



# DRANSFIELD

## SHARED OWNERSHIP

### **Dransfield have developed Shared Ownership as an Alternative to the traditional resort strata ownership models Enabling a much higher lifestyle focus**

**Shared Ownership is an alternative way to own a holiday home which recognises that it is a second home that is not used all of the time. Typically, six to eight owners buy a share in the home, entitling each owner to 6-8 weeks occupancy per year.**

**Shared Ownership enables a holiday home to be convenient and accessible, Significantly increasing the market of buyers and quality of holiday homes that they can enjoy. The key to shared Ownership is to reduce the entry and ongoing cost and make the experience more enjoyable buy only paying for the amount of the home an owner wants to use. This typically reduces ownership costs by more than 80%.**

#### **THE KEY ELEMENTS**

The key elements of Dransfield's Shared Ownership Concept include:

- Owners are on title as tenants in common.
- Owners occupy their house for whatever portion of the time they wish, typically between 4-8 weeks a year, by purchasing an appropriate share (1/6th share is 8 weeks use).
- The property is fully maintained on the Owner's behalf, including cleaning and maintenance.
- Usage has been pre-allocated, is certain and is attached to the purchase contract.
- Usage allocation can be swapped with other Owners. Capital can be returned through expiry of the initial period (6-10 years) or sale of a share
- Independent Owners' representation by Dransfield
- Quality homes and a quality site operator.

This Creates a holiday property for use and long term investment rather than a finance driven product.

#### **SHARED VS WHOLE OWNERSHIP**

Shared ownership compares very favorably to owning the whole of a second house on a purely financial basis.

Capital growth is the same for each dollar invested, and could even improve under Shared Ownership, as higher quality and better located properties become accessible.

#### **SHARED OWNERSHIP, A SUSTAINABLE APPROACH**

Whilst shared ownership for property is largely unknown in Australia, it has become quite successful in the sale of sports and luxury boats.

The Shared Ownership model (or fractional as it is often referred to overseas) has developed into a significant market in the US and Europe over the last decade:

- In 2008 the fractional market in the US was USD1.34B in sales and resales
- Typical premiums of 30-60% are charged for fractions sometimes 100%.
- In the resale market 61% of all fractions sold increased in value and only 22% declined in value.

The overseas approach has been successful, however should be modified for Australia

#### **IS SHARED OWNERSHIP TIMESHARE?**

Shared Ownership and timeshare present different opportunities for different people in Australia.

Timeshare is designed to accommodate the pre-purchase of a holiday in a range of resorts or serviced apartments. Most families purchase about a week of time.

Shared Ownership is designed for families to invest in a second home for longer, more frequent use periods. It is a much more significant direct property investment.

Other Differences include:-

- Timeshare owners usually do not have any direct interest on title
- There is limited possibility of capital appreciation in timeshare.
- There is typically a lower quality of accommodation in a Time share scheme with underlying property value below \$500,000,
- Timeshare has less transparency in costs and the value proposition.

## THE AUSTRALIAN APPROACH

We believe an Australian offering should differ from the overseas approach

Key differences include:-

- A reduced premium that can be transparent, say 15-30% which co-exists with whole home pricing
- Avoiding high pressure sales technique
- Keep the message simple to explain and understand.
- Focus on high quality stock
- Independent Owner representation rather than the Developer or Operator.
- Focus on personal use rather than creating resort room stock for letting

The fundamental opportunity is to offer genuine value and quality.

## STAKEHOLDER BENEFITS

Shared Ownership provides benefits to major stakeholders:

### THE DEVELOPER

- Alternative additional strategy to sell down stock
- Can co-exist with whole or home sales and resort operation, and usually should.
- Increases the market size of potential buyers.
- Establishes sales evidence for valuation purposes.
- Decreases level of direct competition

### THE OPERATOR

- Gains an additional source of quality room stock.
- Reduces interaction with Owners to a single point.
- Strengthens management capabilities for proposals.
- Reduces issues related to investment owner's returns.
- Increases patronage to brand.
- Shares Operating costs
- Receives revenue for cleaning, administration, maintenance and also letting.

### THE FINANCIER

- Potential to add premium to stock for valuation purposes.
- Creates sales evidence
- Alternative strategy to sell down existing stock
- Creates an alternative exit.

## CONSUMER PROTECTION

In Australia, Shared Ownership has considerable consumer protection as it is considered a Managed Investment Scheme. This requires operation of the Scheme in a particular manner by an appropriately licensed party with significant oversight by ASIC.

Dransfield has a Financial Services licence and approved Shared Ownership Scheme that can be modified to quickly incorporate additional locations. The numerous requirements

of ASIC are a significant barrier to entry and create the opportunity to position Shared Ownership as a quality offering in Australia.

## DRANSFIELD'S ROLE

Dransfield has devoted considerable resources to developing and Australian Shared Ownership concept including all necessary support systems. Dransfield will conceive, develop and operate the entire Shared Ownership Scheme, typically in conjunction with a developer and project sales team.

Dransfield's role includes

### SCHEME ESTABLISHMENT AND MARKETING

- Site assessment
- Developing a market friendly and executable Scheme concept and related web presence
- Project marketing strategy and related Shared Ownership collateral.
- Sales force training and guidance
- Supervision of authorised representatives
- Scheme Sales.
- All documentation including:
  - Product Disclosure Statements
  - Owner Agreements
  - Leases
  - Sale Agreements
  - Caretaking and maintenance
  - Integration with traditional whole ownership sales.

### SCHEME MANAGEMENT (RESPONSIBLE ENTITY)

- Owners booking management, calendar maintenance and swapping.
- Owner liaison
- Owner Representative and collection management
- Financial management, collecting levies, insurance, paying bills
- House operation (arrange caretaking and cleaning with Resort Operator)

Dransfield can also assist with other project sales and development functions as required



## FOR MORE INFORMATION ABOUT SHARED OWNERSHIP

### PLEASE CONTACT US

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