



STADIUMS FOR PROFESSIONAL SPORT: BUSINESS OR PHILANTHROPY?

Play the Game,
Aarhus, Denmark
26/10/2015

Analyst Jens Alm



Play the Game



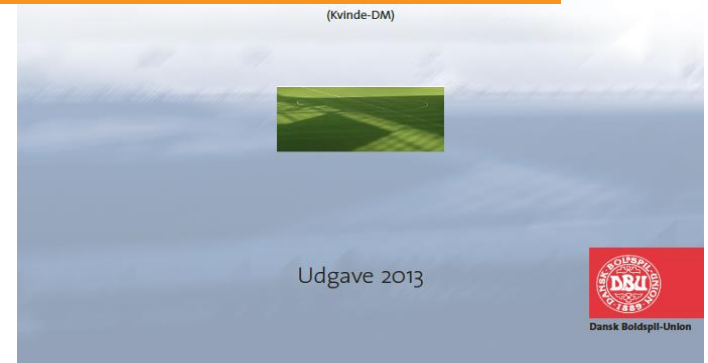
DANISH FA STADIUM REQUIREMENTS

- Introduced 2003

Krav til danske fodboldstadioner

“A stadium that within all areas are of high quality, will attract more spectators and thus financial resources to the owner and/or license applicant. It allows possibilities to fund future stadium facilities and serves as a major source of income forms for the license applicant” (Danish FA, 2015, p. 39)

- *Floodlight*
- *Safety/security*
- *Conditions for press and media*





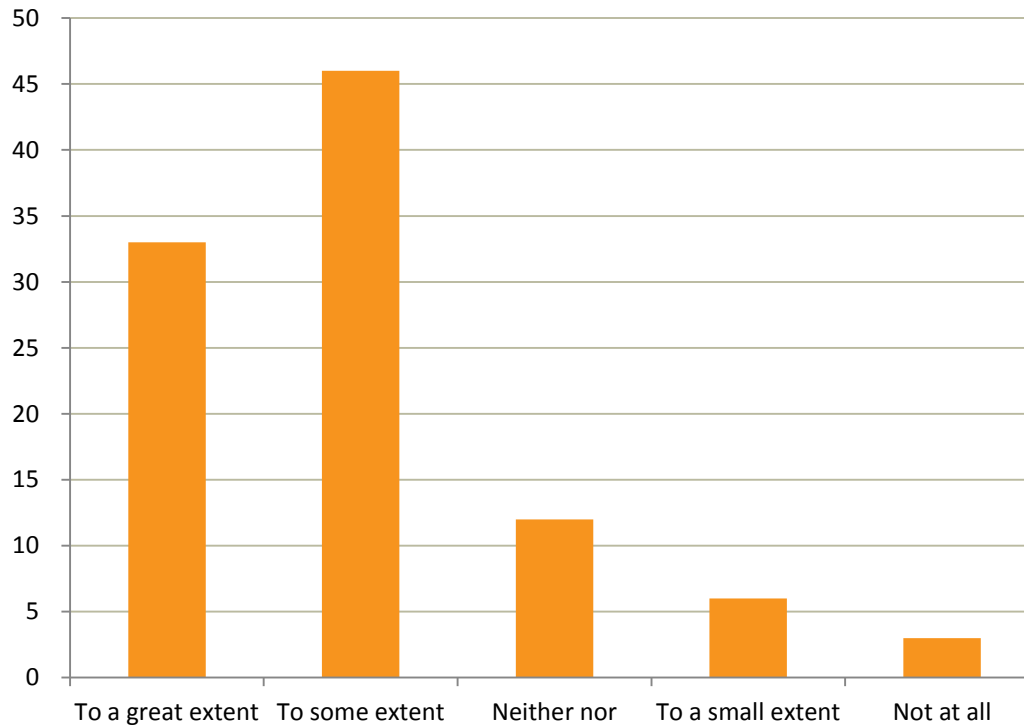
INVESTMENTS IN STADIUMS TARGETED ELITE SPORT

- A majority of the stadiums are publicly owned
- Few private stadiums
- €406 million in stadiums since 2000¹
- Mostly public investments

¹Based on surveys from 2007 and 2014



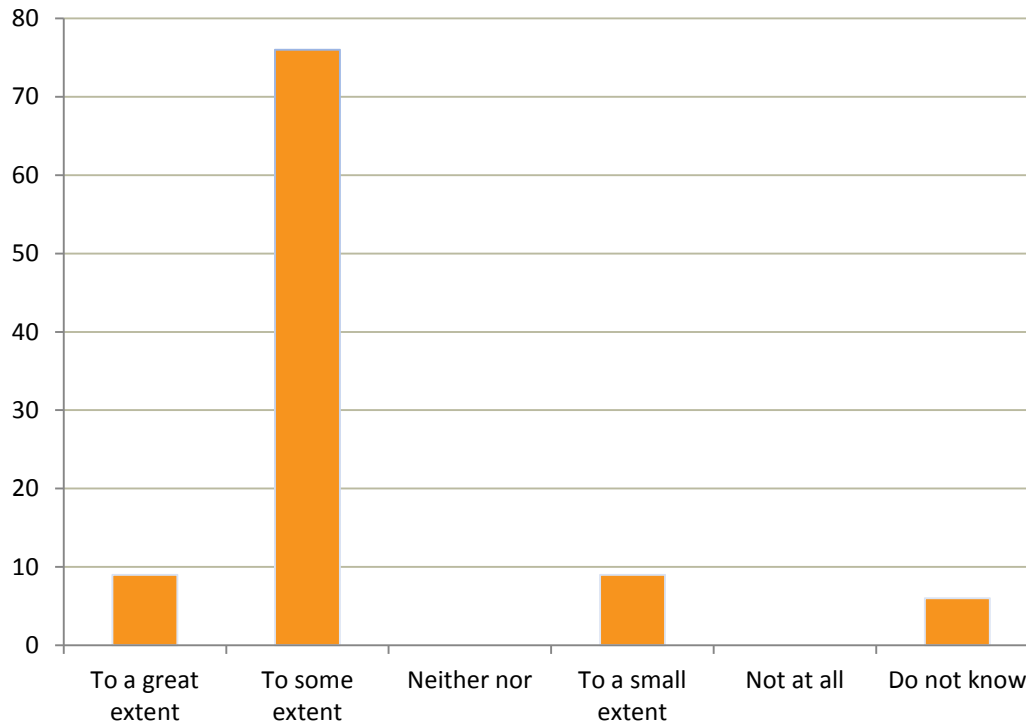
HIGH POLICY PRIORITY TO PROVIDE GOOD FACILITIES FOR ELITE SPORT (%) (N=34)



Source: Alm (2014)



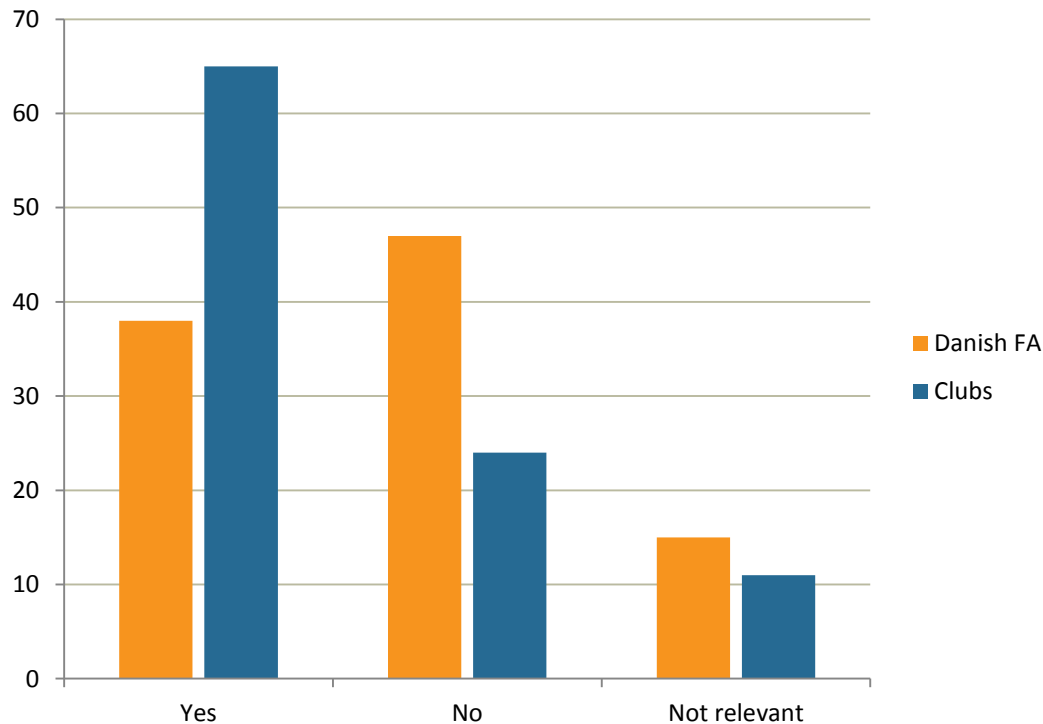
INVESTMENTS IN STADIUMS TARGETED ELITE SPORT AS A PUBLIC TASK (%) (n=34)



Source: Alm (2014)



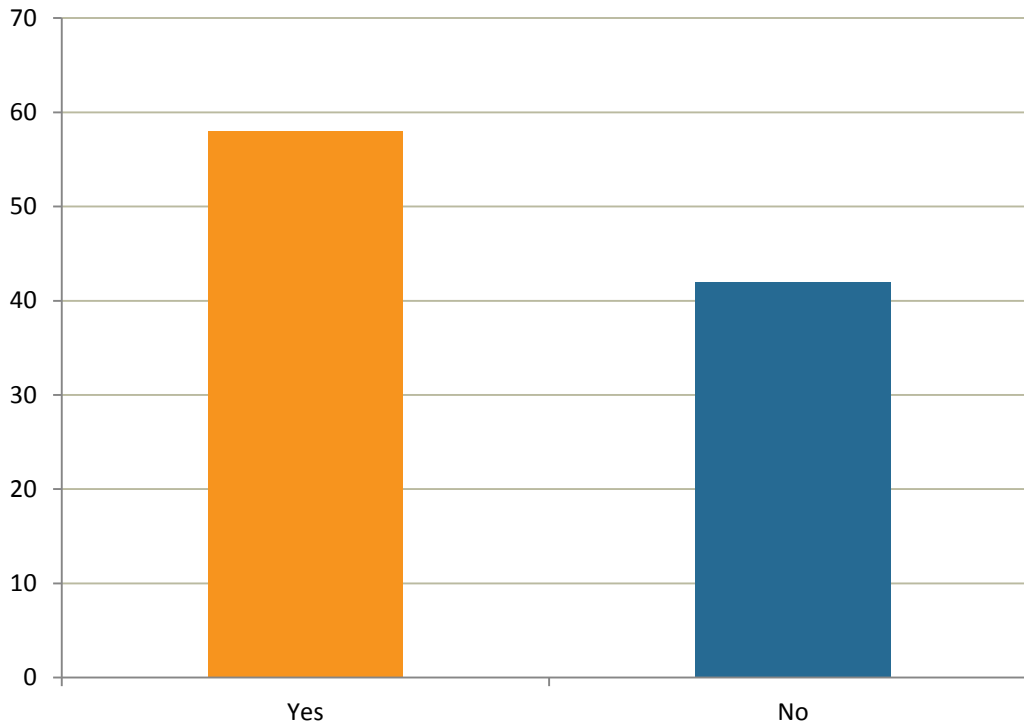
EXPERIENCED A PRESSURE FROM CLUBS OR THE FA TO MEET THE STADIUM REQUIREMENTS (%) (n=54)



Source: Alm (2014)



MADE INVESTMENTS TO MEET THE STADIUM REQUIREMENTS FROM CLUBS OR THE FA (%) (n=54)



Source: Alm (2014)



STADIUM RENTAL AGREEMENTS IN DENMARK

STADIONLEJE I DANMARK

Notat om danske
superligaklubbers lejeforhold

Søren Bang, Jens Alm og Rasmus K. Storm

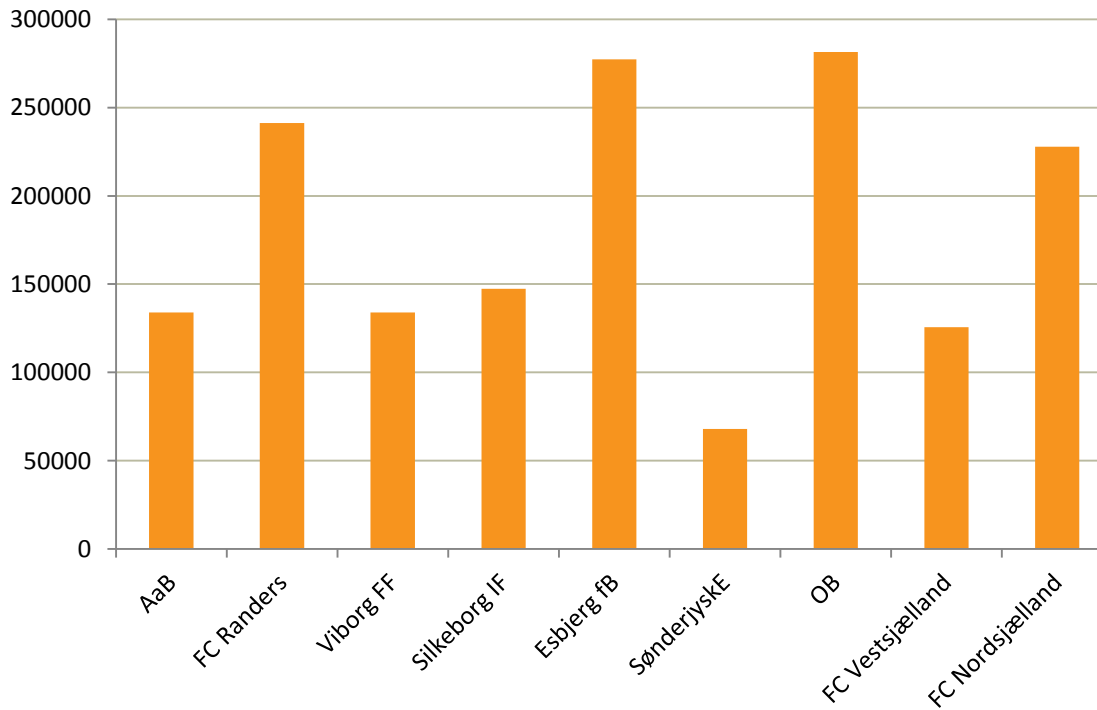
Notat / Juni 2014



MUNICIPAL OWNED STADIUMS



MAJOR VARIATIONS IN THE AGREEMENTS – FIXED RENTS (2014) (€)



RENTAL AGREEMENTS (2014) (€)

Club [Municipality]	Fixed rent	Variable rent	Costs for commercial rights	Payment for usage and maintenance
AaB [Aalborg]	134,000	0,67 per spectator. Between 2680 to 5560 per game	147,500 for catering/commercial plus 40,000 for naming rights	-
RFC [Randers]	241,200	14,740 per additional game	-	Electricity consumption over a set limit
VFF [Viborg]	134,000	-	6700 yearly for naming rights	-
SIF [Silkeborg]	107,200 -147,440	-	343,130 for naming rights	Pitch heating
EfB [Esbjerg]	277,180	-	-	48,255 for maintenance , part of the fixed rent. Expenses for certain level of consumption
SønderjyskE [Haderslev]	67,980	-	-	Usage: Yes
OB [Odense]	281,470	Additional costs at more than 20 games	-	OB owns through parent company part of the stadium
FCV [Slagelse]	125,590	-	-	Costs for energy consumption
FCN [Furesø]	227,860	Fee on entrance revenues over 335,100	Costs for naming rights (price not provided)	Partly for usage



REVENUE IN RELATION TO FIXED RENT (€)

Club [Municipality]	Fixed rent 2013/14	Revenue 2013	Fixed rent 2007	Revenue 2007	Fixed rent 2005	Revenue 2005
AaB [Aalborg]	134,000	11,326,723	134,000	18,399,510	134,000	10,026,620
RFC [Randers]	241,200	9,867,590	180,960	7,425,590	-	2,350,820
VFF [Viborg]	134,000	3,026,870	127,340	5,249,379	107,240 (2002)	4,610,700
SIF [Silkeborg]	107,200 - 147,440	9,726,350	134,050	4,552,460	0	3,857,570
EfB [Esbjerg]	277,180	16,277,500	116,620	7,933,400	41,000	5,077,500
SønderjyskE [Haderslev]	67,980	6,106,000	16,755	-	-	-
OB [Odense]	281,470	23,951,550	22,7880	27,443,000	214,470	5,885,270
FCV [Slagelse]	125,590	-	-	-	-	-
FCN [Furesø]	227,860	22,140,210	187,660	9,844,450	-	4,533,000



BUT HOW MUCH DO DANISH CLUBS PAY IN COMPARANCE TO OTHERS?

Olympia, Helsingborg, Sweden



Photo: JKAB Arkitekter

Falcon Alkoholfri Arena, Falkenberg, Sweden



Photo: Municipality of Falkenberg

Nordjyske Arena, Aalborg, Denmark



Photo: Friis & Moltke Architects

Blue Water Arena, Esbjerg, Denmark



Photo: DR Syd



DENMARK vs. SWEDEN

Club [Municipality]	Inhabitants	Championships	Stadium capacity	Average attendance the last five seasons
AaB [Aalborg]	207,805	Four	13,800	7286
EfB [Esbjerg]	115,446	Five	17,181	6674
HIF [Helsingborg]	136,653	Five	16,500 ¹	9952
FFF [Falkenberg]	41,000	Zero	5500 ²	2044

¹The stadium is under construction and will open 2017. The new capacity will be 15,000.

²The stadium is under construction and will open 2017.

Club [Municipality]	Fixed rent	Variable match day	Commercial rights/catering/naming rights	Maximum payment
AaB [Aalborg]	€134,000	€0,67 per spectator. Between €2,680 to €5,560 per game	€187,500	€416,020
EfB [Esbjerg]	€277,180	-		€277,280 + costs for the usage of LED-banner & big screens
HIF [Helsingborg]	€21,370 ³	From 5,000 spectators and upwards the club pays between €2,14 to €10,68 per game	€160,260 plus €1 per spectator and game	€1,388,960
FFF [Falkenberg]	€286,270 ⁴	-	Possibility to sell the naming rights included in the rent	€286,270

³The numbers applies to the refurbished stadium. Current fixed rent is €395,320 and the maintenance costs are €641,060.

⁴Current fixed rent at the old stadium is €91,180.



REVENUE IN RELATION TO THE RENT (€)

Club	Rent 2014	Revenue	Percentage of the revenue
AaB	394,113 ¹	11,326,723 (2013)	3,5 %
EfB	277,180	16,277,500 (2013)	1,7 %
HIF	136,653	8,384,473 (2014)	12,5 %
FFF	286,270 ² (2016)	2,862,716 (2014)	10 %

¹The variable rent in the total rent is based on 6393 (average attendance) x 0,63 (fee per spectator) x 17 (games in the league per season)

²The rent is based on the new rental agreement between the municipality and the club



CONCLUSIONS

- An increase of the revenues
- Municipal benevolence to provide good conditions for the local club(s)
- Major variation in the rental agreements
- EfB, OB & AaB have the highest rental costs...
- ...but pay less in relation to a comparable Swedish club





Questions?

Play the Game Conference
Marselis Hotel
26/10/2015

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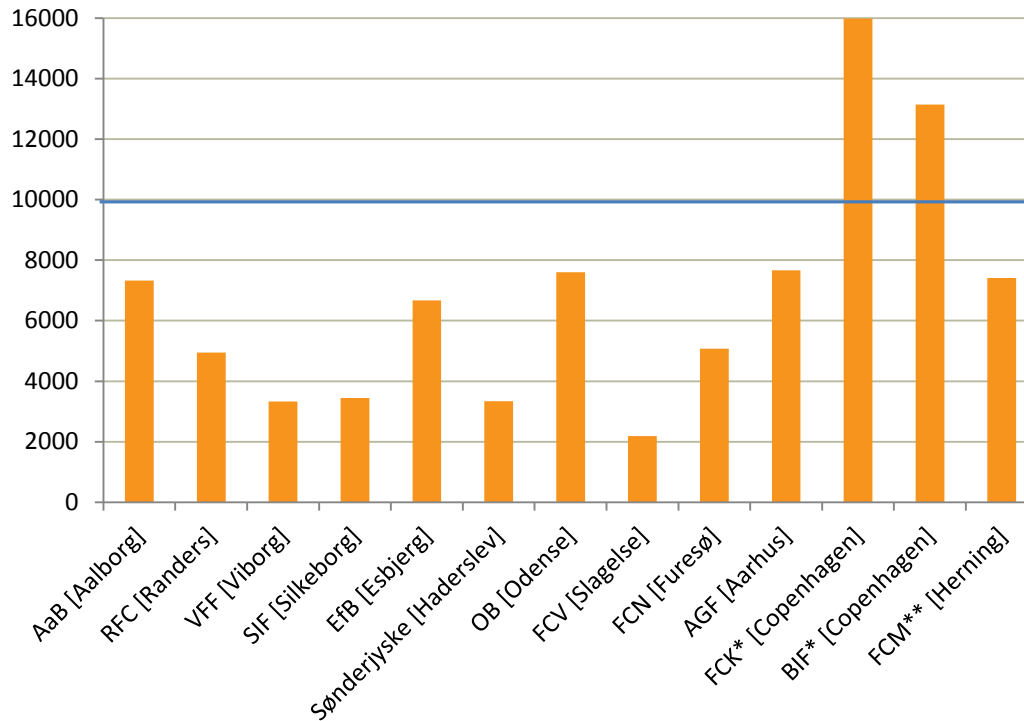
KEY ELEMENTS IN THE AGREEMENTS

- **Fixed rent** – could be price regulated or downgraded if the club is regulated
- **Variable rent** – may depend on number of spectators, entrance fees or number of games
- **Commercial rights** – may for example cover payment for catering, commercial and naming rights
- **Maintenance** – may for example cover expenses to electricity, water and pitch maintenance
- **Other** - offsetting the clubs' cofinancing of stadiums in the agreements or more complex constructions (e.g. Aarhus)



DISCREPANCY BETWEEN THE CAPACITY REQUIREMENTS AND THE ACTUAL NEED

Average attendance 2010/11 – 2014/15



* Playing at private owned stadiums

** Playing at semi-private owned stadium

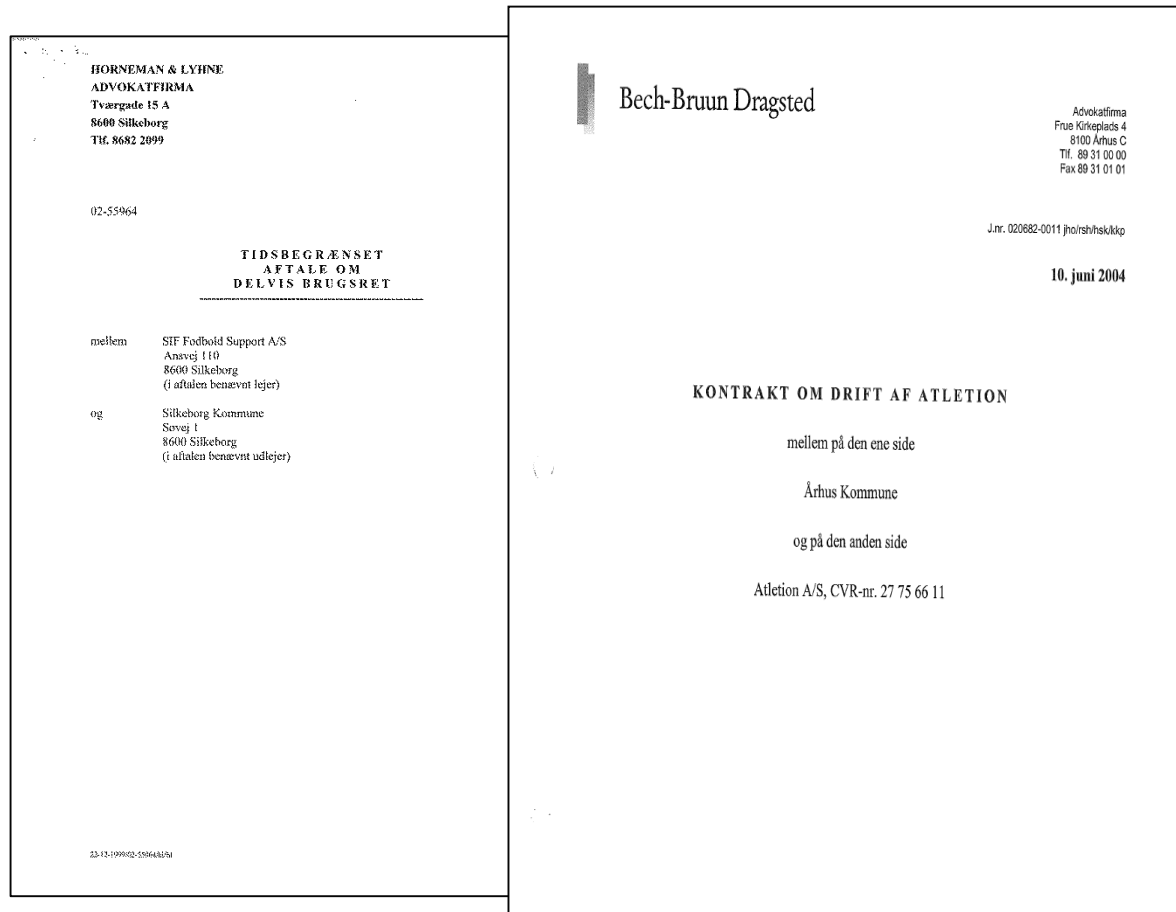
Source: Superstats.dk




Play the Game

www.playthegame.org

BUT WHAT ABOUT THE RENTAL AGREEMENTS?





FINANCIAL STRENGTH – SPORTING SUCCESS

Strong correlation between players expenses and sporting success (e.g. Szymanski & Smith, 1997; Szymanski, 2015)

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