Progress report

In an uncertain economy and with technological solutions unheard of even a handful of years ago now commonplace, the art of designing, building and operating a sports venue remains a balancing act. Industry expert Jon Coxeter-Smith offers his assessment of the state of the global stadium industry in 2012.

By Jon Coxeter-Smith

Like so many other industries in 2012, stadium and venue design and construction is facing a number of uncertainties. While the future is not bleak, demand has slowed in response to the prevailing economic conditions but continues nonetheless, stimulated by major events, business drivers and, often at the public end of the spectrum, by plans for urban development, renewal and regeneration. The uncertainties arise for the new realities are demanding a new breed of venue from designers and constructors; it is not the time to replicate the budget-blowing grand icons of the recent past yet there is insufficient experience to forge a consensus as to what is right for these times.

The sporting calendar is peppered with events, occurring with a frequent and metronomic regularity, and these continue to drive demand. But it is evident that things have changed here too. If you want evidence, compare and contrast the recently completed venues for the London 2012 Olympics with their counterparts built only four years earlier for the last edition, Beijing 2008. And the changes throw down challenges for designers and constructors to continue to conceptualise and deliver excellent venues. There is no compromise to requirements for venues that enhance a city's or a nation's image and that will promote the conditions for world class, record-breaking athletic performance but all this must be realised at a scale and at a price that is in balance with the economic and political conditions of today.

Over the past ten years or so the public, and so politicians, have cottoned on to the wholesale discussions and ambitions for legacy – the 'L-word'. There must be a greater purpose and lasting impact out of staging an event and the investment implied. So long-term planning is more heavily scrutinised and organising committees, venue designers and constructors are increasingly held accountable for performance against these criteria. And this is not easy for the requirements for event venues – whether for an Olympic Games, major soccer championships, world championships or multi-sport games – are very exacting in comparison to those contemplated by long-term use. It is no coincidence that

those responsible for managing the legacy from London 2012 are wrestling with what to do with the Olympic Stadium, for the sporting and operational requirements that this must satisfy for the Games are quite unlike anything that will be demanded of the stadium for the remainder of its operating life. Think too about soccer stadia built in any number of host cities in South Africa, built to a capacity for Word Cup 2010, but a capacity not sustainable by public demand in those cities thereafter.

It is heartening to see bid committees, event organisers, designers and constructors taking on the challenge and innovative thinking around scalability, relocation and the use of temporary facilities featuring increasingly in the solutions that are emerging. London 2012 has embraced, legitimised and given new impetus to these lines of thinking. Qatar 2022 has picked up the mantle and there's every prospect that the approach will be moved on even further as a result.

The introduction references business drivers as an important stimulus for demand; the recently adopted Uefa Financial Fair Play regulations provide an excellent example. As soccer clubs come to terms with the challenge of living within their means it is predictable that a part of this effort will involve redoubling efforts to leverage all revenue streams to maximise those means. Deloitte's Football Money League 2012 headlines that Europe's top 20 Money League clubs generated combined revenues of €4.4 billion in 2010/11. Further analysis shows just how their performance varied in the area of matchday revenues. The table below shows the top 10 Money League clubs and their ranking by matchday revenue only.

The table also shows a third ranking, by matchday revenue per available seat – a metric developed by KPMG in their European Stadium Insight 2011 study – which shows the different rates at which clubs generate their matchday revenue. My own analysis shows that if all clubs could generate revenue per seat at the same rate as the top club by this measure, then the €4.4 billion total revenue would increase by a further €1.2 billion.

Of course it would never happen quite like that for the achievable matchday revenues are influenced by a number of variables including: number of matches; level of the matches, for example Champions League versus Europa League; ticket price – many German stadia offer a number of low-cost standing spaces; and demand capacity of the club's local market.

Nonetheless, there is clearly much room for improvement by some clubs and we can expect a number of stadium developments motivated by this driver. There is too the further, maybe tantalising, appeal that success in this regard can be cycled back into operating budgets to stimulate playing success, thereby becoming self-sustaining.

If these are uncertain times for designers and constructors, at least one uncertainty that has been running over the past few years – that of location: in-city versus out of town – appears to have settled. City planners seem to have resolved that in the city, connected to communities and transportation nodes and networks, is the right place for sports venues. Considerations of sustainability, economic, social and environmental, underpin this conclusion.

In early May 2012 I was fortunate to be moderating a roundtable at a stadia conference in Los Angeles where the Farmers Field project was the feature. This provides a great illustration of city-centre solution. The project is based on an aspirational vision – to bring the National Football League (NFL) back to Los Angeles after a 16-plus-year interregnum – and proposes a downtown location which supports a business plan made sustainable through its ability to leverage the NFL presence and generate additional economic activity for the city.

The project allows a remodelling and consolidation of the city's convention centre which will support an effort to move LA from a top 20 to a top five convention destination, with the boost to the local economy that comes with that, and so will remove the reliance on the public subsidy for the operation that is currently necessary. Utilisation of the new NFL stadium will be enhanced through links with the remodelled convention centre, the public realm and proximity to the LA Live district, with content expanded from the ten games a year that comes with the NFL. The location capitalises on the existing infrastructure, car parking provision and transportation connections that already service the downtown area and the need for costly investment to reinforce these services is largely avoided. It is more complicated than that but even a quick overview illustrates the case for the city-centre location argument.

We live in uncertain times where some things have changed, driven largely by economic conditions, while others, like the call for excellent solutions, remain the same. Demand for new venues is not unaffected yet continues, supported by such things as events, business drivers and economic planning for the growth and regeneration of our cities. The stadium design and construction industry is grappling with these challenges and others, like competition from the wider leisure and entertainment market, owners' needs to maximise revenues versus sports fans' expectations and their capacity and readiness to pay. If there was ever a time to observe and develop best practice it is now and all those connected with planning, designing and constructing new venues or remodelling existing venues must identify and place in order of priority the stimuli for that project. They must decide who is driving the bus. ■

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Stadium revenue ranking

Club	Ranking		
	Deloitte Money League	Matchday revenue	Revenue per available seat
Real Madrid	1	1	6
Barcelona	2	3	4
Manchester United	3	2	3
Bayern Munich	4	6	7
Arsenal	5	4	2
Chelsea	6	5	1
AC Milan	7	11	14
Internazionale	8	12	17
Liverpool	9	7	8
Schalke 04	10	10	11