Mapping Sport-Led Urban Development: The Case of Major League Arenas

Stephanie Gerretsen, University of Michigan
Judith Long (Advisor), University of Michigan

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The development of new major league sports facilities in the United States is increasingly tied to strategies for urban development within their host cities. Generally, these strategies seek to leverage the large audiences generated by sporting events to support new private investment in the immediate area, typically envisioned as a cluster of new housing, office, retail and “entertainment” land uses. Since many host cities participate financially in the provision of new facilities, these urban development benefits are an important part of the promise made to taxpayers as a return on their investment.

This study examines the case of major league arenas, and asks whether they are successful in generating new development in their immediate vicinity. The methodology is empirical, comparing the magnitude and nature of development before and after the arenas were opened. Development patterns around 15 major league arenas opened between 1990 and 2004 are examined, measuring changes within a quarter-mile radius around each venue over a 25-year period from 1990 to 2015. Three measures of change are tracked: 1) changes in the volume of built area (square feet), where a successful urban development outcome would indicate an increase in new construction and renovation activity, 2) changes in the land use composition of the area (land-use mix), where a successful urban development outcome would indicate a shift toward residential, commercial and retail uses, and away from industrial uses and vacant parcels, 3) changes in assessed value, where a successful urban development outcome would indicate increases in market value (where assessments are based on market valuations) and increased property tax revenues. While it may be argued that these metrics cannot fully explain success in a complex urban system, they do explicitly address three of the most commonly stated goals accompanying urban development strategies.

The findings point to a mixed record of urban development changes around major league arenas. Eight of the 15 arena districts had successful urban development outcomes measured across all three metrics of success, whereas in the seven remaining cases there was a significant shortcoming on one or more metric, most typically on the land use metric where no significant shift in land use composition was evident. Importantly, the data show in almost all of the cases, there was a ten-year lag before any significant development arrived in the area, regardless of the distinct economic and political context. Based on the individual case results, a time-series cross-sectional model was developed to determine whether arena construction enhanced growth rates in the micro-areas surrounding the arena. The results show that there is no evidence that property values grow faster after the construction of a new arena compared to before, after allowing for the effect of city-wide property values and the general upward trend in property values. Thus host cities should be cautious in their estimation of the impact of arenas on development patterns in the immediate vicinity.