

### Subscribe to Portfolio Online



PRINT CLOSE

# ODD NUMBERS

by Zubin Jelveh



[Chart of the Day: Chinese Consumers ...](#) [Odds Are G.S.E. Bailout Won't Cost A...](#)

Main

Jul 21 2008 10:49pm EDT

## Stars Aligning for Cubs

The bids are in for prospective buyers of the Chicago Cubs, a team that's in danger of winning its division for the second straight year. That hasn't happened in 100 years. But if the Cubs do go on to excel in the playoffs and win it all, the new owners will get a little extra bang for their big bucks. In his April [analysis](#) of the Cubs' franchise value, Duff McDonald wrote:

How much does a team's win-loss record matter? Analyzing sales of European soccer teams, A.E.G. researcher Ilhan Geckil found that the market value of a team may not be overly affected by any particular year's results. But the value is clearly influenced by whether the team is consistently in the running for championships...A.E.G. research suggests a team's value can rise by 20 to 30 percent if it's a bona fide contender. Anderson gives the Cubs a 20 percent premium, adding another \$100 million to the value.

The winning bid is expected to break the record for the largest sum ever paid for a baseball team. This mark was set by the new owners of the

## Recent Blog Posts

[Rate Hikes May Be Around the Corner](#)

Jul 22 2008 2:29pm EDT

[Odds Are G.S.E. Bailout Won't Cost Anything](#)

Jul 22 2008 10:13am EDT

[Stars Aligning for Cubs](#)

Jul 21 2008 10:49pm EDT

[Chart of the Day: Chinese Consumers on the Rise](#)

Jul 21 2008 11:38am EDT

[Chart of the Day: Foreclosure Contagion](#)

Jul 18 2008 2:31pm EDT

[Why the New York Times Should Use More Anonymous Sources](#)

Jul 17 2008 5:00pm EDT

[Who Uses the Most Anonymous Sources?](#)

Jul 16 2008 4:35pm EDT

[Wait. Weren't Treasuries Supposed to Be Really](#)

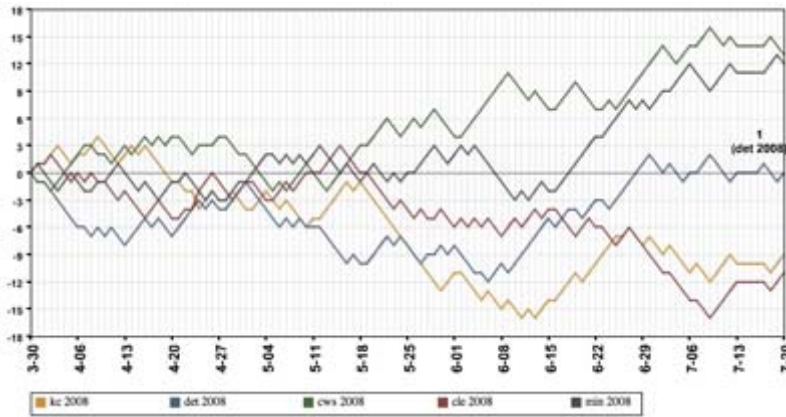
Boston Red Sox -- John Henry and his associates paid \$660 million for the Sox in 2002. Inflation-adjusted, that comes out to about \$800 million. Will I be in the first wave of fearless nerds that'll point out a sub-\$800 million winning bid isn't really a "record"?

(Yes)

The Tribune Co. bought the Cubs back in 1981 for \$20.5 million, meaning a \$1 billion sale - the top of the range for expected bids -- would represent an annual average return of 177 percent. (In order for the new owners to see the same kind of return 27 years down the road, they'll have to sell the Cubs for \$49 billion in 2035.)

Incidentally, 1908 was also the last time the Cubs won a World Series. That year, the 99-win and yet-to-be-Lovable Losers beat the Detroit Tigers in five games thanks to two complete games by staff ace **Orval Overall**. The series was a rematch from the previous year's Fall Classic -- which the Cubs also won.

**World Series favorites**, the Tigers' slow start probably means that a 100-year rematch is out of the question, although the team has been able to claw its way back into contention:



But while a World Series ring would add to the Cubs' value, their free agent shopping spree during the 2006-07 off season probably knocked a couple of dollars off the final sale price. All added, there is about \$310 million in contractual commitments to players like Alfonso Soriano and Aramis Ramirez following this season. There are only two teams with more tied-up

Safe?

Jul 16 2008 11:45am EDT

Chart of the Day: Career Women Are Good for Marrying

Jul 15 2008 11:35pm EDT

Credit Crunch Hits the Real Economy

Jul 15 2008 11:55am EDT

Private Cries: The Case for Cutting Fannie Loose

Jul 14 2008 10:43pm EDT

S&L Versus a (Possible) GSE Bailout

Jul 14 2008 3:44pm EDT

The Life Cycle of Filmmakers

Jul 11 2008 8:49pm EDT

Does the Fed Really Need to Keep the PDCF Into '09?

Jul 11 2008 1:10pm EDT

Chart of the Day: Anatomy of a Bear Market

Jul 10 2008 1:42pm EDT

Related News

Real estate exec Klaff bids for Chicago Cubs: source Reuters

Bids for Chicago Cubs submitted Reuters

Tribune ends first round of bids for Cubs, Wrigley AP

Report: Chicago real estate firm bids for Wrigley AP

Newspapers, reeling from slumping ads, slash jobs AP

Archive

Jul 2008

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
|   |   | 1 | 2 | 3 | 4 | 5 |
|   |   |   |   |   |   |   |

dollars: the New York Yankees with \$1.3 billion and those Tigers again with \$330 million.

|    |    |    |    |    |    |    |
|----|----|----|----|----|----|----|
| 6  | 7  | 8  | 9  | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 |    |    |

See more in [baseball](#) [sports](#)

Jul 2007

Aug 2007

Sep 2007

Oct 2007

Nov 2007

Dec 2007

Jan 2008

Feb 2008

Mar 2008

Apr 2008

May 2008

Jun 2008

Jul 2008

## Categories

advertising

aging

altruism

art

baseball

basketball

behavior

books

business cycles

charts

compensation

crime

derivatives

diminishing returns

drugs

education

elections

energy

ethics

finance  
football  
foreign exchange  
gambling  
gender  
globalization  
golf  
growth  
happiness  
health care  
history  
incentives  
inequality  
inflation  
interactive  
intolerance  
investing  
jobs  
marriage  
media  
monetary policy  
movies  
music  
obesity  
painting  
politics  
population  
prediction markets  
privacy  
psychology  
racism  
random  
real estate  
regulation  
religion  
roundup  
sex  
spending  
sports  
taxes

[Privacy Policy](#).

this and that

trade

war

## Links

Email me [↗](#)

Geary Behaviour Centre [↗](#)

NBER Working Papers [↗](#)

Social Science Statistics  
Blog [↗](#)

Decision Science News [↗](#)

Freakonomics [↗](#)

New York Federal Reserve  
Research [↗](#)

Statistical Modeling, Causal  
Inference, and Social  
Science [↗](#)

Marginal Revolution [↗](#)

EconTalk [↗](#)

MoneyScience [↗](#)

VoxEU [↗](#)

Unconventional Wisdom [↗](#)

Journal of Interest [↗](#)

Bluematter [↗](#)

Economist's View [↗](#)

Research Recap [↗](#)

Social Science Research  
Network [↗](#)

Institute for the Study of  
Labor [↗](#)

EconPapers [↗](#)



• Video Game Reviews • Special Features  
• Technology first looks • Guitar God Parodies

PLAY PLAYLIST PLAY PLAYLIST PLAY PLAYLIST

**WIRED**