

# Ex-Grocon duo to lead Macquarie's \$500m build-to-rent platform

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Grocon's former head of development, Dan McLennan, and former Grocon transactions manager Matthew Berg will spearhead Macquarie's push to create a \$500 million build-to-rent portfolio on behalf of institutional investors in the burgeoning sector.

The duo will lead new BTR platform Local, which will kick off with a 500-unit project in Kensington in Melbourne inner north-west, due to be completed by the end of 2024.



Building a pipeline: Matthew Berg and Dan McLennan will lead Local.

Backing it all will be Macquarie Asset Management's – which raised \$1.1 billion from institutional investors this year to invest in logistics and rental housing.

The fund secured its first BTR site in September, paying about \$50 million for the 346-350 Macaulay Road site offloaded by local developer Nicole Chow.

“We strongly support the build-to-rent sector in various parts of the world and believe it has significant potential to grow in scale in Australia, driven by

demographics including a growing renting population,” Jelte Bakker, global chief investment officer of real estate at Macquarie Asset Management, said. Local will join a rapidly expanding field of BTR players in Melbourne – the epicentre of the institutionalised asset class in Australia – where 8,000 units across 21 projects are under development, according to JLL.

Others active in the sector include Mirvac, Aware Super, Greystar, Sentinel and Oxford Properties.

Mr Berg and Mr McLennan, who formed real estate advisory firm Partner Developments after senior roles at Grocon (which has its own \$2 billion pipeline of BTR projects backed by Singaporean wealth fund GIC)) will lead the Local platform as co-chief executives.

“We’ve been involved in build-to-rent housing and adjacent sectors for several years, and we’re excited about the vision of providing a better rental experience for renters,” Mr Berg said.

The duo hope to have about 4000 rental units at various stages of development across 15 to 20 buildings in all major capital cities within five years.

The initial focus will be on Melbourne, where Local is working on several projects in addition to the approved Kensington development. It is also looking at opportunities in Sydney, Brisbane, Adelaide and Canberra.

Mr Berg said the focus would be on delivering quality housing and commercial returns for investors in the Macquarie fund.

While no return targets have been specified, a 4.5 per cent return is considered the minimum benchmark in the sector.

From a sustainability perspective, Local will target net zero operational emissions within its buildings, and a 7.5 Star Nationwide House Energy Rating (NatHERS).

“Through taking a holistic and long-term view, we can invest in a range of meaningful sustainability initiatives such as on-site renewable power, low-carbon materials selection and additional insulation,” Mr McLennan said.

“A strong focus on environmentally sustainable design will deliver a better longer-term income stream, future proof our assets and offer a genuine alignment with the values of our investors, customers and staff.”