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# Selling prices of Atlanta small businesses stay high

**SUBSCRIBER CONTENT:** Jul 10, 2015, 6:00am EDT



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Small businesses that sold in metro Atlanta in the second quarter commanded high valuations despite having lower revenues.

The median revenue of small businesses sold in metro Atlanta tumbled more than 40 percent in the second quarter, compared with a year ago, according to new data from online business-for-sale marketplace **BizBuySell.com**. Yet, the median selling price of businesses sold in the second quarter flat-lined from a year ago.

According to an analysis of 63 closed transactions in metro Atlanta by BizBuySell, businesses sold for a median price of \$220,000 in the second quarter, compared with \$218,500 a year ago. Those businesses had a median annual revenue of \$331,214, compared with \$575,490 a year ago.

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While small businesses that sold in the second quarter generated lower revenues, they sold at higher valuations, said Bob House, group general manager of BizBuySell.com and BizQuest.com.

Indeed. The price the buyer paid as a multiple of the company's revenue in the Atlanta market rose 30 percent in the second quarter, versus a year ago. The cash flow multiple rose 3.8 percent year-over-year.

Across the United States, brokers reported 1,913 closed deals to BizBuySell in the second quarter. Those businesses sold for a median price of \$200,000, up from \$178,500, a year ago.

House is optimistic the small business transaction market will remain robust for the rest of the year. "The window is open right now for small business exits driven by a wave of retiring baby-boomers and interest rates still at, or near, historic lows," he said.

Improved lending activity is also fueling the small business transaction market. "We are seeing a lot more competition in the lending space than we did a few short years ago," House said. "Financial institutions and private equity groups are once again having to compete for deals out there."

The pace of deal activity appears to be slowing in the run-up to summer, Atlanta business brokers say.

"Buyers are looking, sellers are talking, and lenders are loaning money, however (deal making) has slowed down," said Art Lennig, regional director at Murphy Business & Financial Corp. "Seems as though decisions are not being made."

Small business deals are getting done, but the pace of transactions has slowed, echoed [Sara Burden](#), president of Atlanta-based business broker Walden Businesses Inc. "There's movement in the marketplace, although we wonder sometimes if it's stilled in molasses when we evaluate how long it takes to get a deal done these days," Burden said.

During the second quarter, transaction prices came in at near-ask, or right on it, Burden added. Multiples remained steady with no wild jumps in any particular markets, she said.

"Savvy owners are recognizing the need to move ahead of the 'baby boomer' exits anticipated over the next two to three years," said Burden. "The competition will be much stronger then, requiring the selling companies to have pristine financials and good growth tracks to outshine other attractive businesses vying for the same buyers."

Pent-up demand is driving Burden's optimism for the rest of the year. "Strategic and financial buyers are very active right now, with many of them supported by the private equity community, family offices, investment banking firms, and very high net worth individuals looking for long-term investments" Burden said. "While the buyers are being very particular about what they acquire, they are closing deals."

Urvaksh Karkaria covers Technology.