Real Estate in Asian Pension Funds

Professor Graeme Newell of the School of Economics and Finance has been investigating the level of real estate held in pension funds in Asia. This research is funded by the Asia Pacific Real Estate Association (APREA).

‘Real estate as an investment in pension funds is important in many countries,’ says Professor Newell. ‘However, while Asia has some of the world’s largest pension funds, real estate is not significantly included in most pension fund portfolios and is often considered a relatively new asset class. As Asian economies mature and the population ages, pension funds will become increasingly important and real estate needs to be seen as an appropriate long-term asset class to be more actively included in investment strategies. This project will identify the existing levels of real estate in Asian pension funds and determine the drivers for pension fund reform, including identification of effective strategies to increase the interaction between the property industry and Asian pension funds.’

Pension fund websites and associated resources and reports will be analysed, as well as identifying key issues in Asia real estate pension fund investment strategies for increased levels of real estate in their portfolios. A number of Asian pension funds including South Korea’s National Pension Scheme and Malaysia’s Employees Provident Fund have recently significantly increased the level of real estate in their portfolios; other pension funds are also likely to do so in the near future.

As Asian populations age, pension funds will become increasingly important and real estate needs to be seen as an appropriate long-term asset class to be more actively included in investment strategies for the benefit of the wealth and lifestyle of retirees and their families in Asia.

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