

# Opportunity as a product





# Opportunity as a pro

**F**or more than 30 years, Tony Hatt has been deeply involved in real estate – initially as a plumber and then as a developer and investor. In 1996, Tony founded DevWest which initially undertook residential developments but has grown into one of the most innovative and influential developers in Perth, undertaking multi-level retail and commercial developments, including shopping centres and factory outlets. The development spectrum for DevWest today is very different to its

origins, with the group undertaking some of the most exciting and significant developments in Western Australia and in other States.

Unlike other developers, DevWest has established key relationships to not only source the sites for its projects, but also to deliver a product that meets the requirements of its key stakeholders. DevWest places just as much importance on finding the right tenancies for its retail and commercial developments, then it does on the built



product



devWEST

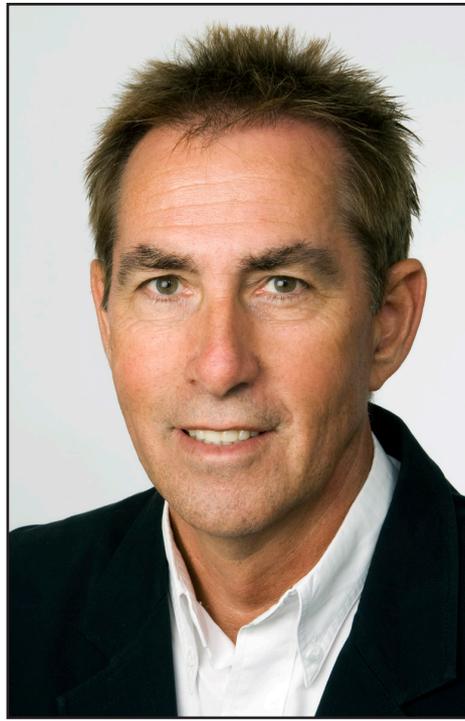
form. “It is critical for all stakeholders in the development to perform commercially,” says Tony. “If you produce a product that is ill-suited to the community either through the tenancy selection or the type or style of building developed, then no one wins.” This pragmatic approach has certainly paid dividends for DevWest which has seen its business, and the projects it undertakes, grow exponentially over the years.

In delivering each one of its projects on time

and within budget (something DevWest is very proud of), it also holds the interests of its investors as paramount. “Investors must never be taken for granted,” says Tony. He says “Without them [the investors], much of what we do wouldn’t be done. This is one of the reasons why we spend time and money getting the investment structure right and why we operate through our AFS [Australian financial services] licensee.” Tony provides a convincing argument especially when you hear the number of repeat



*Chad Ferguson*



*Tony Hatt*



*Damon Ferguson*

investors DevWest enjoys. “A lot of our investors have gone on to invest in multiple projects with us, and they are still with us,” says Tony. “You have to ensure that your product stands up well in the market both physically and financially.” Investors, purchasers and tenants have responded well to this philosophy.

“There is more to attracting and retaining investors than simply promising attractive returns, it is about delivering,” states Tony. “The only way to continually deliver is to choose the projects with the right fundamentals and then mitigate as many risks as possible upfront. Property development is fraught with preplaced landmines which will inevitably be stepped on at some point in the project. However, it is possible to remove many of these landmines by combining experience with careful planning and due diligence.”

On the investment front, DevWest has certainly made sure it is compliant. The group holds an Australian financial services licence which allows it to raise funds from its investors for its projects. “There are a lot of cowboys out there – groups raising funds from mums and dads without holding

the right licences or any licence for that matter,” says Tony. “We were one of the first developers to obtain an AFS licence as we didn’t want to fall foul of any regulation or requirement. If you aren’t licensed properly, then your entire operation can come crashing down, along with your investors’ funds, and that is something we never want to see happen.”

## Groundwork for success

Unlike other developers, DevWest never had the “make or break” first job, instead, Tony had laid the groundwork for developing successful projects, and their first job under the banner of DevWest was taken on when Tony saw that he could build one residential property and use the income to purchase the land the second one was situated on. “Opportunities like that kept appearing, so we would do another, and another,” says Tony. “But times have changed and it isn’t as easy any more, so we need to work harder at building our project pipeline through the relationships and networks we have built up over the years.” This network of relationships is one of the ways in which DevWest stands out from the crowd.

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Tony doesn't shy away from DevWest's use of service providers. "I believe in using the right person for the right job, not being a jack of all trades and a master of none." Due to DevWest's experience, it has amassed a network of key service providers, experts in their fields, which Tony believes ensures the success of each project it undertakes. "The experience we have obtained over the years really takes the guess work out of whether the next project is going to succeed, in terms of the financial, stakeholder and market benchmarks," explains Tony. "Our service providers are a key component in each development project."

The growth of its business and its project pipeline is an enviable one and one Tony attributes to his business partners, Damon and Chad Ferguson, who joined in 2002. While Tony focuses on the overall business and managing key relationships,

he acknowledges that the current success of the business has only been possible through dividing the key responsibilities with Damon and Chad.

Damon has assumed responsibilities for the financial management of the business and its projects, including financial feasibility analysis, project capitalisation, project budgets and exit strategy on project completion.

Chad's responsibilities primarily include management and coordination of the acquisition, design, planning and approvals process. He is also heavily involved in the structuring and implementation of projects, which includes joint ventures.

Individually, they all have a comprehensive understanding of the development process, but together, they form a formidable team.



From humble beginnings, DevWest’s first significant development opportunity had some assistance from ‘above’. “We found an opportunity where we could put 14 apartments above an old church and still keep the church,” this development is of course their re-imagined Cloisters project.

“After our Cloisters project we starting picking up more apartment blocks including the Quest serviced apartment complex in West Perth, which continues to runs at excellent occupancy levels” explains Tony.

The business then turned its expertise to mixed-use developments, incorporating residential and retail/commercial tenancies. This culminated in the development of a number of properties, in-

cluding 48 Outram Street, West Perth, 281 Hay Street, Subiaco, 417 Roberts Road, Subiaco and 513 Hay Street, Subiaco where DevWest currently resides.

During this period, DevWest still developed residential properties, some of which can only be described as “cutting-edge”. “When technology presents great advancements and solutions to issues,” explains Tony, “then we embrace it.” DevWest were the first property developer to use car-stackers in its developments in Western Australia. It’s this innovative approach to property development that provides DevWest with a bright and busy future.

Much of DevWest’s recent focus has been on its retail shopping centre developments, what it considers to be a growth area for it in the future. “We



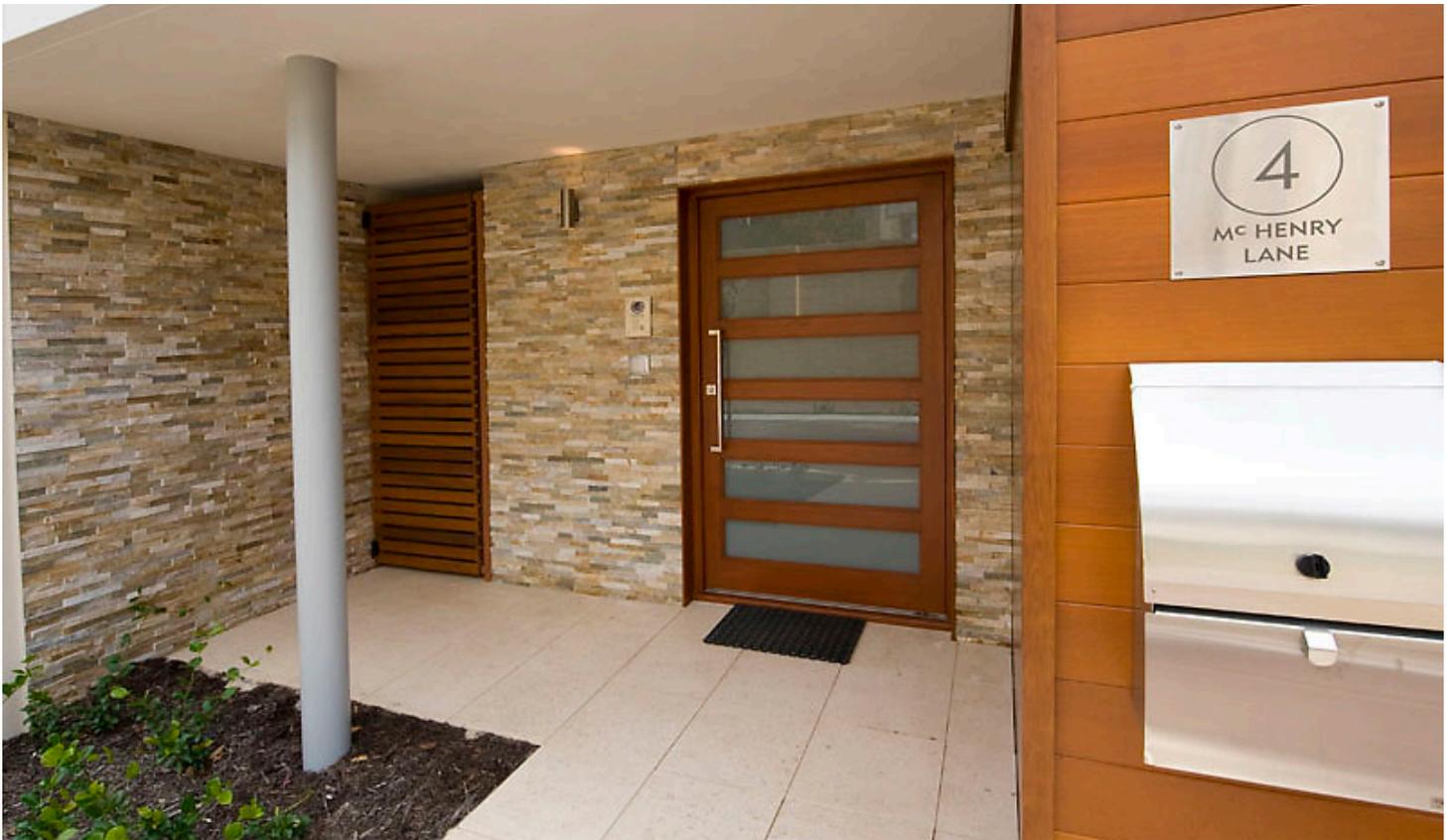
have a large number of shopping centre projects under various stages of development with all the major supermarket chains” says Tony. “It’s an exciting time for us.” In fact, DevWest have recently completed the capital raising for two IGA anchored developments in Perth.

## Historic and modern

Creating legacies is not something Tony and DevWest takes lightly, they look at making sure that the buildings they create and develop are attune to the communities and areas that they are situated. If they are building in an area that does not have much development activity they try and create buildings that will set the standard of quality and aesthetics for generations to come. “Be it in town or 30 kilometres outside of town, communi-

ties all have their own particular character. I think that developers have to be very aware of that,” says Tony. This is the case with their Churchill 330 development. Located behind the Subiaco Hotel they have designed the building to be a high-end 4 level mixed use property of both luxury apartments and office space. The design is very modern but has a timeless appeal that would look good in any day and age.

“Things have to blend in,” he says. “Some people don’t understand that side of the business. For example you cannot have a modern design that won’t interact with a heritage site, you need to blend them together.” DevWest has taken pointers from many other projects across the world, with Tony pointing to the success that the City of London has had in doing just that. “They have beauti-



ful old buildings that are hundreds of hundreds of years old and then brand new ones right next door and they blend in perfectly,” this is DevWest’s goal, and one they seem to accomplish with every new development. There are many ways that they can do this, by either keeping the facades of older buildings, or including ‘old style’ architectural designs into new builds. He says that this is something Australians seem to have a hard time grasping - they often think that it can only be one way or the other, classic or modern. Tony says you do not have to pick and choose; in this case you can have your cake and eat it too.

Tony uses the example of their 417 Roberts Road project which has a very old town frontage. “It was what the council at the time wanted as a theme, and I have to say it works very well in that area, but it would not work in all areas.” He also points to DevWest’s ability to create branded buildings that are still very individual to the areas and communities that they occupy. This is important, he says, because he wants companies to realise that they do not have to use cookie cutter designs, but can instead add to the overall landscape of any town, region, or city. “There is a lot more of that coming down, because we are looking at a lot more infill projects,” he says. “The governments in a certain area will require a certain amount of infill in their area, so they need to look at a sensible way of blending the new buildings with the local ones already there.”

## Loving the work

“We do what we do, and we love what we do,” says Tony. “I get up every morning and I am excited to get to work – of course I am excited to go home at the end of the day, but the fact is everyone here is passionate about the work we do. That really makes the difference and shows in the projects we

are undertaking.” It is finding that happy medium between work and family life that Tony has found that makes him think that he is very lucky to be working with who he is, and where he is. “I think the passion comes through with everything we do, is hard to fake that.” It is through this attitude that they have built up their reputation over the years. Tony says that the hard part of establishing their name is over and he is looking forward to building on the strong foundations that have been laid.





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