



Orange Light - Caution Ahead

Despite another very successful twelve months of helping new owners (18) into businesses, the Tabak South Island team has some mildly cautionary comments about the next 12 months, in particular:

Election Year – this has been the cause of procrastination in the past (particularly with buyers), and it will be interesting to see how this unfolds. At present we still have plenty of good, well-funded buyers seeking good businesses.....and could do with more opportunities to fulfil this need.

Bank Lending – it appears as though the streets of Auckland in particular are paved with bank gold, as this is noted as an appealing market for bank lending, except perhaps for property development. Word on the street is that the local banks and their offshore masters do not wish for more exposure to the commercial & spec build sector. Funding is still available for good business purchases but the demand for money appears to be well in excess of supply currently.

Christchurch Rebuild – clearly the growth rate has slowed (as it had to), and many trades-oriented businesses have enjoyed a fruitful few years (or at least they should have!). Buyer perceptions around these types of business are now very “bearish”, albeit Tabak would argue there is still a significant quantity of cash sitting in people’s banks ear-marked for serious house remediation that has not yet been spent. Business value multiples in this sector are becoming extremely conservative!

Referral Tree

A scan of Tabak SI’s pipeline of clients, prospects and leads, shows that around 80% are referrals from accountants or professional advisors, past or present clients and friends & family. Referrals are precious to us, and they are treated with absolute respect. Moreover we would like to think that even if Tabak is not the right answer for them, we can help point them in the right direction. Our values demand that ANY prospect or client will be told the truth as we believe it to be, and we will advise and recommend what we believe is best for the client, not what may be best for Tabak.

New Chums

The South island team has been increased by the presence of Kevin Peterson in Queenstown, who is helping to make a real difference in the lower South Island. Over 20% of our sales in the 2017FY were Otago/Southland businesses, and we are expecting this to increase in the future. Later in the year we will also be adding to our Christchurch team (more on this individual then), but suffice to say they are extremely well qualified, and they may well be known to some of our readers....and they will reduce the average age of our team as well!

In closing, if you have any clients who are thinking about selling, or succession, we would love to work with both of you to help show them what their options are. As always, if you no longer wish to receive these occasional newsletters, please reply with “unsubscribe”.

Thanks & Regards
Tabak Christchurch
Damien, Russell, Diane & Kevin

(Tabak Limited licensed under REAA 2008)