

THE CRYSTAL BALL REVISITED

2010 - The Year of Surprise

This time last year we were all on the edge of our seats watching the rest of the world financially crumble. The so-called industry doubters painted pictures of doom, including the impending imploding of the management rights industry as it stood.

Lets revisit some of my Resort News articles over the last 12 months, **September 2009 “What Happened to the Recession”** Paragraph 12 from that article my ‘crystal ball’ sits in full view. Business is excellent, and the multiplier on the high end continues to be strong. Contracts in general are nearly all subject to valuation. Very few, if any contracts fail to settle, if all the correct steps are taken when listing. Quality stock is rarely available and continues to sell soon after listing. Here we are in November 2010 and how true this statement was, or should I say what the ‘crystal ball’ indicated.

April 2010 “Let Me Tell You A Story” paragraph 6 from that article, I am continually asked by accountants, solicitors, valuers and financiers what the industry multiplier is doing? “Years Purchase Factor”, in appraising the value of management rights each and every property listed for sale has its own deciding and influencing points, i.e. location, length of agreement, type of scheme, manager accommodation, break- up of lots in the scheme, nett profit, growth, the lists goes on. The old system of average of all sales in a set period = the asking price + real estate is gone.

Again how true this is, if the homework and preparation prior to listing isn’t forthcoming, the correct multiplier at the time of sale will never be achieved. Personally our adoption of this simple policy of ticking the boxes prior to listing has this year given us an almost 100% settlement rate. The April article also stated that the industry continues to gain further recognition as a very stable and commercially viable proposition. How true this statement has turned out to be with 75% borrowing in some cases still occurring.

June 2010 “Hello! Is There Anybody Listening?” An extract from this article, paragraph 8 the opening header Hello! Is anybody listening?? Is aimed fairly at the industry dissidents who should keep their personal gripes to themselves and stop muddying the waters. In my opinion a fair comment based on vendor feedback. We have in the past 6 months had a large shift in how professional business is conducted in this industry, so one would say right or wrong someone took notice.

September 2010 “Stairway to Heaven”, a light and enthusiastic approach to the industry from a purchasers point of view. Contracts of sale are now occurring on a regular basis, the majority of purchasers focused on taking the industry (from their point of view) to the next level.

It takes a great deal of dedication to continue to have nothing but a positive spin on the management rights industry, however the tried and true industry professionals continue to offer that point of difference, myself included. My continual consultation of the ‘crystal ball’ along with all our industry associates points of view no doubt assists the process of further strong commercial acceptance of the management rights industry.

The only worrying factor is the value of the Australian dollar which is having a dramatic effect on the domestic tourism market; one would expect the reserve bank to raise interest rates slowly expecting the dollar to correct itself in the first quarter of 2011. Moving forward to 2011, the ‘crystal ball’ clearly predicts a very buoyant management rights market, with the sales emphasis appearing to favour permanent and corporate management rights of high nett profit being the first to sell.

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