

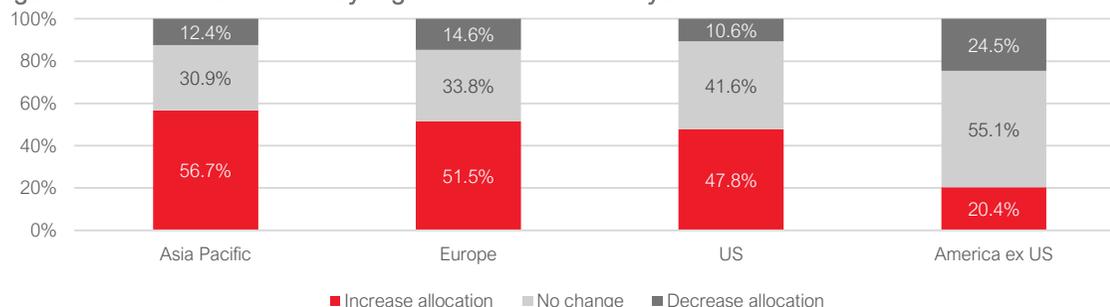
Investors remains bullish on real estate

- A minimum of US\$72.7 billion to be invested in real estate globally in 2019
- Value added is preferred ahead of core for the second year running
- Non listed real estate funds are still the most popular investment route

Investor's average allocation to real estate is now at 10% and still increasing, however the gap between the current allocation and the target is narrowing. Institutional investors remain broadly bullish about real estate investment going forward with 50.0% of respondents indicating they expect their real estate allocation to increase over the next two years, 82% intend to deploy new capital in 2019.

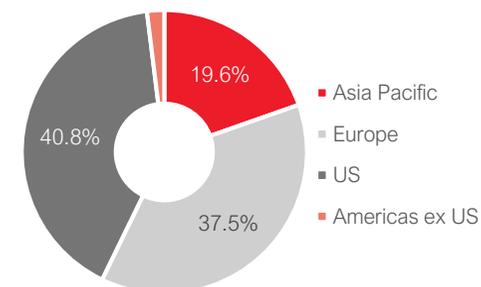
Asked about regional allocations, 56.7% of institutional investors globally expect to increase their allocation to Asia Pacific over the next two years, while only 12.4% expect their Asia Pacific allocation to decrease. Institutional investors indicated plans to place a total of US\$72.7 billion in new capital in 2019, of which 19.6% is planned to be deployed in Asia Pacific, 37.5% in Europe and 40.8% in the US.

Figure 1 – Intentions to invest by region over the next two years



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Figure 2 – Regional destination of planned 2019 capital investments



In the Asia Pacific region, investors have highlighted this year their preference for value added over core in terms of risk adjusted performance prospect, with 44.3% of investors indicating their preference. However 54.1% of investors plan to invest into core compared to 44.3% for value added.

Australia continues to dominate as an investment destination within the Asia Pacific market, with Sydney and Melbourne the most preferred investment locations for three consecutive years. Tokyo occupies the third spot and China Tier 1 cities the fourth.

The office sector remains the most preferred by investors in 2019, followed by industrial and logistic and retail.

For the first time Melbourne office takes over the first rank from Sydney office. Sydney industrial and logistics occupies the third one whereas Japan office sector moves back to the fourth place from the seventh last year. The top 10 sector destinations in Asia Pacific, as last year, are dominated by the main sectors in Australia and Japan, the major investment markets in the region.

Seoul office market appears at the 10th place of the ranking.

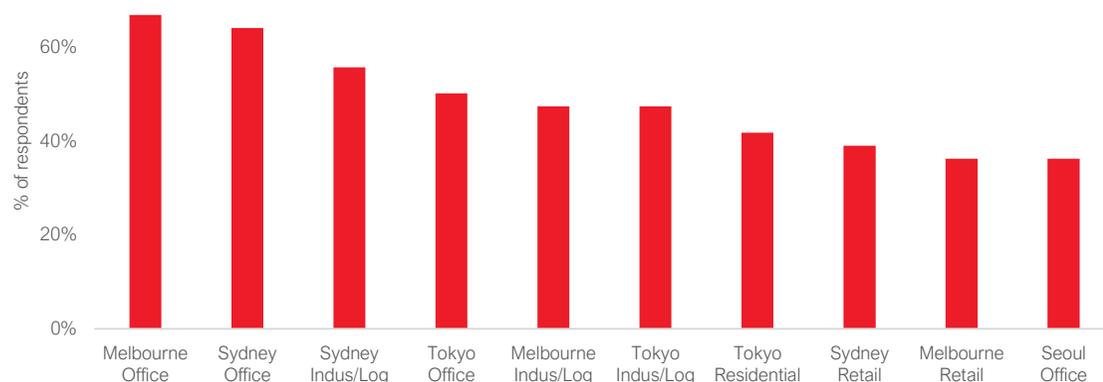
China Tier 1 cities disappeared from the top 10 most preferred city-sector combination in 2019.

Globally investors have indicated they plan to invest US\$28.0 billion in non-listed real estate funds. In Asia Pacific, 50% of the investors have indicated their expectation to increase their real estate allocation in Asia Pacific through non-listed real estate funds.

With 89.5% of the investors investing into funds, non listed real estate funds are definitely the favored route to market in Asia Pacific.

In 2019, institutional investors and funds of funds managers remain concerned about the availability of suitable products, transparency and market information and currency risk exposure when investing in non-listed real estate funds in the region. The access to new market and expert management and the diversification benefits for an existing multi asset portfolio are again stressed as the major reasons to invest into funds.

Figure 3 – Institutional investors preferred city-sector combination in 2019



About the survey

This year's survey attracted responses from 154 participants globally of which 144 are institutional investors, and 10 are funds of funds managers.

The full report is available to members at www.anrev.org
 For further information, please contact research@anrev.org