

# Welcome to The Commercial Property Cashflow Webinar



**CORONAVIRUS PANDEMIC UPDATE APRIL 2020**

# LIVE WITH YOU TONIGHT....

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- Helen Tarrant - Commercial Property Investing Specialist Australia
- Graeme Hough - the founder of Commercial Warehouse- Graeme specialises in Commercial Property Finance.
- Greg Lazarus - the founder and director of MultiView; a property investment, development and management company.
- Starting with some News and Government Updates - Nomiki

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Job Keeper for the employed and for sole traders

- <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/JobKeeper-Payment-for-sole-traders?fbclid=IwAR2aYmALsBmCT82Uivb7xQftLbiqByWwf9g03LmAU8UEp4Bb2fubSY8zCKM>
- Sole traders may be eligible to receive the JobKeeper Payment if their turnover has reduced. Following registration by the eligible business, the Government will provide \$1,500 per fortnight per eligible employee for a maximum of 6 months. This will support sole traders to maintain their income and connection with employees.

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Main Support For Business

- <https://business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business?fbclid=IwAR0330BndLl1kpjj0GZapvolaesypYXkn-rl1QOorJ3kzydeno1uT9IxFRc>



### Support available for sole traders

If you're a sole trader, learn what your business can get and where to go for help.



### Support available for employers

If you employ people, learn what your business can get and where to go for help.

### Support available for companies

If you run a company, learn what your business can get and where to go for help.

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Main Support For Flow of Credit

- <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Supporting-the-flow-of-credit>

### Supporting the flow of credit

*Last Updated: 02 April 2020*

The Government, Reserve Bank of Australia and the Australian Prudential Regulation Authority have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium enterprises (SMEs).

#### On this page

[Coronavirus SME Guarantee Scheme](#)

[Access to credit for small businesses](#)

[Supporting the flow and reducing the cost of credit](#)

[Supporting Non-ADI and smaller ADI lenders](#)

[Ensuring banks are well placed to lend](#)

### Coronavirus SME Guarantee Scheme

The Coronavirus SME Guarantee Scheme will provide support for these businesses. Under the Scheme, the Government will provide a guarantee of 50 per cent to small and medium enterprise (SME) lenders for new unsecured loans to be used for working capital. This will enhance these lenders' willingness and ability to provide credit, which will result in SMEs being able to access additional funding to help support them through the upcoming months.

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Main Support For Business and Tenants

- <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/government-assistance-for-business>
- <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/a-hold-on-evictions-for-renters>

### **A hold on evictions for renters**

*Last Updated: 30 March 2020*

The Prime Minister has announced new measures to help renters. Evictions will be put on hold over the next 6 months for commercial and residential tenancies in financial distress, who are unable to meet their commitments due to the impact of the coronavirus.

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Main Support For Business and Tenants

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# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Main Support For Business - ATO

- <https://www.ato.gov.au/Business/Depreciation-and-capital-expenses-and-allowances/Simpler-depreciation-for-small-business/Instant-asset-write-off/>

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Depreciation and capital expenses and allowances

Simpler depreciation for small business

Instant asset write-off

General depreciation rules - capital allowances

Backing business investment

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Instant asset write-off for eligible businesses

Under instant asset write-off eligible businesses can:

- › immediately write off the cost of **each** asset that cost less than the threshold
- › claim a tax deduction for the business portion of the purchase cost in the year the asset is first used or installed ready for use.

Instant asset write-off can be used for both new and second-hand assets. Some exclusions and limits apply.

The instant asset write-off eligibility criteria and threshold have changed over time. You need to check your business's eligibility and apply the correct threshold amount.

Changes from 12 March 2020

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Landlords and Tenants To Work It Out

- <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/a-hold-on-evictions-for-renters>
- The Australian Government, together with the states and territories have agreed on a common set of principles:
- a short term, temporary moratorium on eviction for non-payment of rent to be applied across commercial tenancies impacted by severe rental distress due to coronavirus
- tenants and landlords are encouraged to agree on rent relief or temporary amendments to the lease
- the reduction or waiver of rental payment for a defined period for impacted tenants
- the ability for tenants to terminate leases and/or seek mediation or conciliation on the grounds of financial distress

# GOVERNMENT SUPPORT FOR SMALL BUSINESS

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## Landlords and Tenants To Work It Out

- <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/a-hold-on-evictions-for-renters>
- commercial property owners should ensure that any benefits received in respect of their properties should also benefit their tenants in proportion to the economic impact caused by coronavirus
- landlords and tenants not significantly affected by coronavirus are expected to honour their lease and rental agreements
- cost-sharing or deferral of losses between landlords and tenants, with Commonwealth, state and territory governments, local government and financial institutions to consider mechanisms to provide assistance
- Commercial tenants, landlords and financial institutions are encouraged to talk about short term agreements.
- More information about this will be available this week.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- <https://www.realcommercial.com.au/news/commercial-tenants-and-landlords-to-get-coronavirus-answers-by-tuesday>
- “Also the landlord would be protected in that the lease would not be able to be terminated on those grounds, so there’s give and take in this, give and take.
- “Those tenants and landlords are being encouraged to sit around that table and get that done now, the mandatory code would require it and if you sit outside the mandatory code then you are leaving yourselves out in the cold.”

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- <https://www.realcommercial.com.au/news/commercial-tenants-and-landlords-to-get-coronavirus-answers-by-tuesday>
- The Prime Minister said, the code would incorporate a “proportionality principle” by which the turnover reduction of the tenant would need to be reflected in the rental waiver of the landlord, or for landlords and tenants to agree to a revised rental amount.
- He also said that banks would need to be supportive of these tenants and landlords under the soon-to-be-announced mandatory code.
- “We would expect banks to be very supportive of the agreements reached by landlords and tenants who would be working under this mandatory code,” said Morrison.
- The Prime Minister said Cabinet hopes to consider the issue again on Tuesday at the latest.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- <https://www.realcommercial.com.au/news/commercial-real-estate-and-covid-19>
- Burgess Rawson director Ingrid Filmer advised struggling tenants to speak to their landlords as soon as possible and attempt to negotiate an agreement for a rent reduction or deferral.
- “When tenants approach landlords I think it’s really important to find a happy medium, whether that’s deferred rent, rather than rent-free, or whether it’s a percentage of the rental liability,” she says.
- “You’re better off negotiating with your landlord rather than saying ‘I’m just not going to pay’.”
- Filmer says tenants who don’t pay could find themselves in a worse position financially, with landlords forced to draw on bonds and personal guarantees that their tenants have signed over.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- <https://www.realcommercial.com.au/news/commercial-real-estate-and-covid-19>
- “A lot of tenants have basically said, ‘I just don’t want to pay rent’. Realistically that’s not an option. Even with the government talking about the banks deferring payments for six months, that doesn’t change council rates, water rates, insurance, electricity and the other bills for landlords,” she says.
- Filmer says commercial tenants making use of all available financial support is particularly important as a large percentage of landlords won’t have access to those same subsidies.
- “Rather than going to the landlord and saying, ‘Give me rent free’, they should be trying to access all of the money and assistance that’s available to them. Landlords can’t access those measures.”

# CORONAVIRUS PANDEMIC UPDATE 2020 – ONLINE AUCTIONS

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- Surge in online auctions for residential properties.
- Will probably see a surge in these for commercial too.
- *Remember! Best to negotiate and settle for our commercial property OUTSIDE of an auction- before it goes to auction.*

## Platforms being used:

- Open Negotiation <https://www.openn.com.au/>
- Anywhere Auctions: <https://anywhereauctions.com.au/>
- Sold Online <https://www.soldonline.com.au/>
- ZOOM online meetings: *A three-bedroom Yarraville house fetched \$1.085 million on Thursday night, March 26, at an auction held entirely on Zoom.*

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Greg Lazarus- Commercial. Property manager - specialist
- 2 pronged strategy
- Cases about 1 month ago- Flight Centre closing 100 stores after coronavirus ... now closing 400 stores... but were distressed before this.
- 1st group were distressed businesses already - (using as an excuse to shut down further Perhaps)
- 2nd group- genuinely affected by coronavirus
- Property manager's relationship with your tenant.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Greg Lazarus- Commercial. Property manager - specialist
- 2 pronged strategy
- 1st step... property owner told immediately what the tenant has asked for - given recommendations to property owner + owner's recommendations
- Letter as Gentleman's agreement, to see everyone between now and the next 3. Months through.
- Keep tenant's secure and rent coming in - tenant's able to trade.
- If tenant cannot trade right now.... Eg if rent is \$1K/month net we may reduce it by a % eg 50% for next 3 months pay \$500/month

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Greg Lazarus- Commercial. Property manager - specialist
- After 3 months, the government will have more things in place... perhaps council rates and land tax etc
- In 3 months, do reconciliation between tenant and landlord
- Most tenants and owners are agreeable by conversation- get a result
- Gentleman's agreement rent deferral... 50% rent reduction.
- Deferred to be payed when they can pay it back later over the rest of the term of the lease.
- Alternatives... extend the lease by the time discounted. Etc

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Greg Lazarus- Commercial. Property manager - specialist
- You cannot wait before taking action... nothing will eventuate... so be proactive to get a good outcome.
- Outgoings - talk to council, strata, waste etc... if premises not being used... get reductions.
- If tenant getting government help... should be able to know this- address in your “agreement”
- Need to retain tenants- if not interested in paying ... talk to them and work it out.
- If vacant- get a tenant in and lock them in.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Greg Lazarus- Commercial. Property manager - specialist
- Currently a great opportunity.
- Check your bank if they are not going to charge you interest on deferred payments
- QUN: We are in a changeover of tenant. Outgoing tenant was a gym. Incoming tenant (likely government office admin) asking for rent relief....what is a reasonable amount to offer, eg. 3 months? They want to do a fit out prior to starting rent commencement date. Being handled via a leasing agent. Reply- Consider Incentives, & guarantee
- Qnu: Is there a sure way to find out what government help the tenant ended up getting ? Speak to relevant government department

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Greg Lazarus- Commercial. Property manager - specialist
- QUN: Can a tenant terminate a lease right now regardless of the lease term? They can usually do this at any time.... Put procedures in place to stop this.
- QUN: I've been looking for a tenant for 3+ months, does the advertising or search for tenant change given the covid environment now?... - May get discounts on adv...Look at all offers seriously
- QUN: If a tenant wants to terminate their lease, can I start liquidation proceedings? Get solicitor's advice
- QUN: Electronics stores eg Jaycar- should be fine because selling to tradies and industrial etc.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Helen Tarrant
- Some tenants are in trigger happy mode... or panic mode.
- Ask for a conversation... property manager conference call
- 25% to 100% off to tenants right now... depending on how they've been affected.
- Work out solution and judge things month by month
- Eg 2 month relief and look at month by month
- Gov't help kicks in end of April.
- Interest rate capitalised on loans... we all need to share the price for this

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Helen Tarrant
- Strategy is all about Minimising your Hit... in this situation.
- Aim to keep your tenants and keep them trading afterwards.
- It will take time for them to get back up to 100% capacity, may take months to achieve.
- Eg 6 months deferred... extend the lease by 6 months - so they stay and pay.
- If you charge them during 6 months or straight after, this will be a big financial hit on them....
- Find a solution for net 3 month and the following 3 months so they can continue to trade

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Helen Tarrant
- Have a conversation today, then 2 weeks from now, 1 month, 6 weeks etc... Actually pick up the phone!!!!
- Outgoings... If you are not going to charge outgoings, then maybe 50% or 75% rent
- If you are not going to charge rent, then you should consider charging outgoings - Gov't support should help cover this or some of it.
- QUN: What if they don't return my calls or emails? My tenant is not returning my calls... This is a crazy time... so be appreciative of that- reach out by email and mail also.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Go through your property manager, if you are not self managing... be patient as there's a great deal of additional conversation and emotion happening right now.
- Get onto conference calls with your property manager and tenant.
- Be as flexible as you can... aim to keep on tenant. You don't know how long it will take to retenant, if they leave or go bust, under the coronavirus circumstances.
- Make this a continuing conversation - month by month....  
“Make them feel loved”... Landlord helped us, so we want to stay on and be loyal tenants long term.... And back up all discussions with an email.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Have a gentleman's agreement as a framework that you can alter... as the situation unfolds... keep a track of all conversations and document them via email.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Graeme Hough- Finance:
- Banks are inundated- be patient- things are currently slow
- Help & Aid... and not enough staff to support
- Seeing the market is very volatile... rates are moving a lot in both directions.
- Commercial- is always about the TENANT
- Banks are digging down about your tenant.... Eg tourism, hospitality, entertainment, personal services, travel etc... all the hard hit tenants... will be harder to get finance for these tenants.

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Graeme Hough- Finance:
- When put in a loan submission- type of business- how has the virus affected the business... lots of tenant questions... have they been there a long time- have they asked for rent relief.
- LVR- staying where is
- Opportunity = Deposit & Loan - LOAN: Show the bank, that they will be paid going forward.
- Eg Bank may look at a small gym that can move clients online and still have cashflow... over next 6 months

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Medical and essential services will make good tenants under the current climate
- But if business is well run, they should be able to get through 3 to 6 months... plus recovery time.... Go for solid businesses... with good balance sheets and cash-flow
- Opportunities are Good businesses, that are currently impacted... but will bounce back soon after.
- THis is not a cash issue- It's a health issue- and as soon as people feel safe- economy will bounce back
- Accountants, Financial advice and consulting, will do well, lawyers will have a temporary dip but will bounce back

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- How does the bank know its a good business- get the last 2 **BASS** statements up to Dec, to see how the business was travelling before the coronavirus hit. Tell the agent you need this upfront to get finance.
- We can do things that we've never done before as we are in new territory
- So much opportunity... timing... Interest rates 2.85% fixed rate loan last week, has now gone up to 3.1%... because of liquidity... then it reduced the variable rate to 2.9%
- Great metro opportunities with lower rates!

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Interest rates still moving and volatile (2.59% fixed) but have to show tenant is viable.
- Helen will assist with this when she sources property for clients.
- Great time to negotiate with banks... rate reduction, deferments etc.
- 2 weeks ago we were in a seller's market- now we are in a buyers market! Now is a great time to buy- hold through and hold out for several years to get the value!

# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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- Graeme Hough - email: [zoom@cwh.com.au](mailto:zoom@cwh.com.au)

## Commercial Property Finance

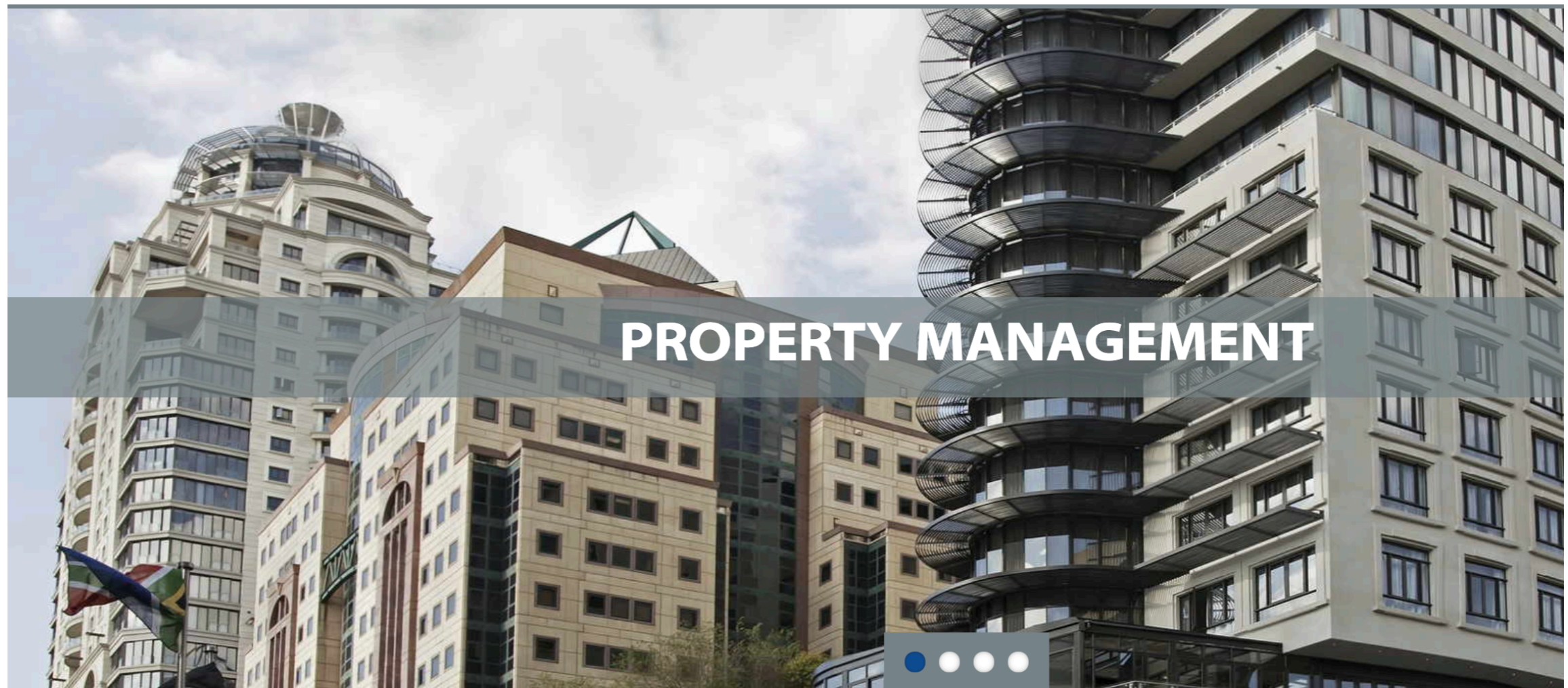
Overview  
[zoom@cwh.com.au](mailto:zoom@cwh.com.au)



# CORONAVIRUS PANDEMIC UPDATE 2020 – COMMERCIAL PROPERTY

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➤ Greg Lazarus -



**PROPERTY MANAGEMENT**

# PODCAST **SUBSCRIBE**



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

**Commercial Property  
Roadshow with Helen  
Tarrant**

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

# YOUTUBE ROAD-SHOW **SUBSCRIBE**

The screenshot shows the YouTube channel page for 'Commercial Property Roadshow With Helen Tarrant'. The banner at the top features a blue background with the channel name in white. Below the banner are five video thumbnails: a modern building, a whiteboard with diagrams, a red car on a road, a woman standing outdoors, and a woman holding a phone. The channel profile picture is a headshot of Helen Tarrant. The channel name and subscriber count (186) are displayed. Navigation tabs for HOME, VIDEOS, PLAYLISTS, CHANNELS, DISCUSSION, and ABOUT are visible. On the right, there are 'SUBSCRIBED' and notification bell icons, both with green arrows pointing to them. Below the navigation tabs, the 'Uploads' section is active, showing a row of five video thumbnails with their titles and view counts.

**COMMERCIAL PROPERTY ROADSHOW WITH HELEN TARRANT**

Commercial Property Roadshow With Helen Tarrant  
186 subscribers

HOME VIDEOS PLAYLISTS CHANNELS DISCUSSION ABOUT

Uploads ▶ PLAY ALL

- How To Create \$72,000 per year in Passive Income &...**  
86 views • 5 days ago
- COMMERCIAL PROPERTY INSPECTION Kuranda Villag...**  
65 views • 6 days ago
- COMMERCIAL PROPERTY ROADSHOW WITH HELEN...**  
161 views • 1 week ago
- COMMERCIAL PROPERTY ROADSHOW WITH HELEN...**  
219 views • 2 weeks ago
- FINDING YOUR TOP 3 COMMERCIAL PROPERTY...**  
176 views • 2 weeks ago

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>



# COMMERCIAL PROPERTY CASHFLOW BOOTCAMPS 2020

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*TBA*



# HIGH YIELD COMMERCIAL MEET-UP

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*TBA*

# ALL UPDATES



Commercial Cashflow Mentoring Program



Commercial Cashflow Mentoring Program

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Write a comment...



OLDER



Helen Tarrant

shared a link.

 Admin · Yesterday at 10:00 AM

Time for Brisbane meet up!  
Dont forget to register if your in Brisbane



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MEET UP GROUP

EVENTBRITE.COM.AU

HIGH YIELD Commercial Property Meet Up Group - Brisbane