

# MULTIFUNCTIONAL CONCEPTS SAFEGUARD THE FUTURE



## Q&A with Drees & Sommer Head of Sports and Entertainment Arne Sebastian Fritz

Often not easily accessible, and usually deserted: the vicinity of a stadium is not generally the kind of place where people like to spend time, apart from days when games or events are being held. This does not have to be the case, explains construction expert Arne Sebastian Fritz, Head of Sports and Entertainment at the international consulting and project management company Drees & Sommer.

In this interview he talks about how cities, towns and municipalities can upgrade their stadiums to make them more successful financially, and the challenges facing clubs and operators.

**You have been supervising stadium and sporting venue construction projects for many years. What are the latest developments in this area?**

The sports sector is currently undergoing radical change. One reason for this is the changing and growing requirements of fans and visitors. Nowadays people want to gain as much as possible from the experience of visiting a stadium. At the same time, advancing digital transformation and the development of innovative technologies, along with increasing concerns over sustainability, are having an impact on stadium and sporting venue projects. This poses new challenges for many stakeholders in the sports sector.

**Yet most stadiums are operated at full capacity much of the time. Generally speaking, things seem to be looking good for clubs and stadium operators.**

Yes, that is certainly true for the 17-20 home games per season and, in some stadiums, a few concerts

every year. However, the rest of the time an arena or sporting venue is unused and is therefore not generating any financial return. The rents and bills for maintenance and operation obviously have to be paid in any case. A rethink is needed to make stadium and sporting venue projects more successful financially.

**What specific action do you recommend?**

One thing is that clubs, investors, clients and municipalities need innovative stadium concepts that enable multifunctional, 365-day use. Soccer on its own is not enough. Sporting venues should not exist in isolation, and must not be allowed to. A combination of financial, commercial, research and development opportunities offers great potential. Also, renovation or new building projects should be integrated more closely into urban development planning. The objective is to encourage visitors into the vicinity of stadiums and arenas at times other than when games are being held.

**Would you say sporting success is ultimately also a key to business success?**

Yes, the success of a stadium as a venue is obviously related to the club's sporting success. However, clubs, investors and above all the public sector – as the operators of, and providers of funding for, many stadium projects – should avoid getting too caught up in them.

The high level of investment in a stadium cannot be covered just by using it for a few soccer matches, conferences

and events every year. The stadium construction project in Haltern am See, in North Rhine-Westphalia, Germany, for instance, would have been hard to realise using a conventional approach. The proposed development could become a model project, and not only for smaller clubs. Larger clubs would also benefit hugely from a multifunctional approach.

**Can you explain what you mean by an innovative stadium concept?**

In addition to soccer matches and concerts, a stadium can be used for other purposes such as office space, restaurants, childcare facilities, physician practices, shopping centres, fitness studios or even startup locations. Additional income can be generated over the whole year in this way. Also, offering facilities and services that appeal to people of different ages can extend visitors' and fans' length of stay in the vicinity of a stadium. Instead of arriving an hour before the game, for example, a family might come to the stadium in the morning, go shopping and have a meal together, then also stay longer after the game to go bowling.

**What has prevented clubs and operators from implementing this kind of concept up to now?**

Large stadium projects are often driven by World Cup or major national tournaments. While in the 1970s these were almost exclusively sporting events, in the 2000s the concepts were expanded to include hospitality, concerts and other types of events. However, the sporting success of the home club is still the main source of

revenue and it directly determines the further income streams. As long as a club is playing in the top league, the model is successful, but if it is relegated to the second or lower tier the business case no longer works. Then all that is left is a prestigious public or private property with no prospect of raising funds to cover the investment or operating costs.

**Does this mean that it makes a difference whether a project to build or renovate a stadium is launched by a top league or a regional league club?**

Absolutely. Due to the income situation of clubs in lower divisions, the primary aim is to build a stadium in the hope of increasing revenue by providing better facilities and hospitality areas and improving marketing opportunities. No consideration is given to improving the revenue structure by using the stadium for more diverse commercial purposes

**What's the situation in professional soccer?**

In professional soccer more and more locations are reaching their limits, despite new building or renovation, for both income and strategic reasons. The stadiums are full, including the hospitality areas, with every square inch commercially exploited. Here, the challenge is to provide a range of

outlets around stadiums to increase visitors' length of stay – including on weekdays – also making use of digitisation and digitalisation.

**Who generally invests in the construction of new stadiums, and who benefits subsequently from new types of use?**

In professional soccer, the clubs and the public sector normally invest jointly. In previous decades, if there was a strong foundation in sporting success, and thus a secure business model, it was often enough to use the complex as a soccer stadium alone. But now even clubs like FC Barcelona and Real Madrid are rethinking and changing their arenas.

However, for the majority of locations the main risk is sporting failure. When this happens, usually it's the municipalities who pick up the tab for the lack of revenue. That's why I believe the concept of city quarters and multifunctional stadiums will open up the market for external investors and minimise the financial risk for clubs and municipalities.

**Can the 365-day use concept you referred to be applied to every stadium project?**

Of course, every stadium and every sporting venue needs an individual, optimised solution. However, if all

stakeholders pull together and work on new concepts from an early stage, pursuing them to their conclusion, there is no obstacle to multifunctional use and the sustained commercial success of a stadium project.

**What projects are you currently supporting in Germany, and what services do you provide?**

We are currently supporting a few different stadium and sporting venue projects in Germany. One of these is the construction of a new stadium in "Stadion am Zoo" in Wuppertal. The stadium will include a hotel, a kindergarten, catering areas, as well as areas for trade fairs and congresses. On an international level, we are supporting the renovation of the FC Barcelona stadium. The stadium is an urban development project and is being carried out to high sustainability standards. On this kind of project, we provide our clients with conventional services such as project control and project management in addition to advising them on urban development measures, mobility and networking aspects, and matters of sustainability and energy optimisation. ■

