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HD **Foreign lead in spending**
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COMMERCIAL PROPERTY WEALTHY offshore investors are increasingly trumping their Australian counterparts in the battle to **buy** into the nation's **commercial property** sector, according to new research.

The insight, in a report on investment trends across the Asia Pacific, describes activity in the sector as broadly subdued with fewer buying opportunities than normal.

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The report, by agents CBRE, says that across the Asia Pacific region, funds are still focused on opportunities in Australia.

"However, high net worth individuals and private buyers from Australia are increasingly being eclipsed by their overseas rivals," it says.

Although the report does not provide hard data on the number of foreign investors, it notes strong interest from overseas is again being led by private investors from **China**, **Hong Kong** Malaysia and Singapore.

While local buyers are not entirely dormant, it is domestic funds that appear keener to allocate cash to real **estate** and Australian real **estate** investment trusts (A-REITs), the report says.

Few A-grade properties featured in the major deals inked during the first three months of the year compared with the same period last year.

Older and secondary assets emerged as equally attractive and **transactions** generally showed a greater appetite for risk as buyers who were denied higher performing assets were forced to settle for limited choices.

"Overall there remains a lack of quality assets available for **sale** and investors continue to move up the risk curve in order to get into the market," the report says.

"Australian banks remain very cautious and this market continues to see an influx of non-bank lenders including pension and insurance money.

"Following a very strong 2013, Australia saw a comparatively quiet start to 2014 in terms of completed deals ... and Sydney emerged as slightly stronger than Melbourne, which saw little activity compared to the first quarter of 2013." Activity in the second quarter is expected to **firm**, CBRE says, as many major deals are going through due diligence and are expected to close imminently.

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