

## Retail Centre – Case Study

# A High Yielding Retail Centre + Upside

Prosper Group client secures a prime neighbourhood centre plus DA for further expansion

Purchase price:	<b>\$8,300,000</b>
Replacement value:	<b>\$9 million to \$9.5 million</b>
Net Passing yield:	<b>8.3% (8.9% fully leased)</b>
Total land area:	<b>18,594m<sup>2</sup></b>
Total lettable area:	<b>4,349m<sup>2</sup></b>
Property age:	<b>6 Years</b>
Property:	<b>16 specialities + medical centre Bi-Lo Anchor Tenant</b>

For more information about how Prosper Group commercial buyers agents can assist you source a quality retail property please call us on **1300 664 373** or email [enquiries@prospergroup.com.au](mailto:enquiries@prospergroup.com.au)

[www.prospergroup.com.au](http://www.prospergroup.com.au)



## The Opportunity

- Showing a strong passing net yield of 8.3% with potential to increase the yield to 8.9% by leasing two vacant shops.
- Anchored by Bi Lo with 16 specialty shops plus a medical centre just off the retail centre.
- There is council approval to build 3 extra shops and to extend Bi Lo tenancy area.
- The centre is the main focal point of the surrounding master planned estate.
- The vendor has spent considerable capital on the centre; the replacement cost of the property is \$9 million to \$9.5 million.
- The master planed estate is projected to increase the local population by 300% over the next 10 years.

## Our Strategy

The vendor, an experienced and well known residential developer is building the master planned residential estate which surrounds the centre. As with all large master planned estates, there was a need for a shopping centre and related stores to service the needs of the local community. Being focused on residential development and not on holding commercial property investments long term, once the centre was completed and operational the vendor was looking to sell it.

The property was offered via an expression of interest campaign which attracted keen interest from many prospective buyers. In this market the vendor's priority was to deal with a buyer that they knew could complete the transaction and in the shortest time possible.

Not wanting to pay in excess of the other bidders to secure the property, we instead offered sharp terms which we thought would be attractive to the vendor.

Confident of our refined process for analysing retail centres, on behalf of our client, Prosper Group offered a 30 day settlement which included only 14 days for due diligence. This offer was accepted.

## A Happy Client

An experienced retail property owner our clients engaged us to source and negotiate another retail centre for them.

The investment provides our clients with the following benefits and upside:

1. A strong passing net yield of 8.3% with short term scope to lift this close to 9% net.
2. A recently constructed property offering a massive amount of depreciation.
3. Long term add value potential via building and leasing the extra shops.
4. A catchment area that is projected to triple over the next 10 years.

**Prosper Group property management have since implemented the following:**

- Decreased the outgoings 12% by appointing a new cleaning contractor and retendering all the service contracts.
- Reshuffled the tenancies within the centre to improve the business needs of the tenants and also the overall turnover of the centre.
- Negotiated the local post office to relocate to the centre.

