

WHITE PAPER

2016 Property Professionals Sentiment Survey



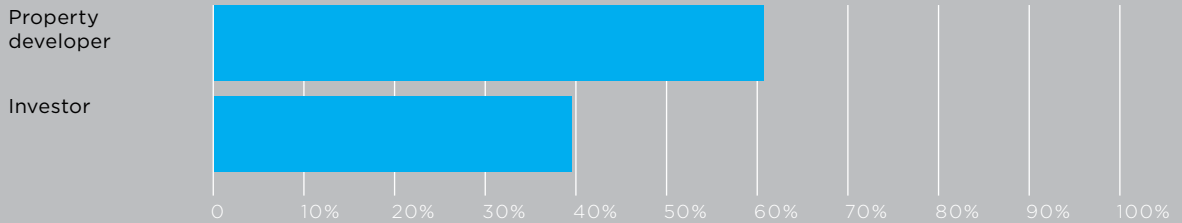
The
Urban
Developer



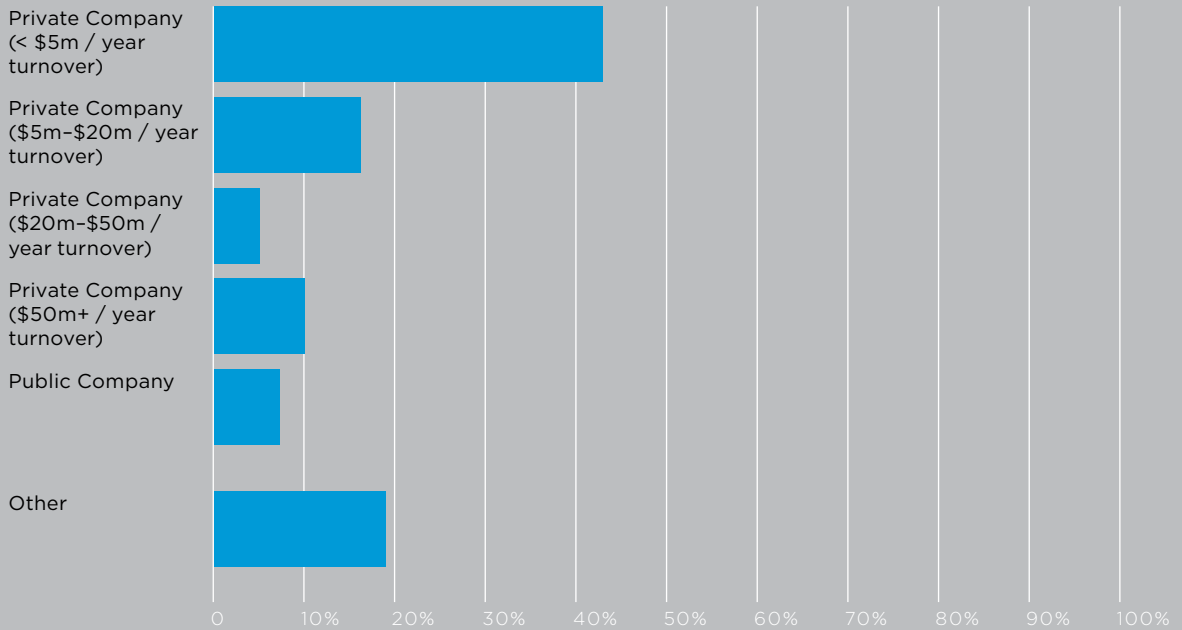
Development
Finance
Partners

*Turning plans
into reality*

Q1 ARE YOU A PROPERTY DEVELOPER OR INVESTOR?



Q2 WHAT TYPE OF PROPERTY DEVELOPER ARE YOU?

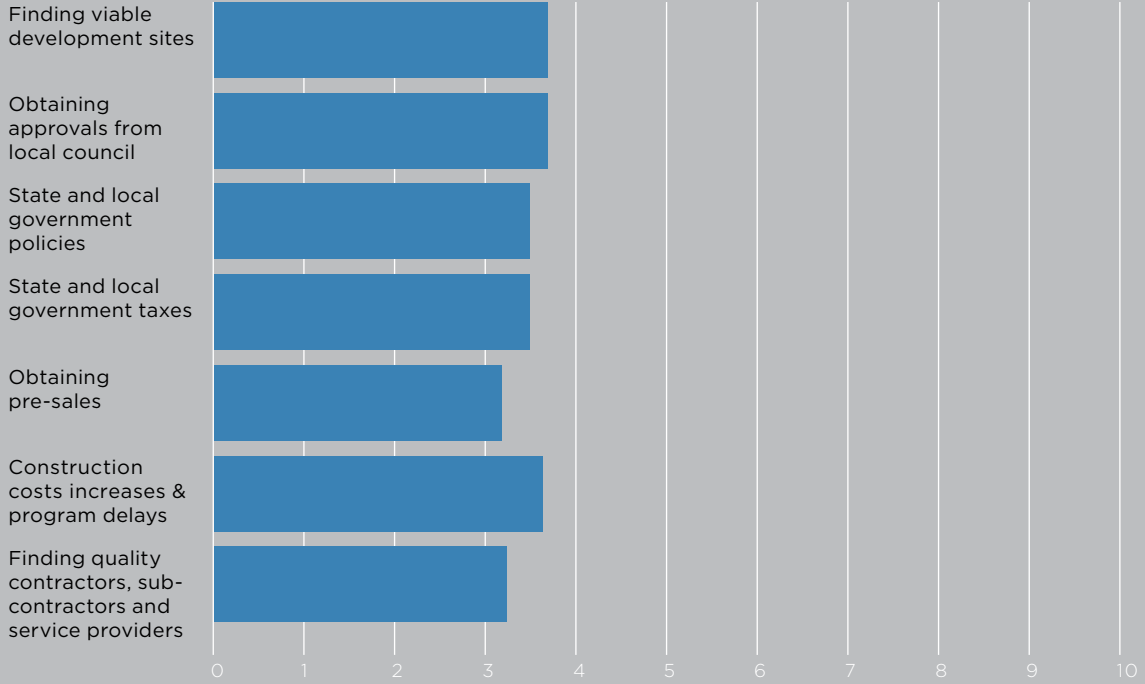


Who responded?

Just over 60% of those surveyed were property developers with the remainder property investors.

Of the property developers surveyed, the larger majority (42.8%) were smaller developers with an annual turnover of under \$5m per year, with the next largest group representing developers with a turnover of \$5m-\$20m per year. 10% of respondents were larger developers with a turnover of \$50m+ per year.

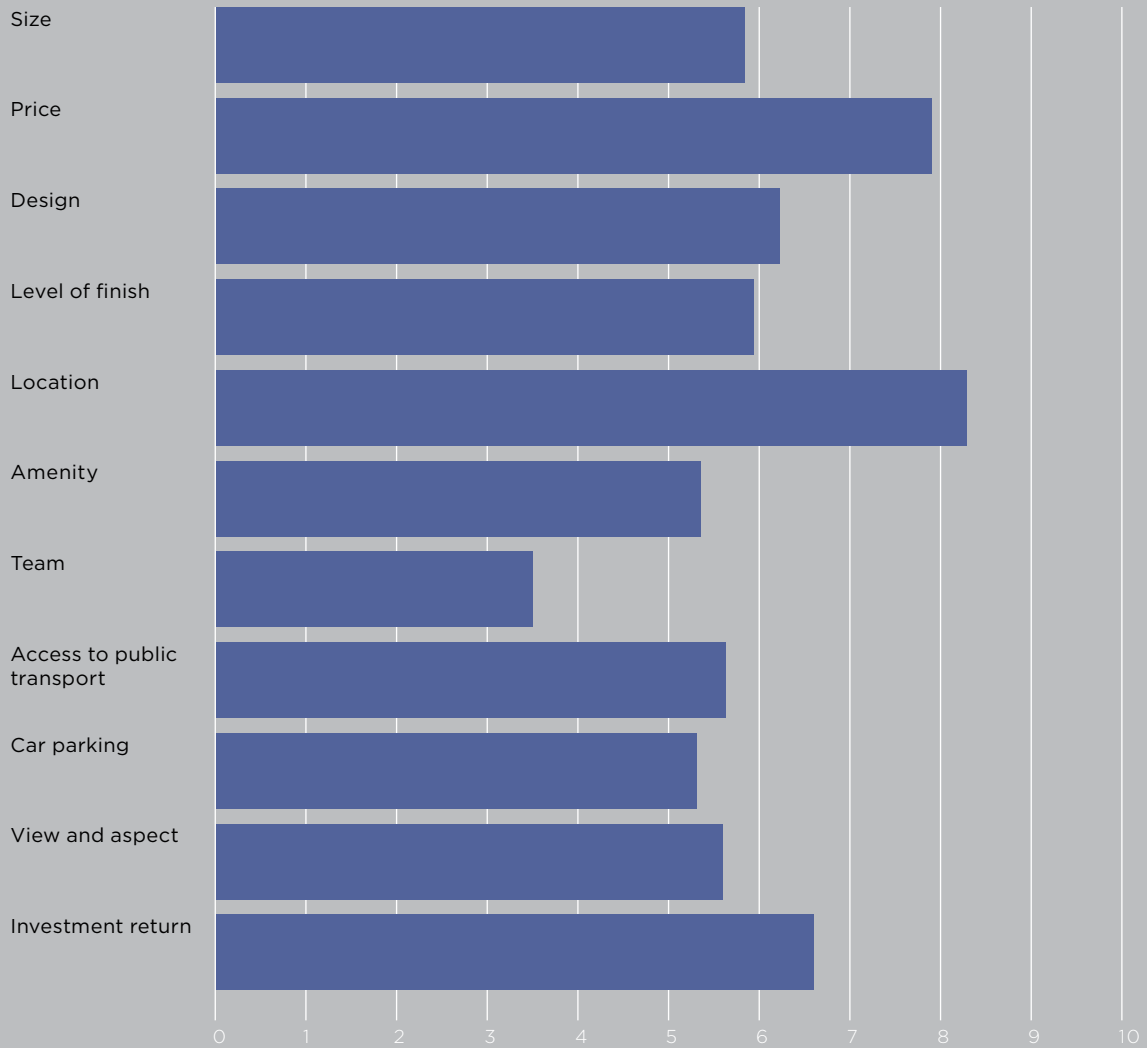
Q3 WHAT IS THE BIGGEST DEVELOPMENT ISSUE AFFECTING YOU AT THE MOMENT?



What issues are affecting active property developments?

Construction cost increases and program delays are impacting developers with 50% rating it a high priority issue. Changes to government policies and obtaining development sites are also impacting developers.

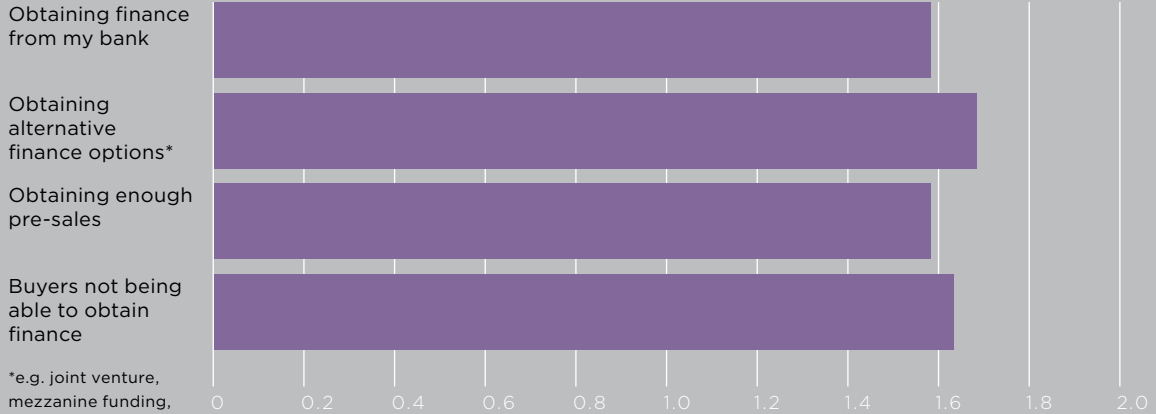
Q4 RANK THE IMPORTANCE OF THE FOLLOWING BUYERS' PREFERENCES



Location, then price

When it comes to finding buyers for properties, location was the most important factor in a buyer making a decision to purchase followed by price and investment return.

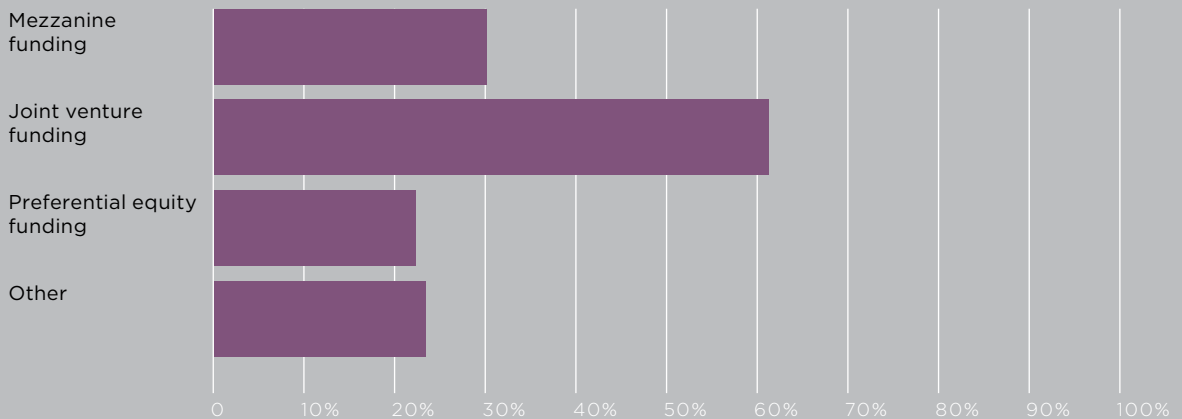
Q5 WHAT ARE THE BIGGEST FINANCE-RELATED ISSUES CURRENTLY AFFECTING YOU?



When it comes to finance and sales, developers are feeling the pinch

53% percent of developers said obtaining finance from their bank was an important issue combined with obtaining enough presages. 45% also rated buyers not being able to obtain finance as an important issue and also the need to look for alternative finance options such as joint venture, mezzanine and pref equity funding.

Q6 IN THE LAST 12 MONTHS, HAVE YOU INVESTIGATED ANY OF THE FOLLOWING NON-BANK ALTERNATIVE FINANCE FOR YOUR DEVELOPMENTS?

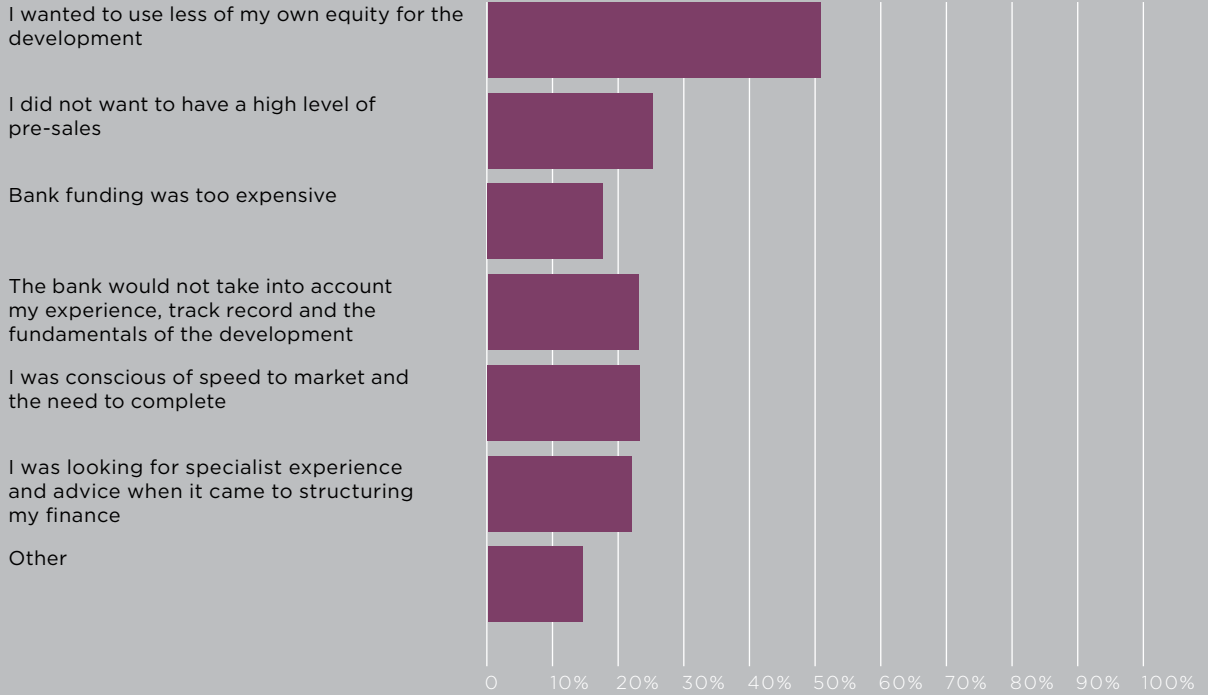


A new market is opening up in development finance

It's clear that developers are looking for alternative ways to fund their developments – with 60% investigating joint-venture funding, 30% mezzanine funding and just over 20% pref equity funding in the last 12 months.

Q7

IF YOU HAVE ACCESSED NON-BANK ALTERNATIVES, SELECT THE MOST RELEVANT REASONS FOR SEEKING ALTERNATIVE FUNDING

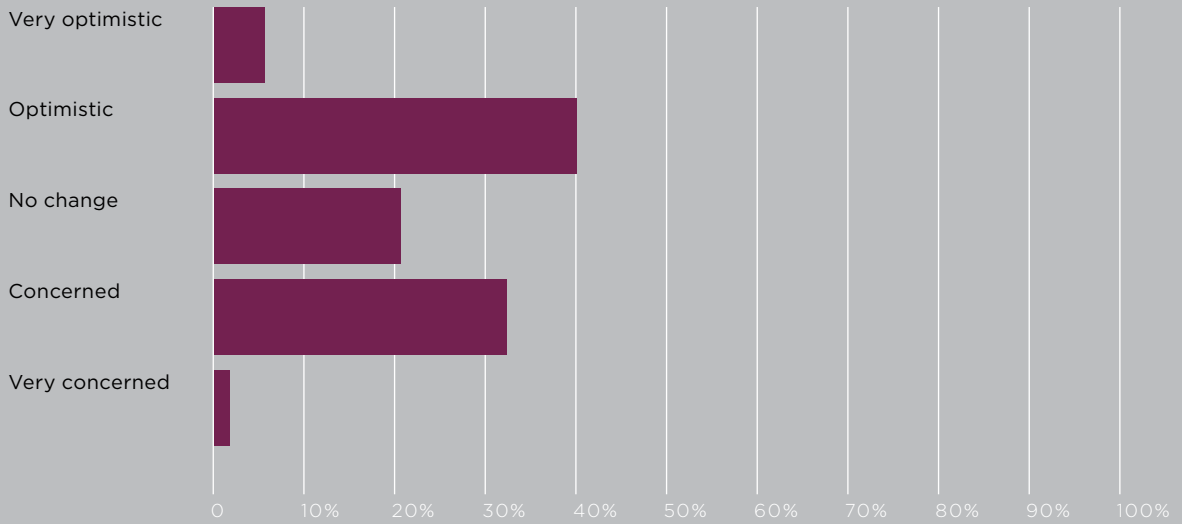


Why are developers looking for alternative sources of capital?

Developers are looking to preserve their own capital when it comes to funding (50%) and banks are not taking a wholistic view of a developer’s track record and the fundamentals of their projects (27.5%). Others are wanting to look for funding partners who do not require a high level of pre-sales (27%), are looking for ways to gain speed to market (23%) and also wanting specialist experience and advice when it came to structuring finance (22%).

Q8

HOW DO YOU FEEL ABOUT THE OUTLOOK FOR THE NEXT 12 MONTHS COMPARED TO THE PREVIOUS 12 MONTHS?

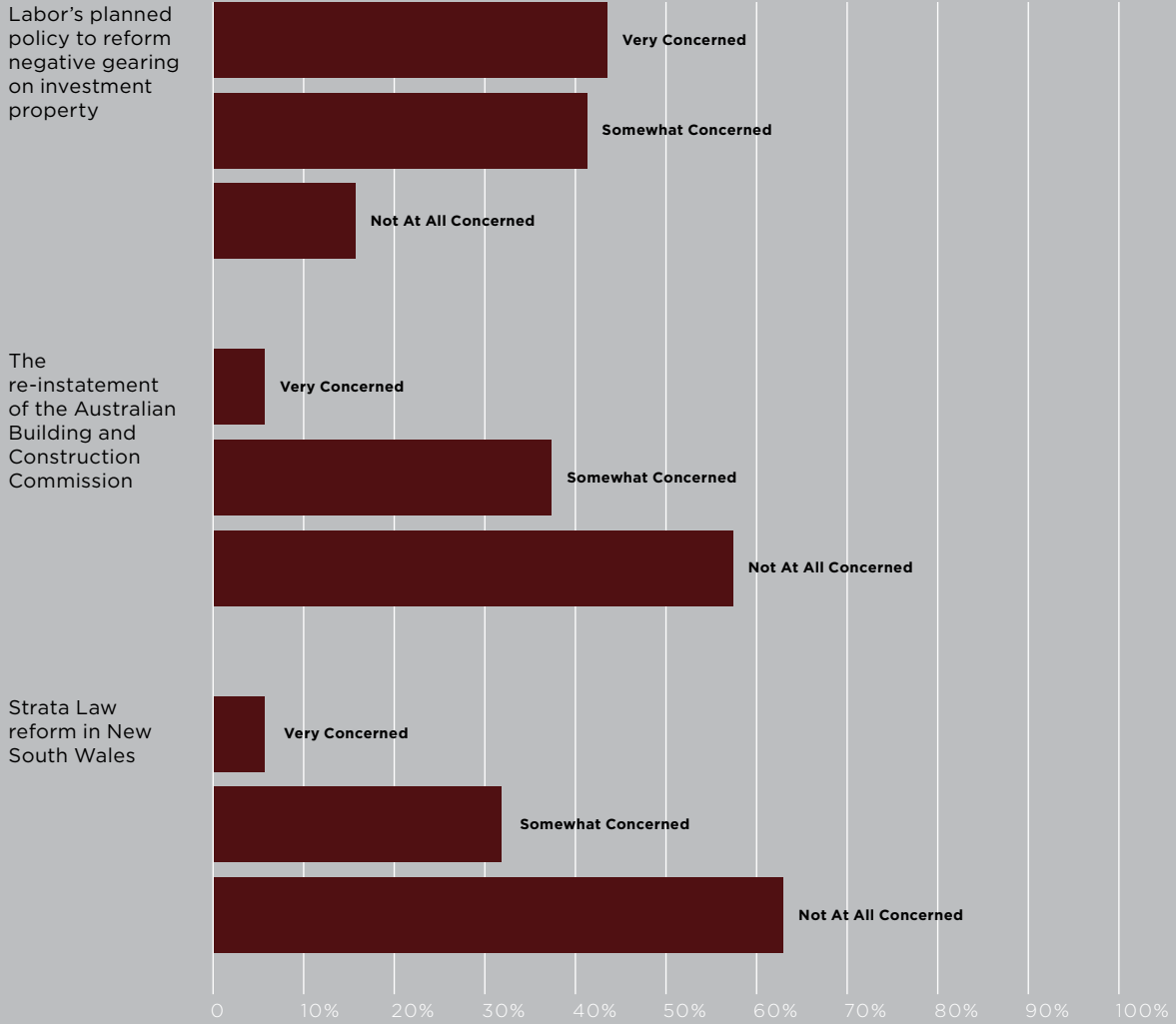


Optimism countered with caution

Despite the tightening in the traditional banking market, developers still see plenty of opportunity with 40% feeling optimistic about the outlook in the next 12 months compared to the previous 12 months. However, many are concerned (just over 30%) about the outlook in the next 12 months compared to the last 12 months.

Q9

HOW CONCERNED ARE YOU ABOUT THE FOLLOWING POTENTIAL POLITICAL CHANGES?



The role of politics and legislation

Leading up to the 2016 election 43% of developers were very concerned about Labor’s planned policy to reform negative getting on investment property, indicating investors are considered a key driver of sales. Less of an issue was the re-instatement of the Australian Building and Construction commission (37.22% were somewhat concerned) and Strata Law reform in NSW (31.67% where somewhat concerned).

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