

Macro Roundup Article

Headline: [A Piece of the Action](#)

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Tweet: Michael Cembalest @jpmorgan notes that since 2005 the value of sports franchises has significantly outpaced the S&P 500; franchises are currently richly valued, trading at 5-12x sales relative to ~3x sales for the S&P 500.

Summary: Forbes constructs a valuation index for each league. As shown on the left, these indexes have substantially eclipsed the S&P500 since 2005. To be clear, sports teams are much more expensive than equities: most teams are now valued at 5x-12x sales compared to ~3x sales for the S&P 500. In the NFL and NHL, the valuation gap between the least and most valuable teams is ~2.5x compared to 3.2x in the NBA and 7.6x in the MLB. Less revenue-sharing, the lack of salary caps, and higher exposure to local media rights are part of the reason why the MLB range is much wider. Global sports media contracts were worth \$24.5 billion in 2011 and are worth over \$62.4 billion today, according to Forbes. A new NBA deal is expected to be announced this week with a reported value of \$76 bn over 11 years with NBC, Amazon, and ESPN; that would represent a 2.6x increase in annual contract value over the 2016-2025 deal with ABC/ESPN/TNT/TBS.

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