

PLATINUM

Subdivision

Monthly Mastermind Event

Tamara Read
Nicolle Beer
Greg Miller

State Coaches



I LOVE
REAL ESTATE

Working Definition – Subdivision?

- Dividing 1 parcel of **land** into 2 or more
- Creating **free-hold** title lots – Torrens Title
- All services are to be available to each block (water, sewer, power etc.) & often services need to be connected – hence site works involved. **No shared services**
- Requires **formal approval** process (Council)
- Differs to **Dual Lot Single Title** (covered in separate monthly)



WA - Green Title vs Strata Subdivision

Green Title Subdivision	Strata Subdivision
Torrens title	Strata title
Can do anytime during build	Can do anytime during build
Creates vacant lots	CAN Create vacant lots
Services MUST be separate	Services CAN be shared – e.g. sewer connection for 1 lot can run through another
Creates freehold title that is completely independent	Creates strata lots with body corporate - although modifications to buildings do not require permission from other strata lot owners
Approval = 7 – 12mths	Approval = 7 – 12mths

Why Subdivision (1 into 2 Lot) – **Low Risk Strategy** (Module 3 Appendix)?

Why Subdivision (1 into 2 Lot) – **Low Risk Strategy** (Module 3 Appendix)?

- Applicable across **all markets** (high - low volume)
- Low – medium **price** point option
- Residential **finance**
- **Staged** development option = lower equity
- Option to **retain existing house** = intrinsic value
- Capacity to **stack** strategies – reno, add bedrooms, construction, strata etc.
- **Low experience** start point
- **Learnings** applicable to all other strategies

Subdivision Process Outline

- Phase 1 – Due Diligence
- Phase 2 – Detailed Design & Mapping
- Phase 3 – Feasibility *****
- Phase 4 – Application & Approvals
- Phase 5 – Site Works
- Phase 6 - Titling

The Deal -

- Targeted street due to zoning, larger land sizes, target property was on market



The Deal -

- **Intention**
 - retain existing house –
cosmetic reno



The Process Leading Up To This Point – Induction Webinar Part 1

- **Location** Research – Based on your personal circumstances –
- **Strategy** Research – Town planner meeting
- **Mapping** – Zoning, infrastructure
- **Street Focused** Research – ID target streets –
Become area expert
- **Deal Finding** Actions – Agents, On-line, Door Knock

1) Strategy Due Diligence – What Are The Opportunities & Constraints?

- What's the properties potential – **Town planners / surveyors feedback** re subdivision?

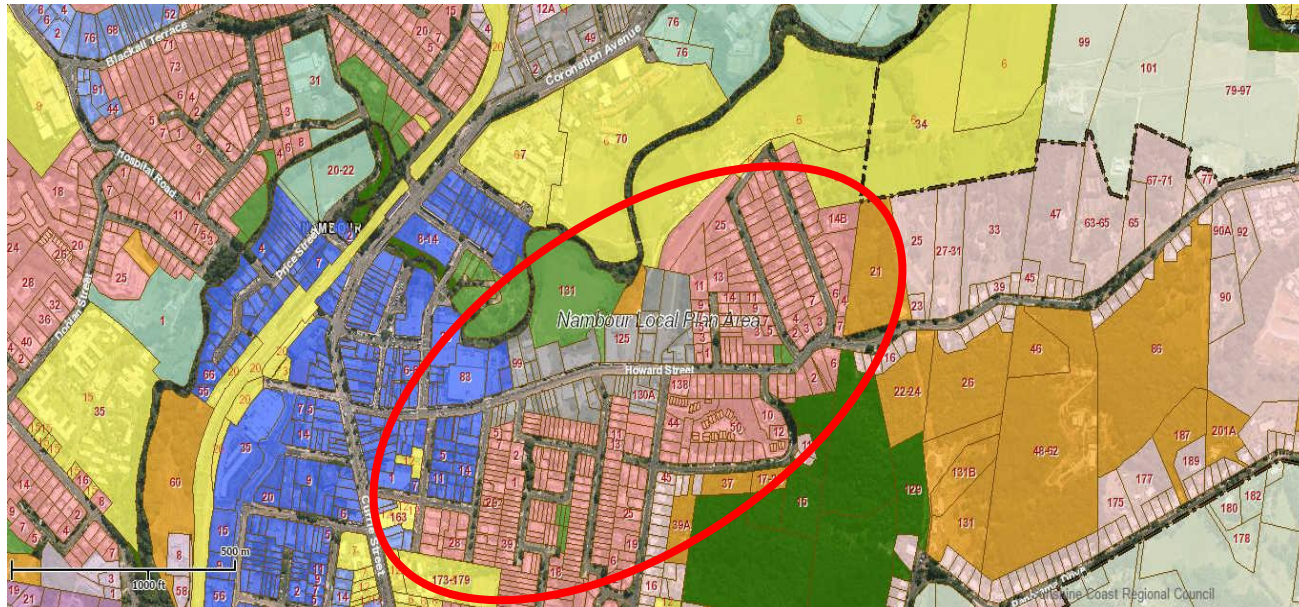


1) Strategy Due Diligence – What Opportunity & Constraints?

- What's the properties potential – **Town planners / surveyors feedback** re subdivision?
 - Zoning
 - Land size
 - Block frontage width
 - Slope
 - Position of existing dwelling
 - Capacity to move / demolish house
 - Site cover
 - Services location

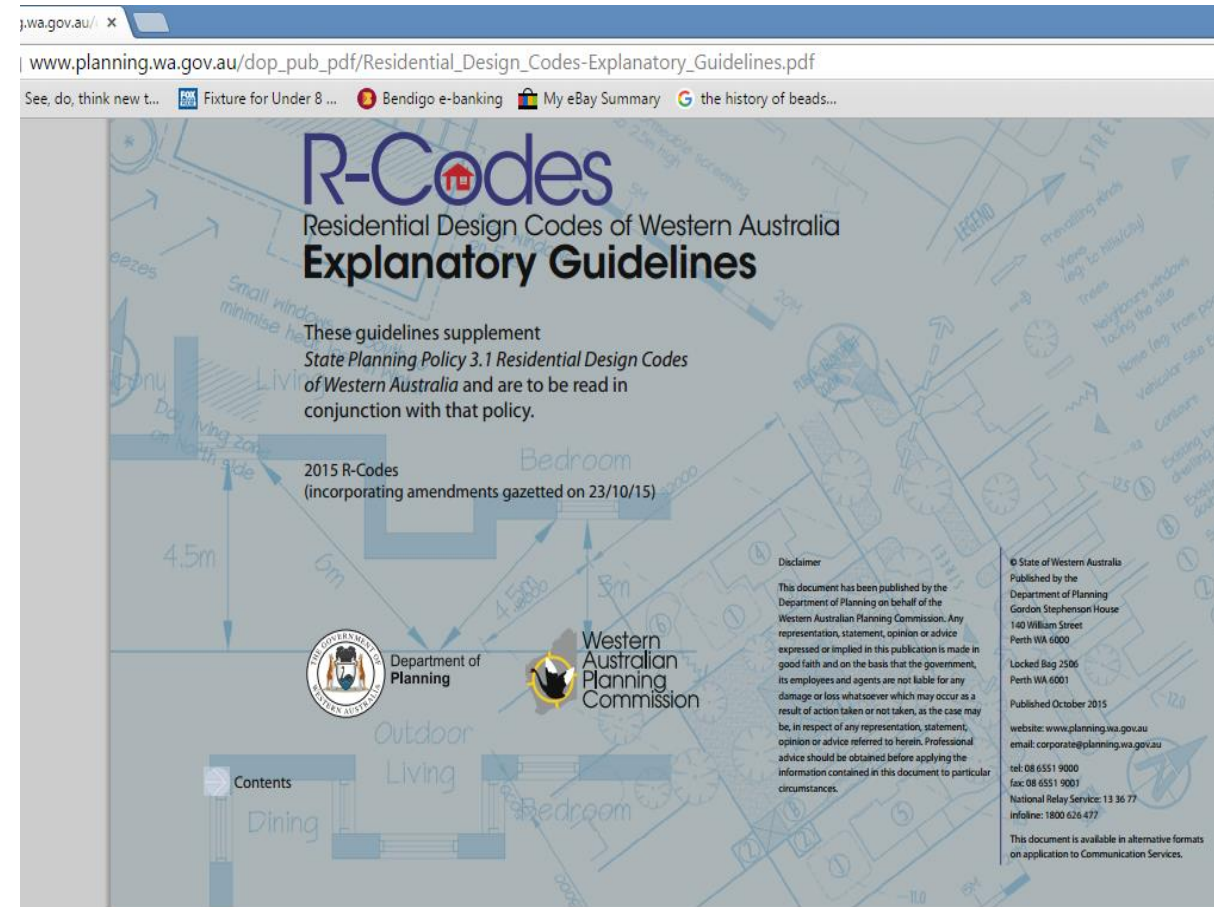
Zoning?

- 1a) Zoning – Pink = Medium Density



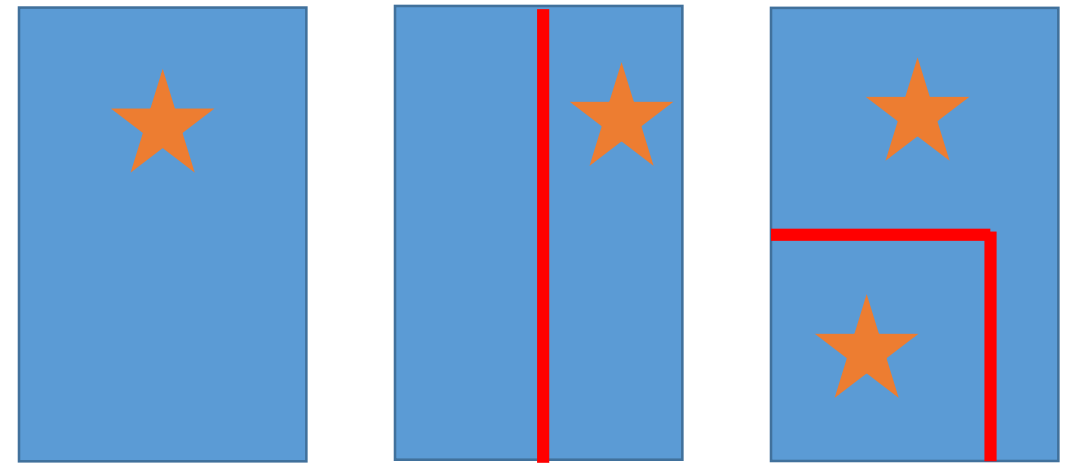
State Specifics: WA – R Codes (Residential Design Code)

- Statewide – www.planning.wa.gov.au
- R30 = Maximum density of 30 dwellings per hectare
- $1\text{ ha} = 10,000\text{m}^2$
- $10,000/30 = 333\text{m}^2$ min. site area per dwelling
- $R80 = 10,000/80 = 125\text{m}^2$ min site area per dwelling



Land Size?

- **Minimum size** to subdivide vs end product size
- **Frontage** block vs battle-axe block
- Battle-axe block – Including/excluding **driveway**
- Low **Density** vs Medium Density



600m² vs 300m²

WA: Land Size? Table 1

www.planning.wa.gov.au

Table 1: General site requirements for all single house(s) and grouped dwellings; and multiple dwellings in areas coded less than R40

1 R-Code	2 Dwelling type	3 Minimum site area per dwelling (m ²)	4 Minimum lot area/rear battleaxe (m ²)	5 Minimum frontage (m)	6 Open space		7 Minimum setbacks (m)		
					min total (% of site)	min outdoor living (m ²)	primary street	secondary street	other/rear
R2	Single house or grouped dwelling	Min 5000	-	50	80	-	20	10	10
R2.5	Single house or grouped dwelling	Min 4000	-	40	80	-	15	7.5	7.5
R5	Single house or grouped dwelling	Min 2000	-	30	70	-	12	6	*/6
R10	Single house or grouped dwelling	Min 875 Av 1000	925	20	60	-	7.5	3	*/6
	Multiple dwelling	1000	-	-	60	-	7.5	3	*/6
R12.5	Single house or grouped dwelling	Min 700 Av 800	762.5	17	55	-	7.5	2	*/6
	Multiple dwelling	800	-	-	55	-	7.5	2	*/6
R15	Single house or grouped dwelling	Min 580 Av 666	655	12	50	-	6	1.5	*/6
	Multiple dwelling	666	-	-	50	-	6	1.5	*
R17.5	Single house or grouped dwelling	Min 500 Av 571	587.5	12	50	36	6	1.5	*
	Multiple dwelling	571	-	-	50	-	6	1.5	*
R20	Single house or grouped dwelling	Min 350 Av 450	450	10	50	30	6	1.5	*
	Multiple dwelling	450	-	-	50	-	6	1.5	*
R25	Single house or grouped dwelling	Min 300 Av 350	425	8	50	30	6	1.5	*
	Multiple dwelling	350	-	-	50	-	6	1.5	*
R30	Single house or grouped dwelling	Min 260 Av 300	410	-	45	24	4	1.5	*
	Multiple dwelling	300	-	-	45	-	4	1.5	*
R35	Single house or grouped dwelling	Min 220 Av 260	395	-	45	24	4	1.5	*
	Multiple dwelling	260	-	-	45	-	4	1.5	*
R40	Single house or grouped dwelling	Min 180 Av 220	380	-	45	20	4	1	*
R50	Single house or grouped dwelling	Min 160 Av 180	380	-	40	16	2	1	*
R60	Single house or grouped dwelling	Min 120 Av 150	380	-	40	16	2	1	*
R80	Single house or grouped dwelling	Min 100 Av 120	380	-	30	16	1	1	*

All standards for single house or grouped dwellings within R100, R160 and R-AC areas are as for the R80 Code

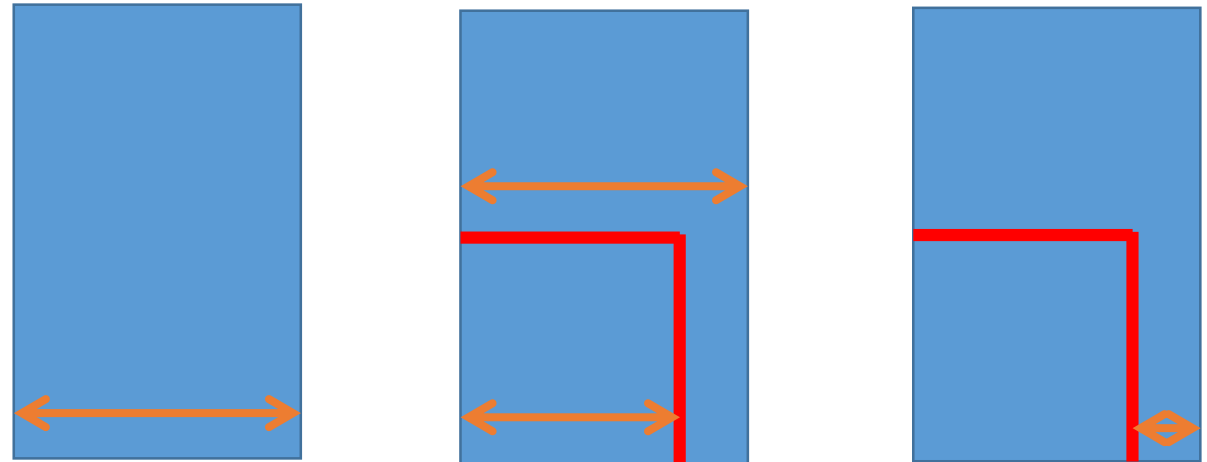
Legend

- ◆ subject to variations permitted under clause 5.1.1 C1.4
- ▼ only applies to single houses
- secondary street: includes communal street, private street, right-of-way as street
- indicated not applicable
- * see Tables 2a and 2b and clause 5.1.3
- Av. average site area

- R Codes Explanatory Guidelines: Column 3 = Frontage lots;
- Column 4 = Battle-axe lots
- Dual Coding – R20/30 – Higher density under certain circumstances – typically larger lots

Block Frontage Width?

- Original site vs end product
- Frontage block vs battle-axe block
- Driveway width – battle-axe block



Slope?



Slope?

- Impact on **block size**
- Impact on **storm water** management
- Impact on capacity to connect to **sewer main**
- Impact on **cost** to develop & build
- **Determine from:**
 - Council contour maps
 - Site specific contour survey
 - Existing retaining walls
 - Visual assessment



Position of Existing Dwelling & Other Built Structures?

- Effect on **subdivision potential**?
- Capacity to **move / demolish** existing house – age dependent, overlays?



Site Cover of Retained Dwelling?

- 50% Site Cover allowance calc =
- Land size x 50% = Area able to be covered by building e.g. 400m² land x 50% = 200m² building covered
- Need to ensure **building being retained** complies with site cover requirement of proposed subdivided block



Services Location – What Services?

Services Location – What Services?

- **Sewer** main e.g. Dissecting block?, Depth?
- **Water** main - On our side of road?
- **Electricity** - On our side of road?
- **Phone** – Nearest Telstra pit?
- **Gas** – In street? On our side of road?
- **Storm water** - Legal point of discharge?



Where to Get Services Location Info From?

Where to Get Services Location Info From?

- Dial Before You Dig Website
- Council Web Site
- Council Services Location Diagram



What To Look For on Services Location Diagram?



What To Look For on Services Location Diagram?



- Sewer @ front of property
- Water main across road = under road bore access
- Stormwater end of street
- Telstra @ front

2) Strategy Due Diligence – What Environmental Constraints – Council Overlays?

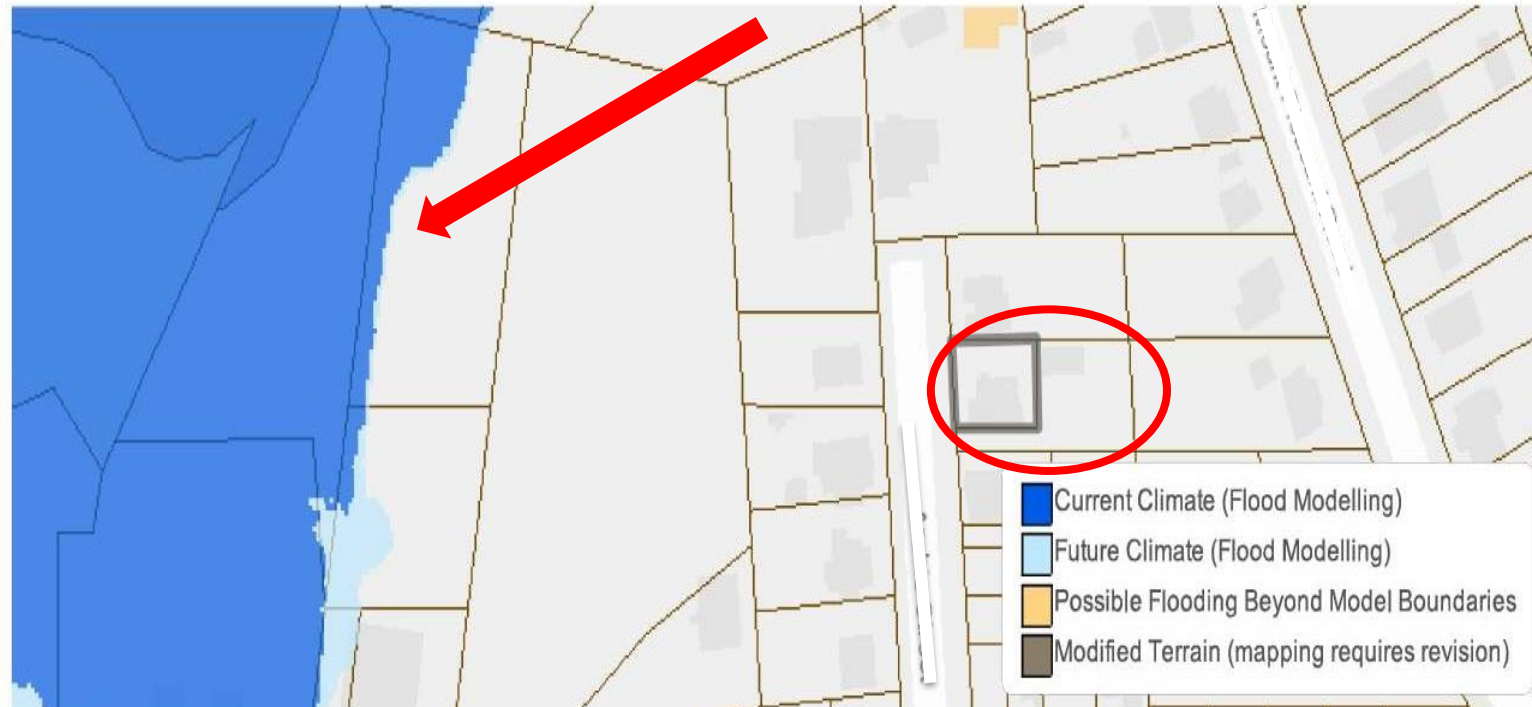


2) Strategy Due Diligence – What Environmental Constraints – Council Overlays?

- Flooding
- Waterway
- Overland flow
- Native vegetation protection
- Bushfire prone
- Koala habitat
- Slip prone
- Acid sulfate soil
- Cultural heritage
- Demolition control
- Slope

Flooding -

Defined Flood Extent

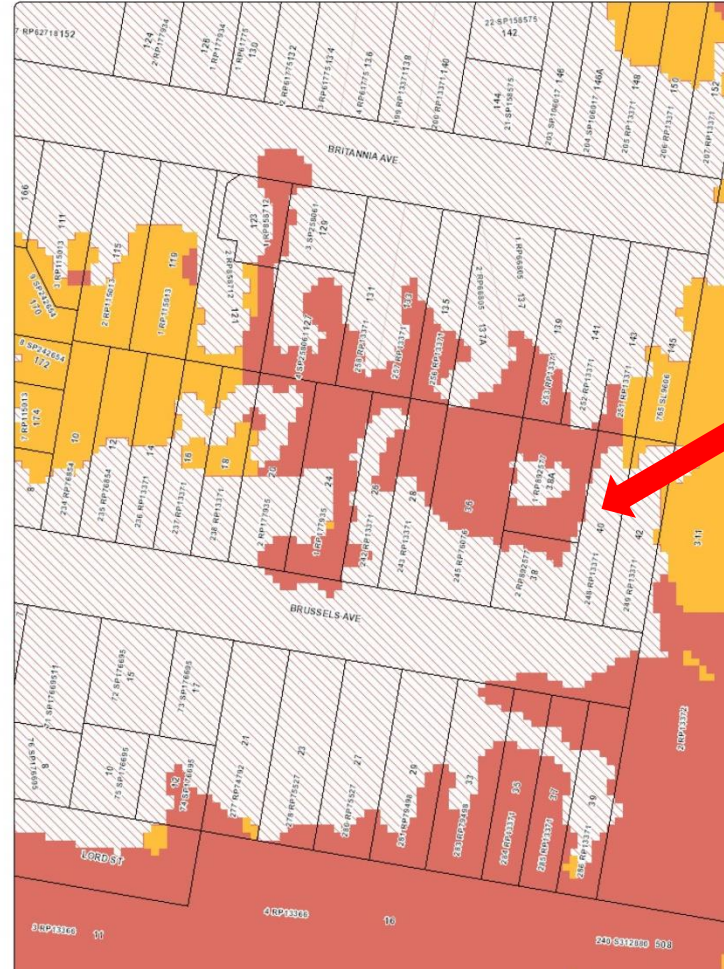


- Flood affected area 2 streets away
- Signif. **Drainage line** at rear of property not shown

Bushfire Prone -

Legend

- LGA Name
- LGA Boundary
- Labels -
NAVTEQ_Str...
Street Number
- Lot and Plan
- High hazard area
- Medium hazard area
- High hazard buffer area
- Medium hazard buffer area
- Railway Line
- Airport Roads
- Waterbody
- Waterway Area
- Waterway Line (BCC Masked)
- Drainageline



- Warning - Subdivided block in high fire hazard area may have been subdivided prior to fire mapping & legislation – doesn't set precedent!!

3) The Deal – How Many Lots?

- Calculate potential **number of lots**?:
 - 1214m^2 = Total land size
 - 400m^2 = Min. land size frontage block (Medium density)
 - 600m^2 = Min. land size battle-axe block



The Deal - Different Options?

- 1) $1214\text{m}^2 / 400\text{m}^2 = 3.0 \times \text{frontage blocks}$
(enough frontage width??)
- 2) $400\text{m}^2 + 600\text{m}^2 = 1000\text{m}^2 = \text{frontage block} + \text{battle-axe block} + \text{spare } 214\text{m}^2$
- 3) Where to put the **spare land**? Medium density so by added to rear lot potential to make rear lot 2 unit site



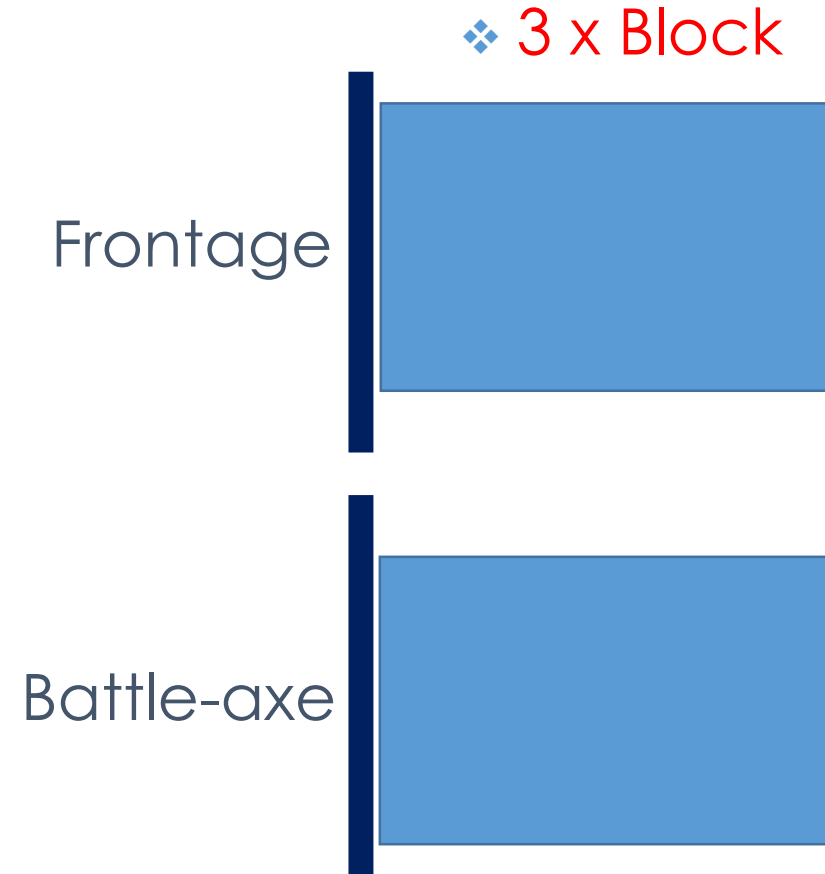
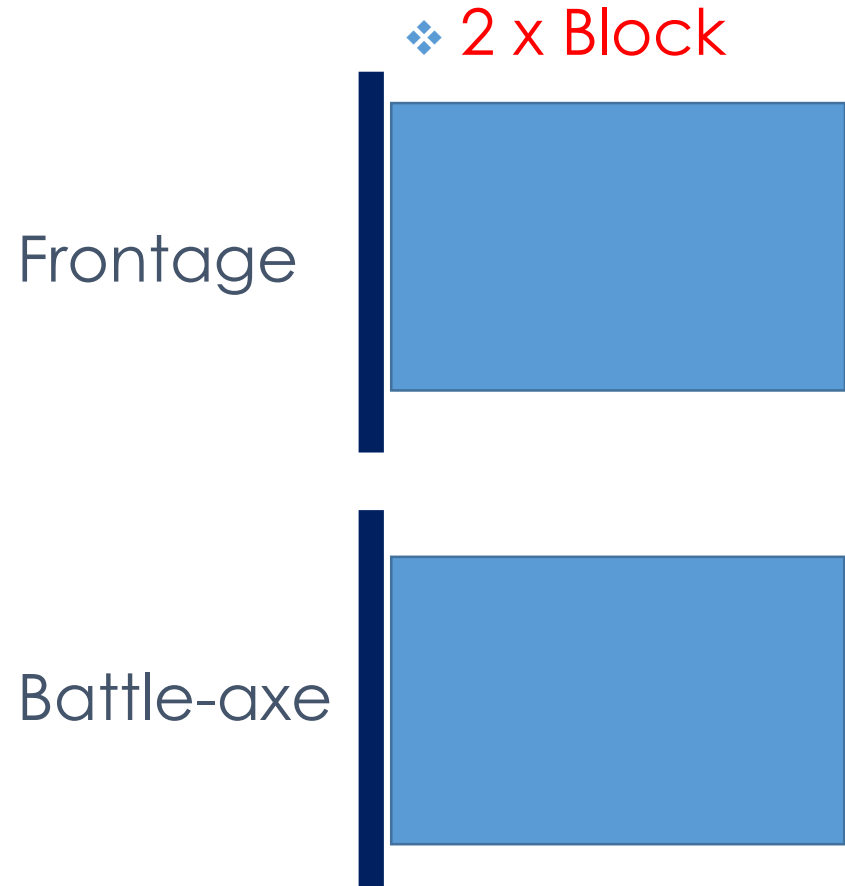
4) Concept Design – Layout Options?

- Draw **rough concept sketch** – hand drawn / digital



4) Concept Design – Layout Options?

- Draw rough concept sketch – hand drawn / digital

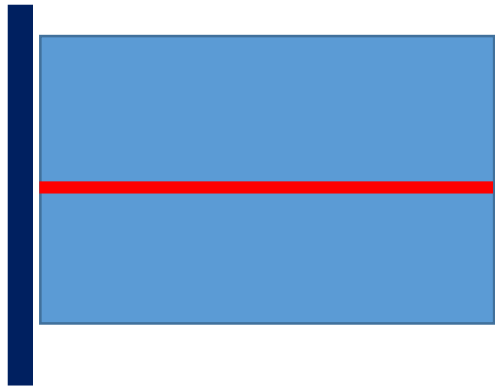


4) Concept Design – Layout Options?

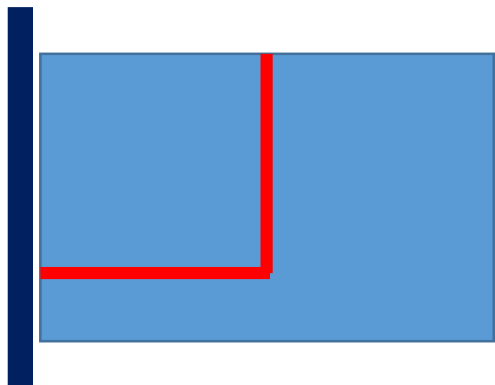
- Draw rough concept sketch – hand drawn / digital

❖ 2 x Block

Frontage

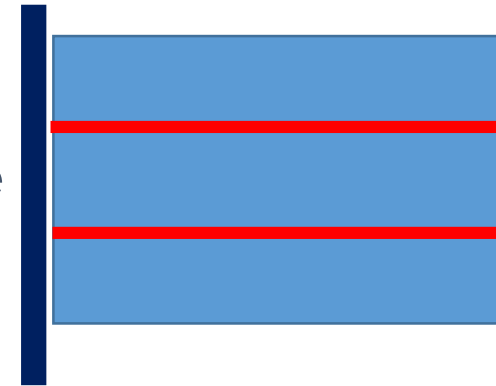


Battle-axe

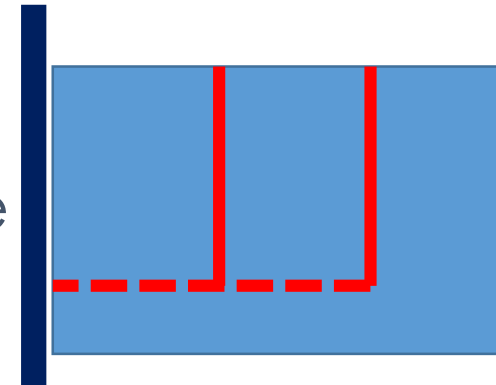


❖ 3 x Block

Frontage

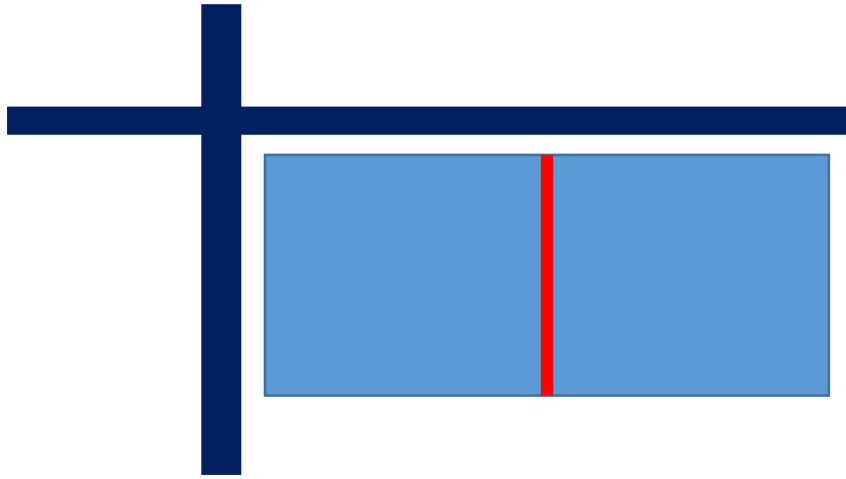


Battle-axe

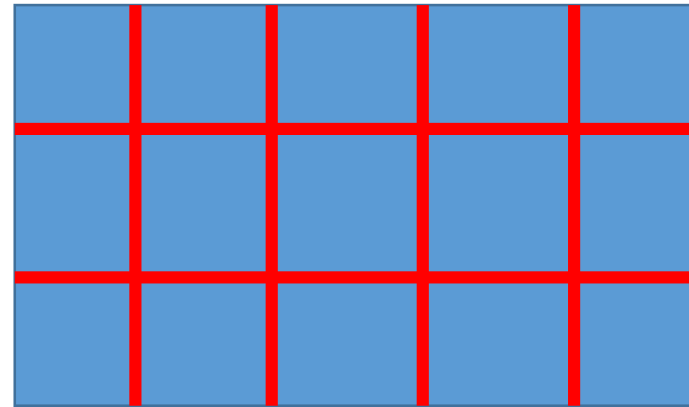


4) Concept Design – Layout Options?

- Draw rough concept sketch – hand drawn / digital



Corner Block



Chopper

Detail Shown on Concept Sketch -

- Driveway / access
- Layout & configuration of blocks
- Block sizes
- Block dimensions
- Position of retained building structures
- Location of services & site features that impact design layout

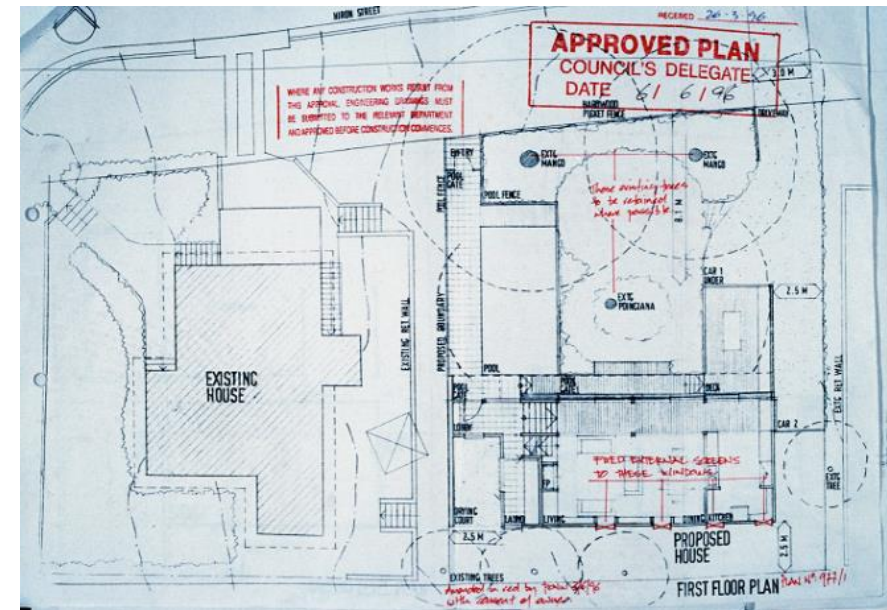
The Deal – Concept Sketch -

- Retain house - Lot 1 = 500m²
- Battle-axe block - Lot 2 = 714m²
- Potential house position shown
- Gully top bank shown
- Townplanner review - compliant with Council requirements
- Specialist consultants – engineer, surveyor



5) What Are the Characteristics of Other Subdivision Deals?

- Research **other subdivision deals** approved in the general area, plus those lodged but not yet approved:
 - Review approved **plans**
 - Review approval **conditions**
 - Review **approval process** and timeframe
 - Review **consultants** involved
 - Review **costs**



State Specifics: QLD – PD Online

Language support 繁體中文 简体中文 한국어 tiếng Việt العربية Auslan

Brisbane City Council

Planning & building Do I need approval Applying and post approval Buying, selling and searches Planning, guidelines and tools

Home > Planning and building > PD Online and resources

PD Online and resources

PD Online is Brisbane City Council's online system for planning and development applications and enquiries. Using this tool and training resources you will be able to find planning and development information in Brisbane.

PD Online - property development and application search tool
Access PD Online to do a property enquiry and find out information about planning and development in Brisbane.

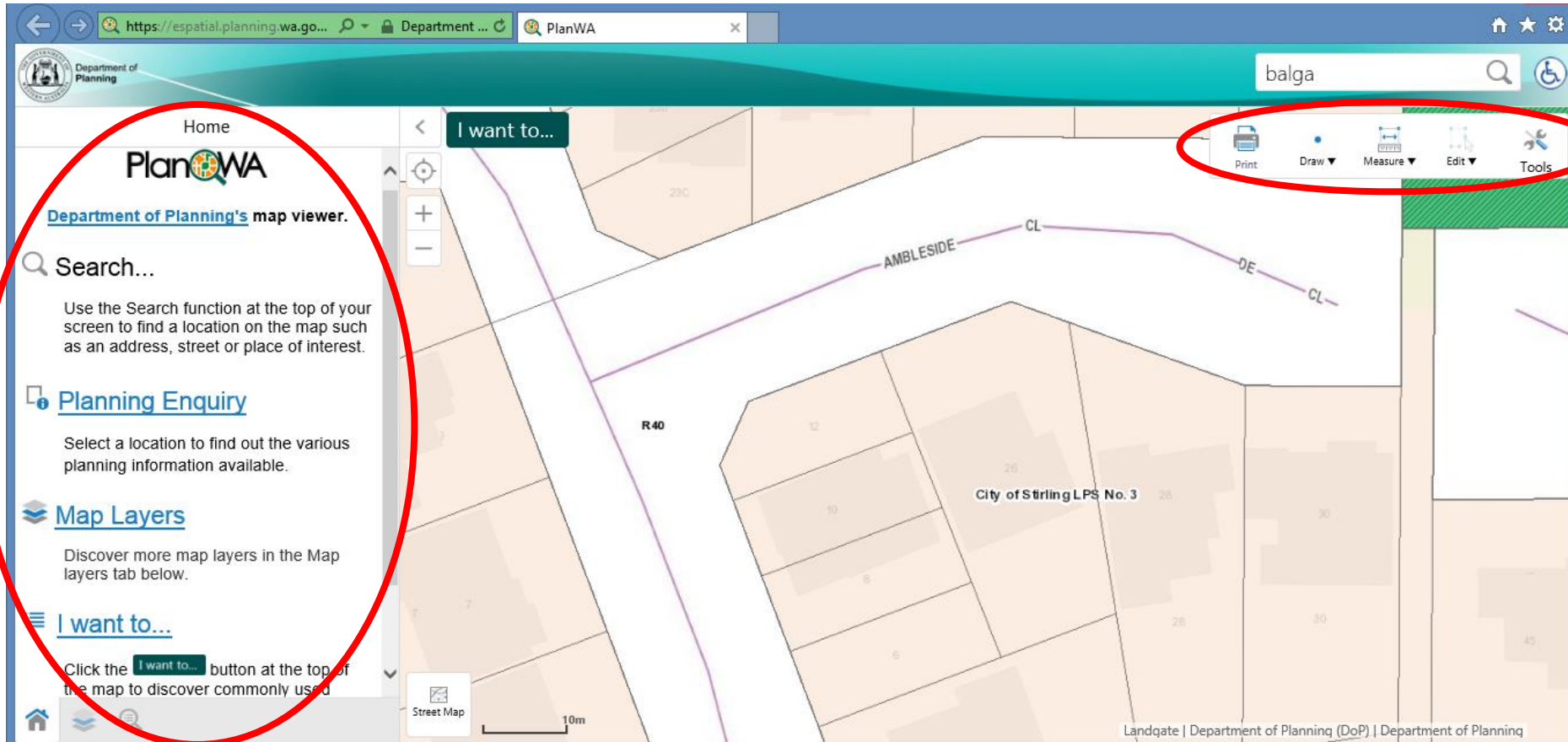
PD Online training videos
Council has developed training videos for popular development application types. These videos will guide you through using PD Online.

Don't get caught out this summer

- Council specific
- Planning & Development / Building Tab
- Search by address or application type e.g. Lot Reconfiguration
- Full document disclosure
- Mapping tool also
- Learn to Navigate

State Specifics - Plan WA Mapping

<https://espatial.planning.wa.gov.au/mapviewer/Index.html?viewer=planwa>

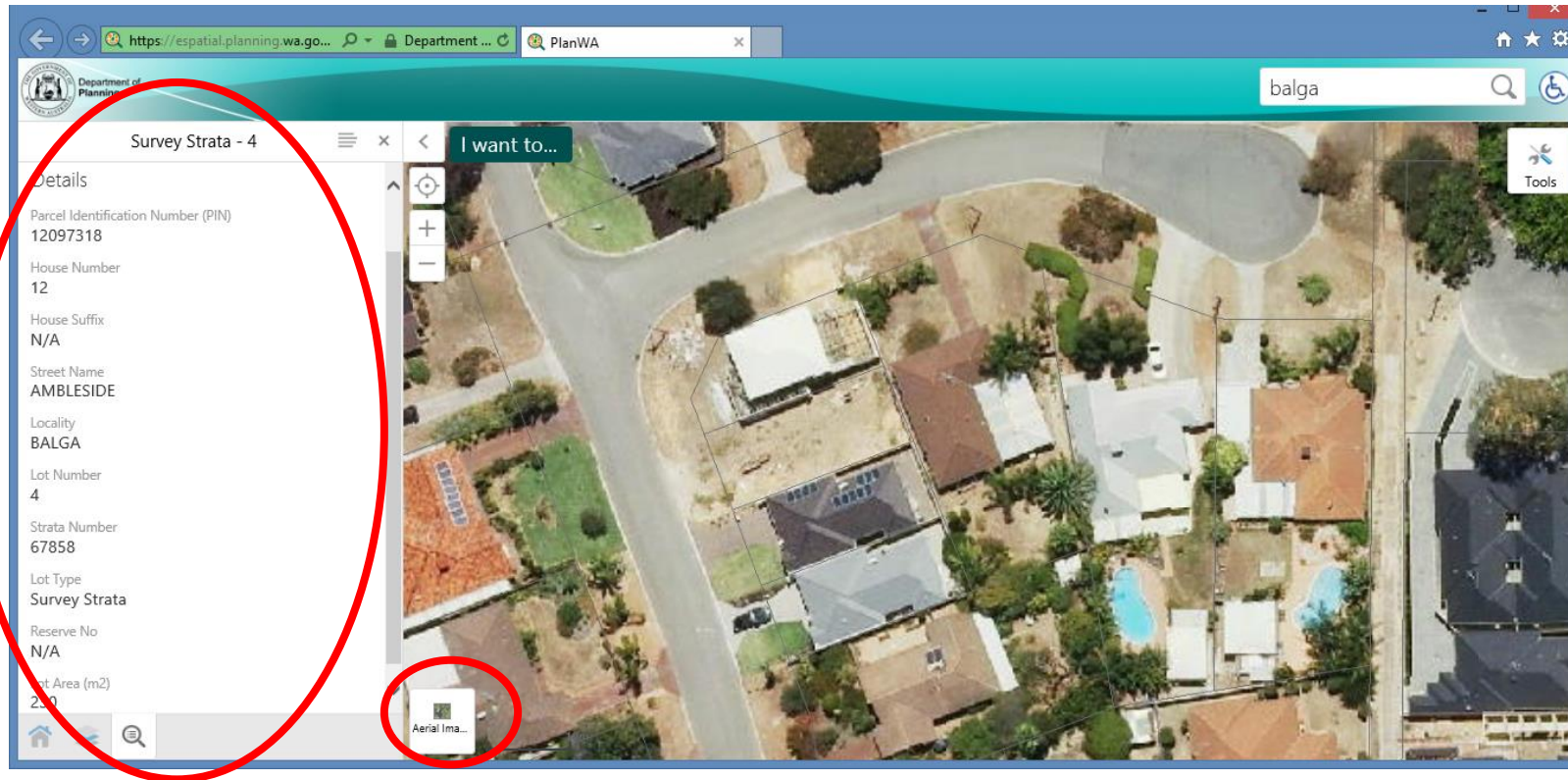


Searches,
map layers
etc.

Tools – print,
measure
draw etc.

Plan WA Mapping

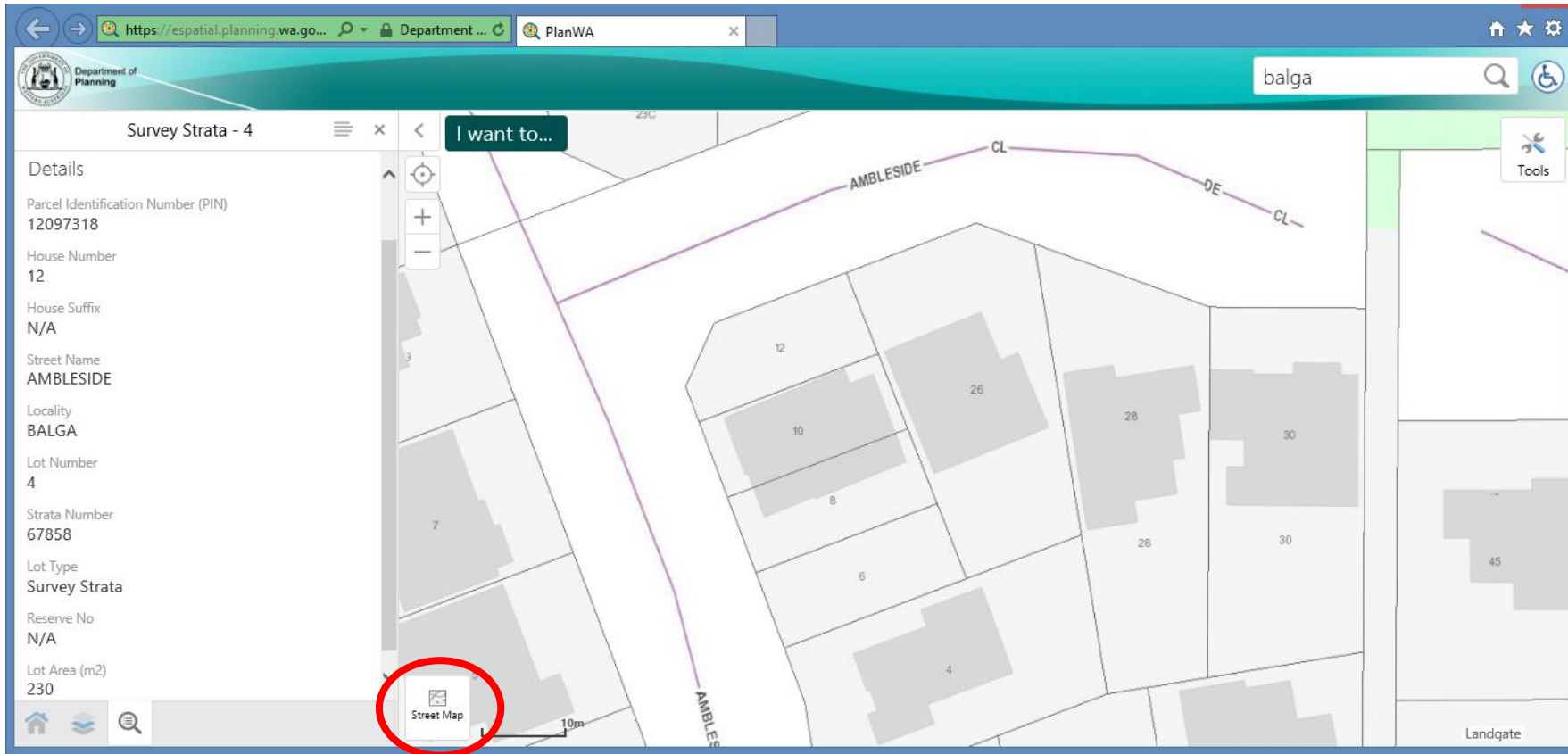
<https://espatial.planning.wa.gov.au/mapviewer/Index.html?viewer=planwa>



Aerial View
Property info
– address, lot
number,
survey type,
land size etc.

Plan WA Mapping

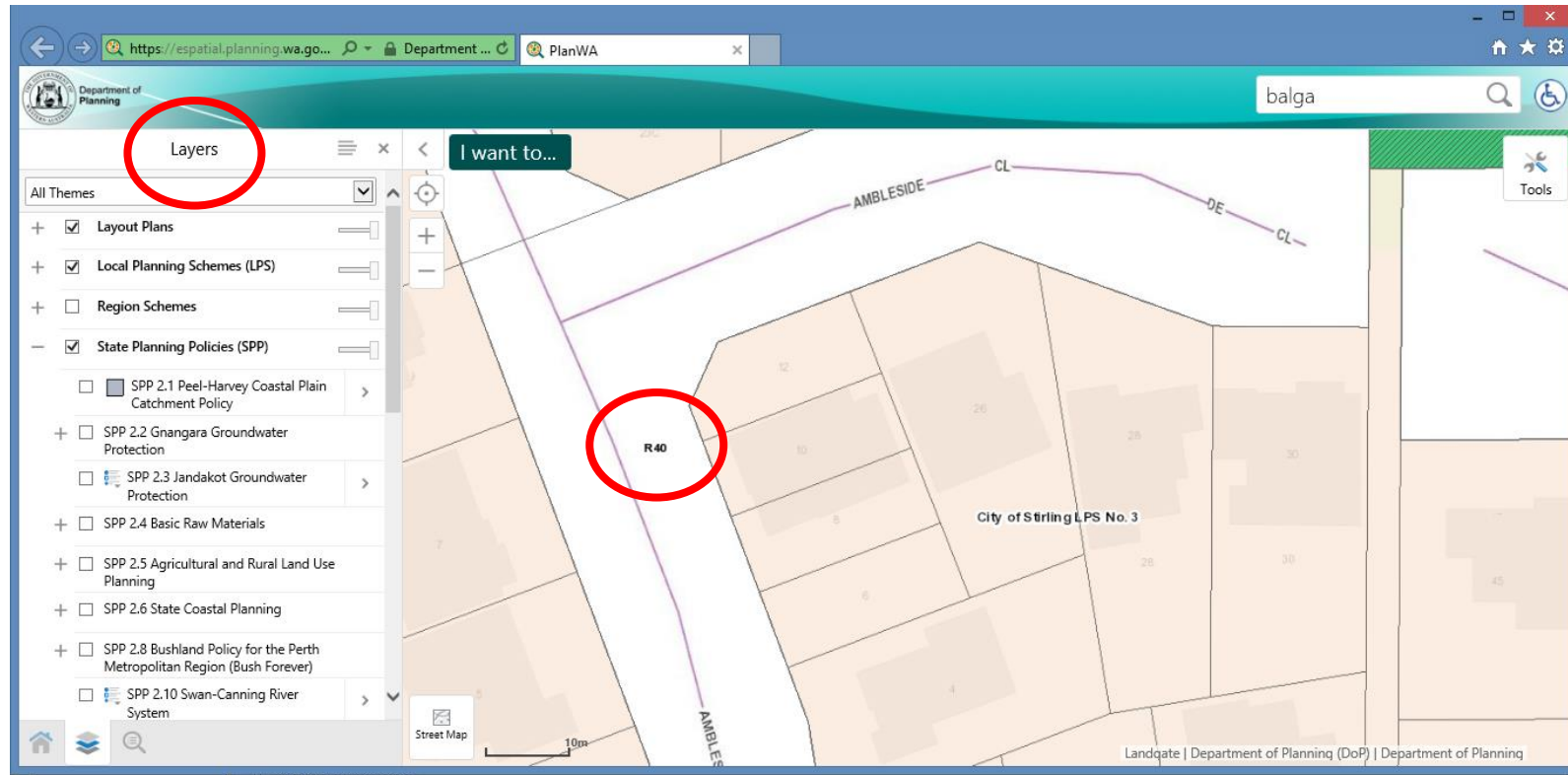
<https://espatial.planning.wa.gov.au/mapviewer/Index.html?viewer=planwa>



Street map
view

Plan WA Mapping

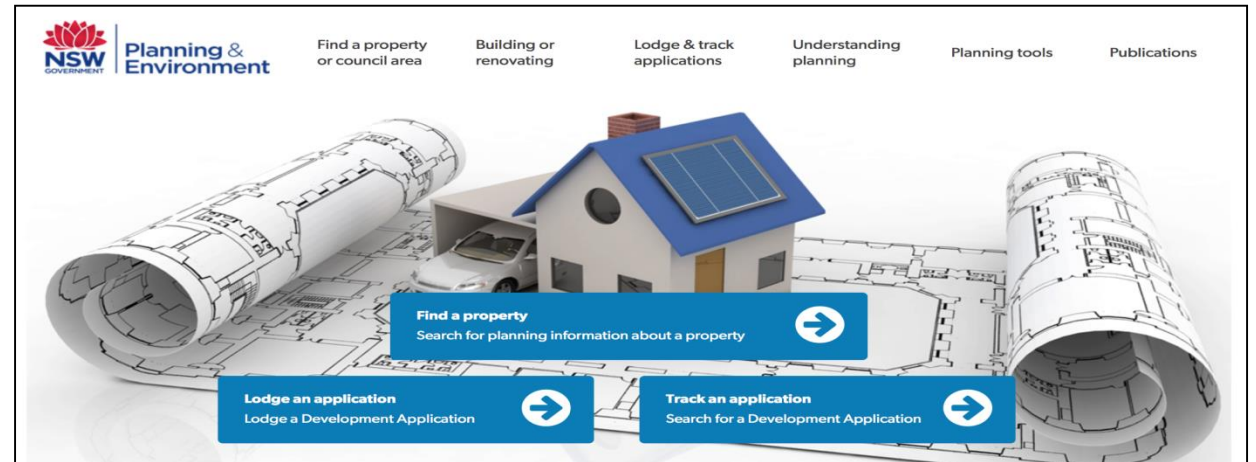
<https://espatial.planning.wa.gov.au/mapviewer/Index.html?viewer=planwa>



- Layers and themes shown – including local planning scheme etc. – see R40
- Search Council Meeting Minutes for property DA info.

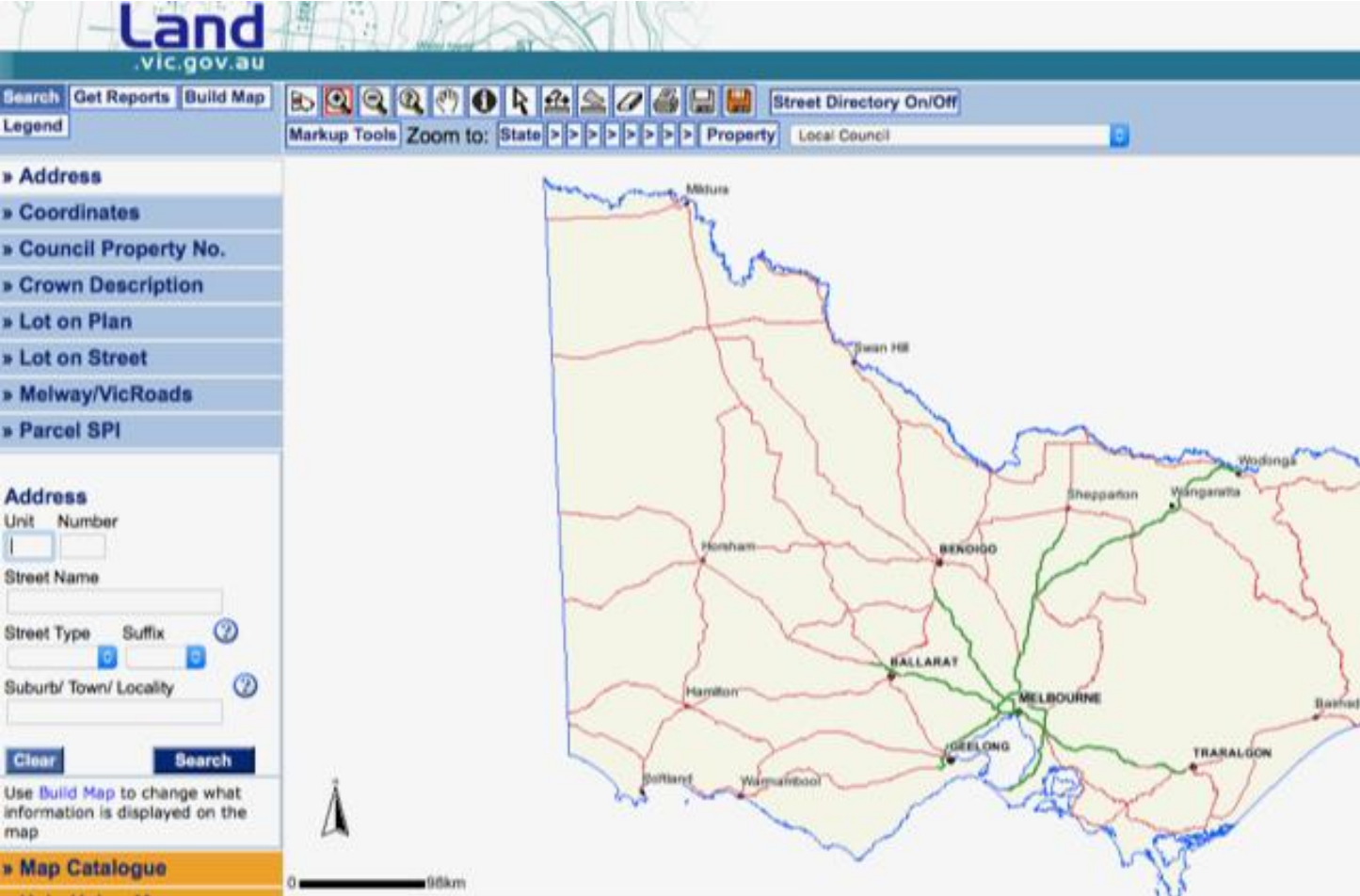
State Specifics – NSW: Council Websites

- Learn to Navigate
- <https://www.planningportal.nsw.gov.au>
- <https://www.lgnsw.org.au/about-us/council-links>
- Planning & Development / Building Tab



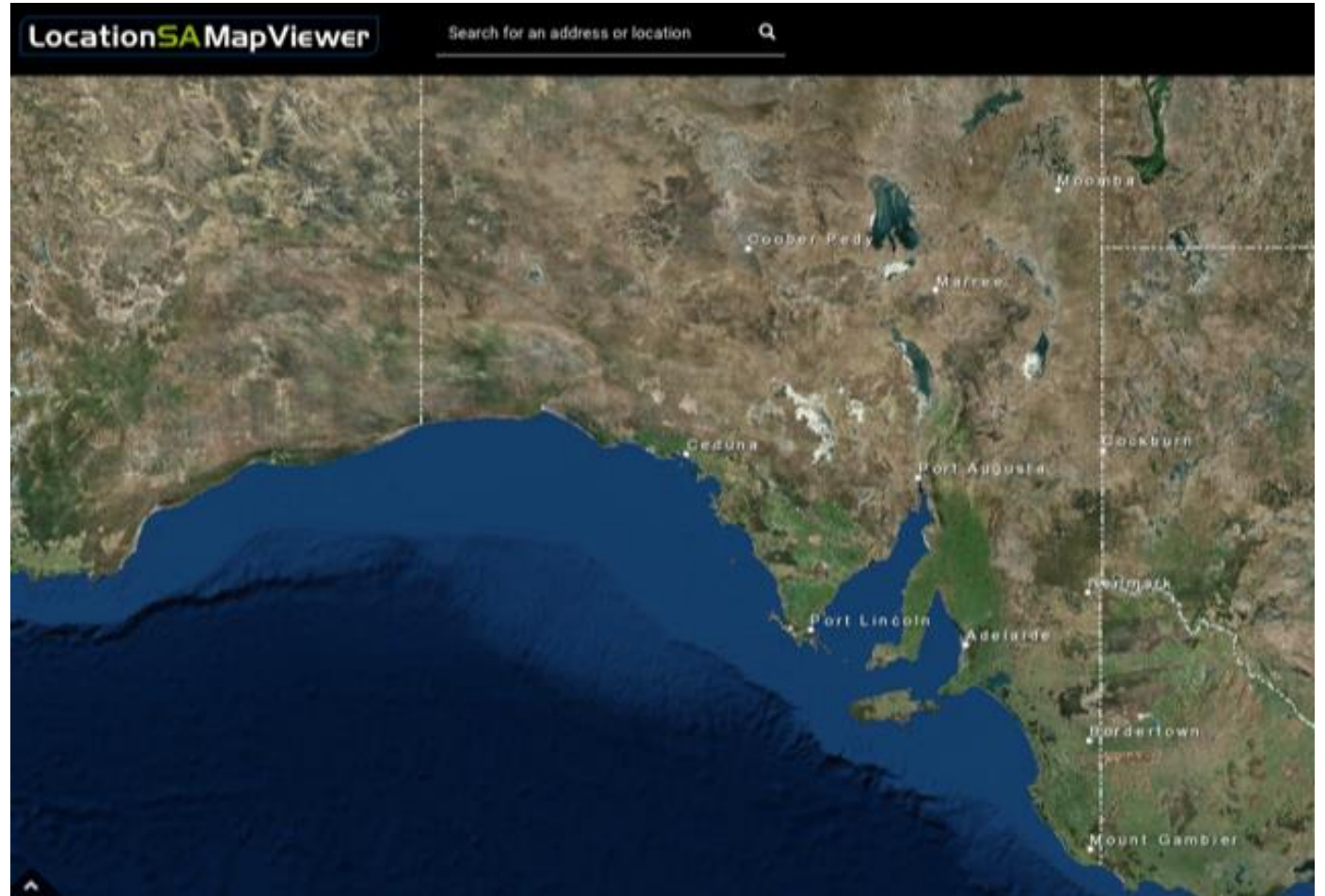
State Specifics – VIC: Council Websites

- www.land.vic.gov.au



State Specifics – SA: Council Websites

- www.location.sa.gov.au



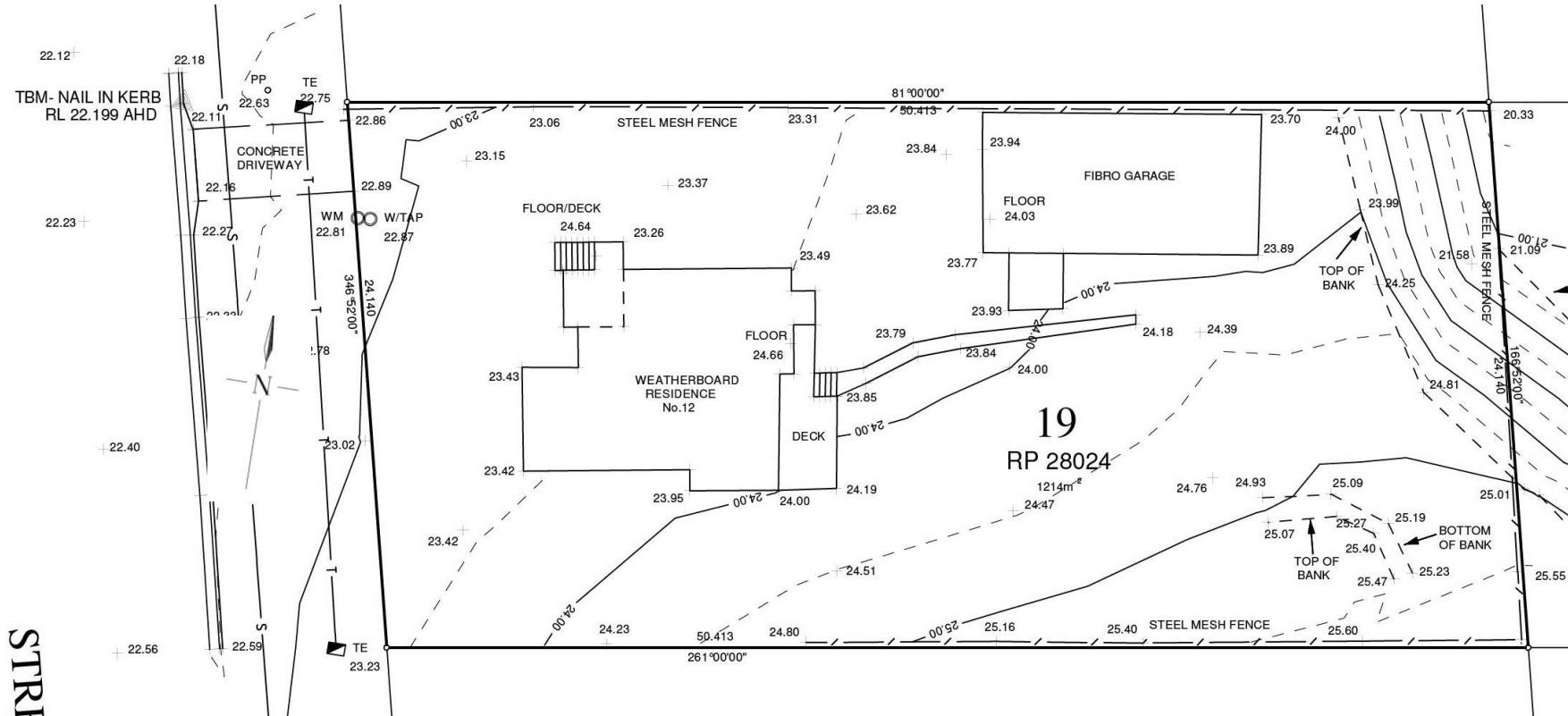
6) Rough Feasibility

- Will come back to at end

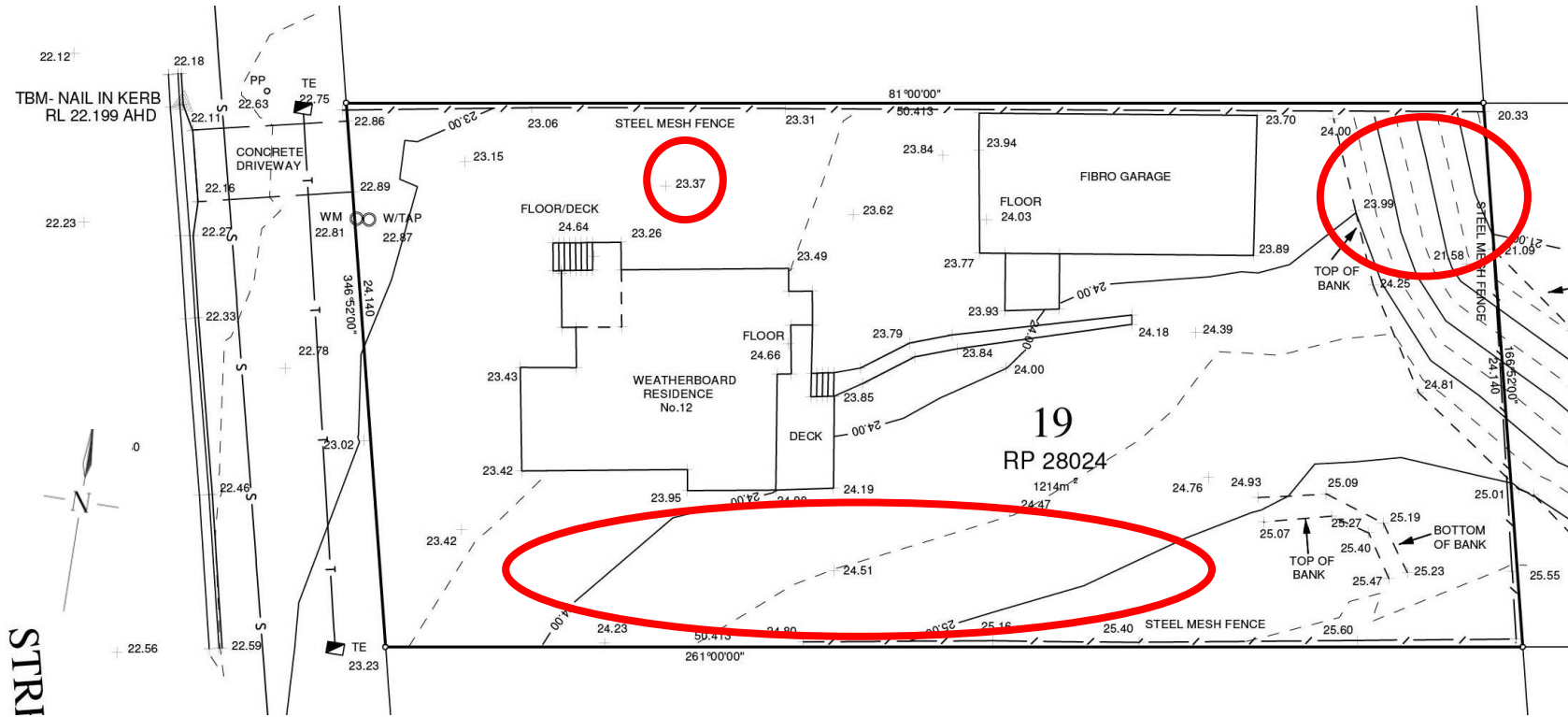


7) Detailed Design & Mapping

- What to look for on a **detail & contour survey plan?**

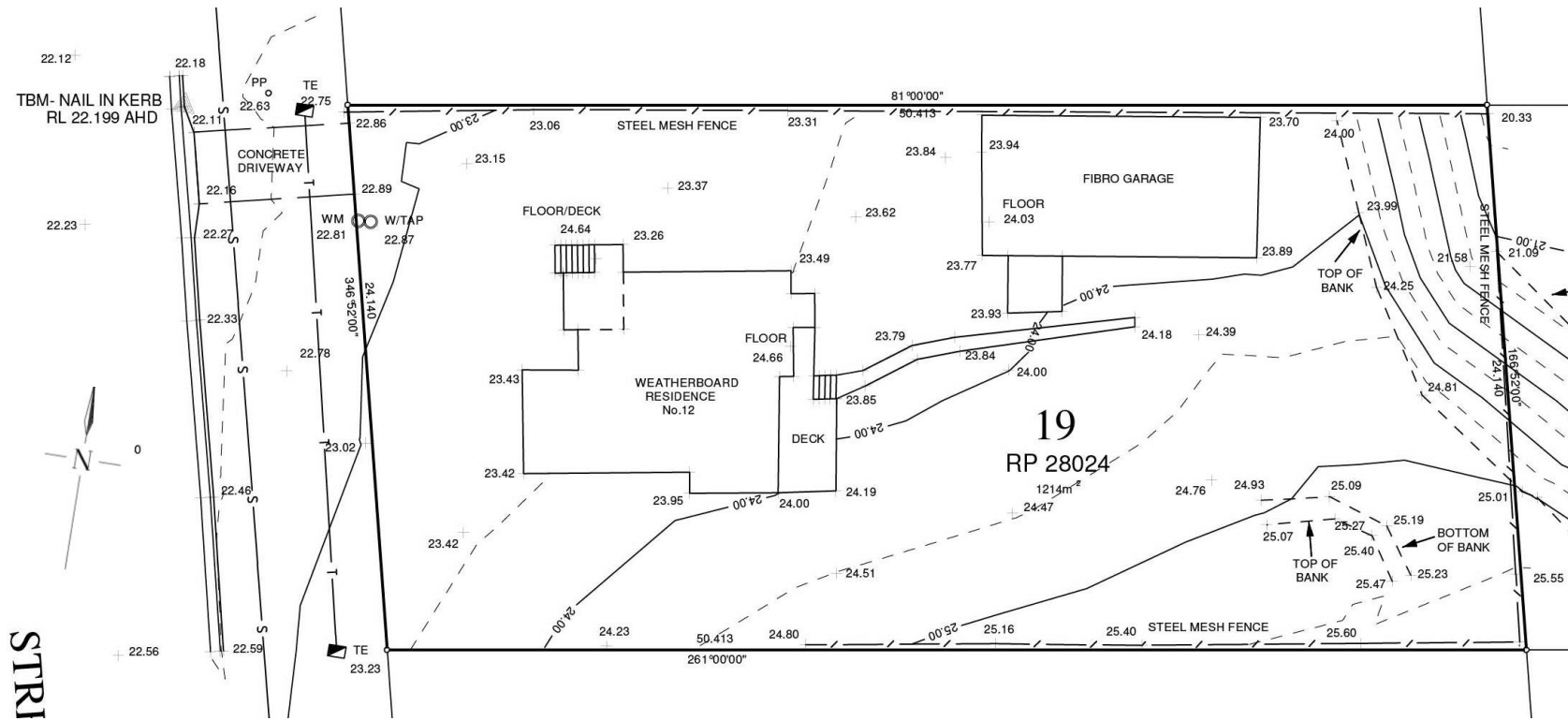


What to look for on survey plan?



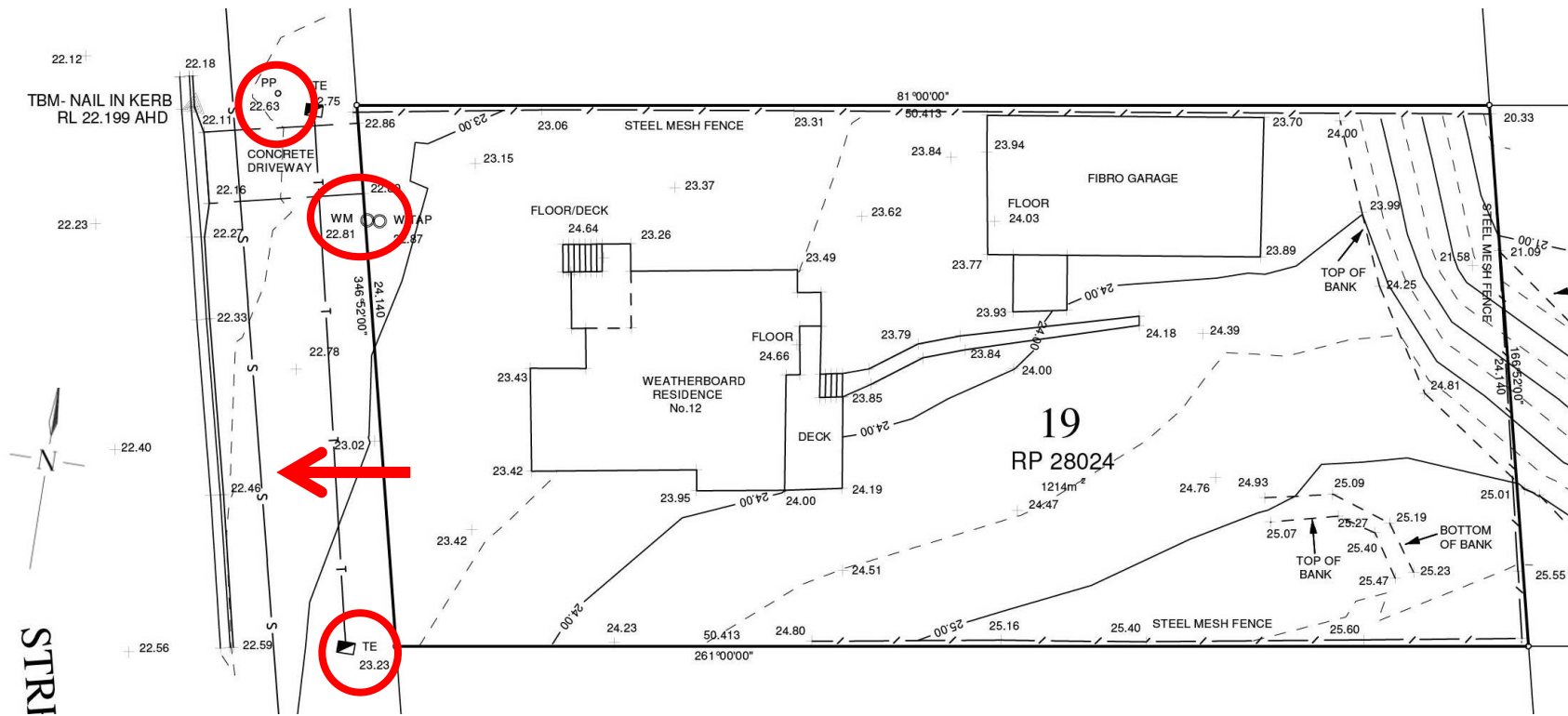
- **Contours** – spacing (close/wide), 5m levels = slope
- **Spot** levels

What to look for on survey plan?



- **Adjoining properties** & structures (driveway, shed, fences/retaining etc.)

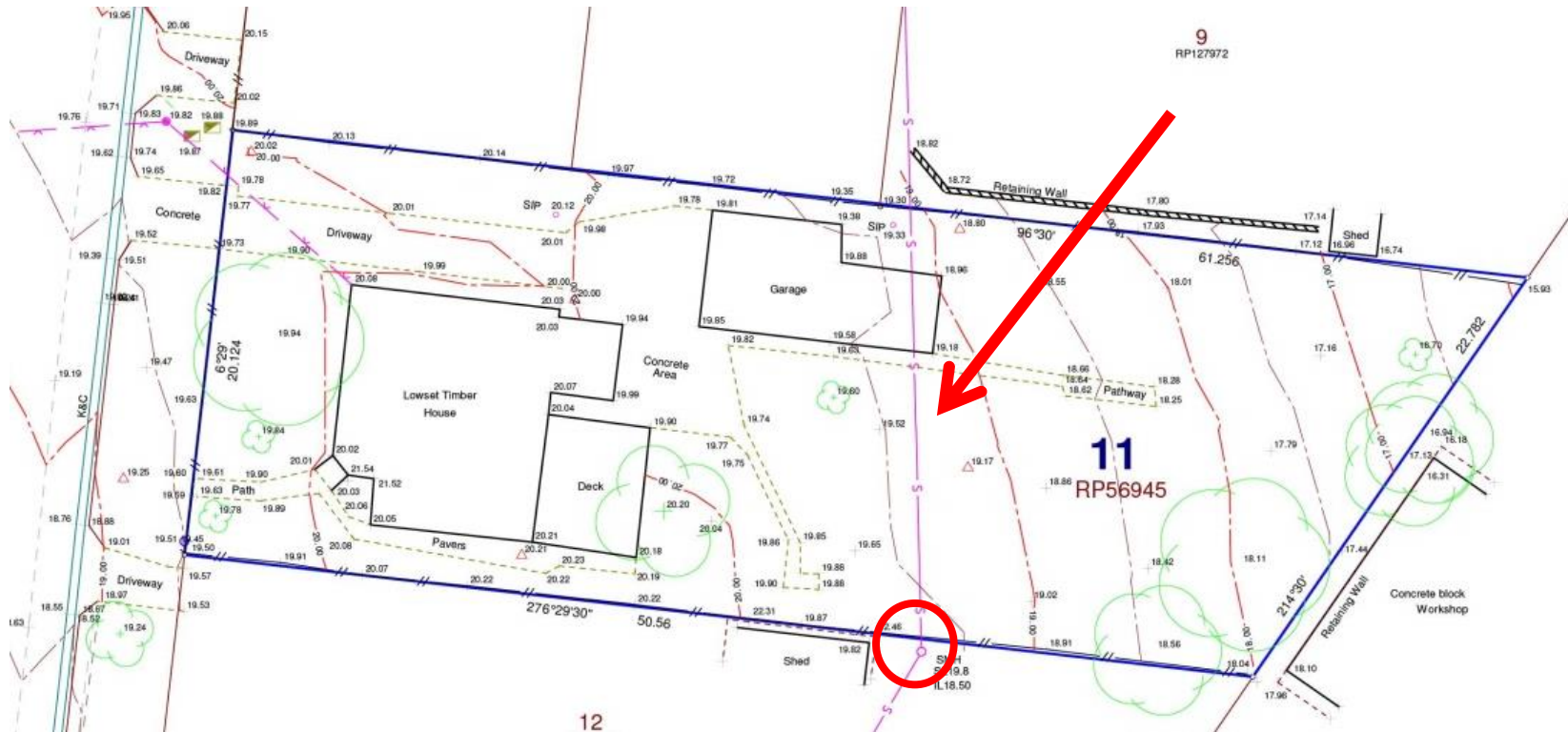
What to look for on survey plan?



Services –

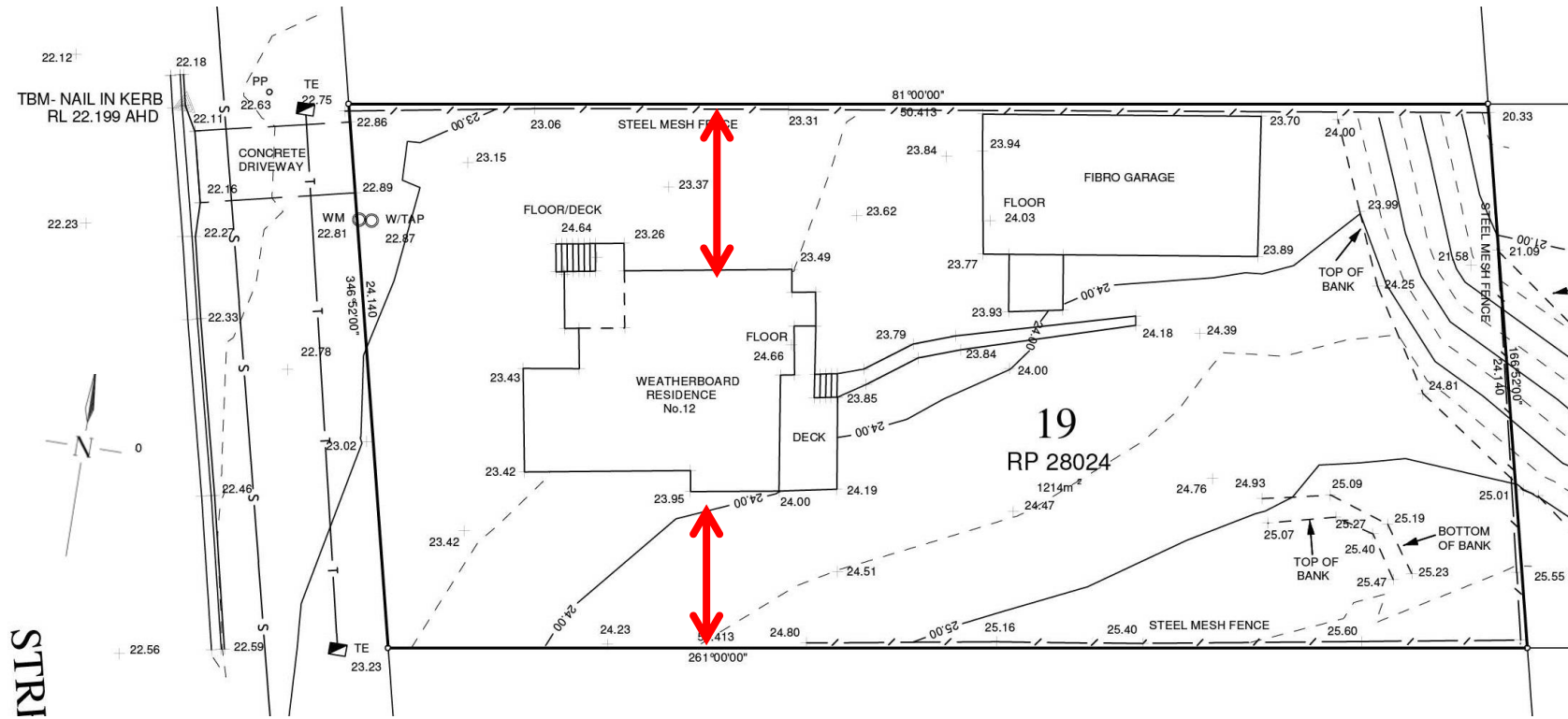
- Electricity (power pole – PP),
- Sewer (S),
- Water main,
- Water meter (WM),
- Stormwater,
- Telstra line (T) & pit,
- Gas (no gas)

What to look for on survey plan?



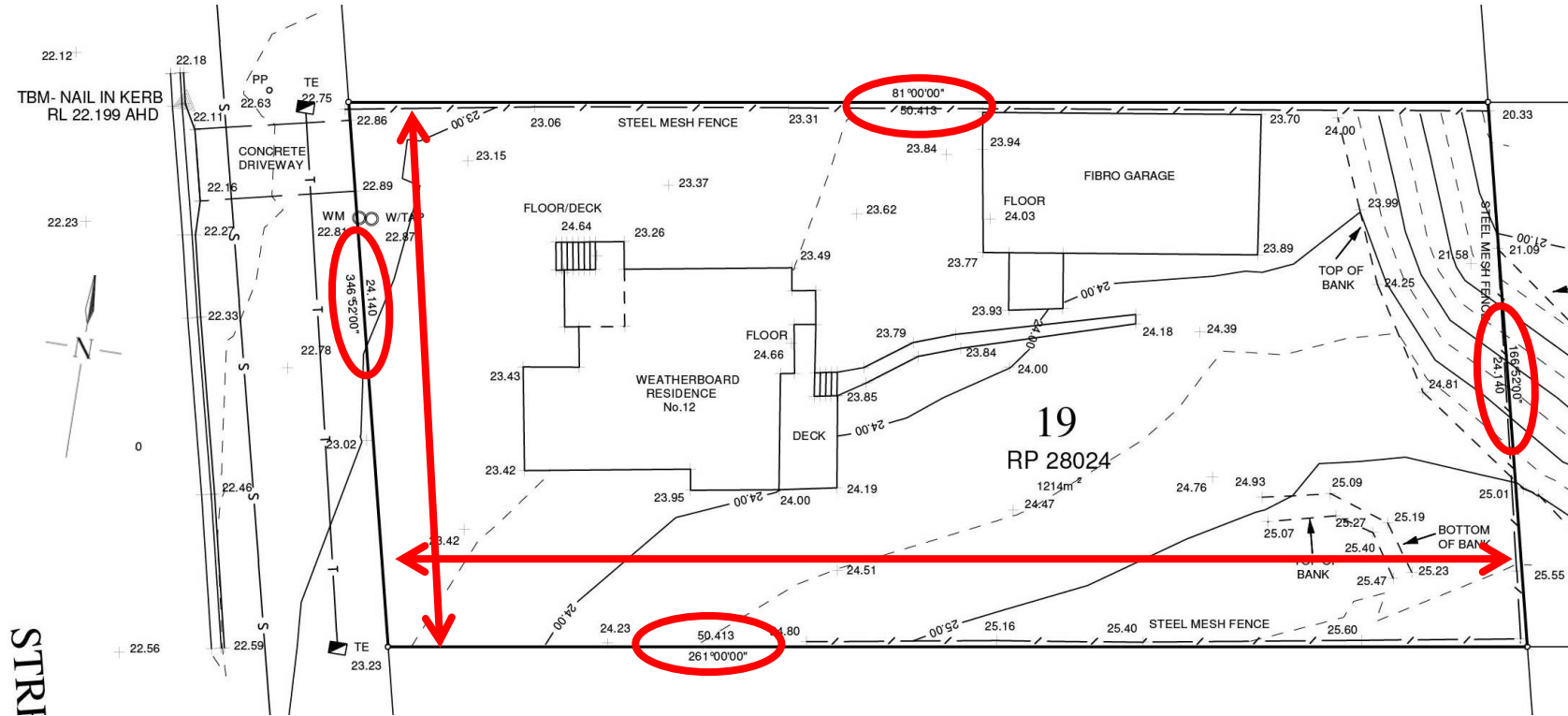
- Sewer main, Access chamber (man hole)
- Easement/s

What to look for on survey plan?



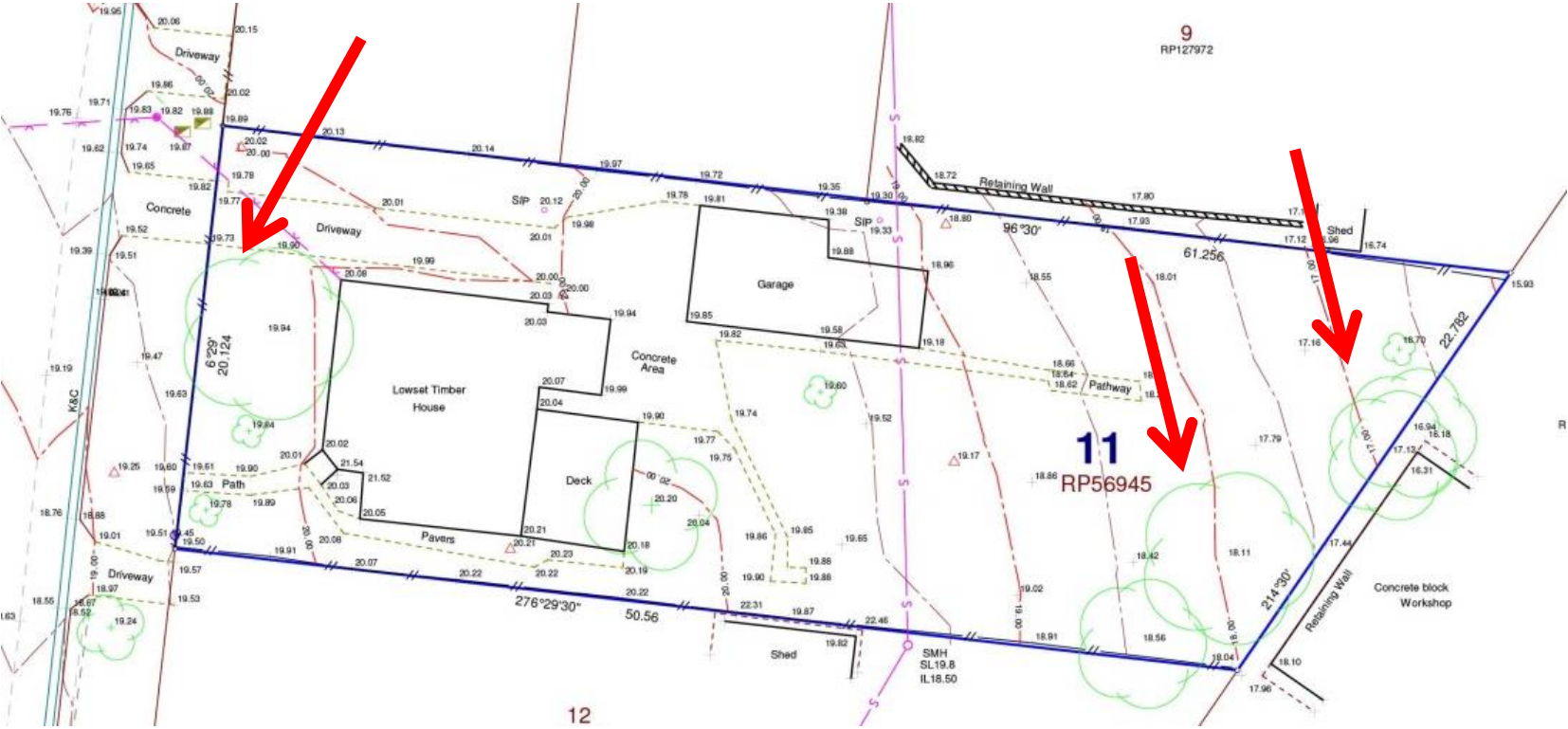
- Existing structures – house, shed, driveway, fencing, retaining
- Can measure exact location

What to look for on survey plan?



- Boundary Measurements - Confirmation

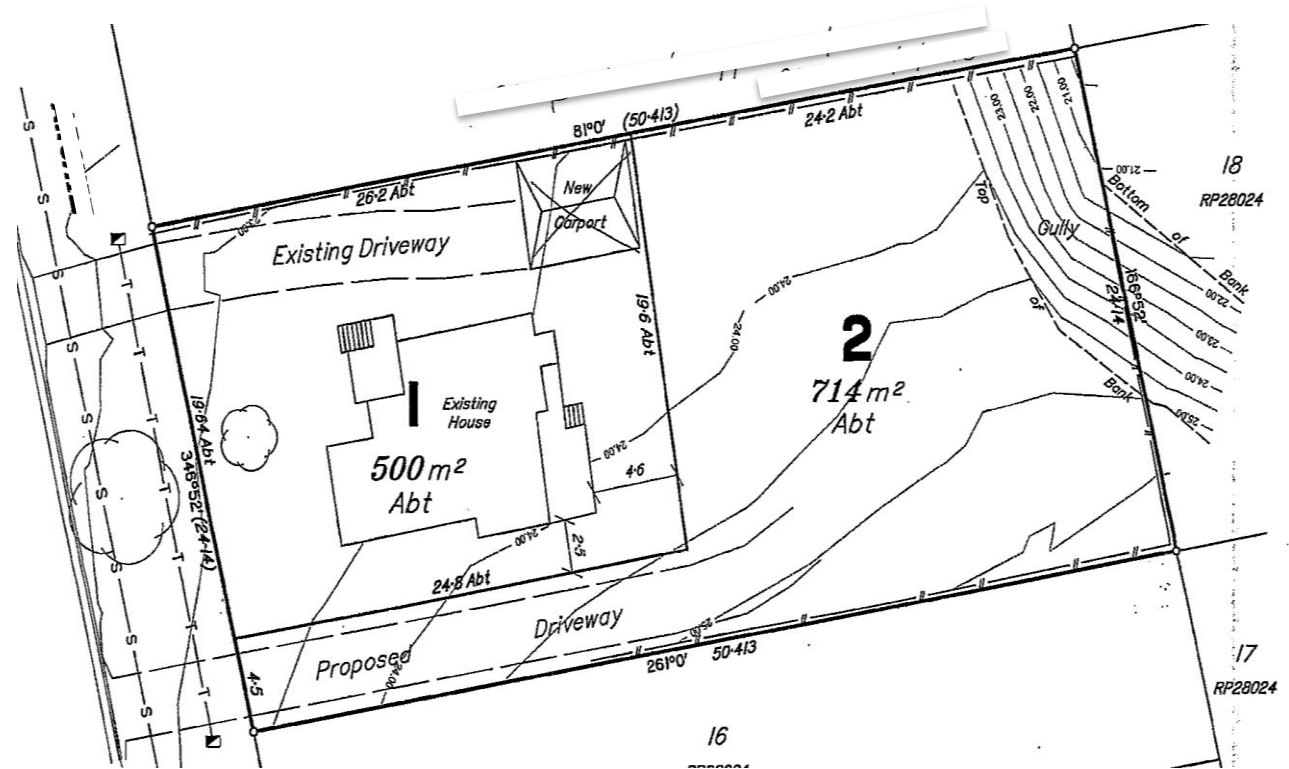
What to look for on survey plan?



○ Trees

When Do You Do Detailed Design?

- Assuming the rough feaso & detailed feaso look good, undertake **detailed design**
- 2 Lot Subdivision drawn by **surveyor / town planner**



What Specialist Reports May Be Required?

What Specialist Reports May Be Required?

- Flood Study
- Traffic Study
- Bush Fire Report
- Arborist Report
- Flora / Fauna Report
- Soil / Geotech Report
- Cultural Heritage Report
- Acoustic Report
- Etc. etc. etc.

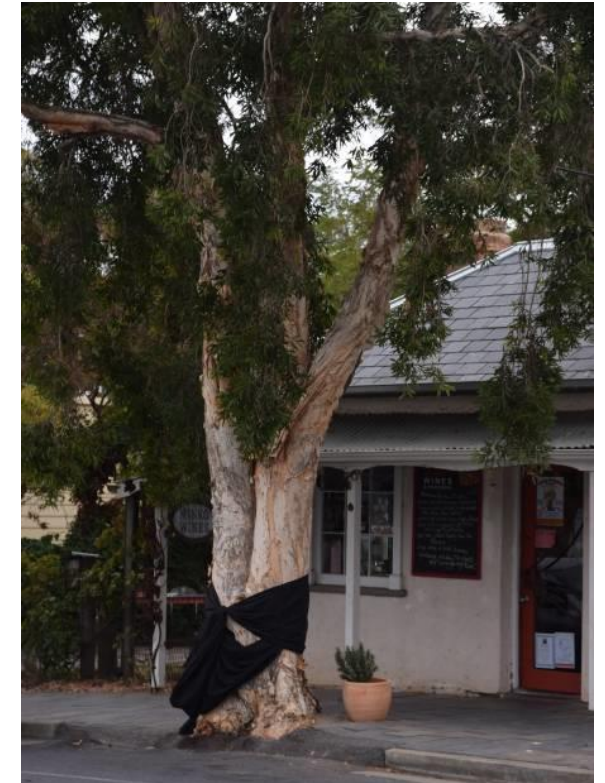


What Other Site Specific Constraints Need To Be Researched?

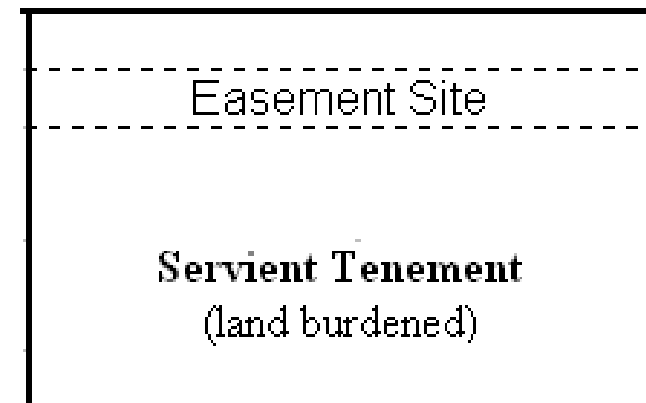


What Other Site Specific Constraints Need To Be Researched?

- Significant **trees**
- Rock & **soil type** – swelling & cracking clays
- **Contaminated** site
- **Easements** – sewer, power, access way etc.
- **Encroachments** – survey site
- **Covenants**
- **Caveate** or other encumbrances
- **Notation** on survey plan
- Neighbour **disputes**
- Council **show cause notices**
- **Heritage** listed buildings



- **Above ground** infrastructure out front – power poles, road signs, bus stop, traffic lights, fire hydrant, public mail box, parking, substations
- **Underground infrastructure** – man holes, disused septic tanks, buried water tanks, Telstra pits
- **Capacity** of Services – electricity, sewer, water, stormwater – need to upgrade for strategy?
- **Shared services** with neighbours – combined sewer drain



- **Adjoining properties** & structures next door – zero lot, windows/doors, private open space
- **Road hierarchy** – class of road/street, visibility, access restrictions, bin collection, resumption plans, on-street parking etc.
- **Noise pollution** – road, flight path, industry, birds/bats



- Air pollution – road, industry
- Subsidence – underground mining & earthworks
- Cyclone rating for new build
- Earthquake, sea level rise, tsunami
- Crime rate



The Deal - Due Diligence Findings - Site Specific Constraints?

- 1) **Demolition control** house
– pre 1945 - must be retained
- 2) **Significant gully** / drainage line –
possible flood implications
- 3) **Buried** oil tank & asbestos lined
garage - needed to be removed
- 4) **Power pole** –
may affect access



8) Development Application & Operational Works Approval – What's Required?

- **Pre-lodgment** Meeting with Council – If Applicable
- Detailed Designs
- **Town Planning** Report Including Specialist Reports
- **Construction Drawings**
- Consultation with **Neighbors** – If Public Advertising Required
- Public **Advertising** – If Required (Impact Assessable)
- **Operation Works** May Be a Separate Approval Process or May Be Part of DA
- **Information Request** from Council is Common & Requires an Immediate Response



9) When to Implement Site Works?

- Once **Development Approval Granted** – Review & Summarize All Conditions (What, When, Who) – DA valid for 4 years in QLD
- Once **Operational Works Approval** Granted & Conditions Agreed To – Can Commence Site Works
- **Civil Contractor/s** – Driveway/Footpath, Drainage, Sewer / Water Connections
- **Plumber** – Services Install
- **Electrician** – Services Install
- **Service Suppliers** – Services Install
- Landscaper / **Fencer**



The Deal - Site Works Being Implemented -



- Lot 2 driveway, drainage pits, services, property power pole, fencing, frontage turf, landscaping, footpath

The Deal - Site Works Completed -

- Authorities (Council / Services Providers) **inspect site** to ensure works comply with DA Approval conditions



10) Titling Process – What's Involved?

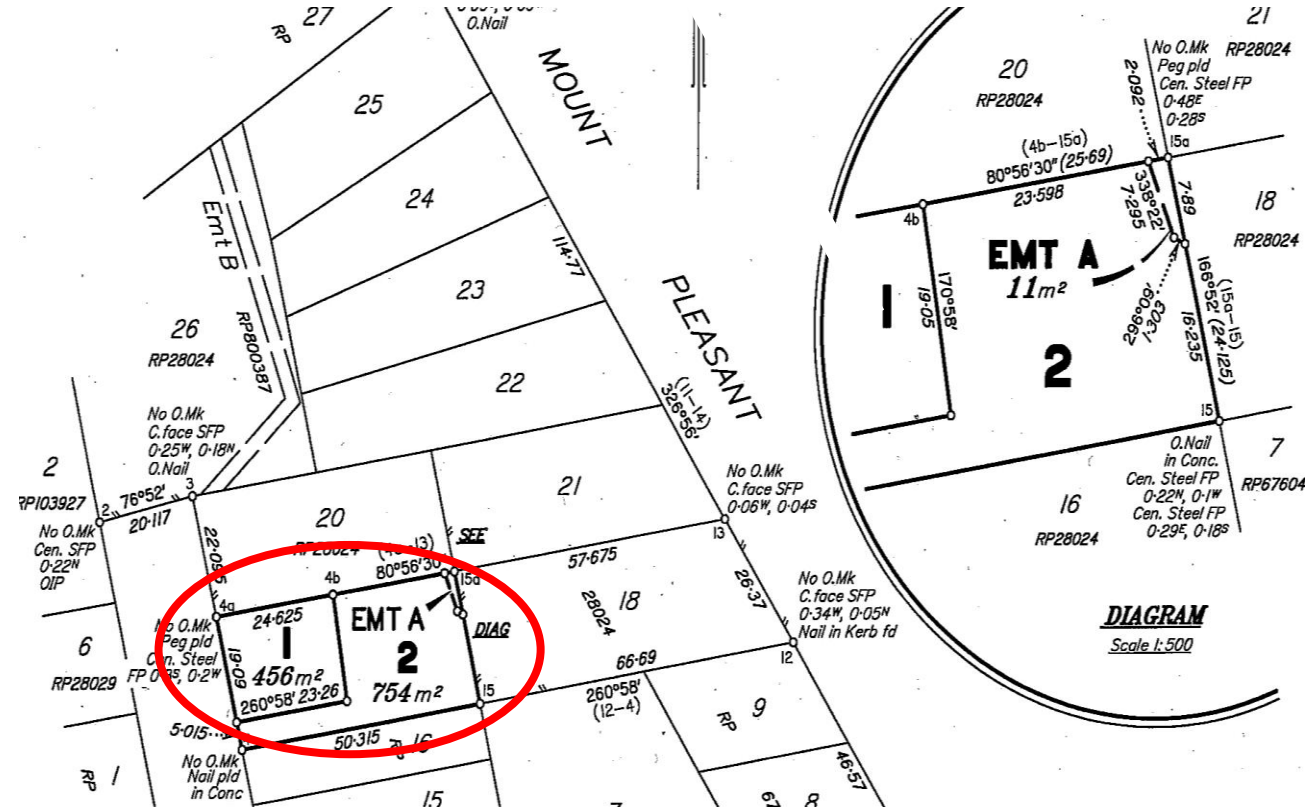
- Surveyor conducts **final site survey** and prepares Final Plan of Subdivision
- Final Survey Plans Submitted to Council for **Plan Sealing** (Stamping & Signing Plan)
- Council Plan Sealed Documents Sent to Financier / Bank for **Mortgagee Consent**
- Plan Sealed Docs & Mortgagee Consent Submitted to **Titles Dept.**
- Titles Dept Review and **New Titles are Registered**
- Any **pre-sale contracts** can now be settled, and standard contracts now entered into.

State Specifics – WA Titling Process

- Final Survey Plans Submitted to Water Corp, Western Power, Council, Other Authorities for Clearance of Conditions
- Clearances provided to WA Planning Commission (WAPC)
- Final Approval Plan of Subdivision lodged with Landgate for New Titles

The Deal - Titling Process

- Final Survey plan lodged with Titles Dept. showing newly created Lot 1, Lot 2, & drainage easement EMT A.
- Note change in lot size vs. initial plans



FREEHOLD (GREEN TITLE) SUBDIVISION FLOW CHART

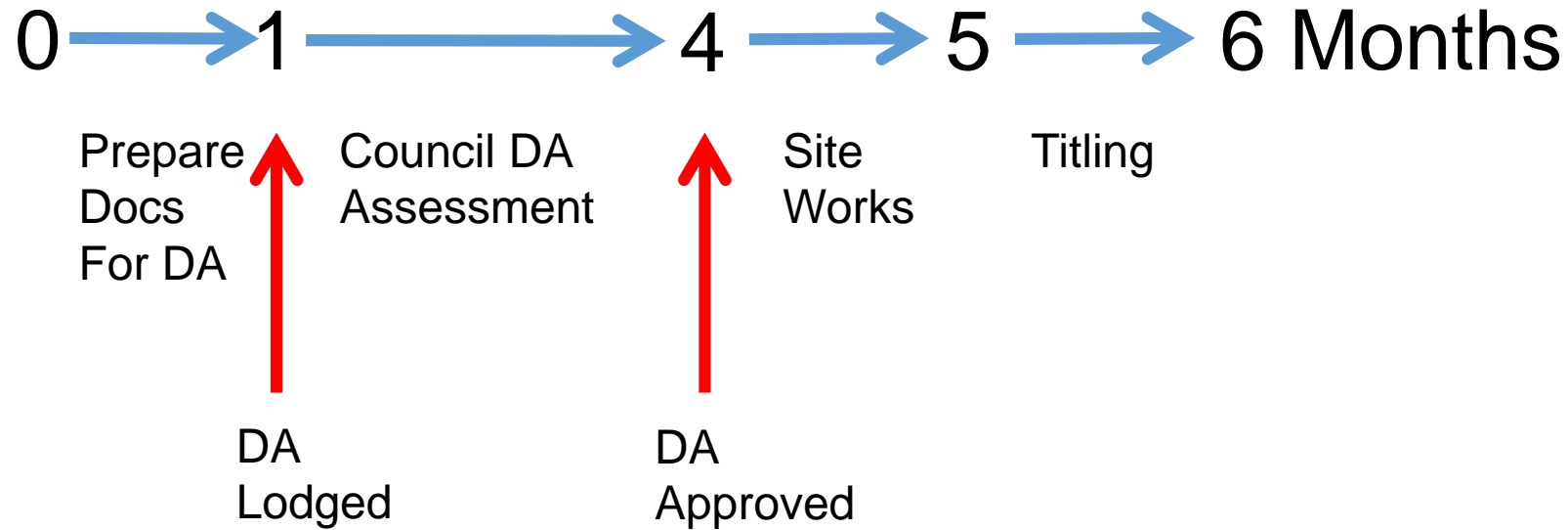


COTTAGE & ENGINEERING SURVEYS
87 - 89 Guthrie Street,
Osborne Park, Western Australia 6017
P.O. Box 1611 Osborne Park DC 6916
Ph (08) 9446 7361 Fax (08) 9445 8184
Email: per@cottagesurveys.com.au
N:\Strata Subdivision Documents\Freehold (green title) Flow Chart MK2
Drawings - Templates\Freehold (green title) Flow Chart MK2

WA - Chart of Subdivision Process

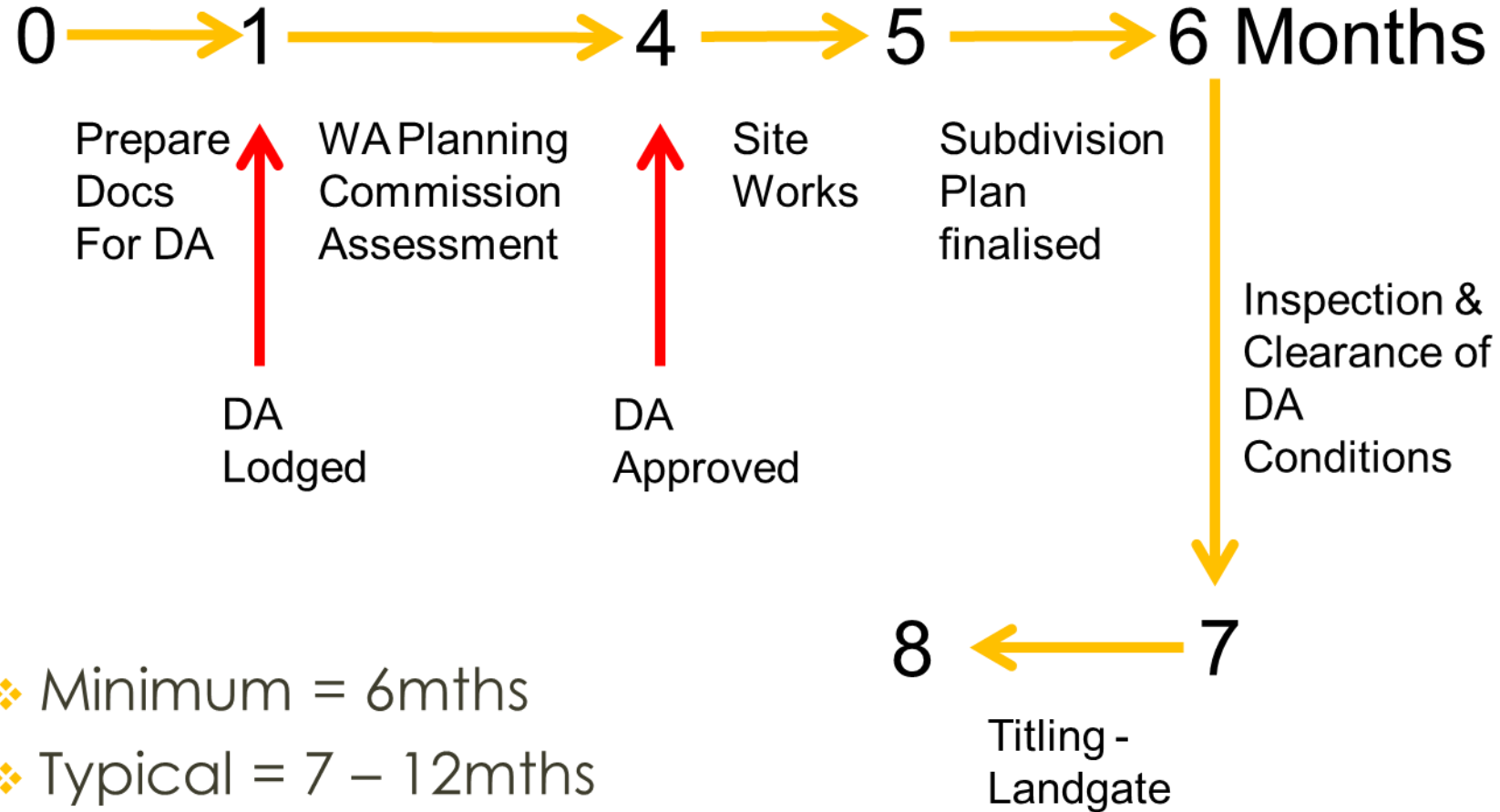


11) QLD Typical Timeframe – How Long Does it Take?

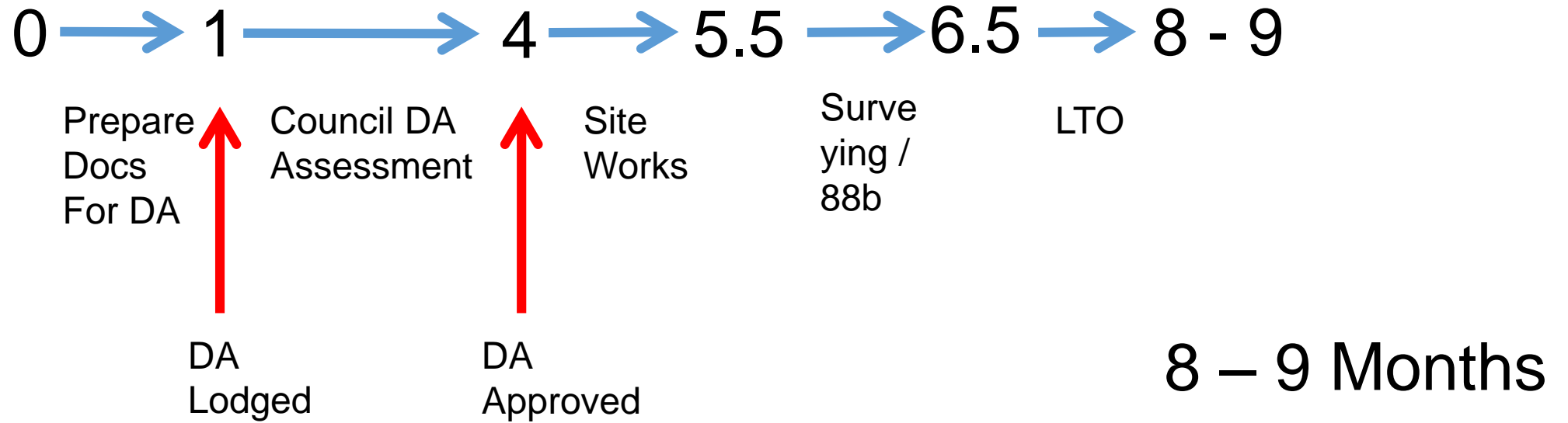


- **Fast-track** DA application could reduce 3mth DA process to 1mth

WA Typical Timeframe – How Long Does it Take?



NSW Typical Timeframe – How Long Does it Take?



* Victoria also approx. 9 Months

12) What Exit Strategies are Possible?

12) What Exit Strategies are Possible?



- 1) Subdivide & sell vacant rear lot
- 2) Subdivide & sell reno'd front house
- 3) Subdivide, sell front house, build on back & sell/hold
- 4) Above with cosmetic reno vs structural or extension
- 5) Above with rent by room houses – sell to investor
- 6) Subdivide, demolish house & sell 2 vacant lots
- 7) Subdivide, demolish house & build 2 new
- 8) Subdivide, demolish house & build 2 new for rent by room,
- 9) Hold and rent front only, rear only, or both, etc. etc.

Conduct detailed feasibility on all exit strategies

13) Rough Feasibility – What are the Major Headings?

Item	\$

Rough Feasibility – What are the Major Headings?

Start from the end product & work backwards

Item	\$
Sale Value	
Sale Costs	
Purchase Price	
Purchase Costs	
Strategy Costs - Subdivision	
Strategy Costs - Renovation	
Operating Expenses – Hold Costs	
Total Costs	
Profit / Loss	

Rough Feasibility – What are the numbers?

- Insert \$ figures

Item	\$
1. Sale Value (1)	Comparable Sales (Vacant land & reno'd house)
2. Sale Costs	Approx 3%
3. Purchase Price	Comparable Sales
4. Purchase Costs	Approx 6%
5. Strategy Costs - Subdivision	Research - approx \$60k
6. Strategy Costs - Renovation	Cosmetic Reno @ 9%
7. Operating Expenses – Hold Costs	Research
8. Total Costs	Sum of items 2 to 7
9. Profit / Loss	Item 1 minus item 8

14) Detailed Feasibility – Expand on Sales Value -

Item	\$
1. Sales Value	
Total	

Expand on Sales Value -

Item	\$
1. Sales Value	
Renovated house	
Vacant Land	
Rental from house	
Total	

Expand on Sales Costs -

Item	\$
2. Sale Costs	
Total	

Expand on Sales Costs -

Item	\$
2. Sale Costs	
Commission – House Sale	
Commission – Land Sale	
Advertising & Marketing	
Auction Costs	
Photographer	
Staging	
Website	
Legals	
Other	
Total	

Expand on Purchase Costs -

Item	\$
3. Purchase Costs	

Expand on Purchase Costs -

Item	\$
3. Purchase Costs	
Purchase Price	
Stamp Duty	
Legals	
Borrowing Costs	
Mortgage Insurance	
Structure Set up	
Other	
Total	

Expand on Renovation Costs -

Item	\$
4. Strategy Costs - Renovation	
Total	

Expand on Renovation Costs -

Item	\$
4. Strategy Costs - Renovation	
Paint Exterior & Interior	
Upgrade Bathroom	
Upgrade Kitchen	
Upgrade Light Fittings	
Polish Floorboards	
Landscape Front & Back	
Rubbish Removal	
Window Coverings	
Make Good Repairs & Miscellaneous	
Total	

Expand on Subdivision Costs -

Item	Item
5. Strategy Costs - Subdivision	
Total	

Expand on Subdivision Costs -

Item	Item
5. Strategy Costs - Subdivision	Power Pole Install
Site & Contour Survey	Power Connection
Drafting Plan of Subdivision	Phone Connection
Engineering Design	Fencing / Retaining
Town Planning Report & Lodgment	Concrete Driveway
Council Lodgment Fees	Concrete Footpath
Operational Works Approval	Final Survey Plans
Water Main Connection / Upgrade	Title Dept Lodgment & Legals
Sewer Connection	Council Contribution (Headworks fee)
Drainage & Stormwater	Miscellaneous
Total	

Expand on Operating / Hold Costs -

Item	\$
6. Operating / Hold Costs Per Year	
Total	

Expand on Operating / Hold Costs -

Item	\$
6. Operating / Hold Costs Per Year	
Rates	
Water	
Insurance – House & Land	
Management Fee – House Rental	
Repairs & Maintenance - House	
Other	
Interest on Mortgage	
- Interest Rate	
- Bank Loan Amount	
Total	

Expand on Analysis Calculations -

Item	\$
1. Total Net Income From Sales	
2. Value of Property Held	
3. Total Project Value	1+2
4. Total Expenses	
5. GST Adjustment	
6. Total Profit / Loss on Project	3 – (4+5)

Expand on Analysis Calculations -

Item	\$
7. Return on funds contributed	
8. % Cash Flow Return on Funds Invested on Hold Projects after Refinance	
9. % Return on Project Cost	

- **Cash Flow** when Holding Long Term
- **Revaluation** part way through project or at end for Hold Projects

Detailed Feasibility – Funding Columns Added

Item	\$	Bank \$	Own \$
5. Strategy Costs - Subdivision			
Site & Contour Survey			
Drafting Plan of Subdivision			
Engineering Design			
Town Planning Report & Lodgment			
Council Lodgment Fees			
Operational Works Approval			
Water Main Connection / Upgrade			
Sewer Connection			
Drainage & Stormwater			
Total			

Exit Strategies

Plan		Plan A	Plan B	Plan C	Plan D	Plan E
Subdivision		Subdivide into 3 lots	Subdivide into 3 lots	Subdivide into 3 lots	Subdivide into 2 lots	Subdivide into 2 lots
Original Dwelling		Renovate Old	Renovate Old	Renovate Old	Renovate Old	Renovate Old
New Builds		Build 2 New 4x2	Build 2 New 4x2	-	Build 1 New Dual-key 6x4	-
Sell/Keep		Sell Old, Keep 2 New	Sell Old, Sell 1 New, Keep 1 New	Keep Old, Sell 2 Land	Sell Old, Keep New	Sell Old, Sell 1 Land
Rental		1 Single Room Let, 1 Ordinary Let	1 Ordinary Let	1 Ordinary Let	Dual-key Let	-
Project Costs		<ul style="list-style-type: none"> Purchase Price Acquisition Cost Renovation Cost Subdivision Cost New Dwelling(s) Site Costs New Dwelling(s) Build Cost Landscaping Costs GST (Nett) Interest (Holding) Costs Total Project Costs 				
Income		<ul style="list-style-type: none"> Original Dwelling Sale Land Sales New Dwelling Sale(s) Rental Income During Project Total Project Income 				
Values		<ul style="list-style-type: none"> Value of Original Dwelling after Reno & Subdivision Value of Subdivided Land (Total) Value of New Dwelling(s) (Total) Value at End of Project Loan at End of Project 				
Ongoing Expenses		<ul style="list-style-type: none"> Rental Expenses Loan Interest (6% p/a) 				
Income		<ul style="list-style-type: none"> Rental Income (2 wks p/a vacancy) 				
Metrics		<ul style="list-style-type: none"> Cash/LoC Required for Project (90% LVR) Maximum Loan Required for Project Equity at End of Project AWE (Redraw) at End of Project (90% LVR) Cashflow at End of Project p/a Capital Growth at End of Project p/a (5% p/a) 				

- Do a feasibility for ALL potential exit strategy combinations in order to make an informed decision

15) Funding Options -



- 1) **Residential purchase** of house (not disclosing to bank at outset the plan to subdivide)
- 2) **Subdivision & Reno** at Same Time (requires cash/equity to do both strategies at same time)
- 3) **Stage Project** – Suits when available equity is lower e.g. Use equity to do subdivision first, then revalue/refinance/sell newly created block, extract equity, use to do renovation.

16) Market Research – How Do You Confirm Demand For Your Product?

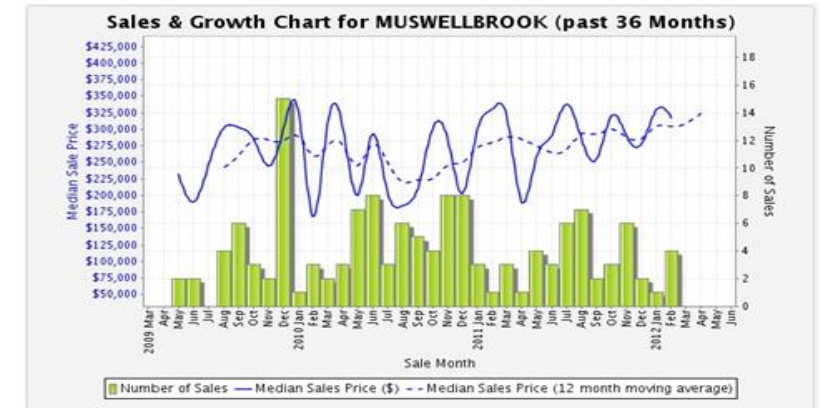
16) Market Research – How Do You Confirm Demand For Your Product?

- What's **selling**
- Who's **buying**
- **Where** are they buying & why?
- How does your product **compare** re location, features etc. etc.?



16) Market Research – Confirm Demand For Your Product -

- Price trend
- Auction clearance rates
- Days on Market (DOM) – lower the better
- Discounting Rate – lower the better
- Volume / Number of Sales
- Avg # of visits on RE.com.au (suburb vs region)
- Same for Rental – incl. vacancy rate



Data from Price Finder

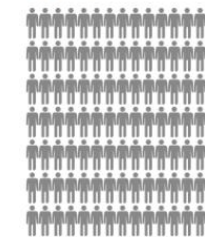
High demand market

369 Visits per property



Frankston

370 Visits per property



Average of VIC

12 months to February 2012

	Kaleen
Median Prices	\$550,000
Long Term Trend	8.18%
Auction clearance rates	66.67%
Days on Market	52
Discounting	3.21%

17) Recent Comparable Sales -

- Sold Data – Investar, RP Data, RE.com.au (sold section)
- Summarise in table
- Compare to your product
- Vacant land, reno house, unreno house, new build etc.
- Use in feaso

Last 12 Months of Land Sales with 2KM

Address	Event	List Price	Date	Property Type	Landsize	First Advertised Date	First Listed Price	Result Type
51 Wattle	For Sale	\$285,000		Land	2204	21-May-10	360000	Target Property
Address	Event	Sold Price	Sold Date	Type	Landsize	First Advertised Date	First Listed Price	Result Type
32 Spinnak	Sold	\$155,000	18-Sep-13	Land	802	18-Aug-13	339000	Matching Property
6 Mant St	Sold	\$180,000	3-Sep-13	Land	721	15-Jun-12	300000	Matching Property
8 Katandra	Sold	\$150,000	8-Oct-13	Land	799	23-Oct-12	195000	Matching Property
28 Anchor	Sold	\$205,000	10-Jan-14	Land	1131	31-Jan-10	215000	Matching Property
3 Byrnes S	Sold	\$146,000	6-Dec-13	Land	873			Matching Property
1 Byrnes S	Sold	\$151,000	26-Sep-13	Land	847			Matching Property
7 Cumberl	Sold	\$170,000	30-Aug-13	Land	830	19-Jun-08	205000	Matching Property
12 Katand	Sold	\$167,500	6-Feb-14	Land	799	22-Dec-13	175000	Matching Property
43 Bounty	Sold	\$148,000	10-Oct-13	Land	805			Matching Property
33 Bounty	Sold	\$153,000	25-Nov-13	Land	827			Matching Property
31 Bounty	Sold	\$155,000	3-Dec-13	Land	798			Matching Property
27 Bounty	Sold	\$149,000	19-Aug-13	Land	800			Matching Property
25 Bounty	Sold	\$151,000	30-Sep-13	Land	861			Matching Property
4 Kirra Ct E	Sold	\$153,000	30-Sep-13	Land	825			Matching Property
6 Kirra Ct E	Sold	\$146,000	4-Mar-14	Land	760			Matching Property
15 Bounty	Sold	\$180,000	3-Nov-13	Land	1005			Matching Property
49 Wattle	Sold	\$175,000	15-Nov-13	Land	1375	1-Jan-13	190000	Matching Property
45 Long St	Sold	\$163,000	20-Aug-13	Land	785	24-Oct-12	220000	Matching Property
4 Peregrin	Sold	\$165,000	9-Oct-13	Land	643			Matching Property
2 Dugong	Sold	\$170,000	22-Nov-13	Land	661			Matching Property
7 Dugong	Sold	\$172,500	6-Feb-14	Land	607			Matching Property
11 Dugong	Sold	\$170,000	11-Nov-13	Land	611			Matching Property
12 Oceanb	Sold	\$204,000	13-Jan-14	Land	600			Matching Property
3 Oceanbl	Sold	\$170,000	21-Aug-13	Land	633			Matching Property
41 Turrum	Sold	\$125,000	24-Dec-13	Land	661	19-Sep-13	139900	Matching Property
30 Turrum	Sold	\$167,100	7-Nov-13	Land	741			Matching Property
Average		\$163,119			800			

QUESTIONS?