

# PROPERTY INVESTMENT FACTSHEET - SEPTEMBER 2017

## Unlisted Funds

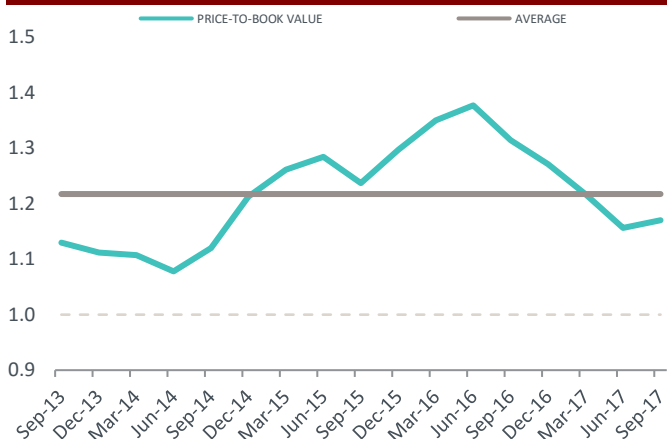
### UNLISTED PROPERTY VS. EQUITIES PERIODS TO SEPTEMBER 2017



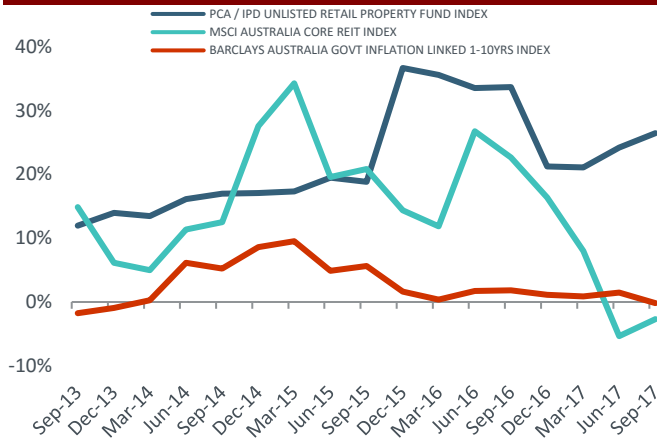
### COMMENTARY

The 12 months to 30 September 2017 has delivered a positive result for Australian equity markets. A-REITs however remain in the red following three years of strong performance as investors pursued yield assets. A-REIT Price-to-Book ratios have recovered slightly this quarter as the market rebounded. Australian unlisted property funds continue to perform strongly, delivering a total return of 26.4% for the year. While robust demand for unlisted property continues, the ongoing low cash rate environment is expected to provide momentum to the weight of capital seeking assets with attractive spreads.

### LISTED PROPERTY: PRICE TO BOOK VALUE SEPTEMBER 2013 TO SEPTEMBER 2017



### FIXED INCOME, UNLISTED & LISTED PROPERTY SEPTEMBER 2013 TO SEPTEMBER 2017



### DETAILED INVESTMENT TYPE COMPARISON

DATE (12 MONTHS TO)	Unlisted Property	Listed Property	Australian Equities	Global Equities	Fixed income	Cash
	PCA / IPD UNLISTED RETAIL PROPERTY FUND INDEX	MSCI AUSTRALIA CORE REIT INDEX	MSCI AUSTRALIA 200 INDEX	MSCI WORLD ex AUSTRALIA INDEX	BARCLAYS AUSTRALIA GOVT INFLATION LINKED 1-10YRS INDEX	AUSTRALIAN BANKS' TERM DEPOSITS AVERAGE RATE
Sep-13	12.0%	14.9%	23.9%	24.1%	-1.8%	3.3%
Sep-14	17.0%	12.5%	6.0%	15.4%	5.2%	3.0%
Sep-15	18.8%	20.8%	-0.8%	0.3%	5.6%	2.4%
Sep-16	33.6%	22.6%	13.0%	11.4%	1.8%	2.2%
Sep-17	26.4%	-2.7%	9.1%	19.0%	-0.2%	2.0%
5 year annualised	21.3%	13.2%	9.9%	13.7%	2.1%	2.6%
Standard deviation	8.1%	9.0%	9.8%	7.9%	3.0%	0.3%

Data sources: MSCI, RBA, Barclays Capital (see other side for more information)

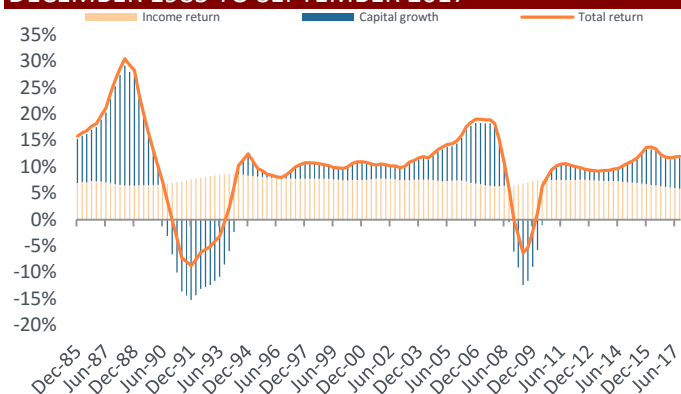
### PARTNERS



# PROPERTY INVESTMENT FACTSHEET - SEPTEMBER 2017

## Direct Property

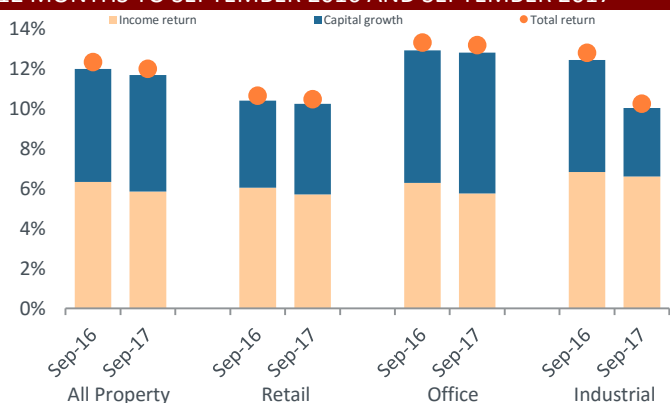
### DIRECT PROPERTY INVESTMENT RETURNS DECEMBER 1985 TO SEPTEMBER 2017



### COMMENTARY

Australian direct property markets continue to perform strongly, delivering a total return of 12.0% for the 12 months to 30 September 2017. Income returns continue to be stable at 5.8% for the period, although yields continue to compress strongly in the wake of robust investor demand. The structural nature of real estate as a strong generator of low volatility income continues to attract strong capital flows as low bond yields have kept spreads attractive.

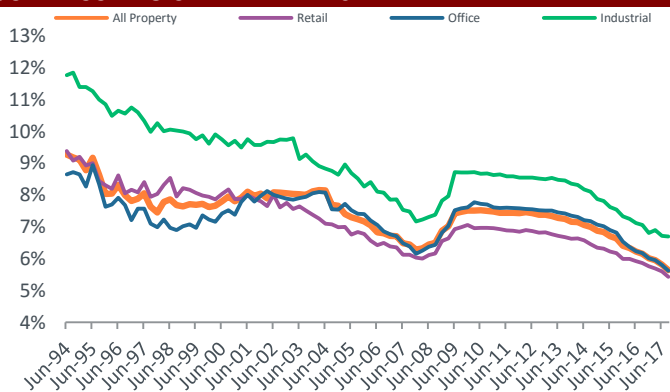
### INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO SEPTEMBER 2016 AND SEPTEMBER 2017



### COMMENTARY

Australian office markets have continued their strong run, delivering the highest level of capital growth (7.0%) and total returns (13.2%) for the 12 months to 30 September 2017. All sectors have continued their strong positive momentum although industrial markets continue to decelerate materially from a cyclical high over the previous 12-month period. While slowing capital growth has been a feature across all sectors, current growth rates remain strongly positive and in-excess of long-term trends.

### DIRECT PROPERTY CAP RATES PER SECTOR JUNE 1994 TO SEPTEMBER 2017



### COMMENTARY

Compression in capitalisation rates (resulting in higher property values), continues to be a feature as investor demand domestically and offshore remains strong. Although cyclical lows continue, as spreads between the official cash rate and property yields remaining positive and debt availability largely unconstrained, further compression of capitalisation rates cannot be ruled out. Office capitalisation rates continued to experience the most compression over the last 12 months (-0.56%) which has been an ongoing trend of the last nine quarters.

### DATA SOURCES -All results shown are accumulation indexes-

- UNLISTED PROPERTY The Property Council/IPD Australian Unlisted Retail Property Fund Index, Core funds, Pre-fee total return
- AUSTRALIAN EQUITIES MSCI Australia 200 Index, Gross total return
- GLOBAL EQUITIES MSCI World ex-Australia Index, Investible Market Index, Gross total return
- LISTED PROPERTY MSCI Australia Core REIT Index, Investible Market Index, Gross total return & Price-to-book-value ratio
- FIXED INCOME Barclays Australia Government Inflation Linked 1-10 years Index, Total return
- CASH Reserve Bank of Australia, Retail deposit and investment rates, Banks' term deposits (\$10000), Average rate (all terms)
- DIRECT PROPERTY The Property Council/IPD Australian All Property Index, Total income and capital return & Valuer capitalisation rate
- COMMENTARY Provided by Zenith Investment Partners

### PARTNERS

