

Autumn Market Update



South Island Business Sales

The Canterbury market emerged from a pre & post-election slumber with plenty of energy in Q4, with over 40% of our annual sales being confirmed and settling in this 8-10 week post-Xmas period. The Christchurch/Canterbury market remains buoyant with motivated buyers, although we have experienced a somewhat slower level of interest in our regional listings (lower South Island; Central Otago and top of the south). We assume it is simply a reflection of lower population levels = lower buyer levels = more limited buyer interest.....but keen to hear any feedback if you are from those regions?

Canterbury Trades & Construction

Tabak understands that around 160 trades/construction related businesses have been liquidated within Canterbury in the last two years. Whilst the market demand & revenues in these areas has come off its post-EQ peak, there still seems to be a reasonable level of activity, certainly for businesses in this sector that Tabak has been involved with. However the banks, as funders of these purchases, are noticeably and openly **very bearish** within this market. The sales that have been achieved by Tabak normally have needed a reasonable level of security on the lending and have all been valued "sensibly", acknowledging that there is bearish sentiment out there. If you have clients in this market looking to sell, we would be happy to share our experiences – as sales can be achieved but some of the more traditional multiples are simply not achievable.

General Business Lending for Purchases

We are hearing right around the country that whilst the banks are very much "open for business" their position around lending for business purchases can depend somewhat on the sector concerned, and each bank's exposure to that sector. Moreover there is greater rigour going into determining whether a buyer is the right fit with the particular business they are seeking to purchase.

Referrals

More than 75% of the businesses sold by Tabak SI in the 2018FY were referrals from accountants/professional advisors or Tabak clients. We thoroughly enjoy justifying the trust you place in us to provide appropriate succession & sale strategies & recommendations for your clients. A genuine "**thanks**" for this continued support. As always, if you do not wish to receive these occasional updates on the business sales market, please reply with "unsubscribe" in the Subject Line.

All the best for your 2019FY trading – from Damien, Russell, Sam, Kevin & Diane

Tabak Business Sales

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