2025 TO 2026

5 BORING BUT SAFE BUSINESSES TO BUY IN TORONTO

5 business suggestions for steady, safe cash flow
that are not very popular with individual buyers.

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The pattern we are seeing in Toronto.

Some Toronto businesses cost too much because customers love them. Think smash burgers, cute cafes, anything with a line out the door. Other businesses cost too much because buyers love them. Think laundromats or car washes that everyone online keeps talking about. Both tend to end somewhat the same, by you paying for hype.

The 5 businesses in this file are some of the quietest we have seen in Toronto after analyzing endless businesses, and in this file we explained why we think they may be a safe, great replacement, especially with the big retirement wave that already started within the business owners community.

HVAC and Skilled Trades

WHY IT WORKS

Private equity's favourite: HVAC companies. They are good businesses to buy, because of the nature of their steady demand, people buy them instead of starting them because you need special licenses, it takes time to build a client list, and finding talent is hard, and expensive. But on the upside, when a furnace breaks in February, nobody has time to shop around.

At the same time, a whole generation of owners is turning 60, and their kids do not want the business. Big investment firms are buying up the large shops, but anything under $2 million is still too small for them to notice. That is your opening.

The real HVAC money is mostly in repairs, as per what we have analyzed, not new installs. New installs get bid down by competitors, but repairs are urgent, and urgent customers are very likely to pay full price. A shop with lots of repeat maintenance customers is worth much more than one that only does new installs every year.

> **WHAT I WOULD WATCH OUT FOR:** HVAC valuations went up astronomically in the last 5 years. The average exit multiple was 4, now it is around 7, sometimes pushing 8 times EBITDA. This is mainly driven by private equity's aggressive huntdown of HVAC businesses in the GTA. Good deals exist, but buyers can be delusional.

CHECK BEFORE YOU BUY

- Who holds the licenses: the owner leaving, or the workers staying
- How much revenue is repairs versus new installs (repairs are better)
- What workers are paid compared to the market. The workers are the real business
- Whether one builder or property manager makes up more than 15% of revenue

02 · THE GOVERNMENT BACKED PLAY

Licensed Daycares

WHY IT WORKS

Daycares can be genuinely good businesses, due to the nature of long waitlists in many cities, with some pushing 2 years or more. Opening a new daycare takes very careful consideration of the legal requirements. The CWELCC program, permits, and zoning can take some time. But the advantage is that you are buying a business with a waiting list that fills itself.

On top of that, a government program pays for a large part of daycare revenue. This is about as close to guaranteed cash flow as a small business gets.

Just do not confuse how many kids a center is licensed for with how many are actually enrolled. A center licensed for 60 kids but running at 58 with a waitlist is very different from one running at only 41. They should not cost the same.

WHAT I WOULD WATCH OUT FOR: Enrolling in the CWELCC can be tricky, as it caps your profits and requires more financial auditing each year. Exploring special licensing nonprofits like Montessori can be worth it.

CHECK BEFORE YOU BUY

- Enrollment numbers for the last 2 years, plus a waitlist you can actually check
- The funding status and terms of the government agreement
- Whether the supervisor and certified staff plan to stay after the sale
- The lease terms. The license is tied to the address, so the lease is the business

03 · THE STICKIEST REVENUE THERE IS

Bookkeeping and Accounting

WHY IT WORKS

People almost never switch accountants because it is a hassle, so clients stick around for years and pay monthly. Meanwhile, many independent bookkeepers are retiring with nobody to take over their client list. Because many built long-term relationships here, they are careful about who to sell to. That is why seller financing is common here, as the seller has a reason to help you succeed.

These practices usually sell for around one year of billings. And the easiest way to grow profit is simple: raise prices. Many retiring owners have not raised their fees in ten years out of loyalty to old clients. Bringing prices up to normal market rates is often the easiest win in the whole deal.

WHAT I WOULD WATCH OUT FOR: The seller will not agree to stay on and help for a while after the sale. That tells you what happens to the clients once they leave.

CHECK BEFORE YOU BUY

- How close clients are to retiring themselves
- The mix of monthly work versus once a year tax filing
- Who really holds the client relationships: the owner, or staff
- Whether the seller will stay 6 to 12 months to help the handoff

04 · THE INSURANCE PAID PLAY

Property Restoration

WHY IT WORKS

Buildings face fire damage, flooding, mold all the time. The person calling is usually not the person paying, almost always it is the insurance company that pays, and nobody shops around when their basement is flooded. The real advantage here is a spot on an insurance company's approved vendor list, which takes years to earn and cannot be rushed. As the buyer, you inherit that spot, as long as it transfers properly. Toronto's old homes and yearly flooding keep the work steady.

Revenue can be uneven. Storms cause spikes, so look at 3 or more years of numbers, not just the best 12 months a broker chose to show you. Private equity has already started paying some quietly in Toronto, as per what I could have found on past transactions, although the demand is real and steady.

WHAT I WOULD WATCH OUT FOR: There is a clause buried in the insurance agreements about what happens if the company changes owners, it's worth paying attention to that in my opinion. If those relationships do not transfer to you, you paid too much.

CHECK BEFORE YOU BUY

- Which insurance programs the company works with, and whether they survive a sale
- The split between insurance work and direct customer work over 3 years
- Who holds the required certifications, and whether they are staying
- How old the unpaid invoices are. Insurance pays slowly, so you will need cash on hand

Fire and Life Safety Inspection

WHY IT WORKS

I think it's my favorite on this list, because it doesn't get that much noise online. Ontario's fire code requires every office building, condo, apartment, school and hospital to get fire alarms, sprinklers, extinguishers, and emergency lights checked every year. Some things get checked every month, and the customer does not choose whether to buy this service as it is mandatory, and fire inspectors enforce it. Every condo tower built in the last 15 years is a client for life, with hundreds more coming, and property managers rarely switch vendors because switching feels risky.

Inspections also find problems, and the same company usually gets hired to fix them. That is a second stream of revenue built right in. And there is a clock running: American investment firms have been buying up fire safety companies for 3 years straight. That trend always reaches Canada eventually. Toronto shops are still selling at normal, small business prices. In my humble opinion, that will not last forever.

WHAT I WOULD WATCH OUT FOR: There are many handshake deals that happen here, instead of formal 10 year contract agreements. Worth asking for these, as they are effectively hidden value you don't see on the books.

CHECK BEFORE YOU BUY

- How many buildings are on a signed, recurring agreement
- How many technicians hold the required certification, and who holds theirs personally
- The split between inspection revenue and repair revenue (repair work hides the profit)
- How organized the compliance paperwork is. Messy records become your problem later

BEFORE YOU SIGN ANYTHING

Found a deal? Don't sign yet.

This guide is meant to prevent people from buying risky, hyped businesses, but safe, good businesses also have some risks in them, and need careful planning and analysis.

"Safe doesn't mean easy, every business in this guide still needs real due diligence before you sign."

Toronto Business Forensics

Book a Deal Review Call

One hour one-on-one, where we will go through the numbers together: what they really show, what is missing, and where you have room to negotiate. You will leave with a clear next step, whether that is moving forward or walking away.

Book a Strategy Session