

*Keith:* We're here this morning with Kevin Young, Founder and Director of the Property Club and also we have John Tomarchio here who is Director of the Open Group. He is a builder and developer of this project. We are here this morning to talk about this development next door.

*Kevin:* Hey Johnny. I like the fact that you are doing high rises but you've contained the cost and we were just talking before about how you're going end up doing that with the body corporate costs and combining the other services. Would you like to explain that for us?

*John:* We try to minimize the body corporate costs. It's an on going battle that we've got increasing power costs. We have increasing water costs so we are trying to grab all those costs together and buy it in bulk. We've now got a bulk of electricity from these building. We wire our switchboards from the start. So it's not a body corporate problem and costs after they form the body corporate. We also do gas. We're doing bulk gas buying as well. And we're looking at doing bulk water as well, which will be individually made to each apartment. We also look at other ways by combing basements which we have in these two developments and also looking at efficient lifts. We may put one lift in but it's a high speed lift. So it minimizes on doubling up on lifts.

*Keith:* You say 1.6 meters a second.

*John:* That's right. Yes. Generally we will only use an Otis lift because it's a reputable company and 24 hour service call.

*Kevin:* All of this is important of course because the overhead is eating into your cost of ownership and the individual meters means that the tenant is paying for a lot of these costs not the investor. Which is real good.

*John:* Yes. That's correct.

*Kevin:* Yup. You guys have gone in the right time and bought the land at the right time, because Brisbane now is just taking off. When you bought the site, Brisbane was in the doldrums, had been it the doldrums for about 4 years. Which is what the club likes, because things never stay in the doldrums long, but they're great buying opportunities. The average person in the streets doesn't realize.

*John:* Well, because we're 9 kilometers from the city, the bus way currently goes to Kedron. There is plans to bring it all the way to Chermside, because we're only 150 meters from the bus interchange in Westfield Chermside. There are several road developments got a prime location for transport straight into town.

*Kevin:* John, what I like about this development is that people can get in early and get off the plane, and see prices rise during the course of construction. So why do you guys no this and yet still sell it that low at the start?

*John:* We've been selling these apartments for quite some time. We're builders and developers, so there is no middle man between the developer and the builder. Our business is to get in, do a quality project at a decent price, and move on to the next job. We don't like sitting around on developments waiting for unrealistic prices. We'd just rather move them on, and keep employed, and people employed.

*Kevin:* Of course, the banks need you to make pre-sales, so you sacrifice a bit of the profit to satisfy the banks.

*John:* Yes.

*Kevin:* At the end of the project, when the bonding is up, it all looks nice and pretty like this, when the building's finished, that's when the local agents come in with their own occupiers and they'll pay the top of the market.

*John:* Yes.

*Kevin:* Which is happening right now in Sydney, they're really frothy down there. The bubble's hit, and so I think it's going to burst in the next 12 months. It's all occupiers now rushing in, and practically buying at these higher and higher prices. Which will happen here in 12 months time as well.

*John:* Yes. Yup, agreed.

*Kevin:* I think we can hold this unit for how much money down?

*John:* We've got a 10 percent deposit. Can be done by a bank guarantee, as well. We've got a special deal with the club where we will pay for the bank guarantee, but it's only the 10 percent deposit down to have the contract be unconditional, and then no more money until settlement occurs.

*Kevin:* You're paying for the bank guarantee, which means no money down now. When do you expect it to be completed in matter of time.

*John:* We're looking probably February 2016 to be complete, pending weather of course, but these projects will generally take us about 12 months.

*Kevin:* Right. So the next 12 months, the properties coming up, up, up. You're the investor, but you're not paying body corporate rates and insurances, mortgage costs. No worrying about vacancies and all those costs. You sit back and relax you're hand.

*Keith:* We've just seen Kevin and John discuss the Playfield Street project. This is an ideal project if you're intending on adding to you're portfolio in the near future. The builder and developer, who has given us 2 years free body corporate until the end of March with approximately 6,000 dollar saving. This could be an ideal time to submit that E O I, and secure a property in this great project.

If you're looking for further information, or you'd like to discuss it, go straight to your property mentor, and I'm sure he'll be able to get the information you require.

Thank you.