

What Could the Globe Life Naming Rights Be Worth to the Texas Rangers?

Written by Maury Brown

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UPDATE: According to several sources, the naming rights deal has an AAV of approx. \$5 million. That would place total value at approx. \$50 million

Today, the Texas Rangers announced that they had reached a 10-year naming rights agreement with Globe Life And Accident Insurance Company to rename "Rangers Ballpark in Arlington" to "Globe Life Park in Arlington". The change is effective immediately.

Under the agreement, Globe Life will be the Official Life Insurance Partner of the Texas Rangers, add community initiatives and serve as the sponsor of Elvis Andrus Kids Jersey Day on Friday, June 27 when the Rangers host Minnesota.

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With the naming rights deal comes a new logo, which will be displayed throughout the park, including on the tops of both dugouts. Globe Life will also receive other permanent and digital signage throughout Globe Life Park in Arlington as well as a presence on texasrangers.com and the Texas Rangers Radio Network.

The larger question centers on what the deal is worth as financial terms were not released. This would be the second naming rights agreement that the ballpark has been under. The now defunct Ameriquest had a 30-year rights deal, but just three years after the agreement was inked in 2004, the Rangers ended the deal and renamed it Rangers Ballpark in Arlington, which it has remained till today.

The naming rights market was hit heavily due to the deep recession that started in December of 2007. In November of 2006, Citigroup entered into what is still the largest MLB naming rights deal in history with the Mets for 20 years, \$400 million with an average annual value (AAV) of \$20 million for what is now "Citi Field". It was a staggering sum, and well above the norm at the time, and with the recession, still is to date. Far down the list, the Houston Astros agreed to a 28 year, \$178 million naming rights deal with Coca-Cola Co. to name their ballpark Minute Maid Park. That agreement has an AAV is \$6.63 million. Other MLB naming rights deals include the Phillies and Citizens Bank (25 years, \$95 million, AAV of \$3.8 million), the Reds and Great American Insurance (30 years, \$75 million, AAV of \$2.5 million), the White Sox and U.S. Cellular (23 years, \$68 million, AAV of \$2.96 million), the Diamondbacks and JPMorgan Chase (30 years, \$66 million, AAV of \$2.2 million).

With the naming rights market slowly unthawing, and the 10 year duration, the question is where the Globe Life deal stacks compared to others. Globe Life is a subsidiary of Torchmark Corporation (NYSE: TMK), headquartered in McKinney, TX. Globe Life has 3.9 million policyholders and more than \$60 billion dollars of life insurance in force. They're not small, but certainly not on the scale of Citigroup or Coca-Cola Co. Based on prior naming deals, the value could in the \$40 million (AAV of \$4 million). That wouldn't be out of line for MLB naming rights, especially in light of the Portland Trail Blazers recently inking a 10-year deal with Moda Health to rename the Rose Garden the "Moda Center" for \$40 million. By now, the naming rights game has thawed, and the Rangers play to a larger market and a brand that has seen recent showings in the World Series.

Even if we're conservative, the idea of \$3-\$4 million annually seems a safe bet. How much would that be worth to the club? It would barely dent the \$24 million Prince Fielder will get this season, and cover a little under a fourth of Adrian Beltre's \$17 million salary for 2014. Still, it's new revenues that were not their prior so it's not like the Rangers are walking away unhappy.

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As for fans, many will likely stick with “The Ballpark” and that was bound to be factored in by Global Life. A snazzy acronym doesn’t seem to work well. Going to the “GLP” or “GLPIA” doesn’t exactly roll off the tongue, but then few could have seen OPACY or GABP becoming common place with baseball fans, but it is. As to the deals value, whether it's our estimate or other reporting, details should leak out soon.



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