

Masterclass

Leasehold Property Evaluation

172 Gympie Terrace Noosaville QLD

\$1,500,000

Leasehold property:

- Leasehold Marina with building and amenities
- Two marine based businesses and moorings

This 982m²* site is leased via the Department of Natural Resources and Mining. There is a 30 year lease with a right to renew available at 80% of the lease term as per section 157 (2) of the Land Act 1994 (see Annexure C). The current lease expires in November 2044 and a new lease application can be submitted from November 2036.

The building has been divided to allow for two separate tenancies. Each side is separately metered for electricity and water. The eastern side of the building also includes a \$6,500.00 solar panel system. The building has hot water and a shared handicap toilet/shower facility.

Leasing the premises from Department of Natural Resources and Mining

Property Owner Subleases to 3 tenants with marine operations and boat moorings

Leasehold Costs:

Cost: \$7,240 per annum + outgoings + GST

Outgoings: \$5582

Total Expenses to run this property: \$12,822

Rental Income

Income Net Rent \$65,122.50

Return on investment = $\$65,122.50 / \$1,500,000 = 4.3\%$

PROPERTY PROS:

Good strong lease terms from the 2 Boat Hire businesses - 3 years plus 3 x 3 year options- new lease. Plus strong yearly increases of 3% and 5%.

2 out of the 3 tenants are stable.

PROPERTY CONS:

One tenant is on month to month rent with 2 months notice- so not a stable lease.

RISKS And CONSIDERATIONS:

Subleasing off crown land considerations:

Leasing costs may vary over time, especially if land becomes more valuable- they may charge you more.

Unless there are future government plans for the redevelopment of this foreshore - they will most likely will lease with similar terms as in the past.

Noose Foreshore: You need to consider possible restrictions on the leaseback, because they may need more ferry stops in locations, hours or berthing area- therefore the number of boats that can be moored may change, or the number of available hours for berthing may change.

Another example of this might be if a property was near an airport- They may need to develop another runway and may change the terms and the lettable area of the lease.

Note: Current lease is 30 years. They will renew lease at 80% of current terms... so that's 24 more years from 2044... and you can apply for this in 2036.