

# Deal Comparison in Queensland

Yeerongpilly v's Ipswich properties

Criteria To Compare	Ipswich	Yeerongpilly
Location	In Ipswich's CBD main street	Industrial part of a suburb close to Brisbane city
Property Type	2 Offices / retail- 2 storey building Freehold- plus car parking	Warehouse and Office- Body Corporate - plus car parking
Sale Price	\$595,000	\$685,000
Net Rent	\$31,565	\$48,000
% Return	5.3%	7%
Lease	Existing 2 tenants -each mid way through lease	New 3 years
Lease Options	One more 3 years office 1 None for office 2	1 x 3 years
Guarantors	2 guarantors in office 1 ?? Office 2	Yes Tenant or Bank Guarantee
% Increases in rent	None in office 1  4% in office 2	CPI or 3% whichever is greater
Multi Tenanted- Yes- No	Yes	No- although has the potential in the future

Growth Potential	Yes if Ipswich population grows Shop has great street frontage in the CBD and has foot traffic and business signage. BUT Be careful about local economy- check why Tenant had an amendment to their lease in 2016- to not incur further rent increases for the duration of the lease- Is it a local thing? OR specific to that tenant?	Yes- new government developments in area Estimate 3.7%
Potential for Different property use	Yes - ground floor office could be a retail shop. 1st floor hairdresser could be an office.	No
Threats of new competitor properties through development	?	Yes possibly- new government developments in area- with new offices being planned. (But not warehouses)
Tenant staying on through lease- Yes-No	?? Need to ask tenants ALSO Opportunity New Lease: To secure a new lease with Hairdresser and make it Net rent + Outgoings. Later on, opportunity to secure the second tenant on a Net + Outgoings lease.	YES- Tenant has been there 18 years and commencing new lease
<b>CONCLUSIONS</b>	Great if you want a freehold in a main street regional Brisbane township Beware of tenants potentially leaving... as leases come to an end. Not able to increase rent on Office 1 for another 1 years or so if current tenant stays. Great of you want a multi-tenanted property with 2 incomes for peace of mind.	Great if you want good cash-flow and returns in a great Brisbane suburb with solid tenant. Great potential for capital growth in this suburb.  If I had the \$685,000 to spend- this is the property I would choose.