



AUSTRALASIA
PROPERTY ADVISORY
ASSOCIATION

Welcome To APAA Workshop

We will start from **19:00**

Australasia Property Advisory Association Workshop

Market Trends and Acquisitions in Greenfield Developments

13 July 2022 | 6:30 - 9:00pm

Curago, Level 6/10-16 Dorcas St,
Southbank VIC 3006

Event Sponsors

RPM[®]

PEAKURBAN

Venue Sponsor

Curago



AUSTRALASIA
PROPERTY ADVISORY
ASSOCIATION

The Speakers



Luke Kelly

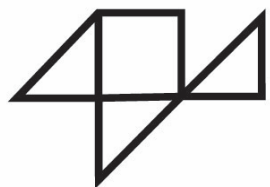
Managing Director
at RPM Group



Karl Rogers

State Director (Victoria)
at Peak Urban

Find more about APAA on
<http://apaassociation.com.au/>
We are a non-profit organization
connecting multi-disciplinary
experts in Australasia Property Industry.



AUSTRALASIA
PROPERTY ADVISORY
ASSOCIATION

Our Team

We are a non-profit organisation creating a community for developers and multi-disciplinary professionals in Australasian Property Industry.



MAX LAM
Chairman



SHAUN CHENG
President



FANNY LU
Secretary



RAY WANG
Stakeholder Lead



HUI LI
Marketing Lead



KEVIN LI
Partnership Lead



TREVOR DU
Community Lead



HAILEY ZHAI
Operation Lead



SHARON LI
Project Coordinator

OUR SUPPORTING PARTNERS



xCreative™





AUSTRALASIA
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Market Trends and Acquisitions in Greenfield Developments

Luke Kelly

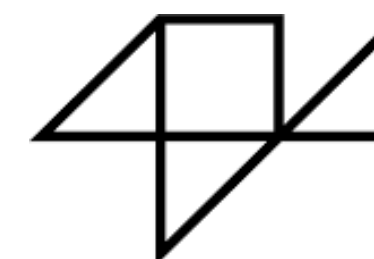
Managing Director of RPM Group

Market Trends for Land Subdivision Sector

Karl Rogers

State Director Victoria

Land Acquisition and Due Diligence



AUSTRALASIA
PROPERTY ADVISORY
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Greenfield Market Update

July 2022

RPM





Our Divisions

A Full Service
Property Business

Our point of difference lies in our collective experience and the passionate people within our business. We pride ourselves on customer service through every step of the process, from site diligence, acquisition and master-planning, through to launch, marketing and sales strategies.

Today we have grown to encompass over 100 people across specialist divisions:



Project Marketing



Communities



Research & Data



**Transactions &
Advisory**



**Portfolio
& Property
Management**

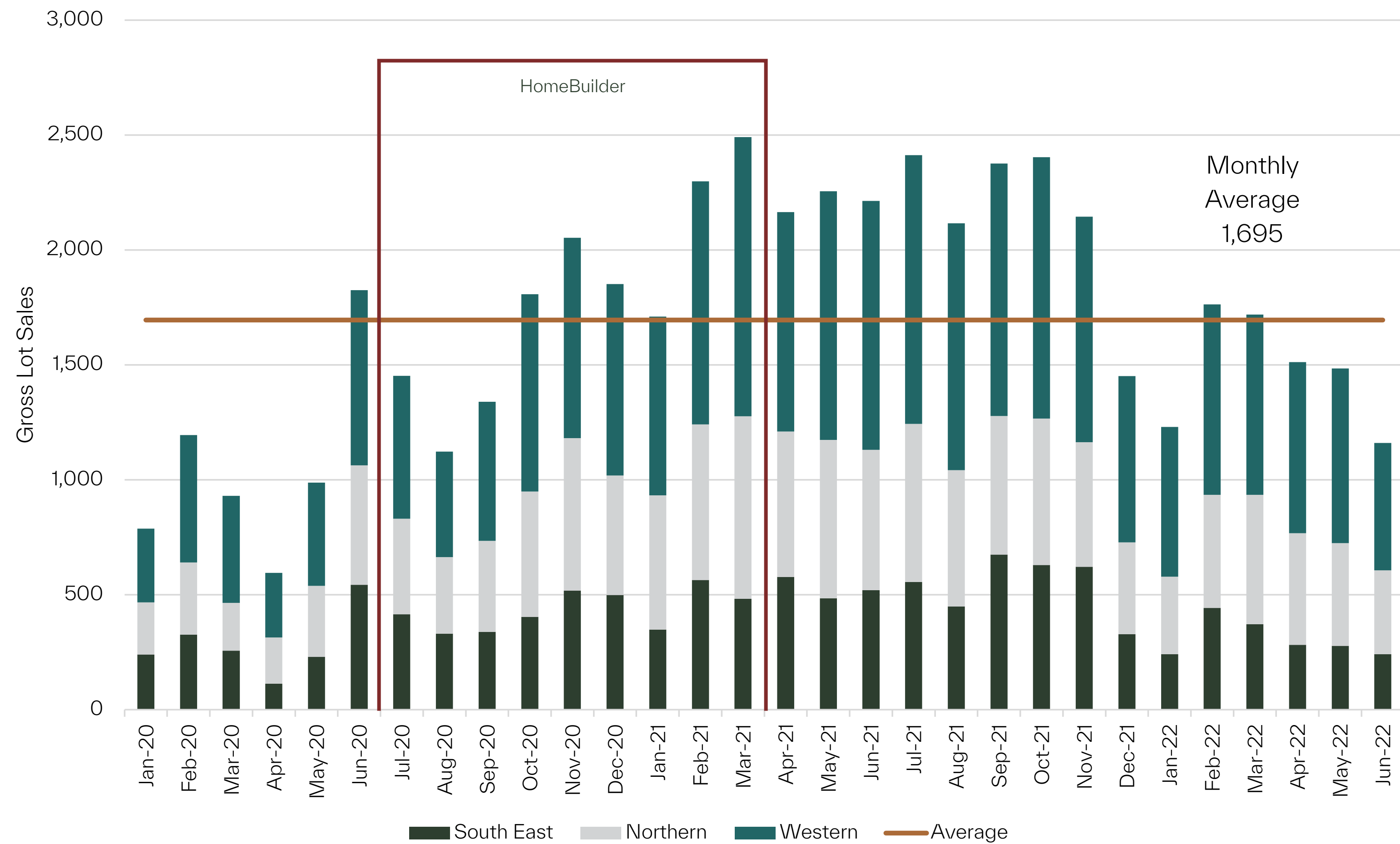


SECTION ONE

Market Snapshot

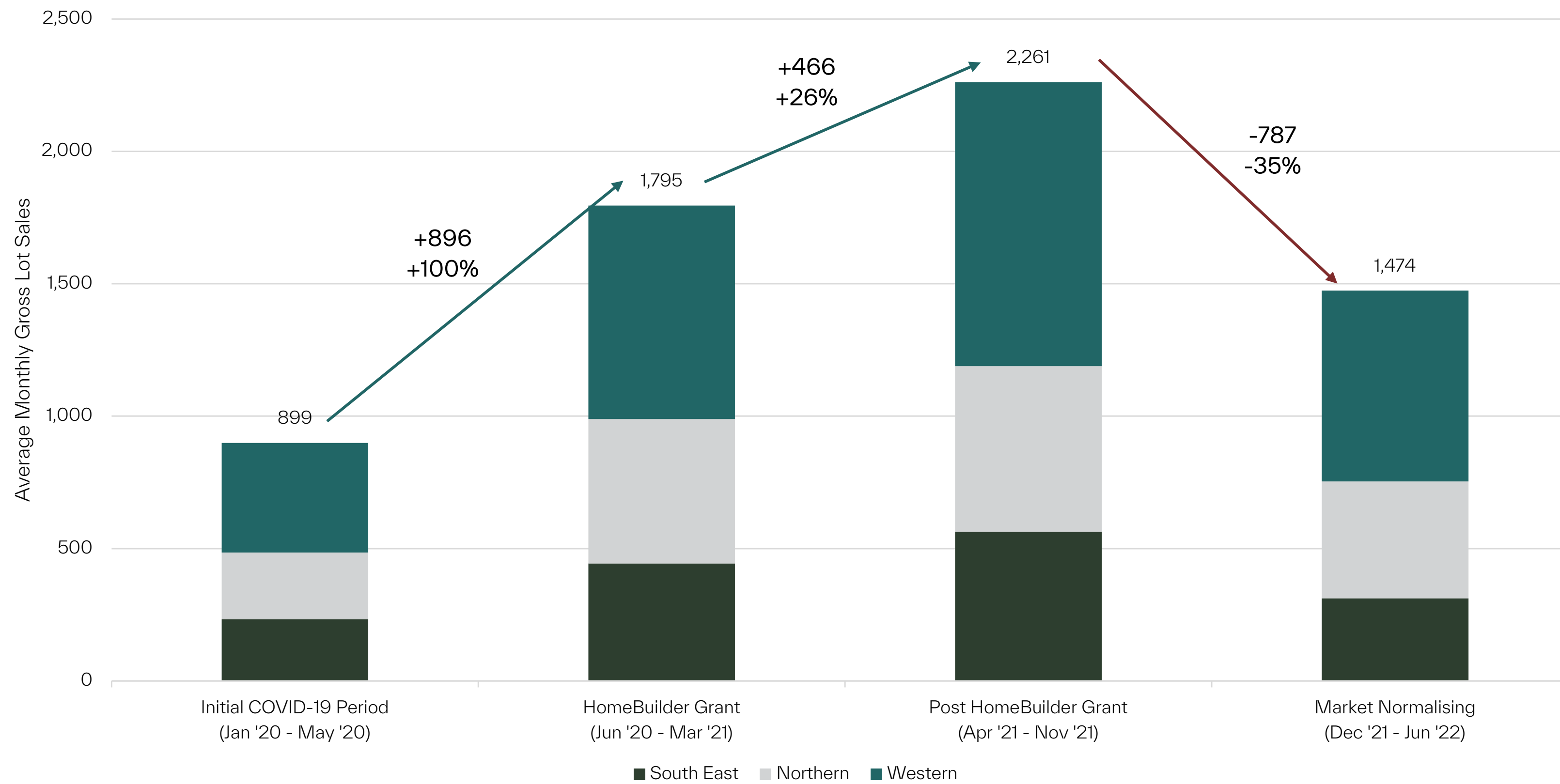


Melbourne Growth Areas - Monthly Gross Lot Sales





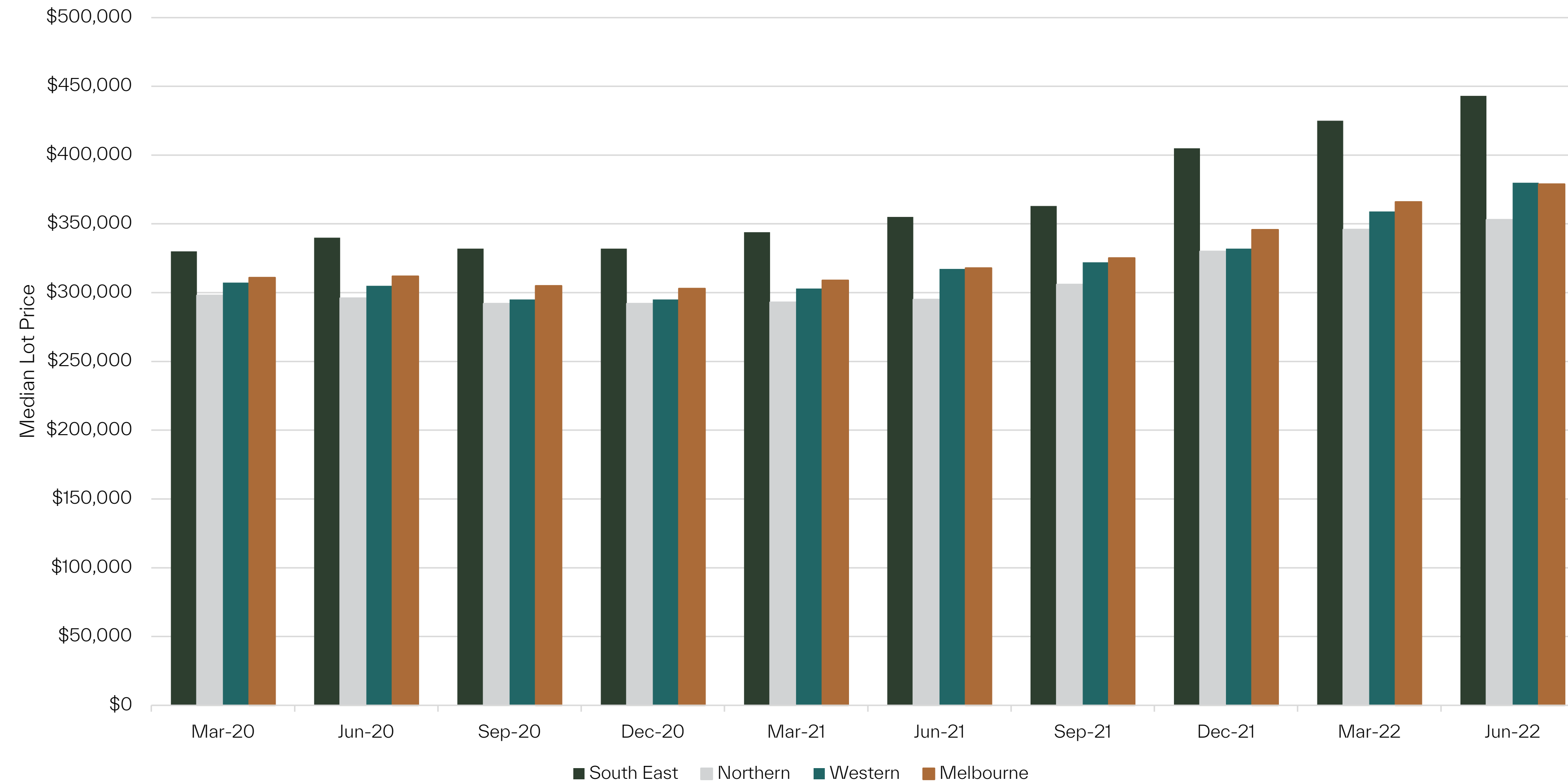
Average Monthly Gross Lot Sales



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Melbourne Growth Areas - Median Lot Price

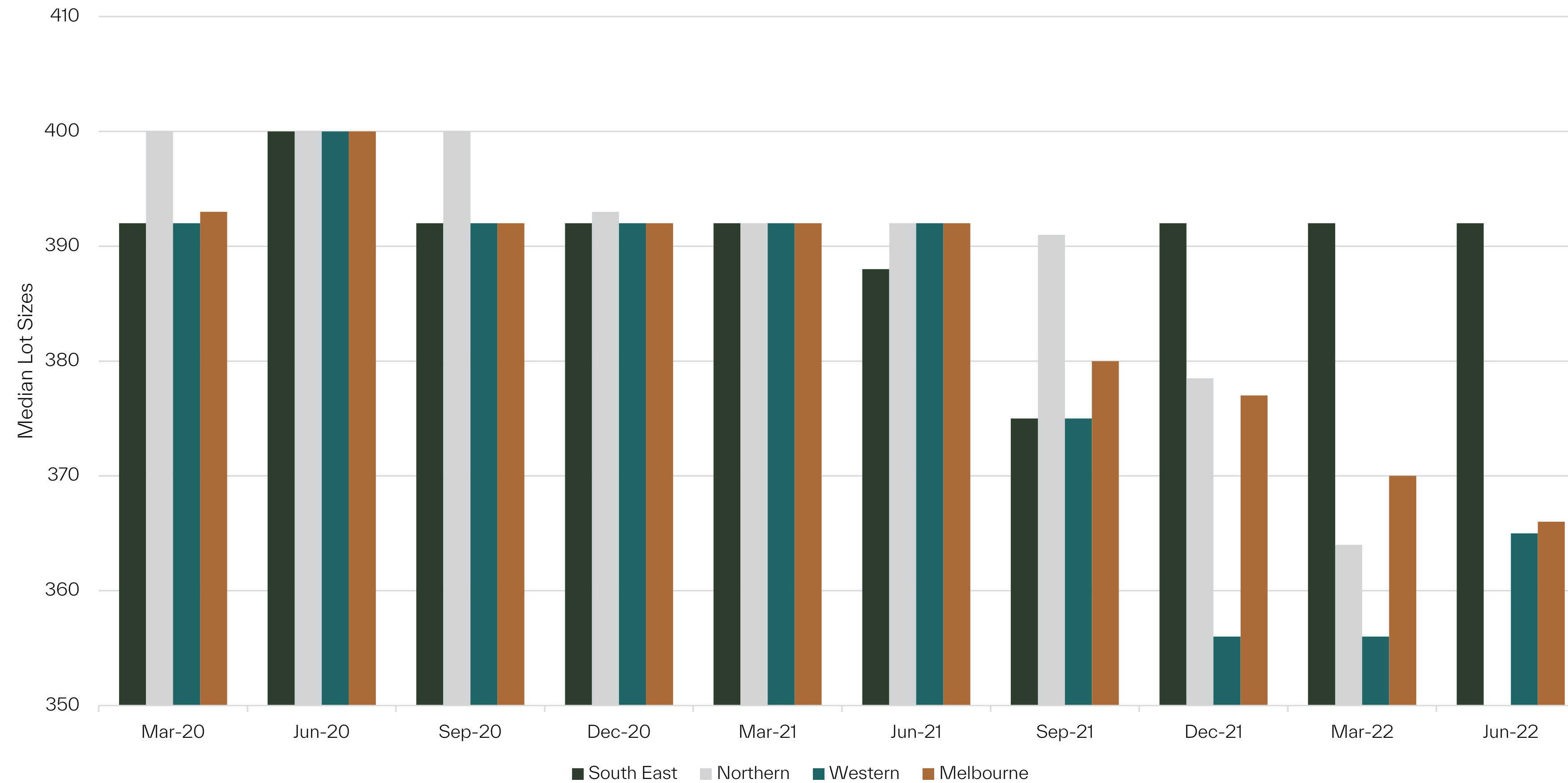


2 Year Change

SOUTH EAST	
\$103k (+30.3%)	\$443,000
<hr/>	
NORTH	
\$57k (+19.3%)	\$353,000
<hr/>	
WEST	
\$75k (+24.6%)	\$380,000
<hr/>	
MELBOURNE	
\$67k (+21.5%)	\$379,000



Melbourne Growth Areas - Median Lot Size



2 Year Change

SOUTH EAST
-2.0%, -8m 392sqm

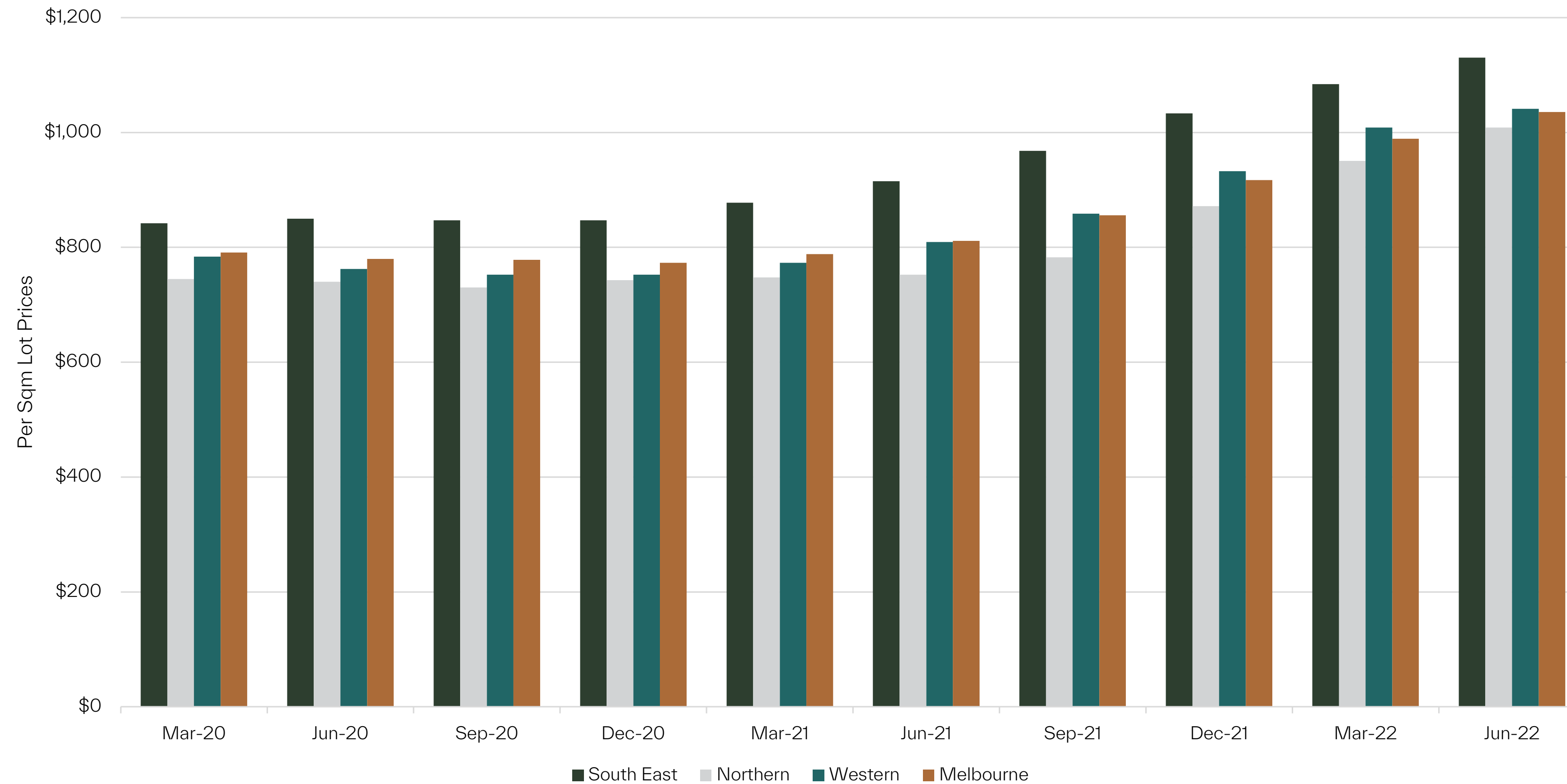
NORTH
-12.5%, -50sqm 350sqm

WEST
-8.8%, -35sqm 365sqm

MELBOURNE
-8.5%, -34sqm 366sqm



Melbourne Growth Areas - Per SQM Lot Prices



2 Year Change

SOUTH EAST

+33.0%

\$1,130/sqm

NORTH

+36.3%

\$1,009/sqm

WEST

+36.5%

\$1,041/sqm

MELBOURNE

+32.8%

\$1,036/sqm

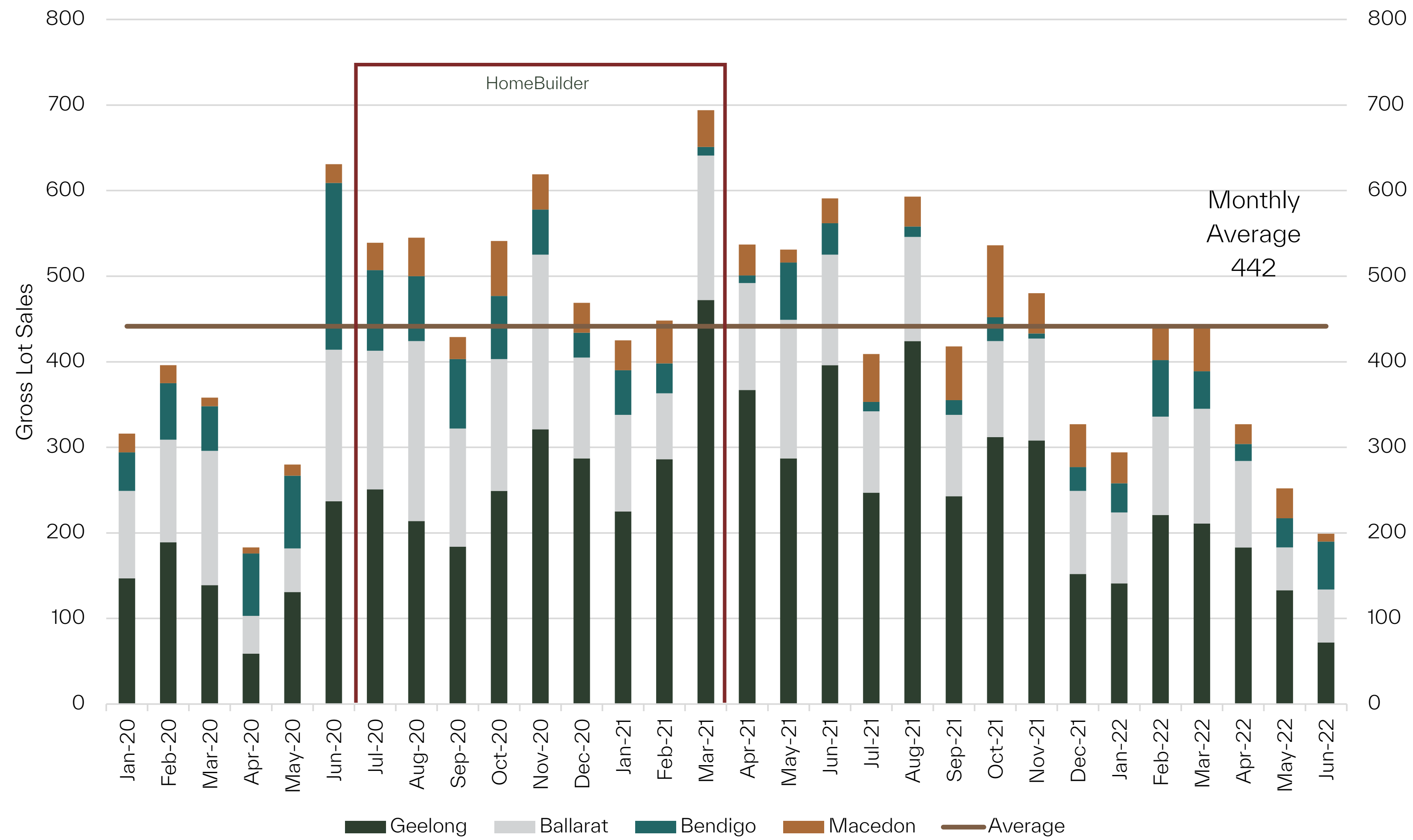


SECTION TWO

Melbourne vs. Regional Growth Areas

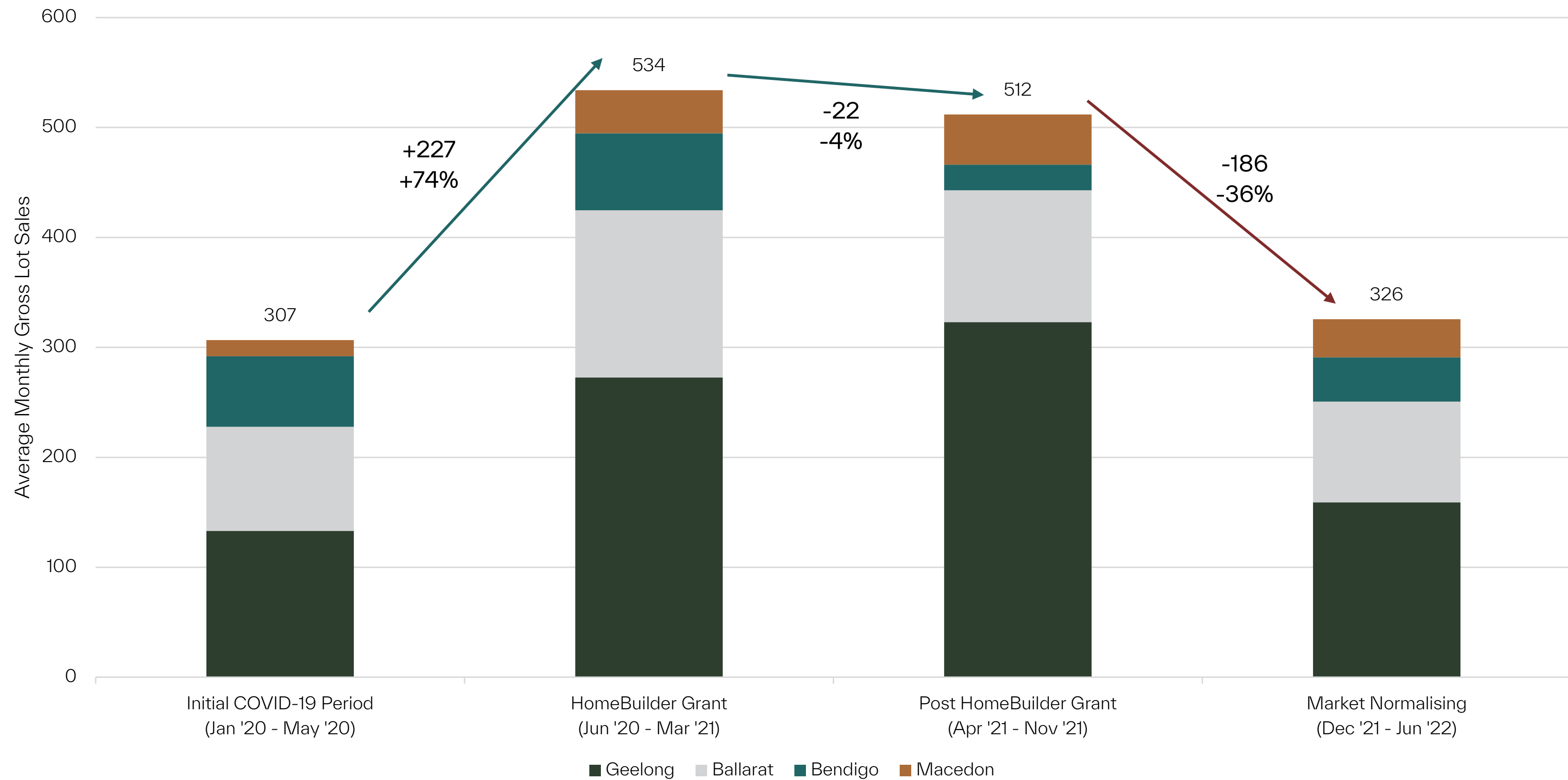


Regional Growth Areas - Monthly Gross Lot Sales

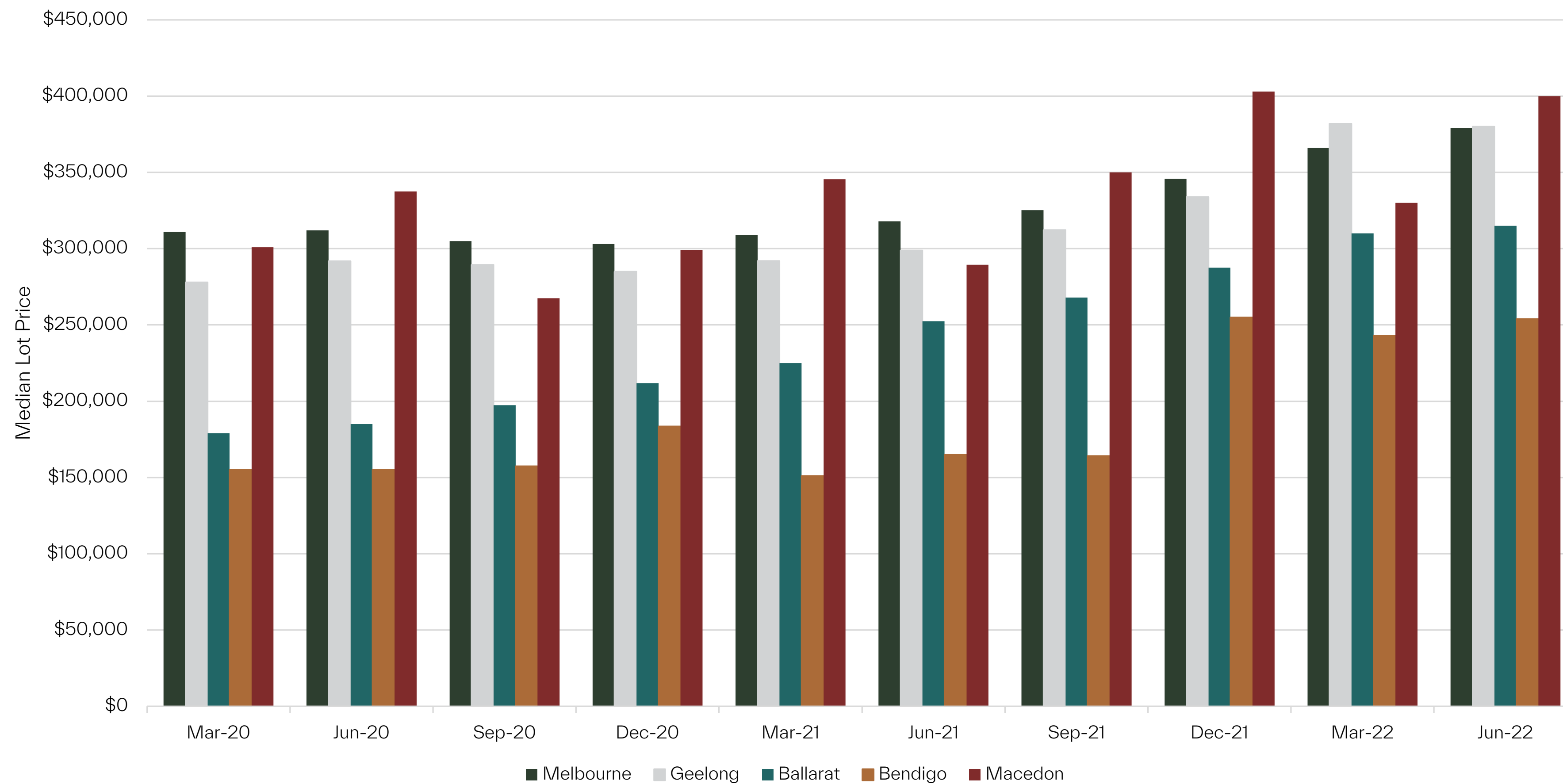




Average Monthly Gross Lot Sales



Growth Regions - Median Lot Prices

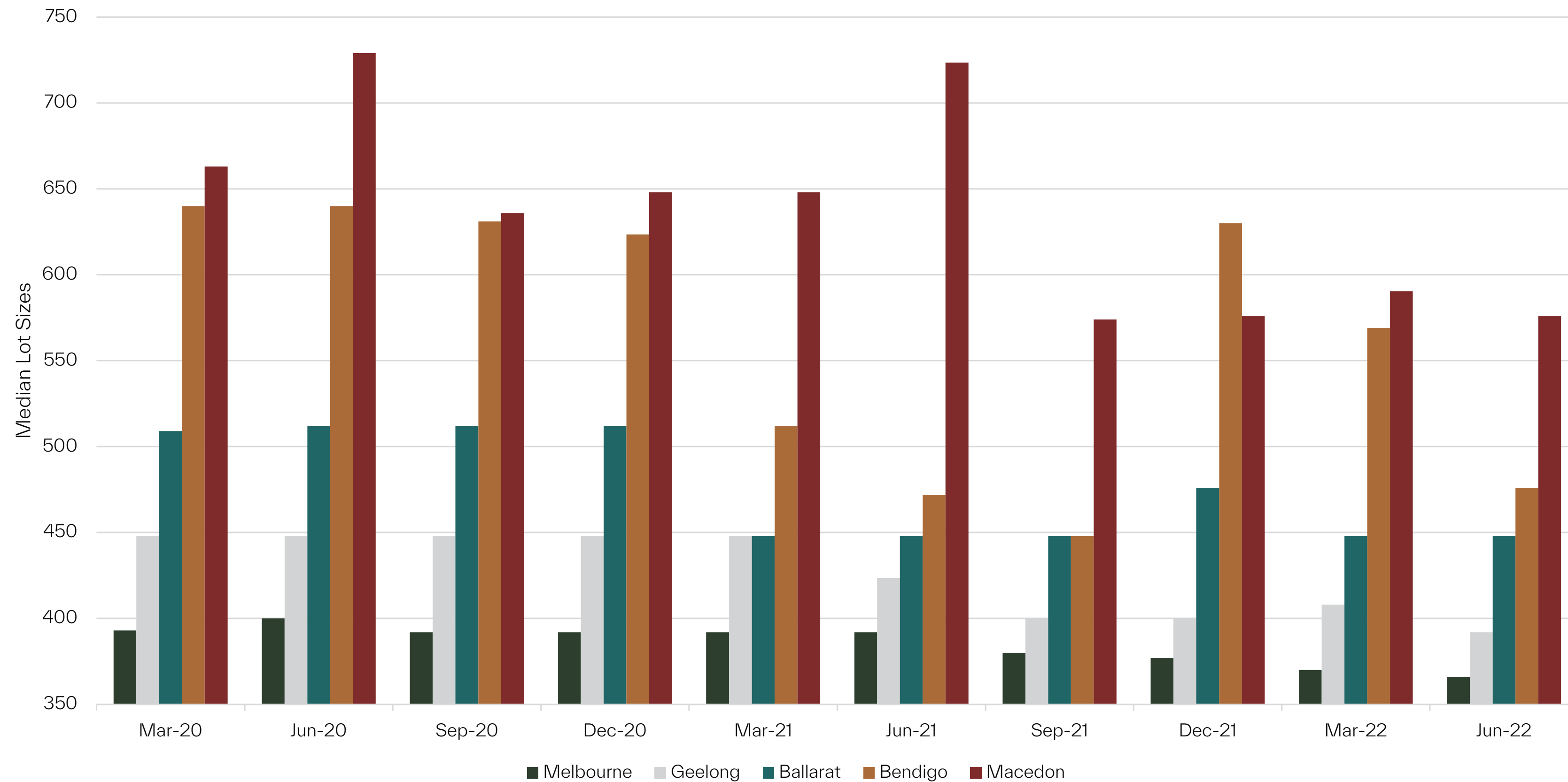


2 Year Change

MELBOURNE		
\$67k (+21.5%)		\$379,000
GEELONG		
\$88k (+30.2%)		\$380,000
BALLARAT		
\$130k (+70.3%)		\$315,000
BENDIGO		
\$99k (+63.9%)		\$254,000
MACEDON		
\$62k (+18.5%)		\$400,000



Growth Regions - Median Lot Sizes



2 Year Change

MELBOURNE
-8.5%, -34sqm 366sqm

GEELONG
-12.5%, -56sqm 392sqm

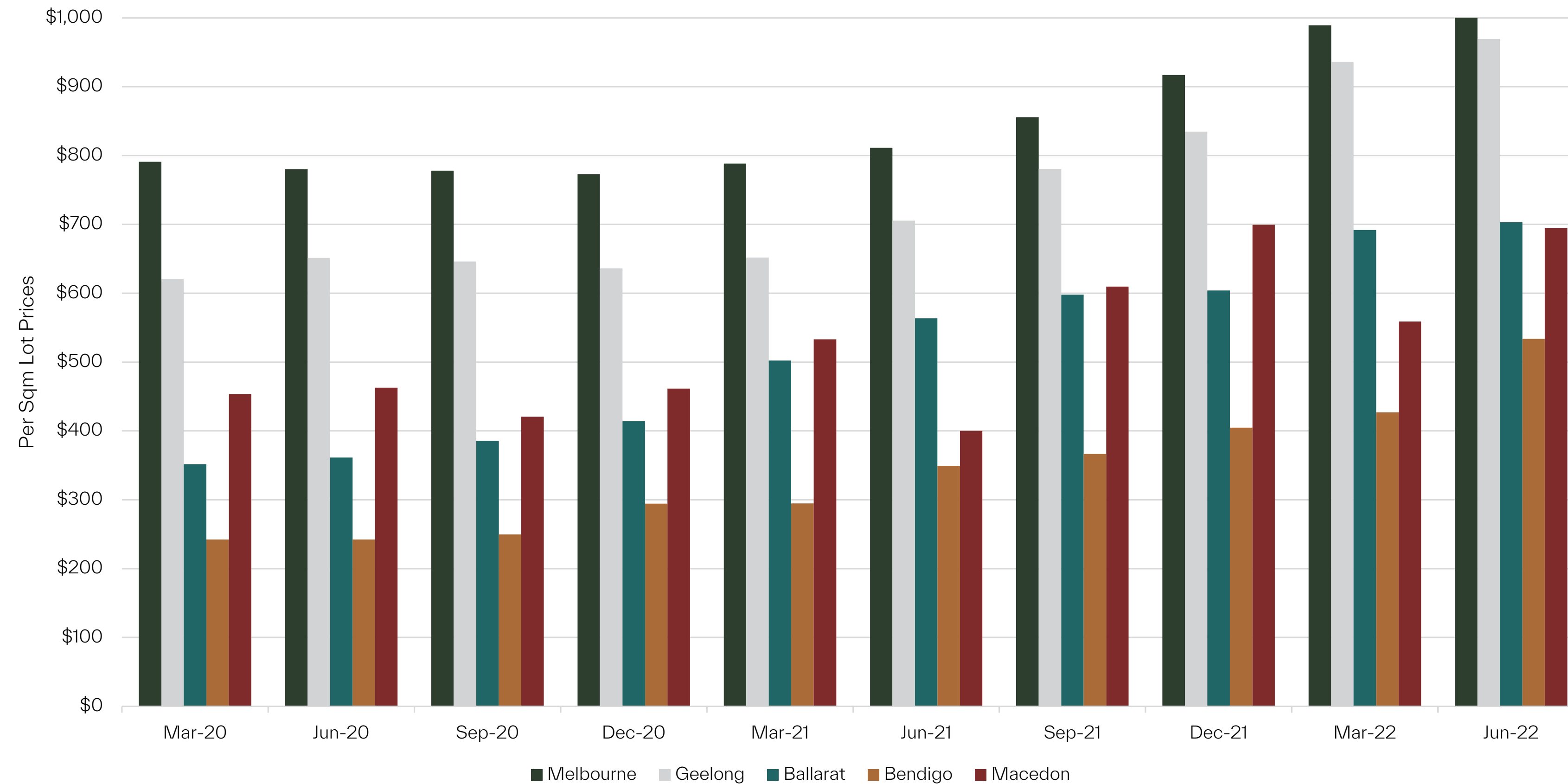
BALLARAT
-12.5%, -64sqm 448sqm

BENDIGO
-25.6%, - 164sqm 476sqm

MACEDON
-21.0%, - 153sqm 576sqm



Growth Regions - Per SQM Lot Prices



2 Year Change

MELBOURNE
+32.8% \$1,036/sqm

GEELONG
+48.8% \$318/sqm

BALLARAT
+94.6% \$342/sqm

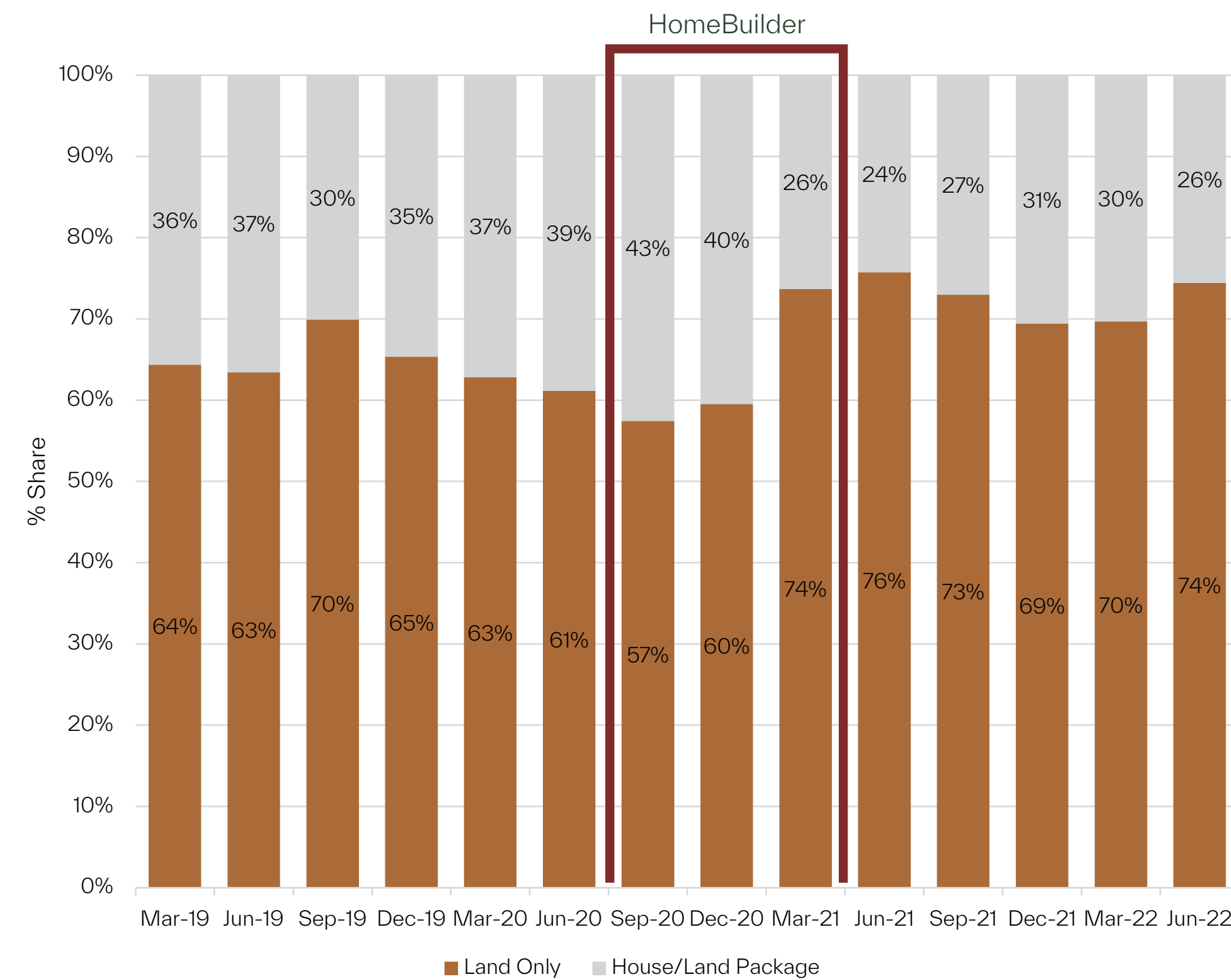
BENDIGO
+120.3% \$534/sqm

MACEDON
+50.0% \$694/sqm

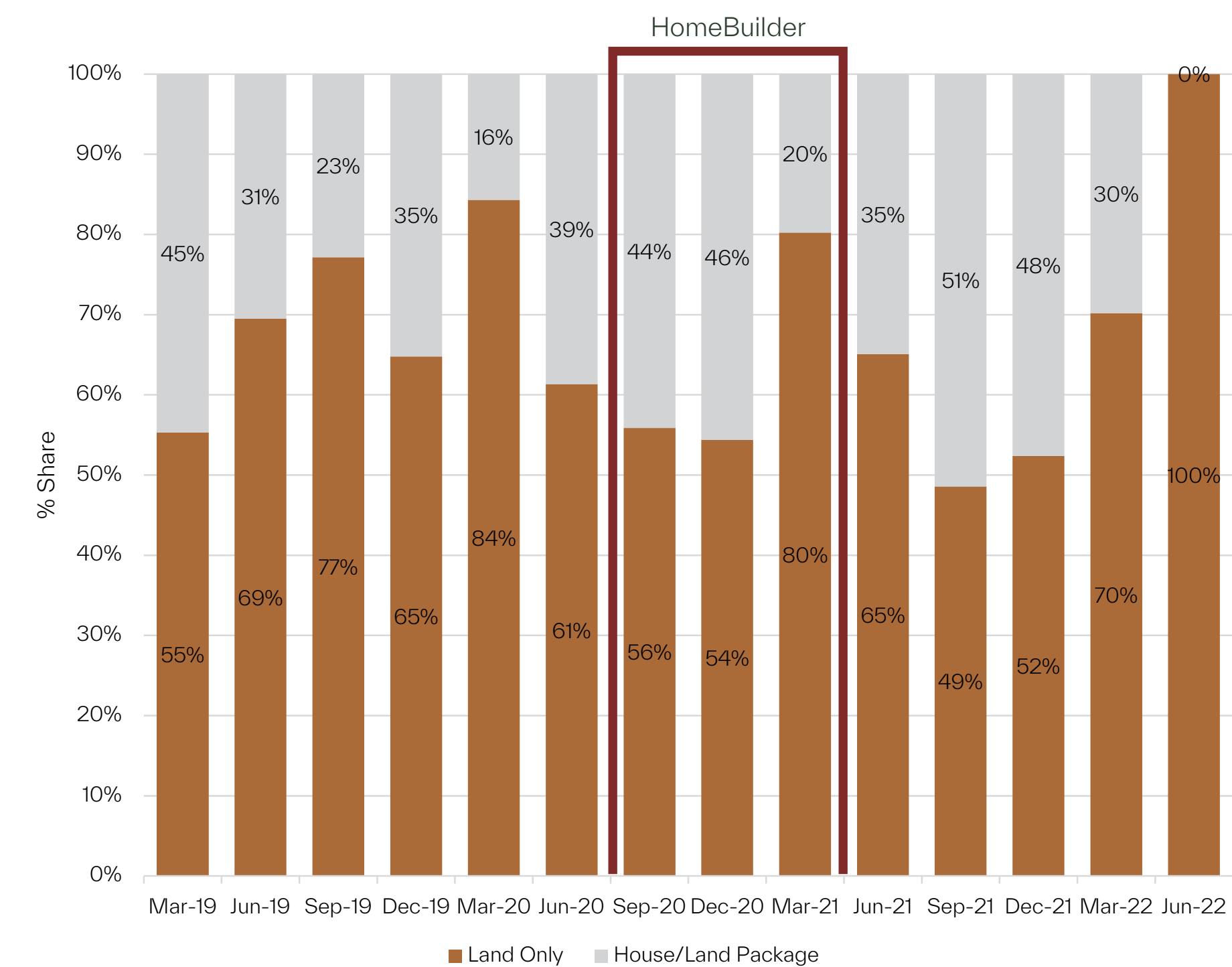


Land vs. House and Land Purchasers

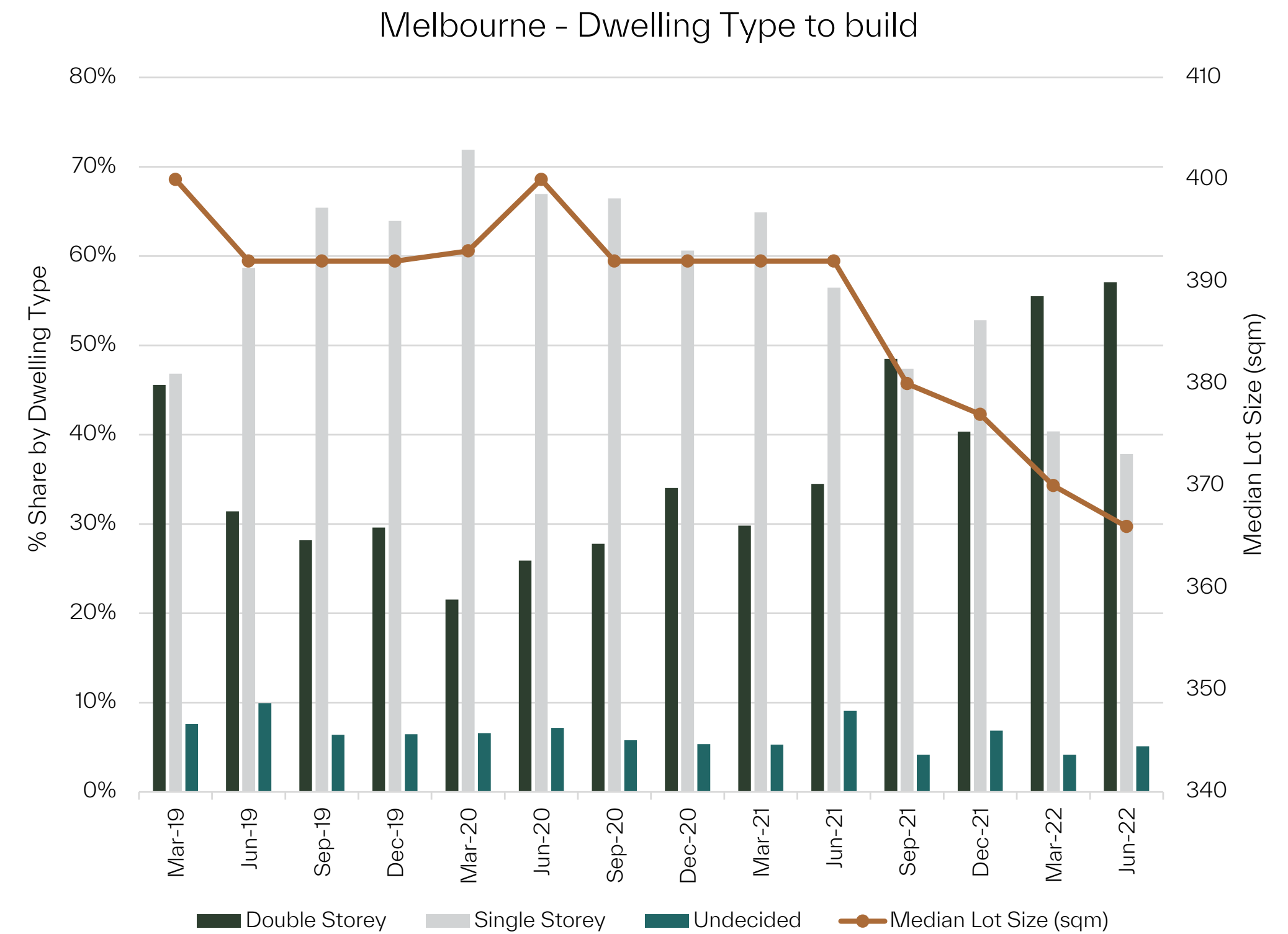
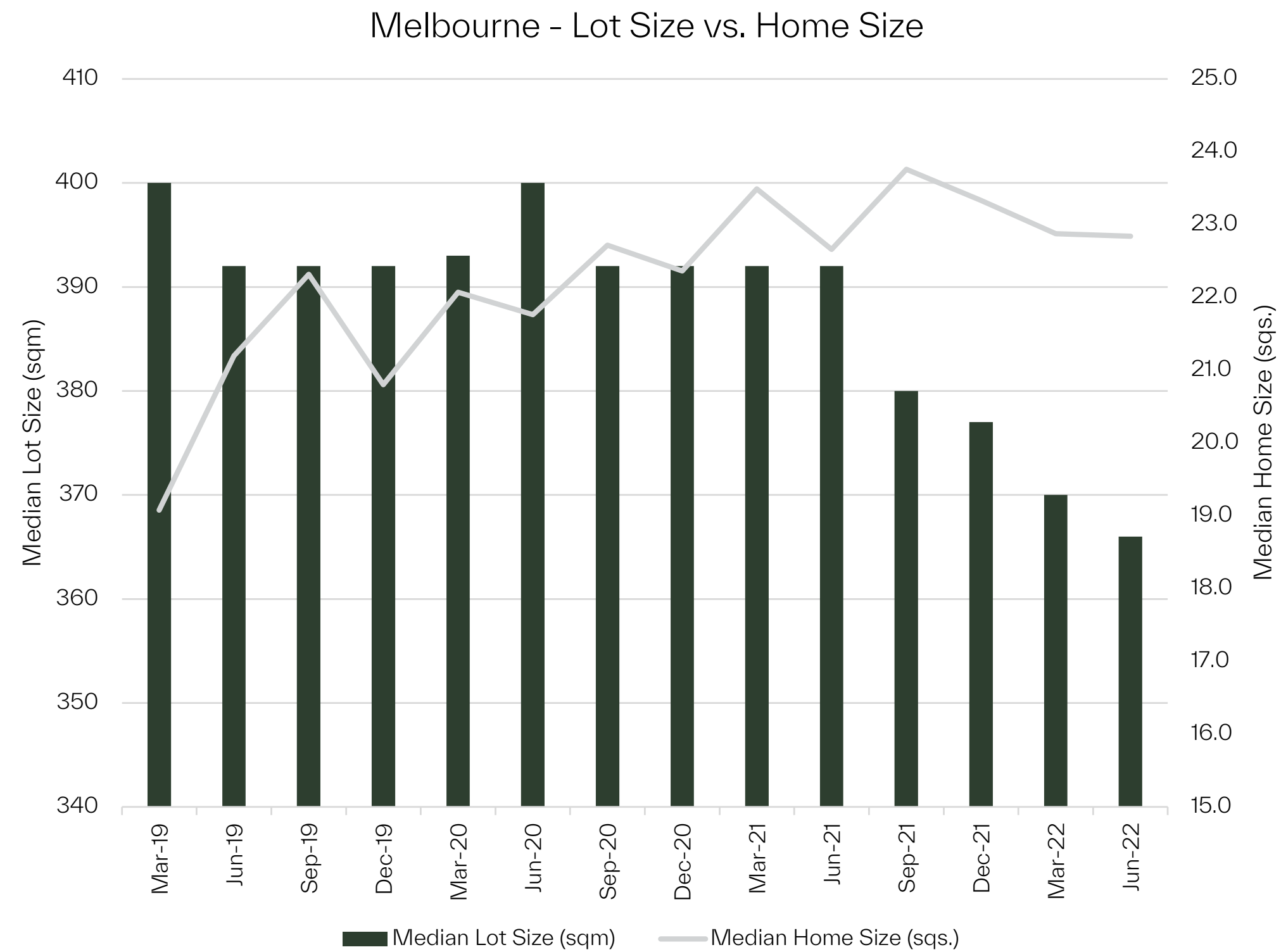
Melbourne



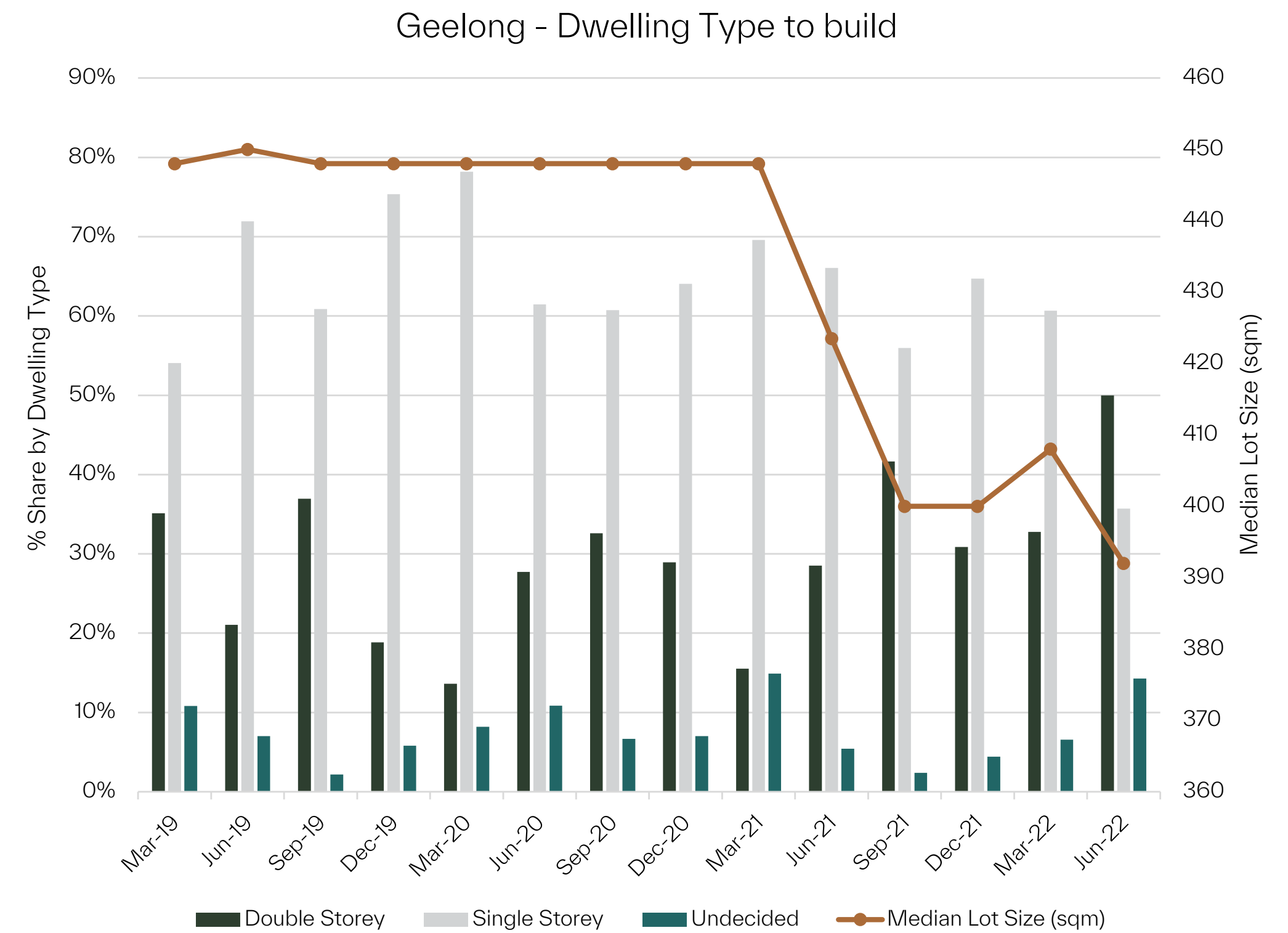
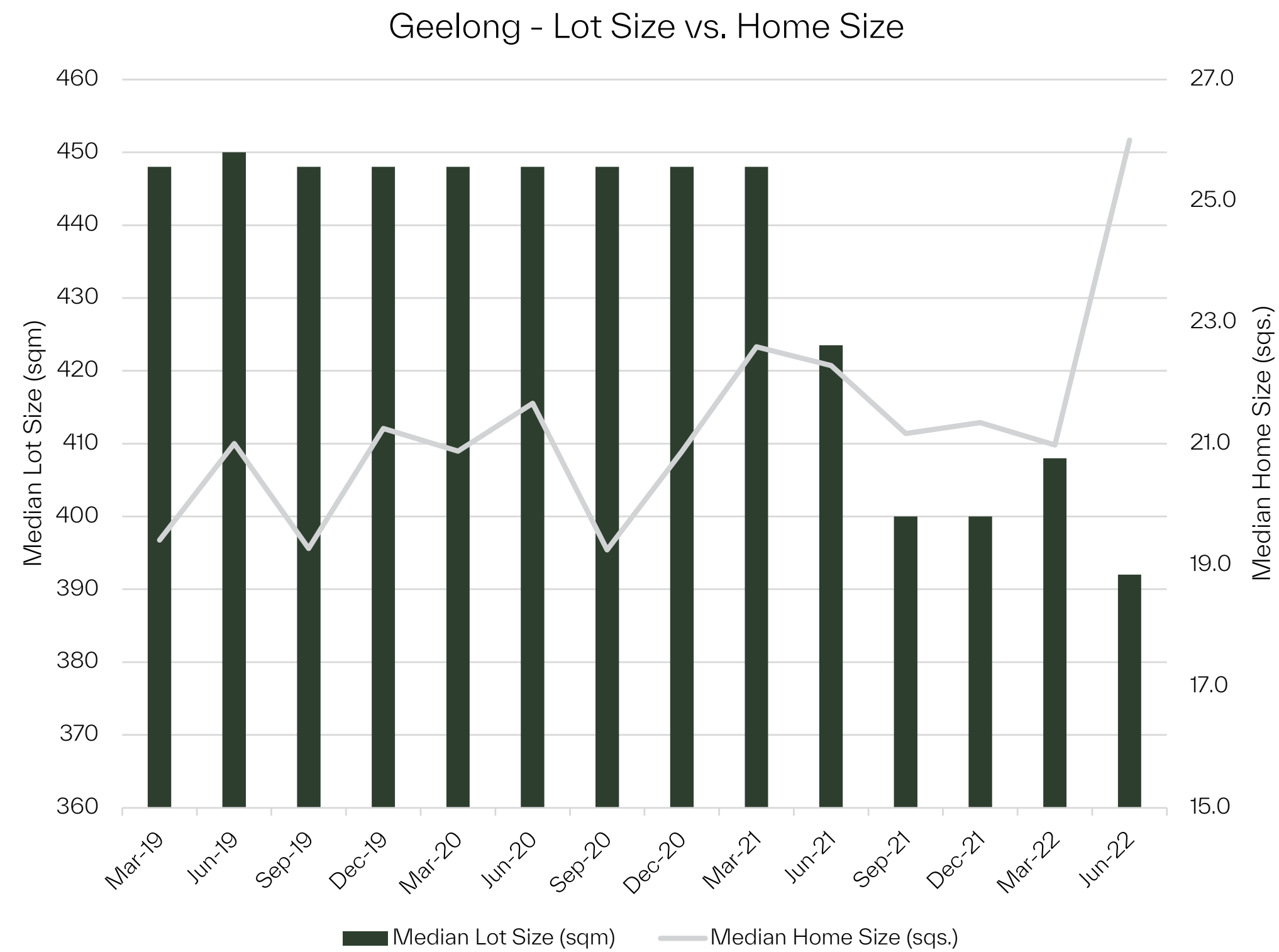
Geelong



Lot Size and Buyer Choice - Melbourne



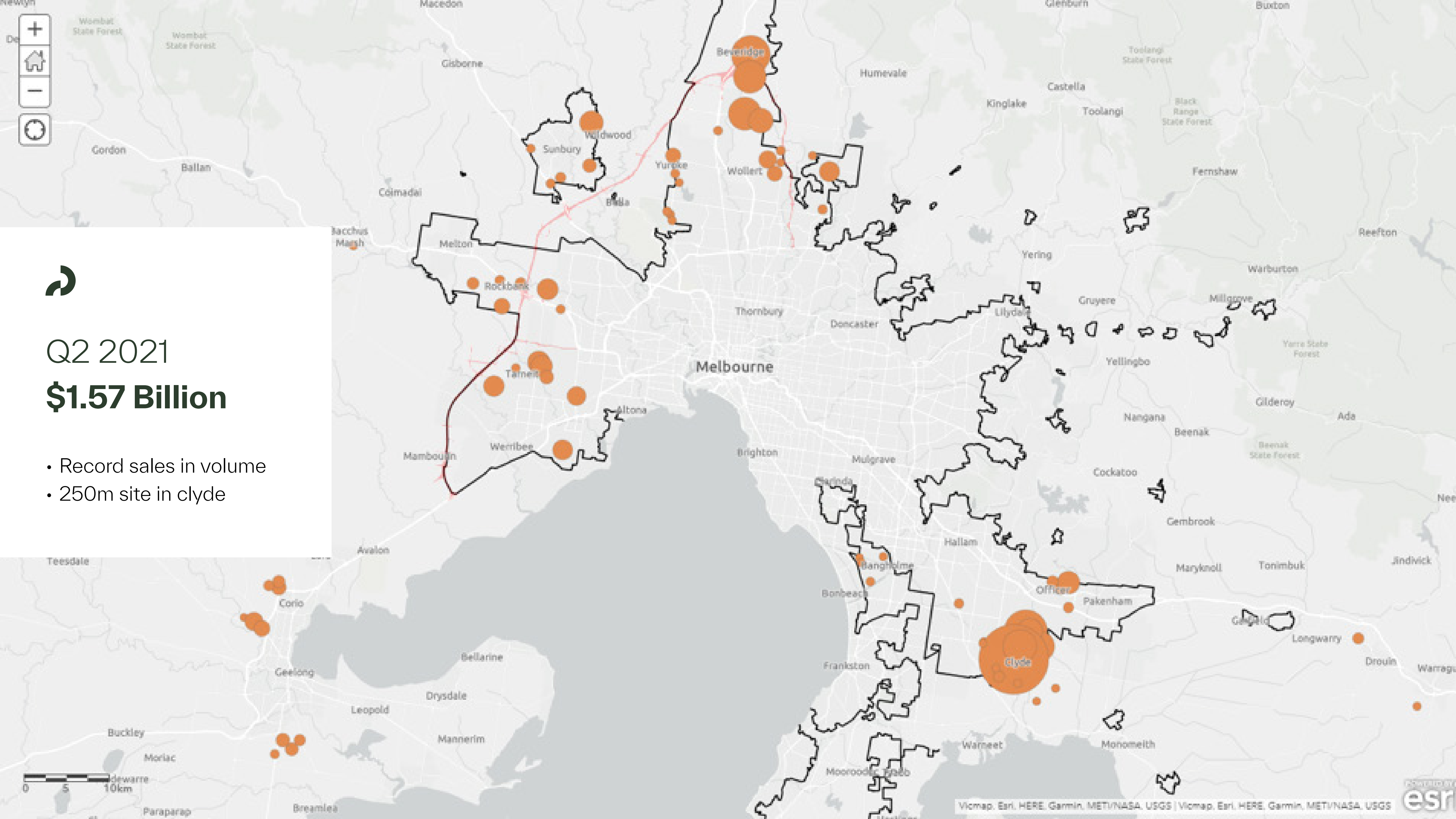
Lot Size and Buyer Choice - Geelong





SECTION THREE

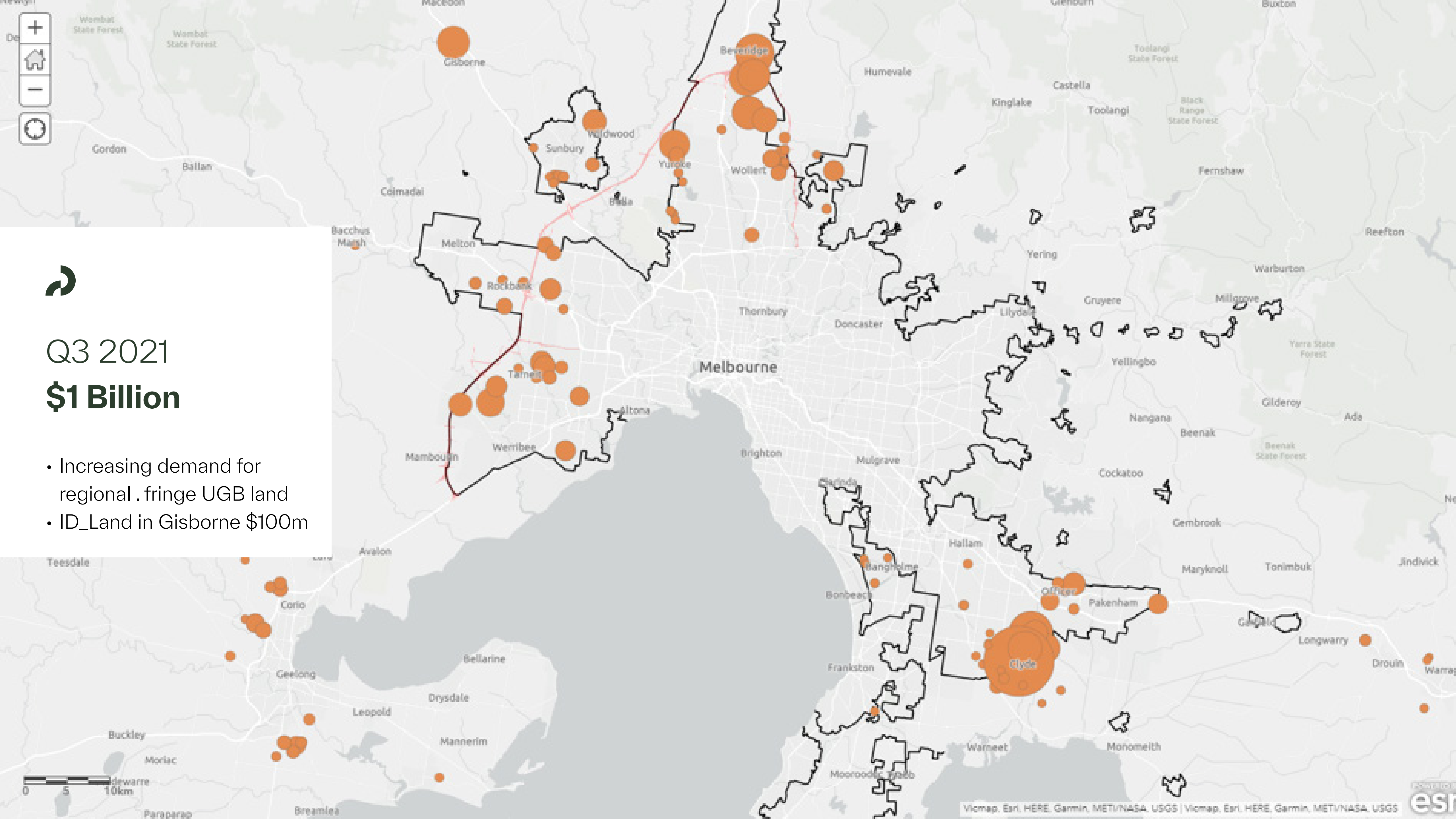
Market Demand Englobbo Land

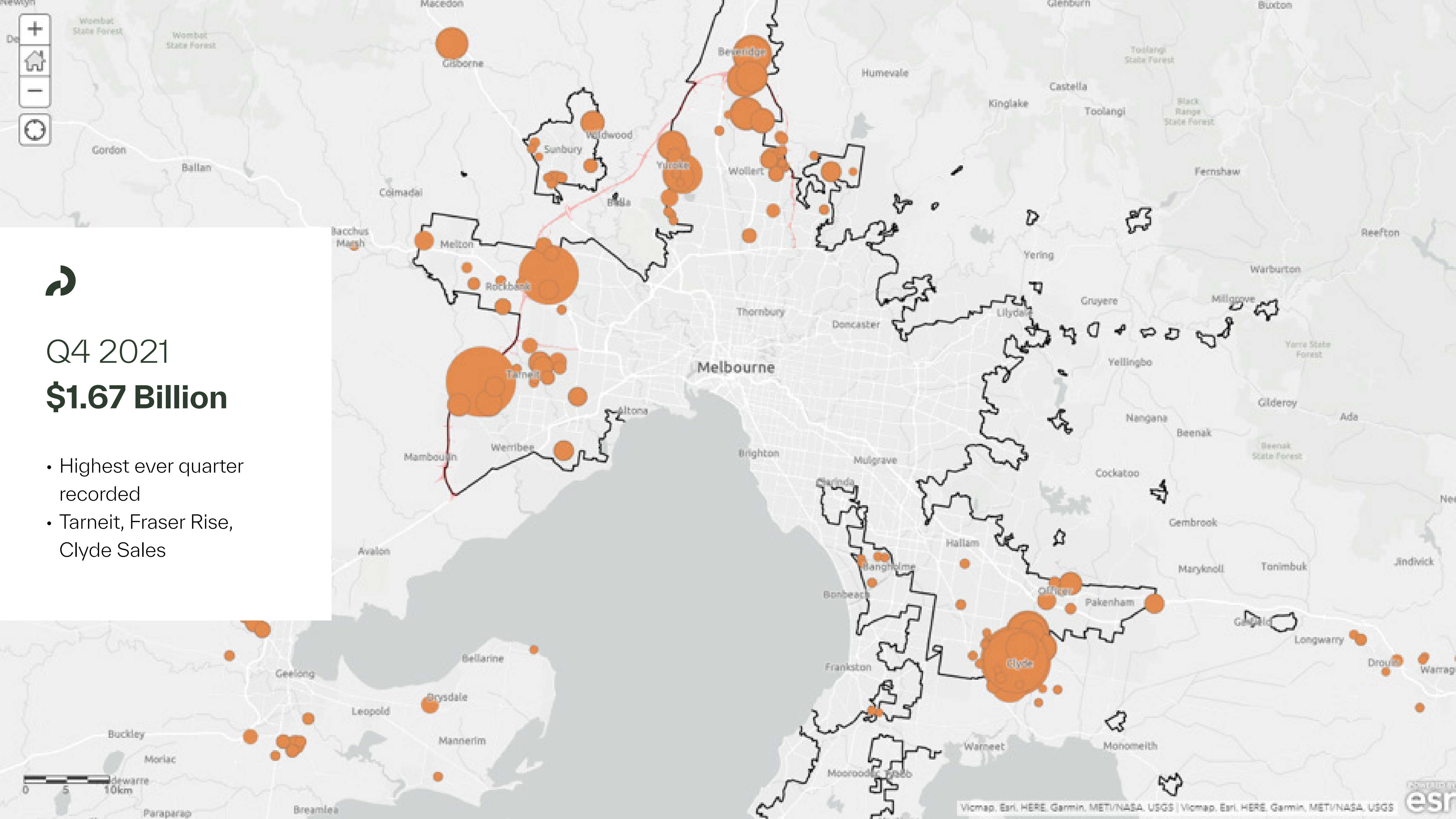


Q2 2021

\$1.57 Billion

- Record sales in volume
- 250m site in clyde



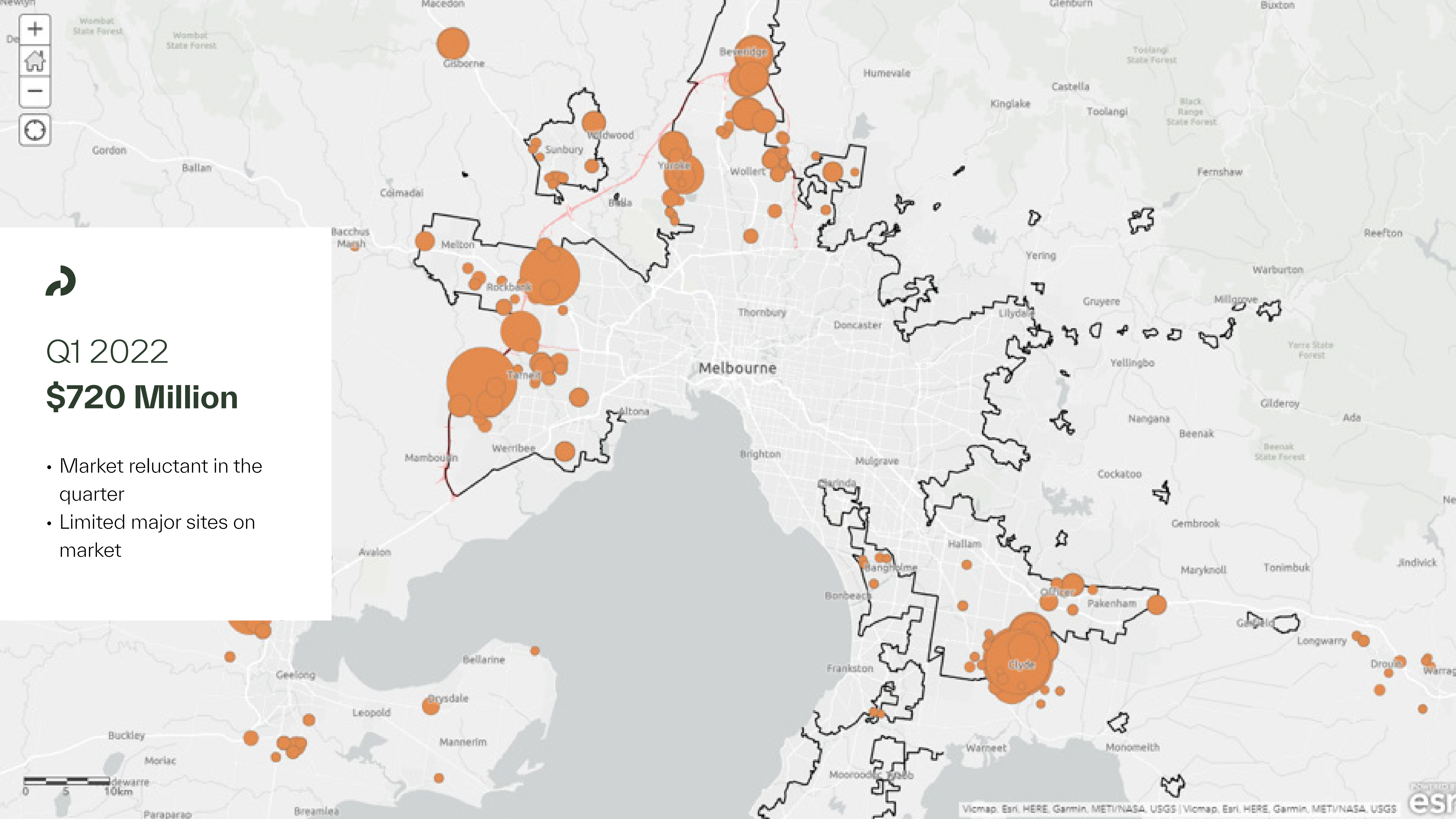


Q4 2021

\$1.67 Billion

- Highest ever quarter recorded
- Tarneit, Fraser Rise, Clyde Sales

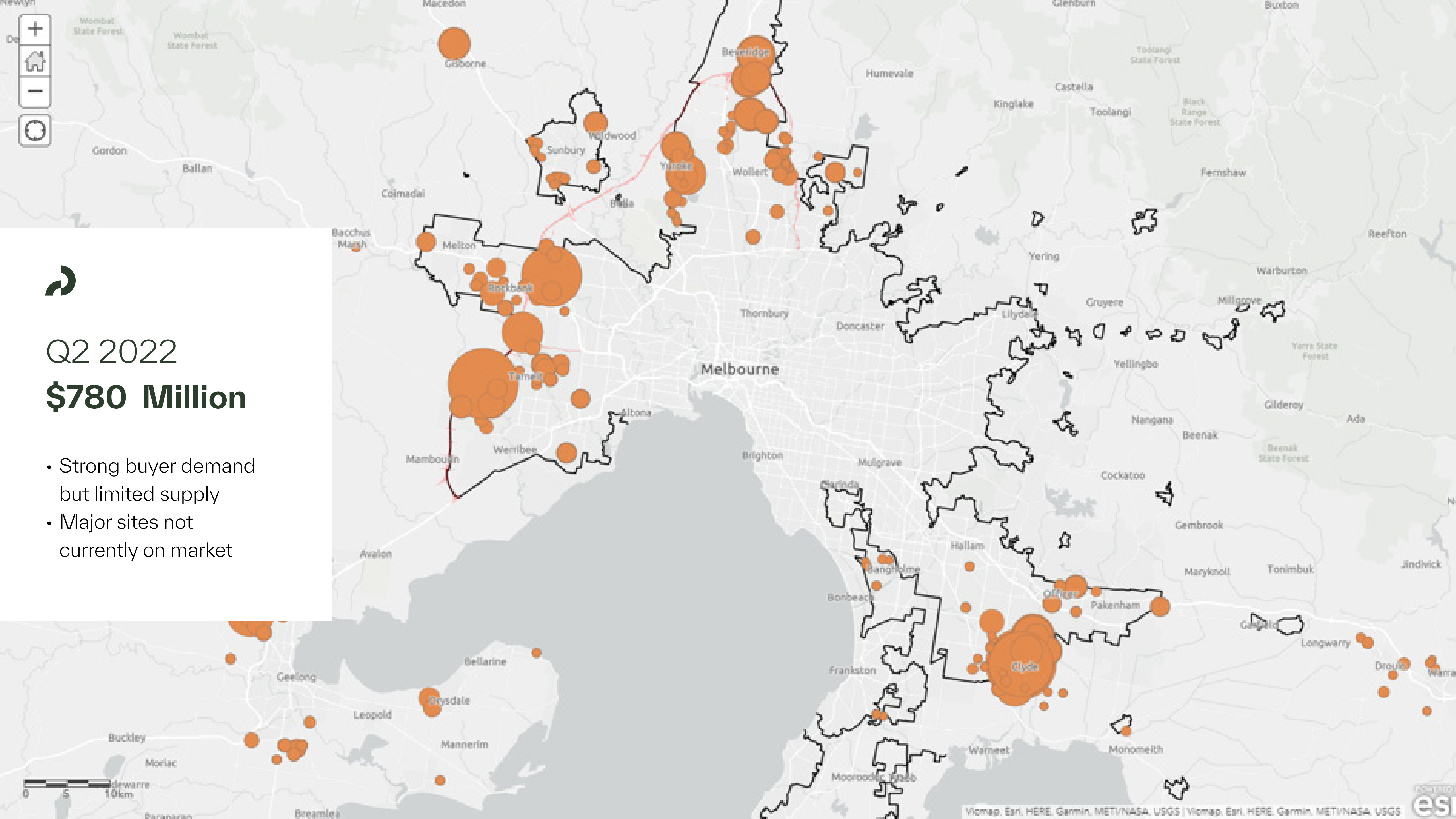
0 5 10km



Q1 2022
\$720 Million

- Market reluctant in the quarter
- Limited major sites on market

0 5 10km



Q2 2022

\$780 Million

- Strong buyer demand but limited supply
- Major sites not currently on market

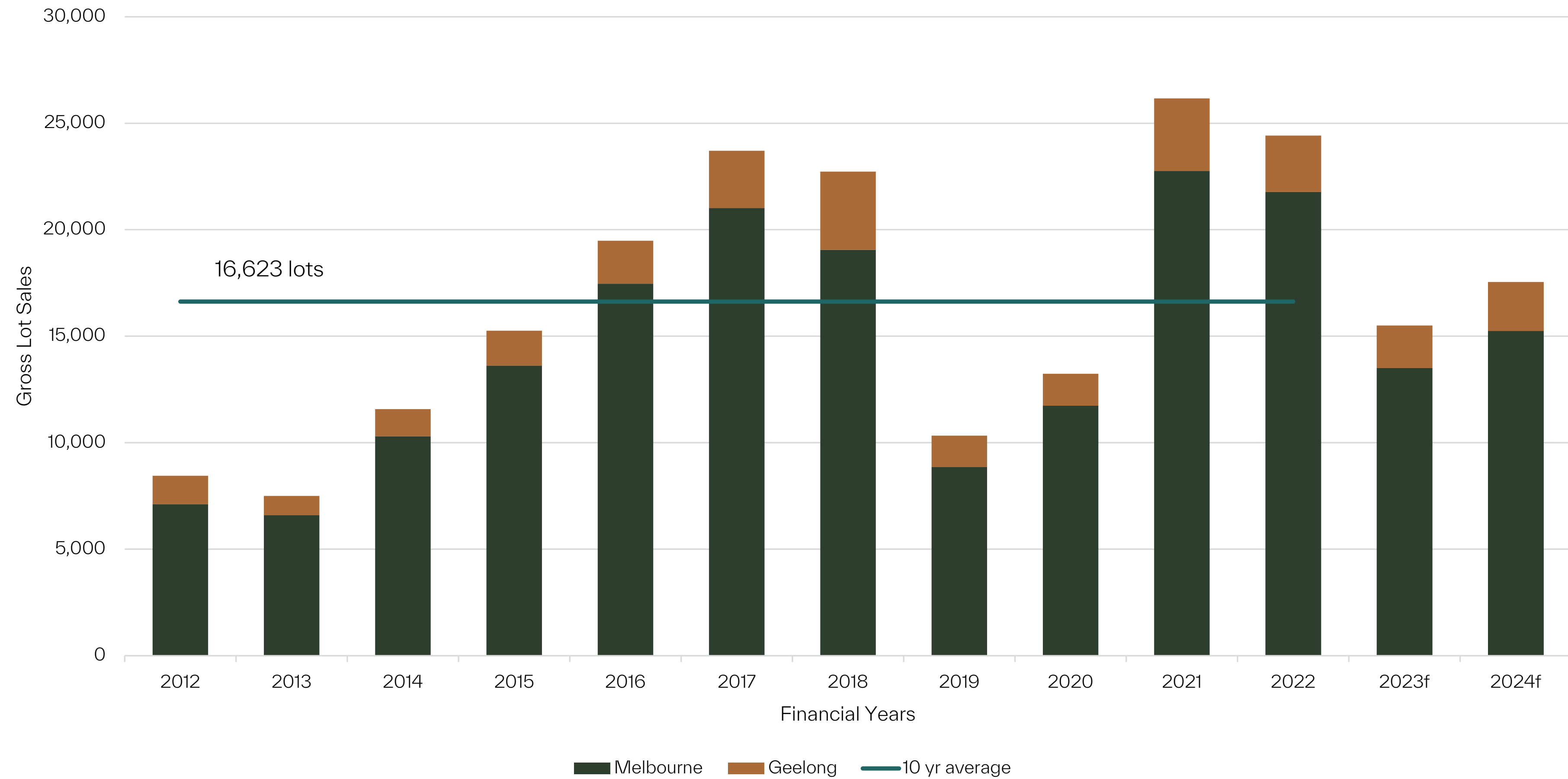


SECTION FOUR

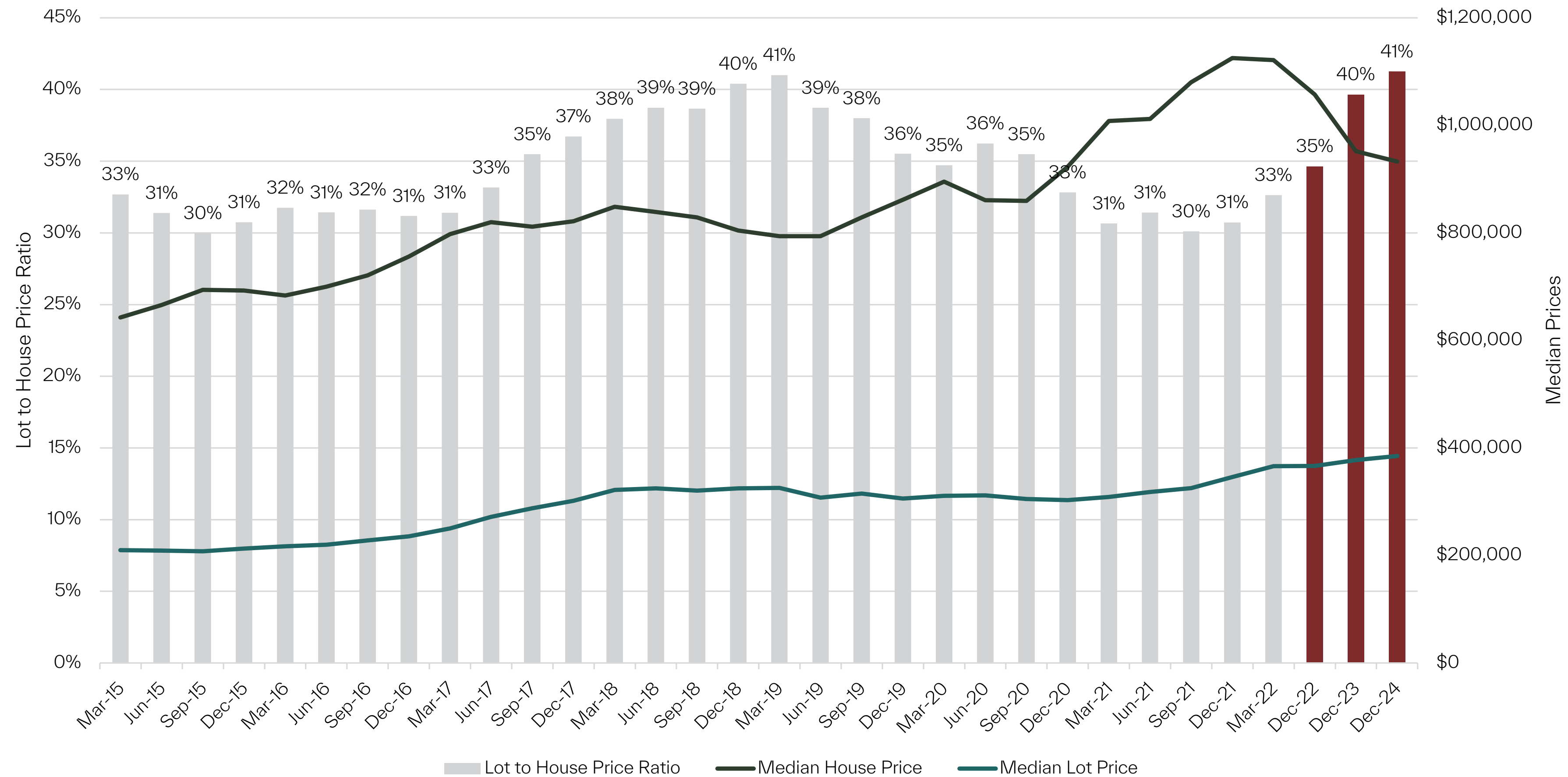
Market Forecast



Forecast Gross Lot Sales



Forecast Prices - Melbourne



Assumptions		
	House	Land
2022	-6%	6%
2023	-10%	2%
2024	-2%	2%



Headwinds



Conflict in Eastern Europe

May exacerbate supply chain issues, resulting in further inflationary pressures, particularly on oil.



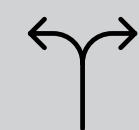
Recent Flooding Across NSW and QLD

Denting consumer confidence and creating local supply chain issues.



Probable Sharp Interest Rate Rises Over the Next 18 Months

To reduce buyer capacity and household expenditure.



Ongoing Risk of Further COVID-19 Variants



Tailwinds



Re-opening of State and International Borders

Net overseas migration is a key driver of economic growth. Its return will boost economic activity and alleviate staff shortages across industries.



Tight Labour Market to Underpin wage growth

Low unemployment (currently 4.0% Mar-22), is expected to persist, and will offset to some degree, any further inflation and interest rate rises.



Considerable pipeline of residential construction projects

The success of homebuilder and the record breaking year that was 2021 will continue to feed public and private dwelling investment.



RPM²

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Q & A Time



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Market Trends and Acquisitions in Greenfield Developments

Luke Kelly

Managing Director of RPM Group

Market Trends for Land Subdivision Sector

Karl Rogers

State Director Victoria

Land Acquisition and Due Diligence

APAA Workshop

Land Subdivision – Acquisition and Due Diligence



Presented by:

Karl Rogers

State Manager - Victoria



Peakurban - Introduction

- ▶ Peakurban is a commercially astute, Client relationship focused consultancy specialising in the Land Development Sector.
- ▶ We have a team of 120 operating in Queensland and Victoria across 5 Offices
- ▶ Provide specialised Land development and Stormwater advice across both States.
- ▶ We're trusted advisors to a large cross section of Clients including many of Australia largest developers.
- ▶ Three Peakurban representatives here tonight with me. - Brent Thomas, Chris Gallagher and Tom Barbour



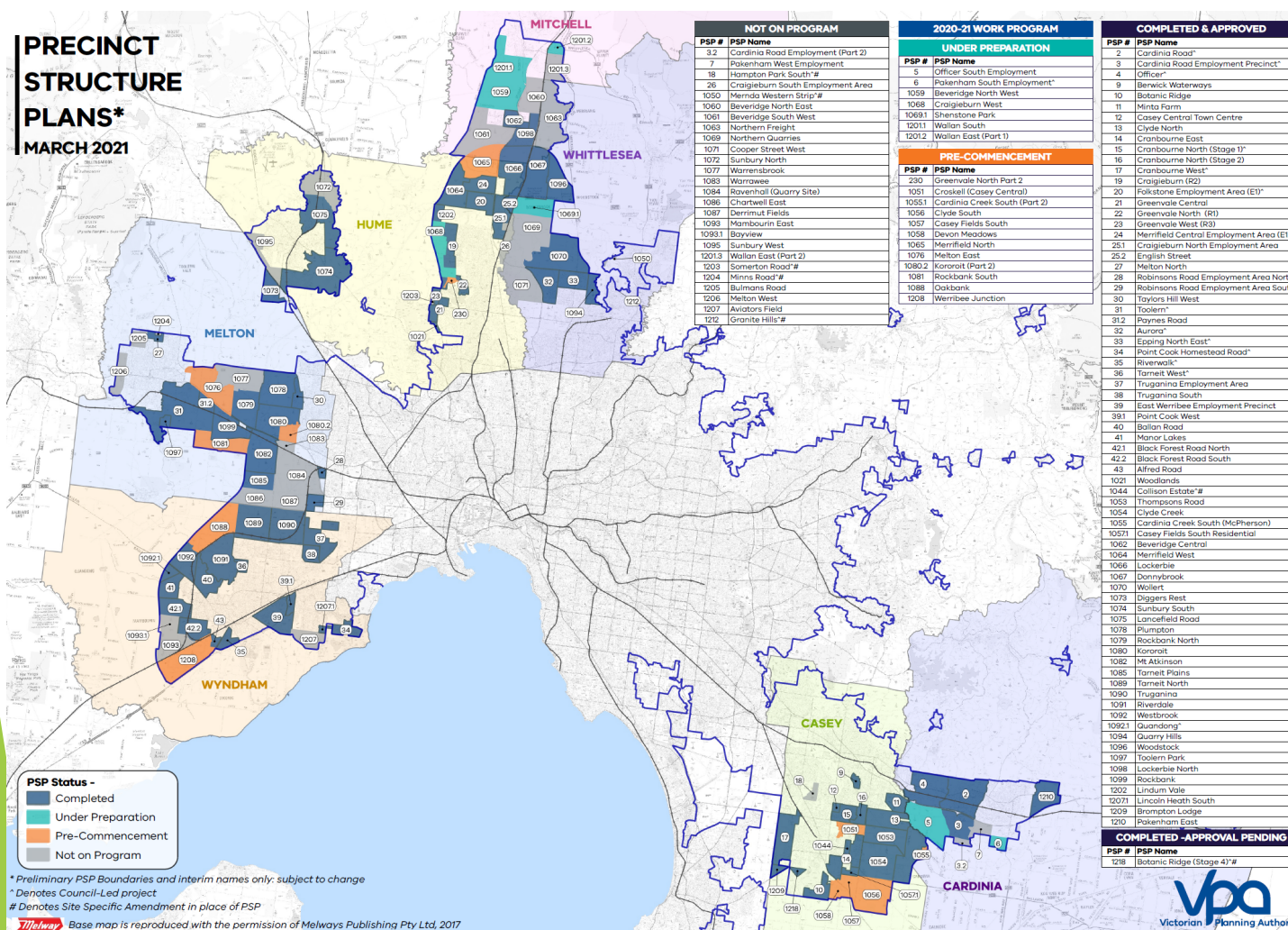
Victorian Market and Opportunities

- ▶ Demand outstripping supply of serviceable land. Over 32,000 lots released last financial year, typical demand of around 16,000.
- ▶ Melbourne Land supply is tightly held, predominantly by the major developers resulting in significant recent price increases.
- ▶ Successful development relies on acquiring sites that can be permitted and serviced in a timely manner at a feasible cost.



PRECINCT STRUCTURE PLANS*

MARCH 2021



NOT ON PROGRAM

PSP #	PSP Name
32	Cardinia Road Employment (Part 2)
7	Pakenham West Employment
18	Hampton Park South*#
26	Craigieburn South Employment Area
1050	Merridale Western Stage*#
1060	Beveridge North East
1061	Beveridge South West
1063	Northern Freight
1068	Northern Quarries
1071	Cooper Street West
1072	Sunbury North
1077	Warrensbrook
1083	Warneville
1084	Ravenhall Quarry Site
1086	Chartwell East
1087	Derrimut Fields
1091	Momburn East
1093	Bayview
1095	Sunbury West
1201.3	Wallon East (Part 2)
1203	Somerton Road*#
1204	Minns Road*#
1205	Bulmans Road
1206	Melton West
1207	Avonlea Field
1212	Granite Hills*#

2020-21 WORK PROGRAM

UNDER PREPARATION

PSP #	PSP Name
5	Officer South Employment
6	Pakenham South Employment*
1059	Beveridge North West
1068	Craigieburn West
1069	Shenstone Park
12011	Wallon South
12012	Wallon East (Part 1)

PRE-COMMENCEMENT

PSP #	PSP Name
230	Greenvale North Part 2
1051	Croskill (Casey Central)
1055.1	Cardinia Creek South (Part 2)
1056	Clyde South
1057	Casey Fields South
1058	Devon Meadows
1065	Merrifield North
1076	Melton East
1080.2	Kororoit (Part 2)
1081	Rockbank South
1088	Oakbank
1208	Werribee Junction

COMPLETED & APPROVED

PSP #	PSP Name
2	Cardinia Road*
3	Cardinia Road Employment Precinct*
4	Officer*
9	Berwick Waterways
10	Botanic Ridge
11	Minto Farm
12	Casey Central Town Centre
13	Clyde North
14	Cranbourne East
15	Cranbourne North (Stage 1)*
16	Cranbourne North (Stage 2)
17	Cranbourne West*
19	Craigieburn (S2)
20	Folkstone Employment Area (E1)*
21	Greenvale Central
22	Greenvale North (R1)
23	Greenvale West (S2)
24	Merrifield Central Employment Area (E1)*
25.1	Craigieburn North Employment Area (E1)*
25.2	English Street
27	Melton North
28	Robinsons Road Employment Area North*
29	Robinsons Road Employment Area South*
30	Taylor's Hill West
31	Tooties*
31.2	Paynes Road
32	Aurora*
33	Epping North East*
34	Point Cook Homestead Road*
35	Riverwalk*
36	Tarnet West*
37	Truganina Employment Area
38	Truganina South
39	East Werribee Employment Precinct
39.1	Point Cook West
40	Ballan Road
41	Manor Lakes
42.1	Black Forest Road North
42.2	Black Forest Road South
43	Alfred Road
1021	Woodlands
1044	Collison Estate*#
1053	Thompsons Road
1054	Clyde Creek
1055	Cardinia Creek South (McPherson)
1057.1	Casey Fields South Residential
1062	Beveridge Central
1064	Merrifield West
1066	Lockersbie
1067	Donnybrook
1070	Wollert
1073	Diggers Rest
1074	Sunbury South
1075	Lancefield Road
1078	Plumpton
1079	Rockbank North
1080	Kororoit
1082	Mt Atkinson
1085	Tarnet Plains
1089	Tarnet North
1090	Truganina
1091	Riverdale
1092	Westbrook
1092.1	Guandah*
1094	Quarry Hills
1096	Woodstock
1097	Tooties Park
1098	Lockersbie North
1099	Rockbank
1202	Lindum Vale
1207.1	Lincoln Heath South
1209	Bromston Lodge
1210	Pakenham East

COMPLETED - APPROVAL PENDING

PSP #	PSP Name
1218	Botanic Ridge (Stage 4)*#

Development Timeframes

- ▶ PSP's can take many years to prepare, often 4-5 years from commencement until gazetted.
- ▶ Once gazetted, a planning permit, endorsed plans and approved construction drawings are required before works can commence.
- ▶ Culture Heritage Management plans (CHMP's) are becoming more critical with typical preparation times of 2 years.
- ▶ Access for external downstream works is more and more critical as Authorities are pushing back on interim solutions like sewer pumpstations and retarding basins.
- ▶ Covid has exacerbated the skills shortage, severe shortage of technical staff across the industry, particularly impacting Authorities.



Feasibility Example – 972 Mt Cottrell Rd

- ▶ 13Ha site in Cobblebank, yielding 200 residential lots of varying sizes.
- ▶ Opportunities
 - ▶ Well serviced with adjoining developments permitted
 - ▶ Excellent location, close to Freeway and rail.
 - ▶ Potential to share external service costs with surrounding developers
- ▶ Constraints
 - ▶ Layout constraints in original Structure Plan
 - ▶ Multiple land owner agreements required.
 - ▶ Drainage outfalls reliant on downstream access.
 - ▶ External Road compromised by PSP layout

	Stage:	TOTAL	Stage 1	Stage 2	Stage 3	Comment
	Total Lot:	200	77	77	77	
	Gross Area(ha):	10.23	7.89	3.68	1.76	
	Dev. Area(ha):	9.68	4.22	3.68	1.76	
	% Total NDA	44%	44%			
1) CONSTRUCTION WORKS - CIVIL						
INTERNAL WORKS						
a) Road and Drainage	allow	\$7,898,000	\$3,895,000	\$2,854,000	\$1,149,000	Allow 15 lots in Mixed use site
b) Earthworks	allow	\$956,000	\$422,000	\$358,000	\$176,000	
c) Internal Sewer Reticulation	allow	\$1,200,000	\$646,000	\$432,000	\$122,000	
d) Internal Potable Water Reticulation	allow	\$745,000	\$339,000	\$268,000	\$138,000	
e) External Potable Water	allow	\$0	\$0	\$0	\$0	
f) Re-use Water Reticulation	Not Required	\$0	\$0	\$0	\$0	Not mandated by Western Water policy
g) Electrical Light Poles & Cabling	allow	\$770,000	\$350,000	\$277,000	\$143,000	
h) NBN Communications (pit & pipe)	allow	\$145,000	\$66,000	\$52,000	\$27,000	
i) Landscape						
i) Allow \$1500/lot street landscaping	allow	\$361,000	\$164,000	\$130,000	\$67,000	
ii) Reserve landscape	allow	\$1,699,000	\$1,699,000	\$0	\$0	
EXTERNAL MAJOR WORKS - SHARED						
j) External Drainage - Melt Water Scheme Works	allow	\$1,862,136	\$1,862,136	\$0	\$0	Shared cost based on 41% of developable catchment
k) External Sewer / Pumpstation and rising main	allow	\$748,000	\$0	\$0	\$0	Shared cost based on 41% of developable catchment
l) DCP IT25 Mt Cottrell Rd / Connector	allow	\$1,800,000	\$1,800,000	\$0	\$0	
m) Contingency, allow 5%	allow	\$911,000	\$695,000	\$219,000	\$97,000	
Sub-total		\$19,096,186	\$12,468,136	\$4,695,000	\$2,019,000	
2) COUNCIL / VICROADS CHARGES						
a) Infrastructure Contribution Fee @ \$248000/Ha	allow	\$2,371,000	\$1,046,000	\$888,000	\$437,000	
b) Public Open Space	allow	\$456,000	\$201,000	\$171,000	\$84,000	Cash contribution allow 3.97% of NDA @ \$120/m2
c) Community Infrastructure Levy	allow	\$0	\$0	\$0	\$0	Paid at building permit application.
d) Supervision/checking fees	allow	\$258,000	\$127,000	\$93,000	\$38,000	
e) Certification Fee	allow	\$25,000	\$10,000	\$5,000	\$10,000	
f) Council Maintenance Bond	allow	\$396,000	\$195,000	\$143,000	\$58,000	
g) Landscape incomplete works bond	allow	\$3,091,000	\$2,795,000	\$195,000	\$101,000	
h) Landscape maintenance bond	allow	\$413,000	\$373,000	\$26,000	\$14,000	
i) Growth Area Authority Charge, \$119000/Ha	allow	\$1,576,000	\$940,000	\$426,000	\$210,000	
j) Vegetation Offsets- Refer PSP NVPP Plan 1	No allowance	-	-	-	-	No allowance pending specialist advice
Sub-total		\$9,686,000	\$5,687,000	\$1,847,000	\$962,000	
3) WATER AUTHORITY FEES						
a) Western Water Application/Acceptance Fees	allow	\$21,000	\$7,000	\$7,000	\$7,000	
b) Potable Water Supply Contribution - \$3073/lot	allow	\$616,000	\$280,000	\$222,000	\$114,000	
c) Re-use Water Supply Contribution - \$0/lot	allow	\$0	\$0	\$0	\$0	
d) Sewerage - Contribution \$3073/lot	allow	\$616,000	\$280,000	\$222,000	\$114,000	
e) Water Authority Works Bond	allow	\$98,000	\$45,000	\$35,000	\$18,000	
f) Hydraulic Contribution - Shogaki Drive DG-\$187498/Ha	allow	\$1,793,000	\$791,000	\$672,000	\$330,000	
g) W3UD Contribution - Shogaki Drive DG-\$23840/Ha	allow	\$286,000	\$126,000	\$107,000	\$53,000	
Sub-total		\$3,436,000	\$1,628,000	\$1,266,000	\$636,000	
4) ELECTRICITY CHARGES & TELEPHONE						
a) Electrical Network Fees and Administration	allow	\$71,000	\$32,000	\$26,000	\$13,000	
b) NBN Levy, \$600/lot	allow	\$122,000	\$55,000	\$44,000	\$23,000	
Sub-total		\$193,000	\$87,000	\$70,000	\$36,000	
5) REMBURSEMENTS						
a) Council Maintenance Bond	allow	(\$396,000)	(\$195,000)	(\$143,000)	(\$58,000)	
b) Landscape incomplete works bond	allow	(\$3,091,000)	(\$2,795,000)	(\$195,000)	(\$101,000)	
c) Landscape maintenance bond	allow	(\$413,000)	(\$373,000)	(\$26,000)	(\$14,000)	
d) Water Authority Works Bond	allow	(\$98,000)	(\$45,000)	(\$35,000)	(\$18,000)	
e) External Drainage Construction	allow	(\$2,441,000)	(\$2,441,000)	\$0	\$0	
f) External Drainage Design Fee	allow	(\$200,000)	(\$200,000)	\$0	\$0	
g) External Sewer Construction	allow	(\$673,200)	(\$673,200)	\$0	\$0	
h) External Sewer Design Fee	allow	(\$60,588)	(\$60,588)	\$0	\$0	
i) DCP IT25 Mt Cottrell Rd / Connector	allow	(\$1,800,000)	(\$1,800,000)	\$0	\$0	
j) Road Acquisition	allow	(\$294,000)	(\$294,000)	\$0	\$0	Allow 2800m2 @ \$120/m2
k) Active Open Space acquisition	allow	(\$93,000)	(\$93,000)	\$0	\$0	Allow 750m2 @ \$120/m2
Sub-total		(\$9,679,788)	(\$8,889,788)	(\$889,000)	(\$191,000)	
6) CONSULTANTS FEES						
a) Engineering Design	allow	\$658,000	\$317,000	\$238,000	\$103,000	
b) Engineering Administration	allow	\$275,000	\$132,000	\$100,000	\$43,000	
c) Landscape	allow	\$207,000	\$187,000	\$13,000	\$7,000	
d) Planning	allow	\$20,000	\$20,000	\$0	\$0	
e) Surveying - (subdivision, asset recording, dspec)	allow	\$222,000	\$101,000	\$80,000	\$41,000	
f) Flora and Fauna	allow	\$10,000	\$10,000	\$0	\$0	
g) Cultural and Heritage Management	allow	\$0	\$0	\$0	\$0	No heritage overlay applies
h) Geotechnical Investigations	allow	\$41,000	\$20,000	\$1,000	\$20,000	
i) Contamination, Phase 1 Audit allowance only	allow	\$10,000	\$5,000	\$0	\$5,000	
j) Traffic Investigations	allow	\$20,000	\$20,000	\$0	\$0	
k) Electrical Design & Audit	allow	\$51,000	\$23,000	\$18,000	\$10,000	
l) NBN Design & Audit	allow	\$42,000	\$19,000	\$15,000	\$8,000	
Sub-total		\$1,668,000	\$864,000	\$486,000	\$237,000	
Total (Ex GST)		\$23,280,348	\$11,863,348	\$7,938,000	\$3,889,000	
Cost/Lot		\$116,402	\$128,069	\$110,260	\$89,703	

NOTE:

- This estimate has been prepared based on preliminary servicing advice from the relevant authorities. Final costs will vary and be subject to site survey, detailed design and rates of development in the area.
- No allowance has been included for GST, marketing, legal, selling costs or land holding costs.

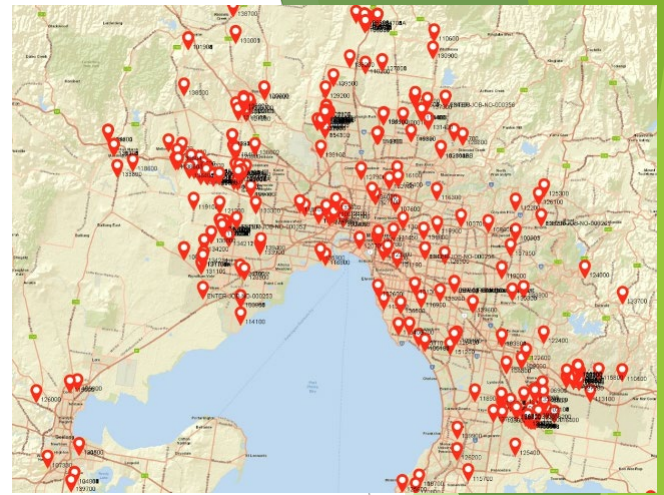
Opinion of Cost

- ▶ Critical to provide timely initial advice, many opportunities are locked in quickly. Recommend high level assessment to secure site subject to detailed due diligence over 60 days.
- ▶ Initial assessment comprises desktop service assessment, discussion with Authorities, planning/yield review.
- ▶ Cost and timing of external works, potential to impact timing, reimbursement by Authorities.
- ▶ Assess Authority contributions
 - ▶ Is GAIC applicable, credits?
 - ▶ How is open space treated?
- ▶ Identify key constraints and how to unlock development for optimal return.

Indicative per lots costs -2021

The data set used in this report comprises the following:

- 97 Projects
- Approximately 15,117 lots: – 3080 lots of tendered/contracted and confirmed values over 20 months & 12,037 lots of due diligence feasibilities.
- Only successful or currently open due diligence reports considered to not skew data if sites were not feasible for development.
- All data is from 2020 onwards to remain current with overall fees and construction pricing.
- Developments less than 20 lots or outside of the growth municipalities were not considered though there is substantially more data for those areas.



Indicative per lots costs -2021

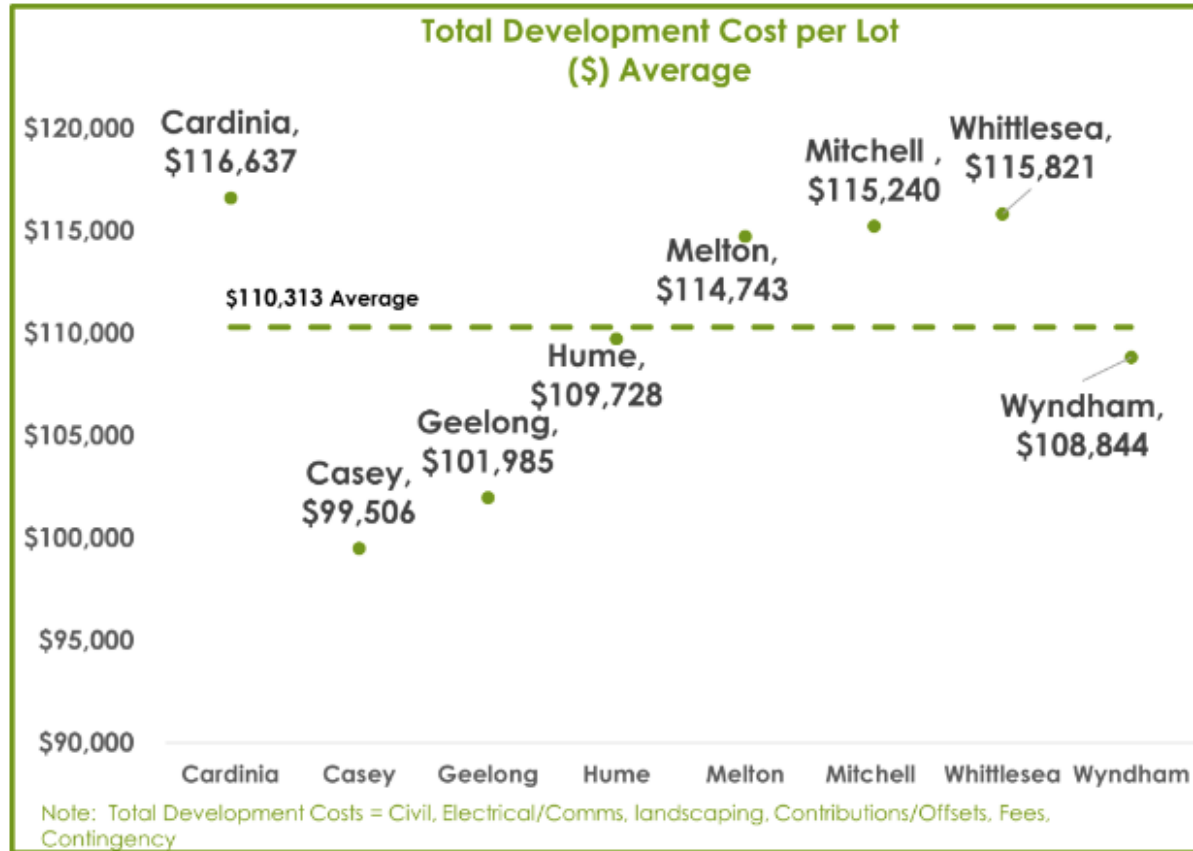


Figure 2 – Total Average Development Cost per lot by Council.

Supply Chain risk

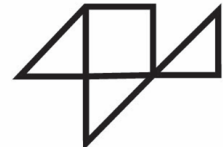
- ▶ Supply chain costs will be a factor. Typical real cost increase over last 6 months of 10-15%.
- ▶ Mitigate by;
 - ▶ Locking in order of key materials early – pipes, substations etc
 - ▶ Rolling contracts for multiple stages to give confidence in supply/order
 - ▶ Consider supply from interstate if required
 - ▶ Look at alternative products, PVC stormwater etc.
 - ▶ Negotiate hard at tender pre-award. Price ris

Thank you and Questions



Q & A Time

Appreciations



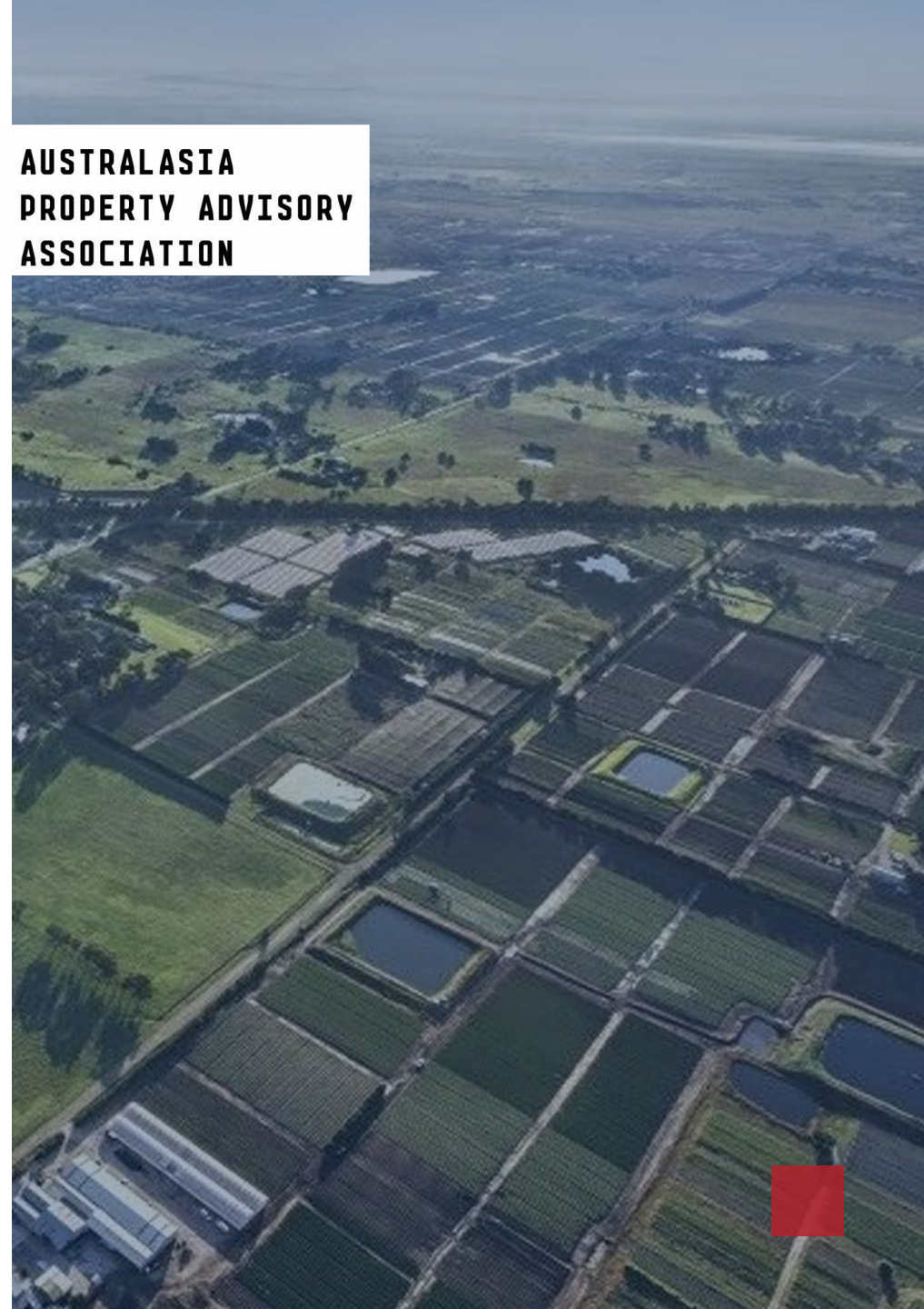
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