

Media Release

MaxCap executes innovative 'buy to rent to sell' strategy

MaxCap acquires portfolio of 125 recently completed apartments with strong growth potential.

26 May 2023 - Melbourne – MaxCap Group, one of Australia's leading real estate investment managers, has unveiled its latest response to the growing housing challenge in Melbourne by acquiring a ~ \$95million portfolio of 125 recently completed apartments across four high quality buildings. The portfolio provides MaxCap's investors with the opportunity to gain immediate exposure to significant rental and capital growth over coming years through investing in the innovative vehicle.

"This innovative new product offering highlights MaxCap's ability to identify dislocations in markets and execute on new strategies ahead of the curve. Our 'buy-to-rent-to-sell' strategy is unique to the market and offers a low risk strategy with diversification, income and liquidity that appeals to our investors – different to residual stock lending and different to build-to-rent investment," said Simon Hulett, Head of Direct Investment at MaxCap.

"We adopted a rigorous and highly selective approach in identifying these 125 one and two-bedroom units across four new buildings. The units will now be offered to the market for rent and, later in the cycle, for sale. We are bullish about the basic and supply and demand fundamentals of the Melbourne residential market. Further, by eliminating construction risk and acquiring completed stock, we are able to enter the tightly held rental market immediately and are able to take immediate advantage of both income growth and capital growth," Mr Hulett added.

Mr Hulett said that MaxCap had formed an exclusive partnership with Melbourne's leading property services business and sales agency, Colliers Residential Victoria to handpick the 125 completed apartments, across the four newly completed buildings.

Brae Sokolski, MaxCap Executive Director and Co-Founder said: "With major challenges on the supply side of the market due to new project activations being stymied by cost increases and a retreat of pre-sale investors, Melbourne is facing a major housing shortage. Residential apartment completions for the city are forecast at 46% below the five-year average for the next five years. When overlaid with vacancy rates of less than 1% and forecast population growth and shrinking average household sizes driving increased demand over coming years, this is significantly concerning."

"This new product offers a unique angle in that it's creating a new niche asset class of apartment portfolios. The offer is across buildings rather than following the traditional 'Build To Rent' model – and that's innovative and compelling given the short supply in the market and high rents," he added.

Mr Sokolski said he believed the approach taken could assist in solving some of Melbourne's future supply requirements given demographic projections have the greater city heading for six million people by 2030 and surpassing Sydney in size.

The buildings from which the portfolio of 125 units have been acquired includes:

- Sapphire by the Gardens – 308 Exhibition Street, Melbourne VIC 3000
- Premier Tower – 138 Spencer Street, Melbourne VIC 3000
- St Boulevard – 601 St Kilda Road, Melbourne VIC 3004
- Australia 108 – 70 Southbank Boulevard, Southbank VIC 3006

ends

For More information please contact:

Fidelma Ryan Marketing Director + 61 414 462 515

MaxCap Group

MaxCap Group is one of Australia's leading CRE debt and direct investment managers and is an established investment manager for domestic and global institutions with current Funds Under Management and Advice of circa \$7.0bn, having invested more than \$16bn across more than 650 loans and investments since inception in 2007.

MaxCap's Direct Investment team has established an enviable record of success in originating and managing high-yielding investments, particularly in the mid-market joint venture development space. The team is currently managing a diversified portfolio with a total end value of over \$5bn, including partnerships with Australia's leading private real estate developers.