The Economics of Sports Franchise Relocation: A Comprehensive Review

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Honors 490: Senior Honors Seminar

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May 1, 2024

Author Note: This thesis was prepared for Honors 490: Senior Honors Seminar at Anna Maria College for Dr. Craig Blais and was overseen by subject advisor Linda Nolin, MBA.

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Abstract

The purpose of this study is three-fold: (1) To understand why sports franchises relocate and illustrate the impact of public funding, (2) To draw generalized conclusions concerning the economic impacts of sports franchise relocation, and (3) To highlight the city of Oakland, California, after losing three professional, major league teams within the past decade. This will accompany a prediction for the city's future from an economic perspective. Because of the nature of the tasks at hand, this study will be both a literature review and a case study. The scope of the study will be exclusive to North American sports franchises, with previous studies, news articles, and peer-reviewed academic journals being sourced from 1970 to the present day. Despite what many believe to be an economic downturn once a sports franchise relocates, economists and their research suggest that relocation does not significantly impact these economic factors over the long run. These null impacts will be highlighted within the study through several pieces of evidence.

Glossary

Sports Franchise - a contractual right granted to any person or persons to own or operate a sports team within a specified location.

Gross Domestic Product (GDP) - the total value of goods or services produced by an entity within a specified time period.

Regional Gross Domestic Product (Regional GDP) - the total value of goods or services produced by a given region during a given time.

Unemployment rate - the total number of individuals above the age of 16 actively seeking employment.

Job Rate/ Employment Rate - a measure of the extent of the effectiveness that people within the labor force are being used.

Market - an area or arena where commercial dealings are conducted.

Market Share - a portion of a market controlled by a particular company, product, or industry.

Profitability - a measure of how much profit a company, organization, or franchise can obtain in relation to its investments.

MLB - An abbreviation for Major League Baseball.

NBA - An abbreviation for National Basketball Association.

NHL - An abbreviation for National Hockey League.

Opportunity cost - The potential forgone profit from choosing one opportunity over another.

Box-Jenkins Model/ Method - A mathematical model that forecasts data ranges based on inputs from a select time set.

Chapter 1: Introduction

Sports franchises are one of America's most popular, revered, and worshiped forms of entertainment throughout its history. American sports franchises have the innate ability to connect with every American, regardless of age, sex, race, political viewpoints, or cultural identity. Even if an individual does not pay attention to sports, they can surely name their local NFL or MLB team or know popular franchises such as the Dallas Cowboys or New York Yankees. This popularity and continued growth have substantially impacted the 83.1 billion dollar market share for American sports in 2023 (Gough, 2024). With this growth comes a connection to those who follow these franchises, and with the age of social media, sports franchises have created a community around their players and brands that its followers can relate with and aspire to be (younger fans).

As the American sports market continues to be a driving force in the American economy (Gough, 2024), franchise relocation becomes a more relevant topic as sports leagues and their subsequent franchises look to continue to increase current and future profits. With the bottom line as the primary target (as it is in most higher-performing industries), sports franchises are more willing than ever to skip town in under-performing markets to more populous urban areas, where revenue would be greater fittingly.

And can you blame them? On a micro-level, if one finds the same work occupation at another company for a salary of $50,000 greater than their current employer, would they be scrutinized for leaving? Of course not. This example displays the logic that may go into a decision to relocate a sports franchise.

Although the above example applies some “black and white” logic, it fails to consider the community aspect that goes into a sports franchise and the power it provides to its image. What happened to the fans that made the sports franchise brandable? What happens to the region after a team leaves? Does it grow or shrink? How does the economy handle the absence of the influence of the team? Does unemployment drastically decrease?

These are just a few of an almost infinite number of questions that can be asked when analyzing a franchise's departure from a city/region. This study will try to answer these questions by analyzing the departure of three major sports teams from Oakland, California, and their resulting economic impact on the city. To do this, the study will also synthesize information from past relocations to draw more general conclusions concerning these regional economic impacts.

Purpose of the Study

The purpose of the study is to fully understand what happens to a region's economic state after a sports franchise decides to relocate. Oakland, California, will also be highlighted as a case study of this thesis' findings. With the continued increase of profits and the corporate attitude to maximize them as much as possible, it has become ever more common for sports franchises to relocate to more lucrative markets than ever before. With this becoming commonplace, it is also common to have communities, cities, and regions that have a post-relocation economic downturn. Often, the franchise that has relocated is talked about more than the community they left, and this study aims to uncover the negative impacts that these franchises create by relocating and bringing them to light.

Research Questions

Due to the complexity of economics, there are a multitude of questions that can be answered concerning sports franchise relocation.

Despite this, an overarching research question for the study can be seen below:

- "How do communities, cities, and regions of urban population fair economically after a sports franchise decides to relocate to another city?"

Additional research questions to consider:

- "Will Oakland, California, experience similar economic hardships compared to past cities that lost a sports franchise?"

- "Why do sports franchises decide to relocate?"

- "How do politics and taxpayer funding influence these decisions?"

Limitations

Limitations to this study can be first seen in terms of time and scope. The gathering of analytical data and information within a short 15-week period may hinder the effectiveness of the results of this study. There have been a plethora of sports franchise relocations since the inception of sports franchises within the United States and even since 1970, which is the timeframe of this study.

An additional limitation can also be seen in the types of sources included in the study. Because the topic involves sports, there will be some sources that are not considered “academic” in nature but are still relevant in answering the above research question(s).

The last limitations of the study include the data and forecasting to make my prediction to conclude the study. Although current and past data can provide some insight into the future, it is uncertain if that data can be relevant 5,10, or 15 years from now, making my prediction relevant unless unimagined, unthought-of factors come into play.

Chapter 2: Methodology

To provide a comprehensive overview of the study concerning the economic impacts of professional sports relocation, the methodology section offers a pathway into how the study results have been posted. By detailing the methods employed to collect data, contextual sources, and other relevant information, this section ensures the study's validity and efficacy through its transparency and clarity of the information provided.

The purpose of the sources selected for this study is twofold. The first is to describe the history and context of Oakland, California, from a sports perspective. The second is to provide context and analysis of previous cities that have lost a professional sports franchise and how this impacted the local economy and urban populations. This, in culmination with economic data from Oakland, California, will be synthesized to predict the economic impact the Warriors, Raiders, and (in the future) Athletics will have on the city when they have zero remaining professional sports teams.

Information presented throughout the study was sourced from the Anna Maria College Mondor-Eagen Library and its list of online databases. Online databases included Google Scholar, Gale Academic OneFile, JSTOR, and Gale OneFile: Business. The above-noted databases were chosen based on the business nature of the study, and these were the most relevant to this topic. Each set of databases was utilized by way of their advanced search features to highlight keywords, including combinations of "Professional Sports Franchises," "Relocation," "Urban Development," "Economics of Sports Franchises," "Business of Sports Franchises," "Economy & Urban Development," "Economy of Oakland, California". The more general terms (last two) garnered more results that were less relevant to the topic and required more extensive search requirements to create relevance to these topics.

Requirements for the supporting studies had to be available in full-text and peer-reviewed. Also, business news articles were considered to give a more full and detailed perspective on each city discussed in the study. Examples of these sources include *Forbes*, the *New York Times*, and the *Wall Street Journal*. Regarding time and scope, no relocation information beyond 1970 will be considered due to the lack of more modern economic data and franchise relocations. Additionally, the information will be based in the United States & Canada and focus solely on major professional sports franchises. This analysis will not consider any other article of relevance concerning another country or minor league relocation within the U.S.

The PRISMA flow chart below displays a visual of how sources, data, and supporting studies were collected.

Figure 1 - PRISMA Flow Chart

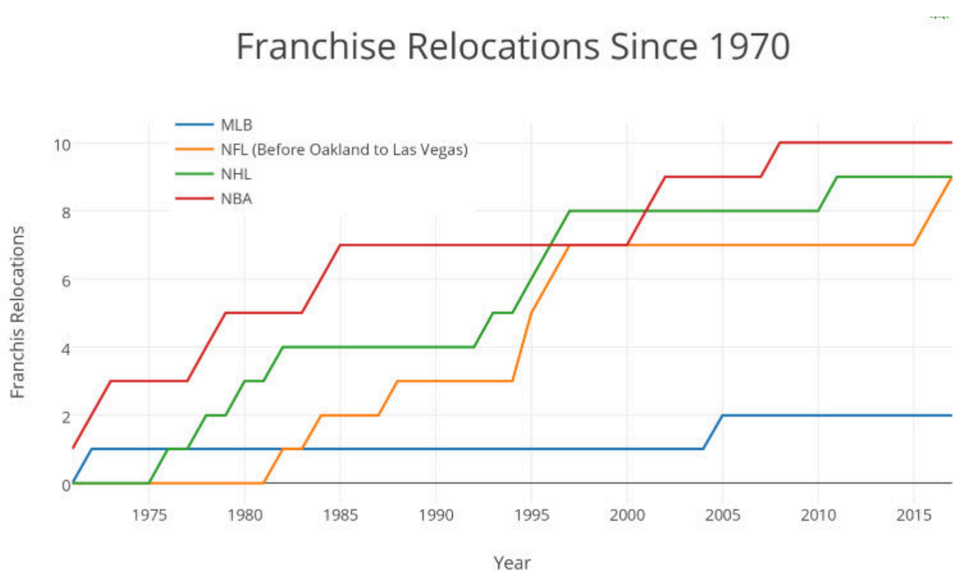
Chapter 3: Literature Review

Introduction

Sports franchises and the economics that continue to drive them to record profits year over year continue to evolve to adapt to the analytical changes of the modern world. An example of this can be seen in sports franchise relocation becoming more favorable for smaller markets and financially imbalanced teams throughout North America.

Because of the ideas of franchise owners to maximize profits, sports teams today seem ever more likely to throw away the "good times" and loyal fanbases in favor of making an extra dollar in a different location. Economics and analytics have seemed to cut through a region's emotion, welfare, and financial stability for larger franchises to make more money. This has been seen in numerous cities in the NHL, NFL, and NBA, especially within the past two decades.

Figure 2 - Franchise Relocation by League



Since sports franchises are a massive part of one's life and the impacts they have within the community, relocation can take much more than "emotional happiness" out of a given area.

When a franchise leaves, it leaves the community in mental/emotional despair and seems to have a common misconception concerning its economic state.

To correct this misconception, economic circumstances will be analyzed within areas that have lost a professional sports franchise. These statistics, in culmination with relevant facts concerning each location, will be utilized to paint a full economic picture of the region during the franchise's time and after it left. The findings will be recorded to formulate a final prediction for the City of Oakland, California.

Findings

Section 1: Why Teams Relocate

Before an analysis of Oakland, California, can take place, general questions must be answered to provide context on how the results can be construed. A secondary research question listed in the introduction but not wavering in its importance is “Why?”. Why do sports franchises relocate? Rather than just a simple answer being money, a deeper dive into sports economics must be considered.

To do this, one must consider the many factors that go into running a sports franchise. These can include but are not limited to land, stadium, sponsorships, payroll, merchandise manufacturing/sales, employee salary, equipment, etc. For owners, several, if not all, of these factors play a part in deciding to move to another location. However, out of the plethora of factors that could be used as a reason to relocate, there are four primary reasons why modern sports franchise relocation takes place: (1) stadium aging, (2) market size, (3) ownership prioritization, and (4) public funding disputes (Rosentraub, 1994; Noll & Zimbalist, 1997).

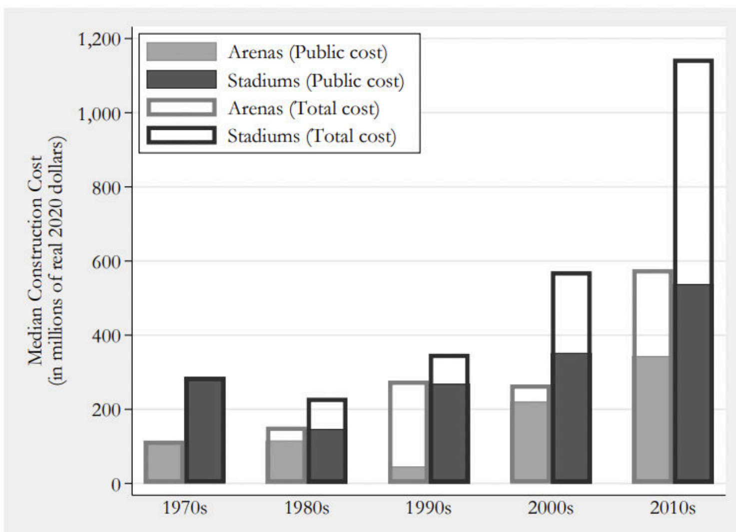
Furthermore, league expansion and realignment efforts can incentivize franchises to relocate to more lucrative markets or regions with greater fan support (Baade & Matheson, 2015).

As time has passed and advanced analytics have begun to evolve, several teams have decided to skip town for bigger fanbases and stadiums. An example of this can be seen in 2011, when the NHL's Atlanta Thrashers (a metropolitan area of 5 million people) were moved to Winnipeg, Manitoba, Canada (an area of 700,000 people) after struggling financially, citing a lack of support from the Atlanta market after they finished 28/30 in attendance in the 2010-2011 season (ESPN, 2011). The market was blamed in Atlanta for the relocation, but what about the team itself? This submits another point- that team success is crucial in determining a relocation. Although the market in Atlanta was blamed, should it have been? In the 11 seasons of the Thrashers in Atlanta, the team made the playoffs only once and never won a playoff game (swept 4-0 by the New York Rangers in 2007) (ESPN, 2011). The lack of success directly impacted the fans' attitude off the ice in a market where hockey is already not as popular as baseball, football, or basketball. The team's impact on the city was not enough to be profitable in the long term, but was strictly the market really to blame for its relocation? The success of the team seems to indicate otherwise.

Section 2: Impact of Public Funding

Public funding has been a driving force in securing a professional sports franchise for a city. Between the time frame from 1970 to 2020, state and local governments spent over $33 billion to help construct major league venues, with the public covering 73% (median value) of these construction costs (Bradbury et al., 2023). Applicable to almost every major league team, the stadium improvement or construction issue and public funding for said stadium have been a considerable problem for some time (Fort & Maxcy, 2003). This problem is constant because of the attractiveness of having a sports franchise within a city, and the game owners play with governments to utilize forms of leverage to get value for their team. This usually results in "franchise free agency," where owners will shop around the country, threatening local lawmakers with relocation until they get an enticing deal. Now, why do they do this? One is obvious: owners do not want to pay out of pocket to build or reconstruct a stadium if someone else will pay for it. Two, owners know that losing a sports franchise is perceived as a negative psychological event by lawmakers and could impact their chance of reelection (Noonan, 2018). In the instances provided below, owners use this as leverage, as well as the power they have, to get the public financing deal they desire.

Figure 3 - Public vs. Private Funding By Decade



The first instance was with the Carolina Panthers in 2012, where the team approached the Charlotte government for $200 million to upgrade Bank of America Stadium, which was 18 years old at the time. The city opposed the proposal but eventually settled on $90 million after the Panthers owner, Jerry Richardson, threatened to leave for L.A. if public money was not administered (Stephenson, 2014).

The second example is the Miami Marlins throughout 2011 and 2012, with their new Marlins Park, which was 80% publicly funded by citizens from Miami-Dade County (Sun Sentinal, 2012). Because the Marlins had been sharing SunLife Stadium with their NFL counter-part, the Miami Dolphins, the owner, Jeffery Loria, threatened to relocate to several locations such as Las Vegas, Portland, or San Antonio that would be able to use more public funding for the stadium (Stephenson, 2014). This leverage resulted in Miami-Dade county officials selling $500 million in bonds to keep the Marlins in Miami (Rymer, 2013) despite the poor market conditions of post-Great Recession America.

These two examples exemplify the amount of money a city must be willing to endure to have and keep a professional sports franchise from moving somewhere else and how shrewd professional sports owners are in keeping costs low and profits high.

Also, as part of this “free agency,” owners and local officials from different cities constantly negotiate in addition to dealing with their current cities. Differing from the two examples above was the NBA’s Seattle Supersonics, who were unhappy with their stadium, KeyArena, and looked to the city of Seattle to build a new arena. Seattle declined, and the Supersonics broke the lease signed with Seattle (paying millions after a lawsuit) and moved to Oklahoma City for the 2008-2009 NBA season. What attracted the Supersonics away was not the negotiations with the city of Seattle but the negotiations with Oklahoma City, who promised to spend $100 million to upgrade its current arena to meet NBA standards and an additional $20 million to construct a practice facility for the franchise (Coates & Humphreys, 2008).

This illustrates that sports owners have the power to not only leverage one city off of another but also target areas with more lucrative subsidization packages from local governments, regardless of relocation.

Section 3: Economic Impacts on Departing Cities

The consequences can be substantial for a city losing a sports franchise, as previously touched on with the physiological effects on policymakers. It is also a psychological imprudence for a city's culture and morale to lose a team they beloved. Usually, one city's fans win, and one ultimately loses within little "in-between" space (Kasimati & Dawson, 2009).

This antidote aside, within the sports economics community, it is often split between experts regarding the impact of a team leaving a metropolitan area.

According to some, the departure of a sports franchise can lead to a decline in several economic factors, such as an increase in the local unemployment rate (job losses), especially within sectors that can be associated with a sports franchise- retail, hospitality, and entertainment (Coates & Humphreys, 2003). Additionally, the loss that the city incurs from forms of taxable goods also increases. These items, such as ticket sales, concessions, merchandise, and ancillary spending, can leave city and municipal governments financially strained, slowing progress in fixing relevant issues within a city (Feng & Humphreys, 2008).

With some of these issues being established, it is a matter of determining whether these claims are significant- if their impact is as big as it seems.

The abovementioned is the decline in mostly retail spending close to the stadium. The theoretical thinking is that spending within the sports franchise (tickets, merchandise, etc.) will decrease when a sports team leaves because of the lack of visitors (away fans) or nonlocals to the area. However, although sports franchises attract non-locals to spend money, they often crowd out tourists and other visitors inclined to spend money on other amenities within a U.S. metropolitan area. Essentially, even with the presence of outside visitors who are in town for a sports game, spending near a professional sports franchise occurs by way of local residents and does not fall directly on the sports franchise itself but rather on the other sectors (retail, entertainment, etc.) in and around the stadium (Bradbury et al., 2023). Most of this "extra" spending that has been redirected to sports franchises would have occurred already without the presence of a sports franchise. The "increase" in local spending is more of a redistribution of spending into areas away from the team and is not an impactful driving force regarding a local economy's stability. Because of the spending occurring in sectors indirectly related to the sports franchise, cities often miss out on the taxable spending within these sectors, further increasing their losses from providing large subsidies (Bradbury et al., 2023).

A common assumption concerning professional sports franchises is that they are catalysts for tourism within a city. Although most sports teams will see an influx of new visitors from opposing fanbases and other fans for different events occurring at the stadium, this is not seen as a statistically significant impact on the local economy.

A relevant avenue to measure tourism's impact on a local economy is hotel room rates and vacancies. When tourists arrive in another city, one of the perceived increases in spending aside from retail and entertainment are hotel rates and limited vacancies, which signals a more economically active metropolitan area. Data concerning hotels in a city with a sports franchise often indicates how well tourism is within a given area. Through the two examples listed below, it is clear that professional sports franchises often do not increase tourism within a city.

First is the data Lavoie and Rodriquez (2005) recorded concerning eight Canadian cities during the 1990s. Lavoie and Rodriquez used the Box-Jenkins method to determine the impact of sports franchises and hotel rates spanning ten sports years, beginning in 1994-95 and ending in 2004-2005. The data was gathered monthly throughout the ten-year timeframe for a more accurate conclusion. During this timeframe, Canadian professional sports were both considered “winners” and “losers”; they had multiple teams relocate to and from the country.

In 1995, the NHL’s Quebec Nordiques relocated to Denver, Colorado, and became known as the Colorado Avalanche. One year later, in 1996, the NHL’s Winnipeg Jets moved to Phoenix and became known as the Phoenix Coyotes (puckreport.com, 2023). In 2001, the NBA’s Vancouver Grizzlies moved to Memphis to become the Memphis Grizzlies (ESPN, 2001). Lastly, in 2005, the MLB’s Montreal Expos moved to Washington, D.C., to become the Washington Nationals (Associated Press, 2023), and the addition of MLS’s Toronto F.C. took shape (Molinaro, 2024).

With these moves, it is clear that from 1994 to 2005, Canada experienced a more volatile tendency to have teams relocate within a short time. Because of the number of teams to relocate with such minuscule additions, these Canadian cities experienced a downturn in tourism throughout the ten years because of a predicted decline in hotel rates and bookings while experiencing an increase in vacancies. However, according to Bradbury et al. (2023), Lavoie & Rodriquez (2005) saw no statistically significant figures to indicate a strong correlation between sports franchise relocation and hotel occupancy rates, although an outlier came in the year 1994-1995, which showed a decline in occupancy rates due to the NHL lockout. The data shows that aside from one year with an externality, professional sports franchise relocation had a minimal impact on hotel occupancy rates, indicating that for the time period, there was no such increase or decrease in tourism due to the presence of professional sports franchises.

The second example highlights a similar trend of tourism impacting a local economy from a professional sports franchise. In this example, the city of Charlotte, North Carolina, was highlighted from the time period of 2005 to 2014. During this time, Charlotte hosted several NASCAR races, college basketball tournaments, professional golf tournaments, and regular & post-season NBA and NFL games. Through the activity level, it is plausible that Charlotte would experience a significant increase in hotel occupancy and rates. However, the more popular events (NBA and NFL games) showed only an increase in hotel rates and revenue by 40% (Depken II & Stephenson, 2018). They were the only two to be associated with significant changes within the city center, with no effect on the suburbs. Without these events bringing forth a statistically significant effect on hotel rates and revenue, it also indicates that there was no net gain in tourism during the timeframe. Adding to this, the authors concluded, based on the data from the study, that tax revenue from tourism should not be a driving force in attracting a professional sports franchise because there is little to no increase in tourists and their spending throughout their time to have a substantial impact (Depken II & Stephenson, 2018). Even if tourism and hotel rates/revenues increase for a short time, their impact is offset by the lack of impact by the surrounding areas within 5-10 miles of the event.

Another economic misconception about professional sports franchises is that these franchises allow for accelerated urban redevelopment. When owners can negotiate with local policymakers over the amount of subsidies they can receive, they often see how some of the money can be portioned to rebuild areas around the stadium, especially when it is located downtown, in the middle of a city. Based on this pitch, one may agree with the principle of urban redevelopment. However, it often has minimal impact on the vast majority of the area in which the stadium is located. Generally speaking, positive urban redevelopment occurs within 1-2 miles of the stadium in economic sectors similar to entertainment (food, beverage, and retail) (Bradbury et al., 2023). What owners do is manipulate local policymakers into granting them subsidies by claiming to help support urban redevelopment, but ultimately only “redevelop” areas close to the stadium that will increase their “sports franchise economy” (Bradbury et al., 2023). The lack of meaningfulness in this change, combined with increased negative externalities, such as traffic, litter, crime, crowds of people, and noise pollution, can mitigate any of these perceived positive economic changes (Bradbury et al., 2023).

It is clear through empirical evidence that major-league professional sports franchises have little impact on a local economy despite the common misconception that areas experiencing relocation enter into a depression.

Section 4: Results Application to Oakland, California

The above findings concerning the economic impacts of sports franchise relocation will now be concluded by attempting to apply some of these general principles to the city of Oakland, California.

One may ask, “Why Oakland?” a very simple yet complex question that can lead to interesting research possibilities and avenues. To answer this question in short, Oakland will be the first city in 2027 to lose three major-league professional sports teams, and it is a current topic of discussion concerning sports franchise relocation. However, before this study attempts to analyze the economic impacts of Oakland, California, this question must first be answered to provide a foundation of historical context, which is necessary to interpret the validity of a prediction for the city.

Over time, the city of Oakland has been one of the richest yet most turbulent sports cities in North America. Several teams have come and gone throughout the city’s sporting history, with the latter occurring most recently. Since the evolution of sports franchises forwarded into "modern terms," Oakland has played host to three major-league professional sports teams that are at the center of this study's discussion: the Oakland Raiders (NFL), Oakland Athletics (MLB), and Golden State Warriors (NBA). The Oakland Athletics began play in 1901 and relocated to Oakland in 1968 (Baseball Almanac, 2024). The Warriors relocated from Philadelphia and began play in 1962 (sfgov.org, 2024). The Raiders were a former AFL expansion franchise that began play in 1960. They survived the AFL-NFL merger in 1970, were relocated to Los Angeles in 1981, and then moved back to Oakland in 1995 (Van Niekerken, 2019). During the nearly 70-year history of sports, the city has accumulated ten championships, and with that came the creation of a sports culture throughout the city (Kroichick, 2023). Oakland fans are known to have a reputation as one of the most passionate sports fanbases in America for a city with only 400,000 people (Shapiro & Corrardi, 2023).

Despite the deep-rooted connection with the city, sports franchising analytics evolved to the city's detriment. The Warriors were the first to leave in 2019 across the Bay Bridge to San Francisco in an entirely privately funded arena after not receiving an agreement to build a new arena after renovations were completed to the nearly 50-year-old Oracle Arena (Fenner, 2023). The Oakland Raiders were the next to go in 2020 to become the first NFL franchise to be located in Las Vegas, Nevada (Fenner, 2023). Lastly, with much current discussion, the Oakland Athletics will join the Raiders in Las Vegas in a projected 2027 move after not committing to staying in their current stadium in 2009 and the city's lack of urgency in negotiating a new stadium deal with the team around 2021 (Fenner, 2023). Because of this, the MLB gave the Athletics the authority to begin shopping around the United States for a new home, and as of November 2023, the MLB approved the team's move to Las Vegas (Kroichick, 2023).

With the relocation of these three teams, Oakland will not only be the first North American city to lose three major-league professional sports franchises, but also the first to lose said franchises and then not have any left. It is also important to note that a main theme contributing to each franchise's departure is public funding for stadium reconstruction. Oakland's policymakers have yet to cave to the demands of their sports franchise owners and are forgoing their opportunity to keep any of these franchises within Oakland. This illustrates the importance of a city's policymakers to have a meaningful connection with the owners that reside within their region and just how much leverage the owners have over these policymakers when it comes to these negotiations.

Now that some historical context is established, it is time to predict the economic future of Oakland after the Athletics have left in the near future, 2027. Based on the findings of the previous results, it will be easy to generalize and claim that Oakland will not experience any sort of recessionary effect on its economic stability. Although there will be predictably minimal long-term effects, some short-term effects can be noted, especially concerning the city's environment.

First, in relation to its two empty stadiums, downtown Oakland's business district will suffer from a lack of business for big-time events that occur frequently or semi-frequently. A key contributor to this was the Oakland Raiders, who only played one game a week and could drive local businesses during the NFL season. Another contributing factor can be seen in the success of the Golden State Warriors in the recent past, with multiple trips to the NBA finals. This buzz and willingness of fans to spend more at different locations will also decrease due to their absence from the Oakland sports scene. The overall entertainment, retail, and restaurant sectors will experience a predictable downturn if they have not begun to face one already.

Second is the lack of community impact with the team's departure. Oakland has had a reputation for being rough around the edges. In 2012 and 2013, the city experienced over 8,000 violent crimes each year and saw an increased 50% spike in violent crimes in 2021, coinciding with the Raiders' and Warriors' exit (Fenner, 2023). It is unclear if the teams leaving had any impact on the spike, but for one, they could not provide a positive distraction to help deter this crime further. Today, Oakland ranks as the 12th most dangerous city in the United States, which could be seen as a contributing factor to the lack of funding available for these franchises. Because of the city's culture, Oakland has been the victim of California's tax structure, which receives funding based on the citizens that live there. People with the money pay San Francisco taxes, while Oakland gets the poorer scraps. Because of this, Oakland will continue to see a steady crime rate and a lack of solidified comfort amongst its citizens.

Lastly, Oakland's policymakers' ability to make additional tax revenue will be greatly impacted. Unlike a contradictory finding made earlier in this study, Oakland is significantly smaller than most metropolitan areas discussed in North America, meaning that the tax revenue loss from sports will be more profound in Oakland than in other cities because factors such as tourism will fail to make up the difference. Oakland will not only see a decrease in taxable goods due to the three franchises relocating and to the impact of subsequent declining retail and food sectors but will also be left with two empty stadiums that have little potential for profitability in the future because of the city's high cost of living and increased crime rate. Combining these factors and a limited market size will make one-time events such as concerts, musicals, and other entertainment less appealing to target Oakland as a desirable destination to host these events. Because of this, Oakland will predictably demolish both of its stadiums, which are over 50 years old and in need of renovation, in the not-so-distant future, completely wiping itself out of the professional sports market, a direct result of its three former franchises departing from the city to another, new home.

Chapter 4: Discussion

Summary

Sports franchises have micro and macro impacts on the everyday life of most individuals. On the micro level, sports franchises can consume their fans' thoughts for hours at a time every day and contribute heavily to a person's identity. On the macro level, however, sports franchises have the potential to leave a lasting impact on a community and how that community is perceived not only by the people who inhabit the region but also by its perception outside of the region. When a sports franchise decides to relocate to another city, owners use this emotional connection to its fans as leverage to successfully receive funding from city policymakers, whose goal is to be reelected. When cities do not "pay up" to their respective owners, sports franchises move to another city that will. The city that has lost a professional sports team suffers minimal economic repercussions for this decision, contrary to popular belief, and has this revenue from other events, such as tourism, unrelated to a sports franchise. To try and apply some of these statements, Oakland, California, was selected as a case study, as they have lost two major-league professional sports teams in quick succession and a third one, likely in 2027.

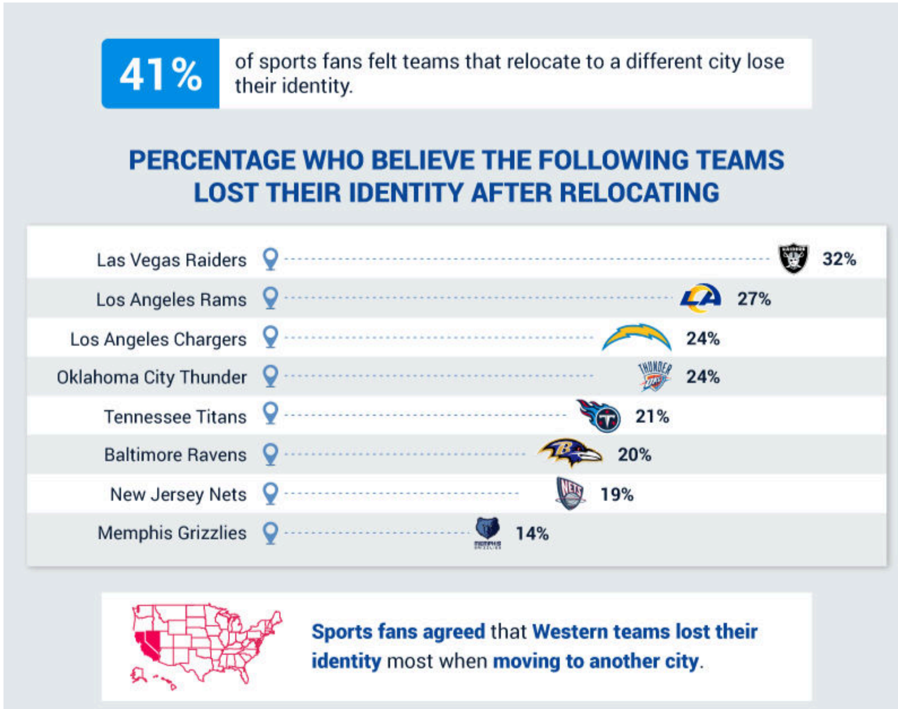
Conclusions

Sports franchises relocate due to 3 main reasons that are heavily impacted by public funding: (1) stadium aging, (2) market size, and (3) ownership prioritization. When owners face problems concerning an aging stadium, they seek monetary support from city policymakers to either upgrade the current stadium or contribute a significant amount of money to demolish the current stadium and build a new one. This is heavily influenced by policymakers' ability to appease franchise owners through government subsidies to eliminate the threat of future relocation. The owners use the threat of relocation to bigger markets as a bargaining chip during negotiations and create a power dynamic in which city policymakers are at the mercy of their franchise owners. The presence of team success can also not be underestimated in sports franchise relocation, which can directly impact the market size for a particular sport within a city, as seen with the lack of success of the NHL's Atlanta Thrashers.

Cities trying to keep sports franchises from relocating have spent over $33 billion, a median of 73% of funding to upgrade stadiums. This highlights the significant amount of money city policymakers must grant to keep a franchise from relocating. Owners threaten policymakers with the threat of relocation because of the lack of priorities to pay out-of-pocket to upgrade stadium amenities and the negative psychological impacts it has on policymakers to get reelected. The public sees losing a sports franchise during a policymaker's tenure as a lack of care for their city. Owners take full advantage of this perceived loss.

The economic impacts of professional sports franchises within the community are negligible at best. Sports franchises are only catalysts for economic growth with sectors that are directly correlated with a sports franchise, such as entertainment, retail, and food/beverage, rather than greatly impacting the local economy overall. Sports franchises were also not to be found catalysts for urban redevelopment, as owner priorities focus exclusively on the sectors related to the franchise within a 1 to 2-mile radius of the stadium, which displays a minimal impact on the greater community overall. It should be noted, however, that sports franchise relocation does have an impact on the fans it has left behind, who have seen a loss of identity and a lower quality of life, emotionally speaking.

Figure 4 - Fan Survey on Post-Relocation Identity



Additionally, sports franchises have little impact on city tourism, which is highlighted by a statistically insignificant impact on hotel rooms and rates during the time of a sports franchise within a city and after being relocated.

Despite the lack of economic impacts relocation displays throughout the study, these generalities could not be specifically applied to Oakland, California, with direct correlation. The results of the study were conducted in cities with a high metropolitan population, meaning that the findings would have been less centralized and more broad to encompass a wider range of economic factors. Oakland has a lower metropolitan population in comparison to the cities studied, meaning that these findings could not be directly applied to the prediction made for the city, and Oakland will likely suffer from more significant economic repercussions than seen in larger metropolitan areas. Oakland will see a significant loss concerning the use of the stadiums that the city owns because of the high crime rate and reputation of the city. Oakland will likely have to eat the cost of operating these stadiums and demolish them in the near future. Oakland will also see a decrease in taxable goods due to the lack of impactful events in the area that the sports teams once provided. This will decrease Oakland's ability to enact change within the community because of the lack of profitability combined with an already small market size.

Limitations

Time and scope are limiting factors for this study. Because of the limited time this study had to be completed, a fuller, more transparent picture could have been painted with harder, more empirical evidence to support this study's findings.

Another limitation can be seen in applying the study's findings to Oakland. Because the study focused on densely settled metropolitan areas, its findings could not be directly applied to Oakland, making it a limiting factor in the analysis and prediction made at the end of the study.

Lastly, the prediction itself encompasses very limited economic data from Oakland and the future unforeseen factors that could impact the validity of the prediction further into the future.

Recommendations for Future Research

Through numerous studies and research, it is commonly thought by most experts that sports franchise relocation has a null impact on the local economy, generally speaking. With this in mind, however, a recommendation for future research can be seen with Oakland after the Athletics leave in 2027. Within the timeframe after the A's leave, whether it be 5, 10, or 15 years, a more concrete economic analysis can be made, and more specific conclusions can be drawn about the city. To continue with this case study concept, analyzing smaller metropolitan populations, like Oakland, would also be recommended to generalize results for these smaller markets and discuss whether or not more significant economic impacts occur within a smaller market and a decreased scale.

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