

# European property a missed opportunity: JP Morgan



Cities like Birmingham offer opportunities for Australian institutional investors. Visit Britain



by [Larry Schlesinger](#)

Europe's recovering commercial property market presents better investment opportunities for Australian superannuation funds, than competing with cashed-up offshore buyers for a limited pool of domestic assets, according to the head of JP Morgan's European Property Fund.

"The case needs to be made that staying home and investing only domestically is probably not the best thing in this point in the cycle," UK-based Chester Barnes told the Atchison Consultants Global Real Estate Forum in Melbourne.

Mr Barnes presented a slide showing that over the past two years, Australian institutions have invested just \$1.4 billion in direct European property, ranking the country a lowly eighth in the Asia Pacific, tied with Thailand, despite having the fourth biggest pool of superannuation money in the world.

"We argue that now is a good time to be buying real estate in Europe," he said.

"As the European economy continues to recover, we expect better jobs growth to come through and rental value to [eventually] start rising.

"Europe is also less competitive, whereas in Australia there is a \$1.20 of funds chasing every dollar of real estate investment."

Mr Barnes said JP Morgan favoured the core asset classes of office, retail and industrial with a focus on outer central London, the top two or three cities in the United Kingdom, Paris and Lyon in France and about six key cities in Germany.

"We like good quality assets in good locations – not the trophy assets – that appeal to occupiers and can deliver decent high single digit returns."