

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

WORKBOOK - BRISBANE MARCH 2021





**SESSION ONE**

**Welcome & How To  
Protect Your Assets And  
Wealth In A Changing  
World Of New Risks,  
Uncertainty And Threats**

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

Welcome

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**Property Genius Formula**

The diagram features a central green circle labeled 'DREAM YOUR LIFE'. Surrounding it are four overlapping circles: 'FOUNDATION BLUEPRINT Risk >> Legacy' (top), 'LIFESTYLE' (left), 'WEALTH' (right), and 'BALANCE' (bottom). Each circle is associated with specific concepts: 'FOUNDATION' includes Strategic Planning, Protect Your Empire, Investor Ready, and Property Boom; 'LIFESTYLE' includes Income Accelerators, Cashflow Rat. Race >> Lifestyle, Intel, and Real - Mental; 'WEALTH' includes Growth Cash Poor >> True Wealth, Cycle Economics, and Pro Analysis; 'BALANCE' includes Rest - Mental, Intel, and Cycle Economics.

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**FOUNDATION  
BLUEPRINT  
Risk >> Legacy**

**No successful building, relationship, empire, company or even country is possible without solid foundations!**

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CASHFLOW  
Rat Race >>  
Lifestyle

**Cash Flow gives you life style!**  
**Cashflow gives you choice!**  
**Cash Flow gives you freedom!**  
**Cash flow buys back your time!**

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**Growth means you are able to continue to invest and build a sustainable empire that has longevity!**

GROWTH  
Cash Poor >>  
True Wealth

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FOUNDATION  
BLUEPRINT  
Risk >> Legacy

WEALTH

GROWTH  
Cash Poor >>  
True Wealth

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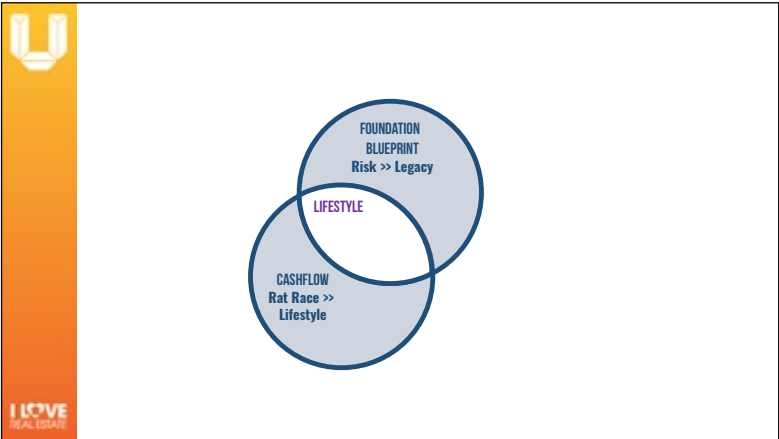
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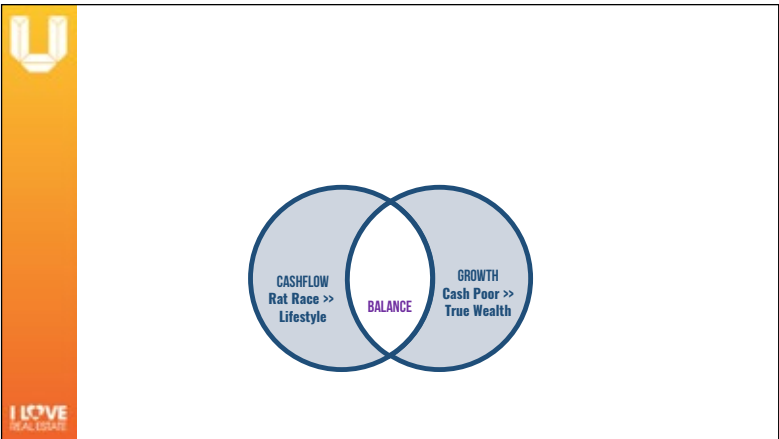
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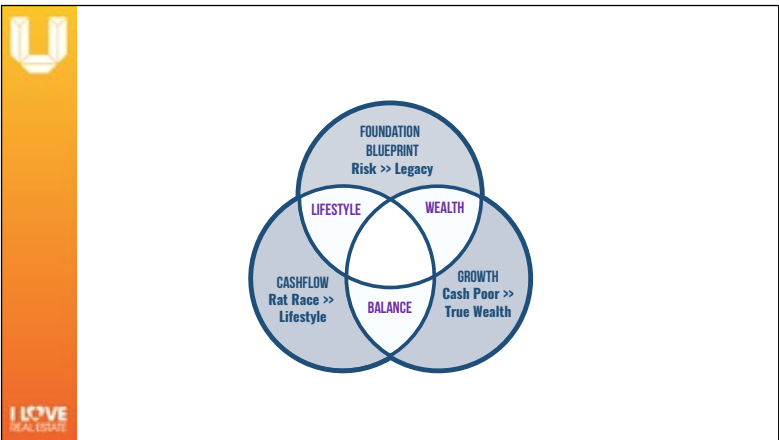
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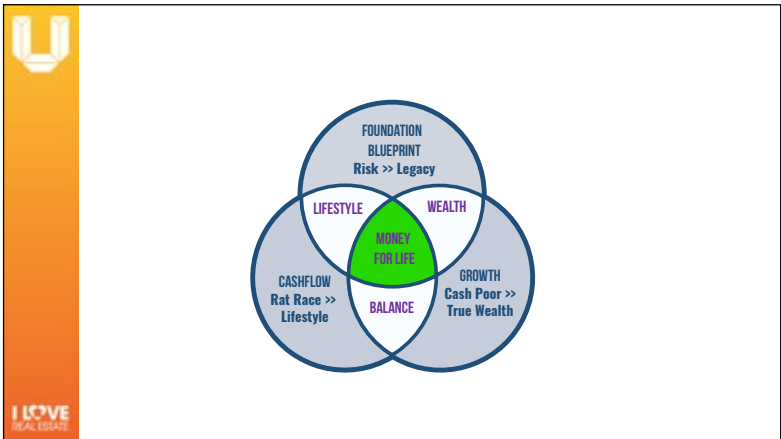
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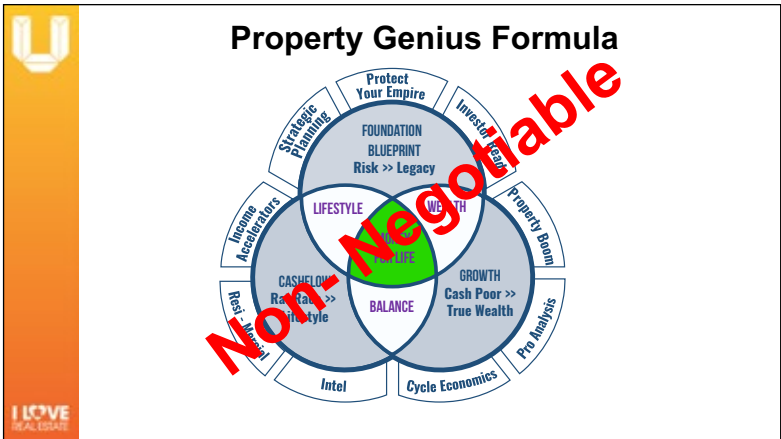
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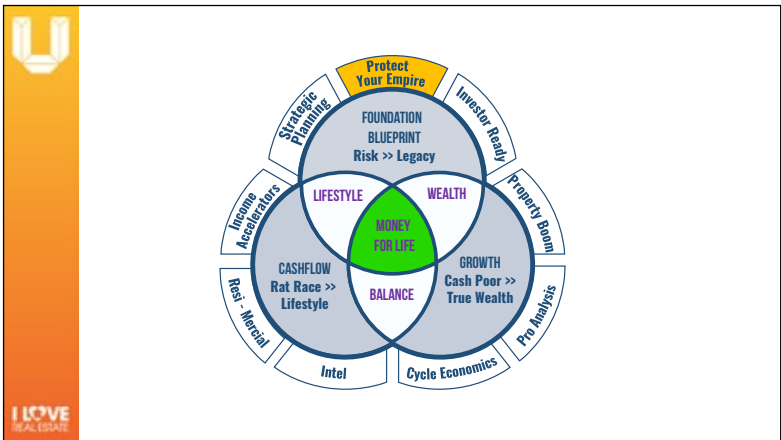
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# ASSET PROTECTION

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Derek Sky BA LLB (Hons)

Director of Pacific Law and Investor Pacific Structures  
Solicitor of the Supreme Court of Qld and the High Court of Australia



The information provided is of a general nature only. This is not intended to be a substitute for legal advice. You should take legal and accounting advice specific to your situation before undertaking any structuring, asset protection or succession planning measures.

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## Asset Protection – The Basics

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What is asset protection?



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## What Does It Mean To Be Liable?

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Liability → Lawsuit → Judgment



Bankruptcy ← Enforcement



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## Asset Protection – The Basics

16

It can happen to anyone.

- Rugby referee/ rugby league player
- Seller of goods online
- Defamation on Facebook/Twitter
- Injured tenant sues landlord



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## Sleepover alarm bell

\$850,000 payout a 'wake-up call' for slumber party parents

By Stephanie L'Orange  
 A slumber party for two 14-year-old girls in a Melbourne house last week ended in a dramatic turn that could have been avoided with a few more precautions.

Two teenage girls were invited to a slumber party at the home of a friend in Melbourne's northern suburbs. The girls' parents were not told of the party until the morning of the event.

The girls' parents were informed of the party on the morning of the event. The girls' parents were informed of the party on the morning of the event.

### The Bulletin

#### Boys will be boys, if only we let them

Advertisement text from The Bulletin, dated 10/10/08.

**Parents beware!**  
**\$850,000 sleep over**

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## CGU refuses to pay insurance claim

Real Estate | 18th October 2008

CGU won't pay any more for Man Paulger since he was hospitalized by Peter's Creek Road on 27th March.



Ending up on the wrong end of insurance

CGU refused to honour the insurance claim because the frail Mr Paulger was not living at his home on Peter's Creek Road at the time of the robbery on March 27. He was living with his carer because of his ill health.

He cannot get the payout because for some a million-dollar property in Hampden.

But if he paid that property, which has been on the market for 12 months without success, the game is being because it will just pay the million-dollar mortgage on it.

They have to look out as he could keep meeting these astronomical cost but need more.

"I don't see a problem as I don't know how I'm going to live."

CGU refused to honour the insurance claim because the frail Mr Paulger was not living at his home on Peter's Creek Road at the time of the robbery on March 27.

He was living with his carer because of his ill health.

Insurance policy of the house, antique emeralds and custom-made jewel system, guitar, about \$100,000 worth of new clothes, including new suits, and more.

A CGU spokesman has said the only the requirement an insured dwelling remain occupied with a common inhabitant in home and contents policies.

Mr Paulger - who is fighting cancer disease and is in a stable four days a week - said he did not need the all use of the insurance right with CGU.

Last week he nearly took his last breath when the man's life through his stomach with a ball.

"I'm not for a minute now, I would've have looked the no minutes," he said.

"The whole life I've done everything by the book, including paying for insurance."

Mr Paulger said police had yet to charge anyone with the robbery.

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## Asset Protection – The Tools

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Insurance

- Public risk insurance
- Life Insurance
- Professional indemnity insurance




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## Protection With Legal Structures

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Trusts and companies are separate legal structures



Your assets and risks



Your trust's assets and risks




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## Structures – A Company

21

A Company has a separate legal existence.

Company

Members

(shareholders):

- Own the company
- Appoint the directors

Directors:

- Have control
- Take on risk
  - Director's duties
  - Guarantees




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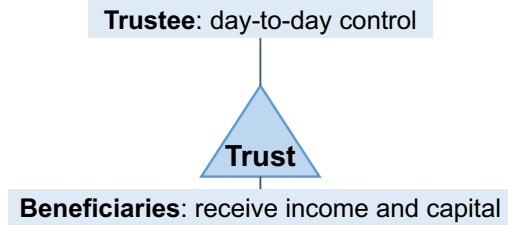
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## Structures – A Trust

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A trust is an arrangement where a trustee holds assets for beneficiaries



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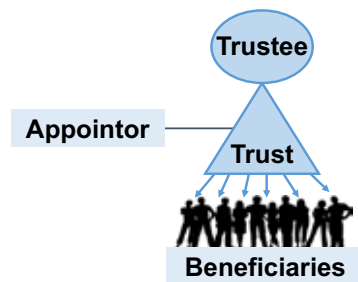
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## Discretionary Trust

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- Broad range of beneficiaries with limited rights
- Appointor appoints the Trustee
- Flexible distributions



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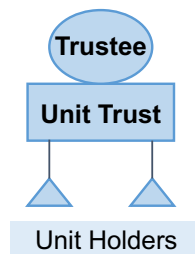


## Unit Trust

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### Unit Trust

- Units issued like shares in a Company
- Fixed distributions and ownership
- Unit Holders appoint the Trustee



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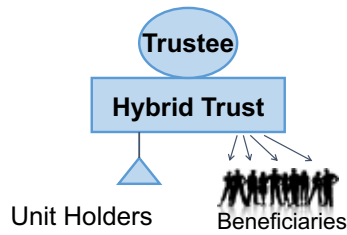


# Hybrid Trust

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## Hybrid Trust

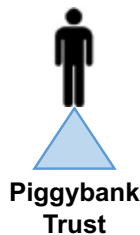
- Units issued like shares in a Company
- Also discretionary beneficiaries
- Tax ALERT on gearing
- Difficulty borrowing



# Piggybank Trust

26

A Piggybank Trust is a protected discretionary trust. Safe structure to hold key assets.



# Bucket Company

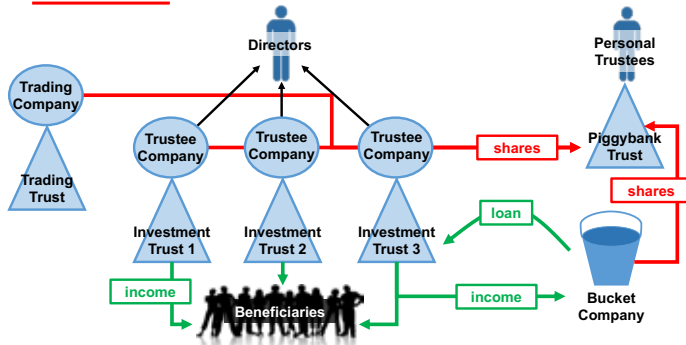
27

A Bucket Company is a company used to receive discretionary distributions and pay tax at company rates.



## A Typical Structure

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## Technicalities Of Trusts

29

- Must be established correctly (Settlor, settled sum)
- Deed must have adequate powers
- The right people must be beneficiaries and appointors
- Legal changes:
  - Bamford
  - Foreign stamp duty and land tax




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## Land Tax & Discretionary Trusts

30

- Discretionary trusts may pay more land tax.

State	Individual Threshold	Trust Threshold
NSW	\$734,000	Nil
Vic	\$250,000	\$25,000
Qld	\$600,000	\$350,000
S.A.	\$369,000	\$369,000
W.A.	\$300,000	\$300,000

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## Land Tax in NSW

31

- In NSW, discretionary trusts do not have a land tax threshold
- For an individual the threshold is \$734,000
- Is the asset protection and income tax minimisation worth the land tax costs?
- A Land Tax Unit Trust passes the land tax to the unit holder who can use their individual threshold.

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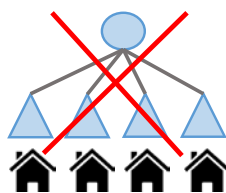
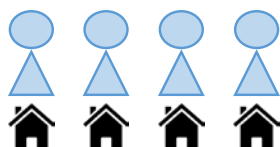


## One Company / Multiple Trusts

32

Use a separate company for each trust.

- Easy administration
- Land tax in Queensland
- Cross collateralisation



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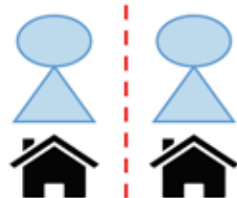
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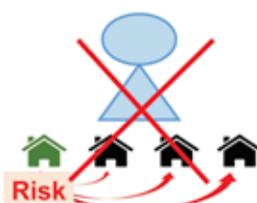


## One Trust / Multiple Properties

33



Separate trust for each investment



Multiple investments in one structure

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## The Limits Of Structures

34

- Assets within the trust still affected by its risks
- Land tax and administration costs
- Director's guarantees
- Poor administration



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## Checklist: Recycling A Structure

35

- Is it the right structure for your new project?
- What has the trust done before?
- Can you find the complete Deed?
- Is it properly established (signed)?
- Does it have adequate powers?
- Do the right people have control (trustee, appointor)
- Are the right people able to benefit?



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## Protecting Existing Investments

36

- Is it worth protecting?
- Transfer to a Trust or lower risk spouse?
  - Duty and CGT
  - Transfer costs
- Clawback



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## Protection For Personal Assets

37

The pseudo-protection of debt.



Value: \$500,000

Debt: \$200,000

Equity at risk: \$300,000



Slides 27 – 31



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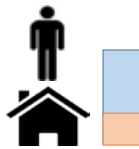
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## Gift vs Loan

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ASSET HELD HERE

Borrowing

LOAN



Investment Trust

- Equity is retained by the lender
- Interest is tax deductible



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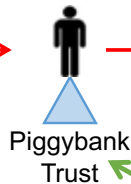
## Gift vs Loan

39



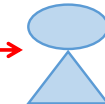
Cash

GIFT



Piggybank Trust

LOAN



Investment Trust

ASSET HELD HERE

- Equity moves to recipient
- Interest is not tax deductible



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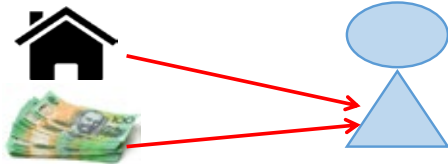


## Contributing Funds To A Trust

40

Is it a gift or a loan?

- Tax deductibility of the interest
- Where is the equity owned?



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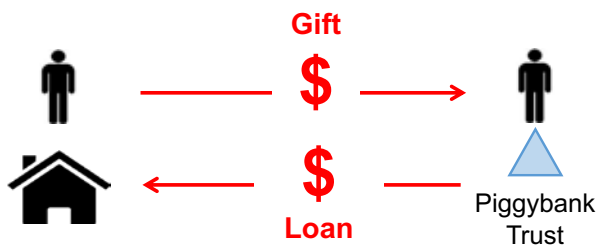
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## Gift And Loan Back Arrangement

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Creates a friendly debt which can be secured.



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## Security For Loans

42

Loans are only as secure as their security

- Mortgage
- Irrevocable Mortgage
- Caveat
- Registered vs registrable



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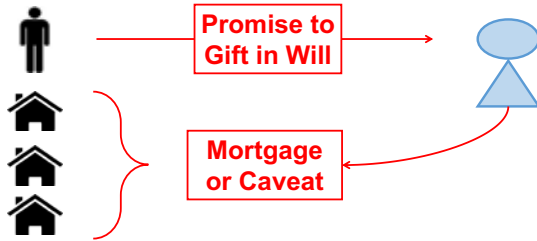
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## Contract Of Will

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Securing a promise to make a gift under your Will.




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## Joint Venture Structures

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- Structure will be driven by the deal.
- What is each party contributing?
  - Capital
  - Borrowing capacity
  - Time / Skills
  - Finding the deal
- Equal contribution or unequal?




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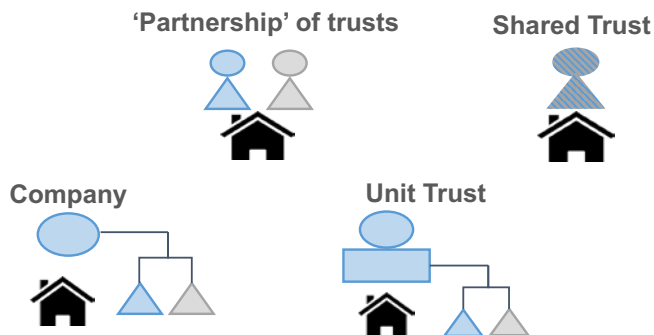
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## JV Shared Serviceability

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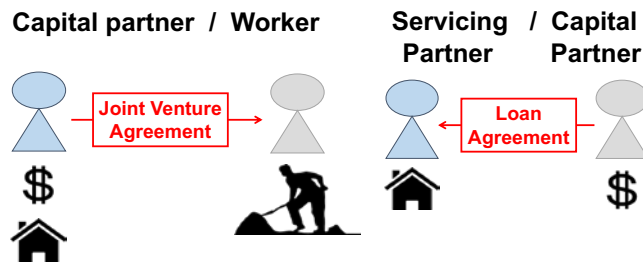
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## JV Difference Contributions

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## Running Your Structures

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- Structures must be administered as a separate legal entity
  - Recording decisions in formal minutes
  - Separate bank account
- Documentation of transactions
  - Loan Agreements, Deeds of Gift, minutes




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## Structures And Divorce

48

- The power of the Family Court
  - Who has the actual control?
- What can be done?
  - Third party appointors
  - Bloodline trusts
  - Binding Financial Agreements




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## Structures And Death

49

On death or incapacity, you cease to be a director, appointor or trustee.

Who takes over?

Do you still have a role in a JV structure?



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## Intestacy

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- What happens if you do not have a Will ?
- What happens if you do not have an EPA ?



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## Death And Wills

51

Wills cover personal assets, they may not cover:

- Trust assets
- Superannuation
- Joint tenanted property
- Life insurance



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## Testamentary Trust Wills

52

- Tax advantages
- Asset protection advantages
- Bloodline restrictions



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## Bloodline Restricted Wills

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Your assets can continue to be governed by your Will into the future. This helps to exclude in-laws.



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## Preventing Claims

54

- Clear communication
- Difficulty of proving the status of relationships



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## Incapacity

55

- Enduring Powers of Attorney
  - Financial decisions
  - Healthcare decisions
- More than 420,000 Australians with dementia



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## Succession Planning Claims

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- Family Provision claims against Estate
- NSW – the notional estate



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## Establishing Companies and Trusts

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# Asset Protection

**Action Required:**

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**Who do I need to contact?**

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**SESSION TWO**

**Secrets To Getting  
Finance Ready And How  
To Leverage Smart Debt  
For The Boom Ahead!**

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SESSION TWO  
**FINANCE**



**Clint Ducat** Dip FS (MB), Adv Dip FS (FP)  
Director – **WiZDOM** Loans Pty Ltd

Clint Ducat is an Authorised Credit Representative (CRN 394987) of  
Wizdom Loans Pty Ltd (Australian Credit Licence No: 501060)

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**U**

**Understand the financier's  
assessment process**

*Three C's*  
of  
**Credit**

- 1) Character
- 2) Collateral
- 3) Capacity

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## Understand the financier's assessment process

### Character

- Credit reference checks
- Credit card statements
- Existing loan statements
- Rates notices
- Does your asset position match your life story (age, career/income, family etc)
- Not every financier is the same

Comprehensive credit reporting and why it's important now?




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## Comprehensive Credit Reporting

Client example – Late Credit Card Payments

Open date	Status	Latest limit
05 Jan 2004	Open	\$7,000

2018												2019	
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
R	R	R	0	1	0	1	2	3	0	0	0	P	P

R = Not Reported      1 = 0-29 days overdue      P = Pending  
 2 = 30-50 days overdue  
 3 = 80-89 days overdue

Impact of Comprehensive Credit Reporting




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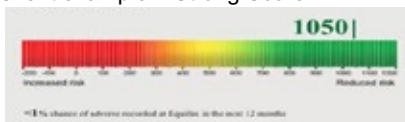


## Comprehensive Credit Reporting

Client example – Late Credit Card Payments



Client example – Strong Score




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## Managing your Credit File

- Alerts
  - Check your file at [www.mycreditfile.com.au](http://www.mycreditfile.com.au)
  - or get your Finance Strategist to run your report for you
- Understand what the lenders can see and work on strengthening your weaknesses




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## Understanding the financier's assessment process

### Collateral

- How much Equity / Cash do you have to start with?
- What is your asset/liability position
- Do you need higher LVR's if equity is low?




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## Lenders Mortgage Insurance (LMI) can be the solution for low collateral!

- What does it cover?
  - When do you pay LMI?
  - How much does it cost?
  - Can it be transferrable if you refinance?
- \* When in LMI Territory – P & I will be expected




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## If you have Little or No Equity

- Ways to strengthen a weakness (chunk deals, joint venture's, savings plans, vendor finance, etc.)
- List JV potential partners
- Search for seller finance or seller JV deals
- Family gifts/loans or family security guarantee (Bank of Mum and Dad)



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## Understand the financier's assessment process

### Capacity (Serviceability)

- How much borrowing does your income buy you?
- How do we increase our capacity? (JV's, positive cash flow properties, increase your PAYG income – even if short term)
- Reduce other commitments (existing mortgages, personal loans, credit cards etc)

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## Borrowing Capacity

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Sample Scenario: **Income of a couple \$80,000 and \$40,000**  
 Borrowing range from \$790,000 to \$870,000

Add a:

- \$20k credit card - borrow \$670,000 – \$740,000
- \$50k credit card - borrow \$480,000 – \$530,000
- 1 kid (no credit cards) - borrow \$740,000 – \$815,000
- 2 kids - borrow \$690,000 – \$765,000
- 3 kids - borrow \$640,000 – \$720,000

### Summary:

- Each \$10k of credit card costs you approx \$60k in max borrowings
- Each child costs you approx. \$50k in max borrowings

\* Calculated on P&I borrowing over 30yr term, living expenses and other terms will vary the outcomes.

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## Bank Rental Shadowing

- 80% on residential rental income (Capped at maximum yield of 6%)
- 50% on high density rent income (more than 3 stories)
- 60% on commercial rental income
- 50% on serviced apartments rental income



**The above is just one bank's policy!**

\*Most lenders don't like a reliance on Rental Income

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## Debt to Income Ratio?

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**Debt to  
Income Ratio  
Formula**



$$\text{Recurring Monthly Debt} / \text{Gross Monthly Income}$$



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## Living Expenses

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- Changes to Household Expenditure Measure (HEM)
- Core/Mandatory versus Discretionary expenses
- Discretionary and once off expenses can be discounted
- Lenders will use the higher of the applicants stated living expense, or their HEM policy
- Consider having a dedicated Living Expense Bank Account

\*Banks requirements to verify a customers living expenses are expected to ease with proposed future changes to responsible lending laws

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## Get Market & Finance Ready

- Finance Strategy Review
- Get Finance Fit
- Release available equity
- Diversify your lending
- Reduce your fixed commitments where possible
- Do tax returns and set-up structures
- Review Personal Insurances
- Know what your next move is – do a 2 year plan



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## Finance Strategies

- Don't Cross-Securitize
- Split Facilities and Loan Structure
- Transactional Banking Structure
- Create Buffers (Personal/Investment)
- Efficient Money Management
- Tax Deductibility (re-purpose private debt)
- Creating your own Merchant Bank



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## Strategies to pay off your home loan fast

- There is no better strategy than “Manufactured Growth” and paying off your home loan with the profit.
- Second to that is positive cashflow.
- It also involves good money management & budgeting

**You must have a clear, concise, written plan and stick to it.**

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## Uncross-Securitize

### *If you have Equity*

- Access available equity
- Get Split Facilities in place
- Diversify your lending exposure
- Separate your PPR
- Untangle cross-securitised Properties




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## Types of Loans and when they should be used!

- Principal and Interest
- Interest only
- Line of Credit
- Redraw Facility
- Offset Account
- Fixed vs Variable




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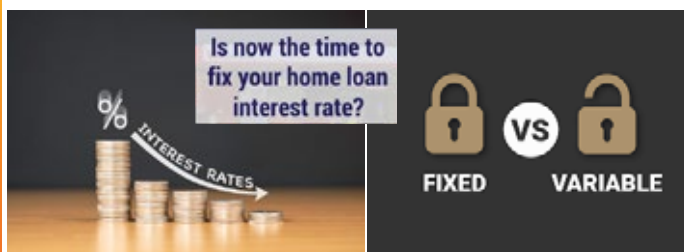
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## Fixed vs Variable Interest Rates




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## Get the structure right

- Get advice on what the best structure is for you, depending on personal circumstances and what you are looking to achieve
- Understand how the banks look at the people involved in the structure
- Be mindful of the structures name



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## If doing JV's

- Formalise Joint Venture agreement
- Create JV structure
- Consider the financing process of JV's
- Speak with your Finance Strategist



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## Let's Talk Self Employed

- How long do you need to be Self Employed?
- What evidence of income is needed?

## What about Low Doc?

- What is Low Doc Lending?
- What is Lease Doc?



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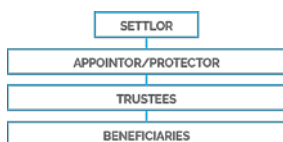
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## Is it more difficult to borrow in a trust?

- Not if you are dealing with a WIZDOM Finance Strategist (can even potentially be easier)
- Be selective with Company/Trust names
  - don't big note yourself
- Timing may be a little longer
- Timing longer for Superannuation Funds



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## Pre-Approvals

- How good is a Pre-Approval?
- Is a Pre-Approval more important in some states than others?
- Worthwhile if considering Auction or purchasing in SMSF



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## Going Pro – Full Time in the Business of property

- What does the transition look like?
- What does being full-time in the business of property mean for you?
- Start planning **NOW** how you are going to execute this.



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## How to Handle Valuers

- Prepare for the Valuers
- Keep your property in good shape, deals are going down due to bad valuations, make it like it's for sale...
- How should you handle/assist a Valuer?




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## How do you finance:

- A small subdivision
- A large subdivision




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## How do you finance:

Strata a block of units or warehouses

A renovation




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## How do you finance:

A Rooming House



A Commercial Building



A Boarding House



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## How do you finance:

A House Build



A Duplex Build



A Triplex Build



A large block of Units/Townhouses Build



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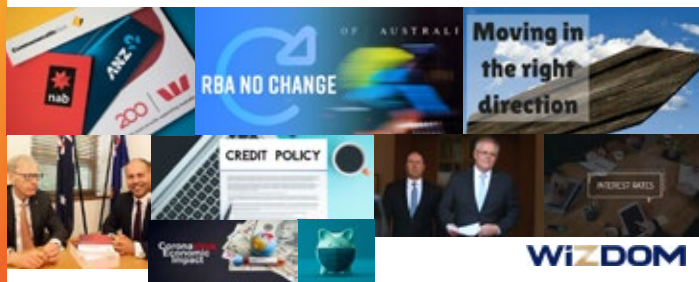
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## Banking Trends

Where are we at and where are we heading?



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## Finance and Strategy Review

1. Are the properties you currently own helping you achieve your goals?
2. Are you "Finance Fit"?
3. Do you need to restructure current finance facilities?
4. What property strategy do you need next?
5. Do you know your finance capacity?
6. Are you "market ready"?




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## WIZDOM Loans

Email – [loans@wizdom.com.au](mailto:loans@wizdom.com.au)

**1300 WIZDOM**

Our team are specialists in strategic investment lending.

We can help with:

- Finance Strategy and Support • Home Loans/Refinances
- Investment/SMSF Lending • Development/Commercial Finance
- Complex Loan Structuring and Advice




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# Finance

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**SESSION THREE**

# **How To Achieve An Effective Tax-Free Income In Retirement With Your Superannuation**

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

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SESSION THREE

## SUPERANNUATION



**Clint Ducat** Dip FS (MB), Adv Dip FS (FP)  
Director – WIZDOM Advisory

*Clint Ducat is an Authorised Representative #434181 and WIZDOM Advisory is a Corporate Authorised Representative #434801 of WIZDOM Wealth Pty Ltd, Australian Financial Services Licensee #485363*

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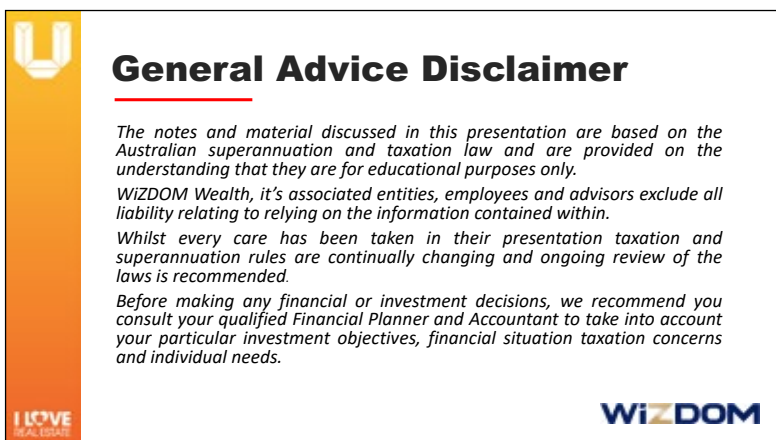
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## General Advice Disclaimer

*The notes and material discussed in this presentation are based on the Australian superannuation and taxation law and are provided on the understanding that they are for educational purposes only.*

*WIZDOM Wealth, it's associated entities, employees and advisors exclude all liability relating to relying on the information contained within.*

*Whilst every care has been taken in their presentation taxation and superannuation rules are continually changing and ongoing review of the laws is recommended.*

*Before making any financial or investment decisions, we recommend you consult your qualified Financial Planner and Accountant to take into account your particular investment objectives, financial situation taxation concerns and individual needs.*

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# Taxing Superannuation The big advantage

Super in **pension phase** after retirement:

- Income Tax\* – 0% (Retired over 60, otherwise 65)
- Contributions Tax – 15 - 30%
- Capital Gains Tax\* – 0%



\*Subject to the Transfer Balance Cap



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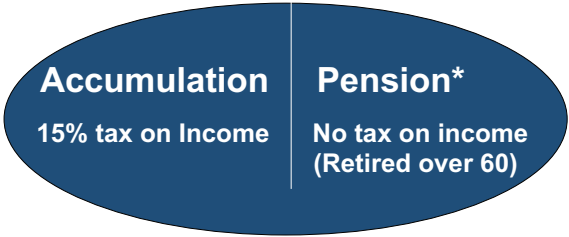
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# Accumulation & Pension Phase



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# Transfer Balance Cap (TBC)

Cap on transfers from accumulation to pension phase  
Currently set at \$1.6m but to index up to \$1.7m on 1<sup>st</sup> July 2021  
Every Individual will have their own TBC between \$1.6m and \$1.7m

### UPDATE

Transfer Balance Cap Increase



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## Contributions



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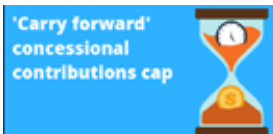


## What can I Contribute?

### Concessional

General Cap (all ages)

FY 2020/21 - \$25,000



### Carry Forward Provision

- Beginning 1<sup>st</sup> July 2018 introduction of "Carry forward" Concessional Contributions on a rolling basis for 5yrs available to members with a total superannuation balance < \$500,000

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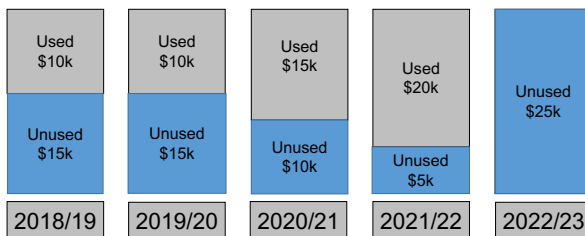
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## Carry Forward Concessional Contributions



In the 2022/23 FY, a total concessional contribution of \$70k could be made

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## What can I Contribute?

### Non-Concessional

- 2020/21 FY \$100,000 per annum
- Due to index up to \$110,000 on 1<sup>st</sup> July 2021
- “Bring forward Rule” allows you to bring forward a further 2 yrs of Non-Concessional Contributions
- Available to members with less than:
  - \$1.6m Total Super Balance for the 20/21 FY
  - \$1.7m Total Super Balance for the 21/22 FY




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## What can I Contribute?

### Sale of a Small Business Active Asset

- Retirement exemption – Lifetime Limit **\$500,000\***
- 15-year asset exemption – Currently **\$1,565,000\***

There are a number of conditions that need to be met to be eligible for any small business CGT concessions or exemptions.

First, the small business must either:

- Not have an annual aggregated turnover of \$2 million or more; or
- The asset sold must have been used in a closely connected business;
- The business owner’s net assets must be less than \$6 million
- The asset being sold must also meet the active asset test

\* **No Total Super Balance (TSB) restrictions**




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## Downsizer Contribution

- From 1<sup>st</sup> July 2018, if you are 65 years old or older and meet the eligibility requirements, you may be able to choose to make a downsizer contribution into your superannuation of up to \$300,000 from the proceeds of selling your home.
- The downsizer contribution is not a non-concessional contribution
- It can also still be made if the member’s total super balance is already greater than \$1.6m
- Must be from proceeds of the sale of your PPR (that you have owned for 10yrs or more) and made within 90 days of receiving the proceeds.

\* **No Total Super Balance (TSB) restrictions**




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## In-Specie Contributions

- Contributions to your fund in the form of an asset other than money.
- What assets are allowed to be in-specie contributed to a SMSF:
  - Listed Shares and Securities
  - Business Real Property



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## Business Real Property

*What does business real property mean?*

The definition of BRP for superannuation purposes includes any freehold or leasehold interest in real property where the property is used wholly and exclusively in one or more businesses.



State	Section of the State Duties Act	Details
NSW	Section 62A	\$500 concessional flat rate
VIC	Section 41	Exemption
WA	Section 122	Nominal duty of \$20
QLD	Stamp Duties Act 2001 (QLD)	No exemption
SA	Stamp Duties Act 1923 (SA)	No exemption

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## When can you get access to your Superannuation?

Main events:

- Reach age 65
- Reach Preservation age and retire
- Reach Preservation age (not retired) and begin a transition to retirement strategy (rules apply)
- Financial hardship



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## When can you get access to your Superannuation?

Preservation Age

Date of birth	Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60



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## COVID19 – Temporary reduction of minimum pension payments

Who is eligible?

- All account-based pension holders

Age	Minimum annual pension payment	NEW minimum annual pension payment for 2019-20 and 2020-21
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95+	14%	7%

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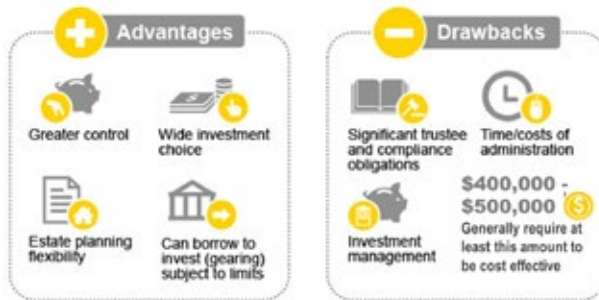
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## Pros and Cons of SMSF's



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## Self Managed Super Funds

- How much do you generally need?
- What's the process to set up a SMSF?
- How long does it take?
- How much does it cost?  
(To set up and to operate?)
- Who can have one?
  - 18 years, max age to set one up?
  - Maintaining Australian Tax Residency?
  - Bankrupts, previous convictions (fraud etc)?



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## The Structure of an SMSF

**TRUSTEE**  
(Should be a Special Purpose Company)

**SMSF**

**MEMBERS**

**Maximum of 4 Members\***

\*Proposed to increase to 6 members by July 2021

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## SMSF Set-up Process

- Advice (Personal Statement of Advice)
- Set up Corporate trustee (Special Purpose) and SMSF Deed
- Apply for the ABN and TFN for the SMSF
- Sign Trustee Declaration with 21 days of becoming a Trustee
- Create the funds written Investment Strategy
- Set up funds main operating bank account
- Completion of full or partial rollovers from existing funds (Ensure no loss of insurances)
- Replace Life/TPD Insurance if appropriate
- Purchase investments in line with investment strategy




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## WHAT ARE TRUSTEES RESPONSIBLE FOR?




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## Can a Super Fund Pay For?

- Set up of the Fund?
- Insurance?
- Administration for the Fund?
- Ongoing financial advisory services?
- Remuneration payments to Trustees?
- Training expenses to train Trustees?
- Personal expenses or anything that provides a current benefit?




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## SMSF Annual Compliance

As a trustee you have a number of administrative obligations. Including, but not limited to:

- Appoint an SMSF auditor
- Value the funds assets annually
- Lodge SMSF annual returns
- Accounting records and minutes (some records need to be kept for 10 years)
- Notify the ATO of changes



\*NOTE: The **ATO** takes activities in a SMSF **VERY** seriously and actively monitor for breaches



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## Fines and Penalties



ATO can issue fines of up to \$12,600 per penalty to the Trustee

Examples – *these are only some penalties*

- Failure to prepare financial statements \$ 2,220
- Providing financial assistance to members \$13,320
- Failing to comply with ATO education directive \$ 1,110
- Contravention of the in-house asset rules \$13,320
- Failing to keep trustee minutes for at least 10yrs \$ 2,220

In addition to the above fines, the **ATO** can also issue **Education** and/or **Rectification Directions** to the Trustee/s



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## SMSF Trustee Education

We encourage new and existing Trustee's about SMSFs and the environment they operate in.

The Self-Managed Superannuation Fund Trustee Education Program, is a free program designed to educate trustees of SMSFs to understand their role and responsibilities.

[www.smsftrustee.com](http://www.smsftrustee.com)



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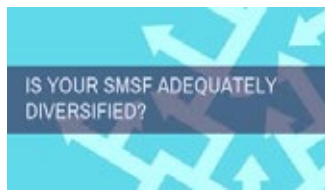
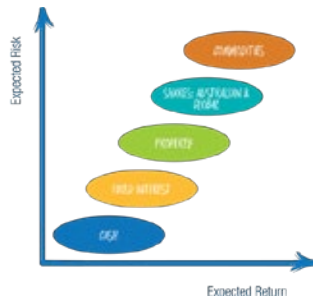
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## Investment Strategy



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## Existing SMSF Housekeeping

- Are your reporting requirements up to date?
- When was your **SMSF's Trust Deed** last updated? Does it take into account all the recent super reforms?
- Have you got a **Special Purpose Trustee Company** acting as Trustee?
- Is your **Investment Strategy** current? Does it need updating?
- Have you got a valid **Death Benefit Nomination's**?



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## Buying property with your SMSF, what can be done?

With Borrowings

Without Borrowings



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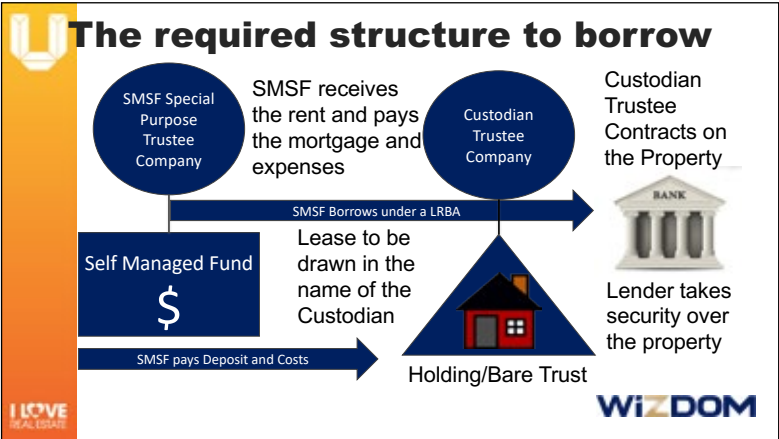
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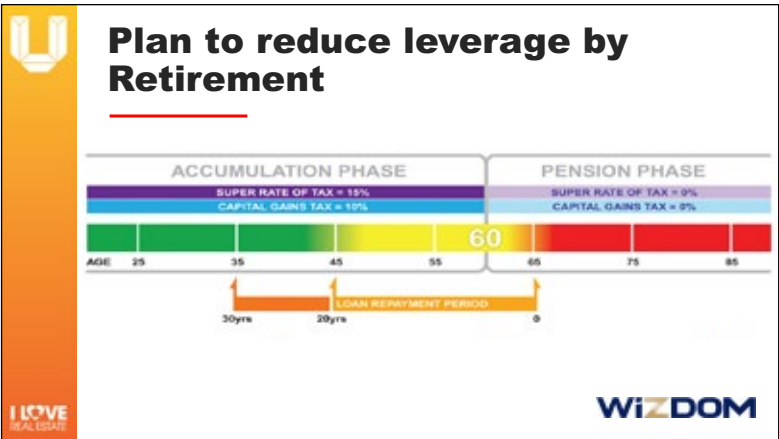
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### Unit Trusts and SMSF's

#### Related Party (Ung geared) Regulated 13.22c Unit Trust

An SMSF can acquire units in an ungeared unit trust to acquire direct property.

- ✓ Can include other unit holders (including related parties)
- ✓ Can acquire Commercial or Residential Property
- ✓ Can manufacture growth:
  - Renovation | Subdivision | Construction

\*Needs to adhere to the strict requirements outlined in SIS R 13.22c

**No borrowing on the property owned in the Unit Trust**

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## Unit Trusts and SMSF's

### Unrelated Party (Geared) Unit Trust

This is where no member or related parties control the trust - i.e. own > 50% of the Units or exercise sufficient influence

- Can have more than 2 parties and can comprise of SMSF, Company, Discretionary Trust and Individual ownership
- Generally treated as a normal Unit Trust for borrowing but you must be dealing at a Commercial Level

Considerations

- Make sure your funds trust deed/investment strategy allow it
- All unit subscriptions must always be at market value




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## Begin with the end in mind

- When will you wind-up the fund?
- Understand the wind-up process and potential costs?
- Age and specific requirements of the members?
- Lost capacity of a member?

Would a Family SMSF work for your family?




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## Advanced SMSF and Structuring Online Course

Virtual Event generally in July, last years recording is assessable within the Members Only Website under Ultimate Training




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# Superannuation

**Action Required:**

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**Who do I need to contact?**

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**SESSION FOUR**

**How To Legally Minimise  
Your Tax And Maximise  
Your Income**

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

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**U**

SESSION FOUR  
**TAXATION &  
BOOKKEEPING**



**Kamal Power B.Bus, FCA**  
Client Advisor, Chartered Accountant

Our team are specialists in Property Tax servicing clients all over Australia.

We can assist with: • Accounting Software Setup & Support  
• Tax Returns & Financial Statements • Tax & Business Advice  
• BAS Preparation • Analysis of Property Feasibilities

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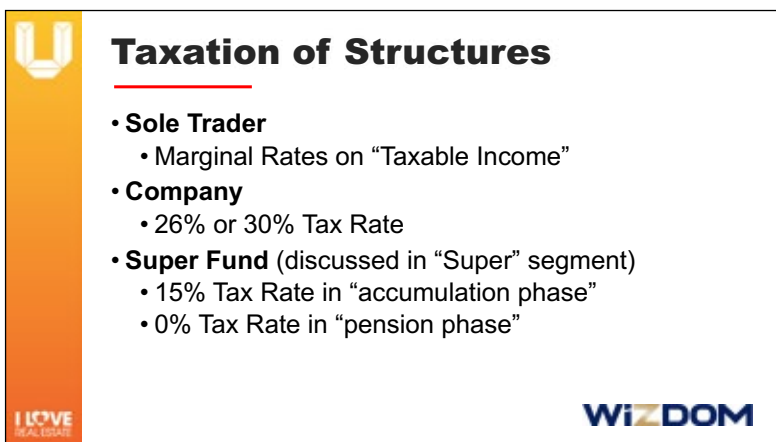
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**U**

**Taxation of Structures**

- **Sole Trader**
  - Marginal Rates on “Taxable Income”
- **Company**
  - 26% or 30% Tax Rate
- **Super Fund** (discussed in “Super” segment)
  - 15% Tax Rate in “accumulation phase”
  - 0% Tax Rate in “pension phase”

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## Taxation of Structures

### Trusts & Partnerships

- These are not “separate legal entities”
- They do not pay tax in their own right
- Partnership - Net Income or Loss passed down
- Trust - Net Loss cannot be distributed
- Distribution to associated entities if Trust Deed allows




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## 2020/21 Individual Tax Rates

Taxable Income	Tax Rate
0 – 18,200	Nil
18,201 – 45,000	19%
45,001- 120,000	32.5%
120,001 – 180,000	37%
180,001 +	45%

\* Does not include Medicare Levy (2%) or Medicare Levy Surcharge (1 – 1.5%)




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## ATO HIT LIST



- Covid 19 - if not working, can't claim it
- Small business & high wealth individuals
  - Makes up 50% of \$53bn debt on their books
- Rental property deductions
  - Interest, repairs, incorrect apportionment of net rent
- JobKeeper incorrectly claimed
- Data Matching
  - Motor Vehicles – 2019/20 to 2021/22
  - Online Selling – 2018/19 to 2022/23
- Property Developers (including Flipping your PPR)




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## Bullet Proofing yourself against an ATO audit

- Have a good system for Record Keeping
- Audit Insurance
- Continued Education
- Don't Ignore it!
- **Lodge on time!**



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**Paperwork**

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## Are you an investor or are you in the business of real estate?

- Frequency or Regularity
- Profit making Intention
- Start now!! Work out a system



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## Record Keeping

- Use an asset register – can be digital!!



### **Investor Accounting**

- Asset Register
- Year end Accounting
- Job Costing
- Receipts (In English, legible, digital or manual)

### **Project Accounting**

- Feasibilities
- Budget v Actual
- Job Costing
- Full Accounting System needed
- Receipts (In English, legible, digital or manual)




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## Accounting Systems




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## What Documents to Keep

- Purchase/Sale Contracts
- Settlement Statements including all invoices
- Details of Margin Scheme if applied
- Receipts/Invoices for Annual Income & Expenses
- Property Agent Rental Statements
- Property changed between PPR and rental - need record of dates and market valuations when purpose changes
- Logbooks for MV expenses (if in the business of real estate)
- Diaries to for home office expenses, internet & phone




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## How long to keep your Records

- 5 years from the date your notice of assessment was issued- 7 years if you are a company
- Property - 5/7 years from the date your notice of assessment was issued for the year the property was sold
- Capital loss - 5 years after loss is **utilised** against a capital gain, not after loss incurred




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## Property Investor



- ✓ Trust has bank account
- ✓ Trust Lodges tax return
- ✓ Trust applies for loan
- ✓ Trust on title (NSW and VIC excepted)




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## Property Accounting

Income	\$
Expenses	\$
Depreciation	\$
Rates	\$
Insurance	\$
Management	\$
Interest	\$
Telephone	\$
Stationery	\$
Repairs	\$
Other	\$ _____
Profit/(Loss)	\$ _____




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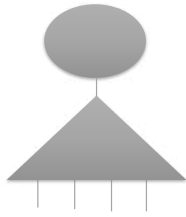
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## When in the Business of Real Estate

### Flipper Trust

- Trust Bank Account
- Trust has ABN and may have registered business name
- Trust may need GST and payroll registration
- Can claim more expenses but trust and intention must exist and must follow through



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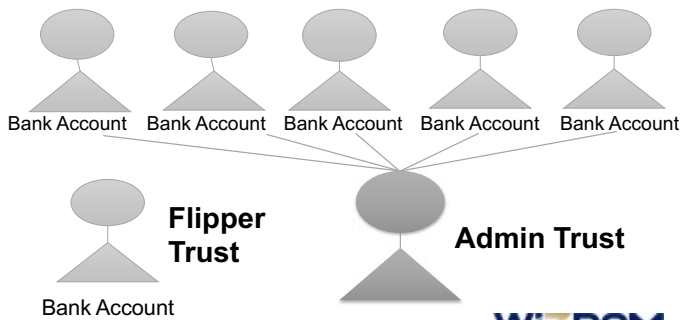
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## Investment Trusts



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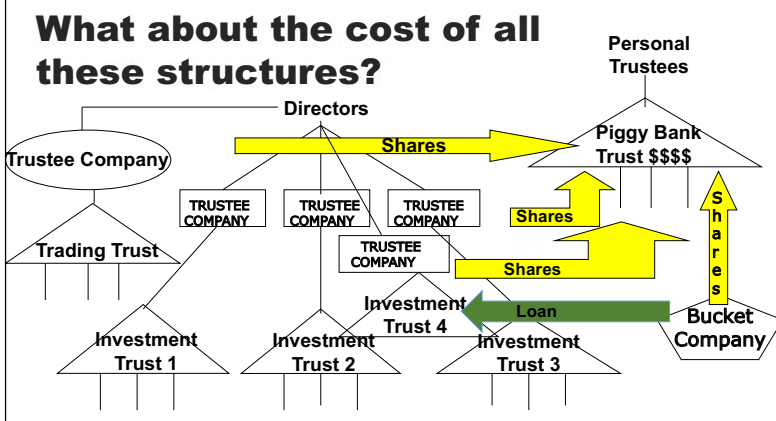
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## Deductions

- Business
- Individual / Employee
- Rental Property




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## Expense Categories

- Advertising for tenants
- Bank charges
- Body corporate fees
- Cleaning
- Council rates
- Gardening and lawn mowing
- Home Office
- Insurance
- Land tax
- Legal expenses
- Repairs and maintenance
- Interest expenses
- Phone
- Pest control
- Property agent fees and commissions
- Stationery and postage
- Water charges




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## Borrowing Expenses. What can I claim?

- Stamp duty charged on the mortgage
- Loan establishment fees
- Title search fees charged by your lender
- Costs for preparing and filing mortgage documents
- Mortgage broker fees
- Fees for a valuation required for loan approval
- Lender's mortgage insurance



**5 years or life of the loan, whichever is shorter!!**




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## What can't I claim?

Stamp duty charged by your state/territory government on the transfer (purchase) of the property title – may be included in calculating the capital gains tax

Borrowing expenses on the portion of the loan you use for private purposes (for example, money you invest in a super fund).



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## Repairs & Maintenance

Repairs are to make good or remedy defects in, damage to or deterioration of the property.

Maintenance is to prevent deterioration or fix existing deterioration.



**Can claim an immediate deduction**



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## Improvements

When we say 'improvement' we mean work that:

- provides something new
- generally furthers the income-producing ability or expected life of the property
- generally changes the character of the item you have improved
- goes beyond just restoring the efficient functioning of the property.

**Needs to be depreciated over a number of years**



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## When is a repair not a repair?

If you replace something clearly identifiable & separable even if broken – e.g. stove, set of kitchen cupboards it is likely to be an improvement

If you used a different material to what was previously used - e.g. replace wooden cladding with plastic cladding it is likely to be an improvement

Make sure you get detailed invoices especially if work has several components



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## Repairs & Timing

**REPAIRS completed BEFORE a property is rented**

- incurred before income is earned
- classified as improvements
- depreciable not deductible



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## Repairs & Timing

**REPAIRS completed DURING a property is being rented**

- if attributed to fair wear and tear it is deductible
- otherwise an improvement and depreciable not deductible



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## Repairs & Timing

**REPAIRS completed AFTER a property is being rented**

- if attributed to fair wear and tear from tenancy then deductible
- otherwise an improvement and not deductible until property sold




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## Repairs & Timing



**ASBESTOS** is an environmental hazard

- Removal is a repair not an improvement if relates to an investment property
- **Deductible in full**




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## Depreciation

Allowable tax deduction to take account of the fair wear and tear and reducing value of assets.

Two Parts:

- Fixtures and Fittings
- Building or Capital Works



**Prime Cost or Diminishing Value?**




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## Depreciation – Fixtures & Fittings

Limited to new Plant and Equipment for residential rental premises (no claim for second hand assets)

Purchasers of existing plant and equipment are unable to depreciate (forms part of the cost base for CGT purposes)

If you acquire newly developed property, may be able to still claim



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## Depreciation – Fixtures & Fittings

What is a “residential premises”

ATO says it can include commercial properties able to be used for residential purposes – boarding/rooming houses etc.

This definition also applies to travel



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## Depreciation – Building

Building & Capital Improvements

16/9/87 - present

2.5% of building cost when built

Get a Quantity Surveyor



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## BMT Educational resources for Investors



Depreciation Calculator



Maverick Newsletter



BMT Website – Investor Page



You Tube & Social Media



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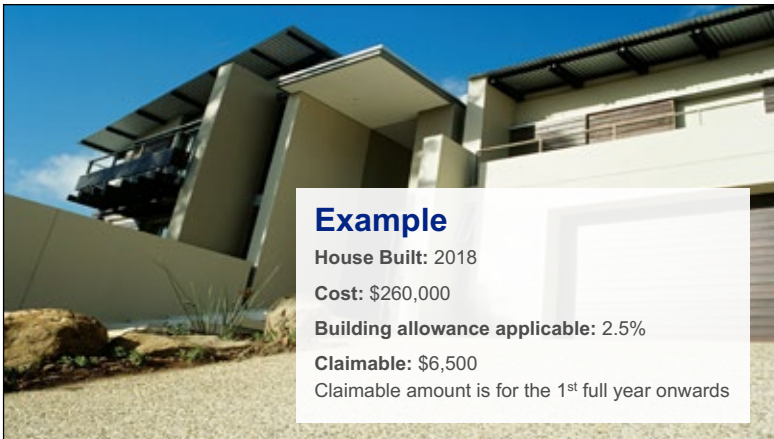
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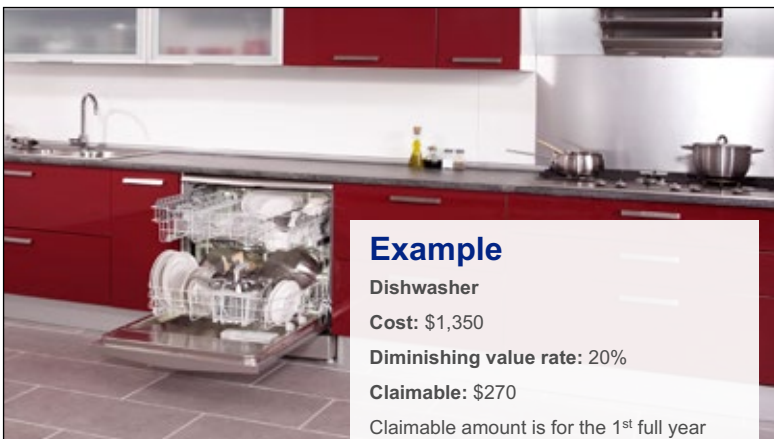
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## Scrapping

- Removal and disposal of depreciable assets
- Remaining value = instant tax deduction
- Must be an investment property until the asset is removed
- Can still apply to the building



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## Instant Asset Write-off

- Threshold **increased** from \$30k to \$150k. Applies from 12 March 2020 to 30 June 2021 (then back to \$1,000)
- Must be purchased by 31 December 2020
- Can be new or second-hand assets
- Claim for business portion only but threshold based on assets cost
- Can apply on asset by asset basis for larger businesses but not SBE – less than \$10m turnover

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## Instant Asset Write-off (Cont.)



- Can be used for:
  - Tools & equipment, computers, laptops and tablets
  - Freestanding office furniture and equipment
  - Motor vehicles
- Rental property is not a business
- Normal cars subject to car cost limit - over 1 tonne or more than nine passengers can claim up to \$150k

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## Accelerated Depreciation

What if the asset cost \$300,000??

- If not eligible for Instant Asset Write Off can get a 50% immediate tax deduction of cost on installation
- Existing depreciation rules then apply to balance
- Applies to new assets only from 12 March 2020 and first used or installed by 30 June 2021




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## Temporary Full Expensing

- Businesses with aggregated turnover less than \$5b can immediately deduct business portion of the cost of **new** depreciating assets
- Where aggregated turnover less than \$50b also applies to the business portion of second-hand depreciating assets
- Also includes improvements to assets
- Amounts incurred between 6 October 2020 and 30 June 2022
- This concession trumps other depreciation concessions - can not choose another method




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## Home Office & Phone

### Home Office

Claim 52c per hour - covers electricity, consumables & decline in furniture

Need a 4 week diary each year showing use

### Phone Costs

At least 4 week period recording all phone calls & costs

Then apply business or property use %




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## Home Office – Covid 19

For **all** running costs from 1 March 2020 to 30 June 2021

- Alternate method - 80c per hour
  - No dedicated area required
  - Multiple members of household can claim
- Includes depreciation on computer, printers & internet
- Cannot make separate claims for electricity, heating, etc. under this method
- Traditional method may be better




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## Travel & Car Costs



2 methods to claim car costs:

- Easiest method is the **cents per kilometre** – 72c
- **Must** keep a diary for every business trip you make throughout the year
- Other way is **Log Book**




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## Travel

- No deduction for residential rental property (Investor)
- Includes travel relating for inspecting, maintaining or collecting rent
- Will not prevent investors claiming expenses for engaging real estate agents for property management
- Travel does not form part of the cost base




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## Travel

- Can still claim if in the business of real estate
  - All is claimable or you could pay a travel allowance
- Travel costs can include flights, taxi, meals & accommodation




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## Vacant Land Deductions



- From 1 July 2019 can no longer claim holding costs even if held prior to this date
- No claim for borrowing costs, interest, land tax, council rates, maintenance costs
- SMSF's, individuals, closely held trusts
- Amounts are added to cost base for CGT




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## Vacant Land Deductions

- Applies to any land where there is no substantial, permanent and independent structure in use or available for use
  - Constructing a future income-producing property
- A Substantial & Permanent building is one that is not incidental to the purpose of another structure and is not built for temporary purposes
- Can still claim holding costs if
  - Used in carrying on a business by the taxpayer or affiliate
  - Primary Producer who provides vacant land under lease, hire or license to another entity




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## New Properties & Things to Remember

### To Get Best Tax Deduction:

- Ensure borrowing costs aren't missed
- Consider quantity surveyors report
- Provide settlement statement from solicitors
  - there will be rate/water adjustments




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## New Properties & Things to Remember

### Things that aren't a tax deduction:

- Legal Fees
- Searches & Fees
- Stamp duty

These will be added to cost of property when sold




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## Selling a Property – ATO Requirements

- ATO assumes seller is foreign when selling a property over \$750,000
- Means purchaser is required to withhold 12.5% of purchase price
- **To avoid this**, the entity with legal title needs to obtain a clearance certificate from the ATO confirming they are a resident **before** settlement




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**How does GST work?**

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**GST & Property**

Depends on type of property:

- In the Business of Real Estate
- Residential property
- Commercial property/ Going Concern
- New constructions
- Major renovations

**May all be treated differently!**



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**U**

**In the Business of Real Estate - GST**

**GST Basics**

- ABN Per Entity
- Turnover threshold \$75,000 before GST is applicable

**Are you running an enterprise?**

- Regularity & Repetition
- Intention to make a profit
- A business plan exists
- Activities are systematic, organised & conducted in a business like manner & records are kept
- The entity has relevant knowledge or skills

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## Management of GST

- Property developers no longer manage GST on sales of newly constructed residential property or new subdivisions
- Purchaser remits directly to the ATO
- If margin scheme applies - 7% of contract price
- Otherwise 1/11<sup>th</sup> of contract price



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## GST & One-off Transactions

When do one-off transactions require GST registration?

- Do activities show **profit intention** clearly?
- If not goes to motive

Considerations of Motive

- Does it provide income or personal enjoyment? (Not a profit motive)
- Frequency of similar transactions
- Is it preparing asset for sale? Scale of activities

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## 10% Method or Margin Scheme

When does it apply:

- When you are selling a property
- Must be a business transaction (profit intention) on applicable properties e.g. on new residential or commercial
- You didn't claim GST on purchase
- Sold to you under the margin scheme or
- Seller wasn't GST registered or GST wasn't applicable
- Buyer and Seller need to agree in writing that the margin scheme will be used – **So put it in the contract of sale!**

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## Residential Transactions & GST

### Types of Residential Properties

- New residential
- Residential “off the plan”
- Existing Residential

### What makes a property “new”?

- Never been sold as residential before
- Been created through “substantial” renovation
- New building replaces demolished building




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## Residential Transactions & GST

### On “new” property:

- Claim GST on purchases to sell new property (e.g. real estate fees)
- GST is applicable on the Sale
- OR apply the Margin Scheme

### Off-the Plan:

- GST on purchase of property at settlement
- If “right” sold before settlement no GST applicable unless this was your intention

Existing Residential Property – no GST applicable




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## What is a “substantial renovation”

Substantial renovations occur where all or substantially all of a building is removed or replaced. They must directly affect most rooms in the house.

### Renovations can be structural & include:

- Foundations, Supporting Walls, Roof and Staircases etc

### What isn't a substantial renovation on its own:

- Replace wiring, Non-supporting walls, Plastering or rendering walls, Replacing kitchen & bathroom cupboards, Cosmetic e.g. painting, sanding floors, light fittings, curtains & carpets, Additions, Landscaping




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## Commercial Property & GST

### Commercial Properties are shops, factories & offices

If leasing these premises & your **turn-over** is more than \$75,000 you are **required** to register for GST & charge your tenants.



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## Commercial Property & GST

### Purchase of Commercial Property:

- If seller is registered for GST & you (the purchaser) intend to use building in your GST registered business you can claim GST credit on purchase
- If the seller applied the margin scheme you can't claim GST
- Most sellers use "going concern" & is sold GST free
  - Sale** - May be eligible for margin scheme
  - Going Concern



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## Capital Gains Tax (CGT)

### What is Capital Gains Tax?

- Capital Gains Tax is not a special tax rate
- Taxed at the taxpayer's marginal rate
- Capital losses can only be offset against capital gains
- CGT and GST are mutually exclusive, (except Commercial Property)

### Discounts and Exemptions may apply

- Principal Place of Residence
- General Discount
- Small Business Concessions




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## CGT & Principal Place of Residence

- What constitutes PPR or main residence?
- Can only have one PPR at a time
- PPR includes House & 2Ha or 5 Acres of land
- When is ownership? (contract date to contract date)
- Moving PPR from one to another - 6 month crossover period can be applied
- Continuing PPR Status (six year rule)
- PPR used partly as place of business - Any income producing activity may affect entitlement e.g Home Business, Rental etc.




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## CGT & General Discount

### To get the General Discount

- Must hold the asset for at least 12 months – contract date to contract date
- Must be an Australian tax resident at time of disposal (contract date)
- Companies are not eligible




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## CGT & Small Business Concessions

Only available if being sold as part of a small business

### 15 year exemption

- Asset continuously owned for 15 years, over 55, retiring – no assessable gain

### Active Asset

- 50% reduction in taxable gain – can be applied with general discount to reduce gain to 25%




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## CGT & Small Business Concessions

### Replacement Asset Rollover

- Use the proceeds to buy another active asset and only pay tax when the second asset is sold (2 years to buy the new asset)

### Retirement Exemption

- \$500,000 lifetime cap, under 55's must pay into superannuation




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## CGT & Inherited Property

Main Issue is when did deceased purchase property:

### Pre 20 September 1985 (pre CGT)

- Pre CGT property left to beneficiary under Will is deemed to have been acquired on date of death of the deceased at market value.
- If sold within 2 years of death exempt from CGT

### Post 20 September 1985 (post CGT)

- Post CGT property left to beneficiary under Will is deemed to have been acquired on same date that the deceased acquired it.




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## **CGT & Inherited Property**

### **Death of a Joint Tenant**

- Deceased persons interest in a property passes to the survivor by operation of law.
- Survivor deemed to have acquired the property on the same date the deceased acquired it.

### **Property awarded on Divorce**

- Acquirer of the property is deemed to have acquired it on the same date as the spouse.



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## **CGT & Pre-CGT Assets**

### **Building on Pre CGT Land:**

- Building is treated as a separate asset
- Proceeds of sale of land and building are apportioned between the building and the land



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## **CGT & Subdivision**

- Capital Gain occurs when you sell, not when you subdivide
- Relevant date for the subdivided blocks is the date you acquired the original parcel of land and the cost base of the original land is divided between the subdivided blocks on a reasonable basis
- If you subdivide the land on which your PPR sits, you will lose the PPR exemption for any block sold separate to the PPR



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## **CGT & Trusts**

1. Trust offsets capital losses made against capital gain.
2. Then applies any discounts it may be eligible for.
3. Discounted gain is distributed to the beneficiaries who:
  - a. Gross up the gain,
  - b. Apply any personal capital losses they have against the capital gain
  - c. Reapply any of the discounts they are eligible for
  - d. Apply any revenue losses

Beneficiaries usually claim the same discounts as the trust.

\*Corporate beneficiaries and the general discount are a key exception to this rule




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## **You now have your fast Track Diploma in Tax and Bookkeeping**




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**WIZDOM**  
Accountants | Finance Strategists | Advisers

KNOWLEDGE - EXPERIENCE - INTEGRITY  
WIZDOM.COM.AU

### **WIZDOM Accounting**

**Email – [accounting@wizdom.com.au](mailto:accounting@wizdom.com.au)**

NSW: 02 9011 6687 | QLD: 07 3463 0770 | VIC: 03 9095 6095 | WA: 08 6312 0615




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# Taxation

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**Who do I need to contact?**

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**SESSION FIVE**

**How To Protect Yourself  
And Deals, With Smart Legal  
Tactics And Strategies**

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# ULTIMATE REAL ESTATE SUCCESS LIVE & VIRTUAL BOOTCAMP

**I LOVE REAL ESTATE** | Knowledge Source

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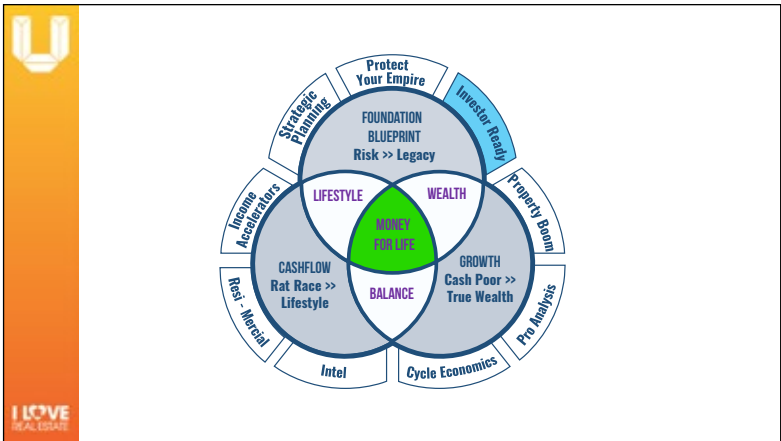
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## LEGAL YOUR RIGHTS AND OBLIGATIONS

**PACIFIC LAW**

**Calvin Kong B.Comm/ LLB**  
 Director of Pacific Law  
 Solicitor of the Supreme Court of Qld

The information provided is of a general nature only. This is not intended to be a substitute for legal advice. You should take legal and accounting advice specific to your situation before undertaking any structuring, asset protection or succession planning measures.

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## How do you get the most out of your Professionals?

- 2 Way Street
- Service or Product?
- Selection
- Scope of work
- Costs
- Trust relationship




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## When should you contact a Legal Professional?

What is the difference between a Solicitor doing the conveyancing on the purchase of a property and a Conveyancing Agency?




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## What is the Legal Process for Buying a Property?

- What are the pre-contract legal requirements?
- Does your Solicitor need to see the Contract prior to signing a Residential Contract?
- Proper execution of contract and electronic signatures




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## Is there anything different for Commercial Contracts?

- GST
- Leases
- Tenant Options to purchase
- Tenant ownership of fittings
- Town Planning & Zoning
- Contamination / Asbestos



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## What Clauses need to be in a purchase contract?

- Building and Pest
- Finance
- Due Diligence
- Site Inspection/Survey



NSW has a different contracting process



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ICE CREAM IS COLD



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## Examples of Insufficient Clauses

### SPECIAL CONDITIONS

Contract is subject to a 30 day due diligence clause from Contract Date.  
Vendor is entitled to a 20 day cooling off period

### SPECIAL CONDITIONS

The following provisions form part of this Contract.  
1. Appendix A - Special Conditions  
2. Appendix B - Deed of Guarantee and Indemnity  
3. Appendix C - Survey Plan  
4. Annexes to FORFEIT SOIL TESTS WITHIN FINANCE FUND



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## State Differences - Contracts

- How do Cooling Off Periods work?
- How much do you lose?
- Can the cooling off periods be extended by agreement?



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## Contracts cont.

- Settlement time frames (working days)
- Access requirements during contract phase
- Settlement occupancy
- And or Nominee Clauses
- Deferred settlements and subject to council approvals
- Sunset clauses



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## What searches are necessary?

- Title
- Approvals and Structures
- Boundaries
- Main Roads / Railways
- Bankruptcy
- Others??




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## Rights and responsibilities at settlement

- Pre Purchase Inspections
- What if bank delays settlement?
- What else can happen?




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## Pre Settlement Inspections

- Before contract
- Pre Settlement Inspection




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## Pre Settlement Inspections



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## Other Contract Considerations

- What is the difference between Joint Tenants and Tenants in Common?
- What happens in the case of divorce, death and bankruptcy?
- When to insure the property



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## Options

### DEFINITION

The buyer has a *right, but not the obligation* to buy a something from the seller at a certain time in the future for a certain price

### TYPES

- Call Options – Buyers Option
- Put Option – Sellers Option
- Put and Call Options – Must settle



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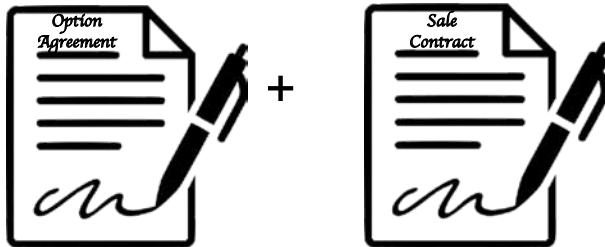
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## Options

The contract is annexed to the back of the option



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## Options - WHY USE AN OPTION?

### SELLER

- Delaying a purchase to a new financial year
- Get more for the property in exchange for time

### BUYER

- Don't know or have your buying entity ready yet
- Want to secure the site, but don't want to pay for or own it yet
- On sell to a third party (Be Careful with Stamp Duty).
- Want to add value/develop the site and on sell

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## Options



### COMMON CLAUSES

- Preconditions -DA, DD, Access, Builder Terms
- Call Option Fee
- Security Deposit
- Call Option Expiry Date vs Put Option Expiry Date
- Common obligations - who maintains and insures the premises during the option term
- Nominee Clause
- GST

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## Options

### COMMON CLAUSES

- Marketing of lots
- Uplift in price when on selling
- Security – Caveat
- What conditions you require: subject to DD, DA, Access
- Timelines – the option period
- Getting paid – the margin
- Getting the right to market the lots



What happens when you exercise your option?  
What's the process?




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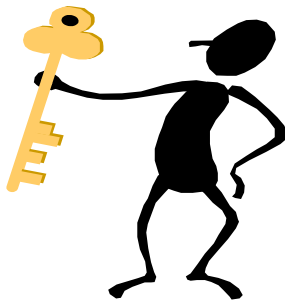
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## The key to safe contracting is a good solicitor!




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## Contact Us

Offices conveniently located throughout Australia...

- Phone:** 1300 151 651  
**Email:** [info@pacificlaw.com.au](mailto:info@pacificlaw.com.au)  
**Web:** [www.pacificlaw.com.au](http://www.pacificlaw.com.au)  
**FB:** [facebook.com/Pacific-Law](https://facebook.com/Pacific-Law)

Also catch up with us via the Weekly Webinar Series (details can be found on the Members' Website).




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# Legal Rights & Obligations

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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**SESSION SIX**

**The Key Indicators To  
Alert You To Future Growth  
Before It Happens**

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

**Natural Growth**  
**Indicators**

**I LOVE REAL ESTATE** | **Knowledge Source**

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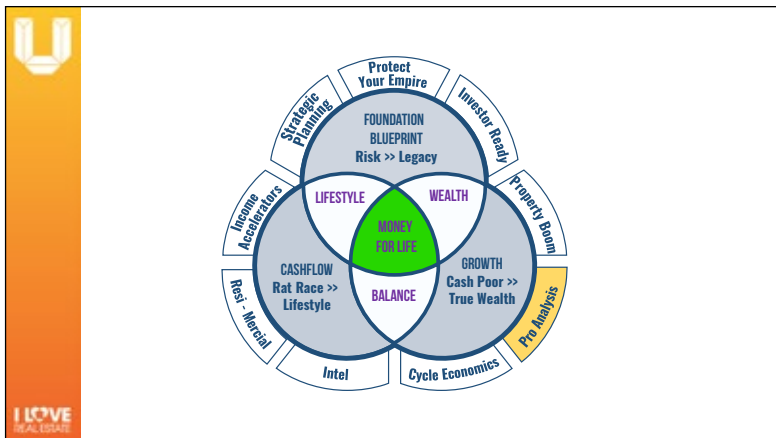
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**Natural Growth & Micro Economics Considerations**

- Time frame and time in the market
- Lazy, Longer Rat Strategy – better when combined with cash flow neutral or positive
- No matter how much due diligence you do – it is still a gamble
- And it has UP's and DOWN's – eg. GFC, COVID-19

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## Growth Drivers

- **Banking Monetary Policy**
  - With the availability of finance all natural growth in the market stalls
- **Increasing Population**
  - Interstate, Inter-suburban and Immigration
- **Consumer Confidence**
  - Overall Economic Wellbeing
- **Government Policy**
  - Council attitudes, first home owner grants, State Government incentives, property taxes
- **Infrastructure Spending**
  - Government and Industry




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## Increasing Population

- Population Movements
- Where are they coming from?
- How long do they stay?
- What style of housing do they want?
- Source data – mostly ABS – check age of data
- Check the timing of these events!




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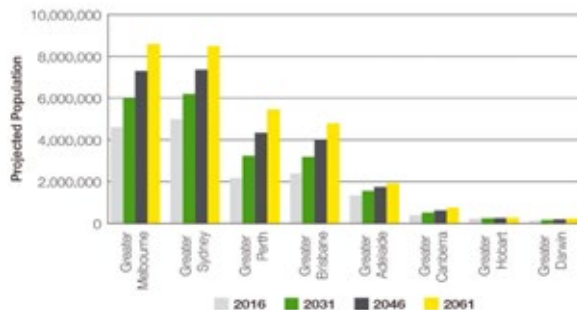
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## Long Term Population Predictions have not changed




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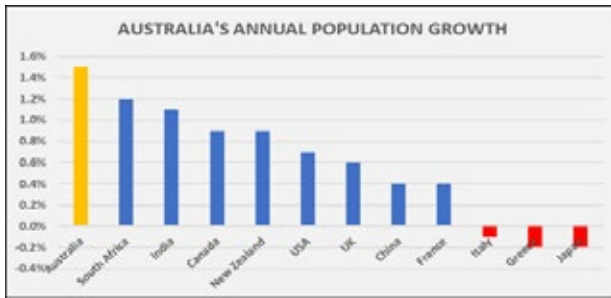
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## Australia's Population Growth compared to other Countries



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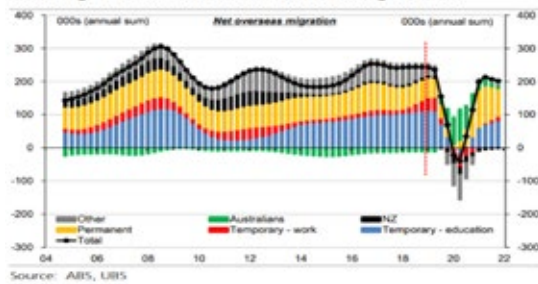
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## Long Term impact still strong but Short Term Impact Negative

Figure 2: Travel restrictions are likely to see migration turn negative in 2020, before rebounding in 2021



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## Government Policy

- Local Government – council attitude to growth and development
- State Government incentive and council over-rides
- Federal housing Policy such as
  - first home owners grant
  - migration policy
  - specialist policy eg. NDIS
  - defense policy
  - general economic climate
- COVID Stimulus



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## Infrastructure Spending

### Government Spending

- Education
- Medical
- Infrastructure
- Departmental
- Military



Check the timing of these events!




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## Infrastructure Spending

### Industry Spending

- Mining
- Manufacturing
- Tourism
- Infrastructure (longevity)
- JOBS, JOBS, JOBS



Check the timing of these events!




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## State Infrastructure Searches

### Department of planning websites have:

- Reports on major projects and planned infrastructure
- Urban & regional planning
- Growth Strategies
- Population forecasting
- Land Planning
- Fact sheets, plans & satellite images




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- NSW: <http://www.infrastructure.nsw.gov.au/>
- NT: <https://dipl.nt.gov.au/>
- QLD: <https://www.statedevelopment.qld.gov.au/>
- WA: <https://www.infrastructure.wa.gov.au/>
- Vic: <https://www.infrastructurevictoria.com.au/>
- SA: <https://www.dpti.sa.gov.au/>
- Tas: [https://www.stategrowth.tas.gov.au/infrastructure\\_Tasmania](https://www.stategrowth.tas.gov.au/infrastructure_Tasmania)
- ACT: <https://www.planning.act.gov.au/>




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## Natural Growth Indicators

### Quick analysis

- Sales volume increases
- Days on the market
- Clearance rates
- Variance between replacement and old
- Movement in median house prices



You are looking for upward trends!




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When doing a hold or partial hold strategy – chasing natural growth is GOOD!

What is BETTER is doing manufactured growth in a natural growth area!




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SO,

- IF your price point suits the areas you have identified from targeting the growth drivers – You now need to become an expert in these key areas.



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## Know your Town Plan Zones



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## Some questions to consider

- Is there urban renewal going on?
- Are the demographics of the area changing?
- Are lot sizes changing?
- What frontages do you need?
- Are there any restrictions?
- What are the zonings for low medium and high densities?
- Is there precedent in the area for your strategy?
- Who are the sellers?
- Who are the buyers?
- What is selling?



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## Are Lot sizes changing – Look for precedent in the target area? - How old are the smaller lot changes?



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# Natural Growth

**Action Required:**

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**SESSION SEVEN**

**How To Create  
More Positive Income  
and Cashflow For  
Your Portfolios**

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

**Income Strategies**

**I LOVE REAL ESTATE** | **Knowledge Source**

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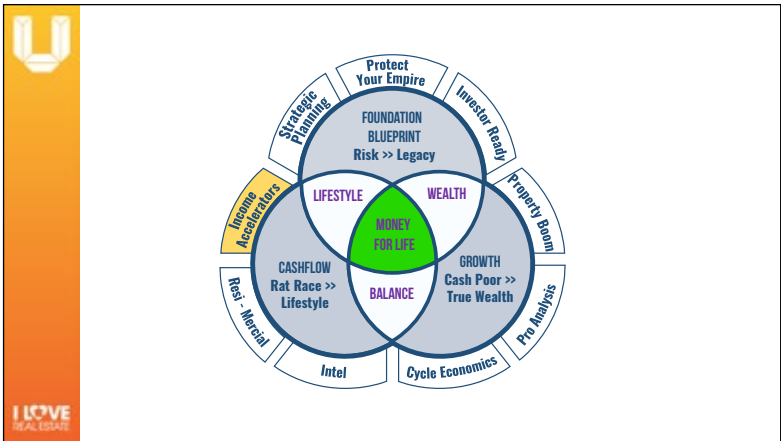
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## Cash Flow Strategies

First Questions you need to ask yourself is:  
Are you prepared to invest in:

- a Regional area?
- a Mining town?
- only Metro areas?
- a commercial property?
- a multi –residential property?
- a property you don't own, but get rent from?

And what is your tolerance to RISK?

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## Cash Flow Strategies

1. Direct Cash Cows – Usually only found in Regional
2. Blocks of Units – Higher yield in Regional ( Upside of Strata)
3. Air BnB – Anywhere
4. Executive Leasing – Anywhere
5. Rooming / Boarding Houses – Anywhere
6. Granny flats – Anywhere except VIC
7. Dual Occupancy - Anywhere except VIC
8. Lease and Sublease - Anywhere
9. Commercial – Anywhere
10. Business Real Estate – Anywhere
11. Construction and Partial Sell Down - Anywhere




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## So Let's talk Regional

### PRO

- Regional has a lower entry costs so less money is on the line when you are still learning
- Regional has a lower sales volume so easier to negotiate
- At the end of the deal its likely to be positive cash flow
- Can be immediately cash flow positive

### CON

- Because of the lower entry cost the dollar value profit will also be lower
- Lower sales volume means it will be harder to sell
- Distance can be more difficult if doing a hands on strategy
- Not as many trades available to do work




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## What Strategies work in Regional Areas?

Everything

BUT

If you are looking to **Sell** the end product – It will take longer




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### Direct Cash Cow



#### Regional Reno's can be a great starter deal

- 2 X 1 Bedroom Units and 1 X 3 Bedroom Unit
- Renovated them all
- Settlement subject to title and access prior
- No money so got inventive – IKEA
- 3 Bedroom was done last

Buy	\$95k
Costs	\$ 5K
Reno	\$20k
<b>TOTAL</b>	<b>\$120k</b>
<b>Cashflow</b>	<b>Over \$16,000</b>
New Valuation	\$280,000
<b>Equity Increase</b>	<b>\$160,000</b>

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### Direct Cash Cow

#### Another Great little starter

- Purchase Price: \$152,000
- Purchase Date: 29/09/2015
- Strategy: Renovation (when existing tenants vacate) and Possible Rent-to-buy Scheme
- End Value: Est. \$240,000
- Rent: \$280/week
- **Cash flow: Over \$4,000/year**




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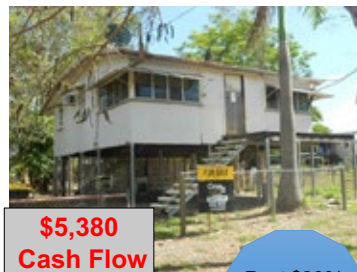
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### Direct Cash Cow

#### How low do you want to go? \$50,000

- 536 m2 level land.
  - opportunity knocks.
  - minutes to school.
  - investment entry.
  - hard work = \$\$\$\$ profit.
  - handyman special.
  - neighbour to CBD.
- **Revalue est \$120,000**



**\$5,380 Cash Flow**

Rent \$260/w  
Reno \$30K

Student also bought next door for \$80,000 more cash flow and more uplift potential

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### Regional Block of Units – immediate cash flow of \$20k



- Purchased \$430,000
- 2 x Block of Flats
- 2 separate buildings
- Meets all ILRE criteria
- Rental:  
2beds = \$180/wk x 5,  
3bed = \$200/wk



Subdivision costs	\$21K
Reval:- Block of 4	= \$380K
Reval:- Block of 2	= \$220K
Increase equity	\$150K
Positive cashflow	\$20K / yr



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### Mining

- Higher yields
- Can be more volatile in returns – construction vs operation
- Do due diligence on mining company and its strength and longevity
- More Risk?



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### Direct Cash Cow Regional Unit

**\$17,000/yr passive**



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**Typical Mining Property Example**

**3 yrs ago**  
 Port Hedland WA 6721 \$295,000

Street offers its new owners a neat, tidy and modernised 3x1 home, located in one of the quietest and nicest streets of Cooke Point, this home also offers tropical gardens, outdoor spa and garden shed all only SECONDS walk to the beach!  
 Rental \$400 /wk



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**Similar house today – now \$549,000**



Port Hedland, WA 6721. \$549,000  
 Rental \$700 - \$750/wk  
 • 3 Br, 1 Car, 1Bath  
 Applic.only

Rental \$700 - \$750/wk  
 Approved

**I LOVE REAL ESTATE**



**Typical Mining Property Example 3 years ago**

Moranbah Qld \$129,000  
 3 Bedrooms  
 - 1 Bathroom  
 - Great Rental Potential  
 - Kitchen with ample cupboard space

Rent \$220 - \$300  
 Over 220  
 available for rent

Moranbah Qld \$199,500  
 3 Bedrooms master bedroom with built-ins  
 Polished timber floors  
 Separate lounge and dining room  
 Updated kitchen with lots of bench space  
 Children's cubby house in the backyard  
 Front porch to the front entrance of the house



**I LOVE REAL ESTATE**



### Similar Moranbah properties today



Rent \$480 - \$550  
106 available for rent

\$365,000

34 Rensler Crescent, Moranbah

4 1 4 942 m<sup>2</sup> House



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### Mining town check list

#### The property

- How many for sale?
- Days on the market?
- How many for rent?
- How much rent?
- Break down?  
eg. new/old, Bed/bath
- Trend – up or down?
- Cost to replace?

#### The town

- How many mines?
- How many mining Co?
- Co policy - FIFO?
- Camp policy?
- Who owns camps?
- Trend – up or down?
- Back track prices 15 years?



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### Metro

Higher Entry Costs  
Higher Sales Volume  
Generally need to do manufactured growth to make it positive cash flow  
More Risk?



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### Develop & sell down for cash flow 1 into 3

- Purchased \$390,000
- Development & Sales Costs \$821,000
- Sold 2 - Total sales \$1,045,000
- Retained 1 @ \$530k Val, Debt = \$180k
- Rent \$450/wk



• **\$10,000 Positive**




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### Manufactured Income (Metro)

Partial Sell Down Strategy –  
Develop 4 townhouses – Sell 2, Keep 2

- Purchase (incl purchase costs) ~\$620K
- Development & Sales Costs ~\$1.35M
- Sold 2 - Total sales ~\$1.287M
- Retained 2 @ \$1.325M Val, Debt = ~\$680K
- Rent est \$680 / week each



• **~\$30K Passive Income / Year**

• **Rented on a room by room basis**




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### Develop & sell down for cash flow 1 into 6

- Bought \$470,000  
(Below MV)
- Development Cost \$2 million
- Sold 5
- Total sales \$2,345,000
- Retained 1, No debt.



• **\$22,000 positive – normal rental**




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## Creating Dual Occupancy Property

Dual occupancy is the trend for the future!

Can never be sold separately (Unlike strata)

**MUST BE LEGAL!** (Otherwise no insurance)

Granny Flat wherever and whenever possible!

Eliminate all wasted space

Apply basic design concepts



Granny Flats



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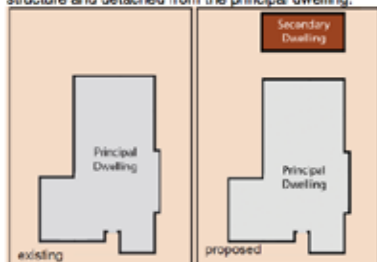
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## Granny Flats NSW - Secondary Dwelling

### Option: Detached

A secondary dwelling can be built as a separate structure and detached from the principal dwelling.



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## Manufactured Income (Auxiliary Dwelling)

2 bed, 1 bath – approx 60m<sup>2</sup>

Total Strategy Costs:- \$97,500

Additional Rental:- \$210 / week

**Gross Yield on Aux Dwelling = 11.2%**

Added approx \$4K / year passive income to the deal



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## Regional (Granny Flat)

Built 60 sqm 2-bedroom granny flat at the back yard with separate electricity, water, access, carport, yard, driveway, letterbox, etc.

Purchase price: \$153,000  
Purchase costs: \$7,000  
Borrowing costs capitalised: \$4,000  
Granny flat design and approval costs: \$11,000  
Granny flat construction costs: \$116,000  
Total Cost \$291,000. **ROI 10.27%**

PLATINUM  
ACCELERATOR



	With Granny Flat
Gross Rent Primary Dwelling	\$275 p.w.
Gross Rent Granny Flat	\$300 p.w.
Gross Rental Yield	11%
Net Cashflow	\$12,000 p.a.

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## Great way to turn a negative cash flow hold property into neutral or positively geared

Granny flat design and CDC approval: \$4,000  
Granny flat construction: \$125,000  
Total cost: \$129,000  
Rental income: \$500 p.w. (unfurnished)  
Cash flow: \$18,670 p.a. **ROI. 20.15%**

PLATINUM  
ACCELERATOR



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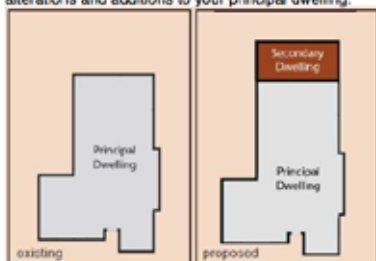
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## Granny Flats NSW - Secondary Extension

### Option: Attached

A secondary dwelling can be built as an extension, alterations and additions to your principal dwelling.



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## Granny Flats NSW - Built within Existing Dwelling

### Option: Conversion

The AHSEPP allows you to convert part of the principal dwelling, structure or garage into a secondary dwelling.




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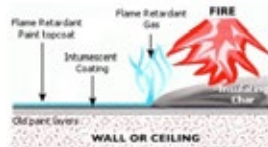
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## General Rules with Dual Occupancy Granny Flats

- Fire Rating is Essential to Local Standard
- Check out intumescent paint
- Smoke Detectors will need to be linked
- Create separate entrances and yards for each occupancy
- Ensure separate electrical and possibly water




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## Around the Country

The "Granny Flats" are known as:

- Secondary Dwellings
- Ancillary Dwellings
- Auxiliary Dwellings



And

- They are stuck with the stigma of "Granny Flat"




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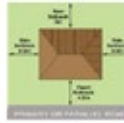
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## Granny Flats- NSW

- Granny Flats in NSW and Qld do not need to be occupied by NANNA
- In NSW minimum 450 square metres block size and maximum 60 square metres floor plan
- Need to keep to Floor Space Ratio (FSR) of Local Council
- Fast track approval process

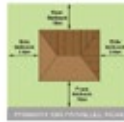
LOT SIZE:  
At least 400m<sup>2</sup> lot  
less than 90m<sup>2</sup>



LOT SIZE:  
At least 600m<sup>2</sup> lot  
less than 1,500m<sup>2</sup>



LOT SIZE:  
At least 1,300m<sup>2</sup>



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## Queensland – depends on Council

- Sunshine Coast – Secondary Dwelling – 60m<sup>2</sup>
- Logan – Ancillary – 70m<sup>2</sup>
- Ipswich- Auxiliary – 50m<sup>2</sup>
- Brisbane City – 80m<sup>2</sup>
- Moreton Bay – 45m<sup>2</sup>
- Gold Coast – 50m<sup>2</sup>
  
- All depending on zoning
- Build Dev have a good fact sheet website on south East Qld Councils



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## Western Australia

- The regulations for a granny flat in WA are quite lenient in comparison to other states.
- You must: Have a maximum lot size of 450sqm (unless your local Council states otherwise)
- Build your granny flat to a maximum floor area of 70sqm (again, some Councils' state differently, up to 100sqm)

### ACT

- The minimum size for a Granny Flat is 40 square meters and the maximum is 90 square meters. The Granny Flat can be stand alone or can join onto the existing building
- You must have a minimum land size of 500sqm and it must be in a residential zone.



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## Northern Territory

- Floor area must be within 50 sqm in urban areas and up to 80sqm in rural areas. There must be private open space of 45 sqm for the independent unit and 50sqm for the single dwelling. The standard building set backs and height requirements are the same as for single dwellings

## Tasmania

- The **Granny Flat rules in Tasmania** indicate the maximum size must be no more than 60sqm or 30% of the total area of the main dwelling (whichever is less).
- They can be rented to anyone.




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## South Australia

- The Development Act allows **granny flats** to be installed under certain provisions, including it is:
  1. Occupied by an immediate family member.
  2. Connected to the same services as the primary dwelling.
  3. Built on a property a minimum of 600sqm.
  4. A maximum of 60sqm or 70% of the total floor area of the main home (the lesser)
- NOT GREAT




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## VICTORIA



### Well may be not!

Pilot Program for Secondary Dwellings in Victoria.  
4 Councils are piloting atm, and it is from August 2020 to March 2021 and they will then decide whether to roll it out state wide.

<https://www.planning.vic.gov.au/policy-and-strategy/smart-planning-program/rules/secondary-dwellings-code>



#### Secondary Dwelling Code - planning.vic.gov.au

Streamlining the approvals process for specific housing types is a key action from the Plan Melbourne Implementation Plan. The streamlining of the permit process through the application of code requirements and

[www.planning.vic.gov.au](http://www.planning.vic.gov.au)




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## Dual Occupancy Housing



One property  
Two rentals  
Look similar to  
any other house  
on the street



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## Duplexes, Triplexes, Fourplexes etc.



Two / Three etc properties  
Can be sold separately



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## Rooming Houses

- 1b classification under NCC
- Looks like a normal house from the outside
- Victoria has the best rules
- Other States have some restrictions but still worthwhile.
- Requires a fair degree of management
- Reasonably recession proof



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## It's important to know the rules!

- Need to comply with the relevant building code depending on the size of the building; Class 1b for 5 to 12 residents and up to 299sqm.
- Comply with Local Council Planning and Health & Wellbeing departments
- Register with Health & Wellbeing Dept.




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## A few examples of minimum requirements

- Minimum bedroom size of 7.5m<sup>2</sup>
- Minimum bedroom size of 12m<sup>2</sup> for a couple
- Refrigerator with at least 400L capacity or 80L per room
- Lockable cupboard for each resident, 100L of storage capacity.
- at least one bath or shower and one washbasin for every 10 people
- Fire evacuation plans located on the back of every habitable room door
- Maximum number of 12 residents per house
- 1 disabled bathroom per house
- 1 disabled bedroom per house




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## Rooming House Conversion The 4 Bedroom House

Source of the deal = real estate search

Type of deal = Class 1A conversion

Conversion = modify internal layout to increase from 4 bedrooms to 8 bedrooms without using the garage

History of deal = on the market for 184 days  
Advertised at \$340k – no offers.




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**The Existing Floorplan**

**I LOVE REAL ESTATE** **PLATINUM ACCELERATOR**

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**Multiple Options...**

- Minor Modifications to create 8 bedroom 2 bathroom
  - Install 4 walls and associated doors
- Minor Modifications to create 8 bedroom 3 bathroom
  - Install 4 walls and 1 ensuite to be shared between 2 rooms and 6 rooms sharing 2 bathrooms
- Minor Modifications to create 8 bedroom 4 bathroom
  - Install 4 walls and 2 ensuites to created 2 ensuited rooms
- Moderate Modifications to create 8 bedroom 5 bathroom
  - Install 4 walls and 3 ensuites – 2 ensuited rooms with 6 rooms sharing 3 bathrooms
- Major Modifications to create 8 bedroom 6 bathroom
  - Install 4 walls and 4 ensuites – 3 ensuited rooms with 5 rooms sharing 3 bathrooms

**I LOVE REAL ESTATE** **PLATINUM ACCELERATOR**

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Obvious Easy Modifications = 8 bedrooms

**I LOVE REAL ESTATE** **PLATINUM ACCELERATOR**

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Major Modifications

**I LOVE REAL ESTATE** **PLATINUM ACCELERATOR**

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**Project Costs**

Purchase Price		\$ 290,000.00
Stamp Duty		\$ 15,950.00
Solicitor's fees	\$ 1,270.35	
Transfer fees	\$ 114.07	
Lodgement fees	\$ 528.80	
<b>Fees total</b>		<b>\$ 1,913.22</b>
<b>Total Purchase costs</b>		<b>\$307,758.65</b>
<b>Conversion construction</b>		<b>\$ 61,000.00</b>
Fitout		
Door locks	\$ 900.00	
Beds	\$ 4,800.00	
Fridge	\$ 1,600.00	
Cabinets/furniture	\$ 1,200.00	
<b>Total Fitout Costs</b>		<b>\$ 8,500.00</b>
<b>Total Investment</b>		<b>\$377,258.65</b>
<b>Cash Required</b>		<b>\$139,258.65</b>

**I LOVE REAL ESTATE** **PLATINUM ACCELERATOR**

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**Annual Cashflow  
(8 Bed / 4 Bath)**

	100% occ	90% occ
<b>Rental income</b>		
Ensuite	23920	
Shared Bathroom	68640	
Total income p.a	\$ 92,560.00	\$ 83,304.00
<b>Expenses</b>		
Rates	2000	
Electricity	6000	
Water	6000	
Cleaning	5200	
Insurance	2000	
Management fees	18512	
Interest	11900	
Total expenses	\$ 51,612.00	\$ 51,612.00
<b>Positive cashflow p.a</b>	<b>\$ 40,948.00</b>	<b>\$ 31,692.00</b>
Gross % return on total investment	25%	22%
Net % return on total investment	11%	8%
Net % return cash on cash	29%	23%

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### Example: Retrofitting an existing class 1a house into class 1b

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### What if...?

Purchase Price	\$210,000
Renovations & Compliance	\$40,000
<b>Cash Flow \$32,000</b>	
Rent	\$1500/week
Rental return	30%

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Pros	Cons
Higher Rent Rented per room	You have to pay all the bills
Access Anytime For greater control of property	Higher turnover Depends on the type of resident
Resident not Tenant Able to evict on short notice	More intensive management Dealing with more people
+ve even if not full Due to higher rents	Compliance Building code

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## Boarding House

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- Building classification 3
- Larger than 300m<sup>2</sup> in building size
- Individual fire separation between rooms
- They are a common place of long term or transient living for a number of unrelated people.
- Examples include a boarding house, guest house, hostel or backpackers (that are larger than the limits for a **Class 1b building**).



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## NSW NGBH - Micro Apartments

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- SEPP allows self contained apartments that can NOT be strata titled
- Land Tax allowances
- Application for Grants of \$2,000 per room per year for each new room produced





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## What about building your own 'Micro Living' dwelling?



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## Rent room by room for cash flow

- 4 x 4 in Logan area, with Griffith University nearby.
- One room was being used as a storeroom.
- Added new furniture & appliances.
- Purchased for \$160,000, spent \$3000.
- Each room rents for \$180 and the carport \$4/wk and can **return up to \$19,000 positive** when fully tenanted.



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## PPR Example

- PPR was costing them \$4,000 p.a
- Moved back in with parents
- **Turned property positive cash flow of 8k p.a**



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### Worked a charm so why not do it again?

- Ex-boyfriend owned a similar property down the road.
- Lease and sub lease
- **Positive cash flow of 12k p.a**




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### And again?

- Lease and sub lease
- **Positive cash flow of 10k p.a**




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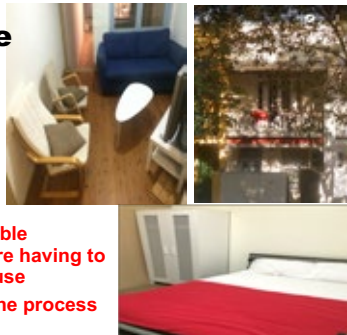
### What about getting a return from a property without having to buy it?

#### Lease and Sublease

Start up	\$5,770
Hold Cost	\$42,720
Annual Income	\$54,600

**Total Net \$11,880**

**Warning – Check Council allowable unrelated party maximums before having to be reclassified as a rooming house**  
**- Owner must be complicate in the process**




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## Executive Leasing

- Works well Metro areas with high business rental demand - eg. Close to CBD, Close to short term employment hubs such as FOX Studios.
- Can also work in regional areas where there is little alternate accommodation and Government department still need to visit these more remote areas

### Regional WA Example

Duplex Bought for \$60,000  
Renovated – Revalued =  
\$240,000  
Furnished and executive rented



Cash flow \$24,000



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## Executive Leasing

## Non Executive Leasing



The York by Swire -  
Bethesda  
1 hour from Sydney, Australia  
Deluxe Two Bedroom  
• \$400 per night - 28 nights to 5 months stay  
• \$425 per night - 5 to 6 months stay  
• \$450 per night - 6 months plus

\$895 per week

267 Castlereagh Street, Sydney, NSW 2000



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## Executive Leasing

## Non Executive Leasing



Leased \$1,200 per week

6/339-343 Victoria Place, Drummoyne, NSW 2047

🏠 2 📄 2 📞 2

\$720 application received

13/90 St Georges Crescent, Drummoyne, NSW 2047

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## Holiday Rentals

- For the right property holiday rentals can provide a positive cash flow
- Best to combine with other strategies such as renovation to give better leverage in pricing to yield ratio
- Need good rental managers – watch out for high on site management costs and body corporate fees




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## Airbnb

- Emerging trend in the rental market
- Great returns on whole houses as well as spare bedrooms
- Make sure you declare your income. ATO doing shadow shopping
- Can effect your CGT exemption if Air BnB'ing your PPR




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## Airbnb – Reno'd Unit Gold Coast

- Purchased \$336k
- Reno (6mths) \$30k
- Reval \$480k
- Air bnb Rental:

•\$25k Net Cash Flow




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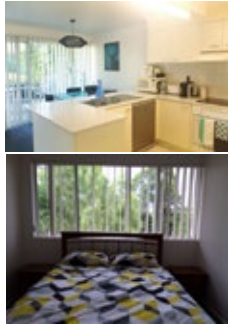
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## Airbnb Business

- 4 brm furnished unit in Montreal had trouble renting. Jenny took over on Air bnb and managed for \$15k/yr
  - Rent in the US \$1,200/yr
  - Turnover \$59,842/yr (Less cleaning, Linen)
  - Rent from Airbnb \$40,000/yr (less electricity & internet)
- ## Owner > \$15k/yr better offer + 3-4wk per year holiday home**
- Increased Cashflow from Air BnB**

Jenny = \$15k/yr Commission!!



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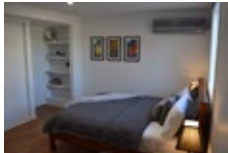
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## Airbnb – Down stairs on a PPR

- Downstairs Studio Reno \$54 k
- Target Air bnb Income to cover PPR Mortgage \$1,440/mth
- Air bnb Rental @ 85% occupancy achieving \$2200/mth
- **Smashed their Target from the Very First Month!!!!**



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## Direct Cash Cows

- Multies**
- Residential**
    - Regional / Mining
    - Metro
  - Commercial**
    - Regional / Mining
    - Metro



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## Direct Cashflow – Block of Units

### Block of 6 units

Purchased: \$432,500  
Unit 1 – 4 - \$180 / week  
Unit 5 - \$200 / week  
Unit 6 - \$180 / week  
Gross yield:- 13.2%



Net cashflow (passive income):- Approx \$17K / year



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## Look for multiple income streams

Blocks of Units	Residential
Granny flats	Residential
Rooming or Boarding house	Residential
Strips of Shops	Commercial
Warehouse Estate	Commercial
Car Parks	Commercial
Storage sheds	Commercial
Office Complexes	Commercial
Small Shopping Centres	Commercial
Business Real-Estate	Commercial
(Caravan Parks, Motels, Back Packers)	



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## NDIS – National Disability Insurance Scheme

- From an Investment perspective, providing NDIS suitable housing has a higher than normal yield in the residential sector
- NDIS housing is harder to finance as the banks see it as specialised and cut LVR's
- Typically financing is based on the lesser of
  - 80% of NON SDA (Specialist Disability Accom) Value, or
  - 50% of 9% Cap Rate, or
  - 70% of TDC (Total Development Cost)
- 80% of NON SDA is usually what kills the financing and therefore need good equity
- The bank sees them as over priced houses that are difficult to sell if you default



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- Banyo, QLD - New 4brm NDIS SDA House For Sale **\$1,153,000**
- 607m Flat Block
- Over 260m Gross Floor Area
- **Yield: 10.0%** as a NDIS SDA Investment Property – High Physical Support

- Median House Price in Banyo for 4 Brm House **\$640,000**







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### Defence Housing

- Passive investment
- Low skill level
- Un-preferred strategy
- You can do better



**Investing**



Why buy a DHA investment property?

- Guaranteed rent
- Long-term lease
- DHA Property Care
- Quality protection





*Note: The above information is provided for general information only and is not intended to constitute an offer or a recommendation to buy or sell any securities or other financial products. Investors should seek professional advice before making any investment decision. This information is provided as a service to our clients and is subject to change without notice.*




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### Retirement Village Units – Not Worth it!

15/10 Federation, Wynnum West, Qld 4178 **\$120,000**




**NEW**

Unit 1 1 1

**NEAT AS A PIN**  
OPEN FOR INSPECTION: Saturday 11.00 - 11.30am Sunday 9.30 - 10.00am This highly desirable and affordable unit is available for...

Raine&Horne.

☆ Save
Details




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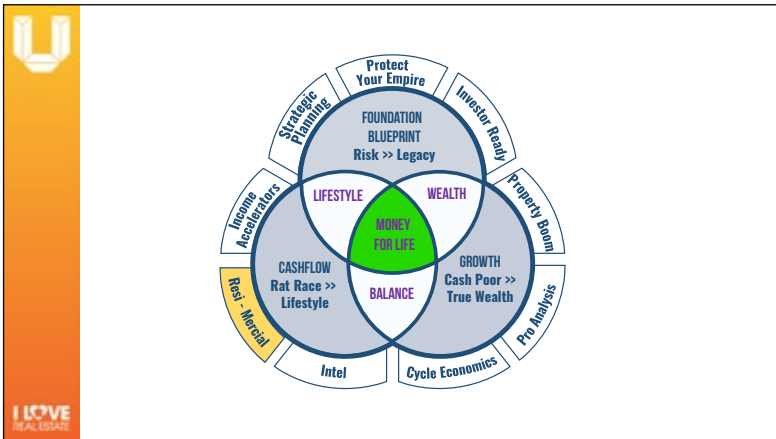
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### 3 Main Types of Commercial Property

**Shop**  
 Can be a weak sector in a downturn  
 Trend towards internet shopping  
 Will still need retail in for seeable future  
 Analysis the tenant's business viability

**Office**  
 Work from home will weaken this sector – but not Kill It  
 Will still need Office space in for seeable future  
 Analysis the tenant's business viability

**Warehouse**  
 Strongest Sector in all market cycles  
 Do supply analysis  
 Less vulnerable to presentation  
 Analysis the tenant's business viability




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### Commercial for Cash Flow

- Similar to Residential – Commercial Investing has capacity to implement and stack all the normal strategies
- EG Strata / Subdivision / Construction / Renovation etc.**
- Your Tenant is a Business – the more they make, the more they are able to pay the rent – consequently you need to think like a business and provide premises conducive to doing business
  - Think about signage
  - Think about visibility
  - Think about selling colour schemes
- Most people start in Residential and graduate to Commercial unless they have a business back ground




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## Commercial for Cash Flow

- Commercial Properties generally have a higher yield than Residential Properties
- Tenants generally pay all the outgoings – ie. lower hold costs
- Commercial purchases are generally positive cash flow from the initial purchase
- Commercial Properties generally have built in Rental Increases in the leases
- Tenants typically stay for longer – however when there is a vacancy it can take longer to release
- You will need more deposit to buy a Commercial Property – usually 30% - but can be 50% for some specialized Properties

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## Commercial for Cash Flow

- Commercial cash flow typically works on a percentage point split calculation.
- Eg.
  - Purchase price \$500,000
  - Interest rate 5%
  - Yield on property 8%
  - Cash flow 8% - 5% = 3%
  - 3% x \$500,000 = \$15,000/y Positive cash flow

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Year	Rent	Return
1	\$105,000	9.1%
2	\$109,200	9.5%
3	\$113,568	9.8%
4	\$118,110	10.2%
5	\$122,835	10.6%
6	\$127,748	11.1%
7	\$132,858	11.5%
8	\$138,172	12.0%
9	\$143,699	12.4%
10	\$149,447	13.0%
11	\$155,425	13.5%
12	\$161,642	14.0%
13	\$168,108	14.6%
14	\$174,832	15.2%

	Buy Price	Return
Year 1	\$1,150,000	9.1%

**Estimate Cash Flow Y1 = \$47,150**  
**Estimated Cash Flow Y14 = \$117,300**

Buy Price \$1,150,000

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### Storage Sheds typically run on a residential cycle

Buy it direct – build it - add it on to existing

Existing block of Land owned  
65 units –  
Rent at 90% occupancy \$79,153  
Expenses & operatings (\$38,910)

Total Cash flow \$40,243  
Currently \$57,000 Cash Flow



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### Resi-mercial deals

- Mixture of residential and commercial
- Usually older and may need renovation
- Leases can be in over-run and under market



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### Business Real Estate Hostels / Backpackers / Motels



Donnybrook WA 6239  
\$450,000 INCL GST  
House 10 2

- 10 bedroom Backpackers Lodge/Separate Single Caretakers Unit/Plus Single caretakers flatlet. - Big grassed areas line three sides of property providing ample room for people to congregate/entertain or parking facilities. - Decking to rear and big undercover cement patio overlooking single room caretakers cottage together with a fully equipped.

- Must be Prepared to step in and run it yourself is anything goes wrong
- Not for everyone



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# Income Strategies

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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**SESSION EIGHT**

**How To Create  
Manufactured Growth And  
What Type Of Commercial  
Strategies Work Best  
In This Market!**

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

Manufactured Growth  
Strategies

I LOVE REAL ESTATE | Knowledge Source

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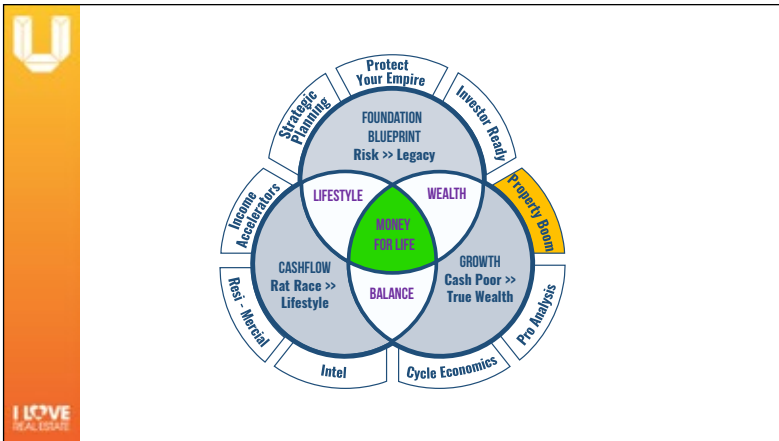
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**Growth Strategies**

**Direct**

- Buy Well  
Make your money up front by buying under-market value

**Indirect**

- Buy for Natural Growth
- Do Manufactured Growth

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## Strategies to Buy Well

Direct

- **Discount Buying**
  - Look for weaknesses in the market

Use KEY WORD searches such as:

- Divorce
- Deceased Estate
- Mortgagee
- Transferred / Over committed
- Must sell
- Urgent
- Older demographics



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## End of a development

Direct



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## First sales of a development

Direct

- Seller wants to set a bench mark
- Seller wants to get homes built in the new estate fast
- Establish comparable sales value for valuer
- Negotiate non-cash extras



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## EXAMPLE: Land Developer Rebate



If you don't ask  
you don't get!

Prime Seaside Blocks From \$369000 with \$50000 **cash back** at settlement Peppermint Grove Beach. \*\*\*\*\* \$50000 **CASH**

REBATE AT SETTLEMENT ON ALLOCATED BLOCKS



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## EXAMPLE: Builder Cash Backs

Neighborhoods Built by Your Neighbors.

Buy a new home,  
get \$2,000 to \$10,000  
CASH for use at closing.

REBATE ONLY

Working Together  
at Step of Local Working

HOUSE + LAND  
**\$15,000  
CASH BACK!**



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## Vendor pays the Stamp Duty



It's not illegal - Don't be afraid to ask!



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## Buying Off the Plan

Direct

Only works in a rising market

Be careful of affordability and changing circumstances with long contract

Be careful using deposit bonds and time lapse considerations

Consider buying price protection insurance



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## Off the Plan Caution

*"37 lose apartments in Sydney as developer invokes sunset clawback"*



Off the plan price:

- 1 bedroom - \$370K
- 2 Bedroom - \$500K

Today's value:

- 1 bedroom - \$650K
- 2 Bedroom - \$900K

*If the developer decides to resell on the market today, they will make another \$6M in profit!!*



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## Rates Default Properties

Direct

- When rates are not paid to the council – they have the legal right to sell the property to recoup monies owed
- Rates defaulters are advertised in the local papers, usually 3 months out from auction day (NSW advertised in the State Govt gazette – subscription bases)
- Put alerts on Media Monitors for
  - rates default
  - bailiff auction
  - Sheriffs auction



- Usually very run down
- Usually debt free



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### ...the reno job



Renovation Costs  
\$12,000  
Revaluation Costs  
\$600



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### The Breakdown

New Valuation  
\$115,000  
Rental Return  
\$165 per wk  
Tax Free Cash out  
\$ 36,000  
Positive Cash flow  
\$ 2 per wk



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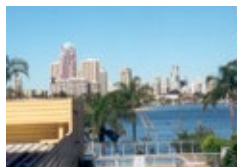
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### ANOTHER Example: Leanne's Rates Default Unit



Purchase Price \$42,000  
Reno \$ 5,000  
Revalue \$81,000  
Time Frame 6 wks



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## Rates default auction deal

### Chunk & cash flow deal

Acquisition costs: \$57,000

Improvements: \$10K - \$15K

Rent: \$175 / wk



  
**PLATINUM**  
ACCELERATOR



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## Sources of low end growth deals

- Usual sources – Agents, Newspapers, Online
- Mortgagee in Possession
- Older areas (Demographics)
- Tired Businesses (Commercial)
- Owner sales
- Public trustees

Direct



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## Mortgagee in possession



- By law, the lender must make a genuine effort to sell the property for the maximum possible amount.
- They have to advertise the sale, get independent valuations and decide whether to sell privately or at auction.
- The proceeds of the sale will be used to absorb any legal, administrative and holding costs incurred by the mortgagee in maintaining the property.



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## How do you find Mortgagee Sales

Lenders don't usually advertise mortgagee-in-possession sales directly.

However, real estate agents will generally advertise the words 'mortgagee-in-possession' in there ads.

- There are several websites where you can search for free specific words in ads including:
- [Trovit](#)
- [ForcedSale.com.au](#)
- [Mitula](#)




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## Public Trustee Websites

NSW - <https://www.tag.nsw.gov.au/properties-for-sale.html>  
QLD - <https://www.pt.qld.gov.au/real-estate/real-estate-services/>

VIC - <https://www.statetrustees.com.au/property-for-sale/property-details>

WA - <http://australia.trovit.com/property/public-trustee-wa>

TAS - <http://australia.trovit.com/property/public-trustee-tas>

SA - <http://www.publictrusteepropertyguide.com.au/book.html>

ACT - [www .publictrustee.act.gov.au](http://www.publictrustee.act.gov.au)

NT - <https://www.nt.gov.au/justice/pubtrust>




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## Public Trustee Auction

- Code Assessable Renovation
- Purchase: \$228,000
- Reno cost \$35,000
- ReSold: \$369,000
- Profit: \$50,000
- 3 month renovation



$$\text{\$228,000} \times 1.5 = \text{\$342,000}$$




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## Commercial Can be Direct or Indirect

Direct

Indirect



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## Why Commercial?

### PRO

- Higher cash flow
- Less management
- Less tenant turnover
- Less maintenance
- Built in return and growth rates in lease
- Longer term leases

### CON

- Longer to sell
- Need more money to finance
- Longer to tenant
- Subject to economic downturns
- Subject to commercial movements



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## So what do you look for in a Commercial Property

- Yield
- Strength of tenant
- Strength of area
- Compare to surrounding CAP rate ( under market yield)
- Room for growth and expansion
- Time is on your side for due diligence
- Flexibility of negotiation is on your side
- Opportunity to Increase Yield &/or Decrease Risk



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Direct

## Commercial under Market Rental

Indirect

- When you increase the income on a commercial property it immediately reflects in value
- Know your commercial rental yields REALLY well – befriend a GOOD commercial agent
- Watch for incorrectly reported rents and rental area (per sq metre)
- Look for long term owners
- Look for badly written leases with inadequate market rental clauses




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## Multi Tenanted Industrial - Brisbane

- 5 Tenancies
- Multiple Buildings
- Basic Reno
- Re-negotiated Month By Month Leases
- Re-tenanted 3 Units
- Strata Title Potential

- Purchased \$780k
- > \$35k Positive Cashflow




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## Commercial Strategies - Strata or lease in smaller pieces




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## Industrial Strata Title - Melbourne



- Purchase \$800k
- Reno & Strata \$50k
- End Val \$1,480,000
- Val Increase \$680k in 17mths



- 5 Industrial Units on 1 Title
- Reno, Signage, Rented Hardstand Area, Survey Confirmed Increased Lease Area
- Re-negotiated Leases (under market rent, month by month leases)
- Strata Titled into 5 Lots & Revalued




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## Commercial – Sometimes you just buy for yield and hold



\$28,000 Passive for non super deal  
\$48,000 Passive for a super deal

Great Super Fund deal – Purchased for \$720,000




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## Commercial doesn't have to be expensive

Wants: \$185,000

Net Income: \$16,556 p.a.  
Yield: 8.95%



The premises is currently leased to a long standing medical tenant within the centre on a 5 + 5 year Lease. Lease commenced December 2012  
Situated in the Cremorne Town Centre




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## Commercial Construction

- Develop at 10 to 12% CAP and sell or revalue at 8 to 9% CAP

Commercial	Low	Medium	High
1-4 level open plan offices, including A/C & lifts, excluding fit out	\$1,890	\$2,150	\$2,590
4-8 level open plan offices, including A/C & lifts, excluding fit out	\$2,050	\$2,240	\$2,720
8 levels and over, including A/C & lifts, excluding fit out	\$2,960	\$3,170	\$3,350
Industrial	Low	Medium	High
High Bay Warehouse, standard config, concrete floor, metal clad	\$920	\$1,040	\$1,130
High Bay Warehouse, standard config, concrete floor, pre-cast concrete wall clad	\$1,140	\$1,210	\$1,360

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Retail	Low	Medium	High
Suburban shopping mall area including A/C	\$2,280	\$2,400	\$2,750
Supermarket, including A/C, excluding fit out	\$1,470	\$1,590	\$1,820
Hotels-Motels	Low	Medium	High
Single level boutique motel, including A/C, guest facilities	\$3,000	\$3,500	\$4,750
Single level tavern/hotel, including A/C, excluding base item fit out	\$2,550	\$3,100	\$3,800

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## Primary Manufactured Indirect Growth

Indirect

- Renovations
- Subdivisions
- Strata Titling
- Developments



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## Quirky Deals - First time Unit Buyers

- Buy one unit with large sinking fund
- Get onto the Body Corporate Committee
- Seek investor proxy votes




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## Quirky Deals – Services Exchange



Dentist Investor



Low Doc Landscape Gardener




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## Quirky Deals – Seller JV Deals

- The number ONE untapped strategy in Australia today!
- Not every deal has seller JV potential
- Using Talents instead of money
  - Landscaping / Handyman
  - Subdivisions
  - Strata
  - Renovation
  - Even building




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### What Characteristic to look for a Seller JV Deal

- A seller with a limitations
  - eg: - money
  - knowledge
  - time
- A seller with flexibility in outcomes (Age can be an advantage)
- A business person as the seller
  - SHOW ME THE MONEY PERSON
- A seller with a badly presented product




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### Student JV with Owner deal

Knock down and rebuilt two single story homes and split profit 50/50

- Sales of New Dwellings \$1,620,000
- Sales Costs \$40,500
- **Total Costs \$1,343,552**
- **Net Profit (before GST) \$276,448**
- **Profit to student \$138,224**



  
**PLATINUM**  
 ACCELERATOR




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### Forest Road Deal

- Sales of New Dwellings \$1,620,000
- Sales Costs \$40,500
- Purchase price \$730,000
- Strategy Costs – Subdivision \$52,000
- Strategy Costs – Construction \$550,000
- Holding costs \$23,000
- **Total Costs \$1,343,552**
- **Net Profit (before GST) \$276,448**
- **Profit to Croxford Property (50% of deal) \$138,224**
- **Profit on Costs 20%**




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## No Money?

Australia's 9.6 million residential properties are worth 6.7 trillion dollars at the end of the June quarter 2017.

Total Mortgage Values in Australia are \$1.6 trillion dollars.

Source: Core logic / ABS



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## Dep. Finance / Sub/ Reno / Build



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## The Numbers

Purchase Price	\$260,000
Purchase Costs	\$16,208
Strategy Costs	\$22,250
Renovation	\$23,000
Construction Costs	\$440,000
<b>Total Costs</b>	<b>\$761,458</b>

<b>Total Sales</b>	<b>\$920,000</b>
<i>Less Sales costs</i>	<i>(\$27,600)</i>
<b>Approx Net Profit</b>	<b>\$130,942</b>
Profit on Costs	17.2%



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## Quirky Deals – Trade Exchanges

Barter Card  
Empire Trade  
Ibis



1300 BARTER  
(1300 227 837)



- Percentages vary and charges vary
- Some have ability to borrow dollars
- Some have ability to borrow on the black market



## Trade Dollar Example – Kawana Island, QLD \$490,000 / 20% trade



## Bartercard / Commercial Office Space /Sub-Letting



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## The Numbers

Purchase Price	\$450,000
Purchase Costs (Stamp duty etc.)	
Bartercard Costs (6.5%)	
Office Fit-Out (\$15k on Bar	
<b>Total Costs</b>	<b>\$465,000</b>
<b>Fund</b>	
(Bar	(\$350,000)
(Bar	(\$121,500)
(Cash	(\$42,000)

Valued at \$600,000  
& \$95k profit!  
& Neutral Cash flow!!



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## Quirky Deals – Moving old Houses or Factory Builds



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## House Relocation – Sunshine Coast

- House Relocation
- Subdivision
- Reno
- **\$125k Profit**



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## The Numbers

Purchase Price	\$450,000
Purchase Costs (Stamp duty etc.)	
Bartercard Costs (6.5%)	
Office Fit-Out (\$15k on Barter)	
<b>Total Costs</b>	<b>\$121,500</b>
<b>Fund</b>	
(Barter)	(\$350,000)
(Barter)	(\$121,500)
(Cash)	(\$42,000)

**Valued at \$600,000  
& \$95k profit!  
& Neutral Cash flow!!**



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## Quirky Deals – Moving old Houses or Factory Builds



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## House Relocation – Sunshine Coast

- House Relocation
- Subdivision
- Reno
- **\$125k Profit**



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# Growth Strategies - Summary

What growth strategies suit your portfolio, personality, capacity and timeframe?

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Put a priority numbering system beside each strategy.

What is your timeline for implementation?

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# Manufactured Growth Strategies

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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**SESSION NINE**

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

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

**SUBDIVISIONS**

**I LOVE REAL ESTATE** | **Knowledge Source**

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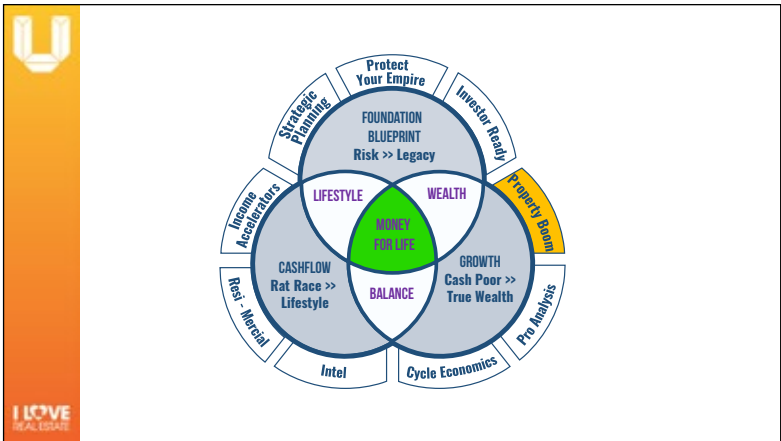
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**U** **Why do a Subdivision**

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

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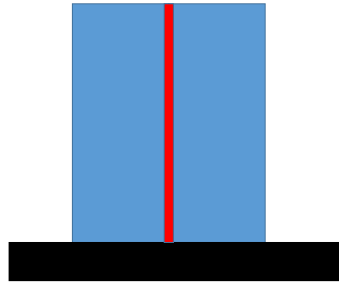
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## Splitter – Dual Lot, Single Title

- Easiest type.
- Simply lifting an existing Title
- Done to save money on rates
- House may be located on boundary




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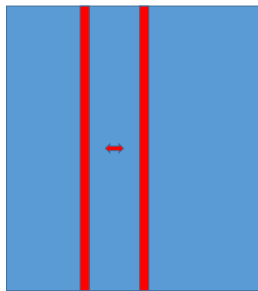
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## Boundary Re-Alignment

- Full Council Application
- Moving the boundary line to reconfigure 2 blocks
- Can be done for similar blocks or battle axe




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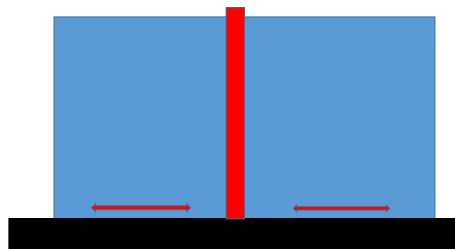
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## Splitter Wide Block

- Block has a wide frontage
- May be split down the middle
- Frontage **MUST** meet Council minimum width




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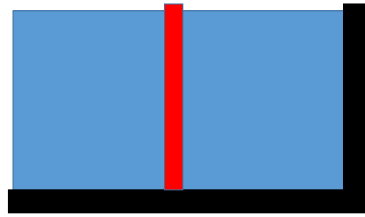
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## Corner Lots

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



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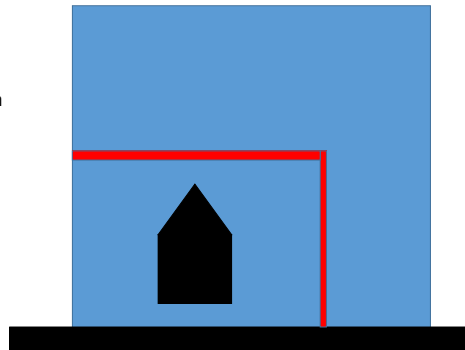
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## Battle Axe – Hatchet Blocks

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



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## Choppers / Large Lot

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



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### Corner block subdivision + build Profit \$650k



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### Battle-axe subdivision deal



Feasibility	
Purchase price	\$426,000
Purchase costs	\$25,560
Strategy costs (Reno, build @ rear, subdivide)	\$317,864
Holding costs	\$22,280
<b>Total Cost</b>	<b>\$791,704</b>
End sales value (Estimate)	\$940,000
Selling Costs & GST	(\$43,569)
<b>Total Sales Value</b>	<b>\$896,431</b>
<b>Estimated Profit upon completion</b>	<b>\$104,727</b>



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### Triple battle-axe subdivision



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## Subdivisions



- Small Subdivisions are a relatively easy strategy as your consultants do all the work
- Where you need to be skilled is in the feasibilities
  - Know your costs
  - Know your market / end value

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## Subdivision Team

### Initial Team – Preparation and Planning

- Town planner
- Surveyor
- Draftsperson (proposal plan)
- Mortgage / Finance strategist
- Lawyer (specializes in developments)
- Engineers
  - Civil, Electrical, Hydraulic




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## Subdivision Team

### During the Process

- Town planner
- Building designer (if applicable)
- Civil contractors (driveways, fill)
- Engineers
  - Civil, Electrical, Hydraulic

Electrician  
Plumber  
Fencing Contractor




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## 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




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## 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**




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## 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!




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## 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




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## 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**




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## 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**




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## Hester Street \$550,000

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



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## 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**



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## 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



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## What to Look for



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




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## 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**




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## 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




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BUY \$900,000

VALUE NOW \$2.4 MIL

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### Subdivisions give you flexibility

- Sell as Land
- Build and sell as completed project
- Build and hold for cash flow – if this is your option consider your design carefully and design for yield eg. Dual occupancy, micro apartments etc.
- Sell some keeps some



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### Steps to Subdivisions

- Establish your team
- Get others on the path to find a deal
- Learn how to do a Feaso properly
- Do your Grid Variance Analysis /Know your Market
- Contract on deal
- Town planner / Surveyor
- Engineers if necessary, Project manager if necessary
- Contact Selling agent early



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## 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




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## 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!**




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## 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




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### Great feel good student story from NZ



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### 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.



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**Use SUBDIVISION Checklist on Ultimate Website !!!!!**



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# Subdivisions

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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**SESSION TEN**

# **Strata & Construction & The Compound Effect**

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

**STRATA TITLE**

I LOVE REAL ESTATE | Knowledge Source

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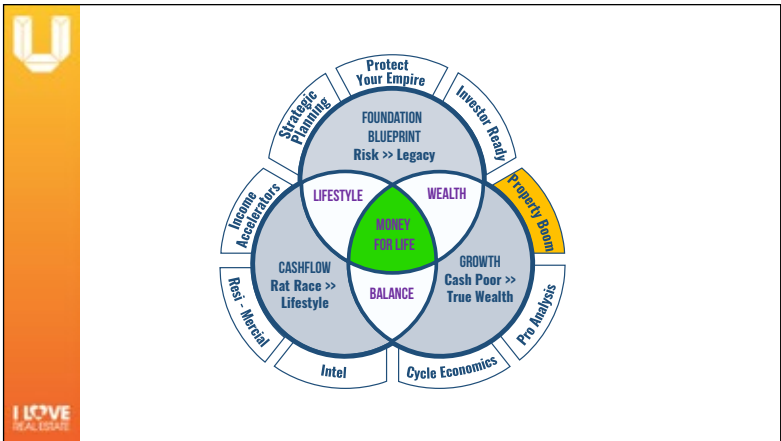
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**Strata Titling – Subdivision except with Buildings. Most of the time!**

Vertical separation

Horizontal separation

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## Strata Titling

- Can be a short time frame  
Chunk Deal
- Manufactured Growth
- Can be positive or neutral cash flow as well as potential to manufacture growth
- Can be partially liquidated on completion or refinanced




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## Big difference strata titling old vs new!

**New** – designed and built to meet the current standards, building code and planning legislation

**Old** – not built to current standards? Important to go in with your eyes wide open. What needs to be altered to meet the current standards and what will it cost to do so?




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## Strata Titling - Old

- Target high yield blocks of units
- Select properties with easy fire rating and utility separations
- Not all blocks are able to be converted




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## Target Old - Select a Suitable Property

- Duplex, Triplex, Fourplex etc.
- Industrial building with divisible ability
- Office Blocks
- Hotels / Motels
- Car Parks
- Storage Sheds




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## What Constitutes Suitable?

- One title, multiple dwellings
- Fire rated separation
- Separate services
- Parking
- Traffic access
- Saleable




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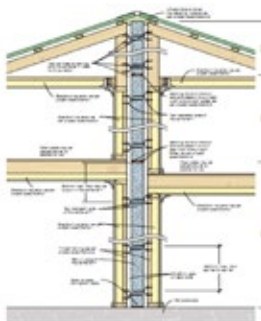
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## Fire Rating Strata



30/30/30

60/60/60 - Usual

90/90/90

120/120/120




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## Saleability

- Do market analysis on the need for your finished product
- Invest in a voluminous market
- If building for sale review sales data prior submitting plans to council
- If buying existing building check post renovated units with agents for comparables




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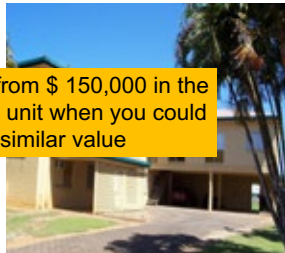


## Not All Units Work

### SET OF FIVE UNITS: 5 x 2 bedroom units

Two storey set of 5 units all 2 bedroom units. Units are strata titled and owner selling at \$150,000 - units 1-4, Unit 5 selling for \$160,000.

2 & 3 Bedroom houses sell from \$ 150,000 in the area – why would you buy a unit when you could buy a house for the similar value




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## Not all Properties should be Strata'ed

Commercial 592sqm main street central property with large residence of 2 bedrooms parking area with a two Modern v front with current food licence and an agency of The Rock Building Society with the only ATM in Town.

You could probably sell the shop separately but no-one will buy a unit above a shop separately in a regional area – it will rent but not sell. Metro area yes – but not regional!



\$295,000  
Rent \$32,000  
Good Cash Flow




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## Strata Titling Team

- Building Certifier / Surveyor
- Land Surveyor
- Town Planner
- Body Corporate Specialist
- Solicitor
- Mortgage Strategist / Bank
- Selling Agent




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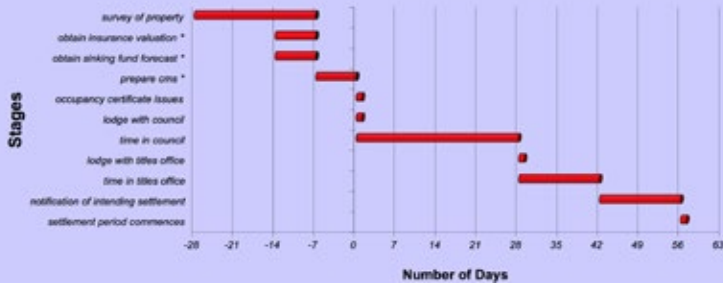
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### Body Corporate Establishment Time Frames (based on the Certificate of Occupancy Issue Date and Satisfaction of all Development Approval Conditions - Day 0)




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## Strata Titling an Old Block of Units

- 4 x 2 bedroom units
- Red brick, single story building
- 400m from beach
- Opposite shops, close to schools and railway station




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## Example: Reverse Feasibility

Purchase price	688,000
Stamp duty	27,000
Legals	5,000
Surveyor fees	10,000
Council fees	1,000
Titling fees	1,230
Renovation	40,000
Landscaping	10,000
Strata requirements	10,000
Holding costs (50,000 interest + 1200 rates – 45000 rent)	6,200
Sell Costs	<u>20,000</u>
Total Costs	<b>\$818,430</b>
Sale price	<b>\$1,000,000</b>
<b>NET PROFIT:</b>	<b>\$181,570</b>



## Block of 4 units - Strata Titling

Building works required to Strata for this deal:

- Separate water meters
- Fix driveway
- Install body corporate letter box
- Fire rating was all good



Purchase (incl purchase costs)	~\$485K
Strata Costs	~\$12K
Renovation (incl req'd strata work)	~\$60K
Holding Costs	~\$24K
Valuation per unit	~\$190K
Total Gross Valuation	~\$760K
<b>Total Gross Profit</b>	<b>~\$179K</b>



## Block of 3 units - Strata Titling



### The Property:

- 3 x 2-bedroom units
- Double brick construction with fire separation in place
- Under market rental at \$180 per week per unit

### The Numbers:

- Purchase price: \$400,000
- Purchase costs: \$15,000
- DA, surveys, body corp, LPI costs: \$12,000
- Water meter separation cost: \$5,000
- End value: \$570,000 (\$190,000 per unit)
- Selling costs: \$20,000 (if all 3 units sold)
- Total cost: \$452,000
- Profit: \$118,000
- Return on Cost: 26%



**Note: there's no holding cost because the units are positive cashflow**



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

I LOVE REAL ESTATE | Knowledge Source

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**U**

**D.A & B.A**

I LOVE REAL ESTATE

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**U**

**What is a DA?**

- DA = Development Approval
- Council planning permit for proposed development – subdivision, multi-unit, industrial etc
- Assessed against Council Town Planning Codes
- Based on concept plans of proposed development
- Not ready (or approved) to build!

I LOVE REAL ESTATE

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## DA Opportunities

- Use your talents and knowledge, but maybe not your money to make a profit!!!!
- Can be on sold at DA approval stage or complete the project and sell or hold for cash flow
- If on selling at DA stage – Need to know costs for completed project to determine your DA approved sale price. \*\* Purchaser still wants to make approx. 20% for completing deal




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## DA – Factors to Consider

- Current zoning
- Land size, frontage
- Site cover (% useable land)
- Current and future town plan
- Demand for end product e.g. high density housing
- Comparable sales - Current prices for equivalent end product
- Efficiency of design




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## Design Stage

- Town Planner is KEY!
- Appoint building designer/draftsman/architect, surveyor, engineer, landscape architect, specialist consultants?
- Concept Plans
- Pre-Lodgement meeting with Council + your private town planner
- Final Design Plans




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## Application Stage

- Town Planner will prepare & lodge application with Council
- Council confirms application properly made
- Council Initial Response 60 days (RFI)
- Liaise and Negotiate
- Public notification
- Decision Notice
- D.A. (Permit + Conditions)




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## Sell with D.A Student Deal

- Purchased \$330,000 + purchase costs for Reno
- Plan to build two on back
- Projected profit - \$80,000
- Council proposed new structure plan to high density
- Sold to a developer with plans & permits for \$570,000
- **Profit \$240,000**




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## DA's and Creative Strategies

- Financing the deal with little money
- Option the deal
- JV the deal
- JV with Vendor
- Vendor Finance
- Long Conditional Settlements




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## Re-Zoning Approval Process

- Applying to Council to change zoning of a site
- Potential for profit is high (intensifying usage of site)
- Due diligence & knowing needs of area is essential
- Downside costs can be minimal
- Can be a long and hard process!!




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## Re-Zoning Deal



- 1600m2 corner block in a built-up residential area
- Zoned industrial
- Piggy backing on Council re-structure plan
- New zone to become medium density residential
- Timing is everything!!!




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## What is a BA?

- BA = Building Approval
- Building certifier/surveyor assesses design against National Construction Code of Australia (NCC)
- Working drawings (architectural drawings & structural engineering design), soil report & energy efficiency report submitted
- Building Permit / Construction Certificate issued
- Ready to start building




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## Construction



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## Construction – What is it?

Building works that are completed under a “Building Contract”

- Structural reno
- Extension
- House
- Granny flat
- Units / Townhouses etc.



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## Team Requirements



- Members of Professional Associations e.g. Building Assoc., Institute of Engineers / Quantity Surveyors, Building Design Assoc.
- Insurances & certification for trade / profession - Provide copies to ensure current over project duration
- Familiar with Local & State regulations
- Up to date with latest laws, innovations & developments in industry



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## Team Requirements

- Ask what sub-consultants and contractors they use & confirm how much time they will be on the job
- Ensure team understands your time constraints
- Check on progress of individuals to keep them on target
- Check work thoroughly BEFORE paying invoices
- Pay invoices as soon as possible
- ENSURE YOU GET ALONG WELL!




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## What Do You Need to Supply to Your Builder for a Quote?

- Specifications list
- Working drawings (detailed design)
- Structural engineering
- Civil engineering
- Soil report
- Landscape plan
- Energy rating report
- Specialist reports e.g. BAL report (if necessary)
- Planning permit - DA Approval - if exists
- Building Approval & Plumbing Approval – if already got




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## Contract Types

- Construction contract method
- Payment Lump sum by negotiation
- Cost + %
- Construction Management
- Turn-Key or Progressive
- Design and Construct



Beginners should ALWAYS use Turn-Key




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## Design & Construct Service

- **Pro's –**
  - Single point of contact – more streamlined process
  - Reduced risk – single point of responsibility
  - Lump sum price
- **Con's –**
  - Less flexible e.g. committed to 1 builder from start
  - Less control on timeframes e.g. don't have direct access to each professional
  - Less control on price e.g. can't negotiate fee for each professional individually
- *Consider for single dwellings by inexperienced investors & long distance construction*




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## How Do You Complete Reference Checks on a Builder?

- View past projects & speak to previous clients
- Visit current projects under construction
- Talk to Subcontractor, tradies, suppliers, regulatory bodies, insurance underwriter
- Contact RE agents that have sold the builders previous work
- Search State Building License Authority for Builders records / history
- Do Company & ASIC searches
- Get copies Insurances (Public Liability & Professional Indemnity), Workers Compensation (terminology varies State to State)




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## Other Considerations – Builder Selection:

- Building timeframe
- Inclement weather days and public holidays
- Liquidated damages for time over runs
- Read Building Contract
- Pacific Law to review building contract




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## How Can I Manage the Relationship With My Builder?

- Regular & structured meetings
- On-site visits
- Review budget & works program regularly
- Engage external consultant to inspect for quality control if you're not confident
- Complete proper handover at practical completion with a professional and check handover certificates (e.g. Form 15 & 16's) & warranties




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## PPR Construction

  
**PLATINUM**  
 ACCELERATOR

**PPR 1**



- New Estate, Project Builder
- Land \$ 120K
- Build \$ 250K
- Sold \$ 570K
- **PROFIT \$200k**




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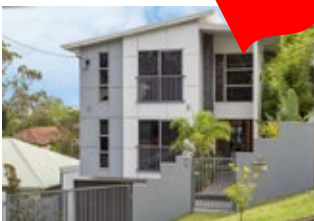
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## PPR Construction

  
**PLATINUM**  
 ACCELERATOR

**PPR 2**



- Design, Custom Build
- Land \$380K
- Build \$620K
- Sold \$1.3M
- **PROFIT \$300k**




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### 3 Townhouse Development

- Fast Tracked DA & Strata Titing
- Purchased \$530k
- Development Costs \$1.005M
- Sales \$1.785M
- **Profit \$250k**



PLATINUM ACCELERATOR




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### 16 x 1brm Apartments

- Opposite Hospital
- Purchased 2 Houses – 1 Under Option
- DA, Construction, Strata Titled
- NRAS Approval
- Sold Off-Plan
- Sold 15 Kept 1



**PROFIT \$600k**

PLATINUM ACCELERATOR




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### The very best strategy is a Stacked Strategy!

**For Example:**

Reno / Subdivision /  
Construction / Dual Occ

**Or**

Unit Block Reno / Strata /  
Construct / High Yield

**Or**

Commercial / Under rental /  
Reno / Add more




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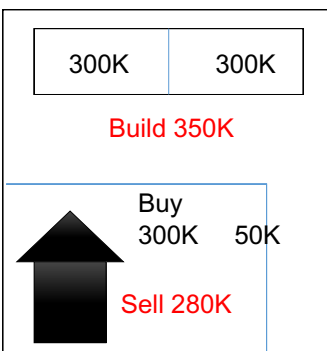


### 3 Areas – 3 Strategies

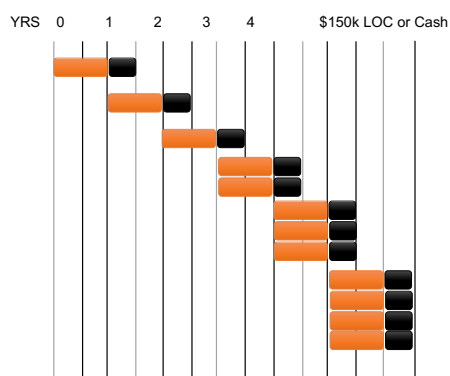
	Area X	Area Y	Area Z
Property A	Strategy 1	Strategy 1	Strategy 1
Property B	Strategy 2	Strategy 2	Strategy 2
Property C	Strategy 3	Strategy 3	Strategy 3
Property D	Strategy 1,2	Strategy 1,2	Strategy 1,2
Property E	Strategy 1,3	Strategy 1,3	Strategy 1,3
Property F	Strategy 2,3	Strategy 2,3	Strategy 2,3
Property G	Strategy 1,2,3	Strategy 1,2,3	Strategy 1,2,3
	= 7	= 7	= 7
<b>21 Different Choices</b>			



### SET AND FORGETS



Buy	\$300k
Subdivide	\$50k
Total	\$350k
<u>Sell</u>	<u>\$280k</u>
Cost of Block	\$70k
Build	\$350K
<b>TOTAL</b>	<b>\$420K</b>
<b>80% on \$600k</b>	
Redraw	\$480k



No Allowance for Growth or Efficiency. That's just extra!!!!





**Use Development Checklist on Ultimate Website !!!!!**

Horizontal lines for writing, consisting of 12 lines.

Horizontal lines for writing, consisting of 20 lines.

# Strata & Construction & The Compound Effect

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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**SESSION TEN**

# **How To Renovate For Profit**

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

**RENOVATION & STYLING**

**I LOVE REAL ESTATE** | **Knowledge Source**

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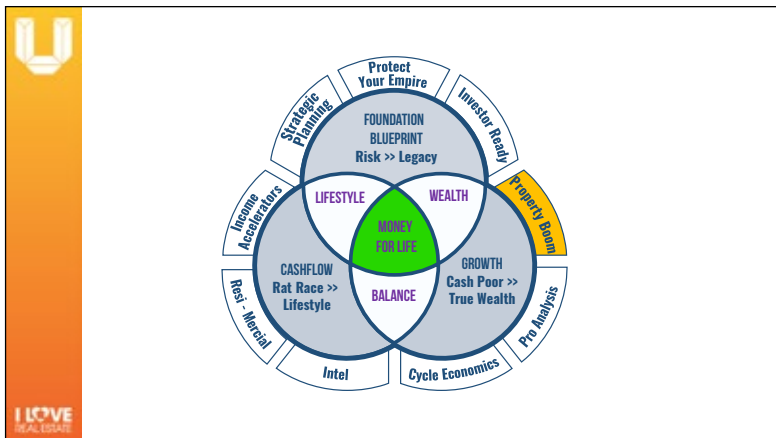
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**Are you looking for Cosmetic, Code Assessable or Structural?**

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### Rule of Thumb – Short Cuts

Purchase Costs	6%
Selling Costs	3%
Cosmetic Reno	9%
Code Assessable	16%
Structural Reno	31%




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### Rule of Thumb – SALE Short Cuts

Renovation Type	Minimum Sale Price
Cosmetic Renovation	x 1.35 of Purchase Price
Code Assessable	x 1.5 of Purchase Price
Structural Renovation	x 1.8 of Purchase Price




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### Rule of Thumb – SALE Short Cuts

Sale Price % of PP	Buy Price	Purchase Cost	Reno % of PP	Total	Holding Costs
Cosmetic <b>135%</b>	100%	6%	9%	115%	?
Code Assessable <b>150%</b>	100%	6%	16%	124%	?
Structural <b>180%</b>	100%	6%	31%	137%	?




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## Unit Cosmetic Reno (6 week Deal!!)

- Purchased \$330,000
- Reno \$15,000
- Sold \$442,500
- **\$88,500 Profit in 6wks!!**
- **PLUS \$11,979k profit from Air bnb while on market**



Before

After




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## Cosmetic Renovation

### HARDWOOD COTTAGE

- 2 Bed, 1 Bath, 1 Car
- For Sale: \$239,900
- Purchased: \$219,000
- Reno cost \$30,000
- ReSold: \$300,000
- Profit: \$35,000



$$\$219,000 \times 1.35 = \$295,000$$




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Before Renovation

After Renovation




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## Are you renovating to Hold or Sell?



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### If Holding..

#### Ideal objective:

- Increased value at end of renovation
- Get your money back, what property cost you (deposit + renovation)
- Rent for positive cash flow

This is the benchmark  
- If more, that's a bonus!



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### If Holding..

- Renovation increases value = Equity
- Will renovation increase the rent?
- What is the local rental market like?
- Reduce capital gains tax (investment property)



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## Hold Property Example



Dual living property – 6 brm, 2 kitchen, 2 bath  
**3 month renovation**



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## Hold Property Example

Purchase Price	\$230,000 (Valued \$245k)
Stamp Duty	\$6,560
Legals	\$2,000
Renovation	\$15,000
Total Costs	\$253,560

**Income Per Year (\$590 p/w) \$30,680**  
**Yearly Return 12.1%**

**\*Updated rental income (\$625 p/w) \$32,500**



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Property re-valued  
= increased by \$105,000  
Rental value increase  
= \$120 p/w  
Positive cash flow  
\$12,500  
All his money back  
plus more!



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## Regional Reno – QLD

Purchase Price \$90,000  
Mortgagee in possession

Purchase \$90,000  
Costs \$3,712  
Renos \$12,000  
**TOTAL \$105,712**



**Revalued at \$195,000**    **Rental Appraisal \$220-240pw**  
**Equity gain \$89,288!!!!**    **Positive cash flow \$2,000+ pa**



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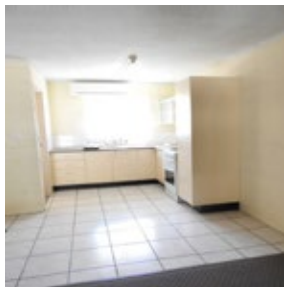
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### Before



### After



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## If Selling..

- Can you sell for a profit?
- What's the average days on market?
- Find the right agent



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## Development Applications & Building Approvals



ALWAYS,  
ALWAYS,  
ALWAYS,  
ALWAYS,  
ALWAYS,  
ALWAYS,  
GET APPROVALS



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## Legalities

- There are different rules for every State for Development. What can you do without a licensed Supervisor?
- Is there a minimum amount before you need a Contract?
- NSW requires any work over \$5,000-\$20,000 be contracted (small jobs contract)
- Vic more than \$5,000-\$16,000
- WA over \$7,500-\$20,000



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## Home Warranty Insurance

- Home Building Compensation Fund is required in most states. Again there is a minimum cost of works where this is applicable.
- NSW and WA for contract value over \$20k
- Qld Home Warranty Scheme paid by contractor for work over \$3,300
- Victoria needs it for any contract workover the value of \$16k. Under \$16k needs a defect report.
- SA over \$12,000



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## Things to watch out for...

### What is Asbestos ?

- Asbestos is a naturally occurring fibrous material and has been used for about 150 years on a large scale. It is versatile, plentiful and ideal as a fire-proofing and insulation material. But it can be deadly!



There are many types of asbestos but only three main types are used commercially other types are less abundant.

Chrysotile (white)  
Amosite (brown)  
Crocidolite (blue)




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## Things to watch out for...

What can be removed?

Type of licence	What asbestos can be removed?
Class A	Can remove any amount or quantity of asbestos or ACM, including: <ul style="list-style-type: none"> <li>any amount of friable asbestos or ACM</li> <li>any amount of ACD</li> <li>any amount of non-friable asbestos or ACM</li> </ul>
Class B	Can remove: <ul style="list-style-type: none"> <li>any amount of non-friable asbestos or ACM</li> </ul> <p>Note: A Class B licence is required for removal of more than 10 m<sup>2</sup> (square metres) of non-friable asbestos or ACM but the licence holder can also remove up to 10 m<sup>2</sup> of non-friable asbestos or ACM</p> <ul style="list-style-type: none"> <li>ACD associated with the removal of non-friable asbestos or ACM</li> </ul> <p>Note: A Class B licence is required for removal of ACD associated with the removal of more than 10 m<sup>2</sup> of non-friable asbestos or ACM but the licence holder can also remove ACD associated with removal of up to 10 m<sup>2</sup> of non-friable asbestos or ACM</p>
No licence required	Can remove: <ul style="list-style-type: none"> <li>up to 10 m<sup>2</sup> of non-friable asbestos or ACM</li> <li>ACD that is:               <ul style="list-style-type: none"> <li>associated with the removal of less than 10 m<sup>2</sup> of non-friable asbestos or ACM</li> <li>not associated with the removal of friable or non-friable asbestos and is only a minor concentration</li> </ul> </li> </ul>

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## Things to watch out for...

### Why is it dangerous ?

- If you inhale asbestos fibres (which are long and thin) they can become lodged in the tissue of your chest and your body's natural defences may not be able to easily break them down. This can lead to lung diseases (mainly cancers), particularly if you are repeatedly exposed to fibres over a number of years.
- If ingested the fibre can cause cancers of the stomach and/or colon.
- Generally, asbestos is only a risk if you disturb or damage it and cause fibres to be released into the air. If asbestos containing materials are in good condition and in a position where they are not going to be disturbed or damaged then it is safer to leave them where they are and ensure that the risks are managed.




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## Things to watch out for...

### Types of Asbestos

#### NON-FRIABLE

97% of Australian products which are bonded with cement

#### FRIABLE

3% of products which are usually spray on insulation or similar that crumbles easily when touched.



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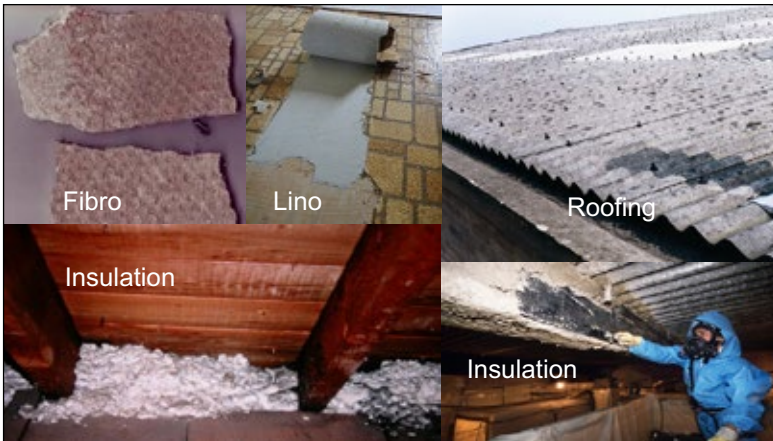
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## Things to watch out for...

### Rising Damp and Waterproof-ing

Some of the visual signs



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## Things to watch out for...

- Older wiring may mean rewiring to the whole house and also a switch board upgrade
- Older wiring that you do not want is run in:
  1. lead sheathing or
  2. Steel conduit with fabric insulation



Good  
Black or grey  
sheathing also OK



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## Building Inspections

- Look for areas that have joint movement and cracks
- Do windows slide and open easily?
- Are the downpipes connected to pipework going to the street curb?
- Is there galvanised water pipes?



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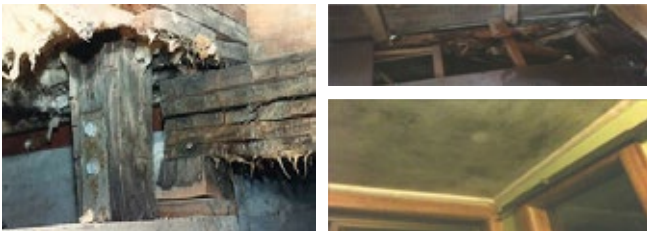
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## Building Inspections

- Check for bounce in floor
- Check for mould on ceiling. Roof leak or Ventilation
- and dry rot.



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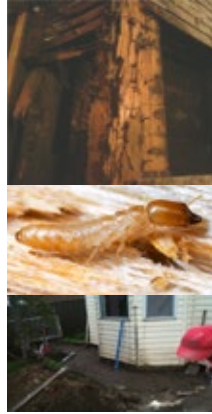
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## Pest Inspections

- Look for areas that allow pest entry
- Open areas in fascias and soffits that allow vermin, birds and marsupials to get in and nest.
- Any concrete or timber that touches soil can be an easy ingress for termites.
- Cracks and joins in concrete are also an area for termites especially with moisture.
- Pest Inspection - have an out clause




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## Termites

- Termites are good when you are purchasing property!
- If you encounter termites when renovating there are two things you can do:
  1. Leave them alone and bait them
  2. Continue renovating but this comes with risk! You need to find the NEST!




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## Dial Before You Dig

- Save yourself the hassle
- Easy to use and remember




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### What Can You Afford?

- Your AWE calculation will tell you what you can afford as a rule of thumb?
- Target those price points by Grid Analysis of a region by price.
- How much will you put towards the Renovation?
- Can you fit in another strategy?
- Always create a budget – and stick to it!



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### Renovation Calculator available on Website

Renovation Summary - Real Estate Express

Category/Item	Est.	Actual	Note
General Contracting	110,000	100,000	
Electric			
Plumbing			
Mechanical			
Roofing			
Painting			
Interior Trim			
Landscaping			
Other			
<b>Total</b>	<b>110,000</b>	<b>100,000</b>	
Permit Fees	10,000	10,000	
Design Fees	5,000	5,000	
Contingency	10,000	10,000	
<b>Estimated Total Cost</b>	<b>135,000</b>	<b>130,000</b>	
Cost of Materials	40,000	40,000	
Cost of Labor	90,000	90,000	
Cost of Profit	5,000	5,000	
Cost of Administrative	0	0	

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### Obtaining quotes

- Tradies hate paperwork
- Give trades a checklist of what you want quoted
- Don't use the cheapest quote unless you are comfortable with it



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## Provide timelines

- If you have never been in a trade and you project manage you are at a distinct advantage!
- Use **Ultimate Real Estate Feaso** for timelines
- Give it to the tradies so they know when they need to be there
- Time over runs costs money – stick to a time management calendar



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## The Last 10% of a renovation

- Takes 50% of the time and 40% of the cost!
- You will be frustrated but stick with it.
- The results are satisfying!



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## Adjusting Finishes!

Remember that the finishing of a property is needed for the area.

There is no need for glass splash backs in mining towns!

1. Basic
2. Standard
3. Luxury



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### 3 Types of Finishes

- **Basic** – Intended mainly for practical and price efficient renovating for mining towns.
- These usually include shower cubicles, cheap basins and baths made of fibre glass and standard laminate cupboards.



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### 3 Types of Finishes

- **Standard** – Used in low end to middle renovations and rental tenancies
- Usually includes standard ceramic tiles, ceramic basins, steel baths, downlights, roll top laminate benchtops and inbuilt wardrobes.



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### 3 Types of Finishes

- **Luxury** – High end finishes that are required for luxury homes and executive rental properties.
- These finishes include stone tops, solid doors, walk in robes, glass splash backs, stone tiles and high gloss timber floors.



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## The Team

- Be comfortable with your tradies and treat them as you expect to be treated
- Tell them you are looking to learn not to check their work
- Buy them or cook them lunch
- Once you have found your team KEEP THEM!



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## The Builder

- Builders can run the entire Project for you.
  - They are usually a tradesperson that upgraded their qualification.
1. Carpenter
  2. Concreter or
  3. Bricklayer
- They can project manage all your trades or work in with you depending on project size.
  - They can also give feedback on building inspections.



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## The Chippy

Generally the builder is a carpenter.  
A carpenter can:

- Build timber frames
- Kitchens
- Built in Robes
- Install handles and fixtures
- Minor wall sheeting
- Doors, windows, etc
- And many other tasks



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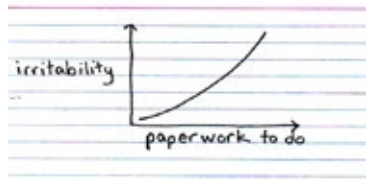
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## The Plumber

- The Plumber is a good source of information for design in the “wet areas” of the house.
- They usually can do the Plumbing applications necessary.
- Sometimes they are not good at paperwork.
- They deal with water, gas, sewer, roofing, storm water and sustainability.




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## Plumbing

- Do not change layout if possible- especially in units
- You can use existing pipe work and still look stylish




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## The Sparkie

- Your Electricians are the best source of knowledge for older wiring
- They can help with upgrades or connection applications and costs
- They are up to date with the current innovations in the industry including solar.




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### **DIY !!!!!!! Warning**

- Electrical and Gas- DON'T PLAY WITH IT!
- Water will flood your house, Sewer will make it smell but **ELECTRICAL AND GAS WILL KILL YOU or OTHERS!**




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### **Electrical Death**

- Do not break earth bridging
- Your work may not be only faulty but endanger other people and possibly kill!
- **Can you afford to go to jail, lose that property and everything you own to save a few dollars?**




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### **The Tiler**

- Tilers are an important part of any renovation because of the issues that can result from a poor tiling job.
- The most important job a tiler does is the waterproofing membrane underneath the tiles.
- Tilers like to do their own waterproofing so they are confident of no call backs.
- A good tiler is worth their weight in gold.




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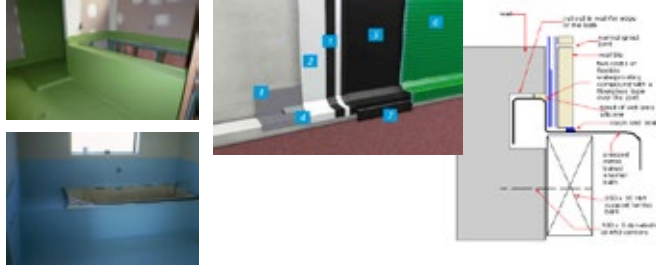
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## Waterproofing Membranes

- Very important to do this in all bathrooms that are leaking or new tiling.



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## The Painter

- Painting is something that you can get good at very quickly
- Though the finishes of a professional painter can be seen from a DIY legend!
- Painters are also very quick at their job
- They also will make sure that the correct preparation, primer and topcoats



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## Painting Tips

- Tint your undercoat, when painting new gyprock walls or ceilings, so you only have to do 2 coats!
- Use the right rollers and paint brushes for the job, (good quality equipment, good quality job)
- Choose light colours makes the room look & feel bigger, (no feature walls)



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## The Landscaper

Landscapers can do many varied jobs including

- Retaining Walls (Brick and timber)
- Paving and compacted pathways
- Garden Beds
- Turf
- Sub Soil drainage
- Minor timber works



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## The Interior Designer

- Interior Designers can provide great insight, suggestions and on-trend ideas
- If you are not particularly “stylish”, they are great value – not very expensive
- Answer the most asked question - “What Colour?”
- Can provide assistance with staging



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## Renovation ideas

- There are lots of ways you can make a difference to a property through renovation
- Not all changes will make you money
- Focus on the items that will make a difference to the selling price
- Don't do things that don't need to be done
- Don't get emotionally attached



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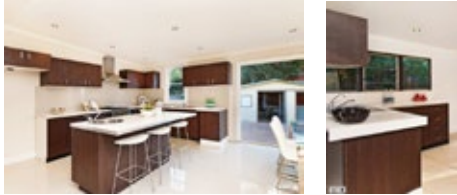
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## Kitchens

- Kitchens should be practical with lots of bench space
- Include an Island bench with breakfast bar if possible
- Second hand kitchens can save you lots of money




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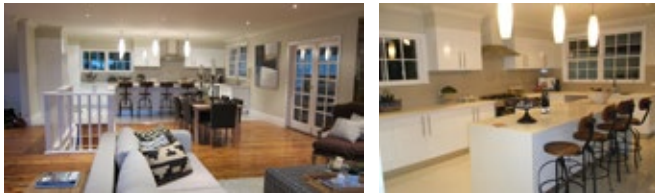
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## Kitchens

- Flat Pack from Chinese importer.
- Stainless steel appliances
- Caesar stone tops




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## Lighting

- Downlights
- Hanging pendants
- Batten holders
- Outdoor sensor lights




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## Internal electrical

- Change switches and power points- They are cheap and make a big difference.
- In high end renos pay the extra to have chrome or glass finishes




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## Renovation ideas

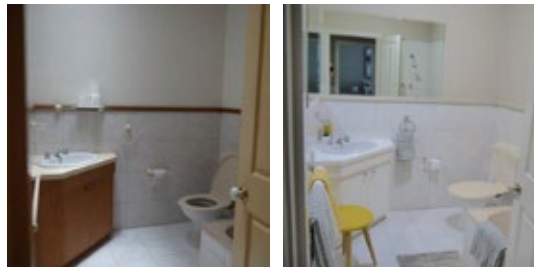
- Small things can make a big difference...

Before

After

Paint  
Mirrors  
Cabinet handles  
Fittings  
and Styling!

Less than \$400




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## Landscaping - Retaining Walls

- Sleepers are cheap. Create flat areas that give extra parking or lawn.
- On some sites the backyard is best done first




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## Landscaping - Turf

- Keep it simple
- Grass is cheap and makes a big difference



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## Landscaping - Yard

- Yard should be inviting and low maintenance
- Use square edging and garden beds
- Mulch gardens
- Include a deck if you have the space



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## Decking

- Wider boards give the illusion of a bigger more expensive deck
- Oil decks with decking oil to provide a great finish



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## Bi-folds

- Bifolds bring the outdoors in
- Great way to make a space feel bigger and provide a resort-like feel




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## Sustainability

- With increasing energy bills Sustainability can be a selling point
- Consider installing a rainwater tank, insulation, electrical or hot water solar panels




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## External finishes

- If budget allows render brickwork or Blue Board and render External walls
- To save money render the front only and paint bricks on sides and rear




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## Roof finishes

- Darker roofs blend into the background
- If budget allows put a new roof on or have it cleaned and painted.



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## Ask agent for Local Knowledge

Copy someone else's Success



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## Photography and the MONEY Shot



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## Student Reno/ Subdivision



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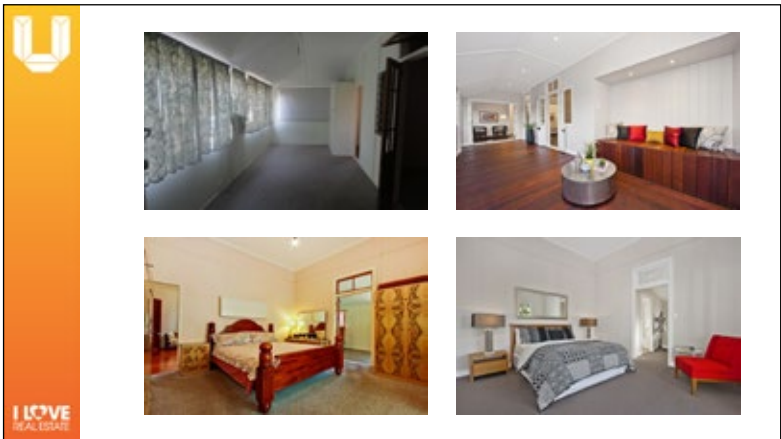
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4 Month Renovation in spare time while approval for Subdivision at rear with 3 townhouses in Brisbane!  
**As Joint Venture Partners**




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**Outdoor Room**      Converting an old shed to a cabana





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## Student PPR Deal



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## PPR Brisbane

Feasibility	
Purchase	\$ 299,000
Purchase Costs	\$ 15,000
Renovation	\$ 40,000
TOTAL COSTS	\$354,000
SELL	\$400,000
PROFIT Tax Free	\$46,000
TIME	6 months



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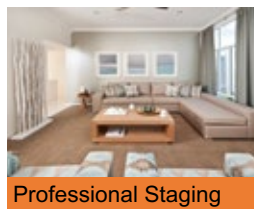
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## Property Styling

- Check your street appeal
- Landscaping
- Professional staging
- Professional photography
- Emphasize the homes selling points



Professional Staging



Amateur Staging



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## Property Styling

Property Styling encourages:

- Quicker sales
- More offers and more bidders
- Higher sale price (5-10%)

**SOLD**



Professional Staging



Amateur Staging



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## Hide neighbours, cars & bins



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## Dusk shots - lights on, blinds open



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## Styling Tips

- Declutter
- Minimize countertops
- Replace handles & benchtops
- Update appliances
- Remove everything on the fridge



**EPIC FAIL**




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## Bathroom Positioning

- Imagine that you use my opinion and install the toilet behind the door
- Then your carpenter puts the door in
- After that the Plumber installs the toilet!




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## Homework

- Complete pages 1 – 6 with your particulars in your Action Plan Booklet




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# Renovation & Styling for Sale or Revalue

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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SESSION TWELVE

# Putting Deals into Perspective

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

Platinum Experience & Putting Deal into Perspective

**I LOVE**  
REAL ESTATE

**Knowledge Source**

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**QUESTION?** **What you you going to do about it?**

- FACT** Property Market are rising rapidly
- FACT** Interest Rates are the lowest they have ever been
- FACT** Not every market – Not every Property will perform well
- FACT** It takes time to establish a strategic Property Investment Plan and to get Market ready
- FACT** The next 5 years will see the greatest Wealth Creation Opportunity you will experience in the next decade

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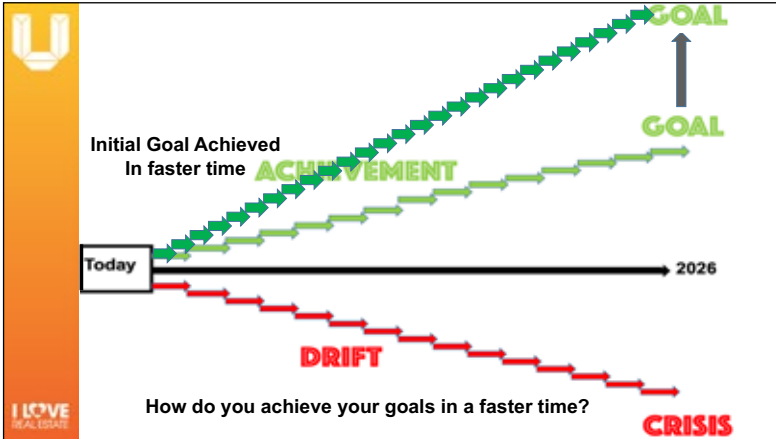
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**U**

**How do you achieve your goals in a faster time?**

Well like anything – The more you train the better the you get!  
 - The more get coached the faster you improve  
 - The more you are held accountable the more responsive your result

I LOVE REAL ESTATE

**The more frequently you get coached – the faster your results**

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**SESSION THIRTEEN**

**The Easy Way To  
Find Value With Grid  
Variance Analysis**

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

Grid Variance Analysis  
GVA

**I LOVE** REAL ESTATE | Knowledge Source




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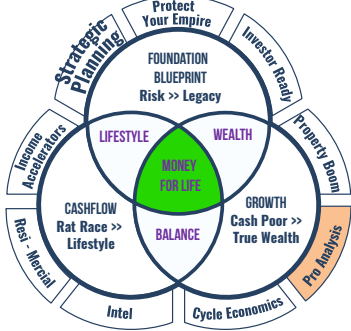
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**U**

**Property Genius Formula**



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**U**

**Griding Analysis - What is it?**

**Tool for the systematic analysis of an area**

Assists with:

- Time management
- Focus
- Area selection
- Knowing your market
- Knowing what strategy to apply



**I LOVE** REAL ESTATE

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### How to do it:

- Select the area you are interested in
- Get a visual representation of that area – usually a map – electronic or hard copy
- Draw or print out grid lines or suburb or council boundaries on the map at a reasonable level of density
- Start working through the grids in a methodical way




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### What to do:

- Start with one of the grids or suburbs
- Identify the suburb(s) within that square or area of interest
- Identify:
  - pricing levels within that suburb
  - the council that has jurisdiction in the identified area
  - Council planning parameters (local area town plans and **zoning**, density boundaries/ changes, costs etc)




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### What to do:

- Identify:**
- Broader economic supply/demand going on in neighbourhood
  - Commercial development – shopping centres
  - Infrastructure spending
  - Community change




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## Identifying pricing levels:

- This will give you an idea of variations
  - Low/Mid/High
  - Houses/ Units/ Land
- Help identify what strategies will work in what areas
- Cull your searching areas by understanding what price level you are looking for




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City	Low	Mid	% chg	High
ABBOTSFORD	450	580	28.9	900
ALBERT PARK	600	940	56.6	1700
CARLTON	500	780	56	1100
CARLTON NORTH	580	800	37.9	1200
CLIFTON HILL	580	720	24.1	1300
COLLINGWOOD	420	550	30.9	880
DOCKLANDS	only 1 house			
EAST MELBOURNE	1300	1700	30.8	2500
FITZROY	510	800	56.8	1840
FITZROY NORTH	530	990	86.8	1400
FLEMINGTON	430	500	16.3	630
KENSINGTON	360	600	66.7	800
MIDDLE PARK	2000	2400	20	3000
NORTH MELBOURNE	500	800	62.5	1000
PARKVILLE	1200	1500	25	1800
PORT MELBOURNE	550	800	45.5	1000
STH MELBOURNE	500	1000	100	1400
SOUTHBANK	only apts			
WEST MELBOURNE	480	600	26.7	800

Convert to spread sheet format




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**BANYO QLD**

\$300K LOW      \$369K MID

\$549K HIGH

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**CLAYFIELD QLD**

\$470K LOW      \$699 MID

\$2,850K HIGH      \$649K MID

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\$399,000 506m<sup>2</sup>

\$1,444,000 506m<sup>2</sup>  
Construction cost  
\$500K???

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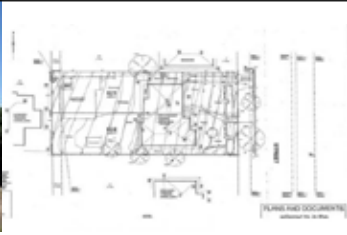
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**NUNDAH QLD \$625,000**

4 bedroom home set on an 809sqm block and has DA approval for two 10m frontage x 40m long blocks.

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**Nundah \$375,000**

Sitting on 817m2 of land this low-set home with 2 bedrooms plus sunroom and 1 bathroom

Est DA \$20 - \$30K  
Removal Est \$15K  
Est Profit \$200K

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**LOW**  
**112 Empress Street Kingsville Vic**  
**3012**  
**\$365K - \$390K**

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**MID**  
**18 Empress Street Kingsville Vic 3012**  
**\$590K - \$640K**

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**\$825,000 Most Expensive in the suburb**

**LOW**  
**\$380 K**

**MID**  
**\$600K**

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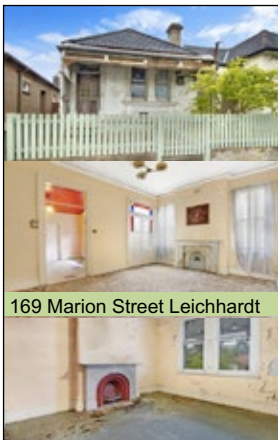
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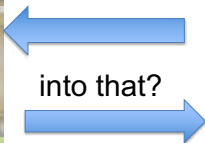
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**169 Marion Street Leichhardt**

Could you see yourself turning this



into that?



**153 Marion Street Leichhardt**

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## Price Indicators



217a Marion Street Leichhardt  
SOLD \$650,000  
221 Marion Street Leichhardt  
SOLD \$962,000



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**MAP IT  
GRID IT  
PLOT IT  
EVALUATE IT  
COST IT  
CHASE IT**



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**LIVE & VIRTUAL**  
**BOOTCAMP**

GVA SOFTWARE



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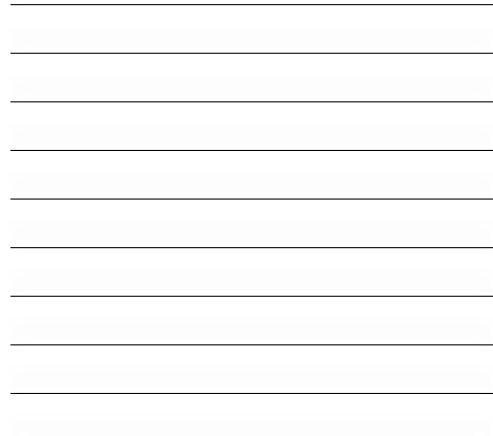
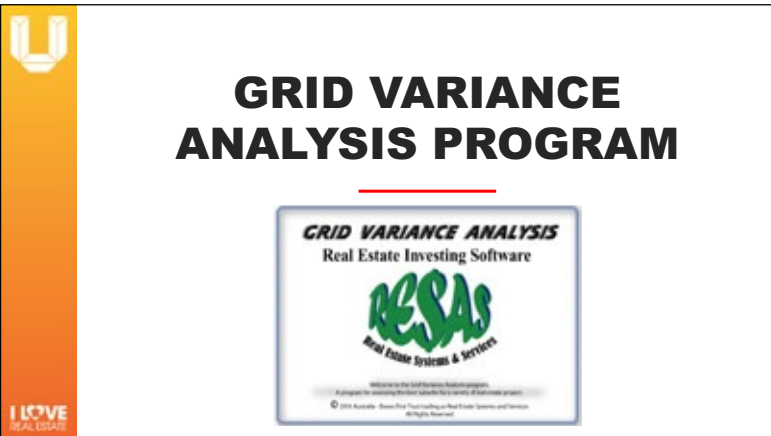
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Target PostCode	No of Properties Included	Average Low Price	Average Sale Price (MSP)	Average High Price	MSP-Low	MSP-High
3100	16 (33.33%)	\$0	\$0	\$0	8.0%	8.0%



Target Suburb	No of Properties Included	Average Low Price	Average Sale Price (MSP)	Average High Price	MSP-Low	MSP-High
58 (54.08%)	177,600	\$124,800	\$124,800	\$171,000	28.5%	36.8%

The number of houses for sale (28) represents 1.02% of the dwellings in the selected area (2756). The sample is within an acceptable range of the state average of 1.6% so the analysis of this area may be reasonably accurate.

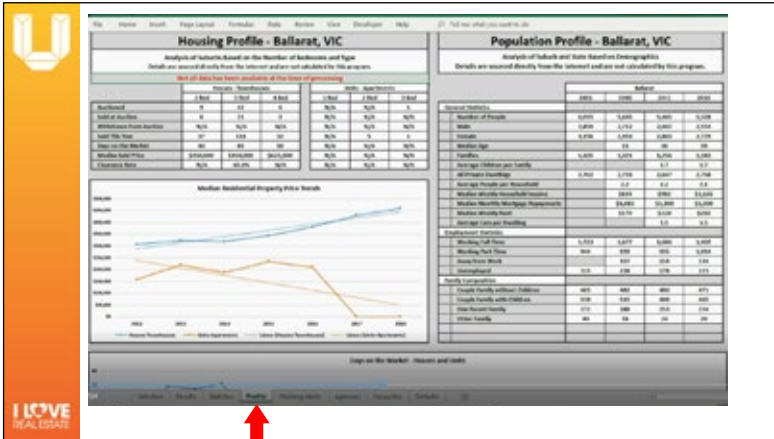












**Table of Property Listings**

Address	Price	Bedrooms	Bathrooms	Car Spaces	Year Built	Description
123 Main St, Ballarat	\$150,000	3	2	1	2005	Modern 3 bedroom house with open plan living and dining areas.
456 Main St, Ballarat	\$180,000	4	2	2	2008	Spacious 4 bedroom house with double garage and landscaped garden.
789 Main St, Ballarat	\$120,000	2	1	1	2002	Compact 2 bedroom unit with parking space and modern kitchen.

Step on the Market

This screenshot displays a software interface for managing real estate listings. The main area is a table with the following columns: 'Address/Price', 'Bed', 'Bath', 'Sq. Ft.', 'Status', and 'Listing Expires'. The 'Status' column contains various colored indicators (green, yellow, red) representing different stages of the listing process. A red arrow points to the 'Status' column header.

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This screenshot shows the 'Agent Results Summary' section of the software interface. It features a table with columns for 'Agent Name', 'Total Listings', 'Active Listings', 'Expired Listings', and 'Total Sales'. A red box highlights this summary table.

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This screenshot displays the 'Suburb Details' section of the software interface. It shows a table with columns for 'Suburb', 'Total Listings', 'Active Listings', 'Expired Listings', and 'Total Sales'. A red arrow points to the 'Suburb Details' tab at the bottom of the interface.

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# Grid Variance Analysis

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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SESSION THIRTEEN PART 2

# Tech Tools for Smart Property Investors

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**LIVE & VIRTUAL**  
**BOOTCAMP**  
TECH TOOLS

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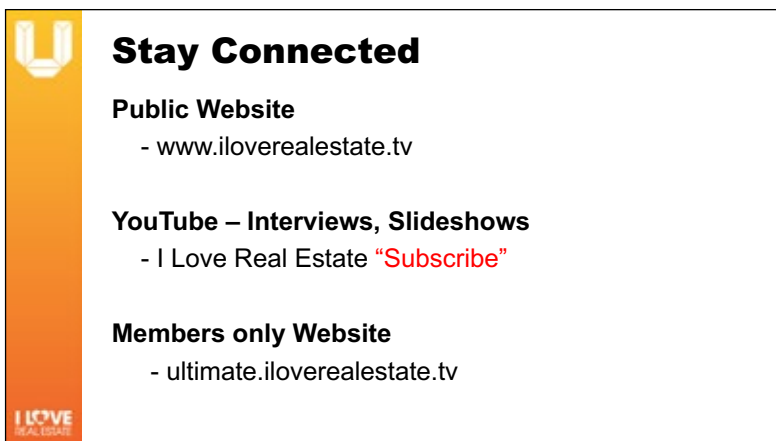
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**U** **Stay Connected**

**Public Website**  
- [www.iloverealestate.tv](http://www.iloverealestate.tv)

**YouTube – Interviews, Slideshows**  
- I Love Real Estate **“Subscribe”**

**Members only Website**  
- [ultimate.iloverealestate.tv](http://ultimate.iloverealestate.tv)

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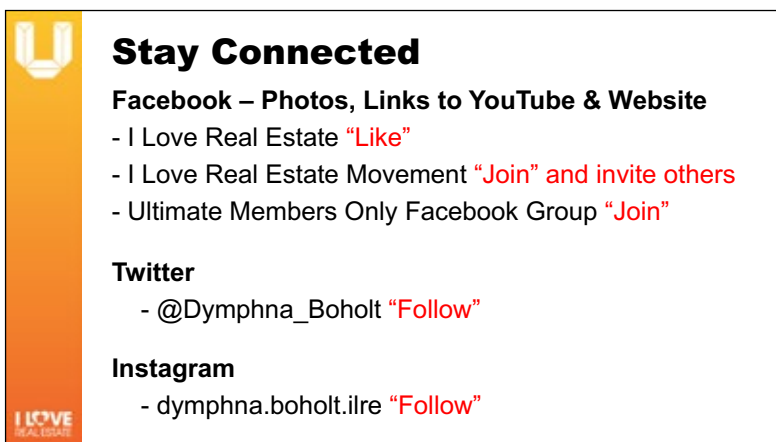
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**U** **Stay Connected**

**Facebook – Photos, Links to YouTube & Website**  
- I Love Real Estate **“Like”**  
- I Love Real Estate Movement **“Join” and invite others**  
- Ultimate Members Only Facebook Group **“Join”**

**Twitter**  
- @Dymphna\_Boholt **“Follow”**

**Instagram**  
- [dymphna.boholt.ilre](https://www.instagram.com/dymphna.boholt.ilre) **“Follow”**

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## Area Research Tools

- Provide details about demographics, councils, suburbs and more

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## home.id.com.au

the population experts

Protecting the health outcomes of suburbs

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**U**

**profile.id community profiles**  
Who are we?  
Find the community profile for your area >>

**forecast.id population forecasts**  
How are we changing?  
Find the population forecasts your area >>

**economy.id economic profiles**  
What do we do?  
Find the economic profile for your area >>

**atlas.id social atlases**  
How diverse are we?  
Find the social atlas your area >>

**Australia economic indicators series**  
How do we compare?  
Compare economic data for Australian LGAs >>

**Australia demographic indicators series**  
How do we compare?  
Compare demographics for Australian LGAs >>

**I LOVE REAL ESTATE**

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**U**

## home.id.com.au

Demographic resources, Services, Case studies, Blog, About, Contact, Search

**id**

Demographic resources Services Case studies Blog About Contact Search

**eBooks**

Read our in-depth demographic analysis

**MELBOURNE**

**Western Australia**

**New South Wales**

LOCAL GOVERNMENT PROFESSIONALS ASSOCIATION  
**State of IT Sector report 2016/17**

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**U**

## Google map view

**I LOVE REAL ESTATE**

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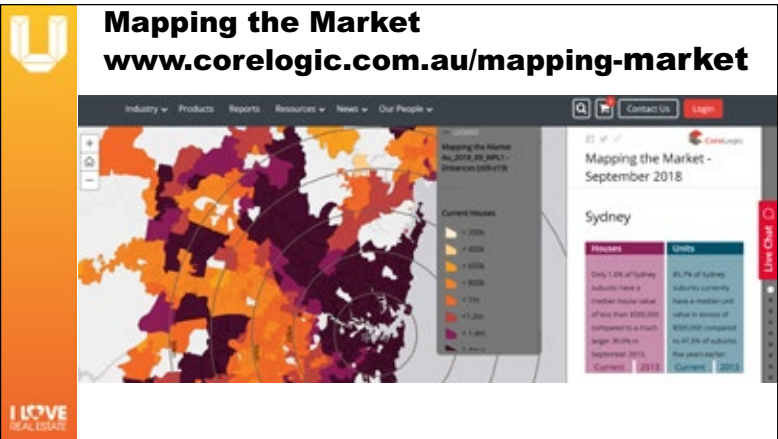
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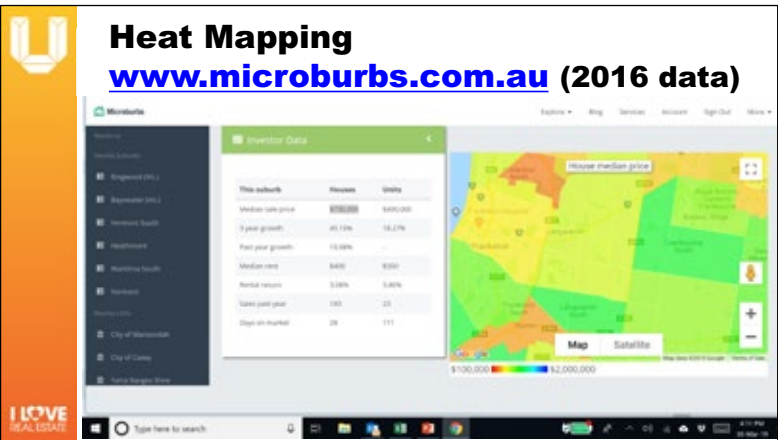
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## Comparables - Website Tools

[www.domain.com.au](http://www.domain.com.au) & [www.realestate.com.au](http://www.realestate.com.au)

FIRST Click on Sold not BUY



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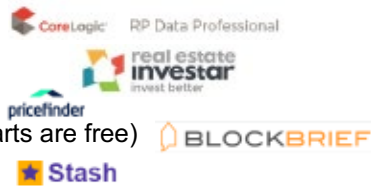
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## Comparables & Searching Paid Solutions

Subscription based services:

- RP data
- Real Estate Investor
- Price Finder
- Block Brief (some parts are free)
- Stash Property



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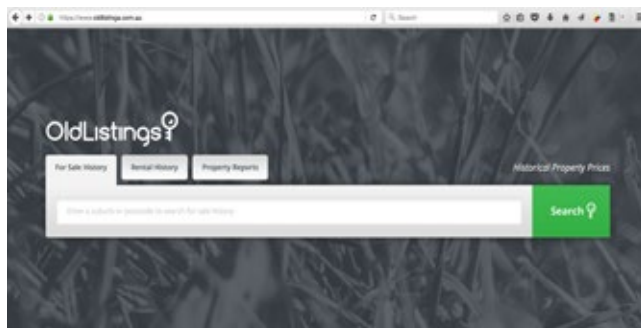
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## www.oldlistings.com.au



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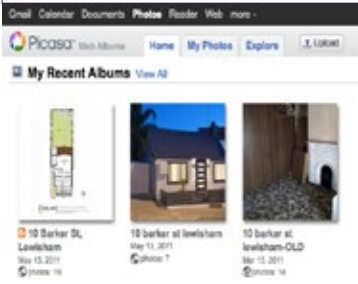
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## Gmail Why you NEED IT !

Reno photo and receipts to [tenbarkerstreet@gmail.com](mailto:tenbarkerstreet@gmail.com)



This assists in finding new and old plumbing / wiring after you put on gyprock.

I can keep receipts in one place just take photo of receipt and email to [tenbarkerstreet@gmail.com](mailto:tenbarkerstreet@gmail.com)

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## Gmail Why you NEED IT !

Keep your contracts online



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## Make a property Facebook page



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## Social Media

- Instagram 
- Pinterest 
  - Great source of ideas and styling tips
  - Great place to store photos of what you have done




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## .pdf search




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## <http://www.planningalerts.org.au/>

- Search for Development Applications around your properties
- Have email alerts
- Find existing approvals




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<http://globe.six.nsw.gov.au>



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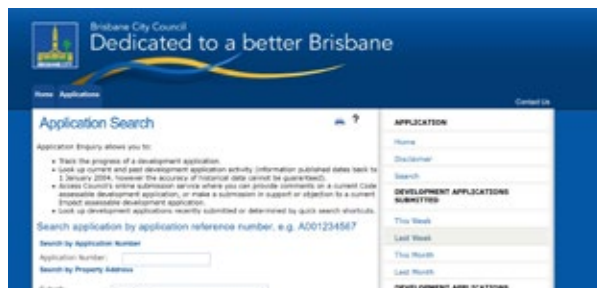
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## pdonline - Qld

Development application information available online for many Qld councils including Brisbane, Gold Coast, Logan and others



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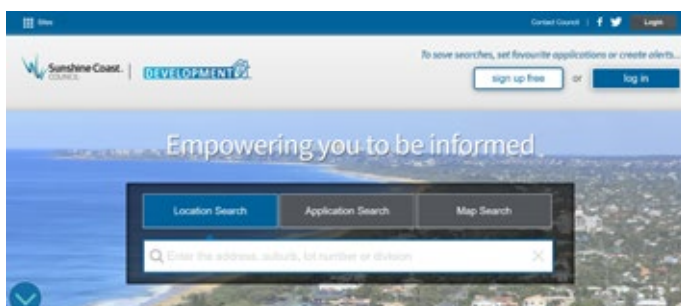
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## Development.i

Sunshine Coast specific development application information



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**Design Apps**

**houzz**

### Houzz Interior Design Ideas

Houzz House & Home

Install

Search Photos, Products, Pros & More...

PHOTOS FIND PROFESSIONALS PRODUCTS STORES ADVICE

The New Way to Design Your Home

Get Started

I LOVE REAL ESTATE

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**Play with Paint Colours**

**Dulux** let's colour

### Visualize Your Room

Click a wall to paint the selected colour.

Save Colours

Review Project

Save Project

SAVE MORE COLOURS

- CORAL GLAZE
- RED GUMMALL
- BLACK MAGIC
- SPICE VINEGAR

I LOVE REAL ESTATE

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**Play with Paint Colours**

**watty**

MY IDEAS MY TOOLS FIND A PRODUCT MY PROJECTS

### A New Era in Colour Selection

Start with Colour Start with a Photo

I LOVE REAL ESTATE

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## BMT Cost Calculator

BMT Depreciation and  
Construction Cost Calculator

Estimate the construction cost of a property

Use the BMT Construction Cost Calculator to estimate the minimum and maximum range of construction costs for a property. The estimated costs exclude GST but make an allowance for site works, building margins and basic landscaping.

HOW TO USE THIS CALCULATOR

**Construction Cost Calculator**

Property Type  
Our tools assess project homes, lease blocks, etc.



Location  
Sydney

Price  
Low

Construction Area  
120

Estimated Year of Construction  
2014

**Calculate**


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## Log Books

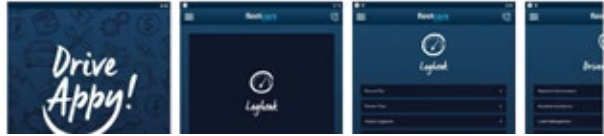

**Drive Appy**

Fleetcare Australia Business

★★★★★

This app is compatible with your device.

**Install**


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## Sketchup

- Free download
- Draw 3 dimensional
- Add layers and more


**SketchUp 8**

A fun, free 3D drawing tool for everyone.



**SketchUp**

Use SketchUp to create, modify and share your 3D models.




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## MagicPlan



magicplan

Sensopia Inc Productivity

★★★★☆ 31,774

Install

### Features

- Create floor plans with the camera of your mobile device
- Draw floor plans
- Connect a laser distance meter via Bluetooth
- View plans in 2D and create 3D models
- Export plans as PDF, JPG, PNG, SVG, CSV, DXF
- Compatible with Excel, AutoCAD, and Chief Architect
- Furnish your plans with over 1000 objects (furnishing, plumbing, electrical, etc.)
- Create your own customized objects



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## CamToPlan



CamToPlan - AR measurement /  
tape measure

Tasmanic Editions Business

★★★★☆ 1,887

Install

Contains Ads · Offers in-app purchases  
This app is compatible with your device

Measure anything with CamToPlan! Horizontally and vertically! Length, distance, area of any surface... Measure everything with this virtual ruler and tape measure thanks to augmented reality and ARCore.

Measuring a length is now easier than with a laser meter or any other measure tool. You draw your measurement lines in 3D thanks to the camera directly on the video of your phone or tablet. You export your plans in PNG or DXF. CamToPlan is the AR measuring app that brings your measures from cam\_to\_plan!



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## SignNow App

- Sign documents online
- No need for printing, signing and scanning
- <https://signnow.com/>



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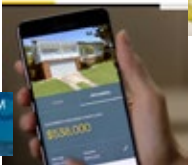
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### When you are ready to sell

- Know what others are seeing about your property
- Address specific:
  - Bank Price estimation
  - Property reports



Get ANZ Buy Ready™  
Be ready to make your move

# Tech Tools

**Action Required:**

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**Who do I need to contact?**

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**SESSION FOURTEEN**

# **Millionaire Makeover**

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**SESSION FIFTEEN**

**Your Step By Step Guide  
To Finding A Killer Deal!**

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

**FINDING A DEAL**

**I LOVE REAL ESTATE** | **Knowledge Source**

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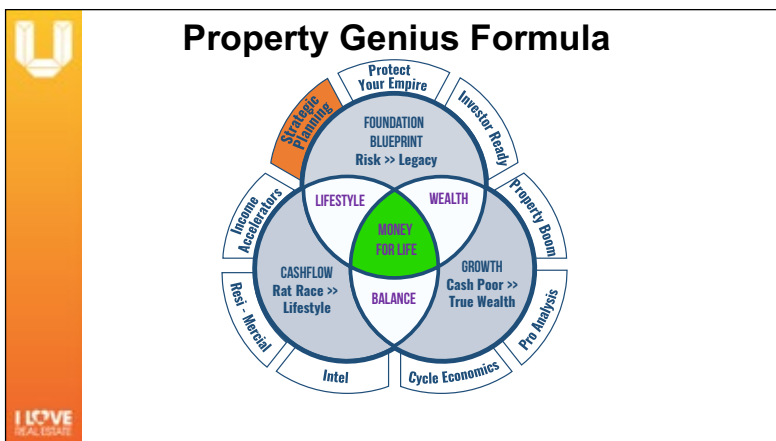
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**U** **Most Common Questions**

- What **strategy**?
- What **location**?
- **How** to do it?

**Different Personal Circumstances = Different Answers**

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- **No Silver Bullet** – Well executed systematic repeatable process



- First few deals = **Apprenticeship** (e.g. 2 units vs 20)
- **Last part of process** = Looking for actual deals
- Laser focus & clarity - **maximises outcome**
- Create **confidence** in yourself!

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## Match Strategy & Location To Your Personal Circumstances:

- Define Your **Personal Circumstances**
- Consider **Locations**
- Consider **Strategies**

Example Student: [Sarah](#)



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## 1. Define Personal Circumstances

- **Your Goal?**
  - Income or chunk deal?
  - <\$200k Available equity = chunk  
**Chunk to pay down home loan**
- **Your timeframe?**
  - Be realistic – 12mth not 6mth unit dev.
  - # Deals in 1 year?  
**12 mths**



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- **Your Available Equity?**
    - Effects price point, strategy, sell/hold
  - **Your Borrowing Capacity & Serviceability?**
    - Effects leverage
- Good Equity (>\$200k); Good Serviceability**

Just because you can go large / high price point doesn't mean you should ..... early on!



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- **Your Time Availability?**
  - Be realistic
  - Takes longer than you think
  - Big effect on strategy & location
  - ❖ **Less Time** = closer to home, more hands off strategy & employ people e.g. tradies, consultants, Project Manager
  - ❖ **More Time** = Further away, more hands on



**Limited time – demanding job**

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- **How Far You Prepared to Travel?**
  - Be realistic
  - Young kids / sole parent / limited support / demanding job
  - How far do you NEED to travel? e.g. 1hr vs 3hrs

**Max 2 hrs drive**



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• **Sell or Hold?**

- If Sell – Location VERY important

a) **Population** – effects demand, volume of sales, timeframe to sell

- Metro >100,000 **lower risk** vs

- Regional <5,000 **higher risk** (less demand, fewer sales, slower sales)

b) Average **Days on Market** (DOM) e.g. 20 days vs 200 days



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- If Hold - **Location characteristics important**

a) Low vacancy rate - <3%

b) Good **job prospects** to attract people or

c) **Low priced** rents – affordable for lower income earners

d) Affordable rent on **social security** payments = recession proof property

Sell



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• **Your Experience / Skill Set?**

a) **Experience:**

- Bought property before?

- Owned investment property (rental)?

- Done an active deal before?

b) **Skill Set** (Background):

- Construction / Realestate / Property e.g. planner, accountant, engineer / finance?



**Reno & extensions to own home**



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• **Your Competency?**

- Align strategy with level competency
- Optimism / enthusiasm great - **risk management essential**
- Little deal = little profit & little risk but **HUGE learnings** & experience
- Building block – start small build up
- **Danger to yourself & others!!**



**Start small & build up**




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• **Your Risk Tolerance?**

a) **Risk Profile:**

- **Money management** to date (e.g. regular savings plan vs high earner & high credit card debt / minimal assets/savings)
- **Years to Retirement** / Dependent kids / Job security
- Tolerance to **uncertainty** (1 job 20 yrs vs self employed)




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b) **Risk Appetite:**

- Future - Goals & aspirations
- History – Good / bad experiences

**Good \$ management, long employed career, no dependents, working towards retirement = Low Risk Tolerance**




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## Sarah Summary - Personal Circumstances

- **Chunk deal & sell** to pay off home loan
- **12 month** deal OK
- Good equity & serviceability = **\$250k AWE**
- **Limited time** / demanding job
- 2hr Max travel time - **start 1hr**
- Limited experience = **start small** & build up
- Low **risk tolerance**




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## 2. Understand Location Characteristics

- **Location Characteristics – 3 Key Areas**
  - a) **Mining & resource** areas
  - b) **Regional** areas < 100,000 population
  - c) **Metro** areas > 100,000




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- a) **Mining & Resource Areas** – generally volatile due to type of industry, workforce fluctuates, hence varied:

- **Demand** for properties
- **Rental** rates
- **Market** value
- **Banks** lending appetite
- **Investor** buying
- **Development** activity
- **Rapid changes** in these parameters



**Volatility = higher risk**




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**b) Regional Areas** – More consistent than mining / resource areas, founded in long standing industries e.g. agriculture, manufacturing:

- **Market value** more stable & lower entry
- **Moderate rental** rates
- **Higher yields**
- **Slower capital growth**
- **Moderate investor demand**
- **Population and job** growth major impact
- **Fairly forgiving** when comes to mistakes = good entry point for learning



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**c) Metro Areas** – Larger population, greater job diversity, greater economic diversity:

- Property price movement
  - more **cyclical** & driven by broader economic parameters
- Property prices - **higher**
- **Capital growth** potential
- Rental yields **lower**
- Banks more **comfortable** with security in metro
- More owner occupiers & investors hence **selling can be easier**
- Typically requires **more equity** to enter market



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### 3. Understand Strategy Characteristics

Ultimate Selection of Strategy = Combo of:

- |                           |                             |
|---------------------------|-----------------------------|
| 1) <b>Risk tolerance:</b> | 2) <b>Available equity:</b> |
| - Low risk                | - No money                  |
| - Medium risk             | - \$0 - \$100,000           |
| - High risk               | - \$100,000 - \$200,000     |
|                           | - \$200,000 - \$300,000     |
|                           | - \$500,000 +               |



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a) **Low Risk Strategies** - Characteristics:

- **Purchase price point** = Low (<\$300k)  
– medium (\$300-\$500k)
- **Market volume** = high if selling  
(Metro >100,000 population)
- **Skill level** = low
- **Time input** = lower



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a) **Low Risk Strategies** - **Examples:**



- 1) **Cheapie hold, reval** – low price point, +cashflow
- 2) **Reno, hold, reval** – low/medium price point, +cashflow
- 3) **Reno, sell** - low/medium price point, high vol market, good price variance = essential (Grid variance analysis)



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- 4) **1 into 2 lot subdivision / title lift, reno existing, sell 1 or both** – low / med price point, high vol market, option to build single or dual occ on vacant land e.g. granny flat



- 5) **Strata 2-4 unit complex, hold & reval or sell** some in med / high vol market – Low / med price point, area with demand for unit living



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**b) Medium Risk Strategies - Characteristics:**

- Purchase price point = Higher (>\$500k)
- Market volume = Medium if selling (20,000-50,000 population)
- Skill level = Higher
- Time = Higher




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**b) Medium Risk Strategies - Examples:**

- 1) All low risk strategies – purchased at medium price point
- 2) Rooming accommodation strategies – Student accom, Class 1b,
- 3) Executive rental – medium price point
- 4) House relocation




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- 5) Duplex / triplex construction
- 6) Subdivision into 3 or 4 lots – residential finance
- 7) Multi unit development & construction – 3-4 units (resi finance)
- 8) Strata 4-8 unit complex (commercial finance) + build extra




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- 9) **Existing commercial** - long term lease in place + value add potential
- 10) **Vendor finance** / lease option
- 11) **JV** on low – medium risk strategies
- 12) **International property** purchase for cashflow hold - USA




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**c) High Risk Strategies – Characteristics –**

One or a combo of:

- **Higher price point** at purchase (>\$500k)
- **Higher risk market** e.g. low volume (<20,000 population) or mining/resource areas
- **Higher skill** level & experience required
- **Higher time** input required




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**c) High Risk Strategies – Examples –**

- 1) **All low – med risk** strategies but purchased at higher price point, or higher risk area (e.g. low volume, mining/resource)
- 2) **Option** deals (selling short)
- 3) **Business realestate** e.g. caravan park, storage sheds, motel
- 4) **Vacant commercial** or commercial involving DA &/or build




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- 5) **Lease & sub-lease** e.g. rent room by room
- 6) **Larger multi unit developments** & construction >4 units (commercial finance)
- 7) **Larger subdivisions** >4 lots – commercial finance
- 8) **DA and sell** with approval in place




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- 9) **JV** on higher risk strategy
- 10) **Syndicate deals** – multiple parties doing higher risk strategies
- 11) Deals done with **private money lending**
- 12) Purchase of **management rights**




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#### **4. Equity - Impact on Strategy**

##### **a) No / Low Equity Strategies:**

- 1) Implement **savings plan**
- 2) **Vendor finance** deal
- 3) Seller JV (**Joint Venture**) deal
- 4) **Builder** terms




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- 5) **Lease & sub-lease** strategies e.g. sublease at higher rate
- 6) **Option deal & flip** (sell short)
- 7) **Joint venture** deal
- 8) **Income split** from leasing out a vacant commercial property
- 9) **Services exchange** e.g. Bartercard




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**b) \$0 - \$100k Equity Strategies:**

- 1) Low price point **"Cheapy"**, **reno** to flip or hold & reval. Incl rent by room on existing dwellings
- 2) **Reno & 1 into 2 lot subdivision** in regional areas with low council subdivision costs e.g. Victoria
- 3) **"Cheapy"**, **1 into 2 lot subdivision**, demolish house, sell one or both vacant lots




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- 4) **"Cheapy"**, **existing duplex** or multi unit complex, strata title
- 5) Low price point **land purchase**, relocate house onto it – single shift
- 6) **Staged strategy** & reval. during process if necessary e.g. reno / subdivision




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**c) \$100k - \$200k Equity Strategies:**

- 1) **All strategies above** in better areas e.g. larger population, closer to infrastructure, higher price point
- 2) **Staging strategy** & reval. during process still important
- 3) **Purchase & construction** of granny flat, single dwelling, or dual occupancy




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- 4) **Strata titling** deal up to 3 units – residential finance
- 5) **Subdivision** 1 lot into 3 or 4 lots max.
- 6) **House relocation** based on double shift
- 7) Small regional **commercial deal**




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**d) \$200,000 - \$300,000 Equity Strategies – Sarah's Cash Allocation**

- 1) **All strategies from \$0-\$200,000** but in better areas e.g. larger population, closer to infrastructure, higher price point



- 2) **Multi unit construction up to 4 units** depending on site purchase price, quality & size of units e.g. in metro, higher quality, larger townhouses = 2 – 3 units?




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- 3) Existing commercial with value add potential
- 4) Strata-titling resi or commercial up to 10 units



- 5) Larger subdivision up to 10 lots depending on location, council, ground works costs
- 6) Commercial & business realestate < \$1M e.g. motel, back-packers, storage sheds etc.




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**e) \$500k + Equity Strategies:**

- 1) All strategies from \$0-\$300,000 but in better locations, higher price point & bigger multiples e.g. more units, more lots, larger commercial e.g. shopping centres, relocatable home parks, aged care facilities.




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**5. Match Strategy & Location To Your Personal Circumstances**

**Sarah Summary**

- Chunk deal & sell to pay off home loan
- 12 month deal OK
- Good equity & serviceability = \$250k AWE
- Limited time / demanding job
- 2hr Max travel time - start 1hr
- Limited experience = start small & build up
- Low risk tolerance

**Strategy & Location:**

Low risk tolerance strategy hence low/med entry price point (<\$500k),

Sell hence metro 100,000 pop,

Within 1-2 hr Melbourne




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## 9. Map Your Travel Distance

- Map 100k radius from Melbourne (1hr travel) ([www.freemaptools.com/radius-around-point.htm](http://www.freemaptools.com/radius-around-point.htm))
- Identify locations of 100k population (e.g. selling)




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## 9. Map Your Travel Distance

- a) Greater Melbourne Metropolitan – 31 municipalities
  - b) Geelong 225k pop (1hr) – 1 municipality
  - c) Ballarat 100k pop (1hr 20min) – 1 municipality
- If targeting smaller pop - shortlist 5 towns / suburbs




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## 10. Select One General Location Based on Characteristics

- **Decide between** Greater Melbourne, Geelong & Ballarat based on:
  - **Population growth** (gives exit flexibility – sell, rent, reval)
  - Unemployment, **Job** growth & **wages** growth
  - **Property** cycle – recovery, upturn, downturn, stagnation
  - **Infrastructure spending** (project duration, \$ spend, job profile #/short /long term, current stage etc.)




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- **Economic** outlook
- **Supply** (# Listings & price trend)
- **Demand** (DOM trend)
- Rental **vacancy rate**
- **Councils attitude** to development
- **Development approvals** & activity = competition



- **Sarah - Target Greater Melbourne – closer, high pop, affordable areas <\$500k**




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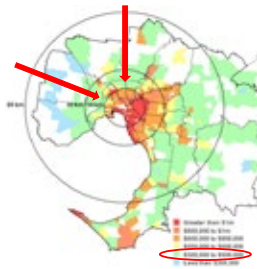
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### 11. Research Heat Maps

- Sold / list price data
- [www.realestate.com.au/invest](http://www.realestate.com.au/invest)
- From the CBD – moving outwards - **ID areas at your entry price point** – Remember ripple effect




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### 12. Research Infrastructure & Select Target Location

- Research:
  - **Transport** e.g. rail
  - **Infrastructure** = job hubs e.g. airport, hospitals, education
  - **Planned** infrastructure
  - **Select 5 suburbs** meet your purchase price point




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# Finding a Deal

**Action Required:**

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**Who do I need to contact?**

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**Time Frame:**

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**SESSION SIXTEEN**

# **How To Use The Members Only Website**

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**SESSION SEVENTEEN**

# **How To Work Out The Type Of Deals You Can Do Within Your Purchasing Capacity**

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

Calculating your Parameters

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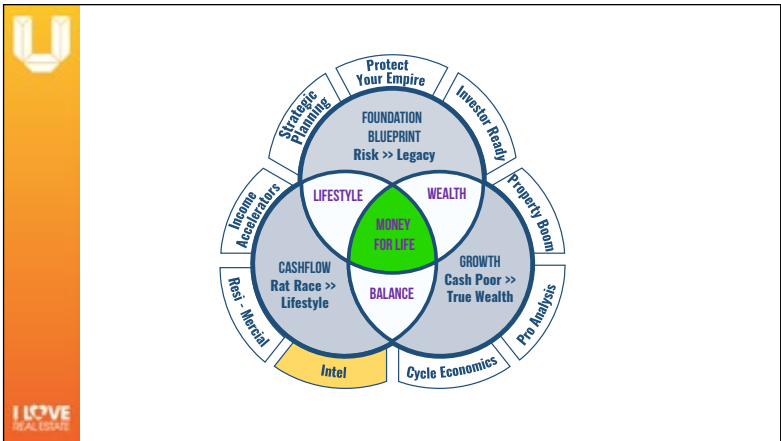
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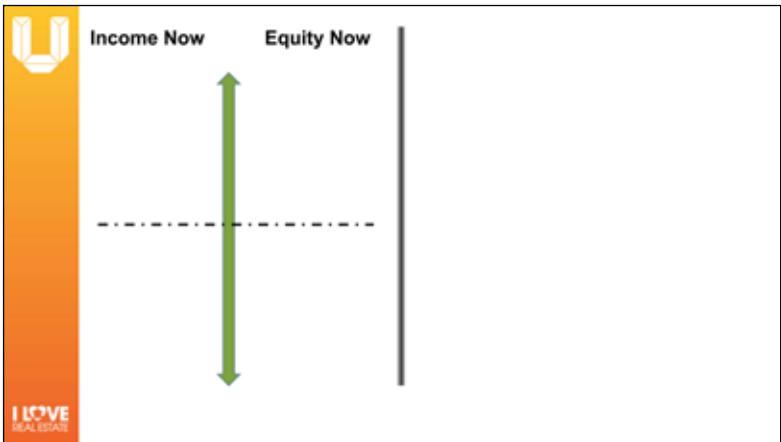
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**STEP 1 – Page 11**    **MAXIMUM PURCHASE PRICE CALCULATION**

**AWE**    -    **Strategy Costs**    =    **NAWE**

\$100k    -    \$30k    =    \$70k

**STEP 2**

**80%**    **NAWE**    ÷    **(6% + Reverse LVR)**    =    **Purchase Price**

\$70k    ÷     $\frac{(0.06+0.20)}{0.26}$     =    \$269k

**90%**

\$70k    ÷     $\frac{(0.06+0.10)}{0.16}$     =    \$438k

	<b>80%</b>	<b>\$269k</b>	<b>90%</b>	<b>\$438k</b>
DEPOSIT	(20%)	\$54k	(10%)	\$44k
PURCHASE COSTS	(6%)	\$16k	(6%)	\$26k
STRATEGY		\$30k		\$30k
CASH REQUIRED		\$100k		\$100k

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**Capacity and Income**

# 5 C'S OF CREDIT

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

<b>CHARACTER</b> A lender will look at a borrower's reputation and standing in the local neighborhood.	<b>CAPITAL</b> A borrower's past financial performance is closely scrutinized.	<b>CAPACITY</b> A borrower's ability to repay the loan based on current income and assets.	<b>COLLATERAL</b> Lenders will evaluate the asset being used to secure the loan.	<b>CONDITIONS</b> The state of the overall economic environment, including interest rates and purpose of the loan.
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**ULTIMATE REAL ESTATE SUCCESS LIVE & VIRTUAL BOOTCAMP**

Calculating your Parameters

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**SESSION SEVENTEEN (PART 2)**

# **Your Action Plan**

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

Action Plan  
Staying Focused

I LOVE REAL ESTATE | Knowledge Source

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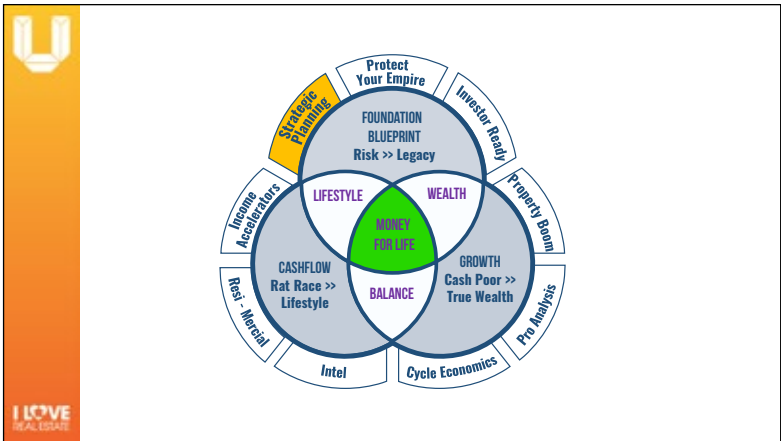
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**Meet Your Future Self**

You will only achieve what you see yourself **achieving!**

You will only have what you see yourself **having!**

You will only do what you see yourself **doing!**

You will only become what you see yourself **being!**

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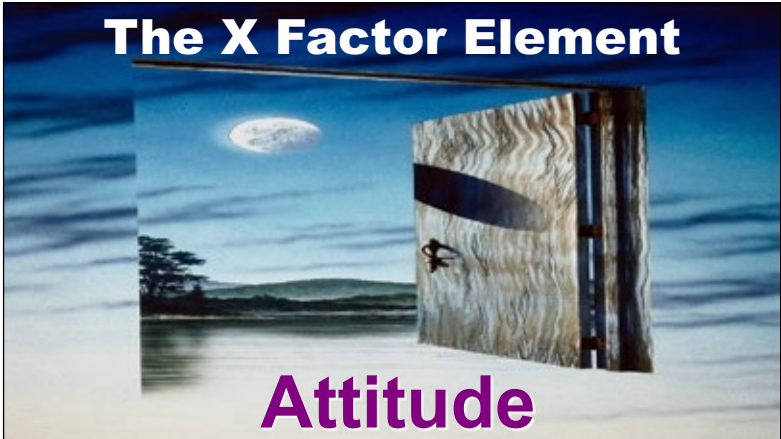
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### Where do you start


- What are your next 3 deals in priority

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- Taking into account your goals, capacity (Income and Equity), time availability etc.



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### Deal 1.

- What are the stages and how long will each stage take and how much money will each stage need
- Repeat for deal 2 and deal 3



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Time Line												
AWE	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
TASK												
TOTAL MONEY REQUIRED												
PROFIVE INCOME CREATED												

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### Example: Dan and Kylie

- AWE= \$124,000
- Strategy: Subdivision and Reno Deal
- Purchase : \$380k with 80% LVR
- Reno: \$15k
- Subdivision : \$100K
- Sell Existing: \$420k
- Sell Vacant Land: \$240

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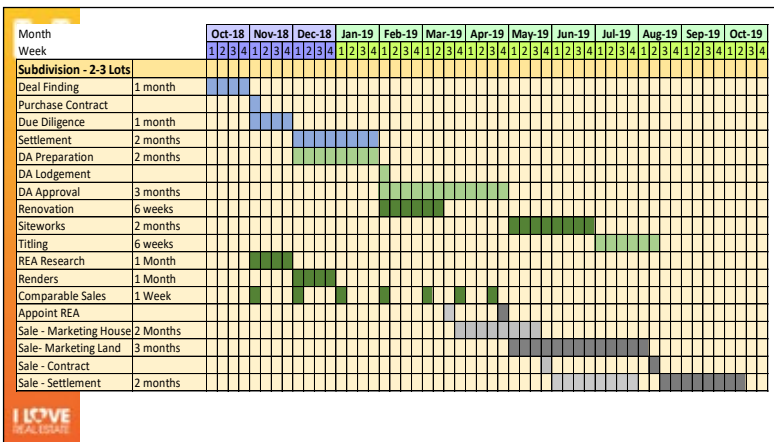
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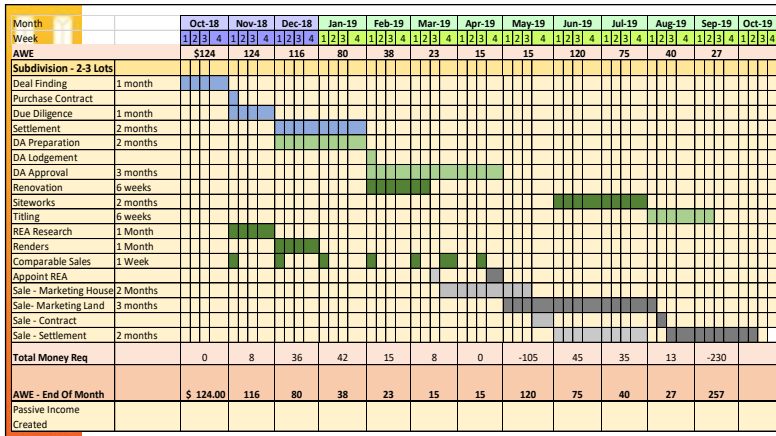
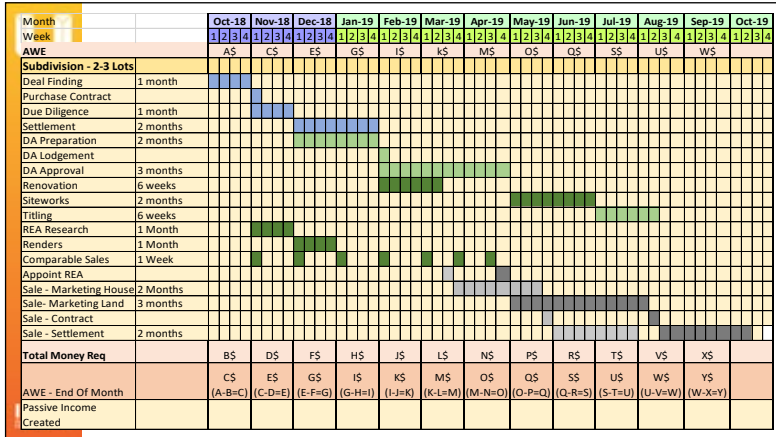
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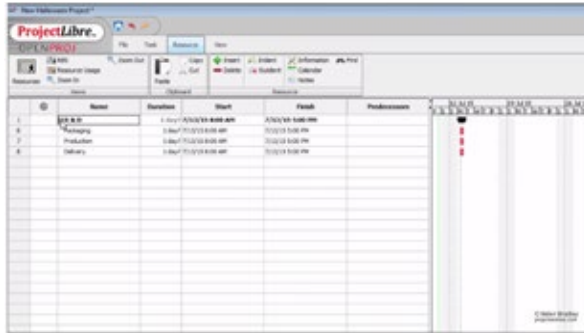
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- Free Gantt Chart Templates
- [http://templatelab.com/gantt-chart-templates/#Gantt\\_Chart\\_Templates](http://templatelab.com/gantt-chart-templates/#Gantt_Chart_Templates)



- Free Project management soft ware
- <https://www.projectlibre.com/>



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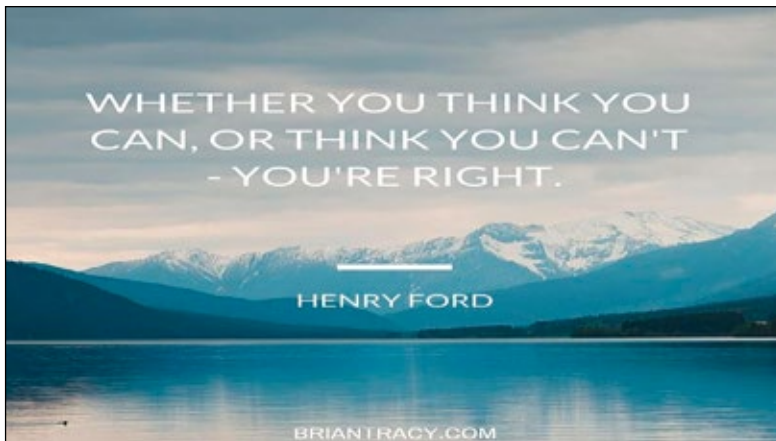
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The *successful* warrior  
is the average man,  
with laser like *focus*

Bruce Lee

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WATCH YOUR **THOUGHTS**,  
FOR THEY BECOME **WORDS**.  
WATCH YOUR **WORDS**,  
FOR THEY BECOME **ACTIONS**.  
WATCH YOUR **ACTIONS**,  
FOR THEY BECOME **HABITS**.  
WATCH YOUR **HABITS**,  
FOR THEY BECOME **CHARACTER**.  
WATCH YOUR **CHARACTER**,  
FOR IT BECOMES YOUR **DESTINY**.

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Awareness  
is the key to change

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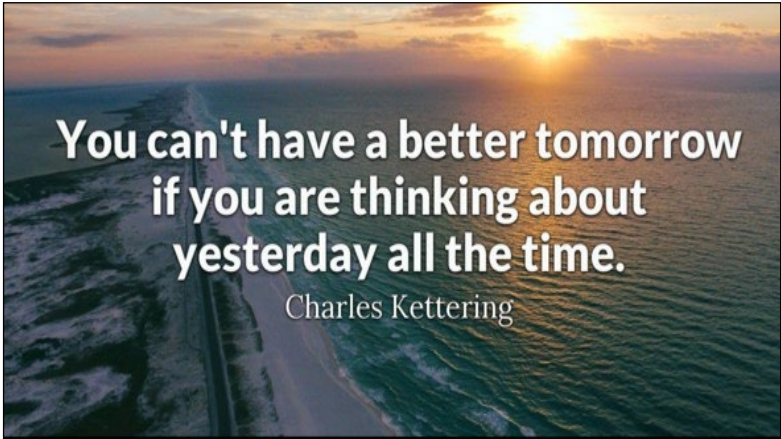
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## 7 Daily Rituals

- Health
- Wealth
- Family & Relationships
- Education
- Spiritual
- Gratitude
- Fun

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## Dymphna Boholt's Seven Daily Rituals App

**Description**  
Dymphna Boholt is one of Australia's most successful property investors, her books, conferences and tremendously popular podcast have helped and inspired thousands of people to realise their real estate dreams. Start following these seven daily rituals, keep track of what you've accomplished each day and begin leading a healthier, more

[David Caddy Web Site](#) • [Dymphna Boholt's Daily Rituals Support](#) • [More](#)

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## Enjoying the Journey as much as the Destination

- Life is too short to put things off
- Life is too short to put off having FUN
- Balance the immediate gratification with future benefit







**I LOVE**  
REAL ESTATE