



30th June 2022

Mr Bill Moorhead
Moorhead Family Communities Bundaberg Pty Ltd atf
Moorhead Family Superannuation Fund
117 Esplanade
BARGARA, Qld 4670

Re: Desktop Valuation – 52-53 Perry Street “Commerce North”, Bundaberg North

Dear Bill,

Thank you for the opportunity to offer my market appraisal as of the 30th June 2022, of the abovementioned commercial property.

PROPERTY:

The property situated at 52-53 Perry Street North Bundaberg is a commercial building with eight (8) commercial tenants. The building has had extensive renovation over the years and in particular after the 2013 floods where a lot of groundwork was done to stabilise the foundations of the building. All electrical points were raised and easy clean tiles were added as flooring throughout the downstairs commercial tenancies. Solar was also added at this point and is given to the tenants as an incentive to achieve full occupancy. The building has been maintained well and presents in good condition.

RENT & INCOME

The current tenants are paying an annual collective rent of \$130,000 net of GST. When pegged against the local rental market for commercial office space the rents being achieved are a little under the market of the CBD and surrounding, sought after locations. The Bundaberg office rental market is somewhat fickle when it comes to location and ‘across the bridge’ seems so far away for some. The location and fact that the property was inundated in the 2013 floods attributes to these lower rents. The result is not all bad as the lower rents has ensured the continuity of tenure of the commercial spaces with 100% occupancy being achieved consistently.

The expenses on this property (Council Rates, Building Insurance and Maintenance) are paid by the Landlord and equate to around \$35,000 p/a.

The net return for the building is therefore: \$95,000.00.

CURRENT MARKET

Although we have seen an increase in activity in the residential market this has not necessarily translated to the commercial market. Having said that there are investors in the market looking at our location because of the high activity over the past couple of years. This increase in commercial investors does put pressure on the CAP Rate and so all indications say this would now be around 8.5% to 9%.



COMMERCIAL APPRAISAL

Although there are a couple of sales of commercial buildings attaining a yield of 7% these are holding excellent tenants with long leases and are in sought after, flood free areas. The subject property is attractive as an investment but the Buyer would want a higher yield to offset risk. We would therefore see a Buyer at around 8.5%-9% which represents a market figure based on the position and age of the building and especially the propensity for the building to be inundated by flood waters. This would then equate to a market appraisal figure of around \$1,100,000.

COMPARABLE SALES

There is a lack of Commercial Sales in this area and so a direct comparison is not possible and so we defer to the commercial appraisal method of CAP Rate outlined above.

CONCLUSION

It is my opinion that the subject property would sell to a willing Buyer on the terms outlined above and therefore attribute a market appraisal of **\$1,100,000**. ✓

Kindest Regards

A handwritten signature in blue ink that reads 'Grant Davies'.

Grant Davies
Licenced Real Estate Agent
Lic: 3120329