

# Masterclass on Locality and Area Research

## For Commercial Property Cashflow Mastermind

This masterclass focuses on researching the area you are planning to buy in. This is at the stage where you've found a property you like and then want to find out if the yield is comparable to others in the area and whether the leasing is at the right rate per square metre.

We are researching to find similar properties on offer for sale and also for lease. We will be using a currently available property - an Industrial Warehouse in Noosaville QLD.

## What To Research

### Quick demographic check

<http://www.abs.gov.au/>

- Who lives there and works there
- Any road or transport changes?
- What retail and industry is in this area.

### Research Other Competing Properties

- What competing Warehousing / Industry parks are there in the area? Or Retail Strips, or Office complexes?
- How many vacancies for that type in the local complex- In the local area? Ideally we are looking for 10% and less vacancies in the immediate vicinity and local area.
- Ring up agent and ask how many for lease in area.
- Do a search on commercial real estate websites to see how many properties are up for lease
- Do an In-person site visit and count the number of properties that are vacant and up for lease.
- What new developments are going on? Research online- Ring and ask agents handling new developments for more information

### Google map search- areal view & Street view

Check the date on the Google street view to see if reasonable current and see if there are vacancies and for lease signs.

### When making leasing comparisons and sale comparisons

- Look at location- is it in the main hub? Or further out?
- Street frontage

- Amenities eg. kitchen, toilet, air-conditioning etc.
- Fittings
- Parking

These will all impact the sale price and lease price.

Sometimes you will not be able to compare directly apples with apples, as all properties will be slightly different.

Just do enough research to get a good feel for the area and leasing competition.

## **Warehouse Case Study In Noosaville QLD - Commercial Kitchen Small Warehouse:**

### **1/6 Project Avenue, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-502780470>

Industrial/Warehouse

For Sale. Offers Over \$245,000

Floor Area. 46 m<sup>2</sup>

Priced at \$5326 per sq.m

Leased Investment Noosaville

The property is located in the **Noosaville industrial precinct which is undergoing substantial development** & offers a terrific opportunity for the astute investor. (What does this mean?- need to research)

- Council approved Commercial Kitchen of 46m2. Small

- Brand new 3 + 3 + 3 year lease commencing June 2018. Is this a new tenant? New To Business? Poses a risk of reliable income.... Need to research

- Currently returning \$18,200 P/A Net + Gst + Outs Great Income - Net Yield 7.16%  
That makes it  $\$18,200 / 12 = \$1,516.66$  net per month  
= about \$33 per sq.m per month

Is this comparable to similar places per square meter- or is it over priced or under priced?

If over priced, could be a potential downside when tenant moves out... maybe hard to get that level of rent again

If underpriced, you have to wait for 3 years to get the price back up to market rate.

- Completely refurbished late 2017

- Amenities include air conditioning, 3 phase power & a rear storage room with toilet

## Comparable sales.

### **8/3 Commerce Court, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-502694230>

For Sale OFFERS OVER \$165,000

51 sq.m Vacant possession  
Similar industrial kitchen set up.

**Price \$3235 per sq.m**

Note- this is an older - un- renovated property  
It's also untenanted.  
Hence the lower price

### **7/6 Rene Street, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-500053931>

For Sale Offers Over \$209,000

110 sq.m

Tenanted

**Price \$1900 per sq.m**

Need to see what the rental yield is on this.

Find out why the sq.m is lower- is it because it's further out from the main hub?

Also larger properties have generally a higher yield per sq.m and it gets less as the building increases in size.

### **Unit 1/59 Gateway Drive, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-502859030>

For Sale \$485,000 + GST (if applicable)

Floor Area 102 m<sup>2</sup>

Currently leased for 12 months at \$29,100 + outgoings + GST

**Net yield 6%**

Lease Price \$2425 /month

**\$23.77 per sq.m per month**

## For Lease Comparisons

### **Office / Showroom Warehouse style**

#### **1/5 Commerce Court, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-502848650>

For lease: \$550pw plus outgoings and GST

\* 147m<sup>2</sup> industrial unit plus mezzanine

$\$550 \times 52 / 12 = \$2383$  net per month  
= **\$16.2 per sq.m per month**

**3/61 Gateway Drive, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-502854018>

For Lease

\$280 pw plus outgoings and GST

68 sq/m

\$1213 / month net = **\$17.8 per sq.m per month**

**Kitchen style**

**2A/19 Project Avenue, Noosaville, Qld 4566**

<https://www.realcommercial.com.au/property-industrial+warehouse-qld-noosaville-502426550>

For Lease. \$475 P/W + OUTS + GST

Floor Area 66 m<sup>2</sup>

Council approved Commercial Kitchen of 66m<sup>2</sup>

- Two fully operational cold rooms

- Extensive fit out including 6 burner stove, range-hood & double sink

\$2058 net per month

= **\$31.18 per sq.m per month**


## Using Google Maps

Open up Google Maps and search for the streets where the other. Properties are situated and compare how far or close they are to major hubs and roads- compared to your property.

19 properties found

Viewing 1 - 10

Sorted by - Most Relevant



FordeProperty

Offers Over \$245,000

1/6 Project Avenue  
Noosaville, Qld 4566

46m<sup>2</sup>

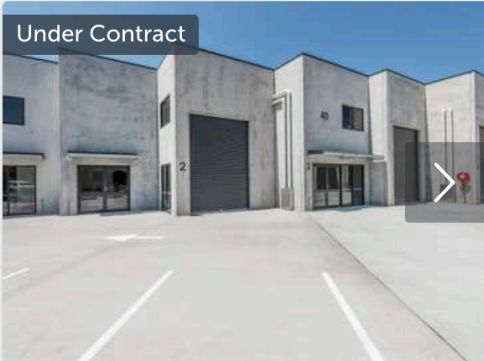
Industrial/Warehouse

> VIEW

☆ SAVE

Check these addresses for the Industrial Estates and for any competition for leasing and new constructions

Under Contract



FordeProperty

OFFERS OVER \$429,000

3/40 Gateway Drive  
Noosaville, Qld 4566


148m<sup>2</sup>

Industrial/Warehouse • Showrooms/Bulky ...

> VIEW

☆ SAVE

NEW



Expression of Interest

Unit 2/15 Production Street  
Noosaville, Qld 4566

283m<sup>2</sup>

Industrial/Warehouse

> VIEW

☆ SAVE

RayWhite

## Conclusions:

For this property, it appears the new lease may be a little over priced for the area- so make sure you negotiate property price based on the yield currently presented, or as close to the 7.1% as you can.

Other larger properties with more scope to offer tenants, tend to have a lower yield, like the other one at 6%.

We still need to know what the vacancy rate is- although from online search it appears to perhaps be at 10% or a bit above. There are currently 19 properties up for lease that are under 250 sq.m in area. And there are probably up to 200 or more industrial properties in the Noosaville Precinct.... However this needs further research and asking local agents to find out how many there may be.

The rental rate per square metre for this property is \$33 per sq.m per month. Another property in the same street and warehouse area, and which is also small and designed as a Commercial kitchen is at \$31 per sq.m per month.... This is very close and comparable to the property we are looking at- so this rate may well be a reasonable rate for a fitted commercial kitchen.

Once you've completed the research on actual vacancies, keeping as close to the 10% rule as you can... checking in with other agents on the rental to see if they think it's at market rate... you've seen the property and spoken to the tenant about their business... Then this may be a good property to place an offer on.

Remember to use the resources that Helen has for you, in your membership site for more details and particulars on leases, due diligence etc.