

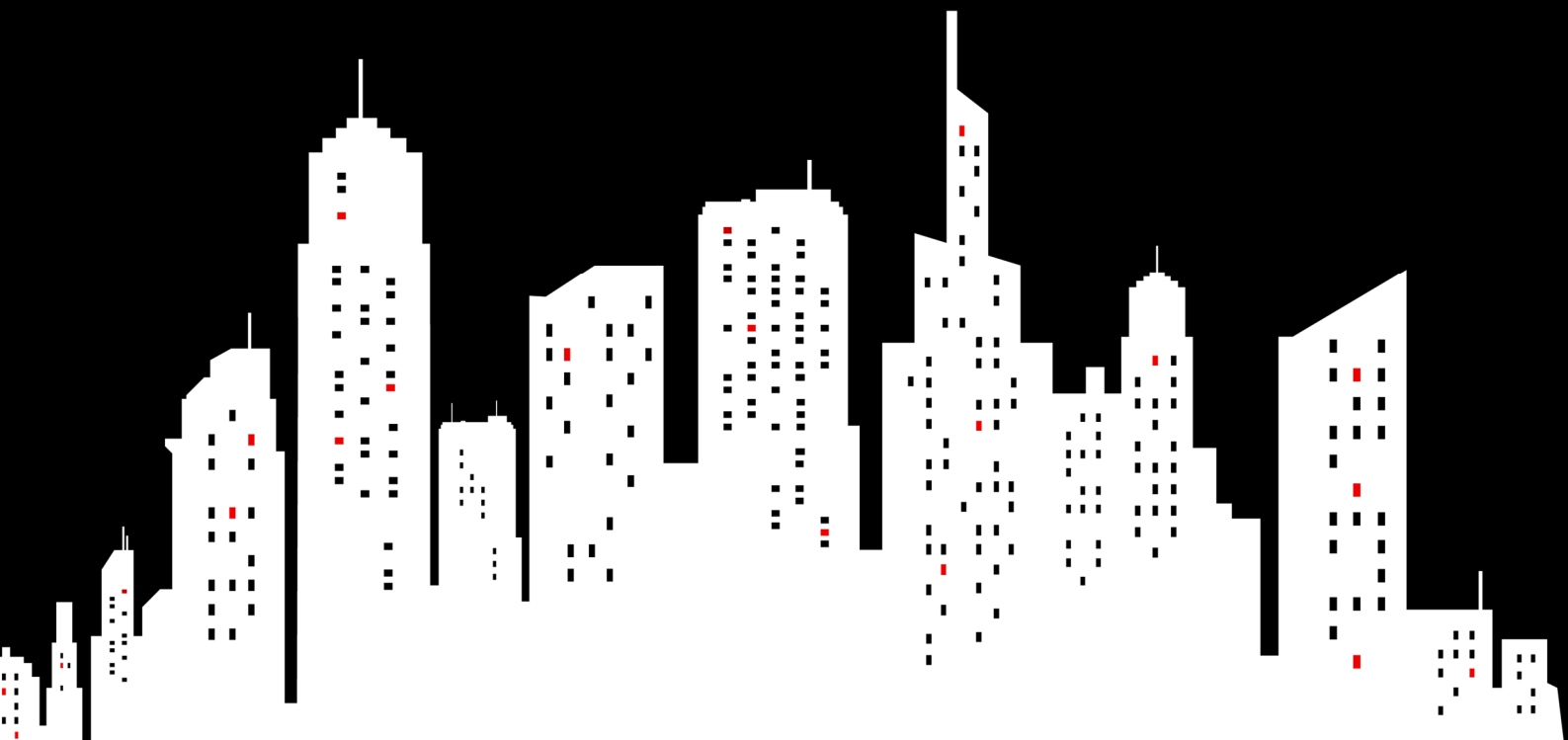
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NAB Commercial Property Survey

Q1 2026

Economics and Markets Research



Commercial Property Survey Q1 2026

Economics and Markets Research



The NAB Commercial Property Index improved slightly in the March quarter and remains elevated, albeit a little lower than the series high recorded in the September quarter. Confidence (next 12 months and 2 years) eased, but remains elevated, with QLD leading both, while WA recorded a fall. Current sentiment improved to a neutral position for VIC, with a less negative view of the office sector. Headline current capital values for office also improved to a neutral position in March, with improvement in QLD and NSW offsetting deterioration in VIC and WA. By contrast, industrial capital values remain positive for all states.

Survey Findings

- There was a moderate improvement in the **NAB Commercial Property Index** (+30) in the March quarter but it remains two points from the series high recorded in September 2025. Commercial property market sentiment eased over the next 12 months (+39 vs +46 Q4) and 2 years (+45 vs +58).
- In March, current sentiment for industrial property (+46) ranked highest, overtaking CBD hotel property (+33). Along with industrial, office (+31 from +18) also improved, though retail (+18 vs +28 Q4) dropped.
- NSW and QLD recorded solid improvements in current sentiment for commercial property in Q1. Both states recorded an improvement in sentiment for office, with QLD also recording a large jump for industrial. VIC also improved to neutral (0), with far less negative office sentiment compared to Q4 (-9 vs -31 Q4). QLD leads the current CP index, as well as the office and industrial categories. See Table 2.
- Confidence levels for commercial property over the next 12-months eased back in the March quarter, with the measure 7 index points lower relative to Q4 (+39, was +46 Q4). Perceptions around the path of interest rates is likely the main driver of this decline. The 2-year confidence measure also recorded a drop (down 13 index points to +45). Industrial property leads confidence levels over the next 12 months (+58), and the next 2 years (+64). See Table 2.
- The average survey prediction for capital growth in the next 12 months remains highest for industrial (2.1%). Expectations were particularly buoyant for QLD industrial (+6.5%). Capital gains in office overall (0.0%) were flat, but again buoyant in QLD (+3.0), while WA office was particularly weak over the next 12 months and 2 years. Retail was subdued (-1.0%), with all states negative except WA (+1.7%). Twelve-month (0.6%) and two-year (1.0%) expectations for office values remained positive, although the latter fell by more than half compared to the December quarter result. Industrial still leads over these time periods, and retail continues to lag. See Data Appendix Table 3.
- The outlook for rents remains strongest for industrial property, with rents expected to grow 2.9% in the next year and 3.3% over the next 2 years. Expectations for industrial rental growth in the next year are highest in QLD (5.3%), and WA in 2 years' time (5.4%). Property professionals see office rents growing 2.9% over the next 12 months and slightly higher (3.1%) in 2 years' time. QLD again leads the outlook (4.7% 12 months, 5.3% 2 years' time), with WA weakest. Retail rent outlook remains weaker than the other sectors (1.1% 12 months and 1.5% in 2 years' time). Expectations for retail rents are strongest in QLD (3.0%) for 12months, and WA (3.7% 2years time) and lowest in SA&NT and VIC. Data Appendix Table 4.
- Survey participants on average pointed to a slight tightening in the overall office vacancy rate (11.1% vs 11.7% in December). A deterioration in the office vacancy rate in VIC was offset by a tightening in all other states. Vacancy rates ranged from 9.3% in QLD to 12.6% in WA. Expectations for the national office vacancy rate improved again in Q1, to 10.5% over the next 12 months and 9.4% in the next 2 years. Property professionals reported slightly looser vacancy rates for retail (6.2% vs 6.1% Q4), remaining slightly above the long-run average (5.9%). Vacancies are currently lowest in SA&NT and highest in QLD. Retail vacancies are tipped to improve slightly over the next 2 years (6.0%). Industrial vacancy rates widened to 3.8% (from 3.3%), ranging from 1.7% in WA to 4.4% in QLD. They are expected to loosen slightly in the next 1-2 years (4.1% & 4.0% respectively). See Data Appendix Table 5.
- Property developer plans for commencements of new projects within the next 6 months fell back to around the series average (47%). More developers are targeting residential projects (61% vs 49% in Q4), with an above average number also looking to develop industrial property (24%, up from 20% in Q4). Only 4% this quarter indicated office (unchanged on Q4), with retail weakening (4% vs 8% in Q4). The majority will use land banked stock (74% down from 77% in Q4), or target new acquisitions (34%, down from 40% in Q4), with those intending to refurbish existing stock unchanged on the previous quarter (20%).
- Property professionals still report that access to debt funding on net remained a little harder (net -10% vs -8% Q4). Perceptions about debt funding conditions in the next 3-6 months were more pessimistic (-8%) compared to the previous quarter (neutral). The net number who said accessing equity funding was harder also weakened -9% (from -3% Q4).
- Survey respondents estimated the average pre-commitment needed to meet external debt funding requirements for new developments was higher for residential (53.4% vs 52.6% Q4) but slightly lower for commercial (55.2% vs 55.6% in Q4).

Table 1: NAB Commercial Property Index

	Dec-25	Mar-26	Next 12 months	Next 2 years
NAB Commercial Property Index	29	30	39	45
Office Property Index	18	31	40	43
Retail Property Index	28	18	28	34
Industrial Property Index	44	46	58	64
CBD Hotels Property Index	50	33	33	50

Market & State Overview

Chart 1: Commercial Property Index

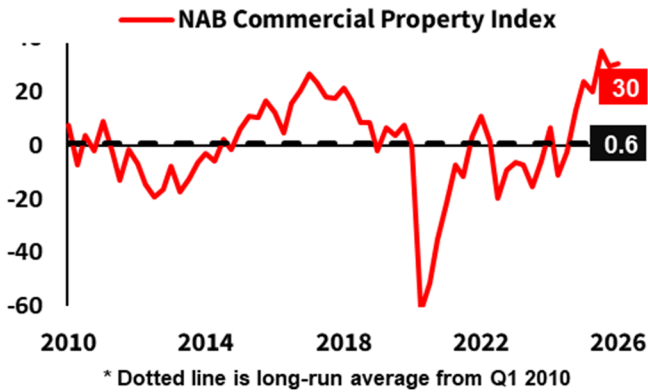


Chart 2: Commercial Property Index by Sector

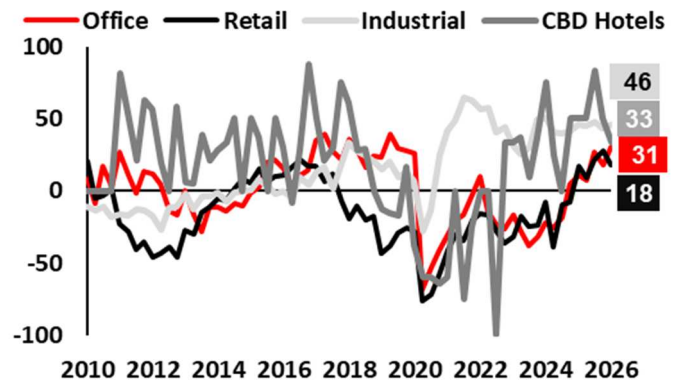


Chart 3: Commercial Property Sentiment and Confidence by Sector

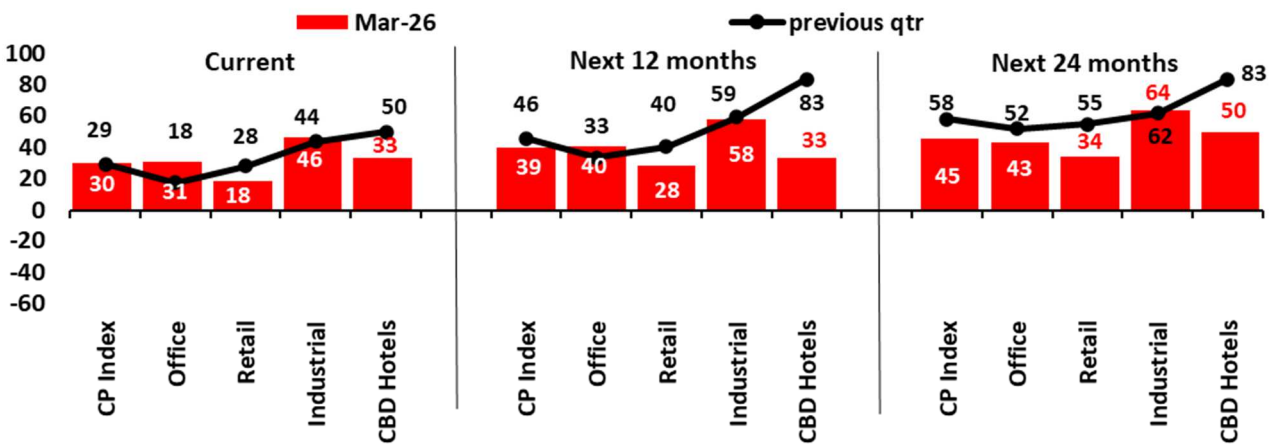


Chart 4: Commercial Property Index by State

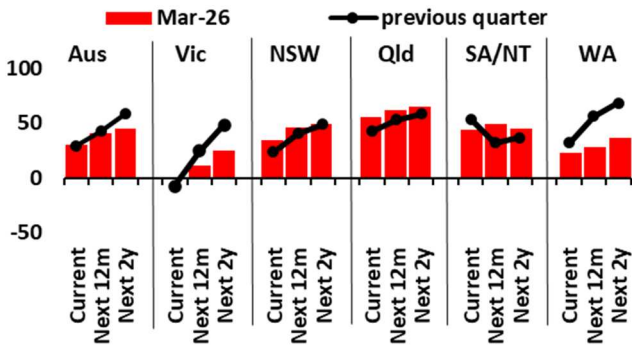


Chart 5: Office Property Index by State

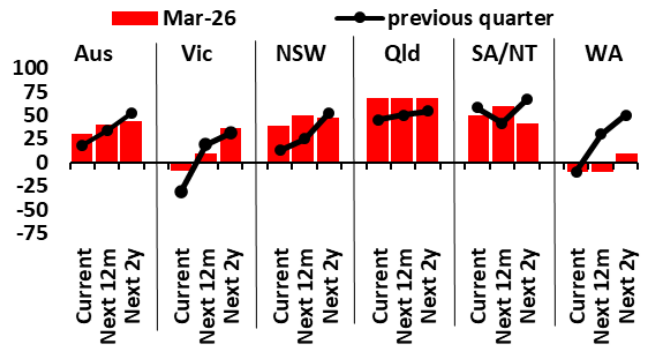


Chart 6: Retail Property Index by State

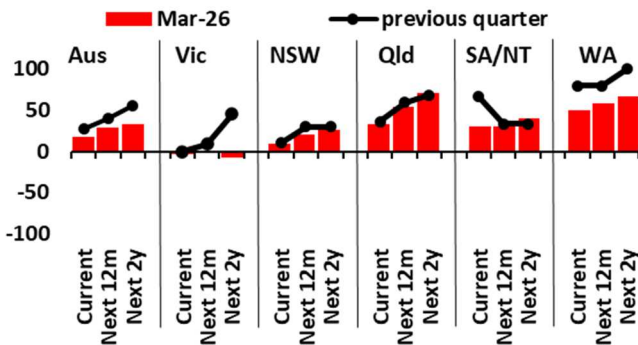


Chart 7: Industrial Property Index by State

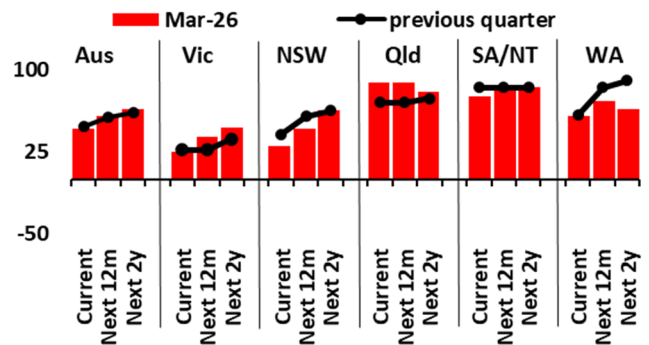


Table 2: Commercial Property Indices by State and Sector

	Dec-25	Mar-26	Next 12 months	Next 2 years
Commercial Property Index				
AUS	29	30	39	45
VIC	-8	0	11	24
NSW	23	34	45	49
QLD	42	55	61	65
SA & NT	53	44	49	45
WA	32	22	28	37
Office Property Index				
AUS	18	31	40	43
VIC	-31	-9	9	36
NSW	13	38	50	47
QLD	45	69	69	69
SA & NT	58	50	59	41
WA	-10	-10	-10	10
Retail Property Index				
AUS	28	18	28	34
VIC	0	-4	0	-7
NSW	10	9	21	26
QLD	36	33	54	71
SA & NT	67	30	30	40
WA	80	50	58	67
Industrial Property Index				
AUS	44	46	58	64
VIC	25	25	39	47
NSW	40	30	46	63
QLD	66	88	88	79
SA & NT	50	75	83	83
WA	60	57	71	64

Capital Growth, Vacancies, Rents & Supply Conditions

Chart 8: Capital Growth Expectations by Sector (%)

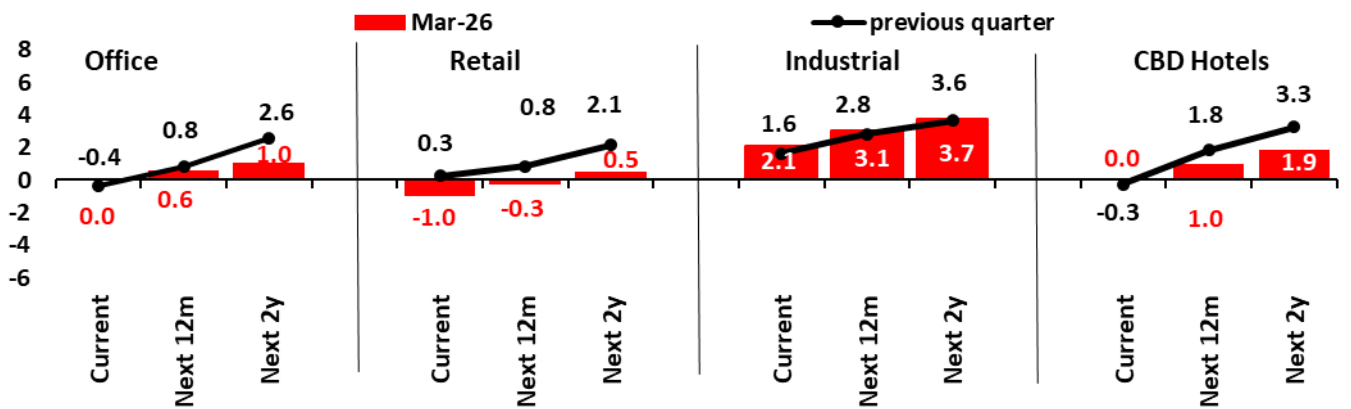


Chart 9: Vacancy Rate Expectations by Sector (%)

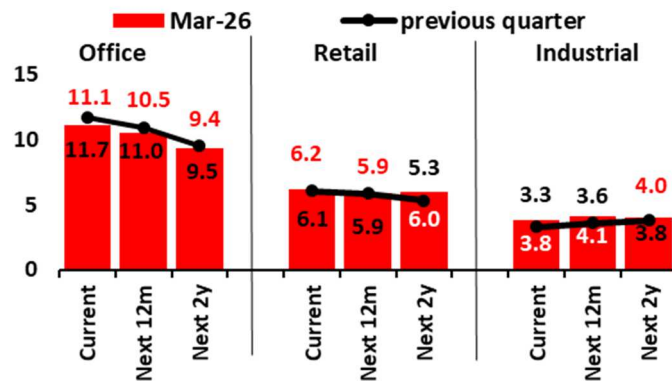


Chart 10: Office Vacancy Rate by State (%)

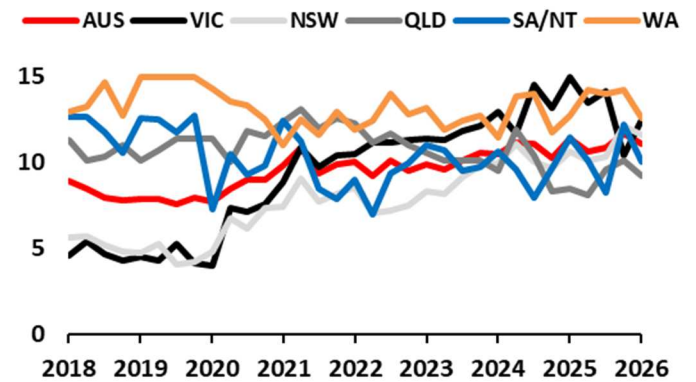


Chart 11: Rent Growth Expectations by Sector (%)

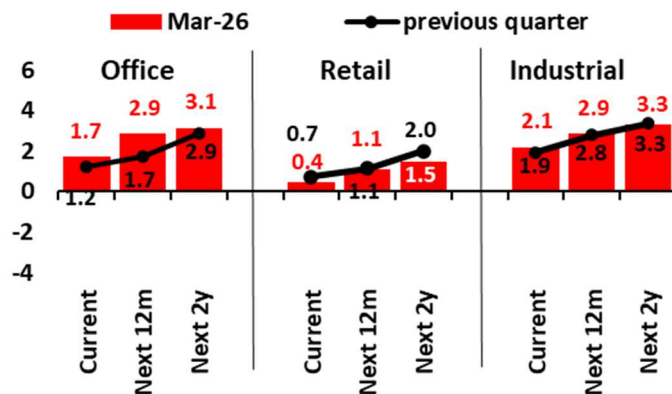
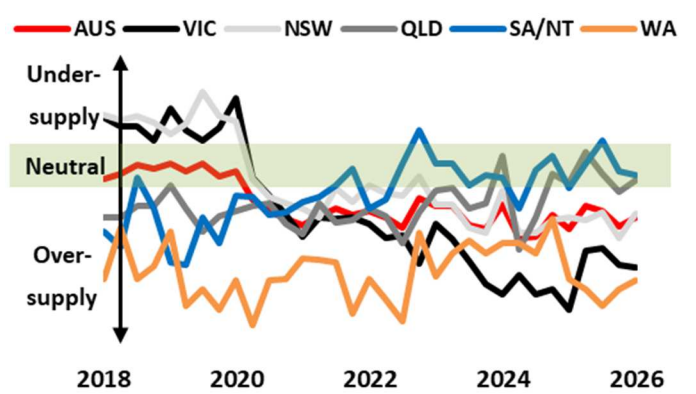
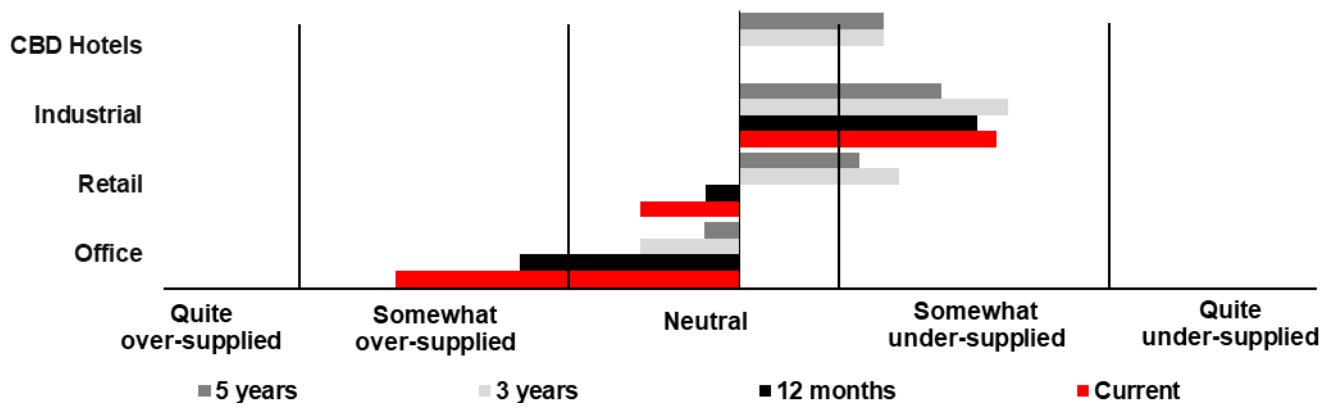


Chart 12: Office Supply Conditions by State





Development Intentions, Capital Funding & Pre-Commitments

Chart 14: Development Commencement Intentions by Timing (%)

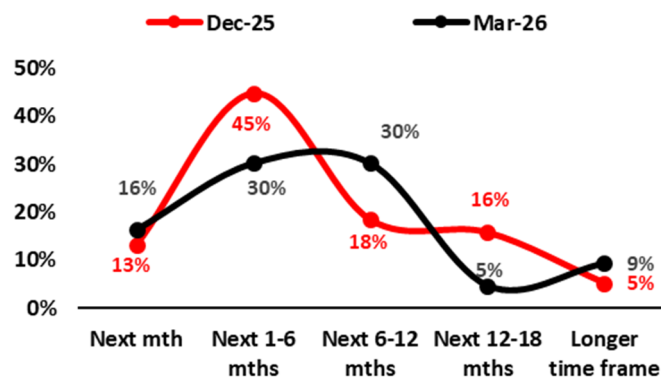


Chart 15: Development Commencement Intentions by Sector (%)

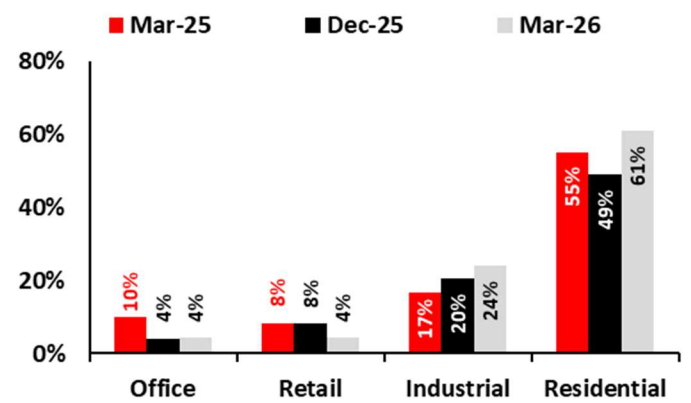


Chart 16: Sources of Land Development (%)

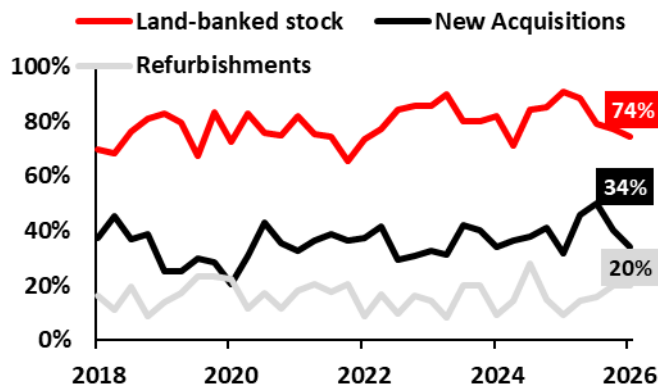


Chart 17: Intent to Source More Capital (%)

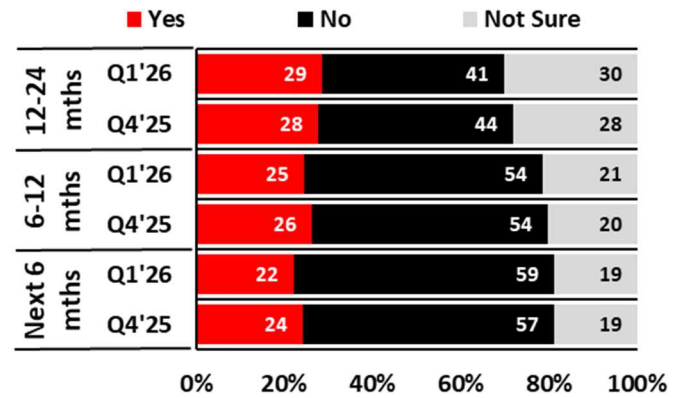


Chart 18: Ease of Acquiring Debt & Equity (net)

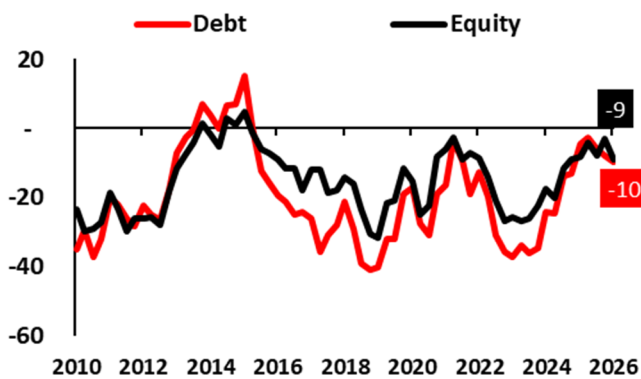
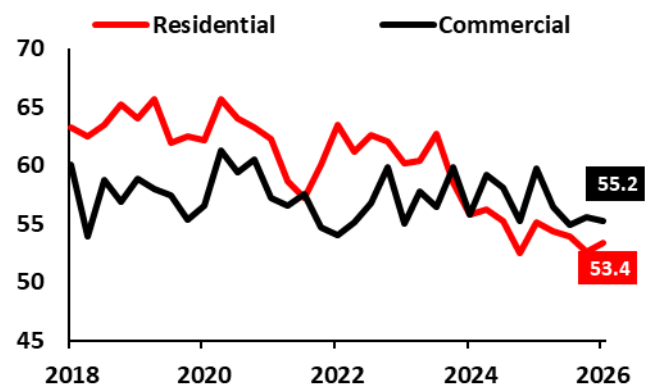


Chart 19: Pre-Commitment Requirements (%)



Data Appendix

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

	Dec-25	Mar-26	Next 12 months	Next 2 years
Office Capital Values (%)				
AUS	-0.4	0.0	0.6	1.0
VIC	-1.9	-3.3	-2.0	0.0
NSW	-0.5	0.9	1.3	1.4
QLD	0.1	3.0	4.2	4.3
SA & NT	1.5	0.9	1.0	0.7
WA	-2.3	-3.4	-4.3	-3.3
Retail Capital Values (%)				
AUS	0.3	-1.0	-0.3	0.5
VIC	-1.5	-2.4	-2.7	-2.6
NSW	-1.6	-1.4	-0.6	0.2
QLD	1.6	-0.2	1.3	2.3
SA & NT	3.3	-1.2	0.4	2.3
WA	2.7	1.7	2.9	4.3
Industrial Capital Values (%)				
AUS	1.6	2.1	3.1	3.7
VIC	0.2	0.1	0.8	1.7
NSW	1.5	1.5	2.7	3.9
QLD	3.2	6.5	6.9	6.4
SA & NT	1.2	2.2	3.0	3.4
WA	2.8	2.0	3.8	4.0

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

	Dec-25	Mar-26	Next 12 months	Next 2 years
Office Rent Growth (%)				
AUS	1.2	1.7	2.9	3.1
VIC	-0.6	-1.1	1.3	2.5
NSW	0.5	1.9	2.9	2.8
QLD	3.0	3.4	4.7	5.3
SA & NT	3.4	3.2	3.8	3.6
WA	-1.9	-0.2	0.3	0.8
Retail Rent Growth (%)				
AUS	0.7	0.4	1.1	1.5
VIC	-1.0	-0.6	-0.3	-0.5
NSW	0.6	0.0	0.2	1.1
QLD	0.9	0.8	3.0	3.6
SA & NT	-0.1	0.9	-0.3	-0.1
WA	4.5	2.3	2.9	3.7
Industrial Rent Growth (%)				
AUS	1.9	2.1	2.9	3.3
VIC	1.4	1.0	1.4	2.1
NSW	1.5	1.3	2.0	3.1
QLD	3.0	5.0	5.3	4.7
SA & NT	1.2	2.8	2.6	2.6
WA	2.8	2.5	6.3	5.4

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

	Dec-25	Mar-26	Next 12 months	Next 2 years
Office Vacancy Rates (%)				
AUS	11.7	11.1	10.5	9.4
VIC	10.4	12.5	12.0	10.8
NSW	12.1	11.6	10.9	9.3
QLD	10.1	9.3	8.3	7.5
SA & NT	12.2	10.1	9.9	10.0
WA	14.2	12.6	12.2	9.5
Retail Vacancy Rates (%)				
AUS	6.1	6.2	5.9	6.0
VIC	5.2	6.5	6.5	7.0
NSW	7.9	5.9	5.7	5.5
QLD	6.4	6.3	5.9	5.8
SA & NT	4.3	5.8	5.4	5.8
WA	6.2	6.2	5.8	5.8
Industrial Vacancy Rates (%)				
AUS	3.3	3.8	4.1	4.0
VIC	3.5	4.4	4.3	3.9
NSW	3.3	4.3	4.7	4.3
QLD	3.7	3.4	3.9	4.1
SA & NT	2.0	3.3	3.4	3.8
WA	2.2	1.7	2.6	3.0

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.

248 property professionals participated in the Q1 2026 Survey.

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