

# Sochi Winter Olympics 'cost billions more than estimated'

July 27 2015

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As the International Olympic Committee prepares to choose between Beijing (China) and Almaty (Kazakhstan) as the host of the 2022 Winter Olympics, a new report shows that the cost of last year's Games in Sochi, Russia, has been underestimated by billions of dollars.

Ahead of the decision on 31 July, a study by Dr Martin Müller of the University of Birmingham finds that:

- The Sochi Games cost \$16bn in sports-related expenditure alone - more than twice the official figure of \$7bn
- Total costs, including capital costs, amount to \$55bn
- Sochi is the most expensive Olympics ever in terms of cost per event and the second most expensive, after London, in terms of sports-related costs
- Russia's goal of developing Sochi into a global resort has failed
- \$1.2bn per year of follow-up investment is required to maintain the underused infrastructure (including transport networks, sporting venues and hotels)
- Public opinion towards the Sochi Games and Russia as host has deteriorated over time

Dr Müller said: 'The two most striking results from this study are, firstly, that when everything is accounted for, just the sports-related costs of the Sochi Games amount to \$16bn - more than twice the official figure - and, secondly, that more than a billion dollars per year is still required to maintain the barely used infrastructure and subsidise the tourist industry.'

'The main legacy of the Games is oversized infrastructure at inflated prices, paid for almost exclusively by the public. While this applies to many mega-events elsewhere - particularly in developing economies - the extent of expenditure and underutilisation in Russia is unparalleled.

'When counting all the costs associated with the Sochi Winter Olympics - including upgrades of the general infrastructure - we arrive at the stunning figure of \$55bn. That's more than 10% of the annual federal budget of Russia.'

Dr Müller's study brings together the available information on operational costs, sports-related capital costs, and non-sports-related capital costs relating to the event. It is the first time the Sochi Games have been fully accounted for in this manner. Of the total figure of \$55bn, 90% comes from capital costs, including sporting venues, the Olympic village, transport networks, hotels and power supplies.

According to the report, the resort is now hugely overdeveloped for the levels of occupancy it currently experiences, and hotels are struggling to survive. The sporting venues built for the Games are being underused, while the main line of the \$10bn railway network sustains just six trains per day in each direction. Additionally, polls show that public opinion towards Russia and the Games declined as the event approached.

Dr Müller, who also has a post at the University of Zurich, said: 'Russia's two major goals in hosting the Games were to catapult Sochi into the same league of world-class winter sports resorts as Zermatt, Vail and Whistler, and to present to the outside world a new face of Russia as an open, modern and attractive country.

'The sobering reality is that they have failed miserably on both counts.

'In 2018, Russia will host the football World Cup, and despite the

intention to reform the planning and management process, costs, cost overruns, and oversized stadia are already a concern.'

**More information:** *Eurasian Geography and Economics*,  
[www.tandfonline.com/doi/full/10.1080/1040432#.VXWc8s9VhBc](http://www.tandfonline.com/doi/full/10.1080/1040432#.VXWc8s9VhBc)

Provided by University of Birmingham

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