



25% Developers Club

VIRTUAL BOOTCAMP MAY 2022



Industry Professionals give you all the tools you need for success in Property Development





25% Developers Club

VIRTUAL BOOTCAMP MAY 2022

Schedule

DAY 1 – SATURDAY 7TH MAY 2022

9:00am – 9:30am	Introduction
9:30am – 10:15am	Target Area Research
10:15am – 10:30am	Morning Tea
10:30am – 11:45am	Site Due Diligence
11:45pm – 12:45pm	Acquisition Process – David Netherton
12:45pm – 1:30pm	Lunch
1:30pm – 2:15pm	Design Considerations
2:15pm – 3:45pm	Financial Feasibility
3:45pm – 4:00pm	Afternoon Tea
4:00pm – 5:00pm	Development Application, Detailed Design & BA
5:00pm – 5:30pm	Q & A

DAY 2 – SUNDAY 8TH MAY 2022

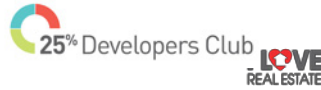
8:30am – 10:00am	Demolition & Construction
10:00am – 11:00am	Securing Finance – Andrew Kubenk
11:00am – 11:15am	Morning Tea
11:15am – 12:15pm	Accounting & Tax
12:15pm – 12:45pm	Platinum Accelerator Explanation
12:45pm – 1:30pm	Lunch
1:30pm – 2:15pm	Strata Titling
2:15pm – 3:30pm	Marketing & Selling
3:30pm – 3:45pm	Afternoon Tea
3:45pm – 4:00pm	Project Review
4:00pm – 5:00pm	Creative/Specialist Development – David Netherton
5:00pm – 5:30pm	Re-cap & Wrap up



Introduction



SESSION ONE
Introduction



INTRODUCTION

Definition

What are we covering?

- Not subdivision – covered in its own Quantum event
- Residential multi unit development for strata titling or specialist commercial development



This symbol represents a resource for further learning

- All further learning resources are listed in the back of the Activity Worksheets



INTRODUCTION

Resources

Summary of all resources mentioned throughout on Pages 18-19 of Activity Worksheets



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25% Club – Additional Resources

Subdivision

- Ultimate Members Only Website - Quantum Event – Subdivision
- Ultimate Members Only Website – Weekly Wednesday Webinar (WWW) Series – Subdivision – Platinum Coaches - Greg Miller - March 2021

Target Area Research

- Ultimate Members Only Website - Deal Finding presentation – Ultimate Bootcamp Day 3
- Ultimate Members Only Website – Weekly Wednesday Webinar (WWW) Series – Sourcing Your “K” Teams – Platinum Coaches - Tamara Read & Nicole Beer - August 2018

Acquisition Process

- Ultimate Members Only Website – Asset Protection presentation – Ultimate Bootcamp Day 1

JVs

- Ultimate Members Only Website - WWW Series – Joint Ventures – Professionals – Pacific Law – July 2022
- Ultimate Members Only Website - WWW Series – Joint Ventures – Dymphna Bohrt - August 2019

Negotiation

- Ultimate Members Only Website - WWW Series – Negotiation Skills – Platinum Coaches – Melissa Fisher - April 2020
- Ultimate Members Only Website – WWW Series – Seller JV’s and Distressed Properties – Platinum Coaches – Natalie Costick – December 2018
- Ultimate Members Only Website – Quantum Shift – Other People’s Money On-line Training 2021

Options

- Ultimate Members Only Website - FAQ 28
- Ultimate Members Only Website - FAQ 29

INTRODUCTION

Why are We Doing it?

- Goals/Outcome
 - Be clear about the outcome
 - What result are we trying to achieve?
 - Chunk or Income
 - Hold or Sell
- Personal circumstances
 - Experience, AWE, Risk Profile, Time Available, Distance, etc.



Deal Finding Presentation – Ultimate Bootcamp Day 3



INTRODUCTION

Differences in Approach

- Distinct differences (especially to finance)
- Determined by size and type of project:
 1. Residential finance (1-3 units)
 2. Commercial finance for residential projects (4 or more units)
 3. Commercial finance for commercial projects



INTRODUCTION

Throughout this Presentation

- We will be showcasing 2 Platinum student deals
 - Student Deal 1 – Duplex - Residential finance
 - Student Deal 2 – 4 x Townhouse - Commercial finance



INTRODUCTION

Student Deal 1 – Duplex Construction

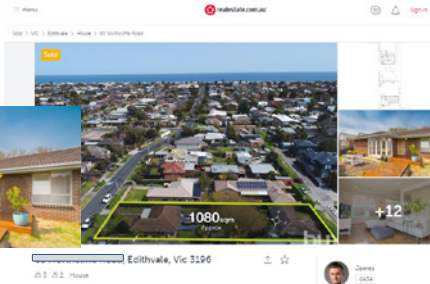
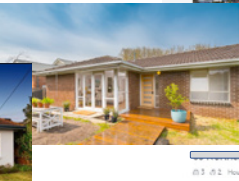
- Sam's Deal – Her first DA & construction project
- Bought vacant land, 6mth build timeframe
- Held x 1 (PPR), Sold x 1
- Residential finance
- \$257k Profit



INTRODUCTION

Student Deal 2 – 4 Townhouse Development

- Adelmo's deal – demolish & construction project
- Bought house on 12 mth settlement
- Sought after Bayside suburb
- Hold x 2 (Cashflow), Sell x 2
- Commercial finance
- Expected \$818k Profit



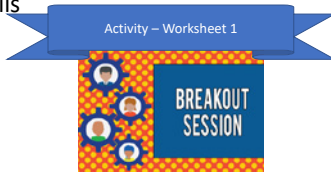
INTRODUCTION

Throughout this Presentation

- We will be working through Deal Activities in breakout groups...

Student example Deals – 2 different deals




- Refer to Worksheets for details
- Fill in the activity sheets







INTRODUCTION

Activity Worksheets

- Download from Ultimate Members Only Website
- Deal 1 – Duplex
Information on Pages 2 to 4
- Deal 2 – 4 x Townhouse
Information on Pages 5 to 7






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INTRODUCTION



Breakout Sessions - Intro



Group of 4-5, stay in same group:

- 1) Introduce Yourself
 - Name
 - Location
 - How long In ILRE / Quantum
 - Interest in Development
- 2) Group Choose Deal 1 or Deal 2 (See Activity Worksheets)

5 min



Target Area Research

SESSION TWO
Target Area Research

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TARGET AREA RESEARCH

Location Specific Research

Deal Finding presentation –
Ultimate Bootcamp Day 3

- 1) Determine price point – speak with strategist
- 2) Heatmap to identify potential suburbs
- 3) Suburb research – GVA, Population, infrastructure, supply and demand, demographics, rental vacancy, days on market, transport, amenities, shopping precincts, jobs hubs, schools, uni's, hospitals, crime rate, council attitude to development etc.

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TARGET AREA RESEARCH

Townhouse Deal

- Suburb profile = Edithvale VIC
- Demographics = Families
- Desirable location
- Good schools
- Good access to transport
- Close to the beach
- Easy commute to the city via freeways

Suburb Profile Report For Edithvale VIC (3196)

Edithvale House: Median price \$550,000, Annual capital growth 7.45%, Number of sales 68, Weekly median advertised rent \$513

Edithvale Unit: Median price \$710,000, Annual capital growth 6.04%, Number of sales 59, Weekly median advertised rent \$450





House Report | Unit Report



If you compare the increase in value of investment property in Edithvale 3196 to the rest of Australia, it performed quite well. The median increase in value, or capital gain property investors experienced for this VIC suburb was 2.15%. Taking the average capital gain, or increase in median house value, Edithvale 3196 has reached up an average of 2.10% over the period. This ranks it number 13118 in the whole country for real estate investors looking at

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TARGET AREA RESEARCH

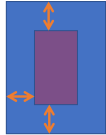

Strategy Research



- Town planner meeting
 - a) Town planning requirements:
 - Zoning 
 - Land size 
 - Frontage 
 - Site Cover 



TARGET AREA RESEARCH

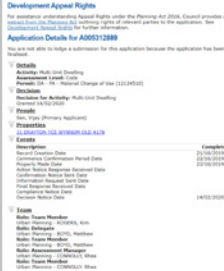
Strategy Research



- Town planner meeting
 - Town planning requirements:
 - Set-backs 
 - Overlays 
 - Slope
 - Density calculation
 - Car parking
 - Private open space
 - Landscaping etc.



TARGET AREA RESEARCH

Strategy Research

- Town planner meeting
 - b) Type of DA application
 - Code assessable -v- impact assessable
 - Fast track process?
 - Terminology – Material Change of Use
 - Confirm research tools e.g. pd online
 - Research previous Development Applications 

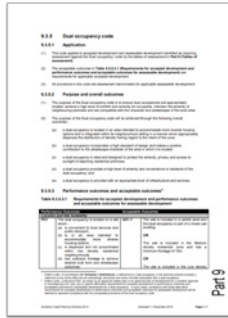


TARGET AREA RESEARCH

Duplex Deal Example

Town Planner Answers for Duplex:
- Code = Dual Occupancy Code

Zoning	Low Density	Medium Density
Landsize - Min	800m2	400m2
Density	400m2/unit	200m2/unit
Frontage - Min	\	15m
Slope	<= 15%	\
Site Cover	Ground Level = 50%; 2 Storey = 40%	Same
Front Setback	Garage 6m; Dwelling 4.5m	Same
POS	50m2 (Max 2 areas)	Same
Bedrooms	3 Max	Same
Car Parking	Min 2 – 1 covered, Tandem OK	Same
Other	No adjoining dual occ	\
Assessment	Self Assessable – Building Certifier	Same



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TARGET AREA RESEARCH

Mapping

- Develop a map of the area with significant features marked on it
- Obtain council zoning maps from the regional authorities
- Identify the location of the zones you are interested in, and highlight them on the map



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TARGET AREA RESEARCH

Duplex Deal Example

- Zoning Map – Medium Density



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TARGET AREA RESEARCH

Team Required

- Financial Strategist / Mortgage Broker
 - Serviceability / AWE
- Town Planner
 - Strategy Meeting
- Real Estate Agents
 - Needs Analysis, Area Research



WWW – Sourcing Your 'A' Team –
Tamara & Nicolle August 2018





Site Due Diligence



SESSION THREE
Site Due Diligence










SITE DUE DILIGENCE
Confirm Strategy Research

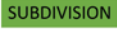
- Assess Site Against Town Planning Requirements
- Confirm Impact of Site Specific / Environmental Constraints:
 - Overlays
 - Slope - stormwater management & build cost
 - Location & capacity of services
 - Existing buildings – keep / demolition /move/removal
 - Height restrictions

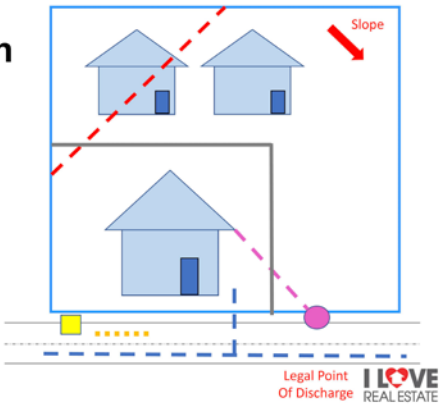
Zoning	Low Density	Medium Density
Landsize - Min	800m ²	400m ²
Density	400m ² /unit	200m ² /unit
Frontage - Min	\	15m
Slope	<= 15%	\
Site Cover	Ground Level = 50%; 2 Storey = 40%	Same
Front Setback	Garage 6m, Dwelling 4.5m	Same
POS	50m ² (Max 2 areas)	Same
Bedrooms	3 Max	Same
Car Parking	Min 2 – 1 covered, Tandem OK	Same
Other	No adjoining dual occ	\
Assessment	Self Assessable – Building Certifier	Same



 

SITE DUE DILIGENCE
Confirm Location of Services


- Stormwater 
- Sewer 
- Water 
- Power 
- Gas 
- Telephone 
- NBN 

SUBDIVISION 



SITE DUE DILIGENCE
Duplex Deal – Advertised Land For Sale



ABSOLUTE CANAL FRONT LAND with DIRECT OCEAN ACCESS

Your Dream Home On The Water

A large block of land with breath taking water views and direct access to the ocean, only minutes to Sunshine coast's pristine beaches.


Vendor will trade with house, vacant land or development site (subject to zoning/medium density)


Don't be the one to miss out.

- Private Pontoon option
- **Generous Block Size (448m2)**
- **Secluded Land (Semi Private)**
- Personal Beverage Service Available Through Local Market
- Generous Water Frontages With no Waterwise Public Pathways
- Heightly sought after North South Argents
- Schools and Transport only a short walk away
- Only Minutes to Sunshine Coast University, & First class Hospitals
- A Selection of Shopping Precincts to Choose From
- World Famous Moonanville Beach Only a Few Minutes Drive or Boat Trip Away
- The Best Selection of Restaurants, Taverns & Cafes Close By

Buy a dream home on your own slice of pristine land right back on the water!



Land details
Area: 448m²







SITE DUE DILIGENCE
Duplex Deal – History of Site

- 1) DA approved Townhouse Development Site – unsuccessful







- 2) Subdivided into 3 lots – sold as vacant house lots

SITE DUE DILIGENCE
Duplex Deal - DD



Land size = 448m²

Zoning = Medium Density = Units

Overlay = Biodiversity, Waterways, Wetlands

Overlay = Flood Hazard

SITE DUE DILIGENCE
Duplex Deal - DD

- Frontage?
- Road Noise?
- Road Upgrade?

SITE DUE DILIGENCE
Duplex Deal - Services

Water & Sewer Infrastructure Map
 The following information has been provided and maintained by Unibroker. Please contact Unibroker directly for any errors or omissions. Limited Spots have been displayed for the purpose of this report. Go to Unibroker's Fresh Mapping Application for more information. Usage in agreement with © Unibroker 2017 www.ubroker.com.au

SITE DUE DILIGENCE
Duplex Deal - DD

Flood Information Search

The system is used to determine if an information request for a property which is based on the geographical coordinates of a property.

Requestor's Name: _____ State: _____ Date: _____
 Applicant's Address: _____ Property Location: _____
 Email Address: _____ One Bed: _____
 _____ Having a Pool: _____
 _____ Front Distance: _____

PROPERTY LIST

PROPERTY ADDRESS	PROPERTY TYPE	PROPERTY STATUS
1/15, 16/15, 17/15, 18/15, 19/15, 20/15, 21/15, 22/15, 23/15, 24/15, 25/15, 26/15, 27/15, 28/15, 29/15, 30/15, 31/15, 32/15, 33/15, 34/15, 35/15, 36/15, 37/15, 38/15, 39/15, 40/15, 41/15, 42/15, 43/15, 44/15, 45/15, 46/15, 47/15, 48/15, 49/15, 50/15, 51/15, 52/15, 53/15, 54/15, 55/15, 56/15, 57/15, 58/15, 59/15, 60/15, 61/15, 62/15, 63/15, 64/15, 65/15, 66/15, 67/15, 68/15, 69/15, 70/15, 71/15, 72/15, 73/15, 74/15, 75/15, 76/15, 77/15, 78/15, 79/15, 80/15, 81/15, 82/15, 83/15, 84/15, 85/15, 86/15, 87/15, 88/15, 89/15, 90/15, 91/15, 92/15, 93/15, 94/15, 95/15, 96/15, 97/15, 98/15, 99/15, 100/15	Residential	Available
1/16, 17/16, 18/16, 19/16, 20/16, 21/16, 22/16, 23/16, 24/16, 25/16, 26/16, 27/16, 28/16, 29/16, 30/16, 31/16, 32/16, 33/16, 34/16, 35/16, 36/16, 37/16, 38/16, 39/16, 40/16, 41/16, 42/16, 43/16, 44/16, 45/16, 46/16, 47/16, 48/16, 49/16, 50/16, 51/16, 52/16, 53/16, 54/16, 55/16, 56/16, 57/16, 58/16, 59/16, 60/16, 61/16, 62/16, 63/16, 64/16, 65/16, 66/16, 67/16, 68/16, 69/16, 70/16, 71/16, 72/16, 73/16, 74/16, 75/16, 76/16, 77/16, 78/16, 79/16, 80/16, 81/16, 82/16, 83/16, 84/16, 85/16, 86/16, 87/16, 88/16, 89/16, 90/16, 91/16, 92/16, 93/16, 94/16, 95/16, 96/16, 97/16, 98/16, 99/16, 100/16	Residential	Available
1/17, 18/17, 19/17, 20/17, 21/17, 22/17, 23/17, 24/17, 25/17, 26/17, 27/17, 28/17, 29/17, 30/17, 31/17, 32/17, 33/17, 34/17, 35/17, 36/17, 37/17, 38/17, 39/17, 40/17, 41/17, 42/17, 43/17, 44/17, 45/17, 46/17, 47/17, 48/17, 49/17, 50/17, 51/17, 52/17, 53/17, 54/17, 55/17, 56/17, 57/17, 58/17, 59/17, 60/17, 61/17, 62/17, 63/17, 64/17, 65/17, 66/17, 67/17, 68/17, 69/17, 70/17, 71/17, 72/17, 73/17, 74/17, 75/17, 76/17, 77/17, 78/17, 79/17, 80/17, 81/17, 82/17, 83/17, 84/17, 85/17, 86/17, 87/17, 88/17, 89/17, 90/17, 91/17, 92/17, 93/17, 94/17, 95/17, 96/17, 97/17, 98/17, 99/17, 100/17	Residential	Available

Are you flood ready? Be Prepared with Council's award winning Disaster Kit.
www.ubroker.com.au

1) Flood Search = Building Finished Floor Level

2) Road Upgrade Research

SITE DUE DILIGENCE

Townhouse Deal - DD

- Precedent across the road – 3 townhouse site
- Site Specifics
- Student 2 – Road frontage with rear laneway
- Available Services & locations
- Power & Gas available to both
- Telstra and NBN available and applied for early
- Potential problems:
 - Water available on road but not laneway
 - Stormwater Legal point of discharge on road but not laneway



Directly across the road!



SITE DUE DILIGENCE

Townhouse Deal - DD

Water Solution

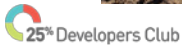
No water main available to laneway so negotiated with water authority to utilise remote reading of smart meters via road



healthy
water
for life

Water & Gas
Infrastructure
Development
Program
2015-2020
South East Vector
Infrastructure
Development
Program
2015-2020
www.south-east.vic.gov.au

Dear Customer
NOTICE OF AGREEMENT FOR WATER & SEWERAGE FACILITIES
Development Location: [redacted] Easements



SITE DUE DILIGENCE

Townhouse Deal - DD

Stormwater Solution

Engaged with team - 3 options for the drainage

Option 1 – the kerb by pumped system at Road

Option 2 – on-site infiltration system subject to soil conditions. It was the most cost-effective option because it removed the easement from option 3 and pumped system of option 1

Option 3 – to the existing stormwater pit located within Lane having proper easement from lane to road



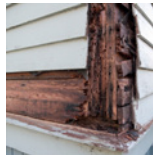
Consider Other Site-Specific Constraints

- Significant vegetation
- Soil type/rock
- Contamination
- Pollution – noise / air
- Subsidence
- Caveats
- Covenants
- Easements
- Notation on registered survey plan
- Encroachments
- Neighbor disputes
- Council show cause notices
- Road hierarchy
- Body corporate review
- Cyclone/earthquake rating
- Front of property infrastructure - above and underground etc.
- Infrastructure - Powerlines, Substation, Pubs, Schools



Building Specific Due Diligence

- Review Existing Building:
 - Unapproved usage (e.g. converted garage, rooming houses)
 - Illegal building works
 - Structures not built to code, renovations/extensions not to code
 - Safety switch
 - Rising damp
 - Cracks
 - Smoke alarms
 - Asbestos
 - Termite damage
 - Concrete cancer
 - Movement / Foundation issues
 - Demolition controls
 - Pool fencing




Determine for Each Site

- Potential number of dwellings able to be developed and number of bedrooms in each
- Site cover allowance total and per dwelling
- Number of car parks required, including visitor car parks
- Maximum height allowance and impact (e.g. single/two/multi- storey)
- Number of new dwellings including option of keeping the existing dwelling
- Private open space requirement & building set-back requirement
- Configuration options, including units, townhouses, detached
- Requirement for Universal Design/disability accessible



SITE DUE DILIGENCE

Initial Feasibility

- Reverse Feasibility to confirm maximum purchase price
- Rough Feasibility process –
 [see WWW Series Rough Feasos \(Nicolle Beer – June & Oct 2019\)](#)
- Confirm research re what the market says for the product you are creating

Platinum Coach – Rough Feaso – 5th June 2019



SITE DUE DILIGENCE

Assessment Between Suitable Sites

- \$ Profit
- Profit Sensitivity
- Timeframe
- Cash Required
- Risk
- Effort - Your Personal Input
- Exit Strategies

 [WWW Analysing A Deal \(Tamara Read – April 2019\)](#)



ASSESSING SUITABLE SITES

Profit Level Potential

- \$50k Profit means different thing to different people
- Don't compare yourself with others
- Remember it's an apprenticeship initially



Profit Sensitivity



- How sensitive is the profit to cost over runs & price reductions?
 - E.g. 3 townhouse project @ \$200k profit = $\$200k/3 = \$66k$ profit / townhouse
 - If costs over run – e.g. \$20k / townhouse is there sufficient profit to buffer this? Yes
 - If needed to drop sale price for quick sale – is there sufficient profit to make the reduction appealing to the market?
 - E.g. if discounted price by \$66k & still it's not the cheapest product in the suburb (or seen to be a good buy) then higher risk!!!!



Project Timeframes

- 2 month vs 2 year deal
- 2 smaller deals vs 1 larger deal
- Short timeframe = same market conditions
- Long timeframe = market can move (up or down) = higher risk
- Be realistic



Cash Required

- \$50k vs \$150k cash in
- Opportunity cost (CoC & ROI)



Risk

Uncertainty in:

- Market – Movement, Demand, Supply
- Strategy – Council, Site, Complexity of Deal
- Cost to Complete
- End Sale Figure (\$250k vs \$1.3m)



Effort – Your Personal Input

- Time input
- Hands On vs Project Managing
- Expertise Required
- Steepness of Learning Curve
- Stressfulness
- Tolerance to uncertainty (sleep indicator)



Exit Strategies

- More Exits = Lower Risk
- Hold = Rent long term, reno, rooming accom, Airbnb, student boarders etc. etc.
- Sell = With/without reno, add bedroom bathroom, subdivide & sell vacant land or build, sell or hold for cashflow etc etc.



ASSESSING SUITABLE SITES

Compare Considerations & Metrics

Item	Deal X	Deal Y
Profit \$		
Profit Sensitivity		
Time Frame		
Cash Input		
Risk		
Effort – Personal Input		
Exit Strategies		
% Profit on Costs (Development Costs)		
% Cash on Cash Return (CoC)		
Other		



SITE DUE DILIGENCE

Team Required

- Real Estate Agents
- Town Planner
 - Private
 - Council
- Specialist Consultants – Arborist, Ecologist (flora/fauna), Hydraulics, Archeologist, Heritage, Traffic, Fire, Geotechnical, Civil Engineer, Acoustic, Environmental, Structural Engineer (cyclone rating), etc.
- Building & Pest Inspector
- Building Certifier
- Financial Strategist / Mortgage Broker



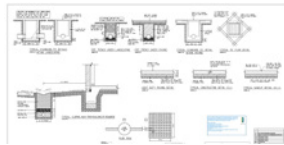
SITE DUE DILIGENCE

Townhouse Deal – Specialist Consultants

- Civil Engineers – stormwater and water access issues
- Arborist – tree removal



Arboricultural
Impact
Assessment
& Tree
Protection

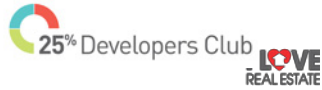




Acquisition



SESSION FOUR
Acquisition



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Acquisition

Confirm Ownership Structure

- Determine the best structure/entity for the purchase

 [Asset Protection – Ultimate Bootcamp Day 1](#)



ACQUISITION

Joint Ventures

- Know your JV partner
- In-bed together
- JV Agreement – What if Qu's
- Ideally have JV in place before finding deal



 [WWW – Property JVs – Pacific Law July 2021](#)
[WWW – Joint Ventures – Dymphna Boholt Aug 2019](#)



ACQUISITION

Townhouse Deal -

Purchased at Auction - Specified terms prior in writing

- Low deposit – 5%
- Long settlement – 10 months

Mistake =

- Verbal agreement only to early access!
For due diligence, planning stage and tree removal activities



ACQUISITION Activity – Worksheet 2

Review Deal Details:

Deal 1 = Page 2; Deal 2 = Page 5

- 1) Describe 3 ways to acquire & negotiate the deal on your deal card

Complete Activity Worksheets Pg 9



ACQUISITION

During Conditional Period

- *Not NSW
- Insurances for Building / Contents / Public Liability - Essential
- Complete necessary searches
- Carry out inspections
- Site survey if needed
- Confirm finance approval
- Obtain quotes for works
- Finalize due diligence



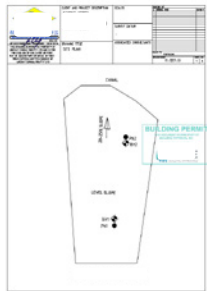
During Conditional Period (cont...)

- Extension of timeframes
 - Extension for finance 1 day prior
- Renegotiate contract e.g. Building & pest, valuation
- Rescinding contract – Discuss Solicitor
 - Change of name (Qld)
- Termination



Duplex Deal – Conditional Period

Soil Report:



Townhouse Deal – Conditional Period

- Auction! No conditions allowed



During Unconditional Period


- Finalise quotes for work required
- Engage consultants/contractors
- Conduct specialist assessments / reports where needed
- Lodge approval applications – Session 7
 - Owners' consent required



During Unconditional Timeframe (cont...)

- Select builder
 - Get to know builders in your area – per m2 rate & inclusions
 - Referrals (consultants, tradies, friends etc.)
 - Check license (Building class – lowrise / highrise)
 - Check history (License, suppliers, tradies, ASIC)
 - Review projects – old and new
 - Need to feel comfortable



 **WWW – Choosing Your Builder**
– Mick Tiemans Sept 2017



Duplex Deal – Unconditional Period

- Noise Assessment Report:

 - 1) Road Noise Modeling
 - 2) Calculated Acoustic values
 - 3) Schedule for window & door glazing

Reviewed Builders:

 - 1) Referrals
 - 2) Display Village



ACQUISITION

Townhouse Deal – Unconditional Period

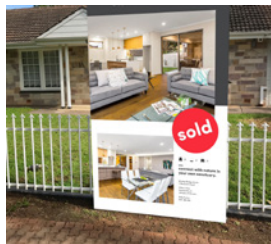
- Auction! No conditions so the entire settlement period is unconditional
 - Confirmed access available from laneway
 - Changed plan from 3 units to 4 units
 - Obtained planning permit approval for 4 Units (2 Duplexes facing each street).
- Issue – owner refused early access unless they were allowed to take certain items from the house – always get your conditions in writing!



ACQUISITION

Settlement

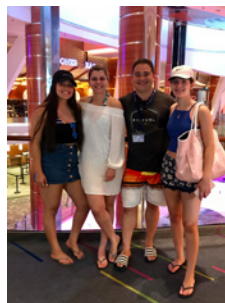
- Confirm finance
- Review Settlement Statement & funds required for settlement
- Have funds to Solicitor prior
- Pre-settlement inspection
- Tenants? Vacant possession?
- Transfer services - Electricity
- Confirm insurances
- Copy of final Settlement Statement



ACQUISITION

Townhouse Deal – Settlement

- No issues!
- Finance confirmed and everything to the Solicitor in preparation
- Cruising in the Caribbean



ACQUISITION

Team Required

- Solicitor
- Real Estate Agent
- Mortgage Broker
- Due diligence team for cost estimates





Design Considerations



SESSION FIVE

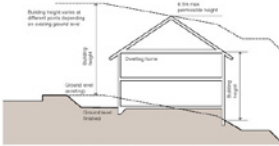


Design Considerations



DESIGN CONSIDERATIONS

Initial Design Review

- Potential density and configuration
- New dwellings vs existing changes required
- Site coverage
- Car parking requirements (council & market research)
- Maximum height and impact on final product
- Neighboring properties - Opportunities?

DESIGN CONSIDERATIONS

Initial Design Review (cont...)

- Requirement to consider Disability Access – National & State
- Final product based on research
 - Refer back to Area Research & Comparable Sales
 - RP Data / Price Finder



Ultimate Website – Building Design, Time & Cost Saving Tips – Platinum Coaches - ILRE Super Conference Nov 2019 – Session 6 Day 2

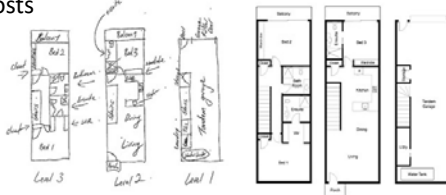




DESIGN CONSIDERATIONS

Concept Design

- Site survey
 - Remove trees prior to survey if possible or separate layer
- Rough sketches including layout options, driveway/access, position of buildings, location of services, site features
- Estimate of costs



DESIGN CONSIDERATIONS

Engage Design Professionals

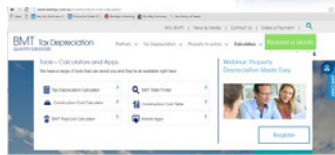
- Engage town planner & building designer/drafty/architect
 - Efficient design & cost saving ideas
 - Builder review for buildability & cost effectiveness
 - QS review for costing
 - You own the plans
- Involve specialist consultants – engineer, surveyor, etc.
- Prepare concept plans/documentation required for planning application – covered in Session 7



DESIGN CONSIDERATIONS

General Costings -

- Publications
 - Rawlinsons Construction Guide
 - Cordell Building Cost Guide
 - Archicentre
- Website Calculations
 - BMT
 - Washington Brown QS

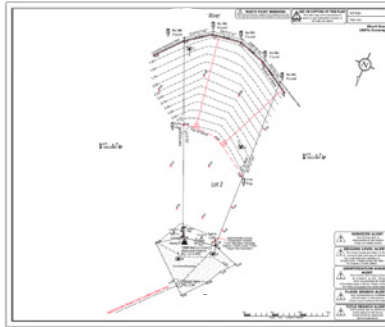


DESIGN CONSIDERATIONS

Duplex Deal – Concept Design

Site Survey - Confirmed:

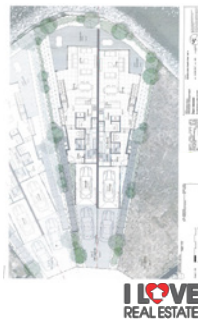
- Building envelop
- Finished ground level
- Slope to water
- Frontage – 5.995m



DESIGN CONSIDERATIONS

Duplex Deal – Concept Design

- 3 brm, 2bath, 2 car tandem, 2 storey, max site cover 49.5%, max views, work slope
- Scaled Aerial Photo
- Cut & Paste Designs
- Evolution of design
- Used architect skilled in infill & max size cover on challenging site



DESIGN CONSIDERATIONS

Duplex Deal – Concept Design

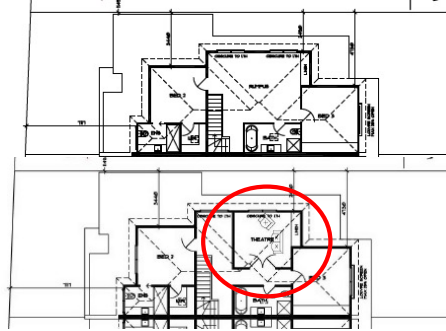
- \$300k/unit build budget set
- Builder initially quoted off architectural design
- Builders drafty then took architectural concept and re-drafted moving forward
- Cost saving initiatives:
 - Minimise wall articulation
 - Wow factor - front facade
 - Used display home specs (no aircon, tiles/carpet)
 - Economical external materials – weatherboard & render



DESIGN CONSIDERATIONS

Townhouse Deal – Concept Design

- Design Efficiencies
- Modified original design to easily incorporate additional theatre room for very little additional cost
- Significant difference to selling price



DESIGN CONSIDERATIONS

Team Required

- Building designer / drafty / architect
- Town planner
- Builder
- Quantity Surveyor
- Real Estate Agent
- Suitable licence, insurances, association members etc.



 [WWW – Sourcing Your 'A' Team – Tamara & Nicolle August 2018](#)



DESIGN CONSIDERATIONS Activity – Worksheet 3

Review Deal Details:

Deal 1 = Page 2; Deal 2 = Page 5

- 1) What are the important design considerations for final product for your deal?
- 2) Describe some ways to save costs with efficient design

Complete Activity Worksheets Pg 10





Financial Feasibility






SESSION SIX
Financial Feasibility





FINANCIAL FEASIBILITY
Simple Feasibility

- Residential Finance (simple) vs Commercial Finance (detailed)
- Major headings:
 - Revenue -
 - GRV LESS Sale costs
 - Costs -
 - Acquisition costs
 - Hold costs
 - Design costs
 - Approval costs
 - Construction costs
 - Completion costs & GST & Tax

FINANCIAL FEASIBILITY
Simple Feasibility – Example Deal 1

Items		\$
Revenue		
Total Sales	A	\$1,440,000
Selling & Marketing Costs	B	\$43,200
Sales Proceeds	A-B	C \$1,396,800
Costs		
Acquisition + Costs		
Hold Costs		
Design & Approval Costs		
Build & Titling Costs		
Completion Costs		
GST		
Total Costs		
Profit (Loss)		

FINANCIAL FEASIBILITY

Simple Feasibility – Example Deal 1

Items		\$
Revenue		
Total Sales	A	\$1,440,000
Selling & Marketing Costs	B	\$43,200
Sales Proceeds	A-B	\$1,396,800
Costs		
Acquisition + Costs	D	\$456,000
Hold Costs	E	\$30,000
Design & Approval Costs	F	\$30,000
Build & Tinting Costs	G	\$630,000
Completion Costs	H	\$20,000
GST	I	\$24,255
Total Costs	D+E+F+G+H+I	\$1,190,255
Profit (Loss)		



FINANCIAL FEASIBILITY

Simple Feasibility – Example Deal 1

Items		\$
Revenue		
Total Sales	A	\$1,440,000
Selling & Marketing Costs	B	\$43,200
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Costs		
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Hold Costs	E	\$30,000
Design & Approval Costs	F	\$30,000
Build & Tinting Costs	G	\$630,000
Completion Costs	H	\$20,000
GST	I	\$24,255
Total Costs	D+E+F+G+H+I	\$1,190,255
Profit (Loss)	C-J	\$206,545



FINANCIAL FEASIBILITY

Simple Feasibility – Example Deal 2

Items		\$
Revenue		
Total Sales	A	\$4,800,000
Selling & Marketing Costs	B	\$144,000
Sale Proceeds	A-B	\$4,656,000
Costs		
Acquisition + Costs		
Hold Costs		
DA Costs		
Approval Costs		
Construction Costs		
Completion Costs		
GST		
Total Costs		
Profit (Loss)		



FINANCIAL FEASIBILITY

Simple Feasibility – Example Deal 2

Items		\$
Revenue		
Total Sales	A	\$4,800,000
Selling & Marketing Costs	B	\$144,000
Sale Proceeds	A-B	C \$4,656,000
Costs		
Acquisition + Costs (\$1,625,000 + \$97,500)	D	\$1,722,500
Hold Costs	E	\$75,000
DA Costs	F	\$50,000
Build & Titling Costs	G	\$1,500,000
Completion Costs	H	\$100,000
GST	I	\$125,545
Total Costs	D+E+F+G+H+I	J \$3,573,045
Profit (Loss)		



FINANCIAL FEASIBILITY

Simple Feasibility – Example Deal 2

Items		\$
Revenue		
Total Sales	A	\$4,800,000
Selling & Marketing Costs	B	\$144,000
Sale Proceeds	A-B	C \$4,656,000
Costs		
Acquisition + Costs (\$1,625,000 + \$97,500)	D	\$1,722,500
Hold Costs	E	\$75,000
DA Costs	F	\$50,000
Build & Titling Costs	G	\$1,500,000
Completion Costs	H	\$100,000
GST	I	\$125,545
Total Costs	D+E+F+G+H+I	J \$3,573,045
Profit (Loss)	C-J	K \$1,082,955



FINANCIAL FEASIBILITY

Detailed Feasibility

** Expand on line items under each heading
Get as much detail as possible



FINANCIAL FEASIBILITY

GRV – Revenue Detail

- GRV – Gross Realisable Value
 - Sales based on Comparable Sales
 - LESS
 - Selling costs (Agent commission)
 - Marketing
 - Legal fees
 - Staging
 - = Sales Proceeds
 - ** If renting during deal, add rent received here too



FINANCIAL FEASIBILITY

Acquisition Costs

- Purchase Price
- Due Diligence Costs (Building & pest, soil test, consultants, building certifier etc.)
- Legal fees/Search Fees
- Stamp Duty
- Structure Set-up Fees
- Buyers Agent Commission (if applicable)



FINANCIAL FEASIBILITY

Hold Costs

- Council Rates incl water & sewer
- Interest
- Insurances
- Accounting Fees
- Management fees (if appropriate)
- Maintenance/Repairs
- Land Tax



FINANCIAL FEASIBILITY

Design Costs

- Land Survey
- Architect/Designer Fees
- Specialist Consultant Report Fees
- Quantity Surveyor Costing Fees



FINANCIAL FEASIBILITY

Approval Costs

- Town Planner Fee
- Council Planning Application Fees
- Building Approval Fees
- Operational Works
- Services re-location /Connection Fees
- Finance Application Fees



FINANCIAL FEASIBILITY

Construction Costs

- Project Management Fees
- Demolition and Disposal Fees
- Building Costs
- Landscaping Costs
- Arborist Fees – vegetation report/removal
- Developer contributions / Headworks costs / council contribution
- Upgrades to services



FINANCIAL FEASIBILITY

Completion Costs

- Title Survey
- Titling Fees
- Legal Fees
- Body Corporate Set-up Fees
- Council Plan Sealing
- Mortgagee Consent
- Sinking Fund
- Insurances
- Valuation
- Continuously Review and Update



FINANCIAL FEASIBILITY

GST & Tax

** Covered in Session 10



FINANCIAL FEASIBILITY

Financial Performance Measures

- Profit \$
 - % Profit on Development Costs
 - % Cash on Cash Return (CoC)
 - % Return on Investment (ROI)
- If Holding you may also need to consider...
- Cashflow \$
 - % Yield
 - % Return on Equity (ROE)
 - Timeframe to Pay Down Debt
 - % Profit on Costs



Profit (\$)

Profit \$ = End Value – Total costs

Item	Duplex Build
Purchase Price	\$285,000
Purchase Costs	\$17,000
Hold Costs	\$5,600
Strategy Costs (Construction)	\$600,000
Selling Costs	\$35,000
Total Costs (A)	\$942,600
End Value (B) 2 x \$550,000	\$1,100,000
Profit (B-A)	\$157,400

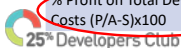


% Profit on Total Cost

• % Profit on Total Development Cost =

$$\frac{\text{Profit} / (\text{Total Costs} - \text{Selling Costs} - \text{GST})}{\text{Total Costs}} \times 100$$

Item	Cosmetic Reno
Purchase Price	\$285,000
Purchase Costs	\$17,000
Hold Costs	\$5,600
Strategy Costs (Reno)	\$26,000
Selling Costs (S)	\$12,000
Total Costs (A)	\$345,600
End Value (B)	\$385,000
Profit (P) = (B-A)	\$39,400
% Profit on Total Development Costs (P/A) x 100	11.8%



• Commercial lenders interested in total costs to develop the product to hold stage, not to sold stage.

• 20% Rule of Thumb for Commercially funded projects e.g. 4 + Multi-units

• % Profit on Total Development Cost = $(\$39,400 / \$345,600 - \$12,000) \times 100 = 11.8\%$

% Cash on Cash (CoC) Return

• % Cash on Cash Return = $(\text{Profit} / \text{Owner Funds Contributed}) \times 100$

- What is acceptable %? e.g. 37.3%
- Allows comparison between diff investment strategies with **same \$** in e.g. 2.5% term deposit, 4.5% off loan
- Allows comparison between different deals with **diff funds** required & diff profit e.g.

Deal A = \$50k profit / \$150k cash = 33%

vs

Deal B = \$200k profit / \$300k cash = 67%



FINANCIAL FEASIBILITY

% Cash on Cash (CoC) Return

• % Cash on Cash Return = (Profit / Owner Funds Contributed) x 100

Item	Cosmetic Reno	Loan Funds 80% LVR	Owner Funds
Purchase Price	\$285,000	\$228,000	\$57,000
Purchase Costs	\$17,000		\$17,000
Hold Costs	\$5,600		\$ 5,600
Strategy Costs (Reno)	\$26,000		\$26,000
Selling Costs (S)	\$12,000		
Total Costs (A)	\$345,600		
Funds Contributed		\$228,000	\$105,600 (F)
End Value (B)	\$385,000		
Profit (P) = (B-A)	\$39,400		
% Cash on Cash Return (P/F) x 100	37.3%		

• % Cash on Cash Return = $(39,400 / 105,600) \times 100 = 37.3\%$



FINANCIAL FEASIBILITY

% Return on Investment

• % Return on Investment (ROI) = % Cash on Cash Return (CoC)

• Investment = Owner Funds Contributed

ROI or CoC = (Profit / Owner Funds Contributed) x 100

SAME SAME



FINANCIAL FEASIBILITY

Per Annum Value



- The length of time for a project makes a difference!!!
- For any percentage performance measure you can compare projects with different time frames by converting the measure to a Per Annum percentage
- Calculate the total project length of time in years, then divide the percentage by the time

For example:

CoC of 40% for a 2 year project = 40% divided by 2 = 20% p.a

CoC of 40% for a 1.5 year project = 40% divided by 1.5 = 26.67% p.a



FINANCIAL FEASIBILITY

Duplex Deal Feasibility

- GRV = \$1,460,000
- TDC = \$1,163,166 (\$1,202,960-\$21,750 sale costs - \$18,044 GST)
- Profit = \$257,039
- %Profit = 22.1% (257,039/1,163,166)x100
- %COC = 86.5% (\$257,039 profit / \$297,086 cash in)x100



		Expense	Income
Land	Land Purchase	\$ 450,000	
	Deposit	\$ 25,000	
	Purchase Legal Cost	\$ 2,698	
	Insurance Land	\$ 480	\$ 3,178
Build	Build Deposit	\$ 4,075	
	Build Loan Deposit	\$ 99,000	
	Tapewere	\$ 1,409	
	Infrastructure Utility Water	\$ 13,035	
	Water Meter Install	\$ 1,856	
	3D Renderers	\$ 840	
	Engineers	\$ 1,980	
	Driveway extension	\$ 865	
	Variations	\$ 7,626	
	Strata Costs	\$ 2,487	
	Landscaping	\$ 225	
	Infrastructure SC Council	\$ 15,000	
	Utility Water Cart	\$ 1,138	
	Build Price	\$ 632,600	\$ 679,060
Holding Cost	Interest on Land	\$ 5,116	
	Interest on Build	\$ 6,421	
	Water	\$ 5,100	
	Rates	\$ 8,500	
	Rates	\$ 2,856	
	Water	\$ 2,187	
	Home Insurance	\$ 548	\$ 30,928
Sale	Unit 1 Sale	\$ 725,000	\$ 725,000
	Sale costs	\$ 21,750	\$ 21,750
	Unit 2 Value	\$ 735,000	\$ 735,000
GST	GST	\$ 18,044	\$ 18,044
	TOTAL	\$ 1,302,960	\$ 1,460,000
	Profit	\$ 257,039.52	

FINANCIAL FEASIBILITY

Duplex Deal – Comparable Sales

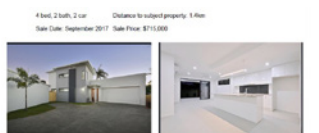


Waterfront duplex – superior 4brm, DLUG, Pool, Non-exclusive water access



Waterfront house – similar 3brm, older superior land & land tenure, DLUG, jetty

TARGET \$700k



Dry block duplex – superior 4brm, DLUG superior location & finishes



Dry block duplex – inferior 2brm, 1bath, ground level, older

FINANCIAL FEASIBILITY

Townhouse Deal - Feasibility

- Based on sell all 4 units on completion
- Conservative -based on \$1.2m sale price



		Cost	07-May-20 GST
Land Purchase Price	80%	\$ 1,625,000	\$ -
Stamp duty + Legal		\$ 93,132	\$ -
Titles Subdivision fees	4	\$ 650	\$ -
Legal Subdivision fees	4	\$ 665	\$ 2,740
Legal Sales Fees	4	\$ 750	\$ 275
Council - South East Water Rates and other fees Settlement of Land		\$ 4,223	\$ -
Landlord Residential Property Insurances		\$ 208	\$ 19
South East Water service rates		\$ 5,504	\$ -
Land Tax		\$ 7,848	\$ -
Council Development Contribution	3%	\$ 48,750	\$ -
Council - Planning Permit Application fees		\$ 1,070	\$ -
Council -Removal of tree		\$ 1,396	\$ -
Total Building costs incl GST		\$ 1,806,000	\$ 184,182
Planning and Building Documents		\$ 40,514	\$ 3,655
Arborist Inspection		\$ 130	\$ 11.82
Percolation Test		\$ 418	\$ 38
Abolishment of Gas		\$ 67	\$ 6
Land Surveyor Subdivision Fees		\$ 4,500	\$ 409
Electronic Plans		\$ 9,058	\$ 827
South East Water - Contribution Fees		\$ 4,598	\$ -
Body Corporate		\$ 750	\$ 68
Council Road opening permit		\$ 380	\$ -
Asset Protection Permit		\$ 4,552	\$ -
GST		\$ 112,906.74	\$ 288,635
Loan fee		\$ 25,000	\$ -
Finance holding costs	3.1%	\$ 90,602	\$ -
Marketing Campaign		\$ 10,000	\$ 908
Agents commission	1.7%	\$ 75,204	\$ 7,400
Total costs		\$ 3,981,431	\$ 175,730
Sale Price - Value incl GST	0	\$ 4,800,000	\$ 288,635
Less Total costs		\$ 3,981,431	\$ -
Gross Profit		\$ 818,569	\$ -
ROI (Project Cost)		21%	\$ -
Total Bank Loan		\$ 3,050,000	\$ -
Total Cash Funds		\$ 752,000	\$ -
Loan on Cash return		109%	\$ -



Exit Strategies



- Develop feaso for multiple exit strategies
 - Different number of units
 - Different bedroom/bathroom combos
 - Keep/remove existing house
 - Sell/hold combos etc.
- Sell with DA
 - Calculate Market Value of DA approved site
 - Need to build in profit for Ultimate Buyer (10-20%)!!



Calculating Market Value DA Site – Deal 2

Items	Formula	Deal 2
STEP 1 End Value (GRV)	A	\$ 4,800,000
Sale Costs (3%)	B	\$ 144,000
Sale Proceeds	C= A - B	\$ 4,656,000
20% Profit	D= C x 20%	
Balance	E= C - D	
STEP 2 Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	
DA Uplift	G= E - F	
DA Costs	H	
Your Profit Potential	I= G - H	
Market Val DA Site	J= Total Purchase costs + H + I	

Sales price = \$1,200,000 each

Purchase price = \$1,625,000
Purchase costs = \$97,500
Total Purchase Costs = \$1,722,500

Build & Titling Costs = \$1.6m
Hold Costs = \$75,000

GST on sale = \$288,636 (margin scheme)
GST on costs = \$163,091
GST liability = \$125,545

DA costs = \$50,000



Calculating Market Value DA Site – Deal 2

Items	Formula	Deal 2
STEP 1 End Value (GRV)	A	\$ 4,800,000
Sale Costs (3%)	B	\$ 144,000
Sale Proceeds	C= A - B	\$ 4,656,000
20% Profit	D= C x 20%	\$ 931,200
Balance	E= C - D	\$ 3,724,800
STEP 2 Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	
DA Uplift	G= E - F	
DA Costs	H	
Your Profit Potential	I= G - H	
Market Val DA Site	J= Total Purchase costs + H + I	

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DA costs = \$50,000



FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 2



	Items	Formula	Deal 2	
STEP 1	End Value (GRV)	A	\$ 4,800,000	Sales price = \$1,200,000 each
	Sale Costs (3%)	B	\$ 144,000	
	Sale Proceeds	C = A - B	\$ 4,656,000	Purchase price = \$1,625,000
	20% Profit	D = C x 20%	\$ 931,200	Purchase costs = \$97,500
	Balance	E = C - D	\$ 3,724,800	Total Purchase Costs = \$1,722,500
STEP 2				Build & Titling Costs = \$1.6m Hold Costs = \$75,000
	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 3,523,045	GST on sale = \$288,636 (margin scheme)
	DA Uplift	G = E - F		GST on costs = \$163,091
	DA Costs	H		GST liability = \$125,545
	Your Profit Potential	I = G - H		DA costs = \$50,000
	Market Val DA Site	J = Total Purchase costs + H + I		

FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 2



	Items	Formula	Deal 2	
STEP 1	End Value (GRV)	A	\$ 4,800,000	Sales price = \$1,200,000 each
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STEP 2				Build & Titling Costs = \$1.6m Hold Costs = \$75,000
	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 3,523,045	GST on sale = \$288,636 (margin scheme)
	DA Uplift	G = E - F	\$ 201,755	GST on costs = \$163,091
	DA Costs	H		GST liability = \$125,545
	Your Profit Potential	I = G - H		DA costs = \$50,000
	Market Val DA Site	J = Total Purchase costs + H + I		

FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 2

	Items	Formula	Deal 2	
STEP 1	End Value (GRV)	A	\$ 4,800,000	Sales price = \$1,200,000 each
	Sale Costs (3%)	B	\$ 144,000	
	Sale Proceeds	C = A - B	\$ 4,656,000	Purchase price = \$1,625,000
	20% Profit	D = C x 20%	\$ 931,200	Purchase costs = \$97,500
	Balance	E = C - D	\$ 3,724,800	Total Purchase Costs = \$1,722,500
STEP 2				Build & Titling Costs = \$1.6m Hold Costs = \$75,000
	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 3,523,045	GST on sale = \$288,636 (margin scheme)
	DA Uplift	G = E - F	\$ 201,755	GST on costs = \$163,091
	DA Costs	H	\$ 50,000	GST liability = \$125,545
	Your Profit Potential	I = G - H	\$ 151,755	DA costs = \$50,000
	Market Val DA Site	J = Total Purchase costs + H + I		

FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 2

Items	Formula	Deal 2
STEP 1 End Value (GRV)	A	\$ 4,800,000
Sale Costs (3%)	B	\$ 144,000
Sale Proceeds	C = A - B	\$ 4,656,000
20% Profit	D = C x 20%	\$ 931,200
Balance	E = C - D	\$ 3,724,800
STEP 2 Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 3,523,045
DA Uplift	G = E - F	\$ 201,755
DA Costs	H	\$ 50,000
Your Profit Potential	I = G - H	\$ 151,755
Market Val DA Site	J = Total Purchase costs + H + I	\$ 1,924,255

Sales price = \$1,200,000 each
Purchase price = \$1,625,000
Purchase costs = \$97,500
Total Purchase Costs = \$1,722,500
Build & Titling Costs = \$1.6m
Hold Costs = \$75,000
GST on sale = \$288,636 (margin scheme)
GST on costs = \$163,091
GST liability = \$125,545
DA costs = \$50,000



FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 1

Items	Formula	Deal 1
STEP 1 End Value (GRV)	A	\$ 1,440,000
Sale Costs (3%)	B	\$ 43,200
Sale Proceeds	C = A - B	\$ 1,396,800
20% Profit	D = C x 20%	
Balance	E = C - D	
STEP 2 Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	
DA Uplift	G = E - F	
DA Costs	H	
Your Profit Potential	I = G - H	
Market Val DA Site	J = Total Purchase costs + H + I	

Sales price = \$720,000 each
Purchase Price = \$450,000
Purchase Costs = \$6,000
Total Purchase Costs = \$456,000
Build & Titling Cost = \$650k
Hold Costs = \$30,000
GST on sale = \$90,000 (margin scheme)
GST on costs = \$65,745
GST liability = \$24,255
DA costs = \$30,000



FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 1

Items	Formula	Deal 1
STEP 1 End Value (GRV)	A	\$ 1,440,000
Sale Costs (3%)	B	\$ 43,200
Sale Proceeds	C = A - B	\$ 1,396,800
20% Profit	D = C x 20%	\$ 279,360
Balance	E = C - D	\$1,117,440
STEP 2 Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	
DA Uplift	G = E - F	
DA Costs	H	
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	Sale Proceeds	C = A - B	\$ 1,396,800	Purchase Costs = \$6,000
	20% Profit	D = C x 20%	\$ 279,360	Total Purchase Costs = \$456,000
	Balance	E = C - D	\$1,117,440	Build & Titling Cost = \$650k Hold Costs = \$30,000
STEP 2	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 1,160,255	GST on sale = \$90,000 (margin scheme)
	DA Uplift	G = E - F		GST on costs = \$65,745
	DA Costs	H		GST liability = \$24,255
	Your Profit Potential	I = G - H		DA costs = \$30,000
	Market Val DA Site	J = Total Purchase costs + H + I		



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Calculating Market Value DA Site – Deal 1

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	Sale Proceeds	C = A - B	\$ 1,396,800	Purchase Costs = \$6,000
	20% Profit	D = C x 20%	\$ 279,360	Total Purchase Costs = \$456,000
	Balance	E = C - D	\$1,117,440	Build & Titling Cost = \$650k Hold Costs = \$30,000
STEP 2	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 1,160,255	GST on sale = \$90,000 (margin scheme)
	DA Uplift	G = E - F	-\$ 42,815	GST on costs = \$65,745
	DA Costs	H		GST liability = \$24,255
	Your Profit Potential	I = G - H		DA costs = \$30,000
	Market Val DA Site	J = Total Purchase costs + H + I		



FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 1

	Items	Formula	Deal 1	
STEP 1	End Value (GRV)	A	\$ 1,440,000	Sales price = \$720,000 each
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	Balance	E = C - D	\$1,117,440	Build & Titling Cost = \$650k Hold Costs = \$30,000
STEP 2	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 1,160,255	GST on sale = \$90,000 (margin scheme)
	DA Uplift	G = E - F	-\$ 42,815	GST on costs = \$65,745
	DA Costs	H	\$30,000	GST liability = \$24,255
	Your Profit Potential	I = G - H	-\$ 72,815	DA costs = \$30,000
	Market Val DA Site	J = Total Purchase costs + H + I		



FINANCIAL FEASIBILITY

Calculating Market Value DA Site – Deal 1

	Items	Formula	Deal 1	
STEP 1	End Value (GRV)	A	\$ 1,440,000	Sales price = \$720,000 each
	Sale Costs (3%)	B	\$ 43,200	Purchase Price = \$450,000
	Sale Proceeds	C = A - B	\$ 1,396,800	Purchase Costs = \$6,000
				Total Purchase Costs = \$456,000
	20% Profit	D = C x 20%	\$ 279,360	
	Balance	E = C - D	\$1,117,440	Build & Titling Cost = \$650k Hold Costs = \$30,000
STEP 2				
	Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$ 1,160,255	GST on sale = \$90,000 (margin scheme)
	DA Uplift	G = E - F	-\$ 42,815	GST on costs = \$65,745 GST liability = \$24,255
	DA Costs	H	\$30,000	DA costs = \$30,000
	Your Profit Potential	I = G - H	-\$ 72,815	
	Market Val DA Site	J = Total Purchase costs + H + I	\$ 413,185	



FINANCIAL FEASIBILITY

Additional Performance Measures

- We have included explanations of additional performance measures for your review
- For additional information – [WWW Series - Analysing a Deal - Tamara Read April 2019 Feasibility Software and Training – FAQ 3](#)



FINANCIAL FEASIBILITY

Financial Performance Measures

If Holding you may also need to consider...

- Cashflow \$
- % Yield
- % Return on Equity (ROE)
- Timeframe to Pay Down Debt
- % Profit on Costs



FINANCIAL FEASIBILITY

% Return on Equity

Portfolio Analysis Spreadsheet – Ultimate Bootcamp Workbook

PROPERTY NAME	INCOME R/A	PROPERTY EXPENSES B	INTEREST RATE C	INTEREST S	NET PROFIT D	EST % GROWTH E	EST \$ GROWTH F	VALUE G	LOAN S H	EQUITY S I	% ROE J
	Revenue Income per annum	Mortgage Rate, Maintenance per annum	Loan Interest Rate	Loan Interest per annum	A-B-C	★	G * E	Current Value	Loan Amount	G - H	(D+E)/I * 100
Example - 10 Single w/	\$ 31,200	\$ 2,000	5.99%	\$ 20,870	\$ 8,230	5%	\$ 25,000	\$ 500,000	\$ 300,000	\$ 200,000	17%

★ Annual Growth (Research for Suburb – Your Investment Property Magazine, RPData, My Valuer, Price Finder)

Cash Flow Calc

Annual Growth Calc

Equity Calc

%ROE Calc

- ROE = ((Net Yearly Operating Profit or Loss + Estimate Yearly Growth)/Net Equity) x 100
- ROE = (+8,230 + 25,000)/\$200,000 x 100 = 17%
- How hard your equity is working
- Compared to having cash in the bank at 2.5% return or off-set against loan at 4.5%



FINANCIAL FEASIBILITY

% Profit on Costs

- % Profit on Cost = (Profit / Total Costs) x 100

Item	Cosmetic Reno
Purchase Price	\$285,000
Purchase Costs	\$17,000
Hold Costs	\$5,600
Strategy Costs (Reno)	\$26,000
Selling Costs	\$12,000
Total Costs (A)	\$345,600
End Value (B)	\$385,000
Profit (P) = (B-A)	\$39,400
% Profit on Costs (P/A)x100	11.4%

- Allows You to Compare Between Different Deals
- Is 25% Realistic & where did it come from? (Large Deals, Commercial Finance, % Profit on Development Cost)
- What is Acceptable %?
- % Profit on Cost = (\$39,400 / \$345,600) x 100 = 11.4%





Development Applications



SESSION SEVEN




Development Applications



DEVELOPMENT APPLICATIONS

Finalise Preliminary Design

- Finalise preliminary design documentation
 - Concept plans
 - Landscape plan
 - Soil/Geotech report
 - Engineering reports
(Civil, Stormwater management plans, services connection, erosion & sediment control plans, driveway design etc.)
 - Specialist reports e.g. traffic, arborist, heritage etc.

DEVELOPMENT APPLICATION
Activity – Worksheet 4

Review Deal Details:
Deal 1 = Page 2; Deal 2 = Page 5

1) What specialist reports will you need for your deal?

Complete Activity Worksheets Pg 11



5 min




Pre-Application

- Pre-lodgment meeting with Council (Town Planning & Engineering)
 - If recommended by your Town Planner
 - Assess Council's appetite for proposal
 - Obtain feedback prior to submission



Application Process

- Town Planner preps & lodges Townplanning Report - Addresses code requirements, includes plans, specialist reports, Standard Forms e.g. owner's consent.
- Council confirms submission properly made
 - RFI – Request for Information
 - Advertising / Public notification period (if triggered)
 - Review and amend where necessary
 - Decision Notice
 - DA issued with Conditions – if approved
- Appeal process if rejected (VIC = VCAT)



DA Approval



- Review and understand DA Conditions
 - YOU review & understand impact on project
 - Town Planner and Engineer review conditions
 - Ensure conditions are explicit – any ambiguity = future problem
 - Negotiate conditions if required = Negotiated Decision Notice
- DA timeframe – some States legislated e.g. QLD closely monitor timeframes. Council's failure to respond can be deemed to be approved
- DA expiry 2-4 years



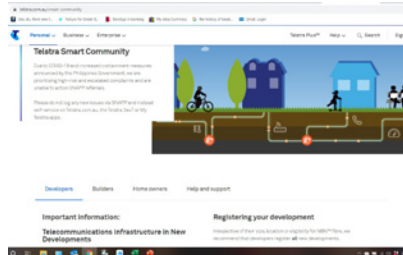
Operational Works Approval

- DA approval = Council Town Planners assess against Town Planning Code e.g. Dual Occupancy Code
- Operational Works = Council Engineers assess against engineering standards
- Process:
 - 1) Part of DA approval process therefore extra engineering detailed possibly required
 - 2) Completely separate process – less design in DA and more in Op Works stage



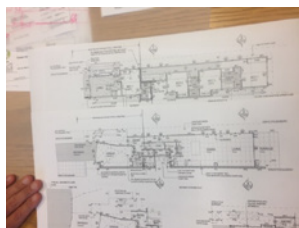
Operational Works Approval Cont..

- Sequential with DA or overlapping – Town Planner / engineer advice
- Approval from Utilities Authorities – water, electricity, gas, sewer, stormwater, Telstra, NBN
- **Begin this process early!**



Duplex Deal

- Dual Occupancy = Self Assessable = Building Certifier approved against Council Code as part of Building Approval
- No DA approval process through Council
- No public notification
- No separate Op Works stage - part of BA
- No upgrade of services required





Detailed Design Costings






SESSION EIGHT
Detailed Design & Costings



DETAILED DESIGN AND COSTINGS

Finalise Working Drawings

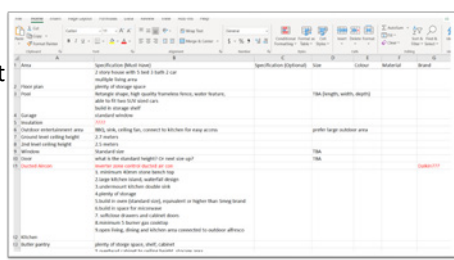


- Dimensioned & detailed Architectural plans
- 3D renders
- Structural engineering drawings
- Civil engineering plans
- Hydraulics plans
- Services plans
- Energy efficiency compliance report (BERS)
- Ensure plans incorporate - DA conditions & Energy efficient compliance

DETAILED DESIGN AND COSTINGS

Obtain Final Costings

- Tender process
- Full plan set
- Specifications document
 - Scope of works
 - Fixtures & finishes schedule
 - Electrical plan
 - Tiling plan
 - Painting plan
- Quantity surveyor

MARKETING AND SELLING

Duplex Deal – Renders

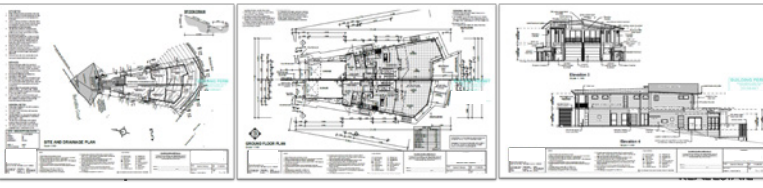
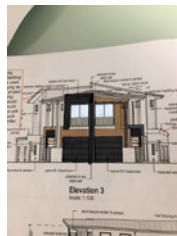
- Renders used to finalise design



DETAILED DESIGN AND COSTINGS

Duplex Deal – Working Drawings

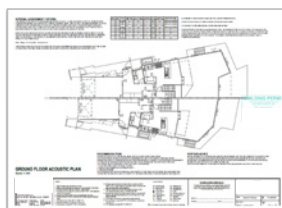
- Builder's drafts person took architectural plans & drafted Working Drawings
- Site & drainage plan, Floor plans, Elevations,



DETAILED DESIGN AND COSTINGS

Duplex Deal – Working Drawings Cont...

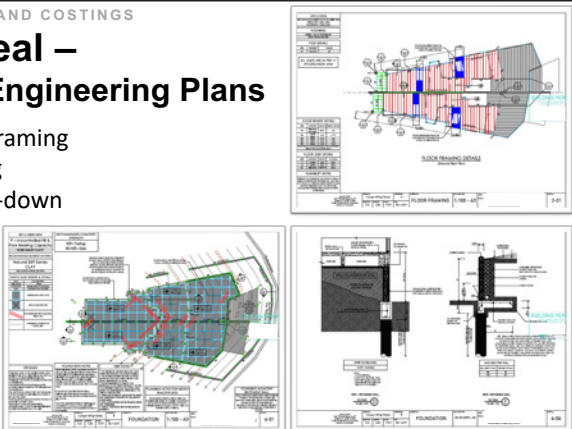
- Cross section plans, Electrical plans, Joinery plans, Acoustic plan, Slab plan



DETAILED DESIGN AND COSTINGS

Duplex Deal – Structural Engineering Plans

- Roof & wall framing
- Floor framing
- Bracing & tie-down
- Foundation
- Blockwork



25th Developers Club

DETAILED DESIGN AND COSTINGS

Duplex Deal - Specs

- Had previously compared builder's duplex build costs prior to selecting final builder
- Builder updated costings during working drawings prep
- Used Builders Standard Specifications / Inclusions




STANDARD IN ALL OUR HOMES

25th Developers Club

I LOVE REAL ESTATE

DETAILED DESIGN AND COSTINGS

Duplex Deal - Specs



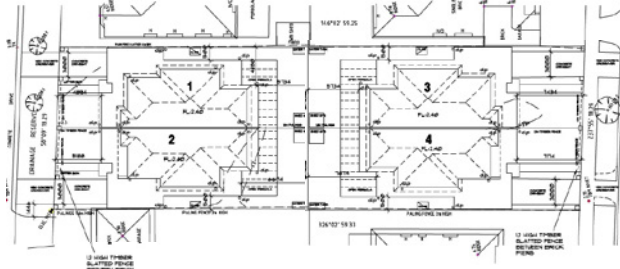
BATHROOM

KITCHEN

EXTERNAL & FLOOR COVERINGS

DETAILED DESIGN AND COSTINGS

Townhouse Deal – Site Plan



DETAILED DESIGN AND COSTINGS

Townhouse Deal - Specs

- High end finishes and custom joinery suitable for target market based on research



DETAILED DESIGN AND COSTINGS

Team Required

- Town Planner
 - Private
- Specialist Consultants incl Energy Efficiency
- Building Designer/Draftsperson/Architect
- Structural Engineer
- Builder
- Building Certifier
- Quantity Surveyor





Building Approvals



SESSION NINE
Building Approvals



BUILDING APPROVALS

BA Process

- Building Certifier / Surveyor on behalf of Council
- Insurances:
 - Contract Works Insurance – Bank noted as Interested Party; Ceases at Practical Completion
 - Home Warranty Insurance
 - Construction Industry Portable Long Service Leave
 - Builder – PI & PL
 - Building & Contents Insurance – following Practical Comp.
- Plumbing Approval
- Building Approval – 2yrs validity – stamped plans



BUILDING APPROVALS

Inspections



- Footings
- Slab
- Frame
- Fire Separation
- Final
 - Compliance Certificates – provide to Building Certifier/Surveyor
 - Certificate of Occupancy – issued by Building Certifier/Surveyor





Demolition & Construction

Commercial Build Contracts

- Residential property (4+ units) or Commercial Property construction
- Non-standard Contract
- Retention Money e.g. 5% 12mths
- Negotiable Progress Payment schedule (Confirm with Bank first though)



Commercial Building Contract
Contractor to Principal



Master Builders
The Home of Building



Demolition

- Demolition Approval
- Services disconnection (power, water, gas, sewer)
- Understand Terminology – e.g. sewer disconnection, capping, sealing
- Retain water & power on-site (e.g. asbestos removal)
- Tree & vegetation removal approval
- Demolition process – notify neighbors, photograph boundaries, insurance
- Asbestos removal – suggest contracted by demolition Co.
- Site preparation to handover to Builder – scrapped site
- Don't demolish too early (soil erosion, site val?)



House Relocation

- Is it permitted?
- Consider selling instead of demolishing
 - Ultimate Recycling
 - May be able to sell rather than spending \$\$
 - Consider giving it away
 - Relocate to existing alternative property



 WWW – House Relocation – Tamara Read May 2018



Council Op Works Pre-start Meeting

- Meet with Builder and Council representative (Engineer)
- Confirm site works & any changes
- Go to meeting prepared
- Confirm chain of communication



Physical Construction Stages

 [WWW – Construction – Tamara Read February 2021](#)

- 1) Confirm Insurances valid & in-place (Bank = Interested party)



Physical Construction – Hand-over

- 2) Site hand-over to Builder (Notify as per Build Contract – In writing)

- Site cleared & scrapped
- Temp power



DEMOLITION AND CONSTRUCTION

Physical Construction – Footing / Slab

3) Footings / Slab

- Under-slab services installed
- Footings installed
- Slab poured



DEMOLITION AND CONSTRUCTION

Physical Construction – Frame

4) Frame

- Wall frames installed
- Roof trusses installed
- Services rough-in (power, water, gas, phone)

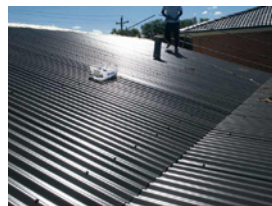


DEMOLITION AND CONSTRUCTION

Physical Construction – Lock-up

5) Lock-up

- External wall cladding fixed
- Roof covering fixed
- External windows and doors installed



Physical Construction – Fix-out

6) Fix-out

- Internal lining / plastering
- Architrave, skirting, internal doors
- Cabinetry installed
- Services fit-off
- Floor covering
- Wet area tiling
- Painting
- Garage doors
- Appliances in



Physical Construction – Finishing

6) Finishing

- Shower screens, mirrors, flyscreens
- Gapping
- Window coverings
- Cleaning
- Services connections finalised
- Defects



Completion

- Final Plumbing Inspection & Certificate
- Final Building Certifier Inspection – Certificate of Occupancy / Certificate of Classification Issued,
- Final Council Inspection – triggered by Plan Sealing
- Ensure builder provides “As Construct” plans
- Prior to signing Builders Practical Completion Letter
 - Major defects attended to (On-maintenance defects only left)
 - Your strongest negotiation tool = \$\$
 - Building & Contents Insurance in place
- Fire Evacuation Plans

FINAL

Hand-over

- Ensure You Obtain:
 - Certificates – compliance
 - Keys (unit, letter boxes, sheds)
 - Remote controls (garage door, aircon etc.)
 - Instruction manuals (appliances etc.)
 - Warranties
 - List of suppliers (e.g. appliances, fittings / fixtures)
- Arrange On-maintenance defects process – 1 week, 1 month?, tenants / owners contact builder direct?



Relationship Management

- Meet regularly with your Builder and team (Weekly preferably)
- Set expectations in advance
- Site access – unannounced & unaccompanied?
- Don't make assumptions – ask questions
- Take Minutes - Note actions, responsible person, timeframe & keep accountable
- Communication is KEY
- Use email only as confirmation – TALK



Project Management & Quality

- Be clear about expectations and timeframes
- If not qualified or confident, engage a project manager
- Check in regularly
- Agree communication process – frequency and method
- Consider engaging a building inspector to confirm compliance and quality at key stages (Progress payment claims & Practical Completion)



DEMOLITION AND CONSTRUCTION

Timeframes

- Plan out project timelines with team
- Provide everyone with the plan
- Make sure everyone understands the timeframes
- Stay on top of time blow-outs – they cost \$\$
- Builder to update project timeline frequently (esp. critical path items)

ACTIVITY	START	FINISH	START	FINISH	START	FINISH
Site prep & clearing	1	2	3	4	5	6
Foundation	7	8	9	10	11	12
Roofing	13	14	15	16	17	18
Wall framing	19	20	21	22	23	24
Roofing	25	26	27	28	29	30
Interior framing	31	32	33	34	35	36
Roofing	37	38	39	40	41	42
Interior framing	43	44	45	46	47	48
Roofing	49	50	51	52	53	54
Interior framing	55	56	57	58	59	60



DEMOLITION AND CONSTRUCTION

Duplex Deal - Slab



DEMOLITION AND CONSTRUCTION

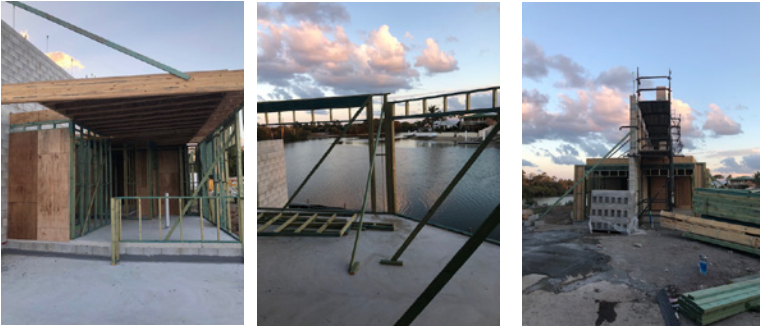
Duplex Deal – Frame Stage

- Residential build contract – rushed signing = variations
- 6mth build
- Defects covered over first 12mths by builder



DEMOLITION AND CONSTRUCTION

Duplex Deal – Frame Stage



DEMOLITION AND CONSTRUCTION

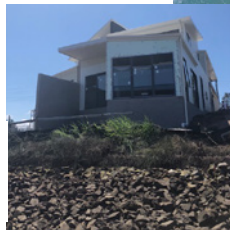
Duplex Deal – Lock-up Stage

Weather board discussed but not included in spec = variation



DEMOLITION AND CONSTRUCTION

Duplex Deal – Fix-out



Acoustic upgrade – glass on upstairs bedroom closest to road both units = Variation

Spec = double sink + drainer but no bench space so changed to single sink & drainer = Variation



DEMOLITION AND CONSTRUCTION

Townhouse Deal – Demolition



PWJ Building Surveying Services
PO Box 1162, Spring, VIC, 3021 Ph: 03 9371 2100 Email: info@pwjbuilding.com.au



CERTIFICATE OF FINAL INSPECTION
Form 17
November 2018
Building Regulations 2018
Page 18 of 20

8 August 2019

Francis Developments Pty Ltd
PO Box 1162, Spring VIC 3027

Dear Sir/Madam

Building Permit No: **P85-2018**

Description of Works: **Demolition of Dwelling & Shed**

Address: **EDITHVALE VIC 3196**

Congratulations on receiving your building permit, regarding the complete the process with Council. And in accordance with our Code you will also require an Asset Protection permit. This permit is designed to protect your property from damage caused by debris from demolition, earth, rocks, vehicle overhang, retain walls and other structures. Please refer to the following for an overview of the application process and requirements:

- Visit www.kingston.vic.gov.au/assetprotection to complete your application.
- The Asset Protection Permit application must be completed within 8 days prior to the commencement of any building process you will need to provide photos / evidence of pre-application.
- An Asset Protection Permit consists of:
 - A non-refundable fee of \$388 (GST incl) to cover...



Property details:
Number 85 Street _____ Suburb EDITHVALE Postcode 3196
_____ Falls 194
_____ 3196 Municipal District Kingston City Council

Description
Dwelling and shed
Garage, workshop, shed or storage facility

DEMOLITION AND CONSTRUCTION

Townhouse Deal – Site Preparation

- Plumbing and electrical conduit installed in preparation for slab to be poured



DEMOLITION AND CONSTRUCTION

Townhouse Deal – Frame Stage



Townhouse Deal – Lock up Stage

- Ready to move inside



Demolition & Construction Activity – Worksheet 5

Review Details Provided:

Deal 1 = Page 3-4; Deal 2 = Page 6-7

- 1) Review build contract clauses & discuss areas for negotiation

Complete Activity Worksheets Pg 12



8 min



Team Required

- | | |
|---------------------------------|----------------------|
| • House Remover | • Land Surveyor |
| • Demolition Contractor | • Quantity Surveyor |
| • Tree Lopper | • Insurance Broker |
| • Builder | • Council |
| • Specialist Trades | • Building Inspector |
| • Project Manager | • Solicitor |
| • Building Certifier / Surveyor | |
| • Mortgage Broker | |
| • Valuer | |





Securing Finance



SESSION ELEVEN
Securing Finance



SECURING FINANCE

Fundamentals of Finance

Where do I start?

Development is an advanced strategy.

It isn't difficult, but it is detailed. Every type and size of deal has a different approach and you need to consider the whole project end to end. Look at it as a race with hurdles. We need to think about the whole race and not just race to the first hurdle.

A professional approach is expected. Get the basics right.



SECURING FINANCE

Fundamentals of Finance

What are the Basics?

- Tax Returns up to date
- Paperwork is correct
- Numbers are right (ish)
- Fundamental understanding is sound



Development Life Cycle

GET READY – Structuring / Equity / Scope – JV?



AQUIRE LAND – Valuation / DA Site vs House vs Vacant



CONSTRUCTION – Valuation and Process



AFTER CONSTRUCTION – Sell or Refinance?



Fundamentals of Finance

All lending is based on two factors:

Security – How much will the Bank lend and what do you need to put in
Servicing – How will the Bank get its money back?

In all Lending these need to be satisfied, either by you satisfying them or building a structure that will satisfy them



Structuring for Success

Three Structures to consider in approaching the deal and satisfying these are:

- 1/ one entity
- 2/ money partner + worker partner
- 3/ 50/50 serviceability + equity partner



Breaking Down the Cycle – Construction Finance

What is needed?

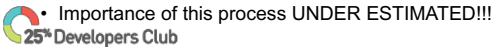
- Updated versions of the same information as Land Acquisition
- Development Budget and Cashflow
- Build Contract (at least in draft)
- Development Approval
- Building Approval (not critical at start, but will be needed)
- Quantity Surveyor Report
- Valuation Report
- Marketing Plan
- Experience – this is becoming more necessary. May need to hire professional project management
- Cash is KING – 1/3rd Total Development Cost as a Minimum



Breaking Down the Cycle - Valuations

Valuers – Why are they so important – Construction

- Choosing your valuer
- Valuation Process
 - In-one-line (valued assuming on one title)
 - Strata titled (valued on separate titles)
- Process
 - Acquisition
 - Development Finance/Construction
 - Pre-Sales/Marketing (Off the plan) Preparation is key
- Hard to get valuer to change their mind & amend report - even harder to get bank to sometimes!!



Breaking Down the Cycle

Construction Finance End to End...

What will we need to make it look like to fund end to end?

- Do we need to Pre-Sell? How many need to be Pre-Sold?
- Can we capitalise Interest?
- How much equity to we need to inject?
 - In one line valuation is likely to be equivalent to GRV less around 15 - 20%
 - Bank will then lend 65% of the valuation result.
 - Total Development Cost x 70%



Which number is less? This is what Bank will lend.


You need to cover the difference between total cost and Bank lend, adjusted for existing debt and equity already injected.



SECURING FINANCE

Construction Finance – Cost and Time


	Residential Finance (<=3 Units) Deal 1	Commercial Finance (4+ Units) Deal 2
Application Fees	Lower	Higher (% based)
Approval Timeframe	Shorter	Longer
Interest Rate	Lower	Higher
Capitalise Interest	No	Yes
Hard & Soft Costs Included	No (Hard Only – Build Contract)	Yes – based on LVR
GST on Costs	Funded	Funded? through separate loan / over draft
Mortgage Broker / Bank	Standard	Specialist
Others Involved - Approval	Valuer	Valuer, QS, Bank Solicitor (Pre-sales review)
Others Involved – Construction	Valuer	Valuer, QS
Draw-down Approval	You	Valuer, QS
Release of Bank Funds	After Yours Used (Hurt \$)	After Yours Used (Hurt \$)





SECURING FINANCE

Breaking Down the Cycle – Sell or Refinance?

Settle all of your Presales
 Sell remaining on open market
 Refinance whatever remains back to a Residential Loan





Be careful of where you still own more than 25% of the end development
 May have to keep as a form of Commercial Finance
 Usually the end product is not something that we like to keep, but can be
 Celebrate your Success!

SECURING FINANCE

COVID and the Current Environment

- Development Appetite currently across the market is not strong
- Banks will still fund Development, but we need to present a solid transaction
- Residential Development (2 or 3) is much easier to fund than 3+
- Townhouses in the suburbs are better than Apartments in the city fringe
- Appetite for new deals is poor in Regional, Perth and Darwin
- Brisbane, Adelaide, Hobart and Very Large Regional is okay
- Sydney and Melbourne is currently the strongest
- Marginal Transactions are not okay. Need to work around presenting a strong deal.

Team Required

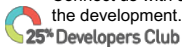
- Mortgage Broker
- Valuer



Specialist Finance Brokers – Why?

How to best work with one

- Start your relationship early, prior to going into a deal. Last minute pressure causes mistakes by us both.
- JV partners need to be vetted early to avoid problems later. They need to be vetted by the lead strategist.
- Have a good idea what deal you want to do. Every deal is different and minor changes in deal lead to major changes in approach.
- Work with us, we are not saying no to be nasty, but making sure you do what is achievable.
- What is the least equity, or maximum you can do is not a sensible conversation in the current market.
- Development has lots of opinion with little result. Trust that we are doing as much as possible to achieve the best result for you.
- Connect us with all of your other professionals. Keep us in the loop at each step through the development.



Duplex Deal - Financing

- Wizdom Strategist
- Residential finance
- Land purchase – 80% LVR
- Construction finance = Same bank – 80% build cost
- Rolled over to term loan on completion for held unit



SECURING FINANCE

Duplex Deal - Valuation

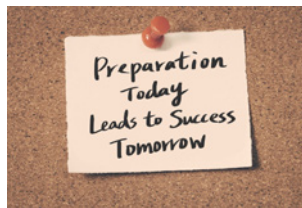
- No pre prep – BIG MISTAKE!
- Bank valued as 6brm house not duplex because
 - 1) no pre prep doc provided
 - 2) nothing in build contract mentioned strata, also devalued build contract
- Valuation = \$950k vs \$1.4M target
- Extra \$100k cash had to be put into deal
- Provided CMA doc to valuer after the fact
- Valuer inspected at first & last drawdown
- On-completion val done after first unit sold = \$10k higher = \$735k



SECURING FINANCE

Duplex Deal - Learnings

- Maximise loan amount by: Including as many costs as possible in build contract - DA, BA, Strata costs etc.
- Pre-prepare for Valuation



SECURING FINANCE

Townhouse Deal - Financing

- Existing banking relationship
- Residential finance for purchase – 80% LVR
- Refinanced to Commercial finance = 70% total purchase plus construction cost plus extras to cover contingency and council contributions
- Interest at 3.1% - capitalised on refinance so no impact on cashflow





Accounting & Tax



SESSION TWELVE

Accounting & Tax

Kamal Power B.Bus FCA
Client Advisor, Chartered Accountant



ACCOUNTING AND TAX

Structure for the Deal?



- Depending on deal may vary
- Company, **Discretionary Trust**, Partnership of Trusts, Unit Trust
 - TFN, ABN, GST, Bank Account
- Need to consider Asset Protection and Tax
- Will part of the project be retained (especially if JV deal)



ACCOUNTING AND TAX

Consulting Trust



- **Is one required – yes if you want to quit your job!!**
- Creates serviceability
- Converts income from nonrecurring projects into recurring income
- No project related costs
- Will require TFN, ABN, possibly GST, Bank Account
- Generally lenders require 2 years of ABN & 12 months GST
- Must invoice, not distribute funds – accruals or cash
- Could pay wage – super, PAYG, workers comp



Record Keeping

- Investor or Business of Real Estate – Asset Register
- Investor/Holding
 - Year End Accounting
 - Job Costing
- Business of Real Estate/Selling
 - Feasibilities
 - Budget v Actual
 - Job Costing



WWW Series - Business of Real Estate, Kamal Power – Sept 2021



Record Keeping



Documents to Keep

- Purchase/Sale Contracts & Settlement Statements
- Details of Margin Scheme if applied
- Receipts/Invoices for Annual Income and Expenses
- Property Agent Rental Statements
- Logbooks for MV expenses (if in the business of real estate)
- Diaries to verify home office expenses, internet, phone
- Receipts must be in English and legible



Tax Payable - Holding



- Investor
 - Taxed on net income along the way
 - Capital Gains Tax (CGT) when sell
 - May be subject to 50% general discount (depends on time held and ownership entity)
 - Rate of tax depends on ownership
 - 4 small business CGT concessions may apply but very specific



Tax Payable - Selling

- Business of Real Estate
 - GST for most deals where turnover above \$75k p.a.
 - Can backdate 4 years
 - Need to lodge monthly or quarterly BAS
 - 10% or Margin Scheme
 - Income Tax - rate depends on structure
 - For discretionary trust – who will receive distribution, consider bucket company
 - Settlement date to settlement date



GST when Selling

- 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 1/11th of contract price
- Reconciliation amount done in next periods BAS



ACCOUNTING & TAX
Activity – Worksheet 6



WIZDOM
Accountants | Finance Strategists | Advisors

Review Deal Feaso Details:
Deal 1 = Page 3; Deal 2 = Page 6

1) Calculate the GST applicable

Complete Activity Worksheets Pg 13

Group Activity

ACCOUNTING AND TAX
Duplex Deal - GST

WIZDOM
Accountants | Finance Strategists | Advisors

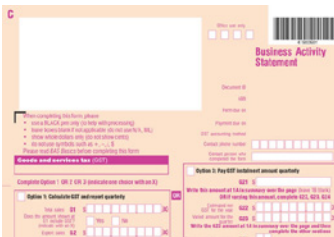
- GST paid not claimed back along the way in Quarterly BAS
- Balance GST to pay at tax time




ACCOUNTING AND TAX
Townhouse Deal - GST

- GST claimed for expenses throughout the project on BAS
- GST on sales to be paid when sold
 - Total GST on Sales = \$288k
 - Total GST on Expenses = \$176k
 - GST liability for project = \$112k







Strata Titling

STRATA TITLING

Process – Plan Sealing

- Plans & CMS submitted to Council
- Plan Sealing = Council stamping survey plans
- Triggers final Council Inspection – Assess construction vs DA conditions (Must be EXACT match down to plants)
- Triggers payment of Council Contributions



STRATA TITLING

Process – Mortgagee Consent

- Bank must consent to us changing their underlying security e.g. cancelling current survey land & replacing with new one
- Plan Sealed plans & Draft CMS submitted to Bank
- Use Mortgage strategist to ensure docs lodged to right place in bank
- YOU must track & manage the process to ensure timely



STRATA TITLING

Process – Titles Dept

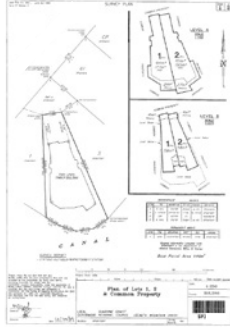
- Sealed plans, Draft CMS, & Mortgagee Consent lodged with Titles Department
- Solicitor, surveyor, or you can submit
- Body Corporate Registered
- Titles Registered
 - Pre-sales can now move to settlement
 - New sales can be done on standard contracts



STRATA TITLING

Duplex Deal – Strata Titling

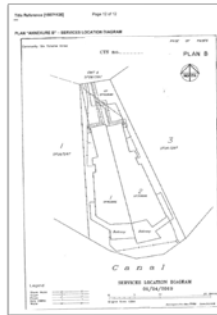
- Solicitor created CMS & lodged with titles Dept



STRATA TITLING

Duplex Deal – Strata Titling

- Exclusive Use Plan
- Common area = driveway only
- Services Location Diagram



STRATA TITLING

Team Required

- Land Surveyor
- Solicitor
- Body Corporate Specialist
- Mortgage Broker (Bank Consent)
- Bank/Financier
- Quantity Surveyor
- Council
- Titles Department





Marketing & Selling



SESSION FOURTEEN
Marketing & Selling



MARKETING AND SELLING

Preparation

- Visit display homes / units to get ideas for your marketing strategy
- Critically examine & photograph other projects
- Collect brochures and sales data from other properties
- Compile files including above info
- Talk to project sales agents and ask for customer’s criticisms

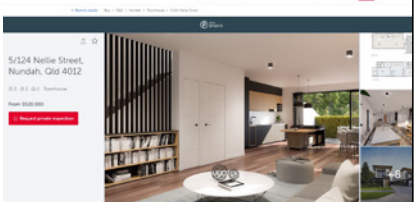






MARKETING AND SELLING

Pricing

- Assess price resistance levels
- Review recent market values (sold & currently on market)
- Decide on price range for each property you are selling based on your research
- Discuss project with shortlisted real estate agents & obtain their feedback on sale price & marketing strategy

MARKETING AND SELLING

Marketing Considerations

- Branding and Logo
- Artist Impressions / Renders (Photo realistic)
- Site Plan / Floor Plans
- Marketing material / Brochures / Website / FaceBook
- Pricing – Comparable sales confirmation
- Depreciation Schedule
- Rental Appraisal
- Valuation



MARKETING AND SELLING

Local Real Estate Agents

- Research real estate agents with experience selling your type of product in your area
- GVA – Agencies Tab (No. Listed vs Sold, Avg \$)

Agency Name	Year	Units Sold	Avg Price	Total Revenue
ABC Realty	2020	120	\$150,000	\$18,000,000
DEF Realty	2020	95	\$180,000	\$17,100,000
GHI Realty	2020	110	\$160,000	\$17,600,000
JKL Realty	2020	80	\$200,000	\$16,000,000
MNO Realty	2020	100	\$170,000	\$17,000,000



MARKETING AND SELLING

Local Real Estate Agents Cont....

- Prepare questions to ask
- Interview shortlisted agents, confirm what they see are the benefits of property, have them submit marketing proposal
- Call previous clients - confirm quality of agent/s
- Confirm agent's capability to sell off-the-plan (if relevant)
- Engage preferred agent on short exclusive period (45 days), extend if required, monitor performance

WWW – [Selecting a Gun Real Estate Agent - Nicolle Beer Nov 2018](#)
WWW – [Selling Property – Tamara Read July 2021](#)



MARKETING & SELLING

Activity – Worksheet 7

Review the Agent Summary Details:

Deal 1 = Page 4; Deal 2 = Page 7

- 1) Which 3 agents would you consider & why?
- 2) What is their average sale price?

Complete Activity Worksheets Pg 14



5 min



MARKETING AND SELLING

Pre-Sales / Off the Plan Contract

- Product sold prior to or during construction (post DA)
- De-risk project
- Unconditional but finance approval out of date (e.g. only valid 3mths)
- Risk = valuation @ settlement
- Solicitor prepare Pre-sales Contract & Disclosure Document (Plans, Specs, Draft CMS etc.)
- Ensure special clauses included in contract e.g. sunset clause, subject to titles etc.

DISCLOSURE STATEMENT	
CONTENTS	
PART 1	First Statement
PART 2	Draft Building Formal Plan
PART 3	Draft Floor Plans / Design Plans / Layout Plans
PART 4	Preliminary Schedule of Finances
PART 5	Proposed Annual Budget
PART 6	Lot Entitlements
PART 7	Body Corporate Manager Administration Agreement
PART 8	Community Management Statement
PART 9	Deed Appointing Attorney
PART 10	Power of Attorney Disclosure Statement
PART 11	Managed Investment Scheme Disclosure

WWW – Marketing Off the Plan – Mick Tiemens Oct 2018



MARKETING AND SELLING

Marketeers

- Suits investment type product
- Owner occupier better suited to selling through agents (touch and feel / emotional buyer)
- Avoid previously listing on internet – marketeers want direct access to developer's stock not avail to public
- High selling commission e.g. 5-7.5% = \$20-\$30k on \$400k sale



MARKETING AND SELLING

Duplex Deal – Marketing

- Artist Impressions
- Decided not to sell off the plan – strata titling delayed



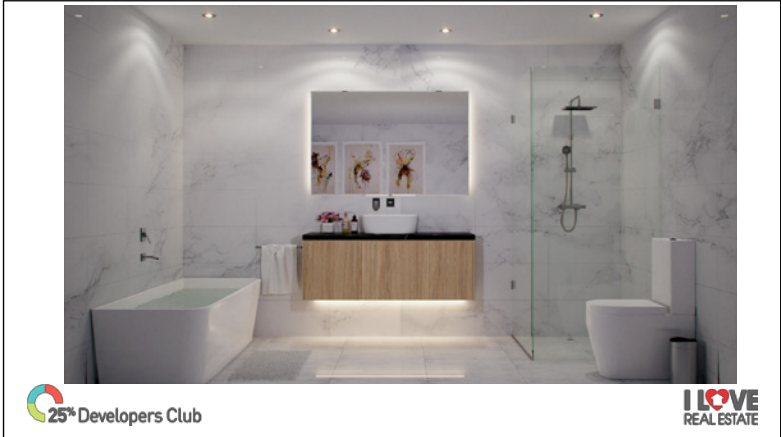
MARKETING AND SELLING

Townhouse Deal – Marketing

- Renders prepared
- Appealing to owner occupiers







25th Developers Club

I LOVE REAL ESTATE



Perfect for Entertaining
Bring the outdoors in

MARKETING AND SELLING

Selling Built Product Prior To Titles

- Standard real estate sales contract
- Special Condition – Settlement subject to Title Registration e.g. 21 days after titling

SPECIAL CONDITIONS

25th Developers Club

I LOVE REAL ESTATE

Written Copy - Ad

- Sell the sizzle
- **You** write the copy as you know the area & property best (Area research, Demographic research, Market research, Comparable sales research etc.)
- Dot points vs sentences
- Connect to emotion



Duplex Deal – Dusk & Drone Pics



Duplex Deal – Staged & Professional Pics



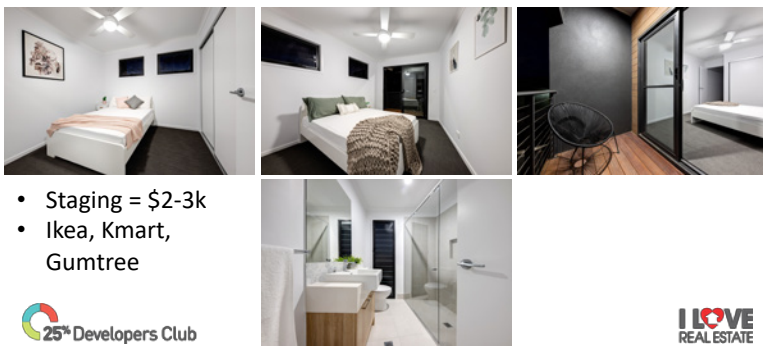
MARKETING AND SELLING

Duplex Deal – Staged & Professional Pics



MARKETING AND SELLING

Duplex Deal – Staged & Professional Pics



- Staging = \$2-3k
- Ikea, Kmart, Gumtree

MARKETING AND SELLING

Duplex Deal – Auction Signboard & Analytics

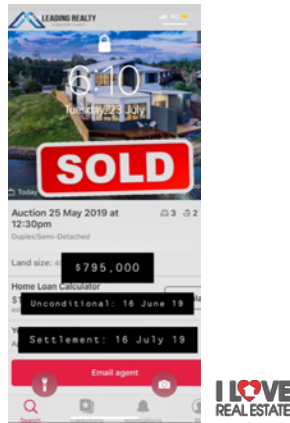
- Auction marketed but Strata not approved so cancelled on Solicitor advice
- Marketed 1 week no price, then buyers \$750k+



MARKETING AND SELLING

Duplex Deal – Visualise Target Outcome

- Phone screen saver 2mths prior!!
- Target Demographic – Near hospital, Family with older kids (stairs), low maintenance = Working Professional



MARKETING AND SELLING

Duplex Deal – Sold

- Contract within a couple of weeks of priced ad
- Buyer = Single doctor @ local hospital
- Offered \$715k, they countered \$750k, agreed on \$725k – Buying as First Home Owner so needed <\$750k
- Subject to Strata titling, Building & Pest, Finance
- Strata approved within week or two
- Lucky to sell when did because next 6-9mths building next door both sides, road widening works 4mths – excavators while photographing
- Kept other ½ as PPR



MARKETING AND SELLING

Townhouse Deal – Marketing

- Interviewed local agents
- Visited existing listings that have sold to see what level of finish achieved price point



- Confirmed initial market research for price of \$1.25m each
- Confirmed need to be “complete” product including landscaping, etc



MARKETING AND SELLING

Townhouse Deal – Photos and Staging

25th Developers Club

I LOVE REAL ESTATE

MARKETING AND SELLING

Townhouse Deal – Photos and Staging

25th Developers Club

I LOVE REAL ESTATE

MARKETING AND SELLING

Townhouse Deal – Sold

- Went to market during Covid-19 lockdown
- Good interest despite restrictions
- Sold within price expectation

25th Developers Club

I LOVE REAL ESTATE

Team Required

- Real Estate Agent
- Marketeers
- Graphic Designer / Marketing Co
- Staging Consultant
- Interior Designer
- Photographer
- Copy Writer
- Solicitor



MARKETING & SELLING Activity – Worksheet 8

Review Deal Details:

Deal 1 = Page 2; Deal 2 = Page 5

List key selling features to highlight
in written copy ad

Complete Activity Worksheets Pg 15





Project Review

PROJECT REVIEW

Duplex Deal - Learnings



- Actuals \$ vs Budget = Similar
- Minimise build variations by reviewing build contract & plans more thoroughly
- Prep for valuation to avoid undervaluation & needing to inject extra cash
- Include in build contract landscaping, aircon & building approval so covered by finance
- Have town planner review plans before building approval to avoid driveway widening situation



PROJECT REVIEW

Townhouse Deal – Learnings

- Get conditions agreement in writing!
- Have confidence and back yourself when you can see a good deal
- Surround yourself with a good team and trust them





Creative & Specialist Development



SESSION SIXTEEN

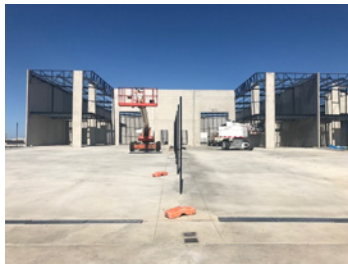
Creative and Specialist Development



CREATIVE AND SPECIALIST DEVELOPMENT

Specialist Strategies

- Commercial properties
 - Industrial
 - Retail
 - Office space
 - Warehouse
 - Car Parks



CREATIVE AND SPECIALIST DEVELOPMENT

Childcare Centre

- Understand regulations – particularly in terms of space per child, economies of scale, government funding
- Consider approaching existing child care operators
- Multiple approaches
 - Build and run business
 - Build and lease/outsource business
 - Build and sell business
 - Sell property and business



Storage Sheds

- Understanding your customer is key
- Simple & economical build process
- Consider approaching existing Storage shed operators
- Multiple approaches
 - Build and run business
 - Build and lease/outsource business
 - Build and sell business
 - Sell property and business



Caravan Parks

- Understand zoning and regulations
- Consider approaching existing Caravan Park operators
- Significant infrastructure required
- Multiple approaches
 - Build and run business
 - Build and lease/outsource business
 - Build and sell business
 - Sell property and business



Creative Income Strategies

- Solar power
- Signage
- Storage
- Use of "vacant space/land"
 - Hard stand
 - Caravan/boat/trailer storage





Conclusion



SESSION SEVENTEEN
Conclusion



CONCLUSION

Top 3 Actions

Complete Activity
Worksheets Pg 16-17

- Development can be very profitable but you have to take action!!!



CONCLUSION

Top 3 Actions

Complete Activity
Worksheets Pg 16-17

- Development can be very profitable but you have to take action!!!
- **What** are your top 3 actions from this Seminar?



CONCLUSION

Top 3 Actions

Complete Activity
Worksheets Pg 16-17

- Development can be very profitable but you have to take action!!!
- **What** are your top 3 actions from this Seminar?
- **Who** do you need to connect with to progress these 3 actions?



CONCLUSION

Top 3 Actions

Complete Activity
Worksheets Pg 16-17

- Development can be very profitable but you have to take action!!!
- **What** are your top 3 actions from this Seminar?
- **Who** do you need to connect with to progress these 3 actions?
- **When** will you implement?
 - Action 1
 - Action 2
 - Action 3



CONCLUSION

Top 3 Actions

Complete Activity
Worksheets Pg 16-17

- Development can be very profitable but you have to take action!!!
- **What** are your top 3 actions from this Seminar?
- **Who** do you need to connect with to progress these 3 actions?
- **When** will you implement?
 - Action 1
 - Action 2
 - Action 3
- **Why** is it important to you to take these 3 actions?



CONCLUSION

Complete Activity
Worksheets Pg 16-17

Top 3 Actions

- Development can be very profitable but you have to take action!!!
- **What** are your top 3 actions from this Seminar?
- **Who** do you need to connect with to progress these 3 actions?
- **When** will you implement?
 - Action 1
 - Action 2
 - Action 3
- **Why** is it important to you to take these 3 actions?
- **How** will you hold yourself to account to take these 3 actions?
- **How** will you reward yourself once actions are done?



CONCLUSION



**Now Repeat process Weekly
& be amazed at your progress
..... In anything you choose
to do!!**



CONCLUSION

Questions



