

# Should billionaires and private equity own sports teams and what are the consequences faced by the sports teams due to ownership of private equities?

**Mr. Tribhuvan Reddy Magunta**

Student

In 1923, Edoardo Agnelli, whose father found one of the biggest car companies during the 20th century, bought a football club. This was unusual and basically impossible for an Italian Industrialist. Two world wars, inheritance disputes, facism and corporate scandals have taken place during the century but they still own Juventus.

Why do Billionaires and Private Equities purchase sports teams?

Sports franchises are asset classes. “With 14%+ annual compounding over two decades globally, they’ve outperformed public equities.” mentioned in an article about reasons involving businesses to purchase sports teams, published in Dezerv. This means the value of sports teams grew more than 14% in a span of 20 years, which is higher than the growth they receive in public equities. Teams earn tons of money from various media deals, where later on big investors arrive, so more money is flowing into the teams.

Another crucial reason is the profit-motive. Billionaires and private equities' main goal is to grow in value and earn a profit. Through media deals, merchandise sales, premier subscriptions, ticket prices, etc. They mainly focus on gaining a profit. Since a lot of money is put in to provide facilities and marvellous players and coaches, firms look to make more sales so there is extra profit going towards the firm.

Legacy and influence is another reason why firms purchase sports teams. As mentioned in Dezerv, “Sports ownership was never about the trophy in the cabinet. It was always about the legacy, influence, and increasingly, extraordinary wealth creation.”. Buying sports teams is another way of maintaining a global image. Let's take the Agnellis for example, throughout their lives they’ve been through so much but they own Serie A’s major teams where stars like Cristiano Ronaldo have played for. They still own the team to maintain a good reputation and international image.

Sportswashing is a major consequence many firms and teams have to pay, an illegal ethical issue, clubs like Inter Miami, Manchester City faced these issues before. Sports teams are assets to enhance billionaires' public image. Owning major clubs or teams makes them look successful. However, this can cause human rights issues and political problems. Firms tend to use sports to hide real-world problems.

Governments tend to spend taxpayer money to help team owners. Stadiums are usually funded by public money. However, the public is not beneficial but rich owners of teams are. They gain the profit that they desire to attain. This basically tells us that ordinary people's money benefits profit-ran organizations owning sports teams. The use of corruption here is unfair towards the public.

Certain firms run sports teams like it's a **serious business**. They organize Media deals, sponsors, merchandise, more money, more profit. They prevent making stupid short-term decisions. When firms run sports teams like a vital business, the teams eventually become more professional, richer and better managed. This is really good for growth and quality of sport.

The National Football League is one of the biggest sports franchises in history. The NFL and the United States are supporting private equities to hold control and own sports teams. An article on "How private equity can rewrite the financial playbook for sports franchises" mentions that "The NFL has mitigated this risk with a minimum six-year holding period". This means the NFL has rules and regulations to control various investors and owners. This shows a good structure of control and governance, which is very important.

NFL teams make good, reliable money through sponsorships, merchandise and media deals. Even when the economy is bad like a drought, they still remain financially strong. It was also mentioned in the source that finance stays "predictable and stable revenue streams, even during recessions".

Firms ensure that NFL teams become more advanced and attractive towards the fans. They bring in a lot of money through sales and sponsors. This allows them to buy better players, improve stadium conditions and ameliorate better training systems. They also use various tech to understand data, analytics and stats to find out where a player is lacking and how they can improve.

While NFL is pro-business involvement, German is completely Anti-Commercialisation. A major rule known as the 50+1 is implemented by Bundesliga, a crucial German football team. A club's members must contain at least 50% of voting shares plus an additional share. This ensures members control the club. This helps in protecting the culture of fans, restrain low priced tickets and prevent commercial takeovers. This is a splendid rule imposed by the Bundesliga.

Governments usually subsidize stadiums expecting serious growth in the economy. According to some research from the PMC, public money is usually wasted and there are very few real economic benefits. Most stadiums are immensely funded and subsidized by taxpayers. The money collected by the government through tax is mainly used to fund sports. According to an article published in Sports Yahoo, the Federal Ministry of the Interior was one of the main contributors to elite sports in 2024, in Germany.

IPL owners generally treat teams like an investment or a brand. Franchise owners earn immense money through jersey sponsor, partnerships, TV & streaming rights, merchandise and brand value growth. Royal Challengers Bengaluru is considered to be the most valuable IPL team at \$1.78 Billion after their maiden title in 2025. This is all because of the stardom of players like Virat Kohli and the strong loyalty the fans

hold for the team. Business organizations create huge economic impacts like jobs in stadiums, marketing and much more.

However, betting and spotfixing scandals involved team officials. Officials of the Chennai Super King and Rajasthan Royals faced a two year band as the officials were gambling. This led to financial loss and owners were forced to ensure ethical conduct. Brand value also eventually decreased significantly and many sponsors lost trust and pulled back from these two teams. These caused various financial issues at the beginning for both CSK and RR.

**Dezerv** Dezerv is an Indian digital wealth management platform, and as such, this article is written with a clear commercial intent — to inform and attract prospective investors. The piece makes a compelling case for sports teams as alternative assets, drawing on rising valuations, media rights revenues, and growing institutional interest in the sector. Its strength lies in its accessibility; it distills complex financial concepts into digestible insights suited to a retail investor audience. However, the article's persuasive purpose introduces an inherent bias. It privileges the financial upside of sports investment while largely ignoring the structural risks involved, such as illiquidity, governance challenges, and the volatility of sporting performance.

**PwC** is a globally respected professional services firm. This report carries credibility as an industrial analysis. It offers a varied examination of how private equities have begun reshaping sports ownership, with attention to revenue streams, broadcast deals and much more. It also provides a useful comparative framework, comparing heavily regulated leagues, such as the NFL's revenue-sharing model, with less regulated environments, demonstrating why structured leagues owned by private equities result in lower financial risk. By centering its analysis almost entirely on the NFL, it risks overgeneralising conclusions that may not hold across other leagues. This shows that major leagues in the United States such as NFL, MLB, NBA and much more, support private equities ownership.

**Yahoo Sports:** a well known sports media platform, though it commands a wide readership, it isn't considered as an analytical publication. This article provides an insight of recent developments in sports funding policies. Including the 2024 German investment case and overview of the regulations in the Bundesliga mainly focusing on the 50+1 rule. However, the article's financial and analytical depth is limited. The absence of comparative breadth and the lack of economic data mean this source is best used as a contextual reference rather than a substantive analytical foundation.

**The Times of India** is one of India's most circulated news channels. Lending this source a degree of institutional credibility. This article emphasizes on the involvement of financial investment and sporting governance in the IPL. The references to match-fixing scandals involving the owners of Chennai Super Kings and Rajasthan Royals, which resulted in suspensions and reputational damage, provide an important counterpoint to uncritical pro-investment narratives. This makes the source notably more balanced than the others evaluated here. Its limitation is that it remains largely descriptive in its treatment of the financial mechanisms at play, and its focus is confined to the IPL context, which, while instructive, represents a unique regulatory and cultural environment that may not translate directly to other leagues or markets.

Solutions towards this issues could be:

1. Limiting the work done by the owners. Many sports team owners do a lot of unnecessary stuff which turns out to be illegal, each sports league or head could create a rule to watch every step and every move made by business owners.
2. Governments should have a small amount of ownership in each team. This could help provide subsidies to reduce ticket prices and merchandise prices so everybody could enjoy them.
3. The government could also be appointing officials a part of each team or club. This can help them track every move taken by the private equities and billionaires in relation to the sports teams and way beyond that as well.
4. All clubs or teams can be owned by businesses which are not motivated by profit. They can be run through non-profit organizations who have a lot of money and also still gain a bit of money to maintain the team by reducing prices of the merchandise, subscriptions and tickets to a game.

On one hand private investment has transformed sports into a developed global industry. Wealthy owners provide the capital needed for stadiums, advanced technology and high-quality players, which enhances both performance and fan experience. Leagues such as the National Football League demonstrate how structured governance and financial rules can create predictable revenue systems. This ensures long-term sustainability. Reduces financial risk. Additionally sports franchises generate employment. Contribute to economic growth through media, sponsorships and merchandising.

However the profit-driven motives of billionaires and private equity firms can undermine the integrity of sports. Issues such as sportswashing, corruption and exploitation of funds raise major ethical concerns. For instance, taxpayer-funded stadiums often benefit owners more than the general public. Furthermore scandals in leagues like the Premier League highlight how poor governance can damage trust and financial stability. In contrast models like the Bundesliga 50+1 rule show that sports teams with fan involvement can protect club identity and prevent commercialization.

In conclusion I always thought that private equities dismantle sportsmanship. As we can see sports teams overcome many financial problems due to private equities like mentioned in the PwC article. Finance being a major aspect for sports teams, private equities and billionaires allow teams to be financially supported and sustainable. However, it also shows private equities go to various ranges of match fixing and sportswashing as we've seen in the perspective of India and Germany. I admire Germany's approach towards this issue, bringing up the 50+1 rule which should be there in most of the major leagues, not just in football but in other sports as well.

## **Bibliography:**

1. The 50+1 Rule in German Football: What You Need to Know.” *DW (Deutsche Welle)*, 12 Sept. 2024, [www.dw.com/en/the-501-rule-in-german-football-what-you-need-to-know/a-72952820](http://www.dw.com/en/the-501-rule-in-german-football-what-you-need-to-know/a-72952820).
2. “50+1 Rule: What Is the German Football Ownership Regulation Explained?” *Bundesliga*, [www.bundesliga.com/en/faq/what-are-the-rules-and-regulations-of-soccer/50-1-fifty-plus-one-german-football-soccer-rule-explained-ownership-22832](http://www.bundesliga.com/en/faq/what-are-the-rules-and-regulations-of-soccer/50-1-fifty-plus-one-german-football-soccer-rule-explained-ownership-22832). Accessed 23 Apr. 2026.

3. Breuer, Christoph, and Svenja Feiler. "Germany: Autonomy, Partnership and Subsidiarity." *ResearchGate*, Jan. 2017, [www.researchgate.net/publication/313121828\\_Germany\\_Autonomy\\_Partnership\\_and\\_Subsubsidiarity](http://www.researchgate.net/publication/313121828_Germany_Autonomy_Partnership_and_Subsubsidiarity).
4. "German Cabinet Approves First Elite Sports Law to Better Support Athletes." *Yahoo Sports*, 14 Aug. 2024, [sports.yahoo.com/german-cabinet-approves-first-elite-134215248.html](https://sports.yahoo.com/german-cabinet-approves-first-elite-134215248.html).
5. Grosz, Evan, and Michael S. Geller. "The Rise of Private Equity in Sports." *Citrin Cooperman*, 18 July 2023, [www.citrincooperman.com/In-Focus-Resource-Center/The-Rise-of-Private-Equity-in-Sports](http://www.citrincooperman.com/In-Focus-Resource-Center/The-Rise-of-Private-Equity-in-Sports).
6. Mangan, J.A., and Boria Majumdar. "Sportswashing: History, Governing Bodies, State Investments and English Football Club Ownership." *Lords Library*, UK Parliament, 2023, [lordslibrary.parliament.uk/sportswashing-history-governing-bodies-state-investments-and-english-football-club-ownership/](http://lordslibrary.parliament.uk/sportswashing-history-governing-bodies-state-investments-and-english-football-club-ownership/).
7. PricewaterhouseCoopers (PwC). "Private Equity in Sports: Why the Influx of Capital into Professional Sports Is Accelerating." *PwC US*, [www.pwc.com/us/en/industries/tmt/library/private-equity-in-sports.html](http://www.pwc.com/us/en/industries/tmt/library/private-equity-in-sports.html). Accessed 23 Apr. 2026.
8. "The Real Reason Billionaires Own Sports Teams." *Dezerv Blog*, 14 Oct. 2023, [www.dezerv.in/blog/the-real-reason-billionaires-own-sports-teams/](http://www.dezerv.in/blog/the-real-reason-billionaires-own-sports-teams/).
9. Reid, David. "Forget Art, Sports Franchises Are Now the Ultimate Status Symbol for the Ultra-Rich." *Yahoo Finance*, 21 June 2023, [uk.finance.yahoo.com/news/forget-art-sports-franchises-now-150000883.html](https://uk.finance.yahoo.com/news/forget-art-sports-franchises-now-150000883.html).
10. Sutera, Steven, et al. "The Economics of Professional Sports: The Effect of Management and Ownership on Team Performance." *PMC*, National Center for Biotechnology Information, 8 Feb. 2022, [pmc.ncbi.nlm.nih.gov/articles/PMC8811744/](http://pmc.ncbi.nlm.nih.gov/articles/PMC8811744/).