

5. UEFA Euro stadiums

Just like FIFA, UEFA has stadium requirements⁸² for stadiums to be used during its major event. For the 2016 UEFA Euro in France, UEFA requires two stadiums with a net-capacity of at least 50,000, preferably including one which holds 60,000, three stadiums with a net-capacity of at least 40,000 and four stadiums with a net-capacity of at least 30,000.⁸³ As UEFA Euro in France will have 24 participating teams and nine venues, UEFA's requirements are slightly different but generally the same as for UEFA Euro 2004 and 2008.

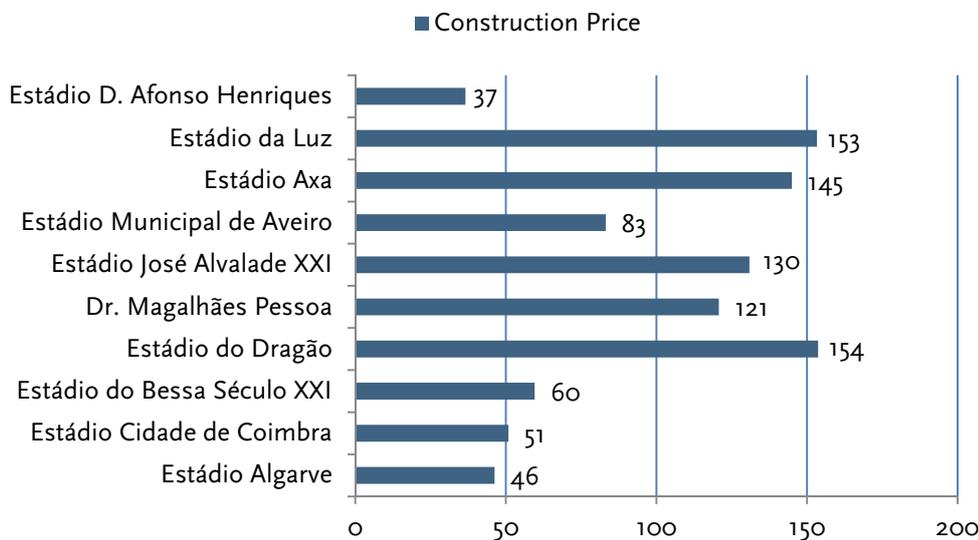
UEFA Euro 2004 in Portugal

One of the main selling points in the Portuguese application that helped Portugal win hosting rights for the UEFA Euro 2004 was its guarantee that the necessary stadiums investments would be made and that there would be cooperation at various levels between the Portuguese Football Association (FPF) and the Portuguese state.

At the time when Portugal was awarded the UEFA Euro, it was estimated that \$580 million would be invested in stadiums. This estimation proved to be totally inaccurate when the actual investment costs became public.

Ten stadiums were used during UEFA Euro 2004. Six were newly built and four underwent major renovations for the event. A majority of the stadiums exceeded their original budgets – the worst example is Leiria's Dr. Magalhães Pessoa, which exceeded the original budget by \$56 million.

Figure 5.1: Construction prices for UEFA Euro 2004 stadiums (million dollars)



All prices in 2010 dollar value

⁸² http://www.uefa.com/MultimediaFiles/Download/Regulations/uefa/Others/84/03/26/840326_DOWNLOAD.pdf

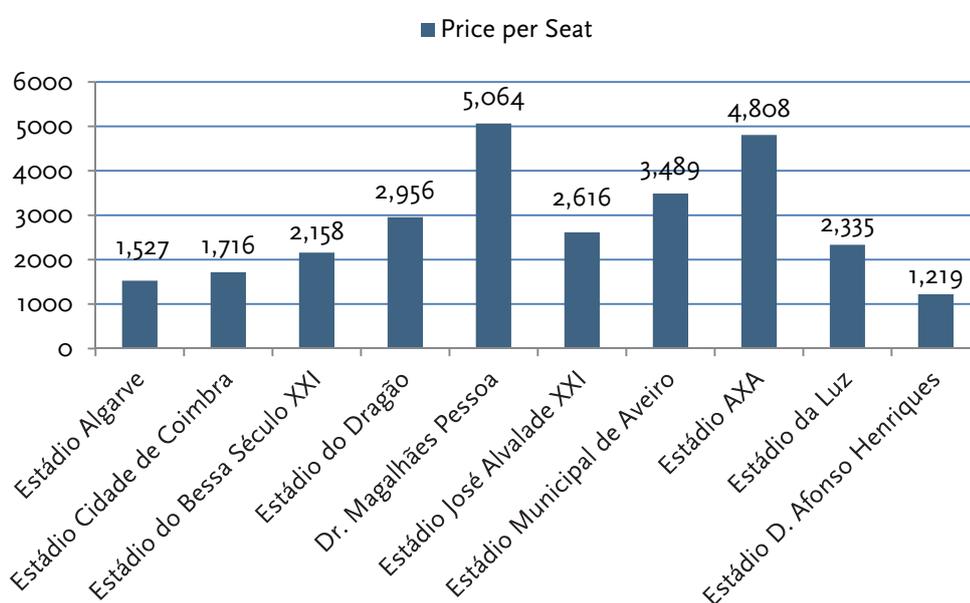
⁸³ *Ibid.* Sector 08. P. 8.

Local politicians in Leiria covered the actual costs for Dr. Magalhães Pessoa, and stated officially that the stadium had cost \$64 million to build. When a new mayor took office, the actual cost of \$120 million was revealed.

The total bill for Portugal ended up at nearly \$1 bn., almost twice as much as proposed when UEFA awarded Portugal the UEFA Euro 2004 in 1999.

As mentioned above, the cooperation at various levels between FPF and the Portuguese state was one of the major reasons why Portugal was awarded the event. About 50 per cent of the invested money came from public funds and a majority of the host municipalities took on this financial obligation.

Figure 5.2: Price per seat at UEFA Euro 2004 stadiums (dollars)



All prices in 2010 dollar value

The study has exposed a pattern between investments in a venue from the municipality and economic support from EU structural funds with the local main anchor tenants' inability or unwillingness to give an economic contribution. Municipalities funded six of the UEFA Euro 2004 venues and these venues have received economic contributions from the subsequent main tenants.

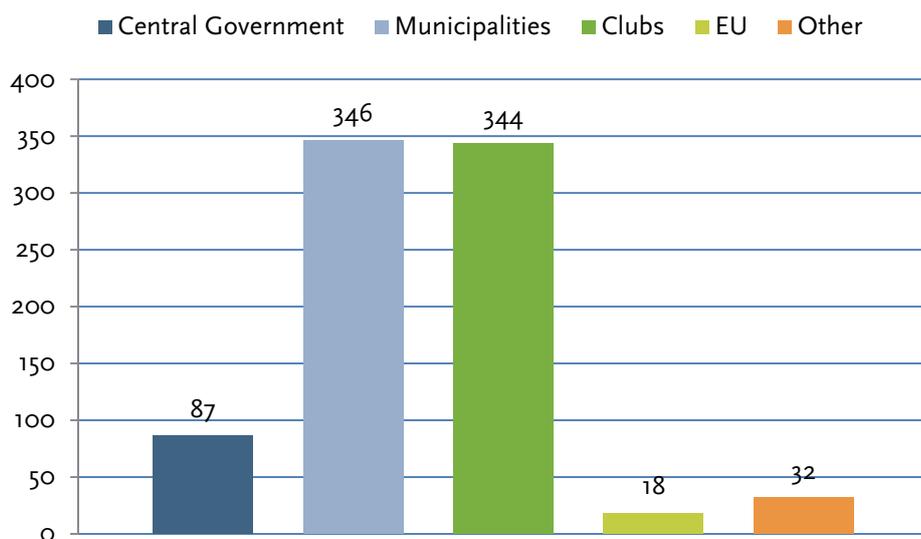
The survey also demonstrates that the three major clubs that chose to fund the majority of the costs by themselves also received the most financial support from the Portuguese state. Estádio da Luz and Estádio José Alvalade XXI in the capital Lisbon and Estádio do Dragão in Oporto all received an average support of \$26 million. The corresponding financial support from the Portuguese state to the other UEFA Euro 2004 venues was just over \$20 million in total.

It was no surprise that SL Benfica, Sporting Lisbon (Sporting Clube de Portugal) and FC Porto, the three clubs that dominate Portuguese football and have the best record and the highest attendance figures,

funded their venues to a large degree. Only twice since the 1930s has another club won the Portuguese league and these three clubs have also the biggest fan bases.

It was, however, more surprising that FC Boavista, the other big club from Oporto, chose to be the main funder of their stadium without any support from the municipality or the European Union, as many believed that the club did not have a solid financial base. Corruption allegations were made, but the charges did not lead to prosecution.

Figure 5.3: Funding of UEFA Euro 2004 stadiums (million dollars)



All prices in 2010 dollar value

Estádio Algarve, Faro

Construction price: 46 million

Capacity: 30,002

Attendance in 2010: N/A

World Stadium Index: N/A

Estádio Algarve, which was \$5 million more expensive than expected, cost more than \$46 million to construct, of which the two municipalities of Faro and Loulé paid \$36 million.

The stadium is owned by both municipalities and is operated by the municipal company Empresa de Concepção, Execução e Gestão do Parque das Cidades Loulé/Faro - Entidade Empresarial Inter-Municipal (EEIM).

Estádio Algarve has two anchor tenants, Sporting Clube Farense and Louletano Desportos Clube. Both of these clubs are not particularly successful and are currently playing in the 2nd and 3rd Divisions.

There is no information available about the total number of spectators visiting Estádio Algarve annually. EEIM does not release any attendance statistics in their annual reports and the Portuguese FA, as well as

both clubs, does not have any attendance figures available. However, there is evidence to suggest that the two clubs do not attract high attendance, which is quite understandable since they play in the lower divisions.

The venue holds over 30 events annually. Most of these events are the local football club's matches, but Estádio Algarve also has annual recurring events, such as Algarve Cup and Rally de Portugal, which could be seen as being relatively big.

During the 2011 Algarve Cup the venue hosted one match in the group stage and the final of the tournament. The final between USA and Iceland attracted only 1,500 spectators.⁸⁴ During Rally de Portugal Estádio Algarve hosted two special stages, but we do not have the spectator figures for these stages as EEIM has not been able or willing to publish the official figures, but the whole rally attracted 550,000 spectators in total.⁸⁵

Between the seasons 2007/08 and 2009/10 Estádio Algarve hosted the final in the Portuguese League Cup and in 2008/09 the venue hosted the Portuguese Super Cup final. The four events attracted over 107,000 spectators.

Although the venue has annual events and two anchor tenants, the two municipalities have large annual expenses related to Estádio Algarve. Faro and Loulé pay \$3 million annually in mortgage repayments and more than \$1 million in maintenance costs. The annual costs for Estádio Algarve are a major burden for Faro and Loulé and, like Portugal in general, the two municipalities are struggling with significant economic problems.

Although there are no data available on the annual number of spectators at the venue, the financial problems connected to the venue certainly question the rationale behind the municipalities' decision to fund Estádio Algarve.

Both Faro and Loulé and the two clubs, Sporting Clube Farense and Louletano Desportos Club, are too small for Estádio Algarve and local politicians obviously should have paid greater attention to the major risk involved in investing a major amount of money in a venue in Algarve – a region without any big clubs or great sporting records.

More than seven years after the UEFA Euro 2004, Faro and Loulé still pay significant amounts of money in connection with the venue. Although the venue holds over 30 events per year and to some degree fills a local sporting need since it serves as home ground for the local clubs, it would have been possible for both of the clubs to play at a smaller venue. Only the three big football clubs in Portugal regularly attract over 30,000 spectators.

⁸⁴ <http://www.womenssoccerunited.com/group/algarvecup/forum/topics/us-wnt-defeats-iceland-for>

⁸⁵ http://www.esafetychallenge.eu/en/esafety_challenge/news_events/news/rallyportugal.htm

The construction of a smaller venue in Algarve would have meant that the region would have been left out of the race to host any UEFA Euro 2004 matches and would not have been likely to receive financial support from the Portuguese state or the European Union. However, if the Algarve region had been given a more suitable venue for its local sporting needs, Faro and Loulé may not be in the same financial situation as they currently are.

In addition to the two municipalities' financial struggles with Estádio Algarve, figures from *Turismo de Portugal* indicate that UEFA Euro 2004 was not a success for the Algarve region in terms of tourism. In relation to 2002 and 2003⁸⁶ there was a decline of overnight stays during 2004⁸⁷ as well as a decline in the number of overnight guests in 2004⁸⁸ in comparison with 2002 and 2003.⁸⁹

Even though it is difficult to determine the actual cause of this decline, it is possible that tourists chose not to visit the Algarve region due to UEFA Euro 2004. Such a crowding out effect has been registered before in connection with mega events. Algarve was well-known before the event as a tourist destination, but maybe not for the general football audience.

Estádio Municipal de Aveiro, Aveiro

Construction price: 83 million

Capacity: 30,127

Attendance in 2010: 59,007

World Stadium Index: 2.0

Although the municipalities of Faro and Loulé have financial problems linked to Estádio Algarve, there are municipalities in Portugal that have far bigger financial issues with their UEFA Euro 2004 venues. One of these municipalities is Aveiro.

Estádio Municipal de Aveiro cost more than \$83 million to construct. The municipality covered the main costs and invested almost \$78 million in the stadium. The remaining part was funded by the Portuguese state and the EU. The municipality owns the stadium and operates it through the utility Empresa Municipal de Aveiro (EMA).

The stadium has a current capacity of 30,127 and the anchor tenant is the football club Sport Clube Beira-Mar. The team is, since 2010/11 season, once again represented in the Portuguese top division after having spent three seasons in the 1st Division. As a result of the club's poor performance during the last seasons, it has had a very low average attendance per game, just over 1,600 spectators, and the total attendance number during 2009/10 season was just 59,007. Last season the average was slightly higher,

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http://www.turismodeportugal.pt/Portugu%C3%AAs/ProTurismo/estat%C3%ADsticas/quadrosestatisticos/dormidas/Documents/Dormidas%202004-2010%20Algarve_Tipologias.pdf

⁸⁷ Algarve 02-03. See Appendix 3.

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http://www.turismodeportugal.pt/Portugu%C3%AAs/ProTurismo/estat%C3%ADsticas/quadrosestatisticos/hospedes/Documents/H%C3%B3spedes%202004-2010%20Algarve_Tipologias.pdf

⁸⁹ See Appendix 4

3,892,⁹⁰ but Sport Clube Beira-Mar still has major problems attracting bigger crowds. It is only when one of the major three clubs, SL Benfica, Sporting Lisbon or FC Porto visit Estádio Municipal de Aveiro that the full capacity of the stadium is anywhere close to being needed.

As owner and operator of the stadium, the Aveiro municipality has suffered financial problems and in 2005-2008 the stadium had a negative annual result. Aveiro pays \$5.3 million per year in annual costs related to the stadium which, according to our informant in Portugal, is equivalent to three percent of the municipality's annual budget.

In 2009 an important local politician in Aveiro proposed that, due to its high maintenance and operating costs, Estádio Municipal de Aveiro should be demolished and be replaced by a smaller venue that is more centrally located. The idea is still alive even though it has not come into effect yet.

The municipality has tried to sell the stadium and its naming rights without any luck. The municipality has also made attempts to find an operator who is willing to share the responsibility and cost of running the stadium, but in this respect the municipality has been unsuccessful as well.

Just as with Estádio Algarve, it is obvious that the local politicians did not have a realistic and sustainable legacy plan for Estádio Municipal de Aveiro. It was a huge investment for a municipality of Aveiro's size, so it is quite problematic that only Sport Clube Beira-Mar's matches take place at the stadium. Other events are few and far between and Sport Club Beira-Mar's annual attendance figures are too low to make it even remotely possible to operate the stadium without a negative financial result.

Estádio Dr. Magalhães Pessoa, Leiria

Construction price: 121 million

Capacity: 23,835

Attendance in 2010: 64,292

World Stadium Index: 2.7

Another Portuguese municipality with a negative sporting legacy and financial problems after the UEFA Euro 2004 is Leiria. Its venue, Estádio Dr. Magalhães Pessoa, with a current capacity of nearly 24,000, cost about \$120 million to construct, which was almost double the amount first presented by the local politicians in 2004.

The municipality owns the venue and operates it through the utility Leirisport - Desporto, Lazer e Turismo de Leiria, E.M. Just like the two Portuguese cases mentioned above, the venue in Leiria has been a financial burden for the municipality. Approximately eight per cent of the municipality's annual budget goes towards the mortgage and \$2.4 million maintenance cost.

⁹⁰ http://soccernet.espn.go.com/stats/attendance/_/league/por.1/year/2010/portuguese-liga?cc=5739

In 2011 the municipality of Leiria tried in vain to sell the stadium for \$85 million. The municipality has unpaid debts connected to the stadium, and because of this the Portuguese Internal Revenue Service (IRS) has been pursuing a process against the municipality.

It is most likely that this problem will continue for the municipality. The stadium will be without an anchor tenant from the 2011/12 season. The former anchor tenant, União Desportiva de Leiria, was not willing to pay over \$23,000 per game in rental charges and chose to relocate its 2011/12 season games to a much smaller venue Estádio Municipal da Marinha Grande, which has a capacity of 6,000, in the neighbouring municipality Marinha Grande.

The relocation of the club is not a big loss for the Leiria municipality considering União de Leiria Desportiva's attendance figures. An average of just over 4,000 spectators is not impressive by the league's standards, but the municipality's loss of its only anchor tenant and important rental income is surely a significant loss in terms of political prestige and the stadium's sporting legacy.

Dr. Magalhães Pessoa's situation is quite similar to the two abovementioned UEFA Euro 2004 venues' – a small municipality as the main funder of a venue which does not fill a real local sporting need after the event and where the municipality and its citizens have to pay for its financial losses.

Estádio do Bessa Século XXI, Oporto

Construction price: 60 million

Capacity: 27,590

Attendance in 2010: 74,796

World Stadium Index: 2.7

It is not the only the Portuguese municipalities that have had financial problems in connection with their venues; the club FC Boavista has also had some sporting and financial difficulties.

Even before Estádio do Bessa XXI Século was opened there was a debate in Portugal as to why a small club like FC Boavista chose not to receive financial support from the municipality or the EU. The stadium cost more than \$59 million to construct and the club chose to be the main funder of the stadium, investing more than \$48 million. The Portuguese state accounted for the remaining part of the investment.

At the time of construction, FC Boavista played in the Portuguese top division. In the late 1990s and the beginning of the 2000s the club enjoyed international and national sporting success, and between seasons 1998/99 – 2001/02 it was always in the top four on the league table. The club even won its first and, so far only, league title in 2000/01. It was the first time since the mid-1940s that none of the three big clubs, SL Benfica, Sporting Lisbon nor FC Porto, won the Portuguese league. FC Boavista's success continued and in 2002/03 the club reached the semi-final stage of the UEFA Cup.

In 2008 the financial problems in the club became apparent. The club had large debts connected to the stadium and it also had some problems paying the players' salaries. A potential investor appeared who

was willing to invest more than \$57 million in the club, but the investor was subsequently arrested by the Portuguese police and prosecuted for serious fraud and forgery.

The problems for the club continued in 2008. Because it struggled to pay debts of more than \$7 million to the IRS, the IRS chose to put Estádio do Bessa XXI Século up for sale for almost \$44 million. No buyer was found and the club had to renegotiate its debts with the IRS.

In May 2009, Boavista FC was relegated to the Portuguese 1st Division due to a corruption scandal in which the club had been bribing referees. João Loureiro, who was president of FC Boavista at the time, was fined and suspended for four years.

The club now plays in the 2nd Division and therefore there are no attendance data available for the last two seasons. However, in 2008/09 the stadium had 74,796 visitors in total. Three Portuguese Cup matches are not included, but since cup matches in general have a substantially lower attendance figures than league matches, the missing cup matches do not affect the total sum to a great extent.

In 2008/09 FC Boavista had only 44,796 spectators in total. The remaining 30,000 who visited the stadium attended the 15th Super Bock Super Rock Festival, which took place at the stadium in summer 2009.

Although Estádio do Bessa XXI Século's problems are not entirely consistent with the three cases mentioned above, a pattern can be recognised in Portugal. FC Boavista has never been a team to attract big crowds and FC Porto has always been the biggest and most successful team in Oporto. Even before the financial scandals and during the club's successful years, FC Boavista had pretty modest attendance figures⁹¹, which the club must have been aware of when it chose to build and fund the stadium. The construction of the stadium did not result in any sporting or financial success.

The big three

Staging UEFA Euro 2004 meant that the three big clubs in Portugal: SL Benfica, Sporting Lisbon and FC Porto received significant financial support from the Portuguese State to build or renovate their stadiums. The three clubs were in need of new and updated venues so the 2004 event was timely.

Both SL Benfica and FC Porto tore their old stadiums down and built new ones, while Sporting Lisbon chose to make significant renovations, which may explain why both Estádio da Luz and Estádio do Dragão were slightly more expensive than Estádio José Alvalade XXI. A common factor among the three stadiums was that all of their construction costs significantly exceeded the original budgets by an average of \$21 million. However, these costs were to some extent covered by the financial support from the Portuguese state as the average financial support from the state was \$26 million.

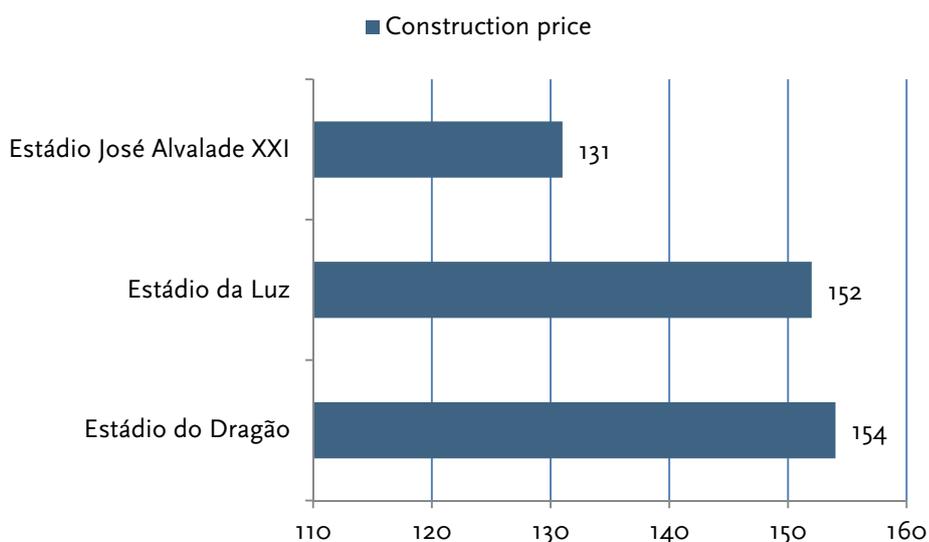
All three clubs have set up similar structures for the operation of their stadiums, i.e. the stadiums are operated by companies owned by the clubs. Estádio da Luz, SL Benfica's home ground, is run by Benfica Estádio. In season 2009/10 the company made a profit of more than \$1 million. Benfica SAD, which is

⁹¹ <http://www.bigsoccer.com/forum/archive/index.php/t-87307-p-18.html>

responsible for the professional football in Benfica, signed a contract with Benfica Estádio in 2010. The contract will run until 2014 and Benfica SAD is to pay \$1.5 million annually in rent to use the stadium.

Porto Estádio, which is a part of FC Porto Group, operates Estádio do Dragão. In addition to Estádio do Dragão the company also operates four other buildings that belong to FC Porto Group. Porto Estádio made an annual average profit of \$125,000 during seasons 2007/08-2009/10. FC Porto pays over \$2.5 million annually in repayments of a loan the club took in connection with construction of the stadium.

Figure 5.4: Construction prices for the stadiums belonging to the ‘Big Three’ (million dollars)



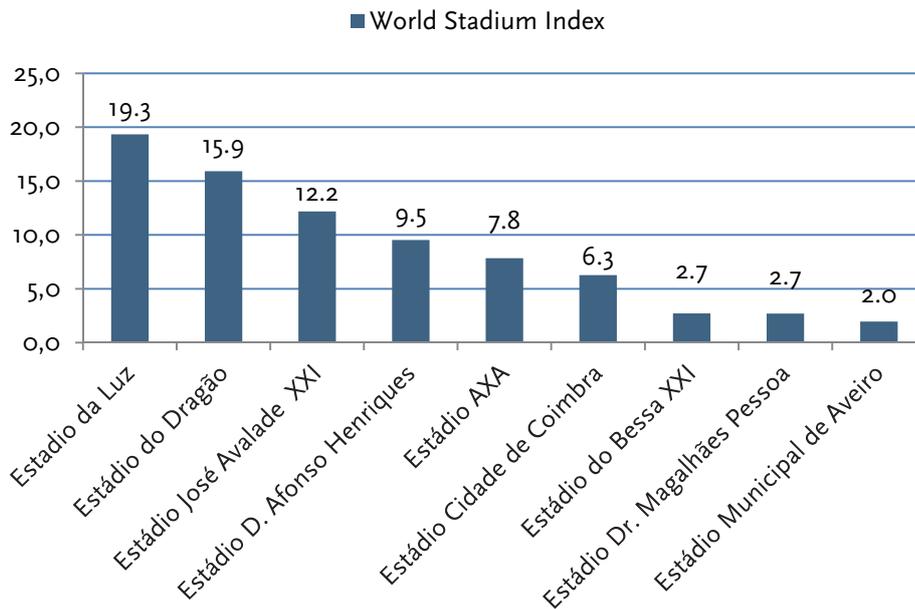
All prices in 2010 dollar value

Sporting SAD, which is responsible for the professional football in the club Sporting Lisbon, pays about \$6.5 million annually to the operator Sporting Patrimonies and Marketing SA. Until 2007 the annual rent was about \$3 million. During the 2009/10 season Sporting Lisbon received over \$11 million in gate receipts. The equivalent figure for SL Benfica was \$16 million, while FC Porto’s gate receipts ended up being almost \$15 million.

This relatively large inflow from gate receipts reflects the fairly high number of spectators that attended events at the three stadiums. As figure 5.5 below shows, the three stadiums had a noticeably better World Stadium Index during 2009/10 compared to the other UEFA Euro 2004 venues.

The stadium with the largest total attendance per season outside the “big three” is Estádio D. Afonso Henriques, Guimaraes, which had nearly 300,000 spectators during the 2009/10 season.

Figure 5.5: World Stadium Index for UEFA Euro 2004 stadiums



Thanks to their high attendance figures, the three big stadiums in Portugal have done really well and have a positive sporting legacy. The attendance figures vary slightly each year depending on the teams' sporting results and which teams they face in the European Cups.

Conclusion on UEFA Euro 2004 in Portugal

As figure 5.5 above shows, several stadiums have quite low attendance figures in relation to their capacities. The three stadiums with the lowest World Stadium Index have indexes of just over 2, which is not good. If Estádio Algarve's data were available their index would have most likely been quite low as well.

As expected, the stadiums with the three biggest clubs as their anchor tenants have the highest index. The table's results also pose the question whether, in terms of sporting legacy, Portugal should have jointly hosted UEFA Euro 2004 or should not have hosted the event at all. The country could have done well as a host with a smaller number of venues in operation for the event.

The three stadiums that have the best indexes are primarily funded by the clubs and would most likely have been built or renovated up to modern standards even if Portugal had not hosted the event.

Significant financial problems connected to many of the UEFA Euro 2004 venues are a major problem for the municipalities concerned as well as some of the clubs. The cases of Leiria, Aveiro and Faro and Loulé clearly show that a venue can become a heavy financial burden for a municipality when realistic and sustainable plans are neglected.

Portugal's choice to use ten venues during the event is also surprising seeing as UEFA only requires eight venues. Eight venues were used for UEFA Euro 1996, 2000 and 2008 and eight venues will also be used for UEFA Euro 2012 in Poland/Ukraine.

What is even more surprising is that Portugal as a sole host country chose to construct and renovate so many stadiums. Since UEFA expanded the tournament from eight to 16 teams, the UEFA Euro has been co-hosted in 2000 and 2008 and will also be co-hosted in 2012. This means that each host country only needs to build four stadiums.

In hindsight, co-hosting the 2004 event with Spain could have been more beneficial for Portugal and could certainly have spared some Portuguese municipalities from experiencing significant financial problems. The stadiums built or renovated for UEFA Euro 2004 contributed to political hopes of a positive economic impact from the event. However, these hopes have not been fulfilled and UEFA Euro 2004 has shown how hosting a major sporting event with a modest sporting legacy can affect municipalities in a negative way financially. The financial problems that are linked to the stadiums are even more burdensome for the affected municipalities, as Portugal, along with many other countries, is in a precarious financial situation which has led to a large internal and external demand for savings and cuts in public finances.

It is surprising that the municipalities have chosen to totally neglect the dominant centralised football tradition in Portugal, where no clubs apart from SL Benfica, Sporting Lisbon and FC Porto have attendance figures that could possibly justify the construction of a 30,000 capacity venue. Their obvious nonchalance has resulted in empty stadiums and long term financial problems.

Table 5.1: Overview UEFA Euro 2004 stadiums

Name	Attendance	Number of events	Average attendance	World Stadium Index
Estádio da Luz, Lisbon (POR)	1,268,988	27	47,000	19.3
Estádio do Dragão, Oporto (POR)	827,380	25	30,800	15.9
Estádio José Alvalade, Lisbon (POR)	609,312	26	23,435	12.2
Estádio D. Afonso Henriques, Guimarães (POR)	286,067	20	13,934	9.5
Estádio AXA, Braga (POR)	236,613	19	13,531	7.8
Estádio Cidade de Coimbra, Coimbra (POR)	185,529	20	9,276	6.3

Estádio do Bessa Século XXI, Oporto (POR)	74,796	19	2,799	2.7
Estádio Dr. Magalhães Pessoa, Leiria (POR)	64,292	18	2,527	2.7
Estádio Municipal de Aveiro, Aveiro (POR)	59,007	19	1,976	2.0
Estádio Algarve, Faro (POR)	N/A	36	N/A	N/A

In the UEFA Tournament Requirement 2016⁹² (no 2004 version is available), UEFA underlines that in planning to build a new stadium for UEFA Euro it is important to take the stadium's future use into account. A permanent anchor tenant is recommended by UEFA to ensure the future use of the stadium when UEFA Euro is over.

Although host municipalities and the clubs in Portugal also had a responsibility to ensure their event's legacy, UEFA as the sole institution awarding the UEFA Euro hosting rights could act in a more responsible way when it sets up the requirements for hosting the tournament. The legacy aspect should have a more prominent role in their assessment of bids, and UEFA could be more flexible regarding stadium capacity. UEFA could also take more into consideration whether a country like Portugal is able to host the event without subsequent public deficits and empty stadiums.

Stricter legacy requirements do not mean that smaller countries like Portugal should not be able to host the event. Rather, smaller countries should be encouraged to co-host the event in order to avoid empty stadiums and empty public pockets. Otherwise, a smaller number of venues or more temporary structures should be allowed to increase the sustainability of the bids.

UEFA Euro 2004 in Portugal should be seen as a harsh lesson for smaller countries and municipalities who are bidding for or planning to host a major event in the future.

Three of the stadiums that hosted UEFA Euro 2004 matches have been put up for sale due to severe financial problems and several stadiums have very low attendance figures. In Portugal it has been obvious that building a new stadium does not automatically attract bigger crowds if a local need is not present. Although SL Benfica and FC Porto have the best attendance figures in the Portuguese league, both of the stadium operators' revenues have been relatively modest.

An event stadium's real life starts when the major event is over, something that many of the municipalities obviously have not been aware of as they use public funds annually to pay for more or less

⁹² http://www.uefa.com/MultimediaFiles/Download/Regulations/uefa/Others/84/03/26/840326_DOWNLOAD.pdf
Section 08. Page 11-12.

empty stadiums. It is important to have a vision and a goal with the stadium, but visions and goals are meaningless unless a sustainable business plan is in place to back them up in the future.

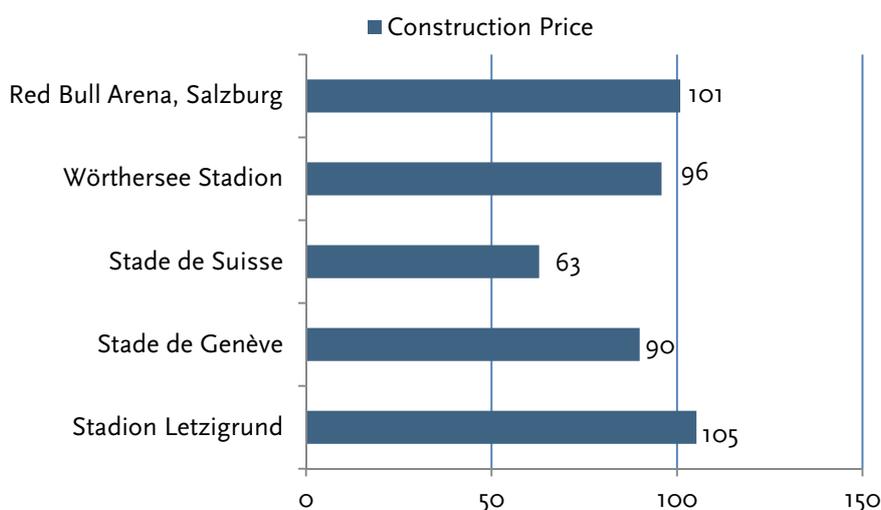
What becomes even more problematic for the Portuguese municipalities is that they do not seem to have a backup plan or an efficient local operational infrastructure in place when audiences do not show up or when anchor tenants relocate their matches to other (smaller) venues. Non-football events at the UEFA Euro 2004 venues are rare, which means that the municipalities become exposed when their original plan or dream to create a lasting sporting legacy fails.

UEFA Euro 2008 in Austria/Switzerland

As in the case of FIFA World Cup Korea/Japan, it has been difficult to find satisfactory data about one of the two host countries for UEFA Euro 2008. In addition to the basic information about the stadiums, we have so far not been able to obtain qualitative information about the stadiums in Austria that were built or had undergone major renovations for UEFA Euro 2008.

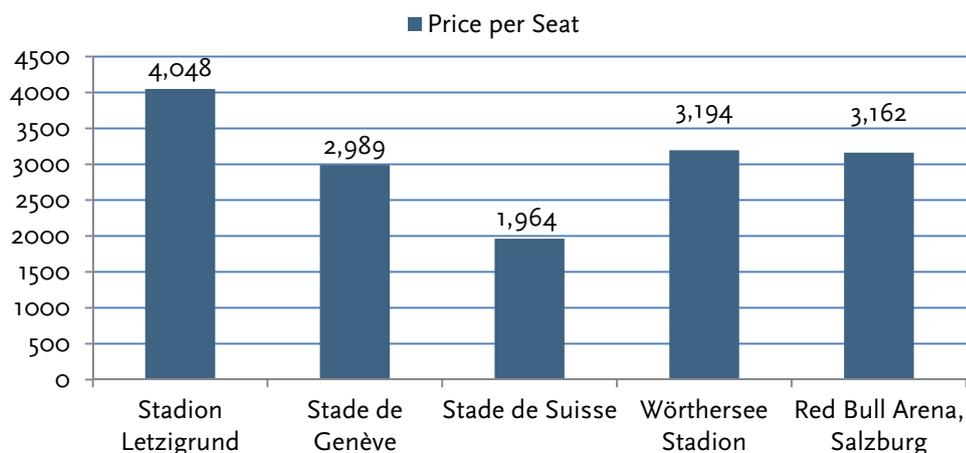
A total of five stadiums were constructed or renovated for UEFA Euro 2008, two in Austria and three in Switzerland. The total construction cost of the five stadiums was almost \$455 million.

Figure 5.6: Construction price for UEFA Euro 2008 stadiums (million dollars)



All prices in 2010 dollar value

Figure 5.7: Price per seat for UEFA Euro 2008 stadiums (dollars)



All prices in 2010 dollar value

Stadion Letzigrund, Zürich in Switzerland

Construction price: 105 million

Capacity: 26,000

Attendance in 2010: 527,000

World Stadium Index: 20.3

Stadion Letzigrund in Zürich, which opened in 2007, is both an athletic and football stadium and cost \$105 million to construct. It was the most expensive UEFA Euro 2008 stadium, both in terms of construction price and price per seat.

The initial idea was that the other big stadium in Zürich, Hardturm Stadion, would serve as one of the venues for UEFA Euro 2008. However, the planned renovation of the stadium was constantly postponed and still has not taken place. Due to the delay, the City of Zürich chose to rebuild Stadion Letzigrund so it could be used for the UEFA Euro.

Stadion Letzigrund annually organises Weltklasse Zürich, a prestigious international athletics meeting which has been held since 1928. In addition to athletics the stadium has two anchor tenants, FC Zürich and Grasshopper Club Zürich. Both of the clubs play in the Swiss top football division.

In 2010 the stadium had 527,000 spectators. The majority of the spectators watched a football game, and two concerts featuring U2 attracted a total of about 80,000 spectators. Football is thus significant for the stadium's total attendance figures, but both of the anchor tenants have expressed their intentions to move to Hardturm Stadion. The clubs' relocation depends largely on the citizens of Zürich, who will vote in a referendum⁹³ in 2013 to decide whether the city of Zürich should invest public money in a new football stadium renovations or not.

⁹³ http://www.stadionwelt.de/sw_stadien/index.php?folder=sites&site=news_detail&news_id=6892

If the referendum results in a yes vote, it may pose problems for Stadion Letzigrund. Last season FC Zürich had a total 211,500 spectators, while Grasshopper Club Zürich attracted 122,200. A loss of about 300,000 annual spectators will be noticeable for the stadium.

The clubs would like to see a renovation of Hardturm Stadion. Neither of the clubs needs to make a financial commitment to the project and if they do relocate they will be able to play at a pure football ground. Paradoxically, the city of Zürich could be the main provider of funding towards the renovation of Hardturm Stadion and at the same time will have to pay the possible deficits of Stadion Letzigrund if the two teams move.

Wörthersee Stadion, Klagenfurt in Austria

Construction price: 96 million

Capacity: 30,000

Attendance in 2010: 139,800

World Stadium Index: 4.7

The UEFA Euro 2008 venue with the most obvious problems is Wörthersee Stadion in Klagenfurt, Austria. Like Stadion Letzigrund, Wörthersee Stadion is funded by public money and cost nearly \$96 million to construct. It is the home of the two clubs SK Austria Klagenfurt and SAK Klagenfurt, which currently play in Regionalliga Mitte, the third highest division in the Austrian league system.

In 2010 the stadium had 36 events of which 30 were sports related. In addition to SK Austria Klagenfurt and SKA Klagenfurt's regular football matches the venue hosted the Eishockey Freiluft Derby game between EC Klagenfurt AC and EC REKORD-Fenster VSV, which attracted 30,500 spectators.⁹⁴ Despite the big crowd for the ice hockey game and the relatively high number of events, Wörthersee Stadion's total attendance figure in 2010 was only 139,800.

The main reason for the stadium's low attendance figure is that both of the clubs had remarkably few spectators. SK Austria Klagenfurt only had a total of 9,850⁹⁵ spectators in 2009/10 season, while the figures for SAK Klagenfurt were even worse at 3,450⁹⁶ in total. During the 2011/12 season both of the clubs improved their attendance figures but they are still very low.⁹⁷

Even though we do not have the economic numbers and figures available, the stadium is most likely an economic burden for the city of Klagenfurt. Considering how many spectators attending the events taking place on the stadium, the stadium is almost empty in relation to its capacity.

Just as some of the stadiums built in Portugal due to UEFA Euro 2004, Wörthersee Stadion should probably not have been built if not Austria and Klagenfurt had hosted games during the 2008 event as

⁹⁴ <http://www.mein-klagenfurt.at/aktuelle-presse-meldungen/presse-meldungen-jaenner-2010/30500-zuseher-bei-eishockey-spektakel/>

⁹⁵ <http://www.worldfootball.net/zuschauer/aut-regionalliga-mitte-2009-2010/1/>

⁹⁶ Ibid.

⁹⁷ <http://www.worldfootball.net/zuschauer/aut-regionalliga-mitte-2011-2012/1/>

there is not an existing local sporting need for a stadium with that capacity. Both anchor tenants could easily play their matches in significantly smaller venues.

Stade de Genève, Geneva in Switzerland

Construction price: 90 million

Capacity: 30,084

Attendance in 2010: 188,494

World Stadium Index: 6.3

The initial budget for the construction of the Stade de Genève was exceeded by CHF 22 million, just over \$19 million, and the final cost for the construction of the stadium was almost \$90 million.

The stadium was funded by private and public funds and an interest-free loan from Credit Suisse Bank. As the budget was exceeded there was no money left for the final touch of the stadium and the debts related to the construction of the stadium had to be paid by the canton. The citizens of Geneva voted against using public money to pay off the debts but the authorities in Geneva evaded the public opinion by using a special fund to pay off the debts.

FC Servette has been the operator of the stadium since July 2011 and will continue to hold this position for 32 years. The typical event at the stadium is football matches. During the 2009/10 season FC Servette had 53,774 spectators in total. The attendance figures rose slightly to 90,392 during the 2010/11 season as FC Servette managed to get back into the Swiss top division. Although the current season is not yet completed, FC Servette has already raised its figures above last season's, and after ten league games at home a total of 140,117 spectators have attended the club's games.

The stadium has since its inauguration hosted a number of concerts as well as several international friendly matches, but just like the Wörthersee Stadion, Stade de Genève has had problems attracting larger crowds. During the 2009/2010 season the stadium only had 118,494 spectators at all of its events combined.

The construction of the Stade de Genève has contributed to increased competition in the area, especially to host major outdoor concerts. Before the opening of the stadium in Geneva, Stade Olympique de la Pontaise in Lausanne hosted the majority of outdoor concerts. However, the Lausanne's stadium has not hosted many concerts since Stade de Genève opened.

In the beginning of March 2012 the owner of FC Servette declared the club's bankruptcy. The club had gone bankrupt in 2005 as well and was then relegated to the 3rd division. What will happen with the club this time is currently not determined. A new owner of the club has been found but has not been decided if the team will be relegated.

For Stade de Genève a relegation of the operator and anchor tenant FC Servette will surely be devastating. Even before its bankruptcy it was necessary, given the public subsidies involved, to balance the budget. It will certainly not make it easier for FC Servette and Stade de Genève to lose spectators through relegation.

Conclusion on UEFA Euro 2008 in Austria/Switzerland

In comparison to UEFA Euro 2004 in Portugal, the event in Austria/Switzerland was much cheaper to host if only the venue investments are to be taken into account. Austria and Switzerland invested over \$450 million in stadiums due to UEFA Euro 2008, which is nearly half of the sum Portugal invested before UEFA Euro 2004. The use of already existing stadiums and minor renovations in several cases to meet UEFA's requirements were the main reasons why the two countries did not invest as much as Portugal.

Although the host countries for UEFA Euro 2008 only used eight stadiums, the aftermath of EURO 2008 has been quite problematic for some of the venues. As figure 5.9 below shows, both Stade de Genève and Wörthersee Stadion have a World Stadium Index which is far from impressive. Their low indexes are present due to the anchor tenant's failure to attract larger crowds. However, before the potential bankruptcy Stade de Genève seemed to have a brighter future than Wörthersee Stadion because FC Servette significantly increased its attendance figures last season while the tenants of Wörthersee Stadion were firmly entrenched in the Austrian 3rd division with low attendance numbers. But as FC Servette will most likely have financial problems the years to come, the future for Stade de Genève is very uncertain.

One additional venue which may face some challenges in the future is Stadion Letzigrund. The stadium host's different kinds of events and currently has a fairly good index, but it will lose a majority of its crowd if FC Zürich's and Grasshopper Club Zürich's desires to move to Hardturm Stadion become a reality. The two teams' possible move would mean a double cost for the city of Zürich as the main funder of the Hardturm Stadion's renovation.

However, perhaps we will see a similar progress in Zürich as had happened in Munich. Although both of the Munich clubs left the Olympic Stadium for Allianz Arena it has not been to the detriment of the public owned Olympic Stadium, which has managed to adapt to the market without an anchor tenant. Like Munich, Zürich is located in a prosperous region and although the Zürich metropolitan area does not have the same number of inhabitants as Munich, it may be possible for Stadion Letzigrund to manage to lift its profile without having a football team.

Although we do not have all data available, it is obvious that the Wörthersee Stadion has a negative sporting legacy and it is likely that the city of Klagenfurt has some financial problems connected to Wörthersee Stadion. The annual attendance figures are low and the rent paid by the anchor tenants to the city is likely to be subsidised and probably does not cover the annual expenditures. However, further data and details of the stadium's economic condition are needed to draw further conclusions.

Table 5.2: Overview of UEFA Euro 2008 stadiums

Name	Construction Price	Capacity	Price per Seat	Attendance	World Stadium Index	Ownership
Stadion Letzigrund, Zürich (SUI)	\$105,238,339	26,000	\$4,048	527,000	20.3	Public
Stade de Suisse, Bern (SUI)	\$62,845,170	32,000	\$1,964	509,994	15.9	Private
Stade de Genève, Geneva (SUI)	\$89,921,378	30,084	\$2,989	188,494	6.3	Private
Wörthersee Stadion, Klagenfurt (AUT)	\$95,812,236	30,000	\$3,194	139,800	4.7	Public
Red Bull Arena, Salzburg (AUT)	\$100,854,985	31,895	\$3,162	360,793	11.3	Public
Average	\$90,934,422	29,996	\$3,071	345,216	11.7	-

All prices in 2010 dollar value

Conclusion on UEFA Euro stadiums

Although stadium investments for UEFA Euro events are not on the same level as the investments necessary to host a FIFA World Cup, the investments made by the UEFA Euro 2004 and 2008 host countries must be seen as substantial. Combined, these countries invested over \$1.5 bn. in their stadiums. Portugal chose, as mentioned above, to invest nearly \$1 bn. while Austria and Switzerland spent roughly half of this figure.

The formula for a successful stadium investment is simple: Construct a new stadium or carry out major renovations on an established stadium where a team that attracts large regular crowds already exists. If there is no major team present one should consider very thoroughly whether building, renovating or making significant investments in a stadium is worthwhile. It is fairly uncommon that an attractive stadium in itself attracts larger crowds in the long term.

Although it sounds quite obvious, there are many cities and municipalities that have chosen to neglect and ignore the realities. Hopes and visions replace common sense and instead of being an economic catalyst for the region or host city the stadium ends up as an economic burden.

As the study shows, several municipalities in Portugal had, and still have, financial problems related to UEFA Euro 2004, which in turn have left a severe mark on several municipalities' budgets. Even in

wealthier countries like Austria and Switzerland public authorities have contributed significant financial resources in stadiums which means that the teams and operators using the stadiums have been paying low rental costs that are subsidised by the public.

In its bid requirements for the 2016 UEFA Euro tournament⁹⁸, UEFA does point out that it is important to take the future use of the stadium into account in the planning of a new stadium. It recommends that an anchor tenant uses the stadium after the event to ensure that the new stadium is used to a sufficient degree after the UEFA Euro. UEFA's advice sounds reasonable and well-meant, but it must be remembered that UEFA profits from the race between several bidders to secure the event and leaves those funding the stadiums, typically the public authorities, with all of the responsibility to deal with the legacy problems that often occur after the event.

If UEFA does not intend to change its formal requirements and legacy policy, it should be more careful when choosing the countries and cities it deems suitable to host a UEFA Euro. It is neither appropriate nor sustainable for cities and municipalities to have economic difficulties and empty stadiums after a UEFA Euro event. A real, long lasting sporting legacy should be of priority, even for UEFA.

As Table 5.3 below shows, it is mainly the Portuguese stadiums that have had the most problematic post-UEFA Euro legacy. The three stadiums with lowest indexes are in Portugal. Although the three Portuguese stadiums are at the bottom of the table, some venues in Austria and Switzerland also face major legacy problems.

As mentioned above, a part of Portugal's problems could have been avoided relatively easily if they had chosen to construct or renovate eight stadiums instead of ten. Portugal is a relatively small country and football is concentrated around the three big teams SL Benfica, Sporting Lisbon and FC Porto. Portugal could have also considered co-organising the event with Spain, thereby limiting its investments in stadiums and the current and future expenditures for its clubs and municipalities. A proposal to jointly host the event may have been present, but Spain instead ended up as one of Portugal's main rivals in the bidding process to host UEFA Euro 2004.

With the information available concerning stadiums built or renovated in Austria and Switzerland, we can conclude that their problems have not manifested to the same degree as in Portugal. In Switzerland, two of the stadiums were partly financed with private funds, which have meant that the potential economic risks were spread among different stakeholders and the public did not have to bear the full risk.

⁹⁸ http://www.uefa.com/MultimediaFiles/Download/Regulations/uefa/Others/84/03/26/840326_DOWNLOAD.pdf

Table 5.3: Overview UEFA Euro Venues 2000-2008

Name	Construction Price	Events	Attendance	World Stadium Index
Stadion Letzigrund, Zürich (SUI)	\$105,238,339	44	527,000	20.3
Estádio da Luz, Lisbon (POR)	\$153,294,217	27	1,268,988	19.3
Stade de Suisse, Bern (SUI)	\$62,845,170	30	509,994	15.9
Estádio do Dragão, Oporto (POR)	\$153,696,564	25	827,380	15.9
Estádio José Alvalade, Lisbon (POR)	\$130,896,899	26	609,312	12.2
Red Bull Arena, Salzburg (AUT)	\$100,854,985	N/A	360,793	11.3
Estádio D. Afonso Henriques, Guimarães (POR)	\$36,613,579	20	286,067	9.5
Estádio AXA, Braga (POR)	\$144,975,045	19	236,613	7.8
Estádio Cidade de Coimbra, Coimbra (POR)	\$50,829,841	20	185,529	6.3
Stade de Genève, Geneva (SUI)	\$89,921,378	50	188,494	6.3
Wörthersee Stadion, Klagenfurt (AUT)	\$95,812,236	36	139,800	4.7
Estádio do Bessa Século XXI, Oporto (POR)	\$59,547,360	19	74,796	2.7
Estádio Dr. Magalhães Pessoa, Leiria (POR)	\$120,704,108	18	64,292	2.7
Estádio Municipal de Aveiro, Aveiro (POR)	\$83,151,719	19	59,007	2.5
Estádio Algarve, Faro (POR)	\$46,269,908	N/A	N/A	N/A
GelreDome, Arnhem (HOL)	\$109,674,976	N/A	N/A	N/A
Average	\$96,520,395	27	381,290	9.8

All prices in 2010 dollar value

Stadion Letzigrund was completely financed by public funds and has, according to our data, so far been the stadium with the most successful sporting legacy after the UEFA Euro 2008. The stadium has the best World Stadium Index and the best attendance figures of the Austrian and Swiss stadiums. Only the three major stadiums in Portugal have better attendance figures. Largely due to its running track, Stadion Letzigrund, along with Stade de Genève, hosted the most events during 2010. But the running track may

also contribute to both of its current anchor tenants' decisions to relocate to another stadium within a few years. If this turns out to be the case, the stadium will need to find other ways to attract spectators if it wants to maintain its relatively high attendance figures.