BANNER
ASSET MANAGEMENT

Quarterly Property Report

DECEMBER 2020

Introduction

Welcome to the latest edition of Banner Asset Management's Quarterly Property Report. As we head into the new year, the economy is recovering faster than expected[1] from the COVID-19 related recession and residential property prices have ended 2020 in positive territory[2] – contrary to forecasts early last year that the market could experience significant falls.[3]

Industrial property also remains well sought after the pandemic accelerated ecommerce penetration.[4] In the office market, while many employees are still working from home, the rise in rental incentives we've seen in Sydney and Melbourne in previous quarters has begun to slow.[5] [6]

Providing the virus remains contained, the economy is expected to continue its upward trajectory through 2021, however, as Reserve Bank of Australia Governor Philip Lowe has warned, the recovery is likely to be bumpy and uneven.[7] This will provide both opportunities and challenges for investors. In our Spotlight section this quarter, we analyse the outlook for specific sectors of Australia's property market in 2021.

We hope you find these insights useful.

1 RBA Governor Philip Lowe, Opening statement to the House of Representatives Standing Committee on Economics, 2 December 2020 https://www.rba.gov.au/speeches/2020/sp-gov-2020-12-02.html
2 CoreLogic, Monthly Chart Pack, December 2020 https://www.corelogic.com.au/reports/housing-market-update
3 "CBA Dials Back Price Fall Prediction", The Urban Developer, 9 September 2020 https://theurbandeveloper.com/articles/cba-dials-back-price-fall-prediction
4 JLL Industrial Market Overview, Q3 2020 https://www.jll.com.au/en/trends-and-insights/research/australia-national-industrial-market-overview-3q20
5 Cushman & Wakefield, Marketbeat, Sydney CBD Office Q4 2020 https://www.cushmanwakefield.com/en/australia/insights/sydney-marketbeat
6 Cushman & Wakefield, Marketbeat, Melbourne CBD, Office Q4 2020 https://www.cushmanwakefield.com/en/australia/insights/melbourne-marketbeat
7 RBA Governor Philip Lowe, Opening statement to the House of Representatives Standing Committee on Economics, 2 December 2020 https://www.rba.gov.au/speeches/2020/sp-gov-2020-12-02.html

Economic update

GDP rebounded by 3.3% in Q3, after falling by 7.0% in Q2.	The unemployment rate fell to 6.6% in December from 6.8% in November.	The RBA cut its target cash rate by 15 basis points in November to a record low of 0.1%.	Australia's population grew by 1.3% in the year through June, slowing from a pace of 1.4% in the year through March.

Source: Australian Bureau of Statistics, Reserve Bank of Australia

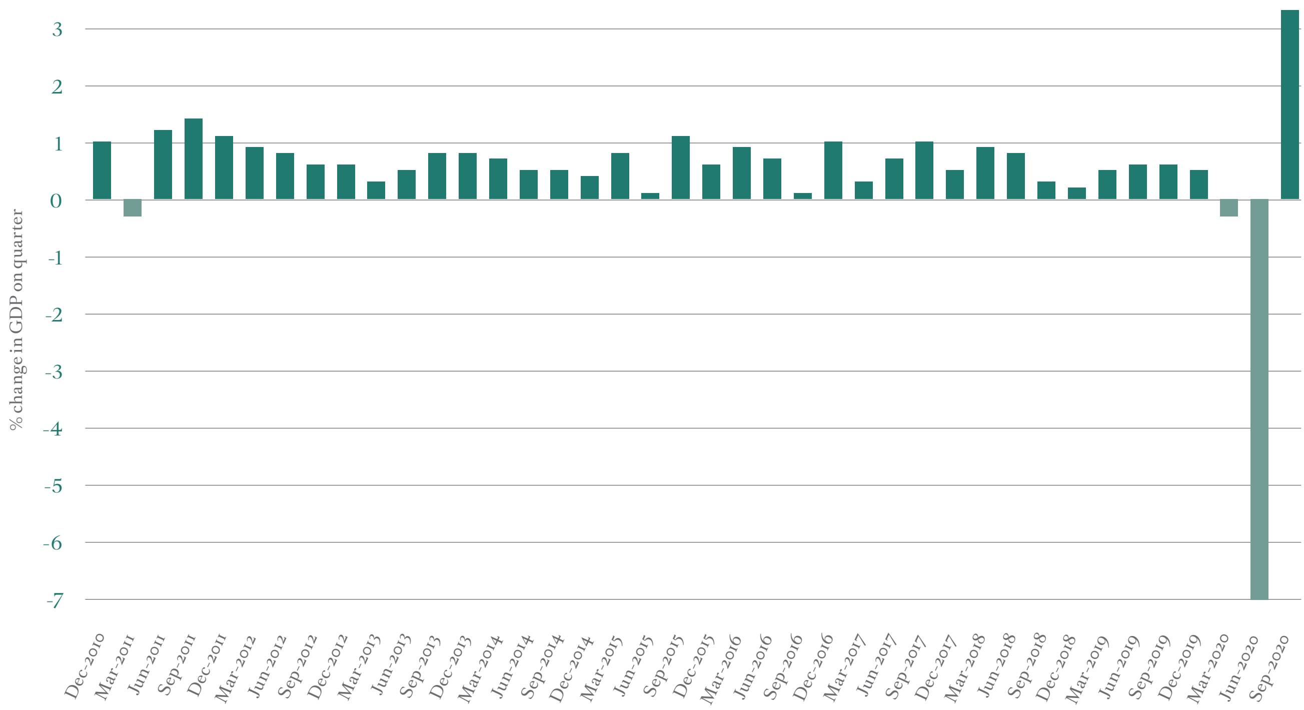
RECOVERY WELL UNDERWAY

Australia has rebounded from the COVID-19 related recession, with gross domestic product rising by a greater-than-expected 3.3% in the September quarter, following a record fall of 7.0% in the June quarter. Household spending surged as reduced COVID-19 case numbers resulted in an easing of social distancing measures and trading restrictions across most states and territories in the September quarter. The exception was Victoria, which implemented Stage 4 lockdown restrictions in early August due to a spike in cases. Over the year, GDP was down 3.8%.[8]

8 ABS, Australian National Accounts: National Income, Expenditure and Product, September 2020 https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release

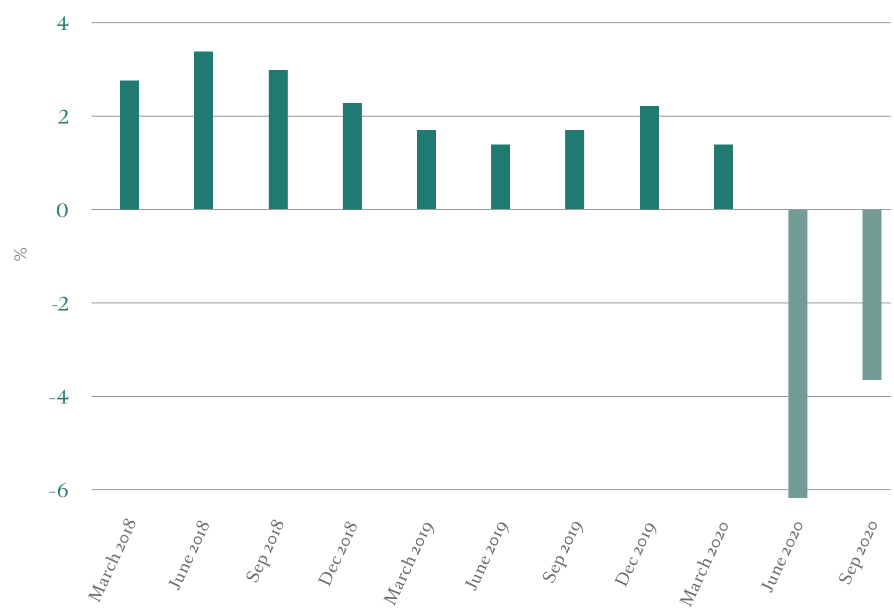
QUARTERLY GDP REBOUNDS

Source: ABS



ANNUAL GDP GROWTH REMAINS NEGATIVE

Source: ABS

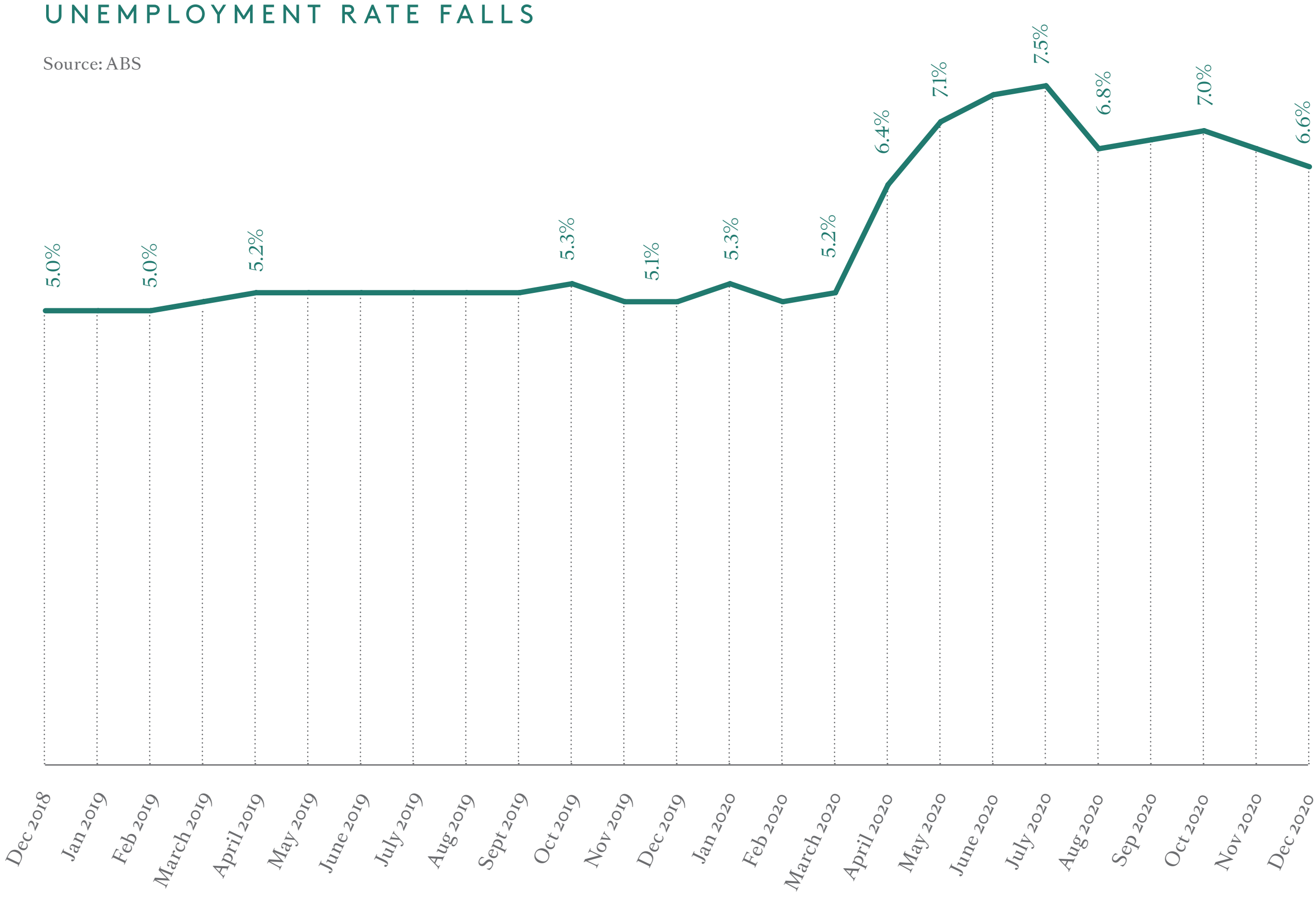


Employment improves as virus is contained

More recent data shows employment improving after Victoria began to lift restrictions in late October following 100 days of lockdown. The national unemployment rate fell to 6.6% in December from 7.0% in October as Victorian bars, cafes and restaurants reopened and people were able to travel further and socialize more freely.[9] Clusters of the virus in parts of Sydney in December were more quickly contained. As of 22 January, Australia had just 135 active cases of COVID-19[10], ahead of a planned vaccine rollout in February.[11] Victoria had reached 18 straight days without community transmission, Queensland reached 12 days, and NSW had seven days virus free.[12]

UNEMPLOYMENT RATE FALLS

Source: ABS



9 Australian Bureau of Statistics, Labour Force Australia, December 2020 https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/dec-2020

10 Australian Government Department of Health, Coronavirus (COVID-19) current situation and case numbers https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert/coronavirus-covid-19-current-situation-and-case-numbers

11 Stephanie Dalzell, "Coronavirus vaccine rollout on schedule in Australia despit Pfizer shortages overeas, Treasurer says", ABC News https://www.abc.net.au/news/2021-01-24/covid-19-vaccine-shortages-overseas-unilkely-to-affect-australia/13087002

12 Roy Ward and David Escourt, "As it happened: NSW to crack down on large gatherings over the long weekend; WA considers easing restrictions on visitors from Victoria" The Sydney Morning Herald https://www.smh.com.au/national/coronavirus-updates-live-uk-covid-19-strain-found-in-three-australian-open-cases-virus-traces-found-in-sydney-sewage-20210124-p56we8.html

RBA cuts rates to support recovery

In his opening statement to the House of Representatives Standing Committee on Economics in December, Reserve Bank of Australia Governor Philip Lowe said the economy was performing better than expected. He noted that retail spending had increased; business and consumer confidence had lifted; and housing markets had generally proved resilient, since he last appeared before the committee in August. Given these developments, he said the RBA was expecting GDP growth in the December quarter to be "solidly positive", followed by growth of 5% in 2021 and 4% in 2022. However, he cautioned that the recovery would be uneven, bumpy and drawn out.[13]

Still, he noted that the Reserve Bank view was that while some parts of the economy were doing quite well, others were in considerable difficulty. And even with the overall economy now growing solidly, it would not be until the end of 2021 that the economy again reached the level of output recorded at the end of 2019. He added that the unemployment rate would likely still be above 6% in two years' time, keeping wage and price pressures subdued. To support the recovery, the RBA announced a major policy package in November, including cutting the central bank's cash rate target to a record low of 0.1%, and introducing a quantitative bond purchase program, under which the RBA would buy $100 billion of government bonds over the next six months.[14]

13 RBA Governor Philip Lowe, Opening statement to the House of Representatives Standing Committee on Economics, 2 December 2020 https://www.rba.gov.au/speeches/2020/sp-gov-2020-12-02.html

14 RBA Governor Philip Lowe, Opening statement to the House of Representatives Standing Committee on Economics, 2 December 2020 https://www.rba.gov.au/speeches/2020/sp-gov-2020-12-02.html

Residential

Residential markets continued to recover in the three months through December, with national dwelling values rising by 2.3% in the quarter, according to data from CoreLogic. Regional markets led the way higher, with values rising by 4.0%, compared to a 1.8% rise for capital city markets, as working-from-home arrangements made it easier for people to live outside the big cities where major employees are normally based. Over the year, dwelling prices rose by 3.0%, far from the steep value declines forecast at the onset of the COVID-19 pandemic.[15]

15 CoreLogic, Monthly Chart Pack, January 2021 https://www.corelogic.com.au/reports/housing-market-update

DECEMBER MARKET SNAPSHOT

Source: CoreLogic, SQM Research

NATIONAL	SYDNEY	MELBOURNE	BRISBANE
CAPITAL CITY DWELLING PRICES	DWELLING PRICES	DWELLING PRICES	DWELLING PRICES
+1.8% (ON QUARTER)	+1.3% (ON QUARTER)	+1.5% (ON QUARTER)	+2.1% (ON QUARTER)
+2.0% (ON YEAR)	+2.7% (ON YEAR)	-1.3% (ON YEAR)	+3.6% (ON YEAR)
+4.7% CAPITAL CITY SALES VOLUMES	-3.9% FROM JULY 2017 RECORD HIGH	-4.1% FROM MARCH RECORD HIGH	CURRENTLY AT RECORD HIGH
....	....	....	....
+0.7% CAPITAL CITY RENTS (ON YEAR)	-1.4% RENTS (ON YEAR)	-2.9% RENTS (ON YEAR)	+1.8% RENTS (ON YEAR)
2.2% VACANCY (UP FROM 2.1% IN NOVEMBER)	3.6% VACANCY (UP FROM 3.5% IN NOVEMBER)	4.7% VACANCY (UP FROM 4.4% IN NOVEMBER)	1.8% VACANCY (STEADY WITH NOVEMBER)

Whatever happened to the 2020 house price crash?

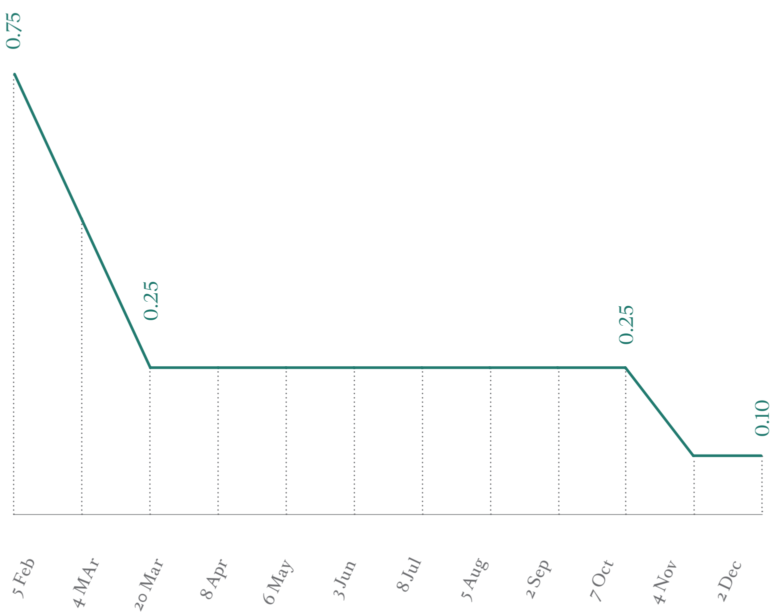
At the onset of the pandemic, some forecasters were suggesting property values could fall by as much as 10%[16], with worst-case scenarios suggesting prices could fall as much as a third.[17] While Australia has experienced its first recession in more than 28 years, Australian property prices fell by just 1.7% between March and October, before returning to a positive trajectory.[18]

The market has been by supported by ultra-low interest rates and measures taken by government and regulators to help the economy recover from the downturn quicker. During 2020, the Reserve Bank of Australia reduced the official cash rate by 65 basis points to 0.1%, leading to record low mortgage rates. Further support for the economy came from tight controls on virus outbreaks in most states and territories, and billions of dollars of federal government interventions, including the JobKeeper wage subsidy, the $25,000 Homebuilder grant, and the JobSeeker payment for those out of work.

Mortgage payment deferrals provided by the major banks also acted as a temporary support to the market by minimising forced selling. Data on loan deferrals from the Australian Prudential Regulation Authority shows borrowers are becoming less dependent on these policies. As jobs and incomes slowly recover, the portion of housing loans deferred has come down from a peak of 11% in May, to 2.8% in November.[19]

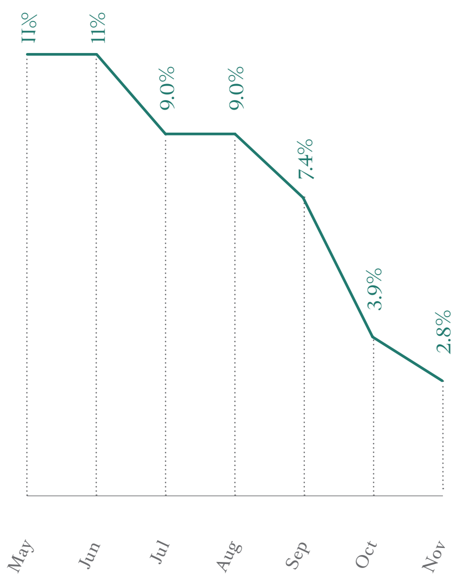
RBA CASH RATE TARGET (2020)

SOURCE: RBA



DEFERRED LOANS AS A PROPORTION OF OVERALL HOME LOANS (2020)

Source: APRA

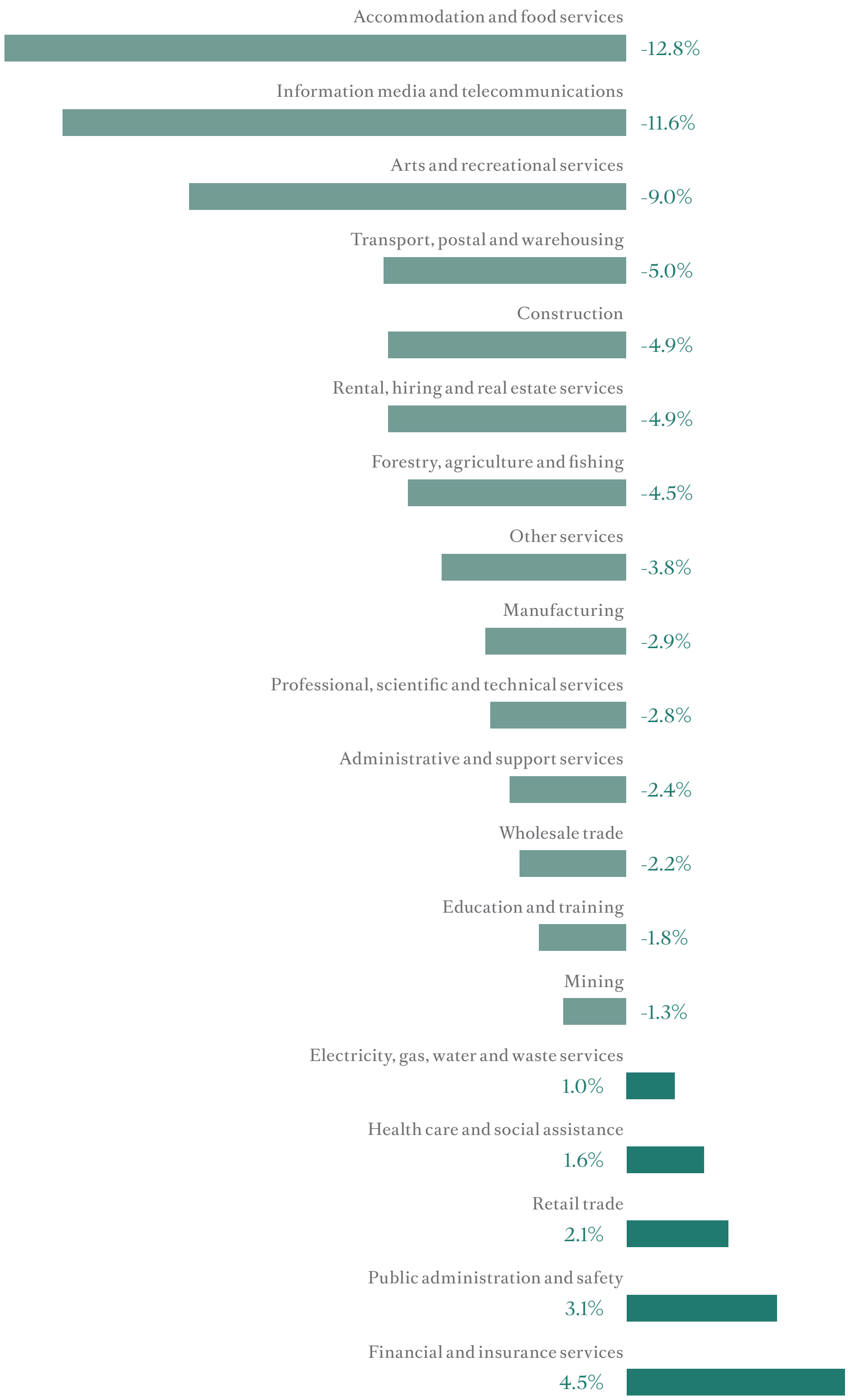


16 "CBA Dials Back Price Fall Prediction", The Urban Developer, 9 September 2020 https://theurbandeveloper.com/articles/cba-dials-back-price-fall-prediction
17 Michael Janda, "CBA warns Australia risks 32% house price crash in a 'prolonged downturn', flags $1.5 billion coronavirus-hit to bank", ABC News https://www.abc.net.au/news/2020-05-13/coronavirus-commonwealth-bank-house-prices-economy-unemployment/12241338
18 Eliza Owen, "Why didn't the Australian housing market crash?", CoreLogic https://www.corelogic.com.au/news/why-didnt-australian-housing-market-crash
19 APRA, Temporary loan repayment deferrals due to COVID-19, November 2020 https://www.apra.gov.au/temporary-loan-repayment-deferrals-due-to-covid-19-november-2020

Another factor insulating the housing market may be the specific nature of the economic downturn. ABS payrolls data shows job losses have been severe across food and accommodation, and arts and recreation.[20] However, according to CoreLogic, people working in these industries are less likely to have mortgage debt. While the job losses in these industries likely contributed to significant pockets of rental decline, many of the investors servicing the debt would have been able to hold onto the asset while it was temporarily vacant.[21]

CHANGE IN WEEKLY PAYROLL JOBS BETWEEN MARCH 2020 AND NOV 2020

Source: ABS



20 ABS, Weekly Payroll Jobs and Wages in Australia, Week ending 28 November 2020 https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/weekly-payroll-jobs-and-wages-australia/latest-release

21 CoreLogic, Why didn't the Australian housing market crash? https://www.corelogic.com.au/news/why-didnt-australian-housing-market-crash

Industrial & Logistics

Conditions in the industrial market remained stable in the September quarter, defying the economic challenges posed by the COVID-19 pandemic, according to JLL. Most major markets recorded elevated occupier activity, which supported rental rate stability across most precincts despite near record supply delivery. The sector continues to draw significant interest from investors, with more than $1.8 billion of transactions recorded in the quarter. Transaction activity over the past 12 months totaled $5.75 billion, which is 34% above the 10-year annual average.[22]

22 JLL Industrial Market Overview, Q3 2020 https://www.jll.com.au/en/trends-and-insights/research/australia-national-industrial-market-overview-3q20

SYDNEY

Occupier demand in Sydney trended down from a near-record level in the June quarter, but remained above the 10-year quarterly average, according to JLL. Quarterly rental growth was mixed, with growth rates ranging from as low as – 1.0% in the outer west to as high as 0.7% in the outer south west. The average rental rate in Sydney fell by 0.2% over the quarter but remained up 2.1% over the year. Investment activity has placed downward pressure on prime and secondary yields, with midpoints compressing by 10 bps and 13 bps, respectively.[22]

MELBOURNE

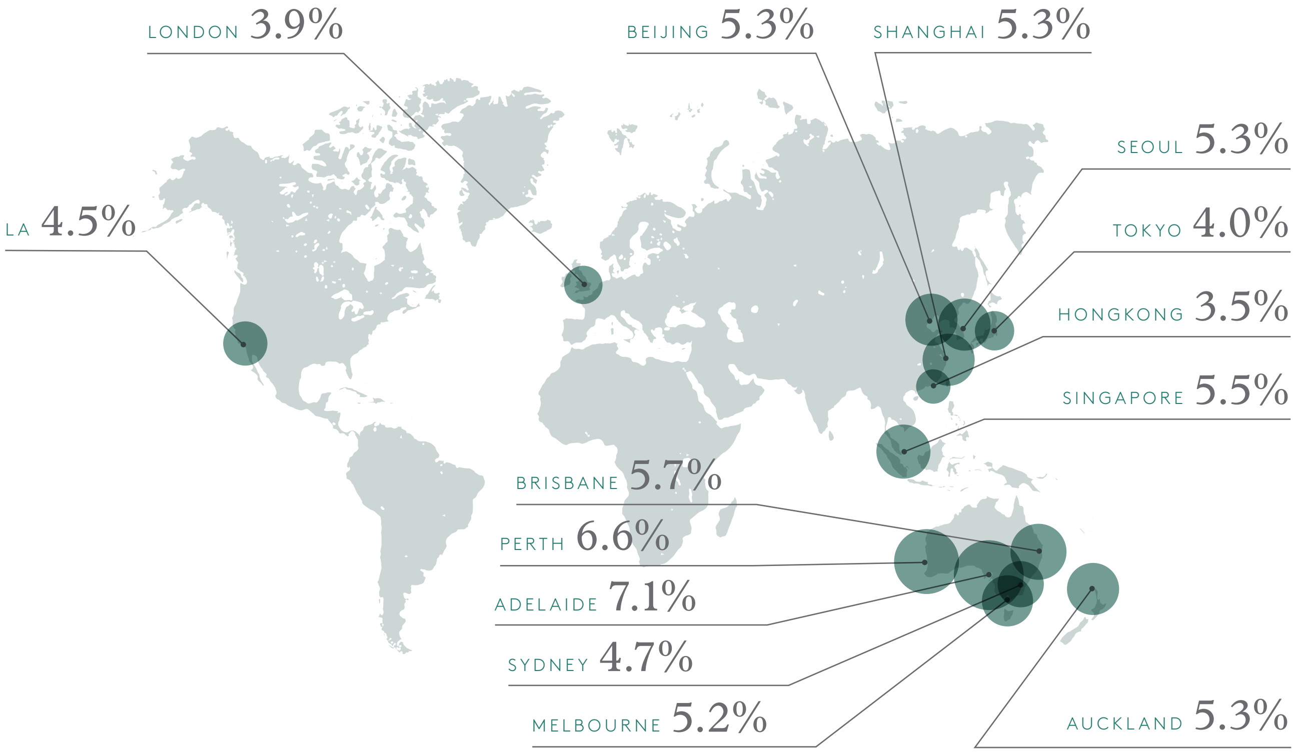
Leasing activity remained above average in the September quarter in Melbourne, says JLL, despite Stage 4 "stay-at-home" restrictions being in place for the entire quarter. Supply delivery accelerated in the quarter with 17 projects adding 304,690 sqm of completions. Ongoing investor demand for industrial assets placed downward pressure on prime yields, with the average midpoint falling by 27 bps to a record low of 4.81%.[22]

BRISBANE

Capital values for industrial property in Brisbane have risen over the last 12 months, according to JLL. Transaction volumes rose significantly over the September quarter despite economic uncertainty. While the retail sector has been the main driver of tenant demand this year, there was strong demand in the September quarter from the manufacturing and transport and postal and warehousing sectors. Stock completions were more than double the five-year average in the quarter.[22]

PRIME INDUSTRIAL YIELDS

By city



Source: Colliers International, data as at September 2020

Office

SYDNEY CBD

Around 105,000 sqm of new and refurbished office space was expected to be completed in the Sydney CBD in 2020, and the potential exists for another 750,000 sqm to enter the market over the next five years, according to Cushman & Wakefield. The pandemic induced rise in rental incentives slowed in the December quarter, however prime gross effective rents were still down by 11% when compared to a year ago.[23]

MELBOURNE CBD

2020 saw one of the largest supply pipelines ever delivered to the Melbourne CBD, according to Cushman & Wakefield. However no new supply was added in the fourth quarter. On the demand side, the COVID-19 induced Stage 4 lockdown in Victoria resulted in subdued inquiry numbers until social distancing and travel restrictions eased in the fourth quarter. Cushman & Wakefield expects enquiries to improve as offices reopen in 2021, assuming the pandemic remains contained. Net rental incentives continued to track higher in the fourth quarter, but the rise was significantly slower than in the previous three quarters. Premium grade incentives rose to 35% from 34%. Premium grade net face rents declined by 1.4%.[24]

BRISBANE CBD

Face rents in Brisbane's CBD remained fairly steady across all grades for the four quarter in a row, according to Cushman & Wakefield. While the market has fared well during the COVID-19 pandemic in terms of rental rate movement, deal numbers have been considerably down on the same period last year. Premium gross effective rents are down 4.2% over the year, due to a rise in incentives. In terms of investor demand, enquiries have been subdued for most of 2020 due to the pandemic. Cushman & Wakefield expects enquiry levels to improve, assuming the pandemic remains contained, as economic activity builds and white-collar workers return to the office in 2021. New supply for the next two years is expected to be limited.[25]

23 Cushman & Wakefield, Marketbeat, Sydney CBD Office Q4 2020 https://www.cushmanwakefield.com/en/australia/insights/sydney-marketbeat
24 Cushman & Wakefield, Marketbeat, Melbourne CBD, Office Q4 2020 https://www.cushmanwakefield.com/en/australia/insights/melbourne-marketbeat
25 Cushman & Wakefield, Marketbeat, Brisbane CBD, Office Q4 2020 https://www.cushmanwakefield.com/en/australia/insights/brisbane-marketbeat

Spotlight on 2021 by sector

Residential

Australia's housing markets have built momentum through the end of 2020, pointing to a strong start to 2021, according to CoreLogic. CoreLogic's national home value index rose a further 1.0% in December, the third consecutive month-on-month rise following a 2.1% drop in dwelling values between April and September. [26] Some of the indicators suggesting this year will be a positive one for residential markets include rising consumer and business confidence[27] [28] , low covid-19 numbers, and an economy improving faster than expected. Meanwhile, bank loan deferrals continue to fall, reducing the chance of forced sales.[29] With official interest rates set to remain low for at least three years, the market is likely to be further supported by low mortgage rates.[30] ANZ Bank economists recently said their earlier house price forecast of a decline of 10% from peak to trough has proven too pessimistic. Instead, they are forecasting price gains of around 9% across Australia's capital cities in 2021.[31]

Industrial & Logistics

Industrial and logistics outperformed other mainstream real estate sectors in 2020 as it benefited from the accelerated trend toward ecommerce. As we head into 2021, Colliers forecasts that ecommerce take-up will remain at high levels while the COVID-19 outbreak has the potential to revive Australia's manufacturing capabilities, further benefiting the sector. Colliers expects a pickup in certain light manufacturing sectors, including assembly, while food and pharmaceutical manufacturing is expected to remain strong. The announcement of $1.3 billion in funding as part of the government's federal budget will provide support to medical, defence, space, clean energy, food and beverages and resources/critical minerals processing, adding to demand for warehouses. With the economy expected to gain momentum in 2021, leasing demand is likely to accelerate to record levels as businesses obtain more clarity around the short to medium term impacts of the pandemic.[32]

Office

An underdog in 2020, office has the potential to recover this year as people slowly return to their workplaces. Colliers Head of Office Capital Markets Adam Woodward said that despite limited transactions last year, the outlook for office markets remains a positive one. "There has been much discussion about the underlying fundamentals of the office market shifting; however, while there is likely to be much more flexibility in the workplace, recent survey results have showed over 85% of office workers do not want permanently to give up their desk. This will be key to underpin long term occupancy in the office markets," Woodward said in Colliers' ANZ Capital Markets Outlook 2021. Colliers expects the office asset class will continue to attract strong demand, with fundamentals of the Australian market providing "extremely attractive" opportunities to offshore groups within the region.

"We expect this flow of capital is likely to continue through into 2021," Woodward said.[33] Positive for the outlook is rising business confidence and a 9.2% rise in job advertisements in December from November. Job ads are now up 4.1% on pre pandemic levels.34 Looking further ahead, Dexus Research is forecasting that underlying office demand will increase over the long term as Australia's service sector continues the solid growth it has experienced over the last 20 years.[35]

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26 CoreLogic, December home values indices https://www.corelogic.com.au/news/corelogic-december-home-value-indices
27 NAB Monthly Business Survey, November2020 https://business.nab.com.au/monthly-business-survey-november-2020-43972/
28 Westpac-Melbourne Institute Index of Consumer Sentiment, 9 December 2020 https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/economics-research/er20201209BullConsumerSentiment.pdf
29 APRA, Temporary loan repayment deferrals due to COVID-19, November 2020 https://www.apra.gov.au/temporary-loan-repayment-deferrals-due-to-covid-19-november-2020
30 Statement by Philip Lowe, Governor: Monetary Policy Decision, 3 November 2020 https://www.rba.gov.au/media-releases/2020/mr-20-28.html
31 Ana Narvaez, "House Prices Set to Grow 9pc in 2021", The Urban Developer, 16 November 2020 https://theurbandeveloper.com/articles/house-prices-set-to-grow-9pc-in-2021
32 Colliers, Industrial, Second Half 2020 https://info.colliers.com.au/industrial-rfr-h2-2020
33 Colliers, ANZ Capital Markets Outlook 2021 https://www.colliers.com.au/en-au/news/capital-markets-outlook
34 ANZ, Job ad numbers keep on rolling https://media.anz.com/posts/2021/January/job-ad-numbers-keep-on-rolling?adobe_mc=MCMID%3D75917981272212077621033514881145788712%7CMCORGID%3D67A216D751E567B20A490D4C%2540AdobeOrg%7CTS%3D1611449984
35 Dexus Research, Australian Real Estate Quarterly Review, Q4 2020 https://www.dexus.com/discover-dexus/prism/australian-real-estate-quarterly-review-q4-2020

Outlook

Australian property remains an attractive asset class, particularly when comparing yields to bond rates, and given expectations that the low interest rate environment will continue as the economy recovers. In research outlining several investment themes for 2021, JLL notes that global bond yields have followed a downward trajectory over the past 30 years as potential GDP growth has lowered for mature economies and central banks have been largely successful in managing inflation. Australia and New Zealand were historically viewed as higher growth/higher inflation economies with government bond yields above the US, UK and Japan. In recent years, however, bond yields have converged across mature economies. And, as a result of COVID-19, interest rates are likely to remain low for longer than previously expected. Deloitte Access Economics is forecasting the 10-year bond rate will remain below 1.00% through 2024 and only move back to 1.78% by 2029.[36]

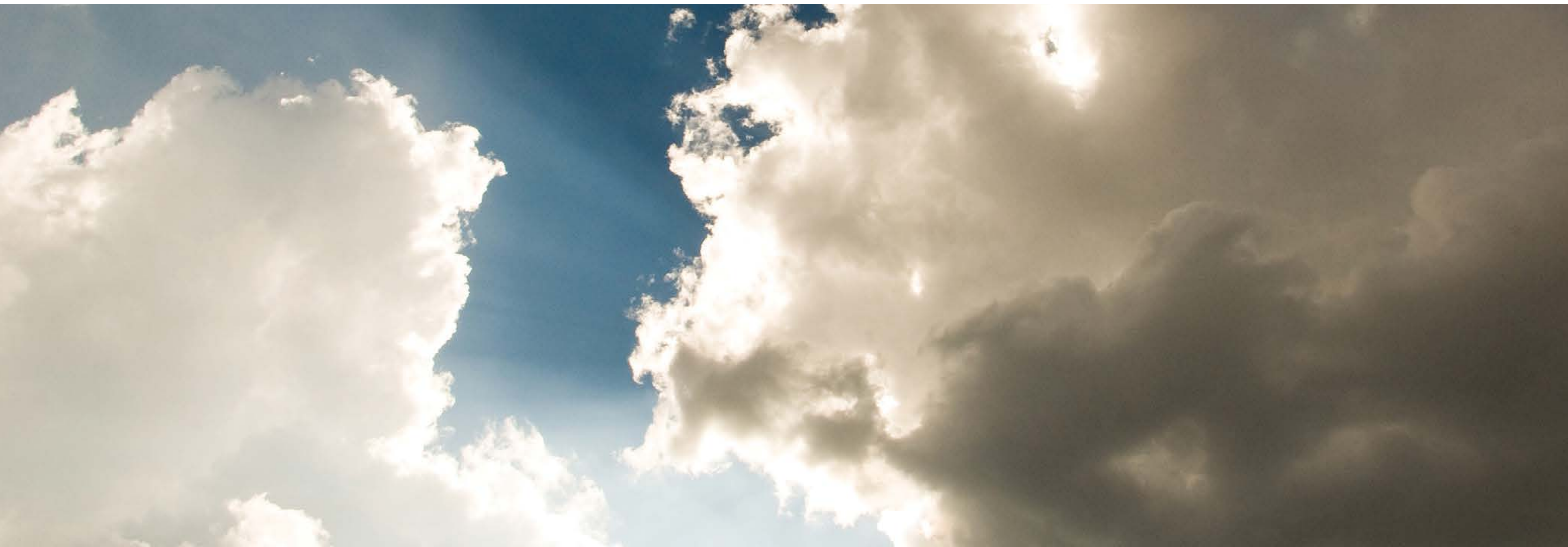
Real estate debt capital markets are expected to continue to evolve in 2021. In Australia, the major banks have traditionally been the primary source of debt finance for real estate investors. However, the banks have become more risk averse and have adopted increasingly onerous lending criteria, concentrating their activities on lower risk property transactions with a more certain cash flow profile. JLL estimates the market share of non-bank lenders could grow to 30% of the real estate lending market. As a result, the investable universe for non-bank lenders would rise to $111 billion.[36]

Australia's rapid fiscal and health response to the covid-19 pandemic means the economy is well placed to continue its recovery through 2021, providing the virus remains contained. The Reserve Bank of Australia is expecting GDP growth of 5% in 2021 and 4% in 2022, although warning the recovery will be uneven, bumpy and drawn out.[37] Demand for Australian property will be supported by low interest rates, rising business and consumer confidence, and the continued economic recovery this year, although the winding back of fiscal support poses a headwind. That said, the outlook for the market remains tied to the pandemic. While the economic recovery will help to support growth in property values and rents, any significant outbreaks will put the recovery at risk.

One factor likely to limit growth in the market near term is migration. After international borders were closed on March 20 last year, overseas migration fell to near zero, which will temper Australia's record of strong population growth. Federal government forecasts show net overseas migration will be negative in the 2020-21 financial year for the first time since 1946. As a result, population growth is expected to slow to 0.2% in 2020–21 and 0.4% in 2021–22. That is the lowest growth in over a

36 JLL, Australia and New Zealand investment market themes for 2021 https://www.jll.com.au/en/trends-and-insights/research/australia-and-new-zealand-investment-market-themes-for-2021

37 RBA Governor Philip Lowe, Opening statement to the House of Representatives Standing Committee on Economics, 2 December 2020 https://www.rba.gov.au/speeches/2020/sp-gov-2020-12-02.html



hundred years.[38] Migration will recover when travel restrictions lift, and this will support economic growth, and fuel demand for property and construction activity. However, the timing remains uncertain. In the first week of January, Qantas Airways resumed taking bookings for international flights across its entire network from July 1 this year.[39] However, the resumption of international flights will ultimately depend on the federal government deciding to lift restrictions. Recently, the health department secretary Brendan Murphy told the ABC that international travel is unlikely to begin again to and from Australia this year, even if a large number of the population is vaccinated.[40] Deloitte Access Economics has forecast it may not be until 2024 that global and Australian people movements are fully back at 2019 levels.[41]

According to JLL, Australia remains an attractive real estate destination relative to other mature economies. Investors are attracted to strong GDP growth, livability attributes that support population growth over the long term, transparent real estate markets, and low volatility for returns through the cycle. JLL surveyed top investment leaders from 38 global and regional investors on how COVID-19 is impacting their decision making. One of the questions was about their investment intentions for major Asia Pacific geographies through 2021. The results for Australia were positive, with 50% of investors planning to increase their exposure and only 7% looking to down-weight their real estate holdings in Australia.[42]

SURVEY: ASIA-PACIFIC INVESTMENT INTENTIONS

Source: JLL

COUNTRY	INCREASE	HOLD	LOWER
Australia	50%	43%	7%
Hong Kong	4%	78%	18%
India	18%	81%	1%
Japan	56%	38%	6%
Mainland China	51%	41%	8%
Singapore	44%	52%	4%
South Korea	44%	55%	1%
Southeast Asia (ex Singapore)	15%	77%	8%
Other	4%	89%	7%

38 Parliament of Australia, Budget Review 2020-21 https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview202021/Immigration#:~:text=With%20migration%20largely%20halted%20due,over%20200%2C000%20by%202023%E2%80%9324.

39 Lauren McMah, "Qantas resumes international bookings for July 2021" https://www.news.com.au/travel/travel-advice/flights/qantas-resumes-international-bookings-for-july-2021/news-story/56e09ef09e3d197c114df38a2799678c

40 Jack Snape, "International travel off the cards for 2021, coronavirus border restrictions likely to remain in place" https://www.abc.net.au/news/2021-01-18/international-travel-unlikely-2021-coronavirus-borders/13065868

41 Deloitte Access Economics Business Outlook: We got this https://www2.deloitte.com/au/en/pages/media-releases/articles/business-outlook.html

42 JLL, Australia and New Zealand investment market themes for 2021 https://www.jll.com.au/en/trends-and-insights/research/australia-and-new-zealand-investment-market-themes-for-2021

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 centers of Sydney, Melbourne, and South East 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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