



Tabak South Island have been pleasantly surprised at the buoyancy of the market in 2020 after the March/April 2020 lockdown. The calendar year saw

similar sales to previous years, albeit with a flat spot thru Apr-Jun as people adjusted to life post lockdown. To achieve a similar number of sales within the remaining nine months was very satisfactory, together with the significant business valuation & consultancy work that was completed.

Buyer Trends

We are seeing interest from a wide variety of buyers including at the lower end (buy yourself a job) through to corporate types seeking a change of direction and up to the larger fund managers looking for mergers & roll ups. Interestingly we also currently have a couple of trade buyers assessing a purchase of two of the larger businesses we have listed. Interest is driven by low interest rates, and investors seeking higher returns, right through to buyers simply wanting a change of pace and/or more responsibility for their own future. Ex pats returning to NZ have also increased our buyer pool.

Is it Time to Sell?

If you have clients who are genuinely considering their exit, **then yes, it is a good time to sell**. There is strong market demand, the cost of money is modest and access to it seems to be improving a little, and there is generally a lack of good quality businesses coming to the market. The rebound that many businesses experienced post lockdown has significantly compensated for the 6-7 weeks out of action, and the wage subsidy has also helped maintain profitability in the current financial year.

Economic Predictions

We take particular interest in the views of the independent economists, and to some degree, the bank economists, although they tend to have more of a “glass half empty” approach. We are compiling a “Business Trends” newsletter for prospective vendors, and it is refreshing to note the largely positive outlook that many economic commentators are predicting – including opinions from the likes of the Reserve Bank, Infometrics and Tony Alexander. Yes there are some caveats around these predictions, but it does appear as though most sectors outside of travel, international tourism & education are thriving throughout the South Island. Long may it continue...

Accounting Fees

Our resident Chartered Accountant Sam Cherry continues to receive solid demand for accounting fees to acquire in the South Island. The ‘sweet spot’ definitely sits around the \$500k-\$1m in fees, with no lease obligation. He is happy to have a confidential chat with any Practitioners that may be looking towards retirement in the next few years. Sam also has a contact who is looking to move his family back to Christchurch. He is currently a Practitioner in another region, and is looking for a Canterbury firm to buy into, or a fee base to acquire. Get in touch with Sam if you would like to know more.

What’s Selling

Confirmed sales in the past 12 months include:

Manufacturer (2)	Franchise (4)	Restoration Services	Courier (2)
Installation	Compliance Testing	Import & Wholesale	Courier (2)
Irrigation	Sales & Installation	Traffic Management	Retail

If you have clients who are even considering potentially selling, we would love to have a no obligation chat to them about the market and their particular sector. As always, if you do not wish to receive occasional emails in regard to the business sales market, please advise and we will unsubscribe you.

Best Regards

The Tabak SI Team....

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