

Improving Business-For-Sale Marketplace Despite Difficult 2009

Service businesses and restaurants lead the recovery as business-for-sale closed transaction prices return to levels not seen since mid-2008

San Francisco, CA - January 7, 2010 - According to today's [BizBuySell.com Insight Report](#), closed business-for-sale transactions declined by 28 percent in 2009, but a recovery that began mid-year continued to gain momentum in the Fourth Quarter.

"Many business owners delayed plans to exit their businesses and retire in 2009," says Mike Handelsman, General Manager of BizBuySell.com. "In the latter part of 2009, we started to see clear signs of recovery, and 2010 is now shaping up to be a much more productive year for selling and buying businesses."

Business-for-sale transaction pricing is returning to levels not seen since mid-2008, due to increased demand for small businesses as a result of higher unemployment as well as the slow return of capital available to business buyers.

The median closed-transaction sale price rose 1.4 percent year-over-year in the Fourth Quarter of 2009. Closed-deal sale prices had been dropping steadily in prior quarters, with the three previous quarters recording year-over-year declines of 21 percent, 20 percent and 17 percent, respectively. In the Fourth Quarter, the median sales price stood at \$180,000.

Restaurant and Service Businesses Lead the Recovery

While manufacturing businesses and many retail businesses remain less active categories for business-for-sale transactions, the recovery in the industry has been led largely by service businesses and restaurants.

In the Fourth Quarter, restaurant sales were up 1 percent versus prior year sales for the same quarter, while service businesses declined by 4 percent. In comparison, the sale of manufacturing companies was down 27 percent in 2009, and other business categories were down by 20 percent or more.

"As the economy recovers, businesses that don't require massive capital investment and businesses that appeal to customers who are still not in a strong financial position seem to be more appealing to business buyers," notes Handelsman. "Business owners in those industries are seeing an opportunity to sell their companies that simply was not there six months ago."

Business-for-Sale Transaction Recovery Predicted for 2010

BizBuySell.com projects that 2010 will show slow but consistent recovery in the business-for-sale market, citing the following industry drivers:

- *Latent Supply.* For the past 12-15 months, small business owners have focused on keeping their businesses afloat, and finding ways to earn a living, rather than focusing on a potential exit. That latent supply will begin to hit the for-sale market as the economy and prospects for finding motivated and qualified buyers improves.
- *Unemployed Workers Seeking Jobs.* With unemployment hovering above 10 percent in most markets, laid off workers will increasingly look to "buy a job" by finding a small business to provide income.
- *Easing Credit.* With both supply and demand for small business transactions increasing, the remaining key ingredient to return the market to full health is the availability of purchase capital. The Federal Government and the SBA have been focused on helping banks ease their lending restrictions to provide necessary capital to the small business market.
- *Baby Boomer Retirees.* In addition to the improving market dynamics of supply and demand there is an ongoing macro trend of the U.S. baby boomer population reaching retirement age. As increasing numbers of small business owners near retirement, this trend will continue to bring above average numbers of small businesses to the sale market.