

Business sales on the increase in bullish year

THE improving sentiment in Australia's property market is not the only indicator the economy is recovering with sales of businesses also on the rise.

Gold Coast-based business broker LINK said demand for good businesses had improved and expected the market to be bullish early this year.

Managing director David Fitzgerald said businesses were selling faster than six months ago, with many potential buyers missing out because they were taking too long to make a decision.

"Smart buyers realise that it has never been a better time to buy a good business as values reflect the economic climate we have just been through," said Mr Fitzgerald.

"The upside for them is that future earnings look positive with indicators such as the Reserve Bank's monetary-tightening cycle beginning and optimism returning to equity markets.

"This all filters down to consumers who in turn provide the demand for many businesses goods and services, which in turn increases a business's value."

Mr Fitzgerald said the number of buyers ready to purchase businesses had increased by 63 per cent in the past six months.

"Sales of businesses have increased by 19 per cent in the last six months which we expect to improve dramatically in 2010," said Mr Fitzgerald.

"Six months ago buyers were predominantly looking to buy a job in safer low-entry-price businesses predominantly in franchising.

"Buyers now are looking for growth businesses and those that may have been affected by the GFC but are showing signs of recovery."

He said Gold Coasters were looking for businesses in Sydney, New Zealand, South Africa and the UK.

"We believe that there will be a shortage of good businesses available in 2010," he said.

Mr Fitzgerald said financing remained the only challenge to business buyers and sellers, with the major banks remaining tight with their lending policies.