Welcome to APAA Workshop

We will start from 7:00pm

red23 MODAN

AUSTRALASIA PROPERTY ADVISORY ASSOCIATION

Colliers Engineering & Design

Acknowledgement

APAA would like to acknowledge the Wurundjeri people who are the Traditional Custodians of this Land. APAA would also like to pay our respects to Elders past, present and emerging.

AUSTRALASIA
PROPERTY ADVISORY
ASSOCIATION

AUSTRALASIA PROPERTY ADVISORY ASSOCIATION

APAA Professional Workshop

Greenfield Development Outperformance in Downturned Market

Wednesday 30 Aug 2023, 6:30 pm – 9:00 pm

Colliers Office, Level 30, Optus Centre 367 Collins Street | Melbourne, VIC 3000

Venue Sponsor

Colliers Engineering & Design

The Speakers

Terry Portelli

Managing Director of Red23

Arun Broadhurst

Director of MODAN

Event Sponsors

MODAN

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AUSTRALASIA
PROPERTY ADVISORY
ASSOCIATION

We are a not-for-profit organisation creating a community for property developers and multidisciplinary leaders that operate across the entire development lifecycle.

APAA Partners

Colliers Engineering & Design
Tract
M3 PROPERTY
MaxCap Group
COLIN BIGGERS & PAISLEY LAWYERS BRISBANE | MELBOURNE | SYDNEY
PropertyGuru Asia Property Awards
auto cycle INTERNATIONAL
HLB MANN JUDD ADVISORY AND ACCOUNTING
AMBC Victoria
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MODAN
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FUMENS Lawyers

Our Team

MAX LAM
Chairman

SHAUN CHENG
President

KEVIN LI
Executive Committee

TREVOR DU
Executive Committee

RAY WANG
Executive Committee

HUI LI
Executive Committee

TZE CHIANG GOH
Executive Committee

CHERYL CHEN
Executive Committee

SHARON LI
Executive Committee

FANNY LU
Executive Committee

HAN LIU
Internship

Venue Sponsor

Colliers Engineering & Design (CED)

Core Services

Civil Engineering

- Earthworks
- Roads
- Drainage
- Water & sewer networks
- WSUD

Planning & Urban Design

- Development applications
- Statutory & strategic planning
- Co-ordination & management of land surveying *(incl. feature surveying, lot calculations & plan sealing)*

Infrastructure

- Signalised intersections
- Major roads
- Bridges
- Reservoirs
- Trunk water mains
- Trunk sewer mains
- Pump stations
- Agreement negotiations

Water Resources

- Stormwater management
- Flood Assessment
- Hydraulic Modeling
- Dam & waterbody design
- Management & environmental services

Site Acquisition & Advisory

- Site Acquisition
- Due Diligence
- Statutory & strategic planning
- Development optimisation

Increase the commercial viability of your development site

Feasibility & Servicing Report

We specialise in de-risking sites through intelligent, practical solutions to unlock the full potential of every site. Our established history showcases effective risk mitigation, leading to increased revenue, deferred upfront infrastructure expenses, and reduced liabilities.

SITE ASSESSMENT & REVIEW

Detailed review of all available all accessible site data and service reports, identifying strategies to optimize your site's development potential.

OPINION OF COST

Utilizes current market rates for cost estimation and integrates third-party data into feasibility models, enabling swift site viability assessment by potential buyers.

AUTHORITY CONFIRMATION

We'll secure written confirmation from authorities on pre-development advice to enhancing buyer confidence in the certainty in the development process and approval requirements.

SPEAK TO OUR TEAM OF EXPERTS

KARL ROGERS
State Director Victoria | CED
karl.rogers@colliers.com
0409 813 403

Questions to Sli.do

Or joining at **Slido.com** with the event code **#3306156**

Our Speakers

Terry Portelli

red23

Greenfield Market Performance & Sales Strategy

APAA Professional Workshop:
Greenfield Development Outperformance in Downturned Market

AUSTRALASIA PROPERTY ADVISORY ASSOCIATION

Our Speakers

Arun Broadhurst

Outperform in Downturn Market through Thoughtful Urban Design

APAA Professional Workshop:
Greenfield Development Outperformance in Downturned Market

AUSTRALASIA PROPERTY ADVISORY ASSOCIATION

Outperforming in a downturned market

"We always perform better in a down turned market"

Rod Fehring, then CEO
(now Frasers Executive Chairman)

While we are all worried…

Inflation

RBA flags fears over rates impact on jobs as El Nino risk grows

The Reserve Bank is expecting the national unemployment rate to drift above 4 per cent next year due to the increase in interest rates.

July 18, 2023 | Shane Wright

Opinion Sharemarket

'Goldilocks' nightmare: The big bet that could go very wrong for investors

Markets are surging as they count on a number of ideal scenarios playing out. There will be widespread damage if they don't get it right.

July 17, 2023 | Stephen Bartholomeusz

Commonwealth Bank

CBA's Matt Comyn warns full rate-rise hit yet to come

The head of the banking giant says there will be more pressure on households over the next six months, as past rate rises flow through to customers accounts.

July 13, 2023 | Clancy Yeates

Grim outlook for fight against inflation

A quarterly snapshot of the economy from the Reserve Bank has delivered a grim outlook in the ongoing fight against inflation.

August 4, 2023

Exclusive Cost of living

Half of Australians on financial brink as living costs bite

There's been a surge in the number of people who admit they are under intense financial pressure as interest rates and inflation eat into their savings.

July 18, 2023 | Shane Wright

Exclusive Renting

Ten charts that explain the rental crisis in Australia

More than three in 10 Australian households rent privately and renters are an increasingly diverse group, new data reveals.

July 17, 2023 | Nigel Gladstone

Property market

The graph that shows stressed property owners may be starting to crack

There has been an unseasonal increase in the number of homes for sale, as soaring mortgage repayments stretch some households' finances beyond what they can manage.

July 12, 2023 | Elizabeth Redman

Residential land supply issues

- 387,000 Au migrants 2022
- Vic ‘22 Population growth of **2.1% =6.7 million**
- People have to live somewhere!

	Gov. Data	Reality
Current Zoned Land Supply	11 yrs	Only available if infrastructure is delivered. No forward funding.
Future VPA Precincts	9 yrs	Questioned by demographers
70% infill to 30% greenfield	?	Victorian’s throw out governments with infill policies: Kennett, Brumby, Napthine, Jacinta Allen?

Current status of place-based projects on VPA 2022/23 Business Plan

Victorian Planning Authority

VICTORIA State Government

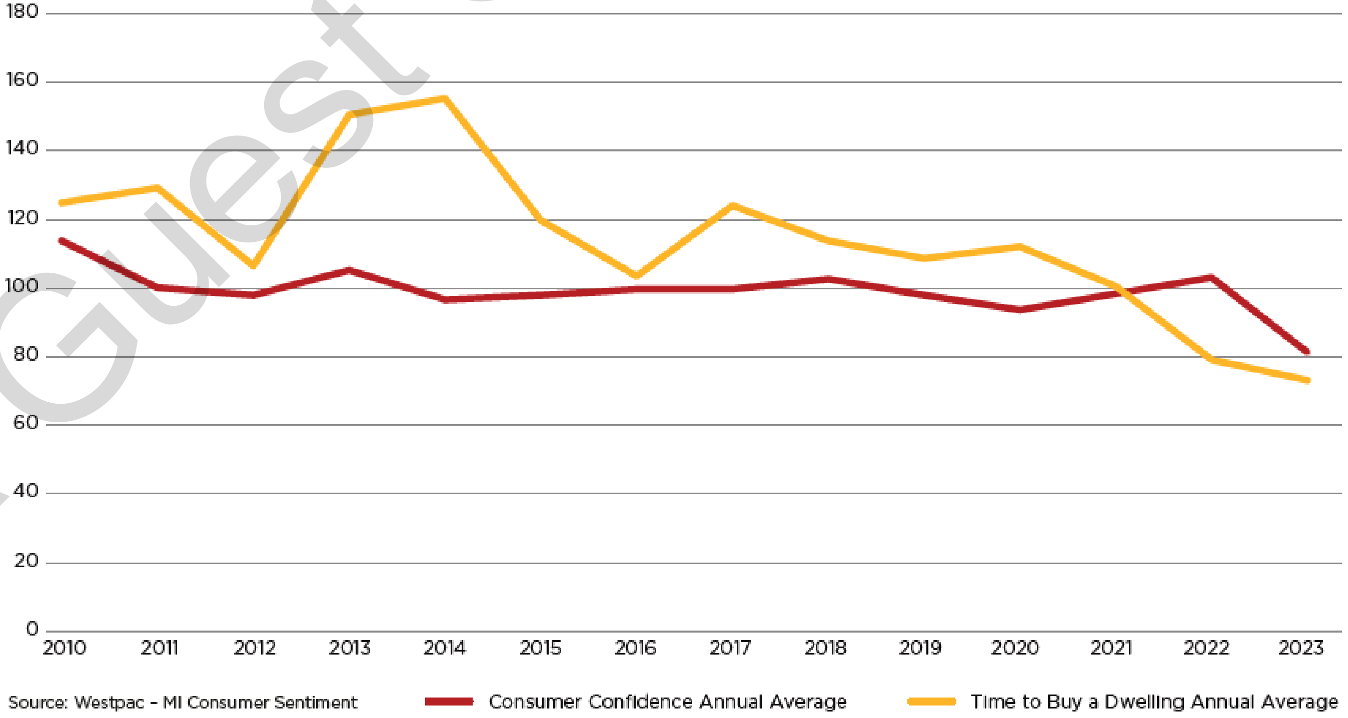
FROM JULY 2023:

Program	Projects that will continue (22)	Projects that will slow (7)	Projects that will pause (3)
Regional cities and towns	• Wonthaggi PSP Finalisation • Shepparton South East PSP & DCP • Corio Norlane Urban Renewal • Bannockburn South East PSP • East of Aberline PSP & DCP • Ballarat North PSP • Greater Avalon Employment Precinct • Bendigo Regional Employment PSP • Ballarat Infrastructure and Growth Alignment Framework	• Merrimu PSP • Parwan PSP & DCP • Parwan Employment Precinct Development Plan	
Priority and precincts and urban renewal in Melbourne	• Braybrook Regeneration Project • East Werribee Employment PSP – Strategic Review		
Melbourne growth corridors	• Beveridge North West PSP & ICP • Officer South Employment PSP & ICP • Casey Fields South PSP & ICP • Devon Meadows PSP & ICP • Mambourin East PSP & ICP • Melton East PSP & ICP • Werribee Junction PSP & ICP • Croskell PSP & ICP • Merrifield North PSP & ICP • Greenvale North (Part 2) • Gunns Gully GAIC WIK	• Wallan South PSP & ICP • Wallan East (Part 1) PSP & ICP • Oakbank PSP & ICP (Council led) • Cardinia Creek South (Part 2) PSP & ICP *(pre-commencement)*	• Rockbank South PSP & ICP • Kororoit Part 2 PSP & ICP • Clyde South PSP & ICP *All at pre-commencement stage*

Current market challenges

- Getting people to the sales office
- Low confidence in buildability – price and instability of builders
- People can't afford the house they assumed they could afford
- Settlement risk

Graph 6: Consumer confidence sentiment index and time to buy a dwelling sentiment index | Annual average 2010 to 2023



Market has changed

Buyer

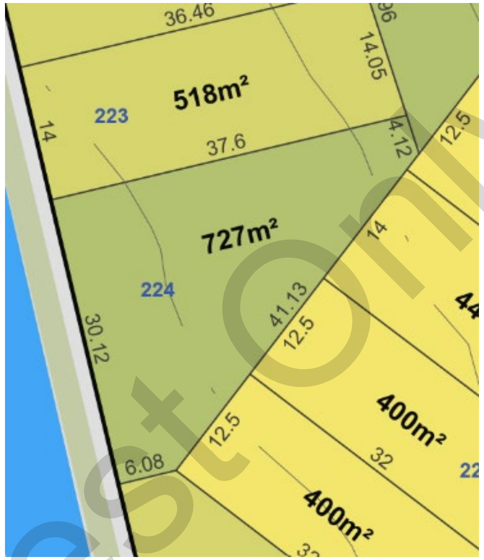
Developers

Current product challenges

Purchasers are discerning about every m2

1. Any product out of standard
   (e.g. doesn’t fit standard builder product);
2. Anything irregular
3. Large lots are unaffordable
4. Premium lots are slow
5. Adjoining a negative
   (powerlines, large road, etc)

For the discerning market, if you have…



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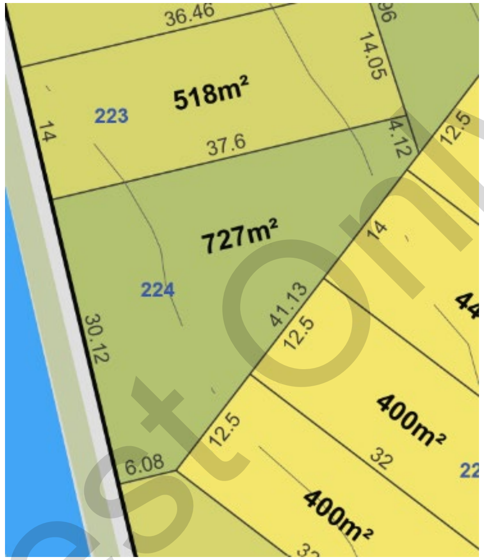

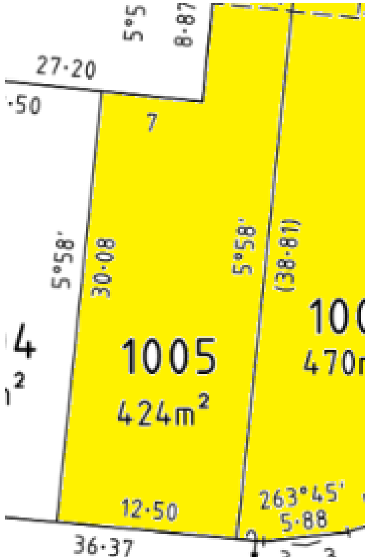

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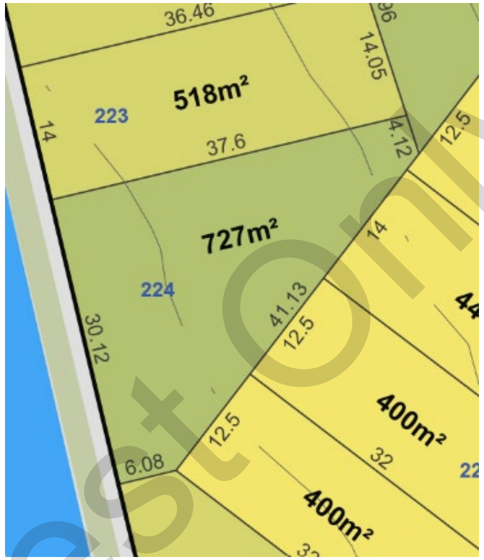

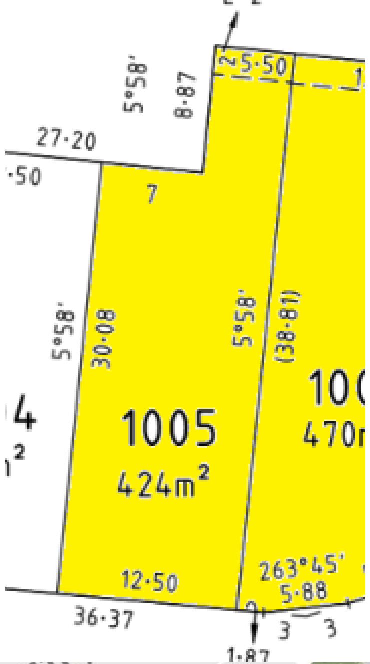

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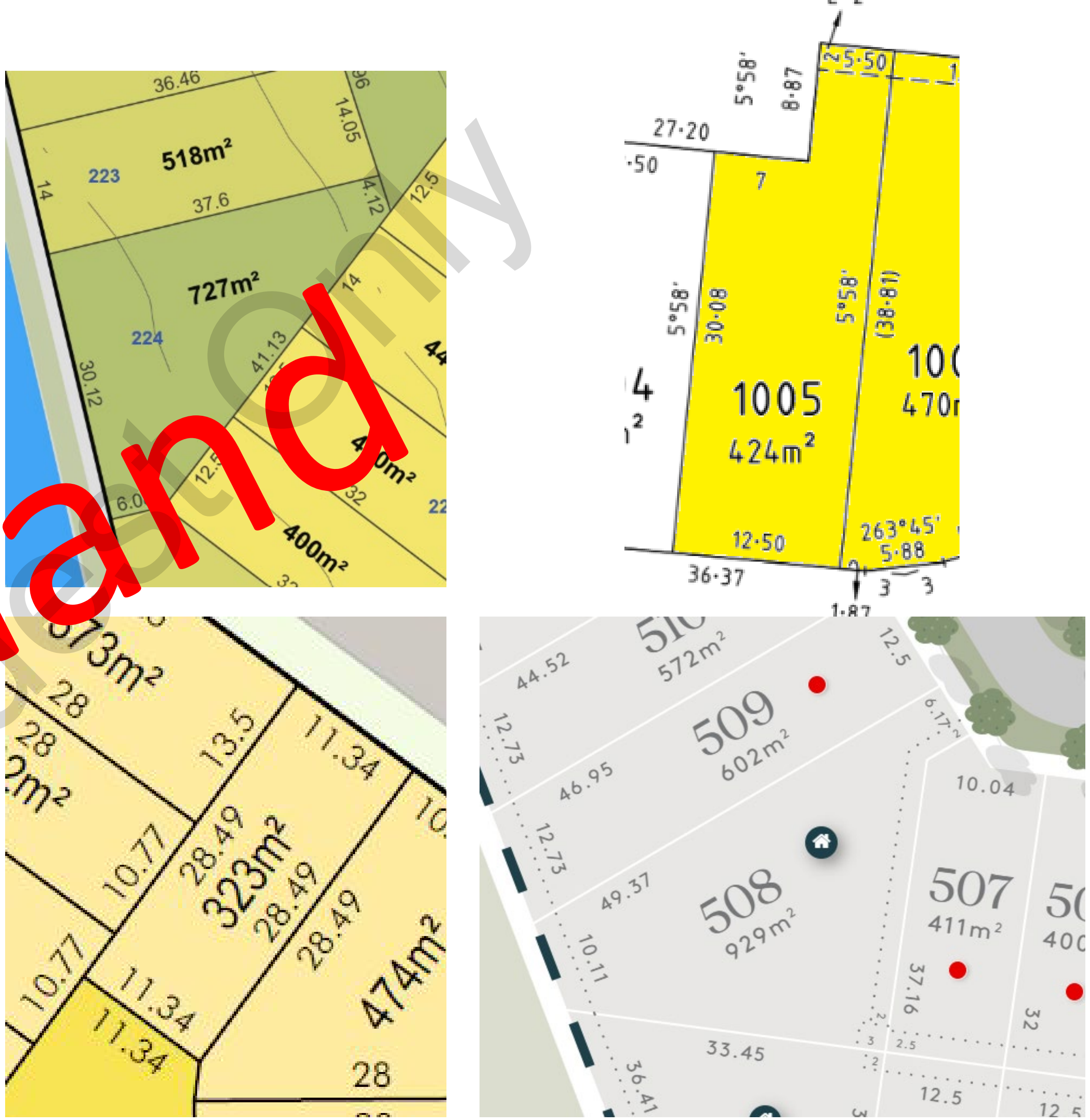


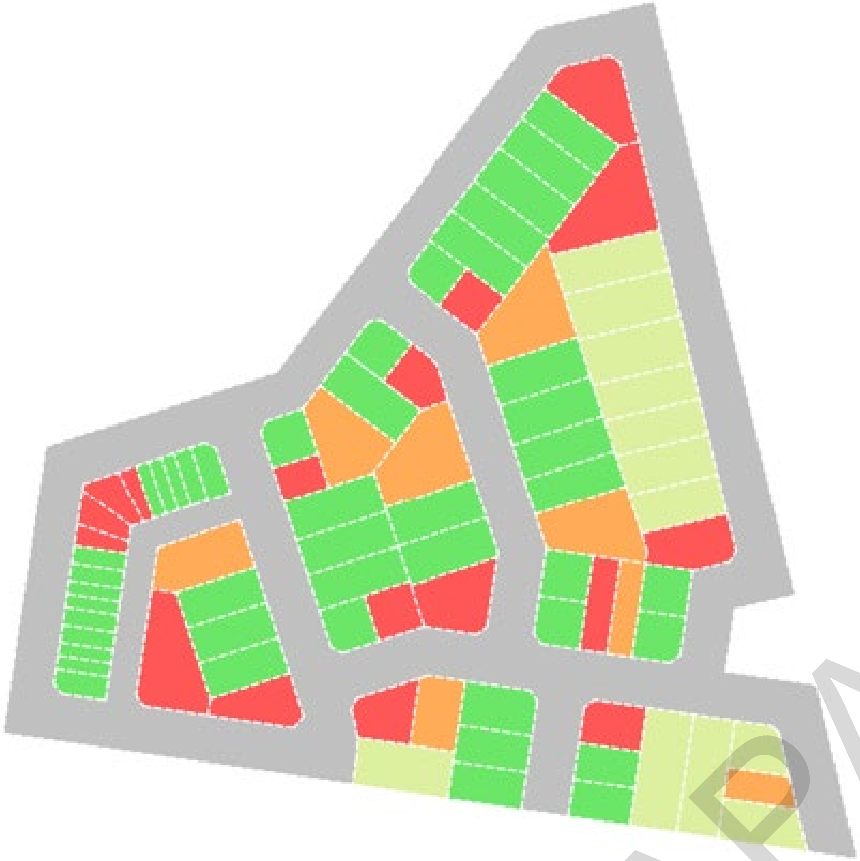
Lazy land

CASE STUDY

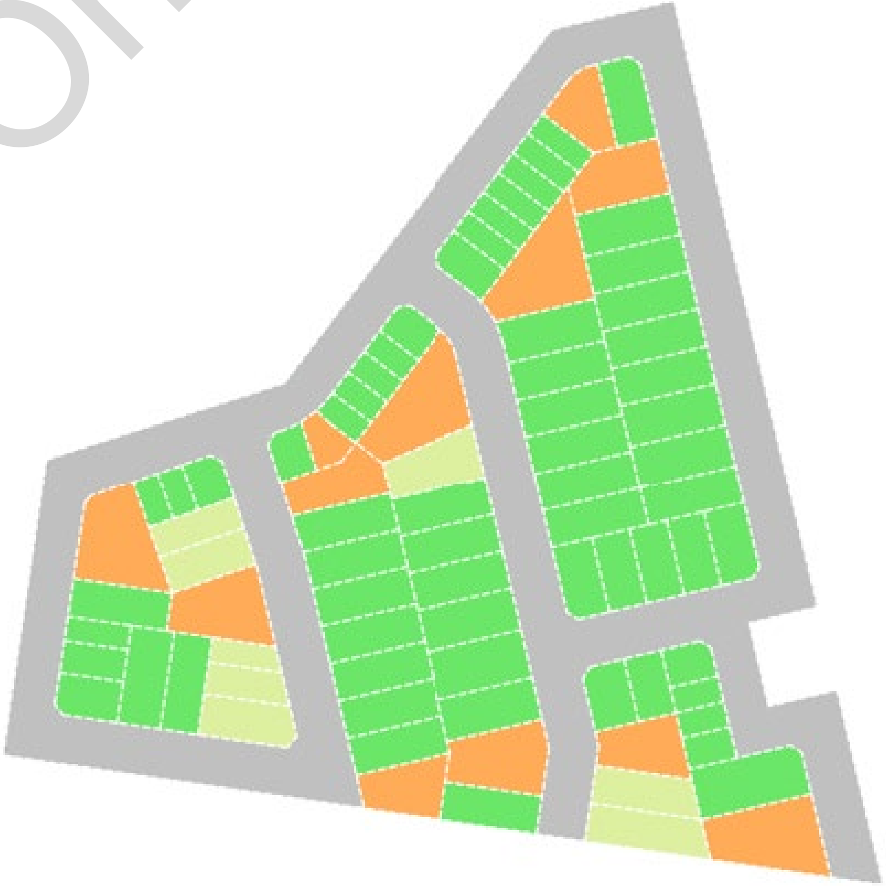
Dealing with Lazy Land

- Bespoke (Extra heavily discounted)
- Irregular (Heavily discounted)
- Oversized (Discounted)
- Regular
- Roads

Dealing with Lazy Land

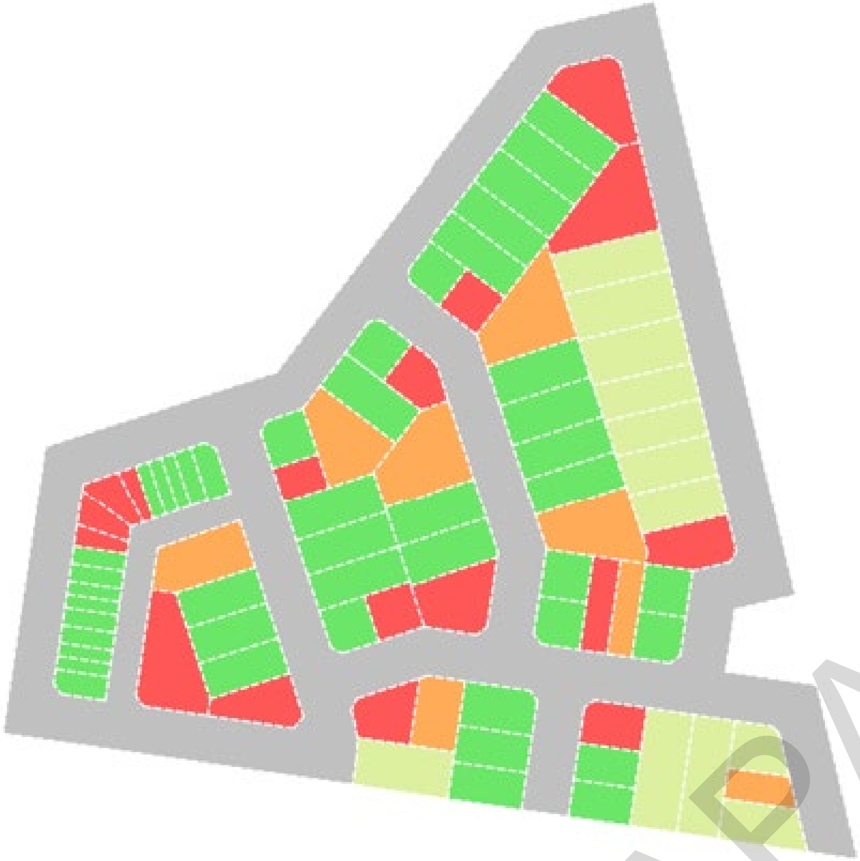


	Difference
Net Saleable Area	+2017m2
Road Area	-2017m2

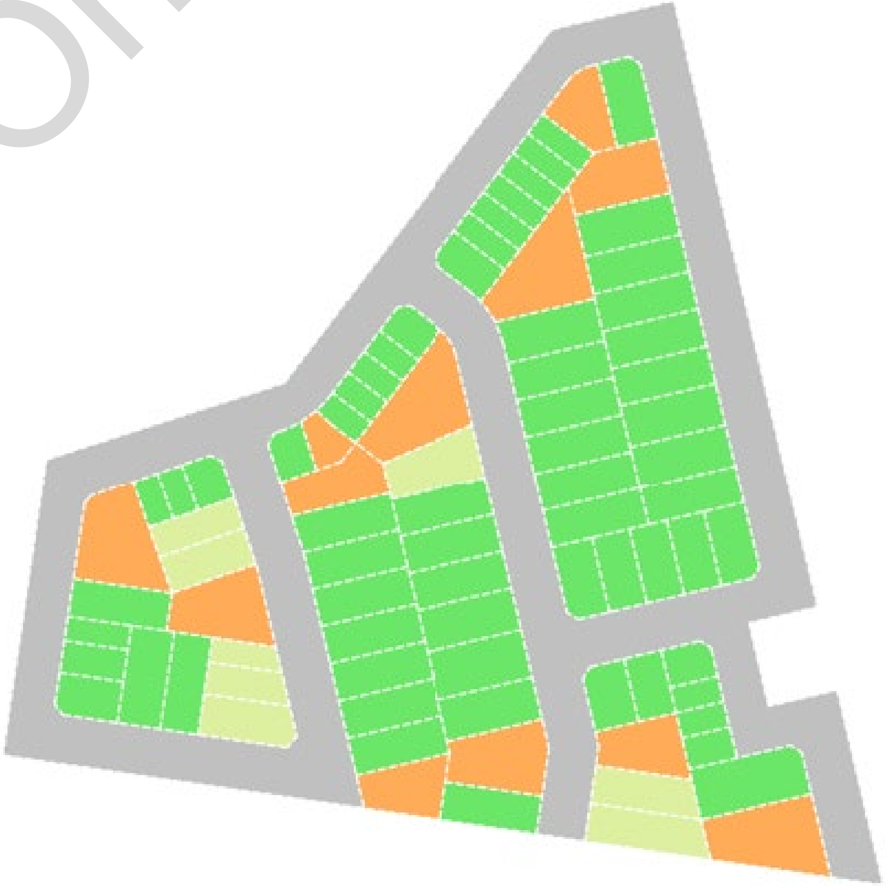


CASE STUDY

Dealing with Lazy Land



	Difference
Lots which do not fit standard builder product (Bespoke)	-17
Heavily Discounted Lots (Bespoke and Irregular)	-13
Corners	-6
Revenue*	+$2,996,452 or 12.1%
*also substantially less days on market	



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How to deal with the hard sells in this market

1. Derisk for the buyer by partnering with a builder to H+L on a fixed cost basis
2. Relaxing design guidelines on difficult lots
3. Value add – fencing, landscaping, slope rebate
4. Redesign subdivision
5. If all else fails, rebate

Builder Trends – Sharpening the pencil

Builders	Developers
Build Price	
Single storey SLHC product	Reduce/stabilise package price
Optimising popular floor plans	
Reducing house size by up to 10m2	
Rear loaded build cost of external walls	Less rear loaded product

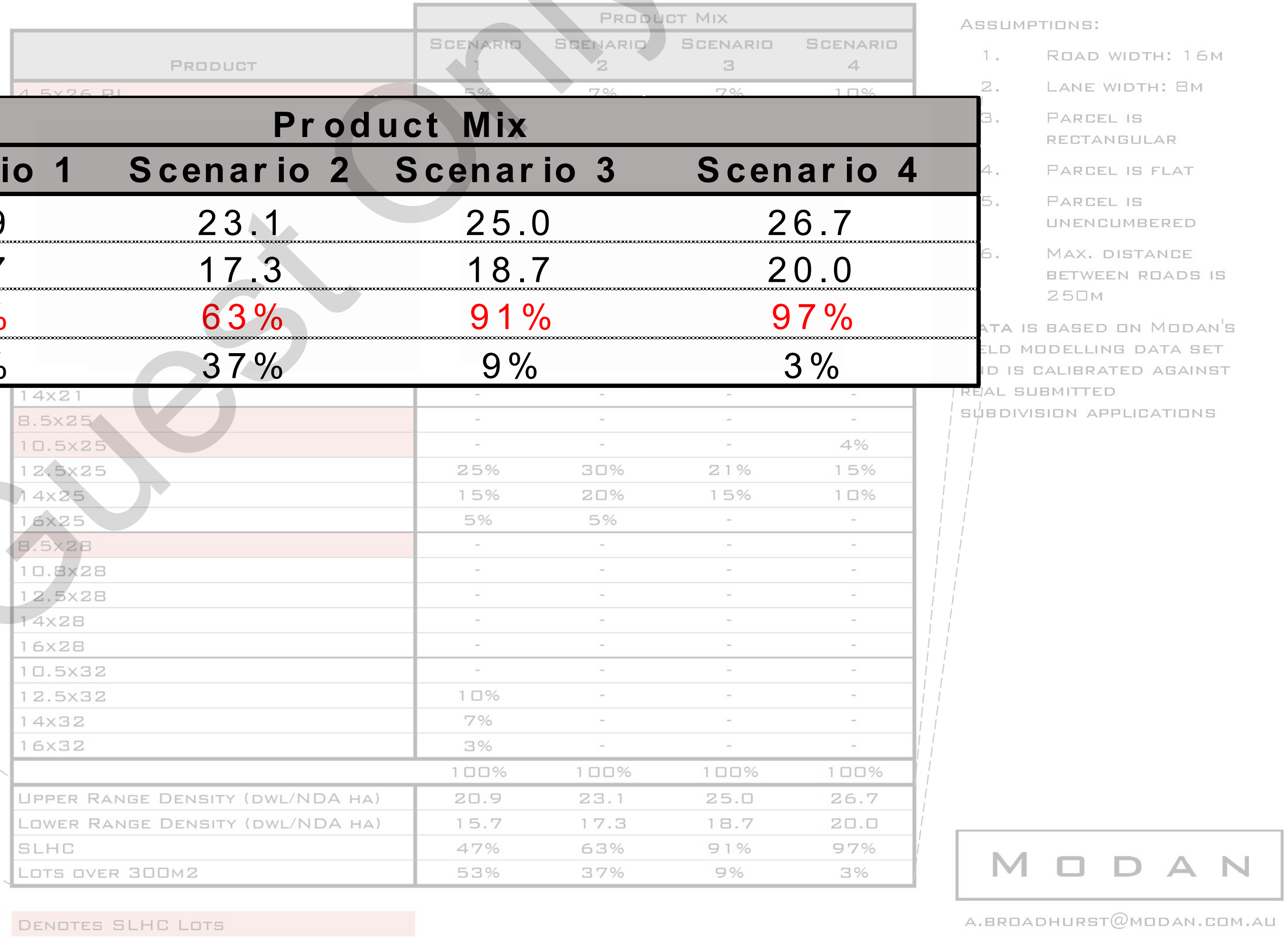
New NCC's influence on land

Builders	Developers
New National Construction Code (1 May 2024)	
Adapting product (marginally larger)	Overall most designs will still fit on standard lot sizes
Sloping land - 1:14 universal access – change to garages and internals	Big impact on sloping land
7 Star	Increase in package price
South facing rear yards*	2.7m+ deeper lots

**There are going to be swaths of south facing lots which will need bespoke house solutions post 1 May 2024. Remove short south facing lots now.*

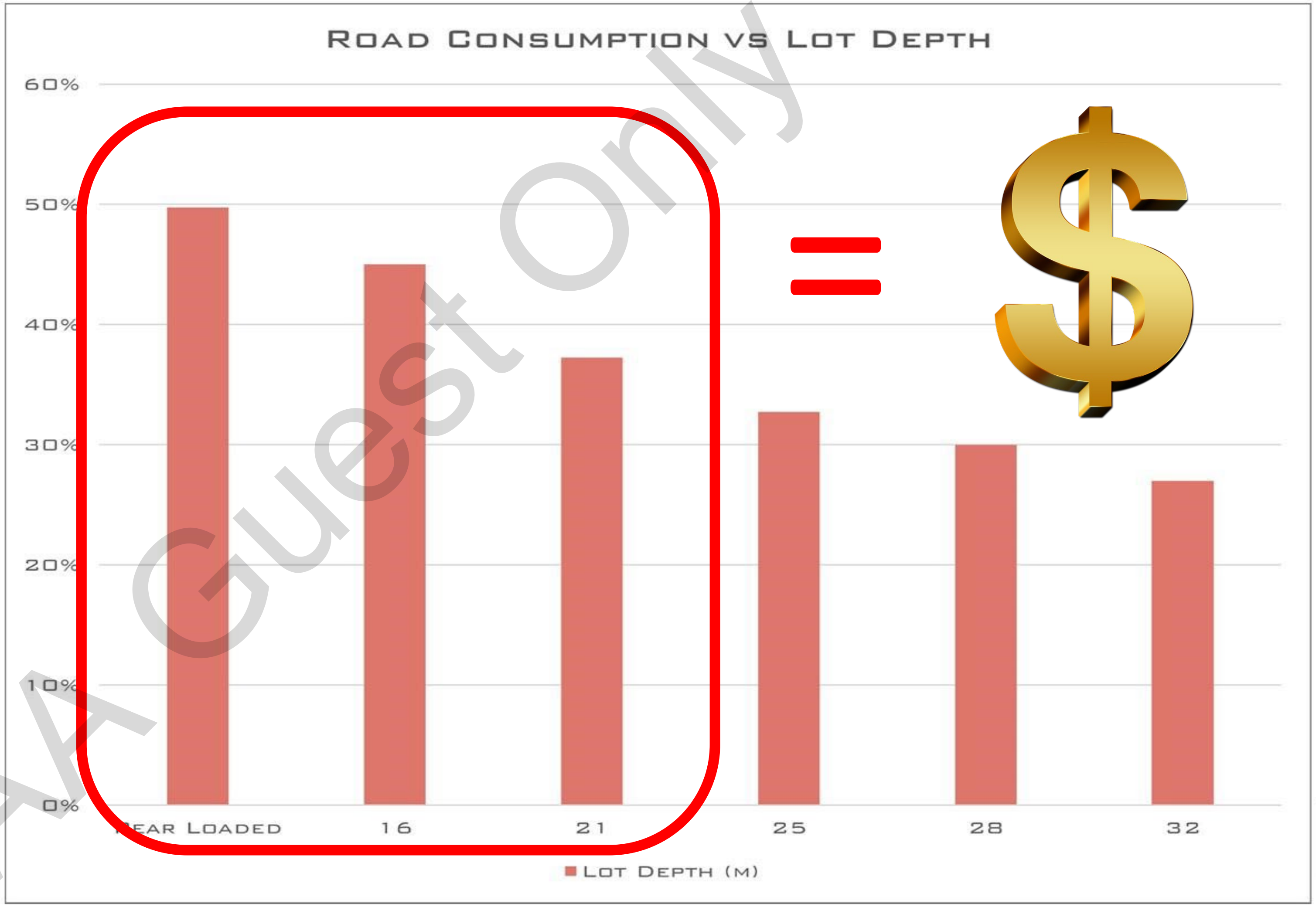
> Density = > SLHC

Product	Product Mix			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Upper Range Density (dwl/NDA ha)	20.9	23.1	25.0	26.7
Lower Range Density (dwl/NDA ha)	15.7	17.3	18.7	20.0
SLHC	47%	63%	91%	97%
Lots over 300m2	53%	37%	9%	3%



- Min. 20dwl/ha
- Min. 27dwl/ha
- Existing PSP's?

Higher density doesn't equal more profit



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Terry's predictions…

- Additional fall overs Q2 FY23/24
- Build price stable
- Migrants enter the market
- Interest rates stable
    - Sales increase
    - Confidence improves
- Confidence improves = shortage of land & price increase
- Endless battle between inflationary impacts and purchaser finance capacity
- Investors and investor product

Arun's crystal balls

Post covid migrants enter market
+
House cost
+
Interest rates
+
Inflation

Take aways

Urban designers should never look into crystal balls nor should they set a product mix

Agents are great at telling developers how bad a subdivision is – so use them to improve it

Secondary Consent is your friend. Use it to change your subdivision now to reflect coming market

VPA's mandate = Englobo land will be more scarce and expensive before it eases (until lot sales revenue catches up)

“We always perform better in a down turned market”

Maybe Rod was right…

OPINION

‘You’re from Caroline Springs? You must be rich, then’

Caroline Springs is home to a statue that none of the locals really understand the meaning of. PENNY STEPHENS

Q&A Time

Or joining at **Slido.com** with the event code **#3306156**

Appreciation

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