CAPITAL ATTRACTION:
THE RISE OF AUSTRALIA AS AN INVESTMENT DESTINATION

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CBRE

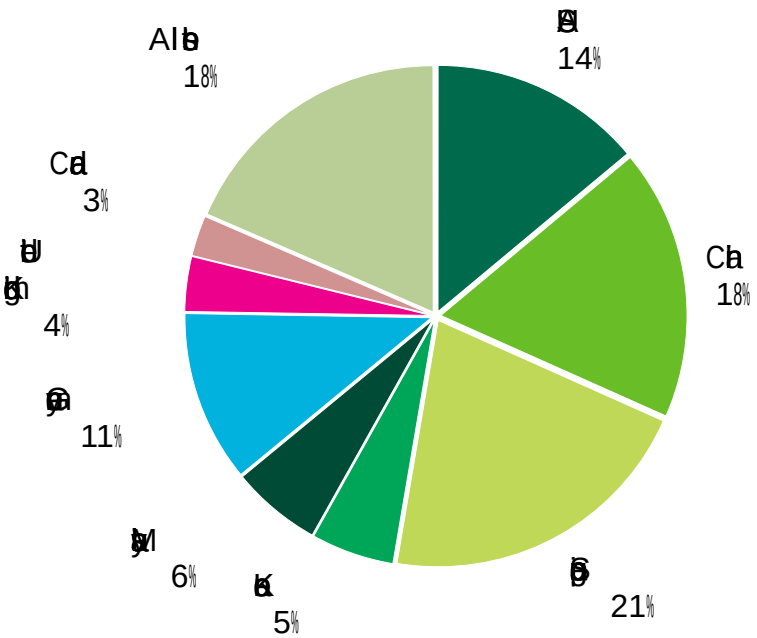
Observations on capital flows to Australia

OBSERVATIONS ON CAPITAL FLOWS TO AUSTRALIA

A EW BAS - A A CA

AN INCREASINGLY DIVERSIFIED MARKET

Origin of Foreign Investor 2007-2015



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

- China's investment in 1H 2015 alone was $2.4b

- Foreign investment from 2007 to 2015 = $21% (vs 33% in 2015)

Source: CBRE Research

WHATS ATTRACTIVE ABOUT AUSTRALIA?

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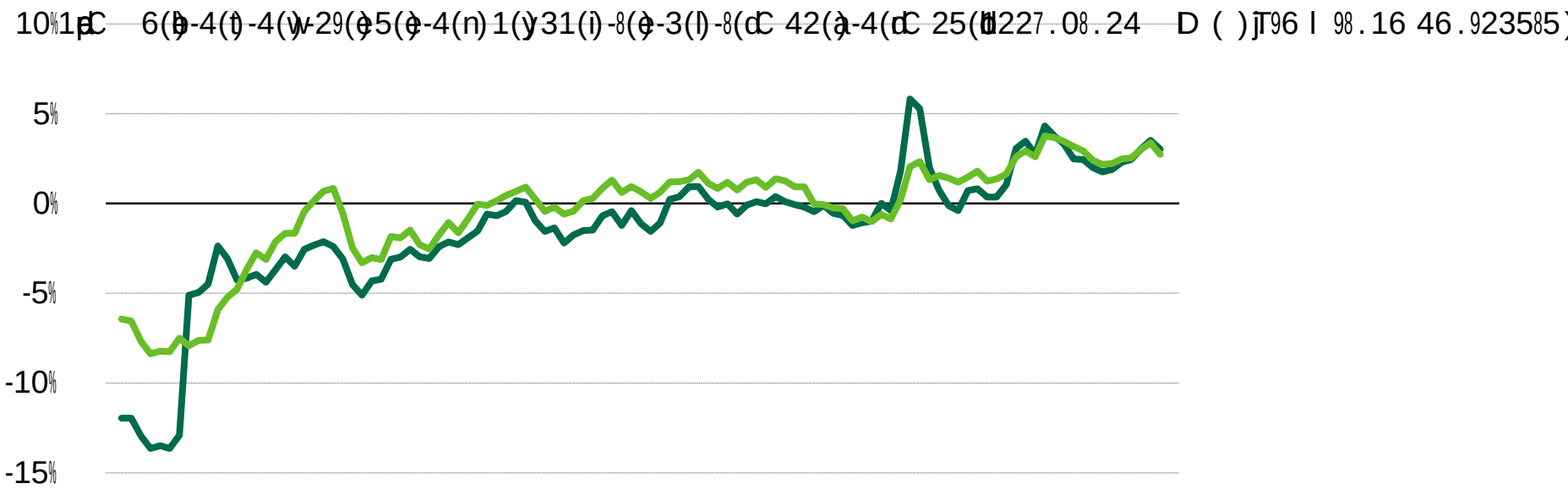

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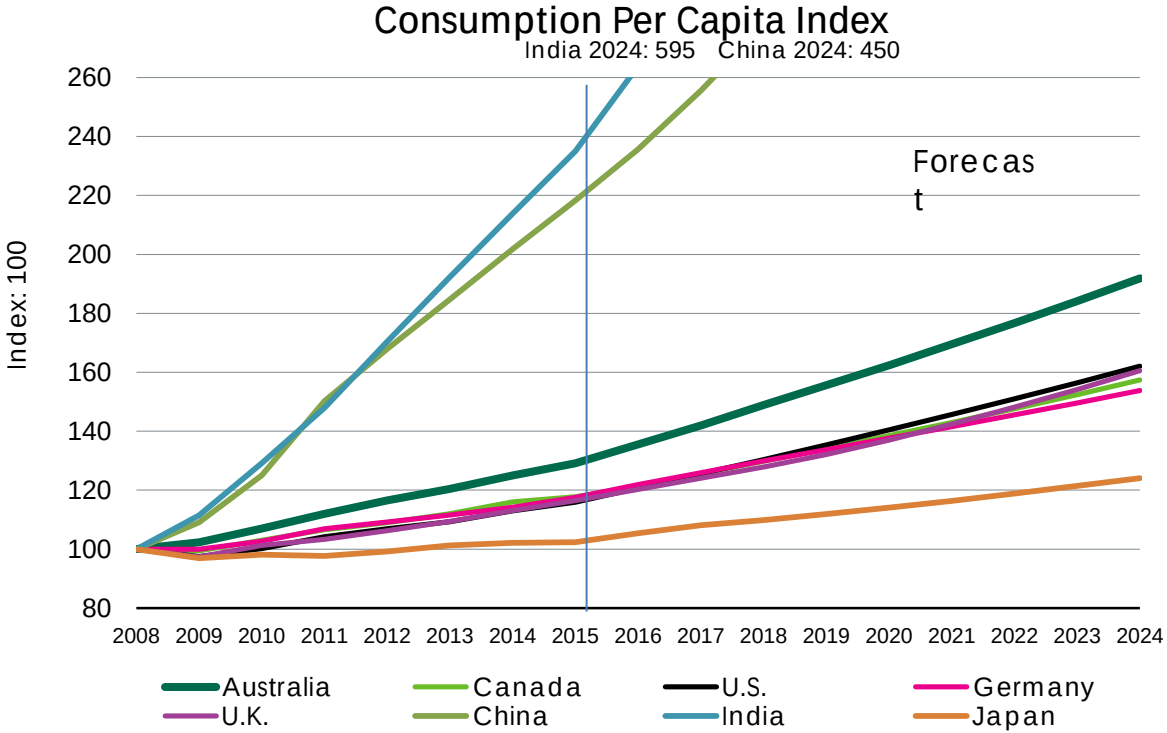
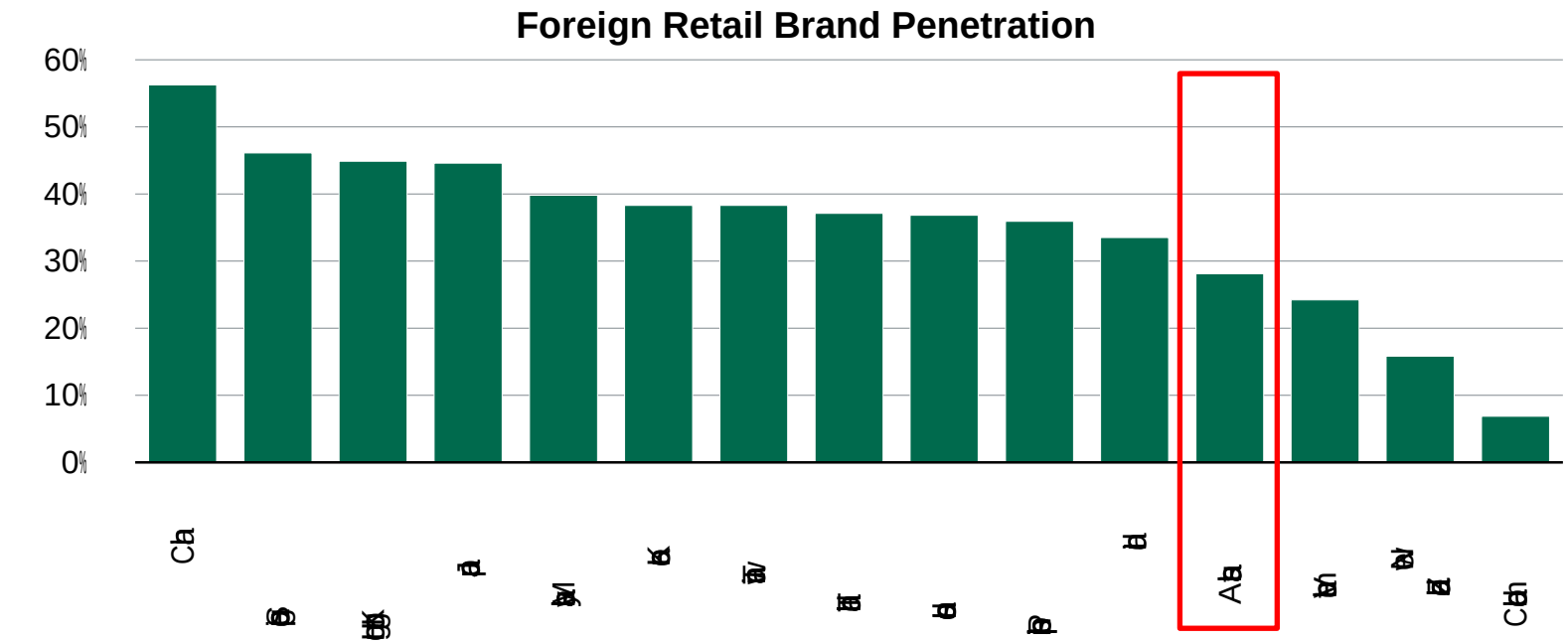


- Australia's population growth of 1.7% over last decade - 0.6% Advanced world economies; 1.0% Asia-Pacific
- Consumption per capita average growth of 4% in last 10 years v 2-2.7% in US/Europe/UK
- Over 40 foreign brands opened retail stores in Australia in 2014 (and 11in 2015 to date)

Source: CBRE Research; Oxford Economics



*Highlighted markets are CBRE identified APAC gateway markets

Source: CBRE Research, 2015

OFFSHORE INVESTMENT INTO RESIDENTIAL REAL ESTATE

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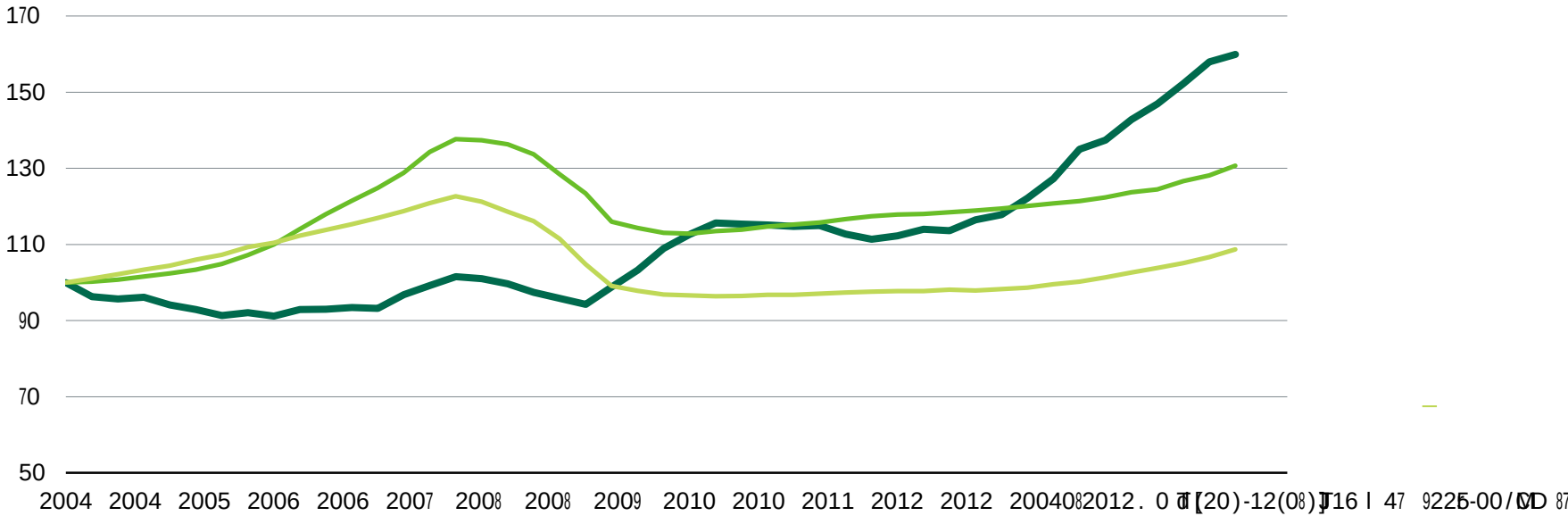
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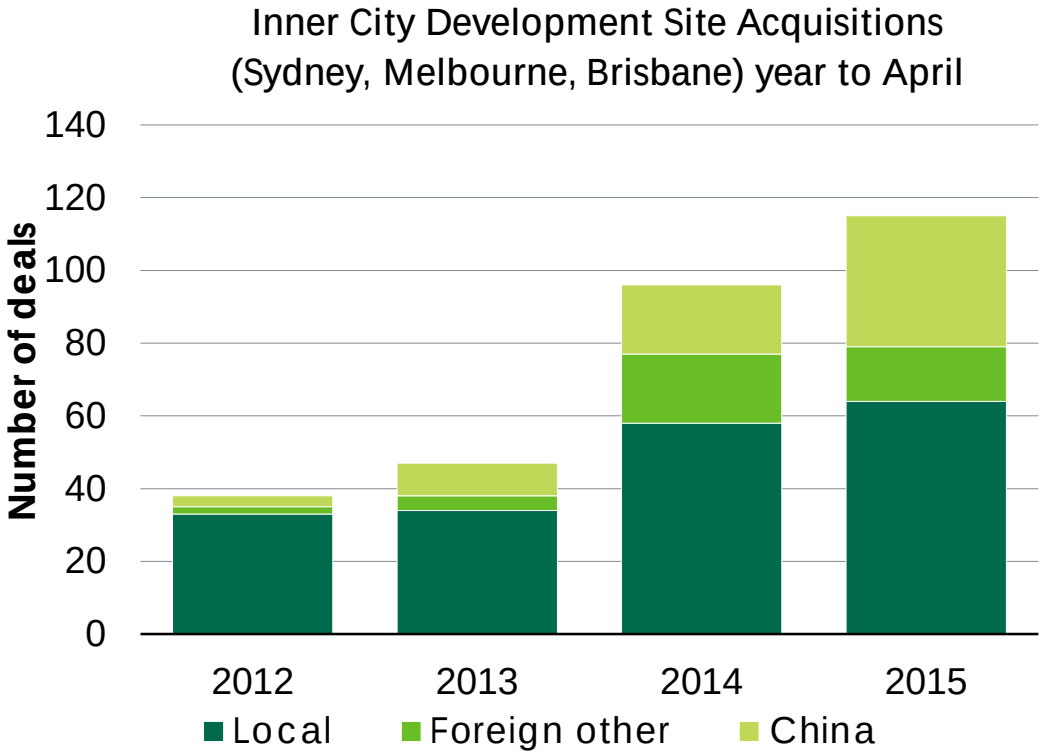


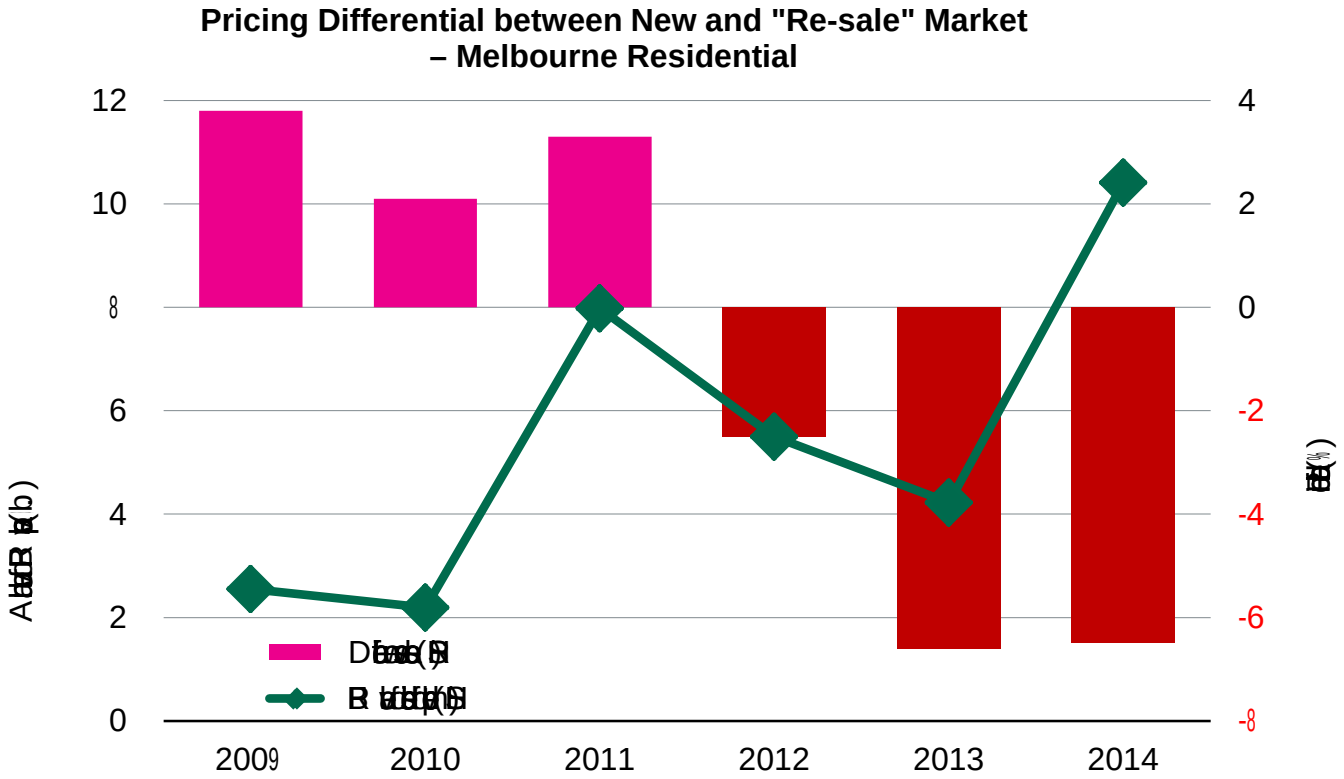
Comprising:

- 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, Asia-Pacific to China-based

Source: CBRE Research

CHINESE VS. JAPANESE INVESTMENT TRENDS

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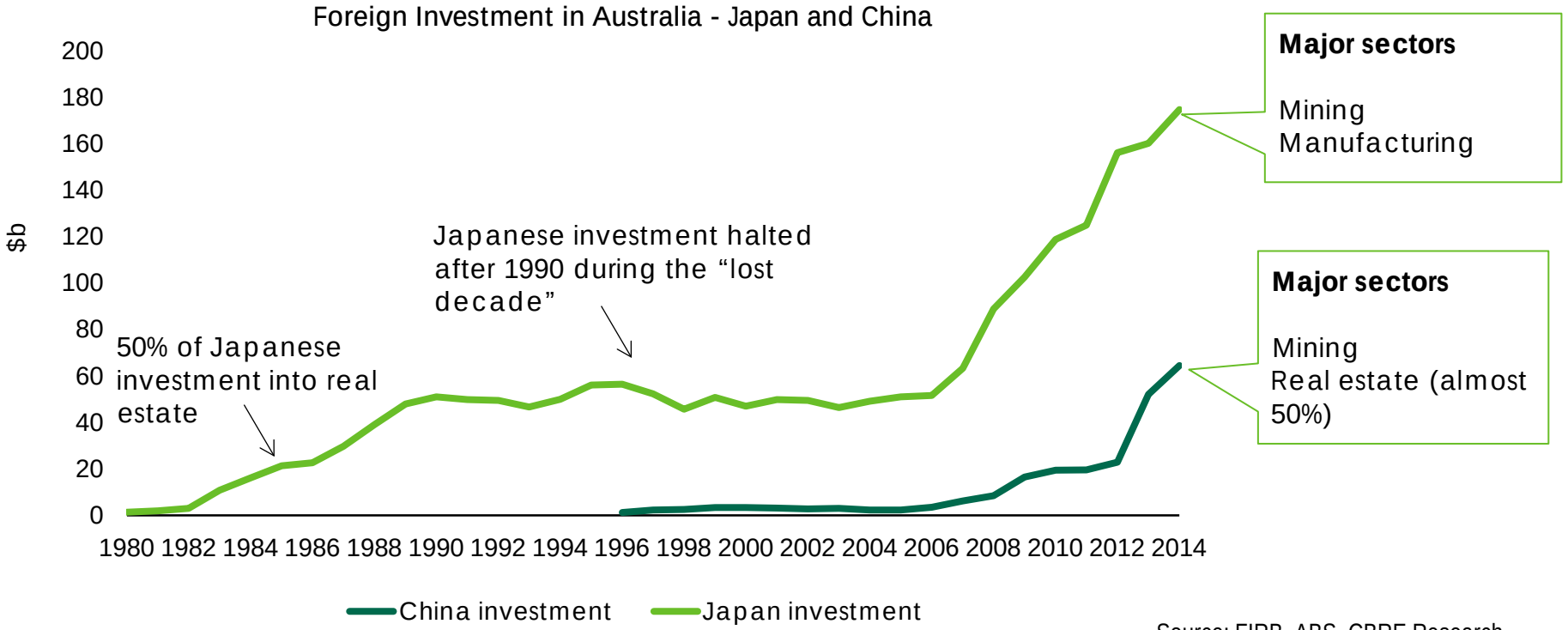
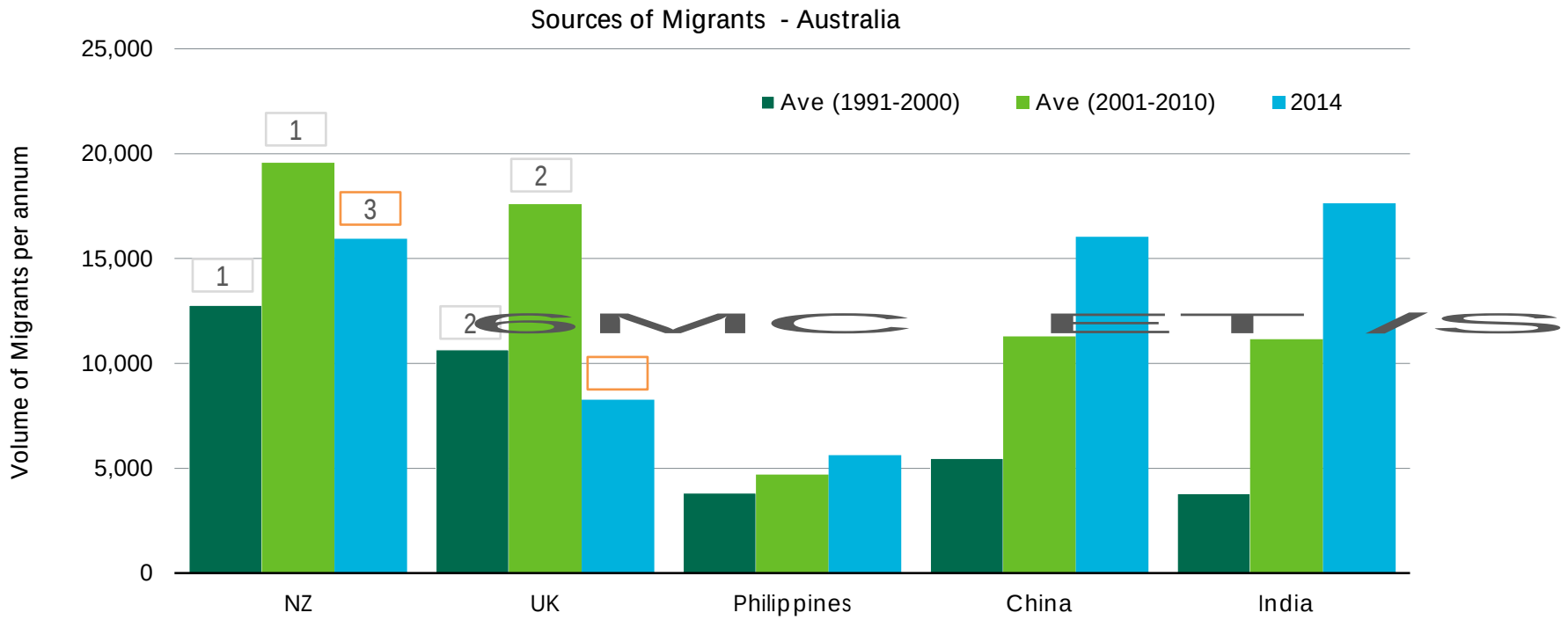


Source: FIRB, ABS, CBRE Research

CHINESE CAPITAL – BACKED BY PEOPLE (AND BIG -LEVERAGE)!



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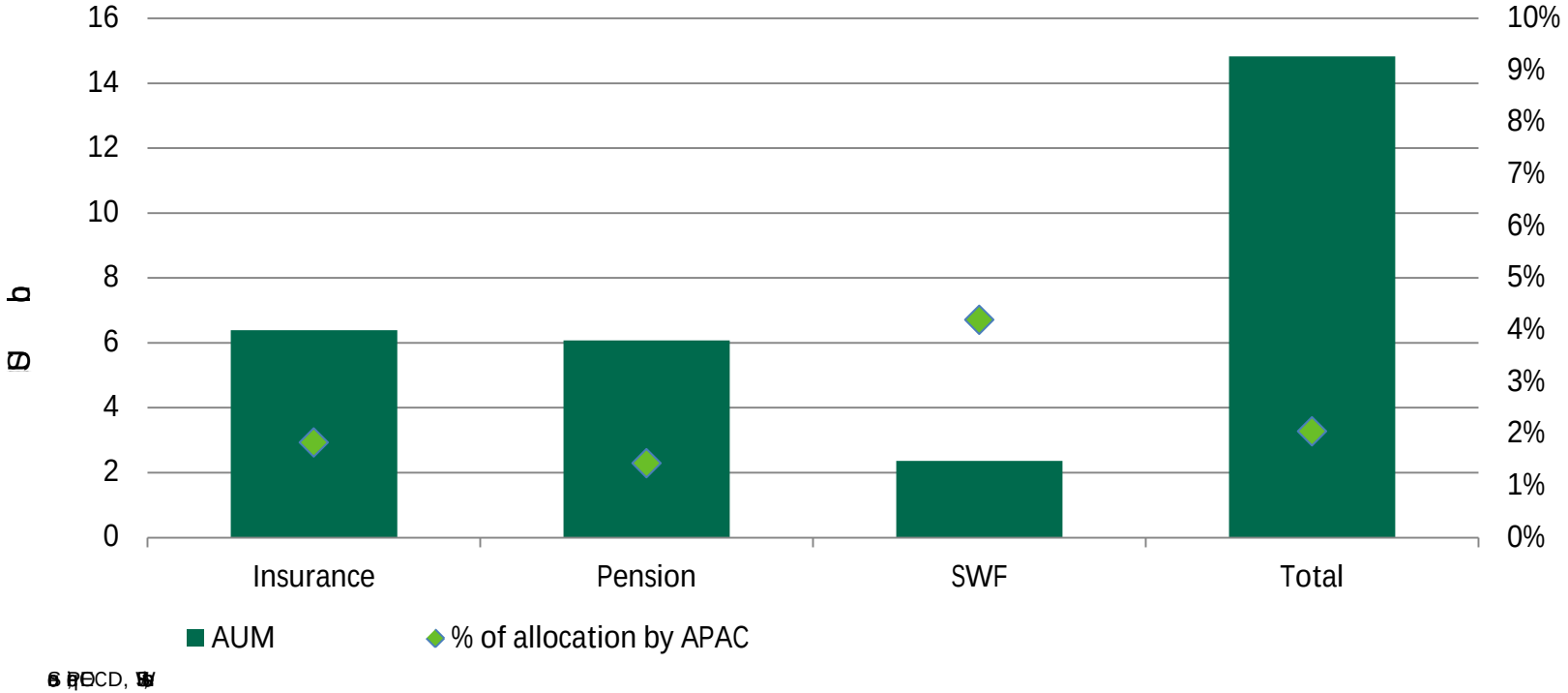
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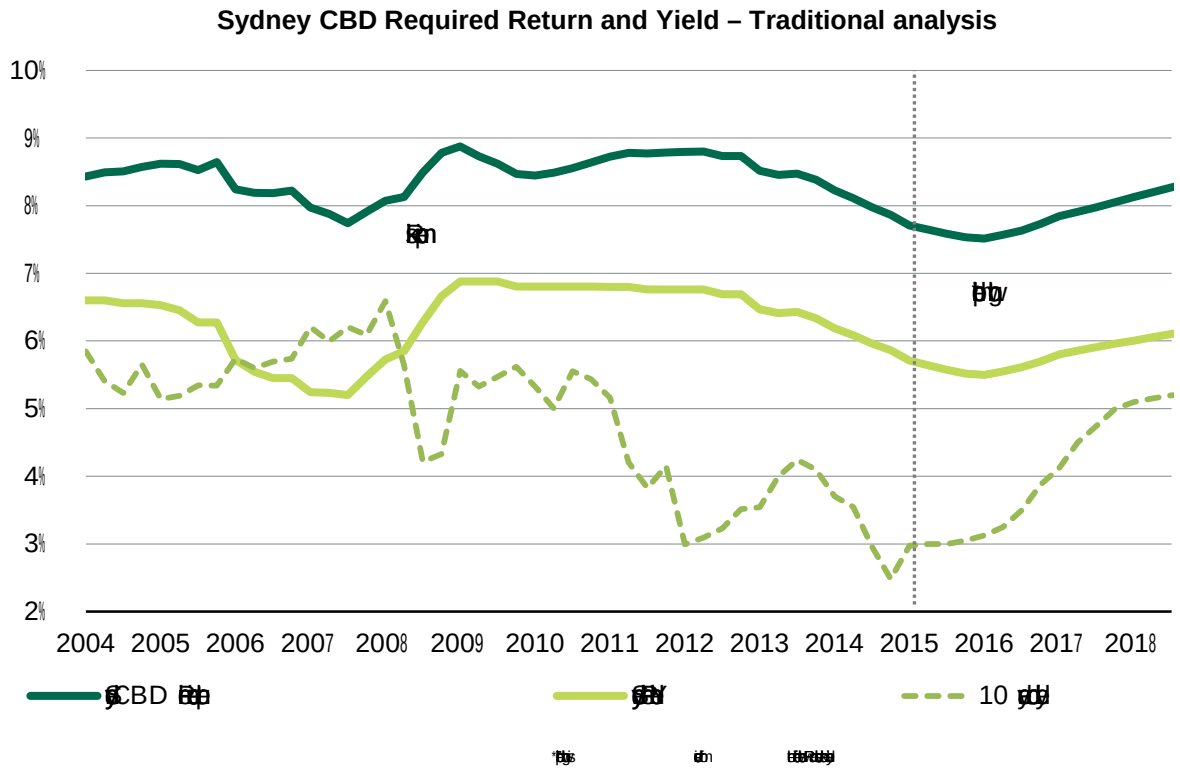

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Implication: Creates a little less certainty about predicting the required return as need to factor in international expectation for return

KEY DRIVERS

1. Globalisation – Australia highly integrated

2. Relative performance of Australian economy

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