



AUSTRALASIA  
PROPERTY ADVISORY  
ASSOCIATION

# WELCOME TO APAA'S SEMINAR

WE WILL START FROM **6:00 PM**

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APAA Exclusive Event

# Capital Inflow to Australian Property Markets

Thursday *8th May 2025*, (6:00pm - 8:30pm)

222 Russell St, Melbourne VIC 3000 (*Mantra Melbourne*)

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## Panel Speakers



Benjamin Martin-Henry

Head of Private Assets  
Research, Pacific  
MSCI Research



Wilfred Lau

Head of Investment at  
OSK Capital Australia

## Workshop Facilitator



Tze Chiang Goh

Associate Director at Charter Keck Cramer  
Executive Committee of APAA

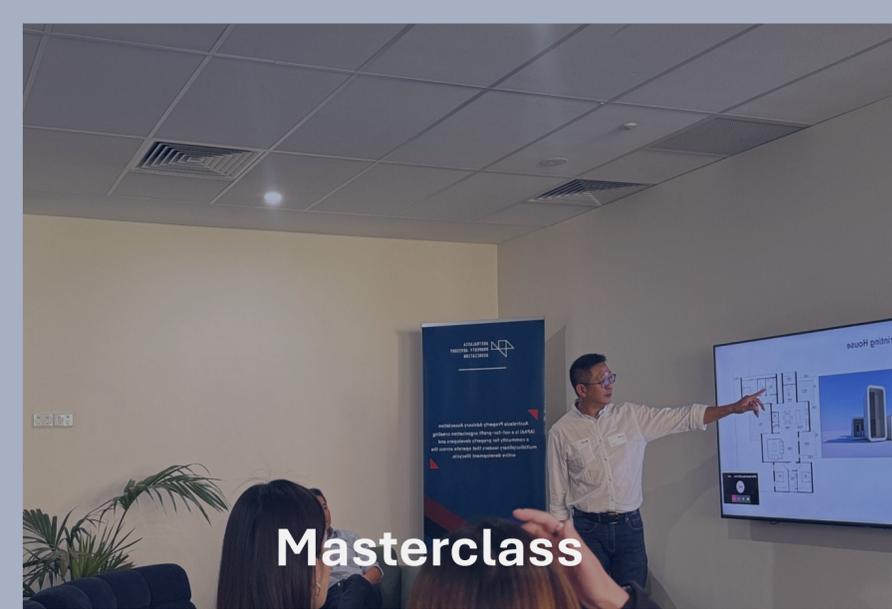
# Australasia Property Advisory Association

Established 2018



AUSTRALASIA  
PROPERTY ADVISORY  
ASSOCIATION

“We are a not-for-profit organization creating a community of multidisciplinary local and international leaders dedicated to fostering collaborations and contributing to the sustainable growth of Victoria's property industry.”



Masterclass



Exclusive Dinner



Professional Seminar



Social Events



Charity Supporting





Masterclass



Exclusive Dinner



Professional Seminar



55

Speakers



52

Events



648

Companies

1150

In Community



Social Events



Charity Supporting



# Our Team

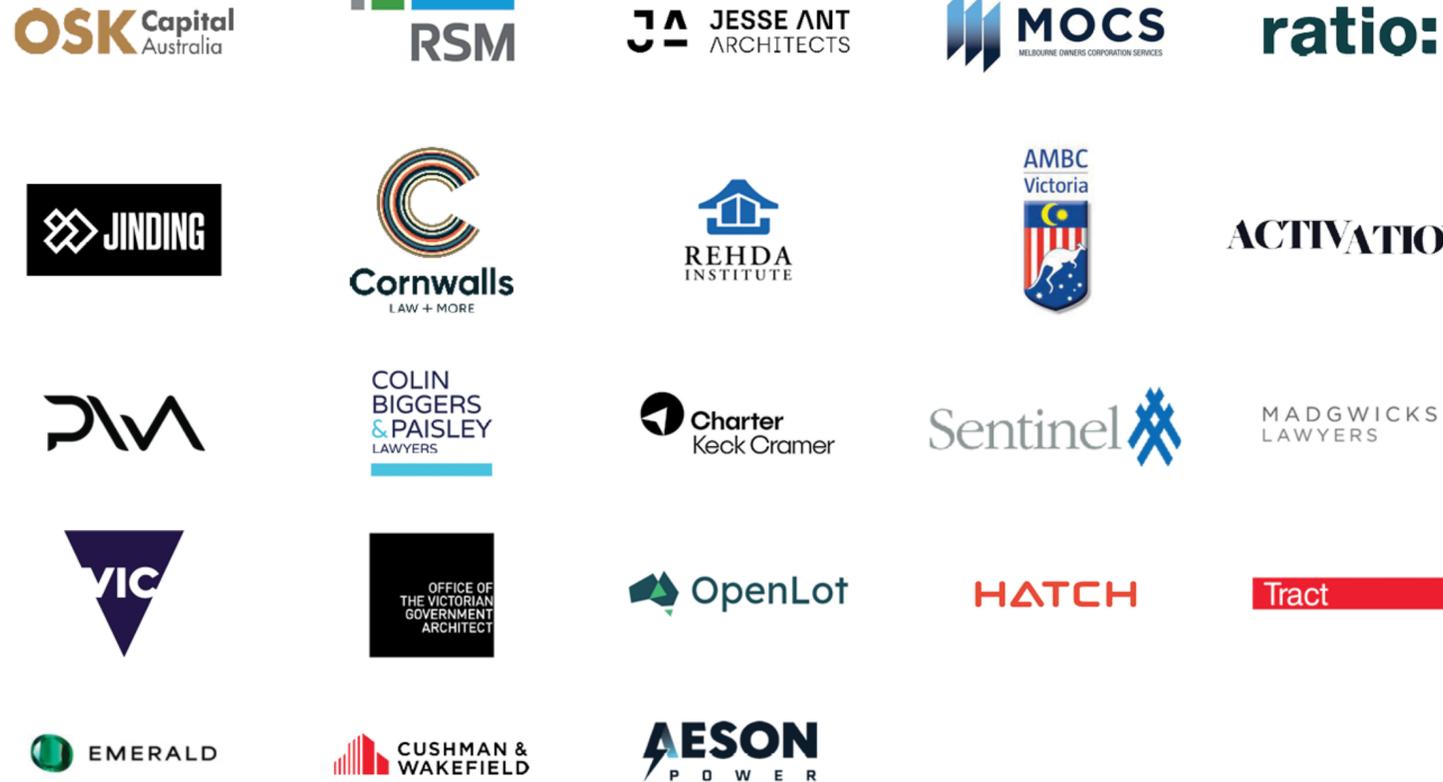
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**Enya Loo**  
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APAA Exclusive Event

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Our Panelist

# Benjamin Martin-Henry

Head of Private Assets Research, Pacific at MSCI Research

## Australia Private Assets in Focus

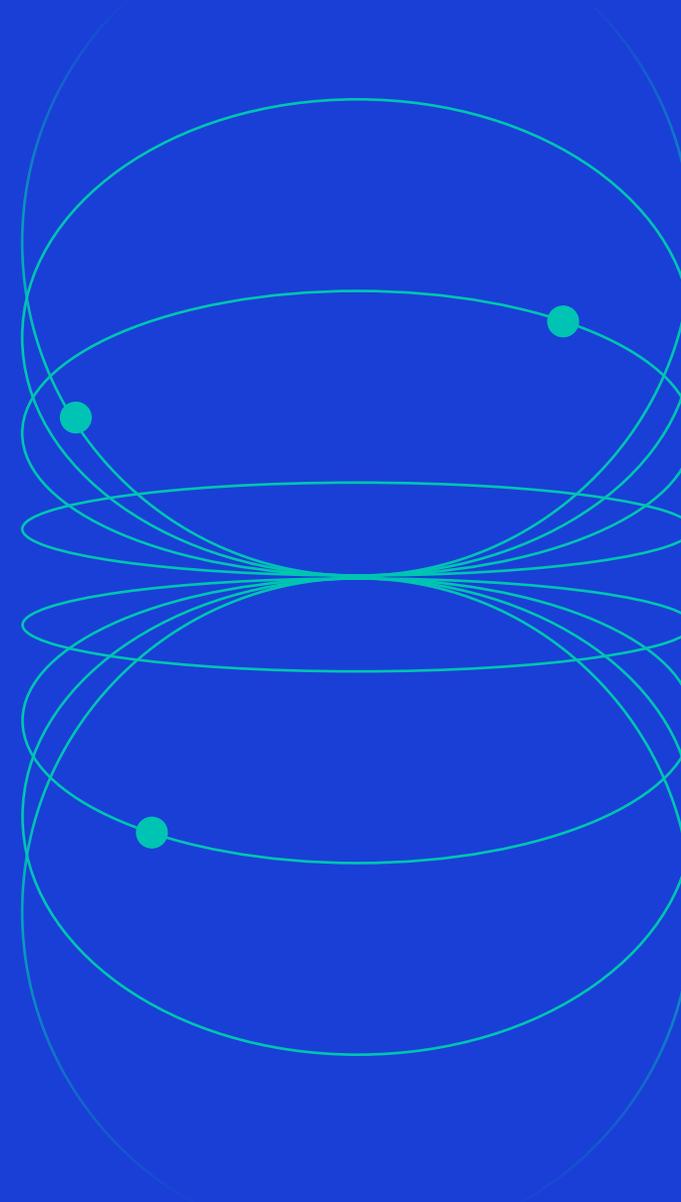
APAA Professional Workshop:  
Capitol Inflow to Australian Property Markets



# Australia Private Assets in Focus

Q2 2025

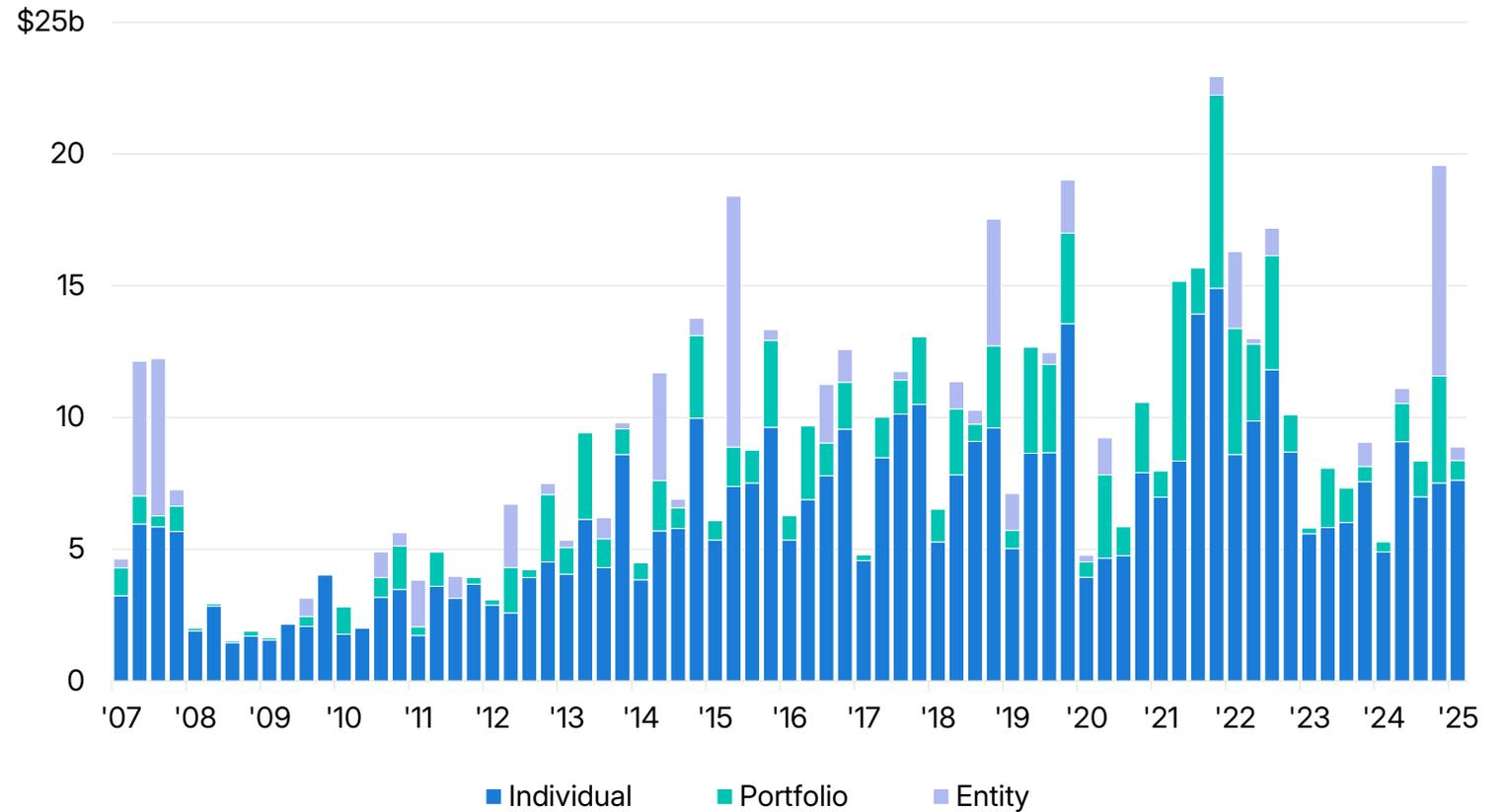
Ben Martin-Henry, MSCI



# Quarterly Commercial Real Estate Transaction Volumes

Australia's commercial property market maintained the momentum it generated towards the back end of 2024

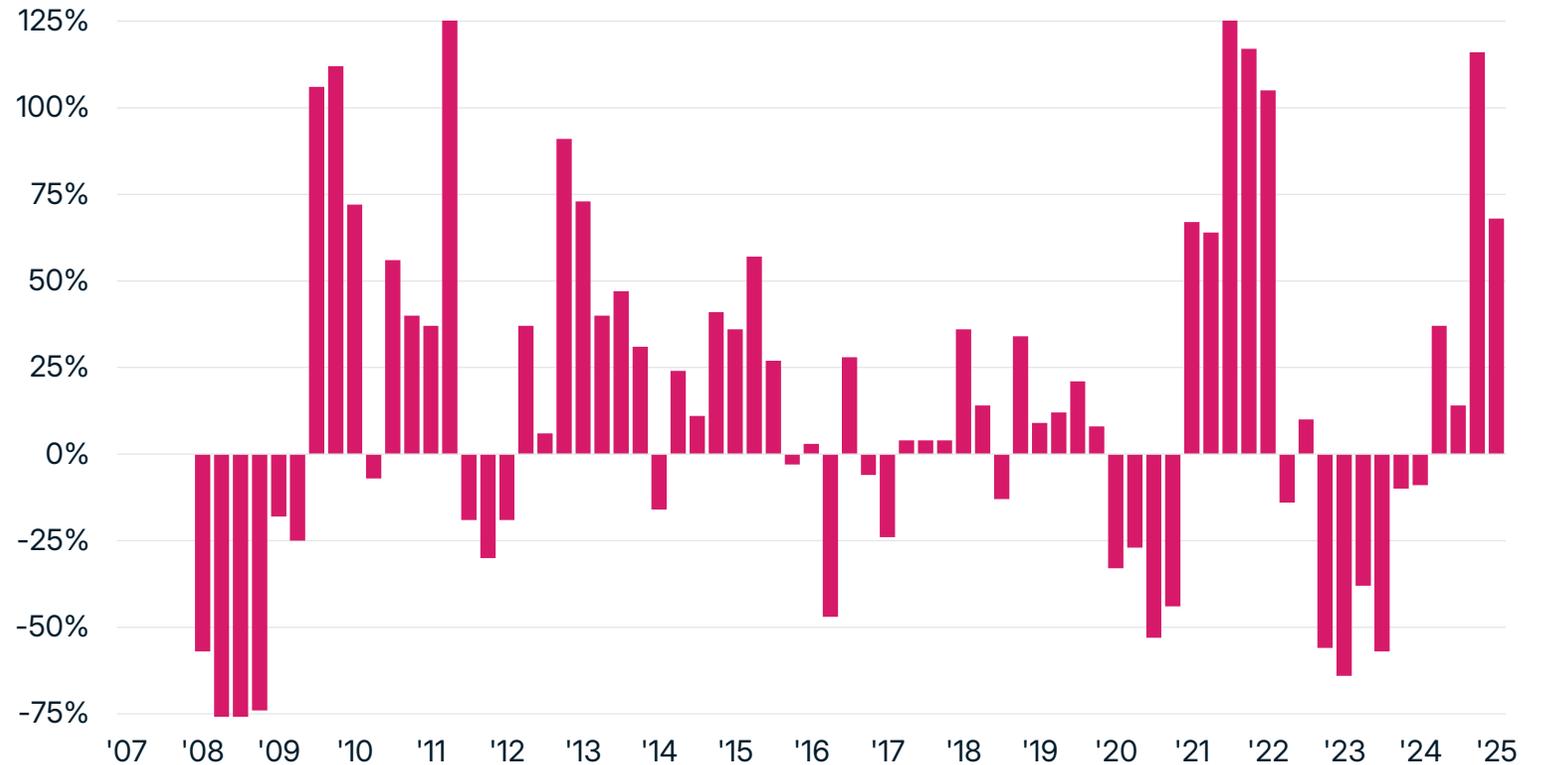
- Transaction volumes for the first quarter of 2025 came in at \$8.9b
- This represents a 68% uplift compared to Q1 2024 – marking the strongest first quarter since 2022



# Q-o-Q Change in Transaction Volumes

**Q1'25 represents the fourth consecutive quarter of year-on-year growth, suggesting the recovery is well underway.**

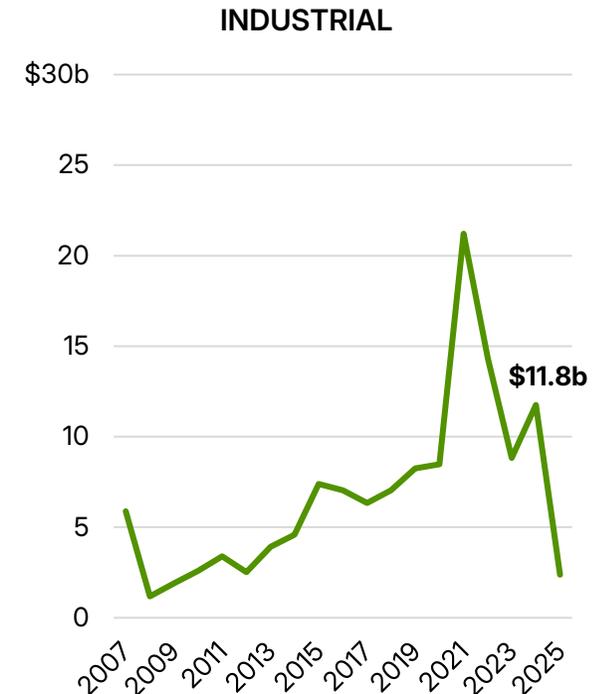
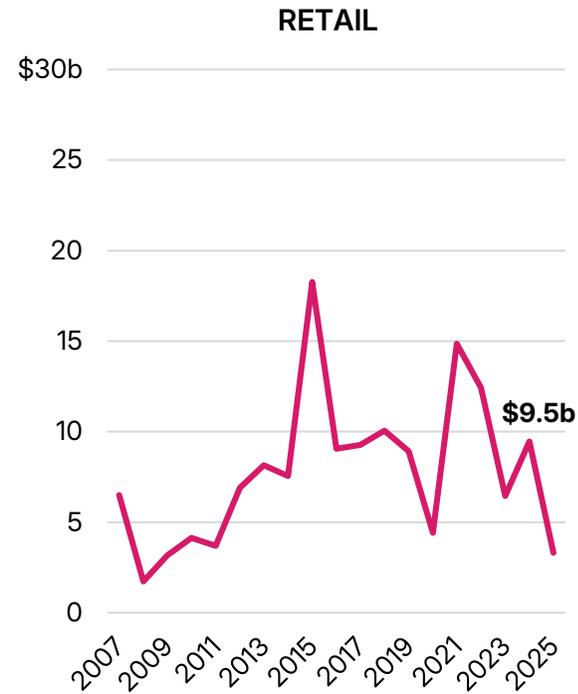
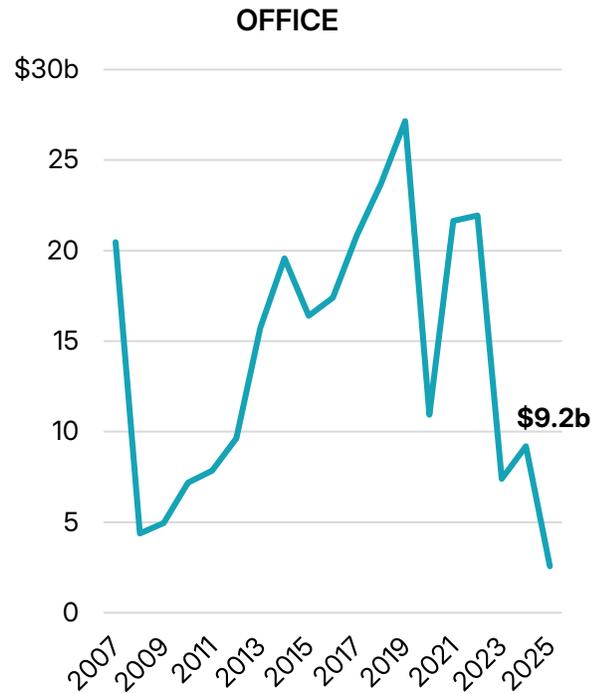
→ Volumes in the first quarter were also 11% above the five-year average and 25% above the 10-year average



# Annual Transaction Volumes

## ALL CORE SECTORS UP IN 2024

- Office volumes up 24% in 2024
- Retail volumes up 47% in 2024
- Industrial volumes up 33% in 2024

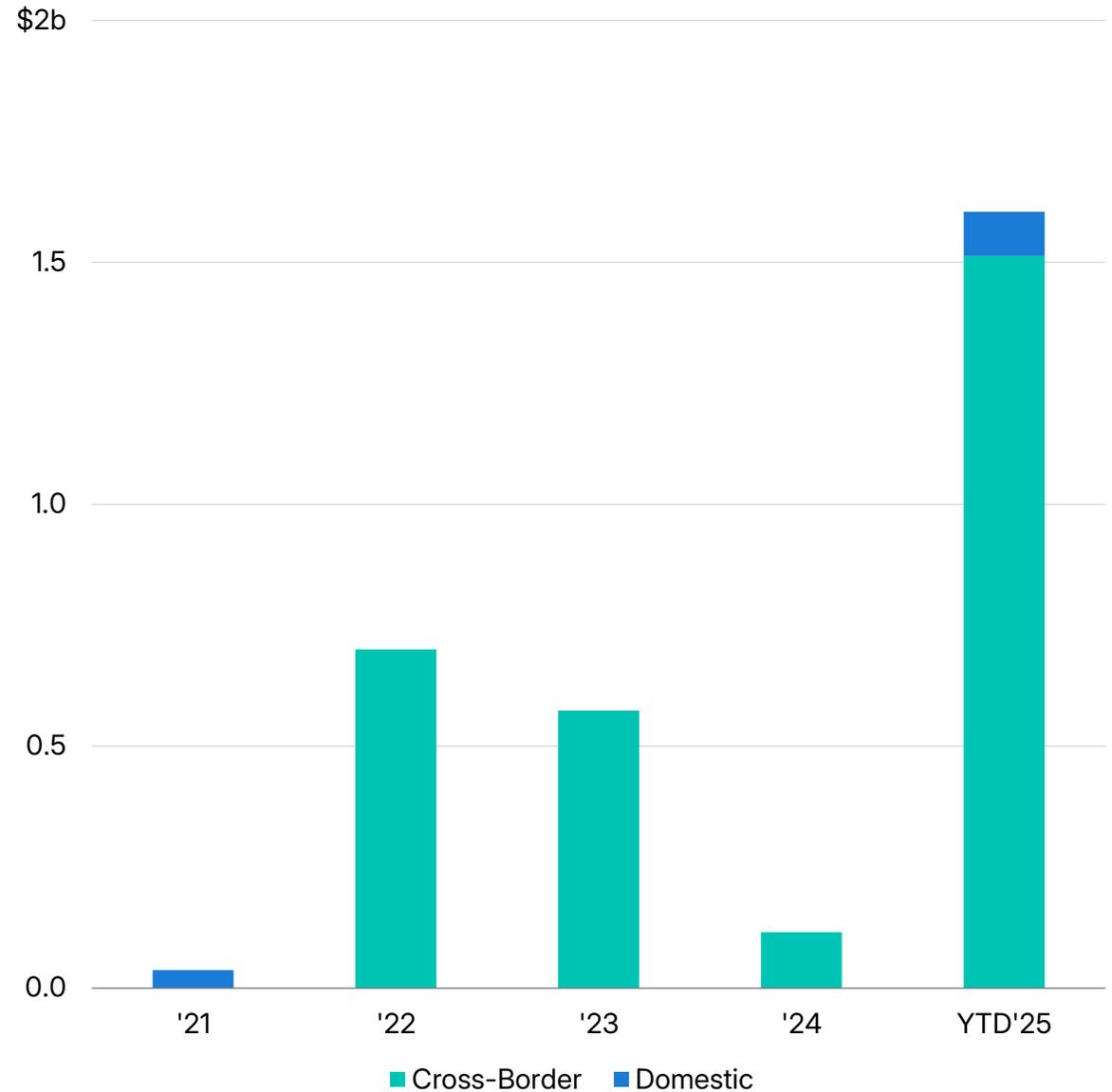


Source: MSCI Real Assets  
Details: Deal floor \$10m+

# Purpose-Built Student Accommodation Volume

- PBSA volumes surge to \$1.7b in Q1'25.
- Cross-Border investors dominate the PBSA market.

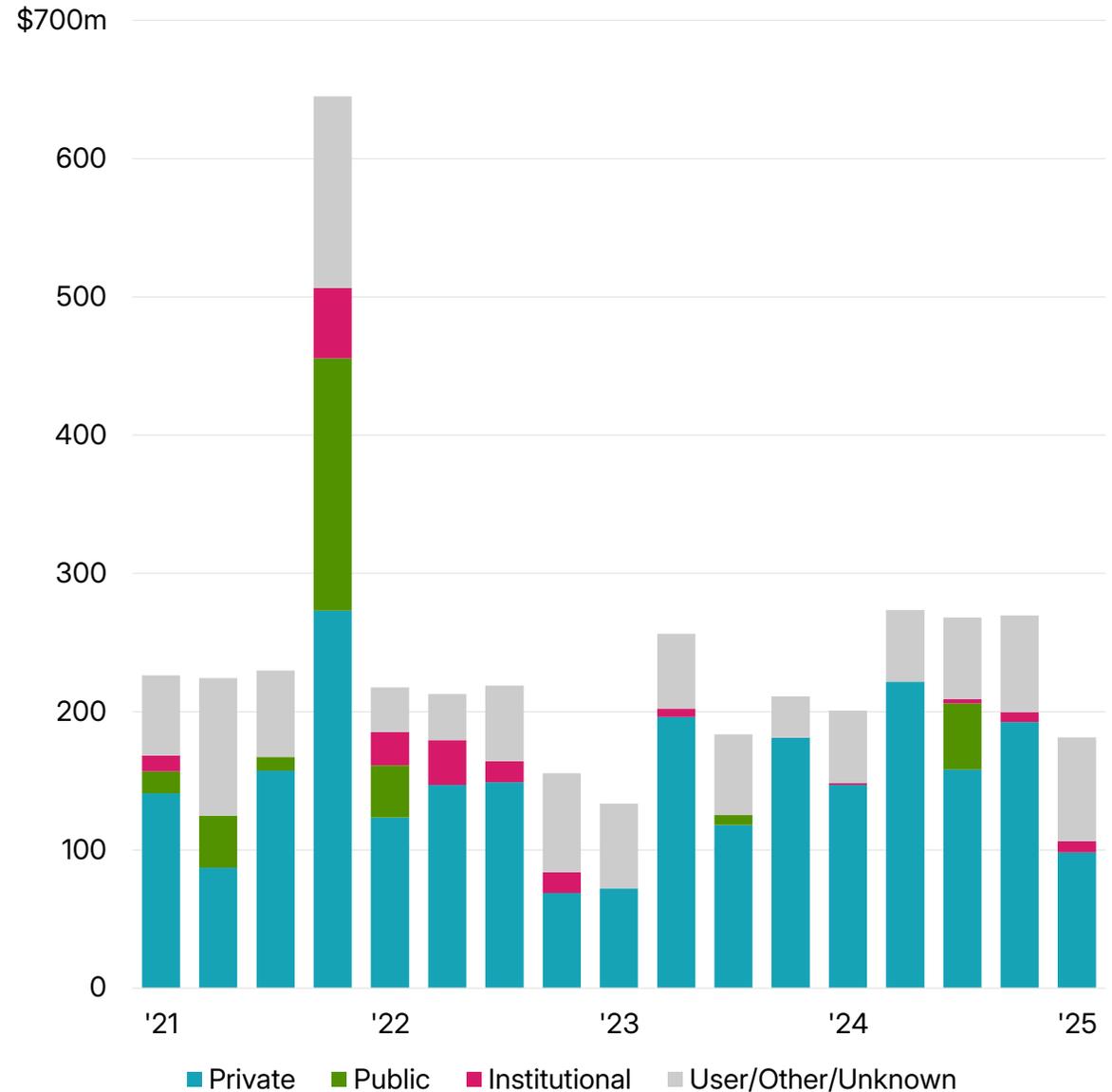
→ Driven by Greystar and Future Fund's acquisition of GIC's 49.9% share of its JV with Wee Hur.



Source: MSCI Real Assets  
Details: Deal floor \$10m+

# Childcare Deal Volume by Buyer Type

- Since 2020, investors have deployed just under \$5b into the sector
- Childcare offers defensive income streams that have been resilient across cycles
- Nearly \$200m has already been deployed in Q1 2025
- Transaction yields rose by just 40 basis points in this downturn and, with three consecutive quarters of compression since, much of this movement appears to have already been reversed.

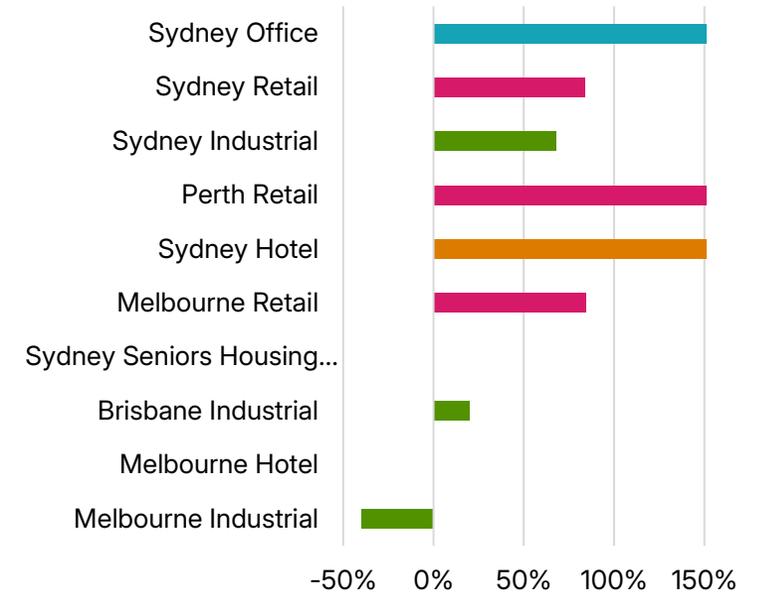


Source: MSCI Real Assets  
Details: Deal floor \$10m+

# Top Market Segments and Y-o-Y Change

**Sydney remains the dominant destination for capital.**

The office market in Sydney once again claims the top spot, driven by several high-value transactions involving overseas buyers. Of the \$2.0b invested in Sydney office assets, 70% came from offshore capital, highlighting continued foreign conviction in the sector.

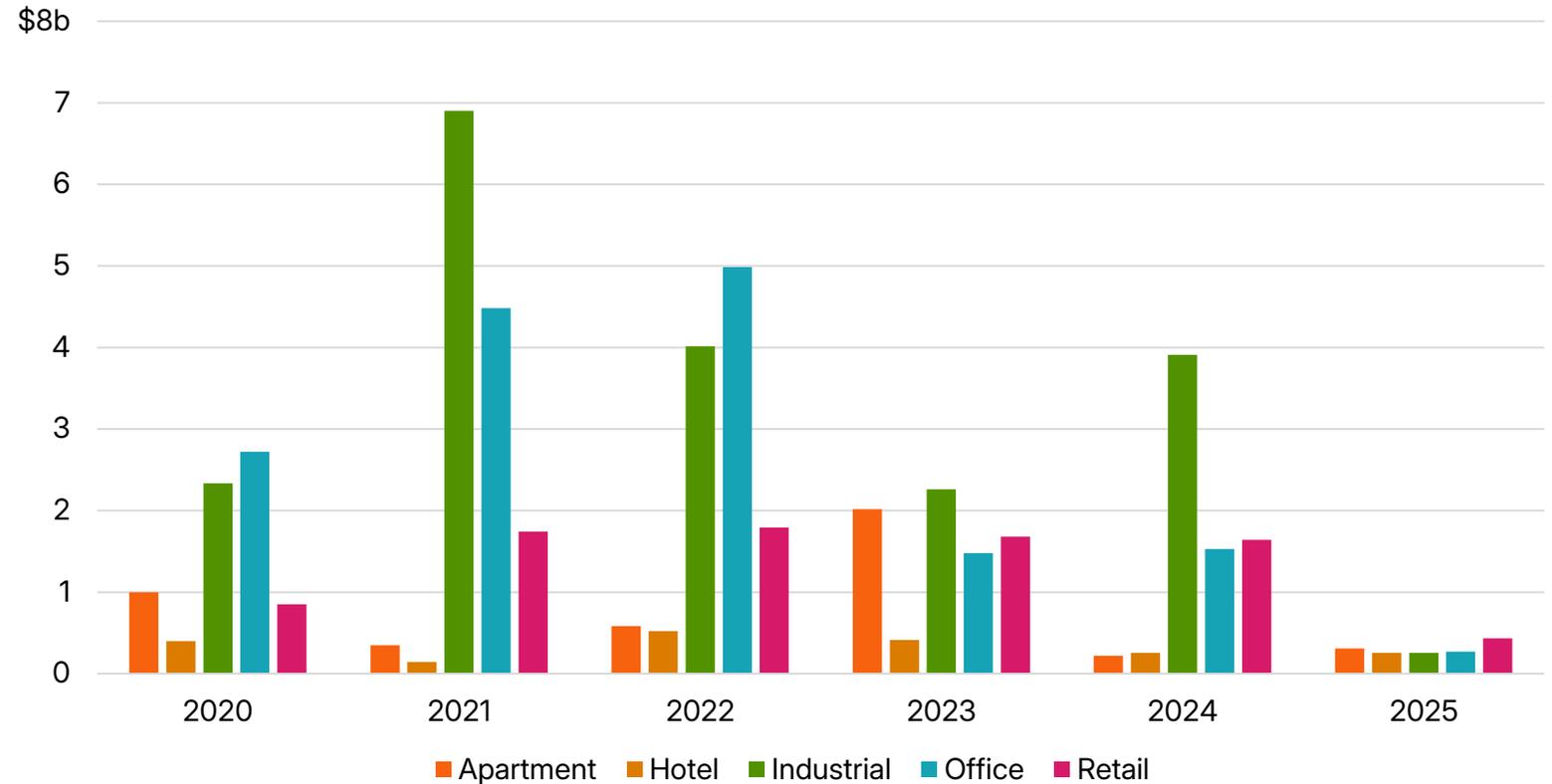


Source: MSCI Real Assets  
 Details: Change labels truncated to 150%

# Melbourne Transaction Volumes

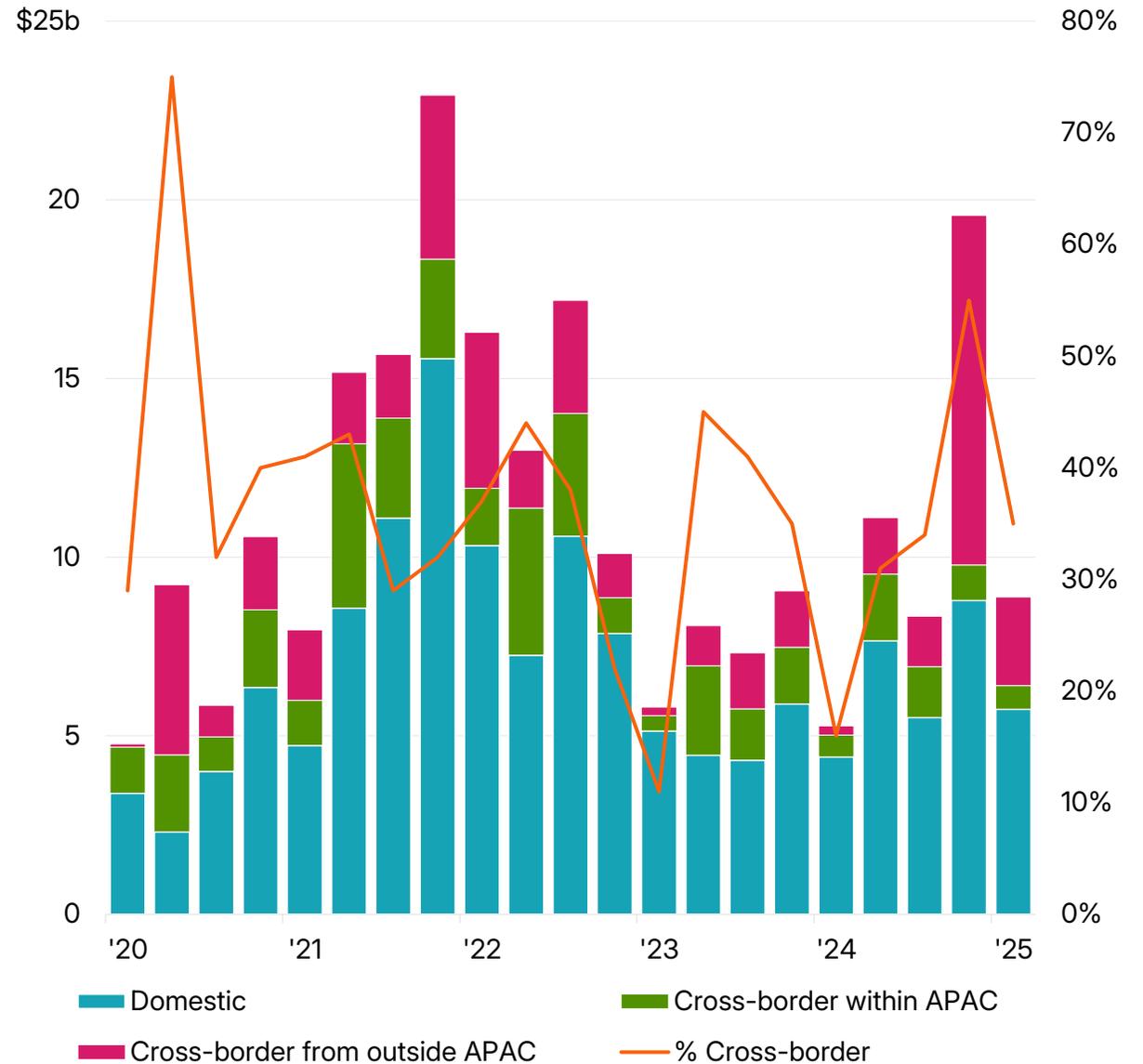
The Melbourne market continues to face headwinds, particularly in the office sector.

→ Volumes in 2023 were 27% below five-year averages and in 2024 they were 20% below.



# Australia Investment by Source of Capital

- Cross-border investors deployed \$3.1b in Q1'25.
- Non-APAC investors deployed just under \$2.5b.
- Accounting for 35% of volumes.
- APAC investors deployed just \$665m.

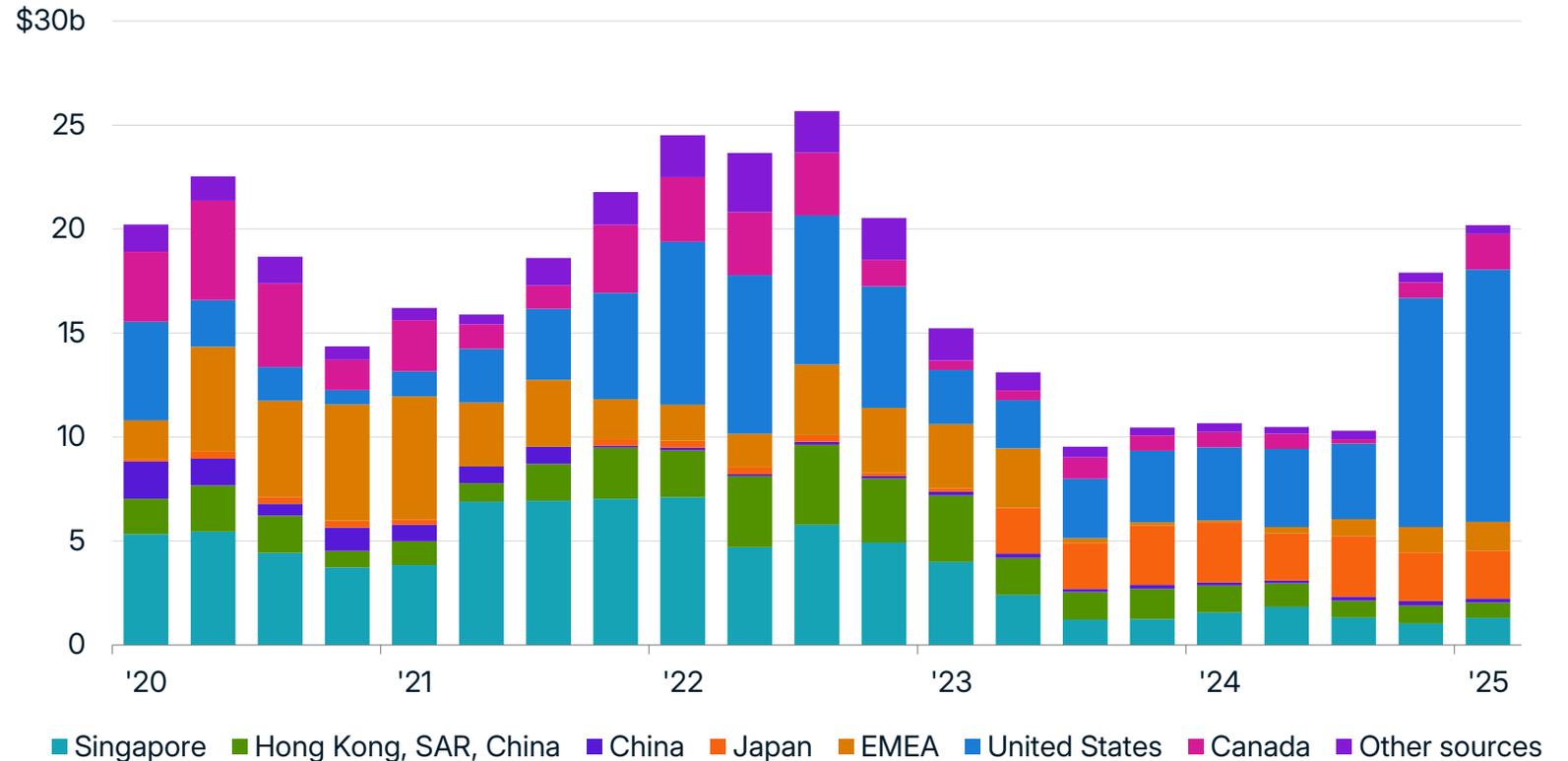


Source: MSCI Real Assets  
Details: Deal floor \$10m+

# Cross-Border Investment by Capital Origin

North American investors dominated, with the U.S. and Canada accounting for nearly \$2.3b of cross-border inflows.

- The U.S. led with \$1.3b, while Canada followed closely at just under \$1b
- Singapore was the only APAC buyer of note, contributing \$460m, but Japanese investors, who deployed \$2.3b in 2024 and \$2.9b in 2023, recorded no transactions in Q1 2025

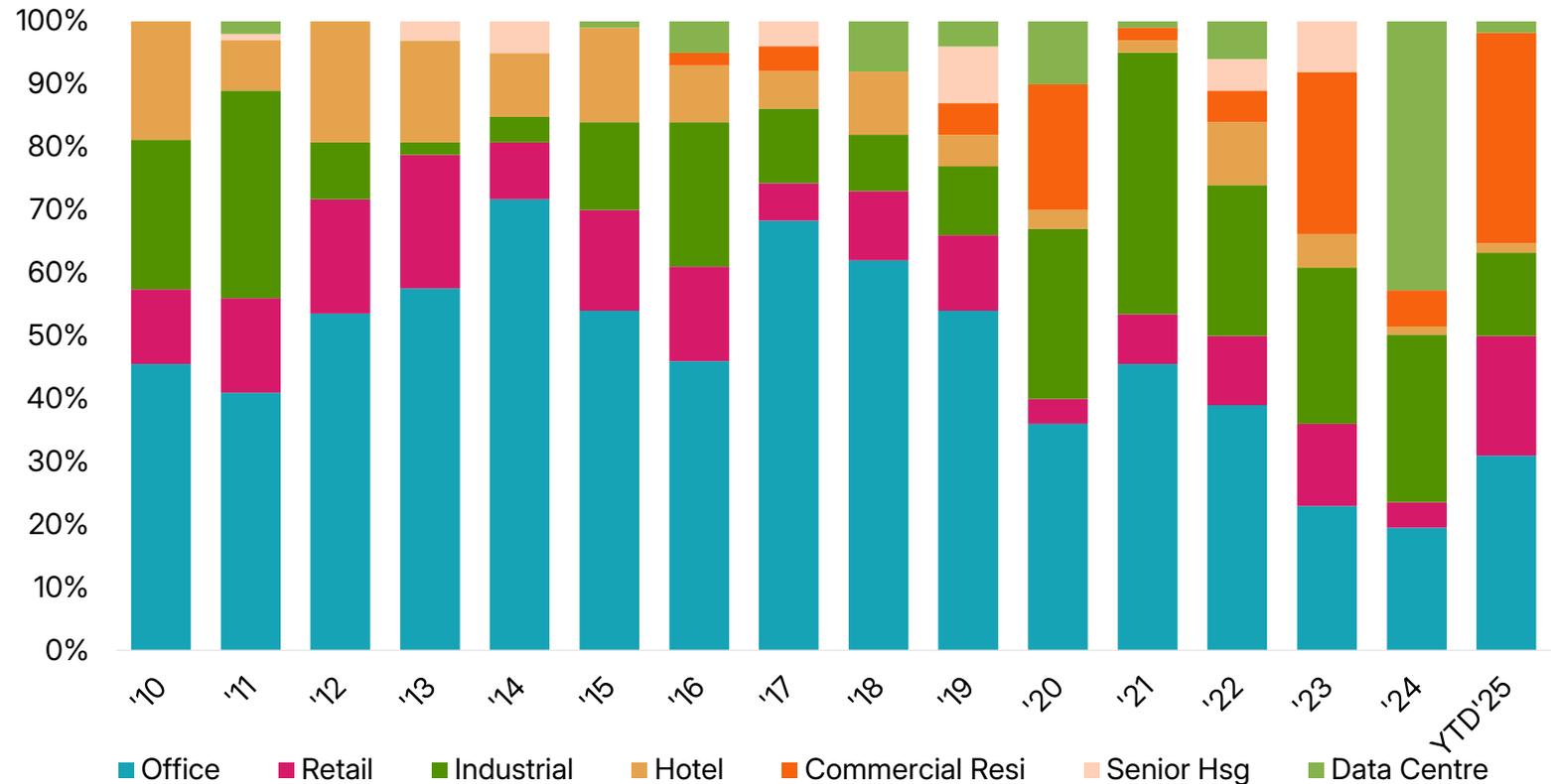


# Sector Allocation by Cross-Border Investors

Offshore investors strongly preferred the office market. They deployed \$1.4b, representing nearly half of all cross-border capital for the quarter.

→ Retail followed with \$870m, driven entirely by the Westpoint Shopping Centre deal

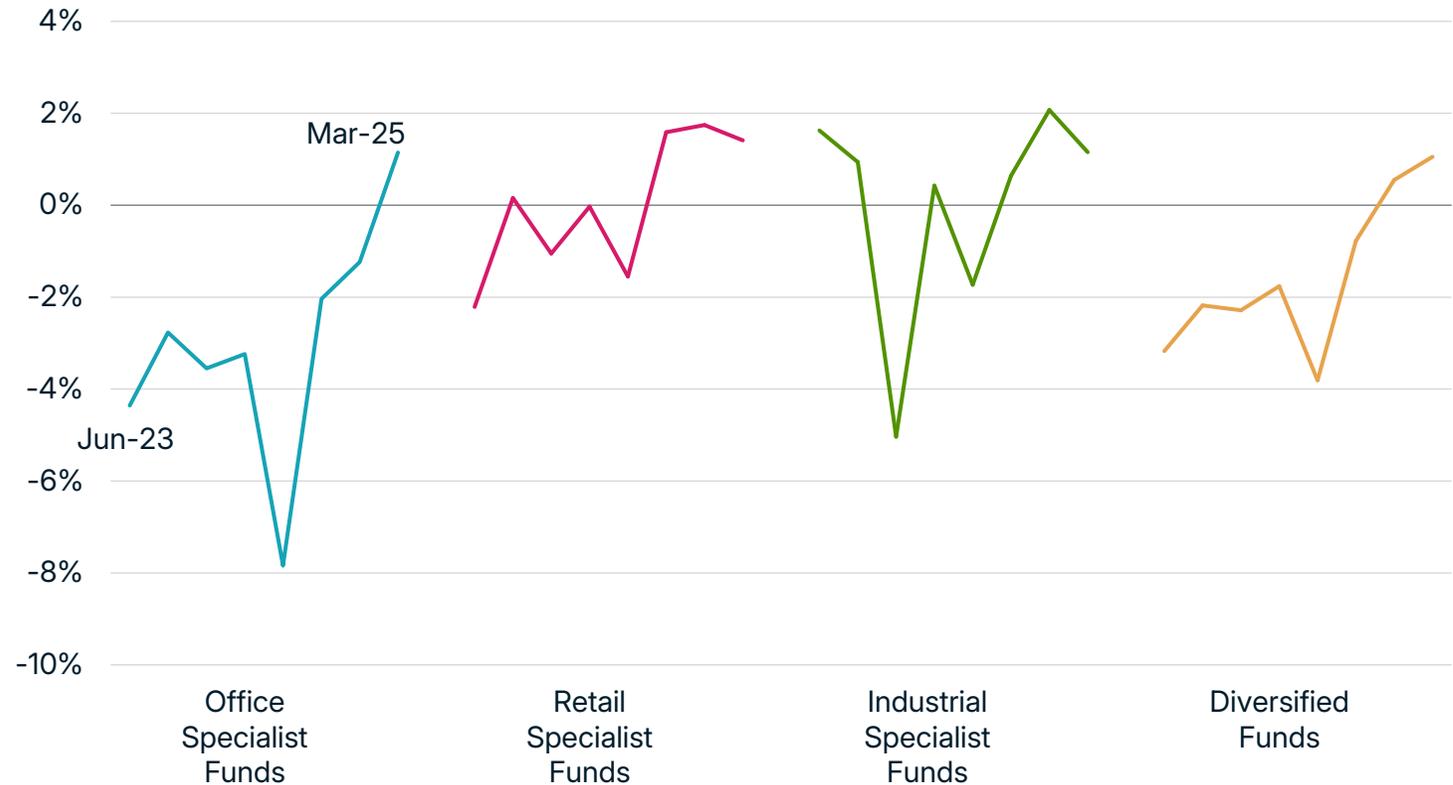
→ Industrial (excluding data centres) attracted \$600m



# Quarterly Net Total Return

The index recorded its second consecutive positive quarterly total return in a row, and the first positive capital growth since Q3'22.

→ Office capital growth remained slightly negative this quarter at -0.06%, but the sector recorded its first positive total return, of 1.2%, since Q2'22.

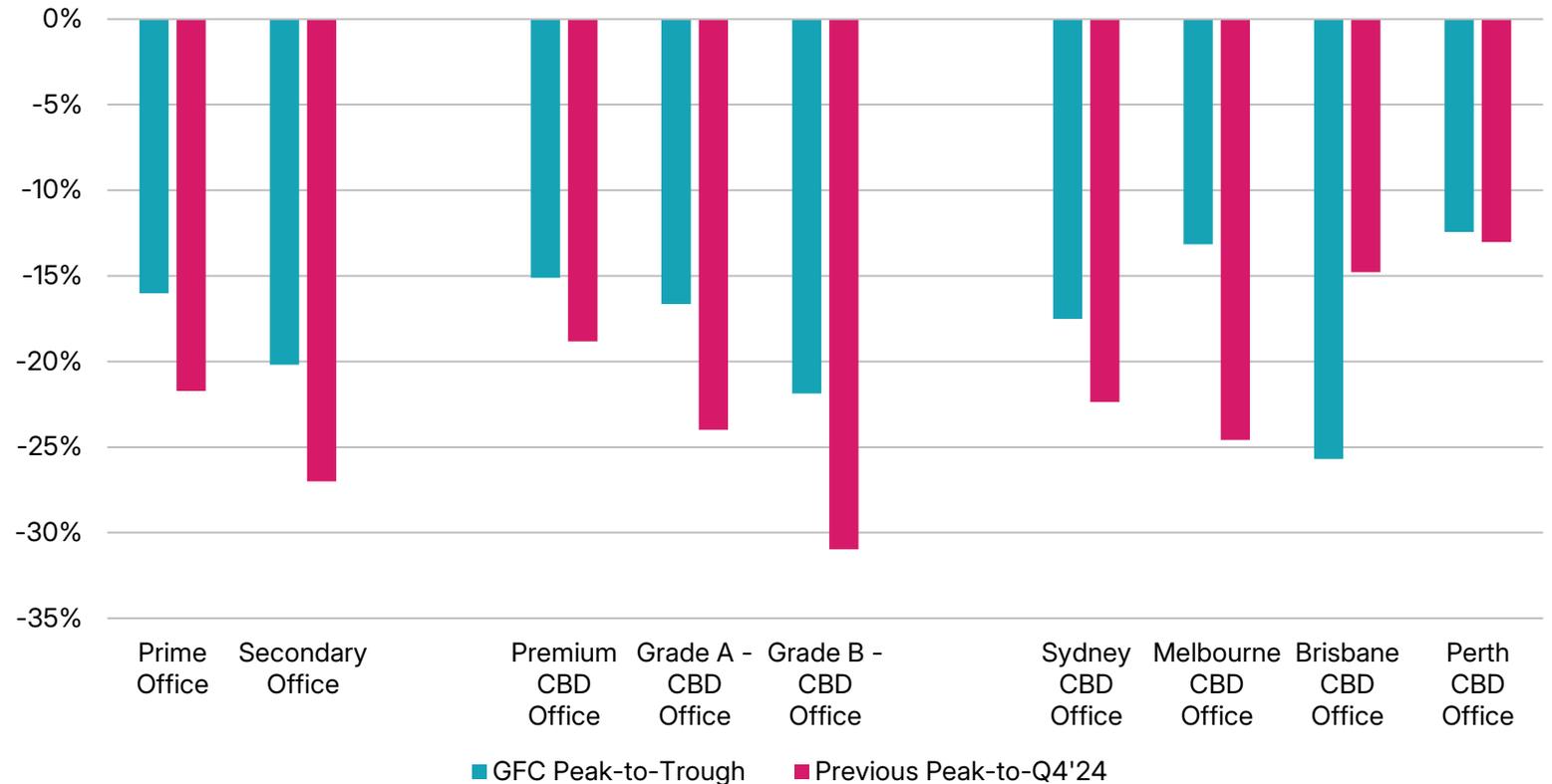


MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, March 2025 results.

# Capital Value Change

**Most office markets have seen greater losses than of those during the GFC.**

- The Melbourne CBD office market has been the worst performer of the major markets, losing 25% of its value.
- Performance has been shaped by quality and location, with secondary offices in lesser markets seeing the most severe losses.



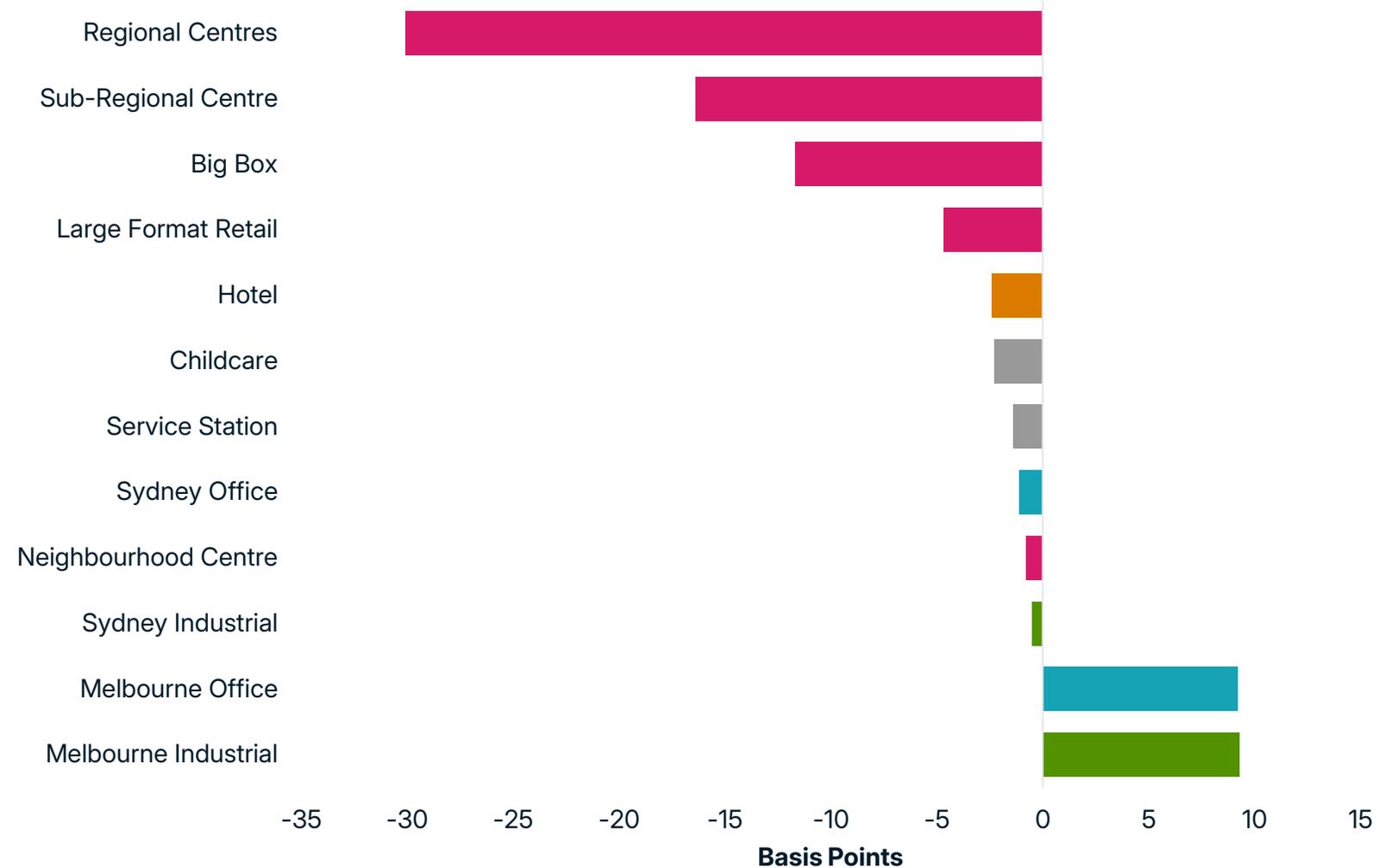
Source: The Property Council of Australia/MSCI Australia Annual Property Index – Q4'24

## Australia Private Assets in Focus

# Quarterly Yield Change – Transactions Yields

### RETAIL SHINES

- Retail sub-sectors experienced the greatest yield compression in Q1 2025
- Signs of recovery are emerging in Sydney, where both the office and industrial sectors have now recorded two consecutive quarters of yield compression
- At the other end of the spectrum sit two major Melbourne segments: office and industrial



Source: MSCI Real Assets

Details: Basis points change in hedonic yields. Regional Centres include Regional, Major and Super Regionals.

# Real Estate in Focus: 2025 Trends to Watch

## Recovery – Not everywhere all at once

→ The recovery is in its infancy, but investors are more selective about what real estate exposure they want and how they access it

## Investment drivers swing back to asset selection

→ Conversations are increasingly focused on shifting performance drivers and the heightened role of active asset selection and management

## Underwater assets come to light

→ Ongoing price declines and a regime of higher interest rates put in doubt the ability of some borrowers to repay or refinance their commercial-property loans

## Investors get to grips with physical climate risk

→ The global economy is drifting further from net-zero targets, adding to concern that weather events induced by climate change will be more frequent and severe

## Investing in AI “picks and shovels”

→ The rapid development and democratisation of AI has major implications. One is an explosion in demand for data centres to power this emerging technology.



# Thank you!

Benjamin Martin-Henry

Head of Private Assets Research, Pacific

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Contact →



# Contact

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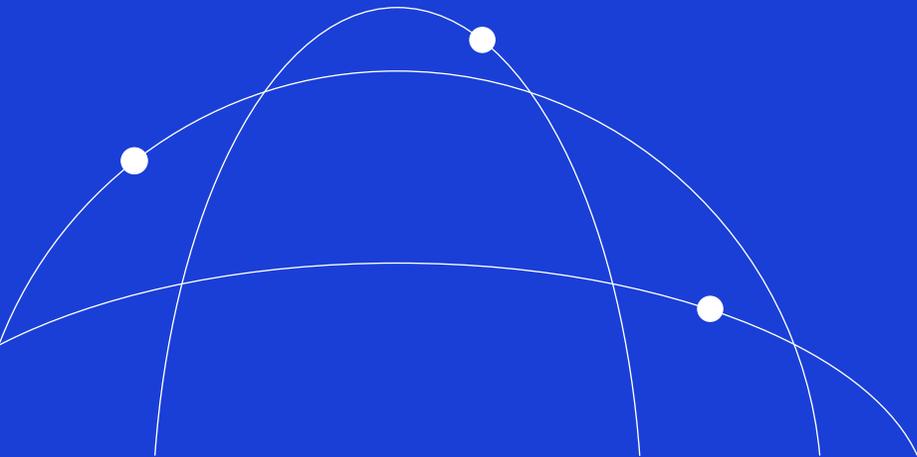
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Our Panelist

**Wilfred Lau**

Head of Investment at OSK Capital Australia

# Capital Inflow to the Australian Property Market

APAA Professional Workshop:  
Capital Inflow to Australian Property Markets



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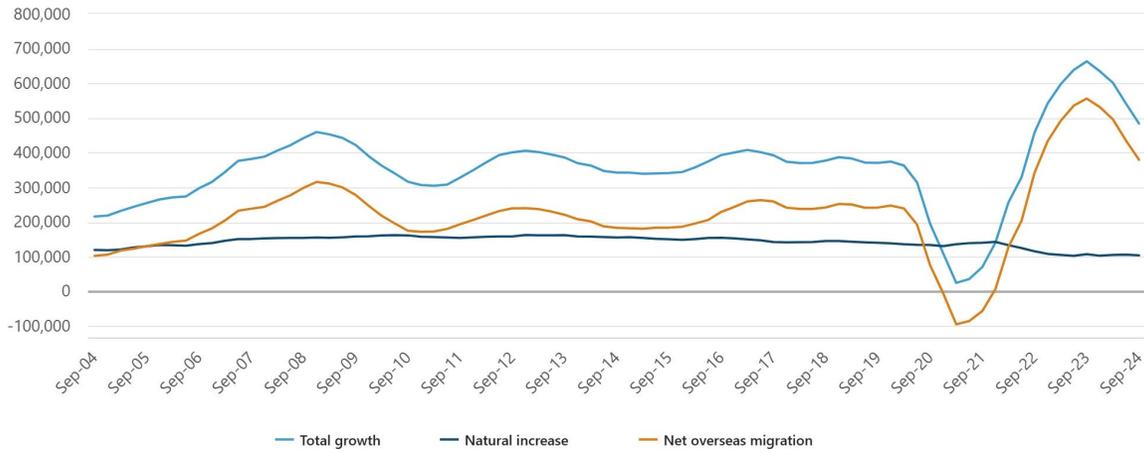
# Capital Inflow Into Australian Property Market

May 2025



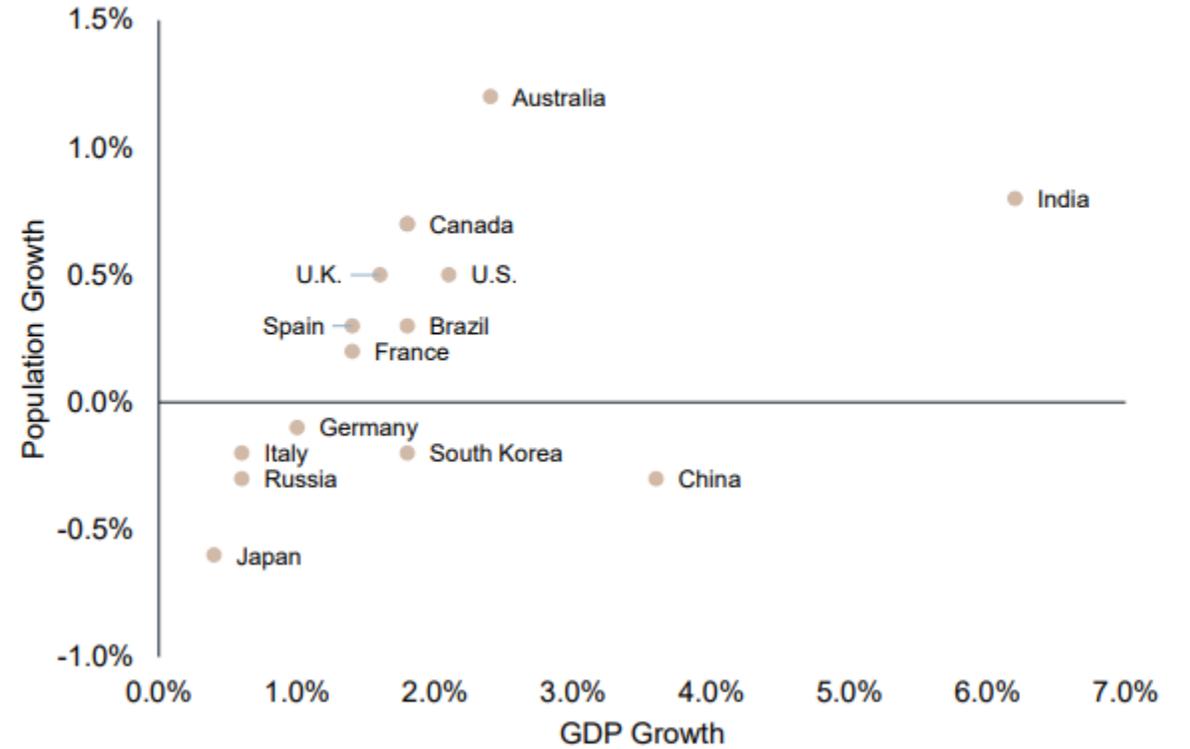
# Population Growth

Components of annual population change(a)



Source: ABS

Major Economies GDP and Population Growth - 10-year Annual Forecast



Source: JLL

# Why Australia?

## General Public

Quality of life

Education

Medical benefit

## Investors

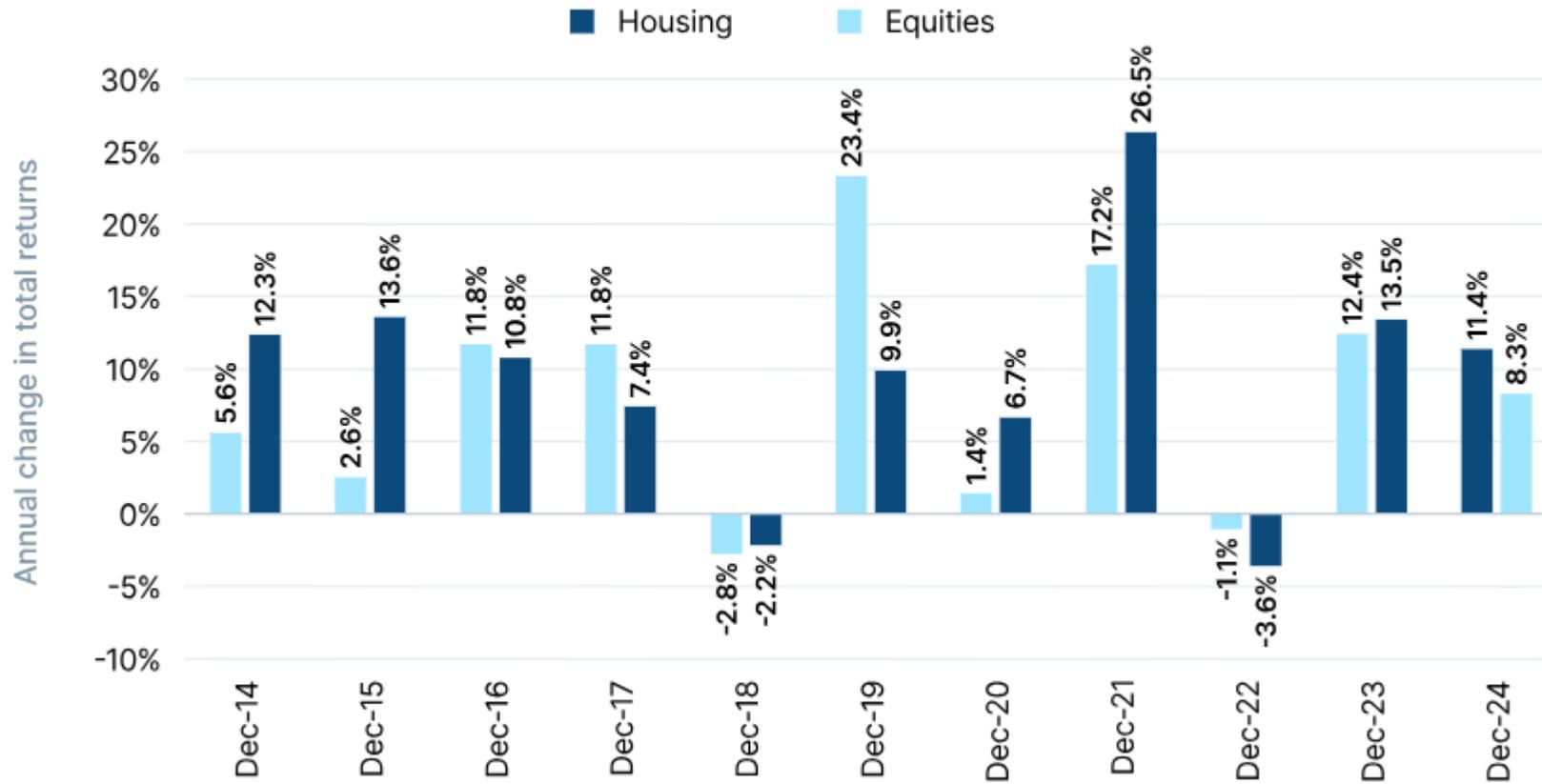
Sovereign stability

Confidence in  
legislation framework

Open market

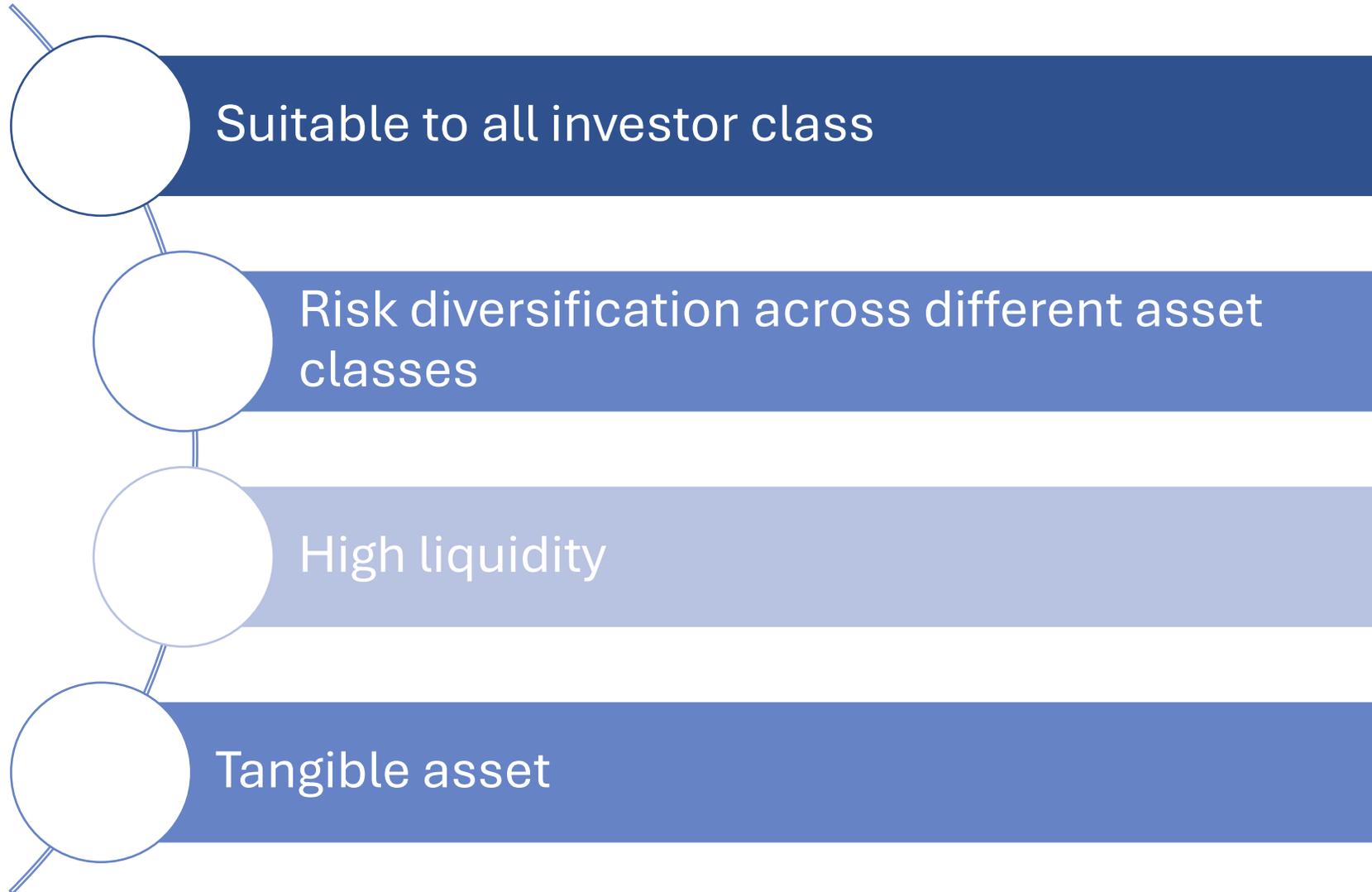
# Shares vs Real Estate

Property has outperformed Australian shares  
in six of the last ten years



Source: Corelogic, ASX

# Real estate as popular investment choice...



# Economic Trend

Positives

Housing  
shortage

Capital &  
Liquidity

Flight to  
quality

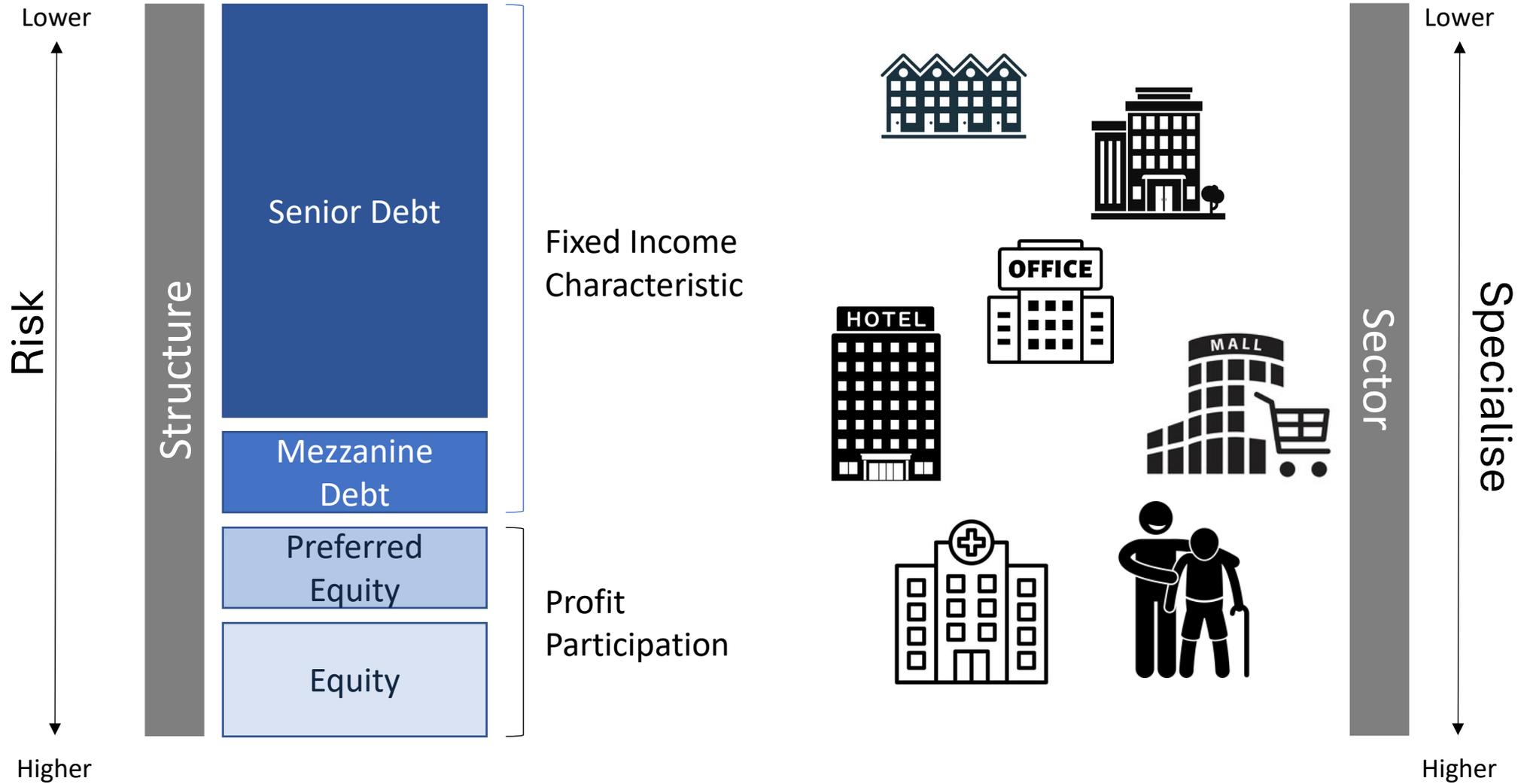
Challenges / Risk

Legislation  
Changes

Authority Red  
Taps

Construction  
Cost

# Capital Allocation





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**53**

Transactions Funded  
Since Inception

**\$540m**

Funded To-Date

**National**

Exposures



**Thank You**

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Capitol Inflow to Australian Property Markets



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## Panel Speakers



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Partner, Director - Tax



**Milijana Bojic**

Executive, Head of Property  
Finance VIC



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