



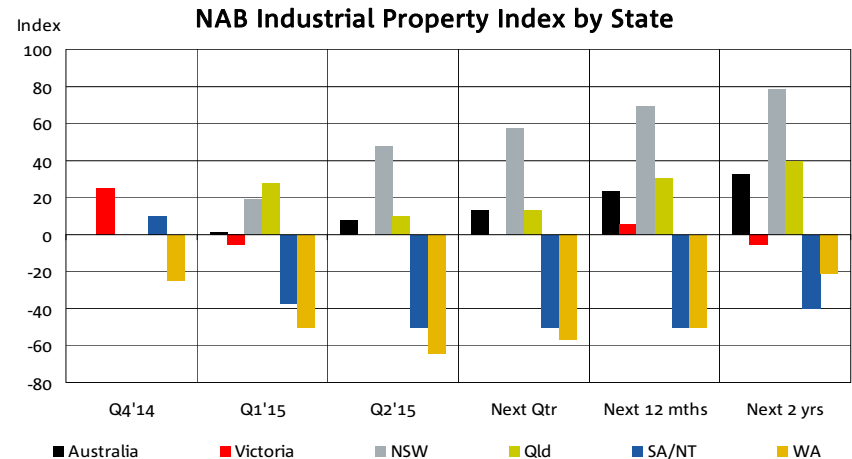
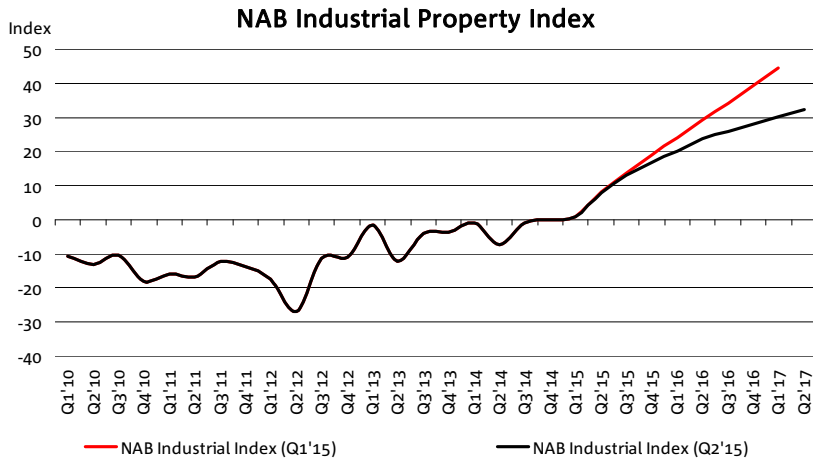
NAB Commercial Property Survey: Industrial Market Q2 2015

by NAB Group Economics

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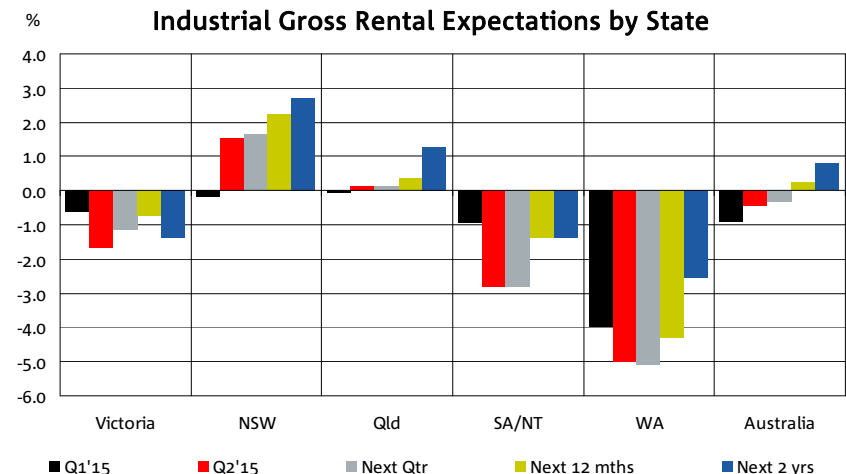
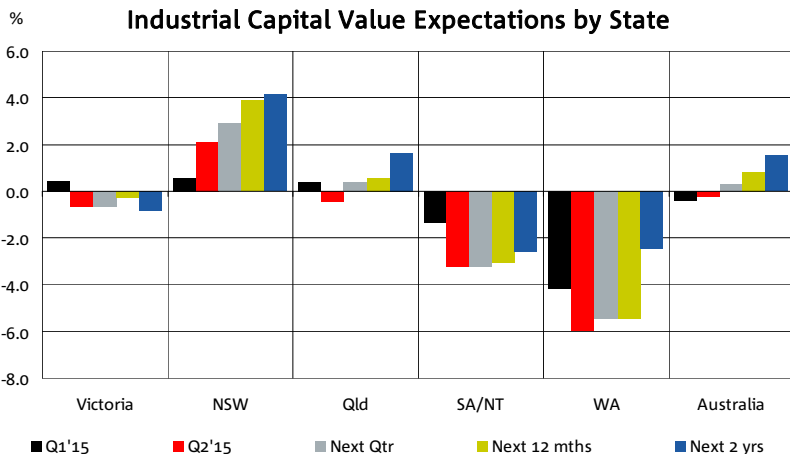
National sentiment for industrial property improved in Q2. However, confidence has weakened somewhat on the back of lower expectations for capital returns and to a lesser extent rents.

Sentiment in industrial property markets currently strongest in NSW and weakest SA/NT & WA. NSW strongest in next 1-2 years, followed by QLD. Confidence to remain very weak in SA/NT & WA.



NSW the only state to report capital growth in Q2. Small falls reported in QLD & VIC, while values fell steeply in WA & SA/NT. Prospects for capital growth strongest in NSW & QLD in next 1-2 years, Capital returns to remain negative in all others states.

Rental market patchy. Positive returns in NSW & QLD (marginal) offset by negative growth in VIC, SA/NT & WA. NSW to out-perform for income growth over the next 1-2 years, followed by QLD. Rents to continue falling in all other states, with biggest declines in WA.

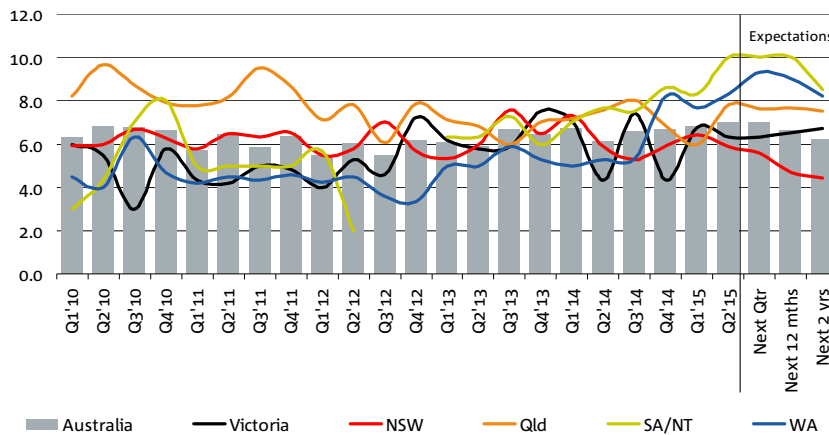


NAB Commercial Property Survey: Industrial Property Market

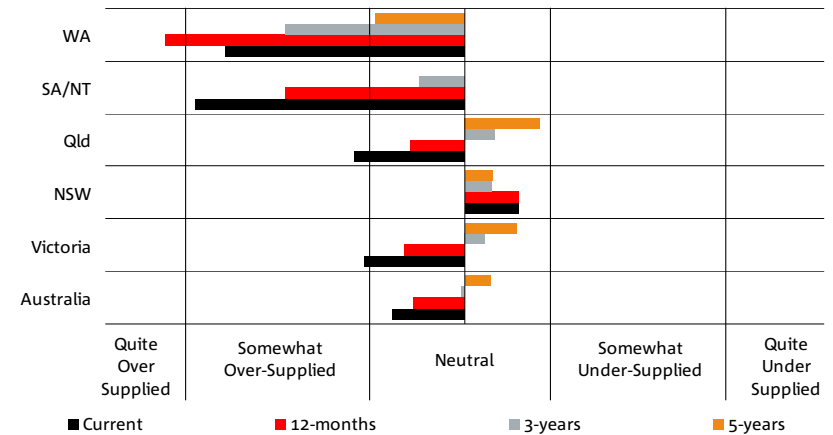
Industrial vacancy rates climb in SA/NT, WA & QLD, with these states also reporting the biggest supply overhangs. Market tightest in NSW, followed by VIC. Vacancy expected to trend down in all states over next 1-2 yrs, except in VIC which also currently has largest pipeline under construction.

Property professionals estimate industrial property markets are currently "somewhat" over-supplied in all states except NSW ("neutral"). Markets in VIC & QLD to balance over the next 1-5 years, but over-supply to remain an issue in SA/NT & WA in the next 1-3 years.

Industrial Vacancy Rate Expectations by State

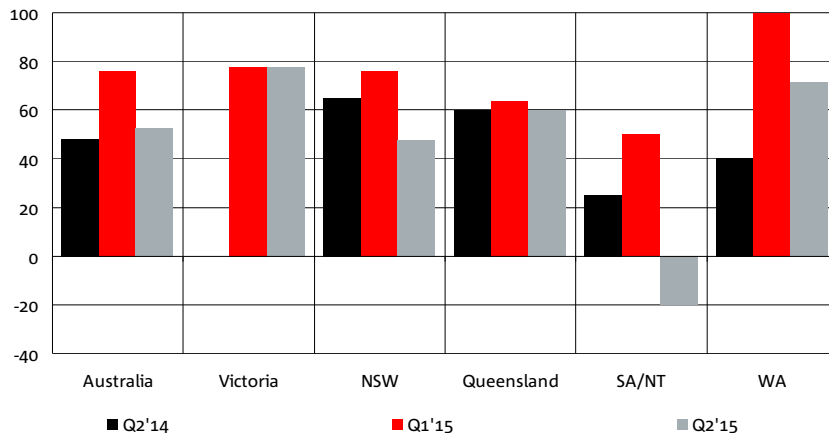


Industrial Market Supply Conditions by State



Leasing incentives were viewed as being much less important in all states except VIC (unchanged) in Q2. Overall, the importance of leasing incentives for industrial property were highest in VIC & WA, and lowest in NSW & SA/NT (but from a small sample size).

Leasing Incentives (net balance)



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