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Public-Private Partnerships: Driving Development of Modern Sports Facilities: McGuireWoods

The financing landscape for sports stadiums and arenas has undergone a fundamental transformation over the past three decades. What was once a model dominated by public subsidies has evolved into a more balanced and sophisticated approach, with public-private partnerships emerging as the preferred structure for creating durable, diversified revenue streams and ensuring public support for large-scale projects. This shift reflects not only changing political attitudes toward stadium subsidies but also a recognition that well-structured partnerships can deliver mutual benefits to teams, municipalities and surrounding communities.

The Evolving Balance of Public and Private Investment

The most striking trend in stadium financing is the dramatic shift in how costs are allocated between public and private sources. According to the authors of *Public Policy Toward Professional Sports Stadiums: A Review*, the median share of stadium construction costs covered by public spending has fallen from approximately 70% during the 1990-2000 period to roughly 50% in the 2010s and to closer to 40% since 2020. Some of the decrease in the share of public spending can be attributed to a recent trend of private financing, which includes the construction of the $5.5 billion SoFi Stadium that opened in 2020.

However, this evolution should not be viewed as a retreat from public participation but rather as a rebalancing toward structures that align incentives more effectively. Public entities remain essential partners, but their contributions are increasingly structured to generate returns — whether through economic development or community amenities — rather than serving as outright subsidies. The result is a public-private partnership model in which both sides have meaningful skin in the game and shared interests in the facility's long-term success.

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