

# First State next super fund to try build to rent



Lendlease CEO Steve McCann says he will have institutional investment partners for build to rent within 12 months. **Jessica Hromas**



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First State Super, which manages more than \$81 billion in funds, is in discussions with Lendlease and other major developers about possible new build-to-rent property investments that could be offered on a preferential basis to the super fund's 800,000 members.

First State manages the superannuation and retirement needs of NSW public sector employees ranging from police to firefighters and nurses, who may be attracted to the build-to-rent that could offer lower rents than those apartments built to be sold.

The super fund has declined comment about its intentions in housing, which are also understood to include interests in social housing, affordable housing and housing for the aged and retiring. At this point the returns are too small and government taxes and charges tip the scales against the investment. Negative gearing for private investors is also seen as crowding out the potential investment from superfunds.

First State Super already has mandates with Lend Lease Investment Management Australia.

Lendlease has been [planning new investment vehicles for its build-to-rent apartment projects](#), otherwise known as "multi-family", in the United States where it has almost 1000 apartments under construction. Lendlease has signalled its intention of bringing in large-scale institutional capital for its build-to-rent projects.

## Capital partners

Chief executive Steve McCann said at the company's financial results last week that build-to-rent would be an area of construction where new investors would soon partner with Lendlease.

"We're currently positioning a number of our residential products in particular the Elephant [London project] for a built-to-rent product topology. And again we expect to look to bring in capital partners there over the next 12 to 18 months."

In the US, Lendlease's Riverline project in Chicago comprises 3750 residential apartments with the first phase of 452 build to rent apartments under way.

"We commence construction on our residential-led, waterfront development at Clippership Wharf, Boston, and 398 residential for rent units are under construction across two buildings."

Australia's REST Superannuation dived into the US following the financial crisis and now has [3000 build-to-rent apartments](#) from Boston to Austin, operated by Greystar. REST director for property investments Neil Matthews said last week the Australian market would probably take about 10 years for the build-to-rent sector to be properly established in Australia.

First State has other property investment mandates with several groups including Franklin Templeton Investments Australia, Altis Property Partners, Brookfield Asset Management, Resolution Capital, Goodman Funds Management Australia and GPT Funds Management.