

Due Diligence AVOID

Important things to be aware of and avoid when searching for properties:

What to Avoid:

1. Single driver economy like mining, agriculture (Perth & WA mining boom and bust) or old outdated or unfavourable industry like Coal Power Plants eg La Trobe Valley Vic
2. Specialist property like Childcare and petrol stations... these are difficult to convert to other use down the track when the tenant leaves.
3. Properties that are in a building with high vacancies- Avoid anything with a 10% vacancy and higher
Or Properties that are in a major shopping centre or strip street shopping with high vacancies - Avoid anything with a 10% vacancy and higher
4. Properties near a major shopping complex development coming up.

EG. Case study- where there was an interesting retail property. In Bendigo Cic- with a jewellery shop tenancy in a shopping complex, that was selling at a 10% yield... but on further investigation, most of the shops were relocating to a new shopping complex.... So the foot traffic to these existing shops was dying out.
5. Do NOT buy off the plan retail commercial under a residential building development... as it can have a long vacancy period