

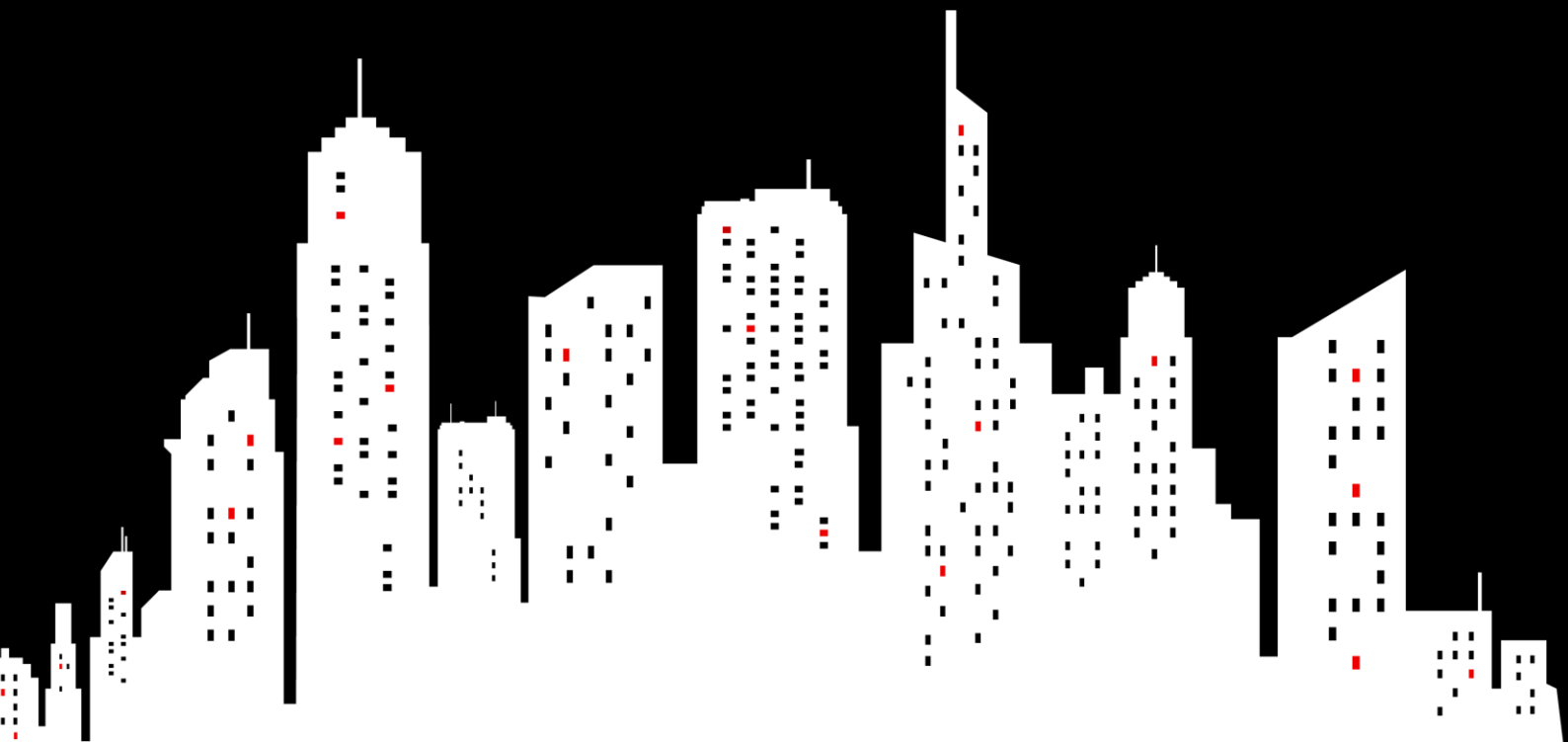
more
than
money



NAB Commercial Property Survey

Q3 2026

NAB Economics and Markets Research



Commercial Property Survey Q3 2026

NAB Economics and Markets Research



The NAB Commercial Property Index declined for a second consecutive quarter in September quarter and is on par with the long run average. Retail contributed strongly to the fall, with survey participants reporting both weaker capital values and rental growth, despite a slight improvement in vacancy rates. Confidence over the next 12 months and two years also fell, with near-term levels below the long run average, while longer term confidence remains above average. While easing again, planned commencements for industrial remained the highest across the commercial property sectors, with slight improvements in retail and office.

Survey Findings

- The NAB Commercial Property Index fell again in the September quarter and is now in line with the long run average (+1 vs +16 Q2). Commercial property market sentiment also declined over the next 12 months (down 10pts to +10) and 2 years (down 5pts to +33). The decline in the index was led by a sharp fall in retail property, which fell -27pts to negative territory (-7). While Industrial property fell 9pts, it remained positive (+23) and continued as the highest ranked sector for a third quarter. Office sentiment was unchanged (+9).
- By state, NSW recorded the largest fall in sentiment, down 35pts to -17, the weakest level across the states. While VIC remained in negative territory (-9), sentiment improved by 6pts in Q3, led by office which more than offset a deterioration in retail and industrial (See Table 2). QLD bucked the overall trend, recording an 8pt improvement in current sentiment for commercial property (+48), and has the strongest sentiment across the states for all property types except retail, where WA ranked highest.
- Confidence levels for commercial property over the next 12-months also fell in the September quarter, with the measure 10 index points lower (+10 vs +20 Q2). The 2-year confidence measure was down a further 6 index points (+33 vs +39 Q2). While industrial property still leads confidence levels over the next 12 months (+29), this has eased relative to Q2 (+44). See Table 2.
- Survey participants expect capital value growth over the next 12 months to weaken for both office (-1.0%) and retail (-1.3%). While expectations for industrial remained positive (1.2%), this was lower than the previous quarter (1.6%). Weakness in office values over the next 12 months was expected across all states except QLD (4.0%), with the largest falls in WA (-3.9%) and VIC (-3.4%). For retail, there was a strong contribution to the capital expectations from VIC (-4.0%) and NSW (-2.3%), while WA and QLD remained positive. See Data Appendix Table 3.
- There was an improvement in the 12-month outlook for office rents in the September quarter (1.8% vs 0.9% Q2), bringing expectations in line with industrial rents, which eased slightly over the same period (1.8% vs 2.2% Q2). Indeed, office rents are now expected to slightly outpace industrial over the next two years (3.4% vs 3.0%). Expectations for office rental growth are highest in QLD for both the next year (6.5%) and the next two years (7.6%). QLD also leads the industrial rents outlook, while WA leads retail over the next 12 months. For retail, both VIC and NSW recorded negative rental growth expectations over the near and longer term. Appendix Table 4.
- There were mixed results from survey participants when assessing current and expected vacancy rates by sector. The national office vacancy rate loosened in the quarter (11.4% vs 10.9% in Q2), with the largest increases in SA & NT (12.0% vs 9.5% Q2) and WA (11.5 vs 10% Q2). The current office vacancy rate remains highest in VIC at 14.5%. Expectations for the national office vacancy rate also loosened in Q3, to 10.8% over the next 12 months and 9.7% over the next 2 years. Property professionals reported slightly tighter vacancy rates for retail (6.0% vs 6.4% Q2) and expect them to tighten further over the next one (5.7%) and two years (5.6%). Retail vacancy rates are currently lowest in WA (3.4%) and highest in SA & NT (7.7%). Vacancy rates remain the lowest for the industrial sector, albeit rising slightly in Q3 (4.1% vs 3.8% Q2), but are expected to tighten over the next one and two years (3.8% & 3.3% respectively). Appendix T5.
- While property developer plans to commence new projects within the next 6 months eased to 45%, slightly below the series average (47%), the number targeting industrial property increased to 27% and remains above the long run average (14%). There was a slight increase in the number of developers targeting residential projects (59% vs 58% in Q2), and retail (8% vs 7% Q2). The majority will use land banked stock (85% up from 90% in Q2), or target new acquisitions (44%, up from 38% in Q2), with those intending to refurbish existing stock (10%) unchanged on the previous quarter.
- Property professionals reported a further deterioration in access to funding, with both equity (net -25% vs -19% Q2) and debt (-29% vs -14% Q2) being more difficult to access.
- The estimated average pre-commitment needed to meet external debt funding requirements for new developments eased slightly for commercial property (51.7% vs 52.9% in Q1) but increased for residential (51.6% vs 49.6% Q1).
- This quarter, we asked property professionals what impact they thought property taxes, such as land tax and stamp duty, had on the commercial property market. The most cited impact was an increase in rental costs (55%), especially in WA, followed by reduced willingness to invest (42%), particularly in VIC.

Table 1: NAB Commercial Property Index

	Jun-26	Sep-26	Next 12 months	Next 2 years
NAB Commercial Property Index	16	1	10	33
Office Property Index	9	9	17	44
Retail Property Index	20	-7	9	21
Industrial Property Index	34	23	29	55
CBD Hotels Property Index	0	-50	-50	-17

Market & State Overview

Chart 1: Commercial Property Index

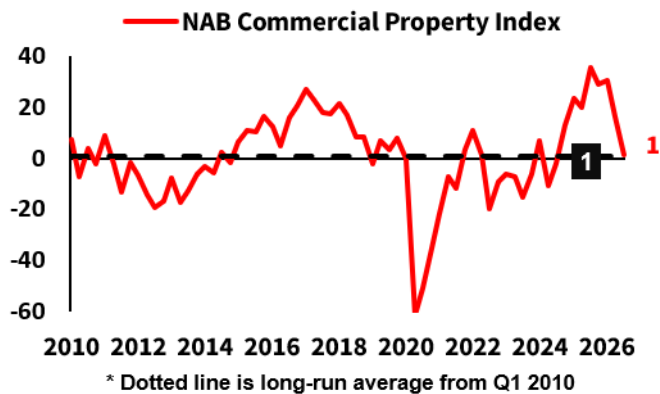


Chart 2: Commercial Property Index by Sector

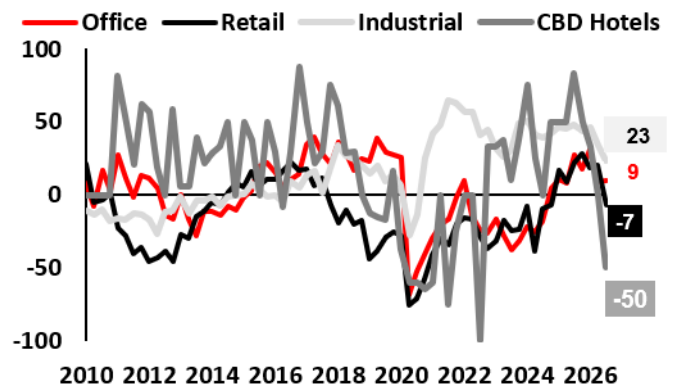


Chart 3: Commercial Property Sentiment and Confidence by Sector

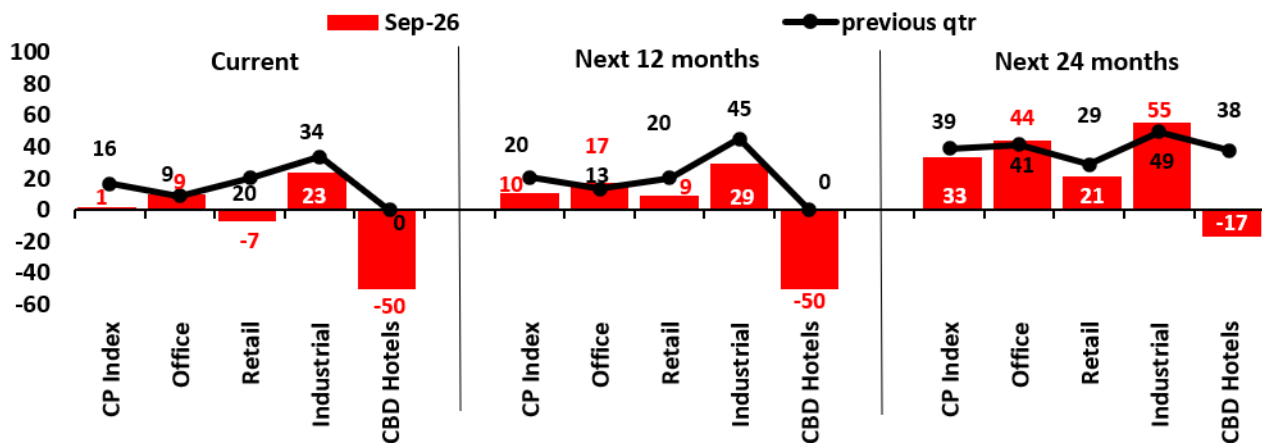


Chart 4: Commercial Property Index by State

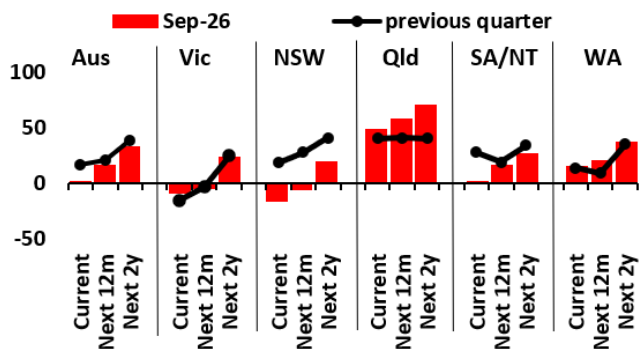


Chart 5: Office Property Index by State

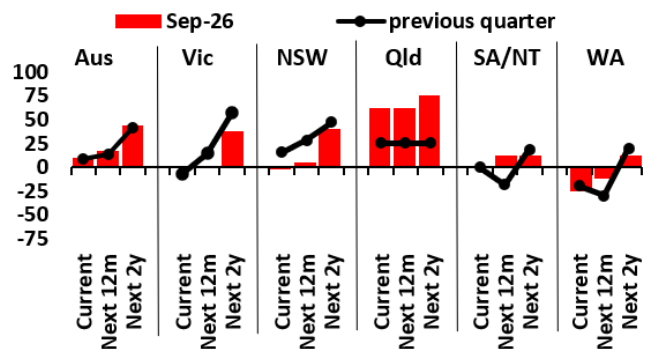


Chart 6: Retail Property Index by State

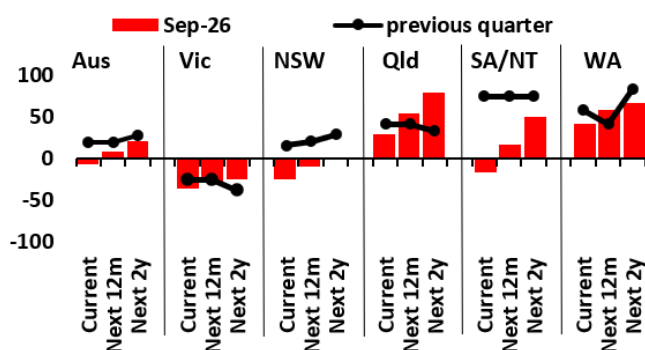


Chart 7: Industrial Property Index by State

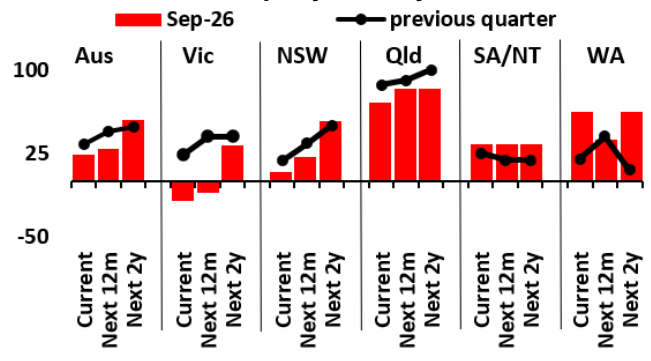


Table 2: Commercial Property Indices by State and Sector

	Jun-26	Sep-26	Next 12 months	Next 2 years
Commercial Property Index				
AUS	16	1	10	33
VIC	-16	-9	-6	24
NSW	18	-17	-7	20
QLD	40	48	58	71
SA & NT	28	2	17	27
WA	14	15	20	38
Office Property Index				
AUS	9	9	17	44
VIC	-7	0	0	38
NSW	16	-2	5	40
QLD	25	63	63	75
SA & NT	0	0	13	13
WA	-20	-25	-13	13
Retail Property Index				
AUS	20	-7	9	21
VIC	-25	-36	-29	-25
NSW	16	-25	-9	0
QLD	42	30	55	80
SA & NT	75	-17	17	50
WA	58	42	58	67
Industrial Property Index				
AUS	34	23	29	55
VIC	23	-18	-11	32
NSW	18	9	22	54
QLD	86	71	83	83
SA & NT	25	33	33	33
WA	20	63	38	63

Capital Growth, Vacancies, Rents & Supply Conditions

Chart 8: Capital Growth Expectations by Sector (%)

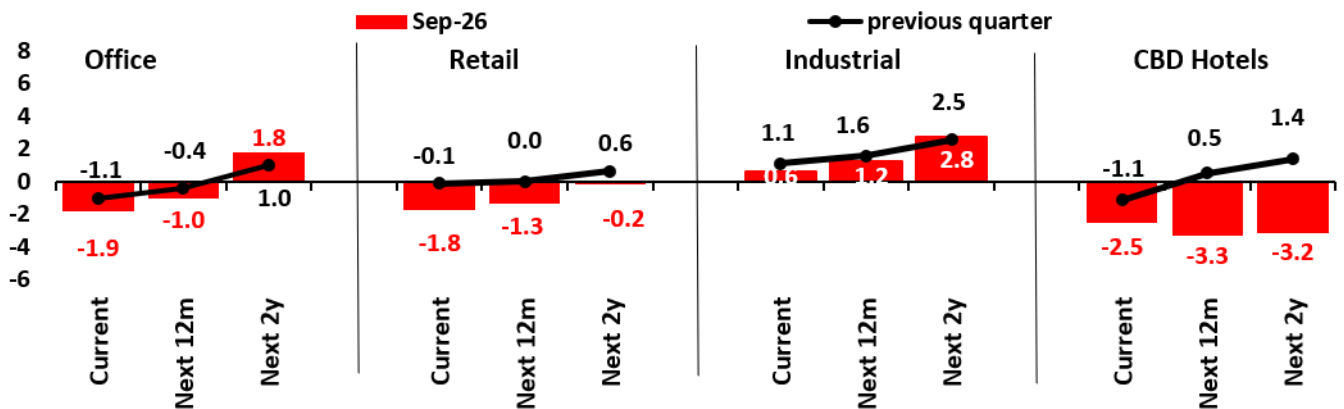


Chart 9: Vacancy Rate Expectations by Sector (%)

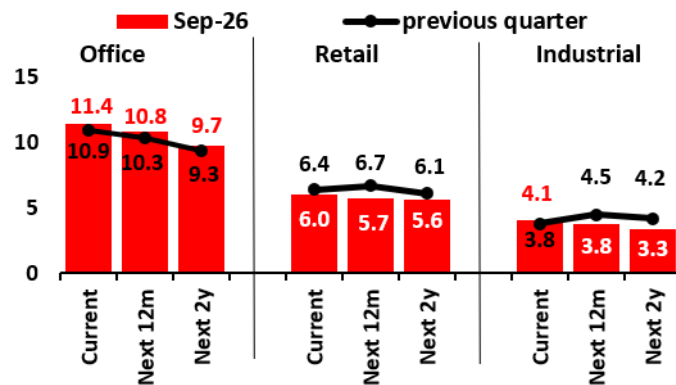


Chart 10: Office Vacancy Rate by State (%)

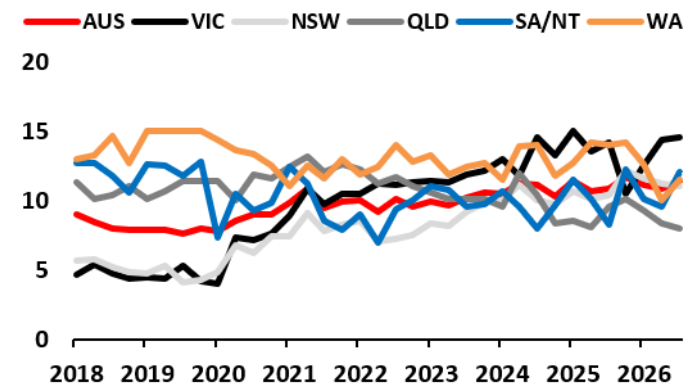


Chart 11: Rent Growth Expectations by Sector (%)

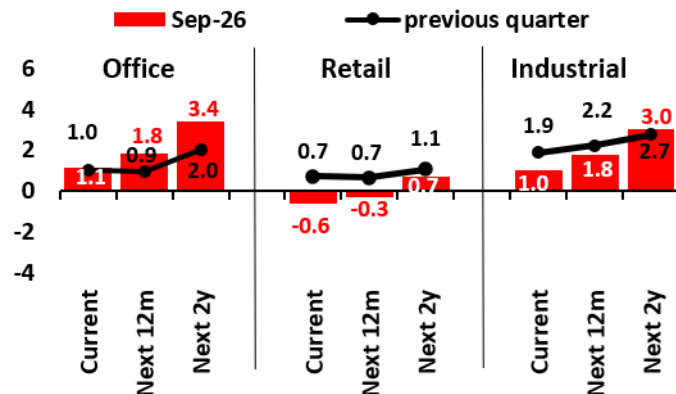


Chart 12: Office Supply Conditions by State

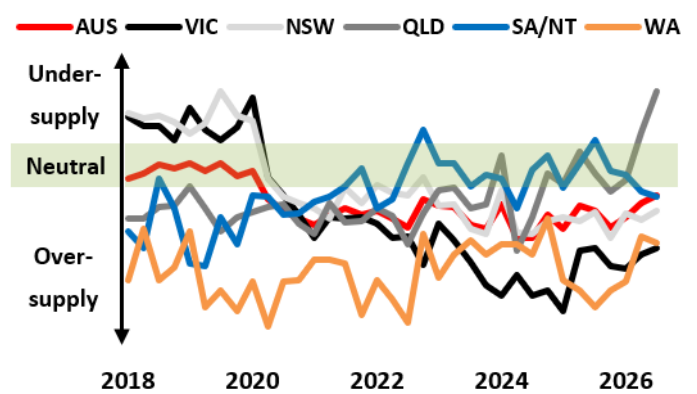
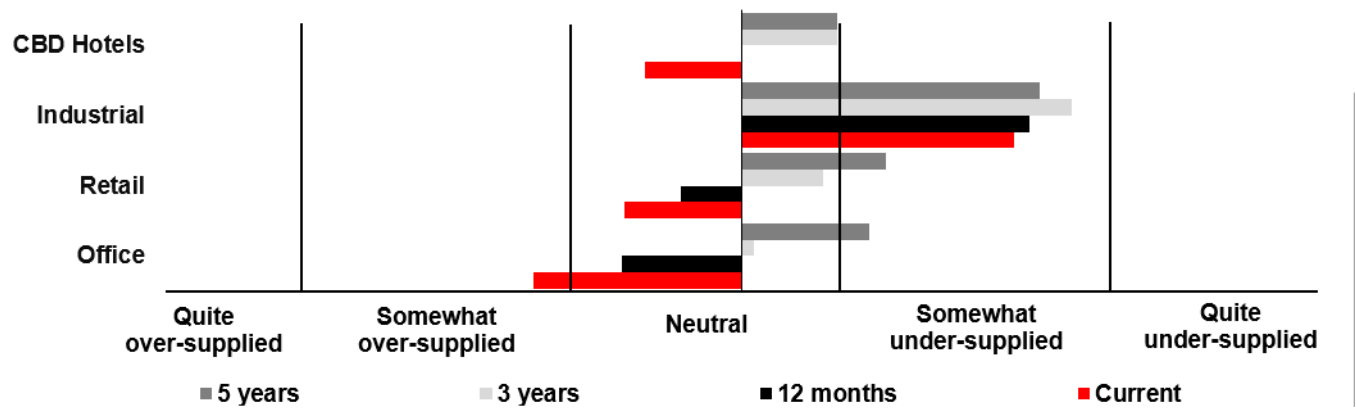


Chart 13: Supply Conditions by Sector



Development Intentions, Capital Funding & Pre-Commitments

Chart 14: Development Commencement Intentions by Timing (%)

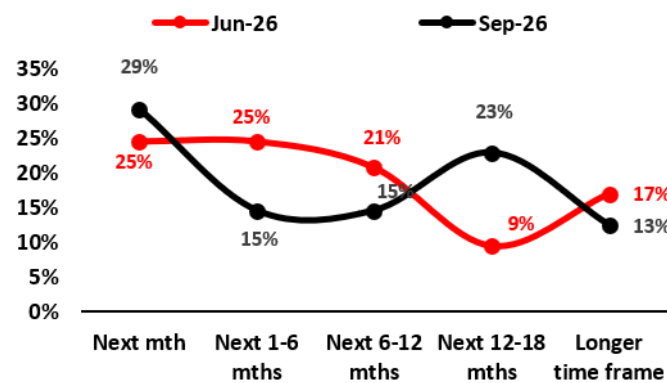


Chart 15: Development Commencement Intentions by Sector (%)

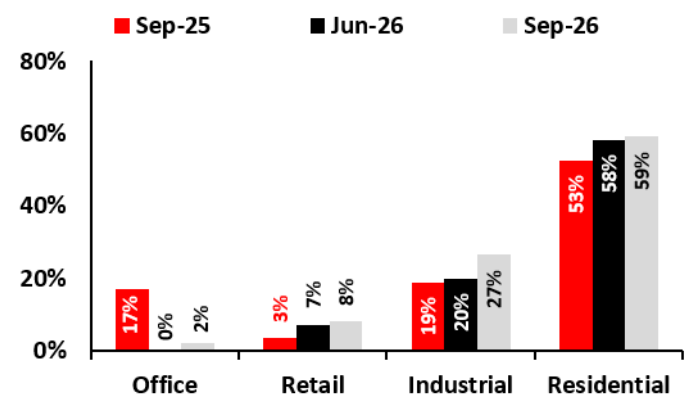


Chart 16: Sources of Land Development (%)

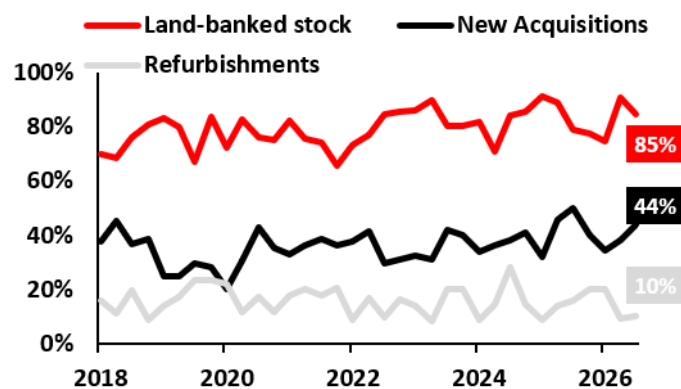


Chart 17: Intent to Source More Capital (%)

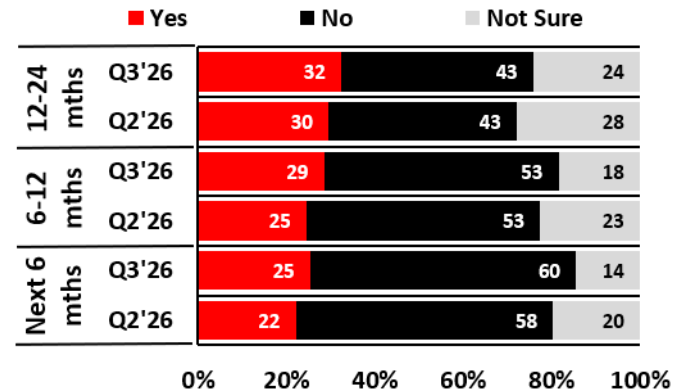


Chart 18: Ease of Acquiring Debt & Equity (net)

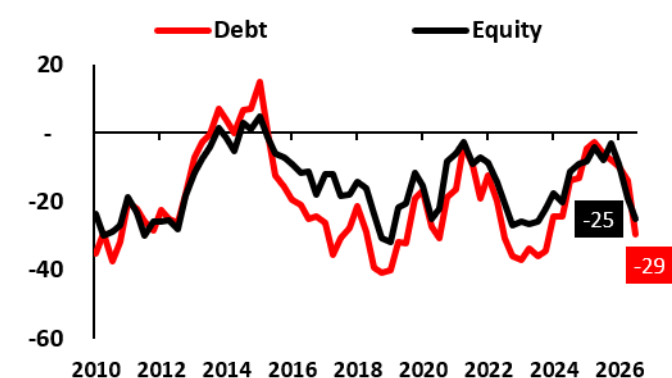
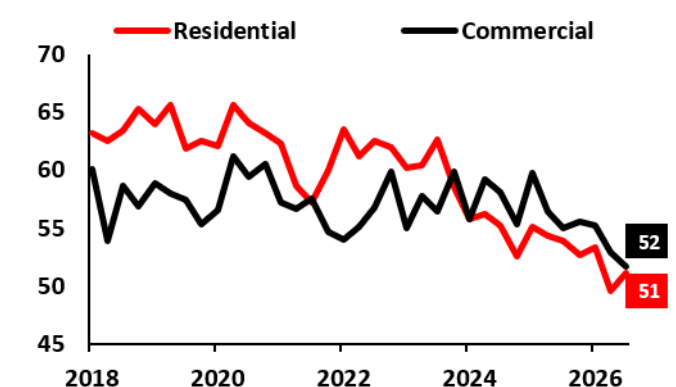
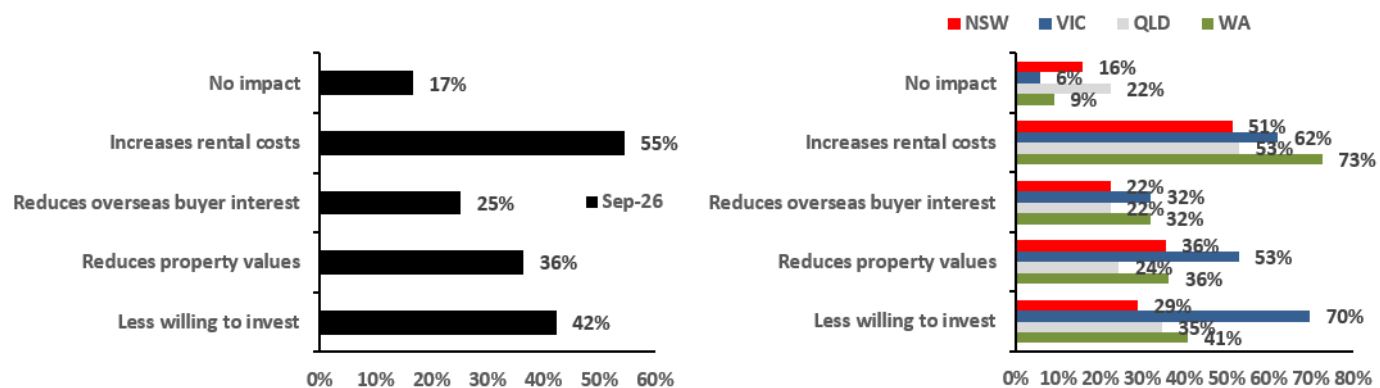


Chart 19: Pre-Commitment Requirements (%)



Special Questions

The impact of land tax, stamp duty, and Commercial and Industrial Property Tax (Victoria) on the commercial property market.



Data Appendix

Table 3: Capital Value Growth by Sector and State (%)

	Jun-26	Sep-26	Next 12 months	Next 2 years
Office Capital Values (%)				
AUS	-1.1	-1.9	-1.0	1.8
VIC	-2.0	-4.9	-3.4	0.3
NSW	0.4	-1.8	-1.1	2.1
QLD	-2.3	3.0	4.0	6.8
SA & NT	-1.7	-1.6	-1.8	-0.6
WA	-4.1	-4.8	-3.9	-2.8
Retail Capital Values (%)				
AUS	-0.1	-1.8	-1.3	-0.2
VIC	-2.9	-4.1	-4.0	-3.0
NSW	-0.5	-2.4	-2.3	-1.5
QLD	1.8	0.6	1.3	3.4
SA & NT	0.9	-2.9	-1.1	-1.1
WA	2.4	1.7	2.3	4.2
Industrial Capital Values (%)				
AUS	1.1	0.6	1.2	2.8
VIC	-0.1	-1.8	-1.9	0.7
NSW	0.8	-0.8	0.6	2.2
QLD	4.1	3.4	4.8	5.9
SA & NT	0.4	2.1	2.1	3.1
WA	0.4	3.7	2.8	3.0

Table 4: Rent Growth by Sector and State (%)

	Jun-26	Sep-26	Next 12 months	Next 2 years
Office Rent Growth (%)				
AUS	1.0	1.1	1.8	3.4
VIC	0.0	0.7	1.9	3.5
NSW	1.5	0.7	1.3	3.4
QLD	2.2	4.9	6.5	7.6
SA & NT	0.5	0.4	0.4	0.9
WA	-1.9	-1.4	-1.4	-0.4
Retail Rent Growth (%)				
AUS	0.7	-0.6	-0.3	0.7
VIC	-0.6	-2.8	-3.2	-2.4
NSW	0.1	-1.1	-0.6	-0.3
QLD	2.0	1.3	1.7	3.8
SA & NT	1.8	0.0	0.7	1.8
WA	3.1	1.2	2.5	3.7
Industrial Rent Growth (%)				
AUS	1.9	1.0	1.8	3.0
VIC	2.0	-1.8	-1.0	1.6
NSW	0.6	0.3	1.6	2.3
QLD	4.8	3.9	4.6	5.5
SA & NT	0.4	1.3	1.3	1.9
WA	1.7	3.4	2.7	4.1

Table 5: Vacancy Rates by Sector and State (%)

	Jun-26	Sep-26	Next 12 months	Next 2 years
Office Vacancy Rates (%)				
AUS	10.9	11.4	10.8	9.7
VIC	14.3	14.5	14.5	12.8
NSW	11.3	11.0	10.1	9.4
QLD	8.3	8.0	7.3	5.7
SA & NT	9.5	12.0	11.5	11.0
WA	10.0	11.5	11.5	8.5
Retail Vacancy Rates (%)				
AUS	6.4	6.0	5.7	5.6
VIC	7.0	5.8	5.7	6.2
NSW	5.3	6.3	5.2	4.1
QLD	7.0	5.9	6.3	5.7
SA & NT	11.0	7.7	7.7	9.0
WA	3.8	3.4	3.0	3.4
Industrial Vacancy Rates (%)				
AUS	3.8	4.1	3.8	3.3
VIC	4.7	3.9	3.7	3.2
NSW	3.6	5.0	4.3	3.5
QLD	3.4	4.6	4.8	4.1
SA & NT	4.3	2.3	2.3	2.3
WA	2.2	2.0	1.9	2.4

Notes:

Survey participants are asked how they see capital values, gross rents and vacancy rates in each commercial property market sector in the following periods: annual growth to the current quarter; annual growth in the next 12 months; and annual growth in the next 12-24 months. Average expectations for each state are presented in the tables above (results for SA/NT may be biased due to a smaller sample size).

About the survey:

In April 2010, NAB launched the first NAB Quarterly Australian Commercial Property Survey with the aim of developing Australia's pre-eminent survey of market conditions in the commercial property market.

The large external panel of respondents consists of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors. CBD Hotels refers to places of accommodation.

The index is a combination of values and rents for office, retail, industrial and hotels. The index applies a heavier weighted towards office, with the smallest weight applied to hotels. 228 property professionals participated in the Q3 2026 Survey.

Contact the authors

Sally Auld
Chief Economist
Sally.Auld@nab.com.au
+61 0422 224 752

Brien McDonald
Senior Economist
Brien.McDonald@nab.com.au
+61 455 052 520

Jessie Cameron
Economist
jessie.cameron@nab.com.au
+61 491 380 013

Important notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.