THE BIG PICTURE

“Issues affecting property investment”

Geoff McWilliam
Is property about to fall in a hole?
“...the tendency to look ahead through a rear-view mirror...

“...It comes into play when we indulge in revisiting history to extrapolate future outcomes.”
Investments need to be assessed from three perspectives.

1. The property return
2. Financial engineering applied to property returns
3. Investor demand - $
LONG-TERM OUTLOOK

Opportunity/Issue

- Property Returns
  - Capital
  - Income
- Financial Engineering
- Investor Demand - $
THE PROPERTIES

- Asset Creation
  - Income: Low

- Return
  - Capital: Low

- Property Management
  - Risk: High

- Economy
  - High
LONG-TERM OUTLOOK

Opportunity/Issue

- Property Returns
  - Capital
  - Income
- Financial Engineering
- Investor Demand - $

Risk Inv. Return

- Low
- High

Should I invest?

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FINANCIAL ENGINEERING

Financial Issues
- Debt
- Compliance and Government Regulations
- Taxes
- Employees

Risk – Very High
- Currency
- Interest Rates/Inflation
- Legislation
- Employee skill set

Risk - High

Investors
Vehicles
Development
RETURN

Risk - High

Risk – Very High
### LONG-TERM OUTLOOK

**Opportunity/Issue**
- Property Returns
  - Capital
  - Income
- Financial Engineering
- Investor Demand - $

**Risk Inv. Return**
- Low
- High

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*Should I invest?*

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THE INVESTOR DEMAND

- Pension fund growth & property allocation
- Govt tax regime favour annuities
- Growth in pension funds – Asia/Europe

*Increase in Investment Vehicles*

- REITs
  - Australia/New Zealand/USA
  - Asia – Japan/Korea/Singapore/Hong Kong
  - Europe – Holland/France/UK/Germany etc.

- Mez. Debt Funds

- REITs Types
  - Traditional
  - New – Hotels, Child-care, etc.
### LONG-TERM OUTLOOK

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*Should I invest?*
LONG-TERM OUTLOOK

OPPORTUNITY/ISSUE

- Property Services
- Financial Engineering
- Investor Demand

RISK

- Low
- High
- Low

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LESSONS

- Understand what you are really investing in.
- Identify all risks.
- Satisfy yourself that all aspects are dealt with, particularly in terms of expertise.
- Enhanced return usually means increased risk – trade off.
- Investors should be fully informed.