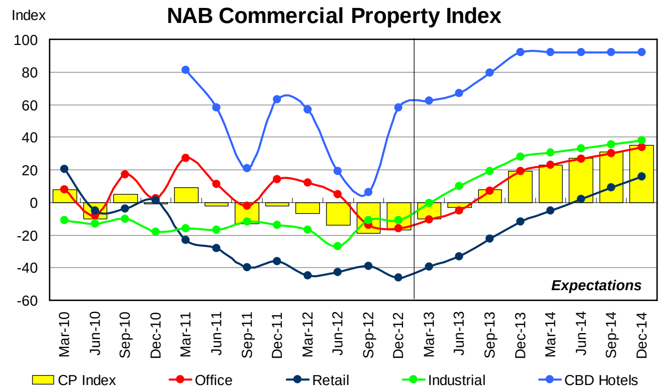
National Australia Bank

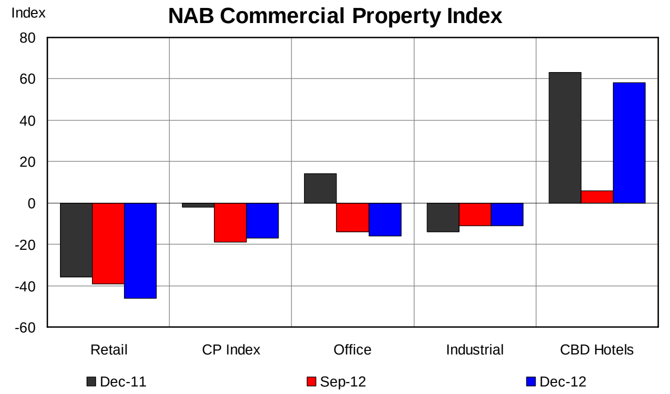
Embargoed until:
11.30am Wednesday 20 February 2013

Quarterly Australian Commercial Property Survey: December 2012

NAB Commercial Property Index increased slightly to -17 points in Q4'12 but performance varied across individual property markets. CBD hotel index rose strongly, but retail and office indices hit new lows as economy slowed. Recovery expectations also postponed in all markets, with property professionals less optimistic about prospects for longer-term capital and income growth. WA identified as strongest market nationally, but NSW the most optimistic state by end-2014 with Victoria lagging. Debt and equity funding still a problem for developers and consumer confidence continues to be identified as the main challenge for property firms in the next year.

- Capital values fell in all sectors in Q4'12 except CBD hotels (1.7%). Values fell most for retail (-1.4%) and industrial (-1.2%) property. Office slipped -0.6%. CBD hotels enjoy strongest outlook (3% by Q4'13 and 4% by Q4'14). Modest growth predicted for industrial (0.3% and 1.2%) and office (0.1% and 1.2%). Retail least optimistic with values to fall -0.2% in next year and rise 0.8% by Q4'14.
- Rents also contracted in all markets in Q4'12 led by retail (-2.1%) with rents down in all states. More subdued expectations in office market with rents to remain flat in next year and grow 1% by Q4'14. Rental expectations for industrial property also revised down with rents to grow 0.8% in next year and 1.7% by Q4'14. Retail participants slightly less pessimistic this quarter with average rents to fall -1.5% in next year and -0.4% by Q4'14.
- With income returns falling further, rental incentives have become more important in all property markets.
- Office market supply currently "neutral" and expected to remain so in all states in next 1-5 years. Retail markets "somewhat over-supplied" but "neutral" conditions to emerge in 3-5 years. Industrial market balanced in all states except WA (modestly under-supplied), but set to tighten in next 3-5 years. CBD hotel market currently under-supplied but situation expected to rectify in 3-5 years.
- Vacancy rates rose in all markets in Q4'12 and are expected to improve only gradually in all markets over the next 2 years reflecting a subdued development pipeline and softer conditions in all property segments.
- Despite difficult market conditions, slightly more developers are planning to commence works in the near-term according to the survey. Consequently, more survey participants also plan to source funds in the next 6 months. Residential property remains the most favoured property type for new development.
- Debt and equity funding is still seen as a problem for property developers, but less so than in Q3'12. Funding seen as most difficult for Victorian developers.
- Expectations on bank pre-commitment requirements for new developments rose to 58% in Q4'12 after falling in the 2 preceding quarters. Queensland and Victoria are the most negative states with regards to average pre-commitment expectations to secure development funding. WA and NSW the most positive states.
- Consumer confidence still the main challenge for property firms but concerns over regulation/red-tape growing.





NAB Commercial Property Index: December Quarter 2012

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Jun-13	Dec-13	Dec-14
Office	-8	17	3	27	11	-2	14	12	5	-14	-16	-5	19	34
Retail	-5	-4	1	-23	-28	-40	-36	-45	-43	-39	-46	-33	-12	16
Industrial	-13	-10	-18	-16	-17	-12	-14	-17	-27	-11	-11	10	28	38
CBD Hotels	--	--	--	81	58	21	63	57	19	6	58	67	92	92
CP Index	**-10**	**5**	**-1**	**9**	**-2**	**-13**	**-2**	**-7**	**-14**	**-19**	**-17**	**-3**	**19**	**35**

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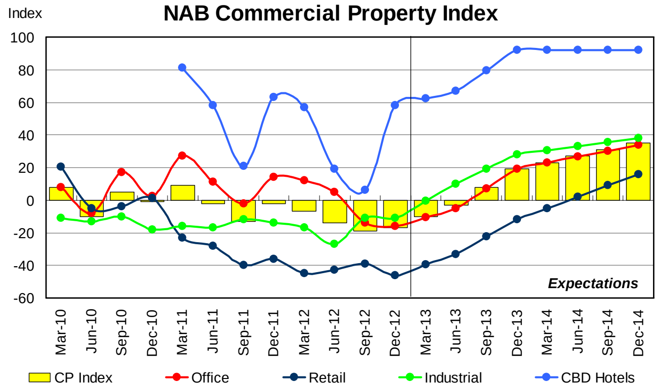
Commercial Property Overview

The NAB Commercial Property Index rose slightly to -17 points in Q4'12 from a low of -19 points in Q3'12. This was solely due to a sharp increase in the CBD Hotels index as capital and rental expectations fell in other commercial property markets.

Participants in the retail market were most pessimistic with the NAB Retail Index falling to a new low of -46 points in Q4'12. Despite several cuts to borrowing rates, consumer spending and confidence are still quite weak, while the savings rate remains elevated.

Survey participants in the office space were also more pessimistic, with the Office Index also falling to a new low of -16 points as fewer respondents reported growth in capital values or rents. Clearly, the deterioration in business conditions seen in recent NAB Business Surveys and slower growth in white collar employment growth is weighing on office market sentiment.

NAB Commercial Property Index up slightly in Q4'12 on improved sentiment in CBD hotel sector; all other segments weaker



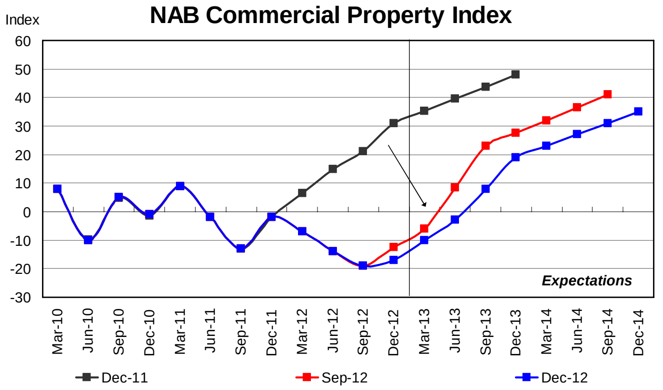
The NAB Industrial Property Index was unchanged at -11 points in Q4'12. Although the domestic manufacturing sector (a key driver of demand for industrial property) continues to face a number of well-documented challenges, industrial sectors like distribution and logistics are faring much better as the growth of online trading underpins higher demand for warehousing space for storage and distribution purposes.

The CBD Hotels sector continues to out-perform and survey respondents in this category are still by far the most optimistic in the commercial property space. In Q4'12, the CBD Hotel Index rose to +58 points, with more respondents anticipating capital value growth during quarter. CBD hotel operators are benefiting from strong demand for CBD hotel rooms and limited supply additions, which is contributing to revPar and room rate growth.

The domestic economy remains in a soft patch at present, with the restructuring burden from the mining investment boom still taking a toll on activity. It appears that concern about the persistently high AUD, a still soft labour market as well as an anticipated pull back in public sector demand are weighing on business and household confidence, which is likely to keep near-term demand relatively soft. NAB Business Surveys are also showing further deterioration in business conditions.

In this environment, respondents are less optimistic about capital and rental prospects in the next 1-2 years and the projected recovery in the NAB Commercial Property Index is now expected to be weaker than envisaged in the last survey, with the index rising to just +19 points by Q4'13 and +35 points in Q4'14.

But forward expectations soften

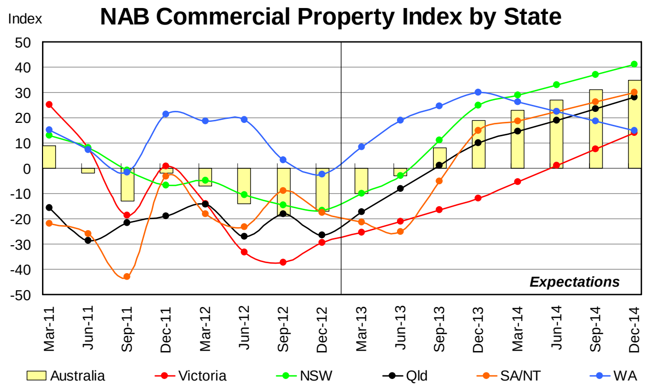


WA is still seen as the strongest commercial property market, although the state index slipped into negative territory (-3 points) for the first time since Q3'11. Victoria was the only state that recorded a higher index reading (-30 points), but it is still the most downbeat state.

WA is set to remain the strongest performing state market in the next 12 months, but will be overtaken by NSW, SA/NT and Queensland as the best performing commercial property markets in the next 2 years as the softer resources market impacts expectations in WA.

Victoria under-performs, with negative conditions persisting until H2'14 as conditions remain weak in the state's retail and industrial markets. Volatile commodity prices also seem to have introduced uncertainty to the outlook for WA commercial property in the next 2 years.

Index lower in all states bar Victoria

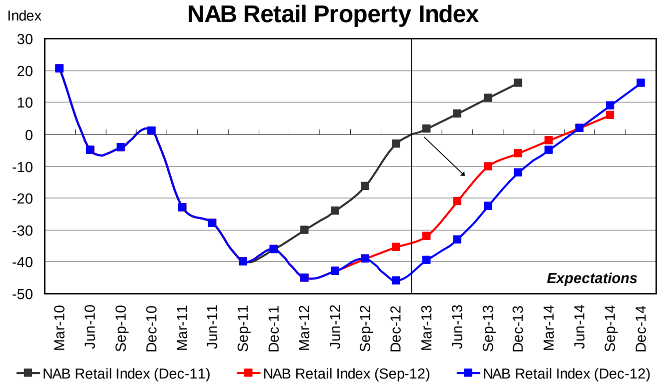


NAB retail property index slips to a new low in Q4'12; market conditions to remain difficult over next year, but modest recovery to begin in H2'14

The NAB Retail Property Index declined to an all time low of -46 points in Q4'12, underlining the challenges facing many parts of the retail economy.

The Q3'12 national accounts confirmed that household consumption remained soft, reporting the weakest quarterly growth outcome in more than two years. The accounts also confirmed the continued cautiousness of households, with the savings rate holding above 10%, with weak sentiment likely to be encouraging further de-leveraging of household balance sheets. The monthly retail trade data reinforces the unwillingness of consumers to spend, while NAB's Business Surveys show weakness in retail conditions persisting.

With few signs of an imminent turnaround on the horizon, survey respondents are less confident about the prospects for retail property over the next year. A modest recovery starting in H2'14 sees the index rising to just +16 points by end-2014.

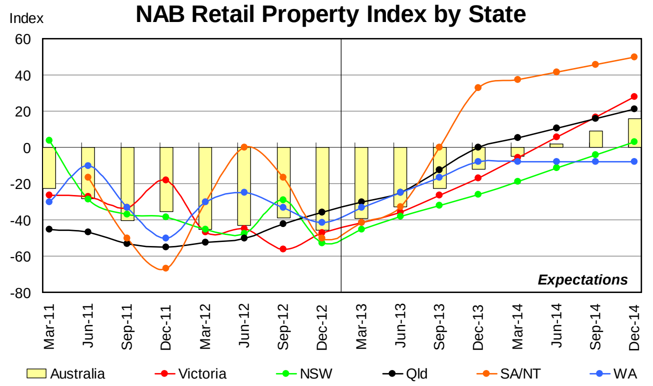


Retail market expectations very weak in all states; negative expectations persisting in all states through 2013 bar SA/NT

The net balance of respondents reporting negative capital values and rents in the retail property market continued to outweigh those with positive expectations in all states in Q4'12. NSW (-53 points) and SA/NT (-50 points), replaced Victoria (-47 points) as the most pessimistic states, with Queensland (-36 points) the most optimistic.

Expectations for capital values and rents are expected to improve in all states in the next year, led by SA/NT (+33 points) and Queensland (+0 points). However, expectations are still negative in NSW (-26 points), Victoria (-17 points) and WA (-8 points).

By Q4'14, WA (-8 points) is the only state with a negative index due to weaker rental expectations (albeit from a small sample size). Expectations are strongest in SA/NT (+50 points), Victoria (+28 points) and Queensland (+21 points), with NSW (+3 points) also lagging the national average.

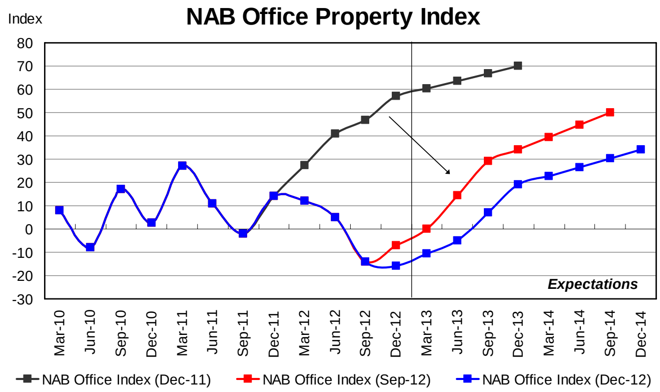


Office property index falls to new low in Q4'12; with domestic economy weakening and unemployment set to rise, forward expectations pared back again

More survey respondents have also lowered their expectations for capital values and rents in the office property market as the domestic economy enters a soft patch. As a result, the NAB Office Property Index fell to an all time of -16 points in Q4'12, after having slipped to a low of -14 points in Q3'12.

It appears that the slow down in domestic economic growth, along with weaker employment conditions seen in the finance/ business/ property sectors in the latest quarterly NAB Business Survey are weighing on the office property market.

With the economy continuing to weaken and unemployment set to rise noticeably through 2013, the outlook for commercial office property has also weakened. According to the survey, the NAB Office Property Index is now forecast to rise to rise to +19 points by end-2013 and +34 points by end-2014, a much weaker outcome than forecast in the last survey.

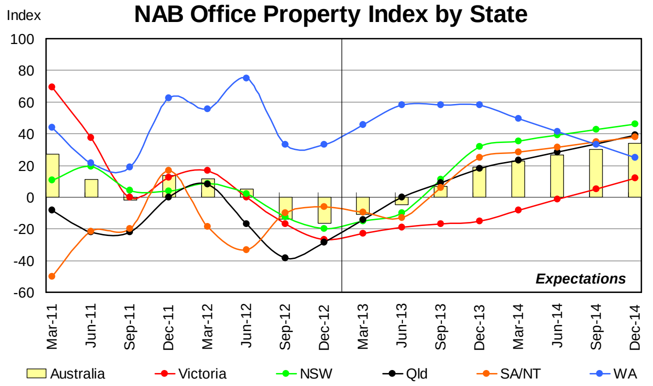


WA the most resilient state for office property in Q4'12; NSW to emerge as the strongest market by end-2014; Victoria the weakest

WA was the most resilient state for office property with the state office index unchanged at +33 points in Q4'12. Despite a softer national economic outlook, confidence in the WA office market was supported by strong demand for office space arising from the mining sector.

Elsewhere, negative conditions persist in Queensland, although the state index rose to -29 points in Q4'12 (-38 points in Q3'12). In contrast, Victoria (-27 points) and NSW (-20 points) reported weaker outcomes with confidence in both states likely affected by weaker business conditions, especially in the finance sector.

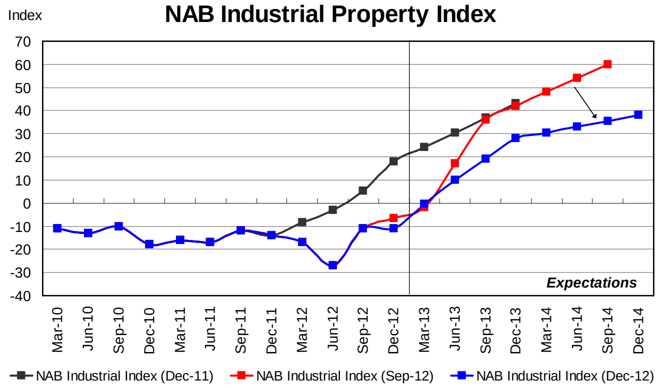
NSW replaced Victoria as the most optimistic state for office property with the state index expected to rise to +46 points by end-2014. In Victoria, expectations were scaled back heavily and it is now expected to be the weakest market by end-2014, possibly reflecting a more subdued state economic and employment outlook. Expectations were also pared back heavily in WA.



Industrial property index unchanged in Q4'12; forward expectations weaker but industrial property to remain the best performing market after CBD hotels

The Industrial Property Index was unchanged at -11 points in Q4'12 despite the continued divide being reported in the performance of various industrial property sub-sectors. The domestic manufacturing segment of the industrial property market (a key driver of industrial property demand) continues to struggle in the face a series of well-documented cyclical and structural challenges. However, the distribution and logistics side of the market is faring much better as online growth underpins demand for warehousing space for storage and distribution purposes.

Looking ahead, the industrial property market is expected to remain the best performing commercial property sector after CBD hotels. However, with fewer survey respondents anticipating capital value or rental growth in the next 1-2 years, the industrial property index is forecast to rise to just +28 points by end-2013 and +38 points by end-2014 - a weaker outcome than anticipated in the last survey.

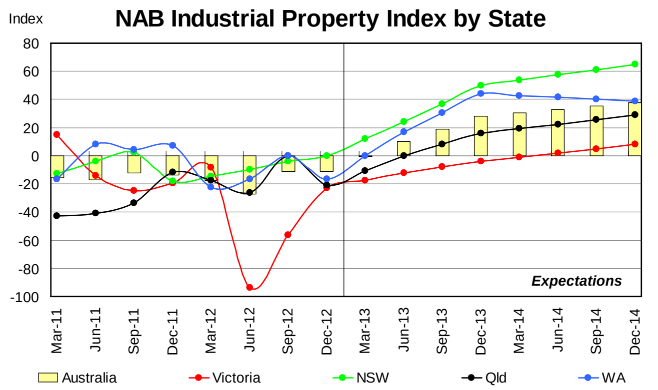


NSW replaces WA as best performing state for industrial property; Victoria the weakest market for price and income expectations

NSW (0 points) replaced WA (-17 points) and Queensland (-21 points) as the most optimistic state for industrial property in Q4'12, despite a reported disconnect between institutional and non-institutional industrial stock within the Sydney market. Victoria remained the most pessimistic state but much less so than in Q3'12 as the state index recovered to -23 points (-56 points in Q3'12).

Survey respondents expect conditions in the industrial property market to improve in all states in the next year, although the state index in Victoria remains negative (-4 points). We exclude SA/NT because of a sample size.

NSW is the most optimistic state in Q4'14, with the state index forecast to rise to +65 points. WA (+39 points) and Queensland (+29 points) are the next best states, but in both cases expectations were revised down heavily from the last survey as the impact of a slow down in mining investment becomes more apparent.

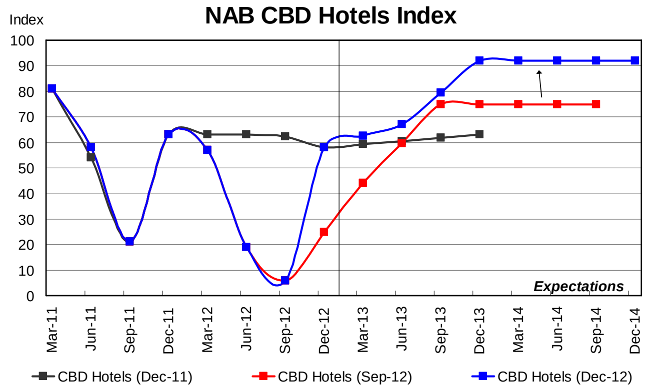


CBD hotel index rises strongly in Q4'12; participants in CBD hotel sector by far most optimistic in commercial property space and will remain so going forward

The NAB CBD Hotel Index rose to +58 points in Q4'12 (+6 points in Q3'12) and survey participants in the CBD Hotel sector remain by far the most optimistic in the commercial property space.

The out-performance of CBD hotel property continues to be driven by high levels of occupancy and solid demand (led by business travellers) which is combining with limited new supply additions to underpin healthy growth in room rates and revPar.

In contrast to all other property sectors, forward expectations in the CBD hotel market have strengthened relative to our last survey. With supply shortages persisting in key CBD markets (reflecting a narrow new development pipeline) and relatively strong room rate demand (especially from business travellers) long-term expectations for capital growth and room rates are positive. This underpins an increase in NAB's CBD Hotel Index to +92 points by end-2014.



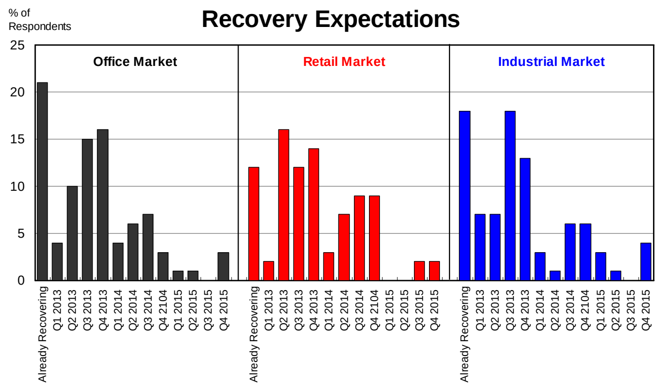
There is wide variance in opinion among property professionals as to where each market is in the current cycle

There is wide variance of opinion between property professionals surveyed as to where each market currently sits in the cycle, but in all markets, recovery expectations on average have been postponed.

In the office market, 21% said that the market was already recovering (25% in Q3'12). Around 31% said the market will not recover until H2'13 (32% in Q3'12), while 10% said it will recover in H1'14 (16% in Q3'12).

Industrial market participants are also less certain, with only 18% now believing that the market is already recovering (32% in Q3'12). Around 31% of survey respondents see the market recovering in H2'12, while 24% think a recovery will start in 2014 and beyond.

In retail, 12% said the market was already recovering, up from 10% in Q3'12. Around 45% believe that the recovery will commence in 2013, while 16% expect it to commence in 2014.



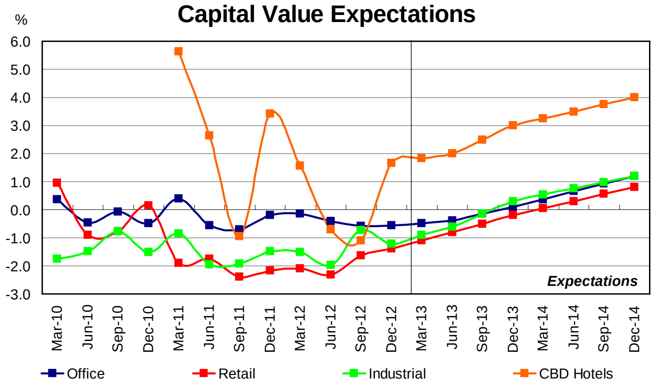
Average capital values fell in all property segments in Q4'12 bar CBD hotels; long-term expectations strongest for CBD hotels; retail expectations weakest

Average capital values for retail property fell -1.4% in Q4'12 (-1.6% in Q3'12) according to surveyed property professionals. Capital values for industrial property also fell -1.2% (-0.7% in Q3'12) and were down -0.6% for office (-0.6% in Q3'12). In contrast, capital values for CBD Hotels grew 1.7% (-1.1% in Q3'12).

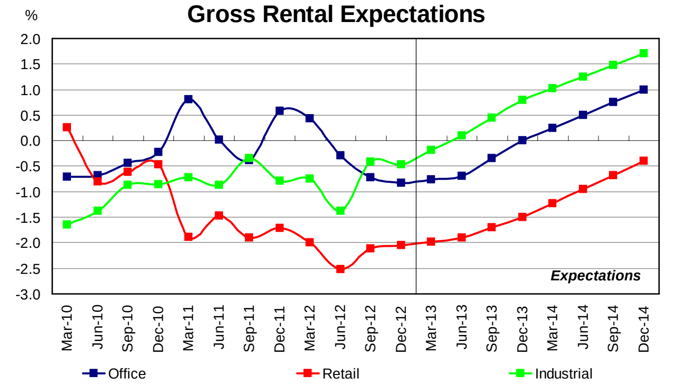
CBD Hotels enjoy the strongest outlook for capital growth, with values forecast to rise by 3% by end-2013 and 4% by end-2014, with expectations also stronger than in the last survey.

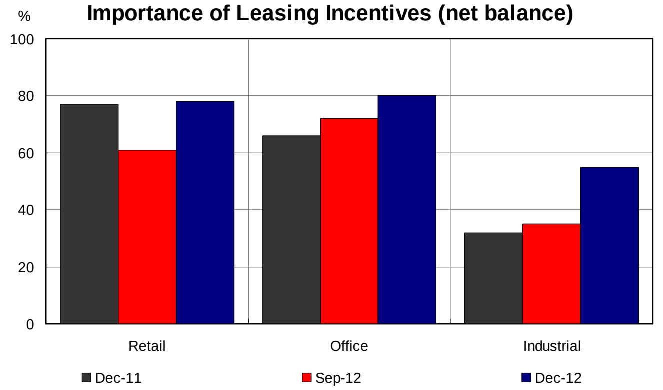
Over the next year, property professionals see modest capital value growth for both industrial (0.3%) and office (0.1%) property, with the contraction in capital values for retail property slowing to -0.2%.

By end-2014, capital values should be growing in all segments, with growth of 1.2% forecast for industrial and office property and a 0.8% gain for retail property, reversing expectations for further falls in our last survey.



Gross rents contract in all markets in Q4'12; outlook more subdued in all markets. Leasing incentives more important in all markets.





Gross rental returns fell in all property markets in Q4'12, according to the survey panel. Rents fell most for retail property (-2.1%), with returns down in all states. In the office market, average rents fell -0.8% (-0.7% in Q3'12), with WA the only market reporting rental growth. In the industrial market, average national rents fell -0.5% in Q4'12. Rents fell in all states with the exception of NSW, where survey respondents reported modest growth of 0.1%.

Forward expectations for office rents pared back again in Q4'12, with average rents now expected to be flat in the next year (0.3% previously). WA (1.5%) and SA/NT (0.7%) lead the way, with rental expectations scaled back heavily in Victoria to -0.1% (1.1% in Q3'12). NSW (-0.4%) was the weakest state for office rents.

In the retail market, survey respondents were slightly less pessimistic, with average national gross rents predicted to fall by -1.5% in the next year (-1.7% predicted previously). Respondents from NSW (-2.5%) and Victoria (-1.5%) were the least optimistic states for rental returns.

Rental expectations for industrial property in the next year were also revised down, with rents now tipped to grow by just 0.8% (1.5% previously). Industrial rents are expected grow fastest in NSW (1.7%) and WA (1.3%), but decline by -1.6% in Victoria

Over the next 2 years, national industrial rents are expected to rise by 1.7 % (2.5% previously), with NSW (2.9%) and WA (2.2%) the strongest rental markets in this period and Victoria (-0.9%) the weakest. Rental expectations in the national office market were also scaled back to 1% over the next 2 years (1.8% previously), with Victoria (1.7%) expected to provide the best returns in this period. In the national retail market, rents are expected to fall by -0.4% over the next 2 years, compared with a -0.8% fall forecast in Q3'12.

With income returns slowing, rental incentives (e.g. rent free periods etc) have become more important in all commercial property markets. The survey suggests that they were most important in the office leasing market according to a net balance of 80% of survey respondents (72% in Q3'12). In net balance terms, more respondents also considered leasing incentives to be important in the industrial (55%) and retail (78%) markets this quarter.

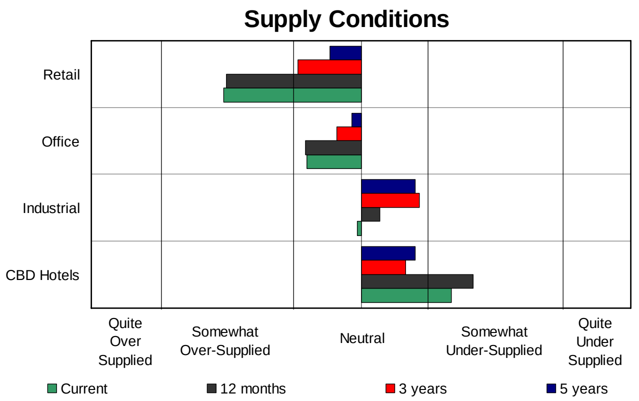
Retail market over-supplied; industrial and office markets balanced; CBD hotels shortage to persist in short-term

National office supply was "neutral" in Q4'12 as market tightness in WA offset modest supply over-hangs in Queensland, SA/NT and Victoria. The national market is set to remain balanced in the 1-5 years in all states according to our survey respondents.

National and all state retail markets were "somewhat over-supplied" in Q4'12 and are expected to remain so in the next year. Excess supply is however, expected to be slowly worked out of the market in 3-5 years with "neutral" conditions emerging in all states bar NSW.

The industrial market is currently balanced in all states except WA which is modestly under-supplied. The market is set to tighten in the next 3-5 years, especially in Queensland and NSW.

The CBD hotel market will remain under-supplied in the next year, but shortages will ease in 3-5 years.



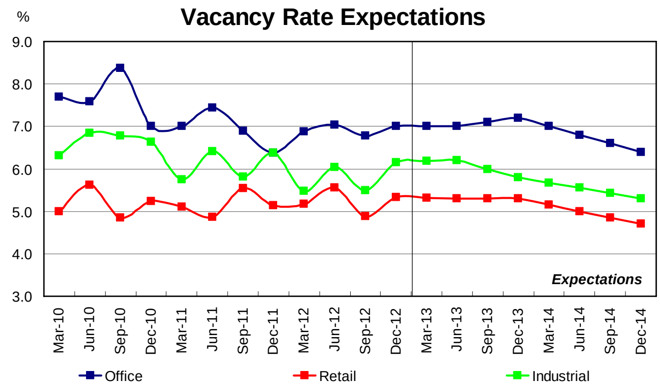
Vacancy rates edged up in all property segments in Q4'12 according to our survey respondents. In the national office market, the vacancy rate rose to 7% in Q4'12 (6.8% in Q3'12) with all states except NSW recording higher vacancy levels.

National vacancy in the industrial property market also rose to 6.2% in Q4'12 (5.5% in Q3'12. WA (4%) is still the tightest market amid strong demand from mining-related enterprises and the logistics sector.

Reflecting the difficulties facing many retail trade sectors, the national retail vacancy rate also increased to 5.3% in Q4'12 (4.9% in Q3'12). However, this market remains very fragmented with vacancy rates much lower in major retail centres compared to other retail formats.

Given relatively weak supply pipelines and projections for only a steady pick-up in overall operating conditions, vacancy rates are expected to improve only gradually in all markets over the next 2 years.

Vacancy rates rose in all property markets in Q4'12; steady improvement in operating conditions to push vacancy rates lower over next 1-2 years



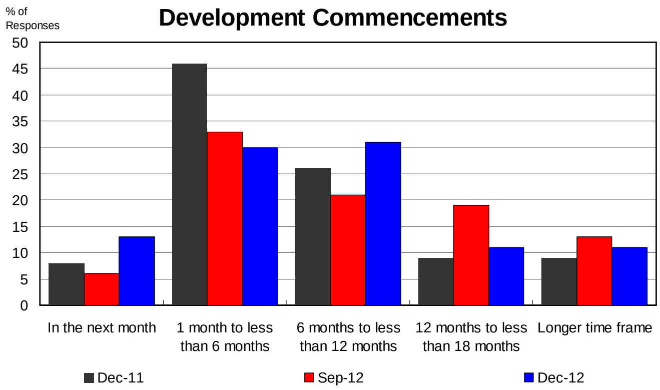
New Property Developments

Survey respondents in the property development space are asked when they plan to commence new works. Responses in December indicate that despite difficult market conditions, more developers are planning to commence works in the near-term.

According to the survey, the number of respondents planning new developments in the next 0-6 months rose to 43% in Q4'12, up from 39% in Q3'12. This mainly reflected a jump in the number of new commencements planned in the next month to 13% (6% in Q3'12). Developers are most optimistic in WA, where 57% expect to commence new developments in the next 0-6 months, and least optimistic in Queensland (27%).

The share of respondents reporting new developments occurring from 6-12 months also rose to 31% (21% in Q3'12), while the number of planning to start in 12-18 months fells to 11% (19% in Q3'12) and those nominating a longer time fell to 11% (13% in Q3'12).

Despite difficult market conditions, more developers planning to start new projects/developments in the near-term



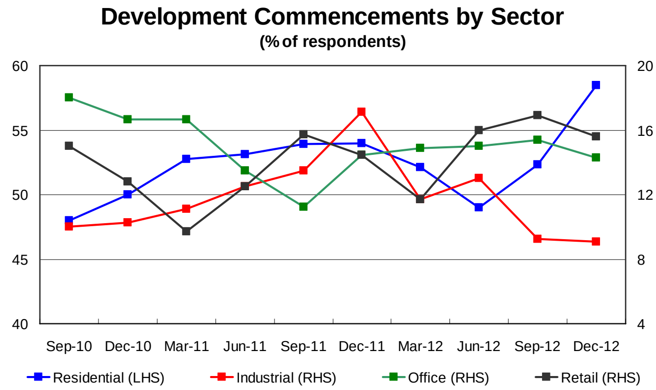
When asked to nominate which sectors developers were seeking to develop new projects, residential property remains the most favoured property type according to 58% of survey respondents - the highest level since our survey began. It seems the improvement in housing market sentiment seen in our Residential Property Survey is spilling over into the development market.

Around 16% of survey respondents expected to develop new projects in the retail sector (17% in Q3'12), with retail developers most optimistic in Queensland.

Prospects for new office developments were also slightly weaker this quarter, with only 15% planning new office developments in Q4'12 (16% in Q3'12). SA/NT developers were most optimistic but from a small base.

The share of respondents seeking to develop industrial property was broadly unchanged at 9% in Q4'12.

Majority of property developers seeking to develop projects in the residential space



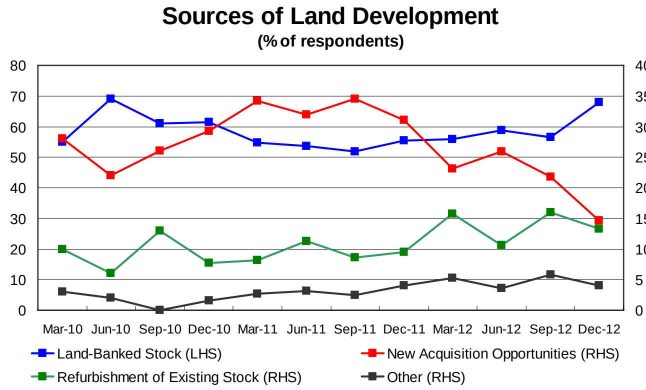
Of the survey respondents looking to undertake new works, a near-record high 68% are looking to do so with land-banked stock held for future development. Victorian (30%) and NSW (27%) developers hold the lion's share of land slated for future development.

The share of national developers chasing new acquisitions fell to a low of 15% in Q4'12, from 22% in Q3'12. Developers from SA/NT (29%) and WA (25%) are most likely to be chasing new stock this quarter, while Victoria (13%) was the least optimistic state.

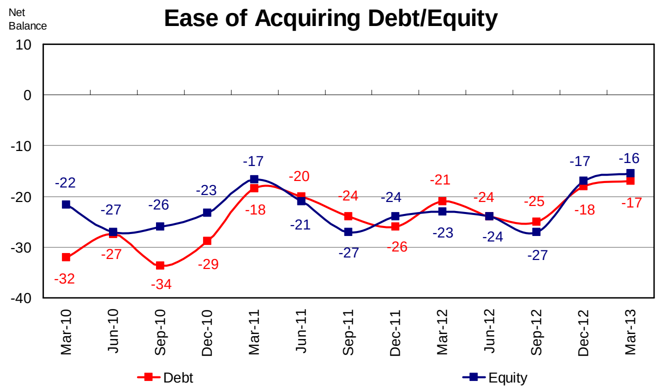
The number of national survey respondents looking to refurbish existing stock also fell to 13% in Q4'12 (16% in Q3'12), with refurbishments more likely to occur in SA/NT.

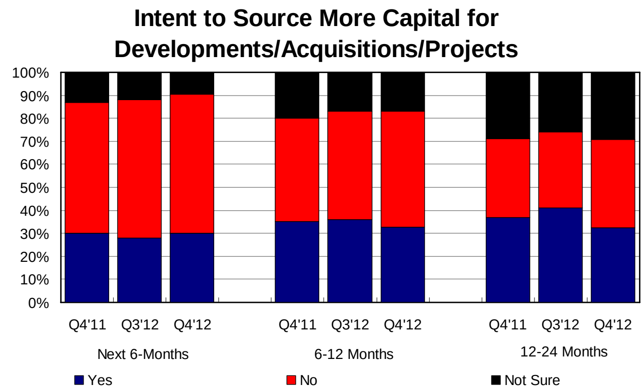
Overall, these trends suggest that developers are still wary about entering the market, extending the long period of caution seen in the development market.

The majority of developers entering the market are looking to cash in on land-banked stock



Debt and equity funding still seen as a problem for property developers but less so than in Q3'12; conditions expected to improve slightly in both channels over the next 3-6 months but remain negative.





Debt funding is still seen as a problem for property developers, but less so than in Q3'12. A net balance of -18% reported more difficult conditions for sourcing debt in Q4'12 (-25% in Q3'12). Developers in Victoria (-33%) were most pessimistic (and more so than in Q3'12), followed by NSW (-21%). WA (+6%) was the most optimistic state. Around 23% of respondents also reported no new borrowing requirements in the past 3 months, but this share is expected to fall to 20% in the next 3-6 months.

Debt conditions will improve modestly in the next 3-6 months, with a net balance of -17% anticipating more difficult conditions. Victoria (-32%) remains the most pessimistic state, with WA (+13%) the most optimistic state.

Raising equity was also less difficult in Q4'12 with a net balance of -17% of respondents reporting more challenging conditions (-27% in Q3'12). Victoria (-31%) and NSW (-22%) were the most pessimistic states and WA (+3%) the most optimistic state.

Raising equity is expected to be marginally easier in the next 3-6 months, with the net balance expecting more difficult conditions falling to -16%. Victoria (-30%) remains the most pessimistic state, followed by NSW (-21%), while developers from WA (+7%) are the most optimistic. Around 27% of respondents said they had no equity requirements this quarter, but that share is expected to fall slightly to 25% in the next 3-6 months.

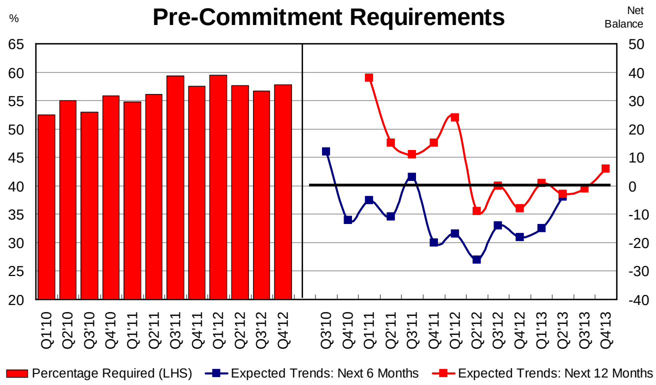
Slightly more survey participants plan to source funds in the next 6 months (30% versus 28% in Q3'12) which is consistent with an increase in the number planning to start new development works in the short-term. The number of respondents with no sourcing intentions was unchanged at 60%. Consequently, longer-term intentions were also scaled back, with only 33% expecting to source capital over the next 6-12 months (36% in Q4'12) and 32% over the next 12-24 months (41% previously). The share of respondents who are "not sure" about their future capital raising plans is however still quite high suggesting that many developers are still very uncertain about the future operating environment.

Expectations on bank pre-commitment requirements for new developments rose to 58% in Q4'12 after falling in the 2 preceding quarters. SA/NT (63%), Queensland (62%) and Victoria (59%) were the most negative states on bank conditions. WA (51%) and NSW (54%) were the most positive with regards average pre-commitment expectations to secure development funding.

Of those electing to predict the next 6 month period, a negative net balance of -4% nationally expect a higher pre-commitment requirement to secure funding for new developments in the next 6 months (-15% in Q3'12). SA/NT (-27%) and Victoria (-14%) were the most pessimistic states and NSW (+3%) the most optimistic.

Pre-commitment requirements are expected to continue easing in the next 12 months with a net balance of +6% predicting improved conditions. Queensland (+11%) and NSW (+11%) are the most positive states, while SA/NT (-13%) and Victoria (-9%) are most pessimistic.

Expectations on bank pre-commitment requirements rise slightly in Q4'12 but expected to soften in next 3-6 months

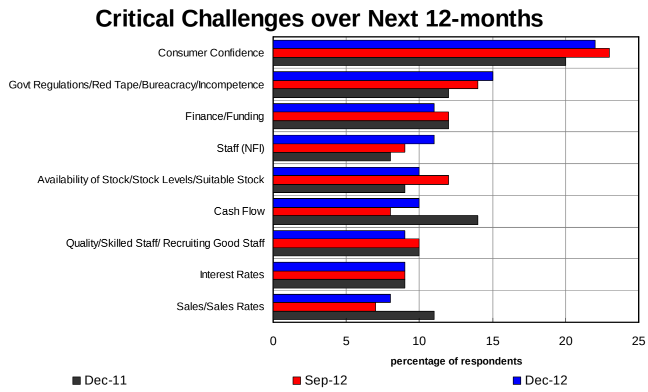


Consumer confidence is still seen as the most critical challenge facing property businesses in the next 12 months according to 22% of respondents. Those in NSW (27%) were most concerned about consumer confidence and WA (17%) the least concerned.

Government regulation, red tape and bureaucracy is a growing challenge according to 15% of survey respondents nationally. Property professionals from Victoria (17%) and NSW (17%) were most concerned, while those from WA (3%) were the least concerned.

Finance/funding was seen as the next biggest challenge by 11% of national survey respondents, although this was down from 12% in Q3'12. In SA/NT, however, this was the biggest concern according to 27% of all state respondents. We have also noted increasing concerns over staff (11%) in recent quarters, especially in WA (17%).

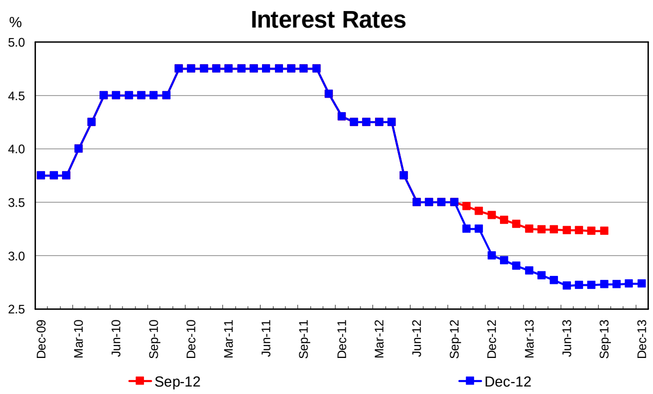
Consumer confidence still the main challenge for property firms but regulation/red-tape rising



Around 51% of surveyed property professionals expect interest rates to fall in the next year. Around 29% anticipate no change, 7% are predicting higher rates and 13% are unsure about the direction of interest rate movements. On average, survey respondents expect interest rates to fall by a further 26 basis points (bps) in the next year.

NAB however believes that the RBA will need to cut rates significantly as the economy continues to weaken and unemployment rises through 2013. We still see the need for the RBA to cut by 75 bps this year - but have marginally delayed the timing. The RBA now appears focused on the non-mining recovery and business investment. With the labour market still holding up and the RBA still looking for the impact of past cuts, we have delayed the next cut to May (but capex data critical). We have tentatively put additional rate cuts in June and November.

Survey respondents expect interest rates to continue falling in the next 12 months



Tables

Survey Respondents Expectations: December 2012

Capital Values (%)

OFFICE	Victoria	NSW	Queensland	WA	SA/NT*	AUSTRALIA
Dec-12	-1.1	-0.6	-0.8	0.6	-0.5	**-0.6**
Jun-13	-0.8	-0.5	-0.1	0.8	-0.5	**-0.4**
Dec-13	-0.7	0.5	0.7	1.2	-0.9	**0.1**
Dec-14	0.4	1.7	1.8	1.3	0.1	**1.2**
RETAIL	**Victoria**	**NSW**	**Queensland**	**WA**	**SA/NT***	**AUSTRALIA**
Dec-12	-1.2	-1.9	-0.9	-1.5	-1.8	**-1.4**
Jun-13	-0.9	-1.5	-0.1	-1.0	-0.6	**-0.8**
Dec-13	-0.2	-1..0	0.8	-1.6	1.3	**-0.2**
Dec-14	1.8	-0.5	1.5	-1.3	2.1	**0.8**
INDUSTRIAL	**Victoria**	**NSW**	**Queensland**	**WA**	**SA/NT***	**AUSTRALIA**
Dec-12	-2.6	-0.6	-1.2	-1.9	0.0	**-1.2**
Jun-13	-1.9	0.1	-0.6	-1.0	-0.9	**-0.6**
Dec-13	-1.4	1.0	0.4	0.1	-0.9	**0.3**
Dec-14	-0.6	2.4	0.9	1.0	-1.9	**1.2**

Gross Rents (%)

OFFICE	Victoria	NSW	Queensland	WA	SA/NT*	AUSTRALIA
Dec-12	-0.8	-1.3	-1.2	0.9	-0.3	**-0.8**
Jun-13	-0.6	-1.3	-0.8	1.1	-0.5	**-0.7**
Dec-13	-0.1	-0.4	-0.2	1.5	0.7	**0.0**
Dec-14	1.7	1.1	0.7	-0.1	1.3	**1.0**
RETAIL	**Victoria**	**NSW**	**Queensland**	**WA**	**SA/NT***	**AUSTRALIA**
Dec-12	-1.9	-3.0	-1.8	-0.9	-1.3	**-2.1**
Jun-13	-1.9	-2.7	-1.7	-0.8	-0.6	**-1.9**
Dec-13	-1.5	-2.5	-1.3	-0.6	1.3	**-1.5**
Dec-14	-0.1	-1.7	-0.3	-0.3	2.7	**-0.4**
INDUSTRIAL	**Victoria**	**NSW**	**Queensland**	**WA**	**SA/NT***	**AUSTRALIA**
Dec-12	-2.4	0.1	-0.4	-0.2	0.0	**-0.5**
Jun-13	-1.9	0.8	0.0	1.1	-0.9	**0.1**
Dec-13	-1.6	1.7	0.7	1.3	-0.9	**0.8**
Dec-14	-0.9	2.9	1.5	2.2	-0.9	**1.7**

Vacancy Rates (%)

OFFICE	Victoria	NSW	Queensland	WA	SA/NT*	AUSTRALIA
Dec-12	5.9	7.8	8.0	4.0	7.0	**7.0**
Jun-13	6.1	7.9	8.7	4.0	7.0	**7.2**
Dec-13	6.5	7.4	7.8	4.7	6.7	**7.0**
Dec-14	6.1	7.1	6.7	4.3	6.0	**6.4**
RETAIL	**Victoria**	**NSW**	**Queensland**	**WA**	**SA/NT***	**AUSTRALIA**
Dec-12	5.5	5.3	6.5	3.3	4.3	**5.3**
Jun-13	5.8	5.2	6.2	3.3	4.3	**5.3**
Dec-13	5.8	5.2	6.0	4.0	3.7	**5.3**
Dec-14	4.9	5.0	5.4	3.7	3.0	**4.7**
INDUSTRIAL	**Victoria**	**NSW**	**Queensland**	**WA**	**SA/NT***	**AUSTRALIA**
Dec-12	7.2	5.7	7.9	3.3	n/a	**6.2**
Jun-13	7.2	6.2	7.1	3.3	n/a	**6.2**
Dec-13	7.2	5.6	6.1	4.0	n/a	**5.8**
Dec-14	7.7	5.2	4.7	3.0	n/a	**5.3**

** Limited sample size*

About the Survey

In April 2010, NAB launched the inaugural NAB Quarterly Australian Commercial Property Survey with the aim of developing Australia's pre-eminent survey of market conditions in the Commercial Property market.

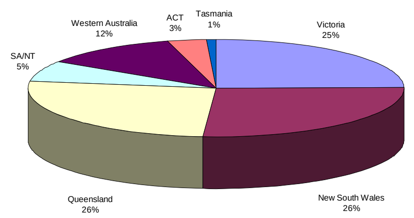
The large external panel of respondents consisted of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors.

Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian Residential market.

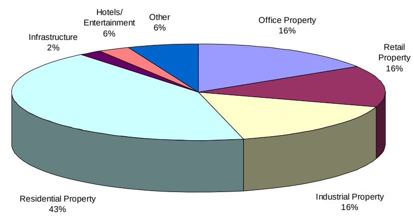
Around 270 panellists participated in the December 2012 Survey.

The breakdown of our Survey respondents - by location, property sector and business type - are shown below.

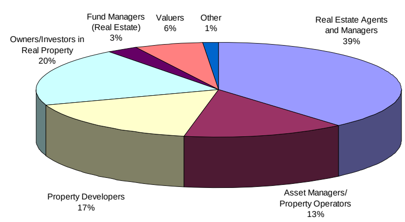
Respondents by State



Respondents by Property Sector



Respondents by Business Type



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