

ULTIMATE

REAL ESTATE SUCCESS
COACHING PROGRAM

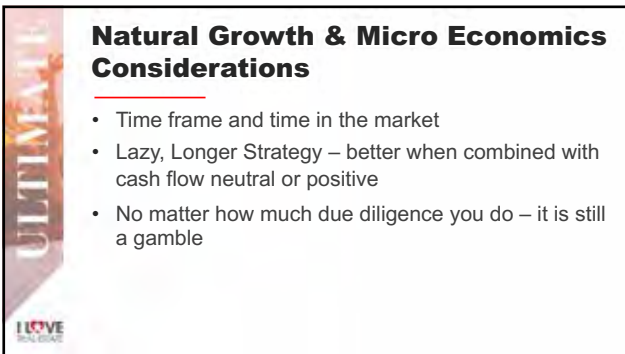
SESSION FOUR

Natural Growth













Natural Growth & Micro Economics Considerations

- Time frame and time in the market
- Lazy, Longer Strategy – better when combined with cash flow neutral or positive
- No matter how much due diligence you do – it is still a gamble



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

- ### Banking Monetary Policy
- Interest rates are low 
 - More foreign money coming into market 
 - Second tier banks are strengthening 
 - APRA changes for Investors 

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Increasing Population

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

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Population Clock

On 23 December 2017 at 00:45:46 AM (Caribbea time) the resident population of Australia is projected to be:

24,659,978

This projection is based on the estimated resident population on 31 December 2016 and assumes growth since then of:

- one birth every 5 minutes and 41 seconds,
- one death every 3 minutes and 19 seconds,
- a net gain of one international migration every 2 minutes and 18 seconds, resulting in
- an overall total population increase of one person every 1 minute and 25 seconds.

These assumptions are consistent with figures released in Australian Demographic Statistics, December Quarter 2016 (cat. no. 3101.0).

INTERACTIVE GRAPH: Automated Population Pyramids

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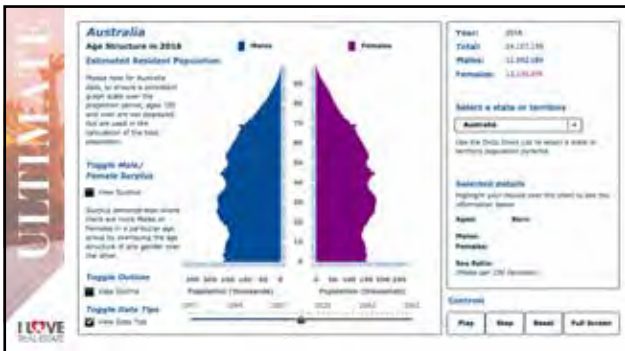
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DECEMBER KEY FIGURES

REGULATORY DATA	Population at end Dec 2016 '000	Change over previous year '000	Change over previous year %
New South Wales	7 741.0	116.8	1.5
Victoria	6 241.2	148.0	2.4
Queensland	4 585.7	70.4	1.5
South Australia	1 711.0	12.2	0.8
Western Australia	2 387.8	14.8	0.7
Northern Territory	212.1	2.2	0.9
Northern Territory	240.2	0.2	0.1
Australian Capital Territory	426.4	0.0	0.0
Australia(a)	24 588.4	272.8	1.1

(a) Includes Other Territories comprising Jervis Bay Territory, Christmas Island, The Cocos (Keeling) Islands and Norfolk Island.

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Consumer Confidence

- Interest rates are low
- Inflation is controlled
- Balance of trade is better
- Prices in major cities are increasing
- Business confidence is better with Aussie dollar at lower levels
- Unemployment is running at around 6%
- APRA changes

Government Policy

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

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Infrastructure Spending

Government Spending

- Education
- Medical
- Infrastructure
- Departmental
- Military

Check the timing of these events!

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Infrastructure Spending

Industry Spending

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

Check the timing of these events!

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State Infrastructure Searches

Department of planning websites have:

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

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State Infrastructure Searches

New South Wales
 Department of Infrastructure, Planning and Natural Resources
www.dipnr.nsw.gov.au

Northern Territory
 Department for Planning & Infrastructure
www.dpi.nt.gov.au

State Infrastructure Searches

Queensland
 Department of Infrastructure & Planning
www.dip.qld.gov.au

Western Australia
 Department for Planning & Infrastructure
www.dpi.wa.gov.au

State Infrastructure Searches

Victoria
 Department of Planning & Community Development
www.localgovernment.vic.gov.au

South Australia
 Department for Transport, Energy and Infrastructure
www.infrastructure.sa.gov.au

State Infrastructure Searches

Tasmania

Department of Energy, Infrastructure & Resources
www.dier.tas.gov.au

Or

Type "Infrastructure & Planning" and the name of the State that you would like to search into Google or another website search engine

Natural Growth Indicators

Quick analysis

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

You are looking for upward trends!


Rule of 72

Multiply Term and Growth Rate and you always get 72

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

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




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SO,

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



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Know your Town Plan Zones



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Some questions to consider

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




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Griding Analysis - What is it?

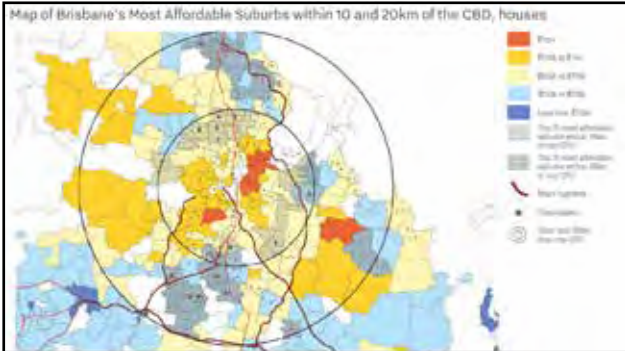
Tool for the systematic analysis of an area

Assists with:

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



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How to do it:

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

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What to do:

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

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What to do:

Identify:

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

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Identifying pricing levels:

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

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

Convert to spread sheet format

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Albert Park

\$600K Low

\$1.1 M Mid

\$1.79 M High

\$940K Mid

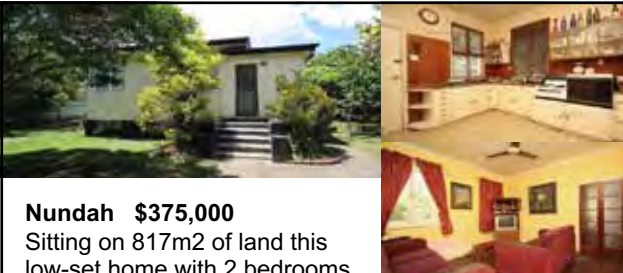








NUNDAH QLD \$625,000
 4 bedroom home set on an 809sqm block and has DA approval for two 10m frontage x 40m long blocks.



Nundah \$375,000
 Sitting on 817m2 of land this low-set home with 2 bedrooms plus sunroom and 1 bathroom

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



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





