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Factors That Go Into Selling an Accommodation Business

There are a multitude of factors to take into consideration when selling any business, no matter the size. Selling an accommodation business is no different and will require your to prepare and plan effectively in order to get the best price possible. In this article, we will discuss when you should sell your accommodation business and how an accommodation business is valued.

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Ask Yourself; is it the Right Time?

It is important to determine whether or not it is the right time to sell your accommodation business.

- Is the business doing well?
- Does it need some improvements before selling it?
- What does the market look like at the moment?

These are all questions that you should ask. If you feel your accommodation business has failed and you are willing to sell it for a much-reduced price then it could be the right time to sell. However, it is always advisable to

sell your business when it is at its pique and doing well. This will result in a much higher price and will give you the opportunity to either retire or even buy another business.

If your business is doing well and is at a point where it could sell for a sizable amount, you should check the market. Ensure that it is a seller's market so that you may get out what you deserve.

If you have determined that it is in fact the right time to sell your business, then you should ensure that you get a business valuation done.

How Do You Value an Accommodation Business?

Knowing the true value of your business and what it is worth is an essential key to selling any business. A valuation for an accommodation business is similar to a regular business valuation. It is advisable to consult a professional business broker who specialises in business valuations. Some of the factors that will be taken into consideration to determine the fair market value of the business include:

- **Earning Potential**: The earning potential will determine what the owner makes after all expenses have been paid in a monthly or yearly cycle. This will also indicate the popularity of the business and whether or not it is running at a loss. It could also indicate how the business could grow should positive changes be implemented.
- **Lease Impact**: If the accommodation business is set on a property that one has to lease, the lease costs will be taken into account. This is important as one cannot easily move the location of a hotel or lodge.
- **Expansion Potential**: Accommodation businesses have a unique expansion potential if they have the right model in place. An example of a successful hotel expansion is that of The Hilton franchise. If your hotel or lodge has the potential, you could open branches across the country or even expand into other countries.

Business for Sale will be able to perform a business valuation for your accommodation business as well as help take care of all of the other factors that come into selling a business. From financial reports to marketing your business for sale, we do it all.

Contact the Business for Sale team to find out more.