



What Does Your Exit Look Like?

A practical guide to valuing, structuring, and selling an estate or lettings business

Most agents spend years building a business... and almost no time thinking about how they'll exit it. That's a mistake.

Whether you're planning to sell in 12 months or five years, your exit isn't an event — it's a strategy. The earlier you start preparing, the more control you have over the outcome, the structure, and ultimately, the money you walk away with.

This guide breaks down what really matters.

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Preparation: Where value is really created

Buyers don't pay for potential – they pay for certainty. The strongest businesses are clean, predictable, and transferable.

That means:

Clean data & systems

- Fully reconciled rent roll
- Clear landlord agreements
- Accurate, up-to-date CRM
- Transparent fee structures

Strong income quality

- High proportion of fully managed stock
- Low arrears
- Long-standing landlord relationships
- No over-reliance on a small number of clients

Operational independence

- The business can run without you
- Stable, trained team in place
- Processes documented and repeatable

Compliance fully covered

- Client money protection
- AML processes
- Property compliance (EPCs, EICRs, etc.)

**If a buyer sees risk, they reduce price.
If they see clarity, they increase it.**



Valuation: What is your business actually worth?

At its simplest, lettings businesses are valued as a multiple of recurring income – but the detail behind that number is everything.

Core Metric

Adjusted Recurring Management Income (ARMI) (Not turnover. Not profit. The repeatable, reliable income.)

Typical UK ranges (guide only):

0.8x – 1.2x → Lower quality / higher risk

1.2x – 1.8x → Solid, well-run portfolios

1.8x – 2.5x+ → Premium, highly desirable businesses

What actually drives the multiple?

- Fully managed vs let-only
- Fee levels (and whether they're under market)
- Geographic concentration
- **Portfolio makeup (landlord spread)**
 - Heavy reliance on one or a few landlords increases risk
 - A wide spread of landlords reduces risk
 - Simple example: one landlord with 1,000 properties is far riskier than 1,000 landlords with one property each – and the multiple will reflect that
- Landlord churn rate
- Compliance exposure
- Staff stability and retention
- Brand strength and local market position

Two businesses with identical income can vary in value by millions based on these factors.

“You Can’t Sell a Sales-Only Business” – Not True

There’s a long-standing narrative that if your business is heavily weighted toward sales or entirely sales-only – it can’t be sold. That’s simply not true.

What should be said is: it’s a different type of deal.

Why the misconception exists

- Lettings businesses are easier to value:
- Recurring income
- Predictable retention
- Simple multiples
- Sales businesses are different:
- Transactional income
- Pipeline-driven
- Greater reliance on people, brand, and market conditions
- But different does not mean worthless.

Where the value really sits

- A strong sales business in a good market town or tradable area holds significant value:
- Established brand and local reputation
- Strong pipeline of instructions and sales
- Active buyer and vendor database
- Prime location or local dominance
- Experienced valuers and team
- Consistent referral flow

To the right buyer, this represents immediate opportunity – not risk.

Who buys these businesses?

- Local competitors increasing market share
- Agents from nearby towns expanding territory
- Regional groups avoiding a cold start
- Independents looking to scale quickly

For these buyers, acquisition is often faster, cheaper, and lower risk than opening from scratch.

The key message

If you run a strong sales business in a good location, there will be buyers. The price may differ. The structure may differ. But the opportunity is very real — particularly for those looking to expand without the cost and risk of a cold start.

Don't be put off by blanket statements. They're often wrong.



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Deal structures: How you actually get paid

The headline price is only part of the story.
Structure is everything.

Common deal types:

Upfront (less common)

- Full payment on completion
- Typically a lower overall price
- Minimal risk to seller

Deferred / Earn-out (most common)

- Usually 50–80% paid upfront
- Remaining balance paid over 12–36 months
- Linked to retention and performance

Hybrid / Growth deals

- Payments linked to future growth
- Common with consolidators
- Can outperform headline price, if targets are achieved

What you need to understand

- You are selling **risk as well as income**
- Buyers want to ensure clients stay
- Your historic retention directly impacts your deal

**The best deal is not the highest number
– it's the one you actually receive in full.**



What to avoid (where deals go wrong)

This is where most sellers lose money – or lose the deal entirely.

Over-inflated expectations

- Market reality matters more than hearsay

Messy or incomplete data

- Missing agreements
- Inconsistent reporting
- Poor CRM accuracy

Owner dependency

- If the business relies on you, value drops

Rushing into Heads of Terms (HoTs)

- Without proper negotiation
- Without understanding the detail

Ignoring structure

- A high price with a weak earn-out is a poor deal



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What to actively seek

To maximise both value and certainty:

- Strong upfront payment
- Short, realistic earn-out period
- Clear, fair retention metrics
- Defined handover expectations
- Protection against buyer underperformance
- Tax-efficient structuring

You're not just selling a business – you're securing your future income.

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Why using a broker saves you money (not costs it)

Many sellers hesitate at broker fees. In reality, not using one is often far more expensive.

Access to real buyers

- Funded, credible acquirers
- Ability to create competitive tension

Access to real buyers

- This is where deals are truly won or lost
- Protection against:
 - Weak earn-outs
 - Unclear retention clauses
 - Hidden conditions
 - Buyers that leave you with unnecessary solicitor costs

Accurate pricing strategy

- Avoids overpricing (which kills deals)
- Avoids underpricing (which costs you money)

Deal management

- Keeps momentum
- Manages objections
- Prevents deal fatigue

Delivers better outcomes

- Higher price
- Better structure
- Fewer costly mistakes

The biggest risk isn't the fee – it's getting the deal wrong.

Final thought

Every agent exits at some point – by design or by default.

The ones who achieve the best outcomes:

- Plan early
- Build with exit in mind
- Focus on quality, sustainable income
- Surround themselves with the right advisors

Because ultimately, your business isn't just what you've built...

It's what you walk away with.



**If you're looking
for guidance to
buy or sell
connect with Iain:**

iain@iaincwhite.com

07873 817087

