



### **Buyer Demand**

Buyer demand for businesses in the services, manufacturing and import distribution sector remains very strong.

### **Be Prepared**

Invest time in preparing your business for sale so that you reap the rewards when it is time to exit your business.

### **Opening the Borders. Kiwis Invest in Business.**

We could experience an extremely busy and active market as a result of the influx of buyers and sellers.

# Market update

## Issue 1 2022



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Link Business Broking Ltd (Licensed REA08)

## Recent business sales



**SOLD**

### **Mechanical Workshop**

MANUKAU CITY

\$450,000



**SOLD**

### **Plastics Manufacturer**

AUCKLAND

\$660,000



**SOLD**

### **Premium Cafe**

AUCKLAND

\$799,000



**SOLD**

### **Lubricants & Filtration**

AUCKLAND SURROUNDS

\$528,000



**SOLD**

### **Signage & Printing**

AUCKLAND

\$280,000



**SOLD**

### **Childcare**

AUCKLAND SURROUNDS

\$375,000



**SOLD**

### **Flatpack Technology**

AUCKLAND

\$349,000



**SOLD**

### **Dog Grooming**

Auckland SURROUNDS

\$2,490,000



**SOLD**

### **Major Pizza Store**

AUCKLAND

\$595,000



**SOLD**

### **Manufacturing**

AUCKLAND SURROUNDS

\$358,000

## Market Update

### Issue 1. 2022

Certain industry sectors such as hospitality and tourism continue to go through some challenging times due to the pandemic, but on the positive side, the general mood is that there appears to be light at the end of the tunnel.

Buyer demand for businesses in the services, manufacturing and import distribution sector remain very strong. Even in the current market, quality accommodation and hospitality businesses continue to change hands at excellent values with good buyers in the market.

The recent changes involving the government's CCCFA Act have had little effect on the banks appetite for business lending, which is positive for business buyers. However, banks are pickier over deals and generally require more detailed information as part of their financing process.

More than ever, sellers need to invest quality time in preparing their business for sale and buyers need to ensure they are well prepared and educated when looking to secure funding from the bank for a business acquisition.

As a business owner, it is a good idea to think about how your business would present to a possible buyer right from the outset. Often situations change and the time may come to sell when you least expect it. However, if you always have selling as a potential strategy, you'll know you are in the best possible position when the time does come.

***“More than ever, sellers need to invest quality time in preparing their business for sale”***

The financial year end is near, which is an ideal time to review your business. Even if you are not planning to sell in the immediate future, meeting with a Broker to discuss and understand what your business could be worth is extremely valuable for when the time does come to exit your business. LINK's award-winning appraisal tool will provide insights that could assist you in your annual business decisions. Brokers specialise in different industries, making them privy to industry benchmarks and they may be able give you recommendations for improvements. Be prepared, so that you reap the rewards.

# Opening the Borders

## Kiwis invest in business.

The government has confirmed a time frame for re-opening the country's borders this year. What potential impact, if any, is this likely to have on the business sales market?

Though we're not exactly sure how many Kiwis will be coming back, there have been predictions for as high as 250,000 over the next or two or three years, with a significant percentage looking to return home permanently. Sure, there will also be Kiwis looking to exit New Zealand and seek employment opportunities offshore, but expectations are the net position will result in a large number of buyers entering the market.

Currently more of our skilled population live offshore than any other OECD country. So there could be a significant number of skilled, cashed up professionals in the market seeking employment. Many of these will have aspirations to invest in established businesses or buy themselves a job.

The Covid-19 pandemic hasn't stopped or impacted the number of baby boomers looking to exit, sell up and enjoy their well-earned retirement.

In the next few years, we could experience an extremely busy and active market as result of the influx of buyers and sellers looking to transact deals.

Despite the obvious disruptions and impact the pandemic has had on the New Zealand economy over the last couple of years, many industry sectors are reporting strong trading results and a positive outlook for the future.

As we look overseas, we start to see the relaxing of COVID restrictions and many countries benefiting from a more "business as usual" stance.

Despite the obvious hardships resulting from the pandemic, many New Zealanders have used it as an opportunity to really take a good hard look at their lives and assess their priorities for the future.

Business owners recognise more than ever the importance of timing when looking to sell, ensuring they reap the tax-free rewards from a successful sale.

Buyers are taking stock and acknowledging the benefits that business ownership can provide them and their family. There are

***“The pandemic hasn't stopped or impacted the number of baby boomers looking to exit.”***

numerous benefits to business ownership including building equity and taking control of your own destiny.

As the borders reopen, we will start to see the joy of families reuniting, people enjoying travel, tourists coming to experience our amazing country and the buyers and sellers of businesses benefiting from a busy market.

If you are considering selling or buying a business in the coming future, get excited, and get prepared.

2022 is shaping up to be an exciting year for the business sales market!

To find out more about selling your business or to reach out to a broker, visit [go.linkbusiness.co.nz/sellmybusiness](https://linkbusiness.co.nz/sellmybusiness)

## Free Guide

# 9 Steps to Selling Your Business

DOWNLOAD A COPY

<https://linkbusiness.co.nz/knowledge-centre>



# Frequently asked questions

All sellers and buyers have a bunch of great questions. Here are some we've heard before.

## Sellers

### What is my business worth?

You may not understand the full worth of your business, but thanks to the LINK team's extensive experience in selling businesses, we do. Our team use LINK's award-winning proprietary appraisal tool VALU.LINK, and our practical experience, to draw on extensive global sales data for your industry. We then combine this with our strategy to identify the best path to drive buyer competition in the market to get the best 'market price'.

### How do you ensure our staff don't know I'm selling?

Almost all high-value businesses we list are 'confidential'. We don't display the name, location or other identifying factors. We make every potential buyer

sign a Confidentiality Agreement, and agree to not discuss the sale with anyone except their professional advisors.

### How long will it take to sell my business?

There are several variables but as a guide it typically takes 2-6 months.

### Will vendor finance be needed?

Normally vendor finance is not needed as there is a multitude of finance options depending on the buyer, but sometimes greater value can be attained if there is a safe vendor finance option.

### What is required of me after the sale?

Vendor assistance can be as short as 10 days or as long as a year. This is all discussed as part of the transaction and mutually agreed between the parties.

## Buyers

### Can I engage LINK as a buying representative?

The short answer is yes. We act for a number of businesses, families and individuals who have specific mandates for investment in businesses. Buyer syndicates are also increasingly common in acquisitions.

### Does LINK invest its own money?

No. We remove any conflict of interest and the company is focused on the transaction, which is our core speciality. We do have multiple buyers that come together on deals which we often facilitate.



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