Business VALUES

JAROT
BUSINESS VALUATIONS

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CONTENTS

- Market Update.....1-3
- Current Multiples/Price Chart Oct 2026.....3-4
- Article: Insurance Brokers.....5-6
- Finance Rates.....7

MARKET UPDATE

Australian Economy

As at late 2026, Australian economic conditions were mixed. Headline inflation eased to 3.5% in the year to July, although remains above the RBA's target band. Unemployment rate increased to 4.6%, a five-year high. The RBA lifted the cash rate to 4.60% in September, its fourth increase this year, and has signalled further rises are possible, with money markets pricing a cash rate of 5% by May next year. Business confidence remains below its long-term average.

The Middle East conflict continues to impact fuel costs. Petrol prices are approaching $2.50/L with diesel as high as $3/L. Combined with higher mortgage repayments following the rate rise, this is adding to the pressure on household budgets.

National dwelling values have fallen for five consecutive months and are 3.6% below the March 2026 peak. The declines have extended to Perth, Brisbane and Adelaide, the markets that were last to fade.

Labour Market

The labour market has begun to soften after several years of tight conditions. The unemployment rate rose to 4.6%, a five-year high and up from 4.1% in January. Victoria and Tasmania have unemployment rates above 5%, while the rest of Australia is around 4.5%. Labour cost growth reported by businesses rose in July to its highest level since January 2025, following the increase to the national minimum wage.

For SMEs, the impact is greatest in industries with a high share of award-reliant staff, including hospitality, retail as well as health care services. These businesses face higher wage costs at a time when customer demand is softening.

AI in Small Business

AI is changing what customers expect from businesses. Small business owners are advising that customers are arriving better researched and are more likely to question quotes and fees. Pricing, margins and overall profitability were identified as the area under greatest pressure by 45% of businesses (Business Radar, August 2026). This pressure is greatest in professional services.
For compliance-based professional services such as accounting and bookkeeping, automation is making routine compliance work a commodity. As such, demand is shifting towards strategic advice.

SME Market

BSale website listing data shows continued buyer interest but slower conversion to completed sales. Manufacturing, wholesale, industrial and trade businesses increased their share of enquiries, and buyers continue to favour businesses with simple operations, recurring revenue and low owner involvement.

SME Businesses continued to sell across a broad range of industries and price points. Clean financials, realistic pricing and consistent performance remain the main factors in converting buyer interest into a sale.

Smaller businesses under roughly $200,000 to $250,000 in PEBITDA profit continue to be the hardest to sell, while demand has remained strong for businesses generating over $2 million in EBITDA profit. Pricing and flexible deal terms remain very important in this market.

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

	SEPT 25	JUNE 26	SEPT 26	June 26 to Sept 26 % Change	Sept 25 to Sept 26 % Change
NSW	3003	2962	2893	-2.33%	-3.66%
VIC	5036	5210	5072	-2.65%	0.71%
SA	354	354	350	-1.13%	-1.13%
TAS	180	159	154	-3.14%	-14.44%
QLD	2493	2503	2508	0.20%	0.60%
WA	927	990	979	-1.11%	5.61%
NT	53	49	38	-22.45%	-28.30%
ACT	102	82	82	0.00%	-19.61%
Australia	**12148**	**12309**	**12076**	**-1.89%**	**-0.59%**

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).

Business VALUES

BUSINESSES IN DEMAND ✓

- Accountancy Practices
- Medical Practices
- Dental Practices
- Allied Health
- Caravan Parks (Large, profits over $400,000)
- Service (5 Days)
- Online businesses/ work from home
- Managed IT Services
- Manufacturing – selected sectors
- Supermarkets
- Liquor Stores
- Real Estate Rent Rolls, most states/ territories of Australia
- Businesses with low staff requirements (laundrettes, car wash etc)
- Businesses with EBITDA profits above $2million
- Businesses less likely to be disrupted by AI
- Mining services businesses focussed on maintenance
- Insurance Brokers

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
- Project related businesses
- NDIS related businesses

CURRENT MULTIPLES - OCTOBER 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 relevant 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 (price) by using the table on the following page as follows: (a) Profit x (b) Market Multiple = (c) Business Value

(a) PEBITDA profit = Profit calculated prior to one working owners' salary being allowed for.

(b) Market Multiple = Derived from market evidence analysis being the purchase price divided by PEBITDA profit.

(c) Business value or price = The approximate value 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). It is noted that good franchise businesses in the same category can often achieve higher prices, based on market multiples around 10% higher than a similar independent business.

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BUSINESS VALUATIONS

PRICE CHART AT OCTOBER 2026

Industry	(a) Net Profit (PEBITDA)	(b) Current Multiple Range	Approx. Price (c) Oct 2026	Buyer Demand
Advertising Agency	200,000	1.00 to 1.40	240,000	Poor
Auto Workshop (Franchise)	200,000	1.75 to 2.25	400,000	Fair
Auto Workshop (Franchise)	400,000	2.25 to 3.00	1,050,000	Fair
Auto Workshop (Non Franchise)	200,000	1.00 to 1.70	270,000	Fair
Auto Workshop (Non Franchise)	400,000	1.40 to 1.90	660,000	Good
Boutique	200,000	1.10 to 1.40	250,000	Poor
Boutique	400,000	1.30 to 1.60	580,000	Poor
Car Dealer	200,000	1.40 to 2.00	340,000	Fair
Car Dealer	400,000	1.50 to 2.50	800,000	Fair
Caravan Park (Leasehold)	200,000	2.30 to 2.80	510,000	Fair
Caravan Park (Leasehold)	400,000	3.00 to 4.30	1,460,000	Good
Caravan Park (Leasehold)	600,000	3.10 to 4.30	2,220,000	Good
Caterers	200,000	0.75 to 1.25	200,000	Fair
Caterers	400,000	1.25 to 1.75	600,000	Fair
Delicatessen/Convenience	200,000	1.30 to 1.80	310,000	Poor
Delicatessen/Convenience	400,000	1.50 to 2.20	740,000	Fair
Dry Cleaning	200,000	1.40 to 1.80	320,000	Good
Dry Cleaning	400,000	1.70 to 2.20	780,000	Good
Equipment/Machinery Dealer	200,000	1.50 to 2.00	350,000	Fair
Equipment/Machinery Dealer	400,000	1.80 to 2.50	860,000	Fair
Equipment/Machinery Dealer	600,000	2.00 to 2.50	1,350,000	Good
Florists	200,000	1.00 to 1.50	250,000	Weak
Foodhall Stalls	200,000	1.00 to 1.50	250,000	Poor
Fruit and Veg	200,000	1.00 to 1.50	250,000	Weak
Fruit and Veg	400,000	1.30 to 2.00	660,000	Fair
Gyms	400,000	1.70 to 2.20	780,000	Poor
Gyms	600,000	2.00 to 2.50	1,350,000	Fair
Gyms (Franchise)	200,000	1.70 to 2.10	380,000	Weak
Gyms (Franchise)	400,000	1.70 to 2.20	780,000	Fair
Hardware	200,000	1.30 to 1.70	300,000	Poor
Hardware	400,000	1.50 to 2.00	700,000	Fair
Hotel (Leasehold, Gambling)	200,000	2.20 to 2.90	510,000	Weak
Hotel (Leasehold, Gambling)	400,000	2.50 to 3.00	1,100,000	Fair
Hotel (Leasehold, No Gambling)	200,000	1.00 to 2.00	300,000	Weak
Hotel (Leasehold, No Gambling)	400,000	1.50 to 2.20	740,000	Good
Laundromat	200,000	2.00 to 2.70	470,000	Good
Laundromat	400,000	2.50 to 3.50	1,200,000	Good
Lotto Kiosk	200,000	1.90 to 2.50	440,000	Fair
Marketing Agency	200,000	1.50 to 2.50	400,000	Weak
Marketing Agency	400,000	1.80 to 2.50	860,000	Fair
Motel (Leasehold)	200,000	2.50 to 3.50	600,000	Fair
Motel (Leasehold)	400,000	3.00 to 4.00	1,400,000	Good
NDIS Home Care	150,000	1.00 to 1.30	170,000	Fair
NDIS Home Care	400,000	1.50 to 2.30	760,000	Fair
NDIS Home Care	600,000	1.60 to 2.30	1,170,000	Fair
Pest Control	200,000	1.00 to 1.50	250,000	Fair
Pest Control	400,000	1.25 to 1.75	600,000	Fair
Post Office	200,000	2.50 to 3.00	550,000	Fair
Post Office	400,000	2.75 to 3.50	1,250,000	Good
Printing	200,000	1.20 to 1.80	300,000	Weak
Printing	400,000	1.50 to 1.80	660,000	Fair
Printing	600,000	1.70 to 2.00	1,110,000	Fair
Roadhouse	200,000	1.10 to 1.50	260,000	Fair
Roadhouse	400,000	1.50 to 2.30	760,000	Fair
Service Station	200,000	1.30 to 1.80	310,000	Fair
Service Station	400,000	1.75 to 2.50	850,000	Fair
Settlement Agent	200,000	0.80 to 1.20	200,000	Fair
Settlement Agent	400,000	1.30 to 1.80	620,000	Fair

INSURANCE BROKERS

This industry was last covered around 10 years ago, in BVN 136, as at July 2016. The industry has changed significantly since this time, with major corporate broking groups having aggressive acquisition strategies, buying up smaller businesses. The consolidation of the industry in this manner, has led to strong increases in valuation multiples and prices paid for SME sized businesses.

This article focusses on small to medium enterprises (SME) sized general insurance broking businesses, rather than specialised life insurance brokers, that are more aligned with the financial planning industry.

Typical general insurance broking businesses sell products including:

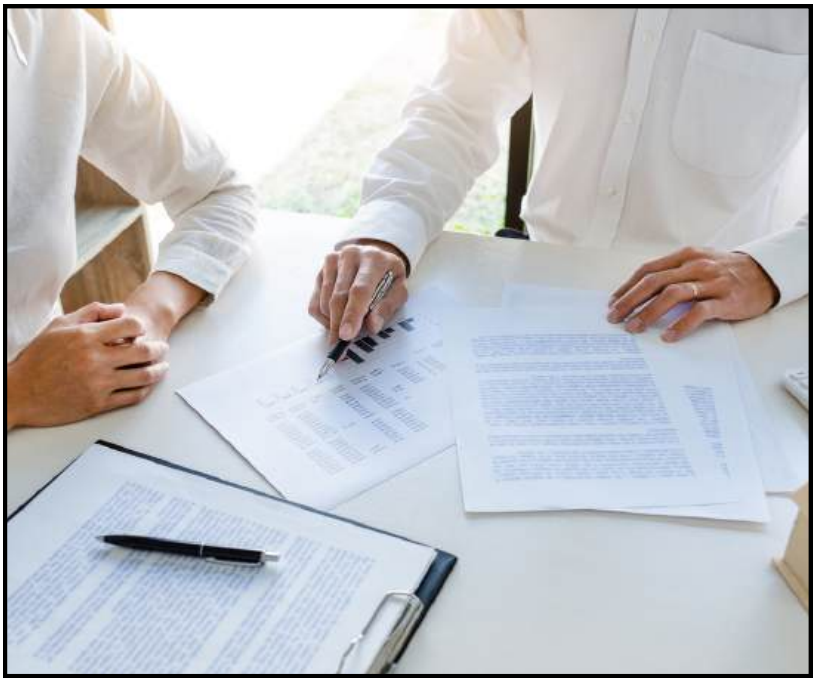
- Workers compensation Insurance
- Public Liability
- Professional Indemnity
- Business Interruption
- Cyber Risk Insurance
- Fire/Industrial Risk
- Property Insurance

The main clients are commercial enterprises, with a minority portion of revenue from the domestic homeowner market.

KEY DRIVERS AFFECTING CURRENT INDUSTRY CONDITIONS

- **Cyber Crime** – Increasing incidents of cyber crime and ransomware are emerging risks which businesses are looking to have adequate insurance coverage.

- **AI Adoption** – This is occurring at a faster rate than regulators can keep up with, and also in advance of staff skillset capabilities. As such, there is added risk of reputational exposure and legal consequences, which businesses are looking to cover.



- **Major Broker Groups Acquisition strategy** – Major corporates such as Steadfast are increasing their market share by attracting sole practitioners to operate under their network, as well as acquiring smaller businesses.

- **Climate Change/Natural Disasters** – Have resulted in escalating reinsurance costs. Premium hikes to end user clients have resulted in higher commissions (with these often based on a percentage of premiums) to insurance brokers. Brokers have also increased their own fees. The result has been a strong increase in profit margin, from around 24% five years ago, to now being closer to 28% on average.

- **Technology/Software** – Advances in technology have improved operational efficiency, further supporting the aforementioned higher profit margin.

INSURANCE BROKERS

CURRENT INDUSTRY PERFORMANCE FIGURES

- **Revenue** – Industry revenue growth has averaged a strong 4.9% per annum over the past five years up to 2026.
- **Number of businesses** – This has been shrinking at 0.5% per annum, given the industry consolidation occurring.
- **Profit Margin** – This has increased by 3.8% percentage points over the past 5 years, to now averaging 27.7%.
- **Total Wages** – Has reduced by 2% as a percentage of business revenue, over the past five years. This is due to technology improving operational efficiency.

INDUSTRY OUTLOOK

- More challenging economic conditions going forward are seeing clients of insurance brokers, cut corners on insurance coverage to reduce premium expenses.
- Brokers are looking to increase their advisory service to combat a higher percentage of clients looking to go direct to insurance companies and therefore bypassing brokers.
- The development of AI and other technology to improve operational efficiency has aided brokers in retaining growing profit margin.
- It is noted that technology offerings by larger corporates such as Steadfast are a significant factor in attracting single practitioners'/smaller businesses under these larger corporate umbrellas.
- Consolidation of the industry to major players is at a higher level with Steadfast 53.2%, AUB 25.5% and Envest Group 17.9%, together controlling 96.6% of industry revenue. The ACCC is looking closely at this situation, given concerns as to the limitation it provides for market competition.

MARKET COMMENTARY AND PRICES FOR SME SIZED INSURANCE BROKING BUSINESSES

The aggressive acquisition strategy of large corporates such as Steadfast, together with other medium sized businesses looking to add scale, has seen a strong purchaser demand in recent years. To give some perspective, typical prices paid have increased by around 20-40% over the past 5-7 years.

Prices paid are dependent on qualitative factors of the business being purchased including:

- Client profile – high percentage of strong commercial clients is preferred, and domestic residential clients hold a lower value.
- Average fee per client – higher value clients are preferred.
- Retention rate of clients.
- Quality of systems, business processes, as well as staff in place.

Medium sized brokers looking to buy smaller businesses to add scale are typically purchasing, based on a multiple of annual commission fee revenue (excluding one off fees). **The main multiple of revenue paid is 2.50 to 3.50 x revenue.**

Larger corporates are more typically purchasing based on an adjusted EBITDA profit.
The main multiple range is 8.00 to 10.00 x EBITDA profit.

It should be noted that transactions are typically based on terms such as 80% of purchase price at settlement and 20% retention for 12 months, subject to clients/fees being retained.

Larger corporates can often require longer terms up to two years. They are also happy to purchase a majority equity stake, and have existing owners retain a minority share.

FINANCE RATES
Commentary from Southshore Finance

The fallout of the Federal Budget is still continuing to impact on the Australian economy, compounded by geopolitical issues such as the Ukraine Russian conflict and US/Iran war. The RBA lifted rates last week and there is concern that there will be further increases to follow. This is being borne out with an increase in both the variable and fixed interest rates across the market.

The commercial property market has performed well in recent months, particularly in the owner occupier space, with a definite increase in the number of commercial properties being purchased by SMSFs. Lender appetite remains positive with the banks chasing funding opportunities for quality businesses.

The following borrowing rates, as at 5th October 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		
Variable		6.50% pa.
Fixed	1 Year	6.90% pa.
Fixed	3 year	7.20% pa.
Fixed	5 year	7.49% pa.
Chattel Mortgage (equipment)		7.50% pa.

RESIDENTIAL - OWNER OCCUPIER - PRINCIPAL & INTEREST		
Variable		6.09% pa.
Fixed	1 Year	6.49% pa.
Fixed	3 year	6.64% pa.
Fixed	5 year	6.69% pa.

RESIDENTIAL - INVESTOR - PRINCIPAL & INTEREST		
Variable		6.14% pa.
Fixed	1 Year	6.64% pa.
Fixed	3 year	6.74% pa.
Fixed	5 year	6.79% pa.

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