The SMB Market Is Moving: Record SBA Lending, Strong Deal Flow, and What It Means for Buyers

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According to the latest **BizBuySell report**, Q3 2025 saw 2,599 small business sale transactions. This is an 8% year-over-year increase and 11% growth over Q2. Data also shows a steady wave of buyers are seeking the right opportunity to operate and grow established businesses.

In parallel, the Small Business Administration (SBA) was on pace to close $4.8 billion in loan approvals before the federal shutdown temporarily paused operations. This is the highest volume of capital deployed to small businesses in a single fiscal year. That includes over 84,400 7(a) and 504 loans, amounting to 1,600 loans a week. The appetite is clear.

What's Fueling the Market?

Despite macroeconomic pressures (inflation, tariff-driven supply costs, etc.), many buyers remain focused on long-term fundamentals. The median sale price for a business this quarter was $320,044, down slightly from last year. This is likely a lower sale price than many Searchfunders/Independent Sponsors are targeting, but the data also shows a shorter time on market (149 days), evidencing strong buyer demand. Essential services were the leading category of sales.

I work with buyers, investors, and operators on a daily basis. Here is what I am noticing:

These Are Small Businesses — Not Just Small Corporations
Many of these deals involve main street and lower middle market businesses, where the seller is not just the owner — they're often the primary operator, manager, and customer relationship lead. This model can work well, but it's important for buyers to go in with eyes wide open. These are not absentee owner businesses. These are owner-operator businesses, and unless the buyer has a plan to step into the day-to-day, or grow and install leadership, the absence of middle management may lead to significant demands on the business owner's time.

Diligence Is Critical — Especially for Deals at or below $1 Million
Buyers and advisors need to scrutinize:

- **Owner reliance** — Will customer or vendor relationships walk out the door post-close?
- **Documentation gaps** — Are there written contracts? Employment terms? Assignable leases? Many of these businesses fail to properly maintain documentation.
- **Employee risk** — What's the true culture, compensation model, and turnover rate?
- **System maturity** — Is there any standardization, or will you be rebuilding ops from scratch?

The Desire to Own Must Match the Business Type

Entrepreneurship through acquisition (ETA) is a powerful path. But not every business fits every buyer. I always advise clients to ask: *"Do I want to run this business, or do I just want to own it?"* In the start-up world this is called "founder-market fit." The same concept applies here.

Some deals are perfect for someone who wants to buy a job and eventually grow it. Others might require an immediate team build or capital outlay to systematize operations. It's critical to understand the type of role you're buying into, the basics of the industry, and what that means when operating solo or with lean support.

Deals Are Happening — But You Need the Right Team

This market shows real momentum. That being said, deals still require precision. That means:

- Structuring with SBA or seller financing
- Negotiating reps, indemnities, and transition terms
- Performing adequate due diligence
- Aligning tax, legal, and operational diligence
- Preparing to serve as both the owner and the operator (or installing trusted leadership)

I work closely with searchers, independent sponsors, and advisors both during the acquisition and long after the closing. From real estate and contracts to employee issues and outside general counsel support, you need the support to manage the risk and build the value.

It is exciting to see the growing volume of deals and buyer interest. But remember not to lose sight of the need to find the right acquisition target and to protect your downside.