

Commercial Property Cashflow Masterclass

Comparing Office, Shop & Warehouse

Welcome to your Masterclass series. This Masterclass we are focusing on comparing information for an Office, Retail and Warehouse opportunity.

This Masterclass focuses on the 3 different property types and examining their IM or information and the lease details.

These are the properties we are currently reviewing (Sept 2018) and they are all in Victoria, either CBD or a bayside suburb about 45mins - 60 mins out of the CBD

Office

<https://www.realcommercial.com.au/property-offices-vic-melbourne-502769022>

Warehouse

<https://www.realcommercial.com.au/property-industrial+warehouse-vic-chelsea+heights-502908038>

Shop

<https://www.realcommercial.com.au/property-retail-vic-chelsea-502877450>

Reviewing Each Information Memorandum - IM

Office

905/530 Little Collins Street, Melbourne, Vic

Sale Price: \$579,000

106m2 UNIT IN CBD

- Returning \$37,285 + GST + Outgoings
- 3% Fixed annual increase
- 2 year lease commencing 21st July 2017 - with 1 options of 2 years
- Total area 106m2*
- Perfect for the first time investor or self-managed super fund
- Convenient location minutes away from CBD & Major arterials
- Building facilities include food court, on-site gym, cafes and more

Net return: 6.6%

Information from Agent's Table:

Current rent: \$38,403

A 3% increase was applied at year 1 on 21st July 2018 = \$1,118.55
= \$38,403.55



Warehouse

4/227-239 Wells Road Chelsea Heights, Vic

For sale \$570,000- \$620,000

Recently passed in at Auction at \$560,000

The property is currently leased to a reliable tenant who is in their 7th year with three (3) further one (1) year terms and returning \$30,540.00 per annum plus GST and Outgoings. This industrial property is well serviced and easily accessible via Wells Road, Springvale Road and in close proximity to major arterials such as the Mornington Peninsula Freeway.

Key Highlights Include:

- Building Area: 370sqm*
- Includes Mezzanine Area: 173sqm*
- Land Area: 292sqm*
- Motorised Roller Door
- 3 Phase Power Supply
- Dual Amenities
- Four (4) On-Site Car Parking Spaces on Title
- Commercial 2 Zone

Tenant- Kennedy's Fitness

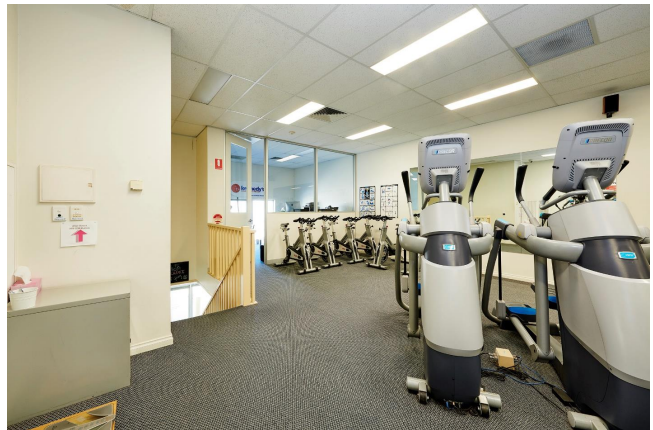
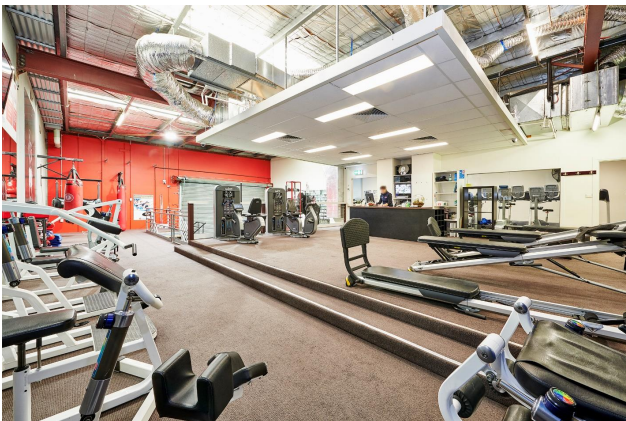
Net Rent: \$30,540

Annual 3% increases
Tenant pays 100% outgoings
Outgoings approximately \$6,000
Current term 1 year from 1st June 2018
Options: 3 by 1 year terms

Information from Contract Of Sale

Outgoings:

Water Rates: \$569 per quarter
Body Corporate: \$2,593.85 per annum
Council Rates: \$1,428 per annum
Land Tax NIL



Net return:
At \$570K = 5.35%
At \$620K = 4.9%

Shop / Retail

26/336 Station Street, Chelsea, VIC 3196
Sale Price: \$469,800
Floor area. 67.0m²

Car spaces. 1

Street front retail freehold investment of 67 sqm (approx) with current tenancy in place.

Current lease expires 31/5/2019 with a further 2 + 2 years lease option. Annual increases by CPI and to market at each option.

Returning \$25,430 net p.a plus tenant pays outgoings.

Information from Contract Of Sale

Land Tax: Nil

Outgoings:

Water Rates: \$251.89 per quarter

Body Corporate: 672.45 per quarter

Information from Agent

City of Kingston council rates \$935.00 approx per annum



Net return 5.4%

Total Outgoings paid by tenant per annum \$4,635

Reviewing Each Lease

Office

905/530 Little Collins Street, Melbourne, Vic

Tenant - Asia Pacific Serviced Offices (they provide serviced offices to small businesses.

This current lease is an extension of an Old lease from 26th August 2015 = "Deed of Renewal of Lease"

Fixed reviews of 3% each year

Market reviews on each further term / option

Security deposit: \$3,319.25 from 2015 = one month's rent plus GST

Guarantors:

"Not applicable while Asian Pacific Serviced Offices Pty Ltd is the tenant"

FURTHER INFORMATION REQUIRED:

Has the security deposit increased accordingly over the years- and what is the latest amount?

Find out about about Guarantor situation- why is this the case?

Warehouse

4/227-239 Wells Road Chelsea Heights, Vic

Renewal of Lease document on 13th March 2018

Security deposit must be maintained.

No details on lease.

FURTHER INFORMATION REQUIRED:

We're the previous terms for this tenant each 1 year- or longer?

Request a copy of the original lease.

Require- Security deposit / bond amount.

Require to see who are the guarantors

Shop / Retail

26/336 Station Street, Chelsea, VIC 3196

Listed are the fixtures and Chattels

Rent: 2 yr lease at \$24,881.28 per annum

Commenced 1st June 2017

100% outgoings by tenant

Tenant: Hair & Beauty Salon

Security deposit: 1 months rent \$2073.44

Options: 2 by 2yrs

Rent increases: CPI Annually & market review at options.

Special conditions:

Lessee has paid 1st months rent & bond.

Lessee has paid lease preparation fees

Lessee provided a copy of Public Liability Insurance.

Lessee responsible for fixing defective window glass, lights doors & keys and has insurance for these items and pays the insurance excess for these items.

Lessee responsible for further insurances - fire, storm damage, plate glass, 10 Million in public liability...

Guarantors:

2 individuals as guarantors listed.

FURTHER INFORMATION REQUIRED:

Request the details of the CPI increases- which CPI are they using- and get a copy of the calculations used for the previous application to the rent.