

NATIONAL SURVEY: BUSINESS BROKERS SAY HEIGHTENED M&A PACE WILL CONTINUE IN 2019, BUT END IS NEAR

Business advisors say that the intense pace of mergers and acquisitions that occurred in 2018 is likely to continue into 2019, but not for much longer. According to the Q4 2018 Market Pulse Report published by the International Business Brokers Association (IBBA), M&A Source and the Pepperdine Private Capital Market Project, 83 percent of business advisors say the strong M&A market won't last more than two years and nearly a third (32 percent) predict the current seller's market will be over within the year.

Advisors are pessimistic, believing that general business conditions will decline and profitability pressure on businesses will get worse. While more deal volume is expected in 2019, it is anticipated that the overall time to close will take longer. The current average time to close is 9.3 months, which is trending slower than normal.

"Increased deal activity is being driven by in part by the low unemployment rate which makes it hard for businesses to attract talent to support growth," said Mike McCarthy of Marathon Capital Advisors, an award-winning affiliate of VR Business Brokers/Mergers & Acquisitions. "There is an increasing trend of companies buying other companies in order to acquire their skilled labor force. This high demand for labor, coupled with strong earnings, a positive lending environment, and historically low interest rates, are all driving up deal flow and valuations. However, advisors aren't optimistic that the current climate will last through 2020. Considering that it's taking about a year to sell a business valued between \$2 million - \$50 million, sellers should consider going to market before the market flips."

According to the report, seller-market sentiment is on the rise in most market

sectors, with more advisors describing Q4 2018 as a "seller's market" than a year ago, in all but the \$500,000 to \$1 million sector. Of note, 2018 marks the first full year in which four of the five market segments have been described as a seller's market.

Price multiples on earnings continue to remain strong in all categories, at or near market peak in some sectors. Year-over-year, these multiples were generally stable or increasing in most market sectors. Advisors do not predict additional multiple growth in 2019, according to the report.

"Business owners are thinking about getting out before the next recession," said Scott Bushkie, IBBA Marketing Chair and Principal of Cornerstone Business Services Inc. "Those who made it through the last financial crisis haven't forgotten the pain and stress. They're looking ahead and telling us they don't have the stamina to work through another one."

About the Market Pulse Report: The Market Pulse Report compares conditions for businesses being sold on Main Street (values of up to \$2 million) to those being sold in the Lower Middle Market (values of \$2 million to \$50 million). The Q4 2018 survey was completed by 319 business brokers and M&A advisors.

About International Business Brokers Association (IBBA) and the M&A Source: Founded in 1983, IBBA is the largest non-profit association specifically formed to meet the needs of professionals engaged in business brokerage and mergers and acquisitions. The IBBA is a trade association of business brokers providing education, conferences and professional designations.

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REGIONAL CHAMBER ROUNDUP

Please see pages 29-38 for the TriCounty Area Chamber of Commerce news and information section.

PHOENIXVILLE REGIONAL CHAMBER OF COMMERCE

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PHOENIXVILLE
REGIONAL CHAMBER OF COMMERCE

The Phoenixville Regional Chamber of Commerce is an independent organization serving the business interests of Northern Chester, Western Montgomery and parts of Delaware Counties.

The Chamber's mission is to "advance the principles of free enterprise by providing the leadership which will enhance the economic climate of the region, address the priority needs of its members, and interact with other individuals and organizations for the overall benefit of the business community."

UPCOMING EVENTS

Young Professionals Networking Event (YPN) with the Phoenixville Jaycees – Tuesday, March 5th, 6:00 PM @ Bistro on Bridge

Join the Phoenixville Chamber and the Jaycees at the Professional Networking Group in the Phoenixville Area. Created for business minded people aged 21 to 40 to gather in a relaxed atmosphere, YPN meets the first Tuesday of every month. Join us to network with other young professionals. Refreshments will be provided with a Cash Bar Bring plenty of business cards. Visit our website at www.phoenixvillechamber.org for information and registration

March Monthly Membership Luncheon – Phoenixville Office of Emergency Management, Tuesday, March 12th, 11:15-1:00 PM @ Phoenixville Country Club

Join the Phoenixville Chamber for an afternoon of education and networking. Karin Williams, Director of the Phoenixville Office of Emergency Management, will present information on emergency preparedness for home & business. Visit our website at www.phoenixvillechamber.org for information and registration. Cost: \$20 pre-registered, \$25 at the door. \$30 for non-members.



Chamber Annual Golf Tournament – Tuesday, April 30th, 11:30 AM, Rivercrest Golf Club & Preserve

The course at RiverCrest Golf Club & Preserve is one of the most exciting golf venues built in the Philadelphia area. Enjoy a fun-filled day on the course starting with lunch, golf and ending with an Awards dinner. All golfers costs include lunch, dinner, door prize, greens fees, cart, on-course refreshments and awards ceremony. Join us for a delicious dinner, open bar and wonderful silent auction items! www.phoenixvillechamber.org for information and registration.

PHOENIXVILLE EVENTS

First Fridays in Downtown Phoenixville - May 3, June 7, July 5, August 2, September 6, October 4 6:00-10:00 PM

Visit our Phoenixville on the First Friday of every month, May through October, to experience the vibe of our eclectic town. Sample some of the region's best craft brews, grab some local eats, shop our sweet boutiques, and listen to live music on the street. Main Street is closed between Bridge & Church Streets to allow vendors to set up and showcase their wares.



Food Truck Festival – Saturday, May 4 & Saturday, October 5 12noon – 6PM

30+ food vendors, music, arts, craft beers, and so much more. This family-friendly day of food and fun. Bridge Street is closed between Starr and Gay streets, and Main Street is closed between Price and Church Streets for this awesome food truck festival. Parking will be tricky, FREE shuttle service is available. Visit www.phoenixvillefoodfestival.com for more information

WELCOME NEW CHAMBER MEMBERS!

The Desmond Malvern
Diversity in Action
Higher Information Group
Kelsey Joy Creative
My Favorite Muffin
Patriot Pest Solutions
Preserve at Kimberton Glen
Professional Referral Exchange
West Powelton Drummers