

Can Boutique-Scale Build-To-Rent Stack Up?



Australia's burgeoning build-to-rent sector is gaining momentum with a growing appetite from institutional investors looking for resilient assets with reliable steady cash flow.

But according to Rhys Williams, co-founder of build-to-rent and co-living operator UKO, bigger is not always better when it comes to the emerging asset class.

Williams, says boutique-scale build-to-rent projects are on the rise and providing more attractive returns by offering curated, well-connected, pet-friendly and managed rental experience with a sense of community.

UKO is one of Australia's largest co-living and build-to-rent providers, managing an expanding portfolio of more than 45 unit blocks in Sydney, Melbourne and

Brisbane. Its properties all feature onsite managers it calls “community hosts” with a focus on activating communal areas.

“We come out of hotel and serviced apartment operations so we’re very much trying to bring that hospitality focus to residential living,” Williams said.

“Does it deliver a better outcome for renters and significantly enhance the returns for the landlord or the developer? The answer is a resounding yes.



▲ UKO’s high-end boutique build-to-rent offering Botanic Top Ryde in Sydney’s northwest.

Williams said UKO’s preferred focus was on blocks of 40 to 150 units.

“We think that delivers a superior outcome for the customer...you can create this great community vibe and what really excites us is building genuine communities in our properties,” he said.

“That’s harder to generate in a block of 300 units or more where it’s all scale driven.”

Williams said UKO’s high-end boutique build-to-rent offering Botanic Top Ryde in Sydney’s northwest—a collection of 37 one, two and three-bedroom units developed by Sydney-based Sasco Developments—had leased-up within eight weeks of launch earlier this year.

He said the mind-shift from build-to-sell to build-to-hold was finally gaining momentum among mid-tier developers, particularly with interest rates remaining low.

“We’re now dealing with a significant pipeline of developers with blocks of 30, 60 and 120 units who are looking to keep them...so the appetite is building to be in this space but there’s still significant challenges around creating the supply in terms of planning,” Williams said.

He said UKO was currently opening about one boutique-scale block of units per month into Australia’s co-living and build-to-rent market.