

# RESORTS FOR SALE CANADA

## Choosing the Tourism Industry

Canada offers fishing adventures like nowhere else on earth – pure, rugged, and unspoiled. From mountains to coastlines, glaciers to secluded forests and lakes, there's so much to see and do that you could set out on an adventure all year round. Canada is home to one of the world's largest networks of national parks and protected areas. Whether you're on the high Arctic, Pacific or Atlantic coasts, crossing the Canadian Shield, travelling the Great Lakes, or riding the prairie foothills or mountains, you'll experience extraordinary nature and true wilderness. No matter what you choose you'll wake up to another day of adventure.

The Tourism Industry is the fastest growing industry in Canada. Manitoba is a world leader in progressive fish management with strong "Catch-and-Release" policy and "Barbless Hook Program" ensuring that the avid angler along with the novice experience the excitement of hooking a lunger from the depths of our Manitoba lakes. The incredible diversity of our fish offers something for everyone. In Manitoba and across Canada the Tourism Industry represents one of the leading economic foundations for many communities, and provides numerous jobs. To some, it is a way of life. A chance to work along side your family members, towards a common goal - your future. To others, it provides an excellent environment for business investment with countless rewards and higher returns on their investments. I invite you to consider all the benefits of buying and operating your own tourism business.

Ecotourism is one of the fastest growing segments of the travel industry today. An increasing number of travelers are seeking educational, cultural, sustainable adventure and special- interest vacation experiences that are consistent with their personal sense of responsibility for the environment. Bird watching vacations are one of the many experiences that are gaining in popularity throughout Manitoba and Canada. As a result, many conservation and community groups along with existing lodge owners throughout the rural areas of the provinces are beginning to promote the development of ecotourism in an attempt to diversify their economies, increase employment opportunities and generate much needed revenue.

### Agency representation

Information on all of our listings is provided to persons interested in getting into the tourism industry. I am happy to provide you, the Customer, with this information. You can be assured we strive to present you with only accurate and reliable information. We strongly suggest you retain the services of appropriate counsel for all aspects of analysis of your potential business purchase. At the same time, Richard Mitchell of Resorts For Sale Canada would be pleased to represent you, the Buyer, and treat you as one of my valued Realty Clients. Feel free to contact me at my office for a further explanation between Customer and Client representation.

### Types of tourism businesses in Canada

**Richard Mitchell** specializes in the sale of Commercial Tourism Businesses throughout Manitoba and other parts of Canada in conjunction with his affiliates. Tourism in Manitoba is a large industry sector, and businesses vary in sale price up to several million dollars. Most of the properties available through Richard Mitchell usually range from \$200,000. up to two million dollars, some are available up to \$10,000,000. and generally consist of:

- fishing and hunting lodges and camps
- family resorts
- air services
- outpost cabin operations
- trailer parks and campgrounds
- marinas
- hotels and motels

- restaurants
- trading posts (souvenirs, bait, fuel, sundry items)
- attractions

### Businesses for sale

When dealing with the sale and purchase of an operating business, Real Estate laws require full disclosure of both financial information and the assets being included and excluded from the sale. This information will be provided to the purchaser at the appropriate time, and usually at the time of a physical visitation to the business site.

Sellers may consider the sale of the assets (sold by the proprietor owner, or the corporate owner), or the sale of the shares of the business (sold by the shareholder(s)). Again, I will be pleased to explain your options on purchase for each business being considered.

### Considerations:

#### Type of business

We recommend that as one of your first considerations, you contemplate the type of business you would feel most comfortable owning and operating. Options include:

- What accommodation services are provided:
  - Housekeeping (cabins with self-catering kitchens)
  - American Plan (guests eat meals in lodge dining room)
  - Outposts (usually air access only; single cabins on remote lakes)
  - Motels (generally without dining facilities)
  - Hotels (generally with dining and liquor lounge)
  - Campgrounds (usually a transient clientele)
  - Trailer Parks (usually has seasonal campers/trailers)
- What activities would your guests participate in:
  - Fishing
  - Moose hunting
  - Bear hunting
  - Deer hunting
  - Canoeing
  - Hiking and other eco-tourism outdoor activities
  - Snowmobiling
  - Cross-country skiing
  - ATVing
- What type of access to the business property would suit you:
  - Drive-in easy access (close to a community)
  - Drive-in semi-remote
  - Boat-in
  - Fly-in

### Geographical area

First, my web site [www.resortsforsalecanada.com](http://www.resortsforsalecanada.com) references all business locations in relation to the provincial marketing areas. Please refer to my map on the home page. Some of these areas have greater or more developed strengths than other areas. As an example, some areas are highly developed in eco-tourism activities, whereas others are best known for the excellent fishing & hunting opportunities. Consideration should also be given to which geographical market you feel comfortable catering to. Clients heading to Manitoba usually travel in a north-south corridor. The prime destination markets for Manitoba and other province residents is within an 8 hour drive, whereas the US market will comfortably travel within 8 to 14 hours. Hunters and fishers will travel much further than eco-tourists. Family vacationers will usually drive the least.

## Cash equity

The amount of cash you have available for investment is critical, especially in determining what properties to consider for purchase. On a purchase of a tourism business, some banks will generally finance up to 50% of the purchase price provided the business is financially viable, and strongly recommend a Vendor held mortgage. That indicates 35% to 50% cash from the buyer. With that, you'll need to determine what businesses are within your financial reach. You'll also need cash to cover closing costs, as well as some cash for those rainy days. We'll be happy to provide guidance to you.

## Going concern

Businesses available through Resorts For Sale Canada (Richard Mitchell) are considered going concerns, that is, they are in a state of functional operations. The profitable and well run operations are considered as 'turn-key'. Others available and worth considering are those that haven't received recent and appropriate best management practices. These include businesses considered as 'fix ups' (needing physical improvements) and 'new management style needed' (those with poor revenues and profits). Most business values are determined and based on the cash flow (profitability), and supported by the replacement value of lands and buildings.

## Your living arrangements

Consideration needs to be given to the size of home you require, and the seasonality of the business residence. Many of the seasonal tourist lodge businesses have a seasonal residence at the business site, and the owners have a separate winter home. This is especially true for remote and semi-remote businesses.

## Family considerations

Are there special family considerations, such as school busing for children, special needs children, proximity to community/health care, outside work availability in the off-season for you or your spouse, cultural/recreation activities for family?

## Choosing your new business

An old saying in the real estate business states the three most important aspects of a purchase are 1) location, 2) location, and 3) location. Everything else can be changed. We believe that, especially for a tourism business, and have considered the different meaning of each location. After you have determined the type of business you wish to operate, and have determined who your client will be, then consider:

### Location (proximity to your market)

Ensure you understand who your client/market is, and where they reside. Can the facility be reached by your anticipated clients within the accepted drive time and/or travel time? Is it an appropriate and easy access for your clients?

### Location (proximity to needed resources)

Ensure the resources your clients are coming to experience are readily available. If it's fishing, ensure there is an adequate fishery in the lake and nearby. If a family resort, are attractions, shopping and beaches nearby?

### Location (the physical site itself)

Does the physical site of the business lend consumer appeal, and is it an appropriate site. If you offer hunting, don't locate next to a large eco-tourism park.

## Financial considerations

You'll need to complete a business plan to understand the cash flow from the business, whether there are sufficient funds to replace worn out equipment, or embark on a needed marketing program.

## Bringing experience/knowledge to business

When considering the type of business, consider the knowledge and experience you will be bringing to the business. Love of fishing and hunting doesn't ensure your business success. It is the ability to apply knowledge, people skills and management technique that helps make the business a success. Know your strengths and weaknesses.

## The offer:

### Drawing it up

It is normally the responsibility of the real estate broker or the lawyer representing the buyer to draft the offer to purchase. In situations where the buyer is purchasing the shares of the business, the advice and assistance of your solicitor and accountant are required.

## Your advisors

There are a number of issues relating to a business purchase that need complete reviews and advice provided. Generally a buyer seeks advice from a solicitor (legal and offer issues), an accountant (tax & corporate planning, business plans and budgeting), environmental consultant (fuel tank and septic issues), government officials (MNR for fisheries, wildlife/hunting, remote access, forestry issues) (Min. of Tourism for marketing, trends and staffing/training). Richard Mitchell can also provide contact for local, regional and provincial associations, information on lodge issues (hunting BMA, Allocation tags, LUPs, etc.) and much more.

## Deposit

With any offer, a deposit is required as a sign of good faith and commitment. A good rule of thumb is 10% of the purchase price. The deposits are placed in the Trust Account of the listing real estate broker, and form part of the payment on closing (the purchase).

## Conditions

Most offers include sale conditions of the Buyer, and may include:

- financing condition (usually for 45 days)
- review/approval of financial information (usually for 30 days)
- property inspection (usually for 30 days)

## Financing

Richard Mitchell can assist with arranging meetings with appropriate financial lenders, and ideas or sources for developing business plans for financing. Lending institutions will not commit time analyzing a financing application without a signed and accepted Agreement of Purchase and Sale. Most banks take about 4 to 6 weeks following receipt of all information in order to make a firm commitment.

## Closing costs

Anticipate closing costs for the following areas:

- Solicitor (discuss with lawyer)
- Accountant (discuss with accountant)
- Purchase of lodge inventory (merchandise stock)
- Land transfer tax on deeded lands and buildings (about 1%)

- Sales tax on chattels and equipment (at 7%)
- Moving costs
- There is no GST payable when a business is purchased.

### Closing date

When is the best time to 'close' the transaction.

- If marketing the business to clients is critical, you may wish to consider a closing in early fall in order to attend & promote your new purchase in January through March. at sports shows for the upcoming operating season.
- If the business has a solid repeat clientele, or if cash flow is slower during winter months, you may consider a closing in April.
- If considerable maintenance, repairs and fixing-up is required, consider a closing in September or October.
- Consider snow conditions for moving in and out if the business has a year round home.
- Information for American Investors working in Canada can be viewed at <http://www.cic.gc.ca/english/index.html>
- The Canadian Tourism Commission <http://www.canadatourism.com/en/ctc/aboutctc/index.cfm>

■ Richard Mitchell is committed to assisting you in locating and purchasing the 'right' business for your needs. [Please respond to the questionnaire under the Buyers \(Link\)](#) so I can better assist you in finding a suitable property that falls within your guidelines. Call me to begin the first step of this exciting journey. (204)256-5796 (Direct line).

**"Vision, Expertise & Dedication you can count on"**