



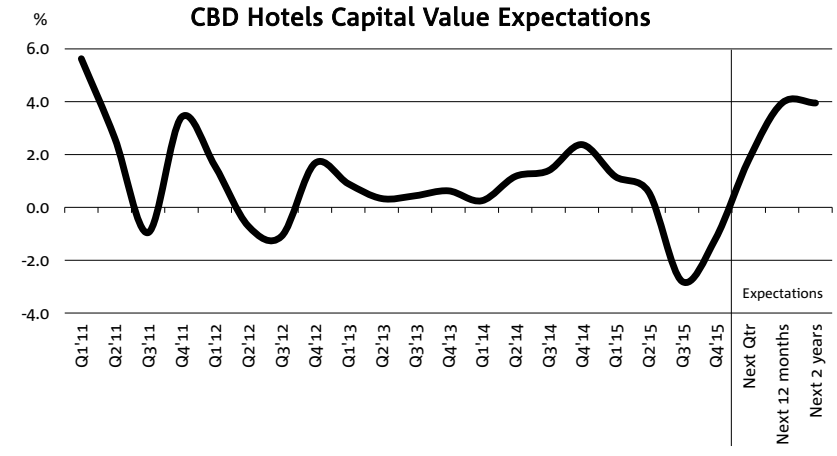
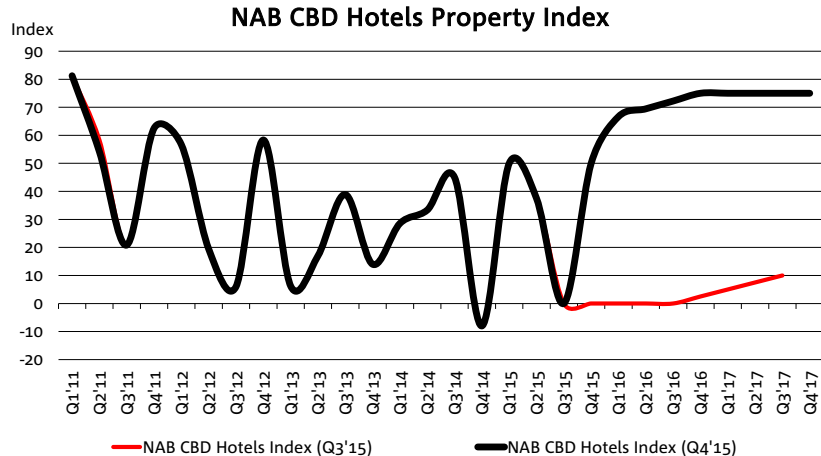
# NAB Commercial Property Survey: CBD Hotels Q4 2015

by NAB Group Economics

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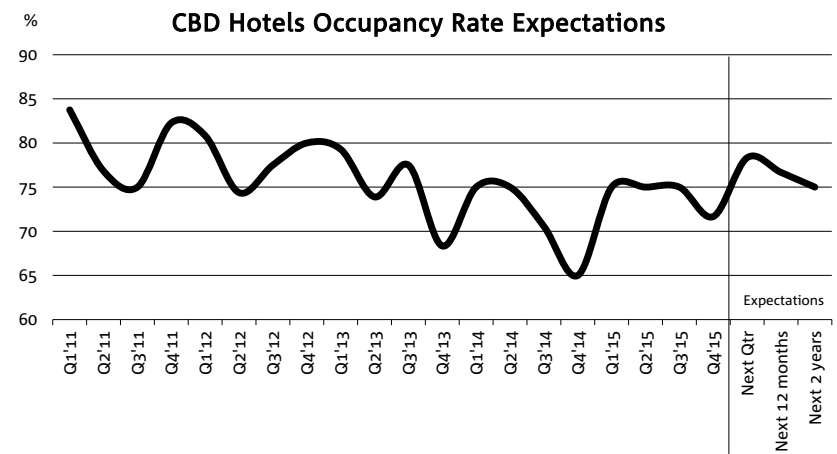
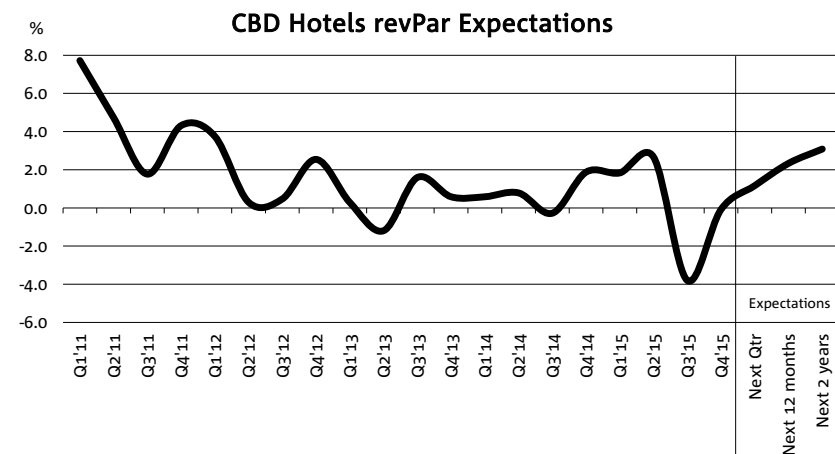
Sentiment in the CBD hotels sector rose sharply to +50 in Q4 (0 in Q3) and is currently above its long-term average (+34) and highest across all sectors. The survey suggests that confidence has also improved and is now strongest across all market segments (and by some margin).

Capital values fell -1.2% in Q4, but forward expectations are for much stronger growth of 4% per year in the next 1-2 years. Capital returns for CBD hotels are also expected to out-perform all other commercial property sectors for capital growth by some margin.



revPar results were basically flat in Q4 (-0.1%). Surveyed property professionals operating in the CBD hotels sector on average expect revPar to rise to 2.3% in the next year and 3.1% in 2 years time.

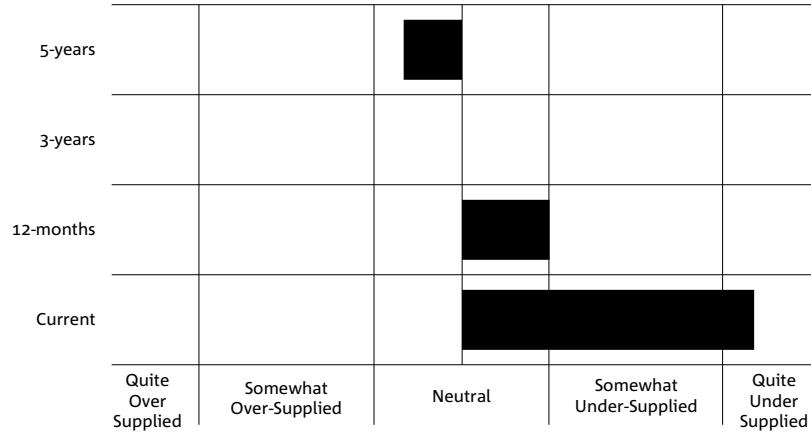
Average occupancy rate in the CBD hotel sector fell to 72% in Q4. Property professionals expect the vacancy rate to climb to around 77% next year and 75% in 2 years time, as tourism grows on the back of a lower AUD.



# NAB Commercial Property Survey: CBD Hotels

Supply conditions in the CBD hotel market are currently assessed as “quite under-supplied” (particularly in Sydney). Amid considerable mooted supply proposed and under construction in a number of capital cities across Australia, the market is expected to be “neutral” in the next 1-5 yrs.

**CBD Hotels Market Supply Conditions**



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