

Property developers cash in on a hot market

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Property developers are enjoying a purple patch thanks to record-low interest rates, COVID-inspired government grants for buyers and the evergreen Aussie love for real estate.

As a result, builders are a feature of this year's Fast Starters list.



First Home Builders focus on the single-storey residential market.

Birkill Developments is among them. Managing director Brett Birkill says he set a clear growth path from the outset.

“We pushed from the first day and accepted prompt growth in the early days comes with discomfort, apprehension and a seat on the train that is not on the comfortable tracks.

“We knew nothing was going to be easy and fast growth would not occur without striving beyond normal industry practice.”

He credits the Melbourne-based property developer’s success to the buoyant property sector. Core Value data shows national home values are up 21.6 per cent for the year to 30 September.

Low interest rates and incentives such as state government first home owner grants as well as COVID are other factors supporting Birkill Development’s success.

The company specialises in selling more affordable properties that cost less than \$1 million.

“People want to invest in Australia, given COVID has restricted travel and offshore investment. Last year, six of our development sites sold out before construction even started.”



Managing director Brett Birkill of Birkill Developments.

Birkill is also known for his trades workwear and personal protective equipment firm Prime Mover Workwear, which he sold in 2017 for about \$15 million.

“We started with just two staff members, my now-wife Wandy and I, and we sold the business 13 years later with around 65 staff here and in New Zealand, Hong Kong and China.

“We began with \$30,000 of initial opening stock and zero customers day one. But soon after, we grew year-on-year for 13 years. Just like Birkill Developments we began on the ground floor and worked hard to grow up as we are continuing to do now in property.”

This business provided an indirect entrée for him into property, given the apparel company’s interests in the factories used for garment manufacture.

“We always bought our distribution centres and ended up going and out of several in Melbourne and Perth.

“When we sold the business, we owned and traded from our head office in Preston Melbourne, which was 6,000 square metres of commercial and industrial space and we also owned a distribution centre in Fremantle in Perth, which was 3,000 square metres.

“We have also been involved in rural and industrial property. But, of course, our focus now at Birkill Developments is on residential property.”

He says next year is about buying more development sites and continuing building its pipeline of work. “We want to deliver the best product we can and pass on value for money to our buyers.”

First Homebuilders is another Fast Starter in the property development sector that’s benefitting from similar forces to Birkill Development.

“Building quality homes and focusing on one segment of the market, namely single-story residential construction, along with heavy investment establishing the right processes from the beginning, has allowed us to grow without sacrificing quality.

“We are extremely proud of growing significantly at a sustainable rate prior to the announcement of any government grants to support the community through COVID. Our focus is always on processes that facilitate and enable further growth,” says director and owner Declan Cahill.



Declan Cahill, of First Home Builders.

But he does acknowledge government stimulus programs have provided an important support for the property development sector through COVID.

For instance, at the height of the pandemic the federal government launched the now-closed \$25,000 HomeBuilder grant for new builds and significant renovations.

“Federal and state government initiatives, along with rising house values, has created huge demand for bricks and mortar. In difficult times many people return to what they know and property ownership is an Australian passion.”

Based in Western Australia, First Homebuilders has not been unduly affected by COVID lockdowns.

But Cahill says the rising costs of timber and other materials are have created challenges for builders. Although industry conditions are returning to more normal settings now.

Says Cahill: “We have recently finished a couple of triplex developments and are focused on construction of a large volume of single storey residential homes, spanning a 128-kilometre radius from Alkimos in the North to Dawesville in the South.”

Small Projects Company is another Melbourne-based developer to make this year’s

Fast Starter list. The business works across the residential and commercial property sector.

It specialises in architectural renovations and extensions, rectifications of defective or damaged buildings, basement and structural works, commercial fit outs and repositioning of older buildings.



Business development manager Charlie Egan says the active property market, a team structure that can be quickly scaled up and strong financial management has helped the business thrive.

Confidence in the financial sector also means buyers and property investors are prepared to take on debt to finance property transactions.

Charlie Egan, of Small Projects Company.

“The federal government made good decisions and acted quickly in 2020. State government actions have been generally favourable to the construction industry, by allowing some level of activity to continue through the pandemic, even at reduced levels.”

Egan says SMSFs are starting to become more active direct investors in the property sector across a range of different sub sectors and as well as indirectly by allocating funds to listed and unlisted property trusts. “As SMSF investors become more sophisticated they are allocating more cash to property.”

He expects to focus on commercial developments over the next year as the CBD reopens and firms re-fit buildings to attract their staff back to the office. Expanding its presence in regional Victoria is another growth area for the business.

“We have recently opened an office in Geelong. We have been working in the area for the past 18 months and are really attracted to the people and the profile of the companies that the city is attracting.

“This is contributing to the growth of both the commercial and residential property markets in the area, which we like to see.”

Getting together as a team is also a priority.

“We want to spend more time together. We had a team session last week for the first time in more than six months.

“The idea of having a beer together or even a golf day hasn’t been possible for 18 months. So even planning an event feels foreign right now.”