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# Hotel Destinations Australia & New Zealand

Hotels & Hospitality

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# Introduction

Destinations within Australia and New Zealand have shown a strong hotel recovery over the past 18 months, well ahead of initial expectations. This has been driven by a booming domestic leisure market where both Australians and New Zealanders sought to rediscover their own backyards due to an inability to travel more broadly. The reopening of international borders in 2022 continues to drive the recovery across the region, despite current headwinds and global challenges in airlift.

## Shifting source markets supporting and driving a robust recovery across ANZ

Since international borders opened in Australia in February 2022, and fully within New Zealand in August 2022, destinations have been experiencing steadily recovering overseas visitation numbers and subsequently improving international tourism expenditure. Over the course of the pandemic both nations saw a shift in their top source markets, as a result of delayed border openings, COVID protocols and geopolitical tensions. While some source markets are on the road to recovery, others are still well below pre-pandemic levels.

This was highlighted by the well documented loss of Mainland China tourists, which was Australia's top, and New Zealand's second leading source market, prior to the pandemic.

For the year ending (YE) June 2019, China accounted for 1.4 million visitor arrivals into Australia and in excess of 420,000 arrivals into New Zealand. This has since dropped to c.240,000 and c.60,000 arrivals, respectively, for the YE June 2023.

However, in a significant recent announcement, China reinstated Australia to its 'Approved Destination Status', effective immediately, which should see the valuable return of the FIT (free independent traveller) and group tours segment to the market and further support a strong trading recovery across the country. New Zealand is slightly ahead of Australia in this regard, as it was within the initial batch of China's approved destinations back in January, when they first reopened their borders.

## Domestic leisure underpinning trading performance, as supply wave comes to an end

The ANZ region's strong recovery in trading performance over 2022 and throughout 2023 was largely underpinned by the domestic leisure segment. As has been a trend across broader hotel markets globally, this recovery has been largely on the back of significant average daily rate (ADR) growth and then followed by rebounding occupancy. As of YTD July 2023, all key markets within Australia have now recorded revenue per available room (RevPAR) that exceed pre-pandemic levels, and most markets in New Zealand are also nearing and in some cases surpassing pre-COVID.

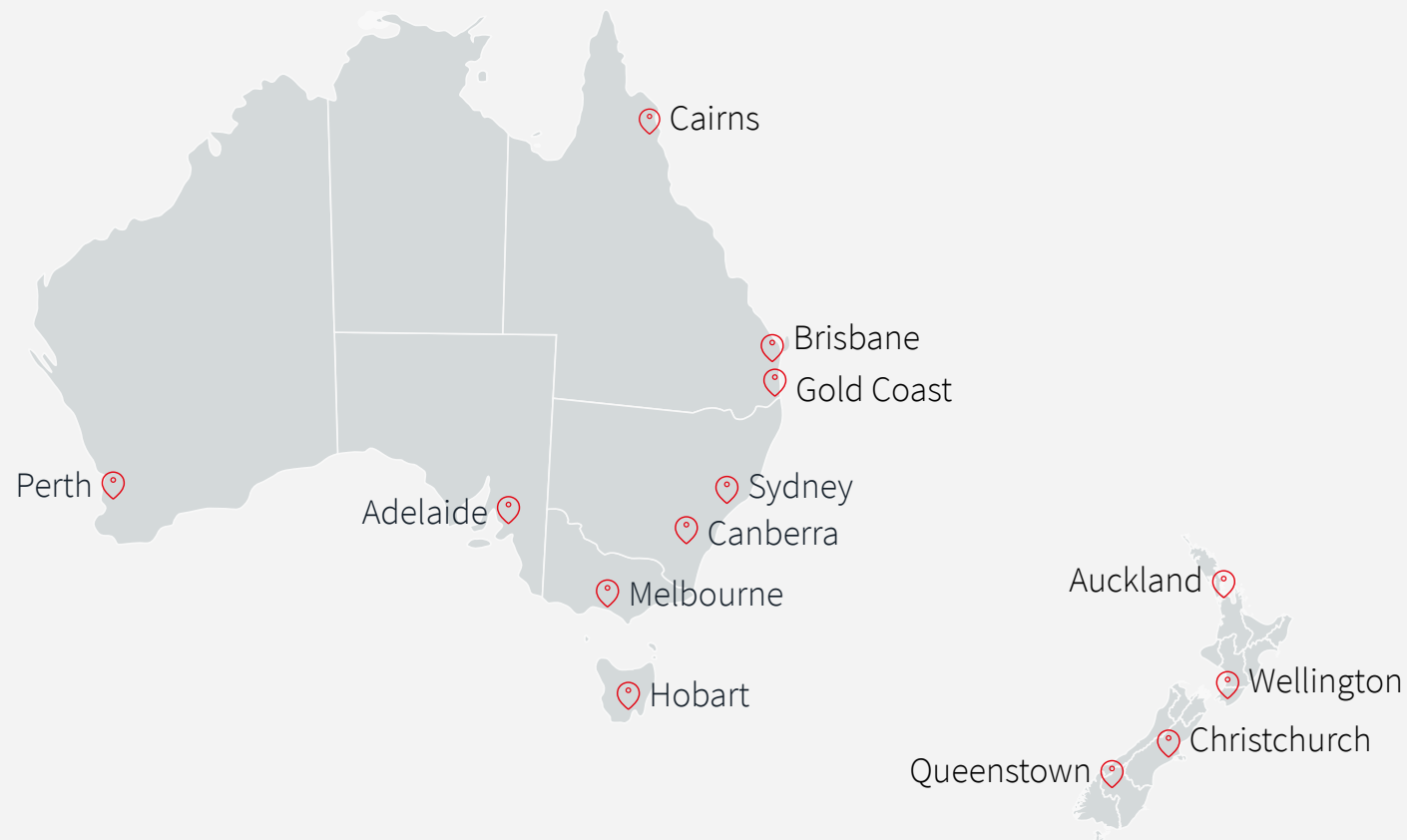
The ANZ hotel landscape has also seen a significant level of new supply come online since the onset of the pandemic, especially within markets such as Melbourne, Auckland, Sydney, Adelaide and Gold Coast. This unprecedented level of new supply is nearing an end, will continue to boost trading performance and help market conditions normalise as it is absorbed.

The new supply has not only supported a reset of the rate ceiling, it has also greatly enhanced the overall product offering across the region, which has in turn contributed to new refurbishment activity and rebranding's across many markets.




## Outlook: Despite headwinds, the recovery continues

Increasing pressure is being placed on the domestic leisure segment, as interest rate rises curb discretionary spending and the pick-up in outbound travel continues. The potential softening of the domestic market is anticipated to be offset by the combination of the steady ongoing recovery in corporate and MICE demand, and a continued increase in international visitation, especially from Mainland China. In the longer term, it is expected that most markets will stabilise at more historic occupancy levels, as hotel demand returns to more normalised levels across ANZ.





## Quick facts comparison

	 International Passenger Movements YTD 2023	 RevPAR YTD July 2023 in local currency	 RevPAR recovery relative to 2019
Adelaide	402,000	143	121%
Brisbane	2,590,636	168	148%
Cairns	249,292	144	125%
Canberra	0	136	106%
Gold Coast	423,582	183	133%
Hobart	10,904 (YE Feb 23)	171	110%
Melbourne	4,543,702	167	104%
Perth	1,827,171	161	131%
Sydney	7,988,000	228	108%
Auckland	4,722,726	160	92%
Christchurch	684,852	101	103%
Queenstown	447,654	235	95%
Wellington	398,055	153	104%

Note: Hotel trading performance refers to marketwide segments.

Source: JLL, STR, HDNZ (TIA), Airport Corporations, Bureau of Infrastructure and Transport Research Economics (BITRE), Stats NZ



# Adelaide

## Tourism

In the financial year ending June 30, Adelaide Airport saw in excess of 7.7 million passenger movements (domestic and international), representing 91% of pre-COVID volumes. More importantly, in the final quarter of the financial year (April-June) traffic recovered to 97% of 2019 volumes, highlighting the strong return of both domestic travel demand and international capacity. The Adelaide hotel market's strong recovery can also be attributed to its growing events calendar, which this year included the inaugural AFL Gather Round and LIV Golf, with many hotels achieving some record trading results over these periods. The market also continues to return to its more normalised trading seasonality.

## Demand

As has been the trend across the country, Adelaide's hotel trading recovery has been largely driven by domestic leisure, and subsequently followed by an ongoing return in international demand and the corporate and MICE segments. RevPAR has now surpassed pre-COVID levels, on the back of strong ADR growth over the past two years. As at July 2023, YTD ADR is up 17% YoY and 44% on pre-COVID (YTD July 2019), and RevPAR is up 19% YoY (21% on 2019). Occupancy continues to steadily recover, up 3% YoY, however remains 16% down on pre-COVID.

## Supply

The Adelaide accommodation market recently experienced increased development activity, with several upper-upscale and luxury products opening in the market over 2020 and 2021. These included the likes of Adelaide Oval Hotel, Crowne Plaza, EOS by SkyCity, Hotel Indigo and Sofitel Adelaide. More recently two new hotels have come online in the early months of 2023 with the opening of the Vibe Hotel Adelaide (123 rooms) and Tryp by Wyndham (120 rooms). We are also currently tracking one project under construction set to add 285 rooms to the market (GPO Marriott), as well the recent announcement of Pelligra's vacant office conversion at 80 King William Street, into the city's first Veriu (111 rooms), set to open mid-2024.

## Outlook

Adelaide's hotel demand growth is anticipated to continue seeing a progressive recovery over the near-term, facilitated by an ever growing annual events calendar and expanding tourism sector. Adelaide is also set to be enhanced by significant infrastructure investment with the likes of Riverbank Entertainment Precinct, Lot Fourteen Innovation Precinct and new BioMed City Precinct. Sustained market growth will continue to be reliant on the recovery of the corporate and MICE segments and growth of the city's leisure driven demand generators and events.

## Notable hotel deals YTD August 2023

- Sofitel Adelaide (251 rooms)

## New notable hotels in 2022/23

- Vibe Hotel Adelaide (123 rooms)
- Tryp by Wyndham Adelaide (120 rooms)

## Upcoming hotel openings in 2023/24

- GPO Marriott Adelaide (285 rooms)

## Quick facts

<b>402,000</b>	<b>243</b>	<b>66.7%</b>
International Passengers (YTD June 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 215</b>	<b>AUD 143</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Adelaide Airport, JLL





# Brisbane

## Tourism

In the financial year ending June 30, in excess of 20 million passengers travelled through Brisbane Airport (domestic and international), which compares to 23.7 million passengers in 2019. For the month of June, domestic passenger traffic recovered to 98% of pre-COVID capacity (June-2019), whilst international recovered to 77%. Brisbane is positioned exceptionally well to take full advantage of growth in both leisure-orientated demand while also improving and sustaining its long-established corporate base. The 2032 Brisbane Olympic Games will further catapult the city onto the world stage, and is anticipated to see a material increase in accommodation and demand in the years leading up to the event.

## Demand

The Brisbane hotel market continued to record strong trading performance over the first half of the year, underpinned by domestic leisure and corporate demand. The market has also seen an emerging demand for MICE events, as business travel picks up across the country. As of July 2023, both ADR and RevPAR have significantly surpassed pre-COVID levels (YTD July 2019), up 49% and 48%, respectively. Occupancy has also recovered strongly to sit relatively in-line with 2019.

## Supply

Between 2014 and 2019, Brisbane’s rooms supply increased by an average of 7.1% per annum. Since 2017, 12 hotels (2,466 rooms) opened in central Brisbane and its Fringe suburbs. Additionally in 2022, Pro-Invest significantly renovated and repositioned two assets, opening as a new Voco (194 rooms) and Hotel Indigo (212 rooms). There are six hotels currently under construction, reflecting an estimated total increase in room supply of 1,275 rooms by 2024, or 9.9% on total stock. The majority of development activity underway is associated with the Queens Wharf development, which is set to include The Star Grand, Rosewood and Dorsett hotels (c.890 rooms).

## Outlook

Despite increasing pressures facing the domestic leisure markets, Brisbane’s hotel market is expected to maintain a robust recovery. This recovery is expected to be driven by the corporate and business events sectors, the ongoing recovery of international visitation, whilst also continuing to grow it’s reputation as an attractive leisure destination. Significant infrastructure investment and tourism amenities, coupled with the overall growth of the city in the lead up to the Olympic Games is anticipated to support strong demand growth in the long term.

## Notable hotel deals YTD August 2023

- Sofitel Brisbane (416 rooms)
- Quest Woolloongabba (132 rooms)

## New notable hotels in 2022/23

- Voco Brisbane City Centre (194 rooms)
- Hotel Indigo Brisbane (212 rooms)

## Upcoming hotel openings in 2023/24

- Quest on Wickham Terrace (81 rooms)
- Hyatt Place South City Square (174 rooms)
- Rosewood Hotel, Queens Wharf Brisbane (164 rooms)
- The Dorsett, Queens Wharf Brisbane (387 rooms)
- The Star Grand Hotel, Queens Wharf Brisbane (340 rooms)

## Quick facts

<b>2,590,636</b>	<b>406</b>	<b>71.4%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 235</b>	<b>AUD 168</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Brisbane Airport Corporation, JLL



# Cairns

## Tourism

Cairns and the broader Tropical North Queensland region benefitted from a boom in domestic travel and leisure demand. The tourism industry has since experienced a slightly slower start to 2023, largely on the back of a moderation in visitor arrivals after the record levels of domestic visitation and leisure orientated demand over 2022. Cairns Airport has recorded c.350,000 international passenger movements in the 12 months to July 2023, as it continues to increase direct access routes from Singapore, Japan, New Zealand and Bali. Other significant and timely enhancements of the city’s core tourism infrastructure include the recent completion of the Cairns Convention Centre upgrade and ongoing upgrade to Cairns Airport International Terminal.

## Demand

Market wide occupancy is currently sitting at an average of 63.7% (YTD July), after achieving a post-COVID high of 65.3% back in October 2022. This is currently 2% down on YTD July 2022 and 16% below pre-COVID levels (YTD July 2019). Despite this, the market is returning to its more historic seasonal trends, with many hotels reporting strong occupancies and forward bookings over the Winter period (July/August), driven largely by school holidays and visitors escaping the winter weather down south. The market has been heavily underpinned by strong ADR growth, which has risen from an average of \$152 in July 2019 to \$226 in July 2023 (+49% increase), and resultantly RevPAR has reached 125% of pre-pandemic levels.

## Supply

Prior to the impacts of COVID-19, the Cairns market was experiencing increasingly favourable trading conditions which supported new development. Between 2018 and 2020, four new assets opened in the market, representing an increase of 915 rooms or 21.7% increase on total stock. Three of the new openings were Crystalbrook Collection Hotels (The Riley, Flynn and Bailey), which accounted for 839 rooms of the new supply. Hotel development activity has since moderated, with no major openings since 2020, and no current projects under construction.

## Outlook

Similar to most leisure destinations across the country, the Cairns hotel market is likely to face increasing pressures on its domestic leisure segment, as current interest rate rises curb consumers discretionary spending and the pick-up in outbound international travel continues. However, the market is also set to benefit from improving international flight capacity and inbound tourism, as well as the steady recovery of business and corporate events activity. We expect Cairns will continue to remain a resilient and attractive tourist destination for both domestic and international visitation, with drawcards such as the Great Barrier Reef and Daintree Rainforest.

## Notable hotel deals YTD August 2023

- The Village Cairns (28 rooms)

## New notable hotels in 2022/23

- No new hotels opened

## Upcoming hotel openings in 2023/24

- No upcoming openings

## Quick facts

<b>249,292</b>	<b>0</b>	<b>63.7%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 226</b>	<b>AUD 144</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Cairns Airport, JLL





# Canberra

## Tourism

As the capital of Australia, Canberra naturally attracts a significant amount of business and corporate travel from both political engagements and public administration industries. The city has also been growing it’s its leisure profile and is becoming increasingly popular amongst domestic leisure travellers. Historically, Canberra Airport has been an entirely domestic airport, however since 2016, it began receiving limited number of international flights each year, including new direct flights to Fiji. Over 2022 and into the first half of 2023, domestic arrivals have recovered strongly and are close to returning to pre-COVID levels.

## Demand

Canberra’s accommodation market proved to be one of the strongest trading recoveries across the country over the past two years, given the markets unique characteristics and ACT’s handling of protocols throughout the pandemic. The market continues to show a robust stability in line with its consistent economic track record, and maturing of its leisure offering. As of July 2023, both YTD ADR and RevPAR are sitting up 18% and 6%, respectively on YTD July 2019. Occupancy remains down 10% on pre-COVID levels, which ranks as the fourth strongest occupancy recovery in the country, and has averaged above 60% occupancy since February 2022.

## Supply

In relation to most other Australian hotel markets, Canberra has experienced muted levels of new development activity over the past five to ten years. This has been largely on the back of relatively lower corporate and MICE demand, public sector job cuts and limited international demand. Since 2020, there have been 679 rooms added to the Canberra accommodation market, including properties such as the A by Adina, Abode Belconnen, Mercure Belconnen, The Sebel Canberra Campbell, and most recently this year the Meriton Suites Canberra (207 rooms). JLL is also currently tracking one asset under construction, expected to deliver 53 rooms to the market.

## Outlook

Despite relatively limited growth in trading conditions over the past 12 months, the immediate outlook for Canberra’s hotel market remains positive on the back of the market’s robust demand, subdued supply pipeline and strong domestic appeal. Being the political centre of Australia, the city is expected to experience consistent corporate and growing leisure demand. Canberra is also experiencing major infrastructure investment that will continue to underpin a return to strong trading performance in the medium to longer term.

## Notable hotel deals YTD August 2023

- Garema Centre Abode Hotel (212 rooms)
- Abode Hotel and Apartments Woden (153 rooms)

## New notable hotels in 2022/23

- The Sebel Campbell Canberra (63 rooms)
- Meriton Suites Canberra (207 rooms)

## Upcoming hotel openings in 2023/24

- Wova Woden Hotel Phillip (53 rooms)

## Quick facts

<b>0</b>	<b>270</b>	<b>67.8%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 200</b>	<b>AUD 136</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Canberra Airport, JLL



# Gold Coast

## Tourism

The Gold Coast is Australia’s premier tourism and leisure destination, which has benefitted from a positive post-COVID recovery led by strong domestic leisure orientated demand. It is also one of the fastest growing regions in Australia, with a robust internal and overseas migration story, expanding tourism offering and emerging corporate demand. According to Tourism Research Australia’s National Visitor Survey (NVS), the Gold Coast region saw 4.2 million visitors for the year-ending March 2023, up 29.3% on 2022, and relatively in line with Dec-2019. More importantly, visitor expenditure continues to surge, with a record \$5.6 billion, or a 79.5% increase YoY (+52.3% on 2019).

## Demand

The Gold Coast has taken full advantage of the boom in leisure-orientated demand over 2022, which is now in the early stages of moderating. The market is also improving its corporate/MICE and inbound base. Trading has demonstrated strong recoveries across the board, with RevPAR having already surpassed pre-COVID levels, largely owing to an improved strength in ADR’s. Average rates are currently sitting well above (38%) pre-COVID levels (YTD July 2019) as is RevPAR, 33% higher.

## Supply

Since 2016, the Gold Coast has seen 11 new hotels commence trading, accounting for a total increase in room supply of 2,035 rooms (15.4% on total stock), heavily driven by the demand in the lead up to the Commonwealth Games. The most recent of these openings being The Langham Jewel Towers (169 rooms) back in 2022. There are three hotels currently under construction set to open over the next two years, which are expected to account for a total increase in room supply of 510 rooms or 3.5% on existing stock. Additionally, two future projects were also recently announced, with the luxury signings of the Ritz Carlton and St Regis brands to projects on the Gold Coast.

## Outlook

Despite current increasing pressures facing the domestic leisure segment, Gold Coast’s hotel market is set to remain resilient. The market is also expected to benefit from heightened interest following the securing of the Brisbane Olympics in 2032. Gold Coast continues to be supported by growing investment and tourism amenity, including the ongoing transformation of the Star Gold Coast integrated resort and forthcoming projects such as the Southport CBD rejuvenation and Gold Coast Health and Knowledge precinct.

## Notable hotel deals YTD August 2023

- Sheraton Grand Mirage Resort (295 rooms)

## New notable hotels in 2022/23

- The Langham Gold Coast (169 rooms)

## Upcoming hotel openings in 2023/24

- Mondrian Gold Coast (208 rooms)
- The Star Gold Coast Tower 2 (210 rooms)

## Quick facts

<b>423,582</b>	<b>169</b>	<b>66.5%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 275</b>	<b>AUD 183</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Gold Coast Airport, JLL





# Hobart

## Tourism

Hobart has undergone a significant revolution over the past decade to become a prominent tourism destination of Australia. The ongoing popularity of the likes of MONA (Museum of Old and New Art), Salamanca Markets and Dark Mofo Festival is driving positive hotel sector demand year round. Hobart Airport is primarily run as a domestic airport given the markets reliance on local leisure demand, however in April 2021 regular direct flights between Hobart and Auckland recommenced.

## Demand

The Hobart hotel market's small reliance on international demand, coupled with the unique nature of the market and limited impact throughout most of the pandemic has helped drive strong trading over the past two and half years. In comparison to most other key cities nationally, Hobart led the recovery in terms of occupancy levels and RevPAR coming out of the COVID period. The market has averaged above a YTD occupancy level of 74% since January 2022, peaking at 86.4% in April 2022. As of July 2023, both YTD ADR and RevPAR have surpassed pre-COVID levels (YTD July 2019), up 24% and 10%, respectively.

## Supply

Hobart's hotel market saw five new short-term accommodation properties open over 2020 and 2021, adding 822 new rooms to the market or a significant 38% increase on total stock. This was largely driven by strong inbound leisure demand and favourable trading conditions prior to the pandemic. The most recent openings include The Tasman, a Luxury Collection Hotel (152 rooms), Movenpick Hotel Hobart (221 rooms), Vibe Hobart (142 rooms) and Crowne Plaza Hobart (235 rooms), all of which has had a positive overall impact on the market. Hotel development activity has since moderated in the city, with only one project currently under construction being the Novotel Macquarie Street (206 rooms).

## Outlook

In the near term, tourism in Hobart is expected to remain robust, having materialised as a highly sought after domestic and now emerging international leisure destination. Despite a softening of the domestic leisure market, on the back of the rise in interest rates and impacted discretionary spending, we anticipate trading conditions will remain favourable on the back of Hobart's strong demand generators and it being the gateway to broader Tasmania. Importantly, Hobart Airport also announced plans to double its terminal capacity to support increasing passenger numbers.

## Notable hotel deals YTD August 2023

- No recent transactions recorded

## New notable hotels in 2022/23

- No new hotels opened

## Upcoming hotel openings in 2023/24

- No upcoming openings

## Quick facts

<b>10,904</b>	<b>0</b>	<b>74.4%</b>
International Arrivals (YE Feb 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 231</b>	<b>AUD 171</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Hobart Airport (BITRE), JLL



# Melbourne

## Tourism

After some of the harshest COVID lockdowns in the world, Melbourne continues to see its tourism market bounce back on both a leisure and business front. This is highlighted by Melbourne Airport's recent announcement that for the month of June, both international and domestic passenger traffic exceeded 90% of the corresponding month pre-COVID (June-2019), as air capacity continues to pick-up. Additionally, the Melbourne to Sydney (MEL-SYD) domestic flight route returned to its ranking as the fifth busiest airport route globally, illustrating the strong recovery in air capacity and pick-up in business travel between Australia's two major business capitals.

## Demand

Demand continues to be led by the domestic leisure segment, with Melbourne's ever-growing calendar of world class events and festivals supporting strong hotel trading. This has been evident by capacity crowds at major sporting events such as the Australian Open, Formula 1 Grand Prix and AFL season, as well as a string of sold out international touring artists concerts. Marketwide occupancy is currently sitting at an average of 69.9% (YTD July), which is 27% above the same time last year. ADR also remains elevated, averaging \$239 (YTD July), which is up 5% on 2022 and 22% above 2019 levels. The upper-upscale and luxury end of the market is currently experiencing the strongest demand.

## Supply

Over the past few years Melbourne has experienced a strong supply wave, with the largest increase in new supply of any city in Australia. Since the beginning of 2020, there have been 21 new hotels open across the CBD (inc. Fringe areas), adding 4,889 rooms to the market or a 22.6% increase on total supply. As has been a trend over the entire supply cycle, this new stock remained heavily weighted to upper-upscale and luxury product, which has helped further improve the overall quality of the market and supported rate growth. The first half of 2023 saw four new hotels (1,019 rooms) open, including the addition of high-end international brands such as Le Méridien, Ritz Carlton an Dorsett.

## Outlook

The recovery is expected to continue to be heavily reliant on an increase in inbound arrivals and an ongoing rebound in corporate/ MICE demand. The city is also expected to welcome a further seven new properties, currently under construction, over the next two years, which once complete will add a net increase of 1,871 rooms or 7.6% of existing stock. This will mark an end to this unprecedented new supply wave and take Melbourne to the largest hotel market in the country. We anticipate that the new supply may place some downward pressure on market-wide occupancy rates over the short-term, however recovering demand will help to stabilise the market moving forward.

## Notable hotel deals YTD August 2023

- Holiday Inn Melbourne on Flinders (207 rooms)
- Batman's Hill on Collins (190 rooms)
- Adelphi Hotel (34 rooms)
- Novotel & ibis Melbourne Central (472 rooms)
- Fraser Place Melbourne (112 rooms)

## New notable hotels in 2022/23

- Nesuto Docklands (211 rooms)
- Le Méridien Melbourne (235 rooms)
- Ritz Carlton Melbourne (257 rooms)
- The Dorsett Melbourne (316 rooms)
- Hotel Indigo Melbourne on Flinders (216 rooms)

## Upcoming hotel openings in 2023/24

- Meriton Suites Melbourne (298 rooms)
- Lanson Place Parliament Gardens (137 rooms)
- Melbourne Place Hotel (189 rooms)
- Holiday Inn & Hotel Indigo Bourke Street Mall (450 rooms)

## Quick facts

<b>4,543,702</b>	<b>2,440</b>	<b>69.9%</b>
International Passengers (YTD June 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 239</b>	<b>AUD 167</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Melbourne Airport, JLL





# Perth

## Tourism

Perth Airport is the fourth busiest airport in the country, and it continues to grow its flight routes and position as a direct international gateway into Australia. In a strong sign of the tourism recovery, annual passenger movements surpassed 14 million in FY23, for the first time since the onset of the pandemic, which is only 2% down on FY19 passenger movements. On a month by month basis, international traffic still remains down 11% when comparing June 2023 to June 2019, as does interstate traffic (-5%), however regional aviation has soared (+39%) reflecting strength in the commodities markets which is driving intrastate travel.

## Demand

Market wide occupancy is currently sitting at an average of 71.0% (YTD July), and is one of the few capital city markets averaging above 70% occupancy for the year. Intrastate and interstate leisure demand has led the recovery up to this point, followed by a positive improvement in the corporate and business events sectors which is largely being driven by WA's resilient resource and mining sector. Despite being the smallest segment of the market, the luxury hotels are currently experiencing the strongest demand, with luxury ADR's up 58% and RevPAR up 52% on pre-COVID levels (YTD July 2019). The market wide trading recovery has also been strong, with ADR (+34%) and RevPAR (+31%) also up on 2019.

## Supply

Development activity has been relatively limited in Perth over the past three years, with no major supply additions since the opening of the Double Tree by Hilton Perth Waterfront (229 rooms) in December 2020. This comes after Perth experienced a strong development phase and surge in market room inventory in the five years to 2020, largely on the back of strong resource and corporate related demand. In terms of current construction activity, only two properties are currently underway located in Perth City, with Elizabeth Quay West Hotel and The Dorsett Hotel. These hotels are set to respectively add 190 rooms and 264 rooms to the market by the end of 2024.

## Outlook

The circumstances surrounding COVID-19 had a material impact on Perth's hotel room night demand, as well as it's conferencing and events. While domestic leisure demand may ease somewhat in the near-term, as outbound visitation grows, other segments have the potential to grow further, including the business events/MICE and inbound sectors. International flight scheduling and pricing, as well as the sentiment surrounding the resource sector will all continue to have an impact on the market over the short term. Hotel businesses also continue to face a range of operational challenges, including inflationary impacts on input costs.



# Sydney

## Tourism

Sydney's tourism recovery was initially largely underpinned by the domestic leisure segment, however importantly there has been a noticeable return in corporate and meetings demand as white collar workers return to the CBD and office. Sydney Airport is reporting that as of June, domestic passenger traffic is back to 91% of pre-COVID levels (June-2019) and international passenger traffic is back to 89%, however the inbound recovery continues to be muted to an extent by reduced airline capacities. Importantly Chinese visitation is also beginning to recover and set to benefit Sydney greatly after recently being reinstated as an approved travel destination.

## Demand

The Sydney hotel market's profile and sound fundamentals helped to drive strong trading performance recoveries over the past 12 months. Importantly, the market continues to build out a significant calendar of annual events, which are critical to the ongoing success of the city's tourism market and accommodation sector. Events such as World Pride, Vivid Sydney and the FIFA Women's World Cup have all seen peaks in hotel trading, and the upcoming inaugural SXSU is expected to draw strong levels of domestic and international visitation. Market wide occupancy is currently sitting at an average of 75.7% (YTD July), reflecting a 40% increase YoY. ADR also remains elevated, averaging in excess of \$300 in YTD July, which is up 9% on 2022 and 22% above 2019 levels.

## Supply

The first half of 2023 saw two new hotels open in the Sydney market, with 202 Elizabeth (38 rooms) and the entry of high-end international brand Capella Sydney (192 rooms). The Sydney market has now witnessed a relatively benign 7.5% increase on total supply, or 1,683 rooms coming online since 2020. These included new openings such as the Little National Sydney, Crown Sydney, A by Adina and Ace Hotel. The current supply wave has brought a rise in quality lifestyle and boutique hotel product, which reflects a broader trend of guests' increasing preference towards bespoke and unique hotel offerings.

## Outlook

Despite ongoing headwinds, the hotel trading outlook for Sydney remains positive, with its strong fundamentals, growing annual events schedule and anticipated further international arrivals growth. Sydney has a further six properties currently under construction in the CBD, due to open through to 2026. Once opened, these new hotels will result in a net increase of 1,441 rooms or 6.4% of existing stock. We anticipate the new supply will continue to greatly enhance the market and support rate growth. The stabilising of the market remains heavily reliant on the ongoing pick-up in corporate and meetings demand, alongside the return in overseas visitation, with Sydney expected to be one of the major beneficiaries.

## Notable hotel deals YTD August 2023

- The Murray Hotel Perth (30 rooms)
- Seasons of Perth (119 rooms)

## New notable hotels in 2022/23

- No new hotels opened

## Upcoming hotel openings in 2023/24

- EQ West Hotel (190 rooms)
- Dorsett Perth (264 rooms)

## Quick facts

<b>1,827,171</b>	<b>0</b>	<b>71.0%</b>
International Passengers (YTD June 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 226</b>	<b>AUD 161</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Perth Airport, JLL

## Notable hotel deals YTD August 2023

- Waldorf Astoria Hotel (220 rooms)
- Haven Glebe (56 rooms)

## New notable hotels in 2022/23

- Ace Hotel Sydney (257 rooms)
- The Porter House Hotel – MGallery by Sofitel (121 rooms)
- 202 Elizabeth (38 rooms)
- Capella Sydney (192 rooms)

## Upcoming hotel openings in 2023/24

- W Hotel Sydney (586 rooms)
- TFE Hotel Surry Hills Village (102 rooms)
- 25Hours Hotel Sydney (105 rooms)

## Quick facts

<b>7,988,000</b>	<b>609</b>	<b>75.7%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>AUD 300</b>	<b>AUD 228</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: STR, Sydney Airport, JLL





# Auckland

## Tourism

Auckland’s tourism market continues to recover strongly and ahead of expectations, led by a pick up in domestic travel and followed by the full reopening of international borders back in August 2022. Prior to COVID, in 2019, total traffic through Auckland Airport totalled approx. 20 million passengers, with international passengers making up 52% of traffic. As at June 2023, YTD passenger movements totalled approx. 8 million (AIAL). However, in a strong sign of the international recovery, international passenger movements are now back to making up 50% of total traffic.

## Demand

As with the broader New Zealand recovery, Auckland has experienced a robust rebound in demand. This has largely been underpinned by pent up domestic leisure, which in turn has supported strong growth in average daily rate (ADR). Major events such as the Women’s World Cup has driven occupancy and rate peaks over the first half of the year. Corporate and business events segments are also improving. Market wide occupancy still remains 15% down on pre-COVID levels (YE July 2019), however ADR is up 14% on the same period. As a result, RevPAR still remains slightly down (-8%) on YE July 2019.

## Supply

Auckland has undergone a period of significant development activity over the past few years. Since the beginning of 2020, the market has seen 12 new hotels open across the CBD and Fringe, adding 1,834 rooms, or 20.7% increase on total supply. Major recent openings in the CBD include the Imagine Beach Road Hotel (112 rooms) and the dual-branded Holiday Inn Express & Voco Hotel (495 rooms). The city is also expected to welcome a further five new hotels, which are currently under construction. Once complete, these will add a net increase of 923 rooms or 8.4% of existing stock over the next two years (not including projects in suburban and airport markets).

## Outlook

Despite current headwinds, Auckland is expected to continue its recovery over the short-term, on the back of an increase in international demand and the ongoing rebound in corporate and business segments. We anticipate that the recent openings and upcoming increases in new supply may result in a protracted absorption period. Nonetheless, over the medium to longer term, trading performance is expected to continue normalising, and the market will likely return to more historic occupancy levels, in the mid-70% range.

## Notable hotel deals YTD August 2023

- Econo Lodge City Central (104 rooms)
- Convent Hotel (22 rooms)

## New notable hotels in 2022/23

- Imagine Beach Road Hotel (112 rooms)
- Voco Auckland (201 rooms)
- Holiday Inn Express Auckland (294 rooms)

## Upcoming hotel openings in 2023/24

- One Queen Street InterContinental Hotel (139 rooms)
- STAY by Fable, Auckland (65 rooms)
- Hotel Grand Chancellor Auckland (191 rooms)
- Horizon by SkyCity (303 rooms)
- Hotel Indigo Auckland (225 rooms)

## Quick facts

<b>4,722,726</b>	<b>607</b>	<b>71.6%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>NZD 223</b>	<b>NZD 160</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: HDNZ (TIA), Stats NZ, JLL



# Christchurch

## Tourism

Christchurch remains the key gateway city for the South Island of New Zealand, and has seen a strong tourism recovery over the past two years. The revitalised city continues to rebuild following the devastating earthquake events in September 2010 and again in February 2011. This has driven a wave of new development, infrastructure projects and tourism generators, which will continue to support domestic demand and attract further international visitation. Christchurch Airport continues to improve its air capacity and direct international flight routes, which has seen YTD domestic passenger numbers return to 89% of pre-COVID (YTD July 2019) and international movements return to 66%.

## Demand

Since it officially opened in December 2021, New Zealand’s first international-standard convention centre, Te Pae Christchurch, has hosted over 70 conferences and has strong forward booking levels. This has supported increasing visitation numbers and recovering corporate/MICE demand. Alongside a growing events calendar and concert line up, and popular surrounding Canterbury region, Christchurch also continues to develop its leisure offering. Hotel trading has recovered strongly over 2022 and into 2023, with both ADR (+19%) and RevPAR (+3%) having now surpassed relative pre-COVID levels (YE July 2019). However, as is the case across the country, occupancy still remains down (-13%) on the same period.

## Supply

Christchurch’s hotel market has experienced significant development activity over the past decade, after the market was reduced from c.3,100 rooms in 2011, to c.800 rooms post the Canterbury earthquake. In 2022, the market surpassed 2011 total stock levels for the first time, with the recent completions of The Observatory Hotel (33 rooms) and Mayfair Hotel (67 rooms). There is one additional project currently underway, set to add 84 rooms to the market by year end, the Quest on Cambridge Terrace.

## Outlook

The ongoing recovery of the Christchurch hotel market will be dependent on the increase in overseas arrivals and continued growth of the leisure market. The city has undergone recent new tourism campaigns to help attract increased visitation back to New Zealand’s South Island. It is also expected Christchurch will undergo a period of limited new hotel supply, which will continue to see the market stabilise. Occupancy anticipated to return to the low to mid-70% range over the near to medium term.

## Notable hotel deals YTD August 2023

- 96 Lichfield Hotel (110 rooms)

## New notable hotels in 2022/23

- The Observatory Hotel (33 rooms)
- The Mayfair Christchurch (67 rooms)

## Upcoming hotel openings in 2023/24

- Quest on Cambridge Terrace (84 rooms)

## Quick facts

<b>684,852</b>	<b>100</b>	<b>55.9%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)
<b>NZD 181</b>	<b>NZD 101</b>	
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)	

Note: Trading performance refers to the marketwide segment  
Source: HDNZ (TIA), Stats NZ, JLL





# Queenstown

## Tourism

Queenstown, being one of New Zealand’s premier leisure destinations, is renowned for its adventure sports, surrounding wineries and year-round activities. As such, the hotel sector and tourism industry is heavily reliant on both domestic and international holidaymakers. The recovery to date has been primarily led by the domestic market, however the reopening of international borders has seen a strong uptick in overseas arrivals. In July 2023, Queenstown Airport recorded its strongest month of international passenger movements since the onset of the pandemic, recovering to 98.5% of July 2019 levels.

## Demand

Prior to COVID (2019), international visitors comprised of 65% of guest nights sold, while domestic guests accounted for 35%. As at June 2023, this has shifted to 52% international and 48% domestic. Over the same period prior to the pandemic, FIT (free independent traveller) and Tour Groups were the dominant travel segments in Queenstown, contributing 61% and 25% of hotel guest nights, respectively. These both continue to recover over the first half of 2023, as the market returns to its normalised seasonality, of peak periods during Summer and Winter months. As at July 2023, ADR’s remain at a 14% premium to pre-COVID levels (YE July 2019), however on the back of steadily recovering occupancy, RevPAR remains 5% below 2019 levels.

## Supply

Strong trading conditions in the years prior to the pandemic, saw increased development activity within the market. In the five years to 2021, ten new hotels opened adding 1,012 rooms to the market. Recent openings included the Holiday Inn Remarkables Park and Sudima Queenstown. There are also two hotel projects that have commenced construction (although potentially appear to have stalled), set to deliver an additional 122 rooms to the market. These include the conversion of the former Discovery Lodge to a Fable Hotel Queenstown (65 rooms), as well as the construction of the Radisson Collection Hotel (54 rooms), both of which are targeting the luxury segment.

## Outlook

Queenstown’s strong demand drivers as a world-leading leisure destination, bodes well for the ongoing post-pandemic recovery. Consequently, the rebound in international arrivals and limited new upcoming supply will continue to support accommodation demand over the near-term. There remains a focus on maintaining and growing the domestic proportion of the market, as well as attracting growth in the lower shoulder months of the year.

## Notable hotel deals YTD August 2023

- No recent transactions recorded

## New notable hotels in 2022/23

- No new hotels opened

## Upcoming hotel openings in 2023/24

- Radisson Collection Hotel Queenstown (57 rooms)
- Fable Hotel Queenstown (65 rooms)

## Quick facts

<b>447,654</b>	<b>0</b>	<b>70.4%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)

<b>NZD 334</b>	<b>NZD 235</b>
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)

Note: Trading performance refers to the marketwide segment  
Source: HDNZ (TIA), Stats NZ, JLL

# Wellington

## Tourism

New Zealand’s capital, Wellington, is the country’s third largest city, and despite expectations has seen a solid tourism rebound over the past 12 months. According to Wellington Airport, overall passenger numbers have recovered strongly, with year to date (July 2023) total passengers surpassing 3.0 million. This continues to trend towards pre-COVID levels, with domestic passengers recovering 84% of YTD July 2019 and international passengers back to 74% of the same period.

## Demand

Historically, Wellington has been a primarily domestic dominated market, with domestic FIT and Corporate business, contributing circa 50% and 30% of hotel guest nights, respectively. International demand accounted for just 21% of guest nights sold. This limited exposure to the international market, has supported a resilient recovery, with ADR and RevPAR having now surpassed pre-COVID levels. Wellington also hosted the most group stage matches of any of the host cities in the Women’s World Cup. According to STR, during this July/August period the market saw the largest trading performance premiums as a result, with a 30% rise in ADR and 42% premium in RevPAR.

## Supply

Prior to the pandemic, Wellington experienced relatively muted levels of hotel development compared to other New Zealand markets. However, since 2021 the CBD market saw seven new hotels and serviced apartments come online, adding 416 rooms. The most recent opening this year include, Tryp Hotel & Apartments Wellington and Sojourn Ghuznee Apartment Hotel. The Sebel Wellington Thorndon (72 rooms) is also expected to open to the market in September. Whilst there are also several hotels that have been proposed or are in planning, given current market conditions and headwinds, these proposed projects may be deferred or abandoned.

## Outlook

The outlook for the Wellington hotel market remains positive, despite New Zealand wide headwinds such the current inflationary environment and increased cost of living. It is anticipated that as airline capacities continue to recover and grow, increased domestic and international tourists will support hotel performance and room night demand. Significant infrastructure investment, including the newly completed Tākina Wellington Convention and Exhibition Centre, will provide additional market stimulus for the city in the medium to long term.

## Notable hotel deals YTD August 2023

- Base Backpackers Wellington (60 rooms)

## New notable hotels in 2022/23

- Microtel by Wyndham Wellington Central (81 rooms)
- Quest 256 Lambton (51 rooms)
- Tryp Hotel & Apartments Wellington (76 rooms)
- Sojourn Ghuznee Apartment Hotel (75 rooms)

## Upcoming hotel openings in 2023/24

- Sebel Wellington Thorndon (72 rooms)

## Quick facts

<b>398,055</b>	<b>355</b>	<b>68.1%</b>
International Passengers (YTD July 2023)	Number of new notable hotel rooms (2022/23)	Occupancy (YTD July 2023)

<b>NZD 224</b>	<b>NZD 153</b>
Average Daily Rate – ADR (YTD July 2023)	Revenue per Available Room RevPAR (YTD July 2023)

Note: Trading performance refers to the marketwide segment  
Source: HDNZ (TIA), Stats NZ, JLL



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