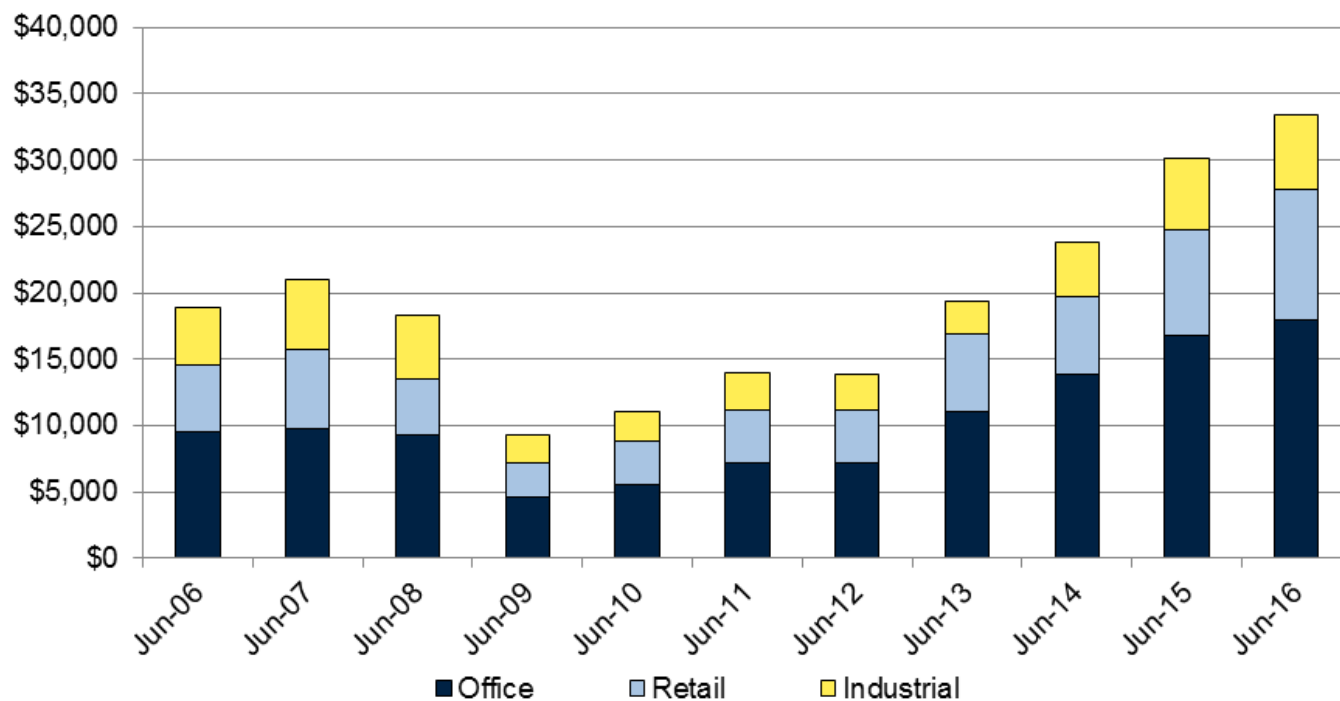




Current State of the Commercial Property Market

Commercial Sales Volume – Record year

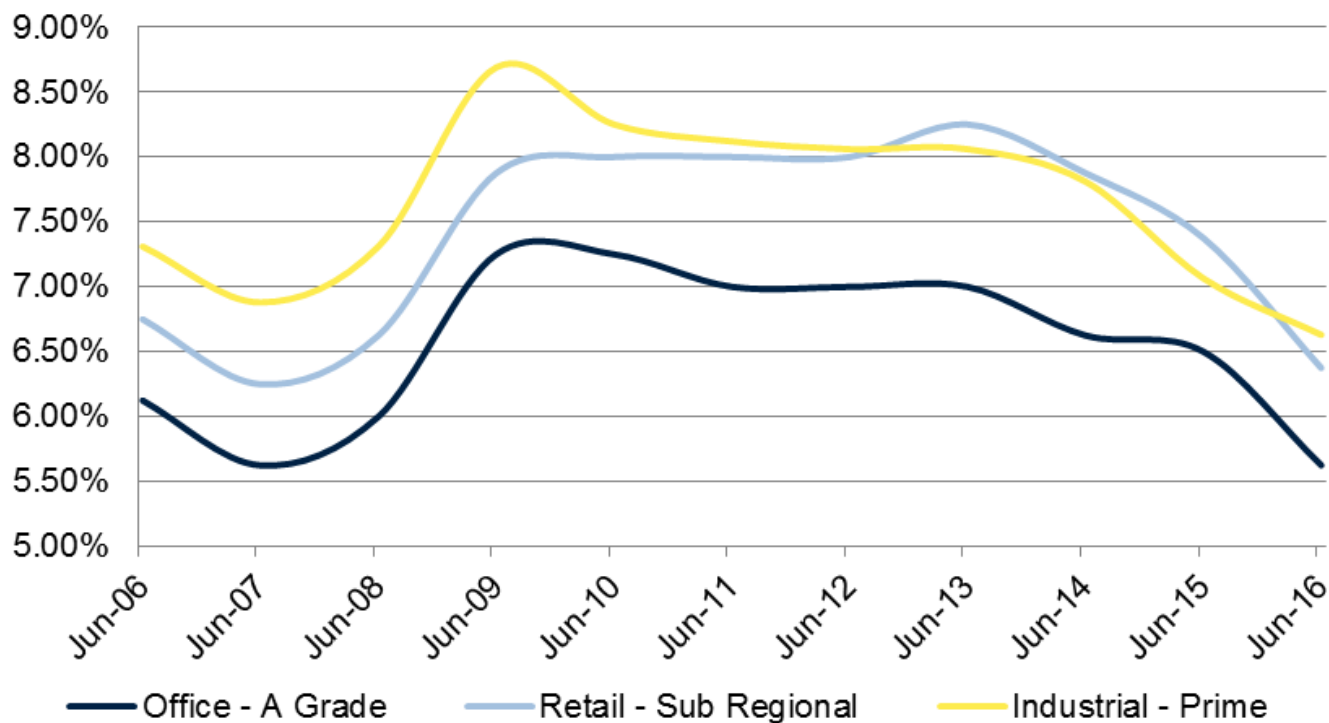
**Australian Property
Commercial Property Sales by Sector (\$m)
Jun-06 to Jun-16**



Source: Savills Research

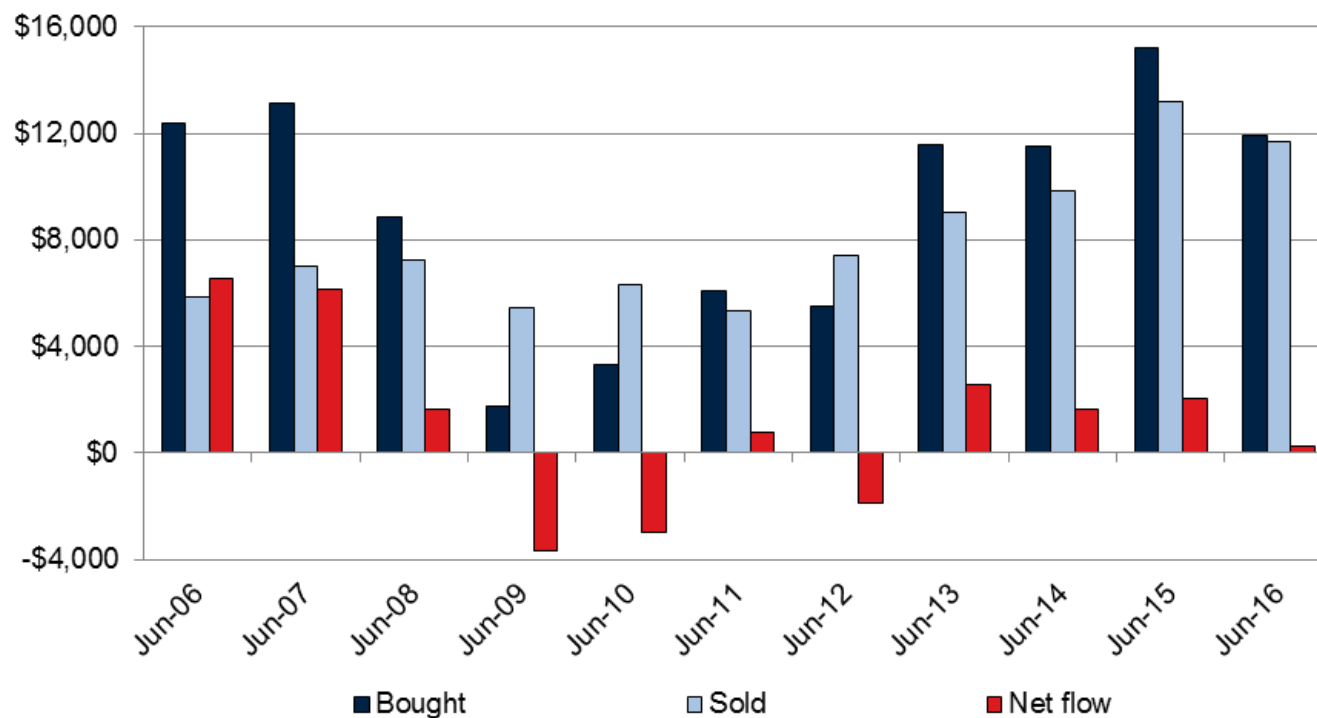
Market Yields by Sector

**Australian Property
Commercial Prime Market Yields by Sector (%)
Jun-06 to Jun-16**



Capital Flow Trend - Institutions

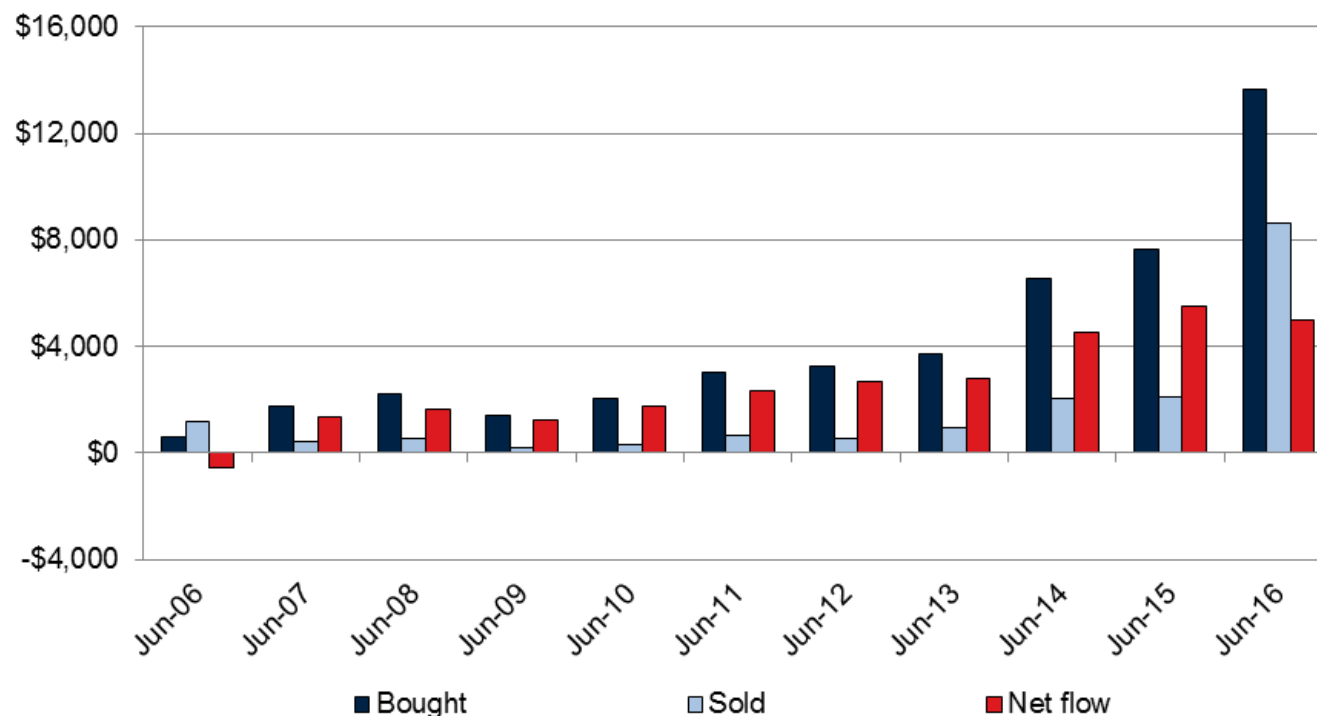
**Australian Property
Commercial Property Sales Institutional Capital Flow Profile (\$m)
Jun-06 to Jun-16**



Source: Savills Research

Capital Flow Trend – Foreign Investment

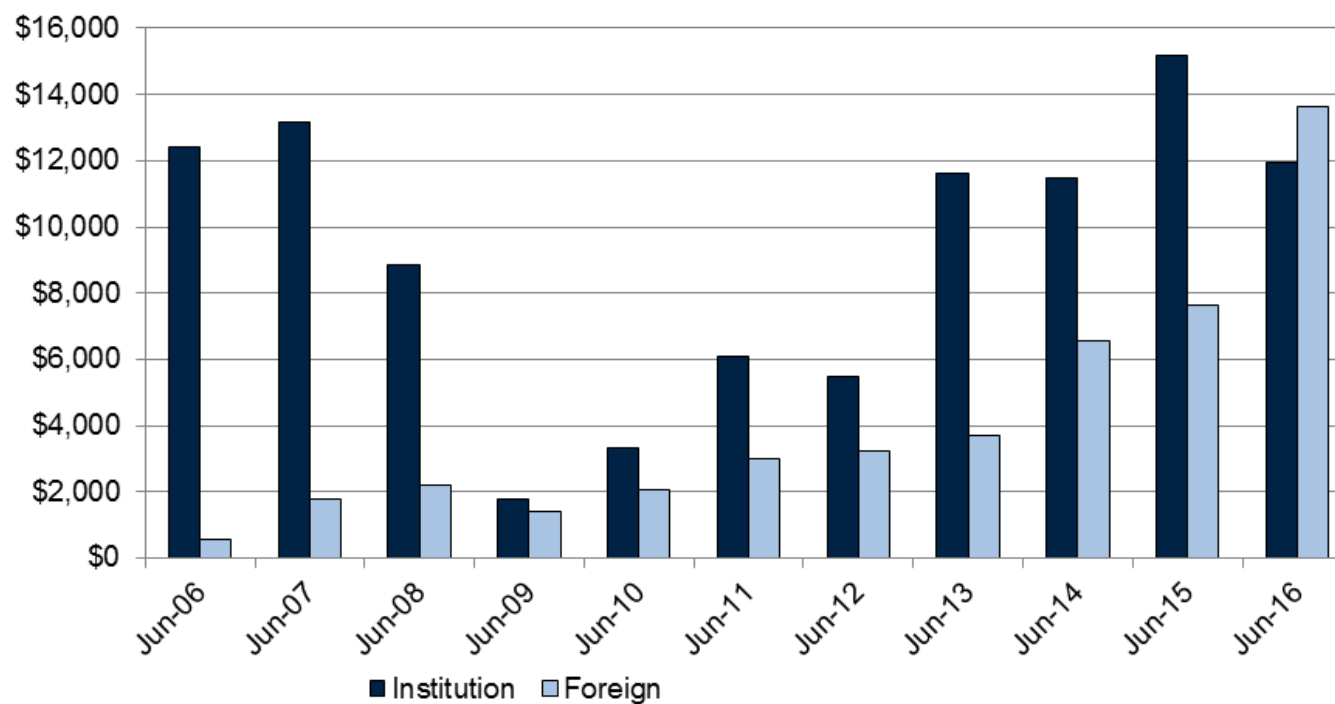
**Australian Property
Commercial Property Sales Foreign Capital Flow Profile (\$m)
Jun-06 to Jun-16**



Source: Savills Research

Institution vs Foreign Investment

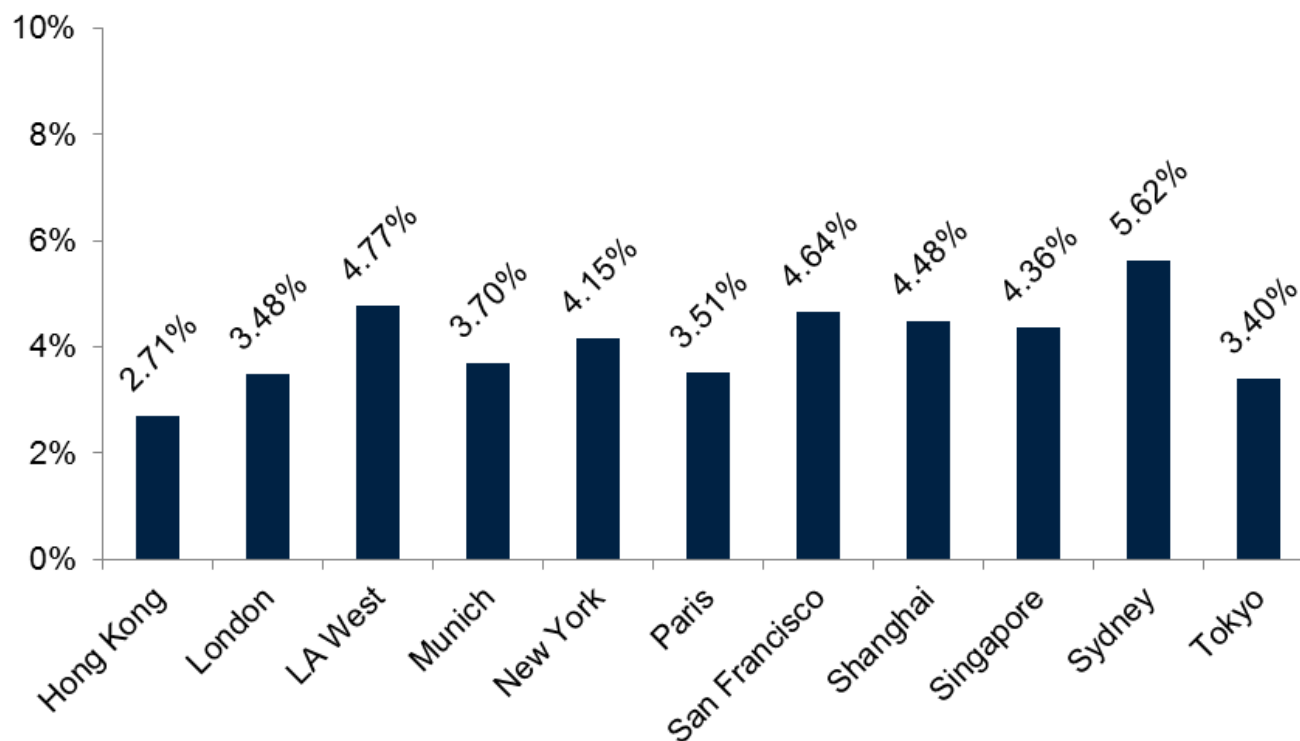
**Australian Property
Commercial Property Buyers Institution & Foreign (\$m)
Jun-06 to Jun-16**



Source: Savills Research

World Office Yield Comparison - Face

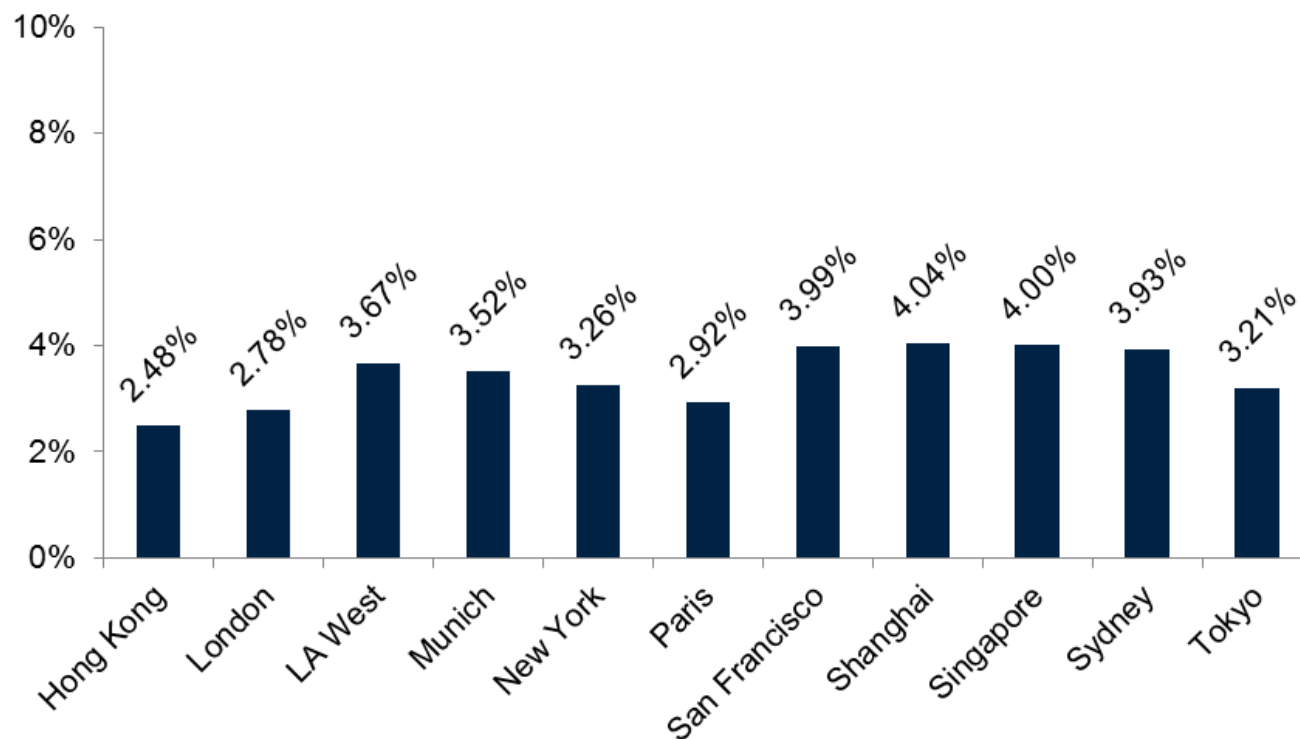
**World Office
Top Cities CBD Grade A Market Yields (%)
Jun-16**



Source: Savills Research

World Office Yield Comparison - Effective

**World Office
Top Cities CBD Grade A Effective Yields (%)
Jun-16**



Source: Savills Research

Major Foreign Investments - Office

INVESTA 

Investa Portfolio
9 office buildings
\$2.45 billion

 中国投资有限责任公司
CHINA INVESTMENT CORPORATION

Brookfield

121 Exhibition St, Melbourne
\$675 million

Blackstone

Major Foreign Investments - Industrial



Major Foreign Investments - Retail

SCENTRE GROUP

Owner and Operator of *Westfield* in Australia and New Zealand

Scentre Group Portfolio
3 x Sub Regionals
\$655.5 million



Vicinity Portfolio
2x Regionals & 1x Sub Regional
\$613.3 million

epc.Pacific.

Rundle Place & 80 Grenfell St
CBD Retail & Office
\$400 million

Blackstone

\$1.67 billion

Mergers / Acquisitions



Federation Centres & Novion
\$23 billion of Shopping Centres



GPT Metro Office Fund
6 Office assets
~\$315 million (ongoing)



Partnerships between Local Institutions & Foreign Investors





Key Comparisons

	2006	2011	2016
Office Yield	6.13%	7.00%	5.63%
Retail Yield	6.75%	8.00%	6.38%
Industrial Yield	7.31%	8.12%	6.63%
5 year yield	6.56%	6.49%	3.26%
RBA Cash Rate	5.75%	4.75%	1.50%
AUD/USD Rate	\$0.74	\$1.07	\$0.77
Volume of Sales (\$b)	\$18.83	\$13.99	\$33.44
Foreign Purchases	3.04%	21.47%	40.77%

Outlook – yields to get sharper

- Demand to remain high – further yield compression

- Continue to see foreign investment
 - Partnerships
 - Unlisted/wholesale funds

- Groups will continue to re-weight their portfolio's