

Student housing deal sees Singaporean Wee Hur raise \$567 million

By Carolyn Cummins
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Singapore-based developer Wee Hur Holdings Ltd has sold down a large chunk of its student housing project in Sydney's inner west for \$567 million as part of its planned recapitalisation program that will allow funds to go towards new sites.

The group is one of the largest suppliers of student housing cross the country through its Purpose Built Student Accommodation (PBSA) platform with 5662 beds across seven sites over Sydney, Melbourne, Brisbane, Adelaide and Canberra. Of that, four of the assets are already operational while the remaining three will be completed before the end of 2023.

Student housing was one of the hardest-hit sectors during the global pandemic when the Australian government shut international borders. Universities became ghost towns overnight and they are just starting to welcome back students after the borders have reopened.



Wee Hur's site at 90-102 Regent Street, Redfern, Sydney.

The properties in the deal are held in a vehicle known as Wee Hur PBSA Master Trust. Under the deal, a 49.9 per cent stake is to be acquired by a purchaser backed by a global institutional investor. The entire portfolio is valued at \$1.138 billion.

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Included in the sale is the 1288-square metre site at 90-102 Regent Street which Wee Hur acquired in 2019; its plan is to create a facility with more than 408 beds and 84 square metres of ground-floor retail.

Once the deal is completed, Wee Hur will retain the controlling 50.1 per cent with the \$567 million proceeds to be used for future developments across Australia. It recently acquired assets in Adelaide under its own PBSA hospitality brand, Y Suites.

Wee Hur executive chairman Goh Yeow Lian said the transaction cemented the group's track record in the sector in Australia. Wee Hur had been patiently building up the portfolio since 2015, buying up greenfield land and taking on development risk.

He said Intergen Property Group played a significant role in helping to build up the portfolio from scratch since the inception of the fund.

"We believe that given our deep expertise and knowledge in the built environment, this was the best approach to take in executing our investment thesis of addressing the student housing undersupply situation at that time, and our efforts are now starting to pay off," Goh said.

"We are extremely pleased to have done a recapitalisation of our first Australia focused PBSA fund, providing exit certainty for our investors within the fund term and providing a war chest for the group from the partial recycling of capital should further investment opportunities arise. "

Global private equity group Brookfield has also recognised the potential for large-scale growth in the sector with its first investment in student accommodation in Australia, striking a joint venture with integrated property business Citiplan to acquire a purpose-built student accommodation development site opposite the University of Melbourne.

Last month, Brookfield and Citiplan struck a deal to build a platform of high-quality purpose-built student accommodation assets managed by Journal Student Living. The platform aims to deliver high-quality assets in key gateway locations around Australia and New Zealand.

The joint venture will build on Brookfield's \$US7.4 billion (\$10.06 billion) global student accommodation business, with 197 assets, containing more than 55,000 beds across Europe and the United States, including businesses Scion Group and Student Roost.

Brookfield's head of real estate investments, Ruban Kaneshamoorthy, said the thematics driving student housing were strong as we moved into a post-COVID environment.

"There has been significant growth in international student enrolments over the past 10 years, driven by a burgeoning Asian middle class who view Australia as an attractive studying location, and we expect growth to rebound in the coming years," he said.

The acquisition of the initial site signals Brookfield's acceleration into alternative real estate assets in Australia after it acquired seniors living business Aveo in 2019.