



CEFC Timber Building Program

A low carbon approach for large-scale buildings

How can alternative building materials help Australia’s property sector play an increased role in the transition to net zero emissions? The CEFC is seeking to transform Australia’s approach to medium and large-scale building construction, with a \$300 million program to encourage mass timber use across the property sector.



“Addressing embodied carbon emissions is the next frontier for the property sector. Timber can play a crucial role as a lower carbon alternative to conventional construction materials.”

Michael di Russo
Head of Property, CEFC

Mass timber for better performing buildings

The CEFC Timber Building Program aims to accelerate the use of mass timber construction across Australia, with the goal of cutting embodied emissions and contributing to Australia’s goal of achieving net zero emissions by 2050. The CEFC considers developments in metropolitan and regional Australia, with project owners, developers, builders and investors able to apply for finance.

Better performing buildings can provide some of the fastest and most affordable solutions to our energy and emissions challenges. Innovations in engineered wood products have created new opportunities for mass timber construction in larger projects, with immediate and long-term environmental benefits.

Using engineered timber can cut construction-related embodied carbon emissions by as much as 75 per cent when compared with conventional steel and concrete.

In addition to accelerating emissions reduction, the CEFC Timber Building Program will help to develop local skills and experience as well as supply chains and delivery capabilities, all of which can catalyse more timber-based building activity in future.

About mass engineered timber

Mass engineered timber is manufactured using adhesives, dowels or nails to laminate small timber pieces to form engineered products that can be stronger than solid wood products of the same dimensions. Mass engineered timber buildings typically feature extensive prefabrication and on-site assembly.

What projects can be financed

- Commercial offices, retail and industrial projects
- Healthcare, and education developments
- Multi-residential apartments, retirement living and aged care
- Hotel and student accommodation.

Property and net zero emissions

Buildings account for more than 50 per cent of electricity consumption in Australia and contribute up to 25 per cent of national greenhouse gas emissions. The CEFC is an active investor in the property sector, aiming to achieve long-term emissions reduction by backing opportunities across the investment lifecycle, from the development approval process to design, procurement, construction and operations.

\$1.92b

CEFC lifetime commitment to 30 June 2022

\$20-75m

Preferred CEFC investment size Timber Building Program

“

Mass-timber construction is an important step in driving a sustainable future for the built environment we live and work in. Not only is timber a completely renewable resource, but timber offices are also biophilic in creating a more natural working environment for tenants and their staff.”

Simon Nasa
Managing Director, Hines

About the Timber Building Program

The CEFC invests in Australian-based opportunities, with a national, metropolitan and regional focus.



Eligible projects

- Commercial offices, retail, industrial projects
- Healthcare and education developments
- Multi-residential apartments, retirement living and aged care
- Hotel and student accommodation



Project requirements

- Use of low carbon engineered wood products in large-scale construction
- Use of appropriately sourced and accredited timber materials
- Sound embodied carbon outcomes
- A commercially sound proposition



Finance options

- Project-specific senior secured property finance
- Portfolio-level corporate debt secured by a pool of assets
- Fixed and floating interest rates
- CEFC lending alongside co-financiers in syndicated and/or club structures
- Potential for concessional finance for eligible projects



CEFC investment process

- We invest to deliver a positive return across our portfolio
- Investments decisions are made on case-by-case basis, reflecting CEFC Investment Policies and the requirements of the CEFC Act
- We do not provide grants

CEFC finance in action

T3 Collingwood mass timber tower

T3 Collingwood is the first project to be delivered through the CEFC Timber Building Program. A 15-storey prime-grade office tower, T3 Collingwood aims to cut carbon levels by as much as 40 per cent during construction and will target market-leading net zero emissions once operational.

\$70m

CEFC commitment

~40%

less emissions

The first Australian addition to the Hines T3 global portfolio, T3 Collingwood is expected to be one of Melbourne's tallest hybrid mass timber buildings, using sustainably sourced timber and prefabricated solid wood systems.

The T3 timber, transit and technology-oriented development methodology replaces traditional structural systems such as concrete and steel with prefabricated solid wood systems, to create what Hines describes as best-in-class projects in a fast, clean, sustainable and aesthetically pleasing manner.

In addition to the \$70 million CEFC commitment, the landmark project has also attracted investment from the Madigan Active Debt Fund, backed by the Victorian Funds Management Corporation.



Building features

- Hybrid construction approach featuring a glue laminated timber structure with cross-laminated timber flooring
- Timber sustainably sourced from specialist Victorian mass timber manufacturers, XLam Australia and Australian Sustainable Hardwoods
- Mass timber precisely manufactured offsite using prefabricated technologies.



Emissions goals

- Aiming for ~40 per cent emissions reduction compared with the equivalent use of reinforced concrete
- Includes biogenic carbon storage and embodied carbon emitted via raw materials, manufacturing, construction and demolition
- Use of ~4,000 cubic metres of wood for the structural frame, fixing in place about 3,000 tonnes of carbon.





Finance and industry highlight paths to decarbonisation

The CEFC works with leading industry organisations to examine the potential for emissions reduction in the property sector.

Visit our website to find out more: cefc.com.au

Reducing built environment embodied carbon

The CEFC, the Green Building Council of Australia and the Infrastructure Sustainability Council developed *Australian buildings and infrastructure: Opportunities for cutting embodied carbon*. The report identifies solutions and opportunities for builders seeking to reduce the carbon footprint of construction in major infrastructure projects.

[→ Read more](#)

Electrification for new and existing buildings

With CEFC support, the Green Building Council of Australia developed practical materials for climate positive buildings for owners, developers, facilities managers and others. The guides, *one for existing buildings and one for new buildings*, focus on implementing new and existing technologies as well as sustainable design thinking.

[→ Read more](#)

Unlocking the potential of distributed energy

The CEFC and the Property Council of Australia developed *Distributed Energy in the property sector: Unlocking the potential*, finding the property sector is ideally placed to play a significant role in modernising Australia's electricity system, by facilitating the integration of more renewable energy into the electricity mix.

[→ Read more](#)



About the CEFC

The CEFC is a specialist investor with a deep sense of purpose: to invest as Australia's 'green bank' to help achieve our national goal of net zero emissions by 2050. With a strong investment track record, we're working across the economy to capture the benefits of the net zero transition – from renewable energy generation and transmission to energy efficiency, cleantech innovation and beyond. We invest alongside private investors, innovators and industry leaders, drawing on our deep sector experience, investment expertise and portfolio strength to fill market gaps and maximise our impact. In investing on behalf of the Australian Government, we have a strong commitment to deliver a positive return across our portfolio.