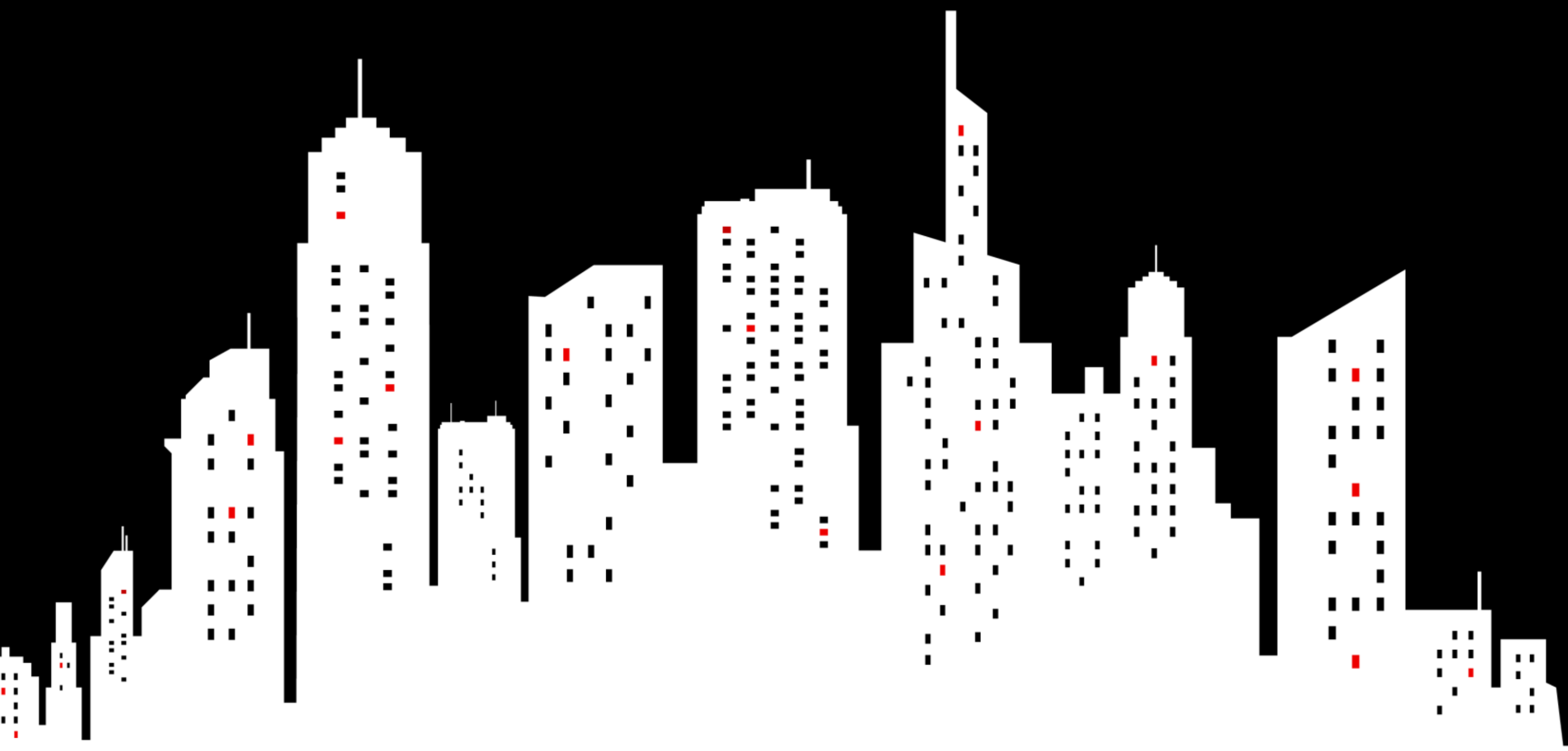
NAB Commercial Property Survey

Q2 2026

NAB Economics and Markets Research



Commercial Property Survey Q2 2026

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The NAB Commercial Property Index weakened in the June quarter but remains above the long run average. The fall was more pronounced in the office sector, with survey participants highlighting current weakness in capital values and vacancy rates as key contributors. Confidence levels (next 12 months and 2 years) also fell, but like current sentiment, both near- and longer-term levels remain above the long run average. Against that backdrop, commencements are likely to increase in the near term. While easing, industrial still ranked highest of the commercial property sectors, with the retail sector indicating a slight improvement, and office flat.

Survey Findings

- The **NAB Commercial Property Index,** which had been at elevated levels over the past 5 quarters, fell in the June quarter (+16 vs +30 Q1). Commercial property market sentiment also eased over the next 12 months (+20 vs +39 Q1) and 2 years (+39 vs +45).
- While current sentiment for industrial property eased in the June quarter (+34 vs +46 Q1) it continued its position as highest ranked for a second quarter. Office sentiment fell sharply (+9 from +31 Q1), though retail improved slightly (+20 vs +18 Q1).
- All states recorded a fall in current sentiment for commercial property in Q2. After improving to a neutral position in Q1, overall commercial property sentiment in VIC was back to negative territory, driven by a large fall in retail (-25 vs -4 Q1), while industrial remained strongly positive (+23), and office was slightly less negative (-7 vs -9). QLD still leads the current CP index (+40), as well as the office and industrial categories. See Table 2.
- After easing in Q1, confidence levels for commercial property over the next 12-months fell in the June quarter, with the measure 19 index points lower (+20, was +39 Q1). The 2-year confidence measure also recorded another drop (down 7 index points to +39). While industrial property still leads confidence levels over the next 12 months (+45), and the next 2 years (+49), this has eased relative to Q1. See Table 2.
- The average survey prediction for capital growth in the next 12 months remains highest for industrial (1.1%), which is lower than Q1 (2.1%). Capital gains in office overall (-1.1%) turned negative, with only NSW remaining positive (+0.4), and continued weakness for WA office over the next 12 months and 2 years. Retail capital values improved (-0.1% vs -1.0%Q1), with VIC and NSW still negative. Twelve-month expectations for office values turned negative (-0.4%), with retail flat, and industrial still up (+1.6%). Over two years all sectors are still positive with industrial still leading, and retail lagging. See Data Appendix Table 3.
- While easing slightly, the outlook for rents remains strongest for industrial property, with rents expected to grow 2.2% (2.9% Q1) in the next year and 2.7% (3.3% Q1) over the next 2 years. Expectations for industrial rental growth in the next year are highest in QLD (4.5%), and in 2 years' time (4.7%). Property professionals see office rents growing 0.9% (2.9% Q1) over the next 12 months and higher (2.0%) in 2 years' time. QLD again leads the outlook in 12 months (2.2%) and VIC in 2 years' time (3.9%). Retail rent outlook remains weaker than the other sectors (0.7% 12 months and 1.1% in 2 years' time). Expectations for retail rents are strongest in WA for both 12 months (3.0%) and 2 years' time (3.8%)) and negative in VIC. Data Appendix Table 4.
- Survey participants on average pointed to another slight tightening in the overall office vacancy rate (10.9% vs 11.1% in Q1). A further deterioration in the office vacancy rate in VIC was again offset by a tightening in all other states. Vacancy rates ranged from 8.3% in QLD to 14.3% in VIC. Expectations for the national office vacancy rate improved again in Q2, to 10.3% over the next 12 months and 9.3% in the next 2 years. Property professionals reported slightly looser vacancy rates for retail (6.4% vs 6.2% Q1). Vacancies are currently lowest in WA and highest in SA/NT. Retail vacancies are tipped to improve slightly over the next 2 years (6.1%). Vacancy rates remain the lowest for Industrial, unchanged in Q2 (3.8%). They ranged from 2.2% in WA to 4.7% in VIC. They are expected to loosen slightly in the next 1-2 years (4.5% & 4.2% respectively). See Data Appendix Table 5.
- Property developer plans for commencements of new projects within the next 6 months (49%) increased to slightly above the series average (47%). There was a slight easing in the number of developers targeting residential projects (58% vs 61% in Q1), with an above average number also looking to develop industrial property (20%, down from 24% in Q1). This quarter, there were zero indications for office commencements (vs 4% in Q1), with retail improving on Q1 (7% vs 4%). The majority will use land banked stock (90% up from 74% in Q1), or target new acquisitions (38%, up from 34% in Q1), with those intending to refurbish existing stock (10%) down on the previous quarter (20%).
- Property professionals report that access to equity funding was harder this quarter (net -19% vs -9% Q1), with perceptions about debt funding also indicating more difficult conditions (-14% vs -10% Q1).
- Survey respondents estimated the average pre-commitment needed to meet external debt funding requirements for new developments eased for both residential (49.6% vs 53.4% Q1) and commercial (52.9% vs 55.2% in Q1).

Table 1: NAB Commercial Property Index

	Mar-26	Jun-26	Next 12 months	Next 2 years
NAB Commercial Property Index	**30**	**16**	**20**	**39**
Office Property Index	31	9	13	41
Retail Property Index	18	20	20	29
Industrial Property Index	46	34	45	49
CBD Hotels Property Index	33	0	0	38

Market & State Overview

Chart 1: Commercial Property Index

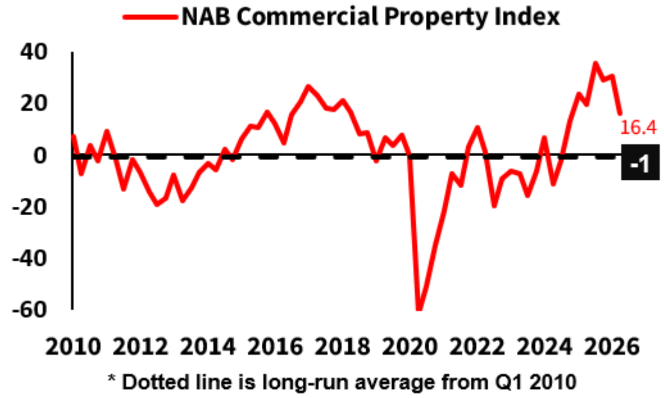


Chart 2: Commercial Property Index by Sector

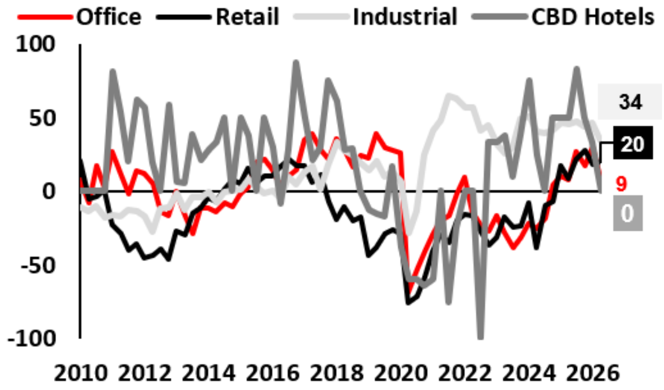


Chart 3: Commercial Property Sentiment and Confidence by Sector

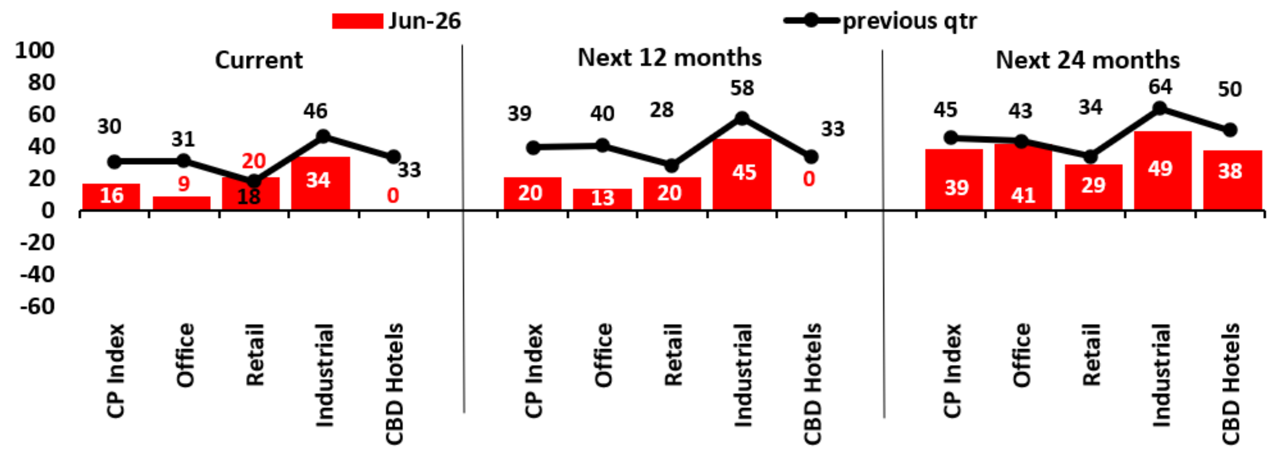


Chart 4: Commercial Property Index by State

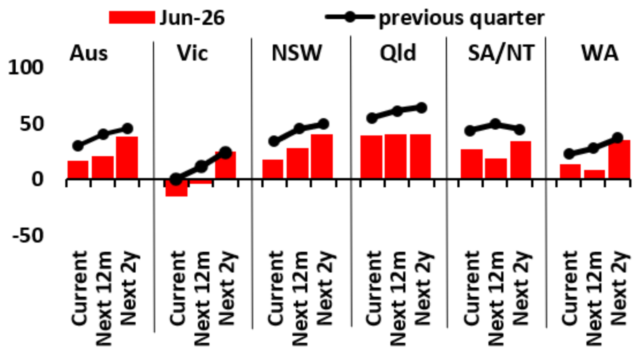


Chart 5: Office Property Index by State

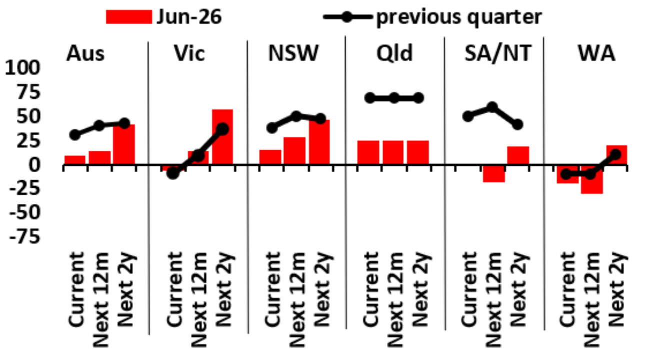


Chart 6: Retail Property Index by State

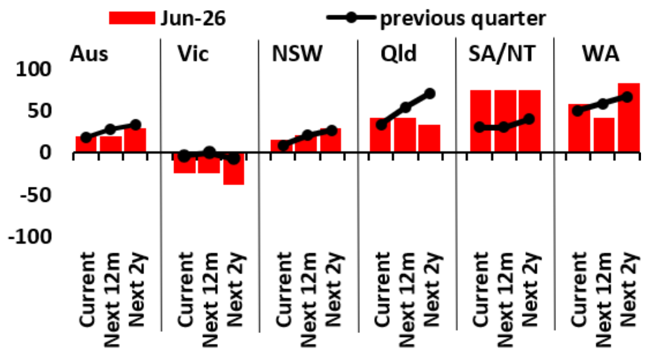


Chart 7: Industrial Property Index by State

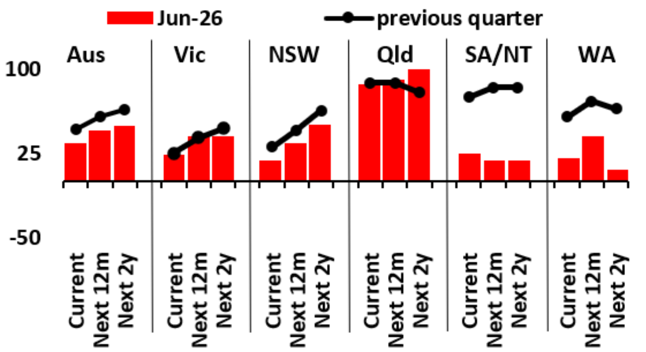


Table 2: Commercial Property Indices by State and Sector

	Mar-26	Jun-26	Next 12 months	Next 2 years
Commercial Property Index				
AUS	**30**	**16**	**20**	**39**
VIC	0	-16	-4	25
NSW	34	18	28	41
QLD	55	40	41	40
SA & NT	44	28	19	34
WA	22	14	9	35
Office Property Index				
AUS	**31**	**9**	**13**	**41**
VIC	-9	-7	14	57
NSW	38	16	28	47
QLD	69	25	25	25
SA & NT	50	0	-19	19
WA	-10	-20	-30	20

	Mar-26	Jun-26	Next 12 months	Next 2 years
Retail Property Index				
AUS	**18**	**20**	**20**	**29**
VIC	-4	-25	-25	-38
NSW	9	16	21	29
QLD	33	42	42	33
SA & NT	30	75	75	75
WA	50	58	42	83
Industrial Property Index				
AUS	**46**	**34**	**45**	**49**
VIC	25	23	40	40
NSW	30	18	34	50
QLD	88	86	91	100
SA & NT	75	25	19	19
WA	57	20	40	10

Capital Growth, Vacancies, Rents & Supply Conditions

Chart 8: Capital Growth Expectations by Sector (%)

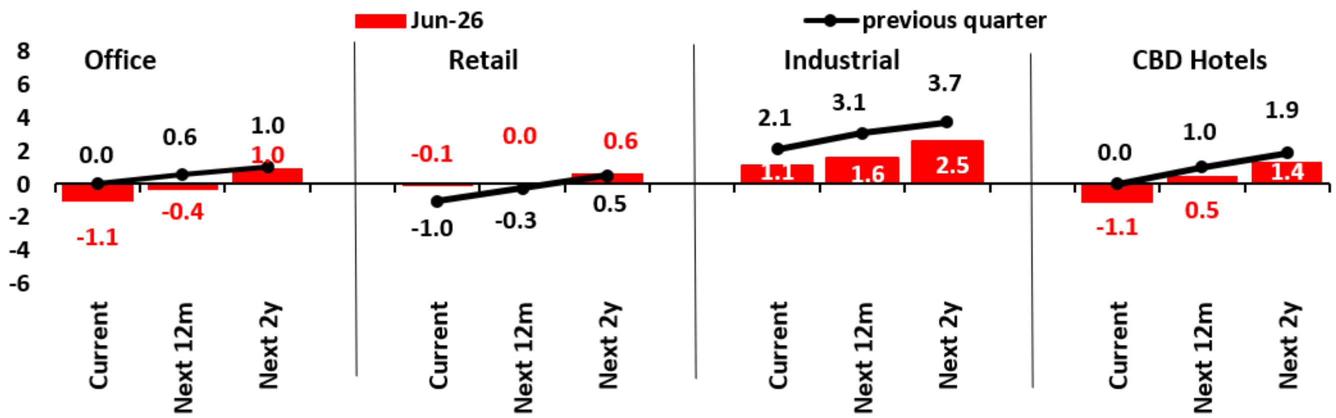


Chart 9: Vacancy Rate Expectations by Sector (%)

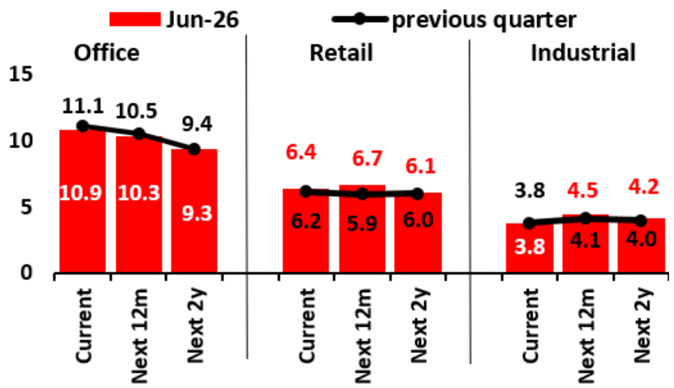


Chart 10: Office Vacancy Rate by State (%)

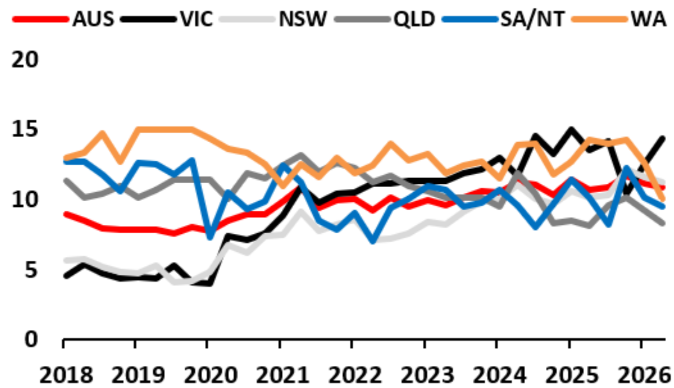


Chart 11: Rent Growth Expectations by Sector (%)

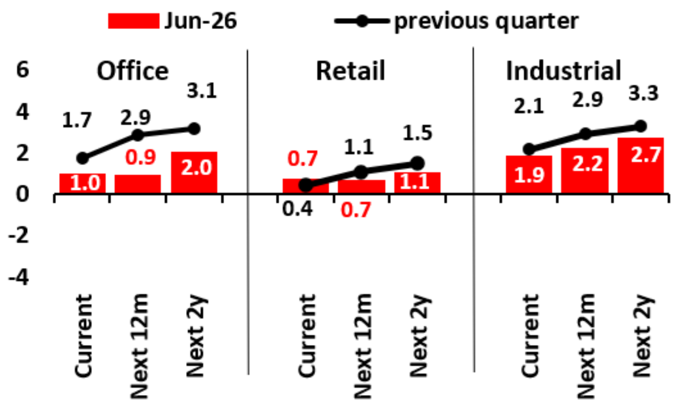


Chart 12: Office Supply Conditions by State

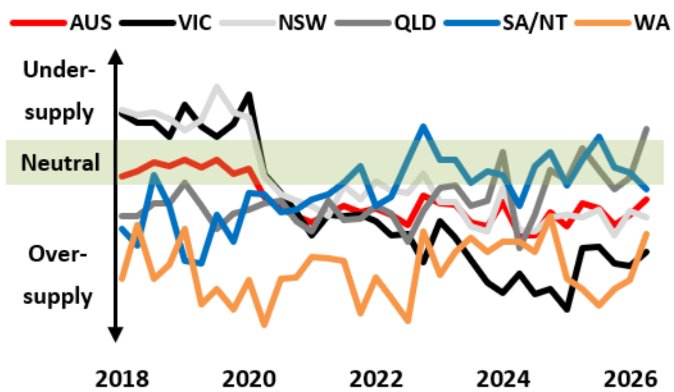
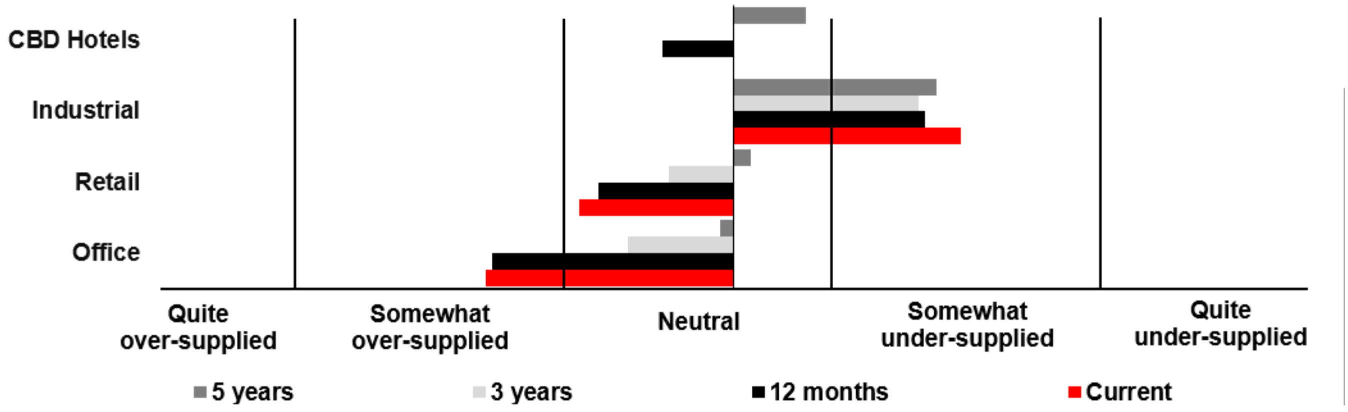


Chart 13: Supply Conditions by Sector



Development Intentions, Capital Funding & Pre-Commitments

Chart 14: Development Commencement Intentions by Timing (%)

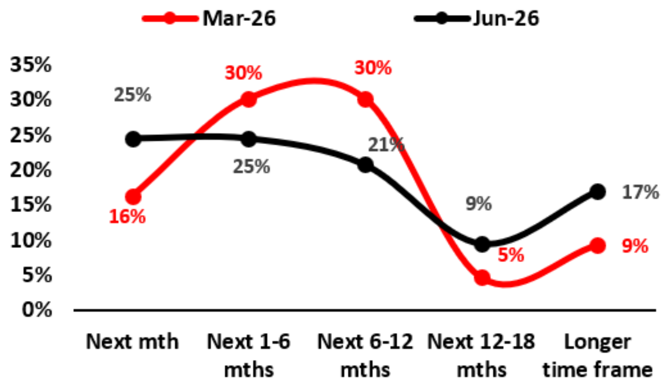


Chart 15: Development Commencement Intentions by Sector (%)

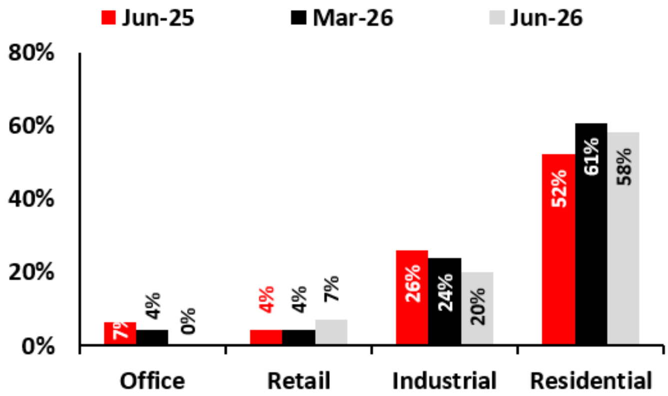


Chart 16: Sources of Land Development (%)

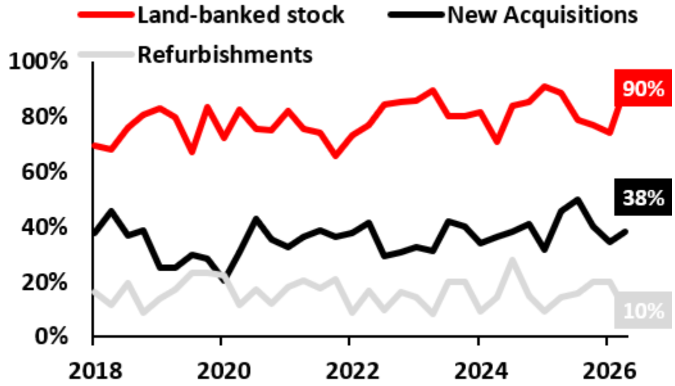


Chart 17: Intent to Source More Capital (%)

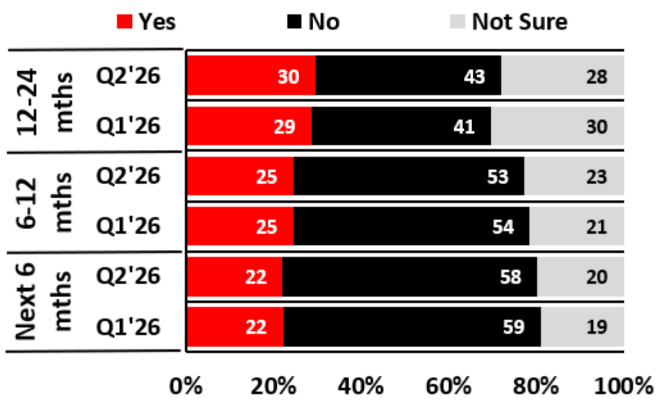


Chart 18: Ease of Acquiring Debt & Equity (net)

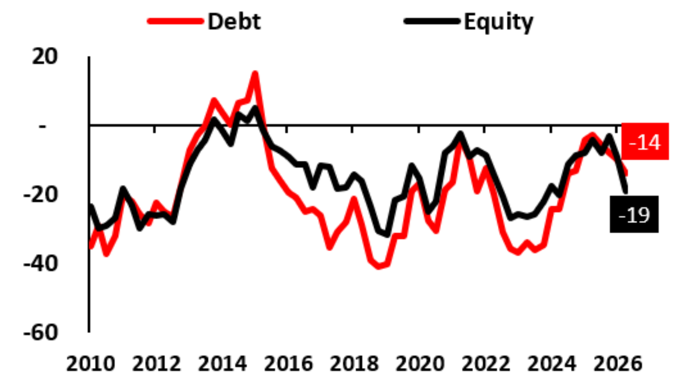
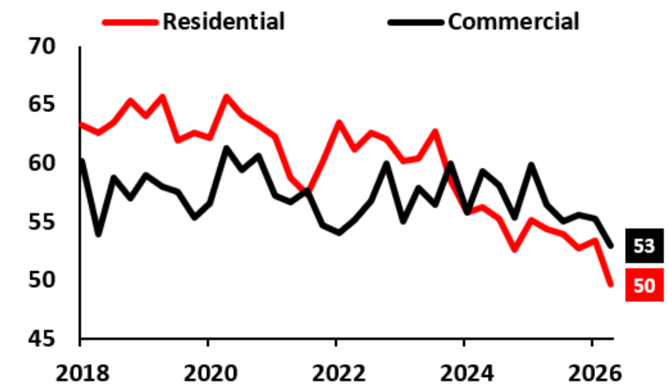


Chart 19: Pre-Commitment Requirements (%)



Data Appendix

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

	Mar-26	Jun-26	Next 12 months	Next 2 years
Office Capital Values (%)				
AUS	**0.0**	**-1.1**	**-0.4**	**1.0**
VIC	-3.3	-2.0	-0.7	1.1
NSW	0.9	0.4	1.0	1.4
QLD	3.0	-2.3	-1.4	1.3
SA & NT	0.9	-1.7	-1.8	-1.0
WA	-3.4	-4.1	-3.4	-0.5
Retail Capital Values (%)				
AUS	**-1.0**	**-0.1**	**0.0**	**0.6**
VIC	-2.4	-2.9	-2.7	-2.5
NSW	-1.4	-0.5	-0.4	0.5
QLD	-0.2	1.8	2.4	1.8
SA & NT	-1.2	0.9	1.9	1.9
WA	1.7	2.4	1.7	3.5
Industrial Capital Values (%)				
AUS	**2.1**	**1.1**	**1.6**	**2.5**
VIC	0.1	-0.1	0.9	3.1
NSW	1.5	0.8	1.6	3.2
QLD	6.5	4.1	4.0	4.1
SA & NT	2.2	0.4	-0.6	-0.3
WA	2.0	0.4	1.3	-0.1

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

	Mar-26	Jun-26	Next 12 months	Next 2 years
Office Rent Growth (%)				
AUS	**1.7**	**1.0**	**0.9**	**2.0**
VIC	-1.1	0.0	1.7	3.9
NSW	1.9	1.5	1.2	2.3
QLD	3.4	2.2	2.2	2.9
SA & NT	3.2	0.5	-0.9	0.3
WA	-0.2	-1.9	-2.3	0.6
Retail Rent Growth (%)				
AUS	**0.4**	**0.7**	**0.7**	**1.1**
VIC	-0.6	-0.6	-1.9	-2.4
NSW	0.0	0.1	0.6	1.1
QLD	0.8	2.0	1.9	2.3
SA & NT	0.9	1.8	1.8	2.8
WA	2.3	3.1	3.0	3.8
Industrial Rent Growth (%)				
AUS	**2.1**	**1.9**	**2.2**	**2.7**
VIC	1.0	2.0	2.0	2.7
NSW	1.3	0.6	1.7	2.7
QLD	5.0	4.8	4.5	4.7
SA & NT	2.8	0.4	0.8	1.5
WA	2.5	1.7	2.4	0.8

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

	Mar-26	Jun-26	Next 12 months	Next 2 years
Office Vacancy Rates (%)				
AUS	**11.1**	**10.9**	**10.3**	**9.3**
VIC	12.5	14.3	14.6	13.8
NSW	11.6	11.3	10.5	9.3
QLD	9.3	8.3	7.7	6.7
SA & NT	10.1	9.5	9.5	9.5
WA	12.6	10.0	9.5	8.0
Retail Vacancy Rates (%)				
AUS	**6.2**	**6.4**	**6.7**	**6.1**
VIC	6.5	7.0	7.3	5.9
NSW	5.9	5.3	6.0	5.8
QLD	6.3	7.0	6.6	7.0
SA & NT	5.8	11.0	11.0	11.0
WA	6.2	3.8	4.2	3.8
Industrial Vacancy Rates (%)				
AUS	**3.8**	**3.8**	**4.5**	**4.2**
VIC	4.4	4.7	5.5	5.4
NSW	4.3	3.6	3.7	3.1
QLD	3.4	3.4	4.5	3.6
SA & NT	3.3	4.3	5.5	5.5
WA	1.7	2.2	3.0	3.8

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.

244 property professionals participated in the Q2 2026 Survey.

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