



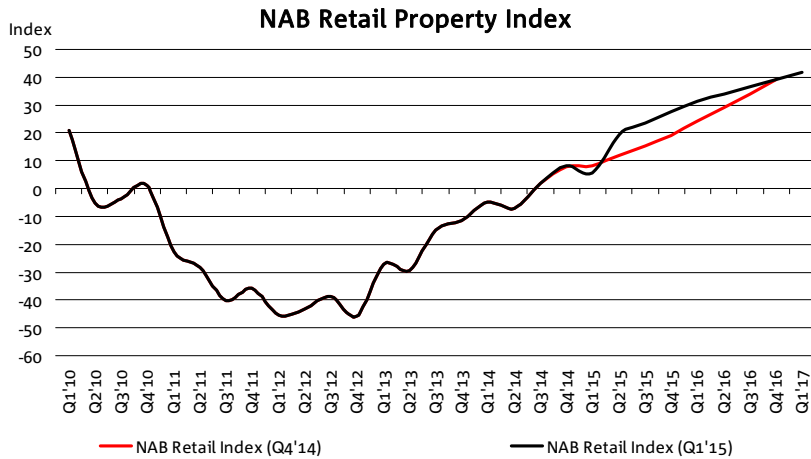
NAB Commercial Property Survey: Retail Market Q1 2015

by NAB Group Economics

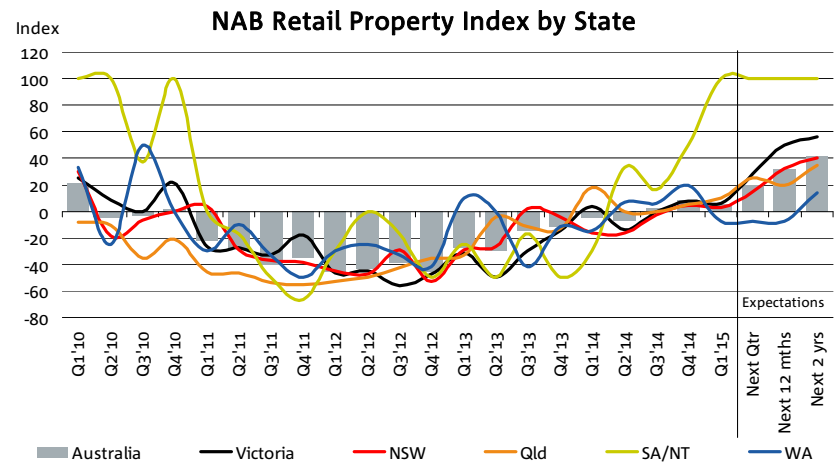
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Sentiment in retail property markets fell slightly in Q1'15 but is still overall positive (+6). It seems however continued growth in retail trade turnover may be supporting confidence, with forward expectations revised up.

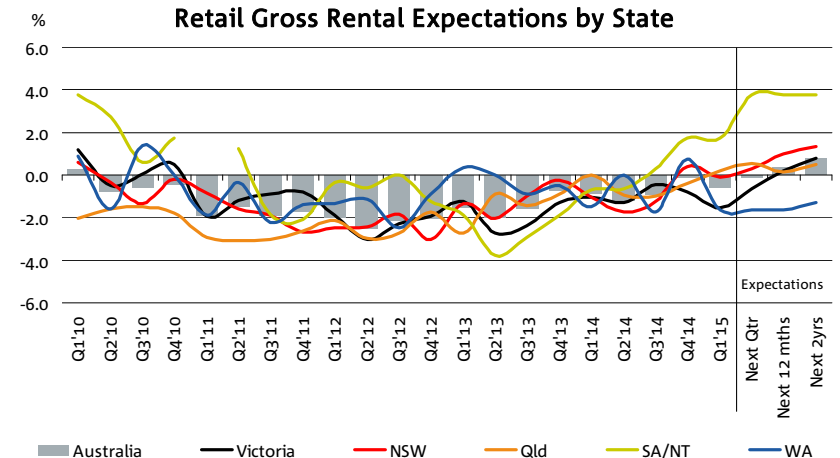
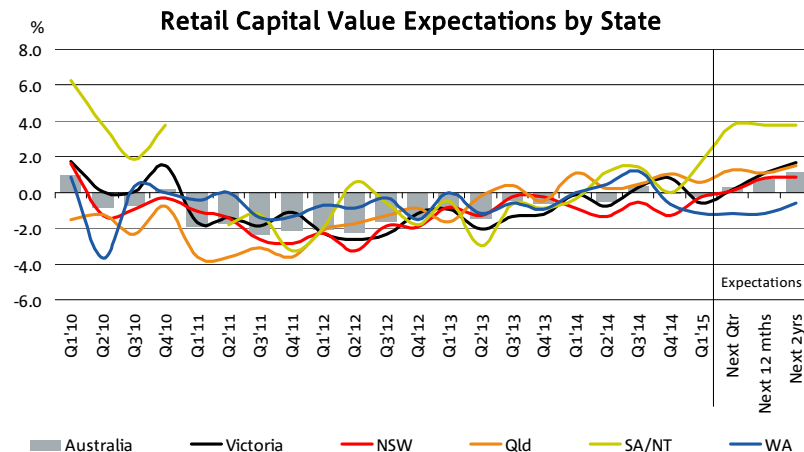
Retail sentiment positive in most states (esp. SA/NT but from small sample size). WA the exception, where sentiment has turned negative. Expectations in 1-2 years best in SA/NT with VIC next best. WA lagging.



Capital returns negative in NSW and WA, flat in SA/NT and positive in VIC & QLD. Best returns in next 1-2 years in SA/NT (from a small sample size), VIC & QLD. Expectations for capital growth now also positive in NSW, but are now expected to decline in WA.



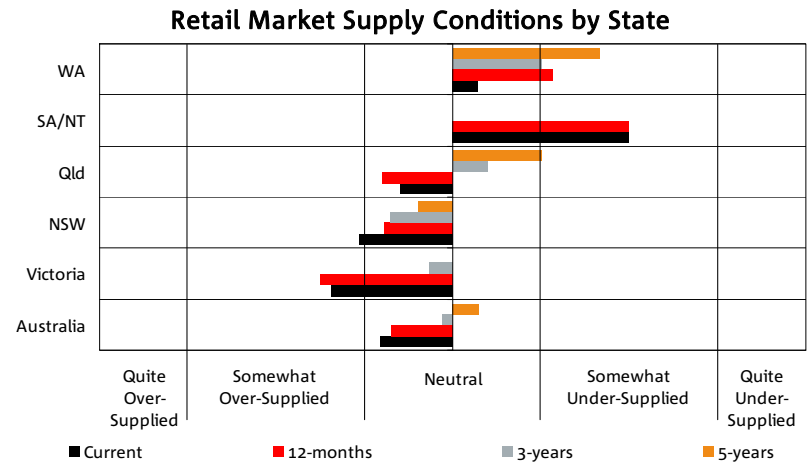
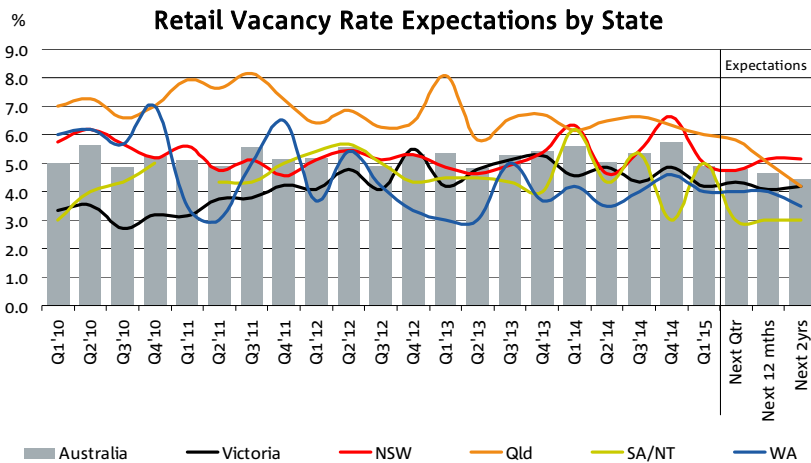
Income returns best in SA/NT (from small sample size) and mildly positive in QLD. Negative in all other states and weakest in WA & VIC. Outlook for returns best in SA/NT, NSW & VIC. Negative returns persisting in WA where state economic growth has also slowed notably.



NAB Commercial Property Survey: Retail Property Market

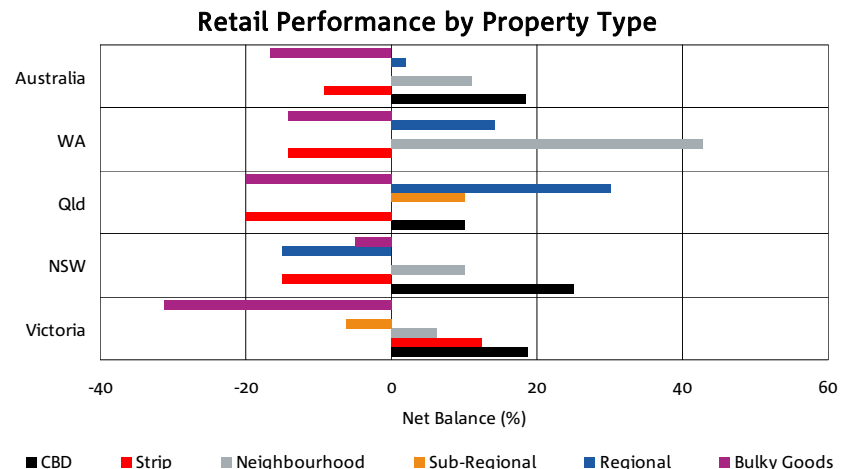
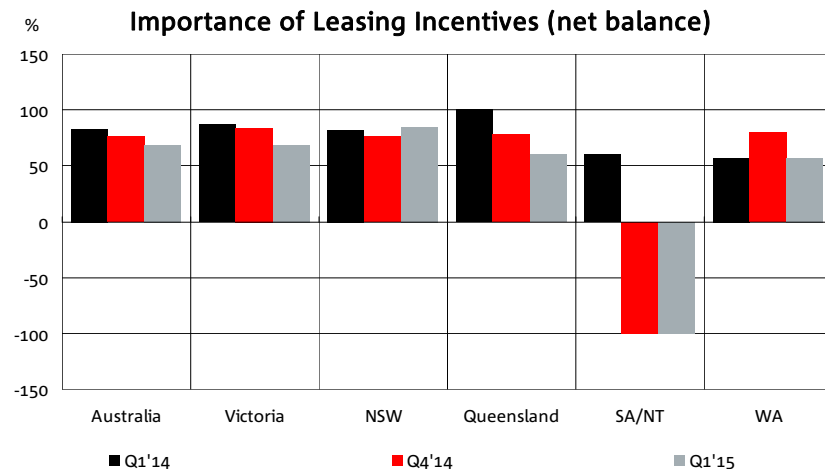
Average retail vacancy rates have declined in all states, except in SA/NT, with the biggest change in NSW. Average vacancy is expected to decline over the next 1-2 years, with lower vacancy in QLD & WA, offsetting small increases in others states.

Retail property market supply currently assessed as “somewhat over-supplied” in VIC & NSW. Over-supply to persist in VIC next year, but all other markets balanced (except SA/NT). Under supply to be a feature in WA in next 1-5 years, but all other markets “neutral”.



Importance of leasing incentives in retail markets reduces in VIC, QLD and WA (although still seen as significant as weak tenant demand keeps rental growth low). Incentives higher in NSW.

CBD best location for retail property in VIC & NSW where expansion of international retail brands revitalising city centres. Regional best in QLD and neighbourhood in WA. Bulky goods and strip still under-performing.



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