

An 18 Year Look At MLB Revenues, And How It Impacts Free Agency

Written by Maury Brown

Thursday, 09 January 2014 16:42

As the calendar turned from 2013 to 2014, we can officially look back on the last season in Major League Baseball and size it up, not only on the field, but outside the diamond. As [I reported for Forbes](#)

recently, MLB saw record gross revenues in excess of \$8 billion for the first time, fueled by an explosion the amounts being pulled in by media rights deals.

So, as part of an in-depth look at how this influx of revenues is affecting how clubs are structuring risky, long-term veteran free agent contracts (see [MLB's Billion Dollar TV Deals, Free Agency, And Why Robinson Cano's Deal With The Mariners Isn't "Crazy"](#)), I captured 18 years of gross revenue data on Major League Baseball. Here's the lead-in for the article, along with the graph which shows actual gross revenues and them adjusted.

“Professional baseball is on the wane. Salaries must come down or the interest of the public must be increased in some way.” – Chicago White Stockings owner Albert Spalding, 1881

The date may change, but the quote by Al Spalding all those years ago has surfaced again and again. Whether it was Babe Ruth's response to earning more money than then president Hoover's \$75,000 salary in 1930 (Ruth was making \$80,000 and said, "I know, but I had a better year than Hoover."), Nolan Ryan becoming the first player to earn more than \$1 million per season with the Houston Astros in 1980, or the record deals Alex Rodriguez has garnered with the Texas Rangers and the New York Yankees, the amount players in Major League Baseball have been paid has always been hotly debated.

So, I'd like to suggest to fans of baseball, stop when it comes to free agent contracts. Those using analytics to assign whether contract value is good or bad, your metrics are flawed. Those comparing players from different teams to say this club or that got into a bad deal, stop looking at the contract dollars. The only thing you can neatly drop into a spreadsheet or database is whether a player has more room in his performance ceiling or whether the contract will see decline and that's assigned to years and player performance. That's it. How the dollars in the contact over its life are rated depends on the free agency market, and that market shifts and changes, not only in a given year, but within the year. Not only by position, but by market. Not only by market, but by each club's ledger. It is exceptionally difficult—if not impossible—to add adjustments of that nature into any analytics equation. And that's why it's largely ignored; it's not neat and tidy.

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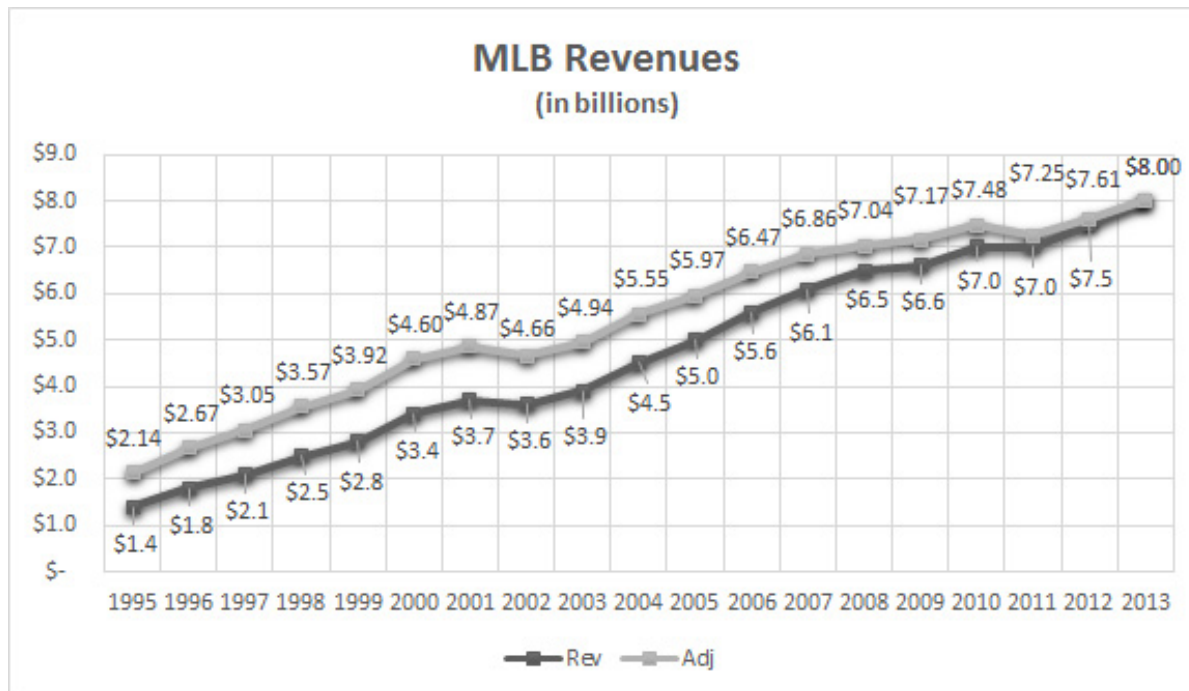
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Here's how Major League Baseball's current spending spree has occurred. It's something that isn't as "crazy" as you might think when owners are now flush with cash the likes they've never seen before.

[Read the rest of the article](#)

When accounting for inflation Major League Baseball has seen gross revenues grow 274 percent since 1995.



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