

PERTH COMMERCIAL MARKET STRUGGLES TO SATISFY DEMAND

by Nathan King, Director, Hegney Property Group



As most people are aware, the Perth commercial property market is experiencing a boom at present which comes back to traditional supply and demand factors whereby there is simply not enough properties coming on line to satisfy the demand. This is resulting in strong capital and rental growth in most sectors.

So what does a business need to do to secure new premises?

Firstly, you need to categorise whether it is a short term requirement or alternatively

a longer term prospect of say 12 to 24 months. If you fall into the first category the options are limited however first and foremost, assess your existing premises to determine whether refurbishment/expansion could better utilise the space (the concept of 'hot-desking' and staff working remotely are becoming more popular). If this is not viable, be prepared to compete aggressively in the marketplace, paying full asking price or possibly above these levels. Also be prepared to consider alternative locations given the scarcity within both the Perth CBD and other inner city locations.

If you are fortunate enough to have some time up your sleeve, it may be worth scouring for developments 'off the plan'. Many developers will require commitment of pre-sales within these developments in order to secure their own financing needs. An advantage of securing property off the plan in the current environment is the potential growth in capital and/or rent values prior to settlement.

You may also need to be prepared to rent premises as a number of commercial property owners are preferring to hold onto property rather than sell as this further limits purchasing opportunity. Once again, rental levels are under significant pressure and in many areas each new negotiation is setting a higher benchmark.

Given these pressures, we are now seeing the emergence of popular suburban office locations which we consider will continue to gain strength over the short to medium term.

Email us at info@pacificfinance.com.au to let us know what you would like to see in the next newsletter

TEAM BRIEF



Eloise Fullston
Administration
Assistant
Manager

Eloise has been part of the Pacific Finance team for 7 months. She joined Pacific Finance after working as

the Head Receptionist at a local Mandurah Toyota dealership and being a Personal Assistant at a Financial Planners office.

Commuting to and from Mandurah each day in the horrendous traffic, Eloise's role comprises of her preparing documents for clients to sign for equipment transactions.

"In a funny way my past experience has helped me a lot and directed me into this position," says Eloise.

Eloise has nothing short of a good word to say about Pacific Finance. She enjoys working in an environment where staff are efficient and professional, whilst still maintaining a healthy balance of a friendly, easy-going and cooperative atmosphere.

"We're all treated equally and everyone's here to do their job," maintains Eloise.

Outside of work Eloise enjoys cooking and keeping fit by doing Pilates and Body Balance. As well as being a soccer enthusiast, she also likes to spend time with family and friends and relaxing on her days off.

Around the office Eloise is known to keep other staff members on their toes and to lighten up the atmosphere by making wall hangings crooked and drawing on their whiteboards.

CLIENTS CONSISTENTLY BENEFIT FROM MORE FUNDING OPTIONS

For many years banks and finance companies have been the first choice for customers when it comes to borrowing money. However in more recent times this has changed with a significant momentum shift towards customers choosing finance brokers as their first choice for arranging business and mortgage finance.

Of course we're biased but we can see the compelling reasons for working with finance brokers like Pacific Finance. Good finance brokers have become a long term integral part of their clients business.

Brokers today can readily access an extensive range of lenders and products to satisfy clients' diverse business and personal funding needs.

Pacific Finance's relationship lenders include major banks, finance companies, investment fund managers and specialist money managers. Every year the team at Pacific Finance applies their extensive experience to arrange over \$300 million of funding for a diverse array of commercial and mortgage finance transactions; experience that includes banking, corporate finance, leasing, credit, accounting, tax and structured finance.

Where bank managers come and go, branches open and close and clients are directed to call centres, Pacific Finance has consistently provided personal service to its clients. We have worked hard to deliver a business where the customer's success is our number one priority.

In many cases, finance brokers like Pacific Finance are the one constant for clients when it comes to planning and sourcing finance. By combining a choice of lenders and products with experienced staff plus the buying power that comes with being one of Perth's largest independent brokers – the reasons are very clear why Pacific Finance is the first choice for our customers when they need equipment, commercial or mortgage finance.



IS YOUR BANK MANAGER REALLY THERE FOR YOU?

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TEN THINGS YOU SHOULD KNOW ABOUT PACIFIC FINANCE

- 1 Established in West Perth in 1991 – three of the five current principals have been in the business from the start.
- 2 One of the three largest independently owned finance and mortgage broking groups in Perth.
- 3 Twelve loan writers with experience in commercial banking, mortgage finance, asset finance and leasing, accounting, tax, credit analysis, structured finance and corporate finance all supported by four full time administration support staff.
- 4 Arranges approximately \$300 million of finance for clients every year.
- 5 Covers all areas of commercial, equipment and business finance.
- 6 Arranges all forms of residential mortgage finance for owner occupiers and investors.
- 7 Deal sizes range from small equipment deals for \$10,000 to multi million dollar property and commercial deals.
- 8 Clients are of all sizes and types; including small and large trading businesses, first time home buyers, property developers and investors, entrepreneurs and many more.
- 9 Not limited to any type of industry.
- 10 Our focus is always on our client's success.



CLIENT INTERVIEW

Carl Hansen

Mining Service Vehicle Australia
(Rental Division)

A niche point of difference and high level of commitment to customers is what has allowed Mining Service Vehicle Australia (MSVA) to gain momentum and set a new standard in the field of on site mining vehicle services.

Carl Hansen, together with co-owner Peter Jones, have seen their company grow from strength to strength over its 5 years of operation. From his early days of working in the used car industry, Mr Hansen has always had a sound interest in vehicles and machinery.

"I originally bought used trucks, articulated dump trucks, integrated tool carriers, loaders, service trucks and water carts. After noticing a gap in the market I saw a need for a larger service for truck and water cart varieties."

MSVA now supports the service truck and water cart industry through building specific multi-wheel drive base vehicles that are registered on road and mine sites.

"The intrinsic higher costs, which includes running and building more specific vehicles of this type that are registered on road and mine sites, opened the niche for MSVA."

MSVA is now operating far ahead of the competition and Mr Hansen is confident in focusing on a financial goal which will see the business soar.

"We will double in the next 12 months, we want to grow by 100%. However the only



way we can do this is with the ongoing help and support of Pacific Finance."

Mr Hansen's relationship with Pacific Finance began 20 years ago. In particular Senior Director, Phil Corbett, has built a strong bond with Mr Hansen and provided MSVA with ongoing support and financial advice throughout this period.

"Phil and his partners have grown in stature in the finance and insurance industry in WA. During the boom periods they have managed to take us with them every step of the way allowing us to grow with them and prosper in today's society."

Through personal service and a hands on role by a Pacific Finance Senior Partner who knows the resources industry, Mr Hansen

believes Pacific Finance provides a service that stands out from other competitor finance brokers.

"Not only do Pacific Finance guide you in your borrowing activities but give you advice and knowledge that is beneficial to growing your business, on a daily basis."

With today's booming resources sector, staying ahead of the competition is crucial and with the financial guidance from Pacific Finance, MSVA has continued to have a firm hold of the industry.

"One thing I will complement Pacific Finance on is their absolute discretion and the transparent format of business they provide, to my good friend and companion 'Sir Lunchalot' I owe my gratitude and thanks."

SMALL BUSINESS CONCESSIONS OVERVIEW

by Scott Disley, Director
Grove Accounting

With effect as from 1 July 2007 the ATO has recently made significant changes to Small Business concessions.

The aim of these changes outlined by the ATO is to allow business the flexibility to apply each concession to suite their circumstances. In addition each business should be able to reduce the compliance costs associated with running a small business.

In summary any small businesses with less than \$2 million turnover may be eligible for a number concessions as from 1 July 2007, with the main concessions being as follows:-

- choice to account for GST on a cash basis
- choice to pay GST by installments
- entrepreneurs' tax offset
- CGT 15-year asset exemption
- CGT 50% active asset reduction
- CGT retirement exemption
- CGT roll-over provisions
- two-year period for amending assessments (exceptions may apply)
- immediate deductions for certain prepaid business expenses, and
- FBT cark-parking exemption (new as from 1 April 2007).

In order to utilise the above concessions the ATO requires that additional tests be

applied to your business. The main changes to these tests can be further broken into key points as follows:-

- Businesses only need to meet one threshold of less than \$2 million turnover.
- Input taxed supplies are included in calculating annual turnover.
- New aggregation rules prevent businesses from splitting activities to gain access to the concessions.
- The simplified tax system (STS) ceases from the 2007-08 income year, although the concessions are still available to businesses with less than \$2 million turnover.
- Small businesses with a turnover of less than \$2 million a year can access CGT concessions without satisfying the net assets threshold of \$6 million.
- Businesses with a turnover of \$2 million or more can still access the CGT concessions if they satisfy the net asset test of \$6 million.
- The net asset test is now \$6 million (increased from \$5 million). Businesses must also satisfy other conditions and apply the new aggregation rules.
- Roll over relief on depreciating assets has changed so that small business can restructure without triggering balancing adjustments.

Time will be the true test as to if these changes simplify business or make them more complicated. There is no doubt that there will be one common complaint which will continue in the future and that is the ever increasing cost of compliance within small business.



SELLING POINT

Residential Financing

Options are the key when choosing a lender or loan that is right for your residential financing needs.

However, with so many readily available choices, it can be overwhelming and confusing choosing the right financing package for your requirements.

Pacific Finance prides itself on saving clients time and money by showing them a range of residential financing options.

Whether it's for first home buyers, investment properties, refinancing, renovations, debt consolidation and much more, Pacific Finance can tailor a suitable package for anyone.

Of course there will be considerations such as the loan amount, annual fees and interest rates, that all need to be understood to decide what loan type is right for each individual.

None the less, Pacific Finance aims to make the process of residential financing timely, cost effective and hassle free for all our clients.

THE FORUM

Where do finance brokers like Pacific Finance sit in the future development of your equipment finance market?



Ray Pickersgill
St George Bank Ltd

Senior Business Development Manager (Equipment Finance)

Finance brokers have been an important part of our business in the past, although we have in the recent past taken our focus off this important introducer stream. Today I see them being an even bigger focus for St George going forward and this is the main part of my role at St George. In particular, Pacific Finance has been introducing business

to us for many years and this has proven to be both fruitful and profitable. We get to see applications from both diverse customers and industries alike and this helps us to diversify our risk in the equipment finance area.

At St George we are looking to grow our introductions from the Broker area. I see Pacific Finance being a big part of that growth. The experience of the partners, the support team and having known the partners for many years, makes it easy to deal with Pacific Finance.



Steve Enright
Capital Finance Australia Ltd

Sales Manager - Broker WA

CFAL have been associated with Pacific Finance for more than 10 years and so they form an integral

part of CFAL's growth aspirations. Its people are effectively an extension of CFAL's sales force providing access to quality customers and markets, and it's longevity in the market provides testament to the quality of its people and processes.



Lara Szyszka
Westpac Banking Corporation

Business Development Manager / Business and Equipment Finance Sales

Pacific Finance is one of the pioneers in the equipment finance industry in WA and has had a longstanding relationship with Westpac Equipment Finance. They were our Number One introducer in 2006.

Pacific Finance demonstrate integrity,

expertise and innovation in various facets of finance, from equipment and commercial funding through to consumer lending.

Westpac is committed to the broker channel, and look forward to continuing our current relationship with our valued business partners such as Pacific Finance. We aim to further develop the value and sustainability of our offering to the broker, for the benefit of their clients.



David Drinkwater
Esanda

Regional Lending Manager Western Region - Business & Equipment Finance

The Equipment Finance industry in Western Australia is a maturing market largely dominated by Finance Brokers. As a dominant

player in equipment finance, Esanda Finance is a broker specialist, and has built a business channel specifically to meet the needs of its Broker Partners and their customers. Building on a history of commitment and innovation, Esanda's philosophy is to be an active business partner that offers flexible finance solutions for its broker network and their customers.

In line with this philosophy, Esanda has enjoyed a long term relationship with Pacific Finance, helping both of our businesses grow by leveraging each company's unique skills and attributes.

The buoyant economy within Western Australia will continue to provide opportunities for growth. To capture these opportunities, Esanda's strategy is to strengthen links with brokers like Pacific Finance, who are very well regarded for their professional and innovative approach to the market.

Our growth and success will continue to be dependent on the quality of these relationships, and we are resolute in our goal to build a focussed and specialist business servicing the Finance Broker market.



Craig Bull
National Australia Bank

State Manager Asset Finance WA

Pacific Finance has enjoyed a strong partnership with the NAB over a 15 year period. Pacific Finance continue to be one of our leading introducers nationally and their professionalism and customer focus are of the highest order. Our partnership together into the future will continue to create significant value for many Western Australian businesses with a need for equipment finance solutions.