

## 3-7 Say Street

*Wagga Wagga, NSW*



Offered for sale at \$5,500,000, this premium industrial asset represents an outstanding opportunity to secure a quality investment with a century-old established tenant in place, positioned in NSW's largest inland city — a growing regional hub with strong economic fundamentals and significant infrastructure development.

Currently under rented, this asset offers the opportunity to create equity by simply raising rents to market. **Market research suggests a \$20-\$30 increase in rent / m<sup>2</sup> is reasonable leading to an equity uplift of around \$1.8-\$2.7 million.**

With a secure net income of \$324,543 p.a. + GST and tenant-paid outgoings, this investment offers stable returns. Annual rent reviews are structured at the greater of 3% or CPI providing security of income growth. The property's existing fixed term lease expires in 3 years, 5 months on 29/09/2028. The tenant also has 1 x 5 year option in its favour expiring 29/09/2033.

This property includes three separate titles across a large 12,759m<sup>2</sup> site, creating excellent flexibility and long-term security for astute investors. The blocks are regularly shaped and **can accommodate 30 car parks**. The property features three well-maintained industrial warehouses with a **combined area of 5,418m<sup>2</sup> of covered space**.

Each warehouse includes multiple offices, meeting and training rooms, staff kitchenettes, bathroom amenities, and evaporative air conditioning with reverse-cycle split-system heating and cooling in office areas. Two of the warehouses have high-voltage, three phase power. The property offers excellent flexibility with clear-span designs, large sliding doors, and surrounding concrete driveways ensuring optimal functionality for manufacturing operations.

Positioned just 450 metres from the Sturt Highway, this property boasts excellent B-double truck access in a thriving industrial hub surrounded by well-established businesses.

The property is **currently tenanted by Dayco Australia**, a global leader in essential engine products and drive systems for various industries (see tenant section for more detail). Dayco Australia has occupied the property since 2012.

## Key Information

Investment Type	Industrial
Purchase Price	\$5,500,000
Net Yield	5.9%

## Key Highlights

- An opportunity to raise rents to market by \$20-\$30 / m<sup>2</sup> at the next market rent review in October 2028 to create equity of \$1.8-\$2.7 million
- A projected 10-year average annual return on equity (cash flow + capital growth) of 23.5% p.a.
- A projected 10-year average net yield of 7.5% p.a. (year 1 net yield 5.9%)
- 3 years, 5 months remaining on fixed term lease expiring September 2028 with 1 x 5 year tenant option providing secure income to September 2033
- Substantial 12,759 m<sup>2</sup> landholding across three separate titles offering exceptional flexibility
- Premium industrial warehouses totalling 5,418 sqm with clear-span design and high clearance
- Blue-chip global tenant—Dayco Australia—with over a century in business
- Starting year 1 net income of \$324,543 p.a. + GST with tenant paying all outgoings
- Ratchet clause in lease stating rental income cannot be less than the year immediately prior
- Purchased well below the cost to replace this asset that is around \$14-\$15 million
- A low purchase price / building area m<sup>2</sup> of \$1,015
- E4 - General Industrial zoning in prime regional industrial precinct
- Significant infrastructure investment underway in region including major transport projects

## Background Information

How old is the asset?	40 years
Vendors reason for selling?	Death
How many days the property has been on the market with the selling agents?	50
Is the property strata titled?	Yes
Are the seller & tenant related parties?	Yes
How long has the current tenant been on-site?	13 None
How long have they been in business overall?	120 None
Is the property in a flood zone?	No
Is this lease a leaseback arrangement?	No

## Location Information

Wagga Wagga stands as the largest retail and commercial centre in NSW's Riverina region, serving a catchment of over 190,000 people. Situated along the banks of the Murrumbidgee River, Wagga Wagga's **gross regional product was \$5.4 billion in FY23**. The growth of Wagga Wagga's economy since FY21 has outpaced NSW as whole growing by 13.25% compared to 8.65%.

The city enjoys a **strategic location** positioned almost halfway between Sydney and Melbourne on the Sturt Highway, passing through the city connecting Adelaide to Sydney. This prime position on the Sydney-Melbourne route, combined with the Hume Highway, creates exceptional logistics advantages.

Wagga Wagga is also very accessible by air with a local airport and frequent flights to Sydney, Melbourne and Adelaide.

Wagga Wagga serves as an important **agricultural, education, military, and transport hub** for Australia with major employers including Kapooka Army Training Base, RAAF Base at Forest Hill, Charles Sturt University, Tafe NSW, and the newly completed \$434M Wagga Wagga Rural Referral Hospital.

The region benefits from **significant infrastructure investment** including:

- TransGrid electricity transmission upgrade (\$2.3 billion)
- Energy Connect electricity interconnect to South Australia (\$2 billion)
- Snowy 2.0 Snowy Connect hydro generation & transmission upgrade (\$4 billion)
- Defence estates upgrade at RAAF & Kapooka Army base (\$700 million)
- Bomen Special Activation Precinct with the Riverina Intermodal Freight & Logistics hub (\$200 million)
- Regional telecommunications upgrades (\$181 million+)

The city's economic strength is evident in its **low unemployment rate of just 2.9%** (September 2024), significantly below national averages, underpinned by a strong rural base and growing infrastructure across the region.

## Tenant Information

The tenant is Dayco Australia and it has occupied these warehouses since 2012. Dayco is aware that it is currently paying under market rent per sqm and it has indicated its preference is to exercise its option following a market rent review on 30/09/2028 (3 years, 5 months time).

Dayco Australia is a subsidiary of its parent Dayco based in the United States. **Dayco was founded in 1905** and specialises in the manufacture of engine drive systems for automotive, construction, agriculture and industrial applications. Some of their product range includes drive belts, belt tensioners, vacuum generation systems and hybrid electric vehicle systems.

Dayco were acquired by Hidden Harbour Capital Partners, a private equity firm in August 2022 with assets under management of \$1.9 billion. **With over 100 years of operating history and institutional investment, this tenant is blue-chip** offering:

- a stable rental income stream
- capacity to fund maintenance and minor capital works,
- and reduced vacancy risk.

Dayco conducts business in **more than 50 warehouses in 25 countries** with more than 4,500 associates worldwide, Dayco offers the scale and resources of a global enterprise with the commitment of a long-established business.

Dayco's contributions are integral to how people travel, goods are transported, food is harvested, and infrastructure is built, making them a **vital participant in essential industries** and a strong, reliable tenant for this industrial facility.

Tenant website: <https://dayco.com.au/about.aspx>



## *Financial Overview*

### **The opportunity (Upside)**

This property is currently renting below the market by around \$20-\$30 / m<sup>2</sup> presenting **a great opportunity for investors**. A market rent review will occur on 30/09/2028 should the tenant exercise their option (3 years, 5 months time). A \$20-\$30 increase in net rent / m<sup>2</sup> for this property is reasonable compared to market rents in April 2025 (see rental comparables for more detail). A \$20-\$30 increase in net rent / m<sup>2</sup> would increase total net rent by a range of \$108-162k, increasing an investor's equity in the range of \$1.8-\$2.7 million based on the purchase capitalisation rate of 5.90%. This equity uplift reflects a 89-134% return on equity (ie, starting purchase funds including transaction costs).

If the tenant does not exercise its option, it is expected an investor could still achieve a similar uplift in rents by leasing each warehouse on a standalone basis. An expected vacancy period in this scenario is 3-6 months.

This premium industrial investment offers **strong, secure returns** backed by a blue-chip global tenant.

### **Key financial highlights include:**

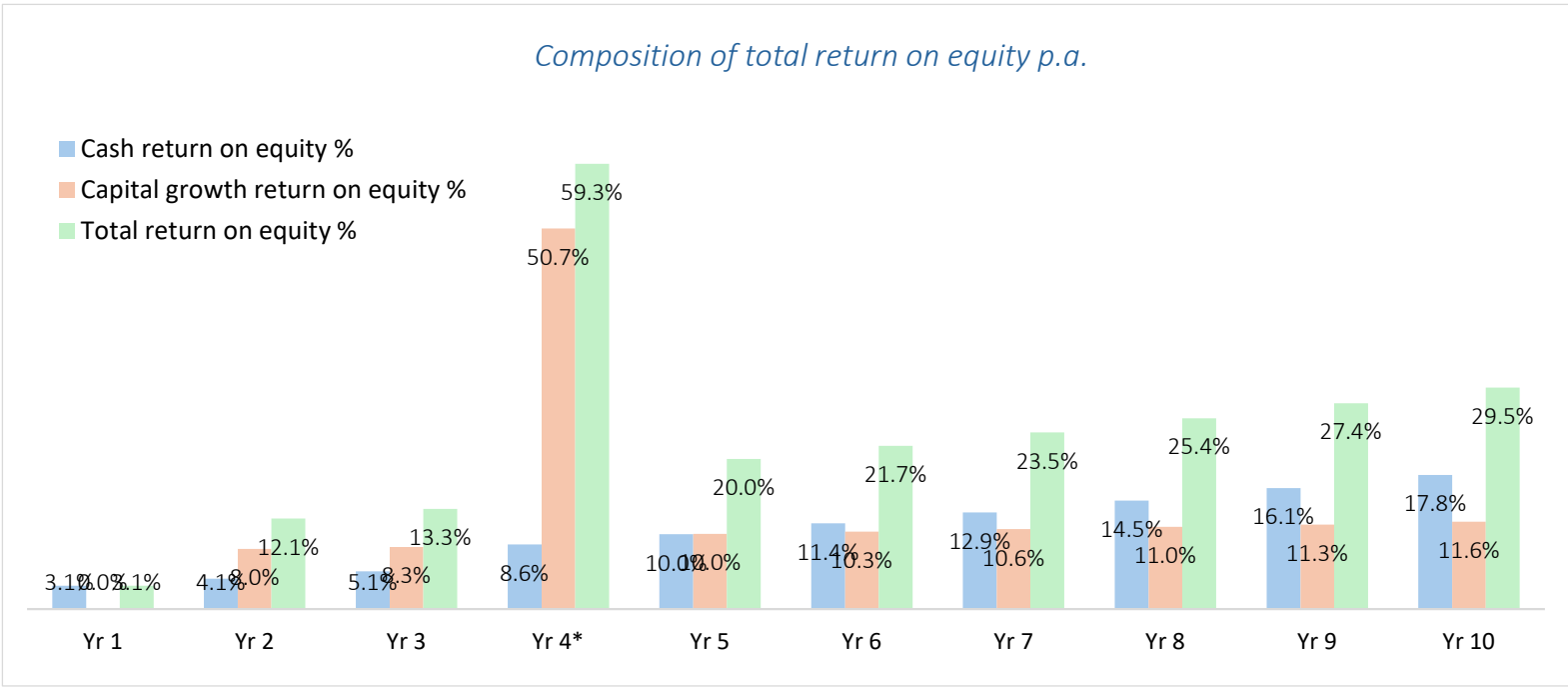
- An opportunity to raise rents to market in October 2028 and realise an equity uplift in the range of \$1.8-\$2.7 million.
- A projected 10-year average net yield of 7.5% p.a. (year 1 net yield 5.9%)
- A projected 10-year average annual return on equity (cash flow + capital growth) of 23.5% p.a.
- Purchased well below a replacement cost of around \$14-\$15 million. This creates a competitive advantage for this asset compared to new supply as it does not need to charge above market rents to provide a return on development costs.
- Triple net lease net of outgoings, land tax and property management expenses
- All outgoings estimated at \$95,000 annually paid by tenant
- Year 1 net annual income of \$324,543 + outgoings & GST
- Annual rent reviews: Greater of 3% or CPI
- Ratchet clause in lease stating rental income cannot be less than the year immediately prior
- 3 years, 5 months remaining on fixed term lease expiring 29/09/2028
- 1 x 5-year option providing long-term security to 29/09/2033 (tenant has indicated its preference is to stay)

Projected investment return assumptions

Year 1 net rental income		324,543
Rent growth p.a.		3.00%
Loan interest rate p.a.		6.75%
Capital growth return based on	Purchase cap rate	
Market cap rate		5.90%
Profit used to repay loan principal	Yes	
Market rent review increase in rent \$ / m <sup>2</sup>		\$15

		\$
Purchase price		5,500,000
Loan principal	70%	3,850,000
Deposit	30%	1,650,000
NSW stamp duty		284,909
Valuation cost	Est.	3,000
Building and pest report	Est.	1,000
Solicitor	Est.	4,000
Other fees		114,950
Total purchase funds required (ie, equity)		2,057,859

Projected return on equity profile to support decision making based on sound assumptions but indicative only



Market rent review															
	Units	Yr 0: Purchase FY25	Yr 1 FY26	Yr 2 FY27	Yr 3 FY28	Yr 4* FY29	Yr 5 FY30	Yr 6 FY31	Yr 7 FY32	Yr 8 FY33	Yr 9 FY34	Yr 10 FY35	Avg	Total \$	% Return
Cash flows															
Net income	\$	-	324,543	334,279	344,308	405,813	417,987	430,527	443,443	456,746	470,448	484,562	411,266		
Net yield on purchase price	%	5.9%	5.9%	6.1%	6.3%	7.4%	7.6%	7.8%	8.1%	8.3%	8.6%	8.8%	7.5%		
Prinicpal remaining (start of year)	\$	-	3,850,000	3,785,332	3,701,452	3,597,099	3,419,811	3,214,741	2,980,360	2,715,126	2,417,482	2,085,861			
Principal repaid	\$	-	-64,668	-83,880	-104,354	-177,288	-205,070	-234,381	-265,234	-297,644	-331,621	-367,174			
Prinicpal remaining (end of year)	\$	-	3,785,332	3,701,452	3,597,099	3,419,811	3,214,741	2,980,360	2,715,126	2,417,482	2,085,861	1,718,687			
Interest expense	\$	-	259,875	250,400	239,954	228,525	212,917	196,146	178,209	159,102	138,828	117,388			
Cash flow (rent less interest)	\$	-	64,668	83,880	104,354	177,288	205,070	234,381	265,234	297,644	331,621	367,174	213,131	2,131,313	44%
Cash return on equity p.a.	%	-	3.1%	4.1%	5.1%	8.6%	10.0%	11.4%	12.9%	14.5%	16.1%	17.8%	10.4%		
Capital growth															
Asset value based on purchase cap rate	\$	5,500,000	5,500,000	5,665,000	5,834,950	6,877,275	7,083,593	7,296,101	7,514,984	7,740,434	7,972,647	8,211,826			
Annual capital growth	\$	-	0	165,000	169,950	1,042,325	206,318	212,508	218,883	225,450	232,213	239,179	271,183		
Cumulative capital growth	\$	-	0	165,000	334,950	1,377,275	1,583,593	1,796,101	2,014,984	2,240,434	2,472,647	2,711,826		2,711,826	56%
Capital growth return on equity p.a.	%	-	0.0%	8.0%	8.3%	50.7%	10.0%	10.3%	10.6%	11.0%	11.3%	11.6%	13.2%		
Total RoE \$ (cash flow + capital growth) p.a.	\$	-	64,668	248,880	274,304	1,219,613	411,389	446,889	484,117	523,093	563,834	606,353		4,843,139	100%
Total RoE % (cashflow + capital growth) p.a.	%	-	3.1%	12.1%	13.3%	59.3%	20.0%	21.7%	23.5%	25.4%	27.4%	29.5%	23.5%		

**Note:** Forecasts are conservative and do not reflect tax savings from non-cash depreciation expenses or potential net yield compression

## *Rental Comparison*

**Subject property: 3-7 Say St: 5,418m<sup>2</sup> at \$60/m<sup>2</sup>**

Comparable properties:

9 Say St (neighbour): 1,050m<sup>2</sup> at \$108/m<sup>2</sup>

34 Schiller St: 746m<sup>2</sup> at \$114/m<sup>2</sup>

8 Saxson St: 920m<sup>2</sup> at \$104/m<sup>2</sup>

10 Saxson St: 792m<sup>2</sup> at \$72/m<sup>2</sup>

30 Pearson St: 950m<sup>2</sup> at \$99/m<sup>2</sup>

32 Pearson St: 1,132m<sup>2</sup> at \$109/m<sup>2</sup>

3 Blaxland Rd: 990m<sup>2</sup> at \$131/m<sup>2</sup>

115-117 Hammond Ave: 1,000m<sup>2</sup> at \$80/m<sup>2</sup>

137 Fernliegh Road: 720m<sup>2</sup> at \$95/m<sup>2</sup>

281 Copeland St: 900m<sup>2</sup> at \$132/m<sup>2</sup>

20 Stuart Rd: 853m<sup>2</sup> at \$114/m<sup>2</sup>

1 Sutton St: 910m<sup>2</sup> at \$119/m<sup>2</sup>

1/297 Copland St: 1,400m<sup>2</sup> at \$109/m<sup>2</sup>

**Average: \$108/m<sup>2</sup>**

## *Offer to Purchase*

Offer to Purchase	\$5,500,000
Initial Deposit	275000
Due Diligence	28
Finance Days	28
Settlement	49



*More Images*

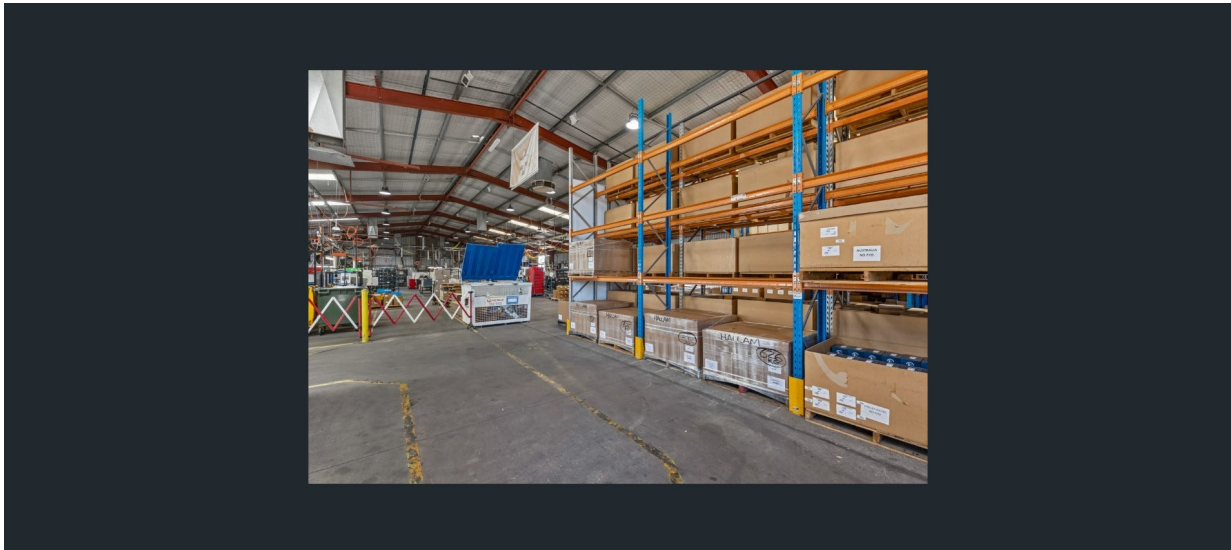
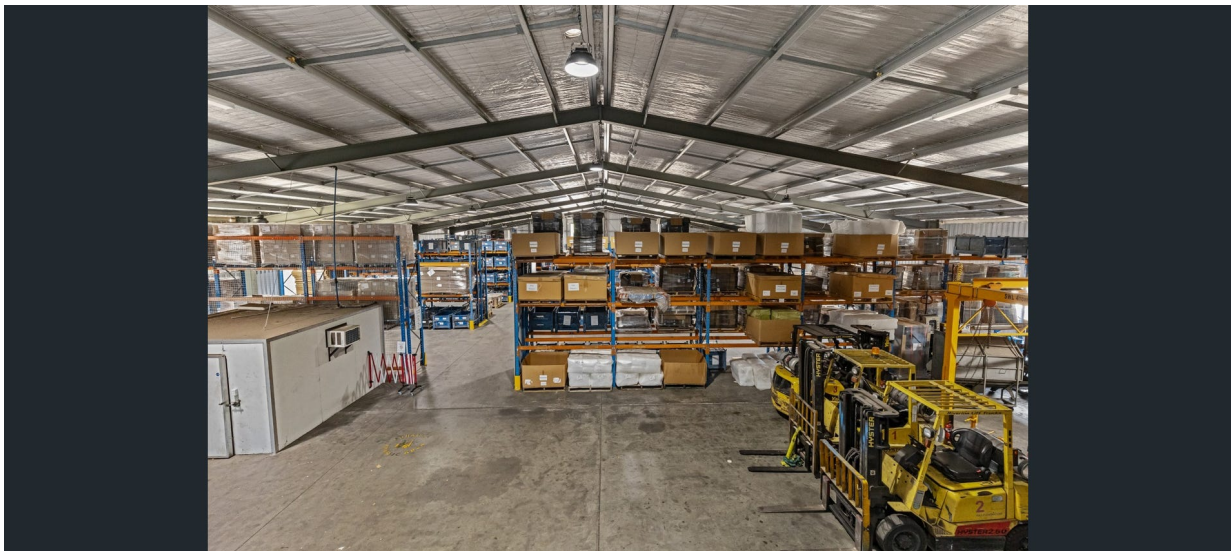










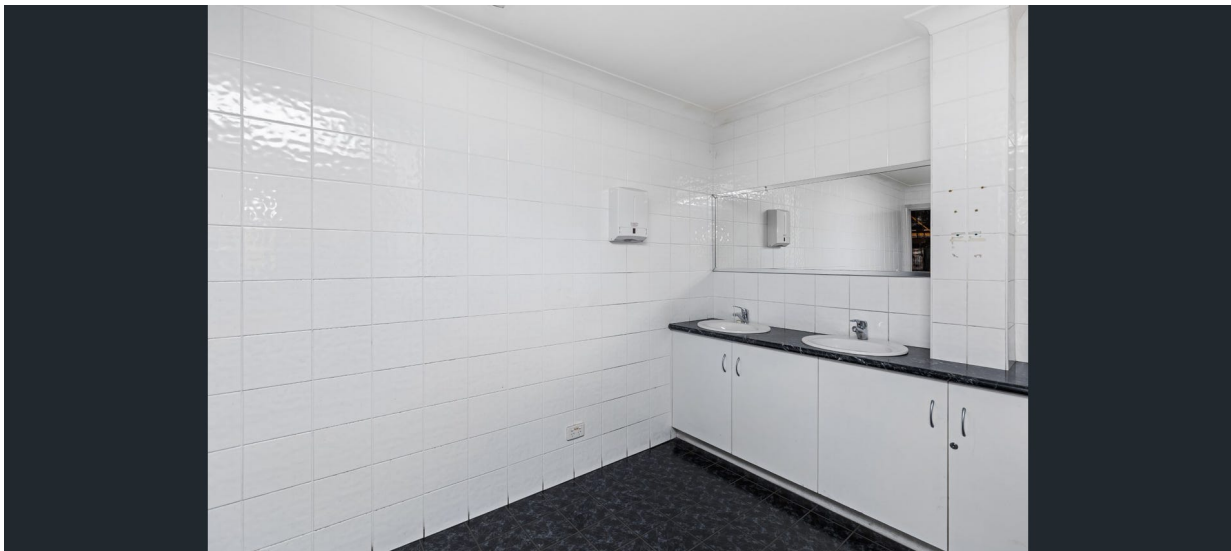










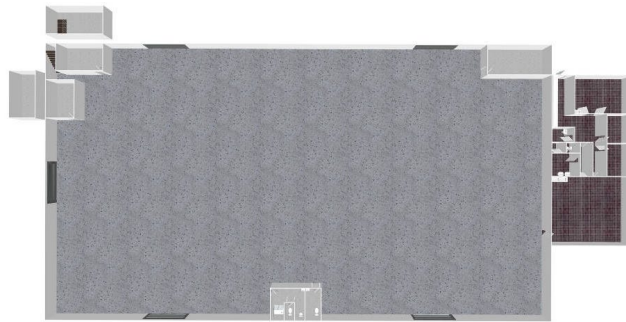








**3 Say Street, East Wagga Wagga**  
**NLA 1855m<sup>2</sup>**



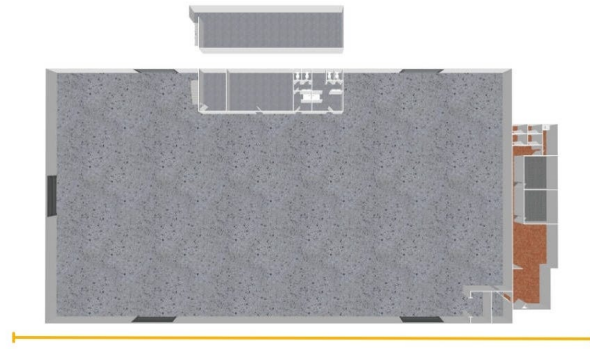
**Raine & Horne**  
**Commercial**

The floorplan provided is for illustrative purposes only and should not be relied upon as an exact representation of the property's dimensions or features. Measurements are approximate and may not be to scale. Any reliance on this floorplan is at the viewer's own risk. Prospective buyers or tenants should verify all information provided and conduct their own due diligence before making any decisions.

**East Wagga Wagga**  
**3 Say Street**



**5 Say Street, East Wagga Wagga**  
**NLA 1850m<sup>2</sup>**

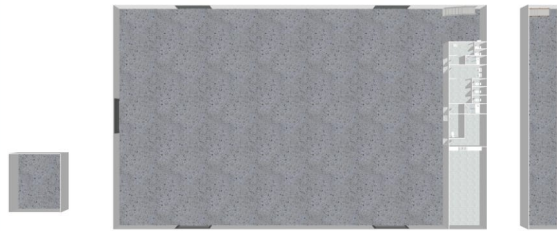


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**East Wagga Wagga**  
 3 Say Street

**7 Say Street, East Wagga Wagga**  
**NLA 1713m<sup>2</sup>**



**Raine & Horne Commercial**

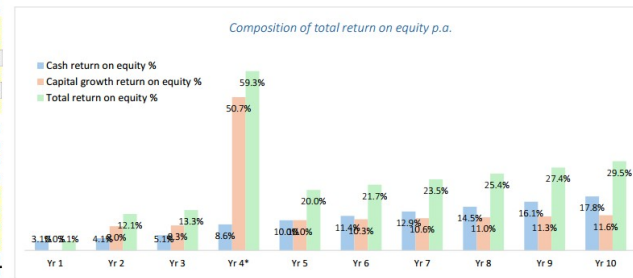
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**East Wagga Wagga**  
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Note: Forecasts are conservative and do not reflect tax savings from non-cash depreciation expenses or potential net yield compression

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.