



PACIFIC

**CBRE**

# Hotels Australia

Overview and Outlook

CBRE | Research

HOTELS | 2023

# Hotels Australia

▼ 104mn Trips  
TOURISM

▲ 23% ADR  
DEMAND RELATIVE TO 2019

▲ 8,400 +  
NEW ROOM SUPPLY IN 2023 + 2024

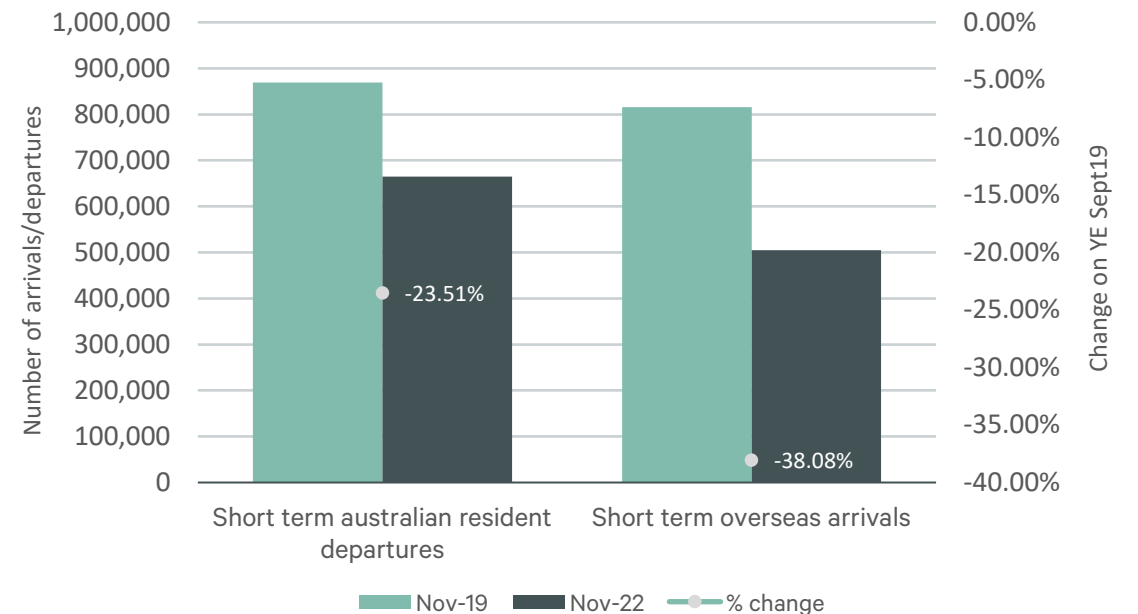
▲ \$2.14 bn  
2022 TRANSACTIONS

Note: Arrows indicate change from previous quarter.

## Key Points

- Even with a recovery in Australians departing for overseas, domestic travel continues to drive the Australian tourism industry.
- Although international visitation is firmly in recovery, short term overseas arrivals remain ~40% below pre-pandemic levels. The reopening of China's borders will be key to the rate at which our inbound tourism economy recovers in 2023.
- Exceptional growth of performance indicators in 2022 - Average Daily Rate (ADR), Occupancy and Revenue Per Available Room (RevPar) - but expected to moderate in 2023.
- New supply for the time being will be largely limited to projects already under construction. A wave of premium stock will land in the major capital cities over 2023 and 2024.
- Transaction volumes in 2022 were above the 10-year average by volume and number. Significant equity capital is on the sidelines waiting for signs of interest rate and inflation stabilisation.

Figure 1: Short term Overseas Arrivals vs Australian Departures



# Domestic Visitation

## Home sweet home - maintaining momentum

### Overview

If the pandemic had a silver lining, it is that Australians have had a unique opportunity to explore their own backyard.

Given the domestic market has traditionally made up over 80% of visitor nights, it is the recovery of this market which is having the biggest impact on the recovery of visitor nights in Australian hotels.

Figure 2 shows that as of October 2022, domestic travel nights are now at or outpacing pre-pandemic levels in domestic demand dominated states of Qld, SA, WA and Tas recognised for their leisure tourism sectors. However, global gateway markets such as NSW and Vic which are more reliant on corporate and international travel for overall demand remain 8% and 4% respectively below pre-pandemic domestic visitor nights.

Holiday and visiting friends and relatives travel has been the major source of domestic visitation in 2022. Interstate corporate travel which was reduced to very low levels during 2020 and 2021 is gradually rebounding.

Not only are we travelling more across Australia, but we're also spending more.

Figure 3 illustrates that in the three months ending October 2022, domestic overnight spend outpaced comparative pre-pandemic spend in all Australian states. Domestic demand driven states benefiting from the rise in visitation are also seeing the highest level in travel spend. Notably, spending in Tas is up 62% on 2019 levels, in Qld domestic spend is 45% above pre-pandemic levels and in WA it is up 42%.

Although domestic nights remained below pre-pandemic rates in NSW and Vic, these states are also recording strong spend gains, up 27% and 28% on 2019 levels, respectively.

A large proportion of this increase in travel spend reflects the astonishing increase in rate growth which has averaged 24% nationally in the year ending December 2022.

### Outlook

CBRE anticipate continued strength in the domestic tourism market throughout 2023 as a volatile AUD, record high flight prices and geo-political tensions encourage many Australians to holiday at home.

However, increasing pressure on household budgets via rising interest rates and cost of living may dampen the recovery rate.

Local intrastate travel and budget friendly operators may benefit as Australian families tighten their belts in 2023 and look to more cost-effective holiday options such as the "Great Aussie road trip". However, strong appetite for luxury accommodation is also expected to endure from less price conscious market segments.

Figure 2: Domestic Travel Nights by State Three Months Ending Oct 2019 vs Oct 2022

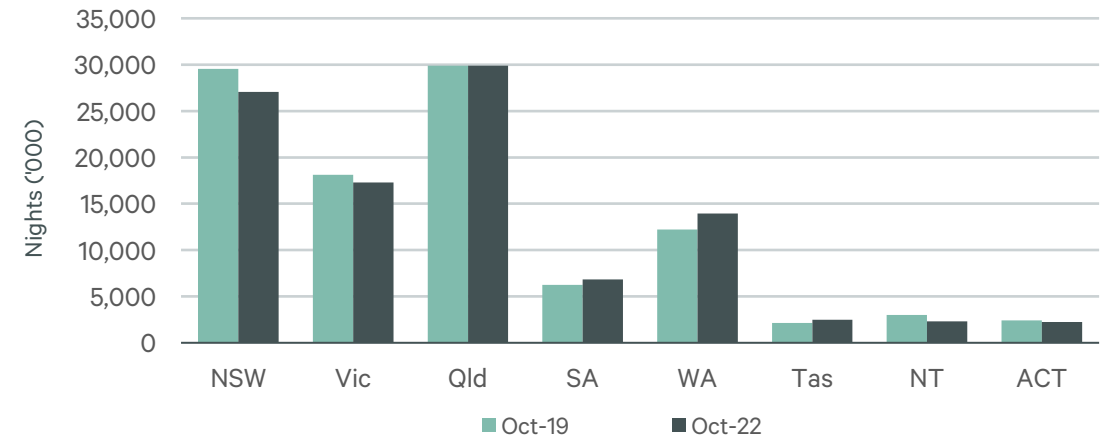
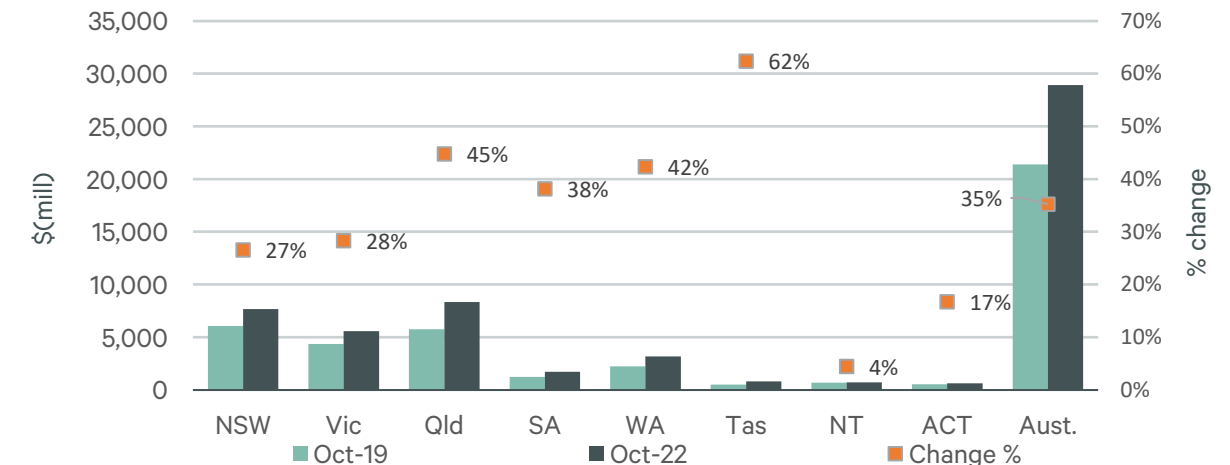


Figure 3: Domestic Travel Spend by State Three Months Ending Oct 2019 vs Oct 2022



# International Visitation

## Recovery of international arrivals to accelerate the tourism industry in 2023

### Overview

International passenger arrivals are recovering across all major capital cities but remain below pre-pandemic levels. In fact, Australian inbound short-term arrivals (those coming for less than a year) are still ~40% below 2019 levels, despite international borders having been open for a year. Visitors to see friends and relatives have recovered the most, followed by education arrivals. However, holiday travel is still lagging and sitting around 60% of what it was in 2019.

Figure 4 illustrates the recovery rate of international source markets in the YE Sept22. Singapore, India and 'Other' Asia markets are recovering at the fastest rate, now 40-50% of what arrivals were in YE Sept19. Traditionally strong sources of demand such as the USA and the UK have recovered to only 20% and 27% of pre-pandemic activity, respectively.

Figure 5 illustrates the rate of recovery by destination market based on international airline passenger arrivals. The Gold Coast is the fastest recovering destination market with international visitors at 73% of their arrival rate in 2019. New Zealand was the dominant source market. Major gateway markets of Sydney and Melbourne follow at 65% of their pre-pandemic arrival rate. Domestic demand dominated cities such as Brisbane, Adelaide and Darwin are lagging with lower recovery rates of international arrivals.

The reopening of China's borders will be key to the rate at which our international tourism economy continues to recover. Prior to the pandemic in the YE Sept19, Australia recorded the highest number of international visitors from China (1.7 million visitors or 16% of total visitors). In the most recent YE Sept22 this was down to a mere 67,000 visitors, or 3% of international visitors.

China's recent ban on foreign university online courses and degrees is anticipated to spur an influx of student arrivals to Australia. Currently, China comprise around 25% of our international student market. With total student visa arrivals in December only 5% shy of 2019's record pace, the reopening of China's borders, in addition to this recent announcement could see a historic high in student arrivals by mid-year enrolments. Associated visiting friends and relatives travel has traditionally followed as a strong source of visitation and ultimately demand for the hotels sector.

### Outlook

A continued recovery of international arrivals is expected throughout 2023, with core drivers such as the competitive AUD and "safe"/bucket list location status of Australia. The 40,000 person lift in the Australian migration cap will deliver a more diverse Australia, further fuelling associated friends and relative demand.

Emerging source markets will be a factor of international visitation in 2023. Examples include India which has increased from a contribution of 4% of international arrivals in YE Sept19 to 9% in YE Sept22 with some other key source markets yet to recover.

Slowing economies in two of our largest source markets (United Kingdom and United States), however, may dampen the potential recovery rate.

Figure 4: Recovery Rate by Source Market YE Sept22

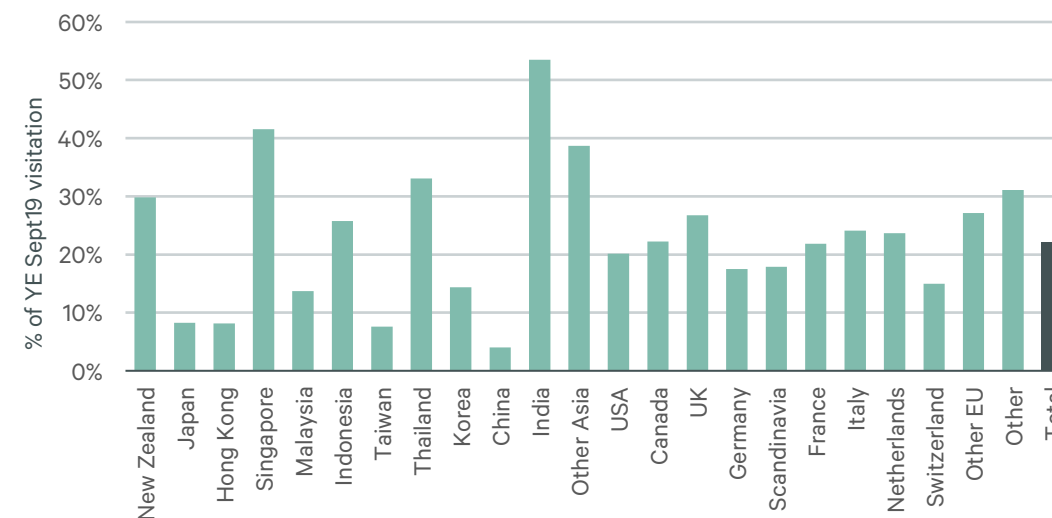
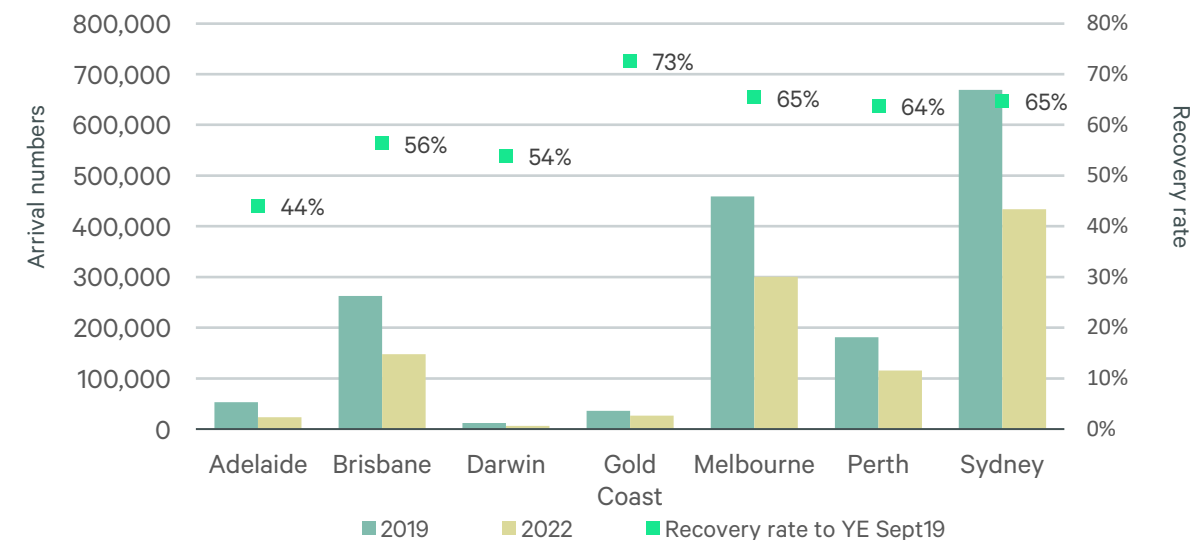


Figure 5: International Passenger Arrivals – Sept19 vs Sept22



# Demand

## Performance indicators at or near pre-covid levels

Figure 6: Key Performance Metrics - Australia

Australia	Dec22	Y-o-y	Index relative to 2019
Occupancy (OCC)	65%	38%	0.9
Average Daily Rate (ADR)	\$228	24%	1.23
Revenue Per Available Room (RevPar)	\$149	71%	1.08

### Overview

Pent-up demand and increased operational confidence helped underpin an extraordinary pace of ADR growth in 2022. As at Dec22, ADR sat at \$228 nationally and outperformed pre-pandemic rates across all major markets. Nationally, occupancy rates are just shy of their pre-pandemic rate at 65%. The Gold Coast and Darwin have already exceeded pre-pandemic occupancy rates.

RevPAR has also performed remarkably well, up on 2019 rates in all markets except Sydney and Melbourne. To Dec22, the Gold Coast recorded the strongest result at \$189, or 36% above 2019. This reflects the region's recovery in both domestic and international visitation.

Just comparing the last 12-months, however, Sydney and Melbourne recorded the strongest y-o-y growth rates across all three indicators, illustrating the recovery in their key corporate/MICE travel and international arrivals is gaining pace.

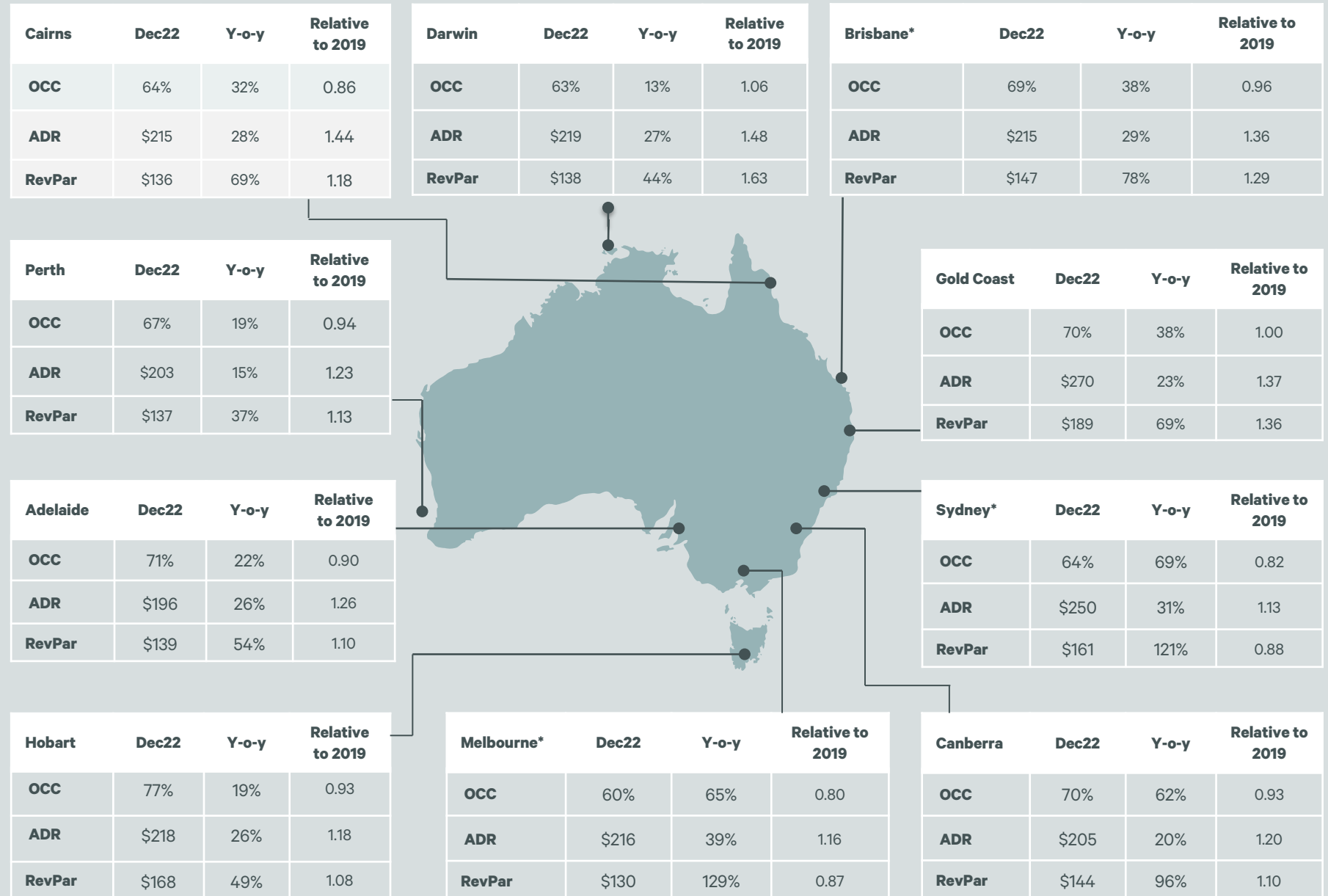
### Outlook

CBRE anticipate ADR growth to moderate over 2023, although most city markets are still expected to post gains as operators maintain strong rate policies in favour of returning to pre-pandemic occupancy levels. Occupancy levels in domestic demand dominated cities such as Brisbane, Perth and Adelaide are expected to edge upwards from already strong levels, while major international gateway markets of Sydney and Melbourne should continue to see occupancy gains as inbound demand recovers.

Labour and utility operating expenses have increased significantly and are placing downward pressure on revenue streams. Despite this, all markets are expected to outperform pre-pandemic performance indicators by mid-2023.



Figure 7: Key Performance Metrics by Major Market



\*Data for Sydney, Melbourne and Brisbane includes City and Metro areas.

Source: STR, CBRE Research

# Supply

## Future supply pipeline may place short term downward pressure on recovering hotel performance

### Overview

The Australian hotel market's expansionary phase is set to peak in the next 12 months. New hotel room supply tracked by CBRE shows ~ 8,400 rooms under construction across Australia's major hotel markets and set to be delivered in 2023 and 2024. This is more than double the number of rooms which were delivered in the past two years. It should be noted that many of these projects were anticipated to open in 2022 but have been delayed as supply chain disruptions pushed back project timeframes.

The high quality supply additions will see the elevation of luxury hotel standards in Australia. A combined 62% of new rooms delivered will be luxury or upper upscale stock. The rising middle class in Asia and more recently the pandemic ensued 'staycation boom' are anticipated to be key drivers of demand for premium hotel rooms. Fortunately, the luxury market has been resilient through the pandemic and continues to display strength in ADR growth.

Most of the new supply (3,300 new rooms or 40% of total new stock) will land in Melbourne. Over a third of the new rooms will be luxury stock delivered via the new Ritz Carlton and Shangri-La hotels. Sydney will receive a more modest level of new supply as the long-awaited W Hotel at Darling Harbour opens its doors while the Capella will also open in March this year. In total Sydney will see around 2,000 new rooms or 25% of total national pipelined stock by 2024. Brisbane, Adelaide and Perth will also see a notable level of increased supply over 2023 and 2024.

### Outlook

CBRE anticipate new supply over the next few years will be largely limited to projects already under construction. Following this wave of additions, higher debt and construction costs are anticipated to suppress developer activity being largely limited to key strategic sites usually having mixed use appeal.

The continued recovery of inbound arrivals should provide relief to pressures placed on occupancy, particularly in major gateway markets of Sydney and Melbourne. However, the new wave of supply is anticipated to play a role in moderating rate performance over the next two years. The opening of several premium projects (which are set to achieve a new luxury benchmark) in Sydney, Melbourne and the Gold Coast will elevate Average Daily Rates in this class. Melbourne is considered the market most at risk to a faltering recovery due to the sheer number of hotel rooms coming onboard.

An emphasis on sustainability is expected to progress as a major concern for developers and operators. Treasury has assumed retail electricity prices increased by an average of 20% in late 2022, with a further 30% rise expected in 2023-24. Corporate demand for green offerings that align with their social responsibility goals is gaining traction. Developers are being incentivised to achieve ESG certifications via Green Financing and grants.

Relative to peer countries, the number of Australian hotel rooms remains conservative, and we see good opportunities for further development following the stabilisation of market conditions.

Figure 8: Supply Forecast by Type - Australia

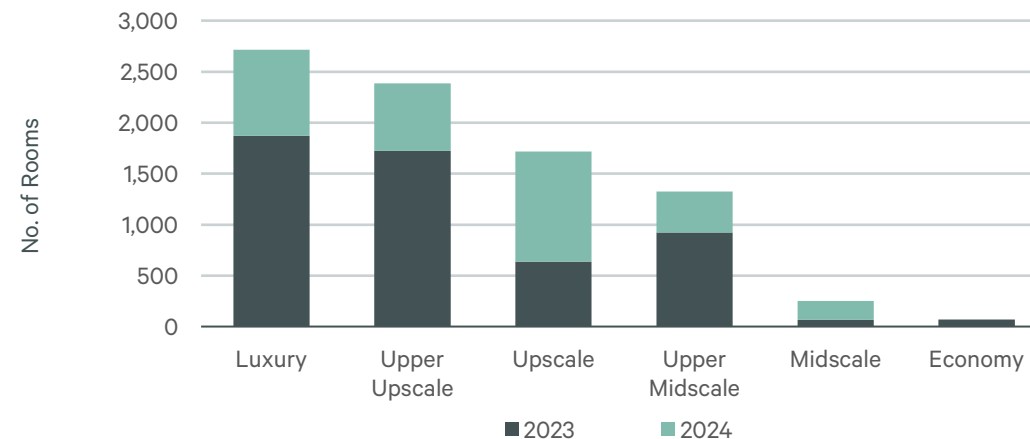
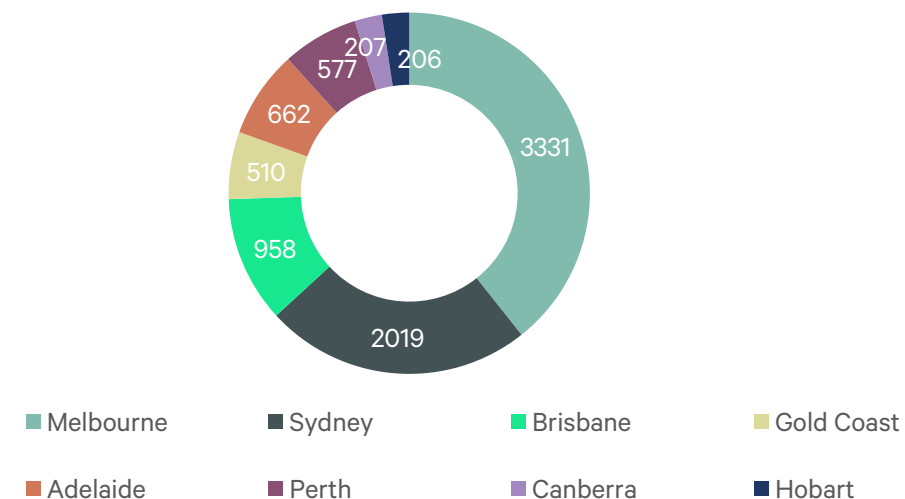


Figure 9: New Rooms Under Construction and Opening in 2023 and 2024



# Investment

## ADR and RevPar outpacing inflation

### Overview

Figure 10 illustrates deal volumes above \$10 million totaled \$2.14 billion in 2022 over 53 transactions, up 15% from the previous year. This is the most active year by number and second most active year by dollar value on record. The average hotel transaction price has decreased from AUD\$42M to AUD \$41M. This sits below the long-term average of AUD\$56M over the previous ten years to 2019. In 2022, the initial weighted yield has softened to 4.07% as a result of a combination of recovering occupancies with demand in some markets above pre-pandemic levels, strong ADR growth, and an increasing interest rate environment. However, this softening has been against the backdrop of historically low weighted initial yields reflecting not only the unprecedented-low cash rate of 0.1%, but also the severely depressed income from hotels which occurred during the pandemic-affected period.

Notable transactions in 2022 include:

- The Hilton Sydney which sold for a reported price circa AUD\$530M
- Spicers Retreats Portfolio sold for a reported AUD\$130M across 110 regional luxury rooms
- Rydges Sydney Harbour purchased for a reported AUD\$101M
- Crowne Plaza, Surfers Paradise for a reported AUD \$96M
- The Rydges North Sydney purchased for a reported AUD \$75M
- Peppers Kings Square, Perth for a reported AUD \$28.8M

Transaction activity in 2023 has started strong with the record-breaking sale of Australia's first Waldorf Astoria by Hilton. Fiveight acquired the hotel from LendLease and its joint venture partnership with Mitsubishi Estate Asia and represents the largest single asset hotel sale on record. The 220 room luxury hotel is being developed at Circular Quay and due to open in late 2026.

Figure 8. The remarkable performance in ADR and RevPar over 2022 has seen annual growth substantially outpacing rising inflation. Historically these metrics have been more closely correlated. The uniquely short lease periods (measured in days rather than years) and immediacy of income has seen hotel assets acknowledged as a hedge against inflation. Luxury hotels have the most promise as inflation hedges due to their less price-sensitive clientele. This asset class will dominate new supply over 2023 and 2024.

### Outlook

High inflation and increased interest rates have emerged as a major concern in investment markets, placing upward pressure on yields and IRR expectations. We anticipate further softening of initial weighted yields for hotel properties which reflects growing property income following the post-pandemic recovery, as well as the already 325bps of cash rate increases (as at 8 February 2023), with potential for further increases to tame stubbornly high inflation.

An expected stabilising of conditions as the year unfolds should see capital markets benefit from greater investor certainty. There remains a significant level of equity capital on the sidelines waiting to be deployed. Improving tourism demand fundamentals and impressive performance indicators acting as an inflation hedge are likely to cushion any impact of higher credit-funding costs.

Figure 10: Total Hotel Sales Volumes and Number of Hotels Sold - Australia

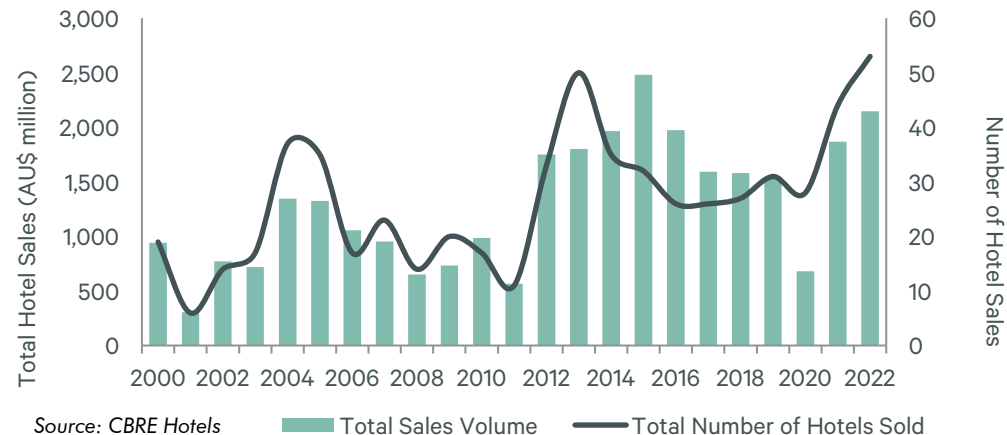
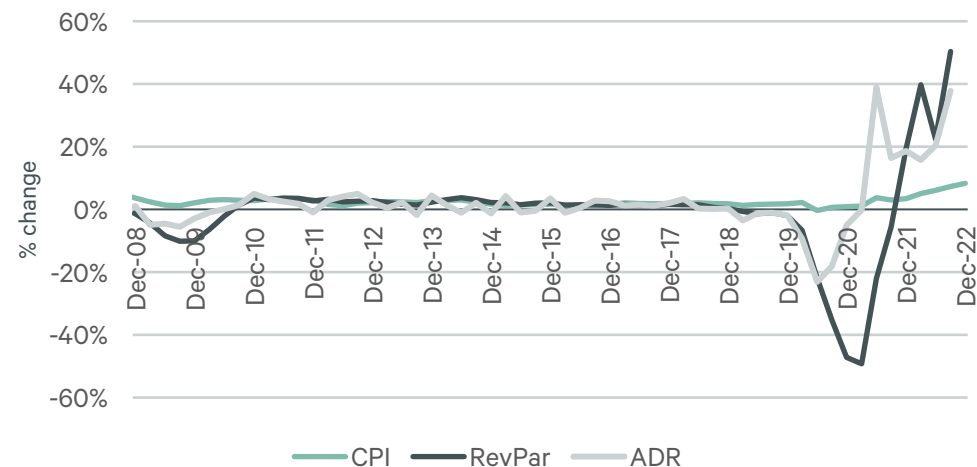


Figure 11: Annual Percentage Change ADR and RevPar vs. Inflation



# Sydney Overview



## Arrivals

TRA reports in the YE Sept22 there were 344,000 international visitors and almost 4 million domestic visitors to Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG) in Sydney. Domestic visitors represented 92% of the total visitors (prior to the pandemic, this was around 75%). Whilst total visitation to Sydney remains ~40% below pre-pandemic levels, it is international arrivals that are most depressed at 83% below pre-pandemic rates. Average length of stay remains elevated due to residual mandatory quarantine periods captured in the annual data set. The strongest sources of domestic visitation were from Vic and NSW with almost half of visitation driven by business travel. For international arrivals, it was the USA and NZ. 41% of international arrivals were here for holiday purposes, followed by 31% for business travel. According to the Bureau of Infrastructure and Transport Research Economics (BITRE), in the YE Sept22, airline travel to Sydney outpaced all other states comprising 20% of total domestic and 45% of total international passenger aircraft movements.



## Demand

The Sydney hotel sector has experienced one of the strongest y-o-y growth profiles across Australia driven by a return to corporate travel and interstate holiday makers. Over the last year, occupancy growth outpaced all major tourism regions, up 69% to 64%. This is the highest result since the pandemic but remains 18% below YE Dec19 results. The Average Daily Rate has now outpaced the pre-pandemic rate at \$250 and was up 31% over the year. As a result, Revenue Per Available Room (RevPar) has recorded strong growth to \$161, however still 12% down on pre-pandemic performance. Second to Melbourne, Sydney has recorded the most significant y-o-y growth rate in ADR and RevPar.



## Supply

There were two major CBD hotel openings and one suburban opening in Sydney during 2022. These were; M Gallery by Sofitel delivering 121 upper upscale rooms, Ace Hotel delivering 264 upper midscale rooms and Travelodge Hurstville which opened 124 rooms. Second to Melbourne, Sydney has the largest pipeline of premium stock currently under construction and due to open over the next two years. Notable projects include Citadines Walker, Capella, W hotel and 25hours totaling ~1200 rooms. This represents 2.6% of total Greater Sydney hotel room inventory.



## Outlook

As Australia's major international gateway market, Sydney will be a primary beneficiary of recovering international arrivals, which will help push occupancy levels higher. Average Daily Rates are forecast to achieve more modest gains in 2023 following record breaking growth over the past two years.

Figure 12: Sydney Domestic and International Major Source Markets YE Sept22

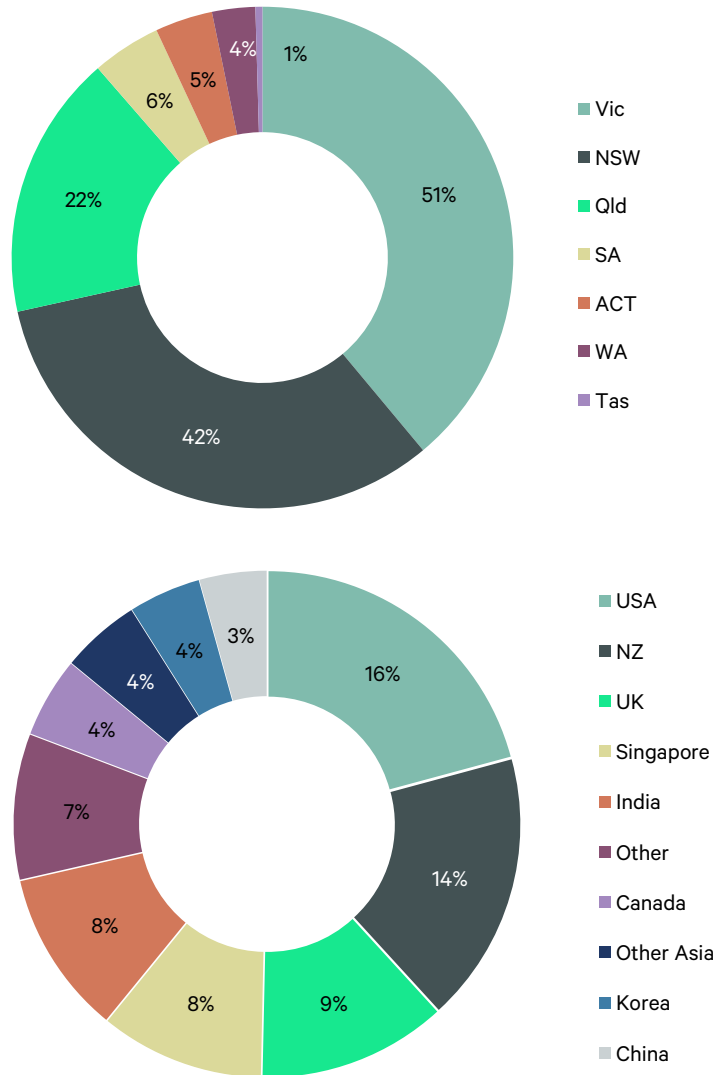


Figure 13: Key Statistics Table for the Sydney HRMSG Visitor Market YE Sept22

Sydney Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	3.99 million	-28.2%	0.344 million	-83.1%	4.33 million	-42.9%
Total Visitor Nights	9.66 million	-19.1%	5.514 million	-37.3%	15.17 million	-26.8%
Average Length of Stay	2.4 nights	12.6%	16.0 nights	271.0%		
Largest Source Market	Vic		USA			

Figure 14: Sydney Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
MGallery by Sofitel Porter House	203 Castlereagh Street	CBD	Upper Upscale	121	2022
Ace Hotel	47 Wentworth Avenue	CBD	Upper Midscale	264	2022
Travelodge Hurstville	6/8 Cross Street	Hurstville	Midscale	124	2022
Under Construction					
Citadines North Sydney	88 Walker Street	CBD	Upscale	252	2023
Capella Sydney	23-33 Bridge St	CBD	Luxury	192	2023
W Hotel	31 Wheat Road	CBD	Luxury	593	2023
Moxy Hotel Sydney Airport	56 Baxter Road	Mascot	Upper Midscale	301	2023
Hilton Garden Inn Hotel	30 Somerset Street	Kingswood	Upscale	105	2024
CE Boston 25hour Hotel	1 - 11 Oxford Street	CBD	Upper Upscale	107	2024
Hotel Indigo (Tattersalls Club)	194-204 Pitt Street	CBD	Upscale	110	2025
Waldorf Astoria	1 Alfred Street	CBD	Luxury	220	2026
Collection by TFE Surry Hills	2-38 Baptist Street	Redfern	Luxury	102	2026

\*100+ rooms (hotels)

Figure 15: Sydney Occupancy, Average Daily Rate and Revenue Per Available Room

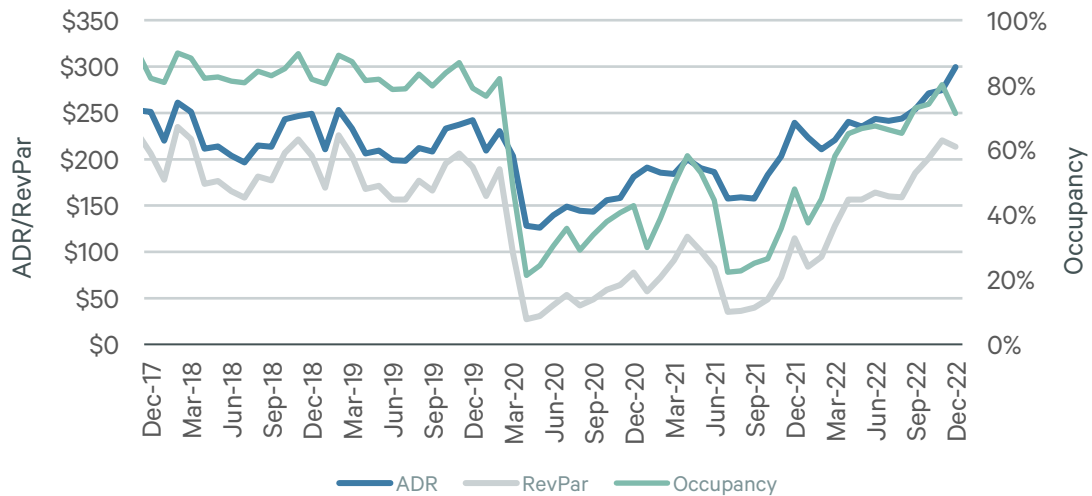


Figure 16: Sydney Financial Year Airport Passenger Movements

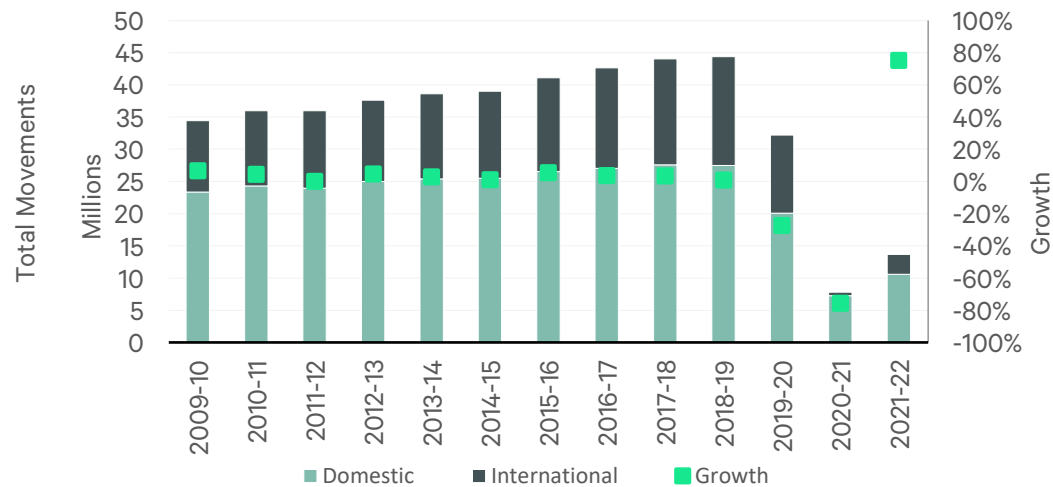


Figure 17: Sydney Revenue Per Available Room





# Melbourne Overview



## Arrivals

TRA reports in the YE Sept22 there were 196,000 international visitors and 3.13 million domestic visitors to Melbourne staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). This saw domestic visitation account for 94% of total visitors, which is up by 16% on traditional levels. International visitors remain particularly lethargic at 86% below 2019 rates. Average length of stay remains elevated due to residual mandatory quarantine periods captured in the annual data set. Whilst overall visitation results remain well below pre-pandemic levels, it has significantly recovered from the low point of the affected cycle in 2021. The strongest sources of domestic visitation were Vic (intrastate) and NSW. Almost 45% of these visitors were in Melbourne for holiday purposes, followed by 38% for business related travel. NZ, Singapore and India represented the dominant source of international demand with holiday travel accounting for 42% of visitation and business-related travel accounting for 26%. According to BITRE in the YE Sept22, airport passenger arrivals to Melbourne followed Sydney as the second busiest airport, making up 20% of domestic and 29% of international aircraft passenger movements.



## Demand

In the YE Dec22, Melbourne recorded the highest y-o-y growth rate nationally across two major performance indicators of Average Daily Rate (ADR) and Revenue Per Available Room (RevPar). At \$216, ADR was up 39% over the year and has now outpaced pre-pandemic rates. RevPar was up 129% y-o-y to \$130. Occupancy was up a notable 65% y-o-y to 60%. Occupancy and RevPar still remain 20% and 13% below 2019 results, respectively.



## Supply

Over 2022, 7 hotels opened in Melbourne, adding more than 1,500 new rooms to the market. These included; Voco Hotel, AC Hotel and Veriu. The pipeline of projects under construction in inner Melbourne is significant and comprises 40% of the national supply pipeline. In total, there are 13 hotel projects under construction which will deliver ~3,000 new rooms, with an expected opening date in 2023 and 2024. A summary of these projects is outlined on the following page. Almost half of these projects will be classed luxury accommodation. The influx of rooms over 2023 and 2024 represents 13% of existing Melbourne hotel stock.



## Outlook

Melbourne's supply pipeline is anticipated to benefit from a continued trajectory in visitation. International arrivals are forecast to lead the recovery of the Melbourne tourism market in combination with pent-up domestic demand caused by frequent and extended lockdown periods during the pandemic which restricted travel to the state. CBRE anticipate inbound demand growth will push occupancy levels higher in 2023 with modest gains in ADR being at slower pace relative to 2022.

Figure 18: Melbourne Domestic and International Major Source Markets YE Sept22

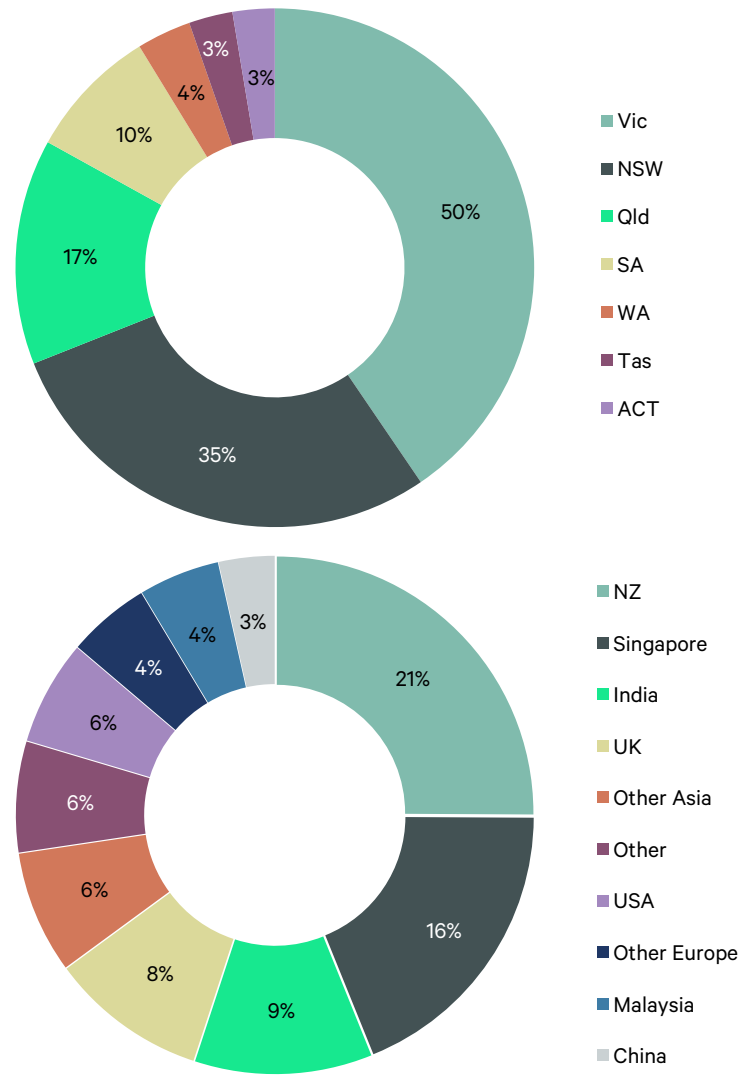


Figure 19: Key Statistics Table for the Melbourne HRMSG Visitor Market YE Sept22

Melbourne Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	3.13 million	-40.7%	0.196 million	-85.6%	3.33 million	-49.9%
Total Visitor Nights	7.69 million	-37.2%	3.577 million	-41.0%	11.27 million	-38.4%
Average Length of Stay	2.5 nights	6.0%	18.3 nights	309.8%		
Largest Source Market	Vic		New Zealand			

Figure 20: Melbourne Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Veriu, Queen Victoria Market	267 Flinders Lane	CBD	Upscale	110	2022
Lyf Hotel	42 Oxford Street	Collingwood	Upscale	105	2022
AC Hotel by Marriott	201 Normanby Road	Southbank	Upscale	205	2022
Voco Hotel	18 Timothy Lane	CBD	Upscale	252	2022
Courtyard by Marriott	50 Batman Street	CBD	Upscale	150	2022
Holiday Inn Express	589 Little Collins Street	CBD	Upper Midscale	312	2022
Oakwood Hotel	202 Normanby Road	Southbank	Upscale	392	2022
Under Construction					
Le Meridien Hotel	20-30 Bourke Street	CBD	Upper Upscale	235	2023
Dorsett Hotel	250 Spencer St	CBD	Upper Midscale	316	2023
Ritz Carlton Hotel	250 Spencer St	CBD	Luxury	263	2023
The Standard Hotel	413 Fitzroy Street	Fitzroy	Upper Upscale	126	2023
Shangri-La Hotel	308 Exhibition Street	CBD	Luxury	496	2023
Lanson Place Parl. Gardens	502 Albert Street	East CBD	Luxury	137	2023
Tribe Hotel	60-62 Langridge Street	Collingwood	Midscale	187	2024
Seafarers 1 Hotel	739 Flinders Street	Docklands	Luxury	277	2024
Holiday Inn Richmond	436 Swan Street	Richmond	Upscale	160	2024
Holiday Inn Walk Arcade	309-325 Bourke Street	CBD	Upper Midscale	273	2024
Indigo Hotel Walk Arcade	309-325 Bourke Street	CBD	Upper Upscale	177	2024
CBD Place Hotel	124-130 Russell Street	CBD	Upper Upscale	189	2025

\*100+ rooms (hotels)

Figure 21: Melbourne Occupancy, Average Daily Rate and Revenue Per Available Room

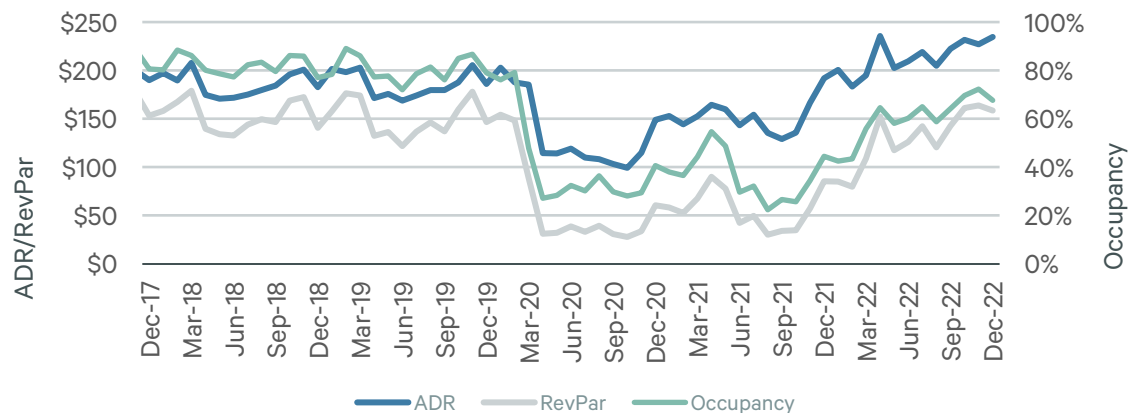


Figure 22: Melbourne Financial Year Airport Passenger Movements

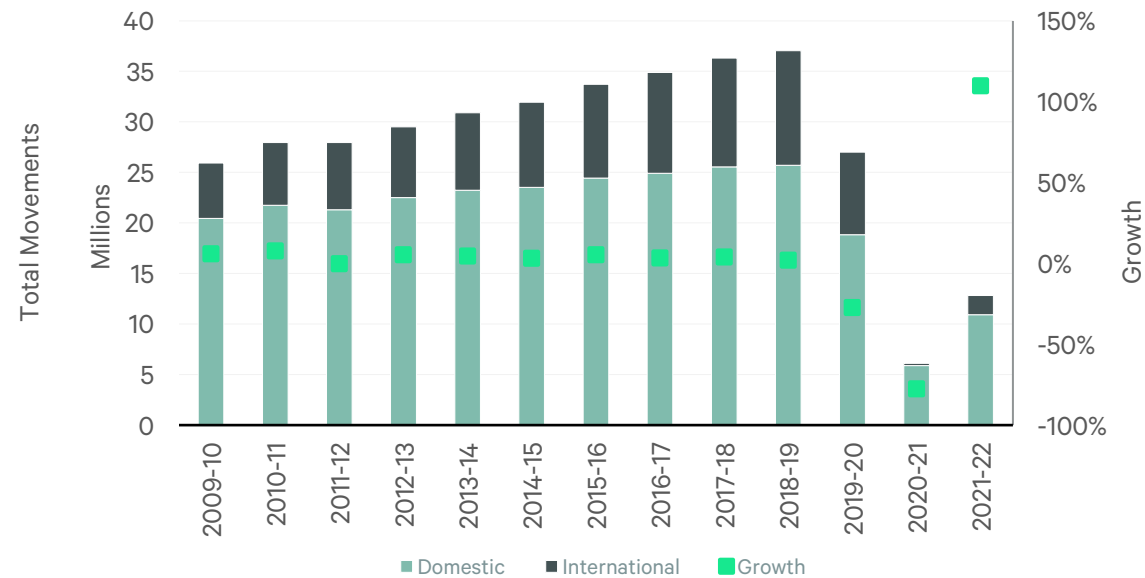


Figure 23: Melbourne Revenue Per Available Room



# Brisbane Overview



## Arrivals

TRA reports in the YE Sept22 there were 92,481 international visitors and 2.17 million domestic visitors to Brisbane staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). These results demonstrate that 2021 was the lowest point of the pandemic for international arrivals. Although recovering, international arrivals remain 85% below pre-pandemic rates. Domestic demand in Brisbane has experienced strong gains over the year, up 45%. Visitor nights are now only 9.5% shy of pre-pandemic rates with the average length of stay up 16.5% on pre-pandemic performance. The strongest sources of domestic visitation were local (intrastate) and NSW travelers. For international arrivals, it was NZ and the UK. Business travel, closely followed by holiday makers made up 75% of total domestic visitation. Holiday, Business and visiting friends and relatives travel were core drivers of international demand. According to BITRE in the YE Sept22, Brisbane was the third most active airport receiving 15% of total domestic and 13% of total international aircraft passenger movements.



## Demand

Domestic demand for holiday and business travel has underpinned strength in the Brisbane tourism market and it is one of few key tourism regions where all three performance indicators have outpaced or nearing pre-pandemic rates. Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) are now 37% and 36% above 2019 rates sitting at \$215 and \$137, respectively. Occupancy in Brisbane was recorded at 69% in the YE Dec22 which is just shy of 2019 performance.



## Supply

Hotel X is the only new hotel to open in Brisbane over the last three years. This followed an influx of luxury stock in the two proceeding years via the W Hotel, Calile Hotel. The upcoming supply pipeline for Brisbane is dominated by the Queens Wharf precinct which will deliver 4 upscale to luxury hotels over the next three years and adding a further ~1,000 rooms to the Brisbane market. This represents around 2% of existing Brisbane hotel stock.



## Outlook

The Brisbane hotel market is anticipated to continue its positive recovery in line with an increase in infrastructure and tourism amenity. Projects such as Queens Wharf, Brisbane Live and Eagle Street Pier will be delivered over the coming few years and continue to improve the city's position as a leisure destination. The 2032 Brisbane Olympics is a key focus and has naturally garnered worldwide media attention. In the short term, occupancy is anticipated to reach pre-pandemic performance by the end of 2023 which will assist in maintaining positive yet more normalised RevPar growth. ADR growth is anticipated to moderate following remarkable domestic tourism demand in 2022.

Figure 24: Brisbane Domestic and International Major Source Markets YE Sept22

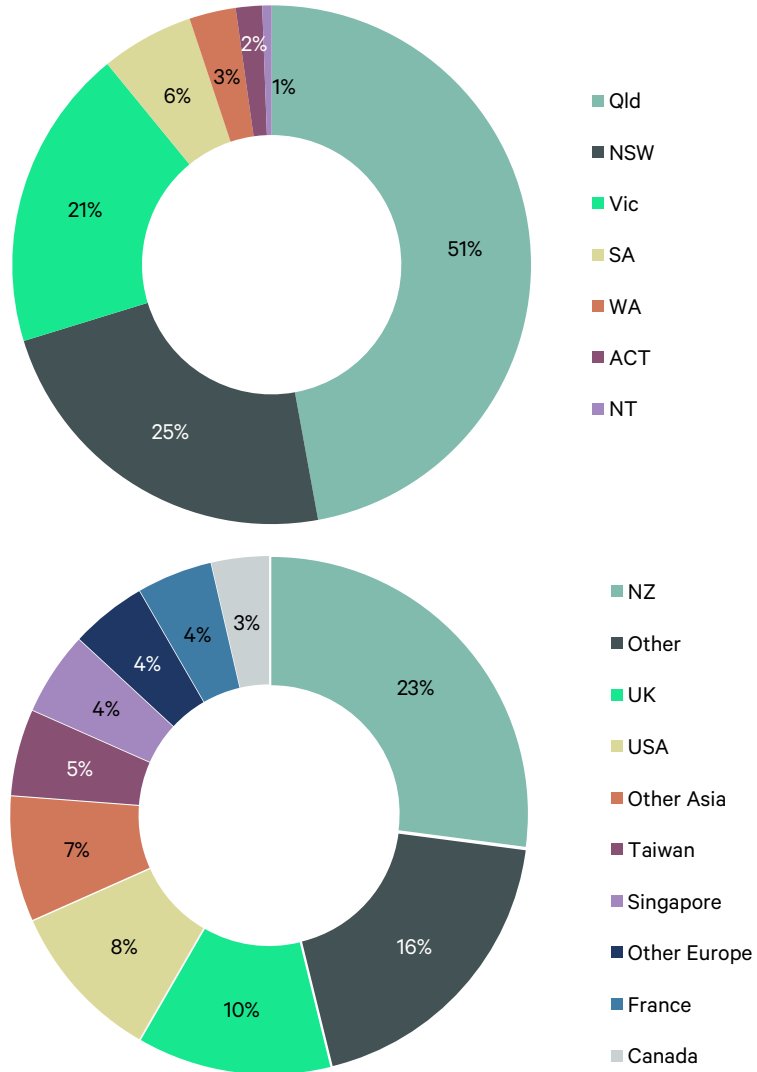


Figure 25: Key Statistics Table for the Brisbane HRMSG Visitor Market YE Sept22

Brisbane Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	2.17 million	-22.3%	0.092 million	-85.1%	2.27 million	-33.7%
Total Visitor Nights	5.41 million	-9.5%	0.831 million	-60.1%	6.24 million	-22.6%
Average Length of Stay	2.5 nights	16.5%	9.0 nights	167.3%		
Largest Source Market	Qld		New Zealand			

Figure 26: Brisbane Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Hotel X	458 Brunswick Street	Fortitude Valley	Upper Upscale	146	2021
Under Construction					
Swiss-Belhotel	Vulture Street	Kangaroo Point	Upper Upscale	109	2023
The Star @ Queens Wharf	Queens Wharf Road	CBD	Upper Upscale	340	2023
Dorsett @ Queens Wharf	Queens Wharf Road	CBD	Upscale	359	2023
Rosewood Brisbane @ Queens Wharf	Queens Wharf Road	CBD	Luxury	150	2024
Mooted Ritz Carlton @ Queens Wharf	Queens Wharf Road	CBD	Luxury	100	2025

Figure 27: Brisbane Occupancy, Average Daily Rate and Revenue Per Available Room

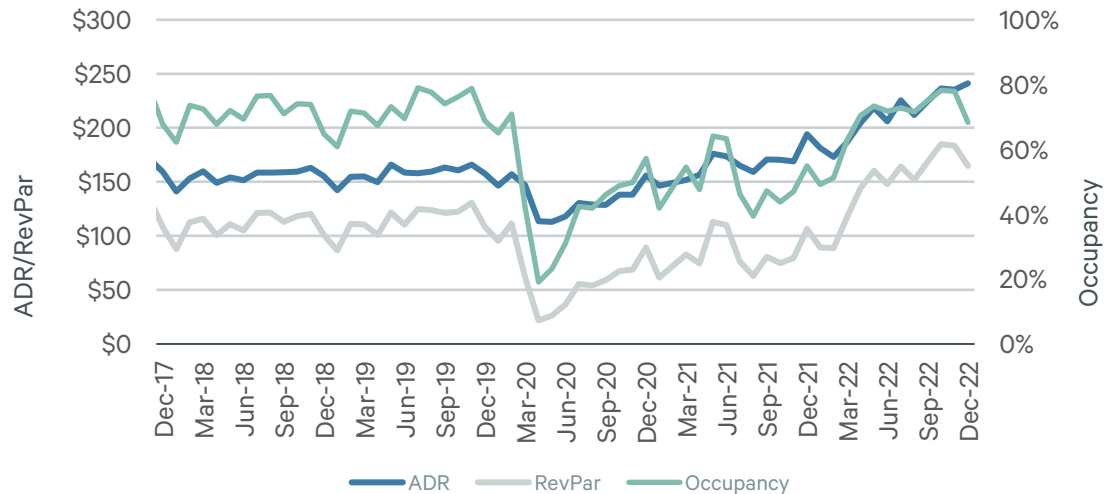


Figure 28: Brisbane Financial Year Airport Passenger Movements

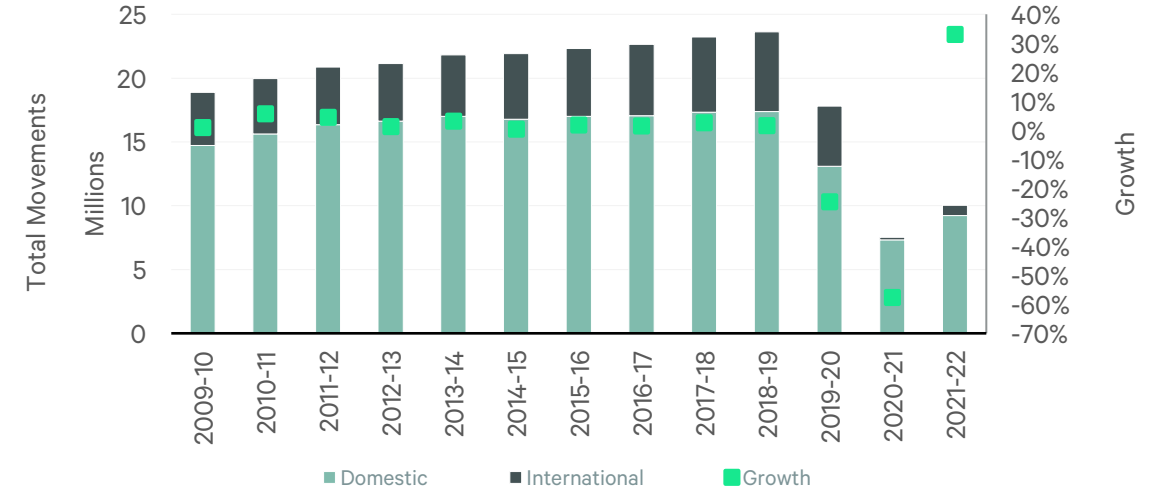
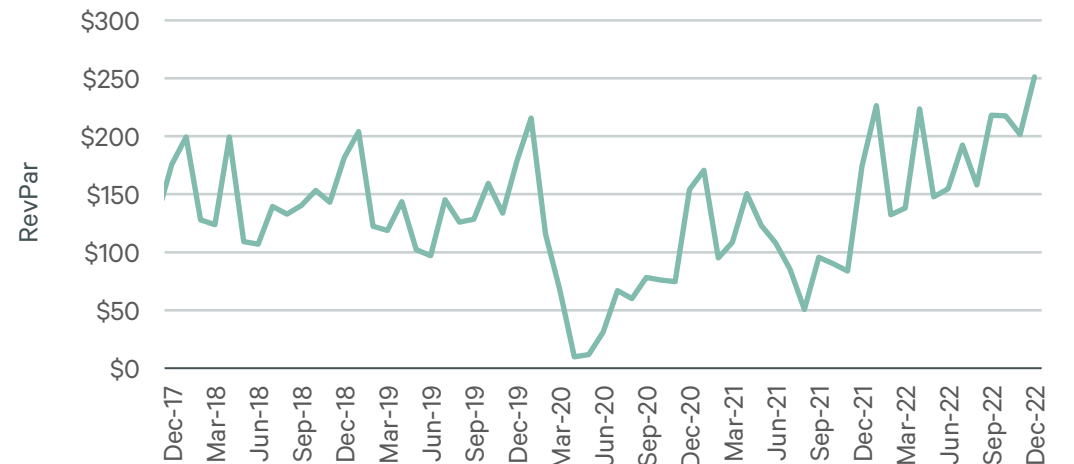


Figure 29: Brisbane Revenue Per Available Room





# Gold Coast Overview



## Arrivals

TRA reports in the YE Sept22 there were ~48,000 international visitors and 2.1 million domestic visitors to the Gold Coast staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). Domestic visitation represented almost all visitors to the Gold Coast. Prior to the pandemic it comprised a much lower rate of 60%. Domestic demand on the Gold Coast has experienced strong gains over the year with visitation up 33% and rates only ~7% shy of pre-pandemic demand. The strongest sources of domestic visitation were local (intrastate) travelers and interstate arrivals from NSW and Vic. Almost 70% of these visitors were there for a holiday. NZ, India and the UK represented the dominant source of international demand with holiday travel accounting for 81% of visitation. According to BITRE in the YE Sept22, the Gold Coast made up 5% of total domestic and 2% of total international aircraft passenger movements across Australia. The Gold Coast Airport will be well equipped to cater to increasing inbound arrival rates via the recently completed multi-level terminal.



## Demand

In the YE Dec22 the Gold Coast market recorded the highest result nationally in Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) sitting at \$270 and \$189, respectively. These metrics are now 37% and 33% above pre-pandemic rates. Occupancy on the Gold Coast has also fully recovered to 2019 rates and sits above the long-term average at 70%. The Gold Coast is one of a few key tourism regions where all three performance indicators have outpaced pre-pandemic rates and reflects the regions strong domestic leisure demand throughout 2022.



## Supply

The Langham Hotel at Surfers Paradise delivered ~250 luxury grade rooms in June 2022. Prior to this, 2021 saw an additional ~560 rooms delivered via the Dorsett Hotel at Star Casino and Meriton Suites at Surfers Paradise. There are three hotel projects currently under construction and due for completion in 2024. These projects are scattered along the coastline from Broadbeach to Coolangatta. The mooted W Hotel is anticipated to join the Dorsett Hotel at the Star Casino delivering 210 luxury scale rooms. At Burleigh Heads the Mondrian Hotel will deliver 208 luxury rooms and further south, the Kirra Beach Hotel will open 92 upper upscale rooms in early 2024. Two further luxury hotels are currently proposed for Main Beach and Surfers Paradise mooted for 2026 and 2027 delivery dates.



## Outlook

The Gold Coast tourism market is expected to benefit from more normalised international travel trends with occupancy remaining above the long-term average. In the short term, Average daily rate performance is anticipated to remain positive but moderate following remarkable domestic tourism demand over the past two years. New luxury additions will assist in keeping room rates in this class elevated.

Figure 30: Gold Coast Domestic and International Major Source Markets YE Sept22

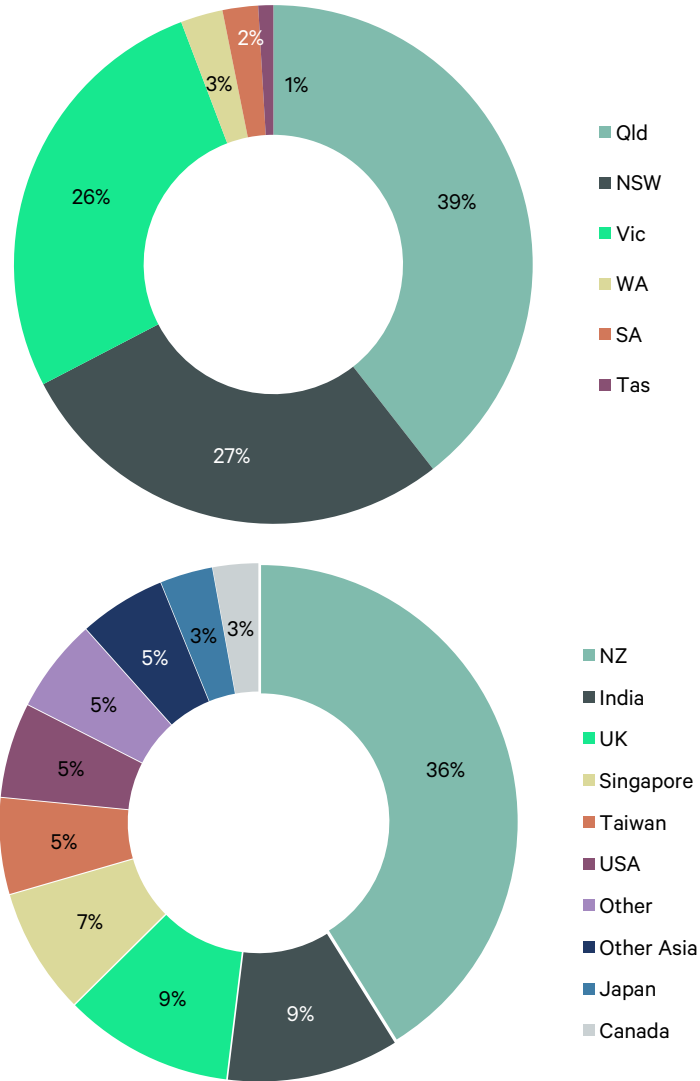


Figure 31: Key Statistics Table for the Gold Coast HRMSG Visitor Market YE Sept22

Gold Coast Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	1.68 million	-6.8%	0.048 million	-91.9%	1.73 million	-28.0%
Total Visitor Nights	5.92 million	-3.0%	0.209 million	-89.3%	6.13 million	-24.0%
Average Length of Stay	3.5 nights	4.1%	4.3 nights	32.1%		
Largest Source Market	Qld		New Zealand			

Figure 32: Gold Coast Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Meriton Suites	84-88 The Esplanade	Surfers Paradise	Upper Upscale	332	2021
Dorsett Hotel (Star Gold Coast)	1 Casino Drive	Broadbeach	Upscale	313	2021
Langham Hotel, Jewel Gold Coast	38 Old Burleigh Road	Surfers Paradise	Luxury	254	2022
Under Construction					
Mondrian Hotel	50 The Esplanade	Burleigh Heads	Luxury	208	2024
Kirra Beach Hotel	Miles Street	Kirra Beach	Upper Upscale	92	2024
Mooted W Hotel (Star Gold Coast)	1 Casino Drive	Broadbeach	Luxury	210	2024

Figure 34: Gold Coast Financial Year Airport Passenger Movements

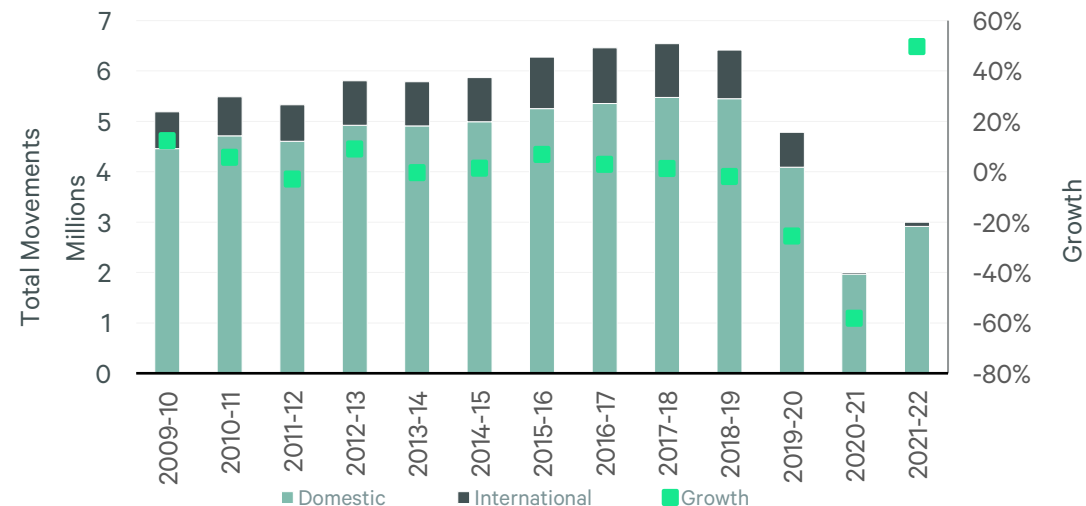


Figure 33: Gold Coast Occupancy, Average Daily Rate and Revenue Per Available Room

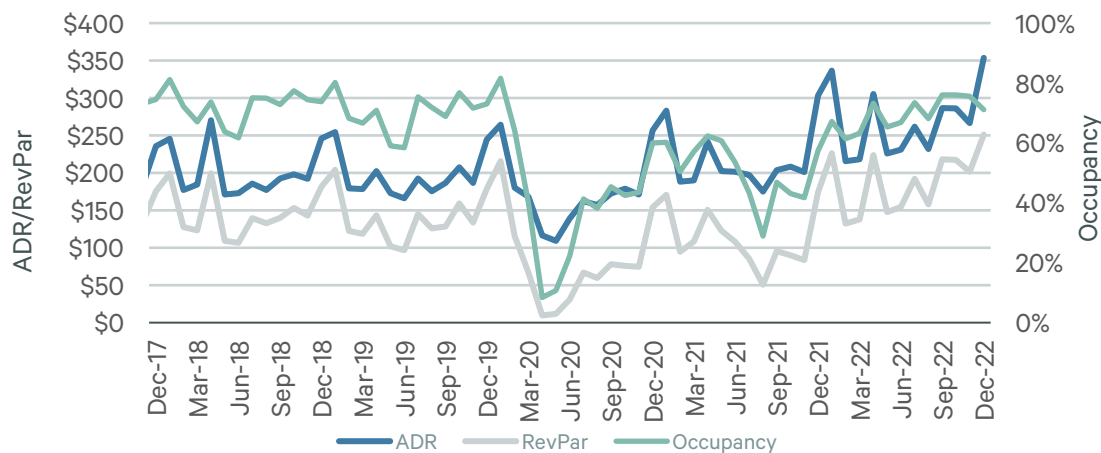


Figure 35: Gold Coast Revenue Per Available Room



# Cairns Overview



## Arrivals

TRA reports Cairns (Tropical North Queensland) saw 30,000 international visitors and 1.14 million domestic visitors (97% of total visitation) that stayed in Hotel, Motel, Serviced Apartment and Guest Houses (HRMSG) in the most recent YE Sept22. Prior to the pandemic and much like the Gold Coast market, domestic visitation to the region usually contributed to around 60% of total visitation. TNQ has been a major beneficiary of the domestic tourism recovery with both visitor and visitor nights up 27% and 37% respectively on base year 2019 results. Average length of stay is also up 8% to 4.4 nights. The strongest sources of domestic visitation in the YE Sept22 were Qld (intrastate travel), Vic, and NSW, noting in pre-pandemic 2019, these were the same dominant source markets. The strongest sources of international visitation were the USA, the UK, NZ and 'other' Asia. These markets, in addition to China and Japan were the dominant markets in 2019. More than 65% of visitors to TNQ were there for holiday purposes.



## Demand

In the YE Dec22 Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) in Cairns sat at \$215 and \$136, respectively. These metrics are now 44% and 18% above pre-pandemic rates. Occupancy however remains 14% below pre-pandemic performance and 5% below the long-term average. Prior to COVID-19 the Cairns market had achieved relatively high occupancy and low room rates compared to other major Australian markets.



## Supply

Based on CBRE's ongoing research there are currently no new hotel developments in the pipeline. The most recent openings were in 2020 with the delivery of 235 rooms via Crystalbrook Flynn and Oaks hotels. Of note is the anticipated extended and refurbished Cairns Convention Centre to open in May 2023. Looking ahead, CBRE expect that as inbound visitation continues to improve there will be increased appetite to refurbish older hotels.



## Outlook

Continued strength in domestic demand and recovering international arrivals should see occupancy meet the long-term average by the end of 2024. The lack of further room supply in Cairns will support this recovery. Average Daily Rates are anticipated to moderate but remain positive as a result of continued growth in room night demand.

Figure 36: TNQ Domestic and International Major Source Markets YE Sept22

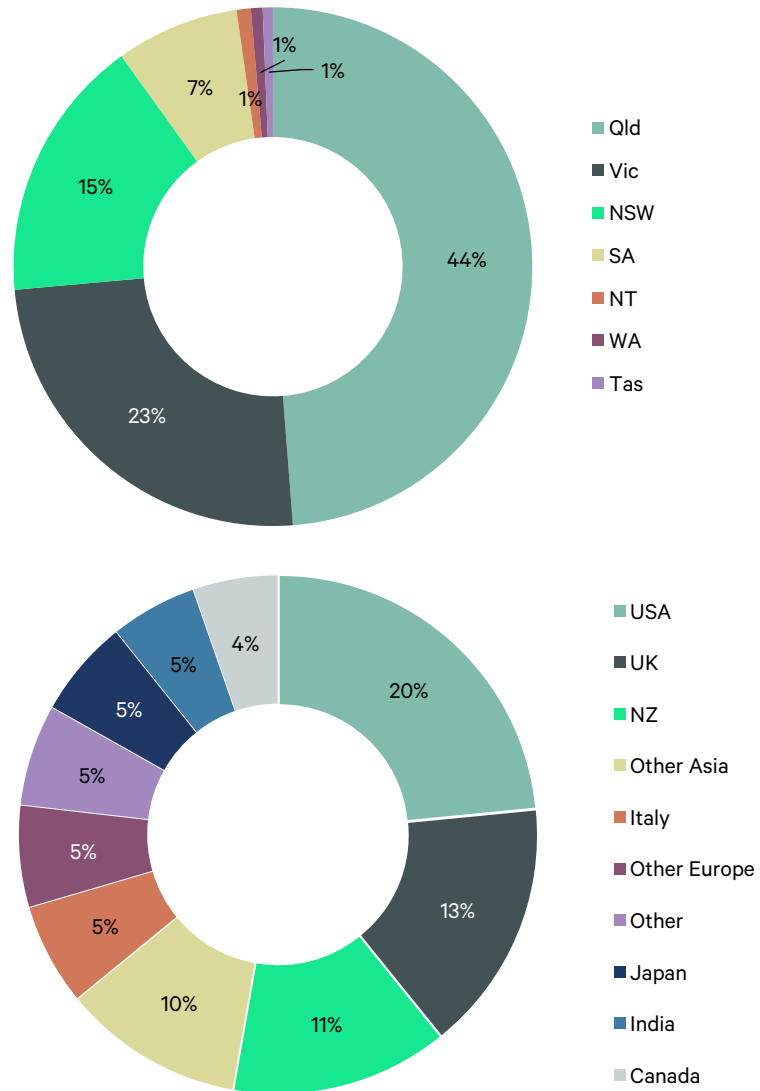


Figure 37: Key Statistics Table for the TNQ HRMSG Visitor Market YE Sept22

TNQ Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	1.14 million	26.9%	0.030 million	-94.6%	1.17 million	-19.5%
Total Visitor Nights	5.02 million	37.1%	0.206 million	-89.6%	5.23 million	-7.4%
Average Length of Stay	4.4 nights	8.0%	6.8 nights	91.5%		
Largest Source Market	Qld		USA			

Figure 38: Cairns Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Flynn A Crystalbrook Collection Hotel	85 Esplanade	Cairns	Upper Upscale	311	2020
Oaks Cairns Hotel	59-63 Esplanade	Cairns	Upscale	76	2020

Figure 40: Cairns Financial Year Airport Passenger Movements

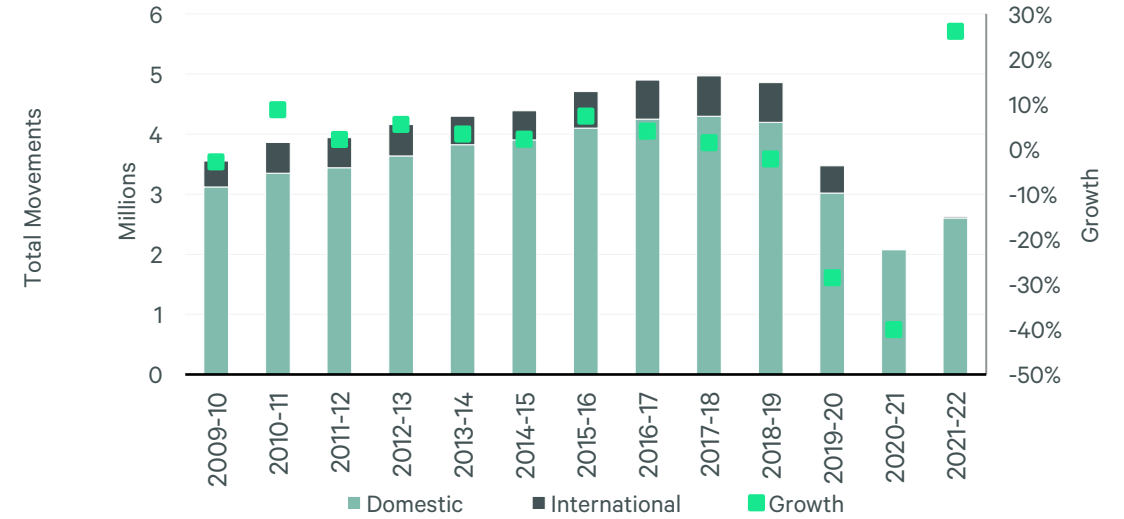


Figure 39: Cairns Occupancy, Average Daily Rate and Revenue Per Available Room

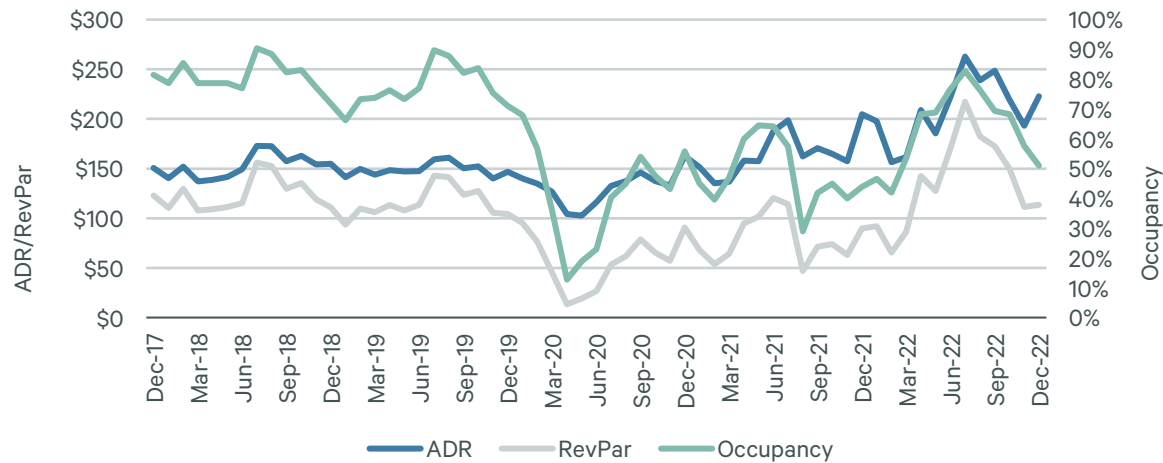


Figure 41: Cairns Revenue Per Available Room



# Perth Overview



## Arrivals

TRA reports in the YE Sept22 there were 52,000 international visitors and 1.13 million domestic visitors to Perth staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). These results demonstrate that 2021 was the lowest point of the pandemic for international arrivals. Although recovering, international arrivals remain 85% below pre-pandemic rates. Domestic demand in Perth has experienced strong gains over the year, with visitation up 35%. This is solid result given WA was the last state in the nation to lift its interstate travel restrictions. Visitors to Perth are staying longer, with average length of stay up on pre-pandemic rates. The strongest sources of domestic visitation were local WA (intrastate), Vic and NT travelers. For international arrivals, Singapore, NZ and the UK contributed most significantly to arrival numbers. For domestic visitors, holiday and business travel (driven by continued strength of the mining and resource sector) contributed to 42% and 36% of visitation numbers, respectively. Holiday and business travel were also drivers of international demand. According to BITRE in the YE Sept22, Perth was the fourth most active airport receiving 6.6% of total domestic and ~9% of total international aircraft passenger movements.



## Demand

Perth is one of few key tourism regions where all three performance indicators have outpaced or nearing pre-pandemic rates. Domestic demand for holiday and business travel has underpinned strength in the Perth tourism market. Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) are now 23% and 13% above 2019 rates sitting at \$203 and \$137, respectively. Occupancy in Perth was recorded at 67% in the YE Dec22 which is just shy of the 2019 base rate.



## Supply

The most recent additions to the Perth hotel market were in 2020 and 2021 where Double Tree by Hilton and Adnate Hotel delivered 479 upscale and upper upscale rooms. The re-opening of the refurbished Parmelia Hilton also opened in 2021. Prior to this, the luxury Ritz Carlton opened in 2019. There is a robust supply pipeline for Perth currently under construction and due to complete by the end of 2025. Four projects of differing scales will see 577 new rooms delivered to the market. Most notably is the upscale Dorsett Hotel and luxury Elizabeth Quay project which will deliver around 77% of the new supply pipeline. The level of new stock represents ~3.5% of existing Perth room inventory. Of note is the Perth Airport masterplan which is a \$2.5 billion spend on terminal upgrades and includes a new parallel runway.



## Outlook

The Perth tourism market is expected to benefit from more normalised international travel trends and continued domestic demand. As a result, occupancy is expected to post modest gains, outpacing pre-pandemic performance by mid year. ADR and RevPar growth is expected to moderate but remain positive given the lift in overall standard of hotel inventory.

Figure 42: Perth Domestic and International Major Source Markets YE Sept 22

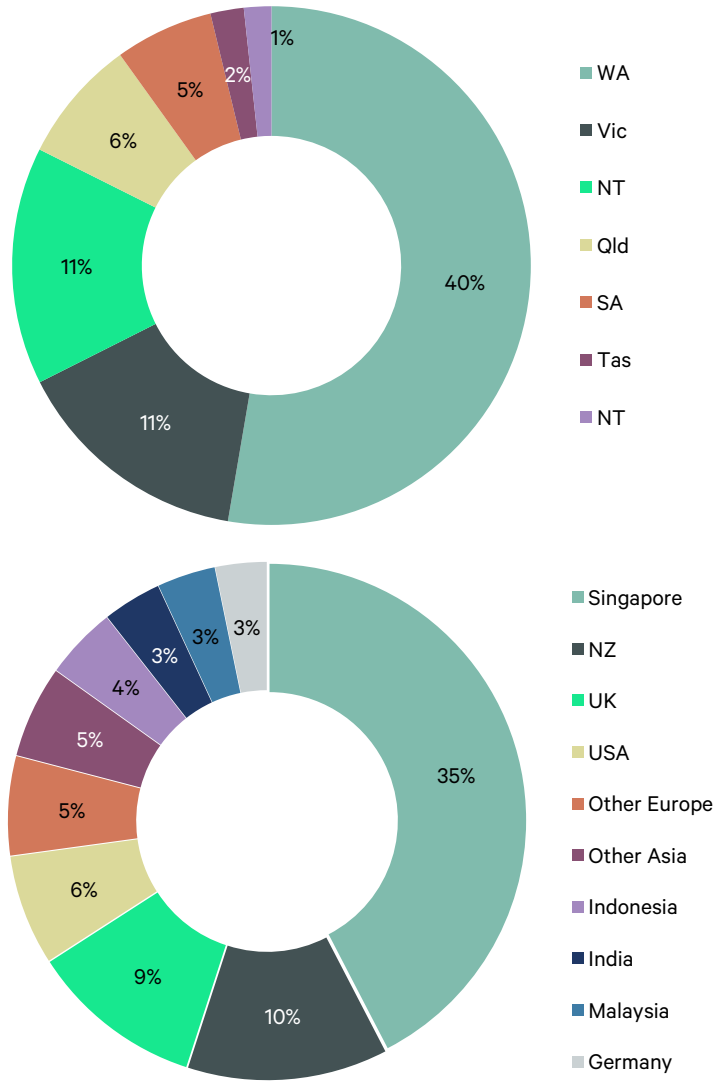


Figure 43: Key Statistics Table for the Perth HRMSG Visitor Market YE Sept22

Perth Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	1.13 million	-23.1%	0.052 million	-84.9%	1.18 million	-34.9%
Total Visitor Nights	3.09 million	-20.7%	0.436 million	-75.0%	3.52 million	-37.5%
Average Length of Stay	2.7 nights	3.0%	8.4 nights	66.0%		
Largest Source Market	WA		Singapore			

Figure 44: Perth Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
DoubleTree by Hilton	351 Riverside Drive	Perth	Upscale	229	2020
The Adnate Hotel	900 Hay Street	Perth	Upper Upscale	250	2021
Under Construction					
Ausotel by Argyle	166 Mounts Bay Road	Perth	Economy	71	2023
Owner Operated	Hacket Drive	Crawley	Midscale	66	2024
Elizabeth Quay (AAIG Mixed Use)	Lot 3 Elizabeth Quay	Northbridge	Luxury	190	2025
Dorsett Hotel	Milligan Street	Northbridge	Upscale	250	2025

Figure 45: Perth Occupancy, Average Daily Rate and Revenue Per Available Room

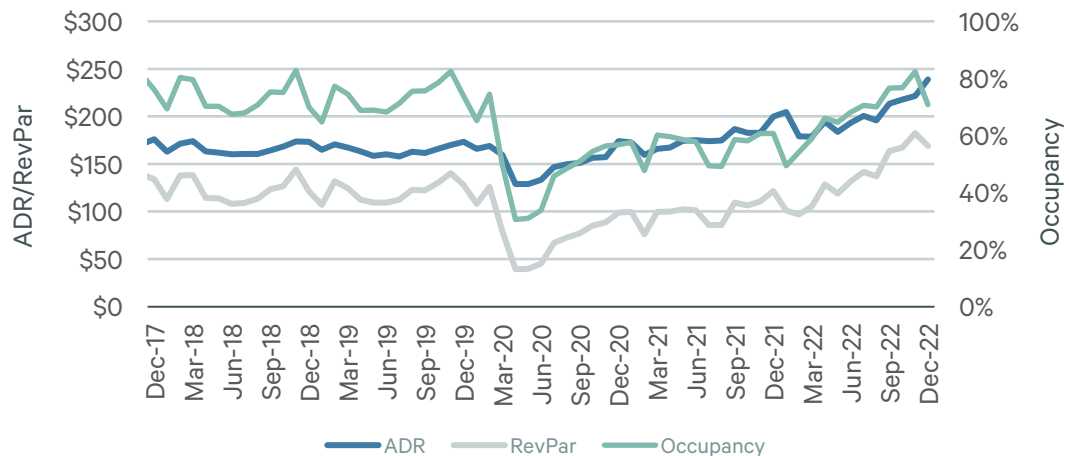


Figure 46: Perth Financial Year Airport Passenger Movements

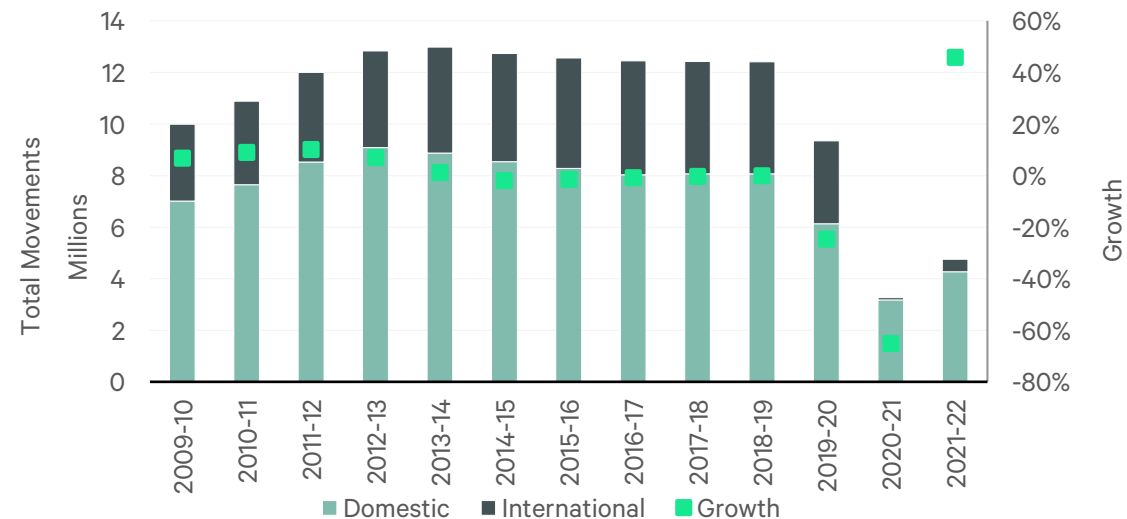
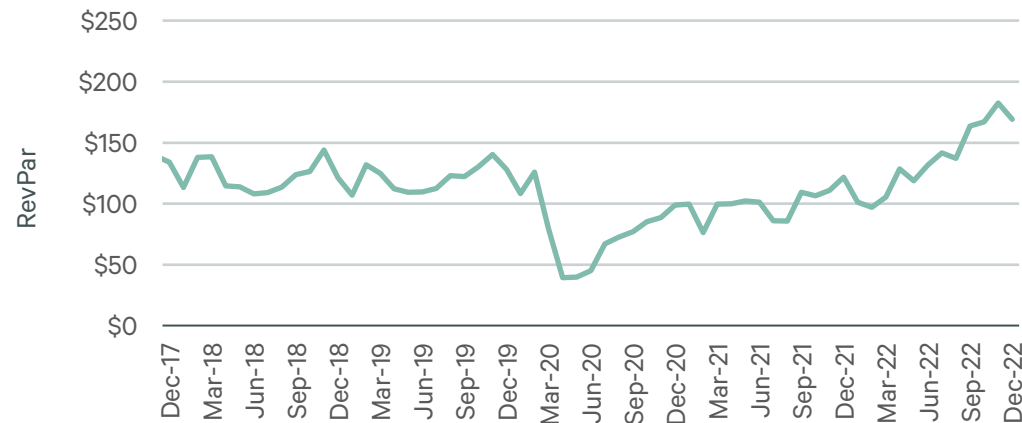


Figure 47: Perth Revenue Per Available Room



# Adelaide Overview



## Arrivals

TRA reports in the YE Sept22 there were 18,000 international visitors and 1.13 million domestic visitors to Adelaide staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG) . Although recovering, from the lows of 2021, international arrivals remain 90% below pre-pandemic rates. Domestic demand in Adelaide has experienced strong gains over the year, up 50%, but still 17% below pre-pandemic rates. Sources of domestic visitation were predominantly interstate Vic and intrastate SA travelers with 75% of total visitation for business or holiday purposes. For international arrivals, major sources of demand were the USA, NZ and the UK. Business and holiday makers were core drivers of international demand. According to BITRE in the YE Sept22, Adelaide was the fifth most active airport receiving 6% of total domestic and 2% of total international aircraft passenger movements.



## Demand

In the YE Dec22, Adelaide has recorded strong gains across all three performance indicators. Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) are now 26% and 10% above 2019 rates sitting at \$196 and \$139, respectively. Occupancy in Adelaide was recorded at 71% in the YE Dec22, which is 10% below pre-pandemic rates but in line with the long-term average.



## Supply

There has been no new supply added to the Adelaide hotel market over 2022, however 2020 and 2021 saw the completion of three premium grade projects adding ~450 rooms. These were; Hotel Indigo, Oval hotel and EOS by SkyCity. Adelaide has a four upscale projects that are currently under construction and due to complete throughout 2023 and 2024. These projects will deliver a combined ~660 rooms, which represents around 6% of Adelaide's total room inventory.



## Outlook

Adelaide is anticipated to benefit from continued leisure and corporate demand relative to 2022. As a result, occupancy is expected to post modest gains over the year. The high quality of new hotel supply that has entered the market and due to complete over the coming two years should assist the market in achieving ADR gains, albeit at a more moderate pace to the unprecedented growth recorded in 2022.

Figure 48: Adelaide Domestic and International Major Source Markets YE Sept 22

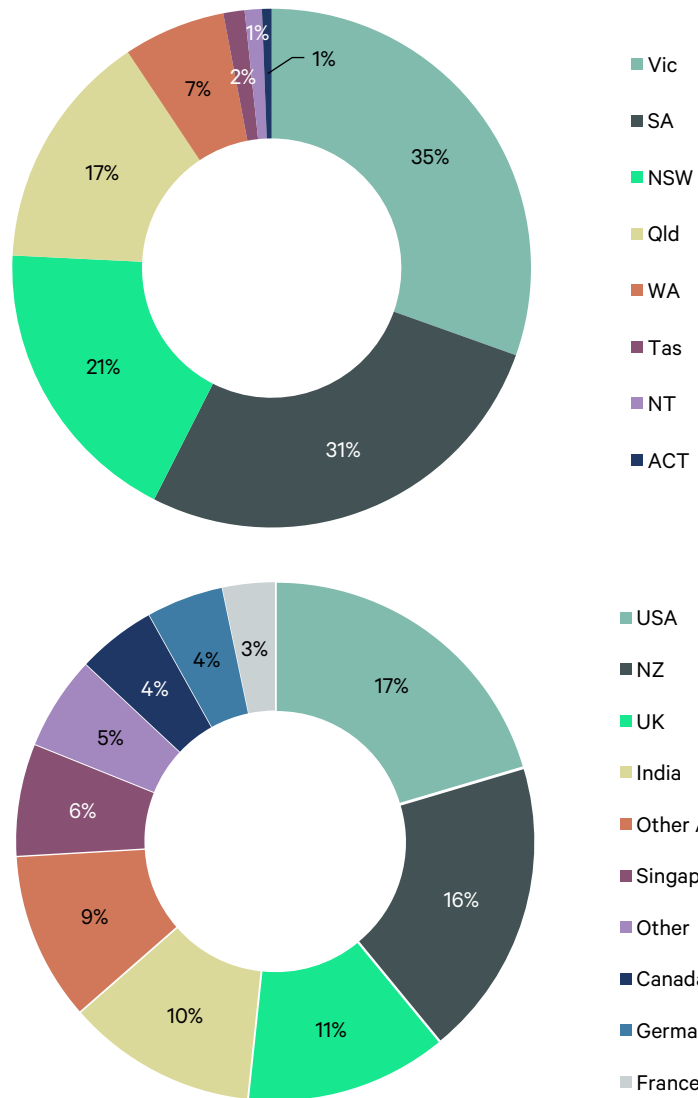


Figure 49: Key Statistics Table for the Adelaide HRMSG Visitor Market YE Sept22

Adelaide Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	1.13 million	-17.2%	0.018 million	-90.2%	1.15 million	-26.0%
Total Visitor Nights	2.90 million	-15.4%	0.176 million	-77.4%	3.07 million	-26.9%
Average Length of Stay	2.6 nights	2.2%	9.7 nights	131.6%		
Largest Source Market	Vic		USA			

Figure 50: Adelaide Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Sofitel Adelaide	108 Currie Street	CBD	Luxury	251	2021
Hotel Indigo	23-29 Market Street	CBD	Upper Upscale	137	2021
Oval Hotel	King William Road	North Adelaide	Upscale	128	2020
EOS by SkyCity	Festival Drive	CBD	Luxury	123	2020
Under Construction					
TRYP by Wyndham	266 Pulteney Street	CBD	Upper Upscale	124	2023
Vibe Hotel Adelaide	Flinders St, Adelaide	CBD	Upper Upscale	123	2023
Marriott GPO Adelaide	141-159 King William St	CBD	Upper Upscale	285	2024
Holiday Inn and Suites	Northern Suburbs	Mawson Lakes	Upper Midscale	130	2024

Figure 52: Adelaide Financial Year Airport Passenger Movements

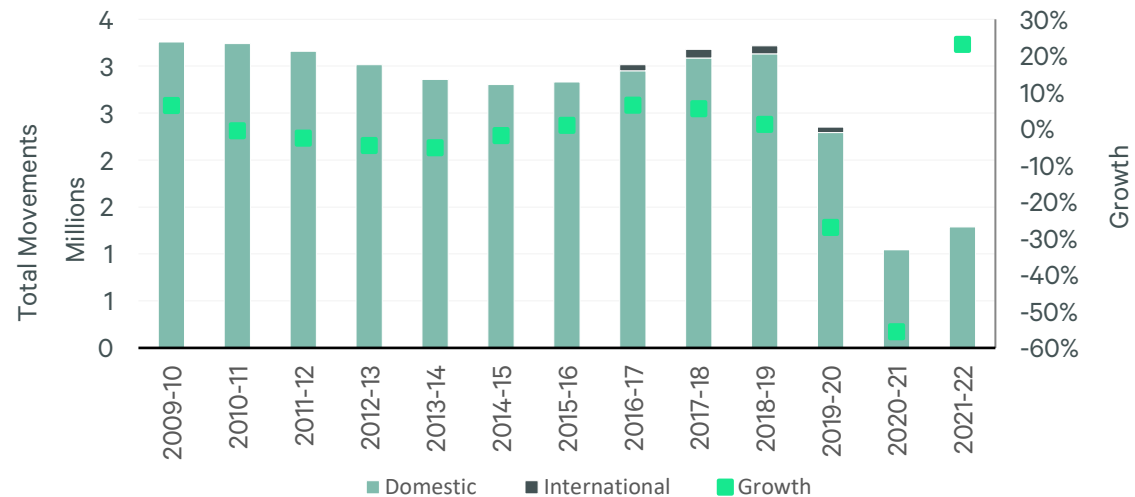


Figure 51: Adelaide Occupancy, Average Daily Rate and Revenue Per Available Room

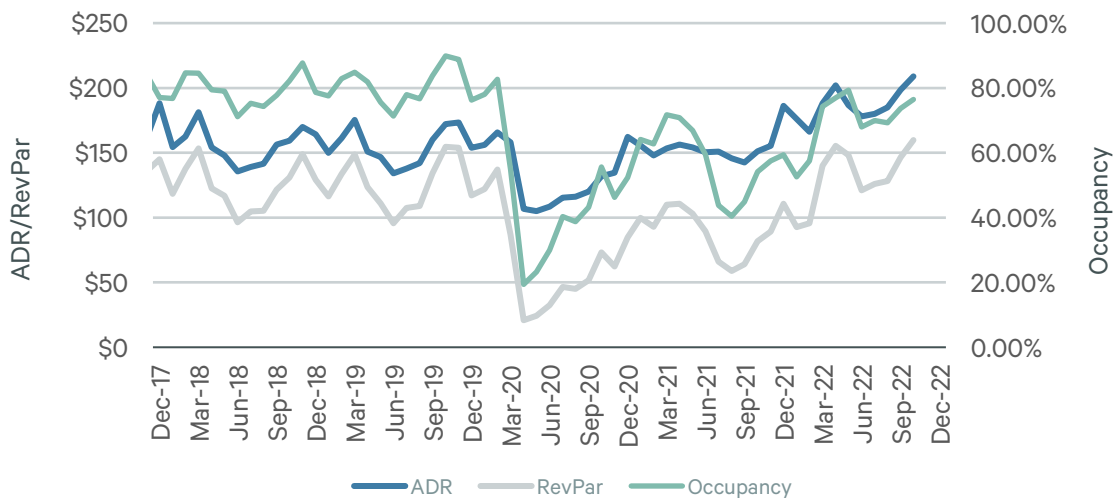


Figure 53: Adelaide Revenue Per Available Room





# Canberra Overview



## Arrivals

TRA reports in the YE Sept22 there were 21,000 international visitors and 1.27 million domestic visitors to Canberra staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). Whilst up 45% over the year, domestic visitation still remains 24% below pre-pandemic rates by number and 21% by visitor nights. International visitors remain particularly lethargic at 80% below 2019 rates. The strongest sources of domestic visitation in the YE Sept22 were interstate NSW and Vic business travelers. Traditionally, domestic business travel contributes around half of total domestic visitation (namely Government related business travel). In the YE Sept22 it made up 42%. For international arrivals, 'Other' Asia, the USA and NZ were the strongest sources of demand with purpose of travel dominated by holiday and business-related travel.



## Demand

A return to corporate travel and an increase in Interstate holiday makers has underpinned strength in the Canberra tourism market throughout 2022. Over the last year, occupancy achieved strong growth reaching 70% by Dec22. This is the highest result since the pandemic and is only 7% shy of YE Dec19 results. Average Daily Rate (ADR) has now outpaced the pre-pandemic rates at \$205 and was up 20% over the year. As a result, Revenue Per Available Room (RevPar) has recorded strong growth to \$144, up 96% over the year and up 10% on pre-pandemic rates. Third to Sydney and Melbourne, Canberra has recorded the most significant y-o-y growth in occupancy and RevPar.



## Supply

The supply pipeline for Canberra remains thin. The most recent additions to the Canberra hotel market was in 2021 when Campbell 5 delivered 129 upscale rooms to the city. The only new project currently under construction is the Meriton Suites due to complete this year. This upper upscale project will add 270 new rooms, or around 4% of existing hotel stock. The mooted pipeline for Canberra is in excess of 2,500 rooms across 15 projects. However, progress remains slow, and majority are considered 'on hold' as developers wait for market stabilisation.



## Outlook

Canberra is expected to benefit from a continued recovery in government and business travel, in addition to stabilisation in domestic leisure demand and improving inbound arrivals. In response to a lack of new supply, the market is anticipated to reach a pre-pandemic occupancy rates by mid-year. The exceptional Average Daily Rate growth experienced throughout 2022 is forecast to moderate in 2023.

Figure 54: Canberra Domestic and International Major Source Markets YE Sept 22

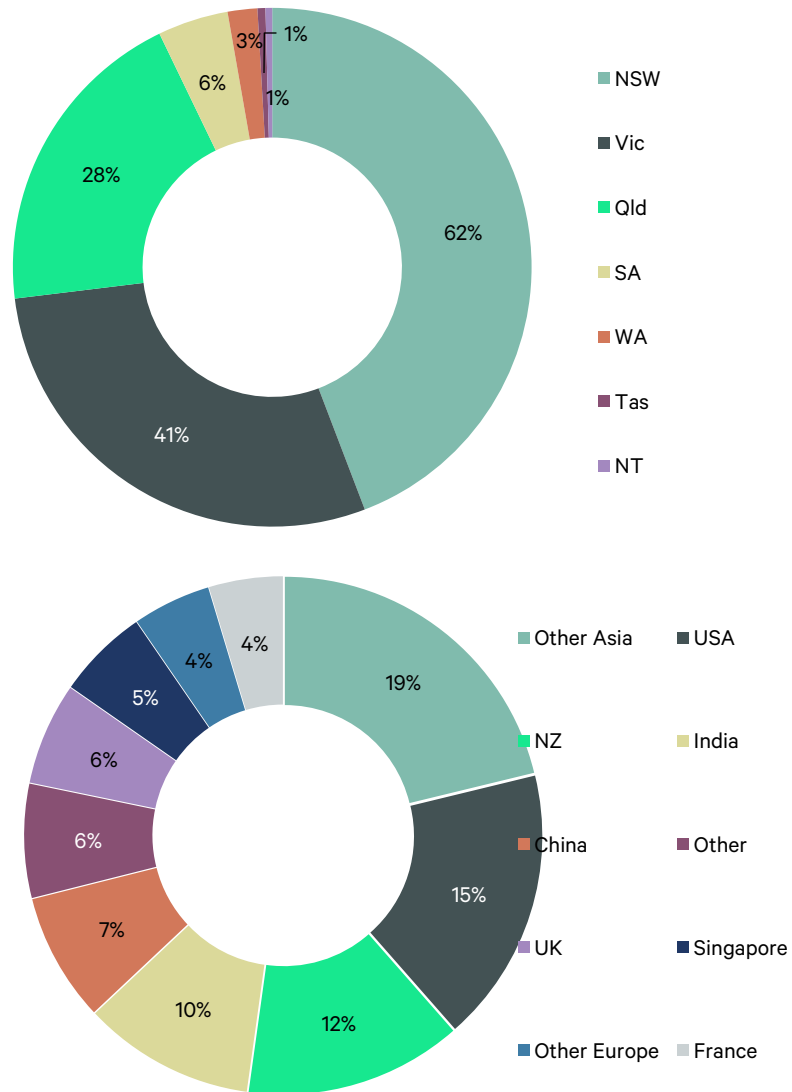


Figure 55: Key Statistics Table for the Canberra HRMSG Visitor Market YE Sept22

Canberra Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	1.27 million	-23.5%	0.021 million	-80.4%	1.29 million	-27.0%
Total Visitor Nights	2.67 million	-20.6%	0.081 million	-79.0%	2.75 million	-26.6%
Average Length of Stay	2.1 nights	3.7%	3.8 nights	7.1%		
Largest Source Market	NSW		Other Asia			

Figure 56: Canberra Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Campbell 5	131 Constitution Av & Anzac Pde	Canberra	Upscale	129	2021
Under Construction					
Meriton Suites Canberra	40 Allara	Canberra	Upper Upscale	270	2023

Figure 58: Canberra Financial Year Airport Passenger Movements

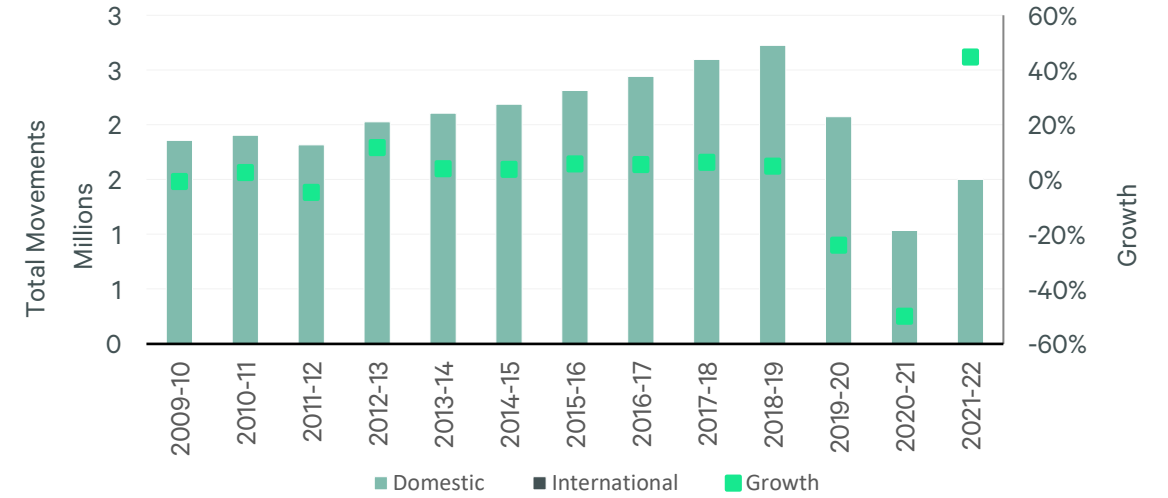


Figure 57: Canberra Occupancy, Average Daily Rate and Revenue Per Available Room

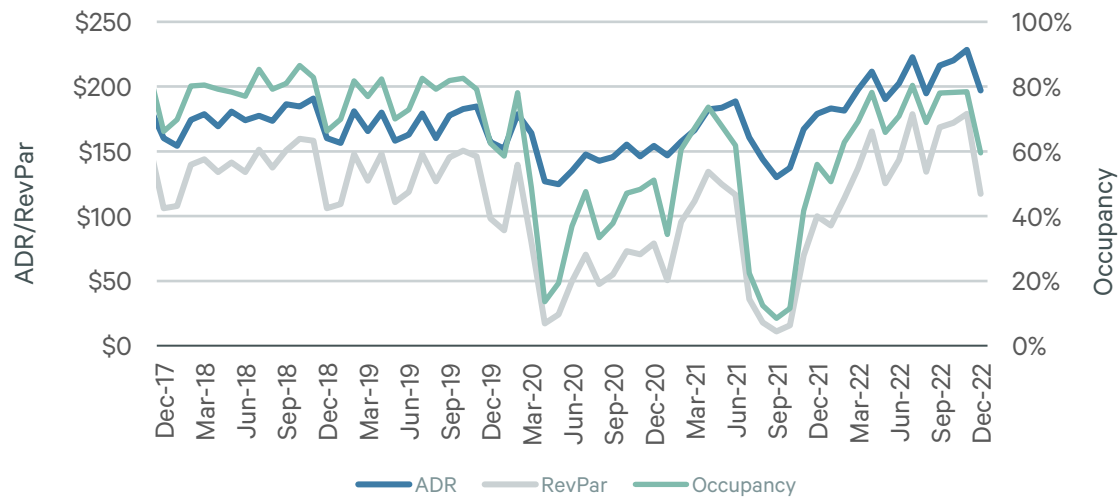
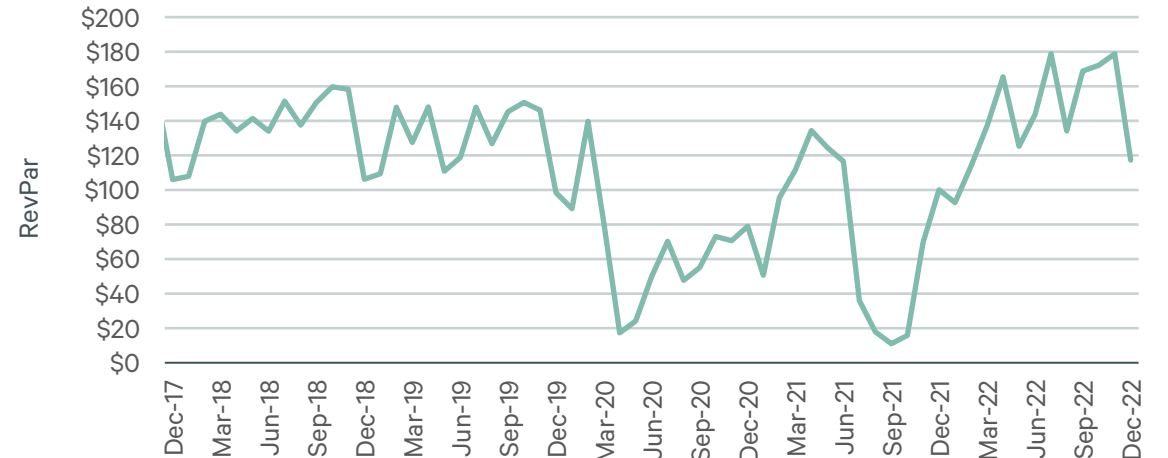


Figure 59: Canberra Revenue Per Available Room





# Hobart Overview



## Arrivals

TRA reports in the YE Sept22 over 98% of visitation to Hobart was domestic. Prior to the pandemic, it usually contributed to around 85% of total visitation, with majority visiting for holiday purposes. Major attractions include MONA (The Museum of Old and New Art) in addition to the city's increasingly reputation for world class food and cultural facilities. Total domestic visitation to Hobart is only 8% below pre-pandemic levels. Visitors are also staying longer, with total visitor nights up 4.6% and average length of stay up 14% to 3 nights on pre-pandemic rates. The strongest sources of domestic visitation in the YE Sept2022 were Vic, Tas (intrastate) travel and NSW. More than half (63%) of visitors were there for holiday purposes. This is up on pre-pandemic holiday rates of ~50%, further evidencing the regions increasing leisure-based domestic demand. The strongest sources of international visitation were Singapore, the UK and NZ. More than 85% of international visitors to Hobart were there for holiday purposes.



## Demand

Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) sat at \$218 and \$118, respectively. These metrics are now 18% and 8% above pre-pandemic rates. Occupancy sits at 77%. Prior to the pandemic occupancy levels in Hobart ranged from 79% to 82%.



## Supply

The Tasman and Movenpick hotels opened in Hobart during 2021. The Tasman delivered 152 luxury rooms and the Movenpick opened 221 upscale rooms. Based on CBRE Hotel's ongoing research in relation to Hobart's supply pipeline, Fragrance Hotel is the only project proposed. Despite various additional hotel developments being considered, the likelihood of these hotels entering the construction phase is currently considered unlikely in the short to medium term given the weight of current new supply and upward pressure on construction costs and interest rates.

## Outlook



We expect occupancy to gradually increase through 2023 and 2024 as the domestic leisure market continues to grow at a modest pace and international visitation recovers. ADR is forecast to maintain growth reflective of the recent premium entrants. ADR growth however will moderate from the exceptional gains achieved in 2022.

Figure 60: Hobart Domestic and International Major Source Markets YE Sept 22

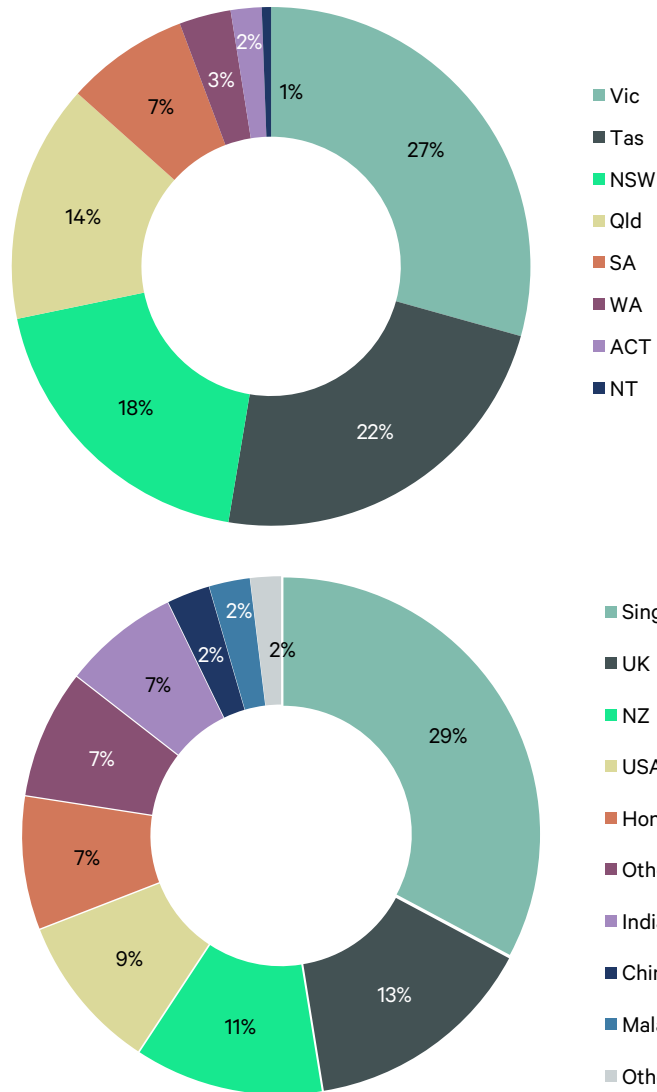


Figure 61: Key Statistics Table for Hobart HRMSG Visitor Market YE Sept22

Hobart Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	0.63 million	-8.2%	0.012 million	-89.8%	0.64 million	-20.0%
Total Visitor Nights	1.88 million	4.6%	0.045 million	-88.2%	1.92 million	-11.7%
Average Length of Stay	3.0 nights	14.0%	3.8 nights	14.8%		
Largest Source Market	Vic		Singapore			

Figure 62: Hobart Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
The Tasman - (Marriott International)	12 Murray Street	Hobart	Luxury	152	2021
Movenpick Hotel	28 Elizabeth Street	Hobart	Upscale	221	2021
Crowne Plaza Hobart	110 Liverpool Street	Hobart	Upscale	235	2020
Vibe Hotel	36 Argyle Street	Hobart	Upscale	142	2020
Proposed					
Fragrance Hotel Hobart	179 Macquarie Street	Hobart	Upscale	206	

Figure 63: Hobart Occupancy, Average Daily Rate and Revenue Per Available Room

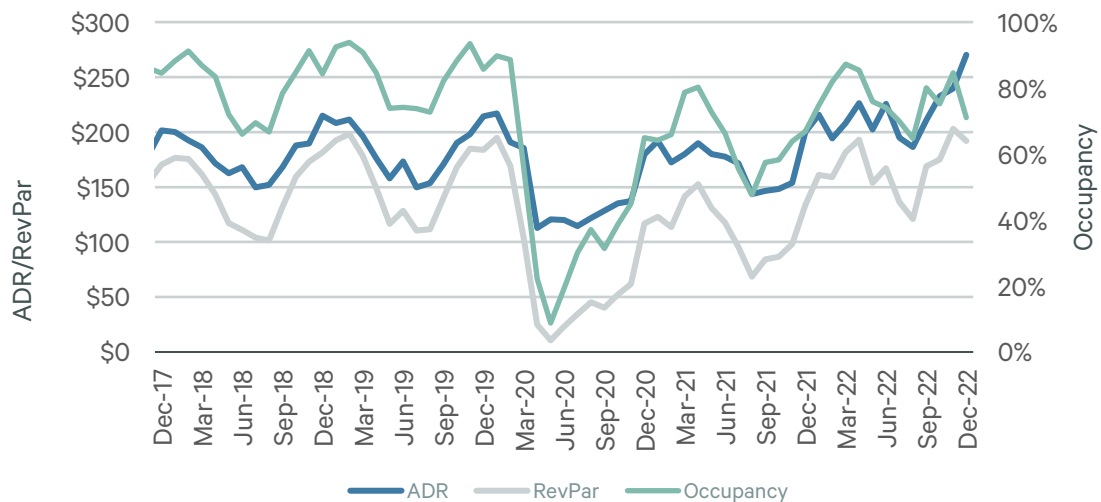


Figure 64: Hobart Financial Year Airport Passenger Movements

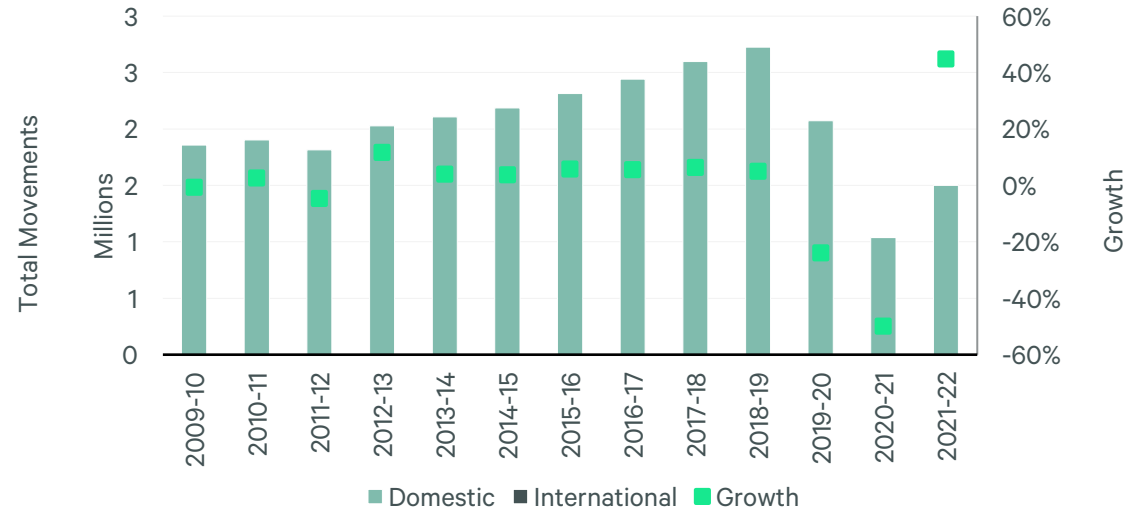
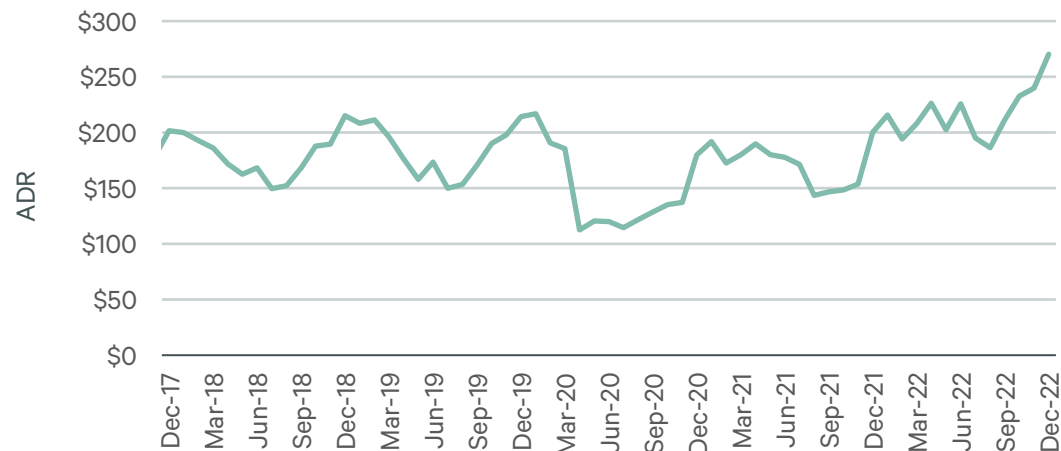


Figure 65: Hobart Revenue Per Available Room



# Darwin Overview



## Arrivals

TRA reports in the YE Sept22 over 98% of visitation to Darwin was domestic. Prior to the pandemic, it usually contributed to around 87% of total visitation and was primarily driven by resource sector employment. The INPEX Ichthys LNG project at Blaydin Point is one of the world's most significant oil and gas projects which completed construction in 2017. More recently however, tourism has been boosted by an increase in domestic driven leisure demand and region's proximity to NT's major tourist destinations such as Kakadu and Litchfield National Parks. As a result, both visitor and visitor nights are up 6.5% and 36% respectively on pre-pandemic levels. Visitors are also staying longer, with average length of stay up 27% to 4.5 nights. The strongest sources of domestic visitation in the YE Sept2022 were interstate NSW, Qld and Vic. Over half of all visitation was for holiday purposes. Prior to the pandemic, employment usually contributed to this level of visitation, further evidencing the regions transition to more leisure-based domestic demand.



## Demand

In the YE Dec22 Darwin was one of few tourism regions to exceed pre-pandemic rates across all three performance indicators. Average Daily Rate (ADR) and Revenue Per Available Room (RevPar) sat at \$219 and \$138, respectively. These metrics are now 48% and 63% above pre-pandemic rates. Occupancy sits at 63%, which is 6% above pre-pandemic rates.



## Supply

There has been no new hotel supply in Darwin for several years. Further, no projects are currently under construction. There are two proposed projects; Quest Darwin and North One Hotel & Apartments (Little Mindil). These projects are yet to progress to construction phase and in the short-term heightened construction costs will act as a major barrier. Of note is a terminal upgrade at Darwin International Airport currently under construction and set to double check-in facilities by mid-year.



## Outlook

CBRE expect occupancy to gradually increase through 2023 and 2024 as domestic demand continues to strengthen and international visitation recovers. Concerted marketing campaigns by Tourism NT are aimed at bolstering pent-up demand from interstate markets. Moderating ADR growth following exceptional gains in 2022 is forecast. The recovery of Darwin's tourism market will be further supported by the absence of additional room supply.

Figure 66: Darwin Domestic and International Major Source Markets YE Sept 22

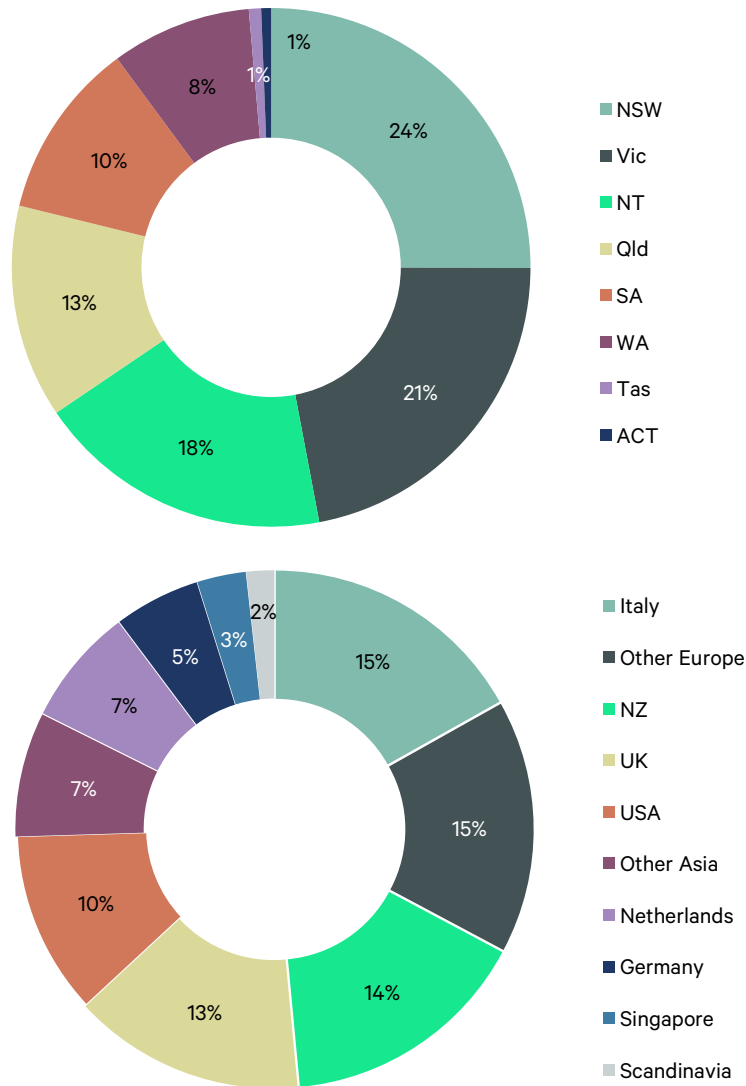


Figure 67: Key Statistics Table for Darwin HRMSG Visitor Market YE Sept22

Darwin Tourism Market						
HRMSG Accommodation YE September 2022						
	DOMESTIC	% change from 2019	INTERNATIONAL	% change from 2019	TOTAL	% change from 2019
Total Visitors	0.44 million	6.5%	0.010 million	-86.0%	0.45 million	-6.9%
Total Visitor Nights	1.97 million	35.7%	0.126 million	-64.9%	2.10 million	15.7%
Average Length of Stay	4.5 nights	27.4%	13.0 nights	151.3%		
Largest Source Market	NSW		Italy			

Figure 68: Darwin Hotel Supply - Proposed

Hotel Supply					
Proposed					
Property	Address	Suburb	Scale	Rooms	Date
North One Hotel & Apartments (Little Mindil)	25 Gilruth Avenue	The Gardens	Luxury	221	2025
Quest Darwin	13 Daly Street	Darwin	Upper Midscale	48	2025

Figure 70: Darwin Financial Year Airport Passenger Movements

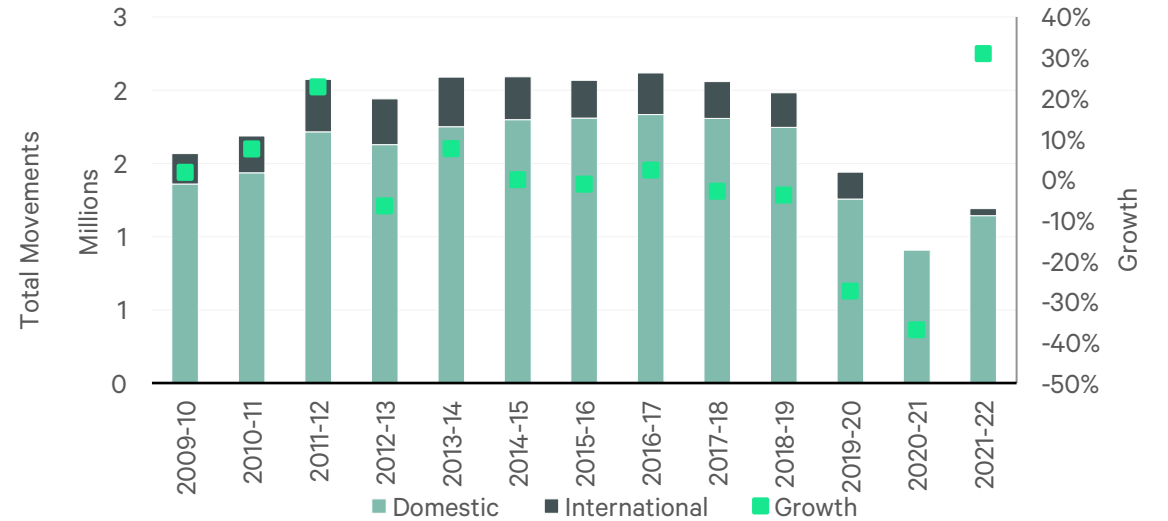


Figure 69: Darwin Occupancy, Average Daily Rate and Revenue Per Available Room

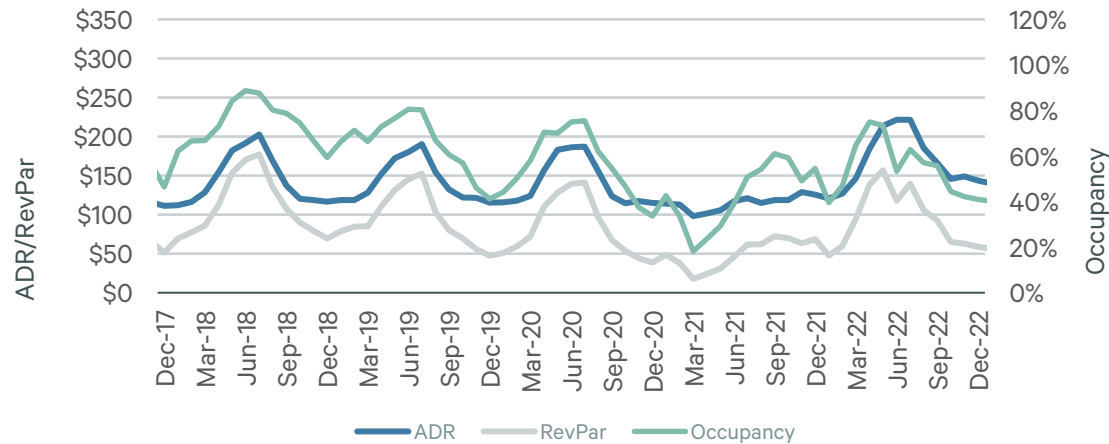
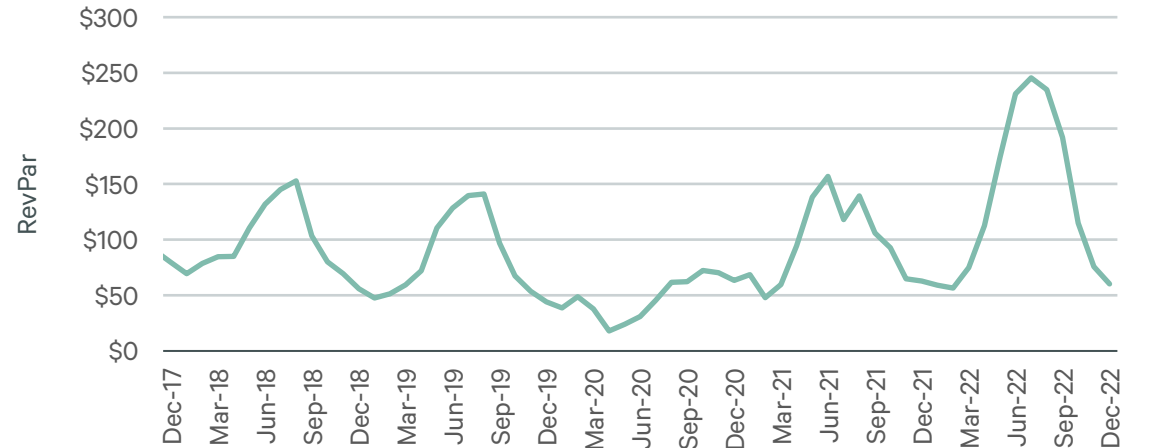


Figure 71: Darwin Revenue Per Available Room



## Contacts



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