

TURNING POINT 2010 CONFERENCE

Session 1 address:

“Finding positives in a capital calamity”

My name is Peter Mitchell, I have been in the property industry since 1980 starting out as a cadet industrial real estate agent in Sydney.

I moved to Queensland in 1981 because of its great climate and stayed here when I met my wife. We went on to have five children with two of them being here today.

I have primarily only developed commercial property.

I have had my ups and downs ,more downs than ups but now that I have turned 50 just recently and finally matured, I think I just might have a few more ups than downs.

You may know the suburb of Chirn Park, I went into Chirn Park and developed the spot on Musgrave a retail corner strip shop development in 2004.This development set the tone for Chirn Park now to become a trendy restaurant precinct with associated fashion and other retail shops.

Another development you may know is the Mill Shopping and Service Station development at Mudgeeraba situated on Somerset Drive and Gemvale roads near Somerset College.

Currently on the Gold Coast my next development is the redevelopment of a 30000m2 commercial site located on the corners of Bermuda and Reedy Creek Roads.

For a number of years I had wanted to undertake a major development but had been beaten to the punch by other developers or could not raise finance.

Finally along came a 50 H.A. parcel of industrial land at Murwillumbah.

When I was first approached by the agents, I sort of did not get excited. However they were great agents and convinced me to jump in their car and take a drive down to the Tweed.

I was astonished with what I saw.

It was the foundations of what I could see I was looking to develop.

This one drive opened my eyes as to what the Tweed has to offer.

I SAY TO YOU ALL HERE TODAY, TAKE THE DRIVE.

YOU WILL NOT BE DISAPPOINTED.

THIS IS NOT FRONTIER LAND, THE TWEED IS PART OF THE GREATER GOLD COAST.

Far better developers than me have taken the drive such as Bob Ell, this man is a visionary.

Mr Ell is seeking to develop two res sites of some 10000 homes and town centres.

The late but great Mr Brian Ray, he saw the light and started Salt.

Mr Don O'Rourke joint founder of Consolidated Properties is still developing Casuarina a most significant residential township.

You now have Stockland's developing a res estate

However, not even these deeds of greatness by those developers have firmly put Tweed on the map where it rightly belongs.

For decades the NSW Government really have by passed Tweed as a regional growth centre, preferring to let Sydney out grow itself.

Now , however the tide is changing in the Tweed.

When we refer to the Tweed , we should not only speak of Tweed but also of the Shires of Ballina and Byron Bay.

These areas have tremendous growth opportunities.

Colliers International Real Estate agents have recently confirmed the region as a hot spot for property and prosperity.

The Tugun By – Pass has seriously helped push the awareness of these regions.

This simple infrastructure project has created the road to connect our two municipalities.

It is now a seamless border

I have not mentioned one of the main reasons why this region is going to explode with population and services growth.

One of the main driving elements is the cost of the product.

We have the cost difference.

This is why my 350 million dollar light industrial estate is the forerunner to making Tweed a huge industrial service and employment provider.

If you think of industrial , Yatala probably comes into your mind. I suggest you take a look at my estate and see the difference.

It is simple, my prices are the lowest in the entire Greater Gold Coast region.

You can buy homes, new homes today from Stockland's at Murwillumbah for 349,500.00.

You can as well pay many millions for a residence in the region but for point of entry the Tweed has the price difference when you are comparing apple for apples.

The lifestyle in this region is now starting to be recognised as an alternative to other locations north of Tweed.

I live at Bangalow in the Hinterland behind Byron.

It is interesting to note ,each Saturday morning the main street of Bangalow is out- parked by Queensland number plates to NSW locals

I know for a fact some of these cars are from Brisbane. More and more holiday makers from Brisbane are coming across the border rather than go to Noosa and alike towns.

Lifestyle is a very important factor to more and more Australians and migrants.

I have a farm where you can still see platypus swimming in the stream, not just one but many families of platypus.

You can still drink the water from the stream.

Another topic which is very serious is one of support to developers from Local Authorities.

In the Tweed there is an organisation known as the Tweed Economic Development Corporation.

This is not some quango government job for the boys and ladies.

The name of it says it all, Tweed Economic Development Corporation.

It is the to help provide advise to businesses to help grow the region with services to the consumer.

It is headed by a man by the name of Tom Senti who I understand is here today.

A man who is passionate about the region .

Tom is a no- nonsense bloke who has the facts and figures and will let his tongue do the talking.

He is an emotional persons but not with the facts.

I have never come across such a war chest of facts that Tom has put together on the Tweed.

One of the reasons I am at Tweed is because of Tom's team of dedicated scholars.

I say to you all, go to their web site and read the blessings because if you were not convinced of economic growth in this region then you shall be after you digest some of the facts and figures the development corporation has put together.

I would like to say, it is my view that as Developers and Consultants to the industry that we should act as a force and request Local Authorities put in place far better methods of dealing with applications.

It is my opinion, Council Officers can form a view which is not in the best interest of communities.

IT IS ALSO MY VIEW ELECTED OFFICERS CAN ALSO FORM THE INCORRECT VIEW BECAUSE OF A VOTE.

We must start getting the word out in the streets that this region, THE ENTIRE GOLD COAST REGION depends upon the development industry for a large % of its employment.

If we as developers cannot obtain approvals then this region will not prosper.

If we as developers obtain approvals that we cannot adhere to, then this region will stagnate.

Local authorities must act in a more professional manner.

I am pleased to say, I find the Tweed Shire Council a progressive administration but it still has heaps of improvement AS DO DEVELOPERS.

I have and hope to continue to have a good working relationship with the Shire.

They have supported me because I will create employment for their region.

If the shire fails to get employment growth within a couple of decades I think it will be broke.

It needs new residents, its needs development.

We must work together as a team.

We should try to embrace councils to work as a team rather than us against them.

On both sides of the fence mistakes have been made, but it is time, especially in these harsh economic times that Councils and the development industry work closer together, not just on charges TO THE DEVELOPEMENT but swift movement of applications.

If we have swifter approvals then some of the charges can be absorbed as we are not laying idle paying interest on our holdings whilst we wait for approvals.

I urge you all to consider, trying to pursue councils to work far closer together than is now occurring.

Bashing councils will not work. Going stride in stride with them will work, as long as they want to also walk with us.

PART 2

I have been asked to explain how I am still doing deals when we and are still experiencing the worst economic period of my time on this earth.

Well let me tell you , I have no Jeanie in the jar or cash buried on the farm.

It has simply been hard slog and convincing my banks we have the product and don't lose faith.

Time will fix our sales rate.

Time will always fix a calamity.

This disastrous economic period I do not think can be compared to the Whitlam years.

The Whitlam years was a different period when labour costs whet sky high due to the red bearing card holders of the Labor party.

Inflation soared, unemployment sky rocketed and the lefties got left with little but their dreams.

Gough failed for many reasons but one of the main factors was that his Government could not manage the books.

They borrowed and borrowed but had no plan as to how they would pay it back.

Am I seeing a similarity with this Fed Gov?

Our banking system in laymen terms has fundamentally broken down due to lack of liquidity.

This was in the first instance caused by the global equity crash but further enhanced in my opinion when the major banks were guaranteed by the Feds.

Many of us rely on institutions' money ,either 100% or a mixture with the major taking a part and the institution taking up the balance.

I feel fortunate as I am funded by a finance institution not a mainstream bank.

I would not be here today unless my banks and I worked as a team.

Today more than any other time, a team relationship is in my opinion the vital number 1 tool for survival with your bank.

It is not the interest rate, it is solely the relationship.

If you do not have a relationship you are simply a number and when your number comes up 'on the not too good list' then you are a dead man walking.

Let me tell you there are still a lot of dead men walking.

The team players with me are just not the bank.

They are also my dearly respected consultants.

I am honoured to have on my table today some of my other team players.

They are the forces behind me supplying the product.

Without them, I frankly would be not able to deliver the quality product.

I feel that if I had been with a mainstream lender and without my team members then, I may not be here today.

Most recently I introduced a finance scheme to sell my land.

It is quite simple. If you have 10% deposit my bank will then fund you 40% of the purchase price and ask you to borrow the final 50% from your own bank.

I will then pay your interest for 2 years on the 90% borrowed plus your stamp duty and acquisition costs.

I launched this marketing initiative some months ago and to my surprise was not rundown by the buyers.

After research it became clear that my offer was taken by the general market to be just too good, so where was the catch? There was none.

The other problem has been that the Fed Gov has been just till lately putting out bad news; we're all going to peril.

They may as well been telling everyone to run to the hills.

Recently I sold the Bunnings development that moved into the estate on a building I designed, constructed and leased to them.

I took it to Melbourne where the buyers have been hanging out.

Up here I was told by the leading agents, the Tweed is still the back blocks and I would be lucky to get a yield of 8.5%. better watch out Pete, you are going to burn on this one.

Well , I am glad I did not listen to all of them.

On the day there were 4 bidders the property sold under the hammer, 400 thousand above my banks Valuation and 600 thousand above the agent's expectations on the day.

Since then the market for the estate has turned for the better.

My finance offer is starting to attract attention that it is real and as good as it reads and sales hopefully shall shortly be coming down my way.

I also have a few tenants interested with having specific buildings built for their needs and I'm about to commence construction on some spec buildings to generate more enquiry.

I feel very humble to being afforded the opportunity to speak as just one developer out there to typify the need to belief in yourself. Thank you for listening and I wish you all the best.