

FOR SALE



12-14 ARNOTT STREET, HUME
Block 31 Section 4, Division of Hume ACT

FOR SALE AS A GOING CONCERN
NATIONAL TENANT IN PLACE UNTIL 30 NOVEMBER 2017,
THEN VACANT POSSESSION
SALE BY TENDER – CLOSING 30 NOVEMBER 2016

FOR FURTHER DETAILS CONTACT

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EXECUTIVE SUMMARY

The property is on a corner location in the original stage of Hume. It allows heavy vehicle access assisted with a roundabout for turning into the yard. The block is 8,645 sqm and improvements include showrooms and warehousing constructed in an 'L' shaped layout.

The property was originally a landscaping yard hence the existing weighbridge was installed.

The current tenant, Max Hire Pty Ltd is a national quality tenant which leases the entire property until 30 November 2017 at a net rent of \$170,337.97 per annum. However, Max Hire has vacated the property, even though they are still within their lease period, which expires in 12 months. This will allow owner occupiers to consider this great opportunity.

LOCATION

Hume is a major industrial suburb that is central to Fyshwick, Queanbeyan and Canberra City. The Monaro Highway links into the suburb and the subject property is only 15 minutes to the Canberra International Airport, and then onto the Majura Parkway which connects to the fast growing suburbs in Gungahlin and the Federal Highway (to Sydney).



Arnott Street view – from roundabout

PROPERTY DETAILS

The property is located in the original release of Hume industrial sites in the mid 1980's and the existing improvements were originally purpose designed for a landscape yard and retail nursery for many years.

12-14 Arnott Street, Hume is an 8,645 square metre site having a 102 metre and 95 metre side boundaries and a street frontage of 85 metres. It also features two (2) entries for heavy vehicles from the front and side of the block.

A quality national tenant leases the property until 30 November 2017 with the intention to vacate at the end of this term.

The site is flat and regular shaped and is ideal for owner occupiers taking advantage of the existing income for the next 12 months.

IMPROVEMENTS

The current improvements on the site were originally designed for a landscaping business yard and nursery allowing for an abundance of yard space and easy access and turning area for heavy vehicles.

There are five (5) separate improvements described as follows;

Area 1

A 400 sqm building fronting Arnott Street of which 300 sqm of this is air conditioned showroom/office space with a rear 100 sqm storage shed leading into the large service yard. The building is also linked with a covered awning of 443 sqm that allows entry from the front of the property and features also a central weighbridge. The building is of basic steel construction with galvanised iron sheeting and internal showroom is suspending ceiling.

Area 2

This building adjoins the covered awning and drive-through. It offers a wide street frontage of 42 metres having a total NLA of 1,026 sqm. The space is showroom with suspended ceiling, however can be easily converted to alternative uses. This building is also linked to warehouse (Area 3).

Area 3

Area 3 is a 155 sqm warehouse (15 metre deep and 10.4 metre width) for store. A roller door links into showroom (Area 2).

Area 4

Area 4 also links into Area 3 and can be opened up if required. This warehouse/shed is 267 sqm and is also 15 metres deep.

Areas 5, 6 & 7

These sheds are all linked having a total area of 610 sqm with 15 metre depth and 41 metre width. Three (3) roller doors and also a fully approved wash bay at the end of Area 7.

Total improvements, excluding awning, is 2,458 sqm.



Yard and warehousing

OVERALL CONSTRUCTION

Buildings:	Reinforced concrete footings with steel frame and galvanised metal walls with main showroom having masonry walls at the front and side.
Rooves:	Metal deck cladding
Flooring:	Reinforced concrete
Windows/Doors:	Showroom features aluminium framed showroom windows and doors
Roller Doors:	Warehousing space incorporates roller door entry.

ZONING

It is well known that Hume is recognised as a major transport and industrial suburb that has now developed further by attracting a variety of industrial businesses in wholesaling, manufacturing, industrial and minor retailing.

The Lease Purpose Clause for 12-14 Arnott Street, Hume allows for all of these uses as follows;

- 3(a) To use the premises only for the purpose of one or more of the following
- (i) Any manufacturing process (other than offensive hazardous or noxious process or processes harmful to the environment) and the retail sale of goods (except food and beverages) manufactured on the premises;
 - (ii) Bulk landscape supplies and the wholesale distribution of propagated plant stock in connection therewith;
 - (iii) Indoor recreation facility;
 - (iv) Industrial trades;
 - (v) Light industry;
 - (vi) Plant and equipment hire establishment;
 - (vii) Store; and
 - (viii) Warehouse

PROVIDED ALWAYS THAT “wholesale” means the sale or supply of goods in bulk for the purpose of resale off the premises. “Manufacturing process” means the making of articles by physical labour or machinery and does not include the sale of those goods other than by wholesale.

TITLE DETAILS

Volume 1020 Folio 100
Section 4 Block 31
Deposited Plan 6152
Division of Fyshwick

Leasehold land having a ninety nine (99) year Crown Lease expiring on 3 January 2083.

UNIMPROVED CAPITAL VALUE

As at 1 January 2016, the Unimproved Capital Value is \$1,080,000.

LEASE DETAILS

The property is leased to Max Hire Pty Ltd, a recognised national covenant until 30 November 2017. Max Hire Pty Ltd does have options, however, have vacated the property and have advised that they do not intend to renew the option. Part of the property is sub-leased by Max Hire Pty Ltd to a company occupying 30% of the space.

Lessee: Max Hire Pty Ltd
Current Rental: \$198,883.29 (+GST)
Outgoings: The Lessee pays 50% of rates and all insurances and water charges.

The current gross rental is \$239,968 (ex GST) per annum which includes 50% reimbursement of general rates and the tenant pays 100% of water and insurance.

Adopted Outgoings (estimated) per annum

General Rates 2016/17	\$57,090.64
Water & Sewerage (est)	\$ 4,600.00
Building Insurance	\$ 8,000.00

Total estimated outgoings	\$69,690.64

Net Income (estimated)

\$170,337.97 per annum (net) after all tenant reimbursements, as per the lease.

MARKET RENTAL

Barton Molloy Property has recently negotiated a number of leases in Hume. The most recent is at 3 Arnott Street where a rental of \$116 psmpa on a ten (10) year lease was agreed.

The improvements at 12-14 Arnott Street are adaptable for numerous industrial users offering a unique, large yard and offering showroom space and warehousing in an 'L' shaped layout at the front and side boundaries. We feel taking into account the large yard, a rental of \$95 psmpa can be applied to the whole improvements to determine the market rent.

Therefore;

2,458 sqm x \$95 psmpa = \$ 233,510 per annum (gross)

The current market rent that Max Hire Pty Ltd is paying (including outgoings) is considered around market.



Rear Awning (linking showrooms and undercover weighbridge)

POSITIVE SELLING FEATURES

12-14 Arnott Street, Hume

- Quality national tenant income for 12 months
- Opportunity to negotiate earlier termination of lease
- Large site with double entry points
- Wide street frontage
- Large yard with improvements in side boundaries
- Broad Lease Purpose Clause – industrial zoning (ex-landscape yard)
- Existing weighbridge in place
- Current land shortage in Hume
- Heavy vehicle access

PRICE EXPECTATION

In determining a price for the subject property, buyers will be looking at the property from two angles – an investment or to be owner-occupied. In deriving a value, we have taken into account the tenancy status, market rental levels, outgoings and replacement cost.

Yields for Investors

With current low interest rates offered by the Reserve Bank, industrial properties of this kind are selling in the range of between 8.5% and 10%.

Square Metre Rate for Owner-Occupiers/Developers

Based on a square metre rate we have adopted the highest rate of \$140 per square metre for the land.

8,645 sqm	x	\$140 psm	=	\$1,185,100
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We have depreciated the improvements (taking into account their age) at;

2,458 sqm	x	\$350 psm	=	\$ 860,300
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\$2,045,400

Price Expectation

Therefore, a realistic price expectation range is between \$1,700,000 and \$2,100,000.

TENDER PROCESS

On request, we will provide a blank sales contract that will require the applicant to fill out the entity and settlement terms and payment of a 10% deposit to Barton Molloy Trust Account.

The deposit will be returned within seven days if not accepted by the vendor. If the tender is successful the contracts will be exchanged accordingly.

Please note the vendor does not necessarily accept the highest price as it depends on all conditions with the offer.

Attachments:

- Lease
- Survey Plan

For further details, please contact:

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DISCLAIMER

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