



# 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



# Design Considerations



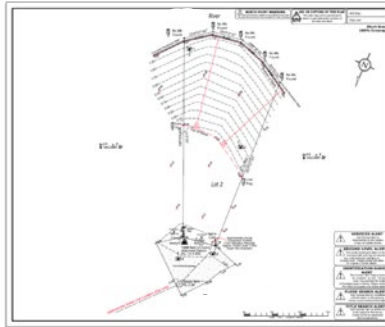


DESIGN CONSIDERATIONS

## Duplex Deal – Concept Design

Site Survey - Confirmed:

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



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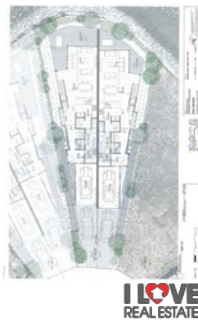
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DESIGN CONSIDERATIONS

## 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



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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



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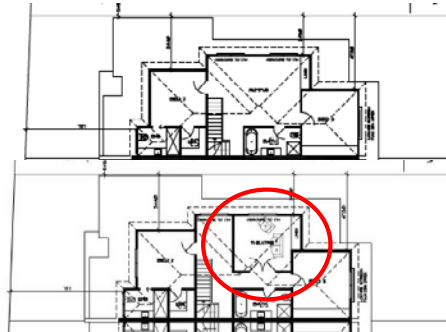
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DESIGN CONSIDERATIONS

## 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



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DESIGN CONSIDERATIONS

## Team Required

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



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



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### DESIGN CONSIDERATIONS

#### Activity – Worksheet 4

Review Deal Details:

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



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# Financial Feasibility



SESSION SIX  
**Financial Feasibility**




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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


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FINANCIAL FEASIBILITY

### Simple Feasibility – Deal Card 1

Items			\$
<b>Revenue</b>			
Total Sales	A		\$1,600,000
Selling & Marketing Costs	B		\$48,000
<b>Sales Proceeds</b>	A-B	C	\$1,552,000
<b>Costs</b>			
Acquisition + Costs			
Hold Costs			
Renovation Costs			
Design & Approval Costs			
Build & Titling Costs			
Completion Costs			
GST			
<b>Total Costs</b>			
<b>Profit (Loss)</b>			


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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



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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)



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FINANCIAL FEASIBILITY

## Hold Costs

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



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FINANCIAL FEASIBILITY

## Design Costs

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



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FINANCIAL FEASIBILITY

## Approval Costs

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



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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



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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



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FINANCIAL FEASIBILITY

## GST & Tax

\*\* Covered in Session 10



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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



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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		
<b>Total Costs (A)</b>	<b>\$345,600</b>		
Funds Contributed		\$228,000	\$105,600 (F)
<b>End Value (B)</b>	<b>\$385,000</b>		
<b>Profit (P) = (B-A)</b>	<b>\$39,400</b>		
<b>% Cash on Cash Return (P/F) x 100</b>	<b>37.3%</b>		

• % Cash on Cash Return = (39,400 / 105,600) x 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






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
<b>Land</b>		
Land Purchase	\$ 450,000	\$ 450,000
Deposit	\$ 25,000	
Purchase Legal Cost	\$ 2,000	
Insurance Land	\$ 480	\$ 3,178
<b>Build</b>		
Build Deposit	\$ 4,075	
Build Loan Deposit	\$ 99,000	
Tapwater	\$ 1,400	
Infrastructure Unity Water	\$ 13,015	
Water Meter Install	\$ 1,856	
3D Renders	\$ 840	
Engineers	\$ 1,980	
Driveway extension	\$ 865	
Variations	\$ 7,626	
Street Costs	\$ 2,487	
Landscaping	\$ 225	
Infrastructure SC Council	\$ 15,000	
Unity Water Cart	\$ 1,138	
Build Price	\$ 632,600	\$ 679,060
<b>Holding Cost Interest on Land</b>	\$ 5,136	
Interest on Build	\$ 4,621	
	\$ 5,100	
	\$ 8,500	
Rates	\$ 2,856	
Water	\$ 2,187	
Home Insurance	\$ 548	\$ 30,928
<b>Sale</b>		
Unit 1 Sale	\$ 725,000	\$ 725,000
Sale costs	\$ 21,750	\$ 21,750
Unit 2 Value	\$ 735,000	\$ 735,000
<b>GST</b>	<b>\$ 18,044</b>	<b>\$ 18,044</b>
<b>TOTAL</b>	<b>\$ 1,302,960</b>	<b>\$ 1,460,000</b>
<b>Profit</b>	<b>\$ 257,039.52</b>	



FINANCIAL FEASIBILITY


## Duplex Deal – Comparable Sales

4 bed, 3 bath, 2 car  
Sale Date: 6 Dec 2016  
Distance to subject property: 600m  
Sale Price: \$625,000



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


4 bed, 2 bath, 2 car  
Sale Date: September 2017  
Distance to subject property: 1.1km  
Sale Price: \$715,000



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


TARGET \$700k

3 bed, 2 bath, 2 car  
Sale Date: Jan 2017  
Distance to subject property: 600m  
Sale Price: \$520,000



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

2 bedrooms, 1 bath, 2 car  
Sale Date: September 2017  
Distance to Subject Property: 4km  
Sale Price: \$500,000



**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%		\$ 1,825,000		\$
Stamp duty + Legal			\$ 63,133		
Title Subdivision fees	4	650	\$ 2,600		\$
Legal Subdivision fees	4	695	\$ 2,780		\$ 249
Legal Sale Fees	4	750	\$ 3,000		\$ 273
Council, South East Water Rates and other fees Settlement of Land			\$ 4,220		
Landlord Residential Property Insurances			\$ 205		\$ 19
South East Water service rates			\$ 5,500		
Land Tax			\$ 7,888		
Council Development Contribution	3%		\$ 46,750		
Council - Planning Permit Application fees			\$ 1,070		
Council -Removal of tree			\$ 1,893		
Total Building costs incl GST			\$ 1,808,000		\$ 164,182
Planning and Building Documents			\$ 40,513		\$ 3,683
Architect Inspection			\$ 130		\$ 11,92
Percolation Test			\$ 418		\$ 38
Abolishment of Gas			\$ 67		\$ 6
Land Superior Subdivision Fees			\$ 4,500		\$ 409
Electrical Pits			\$ 9,099		\$ 827
South East Water - Contribution Fees			\$ 4,599		
Body Corporate			\$ 757		\$ 68
Council Road opening permit			\$ 380		
Asset Protection Permit			\$ 112,938.74		
CSI			\$ 23,000		
Loan fee			\$ 90,000		\$ 909
Finance holding costs	3.1%	12	\$ 79,200		\$ 7,200
Marketing Campaign			\$ 3,981,431		\$ 375,736
Agents commission	1.7%		\$ 3,981,431		\$ 388,636
Total costs			\$ 4,800,000		\$ 288,636
Sale Price - Value incl GST	0		\$ 3,981,431		\$
Less Total costs			\$ 3,981,431		\$
<b>Gross Profit</b>			\$ 918,568		
<b>ROI (Project Cost)</b>			<b>21%</b>		
Total Bank Loan			\$ 3,050,000		
Total Cash Funds			\$ 752,000		
Cash on Cash return			<b>10%</b>		

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FINANCIAL FEASIBILITY

## 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%)!!



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FINANCIAL FEASIBILITY

## Calculating Market Value DA Site – Deal 1

Items	Formula	Deal 1
End Value (GRV)	A	\$ 1,600,000
Sale Costs (3%)	B	\$ 48,000
Sale Proceeds	C = A - B	\$ 1,552,000
20% Profit	D = C x 20%	\$310,400
<b>Balance</b>	<b>E = C - D</b>	<b>\$1,241,600</b>
<hr/>		
Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F	\$1,376,451
DA Uplift	G = E - F	-\$134,851
DA Costs	H	\$40,000
Your Profit Potential	I = G - H	-\$174,851
Market Val DA Site	J = I + Purchase Price + H	\$465,149

Sales price = \$1,600,000  
( \$550k each duplex  
+ \$500k house)

Purchase Price = \$600,000  
Purchase Costs = \$36,000

Build & Titling Cost = \$680k inc reno  
Hold Costs = \$39,360

GST on sale = \$90,909  
(margin scheme)  
GST on costs = \$69,818  
GST liability = \$21,091

DA costs = \$40,000



FINANCIAL FEASIBILITY

## Calculating Market Value DA Site – Deal 2

Items	Formula	Deal 2
End Value (GRV)	A	\$ 4,500,000
Sale Costs (3%)	B	\$ 135,000
Sale Proceeds	C = A - B	\$ 4,365,000
20% Profit	D = C x 20%	\$873,000
<b>Balance</b>	<b>E = C - D</b>	<b>\$3,492,000</b>
<hr/>		
Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$3,327,273
DA Uplift	G = E - F	\$137,727
DA Costs	H	\$70,000
Your Profit Potential	I = G - H	\$67,727
Market Val DA Site	J = I + Purchase Price + H	\$467,727

Sales price = \$750,000 each

Purchase price = \$900,000  
Purchase costs = \$54,000

Build & Titling Costs = \$1.98m  
Hold Costs = \$92,160

GST on sale = \$327,273  
(margin scheme)  
GST on costs = \$198,636  
GST liability = \$128,637

DA costs = \$70,000



FINANCIAL FEASIBILITY

## Calculating Market Value DA Site – Deal 2

Items	Formula	Deal 2
End Value (GRV)	A	\$ 4,500,000
Sale Costs (3%)	B	\$ 135,000
Sale Proceeds	C = A - B	\$ 4,365,000
20% Profit	D = C x 20%	\$873,000
<b>Balance</b>	<b>E = C - D</b>	<b>\$3,492,000</b>
<hr/>		
Purchase + Purchase Costs + Build + Titling + Hold Costs + GST	F	\$3,327,273
DA Uplift	G = E - F	\$137,727
DA Costs	H	\$70,000
Your Profit Potential	I = G - H	\$67,727
Market Val DA Site	J = I + Purchase Price + H	\$467,727

Sales price = \$750,000 each

Purchase price = \$900,000  
Purchase costs = \$54,000

Build & Titling Costs = \$1.98m  
Hold Costs = \$92,160

GST on sale = \$327,273  
(margin scheme)  
GST on costs = \$198,636  
GST liability = \$128,637

DA costs = \$70,000













