Quarterly Property Report

DECEMBER 2021

Introduction

Welcome to the latest edition of Banner Asset Management's Quarterly Property Report.

At the time of writing, residential house prices are continuing to rise, but are slowing from the record pace in 2021,[1] while rents are accelerating. Record low interest rates continue to support demand with the Reserve Bank of Australia leaving rates unchanged at its February board meeting, the first of the year.

The Australian economy contracted by 1.9% in the September quarter of 2021 as Australia's East Coast went into lockdown to battle the Delta variant of COVID-19. Eastern seaboard states began reopening in October and avoided further lockdowns as the more infectious but less deadly Omicron variant spread through the country.

Consumer confidence hit a 30 year low in January as the Omicron wave disrupted plans for tourism, hospitality and entertainment during the usually relaxed holiday period.

Higher transmission rates for Omicron forced thousands of workers into isolation – albeit for a shorter period – disrupting supply chains and workforces, while mask mandates for indoor settings deterred a return to the office.

Economic growth is expected to again rebound strongly as federal and state governments try to adapt the country to a new normal and live with COVID-19. The RBA said its central forecast was for economic growth of 4.25% in 2022.[2] Strong unemployment and inflation readings taken before the Omicron wave supported expectations for growth in 2022. "The Omicron variant has affected the economy, but it has not derailed the economic recovery," Governor Philip Lowe said in the February Monetary Policy Statement.

The RBA has however ended a bond buying program that was designed to pump liquidity into the economy through the pandemic and had expanded its balance sheet three-fold to $640 billion.[3]

Residential property prices rose 22.1% for 2021[4] but with growth slowing in the latter part of the year following regulatory action to increase mortgage repayment buffers and increased numbers of properties coming to market. Industrial property remains the best performing sector of the commercial real estate market, driven by the remaking of supply chains, an influx of offshore institutional investment and a shortage of speculative supply. Office and retail markets have remained resilient in the face of serial disruption to economic activity.

In our Spotlight section this quarter, we look at the prospects for 2022 and the factors driving them.

We hope you find these insights useful.

1 CoreLogic Home Property Value Index Monthly Indices – Sydney, Melbourne, Brisbane, Perth, Adelaide, Darwin, Canberra & Hobart
2 Statement by Philip Lowe, Governor: Monetary Policy Decision | Media Releases | RBA
3 Statement by Philip Lowe, Governor: Monetary Policy Decision | Media Releases | RBA
4 PowerPoint Presentation (corelogic.com.au)

Economic update

GDP fell by 1.9% in Q3, following a rise of 0.7% in Q2 2022.

The unemployment rate fell to 4.2% in December, from 4.6% in November.

The RBA kept its target cash rate at a record low of 0.1% in February.

Australia's population grew by 0.2% in the year through June, from 0.1% in the year through March.

Source: Australian Bureau of Statistics, Reserve Bank of Australia

Australia's economy contracted in the September quarter for the second time since the COVID-19 pandemic began. The 1.9% fall in GDP was driven by a sharp contraction in private demand, partly offset by continuing strong public demand. Household spending fell, driven by lower spending on services, hotels, cafes and restaurants, recreation and culture.[5]

Dwelling investment slowed to growth of 0.1% while non-dwelling construction rose 3.9% and made the largest positive contribution to fixed capital formation at 0.2%. Dwelling approvals rose 3.6% in November but remain 7.7% below levels a year earlier.[6]

The unemployment rate was 4.2% in December, down 0.4% from November and the second consecutive monthly fall, with labour shortages showing up in pockets of the economy as international borders remained closed.[7] The number of people with jobs increased by 366,100, while the number of unemployed people fell by 69,400. The underemployment rate fell by 2 percentage points to 7.5% and the participation rate rose to 66.1% from 64.3%.

Australia's east coast economies and most populous states, Queensland, New South Wales and Victoria abandoned lockdowns as the primary measure to fight the spread of the Omicron variant as adult vaccination rates rose to well above 90%. Those economies had been emerging from lockdowns enacted to combat the earlier Delta strain.

Higher infection rates of the less deadly Omicron variant have, however, resulted in large numbers of people being required to isolate for shorter periods, disrupting supply chains and knocking consumer confidence at a usually optimistic time of the year. Most interstate and some international travel restrictions were lifted for vaccinated residents over the summer but there is still no clear path to restoring international student, tourist and seasonal worker numbers that have been important to economic activity and population growth.

5 Australian National Accounts: National Income, Expenditure and Product, September 2021 | Australian Bureau of Statistics (abs.gov.au)
6 Building Approvals, Australia, November 2021 | Australian Bureau of Statistics (abs.gov.au)
7 Labour Force, Australia, November 2021 | Australian Bureau of Statistics (abs.gov.au)

IMF forecasts continued recovery

The International Monetary fund has forecast global economic recovery to continue in 2022 but at a slower rate. Growth is expected to run at 4.4% in 2022, down from 5.9% in 2021 as the economy deals with higher inflation, supply chain disruptions and the higher caseloads of Omicron infections.[8]
The 2022 forecast was cut by half a percentage point from 4.9% in October because of downgrades for the world's two biggest economies. In the US, the IMF expects smaller fiscal and monetary stimulus and continued supply chain disruptions to hamper growth. In China it expects growth to be slowed by protracted financial stress among property developers and supply-chain disruptions from pursuing a zero-COVID policy.

Australian growth forecast upgraded

Investment banks have forecast a strong recovery for the Australian economy following the end of lockdowns in all but Western Australia. UBS economists expect economic growth of 5% in 2022. Morgan Stanley economists upgraded their 2022 GDP growth forecast to 4.9% on expectations that both corporates and consumers will take advantage of eased restrictions.[9] Tight labour market conditions combined with the release of savings built up during lockdown are expected to support economic growth. Morgan Stanley said both major political parties would likely propose deficit-expanding policies in the run up to an election due by May and it expects international border restrictions to be eased to restore net migration through the year.

Inflation risks rising

Inflation remains a risk. Australian Bureau of Statistics data for the December quarter showed housing and fuel costs driving prices at a stronger-than-expected 0.8 % clip, translating to an annual headline rate of 3.5%. While that is above the RBA's target band of 2-3%, the bank's preferred measure – the trimmed mean– was 2.6% and within the target band.

"While inflation has picked up, it is too early to conclude that it is sustainably within the target band," Governor Philip Lowe said in February when announcing the rates decision. "There are uncertainties about how persistent the pick-up in inflation will be as supply-side problems are resolved. Wages growth also remains modest and it is likely to be some time yet before aggregate wages growth is at a rate consistent with inflation being sustainably at target. The Board is prepared to be patient as it monitors how the various factors affecting inflation in Australia evolve."

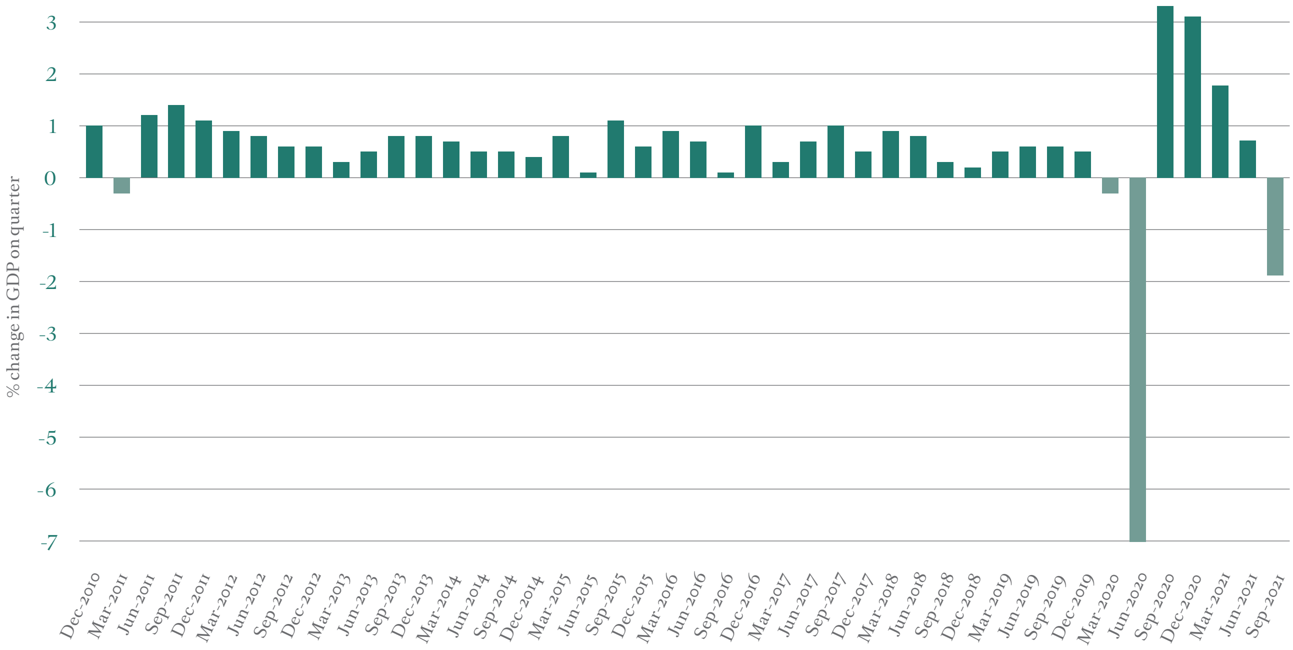
US Federal Reserve signals March rise

In the US, Federal Reserve Governor Jerome Powell said in late January that the bank was on track to raise rates in March in response to inflation running at multi-decade highs. Economists expect any US move would pressure other countries to follow. Central banks were also expected to wind down or cease bond buying programs that have pumped trillions of dollars into their domestic economies and global financial markets as they try to rein in inflation.

8 World Economic Outlook Update, January 2022: Rising Caseloads, A Disrupted Recovery, and Higher Inflation (imf.org)
9 Morgan Stanley economics

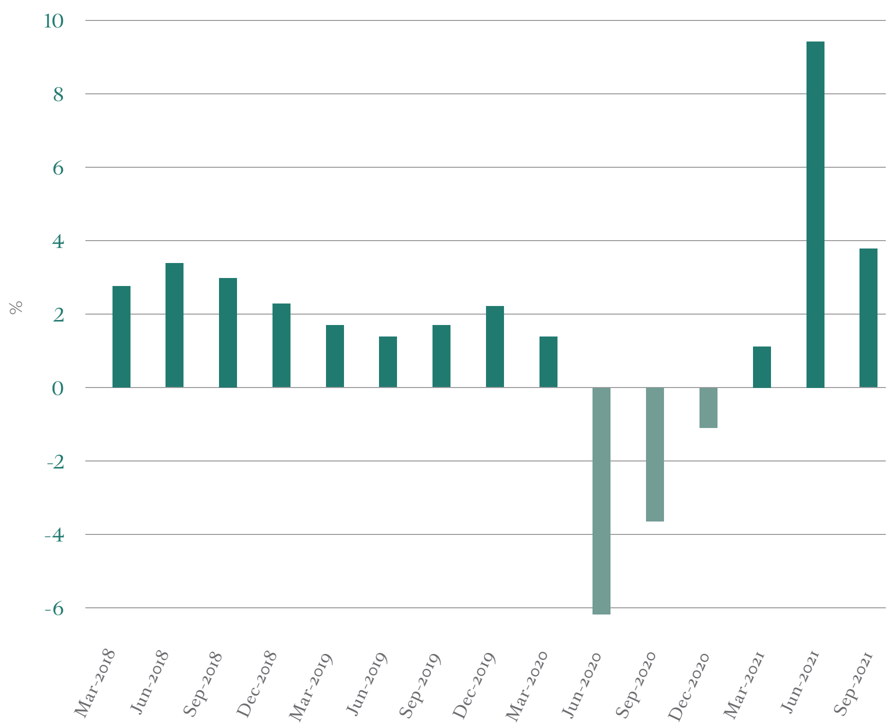
QUARTERLY GDP DIPS ON DELTA OUTBREAK

Source: ABS



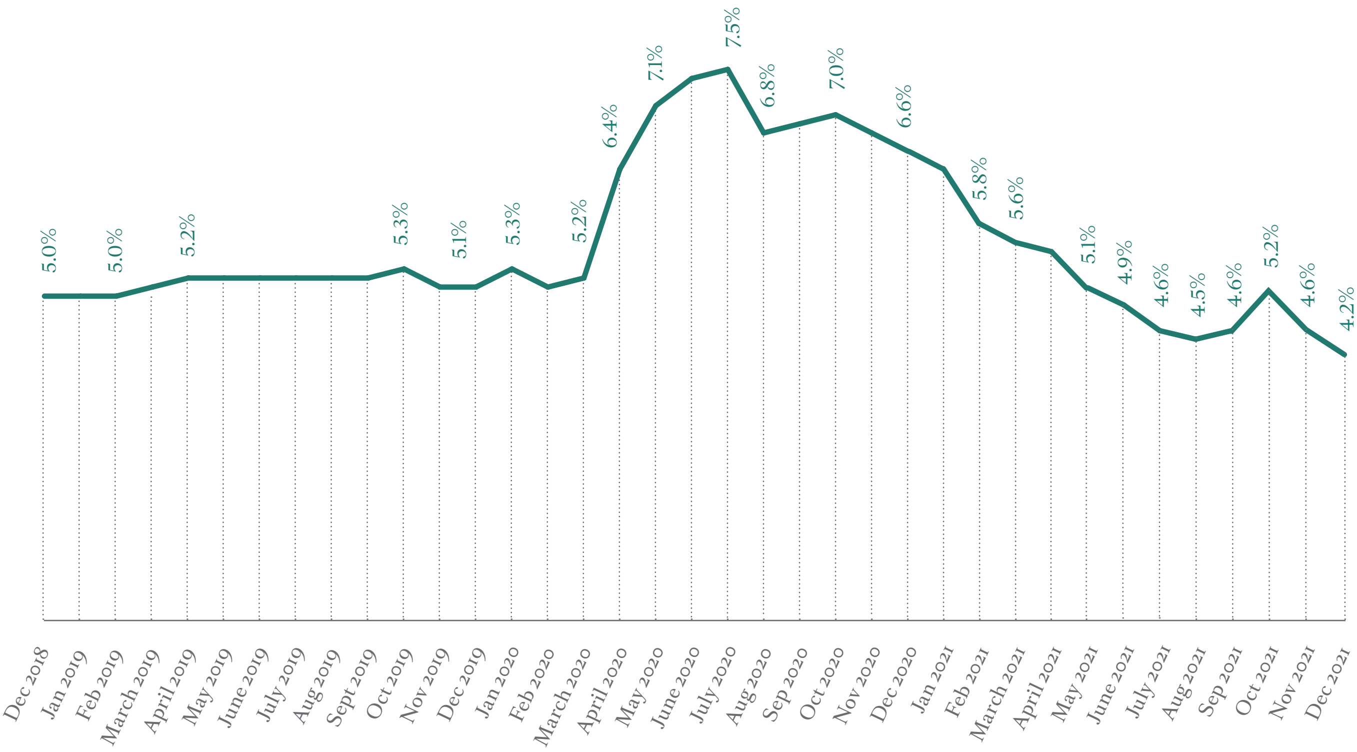
ANNUAL GDP GROWTH EASES

Source: ABS



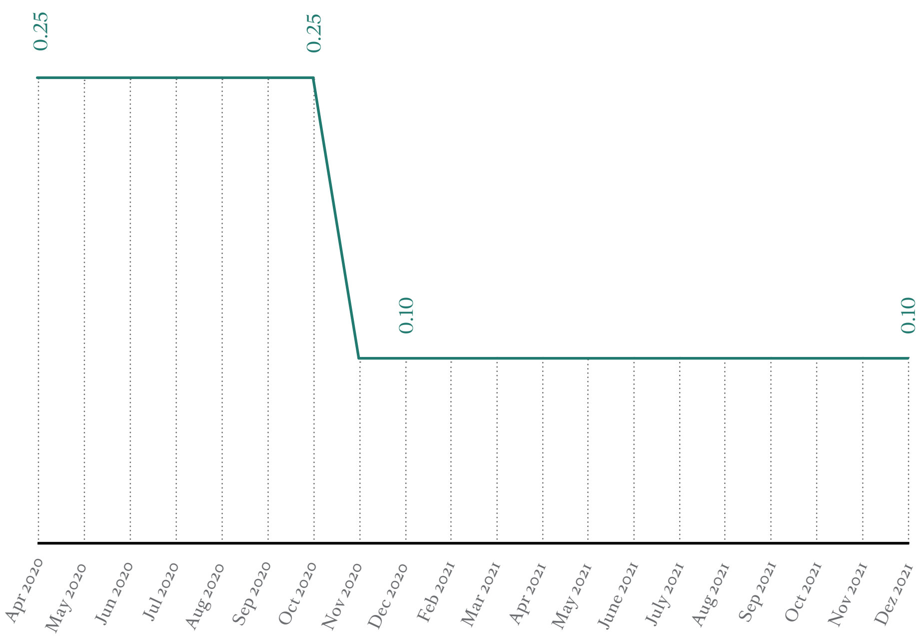
UNEMPLOYMENT RATE FALLS TO PRE-GFC LEVEL

Source: ABS



RBA CASH RATE TARGET

Source: ABS



Residential

Australian residential property prices rose through the December quarter, but at a slower pace than previously, as the East coast began to emerge from COVID-19 lockdowns. House prices across the country rose an average 22.1% for the 12 months to December, down from 22.2% in the 12 months to November. In Melbourne, prices fell by 0.1% in December.[10]

With seven of eight capital cities booking double digit growth by the September quarter, Australia was ranked in the top five residential property markets in the world for the first time since 20215, according to Knight Frank.[11]

New listings in the four weeks to December 26 rose to 31,503, a five year high, although total listings remained 24.7% below the five-year average due to stronger sales and lower average days on market. Sales volumes in the 12 months to December rose 44.1% while volumes in the month of December were estimated to be 44.8% above the five-year average at 58,252.

House prices grew at a faster pace than units across the country's five largest capitals – 23.84% versus 12.31% on average in 2022[12]. But apartment prices may rise further as buyers consider alternatives to highly priced houses.

In the December quarter, national home values rose by 3.9%, slowing from 4.8%, in the September quarter.[13] This followed higher listing volumes and increased interest rate buffers introduced by the Australian Prudential Regulation Authority to slow the growth of higher mortgage debt. Regional markets continue to show the strongest gains thanks to improved transport and the increased ease of working from home. Regional dwelling prices were up 6.4% for the quarter and 25.9% for the year against 3.1% and 21% for the combined capital cities.

Rising prices bring a surge of sales activity

Sales volumes surged 44.1% over the year, with 653,009 properties sold worth an estimated $494.6 billion. Sales in December were estimated to be up 44.8% above the monthly average for the past five years as high prices attracted sellers.

Rising clearance rates and fewer days to sell a property have suppressed the total number of properties being advertised at any one time, resulting in total listings falling to 24.7% below the five-year average.

National rent values continued a 12-month unbroken run of increases to be 9.4% higher in December. With properties in short supply, regional values led cities, up 12.1%. With price growth continuing to outstrip rents, however, yields fell to a record low 3.22%. Only Perth and Darwin saw rental yields rise.

Housing finance rose 6.3% in November and was 33.2% higher for the 12 months[14], partially reversing falls in the middle of the year as prices rose. The value of new loans for owner-occupied housing rose 17.2% for the year while investor finance rose 3.8% to a record monthly high of $10.1 billion. Investor finance is up by 86.9% for the 12 months to November and accounts for nearly a third of new mortgage lending.

Average new lending rates for housing held around 2.37% for the end of the year[15] and CoreLogic said the fact they had not moved in three months suggested it could be the bottom of the cycle for rates.

Since November 1, banks have been required by the Australian Prudential Regulation Authority to calculate loan serviceability using a 3% buffer above advertised rates, up from 2.5%, for owner occupier loans. According to APRA, before the new measures were introduced, one in five new owner occupier loans were made with a loan-to-income ratio above six, raising system risk from a rise in interest rates or a fall in house prices.

10 https://www.corelogic.com.au/reports/chart-pack
11 KF_australian-residential-review-q4-2021-8674.pdf
12 CoreLogic Home Property Value Index Monthly Indices – Sydney, Melbourne, Brisbane, Perth, Adelaide, Darwin, Canberra & Hobart
13 PowerPoint Presentation (corelogic.com.au)
14 Lending indicators, November 2021 | Australian Bureau of Statistics (abs.gov.au)
15 The Australian Economy and Financial Markets (rba.gov.au)

DECEMBER MARKET SNAPSHOT

Source: Corelogic, SQM RESEARCH – PROPERTY – RESIDENTIAL VACANCY RATES - MELBOURNE

NATIONAL	SYDNEY	MELBOURNE	BRISBANE
CAPITAL CITY DWELLING PRICES	DWELLING PRICES	DWELLING PRICES	DWELLING PRICES
+3.9% (ON QUARTER)	+2.7% (ON QUARTER)	-0.1% (ON QUARTER)	+8.5% (ON QUARTER)
+22.1% (ON YEAR)	+25.3% (ON YEAR)	+15.1% (ON YEAR)	+27.4% (ON YEAR)
+8.4% CAPITAL CITY RENTS (ON YEAR)	+9.2% RENTS (ON YEAR)	+10.6% RENTS (ON YEAR)	+10.6% RENTS (ON YEAR)
3.0% CAPITAL CITY GROSS RENTAL YIELD	2.6% VACANCY RATE DOWN FROM 2.7% IN SEPTEMBER	3.2% VACANCY RATE DOWN FROM 3.5% IN SEPTEMBER	1.3% VACANCY RATE DOWN FROM 1.4% IN SEPTEMBER

Industrial & Logistics

Continuing strong new supply and development has been unable to satisfy the market for industrial and logistics property, pushing vacancy rates to a record low of 1.3%[16]. As business continue to remake supply chains to meet increased ecommerce demands the market absorbed 2.38 million square metres of new space in the second half of 2021, up 30% from the first half. Transport, warehousing and postal accounted for 36% of the take-up in 2021.

Rents have risen across the country and attracted more institutional money with investors looking to build scale and generate network effects across their portfolios. Several companies also executed sale and lease back of their properties to take advantage of high prices and recycle capital back into their businesses. Yields compressed by 1% according to JLL[17], with new pricing benchmarks set across most areas, including Melbourne West and Sydney Outer Central.

16 Australia Industrial _ Logistics Vacancy 2H21.pdf
17 Australia and New Zealand real estate investment themes for 2022' (jll.com.au)

CAPITAL CITY LEASING SUMMARY

SYDNEY

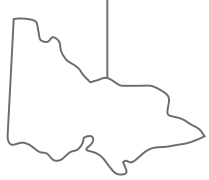
Vacancy levels are at an all-time low of just 0.4% in Sydney thanks to strong demand from existing occupiers and new entrants. A lack of speculative stock heading into the pandemic and strong renewal rates have pushed up rents to around 6%.[18] Gross take-up for the market was 1.4m sqm, well above the long-term average of 928,000sqm. Net absorption was 548,000sqm, with around 90% of occupier movement due to tenant expansion and new market entrants.

18 Australia Industrial _ Logistics Vacancy 2H21.pdf

MELBOURNE

Occupiers took up space faster than new supply could come on in 2021. With vacancy rates falling to just 1.3% rents for super prime assets rose by 4% and prime by 1%. Melbourne represented half the national total gross take-up for 2021. New supply for 2021 of 481,600sqm was double the long-term average but net absorption was 860,000sqm for the second half alone.[19] The North and West saw the biggest drops in vacancy as occupiers were attracted to the lower rental rates on offer. Institutional investors are now backing speculative developments, with a large supply of new space expected in the second half of 2022.

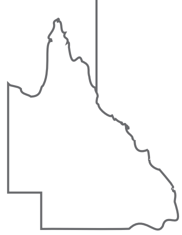
19 Australia Industrial _ Logistics Vacancy 2H21.pdf



BRISBANE

Tenant demand remains below 2019 levels but improved through 2021 with 560,000sqm of positive net absorption. Vacancy levels have dropped 63 basis points to 2.27% by the end of 2021. The South precinct had the highest vacancy rate at 3.3% but also saw the largest take-up with 130,800sqm, 10% above the previous year. Rents are yet to follow the tightening vacancy levels, down 4.7% with higher incentives offsetting a 1.2% rise in face rents.

Hopes for the next 12 months rest on retailers and wholesalers – particularly household goods and building supplies that are geared to the residential property boom.



Office

Disruption from the outbreak of the Omicron variant of COVID-19 has again delayed a return to the office that many employers had been hoping for late in 2021 when rising vaccination rates appeared to offer a way out of lockdowns. Omicron's much higher infection rate created a surge in cases, forcing many more workers to self-isolate, but for shorter periods. Mask mandates for indoor settings including the office have also deterred many from returning to the office.

CBD occupancy levels had been just 4% in Sydney, 6% in Melbourne and 8% in Canberra late in 2021 and a return to higher levels is not expected until later in 2022, as the economy improves. Leasing activity was solid as businesses anticipated a return to normal but tempered by the prospect of ongoing social distancing requirements and the prospect of long-term hybrid working arrangements for much of the workforce.

Vacancies steadied, with 62,900sqm of positive net absorption across CBD markets in the December quarter, three quarters of the tally for the full calendar year, according to JLL research. Incentives have remained high in the east coast capital CBD markets and rents have remained subdued amid new capacity additions.

SYDNEY CBD

Strong gains in employment and financial markets supported leasing activity in the final quarter of 2021, with net positive absorption of 10,800sqm, more than a third of the annual total. Vacancies levelled out at around 12%, according to JLL, and remain around double their pre-Covid levels. Rents have steadied and incentives ranged from 30% to 39%, with the higher incentives in lower grade property where leases were longer.

Cushman & Wakefield said there were solid enquiry levels in Sydney through the December quarter, but that some larger tenants were reassessing their space needs due to ongoing social distancing requirements and the rise in flexible working, dampening the impact of the improved economy on tenant demand.[20]

MELBOURNE CBD

Vacancy rates remain in the mid-to-low teens after nearly 500,000sqm of new space was added to the Melbourne CBD in the past two years, according to Cushman & Wakefield. Inquiries were picking up in the fourth quarter just before the Omicron wave hit and incentives remained steady for a third consecutive quarter, albeit at a relatively high 39% for premium grade space.

Local businesses have been deciding on three and five-year terms, but larger companies have been slower to commit and opting for shorter term extensions as they assess the ongoing impact of the pandemic, according to Cushman & Wakefield.

BRISBANE CBD

Vacancy rates remain in the low-to-mid teens, but with the underlying market buoyed by an expected growth in white-collar workers coming to the CBD during 2021 after a fall in 2020. Just one new project, at 80 Ann St, is due to be delivered in early 2022. Prime gross effective rents were steady for a fourth straight quarter and incentives plateaued at 37.55% to 41% for premium and A-grade space, respectively.

20 Australia--Sydney-CBD-Office-Q4-2021.pdf

Spotlight: 2022 Outlook

Three big issues are set to shape the property markets of Australia for 2022. A decades long era of falling interest rates may be drawing to a close as inflation rises and central banks signal moves to tighten monetary policy. Inflation and rates have a significant bearing on asset prices and returns, as shown by the correction in US and Australian stocks after Federal Reserve chairman Jerome Powell signaled rates could rise in March. At its first meeting of 2022 in February the RBA held rates at the record low of 0.1% and said it was too early to conclude that inflation was sustainably within the 2-3% band used to guide interest rate decisions.[21] However, it did bring forward a decision to end a bond buying program under which it had bought $350 billion of federal, state and local government paper.

Covid-19 continues to overshadow the Australian and global economies, with the prospect that a fresh variant of the disease could again upset plans to return to normal. Infections in Australia increased dramatically during the Omicron wave and while deaths and hospitalisations are higher than the Delta variant, health systems have not been overwhelmed. Policy has shifted from elimination to learning to live with the disease, which will shape work and social habits.

A federal election is due by May with the government facing criticism of its handling of vaccination and testing kits. Morgan Stanley economists expect both major parties to propose deficit-expanding policies that would support broader sentiment. However, Governments have also become aware of the need to rein in deficits blown out by the vast stimulus thrown at the pandemic.

Prospects for an economic rebound to help with that process of budget repair are sound. Australia was not highlighted in a recent International Monetary Fund downgrade of global economic growth and local economist remain more positive about the local economy, with growth forecasts clustered around 5%. The RBA said its central forecast was for GDP growth of 4.25% in 2022.[22] Expectations for a stronger economy in 2022 have been fueled by robust readings for inflation and unemployment that highlighted the ability of the economy to bounce out of the previous Delta-variant lockdowns.

Pent-up demand drives investor interest

Property markets ended the year mixed with residential, and industrial and logistics property in high demand, driven by the continued remaking of pandemic lifestyles including working from home and online shopping. Commercial office and retail have been hardest hit by recurring COVID-19 disruptions which have subdued rents, leasing and vacancies. JLL expects transactions volumes totaled $43 billion for 2021, surpassing the pre-Covid 2019 record after a sharp fall in 2020.

After two years of lockdowns and disruptions, there are predictions that 2022 will be banner year for property in the Asia Pacific as investors unleash pent up demand and back the reopening of economies and international borders. A survey by Colliers found investors looking forward to the return of business activity and travel as an opportunity to make decisions for the medium term.[23] This would see increased cross-border investment and investor backing for speculative projects such as industrial and logistics developments in Australia where demand is outstripping supply in some areas. Investors are also eyeing a recovery in the student accommodation market, which was hard hit by border closures, and retail and hotel properties that were hurt by the pandemic. The continuing growth of the health and medical research sector, which has strong long-term tenancy drivers, has also drawn interest. JLL noted that Australia's strong economy, transparent real estate markets and low return volatility were important drawcards for international investors. The reopening of international borders could push offshore capital sources from 34% market share of transaction volumes in 2021 back towards 40%.[24]

Home market to continue rising

Capital city house price growth is expected to slow from the record pace seen in 2021. Knight Frank expects house price growth of 8% in 2022,[25] down from 22.1% last year as several factors work to subdue the market. CoreLogic data shows house prices rose 1.1% in January.

Affordability has become a key issue following the sharp rise in prices and requirements by regulators for banks to increase the interest rate buffer on new home lending. Those priced out of capital city housing markets are expected to continue to look towards regional areas – where price gains have been higher but from a lower base – and capital city apartments, which have not risen as strongly as houses. Price rises have attracted more sellers and with more

21 Statement by Philip Lowe, Governor: Monetary Policy Decision | Media Releases | RBA
22 Statement by Philip Lowe, Governor: Monetary Policy Decision | Media Releases | RBA
23 Colliers_GCM 2022 Investor Outlook Report Final 06122021.pdf
24 Australia and New Zealand real estate investment themes for 2022' (jll.com.au)
25 KF_australian-residential-review-q4-2021-8674.pdf

properties expected to come to market as interest rates are expected to rise buyers may be reluctant to overcommit. "So, despite Australians continuing to reassess how they live, we've now arrived at the point where many vendors will need to adjust their price expectations in 2022," Knight Frank said.

Supply chain overhaul still driving industrial and logistics

Pandemic-driven changes to work and home habits continue to shape demand for industrial and logistics sites. The retail sector and related transport, postal and warehousing services needed to satisfy increased online shopping helped drive vacancies to record lows across the country. This was despite an above average 1.4m sqm of new space coming to market.[26] Nearly three quarters of Asia-Pacific investors surveyed by Colliers identified industrial and logistics as their top investment target or 2022.[27]

New developments have been underwritten by strong pre-commitments, while institutions were also willing to fund speculative investments. CBRE managing director for western Sydney, Michael O'Neill, said pressure on rents remains with a lack of new stock, rising land and construction costs, and a shortage of some building materials.[28] In Melbourne a large volume of speculative stock is due in the second half of 2022, but such is demand that it should be absorbed without disturbing market rates.

Research from UBS underlined the growing shift to online across the region because of the pandemic. The survey of 14,243 shoppers across the region showed visits to malls in Australia falling by 3% in 2021, compared to pre-pandemic habits, and visits to supermarkets down 4%. Visits to department stores rose by 4% but online shopping rose 10%.[29] The biggest gains in online – and corresponding falls in physical retail – were in countries with the lowest digital penetration pre-pandemic. "The previously held view that high street would continue to lose visitation did not play out through (the) 2020/2021 COVID impacted period," UBS said.

Offices await a return to work

2022 shapes up as an important year for the office market as Australians learn to live with COVID-19 and again prepare to return to the office. During the first two years of the pandemic rents have trended down and vacancies have surged, particularly in CBDs, as employees comply with snap lockdowns and work from home or avoid mask mandates for indoor spaces. East coast markets are set to be tested later this year with the completion of significant new capacity.

A study of Sydney CBD offices between October 2019 and November 2021 may indicate a speedy recovery when the path out of the pandemic becomes clear. Office visitation numbers now take four-to-six weeks to recover from snap lockdowns, half the time it took from the initial March 2020 lockdowns.[30] The CBRE-Pathzz study said 14 buildings outperformed the remaining 81 in the study and that this may have reflected the "essential activity of the occupiers", as well as proximity to public transport, food and retail precincts. Countering expectations that Tuesday to Thursday would be the most popular office days of a hybrid working future, the study found that office attendance on Fridays was as popular as any other day of the week and that this had shown no sign of changing post-Covid.

Environmental, social and governance factors are becoming increasingly important in office buildings, driven by the sustainability policies of a growing number of companies. Australian technology leader Atlassian launched its Team Anywhere policy for work practices in August 2020 and revealed in January that a quarter of its staff live outside the Greater Sydney area and won't ever come to the office. Even so, it is developing a 40-storey office tower in Sydney for its remaining 1500 employees that features hybrid timber and natural ventilation and is segmented into four-storey habitats to foster employee wellbeing.[31]

JLL said the development and refurbishment of commercial real estate that can achieve net zero carbon emissions will be the next evolution of the environmental sustainability story and that developers and property managers are moving ahead of legislation to "future-proof' their assets.[32] Beyond environmental concerns, buildings that address social issues such as the diversity of the workforce are also becoming more prominent. JLL noted some of the emerging features of office buildings include prayer rooms and gender-neutral end-of-trip facilities.

"Office market vacancy rates are diverging as modern assets with strong ESG credentials record high occupancy rates, while vacancy is cascaded down to lower quality buildings," JLL said. "However, for core plus investors, an opportunity exists to reposition older assets with ESG aspects that will appeal to small to mid-sized organisations."

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26 Australia Industrial _ Logistics Vacancy 2H21.pdf
27 Colliers_GCM 2022 Investor Outlook Report Final 06122021.pdf
28 Australia Industrial _ Logistics Vacancy 2H21.pdf
29 UBS Evidence Lab, 25/1/2022 uet57817.pdf
30 Australia Office Visitation Insights – Sydney CBD.pdf
31 Tech giant Atlassian defies work from home trend with $1.4b HQ (smh.com.au)
32 Australia and New Zealand real estate investment themes for 2022' (jll.com.au)

Our approach

At Banner Asset Management, we provide an opportunity for investors to gain exposure to the real estate debt market through lending to established and proven developers for development projects, or for strategic acquisition of sites earmarked for development in the future. We also provide opportunities to invest in direct real estate through funds alongside other project partners.

We invest in developments with a proven use, evidenced either by presales or lease agreements, as well as strong fundamentals, including proximity to population growth and the likelihood of resilient demand.

In the residential space, our focus is on medium density development (apartments and townhouses) in the bigger population centres of Sydney, Melbourne, and Southeast Queensland, which provide greater liquidity and depth than other markets in Australia. This includes mixed-use residential projects that incorporate uses such as office space or retail. We also invest in non-discretionary retail and the industrial sectors, as growth in ecommerce drives demand for warehousing and logistics.

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