

The Economic and Public Policy Impacts of Sport-Anchored Real Estate Development

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Aim

Many municipalities continue to leverage professional teams and their facilities to revitalize specific areas of their communities, but literature on the effects of sport venues often fails to examine the entire scope of the economic benefits they can create. This study aims to assess the impact of facilities in designated redevelopment districts anchored by sport venues on real estate values and development.

Theoretical Background and Literature Review

Venue advocates frequently tout the positive economic impact of venues, but at the regional level, policy analysts find no evidence to sustain those claims (Baade, 1996). Hamilton and Kahn (1997, p. 255) noted that “the magnitude of economic benefits of a stadium depends on the geographic boundary of analysis.” This perspective launched a series of studies to understand if there was evidence of spatial effects. Gratton, et. al. (2005) could not isolate short-term impacts in England, but noted a need for long-term studies. Dehring, et al. (2007) found an instance where property values near a venue gained value while there was a decline elsewhere in the same city; while there was no net gain at the municipal level, there was more development near the venue. In comparing changes between 1990 and 2000, Feng and Humphreys (2012) found that sport venues did lead to higher property values within five miles of a facility in the United States. Ahfeldt and Maennig (2010) found similar results in Berlin. Our work adds to this important area of sport impact research that is of interest to cities and scholars across North America and Europe.

Research Design and Data Analysis

This study aims to measure changes in cities that have utilized sport venues to anchor redevelopment strategies. The districts studied were established by cities in which revitalization efforts were to include or be anchored by a sport venue. This was done to ensure the sport districts studied were identified by the public sector as vehicles by which policy goals could be achieved. Some communities designated TIF districts, while others established general focus areas for development in planning documents approved by city council. In each of the cases, a clear policy decision defined a district for which redevelopment was a priority. The mix of development districts studied included arenas, ballparks, and stadia, permitting a look at possible differential effects.

Due to the extensive data collection necessary for analysis, a convenience sample of case studies were selected. We identified seven sport-anchored districts within five regions [NOTE: additional data has been collected on new sport-anchored redevelopment districts,

meaning that additional cases may be included and the conclusion may shift]. Despite the convenience of the sample, the selected cases vary in geographic size, population, density, number and type of sport facility, and in the ways in which their districts and venues were designated and financed. After identifying the boundaries of each publicly-designated district, county assessors were contacted to identify all parcels within the districts and tabulate property values for all parcels (across many years, specific to each case). The files from county assessors noted parcel exemptions, which were appropriately excluded in our calculation of property tax revenue generated within the districts. In most instances, data could be secured for at least a decade.

In order to assess each district's success, relative to citywide trends, we compared district property tax revenue levels to projections of tax generation *if the district had performed at the citywide rate*. This comparison assumes that had the city not utilized sport-anchored development as a means to revitalize the selected districts, parcels within the district would have mirrored trends observed elsewhere in the city. To perform this analysis, city financial data was secured from CAFRs. Select cases also include analyses on job and population growth.

Results and Discussion

Using the data described, the study analyzes the spatial distribution of benefits to illustrate how local governments use sport-anchored redevelopment districts to pursue state and local governments' policy goals. Select cases also required "deeper dives" into other outcomes (i.e., employment and population trends) to achieve success in reaching public policy goals. In each case, contextual factors are considered to provide an accurate analysis of results.

Conclusion and Implications

Our analyses suggest sport-anchored districts have enjoyed far more growth than other parts of their cities; calculations indicate property tax revenues would have been between 15 and 82 percent lower, had values of parcels in the sport-anchored development districts mirrored respective citywide trends. While findings within this study indicate success, some venues built without more defined redevelopment goals have failed to establish similar levels of success in achieving public policy goals in their host cities.

References

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