



## Newt's News – March 2018

Petrol Station investments continue to rate highly with investors, with historically low yields achieved in the continuing historically, low interest rate environment.

Interest rates, it seems, should remain low for longer, benefitting private investors and self managed super funds, as well as investment trusts such as APN's Convenience Retail REIT and the VIVA Energy REIT which reportedly has a portfolio of service stations across Australia, worth well over \$2 billion.

### Recent Investment Sales include:

- United Townsville, Qld (with Domino's, Red Rooster and Tube Burgers all on long leases) sold at auction for \$8 million to show a 6.25% yield.
- A new Shell/Coles Express at Warragul, Vic (with Domino's and KFC) was passed in at auction on a vendor bid of \$8.1m, at a 5.95% yield.
- In Frankston, Vic, an established Woolworths Petrol (with Degani and another food outlet) sold for \$6.0m, to show a 6.6% yield.
- A large modern BP (Jasbe Petroleum) site in Cranbourne, Vic, including a carwash complex, sold at Auction for \$11 million at 5.85%, while a older BP (Jasbe Petroleum) site in Vermont sold for \$6.1m on a 5.6% yield.
- Three large, modern Caltex sites were sold late 2017, with San Remo (NSW) selling for \$3.6m at 6.1%, Mt Waverley (Vic) \$4.3m at 3.48% and Cheltenham \$4.2m at 4.28%. These were leaseback sales for sites with strong underlying land values and very conservative rentals (effectively ground lease rents).

Clearly, sound petrol station investments can still be purchased with 5% and 6% plus yields.

However, lower yields are achieved where there are brand new long term leases, or for prime sites with long term redevelopment prospects.

We are selling an excellent service station freehold at Newtown (Geelong) leased to Bonney Energy (Caltex), Subway and Muzz Buzz. Rents are extremely conservative, but market reviews are coming up which should provide significant rental increases.

The auction is in conjunction with darcyjarman and will be held on-site on Thursday 19 April at 1.00pm

Please see the attached details and remember, whether buying or selling petrol stations or related properties, Newtons should always be your first point of call... just ask anyone in the industry!

Best Regards,



### **Ron Newton**

Managing Director  
Certified Practising Valuer & Licensed Estate Agent  
FAPI CPV AREI CEA(REIV)

Ron established Newtons in 1981 and has over 40 years experience as a Valuer and Real Estate Agent.

**Ronald A. Newton & Associates Pty Ltd** - Level 3, 177 Toorak Road, South Yarra  
P: (03) 9826 0441 M: 0418 322 138 [ron@newtons.com.au](mailto:ron@newtons.com.au) [www.newtons.com.au](http://www.newtons.com.au)