



## BizBuySell Insight Report

Small Business Acquisitions Grow 5% in 2024, Elevated by Higher-Priced Deals, Rate Cuts Have Small Impact

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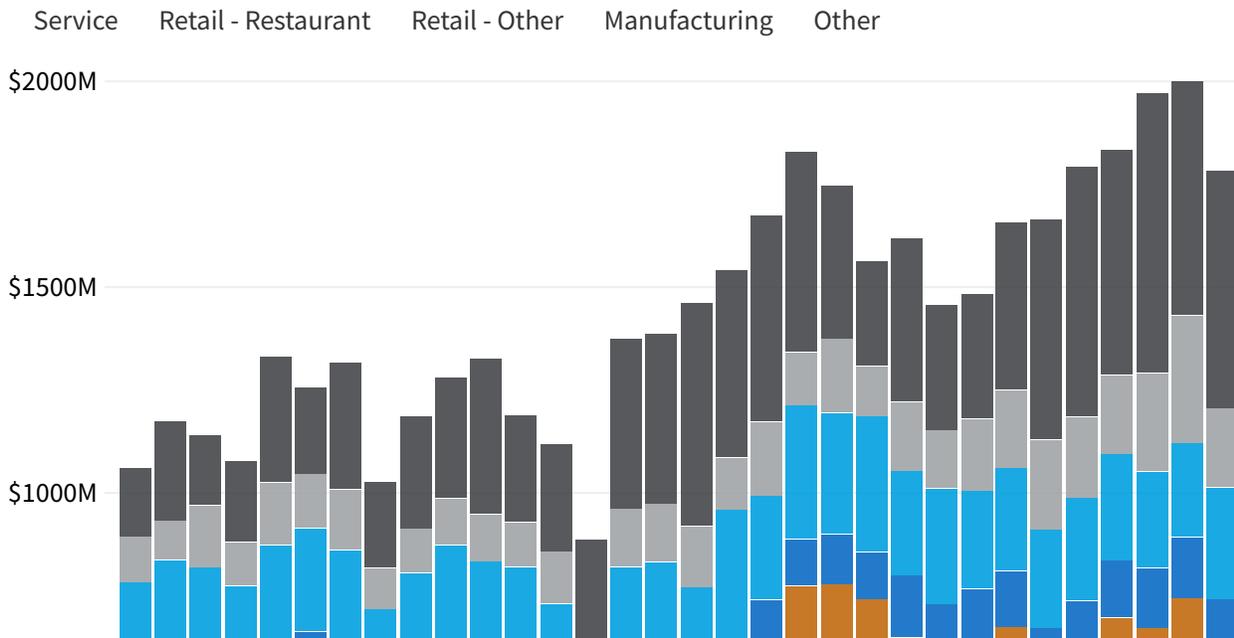
- **Manufacturing, Technology and Construction Acquisitions Accelerate 32%**
- **Sticky Inflation Flattens Small Business Financial Performance; Tariffs a Concern**
- **Sale Prices Up 3% Amid Strong Multiples and Steady Buyer Demand**



## Est. Enterprise Value Transacted



Estimated total value of all transactions reported on BizBuySell.com



The number of businesses bought and sold grew a modest 5% over the course of 2024, according to BizBuySell’s Insight Report, which tracks and analyzes U.S. business-for-sale transactions and sentiment from business owners, buyers, and brokers. A total of 9,546 closed transactions were reported, representing an enterprise value of \$7.5 billion—15% higher than 2023—indicating a greater concentration of higher-priced deals.

Transaction volume grew steadily early in 2024, up 10% in Q1 and 5% in Q2 and Q3, before leveling off in Q4. Despite three incremental rate cuts by the Federal Reserve, their impact on the business-for-sale market was limited and overshadowed by uncertainty surrounding the U.S. presidential election. Sixty percent of business buyers surveyed by BizBuySell revealed that rate cuts had no impact on their purchase timeline, while 17% said the cuts encouraged faster action, and 23% remained unsure.

“Despite the Federal Reserve’s rate cuts, many commercial lenders have kept underwriting criteria tight, resulting in minimal pass-through savings for acquisition financing,” said [BJ Delhamer](#), vice president at Insite Commercial Real Estate Advisors in San Diego, California. “As a consequence, the pro forma Weighted Average Cost of Capital (WACC) for many prospective deals has not decreased in a meaningful way.”



Still, buyers paid higher prices for businesses in 2024, and deals closed faster. The median sale price rose 3% year-over-year to \$345,000, and median days on the market dropped 3% to 168 days. Multiples also strengthened, with the average cash flow multiple increasing from 2.49 to 2.57 (up 3%), and the average revenue multiple climbing from 0.63 to 0.67 (up 6%).

With election-related uncertainty behind them, buyers suggest they are ready to resume activity. [Carrie Duvall](#), CEO at 1st & Main Partners in Orlando, Florida, explains, “[In the first quarter of 2025,] I am closing three sizeable deals that exceed my highest earnings YEAR. I have many [buyers] that wanted to shelf a sale during the election that are firing up now.”

## Manufacturing, Technology and Construction Acquisitions Accelerate

### Closed Small Business Transactions



Number of transactions by quarter as reported on BizBuySell.com

Service   Retail - Restaurant   Retail - Other   Manufacturing   Other

In 2024, three industry sectors saw the most growth: manufacturing, building and construction, and online and technology. These sectors had a combined median sale price of \$700,000 and 32% year-over-year increase in transaction volume. In contrast, retail, service, and restaurant acquisitions remained flat, with a collective median sale price of \$280,000.



Taking a closer look into each sectors' performance:

- Manufacturing saw a 15% annual increase in acquisitions, following a 17% increase in 2023. Buyers paid a median sale price of \$700,000 as valuations climbed, with cash flow multiples up 9.5% (from 2.83 to 3.10). This despite slightly weaker profit margins, with median cash flow down 7% and median revenue up 5%.
- The online and technology sector experienced a 74% year-over-year increase in acquisitions, following a 19% rise in 2023. Buyers paid a median sale price of \$650,000, which was 24% down from a year ago as lower-priced businesses changed hands. While multiples remained flat year-over-year, median revenue declined 10% and median cash flow fell 19%.
- Building and construction acquisitions grew 10% in 2024, following 11% growth in 2023, with buyers paying a median sale price of \$760,000. Business valuations remained stable, with a 2% increase in cash flow and a 3% rise in the median cash flow multiple (from 2.54 to 2.62).

Since the supply chain disruption of the pandemic, more manufacturing has returned to U.S. shores. Now, with rising costs and geopolitical risks, domestic companies are becoming even more attractive. At the same time, artificial intelligence (AI) tools like ChatGPT, along with cloud-based e-commerce platforms like Shopify, have enhanced the scalability, ease of operation, and accessibility for technology businesses. In fact, 51% of surveyed business owners leverage AI primarily for marketing (76%), analytics (45%), and customer service (41%).

“Online and manufacturing, there is always growth opportunity online and real tangible goods can mix well with it,” described an anonymous buyer discussing the best opportunity to take advantage of in today's market.



## **Small Business Market Cautious of Expected Trump Administration Tariffs**

## Median Sale Price vs. Asking Price



Median asking and sale price of small businesses as reported on BizBuySell.com

Industry All Industries ▼

Median Sale Price    Median Asking Price

Economists are already [raising concerns](#) that the new Trump administration's tariff proposals will result in rising costs and possibly worsen inflation. This is worrisome for small business owners still reeling from the effects of the U.S.-China trade war of 2018, with roughly half (48%) bracing for what may lie ahead. Yet, higher tariffs on imported goods could heighten demand for reshoring, with 15% of owners now seeking out alternative domestic suppliers.

"The equipment we use has gone up in price significantly due to tariffs that were put into place in 2018. We have been purchasing used equipment thus far, however will need new equipment in April," said Justine, owner of Elements Fitness & Wellness Center in the District of Columbia.

The most likely solution, however, is to pass along the additional costs to customers. That said, one out of five business owners said they would raise prices if faced with tariff-inflated invoices, which could counter the Fed's fight against inflation.

**"Potential trade wars and the tariffs pose a huge threat to small business, and passing those costs along to customers with inflation still high,"** said [Mark Bailey](#),



## Sticky Inflation Continues to Put Pressure on Business Financials

Businesses that sold in 2024 showed largely flat financial performance compared to the previous year. Median revenue saw a 3% decrease in the first quarter, followed by 4% growth in the second quarter and 8% growth in the third quarter, before dropping 14% in the fourth quarter. Similarly, median cash flow followed a comparable trajectory: a 3% decrease in Q1, a 7% increase in Q2, a 3% increase in Q3, and a 7% decrease in Q4.

Although inflation has cooled—evidenced by a Core CPI of 3.1% in January 2024, down from its peak of 9% in June 2022—many businesses still struggle with rising costs that hamper financial progress. Additionally, the Core CPI rose 2.9% in December 2024, marking the third consecutive month that annual inflation has ticked higher - not lower.

More than half of business owners (54%) believe inflation is not easing, while 26% see some relief, and 20% are uncertain. Additionally, 78% of business owners reported higher expenses in 2024 compared to the previous year, with 70% attributing the rise to higher costs of goods, followed by increased insurance costs (51%), payroll (44%), and energy (43%).

**“Inflation for goods and supplies related to injection molding is easing overall, but prices are still higher than pre-pandemic levels, especially in raw materials, tooling, and packaging,” said Colette Kilgore, owner of Floridyne Engineering in Florida.**

As a result, small business sale prices showed limited growth. The median sale price of businesses sold in 2024 increased by just 3%, reaching \$345,000, up from \$335,000 in 2023. This occurred following a 6% rise in sale prices the previous year.

## Sellers Ready to Exit Their Businesses in 2025, Despite Weaker Financials

### Key Financials of Sold Small Businesses



Median financials of small businesses as reported on BizBuySell.com

Industry All Industries ▼

Median Cashflow    Median Revenue

Despite weaker financials, a steady volume of businesses continue to be sold. This suggests that owners are opting to exit now rather than wait for a better price, while buyers are focusing on the long-term potential rather than immediate returns. As such, it's not surprising that 38% of business brokers believe today's market favors buyers, compared to 23% who say it favors sellers. Twenty-eight percent see a balanced market, with 11% unsure.

"Prices have come down and reached a new 'normal'. I have seen buyers more attracted to the idea of investing and growing a business, but these are people who have not seen personal financial stresses," said [Jordi Lanatta](#), business broker at Excellens Solutions in San Diego, CA.

Among business owners seeking to exit, retirement remains their top reason (38%), which reflects many businesses are still owned by aging Baby Boomers. After withstanding recessions, a pandemic, and a variety of other challenges, a challenging labor market appears to be the final straw for some soon-to-be retirees. In fact, 50% of business owners believe the labor market is not improving, compared to 19% seeing some relief, and 25% who are unsure.



**“We are tired. It’s incredibly difficult to find good employees that will help us provide the high level of customer service that we are known for. We have managed to show significant growth year-over-year since 2019 and along with solid investments we are in a position to retire very early,” said Levi Fehrs, owner of Kodiak Furniture in Alaska.**

If not retiring, others are driven by opportunities presented before them. Thirty-five percent are selling to pursue another business, and 21% are cashing in on high business values. Yet, burnout (18%) and economic uncertainty (12%) are also among the top five reasons owners are selling their businesses.

## **A New Breed of Business Buyers Fuel Demand: Corporate Refugees and Young MBAs**

The rise of remote work is one of the most recognized changes to emerge from the pandemic. Likewise, the trend of corporate refugees choosing to leave their jobs and empower themselves by owning a business also emerged, and it shows no signs of fading. BizBuySell reports site traffic has more than doubled from pre-pandemic levels, driven largely by Americans seeking more control over their time, energy, and money.

Forty-two percent of surveyed buyers in today’s market identify as corporate refugees seeking business acquisition as a path to entrepreneurship. An additional 14% identified as recently unemployed, and 9% recently retired.

“I am tired of working so hard for someone else, I want to work hard for myself,” said one business buyer who chose to remain anonymous. “Looking to buy a business so I don’t have to rely on a company to employ me,” added another.

Young entrepreneurs, recent MBAs or business school graduates, are also entering the buying arena as Entrepreneurship Through Acquisition (ETA) gains traction. Leading universities—including [Wharton](#), [Harvard](#), [Duke](#), [UC Berkeley](#)—now offer programs and clubs dedicated to this business strategy. Business brokers report



growing interest, with 32% noting a slight increase in this activity and 14% reporting significant growth.

**“I believe there will be an uptick in buyers due to the conversation around 'acquisition through entrepreneurship' becoming more mainstream and prominent, particularly with younger buyers. Conceptually, I think more people feel business acquisition is more accessible than perhaps it seemed several years ago,”** said [Terri D. Sherman](#), business intermediary at Florida Business Exchange, Inc.

## **Demand Steady for Service, Retail, and Restaurants; Private Equity More Active**

The service sector, accounting for 40% of all business-for-sale transactions in 2024, grew a modest 2% over the previous year. Buyers paid a median sale price of \$325,000, slightly higher than the \$320,000 recorded in 2023. However, financial performance showed little change, with median revenue declining 1% and median cash flow up 3%.

Services businesses continue to attract buyers due to their low-risk profiles, with niche businesses especially desirable due to their unique offerings and limited competition. Many service businesses, such as accounting firms, daycare centers, and medical clinics, are now being rolled up by private equity groups. Notably, 37% of business brokers are seeing a slight increase in activity from PE firms, with an additional 16% reporting a significant increase. Just 14% of brokers see zero activity from this group.

“I would characterize it as a slight increase in PE activity in the small business market, particularly in niche industries and businesses with strong cash flow. With higher borrowing costs, firms are focusing on acquiring businesses with strong cash flow, proven resilience, and operational efficiency. The appetite for niche industries and add-on acquisitions is growing, as PE firms aim to build value through strategic



consolidation rather than speculative growth,” according to the [Magnolia Firm](#) in California.

Retail transaction volume was unchanged in 2024, with buyers paying a median sale price of \$255,000 (up 2%). Financial performance also remained stagnant, with median revenue flat and median cash flow down 3%. However, steady demand suggests continued interest in specialty retailers, particularly those with unique market positions or prime locations.

The restaurant sector mirrored the retail trend in transaction volume but saw a 5% rise in the median sale price, from \$215,000 in 2023 to \$225,000 in 2024. Financially, restaurants that sold reported a 4% drop in median revenue, suggesting fewer customers, yet higher profit margins led to a 4% year-over-year increase in median cash flow.

## Market Outlook

After a year of financial strain driven by persistent inflation and high interest rates, small business buying and selling activity has demonstrated growth and resilience. Sellers are choosing to enter the market rather than wait for a higher price, and buyers are choosing to put their money forward rather than wait for lenders to lower interest rates.

However, financing remains a challenge. Until borrowing rates decline and lending criteria loosen, securing deals will require creative solutions. This is reflected in why most business brokers (23%) cite high interest rates as the top concern for the small business market and 91% consider seller financing important for 2025 transactions.

“With tighter lending conditions, both buyers and sellers should be prepared to negotiate creative financing options, such as seller notes, earn-outs, or partial equity retainment. These structures can help bridge valuation gaps and signal confidence in the business’s future performance,” says BJ Delhamer.

Looking ahead to 2025, attention has shifted to the Trump administration and how its policy changes will impact the business environment. While pro-business advocates are optimistic about potential improvements, such as lower taxes, reduced interest rates, and fewer regulations, there are also concerns that trade



policies could negatively impact the economy. Regardless of the outcome, time has proven that entrepreneurs adapt and good businesses get acquired.

In today's market, most buyers (76%) are prioritizing stable, recession-resistant businesses, then thriving businesses (47%) and fixer-uppers (19%). Financial performance is the top factor buyers analyze when evaluating acquisitions (42%), followed by growth potential (24%), location (18%), staff and management in place (7%), customer base (4%), and brand reputation (1%).

Savvy entrepreneurs are finding emerging opportunities such as those with solid foundations, yet underutilize modern technology. According to Scott Phillips of MSK Ventures, "Fragmented business sectors with little or no technology, automation, processes, or demand generation activity but with good customer base and growth prospects" represent the best opportunity today. Ultimately, opportunity exists in any market. For sellers, preparation is key. Yet many business owners are unprepared. Only 15% have undergone a professional valuation, while 53% have a rough estimate, and 33% have no idea of their business's worth. A proper valuation not only determines market price, but also identifies business strengths and weaknesses to address, ensuring the best possible exit strategy.

**For buyers, success lies in finding the right business. As Scott Phillips adds, "I look for good businesses to acquire regardless of economic, political, or social climate. If the numbers work, they work."**

## About the BizBuySell Insight Report

The BizBuySell Insight Report is a nationally-recognized economic indicator that tracks the health of the U.S. small business economy. Each quarter, BizBuySell analyzes sales and listing prices of small businesses across the United States based on approximately 50,000 businesses for sale and those recently sold, reporting changes in closed transaction rates, valuation multiples and other economic indicators for the small business transaction market. Closed transactions are reported to BizBuySell.com on a voluntary basis by business brokers nationwide. Each report includes real small business data on over 70 major U.S. markets and across 65 small business industries.



BizBuySell is the largest business for sale marketplace online, receiving over a million visitors a month. Since 1996, BizBuySell has offered tools that make it easy for business owners and brokers to sell a business, and potential buyers to find the business of their dreams. The website also features an extensive franchise directory as well as an easy-to-use business valuation tool.

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