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Greystar founder Bob Faith says build-to-rent in Australia already a reality

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NSW Treasurer Dominic Perrottet and Greystar CEO Bob Faith. Supplied



by **Matthew Cranston**


The father of the US institutional build-to-rent sector, Bob Faith, says Australia's success in delivering similar projects will proceed regardless of government changes in tax and planning rules, with his company Greystar set to announce its first deals here as soon as this year.

Mr Faith – who has attracted billion of dollars to the build-to-rent sector, in which he started investing in the 1990s – said investors should also ignore the social media antics of politicians such as US President Donald Trump and focus on how governments can unshackle business investment from powerful bureaucracies.

"If someone could take [Mr Trump's] Twitter account away from him that would be good, but people do need to see through all that and recognise that his team is trying to get government out of the way of business," Mr Faith said, "They are doing a lot to try and make this happen."

Mr Faith said the degree to which governments help or hinder business in Australia would not prevent the initiation of the build-to-rent sector, but it would determine the scale of the sector and speed at which it is delivered. Build-to-rent is when an apartment project is built and sold to one owner and leased out, as opposed to build-to-sell, where they are sold to multiple buyers.

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"It's going to happen regardless of planning or tax," Mr Faith told *The Australian Financial Review*. "We could buy land today and our deals will work, but it's a volume game."

"We could do three projects right now, but that won't have a bigger societal impact, it won't improve affordability, which is what people need to see. That will only come through scale."

Mr Faith is in Australia speaking with governments and potential investors – Greystar already has some of the largest real estate owners backing it in the US, including Australia REST superannuation and Canada's Ivanhoe Cambridge.

He said the feedback from Australian institutional investors was strong, with some saying they wanted to be the "first movers".

In Australia the Grollo family's Grocon pioneered build-to-rent with a development within the Commonwealth Games [athletes' village on the Gold Coast](#).

Grocon is pressing ahead with another 410 apartments over 62 levels for build-to-rent. Other major developers such as Mirvac, Lendlease and Stockland are trying to make such developments stack up.

Mr Faith, who is also founder of hotel owner Starwood Capital, started buying build-to-rent through distressed debt deals in 1991 from the US-government's Resolution Trust Corporation.

Greystar's comparative advantage in build to rent is scale and operational efficiencies.

Its head of Asia-Pacific Chris Key said as land prices in Australia started to ease, it would help make more build-to-rent projects work.

"Land and tax issues are a significant drag on returns. As land prices come down, it won't help us completely but it certainly will help us," Mr Key said.

In the US there have been concerns about an oversupply, but Mr Faith said he did not share these and the structure of the long-term leases made the sector resilient in recessions.

"There is not an oversupply issue. If you look at the historical averages, it's about right. The long-term underlying demand numbers are strong. We are actually acquiring more assets that are under-rented, fixing them up and getting better returns out of them."



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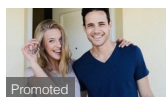


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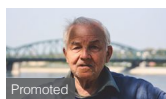
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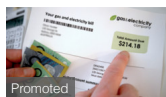
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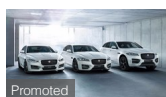
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