




**QUANTUM
SHIFT**
REAL ESTATE COACHING
& MENTORING PROGRAM

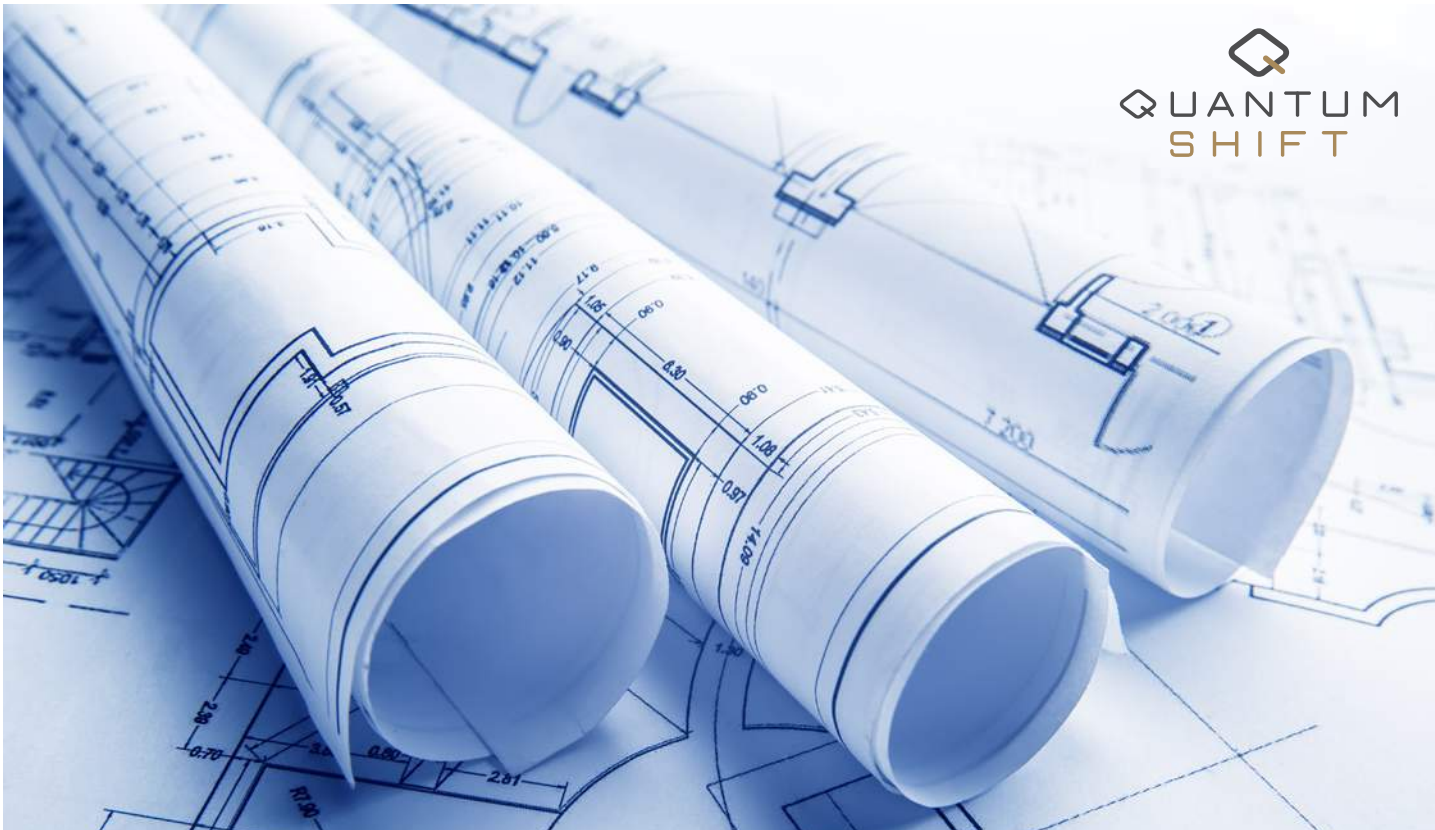



FASTPROFITS

Maximise Your Profits From
Manufactured Growth Projects
Virtual Bootcamp 2021



**I LOVE
REAL ESTATE**



1. Quick Chunk Deals








Chunk Deals






Courage is not the absence of fear, but rather the judgement that something else is more important than fear.
 ~Ambrose Redmoon

Chunk Deals Take Courage Have the Courage to back yourself!



QUESTION - Do you need Money for Deposits or Money to Pay down Debt!



20%
Can be a Sell or a Hold and Refi



Must be a Sell




2 Options

Chunk Deals

1. Manufactured Growth for Sale, or
2. Manufactured Growth for Re-Draw



Manufactured Growth for Sale



- Need Fluid market
- Sales Volume should be
- Days on the market should be
- Auction clearance rates should be
- Check Discounting should be



Manufactured Growth for Re-Draw

- End product must be positive or neutrally geared
- If not positive or neutral – it better be an absolutely amazing growth and /or future development deal



Chunk Deal Time Frames!

What goes further the slower it goes?



Chunk Deals can take a while



Or they can be FAST!

Neither is right and neither is wrong



Quick Chunk Deal Psychology

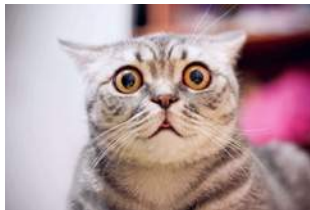
- What the Market is doing is virtually irrelevant
- By virtual we mean – not in a crashing market and even then – if you are quick enough it shouldn't be an issue
- Generally you are not in the market long enough to have a market effect
- Always base your figures on a static market even if it is moving up



You don't want to have Rose Coloured Glasses



But you don't want to be a Scaredy Cat either?



What determines which strategy is right for you?

- That depends on your
- starting position
 - priorities
 - goals
 - talents
 - time frames / availability
 - borrowing capacity etc.?



Some Strategies are easier at a Distance

- Subdivision
 - Strata
 - Construction
 - Unit development
 - Renovation
 - Options

 - Seller JV's
- Easy
 - Easy
 - Do-able
 - Difficult
 - Mostly hard
 - Physically OK
 - Practically hard
 - Mostly hard



First UP –

What is your reason for doing Chunk Deals?



**List your Talents
for doing Chunk
Deals?**



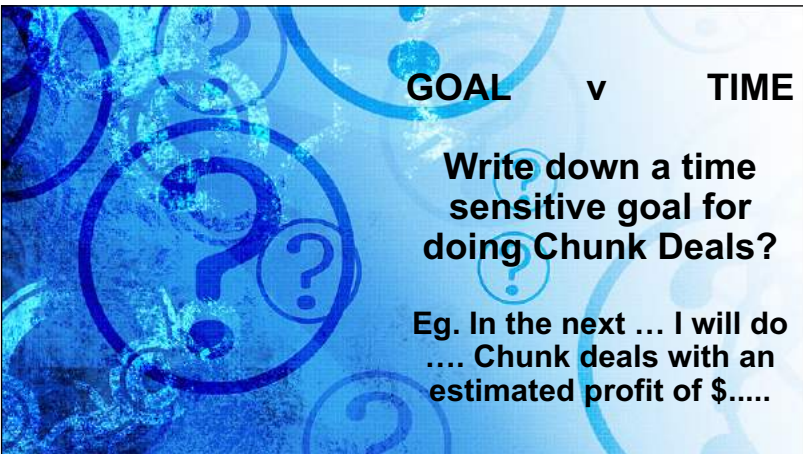
**Write down your
Price Point Limit
due to borrowing
Capacity?**



GOAL v TIME

**Write down a time
sensitive goal for
doing Chunk Deals?**

**Eg. In the next ... I will do
.... Chunk deals with an
estimated profit of \$.....**



What is Return on Equity Analysis

- It includes both Income (Net Rental) and Expected Growth
- How much is the money I have tied up in a property actually returning me?



Return on Equity Analysis

Portfolio Analysis Worksheet

PROPERTY NAME	INCOME P/A A	PROPERTY EXPENSES B	INTEREST \$ C	NET PROFIT D	EST % GROWTH E	EST \$ GROWTH F	VALUE \$ G	LOAN \$ H	EQUITY \$ I	% ROI EQUITY J
	Rental Income	Mnngt fees, Maintenance	Loan Interest	A-B-C		G * E	Current Value	Loan Amount	G - H	(D+F)/I



NOW – Get out your Calculator



OR



Next up – Opportunity Cost Analysis

'Opportunity Cost Analysis is analysing the opportunity cost of either selling a property after tax implications or keeping the property including cashflow and growth'



Let's use the same example for Opportunity Cost Analysis



- House value \$650,000
- Loan \$450,000
- Interest rate 5%
- Expected growth 4.5%
- Rent \$500 / wk
- Property Expenses \$5,500 / yr

• Originally bought for \$430,000 over 12 months ago



Let's use the same example for Opportunity Cost Analysis

KEEP

- Income $500 * 52wks$ \$
- Est. Growth $650k * .045$ \$
- \$
- Less Property Exp \$
- Less Interest $450k * .05$ \$
- \$

Funds available on Re-Fi

- \$650,000 @80% \$
- Less Loan \$
- \$



• Originally bought for \$430,000 over 12 months ago

- House value \$650,000
- Loan \$450,000
- Interest rate 5%
- Expected growth 4.5%
- Rent \$500 / wk
- Property Expenses \$5,500 / yr



Let's use the same example for Opportunity Cost Analysis

SELL

- Sale Price
 - Less sell Costs
 - Agent Comms \$
 - Marketing \$
 - Legals \$
 - Net Gain
 - Less Loan
- Money in Hand Pre-Tax**

Dollars in Hand	\$
Less Tax	\$

CGT Calculation

Gain	
Less Purchase Costs - Stamps	
- Legals	
Less Sale Costs	
- Commissions	
- Legals	\$
Gain	\$
50% Exemption CGT	\$
30% Tax	\$

So, Should we sell or should we keep?

KEEP

- Income and Growth gain per year
- Plus cash in hand to invest

SELL

- Cash in hand to invest

- **Difference in cash in hand**

Q. Where else can you invest \$80,468 and get a \$27,250 return ? Or a 33.86% return?



BUT

- **Make sure that you can afford the negative cash flow, in this case**

AND

- **Check with Strategist whether holding this property is preventing you from moving forward**

Is Everyone Clear on these 2 Processes?



Homework

- Complete the Opportunity Cost Analysis for your Properties
- Ask yourself the question –

‘Can I afford the negative cash flow (If any) in order to make the natural growth expected for this property and is the property hindering you from gaining additional borrowings?’



Sensitivity Analysis

Plan A – Should include the budget and best and worse case scenarios

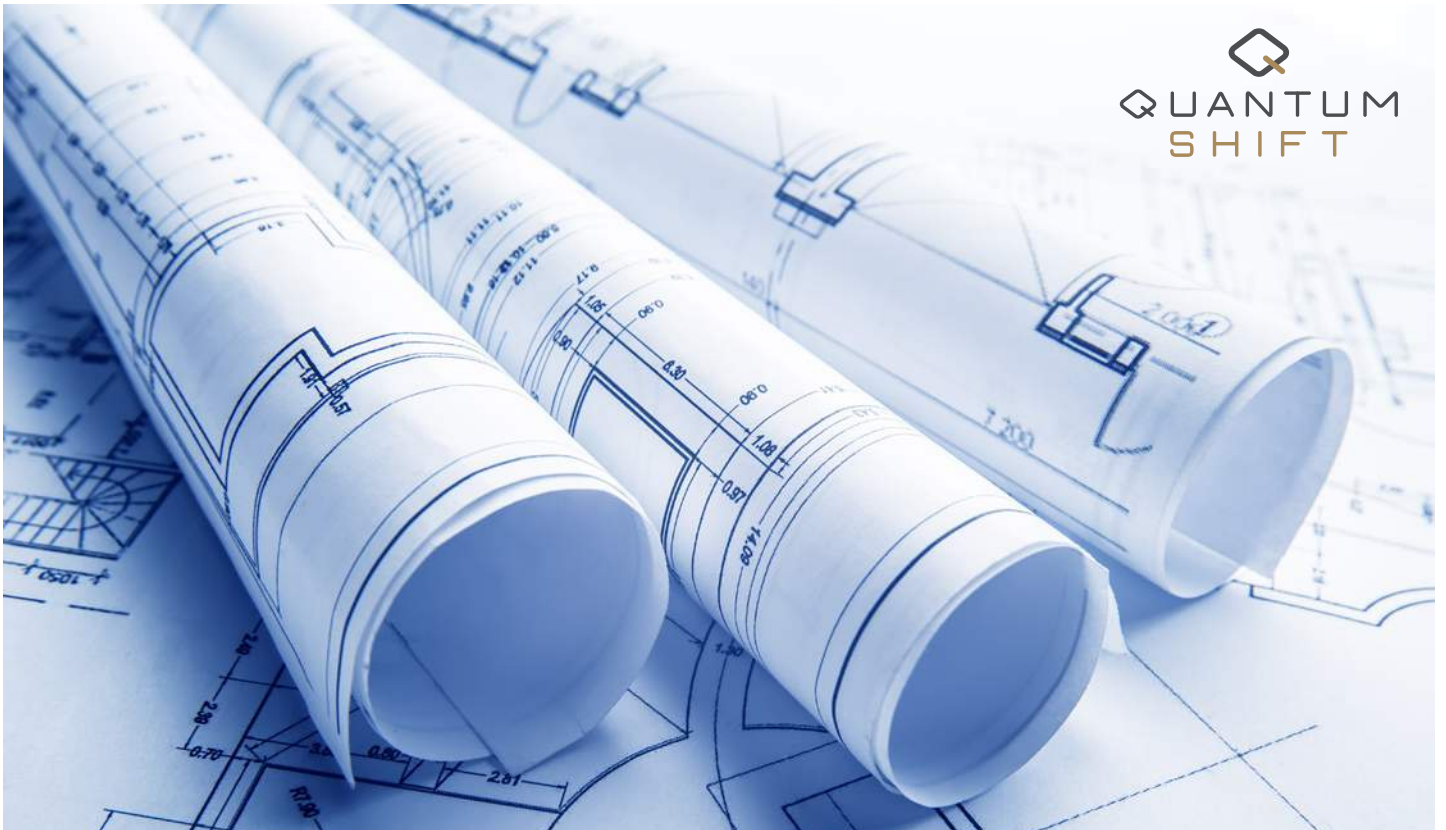
Plan B - Do the What Scenarios

- What if you can't sell
- What would it rent for
- What if interest rates go up
- What if costs blow out



What is my risk Profile? **Low / Med / High**

Would this deal break me?



2. Discount Purchasing & Research





Discount Purchasing is buying a Property below what you could immediately sell it for.

How do you do that?

You have to become an area expert!

How to Become an Area Expert and find good Deals

1. Home Research
2. Ask the Professionals
3. Form Agent Relationships



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1. Home Research

Step 1 Know your Market

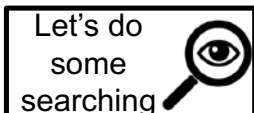
- Become really familiar with Council Zoning Maps
- Understand what can be done in each zone
- Understand your target area terminology
eg. R3 for WA = Medium Density for QLD
- Understand your Town Plan
eg. Frontages, Sizes, Costs for Subdivision



Home Research con't

Step 2 - Set up alerts on

- Domain.com.au
- Realestate.com.au
- Mitula.com.au
- Australia.trovit.com



Home Research cont'

Step 3 - Use keyword

- Searches
 - R Codes, Density
 - Development
 - STCA
 - Renovator
 - TLC
 - Divorce
 - Must Sell



- Use Land Size Searches



Home Research cont'

Step 4.

DO YOUR GVA



Home Research cont'

Step 5.

RP DATA for finding Off Market Deals and Analysis



2. Ask the Professionals

- Town Planners
- Surveyors
- Builders
- Private Certifiers
- Engineers
- Draftsmen / Architect
- Development Lawyer

- Super important to have a good working relationship with these professionals
- They know the development limits, areas and requirements
- They may also have other clients that may have excess sites



3. Have Great Relationships with Agents

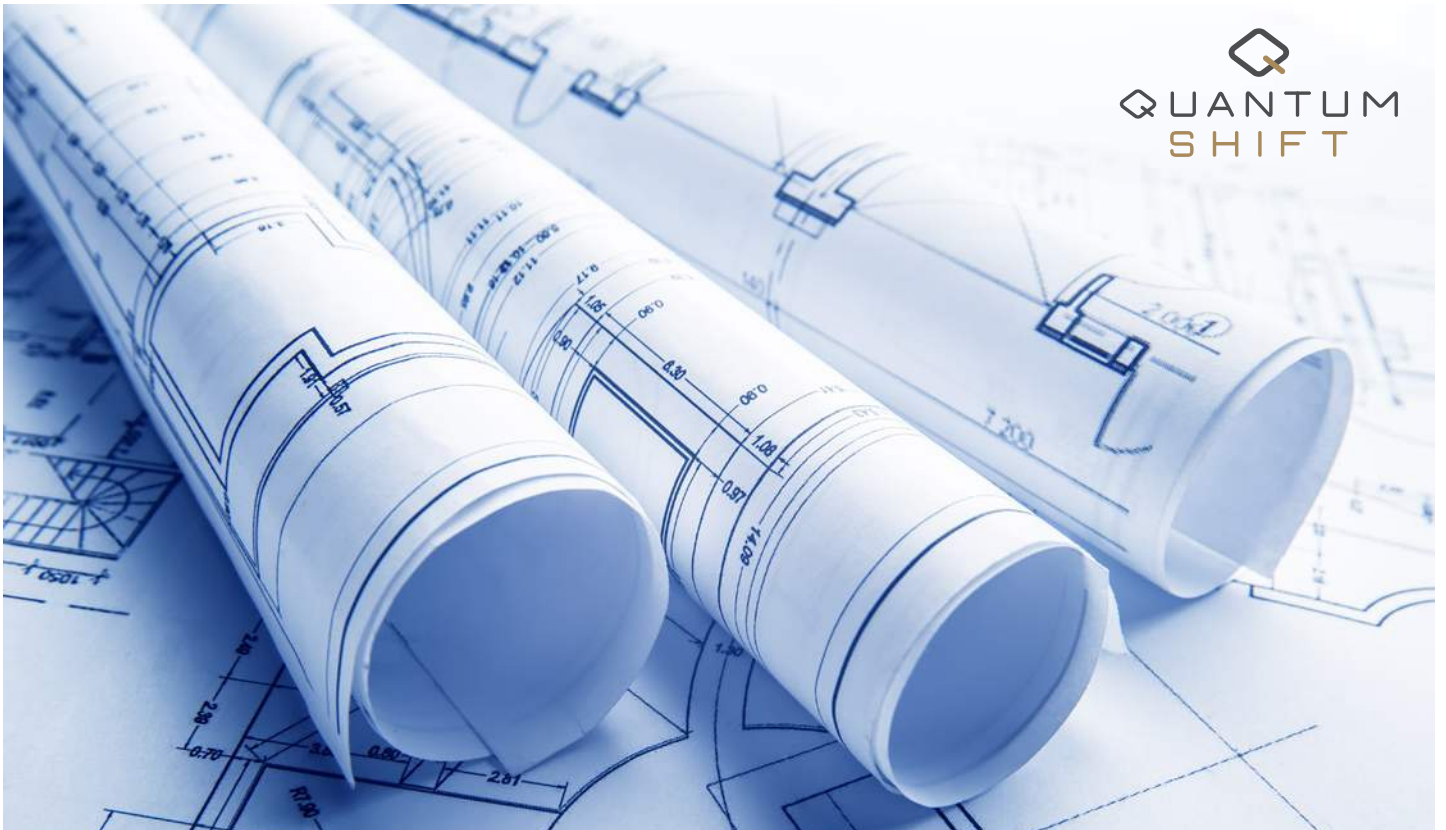
- Agents are on the ground all the time
- They all have their pet clients – YOU need to be one of them
- The more eyes on the market looking for deals for you the better
- Good Buyers Agents are worth it – in my experience a lot are just developers sales people



Workshop Time

- Prepare a Wish List Spec Sheet
- Prepare a phone call Cheat Sheet





3. Strata Titling – Quick, Easy, Cheap & Profitable



Strata Titling
– Quick, Easy, Cheap & Profitable

What is Strata Title?

Strata title allows:

- individual ownership of part of a property, generally an apartment, townhouse, factory or shop (a “lot”),

combined with:

- shared ownership in the remainder (called 'Common Property' e.g. foyers, driveways, gardens) through a legal entity called the owners corporation or body corporate (or similar – State dependent)

Current Example of a Sydney Strata


- Unit renovation and strata title
- Currently rents \$1,200 /wk

Purchase Price	\$1,000,000
Reno & Strata Cost	\$150,000
Projected Valuation (4 units)	\$1,400,000
Projected Profit	\$250,000

Current Example of Industrial Strata - James and Nicolle

Property Description:


- 1010m2 NLA across 2 sheds
- Zoned Low Impact Industry
- 9,879m2 Land area
- Two titles



Purchase Feasibility:


Contract Price (ex GST)	\$650,000
Bank Valuation (at Contract)	\$750,000
LVR of Contract Value	70.00%
Loan Amount	\$455,000
Equity (out of pocket Cash)	\$195,000
Purchase Costs approx.	\$39,000
Total Out of Pocket Expenses	\$234,000
As Purchased Net Income (Pre Int)	\$75,400
As Purchased yield (Pre Interest)	11.6%
Interest Rate	6.79%
Interest P/A	\$30,895
Net Income P/A	\$43,605
Income ROI of Equity %	22.36%
Income Cash on Cash ROI %	18.63%


PLATINUM ACCELERATOR



Strategy Figures (budget):

Stage 1 – Cosmetic Reno / Strata Title	
Cosmetic Renovation / cladding works	\$40,000
Strata title / body corp. establishment costs	\$10,000
Total Stage 1 Costs	\$50,000
Post Stage 1 Income @ \$90/m2 Net (Before Interest)	\$90,900
Interest	\$30,895
Post Stage 1 Net Income p.a.	\$60,005
Post Stage 1 ROI of Equity %	30.77%
Post Stage 1 Cash on Cash ROI %	21.13%


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Retail Strat Example Robyn – Platinum Student


Criteria to Purchase:


- Commercial
- With net income
- With upside
- Multi-tenanted
- With tenants operational during COVID
- AND paying their rent during COVID



Needs some TLC and Street Appeal



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CHUNK DEAL FEASO – Reno + Strata Title

Item	\$
Purchase Price	930,000
Purchase Costs Including Buyers Agent	79,000
Hold Costs PA Outgoings not recoverable	53,500 22,000
Strategy Costs	76,200
Sale Costs	40,000
GST (going concern – NIL)	0
Sale Price Estimated \$175,000 x 8	1,400,000
Capital Profit Forecast	274,800



Will get a new colour scheme



CASH FLOW DEAL FEASO

Item	\$
Purchase Price	930,000
Re-Valuation (Refurb & Full Tenancy)	1,264,000
Rent (Includes re-let of 1 vacancy)	131,000
Property Management	5,500
Insurance	18,000
Interest	53,500
Rates / Water	21,000
Total Hold Costs	75,500
Annual Net Cashflow	55,500



Going to need new signage and lighting



Key issues

- **Council attitude**
 - Find a council that is pro strata
- **Similar properties in the area**
 - Research sale values of your end product
- **Firewalls**
 - Need to be from footing to underside of non-combustible roof cover



Key issues (cont)



- **Services**
 - Gas, electricity, water, phone need to be separately metered
- **Access/Parking**
 - May be an issue – check with Council
- **Grandfathering (beware)**
 - Alterations to old, non- BCA compliant building, may need to bring up to standard; stair treads, access, balustrade heights, safety glass



Key issues (cont')

- Relatively easy and quick
- Relatively inexpensive
- Can be done remotely
- Cash flow neutral/positive (easier to finance)
- Multiple strategies in one deal eg. Reno / Strata / Partial sell
- No GST (if you don't create a new property)
- Sell down or borrow against for next deal
- Set & forget



The Team

- Town planner
 - Can it be done, council attitude, parking
- Building inspector
 - Fire rating, building regulations
- Mortgage strategist
 - You're tinkering with the bank's security
- Lawyer – body corporate specialist
 - Constitution for body corporate
- Surveyor - Drawing up strata plans
- Selling agent



The Process

- Research & Due diligence
- Purchase property
- Renovate/fire/services as required
- Surveyor; building format plan
- Application to council
- Prepare Body Corporate Doc's with Lawyer
- Sign off by bank
- Lodge at lands titles office
- Inaugural body corporate meeting



What are the financing aspects to consider?

- Financing a block of Units
 - Residential
 - Commercial
- The refinancing process of Strata'ing
- General Uplift factor
- Market appetite at the moment
- Other consideration



Considerations

- Do the comparables first
 - Look into the reasoning why sales are available or not available. Don't make assumptions
- Get to know the area – become an area expert
- Attitude of the "Experts"
 - Not all experts are the experts
- Good deals go fast



**Could be done as an Option!
Works in Residential and Commercial!**



NOW – Get out your Calculator



OR



Group Exercise

- Sold Brick Block of 4 Units each 2 Br x 1 Bath
- Solid Brick Dividing Walls
- All Units need TLC
- Separate Services
- Currently renting for \$900/wk
- Sale Price \$xxx

- Estimated Strata Costs \$20k
- Estimated Reno Costs \$20k/Unit



Is this Deal worth it?



Full list of

**'Questions to Ask the
Town Planner'**

In the Notes



**Terminology Varies
from State to State**

**List of Terminology
across the States is in
the Notes**



Fast Profits Notes: Strata

Questions for council/private town planner:

- What's involved in the strata title process?
- What common property is required and is there a minimum shared space requirement?
- Are there any specific local planning laws for strata in this council?
- What problems might see this get rejected?
- What are the costs involved
- What is the timeframe for planning and DA approval?
- Will the property have to be brought up to current building code?
- **Firewalls** - What fire separation will be required
- **Access** - ask if any concerns re access. Regional is normally not a problem - metro could have issues
- **Parking** - ask if any concerns re parking. Again regional is normally not a problem - metro could have issues
- **Council attitudes** - Look for existing properties that have been strata'ed and currently for sale or recently strata'ed
- **Sepp 10** - NSW specific - Retention of low cost rental accommodation - need to ask re low cost housing.
- **Time lines for each stage** - to ascertain holding costs
- **Heritage concerns or other** - If so -then what does that mean and are there any grants available
- **Costs** - What are the likely costs for both applications and consultants

Questions / Research

- **Local Council: Size of the block and current zoning** - how much land do we need for each proposed dwelling.
- **Design Guidelines** - setbacks and other Council specific considerations that will determine the type of build. _Eg.
- **Environmental Design compliance requirements.**
- **Pre-development requirements** - eg. Geo-tech Survey
- **Status and capability of existing infrastructure** eg. will the existing sewer and water mains cope - will the council impose upgrade requirements?
- **Public contribution costs** - ee Public Open Space Contribution Fee if any.
- **Council Fees** on applications and approvals.
- Expected timeframe for Council approval.
- What does the Council want the suburb to look like?

Fast Profits Notes: Strata

Terminology - common terminology showing state variations taken from the Strata Community website

	SA	VIC	NT	WA	QLD	NSW	TAS	ACT
Owners Corporation	Strata Corporation	Owners Corporation	Corporation	Strata Company	Body Corporate	Owners Corporation	Body Corporate (named Strata Corporation)	Owners Corporation
By-Laws	Articles	Rules	Articles	By-Laws	By-Laws	By-Laws	By-Laws	Articles
Strata Manager	Agent	Owners Corporation Manager	Manager	Manager	Body Corporate Manager	Strata Managing Agent	Manager	Manager
Owner	Unit holder	Owner	Owner	Proprietor	Owner	Owner	Owner	Unit Owner
Proxy	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Developer	Original Proprietor	Initial Owner	Original Proprietor	Original Proprietor	Original Owner	Original Owner	Original Proprietor	Developer
Committee	Managing Committee	Committee	Committee	Council	Committee	Executive Committee	Committee of Management	Executive Committee

Terminology

- **Owners Corporation** An owners corporation is the legal entity that combines all the lot owners in a strata scheme.

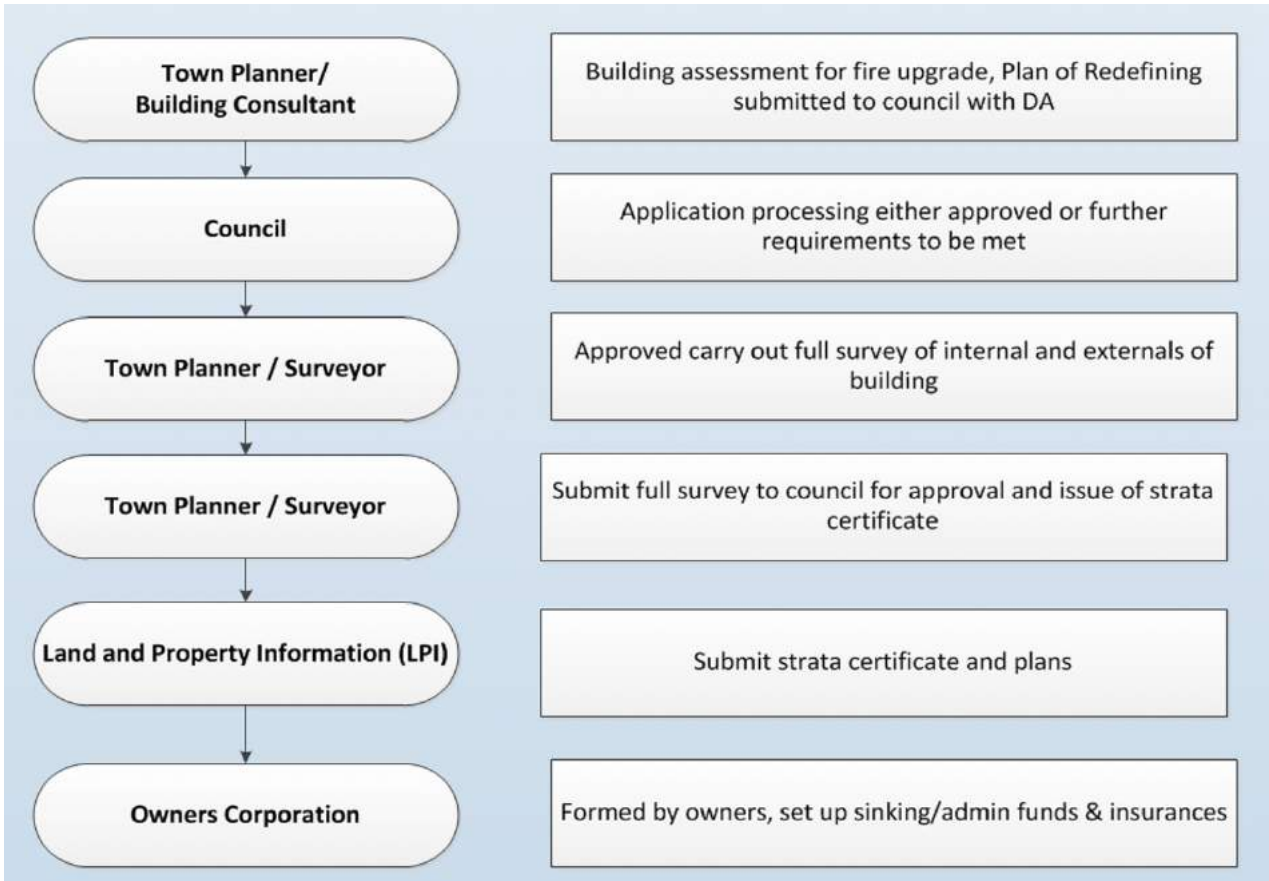
Owners corporations are automatically created when a plan of subdivision contains common property. They are responsible for the insurance, administer finance, management and upkeep of common property eg driveways, paths, foyers, stairs, etc and dispute resolution

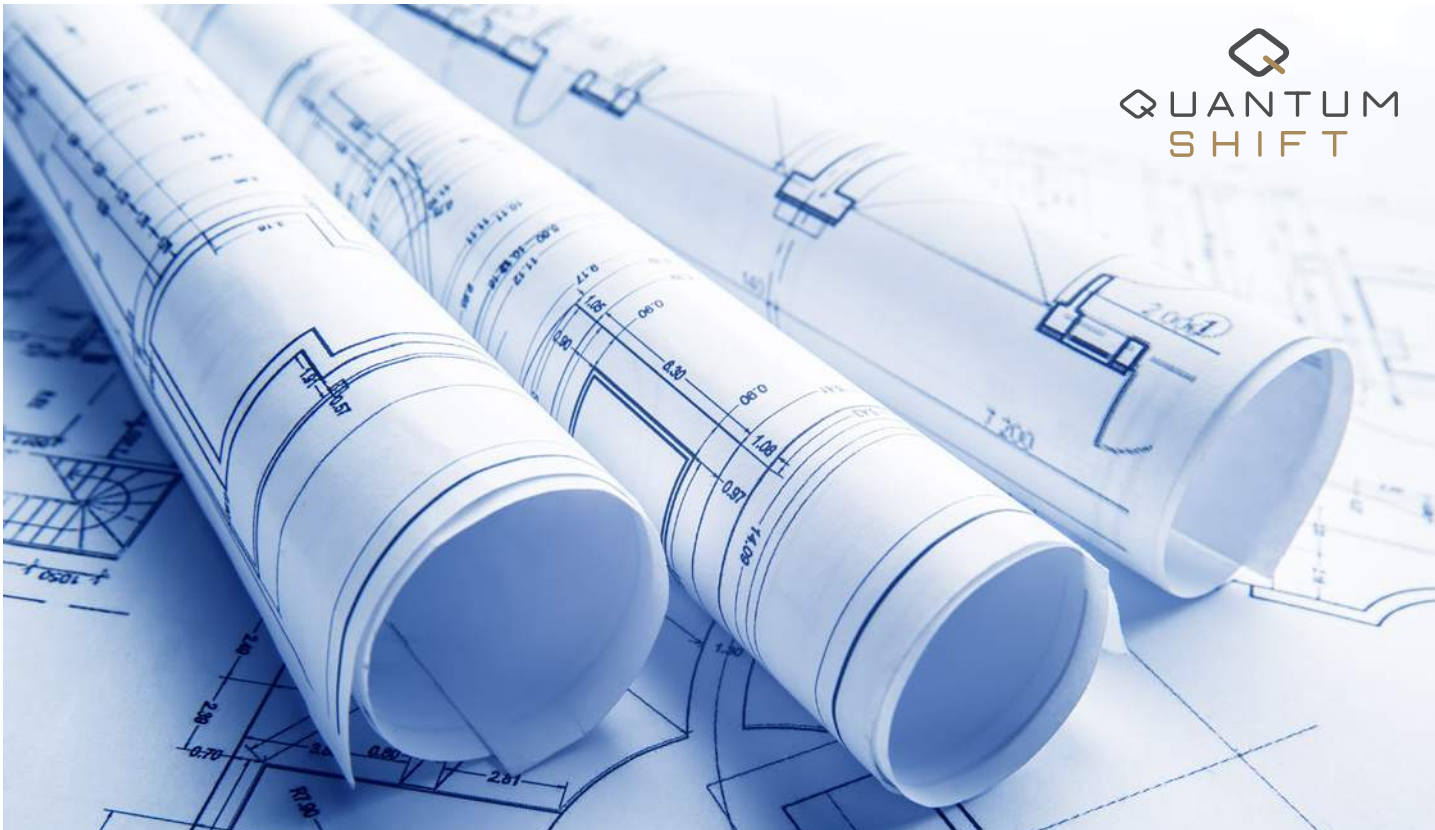
- **Strata managers** are professionals who are responsible for the administration of the owners corporation

- **Committee** –the administration of an owners corporation may be undertaken on behalf of all the lot owners by a committee. This may consist of a small group of owners who are elected at the Annual General Meeting of owners.

A committee must ensure state strata law and its own by-laws are adhered to. It also has the ability to change existing by-laws and make new ones, and is charged with making decisions on all matters which confront the owners corporation

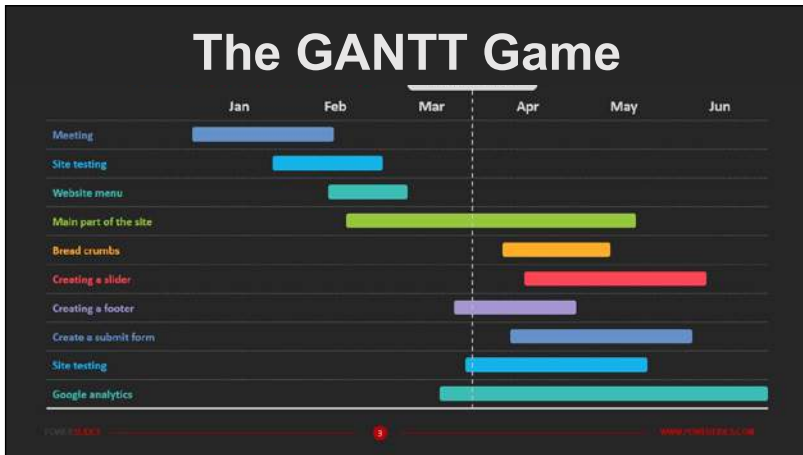
The Team and Process





4. The GANNT Game





What is a GANTT Chart?

- A Gantt chart, commonly used in project management, is one of the most popular and useful ways of showing activities (tasks or events) displayed against time.
- On the left of the chart is a list of the activities and along the top is a suitable time scale.
- Each activity is represented by a bar; the position and length of the bar reflects the start date, duration and end date of the activity.

ID	Task Name	Duration	Start	End
1	Business Plan	48 days?	1/1/2015	3/8/2015
2	Phase 1 - Sta...	9 days	1/1/2015	1/13/2015
3	Define the...	2 days	1/1/2015	1/2/2015
4	Revamp P...	4 days	1/8/2015	1/12/2015
5	Evaluate B...	3 days	1/8/2015	1/13/2015
6	Helpful Links	0 days	1/1/2015	1/1/2015
7	Phase 2 - De...	11 days?	1/14/2015	1/25/2015
8	Define the...	3 days	1/14/2015	1/18/2015

Remember at Ultimate Boot Camp I introduced you to GANTT CHARTS

Example: Dan and Kylie

- AWE= \$124,000
- Strategy: Subdivision and Reno Deal
- Purchase : \$380k with 80% LVR
- Reno: \$15k
- Subdivision : \$100K
- Sell Existing: \$420k
- Sell Vacant Land: \$240

Month		Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
Week		1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Subdivision - 2-3 Lots														
Deal Finding	1 month													
Purchase Contract														
Due Diligence	1 month													
Settlement	2 months													
DA Preparation	2 months													
DA Lodgement														
DA Approval	3 months													
Renovation	6 weeks													
Siteworks	2 months													
Titling	6 weeks													
REA Research	1 Month													
Renderers	1 Month													
Comparable Sales	1 Week													
Appoint REA														
Sale - Marketing House	2 Months													
Sale- Marketing Land	3 months													
Sale - Contract														
Sale - Settlement	2 months													

Month		Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
Week		1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Subdivision - 2-3 Lots														
Deal Finding	1 month													
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Sale - Marketing House	2 Months													
Sale- Marketing Land	3 months													
Sale - Contract														
Sale - Settlement	2 months													
Total Money Req			B\$	D\$	F\$	H\$	J\$	L\$	N\$	P\$	R\$	T\$	V\$	X\$
AWE - End Of Month			C\$	E\$	G\$	I\$	K\$	M\$	O\$	Q\$	S\$	U\$	W\$	Y\$
Passive Income Created			(A-B=C)	(C-D=E)	(E-F=G)	(G-H=I)	(I-J=K)	(K-L=M)	(M-N=O)	(O-P=Q)	(Q-R=S)	(S-T=U)	(U-V=W)	(W-X=Y)

Month		Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
Week		1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
Subdivision - 2-3 Lots														
Deal Finding	1 month													
Purchase Contract														
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DA Preparation	2 months													
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Renovation	6 weeks													
Siteworks	2 months													
Titling	6 weeks													
REA Research	1 Month													
Renderers	1 Month													
Comparable Sales	1 Week													
Appoint REA														
Sale - Marketing House	2 Months													
Sale- Marketing Land	3 months													
Sale - Contract														
Sale - Settlement	2 months													
Total Money Req		0	8	36	42	15	8	0	-105	45	35	13	-230	
AWE - End Of Month		\$ 124.00	116	80	38	23	15	15	120	75	40	27	257	
Passive Income Created														

Strategy: Strata	Time	mtb 1	mtb 2	mtb 3	mtb 4	mtb 5	mtb 6	mtb 7	mtb 8	mtb 9	mtb 10	mtb 11	mtb 12
Available Working Equity		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Find deal / research comparables													
Find JV Partner													
AWE, Serviceability, Credit													
Set up structures													
Due Diligence													
Contracting - Settle													
Town Planner													
Engineer / Structural													
Surveyor													
Development Application													
Renovation / Quotes													
Renovation / Works													
Body Corp Docs													
Finance / Title Split													
Strata Title Lodgement													
Inaugural Meeting													
Revaluation													
Market Sale													
Holding Costs													
Total Money Required		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
AWE - End of Month		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Passive Income Created		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Strategy: Strata	Time	mth 1				mth 2			
		1	2	3	4	1	2	3	4
Available Working Equity		\$	\$	\$	\$	\$	\$	\$	\$
Find deal / research comparables									
Find JV Partner									
AWE, Serviceability, Credit									
Set up structures									
Due Diligence									
Contracting - Settle									
Town Planner									
Engineer / Structural									
Surveyor									
Development Application									
Renovation / Quotes									
Renovation / Works									
Total Money Required		\$	\$	\$	\$	\$	\$	\$	\$
AWE - End of Month		\$	\$	\$	\$	\$	\$	\$	\$
Passive Income Created		\$	\$	\$	\$	\$	\$	\$	\$

Simplified Strata Gantt Chart

Time taken to complete task and starting period of time

EG.
Find a deal 6 weeks

Complete for all tasks in your groups

Videos ON

If no Video on you will be sent to the Naughty Room!!!!!!

Strategy: Strata	Time	mth 1				mth 2			
		1	2	3	4	1	2	3	4
Available Working Equity		\$	\$	\$	\$	\$	\$	\$	\$
Find deal / research comparables									
Find JV Partner									
AWE, Serviceability, Credit									
Set up structures									
Due Diligence									
Contracting - Settle									
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Development Application									
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Renovation / Works									
Body Corp Docs									
Finance / Title Split									
Strata Title Lodgement									
Inaugural Meeting									
Revaluation									
Market Sale									
Holding Costs									

Simplified Strata Gantt Chart

Now put dollar values to your Task List

EG.
Reno Quotes \$0
Reno Works \$20k / Unit

Place costs in the shaded area of your chart in the month where the cost will occur

Strategy: Strata	Time	mth 1				mth 2				
		1	2	3	4	1	2	3	4	
Available Working Equity		\$				\$				\$
Find deal / research comparables										
Find JV Partner										
AWE, Serviceability, Credit										
Set up structures										
Due Diligence										
Contracting - Settle										
Town Planner										
Engineer / Structural										
Surveyor										
Development Application										
Renovation / Quotes										
Renovation / Works										
Total Money Required	\$	\$				\$				\$
AWE - End of Month	\$	\$				\$				\$
Passive Income Created	\$	\$				\$				\$

Simplified Strata Gantt Chart

Add up all the costs for each month

Strategy: Strata	Time	mth 1				mth 2				
		1	2	3	4	1	2	3	4	
Available Working Equity		\$	A			\$	C			\$ E
Find deal / research comparables										
Find JV Partner										
AWE, Serviceability, Credit										
Set up structures										
Due Diligence										
Contracting - Settle										
Town Planner										
Engineer / Structural										
Surveyor										
Development Application										
Renovation / Quotes										
Renovation / Works										
Total Money Required	\$	\$	B			\$	D			\$
AWE - End of Month	\$	\$	A-B = C			\$	C-D = E			\$
Passive Income Created	\$	\$				\$				\$

Simplified Strata Gantt Chart

Write in your start AWE of \$250k

Take the months start AWE minus the months costs and write in the AWE at month end

That same figure then gets placed at the top – as the start AWE for the next month

Strategy: Strata	Time	mth 1				mth 2				
		1	2	3	4	1	2	3	4	
Available Working Equity		\$	A			\$	C+X			\$
Find deal / research comparables										
Find JV Partner										
AWE, Serviceability, Credit										
Set up structures										
Due Diligence										
Contracting - Settle										
Town Planner										
Engineer / Structural										
Surveyor										
Development Application										
Renovation / Quotes										
Renovation / Works										
Total Money Required	\$	\$	B			\$	D			\$
AWE - End of Month	\$	\$	A-B = C			\$	(C+X)-D = E			\$
Passive Income Created	\$	\$	X			\$				\$

Simplified Strata Gantt Chart

The Property was not Vacant and you did the Renovation as the tenancies came up for renewal

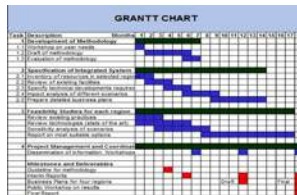
- The project would take longer
- But you would have Passive Income while you completed the project
- And the Gant chart would include that additional income
- Eg A-B = C
- Then add Passive Income (X)
- So start of next month would be C+X

Why do GANTT CHARTS?

- Necessary to track money – AWE – so you never run out on a project
- Necessary to work out when you can afford to start a new project
- Simple and easy to see at a glance where you are at financially and from a work flow perspective
- Shows JV partners and financiers your Professionalism
- **Gantt Charts are a crucial part of doing Real Estate well**

A copy of the excel spread sheet we used today is available on Quantum Website

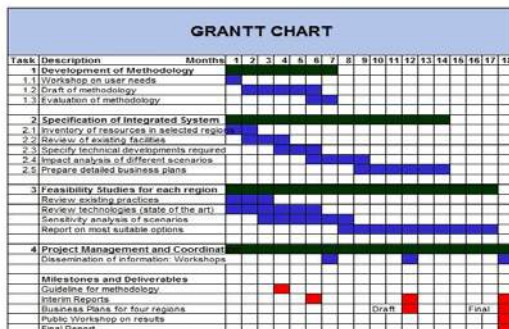
- You can also access a started excel spreadsheet for;
 - Subdivisions
 - Commercial
 - Renovation
 - Rooming Houses
 - Construction
 - Multi-Unit Construction
 - Granny Flats
 - And a blank Template



- Use these as a guide – every deal is going to be a little bit different – Modify as you see fit

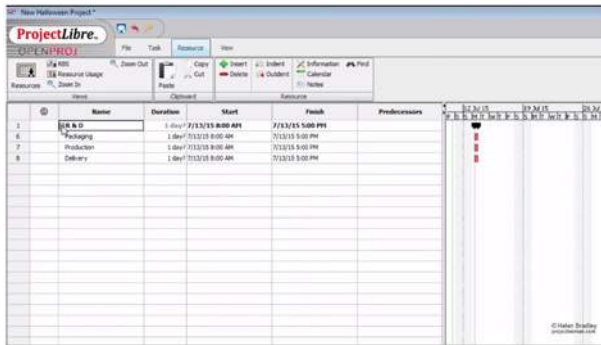
Free Gantt Chart Templates

- http://templatelab.com/gantt-chart-templates/#Gantt_Chart_Templates



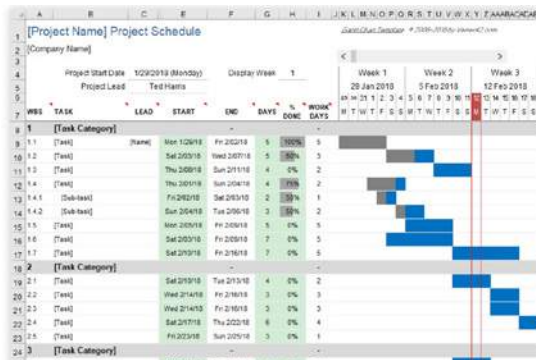
Free Gantt Chart Software

<https://www.projectlibre.com/>



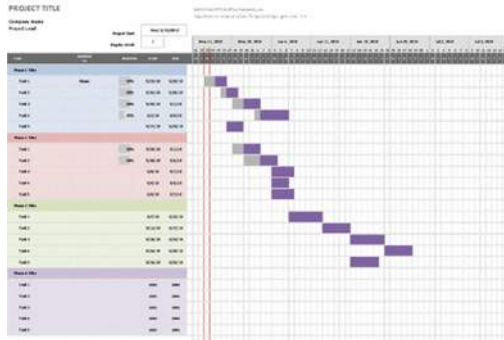
Free Project management soft ware

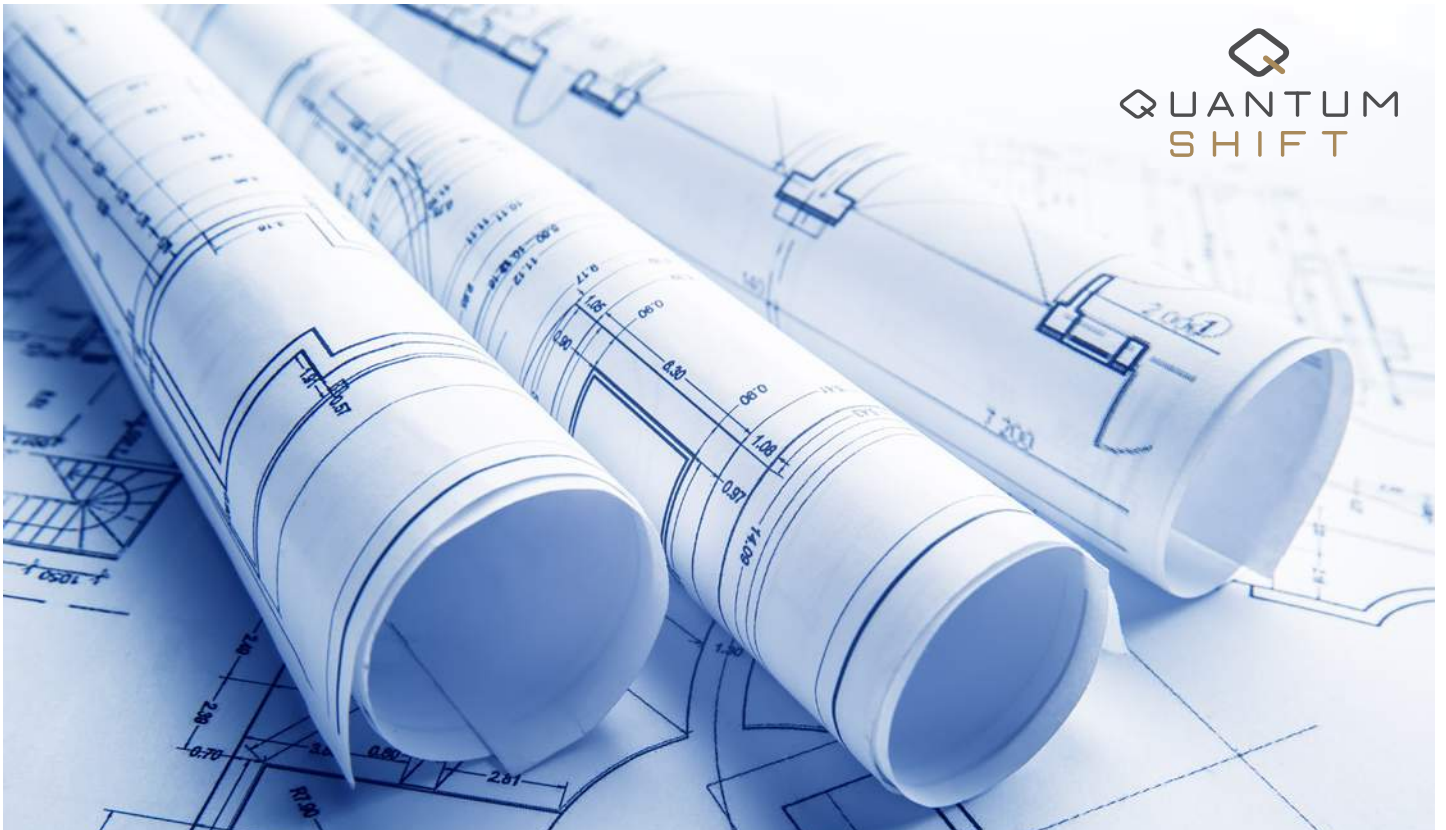
• <https://www.vertex42.com/ExcelTemplates/excel-gantt-chart.html>



Free Project management soft ware

• <https://templates.office.com/en-au/simple-gantt-chart-tm16400962>





5. Subdivisions Step By Step







Subdivisions Step by Step






Subdivision

**Biggest Bang for your Buck
(Maybe not QLD – but still Good)**




GREAT as a PPR Strategy
Cosmetic Reno + Subdivision 1 into 2

- Cosmetic reno completed and revalued with \$100k uplift! (Benefited from high growth in area)
- Subdivision DA recently lodged





\$222k Profit Est. – If Sell Vacant Land & House







Great for Off Market Deals




- 532k Purchase costs (incl. stamp duty, legal, holding costs.)
- 330k Total development costs (incl. DA, professionals. fee, etc)
- 1.03 mil Net realisation (585k + 470k after selling costs etc)
- 164k profit, 19% profit on costs

Great as a Strategy to Pay off DEBT
Platinum Students paying off Debt with 2 Deals

- Needed chunk deals with multiple exit strategies
- Wanted to be mortgage free on PPR

First Deal after joining I Love Real Estate

- Reno 2 bed house + build 2 x 3 bed duplexes
- 790m2 dual access block
- Added deck and carport to existing house
- 18% ROI

Purchase Price	\$545,000
Purchase and holding costs	\$52,000
Strategy costs	\$845,000
Sale costs	\$61,000
Projected Sale Price	\$1,830,000
Projected Profit	\$285,000






2nd Deal after joining I Love Real Estate

- Subdivide block to 2 lots + 2x Duplex Build
- 1226m² block
- 23% ROI

Purchase Price	\$450,000
Purchase and holding costs	\$43,000
Strategy costs	\$630,000
Sale costs	\$50,000
Projected Sale Price	\$1,500,000
Projected Profit	\$289,000



Great for Easy Cruisy Meet Edo – Platinum Student

- Family of 4
- Previous property experience in Hong Kong
- Home business selling auto parts



Victorian's call Strata a Subdivision

- 1 into 2 subdivision + build side-by-side duplex
- High demand for newly-built townhouses in the area



Purchase Price	\$831,000
Purchase and hold cost	\$125,860
Duplex Build & Costs	\$1,000,000
Sale Costs	\$46,000
Sale Price	\$2,300,000
Estimated Profit	\$184,320



Next Deal for Edo & family

- 1 into 2 battle-axe subdivision
- Duplex build on 2nd block
- High demand for newly-built townhouses in the area



Purchase Price	\$1,600,000
Purchase and hold cost	\$238,380
Duplex Build & Costs	\$1,200,000
Sale Costs	\$92,500
Sale Price	\$3,700,000
Profit	\$350,250



Great as a Stacker Deal Jenny – Platinum Student

- Subdivision 1 into 2 + duplex build
- Chunk deal to improve AWE
- 12 month project time



Purchase Price	\$217,000
Purchase and holding costs	\$36,300
Strategy costs	\$529,990
Sale costs	\$24,440
Projected Sale Price	\$920,000
Projected Profit	\$100,270



Who is Excited about doing Subdivision?

Who thinks Subdivisions will be one of their next 3 Deals



The Process - Step 1.

Engage a town planner

- A town planner (sometimes referred to as a surveyor in Victoria) is your **main 'go to' person** in a subdivision.
- Create a **good working relationship**
- Get a **fee proposal** and estimate of **other costs** needed to complete the project including council contributions and works
- Ask if they will **project manage** the subdivision if you are not experienced – some do
- Discuss any unforeseen **irregularities** before the purchase contract is unconditional. Eg. Significant trees, bus stop or council sign obstructing proposed access, fire hydrant proximity, footpaths to install, location of underground services etc.



Step 2.

Initial Survey of the site

- This will give you the true and accurate size and alignment of all your boundaries as well as the contours or fall of your site.
- Your town planner will use this document as the basis of all paperwork moving forward.



Step 3.

Drafting the newly proposed lots

- The town planner arranges for a draftsman to provide you with a document that clearly defines the proposed new boundaries and how the new owners are going to access their site.
- Ensure you understand what is presented on the plans and ask questions if unsure.



Step 4.

Public Notification

- With any change of use or configuration to a property, the public has the right and the opportunity to bring up their grievances about your proposed development.
- Your town planner should manage this process of notifying local residents of your intentions.
- Typically, this will mean signage on the block for a mandated period of time



Step 5.

Submitting the application Phase 1

- This is largely done by the town planner and is basically the point where all the documentation is collated and lodged with council
- Some states like Victoria expect you to have a concept plan drawn up of what will potentially be built on the site.
- Larger sites will have a pre-lodgement meeting prior to the actual lodgement



Step 6.

Engaging contractors to install services

- Arrange for contractors to quote and then book in for installation of services to the site.
- Among other installations, tasks such as sewer, water, storm water, driveways and fencing will need to be organised.



Step 7.

Application Approval

- Assuming council says yes to your application to subdivide, receiving the conditional approval from council can be a little daunting as there may well be a list a mile long that needs to be adhered to.
- This is where your town planner comes in to help you manage the process in a timely manner.
- Council may also ask you to apply for an **operational works permit** if there are substantial earthworks or structural elements to be managed onsite
- In some cases very onerous conditions of approval can be argued – consult your town planner on this



Step 8.

Prepare financier to release security

- As you are cutting a block up into smaller parcels, the security of which your lending would be based is going to change
- This means you need to **change the mortgage security** you have with your financier.
- Your **Finance Strategist** is the one who will assist you with dealing with the bank at this point
- Sometimes this is a good opportunity to have a **partial release of security** - if the remaining security is sufficient to support the mortgage



Step 9.

Submitting the application Phase 2

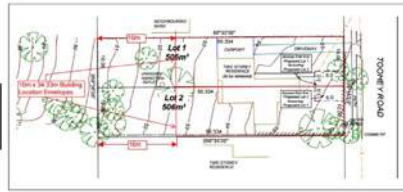
- Once you and the town planner are in agreeance that all council conditions have been met, it's time to inform council that this has been done.
- Your town planner will again manage this process and it is at this point you will need to **pay your council contribution costs** and any other associated fees.
- Make sure you have enough in the budget to cover this!



Step 10.

Plan sealing

- Once all conditions have been approved, the **plan sealing** department formalizes your subdivision plan with a special seal that confirms the development department of council is satisfied.



Step 11.

Registering Title

- You have the sealed plan in your hot little hands and it's time now to go to the **Titles Office** and register your newly created block(s) of land.
- To accompany the sealed plan you may need some documentation from your solicitor that details any **easements**.
- You will now have multiple titles which can be sold separately



Time Frames

• Prepare development application	3 months
• Lodge DA	1 months
• Council Approval & Advertising (Time assumes no objectors)	3 months
• Land Survey	2 months
• Engineering design	3 months
• Apply for electrical phone/broadband supply	2 months
• Site Analysis Traffic Report	2 months
• Construction Prices Obtained	4 months
• Construction Period to Month 20;	4 months



Time Frames

Lodge bond at 85% uncompleted stage

- Approval float time 2 months
- Surveyor pegs site 2 months
- Council approval engineering Design (+ 1mt float time) 5 months
- Lodge subdivision plan for sealing 2 months
- Council seals plan 2 months



Time Frames

- Plan registered 1 month
- Settlement/ closing begins 2 months
- Pay headwork costs & loans
- 12 months bond for road maintenance 2 months
- Commence estate maintenance 5 months
- End of maintenance defects inspection 2 months
- Return of bond on 13th month from 2 months
- Bond lodgment

Note: Consider if Pre-selling is to your benefit. Don't start before Costs are known.



Subdivision Check List

- Down Load the Subdivision Checklist
- Use it as a guide to make sure that you have covered off on everything and that you have all the costs included in your feasibility
- The checklist can be used for large scale subdivisions as well as smaller projects. If doing a smaller project ask your town planner if everything on your checklist is required.



Available - On the ILRE Website



Step 12.

Sell or Refinance your newly created lots

Celebrate your Profit

Review what you could have done better

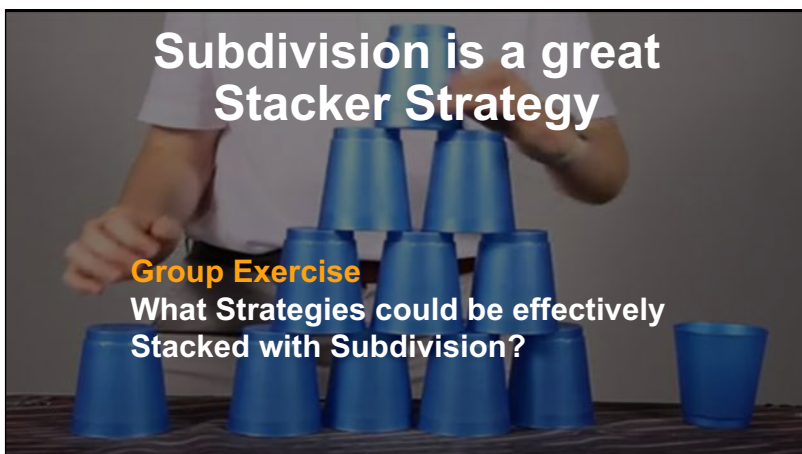
Look for the next one!



Subdivision is a great Stacker Strategy

Group Exercise

What Strategies could be effectively Stacked with Subdivision?



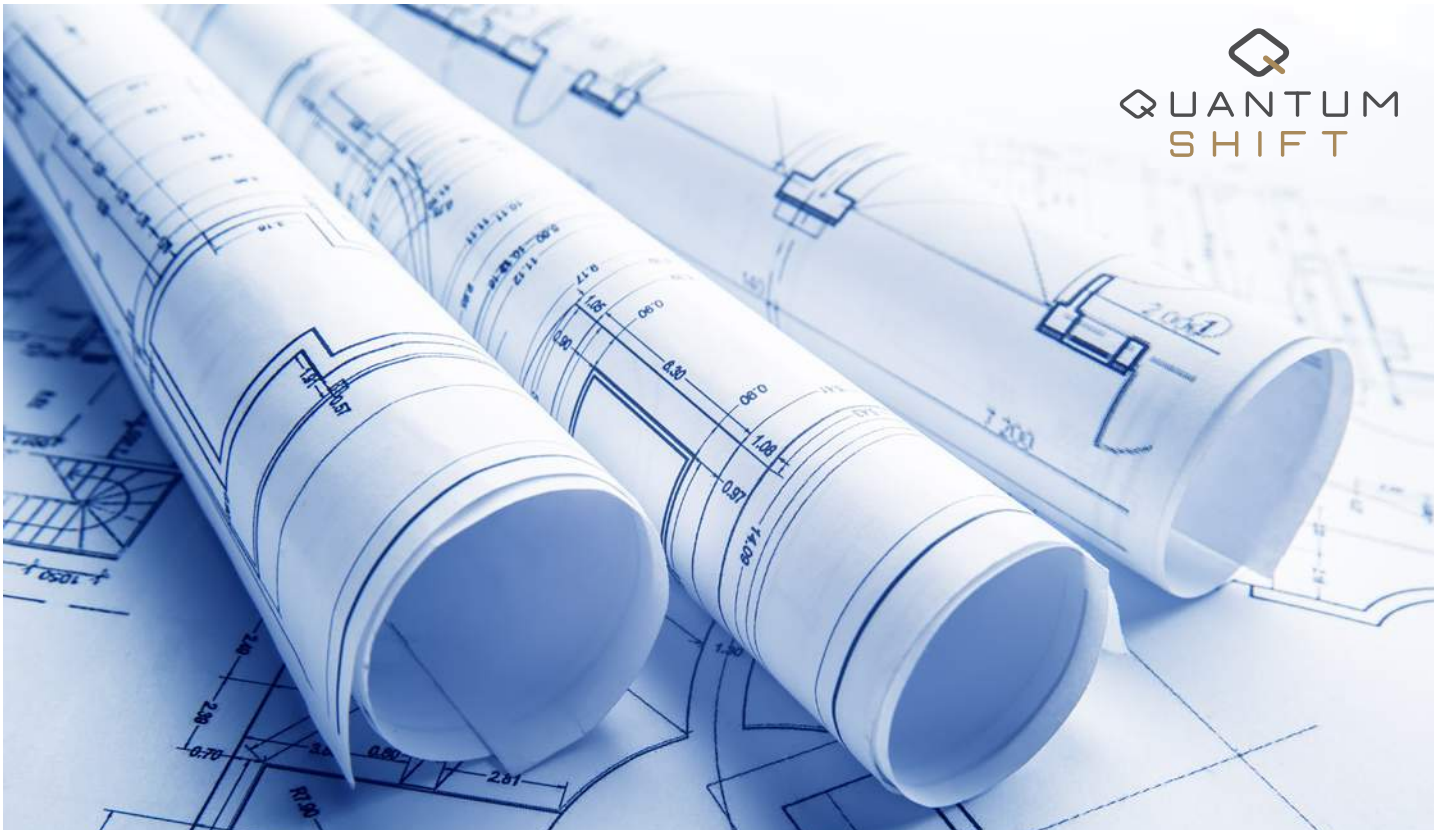
Subdivision is a great Stacker Strategy

The more you Stack – the more you make – Generally

Stacker Options

- Subdiv / Build
- Subdiv / Build Multi
- Subdiv / Reno existing
- Subdiv / Reno / Build
- Subdiv / PPR





6. Renovate Like A Pro





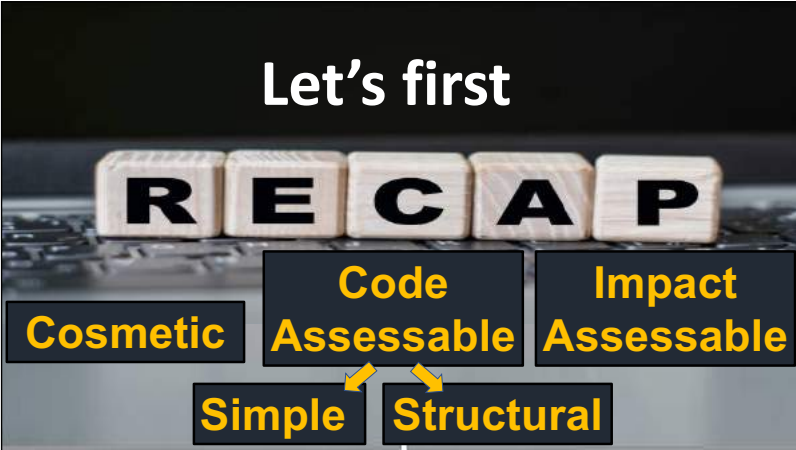
Time is our Most Valuable Asset

The **Quicker** we do a deal

- The **more Deals** we can do
- The **less Holding Costs** we have
- The **more Money** we make
- The **more Time** we claw back



So the more efficient you are the more Money you make



Cosmetic Renovation

A renovation that improves the value of a property through:

- Visual improvements
- Functional improvements

Code Assessable - Simple

Renovation works that fit within the current code that still need Council Approval but not require Engineering works. For example

- Adding an internal wall that is not structural
- Adding an internal ensuite, or non structural Bedroom

Can to be approved by a private certifier

Code Assessable - Structural?

A structural renovation changes the size or structural integrity of a property through an extension or changes to features that provide structural support or Engineering Works.

Can to be approved by a private certifier

Impact Assessable – MCU – Material Change of Use

For example changing a single house to a duplex site or Residential to Commercial

Rule of Thumb – Short Cuts

Purchase Costs	6%
Selling Costs	3%
Cosmetic Reno	9%
Code Assessable	16%
Structural Reno	31%
Holding Costs	Current interest rate +2% on Total Development Cost (TDC), Interest Only

These are Guides –
not hard & fast Rules



What constitutes Cosmetic

• Cosmetic Renovations are all about the **BIG Surface Areas**

- Paint
- Flooring
- Declutter
- External Paint / Render
- Landscaping

• And the essentials

- Kitchen
- Bathroom
- Ensuite



Doesn't have to be anything more than Paint and Staging

- Regional Property

Purchase Price	\$191,000
Purchase Costs	\$7,000
Reno Costs	\$35,000
Sale Price	\$335,000
Profit	\$102,000



Paint – Staging – Good Photos

3 x Quick renovation flips



1st Reno Flip: Profit \$34,000



2nd Reno Flip: Profit \$47,000



3rd Reno Flip: Profit \$36,000

Street Appeal– Good Photos



Before



After



Before



After

New Kitchen – Good Photos

Before



After



New Bathroom – Good Photos

Before



Before



After



After



Declutter – Paint - Style



Before

After



Paint - Staging – Good Photos



Before

After



Cleaning – Good Photos



Before



After

If you are Scared – Start Small

- Regional Unit
- Purchased \$80,000
- Renovation \$10,500
- Revalued \$160,000
- **Profit \$69,500**
- **Positive \$5,612 p.a.**
- Rents \$300 pw



What constitutes Simple Code Assessable

Example - Floor plan modifications

- Create an ensuite



What constitutes Structural Code Assessable

- Structural works requiring Engineering Sign off



Structural Works

- JV Renovation
- Purchase \$524,000 off market
- House had termite and asbestos
- Reno costs \$147,000
- Sold \$895,000
- **Shared Profit of \$224,000**




Structural Works


- JV Renovation Deal
- Purchase \$895,000
- Renovation Cost \$198,000
- Sold \$1,400,000
- **50% of Profit = \$153,500**





**RP DATA HACK for finding
Renovation Deals**

Let's do
some
searching 



CoreLogic[®]



Who Finds this
Exciting?

Who wants to do
Renovation as a
Strategy?

Okay – Let’s look at the COOL side of Renovation

- Every Renovation is different
- Every House is different
- Every Garden is different

However, there are some over arching rules that remain the same:

- Price & Cost Guideline
- Colour Schemes
- Standards of Renovation
- Styling Basics
- Landscaping Basics



Ultimate has webinars, masterclasses and bootcamp sessions on all of these

Renovation Calculator available on Website

Renovation Summary - Real Estate Express				
Renovation / Item	Total	Actual		Notes
General	\$ 42,000	\$ 42,000		
Renovation - External				
Entry	\$ 1,500	\$ 1,500		
Backyard	\$ 4,000	\$ 4,000		
Laundry	\$ 2,000	\$ 2,000		
Roofline	\$ 1,000	\$ 1,000		
Stair	\$ 1,000	\$ 1,000		
Living	\$ 1,000	\$ 1,000		
Dining	\$ 1,000	\$ 1,000		
Kitchen	\$ 3,000	\$ 3,000		
Bath	\$ 1,000	\$ 1,000		
General	\$ 4,500	\$ 4,500		
Renovation - Internal				
General	\$ 1,000	\$ 1,000		
Landscaping - Area				
General	\$ 1,000	\$ 1,000		
Landscaping - Area				
General	\$ 1,000	\$ 1,000		
Total Cost of Renovation	\$ 48,000	\$ 48,000		
Total Cost of Tying	\$ 1,000	\$ 1,000		
Total Cost - Alphabetical	\$ -	\$ -		

Cosmetic Renovations

Narelle Cosstick

Platinum Accelerator State Coach – VIC, SA & Tas




What would you do with this Floor Plan?

- Take out non- structural wall
- Reconfigure entrance to Master Bedroom
- Create an Ensuite and work in Robe from the Laundry
- Extend and open up Sunroom as out door area and add a Laundry
- New Kitchen & Island Bench


Colour Palettes

- What colour should I paint? = one of the most asked questions in renos
- Colour is a personal choice BUT...

There are some rules to be followed if you want to get a great result!!!



Understanding how Colour Affects a Room



- Mood
- Temperature
 - Warm = vibrant & confident
 - Cool = relaxed and calm
- Tone
- Shades
- Natural light
- Space
 - Light = spacious and airy
 - Dark = smaller

Let's Play with some Colour Palettes

Does this work?



Too much going on!

Too many colours

Not resolved

Let's Play with some Colour Palettes

Does this work?



Options?

Let's Play with some Colour Palettes

Does this work?



Options?

Let's Play with some Colour Palettes

Is this better?



Let's Play with some Colour Palettes



What would you do with this?

Let's Play with some Colour Palettes

Popular Interior Colours 2

Cool Palette

Tanquil Nature D94	Lesser Hall 4F	Tenacious Clay D20	Detached D10
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Popular Interior Colours 1

Warm Palette

Natural White D36	Vanilla White 7W	Clay Path H8	Dark Metal R1
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Some final tips about colour...


- Keep the number of colours to a minimum – 3 is plenty
- Consider using 3 different tones of the same colour to create interest without competition
- Use large white cardboard painted with a sample pot
- Keep the “canvas” neutral – introduce pops of colour with furnishings

A160

Hog Bristle

Hog Bristle Half

Hog Bristle Quarter

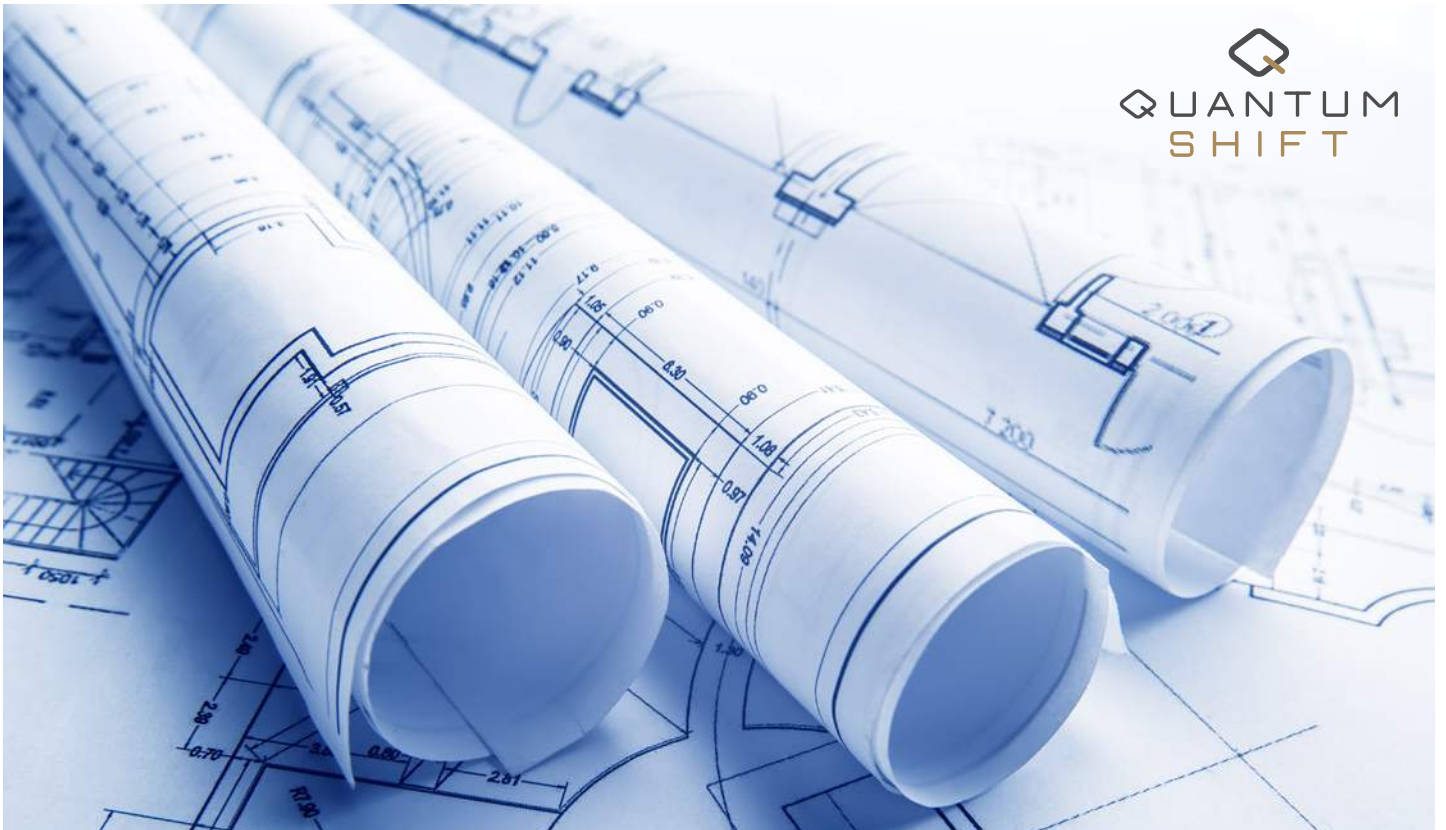


Fast Profits Notes: Renovation

Rule of Thumb – SALE Short Cuts

Sale Price % of PP	Buy Price	Purchase Cost	Reno % of PP	Total	Holding Costs
Cosmetic 135%	100%	6%	9%	115%	?
Code Assessable 150%	100%	6%	16%	124%	?
Structural 180%	100%	6%	31%	137%	?

Holding Cost = $\frac{(\text{Current Int Rate} + 2\%) \times \text{TDC}}{12} \times \text{Months to Complete}$



7. Commercial Uplifts



Commercial - 2 Ways to Increase Value



Increase the income

- Renegotiating the rent to market
- Creating new income sources (Signs, mobile towers, ATM's)
- Dividing up larger space into smaller tenancies

Decrease the Relative Risk of the Property (Cap. Rate)

- Leasing up vacant space
- Renegotiating longer leases
- Improving the tenant mix
- Renovate the building



Commercial Uplifts can be the faster of all Chunk Deals

HOW?

- All Residential Strategies
- Increase Rents
- Increase number of Tenancies
- Minification
- Strengthen Tenant Profile
- Strengthen Lease
- Multiple Uses
- Further Development
- Optimize Underutilized space
- Council Rezoning / Approved usages



Success in Commercial is a Process



- STEP 1. Get Educated!
- STEP 2. Understand the Terminology
- STEP 3. Understand the relationship between Yield; Risk; & Value
- STEP 4. Have a Clear Picture of what you want out of the investment
- STEP 5. Form Good Relationships



Let's start with Terminology

- **Gross Income** : Total Income
- **Net Income (Net Operating Income NOI)** : Gross Income – Costs = NOI
- **Rental per sqm** = Net Income / Net Lettable Area
- **Market Rental per sqm** = Average rental in the area / sqm
- **Yield** : Net Income ÷ Property Cost X 100 = Yield %
- **Capitalisation Rate – CAP Rate** : Generally refers to the average yield of a specific type of commercial property in an area (**Average Market**)



Commercial Investing – Formulas

$$\text{Price} = \frac{\text{Net Inc}}{\text{Yield}}$$

$$\text{Yield} = \frac{\text{Net Inc}}{\text{Price}}$$



1000 sqm

Purchase \$1M
Rent: \$100K, lease expired
Yield = 10 %
Rental Rate = \$100 / sqm

Market Rental Rate: \$120 / sqm

Rent Review to Market : New Rent \$120K

Average Market Yield: 10%

New Value after Rental Increase = \$120K / 10% = \$1,2M





A	RISK	B
\$10K Income		\$10K Income
Tattoo Parlour		Med Centre
<ul style="list-style-type: none">• Risk?• Higher Risk• Higher Cap Rate• Cap rate 10%• Value = 10K / 10%• Value = \$100K		<ul style="list-style-type: none">• Risk?• Lower Risk• Lower Cap Rate• Cap Rate 6%• Value = 10K / 6%• Value = \$167K

Nicolle Beer – Platinum Accelerator Coach QLD/NSW

Commercial Investing – Fundamentals

$\text{Price} = \frac{\text{Net Inc}}{\text{Yield}}$	$\text{Value} = \frac{\text{Net Inc}}{\text{Cap Rate}}$
$\text{Yield} = \frac{\text{Net Inc}}{\text{Price}}$	$\text{Cap Rate} = \frac{\text{Net Inc}}{\text{Value}}$

1000 sqm	Value \$1,2M
	New Rent: \$120K
	Yield = 10 %
	Rental Rate = \$120 / sqm

New Lease signed for 5 years

Long lease means income is more secure, LESS RISK.

Decrease RISK = **Decrease CAP Rate** = Increase Value!

Cap Rate with new lease (according to Valuer) = 8%

New Value at new Cap Rate = $\$120\text{K} / 8\% = \text{\$1,5M}$

Now it's your Turn

Regional Block of Shops Commercial Cashflow and Chunk

- 6 Shops, 2 Storerooms, 239sq metres vacant
- 3 Current Tenants
- Current Income \$85,500pa



What is the Purchasing Yield?

- When fully Tenanted Potential Income \$130,500



Assuming Purchasing Yield is Current Cap Rate, What is the new Value of this Property?

8 Mins
Group
Work

Commercial Uplifts – What do classic investors look for?

- Security
- Yield
- Long Leases
- Unit or Freestanding
- Strong tenant
- Fully Tenanted
- Low maintenance
- Tax efficiency



FASTPROFITS

I LOVE
REAL ESTATE

Commercial Uplifts – What should we be looking for if we want uplift?

- Perceived Risk vs Actual Risk
- Yield
- Short leases or Leases in Holding-over
- Unit or Freestanding?
- Tenants?
- Partially Tenanted or Vacant
- Room for improvement



FASTPROFITS

I LOVE
REAL ESTATE

Commercial Investing – Have a clear picture of what you are willing to put into the Investment

- Money
- Experience
- Time
- Risk Profile of Asset
- Personal Risk Tolerance



10 Ways to Create Chunks

1. Buy and Hold
2. Buy under market value – stressed sales (sell or hold)
3. Buy under market rent – bring rent to market
4. Buy vacant and get tenant (sell or hold)
5. Buy vacant / Reno / get tenant (sell or hold)
6. Strata or lease in smaller pieces
7. Add more occupancies (land or buildings)
8. Develop at 10 to 12% CAP and sell or revalue at 8 to 9% CAP
9. Stacking Strategies
10. Creative Strategies - Repurposing



Commercial Chunk Case Study 1 – Buy and Hold
Buying with a Resi Agent – Selling with a Commercial Agent

- Asking Offers over \$530,000
- 9 Secure Tenancies in place
- Positive Cash Flow
- 1,012 sqm
- Onsite Car park and amenities
- Solar Power
- Regional Property





Under-market Rents

- Increase rent for higher value and yield
- Check the measurements of the building
- Check other yields in the area
- Get the Leases read – very carefully
- Check rent review to market clauses and make sure they are in accordance with State Laws
(eg NSW retail rent reviews)



Commercial Chunk Case Study 2 Buy with Under Market Leases

- 5 Separate tenants 1 title
- Long standing tenants
- Land Area: 1946m²
- Building Area: 950m²
- Current net rent \$56,451
- Leases in overholding

Strategy

- Increase rents to market
- Revalue property



Commercial Chunk Case Study 3 Buy Partially Vacant and Tenant

- \$930K Purchase Price
- \$75K income p.a. on Purchase
- 8 Tenancies; 2 Vacancies
- Badly presented!
- Renovate, Tenant, Strata
- Reno cost: \$55K ; Strata costs: \$25K
- **\$400K uplift potential**
- **\$102K p.a. Income post-strategy**



Commercial Chunk Case Study 4 Buy Vacant / Reno / Hold or Sell



BEFORE:

- Purchase price: \$950 per sqm
- Value: \$264,000 to \$331,000



AFTER:

Sale Price: \$1300 per sqm
 Rental Income: \$ 85 per sqm
 Cap Rate: 7%
 Value: \$401,000 to \$430,000

FASTPROFITS 

Commercial Chunk Case Study 5 – Strata or lease in smaller pieces

- 3 Tenancies on one strata title
- Separate water and power
- Long standing tenants
- Purchased for \$780K
- Rental rate greater for smaller NLA



**Post Strata - 3 separate units of 100sqm each would sell for between \$350 - \$400K
PROFIT Est. \$400,000**

FASTPROFITS 

Commercial Chunk Case Study 6 Add more Occupancies

Property Description:

- 100m2 shed with living quarters
- Zoned Industrial 1
- 1000m2 Land area





Look at all this spare Land!

Takeaway and Warehouse

Build Storage Sheds in 3 stages

↑ **Income** ↑ **Value**



Purchase Price	\$199,000
LVR	65%
Out of Pocket	\$ 81,940
Net Income	\$ 18,200
Passive Inc.	\$ 10,460 12%ROI

FASTPROFITS 

Commercial Chunk Case Study 7
Buy Under Market Value



Property Description:

- Purchase Price \$650,000
- Out of Pocket \$195,000
- Net Income \$76,288 ROI 11.7%
- **Passive Income \$46,758**
- 1010m2 NLA across 2 sheds
- Zoned Low Impact Industry
- 9,879m2 Land area
- Two titles



Hmm – I wonder what else could be done?

Discuss what stacker Strategies could be implemented on this Property?

8 Mins Group Work



Commercial Case Study 7
Stacking Strategies

Property Description:

- 1010m2 NLA across 2 sheds
- Zoned Low Impact Industry
- 9,879m2 Land area
- Two titles



Purchase Price \$650K
 Net Income \$76K
Yield ????
Rental /sqm ????

- Strategy:
1. Divide into smaller Tenancies
 2. Reconfigure Boundary
 3. Construct 3 new 200sqm Sheds



Commercial Case Study 7
Stacking Strategies

Purchase Price \$650K
 Net Income \$76K
Yield 11.7%
Rental /sqm \$75/sqm

Property Description:



- 1) Divide into smaller tenancies:
- Building 2 - 260sqm @ \$120/sqm ... Income = ???
 - Hardstand 2 – 285sqm @ \$15 /sqm Income = ???
 - Tenancy 1 – 3 - 250sqm @ \$90 /sqm Income = ???
 - Hardstand 3 – 300sqm @ 20/sqm Income = ?????
 - Total Income = ???



**Case Study 7
Stacking Strategies**

Property Description:

- 1010m2 NLA across 2 sheds
- Zoned Low Impact Industry
- 9,879m2 Land area
- Two titles



PLATINUM
ACCELERATOR

FASTPROFITS

Strategy 2 & 3:
Reconfigure Boundary &
Construct 3 new 200sqm Sheds

- Tenancy 5,6,7 = 200sqm each
- Rental per sqm = \$120/sqm
- Costs = \$ 700K
- **Net income = ???**
- **Net Income = ???**
- **Cap Rate = ???**
- **New Value of Stage 2 = ???**
- **New Value of Stage 2 = ???**
- **Profit after Stage 2 = ???**

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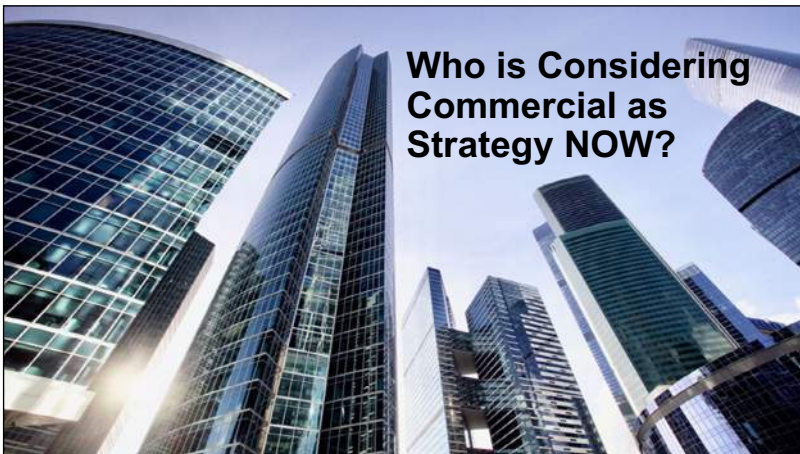
**Are you getting Excited about what this
means for you in the Commercial space?**



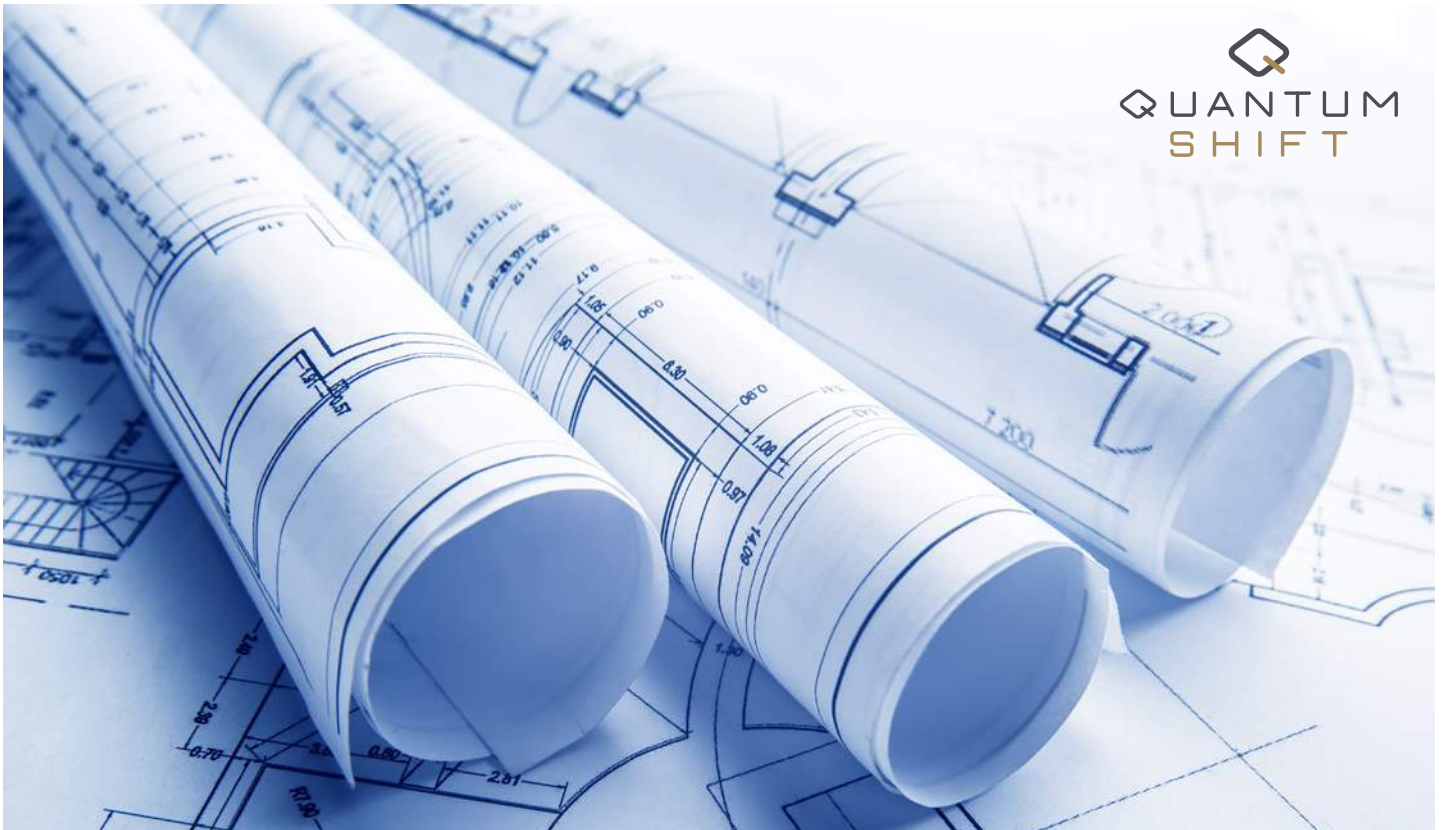
FASTPROFIT

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**Who is Considering
Commercial as
Strategy NOW?**



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8. Creative Commercial Uplifts



1. Make Money with Air Space

- When Strata'ing your Commercial property – consider Strata'ing off the Roof
- Why?
- Because the roof can make you Money
 - Solar
 - Signage
 - Extensions & Additions



2. Make Money with SOLAR

- Adding Solar to your Commercial Building is like starting your own Energy Business
- You produce a product that you can sell to your tenants at a PROFIT
- You have a fixed set up Cost that you need to get a return on investment on
- It's that simple!

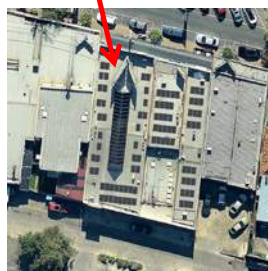


Before

Adding Solar to this property cost \$xxx
It increase Income by \$xxxx
And therefore increase Value by \$xxxx

Solar Power

After



3. Make Money with Signage

- **Businesses pay good money for Signage**
- When this estate first went in the developers strata'd off a useless 10 sqm of land and sold for signage
- At an estimated income of \$60k – this 10sqm of land is worth around \$700,000
- Great incite by the Developers



4. Extended Contract with access for Uplift

- Having an extended contract with Access Prior to Settlement to under take improvement means you are not paying holding costs while you uplift Value
- BUT
- There is a risk that for what ever reason you can't settle – the seller gets to keep all your hard work and money
- This strategy needs clever lawyers (Pac Law)



5. Simultaneous Settlements

- A Simultaneous settlement is when a number of contracts settle at the same time
- Tricky to co-ordinate
- Need a really good Property Lawyer
- May mean you pay double Stamp Duty

Why would Seller A sell for \$100k under Market

- Bad Agent
- Rushed Sale
- Untenanted (B gets a Tenant)
- B improves Value during contract stage
- A is stupid – it happens



Seller A
\$500,000



Buyer B on sells
at \$600,000



Buyer C pays
\$600,000



\$100K Profit less Costs



Let me show you an example that incorporated all 5 of these Strategies

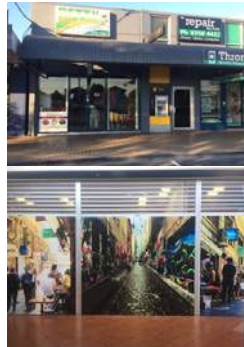


- 8 shops on 7 titles with 10 leases.
- 4 Vacancies
- Passed in at auction
- Negotiate 5 mth terms and price
- Run numbers on best / worst case scenarios
- Simultaneous settlements
- Renovate & sell individually – target owner occupier first, then lease out & sell to investors



Reno'd, sold off separately on simultaneous settlements, created new air rights title, enhance signage, solar

- Extended settlement, 5 months, to enabled the renovation and signing of on sale contracts before the property had to be paid for
- Renovated, Marketed and Auctioned in 12 wk
- **\$400,000 profit on Settlement**
- Kept airspace for Solar & Signage
- **\$100,000 Passive Income on Solar & Signage**
- **\$1,000,000 value for Air Space & Roof**



Great Result – But not Easy

Another Platinum Student Example

Cashflow positive commercial property

- 3 shops on 1 title
- \$30k p.a current cashflow
- Future mixed use DA



- Purchased \$1,200,000
- Added Signage & Solar
- Renegotiated leases
- Strata Titled to 4 lots + Air Rights
- **Cash flow increase of \$25,000 p.a.**
- **Uplift Value \$1,700,000**



6. Commercial Construction for Uplift

Develop at 10% -12% Yield
 Sell or revalue at 7%-8% Yield

There is Profit to be made in Building commercial Premises

- Start with the END in Mond
- Know your Cap Rates
- Know your Construction Costs
- Know your Market / Need
- Form Really good Relationships with Commercial Agents



Estimated Construction Costs / Sqm

Industrial construction costs	Low	Medium	High
High Bay Warehouse, standard configuration, concrete floor, metal clad	\$1,165	\$1,316	\$1,420
High Bay Warehouse, standard configuration, concrete floor, pre-cast concrete wall clad	\$1,431	\$1,512	\$1,685
Office construction costs	Low	Medium	High
1-4 level open plan offices, including A/C & lifts, excluding fit out	\$2,447	\$2,728	\$3,206
4-8 level open plan offices, including A/C & lifts, excluding fit out	\$2,837	\$3,044	\$4,092
8 levels and over, including A/C & lifts, excluding fit out	\$4,058	\$4,286	\$4,481
Retail construction costs	Low	Medium	High
Suburban shopping mall area including A/C	\$3,056	\$3,187	\$3,567
Supermarket, including A/C, excluding fit out	\$1,936	\$2,067	\$2,317

Commercial Chunk Case Study

Develop at 10% -12% and Revalue or
 Sell at 7%-8%

Building Storage Units:

- Hold for Cashflow
- Low set storage facility (65 Units on 1782m2)
- Estimated costs \$520k (Inc signage marketing & interest)
- Rental Potential

Gross	\$83,600
Net	\$42,000

 (Allowing two years to fill)



The Numbers

Starting position



Costs	\$
Purchase Price Vacant Land	\$178,000
Legals / Stamps / Other	\$ 24,838
Construction Costs	<u>\$337,849</u>
Total Costs	\$540,687
Interest @ 4%	\$ 21,627
Land Tax / Rates / Water	<u>\$ 8,457</u>
Total Expenses	\$30,084

The Numbers

12 Months after Completion



Costs	\$
Rental Income	\$ 89,814
Less Expenses (incl. Interest)	<u>\$ 30,084</u>
Passive Income	<u>\$ 59,730</u>
Gross ROI	16%
Value uplift @ 8% Cap Rate (\$89,814-\$8,457)/8% (.08)	<u>\$1,016,962</u>

Uplift Gain \$467,275



Let's work through an Example



- Industrial Land \$500,000
- Build Potential – Industrial Shed – 400 sqm
- Cost /sqm for Tilt Slab construction \$1,512
- Construction Cost \$604,800
- Expected Income \$125,000/yr

? What is the ROI?

? If the Cap Rate in the Area is 8% - What is the completed Value of this Property?



7. Commercial Vendor Finance

- Deposit Financing
- Long Contracts or Option Agreement to get work done
 - Strata
 - Renovation
 - Get tenants
 - Build
 - Businesses with Management Contracts Attached
 - Options as big as your imagination



Vendor Finance Example – Business Real Estate

Purchase Price	\$800,000
Vendor Finance	\$350,000
interest free for 15 months	
Income on Purchase	\$ 35,000
Renovations	\$ 90,000
New infrastructure	\$175,000



Post Reno Passive Income	\$201,000
Est Value on Reval	\$1,400,000
Equity Uplift	\$300,000



The Key to Commercial Uplifts – Form good relationships in the market

- Commercial Real Estate Agents
- Property Managers
- Prospective Tenants
- Lawyers
- Accountants
- Consultants – Finance brokers



What are the financing aspects to consider?

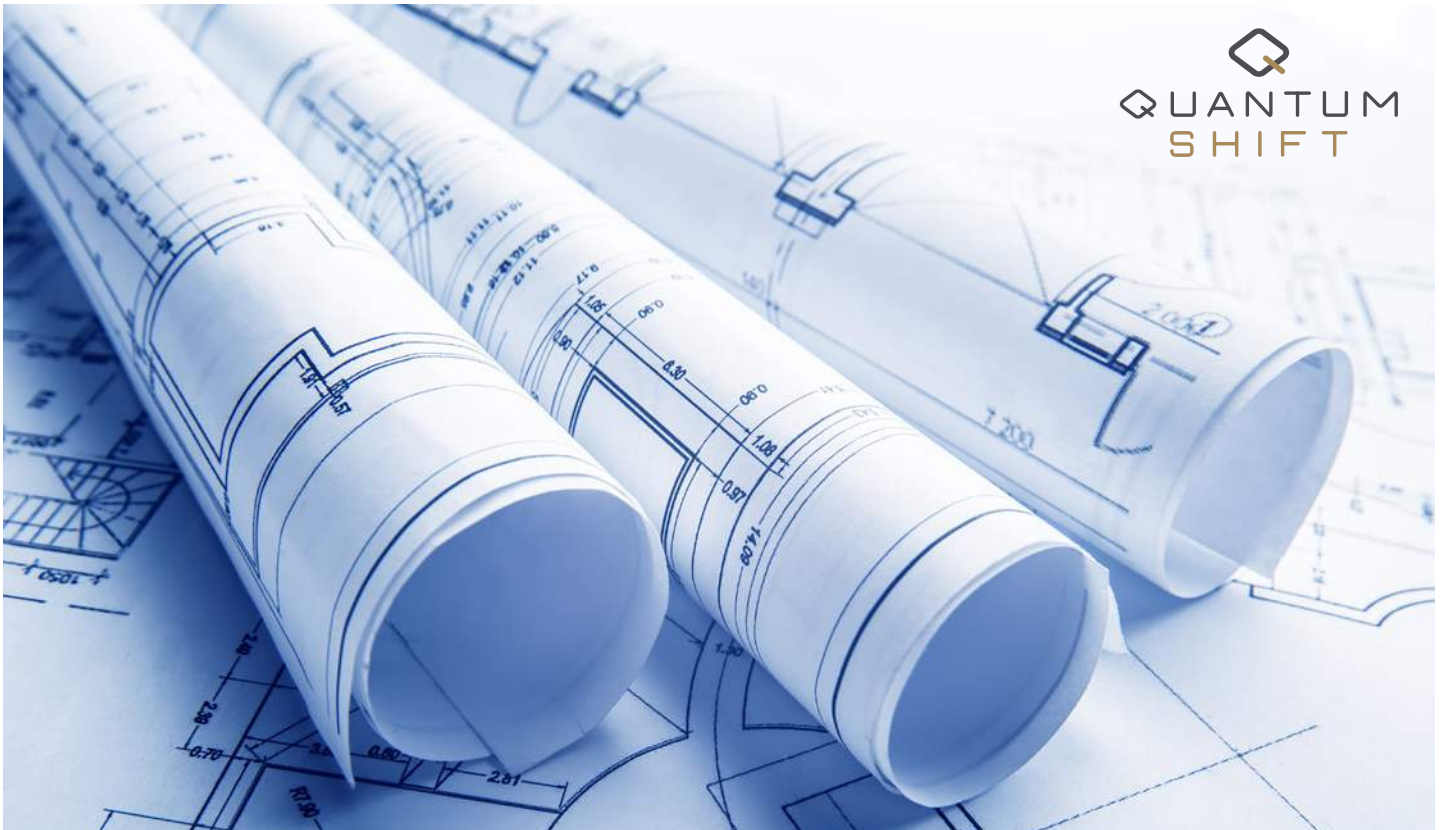
- How does commercial lending work?
- How hard is it to refinance after an uplift?
- How long before you could go back for an equity redraw
- How are Banks liking Commercial Equity Redraws



Valuation Methods

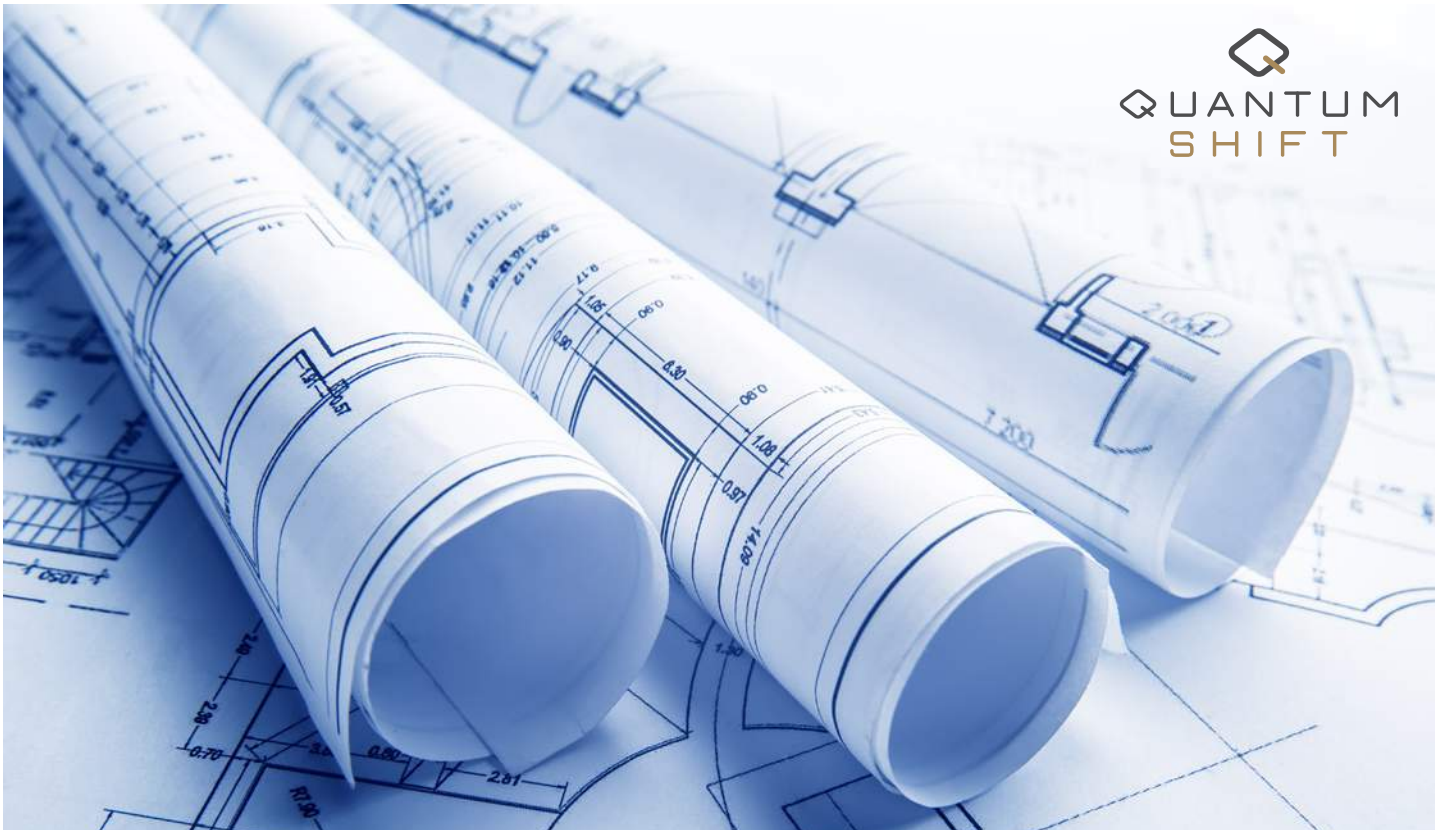
- 1. Income or Capitalisation Method**
 - What **RETURN** will investors be willing to receive on their money?
 - Uses annual **Net Operating Income (NOI)**
- 2. Direct Comparison Method** (\$ per square meter comparisons)
 - Either on **Gross Floor Area** or **Net Lettable Area**
- 3. Replacement Cost Method**
 - How much it costs to buy land in the area and build a similar building?
- 4. Discounted Cash Flow Method**
 - 10 year DCF with Terminal Yield





9. How Do You Get Speed To Your Progress?





10. Getting DA's for Fast Profits



FASTPROFITS | Getting DA's for fast Profits

I LOVE REAL ESTATE

Remember in Renovation we Discussed Council Applications

R E C A P

Cosmetic	Code Assessable	Impact Assessable
	Simple	Structural

Remember in Renovation we Discussed Council Applications

R E C A P

Code Assessable	Impact Assessable
------------------------	--------------------------

In this Session we will be exploring these 2 and how they Uplift Value

Why is gaining a DA a good Chunk Deal and what is a DA?

- A **Development Application (DA)** is a formal request for consent to carry out development and shows the merits of your project and how it meets local, state and federal development requirements.
- **Gaining a DA on a property usually increases it's Value and generally doesn't cost a lot!**



What is a Development Application?

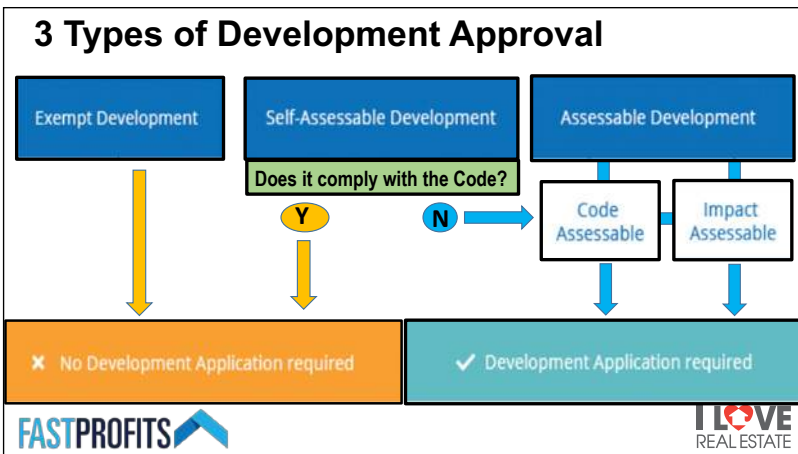
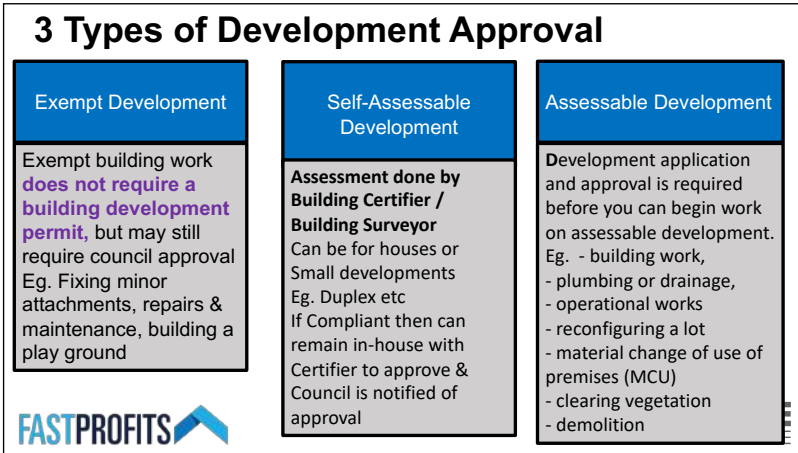
- A DA consists of a collection of documents including:
 - Application form
 - Site/architectural plans
 - Town Planning report that will include consultants' reports such as flora and fauna, survey, traffic impact assessment, shadow diagrams, etc.



When do you need a Development Approval (DA)?

- **Demolish, construct, add or alter a building.**
- Erect a sign.
- **Change the use** of a property – MCU
Material Change of Use
- Any **tree damaging** activity to a regulated or significant tree.
- Any **external alterations** (and in some case also internal alterations) to a listed heritage item.
- Divide or **alter the boundary** of an allotment.





NOTE: NSW also has Complying Development

- Complying development is a **fast track planning and building approval** which can be issued within 20 days, and save homeowners up to \$15,000
- Under State Environmental Planning Policy (SEPP) you can get 10 -20 day approvals for NEW BUILDS, extensions, internal structural renovations, granny flats etc.
- Complying development does not override private covenants






Types of Assessable Developments

Code Assessable

Applies to development (project) that **fits within existing planning** instruments but may be inconsistent with existing local planning codes

Impact Assessable

Applies to a development (project) which is **against the local planning** requirements, where it is inconsistent with the designated use.
 - An example is a development which does not align with the current site zoning.
 - Requires **public notification**



Platinum Student Deal - WA

1 – 7 Apartment Dev. to Hold

Purchase Price	\$ 872,500
Purchase Costs	\$ 40,000
Development Costs (DA - \$50k, 5 mths)	\$1,573,500
Hold Costs	\$ 180,000
Total Costs	\$2,666,000
End Value 7 Apartments (\$530k each)	\$3,715,000
Sale Costs (If Sold)	\$ 93,000
Profit (If Sold)	\$ 956,000
Profit on Costs	35%
Cash Flow (@\$450/wk)	\$ 11,000



Note:
 Terms and Costs may vary
 from State to State
 and Council to Council
**See Appendix for some
 differences**

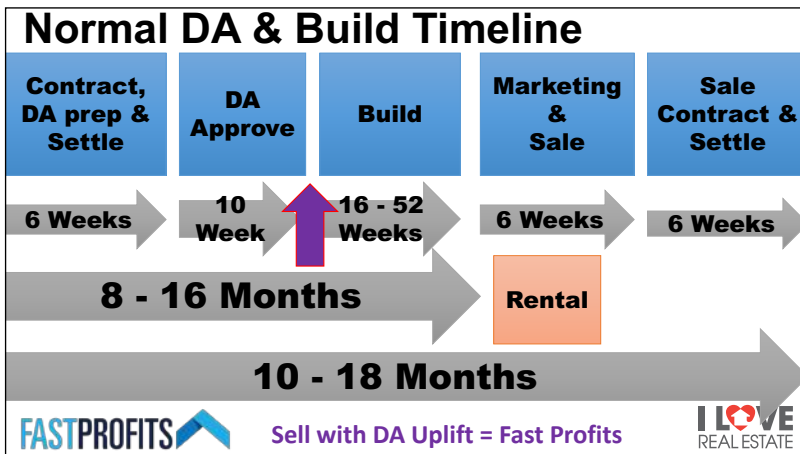
Benefits of getting Development Approvals

- Relatively **cost effective** way to get an uplift in value on a property
- **Low dollar out put for high dollar uplift**
- Can be effected pre-settlement with the use of extended settlement contracts of option agreements



Time is Money

The quicker you can get the DA through Council the the money money you make



Most Important Question when doing a DA

What is the Highest & Best Use?

Test of Highest and Best Use



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.
- **Always only do what you can finance!**



Major DA Applications that create Uplift

- **Development**
 - DA for higher density
Eg. Dual Occupancy (Duplexes and Townhouses)
- Secondary Dwellings (Granny Flats)
 - Material Change of Use (Eg. Residential to Commercial and vice versa)
- **Subdivision**
 - Reconfiguration of a Lot
 - Subdivisions
 - Boundary Realignment
 - Strata
- **Building Works/BA**
 - Construction



Is Everyone still with me?



Can you smell the money in DA Uplifts yet?



Major DA Considerations

1. Site Analysis
2. Zones
3. Overlays
4. Council Culture
5. Cost
6. Construction Design (BA)

It is all about ticking the council boxes



Let's Delve into each of these



1. Site Analysis

- Local Covenants. Eg Use of specific Building materials and Design
- Site relationship to your neighbours (such as privacy and overshadowing).
- The slope of the land, creeks and drainage
- Street character, including lot size and shape, the form of buildings (e.g. setbacks, height) and the landscape character.

Does my development sit comfortably in the neighbourhood?



2. Zones

Across Australia, all land has a designated zone and this tells you how the land within that certain area can be used.

- There are generally four zones:
 - Residential,
 - Commercial,
 - Industrial and
 - Agricultural
- Can also have sub-categories, such as what type of commercial and industrial business can be carried out
- Zoning Laws are established by state and territory governments and this means they differ around the Country



Residential Zones

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Rural Residential
- Tourist Accommodation



Some States use R Codes

- The R Codes can be used to work out if a property qualifies to be subdivided. In simple terms, R codes tell you how many dwellings or lots can be created on a 1 hectare (10,000 square metres) parcel of land provided you meet the minimum and average lot size for each newly created lot.

- List of State Terminology available in Appendix



3. Overlays

Mapped areas of Council interest, such as:

- Biodiversity, waterways and wetlands overlay
 - Bushfire hazard overlay
 - Coastal protection overlay
 - Extractive resources overlay
 - Flood hazard overlay
 - Height of buildings and structures overlay
 - Heritage and character areas overlay
- Each overlay has a 'Code', which may impact or apply to a development



A Couple that are worth mentioning



a) Height of buildings and structures Overlay

- Development having a height, which is greater than that nominated on Overlay map will trigger Impact Assessment (i.e. Public Notification)

Maximum Height of Buildings and Structures

6 metres	16 metres
8 metres	18 metres
10 metres	20 metres
12 metres	22 metres
14 metres	24 metres
15 metres	26 metres
	28 metres
	30 metres
	32 metres
	34 metres
	36 metres
	38 metres
	40 metres



b) Flood hazard Overlay

- Any new development or subdivision will require assessment for flood and inundation where located within the Flood Hazard mapped area. This Overlay may impact design (i.e. dictates minimum floor levels)



c) Vegetation Overlay

Vegetation protection

- Aims to **protect vegetation** from inappropriate damage, protect significant trees, and to maintain, protect and enhance a regions biodiversity, ecological values, habitat values, landscape character, cultural heritage and amenity.



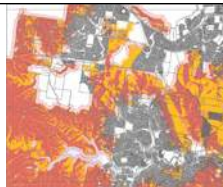
d) Bush Fire Hazard

- Bush fire Prone area maps reflect the likely risk of bush fires

• A Bit of History

In the years between 1967 and 2013, major Australian bushfires have resulted in over 8000 injuries and 433 fatalities, close to 50 per cent of all deaths from major Australian natural disasters in the period (excluding heatwaves). Over this same period, bushfires cost approximately A\$4.7 billion (2013 Australian dollars, including deaths and injuries but excluding most indirect losses).

- A fire front advances more quickly when travelling upslope and slows travelling down slope. The speed of a fire front advancing will double for every 10 degree increase in slope, so that on a 20 degree slope, its speed is four times greater than over flat ground.



e) Heritage Overlay

- The **Heritage Overlay** is used to protect sites that have **heritage** value, **meaning** that individual buildings or whole urban precincts may be covered.
- The protection afforded by a **Heritage Overlay** varies in each instance, though the controls apply to built structures and their associated land.
- Developer and renovators need to be careful of heritage properties in their feasibility studies



4. Council Culture

- No point in pushing for a development if council don't want it
- Council attitudes change over time with the election of new councillors
- Can be worthwhile 'lobbying/discussing' councillors for support
- Talk to town planners about the councils appetite for development



5. Cost

- It's all about the money
- Development application fees vary greatly across Australia
- Victoria seems to be the cheapest (But also one of the slowest)
- Queensland is the dearest (Not necessarily the quickest either)
- Local town planner will be able to give you a fair indication of costs



6. Construction and Design

- DA Stage Design should be:
 - Efficient
 - Cost Effective
 - Have Flow
 - Have an Eye for the end user
 - Meet the Market
 - Have a plan B – e.g. Rent profitably if it doesn't sell
- Use a good Designer or Architect





Lined writing area consisting of 25 horizontal lines.

Development Process

- STEP 1.** Property Search
Due Diligence – price, size, scale, suitability, engage consultants, sketch, feasibility, etc.
- STEP 2.** Acquire Site – Subject to DA approval? Option?
- STEP 3.** Prepare Concept Design
- STEP 4.** Pre DA/Lodgment Meeting with Council
- STEP 5.** Prepare DA and supporting specialist reports
- STEP 6.** Submit DA
If requested provide additional information to Council



Development Process




- STEP 7.** Public notification/advertisement
- STEP 8.** Council assessment including relevance of any submissions
- STEP 9.** Prepare planning assessment report
Approved – Delegation or Council
Refused – Delegation or Council
Court – Approved or Refused.



How do we know how much the DA is worth?

Our very own process for calculating the value of a DA!!!

TA-DA! Step-by-Step Mathematical Formula

Valuing a DA =  +  + 

FASTPROFITS

Example DA Site – Deal 1 Summary

Strategy = Reno existing house + build duplex

Sales price = \$1,600,000
(Duplex \$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 already paid on costs = \$69,818
Balance of GST liability = \$21,091

DA costs = \$40,000



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Calculating Market Value DA Site – Deal 1

	Items	Formula	Deal 1	Reno existing house + build duplex
STEP 1	End Value (GRV)	A	\$ 1,600,000	Sales price = \$1,600,000
	Sale Costs (3%)	B	-\$ 48,000	(Duplex \$550k each duplex + \$500k house)
	Sale Proceeds	C = A - B	\$ 1,552,000	
	less 20% Profit allowance	D = C x 20%	-\$310,400	Purchase Price = \$600,000
	Balance – Max project cost	E = C - D	\$1,241,600	Purchase Costs = \$36,000
STEP 2	Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F (600k+36000+680k+39360+21091)	\$1,376,451	Build & Titling Cost = \$680k inc reno Hold Costs = \$39,360
	DA Uplift – value we create	G = E - F	-\$134,851	GST on sale = \$90,909 (margin/s) GST on costs = \$69,818 GST liability = \$21,091
	DA Costs	H	\$40,000	DA costs = \$40,000
	Your Profit Potential	I = G - H	-\$174,851	
	Market Val DA Site	J = I + Purchase Price + H	\$465,149	Does this Deal WORK?

What if we could build a triplex + reno the existing house?

STEP 1	Items	Formula	Deal 1	
	End Value (GRV)	A	\$ 2,150,000	Reno existing house + build duplex
	Sale Costs (3%)	B	-\$ 64,500	Sales price = \$2,150,000
	Sale Proceeds	C = A - B	\$ 2,085,500	(Triplex \$550k each duplex + \$500k house)
	less 20% Profit allowance	D = C x 20%	-\$417,100	Purchase Price = \$600,000
	Balance – Max project cost	E = C - D	\$1,668,400	Purchase Costs = \$36,000
				Build & Titling Cost = \$680k inc reno
				Hold Costs = \$39,360
STEP 2	Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F (600k+36000+680k+39360+21091)	\$1,376,451	GST on sale = \$90,909 (margin/s)
	DA Uplift – value we create	G = E - F	\$291,949	GST on costs = \$69,818
	DA Costs	H	\$40,000	GST liability = \$21,091
	Your Profit Potential	I = G - H	\$251,949	DA costs = \$40,000
FAS	Market Val DA Site	J = I + Purchase Price + H	\$891,949	Does it WORK NOW?

Example DA Site – Deal 2 Summary

Now it's your turn to work out the sale price of this DA approved site

Strategy = Build 6 townhouses

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



FASTPROFITS

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Calculating Market Value DA Site – Deal 2




STEP 1	Items	Formula	Deal 1	
	End Value (GRV)	A	\$ 4,500,000	Build 6 townhouses
	Sale Costs (3%)	B	-\$ 135,000	Sales price = \$750,000 each
	Sale Proceeds	C = A - B	\$ 4,365,000	Purchase price = \$900,000
	less 20% Profit allowance	D = C x 20%	-\$873,000	Purchase costs = \$54,000
	Balance – Max project cost	E = C - D	\$3,492,000	Build & Titling Costs = \$1.98m
				Hold Costs = \$92,160
STEP 2	Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F (900k+54000+1.98m+92160+128637)	\$3,154,797	GST on sale = \$327,273 (margin scheme)
	DA Uplift – value we create	G = E - F	\$337,203	GST on costs = \$198,636
	DA Costs	H	\$70,000	GST liability = \$128,637
	Your Profit Potential	I = G - H	\$267,203	DA costs = \$70,000
FAS	Market Val DA Site	J = I + Purchase Price + H	\$1,237,203	Who got the Answer?



If you can do that calculation
You can make a LOT OF MONEY doing DA Flips




Calculating the Value of a DA – 2 ways to use it

1. Use this process to determine how much the DA has increased the property by and confidently assess what you could sell the site for with the DA uplift!!!
2. Use this process to assess how much you should pay for a site that already has DA approval to ensure you can make profit by taking the project to completion



What are the financing aspects to consider?

- How do Banks view short term Lending – eg. DA Uplift to sell?
- Tricks to get these deals across the line?
- Other considerations



Fast Profits Worksheets: DA Uplift

Online DA Approvals

- The next phase in efficient DA approval process is digital lodging and processing.
- Queensland, the eDA system has so far been picked up by 18 councils.
- Western Australia's ePlan is still limited to subdivision and amalgamation applications
- South Australia's EPL system allows some plans to be lodged electronically.
- NSW has introduced an online Planning Portal, where you can check the zoning of your property, find out what type of development is allowable, view 3D demonstrations of exempt development and access various development application statistics.
- Victoria's Planning Schemes Online provides access to all council planning schemes.

DA Application Time Frames

- In **NSW it's 40 days**, after which you can take the matter to the Land and Environment Court. But way too expensive for most - Average 70 days
- In **Victoria** you can go to the Victorian Civil and Administrative Tribunal if you haven't heard from the local government authority within **60 days**.
- **Qld** - A **Code Assessable** development application can be expected to take **45 business days** before Council issues a decision notice. This timeframe may be longer if Council makes an Information request (up to 3 months) and does not include the time for your town planner to prepare the lodgement documentation.

An **Impact Assessable** DA has a similar timeframe to a Code Assessable application but includes a 15 business day public notification period (with up to 10 business days in addition for Council to 'assess' any submissions). That is, up to 70 business days.

- **SA** - the statutory time limit increases by **6 to 10 weeks**, depending on the referral agency. But allow 12 weeks for more information request
- **WA - 60 days** to determine applications where no consultation is required. 90 days if any consultation is required.
- **TAS - 42 days** of receiving it, including 14 days advertising for representations to be received.

Fast Profits Worksheet 5: DA Uplift

NSW - Department of Planning & Environment

- **RI** - General Residential
- **R2** - Low Density Residential
- **R3** - Medium Density Residential
- **R4** - High Density Residential
- **RS** - Large Lot (Rural) Residential
- **B4** - Mixed Use

VIC -Victoria Department of Transport, Planning and Local manages the growth of the State and the Melbourne Metro planning Strategy and the 8 Regional Growth Plans manage strategy to local councils for land use.

- **RGZ** - Residential Growth Zone (new)
- **GRZ** - General Residential Zone (new)
- **NRZ** - Neighbourhood Residential Zone (new)
- **C1Z** - Commercial 1 Zone (new - includes some mixed use)
- **C2Z** - Commercial 2 Zone (new)
- **LDRZ** - Low Density Residential Zone (amended)
- **MUZ** - Mixed Use Zone (amended)
- **TI** -Township Zone (amended)
- **RLZ** - Rural Living Zone (amended)

WA - Western Australia Planning Commission

- There are 3 tiers to the R-Codes for Land:

Low density - Codes less than R30

Medium density - Codes R30 to R60

High density - Codes R80 and above

Fast Profits Worksheet 5: DA Uplift

NT - Department of Lands, Planning and Environment

- **SD** - Single Dwelling Residential
- **MD** - Multiple Dwelling Residential
- **MR** - Medium Density Residential
- **HR** - High Density Residential
- **RR** - Rural Residential
- **RL** - Rural Living
- **FD** - Future Development
- **CB** - Central Business (permits some residential development)

ACT - ACT Government Environment & Planning

Residential Zones (from lower to higher density):

- **RZ1** - Suburban Zone
- **RZ2** - Suburban Core Zone
- **RZ3** - Urban Residential Zone
- **RZ4** - Medium Density Residential Zone
- **RZS** - High Density Residential Zone

Commercial Zones ~

- CZ1 through CZ6
- CZS is a Mixed-Use Zone, which allows for residential development

TAS - Tasmania Planning Commission

Their planning framework has designated 23 different zones without bothering with the use of code numbers. Here are a few of the more relevant ones:

- General Residential Zone
- Inner Residential Zone
- Low Density Residential Zone
- Rural Living Zone
- Environmental Living Zone
- Urban Mixed Use Zone

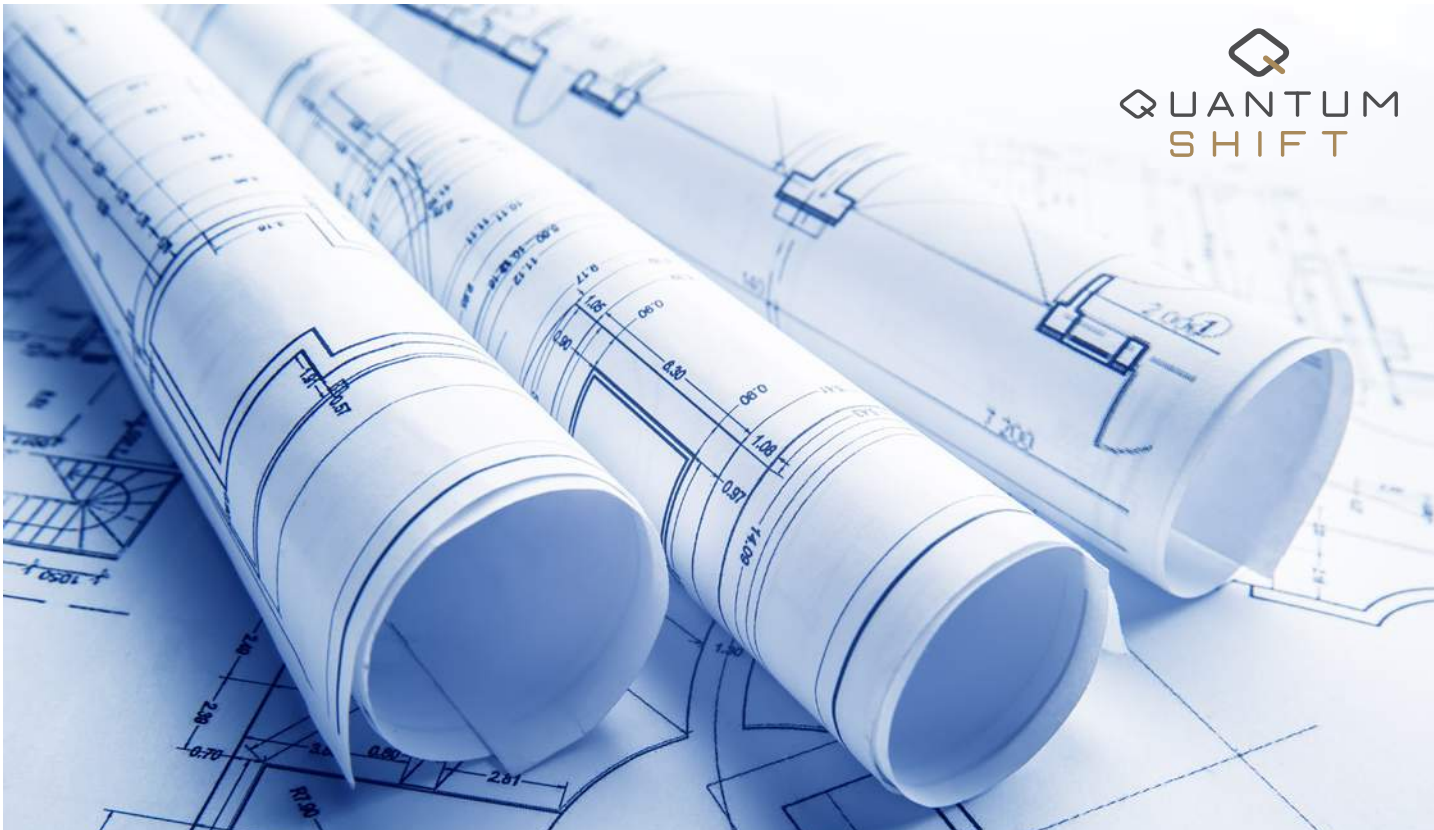
Fast Profits Worksheet 5: DA Uplift

QLD - Department of State Development, Infrastructure and Planning

- QLD does not have a uniform standard planning scheme - (It Sucks)
- Nor does it have uniform planning codes
- Need to check with local council/ town planner

SA - Department of Planning, Transport and Infrastructure

- Like Queensland, South Australia has no uniform zoning codes



11. Options Unplugged



Options

Why use an option?

- You want to flip/on-sell to a third party for an uplift
- You want to secure a site, but don't want to pay for or own it yet
- Secure multiple lots – Clumping
- Delaying a purchase to a new financial year - tax
- You don't have your buying entity ready yet



Case Study – Find a Site



Let's have some fun and work through a real Option Deal



14 townhouses + original house



- 4,250m2 site
- Owner currently lives in house



Proposed Development



- 14 townhouses
- 1 original house



Rough Feasibility

• Land	\$1M
• Civils and Construction	\$3.2M
• Sales	\$5.5M
• PROFIT	\$1.3M



Plan of Attack

1. Find site
2. Enter Call Option - 12/18mths
3. Get DA/approval - 6mths
4. Get Presales during option - 5mths
5. Do development ourselves if feaso stacks or sell project to a builder/developer
6. Need bank funding for civils = need to own the land when civils start
 - 3-6mths for civil works
 - 1mth to get titles and complete the settlements
 - Timing 12/18mths



Is everyone right for the Plan?



What did they negotiate!!

- **Parties:** Special new trust
- **Time:** 18mth call option period
- **Call Option Fee:** \$1
- **Access:** Entire option term
- **Due Diligence Period:** 90 days
- **Security Deposit:** \$1k payable on DD date, permanently released to seller, but credited to purchase price
- **Price:**
 - Land worth \$1M
 - Price: \$380k plus when development completed the original house for \$1.00 & 1 townhouse for 10% off market price
- **Other:**
 - Right for seller to continue to live in original house if allowed
 - 5% discount if he wanted to purchase another townhouse



Current Status

What happened next

1. Currently 12mth into their option
2. They are organising their DA & well into getting the BA
3. Now looking to sell on the development to a developer/builder



Option – Decision Time

- 3 possible endings
 - Walk away
 - Proceed to exercise the option
 - Sell/Assign site to third party
- Impact on Seller?



Proceeding to Exercise Option

Process

- Follow the stepping stones very carefully
- Nominate new entity?
- Once you Exercise the Option
 - Unconditional contract
 - Stamp duty payable?
 - Settlement of the contract occurs in the usual way



Assigning an option

Two ways to Assign/Sell the option

- Nomination and Side Agreement
- Nomination, Exercise of the option and uplift

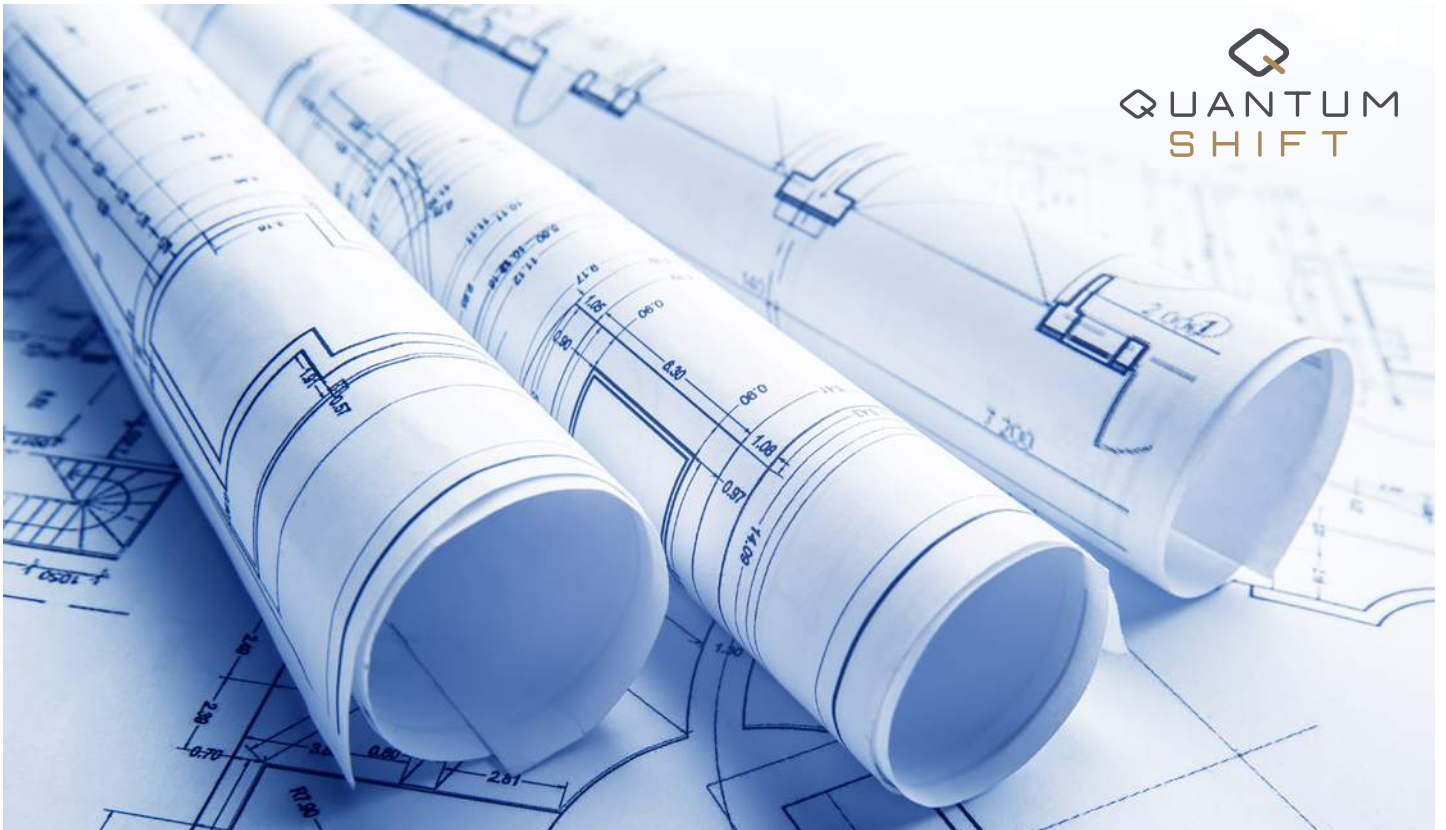


Assignment

When assigning an option make sure you cover:

- Consultants report
- Warranties
- Stamp duty and GST – BEWARE!!!





12. Two Year Plans





FASTPROFITS

Confidence & Action



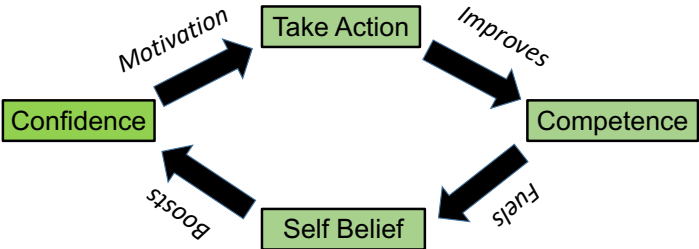
I LOVE REAL ESTATE



People assume that **confidence** is this **magic pill** that you can take every morning for breakfast.

Higher confidence motivates more action

The more confident you become, the more likely you are to feed that confidence back into the loop of taking action



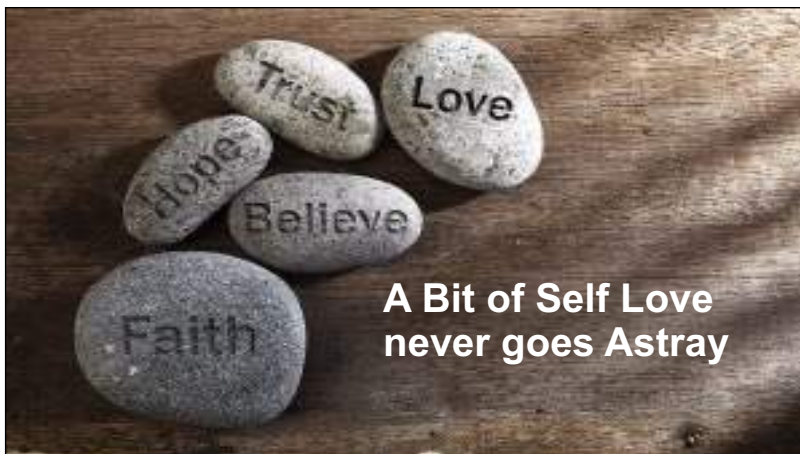
FASTPROFITS

I LOVE REAL ESTATE

“Action comes before the confidence to act. It’s action that begets confidence, not the other way around.”

- Let’s say you want to become a successful Developer but you’re not confident in your abilities.
- That’s okay. All great developers started exactly where you are today: lacking confidence and swimming in a pool of self-doubt.
- **But here’s what sets apart all budding Developers from Professional Successful Developers:**

The latter **started**, the former **didn’t**



Fears

- In philosophy – there are 6 deadly fears**
- Death
 - People
 - Failure
 - Rejection
 - Sickness
 - Lack

- In Property there are 4**
1. Fear of Making a Mistake (Failure)
 2. Fear of what people think (Looking foolish)
 3. Fear of change (The unknown)
 4. Fear of Abandonment (Rejection from tribe)



1. Fear of Making a Mistake (Failure)

The fear of failure, which is sometimes referred to as atychiphobia, is an irrational and persistent fear of failing

How do you overcome the Fear of Failure

1. Redefine failure. ...
2. Set approach goals (not avoidance goals). ...
3. Create a "fear list." Author and investor Tim Ferriss recommends "fear-setting," creating a checklist of what you are afraid to do and what you fear will happen if you do it. ...
4. Focus on learning outcome – STOP STRIVING FOR PERFECTION



"The fastest way to break the cycle of perfectionism and become fearless is to give up the idea of doing it perfectly – embrace uncertainty and imperfection."

2. Fear of what people think (Looking foolish)

A Wise woman once told me-
"What other people think of you is non of your business"



3. Fear of change (The unknown)

WE DO NOT FEAR **THE UNKNOWN**.
WE FEAR **WHAT WE THINK WE KNOW**
ABOUT THE UNKNOWN.
- TEAL SWAN

FEAR OF THE UNKNOWN
XENOPHOBIA

**REPLACE THE
FEAR OF THE
UNKNOWN WITH
CURIOSITY.**

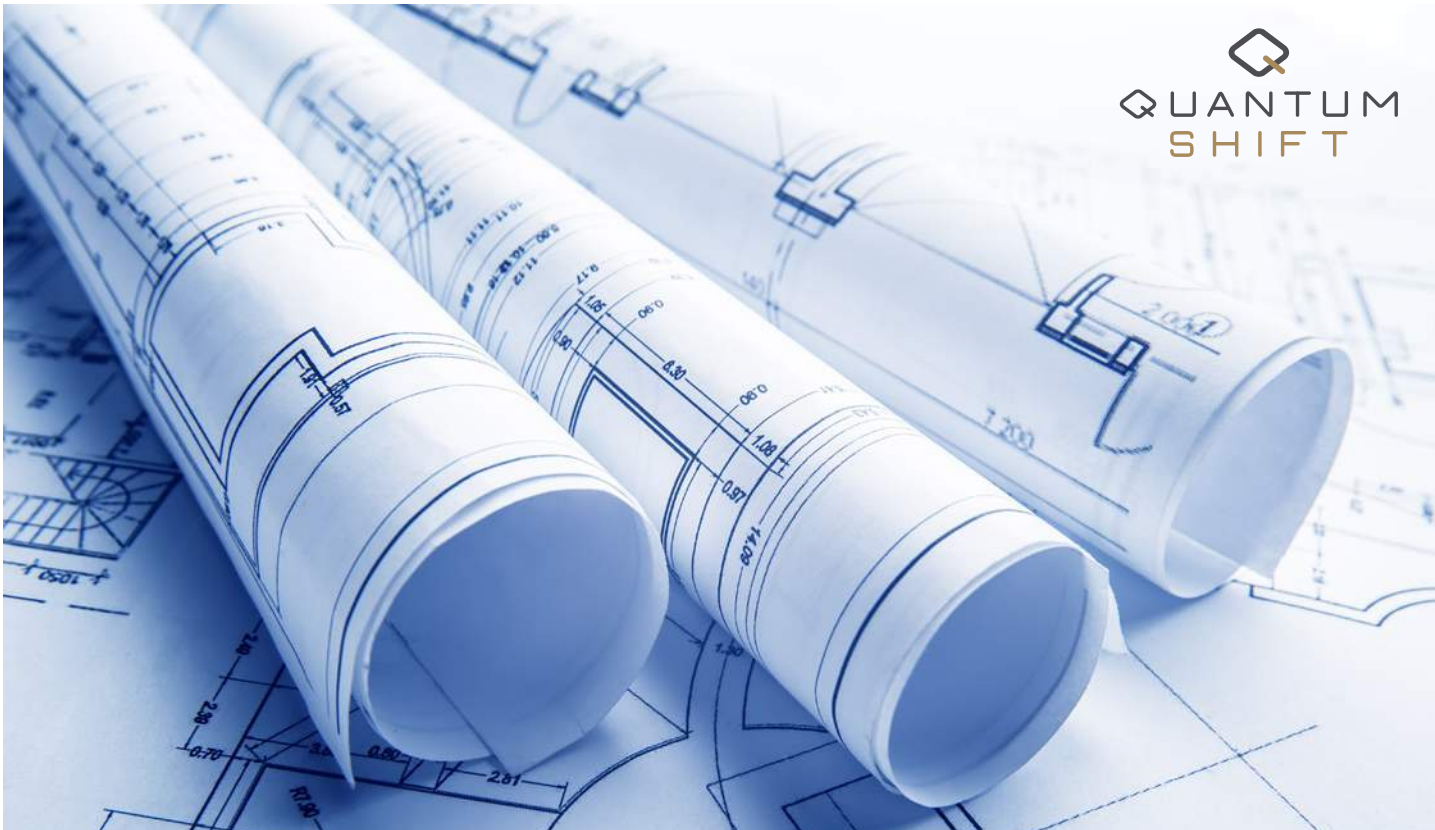
Start to form **HABITS** of **CHANGE**

(Rejection from tribe)



Solution – Find a NEW Tribe





Appendix



Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

SUMMARY

Trade	Task Summary	Notes
Ian Wassell House Removals	Stumping scheduled for completion by 30 th April 2014 Need copy of: Building Contract, BSA Licences, Public Liability Insurance & Indemnity Certificate of Currency	Entire Building Re-Stumped
Demolition & Asbestos Removal	Removal of Internal Lining: (Inc. all asbestos), 2 kitchens, internal doors, fireplace, laundry / bathroom fixtures as per details outlined in section 1. Items to be Kept for Reuse: Selected fixtures, fittings & appliances to be kept for reuse as per details outlined in section 2. (Separate Demolition Scope Of Works including photos and demolition plans provided)	Upon engagement provide a copy of: BSA & Asbestos Licences, Public Liability Insurance & Indemnity Certificate of Currency
Builder	Provide support to remaining walls following asbestos / lining removal, remove any remaining walls as per plans and build new walls, install internal & external doors, assemble bathrooms, co-ordinate all trades, kitchen & appliance installation, floor covering, install weathertex external cladding, verandah handrail, new ramp & steps as per details outlined below in section 3 and in according with plans provided & BCA for a class 1b building.	Upon engagement provide necessary BSA Licences, Public Liability Insurance, Indemnity Certificate of Currency and Contract Works Insurance cover for the entire building during renovation Quote to include QLeave if required = (0.525% of Total Cost of Works)
Plumber	Remove and install new water pipes, sewer & waste pipes, hot water systems, water meter (if required), stormwater to street, section of guttering & 1 downpipe. Install bathroom fixtures as per locations outlined on "Add-A-Bathroom" plan below. (Refer to FP1200 & FP1400 plans)	
Electrician	Rewire entire building on 2 separate circuits (as it is currently), oversee upgrade of power (if required), install all electrical fittings as outlined below in section 3 and in according electrical plans & BCA for a class 1b building.	

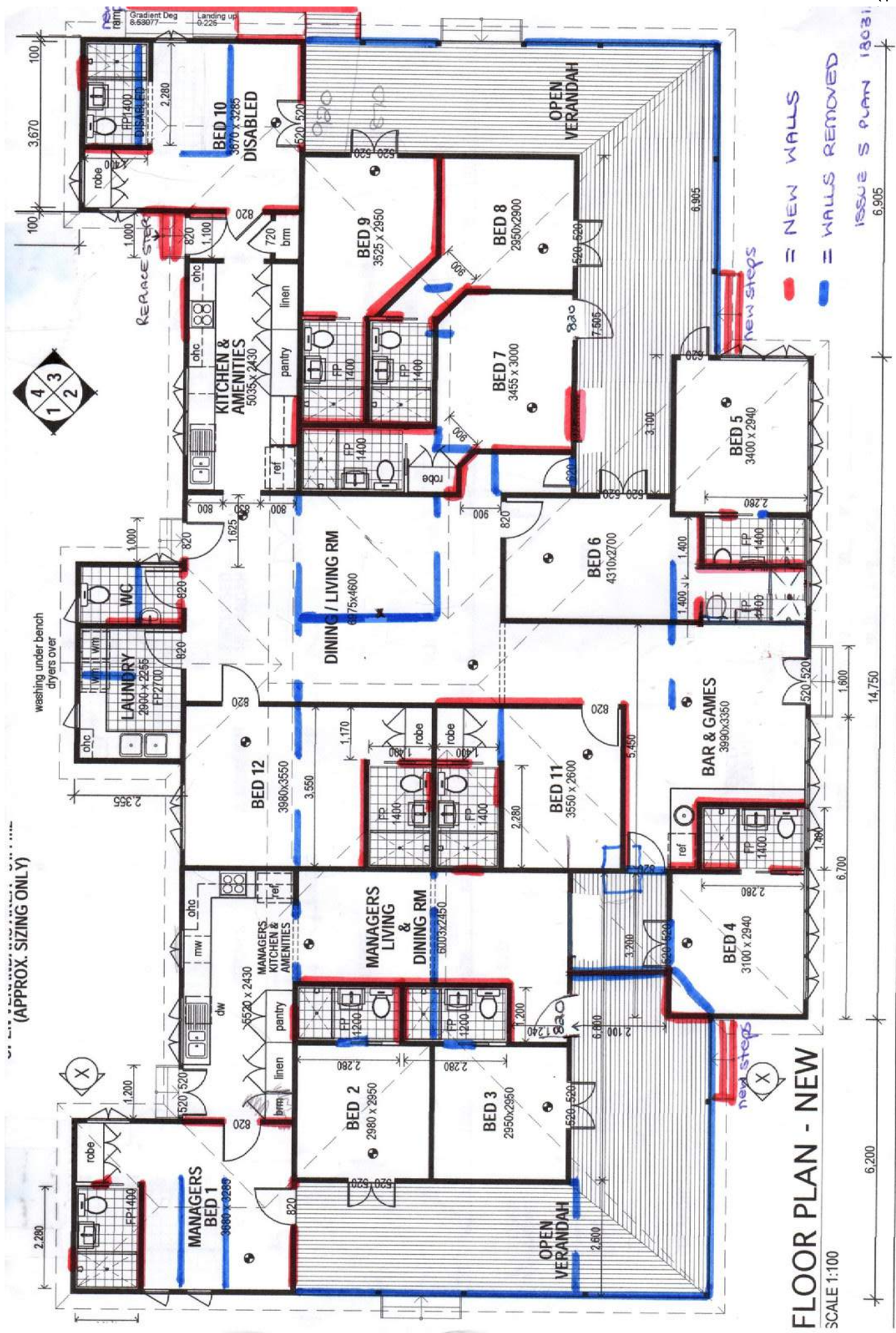
Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Trade	Subject	Task	Notes
Asbestos Removal & Demolishing Company	All internal walls of Building	<p>Remove & Dispose of: (Photos & Plans Provided)</p> <ol style="list-style-type: none"> 1.1. All internal lining to all internal walls, including timber cladding to kitchen ceiling / walls & bathrooms, villaboard lining to bedroom walls & timber cladding to Bed 5 & Bed 5's Bathroom 1.2. Lining to all ceilings 1.3. Partition-like (non supporting) walls 1.4. Two kitchens including overhead cupboards / shelving 1.5. Hot Water System in kitchen 1.6. Concrete twin laundry tub 1.7. Shelving from pantry room 1.8. Fireplace box / mantle / tiled hearth 1.9. All internal doors & highlights above doors 1.10. Shower bases x 2, Bath, brown timber vanity, shelf unit in bathroom 1.11. Toilets x 2 (pans only to be kept) <p>Items to be kept: (Photos Provided)</p> <ol style="list-style-type: none"> 2.1. All vertical posts either side of every doorway 2.2. All corner posts 2.3. All roof support posts – as per plans 2.4. Elba oven – currently in managers kitchen 2.5. White Vanity – currently in managers bathroom area 2.6. 1 built in kitchen sink & mixer tap 2.7. 2 toilet pans 2.8. 1 Panasonic Split System air conditioner with remote – currently in managers living area 2.9. 2 Illuminated exit signs – currently mounted above doorways at front & western side 2.10. 2 oyster lights – currently in proposed bed 9 & bed 9's bathroom area) 2.11. 2 hardwired smoke alarms – currently in both living areas 	Upon engagement provide copy of BSA & Asbestos Licences, Public Liability Insurance & Indemnity Insurance Certificate of Currency

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building



Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Trade	Subject	Task	Notes
Builder	Carpentry	<p>3.1. Remove any remaining walls, following asbestos removal, as per plans Removal of Existing Walls: Marked on Plan in BLUE; Build New Walls: Marked on Plan in RED.</p> <p>3.2. Build new 90mm stud walls throughout including necessary bracing as per plans</p> <p>3.3. Provide support beams as required across Dining / Living & Bed 12</p> <p>3.4. Maximum ceiling height to be 3mtrs</p>	<p>What cost saving could occur by reducing to 2.7mtr ceilings?</p>
	Internal Lining	<p>3.5. Internal Bedroom Walls to be insulated with R2.5 Insulation Batts - RW40 & RW50 to bathroom walls.</p> <p>3.6. Internal Bedroom Walls to be Lined with 10mm Plasterboard</p> <p>3.7. Internal Ceilings to be insulated with R2.5 Insulation Batts</p> <p>3.8. Internal Ceilings to be lined with 10mm Ceiling Plasterboard</p> <p>3.9. Skirting Boards = Bullnose minimum 67 x 12mm</p> <p>3.10. Architraves = Bullnose minimum 67 x 12mm</p> <p>3.11. Cornice = 90mm Cove Cornice</p>	<p>RW rating of bathroom pods TBC</p>
	Kitchens	<p>3.12. Co-ordinate with Cabinetmaker supply of 2 new laminated kitchens</p> <p>3.13. Supply & Install 1 new kitchen sink (1.75) & Install existing kitchen sink & existing mixer to Manager's kitchen</p> <p>3.14. Supply & Install 1 new oven & install only existing Elba oven to Manager's Kitchen</p> <p>3.15. Supply & Install: 2 x Dishwashers, 2 x cooktops, 2 x rangehoods</p>	<p>Separate itemised cost of Builder's Range to be provided to client for selection</p>
	Bathrooms	<p>3.16. Assemble and install modular bathroom units</p> <p>3.17. Bathroom Fixtures to be installed as per measurements outlined on FP1200 & FP1400 Add-A-Bathroom plans below</p> <p>3.18. Bathroom Doors – 11 x Cavity Sliding Doors to fit 705mm doorway opening with lockset</p> <p>3.19. Build 1388 W x 95mm H ramp for disabled bathroom</p>	<p>Wall to be removed & rebuilt to install bathrooms to bed 5 & 6? & Bed 1?</p> <p>Client to mark up plan with towel rail & robe hook locations</p> <p>No door on Bed 10 bathroom</p> <p>Clayton Wood to confirm details</p>

Builder	<p>Laundry</p> <p>3.20. Provide cost to tile & line laundry & WC 3.21. Supply & Install: 2 x inbuilt 45L S/Steel laundry trough with 1 shared mixer tap 3.22. Supply & Install: 2 x sets washing machine tap 3.23. Co-ordinate with Cabinetmaker new benchtop & small overhead cupboard as per plan</p> <p>Bar & Games</p> <p>3.24. Co-ordinate with Cabinetmaker new bar benchtop 3.25. Supply & install small sink & mixer</p> <p>Doors</p> <p>3.26. Internal Bedroom Doors – 5 x Flush Standard with key locksets 3.27. Internal Laundry / WC Doors – 2 x Flush Standard (lock to WC) 3.28. External Bedroom / Entrance Doors – 15 x 820mm wide & 1 x 620mm with level handle keylock sets 3.29. External Security Screen Doors with Door Closer – 15 x 820mm opening & 1 x 620mm opening 3.30. What would extra cost be to have 1 master key to all locks?</p> <p>Painting</p> <p>3.31. Painting – Internal house ceilings & walls (Excluding all bathrooms) 3.32. Laundry & WC TBC – may use modular units 3.33. Verandah ceilings 3.34. Stain Merbau Decking</p> <p>Flooring</p> <p>3.35. Raise floor of lean-to section of Bedroom 12 & Main Dining at rear to same height as internal floor with 18mm compressed yellow tongue compressed sheet flooring 3.36. Floor Coverings - Commercial grade timber look-a-like vinyl to all rooms except bathrooms / (laundry & WC – TBC)</p> <p>Robes & Cupboard</p> <p>3.37. Supply & install 5 x in-built sliding door robes, with shelves & hanging rail to bedrooms 1, 7, 10, 11 & 12 3.38. Supply & install inbuilt cupboard to hallway between kitchen & bed 10</p> <p>Fire Extinguishers</p> <p>3.39. Provide & Install Fire Extinguishers within 4mtrs of an exit to each kitchen & bar area: 3 x 4.5kg dry powder type; 3 x 9ltr water type & 3 x fire blankets</p> <p>Windows</p> <p>3.40. Remove 3 existing aluminium windows from western</p>	<p>As cost comparison vs purchasing modular units</p> <p>CLIENT TO CONFIRM STYLE CLIENT TO CONFIRM STYLE</p> <p>TBC if modular bathrooms units used for laundry & wc NEED TO DETERMINE HEIGHT OF THESE ROOMS</p> <p>Provide separate cost</p>
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Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

	<p>verandah and install in Bedroom 4, Games & Bedroom 5 (Sizes 2210W x 1130H; 2995W x 1130H; 2975W x 1130H)</p> <p>3.41. Supply & install new 1800W x 900H window to Main Kitchen, allowing for small splashback above sink</p> <p>3.42. Supply & install new 1500W x 900H window to Manager's Kitchen, allowing for small splashback above sink</p> <p>3.43. Supply & install new 1200W x 1200H window to Manager's Bedroom</p>	<p>Builder to check window measurements</p> <p>Builder to check new window measurements</p> <p>CLIENT TO CONFIRM IF REQUIRED</p>
Exterior	<p>3.44. Remove and enclose old windows that are not required with weathertex or hardi plank?</p> <p>3.45. Verandah Ceilings to be lined with 10mm Plasterboard (in line with rafters)</p> <p>3.46. Verandah exterior walls to be removed to floor level and single timber handrail installed</p> <p>3.47. Clad internal verandah walls with Weathertex cladding, to match existing weatherboards</p> <p>3.48. Eastern Verandah – Replace decking with Merbau Reeded 90 x 19mm Stained</p> <p>3.49. Western Verandah - Replace decking with Merbau Reeded 90 x 19mm Stained</p> <p>3.50. External Steps – Provide 2 new hardwood tread steps (with side stringers) to front verandah & replace 2 existing weather-damaged set of steps outside main kitchen at rear</p>	<p>Kylie to specify</p> <p>Separate cost for this please</p> <p>CLIENT TO CONFIRM STYLE</p> <p>Eastern decking needs replacing</p> <p>Provide separate price for Western decking (not essential to replace at this stage)</p>
Rubbish Removal	<p>3.51. Removal all builders / trade rubbish</p>	

Additional Costs

2}Leave = 0.525% of Total Cost of Works

3}SA Insurance

4}Contract Work Insurance

Trade	Task	Notes
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Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Plumber	Replace Earthenware Waste Pipes with new PVC	As Per Hydraulic Services Sanitary Plan 1812131-H-100-PR-A
	Replace Existing Water Pipes with new	As Per Hydraulic Services Water Plan 1812131-D-200-PR-A
	Install 2 x 613/315 Rheem (45amps) Hot Water Cylinders with Equa-Flow Manifold 3 x 3.6KW Elements and Install Rheem Hot Water Pump Set 890666	As Per Hydraulic Services Water Plan 1812131-D-200-PR-A
	New Water Meter Required?	Obtain costing from council
	Replace section of damaged guttering on Eastern Side of Building with existing style (Lysaght?) Move downpipe outlet on eastern side to allow for new proposed disabled access ramp	http://www.lysaght.com/product/lysaght-half-round-gutter-and-br-lysaght-flat-back-gutter
	Stormwater - Run existing downpipes to street	Stormwater plan not required as roof area remains unchanged

Trade	Task	Notes
Electrician	Building currently wired on 2 separate circuits – to remain this way.	
	Does power need to be upgraded? If so, cost involved	
	Rewire entire building on 2 separate circuits as per electrical plan. Refer below for detailed list of fittings	
	Smoke Alarms, Emergency Lighting & Illuminated Exit Signs must be linked to function when a smoke alarm is activated	
	TV Aerial – will the 1 existing TV Aerial be sufficient for entire building?	Refer to photo below
	Internet Wifi ? Advice on cost to install and how this would be managed on room by room basis?	
	Foxtel ?	Any extra wiring required for foxtel? Supply cost?
	Air Conditioning – Quote to be supplied for most cost effective system	TBC - Ducted vs Split vs Wall Mounted

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Electrical Summary			
Quantity	Item	Supplied By Builder	Supplied By Owner
47	Low Voltage Down Lights	47	
14	Light / Fan Units – Refer to photo below for style or similar (Bunnings stock)	14	
66	Double Power Points	66	
21	Single Power Points	21	
15	Ceiling Fans with Lights - Refer to photo below for style or similar (Bunnings stock)	15	
15	TV Points (mounted 1800mm high in bedrooms) – Existing TV aerial be enough?	15	
15	Air Conditioners – Quotes to be supplied for Ducted vs Split System	14	1 Existing Panasonic to be reused
12	External Wall Lights - Refer to photo below for style or similar (Bunnings stock)	12	
2	Phone Points (separate lines)	2	
16	Smoke Alarms - Smoke Alarms & Emergency Lighting to be linked together	14	2 Existing to be reused
3	Emergency Lights	3	
5	Illuminated Exit Signs	3	2 Existing to be reused
1	Illuminated Exit Sign with Arrow Pointing towards “T” of exit	1	
232	TOTAL SUMMARY	227	5



separate circuits to remain



Existing TV aerial



External Wall Light



Ceiling Fan with Light



Light / Fan Unit

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Trade	Proposed Room	Task	Notes
Electrician	Managers Bed 1 Bedroom 7 Bedroom 8 Bedroom 10 Bedroom 11	<p style="text-align: center;"><u>QUANTITY PER BEDROOM</u></p> 5.1. 3 x Low Voltage Down Lights (2 x Bedroom, 1 x Outside Ensuite) 5.2. 1 x Light / Fan in Ensuite 5.3. 4 x Double Power Points 5.4. 1 x Single Power Point (Ensuite) 5.5. 1 x TV Point (mounted 1800mm high with 1 x DPP alongside) 5.6. 1 x Ceiling Fan with Light 5.7. 1 x Air Conditioner 5.8. 1 x Smoke Alarm (linked to main system)	
	Bedroom 2 Bedroom 4 Bedroom 5 Bedroom 6 Bedroom 9	<p style="text-align: center;"><u>QUANTITY PER BEDROOM</u></p> 6.1. 2 x Low Voltage Down Lights 6.2. 1 x Light / Fan in Ensuite 6.3. 4 x Double Power Points 6.4. 1 x Single Power Point (Ensuite) 6.5. 1 x TV Point (mounted 1800mm high with 1 x DPP alongside) 6.6. 1 x Ceiling Fan with Light 6.7. 1 x Air Conditioner 6.8. 1 x Smoke Alarm (linked to main system)	
	Bedroom 3	7.1. 2 x Low Voltage Down Lights 7.2. 1 x Light / Fan in Ensuite 7.3. 3 x Double Power Points 7.4. 1 x Single Power Point (Ensuite) 7.5. 1 x TV Point (mounted 1800mm high with 1 x DPP alongside) 7.6. 1 x Ceiling Fan with Light 7.7. 1 x Air Conditioner 7.8. 1 x Smoke Alarm (linked to main system)	
	Bedroom 12	8.1. 3 x Low Voltage Down Lights 8.2. 1 x Light / Fan in Ensuite 8.3. 5 x Double Power Points 8.4. 1 x Single Power Point (Ensuite) 8.5. 1 x TV Point (mounted 1800mm high with 1 x DPP alongside) 8.6. 1 x Ceiling Fan with Light 8.7. 1 x Air Conditioner 8.8. 1 x Smoke Alarm (linked to main system)	

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Electrician cont.			
Managers Kitchen & Amenities	<ul style="list-style-type: none"> 9.1. 3 x Low Voltage Down Lights (2 way switch) 9.2. 2 x Double Power Points (Washing Machine & Bench) 9.3. 4 x Single PP (Dishwasher, Microwave, Rangehood, Fridge) oven? 9.4. 1 x External Wall Light outside Kitchen 9.5. 1 x Emergency Lighting 		
Managers Living & Dining Room	<ul style="list-style-type: none"> 10.1. 3 x Low Voltage Down Lights (2 way switch) 10.2. 3 x Double Power Points 10.3. 1 x TV Point (DPP next to) 10.4. 1 x Ceiling Fan with Light 10.5. 1 x Air Conditioner 10.6. 1 x Phone Point (Separate Line to Main Dining Phone) 10.7. 1 x Smoke Alarm (linked to main system) 10.8. 1 x Illuminated Exit Sign 		3 or 2?
Bar & Games Room	<ul style="list-style-type: none"> 11.1. 2 x Low Voltage Down Lights (2 way switch) 11.2. 3 x Double Power Points 11.3. 1 x Single Power Point (Fridge) 11.4. 1 x TV Point (DPP next to) 11.5. 1 x Ceiling Fan with Light 11.6. 1 x Air Conditioner 11.7. 1 x Smoke Alarm (linked to main system & no more than 5100mm apart from smoke alarms in dining / living) 11.8. 3 x Illuminated Exit Signs (1 with arrow) 		
Dining / Living / Hallway to Eastern Verandah	<ul style="list-style-type: none"> 12.1. 5 x Low Voltage Down Lights (4 on 2 way switch) 12.2. 4 x Double Power Points 12.3. 1 x TV Point (DPP next to) 12.4. 1 x Ceiling Fan with Light 12.5. 1 x Air Conditioner 12.6. 1 x Phone Point (Separate Line to Manager's Phone) 12.7. 2 x Smoke Alarms (linked to main system & no more than 5100mm apart) 12.8. 2 x Illuminated Exit Signs 12.9. 2 x Emergency Lighting 		
Kitchen & Hallway	<ul style="list-style-type: none"> 13.1. 4 x Low Voltage Down Lights (3 on 2 way switch) 13.2. 3 x Double Power Points (Benches) 13.3. 4 x Single PP (Dishwasher, Microwave, Rangehood, Fridge) oven? 13.4. 1 x External Wall Light outside kitchen 		2 or 3?

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Electrician cont.	Laundry & WC	14.1. 2 x Light / Fan Unit 14.2. 3 x Double Power Points	
	Western Verandah	15.1. 4 x External Wall Lights (2 way switch)	
	Front & Eastern Verandah	16.1. 4 x External Wall Lights to Verandah 16.2. 1 x External Wall Light by Games Room Front Door 16.3. 1 x External Wall Light at base of ramp near Bed 10	

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Trade	Proposed Room	Task	Notes
Builder	DETAILED LIST - Removal of Existing Walls: Marked on Plan in BLUE; Build New Walls: Marked on Plan in RED		
	<i>New Managers Bed 1 & Ensuite</i>	17.1. Remove 2 walls from old shower rooms 17.2. Remove section of wall to create doorway opening to ensuite 17.3. Remove window on northern wall of ensuite and enclose 17.4. Build new wall with cavity sliding door to ensuite 17.5. Remove existing toilet wall to assemble bathroom module and rebuild? 17.6. Build new wall, including doorway between bedroom & kitchen 17.7. Build new wall between bedroom and verandah including new external door	
	<i>Western Verandah</i>	18.1. Remove western verandah exterior walls (3 windows to be reused) 18.2. Remove 2 sections of walls dividing enclosed verandah (adjacent Bed 3) 18.3. Create doorway between verandah and hallway to Bar/Games Rm, including new external door 18.4. Build new steps to verandah adjacent Bedroom4	3 Aluminium windows from western verandah to be reused and installed in Bed 4, Bar & Games or Bed 5. (Existing window sizes
	<i>Bedroom 2</i>	19.1. Remove section of wall to create doorway to ensuite 19.2. Enclose existing doorway to become northern wall of ensuite 19.3. Build entire back ensuite wall	
	<i>Bedroom 3</i>	20.1. Remove section of wall to create doorway to ensuite 20.2. Enclose existing doorway to verandah to become southern wall of ensuite 20.3. Build entire back ensuite wall	
	<i>Bedroom 4</i>	21.1. Remove section of wall to create doorway to verandah including new external door 21.2. Remove angled wall and build new corner walls 21.3. Build new walls to create ensuite including cavity sliding door	
	<i>Managers Living & Dining Room</i>	22.1. Remove section of wall to create doorway to verandah including new external doors 22.2. Remove wall in centre of Managers Living & Dining Rm 22.3. Remove section of walls to open up doorway between Managers Kitchen & Dining (creating open plan)	

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Builder		
Bar & Games Room	23.1. Remove old front door surround and sidelights, or is this load bearing? 23.2. Enclose double doorway between Games & Bathroom	
Bedroom 11	24.1. Build 2 entire walls to bedroom 24.2. Enclose 2 doorways in existing passage to form ensuite 24.3. Change normal door to cavity sliding door to ensuite	
Bedroom 12	25.1. Remove 2 internal walls within Bed 12 25.2. Build 2 new walls to form ensuite with cavity sliding door	
Laundry / WC	26.1. Remove 2 internal walls within existing laundry & pantry room area 26.2. Build WC wall and doorway 26.3. Build Laundry doorway	
Main Dining / Living Room	27.1. Remove 6 sections of walls within Main Dining / Living Area to create open space	
Bedroom 5	28.1.	
Bedroom 6	29.1.	
Access Hallway	30.1. Create doorway from Hallway to Eastern Verandah between Bed 6 & Bed 7, including new external door 30.2. Remove section of wall to create hallway 30.3. Enclose doorway to create southern wall to Bedroom 7's ensuite 30.4. Build new wall between hallway and Bedroom 7	
Bedroom 7	31.1. Enclose Eastern doorway to verandah 31.2. Remove section of wall to create doorway to ensuite, including cavity sliding door 31.3. Build new wall dividing 2 bathrooms 31.4. Enclose doorway between bed 7 & kitchen to form northern ensuite wall	
Bedroom 8	32.1. Remove 2 small sections of walls either side of existing doorway 32.2. Build new angled walls between Bedroom 7 & 8 32.3. Build new doorway to shared bathroom	
Bedroom 9	33.1. Build wall between shared bathroom & Bedroom 9 including cavity sliding door or normal door 33.2. Build entire angled wall between Bedroom 8 & Bedroom 9	

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Builder	<i>Eastern Verandah</i>	<p>34.1. Remove all semi enclosed external verandah walls to floor level</p> <p>34.2. Build new front to verandah steps adjacent Bedroom 5</p> <p>34.3. Building new disabled persons access ramp adjacent Bedroom 10</p>	
	<i>Rear Hallway</i>	<p>35.1. Build new walls and doorway to create hallway between Bedroom 10 & Kitchen</p> <p>35.2. Build new broom cupboard</p>	
	<i>Bedroom 10 – Disabled Persons Facilities</i>	<p>36.1. Remove 2 walls from old bathroom</p> <p>36.2. Remove doorframe and small wall from old WC</p> <p>36.3. Remove and enclose north eastern window in ensuite</p> <p>36.4. Remove section of wall to create doorway opening to ensuite</p> <p>36.5. Build new wall with cavity sliding door to ensuite</p> <p>36.6. Build external walls to verandah including external doors</p>	

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building

Summary of Fixtures and Fittings

Room	QTY	Materials	Notes	Supplied by trade	Supplied by owner
Bathrooms		Refer to separate bathroom accessories list & photos below	Builders to provide separate cost as comparison to "Add-A-Bathroom" supplying with modular bathroom units	✓?	✓?
Kitchen / Laundry	2	Kitchen Sinks (1 existing to be reused)		1	1
	4	Kitchen / Bar / Laundry Mixer Taps (1 existing reuse)		3	1
	1	Bar Sink		1	
	2	Laundry Sinks		2	
	2	Oven (1 existing reused)		1	1
	2	Stove		2	
	2	Rangehood		2	
	2	Dishwashers		2	
Bedrooms	15	Ceiling Fans (12 x Bedrooms, 3 x Living Areas)		15	
		Free Standing Wardrobes –			

FIXTURES & FITTINGS

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Kitchen / Bar / Laundry Sink Mixer

BATHROOM ACCESSORIES SELECTED – for 12 Bathrooms & 1 WC

- 11 x Toilets – Complete Ceramic toilet suite, Close Coupled, S Trap & Back to Wall (Bunnings Mondella or similar)
- 2 x Toilet Cisterns and toilet seats only (2 Existing Toilet pans to be reused)
- 12 x 600mm Towel Rail – Caroma Cosmo Metal Single Towel Rail 600mm or similar
- 1 x Hand Towel Rail – Caroma Cosmo Hand Towel Rail 200mm or similar
- 13 x Toilet Roll Holder – Caroma Cosmo Metal or similar
- 12 x Robe Hook – Caroma Cosmo Metal or similar
- 12 x Soap Dish – Metal Shelf with Soap Dish – or similar (Refer to shower photo below)
- 12 x Single Lever mixer tap ware for shower and Shower Arm & Rose on Adjustable Rod – or similar (Refer to shower photo below)
- 9 x 1320 wide Shower Screens with swinging door (FP1400)
- 2 x 1120 wide Shower Screens with swinging door (FP1200)
- 12 x Mirror – 750mm x 900mm wide Flat Edge Mirror
- 10 x Vanity – 600mm Rectangular Basin Vanity Unit ceramic top on feet – or similar (Refer to photo) (1 existing vanity & it's tap spout to be reused)
- 1 x Basin Tap Handles for existing vanity – Raymor ETON or similar (refer to photo below)
- 12 x Single Lever mixer tap for basin (per Bunning Style below or similar)
- 13 x 40mm plug and waste for basin
- Mini Stops for basin & toilet
- 12 x 80 x 50 floor waste for shower
- 14 x Circular Light / Fan unit – Bunnings stock (Refer to photo below)
- 2 x Wall Mounted Basin for Disabled & WC (must had flat section at back to place soap bottle – similar to photo below)
- 2 x Disabled toilet / shower metal grab rails



Close Coupled Toilet Fan / Light Unit Shower Accessories Shower Screen or similar

Scope of Works — Requests made by client

All costs to be accordance with plans and BCA requirements for 1b Classified Building



Caroma Cosmo Metal Accessories



Ceramic Wall Basin



Ceramic Top Vanity



Basin Mixer



New Basin Handles for Existing Vanity

2 YEAR PLAN WORKSHEET

Passive Income - Now

Passive Income – 2 Years

Difference \$ _____

AWE – Now

Net Equity – 2 Years

Difference \$ _____

Next 3 Deals

Expected Profit

1.

\$ _____

2.

\$ _____

3.

\$ _____

SUBDIVISION CHECKLIST

TASK	TIME FRAME	COST
1. Research and analysis <ul style="list-style-type: none"> • Define your target market • Check the demand in your area • Check the zoning and overlays • Find out about the local demographics • Research the infrastructure • Check council and state legislation <ol style="list-style-type: none"> i. Town Planning Departments ii. Civil Engineering requirements 		
2. Finance <ul style="list-style-type: none"> • Work with a finance strategist 		
3. Sub-Division A-Team <ul style="list-style-type: none"> • Real Estate Agent • Building certifier • Building and pest inspector • Builder • Lawyer that specialises in development • Moneylender or Broker • Civil Engineer • Land Surveyor • Architect • Town planner • Quantity Surveyor • Landscaper • Accountant 		
4. Compose Plans		
5. Compile Documents for Development Application		
6. Building Works <ul style="list-style-type: none"> • Organise design plans • Engage a quantity surveyor • Select and engage contractors • Submit Development Application 		
7. Approvals <ul style="list-style-type: none"> • Obtain Approvals • Obtain certificate of practical completion • Final Report from Quantity Surveyor 		
8. Issuing of Titles		
9. Advertising and Marketing		

COMMERCIAL PROPERTY CHECKLIST

1. Research;
 - Trends in the market, where are investors investing?
 - Market sentiment?
2. Define your strategy
3. Select target property
 - Commercial offices
 - Medical
 - Industrial
 - Retail
 - Mixed use/Multiple income
 - Special purpose (business properties ie. Caravan parks, motels, hotels, retirement etc)
4. Select location
5. Find the deal.
6. Property Due Diligence
 - Speak to commercial brokers and other agents
 - Review the Properties
 - Review the Leases
7. Build your A Team
 - Commercial Real Estate Agent
 - Commercial Property Lawyer
 - Accountant
 - Business Broker
 - Specialist Consultants
 - Industry bodies
 - Leasing manager
 - Certifier
 - Tradesmen
 - Builder
 - Town Planner
 - Surveyor
 - Insurance broker
 - Quantity surveyor
 - Designer
8. Feasibility Analysis
 - Initial Rough Feaso
 - Detailed Feasibility
9. Negotiating the Acquisition
10. Financing
 - Valuations
 - Securing Finance
 - Application
 - Approval
11. Leasing and Managing
 - Engage Managing Agents or Manage yourself.
 - Prepared and check Lease Documents
 - Advertising for Leasee

STRATA CHECKLIST

1. Target Area Research and Analysis
2. Speak to local agents about the demand for the end product.
3. Do Council searches to identify examples of similar strata's.
4. Do Reverse Feaso's. Find out costs of
 - i. Town planner
 - ii. Surveying
 - iii. Legal Costs for establishing Community Management Schemes (CMS)
 - iv. Body Corporates
 - v. Council fees
5. Develop A-Team. Town Planner, Surveyor, Body Corp Manager (if applicable).
6. Identify and Secure Site/Property
7. Meet with town planner to determine the planning requirements for strata title.
8. Engage Surveyor to conduct survey plan of the site.
9. Work with Surveyor to finalise the survey plans
10. Compile documents required for development approvals
11. Engage Conveyancer for the Community Management Scheme (CMS) and off the plan contracts if required.
12. Surveyor to lodge the Survey Plan, CTS documents etc. with council for signing/sealing
13. Pay council fees
14. Registration of titles.
15. Engaging a Body Corporate Manager
16. Organise insurance (public liability and building insurance).
17. Call the first meeting of the body corp.
18. Sell part or all if part of the plan

RENOVATION CHECKLIST

1. Organise Structuring
2. Work out lending capacity
3. Target Area Research and Analysis
4. Speak to local agents about the demand for the end product.
5. Prepare feasibilities and determine scale of Reno required
6. Reno A Team – depending on the extent of renovations
 - builder
 - building certifier
 - building designer/draftsperson
 - building and pest inspector
 - Plumber, electrician, tiler, roofer etc.
 - suppliers
 - money lender/broker
 - real estate agent / buyers agent
 - property manager if you are planning to rent
 - specialists consultants e.g. interior designer
 - insurance broker
 - lawyer
 - staging consultant
7. Scope of work
 - List all works required internally
 - List all works externally
 - List any site works
8. Works program
 - Organise ordering of supplies, allow for lead times
9. Get any Approvals necessary
10. Organise Insurance
11. Completion of the physical renovation
 - a. Demolish and removal of waste
 - b. Engage contractors to complete works or schedule DIY program
 - c. Supervise trade works
12. Organise Selling and marketing of finished product
13. Organise Managing Agent if keeping

ROOMING/BOARDING HOUSES CHECKLIST

1. Research and analysis
 - Define your target market
 - Check the demand in your area
 - Find out about the local demographics
 - Determine suitable property type
 - i. New Build
 - ii. Retro Fit
 - Check council and state legislation
 - i. Town Planning Department
 - ii. Building Development
 - iii. Health and Wellbeing Department in Victorian councils and the equivalent in other councils
 - Check the Australian Building Code
 - i. Class 1b
 - ii. Class 3
2. Finance
 - Work with a finance strategist
3. Rooming/Boarding House A-Team
 - Property manager
 - Building certifier
 - Building and pest inspector
 - Builder
 - Lawyer that specialises in property
 - Moneylender or Broker
 - Tradespeople including plumber, electrician
 - Real estate agent / buyer's agent
 - Town planner
 - Accountant
 - Referral agencies re sourcing residents
4. Scope of work
 - Define all internal works
 - Define all external works
 - Define all landscaping and site works
5. Building Works
 - Organise design plans
 - Get quotes
 - Select and engage contractors
 - Submit building approval if required
 - Complete rooming/boarding house
6. Approvals
 - Obtain Approvals
7. Operational
 - Organise operational management
 - Advertise for residents, if managing yourself
 - Prepare evacuation sign etc. as per masterclass, if managing yourself

Multi-Construction Checklist

TASK	TIME FRAME	COST
1. Target Area Research and Analysis		
2. Speak to local agents about the demand for the end product.		
3. Do Feasibility <ul style="list-style-type: none"> • Zoning • Overlays • Searches 		
4. Determine State and Council Laws, restrictions and requirements for building a dwelling		
5. Meet with your town planner and local council		
6. Building A Team <ul style="list-style-type: none"> • Lawyer that specialises in development • Money Lender or Broker • Civil Engineer that will help with design, planning, feasibility and contracting • Town Planner • Architect • Land Surveyor • Hydraulic Engineer • Civil Hydraulic Engineer • Electrical Engineer • Quantity Surveyor (for larger developments) • Landscape Architect • Real Estate Agent / Purchasing Agent • Graphic Artist • Advertising Agency • Surveyor • Body Corp Manager 		
7. Structuring		
8. Negotiating and Acquisition		
9. Finance		
10. Design and Mapping <ul style="list-style-type: none"> • Architectural • Engineering • Quantity Surveying • Strata Planning requirements • Surveyor and Survey Plans 		
11. Selecting Builder <ul style="list-style-type: none"> • Fixed price contract 		
12. Applications, Permits and Quotes <ul style="list-style-type: none"> • Finance application for construction • Development Approvals • Quotes from required contractors 		
13. Implement Capital Works <ul style="list-style-type: none"> • Contractors checks • Construction phase • Completion phase 		
14. Engage Conveyancer for the Community Management Scheme (CMS) and off the plan contracts if required.		
15. Lodge Survey Plan, CTS etc with council for signing/sealing		
16. Registration of Titles		
17. Engaging a Body Corporate Manager		
18. Organise insurance (public liability and building insurance).		
19. Call the first meeting of the body corp.		
20. Advertising and Sale		

Construction Checklist

TASK	TIME FRAME	COST
1. Target Area Research and Analysis		
2. Speak to local agents about the demand for the end product.		
3. Do Feasibility <ul style="list-style-type: none"> • Zoning • Overlays • Searches 		
4. Determine State and Council Laws, restrictions and requirements for building a dwelling		
5. Meet with your town planner and local council		
6. Building A Team <ul style="list-style-type: none"> • Lawyer that specialises in development • Money Lender or Broker • Civil Engineer that will help with design, planning, feasibility and contracting • Town Planner • Architect • Land Surveyor • Hydraulic Engineer • Civil Hydraulic Engineer • Electrical Engineer • Quantity Surveyor (for larger developments) • Landscape Architect • Real Estate Agent / Purchasing Agent • Graphic Artist • Advertising Agency 		
7. Structuring		
8. Negotiating and Acquisition		
9. Finance		
10. Design and Mapping <ul style="list-style-type: none"> • Architectural • Engineering • Quantity Surveying 		
11. Selecting Builder <ul style="list-style-type: none"> • Fixed price contract 		
12. Applications, Permits and Quotes <ul style="list-style-type: none"> • Finance application for construction • Development Approvals • Quotes from required contractors 		
13. Implement Capital Works <ul style="list-style-type: none"> • Contractors checks • Construction phase • Completion phase 		
14. Marketing and Sale		

Strategy:	mth 1				mth 2				mth 3				mth 4				mth 5				mth 6				mth 7				mth 8				mth 9				mth 10				mth 11				mth 12															
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4												
Available Working Equity	\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$															
Target Area Research & Analysis																																																												
Research demand for end product																																																												
Feasibility Studies																																																												
Feasibility: Zoning																																																												
Feasibility: Overlays																																																												
Feasibility: Searches																																																												
Determine rules & restrictions																																																												
Meet your town planner / council																																																												
Build A Team																																																												
Structuring																																																												
Negotiation & Acquisition																																																												
Finance																																																												
Design & Mapping																																																												
Design: Architectural																																																												
Design: Engineering																																																												
Design: Quantity Surveying																																																												
Select Builder																																																												
Applications, Permits & Quotes																																																												
Implement Capital Works																																																												
Marketing & Sale																																																												

GRANNY FLAT CHECKLIST

1. Target Area Research and Analysis
2. Speak to local agents about the demand for the end product.
3. Do Feasibility.
4. Determine State and Council Laws, restrictions and requirements for building a granny flat
5. Meet with your town planner and local council
6. Building A Team
 - builder
 - building certifier
 - building designer/draftsperson
 - geotechnical engineers
 - suppliers
 - Plumber, electrician, tiler, roofer etc.
 - money lender/broker
 - sales agent/marketers if you are planning to sell
 - property manager if you are planning to rent the granny flat
 - specialists consultants e.g. interior designer, colour consultant, engineer
 - insurance broker
7. Choose a builder, prepare, design (for the demographic) and engineer plans as required and submit to council if necessary
8. Scope of works
 - List all works required internally eg. furnishing
 - List all landscaping and site works i.e. garden, turf, driveways etc.
9. Works program
 - Engage your builder and other contractors
 - Schedule the timing of works
 - Schedule ordering of supplies, accounting for lead times
10. Gain Approvals - Private certifier
11. Take out Construction and on completion Land Lord Insurance
12. Supervise construction works
13. Get Certificate of occupancy
14. Organise Rental manager

