

**Building Homes, Building** 

### Hope: Solving Victoria's **Housing Crisis Together**

## CO-LIVING **DUAL-LIV**

Reimagining Homes, Investing Smarter





Shared Spaces, Shared Success: Invest in Co-Living



## **CO-LIVING**

**Reimagining Homes, Investing Smarter** 

# The case for Co-Living homes

### **Market & The Environment**

### High Demand for New Homes

As Melbourne expands, newly developed suburbs are often seen as attractive due to their modern infrastructure, amenities, and potential for growth.

### Investor Preference for Sales Over Rentals

Many developers and investors in these new areas prefer selling properties to renting them out, aiming for quick returns on investment rather than long-term rental income.

### Affordability Issues

While new suburbs might initially seem more affordable than the inner city, the high demand can drive up rental prices, making it difficult for individuals and couples to find affordable options.

### • Economic Growth vs. Housing Affordability

While the development of new suburbs contributes to economic growth and expansion, it also raises questions about sustainable planning and the balance between housing sales and providing affordable rental options.

### Optimized Space Utilization

Co-living homes maximize space efficiency by design, accommodating more residents within a smaller footprint. This optimized use of space means that less land is disturbed during construction, preserving natural habitats and reducing the overall environmental impact of building.

### Energy and Water Conservation

To achieve a 7-star environmental rating, co-living homes must incorporate advanced energy and water-saving technologies. This includes high-efficiency heating and cooling systems, solar panels, rainwater harvesting, and low-flow plumbing fixtures. These features significantly reduce the per capita consumption of energy and water, further lowering the environmental footprint of the residents.

### • Long-Term Environmental Sustainability

A 7-star rating is indicative of a building's long-term sustainability and efficiency. It ensures that the co-living home not only has a minimal environmental impact during its construction but also throughout its lifecycle. The use of renewable energy sources, efficient waste management systems, and ongoing sustainability practices contribute to a lasting positive environmental legacy.

# What is Co-Living?

Co-living investment involves purchasing or developing properties designed for shared living, where residents have private bedrooms and bathrooms, with inbuilt kitchenette. but share common areas like kitchens and lounges. This model caters to the demand for affordable, communitycentric living, appealing especially to millennials and young professionals. Investors benefit from higher rental yields and occupancy rates due to multiple tenants. Co-living spaces also often offer added amenities and services, enhancing their attractiveness and investment potential.



## **CO-LIVING**

**Reimagining Homes, Investing Smarter** 

## Why build a Co-Living Home?

Investing in co-living properties offers several compelling advantages for investors:

### Higher Rental Yield:

Co-living spaces tend to generate higher rental yields compared to traditional rentals. The ability to rent out multiple rooms individually increases the overall income from a single property, making it a lucrative option for maximizing rental earnings.

### • Better Appreciation:

Properties developed for co-living can experience better capital appreciation due to their modern amenities and appeal to a growing demographic. As demand for flexible, community-driven living increases, these properties may appreciate faster than traditional residential homes.

### Specially Designed Floor Plans

Co-living investments are crafted with unique floor plans that optimize shared spaces while ensuring private areas are comfortable and functional. This intelligent design appeals to tenants looking for both social interaction and personal space, enhancing the property's rental appeal.

### • Strategic Locations:

These properties are typically located in areas with high rental demand and potential for capital growth. Locations are chosen based on proximity to urban centers, transportation, employment hubs, and social amenities, which are critical factors for the target tenant demographic.



# The numbers suggest this is the best time to invest

### Supply



New building approvals are at an all time low.



Melbourne Vacancy rates are at an all time low of 1.1%

### **Demand**



660,000 migrants are expected to enter into Australia in the next 2 years.



2000 migrants a day are welcomed into Australia.



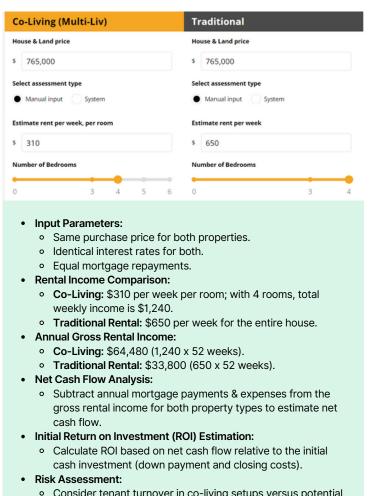
161,758 new migrants were welcomed to Victoria in 2023. ABS, Sept 2023.





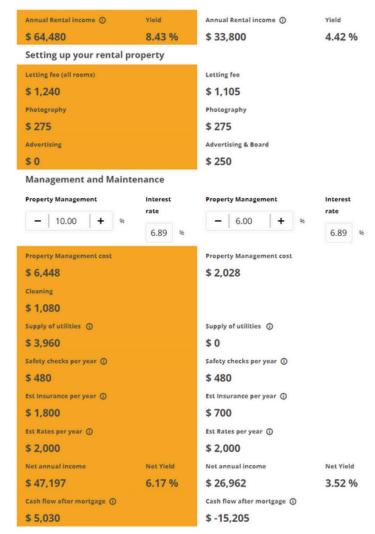
### Let's compare

### **Reimagining Homes, Investing Smarter**



<ul> <li>Consider tenant turnover in co-living setups versus potential longer vacancy periods in traditional rentals.</li> </ul>	
Comparison	
Co-Living (Multi-Liv)	Traditional Investment
Price of Investment	Price of Investment
\$ 765,000	\$ 765,000
Number of bedrooms	Number of Bedrooms
4	4
Rent per week	Rent per week
\$ 1,240	\$ 650
Est cash flow over holding term ①	Est cash flow over holding term ①
\$ 50,302	\$ -152,048
Growth Rate	
Holding term 10 Years	15 20
	5 20 30
Equity Position over holding term ①	Equity Position over holding term ①
\$ 481,104	\$ 481,104
Net position before selling cost ①	Net position before selling cost ①
\$ 531,406	\$ 329,056
Difference in outcome ①	

\$ 202,350



When comparing a 4-bedroom co-living investment with a 4-bedroom traditional investment property, the analysis should extend beyond immediate cash flow to include long-term capital growth and net equity accumulation.

The choice between investing in a co-living versus a traditional rental property should consider not just the higher initial cash flows from co-living setups but also the long-term benefits of capital appreciation and net equity accumulation. Although both property types may appreciate at the same rate, the higher ongoing income from a co-living arrangement might lead to greater financial flexibility and potentially higher cumulative gains over the holding term.

This analysis helps investors weigh the immediate benefits of increased cash flow against the longer-term financial growth through property value appreciation and equity building.



### **Reimagining Homes, Investing Smarter**

### Will I have to manage multiple tenants?

In co-living setups, you typically don't need to manage multiple tenants individually. Instead, a designated property manager or co-living operator oversees tenant matters, ensuring smooth operations, resolving conflicts, and maintaining the property. This centralized management structure alleviates the burden of direct tenant management, allowing residents to focus on enjoying their living space.

### How much will the property manager charge?

The property manager typically charges a management fee ranging between 10-12%. This fee covers the coordination and management of multiple tenants, ensuring the smooth operation of the property and providing peace of mind to the landlord.

### What are the other cost involved with co-living?

Other costs associated with co-living may include utilities, maintenance, cleaning services for common areas, property insurance, property taxes, and potentially a portion of the property manager's fee. Additionally, there could be expenses for furnishing common areas or amenities, marketing costs, and any necessary repairs or renovations. It's important to discuss these potential costs with the co-living operator or property manager to fully understand the financial obligations involved.

### What type of tenants will i have living in my home?

The types of tenants in your co-living home typically include middleclass singles or couples seeking affordable yet quality housing options. These individuals may be young professionals, students, remote workers, or anyone interested in community-oriented living arrangements. They value convenience, social interaction, and the opportunity to save on living expenses while enjoying a comfortable and well-maintained living space.

### Do I need to have house rules?

Yes, establishing house rules is important for maintaining a harmonious living environment in co-living spaces. These rules help ensure that all residents understand their responsibilities, respect shared spaces, and adhere to community standards. Common house rules may cover areas such as noise levels, cleanliness, guest policies, use of common areas, and any specific guidelines for shared amenities. Clear and reasonable rules contribute to a positive living experience for all residents and help address any potential conflicts or misunderstandings.

### Who enforces the house rules?

House rules are typically enforced by the property manager or the designated individual responsible for managing the co-living space. This person ensures that all residents are aware of the rules and expectations and addresses any violations or disputes that may arise. Enforcement may involve reminders, warnings, or, in more severe cases, penalties or eviction procedures, depending on the severity of the infraction and the terms outlined in the rental agreement. Consistent enforcement of house rules helps maintain a respectful and enjoyable living environment for all residents.

### How about utilities?

Under the Tenants Victoria rules, which govern tenants' rights and responsibilities in the Australian state of Victoria, the responsibility for utilities can vary depending on the specific terms outlined in the rental agreement or lease. However, there are some general principles:

- 1. \*\*Agreement Terms\*\*: The responsibility for utilities should be outlined in the tenancy agreement or lease between the landlord and the tenant. This agreement may specify which utilities the tenant is responsible for paying and which ones are the responsibility of the landlord.
- 2. \*\*Fair and Reasonable\*\*: Regardless of what is specified in the agreement, the tenant is typically responsible for paying for their own consumption of utilities such as electricity, gas, and water usage. However, landlords are responsible for ensuring that the property meets certain standards, including providing access to essential services like electricity, gas, and water.
- 3. \*\*Apportionment\*\*: In some cases, the landlord may cover certain utilities as part of the rent, especially in shared accommodations like apartment buildings where utilities are shared among multiple units. The lease should specify how these costs are apportioned and whether they are included in the rent.
- 4. \*\*Legal Obligations\*\*: Landlords must ensure that rental properties meet legal requirements regarding the provision of essential services like water, electricity, and gas. Failure to provide these services may constitute a breach of tenancy laws.

It's important for both landlords and tenants to understand their rights and responsibilities regarding utilities to avoid disputes. If there are any disagreements or uncertainties, tenants in Victoria can seek guidance and support from organizations such as Tenants Victoria or consult relevant state laws and regulations.

### Is the rent inclusive of utilities?

As a landlord, it's beneficial to include utilities in the weekly rent. This simplifies the rental process for tenants, providing predictability and convenience. By bundling utilities with the rent, it fosters a transparent and hassle-free arrangement, enhancing tenant satisfaction and promoting a positive landlord-tenant relationship.

### What if the tenant abuses the consumption of utilities?

The Fair Use Policy regarding utilities outlines reasonable usage parameters for tenants while allowing the landlord to intervene if excessive consumption occurs. This provision ensures fair distribution and encourages responsible usage, while also safeguarding against abuse that may lead to additional charges for tenants not adhering to the policy.

### Do all rooms have lockable doors?

Equipping each room with digital locks, along with a digital lock on the front door, enhances security and convenience for tenants. This modern approach offers individualized access control, ensuring privacy and safety while streamlining entry for residents. It represents a contemporary and sophisticated solution to safeguarding the property.

### What about common areas?

The common areas in our co-living home, including the kitchen, laundry, and family room, are meticulously maintained by the Agent. From regular cleaning to restocking consumables, such as cleaning supplies and kitchen essentials, every detail is attentively managed. Residents enjoy a comfortable, inviting space designed for communal living and convenience.