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Market Report

WE SIMPLY CANNOT GET ENOUGH
GOOD BUSINESSES TO SELL!



Business sales still remain consistent across most sectors this quarter. Food and Hospitality has again been in strong demand, with over 37.5% of sales coming from that sector since 12 months ending September 2016; the strongest 'bands of interest' being in businesses below \$300,000 mark. However, "Retail remains one of the toughest sectors to sell. Businesses with profits over \$500,000 and having stable or increasing profit trends are selling faster," (Jarot Business Assessments Guide). Owners of businesses that fit into that category are encouraged to obtain a business assessment to determine what may be achieved if they are at all considering selling over the next 12 months. **Generally, those businesses with good financial records and sustainable earnings have been well sought after by buyers across most sectors.**

As mentioned in my last quarterly market report, good volumes of buyers are still seeking Cafes, Takeaways, Restaurants, Wholesale Distribution and Convenience Stores, on the Sunshine Coast, with demand continually outstripping supply at several price points. "It is interesting to note that the total number of listings in Australia of 12,355 as at September 2017 is around 50% higher than two years ago, though 2.5% below a recent peak in December of 2016. There has been relatively minor undulation since December 2016 and this represents a continuation of a plateauing trend of listing numbers over the last 12 months. The trend of listing numbers is generally a good initial indicator as to a change in direction of the market" (Jarot Business Assessments Guide). In particular, Queensland listings dropped in the September quarter by -2%

"Selling times are moderately above long-term averages – businesses in the \$200,000 to \$500,000 price range are commonly selling between four to eight months of listing, if priced reasonably" (Jarot Business Assessments Guide). **Typically, businesses that are 'well priced positioned' and represent 'value', sell more readily than over-priced businesses where buyers struggle to see value, and where perceived risk outweighs reward.**

Verified Businesses buyer enquiry have come from our PROVEN integrated marketing activity and high rating website, www.verifiedbusinesses.com.au. We continue to attract good volumes of local, interstate and overseas buyers at a rate of 200 to 300 new enquiries per month. **In fact, there would be very few buyers of businesses on the coast that we don't know about.**

In Summary, for retiring business owners who are selling, "lower profits and therefore resultant lower business values have reduced the size of the retirement nest egg and will logically lead to delayed retirement," (Jarot Business Assessments Guide). Therefore, now more than ever, businesses with a sound trading history and good profits will demand a premium, if they are of course marketed and presented correctly by a professional business brokerage, such as Verified Businesses.

GIVE US YOUR BUSINESS and WE WILL FIND YOU A BUYER! 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 compete for your business. The problem is, WE NEED YOUR HELP as we haven't always got enough quality businesses to fill this demand instantly. Generally, those businesses with sustainable net profits of over \$200,000 per annum, 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 \$150,000. Entry level type businesses less than \$50,000 are also popular right now.

Now is a great time to list a business for sale. Many buyers will be seeking to re-establish themselves on the Sunshine Coast through owning a business in the New Year. Therefore, many contracts usually settle during this period. Business owners genuinely interested in selling their business, are encouraged to give us a call for a **free business assessment right now.** We can help confirm the likely selling ranges and help plan a future exit strategy; which in turn helps reinforce decisions on selling or holding your business.

Craig Campbell, Principal, Verified Businesses
0419 747 709

Recent Statistics

Some Recent Numbers from the last 3 months

Fastest Sale Time	6 weeks
Most Popular Industry	Food and Hospitality
Average Sale Enquires per Listing	25-45
Number of Buyers on Database	7,370
Sales Price ROI Ranges	Restaurants 44% Manufacturing 37% Home Based 52%

Current Report - Sept 2017

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

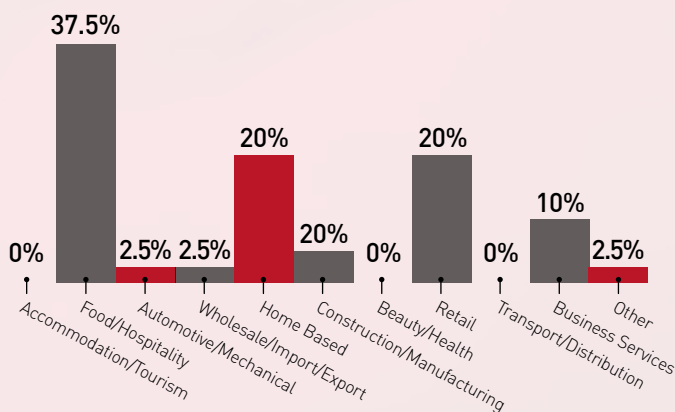


From June 2017 Report

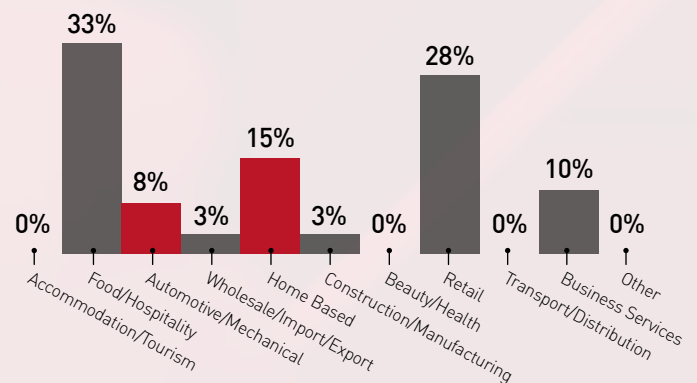
Sold last 12 months (Since July 2016) — by Months on the Market



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



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



Just Sold!!!

GAINSBOURG

Over the last 12 years I have sold my fair share of restaurants and cafes. I guess having come from a hospitality background and owning my own Restaurant and Bar I would have a good understanding of the industry. Buyer enquiry within the hospitality industry can confuse us as Brokers, as it really comes down to location and style when it comes to getting a sale at the best possible price point. I mean, you can have the best business netting great money, but you won't get any buyer enquiries. Or, you could have something with no net returns and under \$100,000 in value and you get smashed with buyer enquiry. It comes down to finding the right buyer for the business that suits their needs the best.

Gainsbourg on the high profile location of Mooloolaba Esplanade was sold to buyers Geoff and Danielle that I had been working with for close to three years. I also had a previous contract on another Esplanade outlet with them some time ago, but due to other financial commitments they were unable to complete the transaction. When Gainsbourg came up, it was in their price range and suited their business needs and wants. They snapped it up, went in with 100% of the asking price, no negotiations and settled as soon as the Liquor Licence came through all ready for the summer trade. Having only just recently settled two other Mooloolaba venues I can comfortably say demand is high for the location and we will have interest on your business straight away.



Why don't you get on down to Gainsbourg and meet Geoff and Danielle, and sample some of the fine food and drinks they offer. Perhaps look them up on Facebook too...

Brett Barton
0408 607 344

Just Sold!!!

KNOW YOUR BUSINESS

When I meet an owner who is looking to sell a business, I prepare myself to be both a teacher and student.

Every business is different from the last and each has its own unique attributes, so before I have any chance of selling it I must first understand what it is I am about to sell. As a student I learn the history of the business, how the business operates, what input the owners have, and obtain a very good understanding of the business financials.

From here I switch hats and become the teacher. Using my expert knowledge and industry experience in commercial sales, I educate the seller and help them prepare the business for sale.

With the knowledge I learned from the owner, I am able to present the business to potential buyers with confidence and conviction. Knowing the business inside-out is essential to obtaining a good price and getting a contract in the shortest possible time.

A recent example of this was the successful sale of two bakeries on the Sunshine Coast. Both were part of a chain of four bakeries which had been operating with only one set of combined financials.

By working closely with the owner to fully understand how each of the four bakeries operated, and by understanding how the financials could be broken down to individual stores, I was able to promote both bakeries for sale as individual businesses. As a result, both sold near full price in a very short time.



Knowing more about your business helps me to help you.

If you are thinking about selling your business, please call me and show me what you do. I'm ready to listen.

Dion Evershed
0414 741 626

Some of our recent Sales



SOLD BY CRAIG CAMPBELL
"OUTSTANDING GROWTH BUSINESS"

- Stone benchtops business
 - Sold with freehold property
 - Buyers from the Gold Coast
 - Sold on the first inspection
- \$515,000 + Stock (\$185,000)**



SOLD BY CREINA HOLLAND
"FABULOUS LONG ESTABLISHED PATISserie & BAKERY"

- Purchasers relocated from Sydney
 - Solid, long established Noosa business since 1995
 - Retails & Wholesales
 - Great future growth
- \$80,000 WIWO**



SOLD BY DION EVERSHED
"NITROGENIE"

- 1st Franchised Nitrogenie Store in Australia
 - World famous icecream made with liquid nitrogen
 - Happy new owners showing excellent growth
 - Lifestyle business situated on Noosa's iconic Hastings Street
- \$75,000 + Stock**



SOLD BY CRAIG CAMPBELL
"BEST HOME-BASED BUSINESS MONEY CAN BUY"

- Over 40 Buyer leads
 - Interstate Buyers
 - Fast trouble-free settlement
 - Sold for near ask price
- \$160,000 + Stock**



SOLD BY ROB GARDNER & DION EVERSHED
"HOME BASED NON-FRANCHISE"

- Niche cleaning business within Building & Construction industry
 - Buyers recently relocated to the Sunshine Coast
 - Strong growth in building industry across region
 - Fantastic potential to hire more staff and grow the business
- \$59,000 WIWO**



SOLD BY BRETT BARTON
"POOL SERVICE RUN"

- Long standing business client base
 - Consistent income to working owner
 - Sold for unexpected health reasons
 - Sold to experienced local operator, securing his future
- \$89,000 WIWO**



SOLD BY BRETT BARTON
"MINYAMA NEWS"

- Buyer relocated from Brisbane
 - Sold within 10% of asking price
 - 2nd Business Sold for owner by Brett
 - Thanks Grant and enjoy no more retail!
- \$90,000 + Stock**



SOLD BY CRAIG CAMPBELL
"GROWTH POTENTIAL"

- Interstate Buyer
 - Trouble free Contract
 - Multiple enquiries
 - Vendor retiring
- \$45,000 + Stock (\$80,000)**



Selling your business is a serious job.



Getting it right

Understanding the difficulties Owners face when selecting a Broker and setting the Sale Price for their Business.

Pricing a business for sale is challenging for many owners to understand. This is why we produce a comprehensive Business Assessment Document that explains exactly how we have arrived at the price recommendations we make and we spend time explaining it thoroughly.

When we at Verified Businesses assess a business for sale, we use up to four different methodologies in assessing the business figures alone. We also consider many other factors as well, relating to the type of business it is and how that type of business is perceived by the market at present. We spend quite some time with our sellers gathering information about their business specifically, so that we can take all of that information into account in our individual assessment of their business.

Sellers often receive advice from their professional advisors, industry groups, friends and family before calling in a Broker and these people may give wildly variable price range suggestions and they don't sell businesses.

Sometimes they have been given indications that are in keeping with our current business assessment methods and other times they are significantly different or not current practice at all and this can contribute to the confusion.

Pricing a business is not an absolute, exact science, but our Brokers endeavour to give you as much information as possible to assist in explaining the process used to arrive at our assessment outcome.

We Brokers have all experienced over recent times, sellers being pleasantly surprised that their business was assessed to be worth more than they ever imagined. We have also experienced distressed sellers because the suggested selling price range for their business is considerably less than they had hoped for or less than they feel that they need in order to sell profitably. We have the responsibility to deliver the assessment factually, demonstrating the reasoning behind this.

We all really enjoy telling sellers their business is likely to achieve a favourable price and especially enjoy achieving a great sale price for them and sharing in the celebrations.

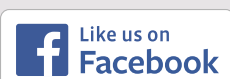


It is far more challenging, however, to deliver the hard news that a business will not achieve a great price and may not be very saleable or will not reach their dream figure, but this news is vital to be delivered and backed up by information that may help them to look at strategies for improving the sale price in future, or to consider other succession plans for their business.

We hear stories way too often of sellers being given prices that are not based on a proper Business Assessments and spending time with their business on the market at a high price that a buyer and their advisors would never consider to be realistic, so they don't even consider making an offer. This too is very confusing for sellers especially if they have a pressing need to sell the business.

If you're considering selling your business, please feel free to contact us and we will explain what information is required for us to assess your business and the process that we follow. We do Business Assessments at no cost to the seller.

Creina Holland
0416 255 368



Meet Kate Van Noordennen

The Business Brokers at Verified Businesses are definitely the Super Heroes you want on your side when it's time to sell your business – but who is the Legendary Sidekick who helps them get the job done?

Kate leads the A1 Admin Team at Verified Businesses, and assists the team of Brokers with their paperwork and marketing to free up their time so that they can do more of what they do best – selling businesses!!! While she finds juggling the many different tasks a challenge, it is a challenge she enjoys. Helping people is a strong motivator for Kate, so assisting the Brokers on a daily basis wherever she can is rewarding to her.

Keeping in line with the values and professionalism that Verified Businesses already upholds, driving the administration team to keep a consistent high level of efficiency and quality of work can only mean a smoother transition for those looking to buy or sell a business.

Kate has a strong background in admin support and is a local of the beautiful Sunshine Coast. After a year at business (secretary) school, Kate's first steps in the business world were in real estate where she spent many years assisting property managers and sales agents in residential real estate. During this time, she learnt the importance of high level client service and the difference it can make when Buyers and Sellers are making life-changing decisions.

A change in career opened the door to admin support in the accounting industry which led to experience in both ASIC and ATO client liaison, day to day office management and a broadening of administration and client service. As a result, she knows her way around the ATO and ASIC websites to ensure your business listing and contract of sale paperwork has all the I's dotted and T's crossed when it comes to business structure.

A combination of the best from these two industries made the transition to an office specialising in business sales all the easier. The support she receives from her A1 Admin Team – Anne and Jasmin – and the strong work ethic and values within the firm at Verified Businesses has made it an easy decision to stay on as part of the team since day one in February 2017.



So what does a Super Hero Sidekick do on her days off? Kate loves to cook up a storm for family and friends and is often found in the kitchen, with the music turned up and a glass of something lovely from the Barossa close by.

Despite the daily work-life challenges we all face, Kate couldn't be happier at Verified Businesses under the excellent business management of Principal Craig Campbell and the natural, easy camaraderie of the team of Brokers. Busy days processing contracts are the best, because that's when everything really comes together nicely.

If you have any questions about buying or selling a business, please contact one of our friendly brokers at Verified Businesses.

Kate Van Noordennen
07 5479 5588

Understanding the likely selling range of your business

There are many reasons a business owner may want to determine the value or **likely-selling range** of their business.

Knowing what your business' likely selling range is, is necessary when you are looking to buy, sell, or sell a share in a business. Or even when obtaining a business loan, looking to attract investors, or estimating the value of your own net worth.

Business Appraisals provide selling ranges and are usually based on a combination of methods – some more complex than others. Each valuation method has its advantages and disadvantages, which is why working with a professional business broker to assess your business properly can really help you in gaining a true understanding of the likely selling range of your business in the current market. It's vital that each different valuation method is taken into account when calculating this, to produce a robust report. Each one of these methods individually does not always represent the market value of a business. That's why at Verified Businesses we use a check method that includes past sales evidence.

A business appraisal that provides a reliable likely-selling range should be well-prepared, balanced and independent, offering a complete picture of the business picture in the market. Your business broker will need at least three years (if possible) of financial statements when assessing your business. We also need to visit your premises, to conduct a thorough **business assessment** to consider both tangible and intangible assets (i.e. intellectual property, goodwill, industry forecasts, etc.), and evaluate the position of your business, competitors, growth prospects and the likely **future maintainable earnings**, to create a holistic picture of the market.

A complete business assessment will answer the following questions:

- **The history of the business.** How many years has it been operating? How was the business started? Does the business have a positive reputation? What is the condition of the business' facilities?
- **Employees.** What is the job description of all staff? Are specialist skills required in the business? What are the employee's pay rates? How is staff morale? And how much work do the current owners carry out in the business?
- **Legal and commercial information.** Is the business currently involved in any legal proceedings? Does the business comply with environmental and workplace health and safety laws? Does the business have any long-term commercial contracts? Does the business hold all necessary

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Melbourne Cup Day Hospice Fundraiser Lunch.

and current licenses, permits, registration, etc.? What lease arrangements does the business have? What is the extent of employee entitlements should the business sell?

- **Financial information.** Is the business making a profit? Is there working capital or sufficient cash flow within the business? Is the current Profit and Loss statement for the business positive, or negative? How has turnover been performing in recent years? What tangible assets does the business own, and what is their market value? What liabilities (i.e. unpaid accounts, mortgages, etc.) does the business have? What value of inventory is being stored by the business? What is the overall trajectory of the business?
- **Goodwill and intangible assets.** Is there goodwill attached to the business? If so, can it be transferred to a new owner? Are other intangible assets, like intellectual property for sale? What is the client base made up of? What is the repeat buy rate? Are there supplier and/or client contracts in place? Other exclusive arrangements?
- **Market information and industry conditions.** How is the industry outlook performing (long-term and short-term)? What economic factors may impact the business? Is the industry growing, steady, or shrinking? Where is the business sitting within its lifecycle? Who are the business' key competitors? What are the barriers to entry? What market share does the business currently hold? What are the competitive advantages of the business? Will the owners/managers departing the business have a great impact on the operation of the business?

Assessing your business for sale doesn't need to be a long and confusing process. With Verified Businesses, your success in business sales is verified! Business assessments and brokerage are two of our core service offerings to business owners. And as registered business valuers, we can help you navigate this new territory in preparation for your own business sale or purchase. Please, reach out to us today and we can provide you with a customised business assessment with a likely selling range for your business in today's market, you may be totally surprised!

Want to know more about how to sell? Contact our friendly team at Verified Businesses for your own information pack or to book a consultation today.

Craig Campbell, Principal, Verified Businesses
0419 747 709

