

## Is the Red-Hot Market for Selling a Business Cooling

The economy is red hot and is creating unusually high activity and valuations in businesses being sold. It is inevitable that this record-breaking selling of businesses and business valuations will cool down, possibly sooner rather than later. [“The Hot Market for Businesses is Likely to Cool” according to a new survey](#), which explains the idea that the market for selling businesses is cooling. The article’s sub header states, “Entrepreneurs who are considering selling their companies say they’re worried about the future of the economy.”



A recent study on selling businesses and business valuations conducted by Pepperdine University’s Graziadio School of Business, the International Business Brokers Association and the M&A Source surveyed mergers and acquisitions (M&A) brokers, and advisors, as well as business brokers.

A whopping 83% of survey participants believed that the strong M&A market will come to end in just two years. Perhaps more jarring is the fact that almost one-third of participants believe that the market demand for buying a business would cool down before the end of 2019.

The participants believe that the economy will begin to slow down, and this change will hurt businesses. As the economy slows, businesses, in turn, will see drops in their profits. When business buyers and their banks see that profits have declined over recent periods, it becomes more difficult to sell a business to them, and the values drop commensurately with the reduced profitability. It becomes more challenging for company owners to reach a deal, as well as their M&A brokers, investment banker or business brokers, as buyers for companies throttle back business mergers and acquisitions activities and the cut values of companies.

An Inc. article cites a managing partner at an M&A advisory firm who said, “People are thinking about getting out before the next recession”. The Pepperdine survey found 80% of owners selling companies priced in the \$1

million to \$2 million range are now heading into retirement. In sharp contrast, 42% of companies priced in the \$500,000 to \$1 million range are motivated by into retirement. Retirement of “baby boomers” and their parents has become the predominant reason businesses are being sold. It is unfortunate that people looking to retire, but who “hold their ticket too long” may miss the hot market to sell their businesses, only to find themselves stuck in recessionary valuations. They may not have the luxury of waiting for a next great market to sell their company at high valuations and retire.

Is now the time to sell your business? For many, the answer is a clear “yes.” If the economy as a whole begins to slow down, then expect that selling a business will become harder and valuations will suffer.

The experts seem to agree that over the next year or two, there will be increasing numbers of owners wanting to sell their businesses, in the face of decreasing buyer demand and what buyers are willing or able to pay, as compared to today’s hot market. Now may be the best time out of many years to come for you to take advantage of the market and sell. An experienced professional M&A broker and advisor will be very helpful to you in reaching your best decision and outcome. Your M&A Advisor or broker will help you to analyze the many factors involved, understand the market dynamics and the right process for selling your business at top value.

*About CK Business Consultants, Inc.:*

**CK Business Consultants, Inc.** has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, [gpapay@ckbc.net](mailto:gpapay@ckbc.net) or visit our website @ [www.ckbc.net](http://www.ckbc.net).

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