

ATLANTA BUSINESS CHRONICLE

Revenue spikes, but small business sale prices stay flat



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The median revenue of small businesses sold in metro Atlanta spiked 50 percent in the third quarter, versus a year ago, according to new data from online business-for-sale marketplace BizBuySell.com. That surge in sales was not reflected in selling prices, however.

According to an analysis of 105 closed transactions in metro Atlanta by BizBuySell, businesses sold for a median price of \$249,500 in the third quarter, virtually unchanged from a year ago. Businesses that sold in Q3 had a median annual revenue of \$568,878, compared with \$378,023 last year.

The rising revenue of businesses sold in Atlanta show buyers are still able to find growing, financially stable listings even after a few years of strong transaction numbers, said Bob House, president of BizBuySell.com and BizQuest.com.

While the number of sold businesses in Atlanta are up 52 percent, they are fetching lower prices per dollar of earning power than compared with a year ago. The increased supply could be giving buyers more choice and driving valuations down, House said.

Nationwide, brokers reported 2,589 closed transactions in the third quarter of 2017, a 24 percent increase from this time last year. This puts the number of year-to-date transactions at 7,491, positioning 2017 to be a record-breaking year of small business transactions.

There is unbridled optimism and confidence in both buyers and sellers, said David Chambless, CEO of Abraxas Business Services Inc.

Potential changing regulations could slow down the future momentum of the small business transaction market.

“Minimum wage continues to be a hot topic and would no doubt have an impact on business costs, while stronger overtime regulations are also on the table,” House said.

Atlanta business brokerage Walden Businesses Inc. helped sell seven businesses in the third quarter, although getting them to the closing table was a “bit arduous,” President Sara Burden said.

“Contributing factors for the delays fell to both sides of the transaction: sellers not being prepared for the depth of due diligence required in today’s market, and buyers not having their financing in place when offers were made,” Burden said.

