



COMMERCIAL PROPERTY SECRETS

Living the instant cash flow dream lifestyle

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How To Maximise Your Capital Growth, Create Chunk Deals And Think Outside The Square





Commercial Chunk Deals



Break out

Discuss the possible Chunk Strategies you would be interested in and make note of it / them

Commercial Chunk Case Study 1 – Buy and Hold

- Asking Offers over \$530,000
- 9 Secure Tenancies in place
- 1,012 sqm
- Onsite Car park and amenities
- Solar Power
- Regional Property

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Commercial Chunk Case Study 2 Buy Under Market Value

Property Description:

- 1010m2 NLA across 2 sheds
- Zoned Low Impact Industry
- 9,879m2 Land area
- Two titles


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Purchase Feasibility:	
Contract Price (ex GST as going concern)	\$650,000
Bank Valuation (at Contract)	\$750,000
LVR of Contract Value	70.00%
Loan Amount	\$455,000
Equity	\$295,000
Out of pocket Cash	\$195,000
Purchase Costs	\$38,625
Total Out of Pocket Expenses	\$233,625
As Purchased Net Income (pre Interest)	\$76,288
As Purchased yield (pre Interest)	11.7%
Interest Rate	6.49%
Interest P/A	\$29,530
Net Income P/A	\$46,758
Income ROI of Equity %	15.85%
Income Cash on Cash ROI %	20.01%

Commercial Chunk Case Study 7

Revised Strategy:

- 1) Takeaway and Warehouse
- 2) Build Storage Sheds in 3 stages



	Cost First Year	Cost Second Year	Income	BCR
Purchase cost (incl 40k stamp duty 7% legal & evaluation @-bathroom rate 7% etc)	80000		0	
Stage 1 (1 shed -warehouse)			732	4%
Stage 2 (2 storage 30yrs)	25,994		492	22%
Stage 3 (3 storage 30yrs)	62900		960	22%
Stage 4 (2 storage 30yrs)	30900		416	17%
land fee	4738	4738		
Mortgage (interest only - 30 years)	12,276	12,276		
Control Commission	936			
Insurance + Other fees @ 2%	2080	2080		
Management fee 1.2% @ 10 units/lot	2080	2080		
Total Rent per Year			\$7,634 pm	
			\$1,400 pm	
				16%
Total Cost	178,774	21,014		
			3482 pm	
			income @ 12	
			month	

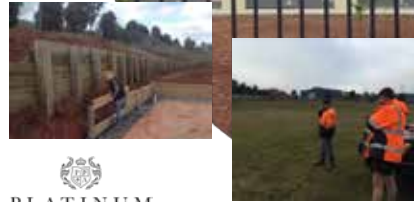
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Commercial Chunk Case Study 8

Develop at 10% -12% and revalue at 7%-8%

Building Storage Units:

- Hold for Cashflow
- Low set storage facility (65 Units on 1782m2)
- Estimated costs \$520k (Inc signage marketing & interest)
- rental Potential Gross \$83,600 net \$42k. (Allowing two years to fill)



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The Numbers – starting position

Costs	
Buy Price – Vacant land	\$450,000
Legals, stamps, disbursements	\$24,838
Total	\$474,838
Interest @ 8%	\$37,900
Land tax, rates, Insur, water	\$8,457
Total Expenses	\$46,357
Total Cashflow	\$ -46,357

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Break out

- Discuss any other strategies you could implement in conjunction with the Case Studies discussed?
- Make note of the strategies you could utilise for your next deal.
- Compare this new list to the initial list at the beginning of the session... what has changed?

Possibilities to Create Chunks

- All Residential Strategies
- Increase Rents
- Increase number of Tenancies
- Minification
- Strengthen Tenant Profile
- Strengthen Lease
- Multiple Uses
- Further Development
- Optimize Underutilized space
- Council Rezoning

5 Roles in a Deal

- Deal Finder:** Finds the property and does the initial screening
- Deal Maker:** Defines the strategy and negotiates the deal
- Deal Manager:** Manages the deal from start to finish
- Bank Borrower:** Secures a loan from the bank for the deal
- Cash Investor:** Invest the cash into the deal

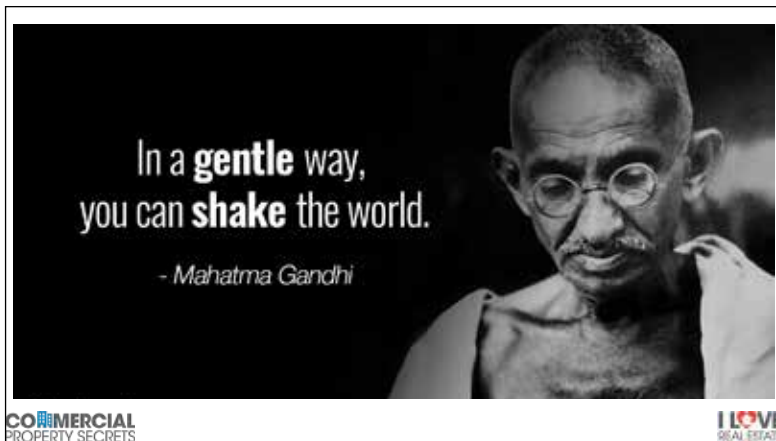


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How To Maximise Your Cashflow And Turn Your Tenants Into An Asset







Who are your tenants?

- Our Greatest Asset!
 - Select tenants that bring value to your property / project.
 - Ensure great tenant mix
 - Create the environment that they never want to leave



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Longevity

- How do they see the longevity of their business?
- Have they planned for growth
- How will market trends effect them



Flexibility and adaptability

- Can they pivot?
 - Change in market
 - Change in area growth
 - Impact Change



Desirability

- As a brand, do they present favorably
- Do they attract volumes of people
- Are the people they attract favorable



Leverage

- Landlord
 - Tenants Value
 - Tenants Capacity
- Tenant
 - Location – region & position
 - Other business
 - Opportunity



Recession proof

As a mix of tenants, what happens?

Is your mix strong enough that some will thrive?

Can smaller tenants out last, pivot easier and adapt quicker than large ones?




Difference

- Where does compatibility meet Difference
 - Industry difference
 - The attraction
 - Volume traffic
 - Diverse market



Great tenant mix
in industrial area =
over 15% net
return



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Create the environment that they never want to leave

- What does that Really look like?
 - Freedom to do their business
 - Certainty
 - Great culture / atmosphere
 - An exit strategy



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Freedom to do their business

- Freedom and Boundaries
 - Due Diligence done
 - Lease clauses tight
 - Fit out creativity
 - Don't be annoying

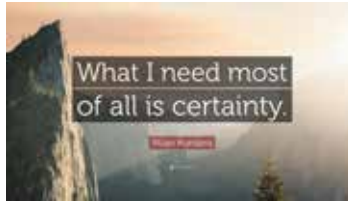


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Certainty

- Deliver what you negotiate
- Don't shift the goal posts
- Be timely
- Advise on industry impact



Great culture / atmosphere

- Attitude is paramount
 - Open communication
 - Security
 - Show you care
 - Solution based




An exit strategy

- What happens If?
 - Process in transferring their lease
 - Make good clause
 - Options to sub-lease





Outside the square



Break out Room

10 minutes – everyone to contribute


Discuss:
 Tenant Value
 Tenant Mix
 Tenant Environ

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Income Deals that last

- Industrial factory – create multi
- Storage – multi size / price
- Office – long lease / micro lease
- Medical
- Child care
- Accommodation – hotel / motel / caravan park
- Retail multi tenanted
- Signage & Solar



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