



INAUGURAL ISSUE · SPRING 2026

SMB INSIGHTS · SEMI-ANNUAL RESEARCH SERIES

# Buyer Trends Report Spring 2026

A ground-level view of sentiment, deal flow, valuations, and strategy from active buyers in the lower middle market.

**Spring  
2026**

Inaugural edition

**76%**

View valuations as high or stretched

**61%**

Increased acquisition activity this year

**68%**

Expect more competition from professional buyers

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## EXECUTIVE SUMMARY

# The market is active. The gap is real.

The small business acquisition landscape is active, competitive, and increasingly defined by a stubborn valuation gap between buyers and sellers. In this inaugural semi-annual Buyer Trends Survey, SMB Insights polled active buyers in the lower middle market, spanning self-funded searchers, individual acquirers, PE funds, and ETA vehicles, to capture a ground-level view of sentiment, deal flow, and strategy heading into the second half of 2026.

The findings are clear: buyers are searching harder than ever, but closing less often than they would like. Seller valuation expectations remain the single biggest friction point in the market, cited by 68% of respondents as their top macro headwind. Despite this, activity is accelerating: 61% of buyers report doing more outreach, signing more NDAs, and submitting more LOIs than they were 12 months ago.

**76%**

View valuations as high or stretched

**68%**

Cite seller expectations as top headwind

**61%**

Increased acquisition activity this year

**68%**

Expect more competition from professional buyers

**54%**

Rely on seller notes or SBA financing to close

**46%**

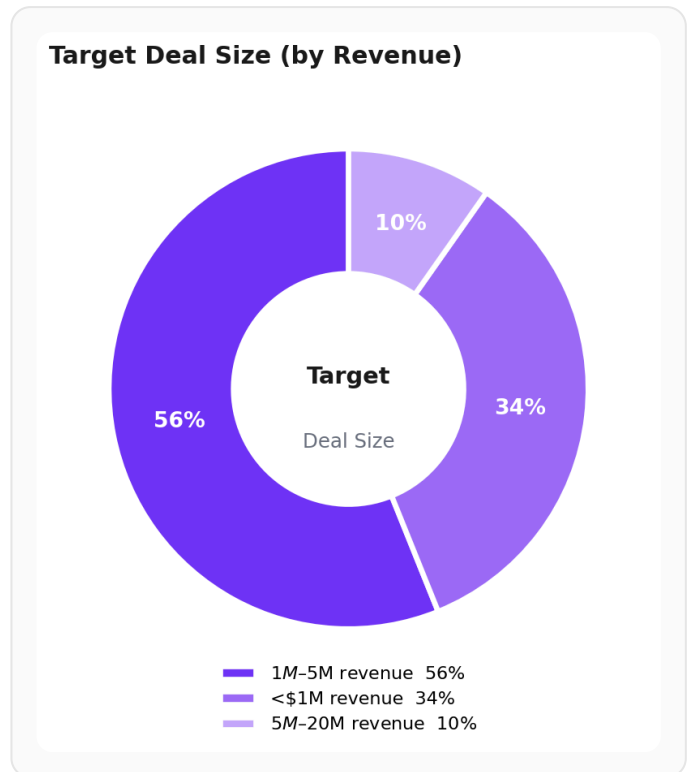
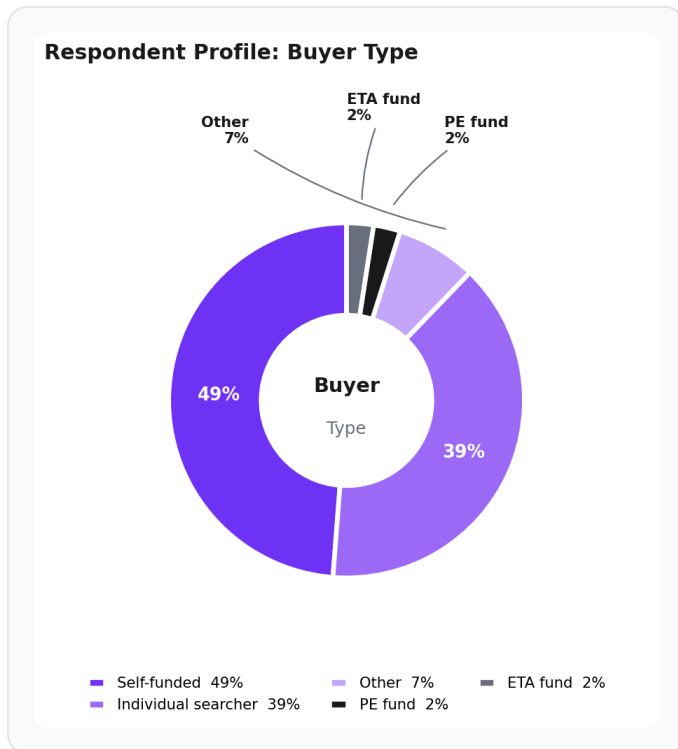
Expect a surge in retirement-driven exits

*"The SMB Insights Buyer Trends Survey is conducted twice per year, capturing the views of active buyers in the \$1M–\$20M revenue segment. This inaugural edition reflects responses collected through March 2026 across self-funded searchers, individual acquirers, PE funds, and ETA vehicles."*

SECTION 1

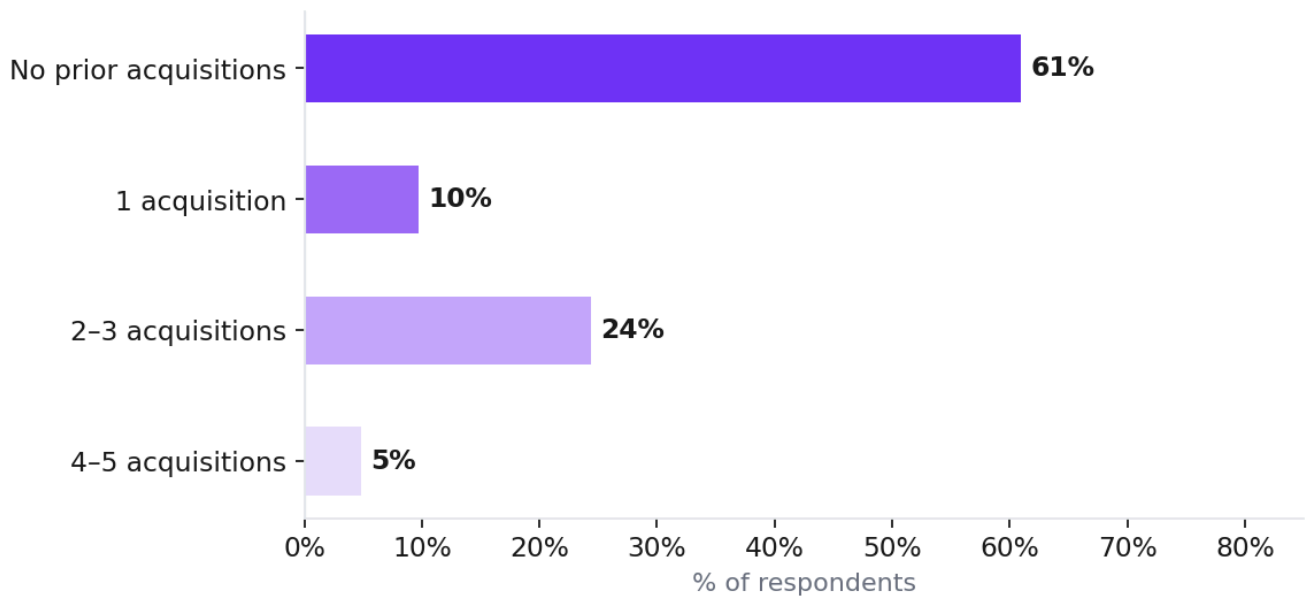
# Respondent Profile

The survey captured a broad cross-section of the buyer community. Self-funded searchers represent the largest cohort (49%), followed closely by individual searchers (39%), together accounting for nearly nine in ten respondents. This composition reflects the dominant buyer profile in the lower middle market today: individual operators or small teams pursuing single-acquisition or portfolio-building strategies without institutional backing.



A striking **61% of respondents have not yet completed an acquisition**, underscoring the high proportion of first-time buyers currently active in the market. The \$1M–\$5M revenue tier remains the primary hunting ground (56%), while the sub-\$1M segment attracts 34% — a cohort often overlooked by institutional capital, making it a relatively less competitive entry point for new acquirers.

## Prior Acquisitions Completed



### ◆ SMB.CO PLATFORM INSIGHT

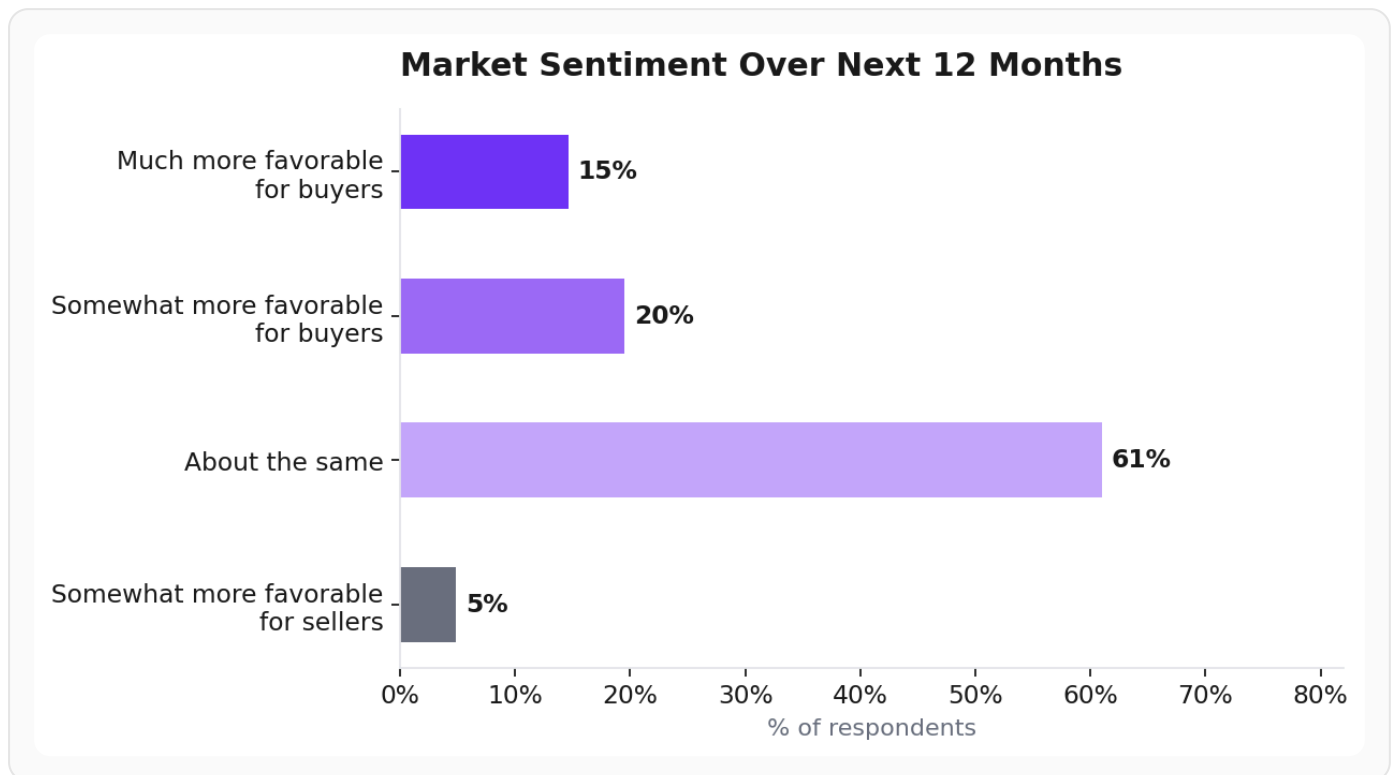
The dominance of self-funded and individual searchers in this survey mirrors the buyer base on SMB.co. Our platform is purpose-built for this audience — offering AI-matched deal flow, off-market access, and a streamlined deal room that levels the playing field against more resourced buyers. For first-time acquirers especially, having the right tools and data from the outset can be the difference between a deal that closes and one that stalls.

## SECTION 2

# Market Sentiment & Buyer Activity



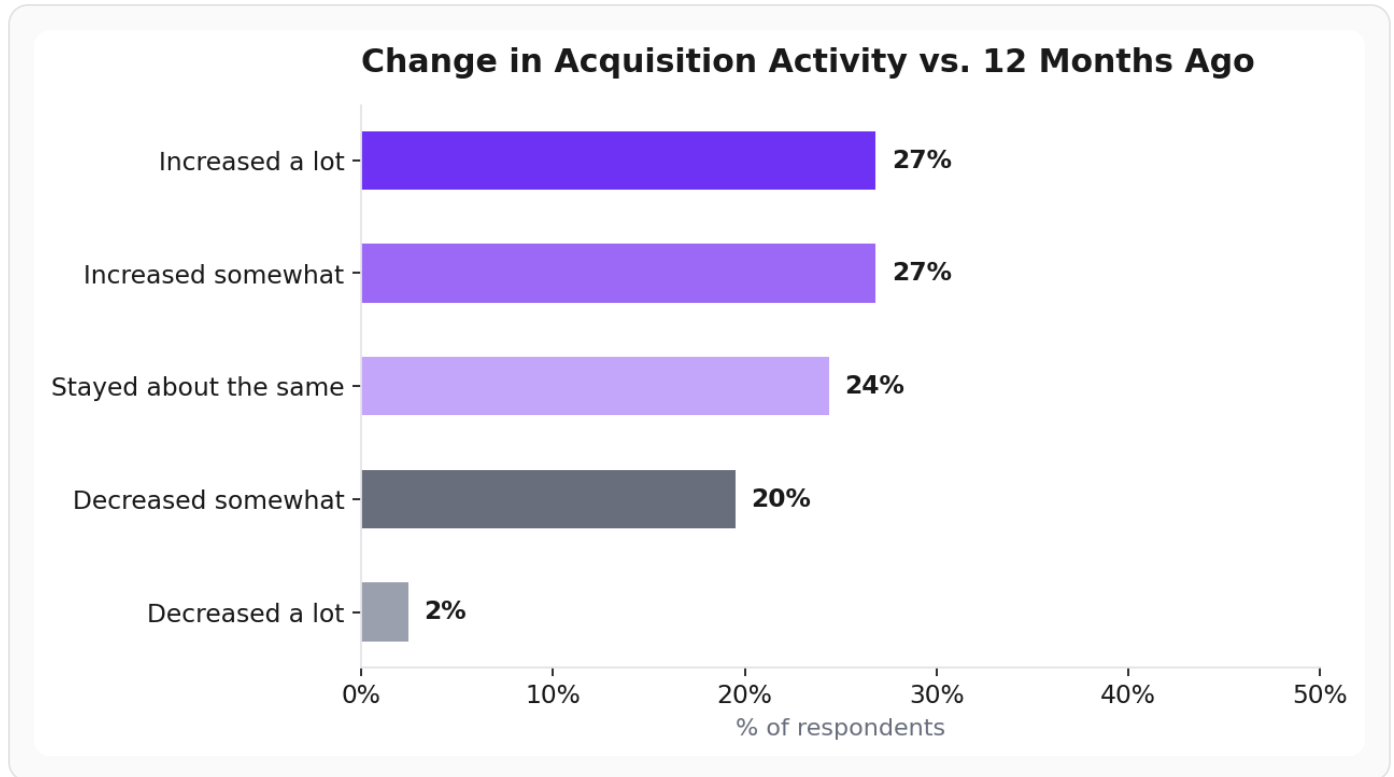
Market sentiment is measured but cautiously optimistic. The majority of buyers (61%) expect conditions to remain broadly similar over the next 12 months, while 35% believe the market will tilt further in buyers' favor. Only 5% expect conditions to become more favorable for sellers — a meaningful signal that the broader environment is not expected to swing back toward seller-friendly dynamics in the near term.



Despite the headwinds, buyer activity is rising. More than half of respondents (54%) report increasing their acquisition activity compared to 12 months ago. Only 22% report a decrease. This divergence between sentiment and activity is notable: buyers are not waiting for perfect conditions.

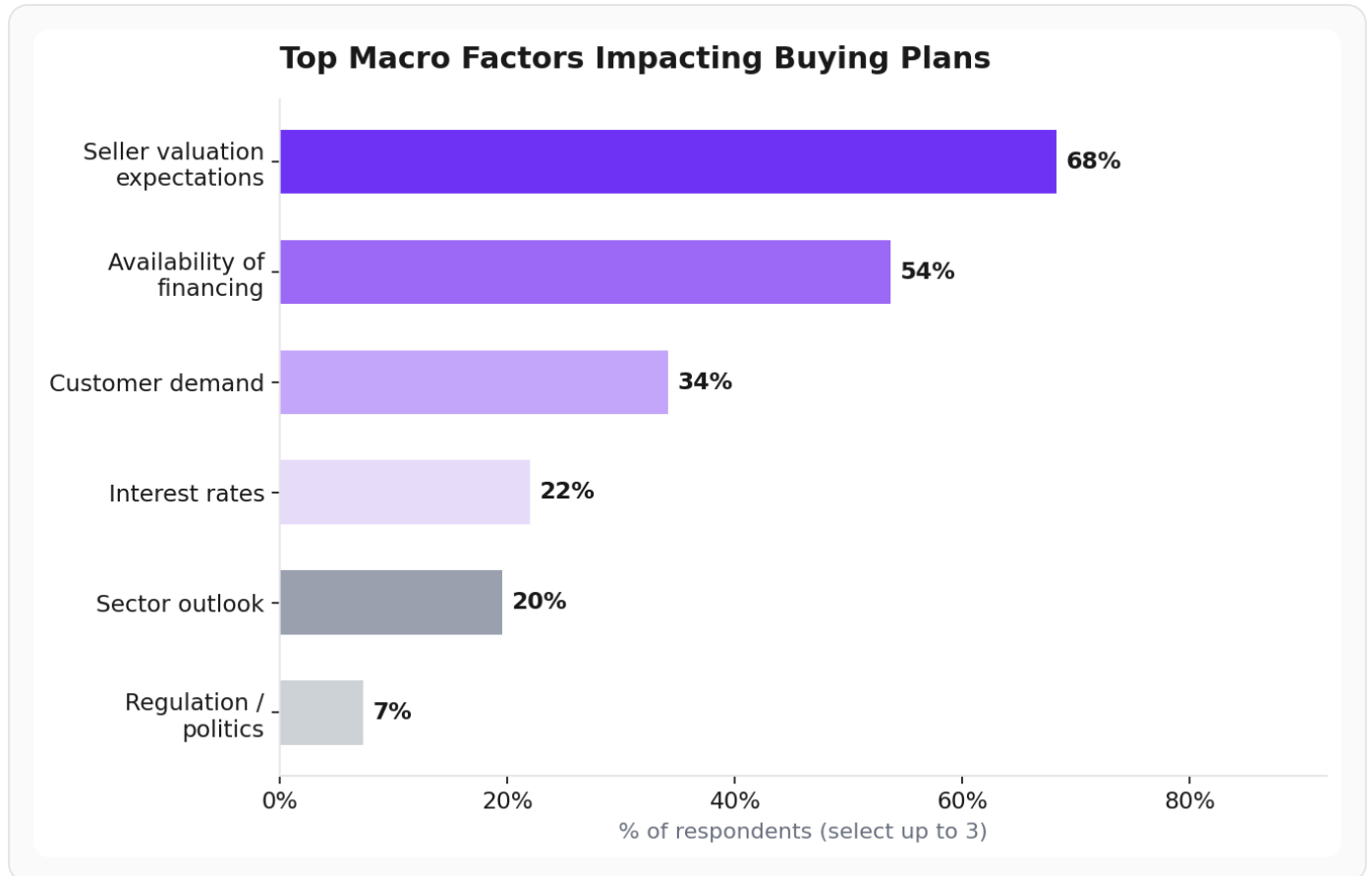
## Activity is Accelerating

More than half of respondents (54%) report increasing their acquisition activity compared to 12 months ago, with 27% saying activity has "increased a lot." Only 22% report a decrease. This divergence between sentiment and activity is notable: buyers are not waiting for perfect conditions. They are building pipelines, running processes, and staying active in anticipation of the right opportunity.



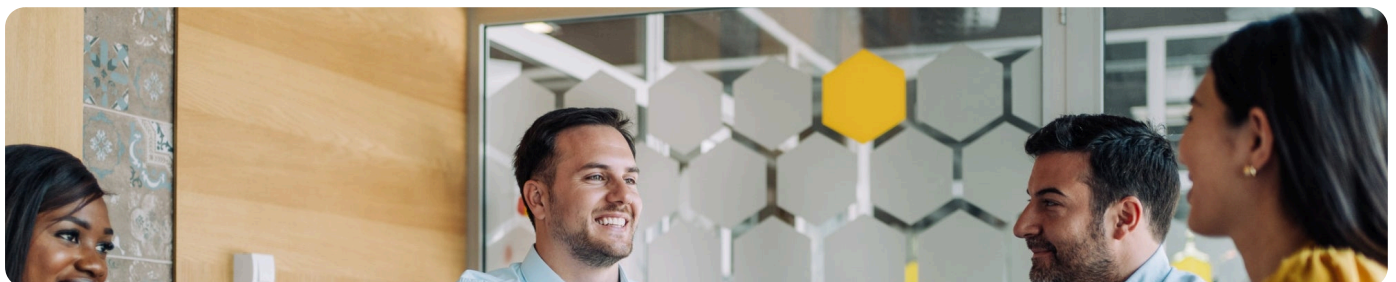
## What Is Driving (and Dampening) Plans

When asked which macro factors are most impacting their buying plans, **seller valuation expectations (68%)** and **availability of financing (54%)** dominate the conversation by a wide margin. Interest rates, while still a concern for 22% of buyers, have receded as the primary worry, suggesting that the market has largely adjusted to the current rate environment.



◆ **SMB.CO PLATFORM INSIGHT**

Valuation misalignment is one of the most common reasons deals stall before they even begin. SMB.co's data-backed valuation tool gives both buyers and sellers a shared, objective starting point — reducing the friction that comes from anchored expectations on either side. When sellers understand what the market will actually bear, and buyers can reference credible comps, conversations move faster and more deals get done.

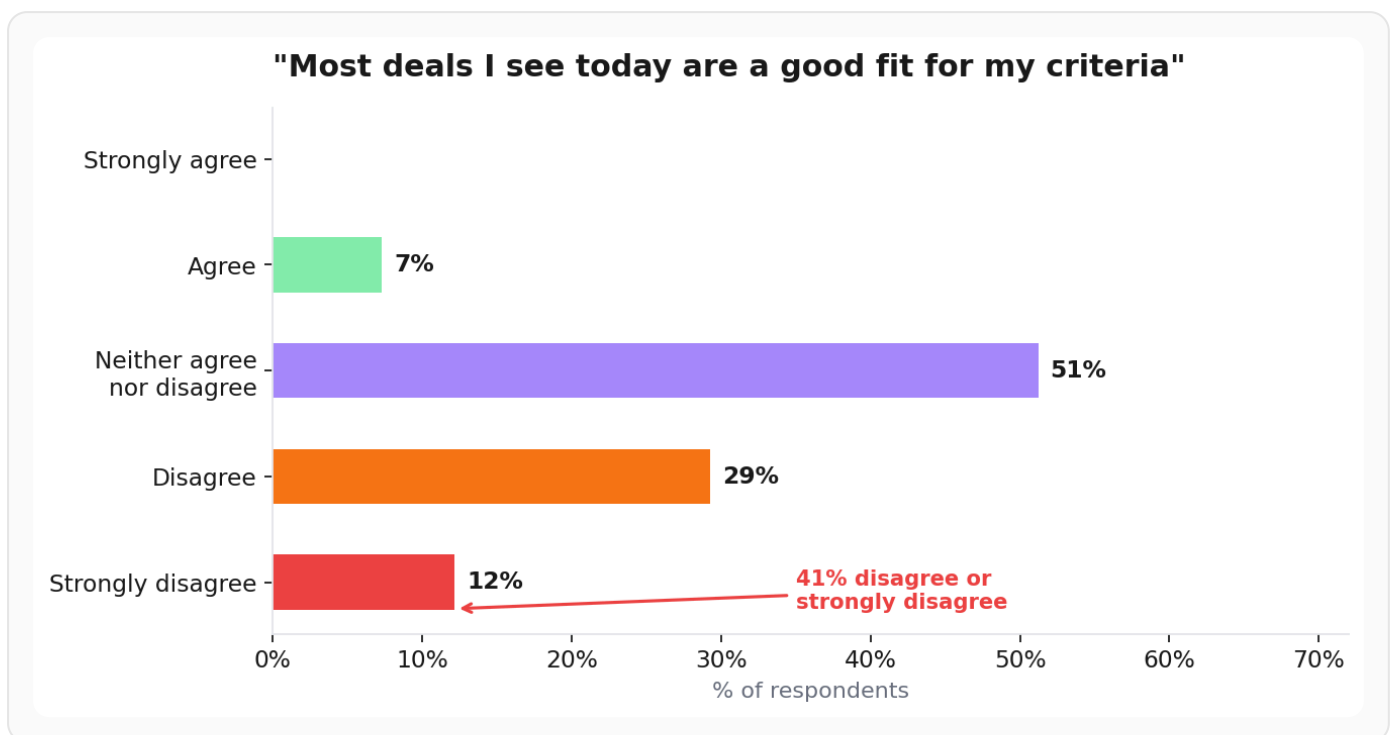


## SECTION 3

# Deal Flow & Competition

## The Quality Problem

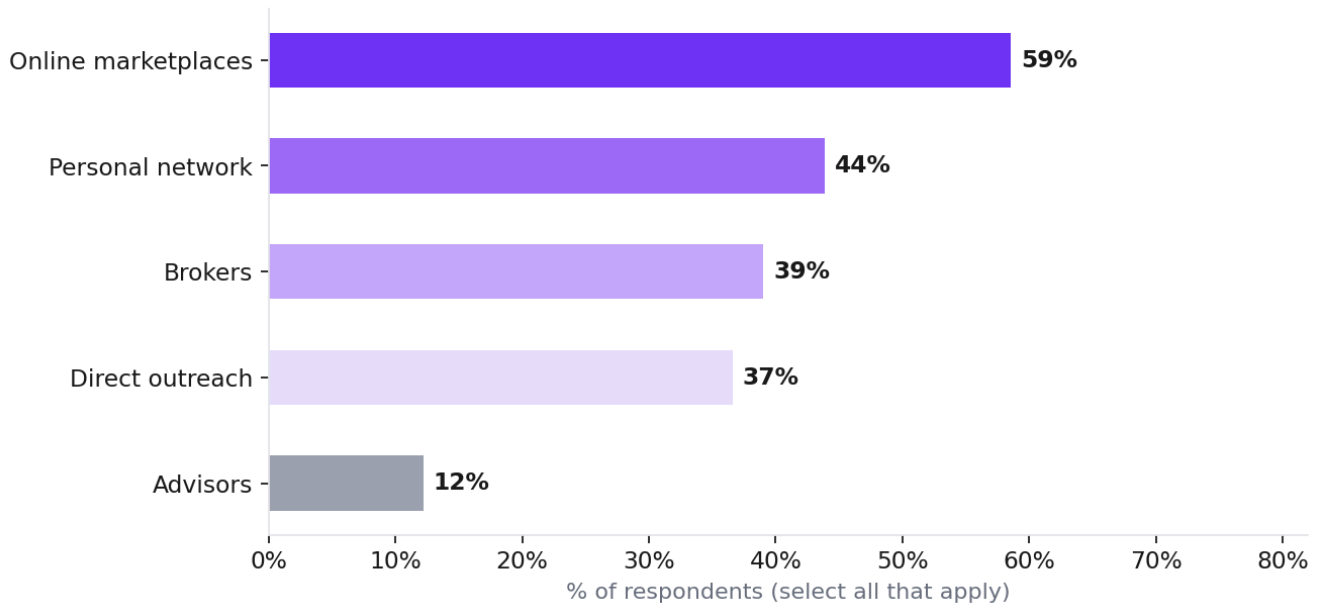
Only 7% of buyers agree that most deals they see today are a good fit for their criteria. A combined 41% disagree or strongly disagree — a damning verdict on the quality of available deal flow through traditional channels. The issue is not a lack of listings; it is a lack of *relevant* listings.



## Where the Best Opportunities Come From

Despite the quality challenge, buyers are finding meaningful opportunities across multiple channels. Online marketplaces lead (59%), followed by personal networks (44%), broker relationships (39%), and direct outreach (37%). The near-parity between these channels suggests that the most successful buyers are building diversified pipelines rather than relying on any one approach.

### Best Sources of Deal Opportunities

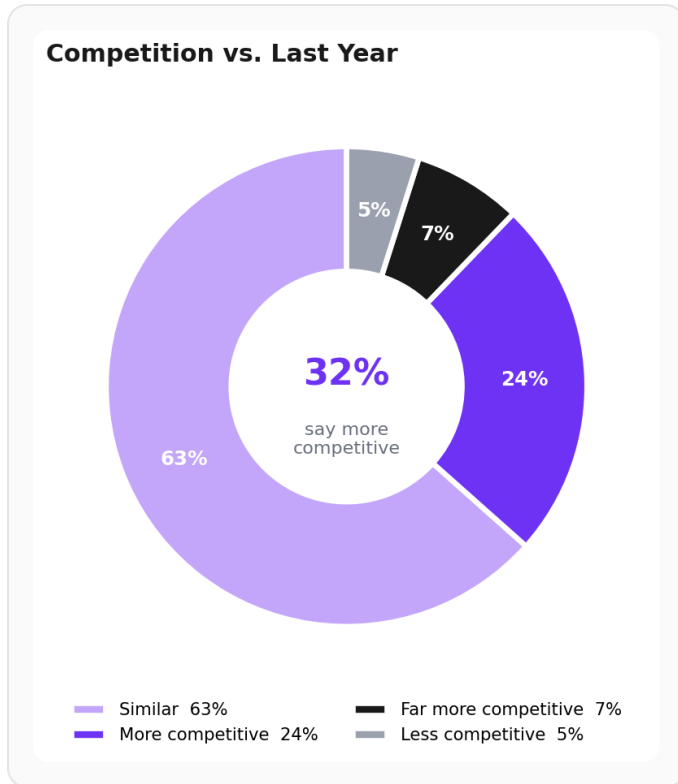


◆ **SMB.CO PLATFORM INSIGHT**

SMB.co addresses the quality problem directly. Our AI matching engine surfaces opportunities based on a buyer's specific criteria — industry, geography, size, and business model — rather than requiring buyers to manually sift through thousands of listings. Combined with access to off-market businesses, SMB.co buyers consistently see more relevant deal flow with less noise.

## The Competitive Landscape

The market is not getting any less crowded. 32% of buyers report that competition has increased versus last year, with 7% describing conditions as "far more competitive." The primary driver is the continued influx of professional buyers: PE funds, ETA vehicles, and family offices that are increasingly targeting the same lower middle market businesses that individual searchers pursue.



**32%**  
Say competition has increased vs. last year

**63%**  
Say conditions are similar to last year

**5%**  
Say the market is less competitive

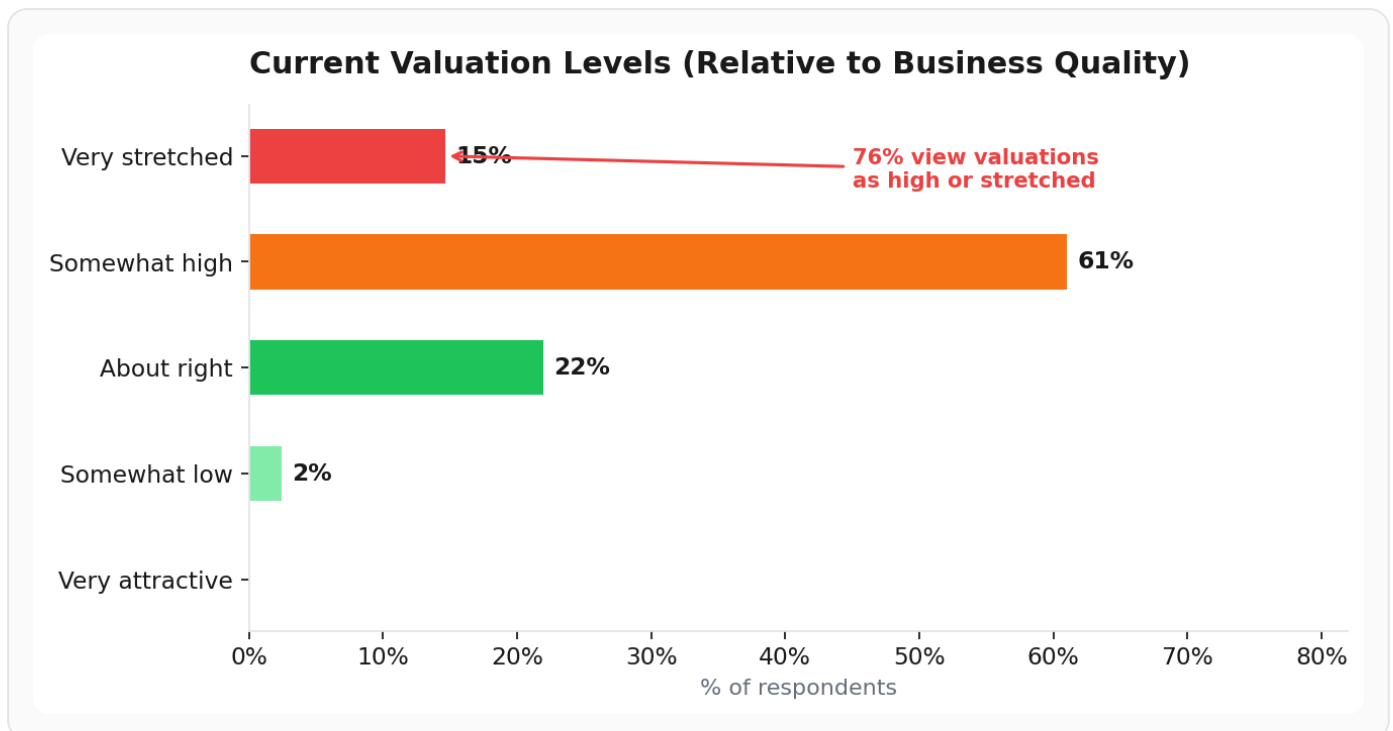


*"The professionalization of Main Street is accelerating. Individual searchers must increasingly compete on speed, relationships, and creative structuring — not just price."*

## SECTION 4

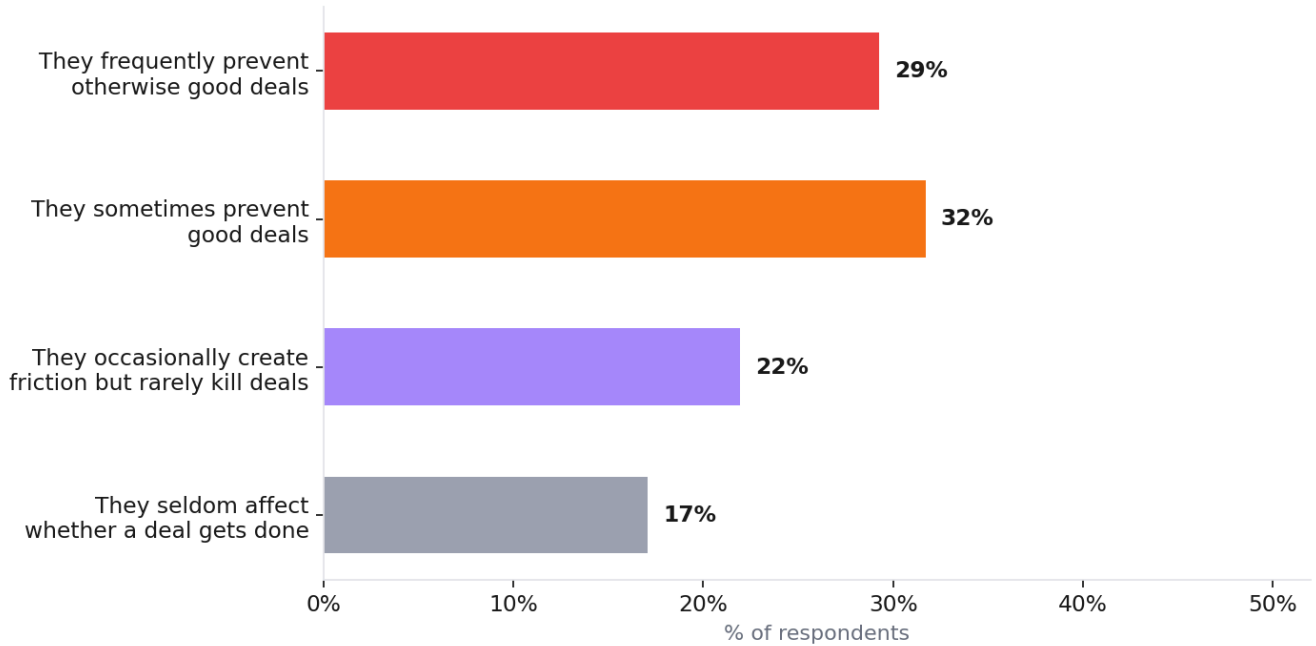
# Valuations & Deal Structuring

The disconnect between what buyers are willing to pay and what sellers expect to receive is the defining friction point of the current market. A striking **76% of respondents** view current valuation levels as either "Somewhat high" or "Very stretched" relative to the underlying quality of the businesses they are evaluating. Only 22% consider valuations to be about right.



This gap has direct consequences for deal velocity. **61% of buyers** report that seller valuation expectations "frequently" or "sometimes" prevent otherwise good deals from happening. Only 17% say valuation expectations seldom affect whether a deal gets done.

### Impact of Valuation Expectations on Deal Completion

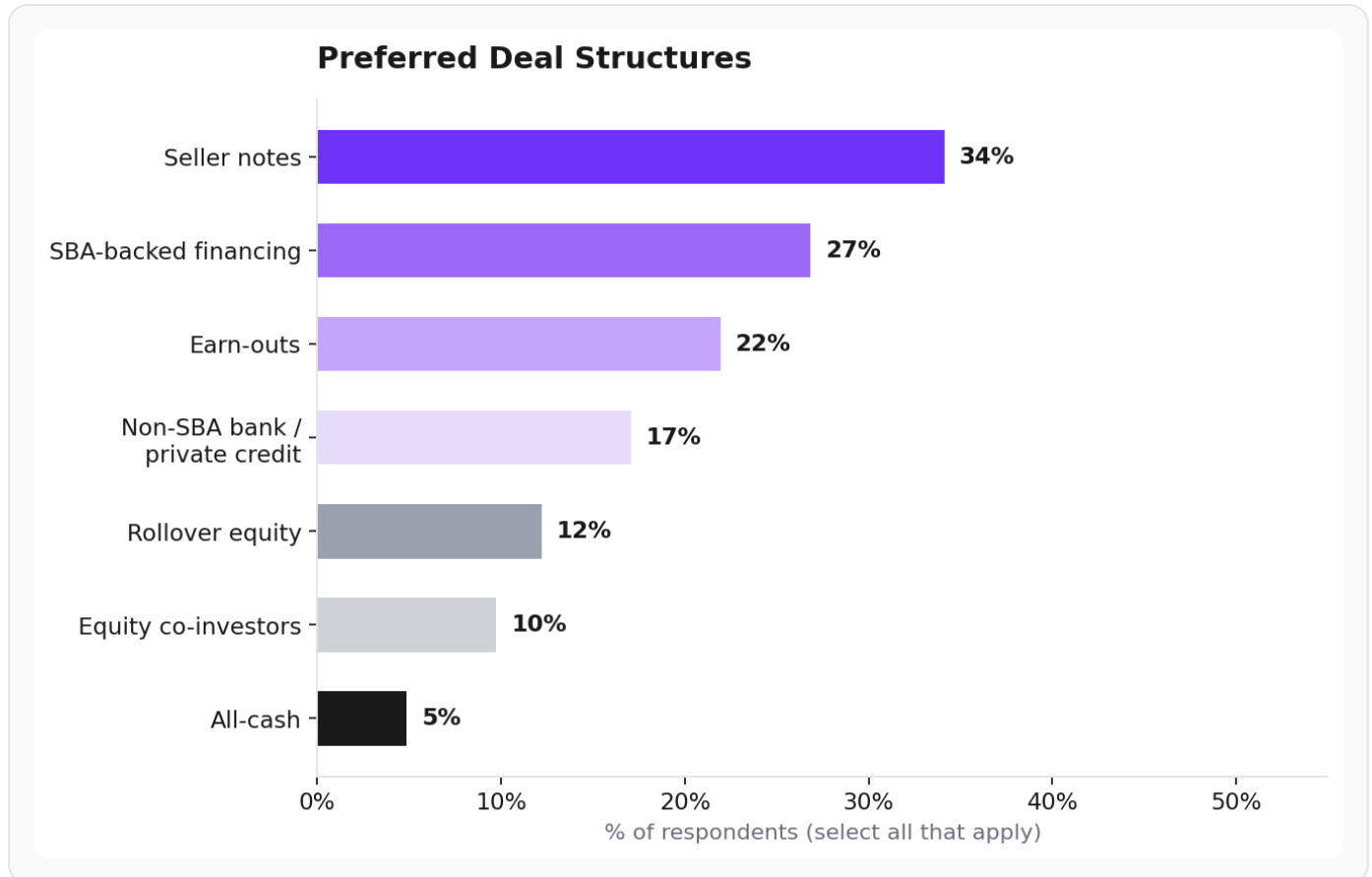


◆ **SMB.CO PLATFORM INSIGHT**

Valuation education is one of the highest-leverage interventions in the deal process. SMB.co's free, instant business valuation tool is designed to right-size seller expectations before they ever enter a negotiation. When sellers arrive at the table with a realistic understanding of their business's market value, deals move faster and both parties spend less time in unproductive back-and-forth.

## Bridging the Gap: Deal Structures

To get transactions across the finish line in a high-valuation environment, buyers are leaning heavily on creative deal structuring. **Seller notes (34%)** and **SBA-backed financing (27%)** are the most widely used tools, with earn-outs (22%) playing an increasingly important role in bridging the gap between buyer and seller price expectations. All-cash deals remain rare (5%).

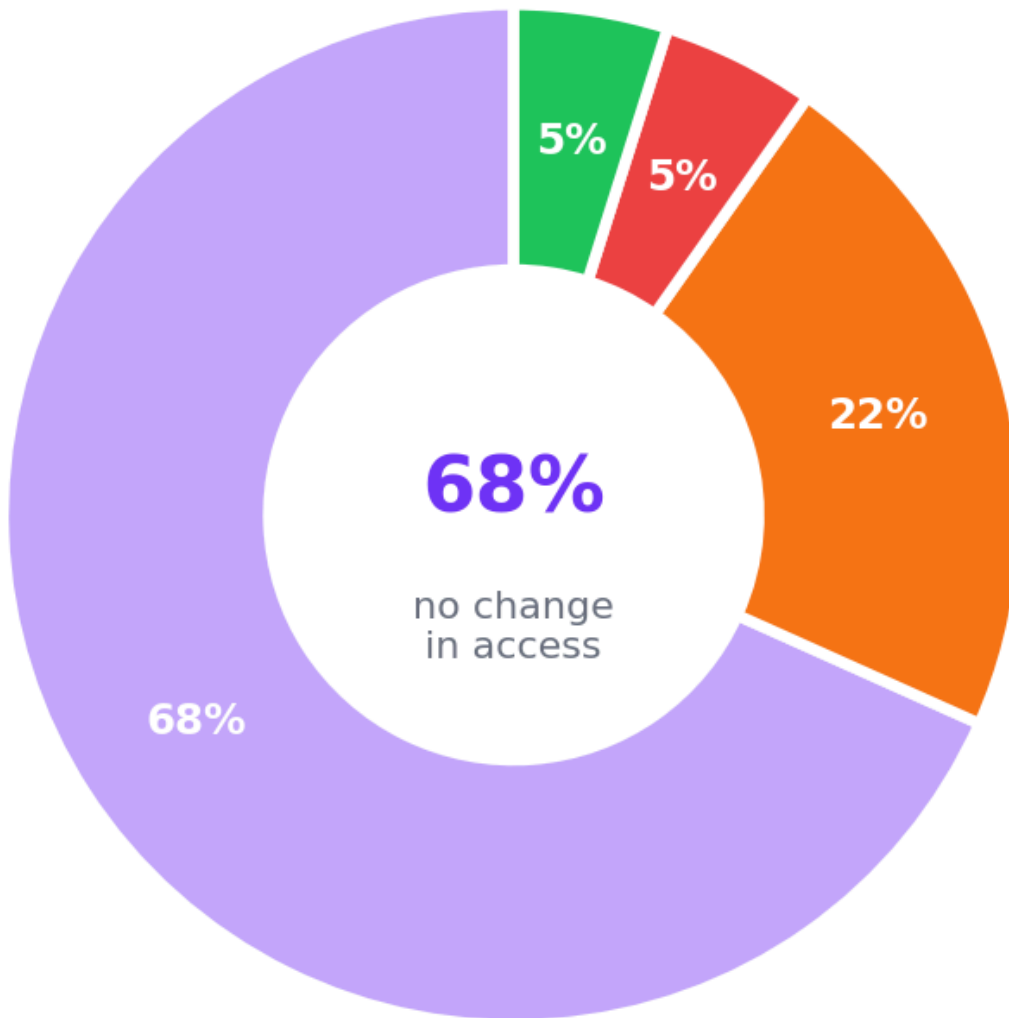


*"The prevalence of seller notes is particularly telling. When buyers cannot justify a seller's asking price on a cash basis, a seller note effectively allows the seller to bet on themselves, receiving a portion of the purchase price over time, contingent on the business continuing to perform."*

## Financing Access

Despite elevated interest rates, the majority of buyers (68%) report no meaningful change in their ability to access financing compared to 12 months ago. However, 27% say it has become harder or much harder, reflecting tighter underwriting standards now applied by SBA lenders and private credit providers.

### Change in Financing Difficulty

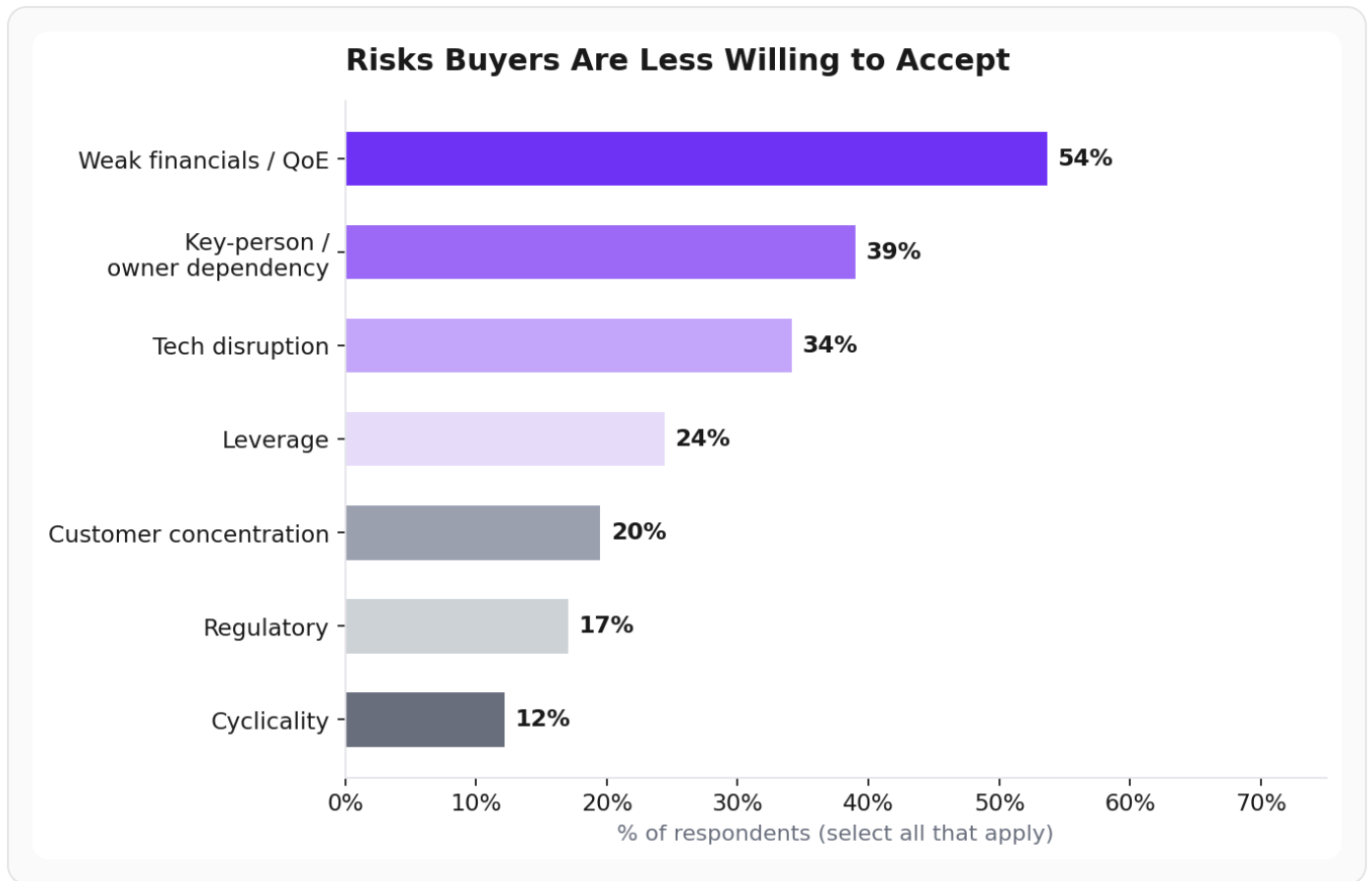


- No change 68%
- Harder 22%
- Much harder 5%
- Easier 5%

SECTION 5

# Risks & Future Trends

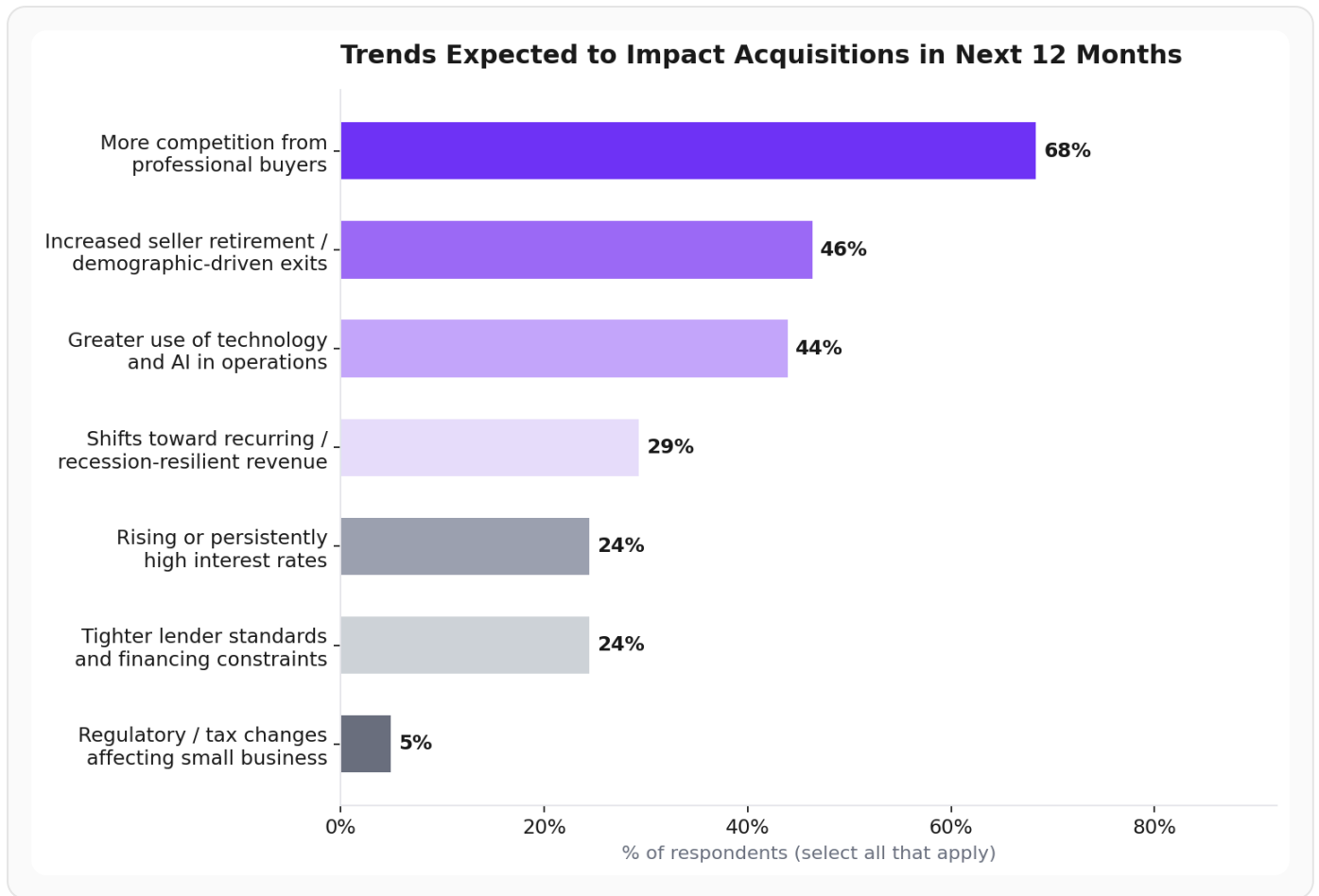
When asked which risks they are less willing to accept today, buyers are unambiguous. **Weak financials and Quality of Earnings (54%)** top the list by a wide margin, followed by **key-person/owner dependency (39%)** and **technology disruption risk (34%)**. These three risks represent the core due diligence concerns that kill deals in the current environment.



◆ SMB.CO PLATFORM INSIGHT

The heightened sensitivity to key-person risk is particularly relevant for sellers preparing to exit. Businesses where the owner is deeply embedded in operations, customer relationships, or institutional knowledge face a meaningful valuation discount — or simply fail to attract serious buyers. SMB.co's deal management platform helps sellers organize and present business information in a way that directly addresses the concerns buyers raise most frequently, while buyers can manage the full diligence process in a single secure hub.

## The Trends That Will Shape the Next 12 Months



**TREND #1**

**68%**

**Professionalization of Main Street**

More competition from PE funds, ETA vehicles, and family offices moving down-market in search of yield.

**TREND #2**

**46%**

**The Silver Tsunami**

Increased seller retirement and demographic-driven exits as baby boomers transfer ownership of an estimated 40% of U.S. small businesses.

**◆ SMB.CO PLATFORM INSIGHT**

The demographic wave of retiring business owners is precisely the market opportunity that SMB.co was built to serve. Our platform connects these owners — many of whom have never sold a business before — with qualified, serious buyers who can carry their legacy forward. As this wave accelerates, having a trusted, data-driven marketplace at the center of these transactions becomes more important than ever.

## CONCLUSION

# What It Means for Buyers & Sellers



The Spring 2026 SMB Insights survey paints a picture of a market that is simultaneously active and frustrated. Buyers are searching harder, building larger pipelines, and increasing their outreach, but they are also walking away from more deals than they would like, held back by valuation expectations that have not fully adjusted to the current underwriting environment.

The path forward for individual and self-funded buyers is clear: differentiate on speed and relationships, master creative deal structuring, and apply rigorous due diligence to the risks that matter most, particularly financial quality and owner dependency. Those who do will find no shortage of opportunity in the year ahead, especially as the demographic wave of retiring business owners continues to build.

For sellers, the message is equally clear: the buyers are there, the capital is available, and the demand for quality businesses is strong. But realistic valuation expectations, clean financials, and a business that can operate independently of its owner are no longer differentiators — they are the price of admission for a smooth, successful exit.

## Start your next deal on SMB.co

Join thousands of owners, buyers, and advisors using our platform to discover opportunities, get data-backed valuations, and close smoother transactions — all in one place.

The next semi-annual survey will be published in Fall 2026. To participate or learn more, visit [smbinsights.app](https://smbinsights.app).

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