

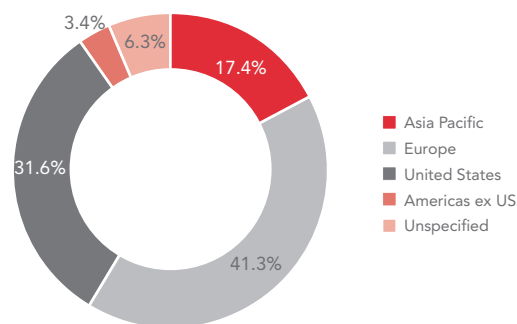
## ANREV/INREV/PREA Investment Intentions survey 2018 snapshot

Investors are still optimistic about prospects for real estate in 2018: diversification benefits of the sector continue to draw in capital, with more than half of the investor participants planning to increase their global real estate allocations over the next two years.

On average current allocations are expected to move from 8.9% to an average target allocation of 10.2%.

In 2018, a minimum of US\$53.8 billion is expected to be invested into real estate. The Asia Pacific market is expected to attract 17.4% of this, the US market is expected to attract the lion's share of this capital (41.3%), followed by Europe (31.6%).

Figure 1 - Investors' expected destinations for real estate investment in 2018 (total: USD\$53.8 bn)



Australia continue to dominate investment destinations within the Asia Pacific market, with Sydney and Melbourne at the first two preferred investment locations twice in a row. Since last year, Tokyo slid from being the first in 2016 to the third in both 2017 & 2018. At the third place, Tokyo is now tied up with China Tier 1 cities for 2018 investment intentions. India, where investors expressed increasing interests, observed the most notable changes this year as it ascended from the twelfth place in 2017 to the ninth in 2018.



Investors again favour the office sector (92.1%), followed by industrial and logistics; ranked in second place and thirdly, retail. 23.7% of investors surveyed are planning to invest in development, along with 43.5% of fund managers. Fund managers mirror investors' preference with office as the top preference, followed by industrial and logistics in second place.

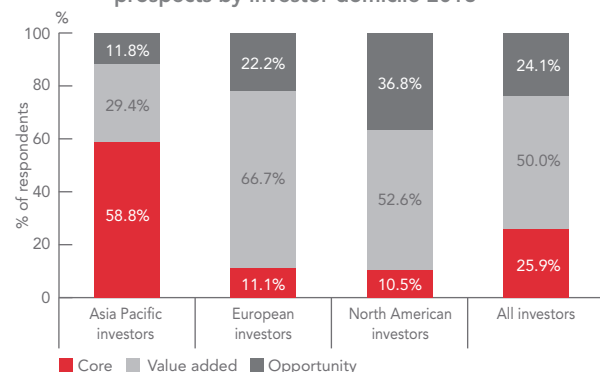
Cities in Australia occupy the top six positions in the top 10 preferred city/sector combinations for 2018 investments. Sydney office is the number one preferred city/sector investment destination in 2018, followed by Melbourne office sector. This year, industrial and logistics appears to be the new favour among investors, with both Sydney and Melbourne industrial and logistics in the third and fourth place.

In terms of views on risk-adjusted performance prospects, half of the investors and 46.8% of fund managers see value added investment in the region as the style offering the best risk-adjusted performance prospects. Interestingly this year, core investment is no longer viewed as the best risk-adjusted performance prospects by all respondents.

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By domicile, APAC investors (58.8%) and Australian investors (85.7%) favour core investment in contrast to the majority of European investors (66.7%) and North American investors (52.6%) who favour value added investment within APAC.

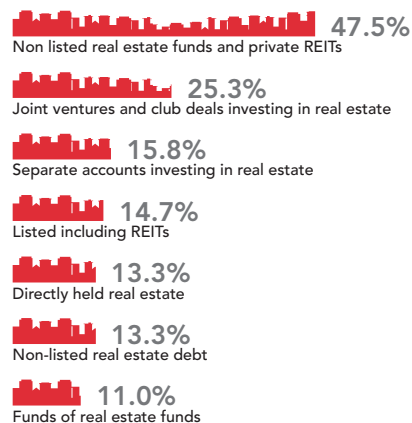
Figure 2 - Investors' view on risk adjusted performance prospects by investor domicile 2018



Within the sample of investors that invest within the Asia Pacific market, 67.1% are existing investors in non-listed real estate funds. An additional 19.5% intend to invest into funds in the region throughout the coming year.

Non-listed property funds remain the preferred route to increase real estate allocations for the majority of investors in the region (47.5%), followed by joint ventures and club deals at 25.0% a significant drop compared to last year. As in 2017, non-listed funds remain the most favoured route to market for investors outside of the region.

### Most popular investment routes to market\*



\* The percentage indicates the percentage of investors that expect to increase their allocation to those particular vehicles.

In 2018, the biggest concerns of investors are transparency and market information, followed by currency risk exposure and the availability of suitable products. The top three obstacles remain the same since 2016, albeit ranked differently. Currency risk exposure is ranked top three for the third time in a row.

### Other key findings

Access to expert management is the main reason investors invest in non-listed real estate funds with 50.8% of respondents noting this. The second and third most important reasons are diversification benefits non-listed funds provided for an existing multi-asset portfolio and access to new markets.

Investors in the Asia Pacific region have a preference for multi-country and multi-sector funds, in line with the 2017 results.

### About the survey

This year's survey attracted responses from 320 participants globally of which 107 are institutional investors, 7 are fund of funds managers and 206 are fund managers

The full report is available to members at [www.anrev.org](http://www.anrev.org)  
 For further information please contact [research@anrev.org](mailto:research@anrev.org)