

Business VALUES



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MARKET UPDATE

AUSTRALIAN ECONOMY

As at late 2025, the Australian economy was characterised by modest growth, easing inflation, and relatively restrictive but stable monetary policy settings. The Reserve Bank of Australia has maintained the official cash rate at 3.60%, providing greater certainty around borrowing costs. Forward guidance and market pricing suggest the RBA may keep rates on hold though with some risk of increase through much of 2026. The tell-tale signs of a potential interest rates rise are there with banks having increased fixed rates in recent months. Whether the cash rate actually increases is likely dependant on the level of inflation going forward. This outlook differs from earlier periods when interest rates were higher and market expectations were for relatively rapid and material rate reductions. Economic activity through 2025 has been supported by population growth (net migration) and government spending. In 2026 there is less certainty as the government is under pressure to both reduce spending and migration. If there are any increases to the RBA cash rate and mortgage rates, this is likely to reduce household spending.

Labour Market

Labour market conditions in Australia continue to be influenced by labour availability and wage cost pressures, although these impacts vary by labour segment. Labour constraints remain pronounced in trades and operational roles, particularly in construction and in regional markets. By contrast, availability in many white-collar and professional roles has improved, with a larger candidate pool and more moderate wage growth compared to prior years. Notwithstanding this, purchasers remain cautious of businesses with large workforces where profitability is sensitive to wage escalation or retention risk, particularly in labour-intensive trade-based operations.

Ageing Business Owners

A significant proportion of SME transaction activity in Australia continues to be driven by owner succession and retirement considerations rather than growth initiatives. Many SMEs remain owned and operated by long-standing founders, with sale decisions often linked to personal circumstances and the absence of an internal successor. SME buyer profiles typically comprises younger owner-operators, private investors, and trade buyers seeking bolt-on acquisitions. As a result, transactions are increasingly including some form of debt funding and alternative deal terms to support transactions.



NUMBER OF BUSINESS LISTED FOR SALE

SME Market

Demand for small and medium-sized enterprises (SMEs) held up strongly through 2025, although market conditions vary by state. Broker feedback indicates that demand in New South Wales, Western Australia, Queensland, and South Australia remains comparatively stronger. These states benefit from larger or more diverse economies, population growth, and continued levels of infrastructure, government, and resource-related activity. Demand is supported by depth of buyer pools, particularly in metropolitan markets, with consistent interest in businesses demonstrating stable earnings, reasonable scale, and defensible market positions.

Buyer demand in Victoria and Tasmania has been comparatively subdued and selective. In these states, softer consumer sentiment has contributed to more cautious buyer behaviour, particularly for discretionary and labour-intensive businesses. Northern Territory is showing signs of strengthening after a period of weakness. However, across all states, there is still strong demand for good quality businesses.

The following table shows recent changes in business listing numbers for each state of Australia:

	Dec-24	Sep-25	Dec-25	Sept 25 to Dec 25 % Change	Dec 24 to Dec 25 % Change
NSW	2784	3003	2945	-1.93%	5.78%
VIC	5105	5036	5086	0.99%	-0.37%
SA	352	354	369	4.24%	4.83%
TAS	180	180	164	-8.89%	-8.89%
QLD	2390	2493	2548	2.21%	6.61%
WA	834	927	942	1.62%	12.95%
NT	51	53	44	-16.98%	-13.73%
ACT	120	102	88	-13.73%	-26.67%
Australia	11816	12148	12186	0.31%	3.13%

This table reports the number of businesses listed for sale on the Seek Business website with listing prices of \$50,000 or greater (excluding new franchises/ licenses).

Smaller businesses generating less than approximately \$200,000 to \$250,000 in PEBITDA continue to be more difficult to sell. By contrast, the strongest buyer demand remains for businesses with EBITDA in excess of \$2 million, which often attract interest from corporate, strategic, and private equity buyers. Brokers also report solid demand for businesses generating between \$400,000 and \$700,000 in PEBITDA, reflecting price points that remain accessible to a broad segment of the buyer market. Notwithstanding this demand, brokers note that businesses generally need to be well priced to transact, with flexible deal terms continuing to be a common feature of transactions.

CURRENT MULTIPLES – JANUARY 2026

The following table outlines the current prices and market multiples for a range of businesses based on Proprietors Earnings Before Interest, Tax, Depreciation and Amortisation (PEBITDA) profit. This is effectively the profit prior to one owners salary being allowed for.

Please be aware that these figures are only a guideline and based on mainly capital city market information. The multiples used apply to the profit level. Higher profits will typically attract higher multiples, as shown in our April Newsletter which includes a multiple chart for larger businesses. Coastal city and town prices are generally within + or - 10% of these multiples. Professional advice should always be sought before placing a price on a particular business.

Subscribers can calculate a ballpark estimate of a business' value by using the below table noting points (a) and (b) below:

(a) Market Multiple = Purchase Price Divided By PEBITDA Profit

(b) The approximate price includes only business assets of plant, stock/ work in progress and goodwill, as is typical in transactions of SME businesses.

These figures are only a guideline.

The market multiple ranges in the table are mainly for independent businesses (unless otherwise specified).

BUSINESSES IN DEMAND

- Accountancy Practices
- Medical Practices
- Dental Practices
- NDIS Businesses
- Caravan Parks (Large, profits over \$400,000)
- Service (5 Days)
- Online businesses/ work from home
- Information Technology Businesses (with strong maintenance contracts)
- Manufacturing – selected sectors
- Mining Services - Fabrication and Maintenance
- Supermarkets
- Liquor Stores
- Real Estate Rent Rolls, most states/ territories of Australia

DIFFICULT TO SELL

- General Discretionary Retail
- Clothing Boutiques
- Bookstores
- Newsagencies
- Travel Agencies
- Hospitality/ Entertainment
- Non-Franchise Bakery
- Gyms
- Printing
- Profits less than \$200,000-\$250,000



PRICE CHART AT JANUARY 2026

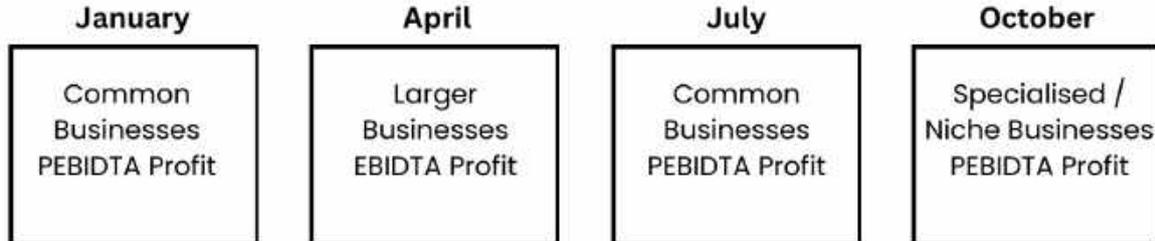
Industry	Net Profit (PEBITDA)	(a) Current Multiple Range	Approx. Price (b) January 2026	Buyer Demand
Bakery (Franchise)	200,000	1.30 to 1.80	310,000	Fair
Bakery (Franchise)	400,000	1.50 to 2.00	700,000	Fair
Bakery (Non-Franchise)	200,000	0.75 to 1.25	200,000	Weak
Bakery (Non-Franchise)	400,000	1.00 to 1.50	500,000	Fair
Butchers	200,000	1.40 to 1.80	320,000	Fair
Butchers	400,000	1.50 to 2.00	700,000	Fair
Cafe / Restaurant - Franchise	200,000	0.75 to 1.25	200,000	Weak
Cafe / Restaurant - Franchise	400,000	1.00 to 1.50	500,000	Weak
Cafe / Restaurant - Non - Franchise	200,000	1.00 to 1.50	250,000	Weak
Cafe / Restaurant - Non - Franchise	400,000	1.30 to 1.70	600,000	Weak
Cafe / Restaurant - Non - Franchise	600,000	1.30 to 1.70	900,000	Weak
Cleaning	200,000	1.40 to 2.00	340,000	Fair
Cleaning	400,000	1.40 to 2.00	680,000	Fair
Consultants	200,000	0.50 to 1.50	200,000	Weak
Consultants	400,000	1.00 to 1.75	550,000	Fair
Consultants	600,000	1.40 to 2.00	1,020,000	Fair
Fast Food - Franchise	200,000	1.75 to 2.25	400,000	Fair
Fast Food - Franchise	400,000	2.25 to 3.25	1,100,000	Fair
Fast Food - Franchise	600,000	2.50 to 3.25	1,725,000	Fair
Fast Food - Non - Franchise	200,000	1.00 to 1.50	250,000	Weak
Fast Food - Non - Franchise	400,000	1.25 to 2.00	650,000	Fair
Fast Food - Non - Franchise	600,000	1.50 to 2.25	1,125,000	Fair
Hairdresser	200,000	0.90 to 1.20	210,000	Weak
Hairdresser	400,000	1.20 to 1.60	560,000	Fair
Hire - People	400,000	2.00 to 2.50	900,000	Fair
Hire - People	600,000	2.10 to 2.60	1,410,000	God
Hire - Plant	200,000	1.40 to 2.00	340,000	Fair
Hire - Plant	400,000	2.10 to 2.40	900,000	Fair
Hire - Plant	600,000	2.40 to 2.90	1,590,000	Fair
Liquor Store	200,000	2.90 to 3.60	650,000	Good
Liquor Store	400,000	3.30 to 5.00	1,660,000	Good
Liquor Store	600,000	3.30 to 5.00	2,490,000	Good
Manufacturing	200,000	1.70 to 2.40	410,000	Weak
Manufacturing	400,000	1.90 to 2.50	880,000	Fair
Manufacturing	600,000	2.10 to 2.50	1,380,000	Fair
Manufacturing (Tenders/Complex)	400,000	1.70 to 1.80	700,000	Fair
Manufacturing (Tenders/Complex)	600,000	1.80 to 2.10	1,170,000	Fair
Newsagencies - Franchise/Lotto	200,000	1.50 to 2.10	360,000	Good
Newsagencies - Franchise/Lotto	400,000	2.00 to 2.70	940,000	Good
Retail - General	200,000	1.10 to 1.50	260,000	Poor
Retail - General	400,000	1.30 to 1.50	560,000	Fair
Retail - General	600,000	1.50 to 1.80	990,000	Weak
Retail - Online	200,000	1.50 to 2.00	350,000	Fair
Retail - Online	400,000	2.00 to 3.30	1,060,000	Fair
Retail - Online	600,000	2.00 to 3.30	1,590,000	Fair
Service	200,000	1.50 to 2.20	370,000	Fair
Service	400,000	1.80 to 2.20	800,000	Good
Service	600,000	2.10 to 2.50	1,380,000	Good
Supermarket - Franchise	200,000	2.30 to 3.30	560,000	Good
Supermarket - Franchise	400,000	2.30 to 3.30	1,120,000	Good
Trades	200,000	1.10 to 1.50	260,000	Poor
Trades	400,000	1.30 to 1.80	620,000	Fair
Trades	600,000	1.40 to 2.00	1,020,000	Fair
Wholesalers	200,000	1.40 to 2.20	360,000	Fair
Wholesalers	400,000	2.00 to 2.90	980,000	Good
Wholesalers	600,000	2.30 to 3.00	1,590,000	Good

HOW TO ESTIMATE A BUSINESS VALUE USING BVN PRICE LISTS

The steps to use the newsletters market multiples to estimate a business value are:

1. Calculate the business profit – the profit estimate should be based on what is considered the maintainable profit for the business after adjusting for non-recurring/ extraordinary incomes or expenses as well as interest, financing costs and depreciation. Also see how adjustments for owners salaries should be done for PEBITDA or EBITDA standards of profit, in points 2 and 3 below.
2. For small businesses with profits of less than around \$500,000, the industry standard for most business types is to use an “Owner Profit” or “PEBITDA” (Proprietors Earnings Before Interest Tax Depreciation and Amortisation). This is the profit prior to only one of the working owners being paid a salary. Allowances must be made for 2nd and 3rd working owners to be paid market salaries.
3. For a larger businesses with profits of over \$500,000 either a PEBITDA or EBITDA standard of profit can be used – though when profit is over \$1,000,000, EBITDA is the most common industry standard. Where the EBITDA standard of profit is calculated this should be done after adjustments to allow for all working owners to be paid fair commercial replacement salaries within the business expenses.
4. Look up the business type in the BVN price list that is closest to your business type to find the Market Multiple range that applies – note the Market Multiple range is also sensitive to the level of profit so look for the profit level on the price list that is closest to your business’s profit.

The BVN issues are split as follows:



5. Now that you have the profit and market multiple, apply these in the following formula:

Profit x Market Multiple = Business Price

Example: \$200,000 x 2.00 = \$400,000

The business price includes goodwill, average stock, work in progress, plant and equipment. I.e. the “SME Transaction Assets” – as these are most commonly the only assets sold in transactions of Small To Medium Enterprise (SME) businesses. It does not include other company assets or liabilities on the balance sheet, such as cash at bank, trade debtors, trade creditors or loans that would form part of either an enterprise value or a company share valuation.

Note: The Market Multiple ranges provided in the BVN, are for typical businesses in each industry type only. Any calculations done using this information and the formula shown above should be considered to provide a broad estimate only. If financial decisions are to be made in respect of a business value, professional valuation advice should be obtained. Jarot Business Valuers would be happy to provide a quote for a professional valuation report.

MORTGAGE BROKING INDUSTRY

Mortgage Brokers were last reviewed in BVN Number 134 as at January 2016.

The role of mortgage brokers remains to aid borrowers in sourcing mortgage finance for which they get paid a commission from lenders. Given brokers are able to offer loan products from a large number of bank and non-bank lenders, borrowers prefer using them rather than approaching a single bank. This is emphasised given that loans written by mortgage brokers, accounted for around 74% of all new residential home loans in 2024. The industry has grown strongly over the past 5 years, in terms of the number of businesses, employees, revenue and profit. Value levels for mortgage broking businesses have also increased after the 2019 completion of the Royal Commission into the finance industry which provided defined guidelines for industry conduct.

CURRENT INDUSTRY PERFORMANCE

Mortgage brokers have benefited from a mostly robust housing market over the past 5 years. Record low interest rates and government stimulus following on from Covid-19 led to strengthening house prices, larger mortgages and increased commissions revenue flowing into the mortgage broking industry.

Rising interest rates over 2021-2023 moderated housing demand and sale prices. However, by 2025 modest interest rate reductions, as well as a forecast for further reductions, led to most states in Australia again having rising house prices.

From a governance point of view, the royal commission into the financial services industry led to some reforms for mortgage brokers. In particular, a statutory duty for mortgage brokers to act in the best interests of "the borrower", has increased the level of confidence in clients for mortgage brokers. However, there was no significant change to the business model of lenders paying commissions to brokers.



In summary, the past 5 years has been positive for the mortgage broking industry as shown by the following key statistics from IBISWorld research:

- Very strong annual revenue growth, averaging 10.6% per annum.
- Increases in the number of employees and businesses, averaging growth of 5.9% & 5.8% respectively.
- EBIT profit margin of businesses increasing 2.3% over the 5-year period to reach 11%.

INDUSTRY STRUCTURE

The marketplace is dominated by small businesses of 1-4 brokers. These businesses typically operate under larger aggregation groups, which provide access to numerous lenders/ loan products, technology and compliance services. There can also be separate AFSL licensee businesses, which the broking businesses operate under.

Broking businesses receive up front commissions from lenders for selling a loan. They also receive a monthly trailing commission for the life of the loan. Individual loan writer staff within a broking business, are commonly remunerated based on a percentage of around 80% of upfront and trailing commissions for loans sold.

MORTGAGE BROKING INDUSTRY

INDUSTRY OUTLOOK

The level of revenue going forward for the industry is impacted by factors including the following:

- Strength of the Real Estate market and level of activity.
- Interest Rates – commonly an environment of changing rates is a positive, as borrowers more often consider changing lenders / loans when this happens. Otherwise, lower interest rates normally promote greater housing sales activity. The current outlook is pointing towards lower interest rates and stronger housing sales activity.
- A concern for the industry is that the strong growth in residential home values is making it unaffordable for many buyers. This could reduce real estate sales activity and the ability of brokers to sell loans.
- Further government stimulus from the proposed “help to buy” scheme, is to be set up to support housing affordability.

Given the above factors, IBISWorld forecasts the industry revenue to grow at a more moderate rate of 3.5% per annum over the next 5 years. However, given the growing number of businesses and employees entering the industry, revenue per employee is forecast to grow at a slow rate of 0.4% per annum over the same period.

CURRENT SALES MARKET FOR MORTGAGE BROKING BUSINESSES

Small mortgage broking businesses are commonly sold with goodwill value based mainly on the “loan book.” Sale prices are based on a multiple of ongoing annual trail commissions within the book (i.e. not including upfront commissions).

Given the strong market in recent years, multiples paid for loan books have increased from an average of around 2.0 x trail commission 5 years ago, to now mainly being in the range of 2.5 to 3.5.

Business brokers advise, that where businesses have several loan writers employed as staff (rather than being sub-contractors), as well as having good business systems and premises in place, that values can increase to being around 3.5 to 4.0 x annual trail commissions.



FINANCE RATES

Commentary from Southshore Finance

Welcome to 2026. It promises to be an interesting year-as always.

2025 finished strongly with the residential, commercial and business sales markets recording strong growth in value. The sales of businesses, particularly in the \$2m plus price level, were strong in 2025. This is being driven by a combination of buyers chasing better quality, well documented businesses, and being able to leverage off the increased value of their property portfolio.

Market sentiment changed considerably with the RBA signaling strongly after their December meeting that rates cuts were off the table for the short to medium term. This has resulted in many market commentators predicting that the next rate movement could be an increase rather than a decrease.

We have seen a modest increase in fixed rates off the back of the RBA commentary, but variable rates have remained unchanged. The market will continue to watch signals from the RBA very closely.

The following borrowing rates, as at 12th of January 2026 were provided by Hadmor Pty Ltd t/as Southshore Finance ACL 393 334 (Phone 08 9474 1999).

Interest rates are indicative at the above date and subject to a formal application meeting the lenders criteria. The actual rate will vary depending on market conditions and aspects of the finance application including credit worthiness, capacity to service and security offered.

COMMERCIAL LOANS - PROPERTY SECURED OCTOBER 2025		
Variable		5.75% pa.
Fixed	1 Year	5.95% pa.
Fixed	3 year	6.10% pa.
Fixed	5 year	6.25% pa.
Chattel Mortgage (equipment)		6.90% pa.

RESIDENTIAL - OWNER OCCUPIER - PRINCIPAL & INTEREST		
Variable		5.40% pa.
Fixed	1 Year	5.34% pa.
Fixed	3 year	5.44% pa.
Fixed	5 year	5.64% pa.

RESIDENTIAL - INVESTOR - PRINCIPAL & INTEREST		
Variable		5.54% pa.
Fixed	1 Year	5.44% pa.
Fixed	3 year	5.59% pa.
Fixed	5 year	5.74% pa.

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