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Sporting a new role? Stadia and the real estate market

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Abstract

There has been a favourable shift in UK urban policy towards the use of sporting infrastructure as a catalyst for rejuvenating declining areas. Despite this recent trend, evidence to support the notion that stadia can underpin regeneration goals is highly variable. This paper uses a case study of the City of Manchester Stadium and the Millennium Stadium in Cardiff to examine the impact of stadia construction on the real estate market, an area of economic development that has been significantly under-researched, yet which forms an integral part of the regeneration process. It concludes by arguing that a more comprehensive understanding of the role of stadia in the regeneration process is required if policy makers are to justify future and sustained public investment in sport-related infrastructure, especially given the significant investment that is planned for the 2012 Olympic Games in London.

Introduction

In the late 1980s, Sheffield successfully bid to host the 1991 World Student Games, the second largest sporting event after the Olympic Games in terms of competitors and competing nations and at the time, the biggest multi-sport event ever to be held in the UK aside from the 1948 Olympics (Lawless, 1990; Roche, 1992). While the event was a success in many ways, not least in terms of generating additional spend in the local economy and subsequent sport-related developments in the city (Bramwell, 1995; Davies, 2002), Sheffield City Council was left with a significant capital repayment debt, leading many commentators to declare that it was a poor investment for the city and a waste of public money. However, on July 6th 2005, when the International Olympic Committee announced that London would host the 2012 Olympic Games, the reaction was very different. Almost immediately it was proclaimed by observers that the event would bring unprecedented and much needed regeneration to the Lower Lea Valley in East London, where the Olympic village and the majority of new sporting venues are to be constructed. While the sports events in question may be different in scale and the potential economic gains to be generated from the Olympic Games are undoubtedly far greater, the reaction from policy makers, academics, the media and the general public to these events nonetheless highlights how attitudes towards sport and economic development in the UK have changed in recent years.

In the early 1990s, sport was rarely considered as a tool for economic development. Although in the 1980s, several cities in the UK used property and enterprise-led development policies to build prestigious sport-related infrastructure to promote regional and economic development (Jones, 2002; Lawless, 1990; Loftman and Nevin, 1995), it was not until the mid to late 1990s, in major cities such as Birmingham, Glasgow and Sheffield, that the use of sport for regeneration purposes gained more widespread popular support. Since this time, in post-industrial cities across Europe, a growing number of urban and regional planners, regeneration agencies and local authorities have introduced policies of sport-related regeneration. In some cases this has involved the construction of major stadia for sporting events, while in others it has been the development of smaller scale community facilities. In both cases it is hoped that in addition to the sporting cause, the infrastructure will act as a catalyst for revitalising declining areas.

While the power of sports stadia to regenerate declining urban areas has gained increasing credibility, evidence to support the notion that they can underpin regeneration goals is variable. Gray and Bagley, (2003: 42) argue that

The considered thoughts of many respected regeneration practitioners; academics and industry leaders fail to conclusively support the notion that a new stadium on its own can bring about urban regeneration. There is, however, common support for the idea that the development of a stadium can act as a catalyst to regenerate an area. The problem is that there is little quantifiable evidence to back up his supposition

Most of the literature that has evaluated stadia impact draws upon the North American experience and largely focuses on economic analysis (see Baade, 1995, 1996; Danielson, 1997; Noll and Zimbalist, 1997; Rosentraub, 1997; Thornley, 2002). In particular, there is a substantial body of literature on the short term economic impacts of stadia and on the relative merits of public development and subsidisation (Baade and Dye, 1988a; 1988b; 1990; Chema, 1996; Rosentraub, 1996, 1997; Shropshire, 1995; Swindell and Rosentraub, 1998). However, there is little agreement amongst academics as to whether stadia generate net positive economic outcomes in the longer term.

Proponents argue that stadia have many positive tangible economic impacts including job creation; increased commercial activity and subsequent multiplier effects; new tax revenues from businesses; the development of a landmark site and increased community provision, in addition to wider intangible benefits such as improved external perception and attractiveness; affordable family entertainment; development of improved community pride and image (Ladd 2003). Nevertheless, critics of stadia contend the benefits are overstated. Many argue that while stadia provide jobs to the local community, the scale and quality of these is often uncertain and they are frequently low skill, low paid, casual or part time (Jones, 2002; Rosentraub, 1997). Much research on the economic impacts of sports stadia in the US has concluded that they deliver little in economic terms (Baade 1996; Baade and Dye, 1990; Noll and Zimbalist, 1997, Rosentraub, 1997) and are not the economic development engines they claim to

be (Chaplin, 2002). However, the latter is partly due to the fact that often such benefits are exaggerated, either knowingly or otherwise to obtain public subsidy for the development of sports stadia (Crompton, 1995; Jones, 2002; Noll and Zimbalist, 1997). Moreover, is argued by some that stadia are projects that are politically driven and motivated, rather than based on clear economic rationale (Lee, 2002).

An area of the literature that has been significantly under-researched is the impact of stadia construction on the real estate market. This is despite the fact that the development of property and land are considered to be an integral part of the regeneration process. Although there has been some evaluation of property values around different types of sports developments, most notably golf courses and parks (Crompton, 2000; 2001, 2005), there has been limited analysis of sports stadia development on property regeneration. A study undertaken by Bowen (1974), concluded that stadia had a price reducing effect on residential property around central London and more recently a US-based study (Tu, 2003) found that there was a price differential between single-family housing units in close proximity to the Fedex Field Stadium in Washington and those further away. Nevertheless, the latter study revealed that the lower values found next to the stadium existed prior to its construction and that they improved once the stadium was built. These findings are in contrast to the widely held belief that sports stadia often tend to reduce the price of housing in the surrounding vicinity (Bale and Moen, 1995).

Rationale for the study

Despite the lack of documented evidence to support the notion that stadia can actually regenerate urban areas, policy makers and other key stakeholders hope nonetheless, that hosting the Olympic Games in 2012 will create a lasting legacy for London and the UK and will provide a catalyst for a huge programme of urban and environmental regeneration. The Lower Lea Valley, where the Olympic stadia will be situated, certainly has significant potential for property regeneration. It is in close proximity to central London, it has considerable areas of brownfield derelict land ripe for redevelopment and property values in the commercial and residential sector are below average for the city. Given these conditions, together with evidence from previous Olympic cities (Halifax, 2005; Plumb and McKay, 2001); it is quite possible that the new Olympic venues in London will have a positive impact on real estate values in the city. However, as Holt (2005) argues, the benefits to the London property market can not simply be taken for granted and need to be nurtured and fostered to be fully realised. The problem is that as discussed previously, there is little empirical evidence available on the impact of stadia construction on the real estate market, thus making it difficult to devise policies to enhance the property impacts of these venues.

The research presented in this paper attempts to address the shortfall in the stadia literature identified and contribute to the evidence base on stadia and

property regeneration, by examining the spill-over effects of major multi-sports stadia on the property market and development activity in the surrounding area. The paper will use a case study of the Millennium Stadium and the City of Manchester (COM) Stadium to investigate the impact of sports stadia on the surrounding residential and commercial property markets. In particular, it will consider tangible impacts such as price differentials, together with intangible economic impacts such as increased desirability and image creation, both of which indirectly influence the value of property. In conclusion, the paper will argue that if public funding is to continue being used to develop sports stadia and sporting facilities in the UK, including Wembley and those to be constructed for the 2012 London Olympic Games, a more comprehensive understanding of their role in the regeneration process is required to justify future and sustained investment. Finally, based on the empirical evidence from Manchester and Cardiff, it will suggest an agenda for future research on stadia and the real estate market.

Research Methodology

The Millennium Stadium and the City of Manchester (COM) Stadium were selected as case studies to investigate the impact of stadia on the property market for several reasons. While both venues share comparable characteristics with regard to their sporting purpose and when they were constructed; they also

provide contrasting examples in terms of their locational characteristics and regeneration function.

In terms of similarities between the case studies, when the research was undertaken in 2003, both stadia were constructed within the previous five years and were built primarily to host major sports events. The Millennium Stadium was built to host the 1999 Rugby World Cup and the COM Stadium was constructed to host the 2002 Commonwealth Games. However, in terms of differences between the case studies, the stadia are located in different types of area within their respective cities. The Millennium Stadium is situated in the City Centre of Cardiff in the Central Business District, whereas the COM Stadium is positioned approximately 1.6km to the East of Manchester City Centre on a brownfield site. Furthermore, the role of each stadium in the surrounding regeneration was different. While the COM Stadium was built as part of a larger complex of sporting facilities in East Manchester (Sportcity) and was part of a wider regeneration strategy for the area, the Millennium Stadium was built essentially in isolation from surrounding developments and not directly connected to other regeneration initiatives in the city.

Research Design

Hedonic Analysis has been used widely in property research (e.g. Askham *et al*, 1996; Antwi; 1994; Henneberry, 1996a; 1996b) and was also used by Tu (2003)

in his study of the Fedex Field Stadium. However, as a form of mathematical modelling and positivist enquiry, it was not considered to be appropriate for the investigation of sports stadia on property values in Cardiff and Manchester for a number of reasons. Firstly, Hedonic Analysis is a strictly quantitative methodology and it would not have allowed for exploration of the intangible economic impacts of sports stadia, such as image creation and desirability, which can significantly influence real estate values (Crompton, 2000). Secondly, the use of this technique would have required recent sales transactions data to estimate impact and in the case of East Manchester, where sales of residential property over the last decade have been very limited, it would have been difficult to obtain the required data. Instead, a methodology was devised which used the expert opinion of property professionals together with the opinions of local interest groups or key stakeholders. A four stage systematic approach, including a desk based review, interviews and survey questionnaires was devised. This is summarised in Figure 1.

Insert Figure 1

Stage 1 of the research was a desk based review of literature and research on sports stadia, regeneration and property. This was primarily to identify the current evidence base and likely scope of the study. Moreover, it was also used to identify the research participants for Stage 2, the expert interviews.

The expert interviews were carried out with individuals working or researching in the field of property and regeneration or sport and regeneration. The individuals identified from the desk based review were considered to have expert knowledge in two of the following areas: sport; regeneration; property; planning. The expert interviews were used to identify gaps in the literature; data source availability and an appropriate methodology for investigating the impact of stadia construction on the real estate market. The experts selected included a member of the Royal Institute of Chartered Surveyors (RICS) Regeneration Policy Panel; a research professor in planning and property; a research professor in planning and regeneration; a senior researcher in sports economics and a director of a research consultancy firm. The information from the expert interviews was also used to identify research participants for Stage 3, the exploratory interviews and Stage 4, the questionnaire survey. In addition, the findings were used to influence the design of the questionnaire survey and the structure of the exploratory interviews.

Stage 3 was comprised of five exploratory interviews with relevant organisations or key stakeholders in both Manchester and Cardiff. The interviews were used to allow qualitative examination of the attitudes and opinions of individuals and organisations involved with the strategic planning of the stadium and those affected by its construction. In each city, a senior representative from the Local Authority, the Regeneration Agency, a private developer or construction company and the Chamber of Commerce (representing the

non-residential market), together with a member of a local residents' group (representing the residential market) were selected. The interviews were approximately 45-60 minutes in duration and the questions asked were structured and open-ended. Themes discussed included the role of the stadium in regeneration; the types of development stimulated by the stadium construction; the impact on residential and commercial property; other positive and negative impacts; the sustainability of impacts generated and policies necessary to stimulate further real estate development in the future.

Finally Stage 4, which was carried out in conjunction with Stage 3, was a postal questionnaire survey with property agents and surveyors and valuers. Property agents and surveyors were selected as they operate at the interface between supply and demand of the residential and commercial property markets. They were considered to have a key influence over property-related decisions and therefore have expert knowledge of the real estate market (Henneberry, 1996a). A questionnaire survey was considered to be the most appropriate method to extract quantitative information, while also providing a complement to the qualitative information obtained from the exploratory interviews.

The survey contained four sections: background information about the organisation and the employees; general impacts on the property market; specific impacts on residential and commercial property; development potential and land value and finally wider impacts and sustainability. As with

the exploratory interviews, survey participants were specifically asked to use their professional opinion to identify the impacts of the stadium on the property market.

All property professionals and surveyors listed in the Yellow Pages in each city were selected. In total, 371 surveys were mailed, 115 in Cardiff and 256 in Manchester. Fifty seven surveys (15.4%) were returned and fully completed from the two case studies, with 26 (22.6%) from Cardiff and 31 (12.1%) from Manchester. While in relative terms the response rate was low, the majority of the surveys returned were completed by experienced and senior staff and contained detailed and extensive information. In Manchester, over 90% of respondents were in the senior position of director, partner or manager and had practised for an average of 17 years in the city. In Cardiff, approximately 81% of respondents held a senior position in the company and had practised for an average of 12 years in the city. The sample of data therefore contained useful insights from individuals considered expert in the local property market.

Investigation of non-response revealed that this was largely due to limited or lack of knowledge about the impacts of the stadia. Spatial analysis of the questionnaire returns found a correlation between non-response and increasing distance away from the stadia, thus suggesting that the understanding and knowledge of stadia impact in each city was localised. This factor may also explain the lower response from Manchester companies, with questionnaires

being distributed over a much larger area than in Cardiff. Further research of this nature should therefore consider targeted sampling of property professionals and surveyors in close proximity to stadia developments.

Methodological issues

In addition to the issue of non-response, two further methodological issues were raised. Firstly, the issue of isolating stadia impact and secondly, the timing of the research in Manchester.

Tu (2003) notes that in empirical analysis, the problem of isolating stadia impact from other factors is a common issue in stadia research. In both Manchester and Cardiff, a number of research participants likewise found it difficult to separate out the impact of the stadia from other factors influencing property prices in each city. In the case of Cardiff it was commented that given the recent strong growth of the economy, it was difficult to separate out the impact of the Millennium Stadium from the influence of other factors such as the Welsh Assembly and the Cardiff Bay development. Moreover, the issue of isolating stadia in Cardiff was compounded by the fact that the Millennium Stadium replaced an old stadium, the Cardiff Arms Park, thus making it difficult to separate out the impact of the old stadium from the new. Similarly, although the economic conditions of East Manchester were very different to Cardiff, it was noted that it was difficult to separate out the impact of the COM Stadium from Sportcity and from the other

regeneration initiatives happening in the area. Despite these difficulties, research participants were asked to consider only those impacts they associated directly with the COM Stadium and the Millennium Stadium and in the vast majority of cases, in both Manchester and Cardiff, a number of impacts were still identified and reported.

With regard to the Manchester case study, a number of interviewees and survey participants commented on the difficulty of fully evaluating the impacts of the COM Stadium due to the short time that had elapsed between its construction and when the research was carried out. Furthermore, several suggested that this was compounded by the fact that the stadium had not operated in its long term capacity as a football venue¹ at the time the research was undertaken. As a consequence of these factors, it should therefore be noted that the findings presented may not fully represent the impact of the COM Stadium on the property market, rather the best estimate at the time the research was undertaken.

Sports stadia and real estate: Research findings

The research revealed that the COM Stadium and the Millennium Stadium have impacted on the residential and commercial real estate market in the area surrounding each stadium. The following sections will present the quantitative

and qualitative findings from each city. However, given the methodological difficulty of accurately isolating stadium impact, together with the relatively low response rate to the survey, the quantitative estimates should be viewed cautiously.

Residential Property

The research found qualitative and quantitative evidence to suggest that the Millennium Stadium and COM Stadium have both impacted positively on the residential market in Cardiff and Manchester. It found that in relative terms, the perceived net impact of the Millennium Stadium on property prices was lower than the COM Stadium, but that there was more widespread support for the findings from research participants in Cardiff. These findings support Plumb and McKay's (2001) argument that direct real estate implications are greater on smaller and less mature markets.

In Cardiff, there was clear evidence and support from research participants to suggest that the Millennium Stadium was a key factor in the increased price of residential property in the surrounding vicinity. From the questionnaire survey it was revealed that property professionals and surveyors perceived the stadium development to have resulted in a net positive impact on residential property values of approximately 3%. A number of survey respondents further qualified these estimates, for example commenting that

The stadium has been hugely beneficial to residential property in Cardiff and particularly the riverside area (Property Professional 18, Cardiff)

The stadium has improved the visual environment and raised the profile of Cardiff, resulting in apartment schemes being developed which have not previously been seen (Property Professional 1, Cardiff)

...more (residential) developments have taken place in that part of Cardiff because of the stadium (Property Professional 13, Cardiff)

Interviewees in Cardiff similarly suggested that residential property value has increased as a result of the stadium construction, for example

If you look at the river bank an area that until four years ago was the red light district... I mean it really was an area that generally you wouldn't be looking to develop residentially but along the opposite river bank to the stadium directly overlooking the stadium you are now talking about apartments of £300,000 in houses that were difficult to find tenants for (Chief Executive, Cardiff Chamber of Commerce).

In Manchester, where according to the Strategic Director for Regeneration, one of the purposes of the stadium was specifically to

...create around it the momentum for further onward development particularly in respect of kick starting activity around the residential market,

the evidence was more varied. Although one interviewee, a major developer in the area, felt that there was overwhelming evidence of its positive impact, most interviewees were more cautious suggesting that the COM Stadium has at a minimum stabilised property prices in the area, which were in a serious state of decline. In some cases it was commented upon that prices were starting to rise as a result of the stadium, for example

I think what we have seen is prices stabilising and actually beginning to rise in some parts...I would say broadly beneficial, I think we are still very much

at the beginning of that because we are trying to turn round a quite steep decline (Director, Manchester Regeneration Company).

However, it was generally felt that the speculation of developers was yet to materialise into broader house price increases across the area.

Similarly, the perspective of the market facilitators in Manchester was equally varied. While property professionals and surveyors in the questionnaire survey reported that they perceived the COM Stadium to have resulted in a net positive impact of approximately 13% to residential property value in the surrounding area, caution was also expressed by approximately a third of all respondents who felt that it was too early to establish a clear quantifiable impact.

The intangible impacts: Image, desirability, pride and confidence

Plumb and McKay (2001) argue that real estate impacts are a consequence of a number of factors including image and enhanced desirability, which provide indirect benefits to the sector. It was similarly commented upon by research participants in Cardiff and also, but to a lesser extent in Manchester, that in addition to the direct impacts on residential property value, the Millennium Stadium and COM Stadium have created a number of intangible impacts, including improved image, which although difficult to quantify, have undoubtedly contributed to the increased residential values recorded in each city.

In Cardiff, there was evidence from interviewees that externally, image perceptions of the Riverside area, adjacent to the Millennium Stadium have been enhanced

I think peoples' perceptions from outside the community have changed...slowly but surely I think the perception of Riverside has changed and I am sure that the stadium must have something to do with that because of its being in our backyard (Member, Cardiff Residents Group).

Furthermore, over 80% of property professionals and surveyors suggested that the stadium has improved the desirability of the area, largely as a result of 'improved image and general upgrading of the area' (Property Professional 26, Cardiff).

In Manchester, although not fully established as a football venue, there were also early signs that in addition to improving external perceptions of East Manchester, the COM Stadium has helped to improve residents' views of their local community

It certainly has transformed the image of the area – not only in terms of the images that were portrayed of the stadium in use as far as the region and the national audience is concerned but I think it has also started to transform the local population's view of their own area as being a dynamic and happening place and in that regard it has been an outstanding success (Strategic Director for Regeneration, Manchester Local Authority).

However, despite this suggestion, the opinions of property professionals and surveyors were divided as to whether the COM Stadium has actually enhanced the desirability of the surrounding area as a residential location. Only half of respondents felt that the stadium has made the surrounding area a more

desirable place to live in. Those in favour felt that it has improved the image of the area by acting as *'a prominent feature of the area that has removed wasteland and undesirable properties'* (Property Professional 47, Manchester). Nevertheless, several survey respondents suggested that it was not the stadium in isolation that was improving the image and desirability of the area, rather that

'...the area has become more desirable because of the substantial regeneration monies being available, the catalyst for which was the stadium (Property Professional 51, Manchester).

Moreover, in contrast to this view, some property professionals in Manchester felt that the stadium development has done little to enhance the desirability of the area as a residential location at all, typically arguing that

The stadium may have made it a little better but to an outsider's point of view it is an ugly neighbourhood, semi industrial, high crime, poorly policed by the GMP with the worst UK detention rates. There is nothing for families in the area and after and before a football match it will be like a ghost town (Property Professional 30, Manchester).

Other intangible impacts recorded by interviewees included the enhanced confidence and pride that local residents felt about the area after the stadium construction. For example, despite earlier reservations one Cardiff resident commented

I have learned to love it, I wasn't a big fan at the beginning but it is a pretty impressive building. Its got very positive connotations, its had a lot of good press, so I think it has lent a cachet to the area really...(Member, Cardiff Residents Group).

Although positive comments regarding renewed pride and enhanced confidence in the area around the stadium were also recorded in Manchester, there was

again some ambivalence noted towards the COM Stadium development, illustrated by one resident, who commented that '*...it is making an image for certain people isn't it – rather than the local people... (Member, Manchester Residents Group)*'. This comment similarly conveys the sentiments expressed earlier by some property professionals and surveyors in Manchester, regarding the desirability of the area surrounding the COM stadium. While the previous quote from the member of the Cardiff residents group suggests that there were initially reservations from residents towards the Millennium Stadium, it will be important to overcome these attitudes if the tangible and intangible real estate impacts recorded in the Manchester residential sector are to be sustained in the future.

Commercial property

From a commercial property perspective the research found that the COM Stadium and the Millennium Stadium have generated mixed impacts. In both cities there was evidence to suggest that the stadia have acted as a catalyst for certain types of commercial development.

From Figure 2 it can be seen that property professionals and surveyors perceived the main impacts in both Cardiff and Manchester to be in the leisure and retail sectors, with negligible impacts recorded in the office sector. It was also suggested that there was some impact in the industrial sector in Manchester

but this was not experienced in Cardiff, possibly due to the central location of the Millennium Stadium in the city centre. As with the impact on the residential market, there was more widespread support for the findings from survey respondents in Cardiff. However, it can be seen that in contrast to the trend in residential property, there was perceived to be a greater net change in the relative market value of commercial leisure property in Cardiff, with market facilitators suggesting that the stadium has increased property values by approximately 12%. Interviewees further endorsed these findings, suggesting that the greatest impacts were in the commercial leisure sector

...a lot of restaurants have opened on the back of the stadium, a lot of leisure facilities have opened or expanded... (Chief Officer for Tourism and Marketing, Cardiff Local Authority)

Insert Figure 2

In Manchester, the questionnaire survey similarly revealed that property professionals and surveyors felt that the COM stadium had impacted most greatly in the leisure sector, with a perceived increase in values of approximately 8%. However, it was also felt, particularly by the interviewees, that the stadium has had a significant positive impact on the retail sector. A number of interviewees felt that it has given retailers the confidence to invest in East Manchester, with the specific example of Asda Walmart being cited as a direct result,

I think again that one fairly direct development which has stemmed from the stadium was the construction of the Walmart Asda store and I speak with

some confidence in saying that it wouldn't have happened without the stadium (Director, Manchester Regeneration Company).

Another interviewee suggested that there are likely to be further knock on retail developments linked to the stadium

There are obviously plans which are still under discussion ... to take aboard further commercial and retail development linked to the Asda store and again I don't think the appetite for development on that site would have been there had it not been for the stadium (Strategic Director for Regeneration, Manchester Local Authority).

In contrast to the positive impact on retail commercial developments in Manchester, the research found that the construction of the Millennium Stadium has conversely had a perceived negative impact on the retail sector in Cardiff. Property professionals and surveyors suggested that the stadium development has resulted in a perceived net negative impact on retail property values of around 3%. The Chief Executive of the Chamber of Commerce explains the reason for this

There was this period of about two and a half years where we had to go through a re-education process with the customers – the city centre is still open – it is not a no go area for you and your kids – so it still is useful and user friendly - so we had a negative blip (Chief Executive, Cardiff Chamber of Commerce).

One of the unforeseen negative impacts of the Millennium Stadium was that, due to its central location and the amount of congestion caused on event days, regular shoppers initially avoided the city centre when the stadium was in use (Cardiff City Council, 2002). This resulted in reduced retail trade on event days and a perceived decrease in associated retail property values, as reported by the

survey. However, there were suggestions from interviewees and property professionals that the displacement of shoppers has reduced since the stadium opened

...we seem to year by year getting better and better and I think the long term prognosis really is that people will get used to the stadium events going on at the same time as people going to the shops, because they are not as busy... (Chief Officer for Tourism and Marketing, Cardiff Local Authority)

...although there was some negative impact on retail at first, this is now recovering' (Property Professional 26, Cardiff).

The negative impact of the Millennium Stadium on the retail sector in Cardiff has nevertheless been recognised by policy makers and it is thought that with considered planning and timing of events together with careful management of the number of football events, the negative impacts can be minimised in the future (Cardiff City Council, 2002).

Image creation and the commercial market

While the presence of the Millennium Stadium was initially considered to have a negative impact on property in the retail sector, several interviewees suggested that conversely, the business community more generally in Cardiff and also in Manchester perceived the stadia to signify success and the ability of each city to deliver. A number of research participants commented that both stadia have enhanced the commercial profile of their respective cities by generating an icon, a positive symbol, which is representative of the redevelopment and regeneration in each city.

The research suggested that in East Manchester, the stadium has provided a prominent landmark through its sheer scale and architectural character, in an area that was almost devoid of other landmarks. It was felt that there were signs the COM Stadium has helped to enhance the image for local businesses and developers

...it is sending signals to the wider city and to the investment market in particular about this being the location which has a positive future (Director, Manchester Regeneration Company).

This was endorsed by a developer in the area who felt that

...the city centre business community has undoubtedly turned its attention eastside and the most notable reason why it did that was because of that stadium (Manchester Developer).

He went on to explain how the stadium is being used to engender confidence in the area,

Every time we have a prospective occupier we take them to the stadium complex first and what it does is engender real confidence about East Manchester's ability to deliver rather than talk the game (Manchester Developer).

Similarly in Cardiff, another developer explained how the Millennium Stadium has helped booster business confidence in the city and the area surrounding the stadium,

...it sends out very positive signals to us as developers that the local authority and other bodies that have been involved in that type of large scale development have delivered already (Cardiff Developer).

She went on to suggest that in a commercial sense the Millennium Stadium has enhanced the external image of Cardiff by producing

...an icon landmark development of no mean feat where others have failed like Wembley has stalled over and over again (Cardiff Developer).

While again it is not possible to quantify these intangible benefits, it was clear from the research that these factors have had an indirect impact on property prices in the commercial real estate market.

Conclusion

With progressively more cities developing sporting infrastructure for regeneration purposes, there is increasingly a need for further research on the impact of sports stadia. At present, the literature and empirical evidence in this field is limited and as discussed, primarily focuses on certain areas of economic impact. However, to maximise the regeneration potential of future stadia developments, there is a need for policy makers to understand and consider the broader economic impacts of stadia on the urban environment. This paper has considered one of those broader impacts that have been significantly under-researched, and while it has provided empirical evidence on stadia and the property market, the research presented is nevertheless small-scale and a more detailed investigation is required to support the findings. This is particularly

important, given the negative impact on the commercial retail sector that was identified in the Cardiff case study.

More importantly though, there is a need for further research on the impact of sports stadia, to justify the considerable amount of public funding that is being used to support these developments. The Millennium Stadium and COM Stadium both received public subsidies of £46 million (37%) and £77 million (70%) respectively (Sport England 2003; Welsh Rugby Union, 2003), yet there is little known about the likely medium or longer term economic or social impacts on the urban environment. Likewise, the new Wembley stadium, which is due to open in 2006, received a public subsidy of £161 million (21%) (Carter, 2002) and although it is anticipated that in return it will act as a catalyst for regeneration in the surrounding area and the wider aspirations of the Borough of Brent, these aspirations are based on little more than anecdotal evidence. If public money is to continue contributing to developing sports stadia and sporting facilities including those planned for the 2012 Olympic Games, a more comprehensive empirical and theoretical understanding of their role in the regeneration process is paramount to justify future and sustained investment. The type of research work presented in this paper is potentially valuable for considering the property impacts of the 2012 Olympic stadia, but it needs to be developed further if it is to be useful for guiding decisions on how to nurture the property market in the Lower Lea Valley.

The combination of quantitative and qualitative approaches used in Cardiff and Manchester allowed the professional opinion of those working in real estate and the more intangible factors that can influence property values to be explored. Nevertheless, it did not enable the actual impact of stadia on property prices to be evaluated. An ideal approach for future research would therefore be to combine elements of the methodology presented, such as the exploratory interviews with key stakeholders, together with a similar sample of in-depth interviews with targeted property professionals and surveyors. Moreover, it would use these qualitative elements in addition to statistical analysis of property data, possibly using a technique such as Hedonic Analysis. This would allow a more scientific quantification of the impact of stadia on the real estate market, whilst still considering the expert opinion of experienced professionals working in the field.

A future research agenda should also consider examining in depth, the sustainability of the property impacts generated by stadia and the factors or conditions necessary to enhance these. The research in Manchester and Cardiff raised this issue and found some evidence to suggest that the sustainability of the property impacts were dependent upon a number of factors, including the need to ensure the stadia were embedded into the local economy, within a strongly defined and integrated strategy; the continued usage and financial viability of the stadia and the need to manage community issues generated by stadia, such as congestion, noise and anti-social behaviour. However, these

issues need further detailed investigation and understanding, if future research is to prove useful for devising policies to enhance the property impacts of the 2012 Olympic stadia and other major sporting venues.

The positive shift in attitudes from policy makers towards sport and regeneration since the early 1990s is clearly a welcome one. However, with the excitement and anticipation that the 2012 London Olympics has generated, care needs to be taken to ensure that the UK does not follow the example set by the US, whereby policy makers often justify stadia and sporting infrastructure on the grounds of political will rather than clear economic rationale (Lee, 2002). Only when credible and rigorous research is available, should stadia be viewed and used beyond their sporting role, as a credible tool for the regeneration of urban areas.

Footnotes

¹ The COM Stadium was originally constructed as an athletics venue for the 2002 Commonwealth Games. However to secure the long term viability of the venue, the stadium was converted to football venue immediately after the closing ceremony of the Games and leased to Manchester City Football Club. It reopened in August 2003.

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Figure 1: Research design

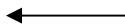
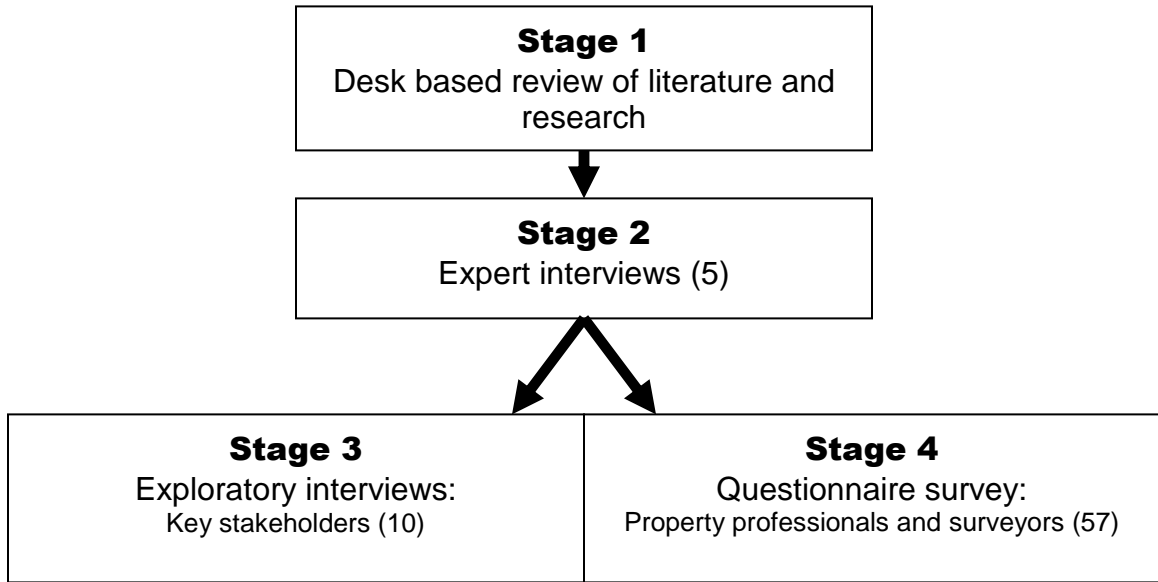


Figure 2: Estimated net change in commercial property values perceived to be attributed to the stadia

