

# For Sale: Modern Football Stadium, Wanted: Professional Football Club

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One more Dutch city has recently joined the game of musical chairs involving the two 'homeless' professional football clubs. Not for the first time a city paid big money to acquire and modernize its football stadium only to find itself tenantless as a result of the involuntary liquidation of the local professional football club. In several weeks' time the two seeking licence holders, both of whom receive insufficient managerial and financial support from the cities they are currently located at, will announce where they intend to move.

Let us reassure all football fans: this press release is a piece of fiction. For the time being the current thirty-six professional football clubs will continue to play in the same cities they have been playing in for the past few decades. That is, at least, if no involuntary liquidations occur and if chairman of AZ Alkmaar does not execute his threat to exchange Alkmaar (which is accused of offering too little support) for another location. But the above press release is not entirely made up. Cities (not just in the Netherlands) seem to be prepared to invest large amounts of money in football stadiums. A few weeks ago Nijmegen and Breda decided to buy the football stadiums of NEC Nijmegen and NAC Breda for 12 million and 15,7 million euros respectively. During that same period the city of Groningen decided to invest 15 million euros in the construction of a new football stadium. And there are many more examples. The reason for cities to invest money is often the poor financial situation which the local professional football club has got into. There are two reasons why the financial injections do not go directly towards the club, but more often towards the football stadiums. First, financial-managerial considerations lie at the root of this choice. Governments do not want to take any chances and therefore in general prefer to invest in infrastructure rather than subsidize the exploitation of the clubs. Secondly, there is a serious legal argument in that the European Commission has established that professional football clubs are enterprises and

therefore subject to the regular rules concerning competition and state-aid. This means that direct financial support from cities is prohibited because this may affect competition between the sports enterprises. The financing of football stadiums by cities is, however, allowed under specific circumstances. Considering the recent debate concerning the financial problems in professional football it will be interesting to analyze the relationship between the stadium and the club more closely and to add a sports-economic comment.

First of all it can be established that, although from a legal point of view there is a clear distinction between financially supporting a club or a stadium, this distinction is not as obvious from an economic perspective. Club and stadium are one when it comes to exploitation. A club has no rationale for its existence without a stadium to play its home matches in. Likewise, a stadium can impossibly balance the books without the income generated by the home team. This income concerns both the lease instalments and the fans' expenditures. Even large multifunctional stadiums are not able to run on pop concerts and other events alone. This implies that future involuntary liquidations of professional football clubs will have severe consequences for the exploitation of their home stadiums. From an economical perspective it is understandable that the party financing the stadium should wish to lend a helping hand when the home club is in (temporary) financial difficulty. In order to avoid loss of capital and to leave intact the possibility of getting a return on investment it is essential that the main tenant survive.

It is interesting to note that public funders of stadiums encounter a problem at this point. As opposed to private investors, government authorities are not allowed to 'protect' their stadium investment as a result of state aid regulations. They are forced to sit by and watch their main source of income dry out, which in turn will jeopardize the exploitation of the stadium (not only as a football arena, but also as part of society's infrastructure (hosting pop concerts, festivals, etc.)). This raises questions concerning the strict distinction made in Brussels between the professional football club as an enterprise and the stadium as a public cause. The situation calls for a closer examination of the legal and sports-economic arguments involved when it comes to financially supporting professional football. A second lesson which may be drawn from our reflections on the intimate and exploitative relationship between the stadium and its club is that giving financial support to a stadium is only slightly more 'safe' than financially supporting a football club.

Now let us return to our previous image of the threatening liquidation of a professional football club which is the main tenant of a stadium. When this occurs, and a restart of the home team is impossible, there are strong economic arguments for attracting another professional football club to move into the vacant stadium. The more expensive the stadium, the more it seems that to seek a new professional football licence is the only option open to avoid loss of capital. The North American sports market is proof that this is not mere theorizing. Professional sports clubs there regularly swap one city for another, mainly driven by economic arguments. In our country such actions may seem practically inconceivable. But the costly expansion and renovation of stadiums that has taken place over the past few years, the dire financial situation of many professional football clubs and the limited possibilities for financial support due to restrictive legislation contribute to a situation where the events described in the press release above may well come true. After all, money makes the world go round, especially the world of professional sports.

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