



NAB Commercial Property Survey: CBD Hotel Market Q3 2015

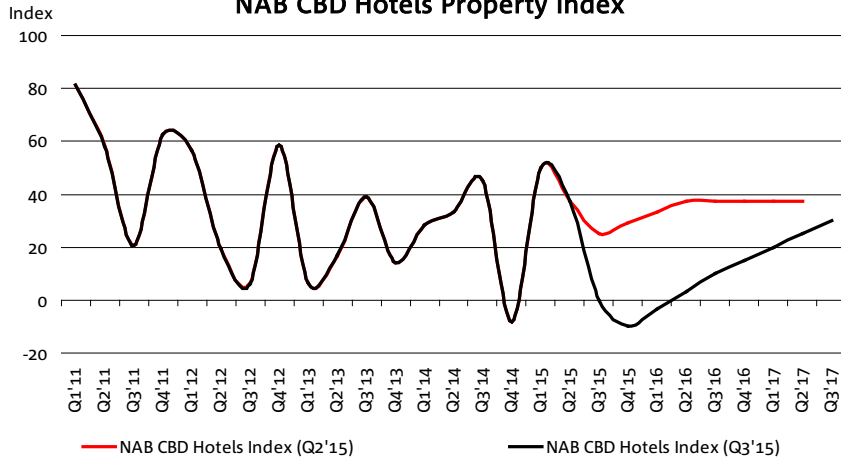
by NAB Group Economics

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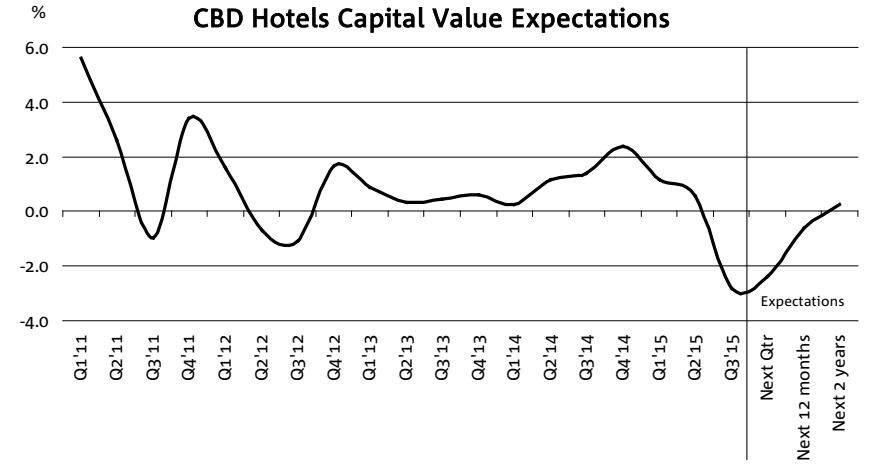
Sentiment among property professionals in the CBD hotel sector continued to soften in Q3 and was weakest across all property sectors. Confidence has also plummeted, largely reflecting much weaker expectations for capital returns.

Capital values contracted -2.8% in Q3. Expectations were also scaled back heavily. Values now tipped to fall next year (-0.6%) and rise modestly in 2 years time (0.3%). Overall, capital returns for CBD hotels now weakest across all property sectors (strongest in previous survey).

NAB CBD Hotels Property Index



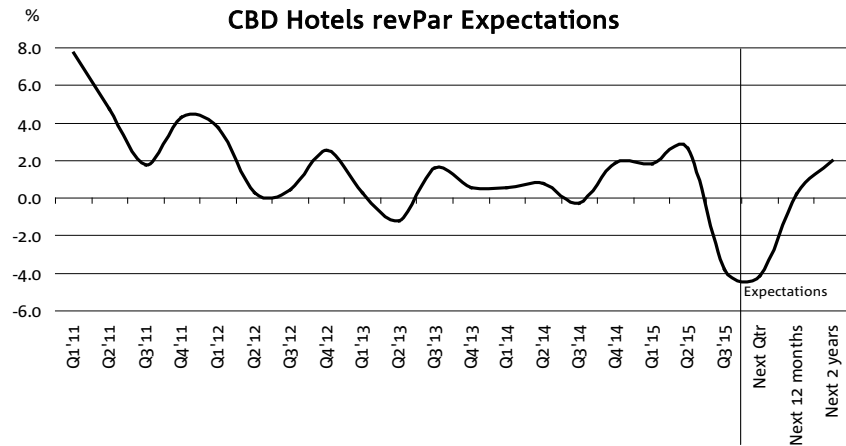
CBD Hotels Capital Value Expectations



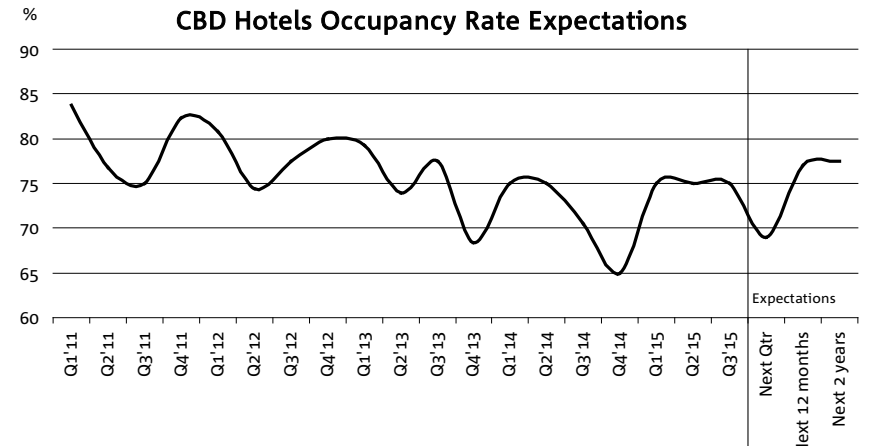
revPar also growth fell heavily in Q3. However, the outlook is for a modest resumption in growth in the next 12 months (0.3%) accelerating to 2% in 2 years time.

The average occupancy rate in the CBD hotel sector was unchanged at 75% in Q3. While property professionals anticipate a drop in vacancy in the near-term, vacancy rates are forecast to climb in the next 1-2 years.

CBD Hotels revPar Expectations



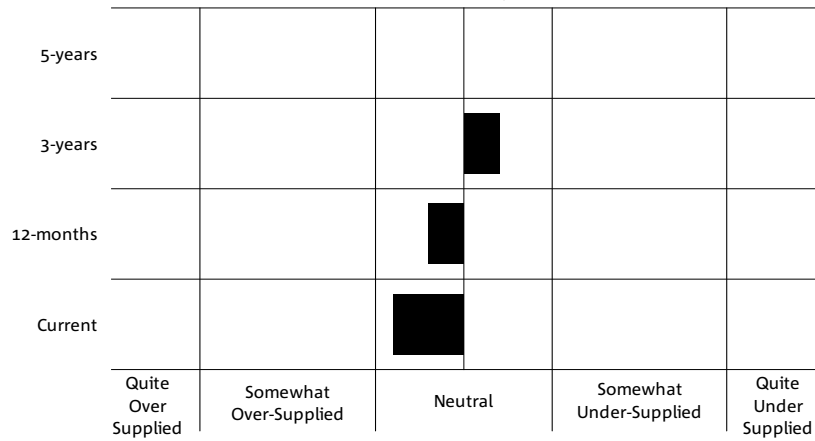
CBD Hotels Occupancy Rate Expectations



NAB Commercial Property Survey: CBD Hotels Market

Supply conditions in CBD hotel markets are currently assessed as “neutral”. Property professionals expect this market to remain in broad balance over the next 1-5 years.

CBD Hotels Market Supply Conditions



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