



# NAB Commercial Property Survey: Office Market Q4 2014

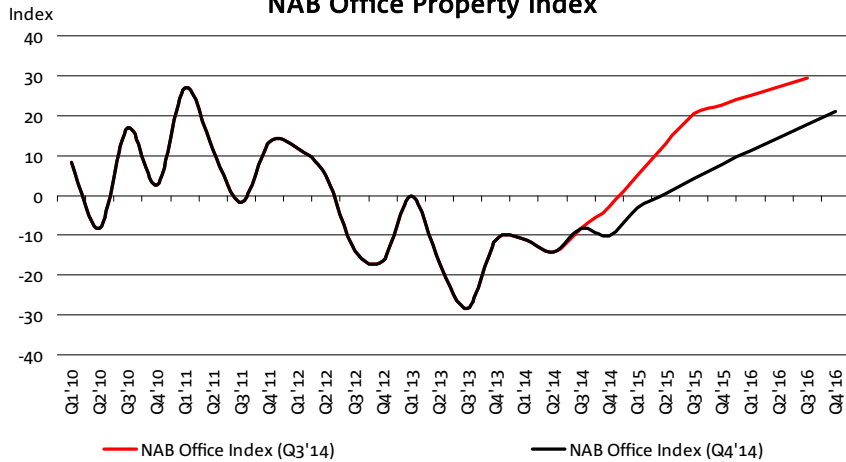
by NAB Group Economics

Embargoed until: 11.30am Wednesday 11 February 2015

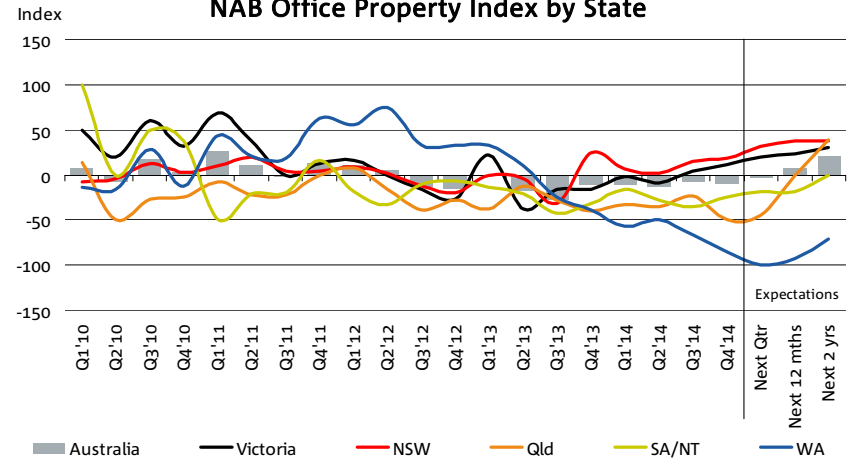
Office market sentiment fell in Q4 with forward expectations also would back.

Sentiment in WA & QLD continues to languish in Q4. NSW marginally ahead of VIC. QLD the big improver over next 1-2 years.

**NAB Office Property Index**



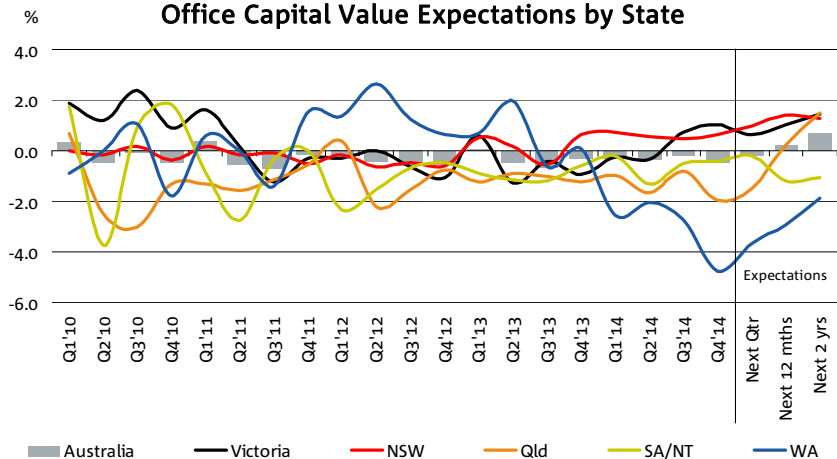
**NAB Office Property Index by State**



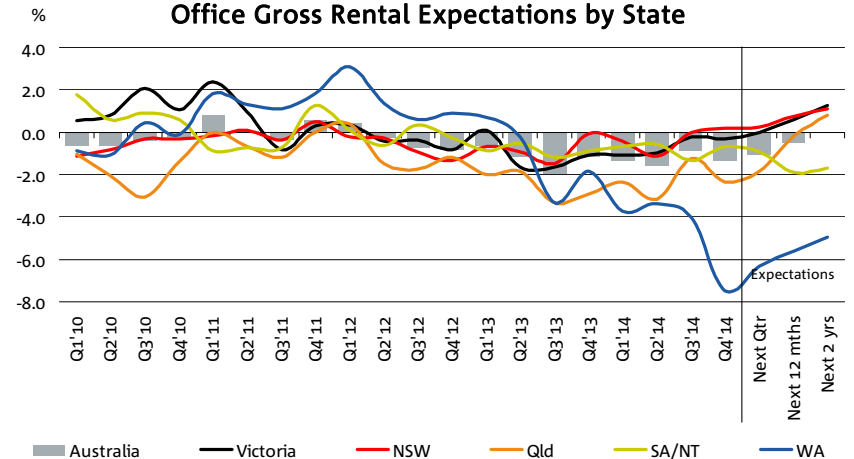
Capital growth up in VIC & NSW, but still falling in WA (heavily) and QLD. Values to fall in WA over next 1-2 yrs; QLD recovering.

Income returns significantly lower in WA in Q4 and outlook very weak. Best income returns expected in VIC & NSW.

**Office Capital Value Expectations by State**



**Office Gross Rental Expectations by State**

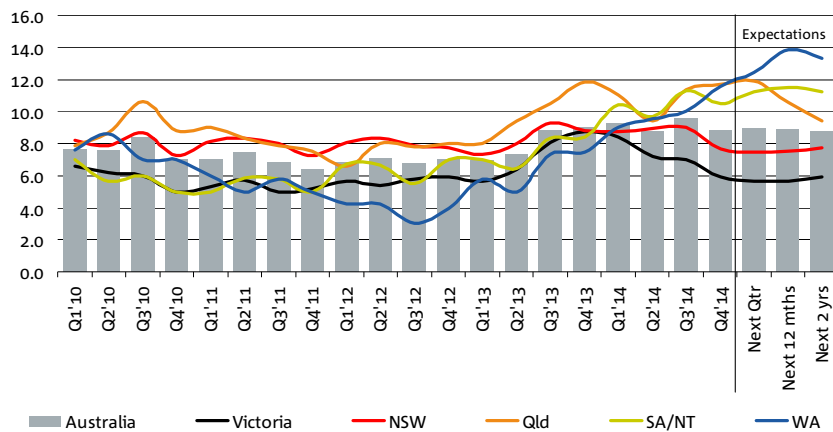


# NAB Commercial Property Survey: Office Property Market

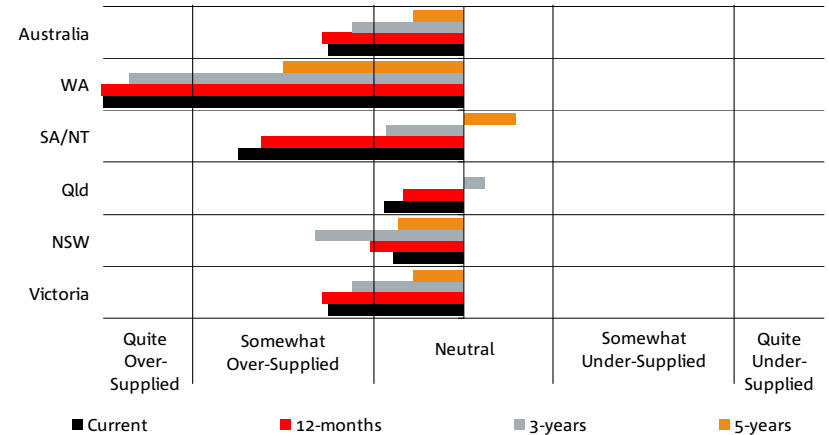
Vacancy rates down in VIC & NSW in Q4, climb in WA and elevated in SA/NT. Vacancy to rise to 14% in WA next year, decline in QLD and remain steady in VIC & NSW

Over-supply of office space in Q4 prevalent in all states (bar NSW). Supply a major issue in WA (and expected to remain so for the next 5 years), as all other markets stabilise.

Office Vacancy Rate Expectations by State



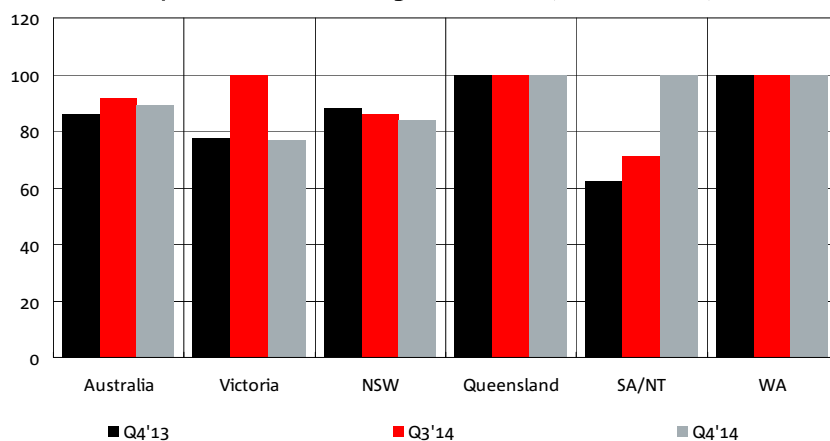
Office Market Supply Conditions by State



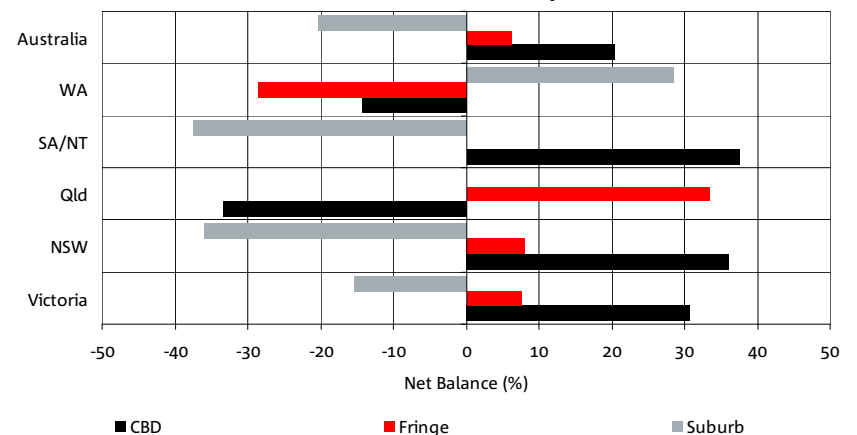
Leasing incentives particularly prominent in under-performing states (QLD & WA). Leasing incentives for NSW & VIC have dropped from Q3, consistent with lower vacancies.

CBD the best performing location for office property in Q4 in NSW, VIC & SA/NT, but worst performer in QLD and also negative in WA. Fringe out-performs in QLD, with suburban property best in WA.

Importance of Leasing Incentives (net balance)



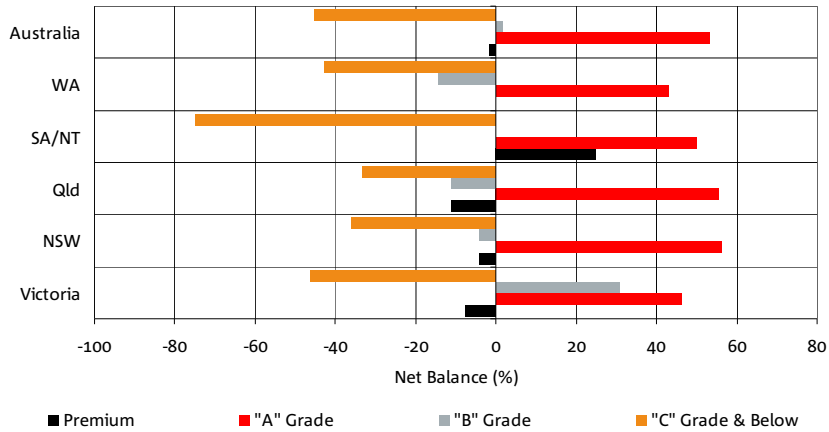
Current Office Performance by Location



# NAB Commercial Property Survey: Office Property Market

“A” grade stock best performing grade of office property in all states. Prime grade property negative in all states, except SA/NT. “C” grade and below the worst performers in all states. “B” grade property also negative in all states except VIC.

**Current Office Performance by Grade**



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