

## Mirvac taps into super funds for apartments

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Mirvac Group has emerged at the vanguard of the local push into the multi-family apartment sector and has met advisers to the powerful superannuation sector as it looks to steal a march on its competitors in the field.

The group is among a clutch of local players, including Melbourne-based developers Grocon and Salta, student accommodation specialist Scape, and US giant Sentinel forming vehicles for institutions to invest in housing.



Susan Lloyd-Hurwitz, chief executive of Mirvac. Picture: James Croucher.

Lendlease has also set up a £1 billion (\$1.75bn) apartment fund in London and Westfield has flagged plans to raise third-party capital for planned apartments at London's Stratford, although neither has outlaid its local plans.

Mirvac is also yet to publicly detail its entry into the sector but the company's general manager of capital allocation, Adam Hirst, is understood to have briefed asset consultants on opportunities in the sector.

Mirvac chief executive Susan Lloyd-Hurwitz, speaking as the group's St Leonards Square project on Sydney's north shore broke ground, was positive. "It is an asset class whose time has come in Australia. It is part of the housing continuum that we need with security of tenure, and quality of management, to make renting a better experience for a broader range of people, and it can include affordable rental as well," Ms Lloyd-Hurwitz said.

Mirvac had looked "very closely" at the area for more than a year and expects it to emerge over the next year. "The US multi-family market is bigger than the entire A-REIT market and it is the most valuable income stream in terms of

multiples,” Ms Lloyd-Hurwitz said. “I do think it’s an asset class whose time has come with a good customer proposition.” But the area must overcome some hurdles. “There are a whole range of challenges to starting a new sector but it’s been done very successfully in the UK,” Ms Lloyd-Hurwitz said, noting a whole of government approach had been taken.

“We need the same sort of thing here.”

Meanwhile Mirvac is looking for more projects with Chinese giant Ping An Real Estate, which backed its project in St Leonards and another in inner-Sydney Waterloo. But it will take a cautious approach.

“We are actively looking at other opportunities with them but I think we have been very clear to the market that we are being selective with deploying our balance sheet given where we are at this stage of the cycle,” Ms Lloyd-Hurwitz said. “We’re certainly not going to be putting our partner’s capital to work where we would not put our own.”

Mirvac is also seeking to get the best out of its existing assets and is working on a major rezoning of the IBM campus in Sydney’s West Pennant Hills into high-density residential.

It also plans a return to Chatswood after submitting plans for a major tower on an Australia Post site.

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