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How high house prices and loser landlords drive this property bet

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Anthony Albanese's house purchase underscores the grim reality facing many buyers. One entrepreneur wants to help - and make big returns for his investors.

Prime Minister Anthony Albanese's purchase of a \$4.3 million beach house is not just a story about the politics of envy. It's also about our housing haves and have-nots.

Albanese is, as he is fond of saying, from humble beginnings. He's not a former entrepreneur or business person who came to politics having made his fortune, but a career civil servant - albeit a very well-paid one.



Property buying and selling intentions are at multi-year lows. **David Rowe**

So the fact Albanese can afford a \$4.3 million cliff-top home is perhaps less the [story of a battler made good](#), and more an example of how the fortunes of Australia's baby boomers - Albanese, born in 1963, just fits that definition - have benefited from very low interest rates, quantitative easing and pandemic-era stimulus that inflated asset prices.

Albanese's colleagues can talk about aspiration, but few voters under 40 can replicate his homeownership success. That is a world that's simply unreachable.

What fresh housing hope Albanese and Opposition Leader Peter Dutton - both substantial property owners - can provide to young people in the months leading up to the election is unclear?

But Evan Thornley, who is ironically both a former Labor parliamentarian and entrepreneur, is not expecting much to change.

Indeed, his canny bet on residential property investment is predicated on Australia's housing sector doing what it has always done.

Thornley, who made his name (and the Financial Review Rich List) as the founder of tech upstart LookSmart, is the co-founder of the property firm LongView. In addition to being one of Australia's biggest managers of rental property, it runs an investment fund that co-invests with home buyers via a shared equity arrangement.

The fund has raised \$10 million and will hit the milestone of co-investing in \$100 million worth of residential properties in the coming weeks. It has about 56 homes on its books across Melbourne, Brisbane and Sydney. The firm has helped first home buyers, divorcing spouses and even small business owners looking to unlock equity.

“Those 56 homes were worth a tick less than \$50 million 10 years ago. All other things being equal, they’ll probably be worth somewhere north of \$200 million 10 years from now,” Thornley says. “And our fund has got a third of the capital growth in that portfolio.”



Evan Thornley's fund is approaching \$100 million of property exposure. **Oscar Colman**

Thornley's confidence in the capital returns comes from two sources.

The first is historical data that LongView [spent years collating and studying before setting up the fund.](#) It shows land values in Australia have grown 9 per cent compounding for 100 years, due to the combination of strong population growth and the limited amount of available land in the major east coast population centres.

His second source of confidence comes from property selection. LongView only wants older family homes on well-located land. It only invests in about 12 per cent of the properties it looks at, basing its selections on hard data and hands-on inspections by a team of buyers agents.

Most property investors, Thornley says, will never do as well out of their investment properties as they will do out of the family home; the units investors often favour are harder to make money from because it is land values that drive returns.

Unsurprisingly, he argues it's much smarter to invest in a diversified portfolio of family homes that are proven winners. LongView's first fund aims to have 200 homes and

about \$35 million invested; the firm will soon bring in a head of distribution to accelerate fundraising, most of which has so far come from wealthy families and some philanthropic organisations.

Clearly, Thornley sees a big business opportunity here.

"The capital growth on Australian resi property this year, and pretty much every other year, will be the same size as the entire federal government budget: \$680 billion, or roughly four times the size of all the earnings of every company on the ASX combined," he said.

"This is the biggest wealth generation engine in the country by the length of the straight, and yet, it's very hard to get diversified exposure to that asset class."

But the harsh reality of the housing maths he's building the fund on - population growth plus scarce land equals inevitable price growth - has Thornley thinking beyond LongView, too.

"If you want to solve the problem of dignified, secure housing, you need a housing fund industry."