

## Transfer fees: monetary flows in European football

Drs Raffaele Poli, Loïc Ravenel and Roger Besson

### 1. Introduction

The 17th Monthly Report of the CIES Football Observatory analyses the evolution of sums spent on transfer fees by teams from the five major European leagues since January 2010. The results show that investments have grown almost continually year after year to reach a new record of €4.2 billion in 2016.

The Report also studies the profile of the beneficiaries of transfer fees paid out by big-5 league clubs. It reveals that the financial flows remain principally within the five major championships. During the seven year period studied, around two-thirds of the sums invested by big-5 league teams benefited other clubs that make up these competitions.

### 2. Evolution of transfer fees

During the last summer transfer window, big-5 league teams spent €3.7 billion on recruiting new players. By adding the fees paid in January, we reach a new record of €4.2 billion for 2016. To compare, this figure was €1.5 billion in 2010. With the exception of 2012, spending has increased each year.

**Figure 1: evolution in sums spent on transfer fees, big-5 leagues (€ million)**

Year	Winter	Summer	Total
2010	147	1'377	1'524
2011	523	1'809	2'333
2012	285	1'661	1'946
2013	406	2'319	2'725
2014	383	2'526	2'909
2015	495	3'333	3'828
2016	494	3'699	4'193
Total	2'733	16'724	19'458

The Premier League is the competition whose clubs spend the most on new players. Investments increased from €475 million in 2010 to almost €1.8 billion in 2016. The proportion of spending by English teams with respect to the total expenditure of big-5 league clubs has strongly increased over the period taken into account: from 31.1% in 2010 to 42.3% in 2016. This demonstrates the financial ascension of the English top division.

In comparison to other leagues studied, the proportion of sums invested by the three clubs that spend the most is relatively low in England. This reflects a more equal distribution of resources within the Premier League. Over the period analysed, the three clubs having spent the greatest amount in transfer fees accounted for 41% of the total expenditure.

This is the lowest percentage among the five competitions taken into account.

**Figure 2: evolution of sums invested in transfer fees, Premier League (€ million)**

Year	Total	% top 3	% big-5
2010	475	45%	31%
2011	843	51%	36%
2012	722	37%	37%
2013	939	37%	34%
2014	1'254	46%	43%
2015	1'499	39%	39%
2016	1'772	32%	42%
Total	7'504	41%	39%

Italy's top division clubs have invested the second highest amount for the signing of new players between 2010 and 2016: €4.3 billion. However, the progressive drop in the proportion of the expenditure of Serie A clubs with regard to the total big-5 league spending shows the decline of Italian football on an international level. The investments by Serie A teams accounted for 26.5% of the total in 2010 compared to 20.4% in 2016.

The strong recent increase of the proportion of investments by the three top spending clubs reflects the split between Juventus and the other teams of the peninsula, notably the two Milanese teams. At the moment, it is too early to say if the buyout of the latter clubs by Asian investors will result in any major change in the near future.

**Figure 3: evolution of sums invested in transfer fees, Serie A (€ million)**

Year	Total	% top 3	% big-5
2010	405	39%	27%
2011	645	38%	28%
2012	481	35%	25%
2013	571	40%	21%
2014	476	35%	16%
2015	852	50%	22%
2016	855	50%	20%
Total	4'285	41%	22%

The amounts paid in transfer fees by clubs of the Spanish Liga have also risen between 2010 and 2016. The level of increase in both relative and absolute terms remains, however, less marked than in England or Germany. Despite this, Spanish teams regularly obtain top level results in the European Cup competitions.

The very high percentages in the level of spending of the three clubs having invested the most for each period taken into account is reflection of the economic dominance of Real Madrid, Barcelona and, to a lesser extent, Atlético Madrid. The more equitable sharing of television rights put into place for the 2016/17 season will contribute towards a more even playing field. The impact was already visible in 2016.

**Figure 4: evolution in the sums invested in transfer fees, Liga (€ million)**

Year	Total	% top 3	% big-5
2010	300	66%	20%
2011	426	54%	18%
2012	172	57%	9%
2013	453	70%	17%
2014	578	73%	20%
2015	619	61%	16%
2016	590	56%	14%
Total	3'138	62%	16%

A strong increase in investments on the transfer market was also recorded in Germany. The level measured in 2016 was four times greater than that observed in 2010: €698 million compared to €176 million. This indicates the robust economic health of the Bundesliga's teams. There is no doubt that these figures will continue to rise over the next few years.

The proportion of investments by Bundesliga clubs in comparison with the big-5 league total has also increased strongly since 2010: from 11.6 to 16.6%. Nevertheless, even in 2016, the average fees paid per German club was lower than that observed in a championship that is much less financially solid such as the Italian Serie A. This highlights a less speculative approach to the transfer market.

**Figure 5: evolution in the sums invested in transfer fees, Bundesliga (€ million)**

Year	Total	% top 3	% big-5
2010	177	56%	12%
2011	214	54%	9%
2012	307	50%	16%
2013	308	48%	11%
2014	365	46%	13%
2015	494	50%	13%
2016	698	43%	17%
Total	2'563	50%	13%

The increase in transfer fee expenditure observed in France since 2010 is principally linked to the means invested by Paris St-Germain since the club was purchased by Qatari investors in 2011. PSG's domination is also visible through the very high proportion of the top three spending clubs in the total investments of French teams: on average 66.4% between 2010 and 2016.

Over the seven year period studied, French clubs have only made up 10.1% of spending on the transfer market for big-5 league clubs. This state of affairs is a reflection of the lowly status of Ligue 1 within the context of the major championships. With the exception of Paris St-Germain, Ligue 1 clubs essentially play a stepping stone role for young talents. This situation will certainly continue in the short term.

**Figure 6: evolution in the sums invested in transfer fees, Ligue 1 (€ million)**

Year	Total	% top 3	% big-5
2010	168	60%	11%
2011	206	58%	9%
2012	263	68%	13%
2013	454	82%	17%
2014	235	67%	8%
2015	363	72%	9%
2016	279	58%	7%
Total	1'968	66%	10%

Three English teams top the rankings for clubs having spent the most between 2010 and 2016. Manchester City pips Manchester United and Chelsea for the top spot. Teams from the top twenty tend to monopolise the best rankings within their leagues, as well as the places in the last stages of the UEFA Champions League.

**Figure 7: big-5 league clubs having spent the most on transfer fees (2010-2016, € million)**

	Total	Max	Min
1. Man. City	<b>1'024</b>	<b>266</b> (2015)	<b>65</b> (2014)
2. Chelsea	<b>871</b>	<b>166</b> (2011)	<b>38</b> (2010)
3. Man. United	<b>841</b>	<b>255</b> (2014)	<b>29</b> (2010)
4. Paris SG	<b>691</b>	<b>156</b> (2013)	<b>9</b> (2010)
5. Barcelona	<b>680</b>	<b>179</b> (2014)	<b>33</b> (2012)
6. Liverpool	<b>663</b>	<b>154</b> (2014)	<b>30</b> (2010)
7. Real Madrid	<b>644</b>	<b>176</b> (2013)	<b>38</b> (2016)
8. Juventus	<b>618</b>	<b>176</b> (2016)	<b>46</b> (2014)
9. Roma	<b>535</b>	<b>151</b> (2015)	<b>19</b> (2010)
10. Inter	<b>517</b>	<b>138</b> (2015)	<b>13</b> (2010)
11. Atlético Madrid	<b>517</b>	<b>122</b> (2015)	<b>15</b> (2012)
12. Arsenal	<b>466</b>	<b>129</b> (2016)	<b>19</b> (2010)
13. Tottenham	<b>457</b>	<b>132</b> (2013)	<b>13</b> (2011)
14. Napoli	<b>437</b>	<b>128</b> (2016)	<b>26</b> (2010)
15. Bayern	<b>435</b>	<b>99</b> (2016)	<b>54</b> (2014)
16. Monaco	<b>370</b>	<b>169</b> (2013)	<b>&lt;1</b> (2011)
17. Wolfsburg	<b>353</b>	<b>93</b> (2015)	<b>31</b> (2014)
18. Valencia	<b>341</b>	<b>142</b> (2015)	<b>15</b> (2013)
19. Dortmund	<b>340</b>	<b>133</b> (2016)	<b>6</b> (2010)
20. Milan	<b>337</b>	<b>107</b> (2015)	<b>18</b> (2014)

Six English teams are among the 20 clubs having invested the most on the transfer market since 2010. With the increasing dominance of the Premier League, this over-representation tends to reinforce itself. In 2016, 11 teams from the Premiership are among the 20 big-5 league teams having spent the most on recruiting new players.

**Figure 8: big-5 league clubs having spent the most on transfer fees (2016, € million)**

1. Man. City	231	
2. Man. United	185	
3. Juventus	176	
4. Barcelona	156	
5. Chelsea	149	
6. Dortmund	133	
7. Arsenal	129	
8. Napoli	128	
9. Inter	122	
10. Atlético Madrid	101	
11. Bayern	99	
12. Roma	96	
13. Liverpool	96	
14. Leicester	95	
15. West Ham	95	
16. Watford	89	
17. Tottenham	86	
18. Everton	84	
19. Paris SG	76	
20. Bournemouth	71	

### 3. The beneficiaries of transfer fees

Another interesting angle of approach from which to understand the financial flows linked to the transfer market consists of studying the beneficiaries of investments made by big-5 league clubs. Though the transfer fee system was introduced over a hundred years ago, and reformed in 2001, notably to reward the work carried out by training clubs, the analysis of the beneficiaries of sums invested by big-5 league clubs show that its redistributive power could be enhanced<sup>1</sup>.

Between 2010 and 2016, roughly two thirds of the sums invested by big-5 league clubs were paid out to other teams taking part in the five major European championships. Out of the €19.5 billion spent by big-5 league clubs over the seven years analysed, €12.9 billion benefited teams from the same competitions.

**Figure 9: beneficiaries of transfer fees paid by big-5 league clubs (2010-2016)**

	Total	%
Clubs in the same league	6'624	34%
Clubs in other big-5 leagues	6'306	32%
Clubs in other European countries	3'591	19%
Non-UEFA clubs	1'333	7%
Lower division clubs in the same country	1'264	6%
Lower division clubs in other big-5 league countries	341	2%
<b>Total</b>	<b>19'458</b>	<b>100%</b>

<sup>1</sup> **Monthly Report n° 3** of the CIES Football Observatory presents a proposal to improve income redistribution through the transfer system.

While clubs having invested the most in transfer fees are logically among the richest, the majority of teams having received the most money are also part of the closed circle of financially dominant clubs. For example, Real Madrid is 7th for transfer expenditure and 9th for transfer incomes.

Like Real Madrid, most teams in the top twenty of the rankings of clubs who earned the most income from the transfer of players to big-5 league teams are also in the top twenty of clubs that spent the most. For teams of countries hosting the five major European championships, Sevilla, Udinese, Southampton and Genoa constitute the only exceptions.

**Figure 10: clubs having generated the most income from the transfer of players to big-5 league clubs (2010-2016, € million)**

	Total	Average	Max
1. Liverpool	442	63	105 (2015)
2. Valencia	432	62	140 (2016)
3. Juventus	415	59	194 (2016)
4. Benfica (POR)	414	59	103 (2015)
5. Porto (POR)	382	55	100 (2015)
6. Atlético Madrid	377	54	107 (2015)
7. Tottenham	369	53	121 (2013)
8. Roma	367	52	96 (2013)
9. Real Madrid	361	52	127 (2014)
10. Chelsea	358	51	169 (2014)
11. Sevilla	349	50	97 (2013)
12. Monaco	339	48	197 (2015)
13. Barcelona	295	42	93 (2014)
14. Udinese	292	42	81 (2011)
15. Southampton	268	38	124 (2014)
16. Inter	267	38	108 (2015)
17. Napoli	264	38	94 (2016)
18. Genoa	261	37	64 (2011)
19. Man. City	247	35	67 (2015)
20. Wolfsburg	240	34	105 (2015)

There are only two clubs situated outside the big-5 league countries in the top twenty places of teams having most benefited from big-5 club spending: Benfica (4th) and Porto (5th). The exceptional capacity of these Portuguese clubs to generate incomes on the transfer market is linked to their prestige and competitiveness, but also to strategic alliances woven with key intermediaries and investors both in Europe and South America.

Generally speaking, our analysis shows that to be able to generate considerable profits on the transfer market, it is necessary to have sufficient economic clout and prestige to attract the best talents either young or adult. In the current state of play, clubs without the necessary economic muscle have little chance of earning considerable incomes. A good access to dominant transfer networks is also of crucial importance.