



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **CPPDSM6002A Conduct a property investment feasibility study**

**Release: 1**

## **CPPDSM6002A Conduct a property investment feasibility study**

### **Modification History**

Not Applicable

### **Unit Descriptor**

#### **Unit descriptor**

This unit of competency specifies the outcomes required to conduct an assessment of investment feasibility. It requires the ability to identify objectives and techniques to undertake the study, use valid and reliable research techniques to analyse information, and report study findings and conclusions.

The unit may form part of the licensing requirements for persons engaged in property operations and development in those States and Territories where these activities are regulated.

### **Application of the Unit**

#### **Application of the unit**

This unit of competency supports the work of those involved in conducting assessments of investment feasibility.

### **Licensing/Regulatory Information**

Refer to Unit Descriptor

## Pre-Requisites

**Prerequisite units** Nil

## Employability Skills Information

**Employability skills** The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements.

## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency. Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1 Establish study requirements.	1.1 Aims and objectives of <i>investment</i> feasibility study are clearly established according to <i>client</i> and <i>organisational requirements</i> . 1.2 Study objectives and time lines are negotiated and agreed in consultation with <i>relevant people</i> . 1.3 <i>Relevant documentation</i> and <i>legislative requirements</i> are gathered and reviewed to identify critical requirements of the study. 1.4 Initial comparisons with similar properties are made to allow effective comparison with <i>client expectations</i> according to organisational requirements. 1.5 Situations requiring <i>specialist advice</i> are identified and support is sought as required according to organisational requirements.
2 Access relevant information.	2.1 Relevant <i>information</i> is gathered and organised in a format suitable for <i>analysis</i> and interpretation. 2.2 Market information is accessed and evaluated in terms of validity, reliability and relevance according to identified analysis requirements. 2.3 Relevant people are consulted to gather additional information using appropriate <i>communication techniques</i> . 2.4 Environment is scanned to identify and assess factors that may impact on study according to organisational requirements. 2.5 Reliable methods for gathering information are used according to organisational requirements, making efficient use of time and resources.
3 Analyse information.	3.1 Quantitative and qualitative analysis is undertaken of <i>comparative market data</i> using standard financial analysis techniques. 3.2 Economic trends and market developments are identified and evaluated in terms of potential implications and impact on study objectives. 3.3 <i>Factors</i> increasing or diminishing investment <i>risk</i> are identified, analysed and discussed with client. 3.4 Sound reasoning is applied to ensure consistency of interpretations based on available information.
4 Formulate investment scenarios.	4.1 Alternative investment scenarios are developed to meet study requirements according to organisational requirements.

<b>ELEMENT</b>	<b>PERFORMANCE CRITERIA</b>
	4.2 <i>Consultative processes</i> are used to obtain views of industry experts as required.
	4.3 Scenarios are verified against prescribed criteria and analysed to minimise subjective assessment.
	4.4 Sensitivity analysis is performed on data to identify degree of convergence within identified industry and market <i>benchmarks</i> .
	4.5 Property trends and <i>market conditions</i> are identified and evaluated against study requirements.
<b>5 Document feasibility study.</b>	5.1 Feasibility study is presented in appropriate format, style and structure using suitable <i>business equipment and technology</i> .
	5.2 Report is prepared and distributed to relevant people within agreed timeframes according to organisational requirements.
	5.3 Conclusions are documented that are verifiable, current and sufficiently detailed to meet identified client and organisational requirements.
	5.4 Information is securely maintained with due regard to client confidentiality, and legislative and organisational requirements.

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

#### Required skills:

- communication skills to negotiate client requirements and consult with industry experts and other relevant people
- computing skills to access the internet and web pages, prepare and complete online forms, lodge electronic documents and search online databases
- interpersonal skills to relate to people from a range of social, cultural and ethnic backgrounds and varying physical and mental abilities
- literacy skills to interpret written and oral information
- organisational skills to plan and schedule time lines and objectives and to manage project processes
- problem solving skills to determine factors that may affect property markets and evaluate risk

## REQUIRED SKILLS AND KNOWLEDGE

- research skills to source, analyse and interpret property and market information
- technical skills to use software for planning and scheduling tasks, use financial and assessment software and spreadsheets, and access market information.

### Required knowledge and understanding:

- alternative property uses
- building control legislation, codes and relevant Australian standards
- business and industry property networks
- current property and investment market
- investment risk factors and relationship to return expectations
- limitations of work role, responsibility and professional abilities
- OHS issues and requirements
- organisational and professional procedures, ethical practices and business standards
- project assessment methods
- relevant federal and state or territory legislation and local government regulations related to:
  - anti-discrimination
  - consumer protection
  - environmental issues
  - equal employment opportunity (EEO)
  - financial probity
  - franchise and business structures
  - industrial relations
  - OHS
  - privacy
  - property sales, leasing and management
- sources of industry and market information
- types of property markets
- value management.

## Evidence Guide

### EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

#### Overview of assessment

This unit of competency could be assessed through practical demonstration of conducting an assessment of

investment feasibility. Targeted written (including alternative formats where necessary) or verbal questioning to assess the candidate's underpinning knowledge would provide additional supporting evidence of competence. The demonstration and questioning would include collecting evidence of the candidate's knowledge and application of ethical standards and relevant federal, and state or territory legislation and regulations. This assessment may be carried out in a simulated or workplace environment.

**Critical aspects for assessment and evidence required to demonstrate competency in this unit**

A person who demonstrates competency in this unit must be able to provide evidence of:

- analysing market information to identify economic trends, market developments and risk factors
- documenting and presenting investment feasibility study using appropriate business equipment and technology
- formulating investment scenarios against industry benchmarks
- knowledge of organisation's practices, ethical standards and legislative requirements associated with conducting an assessment of investment feasibility
- sourcing documentation and information through consultation to establish study aims and objectives, and make initial comparisons of similar properties
- sourcing market and environmental information to identify factors affecting study.

**Context of and specific resources for assessment**

Resource implications for assessment include:

- a registered provider of assessment services
- assessment materials and tools
- candidate special requirements
- competency standards
- cost and time considerations
- suitable assessment venue and equipment
- workplace documentation.

Where applicable, physical resources should include equipment modified for people with disabilities.

Access must be provided to appropriate learning and/or assessment support when required.

Assessment processes and techniques must be culturally appropriate, and appropriate to the language and literacy capacity of the candidate and the work being performed.

Validity and sufficiency of evidence require that:

- competency will need to be demonstrated over a period of time reflecting the scope of the role and the practical requirements of the workplace
- where the assessment is part of a structured learning experience the evidence collected must relate to a number of performances assessed at different points in time and separated by further learning and practice with a decision of competence only taken at the point when the assessor has complete confidence in the person's competence
- all assessment that is part of a structured learning experience must include a combination of direct, indirect and supplementary evidence
- where assessment is for the purpose of recognition (RCC/RPL), the evidence provided will need to be current and show that it represents competency demonstrated over a period of time
- assessment can be through simulated project-based activity and must include evidence relating to each of the elements in this unit.

In all cases activity and must include evidence relating to each of the where practical assessment is used it will be combined with targeted questioning to assess the underpinning knowledge. Questioning will be undertaken in such a manner as is appropriate to the language and literacy levels of the candidate and any cultural issues that may affect responses to the questions, and will reflect the requirements of the competency and the work being performed.



## Range Statement

### RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below. Add any essential operating conditions that may be present with training and assessment depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts.

***Investment*** may relate to:

- concepts and plans
- strategies and placement of capital in property for investment
- productive use of property and assets
- customer service outcomes.

***Clients*** may include:

- financial institutions
- fund managers
- individuals
- internal and external property groups
- investment organisations.

***Organisational requirements*** may be outlined and reflected in:

- access and equity principles and practice guidelines
- business and performance plans
- complaint and dispute resolution procedures
- goals, objectives, plans, systems and processes
- legal and ethical requirements and codes of practice
- mission statements and strategic plans
- OHS policies, procedures and programs
- policies and procedures in relation to client service
- quality and continuous improvement processes and standards
- quality assurance and procedure manuals.

***Relevant people*** may include:

- accountants
- agents
- clients
- government personnel
- interested parties
- legal representatives
- management and colleagues
- members of industry associations
- taxation specialists.

***Relevant documentation*** may relate to:

- building codes
- current and planned property or site developments

- deposited, survey and other plans and maps
- depreciation schedules
- land title and zoning
- leasing rates
- legal status
- management policy and procedures
- marketing services
- performance of comparable properties
- permits
- rates notices
- sales information
- taxation papers
- tenancy and other contracts or leases.
- Australian standards
- general duty of care to clients
- home building requirements
- privacy requirements
- relevant federal, and state or territory legislation that affects organisational operation, including:
  - anti-discrimination and diversity
  - environmental issues
  - EEO
  - industrial relations
  - OHS
- relevant industry codes of practice covering the market sector and industry, financial transactions, taxation, environment, construction, land use, native title, zoning, utilities use (water, gas and electricity), and contract or common law
- strata, community and company titles
- tenancy agreements
- trade practices laws and guidelines.
- immediate capital gains
- long-term capital gains.
- architects
- bankers and financiers
- developers
- investment consultants
- land economists
- members of industry associations
- planners
- real estate agents

*Legislative requirements* may be outlined and reflected in:

*Client expectations* may relate to:

*Specialist advice* may be sought from:

- Information** sources may include:
- solicitors
  - taxation and accounting practitioners
  - valuers.
  - consultants
  - industry and organisational databases
  - information services
  - press clippings
  - published industry data, including industry indices
  - third parties
  - trade journals.
- Analysis** may include:
- computer modeling
  - examination of cash flows and other financial projections
  - examination of collected data
  - quantitative and qualitative analysis
  - probability analysis
  - time series recognition.
- Communication techniques** may include:
- active listening
  - clear presentation of options
  - consultation methods
  - culturally inclusive and sensitive engagement techniques
  - questioning to clarify and confirm understanding
  - seeking feedback
  - two-way interaction
  - using language and concepts appropriate to cultural differences
  - verbal or non-verbal language.
- Comparative market data** may include:
- best practice information
  - national and international benchmarking
  - inter-organisation comparison data.
- Factors** that may influence complexity of feasibility study may include:
- constraints on use
  - existing land use and ownership
  - government zoning and restrictions
  - project financing
  - staging of investment or development
  - structure of leases
  - type and number of tenants.
- Risk** may relate to:
- asset allocation and investment spread
  - borrowing risk
  - gearing
  - economics

- lifestyle choices
  - market and property sector risks, including:
    - fluctuations in economic cycle
    - interest rates
    - stock market
  - organisational risk
  - risk factors and client return expectations
  - volatility of income and capital.
- Consultative processes*** may include:
- face-to-face meetings
  - telephone, facsimile and written communication.
- Benchmarks*** may include:
- building operational costs
  - business strategy parameters
  - economic parameters
  - financial constraints
  - historical operational costs
  - industry published building occupation data
  - market expectations
  - research data
  - statutory costs.
- Market conditions*** may relate to:
- availability of alternatives
  - business confidence
  - economic conditions
  - level of competition.
- Business equipment and technology*** may include:
- computers
  - data storage devices
  - email
  - facsimile machines
  - internet, extranet and intranet
  - photocopiers
  - printers
  - scanners
  - software applications.

## **Unit Sector(s)**

**Unit sector** Property development, sales and management

## **Competency field**

**Competency field** Property operations and development