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## LOS ANGELES FC TOPS SPORTICO'S 2021 MLS VALUATIONS AT \$860 MILLION

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**The average MLS franchise is worth \$550 million led by Los Angeles FC at \$860 million, while the Colorado Rapids rank last at \$370 million.**

AP/ADOBE/DESIGNED BY MARIO PAULIS

Last year marked Major League **Soccer**(<https://www.sportico.com/t/soccer/>)'s 25th season, but it was no silver anniversary, as the coronavirus canceled one-third of the season, and games played in empty stadiums triggered a nearly \$1 billion revenue shortfall for the league, according to **MLS**(<https://www.sportico.com/t/mls/>) commissioner Don Garber. Yet, recent transactions indicate a league on fire, with teams selling at frothy multiples reminiscent of a late 1990s tech stock.

Houston Dynamo FC were sold in June, and the Orlando City SC sale process should wrap this month. The clubs were valued at roughly \$400 million in both deals, 13 times revenue in the case of Houston and 10 times for Orlando.

“Soccer in the United States is still in the growth stage, compared to many of the leagues both domestically and abroad,” said Inner Circle Sports co-founder Steve Horowitz, who has been the investment banker on numerous MLS transactions.

“Team values continue to rise, as does the popularity of the sport at all levels.

Investors are looking at a long-term horizon on the premise that the U.S. has joined the rest of the world and embraced a love for the game, highlighted by the U.S. hosting the World Cup in 2026.”

*Sportico* talked to more than 60 stakeholders inside and outside MLS over the last five weeks to dig into the financial metrics and team valuations of a league that has long relied on expansion fees to prop up its franchises but is now ready to turn off the expansion spigot and walk on its own two feet with soccer-specific stadiums in most markets; expanded youth academies; a new TV deal on the horizon; interest in the women’s game surging; and the World Cup on its way.

The MLS story has often been framed as looking to the next TV deal or next big event, but many in the world’s largest economy are betting that time has come, including several billionaire NFL owners—David Tepper, the Wilf family, and Dee and Jimmy Haslam—who have all purchased teams over the past three years.

The average MLS franchise is worth \$550 million, according to data compiled

by **[\(https://www.sportico.com/valuations/teams/2021/2021-mls-SporticoTeams-value-soccer-team-data-1234634341/\)](https://www.sportico.com/valuations/teams/2021/2021-mls-SporticoTeams-value-soccer-team-data-1234634341/)**

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. Los Angeles FC ranks first at \$860 million, while the Colorado Rapids rank last at \$370 million. Collectively, the fair-market value of the 27 current MLS franchises, including team-related businesses and real estate held by owners, is \$14.9 billion.

For a full list of the rankings,



**click (<https://www.sportico.com/valuations/teams/2021/2021-mls-team-value-ranking-1234634339/>)**

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The average value in the

**NFL (\$3.1 billion) ([https://www.sportico.com/valuations/teams/2020/nf-valuations-data-viz-1234611955/](https://www.sportico.com/valuations/teams/2020/nfl-valuations-data-viz-1234611955/))**

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**NBA (\$2.4 billion) (<https://www.sportico.com/valuations/teams/2021/nba-valuations-data-viz-1234620502/>)**

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and

**MLB (\$2.2 billion) (<https://www.sportico.com/valuations/teams/2021/2021-mlb-teams-value-baseball-team-data-1234625755/>)**

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is at least four times higher than in MLS, but soccer's potential growth trajectory in the U.S. means MLS clubs are valued at 12 times revenue on average, almost double the multiple in football (6.2) and baseball (6.4) and greater than the booming NBA (7.8).



## Value-to-Revenue Multiple for Sports Leagues






	Average Value	Average Revenue	Average Value-to-Revenue Multiple
	\$3.09B	\$495M	6.2
	\$2.37B	\$304M	7.8
	\$2.2B	\$343M	6.4
	\$1.29B	\$321M	4.0
	\$550M	\$45M	12.2

Table: Lev Akabas • Source: Sportico

MLS is still early in its life cycle with revenue a fraction of what major global soccer leagues generate. The 24 MLS teams in existence during the 2019 season produced \$1.1 billion in revenue, including distributions from the league (2020 was an estimated \$468 million for 26 teams). La Liga powerhouse FC Barcelona alone reported \$1.1 billion in revenue during its 2018-19 campaign. But the lack of relegation and cost certainty through the league's centralized model prevents clubs from piling up the huge operating losses that exist in many corners of European soccer. The result: The average MLS club is worth more than every

**Premier League team** (<https://www.sportico.com/valuations/teams/2021/2021-premier-league-teams-value-soccer-team-data-1234630140/>).

outside of the Big Six, per *Sportico's* calculations.

Limited partnerships in sports teams have typically sold at discounts to control stakes because of the lack of benefits for minority partners, beyond maybe some seats and parking. Multi-billion-dollar team valuations raise the bar even

higher on trying to unload those shares. It has been a different story in MLS. The lower entry point—a \$25 million check goes a lot further in MLS than in the NFL—and interest by investors to get on board has resulted in LP stakes selling on par with control stakes, or even a tick higher in some cases like Mark Ingram's

**small investment** (<https://www.sportico.com/business/sales/2021/dc-united-value-1234631289/>)

in D.C. United, which ranks eighth overall at \$630 million.

## Top 10 Most Valuable MLS Franchises











1		Los Angeles FC	\$860 million
2		Atlanta United	\$845 million
3		LA Galaxy	\$835 million
4		Seattle Sounders FC	\$705 million
5		New York City FC	\$655 million
6		Toronto FC	\$650 million
7		Portland Timbers	\$635 million
8		D.C. United	\$630 million
9		Austin FC	\$575 million
10		Sporting Kansas City	\$550 million

Table: Lev Akabas • Source: Sportico

## Celebrity Investors

Drew Carey, Kevin Durant, James Harden and Matthew McConaughey are among celebrities who have invested in MLS, raising the cool quotient of the league. But

fittingly no franchise can match the celeb power of

**L AFC**(<https://www.sportico.com/t/lafc/>), which plays its games 10 miles from Hollywood. Will Ferrell, Magic Johnson, Tony Robbins, Mia Hamm and Nomar Garciaparra are all investors.

The deep ownership roster of L AFC has played a crucial role in the team’s meteoric rise to be MLS’s most valuable club in only its fourth season as a franchise, but it is not the celebrities team co-president Larry Freedman typically leans on when faced with an operations issue. The ownership bench includes a who’s who of executives with deep knowledge of venues, events, media, marketing and technology. Tucker Kain, Brandon Schneider, Mark Shapiro, Chard Hurley, Peter Guber and Mitch Lasky are a sampling of the All-Star ownership group put together by lead investors Larry Berg, Brandon Beck and Bennett Rosenthal.

## **Austin FC**

The past 16 months have been an extreme test for just about every sports entity, but Austin FC faced the unprecedented dual challenge of launching a major league franchise and completing a \$260 million stadium project during a pandemic. By the time the first home game in franchise history arrived last month at freshly christened Q2 Stadium, Austin was already a winner. The club’s annual corporate sponsorships should rank among the top five in MLS this year, and the paid season-ticket waitlist tops 25,000 seats. Austin introduced field tickets—equivalent to NBA courtside seats—and the 372 seats were quickly snapped up at prices ranging from \$500 to \$800 per game.

*Sportico* values the team at \$575 million, ninth overall, based on estimated gross annual team revenue of more than \$60 million.

“There was an unserved appetite for major league sports in Austin, especially soccer,” said club president Andy Loughnane. “It proved especially meaningful given the corporate strength within the market and the large size of the market.”



Austin will serve as the only MLS team to operate as the lone major league property in its respective market, and the metro area was the largest in North America without a major pro sports team before the soccer team's arrival.

The Columbus Crew and FC Cincinnati also opened new stadiums in 2021, boosting revenue dramatically for the small-market clubs; Nashville SC will follow next year in a building that will have one of the largest capacities of any soccer-specific stadium in the U.S. MLS will have 21 clubs in soccer-specific venues when Nashville opens.

## Small Markets

Big market teams dominate the top of our valuations table with Atlanta United (\$845 million), L.A. Galaxy (\$835 million), Seattle Sounders FC (\$705 million), NYC FC (\$655 million) and Toronto FC (\$650 million) falling in behind LAFC. Breaking the streak of teams in giant metros is the Portland Timbers at \$635 million in the 21st biggest market in the U.S. The club has built an incredible brand and fed off its Pacific Northwest rivalry with the Sounders.

After years of sellouts, the Timbers completed an \$85 million renovation of Providence Park in 2019 to add 4,000 seats to its home venue, which originally opened in 1926. It boosted capacity to more than 25,000 seats and satisfied part of the season ticket waiting list of roughly 12,000 fans at the time itching to get their hands on seats. The updates helped push annual local revenue north of \$50 million.

The Timbers, majority-owned by Merritt Paulson, also have an advantage that no other MLS team can match with their shared ownership of the most successful National Women's Soccer League team, the Portland Thorns. Many NWSL teams are still finding their footing on the business side, but the Thorns are driving significant revenue from 11,000 season ticket holders and sponsorships, while TV ratings are also strong. The two clubs have a symbiotic relationship fueling sponsorship and ticketing opportunities for both teams.



The talent pool has always been the drawback for MLS, as the league barely cracks the

**top 20 leagues in global football** (<https://www.globalfootballrankings.com/>)

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by most rankings. American sports fans are used to watching the top athletes in the world compete in baseball, basketball and football. Teams are investing heavily in academy programs to counter that, matching the model of what other soccer clubs do around the world. It creates a virtuous cycle where stronger talent creates value—either on the field or in the transfer market—and spurs increased revenue and interest on the fan and corporate side, allowing teams to afford better talent.

The Philadelphia Union, which ranks 13th with a value of \$530 million, has one of the strongest academies of any MLS squad. “Youth development is the heartbeat of what we do,” said team president Tim McDermott in a phone interview. The Union sold a pair of players over the last nine months that came through its academy program. Mark McKenzie and Brenden Aaronson joined European clubs this year in deals that will net the Union more than \$10 million.

McDermott compares it to a fruit tree. “You look in your backyard and wonder is this thing going to bear fruit? It's a lot easier to just go and buy a million-dollar player and know what you've got,” he said. “But now what you're seeing is the hit ratio on that is maybe not as good as people always think it would be.”

A strong academy system is one of the selling points of Real Salt Lake, which went on the market in August after owner Dell Loy Hansen was investigated by the league for allegations of previous racist remarks and his pushback on player protests over social justice. MLS took over the sales process in January, and most insiders think the club will fetch at least \$400 million.

*Sportico* values the team at \$420 million, including Rio Tinto Stadium, the USL's Real Monarchs and the \$78 million training complex in Herriman where the two pro teams practice and the youth academy is based. Scarcity value could also boost the sales price. Limited partnership shares of sports teams have flooded the market,

but there is a dearth of control stakes available right now, and RSL represents one of the only chances to run a team in the five biggest U.S. sports leagues for a billionaire who wants to join the sports team ownership ranks.

## MLS on TV

Tickets and sponsorships are overwhelmingly the biggest revenue streams for MLS clubs, but the league is expected to sign a new long-term TV contract over the next six months. The rights package shifted when U.S. Soccer pulled its rights in May from Soccer United Marketing (SUM), which previously inked combined media deals for the two entities. The current pacts with ESPN, Fox and Univision expire after the 2022 season and are worth a combined \$90 million a year on average but up to half of the tally was tied to the national teams. MLS has pushed the idea of a \$400 million deal in recent years, but that is out the window without the national team.

The new agreement will all stay with MLS now, and the league has boosted the value of the package by including increased international rights and local rights, both broadcast and streaming (MLS clubs were prohibited from signing local deals past 2022). Media experts expect the total pact to land in the \$150 million to \$200 million range, a big increase from the previous pact if you strip out U.S. Soccer's cut but still only \$7 million per team at the high end of projections. The increase would boost the fortunes of low revenue clubs and have a more muted impact on teams with significant gate and sponsorship revenue.

MLS and Liga MX have discussed a

**closer [\(https://www.reuters.com/lifestyle/sports/we-are-aligned-relationshipmls-liga-mx-merger-talks-heat-up-2021-06-09/\)](https://www.reuters.com/lifestyle/sports/we-are-aligned-relationshipmls-liga-mx-merger-talks-heat-up-2021-06-09/)**

, which could boost the value of

**[media rights\(https://www.sportico.com/t/media-rights/\)](https://www.sportico.com/t/media-rights/)**. “The more MLS can do in an authentic way with Liga MX, like the MLS All-Star Game, the better,” said Octagon media rights consultant Dan Cohen in a phone interview. “It allows you to craft off of their massive following and migrate some of those Liga MX viewers to .” In addition, Cohen sees other paths for MLS to increase the value of rights fee

values through retaining homegrown stars, attracting international stars, broadcast innovations and format/scheduling tweaks.

MLS ratings lag other top soccer leagues, with an average viewership in the 350,000 range versus 855,000 for Liga MX and 414,000 for the Premier League in the U.S., according to Nielsen. But media consultant Patrick Crakes doesn't think MLS gets enough credit as the only domestic U.S. sports league started from scratch in the last half-century to achieve "Tier 1" media rights status.

"Soccer viewing has experienced parabolic growth in the U.S. over the past 20 years but unlike other Tier 1 sports, no one soccer brand owns the entire marketplace," said Crakes. "The challenge for MLS is to build upon its tremendous growth and development of the past decade by leveraging its advantage as the top U.S. domestic soccer league to gain share against other soccer leagues. It has all the pieces in place from fan base to demographics to stadiums to national television to digital and social exposure to achieve that goal."

*Sportico* is committed to transparency in our valuations. For detailed information and sourcing, please see the "

**Methodology**(<https://www.sportico.com/valuations/teams/2021/2021-mls-teams-value-soccer-team-data-1234634341/>)

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" section of *Sportico's* interactive 2021 MLS Franchise Valuations.

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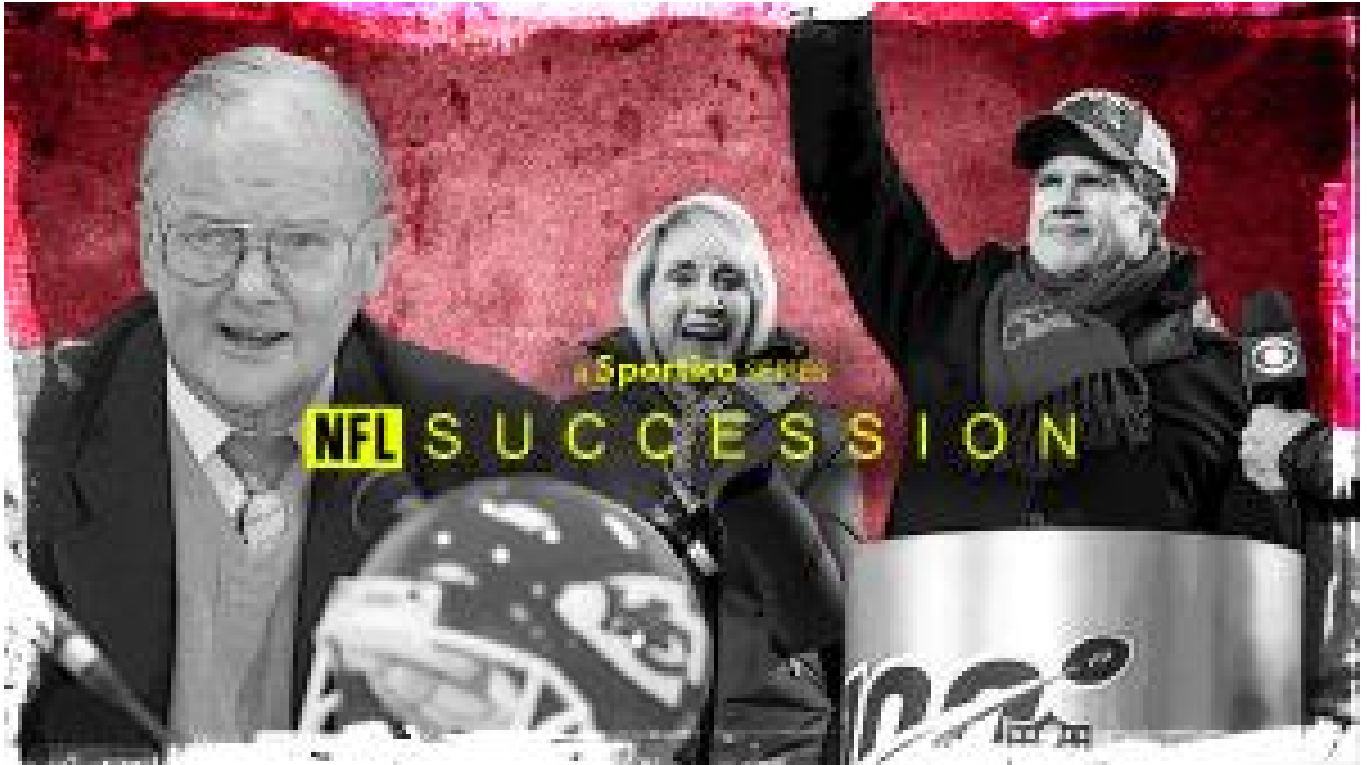
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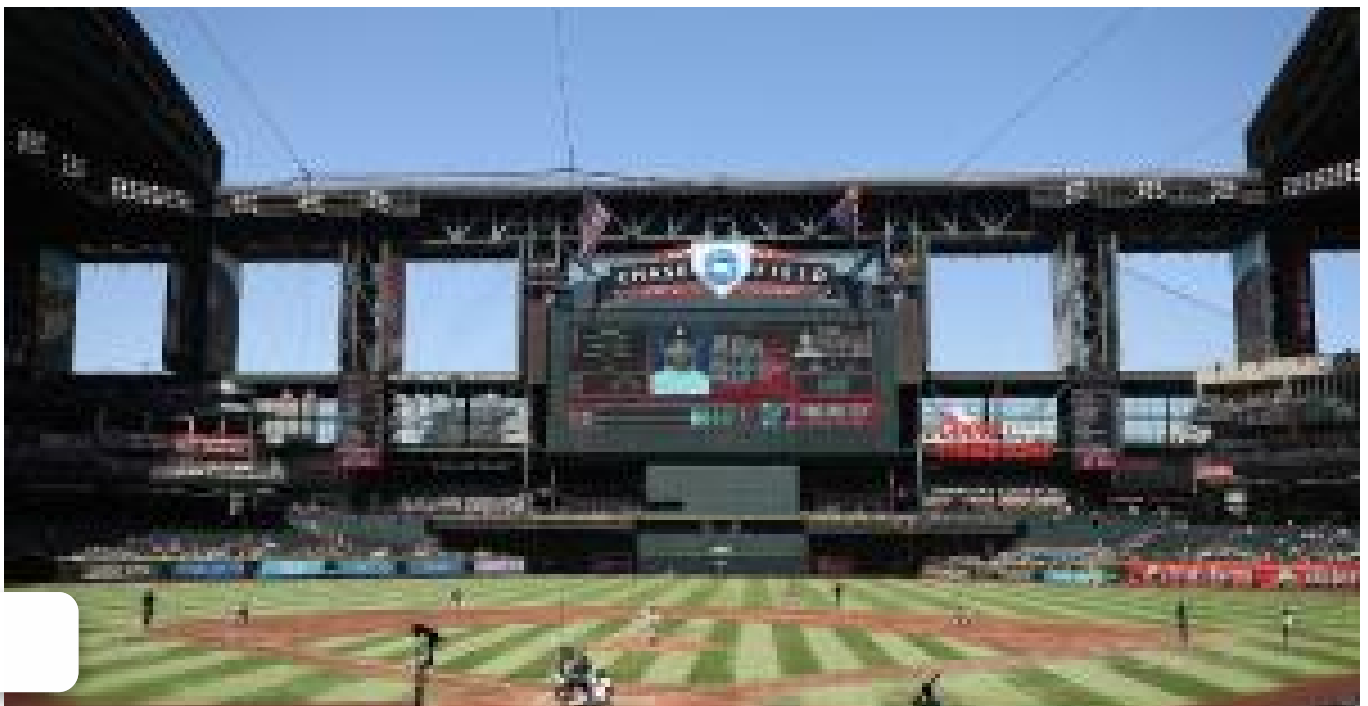
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