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Better times ahead in



By Neville Roediger



We've had some worrying financial times in recent years but if there's one thing that's true about both life and economics, it's that bad times don't last forever.

At this early stage 2011 is looking pretty positive for business sales.

The second half of 2010 saw buoyant, steady sales in a very balanced market that generally favoured neither buyers nor sellers.

Retail businesses again came under price pressure which has been a continuing story since 08/09 with ongoing revaluations over the past two years.

Positive 2011

There's no doubt that Western Australia has weathered the Global Financial Crisis extremely well, buoyed by the extraordinary strength and resilience of the mining sector.

The low unemployment figures have been a particularly pleasing aspect of the economy and have gone a long way to pushing consumption and keeping things bubbling along.

They're two of the big reasons our team is optimistic about prospects this year.

We're already seeing buyers entering the market with enquiries, which is always a positive sign.

While bank finance was tight early last year we started to see increasing flexibility in the second half and the good news is that they're now starting to loosen the purse strings.

Sellers returning

Sellers who delayed going to the market in 2010 are now returning, and this is coinciding with greater buyer interest.

With baby boomers reaching retirement in increasing numbers we expect to see many more businesses on the market in future years.

Despite our air of optimism, however, there are a few potential storm clouds that threaten to dampen our enthusiasm.

The European fallout from the Global

Financial Crisis may yet inflict a few nasty shocks to the global economy, and WA's strong reliance on China's continued growth also leaves us vulnerable.

So far interest rate rises have not had a great impact, but further rises may take a toll, though their tax deductibility certainly helps.

The strength of the Australian dollar may be great for consumers and overseas holidaymakers but it's bad news for rural businesses already struggling with the drought, and for business migrants.

But the positives are definitely outweighing the negatives and we're feeling optimistic and looking forward to a very good year.

After all, there's always a market for a well run, profitable business!

Staff Changes

After close to 20 years working at NGBB Jack Teh has retired from business broking and will pursue his passion for travel.

Alvin Teh has also left the business.

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Low interest rates are good news for business borrowers

The Reserve Bank's decision to leave its interest rate on hold at 4.75% at its February Board meeting was doubly good news for people looking to buy a business.

Not only are low interest rates very encouraging for those wanting finance to buy a business, but they reflect a fundamentally sound economy with low inflation and strong employment growth.

Commenting on the Reserve Bank's decision, Governor Stevens said that Australia's terms of trade were at their highest since the early 1950s with national income growing strongly.

While several major economies remain subdued, the Chinese and Indian economies continue to expand, contributing to high commodity prices.

"Overall the global economy continues to look strong going into 2011," Governor Stevens said.

He also noted that employment growth was extremely strong with further growth to come.

There was good news on the inflation front, too. Inflation had declined significantly from its peak in 2008 and the underlying rate was a modest 2 ¼%.

Governor Stevens expected repairing the flooding disaster in the Eastern States would have only a modest demand on aggregate demand and little effect on inflation.



Vendor financing can improve sales chances

If you're looking to sell your business then one thing that can improve its saleability is to offer vendor financing.

This can work particularly well when bank financing is tight and can demonstrate the vendor's confidence in their business.

Vendor financing is when the vendor allows the buyer to pay off part of the cost of the business over an agreed time.

If you're going down this path it's essential to get legal and financial advice

to draw up a finance agreement clearly setting out the terms including such things as duration, rate of payments, interest charged and security offered.

Other questions to be clarified may include who owns the business while finance is in place and whether the vendor has a say in how the business is being run.

While vendor finance increases the risk to the vendor it's important to balance these against its considerable benefits.

Sold! Sold! Sold!

- Spring Espresso
- Crossways News
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- Delivery Round
- Bicton Cellars
- Absolutley Kababulous
- Broadway LPO
- Benno's Lunchbar
- Epsom Cellarbrations
- Seville Grove LPO
- High Wycombe LPO
- Campus News
- Mercury Car Wash
- Music Force
- Willetton Delivery Round
- Halls Head News
- Music Force
- Riverton News
- Spencer Village News & Lottery
- Beldon News
- Western Cellars - Manning
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- Bayswater Embleton
- Delivery Round
- Morley Ballajura Delivery Round
- Secret Harbour LPO
- Armadale City News

Team NGBB



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