

Kylie Waldock

From: Kylie Waldock
Sent: Monday, 17 May 2021 4:23 PM
To: Ryan Williams
Subject: RE: LAT25 - Construction Escalation / 3B contract

Hey,

So suggested Weathertex has a 25 year warranty opposed to Nuline 15 year.

However, mainly concerned of the vinyl joins between boards (makes it look look like vinyl cladding).....



From: Ryan Williams <Ryan.Williams@visitlatitude25.com.au>
Sent: Wednesday, 12 May 2021 10:44 AM
To: Kylie Waldock <kylie.waldock@visitlatitude25.com.au>
Subject: FW: LAT25 - Construction Escalation / 3B contract
Importance: High

KW – can you please update 3B contract to reflect attached PDF. And send back to me all packaged up.

Can you please get your head around the VM cladding (Weathertex) option also.

From: Ryan Williams
Sent: Wednesday, 12 May 2021 10:43 AM
To: 'Ian Carter' <ian.carter@pbsbuilding.com.au>; dan@bisa.com.au; 'Warren Ahrens' <warren.ahrens@pbsbuilding.com.au>
Subject: LAT25 - Construction Escalation / 3B contract

Team,

Whilst we are enjoying the hot sales market with double digit sales forecast again this month, we are also dealing with heavy construction cost escalation from trades and suppliers.

Analysing the updated stage 3B costings from PBS (attached), there has been \$186,895 movement from previous numbers provided and a DM budget variance of \$245,700. If we extend these escalated figures in the DM model on future stages, it represents a 1.3m cost movement (average to \$6,770 increase on balance to build 192 lots)

Of the 192 homes left to be built we have 152 left to release to the market. If we consider a sales revenue increase to offset the costs, we will need to increase the home sales by \$9,407.89 incl GST (average per lot).

(Extract from DM Model showing construction cost variance with new escalated figures vs previous)

Development Management			
Base NAB & Finance Trust		Previous Forecast Mar-2021	Variation to Previous
Description		Current Forecast Mar-2021	
Houses - Stage 3B		4,804,885	24
Houses - Stage 4A		3,142,764	21
Houses - Stage 4B		3,746,919	11
Houses - Stage 4C		3,642,064	6
Houses - Stage 4D		4,325,555	7
Houses - Stage 5A		4,639,950	9
Houses - Stage 5B		4,305,209	8
Houses - Stage 6A		3,211,468	7
Houses - Stage 6B		3,179,370	5
Houses - Stage 7A		3,551,936	8
Houses - Stage 7B		3,293,125	7
Houses - Stage 8A		4,156,871	8
Houses - Stage 8B		4,567,944	5
Houses - Stage 8C		5,135,981	12

(PBS 3B Escalation table, extracted from the attached)

Stage 3B Escalation - 17 Homes

Number	Item	Amount
E.1	Reinforcement Steel	\$ 21,480.00
E.2	Concrete Supply	\$ 15,538.43
E.3	Structural Steel Frames	\$ 15,281.99
E.4	Roofing	\$ 10,701.00
E.5	Garage Doors	\$ 2,473.48
E.6	Metal Fencing	\$ 1,142.10
R.1	Painting	\$ 54,210.00
R.2	Carpentry	\$ 55,897.00
R.3	Fencing	\$ 10,171.00
Total		\$ 186,895.00

Per lot \$ 10,993.82

Attachments

- 3B revised price from PBS
- 3B cost increase substantiation

Recommendations

- I have vetting these costs extensively with PBS and I'm satisfied the increases are real. These increases are also consistent with other villages and the typical housing market. **Recommendations** are to proceed with 3B contract (updated numbers).
- The economic cycle in construction comes around quickly. Whilst we are increasing the costs now in 2021, it doesn't necessarily mean this trend will continue until completion. **Recommend** we amended future stages cost forecast to reflect 3B pricing but continually test the trade base via PBS as we progress.
- Re-visit sales escalation. Coming into East facing lake side homes needs to be consider for maximum uplift. Sales rate has now outperformed construction delivery, whilst slowing momentum with sales price is taboo – there is some strategies to finding the right balance. **Recommend** we revisit escalation strategy (already underway)

Kind regards,

Ryan Williams

Development Manager



LATITUDE25 RV LIFESTYLE COMMUNITY

A 1 Latitude Boulevard, Nikenbah QLD 4655

P 1800 025 025 M 0422 389 110 E ryan.williams@visitlatitude25.com.au

FACEBOOK Latitude25 RV Lifestyle

visitlatitude25.com.au