CAPITAL ATTRACTION:
THE RISE OF AUSTRALIA AS AN INVESTMENT DESTINATION

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CBRE

Observations on capital flows to Australia

OBSERVATIONS ON CAPITAL FLOWS TO AUSTRALIA

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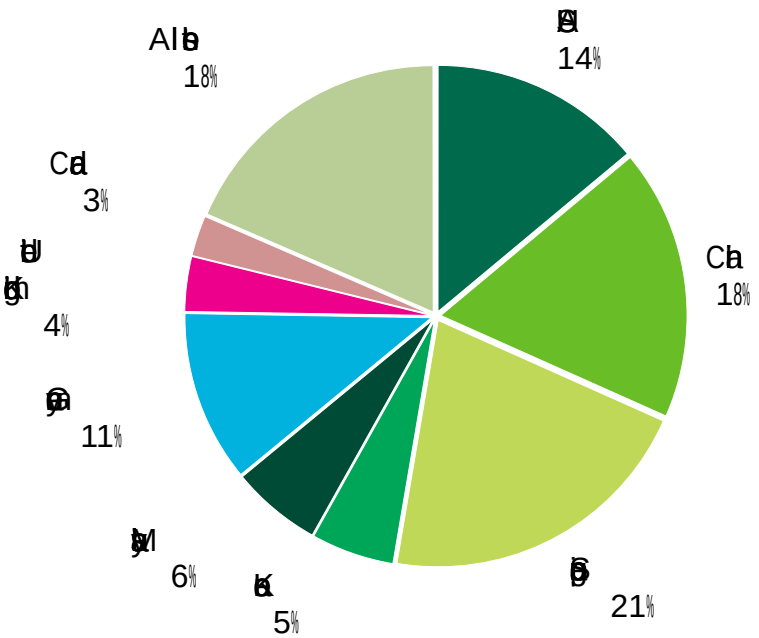
Origin of Foreign Investor 2007-2015



Investment into Australia over the last 7 years led by Singapore…

- Ch
  1H 2015
  2.4b
- 2007 b
  -2015 = 21% (b 3% in 2015)

Source: CBRE Research

WHATS ATTRACTIVE ABOUT AUSTRALIA?

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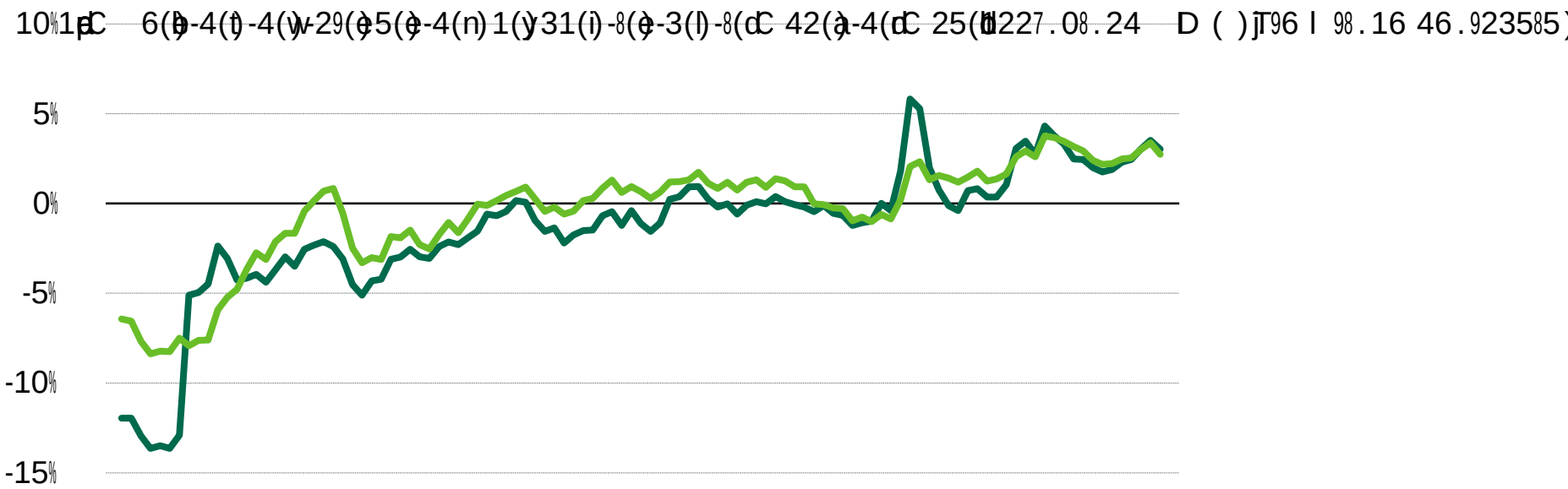

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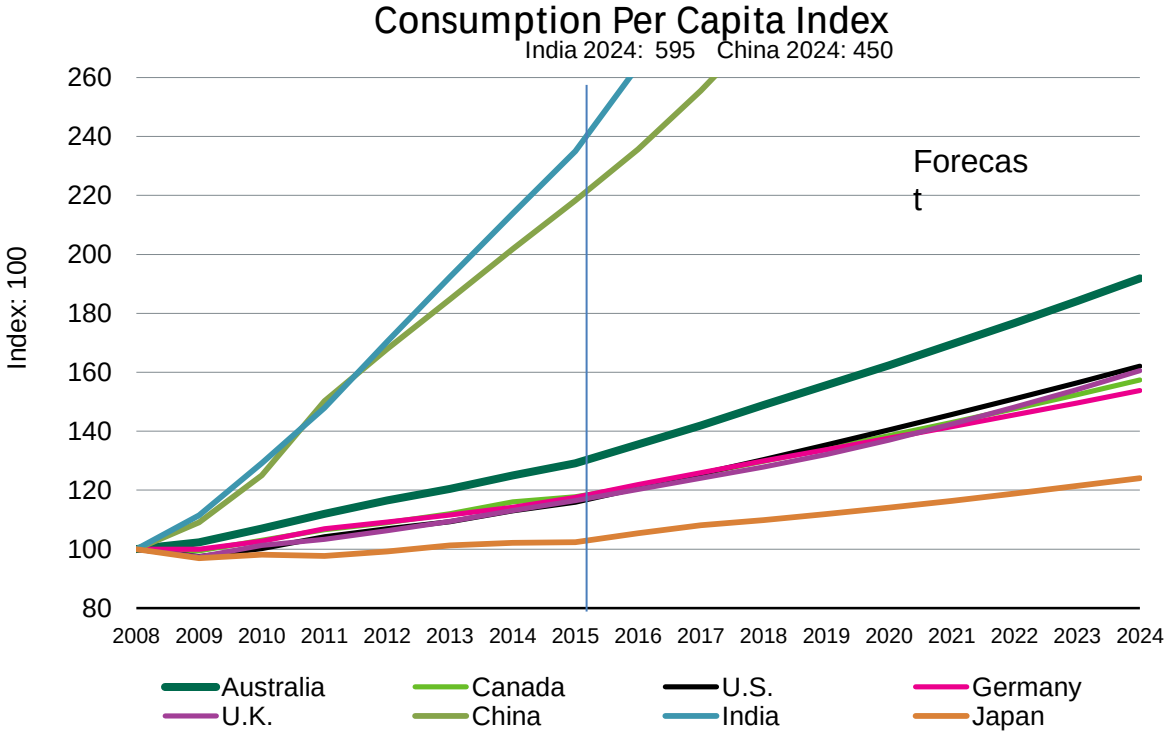
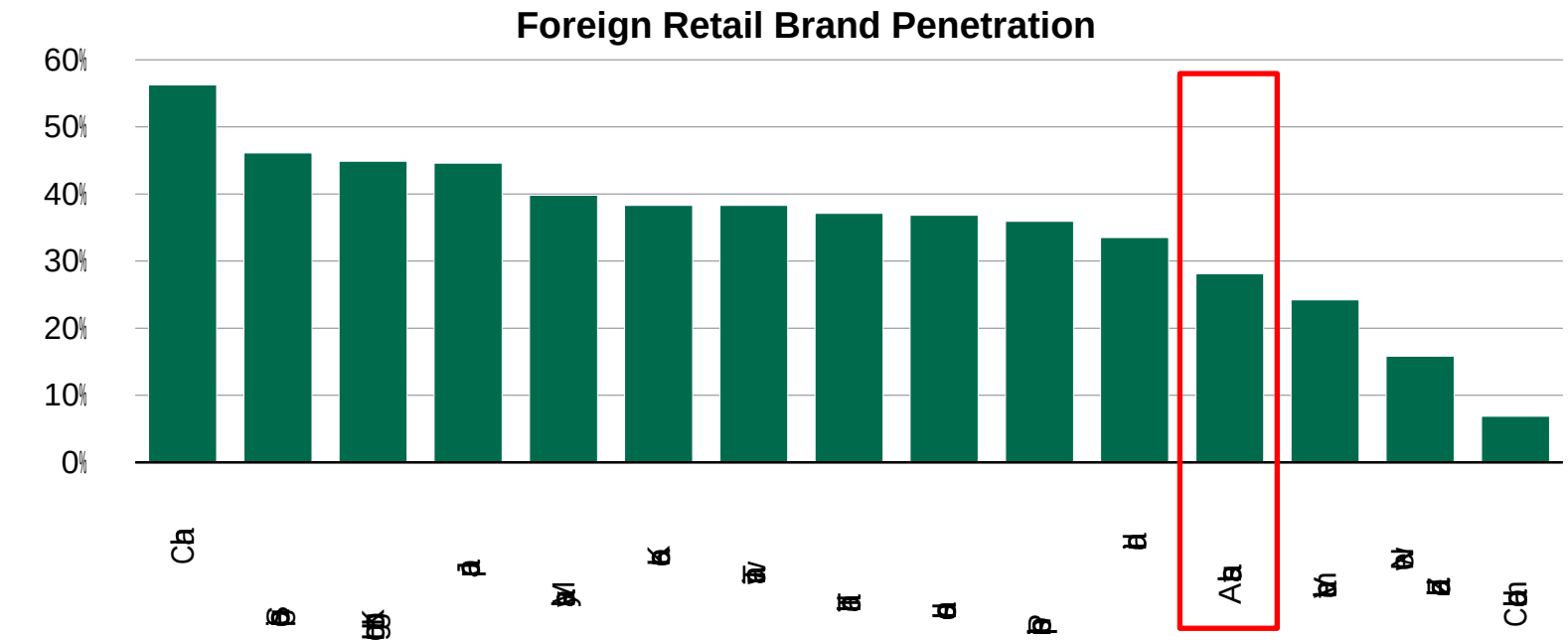


Source: CBRE Research; Oxford Economics

- Australia's population growth of 1.7% over last decade - 0.6% Advanced world economies; 1.0% Asia-Pacific
- Consumption per capita average growth of 4% in last 10 years v 2 -2.7% in US/Europe/UK
- Over 40 foreign brands opened retail stores in Australia in 2014 (and 11in 2015 to date)



*Highlighted markets are CBRE identified APAC gateway markets

Source: CBRE Research, 2015

OFFSHORE INVESTMENT INTO RESIDENTIAL REAL ESTATE

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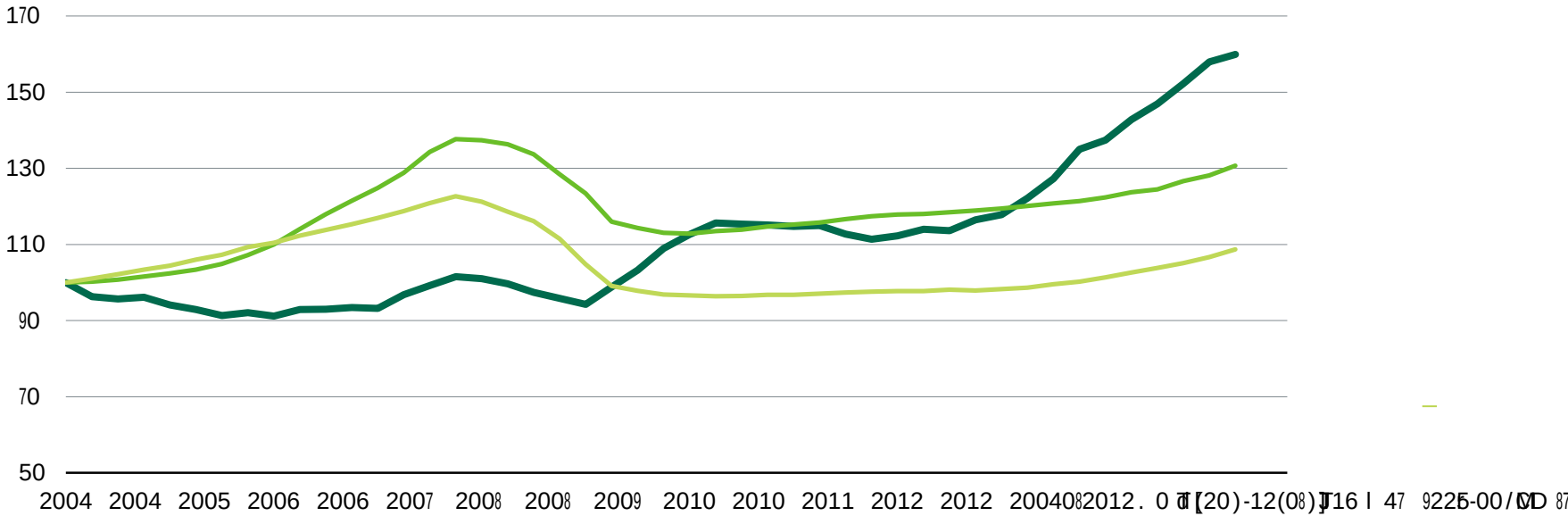
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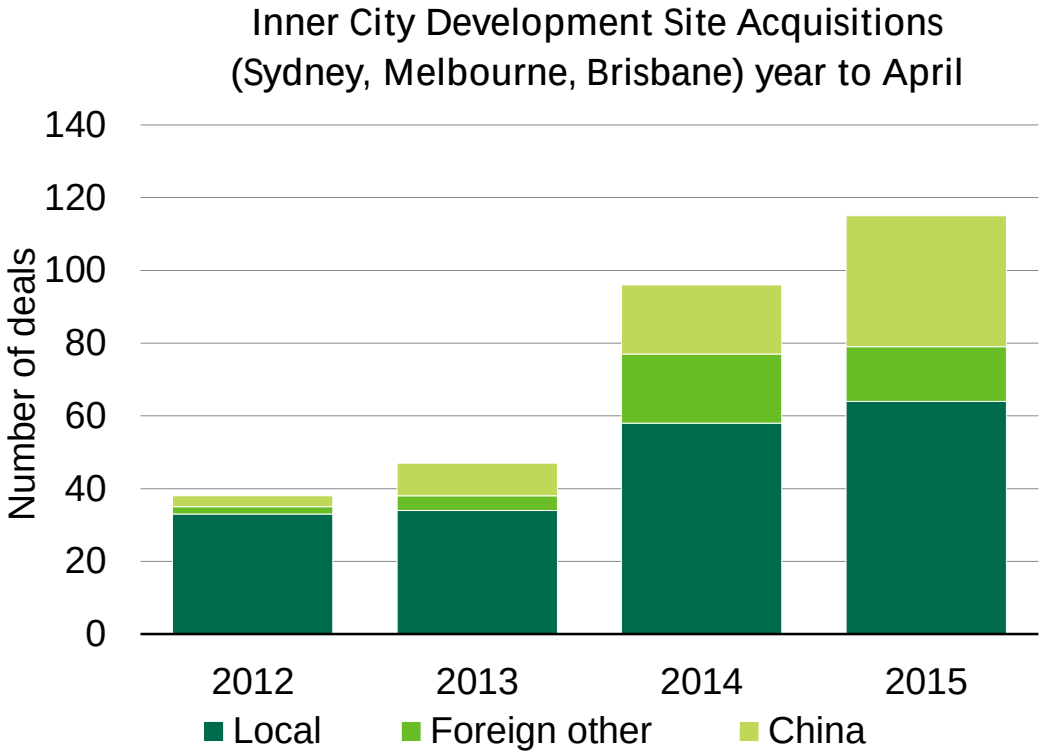


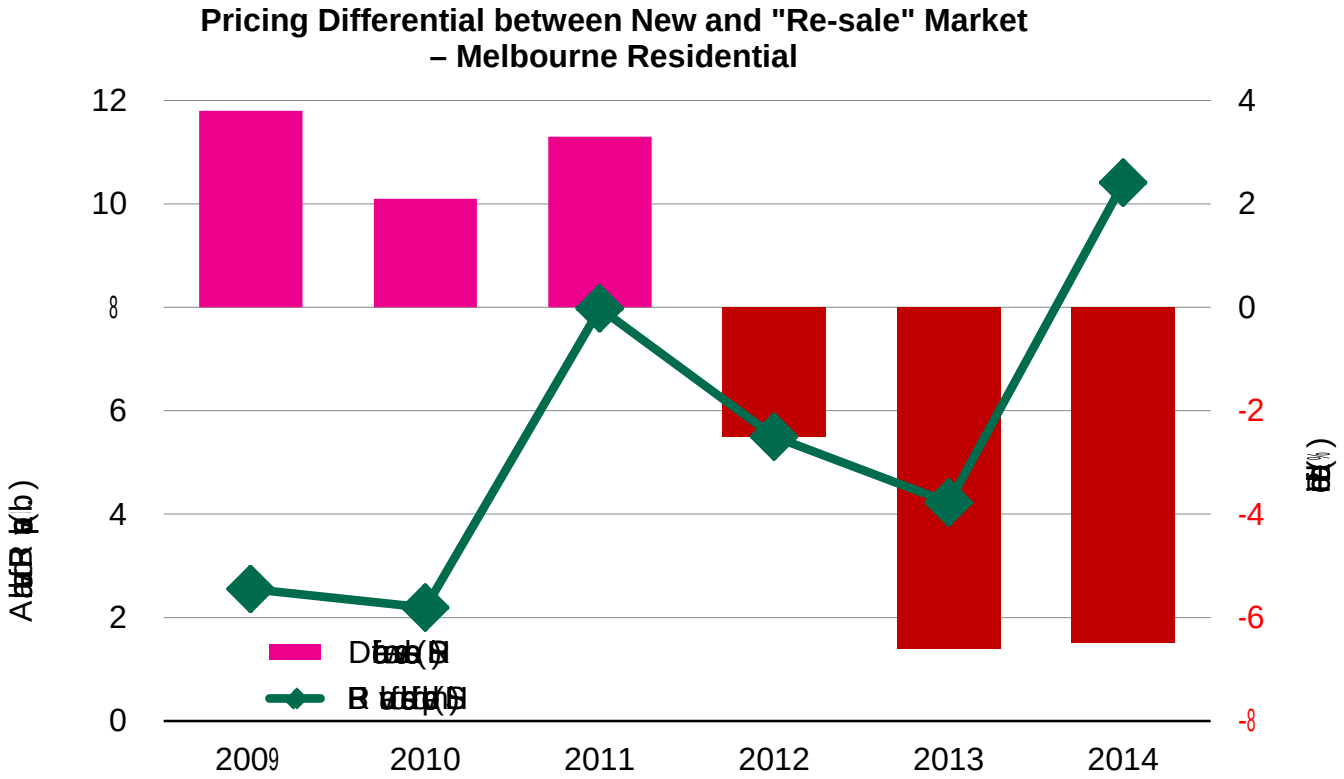
Comprising:

- Sydney (37) - average site price $65m
- Melbourne (52) - average site price $20m
- Brisbane (26) - average site price $20m

ACTIONS BY RBA BETWEEN MAY 2013 AND AUG 2015 RESULTED IN A SEVERE DISCONNECT

Extract from CBRE Research Aug 2015

"Foreign investment driving two tiered residential market"



Source: CBRE Research, Cycle, 2014.

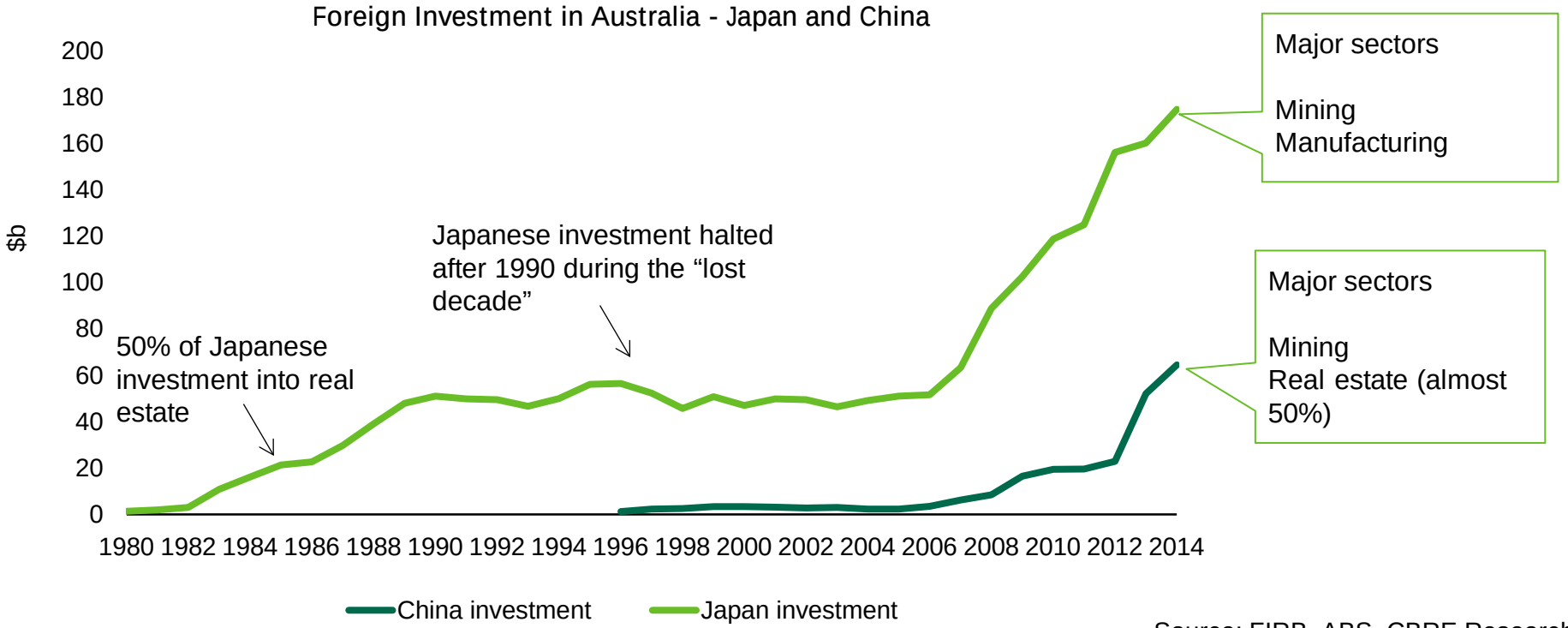
CROSS BORDER CAPITAL FLOWS OUTLOOK AND IMPLICATIONS

WHERE SHE CARRIES? BUSINESS AND THE MIDDLE EAST

Egypt CBRE Research – May 2015

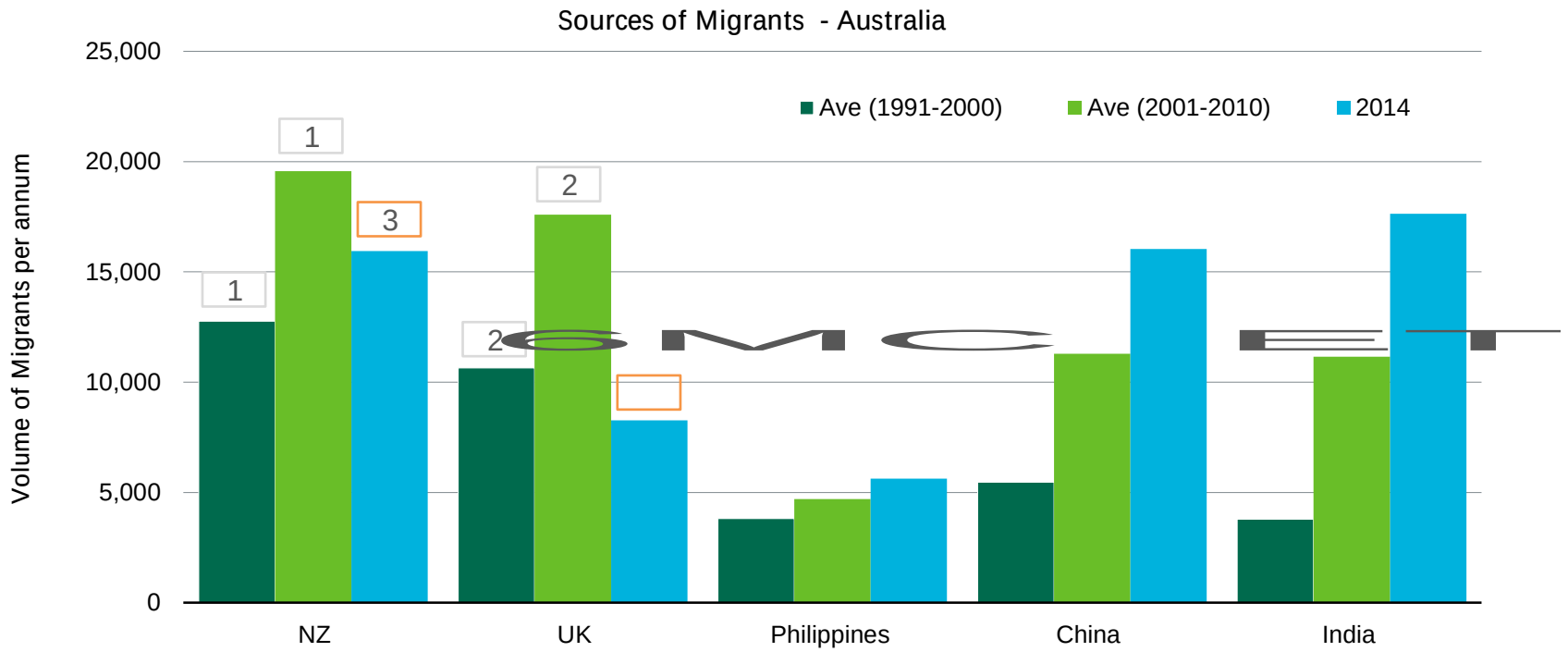
h 1H 2015, Absolute 25% of Chinese Capital

Source: CBRE Research



Source: FIRB, ABS, CBRE Research

CBRE CAPITAL – BACKED BY EEP (AND BI -LATERAL DE)!



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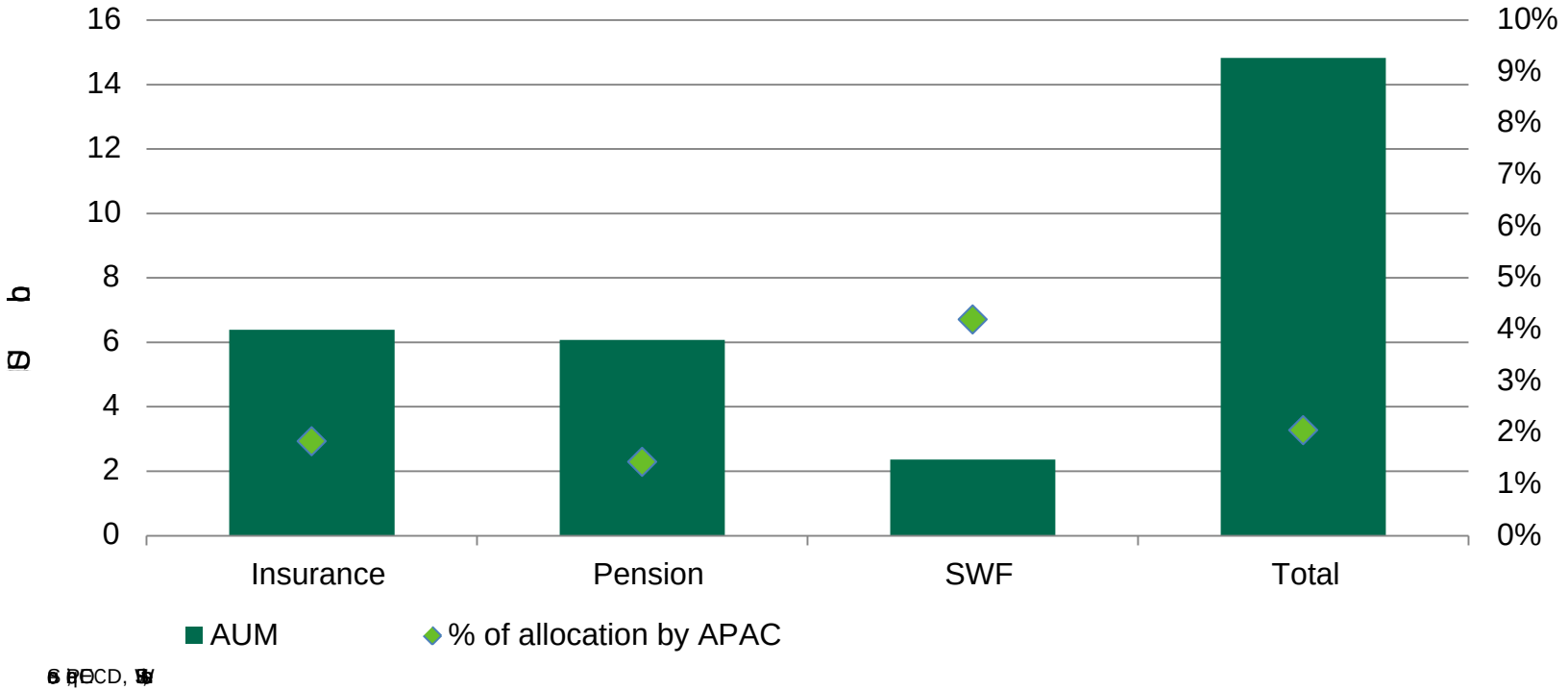
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Insurance
Pension
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Total
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% of allocation by APAC

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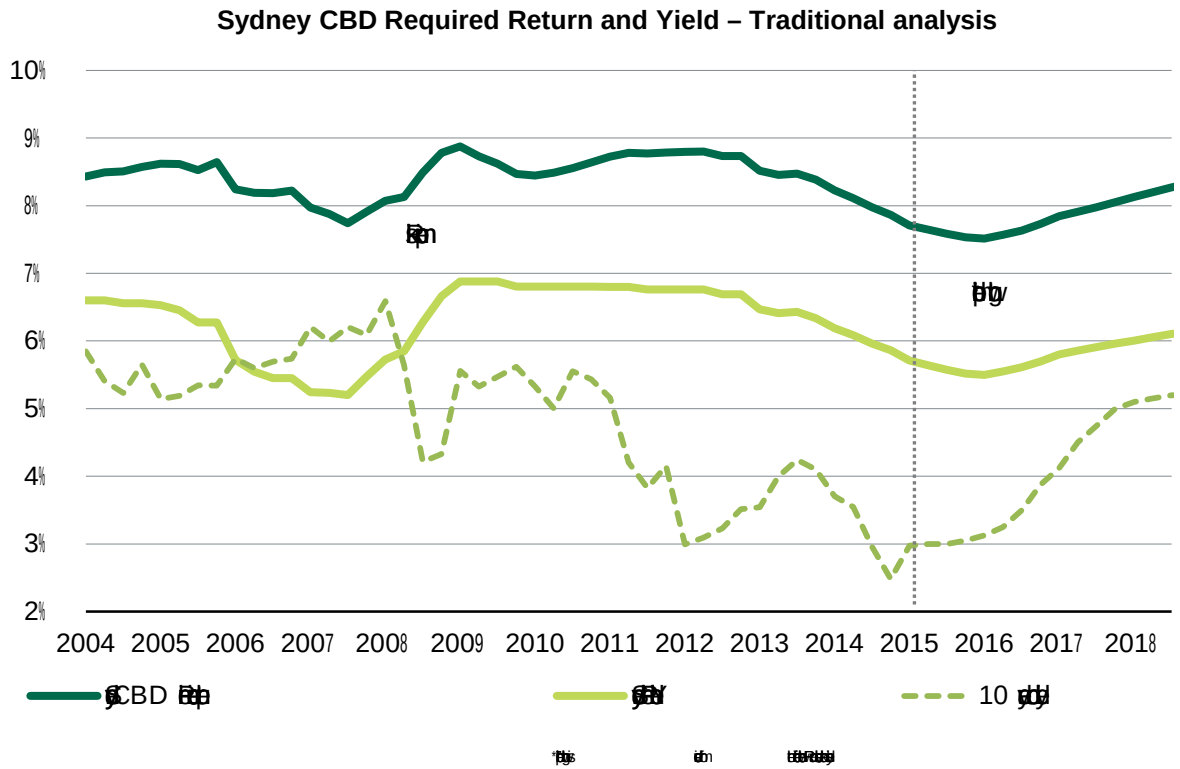

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Implication: Creates a little less certainty about predicting the required return as need to factor in international expectation for return

KEY DRIVERS

1. Globalisation – Australia highly integrated

2. Relative performance of Australian economy

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