



# HALLMARK

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## Selling Your Business in 2008

### BUSINESSES IN DEMAND – 2008

Entering into the 2008 calendar year offers the opportunity to examine the trends, expectations and forecasts of the coming year. Business Sales, like most professional industries, can be affected by various external forces, whether economic or political. The strength of the Queensland economy suggests that 2007 will be a strong year for most business sectors, and we expect this to flow into the business sales, mergers and acquisitions activity.

The Gold Coast has matured dramatically in the last few years and there have been a number of economic influences in the past, which have influenced the supply and demand of business sales. For example, the growth of China as a major manufacturing player has had a negative impact on some manufacturing sectors, but a positive impact on importing/distribution sectors. The lack of specific qualified trades has also left some industries struggling and finding reliable, trained staff is proving to be a real issue. I have met with dozens of business owners each week and the common comment is always 'it is difficult to find and keep quality employees.'

The research done on our buyers and general merger & acquisitions enquiries indicate that certain industries will continue to be in HIGH demand!

These industries include:

- \* Health
- \* Wholesale
- \* Import
- \* Child Care
- \* Tourism/ Recreation
- \* Food Processing & Distribution
- \* Professional Services
- \* Large Retail
- \* Transport

With the average income per household increasing, plus the low unemployment rates, the small business sales market is on the decline. In previous years, a net profit of \$50-\$60,000 was desirable, however these days, such an income is achieved while being an employee. The majority of young families with business borrowing capacity have 2 income streams supporting the mortgage and lifestyle, and are being less attracted to the dream of being your own boss.

It is important to note that selling your business offers various tax advantages, introduced by the Howard Government over 12 months ago.

If you are thinking about selling, the first step is to contact a Hallmark Business Sales office for a valuation, then speak with your accountant to get an understanding of current tax incentives and obligations.

### THE HALLMARK BUSINESS SALES MARKET OUTLOOK

Queensland's overall economic outlook has presented an unprecedented and exceptional period for business owners thinking about selling their business to proceed to sale, with the economic outlook being much stronger than originally forecast. Currently a growth of 4 ¾% is anticipated, compared with the original forecast of 4 ¼%, with Queensland's South-East corner being one of its greatest contributors and beneficiaries.

This exceptional growth has been primarily driven by growth in investment (both private and public) and therefore domestic demand, as well as slightly stronger growth in exports.

This continued growth presents an exceptional opportunity for new investors wanting to enter the Queensland economic environment, as Queensland's growth figures are significantly higher than the national forecast of 2½%.

This improved growth coupled with rising commodity prices has also supported an appreciation in the Australian Dollar in recent months. Fortunately this has not affected Queensland's exportation capacity and global demand for both primary materials and value added products is still high.

This appreciation of the Australian Dollar should see the business sector capitalize on cheaper imports, especially in increasing productivity through newer, more advanced equipment and machinery, than initially forecast by the Queensland Treasury. This should ensure Queensland competitive advantage over the other states into the foreseeable future.

While recent interest rate rises are likely to impact on home construction going forward, the stock of housing investment yet to be built suggests higher growth in 2006-07 than anticipated. Housing approvals have also strengthened since Budget time, while growth in house prices has maintained investor interest in the housing market.

Employment is estimated to rise by 3½% this financial year, compared with a forecast of 2½% growth at Budget time. This reflects stronger than expected growth in domestic demand, which has resulted in greater job creation in labour intensive service industries. This would also represent the lowest year-average unemployment rate in 32 years in Queensland and the third successive year that the State's unemployment rate remained much below the national rate. This also helps explain why the Queensland South-East population density is increasing on average by 150,000 per annum.

Overall Queensland's economic growth has given rise to an unprecedented amount of buyers looking to invest in businesses, mainly over Queensland's Southeast region. The general rule is more buyers equal better results for sellers.

Contact Hallmark Business Sales today and for more information on Buying A Business.