



Newt's News – November 2015

Latest News on Inflation and Reserve Bank Interest Rates

The Reserve Bank left interest rates on hold at its Melbourne Cup Day meeting, reportedly due to positive signs in the economy, but said that there is scope for easing.

Inflation is benign, the latest annual increase to end of September 2015 being just above 1% (Weighted Average Eight Capital Cities), reportedly driven down to a large extent by low petrol prices.

Recent Investment Sales and “True Investment” Yields

7-Eleven Alphington recently sold at Auction for \$5.5 million, to indicate a 3.1% yield, with only three years left on the lease, and the logical purchaser was a developer. \$4,850/m² for Commercial 1 land next to Dan Murphy's and not too far from Melbourne's CBD seems reasonable.

7-Eleven Chirside Park sold at Auction in August 2015 for \$8.695 million on a 4.1% yield, with only some 4 years lease term remaining. Again, the large site area of 9,866m², with further development potential, attracted developers rather than passive investors.

Clearly, such yields are not “true investment” yields and one has to look further into the market to better gauge yields.

Liberty Dandenong North sold at Auction on 28 October, for \$5.96 million, with a new 15 year lease, to show an approx. 6% yield, while the Liberty Truckstop/Distributor Terminal at Bendigo sold for \$2.225 million at an approx. 8% yield, also with a new 15 year lease term, demonstrating higher returns for regional properties.

These were both long term investments and provide a much clearer picture of investment yields.

While the very best petrol stations with long term leases have sold on sub 4%, 5% and 6% yields, higher returns are achieved where there are weaker tenancy covenants, shorter remaining lease terms and/or regional locations.

Investment Special (Just Listed) - \$2 Million Bracket

This outstanding freehold carwash investment property features first class improvements and excellent presentation and adjoins a very busy Shell Coles Express petrol station on the outbound side of the Maroondah Highway at Lilydale. Land area is 2,315m², with Commercial 2 zoning.

There is a new 10+5+5+5+5 year lease to EcoWash, at \$120,000 pa. plus outgoings (except land tax).

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

RECENT RESULTS

Outstanding Modern Petrol Station/Truckstop Complex

182-184 Stud Road, DANDENONG NORTH, VIC

Land Area is 7,370m² with a high performing land value.



Liberty/Shell Truckstops and Distributor Logistics Terminals

107 Strickland Road, Bendigo VIC

Rent \$182,000 pa. (approx.)

Land 1.395ha, zoned Industrial



5941 Midland Highway, Benalla VIC

Rent \$185,000 pa. (approx.)

Land 7,668m², zoned Industrial



Each property has Liberty/Shell branding and features a new 15 year lease term, plus options. The Tenant is responsible for all general repairs. Liberty is 50% owned by Viva Energy (Shell Australia) with nearly 900 branded sites across Australia, providing a first class tenancy covenant.

Disclaimer: The information contained in this newsletter has been obtained from sources we believe to be reliable and therefore have no reason to doubt its accuracy. The vendor/landlord and their agents will not be held responsible for any error or mis-description which may appear herein. Prospective purchasers/tenants are thus advised to make whatever investigation they deem necessary. All dollar amounts exclude GST unless otherwise stated.