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Sports Economics

The Benefits of Franchise in a City

Professional sports development has shaped people's discussions in homes, work, TV, and social media platforms. The viewership of the sport has attracted many fans in the past century. The review of teams spending data has revealed that the sports franchises have continued to record increased spending, team values, and salaries for their players. The franchises have generated increased revenue, and cities are putting measures to ensure that they become the sports franchise host. Lately, cities have made huge investment to lure teams to set their base in their location. The report seeks to establish the benefit that accrue when Franchise set up their base at a city.

The review of Lertwachara, and Cochran study on the economic impact of professional sport franchises on local US economies is used for writing this report. The study interrogates the benefits that franchise bring to a city. In addition, the review of Goodrich works contributed in making the final report. Goodrich (12), deploys available information from the Bureau of Labor Statistics (BLS) and the Federal Reserve economic database (FRED) to examine city spending on improving sport infrastructure. Goodrich (15) used metropolitan statistical area (MSA) statistics for data analysis. The employment data from the BLS, attendance playoff appearance, and per capita income contributed in establishing the impact of franchise winning on the local economy. Both Goodrich and Lertwachara study employed the regression model to determine the MSA-level impact of hosting a sport Franchise on the local town economy. The focus of the study is to establish the impact of hosting a franchise on the local economy and the reason why

the cities continue investing to attract sport franchise. While using linear regression model to analyze the data obtained, the experiment used three different linear regression models. The first set of regression used the unemployment rate. The second employs change in LFPR, and the last one operates the change in employment statistics (Goodrich 14).

The finding reveals that the sports franchises have no impact on the per capita GDP on the franchise play's cities (Lertwachara, and Cochran 17). This is because one match is played at a host location, and a return match is played at the opponents' stations. However, a win is associated with a slight increase in GDP because when a team wins, it creates a situation whereby people flock to the city to watch the game (Goodrich 18). The government should make a policy that provides the infrastructure that is meant to have long-term benefits and discourage cities from subsidizing the cost to attract sports franchise as no concrete benefit was cited in previous competitions.

Through the analysis, it can be concluded that the notion that attracting sport franchise will have a positive impact on the economies of the cities is false. The stadium's construction requires enormous capital investment, which is not reflected as proposed in sparking its economy. The issue should be an eye-opener for the leader to make adjustments in the budget and divert capital to fields that impact raising economic activity.

Works Cited

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