

AVJennings eyes build to rent

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Listed residential developer AVJennings is looking to develop high-quality residential build-to-rent projects aimed at long-term investors.

Also known as multi-family, build to rent or institutionally owned residential products form a well-established sector in the US that has recently started to draw interest in Australia.

The sector is known for its large apartment towers as investors need scale to make the projects stack up, although some multi-family product takes the form of estates of mid or low-rise suburban homes.

Mirvac is looking for institutional investors for its build-to-rent project, while US retail group Greystar and Macquarie are working on plans and private - developer Salta has announced a move into the sector.

AVJennings chief executive Peter Summers said the group — which has a focus on house and land packages and low-rise apartments — would consider a move into build to rent, most likely in a partnership rather than alone.

The demand drivers for institutional rental stock were clear, even as traditional detached houses remained the core of the housing market, Mr Summers told *The Australian*.

“There are more people renting,” he said. “In the younger generation, their lives changed a bit and we need to be reacting to that.”

Many developers had been required in the past to make a commitment to social housing or inclusionary housing in projects but some of these had been low quality, he said.

“The product that’s developed for whatever type of market has to be the same whether you’re buying or you’re a social housing tenant,” he said. “It’s that maturity we think we can bring, having done some of those things in the past.”

Superannuation funds would not invest in low-quality projects that could not be sold in 10 years’ time, Mr Summers said.

He said better quality development sites were becoming available as the housing cycle matured, even though prices were not moderating.

Owners were unlikely to sell A-grade sites while markets were rising, but as markets matured more owners were willing to release their land.

“We are seeing more land being made available ... than we have for some years,” Mr Summers said. “There are some reasonably good projects that are coming to the market.”

The comments came after the developer’s annual meeting last week, when the group tipped housing price growth in Sydney and Melbourne to moderate but the number of new homes built to remain strong.

Mr Summers criticised the “unnecessary” delays in planning approvals but praised state and federal governments for recognising the problem of housing affordability and called for long-term solutions in co-operation with the private sector.

This article was published by The Australian, both online and in the print edition on page 25.