PCS Finance sees a rights recovery

Steve Burton, of PCS Finance, says interest is strong again in the Gold Coast's management rights industry. Photo: BRAD WAGNER

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A RECOVERY is occurring in the management rights industry, with one of the city's largest brokerages reporting a string of done deals on the Gold Coast this year.

PCS Finance principal Steve Burton claims his company has negotiated sales totalling $30 million since January, with buildings including The Grand at Labrador and the Phoenician at Broadbeach.

Deals for buildings in Varsity Lakes and Nerang are also likely to be settled by PCS Finance soon, which together will be worth almost $10 million.

Mr Burton said the industry had been quiet for two years, as owners waited for occupancy rates to improve before putting the management rights on the market.

Now interest is strong and he has brokered one $5 million deal every two months since the start of the year.

"Last year we only wrote about $40 million worth of business in total and $25 million on the Gold Coast, so things have picked up" he said.

Mr Burton said most Gold Coast management rights were now held by a group of business partners, instead of one individual.

"There has been a change over the past few years," he said.

"There are not many individual owners left in the big buildings and that is partly because of the cost involved now.

"So we find a manager first, which is the hard part, and then we pull together the partners."

Mr Burton said there was no shortage of people who wanted to be party to management rights deals given that annual returns on offer were about 20 per cent.

"For a lot of people, it is their superannuation fund," he said.

"The values of buildings have dropped but the income is there."

The managers also have a vested interest in the success of the apartment buildings since they buy in as well.

Mr Burton said partnership arrangements tended to be more popular with unit owners than corporate operators because their letting fees were generally lower and their stake in the building made them more hands-on in their approach.

PCS Finance has organised the finance for about 300 buildings on the Gold Coast over several years.