



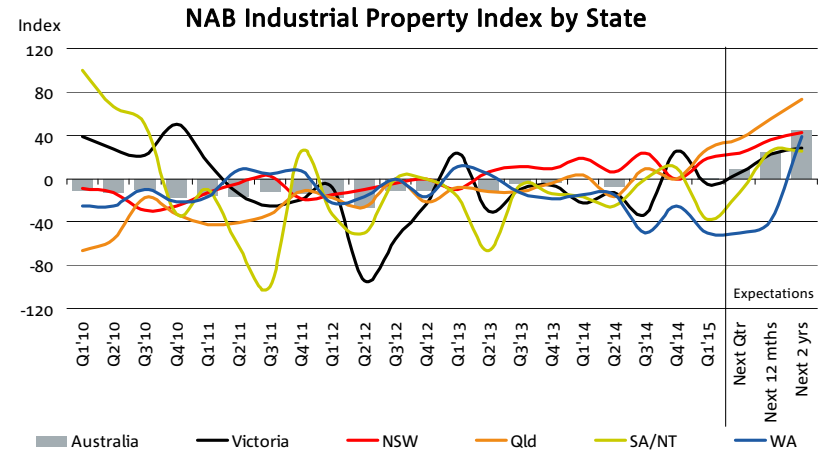
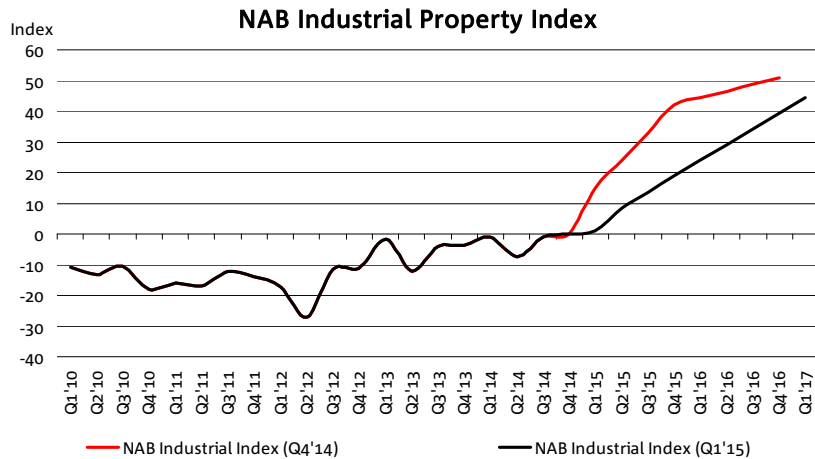
NAB Commercial Property Survey: Industrial Market Q1 2015

by NAB Group Economics

Embargoed until: 11.30am Thursday 14 May 2015

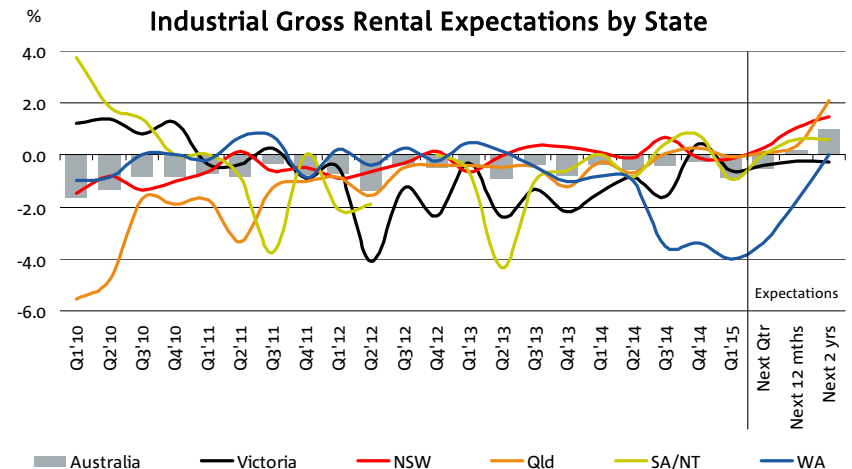
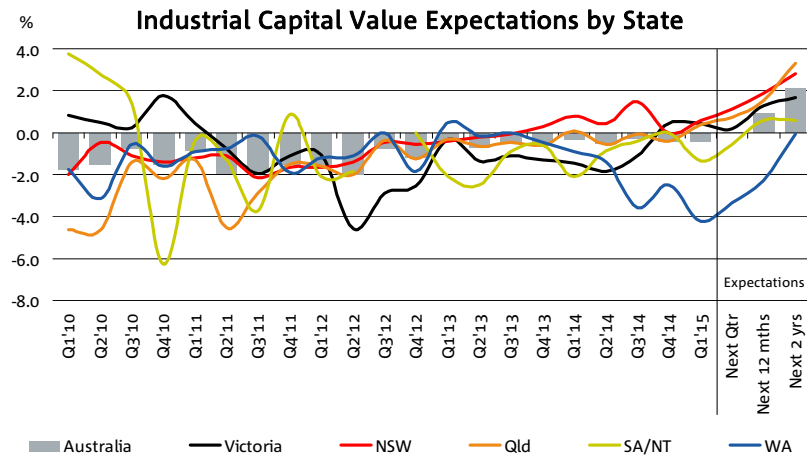
National sentiment for industrial property was broadly unchanged in Q1. But expectations weakened which may possibly be reflecting a pullback in business confidence seen in mining & manufacturing firms.

Sentiment in the industrial market was weaker WA, SA/NT & VIC, where mining and manufacturing play a bigger role in these state economies. QLD & NSW strongest in next 1-2 years but biggest improvement in WA.



Small capital gains recorded in NSW, VIC & QLD in Q1 but values still falling steeply in WA. Prospects for capital growth strongest in QLD and NSW in next 2 years, followed by VIC. Capital returns to remain negative in WA next year and flat in 2 years time.

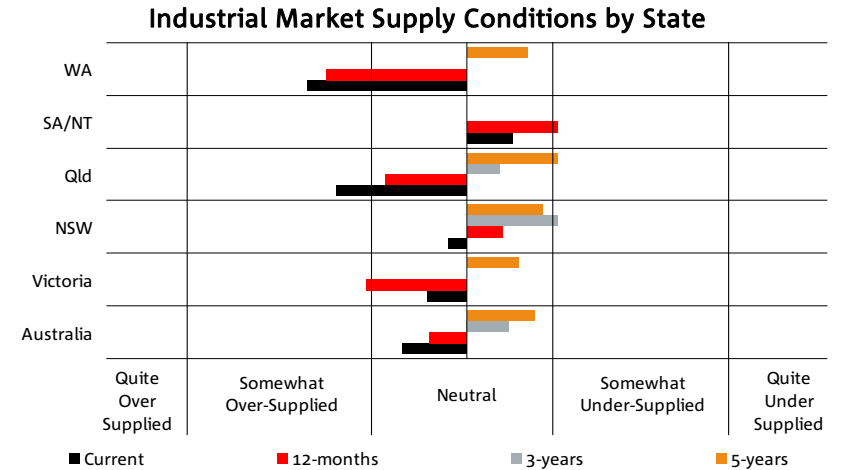
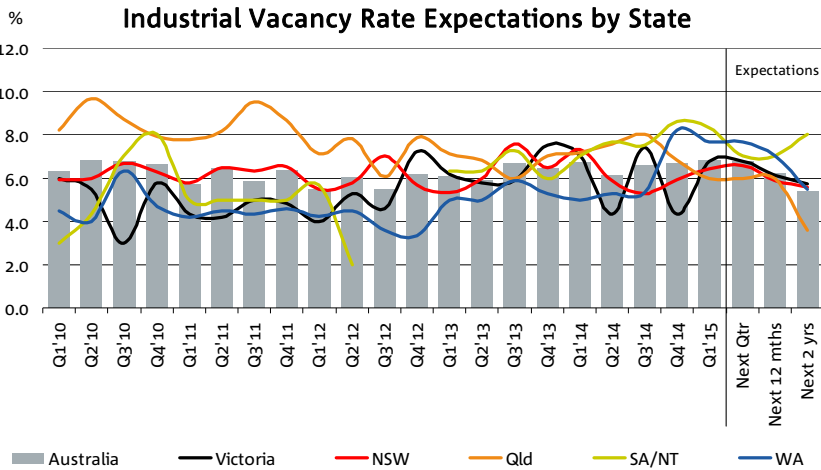
There was no income growth recorded in any state in Q4, with moderate falls in all states bar WA, where the rental market appears to be very depressed at present. A modest improvement in rents is forecast in all states in next 2 years time, except WA (flat) & VIC (negative).



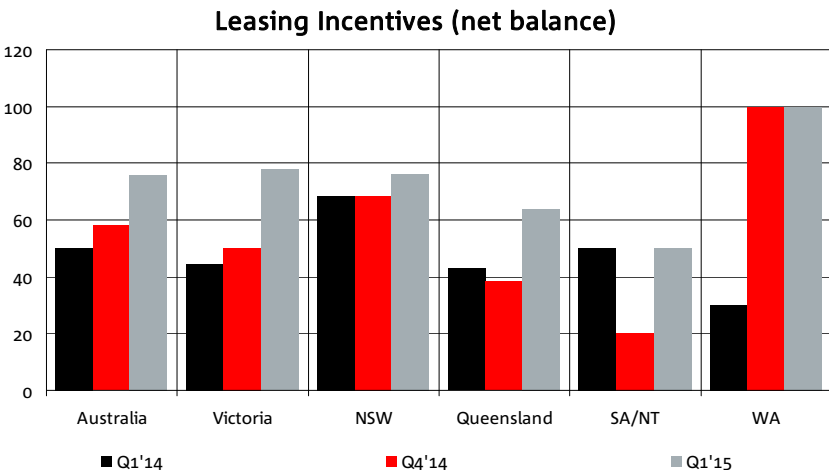
NAB Commercial Property Survey: Industrial Property Market

Vacancy rates fall in QLD (now lowest of all states). Vacancies also lower in WA but elevated and climbs most in VIC (where speculative supply was also introduced to the market in Q1). Vacancy is expected to trend down in all states over next 1-2 yrs (bar SA/NT).

Property professionals estimate balanced supply in most states except QLD and WA where markets are “somewhat over-supplied”. Over supply emerging in VIC next year and in WA. Markets to remain broadly balanced in the next 3-5 years, but modest over-supply emerging in NSW & QLD.



Leasing incentives were seen as being much more important in all states. The overall, importance of leasing incentives in industrial property markets identified as highest in WA, followed by VIC & NSW, and lowest in SA/NT and QLD.



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