

6 273 Kennedy Drive Cambridge 7170 TAS Australia

Located at 6/273 Kennedy Drive, Cambridge, this light industrial property spans approximately 2,060m² of land, with a total building area of approximately 720m². Constructed in 2020, the site supports long-term investment potential with dual tenancy options and a strategic location in a prominent industrial precinct. Excitingly, **the anchor tenant lease comes with significant longer term upside**, via market review.

The property includes a Colorbond structure with two distinct tenancies: Tenancy 1 (approximately 605m²) and Tenancy 2 (approximately 150m²). It offers well-maintained interiors and the potential to add a mezzanine level (subject to council approval). The asset includes ample parking and space, which will be appealing when securing new tenants.

The current net annual rental income totals \$92,931, representing a net return of 5.72% (with potential for significant rental growth down the track). Tenancy 1 contributes \$68,931 per annum, and Tenancy 2, \$24,000 per annum. Both tenants cover 100% of outgoings, including both land tax and property management, and come with annual increases linked to CPI.

Tenancy 1 is anchored by blue chip tenant RACT, a dominant tenant occupying 80% of the space on a five-year lease to October 2028 with an additional five-year option. If the tenant extends their term, a market review will be due in 2030. Based on today's market, the increase in rent would be approximately \$40,000, increasing today's net yield to around 8.2%. This represents an impressive capital uplift estimate of approximately \$666,000.

Tenancy 2 will be on a lease back arrangement, until September 2026. The vendor agrees for the balance of rent and outgoings to be held in trust, providing additional security. There is also the potential for the lease to be paid out in full by the vendor, providing the opportunity to source a new tenant, and realise healthy upside.

Situated 1.7km from Hobart International Airport and 17km from Hobart CBD, the property benefits from proximity to key transport links and amenities, including the Cambridge Homemaker Centre (2km away). The surrounding area is part of Hobart's dominant industrial hub, making it attractive for logistics and light industrial tenants.

** please note flooding maps indicate the property may be on the cusp of a flooding area. However, the area is not known for flodding in the local community, has not flooded since being built.*



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Key Information

| | |
|------------------------|-------------|
| Investment Type | Industrial |
| Purchase Price | \$1,625,000 |
| Net Yield | 5.72% |
| Property Market Status | |

Key Highlights

- Generates a stable net income of approximately \$92,931 per annum with annual CPI rent increases.
- Approximate net yield of 5.72%, with the tenants responsible for statutory outgoings, building insurance, land tax and management fees.
- Compelling opportunity to increase the rent at the 2030 market review, significantly increasing the net yield return, along with a capital growth uplift (the upside could come sooner in 2028, if RACT did not extend their term).
- Prime industrial property spanning approximately 2060 sqm of land with a 720 sqm purpose-built warehouse.
- Leased to blue chip anchor tenant RACT, a well-recognised tenant, until at least 2028, with a further 5 year option period.
- The second tenancy will be on lease back from the vendor until September 2028. Future rent and outgoings to be held in trust providing security, with a potential upside opportunity to have the funds paid out in full. The landlord would then be in a position to source a new tenant.
- Well-presented accommodation, with easy access to Kennedy Drive.

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- Located within a preferred industrial precinct near Hobart International Airport.

Background Information

| | |
|--|------------|
| How old is the asset? | 2020 |
| Vendors reason for selling? | Retirement |
| How many days the property has been on the market with the selling agents? | |
| Is the property strata titled? | Yes |
| Are the seller & tenant related parties? | Yes |
| How long has the current tenant been on-site? | Circa 2020 |
| How long have they been in business overall? | 1923 Years |
| Is the property in a flood zone? | Yes |
| Is this lease a leaseback arrangement? | Yes |

Location Information

Cambridge, a suburb approximately 18 kilometers east of Hobart's city center, has evolved into a significant industrial hub within the City of Clarence. Its strategic location near major transportation routes, including the Tasman Highway, and proximity to Hobart International Airport and Cambridge Aerodrome, make it a prime area for industrial and commercial activities.

Key Features of Cambridge's Industrial Area:

- **Diverse Industrial Presence:** The area hosts a variety of businesses, from logistics and warehousing to manufacturing and retail. Notable developments include the Cambridge Park Homemaker Centre and the Cambridge Airport Industrial Estate, which offer spaces for both large enterprises and small businesses.
- **Hobart International Business Park (HIBP):** Adjacent to Hobart International Airport, HIBP is a planned 73-hectare light industrial and tourist mixed-use business park. It aims to provide over 150 fully serviced lots ranging from 2,000 square meters to 5.8 hectares, enhancing the industrial capacity of the region.
- **Cambridge Aerodrome:** Also known as Cambridge Airport, this facility is Tasmania's busiest in terms of aircraft movements. It supports emergency services, tourism flights, and pilot training. In June 2024, the 45-hectare aerodrome was listed for sale, highlighting its potential for industrial



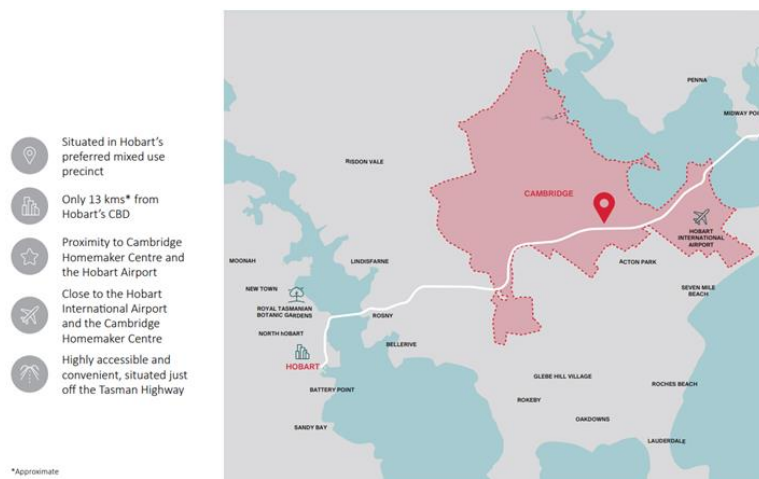
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subdivision or further aviation development.

- **Accessibility:** Cambridge's industrial precinct benefits from excellent connectivity, being just a 15-minute drive from Hobart CBD and a 5-minute drive to Hobart International Airport. This accessibility is advantageous for businesses requiring efficient transport and logistics solutions.
- **Ongoing Development:** The area continues to attract investment, with recent property listings indicating a robust market for industrial spaces. For instance, properties like 6/273 Kennedy Drive and Unit 2, 122 Cambridge Park Drive have been highlighted for their modern facilities and strategic locations.

In summary, Cambridge's industrial area is a dynamic and growing precinct that plays a crucial role in Hobart's economic landscape. Its strategic location, diverse industrial presence, and ongoing developments make it an attractive destination for businesses seeking industrial and commercial opportunities.



Tenant Information

The Royal Automobile Club of Tasmania (RACT), established in 1923, is a prominent organization in Tasmania, Australia, offering services such as roadside assistance, vehicle and home insurance, personal and car loans, driver education, and tourism support.

As of November 2024, RACT held its 101st Annual General Meeting, where leadership reported strong financial performance and growth in member services. This indicates a stable financial position, suggesting that RACT would be a reliable tenant.

In summary, RACT's financial stability and reputable standing in the community suggest they would make a dependable tenant.

Read more at - <https://www.ract.com.au/>



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Financial Overview

229 Kennedy Drive, Cambridge – 720m2 - \$129/m2

| L/S | Address | GLA | Rent/Sale Price | Building Area (\$/m) | Yield | Comment |
|-------|---|-------|-----------------|-----------------------|-------|---|
| Lease | 3 Cessna Way, Cambridge | 1,156 | \$220,000 | \$190 (exl Outgoings) | NA | Occupied by Camsteel |
| Lease | 5 Cessna Way, Cambridge | 720 | \$150,000 | \$208 (exl Outgoings) | NA | Occupied by Direen Homes, property has low site coverage |
| Lease | 87 Chapel Street, Glenorchy | 1,200 | 230,000 | 192 (exl outgoings) | NA | Brand new build, concrete tilt to 2.5m then metal decking above |
| Lease | 5 Birdwood Avenue, Moonah | 569 | 110,000 | 193 (exl outgoings) | NA | Concrete tilt slab, basic warehouse with 11 car parks |
| Lease | 402 Brooker Highway, Moonah | 1,000 | 270,000 | 270 (exl outgoings) | NA | Sub-Lease from Amart to Tesla |
| Lease | Unit 1, 34 Mertonvale Circuit, Kingston | 940 | 190,000 | 202 (exl outgoings) | NA | Leased to Total Tools on 5+5 |
| Lease | Part 54 Gormanston Road, Moonah | 1,000 | 330,000 | 330 (inc outgoings) | NA | Leased to Hydro Tas, purpose built facilities |
| Lease | 2-4 Negara Crescent | 2,000 | 300,000 | 150 (exl outgoings) | NA | Near end of life asset, C-Grade at best |
| Sale | 3 Cessna Way, Cambridge | 1,352 | 3,920,000 | 2,899 | 5.60% | 4,395 of land, Sale and leaseback, new-ish build with low rent |
| Sale | 5 Cessna Way, Cambridge | 720 | 2,670,000 | 3,708 | 5.60% | 3,349 of land, Sale and leaseback, new-ish build with low rent |
| Sale | 9 & 9A Lampton Avenue, Derwent Park | 1,091 | 2,901,000 | 2,659 | 5.76% | Two titles, low quality industrial + near end of life workshop |
| Sale | 62 Derwent Park Road, Derwent Park | 604 | 2,750,000 | 4,553 | 5.60% | Leased to PetBarn. Sold after auction by Burgess Rawson |
| Sale | 25 Greenbanks Road, Bridgewater | 988 | 2,250,000 | 2,277 | VP | Sold a few years ago to an owner occupier Whisky Company. |

Rental Comparison

See financial overview section

Offer to Purchase

| | |
|-------------------|-------------|
| Offer to Purchase | \$1,625,000 |
| Initial Deposit | \$50,000 |
| Due Diligence | 28 days |
| Finance Days | 28 days |
| Settlement | 21 days |



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CommSec State of the States Report October 2024 Tasmania



Tas takes the lead
on Equipment Investment up 36.4%

3rd highest
Construction work completed

Fastest wage growth
at 5.1%



According to the Property Council of Australia (Feb 2024),

Hobart has the strongest capital city office market in the country for the 4th year in a row with a vacancy rate of a mere 2.8%, well below the national average of 14.8% with no new supply under construction.



There was a **12.9% increase** in house sales across Tasmania for the quarter, up **8.8%** on the June 2023 quarter.

(Source: REIT Quarterly Property Report June 2024)



Very tight residential leasing market with Tasmania's **current vacancy rate at 2.2%**.

(Source: REIT Quarterly Property Report June 2024)



Tasmanian Tourism Snapshot

Visitor spend

In the year ending (YE) June 2024, total spend across all interstate & international visitors was **\$3.478 billion**, down 9.7% on 2023, though up \$974 million (38.5%) from 2019.



Total visitors

Tasmania welcomed **1.302m visitors** in the year ending June 2024, up 1.7% on 2023, and less than 1% down from YE June 2019 (pre-pandemic).

Visitor nights

The year ending June 2024 set a **new record for total visitor nights 12.85m**.



(Source: Tasmanian Tourism Snapshot at Y/E June 2024)

Disclaimer:

The depreciation figures provided are based on specific circumstances and may not accurately reflect your current financial situation. These figures are intended for informational purposes only and should not be construed as financial or tax advice. Individual financial situations can vary widely, and the applicability of these figures to your personal circumstances may differ. It is strongly recommended that you consult with your usual taxation adviser or a qualified financial professional/accountant to verify this information and obtain personalised advice tailored to your specific financial situation. Neither the provider of this information nor any of its affiliates shall be held liable for any decisions made based on this information without proper consultation with a professional adviser.