



Home Field Advantage

Why Renovating Fenway Park Makes Sense

Fenway Park brings the Red Sox exceptionally strong revenues and an enduring historic legacy; it is also a cultural landmark, the most exciting ballpark in the majors and an integral part of what makes Boston unique among American cities. This report provides eleven reasons why the Red Sox, their fans and the city of Boston would be better served by a renovation of Fenway Park than by the construction of a new stadium.

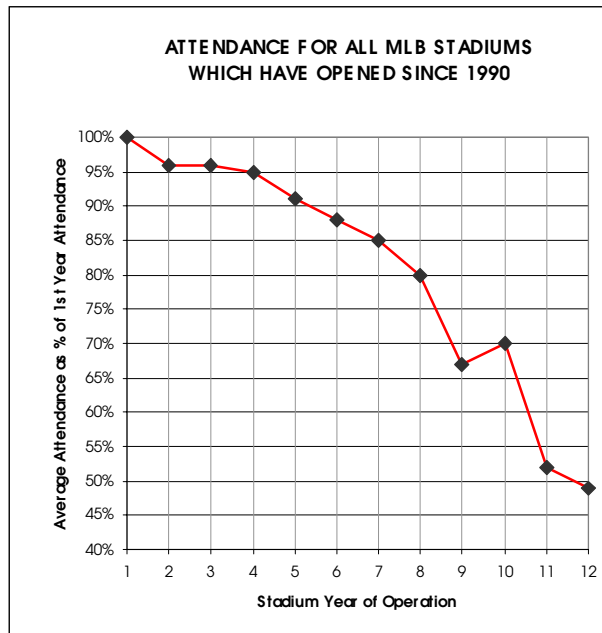
Reason 1: Fenway Park is Baseball's Third Most Profitable Stadium

An analysis of figures released to Congress by the Commissioner of Major League Baseball in December 2001 reveals that Fenway was fourth in gross revenue and third in net revenue among all major league stadiums in 2001. Today's Fenway Park is more profitable than Camden Yards, Jacobs Field, Pac Bell Park, Coors Field, The Ballpark in Arlington, Turner Field, PNC Park, Miller Park, Bank One Ballpark, the former Enron Field, Comerica Park, and Wrigley Field. Fenway Park's strong revenues helped the Red Sox finish fourth in total team revenue and enabled the Red Sox to field the team with the highest payroll in baseball last season.

With revenues so high, the chance of increasing them by building a new stadium is small while the risk of a reduction in revenues is great. The loss of distinction, an inability to raise ticket prices at a new stadium and the likelihood of crushing annual payments to retire construction debt also contribute to the very real risk of economic failure. The numbers indicate that a new Red Sox stadium would have to be significantly more successful than any other stadium ever built just for the Red Sox to keep pace with the level of stadium revenues they now enjoy. Moreover, due to the much greater size of the New York media market it is a myth that the Red Sox could match the Yankees in revenue by building a new stadium.

Reason 2: New Stadium Revenues Soon Decline Dramatically

During the 2001 season Fenway Park was second in the majors in ticket revenue, the largest and most important category of stadium revenue by far. Fenway easily surpassed the ticket revenues of all new stadiums.





Attendance and ticket pricing are the sole factors in producing ticket revenue and Fenway has an advantage over new stadiums in both of these categories. Attendance at new stadiums is falling off considerably as their novelty wears off. Further, the novelty period for the most recently opened stadiums is shorter than it was when having a new facility was something special. The Red Sox, on the other hand, have broken their all time attendance record in each of the last two years and a modest renovation this season added about 400 seats estimated by the team to be worth \$3.5 million annually. Data also indicates that Fenway Park is the only stadium in baseball where attendance is not dependent upon the team's performance on the field and since 1967 only the Red Sox and Dodgers have drawn above the major league average in attendance every year but one.

In addition to steady and growing attendance, Fenway Park supports the highest ticket prices in baseball. And this year's 13.8 percent ticket price increase will bring in an additional \$12.4 million if attendance meets last year's level. With ticket sales for 2002 at a record pace it is likely that Fenway Park will increase its lead in ticket revenues by many millions of dollars this year.

Reason 3: Fenway Park Delivers The Best Baseball Experience

With its quirky angles, famous Green Monster and a patina of baseball and Boston history, Fenway Park is an electric venue. With every game there is the excitement of just being in a special place. There is a unique and unmistakable energy about Fenway Park and a refreshing focus on the game itself. Attending a game at Fenway is an experience we share not only with each other but with those who have come before us and hopefully with those who will follow us. Only through a sensitive renovation can this authentic New England experience, and the finest baseball experience in the majors, be retained.

Reason 4: Fenway Park Is Central To The Red Sox Mystique

The Red Sox are an authentic New England institution largely because they play their games in the genuine article, not a Disney-esque replica. Fenway Park is steeped in warm associations of baseball lore, tradition and simpler times. Without these, the Red Sox will lose their uniquely storied status. In today's homogenized, mass-marketed world, a unique, differentiated product is a valuable one. The aura of tradition that Fenway lends to the Red Sox also translates into a loyal and ardent regional fan base, a large national (and even international) following, and strong merchandise sales.

Significantly, the two recent scenarios where teams replaced clearly historic ballparks produced the two least successful new stadiums. In Chicago and Detroit, new stadiums severed the teams' ties to their celebrated past and impaired the teams' ability to benefit from these important connections. The new Comerica Park and Comerica Park indicate that fans leaving behind an historic venue do not flock to today's standard new stadium in the same fashion as those moving from concrete doughnut stadiums built in the 1960's and 1970's.





Reason 5: Renovating Will Cost Significantly Less Than Building A New Stadium

Even when the value of the land that Fenway Park now occupies is factored in as a credit against the cost of a new stadium, renovation is still significantly less expensive. And unlike a new stadium, part of the cost of renovation may be recovered through tax credits, an historic easement and a legislatively authorized grant available for renovations of sports facilities. Add to the cost of a new stadium the interest on financing the extra costs and the savings for renovation increase. The accompanying chart compares the cost of the most expensive renovation plan with the cost of a new Waterfront stadium. Because there is no formal proposal with documented costs for either a new Waterfront stadium or a renovation of Fenway Park at this time, the figures in the chart are just estimates; but they are sufficient for comparative purposes.

Renovation v. Waterfront Stadium (in millions)		
	Renovation	Waterfront
Stadium Structure	\$300	\$352
Purchase of Land	0	150
Land Clearance and Preparation	0	50
Sale of Red Sox' Fenway Land	0	(92)
Tax Credit/Historic Easement	(40)	0
State Grant	(7)	0
Lobbying & Public Relations	1	5
Interest on Excess Cost (Present Value)	0	90
Revenue Loss During Renovation	17	0
Total Cost	\$271	\$555

Reason 6 : Renovation Will Efficiently Address Team Needs

What is necessary in assessing Red Sox stadium requirements is a careful analysis of needs, risk and cost. The challenge for the Red Sox from a stadium revenue perspective is to maintain exceptional ticket revenues while increasing other stadium revenues. The Red Sox are second in baseball in ticket revenue, but at the league median in other stadium revenues. Their third-place finish in net stadium revenues overall is due to the fact that revenues other than ticket receipts are the less significant portion of total stadium revenues for major league franchises.

There are four things the Red Sox hope to gain by building a new stadium – greater concession sales, more premium seating, a larger seating capacity and increased fan amenities and comfort. Renovation is a less risky, more cost efficient way of obtaining these four goals. Limiting the increase in seating capacity will allow the team to focus spending on those elements most likely to bring the greatest return (e.g., premium rather than general admission seating) while preserving the benefits of a smaller venue: close-to-the-field seating, sustainable ticket pricing, a higher level of advanced ticket sales, lower operating costs and a park where the focus is on the great game of baseball.

Reason 7: New Englanders Favor Fenway Park Renovation

One of the risks of building a new stadium is a resulting loss of public interest in a franchise that leaves familiar confines and an authentic legacy for the homogenous world of corporate franchises playing in ‘retro’ stadiums. Opinion polls consistently show two-to-one majority support for renovation of Fenway Park. People love Fenway and would like to see it upgraded, not replaced.





Reason 8: Fenway Park Makes For Good Television

Fenway Park is a media darling – the most picturesque and identifiable baseball venue in the world. The baseball tradition embodied by Fenway Park makes for a television product that is attractive to cable and satellite networks that reach far beyond New England. These days media revenues are an increasingly significant source of overall team revenue. A legendary ballpark brings higher ratings, and higher ratings bring higher media revenues.

Reason 9: Renovation Brings More Revenue More Quickly

Renovation can begin right away and be accomplished in from three to five years. Due to financing uncertainties and political and logistical complexities, a new stadium would probably take at least ten years to complete, as did San Francisco's Pac Bell Ballpark which was undertaken in a similar political environment.

Reason 10: Renovation Does Not Require A Public Subsidy Or Eminent Domain

Not only is the local political climate cool to stadium subsidies but, because Fenway Park is currently third in baseball in net revenues, the Red Sox would need an incredibly large subsidy, certainly the largest ever, to make a new stadium more attractive than staying at Fenway Park. Also contributing to the size of the required subsidy are high land and construction costs in Boston. And eminent domain land takings for private sports facilities are unconstitutional in Massachusetts.

Moreover, no city has placed public funds toward the destruction of a ballpark that is its number one tourist draw; nor has any city placed public funds toward the destruction of a ballpark that is one of its signature landmarks. Unlike an ugly public battle over the new taxes and taxpayer funding needed for a new stadium, preserving Fenway can be a public relations bonanza for the team.

Reason 11: Obstacles To Renovation Can Be Controlled

The major obstacles to renovation are Fenway's structural integrity and the logistical problem of playing in a ballpark that is undergoing modernization. Professionals have found ways to deal with both of these issues. Unlike the political obstacles to constructing a new stadium, these obstacles are within the control of the team and can be handled through prudent planning and management. Coupled with the tremendous risks inherent in replacing Fenway with a new stadium, the overwhelming benefits of renovation far outweigh these difficulties.

Conclusion

Replacing multi-use concrete "doughnut" stadiums with Camden Yards-style stadiums and replacing storied Fenway Park with what would be the sixteenth Camden Yards sequel are two entirely different propositions. At its heart, renovation is about imagining something even better than the present-day Fenway Park – a more comfortable Fenway with added amenities but with the same awe-inspiring presence and intimacy. The benefits for the Red Sox, their fans and Boston are clear. Replacing Fenway Park would only diminish us; renovation would make a great ballpark, a great ball team and a great city even greater.

The full report "Home Field Advantage" is available at www.SaveFenwayPark.org/Homefield.html.

