

FINANCIAL REVIEW

SE Property
 HD Foreign funds queue up for Australia
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LP A huge, new wave of offshore money is building up for investment into Australian commercial real estate with Sydney the "default" location for first-time investors, according to investment adviser Andrew Cannane.

Mr Cannane, the head of corporate client services at financial services group Perpetual, said Japanese, Norwegian and American pension funds as well as Chinese insurance companies were all looking to invest in Australia.

TD Possible "dial changes" to the already unprecedented flow of offshore capital into Australian real estate, he told the Atchison Consultants Annual Global Real Assets Forum in Melbourne, could come from [Norges Bank](#), Norway's sovereign pension fund with a "\$1 trillion dollars of oil money" to spend.

Norges were part of a consortium that sought to buy the Asia Square tower in Singapore for about \$3.5 billion. While the deal did not go ahead, Mr Cannane said the likelihood of Norges investing in Asia Pacific in the year ahead "seems to be high".

Another player, he said, could be Japan's General Pension Fund.

"There is some legislation coming out that will allow them to buy real estate beyond their current fixed interest and cash remit.

"There's also US pension funds. We are starting to see them visiting Australia on tours to raise their understanding of the market. It is likely they won't invest on their own but will want global investment managers to invest on their behalf. But we expect to see them active in the market," he said.

Mr Cannane added that he expected "significant activity" from Chinese insurance companies in Australia following recent deals like China Investment Corporation's \$2.4 billion acquisition of the Investa portfolio.

"In summary there seems to be no problem among the major players raising capital and closing new funds. [Blackstone](#), recently raised \$24 billion [for a global buyout fund]," he said.

Mr Cannane said the Sydney commercial property market would continue to be the entry point for first-time offshore investors, followed by Melbourne.

He quoted data from Real Capital Analytics showing that since 2008, Sydney had risen from 48th most actively traded property market in the world to ninth, with Melbourne also rising in prominence from 63rd to 16th globally.

"When I talk to overseas investors making their first foray into Australia, the Sydney commercial market is pretty much their default destination," Mr Cannane said. But he warned also that building in the minds of the global investors were fears of an unexpected "Black Swan" event. "There is an element of caution out there too," he said.

CO bknow : Norges Bank

IN ireest : Real Estate | icre : Real Estate/Construction

RE austr : Australia | melb : Melbourne | nswals : New South Wales | sydney : Sydney | victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania

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