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A couple weeks back, my *Baseball Prospectus* article *How the AL West Has Become the AL East*, looked at how the lucrative television deals for the Texas Rangers and Los Angeles Angels were greatly influencing how the two clubs are competing in the free agency space, not only within the American League, but in the overall market. The mega-signing of **Albert Pujols** along with **C.J. Wilson** this year for the Angels, along with the pursuit of **Cliff Lee**, the signing of **Adrian Beltre**, as well as the **Yu Darvish** signing, and extensions to salary arbitration players **Josh Hamilton**, **Nelson Cruz**, **Elvis Andrus** over the past couple of seasons by the Rangers highlight the rapid escalation of salaries fueled by increased television revenue. Both the Angels and Rangers media rights deals are reportedly worth $3 billion each over their 20-year lifetimes.

So, is this the changing face of not only MLB, but sports in general? Massive media rights deals seem to crop up daily whether it's the Lakers or a parade of deals around the NCAA that have conferences realigning to allow them to eat as much as possible from the television revenue trough.

There will be increases, but, it's not a "one size fits all" matter. Increases in rights fees will continue as deals are renewed, but it will depend on the designated market size, performance

of the team in the standings, ad revenues, ratings, etc.

A good example is the media rights deal that the Astros have reached in the creation of a new regional sports network. They, along with the NBA Houston Rockets and Comcast SportsNet Houston are partners. The Astros and Rockets will share approx. 77.5 percent of the RSN with Comcast controlling the balance. According to *The New York Times*, the Astros will enjoy approx. $80 million a year in revenues from the deal beginning in 2013. How does that compare to the new Angels media rights deal? The Angels will reportedly pull in a whopping $150 million annually or $70 million per year more than the Astros will. The reason? Market size, and ratings, for one. The Angels, while not great in the ratings dept (fourth-worst locally), had a leg up on the Astros. With over 100 losses and a smaller market, Houston had the worst regional television ratings in the league last year.

The Astros aren't the only ones preparing for a cash infusion. The San Diego Padres, in baseball's 26th largest market, are awaiting approval of a 20-year deal that could max out to as much as $1.5 billion with Comcast. This after the Padres saw a local ratings decline from 2010 to 2011 of 46 percent.

And, this is just the start. The revenue via media deals really begins to roll in shortly. With the sale of the Los Angeles Dodgers on the cusp (scheduled to be completed by the end of April), talk of either a massive rights extension with FOX, or creation of a regional sports network are in play that could easily surpass the Angels deal. Who else is in line? The Mariners, Diamondbacks, and Nationals are in play. Maybe the biggest one outside of the Dodgers on the horizon is the Phillies, who see their deal up for renewal in 2015. According to a report in the *Philadelphia Inquirer*, when asked whether a new deal would pay dividends, team president and CEO David Montgomery said, "We will see. Right now, we're enjoying tremendous popularity. We would hope our friends at Comcast would see that as well. I'm sure they will."

The Inquirer article cites agent Scott Boras as saying deals could reach "$4 billion to $5 billion". That's Boras speaking, but the notion of an RSN deal hitting in the $4 billion plus range is certainly not out of the question, especially with large markets with fan bases that are strong at the moment. The Phillies would certainly fall into the category.

If there's a downside, it's this: note that most of these deals are of the 20-year variety. Broadcast partners are gambling that by locking in deals over a long stretch, they will actually

come out ahead. That means longer stretches as clubs come up for renewal. What may seem like a windfall *now*, could be actually *less* than expected in the future. A good example of this was the ten-year, $450 million deal that the Mariners reached with the then FSN Northwest, and ported over to ROOTS Sports. That deal runs to 2020, although there is clause that will allow the M's to negotiate a renewal as early as 2015.

In working to be competitive now, and seeing the deals brokered by the Angels and Rangers, clubs may race to have deals renewed that see longer durations. Along the way, with the large escalation in rights fees, all boats in the league will likely rise, just some more than others. In that sense, media rights deals are not a panacea for "economic parity" in MLB, just a shift in the dynamic.

Oh, and one other thing…

This has been about *local* television deals, not *national* broadcast rights through FOX, ESPN, and TBS. Those will infuse even more money to all the clubs when they come up for renewal in 2013. And, it's possible that national broadcast money could come in even sooner. While most see technical difficulties in make it happen this season, Commissioner Selig is pushing for the addition of two Wild Card play-in games for 2012 ahead of the Astros moving into the AL West for realignment in 2013. Those two games will be added revenues as the current network partners negotiate to air them as additional postseason programming.

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