

HD Increasing overseas interest and surge in confidence are good signs for local investors

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Commercial property stands to benefit from the recent improved business trading figures — which have soared to a two-year high. These now fall into line with the NAB Survey's confidence levels.

As such, many forecasters believe these latest figures (together with the growth in house prices over the past 12 months) now reflect the underlying strength of Australia's post-mining economy.

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Therefore, further interest rate reductions expected by the RBA are unlikely to occur any time soon — if at all.

The **China** factor

As you would be aware, **China** has just confirmed its annual growth figure at 7.5% for the December quarter.

While this may be down from the heady 10% plus during our mining boom, it clearly reflects a far more realistic and sustainable level of annual growth.

All this means is that the mining sector will now be operating in a more traditional supply phase — instead of the previous boom-time development phase.

You'll recall [an article last year](#) outlining **China**'s potential demand for our iron ore over at least the next 20 years or so — where the underlying facts and logic remain rather persuasive.

If **China** continues along this path, it can only help in re-balancing the Australian economy.

Overseas demand for **commercial property**

Over the past five years, overseas buyers (mainly Asian) have accounted for more than half of the direct **purchases** in **commercial property**.

And yet over the past 12 months, savvy local investors have also re-entered the market in competition — and now account for 70% of direct **commercial property purchases**.

However, with our dollar falling below parity with the US the level of interest from overseas buyers will only escalate.

Even though many of these **purchases** may be at the higher end of the market, this effectively forces investors to seek out suitable **property** in a lower price bracket.

Bottom line

As the competition increases these higher prices will begin filtering down through the entire market, causing yields to **firm**. And that will inevitably result in solid growth for investors, over the next three to five years.

Chris Lang is an advisor to **commercial property** investors, sell-out author and regular speaker on how to invest in **commercial property**.

You can visit his website [Property Edge Australia](#) to help you get the most out of your **commercial property** investing.

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