

Market Update

Issue 19

Dynamic Market:
**New Chances for
Sellers and Business
Buyers Alike**

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Selling a Family-Owned Business

Selling your family business can be an emotional and complex process. Some essential factors to consider when selling a family-owned business:

Finding the Right Fit: Matching Your Skills with the Right Business

Deciding to buy a business is just the beginning. What comes next?

Recent business sales



SOLD

Coffee Shop

INNER BRISBANE
\$45,000 + SAV



SOLD

Manufacturing

SUNSHINE COAST
\$3,000,000



SOLD

Bakery

HOBART
\$EOI



SOLD

Skin Care Clinic

MELBOURNE
\$444,000



SOLD

Medical Professional

GOLD COAST REGION
\$150,000 + SAV



SOLD

Leisure

SYDNEY
\$Refer to Broker



SOLD

Takeaway Restaurant

SOUTH MELBOURNE
\$69,000



SOLD

Retail Picture Gallery

HOBART
\$265,000



SOLD

Food/Hospitality

SYDNEY
\$299,000



SOLD

Professional

SOUTH EAST QLD
\$1,250,000

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Dynamic Market: New Chances for Sellers and Business Buyers Alike

As 2024 draws to a close, the Australian business market remains dynamic and full of opportunity for both buyers and sellers. Mark Jason, Director of LINK Business Sydney, observes a robust climate fuelled by evolving buyer interest and favourable financial conditions.

"We're seeing a unique shift," Mark notes. "The number of financial buyers seeking reliable, established, baby boomer businesses are rising significantly, creating opportunities for both new entrants and seasoned players in the market." This trend, which includes a mix of private equity firms, young entrepreneurs backed by high-net-worth individuals, and experienced operators engaging in roll-ups, is shaping the market in ways not seen just a few years ago.

This rise in buyer interest is also transforming the sales landscape for business owners, beyond just providing a broader buyer pool for them to capitalise on. "Traditionally, retiring owners had to fit into rigid PE models or accommodate strategic buyers," Mark notes. "Now, there are buyers who understand that these owners want to retire and move on. They don't want drawn-out earn-outs or to stay involved for years. As long as the broker qualifies the buyers well, there are plenty of flexible offers that meet vendors' retirement goals."

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For sellers, Mark has several pieces of advice. "Pick your broker wisely. They don't have to be a specialist in your industry, but they should be someone you trust and who is proactive," he explains. He also highlights the importance of preparation: "Get your financials in order, work with a strong lawyer, and have your accountant on board early in the process." Mark warns that with a continuing wave of baby boomer businesses yet to hit the market, the supply may eventually affect valuations, urging sellers to consider acting sooner rather than later.

To potential buyers, Mark stresses the need for pragmatism and readiness.

Know what you can afford, understand the lending conditions, and remember that good opportunities don't come along every day,".. He advises realistic expectations for outgoing owners: "This is someone's life's work that you are buying, so they deserve understanding and respect. You also need to be aware of the inherent risks—no business is perfect."

As Mark puts it, "Money is still cheap, and there are plenty of opportunities out there, often at very realistic prices." For both buyers and sellers, these are promising times in Australia's business market—provided they approach transactions with thorough preparation, patience, and an understanding of current trends.

Selling a Family-Owned Business

A family-owned business is more than just a source of income—it's a legacy, a symbol of hard work, and often a major part of family identity. Therefore, deciding to sell your family business can be an emotional and complex process. Here are the essential factors to consider when selling a family-owned business:

1. Emotional Preparedness

One of the first and most significant challenges in selling a family business is the emotional attachment involved. This emotional connection can make it difficult to objectively evaluate the decision to sell, the timing, and the value of the business. Preparing yourself and your family emotionally is crucial before embarking on the sale process.

2. Understanding the True Value

A common pitfall for family business owners is over or under-estimating the value of their business. It is essential to obtain a professional business valuation from an experienced business broker who can provide an objective assessment of your company's worth based on its assets, earnings, market position, and industry trends.

Having an accurate valuation will not only help set a fair asking price but will also streamline negotiations with potential buyers.

3. Preparing the Business for Sale

To attract the right buyer, it's important to ensure that your business is operating efficiently and profitably. This may involve cleaning up financials, ensuring accurate records, and streamlining operations. Having documented systems, processes, and management structures in place will make the business more appealing to buyers, as it shows the business can function smoothly without your day-to-day involvement.

4. Succession Planning

If a suitable successor within the family is not available or willing to take over, selling the business might be the best option. However, in some cases, selling to a family member or a trusted long-time employee could be considered if they are interested in maintaining the legacy. This can ensure continuity and preserve the family's connection to the business.

5. Choosing the Right Buyer

Selecting the right buyer for a family-owned business is not just about the financial offer; it's also about finding someone who aligns with the values and culture that the family has instilled in the company. Many family business owners wish to see their business continue to thrive under new ownership, with employees and long-standing customers looked after.

6. Transition Support

Once the sale is agreed upon, the transition phase is key to ensuring the continued success of the business. This might involve an extended period where the outgoing owner stays on as a consultant or advisor to the new owners, helping them integrate into the business and build relationships with key stakeholders.

Ultimately, with an experienced business broker can be invaluable in navigating the complexities of the sale process, ensuring that the best possible outcome is achieved for both the family and the business.

Deciding to sell your family business can be an emotional and complex process



Finding the Right Fit: Matching Your Skills with the Right Business

Deciding to buy a business is just the beginning. What comes next? Finding a business aligned with your goals for the future is important; however, one of the most crucial factors that often gets overlooked when looking for a business, is finding one that matches your skillset.

So, how do you find the right business that aligns with both your goals and your skillset?

Assessing Your Own Skillset

Before looking at businesses for sale, take a step back to evaluate your current skills, experience, and passions. Your success as a business owner will largely depend on how well your skills translate into the day-to-day running of the business.

Industry Familiarity

In most cases, buyers are best suited to industries they already understand. If you've spent your career in retail, then acquiring a retail business allows you to leverage your knowledge of customer service, inventory management, and sales techniques. Similarly, if you're a tradesperson with years of hands-on experience, a business that operates within a similar field, like a home improvement or construction company, could offer a smoother transition.

Business Model Compatibility

Some businesses require constant hands-on involvement, while others offer more passive ownership opportunities. If you're someone who thrives on day-to-day interaction with customers or employees, a café or retail store may be an ideal choice. If you're looking for something more hands-off, like an online or service-based business, you'll need to assess whether you have the skills to manage it remotely.

Financial Compatibility

Your financial resources and risk tolerance also play a significant role in determining the right business fit. Some industries have higher start-up costs or require significant working capital to maintain operations. If your background includes financial management or fundraising experience, you may feel more comfortable taking on a larger business that requires significant investment. However, if this is outside your comfort zone, a smaller, more affordable business may be a better starting point.

Seek Expert Guidance

The process of buying a business involves many moving parts, and it can be overwhelming for first-time buyers. This is where the guidance of a business broker becomes invaluable. A broker can help match your skillset with the right type of business, assess whether the opportunity is financially viable, and walk you through the due diligence process.

Buying a business is more than just finding something profitable; it's about finding something that fits your unique skills, experience, and lifestyle.

Take a step back to evaluate your current skills, experience, and passions.

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

