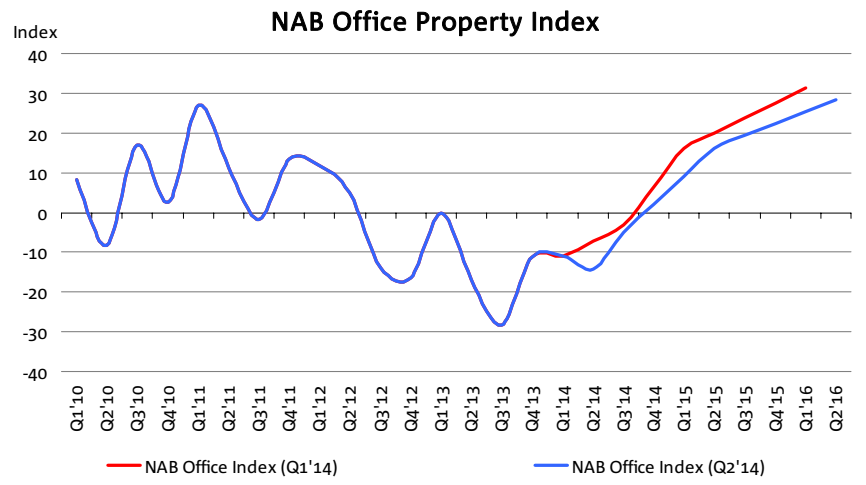
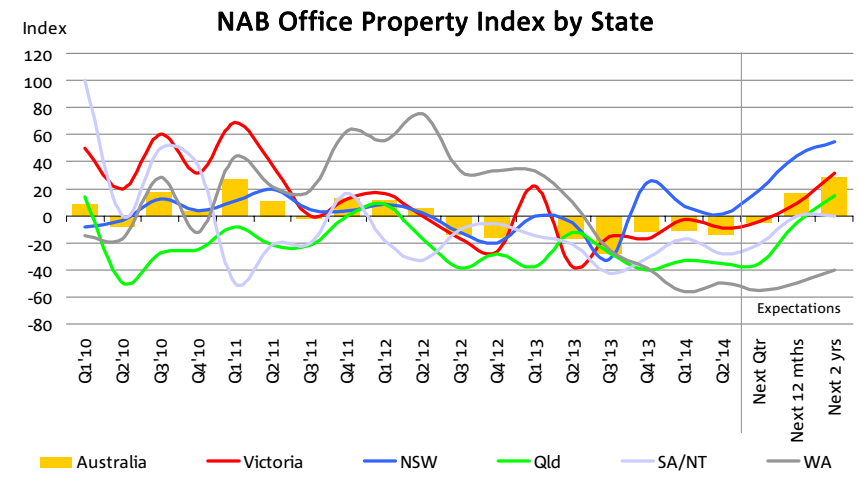


NAB Commercial Property Survey: Office Market Q2 2014

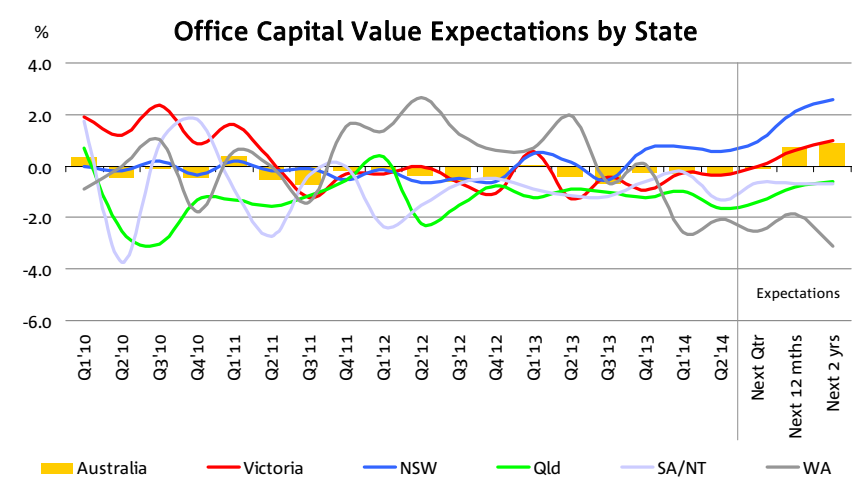
Sentiment among office market survey participants fell further in Q2 and forward expectations were pared back.



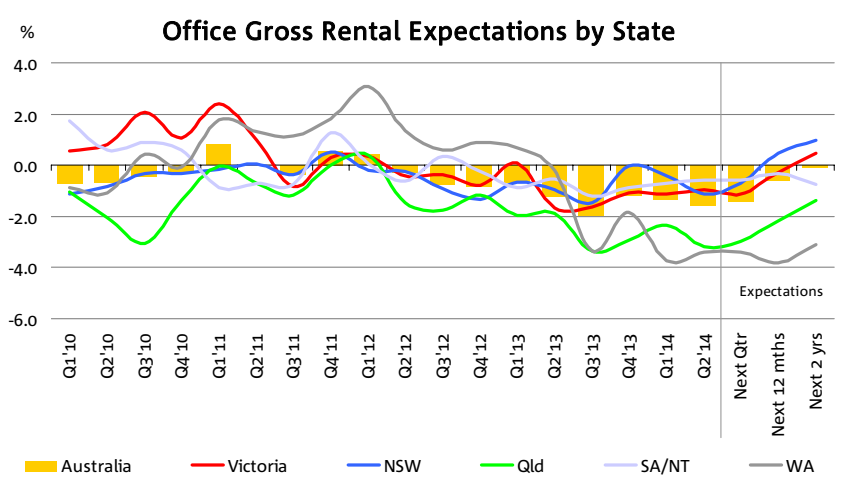
Office market sentiment subdued in all states (especially WA & QLD). NSW and VIC the standouts in next 1-2 years; WA lagging.



NSW only state to report capital growth in Q2. WA, QLD and SA/NT struggling, with returns to continue falling in next 1-2 years.

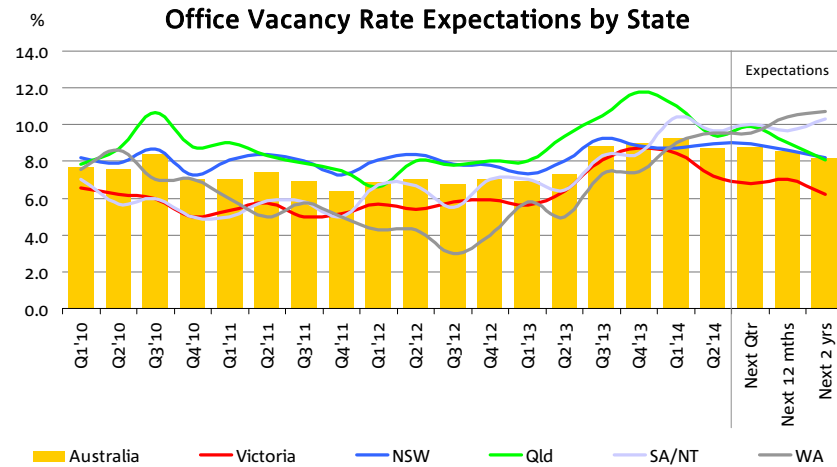


Rental pressure persisting in all states (esp. WA and QLD). Rents to remain weak in WA and QLD, with modest growth in NSW and VIC.

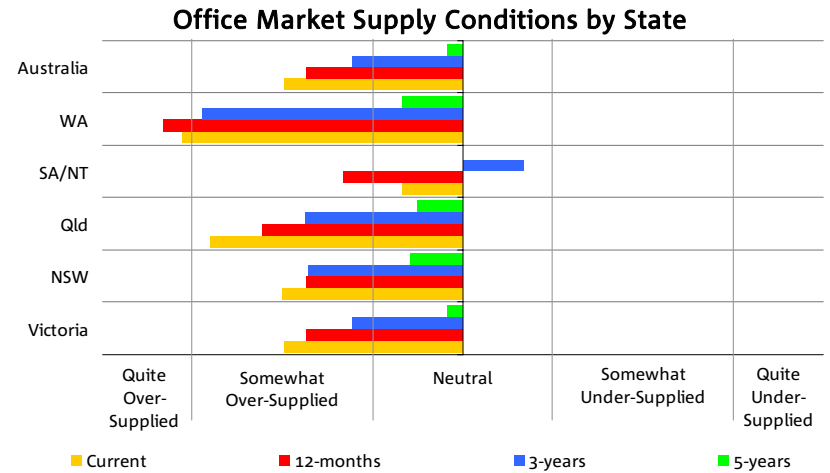


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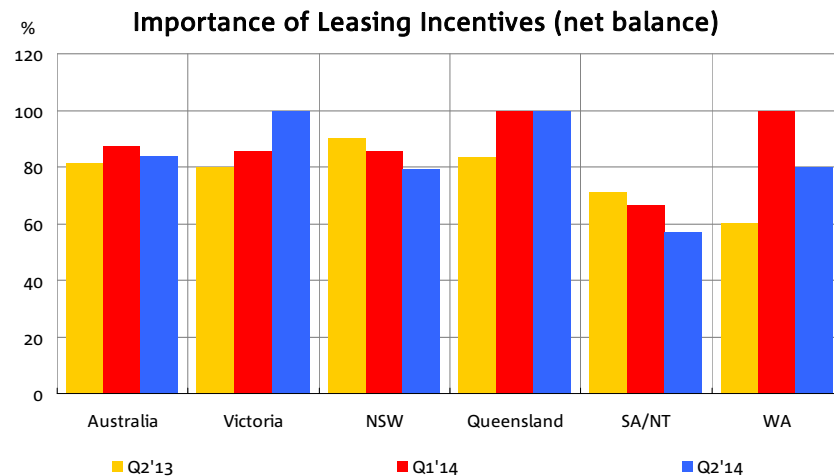
Vacancy fell in all states (except NSW & WA) in Q2, but is still at elevated levels in all markets (bar VIC). Vacancy to fall in all states in next 1-2 years, except WA and SA/NT where it is tipped to rise.



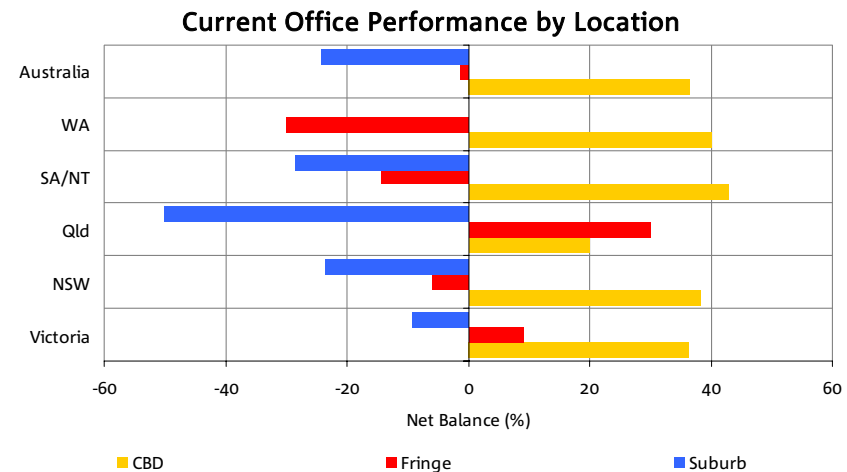
All state office markets currently over-supplied and expected to remain so over 1-3 years, with over-supply most prevalent in WA.



Leasing incentives in office markets lower in most states except VIC. However, incentives remain important in all markets (bar SA/NT) and highest in VIC and QLD.

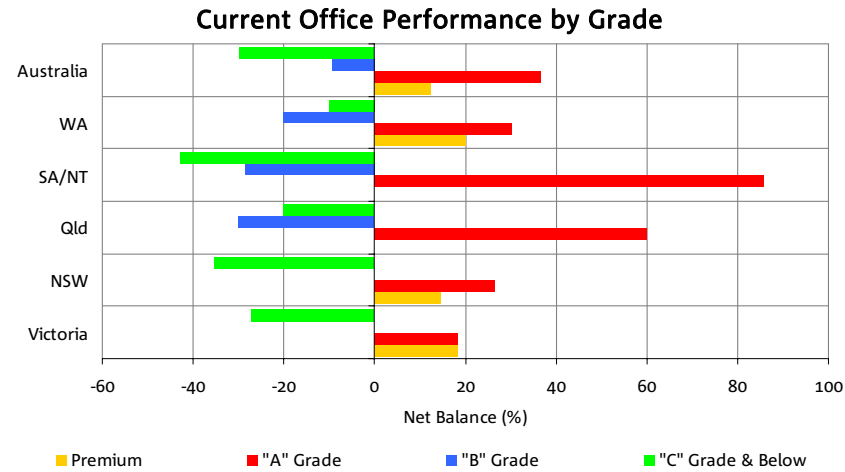


CBD best performing location for office property in all states, except QLD where Fringe preferred. Suburban least preferred in most states (esp. QLD), except WA where Fringe least preferred.



NAB Commercial Property Survey: Office Property Market

“A” Grade stock best performing grade of office property in all states except VIC, where premium property also out-performed. Lower graded properties under-performing in all states.



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