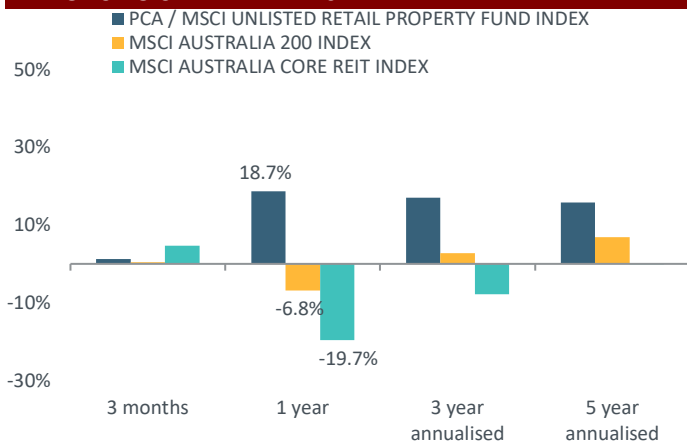


# PROPERTY INVESTMENT FACTSHEET - SEPTEMBER 2022

## Unlisted Funds

### UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO SEPTEMBER 2022



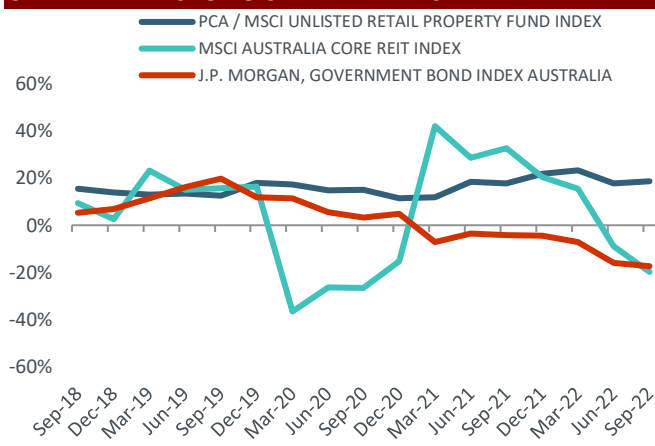
### COMMENTARY

The headwinds of rising interest rates and inflation have continued to weigh on investor sentiment with the global sell off in both stocks and bonds continuing with negative returns recorded for the 12 months to 30 September 2022. Australian equities were flat over the quarter as A-REITs rose 4.7%. Despite the rise, A-REITs remain heavily sold, trading below book value with performance of -19.7% over the 12 months to 30 September 2022. In contrast to listed markets, Australian unlisted property funds continued with their strong performance delivering 18.7% for the 12 months to 30 September 2022. However, performance has moderated with 1.3% for the quarter following stronger performance in Q2.

### LISTED PROPERTY: PRICE TO BOOK VALUE SEPTEMBER 2018 TO SEPTEMBER 2022



### FIXED INCOME, UNLISTED & LISTED PROPERTY SEPTEMBER 2018 TO SEPTEMBER 2022



### DETAILED INVESTMENT TYPE COMPARISON

DATE (12 MONTHS TO)	Unlisted Property	Listed Property	Australian Equities	Global Equities	Fixed income	Cash
	PCA / MSCI UNLISTED RETAIL PROPERTY FUND INDEX	MSCI AUSTRALIA CORE REIT INDEX	MSCI AUSTRALIA 200 INDEX	MSCI WORLD ex AUSTRALIA INDEX	J.P. MORGAN, GOVERNMENT BOND INDEX AUSTRALIA	AUSTRALIAN BANKS' TERM DEPOSITS AVERAGE RATE
Sep-18	15.6%	9.3%	13.9%	12.7%	5.3%	2.0%
Sep-19	12.5%	15.7%	13.0%	2.2%	19.7%	1.8%
Sep-20	15.0%	-26.4%	-11.2%	8.6%	3.2%	0.9%
Sep-21	17.6%	32.6%	31.3%	30.9%	-4.2%	0.2%
Sep-22	18.7%	-19.7%	-6.8%	-15.9%	-17.3%	0.4%
5 year annualised	15.8%	-0.2%	6.9%	6.6%	0.6%	1.0%
Standard deviation	6.3%	22.7%	18.4%	19.8%	8.3%	0.4%

Data sources: MSCI, RBA, Barclays Capital (see other side for more information)

### CONTENT PROVIDERS

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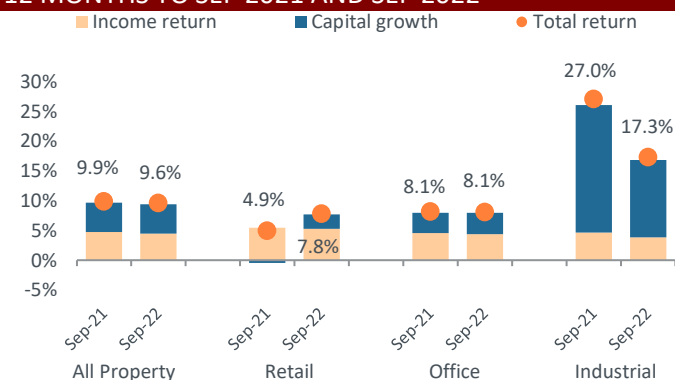
# PROPERTY INVESTMENT FACTSHEET - SEPTEMBER 2022

## Direct Property

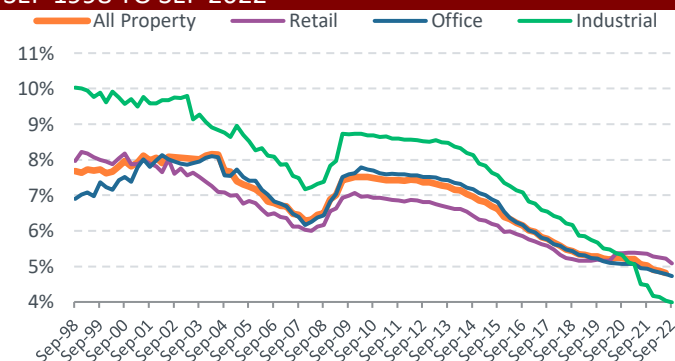
### DIRECT PROPERTY INVESTMENT RETURNS SEP 1988 TO SEP 2022



### INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO SEP 2021 AND SEP 2022



### DIRECT PROPERTY CAP RATES PER SECTOR SEP 1998 TO SEP 2022



### DATA SOURCES -All results shown are accumulation indexes-

- UNLISTED PROPERTY The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index , Core funds, Pre-fee total return
- AUSTRALIAN EQUITIES MSCI Australia 200 Index, Gross total return
- GLOBAL EQUITIES MSCI World ex-Australia Index, Investible Market Index, Gross total return
- LISTED PROPERTY MSCI Australia Core REIT Index, Investible Market Index, Gross total return & Price-to-book-value ratio
- FIXED INCOME J.P. Morgan, Government Bond Index Australia, Unhedged, 7-10 Years, AUD, Total return
- CASH Reserve Bank of Australia, Retail deposit and investment rates, Banks' term deposits (\$10000), Average rate (all terms)
- DIRECT PROPERTY The Property Council/MSCI Australian All Property Index, Total income and capital return & Valuer capitalisation rate
- COMMENTARY Provided by Zenith Investment Partners

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### COMMENTARY

Direct property has continued to generate attractive total returns of 9.9% for the 12 months to 30 September 2022. Income returns of 4.6% resulted in a narrowing margin to bond yields following the sharp rate rises in first half of 2022. Capital returns were solid with all sectors experiencing growth. The industrial and logistics sector contributed the most to overall direct property capital growth with outsized growth of 13.0% over the 12 months to 30 September, where record low vacancy rates have been supportive of rental growth and total returns.

### COMMENTARY

The outlook for industrial and logistic rents remains very strong with all-time low vacancy rates continuing to support growth. Supply conditions remain constrained with strong pre-commitment levels. The retail outlook continues to be positive with retail sales remaining buoyant with interest rate hikes yet to dent consumer spending. In office markets incentives remain stable but elevated with net effective rental growth continuing with demand for high quality office space coming at the expense of secondary assets. In general, the outlook for total returns appears less certain with yields anticipated to come under pressure across some markets due to recent changes in interest rate markets.

### COMMENTARY

Asset values have remained supported with capitalisation rates remaining largely stable. Retail, office and all property capitalisation rates have compressed marginally by approximately 0.10% over Q3. However, sitting at record lows, capitalisation rates are increasingly coming under scrutiny in the face of rising capital costs and slowing transactional volumes. Transactional evidence remains limited across many direct property markets, as investors take a cautious approach.