



# NAB Commercial Property Survey: CBD Hotel Market Q4 2014

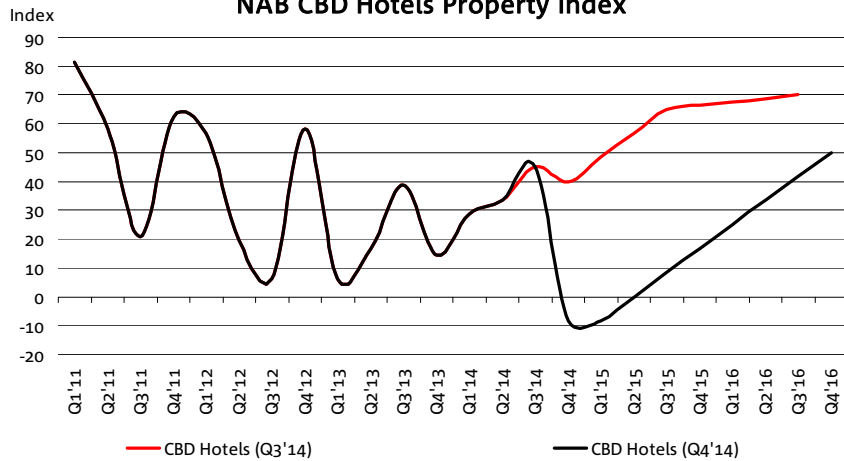
by NAB Group Economics

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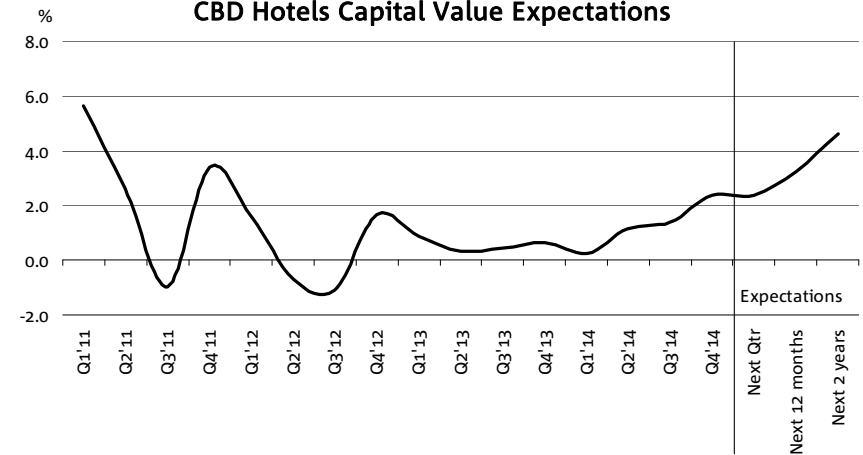
Sentiment in the CBD hotel market sector declined sharply in Q4, with forward expectations also much softer.

Capital values increased 2.4% in Q4, with expectations for stronger growth over the next 1-2 years (but weaker than expected in Q3).

**NAB CBD Hotels Property Index**



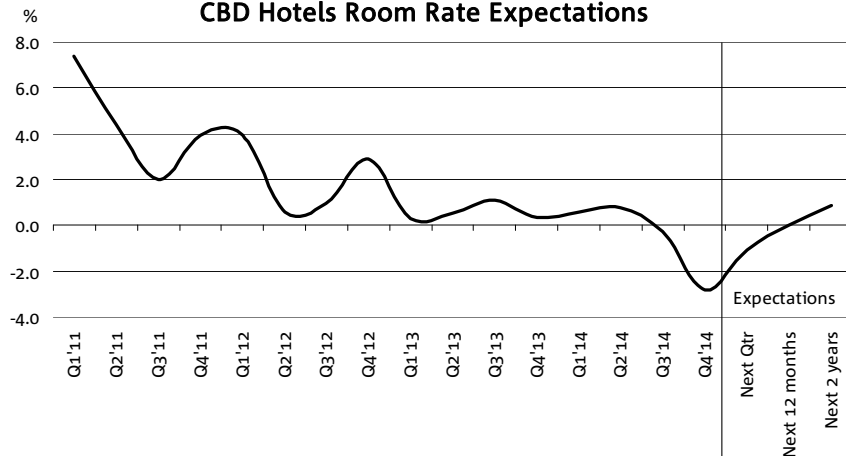
**CBD Hotels Capital Value Expectations**



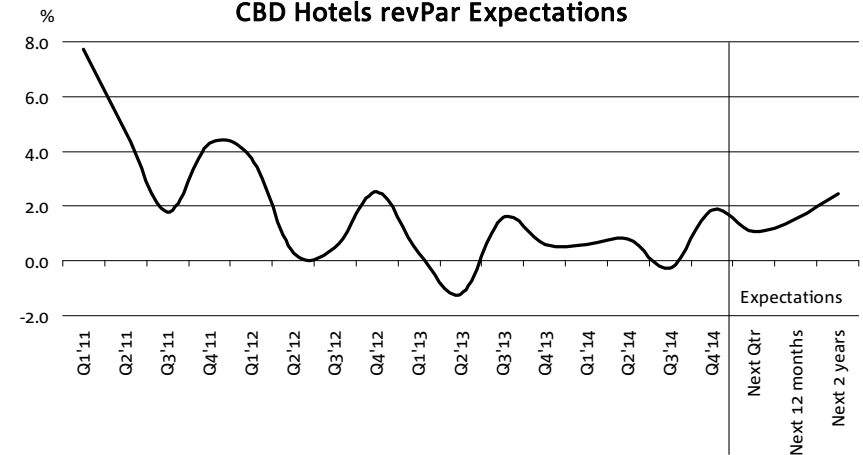
Hotel room rate growth also dipped sharply drop in Q4. Expected to remain flat next year and rise a modest 0.9% in the year after.

revPar improved in Q4 after falling in Q3. Outlook is for modest growth next year (1.6%), rising in the next year (2.4%).

**CBD Hotels Room Rate Expectations**

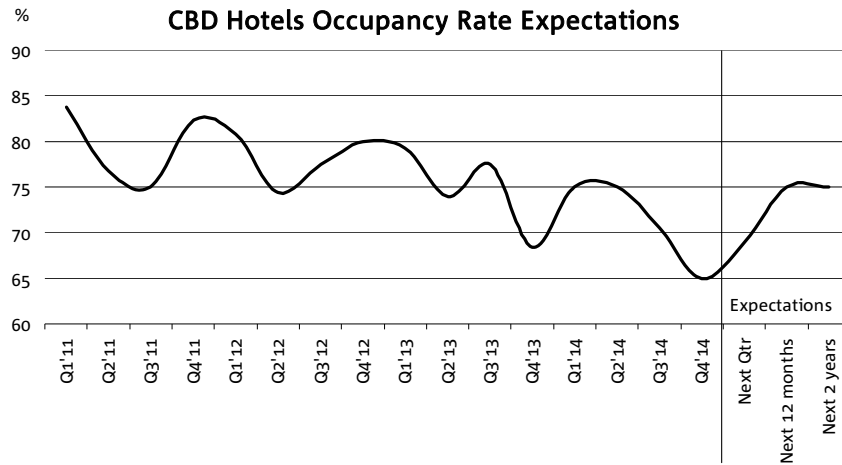


**CBD Hotels revPar Expectations**

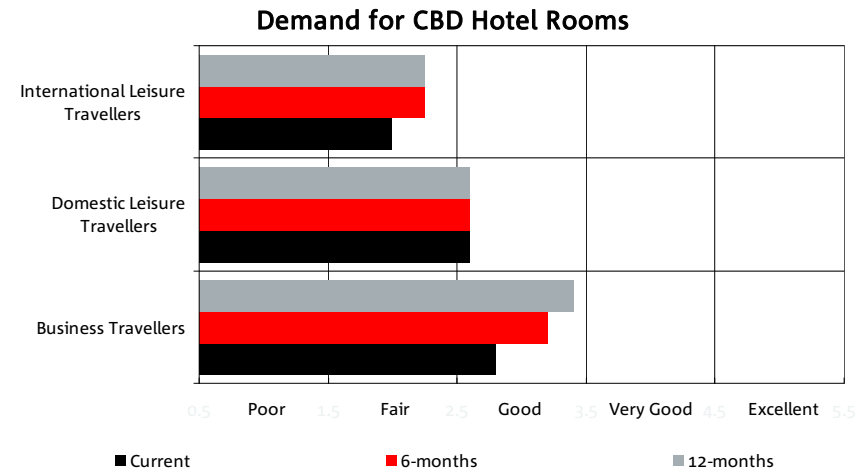


# NAB Commercial Property Survey: CBD Hotels Market

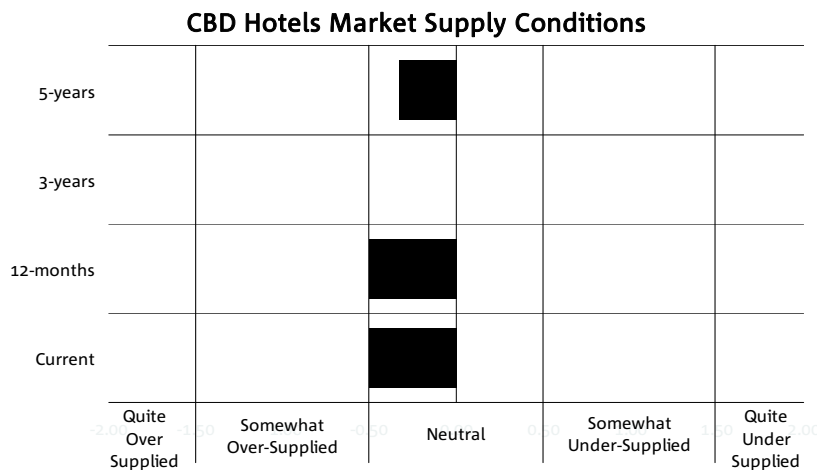
Occupancy rates in CBD hotels fall to their lowest level since the survey started in Q4. However, a modest rebound is expected in next 1-2 years.



Demand for CBD hotel rooms from business travellers to improve in next 12 months. Demand from domestic travellers to stagnate and improve moderately from international travellers.



With room demand weakening, CBD hotel market supply conditions were notably softer in Q4, with property professionals now seeing the market as "somewhat" over-supplied.



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