



**BUILD TO RENT
INSIGHT**

DECEMBER 2023

AUSTRALIA'S BUILD TO RENT SECTOR SET TO EXPAND

The Build to Rent (BTR) model of residential accommodation, referred to as multi-family housing in the US, is designed and purpose built for long term residential rental accommodation. These investment assets are predominantly held under a single title and are owned, managed and operated by an institutional investor.

The BTR sector is important because it provides much-needed rental stock to the market and provides a vital increase and diversification of Australia's housing supply. Amongst other consumer benefits, tenants have greater long-term security in their tenancies and a higher level of services and amenities.

According to the [Australian Bureau of Statistics \(ABS\)](#), the 2021 census showed 66 per cent of Australian households owned their own home with or without a mortgage while 31 per cent of households rented their homes.

The [AMP Econosights report](#) on Australia's housing shortage explains that:

- Housing demand in Australia is rising quickly due to a surge in net overseas migration. However, housing supply is not lifting in line with demand because of high interest rates and issues in the residential construction industry. These factors are causing a housing shortage in Australia.
- The housing shortage is putting upward pressure on rents, which are currently at a historic peak with rental vacancy rates at a record low.
- If Australia keeps running high immigration targets, then the government has an important role to play in helping to increase housing development, build affordable homes, and target infrastructure outside of the capital cities.



HOW BTR CAN SUPPORT THE HOUSING SHORTAGE

One of the key ways the housing crisis in Australia can be alleviated is through BTR, by providing a level of critical housing supply nationally.

In support of this, the Australian government has implemented a number of tax concessions at both a Federal and state levels to encourage growth in the BTR sector (see Figure 1).

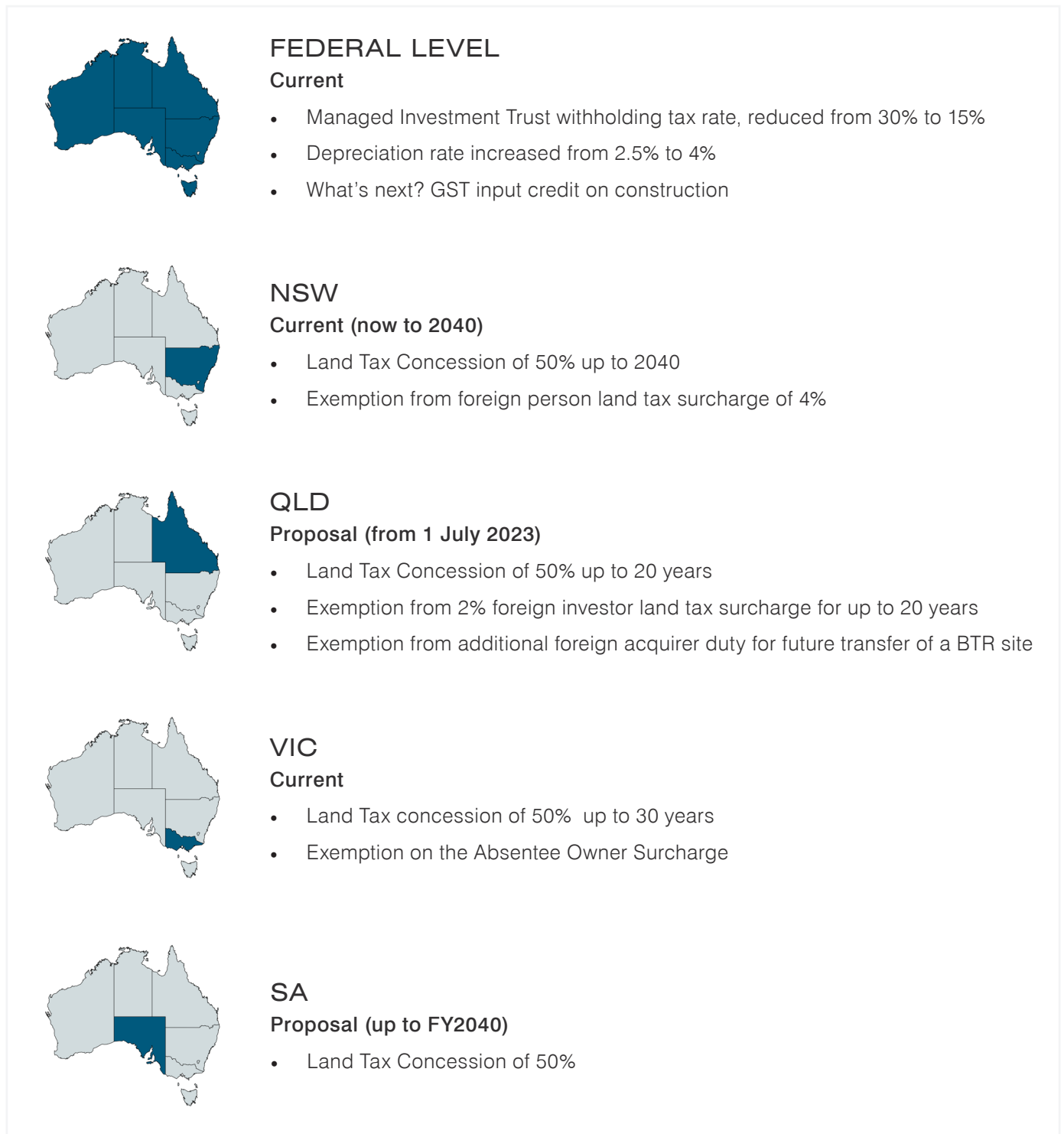


Figure 1. Source: M3 Property

OPERATIONAL BTR IN AUSTRALIA

Currently, there are 4,088 operational apartments in the BTR sector nationally to date (see Figure 2).

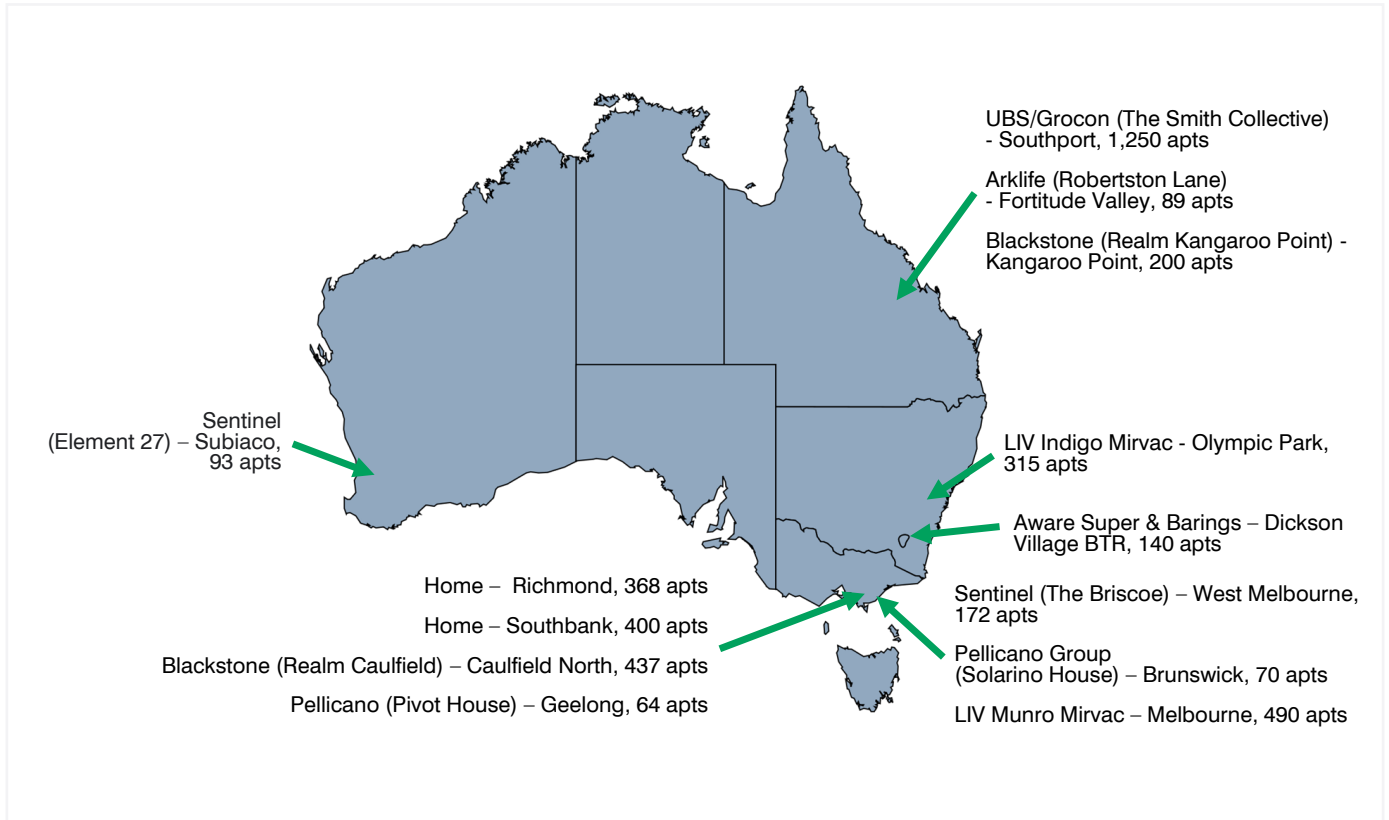


Figure 2. Source: M3 Property

New [Oxford Economics Australia research](#) suggests that new BTR project commencements will likely surge to \$10 billion to 2030, up from \$2 billion in 2022.

M3 Property BTR pipeline projections (including Completed, Under Construction, DA Approved, and Unpermitted developments) show:

- Victoria – total number of projects 36; total number of units ~13,500
- New South Wales – total number of projects 18; total number of units 7,400+
- Queensland – total number of projects 20; total number of units ~8,400
- Other states – total number of projects 9; total number of units ~2,000

CONTACT THE TEAM

For all enquiries in regard to the BTR sector, please contact your M3 Property team.



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