



NAB Commercial Property Survey: Retail Market Q3 2015

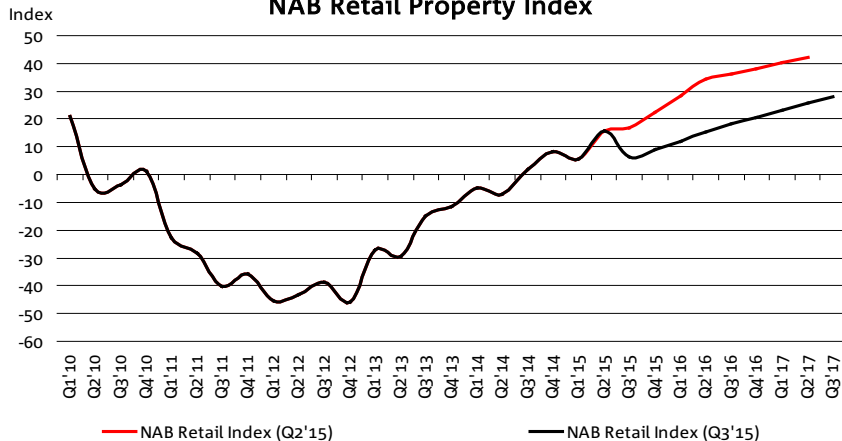
by NAB Group Economics

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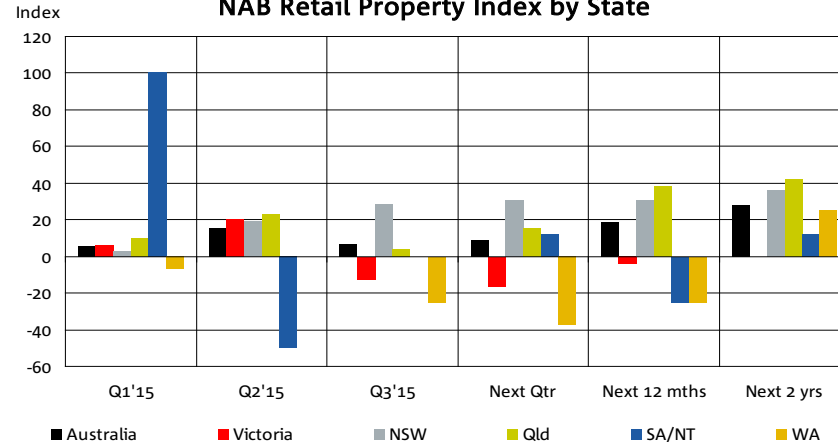
Overall sentiment in retail markets fell in Q3 (as retail turnover slowed), but is still positive (+6) and well above its long-term average (-15 points). Confidence has also moderated amid ongoing consumer caution.

Retail property index fell in VIC in Q3 and is now weakest after WA. Sentiment improved in NSW, but fell in QLD although still positive overall. Expectations in next 1-2 years best in QLD. VIC lowest in 2 years time

NAB Retail Property Index



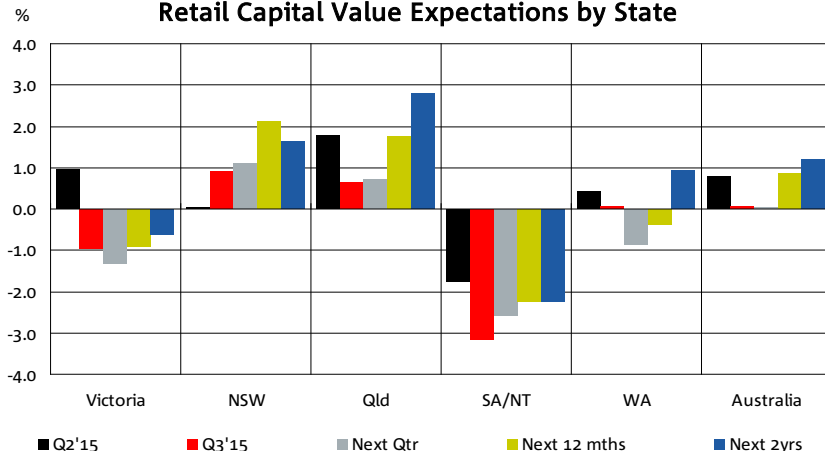
NAB Retail Property Index by State



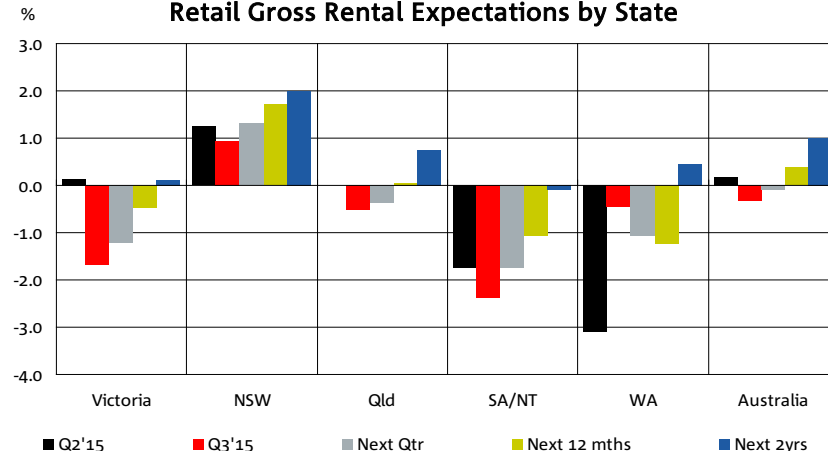
Capital returns led by NSW, QLD & WA. Negative in VIC & SA/NT in Q3. Strongest returns in next 1-2 years expected in NSW & QLD. Negative in SA/NT, with expectations revised down notably in VIC (now negative). Small fall in WA next year, but modest growth in 2 years time.

Rental performance varies. NSW the only state to report positive growth in Q3. Rents fell in all other states, with biggest falls in SA/NT & VIC. Outlook still strongest in NSW & QLD. Rents to keep falling in WA, SA/NT & VIC next year. Modest recovery expected in WA & VIC in 2 years time.

Retail Capital Value Expectations by State



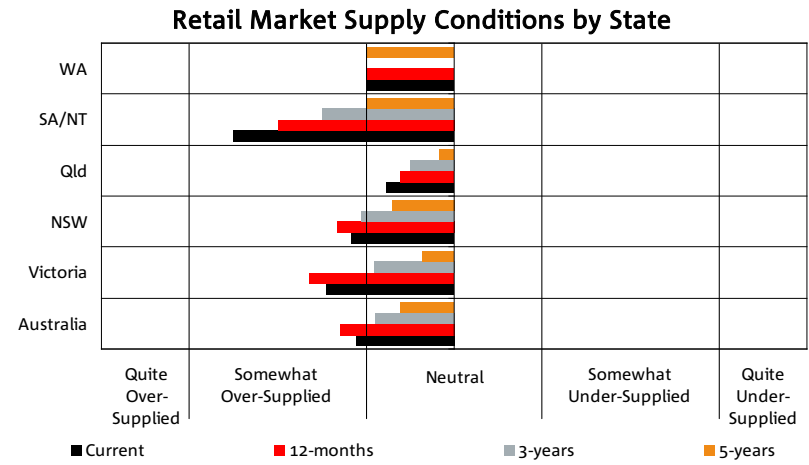
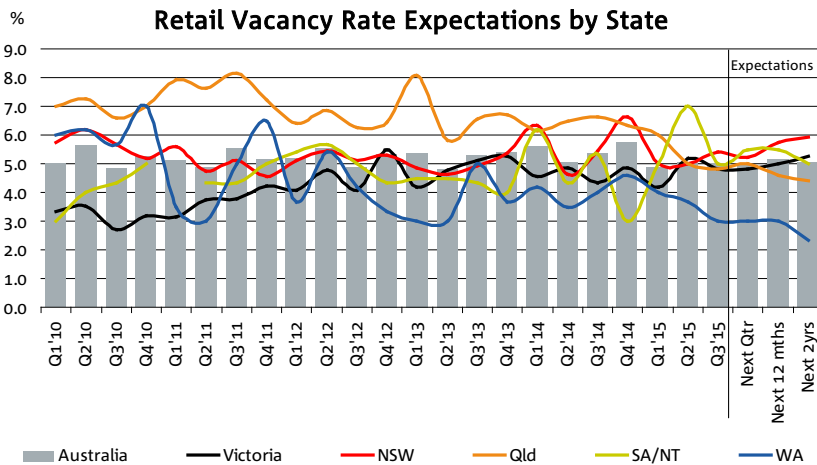
Retail Gross Rental Expectations by State



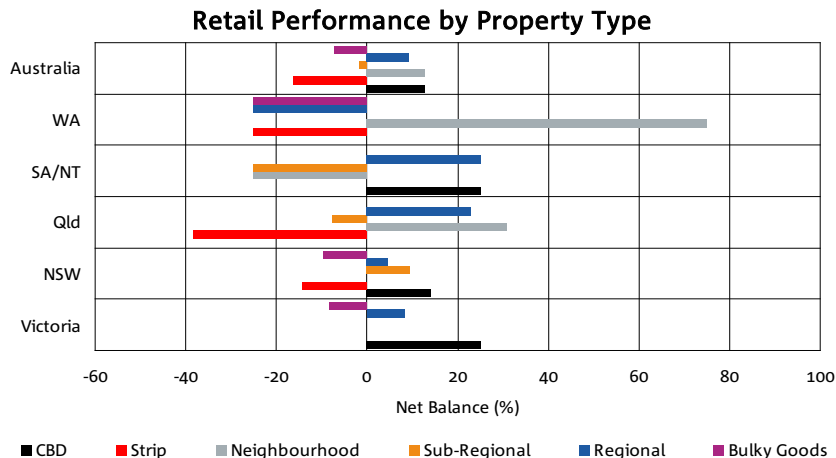
NAB Commercial Property Survey: Retail Property Market

Average national vacancy rate to remain steady at 5.1% over the next 1-2 years, as rising vacancy in VIC & NSW is offset by downward pressure in both QLD & WA. Vacancy rate expected to be lowest in WA over next 1-2 years and highest in NSW.

Retail property market currently assessed as “somewhat” over-supplied in VIC, NSW & SA/NT and “neutral” in all other markets. Modest over-supply persisting in VIC & NSW next year, but balancing thereafter. Over-supply to feature in SA/NT in next 1-3 years. QLD & WA “neutral”.



CBD best location for retail property in VIC, NSW and SA/NT (alongside regional). Neighbourhood best performer in WA (all other formats negative) & QLD (along with regional). Strip retail under-performing in most states (especially QLD).



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