



Advisor M&A Highlights

2023 Mid-Year Update

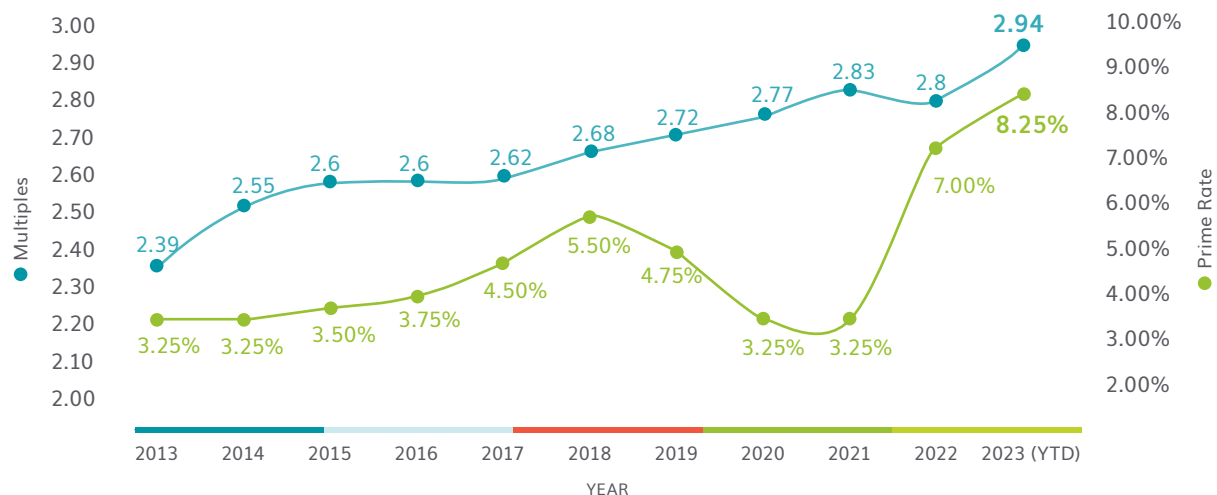
01

Valuation multiples continue to rise despite rate environment.

5.00% Revenue Multiple Increase in 2023 YTD.

3.38x Average Recurring Revenue Multiple on SRG Listings in 2023.

Yearly Progression of Recurring Revenue Multiples



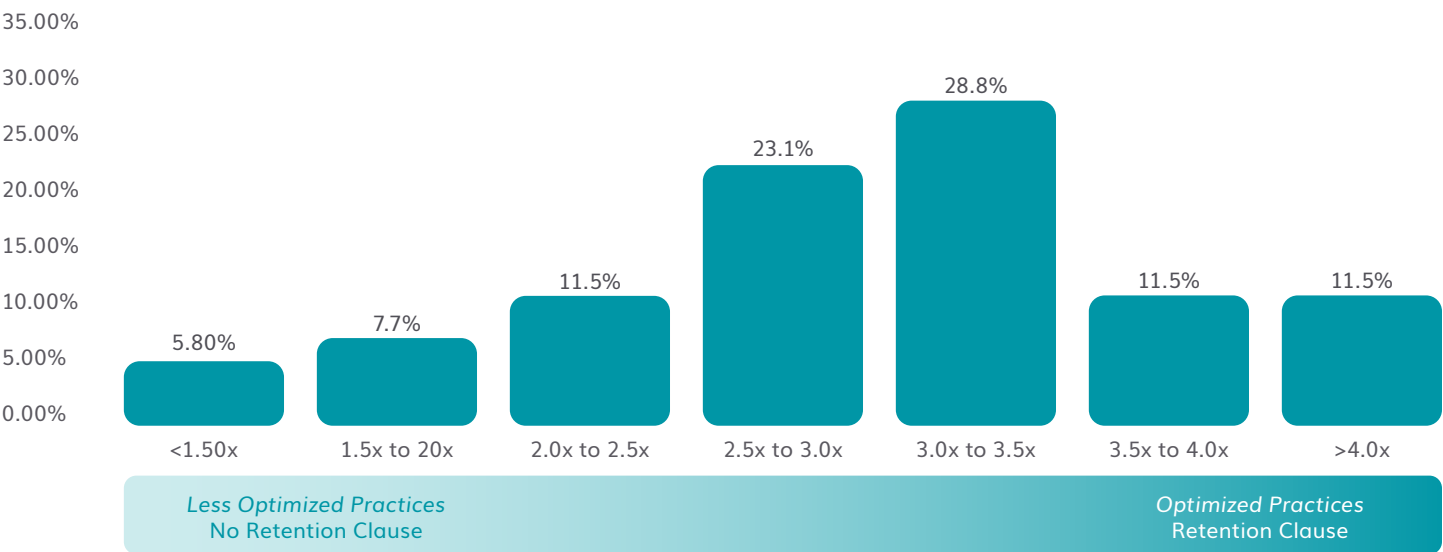
PRO TIP

Despite the high interest rate environment, advisor valuation multiples saw a rebound in 2023 over the dip in 2022. The range of values observed in the market continues to widen, with quality practices receiving substantial premiums.

02

Practice multiples continue to see greater diversity as the M&A market evolves, with sellers preparing their practice further in advance.

Frequency of Recurring Multiple
2023 (Jan. - June)



03

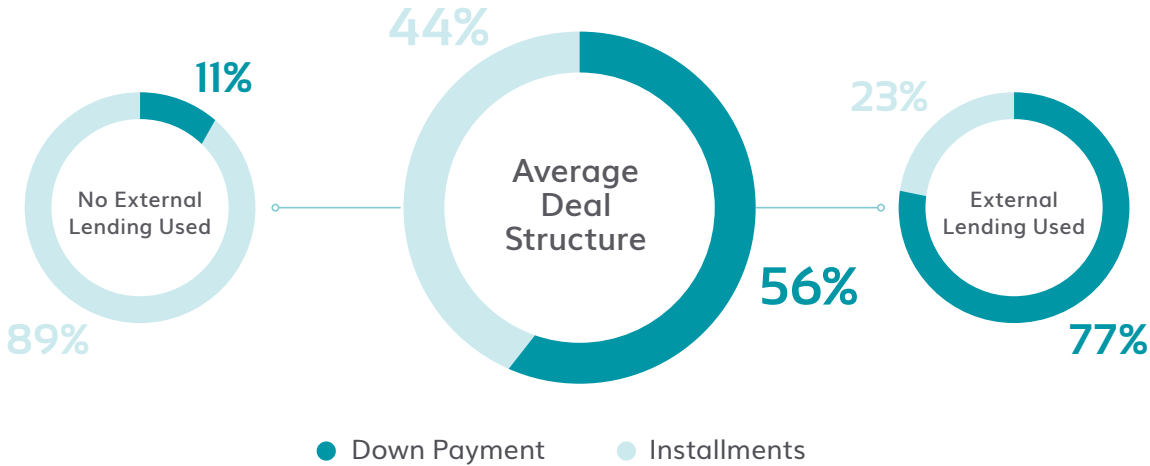
Down payment percentages continue to increase even in the midst of a possible economic recession.

47.0% of Deals Had a Clawback.

36.4% of Deals Received All Cash at Close.

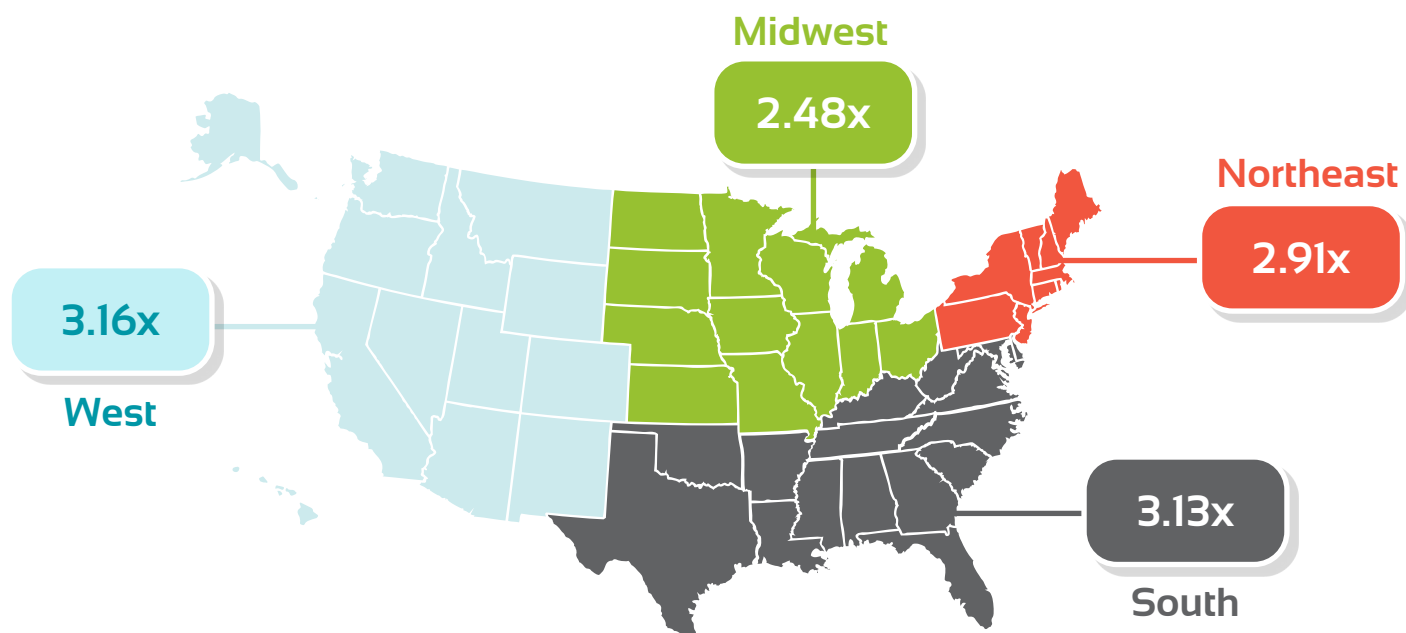
PRO TIP

Broker Dealers and RIAs broadened their lending programs in 2022, resulting in a wider range of financing options from the traditional sources seen in previous years.



04

Average recurring multiples stay strong across the United States.



05

Succession planning starting earlier but not early enough.



Avg. Plan Duration

➔ 5.5 years

PRO TIP

Internal succession planning works best over a 7-10 year period and involves 2-3 next-gen advisors for every one Gen1 founder. This provides sufficient time for financing, training/mentoring, and role transition.



Type of Equity

- ➔ 90.0% + Real Equity
- ➔ 10.0% Phantom Equity



Financing Type

- ➔ 39.1% Seller Financing
- ➔ 60.9% External Financing



Median Tranche Size

➔ 33.3%

06 What to expect in 2023 and beyond.



Deal volume is expected to increase.



Valuations are likely to hold constant.



Seller financing will decline to normal levels as rates stabilize.



Sellers are engaging with succession earlier, now as early as age 62.

PRO TIP

The advisor M&A market is expected to see increased deal volume in the coming years based on the aging workforce and lack of proactive succession planning. Buyers who invest in their infrastructure and prepare are poised to become micro-aggregators, providing size and scale to sellers, while maintaining a personal touch.



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The dataset used for this infographic was comprised of deals closed in 2023 (provided by PPC Loan, Oak Street Funding and Succession Resource Group) as well as valuations and entity resource projects conducted by SRG from January 1, 2023 through June 31, 2023.

