IDEAS | PEOPLE | TRUST

Q2 2025

The state of Build to Rent

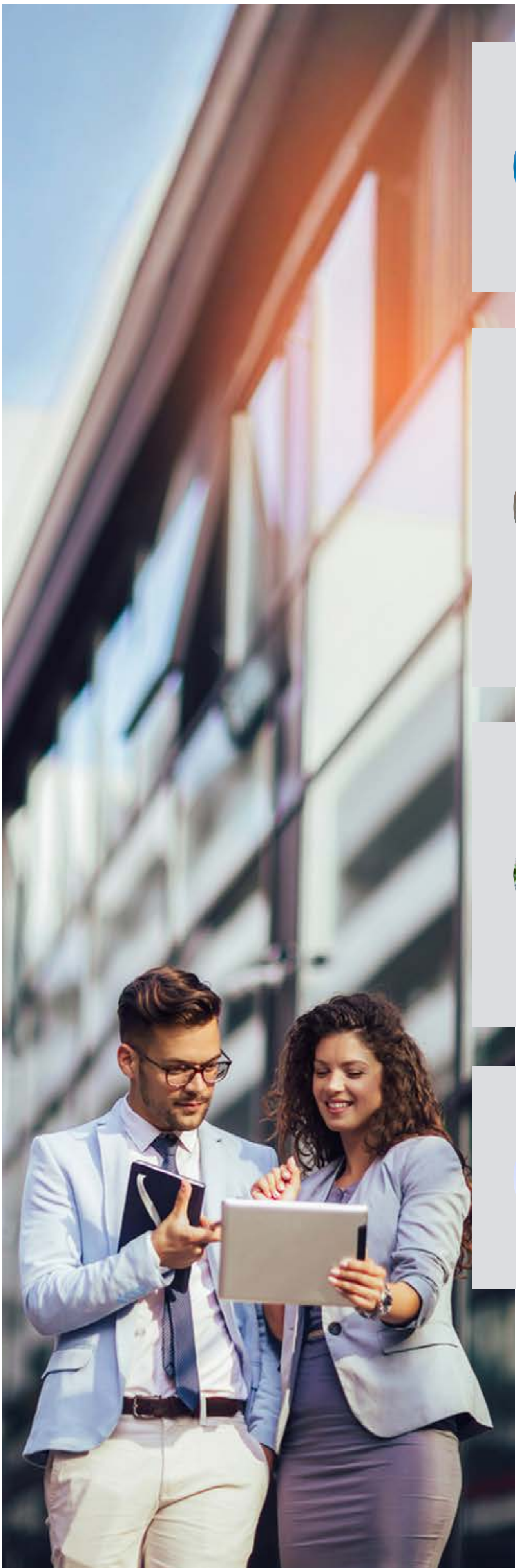
Insights from BDO

Understanding the living sector and where Build to Rent fits in

Once considered a niche or alternative asset class, the living sector has finally confirmed its place as a core asset in Australia for institutional investors. Institutional capital (predominantly overseas capital however we are now seeing Australian capital) is flowing into residential real estate at scale, driven by the sector's resilience, demographic tailwinds, and growing demand for professionally managed rental housing.

Build-to-Rent ("BtR") has emerged as a core strategy for investors seeking stable, long-term returns in a market increasingly defined by housing undersupply and evolving lifestyle preferences. As the lines blur between traditional commercial and residential investment, the living sector is no longer a side bet — it's a central pillar of the future real estate landscape.

At BDO, we define BtR as residential properties designed and built exclusively for rental occupancy, held in single ownership by institutional investors. Unlike Build-to-Sell (BtS) developments — where units are sold to individual buyers — BtR assets are retained and operated as long-term, income-generating investments, with operational models more akin to commercial real estate.



Key characteristics of BtR:

Scale and purpose-built design:

BtR developments are typically large-scale apartment communities (often 200–400 units) designed specifically for long-term rental. Layouts and amenities are tailored to renters' needs, fostering community and encouraging tenant retention.

Institutional ownership and management:

These assets are predominantly owned by institutional investors — such as superannuation funds, sovereign wealth funds, and insurers — seeking stable, long-term returns. Properties are usually held via dedicated platforms or OpCo/PropCo structures, with professional on-site management delivering high-quality service and maintenance.

Resident experience and demographic targeting:

BtR operators differentiate through enhanced tenant experiences, offering amenities like concierge services, gyms, co-working spaces, and rooftop areas. These developments are often tailored to specific demographics such as young professionals, key workers, or downsizers.

Long-term revenue model:

Revenue is driven by long-term income returns, not strata sales. This model aligns with patient capital, focusing on occupancy, tenant satisfaction, and steady rental growth over time.

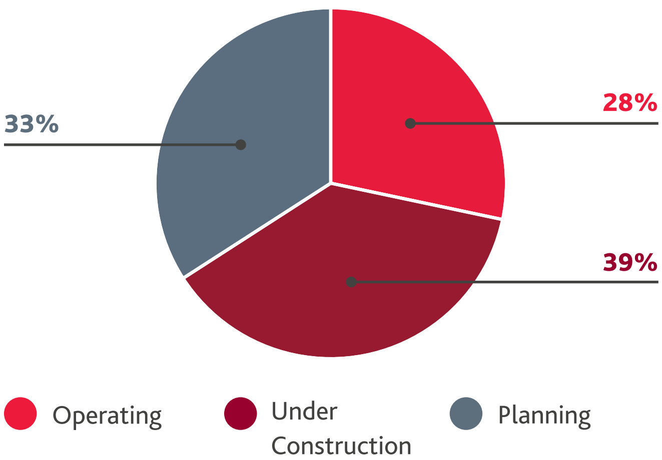
A clear, consistent definition of BtR is essential to support effective policy, attract institutional capital — particularly from superannuation funds — and enable the sector to scale with confidence. It lays the groundwork for regulatory clarity, investment benchmarking, and long-term planning.

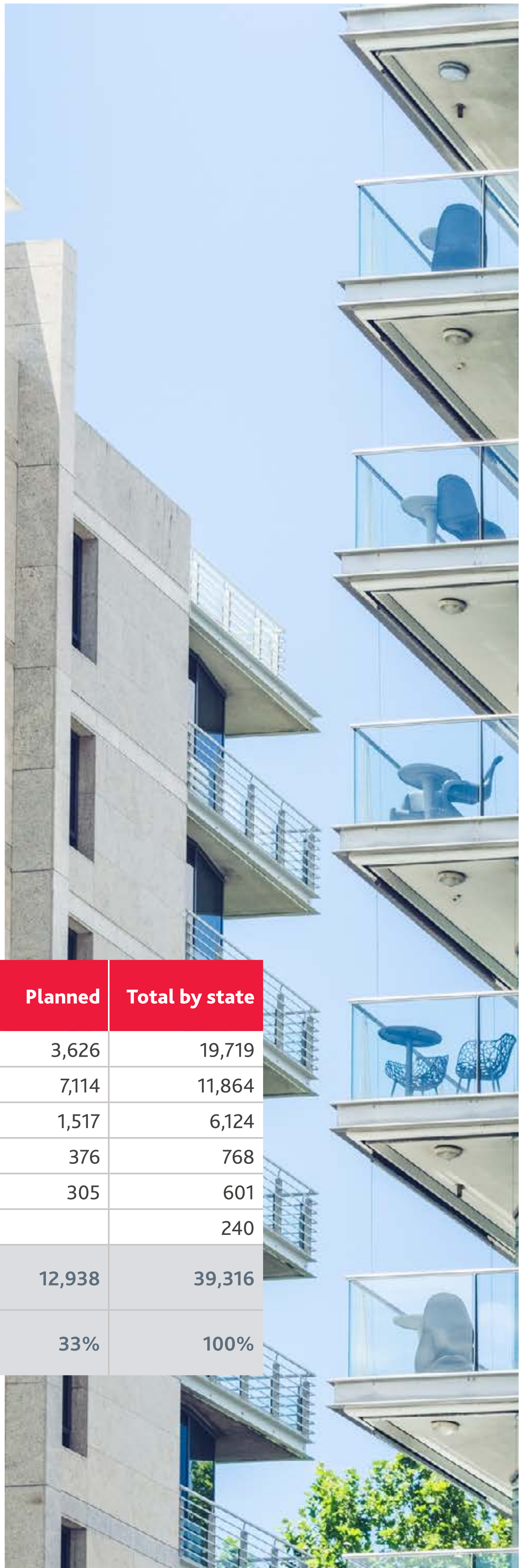
From pipeline to portfolio: BtR's market evolution

Although still a young sector, BtR in Australia is firmly institutionalised. What began as a concept has evolved into a proven model, with operating assets delivering stable income and validating the sector's value proposition. Dedicated BtR platforms are now building portfolios at scale, actively sourcing the next wave of projects while preparing for future exits.

With transactions beginning to emerge, the sector is entering a new phase of maturity and momentum. BDO estimates the national BtR pipeline now includes approximately 39,300 apartments across 113 projects, with a total capital value of around A$30.1 billion. Just a year ago, the pipeline stood at 29,100 apartments and A$21.4 billion — representing growth of over 10,000 apartments and nearly A$9 billion over the past 12 months.

National pipeline Q2-2025 -
Total percentage of apartments by status

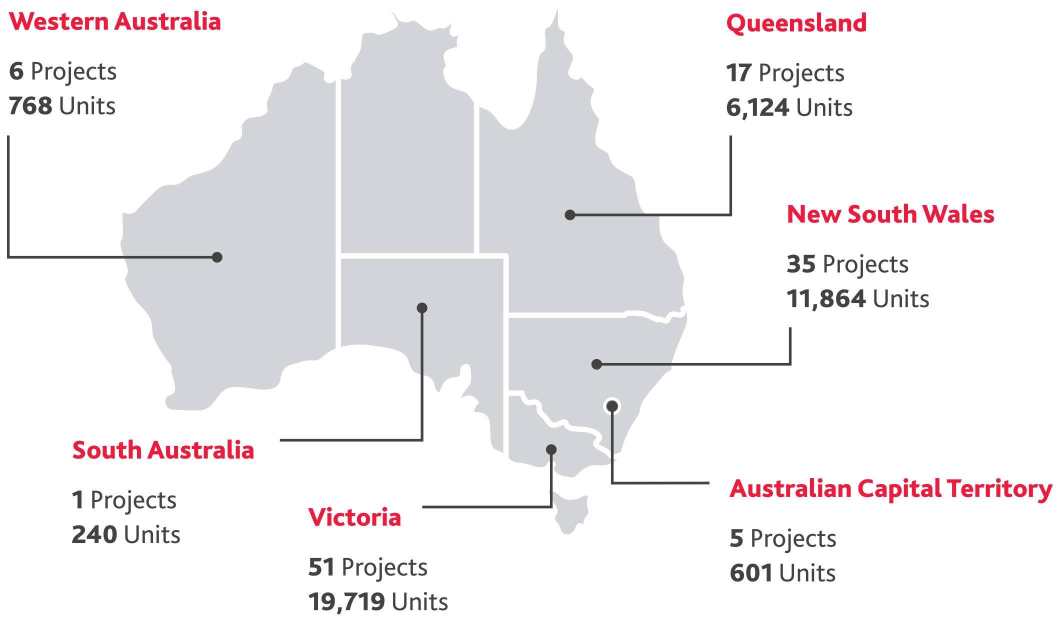




State	Operating	Under construction	Planned	Total by state
VIC	7,323	8,770	3,626	19,719
NSW	1,106	3,644	7,114	11,864
QLD	2,238	2,369	1,517	6,124
WA	173	219	376	768
ACT	296		305	601
SA		240		240
Total No. of Units by Status	11,136	15,242	12,938	39,316
As a % of Total Units	28%	39%	33%	100%

Source: BDO

National pipeline Q2-2025 - by State



State	No. of projects			Total by state
	Operating	Under construction	Planned	
VIC	19	21	11	51
NSW	4	12	19	35
QLD	7	6	4	17
ACT	2		1	3
WA	2	1	3	6
SA		1		1
Total no. of project by status	34	41	38	113
As a % of total projects	30%	36%	34%	100%

Source: BDO

A state by state perspective:

- **VIC:** Leads the national BtR pipeline in both operational and total volume, with a surge of inner-city projects delivered late 2024, reflecting strong developer and institutional confidence
- **NSW:** Holds the second-largest BtR pipeline, driven by institutional capital interest, but most projects remain in planning, highlighting the need for streamlined approval pathways to unlock supply
- **QLD:** Offers strong investment potential due to inner-city housing shortages and consistently high rental growth, but faces delivery challenges from high construction costs and labour diversion to major infrastructure projects including the Olympic Games construction program
- **Other states:** There is growing interest in BtR across other states, though investment is more strategically focused on specific localities and needs. Institutional capital remains primarily concentrated on the eastern seaboard (VIC, NSW, QLD), where scale and market depth are more established.

BtR platforms - as at Q2 2025

Developer / Operator	BtR Brand	Capital	Capital Group	Operating		Under Construction		Planned		Grand Total	
				No. of Units	No. of Projects	No. of Units	No. of Projects	No. of Units	No. of Projects	No. of Units	No. of Projects
Coronation	Nation	Local	Private	557	2	1,510	5	3,080	6	5,147	13
Local Residential	Local	Foreign	Macquarie	1,731	2	830	2	312	1	2,873	5
HOME	HOME	Foreign	GIC	1,447	3	1,281	3			2,728	6
Greystar	Haiku	Foreign	APG Asset Management, Ivanhoe Cambridge, Ilmarinen	1,386	3	443	1	792	3	2,621	7
Tetris		Foreign	Infrastructure Investors, Invesis, Aberdeen	1,160	3	1,279	4			2,439	7
Mirvac	LIV	Foreign	MEA, CEFC, Mirvac	1,275	3	895	2			2,170	5
Barings		Local	Aware Super	140	1	1,229	4	755	3	2,124	8
Pellicano	Pellicano Living	Local	Private	430	3			1,382	4	1,812	7
Novus	Novus	Foreign	M&G Real Estate, Kanden Realty	163	1	448	2	1,164	5	1,775	8
Lendlease		Foreign	Daiwa House, NSRKE			1,739	3			1,739	3
Sentinel	Kinleaf	Foreign	PGGM, Hermes	345	3	240	1	1,026	5	1,611	9
Salta	Est.	Local	Private	94	1	476	1	1,004	2	1,574	4
Gurner	GQ	Foreign	GIC	695	2			771	2	1,466	4
Investa	Indi	Foreign	Oxford Capital	234	1	1,136	2			1,370	3
Scape	Scape Living	Foreign	APG Asset Management, Bouwinvest, NPS					1,190	3	1,190	3
Assemble	Assemble	Local	AustralianSuper, HESTA			581	2	400	1	981	3
Cedar Pacific		Foreign	Sumitomo, Grosvenor and Moata Ventures, Australian Ethical			475	1	305	1	780	2
Blackstone	Realm	Foreign	Blackstone	637	2					637	2
CDL		Foreign	CDL			563	2			563	2
Apt.		Foreign	PGGM, Hermes			291	1	247	1	538	2
Stockland		Local	Stockland					510	1	510	1
AXA IM		Foreign	AXA IM, CEFC			397	1			397	1
Frasers		Foreign	Frasers			366	1			366	1
Canvas	Canvas Living	Foreign	BentallGreenOak, Partners Group			364	1			364	1
Hines		Foreign	OTPP	354	2					354	2
Beck Property Group		Local	Private			351	1			351	1
Goldfields		Local	Private			348	1			348	1
Suleman		Local	Private	332	1					332	1
Oaks		Local	Private	156	1					156	1
Total				11,136	34	15,242	41	12,938	38	39,316	113

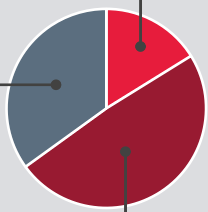
Source: BDO

A total of 29 platforms are currently identified by BDO as aligned with the key characteristics of BtR. While some market exits have occurred, the sector has seen a net gain with six new platforms entering the market, each bringing substantial pipeline commitments to BtR product delivery.

One of the clearest signs of BtR's maturity is the surge in operating assets. In the past year alone, the number of completed and leasing apartments has more than doubled — from 4,704 to 11,136. This is not just a milestone for developers and investors — it's a turning point for renters.

Sector analysis – Q1 2024[1]

Estimated sector value	$21.37b
Apartments	29,110
Operating platforms	23



4,704 apartments. Operating **16%**.

10,181 apartments. Planned **35%**.

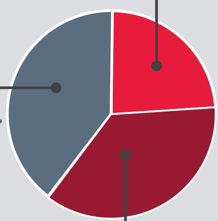
14,225 apartments. Under construction **49%**.

Source: BDO research 2024
[1] As at Q1 2024

+$8.76b	+10,206	+6
Sector value	Apartments	Operating platforms
+41%	+35%	

Sector analysis – Q2 2025[1]

Estimated sector value	$30.13b
Apartments	39,316
Operating platforms	29



11,136 apartments. Operating **28%**.

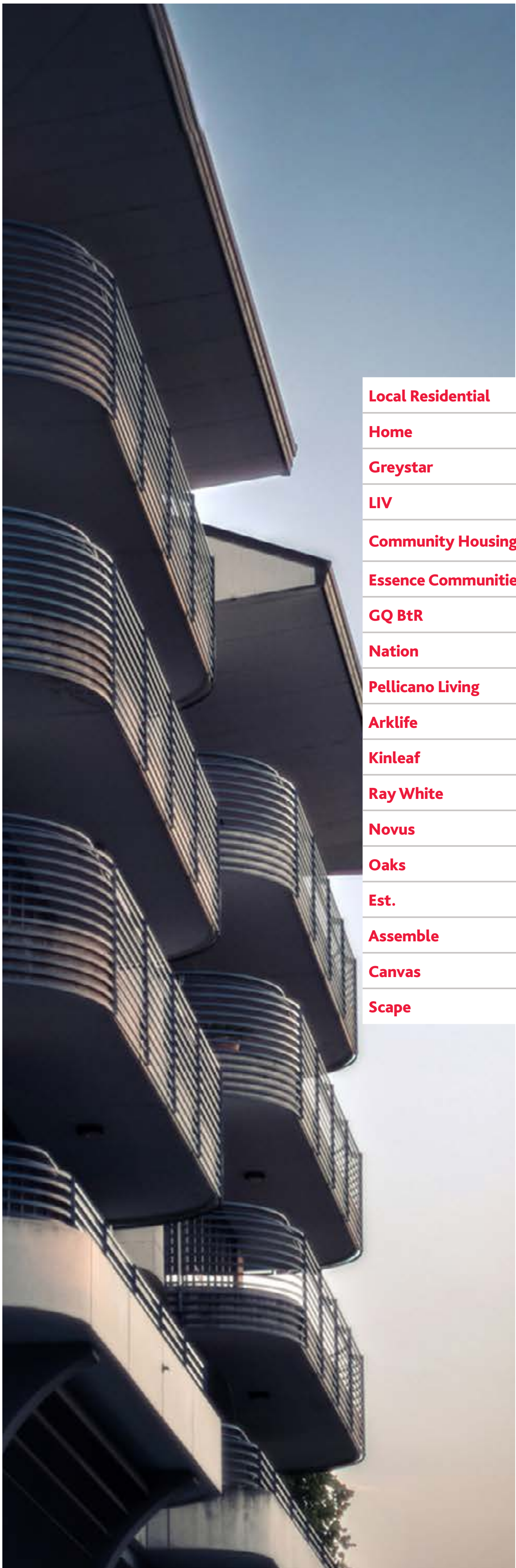
12,938 apartments. Planned **33%**.

15,242 apartments. Under construction **39%**.

Source: BDO research 2025
[1] As at Q2 2025

Renters are becoming more discerning, recognising the tangible benefits of BtR living which include professional management, quality amenities, and a sense of community within the building. What was once considered 'premium' is now increasingly seen as simply a better rental product — and one worth paying for.

The market is no longer asking if BtR works — it's asking where to find more of it.



From delivery to day-to-day: Australia's BtR management evolution

Australia's BtR sector has now reached a pivotal point of operational maturity. A growing cohort of proven BtR management platforms are demonstrating the sector's ability to deliver both strong tenant experiences and sustained asset performance. This operational capability is a key driver of investor confidence, showing that BtR in Australia is not just being built — it's being managed well.

Units under management – by most operating

	Operating	Under construction	Planned	No. of units	No. of projects
Local Residential	1,731	830	312	2,873	5
Home	1,447	1,281		2,728	6
Greystar	1,386	443	792	2,621	7
LIV	1,275	895		2,170	5
Community Housing Ltd	1,160	1,279		2,439	7
Essence Communities	1,011	826	305	2,142	7
GQ BtR	695		771	1,466	4
Nation	557	1,510	3,080	5,147	13
Pellicano Living	430		1,382	1,812	7
Arklife	354			354	2
Kinleaf	345	240	1,026	1,611	9
Ray White	332			332	1
Novus	163	448	1,164	1,775	8
Oaks	156			156	1
Est.	94	476	1,004	1,574	4
Assemble		581	400	981	3
Canvas		364		364	1
Scape			1,190	1,190	3
	11,136	9,173	11,426	31,735	93

Approximately 80 per cent of BtR apartments in Australia's pipeline are expected to be operated under dedicated management platforms. This high proportion reflects the sector's strong operational focus — ensuring consistent service delivery, optimised asset performance, and a better experience for renters.

What's required next? Laying the foundations for a mature BtR sector

At BDO, we foresee six foundational priorities that will shape the next phase of BtR maturity:

1. **Policy certainty and planning reform**

   Clearer frameworks and faster approvals are essential to accelerating delivery and attracting long-term capital. National consistency in planning policy will reduce friction and enable developers to scale with confidence

2. **Tax and regulatory alignment**

   Greater clarity is needed around eligibility requirements for recent federal and state tax changes — particularly in relation to Managed Investment Trust (MIT) rules — to provide certainty and unlock further investment in BtR

3. **Data and transparency**

   The data is already there — what's needed now is greater transparency across the sector. Shared performance benchmarks will give investors the confidence to commit capital at scale, helping to grow BtR as a core part of Australia's housing solution. This includes the establishment of a MCSI Index which is expected to be operational by the end of 2025

4. **Elevating the tenant experience**

   BtR platforms must now focus on what tenants truly value — flexible amenity, affordability, and lifestyle support — to deliver experiences that align with how people live and work today

5. **ESG accountability**

   ESG in BtR must now prove its value — through measurable outcomes that attract institutional capital and clear tenant benefits like lower utility costs, healthier living, and long-term affordability

6. **Diversification within BtR**

   Diversification within BtR — from mid-market to suburban and mixed-tenure models — will support greater housing choice and help meet Australia's ambitious housing targets, which are fundamental to avoiding a deepening housing crisis.

About us

BDO's Project & Infrastructure Advisory (P&IA) team comprises over 100 professionals nationally, offering a fully integrated, multidisciplinary blend of capabilities tailored to each project's needs. As a large professional services firm with the attention to detail of a boutique, we support clients through every stage of the project lifecycle — regardless of scale or complexity.

Our team brings deep expertise in business case development, Public-Private Partnerships (PPPs), financial and commercial advisory, real estate advisory, and extensive experience in social and affordable housing. This multidisciplinary skillset enables us to deliver comprehensive advice that reflects a nuanced understanding of the interface between the public and private sectors.

BDO has established a dedicated national Real Estate Advisory team within P&IA, with a focus on the living sector, comprising professionals with hands-on experience across Build-to-Rent (BtR), student accommodation, co-living, and social and affordable housing.

How BDO can help?

BDO is already working with leading developers, investors, operators, and government stakeholders across Australia to help shape the BtR sector. Our team brings deep, hands-on experience and multidisciplinary expertise to support clients at every stage of the BtR lifecycle.

We help clients:

- **Leverage deep valuation insight**, as Certified Practising Valuers who specialise in the BtR asset class — having valued the majority of projects across Australia, we offer unmatched visibility into operational performance and investor expectations
- **Advise on transaction structuring and partnerships**, with team members who have worked on BtR transactions across both government and private sectors. This includes experience with a range of structures such as fund-throughs, public-private partnerships, and long-term lease models
- **Navigating tax structuring and complexity** - leveraging the expertise of BDO's nationally recognised tax team. Our specialists are deeply embedded in the BtR sector and provide strategic guidance on federal and state tax matters — including MIT eligibility, land tax, GST, and cross-border structuring — to ensure clients can navigate complexity with confidence and unlock the full value of available incentives.

Key contacts

Luke Mackintosh
Partner, Projects & Infrastructure Advisory - Real Estate
Luke.Mackintosh@bdo.com.au
+61 4 3871 9944

Paul Tuckey
Partner, Projects & Infrastructure Advisory - Real Estate
Paul.Tuckey@bdo.com.au
+61 7 3237 5743

John Burger
Partner, Projects & Infrastructure Advisory - Real Estate
John.Burger@bdo.com.au
+61 8 6382 4689

Alister Walker
Director, Projects & Infrastructure Advisory - Real Estate
Alister.Walker@bdo.com.au
+61 7 3237 5644

Jordan Lim
Director, Projects & Infrastructure Advisory - Real Estate
Jordan.Lim@bdo.com.au
+61 3 9603 1772

Siobhan Fuller
Senior Manager, Projects & Infrastructure Advisory - Real Estate
Siobhan.Fuller@bdo.com.au
+61 3 9603 1770

James Louw
Senior Manager, Projects & Infrastructure Advisory - Real Estate
James.Louw@bdo.com.au
+61 3 9603 1741

1300 138 991
www.bdo.com.au

AUDIT • TAX • ADVISORY

AUSTRALIAN CAPITAL TERRITORY

NEW SOUTH WALES

NORTHERN TERRITORY

QUEENSLAND

SOUTH AUSTRALIA

TASMANIA

VICTORIA

WESTERN AUSTRALIA

25-07-2015