

SUCCESS IN SUNSHINE COAST BUSINESS SALES IS VERIFIED

Market Review

SUMMER 15/16



VERIFIED
— BUSINESSES —

MARKET REPORT December 2015

Demand for Small Businesses on the Sunshine Coast heats up

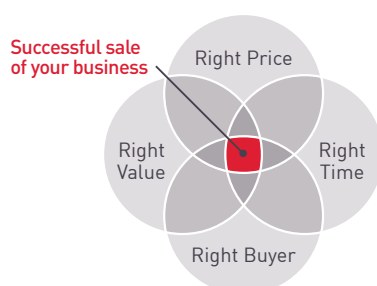
The good news for sellers is that the demand for small businesses continues to be strong across the majority of sectors throughout 2015 and into 2016. Most recently, Verified Businesses has seen new enquiries for 'businesses for sale' across the Sunshine Coast up by a massive 38% for the two months 'December 2015 and January 2016' compared with the corresponding months of the previous year. Food and Hospitality again featured as the most popular sector in the last few months, with over 39% of sales coming from that particular group, showing the strongest 'band of interest' being in businesses below \$150,000. Good volumes of buyers continue to seek Cafés, Takeaways, Restaurants and Convenience Stores on the Sunshine Coast, with demand continually still outstripping supply at several price points under the \$150K mark. Home-based, Services, Cleaning, Wholesale/Import, Automotive/Mechanical, Transport/Distribution, and Construction/ Manufacturing type businesses have also recorded good sales over the past 12 months, with businesses in least demand being in the Hair and Beauty sector. Retail businesses have been quiet with a small amount of sales recorded.

Food and Hospitality buyers generally come in two forms:

1. Those seeking an entry level type business or a bargain, i.e. a business which is rundown, and/or has little in the way of financial records, and/or has low rent and few assets, and/or is not situated in a prime position.
2. Those who want all their ducks in a row, and who are seeking a business with increasing turnovers, full financials, first class plant and equipment, and a strategic location. As a rule however, businesses with good financial records, sustainable earnings and modern P&E are well sought after by buyers across most sectors.

What we have found at Verified Businesses is that even though buyer enquiries are currently on a high, sellers must consider that time is money, and correct market positioning and timing is still essential. Most potential vendors always ask the same kinds of questions before listing their business, one of the most popular questions is "Where is the right buyer for my business?"

We answer that question by explaining the following four factors that must intersect before a buyer will actually purchase.



Buyers in the 'buying zone' for your business will usually come from 'existing buyers' on our database or from 'new buyers' scanning websites for advertised businesses for sale. Both groups make up a 'current pool of buyers'.

Serious buyers in the 'current buyer pool' are generally ready to act at the right time, when a business that they are interested in presents itself. These become the right buyers for your business when it's a business of interest that is around the right price that they can afford. After investigating the business further, a buyer will only act if they perceive that the business holds the right value for them to invest in, at that price - even if they have to do some borrowing to make it happen.

As professional business brokers, we can help drive the buying process through by not only introducing 'new and existing buyers' to new business opportunities as they arise, but by highlighting the special value features of a particular business, and pushing for site inspections of businesses so we can help reinforce value. However, the salient fact remains, a buyer will still not act until they see value in the business on offer.

In some cases unfortunately, what sellers often don't understand or lose sight of, particularly in today's market, is that many buyers that are ready to act are the most educated on 'value', because they have done the most research on businesses for sale in that sector around a particular price point. So our feedback to the vendor is paramount in these cases. Why? Because if a business continues to be incorrectly price positioned for an extended period, vendors could simply be missing out on buyers and consequently selling their business, which is clearly not the desired outcome.

Sellers that utilise Verified Businesses' professionally designed Internet marketing campaigns continue to be most effective in attracting volumes of buyers to their businesses; particularly if the advertising successfully communicates the special value benefits of their business opportunity. Generally, you have to reach 30-60 buyers to find the eventual purchaser, creating competition for the business being the major objective. Advertising spend to achieve this objective, yields benefits for vendors and is generally of low cost. I don't know any serious sellers that wouldn't pay \$15-\$20 per buyer, if the buyers are the right type for their business, and if it will create competition for that business within the market.

The Sunshine Coast is the right place; buyer enquiry is still very strong from locals, interstate and overseas at a rate of 200 to 300 new enquiries per month at Verified Businesses. Increasing numbers of buyers are looking to invest in businesses on the Sunshine Coast, and relocate from interstate (WA, VIC and NSW) either due to changed work or industry conditions, or for lifestyle choices. There also continues to be good numbers of overseas buyers wishing to fulfil visa requirements, and gain permanent Australian residency. Buyers consistently comment on how they love the local climate, the new housing estates, the increasing infrastructure in education and medical facilities, and the opportunities the region has to offer young families. Most buyers are also looking to purchase a family home on the coast either at the same time as they acquire a business, or in coming years.

Food and Hospitality, Home-based, and Service businesses are again in hot demand, as discussed in the previous market report. With the exchange rate of the Australian dollar low, more people are once again coming to the Sunshine Coast to spend money. This coupled with the long summers, magnificent weather, and an increasing permanent population, has meant many local buyers and investors along with those wishing to move to the Sunshine Coast, are seeking Food and Hospitality and Service type businesses in the coming

MARKET REPORT December 2015

months. These buyers have likely been looking around the market for a little while now, generally know what they are looking for in a business, and wish to capitalise on the improving coastal economy.

Now is the time to sell, Verified Businesses is consistently dealing with good numbers of pre-qualified buyers across most sectors. These buyers are generally ready to purchase the right business when it comes along. The problem is, we haven't always got enough quality businesses to fill this demand. Generally, those businesses with sustainable net profits of over \$150-\$200K p.a. for one working owner are in high demand right now, along with businesses that have moderate to low owner involvement and net profits of over \$100K. Therefore, if you have a business to sell that matches this description, now is a great time to sell. Because as discussed previously, if a business is well sought after at any level in the market by two or more buyers, then premium prices can be achieved. However, correct price positioning when a business hits the market for the first time is still crucial, as it can stifle new enquiry of 'hot buyers' who are ready to buy and are educated on the market, which is what we want to avoid as professional brokers.

There are many reasons why it's a good time to sell during periods of low inflation, low wage growth, low capital growth and low interest

rates, similar to conditions like we have right now. Owning a successful small business is still a proven and reliable method of creating wealth, (Jarot's Guide). Many buyers out there are beginning to realise this. This can also be seen in the Australian Institute of Business Brokers (AIBB) 'market sentiment indicator' which has moved from a 'buyer's market' to a 'neutral position' signalling the likelihood of better news for sellers for 2016. So, even though there is a lot of talk about a looming oversupply in the market as baby boomers retire and exit their businesses in masses over the coming years, as yet, that just hasn't happened. At present, solid businesses still achieve good selling prices, and are in strong demand and short supply.

The first step to selling your business is free.

If you are a business owner and genuinely interested in selling your business, you really should give us a call for a free business assessment. After completing your free business assessment, we can help confirm the likely outcomes and selling ranges of your business, and help you plan future exit strategies, by reinforcing your decision to either sell or hold on to your business.

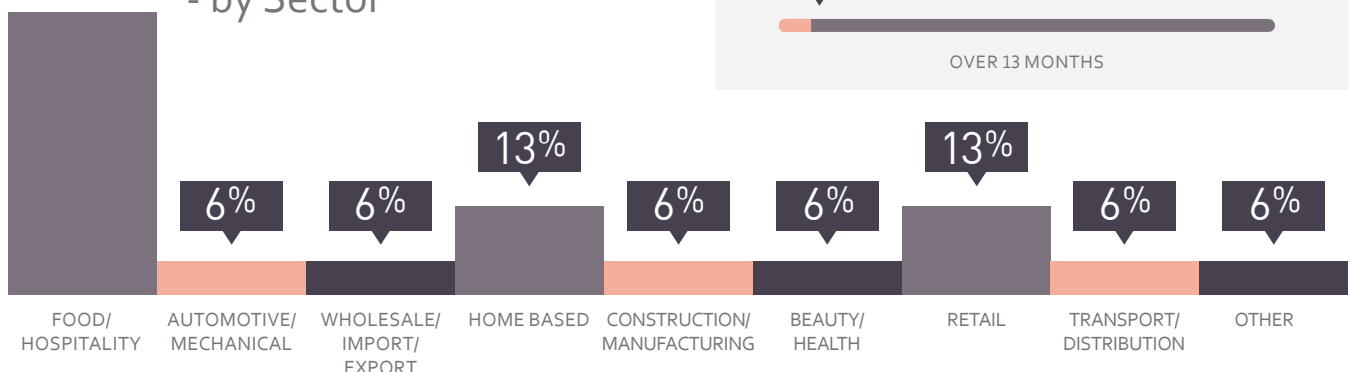
CRAIG CAMPBELL *Principal Verified Businesses.*

RECENT STATISTICS

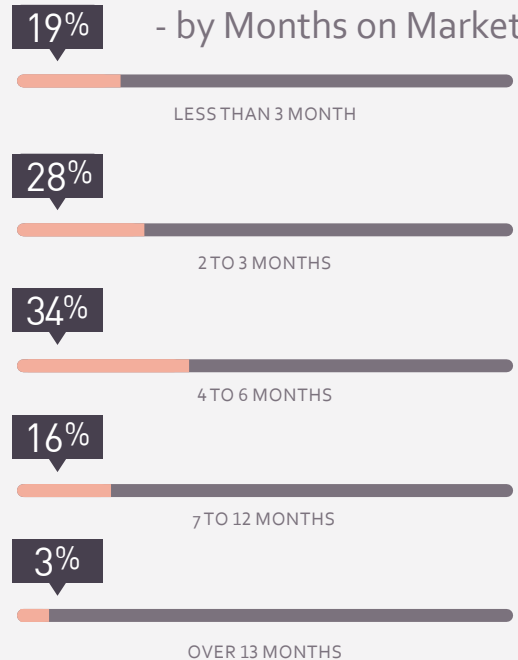
Some Recent Numbers

FASTEST SALE TIME	2 WEEKS
MOST POPULAR INDUSTRY	FOOD/HOSPITALITY
AVERAGE SALE ENQUIRIES	35-65
NUMBER OF BUYERS ON DATABASE	over 5,000
SALES PRICES ROI RANGE	35-85%

38% Sold Since Jan 2015 - by Sector



Sold Since Jan 2015 - by Months on Market



TEAM BASED APPROACH TO HELPING CLIENTS!

Getting the result is the most important factor for me when selling businesses.

Yes, it's when I get paid but it's also when the excitement really happens for a new owner and the sense of achievement in many cases for the seller.



Trueline Smash Repairs has been owned and operated by David & Dianne Buckton for near on 30 years and they have created a great life with the business over that time. The time came for David to look at retiring, so after meeting with a number of brokers, David decided on myself to look after their business sale. We discussed the sales process and worked out the best price to list that would give them the money they were after and also the right price where buyers would be interested. I first spoke to Ron & Kirsty after they enquired from some online portals that were used as they were based in Rockhampton and wanting to relocate. It took no time for me to realise that they knew what they were looking for and knew what they were talking about. Not long after a meeting was arranged, they flew down and days after they made an offer within 5% of the asking price. With contracts, leases and takeover all happening, there was plenty of discussions to have with buyers and sellers and everything worked out well in the end for all involved. Both buyers and sellers are over the moon with one securing their future and the other allowing for plenty of free time. Congratulations to you all, and it was a pleasure to work with you throughout the sales process.



BRETT BARTON

P: 0408 607 344

E: brett@verifiedbusinesses.com.au

“

My husband and I just recently purchased a business through Verified Businesses. Brett Barton was the Business Broker marketing the business. We found Brett to be friendly, approachable, easy to deal with and down to earth. Brett was happy to help us in any way possible, at times even supporting both us and the vendors with out of the ordinary arrangements. Our experience has been nothing but positive. I'd be more than happy to reiterate these comments and discuss my experience should anyone wish to contact me on 0411 227 391.

”

Kirstie O'Brien, New Owners,
Trueline Smash Repairs
BURNSIDE QLD 4560

SOME OF OUR RECENT SALES

Leading Noosa Salon



- Overseas buyers
- Easy contract
- Second to inspect bought
- 10 Enquiries over the internet

\$55,000 + STOCK
SOLD BY CRAIG CAMPBELL

Profitable Home-Based Cleaning Business



- Second to inspect bought
- Sold close to asking price
- Solid interest enquiries
- Buyer from interstate

\$59,000 + STOCK
SOLD BY CRAIG CAMPBELL

Classic Beachside Takeway



- Brisbane Buyer
- 25 Enquiries over the internet
- Third to inspect bought
- Very happy vendor

\$110,000 + STOCK
SOLD BY DES BRENNAN

Book Publisher



- 14 enquiries over the internet
- Second to inspect bought
- Limited potential buyers
- Buyer with previous publishing experience

\$85,000 WIWO
SOLD BY DES BRENNAN

Blinds and Awnings



- Buyer from database
- List settled in 3 mths
- They said "You'll never sell that"
- 28 internet enquiries

\$125,000 WIWO
SOLD BY DAVID BENTLEY

Award Winning Bakery



- Sold for full asking price
- Buyer saw huge potential
- Bank loved the business
- Squeaky clean financials

\$99,000 + STOCK
SOLD BY DAVID BENTLEY

Panel Shop



- Second to inspect bought
- Buyer relocated from Rockhampton with family
- Sold within 5% of asking price
- Seller now able to retire

\$245,000 + STOCK
SOLD BY BRETT BARTON

Blinds, Awnings and Security Screens



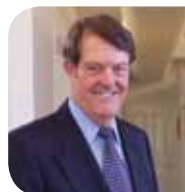
- Seller referred from satisfied customer of Brett's
- Sold for asking price
- Buyer relocated from NSW
- Smooth transition

\$110,000 + STOCK
SOLD BY BRETT BARTON



CRAIG CAMPBELL

P: 0419 747 709
 E: craig@verifiedbusinesses.com.au



DAVID BENTLEY

P: 0418 903 300
 E: david@verifiedbusinesses.com.au



DES BRENNAN

P: 0418 413 956
 E: des@verifiedbusinesses.com.au



BRETT BARTON

P: 0408 607 344
 E: brett@verifiedbusinesses.com.au

VERIFIED BUSINESSES GOES FROM STRENGTH TO STRENGTH



The founder of any business that sells to a new owner always has concerns for how the business will fare after the new owner takes over.

Being the founder of Verified Businesses, which started back in 2010, I had every confidence that selling to our top broker, Craig Campbell, would be the best move for the business. Since he took over on 1 October 2015, he has introduced several excellent marketing ideas that are already showing positive results. All owners get stale after a few years and don't have the drive that they had when they first started the business. A new owner always has the enthusiasm to take the business to new successes. Craig has that enthusiasm and the quiet confidence that most successful business owners need. Social media is a relatively new medium to promote businesses and Craig has a much better understanding of Facebook, Twitter and all these new forms of marketing. It's a fact that in today's business world, if you're not right up with these new methods, you will get left behind and your competitor will steal the march on you. Our enquiry rate for new businesses has significantly increased, we believe from our increased presence in social media and our improved ranking with Google searches. The proposals for any business seller of ours has improved because of increased buyer enquiries, which is translating into increased sales. The future looks good for us and for the whole Sunshine Coast business community.

INTRODUCING OUR TOP PERFORMER OF THE QUARTER



Since starting, Des has really set the coast on fire! He has managed to obtain over 70 quality listings and settled 20 business sales contracts for vendors.

Des says his background in national sales and marketing positions and later as owner/operator of various small businesses, along with the support and training he has received since commencing with Verified back in June 2014, has really helped in understanding what small businesses go through on a day-to-day basis, and all of the hard work it takes to develop and maintain a successful business.

Since selling his successful restaurant at Sanctuary Cove on the Gold Coast, Des met his new wife and moved to the Sunshine Coast where he took up the position of Operations Manager at the Mooloolaba Surf Club. This was a fantastic experience working 'hands-on' in a community-based business providing necessary funds to support the fantastic job our surf lifesavers undertake protecting us on our beaches.

Des's down to earth direct approach has delivered a successful outcome for many business owners who now regularly refer other business owners to Des to assist in the sale of their business.

Des realised early that to successfully sell a business you must have a marketing plan that puts your business at the forefront

of buyers, clearly communicates the value proposition of the business, and most importantly finds the right buyer in the first 6-8 weeks of listing, as most buyer enquiries come in the first few weeks. For vendors, it's very comforting to know that when you list your business with Des, you actually have the whole Verified Businesses professional team trying to promote and sell your business.

DES BRENNAN

P: 0418 413 956

E: des@verifiedbusinesses.com.au

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P 07 5479 5588 **F** 07 5479 1222
48 - 50 Sugar Road, Maroochydore QLD 4558
PO Box 5007, Maroochydore BC QLD 4558
admin@verifiedbusinesses.com.au

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www.verifiedbusinesses.com.au