



Australian Commercial Property Services – Australian Property Outlook (APO)

BIS Oxford Economics' **Australian Property Outlook** provides local and overseas investors with key insights into property market prospects across Australian cities and sectors. Comparative growth rates for rentals, yields, capital values and total returns (IRRs) can help clients understand and evaluate their property strategy. The discussion of investment logic for individual sectors and cities clarifies market risks and opportunities.

Six-monthly reports, released in April and October, distil the analysis and forecasts from our individual detailed reports on Australia's office, retail, industrial and residential markets. Our deep understanding of the fundamental drivers of demand and supply across Australian markets and industry sectors, developed over 20+ years, can help clients position into and out of markets early.

Key features & benefits:

■ Comparative growth forecasts and investment returns

The APO distils our detailed forecasts for Australia's major property sectors and across all major capital cities into a succinct, easy-to-read report.

■ Aids investment allocation between property sectors

Providing a research base for the preliminary investigation of investment opportunities across property sectors, the APO helps investors narrow their focus to markets of interest.

■ Provides a watching brief on markets

Investors and other market participants don't always need detailed information on markets. The APO allows market participants to keep a watching brief on current market trends and helps to flag when action may be required.

■ Research briefing/access to property experts

An in-house presentation, webinar or teleconference included as part of the APO service allows a discussion of forecasts, risks, implications and strategies. Our property analysts are available to provide support and answer queries.

■ Rigorous and realistic analysis and forecasting insights

The APO draws on the expertise of our experienced team of property analysts who, together, have more than 120 years' experience in forecasting, market research, data analysis and planning.

Australian Property Outlook
April 2018

Up-to-date analysis and forecasts for Australia's key property investment sectors

City	Office	Retail	Industrial	Residential	IRR (%)	Yield (%)
Sydney	1.2	1.5	1.8	2.1	5.4	4.1
Melbourne	1.1	1.4	1.7	2.0	5.3	4.0
Brisbane	1.0	1.3	1.6	1.9	5.2	3.9
Perth	0.9	1.2	1.5	1.8	5.1	3.8
Adelaide	0.8	1.1	1.4	1.7	5.0	3.7
Hobart	0.7	1.0	1.3	1.6	4.9	3.6

Sydney office market – heading for a boom

Investment logic:

- Strong capital value means you can afford to pay above valuation, but there are risks in the market.
- Investors need to be careful not to pay too much for stock. It is a price that will be the market upside in a market already priced in.
- Investors need to use realistic assumptions for future rental income.
- Competition for assets is strong, particularly for properties with long leases or value-add potential.
- Look for buildings with a short WALE in order to get a better return on investment.
- Building backlog
- It's too early to sell. There's strong demand for prime and secondary property, but competition will intensify later in the market opening.
- Investors will need a strategy for the subsequent downturn – not close to the peak or lock in cash flow to ride through the downturn.

Sydney CBD prime office rental growth

Regional

Region	2017	2018	2019	2020	2021	2022
Regional	1.2	1.5	1.8	2.1	2.4	2.7
Sub-regional	1.1	1.4	1.7	2.0	2.3	2.6
Local/Statewide	1.0	1.3	1.6	1.9	2.2	2.5

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■ Consistent and comparable forecasting methodologies

All property reports draw on in-house economic and industry sector analysis as the basis of demand forecasting, ensuring a consistent methodology.

■ Independent forecasts

BIS Oxford Economics provides independent forecasts that clients can trust, regardless of the stage of cycle.

In-depth market analysis

For investors requiring more detailed analysis, annual ten year forecasts and a long historical data series, individual market reports are available covering office, retail, large format retailing, industrial and residential sectors. Detailed forecasts form the basis of assumptions in a financial evaluation or feasibility analysis. (See details overpage regarding off-the-shelf reports)



Australian Commercial Property Services – Detailed Market Reports

Markets Covered

Office Property Market Forecasting Reports 2018 – 2028

BIS Oxford Economics produces the following reports on the Australian office markets:

- Sydney Commercial Property Prospects
- Sydney Suburban Centres and Office Parks
- Melbourne Commercial Property Prospects
- Melbourne Near City and Suburban Centres
- Brisbane Commercial Property Prospects
- Canberra Commercial Property Prospects
- Adelaide Commercial Property Prospects
- Perth Commercial Property Prospects

Retail Property Market Forecasting Reports 2018 – 2028

BIS Oxford Economics undertakes the following national reports on the retail sector:

- Retail Property Market Forecasts and Strategies
- Large Format Retail Property

Industrial Property Market Forecasting Reports 2018 – 2028

BIS Oxford Economics prepares the following reports on the Australian industrial property markets:

- Sydney Industrial Property
- Melbourne Industrial Property
- Brisbane Industrial Property

High level analysis is available on request for smaller capital city markets.

Individual reports feature:

- **Forecasts of relevant sector indicators.** Data from 1980 and forecasts to 2028 for key indicators including employment by industry sector, workspace ratio, net absorption, completions and net additions, vacancy rates, face and effective rentals, incentives, CPI, yields, capital values and IRRs. Retail study variables include turnover by store category and by state, centre income, yields, capital values and total returns.
- **Scenario analysis.** We test a range of alternative demand and supply outcomes and trace the consequences for market vacancies, rents and prices.
- **Strategic advice.** Presents the current logic for investment and divestment of buildings and sites, leasing strategy and development or refurbishment. Highlights markets risks and opportunities. We interpret the implications of our forecasts for clients.

Testimonials

"We have a longstanding relationship with BIS Oxford Economics. Their research is highly valued and has proven to be indispensable throughout the ups and downs of market cycles."

Paul Weightman, CEO, Cromwell Property Group

"For Henkell Brothers Investment Managers, the guidance given through BIS Oxford Economics has been an essential day-to-day and strategic decision-making tool since 1999 . . . the profoundness and sound methodology of BIS Oxford Economics' research approach comes through at all times, making the results utterly reliable".

Hans Henkell, Managing Director, Henkell Brothers

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