



State of Business Sales Market Report

Compiled by Xclusive Business Sales – April 14, 2020

Xclusive Business Sales
G14/1-15 Barr Street,
Balmain NSW 2041
02 9817 3331
team@xclusive.com.au
www.xclusive.com.au

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COVID 19 is currently impacting business sales, with the number of enquiries down by 47.3%.

But enquiries are still coming in and businesses are still selling.

The following graph shows what has been happening in the market between February 1 and Easter.

The number of enquiries started declining during February. However, some decline is always noted during times of change, such as elections, the GFC and so on.

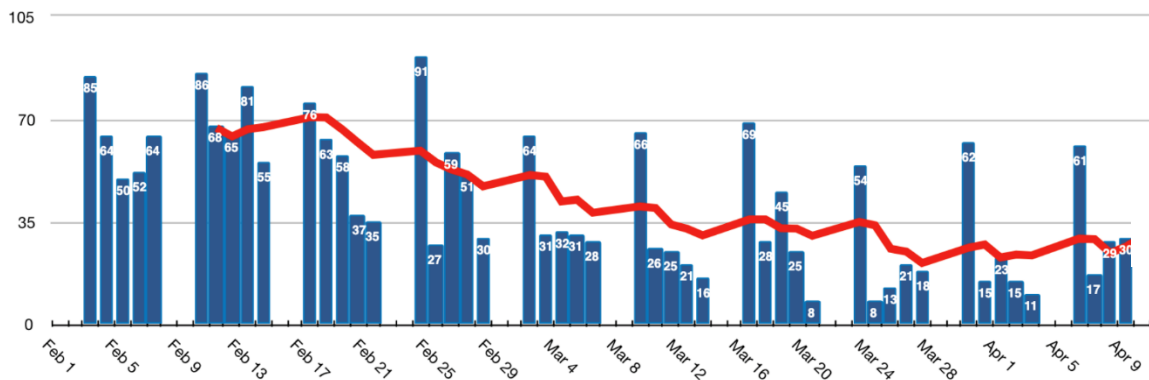
Significant COVID 19 dates include:

- 22 March – Stage 1 lockdown restrictions launched.
- 26 March – Stage 2 lockdown restrictions launched.
- 31 March – Stage 3 lockdown restrictions launched.

Around 22 March, the drop in the number of enquiries stopping falling and levelled off.

Will it stay the same or will the number of enquiries increase?

BUSINESS SALES ARE CURRENTLY FOLLOWING A SIMILAR PATTERN TO THE GFC.



The enquiries currently being received are mostly about Job Market-type Businesses: This where the buyer is seeking to replace a job with a business. These are generally businesses generating profits of between \$100,000-\$200,000.

WE EXPECT TO SEE THE DEMAND FOR THIS TYPE OF BUSINESS INCREASE POST COVID 19.

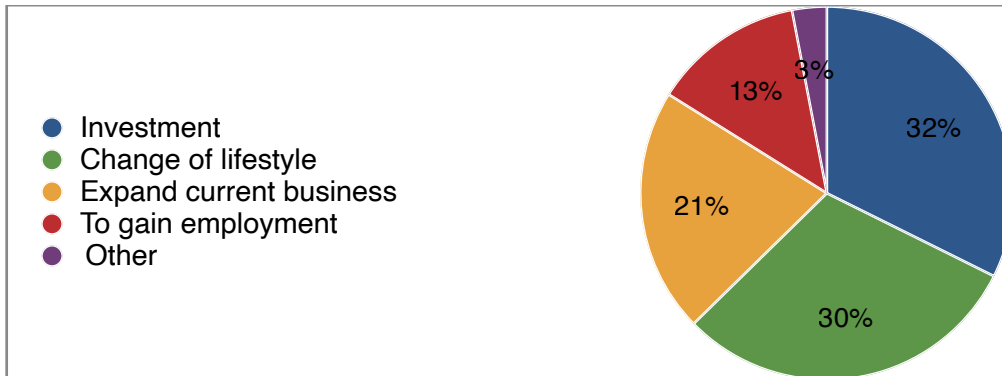
Buyers are still calling and looking for businesses.

XCLUSIVE BUSINESS SALES BUYER CONFIDENCE SURVEY

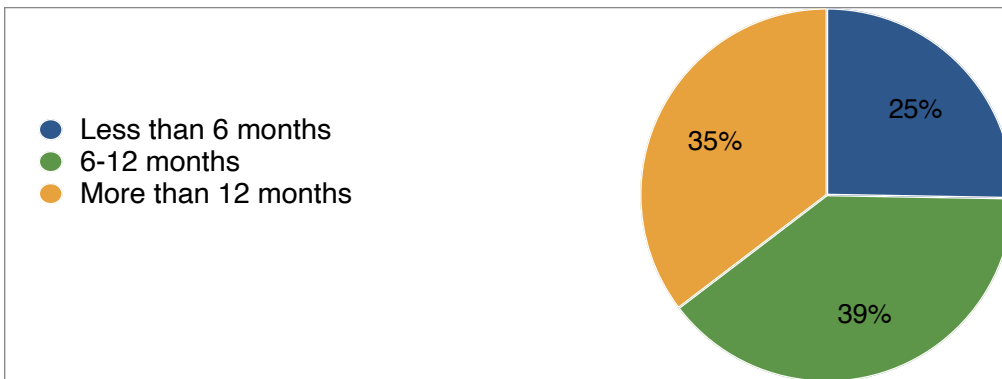
It is very important to all of us to get a better understanding of the changes in the current market caused by the COVID 19 situation, so that we can all have a tool to navigate the current market.

SURVEY RESULTS

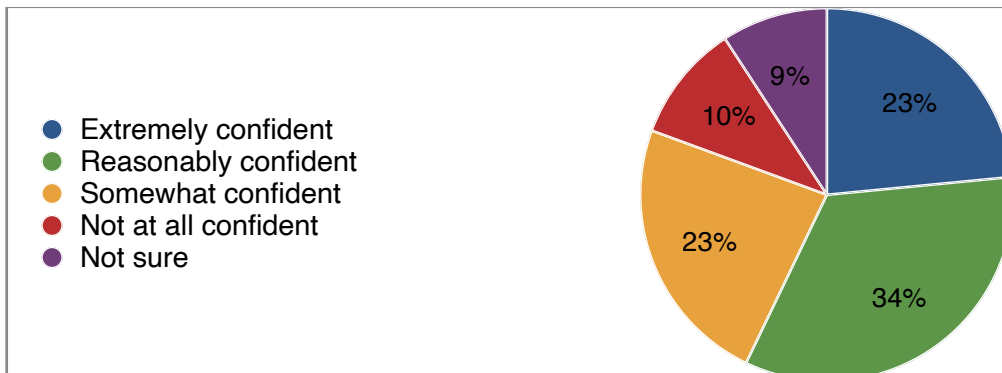
Q1: Why are you looking to buy a business?



Q2: How long have you been looking for a business to buy?

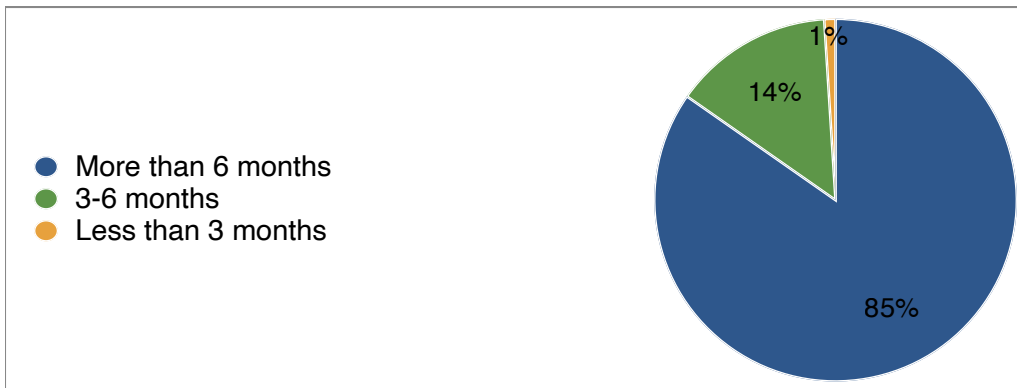


Q3: Pre-COVID 19, how confident were you that you would find and buy a business?

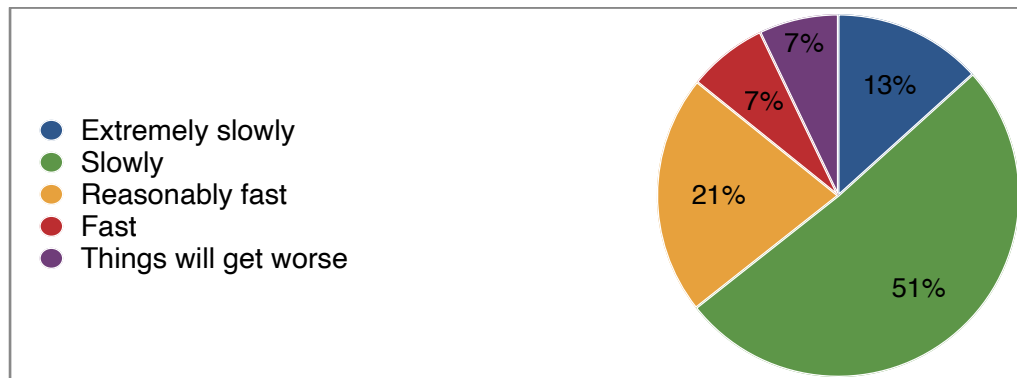


(That means 80% of buyers were confident they would buy a business)

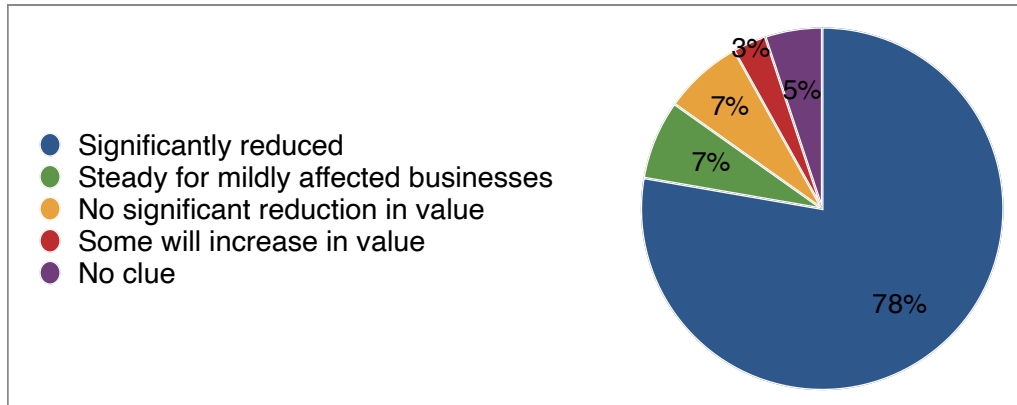
Q4: How long do you think it will take for the economy to get back on track?



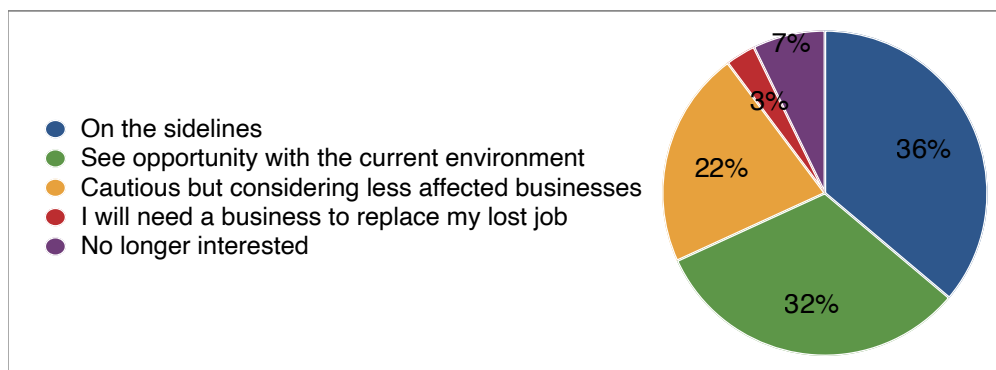
Q5: Once the economy is back on track and stable, how do you think business activity will recover?



Q6: How do you think the value of businesses has been affected?



Q7: How has the current situation changed your expectations of buying a business?



Q8: Would you consider buying a percentage of a business now with an option to buy the rest when the situation resolves?



We saw a little of this pre-COVID 19 but expect this method to increase in the future. It means the buyer and the seller will share the risk. This is very encouraging for the future.

Q8: What are the characteristics that will compel you to buy in this environment?

- Low fixed overheads relative to sales level
- Good forward plan

This is something business owners can do now to prepare their business for sale. If you're considering selling, have a really good look at your overheads – there's never been a better time to renegotiate and reduce your overheads.

Create a short but solid forward plan using bullet points to show the direction of your business.

CONCLUSION

As the number of new COVID 19 cases continues to fall, you can be confident that there are buyers out there interested in your business. In fact, we now have a shortage of businesses on the market with buyers still actively looking.

Established in 2005 by Zoran Sarabaca, Xclusive Business Sales provides business selling services and business valuations to businesses with a value of up to \$10m that are located in metro and regional locations Australia wide. Xclusive have offices in five states (NSW, VIC, ACT, SA, and QLD) with our headquarters being in Balmain, NSW.

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For further information or to discuss these results in detail, please feel free to contact us on the below details.