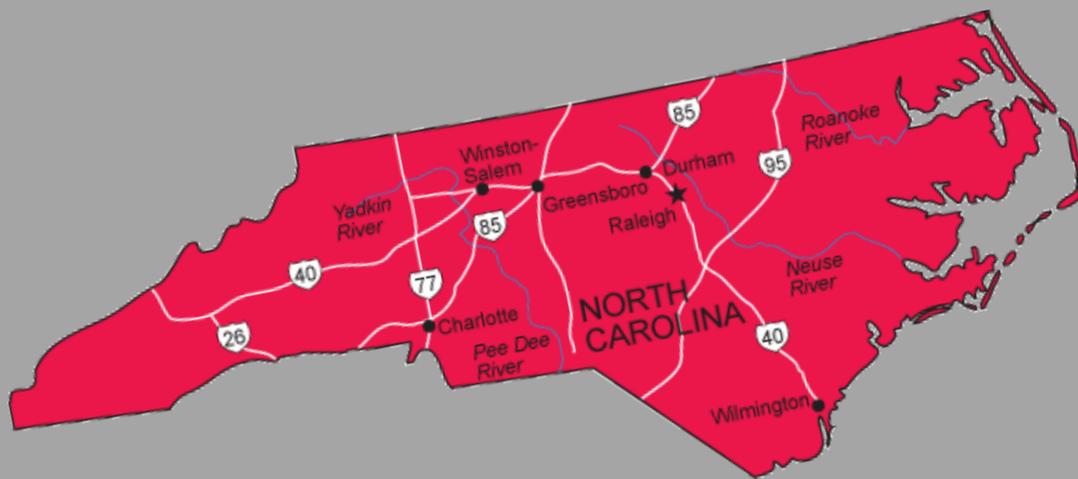


Positive Economic Impact of Relocating a Professional Baseball Team to North Carolina



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EXECUTIVE SUMMARY

How would an established professional sports team benefit from relocating? How would the new city benefit? The economic impact of sports teams in a city can be positive or negative. Positive effects outweigh the adverse effects when looking at every aspect of a city. When a city is wanting to bring a new venue/product into their city, economics, and how it will affect the economy is a significant factor. The administrators of the city and state must look at those effects to help keep the city an attraction to not only its residents but to tourists as well.

BACKGROUND/PROPOSAL

Over fifteen professional teams have relocated in the past twenty-five years. All three major sports, baseball, basketball, and football have had teams relocate to a different city. There have been hockey teams to move cities as well, but the three major sports have gotten the most attention from national news. Specifically, there have been thirteen major league baseball teams who have relocated since the start of the league (Hayes, 2017). In 1997, local and state governments spent over \$100 million in stadium subsidies because they knew a



Image 1

return on investment would be coming (Noll, 1997).

Image 1: The Battery of Atlanta; a sports and entertainment experience like any other.

Image 2: Mercedes-Benz Stadium, football stadium housing Atlanta Falcons and other events.

SunTrust Park and Mercedes-Benz Stadium are the most recent professional stadiums built, with both



Image 2

openings occurring in 2017. Mercedes-Benz houses the Atlanta Falcons (NFL), while SunTrust Park is the home of the Atlanta Braves (MLB). When the Braves stadium was built, the Battery of Atlanta (Image 1) was constructed, which is adjacent to the park and is an entertainment district with restaurants and stores (Lacques, 2017). Both are in Atlanta! To be exact, SunTrust Park and

The Battery of Atlanta was 1.1 billion dollars. Mercedes-Benz Stadium (Image 2) took about 1.5 billion dollars to build (Rollins, 2019). Back in 1997, sports were growing to regain that

money, but now in 2019, the amount of money spent on stadiums and infrastructure for these stadiums is in the billions. Even though these teams did not move cities, there was a lot of money put into the city, which drives tourists to the city. The amount of money that was paid was because investors knew/know they are going to get a significant return on investment, with sports growing at a rapid pace. When new money is brought into a local economy, the effect is mainly positive. Minor League Baseball has been around in North Carolina for a long time with continued success. Bringing a Major League Baseball team into North Carolina, Raleigh specifically, would be great for the state. Raleigh is the capital city and is in the central part of North Carolina, which makes it an excellent location.

MINOR LEAGUE BASEBALL AND NORTH CAROLINA

Minor League Baseball came to North Carolina in 1913. Eleven minor league baseball teams are now housed in the state of North Carolina, but there have been as many as fourteen. Baseball is not a shortage in this state. With all these teams housed here, it has had an economic impact on each of the cities. The Durham Bulls debuted as the first North Carolina team in Minor League Baseball in 1913. They are still an organization to the present day. They started to sprout in the past twenty-five years. The Journal of Sports Economic Impact wrote an article with the economic impact of minor league stadiums and teams. The article stated, “Some small increases occurred. Triple-A teams improved per capita income by a modest \$67 while a rookie-level stadium delivered per capita income growth of \$202” (Martin, 2017). These numbers were taken during the 1980s and '90s, and the growth of minor league

baseball has increased, especially in the town of Durham. So, the numbers have probably increased with all the innovation in

Durham and other cities that host Minor League teams. In 1995, the Durham Bulls built a brand-new stadium (Image 4). Downtown Durham at that time was not very developed, but with that stadium building, there are now offices, retail stores, and restaurants where thousands of people

Image 3: Downtown Durham; Durham Bulls Athletic Park at the heart!

Image 4: Durham Bulls Athletic Park; built in 1995; last renovated in 2014.



work. With that new stadium built, it helped bring people to Downtown Durham, and it has flourished to become one of the must-see destinations in North Carolina. “The stadium is now the heart of the American Tobacco Historic District (Image 3), which includes the Durham Performing Arts Center and twelve other buildings. The district is home to fourteen restaurants, three parking decks and a hotel, public radio station, YMCA, and barbershops” (DeVane, 2017). Living near the area, many apartment complexes and living accommodations are being constructed all-around Downtown. The addition of new living spaces can invite residents into the city, which will continue to make the economy better. When more residents come into the city, it brings in new money, which can have a ripple effect.

THE RIPPLE EFFECT

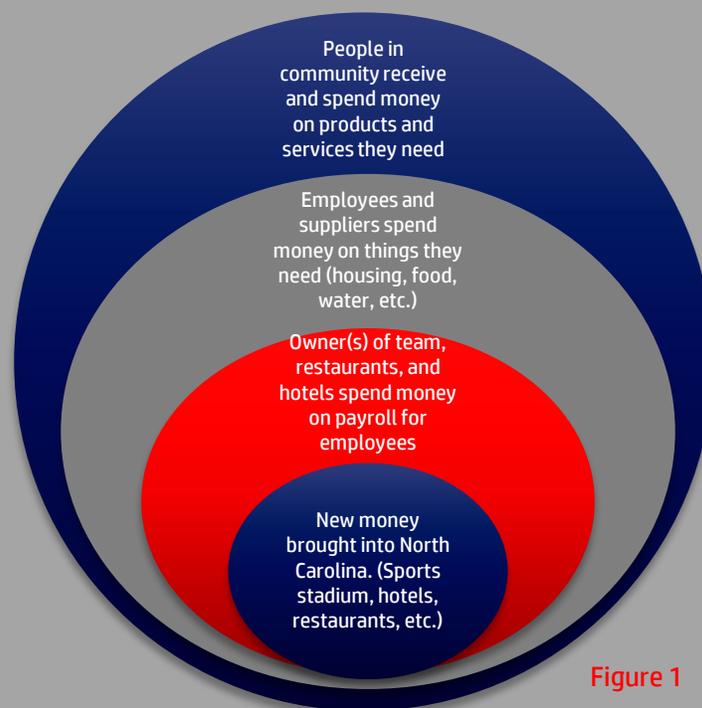
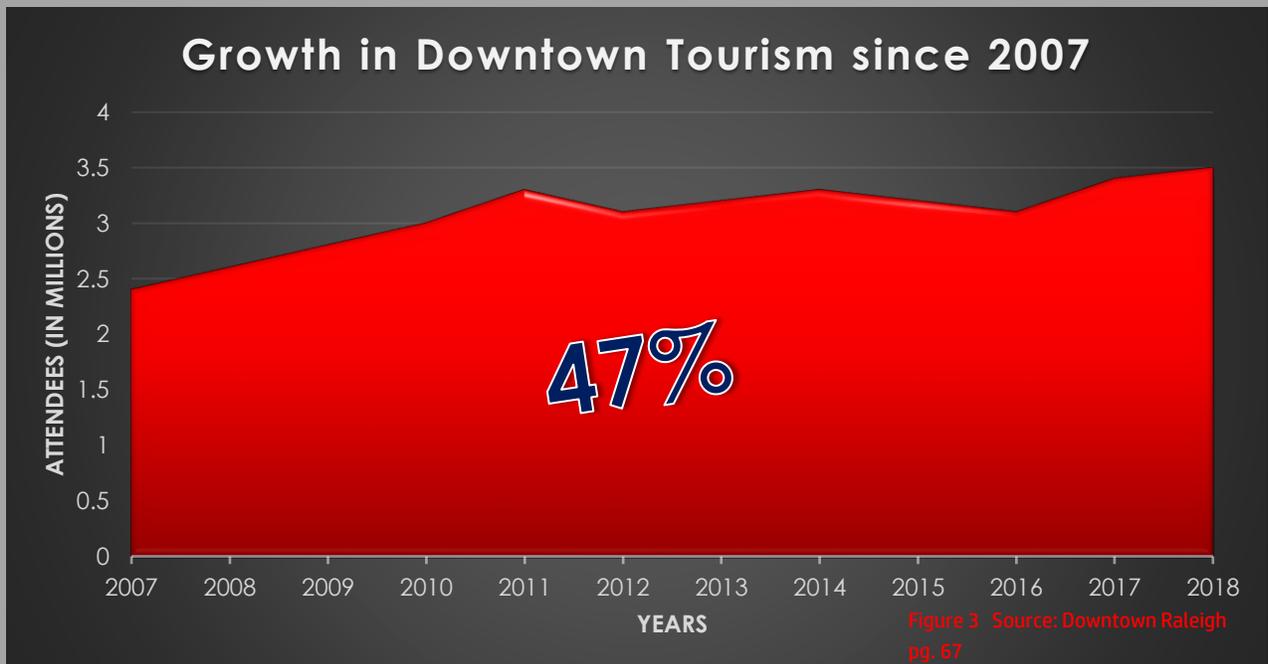
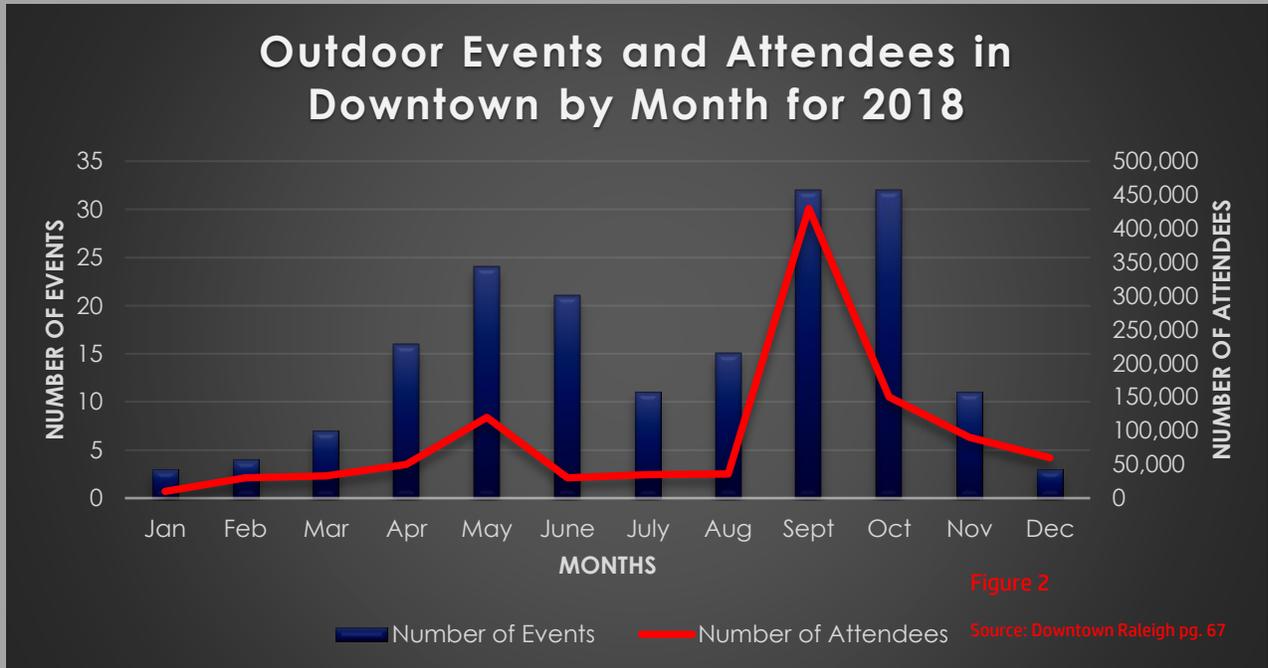


Figure 1

We have talked about the impact that a Minor League team has had on a city. Think about the impact of a Major League team in the bigger and more developed city of Raleigh...the ripple effect shows the benefits to Raleigh’s economy. The new money rolling into an economy when a new tourist attraction is built can significantly impact every one of the cities individually and the state as a whole. The owner(s) of the team and businesses around the destination then hire employees to work. Once the employees are a part of the community, they will then need to buy things that they need like, housing, food, and other supplies from local businesses. People in the community then receive and spend money on the products and services they need. This diagram can continue to go on and on, but it is simple to see the spending kicks off by money being injected into the destination’s economy. Having a professional baseball team

in Central North Carolina can bring people from all around the state, but as well as people on the East Coast and around the nation. The team will kick off that money spending, and it will lead to more people coming from all around then more money brought into the economy, so the ripple continues to go on and on. This model mainly covers the local and state beneficiaries; it does not take into account the tourists coming to visit the destination. Tourists coming to Raleigh bring new money which ripples on and on in the city.

RALEIGH AND TOURISM



We have mainly focused on Durham, North Carolina, and their progress with Minor League Baseball. These two charts are evidence that Raleigh is an excellent place for people to come and have a great experience. The numbers in one or two years will probably go up from the one addition of a Drive Shack being built. Drive Shack is a golf driving range on steroids for people to go, have fun with friends in a great environment. The chart showing the correlation between outdoor events and attendees is an impressive example for the basis of relocating a Major League Baseball team to the city. September 2018 had a significant spike in attendees due to the number of music festivals going on during the fall. Particularly the International Bluegrass Music Association's World of Bluegrass Week was in Raleigh, so people from all around the nation came.

The second chart shows a 47% growth in tourism in the city of Raleigh since 2007. This growth can come from many things, but it has mainly come from the development of Downtown itself and the city growing upwards. An additional venue for people to come and visit would greatly benefit the city's economy. Like with the Bluegrass Week, where it changes cities every year, having a professional baseball team. There is the possibility and likelihood of getting a bid for the Major League Baseball All-Star Game. This event happening during the summer would greatly help the number of attendees to events during June and July.

DOXEY'S INDEX OF TOURIST IRRITATION

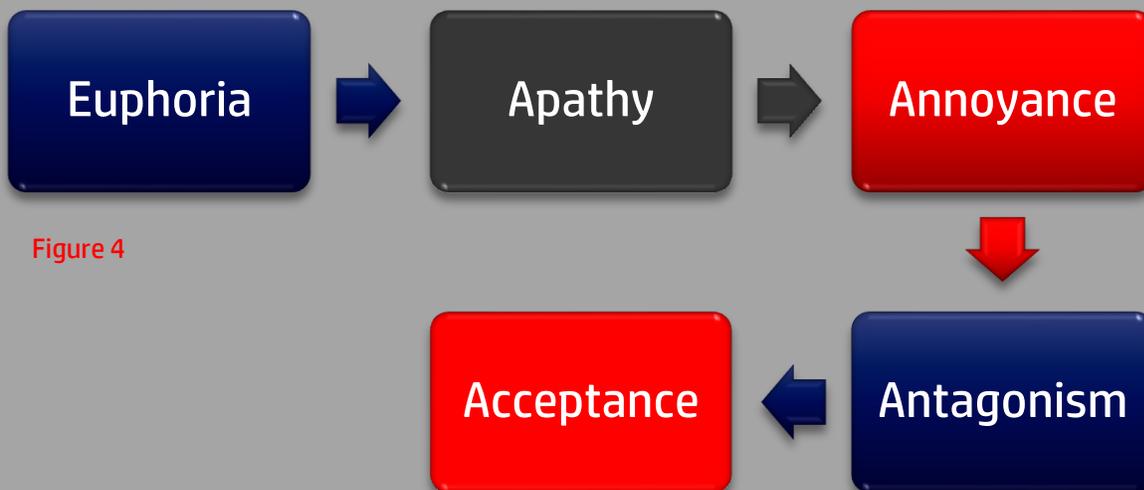


Figure 4

Doxey's Index of Tourist Irritation describes the process of how communities react to new and increasing levels of tourism. The stage that tourist destinations want to stay away from is the 'apathy' stage. This stage is when visitors get taken for granted and become targets for profit.

Euphoria is when visitors are welcome, and new money is flowing through the community. Annoyance is when the destination is starting to have bunches of people visiting, leading to the point where it can become not as enjoyable as it was at the start. Local citizens then start to doubt the new venue and the tourists because it may change their lifestyle. Antagonism is when irritation is openly shown when tourists feel cheated from a pleasant experience. Acceptance is then residents accept the new permanent change of making the destination different. Being able to skip the apathy stage determines the way of how the tourist venue will turn out. A way to do that is marketing to past visitors and making them a priority. Making them a priority by giving them tours, discounts, and information that can benefit their visit will help them feel wanted. Creating a reward system for those loyal customers is something that can significantly help to skip the apathy stage. This reward system could also interconnect with restaurants, hotels, and other venues in the city. Which will help boost the economy of Raleigh significantly! The past visitors are the ones who make the park what it is and being able to retain those guests for later visits. When that apathy step gets skipped, the steps after that will not be significant enough to notice.

MOVING FORWARD

A Major League Baseball team is relocating to Raleigh, North Carolina. The city of Raleigh would greatly benefit from gaining a new tourist venue. Especially when that venue is a baseball stadium where professional baseball has been in the state since the early 1900s. The new money being brought into the city will ripple down, leading to a positive impact in every aspect of the city. Being able to accommodate tourists while keeping residents happy is a hard task to accomplish. The City of Raleigh is up to the task with its variation of attractions and space available for everyone. The amount of promise that Raleigh has for the future after a Major League team relocates here cannot be stated in a number or dollar form, but by the development of a beautiful destination for tourists and residents.



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Image1 “The Battery of Atlanta”:

https://res.cloudinary.com/atlanta/image/upload/w_400/ACVBLEisure/uploadedImages/Photogallery/the-battery-atlanta-night-fireworks-800x480.jpg

Image 2 “Mercedes-Benz Stadium”:

<https://images4.newscred.com/Zz0xZGJiMDEyOWFhN2QyNGY0OGQ1MTVhYTUyNDY2Nw==?height=480&width=800>

Image 3 “American Tobacco Historic District”:

Google Maps

Image 4 “Durham Bulls Athletic Park”:

http://ballparkdigest.com/wp-content/uploads/2014/11/ca-9539_bpd.jpg

Image 5 “Downtown Raleigh”

https://assets.simpleviewinc.com/simpleview/image/upload/c_fill,h_571,q_80,w_1603/v1/clients/raleigh/165_3_0042.jpeg_a32ab91e-8245-42f1-baa2-36a6f2a54dbb.jpg