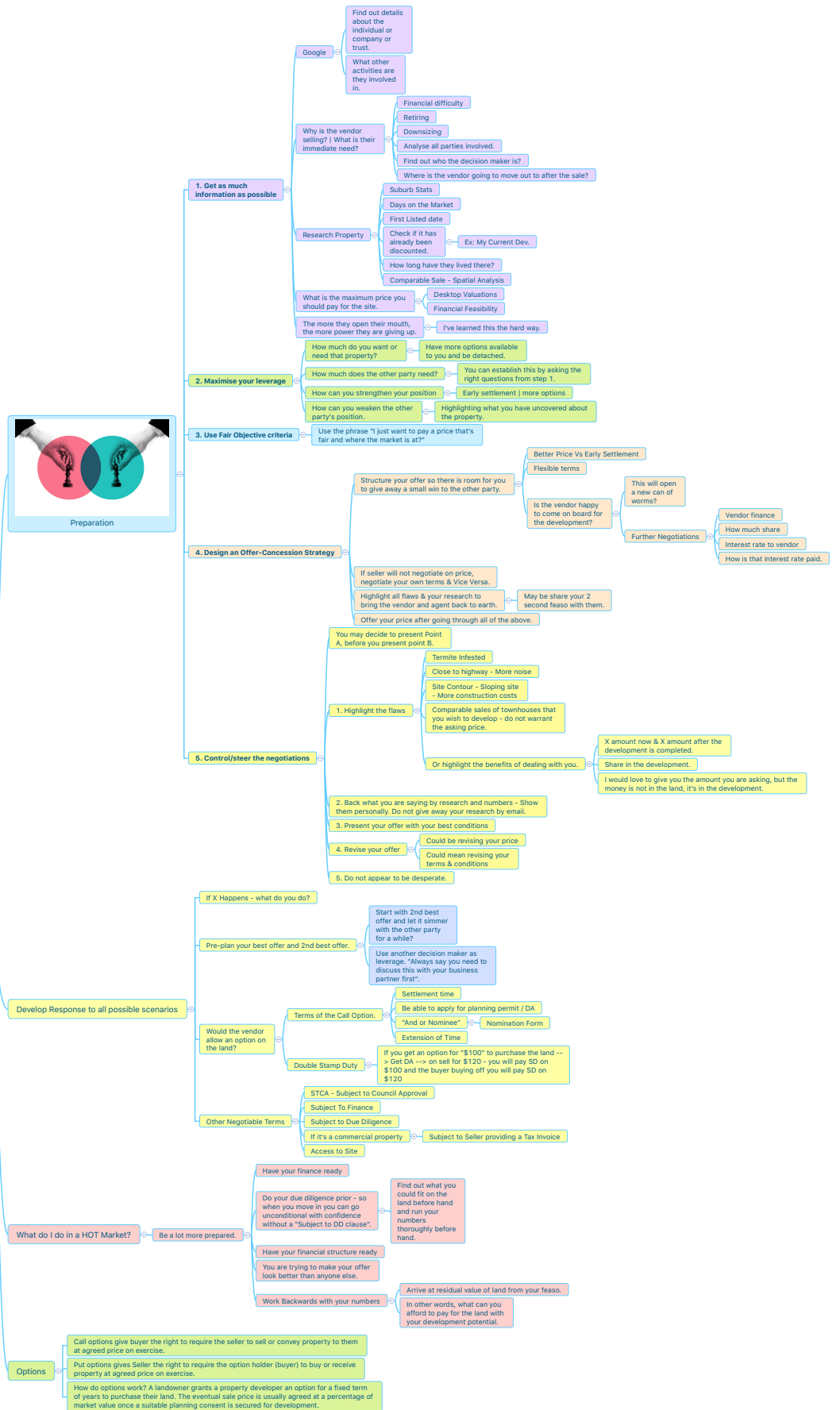
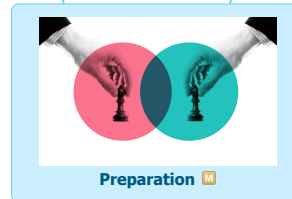


PROPERTY DEVELOPMENT SYSTEM

Negotiations



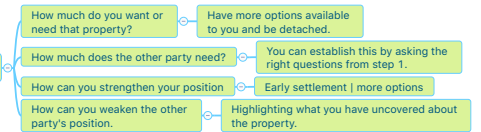


Preparation

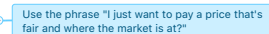
1. Get as much information as possible



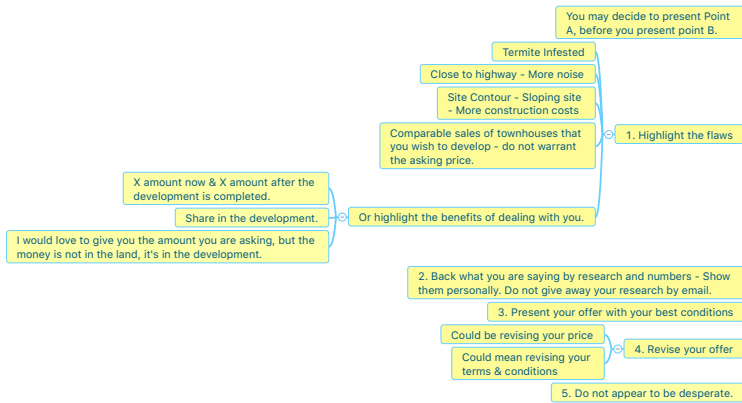
2. Maximise your leverage



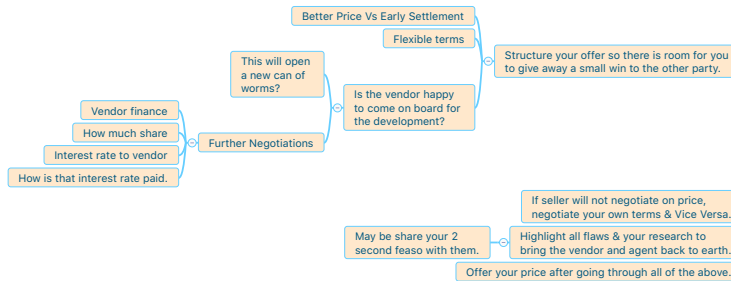
3. Use Fair Objective criteria



5. Control/steer the negotiations



4. Design an Offer-Concession Strategy



Develop Response to all possible scenarios

If X Happens - what do you do?

Pre-plan your best offer and 2nd best offer.

Start with 2nd best offer and let it simmer with the other party for a while?

Use another decision maker as leverage. "Always say you need to discuss this with your business partner first".

Would the vendor allow an option on the land?

Terms of the Call Option.

Settlement time

Be able to apply for planning permit / DA

"And or Nominee"

Nomination Form

Extension of Time

Double Stamp Duty

If you get an option for "\$100" to purchase the land --> Get DA --> on sell for \$120 - you will pay SD on \$100 and the buyer buying off you will pay SD on \$120

Other Negotiable Terms

STCA - Subject to Council Approval

Subject To Finance

Subject to Due Diligence

If it's a commercial property

Subject to Seller providing a Tax Invoice

Access to Site

What do I do in a HOT Market?

Be a lot more prepared.

Have your finance ready

Do your due diligence prior - so when you move in you can go unconditional with confidence without a "Subject to DD clause".

Find out what you could fit on the land before hand and run your numbers thoroughly before hand.

Have your financial structure ready

You are trying to make your offer look better than anyone else.

Work Backwards with your numbers

Arrive at residual value of land from your feaso.

In other words, what can you afford to pay for the land with your development potential.

Options

How do options work? A landowner grants a property developer an option for a fixed term of years to purchase their land. The eventual sale price is usually agreed at a percentage of market value once a suitable planning consent is secured for development.

Call options give buyer the right to require the seller to sell or convey property to them at agreed price on exercise.

Put options gives Seller the right to require the option holder (buyer) to buy or receive property at agreed price on exercise.