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IMAP Independent Thought Conference

Segmenting the opportunities in property

17 September 2024


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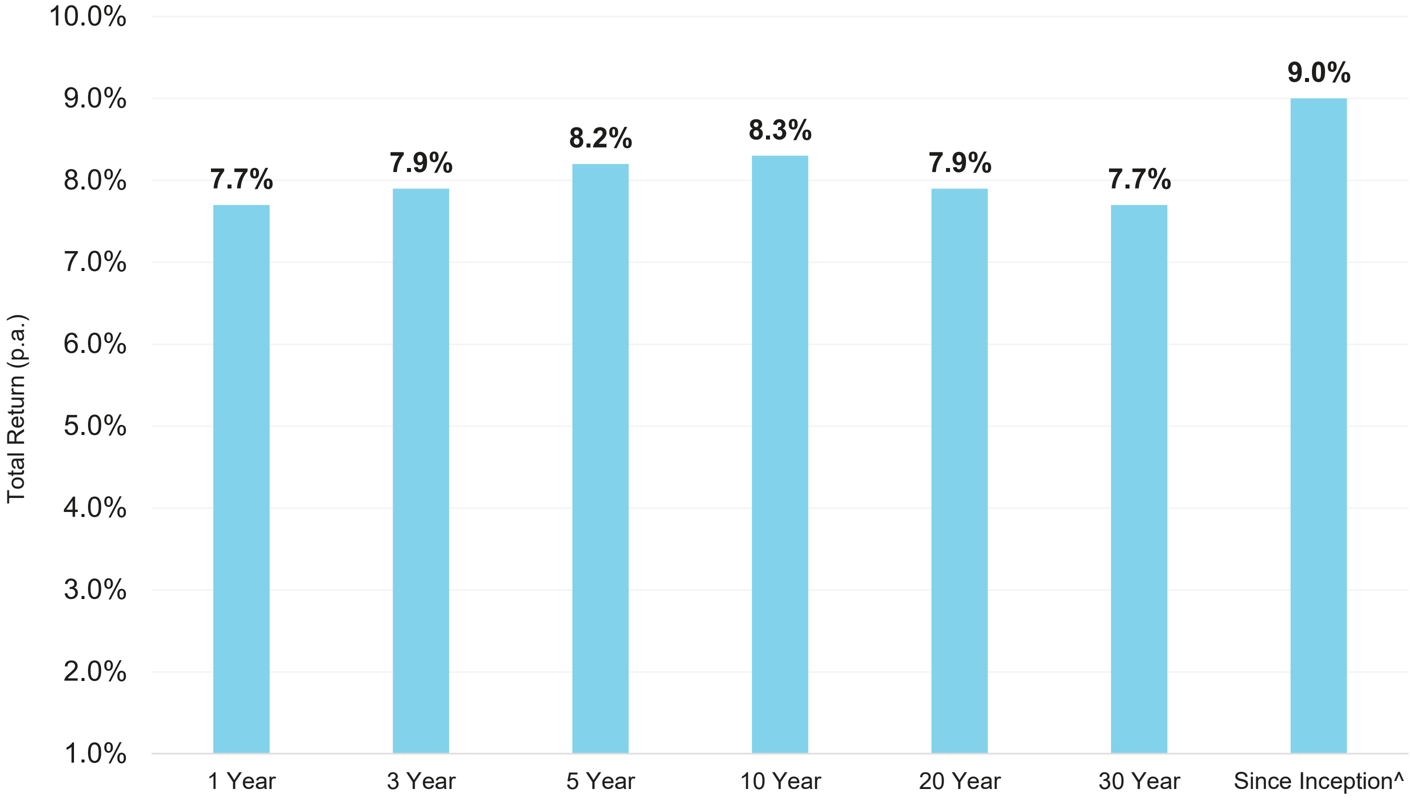
Track Record

Immediately prior to the pandemic…

Dexus Wholesale Australian Property Fund

(Dec 2019)



Source: Dexus, as at 31 December 2019. Returns shown before tax and after fees. ^ Inception date of the Fund is 31 March 1985.

Past performance is not a reliable indicator of future performance.

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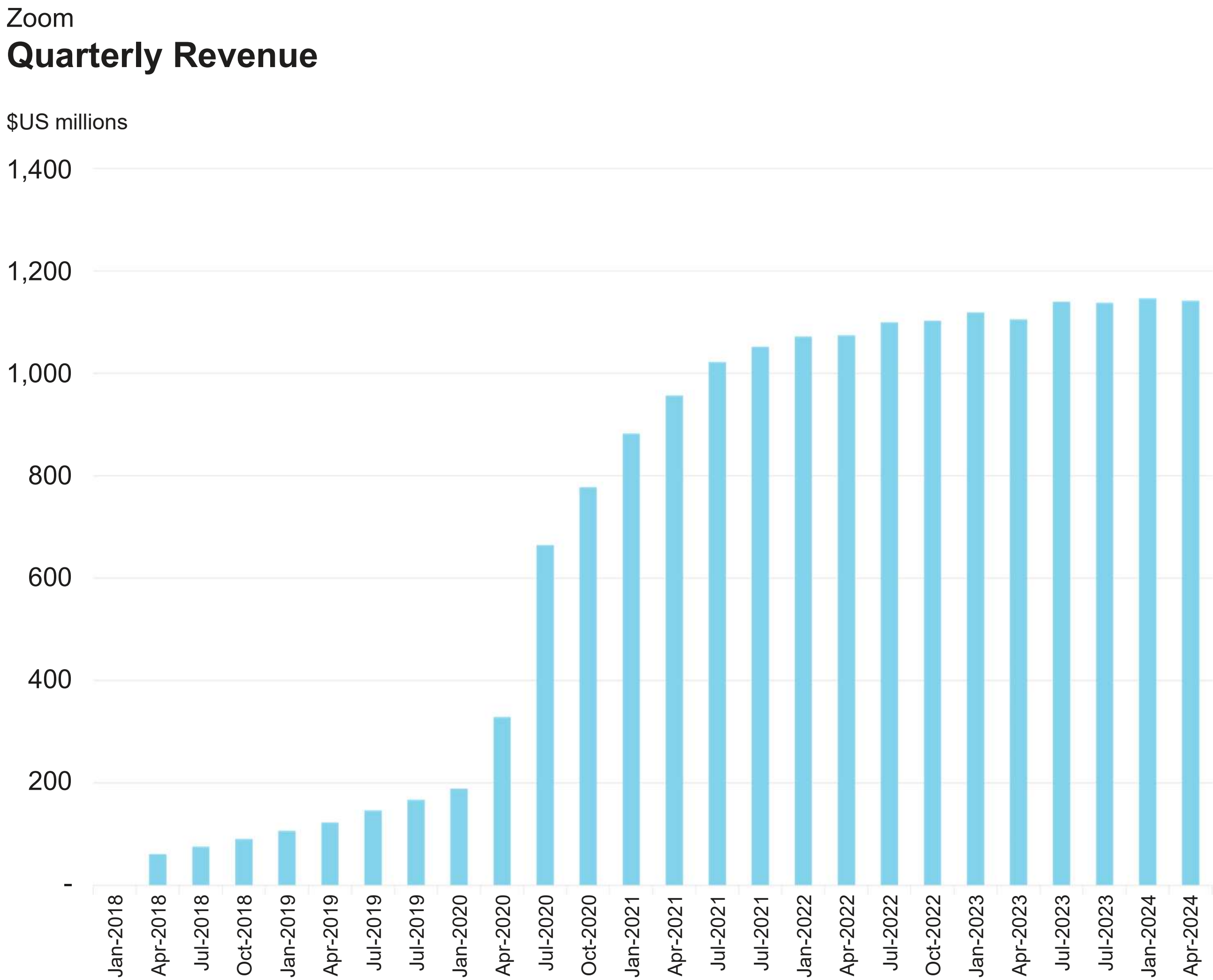
WFH supercharged through 2020-21 lockdowns

Creates a one-off step-change down in demand

There's now been time to adjust



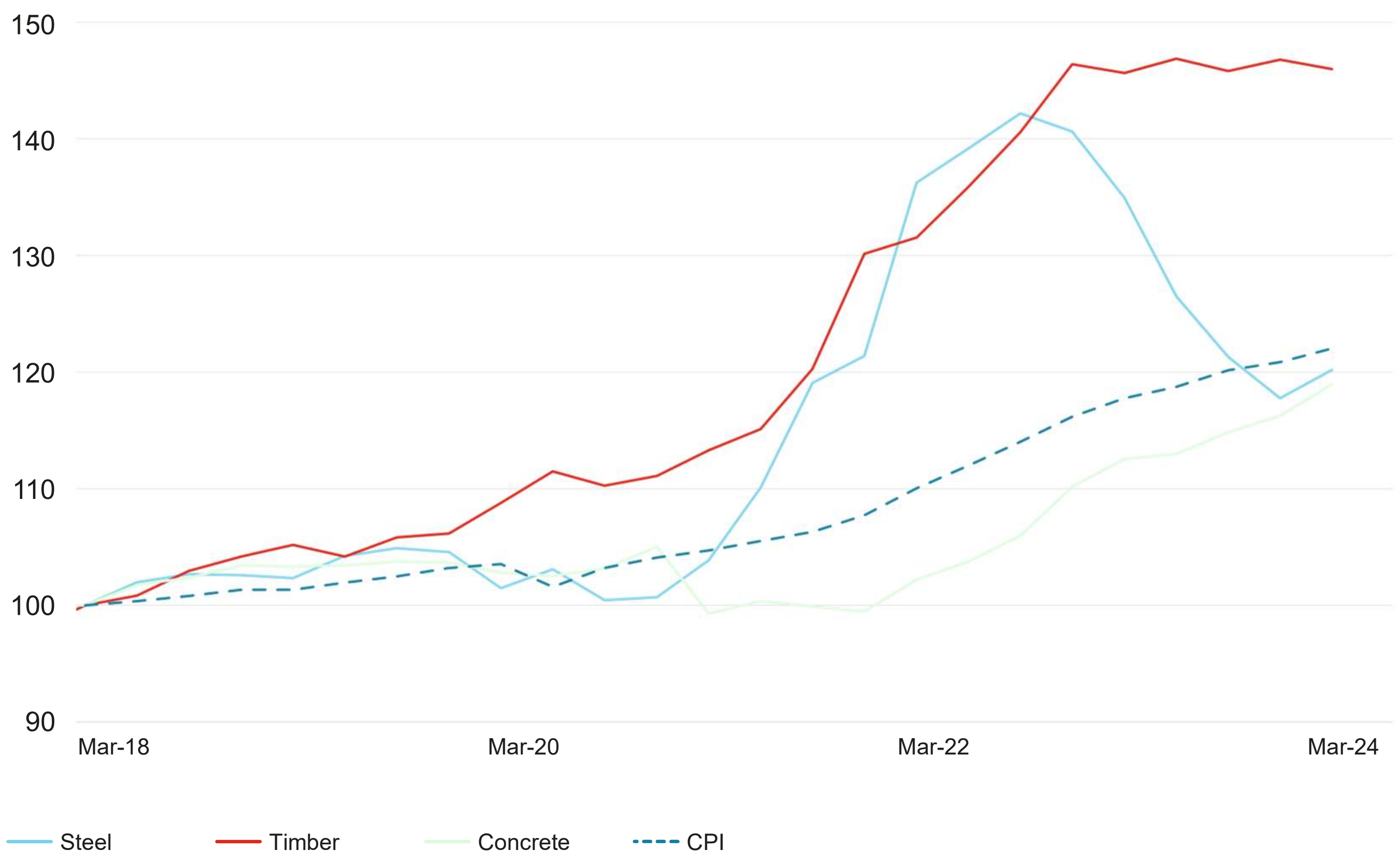
Source: Macrotrends, September 2024

Construction costs

Inflation has increased replacement values of existing stock

Construction costs

By key materials



Source: ABS, March 2024

Impacts of population growth

Significant benefits for real assets

Over the next 5 years, population growth is forecast to increase by around **7%** or

1,995,000 people

We estimate this will support demand for:

An extra 2,028,000sqm
of office space, mainly in the CBDs

377,000
additional student accommodation rooms

760,000
new dwellings have been constructed and occupied

6,000
more hospital beds

209,000,000
extra visits to general practice

$11billion
extra retail turnover requiring

1.7million sqm
of shopping centre space

↓

An extra **16,250,000** sqm (approx.) of industrial space to support the retail activity

Source: ABS, Oxford economics, Medicare annual statistics rolling 12 months July 2009 to June 2023

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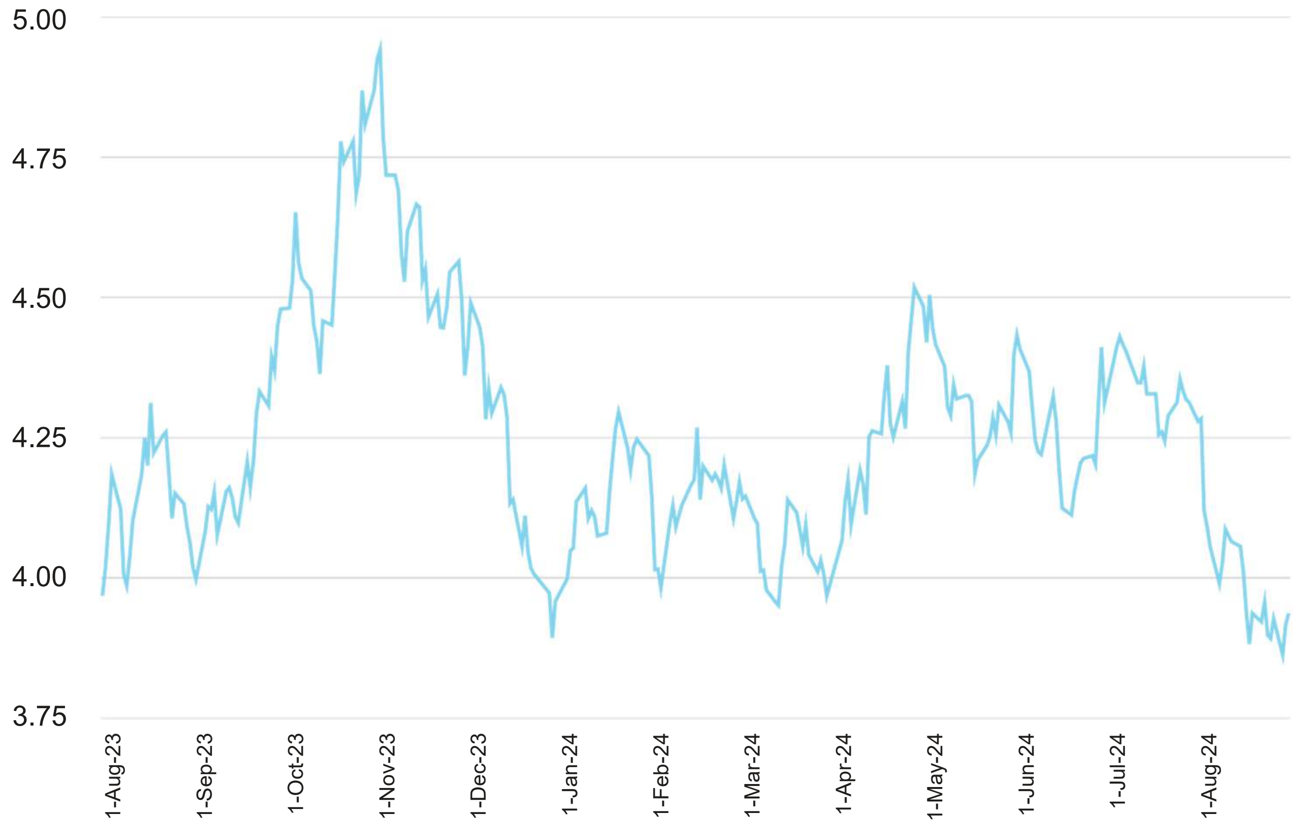
Bond rates

Approximately 100 bps lower than October 2023 peak

10-year Australian Government Bond Yields

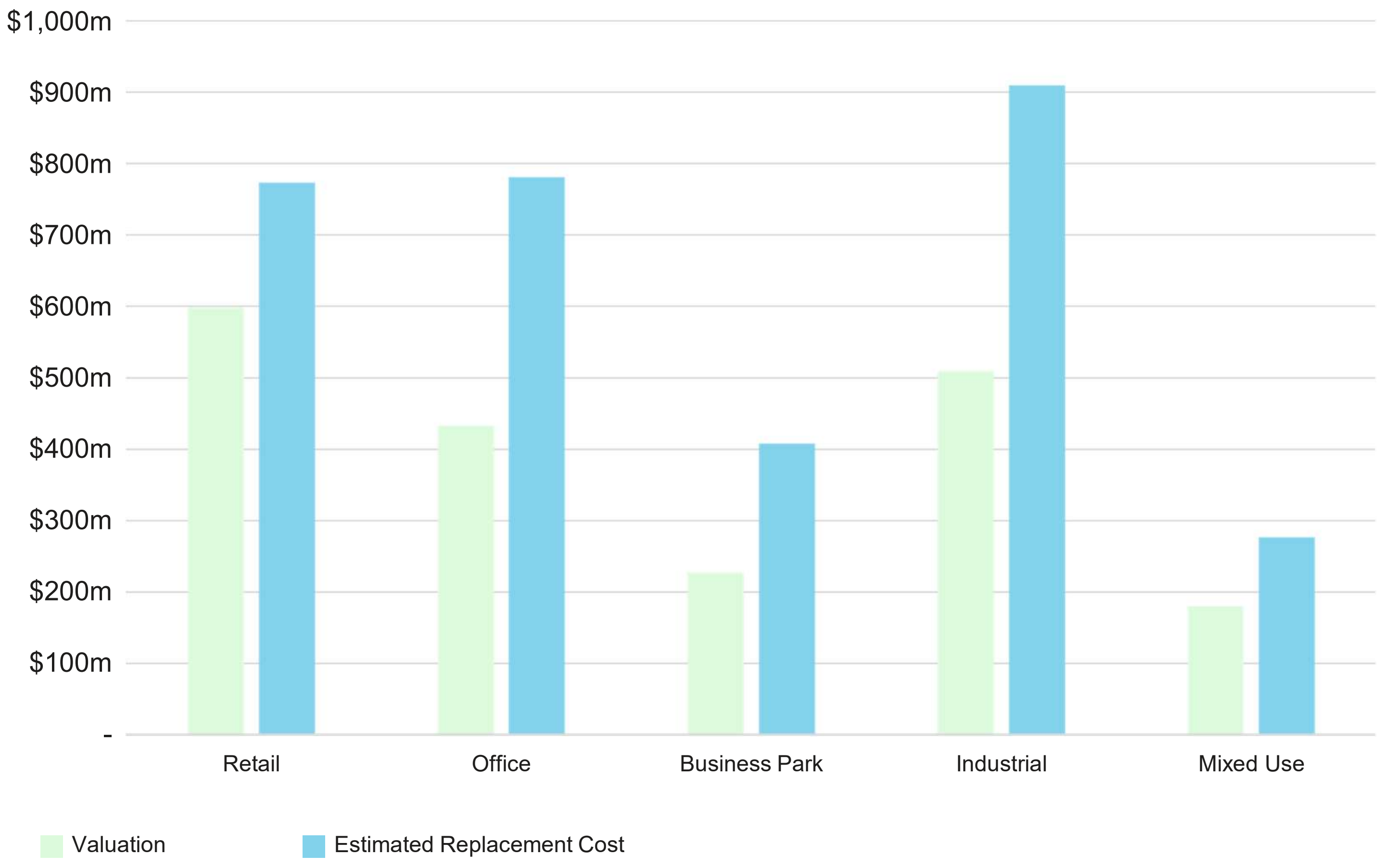


Source: RBA, September 2024

Replacement costs

Have risen notwithstanding the fall in valuations

Fund valuations vs estimated replacement costs



Source: RLB August 2024, Dexus

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Replacement costs

Have risen notwithstanding the fall in valuations

Viewpoint | Intelligent Investment

Economic rents, replacement costs

CBRE RESEARCH | September 2024

Good afternoon

There's a sizable gap between current average value/rent and replacement costs across almost every aspect of Australian real estate. In most cases, the gap is around 30-40%.

Source: CBRE Research, September 2024

Forecast retail supply restricted

Per capital supply forecast to fall further over the next decade

Source: JLL, Dexus Research

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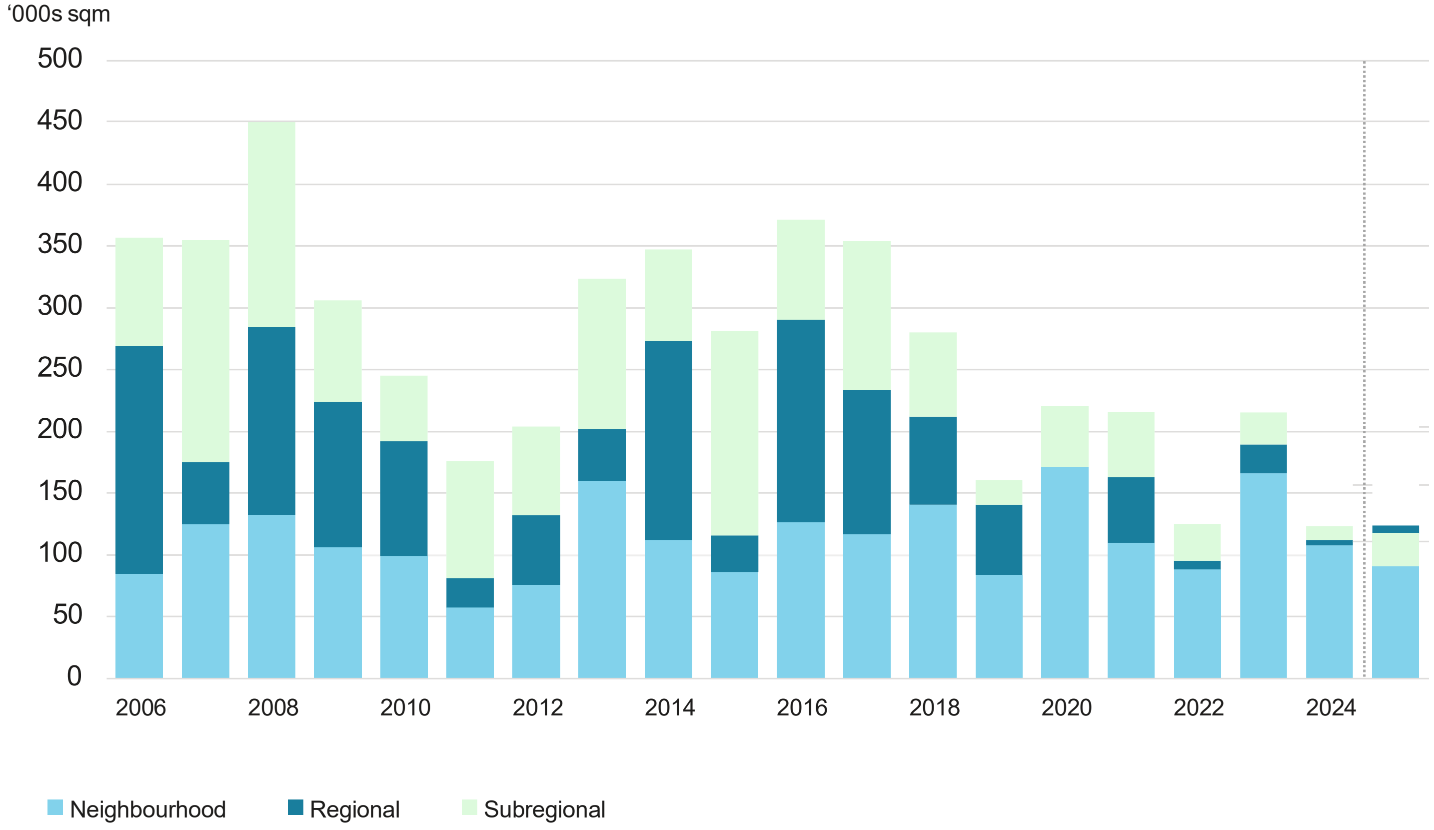
Australian Retail Supply



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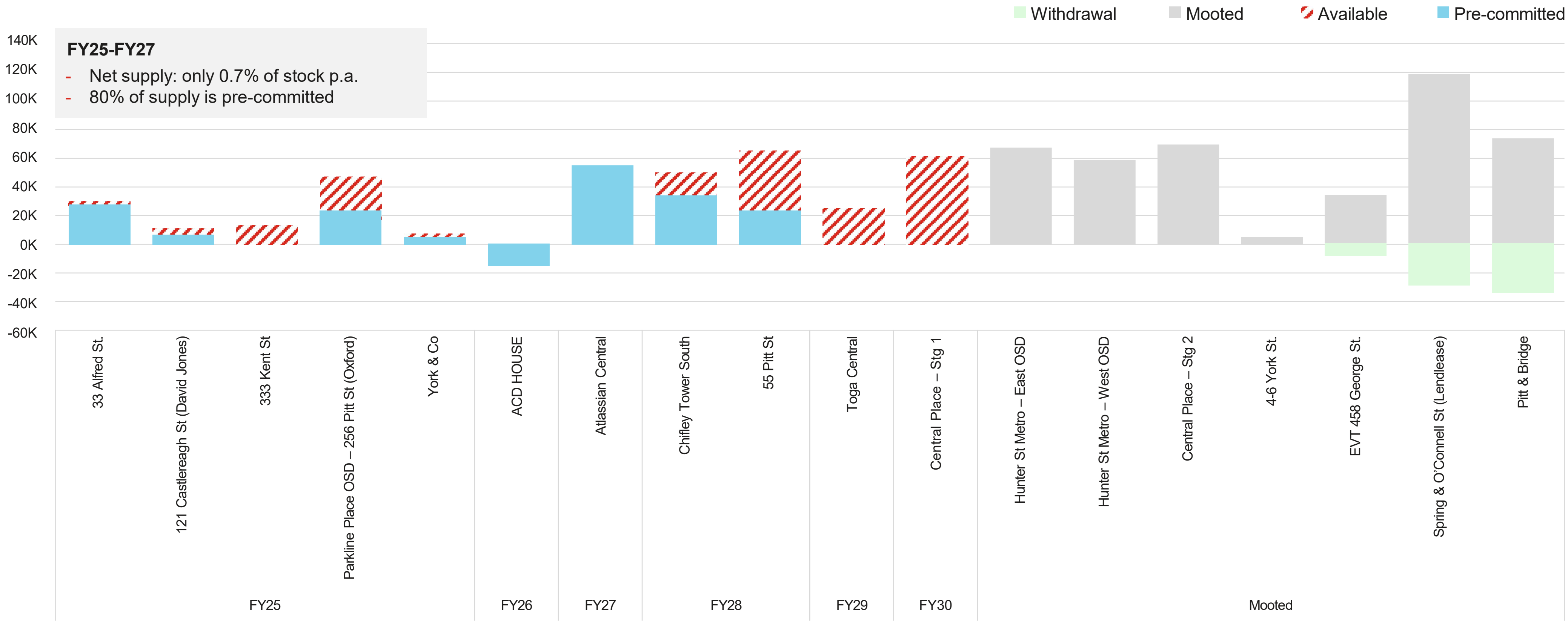
Supply pipeline – Sydney CBD

Majority of FY25-FY27 supply is pre-committed

FY25-FY27

- Net supply: only 0.7% of stock p.a.
- 80% of supply is pre-committed



Source: JLL, Dexus Research

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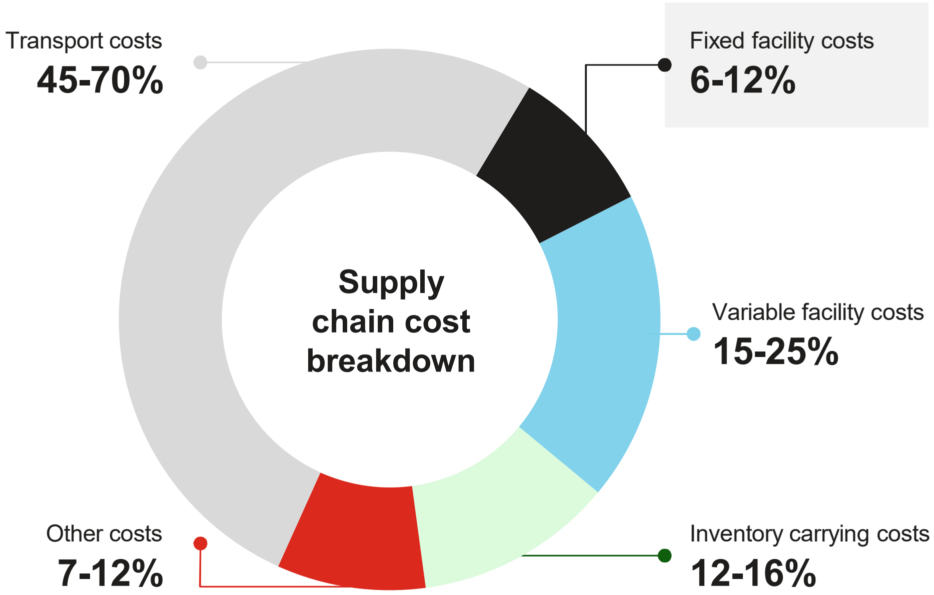
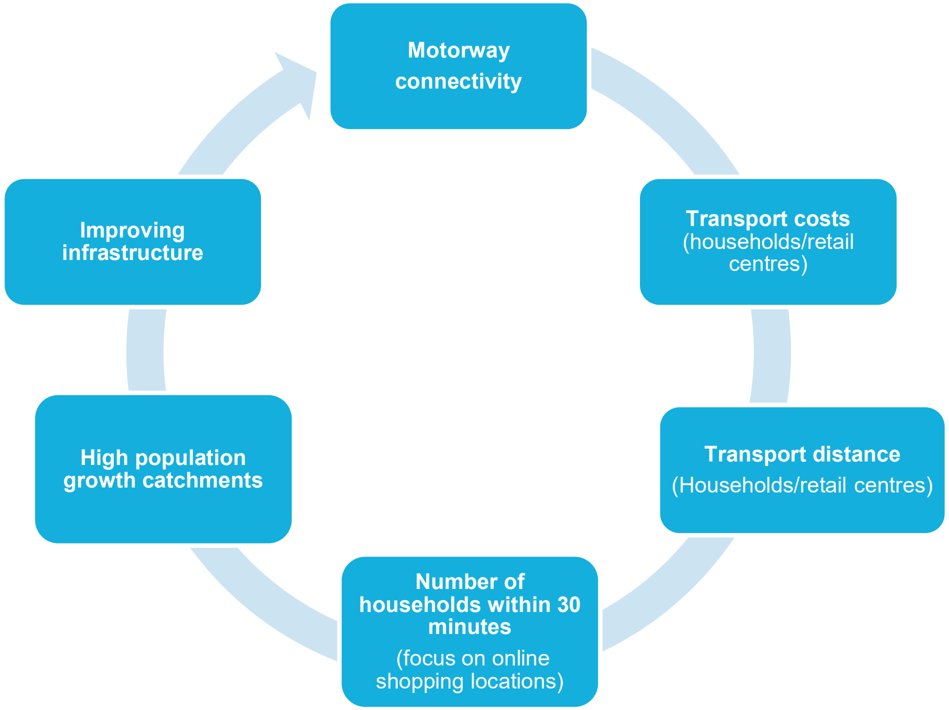
Industrial customer preference

Locations that minimise transport costs and increase speed are preferred



Source: CBRE 2023, Dexus Research

Attributes of preferred last mile locations



Who's buying?

Private investors are seeing the opportunity...

MARKETS
FEB 29, 2024

Private investors the most active buyers in Australia and globally- Knight Frank

Knight Frank's The Wealth Report 2024 found private investors* were the most active buyers in commercial real estate for the first time in Australia over 2023 and for the third consecutive year globally.

Source: Knight Frank, The Wealth Report 2024

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Who’s buying?

Private investors are seeing the opportunity...

AirTrunk’s Robin Khuda reveals his luxury apartment side-hustle

Larry Schlesinger
Reporter

Sep 10, 2024 – 4.36pm

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4 min

Developing luxury beachfront apartments and penthouses for wealthy downsizers has become a lucrative side project for AirTrunk founder Robin Khuda.

While talking up the prospects of the data centre giant he founded in 2016 and sold last week to investment giant Blackstone in a $24 billion deal, Mr Khuda said he was also making “very good returns” from high-end residential development.

Source: Australian Financial Review

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