The Varying Impacts of College and Professional Sports Teams on their Markets

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Abstract: While professional and college sports teams both impact the markets in which they play from an economic and societal perspective, the way in which they drive this impact varies. Using secondary data from national social and economic studies, the research measures and compares important indicators such as GDP, per capita income, unemployment, and local satisfaction between professional and college sports markets. Results suggest professional sport teams are linked with higher absolute economic production but modest relative gains for their economies, while college teams have a more significant proportional effect in smaller markets. College sports also appear to foster higher community cohesion and pride, although professional teams hold symbolic national influence. These findings highlight that the type of sports presence changes how benefits are dispersed across a community and how the local governments can leverage the impact that sports create. The research concludes that policymakers should align sports investment strategies with city size and institutional arrangement to derive the greatest long-term economic and social benefit.

Key Words: Sports economics, community, professional sports, college athletics, economic impact, social impact

Introduction

In the United States, both professional and college sports hold a powerful presence in the cultural and economic landscape. A vast portion of the population follows professional sports; for example, 71% of Americans identify as sports fans (St. Bonaventure University). College athletics also command significant attention, as approximately 182 million people aged 12 or older (around 65.5% of the adult/teen population) call themselves college sports fans. (Learfield Report). Although both types of sports teams influence millions and shape their surrounding markets, the nature of their impact differs substantially. For example, professional teams tend to bring high visibility and large-scale entertainment value, but their measurable local economic impact is often small relative to cost—especially in large cities (Coates and Humphreys 2008). College teams, on the other hand, may produce a smaller absolute dollar impact but can have a greater proportional effect on smaller markets, both economically (via hospitality sector growth) and socially (through community integration and school spirit) (Lentz and Laband 2019). While both professional and college teams clearly impact the markets in which they play, they differ in how they drive that impact.

This research examines how the economic and social impacts of professional and college sports teams differ across U.S. markets. This distinction is significant not only to sports fans but also to city planners, institutions, and policymakers who invest capital and infrastructure and attempt to reap the benefits of sport-related development. Understanding these distinctions allows communities to better anticipate the economic and social benefits each type of team can provide, and it can guide sports organizations in directing their influence more effectively. This research will explore the economic impacts (e.g., job creation and neighborhood spending) and social impacts (e.g., civic pride and neighborhood social intercourse) of college and pro sports teams. It will also examine the way structural differences—e.g., organizational missions and management—vary the delivery and quantification of these impacts.

Data and Methodology

This research uses a comparative study design to examine the economic and social impacts of professional and college sports teams on their respective markets (Table 1). The analysis is based on a sample of 54 U.S. markets, which were coded with binary variables as having professional teams, college teams, or both. Professional team presence is quantified as having one or more of the “Big Five” franchises in the NFL, NBA, MLB, NHL, or MLS, while college team presence is quantified as having a major Division I athletics program, namely those for FBS football or high-profile basketball. The economic impact data is sourced from the Bureau of Economic Analysis and the Bureau of Labor Statistics. It measures each market’s GDP, per capita income, and unemployment rate. These variables provide a comprehensive view of market conditions and enable clearer comparisons between professional and college sports markets. The social impact data is sourced from WalletHub’s “Happiest Cities in America” study and has four prominent outcome measures: emotional and physical well-being rank, income and employment rank, community and environment rank, and a composite total score. Although social factors are harder to quantify, this study uses several established indicators that collectively capture a market’s overall well-being. While data was not available for all individual professional and college sports markets, and the data is aggregated at the designated marketing area level (vs. zip code), the dataset ultimately represents 60% of the total population of relevant markets and captures general trends.

Table 1: Economic and Social Summary Statistics by Market Type

		Pro		**College**	
Category	**Variable**	**Average**	**SD**	**Average**	**SD**
Economic	GDP	$318.2M	$327.7M	$167.5M	$312.0M
Economic	Per Capita Income	$76,405	$17,170	468,509	$18,849
Economic	Unemployment Rate	4.377%	0.78%	4.177%	0.75%
Social	Emotional and Physical Well-being Rank	94.21	52.3	86.22	52.6

Social	Community and Environment Rank	111.21	48.46	105.78	46.81
Social	Income and employment Rank	101.4	56.4	77.94	58.4
Social	Total Score	51.39	8.08	53.24	7.82

The primary analysis for this research will consist of significance testing across all variables between professional and college sports markets to determine the differences in economic and social outcomes in each. Statistical significance will be evaluated at the 90% and 95% confidence levels to identify differences between college and professional markets. In addition to this quantitative method, secondary literature in the form of sports economics and cultural impact research will then be used to provide further context for the statistical results and interpretation. This design seeks to isolate and contrast professional and college sports market impacts and control for economic and social facets of community impacts.

Results and Discussion

Economic Impact

The results of the significance tests indicate that markets with professional sports teams exhibit significantly higher GDP and per capita income averages compared to those with college teams, suggesting that professional sports franchises tend to be located in economically larger markets characterized by higher incomes, greater consumer spending, and more substantial government activity (Table 2). However, the unemployment rate difference between the two market types is not statistically significant, implying that neither form of sports presence independently drives broad-based employment changes. The significance of GDP and income at the 95% confidence level supports the idea that professional sports operate in wealthier, more economically developed markets rather than directly generating wealth themselves. This is consistent with previous research that has placed pro franchises in the role of recipients, rather than instigators, of local prosperity (Bradbury, Coates, and Humphreys 2024). The smaller GDP figures for college towns reflect the size of their population, but qualitative information suggests such impacts could be a greater share of the local economy than professional sports teams, making collegiate sports an important economic driver for smaller towns (Coates and Humphreys 2008).

Table 2: Significance Test Results for Economic Differences between Professional and College Sports Markets

Variable	Professional Market Average	College Market Average	p-Value

GDP	$318.2M	$167.5M	0.02**
Per Capita Income	$76,405	$68,509	0.03**
Unemployment	4.377%	4.177%	0.2

***Denotes significance at the 95% confidence level *Denotes significance at the 90% confidence level*

The economic influence of professional sports franchises is most often linked with mega-events, signature stadiums, and the visibility of nationally recognized brands. Studies have shown that while these franchises generate considerable revenue through ticket sales, sponsorships, and media rights, their direct economic impact on a local economy can be limited, especially in larger metropolitan areas where sports are one of many entertainment options. For example, one study by Coates and Humphreys (2008) concludes that professional franchises do not frequently make measurable net contributions to local income or employment because much of the spending they induce is drawn away from other forms of entertainment. Yet, professional sports can trigger short-term boosts in hospitality, retail, and tourism, particularly with playoff pushes or special events like the Super Bowl. College teams, however—while often operating under lower budgets—create a more concentrated economic effect in smaller markets. Lincoln, Nebraska, or Tuscaloosa, Alabama, for instance, experience considerable bumps in hotel occupancy, restaurant traffic, and local business activity during home game weekends. Lentz and Laband (2019) further state that in these markets, college sports can be a premier economic driver, with impacts that ripple across sectors due to the presence of out-of-town spectators and alumni. While professional franchises generate higher absolute revenues, college teams often produce a larger relative economic impact within their smaller host markets, particularly in those markets where they are the center of entertainment gravity (Baade & Matheson, 2016).

Societal Impact

Significance tests on societal variables reveal modest differences between professional and college markets, with none achieving statistical significance at the 95% confidence level and only “Income and Employment Rank” achieving significance at the 90% level (p = 0.07) (Table 3). While there are no apparent statistically significant differences in two of the three societal variables, external research suggests that what drives societal happiness can vary between college and professional markets. College towns' slightly higher levels of overall happiness and community membership are likely linked to their smaller, more integrated populations and concentration on shared identity through university culture (Groothuis and Rotthoff 2016). Although professional sports markets often carry national reputations, their social benefits tend to diffuse across large, diverse populations rather than concentrating locally. The findings imply that the social cohesion produced by sports depends not only on team success or fan enthusiasm but also on the cultural proximity between the team and its surrounding community.

Table 3: Significance Test Results for Societal Differences between Professional and College Sports Markets

Variable	Professional Market Average	College Market Average	p-Value
Emotional and Physical Well-being Rank	94.21	86.22	0.5
Community and Environment Rank	111.21	105.78	0.6
Income and employment Rank	101.4	77.94	0.07*
Total Score	51.39	53.24	0.3

***Denotes significance at the 95% confidence level *Denotes significance at the 90% confidence level*

Aside from economics, college and professional sports play a major societal role, but of a different kind. Professional sports often contribute to city identity and global recognition—teams like the Boston Celtics or the Green Bay Packers are not only sports franchises but cultural symbols connected with regional pride, but their fan bases may be geographically dispersed, and loyalty can be fickle depending on team success. College athletics, in contrast, tend to form more local and durable communal bonds (Lentz and Laband 2019). The connection between a university and its home city often extends beyond the field of play to encompass academic partnership, charitable initiatives, and alumni activity. Groothuis and Rotthoff (2016) found that college sports can have a significant effect on civic pride and social cohesion, particularly for small cities where the university is a flagship institution. College teams more commonly embody traditions, rituals, and shared histories that reinforce feelings of belonging, while professional teams may be oriented around high-performance entertainment and more generic brand appeal. These differences have the implication that while both forms of sport have the potential to create passion and unity, college teams may have an edge when it comes to producing long-term, place-based social capital (Lentz & Laband, 2019).

Discussion

The difference in impacts between professional and college teams has important implications for policymakers, planners, and institutional managers. For large cities considering investing in a professional franchise, expectations for economic development should be modest, with greater emphasis placed on benefits such as city branding and tourism. However, for small cities and college towns, investment in and marketing of collegiate athletics can yield proportionately large economic and social returns. These findings suggest that strategies for maximizing returns from sports teams must be tailored to both market size and team type: professional franchises can be best utilized as a component of an overall economic and tourism development strategy, but collegiate programs should be incorporated into community development and cultural initiatives. Lastly, while both college and professional sports shape the communities where they are located, the character, degree, and priorities of their influence vary dramatically, driven by structural, economic, and cultural dynamics. Becoming aware of such distinctions allows communities to more appropriately align sports investment with desired effects, so that the passion and resources poured into sports are translated into lasting returns.

Conclusion

This research sought to determine how the economic impacts of professional and college sports teams vary in their home markets. After analyzing data across a variety of economic (GDP, per capita income, unemployment rate) and societal (emotional and physical well-being, income and employment, community and environment, overall happiness) factors, the significance tests indicate that although both college and professional teams shape their communities, they do so in distinct and uneven ways. Professional sports teams would presumably be linked to higher economic indicators such as GDP and per capita income since they are part of larger and wealthier metropolitan areas. However, the evidence and literature indicate that these kinds of teams do not necessarily generate new economic growth but rather redistribute existing entertainment spending and provide symbolic visibility to their host cities. Their publicity can increase the worldwide standing of a city, attract tourists, and enhance civic reputation, but these benefits typically are more indirect and less material in everyday economic life. College sports teams, on the other hand, exert influence smaller in total dollars but frequently stronger per capita in their respective home markets. On game days in smaller college towns, local economies can be rejuvenated, filling hotels, restaurants, and stores and creating seasonal revenue booms. The team/university/community interdependence invokes a shared ownership that professional franchises can seldom achieve. College athletics is coordinated with educational and civic missions so that their effects extend beyond the stadium walls in outreach efforts, student affairs, and alliances with local businesses. This interdependence sustains both economic activity and social cohesion, making college teams essential to small-market identity and long-term resilience. Policy-wise, these findings have several implications.

Public policymakers in big cities contemplating investing in professional sports need to temper expectations for pure economic growth and prioritize other goals, such as branding, tourism promotion, or international visibility. Taxpayer subsidization of stadiums, for example, must be warranted not in economic multipliers but in the non-economic values of cultural distinction and civic symbolism. By contrast, small cities and college towns may view athletic programs as central economic drivers and social institutions. Investment in collegiate venues and events can reap disproportionate rewards through the stimulation of hospitality industries, the fostering of school spirit, and the consolidation of the social community.

This study highlights the importance of context in the area of sports economics and sociology. The same sport will have dramatically varied outcomes depending upon the community structure, institutional purpose, and size of market. Future studies need to capitalize on these findings by using longitudinal data to assess how the economic and social impacts vary over time—especially as it applies to college sport growing commercialization and pro leagues expanding into new media and global markets. Understanding these changing dynamics will enable cities and institutions to make more reflective, more equitable, and more sustainable decisions about their relationships with sport organizations. Finally, understanding the ways professional and college sports shape their communities enables the alignment of passion, pride, and policy in a way that produces sustained value for citizens and institutions alike.

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