

The Impact of the Construction of Large-scale Stadiums on Urban Economic and Social Development from the Perspective of Sports Management and Urban Development

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Abstract. The construction of large-scale sport stadiums has become more apparent recently for urban growth, though the economic and social consequences remain unevenly distributed among local community. This paper examines three cases—SoFi stadium in Inglewood, California; Tottenham Hotspur Stadium in North London; and the Beijing National Stadium—to analyse how stadium construction shape urban economic growth, social equity, and governance through the lens of sports management and urban development theory. Drawing on stakeholder salience theory, gentrification studies, Community Benefits Agreement research, post-event venue utilization scholarship, and public-private partnership governance, the paper argues that the negative outcome associated with stadium construction are due to governance framework rather than the projects themselves. The finding suggests that future mega-project development need to have more equitable stakeholder engagement, stronger community benefits protection system, and financial feasibility grounded in operational practicality rather than political symbolism. Together, sports venue development can serve as tools for urban modernization and progress, but only when they prioritize long term stability for the residents over economic and cultural ambitions.

Keywords: stadium development, urban regeneration, gentrification, public-private partnership, community benefits agreements

1. Introduction

The construction of a sport stadium is never built for the sole purpose of providing a form of place for athletic activities. From the moment a city announces plans for the development of a new venue, the project planners enter a complex interplay between economic desire, political ambitions, and community identity. In the age of globalization, stadiums have become more than merely sports venues, becoming a tool to assert one city or nation with economic growth, cultural vitality, and global exposure. The billions of dollars being invested in these mega-structures sought to testify to the hope that it will generate urban transformation and development beyond sporting events.

Nevertheless, records demonstrate that stadiums often bring harm rather than benefits to surrounding communities. Although stories like economic growth, job creation, and neighborhood

quality improvement might be sound, the parallelism with forced displacement, inequality, and increased public debt undermines the actual intention of said construction. Communities that stadiums are supposed to serve often receive the least amount of consideration, taking burdens of the entire project on its back. Infrastructure improvements like upgrades in transit and road systems primarily serve event-day goers rather than everyday residents. At the same time, the rise in land values and the attraction for commercial development often render the neighborhood as unaffordable to the native residents.

This paper examines the tension between stadium construction and the community through the case studies of SoFi Stadium in Inglewood, California; Tottenham Hotspur Stadium in North London; and the Beijing national Stadium constructed for the 2008 Summer Olympics. Through these cases that span across different national contexts, time, ownership models, and development goals, the study reveals the consistent pattern of unequal benefit distribution, inadequate community representation, and governance shortcomings. By utilizing frameworks from sports management and urban development studies like stakeholder salience theory, gentrification analysis, Community Benefits Agreement research, and public-private partnership model, this paper serves as the basis for not just failure description, but a diagnosis on how each case can be corrected to serve a meaningful purpose that benefit everyone. Ultimately, the goal here is not to discourage mega-project developments, but as an advocate to guide future development to serve the community by using more equitable and community-centered approach that prioritizes negotiations and long-term community wellbeing.

2. Case studies

In many cases, when individual teams decide to construct new sporting stadiums or arenas, they become more competitive not just at a level of sport competition but also economically and socially. While these benefits are apparent on the surface, providing new jobs and bringing in more value to the areas surrounding the stadium, constructing these mega-projects has slight downsides for the city and society in which it is located.

One example is the SoFi Stadium in Inglewood, California, in which the stadium itself exemplifies that modern sports venues do not merely function as sporting platforms but a complex sociotechnical infrastructure development project that shapes urban life. As pointed out by Cerianne Robertson and Pratik Nyaupane in "The Stadium as Sociotechnical Change," the construction of this project helped redirect the flow of people and capital through interconnected local and global networks [1]. As the home arena for the Los Angeles Rams and Chargers, SoFi Stadium is the world's most expensive stadium with an estimated construction cost of around \$5.5 billion. To accomplish this, the stadium features the world's biggest cable net roof, an impressive infinity screen, and a seat capacity of 70,000-100,000 [2]. Over the course of the construction, 3,500 workers are on site daily, with over 17,000 workers contributing to the project, totaling 18 million work hours [3]. The construction itself brought massive economic upsides as it provided job opportunities for construction workers. Opened in 2020, the stadium quickly integrated with Los Angeles's entertainment culture, becoming a symbol for major sporting events, concerts, and global media exposure. However, these benefits come with slight consequences. The stadium itself alters the living pattern and movements of the residents of Inglewood, benefiting businesses on major routes leading up toward the stadium while causing significant traffic inconveniences for others [1]. Furthermore, large-scale events such as Super Bowl LVI drew significant state resources, allowing the California state government to provide funding for transportation and security, demonstrating the attention to prioritize the stadium and its surrounding areas. While proponents frame SoFi with the

role of improving economic growth and urban development and revitalization, Robertson and Nyaupane argued that such development undermines locals, while certain communities benefited from the construction with increased exposure, most others who are marginalized face inconvenience and displacement. SoFi Stadium shows both how a megaproject can simultaneously generate cultural visibility while also contributing to inequality, showing that sport venues function more as an instrument of urban restructuring, redistributing economic factors unequally rather than universally.

Tottenham Hotspur Stadium reinforces how a megaproject can simultaneously boost economic growth while also increasing social tensions with different communities. Officially opened in 2019 as part of the Northumberland Development Project, the stadium significantly increased Tottenham Hotspur's financial capability and its global significance due to the stadium's ability to host events like NFL games and concerts, a state-of-the-art facility, and the expansion into commercial spaces. According to data, the stadium aims to create around 3,500 jobs and contribute around £293 million toward the local economy [4]. However, as pointed out by Mark Panton and Geoff Walters in "It's Just a Trojan Horse for Gentrification", the benefits are unevenly distributed. In the context of austerity, local authorities relied heavily on private businesses like Tottenham Hotspur to revitalize the economy, providing more power and recognition to them in the realm of urban decisions. Thus, a form of gentrification occurred when housing surrounding the areas became less affordable, and the areas became more driven by market development [5]. With the rise in housing, standards of living, as well as the displacement of businesses and residents, the stadium shows its two-sided influence. On one hand, the construction of the stadium enabled the club to profit and increase its competitiveness; it created more social tensions, revealing further inequalities in the case of megaproject constructions. This reinforces that megaprojects are erected through market-driven development, often accompanied by the sacrifice of social equity.

While SoFi and Tottenham Hotspur stadiums both highlight the aftermath of megaproject development: economic and social tensions, the Beijing National Stadium expands this by escalating the issue to a national scale, revealing that architecture is used for global image building.

The Beijing National Stadium, also known as the "Bird's Nest," illustrates how stadium construction can become a powerful tool in demonstrating a nation's power in an age of globalization. Built solely for the 2008 Beijing Olympics, the stadium was not only designed as a traditional sports venue responsible for hosting events, but also a symbol for China's emergence as a global power. Construction of such a megaproject also enabled the increase of values for surrounding lands, positioning the Bird's Nest as the center for the Olympic District, generating millions of tourists each year [6]. By commissioning famous architects Herzog and de Meuron, China aimed to utilize this opportunity to create a stadium with a unique design to show China's innovation and openness to international collaboration [7]. However, by using a foreign design, Chinese nationalists as well as critics argued that such a design undermines Chinese culture and weakens China's global identity [6]. Furthermore, the project exposed slight problems; construction was temporarily halted due to regulations and concerns for safety and costs, causing key features like the retractable roof to be removed. Economically, the use of the public-private partnership (PPP) model proved ineffective. The decision to only use the stadium for national events like the Olympics and limited opportunities for further revenue generation revealed significant economic consequences for the Chinese government, forcing the government to intervene with the stadium's financial performance and take greater control after its completion [8]. Despite the challenges, the Bird's Nest ultimately demonstrates how megaprojects, when accomplished successfully, can elevate a city's global image and a nation's cultural significance, suggesting that their values lie not in immediate

revenue return but instead on long-term cultural symbolism and societal impact. Nevertheless, this demonstrates that stadiums can serve as nation-identity building tools, and its benefits sometimes outweigh its impracticality and economic inefficiency.

3. Critical analyses

While the preceding studies present a clear pattern of uneven outcome—displacement, community isolation, and governance failures—they simultaneously expose the areas in which reforms are most needed. Read through the following about how through management theory and institutional design, the stadium's weakness can be altered into a better path.

The most important failure across all three cases is the marginalization of local community stakeholders in the decision-making process. Panton and Walters, drawing important findings from the stakeholder salience framework developed by Mitchell et al., offered the reasoning in why local stakeholders are sometimes left out. Local stakeholders are treated more passively, only considered due to their original legitimacy; while bigger and private corporations like Tottenham Hotspur FC hold the ultimate power in decision making due to their influence, size, and urgency [5]. This condition is avoidable, though it was amounted to by the combination of political and economic factors, particularly austerity, changing the decision-making authority toward private companies [5]. The situation suggests a way of correcting it, local authorities and future developers must work carefully and collaboratively with each other and stakeholders to recognize their urgency and power as equally as their legitimacy. One way of achieving this is through strict implementation and enforcement of community infrastructure obligations such as the Section 106 agreement in the Tottenham Hotspur Stadium's case. Rather than allowing private clubs to negotiate development through financial pressure, seen by forcing Haringey Council to oblige, future agreements should be built upon a robust legal framework and the integration of benchmarks tied to affordable housing, local employment, and transportation access. Noted by Panton and Walters, the initial Section 106 requirement was reduced by around £16 million due to club pressure, a scenario avoidable if local stakeholders have more leverage and if local authorities are less fiscally dependent on private capitals [5]. Meanwhile, while the club ultimately completed the project, they faced community opposition in different ways. Although the efforts did not complete halt the construction, the effort delayed it and caused the formation of the Our Tottenham network, showcasing that over time, stakeholders can earn support and mobilize the community to shift negotiations into more favorable terms [5]. The gentrification incident that happened around the Tottenham Hotspur Stadium is not merely an isolated event but rather reflects a broader pattern of state-led urban restructuring. As Paul Watt demonstrates in his 2012 study of the London Olympics and East London, governments increasingly deploy sporting mega-projects as instruments of what he terms "third-wave, state-led gentrification," in which the rising of social housing stock and land values of the surrounding regions systematically displace working-class and low-income individuals not as a side-effect, but as a predictable consequence of the policy [9]. In Newham, the host borough of the 2012 Olympics, Watt found that residents of the region increasingly believed that investment and regeneration around them are not designed for their benefits, a sentiment that mirrors the community opposition expressed by Panton and Walters in the case of Tottenham [9]. The similar reaction from both regions demonstrates that the displacement accompanying Tottenham Hotspur Stadium's construction is not just a sole decision from a club but rather a wider governance model that prioritizes capital gains while neglecting protection of the established communities.

The problems presented by the SoFi Stadium case are like Tottenham Hotspur Stadium while showing a distinct challenge: how to ensure that the broader infrastructure flows redirected by

megaprojects serve equitable rather than selective ends. Robertson and Nyaupane provided an extensive overview of the Inglewood Transit Connector. While being positioned as beneficial to the public through improved transportation, its actual usage is solely grounded on event-days by eventgoers, carrying only 414 riders per hour on non-event days and displacing 41 local businesses in the process of construction [1]. This imbalance between event-day investment and everyday demand reflects what the authors call "uneven geographies" as the consequence of stadium development [1]. The implication is that future transit and infrastructure plannings tied to stadium development should be evaluated based on the criteria of whether it satisfies both as beneficial on event-days or beneficial for everyone on a regular basis. As a result of the disproportion, it would require future stadium planners to carefully consider stadium's integration into a larger urban body, serving the area as a unit of promotion rather than an individual entity that isolates itself from the local area and used as a tool to acquire state fundings [1]. The inequitable community outcomes observed at SoFi Stadium are consistent with a nationwide pattern of stadium development described by Miriam Solis and C. Aujean Lee. In their study of 89 stadiums across the United States constructed between 2000 and 2022, Solis and Lee found out that two-thirds of the total stadium costs are financed through public subsidies, yet fewer than one in five stadiums faced community opposition, and only five out of the 89 projects entered a formal community-governed Community Benefits Agreement (CBA) [10]. Notably, no NFL teams reached the CBA even though they operated the largest facilities and had the most public funding, underscoring a governance gap at the scale where community impact is greatest. Even if the CBA is secured, they remain ineffective long term particularly in historically marginalized communities where the need for accountability is more urgent [10]. The evidence nationwide reinforces the findings at SoFi from Robertson and Nyaupane, reflecting that the failure to benefit surrounding communities is not limited locally in one region, but a structural feature that determines how stadium development is governed. The positive lesson in SoFi, as Robertson and Nyaupane pointed out, is precisely its visibility—the stadium itself serves as a platform for media spotlight, highlighting its goal of improving the area while also exposing the consequential reality. This shows that megaprojects themselves can generate popularity and exposure for marginalized communities to gain national and even global recognition about their negative impact [1].

The Beijing National Stadium's difficulties offer a unique lesson from a pure management standpoint. Ke's analysis identified three core failures: the unrealistic implementation of the retractable roof, the adoption of the public-private partnership model without extensive research, and government intervention on the stadium's commercialization effort, undermining the model PPP was designed to operate [8]. Each failure can be traced back to its root cause: a disconnection between the stadium's symbolic value as a nation-building instrument and the operational feasibility of revenue generation. Ke argues that PPP is not unsuitable for social infrastructure, but its success is highly dependent on the experience of contracting parties, a transparent value-for-money assessment mechanism, and a clearly defined boundary between political and commercial decision-making [8]. Had the Beijing Municipal Government conducted a thorough feasibility study like the Hong Kong two-stage business case model Ke mentions, it would likely conclude that the stadium's high cost and national symbolism will make the stadium's commercialization unrealistic [8]. The Bird's Nest's post-event underutilization is not merely a management failure grounded to China, but a consistent global pattern documented by Jens Alm and colleagues. By using a Stadium Utilization Index measuring the post-event usage of 50 sports venues in the United States between 1996 and 2010, Alm et al. found that publicly owned stadiums have lower utilization rates compared to privately operated ones, and that venues in nation with higher corruption levels usually display the lowest

utilization of all [11]. This suggests that political dynamics that cause mega-project investment can undermine long-term financial stability of the stadium operation. The Bird's Nest only hosted 19 events in 2010, placing itself as the lowest-performing venue in the data list, reflecting the challenge of sustaining a venue that is primarily built for symbolic purposes rather than operational practicality [11]. This perspective transforms Ke's case diagnosis from a case-specific argument to a generalizable argument: when a mega-event venue is conceived with the primary goal of culture influence and national symbol rather than a tool for functional urban infrastructure, long term underutilization is not incidental but predictable. Large projects need to match their financial profile, not merely used for solving a country's short-term budget constraint. When a venue is primarily the key used to expand cultural and national significance, government stewardship is more appropriate than a PPP structure that places unsustainable profit expectations on private partners.

Taken together, the three cases suggest that negative outcome associated with stadium development is not usually due to the project itself but rather on governance framework it is based upon. SoFi stadium's construction reshapes the image of Inglewood [1], Tottenham Hotspur Stadium creates job opportunities and long-term economic investment in North London [5], and the Bird's Nest demonstrates a country's willingness to use unique architecture and worldwide athletic event to position itself as an evolving and current country [6]. The flaws revealed through each cases should not be used to discourage any future megaproject or stadium development, but a lesson to create more equitable ones, one whose development planning process are rooted within existing communities, whose infrastructure development benefit everyday resident and accustoms to event-day participants, whose financial structures are chosen through careful analysis and economic feasibility rather than political urgency [5, 8]. The management theory listed here, from stakeholder salience theory to PPP governance reform highlights the essential toolkit to correct the projects.

4. Conclusion

Through the examination of the three stadiums in this paper—SoFi Stadium, Tottenham Hotspur Stadium, and the Bird's Nest—the outcome demonstrates that regardless of geography and intention, a commonality that stadium development is determined less through project ambitions itself, but the governance that defines it, can be established. Each stadiums provide genuine benefits: SoFi elevates Inglewood by providing more culture and global visibility; Tottenham Hotspur Stadium revitalizes a corner in North London and help restore the competitiveness of a historic club; the Bird's Nest established China as an emerging and globalized nation in front of the whole world. These achievements are intended and should not be overlooked.

However, with these accomplishments came also the affected population of the community due to their lack of consent for the development and delivered no tangible benefit to these communities. The displacement effect in Inglewood and Tottenham mirror the same state-sponsored phenomenon observed by Watt in different areas in East London. Further neglect for a meaningful Community Benefits Agreement is not merely an isolated case, but a widespread and systematic issue observed throughout American stadium development by Solis and Lee. The Bird's Nest underutilization after the event of the Olympics remains predicable as prestigious venues with the goal of symbolism rarely consider sustainability.

Thus, these three cases demand a fundamental shift in the way sports venues are governed. Community representatives need to be given more rights and negotiating power, not just an advisory position. Community Benefits Agreement should be regulated and strengthened under laws that cannot be swayed under financial pressure. Infrastructure of the surrounding regions need to consider how useful those structures are to the community, not just how well they perform on rare

event days. Additionally, financial models should be decided by feasibility rather than political convenience.

Beyond these cases, sports stadiums will continue to be built. The question now is not whether cities should strive to build them but whether they are ready to take on the responsibility of being the stewards for the community's wellbeing.

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