



Player value not immune to pandemic

**An analysis of the impact
of the COVID-19 crisis
on football players'
market values**



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KPMG Sports Advisory Practice

footballbenchmark.com

About KPMG Football Benchmark

A business intelligence tool enabling relevant comparison with competitors, including:



Finance & operations

A consolidated and verified database of the financial and operational performance of over 200 football clubs, both in Europe and South America



Social Media Analytics

An updated and historical tracking of the social media activity of 402 football clubs, 306 footballers and 272 competitions and other sporting accounts



Player Valuation

A proprietary algorithm, which calculates the market value of 5,000+ football players from ten European and two South American leagues.



Foreword



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“Welcome to KPMG Football Benchmark's special report on the impact of the coronavirus on football players' market values.”

It has been over two months since football, and overall sport in general, has taken a break. The coronavirus pandemic is still having a significant effect upon our lives: while governments strive to implement the safest and most reasonable measures to re-open the most essential supply chains and re-establish acceptable daily routines, football is still forced to “wait and see” if and when to kick-off once again.

The current situation has created an unprecedented complexity of logistical, financial and legal issues and dilemmas for the European football ecosystem:

matchday revenue losses, payments to clubs depending on league position, the promise of revenues with promotion and losses with relegation, slots for qualification to UEFA competitions, potential contract renegotiations affecting sponsorship, missed TV and commercial revenues, to name just a few of the matters at stake.

And the stakes are massive: **according to a KPMG Football Benchmark estimate, in the case of a cancellation of the football season** – at the time of writing already a fact in France and in some other countries – **the estimated revenue losses in the big five leagues could exceed EUR 4 billion.**

On the other hand, **a restart and completion of the season** in the following months behind closed doors **would lead to aggregate revenue losses of around one-third to one-fifth of the total loss estimated for a full cancellation of the season.**

In the past few weeks, stakeholders in the football ecosystem have struggled to come up with a common solution as a reaction to the

pandemic. **The two key, related dilemmas centre around scheduling the remaining fixtures both in domestic leagues and in UEFA competitions and minimizing losses.** Whereas expiring player contracts, clubs' diminishing liquidity, commercial agreements coming

to an end, the timing of the next transfer market, logistical aspects of hosting games and teams travelling, the impacts of a delayed closing of the current football season on the next one, combined with potentially countless legal disputes, make the whole matter even more complex.

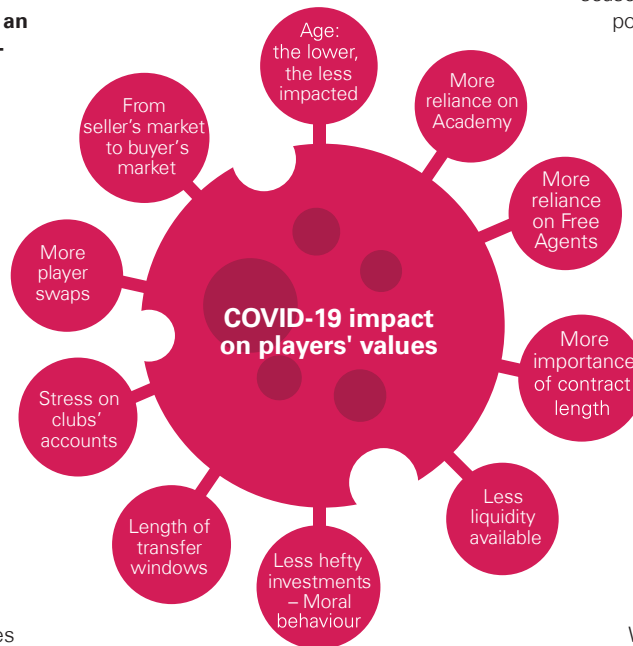
Although revenue losses and a forthcoming lack of liquidity are pushing leagues and clubs to resume the current season, health concerns remain top priority.

Will the season be finished? How will clubs be able to comply with national leagues' and UEFA's FFP regulations? How does the coronavirus disruption impact clubs' spending power ahead of the summer transfer window? And what are players worth now?

In this report, the KPMG Football Benchmark team focuses on the latter issue, namely on players' current market value.

We analyse what factors impact player values with football on hold, and **provide player value estimates for the two potential scenarios – a full cancellation of the season and a restart and completion of the ongoing season** in the following months behind closed doors.

For more details, please visit the [Player Valuation tool](#) of the KPMG Football Benchmark portal, which provides player market values for 5,000+ players from ten European and two South American leagues.





Credits: Paris Saint-Germain FC

Players' market and values not immune

The coronavirus disruption will certainly have an impact on players' market value. Football clubs are facing an unprecedented crisis, which is making a dent in their financial performance; indeed, without live football, they are facing missed earnings, some of them already having liquidity problems, which means that they might struggle to pay their debts and could have fewer funds to invest in player trading. In some cases, if the market values of players fall below the carrying value stated on the balance sheet, significant losses will have to be accounted for, putting further stress on the clubs' accounts.

Consequently, **financial constraints are likely to lead to a decrease both in the volume of transactions and in the transfer fees, and to an increase in the number of swap and loan deals.**

Also, from a "seller's market" perspective, where selling clubs had in many instances the strength to negotiate high fees for their players on the go, **now we will most likely witness a "buyer's market", in which a minority of clubs could exploit the difficult financial position of their counterparts possibly getting players at a lower price than would have been possible up until the last transfer window.** The next transfer windows are likely to bring fewer player transfers, partly also because scouts and clubs may struggle to finalize their decisions on signing/renewing players as all tournaments have been put on hold. This is particularly true for young talents with the knowledge that all youth competitions have been cancelled.

Overall financial position impact upon player values

In this complex environment clubs are not all being affected the same way. Those who are financially strong and have been able to maintain sustainable liquidity will be in a much powerful position, while those in dire straits, and which are more reliant on matchday income and player trading activities will be more severely affected. They might have to sell players, often for less, to make ends meet. Specifically, **clubs whose business model depends on player trading will be the most impacted.** In addition, in their desire to exhibit ethical

behaviour, football clubs may be reluctant to make hefty investments in player purchases – a result of the pandemic's huge impact: i.e. with many countries suffering high death tolls and medical staff undergoing intense pressure to cope with an unprecedented number of sick people, fans are more emotionally sensitive than previously.

Length of the transfer window

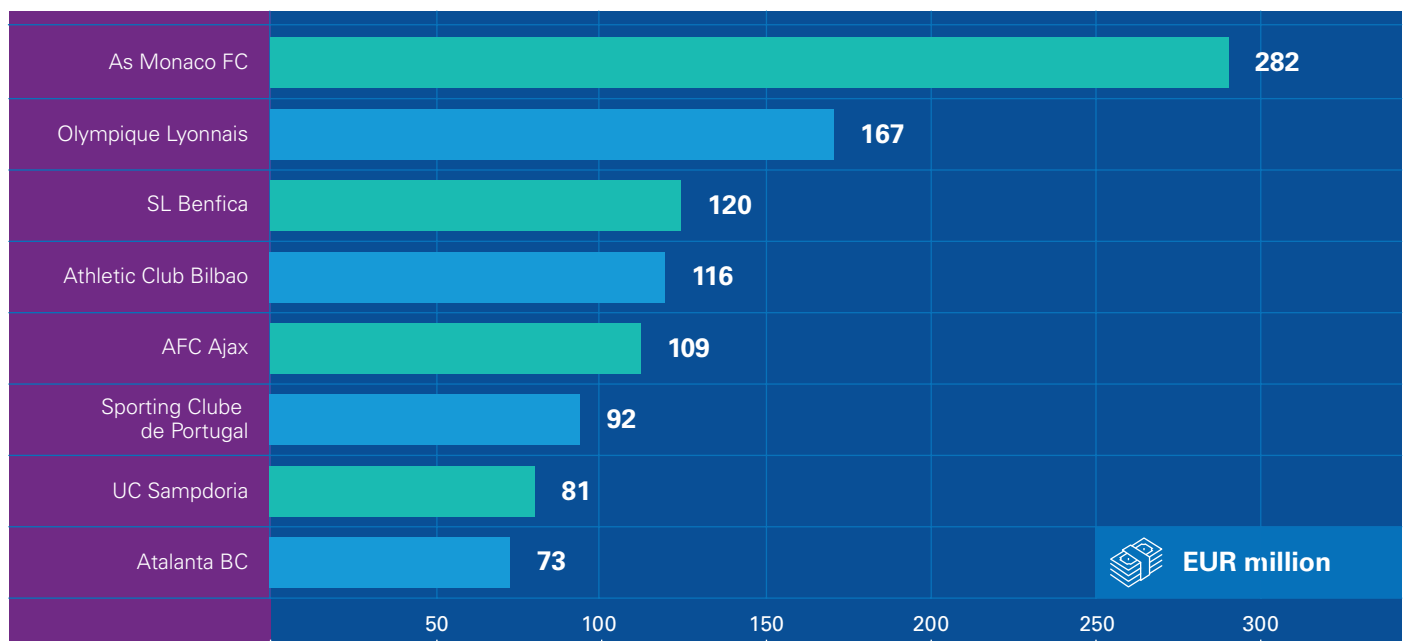
Football stakeholders have been used to two main transfer windows over the course of and between football seasons: June-July-August in the summer, and January in the winter. Once again, **there could be significant changes to the status-quo, which could be reflected in players' values.** FIFA has confirmed that it will offer flexibility in adjusting the normal regulatory position to the present circumstances, and will allow applicable transfer windows to be moved so they fall between the end of the old season and the start of the new one. FIFA will also try to ensure, where possible, an overall level of coordination and will also bear in mind the need to protect the regularity, integrity and proper functioning of competitions, so that the sporting results of any competition are not unfairly disrupted. It goes without saying that before formalising any decision, set dates for the end of the current football season on hold will be of paramount importance.

Player contracts

Other factors may also have a significant impact on players' values under the current unfortunate circumstances. The remaining length on a player's contract is without a doubt one of these.

Usually, remaining years on a contract are often an important variable in determining a player's value, because the current employer faces the risk of losing the player as a free agent once his contract runs out. In this unique situation, such a circumstance is likely to have a higher impact than usual: the more time a player has until the expiration of his contract, the more limited the impact on his value will be; on the other hand, players whose contracts are going to expire within 6-12 months might witness remarkable drops in their market values.

Top eight clubs ranked by player trading results (three season from 2016/17 to 2018/19)

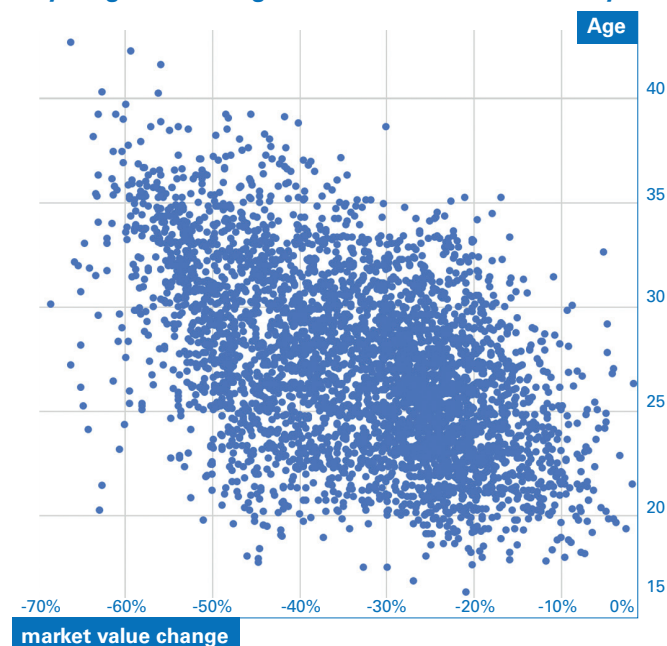


Note: — Player trading balance is the result of (+/-) Profit/Loss on disposal of players (+/-) Revenues/Costs associated to loaned players (-) Amortization (-) Impairment
 — Values for UC Sampdoria and Atalanta BC refer to the 2015/16-2017/18 period

Age also a factor

All in all, the older the player, the higher the impact. **Professional footballers who have a relatively low age (e.g. 21 – 24), are assumed to be more resilient to the changes** as they still have plenty of time in their careers to prove themselves and achieve significant on-pitch performance. Consequently, their value would generally decline to a lesser extent than for older and more experienced players. The below chart illustrates this relationship between age and impact on market value, indicating that younger players are less likely to suffer from the general decrease.

Player age and change in market value vs February 2020



Note: change in market value refers to Scenario 1 values (see Methodology section)



Credits: FC Liverpool

In compensation, clubs could decide to give more space to academy players, or to acquire free agents.

While players nurtured within the clubs' youth system may be lacking in experience, they can offer a valuable alternative during such unique circumstances and, after having gained playing experience, some could also be sold at premium prices. In this regard, it is important to highlight that young footballers might also suffer from the current uncertainty; some still don't have a professional contract, and might not even know whether they will be kept by their clubs or will have to look for alternative options.

On the other hand, **players out of contract**, who can be signed for free, **will be even more sought after** since most clubs will try to minimise their transfer fee spending. It is also anticipated, that salary expectations of those players will decrease. As yet another alternative, it is also possible that **many more player swaps and loans will occur, with no money exchanged**.

In addition, football players are likely to experience some further consequences of the coronavirus directly affecting their careers. Clubs' need and desire for lower wages is likely to remain once the virus is gone and football returns to normal, therefore **an overall decrease in player salaries can be expected in the longer term, too**, while signing bonuses may also decrease.

All in all, it looks to exert a **positive effect for the long-term sustainability of the football industry**. Player recruitment and contract negotiations will surely be more prudent in the future: particular attention will be given to insurance clauses related to salary conditions and players will have to undergo stricter medical check-ups, with potential quarantine periods, making the signing and team integration processes longer.

Player value updates – KPMG's approach

In sum, **all of the factors stated above add up to a situation in which most clubs are unsure what the value of their players will be.** For this reason, and taking all the aforementioned aspects into account, the **KPMG Football Benchmark team has updated the market values of players included in its Player Valuation Tool, following a unique approach.** Indeed, players' market values will be impacted differently depending on the recovery conditions of the football industry in the various football markets under consideration (Belgian Pro League, Dutch Eredivisie, English Championship, English Premier League, French Ligue 1, German Bundesliga, Italian Serie A, Portuguese Liga NOS, Spanish La Liga and Turkish Süper Lig). More specifically, **three factors are key considerations:**

- **impact on clubs' financial situation and estimated revenue loss**, as these directly affects clubs' investment capabilities on the player transfer market;
- **duration of forced rest time for players**, which also impacts their physical conditioning to be able to perform at the highest level;
- **missed opportunities for players to perform** and show their skills in view of potential transfers or contract extensions.

As a consequence, **KPMG has identified two distinct scenarios**, which mirror the uncertainty surrounding the potential resumption of football competitions, as well as the multitude of factors to be considered:

- **Scenario 1: 2019/20 season is cancelled** with no further game played;
- **Scenario 2: 2019/20 season is finished** with all remaining games played behind closed doors.

Scenario 1 can be described as the worst case scenario, as it would obviously leave the whole industry more severely hurt by the ongoing crisis: clubs would suffer significant losses to all their revenue streams, with broadcasting and commercial payments being potentially suspended and/or renegotiated for the vast majority of leagues and clubs. Some of the revenue losses will be, however, compensated by player salary renegotiations.

In **Scenario 2**, the main impact on clubs' revenue will mostly, but not only lie in "missed" matchday income, as matches would still be played but without spectators. This scenario would also allow players to actually perform on-pitch and hence enable them to potentially drive their market value up, based on their sporting achievement.

Assumptions

For the sake of simplicity, the 10 leagues under review are considered as one closed ecosystem, meaning that players could only be transferred between clubs from these 10 leagues. Whilst in reality this is obviously not entirely true, it enables a better comparison of the impact of the ongoing crisis on these particular clubs, and subsequently on their squad market values. It is essential to have the same assumptions for all leagues in one scenario in order to properly model the impact of cancellation on players' market values.

Scenario 1:

- All 10 leagues under consideration would be cancelled and no remaining game would be played.
- A significant decrease in clubs' operating revenue and liquidity is assumed, depending on each market's specific situation.

Scenario 2:

- All 10 leagues under consideration would be finished with remaining games played behind closed doors.
- It includes an assumption of a moderate decrease in clubs' operating revenue and liquidity, depending on each market's specific situation.

It is important to note that we have not considered and modelled a scenario in which some leagues will be cancelled while others will be completed. Therefore, we have calculated value estimates for Scenario 2 (continuation and completion of the current season) even for leagues, who, at the time of publishing this report, have already decided to cancel the current football season.

Price vs. Value: Two different concepts

Economic theory teaches us that price is what is paid for a given product or service, whilst value is what any given product or service is worth. Actual transfer fees in football are often distorted by several factors such as terms and conditions of the specific financial/sporting situation of the seller or the buyer at the time of a transaction, the willingness of a player to leave or join a club, league-specific rules and regulations, terms of release clauses, etc.

Our consistent approach and methodology, together with an understanding of the difference between the concept of price and value, might explain the possible discrepancies between our value estimate conclusion and the specific price at which the transaction has taken place. These may differ from each other due to the aforementioned reasons.

For methodology, limiting conditions and assumptions on the player value estimates, please, refer to our website [here](#).

Player value updates - results

Our recent analysis reveals that **the aggregate value of all the 4 183 players in the 10 European leagues under consideration* decreased by a total of almost EUR 10 billion, a 26.5% drop since February for Scenario 1, whilst players' values would decrease by EUR 6.6 billion, a 17.7% decrease in Scenario 2.** In both scenarios, the big five leagues bear the lion's share of that decrease in their players' values, with a total of EUR 8.5 billion in Scenario 1 and EUR 5.6 billion in Scenario 2.

All in all, players under long-term contracts have seen a smaller decrease in their value, while younger players and star footballers have also been more resistant to drops in value.

Regarding the impact on top players, we have looked at players' updated market values according to both scenarios and have selected the mid-point between the two scenarios to establish the new top 20 ranking. The list remains fairly unchanged with Romelo Lukaku, Kai Havertz and Matthijs de Ligt integrating the top 20 most valuable players at the expense of Roberto Firmino, Bernardo Silva and Paul Pogba, the latter seeing his value drop by 29% in Scenario 1 and 21% in Scenario 2.

For the top 20 most valuable players, it is worth mentioning that their values on average dropped by 20% in Scenario 1, and by only 13% in Scenario 2, demonstrating that players with higher market value are more resilient to value drop, as they are the elite players for whom there will always be a market.

	Player name	Club	Age	Remaining contract duration (years)	KPMG February 2020 value (EURm)	KPMG May 2020 value and % change vs February 2020	
						SCENARIO 1 - CANCELLATION	SCENARIO 2 - CONTINUATION
1	Kylian Mbappé	Paris Saint-Germain	21.4	2.2	225	177 (-21.5%)	188 (-16.6%)
2	Neymar	Paris Saint-Germain	28.3	2.2	175	137 (-21.7%)	149 (-14.7%)
3	Raheem Sterling	Manchester City	25.4	3.2	150	129 (-13.8%)	134 (-10.5%)
4	Lionel Messi	Barcelona	32.9	1.2	175	127 (-27.5%)	134 (-23.2%)
5	Mohamed Salah	Liverpool	27.9	3.2	155	124 (-19.8%)	131 (-15.6%)
6	Jadon Sancho	Borussia Dortmund	20.1	2.2	139	121 (-13.4%)	127 (-8.5%)
7	Sadio Mané	Liverpool	28.1	3.2	141	116 (-17.3%)	123 (-12.9%)
8	Harry Kane	Tottenham Hotspur	26.8	4.2	135	112 (-16.7%)	117 (-13.0%)
9	Kevin De Bruyne	Manchester City	28.9	3.2	130	99 (-24.0%)	112 (-14.0%)
10	Marcus Rashford	Manchester United	22.5	3.2	109	96 (-11.4%)	101 (-6.7%)
11	Eden Hazard	Real Madrid	29.3	4.2	136	95 (-29.8%)	101 (-25.5%)
12	Antoine Griezmann	Barcelona	29.1	4.2	119	89 (-24.8%)	95 (-19.7%)
13	Virgil van Dijk	Liverpool	28.8	3.2	115	86 (-25.6%)	96 (-16.5%)
14	Frenkie de Jong	Barcelona	23.0	4.2	109	79 (-28.0%)	94 (-13.8%)
15	Trent Alexander-Arnold	Liverpool	21.6	4.2	91	80 (-12.3%)	87 (-4.7%)
16	Timo Werner	RB Leipzig	24.2	3.2	94	79 (-16.4%)	83 (-11.8%)
17	Alisson	Liverpool	27.6	4.2	102	72 (-29.5%)	84 (-17.7%)
18	Romelu Lukaku	Internazionale	27.0	4.2	88	75 (-15.3%)	80 (-10.0%)
19	Kai Havertz	Bayer 04 Leverkusen	20.9	2.2	85	73 (-13.9%)	81 (-5.1%)
20	Matthijs de Ligt	Juventus	20.7	4.2	86	72 (-16.0%)	80 (-6.9%)











Our analysis is also showcasing that while in February there were 15 players with a value over EUR 100 million, there would only be eight footballers above that threshold in Scenario 1 and 11 in Scenario 2.

Regarding leagues, the English Premier League, which is far ahead of all others in terms of total market value, is seeing the greatest aggregate loss in value, amounting to EUR 2.7 billion in Scenario 1 and EUR 1.8 billion in Scenario 2. Interestingly, for Scenario 1, this decrease in the Premier League is more than the current value of the Turkish Süper Lig, the Belgian Jupiler Pro League and the Portuguese Liga NOS combined.

In general, the big five leagues experienced a similar loss in player market value in percentage terms across the two scenarios. However, Spain had the highest drop rates at 28.7% in Scenario 1 and 19.0% in Scenario 2. This can be explained by multiple factors, above all by the significant amounts that clubs would have to pay back to broadcasters.

Interestingly, despite being a second tier competition, the English Championship is still the 6th most valuable league in Europe (in both scenarios). It also has the highest estimated decrease in percentage terms, along with the Turkish Süper Lig, which is mainly reflecting players' relatively short length of contracts in these two leagues, approx. 16-17 months on average as well as players' high average age, especially for Turkey (above 29).

***Note: Beside the big five leagues, the English Championship, the Dutch Eredivisie, the Portuguese Liga NOS, the Turkish Süper Lig and the Belgian Jupiler Pro League were also included.**

League	Average player age	Avg. remaining contract duration (years)	KPMG total value in February (EURm)	SCENARIO 1 - CANCELLATION Aggregate value	Average decrease per player	SCENARIO 2 - CONTINUATION Aggregate value	Average decrease per player
 Ligue 1	26.6	2.1	3 730	2 720 (-27.1%)	-2.35	3 082 (-17.4%)	-1.51
 La Liga	27.8	2.3	6 664	4 748 (-28.7%)	-4.22	5 395 (-19.0%)	-2.80
 Premier League	27.2	2.3	10 513	7 840 (-25.4%)	-5.74	8 684 (-17.4%)	-3.93
 Bundesliga	26.9	2.1	5 489	4 097 (-25.4%)	-3.36	4 581 (-16.5%)	-2.19
 Serie A	27.8	2.2	5 720	4 229 (-26.1%)	-3.30	4 734 (-17.2%)	-2.18
 Eredivisie	25.4	1.5	1 213	923 (-24.0%)	-0.81	1 023 (-15.7%)	-0.53
 Liga NOS	26.8	1.9	1 077	792 (-26.4%)	-0.80	891 (-17.3%)	-0.52
 Championship	27.1	1.4	1 531	1 056 (-31.0%)	-0.92	1 210 (-20.9%)	-0.62
 Jupiler Pro League	26.2	1.8	779	595 (-23.6%)	-0.53	651 (-16.4%)	-0.37
 Süper Lig	29.3	1.3	687	485 (-29.4%)	-0.53	536 (-21.9%)	-0.39
TOTAL	27.1	1.9	37 403	27 485 (-26.5%)	-2.37	30 786 (-17.7%)	-1.58
Big five	27.3	2.2	32 116	23 635 (-26.4%)	-3.83	26 475 (-17.6%)	-2.55

When it comes to how player value changes affected **overall squad values**, by looking at the mid-point between Scenario 1 and 2 squad values, we can see that now only Manchester City can boast a team with an overall value above EUR 1 billion. In February, Liverpool, Barcelona and Real Madrid also had squads over that symbolic bar. In the two scenarios, the two Spanish giants are the clubs who suffered the highest drop in relative terms, along with Italian side Napoli.

Barcelona had the highest decrease in Scenario 1 (-28.9%) due to their relatively old squad, and because of Messi's contract running only until June 2021. On the other hand, Borussia Dortmund, who have many young players, including two budding superstars in Jadon Sancho and Erling Haaland, registered the lowest relative decrease in overall squad value in Scenario 1 (-21.8%).

	Club	League	KPMG total squad value in February 2020 (EURm)	KPMG May 2020 value and % change vs February 2020	
				SCENARIO 1 - CANCELLATION	SCENARIO 2 - CONTINUATION
1	Manchester City	Premier League	1 243	961 (-22.6%)	1 053 (-15.3%)
2	Liverpool	Premier League	1 200	907 (-24.4%)	997 (-16.9%)
3	Real Madrid	La Liga	1 168	851 (-27.2%)	944 (-19.1%)
4	Barcelona	La Liga	1 136	808 (-28.9%)	903 (-20.5%)
5	Manchester United	Premier League	923	714 (-22.7%)	796 (-13.8%)
6	Bayern München	Bundesliga	924	703 (-24.0%)	779 (-15.8%)
7	Paris Saint-Germain	Ligue 1	934	696 (-25.4%)	765 (-18.1%)
8	Chelsea	Premier League	942	688 (-27.0%)	763 (-19.0%)
9	Tottenham Hotspur	Premier League	890	683 (-23.3%)	745 (-16.2%)
10	Borussia Dortmund	Bundesliga	755	591 (-21.8%)	649 (-14.0%)
11	Atlético de Madrid	La Liga	763	575 (-24.7%)	649 (-14.9%)
12	Juventus	Serie A	751	575 (-23.4%)	635 (-15.4%)
13	Arsenal	Premier League	726	536 (-26.2%)	591 (-18.6%)
14	Internazionale	Serie A	653	496 (-24.0%)	556 (-14.9%)
15	RB Leipzig	Bundesliga	584	447 (-23.5%)	494 (-15.4%)
16	Napoli	Serie A	591	421 (-28.7%)	474 (-19.8%)
17	Leicester City	Premier League	528	405 (-23.2%)	457 (-13.4%)
18	Everton	Premier League	496	365 (-26.4%)	409 (-17.7%)
19	Bayer 04 Leverkusen	Bundesliga	468	360 (-23.0%)	399 (-14.7%)
20	Roma	Serie A	452	339 (-25.0%)	378 (-16.4%)

For more details on updated player values, please visit the [Player Valuation tool](#) of the KPMG Football Benchmark portal, which provides player market values for 5,000+ players from ten European and two South American leagues.



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