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Loans for large projects are still out there for developers with good track records, according to NAB

## Cash still on tap for solid projects

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A LEADING lender says Gold Coast projects seeking more than \$50 million were not 'out of the question' – but they needed a strong track record.

NAB's Queensland property finance director, Tony Boyd, said despite tight credit markets hampering the Gold Coast development industry, well-planned projects would be given strong consideration.

Mr Boyd was addressing a workshop at Bond University late last week, where more than 150 development industry representatives sought tips on how to secure finance in tight credit markets.

Developers say they are increasingly being stalled because of the lack of debt available since the Global Financial Crisis.

Industry figures fear the lack of funding, combined with the council's lengthy approval process, could hurt the city's economy and make it hard to supply homes for a growing population.

"It's all about quality. There will be greater emphasis on lending money but greater emphasis on track records of borrowers," said Mr Boyd.

Tony Boyd said there were ways that developers could make deals attractive to lenders, including:

- The more project funds sourced under \$20 million, the more lenders will be available
  - Residential projects worth \$400k-\$600k are considered more attractive for funding
  - Smaller development stages are preferred to reduce peak debt
  - Starting marketing and sales activity early
- He said developers would get only one shot at funding and must prepare accordingly.

"It's about the ability of the builder, for example, being able to meet any cost over-runs and complete projects on time."

He said the outlook was for incremental recovery but well-planned and presented projects still would be attractive to lenders provided they met the present restrictive guidelines.

"Frankly, the banks want to help the industry but it's a year where both sides of the equation have to face facts," said Mr Boyd. Sustainable Development Gold

Coast Inc (SDGCI) president Greg Short said it was back to the drawing boards for developers – no brochure gloss or fancy hypotheticals.

Provident Capitals Queensland development manager Greg Dell said the industry had been given a 'clearly chartered course' to accessing funds.

"The message to development companies is that financiers will be much more favourable towards vanilla deals – the ones gaining approvals and that can be up and ready within 12 months," said Mr Dell.

"Financiers want to eliminate risks more so at this time, so trailblazers, especially from land banks, are off the menu."

AMW's Alton Abrahams said banks required a more 'stable funding mix' and projects seen as difficult to mount quickly and profitably would go on the back-burner.

"We are seeing listed property trusts returning to this market, but only in the capital cities," he said.

"Queensland is lagging in the property pick-up and generally having to rely on regional-based funders."