Westlaw Today
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A look at the market for sports and sports tech in 2024

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APRIL 8, 2024

While the M&A market overall was less active than many had hoped in 2023, and with 2024 off to a sluggish start, some areas still look stronger than others, including the sports market.

M&A in sports tech was especially robust last year, with $26.7 billion in deals, nearly tripling prior-year levels.

The sports industry has become so attractive to investors that JPMorgan recently announced[1] they are creating a sports-focused investment banking team to capture opportunities in this "increasingly large asset class" that is attracting institutional investors.

Goldman Sachs also recently launched[2] a sports franchise unit within its investment banking division. With Bloomberg[3] reporting in late 2023 that sports have become the "safe M&A bet," it's no wonder that firms are jumping on board this sector.

And it's not just sports teams that are drawing the attention of buyers and investors. Sports tech had a record-breaking 2023 with more than $37 billion in M&A and financing rounds and $7 billion in new money raised for investment funds, according to a report from Drake Star.[4] M&A in sports tech was especially robust last year, with $26.7 billion in deals, nearly tripling prior-year levels.

Institutional investors will also look for returns from adjacent markets that can benefit from the soaring valuations of premium assets.

So, with a strong year for the sports industry in 2023, what does this year have in store? In their 2024 Sports Investment Outlook,[5] Deloitte looks at this sector's M&A trends and market activity in the coming months. Below, we examine some of the key insights.

In 2023, Deloitte notes that football (at least the version referred to as "soccer" in the U.S.) dominated transactions in this space, with 52% of deal volume. American football only made up 2% of transactions. North American investors were the biggest winners, making up 62% of deal volume, followed by European investors at 20%. Interestingly, almost 50% of deals last year were minority investments. And it was a significant year for women's sports, making up 14% of deal volume.

Regarding the outlook for 2024, Deloitte expects to see investors looking for opportunities to invest in market disruption. This could mean broader investment in expanding areas of sports such as cycling, sailing, and padel ("pickleball's posher cousin")[6] — all of which are growing in popularity.

Deloitte is also predicting rising and polarizing valuations. As the demand for premium sports properties grows, valuations will continue to shoot up at the top of the market. So, what could this mean moving forward?

The international love for sports is only growing, and investors will undoubtedly continue to target this segment.

Possibly a surge in minority investments, which already made up a large portion of deal volume last year, and a more pronounced valuation gap between premium sports assets and non-premium assets. Institutional investors will also look for returns from adjacent markets that can benefit from the soaring valuations of premium assets.

Lastly, Deloitte foresees even more investors taking an interest in women's sports. As noted above, the women's sports market had a good year in 2023, and the firm anticipates the segment drawing even more attention this year. Deloitte points out that there are funds with a mandate to invest in women's sports, which will help to secure funding.

The international love for sports is only growing, and investors will undoubtedly continue to target this segment. It will be interesting to see which areas dominate in 2024 and who the winners are. As the excitement around the 2024 NCAA Women's March Madness basketball tournament has already demonstrated, our pick would be women's sports.

Notes:

[1] https://bit.ly/3vHbOQM

[2] https://bit.ly/4aBCgKV

[3] https://bit.ly/3PQH46v

[4] https://bit.ly/4cHjumF

[5] https://bit.ly/3J6jCi4

[6] https://bit.ly/4asEpIM

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This article was published on Westlaw Today on April 8, 2024.