



25% Developers Club

VIRTUAL BOOTCAMP MAY 2020
WORKBOOK



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





25% Developers Club

VIRTUAL BOOTCAMP MAY 2020

Schedule

DAY 1 - FRIDAY EVENING 22ND MAY

6:00pm - 6:15pm	Introduction
6:15pm - 6:45pm	Target Area Research
6:45pm - 8:00pm	Site Due Diligence
8:00pm - 9:00pm	Acquisition Process - David Netherton
9:00pm - 9:30pm	Q & A

DAY 2 - SATURDAY 23RD MAY

10:00am - 11:00am	Design Considerations
11:00am - 12:30pm	Financial Feasibility
12:30pm - 1:15pm	Lunch
1:15pm - 2:00pm	Development Application
2:00pm - 2:30pm	Detailed Design & Building Approvals
2:30pm - 3:30pm	Accounting & Tax - Kamal Power
3:30pm - 4:30pm	Securing Finance - Andrew Kubenk
4:30pm - 4:45pm	Q & A

DAY 3 - SUNDAY 24TH MAY

10:00am - 12:00am	Demolition & Construction
12:00pm - 12:45pm	Platinum Accelerator Explanation
12:45pm - 1:30pm	Lunch
1:30pm - 2:30pm	Strata Titling
2:30pm - 4:00pm	Marketing & Selling
4:00pm - 4:30pm	Q & A

DAY 4 - MONDAY EVENING 25TH MAY

6:00pm - 6:30pm	Project Review
6:30pm - 7:30pm	Creative/Specialist Development - David Netherton
7:30pm - 8:00pm	Re-cap & Wrap up
8:00pm - 8:30pm	Q & A



Introduction



SESSION ONE
Introduction


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INTRODUCTION

Definition

What are we covering?

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


 [This symbol represents a resource for further learning](#)


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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](#)

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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

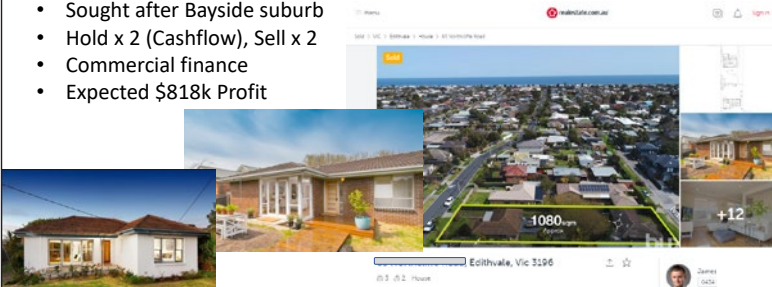
- Sam's Deal – Her first DA & construction project
- Bought vacant land, 6mth build timeframe
- Held x 1 (PPR), Sold x 1
- Residential finance
- \$257k Profit



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



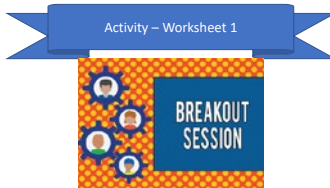
INTRODUCTION

Throughout this Presentation

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

Deal Cards – 2 different deals

- Deal 1 – Residential finance
- Deal 2 – Commercial finance



INTRODUCTION

Deal 1 – Duplex, Retain Existing House

- Deal - Retaining existing house due to age or heritage, owner occupier, bushfire overlay, vegetation overlay, 1 car accom/unit
- Location – Local shops near by, green leafy suburb, well established suburb
- Site characteristics – Flat site, large tree in yard
- Demographics of suburb – Aging population, suits Universal Design
- Seller Circumstances – moving interstate for work





Target Area Research

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



TARGET AREA RESEARCH Activity – Worksheet 1

1) What questions should you ask the Town Planner?







Site Due Diligence

SITE DUE DILIGENCE

Consider Other Site-Specific Constraints

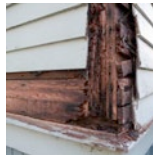
- Significant vegetation
- Soil type/rock
- Contamination
- Pollution – noise / air
- Subsidence
- Caveats
- Covenants
- Easements
- Notation on registered survey plan
- Encroachments
- Neighbor disputes
- Council show cause notices
- Road hierarchy
- Body corporate review
- Cyclone/earthquake rating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



SITE DUE DILIGENCE

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



SITE DUE DILIGENCE


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.





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](#)


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

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ACQUISITION

Negotiation

- Long Settlement
- Owner / Seller JV
- Vendor Finance
- *Where available – capacity to use nominee clause and on-sell



WWW – Negotiation Skills, Melissa Fisher April 2020

WWW – Seller JVs & Distressed Properties, Narelle Cosstick Dec 2018

Quantum Shift – Other People’s Money Online Training 2019

Platinum Coach – Negotiation Skills – 1st April 2020



ACQUISITION

Option Contract

- Put, Call, Put & Call Option
- Call Option - Right but not obligation to purchase
- Capacity to use nominee clause and on-sell (sell short)
- Things to include in contract
 - Owner’s consent
 - Permission for signage
 - Early access



WWW – Property Options – Pacific Law August 2019

Ultimate Website – Masterclass : Fundamentals

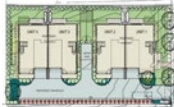
– FAQs 28 & 29



ACQUISITION

Purchasing a DA Approved Site

- Pros
 - Timeframe - quick to start
 - Some of the work already done
- Cons
 - Check why selling. Does the project work?
 - Someone else’s design/project



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 3

Review Deal Details:

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



8 min



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



ACQUISITION

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



ACQUISITION

Duplex Deal – Conditional Period

Soil Report:



ACQUISITION

Townhouse Deal – Conditional Period

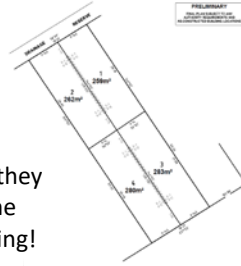
- Auction! No conditions allowed



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



