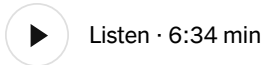


GUEST ESSAY

Baby Boomers Are Retiring in Drove. Private Equity Is Waiting.

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A generation of baby boomers, aging into retirement, are starting to sell their machine shops, plumbing companies and dentistry practices to private equity firms.

Deal by deal, ownership is being extracted from the thousands of communities where businesses were built to the handful of cities where capital is already concentrated. For the new owners, the primary, and often exclusive, connection to the community is the profit they can derive from the acquired asset. Left unchecked, this historic migration will lead to a new geography of inequality.

The mass retirement of baby boomer business owners is helping accelerate this shift. The scale of this “silver tsunami” is difficult to fully appreciate. More than half of America’s small businesses have owners over the age of 55. These companies earn \$6.5 trillion in revenue each year. And many of their owners do not have a succession plan.

Private equity firms, once primarily known for leveraged buyouts of large corporations, are seizing this opportunity. The formula is straightforward: Buy a downtown dentist practice for a relative bargain, merge it with a collection of other dental practices across the country and sell control of the agglomeration for a premium. In 2024, private equity firms had completed over 1,500 acquisitions under \$25 million, an over 40 percent increase over the last decade.

Firms are now consolidating numerous niche industries. Alpine Investors, an \$18.5 billion private equity firm based in San Francisco, founded Apex Service Partners in 2019 for the purpose of buying and consolidating ownership of independent HVAC, plumbing and electrical companies. Now it owns around 75 local brands in 46 states. The same is happening in garage door repair and roofing businesses.

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This migration of ownership is playing out north of where I live in Michigan, on Mackinac Island, a small community known for its sweeping coastline, fudge and lack of cars.

For decades, thousands of visitors reached its shores via three commercial ferry services. In 2016, the third route was acquired by one of the two existing lines. Then in 2022, Hoffmann Family of Companies, a Florida-based private equity and investment firm, purchased one of the two remaining ferry services. It was a

family business. “They’re keeping everything the same, including the name — nothing really is going to change from the guest perspective,” the ferry president, Chris Shepler, 59 at the time of the sale, told The Detroit Free Press.

Hoffmann later bought the other ferry service, as well as the private boat charter service and the private dock, giving it a near monopoly on transport to the island. By 2024, the firm also owned two area newspapers as well as more than 116 parcels of land, 51 buildings and 6,500 parking spaces, making it the largest real-estate owner in the Mackinac region.

Changes quickly ensued. Ticket prices rose. Ferry users had to start paying extra to bring on a bike; parking fees increased. The result was war, with the Mackinac Island government taking Hoffmann to court. The local tourism director reported spending \$155,000 in additional advertising to counter the negative press generated by the dispute. A resort owner, Liz Ware, said groups interested in booking her place for meetings started to ask whether they would still be able to reach the island. Michigan sided with the island government, granting it authority to regulate the economics of all elements involving ferry access. As a result, Hoffmann has threatened to stop operations in 2027.

Situations like this are happening all over the country, and it’s only going to get worse as more baby boomers retire and sell their companies to private equity.

If we do nothing, the confluence of private equity and the silver tsunami will create an even wider gap between communities that own and control their services and those that do not. Some communities — New York, Miami, San Francisco — will gain more ownership, more wealth and more power. Others, like Mackinac Island, are drained of control, upside and civic influence. For Americans to have a say in their economic futures, they must make protecting local ownership a national priority.

Nonprofits can help, but they cannot, by themselves, solve a problem created by the market. We need capitalists — investors and entrepreneurs — willing to build investment models that treat place-based ownership as an advantage. I helped found an investment fund that backs aspiring business owners who want to

acquire and expand West Michigan businesses. We operate with a mandate that our businesses should not only be profitable, but also benefit their communities. With \$150 million in investment capital, our firm is a relatively small player, but it is a start.

Local government already helps communities attract employers, support expansions and encourage new business formation. But it can do more, by helping aging business owners find local successors and encouraging investments that keep ownership in communities. Economic development officials should know which sectors and firms are most important to the local economy and who needs to be connected before a succession crisis arrives.

Higher education can also help. Colleges have long trained students to work for companies or start them. They should also prepare students for careers in which they ultimately acquire and lead existing businesses. Ownership is not only a Silicon Valley start-up story. It can also be a path to preserving the companies that hold a local economy together.

Finally, we need a culture that lionizes the steward as much as the founder. America celebrates successful founders but forgets that many celebrated business figures were not there from the start. Ray Kroc bought McDonald's. Howard Schultz bought Starbucks. Steve Jobs bought the outfit that became Pixar.

For a long time, America has treated local business ownership as a private matter. But when millions of owners reach the exit at the same time, private decisions become a national reckoning. The question is whether America will renew a culture of local empowerment or let economic control keep concentrating in the places that already have it.

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