

right management

Happy Days are Here Again...

"So long sad times, so long bad times, we are rid of you at last" How these lyrics reflect the start of the year 2010. What a predictable start to brisk business - motivated vendors and commercially thinking purchasers! This start brings back a management rights mini boom with excellent enquiry resulting in quick transition to contracts.

There is no doubting the simple formula of a committed seller and a dedicated purchaser resulting in a settled sale. We have all heard this before and it really does happen, as simple as 1, 2, 3 - as long as the pre sale preparation and purchaser qualification is the number one priority.

Some in the industry may now be thinking if this is all that is needed and is result producing and it works for the majority of industry professionals, why share the winning formula?

Good point, however if all vendors preparing to go to the market are as dedicated as the majority of professional brokers, the industry will only benefit from more settled sales and constant multipliers or as the valuers say "year's purchase factor". There are really no secrets being told just simple commercial reality.

- An accountant's up-to-date profit and loss showing the net operating profit for the 12 month period
- A valuation on the manager's real estate component of the sale (no older than three months)
- Commercially sound agreements along with the deeds of variation and assignment if applicable

There is no secret here, as stated as simple as 1, 2 and 3.

I have looked at various listings on web sites and in hard copy advertising, portraying quality locations and idyllic lifestyles with that "this is too good to be true" script. Eventually the vendor runs out of patience, rings the industry pro-

fessional with the proven track record and asks "why haven't I sold?" Step 1 - the current profit and loss. So you have never had one prepared because the advertising will bring us a buyer and then we will prepare the profit and loss.

Oh, you had an inspection however the intending purchaser wanted to view your profit and loss. No need to worry about steps 2 and 3, the intending purchaser went elsewhere.

Next scenario. We are happy in principal with your professionally prepared current profit and loss. The manager's residence, current RP data shows you paid \$350,000 two years ago, you are currently asking \$625,000.

The last sale three months ago shows the sale of an apartment similar to the manager's, sale price \$410,000 - so much for step 2.

We eventually get to step 3 - so you forgot to take your next option up on your management agreement and the body corporate chairman thinks you have two heads?

Without boring all the current management rights vendors any further, the selling broker of your choice requires your full commitment to selling.

Any broker who tells it different, is not giving you the vendor, the intending purchaser or the management rights industry the due credit or respect as one of the most popular and commercially sound businesses this country can offer.

The simple formula of 1, 2, 3 applies to intending purchasers as well;


- Decided (preferred) location and type of management rights
- Careful selection of industry brokers, lawyers, accountant and financier
- The urgency to look today and purchase tomorrow attitude

Scenario: We like the building and Surfers Paradise is a lovely location but we really need a

high rise located in Noosa. Our family solicitor of 30 years and the family accountant will be looking after our affairs. We have decided to let 'Dodgy Group Finance' arrange our loan as they can get us a loan based on 80% of the purchase price.

When we find the perfect waterfront management rights that ticks these boxes; 100% investors, 25 year agreements, no office hours, holiday building with 97% occupancy, 60 apartments in the rental pool @ \$350 per night net to property we will be ready to purchase.

Need I say more? The 1, 2, 3 rule failed to work here as did the part time broker with little or no qualifying skills.

Maybe there is a 'secret to success' as only a handful of professional brokers adopt the 1, 2, 3 principle. 




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 **PREFERRED SUPPLIER**