

Market Leader

Bringing you the latest news, facts and figures from the world of commercial real estate.



Convenience in commercial property trends

CONVENIENCE STORES STILL IN VOGUE?

Are investors banking on the power of convenience stores to continue to draw foot traffic even while big box stores and shopping centres struggle to attract? In fact, convenience operations in many areas are expanding.

Neighbourhood shopping centre sales in NSW jumped 80 per cent in the year to June 30 compounded further by the fact that value of total sales has also shown a sharp increase of 23 %.

FOOD AND BASIC CONSUMABLES

We like to see, touch and smell many of the fresh items we consume. Despite how busy we all are, most of us will find the time if we have something that offers the convenience. Despite so many household name businesses closing recently, grocery anchor stores have proven extraordinarily resilient.

Shoppers tend to stop by their local store at least once a week. If there is a florist, beauty spa, clothing store or even restaurant there, it's likely they will benefit from overflow. That's good business for all.

TRENDS TO WATCH

At first, supermarkets and other big-name retailers trembled at the thought of competing with online giants. Now, many brick-and-mortar retailers can withstand the onslaught coming from online retailers by playing on e-commerce's turf in a move to more online services.

In the USA companies such as Kroger and Walmart lead in delivery and BOPIS (Buy Online, Pick Up In Store) options, and in Australia the click and collect concept continues to grow.

HERE ARE 3 MORE TOP TRENDS:

#1 STEADY NUMBERS FOR GROCERY SALES

People buy a lot of things online, but when it comes to groceries, those sales account for less than 10% of all online sales.

#2 LOCAL GROWERS CONNECTING

Opportunities abound for local grocers seizing on demographic trends. Increased demand for farm fresh and organic foods is providing an edge for those stores that team up with local growers.

#3: FOOD AND DINING REPLACE RETAIL

Clothing and nail boutiques are being replaced by unique restaurants and foodies in centres with grocery supermarkets. Shoppers in the mood for food have choices and can turn their weekly chores of the grocery list into a social or leisure opportunity.

Business sales - a renewed focus

Like so many areas touched by the requirements of financial services and their increasingly stringent regulations, business sales are heavily affected by the bank lending environment, which remains tight but active in 2018.

The sales market experiences a continual flow of new listings on the market increasing as the 'baby boomer' generation move into retirement. The combination of these factors keeps pressure on several key considerations* when looking to achieve great results:

- Professional appraisal and consideration of sales price
- Quality information presentation with accurate and up to date financials
- Asset register, plant and equipment summary and depreciation schedules
- Key personnel summary
- Ongoing commitments and potential opportunities
- Working capital and/or factoring requirements (stock and wages)
- Security of tenure*

Many other factors exist such as trial periods, potential vendor finance, liability under transfer of lease, restricted future trade, licence transfers and local law considerations.

NAI Harcourts Rinnovate is a specialist business sales transaction firm within the Harcourts group, offering high quality, integrated services from appraisal through to settlement and hand over. With so many extensive variables in a typical business sale, the *NAI Harcourts Rinnovate team bring an ability to think laterally to position the opportunity in the first instance and map out a divestment strategy.*

The process should include marketing options along with a detailed business summary document with the ability to allay concerns raised by buyers (and their advisers), maintain their interest, and keep the sale on course for completion. Working with the extensive network of Harcourts, NAI Harcourts and Landmark Harcourts Offices we can provide a superior footprint of service to other "Business Brokers" in the Australian marketplace.

*not a complete list, individual circumstances will vary.

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