



Australian Government

Department of Education, Employment and Workplace Relations

CPPDSM6005A Develop a property investment strategy

Release: 1

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Modification History

Not Applicable

Unit Descriptor

Unit descriptor

This unit of competency specifies the outcomes required to formulate and assess a viable property investment strategy. It requires the ability to establish investment requirements, identify market developments and trends, use standard financial analysis methods and techniques to determine investment options, and develop a risk management plan.

The unit may form part of the licensing requirements for persons working in the property industry, including in the real estate, business broking, stock and station agency and property operations and development sectors, in those States and Territories where these are regulated activities.

Application of the Unit

Application of the unit

This unit of competency supports the work of those involved in formulating and assessing a viable property investment strategy.

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 investment requirements.	1.1 Investment parameters, goals and objectives are determined and confirmed in consultation with relevant people. 1.2 Effective targets and performance measures are developed that are consistent with investment expectations. 1.3 Relevant information with regard to property and market sector characteristics is interpreted to provide strategic context to investment objectives. 1.4 Market intelligence is collected from reputable sources and is readily available and up-to-date. 1.5 Industry benchmarks are selected to ensure effective comparability with return on property and meaningful analysis against available data. 1.6 Applicable ethical, legislative and organisational requirements are interpreted and applied.
2 Undertake strategic analysis.	2.1 Quantitative and qualitative analysis is undertaken of comparative market data to identify facts, issues, patterns, interrelationships and trends. 2.2 Economic trends and market developments are evaluated in terms of potential implications and impact on investment objectives. 2.3 Relevant due diligence and feasibility studies are accessed and considered to assist with determining potential investment viability. 2.4 Investment options are determined and tested for viability and performance against identified investment parameters. 2.5 Factors increasing or diminishing investment risk are identified and defined in a risk management plan. 2.6 Sound reasoning is applied to ensure consistency of interpretations based on available information.
3 Develop investment strategy.	3.1 Strategy is formulated based on a comprehensive analysis of tested information. 3.2 Strategy is documented in a logical, concise and conclusive manner and presented in an appropriate format using business equipment and technology. 3.3 Recommendations are made that are verifiable, current and detailed and meet identified investment requirements. 3.4 Comments, analysis and recommendations are made

ELEMENT**PERFORMANCE CRITERIA**

available to relevant people for review and reformulation of investment strategy.

3.5 Adjustments to investment strategy are determined and implemented as a result of feedback, changed trends or events.

3.6 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 others
- 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
- problem solving skills to anticipate factors that may affect property investment and to assess risk
- 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 efficiently, and access market information.

Required knowledge and understanding:

- building control legislation, codes and relevant Australian standards
- business and industry property networks
- industry benchmarks
- 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
- property and investment markets
- 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

REQUIRED SKILLS AND KNOWLEDGE

- OHS
- privacy
- property sales, leasing and management
- sources of industry and market information
- supply and demand economics
- taxation as it applies to property development.

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 assessing and formulating a viable property investment strategy. 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:

- interpreting and applying applicable legal, ethical and organisational requirements
- establishing investment requirements and expectations through an assessment of consultation and sourced market information
- formulating a property investment strategy, including identified investment options and a defined risk management plan
- knowledge of organisation's practices, ethical standards and legislative requirements associated with assessing and formulating a viable property investment strategy
- testing the viability and performance of potential investment options against investment parameters
- using suitable analysis methods and techniques to

identify and assess economic trends and market data and developments.

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.

Parameters may include:

- ability to control investment
- administrative talent
- balancing a portfolio
- capacity to improve assets
- capital growth versus short-term gains
- cash flows
- class and type of property
- demographics
- exit strategies
- gearing possibilities
- geographic aspects
- limits to financial resources
- market standing
- return on investment
- return versus risk
- taxation considerations.

Relevant people may include:

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

Performance measures:

- may include:
 - quantitative and qualitative assessments

- may be:
 - financial and non-financial
 - statistical and non-statistical.
- Relevant information** may include:
- bank reports
 - building codes
 - current and planned property or site developments
 - deposited, survey and other plans and maps
 - depreciation schedules
 - general knowledge of industry
 - government statistics
 - industry reports and indices
 - land title and zoning
 - market intelligence from industry operators or other interested parties
 - media reports
 - performance of comparable properties
 - permits
 - published analytical reports
 - tenancy and other contracts or leases.
- Sources** may include:
- consultants
 - information services
 - press clippings
 - published industry data, including industry indices
 - third parties
 - trade journals.
- Industry benchmarks** may include:
- discounted cash flow
 - employment rates
 - industry association performance index
 - inflation rate
 - internal rate of return
 - life cycle costing
 - published vacancies index
 - tenancy mix.
- Analysis** may include:
- computer modelling
 - examination of cash flows and other financial projections
 - examination of collected data
 - quantitative and qualitative analysis
 - probability analysis
 - time series recognition.
- Legislative requirements**
- Australian standards

may be outlined and reflected in:

- 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.

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.

Comparative market data may include:

- best practice information
- national and international benchmarking
- inter-organisation comparison data.

Risk may relate to:

- age of property
- asset allocation and investment spread
- borrowing risk
- gearing
- comparative risk against alternative in investments
- competitive development
- exit strategy and investment scenario analysis
- interest rates
- level of regulation

Business equipment and technology may include:

- lifestyle choices
- market and property sector risks, including:
 - fluctuations in economic cycle
 - interest rates
 - stock market
- technology in use
- tenancy security
- volatility of income and capital.
- data storage devices
- email
- facsimile machines
- internet, extranet and intranet
- photocopiers
- printers
- scanners
- software applications, such as databases and word applications
- work computers.

Unit Sector(s)

Unit sector Property development, sales and management

Competency field

Competency field Property operations and development