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Question of the Week:

Sports-focused capital investment remains strong. What is driving the influx of private capital into sports?

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"In recent years, the value of professional sports leagues and teams has skyrocketed, as reflected by a number of record-breaking transactions. At the same time, we experienced an unprecedented accumulation of capital by private investment funds and other institutional investors. Recognizing these trends, many of the U.S. professional sports are now allowing institutional investors to own minority interests in their teams. This enabled owners to generate liquidity without sacrificing control of their teams and offered funds the opportunity to make attractive investments."

Jon Oram, Sports, New York

"While certain leagues, particularly in the U.S., have recently revised their rules to allow for institutional capital, there are still various restrictions on debt and equity ownership depending on the sport. Private credit firms are increasingly able to offer sports teams and leagues creative and flexible capital solutions that fit within the confines of these rules and provide much needed capital while also providing attractive returns to their LPs."

Justin Breen, Finance, New York

"We’re seeing tremendous and unprecedented growth – in volume, in variety and in value – across the sports industry. With that growth, comes an increased need for cash and other resources. The challenge, however, especially for U.S. professional sports leagues, is to balance those needs against the foundational ownership principles that ushered in this era of growth in the first instance. Private credit firms are uniquely positioned to help leagues and teams find the right balance. Their agility enables them to, in partnership with the leagues, develop fresh investment structures that not only provide necessary capital for teams and create upside for investors, but also preserve basic league tenets."

Christine Lazatin, Sports, New York

"In addition to the escalating valuations that have led to increased private capital investment in major U.S. sports leagues, we've seen increased institutional investment in niche, women's and global sports as investors seek undervalued assets with strong intellectual property and content. Also, investments in sports tend to be less affected by macroeconomic conditions such as higher inflation and interest rates, allowing funds to diversify their holdings and risk."

Jason Krochak, Sports, New York

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