

## Market Update

### Are Businesses Selling in the Current Market



Many of you will have read the most recent economic musings in respect of the residential real estate market that perhaps the market has bottomed out and/or may just be "on the turn", and whilst Tabak does not sell houses, we thought you might like a quick update on whether businesses were still being sold.

All of our branches nationwide have generated sales this FY and Tabak's Q1 (Apr-Jun 23) has been very positive, with over 30% more sales during this period than Q4 of the previous FY, and nearly 30% more transactions than Q1 in the 2023FY. Moreover, nationwide we have a further 8 businesses currently under offer and undergoing due diligence, including some solid seven figure sales. Our previous experience with election years is that the market can slow down a little, but we must assume that this year buyers are simply getting on with it, buoyed by the improvement in tourism and immigration in particular, and the relative reduction in Covid impacts.

### Sale Multiples & Vendors

Multiples are very much influenced by both the sector a business operates in, it's location and variables specific to each business, however there is no clear evidence so far this FY that multiples have come back materially. It is also pleasing to note a reasonable level of interest in selling by vendors, and within the South Island we have at least four new potential vendors about to come on board to commence their sale journey with Tabak. We all continue to be assailed by media reports of the cost-of-living crisis, inflationary challenges, declining demand etc. and whilst this is the world we live in, our vendors continue to deliver financial results that make for compelling reading. This is not to deny that some people are doing it tough, we get that - however good businesses, particularly delivering essential B2B products & services, continue to generate profitable outcomes.

### Continuing Professional Development

It has been over two years since Tabak presented to a number of accountancy firms about key variables and financial ratios in respect of business valuation & sales - including:

- **Intangibles ratios**
- **Sale Multiples**
- **Key due diligence issues**
- **Appraisals & Market Data**

We would be happy to spend 30-40 minutes with your team, perhaps as part of their CPD compliance, to present & discuss these updated facts & figures, and also to comment on the current business sales market, including Covid impacts. Please reply to this email if you would like us to schedule a session

### Recent Sales

Summarised below is Tabak SI's sales over the last 18 months or so.

<b>Trades (3)</b>	<b>Health, Wellness &amp; Beauty (2)</b>	<b>Manufacture (3)</b>
<b>Tourism</b>	<b>Service (2)</b>	<b>Sales &amp; Installation</b>
<b>Online Store</b>	<b>Import &amp; Wholesale/Direct Sale</b>	<b>Franchise (2)</b>
<b>Coffee Roasting</b>	<b>Vehicle Rental</b>	<b>Hire</b>
<b>Retail</b>	<b>Niche Signage</b>	

So, if you have any clients within the above sectors just pondering their future, Tabak is happy to offer a "no obligation" chat over a coffee as to the demand within a specific sector and the likely multiple that could be achieved.

If you do not wish to receive occasional emails regarding the business sales market, please advise and we will unsubscribe you.

Thanks and Regards

**The Tabak SI Team – Damien, Sam, Kevin & Diane**

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Tabak Business Sales

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