

Just sold on a life of selling



ENTHUSIASTIC SELLER:
Motel broker Ian Crooks.
Picture: Bruce Long

NAME a motel – any motel – in Australia and Ian Crooks can tell you where it is, how many rooms it has, what it's worth and how many people it can seat in its restaurant.

The motel broker has driven more than a million kilometres chasing deals from Cairns to Kalgoorlie. He's made money, lost it, made it again and at 65 reckons he's at the top of his game.

The CEO of Resort Brokers, the company he founded when he arrived from New Zealand 25 years ago, is an unashamed salesman who, by the end of our interview, had tried to sign me up for a villa in Bali.

It was when he woke up in Tauranga in New Zealand with Bell's Palsy, an inability to control the nerves on one side of the face, that his life changed direction.

"The doctor said I had to give up my job selling real estate. I was smoking 60 fags a day every day and stressed, so we traded our house for a little motel at Lake Taupo. We had the worst motel in the town and spent a bit of money doing it up and after about six weeks there, my Bell's Palsy disappeared," he says.

Crooks yearned to get back into selling so his wife offered a compromise, suggesting that instead of selling real estate, he try selling motels.

It then occurred to him there were a lot of people who owned motels who wanted to escape from the 24/7 pressure of running them, and a lot of people who wanted to buy one but who didn't have the money.

"So I came up with the idea of a lease and pioneered a concept in New Zealand called motel leasing where you sold the business with a long-term lease over the assets. In today's market, for a million-dollar motel the lease would be around \$300,000, so instead of looking for someone with a million bucks, you're looking for someone capable of borrowing \$300,000 for a 25 or 30-year lease," he says.

He reasoned that his idea would work well in Australia and talked his wife into leaving New Zealand for a year.

"She said she'd go as long as it was only a year and on September 29, it was 25 years since we arrived," Crooks says.

Mike O'Connor

THE INTERVIEW

"I'd do 2000km a week every week for 45 weeks of the year and I did that for 12 years, knocking on doors."

It's an industry, he says, on which some people look down, but which is as profitable as it is popular.

"They make good money. You make about a 30 per cent return on your investment. If you bought a motel lease for \$650,000 you'll get a 30 per cent return. You'll sell your house, buy the motel lease and you'll get a \$200,000 a year income after you've paid your rent to the landlord, all your operating costs and have free living as well," he explains.

The Queensland mining boom, he says, has boosted prices and demand in places such as Rockhampton, Mackay and Townsville. "Now Gladstone's going off and Chinchilla's going off because of the gas extraction industry."

We're sitting in his office boardroom at South Brisbane, the walls stacked with cases of New Zealand sauvignon blanc and decorated with a painting of a rugby player being tackled.

When he arrived in Australia, he found there were others doing what he planned to do but he overtook them, he says, because of his background.

"When I was a kid in New Zealand I worked as a stock and station agent and learnt to do the hard yards. I'd spend two hours every night in those pre-mobile phone days on the phone talking to farmers about their needs. I'd say I was coming out their way next Tuesday and was there anything I could bring out because they might only come to town once a month. I brought the same approach to Australia and none of the other brokers was knocking on motel doors the way I was and explaining to the owners the concept of leasing their properties," he says.

It all came unstuck in the late 1980s

during a credit squeeze. "We were on the bones of our arse, but I got out there and worked for seven months straight and never took a day off."

"We started to get sales again and, within 18 months, I'd built a new house at Fig Tree Pocket and we were off again. It's just hard yakka. I love talking to people and I never miss an opportunity to try to sell something to some bastard, no matter where we are or what we're doing."

I ask Crooks how many motels there are in the country and he leans back in his chair and reels off the figures.

"There are 1100 motels in Queensland, 1800 in NSW, 700 in Victoria and about 1000 in the other three states and territories. Generally, a 10,000-person town can handle three, 20-unit motels and the average occupancy is between 58 and 60 per cent," he says. Most occupancy rates are driven by christenings, weddings and funerals, he says.

I suggest running a motel would not be easy and he agrees. "It's a hard business – you need to be there and you need to deal with the public."

There is a current shortage of motels, he says, due to rising building costs. "You couldn't charge enough for a motel room relative to what it cost you to build it, but people are now finding smart ways to build motel units. Five or six years ago it cost \$150,000 to build a 30sq m motel room. Today there are ways you can build them for \$60,000 to \$70,000, so it's back to the stage you can afford to build, as long as you can buy the land at the right price. You can't afford to pay more than \$20,000 to \$25,000 per room for the land. At Chinchilla you can find land, but at places like Gladstone it's going to be crazy."

Retirement, he makes clear, is not an option. "I've just turned 65 and I love doing what I'm doing and I can't wait to wake up in the morning and get at it again," he enthuses.

And the Bali villa? "\$US350,000 and a return of more than 9 per cent," he says as I leave, planting the seeds of an unaffordable fantasy.

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