



Spatial Economics Research Centre

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Sports Stadiums and Regeneration

Why is it that so many smart, well meaning people continue to think that massive stadium projects will bring big *economic* benefits to poorer communities who happen to live near them?

In the US, local politicians spend vast amounts of money to attract sports teams despite remarkably little evidence that this has any positive effect on the local economy. In London, these claims about benefits to local communities are made for the Olympics, just as they were for the East End of Manchester and the Commonwealth Games stadium. The latter is now the home of Manchester City Football club [Disclosure: I am not a fan] who plan to change the name of the stadium to that of a new sponsor.

[Paul Hayward writing in the Observer](#), provides details of the deal and the new development: "[...] more intriguing than the passing of a stadium built with public money for the Manchester Commonwealth Games into the hands of a middle-eastern sheikhdom, is that a new Etihad Campus will transform a huge swathe of land around Eastlands (as was) to encompass a relocated training ground, youth academy, sports science facility, Etihad call centre and City Square retail space."

How any of this will provide significant benefits to poor households living nearby is not clear. I assume that the local government will extract some cash from the deal which can be used to fund local community projects. There will be direct benefits to the club (and fans?) and some improvements to the built environment. But the only other likely effect is an increase in local house prices. Indeed, research by Gabriel Ahlfeldt at SERC, looking at stadium re-developments at Wembley and at Arsenal, found that those schemes [had a significant positive effect on house prices](#). This will be good news for local home owners, bad news for local renters. Aside from these changes don't expect a big turnaround in the economic fortunes of those residents 'lucky' enough to live near these new developments.

[We'll publish Gabriel's report shortly. Look out for a blog post from him in the next couple of weeks]

Posted by [Prof Henry G. Overman](#) on [Wednesday, July 13, 2011](#)



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