



INVESTMENT CONSULTING USA
M&A ADVISORY

2026

State of Main Street

What 381 deal reviews, closed-deal data and the national market tell buyers and sellers of businesses under \$10 million.

381 businesses reviewed

36 states

18 industries benchmarked

Data through **October 17, 2026**

Inside the report

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Key takeaways

Findings from 381 acquisition opportunities our team reviewed, represented or advised on between March 2025 and October 2026, set against closed-deal benchmarks from the Business Reference Guide and DealStats.

3.5x

median asking multiple of seller's discretionary earnings (SDE)

Across 275 deals with a stated price and earnings. The middle half asked between 2.96x and 4.07x.

0.74x

median gap between asking multiples and what comparable businesses actually sold for

Our asking medians against DealStats closed-deal medians for businesses with \$1M to \$5M in sales, across nine industries.

19%

of opportunities held up as presented

54% were worth pursuing only after verification, 22% only at a lower price or a different structure, and 5% were a pass.

50%

of reviews raised a financing or debt-coverage concern

Add-back quality followed at 39%, then lease and real estate terms at 34%.

1 in 3

businesses we reviewed was a trades or field-service company

Construction, HVAC, plumbing, electrical, landscaping and home services made up 37% of the buy-side pipeline.

323

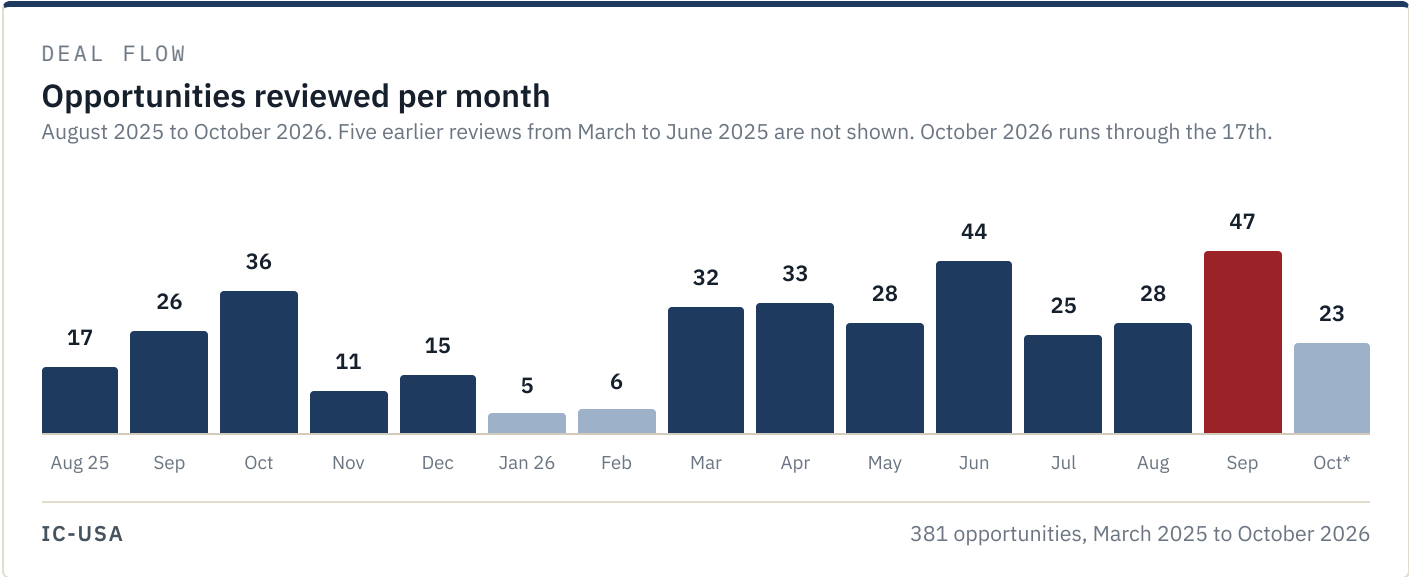
days, the median time to sell across 16 industries in DealStats closed deals

Most industries fall between 260 and 390 days. IBBA advisors report 6 to 10 months for Main Street deals.

Who is in the sample?

Established, profitable businesses in the \$1M to \$5M range

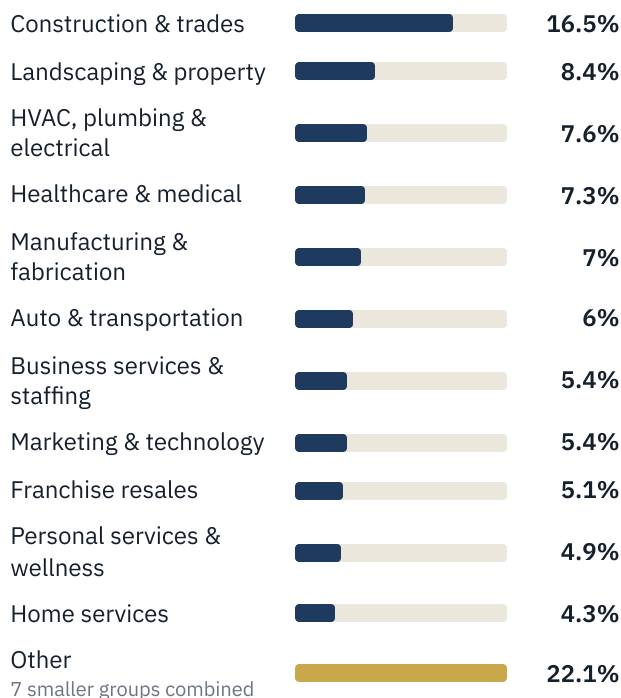
271 businesses reviewed in 2026 through October 17, up from 110 in 2025. Monthly volume more than doubled after March.



INDUSTRY

What we reviewed

Share of 369 buy-side reviews and advisory cases



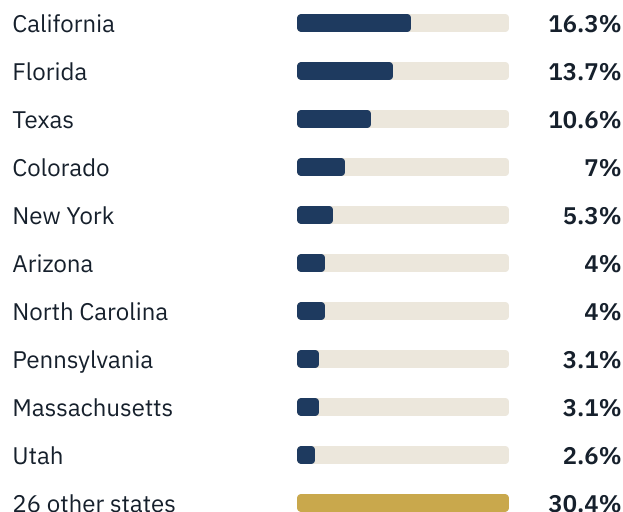
IC-USA

Smaller categories grouped as Other

GEOGRAPHY

Where the businesses are

Top states, share of 227 reviews with a known location



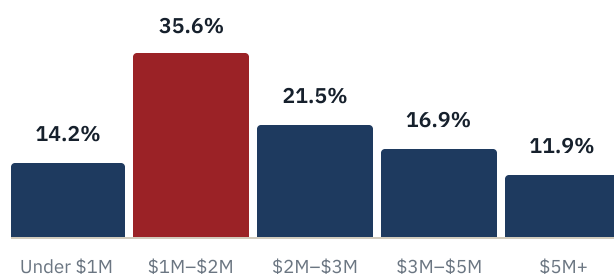
IC-USA

36 states represented

SIZE

Asking price

Share of 261 deals with a stated price. Median \$2.0M.



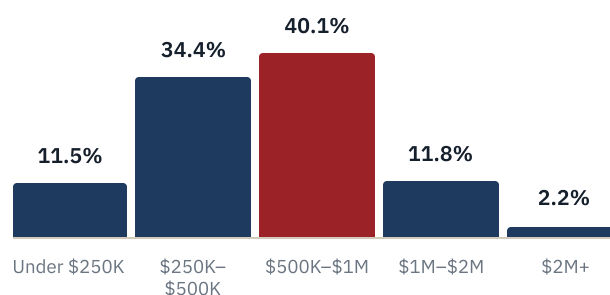
IC-USA

Business price, excluding real estate where separated

EARNINGS

Seller's discretionary earnings

Share of 279 deals with stated SDE. Median \$537K.



IC-USA

Median revenue \$2.13M · median SDE margin 26.6%

What is the broader market doing?

Fewer deals, bigger deals, tighter credit

Main Street volume slipped in 2026 while deal sizes grew. Businesses selling for more than \$1 million made up a record share of closed transactions, and they sold at or above asking. Smaller businesses sold for less, at a discount, and in fewer numbers.

2,132

closed Main Street transactions in Q3 2026

Down 7% from a year earlier · BizBuySell

\$350K

median sale price, Q3 2026

Up 17% year over year · BizBuySell

22%

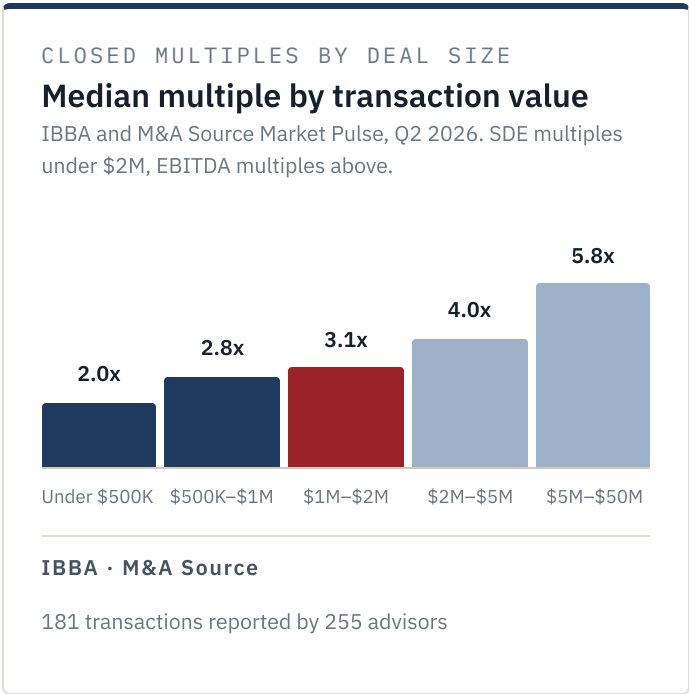
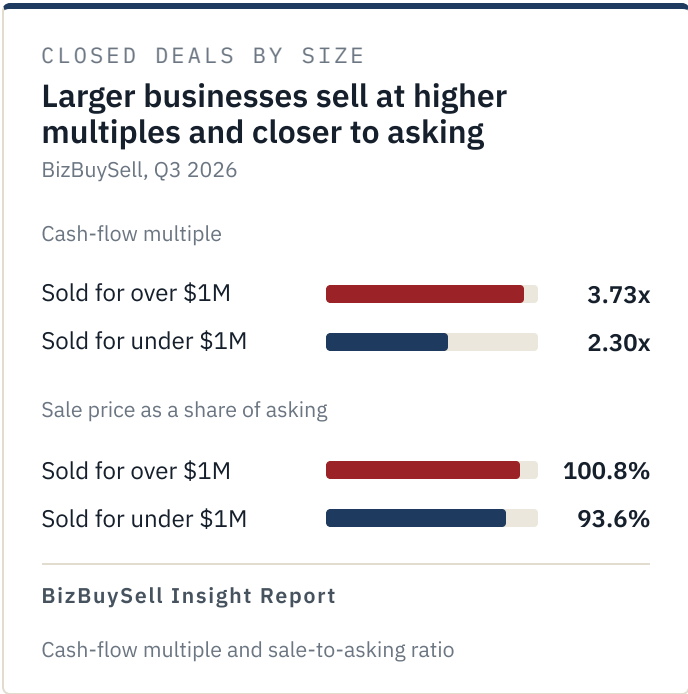
of deals sold for more than \$1M, the highest share on record

Q3 2026 · BizBuySell

7.00%

WSJ prime rate after the September 2026 Fed hike

Fed funds target 3.75% to 4.00%



Three rule changes that reshaped acquisition financing

SBA 7(a) is the main source of debt for Main Street acquisitions. 78% of buyers surveyed in Q3 2026 expect to use it.

June 1, 2025 · SOP 50 10 8

10% minimum equity on a full change of ownership. A seller note counts toward equity only on full standby for the life of the loan, and for at most half the injection.

March 1, 2026 · Ownership eligibility

Every owner and required guarantor must be a U.S. citizen or national living in the U.S. Green-card holders no longer qualify.

October 1, 2026 · SOP 50 10 8.1

A quality of earnings report is required on acquisitions of \$3M or more, and debt coverage of at least 1.25x must be shown on historical results, not projections.

October 1, 2026 · Structure limits

Seller earnouts are prohibited, change-of-ownership loans amortize over at most 10 years, and a seller can stay on as a consultant for up to 24 months.

U.S. Small Business Administration

SOP 50 10 8, Procedural Notice 5000-876626, SOP 50 10 8.1

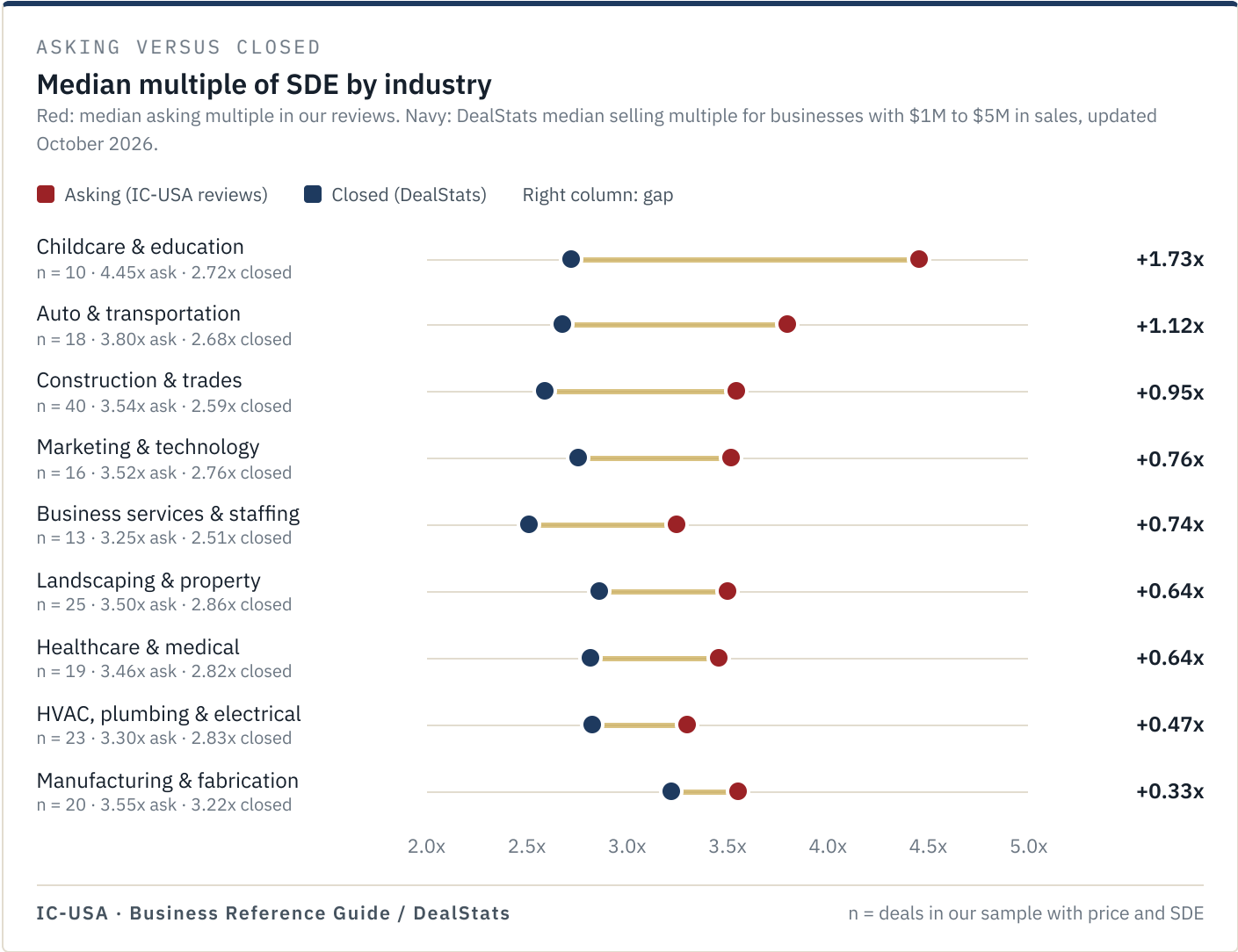
56,130

SBA 7(a) loans in fiscal 2026, down from 77,600 in fiscal 2025, as reported by American Banker. Lenders are approving fewer deals and asking for more proof.

Are Main Street businesses priced where they sell?

Asking multiples run well ahead of closed deals

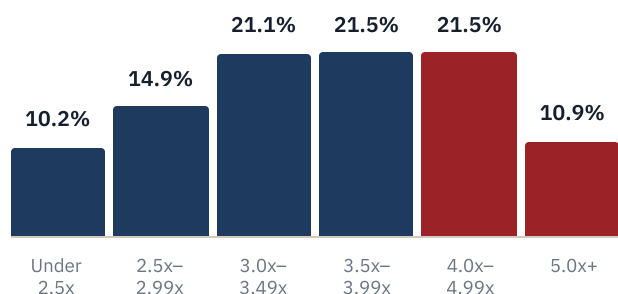
0.74x median gap between the multiple sellers asked and the multiple comparable businesses closed at. On a business with \$537K of SDE, that gap is about \$400K of price.



DISTRIBUTION

How deals were priced

Asking price divided by SDE, 275 deals



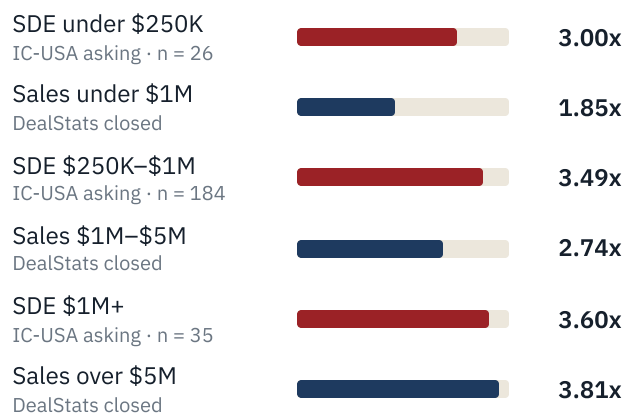
IC-USA

32% asked 4.0x or more

SIZE EFFECT

Asking multiples barely move with size

Median asking multiple by SDE band (IC-USA) beside DealStats closed medians by sales band



IC-USA • DealStats

Closed bands are by net sales, a close proxy at a 27% margin

In closed transactions the multiple roughly doubles from the smallest businesses to the largest. Asking prices in our sample rise only from 3.0x to 3.6x. The smallest sellers carry the widest gap. Advisors in the IBBA Market Pulse report the same pattern: deals of \$500K to \$1M closed at a median 2.8x SDE in Q2 2026 and deals of \$1M to \$2M at 3.1x, both below the 3.5x median our sellers asked.

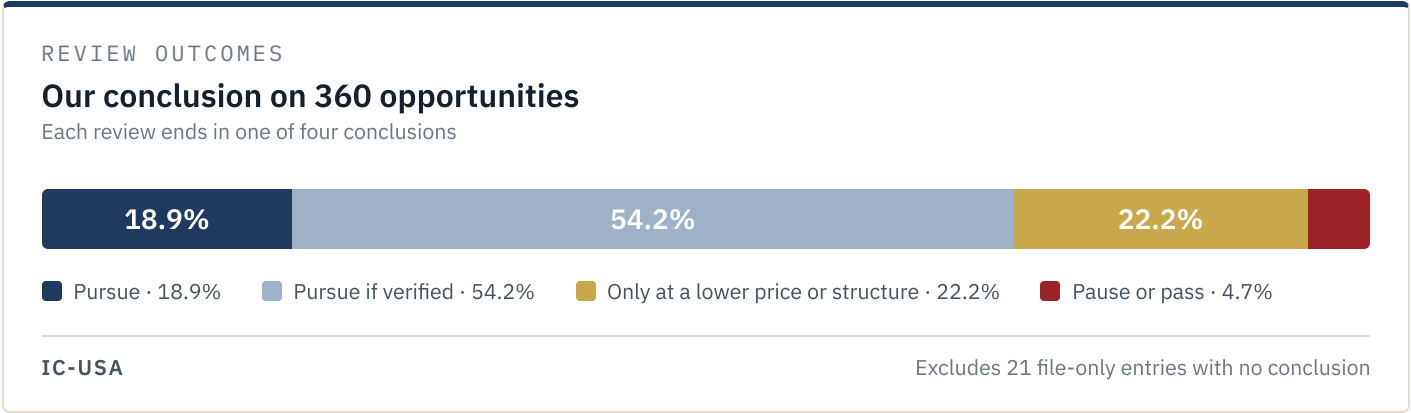
“You will want to pressure test the SDE and multiple they are claiming with lenders once you have additional financial data available.”

Alejandra Barrera, MBA • Founder & Managing Director, IC-USA

How many deals hold up under review?

Most deals are worth pursuing, but few as presented

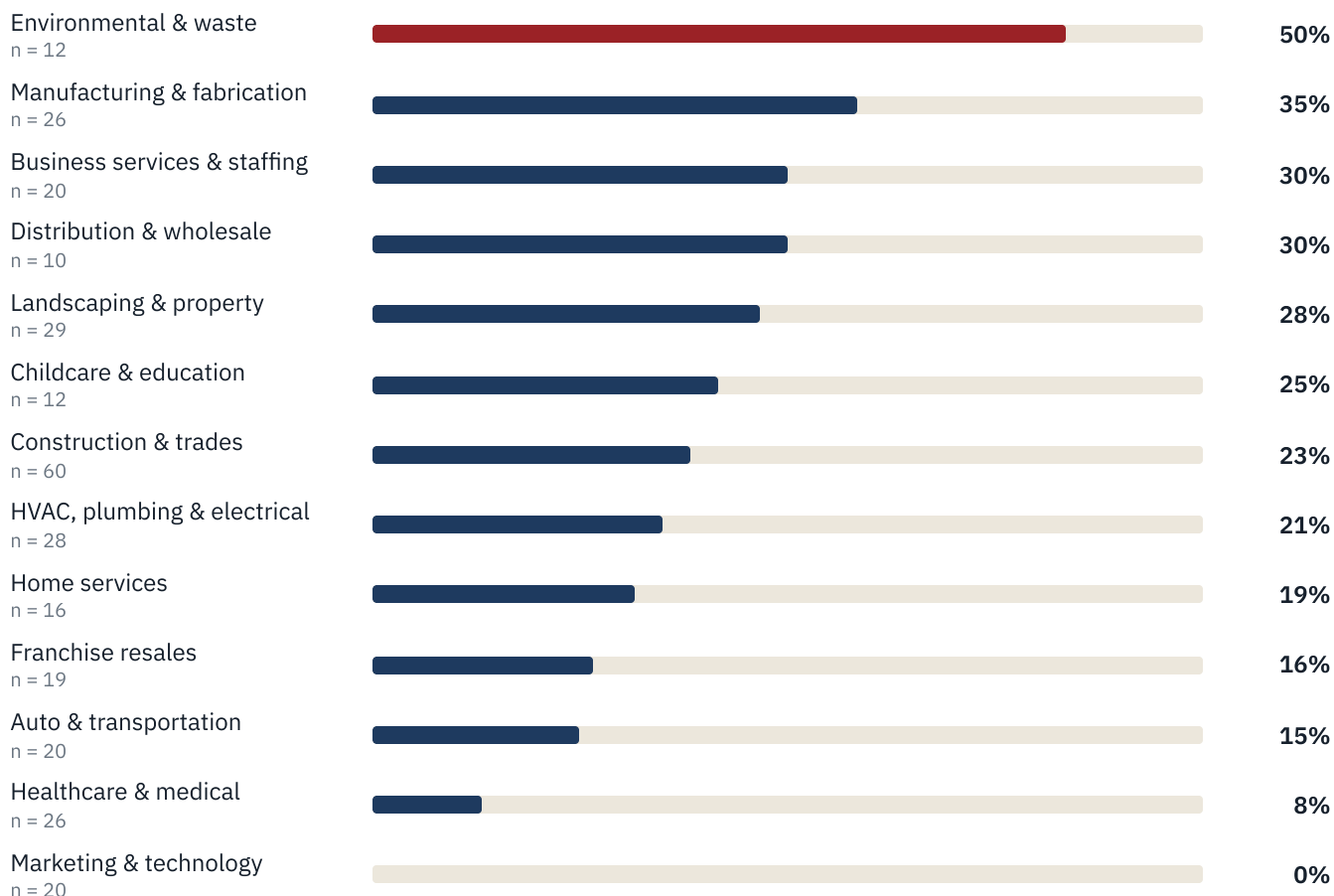
81% of opportunities needed verification, a lower price or a different structure before they made sense for the buyer.



BY INDUSTRY

Share that only worked at a lower price or a different structure

Industries with at least 10 reviewed opportunities



IC-USA

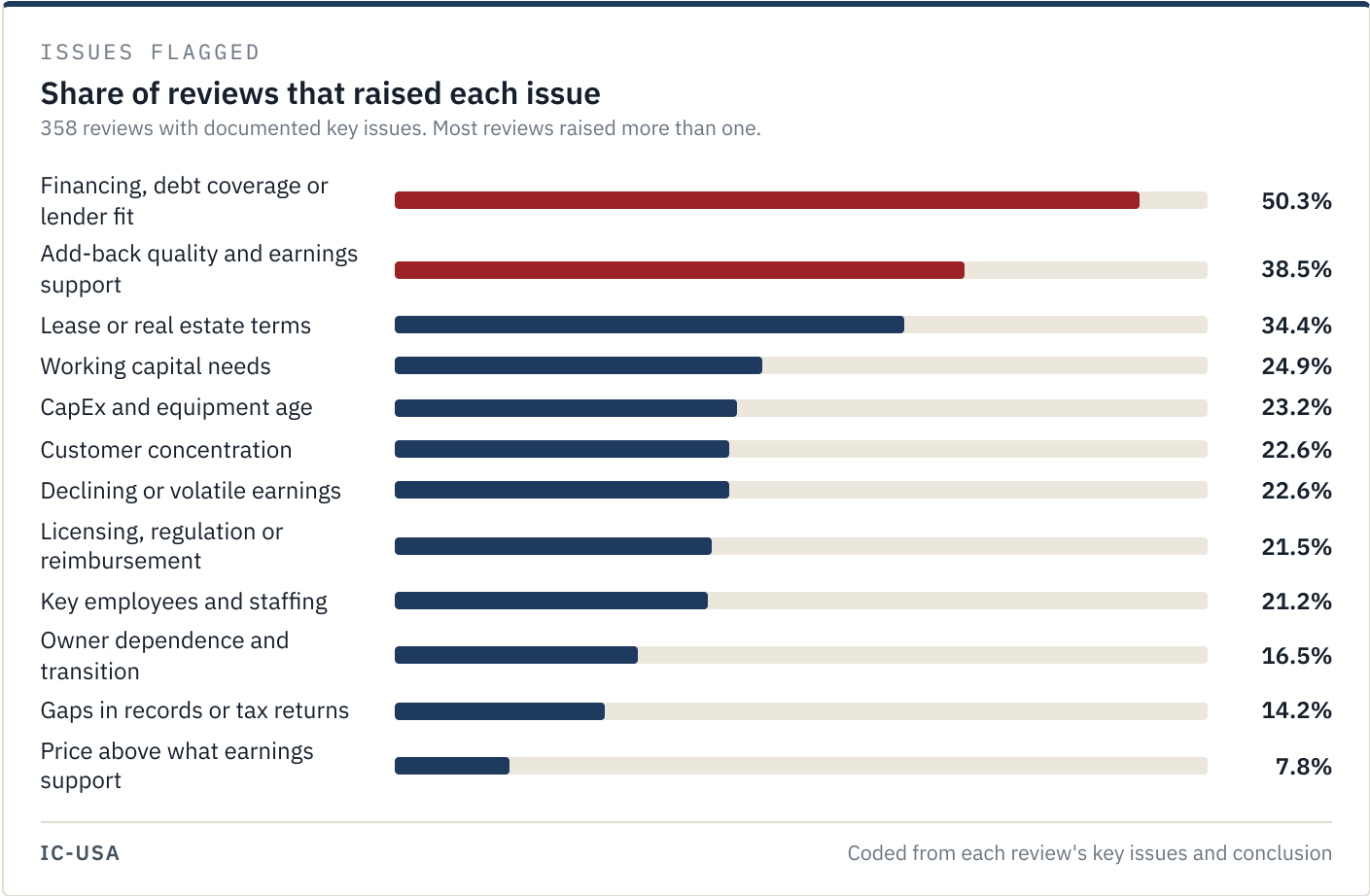
Asset-heavy sectors carried the widest valuation gaps

Environmental, manufacturing and distribution businesses most often needed a price or structure change, usually because reported earnings did not leave room for equipment replacement and working capital. Healthcare practices and agencies rarely needed a price change, but most required verification of payer mix, credentialing or client retention.

Which issues come up most often?

Financing fit and earnings quality lead the list

39% of reviews questioned whether the add-backs behind the advertised earnings would hold up with a lender.



“While these add-backs may not seem too substantial, adding them all up can materially impact lender accepted SDE, tighten DSCR, and affect total valuation.”

Alejandra Barrera, MBA · Founder & Managing Director, IC-USA

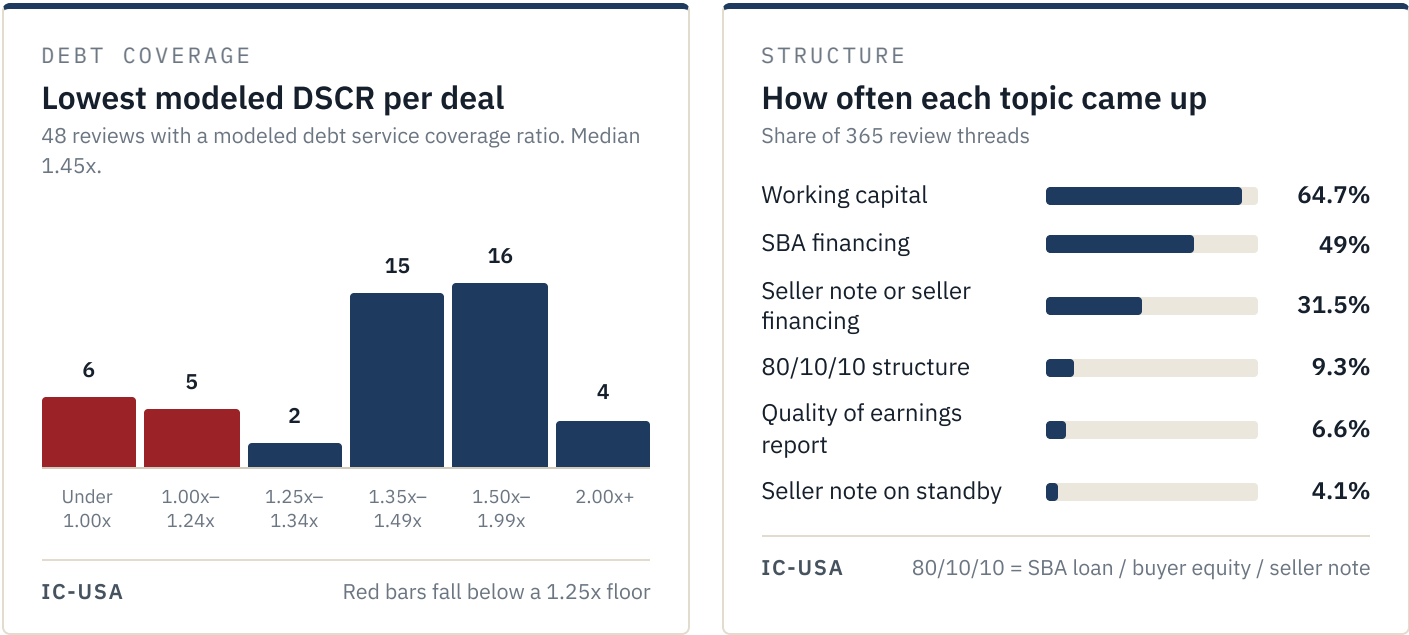
“If the owner is the person holding together customer relationships, pricing discipline, and field execution, then the transferability of earnings is less certain than the headline numbers suggest.”

Alejandra Barrera, MBA · Founder & Managing Director, IC-USA

Can the business carry the debt?

A good business is not always a financeable one

23% of the deals where we modeled debt service fell below 1.25x coverage in the weakest scenario we tested. Since October 1, 2026, 1.25x on historical results is the SBA minimum for an acquisition.



The structures we model most often pair an SBA 7(a) loan with 10% buyer equity and a 10% seller note on standby, then add working capital and a market salary for the buyer before testing coverage. Deals that fail that test can often be rescued with a longer seller-note deferral, a forgivable note tied to customer retention, or a lower price, but each fix has to be agreed with the lender early.

“Understanding the historical maintenance and replacement cycle will be important before assuming all reported earnings convert directly into owner cash flow.”

Alejandra Barrera, MBA • Founder & Managing Director, IC-USA

What should a buyer check before writing an LOI?

Six checks that decided most of our reviews

Rebuild SDE from the tax returns

Start from filed returns, not the broker's recast. Lenders underwrite to the last two filed years.

Price the equipment, not just the earnings

Depreciation is a valid add-back, but trucks, machines and fleets still have to be replaced.

Test concentration and transferability

Watch any customer above 20% to 25% of revenue, and any license or contract held by the owner personally.

Count only one owner's salary

If two owners work full time, budget for replacing one of them before you apply a multiple.

Find the working capital

Most sellers keep receivables. Know how much cash the business needs on day one and where it comes from.

Model the debt before the offer

Run coverage at the asking price on historical results, with the seller note on standby. Below 1.25x, the price or the structure has to change.

NEW IN 2026 • DEAL STRUCTURE ADVISORY

A second set of eyes on every serious listing

This year we launched our deal review membership for buyers. Our team has already reviewed more than 100 deals this year. Each review covers the CIM and financials, a financing structure, and time with a senior advisor, so you know what to verify, what to offer and what to walk away from.

We never review a deal we represent on the sell side.

[See review packages](#)

ic-usa.com/deal-structure

271

deals reviewed in 2026 through October 17

36

states covered by the deals we reviewed

From \$199

for two deal reviews and an hour with an advisor

What drives the price a buyer will actually pay?

Clean books and a business that runs without you

The issues that cost sellers the most in our reviews are the ones an owner can fix a year or two before going to market: lender-grade financial statements, documented add-backs, a manager who can run the day, written customer agreements, and a lease a buyer can assume. Each one shortens due diligence and protects the multiple.

14%

of owners have ever had a professional valuation

BizBuySell, Q2 2026

35%

of owners have no idea what their business is worth

BizBuySell, Q2 2026

75%

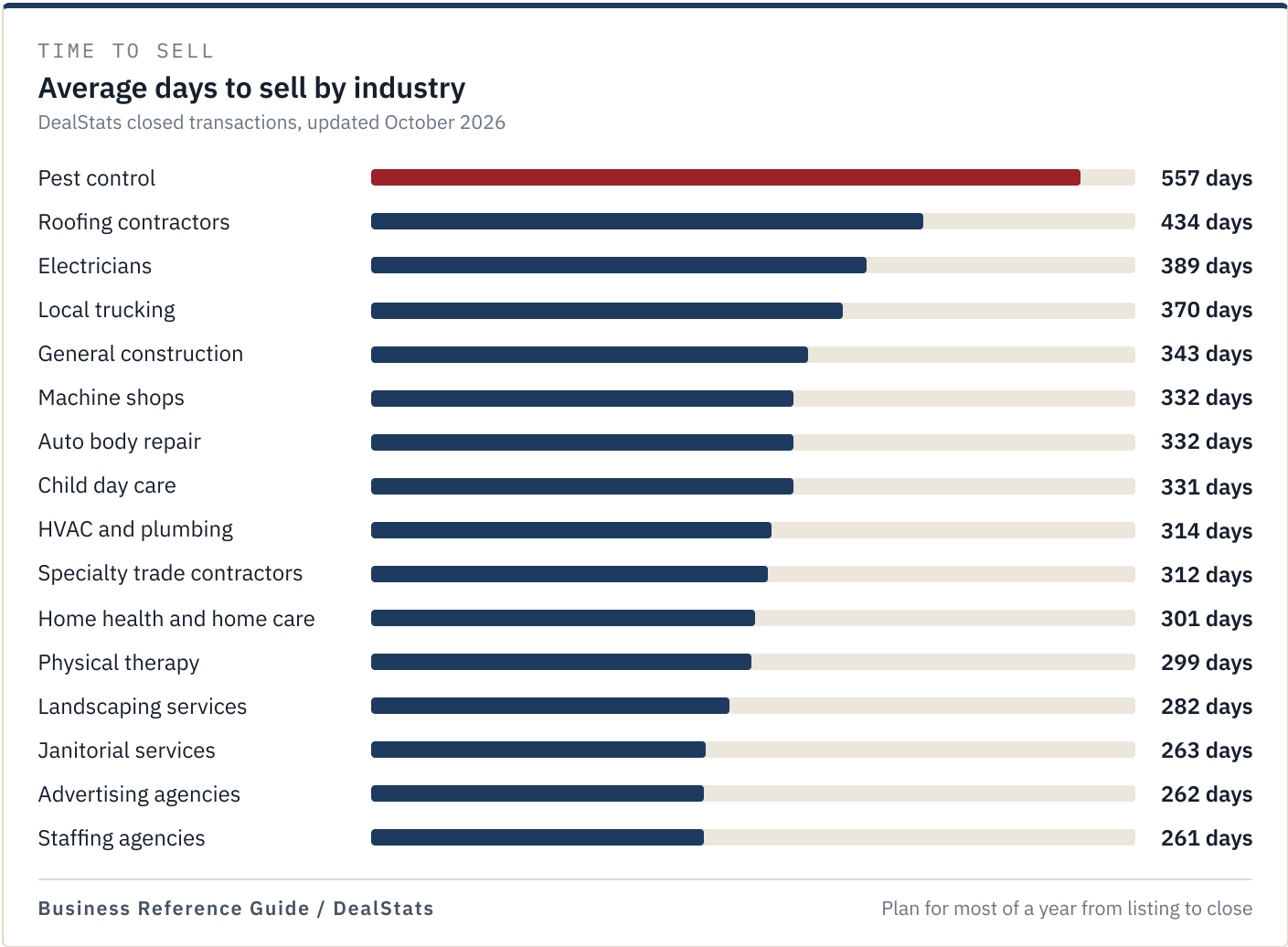
of owners intend to transition out within 10 years

Exit Planning Institute

29%

of owners plan to offer seller financing, while 90% of buyers expect it

BizBuySell, Q2 2026



NEW IN 2026 • BUSINESS VALUE CALCULATOR

Know what your business is worth before you talk to anyone

This year we rolled out the IC-USA Business Value Calculator for business owners across the country. Answer a few simple questions and get a real-time value range built on real transaction data: Business Reference Guide rules of thumb and DealStats closed-deal medians for 31 industries, adjusted for size and location.

It is free and confidential, and a senior advisor will walk you through the result if you want one.

[Estimate my business value](#)

ic-usa.com/estimate

31

industries priced from closed-deal data

50

states plus D.C. covered

\$0

to get your estimate

Main Street is open for business, at the right price

Buyers are active, but credit is tighter: SBA 7(a) loan counts fell sharply in fiscal 2026, rates moved back up in September, and the October rule changes require historical coverage and, above \$3M, a quality of earnings report. Financing is still available for businesses that can show their earnings on a tax return. What closes deals in 2026 is not a higher multiple but a better-prepared business and a structure the lender accepts. Sellers who price to closed-deal data, document their add-backs and step back from daily operations will sell faster and keep more of the price. Buyers who verify earnings, budget for working capital and equipment, and test debt coverage before the LOI will avoid the deals that fail in diligence.

We will publish this report every year, built from the deals we see and the data behind them.

How we built this report

Our sample. 381 opportunities our team reviewed, represented or advised on from March 18, 2025 to October 17, 2026: 340 CIM and deal reviews, 29 buyer advisory cases and 12 sell-side engagements. No business is named in this report. Figures are as presented in each CIM, listing or seller financials at the time of review, not updated results.

Prices and earnings. Asking price is the business price as listed, excluding separately priced real estate. SDE uses the most recent full year where several years were given. Multiples are asking price divided by SDE, limited to 0.8x to 12x to exclude data errors. 275 deals had both figures.

Conclusions and issues. Each review ends in one of four conclusions: pursue, pursue if verified, pursue only at a lower price or different structure, or pause. Issue shares are coded from the key issues and conclusion recorded for each review, so a review can count toward several issues.

Debt coverage. DSCR figures are the lowest coverage ratio modeled in each review thread that included one (48 reviews), usually with SBA 7(a) terms, working capital and buyer compensation included. It is a stress view, not a lender decision.

Closed-deal benchmarks. Selling multiples and days to sell are DealStats medians and averages published in the Business Reference Guide, last updated October 2026, retrieved October 19, 2026. Industry matches to our groups are the closest available category; where two categories apply, we average them.

Limits. Our sample reflects businesses brought to us by buyers and sellers, which skews toward profitable companies with \$1M to \$5M in revenue and toward trades, healthcare and services. Asking and closed figures come from different transactions, so the gap is a market-level comparison, not a deal-by-deal one.

1. IC-USA deal review records, March 2025 to October 2026.
2. Business Reference Guide (businessrg.com), industry rules of thumb and DealStats transaction data, last update October 2026.
3. DealStats, Business Valuation Resources, LLC.
4. BizBuySell Insight Report, Q1, Q2 and Q3 2026, and 2025 Year in Review, bizbuysell.com/insight-report.
5. IBBA and M&A Source, Market Pulse Survey, Q4 2025, Q1 2026 and Q2 2026, ibba.org.
6. U.S. Small Business Administration: SOP 50 10 8 (effective June 1, 2025), Procedural Notice 5000-876626 (effective March 1, 2026), SOP 50 10 8.1 (effective October 1, 2026); FY2025 lending release 25-83.
7. American Banker, "SBA starts new fiscal year with even tighter credit box," October 9, 2026, for fiscal 2026 7(a) volume.
8. Federal Reserve Board, FOMC statement of September 16, 2026; WSJ prime rate history via FedPrimeRate.com.
9. Exit Planning Institute, 2025 Generational State of Owner Readiness Report.



INVESTMENT CONSULTING USA
M&A ADVISORY

Selling, buying or just curious what it is worth?

\$108M+

in transactions closed

11+

years advising owners

19

states closed or co-
brokered

[Estimate my business value](#)

[Get a deal reviewed](#)

[Sell-side advisory](#)

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