

By Mark E. Goebel

# Teams' Values Rise; Fans Foot the Bill

**P**rofessional sports is a big business, make no mistake about it. While most fans still view spectator sports as a leisure-time activity, team owners, players, league officials, politicians and advertisers know better.

According to the New York City Comptroller's office, four New York City-based spectator sports—baseball, basketball, hockey and tennis—contribute over \$725 million to the city's economy annually. The Yankees, Mets, Knicks, Rangers and the U.S. Open boost city tax revenues by \$22 million and create approximately 6,740 jobs. These figures don't even include the contribution to the metropolitan area's economy made by the Giants, Jets and Islanders, as they play outside the comptroller's jurisdiction.

Despite facing a budget deficit of up to \$700 million this year and one of over \$2 billion in the 1995-96 fiscal year, New York City is willing to spend up to \$600 million on improvements to Yankee Stadium and the surrounding area to keep the Yankees from moving to New Jersey or elsewhere. Sure, NYC's ego is at stake, as well as Mayor Rudolph Guiliani's political future, but economics are also behind this effort, given the Yankees contribute over \$150 million a year to the city's economy.

In Buffalo, the city council agreed to partially fund the Sabres' new arena, even though the team will retain complete ownership of it. Buffalo's two major league sports teams, the Bills and Sabres, not only help put the city on the map, but also make an important contribution to

western New York's economy. The Bills are believed to inject up to \$30 million a season into the region's economy, and the Sabres around \$100 million. The Buffalo Bisons, the city's Triple-A minor league baseball team, also helps by drawing more than one million fans annually.

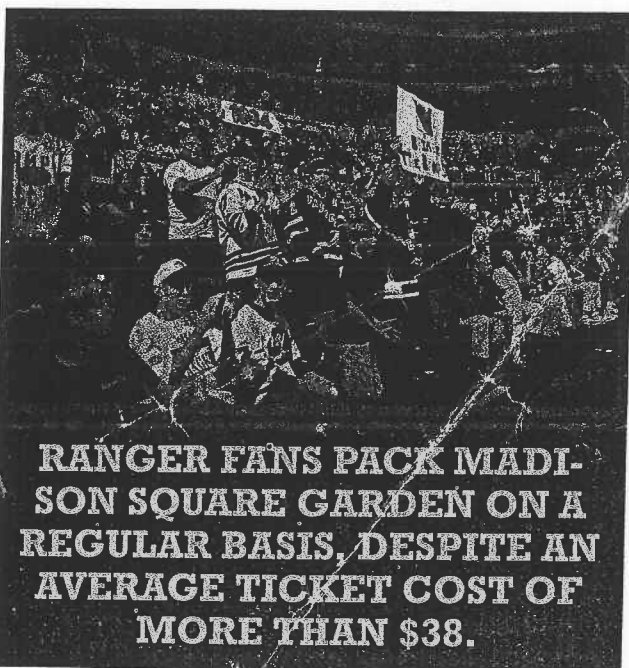
The total value of the 107 professional sports teams (MLB, NBA, NFL & NHL) is over \$11 billion, an average of \$107 million per team, according to Financial World Magazine. The New York Yankees have a franchise value of \$166 million, the highest in baseball, while the New York Giants come in at \$176 million, making them the second most valuable franchise in football. The Buffalo Bills aren't far behind at \$165 million. Despite recording 10 consecutive losing seasons and drawing mediocre crowds, the

NFL's Tampa Bay Buccaneers were recently sold for a record \$190 million, topping the \$185 million Jeff Lurie paid last year to buy the Philadelphia Eagles.

According to Team Marketing Report of Chicago, a family of four will spend, on average, \$184, \$180 and \$95 to take in an NFL, NBA and MLB game, respectively. Average cost includes game tickets, refreshments, parking and souvenirs. The Yankees and Knicks come in first in their respective sports. Attending a game at Yankee Stadium will set a family back \$115, while a Knick

game at Madison Square Garden will cost \$270. In fact, Knick games are the most expensive in professional sports by a long shot, topping by \$34 the cost to attend a San Francisco 49ers game.

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**RANGER FANS PACK MADISON SQUARE GARDEN ON A REGULAR BASIS, DESPITE AN AVERAGE TICKET COST OF MORE THAN \$38.**

B. Bennett/Bennett Studios

# Value of New York-Based Professional Franchises

Team	Value (in millions)	Rank in Sport	Rank Overall
<b>Football</b>			
New York Giants	\$176	2	2
Buffalo Bills	\$165	6	8
New York Jets	\$142	25	29
<b>Baseball</b>			
New York Yankees	\$166	1	6
New York Mets	\$150	3	23
<b>Basketball</b>			
New York Knicks	\$136	4	37
<b>Hockey</b>			
New York Rangers	\$81	5	7
Buffalo Sabres	\$95	12	95
New York Islanders	\$53	13	96

# Average Cost to Attend a Game

Team	Average Ticket Cost	Sport Rank	Family of Four*
<b>Football</b>			
New York Giants	\$35.59	4	\$213.35
Buffalo Bills	\$33.73	7	\$197.93
New York Jets	\$25.00	28	\$169.00
<b>Baseball</b>			
New York Yankees	\$14.44	1	\$115.25
New York Mets	\$10.89	11	\$91.06
<b>Basketball</b>			
New York Knicks	\$43.90	1	\$270.62
<b>Hockey</b>			
New York Rangers	\$38.71	7	\$231.95
Buffalo Sabres	\$37.04	9	\$207.50
New York Islanders	\$40.20	5	\$229.00

Source: Team Marketing Report

## BUSINESS

# Teams' Values Rise

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Ticket prices have been going up sharply the past few years, no doubt in part to pay for higher player payrolls, but also because demand is inelastic. Hockey ticket prices went up, on average, 13.6 percent last year, followed by basketball and baseball at 8.8 percent and football at 8.2 percent. Fans continue to go to games, as all four sports set attendance records almost every year.

Sports isn't just another big business, though, it's one of the fastest growing. For example, retail sales of licensed merchandise for professional baseball, basketball, football and hockey reached \$8.7 billion in 1993, up from \$2 billion in 1988. The Super Bowl in Miami last January accounted for over \$25 million in sales.

Despite baseball's recent television ratings woes and hockey's lack of a major national broadcasting contract, the combined national television rights for the four major professional leagues more than doubled to \$1.5 billion in 1993 from \$700 million in 1988. Their combined revenues, including broadcasting rights, concessions and ticket sales, grew 18 percent to \$5.1 billion in 1993 from \$4.3 billion in 1991, according to Financial World Magazine.

Broadcasters are willing to pay top dollar for the rights to air professional sports because of the advertising dollars games command. Advertising billings for sports on television, both cable and network, rose to \$3 billion in 1993, up from \$2.1 billion in 1989. The Super Bowl now commands over \$1 million for 30 seconds of advertising time.

Hockey, long the poor step-child of baseball, basketball and football, has become immensely more popular in recent years, particularly in the south and west, with arenas in Anaheim, Dallas, Miami, San Jose and Tampa regularly sold out. As a result, the NHL recently penned long-term marketing agreements with Anheuser-Busch and Nike and its first national television contract in almost 20 years.

The players have made out pretty well, too, with salaries going up to \$2.9 billion in 1993 from \$1.9 billion in 1991. Given the tremendous amount of money at stake, it's not surprising that all four major professional sports leagues have had player-owner disputes in recent years. It remains to be seen if the popularity of baseball will suffer from the recent labor woes, but it doesn't appear likely, based on the demand for franchises and television's voracious appetite for programming. Professional sports, it seems, is destined to become even bigger, in economic terms, in the future. ■

**The Super Bowl now commands over \$1 million for 30 seconds of advertising time.**

◀ \*The cost for a family of four to attend a game includes four average-priced tickets, two small beers, four small sodas, four hot dogs, parking for one car, two game programs and two caps.