

ULTIMATE REAL ESTATE SUCCESS **LIVE & VIRTUAL** **BOOTCAMP**

WORKBOOK - BRISBANE MARCH 2021



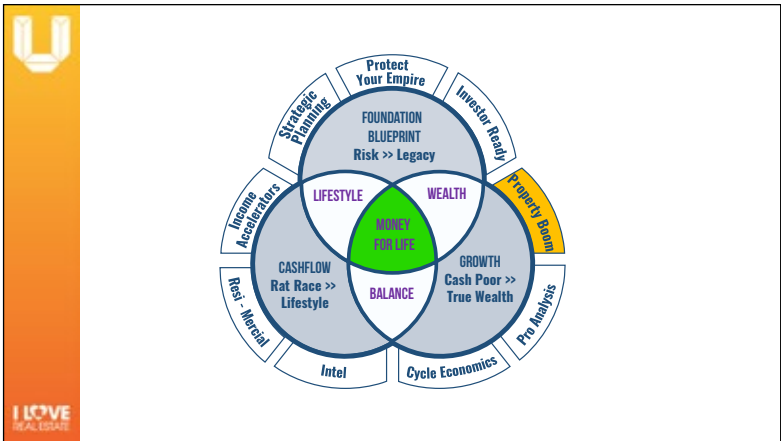
SESSION NINE

**How To Accelerate
Your Wealth With Simple
And Smart Subdivisions**

U **ULTIMATE**
REAL ESTATE SUCCESS
LIVE & VIRTUAL
BOOTCAMP

SUBDIVISIONS

I LOVE REAL ESTATE | **Knowledge Source**



U **Why do a Subdivision**

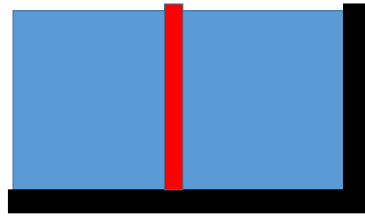
- Low Risk when starting out
- Resi Funding
- Stack Strategies
- Time input minimal

I LOVE REAL ESTATE



Corner Lots

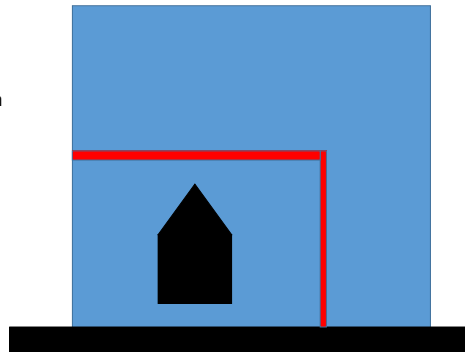
- Generally lower cost
- Easier access to services
- Additional street frontage is desirable





Battle Axe – Hatchet Blocks

- Bit more Complex
- May contain Common property
- Added costs?
- Not as desirable





Choppers / Large Lot

- Highest Degree of difficulty
- Commercial Funding
- Need for Pre sales
- Staged Development
- **NOT** your first Deal!





Subdivision Team

Final Stages

- Surveyor (Plan sealing)
- Lawyer – Register titles
- Mortgage / Finance strategist – Release or amend security
- Graphic artist (if selling)
- Real estate agents (if selling)
- Valuer





Subdivision Team

Ensure that your team:-

- Are members of Professional Associations where relevant
- Are up to date and completely familiar with local and state regulations
- Have the necessary insurances and certification
- Understand your time constraints

Ask for sub-contractors and consultants recommendations
Check up on the progress of individuals to keep them on target





The two most important Consultants on your Subdivision Team are your Town Planner & Surveyor

A good PRIVATE town planner is necessary!

A good Surveyor is vital!





What A Town Planner Does...

- Highest and Best Use Assessment / Due Diligence Reports
- Development Applications (from small straight forward project to large and complex projects)
- Master Planning
- Expert Evidence and Planning Appeals
- Public Notification





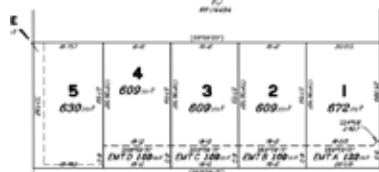
What A Surveyor Does...

- **Surveyors** make precise measurements to determine property boundaries. They provide data relevant to the shape and contour of the Earth's surface for engineering, mapmaking, and construction projects.
- **Surveyors are the unloved trade**
- **Surveyors know what's going on and are a valuable source of information and deals**





1 into 5 Lot Subdivision Logan Area



- Demolish House, Create 5 Freehold Lots each with Dual Occupancy Potential!!!
- **Purchase Price** **\$760K**
- **Est. Strategy Costs**
– Subdivision **\$540K**
- **Est. Sales x 5 Lots** **\$1.675M**
- **Est. PROFIT** **\$375K**





Hester Street \$550,000

1 into 3
Made \$210,000
in 10 months





Key Messages

- When determining Highest and Best Use of sites, be aware of relevant **Zoning, Overlays and Local Plan** provisions.
- Highest and Best Use is very site specific, there is not a 'one size fits all' option.
- **Planning Acts do change**, so watch this space for any relevant changes.

IMPORTANT – REGARDLESS OF HIGHEST AND BEST USE – DO WHAT YOU CAN FINANCE





Subdivision Requirements

Planning Scheme / Zoning

- Get a copy of planning scheme and zoning maps of your area (either online or visit the council office)
- Find out the minimum lot sizes for each zone

Set-backs

- What are the distances? (Front, side and rear setbacks)

Access

- Can you gain access to the proposed new lot?
- What is the minimum driveway width?

Services

- Storm water, sewerage, power





What to Look for



- Sewer @ front of property
- Water main across road = under road bore access
- Stormwater end of street
- Telstra @ front





Due Diligence

- Visit subdivisions in your area and record prices and marketing strategies
- Research the infrastructure; amenities, schools, transport etc.
- Look at changes in infrastructure planned for the future
- Study the demographics of the area
- Complete feasibility of the project = End Value less development costs.



KNOW YOUR MARKET





Already on Two Lots – Example of Dual Lot Single Title ENMORE, NSW

3 BEDROOM TERRACE, GRANNY FLAT & VACANT BLOCK
 BUY PRICE - \$900K
 Sub Divide and Reno
 add Value \$1.3 million





Developer contributions

- Don't forget about **developer contributions!**
- Fees payable to the Council prior to issuing your statement of compliance
- Related to you bringing more people to the area
- Funds are used to upgrade roads, schools, hospitals, infrastructure and assets





Sub-division Summary

- Best bang for you buck
- Easy starter
- Minimal Risk
- Predictable outcome
- Can be done as a Seller JV
- Can be Regional or Metro
- Relatively short time span – boutique subdivision
- Doesn't require a lot of your time – the team does the work



Do you get that we like Subdivisions!





Great Stacker Strategy

For example:

- Subdiv / sell land
- Subdiv / Build on land / sell one / use profit to ↓ Loan so remaining property is positive
- Subdiv / Reno house / Sell House / FREE LAND
- Subdiv / Reno house / Sell house / Build Duplex
- Great as a PPR Deal
- Great as a Seller JV Deal





Great feel good student story from NZ





WORD OF ADVICE

For you to become a Mini Developer / Subdivider your success or failure is determined on:



- Doing your homework before your purchase
- Knowing your market
- The **Team** you engage
- Understanding that time is money
- Use a mentor until you become the mentor.





Use SUBDIVISION Checklist on Ultimate Website !!!!!