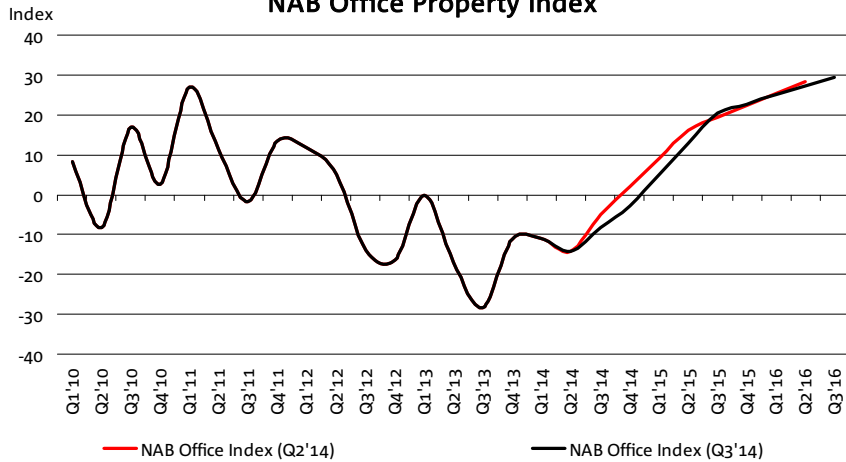


# NAB Commercial Property Survey: Office Market Q3 2014

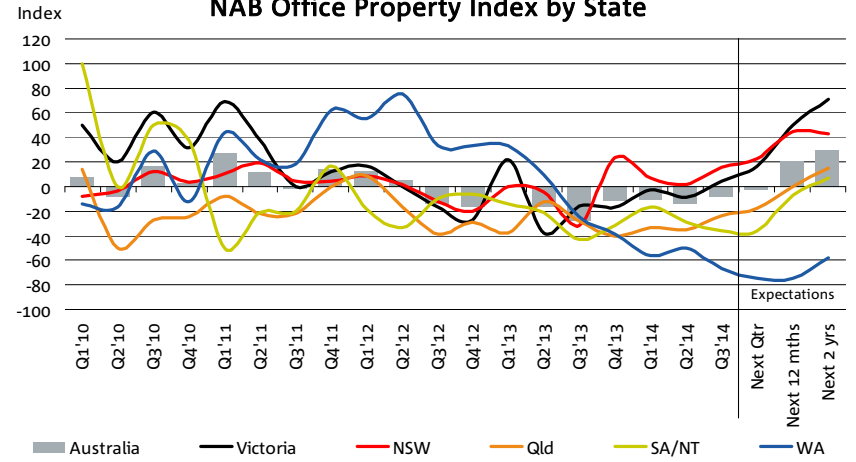
Sentiment among office market survey participants rises in Q3 but forward expectations broadly unchanged.

**NAB Office Property Index**



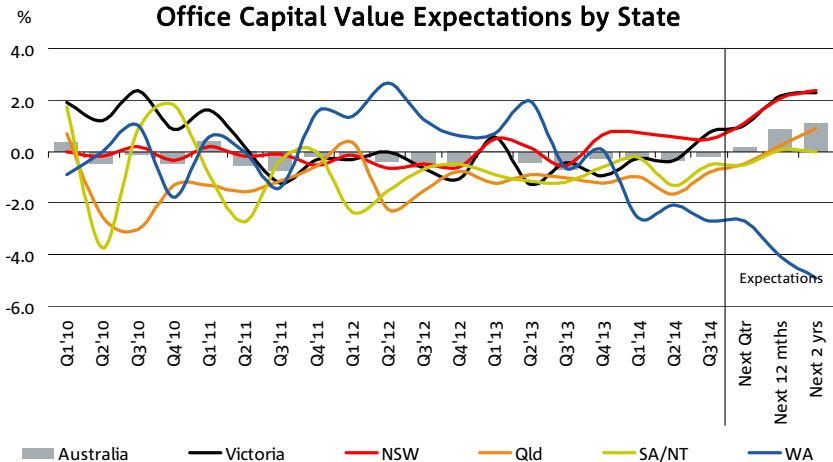
Sentiment very weak in WA and to lesser extent, SA/NT & QLD. NSW leads now, but VIC the standout in 1-2 years; WA negative.

**NAB Office Property Index by State**



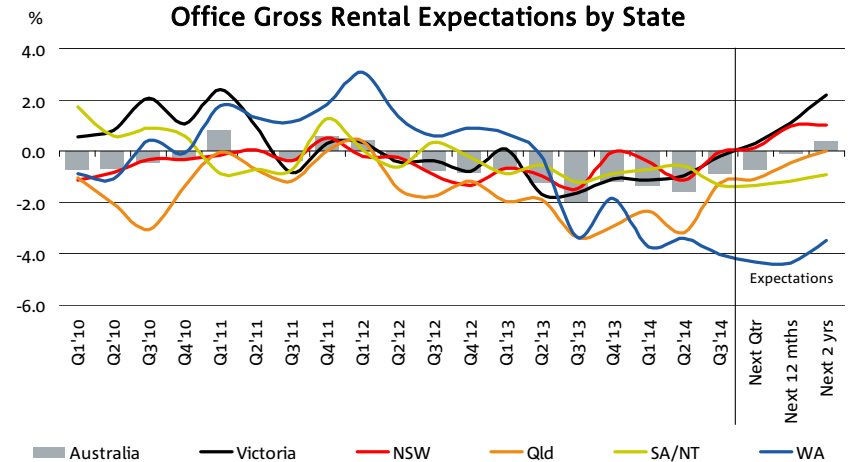
NSW & VIC only states to report capital growth in Q3. Best returns in VIC & NSW in next 1-2 years, with returns in WA to fall heavily.

**Office Capital Value Expectations by State**



Rents still falling in all states (esp. WA). VIC best state for income returns in next 1-2 years; rents falling in WA (heavily) and SA/NT.

**Office Gross Rental Expectations by State**

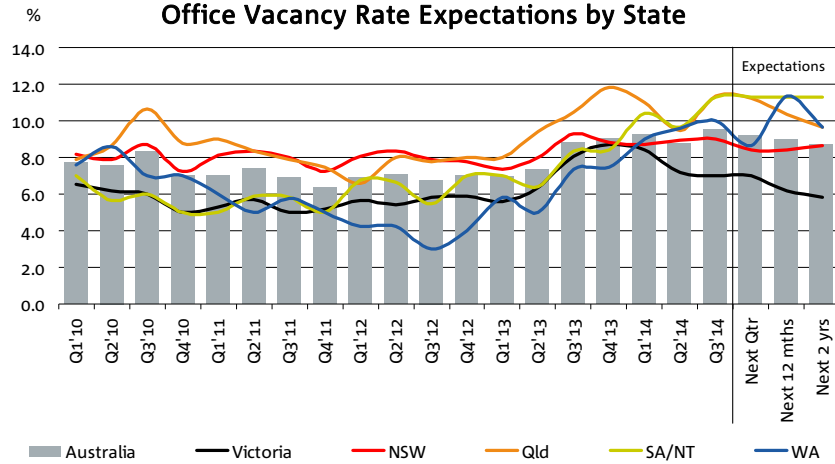


# NAB Commercial Property Survey: Office Property Market

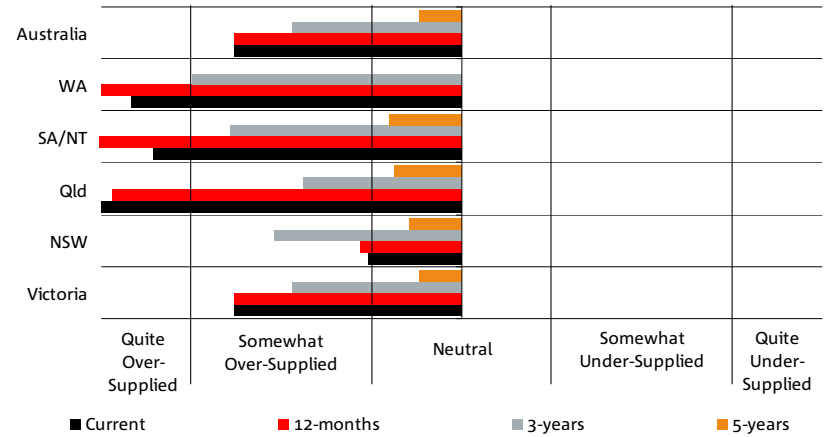
Vacancy rates up in all markets in Q3 except VIC & NSW. Vacancy rates to remain elevated in resource dependent markets of WA, QLD & SA/NT in next 1-2 years. Vacancy rate to compress in VIC.

All state office markets currently over-supplied (esp. QLD, WA & SA/NT) and expected to remain so over next 1-3 years, with over-supply remaining most prevalent in WA and SA/NT.

Office Vacancy Rate Expectations by State



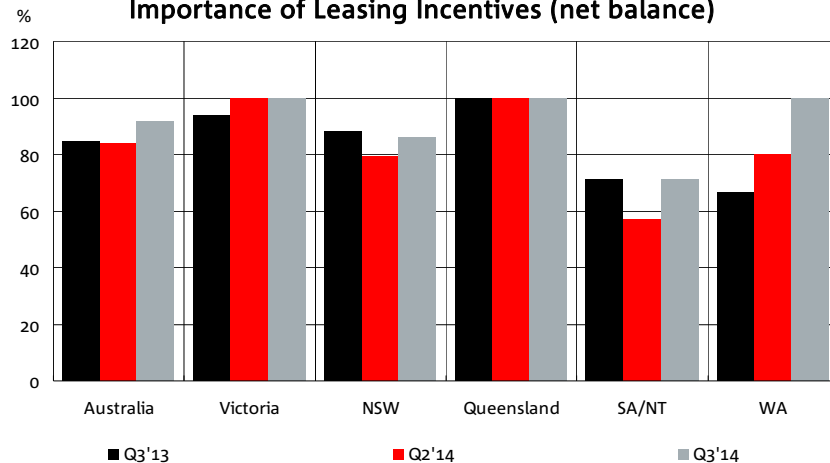
Office Market Supply Conditions by State



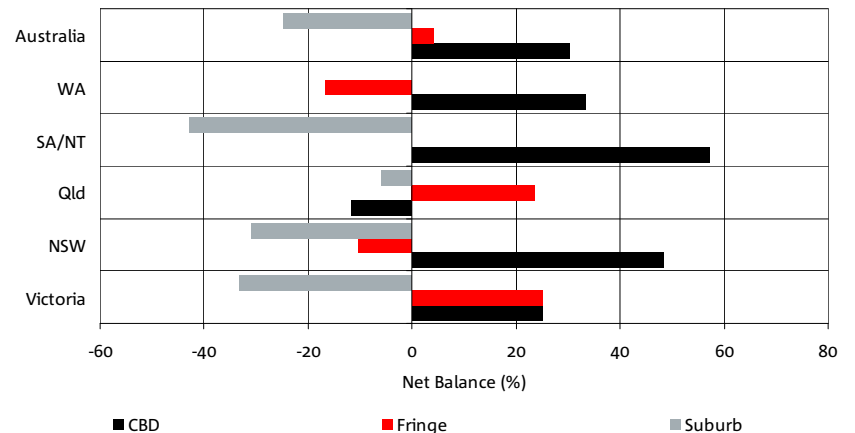
Office leasing incentives were very significant according to all surveyed property professional in VIC, QLD & WA in Q3. More respondents in NSW and SA/NT also rated their importance higher.

CBD best performing location for office property in all states, except QLD where Fringe preferred. Suburbs least preferred in most states (esp. SA/NT, VIC & NSW).

Importance of Leasing Incentives (net balance)



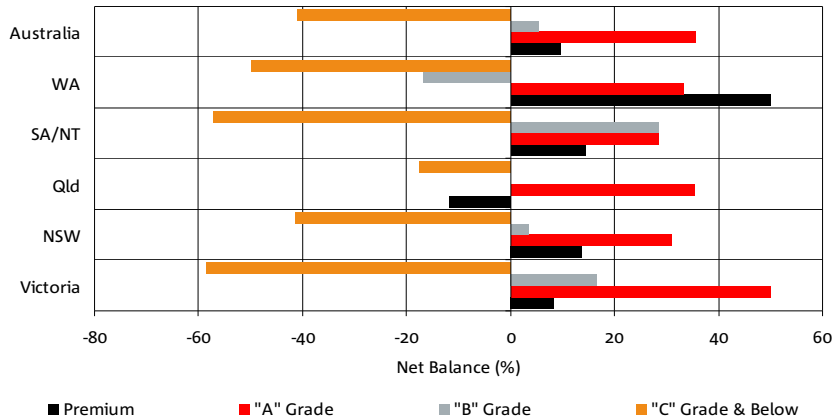
Current Office Performance by Location



# NAB Commercial Property Survey: Office Property Market

“A” Grade stock best performing grade of office property in all states bar WA, where premium out-performed. “C” Grade properties worst performing in all states and negative in QLD. Premium also negative in QLD; “B” Grade stock negative in WA.

Current Office Performance by Grade



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