

Title:

Business for pleasure

Word Count:

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Summary:

We might be in the electronic gaming era, but it's more like a fun game of Monopoly this business for pleasure of sport franchise ownership. The stakes are high, spending free, and visible worries few.

Keywords:

Article Body:

We might be in the electronic gaming era, but it's more like a fun game of Monopoly this business for pleasure of sport franchise ownership. The stakes are high, spending free, and visible worries few.

Despite the escalating fees for entry into the game, personal franchise ownership hasn't been replaced by corporations. Of 121 big league professional sports franchises, only 15 have found their way into corporate hands. Most owners claim to be losing money which would explain takeover shyness of shareholder controlled companies. It's nicer to think sole owners don't want to sell because sports ownership is too much fun. A nice break from the normal business routine that brought them their wealth in the first place.

What are these businesses worth?

Unlike traditional industry, sport franchises derive their value from their ability to generate revenue. There are several reasons for this. Within a league, other owners are not the competition. Operating expenses are comparable one team to another. Revenues tend to move in relation to on field performance, the size of the venue, and home market size. Sharing in lucrative national broadcast rights is equal across an entire league.

Depending upon the sport, estimated values vary considerably but, within a given league and except for a few exceptions, franchise values are fairly closely grouped.

NFL franchises are greatest in value, topped by Washington Redskins, the first

sport franchise in America to exceed \$1 billion in value. Football is so far ahead of other sports, of the 33 top franchises, 32 are football. Only the Yankees, interrupt the string. Still, the lowest valued NFL team, Arizona Cardinals, is a tidy half billion.

Los Angeles Lakers, the jewel of the NBA are worth \$500 million, putting them in a bracket more or less similar to the Dodgers and Mets of MLB. You could trade the top 8 NFL teams to acquire the entire NBA. That works out to something like \$7.6 billion.

The first NHL team is well down the list at \$270 million for the Detroit Red Wings but, that's still \$15 million more than the Tigers. In fact, the 2 to 300 million range represents the most common price tag in sports. There's a good mix of 40 NHL, NBA, and MLB teams all in that grouping.

The truth is that anything, sports franchise or otherwise, is only worth what someone is willing to pay for it. The allure of sport team ownership is the true value.