

Commercial Property Investment

Commercial property is popular among investors, when compared to residential property, due to perceived higher returns, longer term leases and potential for good capital growth. The down side of commercial property is the higher entry (purchase) cost and risk of an extended vacancy.

It pays to do your homework!

Pre-Contract

Prior to signing a contract for the purchase of commercial property we invite you to contact us for assistance with:

1. Assessing which entity, (individuals, company or trust) should purchase the property in regard to asset planning and taxation (in conjunction with your Accountant);
2. Inserting special conditions, such as, a due diligence clause to allow you to assess the potential of a property whilst binding the owner to a contract.
3. Assessing whether GST is payable or whether the purchase constitutes a "going concern."

Post-Contract

Post contract we can assist you in:

4. Perusing and advising on the lease history and current terms including - term, "real" annual rent, outgoings (net or gross lease?), maintenance obligations (who pays?), rent review provisions (when? how? how will the mechanism affect value? does the mechanism work?), does the lease or leases comply with the relevant legislation, e.g. Retail Shop Leases Act 1994 (if not what are the legal consequences); and Assignment/Sublease provisions;
5. Searches/reports – title and encumbrance, asbestos, local authority (requisitions), Main Roads, body corporate, bankruptcy, bill of sale and company searches;
6. Completing finance documents to complete the purchase;
7. Completing the conveyance of the property to you in a timely and cost effective manner (or escaping the contract where and when required);
8. General advice and assistance such as:
 - Coordinating valuation, accounting and other specialist advice;
 - Assistance with an assessment as to ownership – who owns the partitions, carpets, cabling and air conditioning (does the rent take these into account? who is responsible for replacement or maintenance?);
 - How do already contracted lease inducements, such as rent free periods, affect the "real rent."
 - Feasibility analysis – Is your proposed use or development of the property legal and does it "stack up" financially;
 - Government fees, duties and charges

Purchasing commercial property may be the biggest investment you make in your lifetime. We encourage you to consult with one of our lawyers to discuss your needs.

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