

The Urban Developer

Tuesday, November 16, 2021

Kensington Emerging as Build-to-Rent Heartland



Macaulay Road in Kensington may become the heartland of Melbourne’s booming build-to-rent as developers scoop up prime real estate to increase their exposure to the defensive asset class.

The expressions of interest campaign closed last month for 346-350 Macaulay Road with investment banker Macquarie believed to be in the mix for the 8803sq m site, which was expected to transact for circa \$50 million.

It follows Macquarie’s recent announcement of a “beds and sheds” billion-dollar Asia Pacific investment fund with a

focus on residential and logistics exposure, including build-to-rent, and Macquarie Asset Management establishing Goodstone Living to develop and retain build-to-rent assets in the United Kingdom.

CBRE now estimates the build-to-rent market size exceeds \$10 billion with an additional \$3 billion to \$5 billion in projects under consideration or due diligence.

United Asia Group (UAG) acquired the site in 2018 for about \$30 million with plans to develop, but decided to list the property for sale in May this year.

Permit approvals are already in place for the former Vision Australia site for a development of 424 apartments across six 8-storey buildings called The Precinct [pictured above].



Assemble's rent-to-buy development at 393 Macaulay Road in Kensington topped out earlier this year. Image: Assemble

The City of Melbourne Council has earmarked the Macaulay area for regeneration and it is forecast to accommodate 10,000 people and more than 9000 jobs by 2025.

Within spitting distance of The Precinct is Assemble's 400-apartment build-to-rent development at 402 Macaulay Rd, on the 7415sq m site of a former confectionery manufacturer that [transacted for \\$30.3 million](#) earlier this year.

Assemble topped out its smaller scale rent-to-buy development at 393 Macaulay Rd in April this year, after acquiring the 1548sq m site in 2018 for about \$6.6 million.

International real estate firm Hines will build a 250-apartment build-to-rent complex at Brunswick after spending \$16.5 million on an industrial site at 10 Ballarat Street.

US build-to-rent investor Greystar has already acquired two sites in Melbourne, one for a \$400-million mixed-use precinct in South Yarra and another in South Melbourne, and Canada's Oxford Properties has plans for a \$450-million build-to-rent project at Footscray.