

Property Council Underwriting Review

43A Linwood Avenue, Mt Albert, Auckland - commercial / light industrial review

Prepared as a preliminary decision memo using current rent information, conservative operating-cost assumptions, commercial lending tests, tenant-vacancy stress tests, and buyer-price sensitivity. This is not a valuation or financial advice.

Item	Current working figure
Vendor price discussed	\$750,000
Two rents combined, incl. GST and OPEX	\$5,682.51 / month
Approx. ex-GST amount before OPEX split	\$4,941.31 / month
Approx. annual ex-GST amount	\$59,296
Main issue	Rent includes GST and OPEX, so true base rent is not yet known
Working verdict	Do not buy at \$750k on current numbers. Investigate only as a lower-price opportunity.

Why this deal might fail

The headline rent is not clean rent. The rent figures include GST and OPEX, which means the true base rent is lower than the gross number first suggests. With only two tenants, one vacancy can remove roughly half the income. At \$750,000 the income margin is thin, especially if debt is used or if the building needs capital repairs.

Plain-English terms used in this report

Term	Meaning
LVR	Loan-to-value ratio. A 40% LVR on \$750,000 means \$300,000 debt and \$450,000 equity before costs.
OPEX	Operating expenses. Examples include rates, insurance, management, maintenance, body corporate costs, vacancy allowance, and unrecovered outgoings.
NOI	Net operating income. Rent left after OPEX, before debt, tax, and major capital works.
CAPEX	Capital expenditure. Larger one-off repairs or upgrades, such as roof, drainage, roller doors, fire compliance, electrical, asbestos, or structural work.
DSCR	Debt service coverage ratio. A lender-style measure showing how comfortably the property income covers loan repayments.
P&I	Principal-and-interest loan repayment. The loan balance reduces over time, but the monthly payment is higher than interest-only.

Facts, assumptions and missing information

Category	Details
Facts	Lease 1 paying \$2,911.75 and \$2,770.76 per month. Combined \$5,682.51/month including GST and OPEX. Vendor is stated as willing to sell for \$750,000.
Assumptions	GST removed at 15%. OPEX tested at 25%, 35%, and 45%. Base debt model uses 7.5%, 15-year P&I. Debt tested at 30%, 40%, and 50% LVR.
Major missing information	OPEX recovery split, outgoing lease expiry, renewal rights, arrears, tenant quality, body corporate costs, rates, insurance, building condition, GST sale treatment.
Red flags	Includes GST and OPEX, two-tenant concentration, possible older industrial building, unclear true recoveries, thin surplus at \$750k, vacancy risk.

Market and property context

Public listings indicate 43A Linwood Avenue is part of a small industrial/workshop complex in Mt Albert. Ray White described Unit D in Linwood Industrial Park as 120 to 240 sqm warehouse space, with roller door access, bathroom/kitchenette, parking, and light industrial zoning that allows manufacturing, production, storage, transport and distribution. QV/OneRoof records show multiple units at this address, so the exact legal unit must be confirmed before relying on any public CV, floor area, rates, or prior sale data.

Auckland industrial market context remains useful but not enough to save a weak deal. JLL reported Auckland industrial vacancy at 3.7%, with North-West vacancy at 6.5%. Colliers reported Auckland industrial vacancy at 2.8% in February 2026, with prime warehouse net rents around \$198/sqm and secondary warehouse net rents around \$148/sqm. This supports a market-rent sense check, but the exact area and lease structure are still required.

GST and OPEX issue: why the deal got weaker

Item	Amount
Lease 1 rent incl. GST and OPEX	\$2,911.75 / month
Lease 2 rent incl. GST and OPEX	\$2,770.76 / month
Total incl. GST and OPEX	\$5,682.51 / month
Approx. ex-GST total before OPEX split	\$4,941.31 / month
Approx. ex-GST annual amount before OPEX split	\$59,296 / year

The key issue is that the ex-GST amount still includes OPEX/outgoings recovery. OPEX recovery is not the same as base rent. Until the lease schedule is split into base rent, outgoing recovery, and GST, the true landlord net income remains uncertain.

If bought outright: income changes with OPEX

OPEX scenario	Estimated annual OPEX	Estimated NOI	Monthly NOI	Yield on \$750k
25%	\$14,824	\$44,472	\$3,706	5.93%
35%	\$20,754	\$38,542	\$3,212	5.14%
45%	\$26,683	\$32,613	\$2,718	4.35%

Outright purchase avoids loan risk, but still ties up \$750,000 plus costs. At 35% OPEX, the property produces about \$3,212 per month before tax and before any major repairs. That is modest for the capital at risk.

Debt, deposit and repayment at \$750,000

LVR	Debt	Deposit/equity before costs	Monthly P&I at 7.5%	Annual P&I
30%	\$225,000	\$525,000	\$2,086	\$25,029
40%	\$300,000	\$450,000	\$2,781	\$33,372
50%	\$375,000	\$375,000	\$3,476	\$41,716

The deposit/equity figure is not the full cash needed. Legal fees, valuation, lender fees, building inspection, lease review, GST/accounting advice, and reserves still need to be allowed for.

Cashflow after OPEX and debt at \$750,000

OPEX	30% LVR	40% LVR	50% LVR
25% OPEX	\$1,620/mo	\$925/mo	\$230/mo
35% OPEX	\$1,126/mo	\$431/mo	-\$264/mo
45% OPEX	\$632/mo	-\$63/mo	-\$759/mo

At the \$750,000 price, 30% LVR is the only comfortable debt case. 40% LVR is marginal under the middle OPEX case. 50% LVR is not suitable on current income.

Rate sensitivity: 40% LVR at \$750,000

Interest rate	Monthly P&I on \$300k debt	Monthly surplus at 35% OPEX
5.5%	\$2,451	\$761
6.5%	\$2,613	\$599
7.5%	\$2,781	\$431
8.5%	\$2,954	\$258
9.0%	\$3,043	\$169

7.5% is a working commercial-lending assumption, not a bank quote. Public commercial lending guidance indicates NZ commercial rates are commonly above residential rates, commercial terms are often shorter, and commercial LVR can be more conservative. This is why 9% is used as a stress test.

Tenant and vacancy stress test

This is one of the most important tests because there are only two leases. A one-tenant vacancy can remove close to half of the rent. The table below uses 35% OPEX and 40% LVR at the \$750,000 price.

Vacancy scenario	Estimated NOI after vacancy	Monthly surplus at 40% LVR
No vacancy	\$38,542	\$431/mo
Larger tenant vacant 3 months	\$30,946	\$-202/mo
Larger tenant vacant 6 months	\$23,351	\$-835/mo
Larger tenant vacant 12 months	\$8,159	\$-2,101/mo
Both units vacant 3 months	\$23,718	\$-805/mo
Both units vacant 6 months	\$8,894	\$-2,040/mo

At \$750,000 and 40% LVR, a larger tenant vacancy for only 3 months turns the deal negative. This is why the current price is fragile.

CAPEX stress

CAPEX event	Effect at 35% OPEX and 40% LVR
No CAPEX event	+\$431/month surplus at \$750k
\$25,000 repair	Wipes out almost 5 years of annual surplus at \$750k
\$50,000 repair	Wipes out almost 10 years of annual surplus at \$750k

Council lens review

Lens	Council view
Income does not support \$750k clearly. Outright purchase produces modest income. Debt at 40% LVR is marginal. Debt at 50% LVR is not acceptable on current numbers.	
The bank will be under/over base rent, lease term, tenant strength, arrears, valuation, and borrower strength. Current DSCR is thin at 40% LVR and poor at 50% LVR.	
Property tenants means concentration risk. Tenant history, arrears, lease expiry, rent reviews, and re-letting appeal matter as much as headline yield.	
Industrial units can have maintenance, electrical, roller door, fire, asbestos, and body corporate/common-area costs. The current surplus does not leave much room for shocks.	
Legal / council / title needs exact title, lease review, LIM, zoning, consents, fire compliance, OPEX recovery clauses, GST treatment, and going-concern advice.	
Family-risk lens	Do not risk household stability for a marginal commercial asset. If bought, it needs low debt, lower price, and reserves.
Skeptic	The \$750k price looks more like a seller number than a buyer income number. CV/location should not override weak income.

Same income, different purchase prices

This is the clean buyer view. The income is the same. The property is the same. If the price is lower, debt is lower, repayments are lower, surplus improves, and DSCR improves.

Purchase price	Debt at 40%	Deposit/equity before costs	Monthly debt payment	Monthly surplus	Annual surplus	DSCR
\$750,000	\$300,000	\$450,000	\$2,781	\$431	\$5,170	1.15x
\$650,000	\$260,000	\$390,000	\$2,410	\$802	\$9,619	1.33x
\$600,000	\$240,000	\$360,000	\$2,225	\$987	\$11,844	1.44x
\$550,000	\$220,000	\$330,000	\$2,039	\$1,172	\$14,069	1.57x
\$500,000	\$200,000	\$300,000	\$1,854	\$1,358	\$16,294	1.73x
\$450,000	\$180,000	\$270,000	\$1,669	\$1,543	\$18,519	1.92x
\$400,000	\$160,000	\$240,000	\$1,483	\$1,729	\$20,744	2.17x

Price sensitivity and lowball logic

Purchase price	Buyer view
\$700k to \$750k	Weak. Hard to justify from current income unless hidden details are much better.
\$600k to \$650k	Only worth discussing if leases, recoveries, and building condition are clean.
\$500k to \$600k	More sensible buyer range based on current income.
\$450k to \$500k	Strong buyer range if building and legal risks are acceptable.
Below \$450k	Very strong income position, but seller acceptance may be unlikely unless there is urgency or hidden risk.

A defensible lowball range would be around \$500,000 to \$550,000, subject to lease review, outgoings verification, building inspection, finance, valuation, and GST/legal review. The logic is not to punish the seller. The logic is that the current income does not support \$750,000 under conservative buyer underwriting.

Final verdict

Do not buy at \$750,000 on the current numbers. This is not necessarily a bad property, but it is not a clean income buy at the stated price. It may become interesting only if the true base rent is better than it appears, most outgoings are genuinely recoverable, leases are strong, tenants are reliable, the building is clean, and the price comes down materially.

Key checks before any offer

1. Confirm exact legal unit/title and floor area.
2. Get full leases, expiry dates, renewal rights, rent reviews, arrears, bonds/guarantees.
3. Get base rent vs OPEX recovery vs GST split.
4. Get actual outgoings for the last 2 to 3 years.
5. Review body corporate/unit title costs and minutes if applicable.
6. Check rates, insurance, building report, roof, drainage, electrical, roller doors, fire compliance, asbestos, and consents.
7. Confirm GST sale treatment and going-concern status with lawyer/accountant.
8. Ask broker whether lending is realistic on the actual leases and likely bank valuation.

Next 3 actions

Action	Purpose
Ask for lease/outgoings pack	Confirm true base rent, OPEX recovery, expiry, rent reviews, and arrears.
Confirm exact unit/title	Avoid relying on the wrong CV, floor area, rates, or public property record.
Run broker and building checks before proceeding	Confirm realism and CAPEX risk before offering more than a heavily conditional low offer.

Source notes and disclaimer

Source notes used for market/property context: Ray White Commercial listing for Unit D/43A Linwood Avenue; Bayleys listing context for 43A Linwood Avenue; QV / OneRoof public property records for units at 43A Linwood Avenue; JLL Auckland Industrial Market Dynamics Q1 2026; Colliers Auckland Industrial Report First Half 2026; Squirrel and Global Finance public commercial lending guidance. Public records may refer to different unit titles within the same complex, so exact title confirmation is required.

Disclaimer: This report is preliminary property analysis for discussion only. It is not financial advice, lending advice, legal advice, tax advice, or a registered valuation. Figures are estimates based on limited information and must be checked against leases, actual outgoings, lender terms, legal documents, GST treatment, council/property records, building condition, and professional advice before making a decision.