

The Olympic Equation: Are the Games a Winning Investment?

The Olympic Games are one of the world's oldest and most celebrated traditions, dating back to 776 BCE in ancient Olympia, Greece. The Games have since moved around the world, evolving in their style and grandeur. Last year, we saw the Olympic Games return to Paris after more than a century, sparking debate about whether hosting the Games is worth the cost. Events were hosted in the heart of the city, with the Eiffel Tower and the Seine being in the background of them all. Whilst the Games showcased the best of athleticism around the world, they also highlighted questions about their financial impact and value. Over the years, the economic growth of the Games has been monumental, raising arguments about their importance and influence from a financial perspective.

The Paris 2024 Olympics present a successful example of managing the costs of hosting the Games, demonstrating how hosting the Games can be managed more sustainably and efficiently. Paris adopted a pragmatic approach, placing emphasis on cost control, environmental sustainability and ensuring long-term benefits for the city and its residents. The Paris Games cost around \$9.4 billion to host, which was a moderate budget having considered the cost of many recent Games. A significant portion of the infrastructure used for the 2024 Games already existed, reducing the need for extensive new construction and minimising the financial burden on taxpayers. This model challenges the prevailing notion that hosting the Olympics must inevitably involve excessive financial risk and instead offers a blueprint for cities to derive lasting economic and social value from the Games. By rethinking the way resources are allocated and focusing on legacy planning, Paris aims to demonstrate that the Olympics can serve as a catalyst for sustainable urban development without leaving behind costly aftermaths.

While the 2024 Paris Games highlighted the benefits of effective financial planning, many other recent Games have failed to do so. The most expensive games costed over \$50 billion - the 2014 Sochi Winter Games. This far exceeded the initial budget of \$12 billion, since most infrastructure was built from scratch. The immense cost of the 2014 Sochi Games highlights the financial risks associated with hosting large-scale international events. The need to construct new stadiums, transportation networks and accommodation facilities from the ground up contributed significantly to the budget overruns. Additionally, factors such as tight construction timelines, security measures, and logistical complexities further inflated expenses. While these investments aimed to transform Sochi into a world-class tourist destination and winter sports hub, critics argue that the long-term economic benefits have not fully justified the staggering costs. Many of the newly built facilities remain underutilised, raising concerns about the sustainability and legacy of such large expenditures. This example serves as a cautionary tale, highlighting the importance of careful planning, cost control, and ensuring that infrastructure serves a practical and lasting purpose after the Games.

Another argument presented by critics of the Games is that much of the infrastructure built is very difficult to maintain and, as a result, is rarely ever used after the completion of the Games. This often leads to large, underutilised facilities that become financial burdens on host cities. Stadiums, Olympic villages, and transportation networks that were constructed at great expense may fall into disrepair, contributing to urban decay rather than aiding long-term economic growth. In some cases, cities have been left with significant debt, such as how Sochi was in 2014, diverting resources from essential public services. Critics argue that this highlights the short-term focus of the Games, where the emphasis on spectacle and international prestige often overshadows practical considerations of sustainability and legacy planning.

On the other hand, investments made by several host cities have proven to be beneficial, leaving behind valuable infrastructure that serves local communities long after the Games have ended. These projects

often provide residents with access to modern sports facilities and public spaces that may not have been developed otherwise. A notable example of this is the transformation witnessed in Stratford following the 2012 Summer Olympics in London. The area saw extensive redevelopment, including the construction of numerous sports venues such as the London Stadium. Originally built to host Olympic events, the stadium now serves as the home ground for West Ham United Football Club and regularly hosts major concerts and other large-scale events. This revival of the area has not only contributed to the local economy but also enhanced community engagement by creating lasting recreational and entertainment spaces. The success of Stratford highlights how strategic investment in infrastructure can turn Olympic developments into long-term assets for host cities.

An important consideration to make is that many hosting countries host the games to boost their national image. This may, to some extent, justify the mammoth spending undertaken by some host countries, such as Russia on the Sochi Games. By boosting their national image, countries hope to gain international recognition, attract tourism and promote economic development. This enhanced reputation can lead to increased foreign investment, stronger diplomatic relationships and a greater sense of national pride. For example, hosting a successful event may project an image of stability, capability, and modern infrastructure, reinforcing the country's position on the global stage. However, the long-term benefits are often debated, as the economic return on investment may not always materialize as anticipated. Despite this, the aspiration to elevate national prestige continues to drive countries to compete fiercely for the opportunity to host such large-scale events.

Hosting the Olympic Games involves significant financial and logistical challenges, but the potential rewards can be transformative. Paris, as the host of the 2024 Olympics, is positioning itself as a model for sustainable and cost-effective planning. The Games serve as a platform for international unity, cultural exchange and national pride, with lasting infrastructure benefits for local communities. Paris minimised costs by repurposing existing venues and investing in projects that align with the city's long-term development goals. As nations continue to bid for the chance to host, Paris demonstrates how balancing ambition with practicality can ensure the Olympics remain a celebration of global achievement without leaving behind financial burdens.