

## 1 Seagrove Boulevard

*Merriwa, WA*



### Exceptional Under-rented Childcare Opportunity With \$100k pa Rental ? \$1.6M Value Upside

This opportunity features an 86-place childcare centre operated by Little Learners Place, a well-established and experienced Western Australian operator with nine centres across the state. This operator took over the lease from MercyCare in 2022, after the previous tenant ran into operations and staffing issues.

The current rental rate of \$2,732 per place presents a clear value-add opportunity, with the fair market rate estimated at approximately \$3,800 per place. While this rental uplift can only be realised at the next market review in 2034, the investment still delivers an attractive return at 5.8% net in one of the most secure asset classes.

The childcare sector benefits from strong government backing, driven by its recognised social and economic value—every dollar invested returns approximately \$2 in economic benefits. Importantly, childcare was one of the first asset classes to receive direct support during the COVID-19 pandemic, highlighting its essential role and long-term stability.

### What We Like About This Asset

- Significantly under-rented at \$2,732/ child > fair market rate between \$3,700 - \$4,000/child; this translates into a rental shortfall of approx \$100k pa which further results in a \$1.6m+ value upside at 6.25% cap rate
- attractive built-in increases at higher of CPI or 3%

- experienced medium size WA operator with 9 facilities in total
- strongly subsidized asset class by government
- high-exposure corner lot with 38,000 passing cars per day

### **Key Information**

Investment Type	Childcare
Purchase Price	\$4,000,000
Net Yield	5.82%

### **Key Highlights**

**Purchase Price:** \$4,000,000 (negotiated)

**Market Status:** On-Market

**Current Rent:** \$235,000pa + Outg + GST

**Less non-recoverable:** \$2,262 (Land Tax)

**= Current Net Rent:** \$232,738pa + Outg + GST (incl mng)

**Current Net Yield:** 5.82% (incl mng)

**Number of Places:** 86

**Rate per Child:** \$2,733/child (below market)

**Outgoings:** Water: \$6,058pa; Council TBC, Insurance TBC, Land Tax \$2,262pa

**100% Outgoings Recoverable:** Yes, except for land tax

**Age of Asset:** 2004

**Are Seller & Tenant Related:** No

**Occupancy Rate:** approx 60%, note centers typically break even from as low as 30% occupancy

**Flood Zone:** No

**Bushfire Zone:** No

**Contamination:** No

**Asset Composition:**

- 2,158sqm Freehold
- 4 amalgamated lots (1,3,5,7)
- Brick and tile dwelling
- 86 places

- Play rooms with wet areas
- Outdoor area with play equipment
- 25 car bays (staff and drop-off)

**Infrastructure Level:** Tier 1

**Tenant Highlights:**

- Tenant - Branches Early Learning Centre (took over in 2022 after previous tenant)
- Lease Term: 28-July 2022 (assigned) - 30-Nov-2034 + 2x 10 years (2054)
- Annual increases greater of CPI or 3%, market reviews at options
- All outgoing, incl mng paid by tenant, excl land tax
- Security: Bank Guarantee, equivalent to 6-months rent + Outg + GST

**Agent Questions:**

**When was this center built?** 2004

**Was there another operator previous of the current tenant?** Current tenant is an experienced operator and took over in 2022 from Mercy Care (previous tenant). Previous operator ran into issues with staffing and operations.

**Why is the owner selling?** Freeing up cash for another development

**Is the tenant related to the owner in any way?** No

**Current Occupancy:** approx 60%

**Do you foresee any issues with the tenant paying the full rent?** No

**What's the security?** 6-months gross rent

**Does the property need any maintenance work?** Nothing, standard condition

## Background Information

How old is the asset?	2004
Vendors reason for selling?	Cashing Out
How many days the property has been on the market with the selling agents?	21
Is the property strata titled?	No
Are the seller & tenant related parties?	No
How long has the current tenant been on-site?	3 None
How long have they been in business overall?	3 None
Is the property in a flood zone?	No
Is this lease a leaseback arrangement?	No

## Location Information

### Family Desirability & Socio-Demographic Profile

Merriwa, located in Perth's northern suburbs, offers a family-friendly environment with an average household size of 2.5 people. Approximately 68.9% of its households are family-based. The suburb features parks, a primary school, and local shopping facilities, enhancing its appeal to families. While it may not be among Perth's most sought-after family suburbs, Merriwa provides an affordable and comfortable lifestyle, making it a viable option for families seeking suburban living.

### Population & Kids Ratio

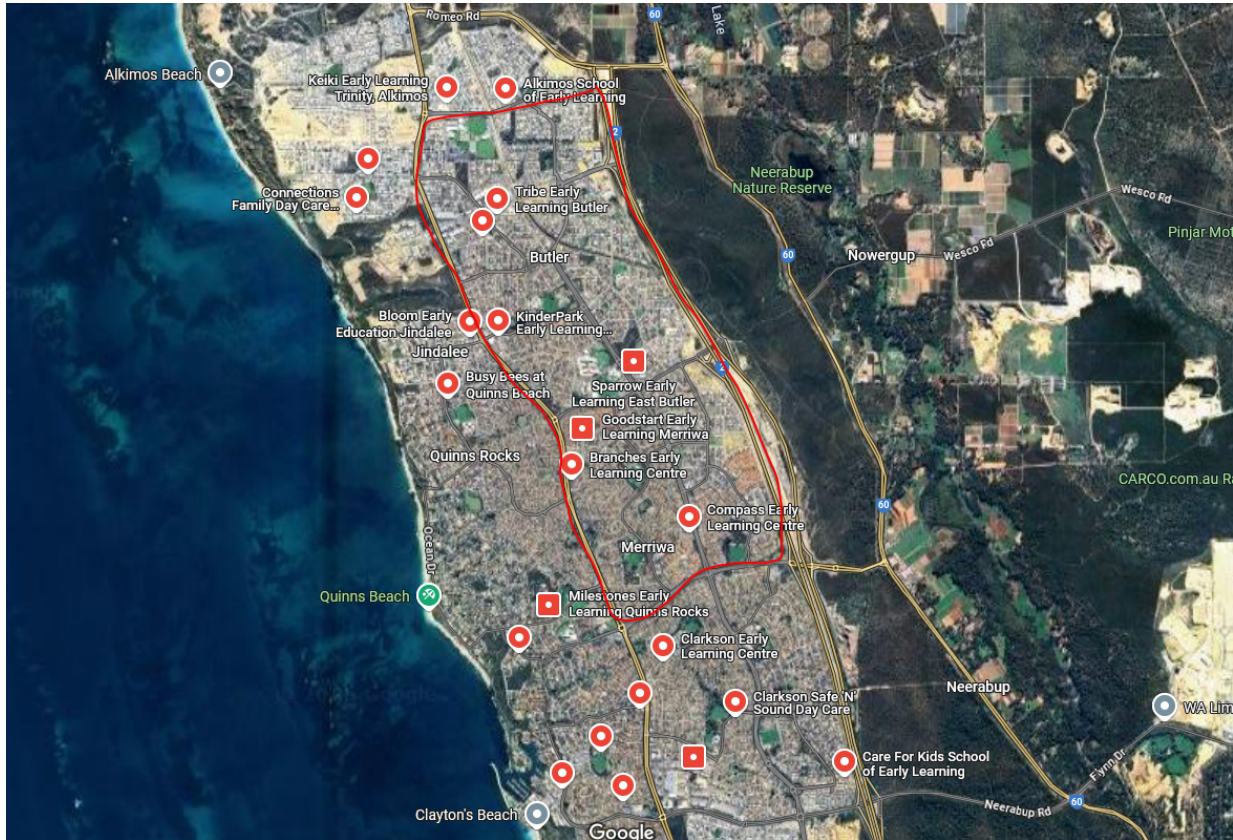
According to the Census 2021 there were 23,679 people living in Butler - Merriwa - Ridgewood. The catchment had a total of 1,588 children aged 0-4 years which reflects 6.7% of the total population - a rate above the median rate of WA at 6.1% and Australia at 5.8%

As of December 2023, approximately 49.2% of children aged 0 to 5 in Australia were enrolled in Child Care Subsidy-approved care. Applying this participation rate to the local 0–4 year-old population across the suburb's 7 childcare centres suggests an average of around 111 children per centre.

While there is no publicly available data on the average number of places per childcare centre in WA, we estimate most centres offer between 80 to 100 licensed places.

In summary, demand for childcare spaces in Merriwa still appears to outweigh supply.





## Tenant Information

### Branches Early Learning Centre

Branches Early Learning Centre, located in Merriwa, Western Australia, is a family-owned and operated childcare facility. They offer long day care for children aged 6 weeks to 6 years, as well as before school, after school, and vacation care for children from Kindy to Year 6. The centre also provides pick-up and drop-off services for students attending Merriwa Primary School and Alkimos Baptist College during the school term.

The owner of this center - Caroline Jane Parry - successfully runs 9 centers throughout WA which she holds under different entities.

<https://brancheselc.com.au/>

Operator	Branches Early Learning
Type of Lease	Net Lease
Net Rent	\$232,748pa + Outg + GST (incl mng)
Lease Start - Expiry	1-Dec 2024 - 30-Nov 2034
Option(s)	2x 10-years (2054)
100% Outg Recoverable	All recoverable, except land tax
Number of Places (Rate per Child)	86
Rate per Child	\$2,733
Increases	Greater of CPI or 3% annual rent increases
Market Review(s)	At options
Security	Bank Guarantee of 6-months Gross Rent
Outgoings	Total Outg TBC (Water = \$6,058pa; Land Tax = \$2,262pa)

## Financial Overview

This freehold childcare facility offers a compelling **5.82% net yield** with strong growth potential. Currently generating **\$232,738 per annum** plus outgoings and GST, the property features a secure long-term tenant on a lease extending to 2034 with 2x10 year options.

The current rent of **\$2,732 per place** sits significantly below market rates of \$3,700-\$4,000 per place, creating substantial upside potential of approximately **\$100k per annum** in today's market. This translates to a potential **\$1.6M+ value uplift** at a 6.25% cap rate.

Under the lease, all outgoings are recoverable except land tax (\$2,262). The tenant provides bank guarantee security equivalent to 6-months rent plus GST, and built-in rent increases are structured at the greater of CPI or 3%, ensuring consistent income growth.

[Rental Yield Calculator](#)

## Rental Comparison

**1 Seagrove Blvd, Merriwa - 86 Places - \$2,732/place**

68 Readshaw Rd, Duncraig - 92 Places - \$3,635/place

73 Kingsley Dr, Kingsley - 78 Places - \$4,053/place

1 Encyclia Blvd, Treeby - 92 Places - \$3,753/place

5 Ikara Lane, Yanchep - 68 Places - \$3,875/place

9 Westfield Rd, Camilo - 93 Places - \$3,578/place

## Offer to Purchase

Offer to Purchase	\$4,000,000
Initial Deposit	150000
Due Diligence	25
Finance Days	28
Settlement	21



## More Images































































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.