

HOW TO HIT THE MARKET WITH A SALEABLE BUSINESS

After attending the recent ARAMA Management Rights Industry Expos and listening to expert panelists on the Gold Coast, Sunshine Coast and in Brisbane, the overwhelming message to managers wishing to sell in the next 12 months was to get their business and place of residence in order.

With total transparency being the mantra from lending institutions and industry specialist solicitors, the prediction for finance approvals in 2018 is that it's going to be *tough*. So, in order to assist sellers in being prepared to hit the market with a saleable business, I have compiled some tips on listing your management rights business for sale.

1. Allow time to gather all information, this may take 6-to-12 months

The reason I say this, is that financiers will require up-to-date accountant's figures; preferably prepared by a management rights specialist accountant. If you have three years' figures showing consistency of income, the higher the multiplier will be considered.

2. Choose your agent with care

A specialist in the management rights industry, that is up-to-date with legislation, is able to guide you through the process and give support/advice when needed. Knowledge of industry legislation, licensing, the experience of negotiation and a great data base of clients is valuable to you as a seller. An agent should work with you during the process who will understand your motivation for selling and who will listen... A manager knows his building better than anyone. This brings me to my next tip...

3. A lot of managers have procedure manuals in place but a lot don't...

It shows professionalism and, more importantly, it becomes a checklist of duties that are due

each day, week, month and even annually. It should contain your management agreements, showing the caretaking duties and by-laws of your building, phone contacts for preferred suppliers and essential services, along with instructions for software and banking procedures. It is also an essential tool for reference when you have relief management or when you employ staff in your buildings. And when you sell, it will ensure a complete handover of your business to the next manager without too much effort and the satisfaction is, it is a complete checklist. Remember, when you took over, you were consumed with so much information.

4. All Form 6 letting appointments should be in place

Remember, this is the business you are selling, and they are essential at time of verification of records. Up-to-date addendums should be attached with all charges applicable to owners listed. Wording is important with the word 'service' not 'charge' inserted. Providing a service, such as cleaning, marketing, etc., is different to a charge and profit from these can be utilised, particularly where reception/marketing is concerned.

5. Presentation is a big one!

The building will be in first class presentation, why not your apartment? Present your apartment as a clean, uncluttered, comfortable home. It might benefit from a coat of paint, minimalise/store/pack-up unwanted furniture: you then have half the packing done when you sell and have to move. Remember, that is so important when you live on-site. It has to be welcoming to the new buyer and the apartment plays a big part in choosing your building – it becomes their new home.

6. Notify the body corporate chairperson that you are wishing to sell...

This way, there are no surprises and they may be able to help make it an easier transition.



Full transparency is important, providing the relationship is strong. This can be kept confidential and eliminates the prospect of the body corporate thinking they have been ambushed.

7. Provide comprehensive listing details to your agent...

Due diligence will be thorough going into 2018. Your 'profit and loss' needs to be current; you should have a current valuation of the managers' lot and pool safety certificate compliance. With agreements, ensure the Gallery Vie clause and any top ups of management agreements are in place. Obtain professional photographs of the building, facilities, managers unit, office and a selection of units that are in the letting pool... a potential buyer may be overseas or remote and having access to photos of the property will make the process that bit easier for everyone involved. Don't miss an opportunity!

8. Ensure your inventory of equipment is up-to-date! and include leases if applicable

Computers, printers, etc., should have brand names and, if possible, serial numbers to eliminate any confusion over what comes with the business. Furthermore, check your agreements in relation to the

ability to live off-site, many managers want to remotely operate their businesses or operate several buildings from one head office. You should also know whether your complex allows pets and the requirements surrounding this issue. This alone can prevent settlement at a crucial stage. These things may seem trivial but it is essential your agent has 100 percent knowledge of what is being offered for sale for presentation to the savvy purchasers of today. 2017 saw a bumper year in management rights with record sales being achieved; however, the fall-over rate of contracts was also high with one-in-four contracts not proceeding to settlement. Let's make sure we as sellers and agents work together as a team and engage only associated management rights specialists to get it right in 2018.



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