LOGIC
INSIGHTS

Building a Sustainable Sports Economy

From sporting ambition to lasting economic value

Global sports revenues continue to rise, yet commercial growth has not consistently translated into stronger institutions. **European top-division football club revenues are expected to exceed €30 billion in 2025,** supported by continued commercial growth across the continent's largest clubs: 17 of Europe's top 25 clubs reported record commercial income. However, rising revenues have been accompanied by significant cost pressures. **Non-wage operating costs absorb 36% of club revenue and aggregate pre-tax losses remained close to €1.2 billion in 2024 with only a small majority—53%—of clubs across Europe's 20 largest leagues recording a pre-tax profit[1].** The sector is expanding, but the financial strength of many of its institutions has not kept pace.

The European experience offers a relevant lesson for markets across the MENA region seeking to expand their sports sectors: revenue growth alone does not create institutional resilience. A sustainable sports economy extends beyond professional clubs and elite competition. It also depends on a broad and active participation base that supports demand for facilities, services, talent pathways, and commercial activity.

The broad and active participation base is measured by the rates of physical activity across different age groups and accordingly creating the relevant occupancy for the sports facilities. The engagement of population in sports is critical success factor in employment and growth in the sector. In Saudi Arabia, for example, that base is growing but remains uneven: **59.1% of adults completed at least 150 minutes of physical activity per week in 2025, while only 19% of children and adolescents aged 5–17 achieved at least 60 minutes of daily activity[2].** These figures point to rising engagement alongside significant room for growth across academies, community programs, coaching, fitness services, sports technology, and grassroots competition.

Governments are developing institutional frameworks capable of organizing the sector, defining responsibilities, and creating the conditions for investment, therefore providing the foundations through which this broader market can be strengthened. Whether these frameworks develop into lasting economic value will depend on three closely linked conditions: clear institutional mandates, professionally managed organizations capable of converting investment into performance, and financial models that are able to withstand changes in leadership and market conditions.

[1] The European Club Finance and Investment Landscape - UEFA
[2] 59.1% of Kingdom's population (18 years and above) engage in physical activity (for 150 minutes or more) per week – General Authority for Statistics

I. Defining the Rules of the Sports Economy

A. Governance as Market Infrastructure

Sports governance is often reduced to boards, policies, and compliance, yet its economic role is considerably broader. It establishes who regulates each discipline, licenses participants, manages national teams, operates competitions, controls commercial rights, approves investors, owns intellectual property, and resolves disputes. Where those responsibilities overlap, uncertainty affects everything from sponsorship negotiations and broadcasting agreements to club management and investment decisions.

Football Governance Act 2025

England provides one model for separating financial oversight from sporting regulation. **The Football Governance Act established an Independent Football Regulator for the top five levels of men's football,** with responsibility for financial sustainability, ownership standards, licensing, financial distribution, and fan engagement, while sporting rules remain with the football authorities. The reform followed repeated cases of club distress linked to weak ownership and excessive financial risk.

BUNDESLIGA

Germany applies a different safeguard through the Bundesliga's 50+1 rule. Club members generally retain more than half of the voting rights, allowing private investors to provide capital without securing controlling influence. The model preserves member authority over institutions with deep community roots.

The two systems differ in design, but both address the same underlying tension. Heavy institutional control can slow decision-making and discourage investment, while unrestricted ownership can increase financial risk and weaken the relationship between clubs and their supporters. Effective governance creates room for commercial growth while preserving the relation with mass supporters, competition integrity, and institutional identity.

B. Regional Approaches to Institutional Coordination

Institutional arrangements vary according to the role of government, the autonomy of sporting bodies, the maturity of professional leagues, and the extent of private-sector participation. Across the region, however, reforms are moving in a similar direction: clearer responsibilities, stronger governance, greater organizational autonomy, and a wider role for private investment.

Saudi Arabia's new Sports Law provides one of the region's most detailed legal frameworks. It recognizes clubs, leagues, federations, the Saudi Olympic and Paralympic Committee, facilities, academies, institutes, and sports centers as components of an interconnected sector. It also enables clubs and leagues to operate as companies, strengthens governance requirements, and requires the Ministry of Sport to maintain an updated database for investors and other stakeholders.

وزارة الرياضة
Ministry of Sport

Within this framework, the Ministry of Sport retains responsibility for the sector's overall development and regulation. Its remit includes coordination across government, private-sector, non-profit, and sporting stakeholders, participation and professional development, research, technology, and sports medicine, the National Sports Register, company formation, licensing, foreign ownership, and major ownership changes.

Saudi | Saudi
اللجنة الأولمبية والبارالمبية السعودية
SAUDI OLYMPIC & PARALYMPIC COMMITTEE

The Saudi Olympic and Paralympic Committee occupies a distinct position within the system. As the non-governmental body responsible for the Olympic and Paralympic movement, it represents the Kingdom internationally, leads national delegations, coordinates participation in major games, organizes related competitions, and manages the associated rights.
Individual sports fall under their respective federations, while leagues are primarily responsible for organizing and managing competitions and their commercial activities, and clubs focus on athlete development, sporting programs, community activity, asset management, and revenue generation.

The result is a framework of distinct but interconnected mandates. Its effectiveness depends on transparent procedures, predictable decision-making, clearly defined approval requirements, and workable accountability mechanisms. The law also strengthens internal governance through requirements covering general assemblies, boards, executive functions, director liability, and the rights of voting members.

Qatar organizes its sector priorities through the National Sports Policy. The policy brings participation, governance, financing, facilities, elite performance, partnerships, innovation, and sports medicine within one national framework. By addressing these areas together, it provides a common direction for developing the sector—from community participation and athlete pathways to professional competition and major-event hosting—alongside the institutions, facilities, funding, and capabilities needed to support them.

The UAE's federal sports law similarly combines institutional development with private-sector participation. It recognizes sports companies, promotes coordination between federal and local institutions, and encourages private investment. Rather than treating commercial development as separate from sporting policy, the framework connects it with governance, community participation, and the performance of sports entities.

Egypt is also strengthening the conditions for private investment in sports entities. Recent amendments have expanded the legal scope for external ownership and potential public listings of sports companies, subject to governance, disclosure, financial-reporting, and shareholder-protection requirements.
These approaches reflect different stages of market development, but they pursue a common objective: **an institutional environment that can coordinate public priorities, preserve sporting integrity, strengthen organizational accountability, and create credible opportunities for private capital.**

C. | Corporatization without Losing Institutional Value

Converting a club into a company involves more than adopting a new legal form. The club's name, logo, assets, contracts, rights, obligations, and liabilities should transfer to the new company. The original institution ceases to exist only after the company has been established and the transfer completed.

This continuity matters because much of a club's value is intangible. Its history, supporter base, competition status, academy system, player registrations, media presence, sponsorship agreements, and commercial rights may be worth more than its physical property. Investors therefore need certainty that these assets legally belong to the company in which they acquire shares.

Liabilities must follow the same path. Player payments, supplier contracts, facility commitments, unpaid fees, litigation, and other obligations cannot remain outside the new company while valuable assets are transferred into it. **Corporatization is credible only when value and responsibility move together.**

Privatization also raises issues that ordinary company law does not fully address. Decisions involving a club's name, colors, emblem, city, home ground, or legal existence can permanently alter its identity. Private investment should be encouraged without giving owners unrestricted authority over every aspect of the institution.

Regional clubs could apply these principles by requiring enhanced shareholder approval or formal supporter consultation for identity-related decisions, while leaving routine sporting and commercial matters with management. Different activities may also be placed in separate subsidiaries which can improve transparency by distinguishing businesses with different cost structures, risks, and return profiles.

II. Building the Institution Behind the Team

A. Professionalization Beyond Legal Form

Professionalization depends on clear decision rights, consistent planning, and a coherent division of responsibility. The board sets long-term ambition, capital limits, risk appetite, and performance expectations. Executive management translates those priorities into an integrated plan. Sporting leadership defines the playing model, recruitment profile, talent pathway, and performance requirements, while coaches operate within that direction rather than redefining it each season.

Regional markets are beginning to formalize professional standards across the sector. **Qatar's approach illustrates the value of bringing specialist capabilities into an integrated ecosystem. Aspire Zone Foundation combines athlete development through Aspire Academy, sports medicine through Aspetar, venue operations, logistics, and facility management.**

Saudi Arabia has also introduced a project in April 2025 regulating professional licenses, certifications, and the accreditation of training programs for sports workers. Mandatory social-insurance coverage for Saudi players and coaches took effect on 1 July 2025, strengthening employment protection and requiring sports entities to account more fully for their workforce obligations.

These initiatives move the sector away from relying primarily on informal experience and toward recognized qualifications and occupational standards.

Professionalization must extend across the institution. Commercial teams require expertise in sponsorship valuation, content, licensing, hospitality, ticketing, and digital products. Venue teams manage security, maintenance, accessibility, food and beverage, and non-matchday use. Finance, legal, procurement, technology, data, medicine, human resources, safeguarding, and risk functions provide the controls that allow sporting and commercial activity to scale.

B. Building Continuity and Measuring Institutional Strength

Professionalization becomes more durable when a club can maintain strategic direction beyond individual coaches and executives. The sporting model should provide that continuity. The sporting director plays a central role in linking institutional strategy with technical execution, ensuring that recruitment, squad planning, academy development, succession, sports science, and coaching appointments follow a consistent philosophy. Without that alignment, every change in leadership can bring different player profiles, recruitment priorities, and tactical requirements, creating repeated squad rebuilds and unnecessary sporting and financial costs.

A multi-year sporting plan turns that philosophy into a practical decision framework. It defines where talent can be developed internally, where external recruitment is required, how the squad's age and contract profile should evolve, which players are approaching renewal or exit, and how much the club can sustainably spend. **This allows the institution to retain its direction even as individuals change, with the annual budget serving as the financial expression of that longer-term sporting plan.**

Performance measurement should reinforce the same logic. **If continuity is intended to strengthen the institution over time, clubs need indicators that show whether this is actually happening.** Trophies and league position remain important, but they do not show whether the underlying organization is becoming more capable, resilient, or commercially sustainable. Athlete availability, academy progression, recruitment outcomes, contract exposure, sponsor renewals, fan conversion, venue yield, digital engagement, cash generation, budget performance, and workforce capability provide a broader view of institutional strength.

Together, continuity and performance measurement shift the focus from managing one season at a time to building an institution capable of sustaining sporting and financial performance across leadership changes and competitive cycles.

C. | PSG: Converting Capital into Institutional Capability

Qatar Sports Investments acquired Paris Saint-Germain in 2011, increasing the club's financial capacity and international ambition. Over time, the transformation extended well beyond first-team recruitment. PSG invested in commercial operations, brand development, infrastructure, talent management, digital reach, and sporting leadership.

According to club-reported figures, **revenue reached €837 million in 2024/25, compared with €99 million in 2011. Commercial revenue contributed €367 million and matchday income €175 million.** PSG also reported 235 million social-media followers, 14 official stores, 180 supporters' clubs across 92 countries, and 177 academies in 21 countries serving more than 50,000 young players. The club had evolved from a match-centered business into a global platform spanning sponsorships, content, retail, memberships, experiences, and education.

Commercial growth did not immediately translate into Europe's leading title. PSG moved through several coaches, recruitment strategies, and squad profiles before establishing greater continuity around its sporting leadership. **Luis Campos joined QSI as sports adviser in 2022 and later extended his mandate to 2030,** creating a longer planning horizon for strategy, scouting, recruitment, and talent development.

The PSG Campus reinforced that shift. Covering more than 70 hectares, it includes 17 football pitches, medical and recovery facilities, strength and conditioning areas, a school, academy accommodation, and dedicated facilities for the men's, women's, and youth teams. The campus brings technical, medical, educational, and performance capabilities into one integrated environment.

PSG won its first Champions League title in 2025 and retained the trophy in 2026. The result followed sustained investment in leadership, recruitment systems, youth development, infrastructure, and commercial capacity.

The 14-year period between QSI's acquisition and PSG's first title is more instructive than any individual transfer. Capital expanded the club's ambition, but lasting success emerged only when that capital was embedded in the institution through specialist leadership, stronger talent systems, global commercial reach, and infrastructure that retained value across changes in coaches and players.
For regional sports entities, the lesson is not to replicate PSG's spending, it is to ensure that investment leaves behind stronger systems, knowledge, infrastructure, and management capability. Expenditure tied to one coach or squad has a limited life, but institutional investment supports performance across multiple cycles.

D. | Scaling Expertise without Rebuilding Every Club

Smaller clubs may not be able to maintain specialist teams across analytics, scouting, sports science, technology, commercial strategy, content production, and facilities. Shared-service models offer an alternative solution. Leagues, federations, ownership groups, or specialist providers can develop capabilities centrally and make them available to several clubs, reducing duplication and broadening access to expertise.

City Football Group operates 12 clubs across five continents and reports more than one billion followers across its network. Each club retains its local identity while drawing on shared expertise in talent development, technology, fan experience, commercial growth, and community programs.

In 2025, City Football Group and Al Jazira Club announced a strategic collaboration focused on long-term football development through consultancy and specialist support. The agreement illustrates how shared expertise can strengthen an established club without requiring full ownership integration.

Club Bolívar demonstrates how the model can work without full acquisition. Through its partnership with the group, it gained access to scouting and coaching methods, academy development, sports science, performance-data tools, commercial advice, facility expertise, and executive development. The value lies in the transfer of operating systems and knowledge, not merely capital or brand association.

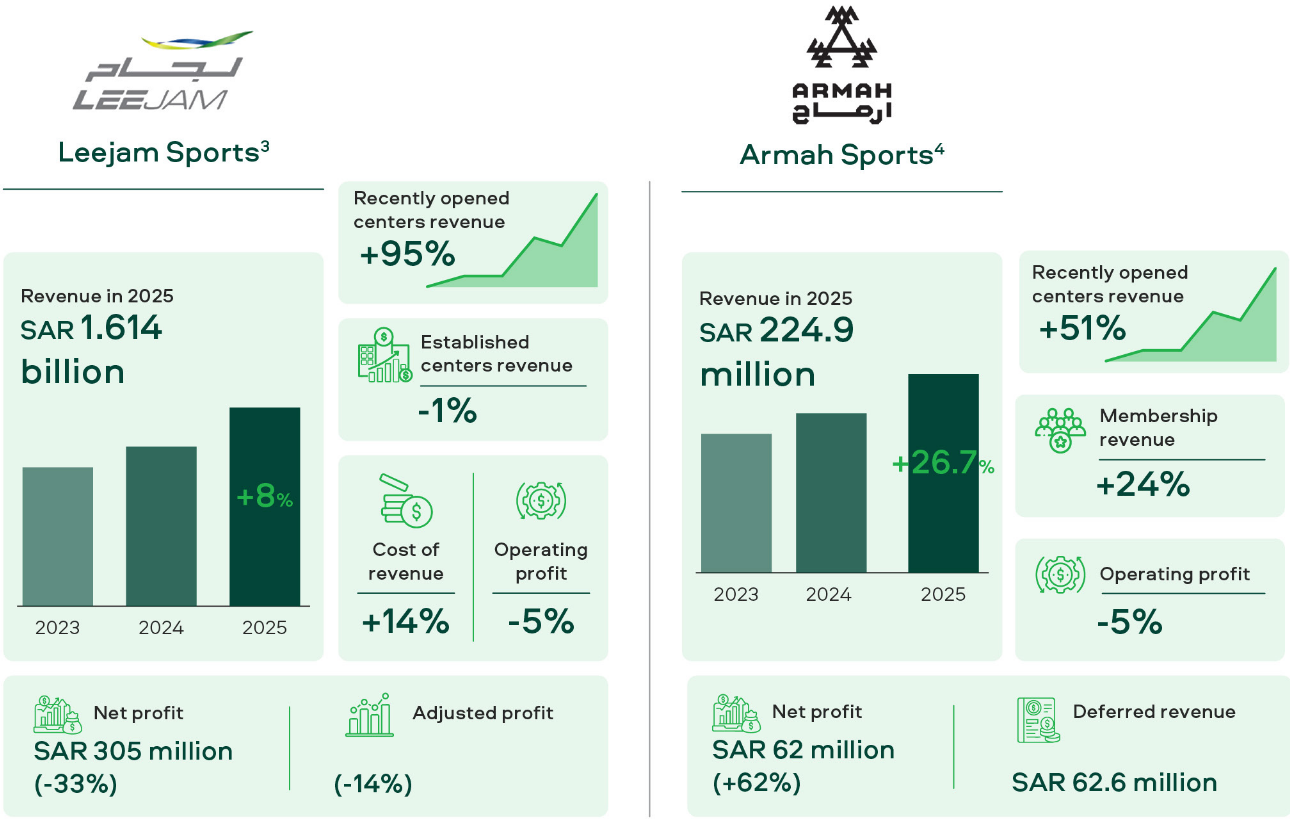
However, the model still requires clear boundaries. Shared data cannot compromise competitive information, centralized commercial agreements should leave space for club-level partnerships, and external support should build internal capability rather than create permanent dependency.

III. Creating Investable Sports Entities

A. Building a Sustainable Financial Model

Higher revenue is not the same as financial strength. The quality of revenue matters as much as its scale. One-off events, exceptional transfer gains, and temporary owner contributions may improve without strengthening the underlying business. Memberships, season tickets, multi-year sponsorships, recurring media distributions, and advance customer payments provide more visibility over future income.

The 2025 results of two Saudi-listed sports operators illustrate the distinction:



The comparison does not establish one model as permanently stronger. It does, however, explain why investors look beyond total revenue to assess unit economics, revenue growth at established centers (excluding the effect of newly opened locations), customer retention, cash generation, and financing costs rather than relying on total revenue alone.

Professional football carries even greater volatility. Sporting results affect broadcasting income, prize money, sponsorship bonuses, ticket demand, and player values, while wages and contractual commitments remain largely fixed. A credible financial model tests whether the club can continue meeting its obligations after missing a major competition, losing a sponsor, or underperforming commercially.

[3] Leejam Sports Company Announces Its Annual Consolidated Financial Results for the year Ended in On 31 December 2025 (Twelve months) – Saudi Exchange
[4] Armah Sports Co. announces its Annual Financial results for the period ending on 2025-12-31 – Saudi Exchange

B. | From Corporate Entity to Investment-Ready Business

Legal clarity defines what an investor is acquiring	The company must own or contractually control the brands, assets, facilities, competition rights, intellectual property, commercial agreements, and revenue streams underpinning its valuation.
Governance credibility determines how that value will be protected	Investors need visibility over board appointments, major decision rights, executive accountability, audit arrangements, conflicts of interest, and related-party relationships.
Financial visibility allows performance and risk to be assessed	Audited accounts, credible budgets, cash-flow forecasts, transparent player accounting, debt management, and internal controls reveal both the entity's current position and its future funding requirements. **UEFA requires annual financial statements and an assessment of whether the club can continue operating in the foreseeable future along with forward-looking financial information. Player registrations are also subject to specific accounting rules, including how transfer costs are recorded and spread over the player's contract period.**
Commercial scalability provides the growth case	Sponsorship, ticketing, media, merchandising, hospitality, membership, digital, and venue revenues must be capable of expanding without continuous injections from owners.
Operational capability determines whether new capital can be deployed effectively	Qualified management, clear processes, performance indicators, data systems, and risk controls are as important as the strength of the brand or revenue forecast.

A public listing should consequently be viewed as a possible outcome of professionalization, not a mechanism for creating it. Before facing continuous disclosure and shareholder scrutiny, a sports entity must already possess robust governance, reliable reporting, clearly defined commercial rights, capable management, and adequate investor protections.

Al Hilal's 2026 transaction illustrates how major sports assets in the region are beginning to attract private capital and acquire clearer market valuations. Al Hilal Club Company was incorporated in 2023, when PIF became its major shareholder under Saudi Arabia's Sports Clubs Investment and Privatization Project. Over the following years, PIF and the club's executive team strengthened its governance framework, operational performance, infrastructure, and facilities, while expanding commercial returns through sponsorships, merchandise, and matchday revenue. **Revenue from main activities rose from SAR 413 million in 2023 to SAR 659 million in 2024 and SAR 842 million in 2025.**

These changes helped turn the club into a clearer corporate investment proposition, with defined ownership, stronger governance, growing commercial revenues, and a visible operating track record. **In April 2026, Kingdom Holding Company agreed to acquire 70% of Al Hilal Club Company for SAR 840 million, implying an equity value of SAR 1.2 billion and an enterprise value of approximately SAR 1.4 billion.** KHC specifically cited Al Hilal's brand value, large fan base, and long-term commercial potential as reasons for the investment, with plans to further strengthen commercial performance, international partnerships, and sports infrastructure.

C. | Regional Pathways to Sports Investment

Saudi Arabia is already testing several forms of private investment. **In July 2025, the Ministry completed the privatization of Al-Ansar, Al-Kholood, and Al-Zulfi** after establishing companies and transferring ownership to selected investors. The process included expressions of interest, investor qualification, technical and financial proposals, and an assessment of each bid's contribution to long-term club development.

Privatization is more than an ownership transfer, it involves assessing the investor's financial capacity, governance record, operating plan, ability to protect the club's identity, and willingness to support the institution through weaker sporting periods.

تداول السعودية Saudi Exchange

Public markets provide another route for sports businesses with more predictable revenues. **Sport Clubs Company offered 34.32 million shares, equal to 30% of its capital, for listing on the Saudi Main Market in 2025[5].** The offering demonstrates how a sports business can access public equity after establishing defined operations, governance, financial reporting, and a credible growth plan.

EGX The Egyptian Exchange البورصة المصرية

Egypt is also adapting its regulatory framework. **Amendments announced in February 2025 removed the requirement for sports bodies to retain 51% of the companies they establish[6],** allowing outside investors to acquire larger stakes and potentially gain control. **Sports joint-stock companies may also offer shares publicly and list on the Egyptian Exchange,** creating access to capital from a broader investor base. Companies still need to satisfy requirements covering governance, disclosure, financial reporting, and shareholder protection.

Al Ahly illustrates how a club can begin building an investable corporate structure around its football operations. **By 2025, the club was operating four companies covering football, sports facilities, services, and media production, with each company reviewed separately for its financial position, profits, and future plans.** Al Ahly described these companies as sustainable investment arms intended to increase returns and help meet the club's growing operating and infrastructure costs.

Within this structure, Al Ahly Football Company provides a more focused commercial platform for the football business. Its mandate covers professional football activities and associated commercial rights, including broadcasting, sponsorship, merchandise, transfers, academies, and other marketing activities. **At its 2024/25 General Assembly, the company reported positive investment performance and progress against its strategic objectives,** while sponsorship, kit, and broadcasting agreements were expected to provide a significant share of the club's financial requirements and strengthen its financial capacity.

Together, the separation of football activities, defined commercial revenue streams and formal financial reporting provide greater visibility over the football business and its financial performance as Al Ahly pursues further investment growth.

Saudi Arabia and Egypt are progressing through different stages of the same transition. Saudi Arabia has moved into club privatizations, strategic transactions, and sports-sector listings. Egypt has widened the legal route for private ownership and future offerings while sports companies continue building the governance and reporting structures required to attract investors.

Across both markets, investment readiness depends on clarity over which assets and rights belong to the company, which activities serve a public or community purpose, what obligations the entity carries, how revenue is generated, and how much additional capital the business will require.

[5] Announcement of the Price Range and start of Institutional Book-building period for the initial public offering of Sport Clubs Company – Saudi Exchange
[6] Ministry of Youth and Sports

From Sporting Expenditure to Economic Value

The strength of a sports economy should be measured by whether responsibilities remain clear, decisions remain coherent through leadership changes, and sports entities continue operating and investing when performance or market conditions weaken.

A sustainable sports economy emerges when public institutions regulate the market without operating every asset, sports organizations retain capability beyond individual leaders, and investors can assess the value and risks of the entities they finance. Under those conditions, capital moves beyond individual events, transfer windows, or trophies and begins strengthening institutions capable of generating performance, revenue, participation, and reinvestment over time.

This reflects the governance, professionalization, and financial-sustainability principles used by FIFA, UEFA, and international sports-governance frameworks.

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