

*The Profitability of Owning a Professional Sports  
Team in the United States*



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**May 15<sup>th</sup>, 2023**

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## **Acknowledgements**

This thesis would not be possible without the continuous support of numerous people. There are not enough words and too little time to fully express my gratitude to these individuals.

Thank you to Dr. Eaton for working with me since the beginning of the Fall and helping me find a thesis topic I was passionate about. Thank you to Dr. Carter for helping me with this entire process. Your role as the Honors College Director does not go unnoticed and I am grateful for your help thus far.

Finally, I would like to thank the Honors College, the Spears School of Business, and Oklahoma State University and its associated staff, faculty, and students. I have truly enjoyed my time here in Stillwater and have become a greater man because of it.

## **Abstract**

Eight years ago, during an interview with CNN Business one of the more infamous NBA team owners, Mark Cuban, claimed that owning a sports team was no longer a trophy asset. He said many of the new ownership groups are a consortium with multiple investors and they're seeking to make a strong financial return. It was no longer about wealthy businessmen and women wanting to own the local team but about firms and wealthy investors seeking to turn a profit. I want to explore the truth of this claim and see if these teams actually are strong sound investments that private equity firms or individual family offices should be pursuing.

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## Introduction

Throughout the history of mankind sports and athletics have existed in many forms. From the gladiatorial games of the Roman Empire to the present FIFA World Cup, sports are an ever-present piece of the human experience. However, there is one nation where sports are far more ingrained in its culture than any other, the United States. Ever since its revival in 1896, the United States has far outshined its competition in the Olympic Games. As of today, the United States has earned 2,976 medals in the games, with 2nd and 3rd place being at 1,204 and 1,082 medals respectively. The United States is also unique in the fact that it has numerous professional sports leagues that all have a significant following. Most nations such as the United Kingdom may only have 1 or 2 professional leagues that garner enough attraction to be significant, such as the Barclays Premier League for soccer or the Euro League for basketball. The United States has significantly more, from the Big 4 including the National Football League, the National Basketball Association, Major League Baseball, and the National Hockey League, to smaller leagues such as Major League Soccer.

An important aspect of the success and existence of these leagues is the financials behind them. To be perfectly candid, if these leagues weren't making money for the vested parties, they wouldn't exist. Fortunately, these leagues are rather lucrative investments or so people claim. The United States has seen a shift within the last 30 years with the ownership of many of these professional teams. No longer are these teams view as trophy assets for avid sport-loving millionaires to own, now they are seen as real investments that many firms and ownership corporations wish to capitalize on. My goal in this thesis is to find out truly how profitable these teams are and if they are good investments for eager investors. I will be specifically looking at

three of the four major leagues in the United States: The National Football League, the National Basketball Association, and Major League Baseball. I will not be exploring the National Hockey League because, speaking freely, I do not follow the NHL, nor do I have a basic understanding of the history of the sport and the norms that exist within it.

This paper will be divided up into three sections and will be structured as an investment report for interested clients. In the first section, I will examine the acquisition and bidding process of purchasing a professional team and the parameters surrounding it. Each of the three leagues has different rules and specifications surrounding ownership, and some leagues such as the NBA are currently exploring expansion. The second section will cover the major differences between the leagues such as the financial ratios that are unique to each league and the salary regulations. The most important statistic is revenue which is the driving factor behind my valuations and the health of each of these leagues. The third section will cover the financial valuation of each team within the three leagues and the methodology behind it. I utilized a market-based valuation method known as precedent transaction analysis to value each team. Finally, I will conclude with my investment recommendation for each league and the types of investors that should pursue an acquisition.

## Section 1: Acquisition & Bidding

The most important factor to consider when trying to acquire a sports team is that there is very high demand and extremely little supply. Of the 92 teams that make up the NFL, NBA, and MLB only 18 have sold within the last 10 years. This varies drastically by league as well, only 3 NFL teams sold, 4 MLB teams sold, and 11 NBA teams sold. Owners typically will hold on to these teams for extended periods of time, and some have never sold such as the Chicago Bears and Green Bay Packers who were founded in 1920<sup>1</sup> and 1921<sup>2</sup> respectively. This causes issue of the extreme difficulty there is to break into the professional sports world. Due to the low supply often multiple groups are forced to bid on the same team and this causes the price to grow considerably. Potential owners and ownership groups are often forced to pay a large premium for these teams just to acquire them. And not just anyone can bid on these teams. Often times it's not a surprise who a future owner may be due to years of expressed interest or a previous bid on another team. When the St. Louis Rams sold in 2016 the frontrunner for the acquisition was Shad Khan, however, a current minority owner exercised his option to purchase the team during the 11th hour and Khan lost the purchase. However, the next year Khan purchased the Jacksonville Jaguars, the next team to come up for sale.<sup>3</sup> Another issue is that owners can set their own parameters to be met during a sale. For example, if an owner is hoping to sell a team, they may want to ensure that the team will remain in the same city so they may only want to sell to someone local. This is what occurred with the Dallas Cowboys in the 80s. The founder, Clint Murchison Jr., wished to sell to a Texan who lived in Dallas to ensure the safety of the team, this

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<sup>1</sup> <https://www.profootballhof.com/teams/chicago-bears/team-history/>

<sup>2</sup> <https://www.packers.com/history/>

<sup>3</sup> <https://www.nytimes.com/2018/02/02/your-money/buy-nfl-team.html>



led to the acquisition by Harvy Bright a businessman from Dallas.<sup>4</sup> A major point of contention is the blessing of the league. Some leagues operate slightly differently but at the end of the day, you not only need the consent of the seller but also the league itself. They have to trust you will put out a quality product and that you are qualified for the role. However, owners may be forced to sell or volunteer to sell a team if a scandal should arise. This is what occurred for both the Carolina Panthers in 2018<sup>5</sup> and the Los Angeles Clippers in 2014<sup>6</sup>. All leagues reserve the right to remove an owner from their team should they be a detriment to its success, so an owner does not have complete autonomy over their team.

Now that I've laid out the basic considerations one needs to make when purchasing a team, let's take a look at the differences between ownership with each of the three leagues. In order for an acquisition to take place  $\frac{3}{4}$  of the NFL owners must approve the purchase. So should the league not like the owner or the price the team is selling for, they can simply block the purchase. The NFL is also unique in the fact that corporations and funds are not allowed to be owners in the league, only individuals.<sup>7</sup> This is not the case in the NBA and MLB, and this causes many of these owners to be the face of the team in the times of triumph and failure. However, individuals are allowed to team up to purchase a team, however, one of the future owners must be considered the "General Partner" and as an additional requirement they must own at least 30% of the team. This creates an incredibly high barrier to entry as you need to be a billionaire nowadays to even have the cash to be a general partner. There is one exception to the owners must be an individual rule and it is extremely unique in the world of professional sports.

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<sup>4</sup> <https://www.nytimes.com/2018/02/02/your-money/buy-nfl-team.html>

<sup>5</sup> <https://www.usatoday.com/story/sports/nfl/panthers/2018/07/09/carolina-panthers-sale-official-jerry-richardson-no-apology-david-tepper/769232002/>

<sup>6</sup> <https://www.sbnation.com/nba/2014/4/29/5665502/donald-sterling-suspension-la-clippers-sale-adam-silver>

<sup>7</sup> <https://www.nytimes.com/2018/02/02/your-money/buy-nfl-team.html>

The Green Bay Packers are a publicly owned sports team. Many people are often curious why the Packers play out of such a small city in a remote part of Wisconsin, well the reason is because the public owns the Packers. The Packers are the only publicly traded team in the world. The team issues out stock for the team for \$250. However, it is impossible to sell this common stock via the Packer's rule and no individual may own more than 4% of the team. They've also made it only possible to purchase 5 times in its history and the last time was in 2012.<sup>8</sup>

The NBA has very different rules when it comes to purchasing a team. For starters, corporations are allowed to purchase teams, unlike the NFL. For example, the Toronto Raptors are owned by two corporations that are both publicly traded, Rogers Communication and Bell Canada Enterprises.<sup>9</sup> The Chairman of the team, Larry Tanenbaum owns the remaining 25% of the team. Similar to the NFL,  $\frac{3}{4}$  of the ownership must also approve any acquisition.<sup>10</sup> The NBA is also in a unique position in that it is looking to expand the number of teams it has. Both the NFL and MLB have made it clear they do not have any intention of expanding in the near future, however, the NBA has expressed interest in doing so. It was reported two years ago that while no official number was produced the NBA was floating the idea of creating two additional teams in the cities of Las Vegas and Seattle for the price of \$2.5 billion each.<sup>11</sup> Prior to 2021, only one team had ever sold for more than \$2 billion, and that was the Brooklyn Nets. Well Las Vegas and Seattle are not as attractive markets as New York City, so you are paying quite the premium for an expansion team, however, this does come with added benefits of zero debt and no losing tradition that many current teams are stuck with. Finally, let's discuss the MLB. Major League

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<sup>8</sup> <https://www.nytimes.com/2018/02/02/your-money/buy-nfl-team.html>

<sup>9</sup> <https://raptorsrapture.com/2019/08/18/toronto-raptors-unique-ownership/>

<sup>10</sup> <https://www.sportscasting.com/how-much-does-it-cost-to-buy-nba-team/>

<sup>11</sup> <https://www.cbssports.com/nba/news/nba-wants-2-5-billion-fee-for-possible-expansion-teams-expects-offers-in-vegas-and-seattle-per-report/>

baseball is similar to the NBA in the fact that corporations are able to own teams, and they often do. However, instead of the owners approving an acquisition this is done by the commissioner. However, the commissioner is beholden to the owners of the league so in actuality there is little difference in this process.<sup>12</sup>

## Section 2: Financial Ratios & Salary Cap

The finances of professional sports teams are unique compared to the rest of the economy. Revenue is the single most important factor, primarily because leagues encourage teams to spend their money to win games and hopefully titles. So, while earnings are important, some teams will sacrifice their earnings in hopes of winning a title to grow their brand and fanbase to reap the reward of more revenue. Revenue will be the driving factor of my valuations in the next section and with how we compare the health of each of these leagues.

The largest expense for all professional sports teams is what makes up the team, the players themselves. However, the NFL, NBA, and MLB each have a very different approach to how much these players can be paid. The salary cap is known as the great equalizer in sports, and these caps can vary quite differently depending on the structure of the league. The NFL utilizes a system known as a “hard cap”. A hard cap is an upper limit a team can spend on its roster and because it is a hard cap you cannot exceed it.<sup>13</sup> The reason for the existence of this hard cap is that it creates an egalitarian league where rich teams will not automatically have an advantage over poor teams. This keeps the league competitive and creates a much better product. This

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<sup>12</sup> <https://tbonesbaseball.com/the-three-key-steps-to-purchasing-an-mlb-team/>

<sup>13</sup> <https://bleacherreport.com/articles/1665623-how-does-the-salary-cap-work-in-the-nfl>

differs from the “soft cap” the NBA utilizes. A soft cap is also the upper limit that can be spent but it can be exceeded in certain circumstances. A few exceptions that allow for this are signing rookies or resigning players through a “Bird” contract. A bird contract basically allows a team to resign its star players who have been with a team for a minimum amount of time.<sup>14</sup> The NBA is a league built around superstars as opposed to more team-orientated leagues like the NFL or MLB so they have this exception so teams can keep the face of their franchise. However, if a team spends too much in excess, they may hit the tax levels. When a team hit the tax levels, they will start to pay a tax on top of every extra dollar they spend. For example, if a team spent \$5 million more than they were allowed and entered the first tax level they would have to pay a total of \$13.75 million in 2014. There are multiple brackets to the tax levels with the maximum being a multiple of 3.75x the amount overspent in 2014.<sup>15</sup> This causes the NBA to be a slightly less fair league as wealthy owners can still pay to create a better team, but an individual is severely punished for doing so. This rule does allow for NBA players to have a much more competitive market for salaries due to teams not having to deal with a hard cap. However, both of these systems are vastly different from the MLB. Major League Baseball does not have any sort of cap like the NFL or NBA.<sup>16</sup> However, it does have a luxury tax, but it is much less punishing than the NBA luxury tax. For the 2021 season, the luxury tax threshold was \$210 million. Instead of increasing the amount paid depending on how much was overpaid similar to the NBA, the MLB taxes a team depending on how many years in a row they have exceeded the threshold. For a team’s first year its only 17.5%, but after their fourth year in a row its 50%. These tax rates are extremely low compared to the NBA. If a team spent 5 million dollars more than the threshold

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<sup>14</sup> <http://www.cbafaq.com/salarycap.htm#Q21>

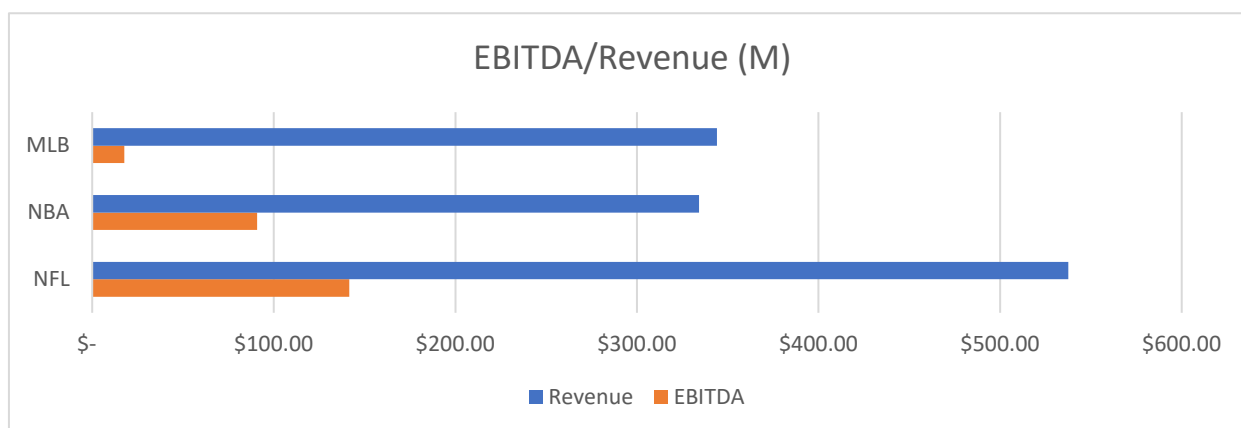
<sup>15</sup> <http://www.cbafaq.com/salarycap.htm#Q21>

<sup>16</sup> <https://bleacherreport.com/articles/283162-salarycap-in-major-league-baseball>

allotted, they would only have to pay a tax of \$875,000, however, the NBA team would have to pay \$13.75 million in tax. This creates an extremely unfair league similar to many sports leagues overseas. Because of the MLB's lack of a hard cap or strong tax rates, wealthy teams are guaranteed to perform better than poor teams. This, in turn, creates an incredibly weak product and hurts teams that perform in smaller markets.<sup>17</sup> For example, the New York Yankees, the wealthiest team in baseball, exceeded the tax threshold 15 times from 2000 to 2020.<sup>18</sup> There is no coincidence that they also have the most championships, 27 World Series Titles.<sup>19</sup> As a fan of the sport this obviously is a problem, but what does it mean as an investor? It means that smaller market teams are severely hampered in growth potential because they cannot grow their brand and thus their revenue.

Next, let's look at some revenue ratios that are important to the profitability of each of the leagues. First, we'll take a look at EBITDA over revenue.

*Chart 1:*<sup>20</sup>

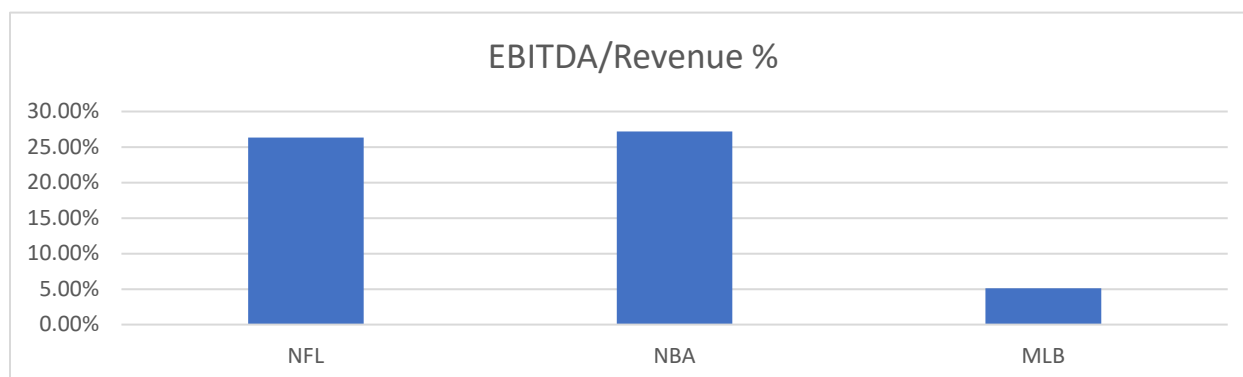


<sup>17</sup> <https://bleacherreport.com/articles/283162-salarycap-in-major-league-baseball>

<sup>18</sup> [http://www.stevetheump.com/luxury\\_tax.htm](http://www.stevetheump.com/luxury_tax.htm)

<sup>19</sup> <https://www.sportingnews.com/us/mlb/news/how-many-world-series-yankees-history-new-york/oo88z5vc4olm16ycjo11j1ub>

<sup>20</sup> Forbes: NFL, NBA, and MLB Valuations

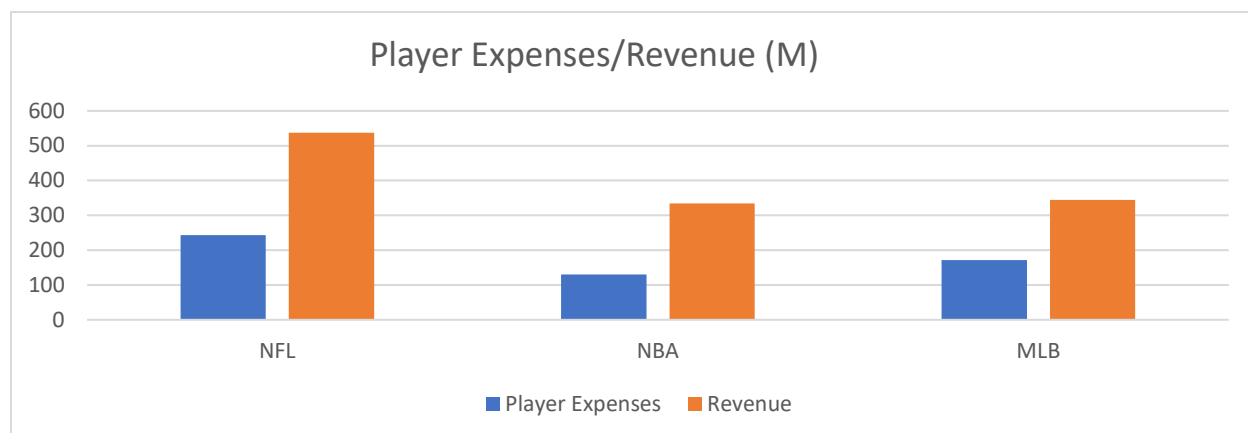
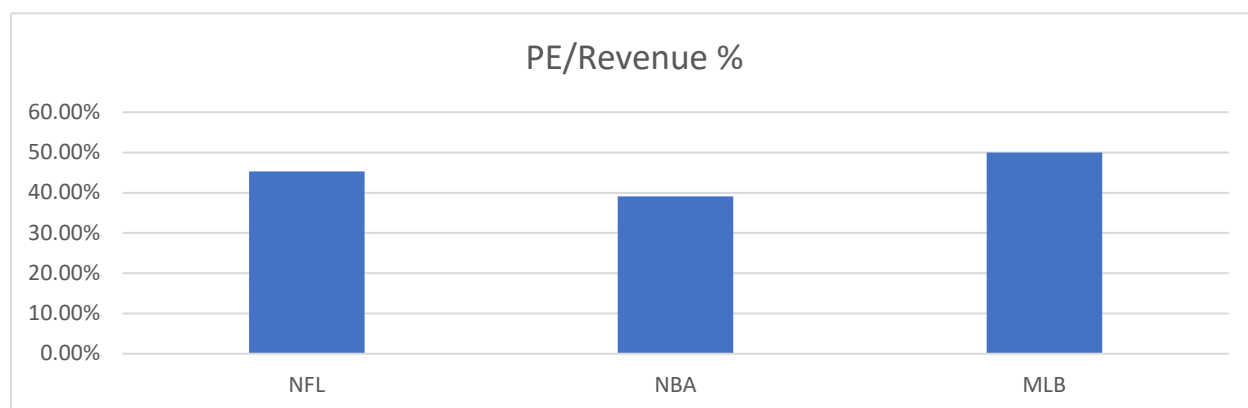
Chart 2:<sup>21</sup>

In *Charts 1 & 2* we can see the differences between the earnings return of each of the three leagues. Despite having similar revenues of roughly \$340 million the NBA does a significantly better job with its margin. The NBA's EBITDA/Revenue is roughly 27% compared to the MLB's 5%. The NFL has by far the highest revenue but has very similar returns to the NBA, sitting at an EBITDA/Revenue of roughly 26%. The main point we can take away from this data is the fact that the NFL and NBA are incredibly efficient leagues at producing high earnings returns compared to the MLB. This raises major concerns about investing in the MLB relative to the NFL and NBA.

Following earnings, we'll take a look at each team's largest cost, its player expense. A low Player expense over revenue ratio is a strong indicator of a league's profitability and can help explain a league's earnings return.

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<sup>21</sup> Forbes: NFL, NBA, and MLB Valuations

Chart 3:<sup>22</sup>Chart 4:<sup>23</sup>

In *Charts 3 & 4* we see that the MLB is paying roughly half of all of their revenue back to their players and their associated expenses. This is considerably higher than both the NFL at 45.28% and the NBA at 39.09%. This explains why the MLB has such as low EBITDA in comparison to revenue. Because they have much higher expenses when it comes to their players. This is primarily driven by the fact that they employ 280 players per franchise and the NFL and NBA are only 53 and 30 respectively. Now considering how many players are a part of each team these numbers can tell a different story as well. In the NFL each team has 53 players, so each player is receiving roughly .85% of the team's revenue. In the NBA and its subsidiary league, there are a total of 30 players so each player on average receives 1.3% of a team's revenue,

<sup>22</sup> Forbes: NFL, NBA, and MLB Valuations

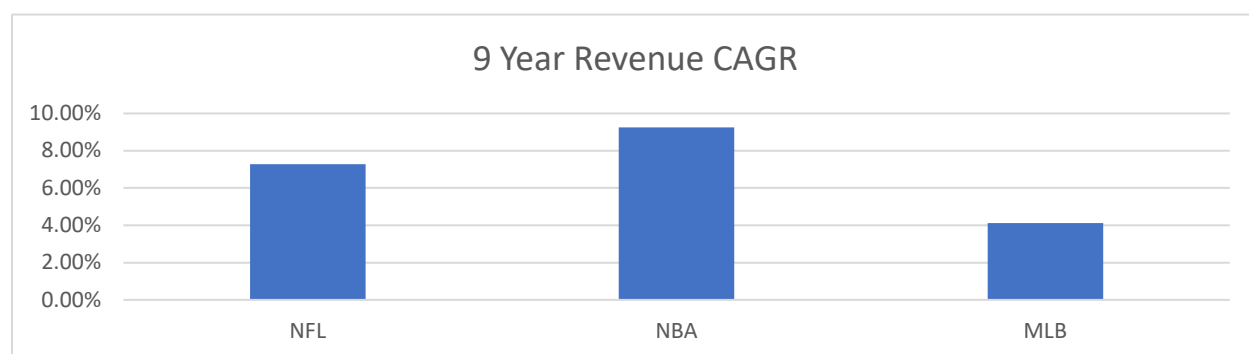
<sup>23</sup> Forbes: NFL, NBA, and MLB Valuations

however, there is a stark difference between developmental players and the NBA players.

Finally, in the MLB, the average franchise has 280 players with each of their minor league teams and thus each player receives on average 0.18% of the team's revenue. Seeing these numbers, it's no wonder that NBA players are given such lucrative contracts, however, what is so surprising is how despite having the highest amount of revenue divvied out, professional baseball players see so little because of the ridiculous number of players they employ.

Finally, let's take a look at the compound annual growth rate of each league's revenue over the last 9 years.

*Chart 5:*<sup>24</sup>



From *Chart 5* we see that the NBA has had by far the strongest revenue growth within the last 9 years. At a CAGR of roughly 9.3% they are comfortably ahead of the NFL at 7.3%. However, the MLB is drastically behind at a CAGR of only 4.12%. Again the NBA seems to be making a strong case as the most attractive investment thus far with the healthiest financials, and the MLB is looking far worse compared to the NBA and NFL.

<sup>24</sup> Forbes: NFL, NBA, and MLB Valuations



## Section 3: Valuation

For the valuation of each of these teams, I decided to use a market-based valuation method, specifically the precedent transaction valuation method. There was a bit of difficulty in acquiring the data needed for these valuations. All of these professional teams, with the exception of the Green Bay Packers, are privately owned and do not have to release their financial data to the public. Fortunately, they do all report their data to Forbes for Forbes to do their own valuations. This is why I cannot utilize an intrinsic value method such as discounted cash flow, I do not have access to enough data such as depreciation and amortization. Forbes themselves have utilized a precedent transaction, primarily because there is not a constant value of a company that is public to use a comparable company analysis. Forbes only had data dating back to the year 2013 so I am only able to utilize teams that were sold within the last 10 years. For this model the more recent a team was sold the better. The multiples of each of these teams have only been increasing with time as the premiums for these teams become more expensive. I will be using the revenue-based multiple of the historically acquired teams in order to calculate the value of each team. Now let's take a look at the results.

*Table 1: NFL Precedent Transaction Analysis*<sup>25</sup>

Precedent Transaction Analysis		Market Data (mm)		Financials (mm)	Valuation
Team	Year of Sale	Transaction Value		Revenue	EV/Revenue
Denver Broncos	2022	\$ 4,700.00		\$ 526.00	8.94
Carolina Panthers	2018	\$ 2,300.00		\$ 396.00	5.81
Buffalo Bills	2014	\$ 1,400.00		\$ 252.00	5.56
				High	8.94
				<b>Average</b>	<b>6.77</b>
				<b>Median</b>	<b>5.81</b>
				Low	5.56

<sup>25</sup> <https://www.forbes.com/nfl-valuations/list/>

Looking at *Table 1* we see that the Enterprise/Revenue multiple took a major jump in 2022 to 9 just four years after the multiple was just below 6. For my analysis, I will have to use Denver's multiple as they are the most recent and they caused such an increase in value that no future team will return to the old multiple of 6. Here are the results:

*Table 2: NFL Precedent Transaction Results*<sup>26</sup>

Precedent Transaction Analysis			
Team	Forbes Value	Market Implied EV - Rev	Market Implied EV - Rev
Dallas Cowboys	\$ 8,000.00	\$ 9,828.90	0.81
New England Patriots	\$ 6,400.00	\$ 5,816.92	1.10
Los Angeles Rams	\$ 6,200.00	\$ 5,611.41	1.10
New York Giants	\$ 6,000.00	\$ 5,218.25	1.15
Chicago Bears	\$ 5,800.00	\$ 4,646.39	1.25
Washington Commanders	\$ 5,600.00	\$ 4,860.84	1.15
New York Jets	\$ 5,400.00	\$ 4,637.45	1.16
San Francisco 49ers	\$ 5,200.00	\$ 5,137.83	1.01
Las Vegas Raiders	\$ 5,100.00	\$ 5,030.61	1.01
Philadelphia Eagles	\$ 4,900.00	\$ 4,887.64	1.00
Houston Texas	\$ 4,700.00	\$ 5,102.09	0.92
Denver Broncos	\$ 4,700.00	\$ 4,700.00	1.00
Miami Dolphins	\$ 4,600.00	\$ 4,762.55	0.97
Seattle Seahawks	\$ 4,500.00	\$ 4,628.52	0.97
Green Bay Packers	\$ 4,250.00	\$ 4,851.90	0.88
Atlanta Falcons	\$ 4,000.00	\$ 4,521.29	0.88
Pittsburgh Steelers	\$ 3,975.00	\$ 4,414.07	0.90
Minnesota Vikings	\$ 3,925.00	\$ 4,467.68	0.88
Baltimore Ravens	\$ 3,900.00	\$ 4,574.90	0.85
Los Angeles Chargers	\$ 3,875.00	\$ 4,387.26	0.88
Cleveland Browns	\$ 3,850.00	\$ 4,557.03	0.84
Indianapolis Colts	\$ 3,800.00	\$ 4,324.71	0.88

<sup>26</sup> <https://www.forbes.com/nfl-valuations/list/>

Kansas City Chiefs	\$ 3,700.00	\$ 4,423.00	0.84
Tampa Bay Buccaneers	\$ 3,675.00	\$ 4,396.20	0.84
Carolina Panthers	\$ 3,600.00	\$ 4,476.62	0.80
New Orleans Saints	\$ 3,575.00	\$ 4,378.33	0.82
Tennessee Titans	\$ 3,500.00	\$ 4,297.91	0.81
Jacksonville Jaguars	\$ 3,475.00	\$ 4,208.56	0.83
Buffalo Bills	\$ 3,400.00	\$ 4,199.62	0.81
Arizona Cardinals	\$ 3,270.00	\$ 4,172.81	0.78
Detroit Lions	\$ 3,050.00	\$ 4,038.78	0.76
Cincinnati Bengals	\$ 3,000.00	\$ 4,128.14	0.73

In *Table 2* the colored fourth column is a measurement comparing my valuation to Forbes to see if they undervalued or overvalued the team, and to what extent. Forbes tended to weigh the value of the team more depending on which market they played out of. In the NFL all teams have a revenue share system called the national income.<sup>27</sup> This national income is divided evenly among 31 teams notably excluding the Dallas Cowboys as they have opted out. The national income is the combined revenue of all merchandise, TV & Streaming deals, and major sponsorships of the NFL. All teams also have their own local revenue, such as ticket sales and stadium sponsorships, that they do not share with individual teams. I disagree with Forbes' valuation because I believe the additional value each team is receiving from their market is already weighted into the value of the team via the local revenue they receive. Forbes is adding an additional weight to each team's value depending on where they are, on top of the additional local revenue.

<sup>27</sup> <https://www.sports-king.com/nfl-owners-share-revenues-3390/>

Next, let's explore the valuation of the NBA. The NBA had far more teams purchased within the last 10 years than the NFL and I was able to create a much stronger forecast than the NFL. Interestingly enough the NBA had much larger multiples than the NFL.

*Table 3: NBA Precedent Transaction Analysis<sup>28</sup>*

Precedent Transaction Analysis		Market Data (mm)		Financials (mm)	Valuation	
Team	Year of Sale	Transaction Value		Revenue	EV/Revenue	
Los Angeles Lakers	2021	\$	5,000	\$	316.00	15.82
Brooklyn Nets	2019	\$	3,200	\$	304.00	10.53
Phoenix Suns	2023	\$	4,000	\$	302.00	13.25
Utah Jazz	2020	\$	1,700	\$	226.00	7.52
San Antonio Spurs	2021	\$	1,800	\$	205.00	8.78
Minnesota Timberwolves	2021	\$	1,500	\$	199.00	7.54
				High	15.82	
				Average	10.57	
				Median	9.65	
				Low	7.52	

Lucky enough for me, each of these teams, which made up 1/5 of the league, was sold within the last 4 years creating an extremely strong model consisting of small market and large-market teams.

*Table 4: NBA Precedent Transaction Analysis Results<sup>29</sup>*

Precedent Transaction Analysis			
Team	Forbes Value	Market Implied EV - Rev	Market Implied EV - Rev
Golden State Warriors	\$	\$	0.87
	7,000.00	8,087.89	
New York Knicks	\$	\$	1.28
	6,100.00	4,778.73	
Los Angeles Lakers	\$	\$	1.20
	5,900.00	4,916.17	
Chicago Bulls	\$	\$	1.10
	4,100.00	3,721.49	
Boston Celtics	\$	\$	1.05
	4,000.00	3,816.64	

<sup>28</sup> <https://www.forbes.com/nba-valuations/list/>

<sup>29</sup> <https://www.forbes.com/nba-valuations/list/>

Los Angeles Clippers	\$ 3,900.00	\$ 3,827.21	1.02
Brooklyn Nets	\$ 3,500.00	\$ 4,281.82	0.82
Dallas Mavericks	\$ 3,300.00	\$ 3,848.36	0.86
Houston Rockets	\$ 3,200.00	\$ 3,700.34	0.86
Philadelphia 76ers	\$ 3,150.00	\$ 3,647.48	0.86
Toronto Raptors	\$ 3,100.00	\$ 3,161.15	0.98
Miami Heat	\$ 3,000.00	\$ 3,446.60	0.87
Phoenix Suns	\$ 2,700.00	\$ 3,192.87	0.85
Washington Wizards	\$ 2,500.00	\$ 3,076.57	0.81
Milwaukee Bucks	\$ 2,300.00	\$ 3,721.49	0.62
Portland Trailblazers	\$ 2,100.00	\$ 3,076.57	0.68
Cleveland Cavaliers	\$ 2,050.00	\$ 3,436.03	0.60
Sacramento Kings	\$ 2,030.00	\$ 2,949.70	0.69
Utah Jazz	\$ 2,025.00	\$ 3,256.30	0.62
San Antonio Spurs	\$ 2,000.00	\$ 3,235.16	0.62
Atlanta Hawks	\$ 1,975.00	\$ 2,981.42	0.66
Denver Nuggets	\$ 1,930.00	\$ 2,886.27	0.67
Detroit Pistons	\$ 1,900.00	\$ 2,939.13	0.65
Oklahoma City Thunder	\$ 1,875.00	\$ 2,896.84	0.65
Orlando Magic	\$ 1,850.00	\$ 2,875.69	0.64
Indiana Pacers	\$ 1,800.00	\$ 2,791.12	0.64
Charlotte Hornets	\$ 1,700.00	\$ 2,843.98	0.60
Minnesota Timberwolves	\$ 1,670.00	\$ 2,865.12	0.58
Memphis Grizzlies	\$ 1,650.00	\$ 2,875.69	0.57
New Orleans Pelicans	\$ 1,600.00	\$ 2,833.40	0.56

The NBA recently implemented a new revenue-sharing system slightly different from that of the NFL. NBA teams contribute roughly 50% of their annual revenue, minus certain expenses such as arena upkeep, into a revenue-sharing pool. Each team will then be given the average team's payroll from the revenue pool. So, the teams that spend more money on players will in turn fund

the teams that don't spend as much money.<sup>30</sup> This will help aid smaller market teams such as the Charlotte Hornets and the Oklahoma City Thunder ease the cost of competing in the league.

Moving on to the MLB there are 4 teams that have sold within the last 4 years. These teams all also have a lower multiple compared to the NFL, I assume this is primarily due to the MLB's low earnings.

*Table 5: MLB Precedent Transaction Analysis<sup>31</sup>*

Precedent Transaction Analysis		Market Data (mm)		Financials (mm)		Valuation	
Team	Year of Sale	Transaction Value	Revenue	Revenue	EV/Revenue	EV/Revenue	EV/Revenue
New York Mets	2020	\$ 2,400	\$ 332.00				7.23
Seattle Mariners	2016	\$ 1,200	\$ 289.00				4.15
Kansas City Royals	2019	\$ 1,000	\$ 251.00				3.98
Miami Marlins	2017	\$ 1,200	\$ 219.00				5.48
			High				7.23
			Average				5.21
			Median				4.82
			Low				3.98

The MLB also has a revenue-sharing system. Teams contribute roughly 48% they earn, and this amount is divided evenly among the league.<sup>32</sup>

*Table 6: MLB Precedent Transaction Analysis Results<sup>33</sup>*

Precedent Transaction Analysis			
Team	Forbes Value	Market Implied EV - Rev	Market Implied EV - Rev
New York Yankees	\$ 7,100.00	\$ 3,423.74	2.07
Los Angeles Dodgers	\$ 4,800.00	\$ 3,027.69	1.59
Boston Red Sox	\$ 4,500.00	\$ 2,673.33	1.68
Chicago Cubs	\$ 4,100.00	\$ 2,350.24	1.74

<sup>30</sup> <https://bleacherreport.com/articles/1039092-nba-revenue-sharing-small-market-teams-to-benefit-from-new-sharing-structure>

<sup>31</sup> <https://www.forbes.com/mlb-valuations/list/>

<sup>32</sup> <https://dodgerblue.com/mlb-teams-receive-at-least-100-million-annually-from-tv-rights-contracts/2022/02/12/>

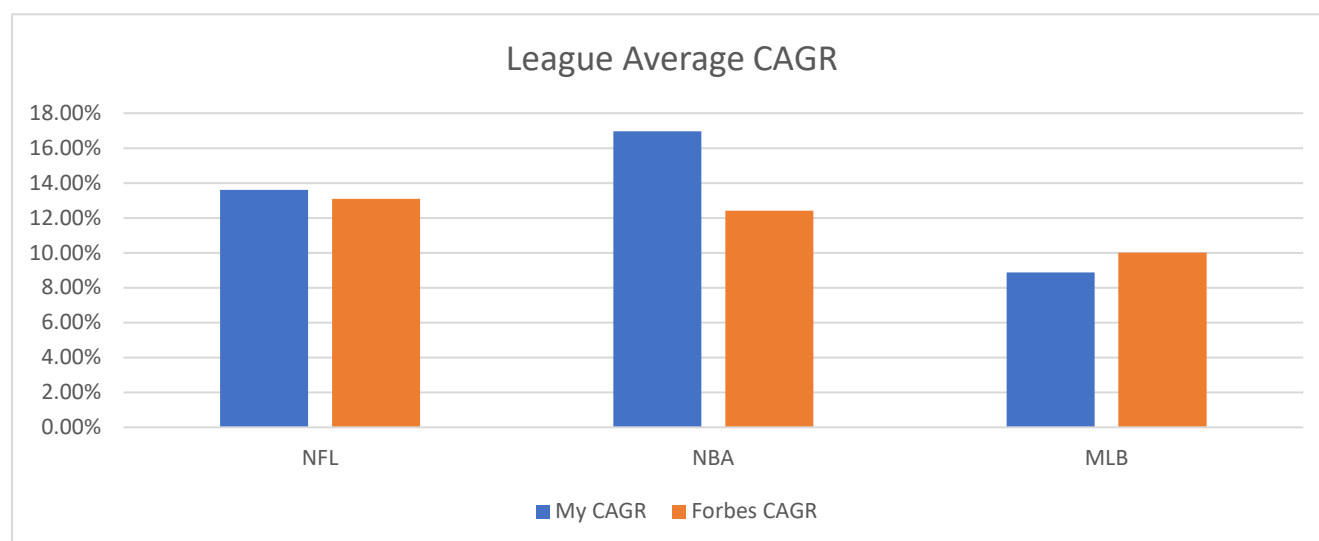
<sup>33</sup> <https://www.forbes.com/mlb-valuations/list/>

	\$	\$	
San Francisco Giants	3,700.00	2,193.90	1.69
	\$	\$	
New York Mets	2,900.00	1,948.98	1.49
	\$	\$	
Los Angeles Angels	2,700.00	1,933.34	1.40
	\$	\$	
Atlanta Braves	2,600.00	2,214.75	1.17
	\$	\$	
Philadelphia Phillies	2,575.00	2,074.05	1.24
	\$	\$	
St Louis Cardinals	2,550.00	1,865.60	1.37
	\$	\$	
Houston Astros	2,250.00	2,120.95	1.06
	\$	\$	
Texas Rangers	2,225.00	1,907.29	1.17
	\$	\$	
Seattle Mariners	2,200.00	1,891.65	1.16
	\$	\$	
Toronto Blue Jays	2,100.00	1,532.08	1.37
	\$	\$	
Chicago White Sox	2,050.00	1,438.28	1.43
	\$	\$	
Washington Nationals	2,000.00	1,855.18	1.08
	\$	\$	
San Diego Padres	1,750.00	1,688.42	1.04
	\$	\$	
Baltimore Orioles	1,713.00	1,375.75	1.25
	\$	\$	
Milwaukee Brewers	1,605.00	1,532.08	1.05
	\$	\$	
Colorado Rockies	1,475.00	1,490.39	0.99
	\$	\$	
Detroit Tigers	1,450.00	1,354.90	1.07
	\$	\$	
Minnesota Twins	1,390.00	1,391.38	1.00
	\$	\$	
Arizona Diamondbacks	1,380.00	1,438.28	0.96
	\$	\$	
Pittsburgh Pirates	1,320.00	1,365.33	0.97
	\$	\$	
Cleveland Guardians	1,300.00	1,396.59	0.93
	\$	\$	
Tampa Bay Rays	1,250.00	1,292.37	0.97
	\$	\$	
Kansas City Royals	1,200.00	1,354.90	0.89
	\$	\$	
Cincinnati Reds	1,190.00	1,302.79	0.91
	\$	\$	
Oakland Athletics	1,180.00	1,104.77	1.07
	\$	\$	
Miami Marlins	1,000.00	1,240.26	0.81

In *Table 6* we see something unique with the valuations. Unlike the NFL and NBA which were both being undervalued on average by Forbes relative to my valuations, the MLB on average is being overvalued instead.

Finally, let's find the CAGR of every team within these three leagues to find the average return for each league. I've included the Forbes CAGR as a form of sanity check to ensure the results bear weight.

*Chart 6: League Average CAGR*



Looking at *Chart 6* we see that the NBA has the highest return at roughly 17% with the NFL slightly lower at 14%. The MLB is by far the lowest at roughly a 9% return. Now these returns will obviously vary from team to team, but the average is still significant. The results of each team can be found in the appendix. In order to see if this is a reasonable return we need something to compare it to. Since 1957 the CAGR of the S&P 500 is roughly 10.67% with dividends considered.<sup>34</sup> This means that not only did the NBA and NFL beat the market's average return, but they also crushed it, specifically the NBA. The MLB unsurprisingly had a

<sup>34</sup> <https://www.fool.com/investing/2022/10/13/has-the-sp-500-outperformed-its-historical-gains/>



lower return than the market itself, and that is of no surprise considering their low revenue growth, low EBITDA, and high costs.

## Conclusion

Are professional sports teams profitable and would they make a good investment? Yes and No. Right off the bat, I would not invest in an MLB team under any circumstances. The way the league is designed with absolutely zero salary cap and a tax threshold that is frankly toothless makes for a weaker league. Because of this, the product the league offers is drastically inferior to the much more egalitarian and fairer NFL and NBA. The rich get richer in the MLB, and although that may sound like the higher-end teams may make profitable investments, the overall return of the top third of the MLB is still lower than the average of both the NFL and NBA. Combine that with the terrible revenue growth and high cost and these teams become undesirable. The main concern with investing in any of these leagues is the illiquidity of the asset itself. These teams take a year at least to sell and if the other owners don't like the buyer, you can't sell the team. I believe for an individual owner with a long-term strategy who is not afraid of having their capital rapped up for an extended amount of time, owning either an NFL or an NBA team is a great move. I believe there is much more upside to an NBA team with their higher CAGR of 17% compared to the NFL's 14%, and the overseas markets the NBA can break into such as China and Europe. However, for a corporation, this is a more difficult decision. The NFL does not allow funds or corporations to have ownership in a team so the only option would be an NBA team. It would depend on the size of the firm and the capital they have that they are willing to tie up in what is most likely at least a 10-year venture. I believe firms should definitely explore partnering up with individuals who can help cover the acquisition but unless the firm has

5 billion laying around, they should not be purchasing the entirety of a team by themselves. In the end, I do believe NFL and NBA franchises are very profitable investments, however, a firm or individual must be willing to not be able to sell that investment for at least a few years.

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## Appendix:

Precedent Transaction Analysis		Market Data (mm)		Financials (mm)		Valuation	
Team	Year of Sale	Transaction Value		Revenue		EV/Revenue	
Denver Broncos	2022	\$ 4,700.00		\$ 526.00		8.94	
Carolina Panthers	2018	\$ 2,300.00		\$ 396.00		5.81	
Buffalo Bills	2014	\$ 1,400.00		\$ 252.00		5.56	
				High		8.94	
				<b>Average</b>		<b>6.77</b>	
				<b>Median</b>		<b>5.81</b>	
				Low		5.56	

Precedent Transaction Analysis			
Team	Forbes Value	Market Implied EV – Rev	Market Implied EV – Rev
Dallas Cowboys	\$ 8,000.00	\$ 9,828.90	0.81
New England Patriots	\$ 6,400.00	\$ 5,816.92	1.10
Los Angeles Rams	\$ 6,200.00	\$ 5,611.41	1.10
New York Giants	\$ 6,000.00	\$ 5,218.25	1.15
Chicago Bears	\$ 5,800.00	\$ 4,646.39	1.25
Washington Commanders	\$ 5,600.00	\$ 4,860.84	1.15
New York Jets	\$ 5,400.00	\$ 4,637.45	1.16
San Francisco 49ers	\$ 5,200.00	\$ 5,137.83	1.01
Las Vegas Raiders	\$ 5,100.00	\$ 5,030.61	1.01
Philadelphia Eagles	\$ 4,900.00	\$ 4,887.64	1.00
Houston Texas	\$ 4,700.00	\$ 5,102.09	0.92
Denver Broncos	\$ 4,700.00	\$ 4,700.00	1.00
Miami Dolphins	\$ 4,600.00	\$ 4,762.55	0.97
Seattle Seahawks	\$ 4,500.00	\$ 4,628.52	0.97
Green Bay Packers	\$ 4,250.00	\$ 4,851.90	0.88
Atlanta Falcons	\$ 4,000.00	\$ 4,521.29	0.88
Pittsburgh Steelers	\$ 3,975.00	\$ 4,414.07	0.90
Minnesota Vikings	\$ 3,925.00	\$ 4,467.68	0.88
Baltimore Ravens	\$ 3,900.00	\$ 4,574.90	0.85
Los Angeles Chargers	\$ 3,875.00	\$ 4,387.26	0.88
Cleveland Browns	\$ 3,850.00	\$ 4,557.03	0.84
Indianapolis Colts	\$ 3,800.00	\$ 4,324.71	0.88
Kansas City Chiefs	\$ 3,700.00	\$ 4,423.00	0.84
Tampa Bay Buccaneers	\$ 3,675.00	\$ 4,396.20	0.84
Carolina Panthers	\$ 3,600.00	\$ 4,476.62	0.80
New Orleans Saints	\$ 3,575.00	\$ 4,378.33	0.82
Tennessee Titans	\$ 3,500.00	\$ 4,297.91	0.81
Jacksonville Jaguars	\$ 3,475.00	\$ 4,208.56	0.83
Buffalo Bills	\$ 3,400.00	\$ 4,199.62	0.81
Arizona Cardinals	\$ 3,270.00	\$ 4,172.81	0.78
Detroit Lions	\$ 3,050.00	\$ 4,038.78	0.76
Cincinnati Bengals	\$ 3,000.00	\$ 4,128.14	0.73
		avg	0.93
		med	0.88

	EV/Revenue	Revenue	Sport Valuation	Sport Valuation %	Sport Revenue (Share)
Dallas Cowboys	7.27	\$ 1,100.00	\$ 2,967.00	37.09%	\$ 407.96
New England Patriots	9.83	\$ 651.00	\$ 3,550.00	55.47%	\$ 361.10
Los Angeles Rams	9.87	\$ 628.00	\$ 3,563.00	57.47%	\$ 360.90
New York Giants	10.27	\$ 584.00	\$ 3,712.00	61.87%	\$ 361.30
Chicago Bears	11.15	\$ 520.00	\$ 4,025.00	69.40%	\$ 360.86
Washington Commanders	10.29	\$ 544.00	\$ 3,720.00	66.43%	\$ 361.37
New York Jets	10.40	\$ 519.00	\$ 3,757.00	69.57%	\$ 361.09
San Francisco 49ers	9.04	\$ 575.00	\$ 3,266.00	62.81%	\$ 361.14
Las Vegas Raiders	9.06	\$ 563.00	\$ 3,273.00	64.18%	\$ 361.31
Philadelphia Eagles	8.96	\$ 547.00	\$ 3,234.00	66.00%	\$ 361.02
Houston Texas	8.23	\$ 571.00	\$ 2,971.00	63.21%	\$ 360.94
Denver Broncos	8.94	\$ 526.00	\$ 3,195.00	67.98%	\$ 357.57
Miami Dolphins	8.63	\$ 533.00	\$ 3,116.00	67.74%	\$ 361.05
Seattle Seahawks	8.69	\$ 518.00	\$ 3,138.00	69.73%	\$ 361.22
Green Bay Packers	7.83	\$ 543.00	\$ 2,828.00	66.54%	\$ 361.32
Atlanta Falcons	7.91	\$ 506.00	\$ 2,856.00	71.40%	\$ 361.28
Pittsburgh Steelers	8.05	\$ 494.00	\$ 2,908.00	73.16%	\$ 361.40
Minnesota Vikings	7.85	\$ 500.00	\$ 2,834.00	72.20%	\$ 361.02
Baltimore Ravens	7.62	\$ 512.00	\$ 2,752.00	70.56%	\$ 361.29
Los Angeles Chargers	7.89	\$ 491.00	\$ 2,850.00	73.55%	\$ 361.12
Cleveland Browns	7.55	\$ 510.00	\$ 2,728.00	70.86%	\$ 361.37
Indianapolis Colts	7.85	\$ 484.00	\$ 2,839.00	74.71%	\$ 361.60
Kansas City Chiefs	7.47	\$ 495.00	\$ 2,700.00	72.97%	\$ 361.22
Tampa Bay Buccaneers	7.47	\$ 492.00	\$ 2,699.00	73.44%	\$ 361.34
Carolina Panthers	7.19	\$ 501.00	\$ 2,593.00	72.03%	\$ 360.86
New Orleans Saints	7.30	\$ 490.00	\$ 2,635.00	73.71%	\$ 361.16
Tennessee Titans	7.28	\$ 481.00	\$ 2,630.00	75.14%	\$ 361.44
Jacksonville Jaguars	7.38	\$ 471.00	\$ 2,662.00	76.60%	\$ 360.81
Buffalo Bills	7.23	\$ 470.00	\$ 2,615.00	76.91%	\$ 361.49
Arizona Cardinals	7.00	\$ 467.00	\$ 2,528.00	77.31%	\$ 361.03
Detroit Lions	6.75	\$ 452.00	\$ 2,435.00	79.84%	\$ 360.86
Cincinnati Bengals	6.49	\$ 462.00	\$ 2,346.00	78.20%	\$ 361.28

CAGR		Mine - Revenue Ranking		Forbes - Revenue		Ranking		Year of Sale	
Team									
Dallas Cowboys	13.0899%	13	12.4072%	14	1989				
New England Patriots	12.9093%	16	13.2819%	10	1994				
Los Angeles Rams	16.7432%	7	17.6424%	6	2010				
New York Giants	11.7300%	23	12.2185%	15	1991				
Chicago Bears	18.6965%	5	18.9524%	4	1920				
Washington Commanders	8.0983%	31	8.7377%	31	1999				
New York Jets	9.0294%	30	9.7535%	28	2000				
San Francisco 49ers	13.8814%	11	13.9112%	8	1977				
Las Vegas Raiders	19.6757%	3	19.7045%	3	1966				
Philadelphia Eagles	11.9520%	18	11.9618%	16	1994				
Houston Texas	9.3285%	29	8.9522%	30	1999				
Denver Broncos	-	-	-	-	2022				
Miami Dolphins	11.0351%	27	10.7601%	23	2009				
Seattle Seahawks	12.9760%	15	12.8537%	13	1997				
Green Bay Packers	18.9466%	4	18.7923%	5	1921				
Atlanta Falcons	10.6001%	28	9.9568%	27	2002				
Pittsburgh Steelers	17.3302%	6	17.1937%	7	1983				
Minnesota Vikings	11.7997%	22	10.9982%	21	2005				
Baltimore Ravens	11.2841%	25	10.3532%	26	2004				
Los Angeles Chargers	11.1132%	26	10.7600%	24	1984				
Cleveland Browns	14.9203%	9	13.1723%	11	2012				
Indianapolis Colts	11.8974%	20	11.6140%	18	1972				
Kansas City Chiefs	21.1429%	1	20.8002%	1	1960				
Tampa Bay Buccaneers	11.8313%	21	11.1179%	20	1995				
Carolina Panthers	14.2469%	10	9.3742%	29	2018				
New Orleans Saints	11.4900%	24	10.8969%	22	1985				
Tennessee Titans	20.7263%	2	20.3395%	2	1959				
Jacksonville Jaguars	15.2047%	8	13.3806%	9	2011				
Buffalo Bills	12.9820%	14	10.3613%	25	2014				
Arizona Cardinals	13.2614%	12	12.9584%	12	1932				
Detroit Lions	12.2151%	17	11.6823%	17	1964				
Cincinnati Bengals	11.9286%	19	11.2924%	19	1967				
high	21.1429%		20.8002%						
avg	13.6150%		13.1027%						
med	12.9093%		11.9618%						
low	8.0983%		8.7377%						

Precedent Transaction Analysis		Market Data (mm)		Financials (mm)	Valuation
Team	Year of Sale	Transaction Value	Revenue	EV/Revenue	
Los Angeles Lakers	2021	\$ 5,000	\$ 316.00		15.82
Brooklyn Nets	2019	\$ 3,200	\$ 304.00		10.53
Phoenix Suns	2023	\$ 4,000	\$ 302.00		13.25
Utah Jazz	2020	\$ 1,700	\$ 226.00		7.52
San Antonio Spurs	2021	\$ 1,800	\$ 205.00		8.78
Minnesota Timberwolves	2021	\$ 1,500	\$ 193.00		7.54
			High		15.82
			<b>Average</b>		<b>10.57</b>
			<b>Median</b>		<b>9.65</b>
			Low		7.52

Precedent Transaction Analysis				
Team	Forbes Value	Market Implied EV - Rev	Market Implied EV - Rev	
Golden State Warriors	\$ 7,000.00	\$ 8,087.89		0.87
New York Knicks	\$ 6,100.00	\$ 4,778.73		1.28
Los Angeles Lakers	\$ 5,900.00	\$ 4,916.17		1.20
Chicago Bulls	\$ 4,100.00	\$ 3,721.49		1.10
Boston Celtics	\$ 4,000.00	\$ 3,816.64		1.05
Los Angeles Clippers	\$ 3,900.00	\$ 3,827.21		1.02
Brooklyn Nets	\$ 3,500.00	\$ 4,281.82		0.82
Dallas Mavericks	\$ 3,300.00	\$ 3,848.36		0.86
Houston Rockets	\$ 3,200.00	\$ 3,700.34		0.86
Philadelphia 76ers	\$ 3,150.00	\$ 3,647.48		0.86
Toronto Raptors	\$ 3,100.00	\$ 3,161.15		0.98
Miami Heat	\$ 3,000.00	\$ 3,446.60		0.87
Phoenix Suns	\$ 2,700.00	\$ 3,192.87		0.85
Washington Wizards	\$ 2,500.00	\$ 3,076.57		0.81
Milwaukee Bucks	\$ 2,300.00	\$ 3,721.49		0.62
Portland Trailblazers	\$ 2,100.00	\$ 3,076.57		0.68
Cleveland Cavaliers	\$ 2,050.00	\$ 3,436.03		0.60
Sacramento Kings	\$ 2,030.00	\$ 2,949.70		0.69
Utah Jazz	\$ 2,025.00	\$ 3,256.30		0.62
San Antonio Spurs	\$ 2,000.00	\$ 3,235.16		0.62
Atlanta Hawks	\$ 1,975.00	\$ 2,981.42		0.66
Denver Nuggets	\$ 1,930.00	\$ 2,886.27		0.67
Detroit Pistons	\$ 1,900.00	\$ 2,939.13		0.65
Oklahoma City Thunder	\$ 1,875.00	\$ 2,896.84		0.65
Orlando Magic	\$ 1,850.00	\$ 2,875.69		0.64
Indiana Pacers	\$ 1,800.00	\$ 2,791.12		0.64
Charlotte Hornets	\$ 1,700.00	\$ 2,843.98		0.60
Minnesota Timberwolves	\$ 1,670.00	\$ 2,865.12		0.58
Memphis Grizzlies	\$ 1,650.00	\$ 2,875.69		0.57
New Orleans Pelicans	\$ 1,600.00	\$ 2,833.40		0.56
		avg		0.78
		med		0.69

	EV/Revenue	Revenue	Value
Golden State Warriors	9.15	\$ 765.00	\$ 7,000.00
New York Knicks	13.50	\$ 452.00	\$ 6,100.00
Los Angeles Lakers	12.69	\$ 465.00	\$ 5,900.00
Chicago Bulls	11.65	\$ 352.00	\$ 4,100.00
Boston Celtics	11.08	\$ 361.00	\$ 4,000.00
Los Angeles Clippers	10.77	\$ 362.00	\$ 3,900.00
Brooklyn Nets	8.64	\$ 405.00	\$ 3,500.00
Dallas Mavericks	9.07	\$ 364.00	\$ 3,300.00
Houston Rockets	9.14	\$ 350.00	\$ 3,200.00
Philadelphia 76ers	9.13	\$ 345.00	\$ 3,150.00
Toronto Raptors	10.37	\$ 299.00	\$ 3,100.00
Miami Heat	9.20	\$ 326.00	\$ 3,000.00
Phoenix Suns	8.94	\$ 302.00	\$ 2,700.00
Washington Wizards	8.59	\$ 291.00	\$ 2,500.00
Milwaukee Bucks	6.53	\$ 352.00	\$ 2,300.00
Portland Trailblazers	7.22	\$ 291.00	\$ 2,100.00
Cleveland Cavaliers	6.31	\$ 325.00	\$ 2,050.00
Sacramento Kings	7.28	\$ 279.00	\$ 2,030.00
Utah Jazz	6.57	\$ 308.00	\$ 2,025.00
San Antonio Spurs	6.54	\$ 306.00	\$ 2,000.00
Atlanta Hawks	7.00	\$ 282.00	\$ 1,975.00
Denver Nuggets	7.07	\$ 273.00	\$ 1,930.00
Detroit Pistons	6.83	\$ 278.00	\$ 1,900.00
Oklahoma City Thunder	6.84	\$ 274.00	\$ 1,875.00
Orlando Magic	6.80	\$ 272.00	\$ 1,850.00
Indiana Pacers	6.82	\$ 264.00	\$ 1,800.00
Charlotte Hornets	6.32	\$ 269.00	\$ 1,700.00
Minnesota Timberwolves	6.16	\$ 271.00	\$ 1,670.00
Memphis Grizzlies	6.07	\$ 272.00	\$ 1,650.00
New Orleans Pelicans	5.97	\$ 268.00	\$ 1,600.00



Team	CAGR		Mine - Revenue		Forbes - Revenue		Year of Sale	
	Ranking	Ranking	Revenue	%	Revenue	%	Year	Ranking
Golden State Warriors			24,884.8%		23,504.7%		2010	
New York Knicks			11,234.1%	25	12,283.4%		15	1997
Los Angeles Lakers			-0.8419%	29	8,627.8%		23	2021
Chicago Bulls			15,381.7%	14	15,676.2%		7	1985
Boston Celtics			11,899.3%	22	12,149.7%		16	2002
Los Angeles Clippers			7,477.3%	28	7,702.6%		24	2014
Brooklyn Nets			7,552.3%	27	2,265.6%		29	2019
Dallas Mavericks			12,068.4%	21	11,321.9%		17	2000
Houston Rockets			9,052.7%	26	6,444.0%		25	2017
Philadelphia 76ers			23,597.4%	7	22,096.3%		2	2011
Toronto Raptors			20,674.9%	9	20,460.8%		3	2012
Miami Heat			14,254.1%	16	13,801.9%		11	1988
Phoenix Suns			-		-			2023
Washington Wizards			14,144.5%	17	12,336.8%		14	2010
Milwaukee Bucks			23,669.2%	6	17,230.5%		5	2014
Portland Trailblazers			11,414.6%	24	10,205.5%		20	1988
Cleveland Cavaliers			13,095.6%	19	9,896.7%		22	2005
Sacramento Kings			18,638.0%	13	14,286.6%		10	2013
Utah Jazz			24,191.5%	4	6,004.8%		26	2020
San Antonio Spurs			34,063.8%	2	5,409.3%		28	2021
Atlanta Hawks			19,230.5%	12	13,248.0%		13	2015
Denver Nuggets			12,257.9%	20	10,310.7%		19	2000
Detroit Pistons			20,141.9%	11	15,852.6%		6	2011
Oklahoma City Thunder			13,732.5%	18	10,859.2%		18	2006
Orlando Magic			11,632.7%	23	10,104.4%		21	1991
Indiana Pacers			14,978.0%	15	13,724.0%		12	1983
Charlotte Hornets			23,921.1%	5	19,111.8%		4	2010
Minnesota Timberwolves			38,205.7%	1	5,514.6%		27	2021
Memphis Grizzlies			20,286.9%	10	14,363.0%		9	2012
New Orleans Pelicans			21,323.4%	8	15,181.3%		8	2012
high			38,205.7%		23,504.7%			
avg			16,971.1%		12,412.9%			
med			14,978.0%		12,283.4%			
low			-0.8419%		2,265.6%			

Precedent Transaction Analysis Market Data (mm)			Financials (mm)		Valuation
Team	Year of Sale	Transaction Value	Revenue		EV/Revenue
New York Mets	2020	\$ 2,400	\$ 332.00		7.23
Seattle Mariners	2016	\$ 1,200	\$ 289.00		4.15
Kansas City Royals	2019	\$ 1,000	\$ 251.00		3.98
Miami Marlins	2017	\$ 1,200	\$ 219.00		5.48
			High		7.23
			<b>Average</b>		<b>5.21</b>
			<b>Median</b>		<b>4.82</b>
			Low		3.98

Precedent Transaction Analysis			
Team	Forbes Value	Market Implied EV - Rev	Market Implied EV - Rev
New York Yankees	\$ 7,100.00	\$ 3,423.74	2.07
Los Angeles Dodgers	\$ 4,800.00	\$ 3,027.69	1.59
Boston Red Sox	\$ 4,500.00	\$ 2,673.33	1.68
Chicago Cubs	\$ 4,100.00	\$ 2,350.24	1.74
San Francisco Giants	\$ 3,700.00	\$ 2,193.90	1.69
New York Mets	\$ 2,900.00	\$ 1,948.98	1.49
Los Angeles Angels	\$ 2,700.00	\$ 1,933.34	1.40
Atlanta Braves	\$ 2,600.00	\$ 2,214.75	1.17
Philadelphia Phillies	\$ 2,575.00	\$ 2,074.05	1.24
St Louis Cardinals	\$ 2,550.00	\$ 1,865.60	1.37
Houston Astros	\$ 2,250.00	\$ 2,120.95	1.06
Texas Rangers	\$ 2,225.00	\$ 1,907.29	1.17
Seattle Mariners	\$ 2,200.00	\$ 1,891.65	1.16
Toronto Blue Jays	\$ 2,100.00	\$ 1,532.08	1.37
Chicago White Sox	\$ 2,050.00	\$ 1,438.28	1.43
Washington Nationals	\$ 2,000.00	\$ 1,855.18	1.08
San Diego Padres	\$ 1,750.00	\$ 1,688.42	1.04
Baltimore Orioles	\$ 1,713.00	\$ 1,375.75	1.25
Milwaukee Brewers	\$ 1,605.00	\$ 1,532.08	1.05
Colorado Rockies	\$ 1,475.00	\$ 1,490.39	0.99
Detroit Tigers	\$ 1,450.00	\$ 1,354.90	1.07
Minnesota Twins	\$ 1,390.00	\$ 1,391.38	1.00
Arizona Diamondbacks	\$ 1,380.00	\$ 1,438.28	0.96
Pittsburgh Pirates	\$ 1,320.00	\$ 1,365.33	0.97
Cleveland Guardians	\$ 1,300.00	\$ 1,396.59	0.93
Tampa Bay Rays	\$ 1,250.00	\$ 1,292.37	0.97
Kansas City Royals	\$ 1,200.00	\$ 1,354.90	0.89
Cincinnati Reds	\$ 1,190.00	\$ 1,302.79	0.91
Oakland Athletics	\$ 1,180.00	\$ 1,104.77	1.07
Miami Marlins	\$ 1,000.00	\$ 1,240.26	0.81
		avg	1.22
		med	1.12

	EV/Revenue	Revenue	Value
New York Yankees	10.81	\$ 657.00	\$ 7,100.00
Los Angeles Dodgers	8.26	\$ 581.00	\$ 4,800.00
Boston Red Sox	8.77	\$ 513.00	\$ 4,500.00
Chicago Cubs	9.09	\$ 451.00	\$ 4,100.00
San Francisco Giants	8.79	\$ 421.00	\$ 3,700.00
New York Mets	7.75	\$ 374.00	\$ 2,900.00
Los Angeles Angels	7.28	\$ 371.00	\$ 2,700.00
Atlanta Braves	6.12	\$ 425.00	\$ 2,600.00
Philadelphia Phillies	6.47	\$ 398.00	\$ 2,575.00
St Louis Cardinals	7.12	\$ 358.00	\$ 2,550.00
Houston Astros	5.53	\$ 407.00	\$ 2,250.00
Texas Rangers	6.08	\$ 366.00	\$ 2,225.00
Seattle Mariners	6.06	\$ 363.00	\$ 2,200.00
Toronto Blue Jays	7.14	\$ 294.00	\$ 2,100.00
Chicago White Sox	7.43	\$ 276.00	\$ 2,050.00
Washington Nationals	5.62	\$ 356.00	\$ 2,000.00
San Diego Padres	5.40	\$ 324.00	\$ 1,750.00
Baltimore Orioles	6.49	\$ 264.00	\$ 1,713.00
Milwaukee Brewers	5.46	\$ 294.00	\$ 1,605.00
Colorado Rockies	5.16	\$ 286.00	\$ 1,475.00
Detroit Tigers	5.58	\$ 260.00	\$ 1,450.00
Minnesota Twins	5.21	\$ 267.00	\$ 1,390.00
Arizona Diamondbacks	5.00	\$ 276.00	\$ 1,380.00
Pittsburgh Pirates	5.04	\$ 262.00	\$ 1,320.00
Cleveland Guardians	4.85	\$ 268.00	\$ 1,300.00
Tampa Bay Rays	5.04	\$ 248.00	\$ 1,250.00
Kansas City Royals	4.62	\$ 260.00	\$ 1,200.00
Cincinnati Reds	4.76	\$ 250.00	\$ 1,190.00
Oakland Athletics	5.57	\$ 212.00	\$ 1,180.00
Miami Marlins	4.20	\$ 238.00	\$ 1,000.00

CAGR		Mine - Revenue	Ranking	Forbes - Revenue	Ranking	Year of Sale
Team						
New York Yankees	12.6679%	2	14.3235%	2	1973	
Los Angeles Dodgers	3.8415%	28	8.2841%	25	2012	
Boston Red Sox	9.7352%	16	12.4905%	7	2002	
Chicago Cubs	9.0366%	22	13.4579%	4	2009	
San Francisco Giants	10.8427%	7	12.7907%	5	1993	
New York Mets	-6.7035%	30	6.5113%	27	2020	
Los Angeles Angels	12.4951%	3	14.3896%	1	2003	
Atlanta Braves	11.2895%	5	12.4106%	8	2007	
Philadelphia Phillies	10.6120%	9	11.1833%	11	1981	
St Louis Cardinals	9.7856%	15	11.0637%	12	1996	
Houston Astros	13.4810%	1	14.0409%	3	2011	
Texas Rangers	9.4026%	19	10.7070%	14	2010	
Seattle Mariners	6.7179%	26	9.0450%	24	2016	
Toronto Blue Jays	11.0682%	6	12.6013%	6	2000	
Chicago White Sox	10.7159%	8	11.6540%	9	1981	
Washington Nationals	8.6893%	23	9.1709%	22	2006	
San Diego Padres	9.8621%	14	10.2205%	16	2012	
Baltimore Orioles	7.1560%	25	7.9420%	26	1993	
Milwaukee Brewers	11.3009%	4	11.5888%	10	2005	
Colorado Rockies	9.2866%	20	9.2500%	21	1992	
Detroit Tigers	9.4696%	18	9.7094%	18	1992	
Minnesota Twins	9.2600%	21	9.2573%	20	1984	
Arizona Diamondbacks	9.9308%	13	9.6917%	19	2004	
Pittsburgh Pirates	10.5063%	11	10.3682%	15	1996	
Cleveland Guardians	6.5728%	27	6.2412%	28	2000	
Tampa Bay Rays	10.3190%	12	10.1256%	17	2004	
Kansas City Royals	7.8890%	24	4.6635%	29	2019	
Cincinnati Reds	9.7000%	17	9.1172%	23	2006	
Oakland Athletics	10.6057%	10	11.0113%	13	2005	
Miami Marlins	0.5515%	29	-2.9930%	30	2017	
high	13.4810%		14.3896%			
avg	8.8696%		10.0106%			
med	9.7604%		10.2944%			
low	-6.7035%		-2.9930%			