Not a “Game Changer”: The Impact of the Baltimore Grand Prix

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In September, 2011, the city of Baltimore held the inaugural Baltimore Grand Prix through the streets of its downtown Inner Harbor. Mayor Stephanie Rawlings-Blake claimed that the Indy Racing League event would be a “game changer” for the city as a global audience of millions would watch the race on television, while race organizers, Baltimore Racing Development (BRD), promised an economic impact of $70 million as 100,000 race attendees (including 80,000 visitors) would come to Baltimore on Labor Day weekend – historically a slow time for tourism for the city (BRD, 2010; Scharper, 2010).

As we explain, Rawlings-Blake’s approach continued Baltimore’s history of relying upon recreation, sport and tourism as important elements in its economic development strategy (Harvey, 2001; Norris, 2003). This strategy, which began in the 1970s and featured amenities such as the Harborplace waterfront mall, the National Aquarium, the Baltimore Convention Center, and the Camden Yards Sports Complex, has created a $4.4 billion industry that employs more than 26,000 people (Mirabella, 2011). Within this effort, public policy has been essential to develop the tourism economy as the State of Maryland and City of Baltimore have invested more than $2 billion through direct subsidies and provided additional tax abatements (Levine, 1999). Moreover, many projects, including Camden Yards, require on-going subsidization as tax revenues and payments from tenants fail to meet public costs (see Hamilton & Kahn, 1995). Despite the investment of considerable public resources, these efforts have done little to slow Baltimore’s overall decline and created what Hula (1990) describes as “two Baltimores” – a downtown core that is experiencing renewal and another (the rest of the city) that continues to decay (see also Harvey, 2001; Levine, 1987; Szanton, 1986).

In the case of the Baltimore Grand Prix, the city spent more than $7 million to repave roads for the race, guaranteed more than $2 million in loans to the start-up BRD, devoted significant city resources to the race (particularly in the time focused on the event by the city’s economic development office), and subjected residents and downtown workers to severe disruption as streets were periodically closed for road work through the spring and summer of 2011 and during the week of the race. In this presentation, we examine the impacts of the Baltimore Grand Prix on the city and the various claims of race proponents through a mixed-methods approach using a survey of race patrons, ethnographic observation, and contextual analysis.

Although the race weekend attracted crowds estimated to be more than 150,000, we found that the race’s impact fell far short of expectations. Our survey of 210 race patrons provides evidence that spending by race attendees is about $25 million, which is vastly smaller than the BRD’s projections. Some of the difference between the projections and our findings results from the vast difference between the origin of the attendees in our sample and the origins projected by BRD. In our sample, about 76% of the patrons came from Maryland, and about 64% of them from the Baltimore metropolitan area. This is in contrast to the BRD’s projections that 80% of race patrons would come from outside Maryland. This difference in the crowd’s composition also contributes to our finding of far less spending per person than the $700 per person projected by BRD. Consequently, we estimate about $10 million of the spending related to the Grand Prix would likely have occurred in Baltimore or Maryland without the event.

However, because our survey of spending patterns only provides a limited view of the race’s impact on Baltimore, we have incorporated qualitative methods in which we identify decreased activity in areas throughout downtown and the failure of the race to meet the expectations of businesses around the city. In all, we found that the Baltimore Grand Prix was not the “game changer” promised by Mayor Rawlings-Blake. Instead, we suggest the race is the continuation of a development approach that has encouraged policy makers and city managers to promote and pursue flashy but ultimately unproductive activity, while neglecting projects that are mundane but immensely important.

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