

The property game just got turned on its head...



Real estate and property development is known to be one of the safest and most predictable forms of wealth creation. Over the long term, properly informed investors have seen the value of their properties rise steadily, evidenced by a two-fold increase in the Melbourne metropolitan median price over the last 10 years. This shows that as long as you do your own research and have a strong game plan before you start, property is one investment market where the average person can hope to succeed.

When creating an investment strategy or game plan you first need to know what your goals are – for example one significant consideration is whether you are looking for long-term capital growth, or cash-flow positive investments to generate an immediate passive income. Knowing this allows you to devise an appropriate roadmap to follow – which is why it is imperative to educate yourself as much as you can, and to learn from the experience of people actively investing in property.

There is a wealth of advice and articles out there on “how to” invest, but traditionally property investment has been advocated as a solo game – everyone is in it for themselves, and may the ‘best man’ win, so to speak, creating a two-tier property market. Everyday investors purchase retail property, and wait for growth in their properties to outstrip their costs, whilst the developers make the big margins and real estate professionals take their cut.

OYOB is looking to change this culture in Melbourne; creating new collaborative property investment models to help change the way everyday Australians are able to invest in land and property.

For the first time, some of Victoria’s best property developers and expert investors are coming together to collaborate with mum and dad investors, to make property available for all Australians at a wholesale, pre-development price point.

How does it work?

Collaborative Property Development groups such as OYOB are collectives of experts in their fields who have come together to develop smarter, more innovative investment opportunities that can be shared with others. This is done through utilising their expertise in choosing and developing land to share previously restricted access to wholesale property and land with their communities.

The benefits of collaborative property development & investment:

1. DIRECT ACCESS TO DEVELOPERS

One of the first questions many new investors ask is “Where should I look to invest?”. There are so many variables on which suburbs are best to invest in, and how do you know where the next growth area is going to be?

Well the good news is that you no longer have to wait for the developer to provide a new townhouse or house and land packages in the suburb you want to invest in. Whilst traditionally that was how investors entered the market, collaborative property development has changed that dramatically.

All Australians can now invest directly alongside experienced developers, meaning everyone can be part of a property development. **Each investor can contribute to the development project, growing their investment throughout the development process.**

So instead of trying to learn the ins and outs of developing yourself, you have access to the extensive knowledge and experience of a development group.

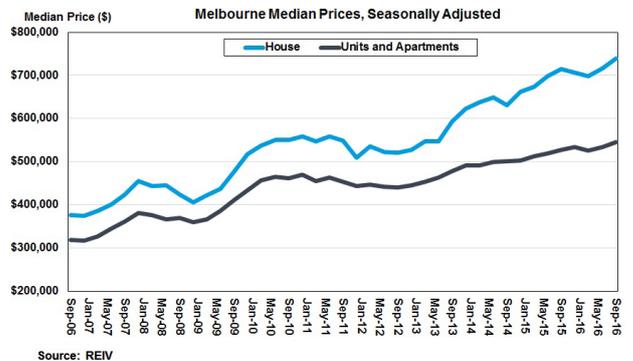
2. SHARING IN THE KNOWLEDGE AND EXPERTISE

It's important to know your goals before starting on your investment journey. Are you nearing retirement and needing to invest in cash flow positive property or investments for passive income, or are you trying to build strong capital growth and set yourself up for the future? What does this mean for the type of property or investment that is best for you?

According to recent industry reports, Victoria is currently Australia's fastest-growing state. Due to high property prices in Sydney, many home buyers are looking towards Melbourne, which is underpinning population growth. This isn't the only reason - Melbourne, again the world's

most livable city in 2016, is also attracting overseas migration with strong job growth, less congestion and an enviable living environment. As a result, Melbourne is expected to become Australia's largest city by 2056. (Herron Todd White - Month in Review for June 2016.)

So if you are looking to invest in Melbourne, it makes sense to align yourself with experts in property field and really capitalize on the expected growth over the next four decades in Melbourne.



3. BORROW LESS

For people wanting to get into property development, obtaining finance is far more difficult than it would be for a simple investment purchase. Property has traditionally been a very capital intensive investment, making it difficult for new entrants to enter the retail market, let alone as a developer.

Lenders will usually only allow developers to borrow up to 70%-80% of the “hard costs” of the development project - not the total costs of the project. “Soft costs” - things like architect's fees, Council fees, other consultants and purchase costs have to be covered by the developer.

So with property prices increasing faster than the average salary, how does one get started?

We believe it makes sense for investors to join and interact with a dedicated property investment community to share resources, achieving greater property investment returns than could be achieved alone.

The end result is that you get to piggyback off the expertise and knowledge of experienced developers, with your investment dollars working directly alongside theirs in collaboration, to make better profits for everyone.

4. SIGNIFICANTLY BETTER RETURNS

Traditionally it can take a long time to see returns on your property investment dollars. Even when you find a well priced property in a suburb with good capital growth it can take at least a few years to see a return on your investment. This is due to stamp duty and the costs of holding your investment.

There have been a few ways that savvy investors can speed up the capital growth of their investment – one such way is to buy a property and renovate it, which can instantly increase the value of the property. This requires a hands on approach and learning by trial and error, which can cost you a few bucks early in the process. The risks are even larger with property development.

By collaborating with property developers who have already learnt the expensive lessons that come with developing property, you can create a margin of safety net for your investment by investing below market value, and improve the return on your investment dollars by investing or purchasing at a true wholesale price.

5. WHOLESALE ACCESS TO PROPERTY

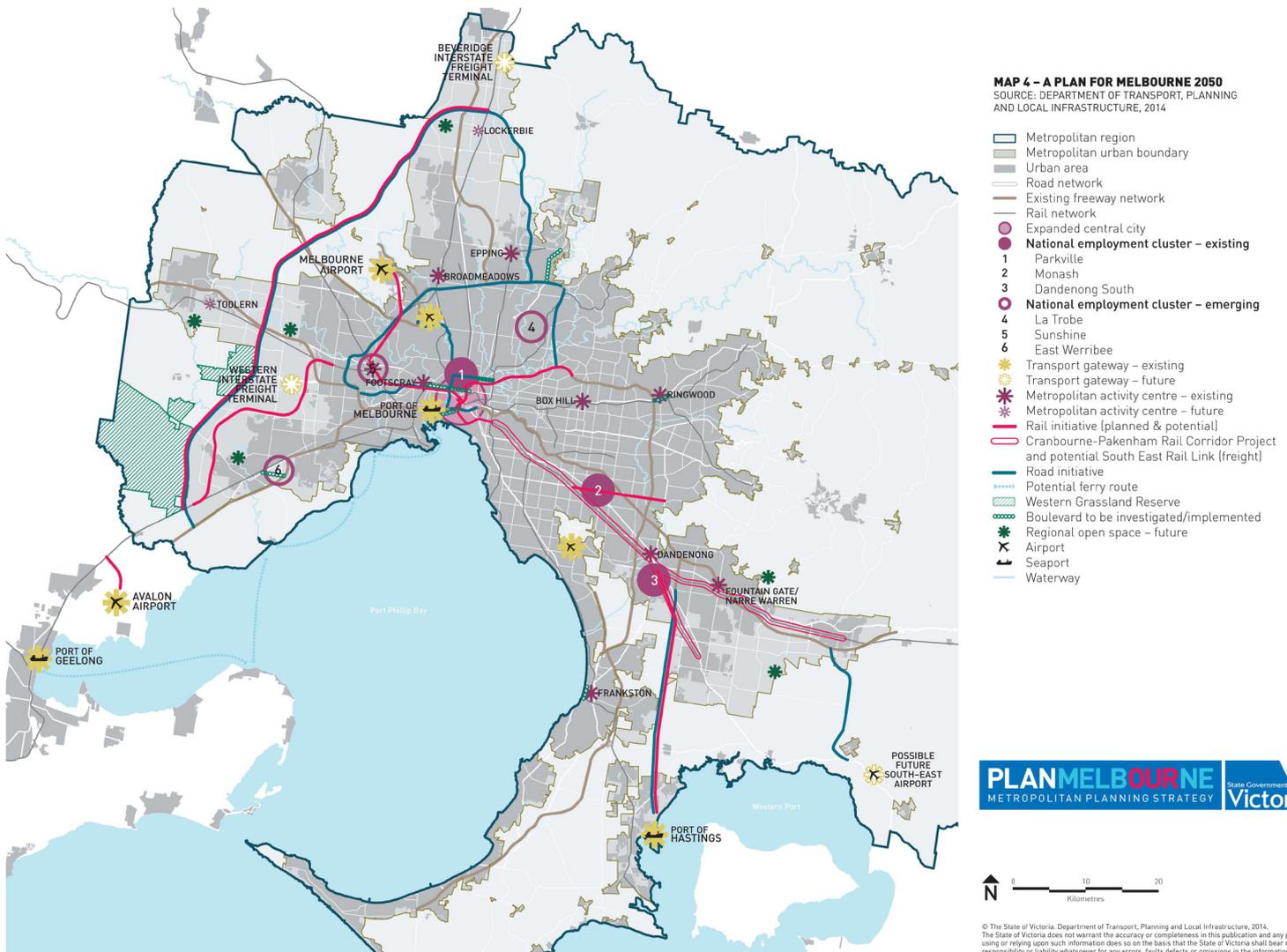
MELBOURNE is set to become a city of mini cities as its population heads towards 8 million people by 2050, making it Australia's biggest city.

Social researcher Mark McCrindle said Melbourne was already developing into several cities within a city. "It's our fastest growing city at the moment – it's just overtaken Sydney in terms of its growth – and it will be the first city to reach eight million by 2055.

Suburbs like Werribee, Sunshine and Melton in the west, Sunbury in the northwest, Broadmeadows, Craigieburn, and Epping in the north, Box Hill and Ringwood in the east, and Dandenong, Frankston, Cranbourne and Pakenham in the southeast are all set to take on the mantle of mini cities.

So there will be plenty of growth and opportunity for development not only around these "mini cities", but all throughout the Victorian Urban Growth Boundary (UGB) and Urban Growth Zones with planned or complete Precinct Structure Plans (PSP) in place. This is where OYOB strategically purchases and develops land, earmarked by the state government for future large-scale residential estate builds, ensuring growth and increasing land values.

To gain access to these wholesale land prices, a property developer not only needs to have the knowledge and expertise to choose the right location, but must also buy larger parcels of land at a time, allowing them to purchase in a less competitive market. This is where partnering with a collaborative group makes sense for all investors – they give you the **opportunity to invest early and pay less for a property through being involved in the development process.**



If you are interested in finding out more about how successful collaborative property developments and investments work, contact us at OYOB to see how we can help.

OYOB is an Australian-owned Property Development group based in Melbourne, who provide a holistic investment and property advisory service to clients. OYOB empower clients with the knowledge and education to make their own investment decisions, as well as providing genuine wholesale property development opportunities to realise wealth creation.