Assemble Grabs the Attention of Super Fund Cash

The nation's largest superannuation fund, Australian Super, has picked up a 25 per cent stake in affordable housing developer Assemble Communities.

More than two years in the making, the deal is a show of institutional confidence in the viability of the local build-to-rent sector-previously overlooked for the higher yields of commercial office or traditional build-to-sell markets.

"It's been a long journey, and a very complex transaction. It's a very big move for a large industry fund to make a direct investment in a private platform [like Assemble]," Daff said.

Australian Super's head of property Bevan Towning said that the group had reviewed a number of alternative housing investment options before choosing Assemble.

“Assemble’s sustainable and scalable model will provide an appropriate return for our members and an affordable housing solution for working Australians,” Towning said.

The cornerstone investment by the $180 billion super fund in Kris Daff’s Assemble platform, which is also exploring the nascent build-to-rent-to-own model, will add to a $50 million injection by Daff’s investment firm Make Ventures.

▲ Assemble's recently-launched "build-to-rent-to-own" project at 15 Thompson Street, Kensington. Image: Hayball Architects.

Speaking as part of *The Urban Developer’s* In Conversation webinar series, Daff said that it has been hard to convince investors to move in a market with softer yields than established asset classes.

“When you’re in build-to-rent running at a 4 per cent yield compared to office running at 4.5 to 5 per cent it’s hard to be the first movers,” Daff said.

“But Australian superannuation funds looking for long-term, very stable returns will be a shot in the arm [for the sector].”