenses:
- Talent: $1.72M
- Staffing: $1.01M
- Bar operations: $342K (20% COGS + fixed costs)
- Insurance & maintenance: $33.6K

This produces a first-year NOI of $500,200.

Return Metrics (Base Case)
- Levered IRR: 14.0%
- Equity Multiple: 3.84x
- Exit Cap Rate: 9.0%
- Annual NOI Growth: 2.0%

Sensitivity Analysis & Upside Potential

The project is conservatively underwritten, but sensitivity tables show multiple paths to enhanced returns:

Scenario	Estimated IRR Impact
Increase occupancy from 60% to 70%	+5–6%
Raise bar spend from 25*to*27	+3–4%
Raise ticket prices from 22*to*24	+3–4%
Increase from 3 to 4 weekly shows	+3%
Add rooftop deck (+100–200 capacity)	+7–10% per 100 patrons
Increase LTC from 60% to 65% or 70%	+1–2%

Returns are most sensitive to bar capture, capacity, and occupancy. The ability to add a rooftop deck offers a clear lever to unlock much higher margins and IRR with no additional footprint or staffing pressure.

Risks and Mitigants

Lower-than-Expected Attendance

The financial model assumes an average occupancy of 60%. If the venue struggles to build a consistent audience—particularly in its early months—revenue from both ticket sales and bar spend could fall short.

Mitigants:

- Sensitivity analysis shows that even at baseline attendance, the project produces a 14% IRR.
- Programming strategy focuses on low ticket prices and deep genre targeting to build a loyal, returning audience.
- A conservative baseline (3 shows/week) allows operational ramp-up without overextending.

Limited Bar Spend Per Capita

With bar revenue accounting for 46% of projected income, a drop in average spend (modeled at $25 per head) could seriously affect NOI.

Mitigants:

- Sensitivity analysis shows that even modest increases in bar spend (to $27) result in +3–4% IRR gains.
- High production value and curated experience are designed to increase dwell time and guest spend per visit.
- In-house bar staffing and tight inventory controls support consistent profit margins.

Rising Talent Costs or Poor Talent-to-Ticket Ratio

The model assumes a $11K/show average talent budget, with ticket revenue covering the majority of costs. If talent becomes more expensive or ticket sales underperform, profitability could be impacted.

Mitigants:

- A portion of bar revenue supplements ticket income to maintain programming flexibility.
- The four-act format enables tiered bookings with strong local and touring support, controlling costs.
- Promoter partnerships (15% fee) reduce booking risk and expand audience reach.

Delays or Cost Overruns During Renovation

Extended permitting, construction delays, or unanticipated expenses could push out the opening or exceed the allocated budget.

Mitigants:

- The model includes two full years pre-opening to accommodate construction and licensing.
- The rooftop deck is already planned as part of necessary roof replacement, reducing incremental disruption.
- No existing tenants or relocation needs streamline the buildout process.

Underutilized Rental Nights

The model assumes two rentals per week. If demand for rentals is overestimated, that revenue stream may underperform.

Mitigants:

- Rentals are projected conservatively, at just 14% of total income.
- The venue's flexible layout and immersive AV setup are ideal for creative events, showcases, and off-night usage.
- Integration with Denver's music and arts community expands organic demand beyond traditional nightlife.

Exit Market Risk

The exit value is based on a 9.0% cap rate. If investor sentiment or area growth lags, resale value could be affected.

Mitigants:

- The modeled exit cap is conservative relative to downtown Denver comps.
- The venue's design-forward and production-driven concept enhances long-term marketability.
- Sensitivity analysis shows that modest improvements in key levers—like capacity or bar spend—more than offset potential exit risk.

While the model incorporates a range of assumptions, it remains conservative across attendance, bar spend, and pricing. The project is particularly resilient due to its multiple revenue streams and lean operations. Sensitivity results show that small gains in any one category produce meaningful return enhancements. With strong design, smart underwriting, and cultural relevance, the venue is well-positioned to absorb risk and capture upside.

Conclusion

This project represents a financially grounded opportunity to develop a high-impact cultural asset in downtown Denver. The model is conservatively underwritten across attendance, pricing, and bar spend—yet still delivers a 14% levered IRR and a 3.84x equity multiple over a 15-year hold. Sensitivity analysis highlights multiple clear pathways to enhanced returns, particularly through increased capacity and guest spend. With major infrastructure improvements already built into the scope—including a new roof and immersive AV—the venue balances design ambition with financial discipline. Rather than filling an existing gap, it aims to push the boundaries of what Denver nightlife can offer, setting a new benchmark for experience-driven club environments in the city.

Concepts