



Sports stadiums and real estate value - by John Rynne

May 30, 2023 - Spotlights



John Rynne

As a long time Buffalo Bills fan since their beginning in 1960 and as an appraiser since 1973, I've always been fascinated by the impact of sports stadiums on real estate values. Coincidentally, 1973 marked the opening of the brand new 80,000 seat stadium in the Buffalo suburb of Orchard Park called Rich Stadium. Now 50 years later, a new stadium is being constructed across the street. Professional sport stadiums and their effect on real estate is an interesting issue. First off, there are pro sports stadiums and arenas in all the major New York State and New England areas. Also, since most of the NYREJ readership are besides Buffalo Bills fans; New York Giants, New York Jets or New England Patriot fans who may travel to Buffalo for games, the topic is relevant.

In 1960 a young Detroit businessman, Ralph Wilson, paid \$25,000 for the franchise rights to a new football league to be known as the American Football League in Buffalo. The city's home stadium was the old War Memorial Stadium located in a blighted neighborhood which initially had a seating capacity of less than 40,000. The stadium nickname was the "Rockpile". Glen Dickey a reporter for the Oakland Raiders trashed Buffalo as the "armpit of the east" along with the deteriorated stadium in the late 1960s; after he attended a game there. Ralph Wilson threatened to move the team unless a new stadium was going to be built. So the county legislature decided to build a dome stadium in the suburban town of Lancaster. It would have seated about 50,000 and once built would also secure a major league baseball franchise. Ed Cottrell was the local developer who hired the Houston Astrodome pioneers as consultants. In 1969 Erie County stopped the project when the construction bidding exceeded the \$50 million budget by 50%. Ralph Wilson was furious and started the process of moving the team. The Erie County legislature quickly pivoted to land in suburban Orchard Park in a last ditch effort to keep the team in Buffalo. The stadium known originally as Rich Stadium, cost \$23 million and opened up in 1973.

During its history there were two major renovations. However, the NFL pressured the new Buffalo Bills owners, Terry and Kim Pegula, to build a new stadium. The cost of the stadium was projected to be \$1.4 billion. That has escalated to over \$1.54 billion which will open in the summer of 2026. New York State and Erie County will be contributing approximately \$850 million. The NFL and the Buffalo Bills will be making up the difference. The age old question is besides the intangibles of having an NFL team which unites a region, is it worth it? Orchard Park is a very affluent area without the stadium. There has been only small spin off development due to the 1973 stadium. As an example, currently there are only a few nearby low cost one-story hotels. However, zoning laws in the town and village of Orchard Park are unfriendly to developers like the one which limits building heights to 2.5 stories. There is currently no ancillary development strategy like other markets. As an example, ancillary development was a big part of Green Bay's Title Town complex of \$300 million and New England's Patriot Place of \$350 million. Of course the construction of the stadium will have a positive short-term effect on the region. There will be 400 companies and 10,000 workers needed to build the new stadium. The 60,000-63,000 seat stadium will be 1.35 million s/f with an ancillary building totaling 75,000 s/f on 242 acres. The lead contractor is Gilbane/Turner. Gilbane is headquartered in Rhode Island and Turner in NYC. They are working closely together with the 34 Group which is a Buffalo construction company founded by NFL Hall of Famer and Buffalonian, Thurman Thomas. Prevailing wages will be part of the project. As an example, prevailing wage for a

carpenter in Erie county is \$32/hour with another \$12-\$15 an hour in benefits. This is 84% higher than local market non-union rates. This will have a good short-term boost to local GDP. In summary, it doesn't appear that the immediate and long-standing benefits for real estate values will be substantial in Orchard Park without zoning changes and a cohesive ancillary development plan.

John Rynne, MAI, SRA, is president and owner of Rynne, Murphy & Associates, Inc., Rochester, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540