

Property Pros and Cons

Property Pros	Property Cons
New Lease	Lease expiring
Fixed 3%- 4% increases	Short term lease
3 x 3yr or more Lease options	CPI increases annually or only at option
10% return or close to High yields	No lease options
10% return in 3 years High Yields	Low return Low yields
Main shopping strip	10% return in 10 years or more
Good vibe and general business in suburb or district	Quiet secluded neighbourhood shops or offices
Good clientele and busyness- if retail shop	Problem area- closed shops- graffitis- burnt homes or signs of abandonment.
High potential for capital growth	Many more shops empty and up for lease (e.g. more than 7-10% empty
Good secure lease	Low potential for capital growth
Good tenant- looks after property and pays on time- pays outgoings on time	Tenant not paying on time- not paying outgoing son time.
No "Rent Free" periods	Rent free periods
No verbal agreements and adjustments on lease increases not going up.	Lease has failed to be increased according to Lease contract- verbal agreements and adjustments on lease increases not going up.
Well tenanted area	Low potential for capital growth
Vibrant suburb, city or country town with good population > 10,000 and growth projections- good jobs and industry	Quiet country town with little population and jobs and industry
Great lease structure- fair and favouring landlord.	Poor lease structure- not favouring landlord
Good strata fees- low	Too much competition from other shops / offices / warehouses in area
Low rates and water rates	Evidence of many empty shops / offices up for lease
Well maintained property - and building	Evidence of property listed for a long time.
Asbestos Report included- No asbestos	Indigenous land rights restrictions
Not in fire prone areas	Strata fees High
New building with depreciation	Strata sinking fund fees high
Anchor Tenant like a major supermarket or store brand- eg- IGA- Safeway- KMart etc	Old Buildings with elevators- high maintenance costs
Security Paid- bond/personal guarantees	Old buildings with Air conditioning- high services costs.
	Asbestos present

Property Pros	Property Cons
	In fire prone area
	Roof leaks - needing roof replacement
	Termite damage- evidence
	Dampness and wood rot
	IN a Flood prone area
	Crown licenses on or near land
	Growth area infrastructure \$ contributions.
	NO Security Paid- bond/personal guarantees
	NO Anchor Tenant like a major supermarket or store brand- eg- IGA- Safeway- KMart etc