

The Most Profitable Industries in the U.S.

Sageworks' annual ranking of the industries with the healthiest bottom lines

Raleigh, N.C., August 28, 2015 – Sageworks today released its [annual ranking](#) of the most profitable industries in the U.S. Accounting firms, real estate lessors, and auto equipment leasing were at the top of the list. Companies operating in these three industries are seeing average net profit margins greater than 15 percent, or more than double the private-company [average](#). Also well-represented on the list are companies in the professional services sector and industries related to renting/leasing and health care. A separate ranking of the most profitable small business industries is also included in this report. This list focuses on businesses with less than \$5 million in annual revenue.

The analysis in this report is based on private-company financial statements filed over the 12 months ended August 27th, 2015, and uses net profit margin as the metric by which each industry is ranked. Net profit margin has been adjusted to exclude taxes and include owner compensation in excess of their market-rate salaries -- adjustments commonly made to private-company financials in order to provide a more accurate picture of the companies' operational performance.

The Most Profitable Industries In The U.S.

Name	Net Profit Margin
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	19.6%
Lessors of Real Estate	16.0%
Automotive Equipment Rental and Leasing	15.8%
Offices of Dentists	15.4%
Legal Services	15.4%
Offices of Other Health Practitioners	13.7%
Offices of Real Estate Agents and Brokers	13.4%
Office Administrative Services	12.9%
Offices of Physicians	12.8%
Activities Related to Real Estate	12.1%
Commercial and Industrial Machinery and Equipment Rental and Leasing	11.9%
Specialized Design Services	10.7%
Management, Scientific, and Technical Consulting Services	10.7%
Electronic and Precision Equipment Repair and Maintenance	10.4%
Coating, Engraving, Heat Treating, and Allied Activities	10.3%

**Time Frame: 12 Months Ended August 27, 2015*

While several industries stand out from the pack in terms of their healthy margins, the average U.S. company is also seeing strong margins and [performing well overall](#).

Private companies are growing revenues at nearly a double-digit rate year over year; this is one of the healthiest sales growth rates of the past 10 years. Not only are private companies increasing sales, but they're also expanding profit margins: the average private U.S. company has a net profit margin of 7.3 percent, a five-year high.

“These companies don’t typically grab the headlines,” said Sageworks analyst James Noe, “but their performance is crucial for the overall health of the U.S. economy, as privately held companies drive the bulk of GDP and job creation in the U.S.” Noe explained that a healthy bottom line allows these businesses to expand, reinvest in their businesses, and take on extra overhead such as new hires. “A healthy net margin for the average U.S. business is a very good thing for the U.S. economy,” he said.

Profit Margin Trends- Average U.S. Private Company

Metric	12 Mo. Ended August 27, 2011	12 Mo. Ended August 27, 2012	12 Mo. Ended August 27, 2013	12 Mo. Ended August 27, 2014	12 Mo. Ended August 27, 2015
Net Profit Margin	4.1%	4.6%	5.7%	6.0%	7.3%

This year's ranking included many familiar industries from previous rankings. "We update this list annually, and we almost always see certain industries at the top of the list," said Noe. "Some businesses tend to have healthier bottom lines by the very nature of the industries that they operate in." A few notable industries that dropped out of the top 15 from last year: oil & gas extraction, funeral homes, and support activities for mining. A few notable additions to the list: design services, consulting firms, and auto equipment leasing.

With a few exceptions (warehousing, support activities for mining), the list of most profitable small business industries very closely mirrors the overall ranking. The full small business list, which focuses on companies with less than \$5 million in annual revenue, is included below.

The Most Profitable Small Biz Industries In The U.S.

Name	Net Profit Margin
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	20.5%
Automotive Equipment Rental and Leasing	20.4%
Lessors of Real Estate	16.0%
Offices of Dentists	15.4%
Legal Services	15.2%
Offices of Real Estate Agents and Brokers	14.7%
Offices of Other Health Practitioners	14.4%
Offices of Physicians	14.1%
Management, Scientific, and Technical Consulting Services	13.5%
Activities Related to Real Estate	12.3%
Commercial and Industrial Machinery and Equipment Rental and Leasing	12.2%
Warehousing and Storage	12.0%
Specialized Design Services	11.7%
Support Activities for Mining	11.4%
Coating, Engraving, Heat Treating, and Allied Activities	10.7%

**Time Frame: 12 Months Ended August 27, 2015*

Inquiries and Contact Info

About Sageworks

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