

Partially Tenanted Cairns Case Study- Masterclass

Welcome to your Masterclass series. This Masterclass we are focusing on evaluating a partially tenanted freehold retail property in Cairns QLD.

Partially Tenanted Properties are Opportunities:

Partially tenanted properties offer an opportunity to buy at a discounted price, and create a higher yielding property ... either to keep for cash-flow for yourself, or to sell when fully tenanted at about the same yield as you purchased.

13 Spence Street, Cairns- QLD

Freehold building in the CBD of Cairns City

For sale at \$1,550,000 by Private Treaty;

2 level building

Partially tenanted - 3 tenancies in total

All 3 tenants have separate electricity, bathrooms and air conditioning

Strata titled into 3 lots, to offer investors flexibility for the future

Lettable areas 401 sqm

Land area 222 sqm

Unimproved land value \$350,000

Ground Floor shops and upstairs offices

No allocated car parks



Price Reduction - \$1.65m to \$1.55m Freehold Cairns CBD Building For Sale

Retail

13 Spence Street, Cairns City, Qld 4870

Floor Area: 401 m²

Land Area: 220.00 m² (approx)

For Sale

Contact agent Scott Green for details
For Sale

Property Description

- * Attractive CBD building - Cairns, Far North Queensland
- * Near the Reef Hotel Casino in the centre of Cairns busy tourist precinct
- * 401 sqm GFA over two levels
- * 222 sqm land area
- * Building has three strata titled tenancies for future flexibility
- * A potential \$135,000-\$140,000 gross income fully leased
- * Very well maintained
- * Information memorandum available on request

Additional Details

Tenure Type

Tenanted
Investment

Retail Shop 1 - 110 sqm

Tenant - Jeweller

Lease 2 years plus 2 yr option stated December 2017

Rental Review: 3% fixed annual increases and a market review at option

Rent \$50K including GST - so Gross rent ex. GST would be \$45,454

Security Bond: \$9,166.67 including GST

Retail Shop 2 - 100s qm

Vacant

Asking Rental: \$45,000 gross per annum including GST

So potential Gross ex GST would be \$40,909

Upstairs Office 3 - 191 sqm

Tenant- Accountancy

Lease: 3 by 3 years Started May 2012

Lease Option Expiry: 30/04/18

Current Rental: \$33,350 per annum including GST

Gross rent ex GST \$30,318

Security Bond: \$6,250 including GST

Total Property Outgoings:

Council rates \$10,928 per annum

Building insurance: \$9,456 per annum

Repairs & maintenance \$3,000 per annum

Total outgoings: \$23,384

Total Current Gross Rent: $\$45,454 + \$30,318 = \$75,772$

Total Potential Gross Rent: $\$45,454 + \$30,318 + \$40,909 = \$116,681$

Gross yield on potential fully rented: 7.5%

Total Current Net Rent: $\$75,772 - \$23,384 = \$52,388$

Yield on current rent is 3.37%

Total Potential Net Rent: $\$116,681 - \$23,384 = \$93,297$

Yield on potential Net rent is 6%

Good Points & Strengths

- One tenant has been in business for over 10 years = highly likely that there's stability in the tenant & business
- Well located in CBD- with strong surrounding business buildings and foot traffic (*This property neighbours' the iconic Boland Centre, Orchid Plaza, DFS Galleria and the Reef Hotel Casino which are some of the most popular tourist retail buildings in Cairns CBD*)
- Sits within the state government tourist development site- so government supporting infrastructure enhancements that will attract more tourism
- Building in excellent condition - nothing to do- no additional costs for refurbishing etc.
- Chance to negotiate price further down as it's already been reduced.

Weak Points / Concerns

No allocated car parks (but metered car parking available on street)

Need to research market rent rates, to see if those rents can be maintained.

Potential yield of 6% seems a bit low, compared to other options

Comparison with other properties on the market

Net yields at 7.4%

Gross yield at 7.5%

Further down the street (away from the CBD) 12.5% gross yield



Inner City Commercial Suites with a tenant in place and 3 private carparks - Now ...

Offices

Cairns City, address available on request

Floor Area: 100 m²

Land Area: 1.00 m² (approx)

Property Description

Ideal position, near the CBD action, for a young executive or professional with vision to plan for their future business location.

Recent massive reduction of \$25,000 to \$299,400 offering 7.4% net and other advantages offered by a commercial investment. Two units combined, making a very useable 100m² in the very centre of Cairns City, and a few minutes walk to the newly proposed \$1 billion "Global Tourism Hub" on the Cairns waterfront. Also offers that scarce commodity - 3 private car spaces in the CBD. The current tenants have been here for over 6 years.

For Sale

Massive reduction to \$299,400
For Sale

Additional Details

Building

Partial

Tenure Type

Tenanted
Investment

Return

7.0% P.A.



Buy as vacant possession or tenanted investment, \$60,000 rental return, 7.5% yield, ...

Medical/Consulting • Offices

Cairns Central Plaza , Ground, 58 McLeod Street, Cairns City, Qld 4870

Floor Area: 145 m²

Land Area: 5.00 m² (approx)

Property Description

- **7.5% yield**
- **Annual rental income \$60,000**

Blue chip tenant, 5-year lease, A-Grade Building in the heart of Cairns; opposite Cairns Central Shopping Centre.

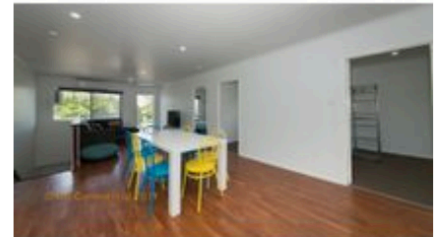
This ground floor commercial suite enjoys high street visibility with a lot of passing traffic. This will make an ideal investment property as it will attract high capital growth and high returns. This suite is ideal for a cafe, bar or eatery that requires strong on street presence.

For Sale

Contact Agent
For Sale

Additional Details

Building Partial	Tenure Type Tenanted Investment
Energy Efficiency 5.0-star NABERS	Municipality Queensland
Car Spaces 3	Return 7.5% P.A.
Zoning Strata	Parking Comments Secure Underground Car Parks



Stellar Returns Land for Future Development

Offices • Retail • Medical/Consulting

194 Spence Street, Bungalow, Qld 4870

Floor Area: 400 m²

Land Area: 881.00 m² (approx)

Property Description

- **Prime Investment Opportunity**
- **881m²* Freehold Land**
- **Enormous Future Value (STCA)**

Positioned within Cairns' surging city fringe precinct, this two storey commercial building with commanding double frontage of 17.8 metres* on Spence Street is offered to the market by Expressions of Interest.

The substantial land holding of 881m²* sits on a single title and features a solid construction with near new roof of 510m²*. It offers two fully furnished 3-bedroom units with laundry's and two downstairs retail shops with kitchenettes and bathrooms. It also offers excellent rear access with 260m²* on-site parking and storage.

Currently returning \$105,000* per annum, this property is positioned in a desirable location, only 2kms* from the Cairns Esplanade. It also has outstanding public transport options and a bus stop nearby and enormous future value (STCA).

- > 881m²* Freehold Land
- > 400m²* Floor Area
- > 17.8m* Double Frontage on Spence Street
- > 2 Upstairs Fully Furnished 3-bedroom Units with Laundry's
- > 2 Downstairs Retail Shops with Kitchenettes & Bathrooms...

For Sale

Expressions of Interest Invited
For Sale

Additional Details

Building
Whole

Tenure Type
Tenanted
Investment

Car Spaces
12

Return
12.5% P.A.

Parking Comments
Plenty of parking in rear

Opportunity Assessment

Excellent opportunity if tenants are staying on and you can re-tenant in about 6 to 12 months- factor in those costs and also the costs of “rent free” periods for a new tenant.

3 strata titles, so you can sell off 1, 2 or all 3 down the track when there's been some capital growth and 3% rental increases have taken effect.

Price has been reduced- so question whether this depicts current market values as lower than expected??

See if you can Negotiate price down to closer to 7.5% net yield and include reasons why...

- market rent rates??
- no allocated car parks for tenants or visitors- compared to other properties.
- Other property prices, returns and yields