

Intelligent Investment

Australian Capital Flows H1 2024

REPORT

Australia
REAL ESTATE

CBRE RESEARCH



Volumes improve in H1 2024

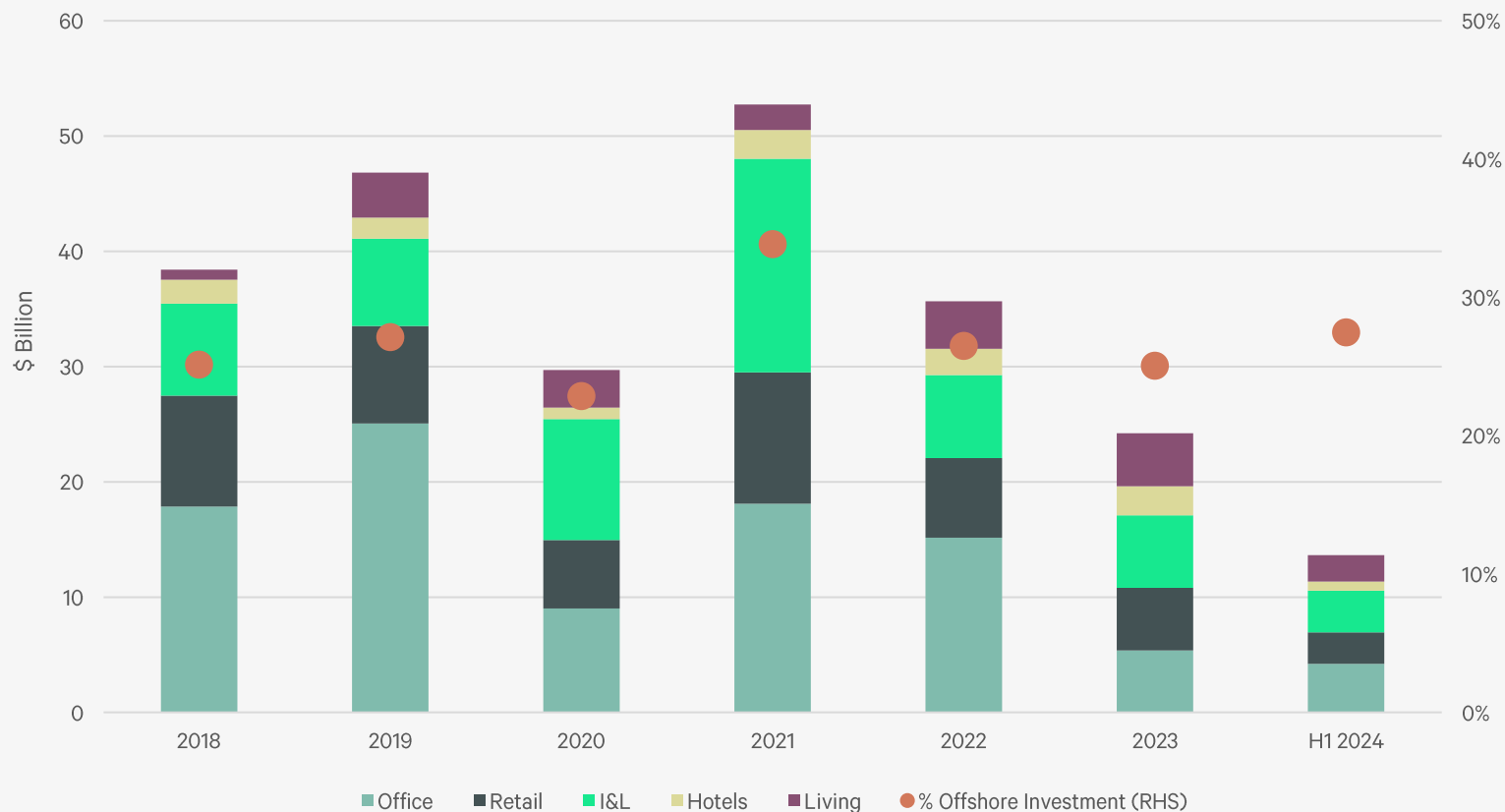
Sales activity improved across Australia in H1 2024, with total volumes reaching \$13.6 billion. This represents a 9.3% increase compared to the same period in 2023, indicating a positive trend in the market.

The office sector led the way in terms of sales volumes, with a total of \$4.2 billion invested in H1 2024. The Industrial and Logistics (I&L) sector followed closely behind, with a total volume of \$3.6 billion.

Offshore investors played a significant role accounting for 27% of purchases in H1 2024, up from 25% in the previous year. This indicates a growing interest from international investors given the stability, transparency and relative value that Australia offers.

The improved sales activity can be attributed to the more attractive pricing across sectors with valuations more accurately reflecting new benchmarks. In addition, investors are relatively confident that interest rates are at or close to their peak in Australia.

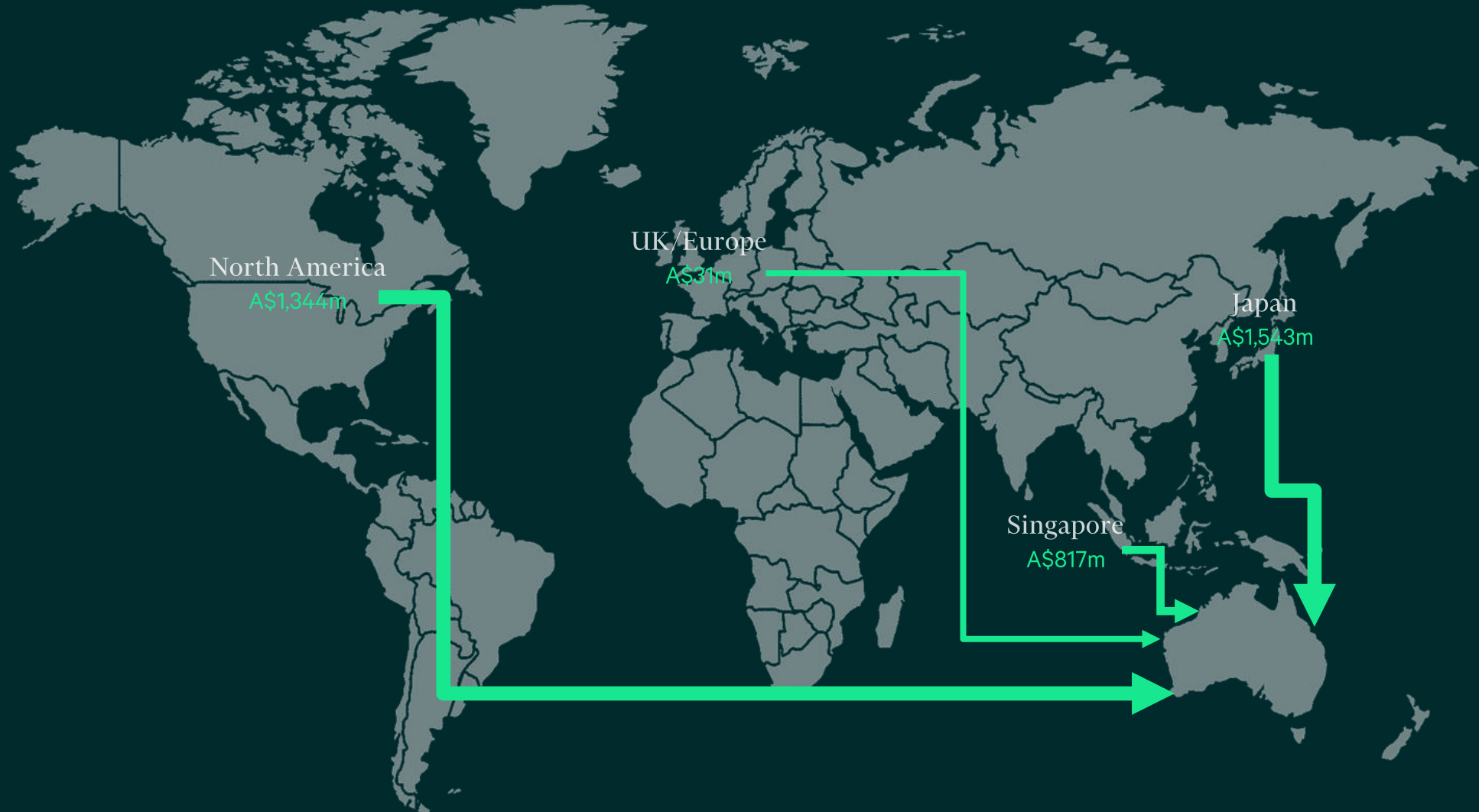
Figure 2: Australian Investment Volumes



Source: CBRE Research

Capital Flows into Australia H1 2024

Inbound Capital Sources



*Direct Investment
Source: CBRE Research

Japanese capital remains active in Australia

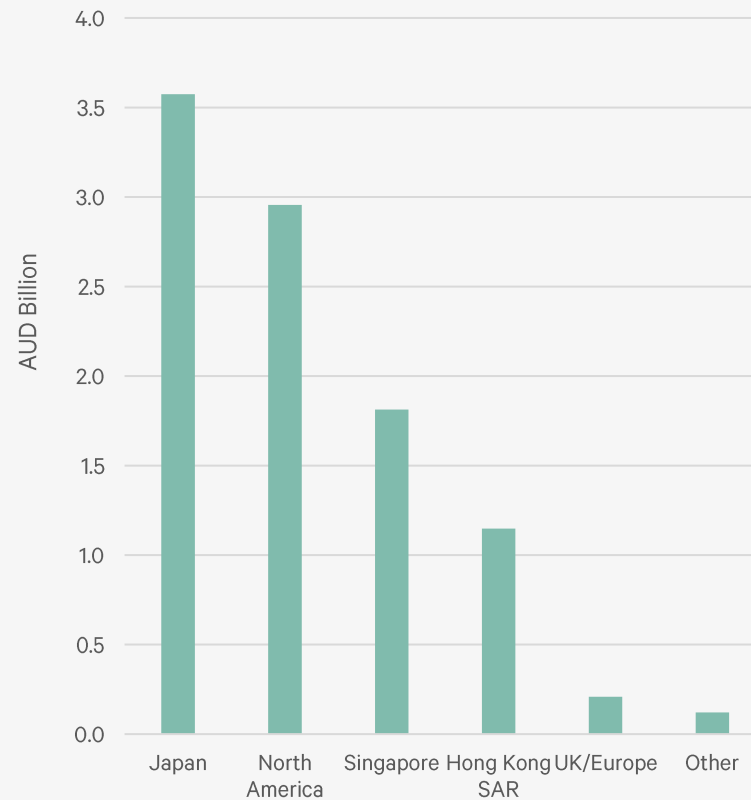
In 2024, offshore investment into Australian commercial property made up 27% of total volumes in H1 2024. Japanese investors have remained the most active, investing a significant \$1.5 billion year to date. The Bank of Japan has recently increased interest rates for the second time in 2024, with more rate hikes expected. This may cause outflows into markets like Australia to moderate as Japanese investors face headwinds domestically.

Investment from the United States has also been solid, reaching \$1.3 billion in the first half of 2024. American investors have shown particular interest in the Living and Industrial sectors of the Australian market.

However, investment from Singapore and Hong Kong has slowed in recent times. These source markets have typically been the most active in Australia.

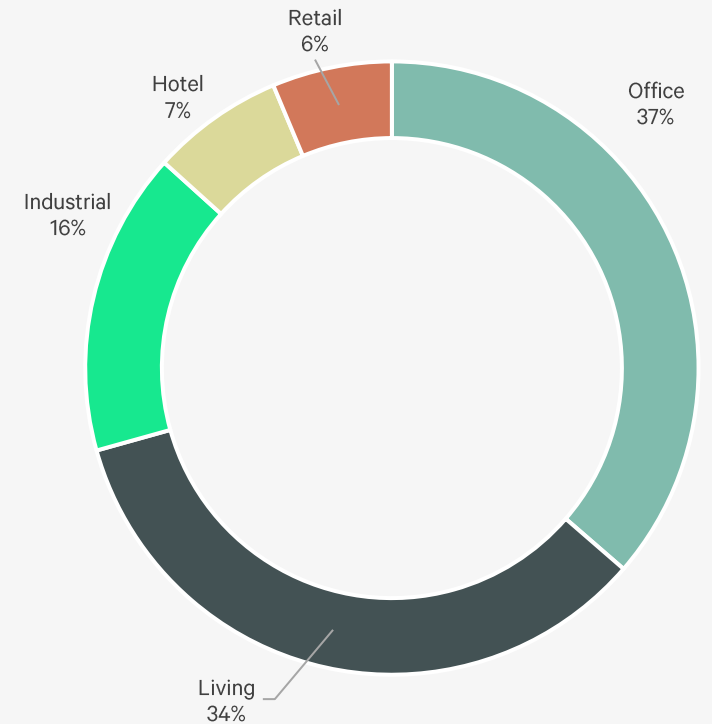
Overall, offshore investors have favoured the office and living sectors over the past 18 months. Office values have declined to a level that are starting to look attractive while the fundamentals of the leasing markets have improved. Meanwhile, the high population growth in Australia, combined with restrictive supply is encouraging investment into the living sector.

Offshore Investment into Australia – Past 18 Months



Source: CBRE Research

Offshore Investment by Sector – Past 18 Months



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