



South East Property Sector

Our Capability



The Property Sector in the South East Melbourne region

Melbourne’s South East is a growth hotspot. Encompassing the municipalities of Cardinia, Casey, Frankston, Greater Dandenong, Kingston, Monash and Mornington Peninsula, it is one of the fastest growing regions in Victoria, and one of Australia’s most important economic centres.

Melbourne’s South East is a dynamic place to live and work. With more than 72,000 local businesses it accounts for 25 per cent of Melbourne’s employment, and generates over \$66 billion in Gross Regional Product. The region is home to more than 1.2 million people – a fifth of Melbourne’s population. This figure is growing rapidly at 3 per cent per year, with 120 new families arriving every week, and the population predicted to surge to 1.5 million by 2030.

Melbourne’s South East is ripe with opportunity for business investment, to plan for the future population and jobs growth. In particular, there are commercial opportunities for property developers in the region, in residential and commercial property development – a contrast to reports about a slow-down in the market in other areas of the city.

Dandenong South is ideally placed for manufacturing and distribution businesses, with a large industrial precinct located close to the Eastlink, Princes Highway and Monash Freeway. The area has attracted a significant number of distribution businesses, including big players such as Amazon and Woolworths, and there are plans for further expansion of the area. The Southern Industrial Precinct is part of a state strategy to ensure there is adequate industrial land available for development near transport gateways. There are currently thousands of hectares of vacant land zoned for industrial purposes.

There is also a pressing need in the Casey Cardinia region for targeted economic expansion and resultant job creation, to make the region more self-contained. Currently, 70 percent of local residents leave the area for work.

Local and state governments are committed to ensuring the South East continues its upward trajectory as one of Australia’s most economically significant regions. The Victorian Planning Authority (VPA) has identified the region as an official growth corridor. As part of the project, the existing hub of Dandenong will become a Central Activity Area; Fountain Gate and Cranbourne will form Principal Town Centres; and Major Town Centres will also be established at Endeavour Hills, Berwick, Hampton Park, Officer, Pakenham, Casey Central, Clyde North and Clyde.

Improvements are mooted across the South East region in housing, public transport, roads, employment opportunities and recreation facilities. The National Employment and Innovation Clusters at Monash and Dandenong, and major health and tourism initiatives and potential proposed airport at Koo Wee Rup all present additional development opportunities.



Sources

Casey Cardinia Region
REMPPLAN
City of Greater Dandenong
Grants Estate Agents

ID Community
Plan Melbourne
Victorian Planning Authority

Challenges and opportunities in the South East property sector

Challenges



Tightening of lending conditions



Bank reporting requirements



Rising costs of materials and labour



New Stamp Duty/Partnership Laws



New GST requirements



Shortage of quality tradespeople

Opportunities



Greenfields



Rezoning



**Potential price correction
= cheaper land**



Commercial and Industrial



Joint Ventures



Alternative funding sources

Solutions for those in the property industry

Whether you are developing, investing, building, occupying or advising in the property industry in Australia – Pitcher Partners’ deep expertise and knowledge is second to none.

Pitcher Partners has one of the largest property and construction client bases in Australia, many of whom have been clients of the firm for more than 20 years. We also have extensive connections to global markets, and have built a reputation among property investors as possessing the right skill sets and commercial knowledge to assist their foray into the Australian property market.

Business, taxation and accounting services

We provide the taxation advice critical to the effective legal structuring and risk management of property projects, as well as the management of GST and stamp duty.

- Tax consulting and property taxes
- Structuring advice
- Business advisory
- Assurance services – audits and independent reviews
- IT consulting
- Outsourced financial controller
- Project control group accounting and administration
- Cashflow modelling and project feasibility
- Finance and equity proposals
- Banking relationships
- Superannuation
- GST advice

Outsourced finance team

We perform accounting, bookkeeping and administrative duties so that clients are free to devote their full attention to their core business activities.

- Raising and restructuring finance
- Feasibility studies and financial modelling
- Budgets, forecasts and cash flow projections
- Management reporting and monitoring
- Business planning
- Outsourced accounting function
- Review and audit of financials

Investment Advisory

We assist clients with property businesses and investments to build their wealth by investing across a diversified investment portfolio, beyond their property interests. Specifically, we work with our clients to create diversified investment portfolios, with different asset classes and varying risk profiles, to enjoy the full long-term benefits of multi-asset investment opportunities. Diversification helps smooth long-term investment returns, outside of property, and combat changing market conditions. Our clients can enjoy strong investment returns which are often uncorrelated to those achieved by the property sector by leveraging the expertise and technical skills of our dedicated Investment Advisory team.

Succession & Estate Planning – Horizon

Horizon by Pitcher Partners is a range of complementary services that guide, support and mentor you, as the steward of your family’s wealth, to create a lasting legacy by building trust and integrity whilst maintaining family harmony.

We leverage our expertise in the areas of:

- Wealth management
- Family governance and succession options
- Retirement management
- Asset protection
- Estate planning
- Tax efficiency
- Philanthropy and private charitable possibilities.

Solutions for developers

Feasibility studies and financial modelling

Preparing a robust financial feasibility helps in procuring finance and gives peace-of-mind to the developer. Our experience in developing detailed reports and financial models enables the client to continually monitor the project's performance and provide both the client and the financier with regular and accurate information.

Our expertise includes:

- Peak debt
- Equity requirements
- Monthly cash flows
- Financing costs
- Project profit
- IRR
- Impact of mezzanine finance or additional equity participants.

Commercial advice and monitoring

Raising and restructuring finance

Presenting a professional, complete and accurate finance proposal is crucial in securing finance. Pitcher Partners regularly work closely with our property developers and property investor clients to procure finance.

Our assistance includes:

- Preparing a feasibility and monthly cash flow forecast, identifying the level of debt and equity required
- Performing cash flow sensitivity analyses
- Preparing a risk analysis including recommending mitigating actions
- Producing the finance proposal
- Meeting personally with the bank to present the proposal.

Managing the banking relationship

We can take on the burden of regular financial reporting to the banks, ensuring that the information is presented in a format that meets your banks' requirements

Our assistance includes:

- Comparison of Actual to Budget, Compliance with Covenants and completion of compliance certificates
- Managing the relationship with your financier(s) if a project/investment is not performing as expected
- Anticipating breaches in covenant and devising remedial strategies prior to reporting to banks.



Pitcher Partners in the South East region

Pitcher Partners is a national association of accounting and business advisory firms. Established in Melbourne in 1991, today, Pitcher Partners boasts 7 offices around Australia. The South East office was opened in 2013 in response to a growing demand for accounting and business advisory expertise in the region.

Pitcher Partners' South East office provides services across a broad range of industries, including food and agribusiness, manufacturing, transport and logistics and property as well as subsidiaries of multinational organisations. We provide personal service and quality commercial advice to all our clients.

Pitcher Partners is committed to being part of the future of the South East region of Melbourne and is actively involved in a number of local business and community initiatives.

Pitcher Partners' clients in the South East region

Builders

Land and property developers

Land owners (individual, family business, SMSF)

Sales agents and real estate agents

Government bodies and local councils

Construction companies

Property valuers and lawyers

National snapshot

7

Australian offices

122

Partners nationally

1,300+

People nationally



Case Studies

Landowners – Sale of land

The landowner's land was rezoned, resulting in significant land holding cost increases that they could not fund. As such, the owner engaged a developer to subdivide and sell individual blocks on their behalf, and engaged Pitcher Partners for general business advisory, accounting and tax services.

Pitcher Partners:

- reviewed the project reporting provided by the developer and attended the Project Control Group; and
- advised on property taxation matters including: income tax/capital gains tax, GST, land tax and growth areas infrastructure contribution.

Pitcher Partners developed good working relationships with both the client and developer. We were able to utilise staff skills, expertise and experience from across the whole firm, giving the client peace of mind that they were receiving the best possible advice and service.

Obtaining finance for a property development

For property developments, banks require cash flow forecasts showing peak debt levels and a repayment strategy. This property developer engaged Pitcher Partners to assist with the preparation of budgets for the development and assist with obtaining funding.

Pitcher Partners:

- prepared 3 way budgets for the development (profit and loss, balance sheet and cash flow); and
- liaised with the bank to present budgets and explain assumptions.

Pitcher Partners' work gave the bank confidence that the assumptions used to generate the cash flow forecasts had substance and integrity, and the developer was successful in securing finance.

Property purchased by a group of business owners

This group of business partners purchased an equal share in a property. The partners required finance on the property however they each had different intentions and abilities regarding repayment of the loan.

Pitcher Partners:

- provided advice to the business owners about how the property purchase and finance on the property should be structured, given the various personal circumstances of each of the business partners; and
- liaised with the bank regarding the finance structure and proposal.

Pitcher Partners considered appropriate entity structures and options that met each of the business partners' needs. Our solution offered a level of independence for each business owner, and allowed finance to be obtained smoothly despite the complexity of the transaction and borrowing structure.

“ The South East region continues to grow and prosper, and provide new opportunities for property owners, developers, investors, financiers, consultants and others. We are very proud to support businesses in one of Victoria's most economically productive regions. ”

David Knowles // Partner in Charge // South East Region

Your property experts



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