

LINK Business Survey April 2010

Like many businesses today we collate and maintain useful and important data in order to gain knowledge and provide a better service to our customers. We also survey our customers which consists of business owners and people looking to buy businesses.

The information gained from our first survey is quite interesting and together with the data that we have been able to collect provides very beneficial information for all business owners and potential buyers.

We always advise our clients that are selling businesses of the importance of building a comprehensive and accurate information memorandum due to the vast number of people from interstate and overseas looking to buy a business in South East Queensland. Our records over the past 12 months confirm this statement with 32% of buyers coming from interstate, 17% from overseas and 51% being locals. This also confirms how popular our region is both nationally and internationally.

Another interesting fact is that we at LINK have had enquiries about buying businesses from 103 countries over the past 12 months. We were amazed at this number of countries! While we only had a handful of enquiries from a number of these countries it still shows that our region is on their shopping list and a lot of countries know about South East Queensland. Unfortunately 73% of these people still need to obtain business visas which can take up to 2 years to process and a large number of them will be knocked back. This may also explain the huge increase in boat people that are arriving on our shores almost daily.

There are no surprises with the top 10 countries and the most obscure ones make for interesting reading.

Top 10 countries

1. New Zealand
2. United Kingdom
3. South Africa
4. United States
5. India
6. Canada
7. Germany
8. Spain
9. Malaysia
10. Singapore

Most Obscure Countries

1. Estonia
2. Maldives
3. Qatar
4. Slovenia
5. Moldova
6. Oman
7. Malawi
8. Lithuania
9. Bulgaria
10. Morocco



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The number of buyers that are actively looking to buy a business has increased by 39% from last year with 64% of buyers needing to borrow money. The concerning statistic from our survey is that 81% of buyers and business owners have experienced difficulties obtaining finance. Furthermore 38% of buyers have had to re-evaluate the size and type of business that they can afford due to tighter restrictions and changes in lending policies imposed by banks.

The average time to sell a business has risen from 15 weeks to 21 weeks. This is taken from the day of listing to the day of settlement. We believe that this is largely attributed to the difficulties that buyers are experiencing when dealing with banks.

Also the average buyer is now taking 35 weeks or almost nine months to find a business that is suitable or that they can afford. When surveyed 86% attributed this to incorrect or lack of information available on businesses for sale that they had a keen interest in (note the majority of buyers deal with a number of brokerages and obviously many do business differently to LINK). Almost 44% also believed that difficulties in obtaining finance had been a contributing factor as well.

Businesses that people are looking to buy is often much the same, however when we analysed the data we found some interesting surprises. It is important to note that in the figures that we quote, the majority of people do not know exactly what industry or business they want to buy therefore when surveyed the average person is interested in two to three different industries.

Cafes and restaurants, once very popular, had the least interest at 12% which surprised us. Also contrary to popular belief 38% of buyers are interested in general retail. This industry had always been strong however over the last couple of years we felt that its popularity had waned yet now it is back in demand.

Import and wholesale distribution is still in demand with 36% of buyers looking in this area as is manufacturing at 31%. Franchises have lost popularity with only 28% of people interested (this may be due to lack of education or understanding as there are many very good franchises in South East Queensland). The service industry has strong interest at 33% while building and construction has lost favour at 18%. This is hard to understand as building and construction is a strong growth industry in our region and has no signs of slowing due to our ever increasing population.

There is always a market for professional services and with 21% of

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buyers looking for a business in this industry it is a healthy sign that our economic recovery is imminent. This industry is often the most sceptical and jobs are usually easy to find. When the economy falters these buyers can be found in the safe haven of employment and will wait until the economy improves before becoming business buyers again.

While only 24% of buyers would like a home based business these sell the quickest with the average sale taking only 13 weeks to complete. Tourism and hospitality have a healthy buyer interest at 29% which is encouraging as they were probably the hardest hit industries throughout the GFC.

The majority of businesses surveyed believe we are heading into better times however 59% remained cautious and expect the economy to remain stable this year then improve in 2011. A good number of businesses were adamant that we are at the bottom of a seven year cycle with very good times ahead. It is worth noting that these businesses are all well established or owned by people that have been in business in South East Queensland for 20 years or more. Almost all of them are very bullish about economic cycles.

The most important knowledge that we realised from this survey is that when you talk to your customers and analyse the facts relating to your business there is always valuable information to be gained and lessons to be learnt. There were many other initiatives that we were able to take from our survey that can only help us to grow and provide a better service to our clients. Business is a work in progress and as such must continue to evaluate, make changes and improve their products or services. There is no finish line!

Possibly the most important finding that all businesses can take from our survey is that we are in an exciting and very fortunate part of the world that will continue to attract strong growth. It is obvious that there are more and more people wanting to live here which is a robust fuel for our economy. It starts with them needing a place to live, then groceries, then furniture, then cars, then services, then schools, then clothing, then food and entertainment, then they need to buy a business, then they need an accountant and a solicitor and the money wheel turns with our whole economy benefiting.

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