# GROWING YOUR COMMERCIAL PROPERTY PORTFOLIO

# DECIDE ON WHAT YOU WANT TO FOCUS ON GROWING

1. The value of your portfolio - capital growth
2. The income from your portfolio- Positive cash-flow
3. The number of Properties in your portfolio under your main strategy… or branching our into other strategies.

# YOUR STRATEGY DEPENDS ENTIRELY ON YOUR CIRCUMSTANCES

- Your age
- Your financial situation, income, equity, loan capacity
- Your comfort level on different types of risk
- Your current assets
- Your desire to own the property long term v's using it purely for cashflow and looking at 'Interest-only' type loans
- Your Lifestyle and Income Goals

**You should always seek professional advice from your accountant and or financial adviser. They will have access to your financial and asset details and future goals.**

# 1. GROWING THE VALUE OF YOUR PORTFOLIO – CAPITAL GROWTH

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- Capital growth will be dependent on the location of the property… usually more for CBD - less in Suburbs - less in Regional- but there are always exceptions and growth pockets to watch for.
- Gentrifying suburbs and regional locations, will have more growth over time, as infrastructure is added by government and business… Busses, trains, highways, schools and universities, hospitals, recreation centres etc.
- Property Type… Retail and Office will be more likely to incur capital growth and much less in general for Industrial / Warehouse property.
- Industrial and warehouse capital growth can come over time if you buy property with land than can be developed later on, by a new buyer (or yourself)

# 1. GROWING THE VALUE OF YOUR PORTFOLIO – CAPITAL GROWTH

- Keeping an eye out for residential growth suburbs, may give you an indication of locations for commercial property growth … as office and business and surrounding warehouses will pick up in value as residents move in and spend money on local services and goods.
- Check online for statistics
- Keep and eye out on Helen's Hot List of locations and come to the Meetups to get the latest updates.

# 1. GROWING THE VALUE OF YOUR PORTFOLIO – CAPITAL GROWTH

**Gentrifying Suburbs…**

- ‘Gentrification is a change in the fortunes of a particular suburb, including the changing demographics of the people who actually live there.’
- ‘…analyse those suburbs where incomes are growing, which therefore increase people’s ability to afford, and pay higher prices, for property.’
- ‘look for any new innovative developments or community infrastructure such as new residential communities, hospitals, schools and rail or road projects.’
- *https://propertyupdate.com.au/the-six-stages-of-suburb-gentrification/*

# 1. GROWING THE VALUE OF YOUR PORTFOLIO – CAPITAL GROWTH

**Gentrifying Suburbs…**

**'Things you should look for are:**

- Are the number of children under 19 years of age decreasing faster than the state average?
- Is the local population getting younger? The number of older people should be decreasing faster than the state average.
- Are there more affluent two people households? Is the number of couples without children increasing faster than the state average?
- What are the educational qualifications of the residents? Is there a larger number of people with tertiary education? Are there more professionals?'
- *https://propertyupdate.com.au/the-six-stages-of-suburb-gentrification/*

# 1. GROWING THE VALUE OF YOUR PORTFOLIO – CAPITAL GROWTH

## Capital Growth Through Your Tenant…

**Remember your lease is your ticket to capital growth if it has in-built rent increases each year.**

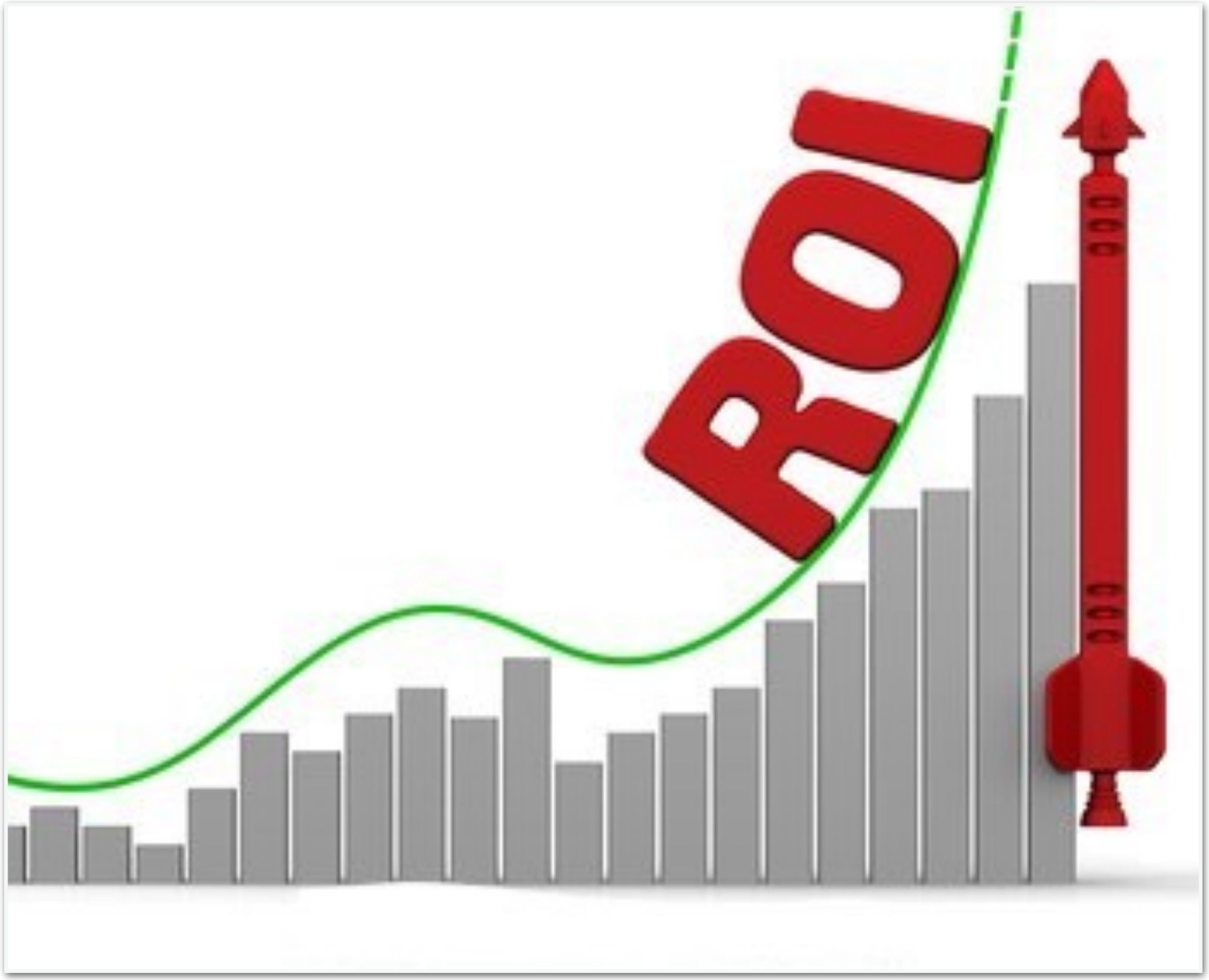
- Yearly rent increases at 3% to 5% or even lower or CPI, means your total rental return is increasing.
- Since commercial property is purchased on yields, this will improve the yield and hence the price of your property
- This is therefore your inherent capital growth.
- However remember there will be market rent reviews… and this means rent could go up or down

# 1. GROWING THE VALUE OF YOUR PORTFOLIO – CAPITAL GROWTH

## Capital Growth Through Your Tenant…

- Finding vacant property for a discounted price
- Refurbishing to attract a better tenant at higher rent… this will give you a higher yielding property, hence you have created capital growth - based on yields.

# 2. GROWING THE INCOME FROM YOUR PORTFOLIO- POSITIVE CASHFLOW



## 2. GROWING THE INCOME FROM YOUR PORTFOLIO- POSITIVE CASHFLOW

- Income growth will again come from yearly rent increases
- Possibly from some of the market rent reviews over time
- Attracting higher quality tenants and charging more rent
- Improving the premises, repainting, re-flooring, refurbishing… etc so you can charge more rent.
- Looking at mixed-tenancy properties, with a residential tenant on top of a retail shop… where the residential can be turned onto commercial offices, and therefore have more tenants - and / or charge more rent plus outgoings.

# 3. GROWING THE NUMBER OF PROPERTIES IN YOUR PORTFOLIO

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- Using your first commercial property with positive cashflow, to fund the next property investment (equity for loan plus cash-flow to pay loan faster - then move onto the 3rd property as soon as you are financially able to)
- Insert a SMSF strategy and leverage that to continue to grow your portfolio

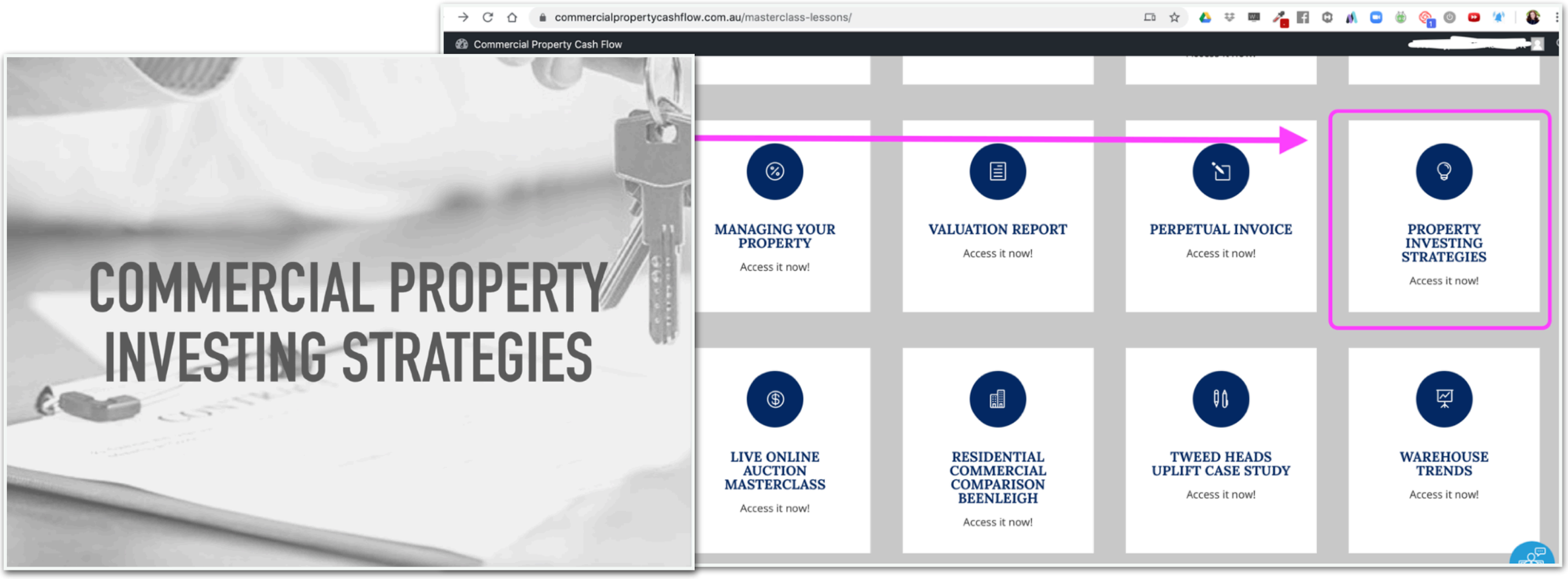
# REFER TO OTHER TRAINING

Watch the previous Masterclass training on….

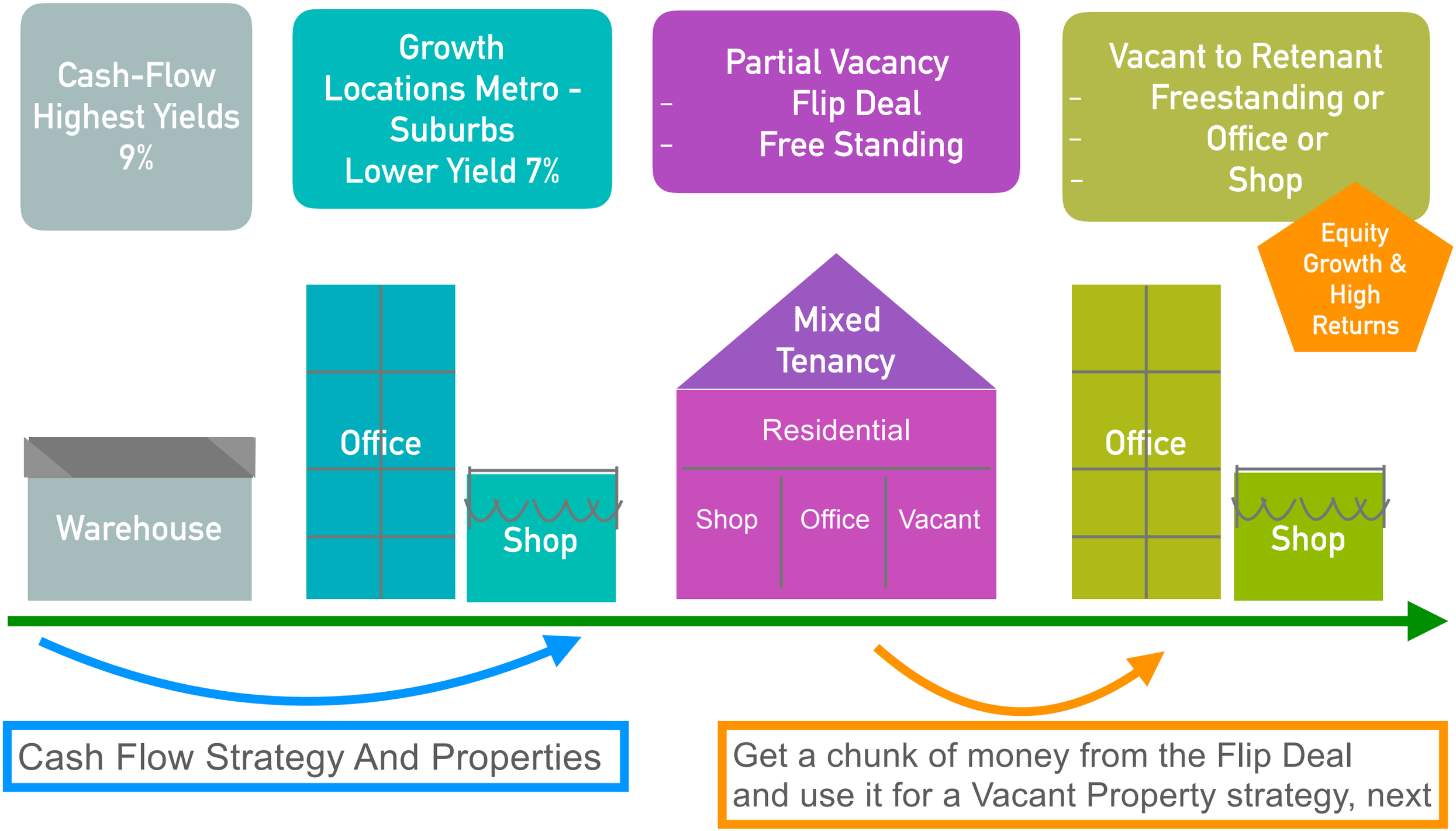
**‘Commercial Property Investing Strategies’**

**(Make sure you are logged In)**

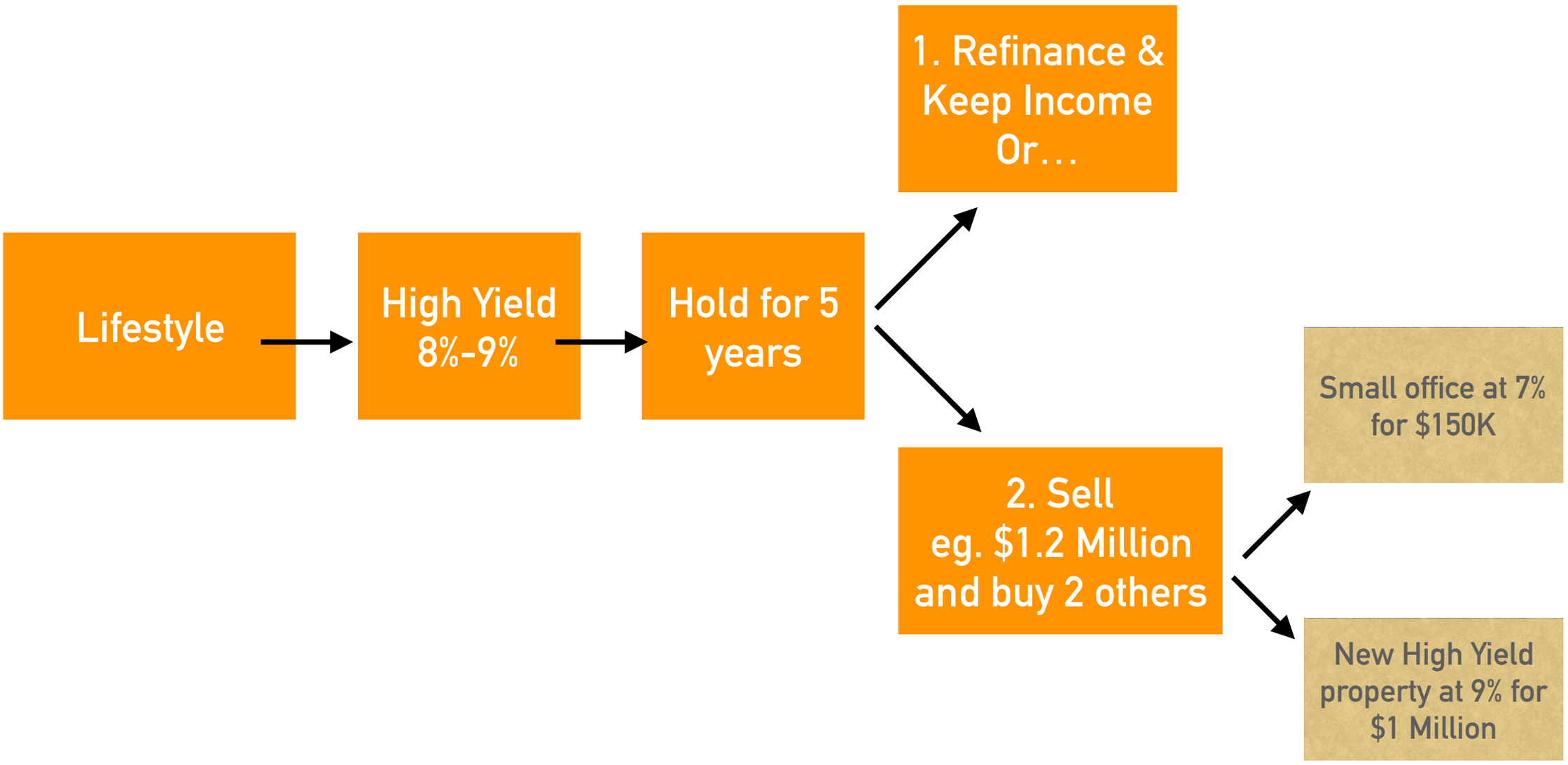
https://commercialpropertycashflow.com.au/masterclass-lessons-2/property-investing-strategies/



# TYPICAL COMMERCIAL PROPERTY JOURNEY & STRATEGIES



# PROPERTY STRATEGY 1- LIFESTYLE



# PROPERTY STRATEGY 2 – PAY OFF DEBT

Can use Blue Chip Properties for this strategy

Pay Off Debt

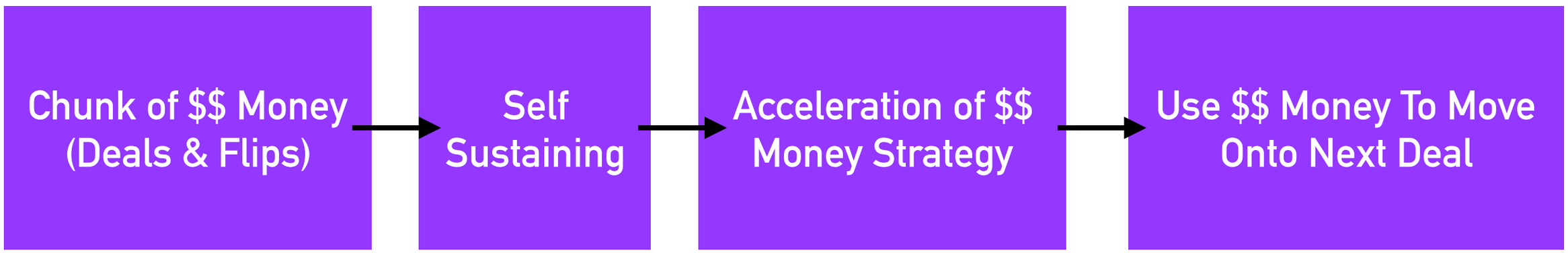
Buy & Hold
Pay off in time
Increase in Yield over time
Interest only loan

When loan goes to Principle and Interest

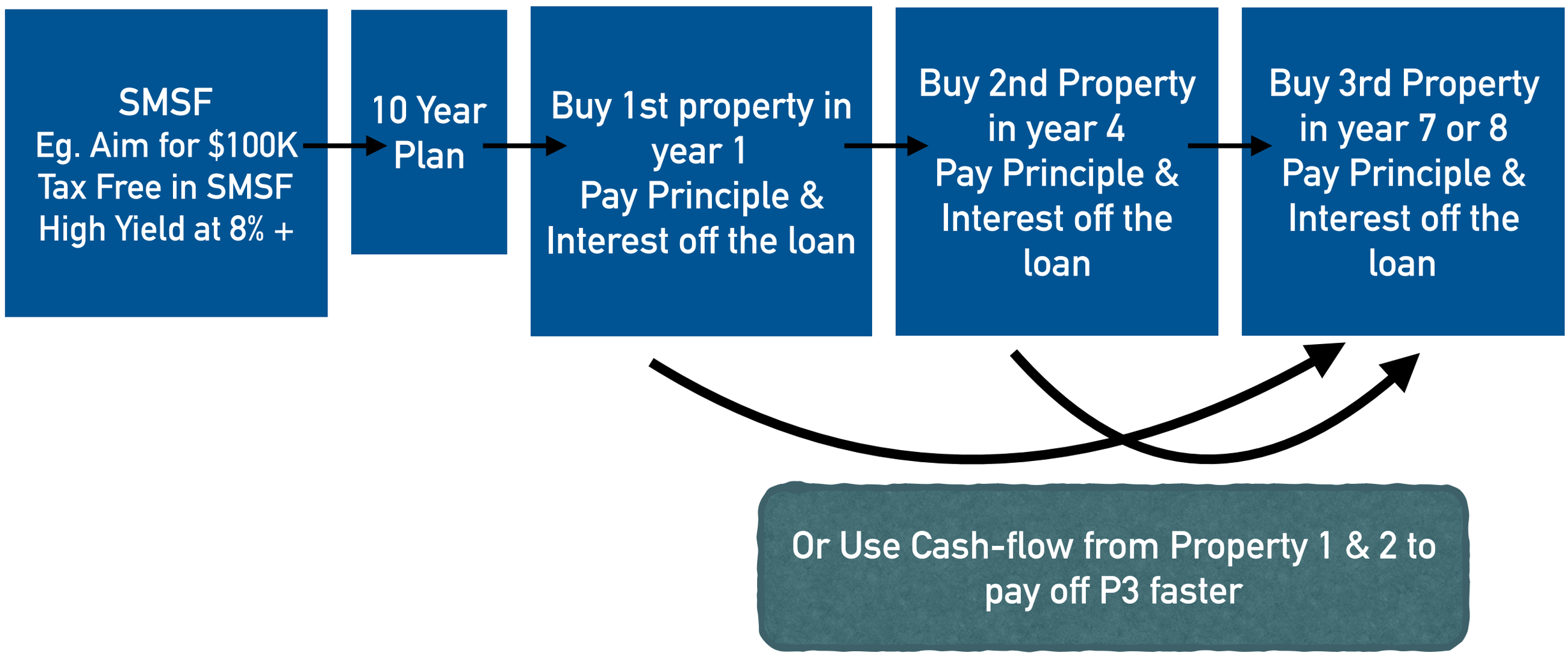
Sell Off
Or
Keep to use Cash-flow to live off
Or
Pay off the property debt (Principle & Interest)
Enjoy any capital Growth

Use the cash flow for next 3 to 5 years
Pay off other debt-lifestyle use- pay off this property

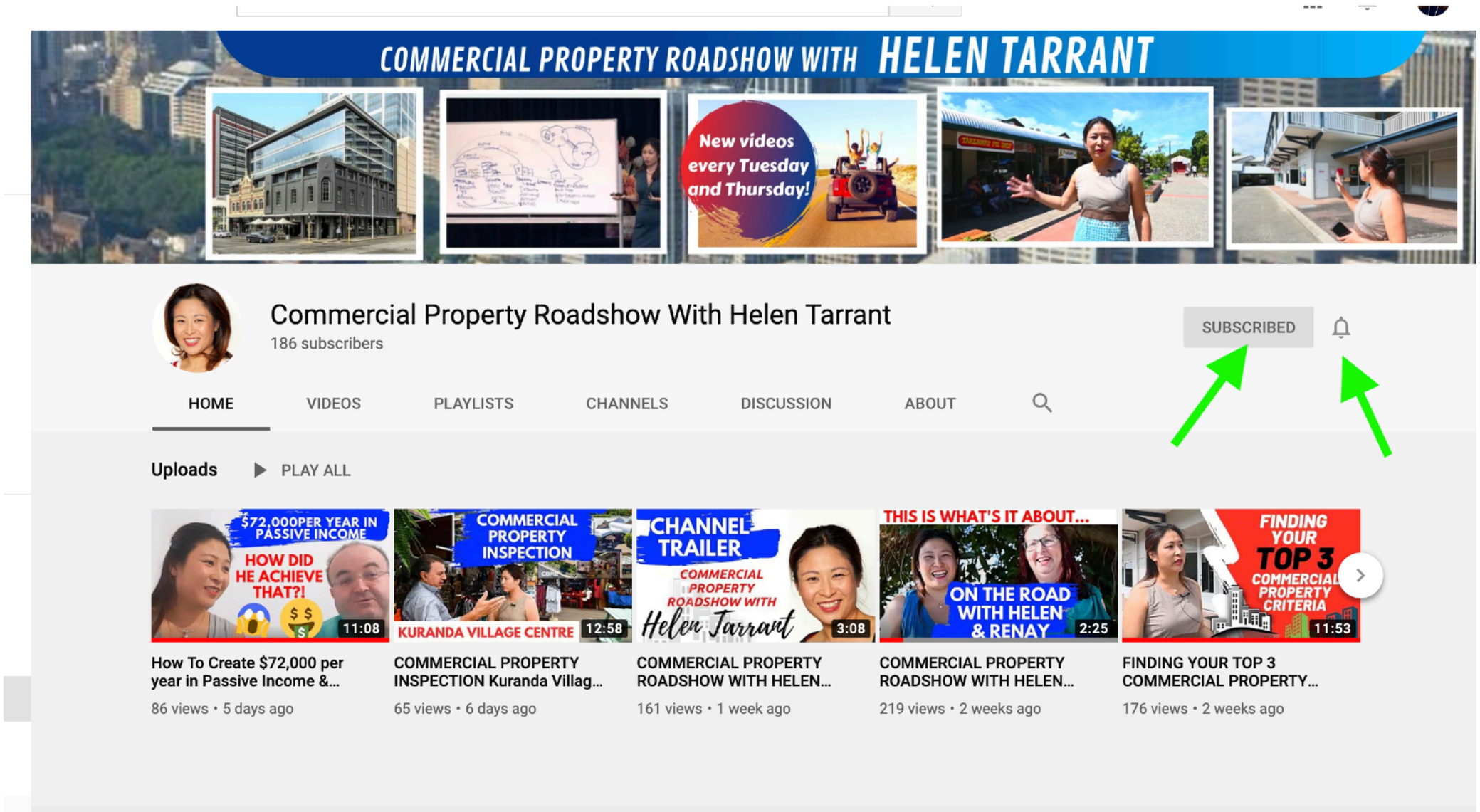
# PROPERTY STRATEGY 3 – DEALS & FLIPS $$



# PROPERTY STRATEGY 4 – SMSF



# YOUTUBE ROAD-SHOW SUBSCRIBE




*Keep updated with Helen's Tips and Strategies on her YouTube channel...**Commercial Property Roadshow with Helen Tarrant***

**- https://www.youtube.com/channel/UCnw-fdCKbEScizdoTcGyDJw**

# PODCAST SUBSCRIBE

Keep updated with Helen's Tips and Strategies on her Podcast channel…

**Commercial Property Roadshow with Helen Tarrant**

- https://podcasts.apple.com/ph/podcast/commercial-property-roadshow-with-helen-tarrant/id1484804524?