Australian co-living

A clearer pathway for growth and institutional investment

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Co-living is not a new concept. The origins can be traced to traditional boarding house accommodation, which has provided affordable and flexible housing options across Australia. However, contemporary co-living has evolved significantly beyond these traditional formats. In this paper, we explore how we can continue to support the growth of co-living and what levers are required to attract developers, investors, operators, and tenants to this asset class and housing product.

In the Australian context, co-living is best defined as a professionally managed, single-owner accommodation assets comprising compact private studios or rooms that are furnished and ready for occupation, supported by shared amenity, community activation initiatives and flexible occupation arrangements. Occupancy is typically facilitated under licence agreements of up to three months, reflecting operational characteristics that distinguish co-living from conventional residential rental housing and may support its classification as Commercial Residential Premises (CRP).

This paper is not focused on traditional boarding houses. Rather, it examines the emergence of co-living as a distinct housing product and the policy and legislative settings required to support its growth and maturity. Co-living represents an additional housing solution within Australia's broader housing continuum, sitting alongside social and affordable housing, forms of shared accommodation, traditional rental housing, Build-to-Rent (BtR), and Purpose-Built Student Accommodation (PBSA).

The primary challenge facing the sector is not demand but institutional certainty. Whilst housing affordability pressures continue to support the demand for alternative housing solutions such as co-living, institutional investment remains on the sidelines as it is impacted by the uncertainties associated with planning, taxation, valuation, and financing. It is these uncertainties that contribute to the growth and scale in which co-living could operate as an institutional asset class.

New South Wales (NSW) has emerged as the leading market in Australia for co-living, largely due to the planning recognition provided through the NSW State Environmental Planning Policy (Housing) 2021 instrument, also known as the Housing SEPP 2021. The Housing SEPP (2021) formally defines co-living housing and establishes a set of development parameters, and in so doing has reduced planning uncertainty. This has provided a clearer framework for project delivery, capital allocation and operational execution. This planning certainty has been a significant enabler of sector growth and helps explain why NSW currently represents the largest concentration of co-living activity in Australia.

In contrast, other states and territories continue to assess co-living through legacy accommodation categories such as rooming houses and shared accommodation. For co-living assets, planning uncertainty extends to matters including design, approvals, and asset classification. Combined, these factors create additional development risk and limit the ability of the co-living sector to attract sophisticated capital and operators to continue to operate at scale.

Scale remains a critical consideration. Unlike PBSA and BtR, where institutional-scale assets are commonly delivered at several hundred beds or apartments, co-living projects typically comprise 30 to 100 rooms. While the sector has demonstrated operational viability at these levels, its long-term institutionalisation will depend on whether co-living can deliver efficiencies in operations, and attract meaningful institutional investment.

One lever here is addressing the taxation treatment of co-living which remains a significant barrier to investment. Unlike BtR and PBSA, co-living does not currently benefit from a dedicated taxation framework or specific Australian Taxation Office (ATO) guidance. Instead, investors are required to assess Goods and Services Tax (GST) outcomes through existing Commercial Residential Premises (CRP) principles. This creates uncertainty for developers, investors and operators.

The sector's evolution is likely to mirror that of other emerging living sectors like PBSA and BtR. Historically, these asset classes progressed through a sequence of planning recognition, operational proof of concept, valuation consistency, transaction evidence and lender acceptance. Co-living appears to be following a similar pathway. With appropriate policy, taxation and government support, this asset class could be unlocked and contribute to addressing Australia's housing affordability pressures.

The key to sector maturation is not the creation of demand, but the establishment of institutional certainty. Clear planning frameworks, greater taxation clarity, demonstrated operating performance and growing transactional evidence will support valuation confidence, lender acceptance and deeper capital market participation. Ultimately, the question is no longer whether co-living has a place in Australia's housing system, but whether the regulatory and policy environment can provide the certainty required for the sector to scale.

Luke Mackintosh
Partner, Project & Infrastructure Advisory – Real Estate

Key differences between co-living, PBSA, and BtR

Characteristic	Co-living	PBSA	BtR
Definition	Professionally managed, single-owner accommodation asset comprising compact private studios or rooms, furnished and ready for occupation, supported by shared amenity, community activation and flexible occupation arrangements.	Purpose-built residential rental housing designed for the private rental market. Accommodation is designed primarily for students, comprising private rooms or studios supported by shared facilities and professional management.	Purpose-built residential rental housing designed for the private rental market, held in single-ownership and professionally managed for long-term rental occupation.
Institutional maturity	Emerging institutional asset class.	Highly institutionalised.	Institutionalised and growing.
Typical scale	30 – 100 rooms.	300 – 1,000 beds.	150 – 500 apartments.
Primary occupier	Single renters, young professionals, migrants, key workers and transitional households.	Domestic and international students.	General rental market including singles, couples and families.
Occupation structure	Maximum three-month licence agreements.	Academic year / semester aligned agreements.	Long-term residential tenancy agreements.
Accommodation configuration	Compact private rooms or studios.	Individual rooms or self-contained studios.	Self-contained apartments.
Planning recognition	Dedicated planning recognition primarily in NSW through the Housing SEPP; limited consistency across other states.	Established planning treatment nationally.	Increasingly recognised through dedicated planning frameworks and policy support.
Tax treatment	Taxable accommodation supplies if CRP classification is maintained.	Generally taxable as CRP.	Residential rental income is generally input taxed.

What co-living is and what it is not

Whilst no universally accepted Australian definition exists, co-living is generally understood to comprise a professionally managed, single-owner accommodation asset containing compact furnished private accommodation supported by shared amenity, community activation, and flexible occupation arrangements.

The most developed planning definition currently exists in NSW Housing SEPP (2021), which formally recognises co-living housing as a distinct accommodation typology. Under the Housing SEPP (2021), co-living housing is intended to provide compact rental accommodation supported by shared facilities, active management and a community-oriented operating model.

The Housing SEPP (2021) defines co-living housing as a building or place that:

- Has at least six private rooms, some or all of which may contain private kitchen and bathroom facilities
- Provides occupants with a principal place of residence for up to three months
- Contains shared facilities, such as communal living areas, kitchens, bathrooms or laundries, maintained by a managing agent providing management services on a 24-hour basis.

The significance of the NSW framework extends beyond the planning definition itself. By formally recognising co-living as a distinct accommodation category and establishing a set of development parameters, NSW has effectively legitimised co-living as an emerging housing product while providing a clearer pathway for capital allocation, project development and operations. This planning certainty has been one of the most significant enablers of sector growth and helps to explain why NSW currently represents the bulk of co-living assets in Australia.

In contrast, Victoria and Queensland continue to assess co-living through existing accommodation categories rather than through a dedicated institutional co-living framework.

Victoria does not currently have a dedicated co-living planning pathway. Instead, developments with similar characteristics are generally considered under rooming house provisions within the Victorian Planning Provisions. The Victorian Planning provisions are primarily designed to facilitate domestic-scale rooming houses rather than larger-scale accommodation assets attracting institutional investors, developers, and operators.

These domestic-scale rooming houses are generally characterised by:

- Gross floor area not exceeding 300 sqm
- No more than eight bedrooms
- No more than twelve residents.

Similarly, Queensland does not currently recognise co-living as a distinct planning land use. Comparable developments are generally accommodated through rooming accommodation provisions. These provisions are intended to facilitate shared accommodation where occupants occupy individual rooms and share common facilities. Recent planning reforms have focused on encouraging smaller-scale rooming accommodation as a housing supply measure, including streamlined pathways for developments generally comprising up to five bedrooms and five occupants in certain residential zones.

The absence of consistent planning frameworks outside NSW remains one of the most significant barriers to entry for institutions. Whilst demand for the product appears increasingly evident, developers, investors and lenders continue to face uncertainty regarding planning, design expectations and asset classification. This inconsistency increases development and operational risks which constrains the deployment of capital, hindering the sector's ability to scale.

Notwithstanding these challenges, the Australian co-living sector continues to attract growing interest from both specialist operators and institutional capital. Participants currently active in the sector include UKO, PGIM Real Estate / TRIBE and Pro-invest. These participants reflect a growing recognition of co-living as a potential component within the broader living-sector.

However, the sector remains in its infancy attracting institutional investment. Most operational assets and emerging projects continue to be delivered at a significantly smaller scale than established PBSA and BtR assets. For example, current co-living developments generally comprise between 30 and 100 bedrooms, whereas institutional PBSA and BtR assets commonly exceed 300 bedrooms.

This distinction is important. Whilst co-living has demonstrated operational viability at smaller scales, institutional capital typically seeks opportunities capable of supporting meaningful deployment, portfolio aggregation and operating efficiencies. As a consequence, a critical next step in this sector's evolution is demonstrating that co-living can move beyond successful individual projects and be delivered consistently at a scale capable of institutional ownership.

From an investment perspective, co-living is increasingly being viewed as the natural bridge between PBSA and BtR, combining PBSA-style operational intensity, management and residential services with the broader residential demand drivers traditionally associated with BtR.

Ultimately, the principal barrier to institutional adoption is not demand, but certainty and consistency across planning and taxation. There is limited evidence of co-living projects operating at scale with the 'right' business model supported by institutional backing. By taking steps towards formally defining co-living and providing greater clarity within the respective planning and taxation frameworks, we can take a first step towards creating a new asset class that is supportive of institutional investment and is recognised as a clear and practicable housing solution within Australia.

Australia's co-living landscape today

Format	Institutionalisation	Primary distinction from co-living
Traditional share house	**Very low**	Fragmented ownership, informal management, resident-selected households and limited professional amenity or operating systems.
Rooming house	**Low**	Typically small-scale accommodation facilitated through rooming house provisions. Generally not designed as an institutional investment product.
Boarding house	**Low–moderate**	Affordable housing product with specific regulatory and management requirements. Primarily a housing policy outcome rather than an institutional rental platform.
Co living	**Moderate (emerging to high)**	Professionally managed, single-owner rental housing comprising compact private accommodation supported by shared amenity, community activation and flexible leasing.
BtR	**High**	Self-contained apartments held in single owner with institutional management, broader household mix and increasingly established operational and capital market acceptance.
PBSA	**Very high**	Australia's most mature operational living-sector asset class, with established operators, lending markets, valuation methodologies, transaction evidence and institutional ownership.

Why co-living matters

A key driver supporting additional housing products across Australia, is the persistent structural housing undersupply, elevated rental costs, low vacancy rates and deteriorating housing affordability throughout its major metropolitan markets.

Co-living seeks to respond to these market conditions by providing a more affordable 'all inclusive' rental product in well-connected urban locations. This allows residents to retain access to employment, education, public transport and amenity.

Demand is driven by young professionals, key workers, migrants and transitional households, reducing reliance on any single demographic segment and serving a more diverse tenant base than its nearest cousin, PBSA. As a result, co-living is increasingly being viewed as a complementary component of the housing continuum.

Equally, there is a clear economic rationale for co-living in higher-density urban locations. This is underpinned by space efficiency, flexibility and revenue density. Co-living residents or occupiers accept and expect smaller private accommodation in exchange for well-located, convenient, flexible and affordable offerings. These offerings include furnished accommodation, utilities and internet, shared amenity, community activation and flexible occupation arrangements. This enables greater revenue generation on a per square metre basis than traditional rental housing and BtR, for appropriately located assets.

Conceptually, co-living represents a viable residential investment opportunity and, under certain circumstances, may provide a more feasible development outcome than traditional BtR. Whilst the product is more operationally intensive, it can unlock higher revenue on a per square metre bases for constrained urban sites where scale is insufficient to support a conventional BtR model.

As a result, co-living is increasingly being considered by developers with smaller landholdings and as an alternative to developments that may no longer support traditional off-the-plan BtS outcomes.

Co-living and BtR: Illustrative NOI comparison

Metric	BtR	Co-living (CRP Assumed)
Weekly revenue ($/sqm)	$25	$37.50
Annual gross revenue ($/sqm)	$1,300	$1,950
Less GST on revenue	-	($107)
Net revenue ($/sqm)	$1,300	$1,843
Operating costs (% revenue)	25%	30%
Operating ($/sqm)	($325)	($585)
GST leakage on operating costs	($33)	-
Net operating income ($/sqm)	$942	$1,258
Indicative yield / cap rate	4.25%	5.50%
Implied capital value	$22,200	$22,900

*These metrics are illustrative only. The analysis assumes the co-living asset qualifies as Commercial Residential Premises (CRP) and is eligible for long-term accommodation GST concessions. A 5.5 per cent GST adjustment has been applied to accommodation revenue and a 10 per cent GST leakage has been applied to BtR operating costs to reflect the general inability to recover GST on costs associated with input-taxed residential rental income. Other income streams, ancillary revenue, development cost GST benefits and asset-specific taxation considerations have not been reflected in this illustration.

The illustration demonstrates that the co-living proposition during operations is fundamentally driven by revenue optimisation. By providing smaller private accommodation supported by shared amenity, co-living can generate materially higher revenue per square metre than conventional BtR, even after allowing for GST on accommodation revenue whilst being a more operationally intensive management model.

This illustration also demonstrates the sensitivity of the model to achieved revenue levels. As revenue increases, the economics of co-living strengthen materially, supporting project feasibility and higher NOI outcomes. Conversely, where rental levels are insufficient to support the operational intensity of the product, the economics can deteriorate quickly.

Successful co-living projects provide convenient, well-located, flexible and affordable offerings.

Importantly, the feasibility proposition is not solely driven by higher revenue generation. Subject to ownership structure, operating model and taxation treatment, co-living developments may benefit from GST outcomes associated with CRP classification, including the potential recovery of GST on eligible development and operating costs. By comparison, BtR developments generally incur a GST cost base that cannot be fully recovered due to the input-taxed nature of residential rental income.

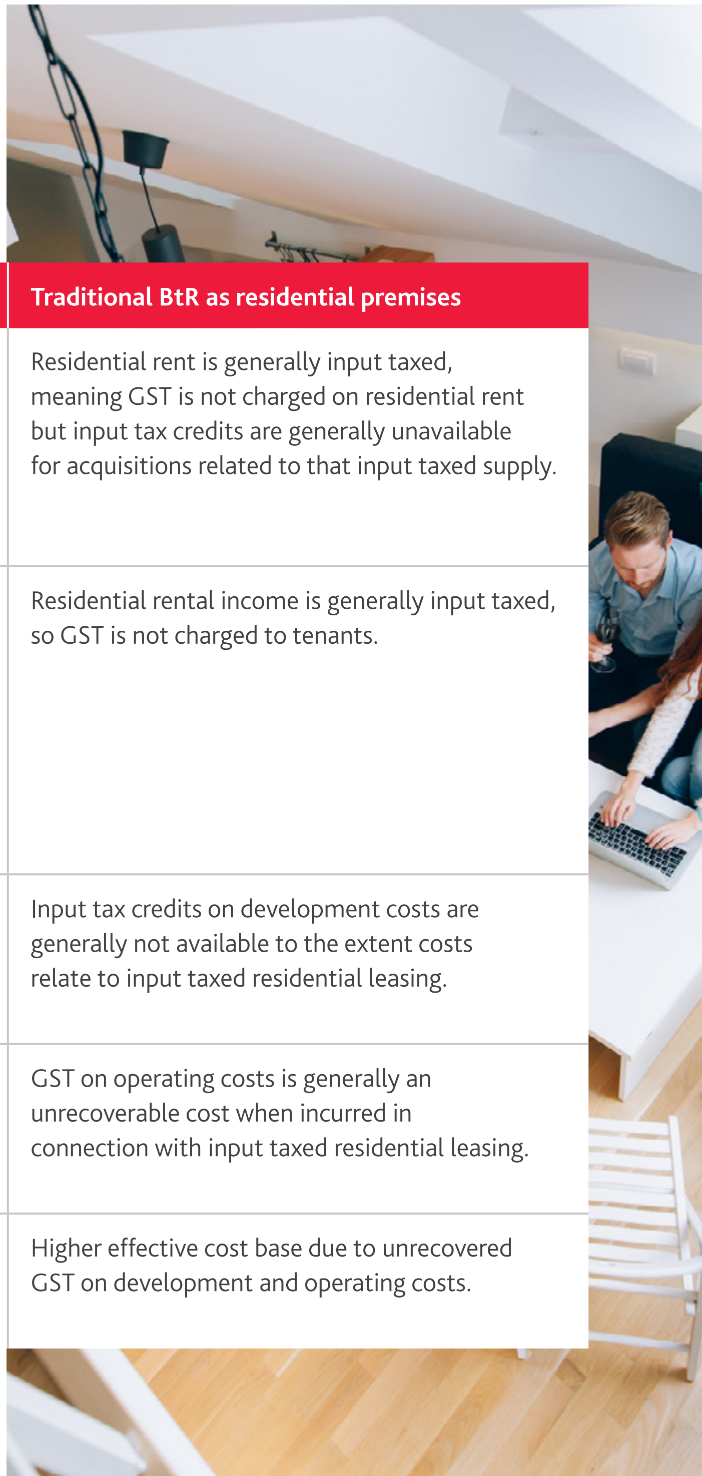
The above illustration focuses primarily on the operational GST impacts associated with stabilised BtR and co-living assets. Development-related GST considerations, including the treatment of acquisition costs, construction costs, input tax credits and funding structures, have not been specifically modelled and may result in materially different outcomes. In practice, the relative benefit of a co-living or commercial residential premises structure may be greater than illustrated, given the potential availability of input tax credits on development and acquisition costs. By comparison, a BtR structure may face greater restrictions on GST recovery, resulting in a higher effective cost base. Accordingly, the analysis may understate the overall financial advantage associated with co-living when both development and operational phases are considered.

The combination of stronger revenue generation per square metre and the inherent GST efficiency can provide a meaningful feasibility advantage for appropriately located projects, partially offsetting the increased operating complexity and classification risk associated with the asset class.

Taxation and GST: the highest friction issue

Taxation remains one of the most significant factors influencing project feasibility and institutional participation.

In particular, the potential classification of co-living assets as CRP for GST purposes may provide a material advantage relative to traditional BtR developments through the recovery of GST on eligible development and operating costs.



Comparative GST treatment: Co-living and traditional BtR

Item	Co-living as commercial residential premises	Traditional BtR as residential premises
GST classification	Generally treated as taxable supply if the asset qualifies as commercial residential premises. The legislation identifies commercial residential premises as including hotels, motels, inns, hostels, boarding houses and similar establishments.	Residential rent is generally input taxed, meaning GST is not charged on residential rent but input tax credits are generally unavailable for acquisitions related to that input taxed supply.
GST on revenue	Accommodation revenue may be subject to GST, subject to long-term accommodation concessions where relevant. For stays of 28 days or more, concessionary GST treatment can apply, and where at least 70 per cent of guests stay 28 days or more, benefiting from long-term accommodation concessions, primarily long-term accommodation rules may be relevant.	Residential rental income is generally input taxed, so GST is not charged to tenants.
Input tax credits on development costs	Potential ability to claim input tax credits on development costs, subject to registration, creditable purpose and correct CRP classification.	Input tax credits on development costs are generally not available to the extent costs relate to input taxed residential leasing.
Input tax credits on operating costs	GST incurred on operating costs may generally be recoverable where acquisitions relate to taxable supplies of commercial residential accommodation.	GST on operating costs is generally an unrecoverable cost when incurred in connection with input taxed residential leasing.
Effective feasibility outcome	Potentially lower effective development and operating cost base, improving margin and project IRR.	Higher effective cost base due to unrecovered GST on development and operating costs.

Item	Co-living as commercial residential premises	Traditional BtR as residential premises
Sale treatment	Sale of commercial residential premises is generally subject to GST, with full GST payable on sale price unless another treatment applies, such as margin scheme or going concern exemption.	Sale treatment depends on whether premises are new residential premises or existing residential premises, but long-term residential leasing generally gives rise to input taxed treatment and can create GST recovery limitations.
Valuation implication	Positive feasibility impact from recoverable GST needs to be balanced against potential GST liability on sale and operational complexity.	Lower GST complexity on rental revenue, but unrecovered GST can reduce feasibility and returns.
Key risk	Misclassification risk. If the asset does not qualify as a CRP, GST recovery assumptions may unwind.	Lower classification risk for conventional BtR, but lower tax efficiency.

The ATO's position is that whether premises constitute CRP is a fact-and-degree assessment, having regard to both the physical characteristics of the asset and the way it is operated.

GSTR 2012/6 considers the supply and accommodation of CRP. In addition, GSTR 2012/6 identifies several characteristics commonly associated with CRP classification, including:

- Similarity to recognised CRP categories such as hotels, motels, inns, hostels, boarding houses, caravan parks, camping grounds or similar establishments
- Commercial operation conducted on a business-like basis rather than as passive residential investment stock
- Capacity to accommodate multiple unrelated residents or guests
- Accommodation being offered to the public or a defined segment of the public
- Provision of accommodation as the primary purpose of the premises
- Centralised management and operational services
- Accommodation arrangements that exhibit a degree of temporary, flexible or non-permanent occupation
- Operating characteristics that more closely resemble accommodation services than conventional residential leasing.

By contrast, characteristics typically associated with BtR have historically pointed away from CRP treatment. These characteristics include self-contained apartments, exclusive possession by occupants, longer-term occupation, residential tenancy-style arrangements, quiet enjoyment rights, limited management access and communal facilities that are ancillary to residential living as opposed to active accommodation offering.

The relevance for co-living is that many projects exhibit characteristics that may be more closely aligned with hostels, boarding houses or serviced accommodation than conventional residential leasing, creating a potential tax risk for the owner operator. At the same time, it is worth noting that BtR tax concessions at both the state and federal level often require characteristics associated with long-term residential occupation, which may conflict with attributes typically associated with commercial residential premises. This can create a degree of tension between two asset classes that both seek to provide stable, long-term housing outcomes, but which may be subject to materially different taxation treatments. Importantly, classification is determined by the accommodation offering and its operation in practice, rather than the label applied to the asset as 'co-living'.

As the co-living sector matures, a key question emerges: does the asset continue to operate as a CRP, or does it evolve into a residential investment asset with shared amenity?

Whilst risk exists around the evolution of co-living and its ability to satisfy the CRP definition, the more important consideration is the operating characteristics of each individual asset. CRP classification is ultimately determined by how accommodation is provided in practice, rather than by branding, marketing or asset-class terminology. It is here that defining co-living across jurisdictions would be advantageous for developers, owners, operators, and government at all levels.

The CRP position may become more vulnerable where an asset:

- Is occupied under longer-term residential-style occupation arrangements
- Provides occupants with a high degree of exclusive possession
- Offers limited operational, concierge or accommodation-style services
- Resembles self-contained studio or apartment accommodation
- Functions more like a BtR asset with shared amenity than a hostel, boarding house or similar accommodation establishment.

Importantly the responsibility for maintaining the underlying GST position ultimately rests with the owner rather than a third-party manager. Whilst an operator may manage the asset, any adverse taxation outcome is generally borne by the ownership structure that has relied upon CRP treatment.

An adverse determination by the ATO regarding CRP classification for co-living assets could have significant implications for industry.

These include:

- Denial or clawback of previously claimed input tax credits
- Repayment of GST benefits assumed within feasibility assessments
- Penalty interest and associated taxation liabilities
- Deterioration in development margins, project IRRs and investment feasibility.

Consequently, the co-living investment thesis relies not only on higher revenue density and potential GST efficiencies, but also on careful tax advice, ongoing tax compliance and active owner oversight to ensure the operating characteristics continue to support CRP classification throughout the investment lifecycle.

Institutional and sophisticated developers, investors and lenders generally seek certainty regarding taxation outcomes, particularly where project feasibility is partially dependent on those outcomes.

Despite supportive market fundamentals for co-living assets, uncertainty exists regarding the ability for co-living assets to maintain their CRP status through the asset lifecycle. As a consequence, institutional appetite may be constrained by additional due diligence requirements, financing complexity and increased risk perception challenging project feasibilities or investment in the housing continuum.

Ultimately, providing regulatory clarity whether through specific ATO guidance or legislation regarding GST treatment, both methods would significantly contribute to the growth and attractiveness of co-living. Such clarity would reduce the reliance on analogies to traditional accommodation formats such as hostels, boarding houses and other forms of commercial residential accommodation.

The industry would benefit from a standardised operating framework and a clear conceptual understanding of co-living, incorporating centralised management, resident services, shared facilities, community activation, flexible occupation arrangements and operating characteristics that are distinguishable from conventional residential leasing. The more consistent and transparent the operating model is, the easier it will be to demonstrate that co-living represents a distinct asset class while continuing to exhibit the characteristics necessary to support CRP classification.

Sector maturity, institutionalisation and valuation considerations

While the Australian co-living sector is still maturing and faces ongoing planning and tax challenges, confidence in the market is growing.

Many of the foundations needed to support long-term investment are beginning to emerge, helping the sector move towards delivering meaningful housing outcomes. Co-living appears to be following a familiar pathway previously experienced by PBSA. PSBA evolved from a niche accommodation product into a recognised institutional asset class as supply increased, specialist operators emerged, operating performance became measurable and transaction evidence accumulated.

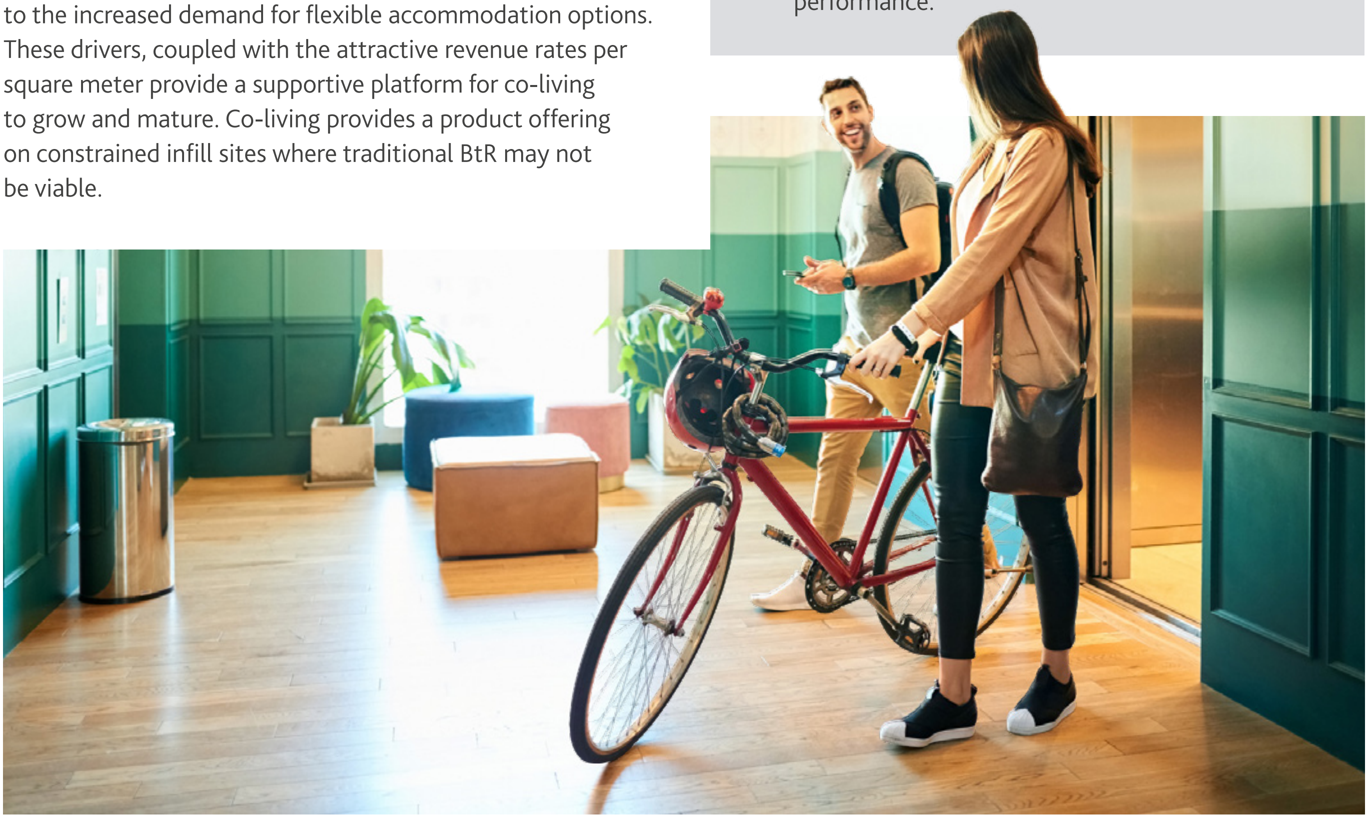
More recently, BtR progressed through a similar maturation cycle, supported by taxation reforms, planning recognition and market acceptance.

Co-living has the underlying demand and investment fundamentals that supported the institutionalisation of PBSA and BtR. Structural housing undersupply, rental affordability pressures, changing household formation patterns contribute to the increased demand for flexible accommodation options. These drivers, coupled with the attractive revenue rates per square meter provide a supportive platform for co-living to grow and mature. Co-living provides a product offering on constrained infill sites where traditional BtR may not be viable.

For the sector to accelerate meaningfully, greater certainty is required regarding what institutional co-living represents.

The foundations include:

- Greater industry alignment around the physical characteristics, operating model, scale parameters and target resident cohorts
- Clearer planning recognition and policy treatment across all states and territories
- Clarity regarding GST treatment and CRP classification to reduce feasibility and investment risk
- Continued demonstration of operational performance.



Once these foundations are established, the natural progression of the asset class will be the accumulation of operational proof at the scale currently being contemplated by developers, investors and lenders.

The sector requires operational performance evidence including: occupancy, resident retention, operating expenditure, management intensity, community activation,and long-term asset performance (yield and capital growth).

From a valuation perspective, co-living should remain fundamentally income-led, albeit evidence-aware. Whilst transaction evidence is expected to remain limited valuation methodology itself is not considered the primary challenge. The challenge lies in the depth, transparency and consistency of the evidence available to support investment assumptions. In the current market, valuers and lenders are required to place greater emphasis on operational performance metrics.

The operational performance of existing co-living assets is likely to be more influential than transaction volume in the short to medium term.

As operating datasets become deeper and more transparent, investor confidence and lender acceptance will grow and as a consequence, valuation certainty is expected to improve.

Over time, operational evidence should be supported by increasing transaction activity, creating a feedback loop whereby transactions support valuation confidence, valuation confidence supports lender participation, and lender participation supports broader institutional capital allocation.

Ultimately, the growth of the co-living sector requires participation from all stakeholders, including developers, operators, investors, lenders, valuers and policy makers.

The most critical step remains the reduction of uncertainty surrounding planning recognition, accommodation classification and taxation treatment. Addressing these hurdles will provide the foundation for the next phase of maturity for co-living.

Clarification of the planning and tax frameworks will enable co-living to mature. This will be evidenced by demonstrated operational data including occupancy levels, resident retention, operating expenditure benchmarks, management outcomes and transactional evidence.

In this regard, co-living is not lacking demand or investor interest, it is seeking the same certainty and standardisation that supported the growth and maturity of PBSA and, more recently, BtR.

Institutionalisation process for Australian co-living

Stakeholder priorities for the Australian co-living sector

Stakeholder	Recommended position
Institutional capital (Investors)	Institutional capital should continue to demonstrate its appetite for co-living as part of broader living-sector portfolio aspirations, recognising the sector's potential to occupy a position between BtR and PBSA.
Policy makers	Provide greater certainty through clear planning definitions, nationally consistent policy settings and taxation guidance, particularly in relation to CRP treatment. Regulatory clarity is arguably the most important prerequisite for accelerating capital allocation to the sector.
Developers	Focus on transit-oriented infill locations where affordability pressures, rental demand and land constraints support the co-living proposition. The feasibility of co-living should not be judged by projects delivered in locations that lack the necessary demand fundamentals. As with BtR and PBSA, success is location dependent. Poorly positioned developments risk incorrectly signalling that the concept is unfeasible, when the issue lies with asset selection rather than the co-living model itself.
Operators	Important is the establishment and demonstration of a consistent operating model, underpinned by centralised management, resident services, community programming and operational transparency. Demonstrating an ‘operational proof of concept’ and key performance metrics including occupancy, resident retention, operating expenditure will be critical in building market confidence.
Valuers and advisers	Valuers and advisers should continue to adopt income-based valuation methodologies, principally DCF and capitalisation approaches, whilst placing appropriate emphasis on operational performance evidence, lease-up outcomes, occupancy levels, operating expenditure benchmarks and comparable living-sector asset classes. As the sector matures, greater reliance should be placed on demonstrated operating metrics and transactional evidence, rather than drawing heavily from historical accommodation formats such as boarding houses, serviced apartments or other legacy accommodation products that may not accurately reflect the scale, design of modern co-living assets.

About us

BDO Real Estate Advisory team comprises of 30 professionals across in Melbourne, Brisbane, Perth, and Sydney and works closely with BDO's national Project & Infrastructure Advisory team of over 120 professionals, offering a fully integrated, multidisciplinary blend of capabilities. 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 co-living sector. Our team brings deep, hands-on experience and multidisciplinary expertise to support clients at every stage of the co-living lifecycle.

We help clients:

- **Leverage deep valuation insight,** as Certified Practising Valuers who specialise in the BtR and co-living asset class – having valued many 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 and co-living 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.
- **Navigate tax structuring and complexity,** leveraging the expertise of BDO's nationally recognised tax team. Our specialists are deeply embedded in the co-living sector providing 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.

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