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SELLER'S TOOLKIT · Q3 2026 UPDATE

Market Trends *Report*

Current market conditions, valuation multiples, and what is driving deals in today's environment.

Prepared by **Prevail Transaction Partners** · As of Q3 2026

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WELCOME

A clear read on today's deal environment.

This report gives business owners a practical overview of the current M&A environment. It isn't meant to predict the future or suggest you should sell now — it's here to provide context on what we're seeing, what buyers are prioritizing, and how to read the valuation headlines.

If you're early in your journey, this will help you understand how conditions affect timing, price, and structure. If you're closer to selling, it can help you set realistic expectations and focus on the factors that create leverage. Figures throughout are drawn from the DealStats Value Index (Q3 2026 edition), which reflects finalized private-company transaction data through the second quarter of 2026.

EXECUTIVE SUMMARY

Valuations are strong, but selective.

The headline takeaway is consistent with what we've seen all year: **premium outcomes are being earned, not assumed.** Buyers are active but disciplined. The businesses commanding stronger pricing and cleaner structures are those with credible financials, transferable operations, durable revenue, and a well-managed risk profile.

After a sharp spike early in 2026, valuation multiples have eased slightly but remain near multi-year highs. Because a quarter of reporting lags real time, the most recent finalized data reflects activity through mid-2026 — enough to see the direction of the market and buyer sentiment clearly.

WHERE THE MARKET SITS — PRIVATE TARGETS

Metric	Q1 2026	Q2 2026	Context
Median Selling Price / EBITDA	**4.8x**	**4.1x**	Q1 was the highest since 2020; Q2 still above every quarter since then except Q1
Median Selling Price / Net Sales	**0.64x**	**0.63x**	Q1 was the highest on record for the period analyzed
Median EBITDA margin	**15%**	**16%**	Stable, near recent historical norms

READING THE MULTIPLES

What a multiple really means.

Valuation multiples are real, but they're often misunderstood. A multiple isn't a universal number that applies evenly across all businesses — it reflects perceived risk, the durability of cash flow, and confidence in future performance. Two businesses in the same industry can trade at very different multiples based on fundamentals, structure, and readiness.

Reported averages can also skew high. In selective markets, the businesses that successfully transact tend to be higher quality, while weaker businesses struggle to clear — so the numbers that get reported reflect the deals that closed, not every business that tried.

MULTIPLES BY DEAL TYPE

Who's buying shapes the price.

Median Selling Price / EBITDA by transaction type, year-to-date 2026 versus full-year 2025. Strategic and public buyers pay the highest multiples, but private-to-private deals — the most common path for owner-operated businesses — strengthened this year.

Transaction type	2025	YTD 2026
Private buyer / private seller *(most owner-operated deals)*	3.5x	**4.0x**
Private buyer / public seller	8.8x	**11.0x**
Public buyer / private seller	14.9x	**12.8x**
Public buyer / public seller	14.2x	**12.7x**
All transactions	**3.7x**	**5.2x**

Public and strategic buyers moderated from 2025 highs but still command the strongest multiples, underscoring continued strategic-buyer interest. Meanwhile, private-to-private multiples rose — a meaningful signal for most owners.

MULTIPLES BY BUSINESS SIZE

Scale earns a premium.

Larger businesses consistently trade at higher multiples, reflecting lower perceived risk and greater buyer competition. Median multiples by net-sales range, YTD 2026.

Annual net sales	EBITDA	SDE	Net Sales
Under $1M	3.2x	2.2x	0.63x
$1M – $5M	4.1x	2.9x	0.56x
$5M – $10M	4.0x	3.2x	0.46x
Over $10M	**8.4x**	**6.5x**	**1.43x**

The jump above $10M in net sales is striking: EBITDA multiples rose from 5.3x in 2025 to 8.4x YTD 2026. Growth that moves a business into a higher size band can meaningfully re-rate its value.

MULTIPLES BY SECTOR

Industry sets the baseline.

The median EBITDA multiple across all sectors and periods is **4.0x**, but the range by industry is wide. Over the last twelve months, finance and insurance led at **16.6x** (well above its all-time 7.6x), the information sector held at **11.0x**, and manufacturing rose to **6.7x** from an all-time 5.7x. On an all-time basis, information (10.7x), utilities (8.7x), and finance and insurance (7.6x) sit at the top, while accommodation and food services (2.6x) and other services (3.1x) sit at the bottom.

WHAT MOVES YOUR NUMBER

Premiums and discounts.

What buyers pay a premium for

- Clean, consistent financial reporting
- Durable revenue — repeat customers, contracted work
- Low customer concentration
- Reduced owner dependence with strong management
- Documented systems and processes
- Lower legal, regulatory, and operational risk

What causes discounts

- Unclear financials or aggressive add-backs
- High customer concentration
- Owner as primary salesperson or operator
- Thin management depth
- Margin compression without a clear plan
- Unresolved liabilities or compliance risk

WHAT THIS MEANS FOR YOU

Where to focus, by timeline.

Selling within 12 months

Reduce friction.

- Ensure financials are current and consistent
- Document add-backs and normalize earnings
- Reduce owner dependence where possible
- Prepare a clear performance narrative
- Organize contracts, leases, licenses, and insurance ahead of diligence

Selling in 1–3 years

Create value.

- Strengthen the two or three drivers that most influence premium pricing
- Improve revenue quality and reduce concentration
- Build management depth and retention plans
- Document processes so the business is transferable

NOT SURE YOU WANT TO SELL?

Focus on optionality. The same preparation that improves sale outcomes tends to improve quality of life as an owner and makes the business more resilient — whether or not you ever sell.

Continue the conversation

To understand how current market conditions apply specifically to your business, we invite you to start a conversation. You can also begin with our Exit Readiness Assessment or Value Driver Analysis.

Visit prevailprtnrs.com to explore next steps.

Source: DealStats Value Index, Q3 2026 edition, Business Valuation Resources (BVR). Figures reflect median multiples for acquired private companies and may be revised in future editions as additional transaction data is reported. Provided for informational purposes only; not financial, investment, or valuation advice.