

July 2021

# Commercial

Mastermind  
Event

Brisbane

---

**Dr Tamara Read**

*QLD State Coach*

PLATINUM



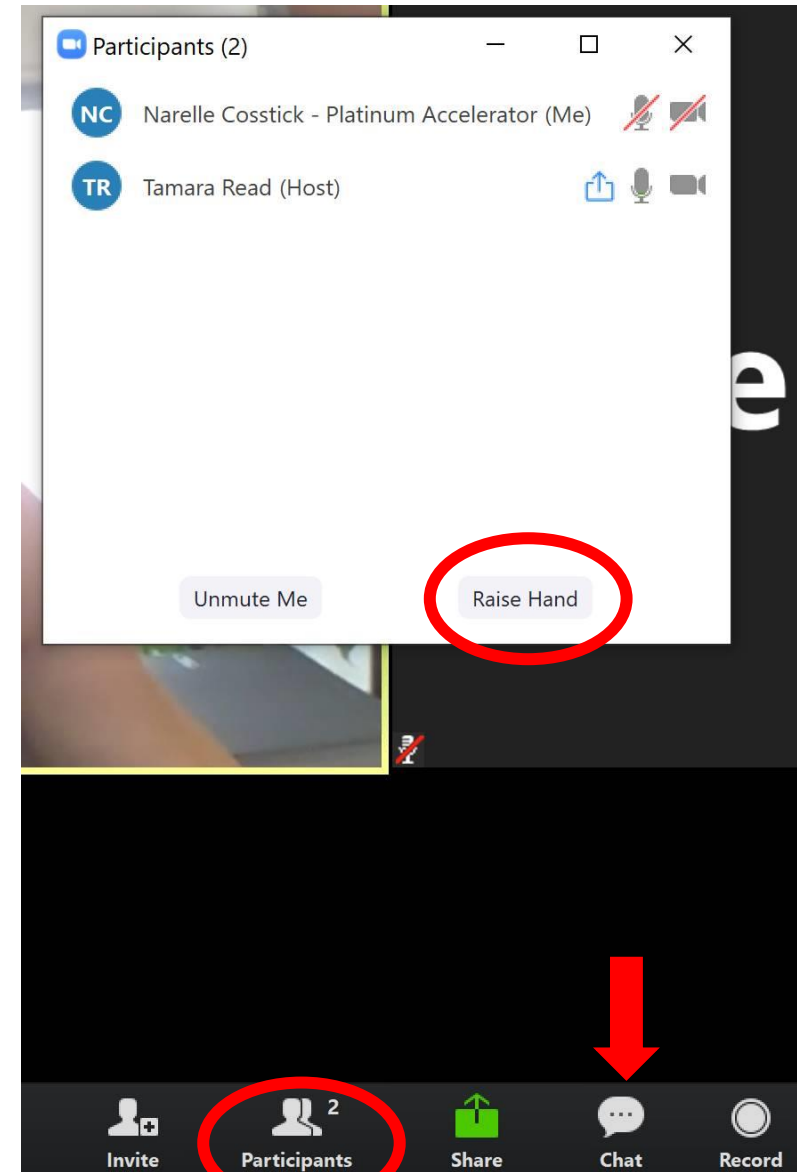
**I LOVE**  
REAL ESTATE



PLATINUM

# 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, keep video turned on
  - Raise your Hand if you want to share with the whole group, wait for coach to ask you to unmute yourself
  - Use Chat box to ask Questions – start with ASK -
  - Limit chat box to Questions only please 😊
- Chat Room:
  - Unmute yourself & keep your video on 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 – 10:30 Commercial

# Workshop / Interactive Format

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



# WELCOME NEW PLATINUM'S



- Trudi & Brett Murray
- Kylie Chivers & Brett Colley
- Luke Forman
- Len Kangar
- Alexei Kulakov
- Jo Hein (G)
- Melody Suter (G)
- Robyn Hills (G)
- Kelly Nelson (G)

# Housekeeping



# Housekeeping

- 2021 Monthly Dates (Tuesday's):
  - ❖ 3<sup>rd</sup> Aug; 7<sup>th</sup> Sept; 5<sup>th</sup> Oct; 2<sup>nd</sup> Nov, 7<sup>th</sup> Dec
- 2021 National Conference Dates:
  - ❖ 7<sup>th</sup> & 8<sup>th</sup> August – Sunshine Coast
  - ❖ 4<sup>th</sup> & 5<sup>th</sup> December – Sunshine Coast
  - ❖ KEEP Saturday night free
  - ❖ Graduate Only Day prior to each National Conference Date



# Housekeeping

- 2021 Ultimate Bootcamp Dates:
  - ❖ Melbourne: 10 - 12<sup>th</sup> September
  - ❖ Sydney (Virtual?): 29 - 31<sup>st</sup> October
- 2021 Other Ultimate Dates:
  - ❖ Realestate Millionaire Within – Sunshine Coast: 5-6<sup>th</sup> June
  - ❖ I Love Realestate Super Conference – Sunshine Coast: 19 - 21<sup>st</sup> Nov




# Housekeeping

- **2021 Quantum Events:** Check Ultimate Website For Full List
  - ❖ 25% Developers Club – Virtual: 24 - 25<sup>th</sup> July
  - ❖ Commercial Secrets - Virtual: 18 – 19<sup>th</sup> September
  - ❖ Fast Profits – Virtual: 16-17<sup>th</sup> October
  - ❖ Extreme Income – Virtual 23 – 24<sup>th</sup> October

# Housekeeping

## Community Profile Platform:


- ❖ Complete your profile ASAP please – 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 Message<sup>1</sup> Notification<sup>1</sup> 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

# Platinum Student Meetups

- ❖ PA Website / Platinum Schedule
- ❖ Must have your Facebook account / profile open to access the links



## PA Student Meetup Groups

These Student Meetup groups are for ALL Platinum students only, both past and present. They are organised by Platinum students to facilitate networking between Platinums and staying connected with the awesome Platinum family. Typically they occur between the PA Monthly Meetings.

**NOTE: You MUST have your Facebook Account/Profile open to access these links.**

## Brisbane Student Meetup



Student Organizer – Megan Humphreys

Click on the link below to access the Platinum Accelerator Facebook Events for each Brisbane Student Meetup. All of the upcoming dates, location, times and RSVP information is in these events.

[Brisbane Student Meetup](#)

## Sydney Student Meetup



Student Organizer – Dindy Luk

Click on the link below to access the Platinum Accelerator Facebook Events for each Sydney Student Meetup. All of the upcoming dates, location, times and RSVP information is in these events.

[Sydney Student Meetup](#)

## Melbourne Student Meetup



Student Organizer – Aygun Ozkan

Click on the link below to access the Platinum Accelerator Facebook Events for each Melbourne Student Meetup. All of the upcoming dates, location, times and RSVP information is in these events.

[Melbourne Student Meetup](#)

## Perth Student Meetup



Student Organizer – Basia Garbowska & Heath Worlton

Click on the link below to access the Platinum Accelerator Facebook Events for each Melbourne Student Meetup. All of the upcoming dates, location, times and RSVP information is in these events.

[Perth Student Meetup](#)

# Events Tab – Platinum Facebook

## Platinum Facebook:

- ❖ Events
- ❖ Monthly Meetings
- ❖ Student Meetups
- ❖ National Conferences

Platinum Accelerator  
Closed group

About  
Discussion  
Chats  
Announcements  
Members  
**Events**  
Videos  
Photos  
Files  
Group Insights  
Recommendations  
Moderate Group

Search this group

Shortcuts  
Platinum Accelerator  
Ultimate Real Estat... 20+  
Brisbane - I Love Re... 2

Events Calendar Settings + Create Event

Recurring

- QLD Monthly Meetings - Platinum Accelerator**  
Novotel Brisbane in Brisbane, Queensland, Australia  
Michael Dempsey invited you.  
Next event occurs on Apr 2 at 6:30 PM. See All  
Going Maybe Can't Go Edit Cancel
- WA Monthly Meetings - Platinum Accelerator**  
Novotel Perth Langley in Perth, Western Australia  
Michael Dempsey invited you.  
Next event occurs on Apr 3 at 8:30 PM. See All  
Going Maybe Can't Go Edit Cancel
- VIC Monthly Meetings - Platinum Accelerator**  
Rydges Hotels & Resorts in Melbourne, Victoria, Australia  
Michael Dempsey invited you.  
Next event occurs on Apr 4 at 5:30 PM. See All  
Going Maybe Can't Go Edit Cancel
- NSW Monthly Meetings - Platinum Accelerator**  
Novotel Sydney Central in Sydney, Australia  
Michael Dempsey invited you.  
Next event occurs on Apr 4 at 5:30 PM. See All  
Going Maybe Can't Go Edit Cancel
- Brisbane Student Meetups**  
Prince of Wales Hotel in Brisbane, Queensland, Australia  
Megan Humphreys invited you.  
Next event occurs on Apr 13 at 5:00 PM. See All  
Going Maybe Can't Go Edit Cancel
- Melbourne Student Meetup**  
199 William St, Melbourne VIC 3000, Australia  
Aygün Ozkan invited you.  
Next event occurs on Apr 18 at 7:00 PM. See All  
Going Maybe Can't Go Edit Cancel

# Brisbane Platinum Student Meetups

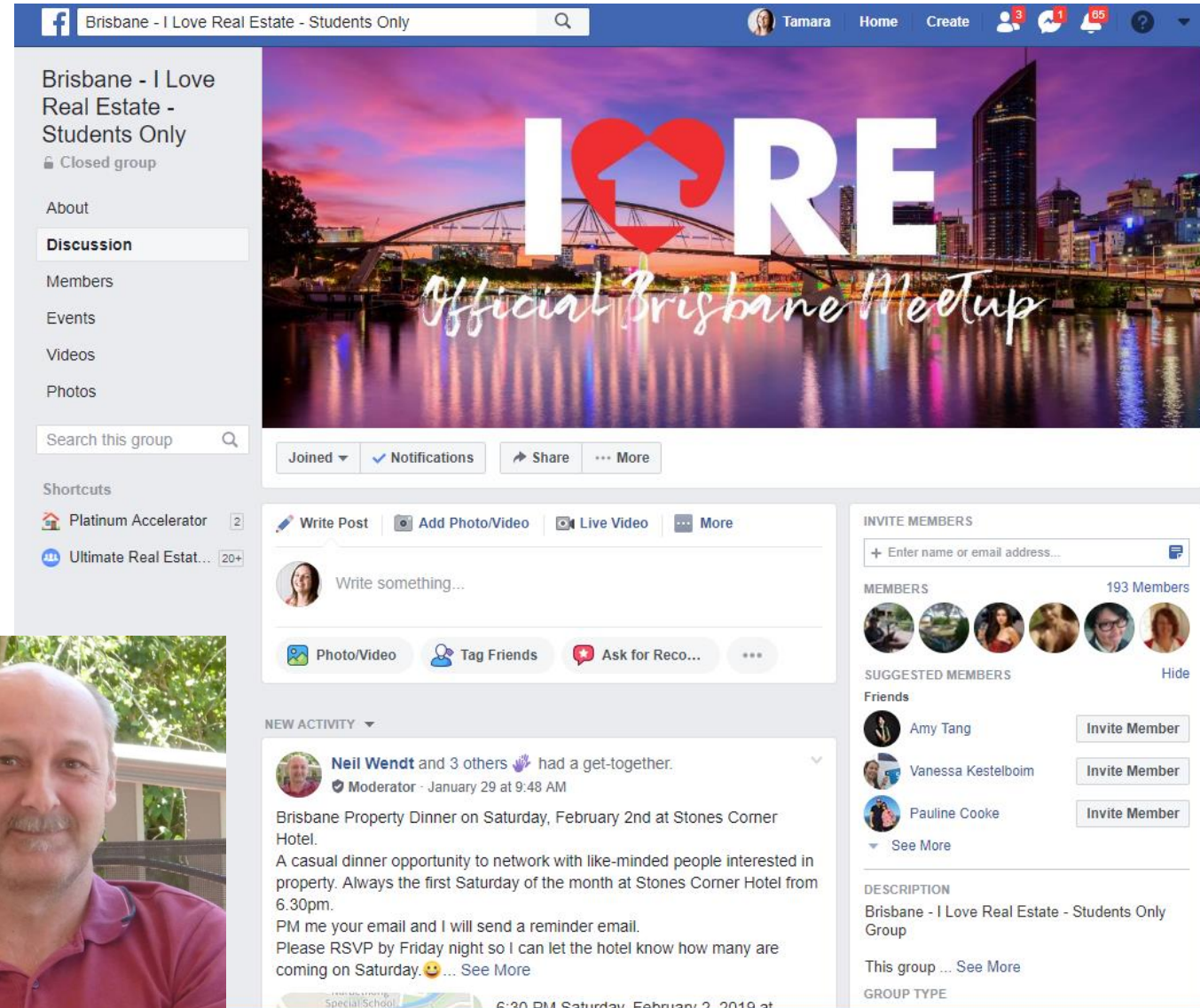
- ❖ Info & RSVP: Platinum Facebook / Events
- ❖ Brisbane location: Venue TBA
- ❖ Dates: Third Saturday each month typically 6pm
- ❖ Organizer: Karen Prescott (PM on FB)
- ❖ Text Karen on 0411 570 281 your Email or contact her on Facebook & she will send you details.
- ❖ Current & Past Platinum's!!!!



The screenshot shows a Facebook event page for 'Brisbane Student Meetups'. The event is hosted by Megan Humphreys and is scheduled for Saturday, April 13th at 5:00 PM. The location is the Prince of Wales Hotel, 100 Buckland Road, Brisbane, Queensland, Australia 4012. The event has 14 people going, 3 maybe, and 52 invited. The page also shows a calendar view with dates for April 13, May 18, and June 15, all at 5:00 PM on Saturdays. A photo of Karen Prescott, the organizer, is shown in a separate inset. The text at the bottom of the page reads: 'Hi all Brisbane Platinums, We have a Student Meetup arranged each month for both past and current Platinum students.'

# ILRE Brisbane Monthly Meetups

- ❖ Info & RSVP: Ultimate Website / ILRE Community / ILRE Brisbane Meetup / Link to FB Page
- ❖ Location – Stones Corner Hotel
- ❖ Dates – First Saturday of each month, 6:30pm
- ❖ Organizer – Neil Wendt  
Mbl 0418 766 777



The screenshot shows the Facebook interface for a group named "Brisbane - I Love Real Estate - Students Only". The group is a closed group with 193 members. The cover photo features the ILRE logo (a red heart with a house shape inside) and the text "Official Brisbane Meetup" over a cityscape at night. The group's description states: "Brisbane Property Dinner on Saturday, February 2nd at Stones Corner Hotel. A casual dinner opportunity to network with like-minded people interested in property. Always the first Saturday of the month at Stones Corner Hotel from 6.30pm. PM me your email and I will send a reminder email. Please RSVP by Friday night so I can let the hotel know how many are coming on Saturday. 😊... See More". The page also shows a "NEW ACTIVITY" section with a post from Neil Wendt and 3 others, dated January 29 at 9:48 AM, mentioning the dinner event. On the right, there is a "SUGGESTED MEMBERS" list with names like Amy Tang, Vanessa Kestelboim, and Pauline Cooke, each with an "Invite Member" button.

# GRADUATING PLATINUM'S



- Karen Sullivan
- Lee Newhouse
- John & Karen Paulsen (G)
- Christine and Brad West (G)
- Susanna Saiu
- Jane Mason (G)

PLATINUM

# Hormones & Success

---



**I LOVE**  
REAL ESTATE



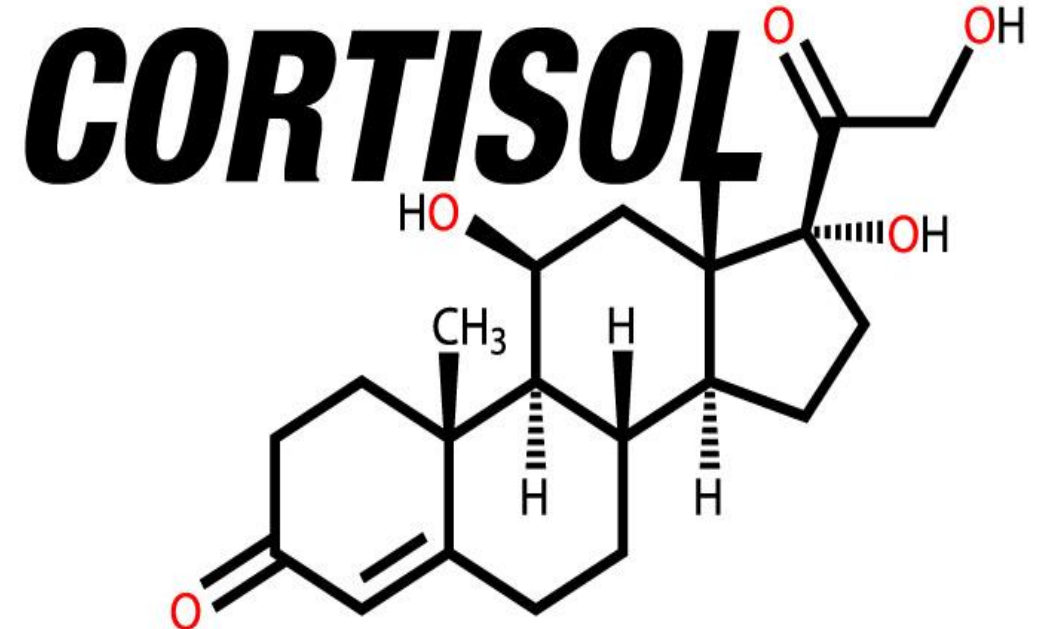
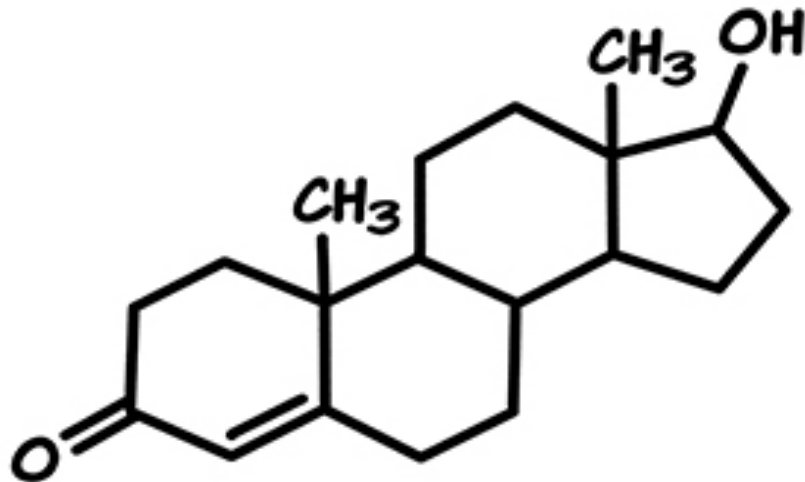
PLATINUM

# 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)

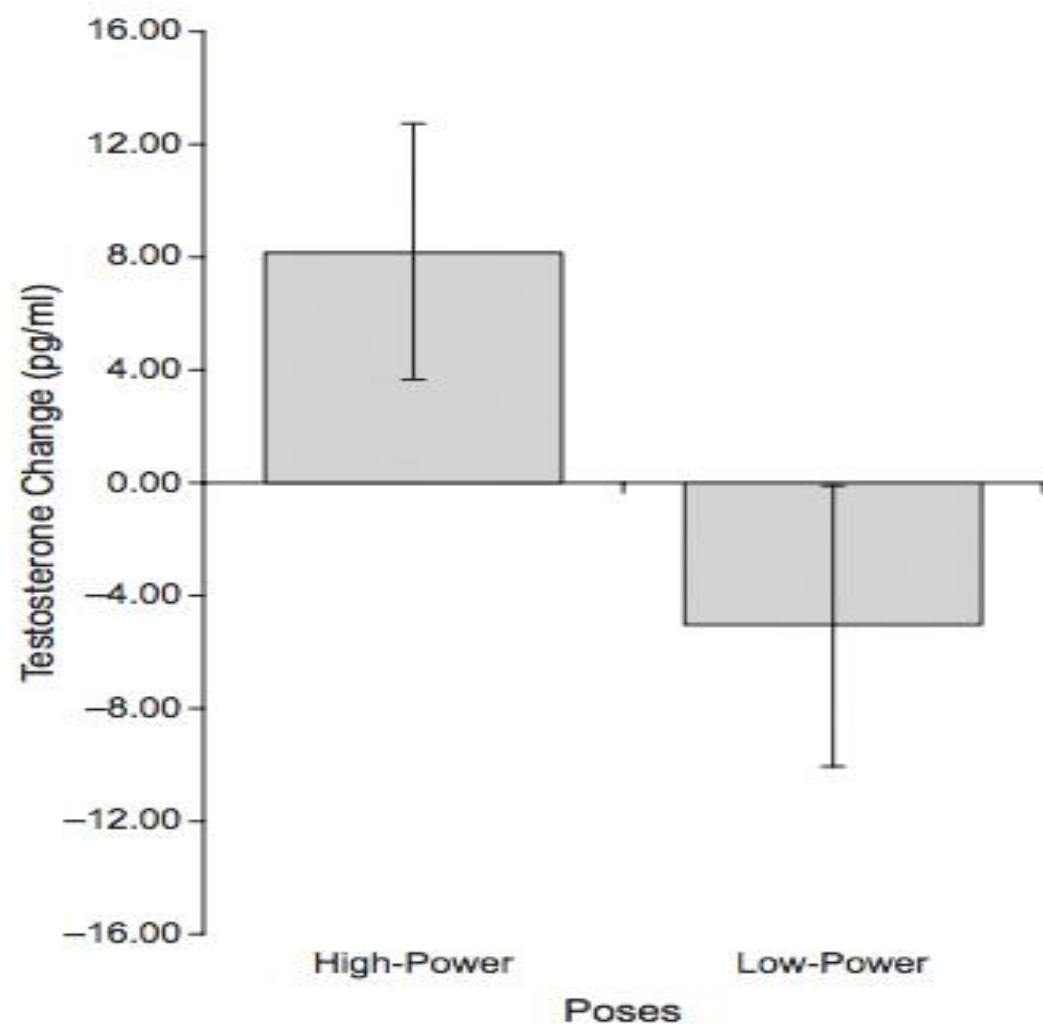


- Cuddy and her research team studied the impact of high power and low power poses by **conducting a research study on 42 students**. Here's how the study went down...
- 1) a **saliva sample** was taken from each subject and their testosterone and cortisol levels were measured.
- 2) the subject was asked 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.

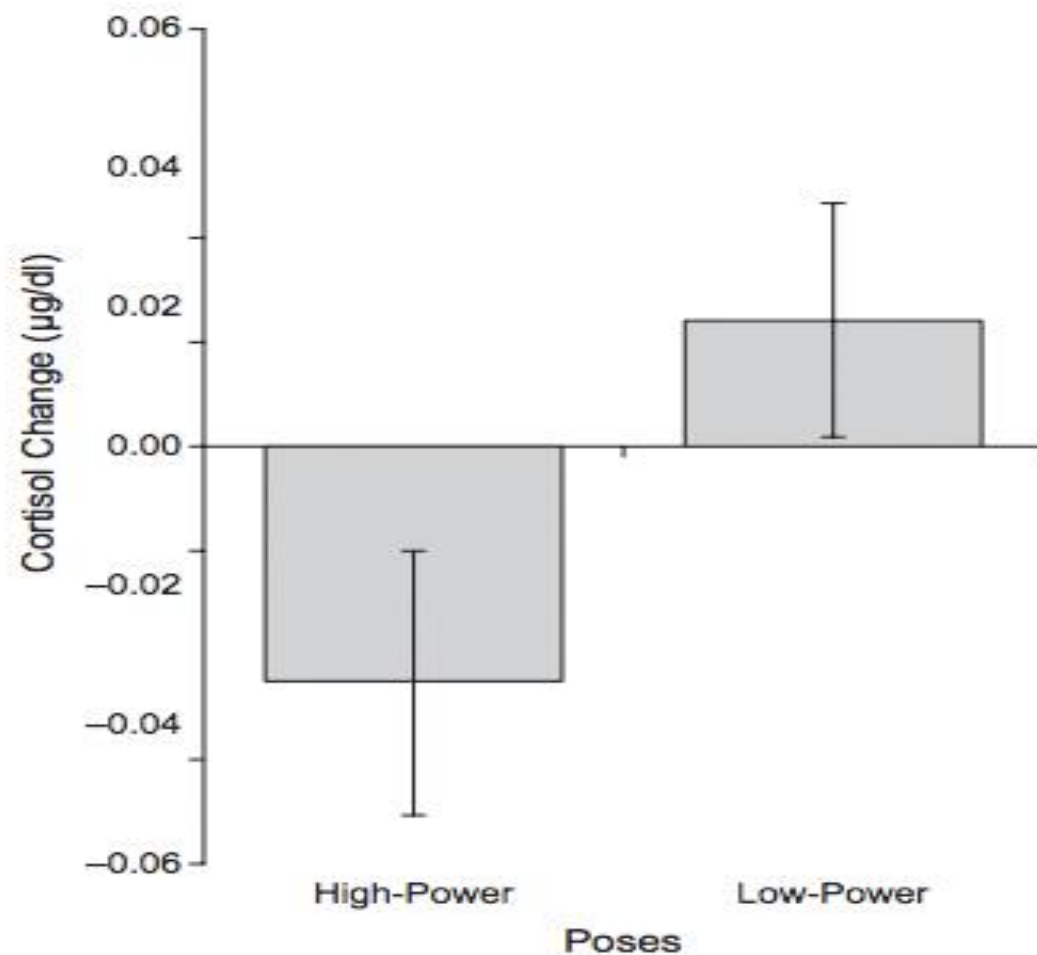
- When the researchers looked at the results, they were stunned by the impact that body language had on the hormones within the body.
- High power poses **increased testosterone by 20%** and **decreased cortisol levels by 25%**.



## 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!!**

PLATINUM

Accountability  
Monthly Goals



**I LOVE**  
REAL ESTATE



PLATINUM

# 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

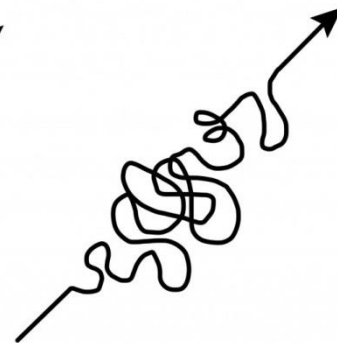
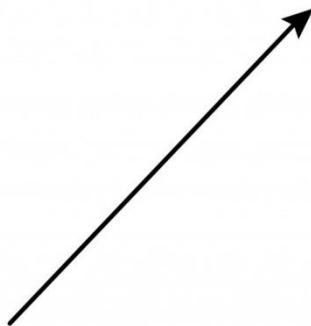
# Last Month In Review

## Share Your Successes and Challenges



SUCCESS

SUCCESS



what people think  
it looks like

what it really  
looks like

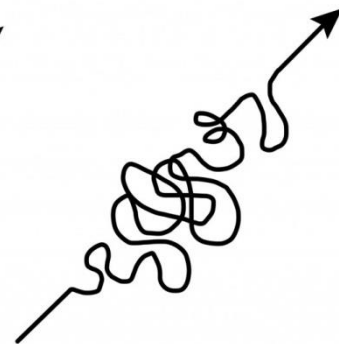
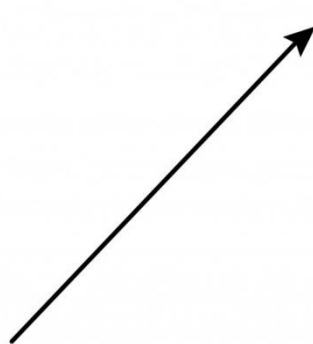
- Unmute keep your video on in chat room
- Do Not "Leave Meeting"

# Group Share

## Share Your Successes and Challenges

SUCCESS

SUCCESS



what people think  
it looks like

what it really  
looks like

- Mute audio & keep video on
- Raise hand to share with group

# This Months Plan

## Share Your Key Goals For Month



Monthly  
✓  
goals

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

# Group Share

Share Your  
Key Goals For Month

Monthly  
✓  
Goals

- Mute audio & keep video on
- Raise hand to share with group



# Tea / Coffee Break

- Workbook Print-out

# PLATINUM

# Commercial

---



**I LOVE**  
REAL ESTATE



# 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](http://www.appleby.com.au)

20 STATION ST, BAYSWATER 3153

## The Deal

- Agent Brochure

**I LOVE**  
REAL ESTATE



# PLATINUM



**39 Power Road, Bayswater 3153**

Flexible investment opportunity

1 title - 5 tenancies

Solid returns

Land area 1946m<sup>2</sup>

Building area 950m<sup>2</sup>

**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](http://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: 1946m<sup>2</sup>

Building Area: 950m<sup>2</sup>

Current net rental of \$56,451

(Auction Terms:)

**I LOVE**  
REAL ESTATE



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

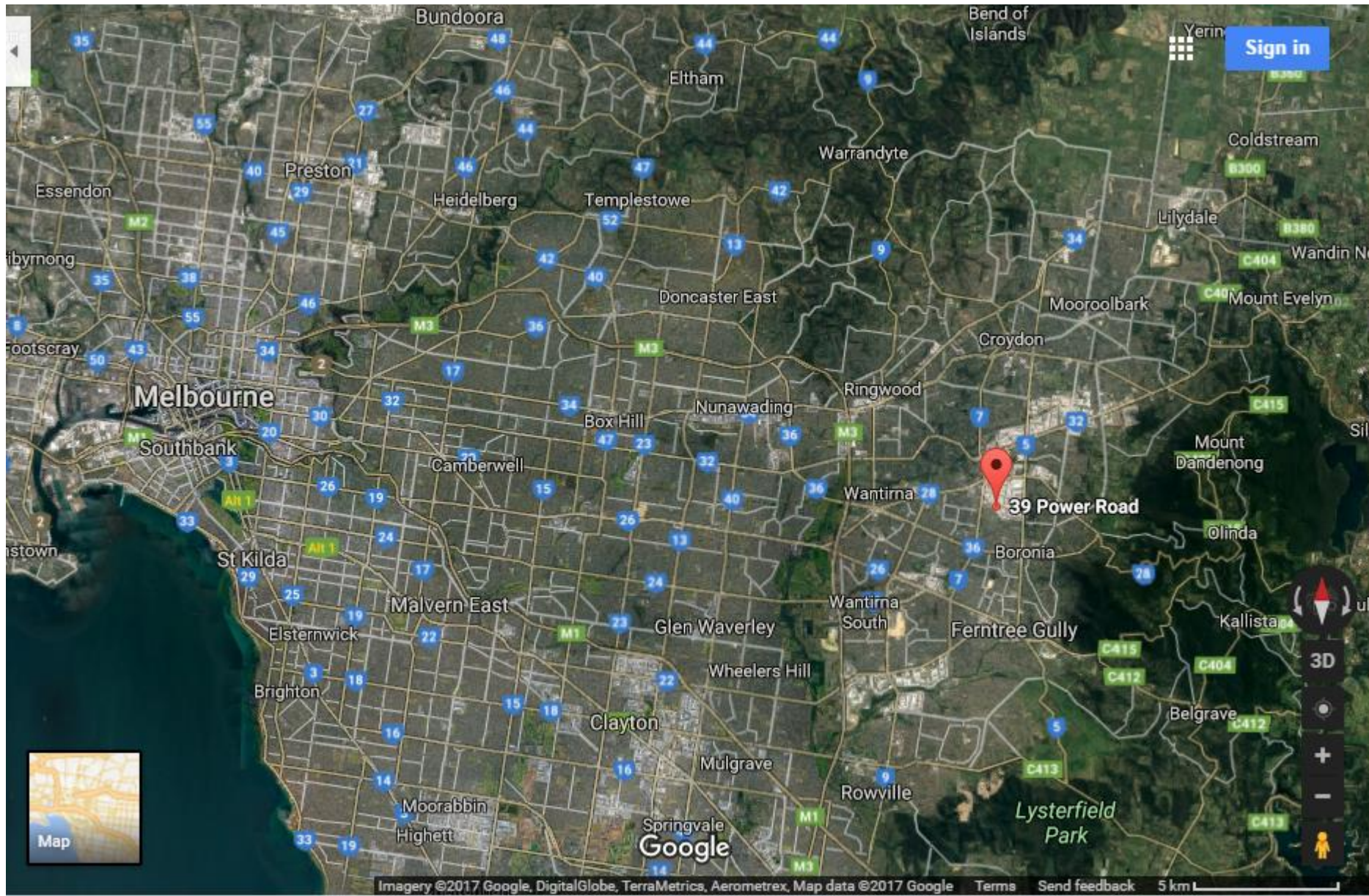
# Unit 5



# 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



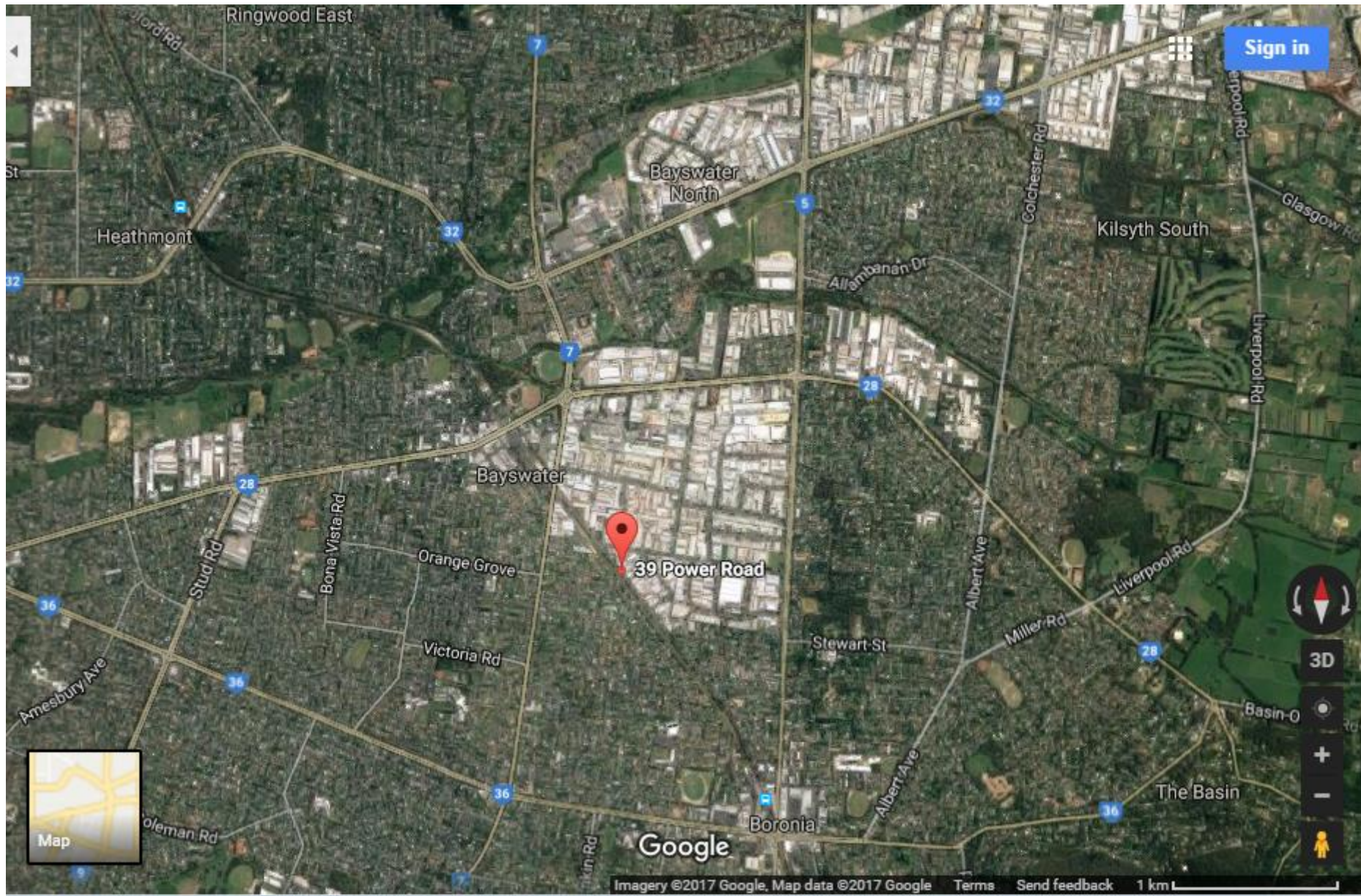


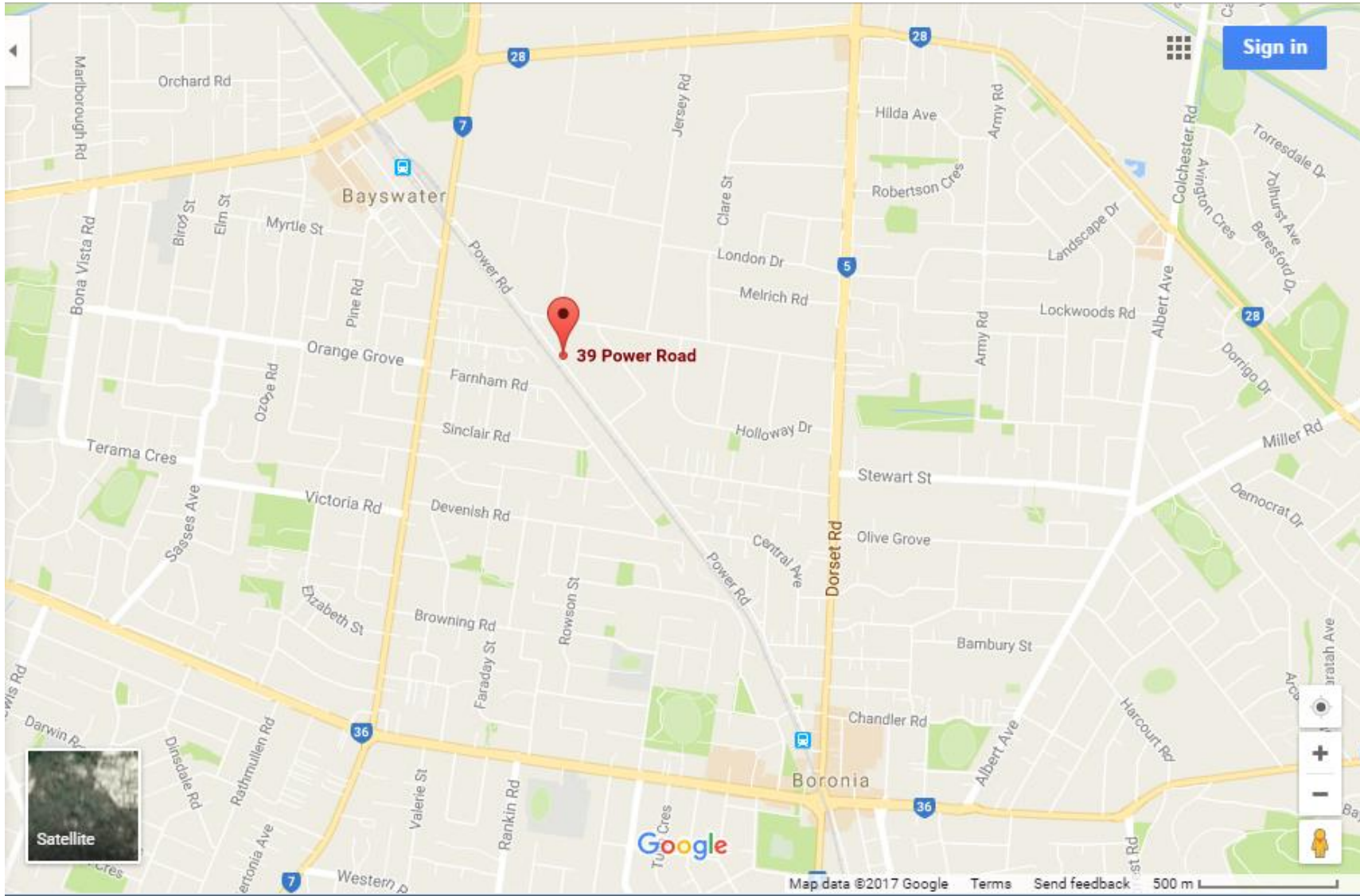
Location:

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 | <b>D</b> |
| 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                   | ✓ | 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

**D = Demand Affected**  
**S = Supply Affected**

- Group Discussion – Contrast the location characteristics

| Location Characteristics                              |   | Contrast                            |          |
|---|---|-------------------------------------|----------|
| Melbourne CBD – 28km                                  | ✓ | Smaller population                  | <b>D</b> |
| 800m to Bayswater commercial centre                   | ✓ | Isolated from business district     | <b>D</b> |
| Land locked industrial estate                         | ✓ | Near vacant land = future expansion | <b>S</b> |
| 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                     | <b>D</b> |
| 800m to Bayswater commercial centre                   | ✓ | Isolated from business district        | <b>D</b> |
| Land locked industrial estate                         | ✓ | Near vacant land = future expansion    | <b>S</b> |
| Well established & fully developed industrial estate  | ✓ | New estate = vacant land/new buildings | <b>S</b> |
| 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                          | <b>D</b> |
| 800m to Bayswater commercial centre                   | ✓ | Isolated from business district             | <b>D</b> |
| Land locked industrial estate                         | ✓ | Near vacant land = future expansion         | <b>S</b> |
| Well established & fully developed industrial estate  | ✓ | New estate = lots vacant land/new buildings | <b>S</b> |
| Easy access to Eastlink Freeway – CBD & suburb access | ✓ | Long distance to highway/motorway           | <b>D</b> |
| 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                          | <b>D</b> |
| 800m to Bayswater commercial centre                   | ✓ | Isolated from business district             | <b>D</b> |
| Land locked industrial estate                         | ✓ | Near vacant land = future expansion         | <b>S</b> |
| Well established & fully developed industrial estate  | ✓ | New estate = lots vacant land/new buildings | <b>S</b> |
| Easy access to Eastlink Freeway – CBD & suburb access | ✓ | Long distance to highway/motorway           | <b>D</b> |
| Main road exposure = Exposure                         | ✓ | Poor exposure                               | <b>D</b> |
| 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                   | ✓ | 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 | ✓ | 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                             |   |   |   |
| 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                   | ✓ | 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 | ✓ | 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

**D = Demand Affected**  
**S = Supply Affected**

- Group Discussion – Contrast the location characteristics

| Location Characteristics                              |   | Contrast                                    |          |
|---|---|---|----------|
| Melbourne CBD – 28km                                  | ✓ | Smaller population                          | <b>D</b> |
| 800m to Bayswater commercial centre                   | ✓ | Isolated from business district             | <b>D</b> |
| Land locked industrial estate                         | ✓ | Near vacant land = future expansion         | <b>S</b> |
| Well established & fully developed industrial estate  | ✓ | New estate = lots vacant land/new buildings | <b>S</b> |
| Easy access to Eastlink Freeway – CBD & suburb access | ✓ | Distance to highway/motorway                | <b>D</b> |
| Main road exposure = Exposure                         | ✓ | Poor exposure                               | <b>D</b> |
| Across road = railway line & residential              | ✓ | Isolated location                           | <b>D</b> |
| Train stations x2 near by                             | ✓ | Difficult to access                         | <b>D</b> |
| On edge of industrial estate                          | ✓ | Middle of estate = competition?             | <b>S</b> |

**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: 1946m<sup>2</sup>
- Building Area: 950m<sup>2</sup>
- Current net rental of \$56,451

**Property Details**

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

| Component  | Building Area (m <sup>2</sup> )            | Land Area (m <sup>2</sup> ) | Rental PA   | Sale Price |
|------------|--|-----------------------------|-------------|------------|
| Investment | 950m <sup>2</sup> ((5 Seperate Tenancies)) | 1946m <sup>2</sup>          | \$55,700.00 | n/a        |

[All amounts are expressed as GST exclusive.]

**Contact****Nick Draffin**E-mail: [nick@appleby.com.au](mailto:nick@appleby.com.au)

Phone: 03 8727 9554

Mobile: 0407 058 223

**Philip Leeson**E-mail: [phil@appleby.com.au](mailto:phil@appleby.com.au)

Phone: 03 8727 9555

Mobile: 0417 389 514

**Features**

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

**Outgoings**

|                                   |           |                      |
|-----------------------------------|-----------|----------------------|
| <b>Outgoings Payable</b>          | BY TENANT | <b>Water Rates</b>   |
| <b>Land Tax</b>                   |           | <b>Council Rates</b> |
| <b>Body Corporate / Insurance</b> |           | <b>Other Charges</b> |

**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](mailto:nick@appleby.com.au)

# Agent IM = Information Memorandum

| <b>NET RENTALS - 39 POWER ROAD</b>         |                           |                           |                           |                           |                           |  |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--|
|  | <b>FACTORY 1</b>          | <b>FACTORY 2</b>          | <b>FACTORY 3</b>          | <b>FACTORY 4</b>          | <b>FACTORY 5</b>          |  |
| 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                |  |
| <b>NET RENTAL</b>                          | <b><u>\$10,524.23</u></b> | <b><u>\$10,342.20</u></b> | <b><u>\$12,195.72</u></b> | <b><u>\$10,294.09</u></b> | <b><u>\$13,095.43</u></b> |  |
| <b>OUTGOINGS - 39 POWER ROAD BAYSWATER</b> |                           |                           |                           |                           |                           |  |
|  |                           |                           |                           |                           |                           |  |
|  |                           |                           |                           |                           |                           |  |
|  | <b>FACTORY 1</b>          | <b>FACTORY 2</b>          | <b>FACTORY 3</b>          | <b>FACTORY 4</b>          | <b>FACTORY 5</b>          |  |
| 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                  |  |
|  |                           |                           |                           |                           |                           |  |
| <b>TOTAL OUTGOINGS</b>                     | <b><u>\$2,233.33</u></b>  | <b><u>\$2,233.33</u></b>  | <b><u>\$2,992.20</u></b>  | <b><u>\$2,537.87</u></b>  | <b><u>\$3,006.28</u></b>  |  |
|  |                           |                           |                           |                           |                           |  |
|  | <b>FACTORY 1</b>          | <b>FACTORY 2</b>          | <b>FACTORY 3</b>          | <b>FACTORY 4</b>          | <b>FACTORY 5</b>          |  |
| 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                |
| <b>NET RENTAL</b>                   | <b><u>\$10,524.23</u></b> | <b><u>\$10,342.20</u></b> | <b><u>\$12,195.72</u></b> | <b><u>\$10,294.09</u></b> | <b><u>\$13,095.43</u></b> |
|                                     |                           |                           |                           |                           |                           |
| 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                  |
| <b>TOTAL OUTGOINGS</b>              | <b><u>\$2,233.33</u></b>  | <b><u>\$2,233.33</u></b>  | <b><u>\$2,992.20</u></b>  | <b><u>\$2,537.87</u></b>  | <b><u>\$3,006.28</u></b>  |





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         |
| <b>NET RENTAL</b>                   | <b>\$10,524.23</b> | <b>\$10,342.20</b> | <b>\$12,195.72</b> | <b>\$10,294.09</b> | <b>\$13,095.43</b> |
| 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           |
| <b>TOTAL OUTGOINGS</b>              | <b>\$2,233.33</b>  | <b>\$2,233.33</b>  | <b>\$2,992.20</b>  | <b>\$2,537.87</b>  | <b>\$3,006.28</b>  |

## ❖ 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         |                   |            |             |         |
| 12/24 Longstaff Rd   |                   |            |             |         |
| 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 <sup>2</sup> |
|----------------------|-------------------|-------------|--|----------------------------|
| 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/m<sup>2</sup>
- Agents: \$1200 - \$1300/m<sup>2</sup>
- Valuer: \$845/m<sup>2</sup> (due to age)

# 5. Comparison Method - Determine Potential Price

- Adopt \$845/m<sup>2</sup> rate
- **Market Value** = Square meter rate x rentable area
- \_\_\_\_\_

## 5. Comparison Method - Determine Potential Price

- Adopt \$845/m<sup>2</sup> rate
- **Market Value** = Square meter rate x rentable area
- \$845/m<sup>2</sup> x 952m<sup>2</sup> = \$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               |
| LESS OUTGOINGS              | \$2,233.33                | \$2,233.33                | \$2,992.20                | \$2,537.87                | \$3,006.28                |
| <b>NET RENTAL</b>           | <b><u>\$10,524.23</u></b> | <b><u>\$10,342.20</u></b> | <b><u>\$12,195.72</u></b> | <b><u>\$10,294.09</u></b> | <b><u>\$13,095.43</u></b> |
| LEASE TERM                  | MONTHLY                   | MONTHLY                   | MONTHLY                   | MONTHLY                   | MONTHLY                   |
| FACTORY SIZE                | 158m <sup>2</sup>         | 160m <sup>2</sup>         | 214m <sup>2</sup>         | 186m <sup>2</sup>         | 234m <sup>2</sup>         |
| OCCUPATION COMMENCED        | Dec-06                    | Dec-02                    | Mar-04                    | Aug-01                    | Nov-97                    |
| USE                         | STEEL                     | SILVER                    | METAL                     | METAL                     | STORAGE                   |
|                             | FABRICATION               | PLATING                   | FABRICATION               | POLISHING                 | MACHINERY                 |

❖ Answer:  $\$56,452/952\text{m}^2 = \$59.30/\text{m}^2$

# 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.



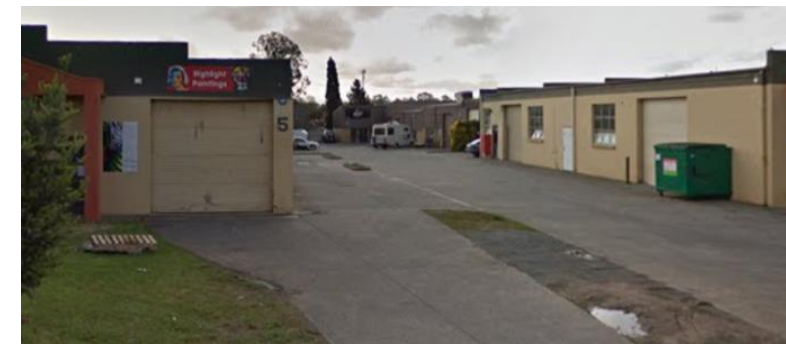
**UNIT 5 / 100 Canterbury Road,**  
**Date Set - Term** July 2015 -  
**Net Rental (\$/pa)** \$22,000  
**Floor Area (sqm)** 321

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<br>(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/m<sup>2</sup>

- Deal Rental Rate = \$59/m<sup>2</sup>

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

**4 Agents Feedback:  
\$70-\$85/m<sup>2</sup>**

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

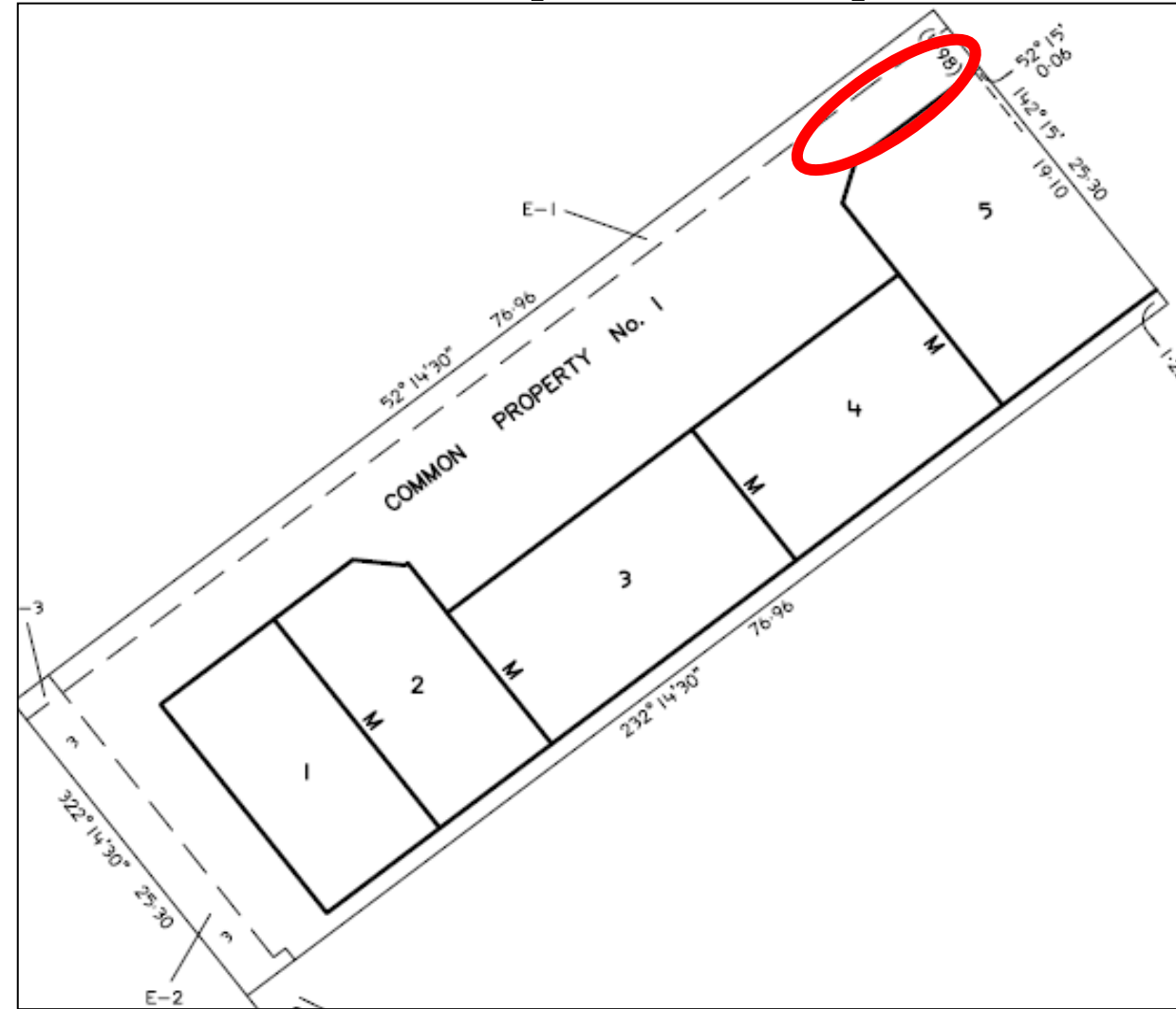


## 7. Activity – Calculate New Net Annual Income

- Targeting upper market rental rate = \$85/m<sup>2</sup>
- Net Annual Income = Rentable area x Rental Rate
- Answer: 952m<sup>2</sup> x \$85/m<sup>2</sup> = \$80,920/yr
- Increase in income? \$56,262 vs \$80,920 = Increase of \$24,658/yr

## 8. Strategy 2 – Rent Hardstand Area Separately

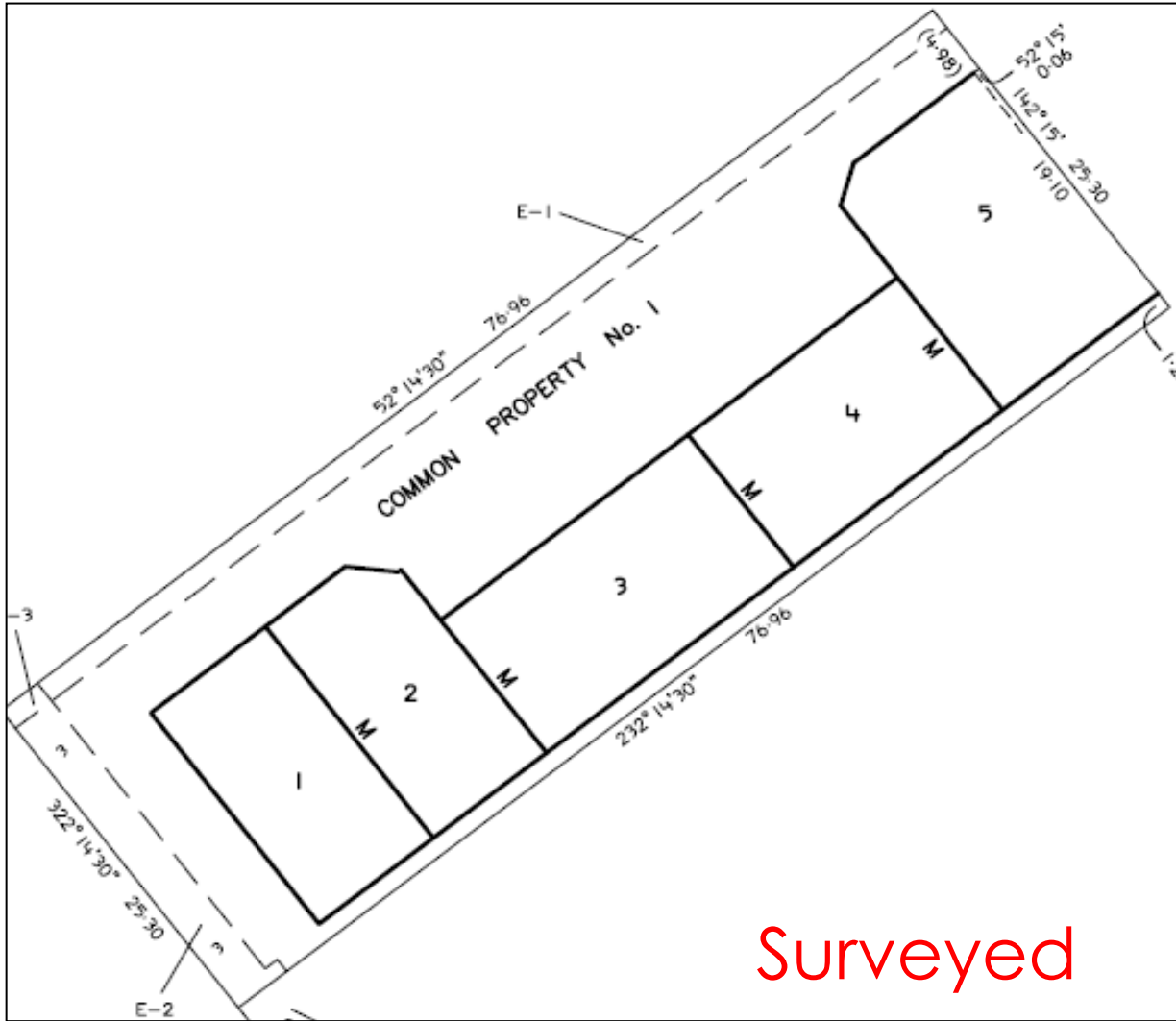
- 45m<sup>2</sup> hardstand area next to Unit 5 was being used by the tenant but not paid for
- Reclaim the hardstand area, fence off for exclusive use and rent to an existing tenant or new tenancy @ \$50/m<sup>2</sup>
- Additional Income?  
 $45\text{m}^2 \times \$50/\text{m}^2 = \$2,250/\text{yr}$



## 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:  $(\$80,920 + \$2,250) / 0.0625 = \$1,330,720$
- Potential** Increase in Value :  $\$1,330,720 - \$800,000 = \$530,720$  !!!!

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

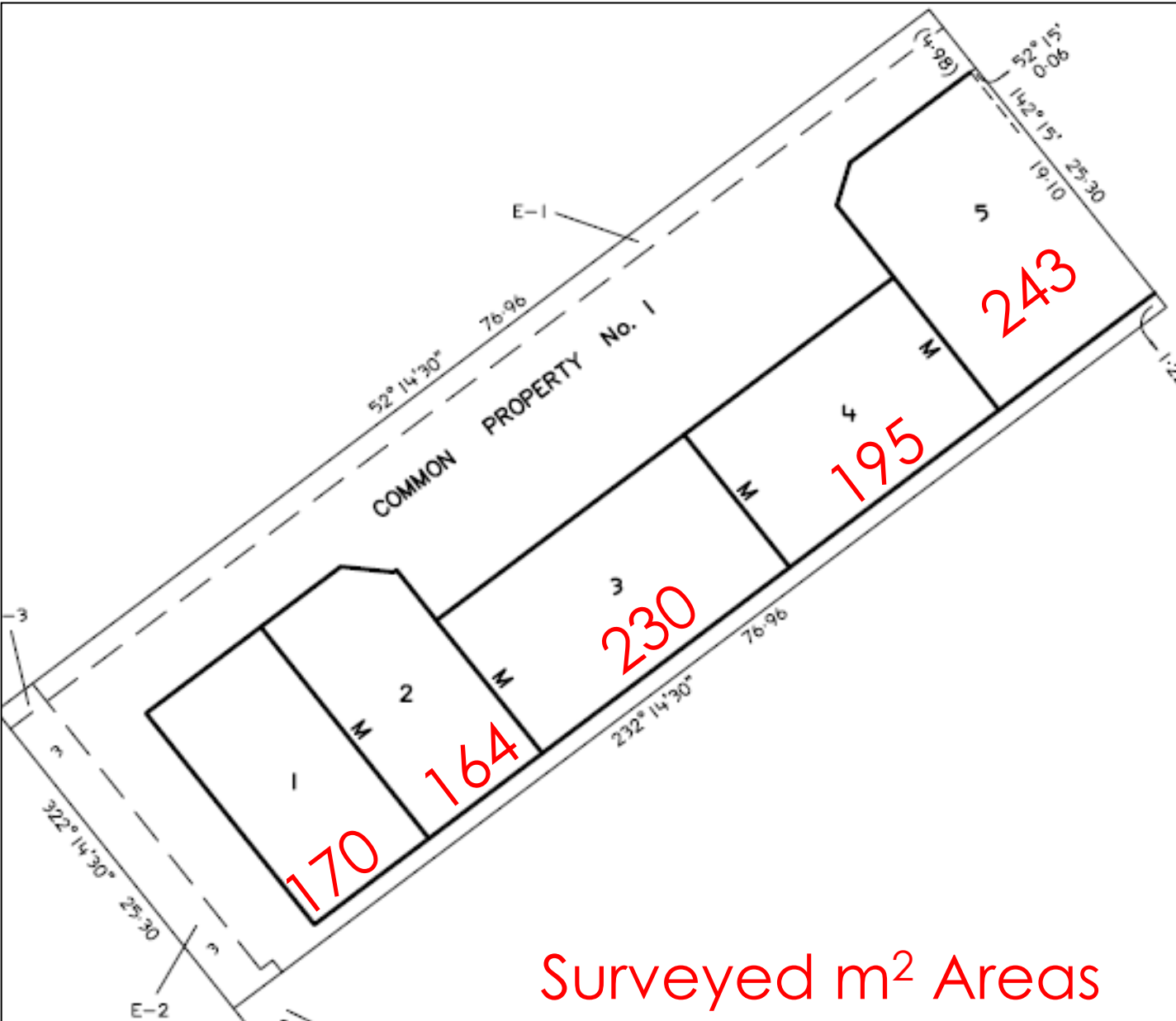


Surveyed



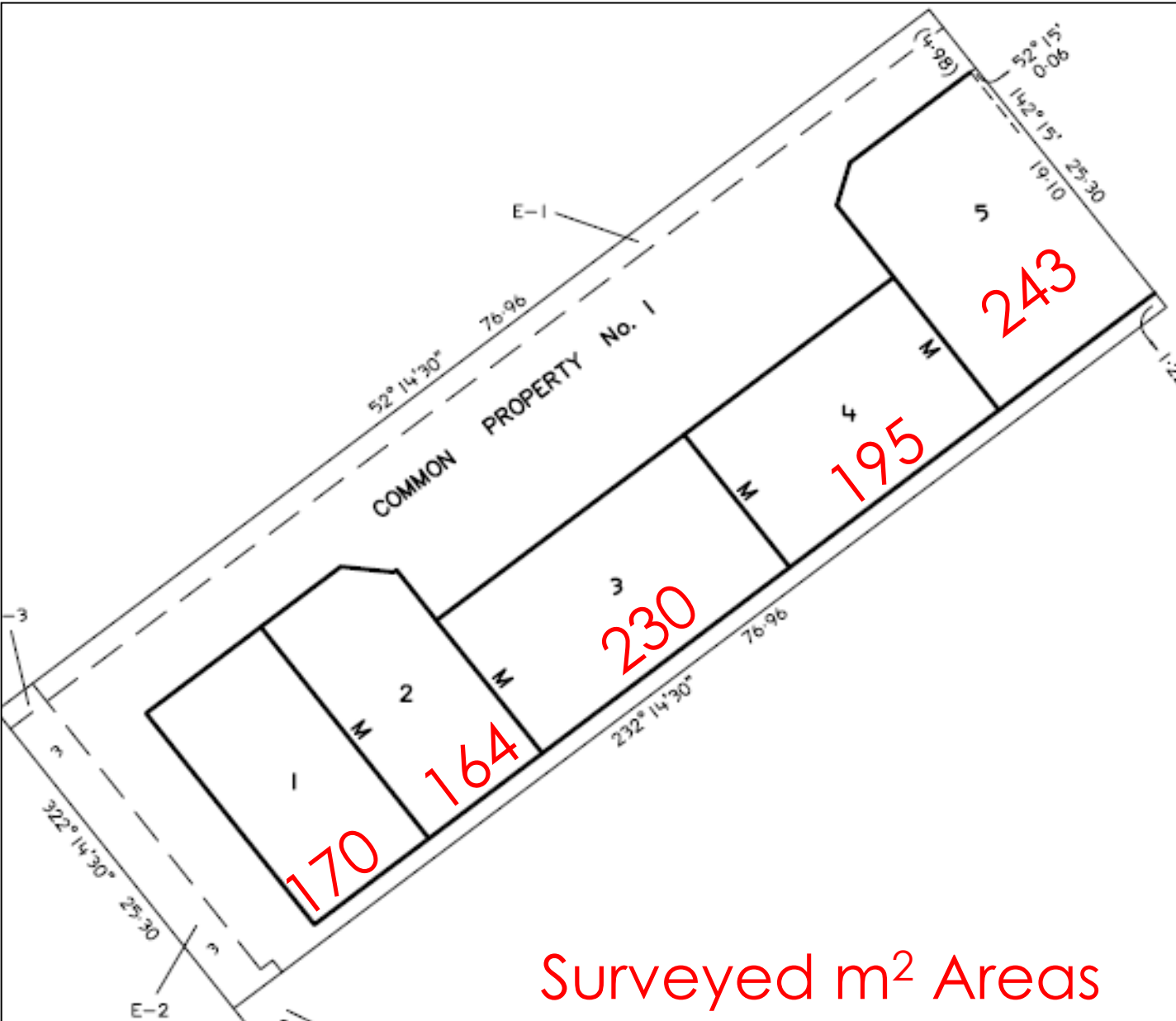
Fire Separation Works

# 10a. New Lettable Areas From Strata Survey Plan



| Unit   | m <sup>2</sup> |
|--------|----------------|
| Unit 1 |                |
| Unit 2 |                |
| Unit 3 |                |
| Unit 4 |                |
| Unit 5 |                |
| Total  |                |

# 10a. New Lettable Areas From Strata Survey Plan



Surveyed m<sup>2</sup> Areas

| Unit   | m <sup>2</sup> |
|--------|----------------|
| Unit 1 | 170            |
| Unit 2 | 164            |
| Unit 3 | 230            |
| Unit 4 | 195            |
| Unit 5 | 243            |
| Total  | 1002           |

Sold as 952m<sup>2</sup> = Extra 50m<sup>2</sup>!!!!

# 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/m<sup>2</sup>
- Valuer Adopted Post Reno: \$1477m<sup>2</sup> (vs \$845/m<sup>2</sup> on purchase!!)
- **Market Value = Square meter rate x rentable area**
- Answer: \$1477/m<sup>2</sup> x 1002m<sup>2</sup> = \$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           |  |
| <b>Additional Funds Released</b> |  |



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           |  |
| <b>Additional Funds Released</b> |  |

# 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   |                 |
| <b>Additional Funds Released (I-F)</b> |             | <b>\$56,128</b> |

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

# QUESTIONS?