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Most Profitable Industries 2016

Industry	Net Profit Margin
1. Accounting, Tax Preparation, Bookkeeping, and Payroll Services	18.3%
2. Legal Services	17.4%
3. Lessors of Real Estate	17.4%
4. Outpatient Care Centers	15.9%
5. Offices of Real Estate Agents and Brokers	14.8%
6. Offices of Other Health Practitioners	14.2%
7. Offices of Dentists	14.1%
8. Specialized Design Services	12.8%
9. Automotive Equipment Rental and Leasing	12.5%
10. Activities Related to Real Estate	12.3%
11. Warehousing and Storage	11.6%
12. Offices of Physicians	11.5%
13. Nonmetallic Mineral Mining and Quarrying	11.2%
14. Medical and Diagnostic Laboratories	11.1%
15. Other Schools and Instruction	10.5%



The Most Profitable Industries in 2016

Which industries are the most lucrative? The answer depends on how it's measured, but based on pre-tax net profit margin, the top money-makers include specialty

service providers in accounting, law, health care and real estate, according to the

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“Some businesses tend to have healthier bottom lines by the very nature of the industries that they operate in,” said Sageworks analyst James Noe. He noted that many of the most profitable industries sell services rather than products, so their operations don't require raw materials or other up-front costs that would wind up in the middle of their income statements and eat into the bottom line. “They don't sell or produce finished goods,” he said. “They don't make the tractors to sell to farmers or they don't buy groceries to sell to consumers. In other words, you don't need plastic to provide an audit for a company; it's just mostly human capital that's being utilized, and that lends to a high margin generally.”

Among privately held companies across all industries, the average net profit margin for the 12 months ended June 30 was 7.7 percent. Through its [cooperative data](#) model, Sageworks collects and aggregates financial statements for private companies from accounting firms, banks and credit unions. Net profit margin has been adjusted to exclude taxes and include owner compensation in excess of their market-rate salaries. These adjustments are commonly made to private company financials in order to provide a more accurate picture of the companies' operational performance.

Five health-related industries made Sageworks' top 15 list of most profitable industries in 2016: outpatient care centers, physicians, dentists, medical labs and a category of other health practitioners that includes chiropractors, optometrists, physical/speech/occupational therapists and non-physician mental health services providers.

Noe said that several industries tied to medical care and professional services have made Sageworks' list of [most profitable industries](#) in recent years. Contributing factors could include more demand for health care from the aging baby boomer population and the fact that these specialized services require workers with advanced educational degrees who are able to garner higher fees.

“There are two ways to have a high profit margin,” he said. “You either have a heavy

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Sageworks, a financial information company, collects and analyzes data on the performance of privately held companies and provides [accounting and audit solutions](#).

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