dexus

Australian Real Estate Quarterly Review

Q1 2022

One Farrer Place, Sydney

Inside

Investment climate

Twists and turns on the road to recovery

Conditions for real estate are expected to remain positive over the next year despite the uncertainty caused by the outbreak of the Omicron variant of COVID-19. The current surge in COVID-19 cases is expected to reduce economic growth expectations for Q1 2022 and have some effect on the forecasted FY22 full year growth, but experience implies that any lost growth will be quickly recovered in FY23. The outlook depends on the degree to which hospitalisations lead to new restrictions. However, authorities seem committed to 'living with COVID' so further harsh lockdowns appear unlikely, which is supported by the Australian population being highly vaccinated.

Our key assumptions are:

- Infrastructure investment and non-residential building activity will contribute to economic growth despite a softening in residential construction
- The labour market remains strong and will support an increase in consumption in FY23 (Figure 2)
- Retail spending will continue to benefit from low interest rates and accumulated savings
- Inflation is likely to remain at or above 3% per annum in 2022 but subside after that
- Short-term interest rates will remain low this calendar year but rise by circa 1% in 2023

The key themes for investors to consider are:

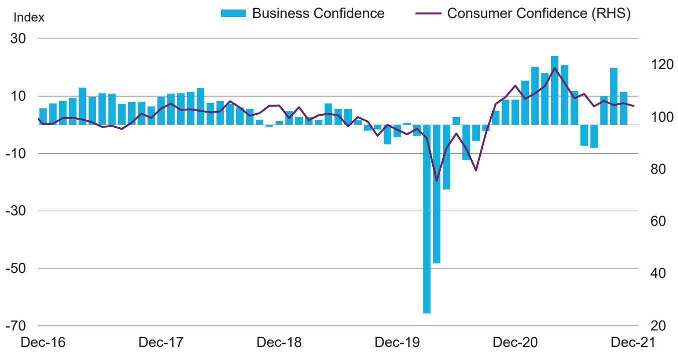
- Leasing markets are expected to improve in all sectors, helped by positive business conditions
- Improving occupier demand and low interest rates are usually good for property values
- Capital flows into property are likely to remain solid given the low interest rate environment
- Yield relativities are changing with industrial and healthcare yields pushing below office and retail, reflecting confidence in the growth outlook

Table 1. Australian economic forecasts

	Jun-21	Jun-22	Jun-23
Real GDP %pa	9.5%	2.8%	2.9%
Final demand %pa	12.0%	3.7%	2.2%
Employment %pa	6.5%	1.1%	1.4%
Goods imports %pa	17.7%	2.4%	2.2%
Retail sales %pa (real)	8.8%	0.8%	1.3%
CPI %pa	3.8%	3.0%	2.5%
90 Day bill %	0.0%	0.1%	0.8%
10yr Bond %	1.2%	2.0%	2.0%
AUD/USD	0.73	0.71	0.71

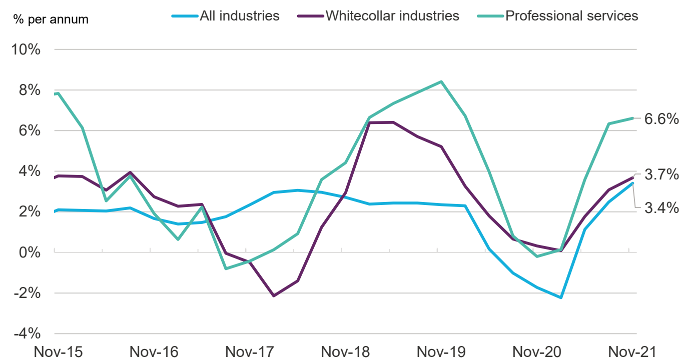
Source: Deloitte Access Economics, December 2021

Figure 1. Positive business confidence should help leasing markets, however consumer sentiment may dip



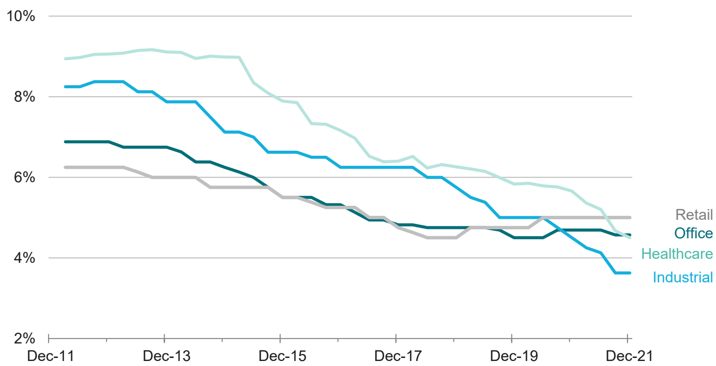
Source: Bloomberg, NAB, Westpac

Figure 2. Employment growth is improving with white collar employment back in positive territory



Source: ABS

Figure 3. Yield relativities are changing with industrial and healthcare yields pushing below retail



Source: JLL Research, MSCI

Inflation and interest rates

What are the implications of inflation?

Pandemic-induced increases in government spending and stimulus combined with pressure on global supply chains have had impacts on inflation via both ‘push and pull’. The possibility of a sustained period of higher inflation has raised questions about interest rates and asset prices.

Our base case view is that inflation fears for Australia are overstated with impacts temporary. This view is based on the expectation that supply chain pressures will ease over the next two years and oil prices will settle down as demand and supply adjust. The view is also consistent with most economists’ forecasts (Figure 5).

However, there is a potential scenario that would see inflationary pressures become entrenched over a longer period. Much depends on the pandemic and the actions of central banks. The risk for real estate is that if central banks lift interest rates more aggressively or higher inflation expectations get priced into bond yields.

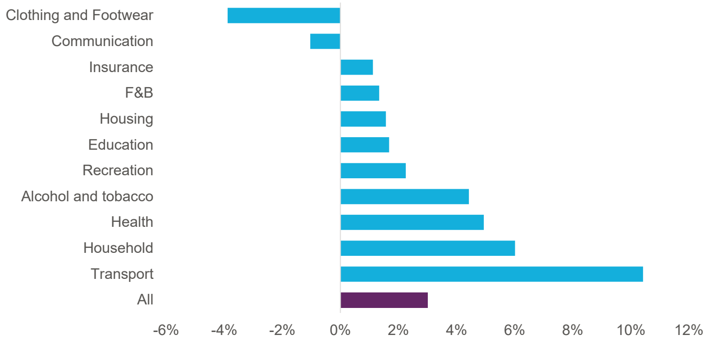
While higher interest rates/bond yields can be a headwind for real estate valuations by increasing the cost of capital, there is a weak relationship between asset pricing and interest rates due to the feedback loop with economic growth. Expected inflation is linked to rising bond yields, however, it can also lead to faster rent growth through stronger occupier markets, by pushing up development costs, or via inflation clauses or turnover clauses in leases (where these exist). For this reason, inflation caused by strong economic growth (demand-pull) will see better outcomes for real estate than one caused by supply chain constraints (cost-push). There is evidence of both demand-pull and cost-push inflation in the current environment.

In real estate, it is growth in market rent that is the key driver of performance rather than the structure of rent reviews in leases. Figure 6 highlights how real estate performance has benefited during past periods of rising bond yields because of the market rent effect.

There are some other mitigating factors. During the ultra-low-interest rate environment of recent years, discount rates have typically not fallen as far as bond yields. The widening of the implied market risk premium may act as a shock absorber if bond yields increase. It is also possible that interest rates will not need to rise much to reach ‘neutral’ levels given the sensitivity of the Australian household sector to mortgage rates.

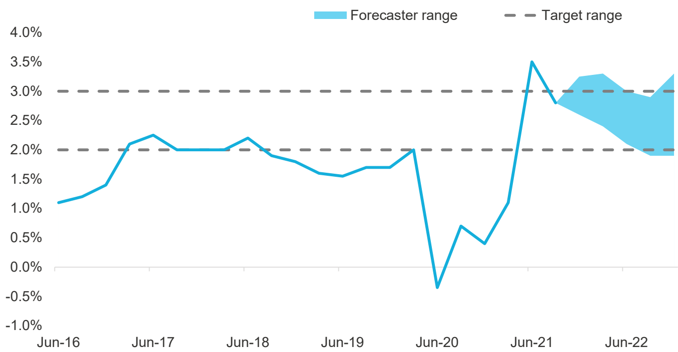
It is true that generally low interest rates may make real estate yields more sensitive to interest rates. However, strong investor demand and high levels of unallocated capital should help support real estate asset values.

Figure 4. Supply chain effects apparent in household and transport components of inflation



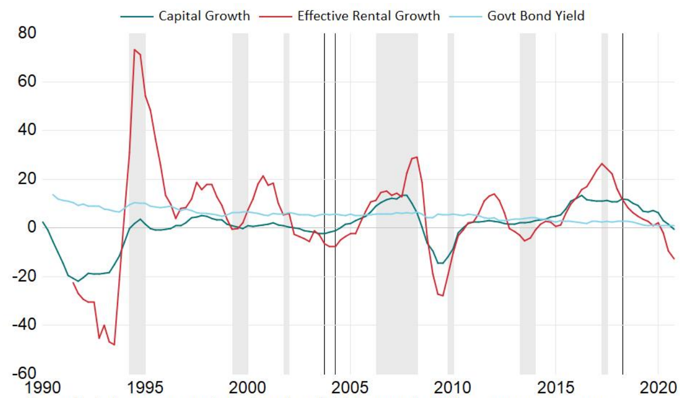
Source: ABS (Q3 2021)

Figure 5. Consensus forecasts for Australian CPI have it returning to the target band, but risks are to the upside



Source: ABS, Bloomberg

Figure 6. Relationship between Sydney office capital growth, effective rental growth and government bond yields



Note: shaded areas are periods where bond yields expanded 25bps or more over a year.

Source: JLL, MSCI, RBA, Dexus Research

Performance and transactions

Real estate performed well in 2021

Both listed and unlisted real estate performed well in 2021. Australian listed real estate finished the year strongly with the ASX 200 A-REIT index (+8.9%) outperforming the ASX S&P 200 index (+1.5%) in the latter half of the year, as equities felt the effects of Omicron and a slide in the mining sector. REITs outperformed due to the strong performance by industrial REITs and fund managers. Retail REITs also saw an improvement.

Unlisted fund continued to strengthen, helped by firming valuations. Of the 13.1% return in the year to December, 4.4 percentage points was income return and 8.4 percentage points capital gain. Industrial funds have significantly outperformed the other sectors over the past year, followed by diversified and office funds.

The transaction market finished the calendar year with a record high deal volume of $46bn, with office transactions increasing towards the back half of the year. Over the quarter, Dexus and its partners capitalised on the growing domestic and foreign demand for exposure to the Sydney CBD. Dexus received proceeds from the sale of a 50% stake in Grosvenor Place for $925m and exchanged contracts for the sale of 383 Kent Street and 309-321 Kent Street.

Industrial transactions showed little sign of slowing down with yearly volumes pushing to a record $18bn. Airport land continues to be sought-after with LOGOS purchasing Qantas's Sydney Industrial Portfolio for $800m. Dexus remained active with the purchase of 12 Church Street, Moorebank with plans for a multi-unit last mile estate. Blackstone also secured a stake in the Dexus Australian Logistics Trust by acquiring GIC's 49% interest for $2.1bn.

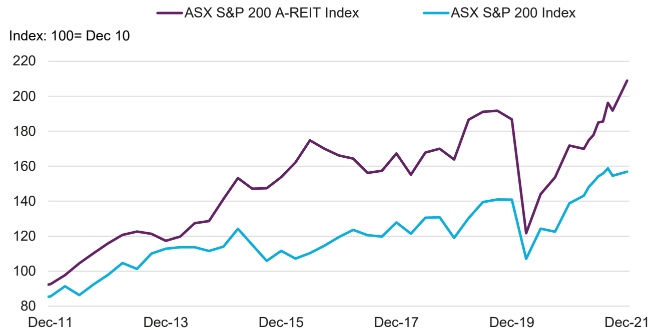
Investors are becoming more interested in shopping centres with retail transaction volumes surging over the quarter and finishing the calendar year at double the prior year .Investor interest is improving due to better relative yields and a promised end to COVID lockdowns. Location and tenancy mix far outweigh the type of asset regarding performance. Dexus Wholesale Property Fund increased its stake in Warringah Mall for $410m.

Table 2. Index returns to December 2021

	Qtr.%	1 yr %p.a.	3 yr %p.a.
A-REITs[5]	10.1	26.1	12.8
Australian shares[2]	2.1	17.2	13.6
Unlisted property[4]	4.7	13.1	5.6
Australian cash[3]	0.0	0.0	0.6
Australian fixed interest[1]	-1.5	-2.9	2.9

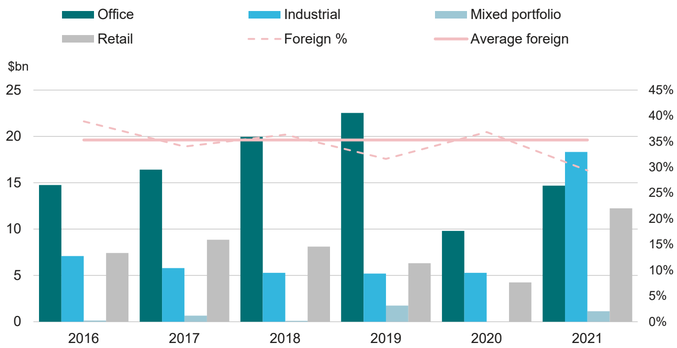
Source: [1]BACM0 Index, [2]S&P/ASX.200. Accumulation Index, [3]BAUBIL Index, [4]MSCI Mercer Australian Core Wholesale Monthly PFI (NAV Pre Fee) – All Funds, [5]S&P/ASX.200.A-REIT Accumulation Index

Figure 7. Divergence between indexes as the A-REIT index soars



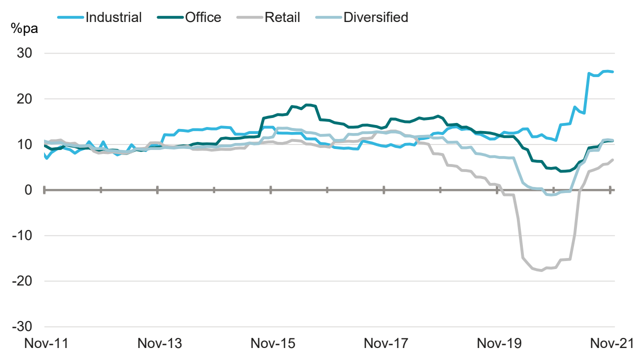
Source: Bloomberg, Dexus Research

Figure 8. Demand for office assets turns more positive in the back half of 2021



Source: JLL Research, Dexus Research

Figure 9. Fund index returns cool off after a strong year recovery and growth



Source: MSCI, Dexus Research

Office

Office outlook appears to be improving

Australia's CBD office markets improved in the latter half of 2021 after a difficult period. Business confidence, an important lead indicator for office markets, was positive in December. Professional job advertisements, an indicator of corporate hiring intentions, continued to rise in November (up 2.6% on the previous month) and white collar employment growth is positive. Net absorption in Australia's four major CBDs has been positive for the past three quarters (Figure 10).

Vacancy rates remained largely stable in Q4 2021, with falls recorded Brisbane CBD, North Sydney, Parramatta and Sydney CBD (mainly due to stock withdrawals). In the Sydney CBD, while there were some expansions, demand was driven by smaller firms, with some larger firms offering up sub-lease space. In Melbourne, sub-lease vacancy rose further to 3.7% of stock. Recent leasing deals show that flexibility clauses are more common, providing companies with some ability to increase or decrease their footprint as their future requirements change.

Uncertainty around changing COVID-19 rules is now being cited as the major reason for companies delaying a return to the physical office, with the latest Omicron strain of the virus delaying return-to-office dates until at least February 2022. Longer-term structural questions about office demand in a more flexible working environment are yet to be definitively answered. While flexibility will remain popular, the nature of individual hybrid working models is still being evaluated by companies. Interestingly, while there has been a 95% rise in the number online job advertisements explicitly offering working from home arrangements, the total number of these jobs is still less than 6% of the total.

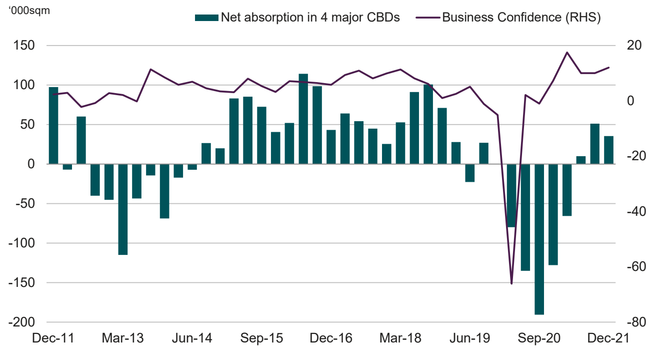
It appears that rent growth may be turning the corner in CBD markets (except for Brisbane), with incentives stabilising. Yields remained relatively stable in Q4 2021.

Table 3. Q4 2021 office snapshot

	Total Vacancy	Rent growth* (% p.a.)	Increase in stock to 2024**
Sydney CBD	12.5%	0.7%	6.9%
North Sydney	17.3%	-0.9%	9.7%
Sydney Fringe	10.4%	3.1%	3.1%
Macquarie Park	12.8%	0.6%	5.9%
Parramatta	12.1%	-1.3%	17.8%
SOP / Rhodes	20.0%	0.0%	13.6%
Melbourne CBD	15.0%	-0.7%	8.7%
Brisbane CBD	15.5%	-1.8%	5.4%
Perth CBD	19.1%	0.0%	13.7%

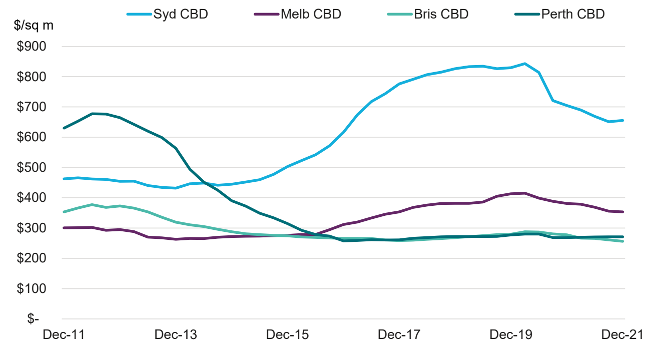
Source: JLL Research, Dexus *Net effective, **estimate as a % of stock

Figure 10. CBD office net absorption continues its positive trend in line with business confidence



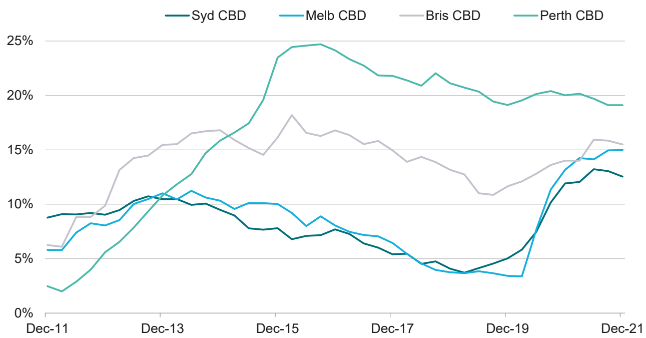
Source: JLL Research, ABS, Dexus Research.

Figure 11. Face rents appear to be holding, with incentives appearing to stabilise in key office markets



Source: ANZ

Figure 12. Vacancy rates fall in Sydney and stabilise in other CBD markets



Source: JLL Research, Dexus Research

Office market wrap

Market	Comments	Direction of trend for next 12 months
Sydney CBD	**Sydney CBD appears to be turning the corner as incentives stabilise.** Prime incentives remained stable at 34% in Q4 2021, while net face rents grew 1.2%, leading to effective growth of 0.7%. The total vacancy rate fell to 12.5%, though this was largely due to withdrawal of stock. While expansions were evident, led by Amazon (25,346 square metres) and NSW Government (8,000 square metres), extra sub-lease space was offered by some larger organisations, like Westpac (6,722 square metres) and WeWork (6,498 square metres). Annual net absorption was positive at 29,700 square metres. Yields were stable in Q4 2021, although a number of transactions in the first quarter of 2022 are expected to drive them lower.	Vacancy ↓ Rents → Incentives → Yields ↓
North Sydney	**Relocations drove positive tenant take-up, driving vacancy rates lower.** The total vacancy rate fell to 17.3% as a number of occupiers moved into the market from suburban markets in Sydney including Macquarie Park. The sizeable supply pipeline expected to be delivered over the next 5 years (more than 35% of total stock) is expected to slow the market recovery, with secondary and lower A Grade stock being at risk of losing tenants to better quality buildings. While net face rents grew 3.8% in 2021, competitive leasing deals saw incentives remain elevated at 35%, leading to effective rents falling by 7.3%. Prime investment yields remained stable in the latter half of 2021.	Vacancy → Rents → Incentives → Yields ↓
Parramatta	**Pre-leasing activity is driving positive net absorption but supply likely to be an ongoing issue.** Parramatta's vacancy rate fell 80 basis points to 12.1%, on the back of pre-leasing activity. Several leases in existing buildings were also recorded (15,400 square metres), mainly in better quality stock. The elevated supply pipeline means that rent growth is likely to be challenged going forward. Prime net effective rents fell further in Q4 2021 (-1.3%), with a fall of 10.4% over calendar 2021. Ongoing development activity over the next 5 years is likely to further exacerbate an already distinctly two-tiered market, with newly built stock likely to attract a sizable rent premium over existing lower quality stock. Prime investment yields remained stable over Q4 2021.	Vacancy ↑ Rents ↓ Incentives ↑ Yields →
Sydney Olympic Park/Rhodes	**Market feeling the effects of COVID-19 through slower demand.** Net absorption across the two precincts totalled 14,960 square metres over the past year, helped by leases from NSW ambulance (17,000 square metres) and NSW Health (for the Sydney Olympic Park Vaccination Centre). However, moves out of the market by Commonwealth Bank and Link Market Services reduced the net demand. The vacancy rate fell slightly to 20.0%. While there is some demand for smaller tenancies the uncertain pandemic conditions are constraining larger deals. There is effectively no supply projected other than the pre-committed Hewlett Packard building in 2024. Face and effective rents remained stable over the year.	Vacancy → Rents → Incentives → Yields →
Melbourne CBD	**Vacancy rate remains elevated at 15.0% and the market will take time to recover.** The sub-lease vacancy in Melbourne CBD remained elevated at 3.7%, leaving the total vacancy rate unchanged from the previous quarter, as occupier sentiment affected by the underperformance of the Victorian economy after ongoing lockdowns in 2020 and 2021. Net absorption in the Melbourne CBD was positive at 12,708 square metres in Q4 2021. The supply pipeline remains elevated, with recent completions making it the largest market nationally for the first time. Prime incentives remained at elevated levels (38%), with net effective rents falling by 7.3% over 2021. Prime investment yields stayed flat at 4.8% in the December quarter.	Vacancy ↑ Rents → Incentives → Yields →
Brisbane CBD	**Risk of planned new supply is likely to keep rental growth expectations muted.** The total vacancy rate in Brisbane CBD fell 30 basis points to 15.5%. Net absorption was 11,770 square metres in Q4 and 8000 square metres in 2021. Although net face rents rose marginally (0.7%), prime incentives rose further to 43%. Rising incentives tempered effective growth with effective rents contracting 7.8% in 2020. Like other markets, a lack of transaction activity saw prime investment yields hold over 2021. After a long period of weakness, market recovery still seems some way off and the risk of planned new supply is likely to keep rental growth expectations muted.	Vacancy ↑ Rents ↓ Incentives → Yields →
Perth CBD	**Market relatively slow and stable but has upside given a lack of immediate supply risk.** Vacancy, rents and yields in the Perth CBD remained stable in Q4 2021. Annual net absorption was a subdued 5,915 square metres in 2021 in a generally improving economy. Office occupancy levels are consistently the highest of any CBD market nationally, with the market relatively insulated from the impacts of COVID-19 by border restrictions. Face and effective rents held steady in the December quarter. A considerable state budget surplus in conjunction with a strong resources sector and a limited supply pipeline offer green shoots for the long-ailing market.	Vacancy ↓ Rents ↑ Incentives ↓ Yields ↓

Industrial

Momentum likely to carry into 2022

The Australian industrial market continues to be the success story in what has been another roller coaster year. Demand for industrial space almost doubled over the 2021 calendar year nationally, with growth concentrated in Sydney and Melbourne. The growth was attributable to logistics firms and retailers investing in extra distribution space to cater for last mile fulfilment as well as the need to house extra inventory to protect against shortages. Although identified ecommerce related take-up was slightly below 2020 levels, much of this demand is being picked up in the logistics sector.

National vacancy continued to fall, hitting a record low of 1.3% according to CBRE, with Sydney the lowest market at 0.4%. The supply constrained markets of Inner West and South Sydney both experienced the strongest rent growth over the quarter with 2.8% and 3.4% respectively. Effective rents are increasing with incentives in the Inner West market falling below 10% compared to 14% last year.

Strong demand and low vacancy combined with a lack of immediately serviceable land is driving up land values. West Melbourne and Outer West Sydney climbed another $100/sqm (2-5ha) over the quarter while East Perth climbed above $400/sqm (1ha) for the first time in six years. While most development is pre-leased, with over 800,000sqm committed over the 2021 calendar year in Outer West Sydney and West Melbourne, speculative development is increasing to take advantage of conditions and seek a premium on rents.

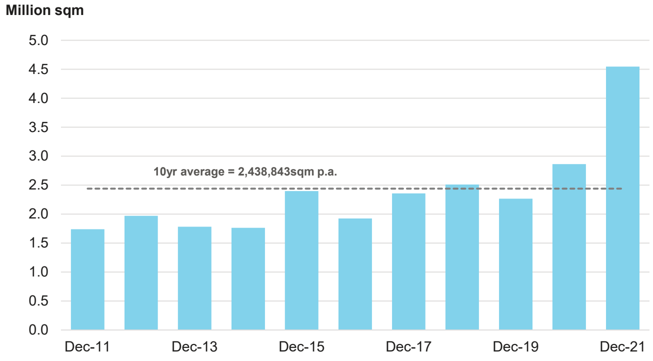
Portfolio sales continue to lead the market resulting in positive revaluations for industrial assets. Blackstone recently purchased a 49% stake representing GIC's interest of the Dexus Australian Logistics Trust for $2.1bn across 77 assets geared towards Sydney and Melbourne. Over the past quarter Outer West Sydney average prime cap rates are estimated to have compressed a further 25bps to 3.38%. Yields also fell in Perth and Brisbane.

Table 4. Industrial snapshot

	Ave prime cap rate change from Q3 2021	Existing prime net face rental growth % p.a.
West Melbourne	-	+13.4%
East Perth	-0.25	+8.5%
South Sydney	-0.19	+5.6%
Outer West Sydney	-0.25	+4.9%
Southern Brisbane	-0.25	+4.7%

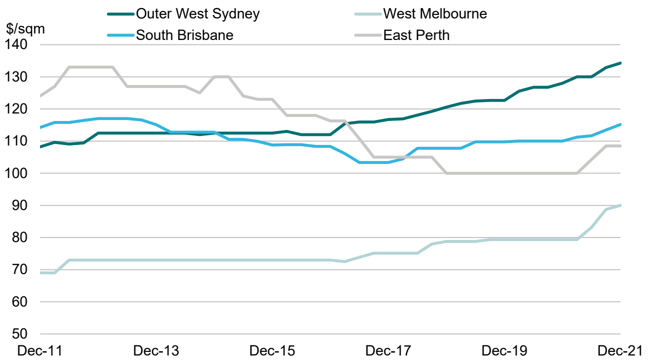
Source: JLL Research, Dexus Research (Dec 21), land values 2-5HA exl Perth (1HA)

Figure 13. National demand hits record levels, running at double the past average rate of take-up



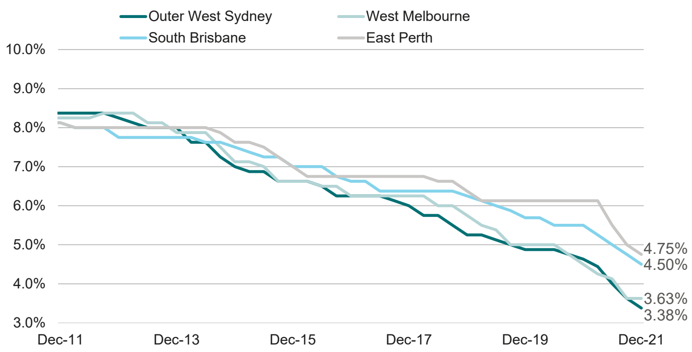
Source: JLL Research, Dexus Research

Figure 14. The Sydney market experienced the largest quarterly change in rent growth



Source: JLL Research, Dexus Research

Figure 15. Average prime cap rates in Outer West Sydney and West Melbourne finished the year below 4%



Source: JLL Research, Dexus Research

Industrial by region

Outer West Sydney

Take-up levels in the Outer West Sydney market finished the year just as strong as they started. A further 154,000sqm was absorbed over the quarter, driving volumes to 1.5 times the rate of the prior calendar year. With vacancy pushing below 1% there has been an increasing need for development. Logistics continues to drive demand for the Outer West Sydney precinct. The majority of the leasing activity over the quarter came from the emerging Kemps Creek precinct. Goodman signed two pre-leases including Australia Post (46,000sqm) in Oakdale West and Yusen Logistics (15,000sqm) in Oakdale South.

West Melbourne

West Melbourne finished a massive calendar year for leasing with 1.1 million square metres absorbed accounting for 59% of the state's activity. Over the past year the West has enjoyed a lot of attention from ecommerce related retailers, accounting for nearly a quarter of national demand. The precinct offers modern stock with affordable rents and a positive clustering effect for users. At the same time the area has seen growing interest from manufacturers. Over the quarter around 40,000sqm of manufacturing space was pre-leased/leased including the likes of furniture manufacturer, Krost Furniture.

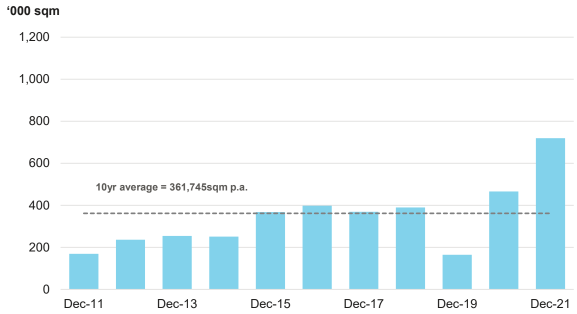
Brisbane

Brisbane finished the calendar year as a tale of two markets. Take-up volumes in the South accounted for three quarters of the state's demand while the Trade Coast finished broadly in line with the prior year. The final quarter of the year saw an influx of manufacturing related take-up including Forest One, taking up 10,000sqm within Charter Hall's Motorway Industrial Park and Pope Packaging within Stockland's Willawong DC. However, retailers have accounted for most of the demand (c. 40%) in the South over the past year. The Trade Coast continues to be tightly held however the newly announced BNE Auto Mall within the Airport has begun to attract new tenancies to the precinct including motor vehicle parts retailer Eagers Automotive taking up 14,000sqm.

Perth

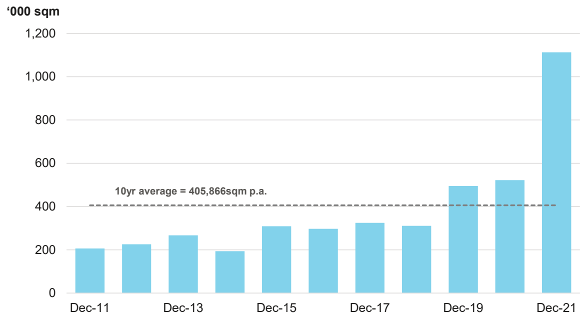
Take-up within the Perth industrial market climbed to a record for the calendar year, following strong levels of demand within the South. A limited amount of quality, prime grade assets (c. 1.8%) prime vacancy) had previously been an issue for the South, however the recent purchase of Jandakot Airport by Dexus/DXI will likely bolster development activity. Over the quarter pureplay online retailer Amazon leased 20,000sqm within the airport precinct, while Tyremax leased 9,800sqm representing a diverse leasing pool.

Figure 16. Outer West Sydney gross take-up



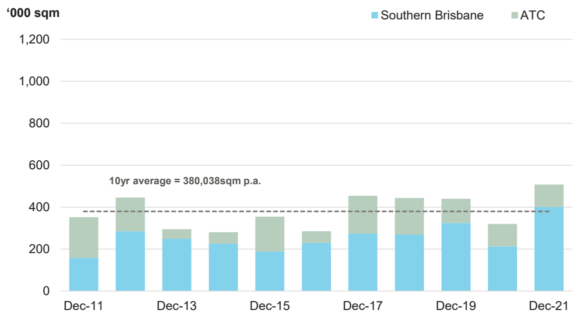
Source: JLL Research (gross take-up), Dexus Research.

Figure 17. West Melbourne gross take-up



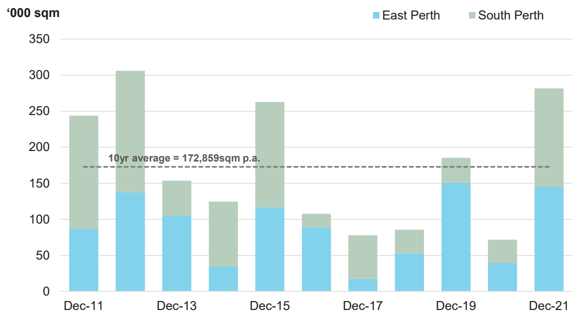
Source: JLL Research (gross take-up), Dexus Research.

Figure 18. South Brisbane and ATC gross take-up



Source: JLL Research (gross take-up), Dexus Research

Figure 19. East and South Perth gross take-up



Source: JLL Research (gross take-up), Dexus Research

Retail

Retail spending

Retail spending recovered strongly following the Q3 2021 lockdown with national turnover rising 5.8% in the year to November. Strong Black Friday sales and improved consumer sentiment supported the sector. Since then, a surge in Omicron case numbers, and a natural decline in mobility has affected spending, with cafés, restaurants and leisure CBD locations most affected. Anecdotally, sales over the Christmas period were similar to last year.

While the Omicron surge is likely to affect discretionary spending in the short term, the long-term view remains positive. The latest ABS sales data (Figures 19 & 20) showed robust growth in discretionary categories like clothing, household goods, department stores and cafes following the last lockdown. Consequently, discretionary spending is expected to outperform non-discretionary over the course of 2022.

The improving outlook for discretionary spending and reduced probability of further lockdowns given Australia's high vaccination rate bodes well for the fortunes of larger shopping centres over the next year after a period of underperformance. In the recent past, smaller centres anchored by supermarkets have performed best, given their reliance on non-discretionary spending (Figure 21). Sales should also be supported by employment growth and an enlarged pool of household savings.

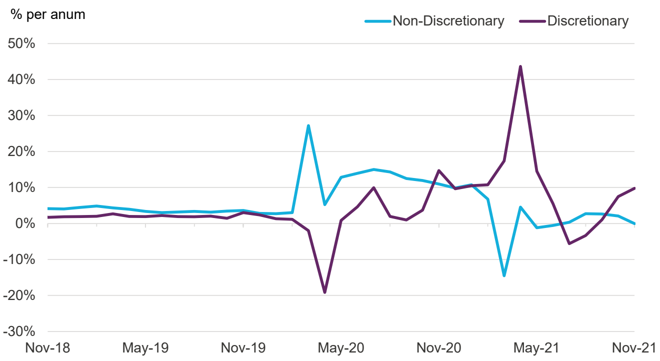
City retail remains challenged given the pandemic's effects on CBD locations and the number of store closures. Subdued conditions seem likely to continue over the next few months as it will take time for office workers to return to the 70%-80% of workplace capacity prior to the latest lockdowns. However, 2022 should be a year of upside from a low base as office workers, tourists and university students slowly return.

Table 5. Retail snapshot

	Specialty rent growth % p.a.	Cap rate chge from Q3 (ppts)	State sales growth % p.a.
Sydney			-0.3%
Regional	-4.7%	-	
Sub-regional	-0.8%	-	
Neighbourhood	-0.4%	-12	
Melbourne			10.3%
Regional	-4.9%	-	
Sub-regional	-0.6%	-	
Neighbourhood	-0.8%	-26	
SE QLD			4.7%
Regional	-1.9%	-	
Sub-regional	-0.4%	-	
Neighbourhood	+0.1%	-	

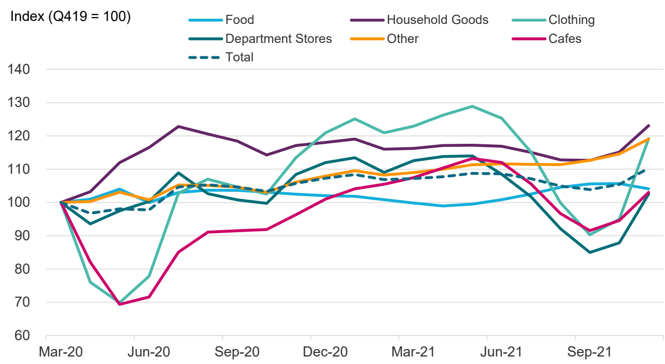
Source: JLL Research, Dexus Research (December 2021)

Figure 19. Discretionary spending is recovering while non-discretionary spending remains positive



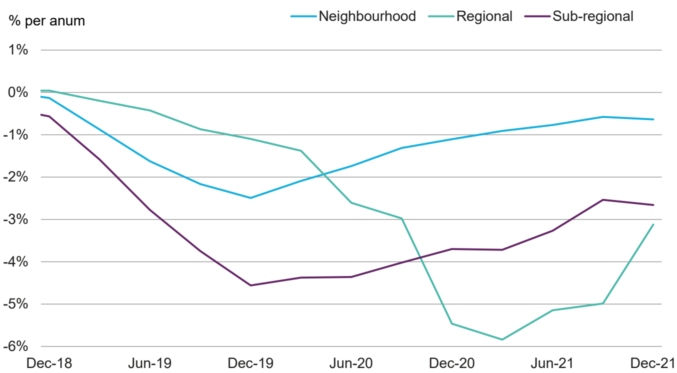
Source: ABS, Dexus Research

Figure 20. Retail trade has been volatile throughout the pandemic, particularly in discretionary categories



Source: ABS, Dexus Research

Figure 21. Market rents have been more resilient on average in neighbourhood centres than larger centres



Source: JLL, Dexus Research.

Healthcare

Healthcare sector resilient through pandemic

Healthcare operators are experiencing pressures from the Omicron outbreak via unpredictable activity levels and staffing challenges. However, real estate investors are largely protected from this short-term uncertainty due to the nature of their lease arrangements with operators.

While public hospitals are experiencing rising COVID-19 admissions, private hospitals and specialist services are also affected, being likely to face restrictions on elective surgeries in the short term. Medical practices are experiencing high demand and a switch back to telehealth. Pathology have experienced a boom in demand for PCR tests, although this pressure should ease as rapid antigen tests become more widely adopted and accepted.

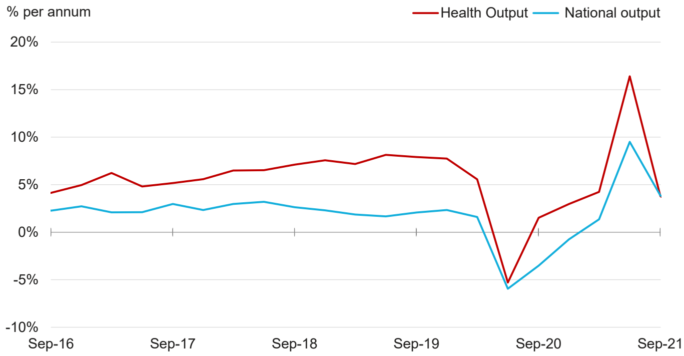
Investors can take a number of positives from the current situation. These are that large parts of the health sector are running at capacity (rather than being oversupplied) and the sector has grown at a faster rate than the whole economy during the pandemic.

Investor interest in healthcare real estate continues to firm as both listed and unlisted institutional investors increase their exposure. Transaction volumes have steadily risen in recent years. A degree of uncertainty about the inflation outlook in recent months has further increased the attractiveness of the natural inflation-hedging nature of some healthcare leases (which are often triple-net leases with CPI+ reviews).

Increasing liquidity and the perception of a more reliable growth outlook than other sectors has led to the adoption of generally lower return expectations. With risk premiums falling in recent years, discount rates have fallen to similar levels as the traditional real estate sectors (see figure 24). These trends have led to significant capital gain and lower income yields. Returns for healthcare have been attractive relative to other sectors through the pandemic.

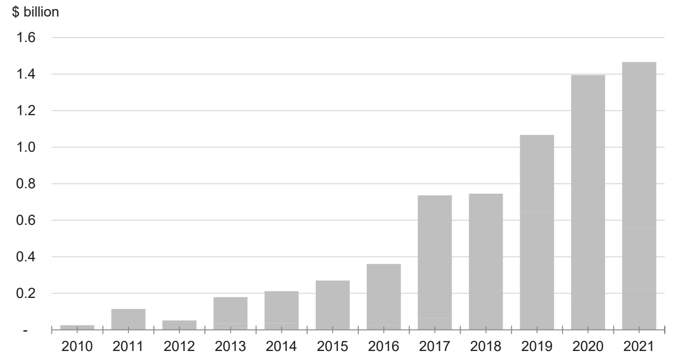
Major healthcare managers like Dexus, Australian Unity and Northwest are seeking to enhance returns by focusing on the development of medical precincts, following similar trends in more established markets like the US and the UK. Partnerships with the government and education sectors are also increasing. Most recently, UNSW received development approval for the UNSW Health Translation Hub, which will result in a 35,600 square metre clinical health, education and research building delivered by 2025.

Figure 22. Health output consistently growing faster than the national average, including during the pandemic



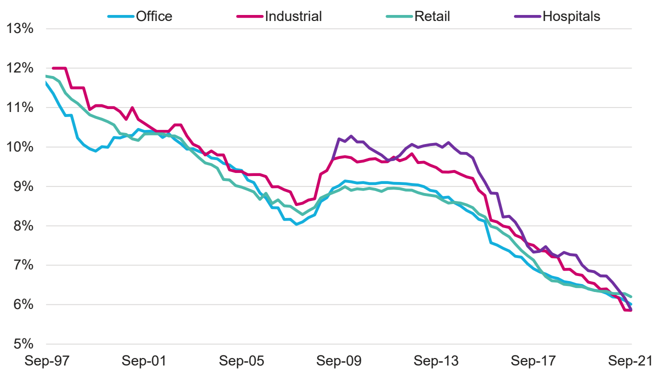
Source: DAE

Figure 23. Healthcare transaction volumes have increased over time, reflecting greater investor participation



Source: Real Capital Analytics (excludes corporate transactions)

Figure 24. Discount rates for healthcare fall, reflecting higher liquidity and lower risk premiums



Source: MSCI, Dexus Research

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