

Intelligent Investment

# Sydney

REPORT

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CBRE RESEARCH  
MAY 2024



# Executive Summary

## Income +\$190bn pa to 2033

The demand for consumer facing real estate in Sydney is expected to benefit from the triple boost of rising population, rising jobs and rising income. Collectively, this wealth effect will add ~\$190bn of incremental income over the next decade

## Deep and liquid market

Sydney accounts for 45-50% of transaction value in Industrial and Office sectors. It accounts for ~35% of Residential transactions (by value) and ~30% of Retail asset value.

## Trains, Airports, Mixed use, Hospitals

+\$100bn investment in transforming infrastructure including Aerotropolis, Metro trains, Westconnex, Western Harbour tunnel, Parramatta light rail, Central precinct, Harbourside, Westmead Hospital and Fish Markets.

## Low crime, a liveable city

Sydney ranks highly in global city rankings, particularly on low crime rate and quality of living.

## Top 3 capital destination Asia-wide

Sydney has been ranked a Top 3 city for investment prospects in seven out of the past ten years.

## Home of Australian capital advisory

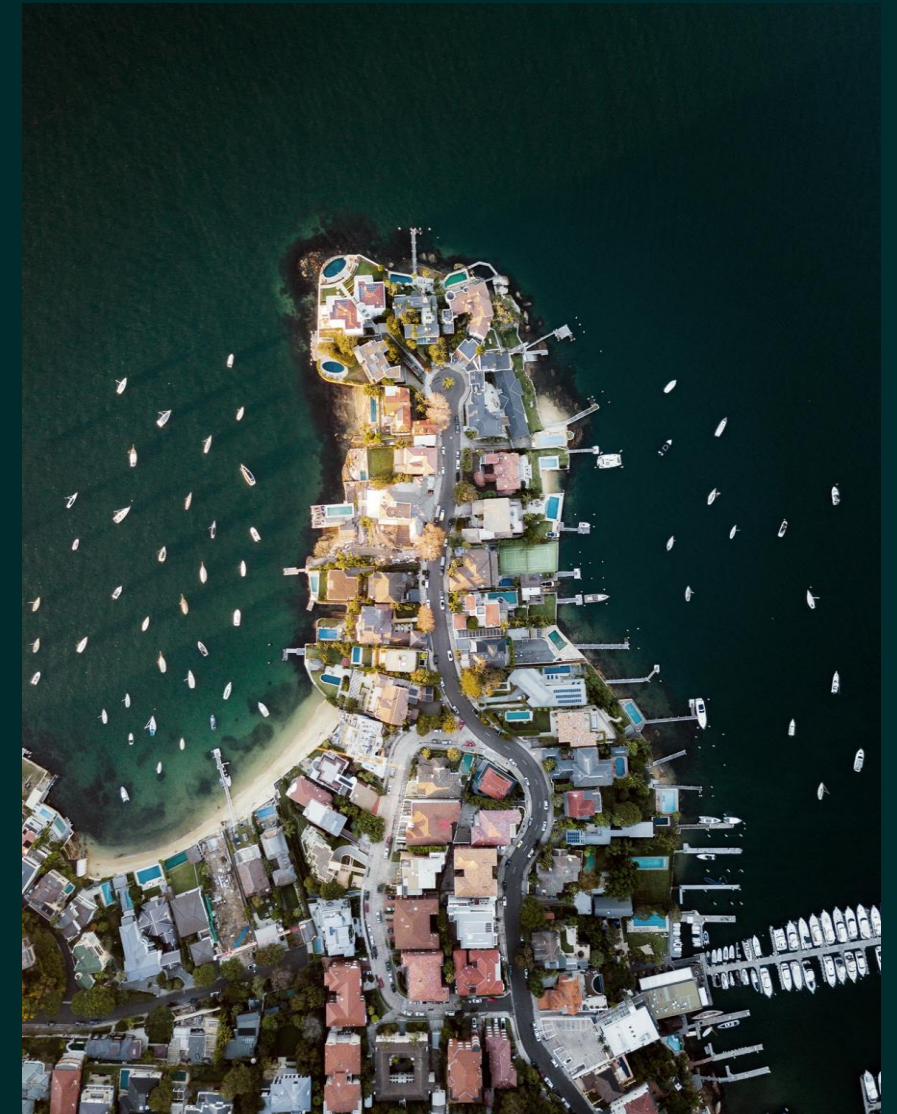
95 leading firms in capital advisory are housed in Sydney CBD— across Accounting, Investment Banks, Investment Managers and Law. Collectively they account for +500,000 sqm of prime office space.

## Metro-fication

The new Metro train covers 113kms, cutting average commute times by an hour or more. Early evidence shows “metro-fication“ promotes higher density living, younger demographic and capital value growth.

## Iconic festivals drawcard

Sydney hosts four iconic festivals including Vivid, Ramadan Nights, New Year Harbour fireworks and Mardi Gras.

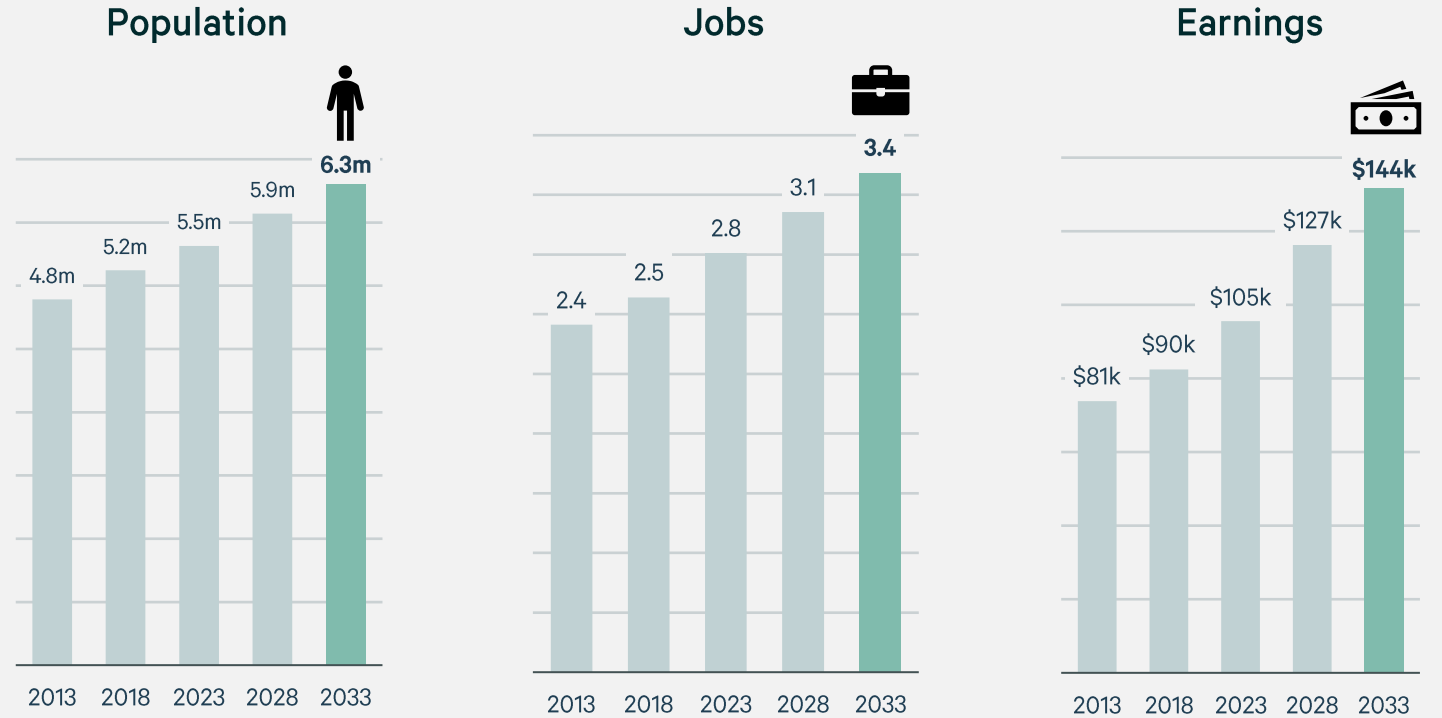


# Triple boost - \$190bn pa

The demand for consumer facing real estate in Sydney is expected to benefit from the triple boost of rising population, rising jobs and rising income.

Collectively, this wealth effect will add ~\$190bn of income over the next decade, a significant proportion of which is likely to be directed towards housing, living, retail & leisure.

Figure 1: Triple boost of population, jobs and income



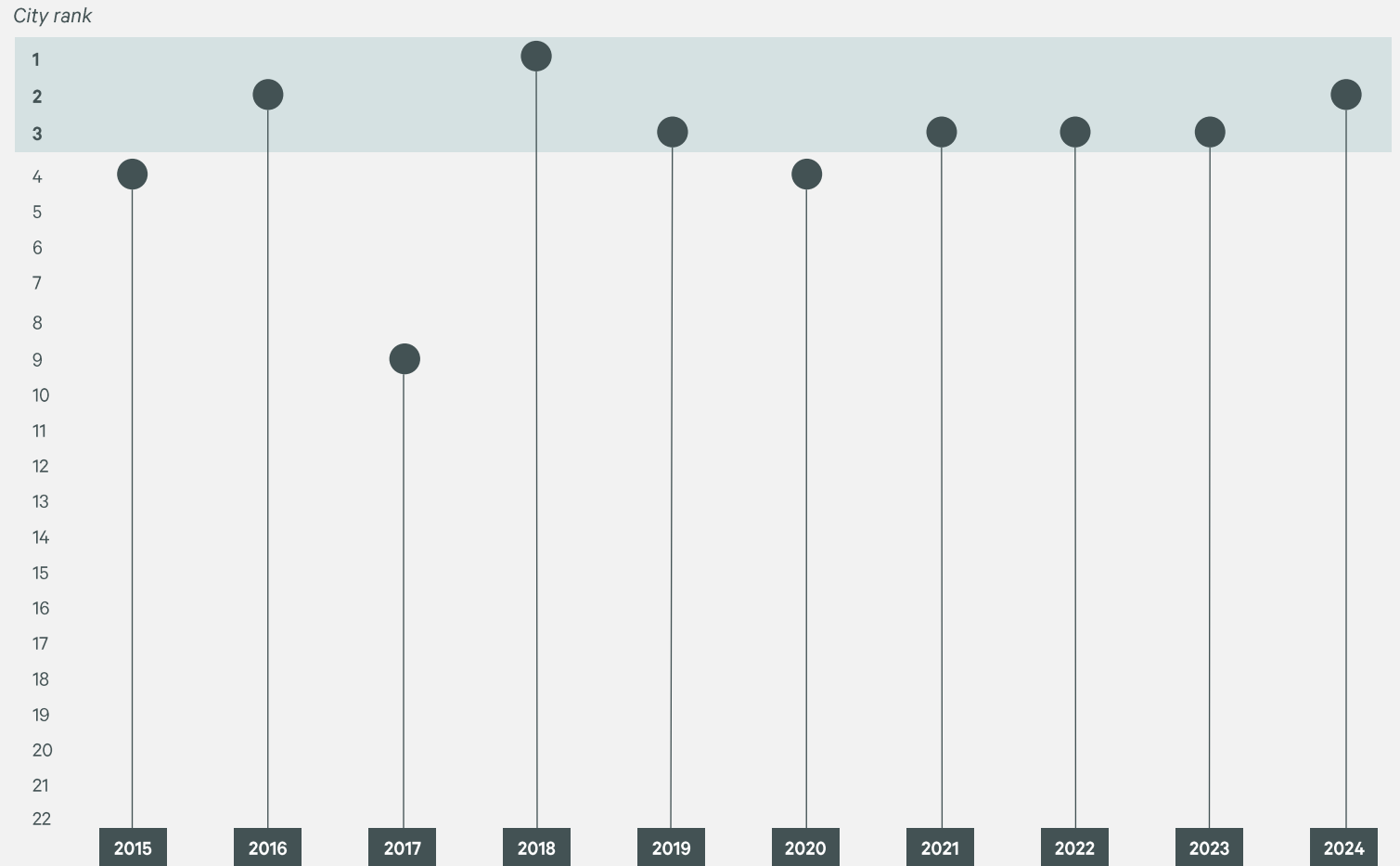
Source: ABS, 2023 Intergenerational report, CBRE Research

# Capital attraction

For investors, Sydney consistently ranks Top 3 city for investment prospects, among Asia-Pacific peers.

Investors value the depth, liquidity and consistent rental growth of the market.

**Figure 2: Sydney's investment prospects ranking (Asia-wide)**



Source: ULI, CBRE Research

# Deepest market

Sydney accounts for 45-50% of transaction value in Industrial and Office sectors. It accounts for ~35% of Residential transaction (by value) and ~30% of Retail asset value.

For investors seeking entry into a deep and liquid market, Sydney is likely to be a first port-of-call.

Figure 3: Sydney's share of Australian asset value – by sector

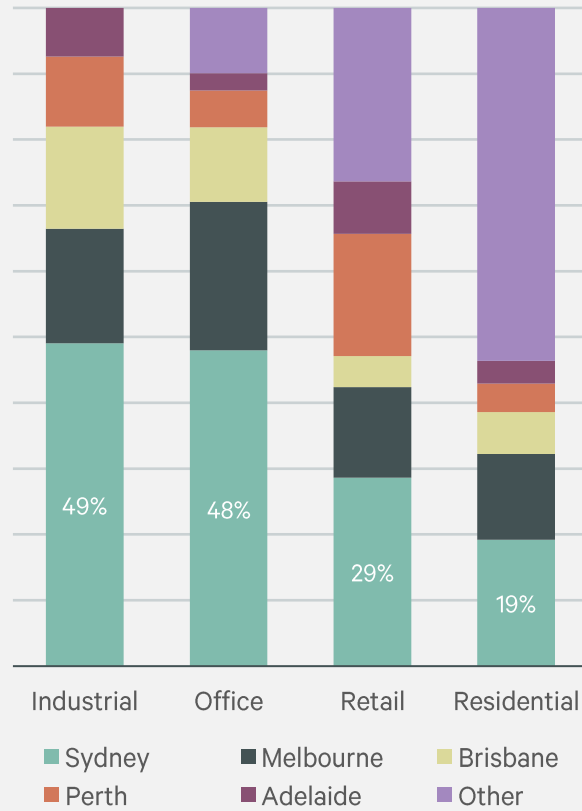
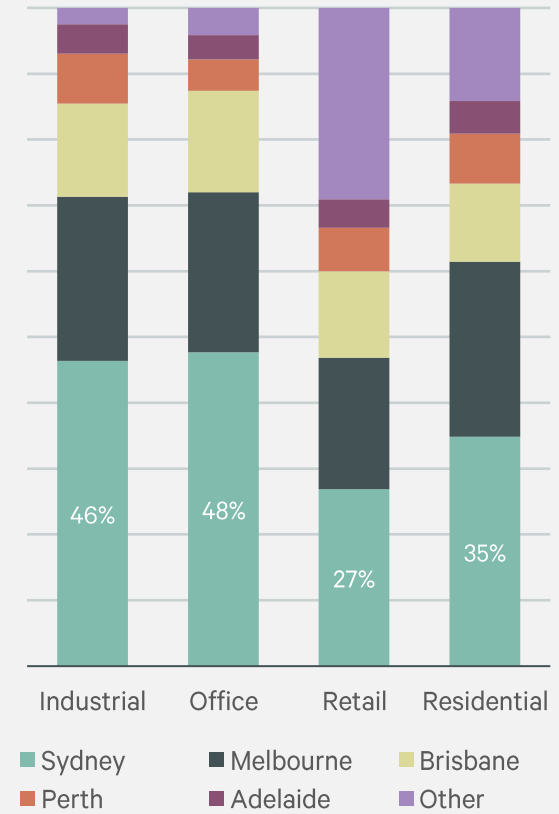


Figure 4: Sydney's share of Australian transaction value (liquidity) - by sector

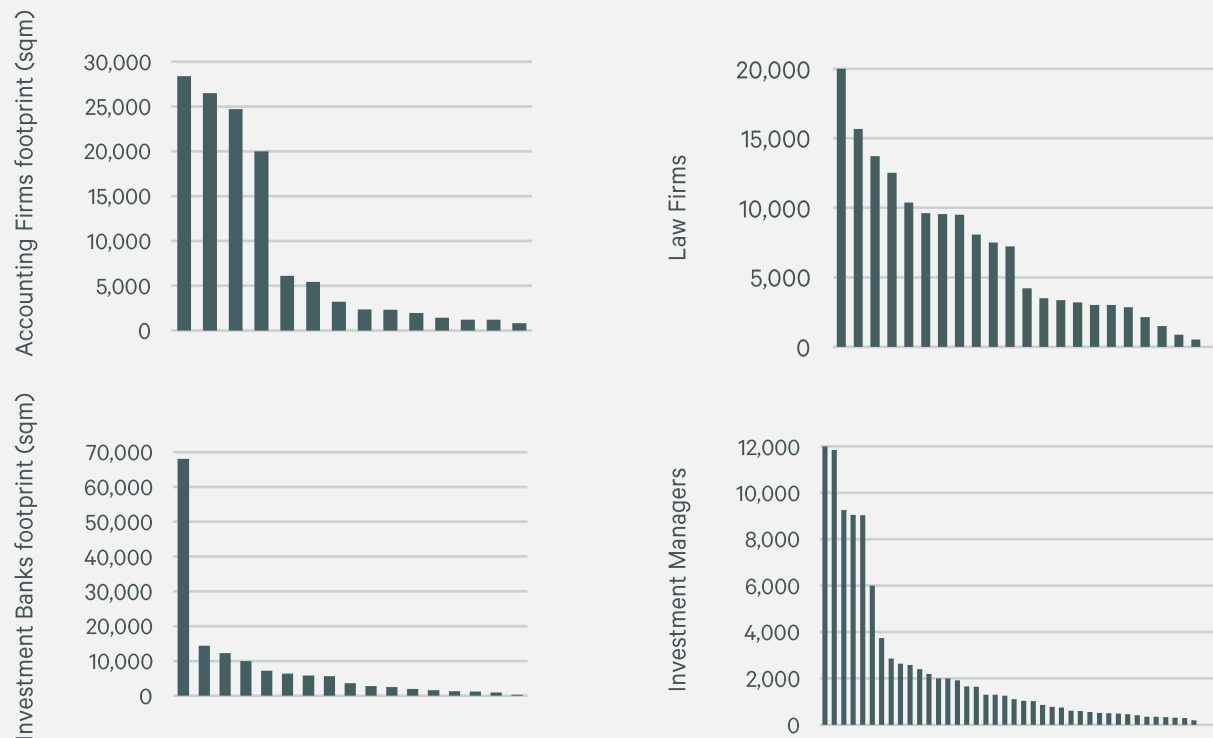


Source: CBRE Research

# Capital advisory

95 leading firms in capital advisory are housed in Sydney CBD– across Accounting, Investment Banks, Investment Managers and Law. Collectively they account for +500,000 sqm of prime office space.

**Figure 5: Occupier footprint in Sydney CBD**



Source: CBRE Research



# Infrastructure

Fish Market: \$0.7bn



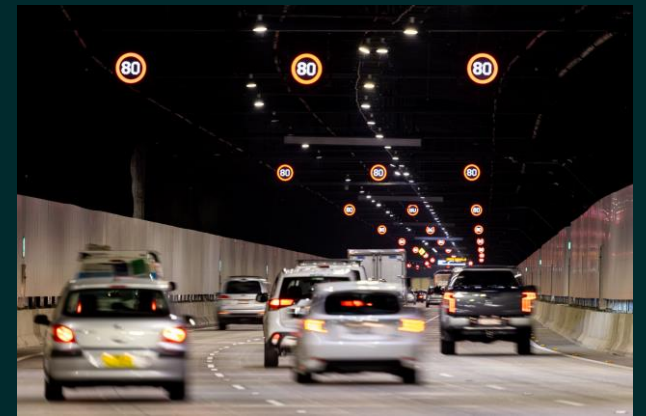
Harbourside: \$2bn



Western Sydney Airport: \$11bn



WestConnex: \$17bn



Westmead Hospital: \$0.9bn



Central Barangaroo



Parramatta Light Rail: \$6.2bn



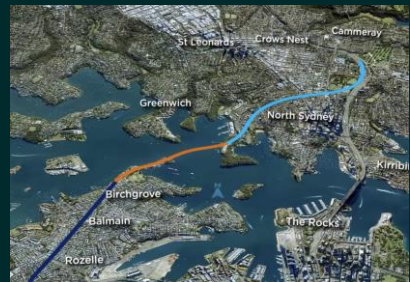
Sydney Metro, City and West: \$46bn



Tech Central

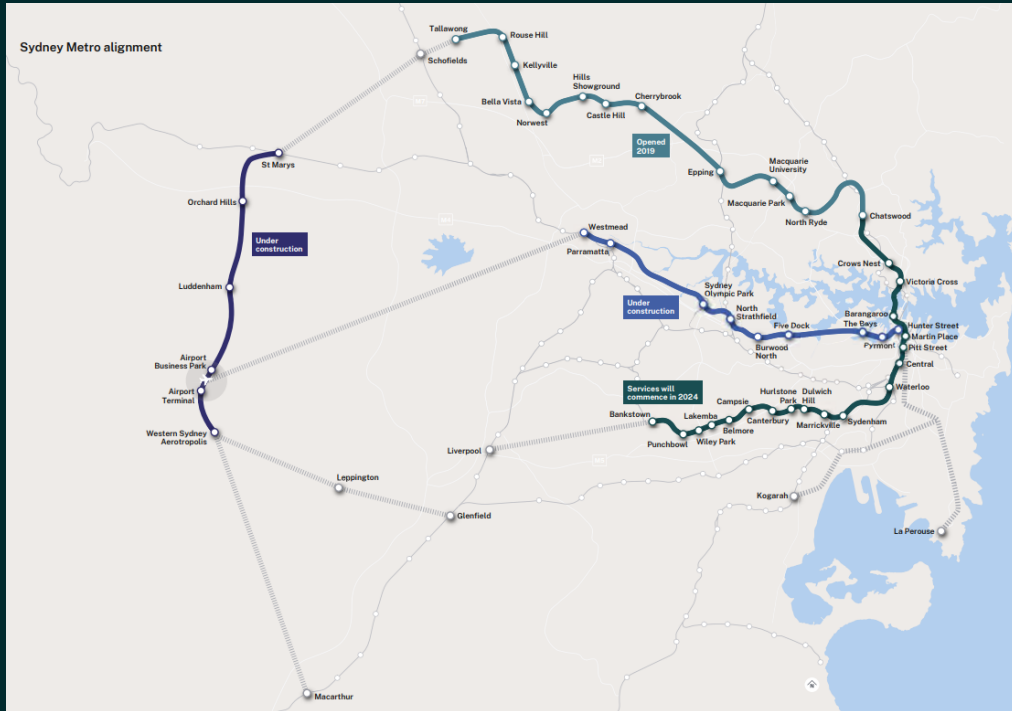


Western Harbour and freeway: \$8.5bn



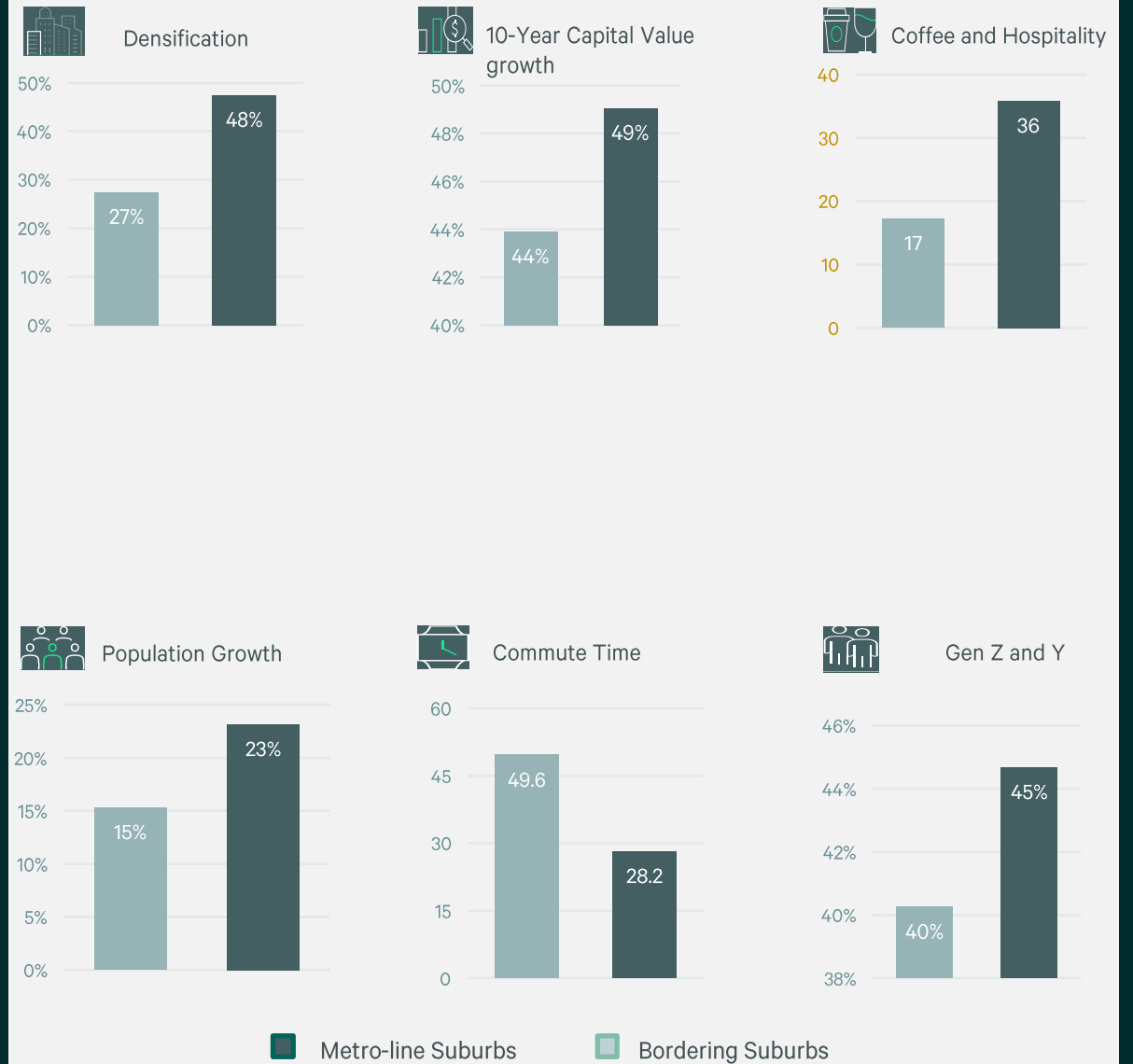
# New Metro network

Western Sydney suburbs are set to benefit from extension of the new Metro Train network. The current network already shows higher density, more hospitality, lower commute time and higher capital values.



Source: CBRE Research, REA Group PropTrack, Australian Bureau of Statistics, NSW Government, Google

Figure 7: Metro benefits evident in densification and capital value growth



# Liveability

Sydney's low crime rate and quality of living (beaches, commute, healthcare, education) place it high in the rankings of global cities in Liveability.

While cost of living is topical in Sydney, other global cities face similar issues.

Figure 8: Relative positioning amongst global cities

Quality of living	Crime	Cost of Living	Economic opportunities	Wealthiest
Auckland	Tokyo	Johannesburg	Dubai	New York
Vancouver	Singapore	Jakarta	London	Tokyo
Sydney	Sydney	Mumbai	New York	London
Toronto	Toronto	Vancouver	Paris	Singapore
Berlin	Melbourne	Auckland	Singapore	Los Angeles
Melbourne	London	Toronto	Shanghai	Hong Kong
Singapore	New York	Melbourne	Los Angeles	Shanghai
Paris	Frankfurt	Sydney	Hong Kong	Sydney
New York	Los Angeles	Dallas	Madrid	Toronto
Milan	Auckland	Milan	Sydney	Houston
London	Hong Kong	Berlin	Toronto	Melbourne
Madrid	Dallas	Paris	Mumbai	Paris
Tokyo	Paris	Tokyo	Vancouver	Dubai
Los Angeles	Madrid	Dubai	Melbourne	Mumbai
Dallas	Dubai	London	New Delhi	Rome
Hong Kong	Milan	Shanghai	Berlin	Vancouver
Dubai	Shanghai	Los Angeles	Tokyo	New Delhi
Johannesburg	Johannesburg	New York	Milan	Madrid
Jakarta	Mumbai	Singapore	Auckland	Auckland
Mumbai	Jakarta	Hong Kong	Johannesburg	Manchester

Source: BCG, Henley & Partners, Mercer, World Population Reviews, CBRE Research

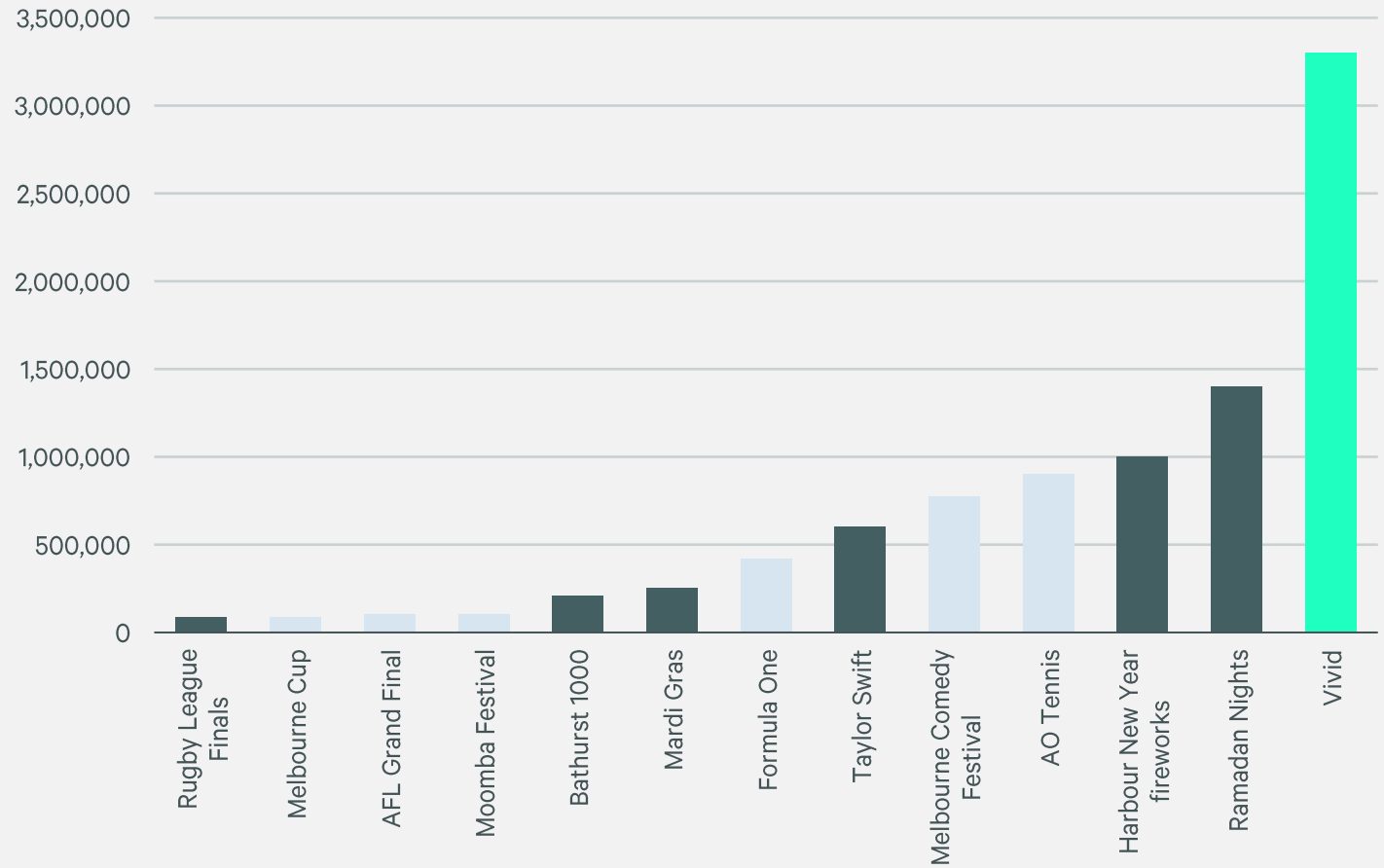
# Major Events

Australia is home to a number of marquee events, including VIVID, Mardi Gras, Formula 1 and a Grand Slam.

Looking at visitation, festivals which last over a couple of weeks typically attract the largest audiences. This is the case with Vivid, Ramadan Nights and Melbourne Comedy Festival. In fact, these festivals far out-rank attendance at “footy finals”.

Vivid is Australia’s and Sydney’s largest drawcard with over 3m visitors annually.

Figure 9: Attendance at select events



# Contacts

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