

NSW government shortlists three consortiums for Redfern build-to-rent



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10 Jan 2019 — 11:00 PM

[New residential asset class, build-to-rent apartments, are gaining momentum in Australia as the NSW government](#) shortlists three consortiums involving major developers such as Lendlease and Frasers Property to tender for its first build-to-rent project in Sydney.

A consortium led by infrastructure group John Laing which includes Compass Housing Services, the two groups of Frasers Property and Hume Community Housing Association and Capella Capital, Lendlease Building and Evolve Housing will compete to build 500 units at the 1.1-hectare site at [600-660 Elizabeth Street](#) in Redfern.

[Originally earmarked as a Communities Plus social and affordable housing project, the government converted it to build-to-rent last July](#), in an effort to propel the sector forward. Build-to-rent units are market rental apartments held by single institutional investor groups.



Render of the future Ivanhoe Estate in Sydney, the biggest Communities Plus renewal development in Australia.

As build-to-rent projects are notoriously hard to start up due to much lower returns compared to those built for sale, the contribution of land, as in the case of Redfern, is crucial.

The property will be built on state land and must be held for market rental for 40 years after which it reverts to the government.

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Seventy per cent of the property will be build-to-rent units while the others will be affordable and social housing, distinguished from build-to-rent units as housing for people on low incomes.

Minister for Social Housing Pru Goward said the project drew strong responses from developers.

"The overwhelmingly strong response from the expressions of interest process tells us that build-to-rent will become an integral part of the government's social and affordable housing building program," Ms Goward said.

"Build-to-rent will bridge the housing gap in a market where more people than ever before are renting."

The government will announce the successful consortium in the third quarter of 2019.

While prices are falling, the median price of housing in Sydney remains one of the most expensive in the world at close to \$900,000.

Those who can't buy have resorted to renting but the fragmented mum-and-dad rental market makes renting unpleasant for many tenants, driving a need for [build-to-rent or multifamily homes as they are known in the US](#).

There is, however, growing concerns from the residential development industry that the [lumping of social housing with build-to-rent will stunt the growth of the sector](#).

Without downplaying the importance of social housing, recent research from Trident Real Estate Capital says lumping social housing and build-to-rent units may reduce the quality of the sector, which are market-rental

high-end apartments rather than mass-produced low-cost social housing units.

This is seen in the UK and the US where build-to-rent is thriving.