

PLATINUM

July 2020

Commercial

Mastermind
Event

Brisbane

Dr Tamara Read
& Nicolle Beer

QLD State Coaches



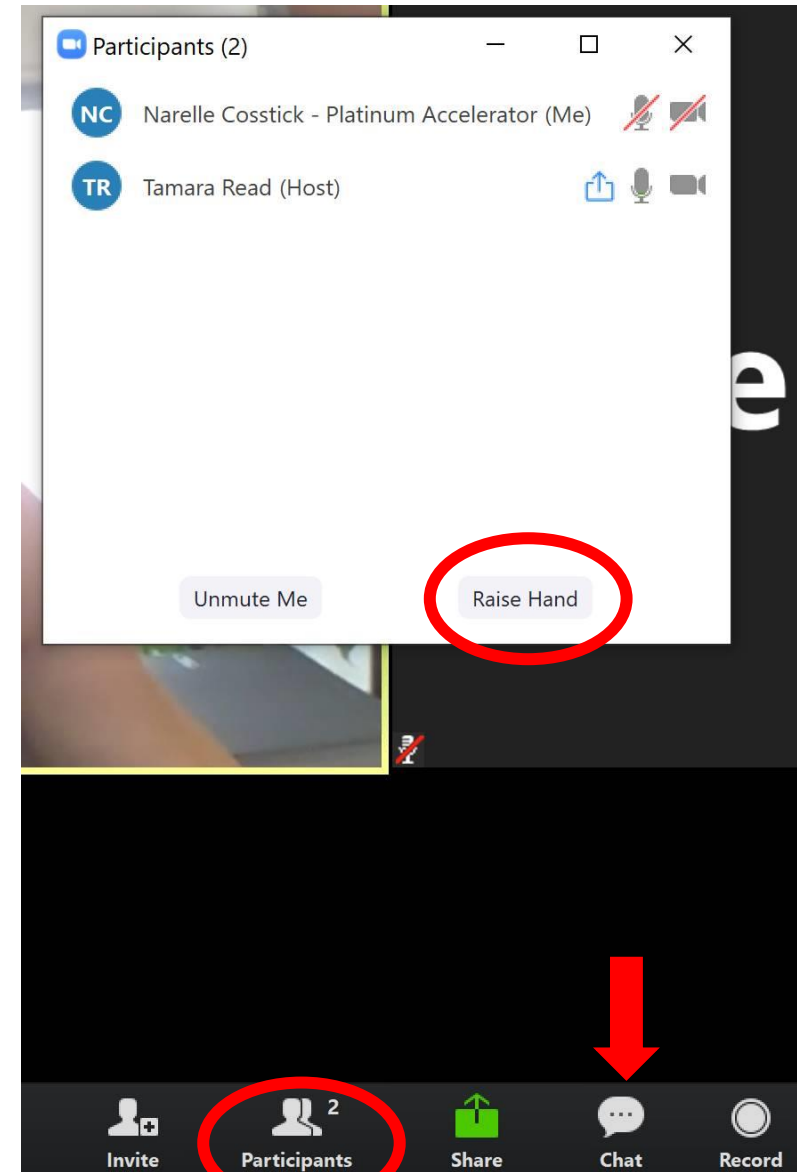
PLATINUM



I LOVE
REAL ESTATE

Zoom Instructions -

- If you drop out of Zoom, log-in again via original link
- If you can't connect via Zoom then watch Livestream via new State Facebook Group
- Master Room:
 - Student to mute audio & turn-off video
 - Raise your Hand if you want to share with the whole group, wait for coach to ask you to unmute yourself & turn on your video
 - Use Chat box to ask Questions
 - Limit chat box to Questions only 😊
- Chat Room:
 - Unmute yourself & turn on your video so you can talk & be seen within your chat room group
 - If your internet is struggling, turn off your video but leave on your audio
 - DO NOT click "Leave Meeting"!!!!!!



Event Outline -

- 6:00 – 6:30 Networking
- 6:30 - Start
- 6:30 – 6:45 Introductions
- 6:45 – 8:00 Accountability
- 8:00 – 8:30 Networking Break
- 8:30 – 10:00 Commercial

Workshop / Interactive Format

- Zoom Chat Rooms
- Involve everyone in the conversation
- Be supportive



WELCOME NEW PLATINUM'S



- Judy Glover
- Robyn Hills
- Doug Owen
- Joshua Turner
- Nathalie Lydom
- Tania Caldwell
- Rana Lyon & Dan Wilson
- Melody Suter
- Apares Chakrabarti
- Rajesh Kurundale

- Nathalie Sarlin
- Lee Sutherland & Justin
- Keiko Bowles
- Rosina Catania
- Karen Sullivan
- Tania Klemm
- Istavan Hegyesi

Housekeeping



Housekeeping

- **2020 National Conference Dates:**
 - ❖ 1st & 2nd August – Sunshine Coast – Rescheduled to 3rd & 4th October (2nd Oct Graduate Only Day) -** LIVE EVENT **
Dymphna's Farm – Sunshine Coast
 - ❖ Note: If travel restrictions are in place event will be Virtual
 - ❖ 5th & 6th December – Sydney
- **2020 Monthly Dates (Tuesday's):**
 - ❖ 4th Aug; 8th Sept; 6th Oct;
3rd Nov; 8th Dec



Housekeeping


- **2020 Millionaire Within:**
 - ❖ 17-19th July – Virtual Event
 - ❖ Check Ultimate Website for Details
- **2020 Ultimate Bootcamp Dates:**
 - ❖ 17th – 23rd September Virtual Event
 - ❖ Check Ultimate Website for Details
- **2020 Quantum Events:**
 - ❖ Check Ultimate Website For Full List



Housekeeping

Community Profile Platform:


- ❖ Complete your profile ASAP – any issues with filling out your profile, email your coach!!



PLATINUM
ACCELERATOR

Home Education Meeting Recordings Coaches & Contact Platinum Schedule **Community**


My Profile



Tamara Read
QUEENSLAND

About Groups Blog Message¹ Notification¹ Settings

[Edit Profile](#)

Profile	 PLATINUM GRADUATE Platinum Graduate
Contact Information	LOCATION Sunshine Coast, QLD
	PLATINUM YEARS 2016, 2017, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2018, 2019.
	PARTNER NAME John
	OCCUPATION Investor, Mentor, Educator
	BACKGROUND Platinum Accelerator National Coach and

RP Data Subscription

<https://iloverealestate.tv/corelogic/>

Core Logic RP Data Professional Investor Pack

Available to Ultimate, Quantum and Platinum Members Only

Limited to 250 Members ONLY

Get Started \$77 p/month

Get Started \$740 p/year

* A minimum 12 month commitment is required to secure these prices

- Pro Version = Full Functionality
- National Coverage
- Export to Excel (CSV File)

EXCITING NEWS!
iLoveRealEstate Members-Only

Get Core Logic RP Data Professional Investor Pack at a HUGE DISCOUNT!



I've got exciting news for you!

We've just signed off on a deal with Core Logic for our members to get access to their Professional RP Data Pack at a MASSIVE DISCOUNT!

Normally \$150 per month, as a member you can now get access for just \$77 (inc. GST) per month (minimum term 12 months).

If you want to pay 12 months in advance, you get another 20% OFF, which means your investment is just \$740 per year.

Only 250 memberships available.

If you want one, you'll have to act FAST!

Here are the steps that you'll need to take to get access to this deal.

- **Step 1)** Choose the Monthly Option or the Pay In Full Option
- **Step 2)** Once you've done that, you'll get an email via DocuSign to sign the License Agreement.
- **Step 3)** Once you've signed the License Agreement and hit "Submit", Knowledge Source and Core Logic will activate your Membership and send you Access and Login Details on how to get access to your Membership within 48 hours.

I hope you take advantage of this offer, it's been a long time in the making.

But I'm sure you'll agree it's been worth waiting for!

Yours Sincerely,
Dymphna Boholt

Core Logic RP Data Professional Investor Pack

Available to Ultimate, Quantum and Platinum Members Only

Limited to 250 Members ONLY

Get Started \$77 p/month

Get Started \$740 p/year

* A minimum 12 month commitment is required to secure these prices

Housekeeping

- Meetup Group – LIVE Again!!
 - ❖ Brisbane Platinum Student Meetups
 - ❖ 3rd Saturday of Each Month @ private space – location TBC

** Text Karen on 0411 570 281 your Email or contact her on Facebook & she will send you details.



GRADUATING PLATINUM'S



- Maggie Kelly & Fred Lassalle
- Vanessa Kestelboim
- Bronwyn Besley-Norris
- Christine Fu
- Nathalie Sarlin

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Hormones & Success



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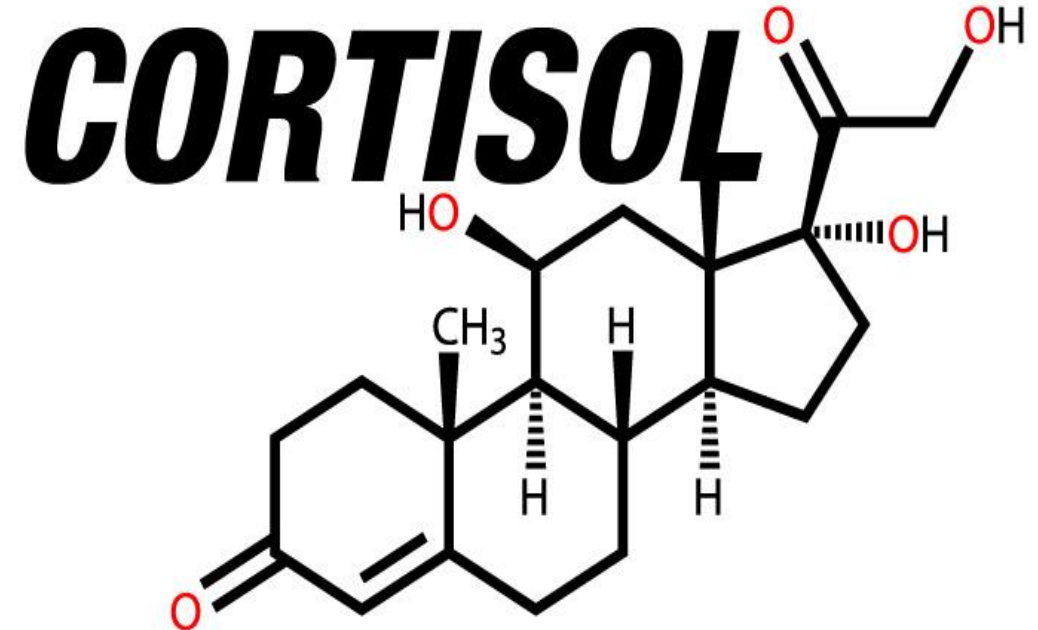
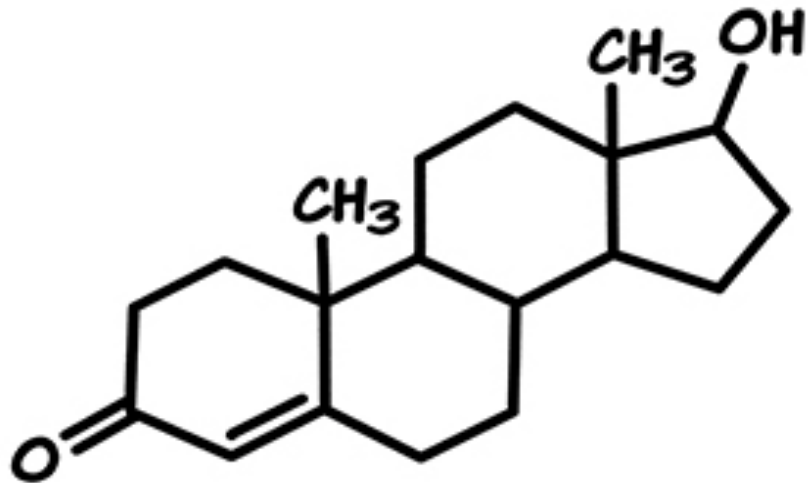
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Your Hormone levels affect your Success



Which Hormones have the greatest effect?

TESTOSTERONE



- Recent research coming out of Harvard University, The University of Oregon, The University of Texas and many other places is revealing that **powerful and effective leaders** not only **share similar mindsets**, but also **similar hormone levels**.
- More specifically, powerful leaders tend to have **higher levels of testosterone** and **lower levels of cortisol**.
- **Higher** levels of **testosterone** (in both men and women) lead to increased **feelings of confidence**.
- **Lower** levels of **cortisol** lead to **decreased anxiety** and an improved ability to **deal with stress**.

- What is particularly important about testosterone and cortisol is that your levels of each hormone can change rapidly depending on the social, physical, and environmental cues that surround you.
- **What does this have to do with feeling more confident and ultimately successful?**



The physical cues that impact these two hormones the most = **Body Language**

- If you understand how to **improve your body language**, then you can **increase your testosterone**, **decrease your cortisol**, and “magically” **feel more confident, risk tolerant, less anxious, less fearful and more inclined to take action**
- This leads to having more success and having more wealth!!

- Amy Cuddy is a researcher at Harvard University who studies **body language** and the impact it has on your **hormones**.
- Cuddy and her team have classified different body positions as “**high power**” or “**low power**” **poses**. In general, the high power poses are **open and relaxed** while the low power poses are **closed and guarded**.



“High Power” body language (top row)
vs.
“Low Power” body language (bottom row)

(Images courtesy of Amy Cuddy, Harvard University)



- Cuddy and her research team studied the impact of high power and low power poses by **conducting a research study on 42 students**. Here's how the study went down...
- 1) a **saliva sample** was taken from each subject and their testosterone and cortisol levels were measured.
- 2) the subject was asked to **sit in** either a high power pose or a low power pose for **two minutes**.
- 3) a **second sample of saliva** was taken from each subject and their **testosterone and cortisol levels** were measured again.

- When the researchers looked at the results, they were stunned by the impact that body language had on the hormones within the body.
- High power poses **increased testosterone by 20%** and **decreased cortisol levels by 25%**.



Change in Testosterone and Cortisol After 2 Minutes of "Power Poses"

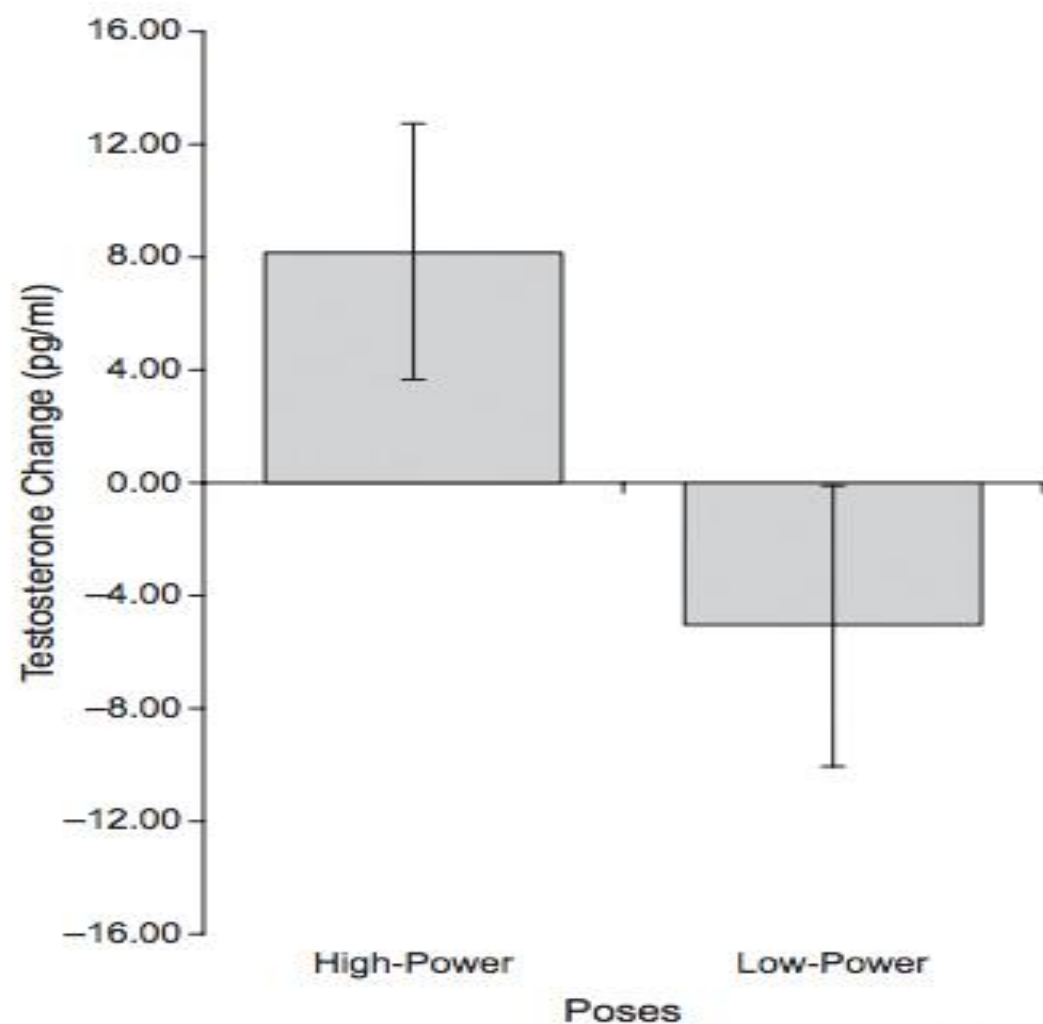


Fig. 3. Mean changes in the dominance hormone testosterone following high-power and low-power poses. Changes are depicted as difference scores (Time 2 – Time 1). Error bars represent standard errors of the mean.

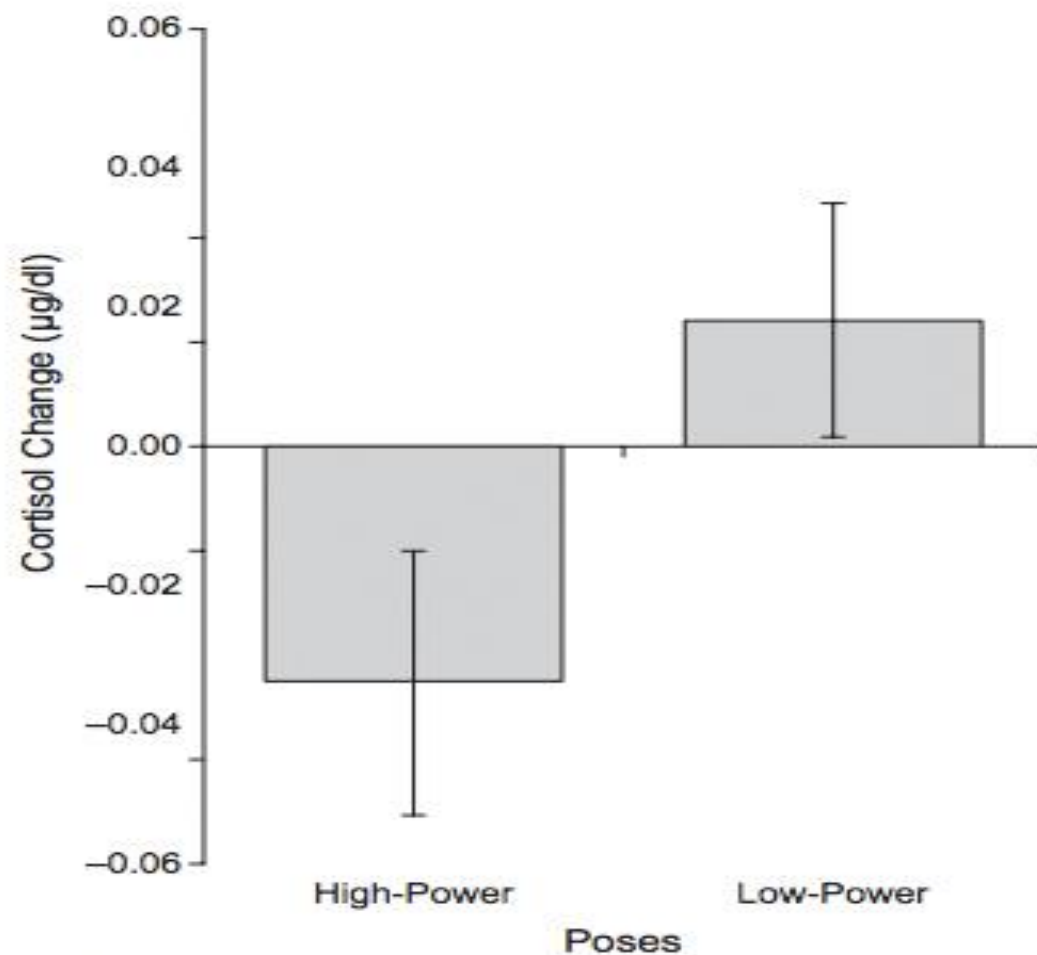


Fig. 4. Mean changes in the stress hormone cortisol following high-power and low-power poses. Changes are depicted as difference scores (Time 2 – Time 1). Error bars represent standard errors of the mean.

SO.....

How can you use this information to increase your success and wealth?

Stand Like This for 2 Minutes Per Day



LETS GIVE IT A GO !!!!



Making This Work in Real Life

- If you're aware of it, **body language is easy to adjust** throughout your day
- Here's a pattern that Dymphna has been playing with recently...
- Each morning, wake up and stand in a **high power pose for two minutes**. While doing that, close your eyes, **breathe in deeply** for a count of 3, hold for 1, and then breathe out fully for a count of 5. In this way, you are combining breathing exercises, meditation, and power poses for a relaxing and confidence-boosting start to the day.
- Plus, it **only takes 120 seconds**. It's kind of hard to say you don't have time for it.

You now have another tool in your toolbox

- A few minutes before your next presentation, interview, meeting or negotiation — take a moment to adjust your posture and stand in a powerful position. Put your hands on your hips, keep your chin up, and your chest out. Doing this for just two minutes will raise your testosterone and increase your confidence, while also decreasing your cortisol and improving your ability to handle stress.
- Your behaviors and emotions are firmly tied.
- The most powerful leaders don't merely think a certain way, they **carry themselves** a certain way. **You should do the same!!**

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Accountability
Monthly Goals



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Buddy Process – Chat Room



- Zoom Chat Room - Auto pair-up
- Exchange Mobile No.
- Schedule to “TALK” weekly
- Graduating students OK to partner for a month

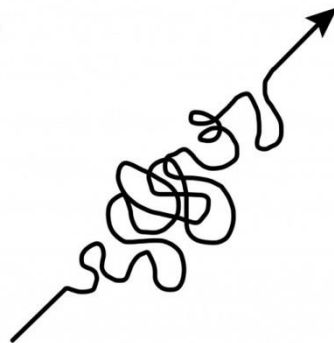
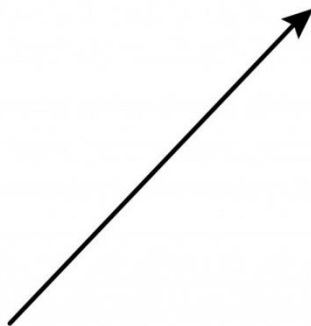
Last Month In Review

Share Your Successes and Challenges



SUCCESS

SUCCESS



what people think
it looks like

what it really
looks like

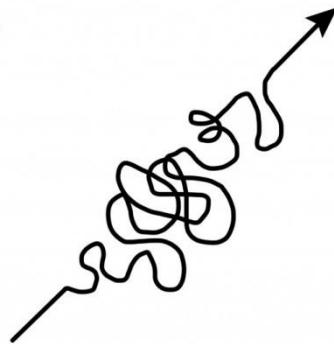
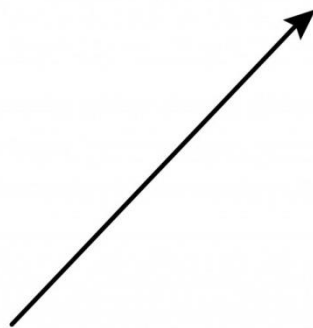
- Unmute & turn on your video in chat room
- Do Not "Leave Meeting"

Group Share

Share Your Successes and Challenges

SUCCESS

SUCCESS



what people think
it looks like

what it really
looks like

- Mute audio & turn off your video
- Raise hand to share with group

This Months Plan

Share Your Key Goals For Month



Monthly
✓
goals

- Unmute & turn on your video in chat room
- Do Not “Leave Meeting”

Group Share

Share Your Key Goals For Month

Monthly
✓
Goals

- Mute audio & turn off your video
- Raise hand to share with group



Tea / Coffee Break

- Workbook Print-out

PLATINUM

Commercial



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PLATINUM

39 POWER ROAD

Bayswater 3153

AUCTION

Wednesday 12th August at 12 noon on-site

Investment Opportunity



appleby
real estate

COMMERCIAL AND RESIDENTIAL SPECIALISTS

8727 9555

www.appleby.com.au

20 STATION ST, BAYSWATER 3153

The Deal

- Agent Brochure

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PLATINUM



39 Power Road, Bayswater 3153

Flexible investment opportunity

1 title - 5 tenancies

Solid returns

Land area 1946m²

Building area 950m²

appleby
real estate

COMMERCIAL AND RESIDENTIAL SPECIALISTS

AUCTION

Wednesday 12th August at 12 noon on-site

Nick Draffin 0407 058 223

Philip Leeson 0417 389 514

Melways ref: 64, G4

8727 9555
www.appleby.com.au

20 STATION ST, BAYSWATER 3153

Advertised Details:

SECURE, SOLID INVESTMENT OPPORTUNITY

AUCTION:

Solid Investment Opportunity

5 Separate tenants 1 title

Long standing tenants

Good rental return

Land Area: 1946m²

Building Area: 950m²

Current net rental of \$56,451

(Auction Terms:)

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PLATINUM

The Deal



Unit 1



Unit 1 Graffiti



Unit 1 Internals

Unit 2



Unit 2 Internal



Unit 2 Toxic Chemicals

Unit 3 & 4



Unit 3 & 4 Car park Area



Unit 3 Internals



Unit 4 Internals



Unit 4 Internals



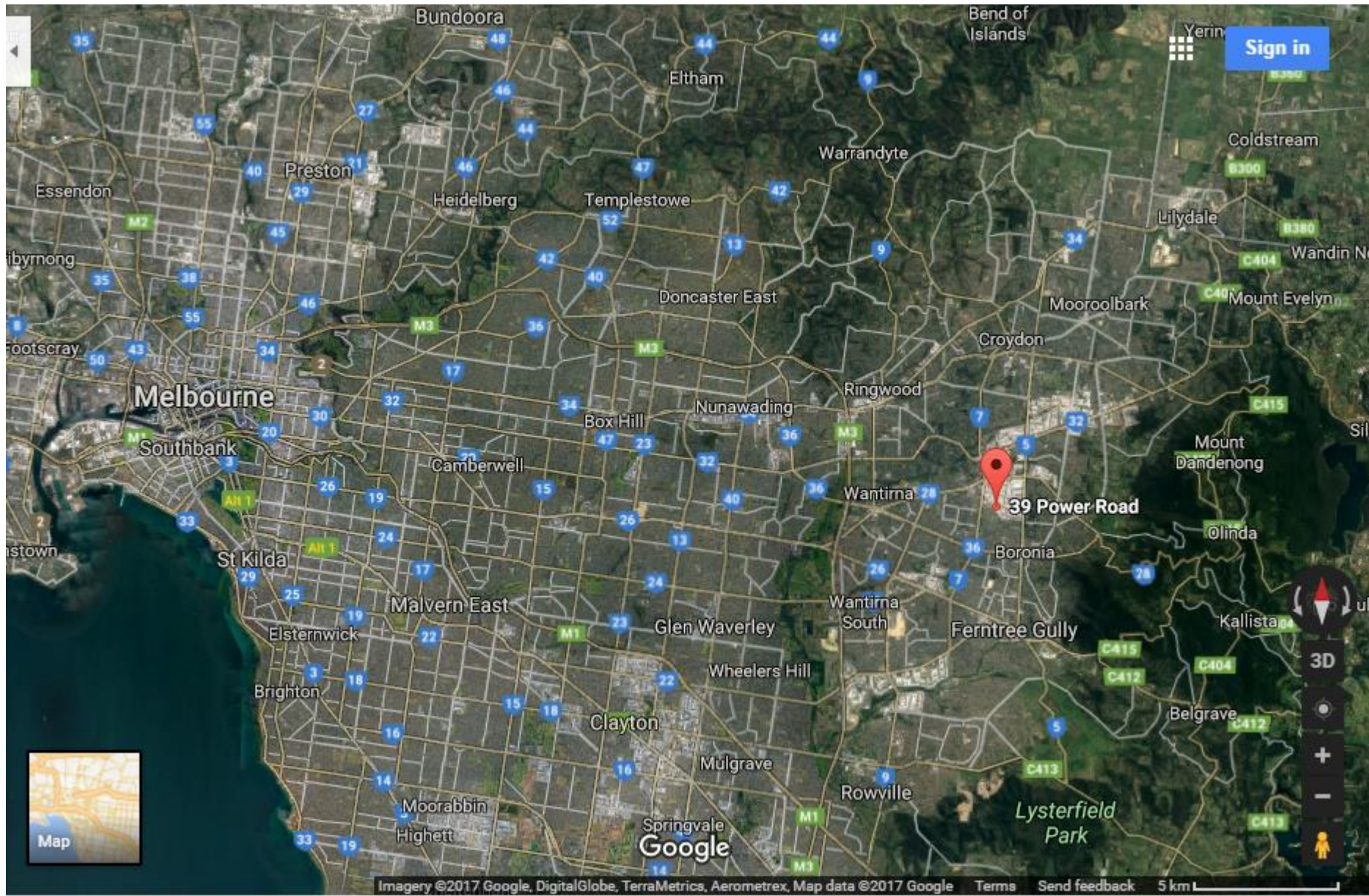
Unit 4 Internals

Unit 5



Deal Analysis Outline

- Location Review
- Tenant Review
- Identify Potential Deal Strategies
- Calculate Potential Purchase Price – Capitalisation & Comparison Methods
- Determine Potential to Increase Rent & Impact on Value
- Determine Potential of Strata Title & Impact on Value
- Revalue Potential to Release Equity

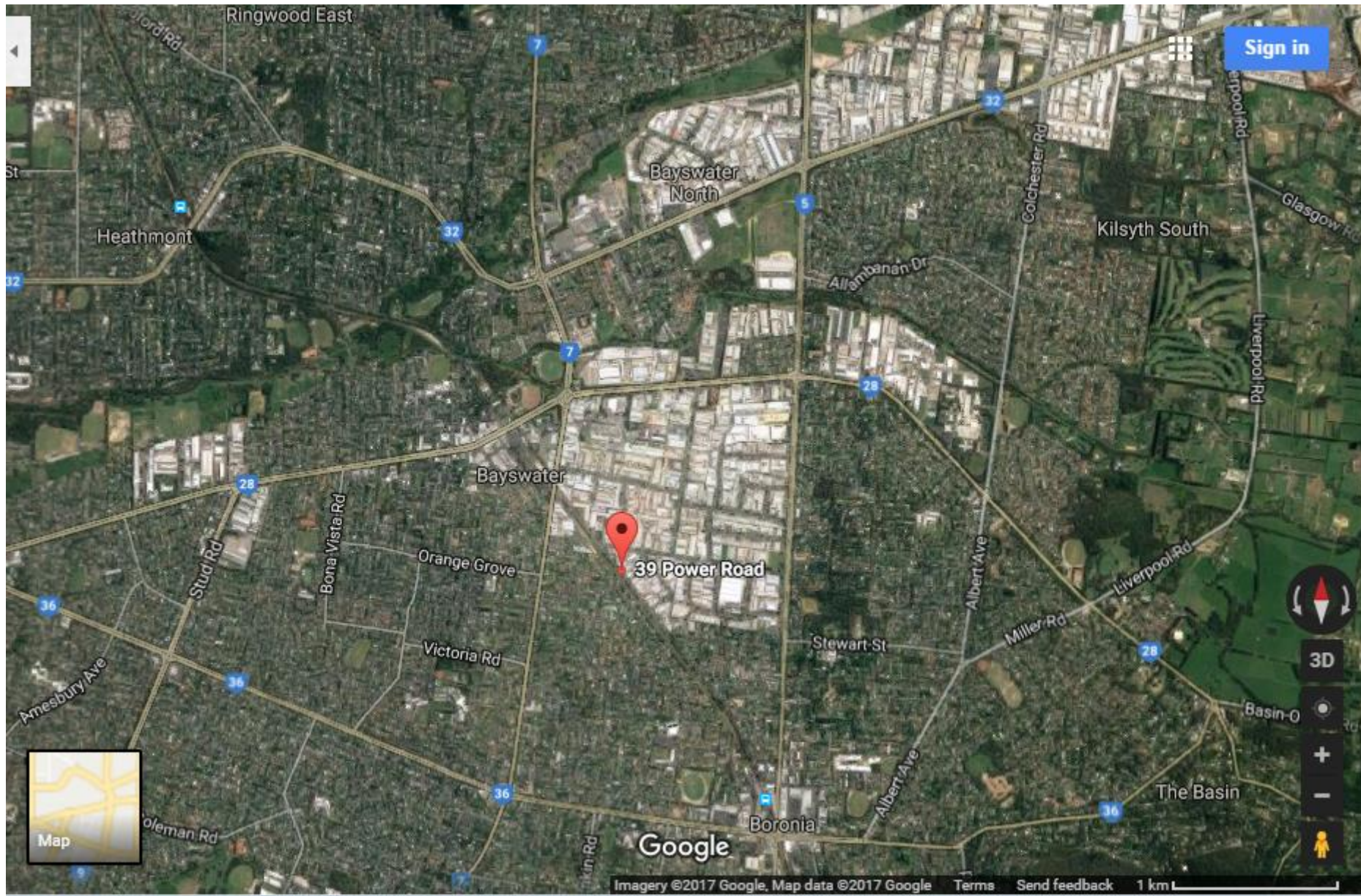


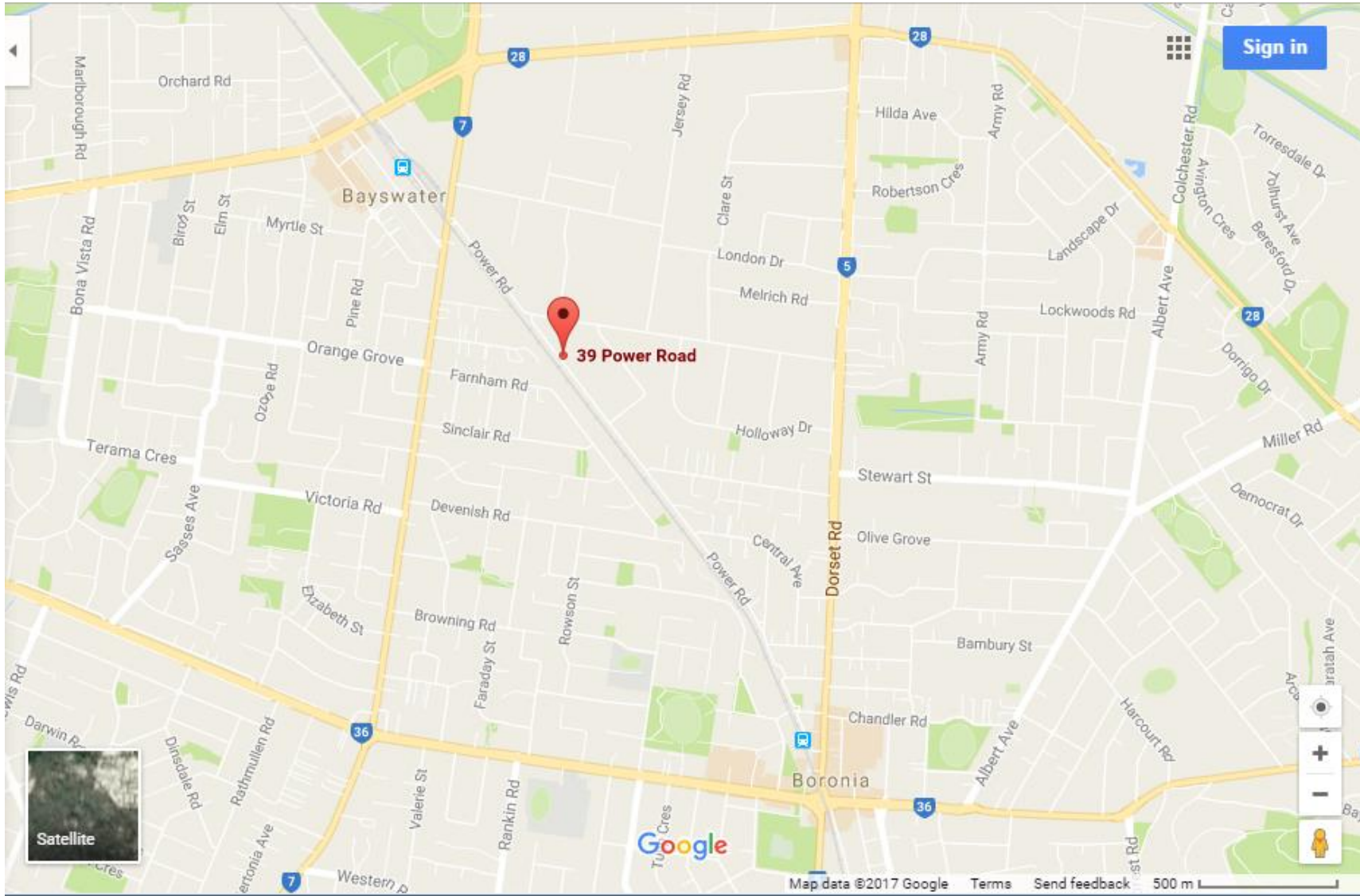
Location:

39 POWER RD

BAYSWATER


MELBOURNE







Break out!

- Group of 4
 - 4 minutes - Introduce each other
 - Graduates facilitate the group to assist completion of the activities & ensure everyone included in process
 - 4 minutes – Review location
- 

1a. Activity – Location Review

- On your table – review the location & summarise the characteristics

Location Characteristics

Melbourne CBD – 28km

800m to Bayswater commercial centre

Land locked industrial estate

Well established & fully developed industrial estate

Easy access to Eastlink Freeway – CBD & suburb access

Main road exposure = Exposure

Across road = railway line & residential

Train stations x2 near by

On edge of industrial estate

1b. Activity – Location Review

D = Demand Affected
S = Supply Affected

- Group Discussion – Contrast the location characteristics

Location Characteristics		Contrast
Melbourne CBD – 28km		
800m to Bayswater commercial centre		
Land locked industrial estate		
Well established & fully developed industrial estate		
Easy access to Eastlink Freeway – CBD & suburb access		
Main road exposure = Exposure		
Across road = railway line & residential		
Train stations x2 near by		
On edge of industrial estate		

1b. Activity – Location Review

D = Demand Affected
S = Supply Affected

- Group Discussion – Contrast the location characteristics

Location Characteristics		Contrast	
Melbourne CBD – 28km	✓	Smaller population	D
800m to Bayswater commercial centre			
Land locked industrial estate			
Well established & fully developed industrial estate			
Easy access to Eastlink Freeway – CBD & suburb access			
Main road exposure = Exposure			
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Train stations x2 near by			
On edge of industrial estate			

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- Group Discussion – Contrast the location characteristics

Location Characteristics		Contrast	
Melbourne CBD – 28km	✓	Smaller population	D
800m to Bayswater commercial centre	✓	Isolated from business district	D
Land locked industrial estate			
Well established & fully developed industrial estate			
Easy access to Eastlink Freeway – CBD & suburb access			
Main road exposure = Exposure			
Across road = railway line & residential			
Train stations x2 near by			
On edge of industrial estate			

1b. Activity – Location Review

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Location Characteristics		Contrast	
Melbourne CBD – 28km	✓	Smaller population	D
800m to Bayswater commercial centre	✓	Isolated from business district	D
Land locked industrial estate	✓	Near vacant land = future expansion	S
Well established & fully developed industrial estate			
Easy access to Eastlink Freeway – CBD & suburb access			
Main road exposure = Exposure			
Across road = railway line & residential			
Train stations x2 near by			
On edge of industrial estate			

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800m to Bayswater commercial centre	✓	Isolated from business district	D
Land locked industrial estate	✓	Near vacant land = future expansion	S
Well established & fully developed industrial estate	✓	New estate = vacant land/new buildings	S
Easy access to Eastlink Freeway – CBD & suburb access			
Main road exposure = Exposure			
Across road = railway line & residential			
Train stations x2 near by			
On edge of industrial estate			

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Melbourne CBD – 28km	✓	Smaller population	D
800m to Bayswater commercial centre	✓	Isolated from business district	D
Land locked industrial estate	✓	Near vacant land = future expansion	S
Well established & fully developed industrial estate	✓	New estate = lots vacant land/new buildings	S
Easy access to Eastlink Freeway – CBD & suburb access	✓	Long distance to highway/motorway	D
Main road exposure = Exposure			
Across road = railway line & residential			
Train stations x2 near by			
On edge of industrial estate			

1b. Activity – Location Review

D = Demand Affected
S = Supply Affected

- Group Discussion – Contrast the location characteristics

Location Characteristics		Contrast	
Melbourne CBD – 28km	✓	Smaller population	D
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Land locked industrial estate	✓	Near vacant land = future expansion	S
Well established & fully developed industrial estate	✓	New estate = lots vacant land/new buildings	S
Easy access to Eastlink Freeway – CBD & suburb access	✓	Long distance to highway/motorway	D
Main road exposure = Exposure	✓	Poor exposure	D
Across road = railway line & residential			
Train stations x2 near by			
On edge of industrial estate			

1b. Activity – Location Review

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- Group Discussion – Contrast the location characteristics

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Main road exposure = Exposure	✓	Poor exposure	D
Across road = railway line & residential	✓	Isolated location	D
Train stations x2 near by			
On edge of industrial estate			

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Easy access to Eastlink Freeway – CBD & suburb access	✓	Distance to highway/motorway	D
Main road exposure = Exposure	✓	Poor exposure	D
Across road = railway line & residential	✓	Isolated location	D
Train stations x2 near by	✓	Difficult to access	D
On edge of industrial estate			

1b. Activity – Location Review

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- Group Discussion – Contrast the location characteristics

Location Characteristics		Contrast	
Melbourne CBD – 28km	✓	Smaller population	D
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Land locked industrial estate	✓	Near vacant land = future expansion	S
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Easy access to Eastlink Freeway – CBD & suburb access	✓	Distance to highway/motorway	D
Main road exposure = Exposure	✓	Poor exposure	D
Across road = railway line & residential	✓	Isolated location	D
Train stations x2 near by	✓	Difficult to access	D
On edge of industrial estate	✓	Middle of estate = competition?	S

PROPERTY LISTING**SECURE,SOLID INVESTMENT OPPORTUNITY**

AUCTION 12TH OF AUGUST ONSITE MIDDAY

[Print Page](#)

- Solid Investment Opportunity
- 5 Separate tenants 1 title
- Long standing tenants
- Good rental return
- Land Area: 1946m²
- Building Area: 950m²
- Current net rental of \$56,451

Property Details

Address: 39 Power Road, BAYSWATER, VIC 3153
Property ID: 8754

Component	Building Area (m ²)	Land Area (m ²)	Rental PA	Sale Price
Investment	950m ² ((5 Separate Tenancies))	1946m ²	\$55,700.00	n/a

[All amounts are expressed as GST exclusive.]

**Contact****Nick Draffin**E-mail: nick@appleby.com.au

Phone: 03 8727 9554

Mobile: 0407 058 223

Philip LeesonE-mail: phil@appleby.com.au

Phone: 03 8727 9555

Mobile: 0417 389 514

Features

Occupancy	Tenanted: 5 separate tenancies	Zoning	INDUSTRIAL 1	Commenced	VARIOUS
Yield	APPROXIMATELY 7%	Lease Term	VARIOUS	Bonds / Guarantees	VARIOUS
Rent Review	ANNUAL	Car Spaces	YES	Availability	
Condition		Air Conditioning		Roller Doors	YES
Floors		Lifts		Sprinklers	
Height		Age		Car Parking Fees	NIL

Outgoings

Outgoings Payable	BY TENANT	Water Rates
Land Tax		Council Rates
Body Corporate / Insurance		Other Charges

Comments

GOING CONCERN FOR GST PURPOSES

20 Station Street, Bayswater, VIC 3153
Telephone +61 3 8727 9555 Facsimile +61 3 9729 3511
Email nick@appleby.com.au

Agent IM = Information Memorandum

NET RENTALS - 39 POWER ROAD						
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5	
GROSS RENT	\$12,757.56	\$12,385.85	\$15,187.92	\$12,831.96	\$16,101.71	
LESS OUTGOINGS	\$2,233.33	\$2,233.33	\$2,992.20	\$2,537.87	\$3,006.28	
NET RENTAL	<u>\$10,524.23</u>	<u>\$10,342.20</u>	<u>\$12,195.72</u>	<u>\$10,294.09</u>	<u>\$13,095.43</u>	
OUTGOINGS - 39 POWER ROAD BAYSWATER						
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5	
WATER RATES	\$419.10	\$419.10	\$568.73	\$494.55	\$621.71	
COUNCIL RATES	\$1,197.00	\$1,197.00	\$1,693.00	\$1,369.00	\$1,614.00	
INSURANCE	\$317.23	\$317.23	\$430.47	\$374.32	\$470.57	
ESSENTIAL SAFETY & FIRE	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	
TOTAL OUTGOINGS	<u>\$2,233.33</u>	<u>\$2,233.33</u>	<u>\$2,992.20</u>	<u>\$2,537.87</u>	<u>\$3,006.28</u>	
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5	
LEASE TERM	MONTHLY	MONTHLY	MONTHLY	MONTHLY	MONTHLY	
FACTORY SIZE	158m2	160m2	214m2	186m2	234m2	
OCCUPATION COMMENCED	Dec-06	Dec-02	Mar-04	Aug-01	Nov-97	
USE	STEEL	SILVER	METAL	METAL	STORAGE	
	FABRICATION	PLATING	FABRICATION	POLISHING	MACHINERY	

2. Activity – Tenant Review

- In Breakout Group – review the tenancies

Tenant Review



Break out!

- Group of 4
 - 3 minutes – Review tenancies
- 

2. Activity – Tenant Review

- In Breakout Group – review the tenancies

Tenant Review

2. Activity – Tenant Review

- In Breakout Group – review the tenancies

Tenant Review

All long standing tenants

Month by month leases not great for income security = poor WALE

Month by month leases good when wanting flexibility to upgrade tenant / tenant terms

Month by month leases good when selling to potential owner occupier (vacant possession)

Chemical usages may be hazardous & check if approved usages

Rents not reviewed recently?

❖ WALE =

Weighted Average Lease Expiry (weighted average lease term remaining to expire across a multi tenanted property). WALE of 1 year = higher risk of vacancy in short term e.g. the avg lease term = 1 year. Weighted by rental income or square meters. Valuers will calculate

3. Activity – Potential Deal Strategies

- Group Activity– Review photos & list potential deal strategies – cash flow & value

Potential Strategies

3. Activity – Potential Deal Strategies

- On your table – Review photos & list potential deal strategies – cash flow & market value

Potential Strategies

Increase rent to market value

Convert to term leases & improved terms

Renovate

Strata title into 5 lots

Rent additional hardstand areas

Identify additional lettable space (Lease area vs survey area)

Billboard on roof to advertise to adjacent commuter train-line – retain air rights

Install solar on roof & sell power to tenants

4. Activity – Determine Potential Purchase Price

- Auction = no list price!
- 2 Methods to determine market value:
 - ❖ Primary = Capitalisation Method
 - ❖ Secondary = Comparison Method

Capitalisation Method - Determine Potential Price

○
$$\text{Market Value} = \frac{\text{Net Annual Income}}{\text{Area Capitalisation (Cap) Rate}}$$

- ❖ A) Determine Net Annual Income (From IM)
- ❖ B) Determine Area Cap Rate (Research Comparables & Opinions)
- ❖ C) Calculate Market Value

4A. Activity – Calculate Net Annual Income

- Net Annual Income = Gross Annual Rent (Excl. GST) – Annual Outgoings (Excl. Interest)
- Calculate from IM

❖ **Answer:**

NET RENTALS - 39 POWER ROAD					
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5
GROSS RENT	\$12,757.56	\$12,385.85	\$15,187.92	\$12,831.96	\$16,101.71
LESS OUTGOINGS	\$2,233.33	\$2,233.33	\$2,992.20	\$2,537.87	\$3,006.28
NET RENTAL	<u>\$10,524.23</u>	<u>\$10,342.20</u>	<u>\$12,195.72</u>	<u>\$10,294.09</u>	<u>\$13,095.43</u>
OUTGOINGS - 39 POWER ROAD BAYSWATER					
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5
WATER RATES	\$419.10	\$419.10	\$568.73	\$494.55	\$621.71
COUNCIL RATES	\$1,197.00	\$1,197.00	\$1,693.00	\$1,369.00	\$1,614.00
INSURANCE	\$317.23	\$317.23	\$430.47	\$374.32	\$470.57
ESSENTIAL SAFETY & FIRE	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
TOTAL OUTGOINGS	<u>\$2,233.33</u>	<u>\$2,233.33</u>	<u>\$2,992.20</u>	<u>\$2,537.87</u>	<u>\$3,006.28</u>



Break out!

- 3 minutes – Calc Net Annual Income

4A. Activity – Calculate Net Annual Income

- Net Annual Income = Gross Annual Rent (Excl. GST) – Annual Outgoings (Excl. Interest)
- Calculate from IM

NET RENTALS - 39 POWER ROAD					
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5
GROSS RENT	\$12,757.56	\$12,385.85	\$15,187.92	\$12,831.96	\$16,101.71
LESS OUTGOINGS	\$2,233.33	\$2,233.33	\$2,992.20	\$2,537.87	\$3,006.28
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ESSENTIAL SAFETY & FIRE	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
TOTAL OUTGOINGS	\$2,233.33	\$2,233.33	\$2,992.20	\$2,537.87	\$3,006.28

❖ **Answer:**

$$\$69,265.00 - \$13,003.01 = \$56,261.99$$

- Pick the Agents Error!!
= \$189.68
- Must Double Check EVERYTHING

4B. Activity – Determine Area Cap Rate

- **Cap Rate = Subjective figure for an area & property class**
- List ways to determine the cap rate:
 - ❖ Commercial agents opinion
 - ❖ Valuers opinion
 - ❖ Calculate from comparable sales data – average of yield %

Comparable Sales Data:

UNIT 17 / 200 Canterbury Road, BAYSWATER VIC 3153		
Sale Date	September 2014	Assumed Net Rent = \$16,575 pa
Sale Price	\$255,000	
Area (sqm)	Building	
	187	
A circa 1980's warehouse with 4.5m clearance and good quality purpose built fully glazed office.		



2/6 Clare St, Bayswater VIC 3153		
Sale Date	July 2014	
Sale Price	\$475,000	
Area (sqm)	Building	
	588	
A circa 1980 semi-detached brick warehouse with roller shutter door and basic office being situated at the rear of a multi-unit development. The Clare Street continues as Corporate Boulevard located to the east of Dorset Road. The premises sold with a 3+3+3 year lease commenced May 2012 with a current rent of \$34,183 pa. equating to \$58/sq.m.		



Comparable Sales Data:

12/24 Longstaff Rd, Bayswater VIC 3153		
Sale Date	August 2014	
Sale Price	\$1,080,000	Assumed Net Rent = \$70,200 pa
Area (sqm)	Building	
	940	
<p>A circa 2000's warehouse/office located at the rear of a strata industrial development. The warehouse comprises approximately 820 sqm and the office 120 sqm. The property also features a separate warehouse supervisors office, male and female amenities and electric roller shutter door.</p>		



UNIT 4 / 19 Scoresby Road, BAYSWATER VIC 3153		
Sale Date	July 2014	
Sale Price	\$409,000	
Area (sqm)	Building	
	433	
Rate (\$/sqm)	Building	
	\$945	
<p>A circa 1970 attached brick low clearance warehouse situated at the rear of a multi-unit development. Sold with a month to month tenancy in place. The property is leased for an annual rental of \$22,464 (\$52/sqm).</p>		



4B. Activity– Calculate Area Cap Rate from Comparables

- Cap Rate is the range of yields for comparable properties in area
- Activity - Calculate yield from comparables data
- **Yield (%) =** (Net Annual Income / Market Value) x 100

Address	Net Annual Income	Sold Price	Calculation	% Yield
17/200 Canterbury Rd				
2/6 Clare St				
12/24 Longstaff Rd				
4/19 Scoresby Rd				



Break out!

- 3 minutes – Calc Area Cap Rate

4B. Activity– Calculate Area Cap Rate from Comparables

- Cap Rate is the range of yields for comparable properties in area
- Activity - Calculate yield from comparables data
- Yield (%) = (Net Annual Income / Market Value) x 100**

Address	Net Annual Income	Sold Price	Calculation	% Yield
17/200 Canterbury Rd				
2/6 Clare St				
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4/19 Scoresby Rd				

4B. Activity– Calculate Area Cap Rate from Comparables

- Cap Rate is the range of yields for comparable properties in area
- Activity - Calculate yield from comparables data
- Yield (%) = (Net Annual Income / Market Value) x 100**

Address	Net Annual Income	Sold Price	Calculation	% Yield
17/200 Canterbury Rd	\$16,575	\$255,000		
2/6 Clare St	\$34,183	\$475,000		
12/24 Longstaff Rd	\$70,200	\$1,080,000		
4/19 Scoresby Rd	\$22,464	\$409,000		

4B. Activity– Calculate Area Cap Rate from Comparables

- Cap Rate is the range of yields for comparable properties in area
- Activity - Calculate yield from comparables data
- Yield (%) = (Net Annual Income / Market Value) x 100**

Address	Net Annual Income	Sold Price	Calculation	% Yield
17/200 Canterbury Rd	\$16,575	\$255,000	$(\$16,575 / 255,000) \times 100$	6.5%
2/6 Clare St	\$34,183	\$475,000	$(34,183 / 475,000) \times 100$	7.2%
12/24 Longstaff Rd	\$70,200	\$1,080,000	$(70,200 / \$1,080,000) \times 100$	6.5%
4/19 Scoresby Rd	\$22,464	\$409,000	$(22,464 / \$409,000) \times 100$	5.5%

- Summary range: 5.5% - 7.2%**

- Commercial Agents: 6% - 8%

- Assume: 7% Cap rate**

4C. Activity – Calculate Potential Purchase Price

- Market Value = Net Annual Income / Area Capitalisation
(Cap) Rate



4C. Activity – Calculate Potential Purchase Price

- Market Value = Net Annual Income / Area Capitalisation
(Cap) Rate
- $\$56,261.99 / 0.07 = \$803,742$ Round to \$800k!!

5. Comparison Method - Determine Potential Price

- Market Value = Square meter rate x rentable area

5a. Activity – Determine Square Meter Rate (Comparables)

Address	Square Meter Area	Sold Price	Calculation (Square Meter / Sold Price)	Sqm Rate
17/200 Canterbury Rd				
2/6 Clare St				
12/24 Longstaff Rd				
4/19 Scoresby Rd				

- Range in Sqm Rate: _____



Break out!

- 3 minutes – Calc Square meter rate

5. Comparison Method - Determine Potential Price

- Market Value = Square meter rate x rentable area

5a. Activity – Determine Square Meter Rate (Comparables)

Address	Square Meter Area	Sold Price	Calculation (Sold Price/Square Meter Area)	Sqm Rate \$/m ²
17/200 Canterbury Rd	187	\$255,000	\$255,000/187	\$1,364
2/6 Clare St	588	\$475,000	\$475,000/588	\$808
12/24 Longstaff Rd	940	\$1,080,000	\$1,080,000/940	\$1,149
4/19 Scoresby Rd	433	\$409,000	\$409,000/433	\$945

- Range: \$808 - \$1,364/m²
- Agents: \$1200 - \$1300/m²
- Valuer: \$845/m² (due to age)

5. Comparison Method - Determine Potential Price

- Adopt \$845/m² rate
- **Market Value** = Square meter rate x rentable area
- _____

5. Comparison Method - Determine Potential Price

- Adopt \$845/m² rate
- **Market Value** = Square meter rate x rentable area
- \$845/m² x 952m² = \$804,440
- Therefore \$803k Capitalisation method vs \$804k Comparison
- Negotiated prior to auction & **contracted at \$800k!!!**
- Bank val came in at contract price \$800k (surprise surprise) based on the above 2 val methods

6. Activity – Determine if Rent is at Market Value?

- Calculate from IM – Deal Rental Rate
- Rental Rate = Net Annual Rental (Excl GST) / Net Lettable Floor Area

NET RENTALS - 39 POWER ROAD					
	FACTORY 1	FACTORY 2	FACTORY 3	FACTORY 4	FACTORY 5
GROSS RENT	\$12,757.56	\$12,385.85	\$15,187.92	\$12,831.96	\$16,101.71
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NET RENTAL	<u>\$10,524.23</u>	<u>\$10,342.20</u>	<u>\$12,195.72</u>	<u>\$10,294.09</u>	<u>\$13,095.43</u>
LEASE TERM	MONTHLY	MONTHLY	MONTHLY	MONTHLY	MONTHLY
FACTORY SIZE	158m ²	160m ²	214m ²	186m ²	234m ²
OCCUPATION COMMENCED	Dec-06	Dec-02	Mar-04	Aug-01	Nov-97
USE	STEEL	SILVER	METAL	METAL	STORAGE
	FABRICATION	PLATING	FABRICATION	POLISHING	MACHINERY

❖ **Answer: \$56,452/952m² = \$59.30/m²**

Comparable Rentals:

UNIT 1 / 10 London Drive,
Date Set - Term August 2015 -
Net Rental (\$/pa) \$21,580
Floor Area (sqm) 278

A clear-spanning semi-detached concrete block warehouse with basic amenities and 1st floor offices.



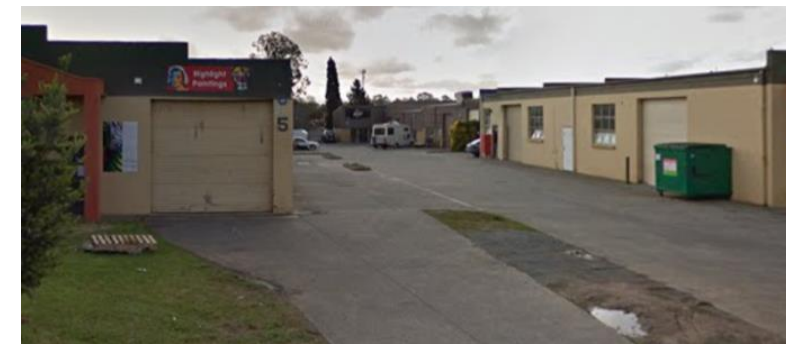
UNIT 5 / 100 Canterbury Road,
Date Set - Term July 2015 -
Net Rental (\$/pa) \$22,000
Floor Area (sqm) 321

A circa 1960's attached brick office/warehouse with roller shutter door access and 3 phase power. The property includes a storage mezzanine and basic amenities.



UNIT 2 / 5 Edelmaier Street,
Date Set - Term June 2015 -
Net Rental (\$/pa) \$15,600
Floor Area (sqm) 186

A circa 1970's low clearance attached warehouse with small office component, amenities, mezzanine and roller shutter door.



6. Activity – Calculate Market Rental Rates (Comparables)

- Rental Rate = Net Annual Rent (Excl GST) / Net Lettable Floor Area

Address	Net Annual Rent	Floor Area	Calculation (Net annual Rent/Net Lettable Area)	Rental Rate
U1/10 London Drv				
U5/100 Canterbury Rd				
U2/5 Edelmaier St				

- Range in Market Rental Rates: _____
- Deal Rental Rate = _____
- Is Deal Under Market Rent? _____



Break out!

- 3 minutes – Calc market rental rates

6. Activity – Calculate Market Rental Rates (Comparables)

- Rental Rate = Net Annual Rent (Excl GST) / Net Lettable Floor Area

Address	Net Annual Rent	Floor Area	Net Annual Rent / Floor Area	Rental Rate
U1/10 London Drv	\$21,580	278	\$21,580 / 278	\$78
U5/100 C	\$22,000	321	\$22,000 / 321	\$69
U2/5 Ede	\$15,600	186	\$15,600 / 186	\$84

460 units leased on Realcommercial.com.au in Bayswater Jan 2014-Aug2015 = Demand!!!!

- Recent Market Rental Rates: \$69 - \$84/m²

- Deal Rental Rate = \$59/m²

- Is Deal Under Market Rent? YES!!!!

4 Agents Feedback:

\$70-\$85/m²

7. Strategy 1 – Tidy Up & Increase Rent to Market Rent

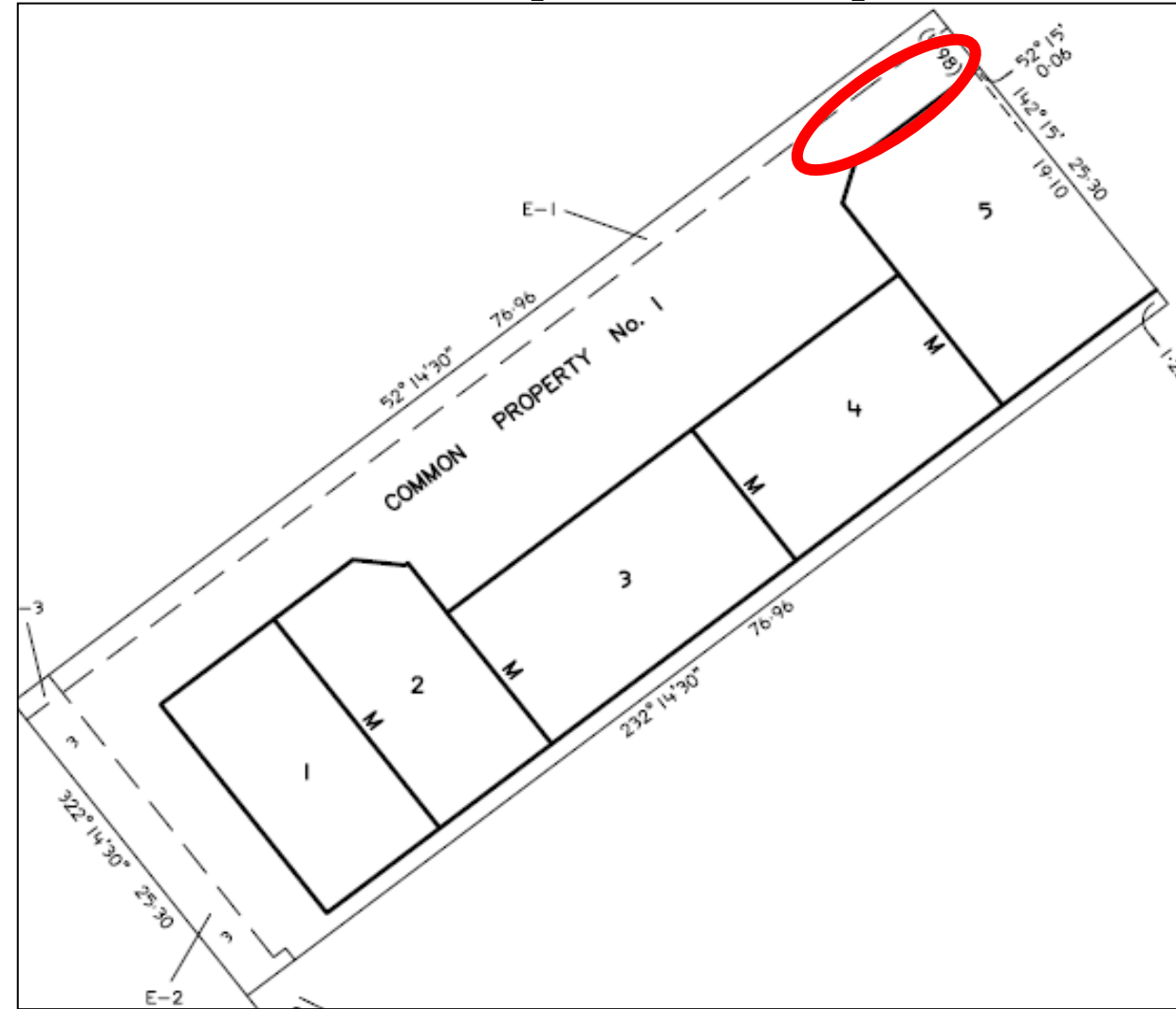


7. Activity – Calculate New Net Annual Income

- Targeting upper market rental rate = \$85/m²
- Net Annual Income = Rentable area x Rental Rate
- Answer: 952m² x \$85/m² = \$80,920/yr
- Increase in income? \$56,262 vs \$80,920 = Increase of \$24,658/yr

8. Strategy 2 – Rent Hardstand Area Separately

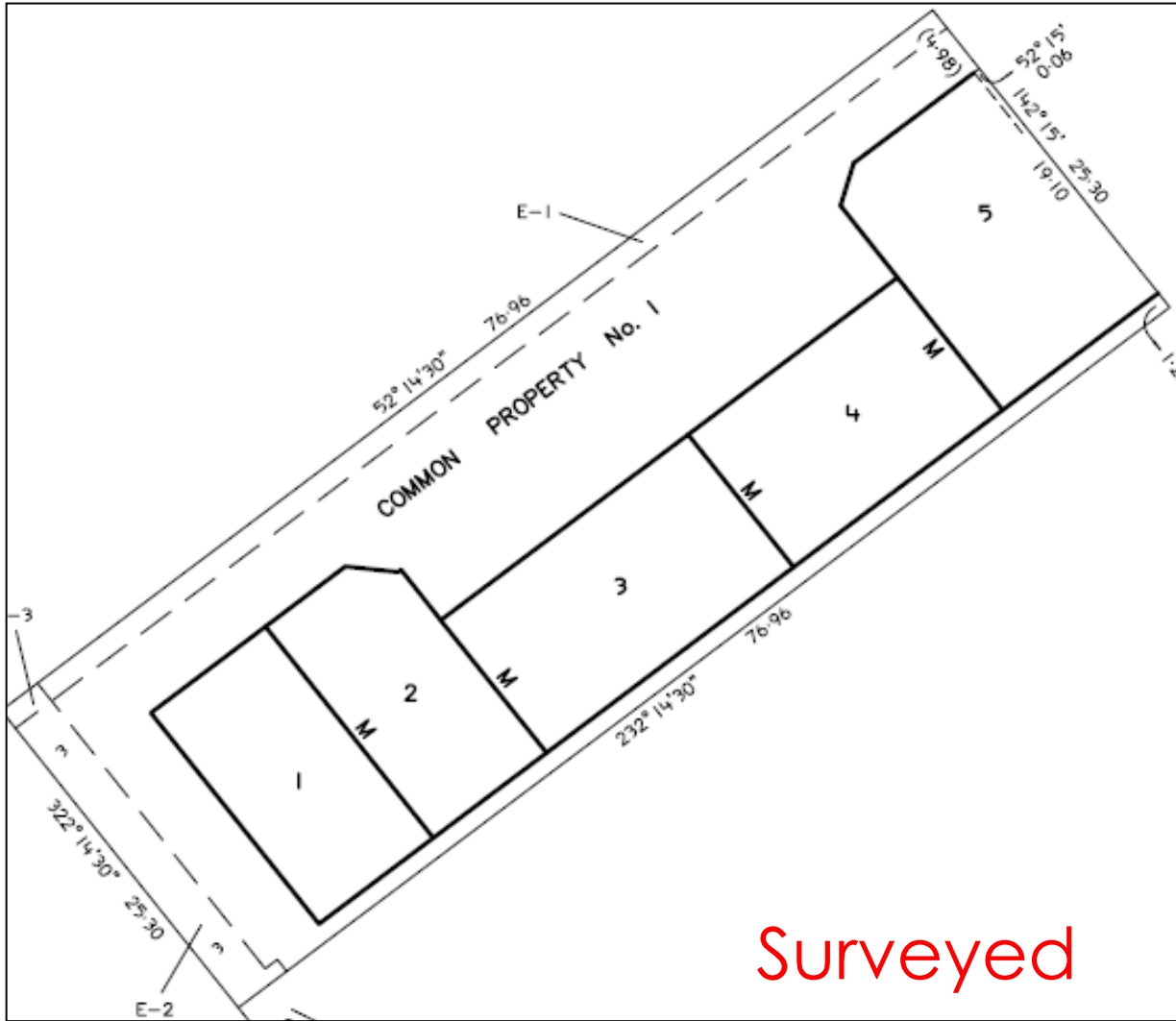
- 45m² hardstand area next to Unit 5 was being used by the tenant but not paid for
- Reclaim the hardstand area, fence off for exclusive use and rent to an existing tenant or new tenancy @ \$50/m²
- Additional Income?
 $45\text{m}^2 \times \$50/\text{m}^2 = \$2,250/\text{yr}$



9. Activity – Effect of Increased Income on Value

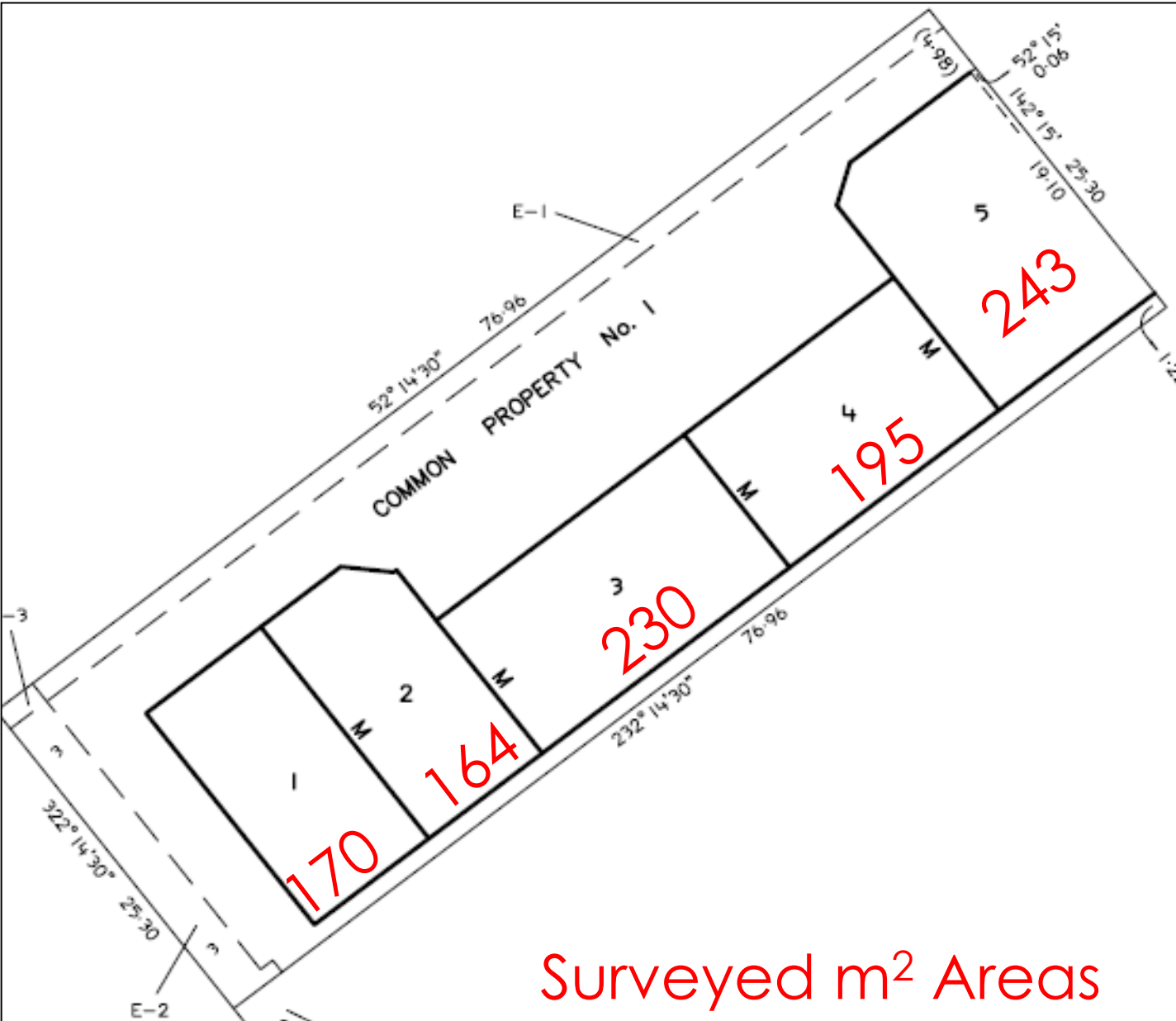
- Assuming Cap Rate = 6.25% (As per Val after Reno)
- Market Value = Net Annual Income / Area Capitalisation
(Cap) Rate
- Answer: $\frac{(\$80,920 + \$2,250)}{0.0625} = \$1,330,720$
- Potential** Increase in Value : $\frac{\$1,330,720 - \$800,000}{1} = \$530,720$!!!!

10. Strategy 3 – Strata Title into 5 Units (5 Lots)



Fire Separation Works

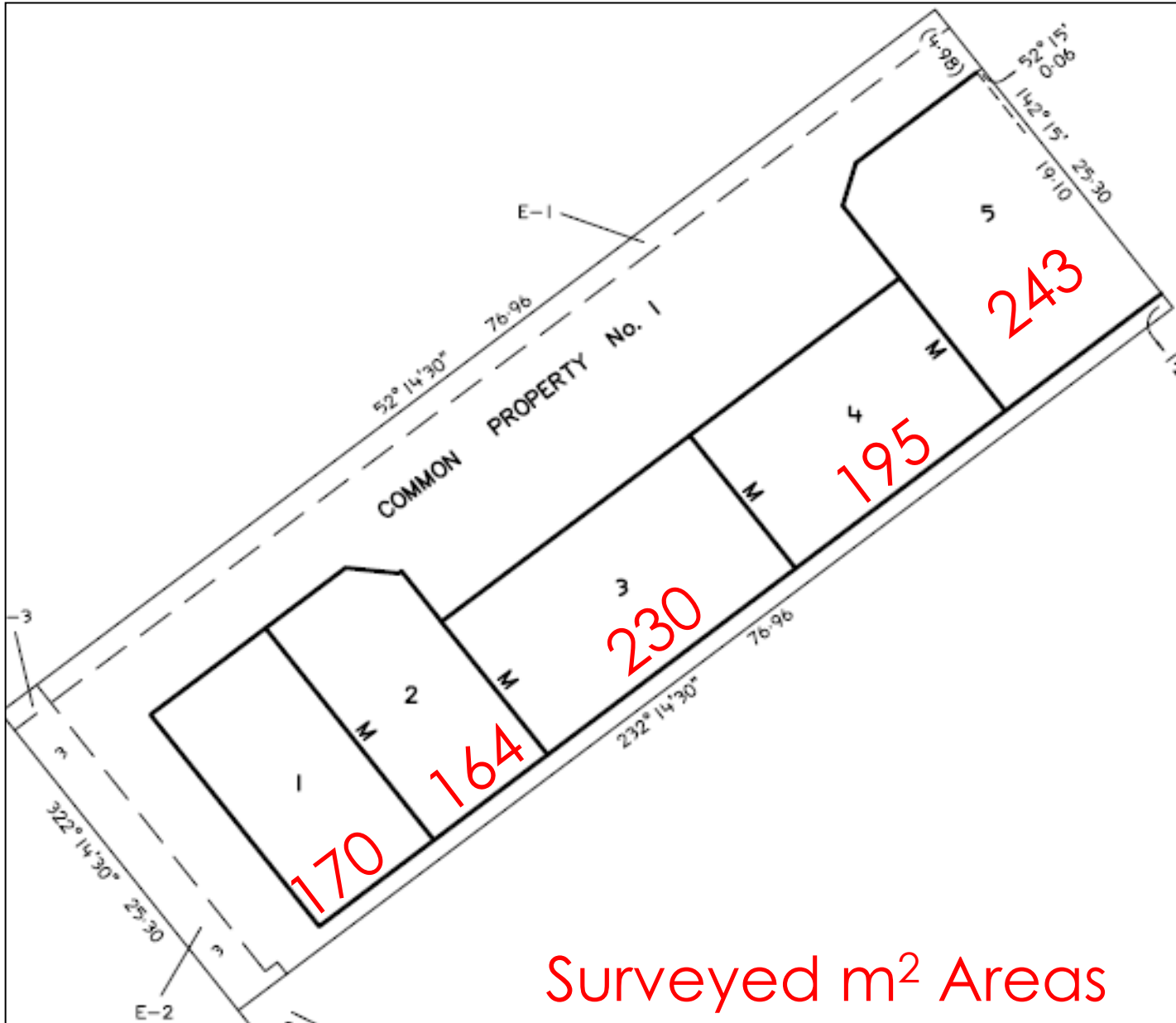
10a. New Lettable Areas From Strata Survey Plan



Surveyed m² Areas

Unit	m ²
Unit 1	
Unit 2	
Unit 3	
Unit 4	
Unit 5	
Total	

10a. New Lettable Areas From Strata Survey Plan



Unit	m ²
Unit 1	170
Unit 2	164
Unit 3	230
Unit 4	195
Unit 5	243
Total	1002

Sold as 952m² = Extra 50m²!!!!

10b. Activity - Potential Value Add From Strata Titling

- 4 local agents feedback: Queue of potential owner occupiers to buy individual factories if property was strata titled and sold separately (vs sold “In-one-line”)
- Also demand from SMSF investors for lower cost investments
- Comparison Square Meter Rates + Agents feedback + Valuer confirmation = \$1299 - \$1493/m²
- Valuer Adopted Post Reno: \$1477m² (vs \$845/m² on purchase!!)
- **Market Value = Square meter rate x rentable area**
- Answer: \$1477/m² x 1002m² = \$1,479,954 **= \$680k increase in val in 17mths!!!**

11. Activity – Will Revaluation & Refinance Recoup Owner Funds in the Deal?

Item	
Purchase Price = Bank Val	
Bank Loan @ 80%	
Owner Funds (20%)	
Purchase Costs	\$55,498
Strategy Costs	\$50,374
Total Owner Funds Contributed	

Item	
Bank Revaluation	
New Bank Loan@65%	
Existing Bank Loan	
Equity Release	
Owner Funds to Payback	
Additional Funds Released	



Break out!

- 5 minutes – Calc if all of Owner Funds released on refinance

11. Activity – Will Revaluation & Refinance Recoup Owner Funds in the Deal?

Item	
Purchase Price = Bank Val	
Bank Loan @ 80%	
Owner Funds (20%)	
Purchase Costs	\$55,498
Strategy Costs	\$50,374
Total Owner Funds Contributed	

Item	
Bank Revaluation	
New Bank Loan@65%	
Existing Bank Loan	
Equity Release	
Owner Funds to Payback	
Additional Funds Released	

11. Activity – Will Revaluation & Refinance Recoup Owner Funds in the Deal?

Item	
Purchase Price = Bank Val (A)	\$800,000
Bank Loan @ 80% (B=A x0.8)	\$640,000
Owner Funds (20%) (C=A x0.2)	\$160,000
Purchase Cost	\$750,574
Strategy Cost	
Total Owner Funds Contributed (F=C+D+E)	\$265,872

Item		
Bank Revaluation (G)	\$1,480,000	
New Loan @ 5%	\$962,000	
Bank Loan (B)	\$640,000	
Equity Release (I=H-B)	\$322,000	
Owner Funds to Payback (F)	\$265,872	
Additional Funds Released (I-F)		\$56,128

All Owner Funds Paid Back Plus Extra \$56K Potentially Avail for Next Deal

QUESTIONS?