

# market review

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# Market Report

## WHAT'S OUR SECRET?



**The market for businesses remained strong** across most sectors this quarter and into the next. Food and Hospitality has again been in strong demand, with over 33% of sales coming from that sector since July 2016, and the strongest 'bands of interest' being in businesses below the \$300k mark. **Good volumes of buyers are still seeking Cafes, Takeaways, Restaurants and Convenience Stores on the Sunshine Coast, with demand continually outstripping supply at several price points. This again clearly demonstrates how businesses that are 'well price positioned' and represent 'value' sell more readily, than over priced businesses where buyers struggle to see value, and where perceived risk outweighs reward.**

Solid sales of Home-based, Retail, Wholesale, Business Services and Construction/Manufacturing type businesses have also been recorded over past months. **Generally, businesses with good financial records and sustainable earnings have been well sought after by buyers across most sectors.** The general feel across brokers within the firm is that buyers at higher price points in the market are starting to 'get off the fence' again, and are actively looking for business netting \$200k – \$500k, with numerous larger type businesses going to contract recently. However, even the smaller retail businesses have been popular of late; with a number of sales also recorded under the \$200k ask.

We have seen enquiries derived from internet marketing campaigns and other marketing initiatives come from local, interstate and overseas buyers at a rate of 200 to 300 new enquiries per month at Verified Businesses; **confidentiality forms completed on businesses are up 11% compared with the same quarter last year.** This interest comes in many forms and for many reasons, from those wishing to fulfil visa requirements, experienced and existing business owners, to individuals and families moving out of mining sector jobs into small businesses on the coast to escape FIFO work arrangements. Interstate migration also continues with buyers seeking businesses to enable a move to the coast from WA, VIC and NSW. **The common theme for many of these buyers revolves around lifestyle benefits, the local climate and the new housing estates the region has to offer** along with increasing infrastructure in education and medical facilities. A better environment to bring up a family in, and of course the idealism of a sea change by moving to Queensland's Sunshine Coast also still seem very important. Most look to 'buy a home and a business' to settle on the coast for the above reasons.

With the exchange rate of the Australian dollar down and a long summer looming full of magnificent weather, **many local buyers and investors' along with those wishing to move to the coast, are seeking 'Food and Hospitality', 'Home-based' and 'Service' type businesses in coming months.** Those buyers have likely been looking around the market for a little while now, and generally know what they are looking for in a

business, and wish to capitalise on the natural influx of visitors with money to spend. This hits the Coastal local economy during peak times. In some cases, buyers facilitate their move to the area through buying a business first; these are mostly cash type buyers of businesses, while others may buy a home first then look for a business.

**At Verified Businesses we are consistently dealing with good numbers of pre-qualified buyers across all sectors. These buyers generally know what they want, and are 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 instantly. Generally, those businesses with sustainable net profits of over \$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 \$150k.

### What's our secret in successfully selling businesses?

#### 1. Create competition!

When a business is well sought after at any level in the market by two or more buyers, then a sale price which is closest to the asking price can be achieved.

#### 2. Correct price positioning!

Having a business listed for the right price when it hits the market for the first time is crucial in achieving the above (1). Incorrect pricing can stifle demand/enquiry from 'existing' hot buyers who are ready to buy and are educated on the market, and can also slow enquiry from 'new' buyers, as the asking price may be outside their perceived price range parameters.

#### 3. Buyers must see value!

Buyers will act when they see value at a particular price, when perceived competition exists (1), corrected positioning is achieved (2), and (3), when a Business's value is reinforced to buyers through its professional presentation for sale. This stems from a detailed Business Assessment/Appraisal being undertaken, and producing a comprehensive Information Memorandum which includes how the asking price was determined. Not only does this process build credibility and value to buyers, it allows the seller to become educated on the current market and what buyers are looking for. Experienced brokers at Verified Businesses can help uncover the 'special value' of a particular business during the course of a business assessment, and are experts in communicating this value to a buyer; critical in achieving a sale at near asking price today.

**Craig Campbell**, Principal, Verified Businesses  
0419 747 709

# Recent Statistics

Some Recent Numbers from the last 3 months

Fastest Sale Time	4 weeks
Most Popular Industry	Retail
Average Sale Enquires per Listing	44-48
Number of Buyers on Database	7,011
Sales Price ROI Ranges	Retail 51% - 78%

## Current Report - June 2017

Sold last 12 months (Since July 2016) — by Months on the Market

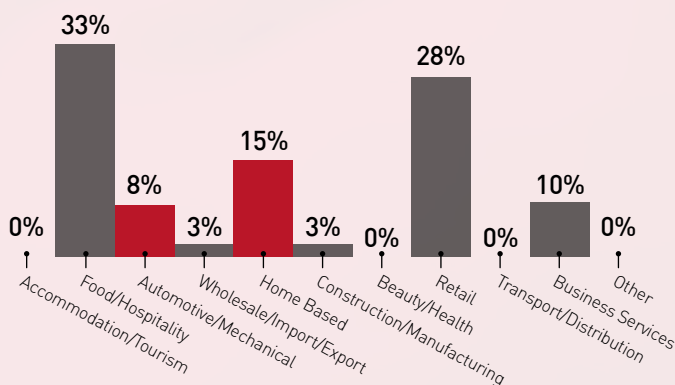


## From Mar 2017 Report

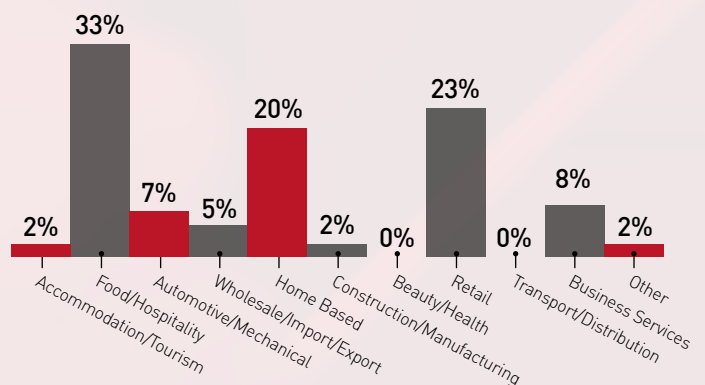
Sold last 12 months (Since April 2016) — by Months on the Market



Sold last 12 months (Since July 2016) — by Sector



Sold last 12 months (Since April 2016) — by Sector





# Just Sold!

## HOME BASED BUSINESSES – THEY CAN BE A SURPRISINGLY GOOD BUYING OPPORTUNITY

Home Based businesses are extremely popular with those business owners and buyers who wish to keep their overheads to a minimum and maximise their profitability.

Without the expenses associated with leasing premises, paying all of the outgoings to a landlord, the costs of a fitout, plus having to pay staff during opening hours, a home based business can have some serious advantages for the right style of operation.

I recently had the pleasure of selling a very successful Commercial Cleaning business which was operating from a home base and had been humming along nicely for over 25 years.

It had a solid client base, many of whom had been customers of this business for 15 years or more.

The business provided the owner with a great income and a lifestyle that he loved with plenty of time for leisure with his family and for pursuing his hobbies like fishing.

The buyer was an Engineer who had returned to Australia after many years of working overseas and was seeking a reasonable entry price into a business, a solid return on his investment and something that he could grow.

The buyer was surprised that he was even contemplating buying a Commercial Cleaning business as it was so different



to anything he had ever done, but when he evaluated this business against others in a similar price range it ticked all the boxes for him and he considered it was a relatively low risk.

He was absolutely delighted when he understood the opportunity this business provided him. Whilst it was an area he had no experience in, it wasn't rocket science to pick up and the seller stayed onboard as a subcontractor for a while to make the transition smooth.

It was a smart purchase for this buyer who dared to consider its merits objectively in meeting his purchasing criteria.

**Creina Holland**  
0416 255 368

# Child Care Centre

## ALWAYS SOMETHING NEW IN BUSINESS SALES

After 12 years in the industry, I find there is always something new or something that you have never had the opportunity to list and sell. This year that opportunity came from the child care industry with a long standing child care centre that was licensed for 75 children in the Coolool area. These businesses come in two forms: either **business within a leasehold** or **business and freehold**, which can make a difference to the buyers that show interest in the proposal.

Coolool-Peregian Child Care was a leasehold business with lease terms remaining over 25 years so it certainly gave any potential buyer plenty of security in the long tenure of the site. There were a good number of enquiries with some as individual investors and others with multiple centres already and looking to expand their portfolio, but a large number were purely investors with a management team that were employed to manage the centres for them. With multiple inspections by all three types of buyers, the offer came in from a private investor who had had no other child care centre experience, which took the purchase process to an extended timeframe.

Investing in excess of 1 million dollars into an industry that you have not been involved with, the buyers certainly did their due diligence but with the industry so heavily regulated there were never really any expectations of forthcoming problems. However with any major purchase like this you would have lengthy finance and due diligence clauses to ensure all went as smoothly as possible. Once these two clauses were satisfied the buyers then went onto their application process which was an 8 week process for a successful applicant followed by a 4 week transfer process.



In the end, after plenty of phone calls, emails and meetings the deal has been done and the sellers can move onto a successful retirement from successful business and education careers throughout Victoria and Queensland. I can confidently say as a broker that I have learnt so much from this experience and would like to thank John for trusting me in this sale, knowing full well that I had not sold a child care centre before. I hope that the buyers Ian and Jodie have all the success from their investment and enjoy the child care industry.

On a final note I have many buyers looking for both freehold and leasehold opportunities in the child care industry and I will be looking for opportunities to sell in the future.

**Brett Barton**  
0408 607 344

# Some of our recent Sales



**SOLD BY DAVID BENTLEY**  
**"10 WEEKS HOLIDAY A YEAR"**

- Fuss free sale, no dramas, hassles or problems
- Buyer from within same industry
- Dealing with franchisor can be challenging
- Both buyer & seller can't be happier

**\$1,187,000 + Stock**



**SOLD BY DION EVERSHERD**  
**"THE STORE WITH MORE"**

- A business that requires some T.L.C.
- Purchaser came from a grocery background
- New owner to remodel and renovate
- Buyer relocated to the Sunshine Coast

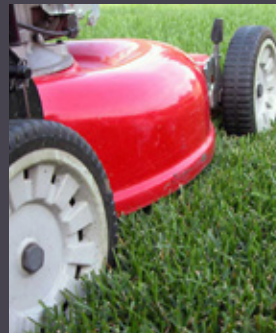
**\$95,000 + Stock (\$37,000)**



**SOLD BY BRETT BARTON & DION EVERSHERD**  
**"MODERN BAKERY"**

- Long standing bakery - no competition
- Interstate buyer new to industry
- Good transfer of knowledge to the new owner
- Happy buyer and seller!

**\$160,000 + Stock (\$5,000)**



**SOLD BY BRETT BARTON**  
**"LAWN & GARDEN CARE"**

- 34 buyer enquiries
- Buyer relocated from central QLD
- Plenty of buyers looking for simple businesses
- Congrats to Ramez on the sale

**\$70,000 WIWO**



**SOLD BY CREINA HOLLAND**  
**"KITCHEN MOJO"**

- Well presenting business with room for growth
- Relocating buyers, bought for self-employment
- Making positive changes already
- Sellers are off travelling

**\$70,000 + Stock (\$52,000)**



**SOLD BY CRAIG CAMPBELL**  
**"HOME BASED MONEY MAKING MACHINE"**

- Multiple internet enquiries
- Easy trouble free contract
- Local buyer
- Sold for near list price

**\$225,000 WIWO**



Selling your business is a serious job.



# Getting it right

When a business owner decides it's time to sell we complete a very thorough business assessment for them to determine where their business sits in the current market.

We provide owners with a written report outlining our recommendations about what the business should be listed for, what price range we would expect to achieve on a contract, and also provide details on how we arrive at these figures.

Occasionally a seller won't listen to our advice and may choose to list at a higher price than we recommend. Although there are many reasons sellers do this, more often than not it ends up with the same result:

- Buyer enquiry is soft – potential buyers look at the business online but often dismiss the business without even contacting the broker
- The business is on the market for an extended period
- The asking price is reduced several times before coming in line with market expectations
- The lease on the premises gets closer to the end of term so the vendor either has to re-sign for another term or move out
- Vendor motivation increases because of this, resulting in the vendor needing to sell rather than wanting to sell

An offer from a buyer will reflect all of the above and is often well below all expectations. I recently sold a Retail Grocery Outlet which was a classic example of this:

- The vendor listed the business \$105k above the price we expected to achieve for the contract
- The business was on the market for four long years with very little enquiry
- The vendor reduced the asking price but remained well above the current market value
- The five year lease was near completion with no renewal options remaining



- A purchaser took advantage of this and made a low offer
- The vendor did not want to commit to a new lease and had no option but to sell

As a result of listing too high the seller ended up with less in his pocket than he should have if the business had been listed at the correct price in the first place, while there was still a long lease remaining and the business was fresh to the market.

At Verified Businesses all we do is sell businesses. Our expert knowledge comes from our extensive experience and long history of business sales right across the Sunshine Coast and North Brisbane.

If you are thinking of selling your business, please call or email me so we can discuss what's involved in a business assessment and what you would expect during the sales process.

**Dion Evershed**  
0414 741 626



# Meet Rob Gardner

Business broking was a logical step for Rob after a successful 30 year career in residential real estate, having roles as sales consultant, property manager, branch manager and business owner.

Rob's real estate career began in New Zealand in 1987 after over 10 years of travelling the world and working as a contract draughtsman in London and Sydney. The desire to get out from behind the drawing board and interact with people face to face was a real driver for Rob to enter the world of real estate sales.

After a rewarding and successful 10 years in sales, Rob moved to the beautiful Sunshine Coast in 1997 and started his own franchised office in Buderim.

This enabled Rob to experience the highs and lows of a fledgling business, and gain experience in all aspects of owning and running a business. After five and a half years, the business was enjoying great market share, as well as an established and loyal rent roll. A partnership break-up meant the business was sold and Rob returned to residential sales.

A move to New South Wales in 2005 meant a role as branch manager of a real estate office in the Blue Mountains and residential sales and property management in Batemans Bay.

Returning to the Sunshine Coast in 2008 Rob again connected with old and new clients in Buderim working again in real estate sales. Through his many years of transacting real estate and business dealings Rob has honed his communication and rapport building skills to a point where clients know that they are dealing with an honest professional who follows through every time and whose honesty is never in doubt.

Real estate sales and business broking are both very much about connecting with buyers and sellers, listening to their needs, and exceeding their expectations. Rob has found at



Verified Businesses a culture of honesty, integrity and ethics that aligns with his own, plus a huge amount of experience and expertise required to handle the sale of any business. With a strong team mentality in the office, buyers and sellers know that they always get the service they deserve, something that is not always evident in today's corporate world.

If you are looking to buy or sell a business anywhere on the Sunshine Coast, give Rob a call for a confidential chat about your business needs.

**Rob Gardner**  
0409 720 148



Rob has found at Verified Businesses a culture of honesty, integrity and ethics that aligns with his own, plus a huge amount of experience and expertise required to handle the sale of any business.





# The definition of a Business Broker: What do they do?

If you are considering selling your current business or buying a new one, the road ahead can often be a long and arduous one.

This is where a Business Broker can step in and help manage the process, and make it a smoother transition for the parties involved, both before, during, and after the sale.

## What Does a Business Broker Actually Do?

Essentially, a Business Broker helps people sell their business. They conduct an assessment of the business, collate up to date financials and other relevant information on the business, and then suggest an 'appropriate selling range' to the seller. They can also advise of any shortfalls in information and how that may affect a sale.

A buyer will require this same sort of information during the sale process to make a purchasing decision. A broker's role is to act as a conduit for information passed from a seller to a buyer in this regard.

Brokers also help buyers by presenting them with a range of suitable businesses which match their individual investment criteria and skill set. And finally, they assist in negotiations between the buyer and the seller, and can help keep a deal together until settlement by constantly liaising between the parties.

Whilst a good broker will always recommend buyers and sellers to consult their solicitor, they also know the pitfalls and the legalities of buying and selling businesses, and the correct paperwork that needs to be completed to achieve an effective sale. Knowing how to negotiate the red tape that is involved in buying or selling a business can seriously shorten the process, quite often by months.



## 5 Benefits of Using a Business Broker

- 1. Confidentiality:** Selling a business is not like selling a house where you want everyone to know about it. Instead, in most cases, it demands discretion so that the confidence of both the employees and the customers is not endangered; keeping the business operating as normal.
- 2. Marketing:** An experienced Business Broker will know how to market your business so that buyers in the target market segment can readily appreciate its key values, rather than becoming caught up in non-essential details.
- 3. Objectivity:** Buying and/or selling a business can become a very emotional transaction to both parties. Often, a simple miscommunication between a buyer and seller can result in a lost deal. An experienced Business Broker brings objectivity into the process, negotiating the sale in a cool and calm manner on your behalf.
- 4. Closing the deal:** A good Business Broker is highly experienced at closing the deal and uses all of their expertise to ensure that the deal is sealed to the benefit of both parties.
- 5. Paperwork:** Buying and selling a business involves a lot of paperwork, all of which must be completed and submitted appropriately. A reputable Business Broker can help you through this process, leaving you to enjoy the results of the sale and reflect on your future.

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