



## 2014 RESULTS

## Prices up nearly 30% for sales of small businesses

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2014 was a robust year for small business valuations.

Prices of small businesses sold in metro Atlanta last year rose nearly 30 percent from 2013, according to online business listing service **BizBuySell.com**.

According to an analysis of 197 closed transactions in metro Atlanta by BizBuySell, businesses sold for a median price of \$256,000 in 2014, compared with \$200,000 a year ago.

The businesses that sold in 2014 had a median annual revenue of \$533,634, down from \$540,000 a year earlier. The number of transactions last year dipped 12 percent compared with 2013.

The price the buyer paid as a multiple of the company's revenue in the Atlanta market was up 1.2 percent last year, versus a year ago. The cash flow multiple, meanwhile, declined 3.2 percent, year-over-year.

In the Atlanta area, bigger deals are closing. The percentage of transactions above \$200,000 increased from 35 percent in 2013 to 43 percent last year.

The Atlanta market has been a strong buyer's market for the past several years, said **Bob House**, group general manager of BizBuySell.com and **BizQuest.com**.

"We're seeing that sellers are now able to raise their asking price and they are able to get more for their businesses," House said. "After a number of challenging years during and following the last

### STRENGTHENING MARKET

In 2014 small businesses in metro Atlanta commanded the highest sales prices since at least 2008

YEAR	SALES PRICE	REVENUE
2010	\$139,000	\$331,375
2011	\$130,000	\$367,000
2012	\$165,000	\$385,000
2013	\$200,000	\$540,000
2014	\$256,000	\$533,634

SOURCE: BIZBUYSSELL.COM

recession, it's once again a good time to be a seller."

A strengthening economy is boosting business fundamentals, making them attractive to buyers. Sellers are feeling more confident that they can exit their business successfully in today's market, suggesting a shift from the buyer-friendly market seen in recent years, according to a BizBuy survey of more than 1,500 buyer and sellers.

Atlanta-based business broker **Walden Businesses** is also seeing an uptick in deal size.

The price of businesses sold in 2014 was up nearly 20 percent from a year ago, said **Sara Burden**, president of Walden Businesses Inc. The volume of deals completed was relatively flat – down by two transactions in 2014.

"We are discovering that as the values of the businesses in the portfolio go up, those deals are taking longer to reach the closing table," Burden said. "However, when they do, they are much 'sweeter' for our seller clients."



Sara Burden

Rising sales prices are a "direct reflection" on the economic recovery. Valuations are climbing as revenues and profitability increase, Burden said.

The average acquisition price of businesses that sold last year was up about 10 percent from a year ago, according to **Art Lennig**, regional director at **Murphy Business & Financial Corp**. Transaction volumes, meanwhile, doubled from 2013.

"The increase in sales was a direct result of the lenders continuing to be aggressive – not making bad loans but continuing to pursue the business," Lennig said.

Burden is bullish on the year ahead, based on pent-up supply.

During the past six years many small businesses closed, but those that toughed it out, changed their strategies and survived, are stronger, Burden said.

"Those owners in the latter group are much wiser, and committed to strengthening their businesses in order to capture the highest values they can, when it's time to sell," she said.