

**business**  
for sale



Date: **5th July 2022**

Business Reference:**33857**

About the Business:

## **Established guest house for sale**

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Established nine room 4 star guest house in popular and upmarket area

# Established guest house for sale



Sector: **Accommodation**

Asking Price:

**R 9,200,000**

Monthly Profit:

**R 24,990**

Asset Value:

**R 0**

Stock Value:

**R 0**

Yearly Net Profit :

**R 299,879**



# Business Report

## Fully describe the business's activities?

This luxurious Guest House and Conference Centre with French influences, is sure to make you feel at home the moment you arrive. Stylish living areas, stocked with interesting reads and complimentary sherry invite you to stretch out and relax in this welcoming setting.

All 9 suites in the Guest House are lavishly decorated with individual touches which make each suite unique. The Guest House boasts 5 garden suites overlooking the swimming pool and outside bar/gazebo, each with its own entrance, and a further 4 suites on the first floor of the Lodge with sweeping views over substantial, manicured gardens.

Suites include twin or king size beds dressed in 100% cotton linen, DSTV, Wi-Fi connectivity, tea/coffee trays, air-conditioning, with soft fluffy bath robes and hair dryers on request.

The 119 square meter conference centre can comfortably accommodate 40 delegates seated around tables or up to 80 delegates cinema style. This facility offers Wi-Fi connectivity and data projectors in addition to the standard conference centre requirements.

The Guest House has 23 parking bays as per the approved plans but it can accommodate up to 40 motor cars if necessary.

It comes as no surprise that this Guest House has a four-star grading.

## How does the business operate on a daily basis?

The Guest House receives bookings and guests are allocated to available rooms. Staff attend to their house keeping duties. Dinner is served at guests' request under a separate charge.

The Guest House also takes group bookings on weekends.

Occupancy rate per month is 85% to 90% for Monday to Friday mornings only.

## What Advertising/Marketing is carried out?

Most of the business comes through agents and corporate companies. The Guest House is registered with all online booking companies, such as booking.com and Travelground which typically take a 15% commission. General bookings and enquiries come in by phone or email on a daily basis due to 11 years in business. No direct advertising is done.

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## What competition exists?

There are other Guest Houses/B & B's in the area but none can boast all of the facilities that this one has.

## How could the profitability of the business be improved?

The potential for additional profitability is great.

The Guest House is closed between 18 December and 10 January each year to enable the owners to travel. The potential over the Christmas period is huge and the sheer number of enquiries for this period attests to this potential. The owners estimate that they could earn R1300 per room shared per day for bed & breakfast. This equates to an additional R11 700 per day (R1 300 x 9) for up to 24 days.

The owners' 4-bedroom cottage could be let out as a self-catering unit during the period they are away travelling but this has not yet been done. The owners estimate that if let out it could earn around R6 000 per day for the peak period.

The new owner could let out the 4-bedroom cottage all year round if they elect not to stay on the property. Weekends are also potential money spinners and the 9 bedrooms could produce an income of up to R25 650 per week based on R950 per room for singles; doubles would produce more income.

The conference centre is not advertised anywhere so it is currently used by existing corporates that know about it and who use it regularly. The price is R395 per delegate per full day conference. The venue allows for breakaway sessions and the surrounding gardens are perfect for team-building events, hosting product launches, baby and bridal showers, etc.

In addition, a number of Wellness and/or Life Coaches use the conference centre for morning meetings. The owners estimate that the conference centre could increase by R10 000 to R15 000 per week

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The potential for additional profitability is great.

The Guest House is closed between 18 December and 10 January each year to enable the owners to travel. The potential over the Christmas period is huge and the large number of enquiries for this period attests to this untapped potential. The owners estimate that they could earn R1300 per room shared per day for bed & breakfast. This equates to a potential additional R11 700 per day (R1 300 x 9 rooms) for up to 24 days.

The owners' 3-bedroom cottage could be let out as a self-catering unit during the period they are away travelling but this has not yet been done. The owners estimate that if let out it could earn around R6 000 per day for the peak period.

The new owner could let out the 3-bedroom cottage all year round if they elect not to stay on the property. Weekends are also potential money spinners and the 9 bedrooms could produce an income of up to R25 650 per week based on R950 per room for singles; doubles would produce more income.

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Total potential additional income = R1 880 400

The owners would like it to be known that regular use of the conference centre will require the consent of their neighbours.

### Give a breakdown of staff/ functions/ length of service?

Three staff members to attend to the rooms, kitchen and cooking.  
Two staff members are gardeners/handyman who are constantly doing preventative maintenance all around the property.

### Do any have management potential?

No

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No

### How involved is the Owner in running the business?

Up to March 2019 the owner was involved for around 20% of the time but this has increased to 80% to 100%.

### When does the current lease end?

The property is owned by the present owners so there is no lease

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### What are the trading hours?

24 hours per day except for weekends

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## What are the main assets of the business?

An extensive asset list is on file, split into reception, dining room, lounge, passage/guest toilet, upstairs passage, bedroom 1, bedroom 2, bedroom 3, bedroom 4, bedroom 5, bedrooms 6 to 9, bar, outside veranda, conference room, kitchen and laundry room.

## Strengths?

Well established, four star graded Guest House in an upmarket suburb that is very popular with corporates and regular customers. It also has a solid reputation.

## Weaknesses?

The owners have other business interests so they are not able to give their full attention to this potentially highly lucrative business.

## Opportunities?

The Guest House has numerous opportunities to increase business, such as: promoting to more corporate customers, opening up for weekend business (Fridays to Sundays), opening up for the lucrative Christmas period, letting out the owners' 4-bedroom cottage as a self-catering unit and promoting the conference centre to attract more business.

## Threats?

Load-shedding because it does not have a generator in case of power cuts.

## What is the reason for the sale?

The sellers have other business interests and believe that the time is right to sell it to a buyer who can maximise its true potential.