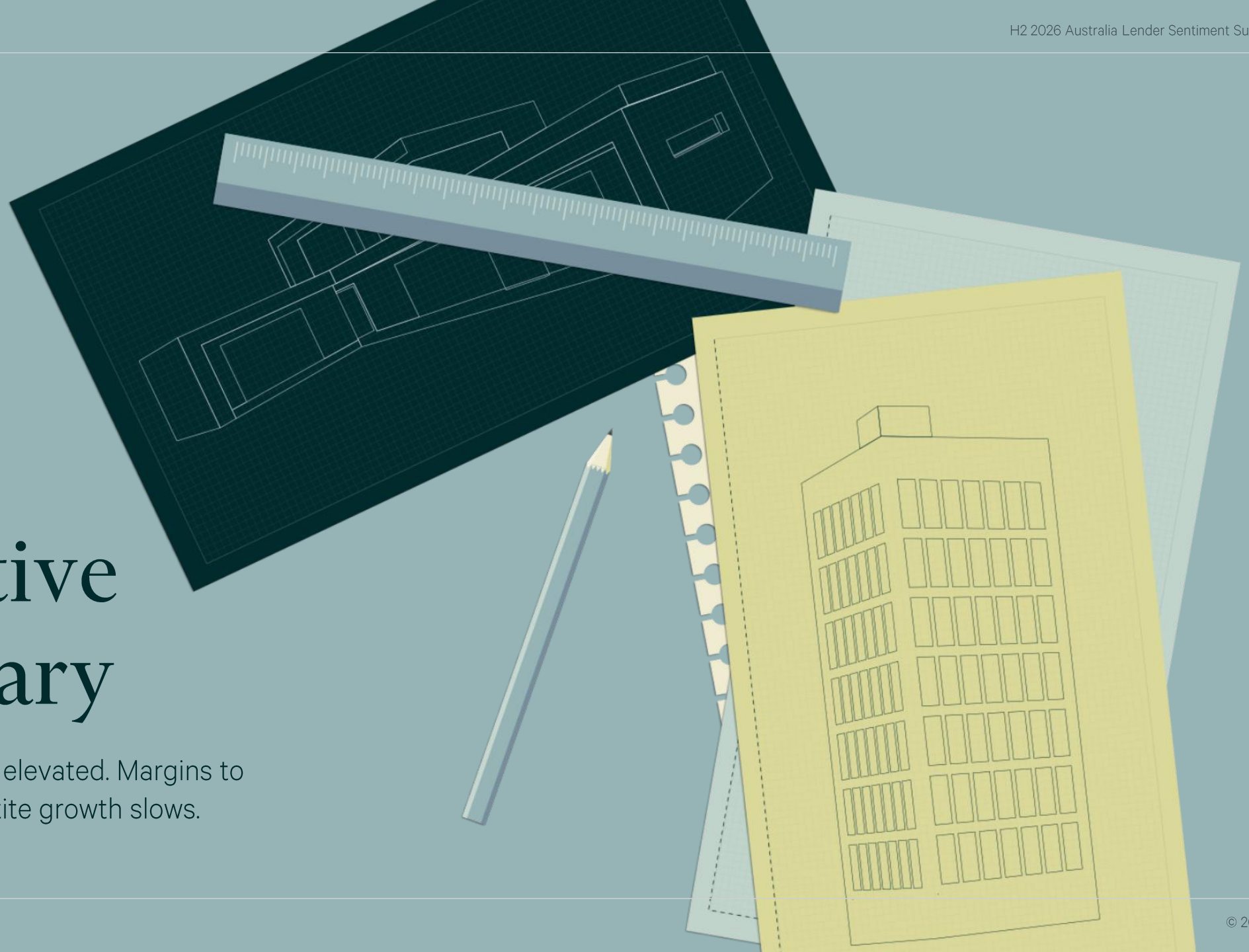
Intelligent Investment

H2 2026 Australia Lender Sentiment Survey

REPORT

CBRE RESEARCH
NOVEMBER 2026



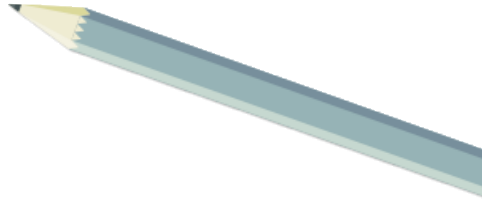


Executive Summary

Uncertainty remains elevated. Margins to increase. Loan appetite growth slows.

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CBRE Research's H2 2026 Lender Sentiment Survey received responses from key commercial real estate lenders across domestic banks, international banks and non-banks. We find:



1

Market expectations have shifted in late November, with market participants now expecting that **we'll see no additional rate hikes this cycle.**

2

Appetite for new loans has shifted towards neutrality, **with 29% of lenders wanting to grow their book, down from 45% in H1 2026.** Only 11% of lenders are intending to decrease their book.

3

Lender investment preference has increased for the Industrial sector but remains lower than historical levels. **Preference for most other sectors declined over the last 6 months.**

4

40% of lenders expect credit margins to increase by more than 20bps over the next 3 months, up from 7% in H1 2026. More than 70% of non-bank lenders hold this view.

5

Interest rate and property value uncertainty are the two most important challenges facing lending over 2027. **Concerns around non-performing loans is now a top three issue for lenders.**

6

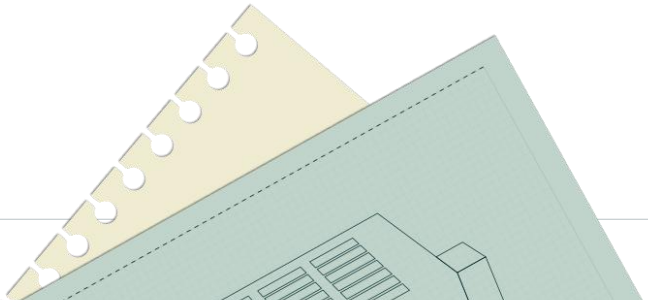
When considering refinancing, **leverage has risen in importance with 82% of lenders noting it as a key variable.** Most Asset-specific variables declined in importance since H1 2026.

7

Only 4% of lenders now expect development or acquisition loans to be the primary source of demand over 2027. Instead, refinancing activity is expected to be the primary form of lending throughout the year.

8

Non-bank lenders are adopting a more **conservative stance towards underwriting and residential-to-sell construction lending.** They also remain significantly more aggressive with respect to ICR and LVR ratios.



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Rate uncertainty remains elevated. 10-year bond yields averaging above 5%.

As of November 2026, Australia's official cash rate is 4.85%, following five rate hikes over the last 12 months.

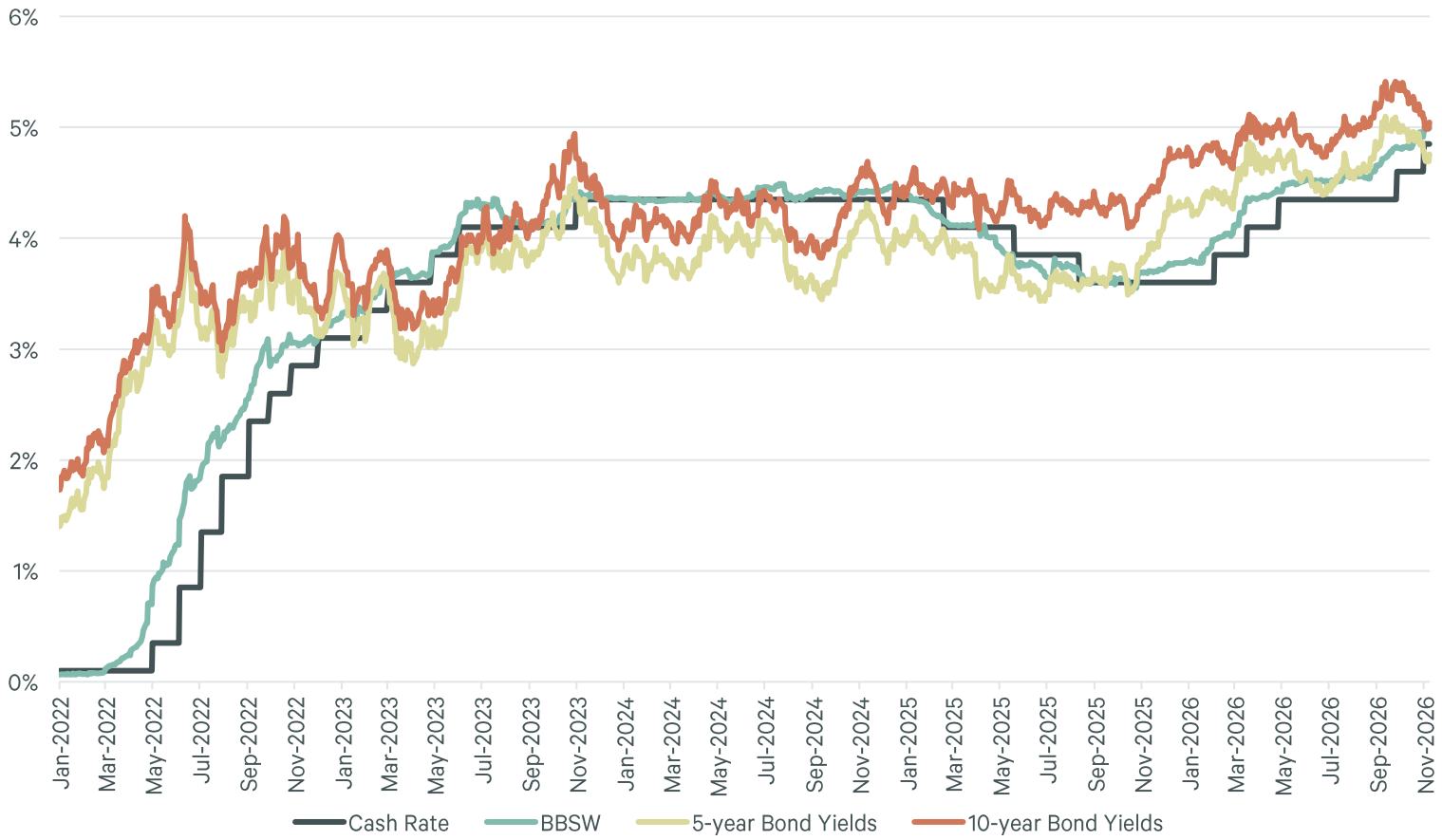
Since our report in May 2026, 10-year bond yields reached a peak of 5.4%, before easing to 5.0% in recent weeks.

This represents a significant shift in sentiment, from expectations of several rate cuts in late 2025, to a view of higher-for-longer rates and yields.

CBRE Research currently holds a house view that the cash rate will peak at 5.10% in H1 2027, before easing to 4.35% by 2028. 10-year bond yields are expected to follow a similar trajectory, remaining above 4.75% for the foreseeable future.

Australian lenders hold a similar view on the trajectory of key rates, with the majority expecting the cash rate to remain at or above 4.85% by December 2027[1]. This view differs from that forecast by Australia's major banks, who are currently predicting a more rapid decline in the cash rate over the next 12 months.

FIGURE 1: Key rate movements (January 2022 – November 2026)

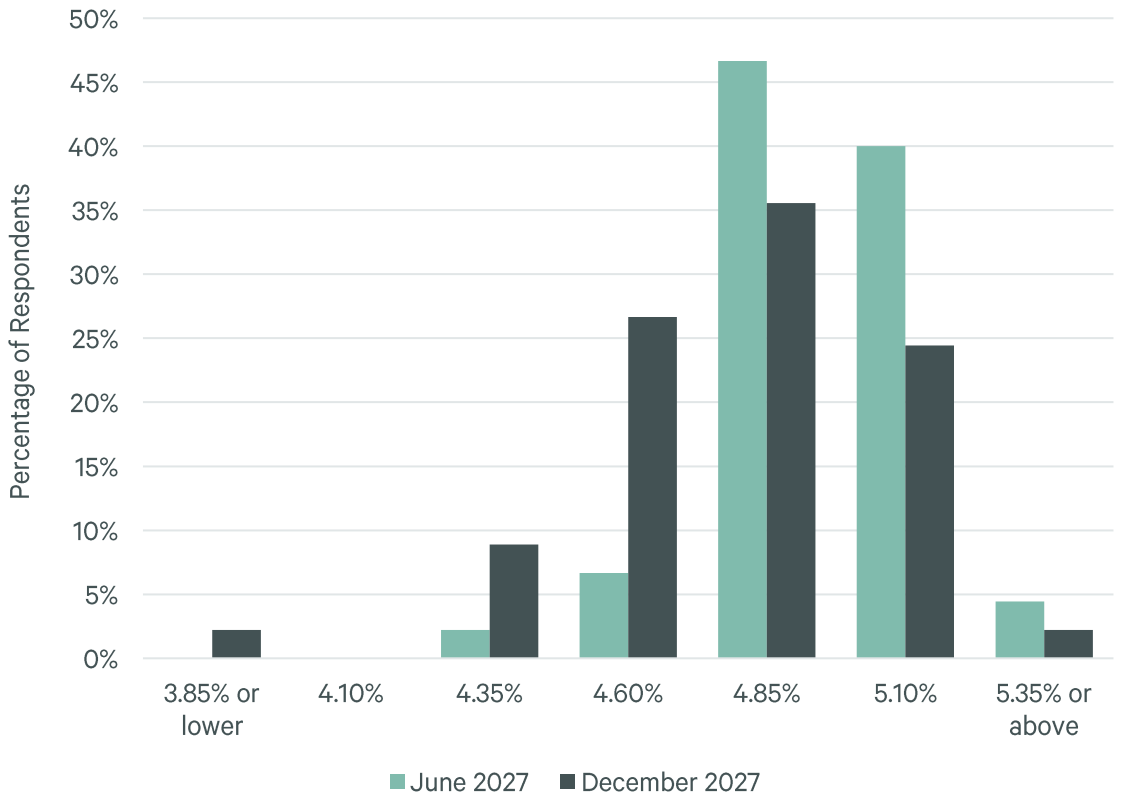


Source: CBRE Research, RBA

[1]Survey responses were collected prior to the November labour force data release which materially shifted rate expectations.

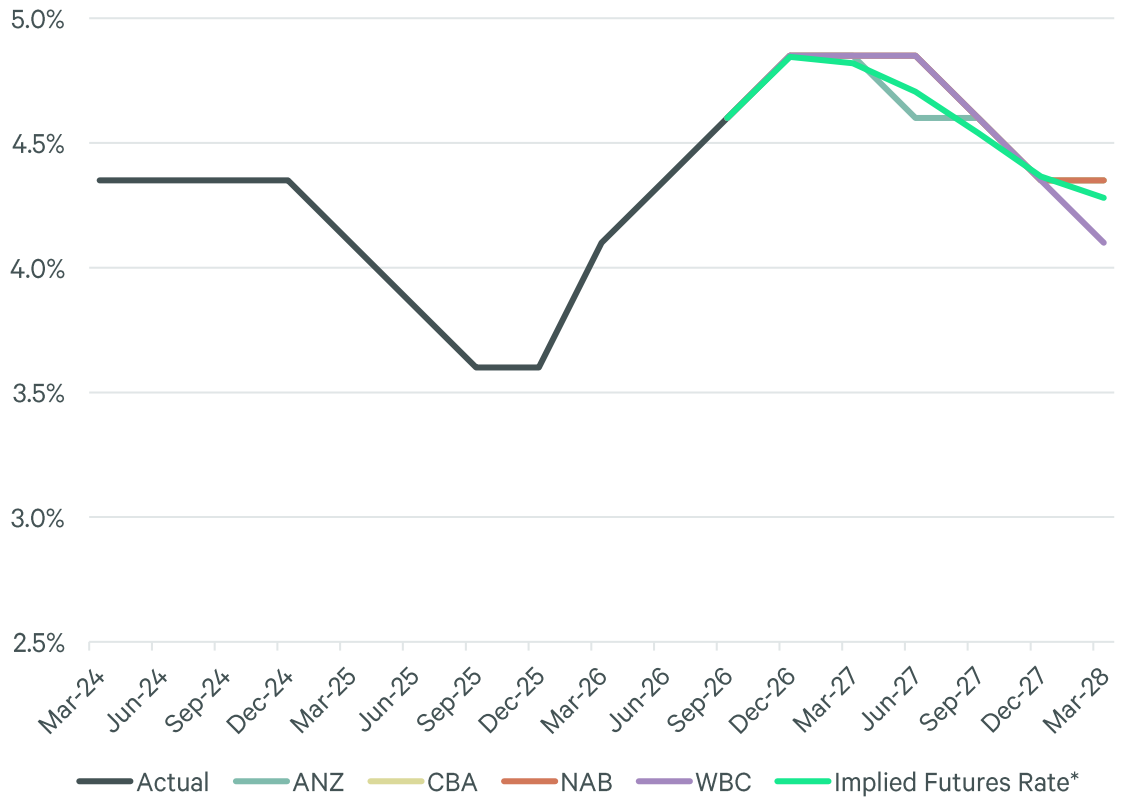
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FIGURE 2: Lender expectations on Australia's cash rate



Source: CBRE Research

FIGURE 3: Australian cash rate forecasts



Source: CBRE Research, Respective institution's forecasts, ASX. Note: Implied futures rate data and Bank forecasts were collected on the 24th of November 2026.

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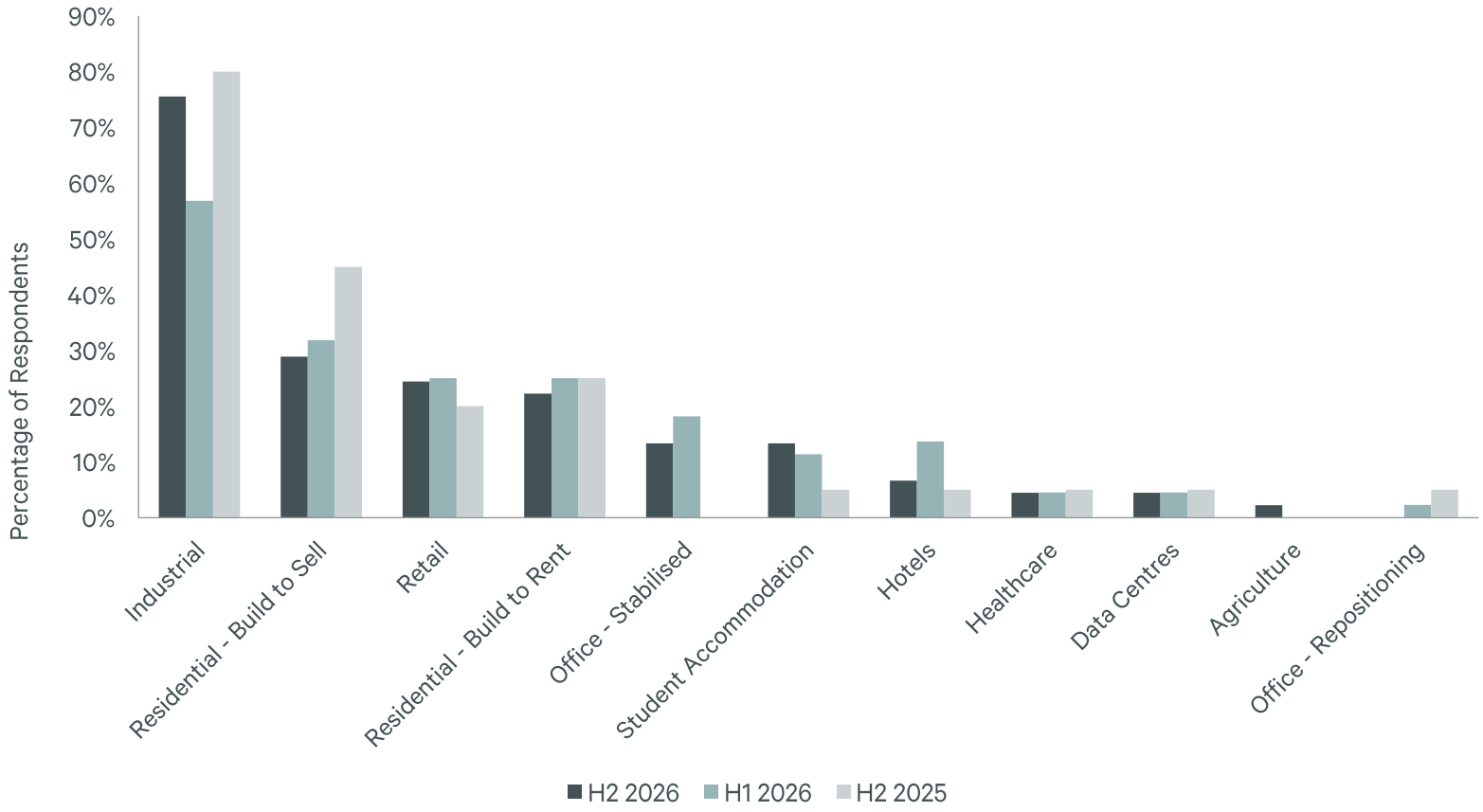
Industrial interest returns to above 75% as interest in most other sectors declines.

Lender interest in the industrial sector rose by 19 percentage points from H1 2026, offsetting most of the decline witnessed over the proceeding 6 month period.

Our view is that this is driven by improving sentiment in sector fundamentals, particularly for select markets and precincts, which are set to face significant supply shortages over the next 24 months.

Recent increases in the cash rate have already resulted in a sharp downturn in residential prices nationally. With expectations of weaking demand set to continue over the short term. This has continued to flow into softening preferences for both build-to-sell and build-to-rent assets.

FIGURE 4: Lender preferred asset class for new investment (top two responses).



Source: CBRE Research

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Non-banks set to increase margins significantly. Loan appetite growth slows slightly.

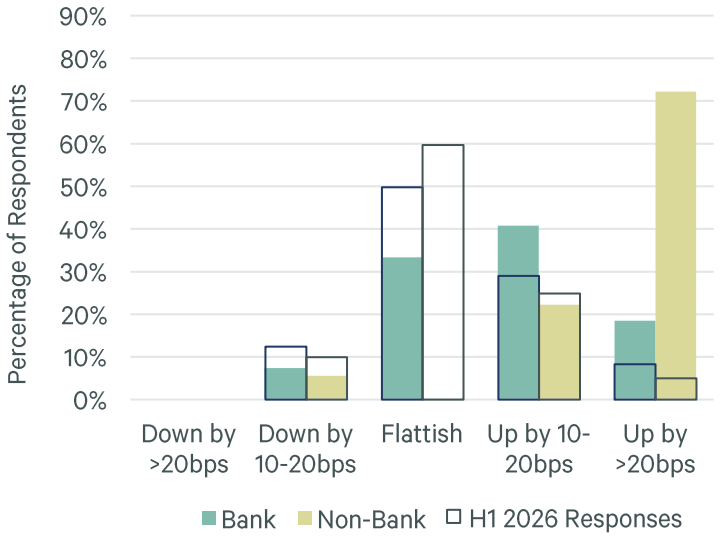
Credit margin expectations have experienced a sharp shift over the last 6 months. As of H2 2026, 72% of non-bank lenders expect credit margins to increase by more than 20bps over the next 3 months. This compares to 60% of non-bank lenders expecting flattish margin movement in H1 2026. Bank lenders are milder margin expansion over the next 3 months.

Hedging requirements have held broadly stable over the last 6 months, with no material shift in sentiment.

Loan appetite has experienced the second consecutive period of declines, with 11% noting a decline in appetite. Despite rising uncertainty, majority of lenders still expect to hold their loan appetite relatively flattish over the short term.

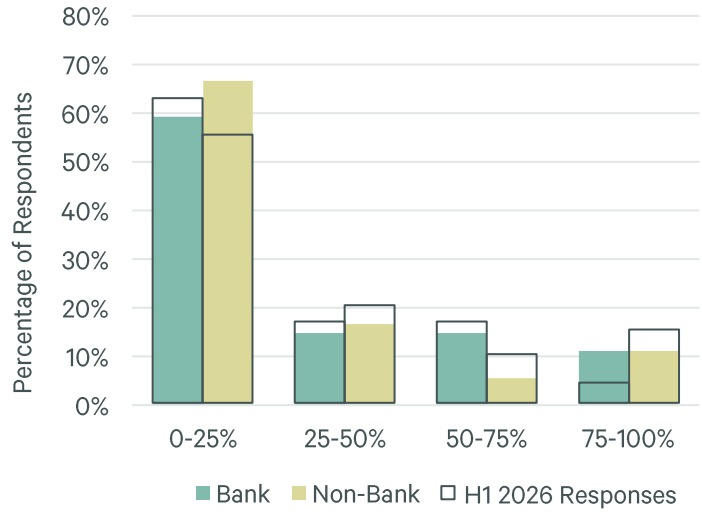


FIGURE 5: Expectations for credit margin movements over next 3 months on new loans.



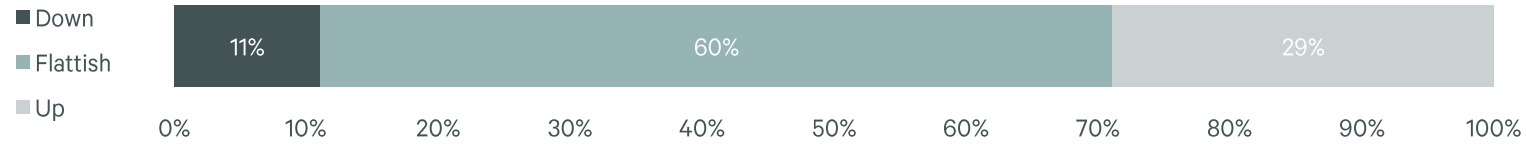
Source: CBRE Research

FIGURE 6: Current lender interest rate hedging requirements by survey period.



Source: CBRE Research

FIGURE 7: New loan appetite expectations over the next 3 months.



Source: CBRE Research

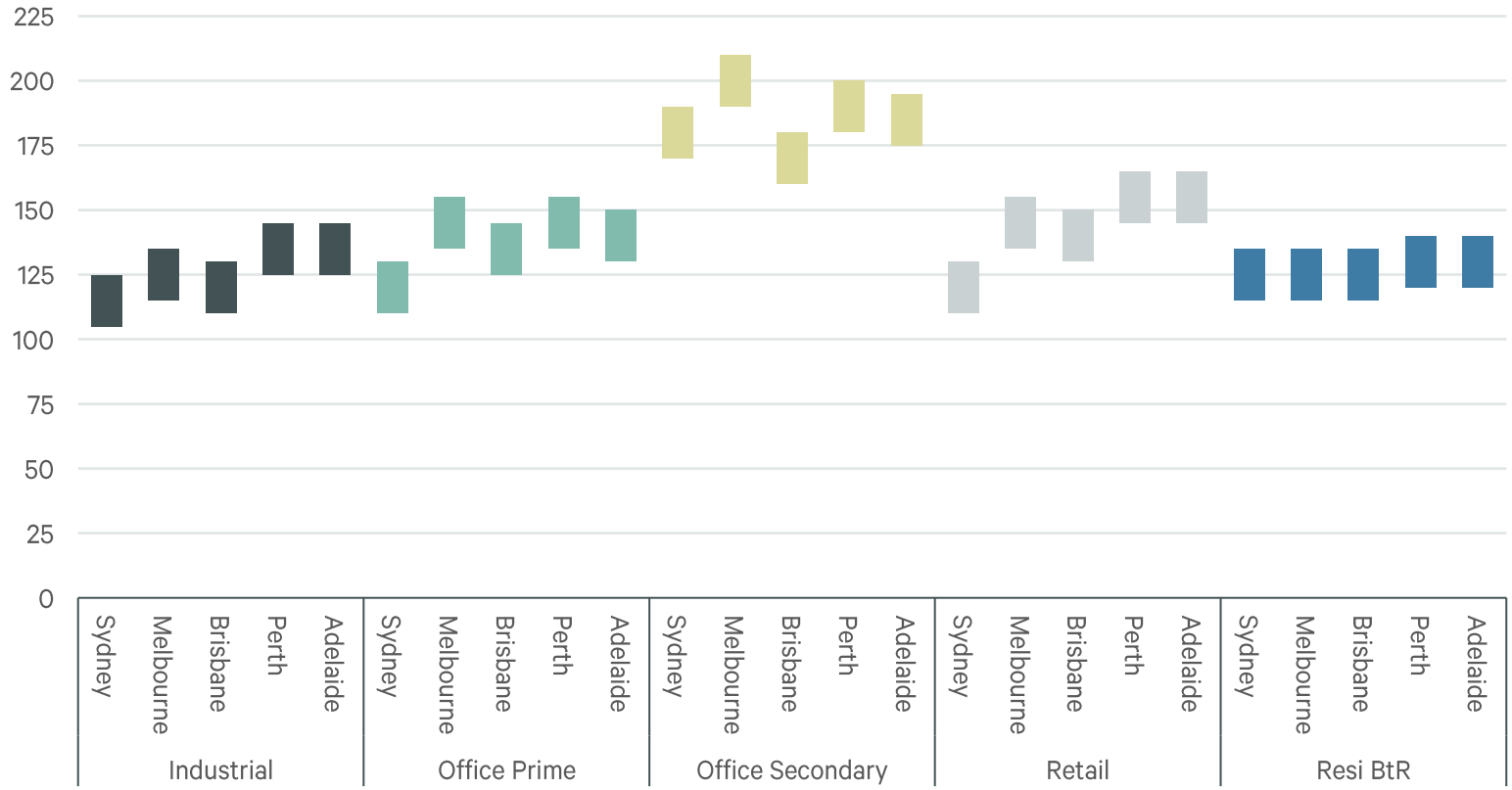
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Credit margins begin to bifurcate between cities as fundamentals diverge

Over the last 6 months, credit margins have experienced a slight uptick, consistent with lender feedback in H1 2026.

However, this uptick has not been uniform. Contrary to prior periods where the margin spread between cities has been minimal, we have begun to see margins expand rapidly in select parts of the market.

FIGURE 8: Indicative credit margins for stabilised stock (bps) by sector and market



Source: CBRE Research



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Economic and loan uncertainty top of mind for Australian lenders

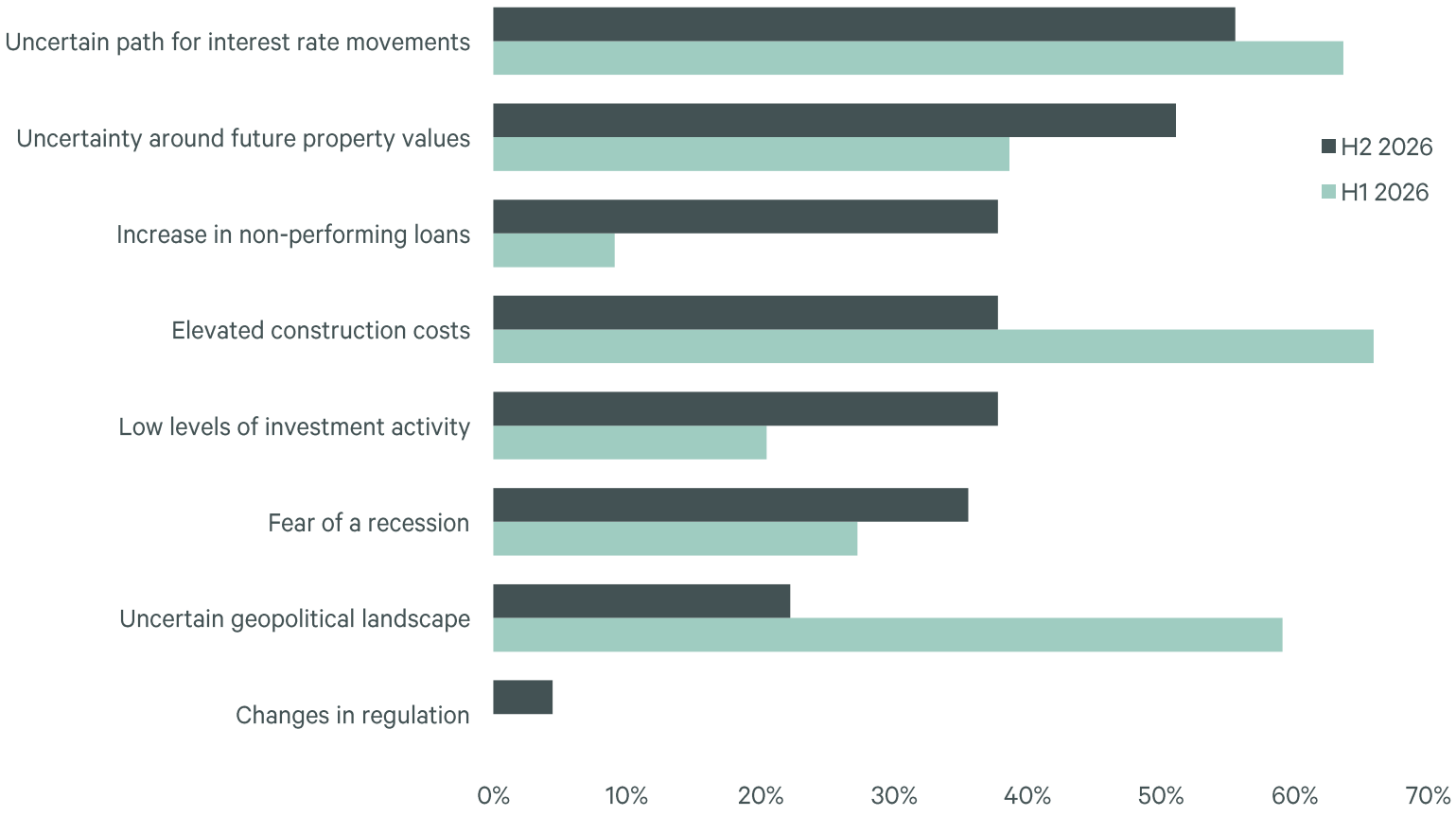
Geopolitical uncertainty was top of mind in H1 2026, however as we head into 2027, Australian lenders have expressed a significant shift in the major challenges facing the industry.

Whilst interest rate uncertainty is elevated, significant increases were recorded in property value uncertainty and investment activity levels. These factors are inherently linked, with national capital markets sentiment experiencing a moderate decline as investors begin to reconsider valuations in a higher-for-longer interest rate environment.

Despite this, the largest increase over the last 6 months was in the non-performing loans segment. This follows several recent announcements of assets going into receivership across the country.

Whilst this isn't a widespread issue, the impact of recent rate hikes is likely to put additional pressure on select assets across the country.

FIGURE 9: Major challenges facing Australia's lending environment over 2027 (top three responses)



Source: CBRE Research

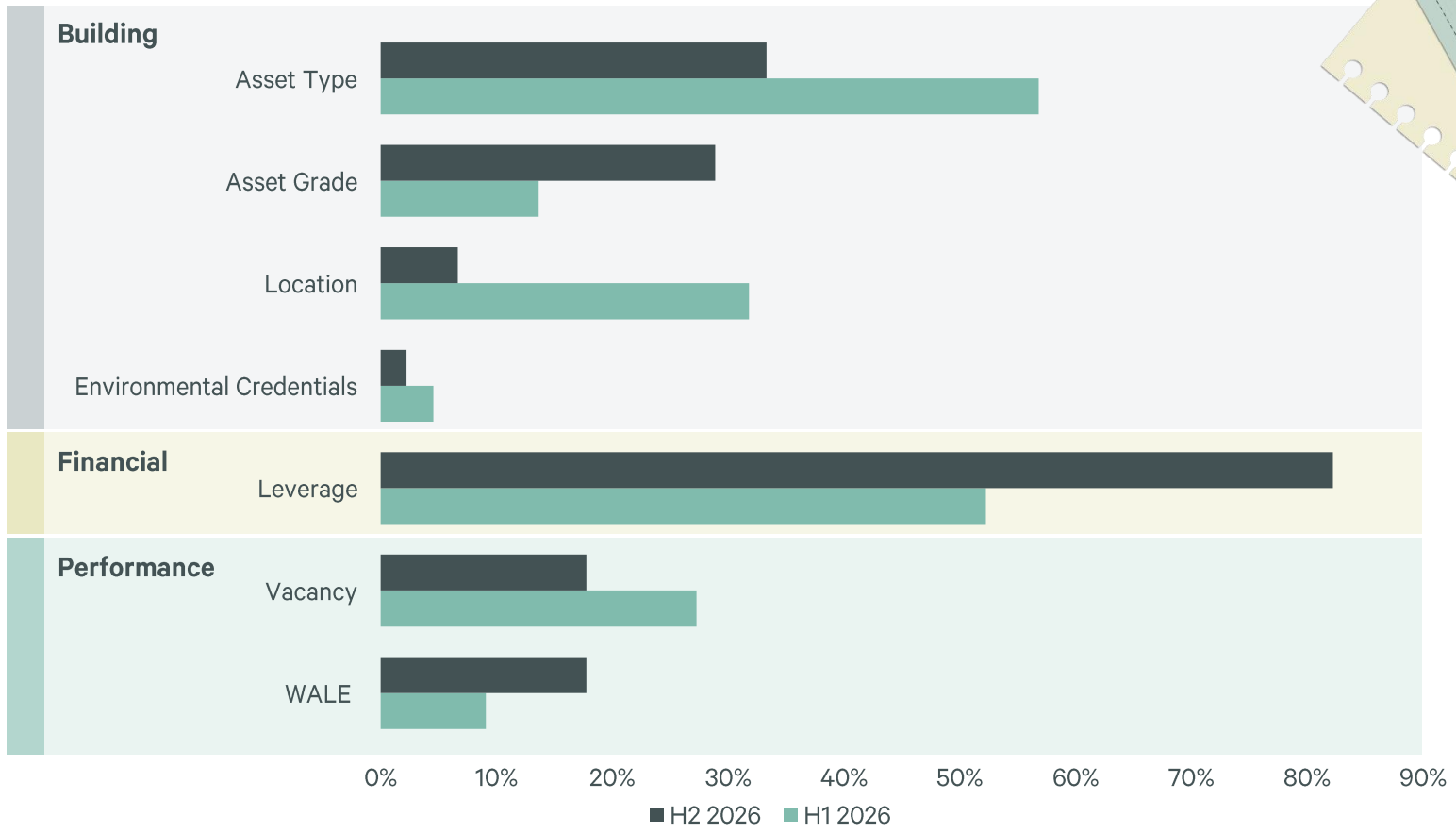
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Leverage surges in importance for lender refinancing. Building-based factors decline.

As of H2 2026, 82% of Australian lenders have ranked leverage as one of the top two most important factors when refinancing. This represents the highest response rate since 2024 and represents an increase of 30 percentage points increase over the last 6 months.

In contrast, building-based factors have declined significantly over the same period. Lenders are expressing less concern towards geography and sector but continue to exercise caution when lending to select asset grades.

FIGURE 10: Key variables impacting lender appetite for refinancing (top two responses) by period.



Source: CBRE Research

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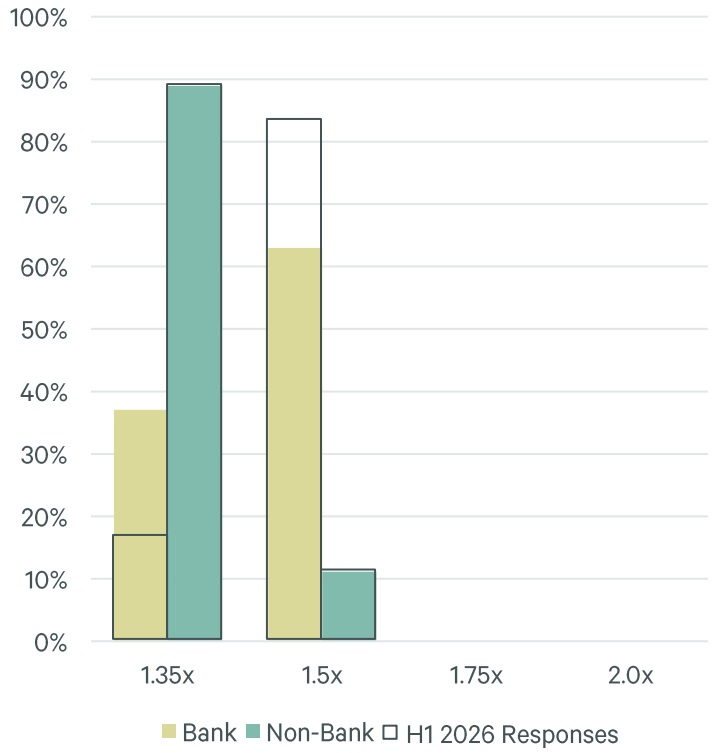
Lending requirements diverge. Non-bank lenders remain more aggressive.

Interest coverage ratio (ICR) requirements have remained unchanged among non-bank lenders. Bank lenders have expressed a slight decline over the last 6-months, with 37% noting an ICR requirement of 1.35x.

Loan-to-value ratios have slightly decreased over the last 6-months, returning closer to levels seen in 2025.

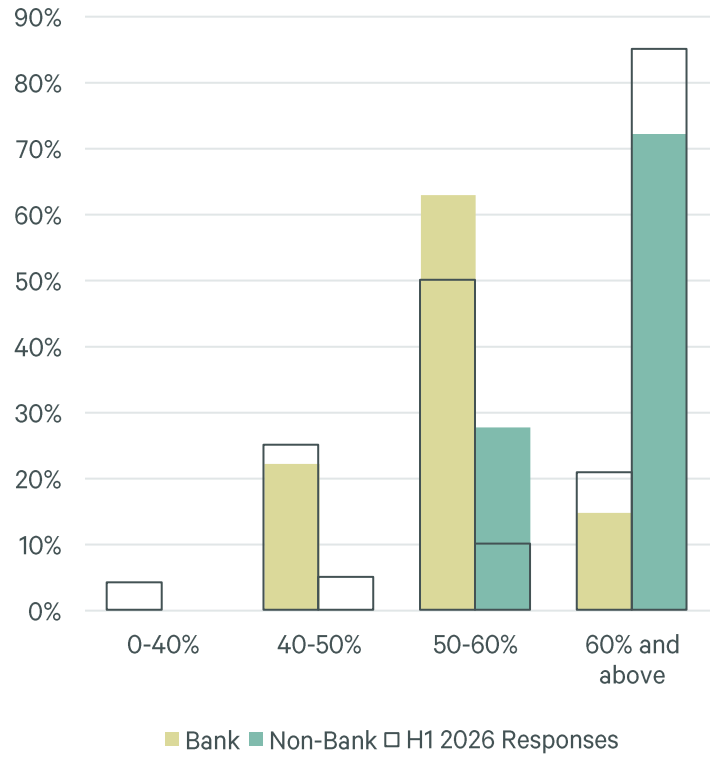


FIGURE 11: Lender ICR requirements for new investment grade lending.



Source: CBRE Research

FIGURE 12: Lender preferred LVR ratio.



Source: CBRE Research. Excludes unsure responses.

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Limited acquisition and development activity expected, as underwriting becomes more conservative.

Just 4% of lenders expect acquisition or development loans to be the primary driver of their lending activity over the next 12-months.

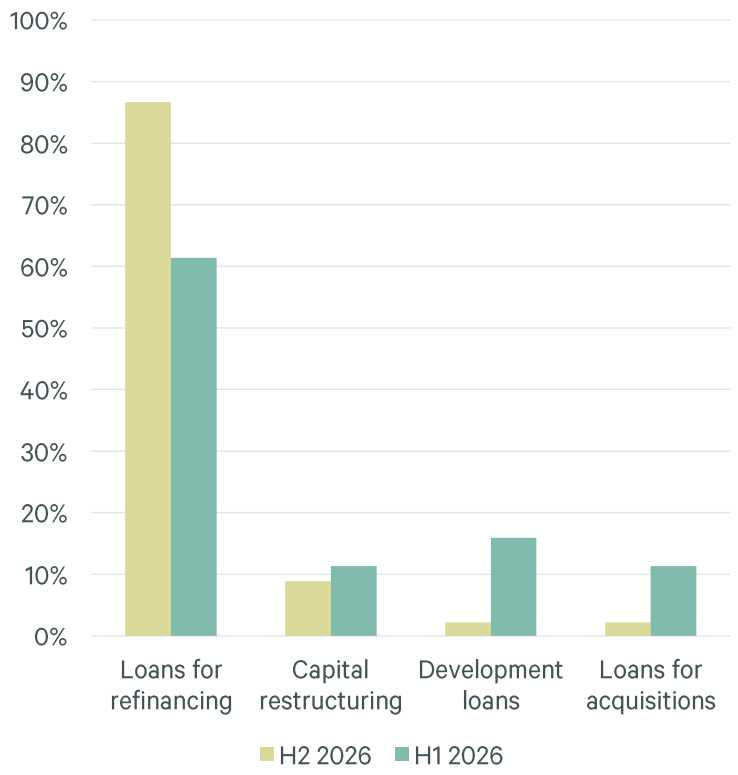
Whilst development activity in the office sector has already been slowing over the last few years, we've begun to see this slowdown spread to other sectors in recent months.

Instead, 87% now expect refinancing to represent the principal source of their loan demand, as both lenders and borrowers take a more cautious approach to activity.

This is consistent with our results in Figure 14, where non-bank lenders are expecting to adopt a more conservative underwriting criteria over 2027.

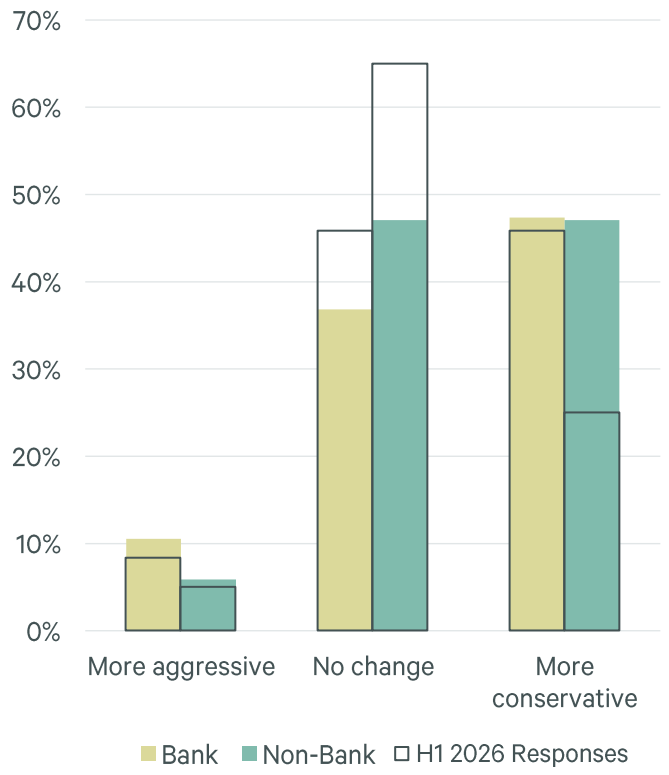
Bank lenders showed little shift in underwriting criteria, albeit they continued to indicate a relatively conservative stance.

FIGURE 13: Expected principal source of demand over the next 12-months.



Source: CBRE Research

FIGURE 14: Expected change in underwriting criteria over the next 12-months.



Source: CBRE Research. Excludes 'unsure' responses.

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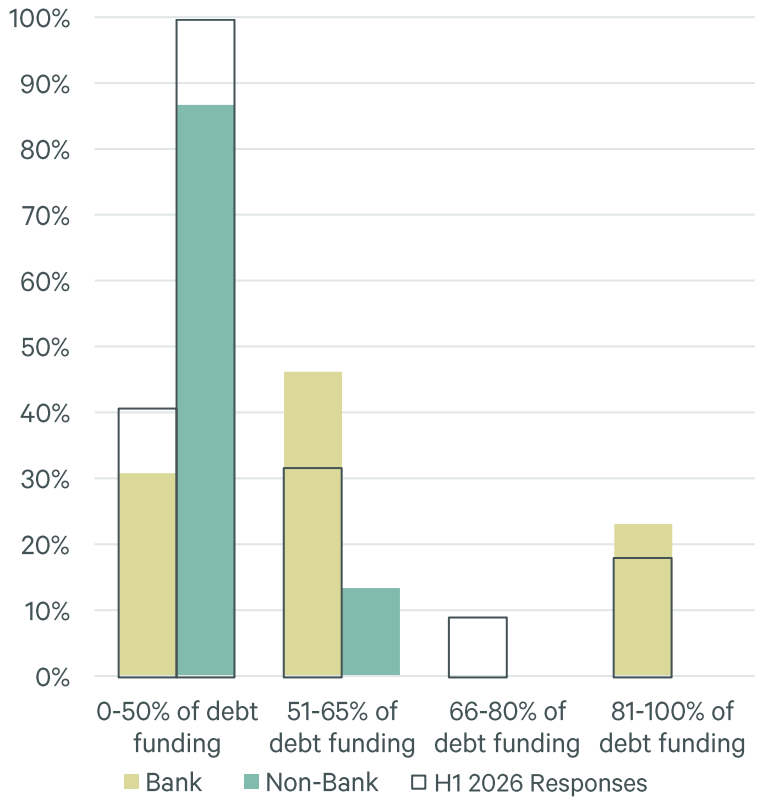
Risk appetite among Bank lenders for residential-to-sell declines moderately.

Australian lenders have expressed a slight increase in pre-sale requirements for residential-to-sell lending. Both lender types expressed an uptick, with non-bank lenders taking a relatively more conservative stance relative to H1 2026.

We expect lenders will remain relatively cautious over the next 12-months, as residential markets experience a continued softening.

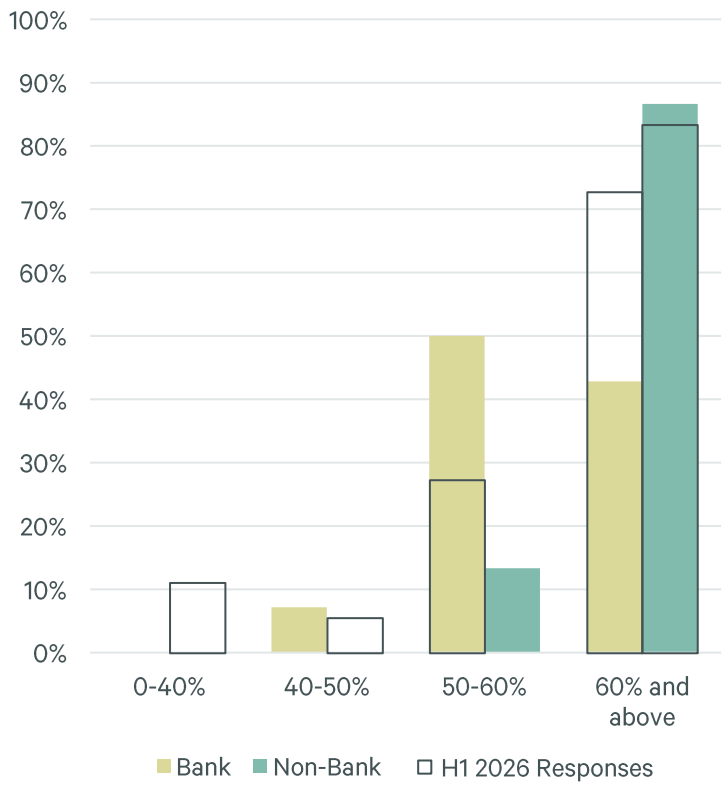
Loan-to-cost ratios decreased slightly among bank lenders., with 57% having a preference between 40-60%.

FIGURE 15: Pre-sale requirements for build-to-sell residential construction lending by survey period.



Source: CBRE Research. Excludes 'Not Applicable' responses.

FIGURE 16: Preferred loan-to-cost percentage for new build-to-sell residential developments.



Source: CBRE Research. Excludes 'Not Applicable' responses.

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Survey Profile

The CBRE Research H2 2026 Lender Sentiment Survey was conducted over 9 November 2026 to 16 November 2026. A total of 46 lenders responded to the survey.

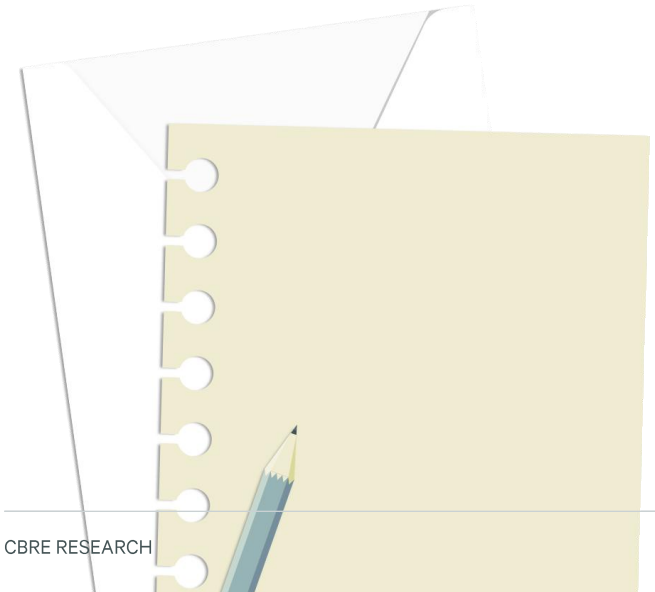
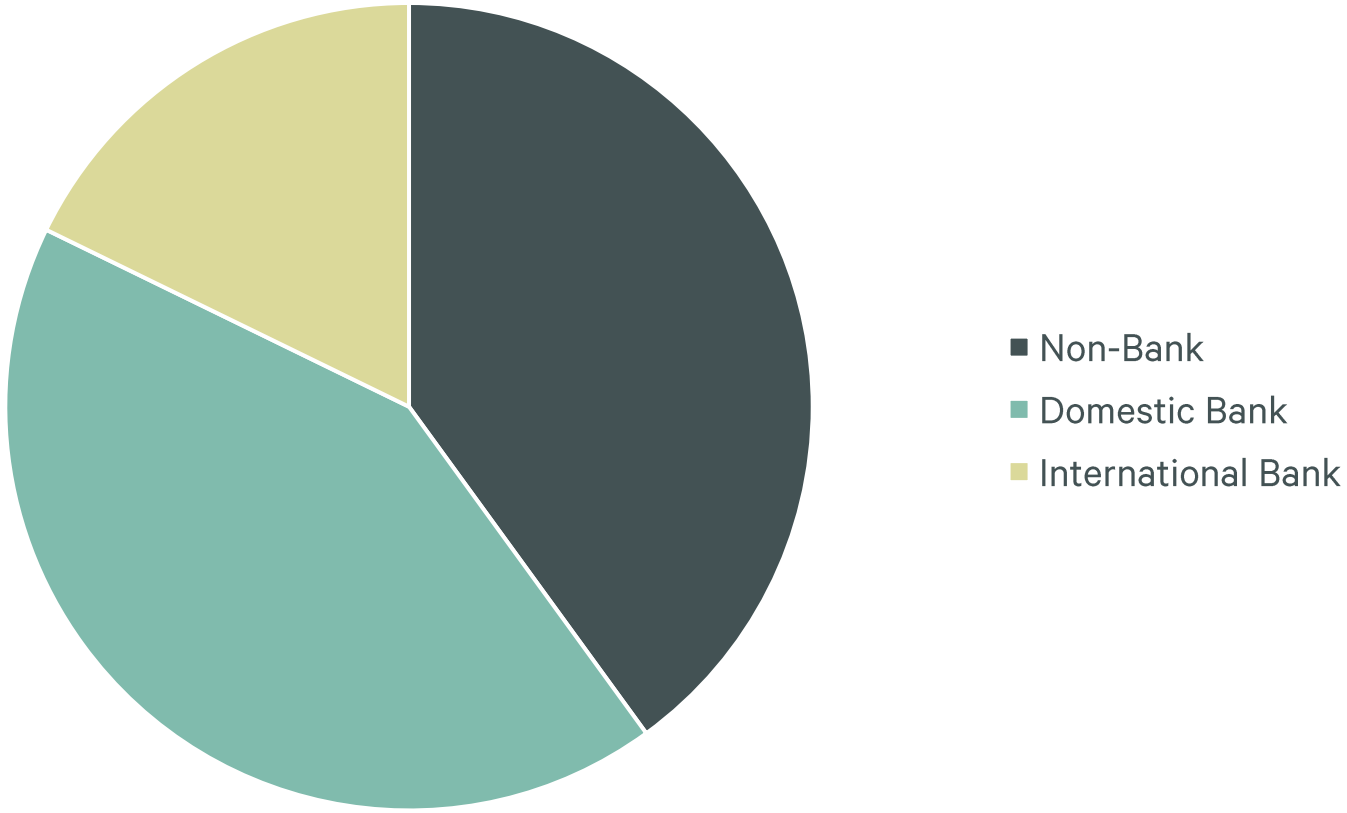


FIGURE 17: H2 2026 Respondent Profile by Type of Respondent Surveyed.



Source: CBRE Research

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Contacts

Australia Research

Sameer Chopra
Head of Research, Pacific & ESG Asia Pacific
Sameer.Chopra@cbre.com

Cameron Douglas-Perrine, CFA
Research Manager
Cameron.DouglasPerrine@cbre.com

Capital Markets Leadership

Andrew McCasker
Managing Director, Debt & Structured Finance
Andrew.Mccasker@cbre.com.au

NSW & ACT

Daniel Sollorz
Senior Director, Head of NSW/ACT
Daniel.Sollorz@cbre.com

Will Edwards
Director
Will.Edwards@cbre.com.au

Aubrey Guo
Director
Aubrey.Guo@cbre.com

Gregory Koumoukelis
Associate Director
Gregory.Koumoukelis@cbre.com

VIC, QLD, SA & TAS

Matt Lawrence
Senior Director, QLD
Matt.Lawrence@CBRE.com.au

Matt Deledio
Director, VIC, SA & TAS
Matt.Deledio@cbre.com

Ben Fletcher
Director, VIC, SA & TAS
Ben.Fletcher@cbre.com

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