

April 2011 News Views and New Listings

March Management Rights Forum



Held at the stunning Oceans Resort Mooloolaba and attended by around 40 resident managers and associated industry professional, last months forum covered a number of pertinent topics from risk management to marketing. Guest presenters included Mike Phipps from Mike Phipps Finance, Greg Kamp from Kamp Business Accountants and Steve Turnbull from Aspire apartments and resorts.

Geoff Hussin, Resident Manager from Element on Cooloom gave his thoughts on how he has significantly grown his business.

Along with many prominent Sunshine Coast attendees Guests came from Brisbane, Gold Coast and even Cairns for the event

The Kiwis are again spreading their wings

Regardless of the high Aussie dollar, we are starting to see a strong flow of kiwi buyers returning to the management rights market. After an absence of three or four years we are seeing again a trickle over the ditch. With three out of four recent sales I have negotiated going to Kiwi Buyers the signs are looking positive for this once strong buyer market.....



NEW RESIDENT MANAGERS

Welcome to Irene and Graham Deacon who have taken over the management rights of Karmasea at Alexandra Headlands

The sale was negotiated by Glenn Millar of Resort Brokers



Large Specialist Permanent Management rights - Net over **\$930,000** pa and growing - 100% investors, 100% in letting Pool, No Owner occupiers permitted - Real Estate \$350k - Total Price :\$5,724.199
Projected Income increase to April 2012 \$110k
This complex has achieved growth of over 13% in the last seven years

Largest Rights to be offered off the Plan on the Sunshine Coast

projected net on completion \$639,000 — 5 stages, Accommodation Retail and Commercial - Expressions of Interest Close 10th June 2011

For Details on either of these rights contact the exclusive listing agent—Glenn Millar. On 0412 277 804

Featured Listings

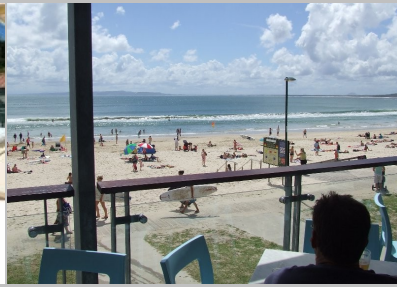
Exclusively offered by Glenn Millar

**Absolute
Beachfront
Boutique...**



**WATERFRONT NOOSA
\$2.165m**

**Entry Level
Hasting Street-
Noosa....**



**PRIME HASTING STREET
NOOSA— \$980k**

**License to
Print Money...**



**UNIQUE SPECIALIST
PERMANENT**

HUGE NET—\$934k

**100% Investors 100% in letting
Price \$5,724.191**

For Details on any of the above Management Rights contact Glenn on 0412 277 804
Or Email: glenn@resortforsale.com.au

 **resortbrokers** AUSTRALIA



PRICING YOUR MANAGEMENT RIGHTS FOR SALE - RETURN ON INVESTMENT VS THE MULTIPLIER

Because in most cases you have to purchase a lot, usually a residence sometimes a residence and office when buying management rights its important to consider looking at what the return on investment (ROI) will be for the incoming purchaser

Why, then its simple the lower the ROI the less debt a building can carry and hence the less a potential purchaser can borrow. In our experience this will lead to a lower demand for your rights and a possible need to either find a purchaser with a high deposit or discount the total price to attract a suitable buyer.

It's interesting to note that the industry average ROI in management rights is around 14% on the total purchase price. Of course, the ratio of unit to rights value ultimately drives the ROI so the lower the percentage of unit value the higher the ROI. In our opinion 60% rights : 40% unit (or better) is the sweet spot with anything approaching 50:50 being cause for concern.

Now, before all you industry experts tell me that there's more to value and market acceptance than a simple return calculation... I know there is. Some people just have to live in a penthouse while others can put up with the outhouse. All I'm saying is that the outhouse resident will make more money and enjoy a better return on the capital employed.

And don't tell me capital gain on the unit compensates for a lower ROI... we all saw what real estate capital growth did to unit/business ratios at the top of the property boom and it wasn't pretty. If you want to speculate in real estate management rights is not the way to do so.

Source—Resort News Article—Mike Phipps Finance

So - Take this into consideration when pricing your business for sale because if the ratio or ROI is less than 14% buyers will be harder to find. The better the ROI the more buyers will be interested

April Sales Activity



Contact Details: Glenn on 0412 277 804
Or Email: glenn@resortsforsale.com.au

When Results Count