Groups look to lasso LMAs

In race for duopolies, FCC filings likely to cement earlier deals, create few new ones

By Elizabeth A. Rathbun

Expect a flood of applications but not a lot of surprises when the FCC starts accepting applications for TV duopolies tomorrow (Nov. 16). Station owners and brokers agree that most applicants will look to create duopolies out of existing local marketing agreements that include options to buy the second station, rather than build new two-to-a-market holdings.

"Anyone who qualifies would be foolish not to rush in," especially in markets that hover around nine individual owners, says one TV group head who asked not to be identified. The FCC's new duopoly rules require that a market have at least eight individual owners post-duopoly.

There currently are about 35 qualifying LMAs in the country, according to Broadcasting & Cable research. And of the nation's 59 markets where BIA Research says there are nine or more individual owners, 15 have just nine different owners. Another nine markets have just 10 owners. Duopolies are further limited by the qualification that someone who owns one of the top-four-rated stations in a market can't buy another top-four-rated station.

There are some new deals in the works, however. Young Broadcasting Inc. is reportedly shopping its flagship, independent KCAL Los Angeles. With the money it would get from selling KCAL, the thinking goes, Young might be able to outbid NBC Inc. for NBC affiliate KRON San Francisco (see "Closed Circuit," page 17).

Meanwhile, Granite Broadcasting Corp. is said to be close to a deal to buy UPN affiliate WNGS Buffalo, N.Y., where it already owns ABC affiliate WKBW-TV. Neither Granite's nor Young's chief executive returned telephone calls seeking comment.

Still—and surprisingly—"most of the applications [filed this week] will be to firm up the stations that were LMAs," says Brian Cobb, a media broker with Media Venture Partners. TV owners are being selective for now, he says. But that should change and "eventually there will be more" new deals.

One reason why broadcasters aren't diving into duopoly just yet is that "a lot of prospective sellers think that 2000 is going to be such a great year," Cobb says. They're holding out to see if they can command more money for their stations later.

Also, with the coming of digital television, station owners are wondering if they really need to pay for a second signal, he says. Digital TV will allow broadcasters to air up to six channels over a single signal.

Broker Ben La Rue maintains that...