

Included in the project are all transfers and assignments approved by the FCC from Jan 1, 1954 through Dec. 31, 1959. Not included are many minority changes in ownership which did not require FCC approval and could not be tabulated. All the transactions on which this study are based have been reported in BROADCASTING on the basis of formal Commission actions.

Sales of radio stations, on a percentage basis, rose to a peak in 1957 and the ratio of sales to operating stations has continued at that level. In contrast, 1957 was a peak year for tv station sales, 14%, but the figure has been cut in half since that year.

Why all this activity in station transfers?

Property Values • A new yardstick for the value of a broadcast property developed during the last decade. The current criterion is: "How much is the property worth on the open market?" A few years ago such factors as earnings, profit, income, surplus and related factors set the sale price for a property.

Now the seller and buyer of stations talk about depreciation, cash flow and rate of return. The buying and selling of broadcast properties is expected to assume new dimensions in the coming decade, in the opinion of station brokers.

They are talking, of course, in terms of the investment potential in broadcast

stations. The future of radio-tv stations, taking the national view, is considered highly favorable. The operations are deemed stable and relatively free of speculation.

The returns run as high as 15% to 20% yearly on invested capital, though this basis of income must be considered against the professional and service background of broadcast operation—the theory that a doctor's income shouldn't be based on the value of his office furniture, automobile and little black bag.

Scarcely a radio or tv broadcaster hasn't been approached in the last decade with some kind of an offer to sell his property or to buy another property.

In 1934 there were 82 radio station transfers; in 1959, according to the FCC, 1,412 applications were filed for ownership changes (some haven't been decided).

When the old Federal Radio Commission opened for business in 1927, no mention was made of sales figures. In recent years the transfers have ranged to a high of \$20 million (WCAU-AM-TV Philadelphia, including valuable real estate, sold to CBS Inc.)

Brokers Galore • A decade or more ago the number of station brokers—the middlemen who bring buyers and sellers together (for a 5% fee)—could be tallied on the fingers of one hand; today there are more than 30.



The simple transaction of the 1940's has become a complicated computation of gross and net, depreciation, cash flow, down payments, pay outs and, in increasing number, stock deals.

Television, with its enormous earnings, has spurred this activity and has accounted in great measure for the soaring prices.

But radio, too, has shared. In both instances the attractive return has been a major factor.

There is a prestige factor, too. Many businessmen once bought newspapers to enjoy a voice in the community; now they are turning to radio and tv.

Stations are considered to be operating in a closed economy insofar as facilities are concerned. There are few openings in better markets.

Radio frequencies in these markets are extremely scarce. Television is nearing this point. Pending a radical revision of tv allocations television stations are strait-jacketed in the present vhf band.

Obviously the only way to get into a good market is to buy in.

A Who's Who • The roll call of those who have bought into the broadcast field, or who have used this means to upgrade their holdings, is a who's who of the broadcasting industry:

Westinghouse, Storer, Time Inc., Meredith, Transcontinent, Capital Cities, Metropolitan, Plough, Wometco, Triangle, Friendly Stations, RKO General, Whitney, Bartell, Tele-Broadcasters, WKY Radiophone, Crowell-Collier, United Broadcasting, National Theatres, Rollins Broadcasting, Springfield Television, CBS and NBC.

And such individuals as Ken Brown, J. Elroy McCaw, Todd Storz, R.W. Rounsaville, Cy Blumenthal, Connie B. Gay, Morgan Murphy-Walter C. Bridges, Gordon McLendon, Aaron B. Robinson, Don Burden.

How can a radio or tv station be bought?

Surprisingly, though there are stations "on the block," most are not peddled at all. It is the buyer who must scout a likely looking property and then persuade the owner to sell.

Luck is a factor. The owner of a broadcast facility may be expanding in one of his allied fields. He must raise some cash or its equivalent.

This was exemplified recently when

Note: Dollar volume figures represent total considerations reported for all transactions, whether majority or minority interests were involved. In computing the number of stations in the trading an am-fm facility was counted as one radio unit; an am-only or fm-only transaction similarly was counted as one radio unit. (The number of fm-only transactions was negligible.) In many transactions involving joint radio-television properties, individual values were not assigned to the radio and television stations. Such sales are reported in the columns headed "Combined Radio-Tv."

Number of Stations in The Trading

Radio Only		Combined Radio-Tv		Tv Only	
Control	Minority	Control	Minority	Control	Minority
187	66	18	6	27	10
242	106	11	2	29	3
316	111	24	8	21	8
357	62	28	2	38	5
407	82	17	4	23	8
436	29	15	2	21	4
1,945	456	113	24	159	38