

# For sale: big, bold US dailies at knockdown prices

28 February 2013, by Rob Lever



A man walks out of The Boston Globe on February 20, 2013 in Boston, Massachusetts. Some of America's largest and most storied metropolitan newspapers are up for sale, in a sign of the turmoil facing an industry struggling to find a business model in the digital age.

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The [Boston Globe](#) recently went on the market as its parent company, The [New York Times Co.](#), said it was exploring options for the daily.

The [Los Angeles Times](#), Chicago Tribune and Baltimore Sun are also on the auction block, along with five others owned by parent Tribune Co., which is refocusing after bankruptcy.

The shakeup in newspapers, which follows changes in ownership at several other large US dailies, portends dramatic changes in a key US media segment.

But the desire to sell is motivated by factors other

than cashing out, given the grim reality that [newspaper](#) companies no longer attract a litany of buyers or the hefty prices they once fetched.

Despite their legendary status, they are worth only about a tenth of the value from their heyday of a decade or two earlier, said Ken Doctor, a media analyst at the research firm Outsell.

"These are the papers which broke national stories," he said. "They have been important—and they have been the ones hardest hit by all the changes and digital disruption."

The Boston Globe, which was acquired by The New York Times Co. in 1993 for \$1.1 billion, "will sell for around \$110 million today."

Some recent deals have confirmed rock-bottom prices: The Chicago Sun-Times was sold in 2011 for a reported \$20 million, from \$180 million in 1994, and the Philadelphia newspaper group including The Philadelphia Inquirer sold for \$55 million, compared with \$515 million in 2006.

Such financial reality bodes ill for the [Chicago Tribune](#), whose owners have apparently hired investment bankers for a sale.

US newspapers "would have commanded billions a few years ago," said Alan Mutter, a former Chicago and San Francisco newspaper editor who now consults on media ventures involving journalism and technology.

But having depended "very heavily" on classified ads—down about 75 percent from an all-time high, according to Mutter—metro newspapers belong to "the hardest area now," given that free sites such as Craigslist have taken over.

Newspapers are hobbled by high distribution costs, declining circulation and the consequent loss of ad revenues.

Mutter said among potential buyers, "you won't see any newspaper companies except possibly News Corp.," the media conglomerate led by Rupert Murdoch that owns both The Wall Street Journal and New York Post.

But he said Murdoch was a "trophy buyer," interested in the prestige of a newspaper and being able to use that for influence.

Analysts say the economics of smaller newspapers are not as dire, but that big city dailies, even with drastic cuts in newsrooms and other costs, are finding it tough to make a profit. Billionaire Warren Buffett has been buying small-city papers while steering clear of the larger ones.

Even the highly regarded New York Times and Washington Post are slashing costs and looking at new ways to drive digital revenues.

The Times has had a paywall since 2011 and now earns more from subscribers than from advertising. The Post is considering a metered paywall and is also weighing a sale of its downtown headquarters.

The industry is also closely watching the fate of newspapers in New Orleans and several other cities which are cutting back publication to three times a week, a move that may have helped cut expenses while maintaining ad revenues.

There may be other glimmers of financial hope for large newspapers. For one thing, many have rich real estate holdings that can help ease their crisis.

"There are buyers who say the value of the dirt under the paper was worth more than what they were paying," said Mutter.

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