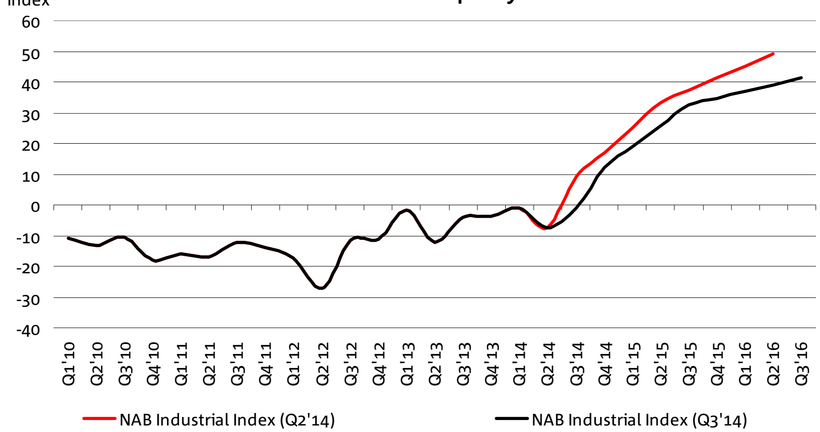
Embargoed until: 11.30 am Wednesday 29 October 2014

NAB Commercial Property Survey: Industrial Market Q3 2014

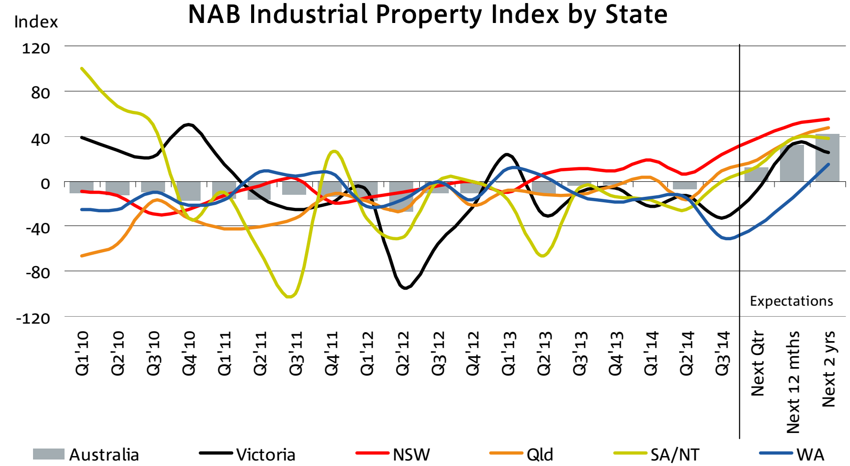
Overall sentiment rises +7 points in Q3 to -1 point, but outlook softer compared to the last survey on weaker outlook for rents.

NAB Industrial Property Index



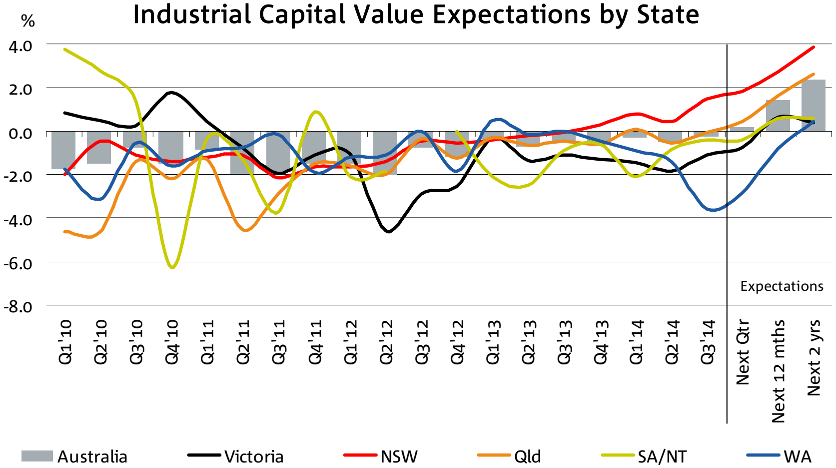
Sentiment in industrial market fell heavily in WA & VIC in Q3. NSW the most optimistic state in next 1-2 years; WA weakest.

NAB Industrial Property Index by State



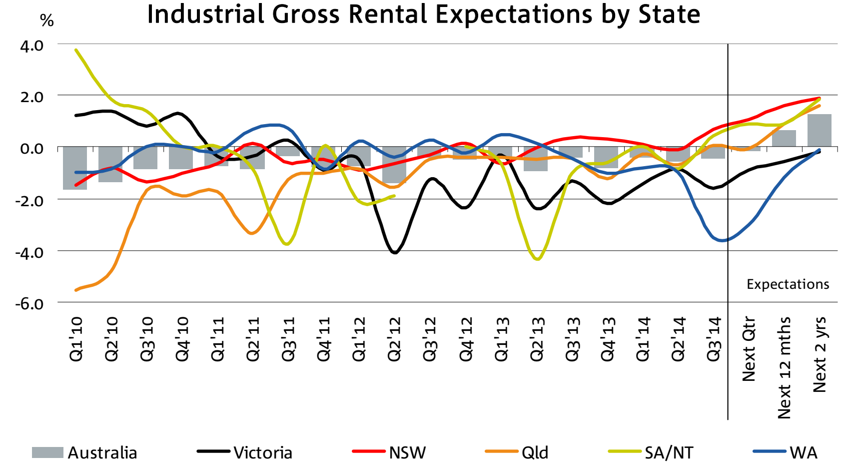
NSW only state to report capital growth in Q3. All other states negative (but improving) except WA where values fell heavily. NSW & QLD best markets for capital returns in next 1-2 years.

Industrial Capital Value Expectations by State



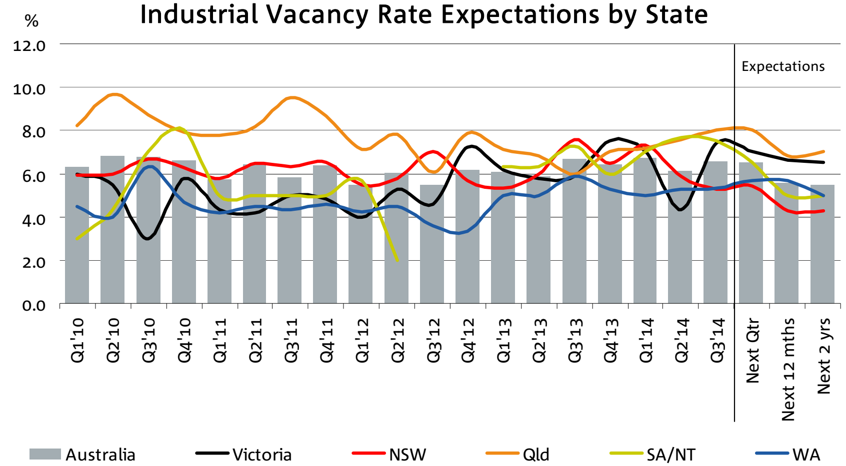
Rents fell heavily in WA and to a lesser extent VIC in Q3. All other states reported modest growth. Negative income returns expected in VIC & WA in next 1-2 years; best returns in NSW & SA/NT.

Industrial Gross Rental Expectations by State

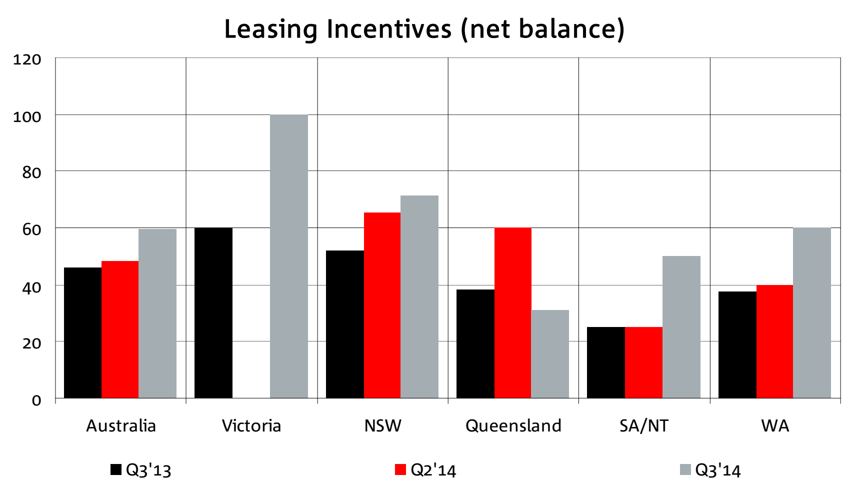


NAB Commercial Property Survey: Industrial Property Market

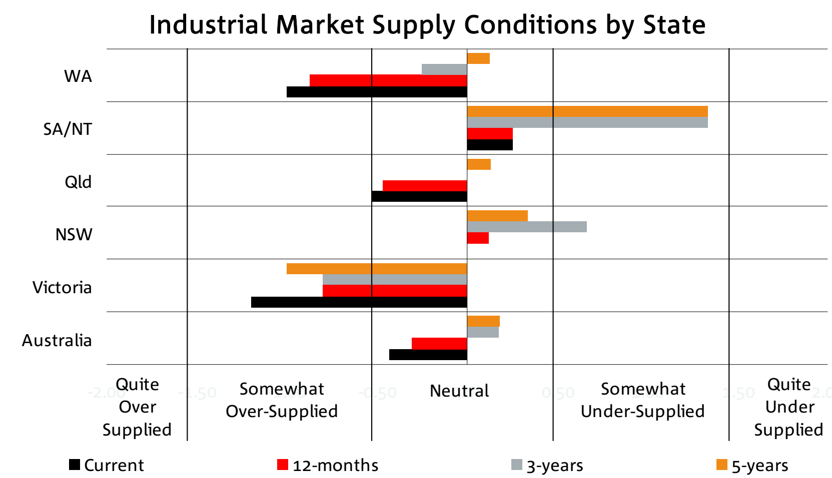
Vacancy rates climb sharply in VIC but highest in QLD in Q3. Vacancy rates expected to compress in all markets over the next 1-2 years. Available space to be highest in QLD and tightest in NSW.



Importance of leasing incentives higher in all state markets except QLD; biggest turnaround in VIC where incentives now considered highest in country; incentives least important in QLD.



Industrial property markets in Q3 "somewhat" over-supplied in VIC & WA and "neutral" in all other states. Over-supply to remain an issue in VIC in next 1-5 years (WA next year). Supply shortages emerging in NSW in 3 years time and in SA/NT in next 3-5 years.



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