

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

and payroll service companies) are the highest ranking, with net profits amounting to 18.4 percent of sales, on average for the 12 months ended June 30th, 2017.

Aug. 02, 2017

Sageworks, a financial information company and the leader in the financial analysis of privately held companies, today announced the most profitable industries over the past 12 months. Based on pre-tax net profit margins for privately held companies\*, industries with the best bottom lines include specialty service providers in accounting, law, health care and real estate industries, according to the summer 2017 ranking from Sageworks.

“Not all private companies are necessarily shooting for high profitability; maybe their industry is price sensitive and rely on volume for growth (like grocery stores) or maybe they are sinking profits back into the business for R&D (growth companies),” said Sageworks Analyst Libby Bierman.

“But in most instances, higher profitability is better, and the industries atop this list are getting more from their business investment than others.”

This year, accounting-related services (accounting, tax preparation, bookkeeping and payroll service companies) are the highest ranking, with net profits amounting to 18.4 percent of sales, on average for the 12 months ended June 30th, 2017. Real-estate leasing companies and legal firms ranked second and third in profitability with a nearly 18 percent net profit margin. The average private U.S. company has a net profit margin of 8.9 percent.

“Some of the industries featured here are regulars on the Most Profitable list, especially those industries that are human-capital intensive. Many of the top performers – Accounting, Legal Services, Management Executives and some of the

Real Estate industries – are service industries in which certifications and education

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Several of the top-profitability industries are also in the real estate family, whether they are lessors, services or appraisers. These industries may have higher profitability now due to the high sales growth in many construction-related industries, [noted during the same period](#). “The higher sales volume, within reason, the faster they can cover fixed costs and boost profit levels,” said Bierman.

Net Profit Margin	Industry Code
18.4%	5412 – Accounting, Tax Preparation, Bookkeeping, and Payroll Services
17.9%	5311 – Lessors of Real Estate
17.4%	5411 – Legal Services
16.0%	5511 – Management of Companies and Enterprises
14.9%	5313 – Activities Related to Real Estate
14.8%	6212 – Offices of Dentists
14.3%	5312 – Offices of Real Estate Agents and Brokers
13.2%	2123 – Nonmetallic Mineral Mining and Quarrying
13.0%	6213 – Offices of Other Health Practitioners
12.4%	8131 – Religious Organizations

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

10.6%	5419 – Other Professional, Scientific, and Technical Services
10.3%	5416 – Management, Scientific, and Technical Consulting Services
10.2%	5414 – Specialized Design Services
9.8%	6116 – Other Schools and Instruction
9.7%	4884 – Support Activities for Road Transportation

\* 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.

Accounting • Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved