

Lendlease, Aware Super Move On Big Apple Build-to-Rent Market



Developer Lendlease has partnered with Aware Super, the rebranded First State Super, to launch its first major urban regeneration project in New York.

The Australian groups, which have partnered previously on a residential projects across the US, have secured a prominent waterfront site in Brooklyn, and will now move ahead with plans for a \$1 billion build-to-rent project.

The site, which is located at 1 Java Street in Brooklyn and spans a full city block along the Greenpoint waterfront, was picked up by Lendlease for \$US100 million (\$138 million).

Lendlease will hold a 90 per cent stake in the 6.4 hectare site while the site's current owner, London-listed private equity firm, David Zalaznick's JZ Capital Partners will retain 10 per cent.

The groups now intend to transform a full city block in New York's Greenpoint neighbourhood into a 60,000sq m tower comprising 800 residential for rent apartments.



▲ The major urban regeneration project will also rework some of the public waterfront esplanade, improving the connection to the India Street Pier and NYC Water Ferry.

Approximately one third of the project's apartments will be designated as affordable housing under the Affordable New York Housing Program.

The residential development will be based on a 25 per cent interest for Lendlease and a 75 per cent interest for Aware Super.

Aware Super portfolio manager Alek Misev said, if realised, the build-to-rent tower will demonstrate high-quality amenities while holding strong sustainability aspects in a sought-after market.

The deal extends the partnership Lendlease formed with Aware Super in 2018, which established the \$US2 billion (\$2.7 billion) Lendlease Americas Residential Partnership to develop and hold residential for rent assets in US gateway cities.

With the latest investment, the superannuation fund's portfolio now spans projects in Chicago, Boston and New York, with Lendlease acting as the partnership's development, construction and investment manager.

“On the back of the \$20 billion partnership we signed with Google last year to jointly deliver three major urban regeneration precincts in the San Francisco Bay area, this takes our US development pipeline to over \$30 billion of current and future projects,” Lendlease US chief executive Denis Hickey said.



▲ Southbank is a \$2 billion, 1880-unit development in Chicago which Lendlease is working on with superannuation fund Aware Super.

Earlier in the year, Lendlease launched a \$1.15 billion raising to strengthen its balance sheet and stem the effects of the pandemic on its investment and development business across the globe.

Soon after, Lendlease chief executive Steve McCann told investors that he intended to move the company towards more dual-investment projects to generate long term recurring income from rent collection and reduce the risks of developments.

As part of its strategy update, Lendlease said residential development remained a priority over the medium-term, buoyed by strong growth across the build-to-rent sector, which would be underpinned by a looming undersupply.

Lendlease managing director of property Jason Alderman said its latest project would build on the developer’s 40-year history of operation within New York.

“Lendlease believes in, and is committed to, long-term opportunities in New York and our other target US gateway cities,” Aldernan said.

“We believe everything that has always made New York a special place.

“Its cultural activities, diversity, dining and entertainment, and most importantly the people who come to the city to make connections in their professional and personal lives, will endure beyond the current Covid-19 related challenges.”

The property giant has built up a \$113 billion pipeline of work in global capitals, which has left it vulnerable to the impact of the pandemic as it re-emerges in Britain, and it has downsized its operation in London.

Last month, Lendlease decided to furlough 15 percent of staff across its UK offices to tighten up operations within its rapidly growing European pipeline.

Despite this, the company is continuing to deliver previously planned projects and seek out new opportunities in Britain. It also is forging ahead with two massive precincts in Milan.