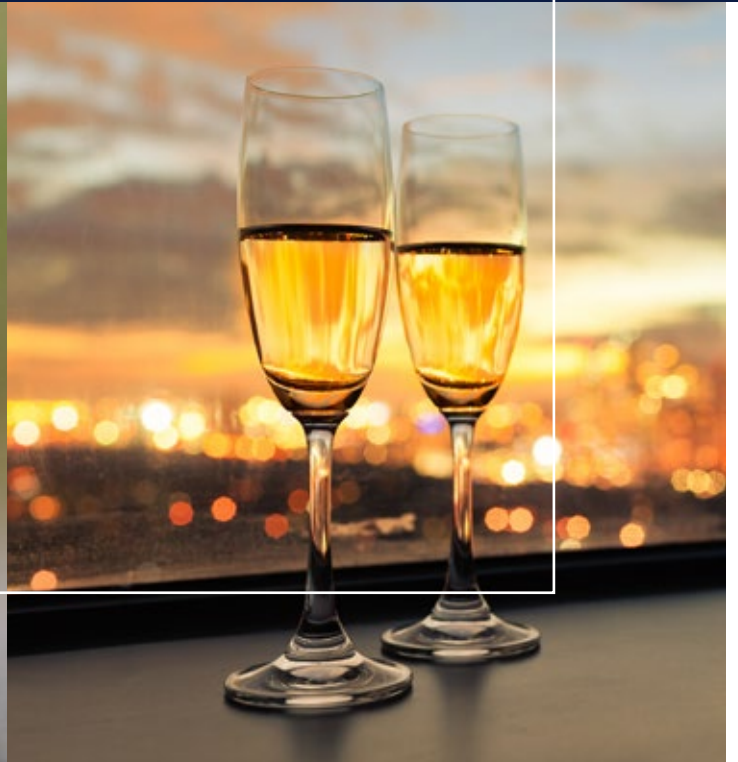




# COMMERCIAL PROPERTY SECRETS

Living the instant cash flow dream lifestyle

I LOVE  
REAL ESTATE





**COMMERCIAL**  
PROPERTY SECRETS

# The DNA Of A Cashflow Centric Commercial Real Estate Investor

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Time	DAY ONE – FRIDAY
Fri 5:30pm – 6:00pm	Tech Check/Networking
6:00pm – 7:00pm	The DNA Of A Cashflow Centric Commercial Real Estate Investor – <i>Melissa Fisher</i>
7:00pm – 8:00pm	The State Of The Nations Commercial Investment Landscape Today – <i>Dymphna Boholt</i>
8:00pm – 8:30pm	Q & A
8:30pm – 9:30pm	How To Establish And Communicate Your Buying Criteria – <i>Nicolle Beer</i>

**COMMERCIAL** PROPERTY SECRETS **I LOVE** REAL ESTATE

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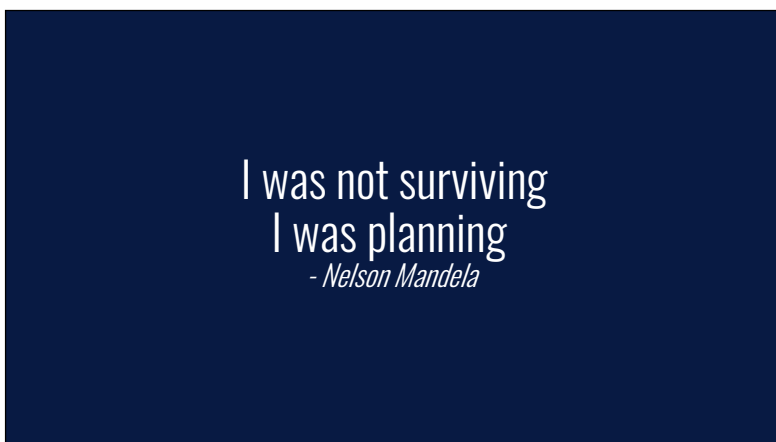
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### Commercial mindset - *How you think matters*

• 3 dimensional thinking

- Define what you want
- Think like a business owner
- Create solutions



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### Your Definitions - The world is only as we define it!

Commercial property is:

- Difficult –
  - *needing much effort or skill to accomplish, deal with, or understand.*
  - *not easy to please or satisfy; awkward.*
- Challenging -
  - *A task or situation that tests someone's abilities.*
  - *inviting competition; provocative.*
- Opportunity -
  - *a time or set of circumstances that makes it possible to do something.*
  - *a favourable, appropriate, or advantageous combination of circumstances*



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### Think money! How many zero's

- Where is your cap?
  - Buy in?
  - Profit?
- You are expected to make money
  - The only one that limits you is you
  - In fact you can't have it if you can't think it



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Risk - How do you see it?



- How do you see Risk!
  - Perceived or Real?
  - Potential or Actual?
- So – Perceived Risk = Potential Opportunity

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Risk - How does it affect you?



- How does it affect you?
  - Control?
  - Leverage?
- So – Risk = Opportunity = Value

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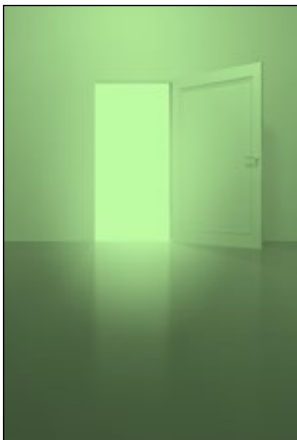
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## Break out Room

10 minutes – everyone to contribute

- What is your dollar cap?
- How do you see Risk?

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### Getting results!

Live above the line

RESPONSIBILITY

- NO SHAME
- NO BLAME
- NO JUSTIFICATION
- NO EXCUSES



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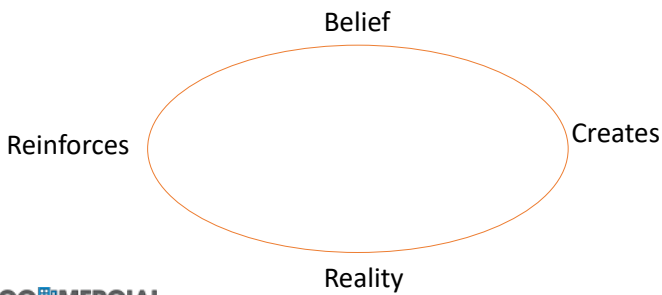
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### Focus (where your attention is)



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### Abstract Opportunities

- This is beyond the strategy –
  - The “What Else”
  - The “Who Else”
- Consider all that a zone can offer can also be offered by a building.
  - A large two story building that once had a CUB sign and a bottle shop could be a multi tenanted retail space and upstairs accommodation



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## 2020 - Limitless Vision

Be the difference



The one thing I know is anything and everything is possible



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## Follow Through! Commitment!



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*"A man is but a product of his thoughts. What he thinks he becomes."  
- Mahatma Gandhi*

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**COMMERCIAL**  
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# The State Of The Nations Commercial Investment Landscape Today

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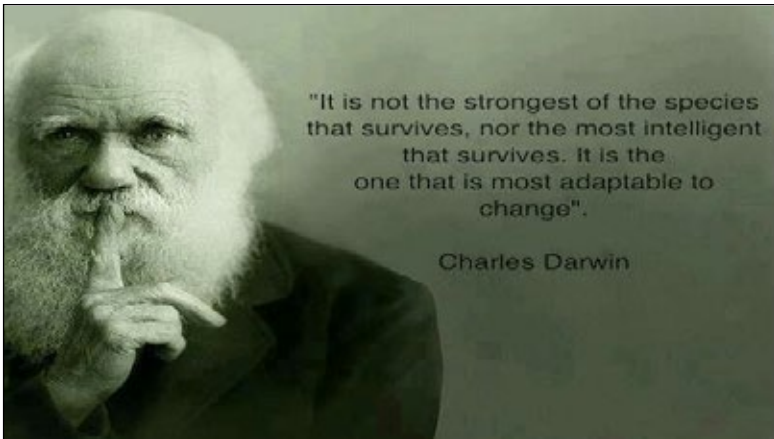
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**Reactions to COVID Crisis?**  
You have 3 choices

1. Act in FEAR, ANXIETY and PANIC
2. Hibernate and do nothing – Netflix holiday
3. Position yourself for the future

**If this is YOU – Then start thinking LOGICALLY**  
**Start acting like a Business Person**  
**– Not a Gossiping Teenager**

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### Let's Analyse some Industries

#### Hotels

- Hotels in particular are highly vulnerable given the plummet in tourism numbers. At this stage, border shutdowns are particularly bad news and forced isolation will be an ever greater challenge.
- Long Term – We are a Nation of drinkers – There will be a recovery for those who survive this period.

#### Office

- Many offices aren't occupied right now but most tenants should be able to pay rent for the short term. We are likely to see **rising vacancy levels** and a **softening of yields**.
- Most companies have now had to enact working from home procedures. Post COVID-19 it is likely that some companies may allow more of this in the future, requiring less office space.
- Shared office spaces like Hot Desks will potentially be seen as a much higher health risk but probably only in the short term.



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### Let's Analyse some Industries

#### Retail

- The retail sector was tough prior to COVID-19 but it's much tougher now - anyone selling non-discretionary products (particularly supermarkets), as well as home entertainment (e.g., Harvey Norman, JB HiFi).
- Similarly, it is an incredibly tough time for cafes, restaurants and fashion retailers.
- Post COVID-19, we will ideally see stimulus measures provide a big push to retail spending and this will help retailers and shopping centres. But the road ahead – particularly for smaller retailers will be hard and some will not survive COVID



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#### Industrial

- The industrial sector will be hit by a general economic slowdown and is probably already struggling with supply chain issues.
- Overall, industrial property is one of the property types more immune to the COVID-19 fallout.

#### Medical

- One very strong sector of commercial property will be medical-related property. Right now, there are issues around capacity and hygiene measures but post COVID-19 there will be a lot of investment in this space to ensure Australia is well equipped to cope with future health emergencies.

**Overall for the investment market, there is no shortage of money and it is likely that many potential buyers are looking closely for opportunities.**



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- Social distancing is increasing demand for online retail, which is assisting **logistics tenants** that fulfil the growing orders.
- But the sector's leverage to broader economic activity and the movement of physical goods within it will mean many tenants will struggle until things return to normal.
- **Retail malls** will likely take some time to return to full patronage as people remain cautious of lingering health risks and hold their wallets and purses tight after a tricky period, especially if unemployment increases.
- There may also be a structural change of consumer shopping habits from in-store to online. However **fortress malls** will still be at a premium
- Industrial and logistics properties might also benefit from any acceleration in the structural shift to online retail, along with higher instances of businesses stockpiling physical goods as risk mitigation.
- Properties such a **storage sheds** will benefit from this.

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- In the **commercial office** sector, it's possible tenants will re-examine the cost and productivity benefits of having staff work from home.
- As a concept, a decentralised corporate workforce is nothing new; the ease with which many companies switched to it suggests as much.
- We shall have to wait and see whether this prior trend accelerates after the pandemic is over or whether weeks of isolation helps office workers better appreciate the benefits of a centralised location.
- One thing we can be sure of though – when all this is over, **commercial real estate in all its forms will remain central to our economic and social lives**. Some things may change, but this greater point almost certainly will not.
- Any commercial property that has a hands on service tenant will not struggle – mechanics, hair dressers, dentists, nail salons, nurseries,

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- **Relief for commercial tenants Announcements and how it effects Landlords**
- *Last Updated: 24 April 2020*
- The Government has announced a range of measures to help renters. This includes a temporary hold on evictions and a mandatory code of conduct for commercial tenancies to support small and medium sized enterprises (SMEs) affected by coronavirus.
- **Hold on evictions for renters**
- Evictions will be put on hold over the next 6 months for commercial and residential tenants in financial distress, who are unable to meet their commitments due to the impact of the coronavirus.

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**COMMERCIAL**  
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## How To Establish And Communicate Your Buying Criteria

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Creating a Buyer's Brief:  
Know what you are looking for!

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**Why focus is so important...**

- Where focus goes, energy flows.
- Eliminates possibility of distraction
- Improves time efficiency
- Increases effectivity
- Allows opportunities to be seen clearly
- Delivers results more quickly
- Makes negotiations more effective
- Eliminates confusion and overwhelm
- Increases levels of decisiveness
- Increases self-esteem




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**First and Foremost:**

- **What purpose?** – Chunk or Cashflow
- **What structure?** – SMSF, or Inv. Trust
- **What Purchase Price?** – AWE
- **What Location?** - Regional or Metro
- **What Type of Property?** – Asset Class
- **What Target Return on Investment?**
- **What tolerance for risk?** - Personal
- **What Risk profile (asset) ?** - Strategist




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**Creating a Buyer’s Brief:**

**1. What purpose?**

- Cashflow
- Chunk (Upside)
- Both




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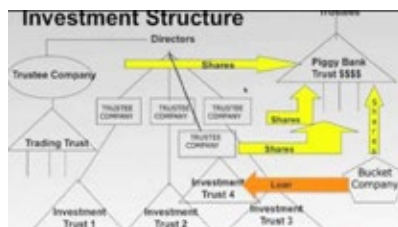
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**Creating a Buyer’s Brief:**

**2. What purchasing entity?**

- SMSF - Bare Trust and LRB
- Discretionary Trust
- Unit Trust




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### Creating a Buyer's Brief:

#### 3. What Purchase Price?

- Available Working Equity
- Anticipated LVR
- Valuation
- Comparable Sales History – and Untenanted



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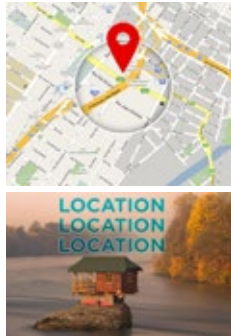
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### Creating a Buyer's Brief:

#### 4. What Location?

- Regional
- Regional Centres
- Metro
- Location fundamentals



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### Creating a Buyer's Brief:

#### 5. What Type of Property?

- Asset Class
- Tenanted
- Multi - Tenanted
- Semi - Tenanted



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**Basic Fundamentals Still Apply!**

- Does it Make you Money?
- If not, why not? – Can this be changed?
- Does it have a Sustainable Income?
- Can Yields be Improved? How?
- What is your estimate of growth potential?



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**Basic Fundamentals Still Apply!**

- Analyze whether the property meets your portfolio criteria for yield and growth
- Does it fit your short, medium, or long-term plans and goals?
- What is your exit strategy time frame?



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**Basic Fundamentals Still Apply!**

- Calculate your exposure and risk
- Do your Sensitivity Analysis
- Calculate your ROI on Cash in deal.
- Calculate your Opportunity Cost on Equity



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