



# Motels – A Good Deal For The Future

Motels are a business proposition with a bright future. Visitor numbers have been on an upwards trajectory for some time and with MBIE NZ predicting that by the year 2022 tourism expenditure is expected to increase by 65% to \$16 billion. Accommodation is one of the key growth industries to be in.

People start in the accommodation industry from a variety of backgrounds and circumstances. Often people tire of corporate life, the employment they have been in or perhaps have been made redundant and start looking around for other opportunities to continue your career and ask how can I best utilise the experience and skills I have built up? What type of business can I be involved in and what will I choose? There are many options to consider in answer to that question.

Usually, the first considerations that purchasers of a business are, what will give me a good return and will I have a work life balance? Those questions are valid and important as you begin to narrow down the options.

Managed well like any business, motels will provide a good return and as a result will allow you to have flexibility in the working week.

Choosing a motel, one of the first considerations is the financial outlay. A motel purchase, leasehold or freehold is entirely up to you as the buyer, both options have benefits. With the leasehold option, the financial outlay is less, so consequently you may be able to fund a larger and more upmarket complex with the potential for higher profitability. With a Freehold Going Concern, you have more flexibility and freedom with no landlord or rent negotiations to factor in and of course the potential for capital gain.

Managed well like any business, motels will provide a good return and as a result will allow you to have flexibility in the working week. With the relative business stability that a motel offers, the option of either form of ownership in that segment of the accommodation market has a lot of appeal. The benefits of home and income is very attractive. The low amount of inventory does not tie up capital and the business has strong cash flow with few accounts, very little in the way of data inputting and the corresponding wait for payment. With the continually growing trend of your guests now booking their own rooms and a computerised booking system that takes care of a large chunk of the administrative tasks.

The work-life balance is a personal choice and depends a lot on what time frame you set to stay in the business and your desire for profitability, obviously a person is able to work very hard over a short period and have little leisure time but if you wish to stay for longer in the industry the choice is yours of how you divide the week between leisure and work. The key is to have a capable team of people to assist in the everyday tasks.

An opportunity to stamp your own mark on and create something significant that you can work hard at and accumulate wealth is an attractive proposition and creates a great sense of fulfillment and often it can provide employment for family members to get involved and perhaps forge their own futures in the industry. Motels are an excellent way to build equity, appealing to people starting out with little or no experience in a service business or others more experienced looking to take a different path and to take their business aspirations to a higher level.



The selection of location is always an important consideration and can affect the way you feel about work, owning a motel is no different. As many motels are situated in tourist areas the feel good factor of waking up to stunning locations are a great boost to health and well-being. There is no doubt for a lot of people lifestyle plays a large part in the decision to own and operate a motel whether it is in a city or a smaller centre being totally satisfied with your work in a location of choice can be a very satisfying experience.

The lifestyle is a busy but manageable one and one that can be incredibly rewarding as you see all the good comments made by visitors that have stayed in your motel. It becomes a personal crusade to be the best and offer extraordinary service that leaves competitors in your wake. It is not a complex operating model but rather it is a consistent delivery of a high-quality guest experience.



**Murray Schofield**  
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Murray has had an extensive business career in both retail and consulting and understands the complexities facing business owners every day. Murray will positively guide both the buyer and the seller through the sale process opening the door of opportunity for both parties.

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