

# Beller Property takes on second build-to-rent project

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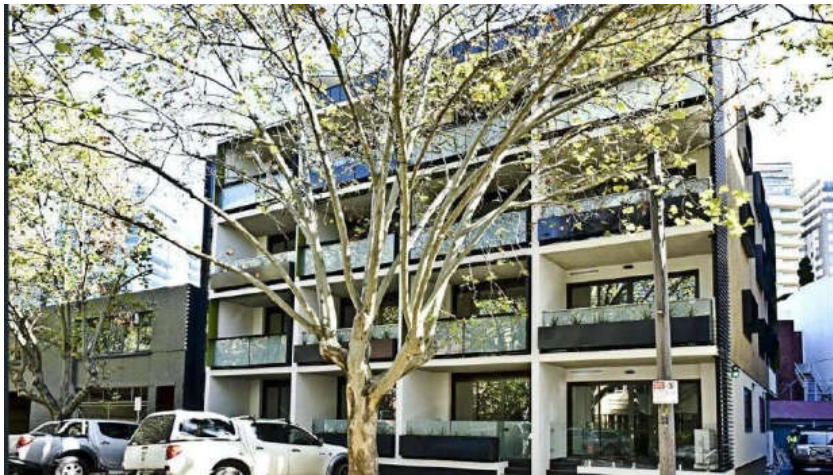
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Melbourne real estate agency Beller Property Group has signed on its second build-to-rent apartment block as the institutional landlord movement ramps up in Melbourne.

Beller has been leasing and managing the 36-apartment block at 405 St Kilda Road in South Yarra as a build-to-rent development for the past four years, and is now about to sign on another project at 737-739 High Street, Armadale.

The [build-to-rent sector](#) is where institutional groups build apartments to lease on a long-term basis, sometimes indefinitely.



One of Beller Property Group's build-to-rent projects in South Yarra. Supplied

With house prices rising in Sydney and Melbourne, a whole new generation of lifetime-renters is about to emerge with preferences for long-term rentals.

Mirvac is considering it and [Salta Properties have just launched one in Docklands](#).

"Other countries have been signing five, 10, 20-year leases for generations and we see this as the way of the future in Australia," Beller director Andrew Fawell said.

With depreciation benefits, savings on sales commissions and advertisements involved with selling apartments and GST savings if a property is retained for five years, a developer in Melbourne can make around 4 to 5 per cent net return on build-to-rent projects.

But such yields were harder to achieve in Sydney where land and construction costs were much higher.

The owner of 405 St Kilda Road, B Central Development Group's Tal Goldman said if a longer investment view was taken, it could work.

"If you take a longer term approach, and compound the capital growth, that could help with the bottom line," he said.

Mr Goldman was about to start very long-term rental leases at 405 St Kilda Road, after being satisfied the project has worked.

"Now that tenants have enjoyed living there, with a property manager as their single point of contact, we will take longer leases," he said.