



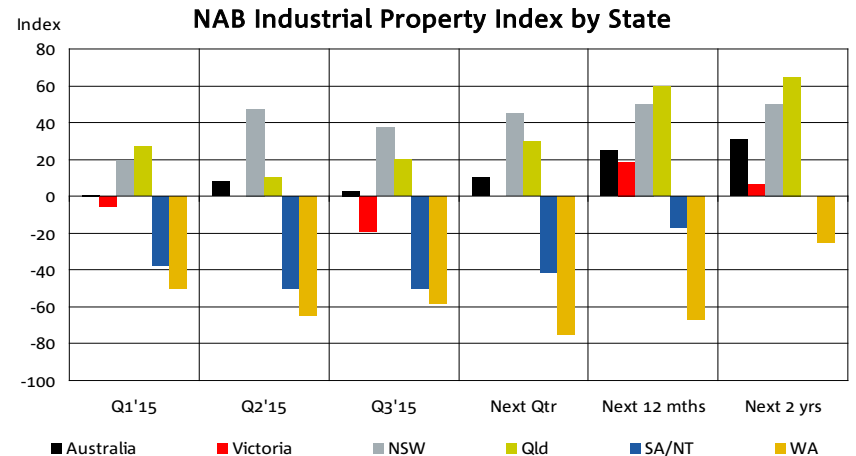
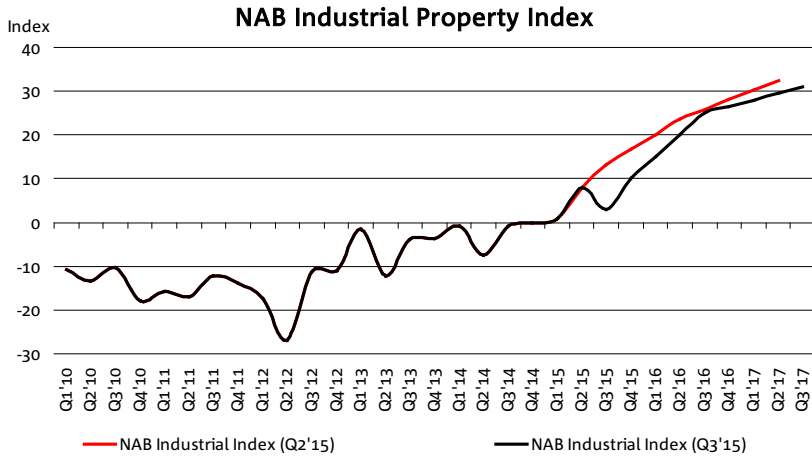
NAB Commercial Property Survey: Industrial Market Q3 2015

by NAB Group Economics

Embargoed until: 11.30am Wednesday 18 November 2015

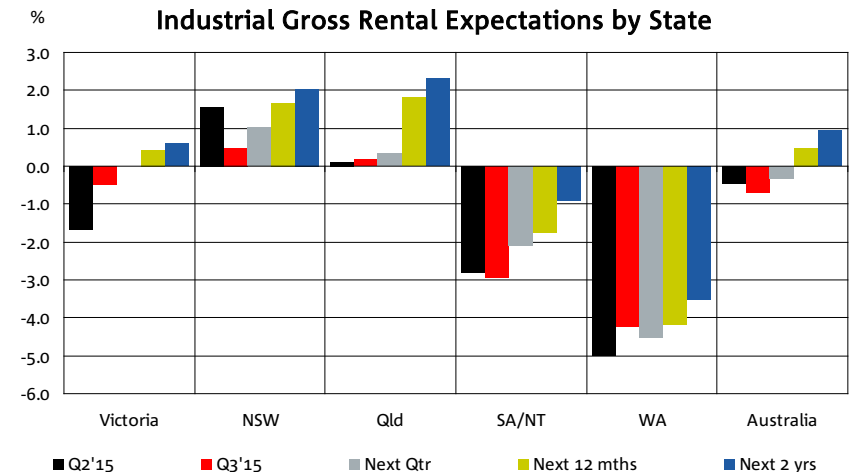
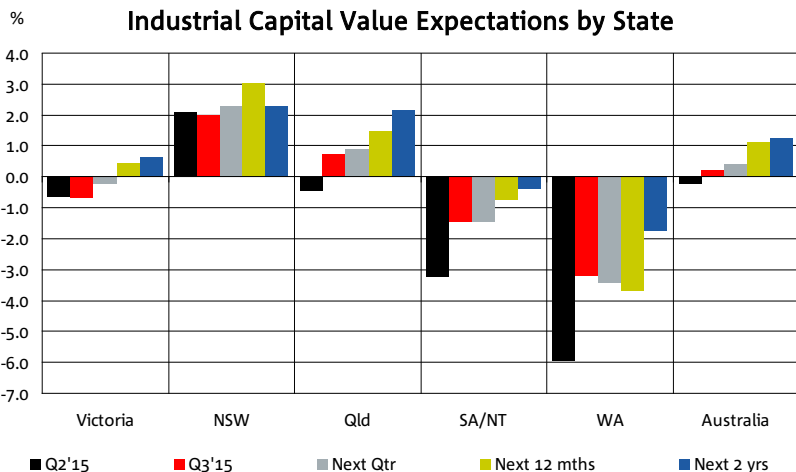
National sentiment for industrial property declined in Q3, but overall still positive. Confidence has also weakened somewhat, largely reflecting some softening in expectations for capital returns.

Positive sentiment in industrial markets led by NSW & QLD. VIC negative. SA/NT & WA much more so. Confidence strongest in QLD, NSW and VIC in next 1-2 yrs, and still very weak in WA.



NSW joined by QLD as only states reporting capital growth in Q3. Small falls in VIC, while values still falling quite steeply in WA and to a lesser extent SA/NT. Prospects for capital growth strongest in NSW & QLD in next 1-2 years. Positive in VIC and negative in all others states.

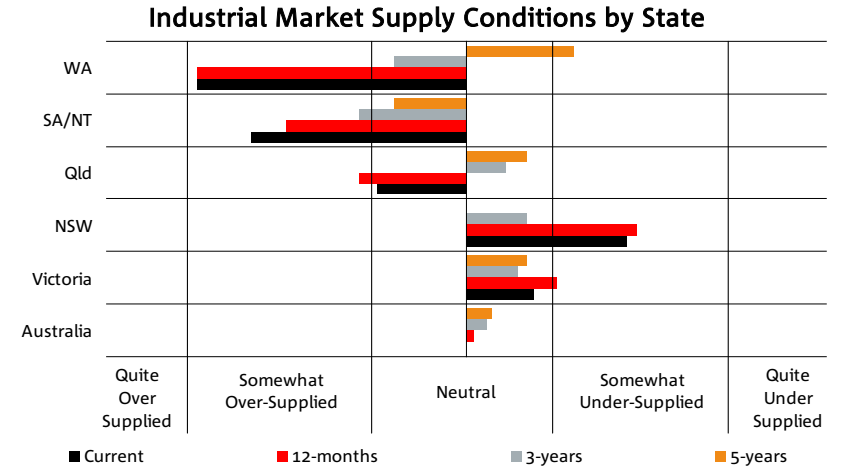
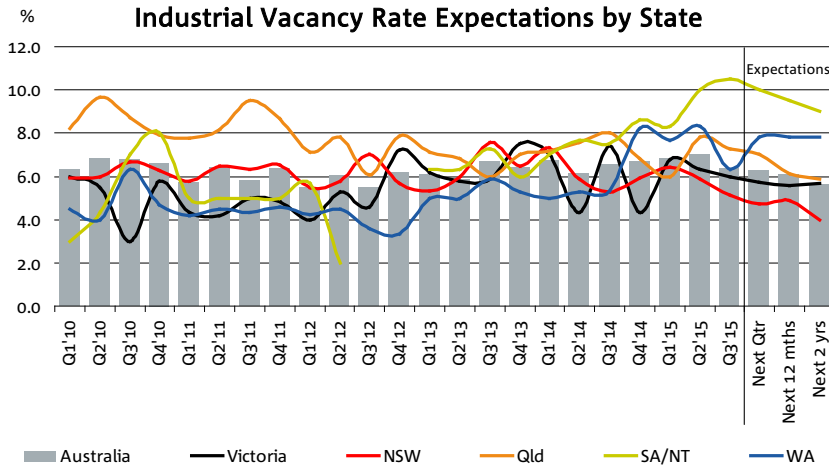
Rental environment is patchy. Modest rental growth seen in NSW & QLD in Q3, flat in VIC and falling steeply in SA/NT & WA due to stock overhangs. QLD overtakes NSW for best income growth in next 1-2 years. Modest growth in VIC, but rents falling in other states, with biggest falls in WA.



NAB Commercial Property Survey: Industrial Property Market

Industrial vacancy rates fell in all states except SA/NT (and is also highest in the country). Vacancy rates are lowest in NSW and VIC. Vacancy rates are expected to trend down in all states over the next 1-2 yrs, except in WA, and remain elevated in SA/NT, as over supply continues to feature heavily in both markets.

Property professionals estimate that industrial property markets are currently balanced in VIC & QLD, "somewhat" under-supplied in NSW and "somewhat" over-supplied in SA/NT & WA. Over-supply to feature in SA/NT & WA next year, with shortages persisting in NSW, but all markets returning to balance in 3-5 years time.



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