

MARKETBEAT

\$8.8bn
INVESTED IN Q3

\$1.5bn
UNLISTED FUND NET PURCHASING

29%
FOREIGN INVESTMENT

KEY TAKEAWAYS

- Strong buying activity continued into Q3 2017, with \$8.8 billion committed over the quarter. This brought the total invested in Australian commercial real estate for the first three quarters of the year to \$23.3 billion.
- Unlisted funds continued their run of strong buying activity, ending the quarter with \$1.5 billion of net purchases. In contrast REITs returned to net selling, ending the quarter \$120 million in the red.
- The level of foreign purchasing slowed quarter-on-quarter to \$2.5 billion, representing 29% of total investment. Foreign investors have committed \$8.7 billion (37%) over the year to date.

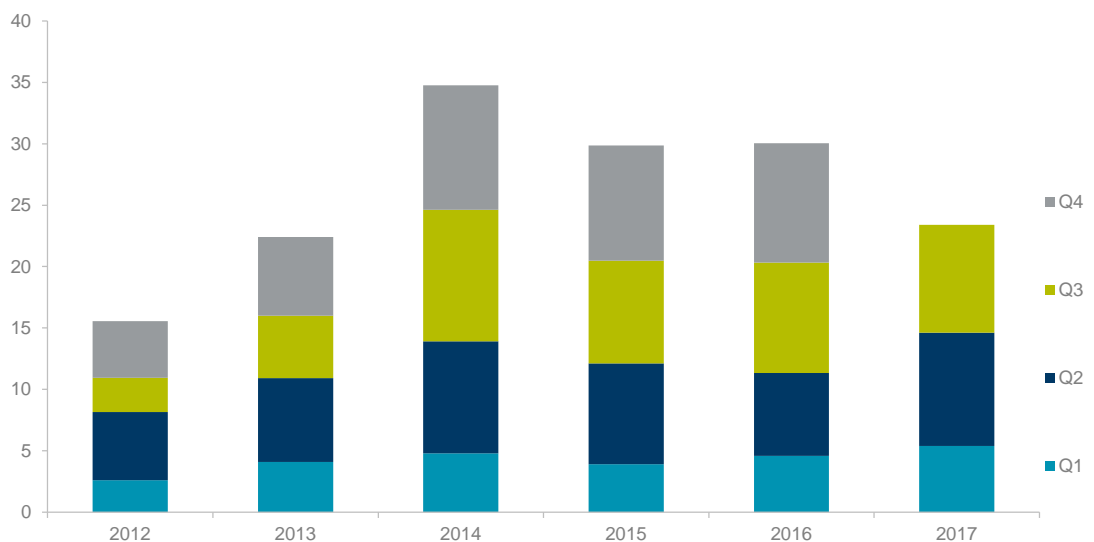
TOTAL INVESTMENT ACTIVITY

2017 shaping up to be another near-record year

The Australian commercial real estate investment market continues to perform strongly, recording \$8.8 billion in sales in Q3 2017. This follows an exceptionally strong Q2, in which \$9.2 billion in sales were recorded, with a flurry of large deals taking place late in the quarter. The number of deals and average deal size remain broadly flat quarter-on-quarter (q-o-q) at 186 deals, averaging \$47 million each.

At the end of the third quarter, a total of \$23.3 billion has been invested in the year to date, which compares favourably with the \$20.3 billion recorded at the same time last year. With 10 assets at an estimated total value of almost \$2.4bn on the market in Sydney CBD alone, Q4 2017 looks likely to continue in the same vein as the start of the year. This should see the annual investment volume exceed \$30bn for the fourth consecutive year and could go close to the peak of \$35bn recorded in 2014.

TOTAL INVESTMENT ACTIVITY (AUD billion)



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Source: Cushman & Wakefield

INVESTMENT BY SECTOR

Office sector dominating activity

The office sector continues to provide much of the liquidity, accounting for almost \$5 billion (56%) of total investment. This was assisted by several large transactions including the 50% purchase of Wynyard Place by AMP and Unisuper for \$900m.

Investment in retail assets has increased q-o-q through 2017, to \$2.3 billion in Q3. Activity was divided between large format retail and neighbourhood centres.

However, the standout transaction was GPT's 25% acquisition of Highpoint Shopping Centre for \$680 million at 4.2%.

NET PURCHASING ACTIVITY

Unlisted funds continue to lead

Unlisted funds continue to lead net purchasing activity, at \$1.5 billion in the black. They were behind some of the quarter's largest transactions, and were active across all sectors and lot sizes. EG Funds acquired Roche's site in Cromer, north of the Sydney CBD, for \$55 million; GDI's Property Trust 43 bought the Ikea store in Innaloo in Perth, Western Australia, for almost \$144 million; and Lendlease's APPF acquired Swire House in Sydney CBD for \$270 million.

In contrast, almost all other purchaser groups ended the quarter as net sellers, with HNWI's being the largest net sellers at \$856 million, though this was skewed by the Highpoint Shopping Centre sale.

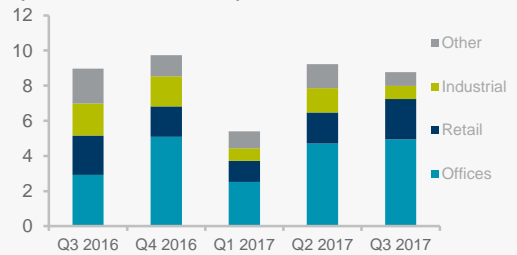
FOREIGN INVESTMENT

Singaporean investors commit \$1.2bn

Foreign investment activity was somewhat subdued over the quarter at \$2.5 billion. In relative terms, investment by foreign entities slowed from 48% of the total in Q1 2017 to 29% in Q3 2017.

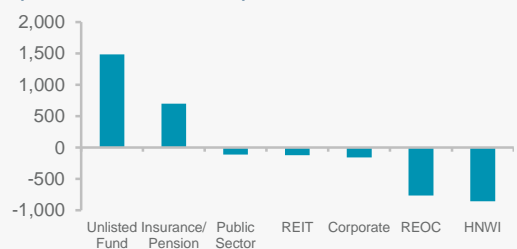
Singapore-based investors committed \$1.2 billion over the quarter, led by Suntec REIT's 50% acquisition of the Olderfleet Building in Melbourne CBD for \$414 million. Ascendas, Mapletree and GIC also made significant purchases. International investors (those with a global platform) remained largely on the sidelines, spending just \$245 million, one-third of their longer-term average.

INVESTMENT BY SECTOR (AUD billion)



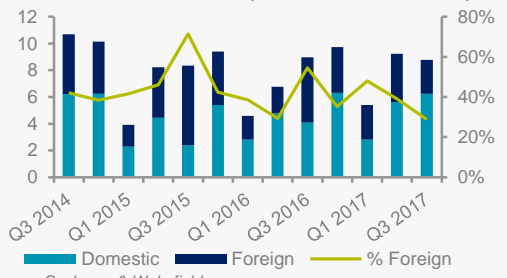
Source: Cushman & Wakefield

NET PURCHASING ACTIVITY (AUD million)



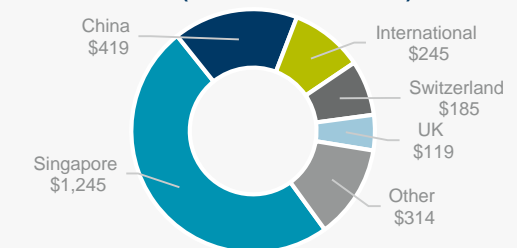
Source: Cushman & Wakefield

DOMESTIC vs FOREIGN INVESTMENT (AUD billion)



Source: Cushman & Wakefield

FOREIGN INVESTMENT BY COUNTRY (AUD million)



Source: Cushman & Wakefield

DATA INTO ACTION

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SIGNIFICANT TRANSACTIONS, Q3 2017

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE
Wynyard Place (50%)	Sydney	AMP Capital / UniSuper	Brookfield	Office	\$900m
Highpoint Shopping Centre (25%)	Maribymong	GPT WSCF	Highpoint Property Group	Retail	\$680m
Olderfleet Building (50%)	Melbourne	Suntec REIT	Mirvac	Office	\$414m
Bakehouse Quarter	North Strathfield	Yuhu Group	Kirela Development Unit Trust	Mixed Use	\$380m
Swire House	Sydney	Lendlease APPF	Centuria Property Funds	Office	\$270m
Civic Tower	Sydney	Ascendas-Singbridge	GDI Group	Office	\$252m
120 Spencer Street	Melbourne	CBRE Global Investors	Anton Capital	Office	\$245m
Westralia Square Office Tower	Perth	GDI Group	Insurance Commission of Western Australia	Office	\$216m
Brickworks Shopping Centre	Southport	AMP Wholesale Property Fund	Calile Malouf Investments	Retail	\$138m
HQ South Tower	Fortitude Valley	M&G Real Estate	AFIAA	Office	\$119m



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