MULTI-PURPOSE ARENAS AND URBAN REGENERATION

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Urban Renaissance

The concept of Urban Renaissance has been gaining in prominence as the changing economies and lifestyles have fueled the demand for urban regeneration across the world. In mature democracies, property development has become critical to enhancing local economies and wellbeing of populations. Amenities such as schools, transport hubs and entertainment consumption venues feature as attractive means of driving growth. The latter has been receiving increasing attention as a viable commercial approach to transforming spaces. It seeks to provide economic stimuli to neighborhoods in need of rejuvenation. Specifically, research on urban growth and redevelopment has identified multi-purpose arenas as one of the primary urban amenities to drive economic growth (Glaeser *et al*; 2001; Cinyabuguma and McConnell, 2013).

The effectiveness of arenas was questioned during and in the immediate aftermath of the Covid-19 pandemic. However, a recent boom in extensive reconstructions of arenas worldwide, as well as record revenues that a number of well-executed and managed arenas generated post-pandemic suggest that these facilities will continue to play an important role in city and national economies.

The above notwithstanding, it is difficult to express the economic and social benefits of strategic development of urban facilities, in this case commercial entertainment venues, due to the complexity of spaces and interactions that they facilitate. This is a reason behind the ongoing debate between experts as to the effectiveness of such measures in terms of return on investment. However, one of the unequivocal indicators measuring the success of regeneration of spaces are: property values as a signpost of the extent of rejuvenation. It has been used extensively to assess the effects of entertainment arenas and their capacity to deliver on the promise to renew stagnating or rundown neighborhoods.

Entertainment facilities and property market

Glaeser and Gottlieb (2006) pointed out the criticality of entertainment services, including live performances, as key consumer amenities to shaping the flow of urban population. The flow of visitors to arenas attracts other businesses, such as bars, restaurants, shops, as well as transportation infrastructure (Ahlfeldt, 2011). It has been observed that stadiums create a snow-ball effect and together with co-located businesses help to drive urban revitalization. This translates into employment accessibility and a rise in demand for residential housing.

Naturally, people choose their places of residence based on the attractiveness of employment opportunities and a favorable endowment in consumption amenities, as they benefit from quick access to these. This in turn attracts further business investments to meet the diverse needs of a vibrant and growing community. This activity is captured and reflected in property prices.

In the UK, a new term was coined in the 2010's: 'The Chiltern-house effect'. This referenced the phenomenon of hospitality and leisure facilities causing a considerable spike in property prices. A single restaurant in Marylebone, London, is at the core of a 10% rise in property prices within 6 months of the restaurant opening in 2014. Similarly, Hackney saw residential property value increase by 700 % in 20 years (Barrett, 2017), partly due to the development of a luxury shopping district.

Multi-purpose arenas and regeneration and growth

Multi-use arenas are rapidly emerging as a blueprint for fostering growth and driving urban renewal. Huang and Humphreys conducted a longitudinal study into the effects of arenas on residential property prices in the USA between 1995 and 2008 (2014). Their research reveals that entertainment venues are associated with an average of 20 % increase in property demand. This dovetails with the conclusions of other experts who observed a strong positive connection between an increased demand for housing and rise in property values and arenas (Humphreys and Zhou, 2012; Tu, 2005).

To illustrate the case, the **Crypto.com Arena** in Los Angeles (formerly The Staples Centre) has been a major contributor to the **astounding 151.2 % rise in property prices** in downtown Los Angeles between 1999 and 2014 (Ernst & Young, 2016). In **Cleveland**, **property values increased by 13 %** as a result of constructing an arena (Chapin, 2004). Since 1994, the arena generated $800 million in tax revenue and catalyzed $2 billion in planned or completed development in the area (Cleveland Cavaliers, 2023).

The Capital One Arena (formerly the Verizon Center) in Washington D.C is another prime example of achieving a remarkable turnaround of the local community in this way. Since, the city has received over **$1 million in tax revenues.** The boost was also represented by a considerable increase in property values and ensuing gentrification of the neighborhood surrounding the arena (Rizzo, 2000). The continuous development in the area between 1995 and 2014 was estimated to generate $520 million in taxes in 2014 (DowntownDC BID, 2014). More recently, it was reported that the arena fueled redevelopment estimated at $9.2 billion within a seven-block radius and created more than 58,407 jobs between 1995 and 2017 (Squires, 2017).

Similar success stories can be found in Europe. The 'Chiltern-house effect' of developing leisure precincts is well- documented in the UK. Even before the construction of the **New Wembley Arena** began, the **local property prices had risen by 15-20 %** according to Ahlfeldt and Kavetsos (2012). Following the completion of the structure, the value of nearby residential and commercial properties rose by **further 13 %** and the pattern was found to repeat for all newly built London stadia (Ahlfeldt and Kavetsos, 2012).

Manchester approached regeneration by building ‘Sportcity’ on a brownfield site characterized by large numbers of derelict and abandoned houses. Since the implementation of the renewal strategy, ‘Sportcity’, the focal point of which is the **Etihad Stadium**, local property prices rose **by 350 % in 10 years** (Halifax, 2011) proving it to be a smart and visionary investment. The arena facilitated a remarkable transformation of a neglected space into a thriving community proud of its neighborhood. Property prices in Manchester are expected to increase by 57% which is the highest projection among all large UK cities (Vesper Group, no date).

This is the case for a number of signature multi-purpose structures across the UK. The table below documents average property values and their rise for the host neighborhoods of the most renowned venues.

Property value in location hosting an arena

Location	Stadium	Average house price £	Rise in price
Manchester	Etihad	89,489	350%
Hull	KC Stadium	75,517	162%
Fulham, London	Craven Cottage	851,812	102%
Holloway, London	Emirates	641,665	101%
Sunderland	Stadium of Light	91,611	97%
Liverpool	Anfield	63,974	97%
Liverpool	Goodison Park	63,974	97%
Stoke	Britannia Stadium	110,779	85%
Tottenham, London	White Hart Lane	284,713	77%
Swansea	The Liberty Stadium	105,995	75%
Manchester	Old Trafford	178,545	69%
Birmingham	Villa Park	98,919	69%
West Bromwich	The Hawthorns	120,841	55%
Cardiff	Cardiff City	171,270	46%
Croydon, London	Selhurst Park	198,463	42%
Norwich	Carrow Road	164,332	35%

The same scenario repeats itself in Berlin (Ahlfeldt and Maennig, 2010), Lithuania (Apanavičienė *et al*, 2015) and Hungary (Kozma *et al*, 2014). The positive stadia externalities have been found as significant, thereby demonstrating the power of an attractive multi-faceted venue to positively affect its neighborhood by attracting residents and businesses alike, thereby increasing the residential and commercial property values. Stadia are also becoming an attractive means of re-developing brownfield sites and turning them into appealing spaces with vibrant communities to match.

Moreover, the large state -of-the-art arenas further have the capacity to attract mega events, such as national and international championships that spur further infrastructural development. These have been demonstrated to benefit local real estate markets both in the short and long-term. To illustrate the case, South Africa, host of the World Cup in 2010 offers an opportunity to assess even the more complex long-term effects of a mega event.

The 2010 World Cup increased the demand for properties in the short term, but it is interesting that the event had a positive impact over the next decade that even spilled over into the wider region. Stoughton argues that the event increased the attractiveness of the country overall and the infrastructural foundation was strengthened. This attracted international buyers into the country in the years following the pandemic, increasing the local property values (2022)

Much criticism has been raised voicing skepticism as to the ability of these structures to deliver on the promise of their developer to spur development and renewal. Disagreements fuel heated scholarly debates on the issue. Commonly, it is argued that the cost of building arenas, especially where public money plays a role, is higher than its benefits. **Evidence shows that such suspicion is in place in the context of developing countries (Hasselgård and Straume, 2014; Baumann and Matheson, 2013), rather than in mature economies.** This is a result of weak purchasing power in developing markets undermining the overly ambitious expectations of urban planners, developers and policy makers, as well as a high level of corruption.

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