

# NAB Commercial Property Survey: Industrial Market Q1 2016

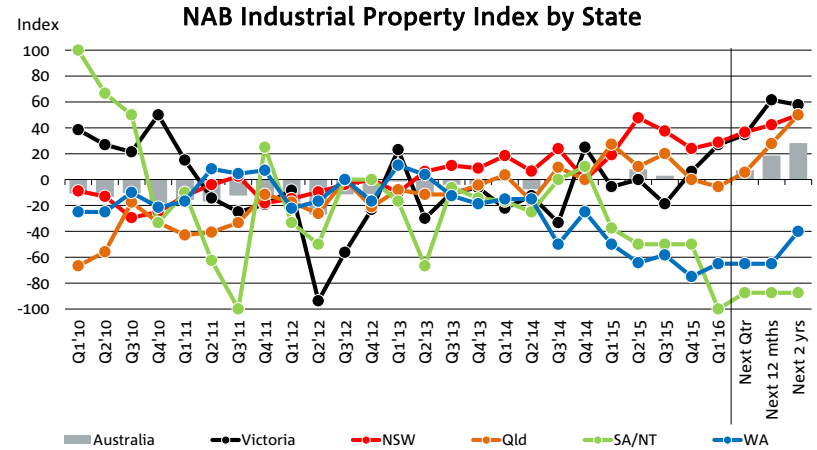
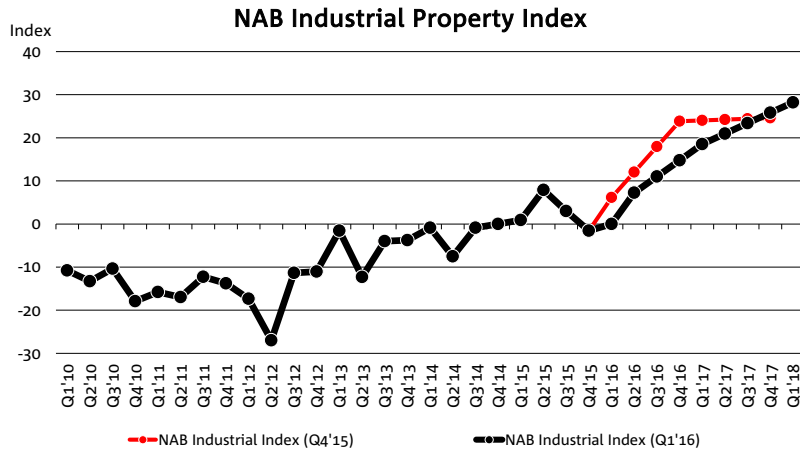
by NAB Group Economics



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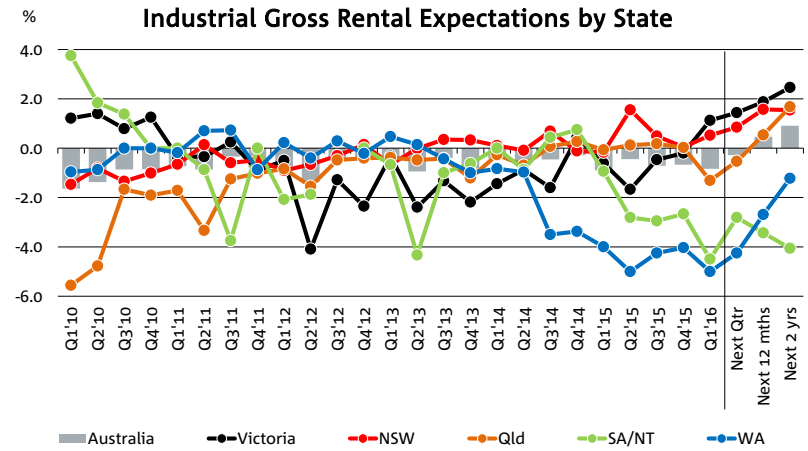
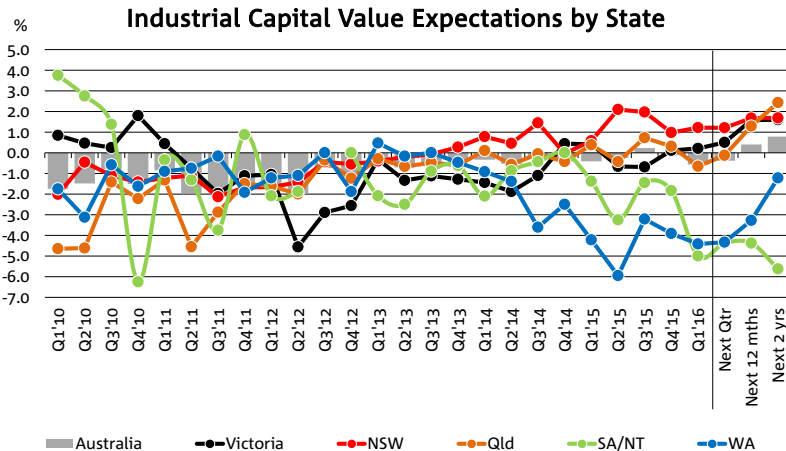
National sentiment in Industrial property markets improved in Q1. NAB's Industrial Property Index rose to 0 (-2 in Q4) and above its long-term average (-8). Looking ahead to the next year, property market professionals are somewhat less confident relative to Q4.

Industrial property market sentiment improved in VIC, NSW & WA but fell in QLD & WA. NSW still the strongest state just ahead of VIC, with SA/NT & WA deeply negative. Looking ahead, confidence is strongest in VIC, NSW & QLD and still very weak in SA/NT & WA (but recovering).



NSW & VIC the only states reporting capital growth in Q1. Capital values fell steeply in SA/NT & WA and moderately in QLD. Prospects for capital growth over the next 1-2 years are strongest in QLD, NSW & VIC, but expected to fall heavily in SA/NT & WA (but improving).

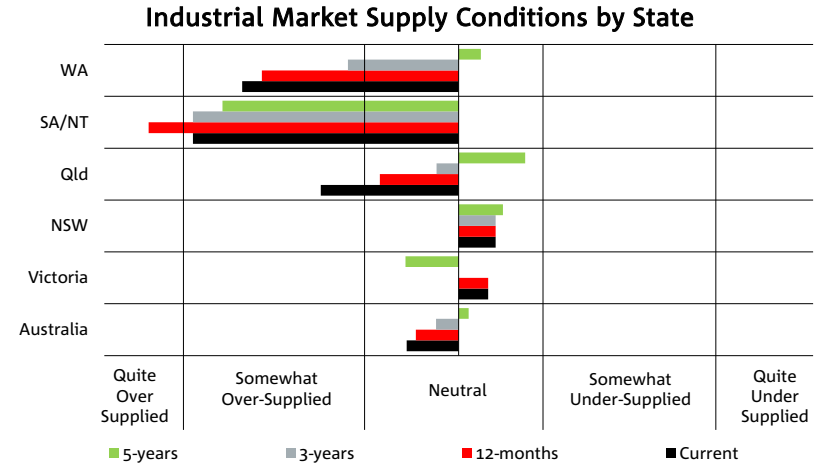
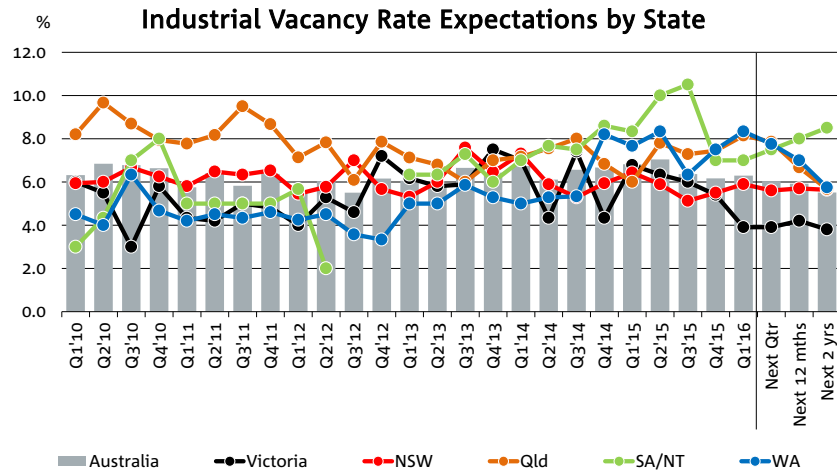
Rental environment still difficult in most states, with rental growth flat in NSW & QLD, falling slightly in VIC and down heavily in SA/NT & WA. QLD & NSW to provide the best income returns in the next 1-2 years. Modest growth forecast for VIC & QLD, with falls in SA/NT & WA.



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Industrial vacancy rates fell in VIC (lowest overall), were steady in SA/NT and increased in all other states. Vacancy rates are expected to trend down in WA & QLD over the next 1-2 years, rise in SA/NT, and remain broadly steady in NSW & VIC.

Property professionals believe Industrial property markets are currently "somewhat" over-supplied in QLD, WA and SA/NT and balanced in VIC & NSW. Over-supply to persist in SA/NT in next 1-5 yrs and WA in next 1-3 years. Markets in NSW, VIC & QLD to remain balanced in the long-term.



## Group Economics

Alan Oster  
Group Chief Economist  
+61 3 8634 2927

Jacqui Brand  
Personal Assistant  
+61 3 8634 2181

## Behavioural & Industry Economics

Dean Pearson  
Head of Behavioural & Industry Economics  
+(61 3) 8634 2331

Robert De Iure  
Senior Economist - Behavioural & Industry Economics  
+(61 3) 8634 4611

Brien McDonald  
Senior Economist - Behavioural & Industry Economics  
+(61 3) 8634 3837

Steven Wu  
Senior Analyst – Behavioural & Industry Economics  
+(613) 9208 2929

## Australian Economics and Commodities

Riki Polygenis  
Head of Australian Economics  
+(61 3) 8679 9534

James Glenn  
Senior Economist - Australia  
+(61 2) 9237 8017

Vyanne Lai  
Economist - Australia  
+(61 3) 8634 0198

Amy Li  
Economist - Australia  
+(61 3) 8634 1563

Phin Ziebell  
Economist - Agribusiness  
+(61 4) 75 940 662

## International Economics

Tom Taylor  
Head of Economics, International  
+61 3 8634 1883

Tony Kelly  
Senior Economist - International  
+(61 3) 9208 5049

Gerard Burg  
Senior Economist - Asia  
+(61 3) 8634 2788

John Sharma  
Economist - Sovereign Risk  
+(61 3) 8634 4514

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