

VALUATION CONSIDERATIONS FOR A SPORTS FRANCHISE

Valuing a sports franchise requires **combining core valuation skills with a nuanced understanding of intangibles and evolving market dynamics.**

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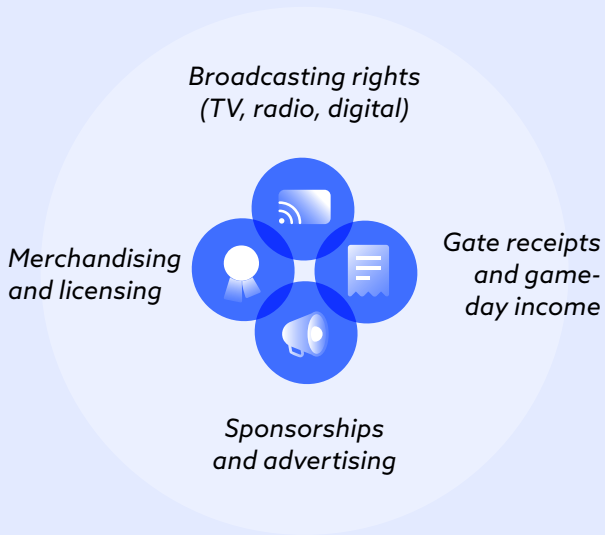


Valuing a professional sports franchise presents challenges rarely encountered in traditional business valuation. Transactions in this space often command premiums driven by emotional appeal, strategic interest, or brand value i.e., factors not fully captured by standard financial metrics.

Income Approach: Projecting Economic Benefits

As with most businesses, a sports franchise's intrinsic value is based on expected future economic benefits, i.e., revenues, EBITDA, and net cash flows. However, revenue streams and cost structures are distinct.

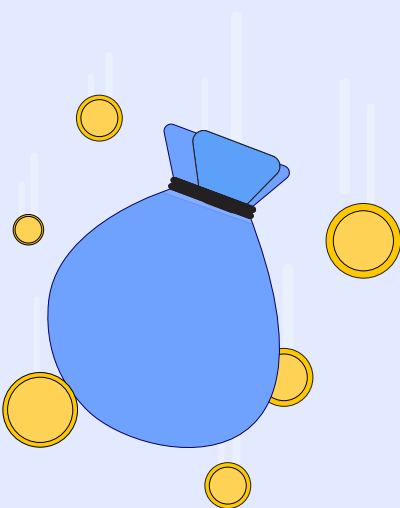
Key revenue drivers



Primary expenses

- 1 **Player and coaching salaries**
- 2 **Stadium or arena operations**
- 3 **Travel, marketing, and promotions**

Importantly, much of a franchise's value lies in intangible assets such as brand strength, fan loyalty, media rights, trademarks, and long-term commercial partnerships.



Market Approach: Leveraging Transaction Benchmarks

The market approach compares the subject franchise to similar transactions, often using revenue or EBITDA multiples. These benchmarks must be adjusted for variables such as league structure, market size, and brand equity. Due to private ownership, audited financials are scarce, making valuation data inconsistent. Revenue multiples are generally preferred over EBITDA, as many franchises operate with negative or highly variable earnings. Yet, comparability across leagues and markets remains a challenge.

Valuation Challenges: Intangibles and Volatility

Sports franchises are subject to significant performance risks and public sentiment. A single season can drastically affect revenues through changes in ticket sales, sponsorships, and media exposure. For example, relegation in European football leagues can cause substantial revenue declines.

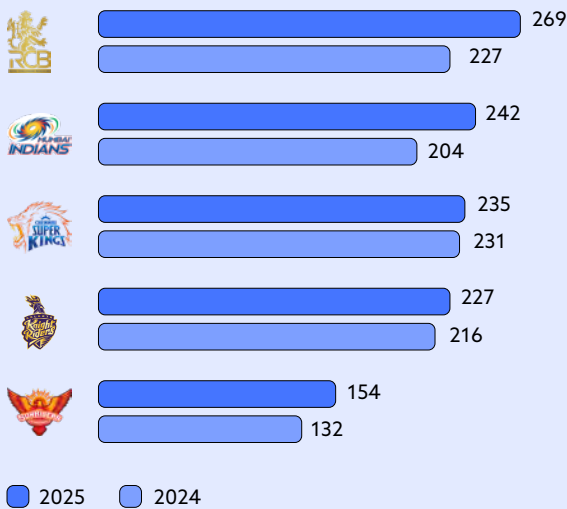
Valuation professionals must assess hard-to-quantify factors:

- 1 **Brand value**
- 2 **Fan engagement**
- 3 **Marquee player impact**
- 4 **Naming rights and sponsorships**
- 5 **Player and media contracts**

For example, in the **Indian Premier League**⁵, **Royal Challengers Bengaluru's 2025** title win boosted its brand value to **\$269M**, surpassing long-standing leaders like **Mumbai Indians (\$242M)** and **Chennai Super Kings (\$235M)**, demonstrating how on-field performance can translate into tangible brand uplift. The chart below illustrates the top five IPL teams by brand value in 2025, alongside a comparison with their respective brand values in 2024.

Articles

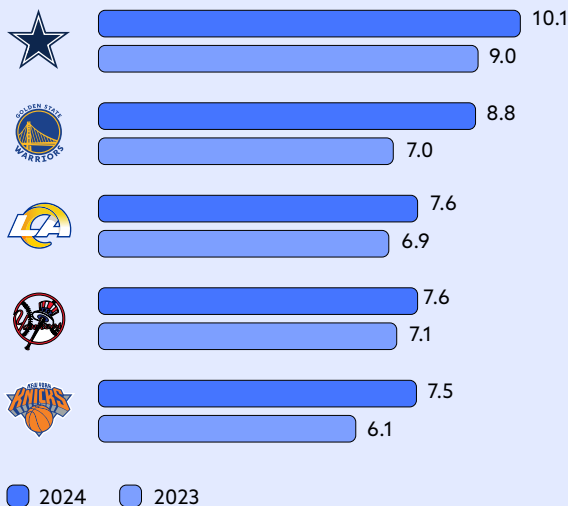
IPL Franchisees Brand Values USD Millions



Another illustrative case is Inter **Miami CF**, whose valuation surged from **\$585M⁶ (in 2023)** to **\$1.2B⁷ (in 2025)**, after signing Lionel Messi in July 2023, highlighting how a single player can reshape a club's global profile and financial outlook.

The chart below displays the top five global sports franchises of 2024⁸, along with a comparison of their valuations from 2023⁹.

Most Valuable Sports Teams USD Billions



Emerging Value Drivers: The Modern Franchise

Modern sports franchise valuations are increasingly influenced by new dynamics:

- Digital media**
Streaming and short-form content monetization
- Global fan monetization**
Expanding revenue beyond local markets
- Private equity participation**
Institutional capital driving growth and governance
- Data and analytics**
CRM tools, loyalty programs, and mobile platforms enhancing direct-to-fan revenue models

Conclusion

For valuation professionals, sports franchise valuation is a compelling intersection of finance, strategy, and brand analytics. It demands a blend of traditional valuation skills and nuanced understanding of intangibles, evolving media landscapes, and global fan behavior. Understanding these nuances is key to applying core valuation techniques in non-traditional sectors.

DISCLAIMER

The views expressed are personal and do not represent the official stance of any institution or organization mentioned.

FIND OUT MORE

- ⁵ Source: "IPL Valuation Study 2025: Brand Valuation of IPL and Franchisees" by Houlihan Lokey, published in July 2025
- ⁶ Source: Sportico.com
- ⁷ Source: Forbes.com
- ⁸ Source: Forbes 50 most valuable sports teams in 2024 has NFL topping list
- ⁹ Source: Meet The World's 50 Most Valuable Sports Teams 2023

