

BIZCOMPS/BVR DEAL REVIEW FALL 2020



The *BIZCOMPS®/BVR Deal Review™* is published by Business Valuation Resources (BVR) on a recurring basis when the BIZCOMPS database is updated. The purpose of the *BIZCOMPS/BVR Deal Review* is to provide general trend information on valuation multiples and operating ratios for transactions contained in the BIZCOMPS database, available at bvresources.com/BIZCOMPS. Additionally, this publication contains a brief excerpt from BVR's *Economic Outlook Update™*.

INTRODUCTION

The *BIZCOMPS/BVR Deal Review* is organized into two sections: (1) BIZCOMPS valuation multiples and operating ratio trends for all industries; and (2) an excerpt and graph from BVR's most current *Economic Outlook Update* publication.¹

In the tables and graphs, we present medians, averages, and harmonic means, depending on the data.

BIZCOMPS contains details on private-business purchases by private buyers. As of Oct. 16, 2020, the BIZCOMPS database contained 15,456 transactions.

BIZCOMPS contains data variously described as guideline transaction, comparable sales data, business comparable, and/or market data. Specifically, BIZCOMPS compiles and reports information on 21 data points highlighting the financial and transactional details of the sales of private companies.

Exhibit 1 provides summary information by year for the BIZCOMPS database. It's clear that, in years following the financial recession in 2009, the number of closed business sales trended upward until 2014. However, since 2018, the number of closed business sales being submitted to the BIZCOMPS database has noticeably fallen.

1. The *Economic Outlook Update* is a monthly and quarterly publication Business Valuation Resources publishes that provides details on the state of the U.S. economy and a forecast for the future. The *EOU* covers everything from general economic conditions and energy prices to stock and bond markets. To purchase a current or historic issue of the *EOU*, or to view a sample issue, click [here](#).

EXHIBIT 1. BIZCOMPS SUMMARY INFORMATION

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Count	995	1,067	1,025	1,201	1,131	1,341	1,174	1,191	1,133	659	559	54
Median Annual Gross Sales (\$000s)	\$460	\$403	\$450	\$494	\$500	\$492	\$530	\$584	\$592	\$637	\$627	\$714
Average Annual Gross Sales (\$000s)	\$943	\$860	\$894	\$990	\$957	\$942	\$988	\$2,081	\$1,163	\$1,139	\$1,348	\$1,386
Median Sale Price (excludes inventory) (\$000s)	\$180	\$157	\$180	\$198	\$200	\$198	\$210	\$230	\$250	\$270	\$252	\$305
Average Sale Price (excludes inventory) (\$000s)	\$379	\$327	\$386	\$424	\$411	\$393	\$451	\$506	\$530	\$546	\$587	\$503

I. BIZCOMPS SUMMARY DATA

Exhibit 2 presents, by year, two median valuation multiples for all industries based on three annual gross sales ranges. In 2020, four of the six categories reported at 10-year highs.

Exhibit 3 presents, by year, two **harmonic mean** valuation multiples for all industries based on three annual gross sales ranges.

Looking at both tables, companies with annual gross sales greater than \$700,000 tended to have the lowest median and harmonic mean sale price/annual gross sales multiple. They also had the highest sale price/SDE multiple (except for the 2020 harmonic mean sale price/SDE).

EXHIBIT 2. BIZCOMPS MEDIAN VALUATION MULTIPLES - ALL INDUSTRIES, ORGANIZED BY ANNUAL GROSS SALES AND YEAR

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Gross Sales Range	Sale Price to Annual Gross Sales									
\$0-\$300K	0.58	0.58	0.59	0.50	0.58	0.57	0.66	0.67	0.60	0.68
>\$300K-\$700K	0.43	0.41	0.40	0.43	0.42	0.42	0.44	0.46	0.38	0.52
>\$700K	0.32	0.33	0.36	0.37	0.36	0.39	0.38	0.40	0.37	0.34
Annual Gross Sales Range	Sale Price to SDE									
\$0-\$300K	1.61	1.63	1.73	1.70	1.73	1.66	1.73	1.67	1.87	1.88
>\$300K-\$700K	1.89	1.80	1.80	1.83	1.90	1.92	1.82	1.94	1.87	2.18
>\$700K	2.02	2.06	2.04	2.12	2.12	2.24	2.29	2.27	2.47	2.26

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. Sale price excludes inventory.

EXHIBIT 3: BIZCOMPS HARMONIC MEAN VALUATION MULTIPLES - ALL INDUSTRIES, ORGANIZED BY ANNUAL GROSS SALES AND YEAR

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Gross Sales Range	Sale Price to Annual Gross Sales									
\$0-\$300K	0.47	0.46	0.48	0.39	0.48	0.46	0.54	0.56	0.46	0.45
>\$300K-\$700K	0.33	0.22	0.33	0.33	0.33	0.33	0.24	0.38	0.35	0.41
>\$700K	0.21	0.20	0.22	0.21	0.25	0.13	0.24	0.29	0.23	0.22
Annual Gross Sales Range	Sale Price to SDE									
\$0-\$300K	1.48	1.48	1.49	1.35	1.54	1.48	1.52	1.55	1.31	1.62
>\$300K-\$700K	1.68	1.40	1.55	1.51	1.61	1.60	1.21	1.63	1.60	1.88
>\$700K	1.78	1.68	1.68	1.76	1.83	1.77	1.84	1.96	1.92	1.83

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. Sale price excludes inventory.

Exhibit 4 presents, by year, two median operating ratios for all industries based on annual gross sales ranges.

It's clear from the table that SDE and rent as a percentage of annual gross sales are greater for smaller companies. Companies with annual gross sales of less than \$300,000 had the highest percentage of SDE to annual gross sales through the years, while companies that had annual gross sales greater than \$700,000 had the lowest percentage of SDE/annual gross sales. It appears that, for the most part, rent/annual gross sales has been relatively consistent for companies with annual gross sales of \$300,000 to \$700,000 and companies with annual gross sales greater than \$700,000.

EXHIBIT 4: BIZCOMPS MEDIAN OPERATING RATIOS - ALL INDUSTRIES, ORGANIZED BY ANNUAL GROSS SALES AND YEAR

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Gross Sales Range	SDE to Annual Gross Sales									
\$0-\$300K	34%	35%	34%	30%	35%	36%	38%	37%	34%	34%
>\$300K-\$700K	23%	24%	24%	25%	23%	23%	24%	26%	24%	31%
>\$700K	16%	17%	17%	17%	18%	18%	18%	17%	16%	15%
Annual Gross Sales Range	Rent to Annual Gross Sales									
\$0-\$300K	12%	10%	12%	11%	12%	12%	11%	11%	10%	20%
>\$300K-\$700K	7%	9%	7%	8%	8%	8%	7%	8%	11%	N/A
>\$700K	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. Sale price excludes inventory.

Kenneth Woo
Economic and Data Editor

Adam Manson
Director, Valuation Data

David Foster
CEO

Lucretia Lyons
President

Sarah Foster
Customer Service

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BIZCOMPS Definitions

Annual gross sales: Annual gross sales (\$000s), normally net of sales tax

Seller's discretionary earnings (SDE): Net profit before taxes and all compensation to one working owner plus amortization, depreciation, interest, other noncash expense, and non-business-related expense (\$000s)

Sale price: Actual sale price (\$000s), inventory has been deducted if it was included in sale price

SDE/annual gross sales: Seller's discretionary earnings divided by annual gross sales

Sale price/annual gross sales: Sale price divided by annual gross sales

Sale price/SDE: Sale price divided by seller's discretionary earnings

Rent/annual gross sales: Yearly rent divided by annual gross sales

Exhibit 5 represents the harmonic mean of the sale price/annual gross sales multiple by annual gross sales ranges and year. The harmonic mean is highlighted from 2010 to 2020 across all three revenue categories. In recent years, companies with revenues up to \$300,000 saw their harmonic multiple rise in 2017 and reach a peak in 2018, at 0.56x, only to see it decline the next two years. Companies with revenues between \$300,000 and \$700,000 saw their harmonic mean multiples decline to 0.24x in 2017 but saw the multiple rise to its highest point in 2018 and 2020, at 0.38x and 0.41x, respectively. Companies with annual gross sales greater than \$700,000 have seen the harmonic mean sale price/annual gross sales multiple rise in 2017 before reaching its highest point in 2018, at 0.29x, but have declined in the ensuing two years.

Exhibit 6 shows the median of the sale price/annual gross sales multiple, segmented by annual gross sales range and year. Companies with annual gross sales above \$700,000 have seen small changes from year to year in their multiple from 2013 to 2018, but have declined to its lowest level in eight years, at 0.34x. Companies with annual gross sales less than \$300,000 saw their multiple rise to their highest levels in the latter half of the decade and reach a peak in 2020 of 0.68x. The multiple for companies with annual gross sales between \$300,000 to \$700,000 saw little movement in their multiple from year to year from 2011 to 2018 but has seen a large swing downward in 2019, to 0.38x, and a large swing higher, to 0.52x, in 2020.

EXHIBIT 5: HARMONIC MEAN OF SALE PRICE/ANNUAL GROSS SALES VALUATION MULTIPLE

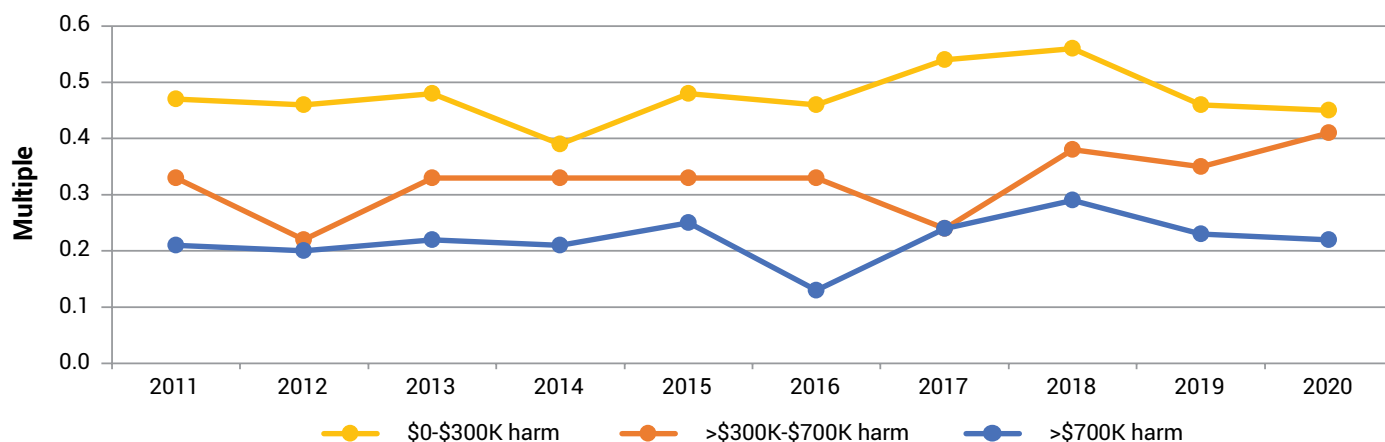


EXHIBIT 6: MEDIAN OF THE SALE PRICE/ANNUAL GROSS SALES VALUATION MULTIPLE BY GROSS SALES RANGE

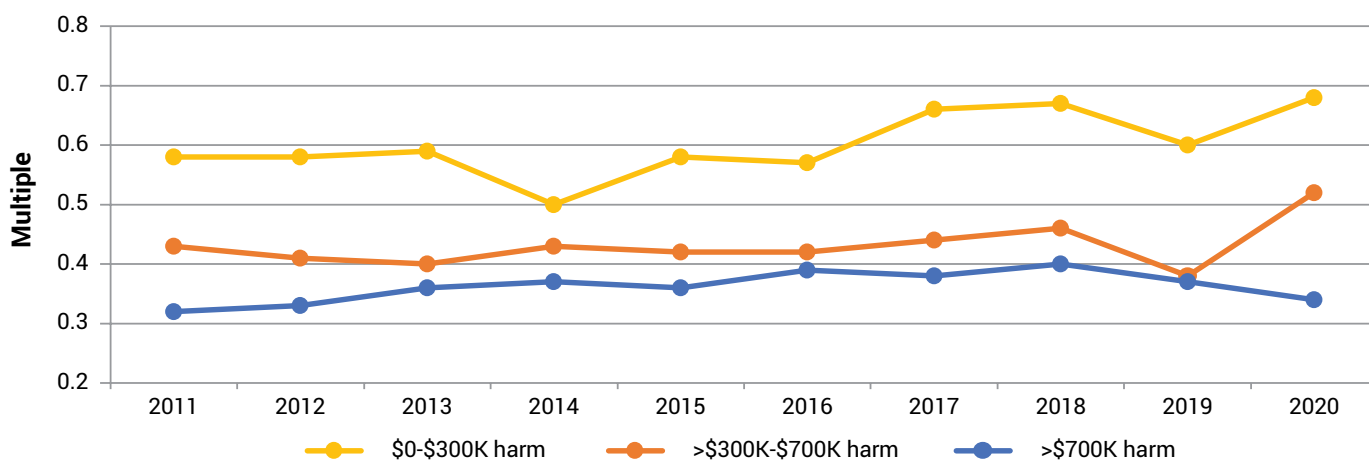


Exhibit 7 shows the harmonic mean of the sale price/SDE multiple, segmented by annual gross sales range and year. There does not appear to be a clear pattern with the sale price/SDE multiple compared with the sale price/annual gross sales multiple. The harmonic mean of the sale price/SDE multiple for the smallest annual gross sales range fell to its lowest level in 2019, at 1.31x, but rose to its highest level in 2020, at 1.62x. The harmonic mean of the sale price/SDE multiple for the medium annual gross sales range experienced large swings up and down from 2011 through 2018 and rose to its highest level in 2020, at 1.88x. The harmonic mean of the sale price/SDE multiple for the largest annual gross sales range has trended higher since 2017, reaching its peak in 2018, at 1.96x.

Exhibit 8 shows the median of the sale price/SDE valuation multiple, broken down by annual gross sales ranges and year. The multiple for companies with the highest annual gross sales ranges has moved higher in the latter half of the decade compared to the period from 2011 to 2014 and has reached its highest level in 2019, at 2.47x. Medium-sized firms, which had seen only minor swings from 2011 to 2019, saw their multiples rise substantially in 2020, to 2.18x. Smaller firms have seen more movement in their multiple over the highlighted period, moving higher then lower in nearly every year since 2013, rising to its highest level in 2020, to 1.88x.

EXHIBIT 7: HARMONIC MEAN OF THE SALE PRICE/SDE VALUATION MULTIPLE

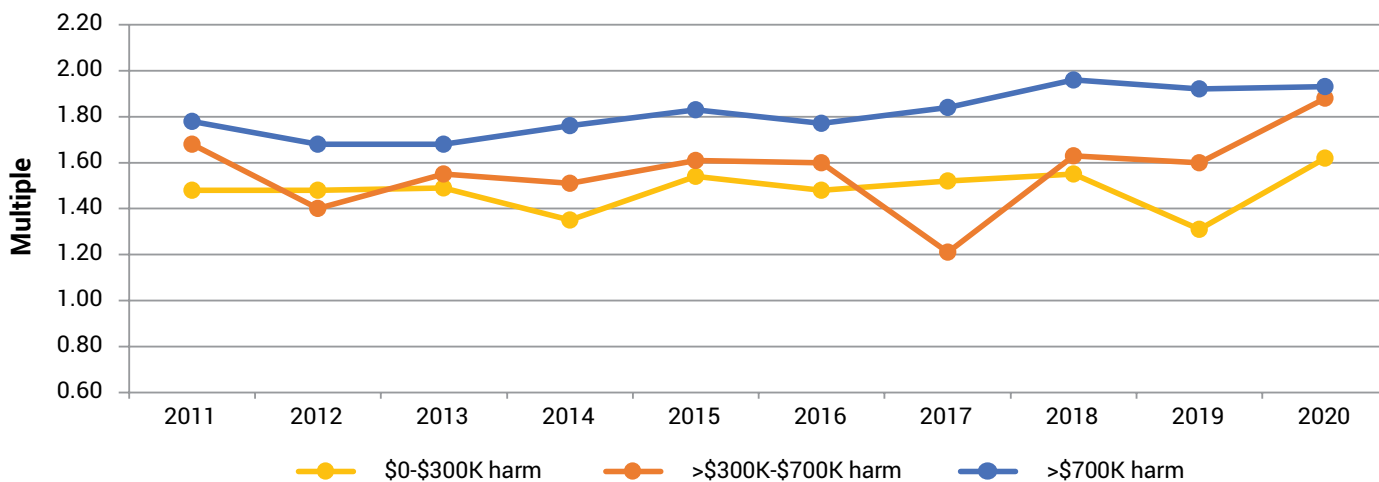
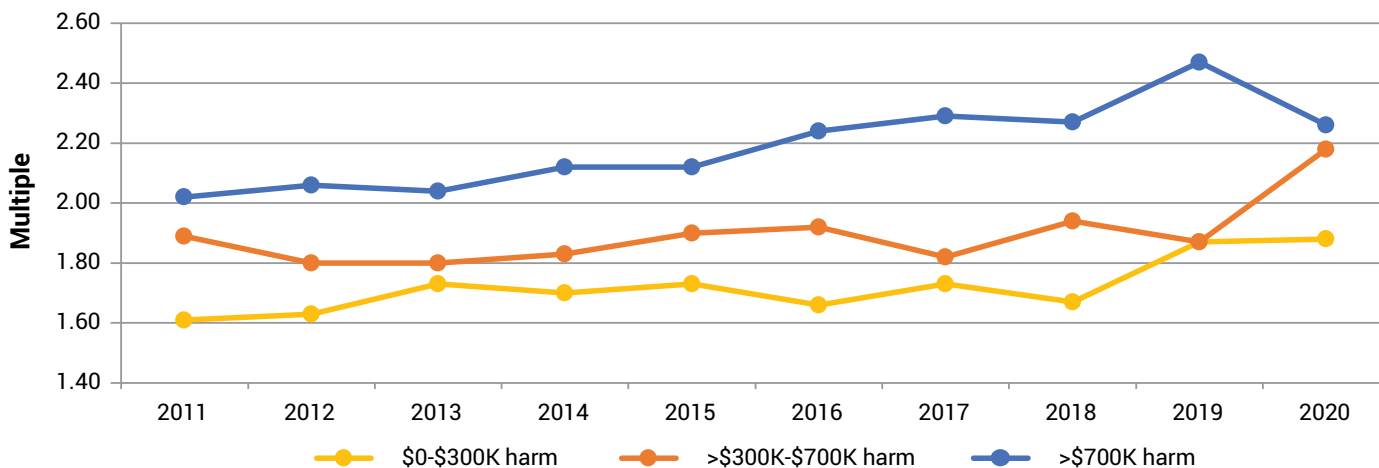


EXHIBIT 8: MEDIAN OF SALE PRICE/SDE VALUATION MULTIPLE



Exhibits 9, 10, 11, and 12 and their respective graphs present median and harmonic mean multiples, segmented by major industry groups (as identified by SIC code ranges) and by year.

The bold dashed black line in each graph displays the value for “all industries” combined. In Exhibit 9, the median sales price/annual gross sales for all industries reached its peak in 2018, at 0.48x, but has declined in the two years since. In Exhibit 10, the harmonic mean/annual gross sales reached its peak in 2018, at 0.35x, but has trended lower in the past two years. In Exhibit 11, the Transportation, Communications, Electric, Gas & Sanitary industry and the Wholesale Trade industry reported their highest multiple over the highlighted period, at 2.36x and 2.52x, respectively. Across the all industries category, the mean sale price/SDE rose from 2012 to 2020, while reporting at its highest level in each year from 2015 to 2020. In Exhibit 12, the harmonic mean sale price/SDE for all industries rose to its highest point in 2020, at 1.86x.

EXHIBIT 9: BIZCOMPS MEDIAN SALE PRICE/ANNUAL GROSS SALES BY INDUSTRY

SIC Code Range		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1521-1799	Construction	0.34	0.39	0.34	0.40	0.44	0.40	0.42	0.40	0.44	0.36	N/A
2011-3999	Manufacturing	0.50	0.54	0.54	0.55	0.48	0.50	0.51	0.56	0.57	0.55	0.42
4011-4971	Transportation, Communications, Electric, Gas & Sanitary	0.65	0.55	0.66	0.59	0.63	0.63	0.63	0.59	0.48	0.47	N/A
5012-5199	Wholesale Trade	0.34	0.41	0.37	0.42	0.33	0.31	0.36	0.44	0.36	0.34	N/A
5211-5999	Retail Trade	0.23	0.34	0.30	0.32	0.33	0.33	0.33	0.33	0.32	0.33	0.31
7011-9999	Services	0.53	0.52	0.53	0.53	0.49	0.52	0.51	0.57	0.58	0.54	0.58
1521-9999	All Industries	0.44	0.44	0.41	0.43	0.43	0.45	0.43	0.46	0.48	0.43	0.42

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. There were less than 10 transactions for the blank fields above. Sale price excludes inventory.

EXHIBIT 9A: MEDIAN SALE PRICE/ANNUAL GROSS SALES BY INDUSTRY

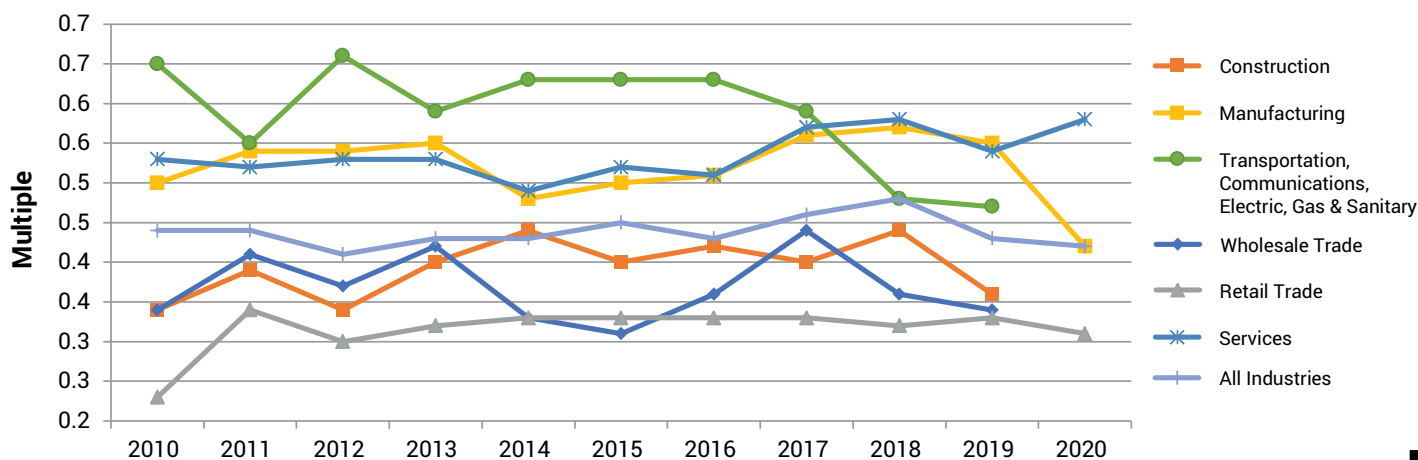


EXHIBIT 10: BIZCOMPS HARMONIC MEAN SALE PRICE/ANNUAL GROSS SALES BY INDUSTRY

SIC Code Range		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1521-1799	Construction	0.29	0.36	0.28	0.32	0.26	0.27	0.26	0.32	0.32	0.26	N/A
2011-3999	Manufacturing	0.39	0.42	0.37	0.39	0.37	0.40	0.35	0.42	0.46	0.42	0.42
4011-4971	Transportation, Communications, Electric, Gas & Sanitary	0.40	0.26	0.37	0.36	0.39	0.47	0.41	0.29	0.44	0.40	N/A
5012-5199	Wholesale Trade	0.28	0.31	0.22	0.34	0.25	0.22	0.04	0.07	0.20	0.18	N/A
5211-5999	Retail Trade	0.23	0.22	0.16	0.21	0.21	0.24	0.22	0.24	0.27	0.23	0.22
7011-9999	Services	0.36	0.39	0.41	0.42	0.38	0.40	0.39	0.42	0.45	0.41	0.22
1521-9999	All Industries	0.30	0.30	0.25	0.30	0.29	0.32	0.21	0.28	0.35	0.29	0.28

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. There were less than 10 transactions for the blank fields above. Sale price excludes inventory.

EXHIBIT 10A: HARMONIC MEAN SALE PRICE/ANNUAL GROSS SALES BY INDUSTRY

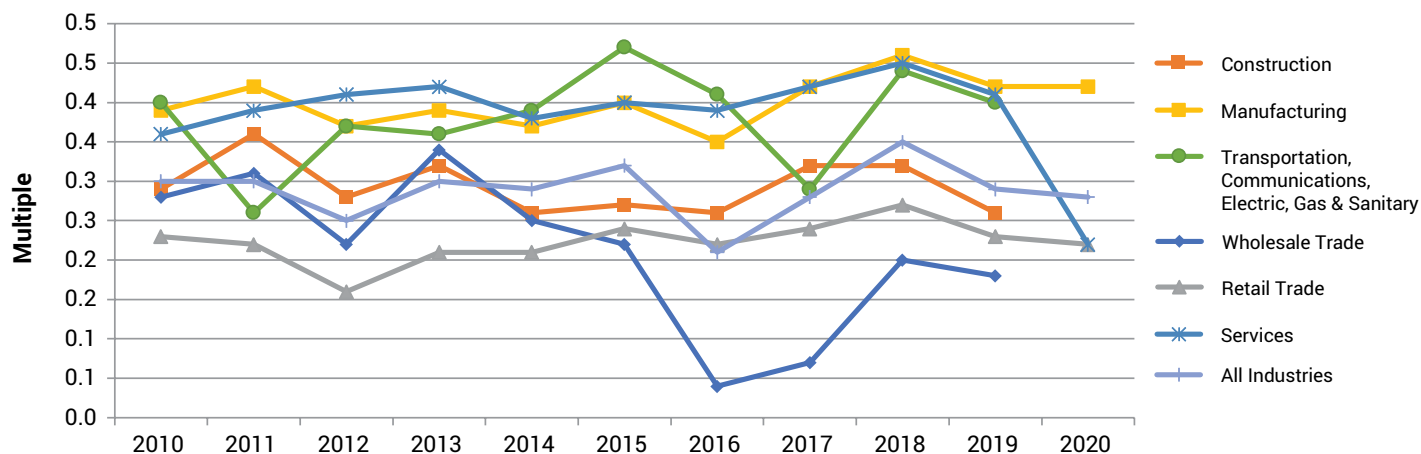


EXHIBIT 11: BIZCOMPS MEDIAN SALE PRICE/SDE BY INDUSTRY

SIC Code Range		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1521-1799	Construction	1.38	2.02	2.27	1.92	1.89	1.89	2.12	1.93	2.02	1.96	N/A
2011-3999	Manufacturing	1.77	2.28	2.16	2.27	2.17	2.08	2.25	2.41	2.53	2.66	1.84
4011-4971	Transportation, Communications, Electric, Gas & Sanitary	1.97	1.35	1.82	1.81	2.27	2.39	2.23	2.14	2.29	2.36	N/A
5012-5199	Wholesale Trade	2.23	2.26	2.02	1.87	2.08	1.85	2.25	2.32	2.08	2.52	N/A
5211-5999	Retail Trade	1.67	1.75	1.64	1.72	1.75	1.83	1.75	1.81	1.90	1.98	2.15
7011-9999	Services	1.73	1.87	1.93	1.91	1.83	1.93	1.95	1.96	2.02	2.03	2.06
1521-9999	All Industries	1.73	1.89	1.82	1.84	1.88	1.94	1.99	2.00	2.02	2.07	2.18

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. There were less than 10 transactions for the blank fields above. Sale price excludes inventory.

EXHIBIT 11A: MEDIAN SALE PRICE/SDE BY INDUSTRY

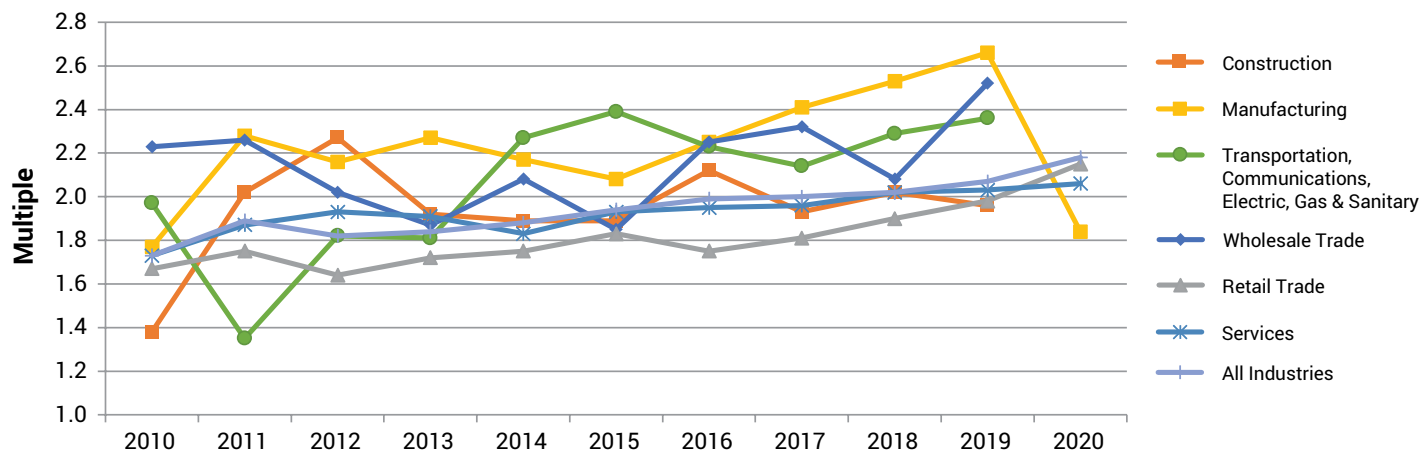


EXHIBIT 12: BIZCOMPS HARMONIC MEAN SALE PRICE/SDE BY INDUSTRY

SIC Code Range		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1521-1799	Construction	1.31	1.86	1.88	1.82	1.56	1.65	1.71	1.73	1.65	1.53	N/A
2011-3999	Manufacturing	1.72	2.15	1.95	1.96	1.89	1.85	1.94	2.08	2.12	2.36	1.75
4011-4971	Transportation, Communications, Electric, Gas & Sanitary	1.61	1.36	1.59	1.79	1.95	2.07	2.21	1.66	1.70	2.07	N/A
5012-5199	Wholesale Trade	1.84	1.99	1.68	1.83	1.64	1.73	1.85	0.53	1.63	2.02	N/A
5211-5999	Retail Trade	1.50	1.54	1.30	1.42	1.43	1.55	1.45	1.55	1.72	1.53	1.82
7011-9999	Services	1.42	1.66	1.65	1.62	1.45	1.68	1.60	1.67	1.71	1.76	1.78
1521-9999	All Industries	1.51	1.66	1.52	1.58	1.51	1.67	1.64	1.51	1.75	1.66	1.86

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. There were less than 10 transactions for the blank fields above. Sale price excludes inventory.

EXHIBIT 12A: HARMONIC MEAN SALE PRICE/SDE BY INDUSTRY

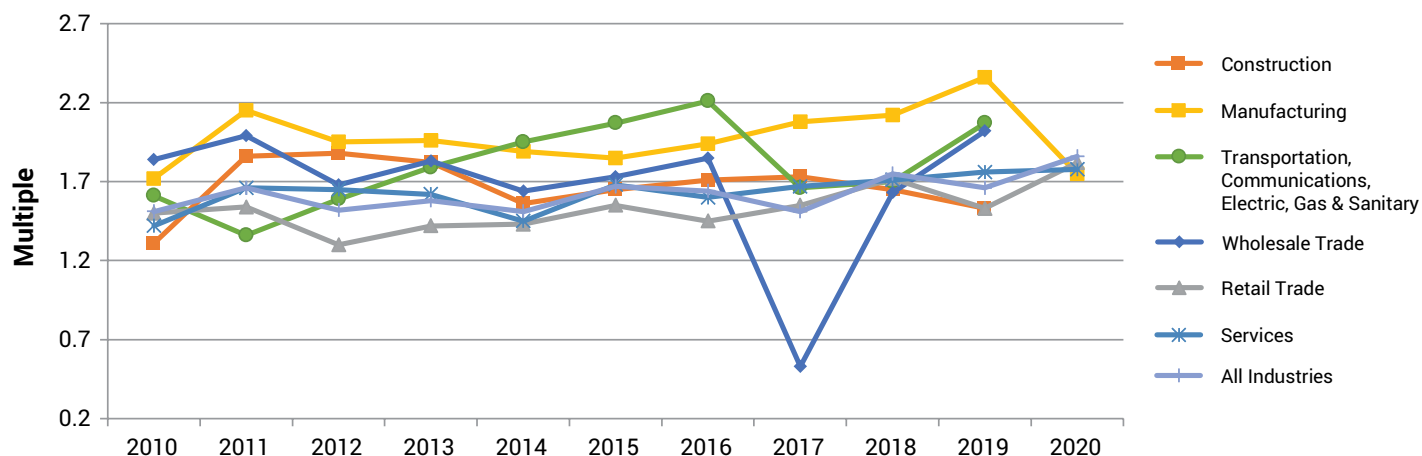


Exhibit 13 presents the median SDE/annual gross sales ratio based on major industry groups (as identified by SIC code).

Exhibit 14 presents the median rent/annual gross sales ratio based on major industry groups (as identified by SIC code). In 2019, the retail trade industry rose to its highest percentage, at 11%, while, conversely, the services industry reported its lowest percentage, at 5%. In 2020, the all industries category fell to 4% after remaining at 6% from in the prior four years.

Regarding the median rent/annual gross sales ratio, the all industries category fell to its lowest point (in this case, a low value is more favorable) in 2020, to 4%.

EXHIBIT 13: MEDIAN SDE/ANNUAL GROSS SALES OPERATING RATIO BY INDUSTRY

SIC Code Range		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1521-1799	Construction	21%	21%	19%	20%	23%	21%	19%	19%	23%	19%	N/A
2011-3999	Manufacturing	24%	22%	22%	24%	21%	26%	20%	24%	24%	23%	24%
4011-4971	Transportation, Communications, Electric, Gas & Sanitary	34%	29%	32%	30%	29%	27%	25%	29%	27%	23%	N/A
5012-5199	Wholesale Trade	18%	19%	18%	24%	19%	18%	15%	17%	15%	14%	N/A
5211-5999	Retail Trade	20%	20%	19%	19%	20%	17%	18%	19%	17%	18%	15%
7011-9999	Services	30%	28%	29%	28%	27%	27%	27%	28%	28%	25%	30%
1521-9999	All Industries	24%	23%	24%	24%	23%	24%	22%	23%	23%	21%	21%

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. There were less than 10 transactions for the blank fields above. Sale price excludes inventory.

EXHIBIT 14: MEDIAN RENT/ANNUAL GROSS SALES OPERATING RATIO BY INDUSTRY

SIC Code Range		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1521-1799	Construction	3%	2%	2%	2%	2%	2%	3%	2%	2%	3%	N/A
2011-3999	Manufacturing	5%	5%	5%	4%	5%	5%	5%	4%	7%	5%	N/A
4011-4971	Transportation, Communications, Electric, Gas & Sanitary	8%	5%	4%	3%	3%	3%	3%	2%	4%	4%	N/A
5012-5199	Wholesale Trade	3%	3%	2%	3%	3%	3%	2%	4%	N/A	N/A	N/A
5211-5999	Retail Trade	8%	7%	8%	7%	9%	8%	8%	7%	6%	11%	N/A
7011-9999	Services	10%	9%	9%	7%	8%	9%	9%	7%	7%	5%	N/A
1521-9999	All Industries	8%	7%	7%	6%	7%	7%	6%	6%	6%	6%	4%

Note: Each data point in this chart was based on a minimum of 10 transactions by private buyers of private companies. There were less than 10 transactions for the blank fields above. Sale price excludes inventory.

II. ECONOMIC OUTLOOK²

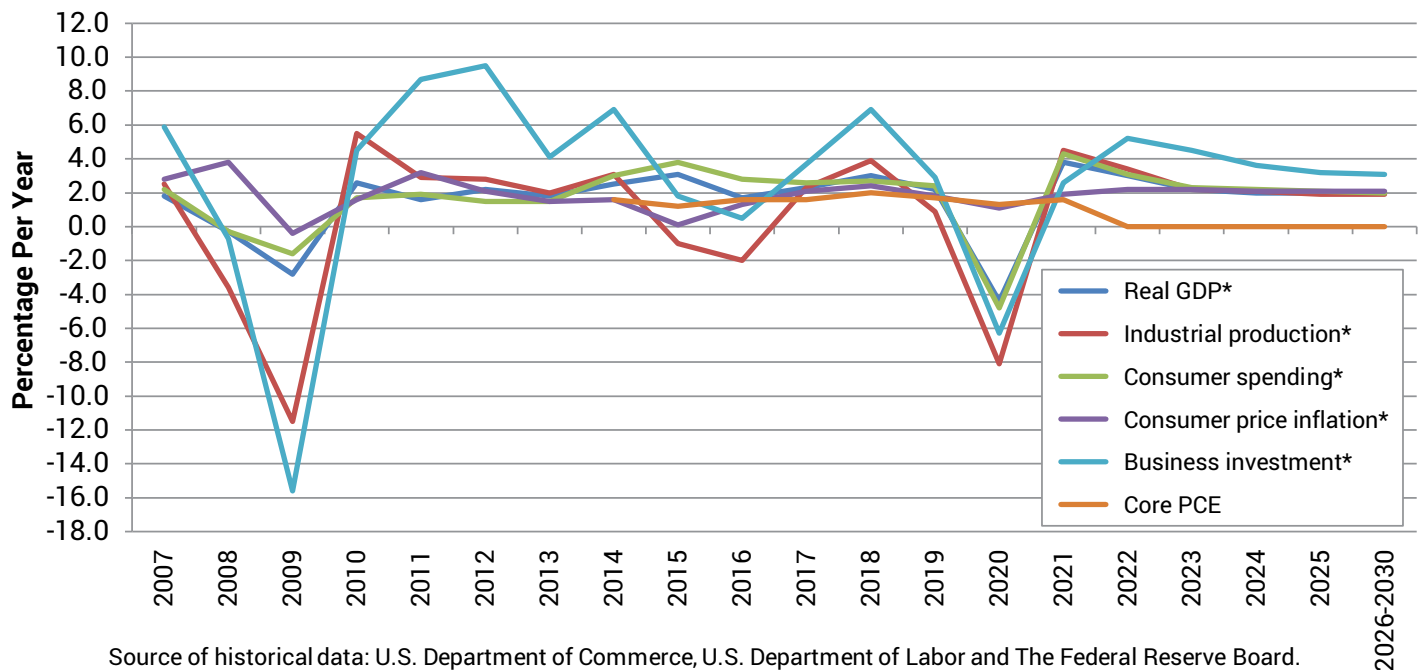
The most recent release of The Livingston Survey (the Survey) predicts lower growth for the first half of 2020 but expects the second half of 2020 to be higher than had been predicted in its prior survey. The Survey, conducted by the Federal Reserve Bank of Philadelphia, is the oldest continuous survey of economists' expectations. It summarizes the forecasts of economists from industry, government, banking, and academia. The participants project real GDP to shrink at an annual rate of 20.2% in the first half of 2020 and grow by 9.6% in the second half of 2020. They believe that GDP will grow 2.20% annually over the next 10 years.

The Survey forecasted the unemployment rate to be 17.4% in June 2020 and to fall to 10.6% by December 2020. The unemployment rate is expected to average 11.9% in 2020 and fall to 8.3% in 2021.

The forecasters in the Survey expect consumer price inflation (CPI) to be -1.5% in June 2020 and 2.0% by December 2020. The Survey expects CPI to average 2.11% over the next 10 years. The Survey also expects producer price inflation (PPI) to be -8.5% in June 2020 and 4.2% in December 2020.

2 This excerpt is from the Second Quarter 2020 *Economic Outlook Update*[™] (EOU), a monthly and quarterly economic publication published by Business Valuation Resources that provides details on the state of the U.S. economy and an outlook for future quarters. The EOU covers everything from general economic conditions and energy prices to stock and bond markets. To purchase a current or historic issue of the EOU, or to view a sample issue, visit bvresources.com.

EXHIBIT 15: KEY ECONOMIC VARIABLES ACTUAL 2007-2019 AND FORECAST 2020-2030



Source of historical data: U.S. Department of Commerce, U.S. Department of Labor and The Federal Reserve Board.
Source of forecasts: Consensus Forecasts.

*Numbers are based on percent change from preceding period. Consumer price inflation information is annual averages.

The Survey predicted the interest rate on three-month Treasury bills will be 0.13% in June 2020 and 0.14% in December 2020. It predicted the interest rate on 10-year Treasury bonds to reach 0.70% in June 2020 and 0.81% in December 2020. The forecasters have revised their previous projections for future S&P 500 index values. They expect the S&P 500 index to be 3,050.0 at the end of June 2020 and 3,117.5 by December 2020.

The Federal Reserve published its summary of economic projections, which is released with the FOMC meeting minutes. For 2020, the Federal Reserve forecasts GDP to contract by 3.7%, which is better than its prior forecast for a decline of 6.5%. GDP is forecasted to grow by 4.0% in 2021, by 3.0% in 2022, and by 2.5% in 2023. The unemployment rate is now projected at 7.6% for 2020, less than the previously forecasted rate, 9.3%, from the June forecast. Unemployment is expected to be at 5.5% in 2021 and 4.6% in 2022. The Federal Reserve forecasts PCE to be at 1.2% in 2020 and to rise to 1.7% in 2021 and 1.8% in 2022. Core PCE is forecasted to be 1.5% in 2020 before rising by 1.7% in 2021 and 1.8% in 2022.

The Energy Information Administration (EIA) predicts that the West Texas Intermediate crude oil spot price will average approximately \$38.99 per barrel in 2020 and \$45.07 per barrel in 2021, compared with \$56.99 per barrel in

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2019. The EIA expects retail prices for regular-grade gas to average \$2.16 per gallon in 2020 and \$2.28 per gallon in 2021, compared with \$2.60 per gallon in 2019.

The EIA believes the Henry Hub natural gas spot price will average \$2.16 per million Btu (MMBtu) in 2020 and \$3.19 per MMBtu in 2021, compared with \$2.57 per MMBtu in 2019. The cost of coal delivered to electricity-generating plants, which averaged \$2.02 per MMBtu in 2019, is expected to average \$1.96 per MMBtu in 2020 and \$2.04 per MMBtu in 2021. Residential electricity prices, which averaged 13.04 cents per kilowatt-hour (kWh) in 2019, are expected to average 13.08 cents per kWh in 2020 then rise to 13.23 cents per kWh in 2021. The airline ticket price index, which averaged 265.56 in 2019, is expected to be 196.80 in 2020 before declining to 156.19 in 2021.

The National Association of Realtors' Realtors Confidence Index survey reported that its Buyer Traffic Index rose 5.0 points, to 76.0, reaching a level indicating very strong conditions. The Seller Traffic Index rose 5.0 points, to 45.0, in August. The RCI is a key indicator of housing market strength based on a monthly survey of over 50,000 real estate practitioners. Practitioners are asked about their expectations for home sales, prices, and market conditions.

NAR, in its U.S. economic outlook, projects existing-home sales in 2020 to be 5.400 million (+1.1%) and that they will rise to 5.860 million (+8.5%) in 2021. It believes that new single-family home sales will be 800,000 (+17.1%) in 2020, before increasing to 950,000 (+18.8%) in 2021. NAR believes the median existing-home price will be \$284,800 (+4.7%) in 2020, before increasing to \$296,500 (+4.1%) in 2021. NAR believes the median new-home price will be \$328,300 (+2.1%) in 2020, before rising to \$338,100 (+3.0%) in 2021. It expects housing starts to increase to 1,350,000 (+4.7%) in 2020, then to 1,430,000 (+5.9%) in 2021. NAR believes the 30-year fixed mortgage rate will average 3.2% in 2020 and remain at 3.2% in 2021 and the 5-1 hybrid adjustable rate mortgage will average 3.1% in 2020 and 2.9% in 2021.