

# NAB Commercial Property Survey: CBD Hotels Q1 2016

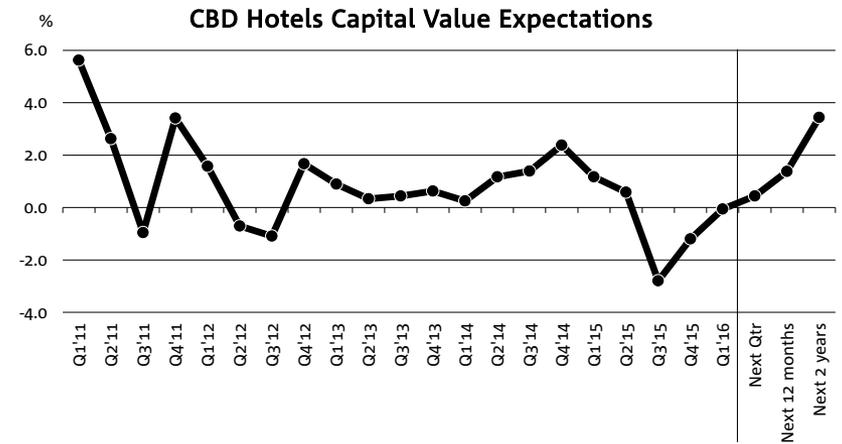
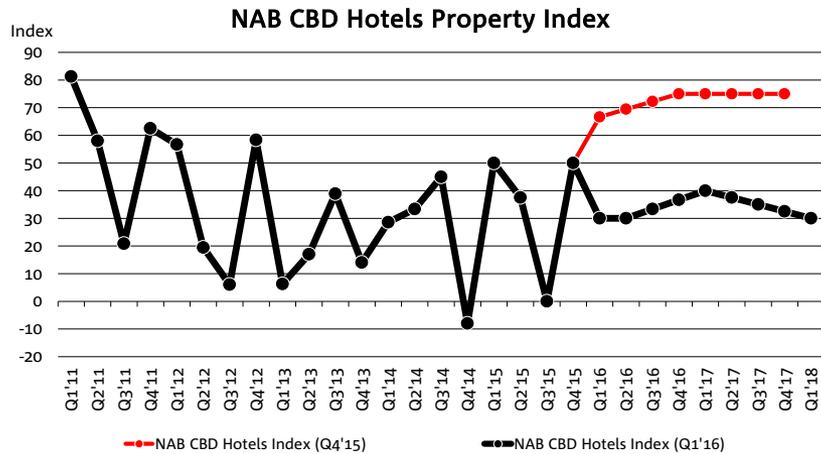
by NAB Group Economics



Embargoed until: 11.30am Wednesday 27 April 2016

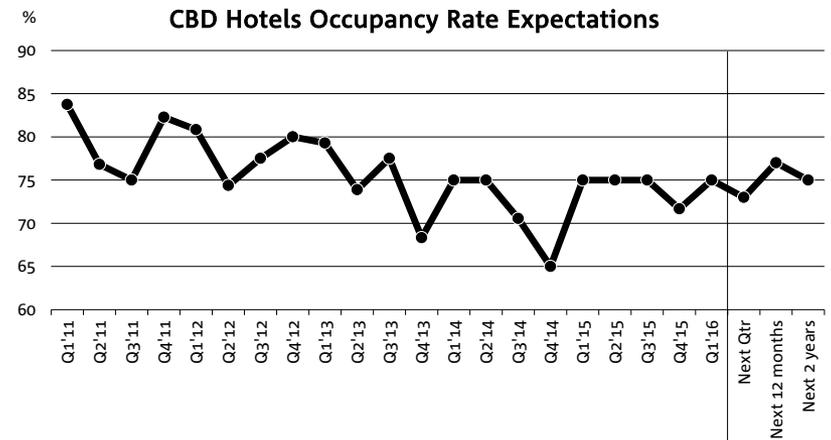
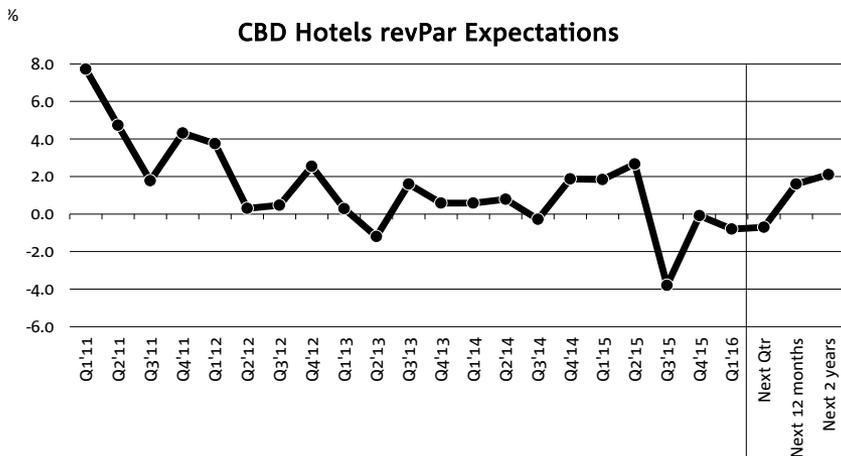
Sentiment in the CBD Hotels sector pulled back to +30 in Q1 (+50 in Q4). It currently sits below its long-term average (+34), but was highest across all sectors. The survey suggests that confidence has also waned, but is still strongest across all market segments (but converging in 2 years' time).

Capital values fell -0.1% in Q1, and forward expectations were scaled back to 1.4% next year and 3.4% in 2 years' time (4% per year forecast in Q4). CBD Hotels are however still expected to out-perform all other commercial property sectors for capital growth.



revPar slipped a little in Q1 (-0.8%). Surveyed property professionals operating in the CBD Hotels sector on average expect revPar to grow by 1.6% in the next year and 2.1% in 2 years' time.

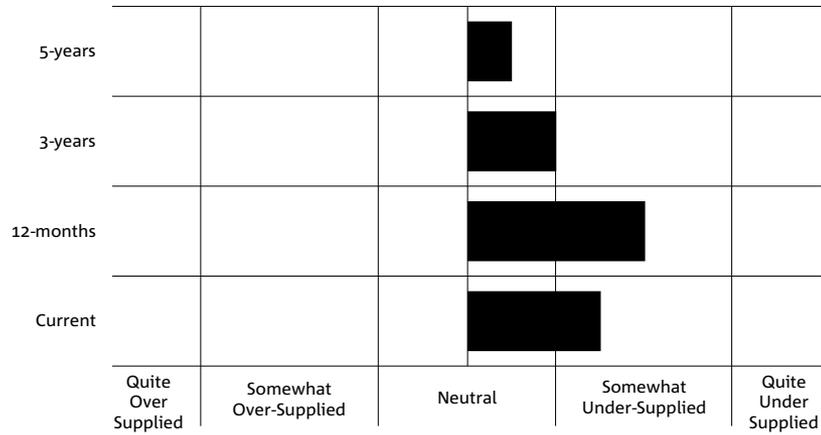
Average occupancy rate in the CBD hotel sector rose to 75% in Q1. Property professionals expect the occupancy rate to climb to around 77% next year and 75% in 2 years time.



# NAB Commercial Property Survey: CBD Hotels

Supply conditions in the CBD hotel market are currently assessed as “somewhat under-supplied”. The market is expected to remain under-supplied in the next 12 months, but move to “neutral” in 3-5 years time as new supply comes on stream.

**CBD Hotels Market Supply Conditions**



## Group Economics

Alan Oster  
Group Chief Economist  
+61 3 8634 2927

Jacqui Brand  
Personal Assistant  
+61 3 8634 2181

## Behavioural & Industry Economics

Dean Pearson  
Head of Behavioural & Industry Economics  
+(61 3) 8634 2331

Robert De Iure  
Senior Economist - Behavioural & Industry Economics  
+(61 3) 8634 4611

Brien McDonald  
Senior Economist - Behavioural & Industry Economics  
+(61 3) 8634 3837

Steven Wu  
Senior Analyst – Behavioural & Industry Economics  
+(613) 9208 2929

## Australian Economics and Commodities

Riki Polygenis  
Head of Australian Economics  
+61 3 8679 9534

James Glenn  
Senior Economist - Australia  
+(61 2) 9237 8017

Vyanne Lai  
Economist - Australia  
+(61 3) 8634 0198

Amy Li  
Economist - Australia  
+(61 3) 8634 1563

Phin Ziebell  
Economist - Agribusiness  
+(61 4) 75 940 662

## International Economics

Tom Taylor  
Head of Economics, International  
+61 3 8634 1883

Tony Kelly  
Senior Economist - International  
+(61 3) 9208 5049

Gerard Burg  
Senior Economist - Asia  
+(61 3) 8634 2788

John Sharma  
Economist - Sovereign Risk  
+(61 3) 8634 4514

## Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it. Please click [here](#) to view our disclaimer and terms of use.