

ULTIMATE

REAL ESTATE SUCCESS
COACHING PROGRAM

SESSION TEN

Subdivisions







6 Types of Subdivision

- Splitter – Dual Lot, Single title
- Boundary Re-alignment
- Splitter Wide Lot
- Corner blocks
- Battle-axe / hatchet blocks
- Choppers

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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
Total Cost	\$791,704
End sales value (Estimate)	\$940,000
Selling Costs & GST	(\$43,569)
Total Sales Value	\$896,431
Estimated Profit upon completion	\$104,727

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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

Subdivision Team

Initial Team – Preparation and Planning

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

During the Process

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

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
- Ministerial Designations for Community Infrastructure
- 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.
- New Planning Act has been adopted by State Government, 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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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

Pay the bills – Collect the money

Developer contributions


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



Sub-division Summary

- Best bang for you buck
- Easy starter
- Minimal Risk
- Predictable outcome
- Can be done as a s Seller JV
- Can be Regional or Metro
- Relative 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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A Final Word

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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