Sports Facility Financing and Development Trends in Europe and Germany 2003

Michael Siebold

Angela Klingmüller

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"Touring Europe is not popular with my people, because you are always having to work in 200-year-old venues."

This statement was made by a respected United States (U.S.) concert promoter, who prefers to remain anonymous, at a conference in the United States. To a certain extent, it might be true that some of the European venues have an antiquated charm. However, the overall perception is certainly wrong. Europe has made great progress in recent years developing arenas and stadia that offer the highest standards for players, performers, and visitors.

Before that time, design concentrated on capacity rather than on comfort and safety, and often stadia were updated only when a country was awarded a major sporting event, such as the soccer World Cup, or a major athletics tournament, such as the Olympic Games. The change occurred in the 1980s and early 1990s: design moved on top of the agenda when the soccer World Cup held in Italy in 1990 delivered stunning visual creations of stadia. Coupled with stadia tragedies, the United Kingdom (U.K.), in particular, demanded safer stadia and produced a climate in which stadia, arenas, and major concert venues came into the public spotlight.
I. FACTORS WITH AN IMPACT ON DEVELOPMENTS IN THE STADIA AND ARENA BUSINESS

A. Catastrophes/Tragic Incidents

Tragic incidents or catastrophes have the fastest impact on the way stadia/arenas are being built today. In the 1980s, the European venues had acquired a rather negative reputation. This was due to a number of tragic incidents and catastrophes with regard to spectator access and constructional failures - most of them in the context of soccer events.

One of the most traumatic events happened during the European Cup game of Juventus Turin ("Juve") versus FC Liverpool in the Belgian Heysel Stadium in Brussels in May 1985. The so-called dream final turned into a horror scenario after ticket sales got out of control, neutral blocks between the British and Italian fans were missing, and Liverpool fans started to rampage in order to provoke the fans of Juve. Excitement turned into panic, and the situation escalated. People tried to flee, but were stopped by walls and fences that ultimately gave way to the crowds putting pressure on them. Thirty-nine people were killed; hundreds of people were injured and needed treatment.

Another catastrophe, known as the "Tragedy of Hillsborough," happened in 1989 in Sheffield, United Kingdom. After a gate of a grandstand collapsed during the British semi-final between, again, Liverpool and Nottingham Forrest, 96 spectators were killed; 200 were severely injured. Medical treatment was insufficient, and the police realized too late that the fans were crowded towards the field in an area where a fence threatened to be crashed by the 4000 Liverpool late-arrivers. The inside doors to the stadium were opened too late.

As a consequence, some major changes occurred in the way stadia are being built. Today you will find all-seater stadia, as well as the ban of alcoholic beverages during game time in most sports in most venues; ticket sales are being managed differently, and fans are being treated and observed.

B. FIFA/UEFA Stadia Requirements

In order to be selected as a host, the Federation Internationale de Football Association (FIFA) and Union of European Football Associations (UEFA) have strict minimum standards the venue must fulfill. With regard to the soccer World Cup 2006, FIFA requires, for example, that the stadia have a capacity of at least 40,000 seats for first-round and quarter-final matches and at least 60,000 seats for the opening match, semi-finals, the third-place playoff, and finals. The venues must be "all-seater" only; the seats should all
be covered, and the stadia must have video surveillance. Furthermore, the stadium operators must guarantee "advertising-free" venues for the duration of the World Cup. The cities and stadia must be decorated according to FIFA special requirements. All promotional measures and activities will be coordinated by FIFA and the local organizing committee. The World Cup 2006 in Germany shall also take into account the environment, which means that when building or reconstructing stadia, environmental-friendly material and techniques shall be used.

C. Changed Customer

Changes in the development of stadia and arenas also occur because of a changed "customer." Of course there are still the "die-hard" fans who will come to see even a losing team. However, there is also a "new" crowd for whom going to the game is just another form of entertainment. For them, sports events are "social events," and the new venues are a place to be. Sports are now competing with all other forms of entertainment like theme parks, touring shows, museums, zoos, etc.

The new consumer is more sophisticated and wants more out of the venue than simply the soccer game. The ambience, décor, restaurants, availability of parking, etc. have become increasingly important, and it is often on the basis of these "soft factors" that they make a decision. Today's customer has choices; therefore, the sports venues have to be - and are - prepared to compete with other forms of entertainment.

II. "HOT" DEVELOPMENT TRENDS IN GERMANY AND EUROPE

A. Multipurpose

Nowadays the trend is moving toward stadia that will be host to sport events and also to concerts, etc., and most of them seem to be integrated into a whole entertainment complex with hotels, shopping centers, and the like.

The same is true with regard to arenas. In Germany, by now almost all single-usage arenas have been turned into multipurpose arenas. Köln Arena was the role model in Germany; the most recent example is the new Color Line Arena in Hamburg.

B. Luxury Suites and Business Seats

Luxury suites are not a new phenomenon in Germany or Europe; however, in the beginning there was little functionality with the luxury suites themselves
and only few business reasons for them to exist. This has changed dramatically, in particular, over the past few years. Today the inclusion of private suites is an essential component to any revenue plan in a stadium or arena.

C. Safety Concerns

September 11th, as the most intense example of terrorism in the Western world ever, had a major impact worldwide. Safety and security measures were increased tremendously for a number of weeks. However, the effect faded before long, and only some rather minor features of increased security remained. Also one has to admit that whilst airports and public buildings received enormous attention and the most safety and security measures in the aftermath of September 11th, the protection of the so-called "soft targets" like stadia, arenas, and conference and convention centers had little to no additional measures to introduce. The reason was that most of them were already applying quite a strict and high standard of security.

As an example of how sports venues dealt with the impact of the September 11th crisis, the German Soccer Federation (DFB) introduced a new evacuation measure program and informed its participating clubs, as well as the leagues and stadia, on it. In preparation of the 2006 World Cup, the World Cup organization committee is working on the security and safety plan. Several electronic devices are being discussed, and new machines are being introduced to scan people and the equipment they bring into the venue.

III. EXAMPLES OF STADIA AND ARENAS IN EUROPE

A. Netherlands

Although Italy set the trend in particular with regard to design developments when hosting the World Cup in 1990 and has wonderful stadia, the milestone with regard to the multipurpose development in Europe was set in the Netherlands with the Amsterdam Arena, which opened in August 1996. It was the first stadium in Europe to feature a sliding retractable roof, and the first stadium in the world with a road running beneath it. It has since been the home of the Amsterdamsche Football Club's (AFC) Ajax and the Amsterdam Admirals team in National Football League (NFL) Europe. It provides seating capacity for more than 52,000 spectators.

Amsterdam Arena is a multi-functional venue that can be used for a variety of events, such as music concerts, presentations, theatre performances, ice skating galas, celebrations, etc.
B. France

As organizer of the 1998 Soccer World Cup, France and Paris needed a world-class stadium. The Stade de France, looking like a flying saucer, accommodates 80,000 visitors and can host all kinds of sports and cultural events. It was a ten-year project that started with France being a candidate to host the soccer World Cup in 1988 and was completed with the opening in January 1998.

C. United Kingdom

In the United Kingdom, several projects are underway, like Coventry and Cardiff. The most prestigious one is, of course, the Wembley Stadium in London.

After a lengthy selection process, the Wembley Stadium will be the site of the English National Stadium. Work started on the 90,000 capacity stadium in the summer of 2002. The new stadium is designed to maximize spectator comfort with unobstructed views of the action, wider seats, and a new concourse wrapping around the building to allow easy circulation and provide catering for up to 40,000 spectators at any one time.

The stadium is constructed over the footprint of the original 1960s Wembley Stadium. It is a multipurpose stadium designed to host football and athletic events, as well as concerts.

The famous characteristic of the new Wembley Stadium is a spectacular 103-meter-high arch that will tower over the 52-meter-high stadium and provide a dramatic landmark across the city skyline. The arch is not only contributing to the esthetics of the stadium, but is also an integral part of the stadium’s sliding roof support structure.

D. Portugal

Portugal will be the host of the 2004 UEFA European Football Champions Finals. For Portugal, the Euro 2004 competition has meant the construction or remodeling of ten stadiums and the building of new support infrastructures.

Two spectacular examples are Estadio Algarve and Baraga Municipal Stadium. Estadio Algarve has been created as a centerpiece of the new park development between the two cities of Faro and Lule. Key to the stadium's design are two removable stands at either end of the pitch that can easily be stored away. One of the major challenges in building the Algarve Stadium was to ensure that it not only met the high standards required for Euro 2004, but was also capable of providing facilities for hosting concerts, training camps for European clubs, and other activities once a tournament is over. It is said to
be a stadium with a design linked to the local setting.

Baraga Municipal Stadium is a project praised to be a "work of art." It has a revolutionary design with only two stands running along both sides of the pitch and seating all 30,000 spectators. The stands are linked by a steel and concrete roof in a gridiron pattern, allowing a flow of natural light onto the pitch. The roof is not the only innovation. The south end of the pitch, which is built into a mountain, will be a huge wall of granite onto which a giant screen will be placed. The other end will be open, offering a view of the surrounding countryside.

E. Germany

After hosting the soccer World Cup in 1974, soccer will be coming home to Germany after thirty-two years when Germany will be host to the 2006 World Cup. The decision has created a wave of planning and building activities in Germany: Out of the twelve cities that have been selected as host cities, five were/are constructing brand new stadia, and seven are conducting substantial reconstruction or expansion projects of their existing venues. Preparations are well under way, and the excitement is growing.

Arena "Auf Schalke" is currently regarded as the state-of-the-art role model. It is a multipurpose arena that includes a retractable roof and a pitch that slides in and out of the bowl. The complex incorporates facilities such as hotels, offices, fitness centers, and even television studios. It has a capacity of approximately 54,000 for European and international matches. Regardless of whether the roof is open or closed, the spectators are all under cover.

In Munich, we will see a completely new stadium - the Allianz Arena. Munich hosted the Summer Olympics in 1972, and the Munich Olympic Stadium, which was also the showcase venue for the 1974 World Cup, was hailed as an architectural masterpiece with its famous "cobweb design." Nevertheless, in the meantime, it had been criticized as inadequate for soccer matches, and in particular, FC Bayern Munich wanted a new stadium.

The Allianz Arena will be host to the FC Bayern Munich, as well as 1860 Munich (both clubs playing in the premier division). It will have a capacity of 66,000, and the walls of the stadium will be comprised of inflatable plastic cushions. The colors of the cushions will change depending on what team is playing at home. This means white and blue for 1860 Munich or red and white for FC Bayern Munich. It has already been nicknamed as "rubber-boat" because of its appearance. One more interesting side note is that the new Allianz Arena is the exception to the "multipurpose trend": it will be for soccer only, with no athletic tracks and no multipurpose features.

Summing up, there are a lot of things going on in the development of
stadiums and arenas in Europe, from rather efficient stadia to "pieces of art." All have in common that they contain plenty to please the "sports purist," but they also draw new audiences with the so-called "soft factors."

IV. FACILITY FINANCING TRENDS IN EUROPE AND GERMANY

The most activity presently can be seen in Germany in preparation of FIFA World Cup 2006, the next mega event following the Olympic Games in Athens in 2004 and the UEFA European Championship in Portugal also in the summer of 2004. Most of the activities with respect to the games in Athens and the Euro in Portugal should have come to a close, and no new business may be expected from those two events. As a matter of fact, most of the contracts for the stadia in Germany for 2006 have also been signed and are underway as well.

Europe is blessed with an event that has taken place every four years since 1960 in a different country or in different countries: the UEFA European Championship in soccer with sixteen teams competing over a period of roughly three weeks to establish the new European champion. Therefore, every four years one or two countries have an opportunity, by hosting this major event, to refurbish between a minimum of six and a maximum of twelve stadia, build new ones, or at least refurbish them to a state-of-the-art stadium.

With the new football associations having been established in Eastern Europe over the past ten to fifteen years, we can be certain to see some major development in new stadia in that area in the next twenty years to come, in particular, given the little investment made into those stadia in the past decade.

V. RECENT DEVELOPMENTS IN SOCCER

To give you an overview of the market we are talking about, Deloitte & Touche estimates the overall European football market to arrive at Euro 7.1 billion, even Euro 10 billion when adding the minor leagues. The biggest markets are the United Kingdom, Spain, Germany, Italy and France, then a couple of smaller markets in the 1% - 2% or 4% area, and then many UEFA members with their markets together making up only 3% of the total.

Apart from the devastating incidents referred to above, three major incidents or developments have led to the new generation of stadia in central and western Europe.

A. Change of Income Stream

You have all heard of the Bosman judgment issued in December 1995 when a not-so-talented Belgian player changed the whole transfer system in
Players become free agents at the end of their current contracts and are permitted to negotiate a new contract with other clubs during the last six months remaining on the existing contract at their current club.

In 1998, the European Union (EU) expanded its review from the UEFA rules to the FIFA rules to the extent they effected EU transfers. In the summer of 2000, intense negotiations took place between FIFA, UEFA, and EU, and a Transfer Task Force was established; however, no solution could be found, and it took until September 2001 until new transfer regulations were implemented. The overall economic effect for the clubs was that they could no longer rely on the transfer money as a property - an asset they owned with every player they signed - and the enormous amount generated by transfer was simply no longer available for clubs. Therefore, new sources of revenues needed to be found.

B. Broadcasting Revenues

The generation of additional, or the increase of existing, revenues became apparent, and in 2001, the market still saw enormous television money being generated. As a matter of fact, for the big five leagues, aggregate broadcasting revenue has become and still is the most important source of revenue. For the 2001-2002 season, the new broadcast deal for the English leagues with British Sky Broadcasting Group (BSkyB) and Independent Television (ITV) brought an increase of 32% to reach the Euro 774 million mark.

Nevertheless, for the English leagues, broadcasting revenues still constitute only 42% of the total league revenue whilst in both France and Italy, with the extraordinary increase in broadcast revenues in 1999 and 2000 when broadcasting income rose by 51% in both leagues in a single year, broadcasting revenue contributes over half of the total revenue in those leagues.

Germany, as the most lucrative sponsorship market in Europe, providing approximately 40% more in sponsorship revenue than the nearest rivals Italy and France, has somewhat moderate broadcasting deals with only 40% of the overall revenue stemming from television rights.

The question then is can the levels of broadcasting income last, and the answer is no. In Europe, we saw ITV go bankrupt in the United Kingdom, the Kirch-Group go bankrupt in Germany with an effect on broadcasting income already last season and this season, as well as the difficulties in the Italian league and the Spanish leagues to sign new broadcast contracts, in particular,
for the smaller clubs in the less-densely populated areas.

It is safe to state that the tremendous rate of broadcasting revenue growth that occurred in the late 1990s is not going to be repeated. However, the broadcasting revenues are not collapsing. The revised German deal, for example, means that it is still at 75% of the value of what it was in the gloom and doom days. In the United Kingdom, the Premier League announced a new one billion pounds plus television deal on August 8, 2003, thereby bypassing Brussels after frustrating negotiations with the EU. However, if this deal goes through as announced, the European Monopolist Commission will meet the Premiership in court.

In a nutshell, with respect to broadcasting rights, one can state that every industry sector's growth curve slows eventually; that is what has happened to the broadcasting income. It remains true that television needs football as much as football needs television. Broadcast rights these days are being packaged in an ever more creative manner with increased sophistication of rights windows. We are not talking only of live games being broadcast, but also video on demand, mobile telephone, and broadband internet rights, etc.

In addition, European football, at least the top leagues, is being transmitted to Asia and South America more and more, opening up huge markets there. Manchester United and Real Madrid are leading the pack in this instance.

We already mentioned opening new markets for broadcasting rights. These markets will then also be available for merchandising and even match-day sales as teams tour Asia, the Americas, Australia, and, in the future, possibly Africa to open new markets.

Last, but not least, this brings us to the issue of leveraging more revenue out of the stadia. An improvement of match-day performance - by developing hospitality, match-day revenue, or simply by increasing attendance and thereby revenues - is a major issue. Only the English Premiership has a 93% capacity utilization.

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2. See BskyB and BBC Net Football Deal, BIRMINGHAM POST (United Kingdom), Aug. 9, 2003, at 1.
C. Financial Facts and Figures of the "Big Leagues" in Europe

This chart displays the operating profit and loss in the big five European leagues from the 1995-1996 season to the 2001-2002 season to the extent it was available. You can see that overall the very successful leagues in Spain and Italy, with great ball being played there, are operating at a tremendous loss.

Source: Deloitte & Touche Annual Review of Football Finance July 2003
This chart shows the income growth of the big five European leagues for the same period: Italy again very successful and the English Premier League with a 22% increase, and we do not know where the Spanish league, in terms of increased percentage, would be today since no updated material was available.

<table>
<thead>
<tr>
<th>Country</th>
<th>League</th>
<th>Average attendance (2001/02)</th>
<th>Rank</th>
<th>Estimated Domestic Broadcasting Revenue (2001/02) €/m</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>FA Premier League</td>
<td>34,324</td>
<td>2</td>
<td>640</td>
<td>1</td>
</tr>
<tr>
<td>Italy</td>
<td>Serie A</td>
<td>25,945</td>
<td>4</td>
<td>515</td>
<td>2</td>
</tr>
<tr>
<td>France</td>
<td>Premier League</td>
<td>23,245</td>
<td>5</td>
<td>260</td>
<td>5</td>
</tr>
<tr>
<td>Spain</td>
<td>Primera Liga</td>
<td>21,737</td>
<td>6</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Bundesliga</td>
<td>31,047</td>
<td>3</td>
<td>300</td>
<td>4</td>
</tr>
<tr>
<td>UEFA</td>
<td>UEFA Champions League</td>
<td>34,361</td>
<td>1</td>
<td>420</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Deloitte & Touche Annual Review of Football Finance July 2003

This chart shows you again the big five European leagues plus the UEFA
Champions League, which is sort of a competing league to the national leagues as far as accessing revenue sources is concerned; it provides you with information on the average attendance and the estimated domestic broadcasting revenue during the same time and shows that, for example, the U.K. market is still paying more overall for the Premiership than for the UEFA Champions League.

![Chart 4.7](chart.png)

Source: Deloitte & Touche Annual Review of Football Finance July 2003

Finally, this chart provides you with a comparison of the average league attendance in the big five leagues from the 1995-1996 season until the 2001-2002 season, and again you see quite dramatic differences if you take the top, United Kingdom, and the bottom, the French league. There is 21,000-34,000 in average attendance per match day, per stadium.
Last, but not least, this chart shows football financing techniques and how they developed over the last decade, and we can draw the conclusion that revenue funding is the most important capital resource.

VI. TRENDS IN STADIUM FINANCING

A. Public Financing Versus Private Financing

Most stadia in Europe are still community-owned and financed. In Germany, for example, out of the thirty-six top-level league clubs, only six to seven presently own their own stadium, with the two Munich teams soon to own their brand new Allianz Arena jointly.

Spurred by events such as the 2006 World Cup in Germany or even the application for hosting the Olympic Games in 2012 or 2016, the construction and development of new stadia and arena projects plus extensive refurbishment programs of existing venues are the name of the game.

The financing of the stadia themselves, as well as the accompanying infrastructure measures, have become major issues. Several of the stadia from those chosen to be host stadia for the 2006 World Cup have had difficulties in financing, most notably the Berlin Olympic Stadium, which ran heavily over budget and is almost fully publicly financed, and the Fritz Walter Stadion in Kaiserslautern, where the club went bankrupt over the financing of the expansion program for the stadium.

Within the last few years, financing of venues has changed significantly.
Formerly, public financing used to be the general rule; nowadays, public-private partnerships tend to be the norm. This statement, made in early 2002, is probably no longer true as we see more and more communities, in light of the difficulties to find private financing for stadia, stepping up and taking over the financing of these infrastructures. A good example is the public-private partnership in Leipzig and community-financed stadium in Nürnberg.

One major exception to this rule is the Munich Allianz Arena, which is fully privately financed by the two anchor tenants and owners FC Bayern München and 1860 München Die Löwen.

Having said that this is not entirely true, additional infrastructure is required, such as a direct connection into the public subway system, direct access from the highway, as well as parking for at least 10,000 cars - all of which are not part of the financing package provided by the clubs. The Stuttgart Gottlieb Daimler Stadion, on the other hand, remains fully community-owned, but sponsored by Daimler Chrysler.

To round things up, the Westfalenstadion Dortmund is now no longer community-owned, but belongs to a public investment fund in which the club has a considerable interest. The presently most modern stadium in Europe, Auf Schalke, is a brand-new stadium with investment cost in the amount of €192 million. With regard to financing, the stadium received €115 million credit from a bank consortium, €12.8 million loan from a developer, €33.8 equity capital from the proprietor company, €9 million from Ruhrkohle/HBM promotional campaigns, €12.8 million company capital, and €8.5 million post-financing.

Last but not least, the former Niedersachsenstadion - now AWD Arena - will be reconstructed; it is an investment in the amount of €64 million. With regard to financing, the arena received €24 million from the city of Hannover, state of Niedersachsen, and region of Hannover; €20 million from a bank consortium; and €20 million from "Kreditanstalt für Wiederaufbau" (secured by a guarantee from the city of Hannover). In the end, the public does not know who the silent partner in this public-private partnership is.

The stadium in Cologne today is called Rhein Energy Stadium, and its financing is made up of €25.5 million public funding plus €84.5 million from private investors.

If we remember the profit and loss situation of the various leagues and translate that into a stadium development program, then Italy and Spain should not be building or revamping stadia at all, and even Germany should have - and actually does have - tremendous difficulties in finding the money necessary to build the stadia. Every development, however, provides for economic impact studies showing what a great benefit a stadium provides for
the community, and continuously communities fall for this line of arguments and make the necessary funds available.

Again let us review briefly the Kaiserslautern situation where the local banks, the state, and the city had to step up when the club was no longer able to finance the refurbishment program. Why did they do so? They all wanted to make sure that, first of all, Kaiserslautern remained a 2006 World Cup city, and secondly, that the club FC Kaiserslautern was at least left with an opportunity to overcome financial difficulties by being able to provide enormous match-day revenues from an enlarged stadium.

Likewise, the state of Baden Württemberg and the city of Stuttgart provided enormous funds to the revamping of the Gottlieb-Daimler-Stadion in order to increase the capacity to over 50,000 seats, but stopped a notion from the club to take over the stadium, make it private, and refurbish it into an intimate football bowl for only 45,000 spectators.

B. Public Funding in the Light of EU Law

Public funding is an issue, and there is no stadium in Europe so far that has not received public funding, either directly or indirectly. These methods of financing require a close review of the European subsidies laws and the European law appertaining to tenders, in particular, public tenders.

As concerns state aid or subsidies from the public, the general guideline is that the undertaking part in the establishment, financing, and operation of the infrastructure facility may not achieve overcompensation in order for the characteristic of favoring certain undertakings or the production of certain goods. If this overcompensation occurs, Article 87, Section 1 of the EC Treaty is not fulfilled. Therefore, the Commission's policy, as established over the years, was that if a polyvalent and multipurpose infrastructure was built on nondiscriminatory terms for an appropriate fee, favoring of the users of the infrastructure, most notably the clubs playing there, was deemed excluded.

It has become apparent, however, that the Commission considers the state funding of sports infrastructures essentially an admissible state policy objective, which does not necessarily lead to the favoring of certain undertakings and, thus, to the existence of state aid in the sense of the EC State Aid Law. In this regard, the Commission assumes that the construction of the


site for public events, which is suitable for different kinds of activities and, in addition, benefits the general public, can be seen as equivalent to the financing of an infrastructure and, therefore, does not fall within Article 87, Section 1 of the EC Treaty.\(^5\) The Commission takes into account the social significance of the sport according to the Amsterdam Declaration on Sports.\(^6\) Moreover, the Commission assumes that the establishment of a soccer stadium is associated with high and risky investments, which can regularly not be borne to their full extent by the market on its own.

Some of the main characteristics, in order to exclude the existence of state aid elements within the meaning of Article 87, Section 1 of the EC Treaty, are, on the one hand, that the favoring of the users of the infrastructure must be prevented and, on the other hand, the infrastructure may not achieve a yield that is not usual in the market.

This approach was, for instance, used by the Commission in the examination of the possible state aid elements within the state funding of the soccer stadium in Hannover. In the letter of the Finance Ministry of Lower Saxony, it was stressed as a necessary condition that the operator of the stadium did not receive more than a normal market return for its activity. This prohibition of overcompensation also corresponds to the present practice of the Commission in other cases of infrastructure funding, and for those of you knowledgeable in the field, we are referring to the Infraleuna decision of November 1989.

In a nutshell, public money as a financing source for stadia is, on the one hand, a "must one-can-not-do-without" and, on the other hand, a "hard-to-get" because one has to meet many requirements and will be monitored quite closely as far as revenues are concerned in the future.

C. Additional Means of Financing: COI (Contractually Obligated Income)

Earlier we discussed additional means of financing, as well as an increase in existing revenue sources. The big word in stadium financing then is contractually obligated income (COI), and the list of what that would include is long:

- sponsorships
- naming rights
- broadcasting rights
- catering and servicing rights

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5. EC Treaty, art. 87, § 1.
- parking
- merchandising
- personal seat licenses

The value of all of the above depends on the market, a team's marketing potential, the team being the anchor tenant, and the value of the sport you are in - in this case, of course, European football. To demonstrate that a little bit, take, for example, Australia. Soccer does not draw there as does Australian-rules rugby. The same accounts for the United States, where of course the NFL, the National Hockey League (NHL) and the National Basketball Association (NBA) are the big movers and shakers, but where sometimes women's competitions draw larger crowds than Major League Soccer (MLS).

Take a look at Africa, where great football is being played, but no market exists yet for any of the abovementioned items on the COI list.

As far as a team's marketing potential is concerned, a good example could be the team of Mönchengladbach, which you probably heard was Günther Netzer's home team in the 1970s. The marketing potential of this team that played wonderful football and was adored by everyone in Europe versus the marketing potential of Real Madrid is a story of its own.

VII. CLOSING REMARKS

A lot of changes over the past years have occurred, and there are more to come. The environment in which we move and act remains fascinating and active. We provided you with a lot of information, most of it data, financial information, and certainly much less legal information. However, we thought that it was important that at this conference in the United States, there was a more general picture drawn of the European market - in particular, the football market rather than legal details. Of course, we are very happy to discuss the legal impacts of the many items we have touched or will touch upon throughout the course of the conference.

In closing, we would like to acknowledge and thank in particular Deloitte & Touche for letting us have the information they provided us with, as well as Deutsche Fußball Liga (DFL) which provided us with important and detailed information on the German leagues. In addition, we would also like to thank Sportfive for its valuable input and information as well.