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The Fiscal Times

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Don't believe the hype: Despite predictions of a huge economic boom, this year's Super Bowl is shaping up to be more of an economic dud.

Sports economists say that mega-events like the Super Bowl rarely bring in anywhere near the \$500 million to \$600 million promised by the National Football League. This year's game faces the additional hurdles of the region's recent frigid temperatures – although Super Bowl Sunday is shaping up to be comparatively warm – and the fact that the participating teams (and fans) are based so far away.

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While Super Bowl tickets are virtually impossible to buy directly from the NFL or the teams, after-market ticket prices dropped 40 percent within 24 hours of the conference championship games – which determined that the Seattle Seahawks and Denver Broncos would face off in Super Bowl XLVIII.



"Prices are just down across the board," said Will Flaherty, a spokesman for resale ticket aggregator SeatGeek. On Wednesday afternoon, the site was showing tickets for as low as \$1,600 a pop. That's a hefty price, but far lower than what tickets to last year's game in New Orleans were running mid-week before the matchup.

Tickets to the game aren't the only Super Bowl items that cost less than last year. Hotel occupancy rates are less than expected, which has put downward pressure on prices. The price of a room in Manhattan was averaging \$254 per night for this weekend, [according to Orbitz](#) [6] –

about half the cost of a night in New Orleans last year.

Part of the reason for lower hotel prices is the tourist capacity of the New York metro area, which has about 100,000 hotel rooms, compared to less than 40,000 in New Orleans. "That's a big difference," says Orbitz senior editor Jeanenne Tournatore. "There's a lot more choice and a lot more competition, which drives prices down."

New York is also less of a vacation destination during the coldest months of the year, while host cities in warm climes can at least offer visitors a chance to enjoy the sun for a few days. Even if hotel occupancy rates do rise, the impact on the local economy is negligible, economists say, especially in large cities like New York that have regular business travelers and high-spending tourists.

Studies of flagship mega-events like the Super Bowl or the Olympics find that visitors don't generally spend more than other tourists or local residents. Plus, much of the revenue generated by the participating teams or by hotel franchises goes to their out-of-state parent companies.

In a detailed analysis in [The Economics of the NFL: The State of the Art](#) [7], sports economists Robert Baade and Victor Matheson looked at the impact on the host cities of more than 25 Super Bowls. They found that the actual impact of the big game usually comes in at one-tenth of the amount promised by the NFL. That would put a more realistic estimate for this year at around \$55 million. That's before taking into account the cost to New York City and north Jersey governments of hosting the event, including infrastructure outlays as well as marketing, security, and cleanup costs.

"The economic impact for the local community is really business as usual for these events," says Philip Porter, an economics professor at the University of South Florida, who has studied the fiscal impact of sporting events for more than 15 years. "The Super Bowl doesn't do anything more for the economy than a high school girls' volleyball tournament."

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Events like the Super Bowl can actually have a documented "crowding out effect" in which local residents leave the area and potential tourists make other plans because they don't want to deal with crowds, traffic, and other annoyances. During the Republican National Convention in 2004, for example, attendance at Broadway shows fell by more than 20 percent, and the city reportedly lost about \$19 million in productivity due to congestion and other inconveniences.

Some lesser-known cities like Indianapolis or Tampa might benefit from residual tourism thanks to the publicity bonanza associated with the Super Bowl, which draws more than 180 million viewers. Such benefits are limited in New York, which is already a tourist destination worldwide. "New York is not going to see the long-term effects that other cities might because everybody already knows New York and what it's about," says Kurt Rotthoff, an economics professor at Seton Hall University. "We don't have to put ourselves on the map."

One group that actually could make some money this year: homeowners in New York and New Jersey who are renting out their properties to Super Bowl visitors. HomeAway.com, which facilitates such sales, says the number of homes listed on its site is up more than 50 percent, with prices averaging more than \$1,500 per night, and demand has also increased.

While such arrangements are growing, they still make up a very small percentage of Super Bowl-related accommodations. "As technology changes allow people to rent out their houses, that's a large financial benefit to some families, which is great for them," Rotthoff says. "But it's nowhere near enough to talk about having an economic impact on the region."

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