What you're doing. “My mentor always said, ‘You've got to think big, but start small.’”

**LOCATING THE UNLISTED PROPERTY**

If there’s one thing Graeme demonstrates, it’s being proactive. He found the perfect splitter block on one of his routine drives around Brisbane’s bayside suburb of Wynnum.

“The owner had a For Sale sign out the front. It wasn’t listed with an agent or advertised anywhere else,” Graeme says.

He called the owner immediately, crunched the numbers, and did a quick check of sewer and water locations. Knowing the project would work, he arranged to meet the vendor first thing the next morning.

“I knew at $480,000 this project would work,” he says.

“After a quick look around I remember the owner saying I suppose you’ll like time to think about it?”

Unbeknown to her, Graeme had turned up that morning with contract in hand and $1,000 in cash for a deposit ready to go.

“Instead, I replied, ‘I’m here to buy your property,’” he says with a laugh.

The terms Graeme negotiated were a 14-day due diligence, which included:

> The right to make a development application to council.
> The right of access for consultants to the property during the due diligence period.

“She agreed to all these conditions. I made an offer at $470,000 and we agreed on $473,000,” he says.

Graeme’s feasibility projected he’d make $120,000 profit on the project within a three-month timeframe.

**BECOME AN AREA EXPERT**

Step one, Graeme says, is to know the area before you even find the deal. “Otherwise you’ll find something and not know if it’s a deal because you don’t know the area, or how prices stack up.”

Graeme deliberately sought out the suburb of Wynnum to begin his property projects.

“I spent three months in the beginning, getting to know the area intimately. Today, I’m on the agents’ hotlists – they send me out an email, call or text message when properties come up. Every time I’m there I drive around the area.”

Why Wynnum? Graeme says it has all the elements he was after including:

> Big blocks
> Old houses
> Changing population
> And the city council identified it as a new growth hub in the 2014 city plan.

“Since they’re spending money there on infrastructure and there are a lot of the zoning changes.”

There are three clear areas of Wynnum according to Graeme.

“One side of Tingal (Road), the other side of Tingal Road and then waterfront. I like to stay at the lower end of the market, because there are more purchasers at that end hence you can sell quicker.”

**UNEXPECTED DA CONDITIONS**

Graeme used the 14-day due diligence period to get quotes on the demolition of the house and prices to put sewer and water connections to the other block.

“Prior to settlement, I advertised the house for sale and removal on gumtree. I had quite a bit of interest but because it contained so much asbestos it was an issue, I even tried giving it away,” Graeme says.

Giving away the house could have saved $15,000 in demolition costs.

“In the end demolition was only way to go. This took a little over a week to strip the asbestos out and demolish the house,” he says.

After the due diligence period was over, Graeme engaged a town planner to submit the development application for reconfiguration of the block, known as a two into two-lot subdivision.

“This was approved just prior to settlement,” he says.

The development approval contained a few conditions Graeme wasn’t expecting:

> Provision of stormwater for the back two blocks.
> Twenty metres of footpath along the front of the property (and the only section of footpath in the whole street).
> Provision of “street trees” along the footpath.
> An easement for the stormwater.

“Decided not to try negotiate these conditions as I’d received conflicting advice, although in hindsight I probably should have,” he says.

Graeme contracted an engineer for the stormwater drainage design.

“It cost me about $16,000 more for the civil works. I had to get plans drawn up by an engineer for the location of their services,” he says.

“I went for the cheapest quote, but the service I got and the time to get this done was painful. So I got what I paid for.”

Graeme says communications with the engineer, getting the drawings and then later signing off on the operational works, was frustrating at best, as he wasn’t able to progress with the stormwater without those drawings.

“For the sewer and water I went with Queensland Land and Urban Utilities using their standard connection application.”

**JOINT VENTURE PARTNERSHIP**

Graeme is the man with the plan and his JV partner is the one with the open wallet. Having a JV partner financing

MY MOST PROFITABLE DEAL

Graeme Jarry

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MARCH 2016

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<table>
<thead>
<tr>
<th>THE NUMBERS</th>
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<tr>
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the projects while Graeme does all the legwork is how he commenced doing "no money down" deals. “I found a partner who had the money and so I don't need the banks. My JV partner funds the project 100 per cent. I give them a timeline of funds that will be required. “So, I find the deal, I organise the contracts, the development approval, all those sorts of things even right through to selling the blocks, and we do a 50/50 split of the profit at the end of the deal.” We’ve all heard of horror investment stories where people are financially ruined by dodgy deals, so in a day and age where trust and reliable relationships may seem hard to come by, how did Graeme secure his partnership? Graeme says he’d completed a previous development with them in Wynnum, so this project was simply about making a phone call and relaying the numbers before he got the go-ahead. Starting out, however, Graeme had to produce a very detailed feasibility plan. “In the beginning, I did a two-page costing feasibility on the proposed development. I also completed a 15- page market feasibility as well, because I had never met my partner before. The 15-page document was about the demographics of the suburb, what was happening there, what sort of population was there, the incomes, what type of developments are going on, and the like, “he says. “You lay out what all your costs are and what you expect to make out of it. You itemise everything step by step and then state what you expect to sell for. “At the end of the day, my JV partner went off the two-page feasibility, because they could see the numbers stacked up. They said I came across as trustworthy and I sounded confident in the numbers I’d given them, so they were prepared to go ahead. “I like to make the deal a win/win for both of us. “In the past Graeme put in endless hours of local market research before he found a deal. “But all that work and research I put in during those initial months keep paying me back dividends over and over again now.”

**UNLOCKING WIDOW BLOCK POTENTIAL**

Normally when you do a development, Graeme says, you have to pay council contributions. “And this is about $28,000 for each new lot you create.”

Graeme had heard of a town planner who was getting development applications through on widow blocks without having to pay the contributions. To track this town planner down Graeme once again put into use his research skills. “Through the council PD online website I looked up past DAs and found who the town planner was on those previous applications,” he says.

A lesson in having the right team of professionals around you, Graeme says having this town planner on board potentially saved him $28,000. “It was worth the hours of work I put in trying to find him,” he says. “His argument was that the lots already existed and we’re just reinstating them back to what they originally were. So it came down to the argument he made, as to why there should be no contributions payable.”

**THE UNFORESEEN COSTS**

Graeme says the street where his development is located is roughly three kilometres long and the only footpath along that street now is the 20-metre street frontage he was required to put down by council. He says this was an unforeseen cost of roughly $2,500. “It was getting closer to Christmas and it wasn’t a big job, so I had trouble organising contractors,” he says.

The street trees he had to supply were a problem, too. “It seemed to take forever and I had to wait on council to organise it. In the DA the council stipulate how many and what kind of trees,” he says.

Despite the hassle, Graeme says there’s a lesson learned here, as there is in every development. “In future, I’ll just include footpaths and trees into my costs, and if I don’t have to do it then it’s a bonus,” he says.

**CRISIS AVERTED**

Towards the end of the development, Graeme received a phone call from a neighbour to say there was water leaking from the block. “I went to investigate and water was pouring from the meter box. I lifted the lid and the meter blew off,” he says. “Now there was water gushing down the street. I rang the water authority and advised them what had happened thinking I’d be up for the cost but to my relief they said it was their responsibility as they’d just made the new connection.”

Upon completion the two blocks were roughly 403 square metres each in size with a 10-metre frontage. To avoid paying agent’s fees, Graeme contacted several builders and offered his blocks as house and land packages. Graeme was actually able to sell off both new allotments for $330,000 just two months after settling on the original property. “It costs you nothing and that’s the way I’ve always done it. I offer my block for $330,000, for example, and ask if they want to package it up, and of course they do because most of the time they don’t buy land,” he says.

“By going to multiple builders, I’ve got the same block of land on the real estate websites multiple times and it’s got a lot of exposure and is also marketed through their database of people. “The project took nearly eight months, which was longer than expected. Instead of $120,000 projected profit, we still made $106,000 after all expenses and GST was paid,” Graeme says.

Splitting the share between him and his JV partner, Graeme says he’s planning to complete about five or six of these projects a year. While Graeme has stuck to the mantra of “think big, start small”, after a few of those Wynnum projects under his belt, he’s now moving up into the next realm, with a 2,000-square-metre block under contract, which he plans to divide into five lots.

Graeme’s tip for starting developers—hope for the best, prepare for the worst and expect to be surprised. “Not everything goes to plan most of the time. It’s about how you manage the things that come up and working out how best you can get through those issues.”

Given the unfortunate name, you might’ve guessed there’s an old wives tale that comes along with the name “widow lot” and the story goes a little something like this. Born out of the Second World War, the term was used in reference to how the lots were reconfigured (in diagonal shape) to prevent wives from selling off lots from a holding while their husbands were away fighting war. But based on historic evidence, Anthony Bere-Streeter, Town Planner and Director of ABS Town Planning says this is unlikely to be true. “Widow lots were registered between 1942 and 1949. Between the late 1920s and early 1930s during the Great Depression, Brisbane City Council acquired many lots due to rates being in arrears,” Bere-Streeter says.

“Between 1940 and 1952 John Beals Chandler was the Lord Mayor of Brisbane. Chandler had a vision for larger house lots and significant green belts throughout the city. Anecdotal evidence suggests Chandler had an aversion to 16-perch lots and while he couldn’t do anything about the thousands already in existence he could consolidate holdings owned by Brisbane City Council.

“As a consequence, a process of subdivision with amalgamation of titles was implemented during his term in office to create large sized lots. Most plans are signed with Brisbane City Council as the registered owner. These large lots were sold with a condition that they remain on one title. “Widow lots are particularly prevalent in Northgate and Wynnum [in Brisbane].”

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