

BROKERS ANALYZE IMPACT OF ENTERCOM-CBS DEAL

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There's an old saying in the dealmaking community that deals beget deals. And in radio, they don't come much bigger than last week's announced merger of CBS Radio and Entercom. That's raised the unavoidable question of whether the landmark agreement will trigger more industry consolidation. The answer, dealmakers say, is yes—with a few important caveats.

On one hand, the bombshell deal is expected to get group heads to take a closer look at their options. "This will definitely force other owners to at least reconsider their growth strategy," says **Bob Heymann, from the Chicago office of the Media Services Group brokerage**. "Anytime you have a transaction of this size it will definitely impact the thinking of the other large group owners. The question is...are these other companies in a financial position to do something even if they actually wanted to?"

Heymann and other brokers and analysts doubt the deal will trigger a wave of consolidation in the upper rung of ownership. "There's not enough capital to do this type of transaction, especially with Cumulus and iHeart," says Justin Nielson, senior research analyst, Media & Communications at SNL Kagan. However, he sees the merger as a positive for the overall deal market since it will provide a better understanding of what radio station values are in the current marketplace.

Nielson believes changes to the FCC's media ownership rules are needed before there can be a large wave of buying and selling. "I don't know that this will jump start the consolidation phase unless there is some regulatory loosening of some of the ownership caps," he says.

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