

Market Update

Issue 21

A Market in Motion: Opportunities for Buyers and Sellers in 2025

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Post-Financial Year Insights: Leveraging Updated Financial Data to Inform Your Business Purchase

As the financial year concludes, business buyers have a prime opportunity to analyse newly released financial statements.

Why Your Business's Valuation Matters Post- EOFY

For business owners in New Zealand looking to sell, the end of the financial year (EOFY) presents a golden opportunity to strengthen their valuation.

Recent business sales



SOLD

Automotive

CANTERBURY
\$165,000



SOLD

Professional

CHRISTCHURCH
\$159,000



SOLD

Hospitality

OTAGO
\$145,000



SOLD

Hospitality

CHRISTCHURCH
\$412,500



SOLD

Automotive

CHRISTCHURCH
\$475,000



SOLD

Industrial Manufacturing

NELSON
\$644,404



SOLD

Hospitality

CHRISTCHURCH
\$110,000



SOLD

Professional

CANTERBURY
\$680,000



SOLD

Automotive

CHRISTCHURCH
\$697,000



SOLD

Hospitality

CHRISTCHURCH
\$895,000

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A Market in Motion: Opportunities for Buyers and Sellers in 2025

The business sales market continues to move, with strong buyer interest, a slow but steady return of listings, and signs of economic stability giving both buyers and sellers reason to act. While the media painted a grim picture of business sales last year, LINK Business brokers were still closing deals across a wide range of industries—and that momentum is expected to build throughout 2025.

Jennifer Myers, Sales Manager at LINK Business Waikato, says the key to navigating this market successfully is understanding its current dynamics and being well-prepared.

“Heaps of buyer enquiry is continuing to be a major trend,”

says Myers, “the cost of borrowing is going down, which is keeping people in the market. But buyers are taking their time with due diligence to make sure they’re getting value for money.”

In other words, while businesses are attracting interest, it’s not a guarantee of a quick sale. Buyers are being methodical, reviewing financials carefully, and ensuring the businesses they invest in are solid.

Listings Are Slowly Returning

One of the defining characteristics of the market over the past year has been a shortage of businesses for sale. However, that is beginning to change. “Stock levels have been low, just as they were all last year, but we’re seeing signs of improvement.” Myers continues that many businesses had made it through a very tough 2024, and many owners have held off selling until their financials looked a bit stronger. “Now, brokers are seeing these businesses starting to come to market.” This means that while there’s still relatively little competition among sellers, that won’t last forever. “We expect more listings to come through in the second quarter of 2025, or from the start of the new financial year.”

Advice for Sellers: Be Prepared and Act Early

If you’re a business owner considering selling, preparation is everything. “If you’re well-prepared—meaning you have tidy financials, documented systems, well-maintained equipment, and the right staff in place—you’ll have a much better chance of getting your sale across the line quickly.”

And timing matters. Myers explains that when more listings hit the market in the next few months, competition for buyers will increase. “Sellers who start preparing now and work with a broker early will be in the best position to stand out.”

For Buyers: Surround Yourself with the Right Experts

Myers’ biggest piece of advice for those looking to buy a business? Work with professionals who truly understand business sales. “Your regular accountant or lawyer might not be the best choice when it comes to navigating the purchase process,” she points out. “It’s really important to

engage with professionals who have experience in business transactions. Our brokers work in this space every day, and they know which accountants and lawyers can help make the process smoother.”

Looking Ahead

Myers acknowledges there’s always ‘noise’ in the market, sharing that it’s good to be aware of it, but not to get obsessed over it. “What really matters is being prepared and making smart decisions based on what’s happening right now.”

Why Your Business’s Valuation Matters Post-EOFY

For business owners in New Zealand looking to sell, the end of the financial year (EOFY) presents a golden opportunity to strengthen their valuation. With freshly updated financial statements, potential buyers gain greater confidence in the business’s performance, making it easier to justify a higher asking price.

The Power of Updated Financials in Negotiations

One of the key factors influencing a buyer’s decision is financial transparency. Up-to-date financial records provide:

- Stronger Credibility – Buyers appreciate seeing the latest figures rather than relying on outdated reports.
- Clear Growth Trends – A strong EOFY performance indicates stability and future profitability.
- Better Negotiating Leverage – A robust set of financials allows sellers to stand firm on their valuation.

Steps to Enhance Your Business Valuation Post-EOFY

1. Prepare and Audit Financial Statements

Ensure your profit and loss statements, balance sheets, and cash flow reports are updated and accurate. Consider engaging an accountant to validate these documents, increasing their reliability.

2. Highlight Revenue Growth and Profitability

Buyers look for businesses with upward trends. If your EOFY statements show increased revenue, consistent profits, or improved margins, these should be emphasised in your sales pitch.

3. Normalise Financials for a Clearer Picture

Adjust financials to exclude one-off expenses, non-recurring revenue, or owner-specific costs. This gives potential buyers a clearer understanding of sustainable earnings.

4. Strengthen Cash Flow and Reduce Debt

A healthy cash flow and lower debt levels indicate a well-managed business. If possible, address outstanding liabilities and improve working capital before listing your business for sale.

5. Showcase Operational Efficiency

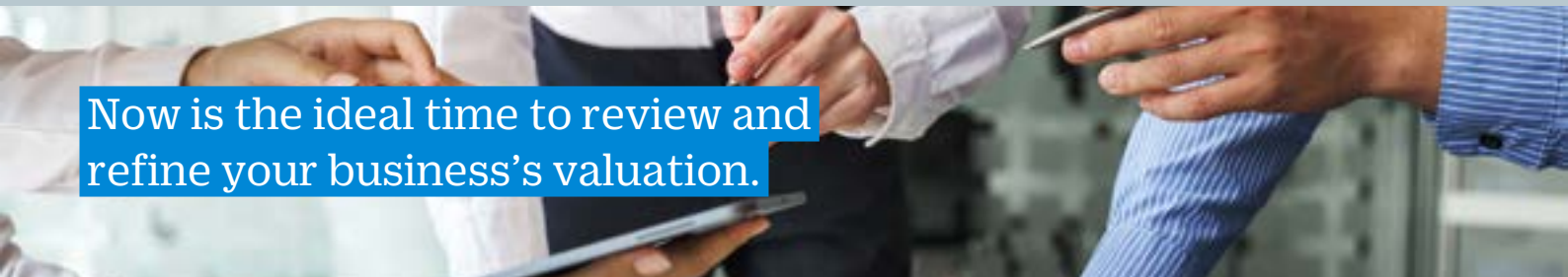
Beyond revenue figures, buyers also evaluate operational efficiency. Demonstrating lean operations, cost management, and strong supplier relationships can add to your business’s appeal.

Common Pitfalls to Avoid

- Delaying Financial Updates: If your records are outdated, buyers may lose confidence or request price reductions.
- Ignoring Non-Financial Metrics: Factors like customer retention, brand reputation, and market positioning also contribute to valuation.
- Overlooking the Impact of Taxes: Work with an accountant to optimise tax efficiency and avoid last-minute surprises that could impact sale value.

Leveraging a Business Broker for Maximum Value

Working with a professional business broker in New Zealand can help you interpret your financials, identify value-enhancing opportunities, and present your business in the best possible light. Brokers can also connect you with serious buyers who appreciate the value of fresh financial data.



Now is the ideal time to review and refine your business’s valuation.

Post-Financial Year Insights: Leveraging Updated Financial Data to Inform Your Business Purchase

As the financial year concludes, business buyers have a prime opportunity to analyse newly released financial statements. These documents provide a transparent view of a business's financial health, allowing for informed decision-making. Understanding and interpreting financial data effectively is crucial in assessing the viability of a business acquisition.

Deciphering Financial Statements

Financial statements serve as a foundation for evaluating a business's financial health. The income statement reveals profitability by detailing revenue, expenses, and net income. Consistent revenue growth, coupled with stable or declining expenses, is a strong indicator of a well-managed business. The balance sheet provides a snapshot of a business's assets, liabilities, and shareholders' equity. A strong balance sheet, with a healthy asset base relative to liabilities, suggests financial stability and lower risk. The cash flow statement highlights how a business generates and spends cash. A business with positive cash flow from operations is typically well-positioned for growth and resilience in economic downturns.

Key Financial Metrics to Consider

Certain financial indicators provide deeper insights into a business's performance. Revenue trends help determine whether a business is growing, stable, or declining. For instance, a 7% revenue decrease in Fletcher Building's HY25 results suggests market challenges. Profit margins are a strong indicator of efficiency; businesses with higher margins tend to be more resilient. Comparing margins against industry benchmarks can highlight a company's competitive position. Another critical factor is debt levels. While some debt is necessary for

expansion, excessive debt can indicate financial instability. A balanced debt-to-equity ratio suggests responsible financing. Lastly, cash flow is a vital metric; businesses that generate consistent positive cash flow can more easily cover expenses and invest in growth.

Due Diligence Best Practices

A thorough due diligence process is essential before acquiring a business. One vital step is conducting a comparative analysis, where the target business's financials are measured against industry peers. This can highlight competitive advantages or potential red flags.

A strong leadership team with a track record of effective decision-making can drive long-term success.

Engaging Professional Advisors

While financial statements provide valuable insights, engaging experienced professionals can help interpret the data in a broader business context. Business brokers, financial analysts, and accountants can identify risks and opportunities that may not be immediately obvious. Their expertise can be invaluable in structuring a deal and ensuring that a purchase aligns with long-term financial goals.

The numbers
just keep
getting

**better
and
better**



\$2b+

of businesses listed
on our global websites

250+

businesses sold globally
per month (avg)

3,000+

businesses for sale
internationally

73%

of buyers think about
buying a business for
up to three years

79%

of buyer prefer an
established business

