



‘I did my best in all I have built. One must understand a lot of time is wasted on democracy and a lot of beauty is sacrificed.’

WELCOME TO THE BILL



HARRY TRIGUBOFF: I DID IT MY WAY

Billionaire property developer Harry Triguboff has transformed Sydney. Single-handedly, his developments brought thousands of people back to live in the CBD in the 1990s. His 78-storey World Square tower is his masterpiece, he tells *The Bill* in this exclusive interview.

In the interview, Mr Triguboff reveals that if he hadn't been a developer he would have been a historian.

“But I'm glad that I am a property developer and not a historian because I make things and a historian only talks about things,” he tells *The Bill*.

In a fascinating interview, Harry talks about his first investment at Tempe, how he would invest \$20,000 if he was starting out today, and comments on the tough side of being a developer in Australia.



The full interview is on page 3.

‘Hello, and welcome to the first issue of *The Bill*, a title derived from the quantity surveying term *The Bill of Quantities*.’

I like the title *The Bill* because it reflects the facts that first, this is a newsletter from Quantity Surveyors to the property market; and second, because it conveys our intention to analyse the cost issues facing the industry. At Washington Brown, we've been providing professional management services to property investors since 1978.

The new Washington Brown/Reed Construction Costs report (see page 4) will be a handy tool for developers and investors.

We hope you enjoy *The Bill* and we welcome your feedback and suggestions at thebill@washingtonbrown.com.au

Tyron Hyde.

WASHINGTON BROWN FINDS THE NUMBERS ADD UP AT ILLOURA

Washington Brown has played a vital role in ensuring an innovative proposal for a new residential community at Berowra, on Sydney's exclusive north shore, could be brought to market successfully.

Urban Pacific, a wholly owned subsidiary of Macquarie Bank, is developing a 60-lot subdivision on the site of the former La Mancha Caravan Park.

Known as illoura, an Aboriginal word meaning peaceful place, the development with Masterbuilt will feature architecturally designed homes built on a 6.5 hectare elevated bushland site.

Washington Brown was engaged by the finance company Capital Finance to work on illoura, a sought-after assignment that presented a number of challenges as the developers went through the process of assembling their project.

"Subdivisions can be quite exciting to work on, particularly in a case like this where the developers are working on an existing-use site with the caravan park," Washington Brown Director Greg Hedley said.

"This type of development tends to evolve and change shape a bit over time, depending on things like approvals and financial viability of what's proposed. For example, at one stage it was proposed to have units built on the site but the plan eventually became a land subdivision for housing."

At illoura, Washington Brown had to take a number of factors into account when advising Capital Finance

Illoura offers a range of community facilities, including a tennis court.



“This is some of the last available land in the area with spectacular views of the surrounding National Park and minutes away from the Hawkesbury River, yet it's also well located just off the Pacific Highway and with a train station up the road.”

Greg Hedley.

on the ongoing feasibility of the project, including:

- The joint-venture partnership between Urban Pacific and Masterbuilt;
- Four display homes were built on the site, making the project a mix of subdivision and home construction;

- Extensive environmental works were planned; and
- Community facilities including a tennis court will be provided.

"We were instructed by the finance company to audit the construction costs and the approvals documents, including Development

Approvals and Construction Certificates, as well as looking over the building contracts and agreements," Mr Hedley said.

"In projects like illoura, it's our job to advise the finance company on whether the developer's cost estimates are reasonable. "It's ongoing throughout the development, with our job to constantly review the progress claims from the builders."

The project has strong sustainability elements, including a bushland regeneration program and the creation of a stormwater retention wetlands system.

There's even a working windmill on-site for the wetlands water pump.

Mr Hedley said Washington Brown was delighted to work with Urban Pacific on a quality residential development.

"This is some of the last available land in the area with spectacular views of the surrounding National Park and minutes away from the Hawkesbury River, yet it's also well located just off the Pacific Highway and with a train station up the road," Mr Hedley said.

"Having access to good transport links is very important for working people when it comes to choosing a lifestyle location like illoura and the convenience of the location certainly adds to the value of the development."

Urban Pacific says the homes will have internal living areas up to 420 square metres. They have had buyer interest from the local Hornsby Shire region, as well as from the Central Coast market.



HARRY TRIGUBOFF: I DID IT MY WAY

> cont. from pg1



Q: Where was your first development? What was it and was it profitable?

Smith Street, Tempe.

It was eight two-bedroom apartments. It cost 17,000 pounds and then sold for 26,000 pounds. It was very profitable. And I was very happy with this effort.

Q: Please finish this statement: "If I hadn't been a property developer, I would have been ..."

A historian. But I'm glad that I am a property developer and not a historian because I make things and a historian only talks about things.

Q: Over the next year where would you put your money? Industrial, Commercial or Residential?

All in residential because I'll always be assured of a tenant. Due to under-supply, rents continue to rise and eventually the prices will sky rocket.

Q: If you were given \$20,000 to invest today, where would you spend it?

I would buy mining shares.

Q: Of the many projects you have been involved in, what is your favourite? And why?

I love them all. But I must always say World Tower because it's the tallest and the most beautiful. I did my best in all I have built. One must understand a lot of time is wasted on democracy and a lot of beauty is sacrificed.

Q: What's the best decision you have ever made as a developer?

When I bought the ACI site.

Q: What is the hardest thing about being a developer in Australia?

The hardest thing about being a developer in Australia is to cope with the fact we have no people and we are not making an effort to make Australia a bigger place.

The second problem is that we have this great fear of inflation when we are the cheapest country in the world.

And the third problem is that we have a horrible bureaucracy with crazy rules.

Q: We often hear about big projects coming undone because of "cost blow-outs". How do successful developers contain costs?

In my opinion one person should be the developer and the builder. And if costs blow up in the building site then there is still profit to be made as a developer.

On the other hand if the market goes down, then there is still the profit that the builder could make. But by being only a builder or only a developer one could get into a bit of trouble.

Q: Put aside planning restrictions, heritage orders and so on: as a developer, what site in Australia would you love to get your hands on and what would you like to build there?

I love the South Sydney area. And I have picked up the best sites over there and I am very glad that I've done them, and if the market becomes better then I have my eyes on another site not far from South Sydney, which I will probably buy. But it will have to wait until the market improves.

Q: What have been the major influences in your life as a developer?

Major influences in my life as a developer are the way we deal with the unions, the way we deal with the labour force, the way we deal with people in general, with the banks. To be a developer you have to be quite clever in dealing with all those different bodies. And they influence your life and you are sort of never the same again.

EASE IN SUBCONTRACTOR RATES

Rates being charged by building industry subcontractors are falling as construction work dries up in many Australian centres, according to the Washington Brown/Reed Construction Costs Indicator survey for the first quarter of 2006.

The survey of builders around Australia monitors price movements within the construction industry subcontractor labour market.

According to the survey, labour rates for many trades across the country have stabilised, while some sectors reported falling rates.

Washington Brown Director Tyron Hyde said the easing of labour costs in the construction industry was likely to be good news for developers in the short to medium term.

"Lower labour costs definitely increase the viability of construction projects getting off the ground," Mr Hyde said.

"The current cycle appears to be one of flat, or lower costs in terms of labour rates because

the number of projects being built generally has fallen. Over time, the fact that fewer projects are being put together means that demand for space, both residential and commercial, will rise. "The combination of increased demand and lower labour costs should act as a market stimulant in the future."

Mike Bartlett, marketing manager for Reed, said: "Many factors contribute to the changes in rates, with the type and volume of work having the greatest effect on labour availability.

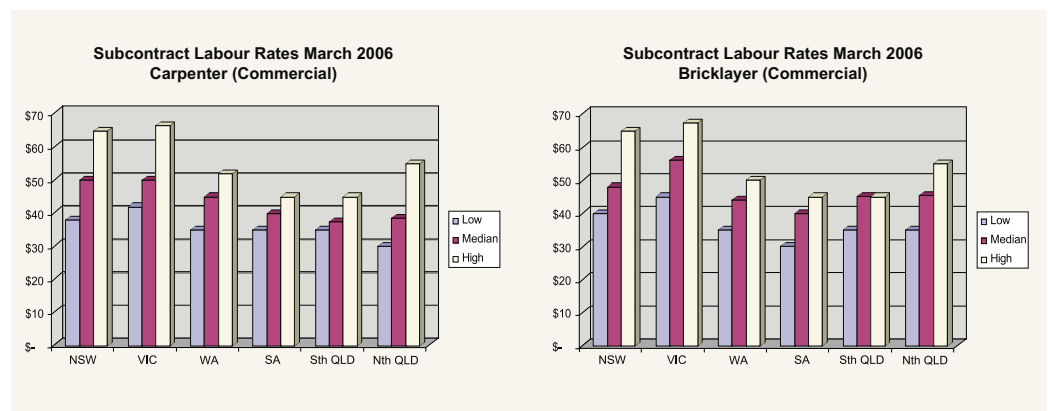
"The slowed growth in work has started to flow through to the rates subcontractors charge. The first quarter has shown a steady start to the year for 2006, with an increase expected to follow the trend of recent years during the second and third quarters."

The survey shows that despite the pronounced and well publicised construction slowdown in NSW, median labour rates are still higher in the largest state in most categories, including plumbers (\$65 an hour), electricians

(\$60 an hour) and carpenters (\$50 an hour, equal highest with Victoria). But Victoria, also regarded as being in the midst of a slowdown, had the most expensive bricklayers at \$56/hr (median).

South Queensland had the cheapest median labour rates for plumbers (\$49/hr) and for carpenters (\$38/hr).

The most expensive rates charged were \$75/hr for electricians and plumbers in NSW; the cheapest rates were \$30/hr for bricklayers in South Australia.



Reed Construction Data's Cordell m2 BuildingCostGuide is a pricing database designed for building industry professionals wishing to estimate costs for complete buildings. To subscribe or for more information, call Reed Construction Data on 1800 80 60 60 or visit www.reedconstructiondata.com.au.

A FEW HINTS FOR THE ANNUAL PAPER FEST

Having all the information your accountant needs right from the start will save you fees and avoid your tax return being put aside.

- As a basic checklist make sure you have the following for each rental property:
 - Insurance; interest; rates; body corporate fees
 - Costs of repairs and maintenance
 - Management agent's statement (annual, not just for June); advertising costs
 - Legal fees (other than purchase costs); land tax
 - Kilometres you have travelled regarding the property
 - Incidentals such as phone calls and stationery.
- You can include meals, accommodation and airfares if they were necessary for you to inspect your property.
- If you were away from home for more than five nights you will need to keep a travel diary showing how each day was spent.

- If your property was built after 17 July 1985 and you have no other means of ascertaining the original building costs, you should engage a Quantity Surveyor to estimate this so you can claim depreciation.
- You are entitled to calculate a reasonable estimate of the second hand value yourself. But if you do organise a Quantity Surveyor's report this information will probably be included at no extra cost.
- If you are seeing a new accountant this year you will need a copy of your 2005 income tax return including the depreciation schedule for each property. This is the one prepared by the accountant not the one prepared by the Quantity Surveyor.

Julia Hartman is the principal of BAN TACS Accountants. For more tax tips, visit www.bantacs.com.au

Established in 1978, the Washington Brown Group is one of Australia's most respected quantity surveyor organisations, providing professional management services to property investors across the country. The Group, which specialises in calculating tax deductions for property investors, has access to 1,500 Property Professionals across Australia. This means Washington Brown can inspect any property anywhere within Australia inside two weeks.