

# Revisiting the novelty effect from new stadiums:

## An event study approach

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### Abstract

This analysis examines the novelty effect from new modern stadiums in the four major US-based professional sports leagues using a robust difference-in-differences event study approach. Estimates identify an immediate positive attendance shock from new venues that diminishes to pre-stadium-treatment levels within a decade, which is consistent with a novelty effect. The relationship is evident in all leagues; however, the estimates identify subtle differences in magnitude, certainty, and duration across leagues. Revenue estimates for professional baseball teams show substantial financial returns from new stadiums that incentivize the premature replacement of host venues when combined with typical public subsidy levels. The consistent observation of a transitory boost and decline in consumer demand from new venues over multiple eras of stadium construction confirms the robustness of the novelty effect, which improved stadium designs cannot overcome to prolong novelty gains.

Keywords: novelty effect, professional sports, stadium subsidies, consumer demand for sports

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