

Press Release – Business Sales Still Strong.

One of Australia's leading business brokers says despite the credit crunch, rising interest rates and record high fuel prices, business sales are still very buoyant.

Rod Russell Principal of Savvy Business Sales reports inquiry rates have not slowed whatsoever "I believe astute investors now recognise that the consistency, returns on investment, cash flows and all of the benefits that a business can offer are more attractive than the volatile stock market and the low returns/risks associated with commercial developments"

There are consistent levels of inquiry on medium to large businesses from conglomerates wanting to diversify and expand their business portfolios, many of whom are acquiring multiple opportunities at a time. These operators are centralising administration facilities, and are able to employ specialists in human resources, information technology, accountants, legal, and of course they are capitalising on increased buying power.

The overseas buyers continue to search for opportunities, many having to purchase a business to satisfy immigration requirements. More often than not these buyers are flush with funds and finance is not required.

Lifestyle businesses are still the preferred choice, especially when key management is in place. Many buyers are choosing to avoid businesses in high cost rental locations and those with large payrolls, especially now that the mining boom has unemployment figures at a record low.

Investors are looking at three key issues when buying a business; they are risk, return and the future opportunities on offer. Often they will be attracted to mum and dad businesses that haven't capitalised on market share due to complacency. Generally buyers will give the business a makeover, put together a marketing campaign, systemise the business and then take it to the next level. They see this as low risk with a good opportunity for medium to large capital gains.

Those buyers wanting a sea change usually relocate to the coastal areas that are experiencing high growth numbers, which of course bring great opportunities in most businesses. Many take advantage of bringing new "turnkey" franchise systems to these areas which can do very well. However, this also brings the unknown into play and can cause enormous bloodshed if the opportunity is not the right choice. This is why many people prefer to pay goodwill for something that is already up and running with the runs on the board.