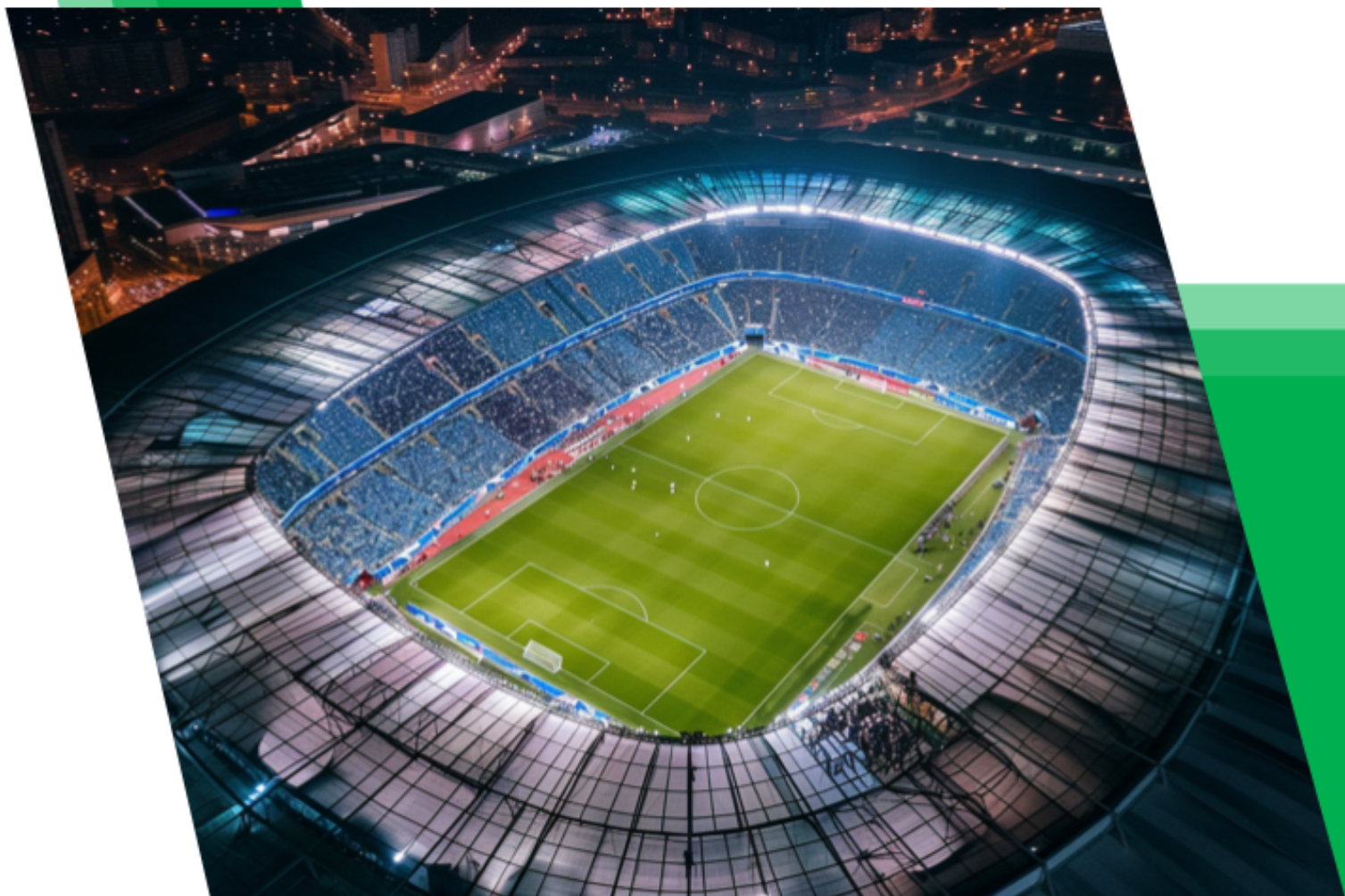


Investment in sports infrastructure

Unlocking untapped potential



ICSC Notes ON IMPACT #3

Investment in sports infrastructure - Unlocking untapped potential

Executive Summary

Since the outbreak of the pandemic to date, **the world of sport has had to adapt to multiple crises that have inevitably affected investment decisions**. The forced closures imposed during the health emergency, the sharp rise in energy and raw material costs, inflationary pressures and rising interest rates have led operators to direct resources to small projects, mainly for maintenance needs, postponing the planning of larger interventions.

In an extremely unstable economic situation dominated by continuous exogenous shocks, **sport has nevertheless demonstrated an extraordinary capacity to react**, thanks above all to the dynamism of the local authorities, owners of 70% of the facilities in the country. Public investments in sports infrastructures, after the inevitable backlash of the pandemic, returned to growth, showing a higher pace than investments in other public works and fueling demand for medium- and long-term loans. **In the period from 2019 to 2023, municipalities allocated 22% of the funding contracted for capital expenditure to sports facilities**: more than 1.3Bn€ in investments compared to 1.6Bn€ allocated to transport projects and 900Bn€ allocated to social housing programmes.

The year 2023 marked a historic milestone: for the first time, sport emerged as the main spending chapter in local investment policies, worth 353 Mln€. In a scenario where bank credit standards remain rigid and the demand for investment loans is weak at the country system level, the sports sector is bucking the trend thanks to the impulse provided by subsidized finance instruments managed by the Istituto per il Credito Sportivo e Culturale. **The disbursement of fully subsidized loans has allowed local authorities to continue investing in sports infrastructures**, even in the presence of growing public budget constraints. Private entities also benefited from the support of the Guarantee Fund for Sports Facilities, which facilitated access to credit for businesses and non-profit organisations, with **a leverage effect of more than four times the resources allocated**.

The positive trend of investments in sports infrastructure is driven by municipalities in the North and mainly concerns small-scale initiatives (under EUR 500k). The northern regions activated more than 1,100 projects between 2019 and 2023, accounting for 44% of the total redevelopment and development projects in Italy. The South continues to show a low rate of investment, despite having a lower level of facilities than the national average and a higher share of non-functioning sports facilities.

In Italy, **large-scale infrastructure projects absorb only about 1% of the funding allocated to the sports sector**. The low rate of investment is reflected in the state of the facility stock, which remains characterized by a high degree of obsolescence. Infrastructural deficiencies have repercussions on maintenance costs, the level of safety and utilization of the facilities. **International experiences show that investing in a modern infrastructure produces important economic impacts**: the 20 largest new stadiums built in Europe in the last 15 years generated an average increase of about 53% in attendance and almost 104% in match revenues in the first year of operation. Poland and Turkey, which built more than 30 new stadiums between 2007 and 2022, experienced a significant increase in spectator numbers (+135% and +70% respectively).

The inability of the Italian plant stock to keep pace with the evolution of architectural design increasingly oriented towards maximizing user experience and operational efficiency, **results in a reduced competitiveness of the sports**

system and a loss of opportunities to generate new revenue. In Football, major European clubs have managed to increase revenue streams by leveraging more effective utilization of facilities even on non-match days. Italy, on the other hand, due to the infrastructure gap, is missing out on valuable opportunities for development at a time when the high demand for live sports and other forms of entertainment is directing the directing forecasts towards more promising growth in commercial and matchday revenues. **In the season 2022/2023 season, the stadium revenues of Serie A clubs stood at 400 Mln€, less than half of the revenues Premier League clubs and 100 Mln€ less than the revenues of the German Bundesliga and the Spanish LaLiga.**

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In the coming years, an increasing focus of sports clubs on the exploitation of stadium revenues is expected, which will be accompanied by new waves of infrastructural developments financed through a stronger recourse to financial investors (mainly private equity funds). **The Italian sports system therefore needs to rethink investments in sports facilities** according to a new logic, overcoming the constraints that are holding back the start of a process of infrastructural modernisation necessary to trigger virtuous processes of urban regeneration and attraction of major events. **Stadiums are no longer just places dedicated to sport, but multipurpose spaces integrated into the urban fabric, capable of becoming catalysts for social and economic transformation**, creating jobs, promoting tourism and revitalising the surrounding neighbourhoods from the point of view of infrastructure, services and environmental sustainability.

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The main critical element remains financial coverage, due to the high costs of carrying out the works, which are often not sustainable in the absence of public contributions. Administrative procedures are also a risk factor: despite legislative interventions, between planning, approval and controls, an average of 3-4 years must elapse before starting work, exposing projects to the risk of cost variations compared to the budget. In Italy, the process of financing large sports infrastructures is part of a framework characterized by the prevalence of publicly owned facilities subject to superintendence constraints. Given the centrality of the local authority, **it is necessary to evaluate the opportunity to implement interventions aimed at the construction of simplified PPP schemes specific to sport**, the further simplification of administrative procedures, and the adoption of adequate impact assessment systems to ensure the effective allocation of public resources and maximize the impact on communities.

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Link to the full version of the Note (in Italian):

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