



# Apartments

SPECIAL REPORT

**BUSINESS**NEWS





“In the next 12 months we have two exciting new projects to launch

- Paul Blackburne

Paul Blackburne says his company is delivering innovation to the Perth market.

Photo: Gabriel Oliveira

## Momentum building for apartments

Developers are pushing ahead with apartment projects, despite uncertainty clouding construction costs.



**Katie McDonald**  
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LOW interest rates, a rental shortage, and promising sales volumes would typically signal a favourable market for apartment developers.

But David Cresp, the director of property economics and market research at Urbis, said that wasn't always the case, and particularly not in 2021.

“While it's easy to look from the outside and say it's a great market for developers, it's one of the most challenging because of the pressures on cost,” Mr Cresp told *Business News*.

“It's a real race at the moment to try and get enough pre-sales to get a building contract locked in before the price increases and, at some stage, increases to a level that makes the development unviable.”

Apartment developers have not been immune to the materials and labour shortages emerging across the construction sector, as the economy continues to navigate the pandemic.

Mr Cresp said apartment prices had increased during the year to June 30, but not as much as those in the established housing market, which had placed further pressure on apartment developers.

House prices were up 10 per cent for the year, while Perth apartment prices achieved 8 per cent annual growth, according to the latest data from CoreLogic.

“It [prices] will need to increase because of construction cost increases,” Mr Cresp said.

“There is demand there but it's still highly competitive [for sales] and the market is being driven by owner-occupiers who are very selective of what they want, where they want it, and what finishes they want.

“It's the right product in the right location, but they can also only push up prices so much ... [in comparison to] stock already completed that hasn't

had prices increase in the face of rising construction costs.”

He said interstate and international border closures had been another challenge for the market during the past year.

While apartment sales had been steady, the impending challenge would be catering to an anticipated population boost once those borders opened, Mr Cresp said, particularly given current availability and construction levels.

“The number of apartments under construction is up from 12 months ago but low compared to previous years,” he said.

“Preliminary data from Essentials shows there were 2,615 apartments under construction at the end of June 2021.

“This compares to 1,529 apartments under construction in June 2020. However, well down on levels seen in 2015 when apartment construction



## APARTMENTS

activity peaked at 4,805 apartments under construction.”

Mr Cresp said absorption of completed apartment stock could add to potential supply challenges.

“This [completed stock] peaked at 1,839 apartments in 2020 but has now fallen to around 1,000 apartments at the end of June 2021,” he said.

“The number of available [yet to be sold] apartments in projects under construction is also falling.”

As supply tightened, Mr Cresp said developers had put more of a focus on the pre-sales market, pointing to several recent product launches.

Only time would tell how developers would deliver those off-the-plan apartments while facing steep construction costs, he said.

“In the next 12 months, I think costs will continue to increase about 10 per cent with pressure on material and labour,” Mr Cresp said.

Finbar managing director Darren Pateman said bulk purchasing materials ahead of its requirements was one way the company had sought to mitigate price fluctuations.

Despite widespread uncertainty over construction costs, Finbar is still pushing ahead with its projects, with \$726 million worth of apartments planned to be under construction during this financial year.

“That is a big commitment of capital in the current market,” Mr Pateman told *Business News*.

“Finbar is committing the capital and has aligned with strong joint-venture partners willing to commit to commence construction on projects despite modest pre-sales and bring on completed stock to the market.

“An approval, a brochure, a sign board, and a selling agent do not make you a developer in this market.

“It is a competitive advantage for us that we have the cash, debt-free completed stock, and balance sheet strength, and the confidence of buyers and a strong reputation, to be able to commit capital and start these projects where other development companies may not.”

The ASX-listed company said it planned to break ground on Aurora in Applecross and The Point in Rivervale in FY22, with that \$726 million commitment also including the ongoing construction of its \$400 million 39-storey and 22-storey Civic Heart towers in South Perth: the largest apartment project under construction in Perth by number of units.

The 309-apartment development was formally launched to market late last year and Finbar said it had secured more than \$75 million worth of sales by the time it had started earthworks in January.

## Perth apartment activity Q2 2021\*

		Jun-21	Jun-20
Apartment sales (12 months to)	↑	1,528	963
Owner occupier sales (for 12 months to)	—	70%	73%
Apartments under construction	↑	2,615	1,529
Apartments in the pipeline	↓	1,342	2602

Source: Urbis Essentials data

\*Data for Q2 2021 ending at 30th June 2021 is based on preliminary data.

Urbis Essentials data covers apartments in buildings of 25+ apartments within the Perth metropolitan area



Lumiere, South Perth, was one of the top selling projects for Q2 2021. Image: Hillam Architects

Overall, Mr Pateman said, the market for off-the-plan sales remained slow, with owner-occupiers preferring completed stock.

The foreign buyer surcharge tax continued to be a major impediment to industry, Mr Pateman said, advocating for its removal.

“Despite the low interest rate environment and improving rental yields, investors are returning to the market very slowly,” he said.

# 400+

## Q2 2021 APARTMENT SALES

“Investors will return if they can see a period of sustained growth in apartment prices.”

## Activity

While Urbis is still compiling Q2 2021 results, preliminary data shows there were at least 433 sales for the quarter, on par with similar numbers achieved in Q4 2020, which recorded the highest volume of sales for a quarter since 2016.

The total number of apartment sales across the FY21 financial year also performed strongly (see table).

“This took apartments sales for the 12 months to June 2021 to being the best results recorded in the Urbis Essentials survey since 2016, which saw 2,144 sales,” Mr Cresp said.

Sales momentum had likely been boosted by the government’s stamp duty rebate for off-the-plan apartment sales.

The 75 per cent rebate was introduced last year as a COVID-19 stimulus measure, with industry groups now lobbying for its extension beyond October to further incentivise prospective buyers and continue to support a healthy pipeline of projects.

“In 2021, 70 per cent of sales have been to owner-occupiers,” Mr Cresp said.

“This compares to the Brisbane market, where generally less than 50 per cent of buyers are owner-occupiers.

“Foreign buyers have continued to account for a very low proportion of buyers in Perth with only 6 per cent of buyers in 2020 and 2021 being foreign buyers, compared to levels of around 13 to 19 per cent in 2016 to 2018.”

South Perth and Applecross were among the top performing suburbs for apartment sales in Q2, making up 40 per cent of total sales across Perth.

That was underpinned by Edge Visionary Living’s launch of Lumiere, and Finbar’s Civic Heart project, both in South Perth.

Mr Cresp said while growth in rents had started to entice investors back into the market, they continued to be at lower levels, accounting for 21 per cent of buyers in 2021 compared to 28 to 30 per cent in 2016 to 2017.

East coast buyers also accounted for a low proportion of sales in Perth.

Mr Cresp said that demographic had grown slightly in 2021, but still accounted for just 4 per cent of buyers.

Colliers International associate director, residential sales and marketing, Greg Billings, said completed apartment sales had been strong for his clients, particularly in Q2.

Now that completed stock had started to dry up, Mr Billings said he had seen some movement in prices, despite buyers still seeking discounts while comparing prices to sales last year.

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## Data &amp; Insights

## WA'S LARGEST BUILT-FORM DEVELOPERS

Ranked by total value of WA projects currently under construction

Rank	Company name	Senior executive and title	Year est. in WA	No. of WA current projects under construction	Total value of WA projects currently under construction	Name of projects under construction in WA
1	Blackburne	Mr Paul Blackburne Managing Director	2003	3	\$571m	ONE Subiaco - 248 apartments, 16 ground floor retail tenancies; THE GROVE Residences by Blackburne, Claremont - 242 Apartments; EAST Village Karrinyup - 93 apartments
2	Finbar Group	Mr Darren Pateman Managing Director	1995	3	\$558m	Dianella Apartments - 128 apartments; Civic Heart, South Perth - 309 apartments; AT238 Perth - 119 apartments
3	Iris Residential	Mr Simon Trevisan Managing Director	2001	3	\$270m	Shenton Quarter - Shenton Park; One Mabel Park, Pollen Grove - Jolimont; Amara City Gardens - Booragoon
4	Stirling Capital	Mr Luke Reinecke Managing Director	2004	2	\$152m	Jolimont Apartments - 63 apartments; 555 Wellington St student accommodation, CBD - 483 beds
5	Sirona Urban	Mr Matthew McNeilly Managing Director	2009	2	\$150m	28 Lyall Residences, South Perth - 94 apartments; Walyalup Centre Fremantle
6	Norup + Wilson	Mr John Norup Director	2013	1	\$110m	Grandton Applecross
7	Gary Dempsey Developments	Mr Gary Dempsey Managing Director	1987	1	\$92m	Siskas at Taskers Living, North Fremantle - 55 apartments
8	MGroup	Mr Lloyd Clark Managing Director	2001	4	\$81m	M/31 Terraces (North Coogee); M/32 Terraces (North Coogee); M/27 Apartments (Fremantle); M/31 Apartments (North Coogee)
9	Megara	Mr Matthew Pickford Director	2007	4	\$80m	Maraboo Island; Matheson on Kearns; The Foundry; Sheridan Terraces
10	Celsius Property Group	Mr Richard Pappas Managing Director	2004	4	\$60m	Park Terraces - 12 Sadka Lane, Shenton Park; 12 Terraces, 125 Bank Street, East Victoria Park; 8 Villas, Stock Road, Myaree; Large Format Retail, 716 Albany Hwy East Vic Park.

## GET THE FULL LIST ONLINE

[businessnews.com.au/bniq/property-developers](https://businessnews.com.au/bniq/property-developers)

All information compiled using surveys, publicly available data and contact with industry sources. Other companies may be eligible for inclusion. If you believe your company is eligible, please email: [claire.byl@businessnews.com.au](mailto:claire.byl@businessnews.com.au)

## From page 37

But developers were starting to increase prices of unsold off-the-plan stock and were selling at those prices, he said.

Additionally, Mr Billings said, the end of the rental moratorium had encouraged a lot of tenants to seek a permanent place to live.

Colliers International associate director metro sales, Tim Scott, said there was also a strong level of demand for apartments sites, particularly in the western suburbs and waterfront locations.

"With the house price surging out of reach and investors coming back into the market after the COVID moratorium has lifted, the last three to four months have been busy for apartments," he said.

## Product

Although Urbis found there were fewer apartments under construction and being brought to market than this time last year (see table), Mr Cresp said that had largely been the result of previously deferred projects breaking ground in 2020.

There are 15 apartment projects that could launch over the next 12 months, representing more than 1,340 apartments, according to Urbis.

That could include two projects by Blackburne.

The Perth-based developer already has \$1.15 billion worth of Perth apartment projects under development, most of which managing director and founder Paul Blackburne said were under construction and already sold.

Those active projects include One Subiaco (248 apartments), The

## 40% SOUTH PERTH, APPLECROSS Q2 APARTMENT SALES

Grove (242 apartments) located in Claremont, and the 93-apartment East Village development, neighbouring the Karrinyup Shopping Centre redevelopment.

"In the next 12 months we have two exciting new projects to launch, and one will be the largest project ever undertaken in Western Australia," Mr Blackburne told *Business News*.

"Both are in prime western suburbs locations and will bring some really innovative new concepts to apartment living in WA.

"We have also just secured a new site ... we will lodge a development application next year and launch for sale in 2023."

Blackburne is the state's largest apartment developer according to *Business News's* Data & Insights, as ranked by total value of WA projects under construction.

Targeting higher-end apartments in prime locations at affordable prices had suited market conditions in recent years, Mr Blackburne said, bolstered by limited developer competition in Perth for that market segment.

He said his strategy remained much the same for the year ahead and in the long term: acquiring up to two prime sites to feed his pipeline and maintain about \$1 billion worth of apartments under development at one time.

"We have had \$712 million of off-the-plan sales in the past 22 months, and we expect this volume of sales to continue," Mr Blackburne said.

"Blackburne is fortunate as we provide our own equity, so don't need to rely on third parties.

"This also means our cost of funds are less so we can provide higher-quality offerings at a lower price.

"We have resisted increasing prices too much as we prefer to continue with our long-term value proposition."

Likewise, Edge Visionary Living managing director Gavin Hawkins said the company planned to hold its pricing levels steady, wherever possible.

"One of the benefits of being one of Perth's major apartment providers is we have significant scale in the business that enables us to access a lower cost structure," Mr Hawkins told *Business News*.

"In terms of the current strong demand, buyers are savvy enough to realise buying off the plan now means they can set the price today and benefit from future price increases."

Mr Hawkins said 70 per cent of the 98 apartments in Edge's Lumiere project in South Perth had been sold, representing revenues of about \$200 million.

Downsizers, retirees, empty nesters, and older singles remained a key target market for Edge, and Mr Hawkins said this had been driven by improvements in the quality of apartments and a greater acceptance of apartment living.

A design-led approach had been paramount to Edge's success in sales, he said.

"They must have compelling reasons to choose the apartment living experience that we offer, with all the security, world-class amenities, larger-than-standard floorplan options, and great community feel, over the traditional house on a large block," Mr Hawkins said.

In addition to completing construction on its 17-storey Arthouse Apartments in Joondalup, and the first stage of Eden Floreat, Mr Hawkins said



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“Investors will return if they can see a period of sustained growth in apartment prices

- Darren Pateman

Edge was busy bringing more projects to market.

Edge has also partnered with DevelopmentWA for a 250-apartment infill project on Burt Street in East Fremantle.

Another sizeable project on Edge's agenda is The Dunes in Scarborough, a 258-apartment project now being assessed for planning approval.

The project is one of several large-scale developments on the horizon for Scarborough, including Sentinel Real Estate's recently approved build-to-rent offering, comprising 175 dwellings (see page 40).

Woolworths Group received the green light for its \$120 million, 302-apartment project along West Coast Highway last month, around the same time 3 Oceans Property revived its intentions to deliver Iconic Scarborough, on Scarborough Beach Road.



Finbar's Civic Heart is the largest apartment project under construction. Image: SS Chang Architects

The project was shelved in 2019 after the developer said it was no longer financially viable, with new plans proposing three towers containing 370

apartments surfacing in July. 3 Oceans engaged architect Hames Sharley to develop a new design scheme.

Hames Sharley associate director Tim Boekhoorn said the project reflected the rising mixed-use concepts emerging in the sector in recent years, featuring co-working space, artist studios, a gallery, and a 140-person indoor theatre.

Design trends had followed suit, he said, away from cookie-cutter apartments.

“The demand for customisation is increasing because the Perth market is becoming more sophisticated and discerning, given the increasing competition,” Mr Boekhoorn told *Business News*.

“The desire for amenities and convenience is increasing and people's understanding of sustainable aspects like ventilation, the northern sun, and access to green space is also rising.”

Accommodating car parking was another evolving design element, Mr Boekhoorn said, particularly within mixed-use developments, with more developers considering car share systems or promoting bicycle usage.

Ageing in place was another emerging trend, he said, with architects continuing to look at how apartments could be adapted for the current and future needs of an ageing population.

## Cedar Woods and the 'missing middle'; filling the void and redefining suburban living

Cedar Woods has tapped into the 'missing middle'; buyers looking for quality medium density townhouse and apartment products set within a connected community with plenty of choice when it comes to local amenities.

Traditionally, purchasers of new homes have been limited in their options falling begrudgingly into one of two categories; those seeking a large, detached dwelling in the suburbs, with their options limited to the outer metro fringe areas or those looking for something more compact with their choice often restricted to high rise apartments in or close to the CBD.

Cedar Woods has tapped into the 'missing middle' and is a market leader in the medium density residential space in Australia, particularly in the eastern states where the majority of the Company's portfolio is infill sites being developed for townhouses and mid-rise apartments. Currently Cedar Woods is settling around 400 apartments and townhouses a year and has another 2,500 undeveloped in its pipeline.

Cedar Woods Managing Director Nathan Blackburne said “We developed and executed a strategy of acquiring well located infill sites that were in suburbs undergoing urban rejuvenation such as old schools, old convents, former factories and general industrial sites.”

Artists Impression  
Aster apartments at Jackson Green, Victoria



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“These developments are especially appealing to locals who have lived around these areas, love the neighbourhood and are looking for a new home in an established area already brimming with amenity.”

Jackson Green in Victoria is one such infill development that has been well received by buyers. In 2013 Cedar Woods bought the site in Clayton from Sigma Pharmaceuticals to develop a mixture of 500 townhouses and apartments in the south eastern suburb in Melbourne. With the townhouses and Huntington apartments now sold out, Cedar Woods has turned its focus to the final release at Jackson Green, the Aster apartments.

Cedar Woods is keen to replicate the Company's winning medium density strategy in Perth. The Company is actively looking for projects of this type, working with landowners and potential joint venture partners to create more special projects.

Cedar Woods' acquisition of a former TAFE site in the inner suburb of Subiaco has seen the Company launch a quality housing development comprising of

townhouses and apartments close to the city, train stations, retail and parks. The Incontro townhouses have been met with overwhelming demand and all townhouses are under contract. Due to popular demand, the Incontro apartments will be launching in late-2021 and buyers are able to lodge an early expression of interest.

Mr Blackburne notes these infill projects are met with strong demand often because of the lack of options for buyers in the area, for its type of product.

“We have thoughtfully selected sites where our type of product is scarce and we are seeing potential purchasers are jumping at the opportunity to live in a brand-new home in a well-established area,” Mr Blackburne said.

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Sentinel's flagship WA build-to-rent project, Element27 in Subiaco.

## Levelling the playing field for BTR

Build-to-rent apartment projects could solve the state's housing challenges, but red tape remains a major issue.



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WESTERN Australia has lost its first-mover advantage in terms of build-to-rent apartment projects, with the practice instead having found solid ground on the east coast.

The nation's first BTR project was completed in Perth in 2019, but WA has fallen well behind other states in the period since.

And WA's tax and planning policy settings could be the biggest barriers, according to the Property Council of Australia WA.

Traditionally, WA's apartment development has centred on the build-to-sell (BTS) model, where a developer builds an apartment and then sells each unit, using pre-sales to fund construction.

But record-low rental vacancies and the entrance of an international

property player have started to challenge that blueprint, with industry and developers alike getting more serious about BTR developments.

Under a BTR, a developer retains ownership of and manages an apartment complex, instead renting each unit out, requiring significant capital upfront.

BTR apartment developments are well established in both the UK and US, where the asset class is estimated to account for up to 25 per cent of the \$US2 trillion worth of property investments.

But the concept has only recently landed in Australia.

Despite WA pioneering the model, with US-based Sentinel Real Estate completing the first stage of its Subiaco BTR-project Element27 in 2019, the state

**50%**  
DISCOUNT ON  
LAND TAX FOR  
BTR IN NSW

has since failed to maintain the BTR momentum now building on the east coast.

Only one large-scale BTR development has progressed through WA's planning process in the years since: Sentinel's 175-apartment, 21-storey project proposed for 194 West Coast Highway in Scarborough.

This is against a backdrop of more than 20 BTR projects now in planning

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“About 50 per cent of my job is explaining what BTR is - Keith Lucas

or under way across Australia, according to the Property Council's recent Building Momentum for BTR report.

“Inhibiting the development of new projects is WA's land tax framework,” Property Council WA executive director Sandra Brewer told *Business News*.

“[This] sees projects charged at the highest rate of land tax, impacting operational costs, and making it challenging for BTR operators to develop projects with competitive rental yields.”

The Property Council has called on the state government to consider matching or exceeding the 20-year, 50 per cent land tax concessions now on offer for BTR projects in NSW, South Australia, and Victoria.

Those tax concessions, along with planning changes, were introduced in 2020 to boost rental stock and provide more housing choice, while stimulating construction during the COVID-19 recovery phase.

As a result of those initiatives in other states, Australia's BTR sector surpassed \$10 billion in value as of February this year, representing a 70 per cent growth spurt, according to CBRE data, with most projects planned for Melbourne (50 per cent) and Sydney (25 per cent).

“Build-to-rent is designed, developed and operated with the renter in mind,” Ms Brewer said.

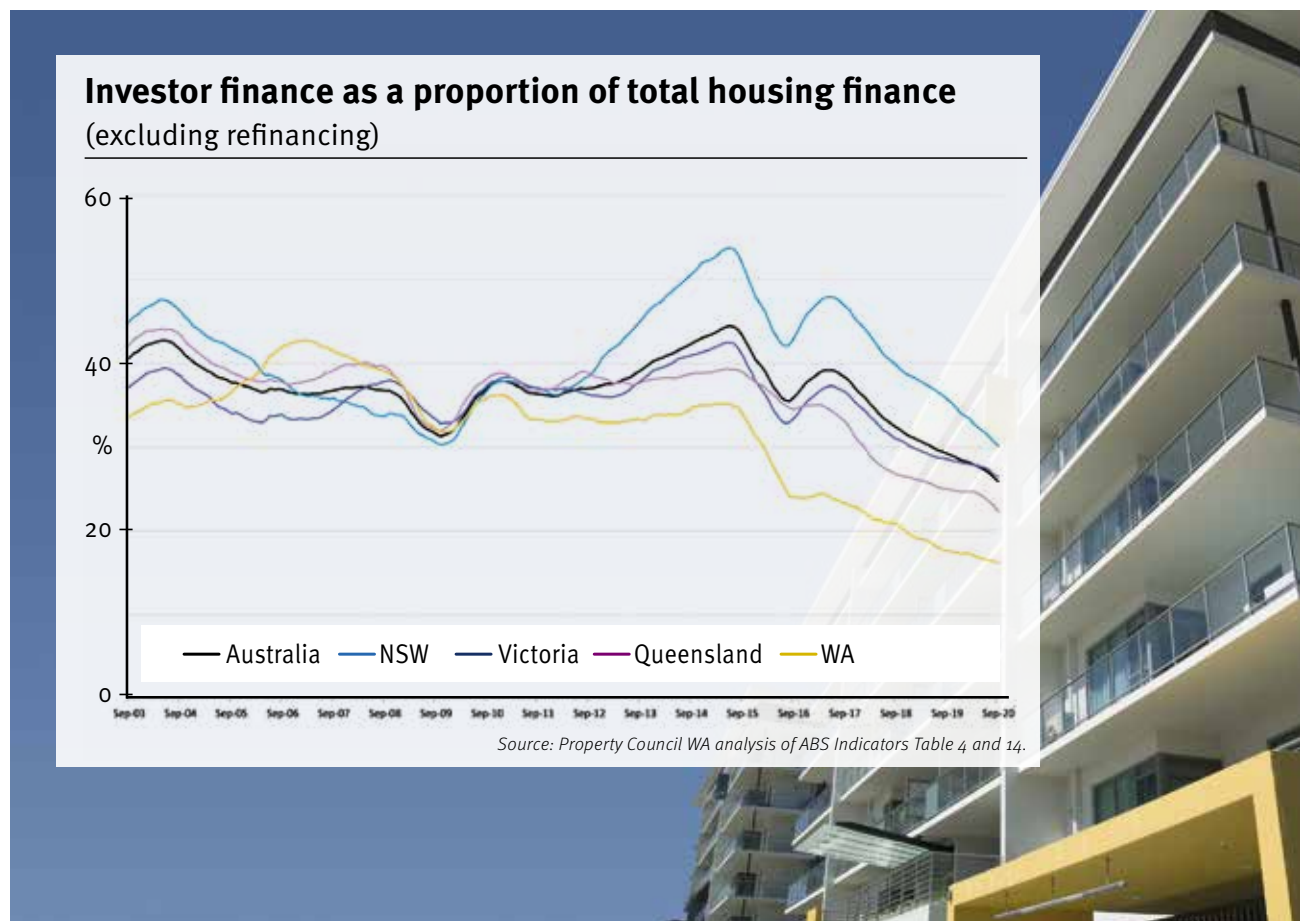
“It offers renters security in tenancy, a range of rental options including the option for pets, on-site management and maintenance.

“Supporting build-to-rent will without question help ensure the delivery of rental stock needed to slow the rapid escalation of rental prices across Perth, caused by a shortage in available rentals.”

Late last year, Perth's residential vacancy rate hovered around the 40-year low of 0.8 per cent.

Although there's been some recovery since the end of the moratorium on evictions and rental price rises earlier this year, those conditions have provided fuel for industry to continue to push for more BTR projects.

Ms Brewer said BTR development was the ultimate ‘shovel-ready’ solution to addressing rental market challenges: able to inject rental stock quickly while not relying on pre-sales for financing



or investors to release the stock into the rental market.

“If WA is to meet the private sector rental target outlined in the WA Housing Strategy 2020-2030, 60 per cent of all new dwellings need to be added to the rental market,” she said.

“Currently, only 17 per cent of new dwellings go into the private rental market.”

Private investment in rental stock in WA is also among the lowest in Australia and well below the national average (see graph).

Failure to lift that figure in the short-term could be of concern, considering an estimated 41,830-plus rental dwellings will be required in WA by 2030, according to WA Tomorrow population forecasts.

“Policy interventions are needed to ensure we have sufficient rental supply to meet growing market demand,” Ms Brewer said.

## Developments

Sentinel is still the only major developer to have broken ground on BTR projects in WA, and that's likely because of its international position as a seasoned BTR developer in the US.

Sentinel managing director Keith Lucas said its Element27 project had proved successful with renters so far, operating at more than 95 per cent occupancy.

The company is aiming to finish construction at Element27's second stage in September, about the time Mr

Lucas said the group planned to break ground on the project's final stage.

Upon completion, the entire Element27 campus will comprise 264 units across three buildings, with each sharing amenities.

While Mr Lucas said the policy settings in WA weren't overly conducive for BTR developments, the group had nevertheless pushed ahead with its plans to cement its advantage in Perth.

The group received planning approval for its Scarborough BTR project in March and Mr Lucas said a start to construction on that project was planned for later this year.

In navigating WA's planning system – which does not recognise BTR developments as a separate asset class from apartments or provide BTR guidelines – Mr Lucas said Sentinel was focused on playing the long game.

The first step was education, he said, and next was broadening a mindset fixated on home ownership.

“About 50 per cent of my job is explaining what BTR is,” Mr Lucas told *Business News*.

“I get asked regularly: ‘How does BTR stack up against the Australian dream of home ownership?’

“It shouldn't be seen as an ‘or’, it should be seen as an ‘and’; the future of BTR is seeing it as a choice, not a backup option.”

While the BTR model suited social and affordable housing, Mr Lucas said it was important the market understood that BTR was also about

offering a premium lifestyle choice: offering a home in a premium location, a stepping stone towards home ownership, or an option for downsizers.

Australia's property market had grown alongside a strata model, Mr Lucas said, unlike the US where tax parameters were relatively evenly geared between BTS and BTR developments.

That had started to change on the east coast, he said, however this had not deterred Sentinel's affinity with WA.

Mr Lucas said Sentinel had been in talks with DevelopmentWA and the City of Subiaco over a plot of land along Hay Street, for a third BTR project.

“We still have appetite in WA for the right projects,” he said.

“We're seeing a bit more aggressive policy action out of the eastern states; we want to balance out our portfolio.”

## Barriers

NSW has led the charge in BTR reform, introducing land tax concessions as well as creating a separate definition for BTR residential accommodation.

It also has tailored design and development standards in its planning system, with mandates for BTR housing as a permissible use in certain zones, enabling a smoother approvals process.

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Sentinel's 175-apartment, 21-storey Scarborough project.

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The NSW government has also pledged to waive foreign buyer surcharges for BTR developers.

Allens partner Nicholas Creed, who specialises in property and corporate finance, said these measures had helped increase the viability of BTR projects for developers and make it a more attractive asset class.

For example, he said, in an apartment building comprising different owners, the individual value of each apartment often fell under the threshold for the assessment of land tax.

As a result, it wasn't typically a cost a developer needed to bear by the time a complex was completed.

In comparison, as a BTR apartment building was owned by a single entity, land tax was assessed on the value of the whole building, Mr Creed said.

"The land tax and regulatory imposts are problems for debt providers just the same [as developers] because it reduces the amount of debt that can go into a project and still generate the investment return," Mr Creed told *Business News*.

"Part of the investment return is being chewed up by the land tax.

"It's much easier to bank a project where you're building to sell because you get that short-term funding that gets readily and easily repaid out of the

sales of the apartments or units when they're built."

Mr Creed said BTR developments required patient capital, relying on a long-term rental stream to repay debt.

Under current regulations, BTR was still suited to capital interested in long-term returns, like pension funds, he said, however, land tax reform could boost its appeal, enabling BTR to generate better medium- to long-term return.

**70%**  
GROWTH IN  
AUSTRALIA'S  
BTR PIPELINE,  
2020-2021

Mr Creed said foreign investor surcharges also stacked the odds against BTR projects in WA.

"Foreign investors pay a 30 per cent withholding tax on BTR projects, whereas they'll only pay a 15 per cent tax on non-BTR projects," he said.

"Why are we relatively encouraging foreign investment in some sectors of our property market and not others?"

The recent BTR Stimulating Recovery, Ensuring Resilience report, published by Allens and Urbis, points to the UK as a case study of how policy changes

– including reducing tax rates – significantly boosted BTR projects.

In the UK, a total of 47,754 BTR apartments were completed in Q2 2020, just seven years after regulatory reform.

The Property Council report also highlights how Australian institutions already invest in BTR products in the US and UK.

"It's about levelling the playing field with BTS or other developments to reduce the disincentives for investors and financiers to promote BTR projects," Mr Creed said.

"And it sits very well with things like the Infrastructure WA Strategy and the planning regimes built up around Metronet; it's just the next piece in those puzzles."

That could lend itself to developers forging partnerships with government for the delivery of BTR, he said.

It could also help de-risk the substantial capital required upfront via joint-investment or developing on state-owned land.

In October 2020, Frasers Property Group and ASX-listed property group Mirvac were named preferred partners in the Queensland government's BTR pilot project.

Under the pilot project, Frasers will develop 366 apartments across 25 levels at 210 Brunswick Street in Brisbane, neighbouring the Fortitude Valley station.

Once completed, Frasers will own and operate the complex and the

Queensland government will provide a 25 per cent rental subsidy for a portion of the apartments.

Frasers general manager development WA Tod O'Dwyer said the group was now assessing possible BTR locations in WA, however, these sites were also suitable for BTS developments, creating the competitive tension when comparing project risks and financial returns.

He said Frasers would consider collaborating with the state government on a BTR project like it had in Queensland if the opportunity presented itself.

Providing discounted land for BTR projects in inner-city redevelopment zones, such as Subiaco East and Perth City Link, is one BTR initiative the Property Council lists in its report.

"Ultimately, we believe that governments at all levels, across the country, are in a unique position to take a leadership role in this sector," Mr O'Dwyer said.

"They have strong land banks under their control and can significantly influence the associated planning outcomes.

"The current level of housing stress that we are seeing in the WA market ultimately needs a timely solution, and this is where government can provide the most assistance: sponsoring and fast tracking the right strategic development outcomes."



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### Data & Insights

Showing 6 of 4,432

#### Cottesloe apartments: third time's a charm

Development's contentious plan for an apartment building along Cottesloe's ... third concept proposes a 12-apartment , seven-storey building at ... Cottesloe apartments: third time's a charm ...

#### Contention continues for Cottesloe apartments

in the dark over revised apartment plans for Marine Parade. The third ... iteration of plans for an apartment development at 120 Marine ... proposal for a nine-storey, 16-apartment building, before amending ...

#### Ora Banda onto more near mine gold at Davyhurst

consecutive drill lines spaced 400m apart , delineating a mineralised ...

#### Management buy-out heralds new era for Western Plant Hire

minimal effect on WPH to date, apart from some shortages in supply ...

#### Karrinyup stage one complete

Shopping Centre, 350 residential apartments will also be delivered. That ... Blackburne's \$75 million 94-apartment East Village project, which ...

#### Cottesloe apartments could get green light

one-, two- and three-bedroom apartments (12 in total), as well as a four-bedroom penthouse apartment with a floor area of 250 ... plans proposing a nine-storey apartment building featuring 16 apartments over eight levels, with the ... Cottesloe apartments could get green light ...