

## **No Longer Sidelined, Private Equity Firms Bet Big On Sports**

By **Chris Villani**

*Law360 (June 15, 2026, 7:50 PM EDT)* -- A diverse group of executives from big-time college athletics and emerging professional sports organizations gathered recently at a 14th-floor event space above Duane Morris LLP's Philadelphia offices with one topic in mind: how private money is changing the landscape for their respective leagues.

The athletic program at the University of Connecticut and franchises in Major League Rugby, two of the organizations represented at the event, have not traditionally been thought of as fertile ground for private investment.

But with a limited number of major professional sports teams for sale and astronomical valuations leaving a high barrier for entry, experts say college sports and emerging leagues are providing opportunities for private investment, and the rapidly shifting rules are creating compliance challenges for attorneys.

"There is a lot more happening in the ecosystem around sports," said Ross Williams, a private equity and mergers and acquisitions partner at Reed Smith LLP. "At the end of the day, what makes sports an attractive asset class is that it is one of the very few things I can think of that is not at imminent risk of being disrupted by AI."

He added, "Sports, at its core, is about live human performance."

### **Getting in the Game, Creatively**

Sports franchises have long been considered something of a trophy acquisition and, until recently, private equity dollars were largely barred by league rules. Major North American men's leagues now allow for minority private equity stakes in teams, but opportunities are limited, leaving firms looking for creative ways to turn sports into a strategic investment.

Morgan Lewis & Bockius LLP partner Caitlin Harrison, whose deals work includes the NFL, NBA, MLB and NASCAR, among others, said she has seen institutional investors become much more involved in sports.

"Four years ago, half of the stuff we do now was impossible," Harrison said. "With the leagues relaxing their ownership requirements, it just opened up a whole new world."

"There's a meaningful shift in how capital is being deployed," said Duane Morris senior associate Bryan Shapiro, who moderated one of the two panels at his firm's April event, dubbed Capital and Competition.

Shapiro said he is seeing more of a "portfolio approach" to sports investment.

"It's not just that they want to invest in the team, they want the commercial rights, the media rights, the stadium, and to try to monetize fan engagement," he said. "99% of the fans of a league or a team are not going to be in the stadium, so how do you consolidate who is following the team, what are they buying, and where are their interests piquing?"

AI can go a long way toward helping teams, and prospective investors, see fan preferences and target marketing and investment strategies, Shapiro said.

Investors are also putting dollars in less-obvious places related to sports. Sports agencies are no longer just procuring deals for their clients, said Alain Mathieu, chair of the sports and entertainment practice at Foley Hoag LLP in Boston.

"Sports agencies are being backed by private equity because they see opportunities there," Mathieu said. "Any given athlete can be making six, seven, eight-figure deals as a matter of course, it's becoming pretty routine. You are seeing private equity take notice, and a lot of money is being pumped into the agencies that support athletes."

### **Big Bucks on Campus**

Twelve months after the settlement in House v. NCAA paved the way for college athlete competition and ended amateurism in college sports, the University of Utah last week finalized a deal with Otro Capital, the first time an individual institution of higher education has reached an investment agreement with a private equity firm for athletic department operations.

Troutman Pepper Locke LLP M&A partner Mark Wilhelm said it's too soon to tell how the rest of the market will react and whether other schools will follow suit.

"Either Utah is a trailblazer and a lot of schools feel they are going to have to do something like this to keep up, and we are going to see a massive wave of these deals in the next 24 months or, in the alternative, schools will say, 'What Utah did was new and innovative, but we prefer a different model,'" Wilhelm said.

Wilhelm said schools may feel they are better off acting together with other members of their conferences. They may also shy away from a similar deal if their state governments frown on these types of agreements.

Adding to the challenge is the fact that athletic departments are set up as nonprofits, and the vast majority of them lose money. Private investment requires a return, and Wilhelm noted that an investor can't pump money into Ohio State University and then merge it with the University of Michigan football team to create a bigger conglomerate.

"What the challenge is for institutional investors is finding the asset that is going to appreciate in value over time," Wilhelm said. "Right now, there is a struggle to see what those assets are."

Media rights figure to be a big part of the equation, attorneys said. Morgan Lewis' Harrison said emerging leagues like League One Volleyball have sought to make themselves a more attractive investment opportunity by centralizing media deals.

The approach can work with major college sports, as well. The Big 12 conference earlier this year inked a five-year partnership with RedBird Capital Partners and Weatherford Capital. RedBird is a shareholder of Paramount, which owns CBS and could create additional television opportunities when the Big 12's current broadcast deal runs out in 2031.

"There are more people watching college football than there are watching the NBA, but the NBA has an extravagant media rights deal that is so much more than what college football is today," said Michael Marino, a partner at Seyfarth Shaw LLP, adding that conferences want to be in a position of strength when their current media deals expire.

"Who can sniff out all of those opportunities? That's where the big boys come in," Marino said, referring to large private investors.

Another potential avenue is following on the 2025 deal in which sports and entertainment investor Elevate announced the launch of a \$500 million partnership with Velocity Capital Management and the Texas Permanent School Fund Corp. to help schools make athletic infrastructure enhancements.

"That's a pretty creative solution," said AJ Rudowitz of Duane Morris, who predicted similar deals to come.

"I think colleges really have to think like pro sports teams, and they are slow to move, but private equity finds undervalued assets," Rudowitz said. "One of the biggest opportunities on a college campus is real estate. A 100,000-seat stadium is both incredibly valuable and often underutilized."

### **You've Got to Know the Rules to Play the Game**

Attorneys were quick to point out that doing deals within the wide world of sports can be more nuanced than most transactions. At the college level, Rudowitz said that lawyers need to take into account the "huge intersection" of NCAA rules, public university governance, state and federal laws, and applicable private contracts.

"Getting the structure right on these types of deals is going to require lawyers who understand all of those regimes simultaneously," he said, "and not just one-by-one."

Foley Hoag's Mathieu called the understanding of the specific and rapidly developing laws and regulations around college sports "critically important."

"I've been able to get college athletes out of very bad deals that they signed, simply because the people around them had no idea that there is an entire body of law that governs their behavior," he said. "Their failure to comply with these laws was enough to get them out of those bad deals."

Counseling clients on how to make the most of their investment is also vital, said Reed Smith's Williams, likening an investment in sports to the purchase of an artist's catalog of music.

"It's one thing to be able to buy something that is attractive, but clients have to ask, 'What makes me a good steward of this business? What can I personally do that is going to add value?'" Williams said. "The ultimate measure of that is dollars and cents. It could be a long term strategy but, without something tangible, you're just buying a bunch of content."

Morgan Lewis' Harrison added that "it is really important to level-set with clients about what they can expect, and what their investments are going to look like. It's a lot different than when you are investing in an unregulated asset."

Even amid uncertainties, Harrison does not see sports investment activity slowing down.

"It's an exciting time," she said. "It's really going to change a lot. We have to kind of ebb and flow with what is permitted, and push the envelope on where it's going to go."

--Additional reporting by David Steele and Jade Martinez-Pogue. Editing by Nicole Bleier and Kelly Duncan.