

WHAT ARE MY MANAGEMENT RIGHTS REALLY WORTH?

We are continuously asked this question. With the so-called economic downturn in the past 12 months not helping, some stock has been sitting on the books for a long period of time. Holiday buildings having decreased nett profits, financiers being more diligent with lending funds and valuers being given little sales evidence it becomes a very good question.

We are always educating purchasers to do their homework and mark the boxes to exactly what their requirements are. All Vendors should do the same. The following questions and answers may help;

- 1. Do you want to sell?**
Are you genuinely selling or just testing the market
- 2. Is your Profit and Loss up to date?**
The Accountants report needs to be no older than 90 days at time of contract
- 3. Do you have a valuation on the manager's associated real estate?**
Due to new stringent lending categories, it is always suggested a current valuation is undertaken on at least the managers real estate
- 4. Are your agreements commercially sound?**
It is essential that all agreements be checked regarding extension clauses. Short agreements are very difficult to finance
- 5. Does your management rights offer a quality of life?**
If you have a larger complex, is there adequate staff in place to allow some freedom to the incoming managers
- 6. Are all your PAMD 20a's up to date?**
The PAMD Act now requires the assignment clause Part 4.4 of the PAMD 20a to be ticked and initialed
- 7. Is my intellectual property up to date?**
Websites, brochures, booking agents, email and telephone contracts all form part of the sale
- 8. Do you have an up-to-date plant and equipment inventory?**
The inventory accompanying a contract of sale requires all plant and equipment to be itemized. For eg. Computer – brand and serial number
- 9. Is all plant and equipment unencumbered?**
It may be commercially advantageous to pay out any leases that are in place prior to going to the market
- 10. Is my sale to be 'Walk In Walk Out'?**
With little exception, all sales are now W.I.W.O. The stock on hand - soap, toilet paper etc. are handed over on settlement with no stocktake necessary
- 11. Am I listed to sell or just testing the waters?**
In this current market, all listings have to be at market price. No intending purchaser will go to contract above market price unless the listing has that point of difference
- 12. Choose your broker carefully**
Remember your management rights should not just be another listing. It will require full dedication by your broker to end up with the desired result – a settled contract
- 13. Selling a secret**
The days of old have gone regarding trying to sell without market exposure. Tell your Body Corporate or Owners Corporation you are selling!
- 14. Why are the management rights up the road attracting a higher multiplier?**
There is no hard and fast rule regarding the market price. Every listing has its own point of difference
- 15. What is market price?**
To put it simply, the best price achieved at contract given a willing seller and willing buyer

So what is my management rights worth? Use the above tips, have 100% dedication to selling and moving on and the answer is simple – MARKET PRICE!



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