# Hotels

Capital Markets Australia & New Zealand I Investment Review 2023

# Hotel Investment Market Trends

## 2022 was shaping up to be a big year for Australian hotel transactions as the industry's recovery continued to strengthen, but the rising cost of debt had some buyers hitting the brakes.

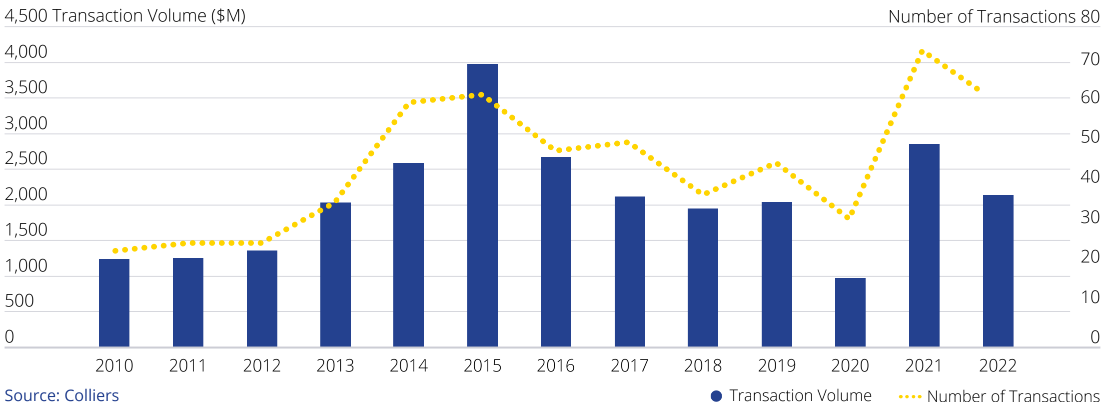
Australia's hotel investment market took pause towards the end of H1 2022 as the market adjusted and strategic decision making recalibrated against a changed economic backdrop. Higher interest rates arrived quickly and are expected to become the new normal for the foreseeable future as part of central banks' fight against inflation in the aftermath of a decade of highly dovish monetary policy.

Overall, 2022 was a strong year for Australian hotel transactions with about $2.14 billion in total transaction volume, above the long-term average but representing a decrease of 25 per cent on 2021's dollar volume. 2021 was a near-record year, beaten only by 2015.

Deal flow was dominated by smaller single asset sales with a total of 63 transactions concluding. Only one third of these occurred in the second half of the year. The timeframes for deals became extended or assets were withdrawn from the market as the dislocation between strong industry performance became juxtaposed with hotel debt capital markets. The average ticket size declined 9 per cent to $35 million, down from $38.4 million in 2021.

Market volatility and the increased cost of capital brought the market to a near standstill through the mid part of the year with only two assets transacting between August and October 2022, both of which had been in play for an extended period and represented rare opportunities to gain a foothold in Sydney's northern CBD.

### Australian Hotel Transactions 2010 to 2022




Source: Colliers


INTERCONTINENTAL SYDNEY DOUBLE BAY, NSW | COMING TO MARKET

**Front Cover:** FITZROY ISLAND RESORT, QLD | COMING TO MARKET

# Hotel Investment Market Trends

| TRANSACTION VOLUME 2022 | TRANSACTIONS 2022 | AVERAGE PRICE PER KEY 2022 | AVERAGE TICKET SIZE 2022 |
|---|---|---|---|
| $2.136B | 63 DEALS | $419K | $35M |
| -24.9% | -14.9% | 4.7% | -8.9% |
| FROM 2021 ($2.884B) | FROM 2021 (74 DEALS) | FROM 2021 ($400K) | FROM 2021 ($38M) |

**Sydney dominated activity in 2022 accounting for 45 per cent of transactional volume across 10 deals and with more assets in play. We expect 2023 will provide some rare opportunities to secure quality assets in Australia's premier hotel market.**

Sales which did occur, however, showed no signs of distress as pricing has remained robust. The key investment driver has been positive attitudes/outlooks about travel and recovery in hotel performance which has exceeded expectations. This has been further supported by a weight of capital seeking investment, particularly from offshore, after a two-year hiatus whilst international borders remained closed. Any change to cap rates from higher interest rates is also being offset by projected income growth. Trading in Sydney in particular is shaping up for a very strong 2023. Against this backdrop, the average price per key increased in 2022 when compared to 2021 to around $419K.

Source: Colliers

# Hotel Investment Market Trends

## Offshore Capital Ramps Up

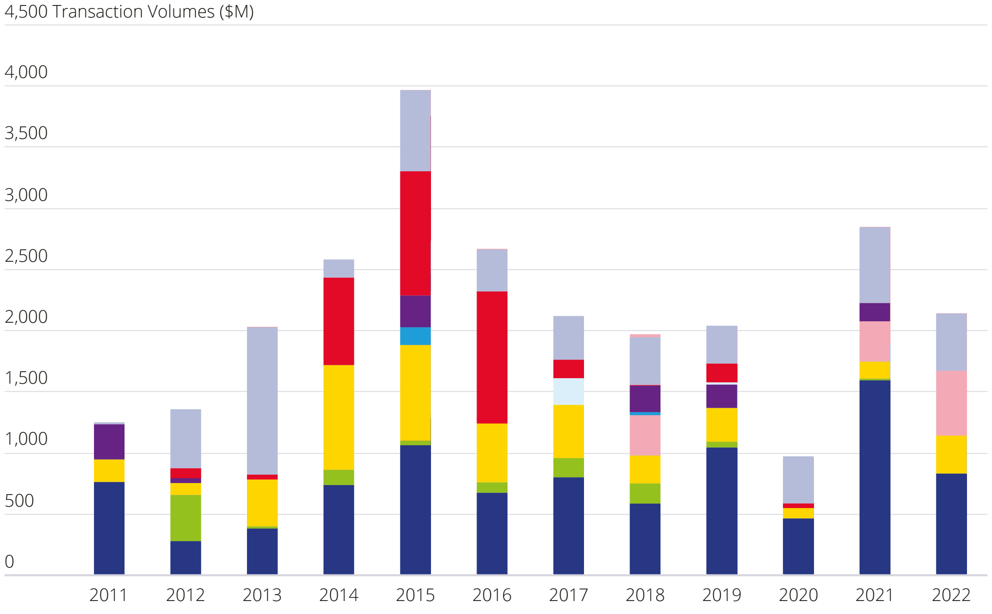
Offshore capital investing in Australian hotels increased through 2022 after a two-year lull. Offshore investors accounted for 61.4 per cent of deal flow, well above the 50 per cent average and with investors from Singapore the most active but with increased inquiry and activity from offshore groups through the second half of the year.

Whilst Chinese investors have continued to selldown their Australian hotel real estate holdings in 2022, the reopening of international borders in early 2023 after three years could see this trend reverse, with visitor arrivals from China expected to return to pre-pandemic levels by 2026 as outlined later in the demand section of this report. These forecasts pre-dated the recent border reopening.

While volatility in currency movements is a short-term cause for concern, investors seeking to utilise a currency or hedging advantage could move into the market quickly while other investors take a back-seat. Singaporeans have been quick to move, noting the changed market dynamics and are traditionally deft players in periods of capital and currency market displacement.

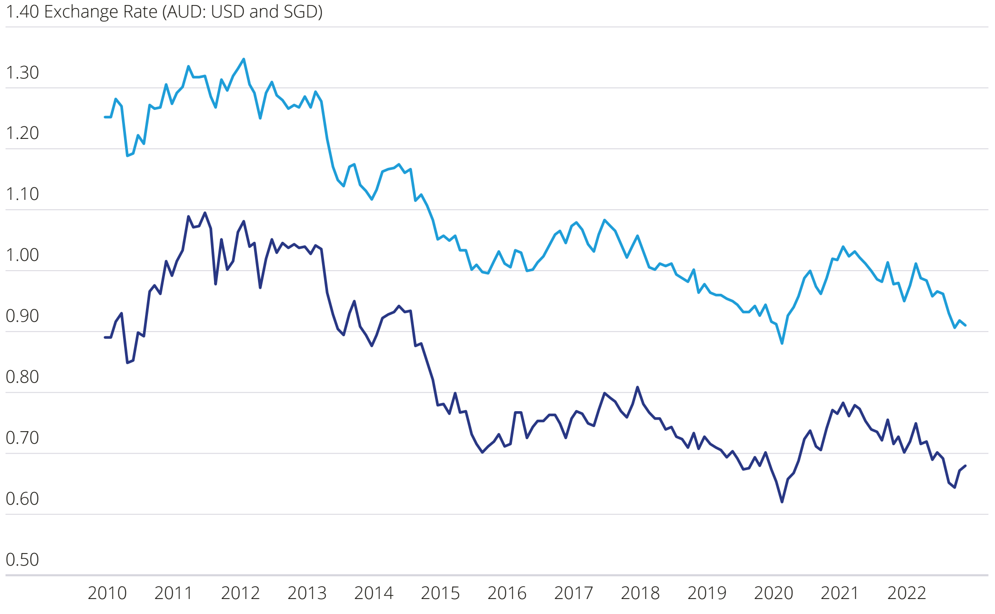
Australia looks interesting for dollar-based buyers, but it's hard to see the PE funds being particularly active in the near term. That will, of course, change if there is any sign of distress which is not thought likely. We expect to see the greatest activity from long-standing Asian investors, particularly from Singapore, who do not require significant leverage and see long-term value. The Australian dollar hit a low in October 2022 against the Singapore dollar of 0.91. This compares to an average of 1.11 over the decade prior.

### Australian Hotel Transactions - Origin of Purchaser by Value




Source: Colliers

### Australian Dollar – Comparison to USD and SGD 2010 to 2022




Source: Reserve Bank of Australia, Colliers

# Hotel Investment Market Trends

The city-state has also become an attractive hub for family offices (FOs) thanks to its low taxes and relative security. This surge encompasses new Asian FOs as well as satellite offices of FOs from Europe and North America keen to tap on regional growth and explore co-investment opportunities and is part of a wider global phenomenon. Singapore saw the number of FOs multiply fivefold from 2017 to 2019 and the Monetary Authority of Singapore estimates that there were 700 in place by the end of 2021, up from 400 a year earlier.

According to Wealth-X's 2021 Billionaire Census, Asia's billionaire population increased by 16.5 per cent in 2021. The continent is now home to more than a quarter of the world's 2,754 billionaires and is projected to account for one-third of the world's billionaires by 2023. This explosive growth of wealth and a proliferating network of contacts is expanding direct investment opportunities for Asian families, many of whom have a strong affiliation with hotels. This has created a regional boom of both single-family offices (SFOs) and multi-family offices (MFOs) in Singapore.

## Millionaires and Billionaires in the Wealthiest Cities

| RANK | CITY | COUNTRY | MILLIONAIRES | BILLIONAIRES |
|---|---|---|---|---|
| #1 | New York | United States | 345,600 | 59 |
| #2 | Tokyo | Japan | 304,900 | 12 |
| #3 | San Francisco | United States | 276,400 | 62 |
| #4 | London | United Kingdom | 272,400 | 38 |
| #5 | Singapore | Singapore | 249,800 | 26 |
| #6 | Los Angeles | United States | 192,400 | 34 |
| #7 | Chicago | United States | 160,100 | 28 |
| #8 | Houston | United States | 132,600 | 25 |
| #9 | Beijing | China | 131,500 | 44 |
| #10 | Shanghai | China | 130,100 | 42 |
| #11 | Sydney | Australia | 129,500 | 16 |
| #12 | Hong Kong | China (SAR) | 125,100 | 28 |
| #13 | Frankfurt | Germany | 117,400 | 14 |
| #14 | Toronto | Canada | 116,100 | 17 |
| #15 | Zurich | Switzerland | 105,100 | 12 |
| #16 | Seoul | South Korea | 102,100 | 25 |
| #17 | Melbourne | Australia | 97,300 | 12 |
| #18 | Dallas | United States | 92,300 | 18 |
| #19 | Geneva | Switzerland | 90,300 | 16 |
| #20 | Paris | France | 88,600 | 15 |
| **Top 20 Cities** | | | **3,259,600** | **543** |

Source: Uses information from the Henley Global Citizens Report, in partnership with New World Wealth, to rank the world's wealthiest cities and leverages a comprehensive data set that tracks the movements and spending habits of high-net-worth individuals in over 150 cities around the world. Millionaires are defined as individuals with a net worth greater than $1 million USD.

# Hotel Investment Market Trends

### The Bid-Ask Spread is Narrowing

**The bid-ask spread started to narrow towards the end of 2022 with an uptick in transaction activity during the fourth quarter and is expected to continue to become more aligned through 2023 resulting in higher levels of activity.**

### Sellers

From the seller's perspective, most had a very strong year, and some will even end 2022 with record profits. Owners who have strong cash flow and significant remaining term on their loans, say three years and more, will either hold on to their properties, or, if they do transact, will use the in-place debt and its existing terms to drive value.

On the other hand, owners with short debt maturities and/or large capital expenditure needs may have to transact. These hotels will struggle to meet the financing extension tests and those that are maturing are going to have to source capital that could be twice as expensive.

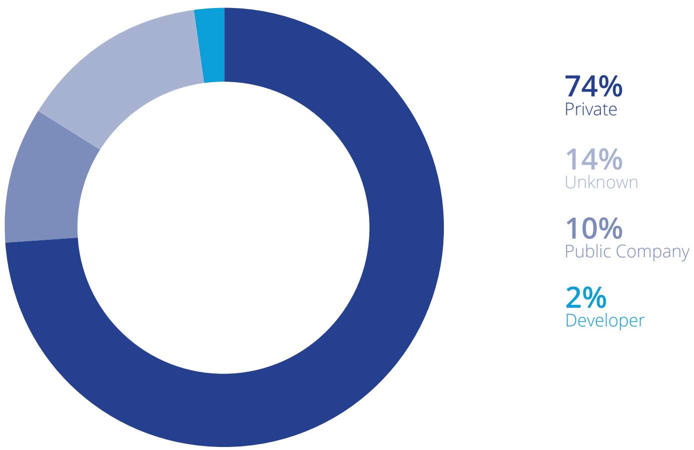
Assets that are still ramping up or haven't achieved peak trading are also going to be challenged to accommodate the increase in debt service and other inflationary pressures which may motivate these owners to sell. This follows the additions of more than 13,000 rooms over the past three years.

Investment and access to finance are needed at the asset level. Hotels will need support to update service delivery, pivot to alternative markets and adjust business models, take advantage of new opportunities and integrate digital and low-carbon solutions to meet policy obligations.

However, after two years of limited operations and multiple closures, some owners have limited cash reserves to relaunch and invest in their asset which may lead them to exit.

350 WILLIAM STREET, MELBOURNE, VIC | COMING TO MARKET

### Australian Hotel Transaction 2022 by Seller Type




Source: Colliers

# Hotel Investment Market Trends

## Buyers

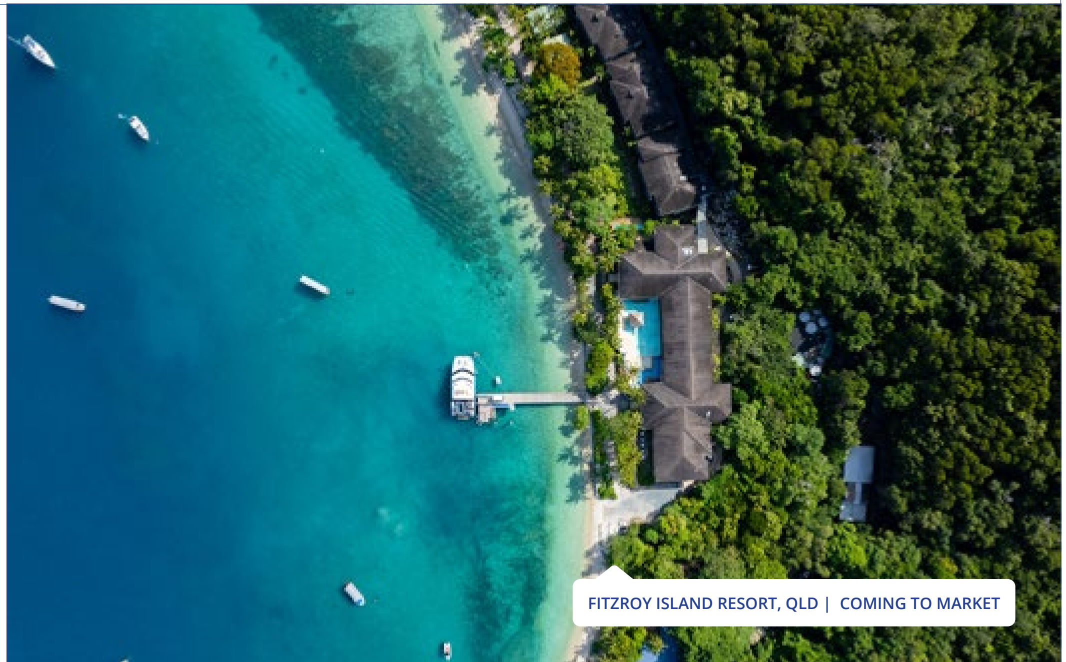
As always, property fundamentals like asset condition and quality, location, market potential and branding will drive the most successful deals, but motivated all-cash buyers or low leverage buyers may win the day in the present financial environment, as well as those buyers who are creative with their capital structure.

From the buyer's perspective, the 300 basis points increase in the cash rate is a real cost and is being factored into pricing and thus cap rates. For the strategic long-term hotel investors and private cash buyers, that environment is manageable but for investors who have short term holds, a quantum change has occurred.

Whilst investment funds accounted for 49 per cent of deal flow in 2022, this comprised a number of high value deals. Private buyers and owner operators closed numerically more sales which together comprised 41 per cent of the total volume.

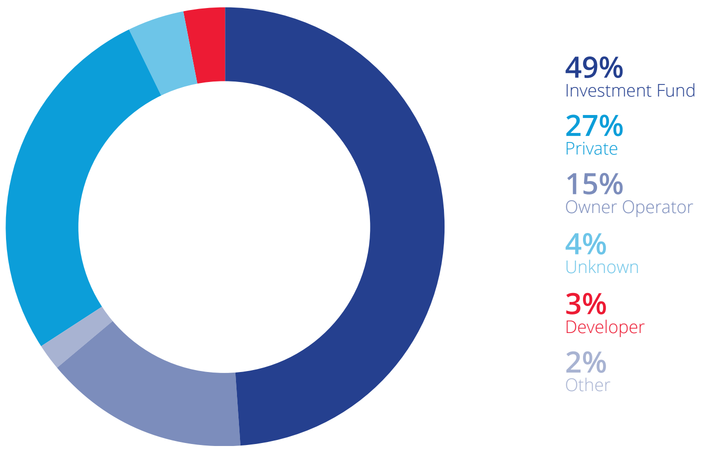
Private buyers are expected to continue to dominate early in 2023 and with growing activity from regional family offices with Singapore being a significant hub. All cash buyers and/or buyers with deep banking relationships have a material competitive advantage over the rest of the market right now. The advantage of all-cash is obviously the elimination of expensive debt, but it also provides certainty to a seller and could speed up the closing timeline.

Many opportunistic funds are holding on to dry powder or slowing down acquisitions as external pressures continue to build and the belief that better buying will materialise later in 2023. Whilst asset level performance remains robust, there is considerable fatigue and headwinds for many hotel owners with higher debt costs, limited debt available, capex requirements and ownership pressures given the disruption through the pandemic which has the potential to create the perfect storm to acquire hotels opportunistically. But it may not pay to wait.



FITZROY ISLAND RESORT, QLD | COMING TO MARKET

### Australian Hotel Transaction 2022 by Buyer Type




Source: Colliers

# Hotel Trading Snapshot

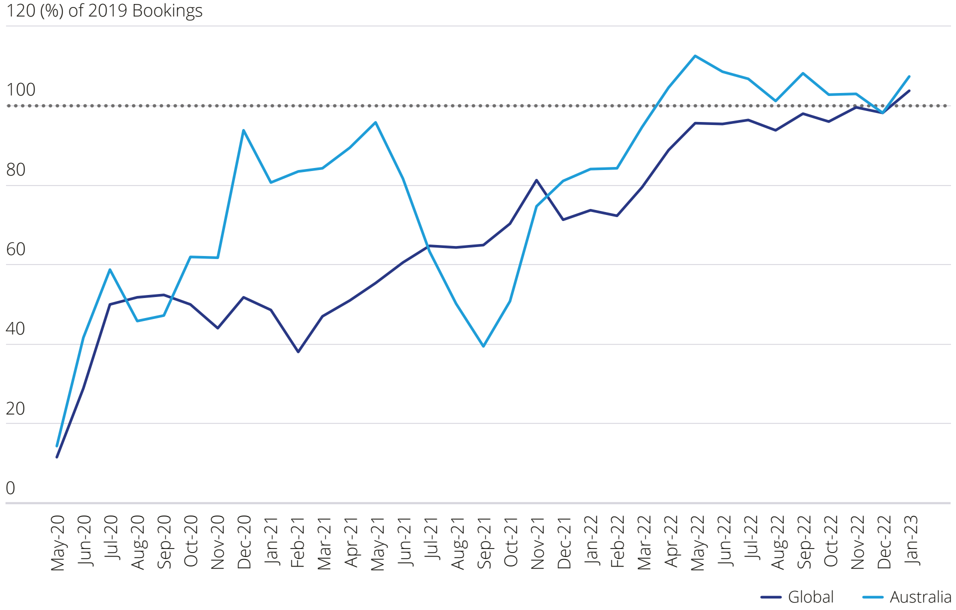
**The Australian accommodation industry recovered at a faster pace through 2022 than what was originally anticipated at the start of the year. The opening of the Australian border in November 2021 allowed for the flow of pent-up leisure demand, followed by the return of MICE and corporate demand.**

### Australian Hotel Bookings trend well above the global

According to SiteMinder's World Hotel Index the volume of hotel bookings in Australia built significantly from November 2021 and through the summer months at a level well above the global average as Australia's tourism industry benefitted from the reopening of state borders and the relaxation of restrictions which coincided with the peak summer holiday period. This buoyant period extended throughout 2022 and with notable peaks in May and September at 112 per cent and 108 per cent respectively. This was in spite of a growing number of Australians heading overseas through the year.

RYDGES SYDNEY HARBOUR, NSW | SOLD BY COLLIERS

### Bookings as a proportion of 2019 bookings – Australia v Global Hotel Bookings




Source: SiteMinder World Hotel Index, Colliers

At the start of December 2022, hotel bookings in Australia had moderated before trending up again through the month to finish the year at 107 per cent of the 2019 level as Australians embraced a "freedom Christmas" without COVID restrictions or bushfire smoke. After several years of disrupted summers, Australians were keen to spend time with family and friends, travel and generally celebrate with many taking an extended break.

# Hotel Trading Snapshot

## New Room Rate Cycle

Poor performance over the COVID era led to massive growth in year-over-year demand, which in turn stimulated average daily rate growth. Hotel rates across the country faced further external pressure from well-above-average inflation, and as a result, ADR recovered much faster than demand through 2022. All ten major accommodation markets saw rates increase to be above 2019 levels and this was in spite of the adverse impacts of Omicrom and the floods in early 2022.

Hotels offer a unique proposition in a high inflationary environment with an immediacy of income which is highly desirable in this market. Marked-to-market on a daily basis, hotels have the ability to pass on rising costs immediately with dynamic pricing models that do not need to wait for annual contract terms to be reset.

Hotels in Darwin recorded the strongest growth in ADR, surging 48.7 per cent over the pre-pandemic level. The major leisure markets also recorded strong gains as holiday travel underpinned the recovery. Growth in Sydney and Melbourne was more muted by comparison but still respectable with double-digit gains.

ADR may decline year over year due to new supply or an industry slowdown, but today's higher rates are largely expected to be maintained even as demand rebalances. Hotel owners learned valuable lessons during the pandemic with good operators achieving breakeven points previously unheard of in the global hotel operating landscape.

### CY 2022 Average Room Rates compared to CY 2019

| Location | ARR CY 2022 | ARR CY 2019 | % Change |
|---|---|---|---|
| Darwin | $217.4 | $146.2 | 48.7% |
| Cairns | $214.6 | $148.3 | 44.7% |
| Brisbane City | $227.4 | $159.9 | 42.2% |
| Gold Coast | $270.3 | $196.8 | 37.3% |
| Adelaide City | $198.2 | $154.4 | 28.4% |
| Perth City | $213.3 | $170.6 | 25.0% |
| Canberra | $205.4 | $170.5 | 20.5% |
| Hobart | $216.1 | $184.1 | 17.4% |
| Melbourne City | $238.5 | $205.9 | 15.8% |
| Sydney City | $291.8 | $252.6 | 15.6% |

Source: STR, Colliers

## Labour Challenge Should Ease as Students Return

As we move into 2023, labour shortages are expected to ease with universities reporting unprecedented demand from foreign students, sending visa applications 40 per cent above pre-COVID levels, driven by huge demand from students from India and the subcontinent. This is also reflected in the visitor arrival statistics provided later in this report.

The number of visa applications from India outnumbered those from China for the first time in December, while there were also big increases in applicants from Nepal, Colombia and the Philippines.

While China remains the largest source country for student enrolments, booming applications from India are behind the growth this year, according to preliminary data as shown below. The immigration department processed a total of 204,000 visas in the six months to December through a mix of tidying up a massive backlog in applications alongside new visas.

Universities across Australia confirmed the resurgence in the international student market – which generated $40 billion in export revenues to the economy in 2019, before the pandemic closed borders throughout 2020-21.

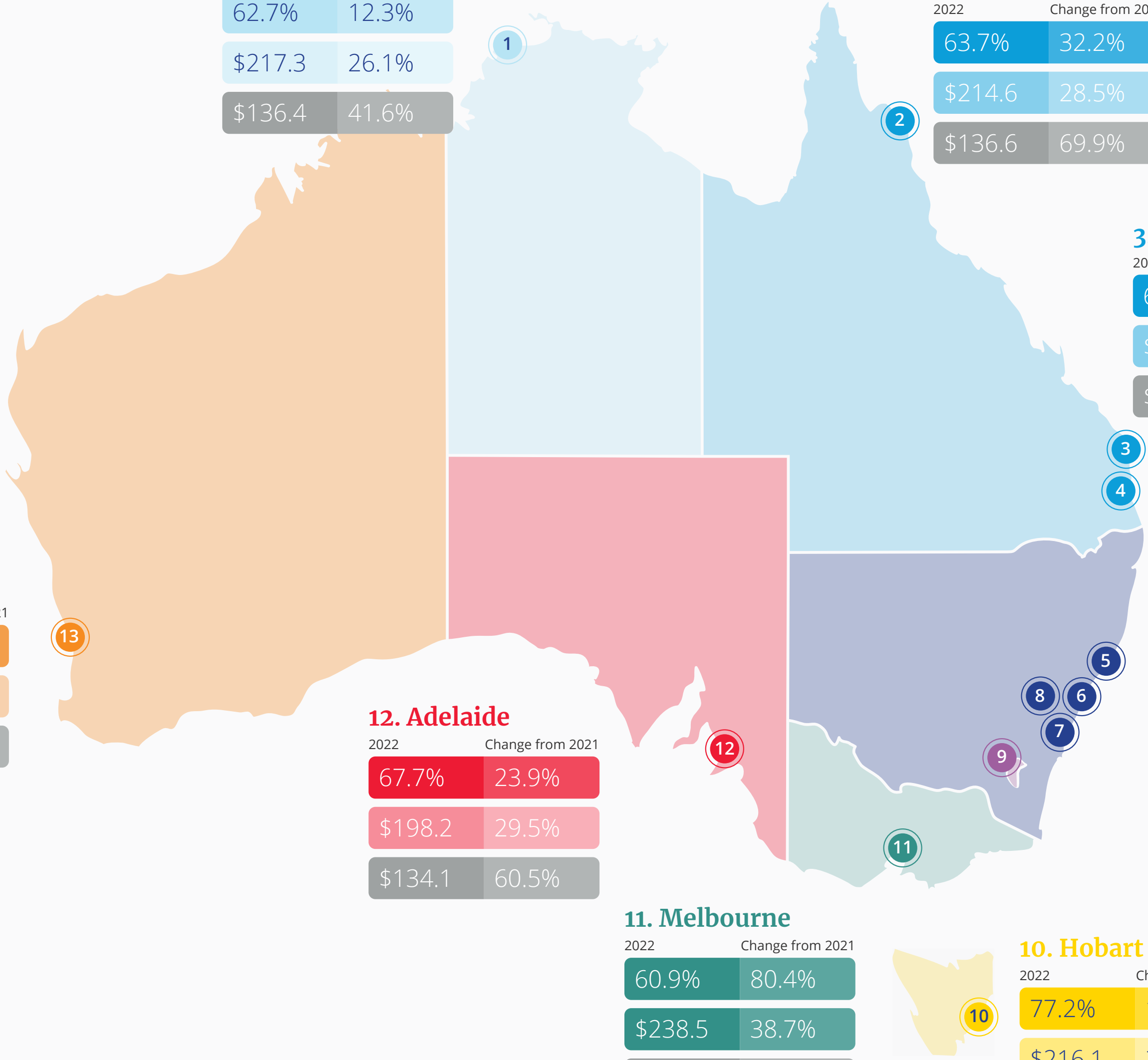
As at 29th January 2023 Chinese students enrolled in Western Universities have been directed to travel to return to face-to-face teaching before the new academic year begins in the middle of February. This directive will positively impact the flow of students to Australia.

### Top 10 Student Visa Holders by Citizenship as at Q4 2022

| Visa Type | In Australia | Outside Australia | Total | % Outside Australia |
|---|---|---|---|---|
| China | 79,053 | 40,054 | 119,107 | 34% |
| India | 59,958 | 8,017 | 67,975 | 12% |
| Nepal | 39,687 | 2,561 | 42,248 | 6% |
| Colombia | 16,123 | 4,285 | 20,408 | 21% |
| Vietnam | 16,920 | 2,539 | 19,459 | 13% |
| Thailand | 15,213 | 2,450 | 17,663 | 14% |
| Philippines | 12,746 | 1,723 | 14,469 | 12% |
| Brazil | 12,140 | 2,047 | 14,187 | 14% |
| Indonesia | 12,363 | 1,750 | 14,113 | 12% |
| Malaysia | 10,866 | 1,444 | 12,310 | 12% |
| Other | 115,060 | 21,680 | 136,740 | 16% |
| **Total** | **390,129** | **88,550** | **478,679** | **18%** |

Source: Australian Government, Department of Education

# Hotel Trading Snapshot




### 1. Darwin

| 2022 | Change from 2021 |
|---|---|
| 62.7% | 12.3% |
| $217.3 | 26.1% |
| $136.4 | 41.6% |

### 2. Cairns

| 2022 | Change from 2021 |
|---|---|
| 63.7% | 32.2% |
| $214.6 | 28.5% |
| $136.6 | 69.9% |

### 3. Brisbane

| 2022 | Change from 2021 |
|---|---|
| 67.2% | 38.6% |
| $227.3 | 31.1% |
| $152.8 | 81.8% |

### 4. Gold Coast

| 2022 | Change from 2021 |
|---|---|
| 70.2% | 38.9% |
| $270.3 | 22.3% |
| $189.9 | 69.9% |

### 5. Newcastle

| 2022 | Change from 2021 |
|---|---|
| 70.3% | 33.2% |
| $197.1 | 14.5% |
| $138.6 | 52.5% |

### 7. Sydney Airport

| 2022 | Change from 2021 |
|---|---|
| 69.6% | 62.1% |
| $177.9 | 20.3% |
| $123.8 | 94.9% |

### 6. Sydney

| 2022 | Change from 2021 |
|---|---|
| 62.2% | 71.2% |
| $291.8 | 33.3% |
| $181.7 | 128.1% |

### 8. Parramatta Area

| 2022 | Change from 2021 |
|---|---|
| 66.2% | 85.2% |
| $203.5 | 32.4% |
| $134.6 | 145.3% |

### 13. Perth

| 2022 | Change from 2021 |
|---|---|
| 64.3% | 17.0% |
| $213.3 | 16.7% |
| $137.2 | 36.6% |

### 12. Adelaide

| 2022 | Change from 2021 |
|---|---|
| 67.7% | 23.9% |
| $198.2 | 29.5% |
| $134.1 | 60.5% |

### 11. Melbourne

| 2022 | Change from 2021 |
|---|---|
| 60.9% | 80.4% |
| $238.5 | 38.7% |
| $145.2 | 150.1% |

### 10. Hobart

| 2022 | Change from 2021 |
|---|---|
| 77.2% | 18.7% |
| $216.1 | 25.6% |
| $166.7 | 49.0% |

### 9. Canberra

| 2022 | Change from 2021 |
|---|---|
| 70.3% | 62.5% |
| $205.4 | 20.4% |
| $144.3 | 95.6% |

- Occupancy
- Average Room Rate
- Revenue Per Available Room

Source: STR, Colliers

# Demand Trends and Outlook

**The tourism recovery in 2022 exceeded expectations. The easing of localised and domestic restrictions at the start of 2022 led to a pick-up in domestic tourism and a renewed focus and recognition of its importance, as destinations and businesses looked to mitigate the loss of international markets. This was supported by increased domestic marketing, travel vouchers and subsidies to stimulate domestic tourism demand.**

For the first time since the start of the pandemic, Tourism Research Australia (TRA) published forecasts at the end of 2022 on domestic and international travel, a summary of which is provided here along with other tourism trends. While domestic tourism is projected to recover to pre-pandemic levels by 2023, the full recovery of international tourism is now expected to take up until 2025, or beyond.

## Domestic Tourism

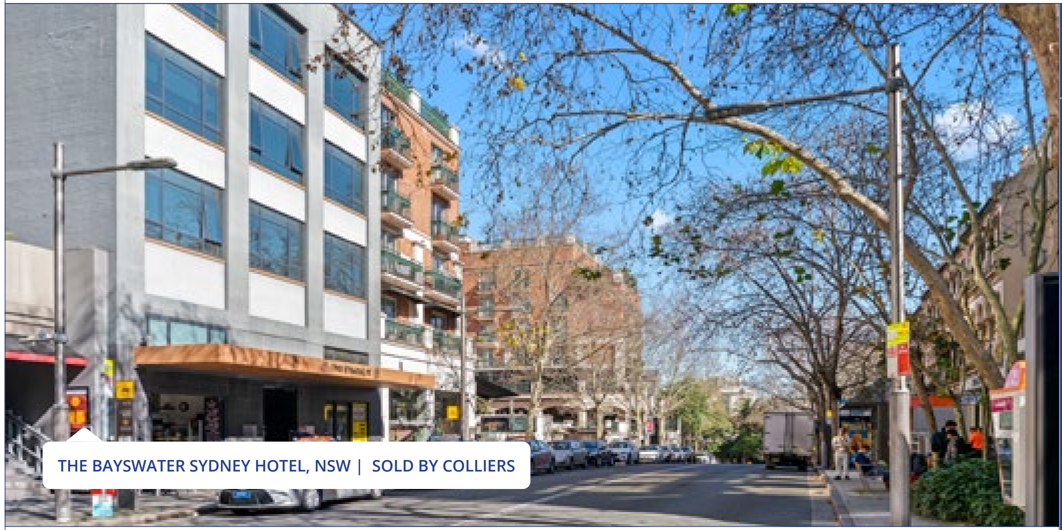
Domestic tourism, which accounts for a large majority of the total Australian visitor economy, was severely affected by the pandemic but Australians were quick to embrace domestic travel whenever lockdowns and travel restrictions were eased.

With travel restrictions easing through 2022, the recovery in domestic travel progressed quickly. Over the year to September 2022, there were:

| DOMESTIC DAY TRIPS | DOMESTIC OVERNIGHT TRIPS | DOMESTIC VISITOR NIGHTS |
|---|---|---|
| +77% | +92% | +96% |
| $144.0M ON THE SAME PERIOD IN 2019 | $80.60M ON THE SAME PERIOD IN 2019 | $302.0M ON THE SAME PERIOD IN 2019 |

Meanwhile, domestic overnight trip spend was up 22 per cent to $73.5 billion and domestic day trip spend up 2 per cent to $19.7 billion on the same period in 2019. While rising travel costs have played a part in these positive results, longer average trips and increased holiday travel also boosted overnight spend.

# Demand Trends and Outlook



THE BAYSWATER SYDNEY HOTEL, NSW | SOLD BY COLLIERS

## Purpose of Travel

Domestic holiday travel was the engine room for the visitor economy through the worst of the pandemic.

From March 2020 to December 2021, holiday travel contributed 45 per cent or 351.0 million of all visitor nights and 52 per cent or $81.2 billion of total overnight trip spend. This compares with rates of 41 per cent and 44 per cent respectively in 2019.

Holiday travel is continuing to perform strongly. Over the year to September 2022, holiday nights were up 7 per cent and spending on overnight holiday trips up 46 per cent on the same period in 2019.

Overall, it is forecast there will be 183.9 million visitor nights for the purpose of holiday in 2022, well above the pre-pandemic mark.

### Outlook for Domestic Holiday Travel by State – Overnight Trips (000's)

| | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|---|---|---|---|---|---|---|---|
| 2022E | 50 943 | 37 865 | 49 435 | 12 007 | 18 281 | 8 038 | 5 151 | 2 227 |
| 2023F | 52 740 | 38 855 | 49 877 | 12 296 | 18 883 | 8 296 | 5 208 | 2 405 |
| Year-on-Year | 3.5% | 2.6% | 0.9% | 2.4% | 3.3% | 3.2% | 1.1% | 8.0% |
| 5-year Growth | 2.6 | 2.1 | 1.4 | 1.8 | 2.4 | 2.0 | 1.1 | 4.3 |

Source: Tourism Research Australia, Colliers

## Spotlight on Business Travel

**There has been a strong shift in business tourism trends since the start of the pandemic, and this is being further impacted by the acceleration of digitalisation and remote working.**

Pre-pandemic, business travel represented approximately 12% of global international tourism arrivals, or 175 million visitors in 2018 (UNWTO, 2021). The advances in information and communication technology required to sustain economies through prolonged global shutdowns have significantly decreased, at least in the short term, the perceived need for business travel, with in-person meetings and conferences being replaced by virtual and hybrid options.

Some parts of the sector are adapting to the new virtual workspace by promoting 'digital nomadism' rather than relying on a complete recovery of business travel, particularly international business travel whilst flight costs remain elevated. Accommodation providers are shifting business models to cater these changes for example through the inclusion of co-living spaces that include hotel services and combine a place to live with a place to work and focus on the local use of hotels.

Travel for business was hardest hit in Australia as the pandemic progressed and has recovered more slowly than holiday travel. Over the year to September 2022, visitor nights were 18 per cent for business on the same period in 2019.

Business travel is expected to continue to recover through 2023 and remain strong over the next five years but the strongest outlook is for the southern states of Victoria, South Australia and Tasmania. These state capitals have seen some of the most significant increases in room supply over the past three years.

### Outlook for Domestic Business Travel by State – Overnight Trips (000's)

| | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|---|---|---|---|---|---|---|---|
| 2022E | 18 916 | 11 338 | 19 155 | 4 624 | 17 414 | 1 442 | 3 043 | 2 089 |
| 2023F | 20 772 | 12 601 | 20 870 | 5 188 | 18 243 | 1 630 | 3 396 | 2 247 |
| Year-on-Year | 9.8% | 11.1% | 9.0% | 12.2% | 4.8% | 13.0% | 11.6% | 7.5% |
| 5-year Growth | 5.4 | 6.2 | 5.0 | 6.2 | 2.9 | 7.1 | 5.9 | 4.2 |

Source: Tourism Research Australia, Colliers

# Demand Trends and Outlook

## Outbound Travel

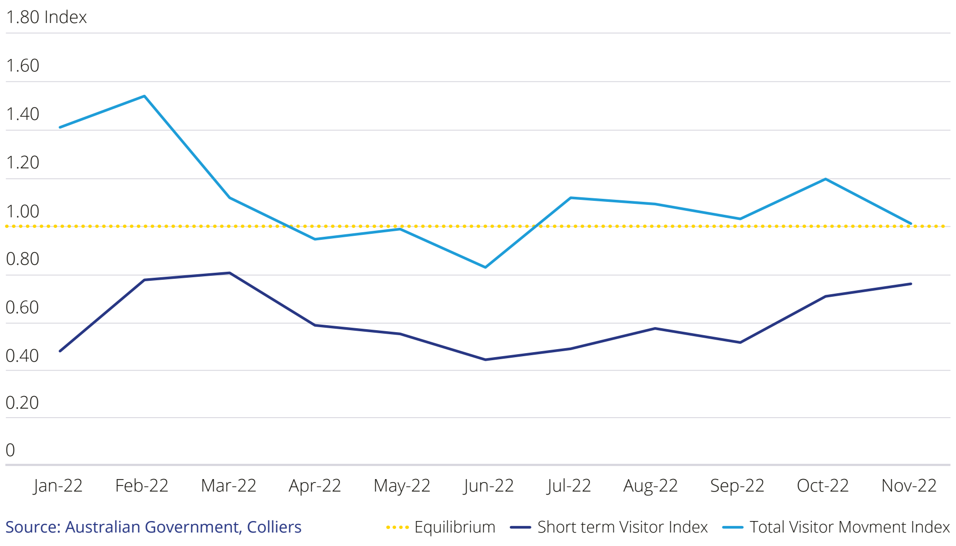
For an extended period leading into the pandemic, Australians enjoyed an increasing number of outbound trips each year. This saw short-term outbound departures nearly double from 6.1 million to 11.6 million between 2008 and 2019. COVID-19 brought this trend to an abrupt end with just 529,000 outbound departures in 2021.

The reopening of our borders provided the opportunity for Australians to travel overseas. YTD November 2022, there were 5.2 million Australian resident departures compared with 3.0 million international arrivals to Australian shores. Over the forecast period, this divergence is expected to widen, re-establishing the pre-pandemic state.

The rate at which Australians return to overseas travel is a risk to domestic tourism activity over the forecast period. Outbound departures are rebounding quickly and are expected to move above pre-pandemic levels in 2025.

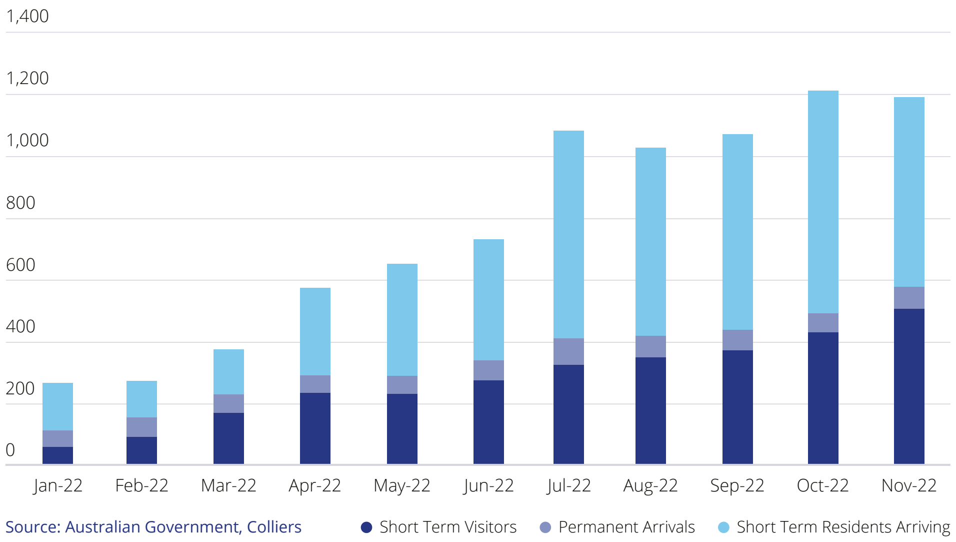
By 2024, the dampening effect on domestic tourism demand from the time and money Australians spend on travel abroad is expected to increase considerably, exacerbating cost-of-living pressures.

## Australian Visitor Index – to November 2022




Source: Australian Government, Colliers

## International Visitor Arrivals to Australia – YTD November 2022 (000's)




Source: Australian Government, Colliers

## International Tourism

International tourism was decimated by the crisis and with the recovery in 2022 driven by pent-up demand and the lifting of travel restrictions in most countries. The closure of international borders and introduction of travel restrictions saw international tourist arrivals worldwide plummet by 72% to 409 million in 2020, with only a marginal improvement in 2021 (UNWTO, 2022). This dramatic drop in international tourism flows followed six decades of consistent growth.

In Australia, International visitor arrivals to Australia grew 70 per cent between 2009 and 2019, an average annual growth rate of 5.5 per cent. Arrivals peaked at 9.5 million in 2019 or an average of 789,000 arrivals per month. In the months following the COVID-19 closure of international borders, arrivals reduced to a trickle.

The staged reopening of Australia's international borders from December 2021 has seen a promising restart of international visitation. International arrivals have steadily increased. YTD November 2022, there were 3.0 million visitor arrivals, 17 times the number for the same period in 2021 but only 36 per cent of the number seen in January to November 2019.

# Demand Trends and Outlook

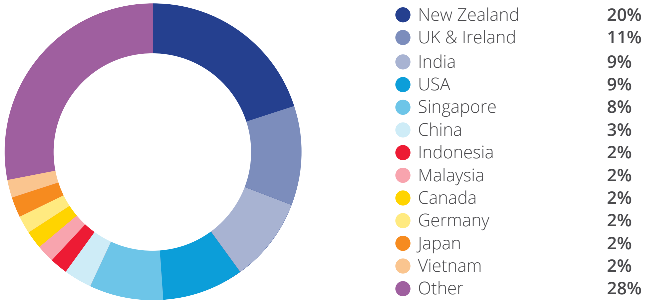
The top tourism destinations and markets have also shifted around the world, reflecting the uneven impact and recovery across countries. While travel restrictions are lifting, geopolitical uncertainty and the absence of key source markets due to COVID-19 and Russia's war in Ukraine is also expected to impede the tourism recovery. The U.S. and Europe reopened and ended restrictions earlier, while many Asia-Pacific countries only fully allowed travel as of the third quarter of 2022 which has impacted the return of international travel to Australia and resulted in a shift in key source markets.

New Zealand, United Kingdom, India, Singapore and USA have topped the major markets whereas notable absentees include Hong Kong, Korea and with a marked reduction in arrivals from China.

A continued increase in aviation supply is critically important to recovery in international travel to Australia. This is highlighted by the faster rebound for visitor markets where direct and/or gateway hub aviation supply has progressed more quickly in 2022. Examples include India, United Kingdom and Singapore.

Over the year to September 2022 (latest data available), passenger movements through Australian airports increased considerably compared to 2021 but still remain 30 per cent below the level recorded over the same period in 2019. Domestic passenger movements have recovered more quickly to represent a 20 per cent shortfall over the period whereas international passenger throughput remains 63 per cent below 2019.

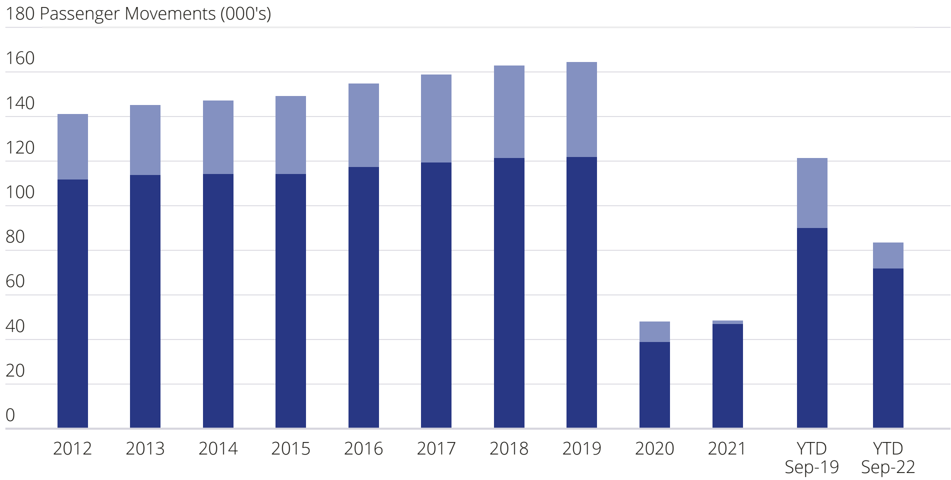
### Major Source Markets - International Visitor Arrivals to Australia YTD November 2022




Source: Australian Government, Colliers

The forecasts point to different rates of recovery for some of Australia's leading international source markets. India and New Zealand are expected to recover most quickly. The turnaround is forecast to take longer for the United States, United Kingdom, Europe, and Japan.

### Passenger Movements – All Australian Airports 2012 to YTD September 2022




Source: BITRE, Colliers

### Spotlight on China

Pre-pandemic, China was Australia's leading visitor market contributing 15 per cent of arrivals and 33 per cent of spend in Australia in 2019.

Given this, the recovery path of the China market over the next five years is particularly important to Australia's visitor economy.

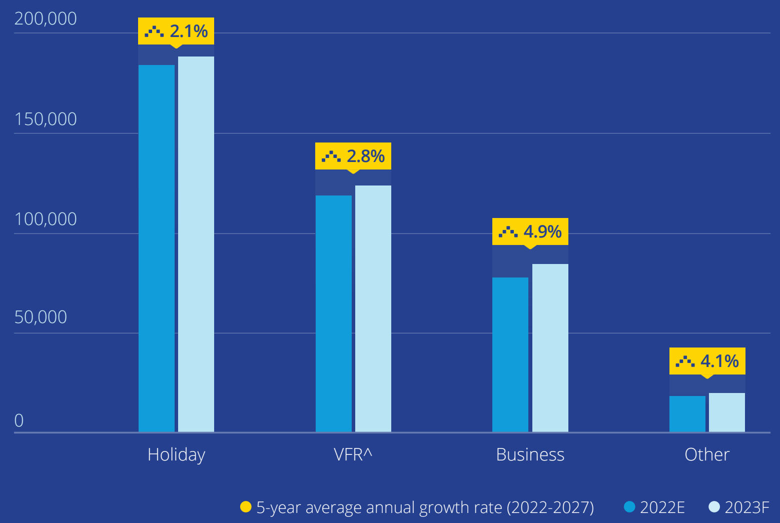
It is important to note that forecasts pre-date the relaxation of international tourism restrictions from early 2023 and project visitor arrivals from China to return to pre-pandemic levels by 2026. The potential impact on the forecasts from a slower or quicker recovery in the China market is therefore of great significance. There are many factors that support a strong turnaround in visitation once travel restrictions ease, for example:

- China's outlook for economic growth relative to most developed countries
- China's growing middle-class with aspirations to restart their travel activity
- Australia's status as a relatively short-haul destination for Chinese travellers
- Chinese residents' desire to visit family and friends living and/or studying in Australia
- Australia's reputation as a destination of choice for international students.

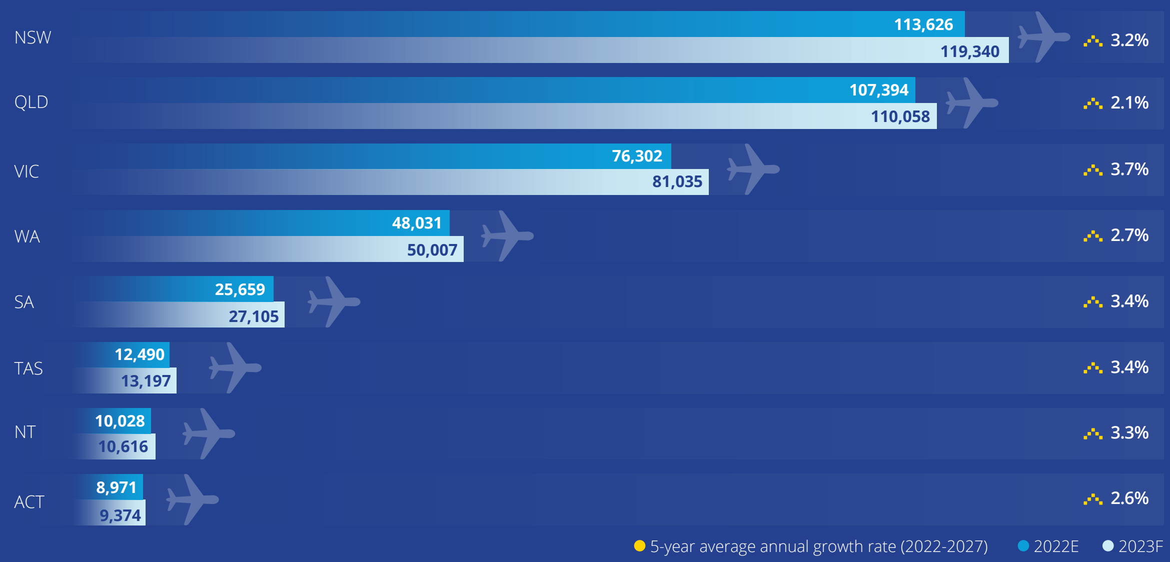
# Demand Trends and Outlook — Tourism Forecasts Snapshot

Domestic Tourism

VISITOR NIGHTS (000'S) - 2022E & 2023F

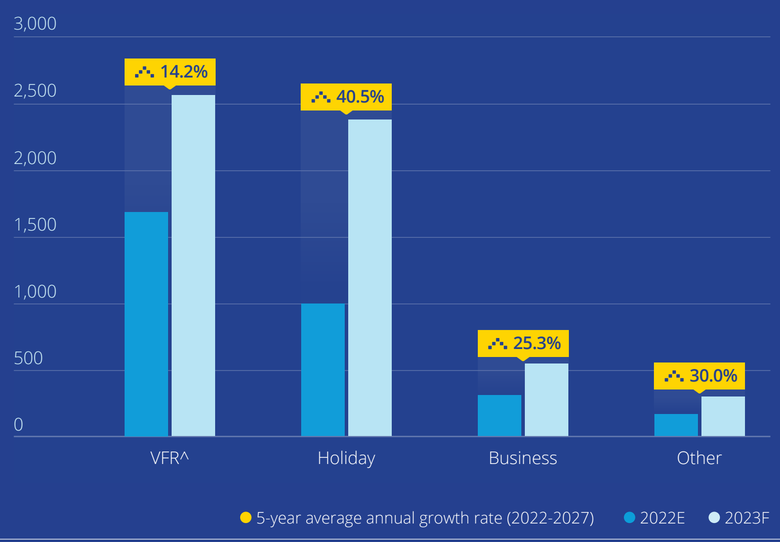



OVERNIGHT TRIPS (000'S) - 2022E & 2023F




International Arrivals

ARRIVALS (000'S) BY PURPOSE OF VISIT - 2022E & 2023F




ARRIVALS (000S) BY COUNTRY - 2022E & 2023F


Source: Tourism Research Australia, Colliers

# Demand Trends and Outlook

### Downside Risks to the Forecasts

Strong pent-up demand and the availability of savings accumulated through the pandemic have seen global travel recover strongly in 2022. They are again forecast to provide travel with a buffer against the worsening global slowdown in 2023. By 2024, however, travel as a discretionary form of expenditure, is expected to be fully exposed to global economic conditions.

The global economic outlook deteriorated throughout 2022. Uncharacteristically, all major global economies are slowing quickly although the challenges appear most acute for Western Europe and North America. In these regions, risk of recession is considerable.

Australia has not escaped the economic challenges faced globally. The recently announced Federal Budget forecasts economic growth to fall from 3.3 per cent this year to 1.5 per cent in 2023. Meanwhile, the November RBA forecasts predicted inflation to peak at 8.0 per cent in December quarter 2022 and remain at elevated levels through 2023 and 2024. This is increasing cost-of-living pressures on Australian households.

The domestic tourism forecasts predict a slowing of growth in 2024. However, there is a downside risk that the growing cost of living pressures may have a more immediate, larger and/or longer impact on Australians' domestic travel behaviour than forecast.

# Supply Trends and Outlook

## Australia's accommodation market continued to expand with the opening of around 3,420 rooms through 2022 in the ten major markets*.

Whilst projects opening in 2022 represented a moderation from the more than 5,000 rooms which opened in 2021, the expansionary phase of the hotel market cycle is expected to continue over the medium term with a further 12,517 rooms currently under construction and scheduled to open over the next three years. This will result in a 8 per cent increase on the December 2021 base inventory.

Growth in the traditional accommodation is however being offset by a reduction in Short Term Rental Accommodation (STRA) in most markets. This trend has been a consequence of increased demand for higher density housing and steadily growing levels of overseas migration which is contributing to rising rents and leading more investors to move STRA stock to the long-term rental market. This trend is helping to alleviate any potential impairment from increased hotel supply and is a positive outcome for hoteliers.

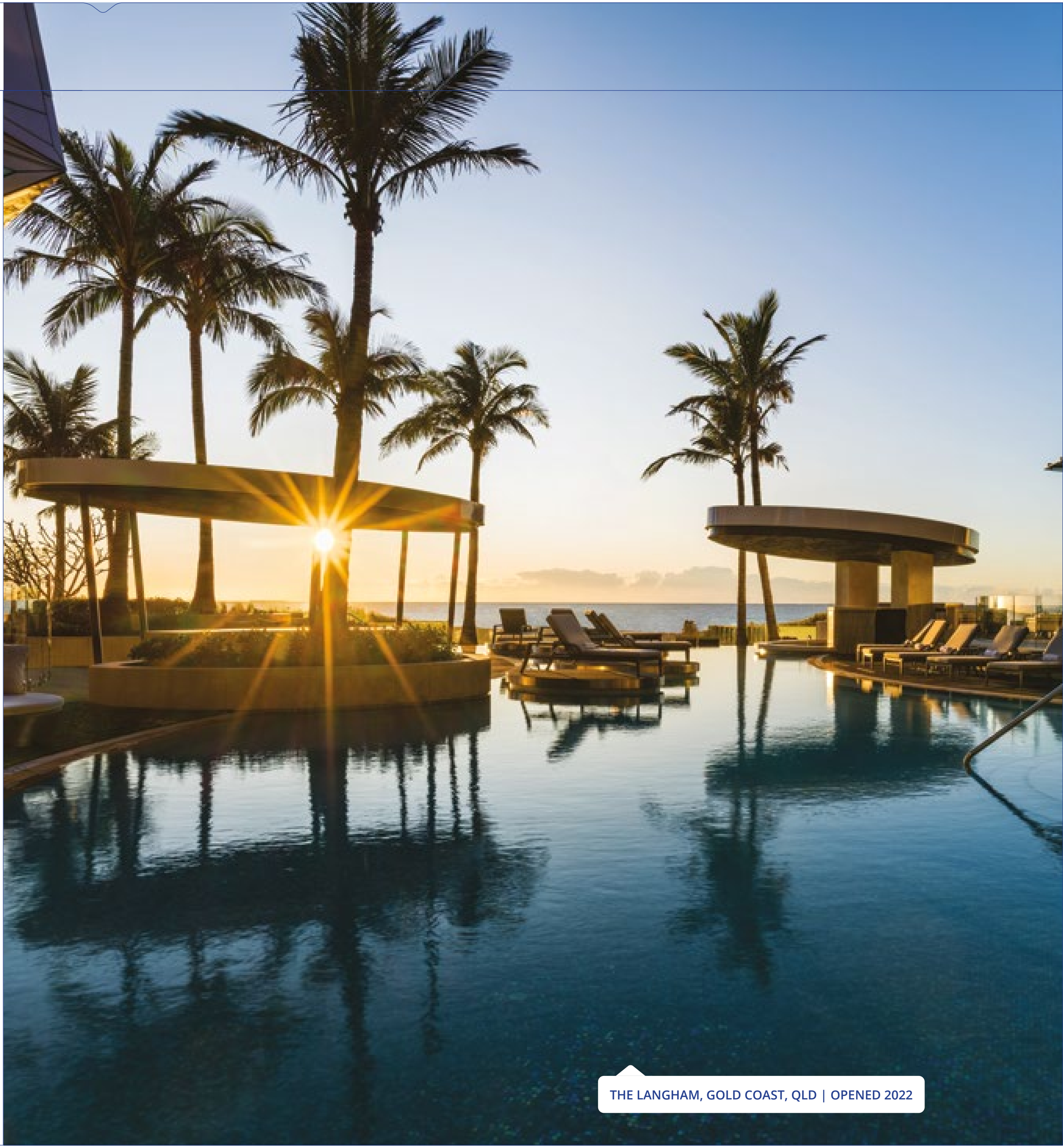
Proposed rooms have moderated with the delivery of new hotels held back by both escalating construction costs and investors taking a 'watch and wait' position as demand catches up with supply and trading markets 'normalise'.

### Australia's Major Accommodation Markets – Supply Snapshot 2022

| 2022 | Rooms | % Change |
|---|---|---|
| Dec-21 hotel base stock | ~160,000 | — |
| Additional rooms in 2022 | 3,420 | 2.0 |
| Q4 2021 active STRA listings | 19,084 | — |
| Change in active rentals Q4 2022 | (2,554) | (13.4) |

Source: STR, AirDNA, Colliers

* The ten major markets include Sydney (including metro), Melbourne (including metro), Adelaide, Brisbane, Cairns, Canberra, Darwin, Gold Coast, Hobart and Perth.



THE LANGHAM, GOLD COAST, QLD | OPENED 2022

# Supply Trends and Outlook

## Near-term Supply Peak Yet to be Reached

Whilst new hotel openings have continued through 2022, the coming 12 months will see a slew of new rooms which should mark the peak of the development cycle.

Colliers' research has identified that 5,949 rooms are now scheduled to open during 2023 placing additional downward pressure on recovering city hotel markets. Many of these projects have been delayed from their previously stated opening dates as supply chain disruptions have pushed back project timeframes. Notwithstanding, there are still a further 6,500 rooms under construction and scheduled to open in 2024, 2025 and 2026 providing limited respite for new owners. Hotel operational strategy will need to remain nimble in order to respond dynamically to changes in demand and spending.

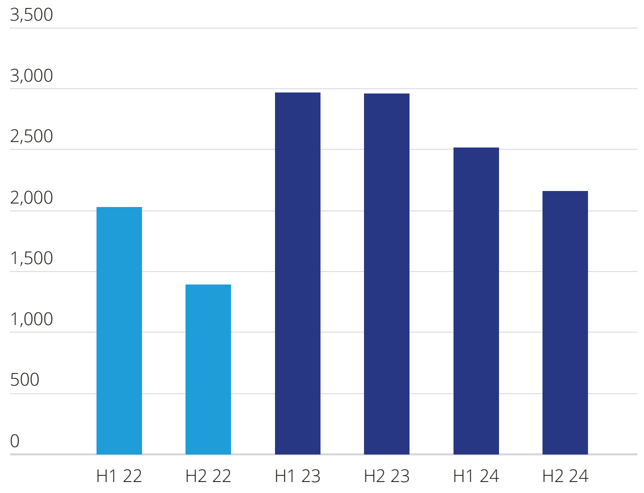
Adelaide, Brisbane, Canberra, Gold Coast. Perth and Sydney will each see a quantum of new rooms. However, as noted earlier Melbourne is considered the market most at risk with 1,823 new rooms due to open in the CBD and a further 896 rooms across its wider metropolitan area. New openings in Melbourne are also heavily skewed towards the first half of the year whereas Brisbane, Perth and Sydney major openings are currently scheduled for H2 2023.

### Australia's Major Accommodation Markets – Pipeline Summary

| 2022 | Rooms | % Change |
|---|---|---|
| Opening 2022 | 3,420 | 2.7 |
| Construction, opening 2023 to 2026* | 12,517 | 9.7 |
| Proposed | 4,638 | 3.3 |
| Peak Supply Year | 2023 | — |

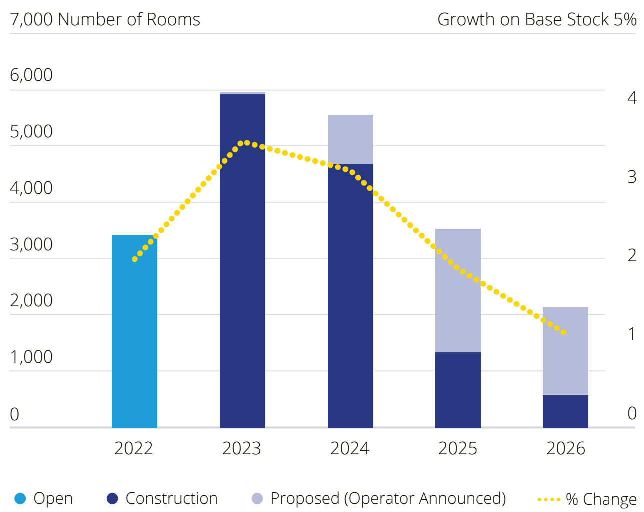
Source: STR, AirDNA, Colliers
*includes Sydney and Melbourne metro areas

### Australia's Major Accommodation Markets Additions to Supply to end of 2024




Source: Colliers

### Australia's Major Accommodation Markets Annual Additions to Supply to 2026




Source: Colliers

## Medium Term Impacts Should Moderate

2023, at 5,949 rooms, presents as the peak of the hotel accommodation supply cycle with fewer rooms under construction and scheduled to open in 2024 (4,681 rooms), 2025 (1,337 rooms) and 2026 (566 rooms).

Development hot spots for 2024 include Adelaide (499 rooms), Brisbane (557 rooms), Hobart (206 rooms), Melbourne (1,423 rooms), Melbourne Metro (589 rooms), Perth (141 rooms), Sydney (210 rooms) and Sydney Metro (1,056 rooms).

Proposed projects are predominantly hotels for which the operator has been announced and where a Hotel Management Agreement (HMA) has been signed. The likelihood that all proposed projects will now progress is considerably less than it was pre-COVID. This is a consequence of developers facing challenges securing funding and financial forecasts being more difficult to predict.

The high cost of construction is also expected to materially weigh on hotel development feasibilities over the near term and it is likely that we will continue to see more projects deferred. We observe that ordinarily, we would apply a 60 per cent likelihood that these projects will proceed. However, in the current environment, probability is expected to reduce to between 30 or 40 per cent.

# Australian Hotel Market Outlook for 2023

**2022 was characterised by recovery and transition as the hotel industry's view shifted from the COVID-19 pandemic.**

**Massive strides were made in 2022 but new challenges now loom in 2023.**

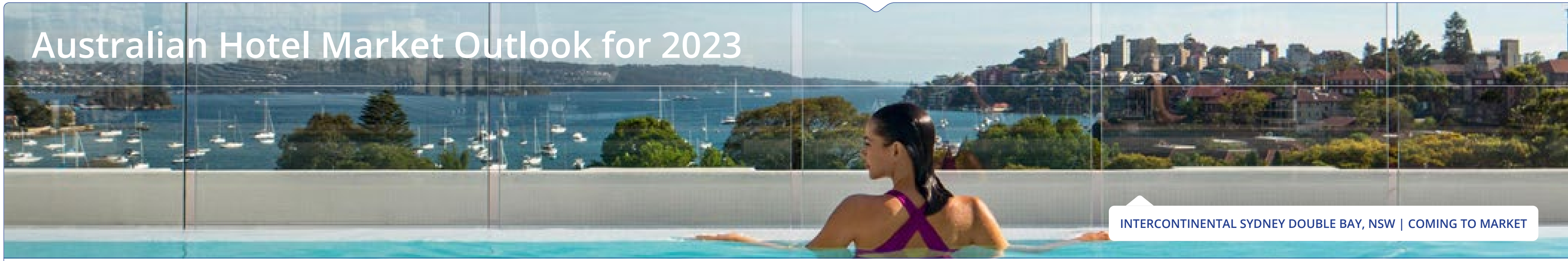
The outlook for the visitor economy has not looked brighter than at any time over the past three years, yet a full recovery remains distant. It is expected to take until 2025 for international visitor arrivals to Australia to return to pre-pandemic levels. The recovery for domestic travel is more advanced with overnight trip spend now higher than in 2019 and visitor nights nearing parity.

Whilst holiday and VFR travel were the primary growth drivers in 2022, growth in business travel is expected to underpin trading in 2023 which will see attentions focus back to the major cities. Recovery in international travel could be exceeded with the many countries in Asia Pacific having been later to relax restrictions and with China finally reopening to the world in early 2023.

The big question for 2023 is whether hotel net revenues can at least keep pace with inflationary pressures, including the cost of capital, as opposed to falling behind. Although higher rates are likely to have an impact on capital values, the impact should be somewhat offset by further income growth, particularly in Sydney and Melbourne and as more segments recover. Strong growth is anticipated in Q1 2023, relative to Q1 2022 when restrictions were still in place, lifting annual occupancies.

FITZROY ISLAND RESORT, QLD | COMING TO MARKET

# Australian Hotel Market Outlook for 2023



INTERCONTINENTAL SYDNEY DOUBLE BAY, NSW | COMING TO MARKET

Over the past few years, the 2019 index has served as an important reference point for the hotel sector but increasingly owners and operators will need to consider what the new normal looks like with demand swiftly normalising and the pre-pandemic period four years in the past. Identifying trends and adjusting hotel business models to take advantage of opportunities in the new environment will require capital investment and more importantly leadership and energy which may lead some owners to exit.

The uptick in transaction activity in Q4 2022 provides a promising base for increased activity in 2023 and with more assets expected to be brought to market throughout the year. Quality assets will continue to transact, and activity will increase as investors become more comfortable with improving business conditions.

The moment when the cost of capital aligns with sustained consumer demand this will help to facilitate more transactions. Once investors have greater clarity on all the existential things that are going on around the world; once financial markets have a better understanding of the trajectory of the RBA and there are more data points on how the RBA actions are working to tame inflation, lenders will reengage, and credit spreads will start to compress.

Competition for assets will also increase with more investor types becoming active in the market.

Australia's relative stability in a more uncertain world, large domestic tourism base and aspirational international appeal will ensure that the country's hotel market remains high on the radar for international investors, particularly while the Australian Dollar remains low and amidst a global rebalancing of portfolios to take advantage of opportunities arising over the coming decade.

Transactional volumes are expected to remain above the long-term average in 2023 with around $2.2 billion of deal volume expected throughout the year and with a greater availability of stock past the development phase.

The Australian hotel investment market is showing maturity in its ability to react to new pricing norms in order to sustain activity. Well-located quality assets are expected to fare better than secondary ones against an uncertain macroeconomic backdrop which may point to a growing disparity between prime assets and secondary ones.

Buyers are chasing quality – newer construction or those that were recently renovated, while moving away from aged or underperforming assets. In many ways, this supports overall industry valuations, as the impulse right now, with a strong assist from the brands, is for property remodels and conversions, as opposed to languishing portfolios of distressed hotels.

Sustainability considerations are also starting to make an impact. Demand for sustainable hotels is growing amongst corporate and MICE clients, keen to align with businesses who share their social responsibility goals. The NSW Sustainable Building SEPP sets out new sustainability targets for hotel developments and refurbishments and highlights a response lag in the hotel sector relative to other property asset classes as well as the need to act. It has the potential to delay the construction of new assets but may also impede major refurbishments of older assets.

Domestic markets were helpful in propping up boutique hotels and resorts, more so than city properties and Australia's leisure and drive markets are expected to continue to feature.

Whilst the performance of some markets has moderated from the heady 2021-highs, opportunities still exists. Traditional leisure markets or markets with a leisure component will remain in favour but the focus may shift to more affordable offerings,

Markets and assets are all different however and investment decisions won't simply be derived from NOIs and cap rate calculations. More general factors like current cost of capital, anticipated market growth, barriers to entry, diversity of income and prospects of demand drivers, as well as property-specific factors like needed capital for capex, preventive maintenance, performance improvement or brand-mandated property improvement plans, will all factor in investment decisions.

Every decade a major event occurs that shakes up the business landscape. The global hotel and tourism industry was one of the hardest hit sectors of the pandemic and is now emerging from the great reset. 2023 is emerging as the year to make strategic decisions and set up growth for the next decade and with the winners of the decade will likely be determined in 2023.

# NZ Overview & Outlook

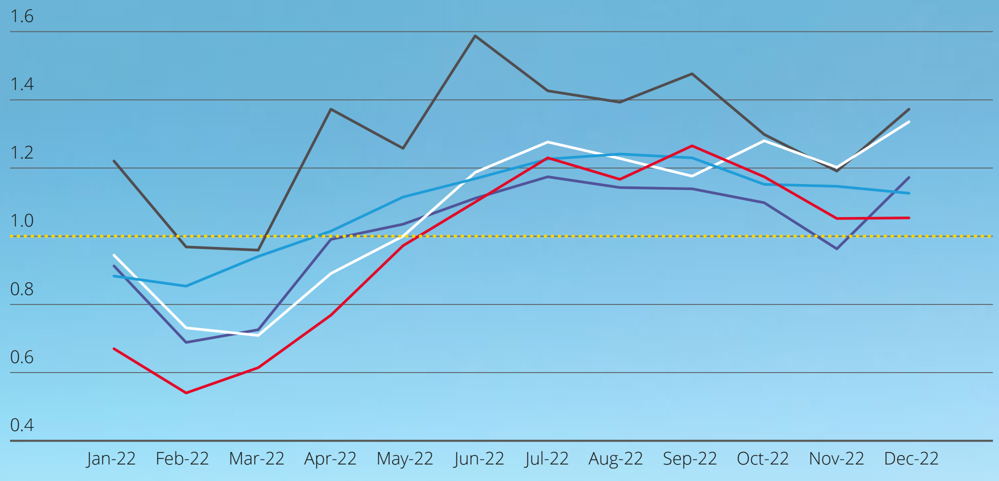
**2022 was a year of two distinct halves for the New Zealand hotel sector. The first half of the year continued to be significantly impacted by the global pandemic, with international travel visitor arrivals largely restricted during this period. Nevertheless, domestic travel flourished with a number of regions having their busiest year on record.**

International border restrictions were subsequently eased throughout the year, starting with returning New Zealand citizens in March, followed by Australian citizens in April and visa waiver countries in May before fully opening to all visitors in August 2022.

Since then, we witnessed inbound travel rebound strongly, particularly from Australia, the US and UK, supplemented by a number of international events including the 2022 Women's Cricket World Cup, and the deferred hosting of the 2021 Women's Rugby World Cup. This culminated in rapidly rising hotel RevPAR, led predominantly by exceptionally strong room rates which were generally at or above pre-pandemic levels right across the country from June 2022.

However annualised hotel occupancy remains well below pre pandemic levels as at YE 2022 culminating in RevPAR levels some 15% to 38% below those levels witnessed in 2019.

## New Zealand Hotel Monthly ADR Index against 2019




Source: Hotel Data NZ (HDNZ) & Colliers

YHA LAKE TEKAPO, NZ

# NZ Overview & Outlook

## Occupancy

| | YE 2019 | YE 2021 | YE 2022 | % Change (2019) | % Change (2021) |
|---|---|---|---|---|---|
| Auckland | 82.2% | 40.3% | 53.7% | -34.6% | 33.2% |
| Rotorua | 79.1% | 38.0% | 46.6% | -41.1% | 22.5% |
| Wellington | 78.3% | 51.2% | 59.0% | -24.7% | 15.1% |
| Christchurch | 76.2% | 50.1% | 58.2% | -23.7% | 16.0% |
| Queenstown | 82.2% | 35.4% | 51.4% | -37.4% | 45.3% |

## ADR

| | YE 2019 | YE 2021 | YE 2022 | % Change (2019) | % Change (2021) |
|---|---|---|---|---|---|
| Auckland | $196.19 | $177.51 | $204.10 | 4.0% | 15.0% |
| Rotorua | $140.74 | $163.27 | $182.66 | 29.8% | 11.9% |
| Wellington | $181.94 | $161.28 | $199.96 | 9.9% | 24.0% |
| Christchurch | $159.84 | $144.36 | $177.30 | 10.9% | 22.8% |
| Queenstown | $252.32 | $189.44 | $249.93 | -0.9% | 31.9% |

## RevPAR

| | YE 2019 | YE 2021 | YE 2022 | % Change (2019) | % Change (2021) |
|---|---|---|---|---|---|
| Auckland | $161.36 | $71.62 | $109.71 | -32.0% | 53.2% |
| Rotorua | $111.33 | $62.04 | $85.06 | -23.6% | 37.1% |
| Wellington | $142.52 | $82.61 | $117.88 | -17.3% | 42.7% |
| Christchurch | $121.82 | $72.40 | $103.14 | -15.3% | 42.5% |
| Queenstown | $207.44 | $67.06 | $128.57 | -38.0% | 91.7% |

Source: Hotel Data NZ (HDNZ)

YHA AORAKI MT COOK, NZ

# NZ Overview & Outlook

Looking towards 2023, international travel to New Zealand is expected to gain further momentum on the back of returning and additional flight capacity to the country and the FIFA Women's World Cup which is being jointly held in New Zealand and Australia over the period July-August 2023. As a result, we could see RevPAR return to pre-Covid levels by as early as the end of the 2023 calendar year for some regions.

There remains a number of new headwinds created by this strong pent up in demand, particularly labour shortages and increasing operational costs that will place some ongoing pressure on the sector. Rising interest rates and the high cost of living due to inflation may also have some impact on discretionary consumer spending, dampening some of the pent-up demand. Fortunately, many of the above factors will be largely offset by strong ADR/Revenue growth, a movement in discretionary spend toward travel and tourism and an increase in net migration.

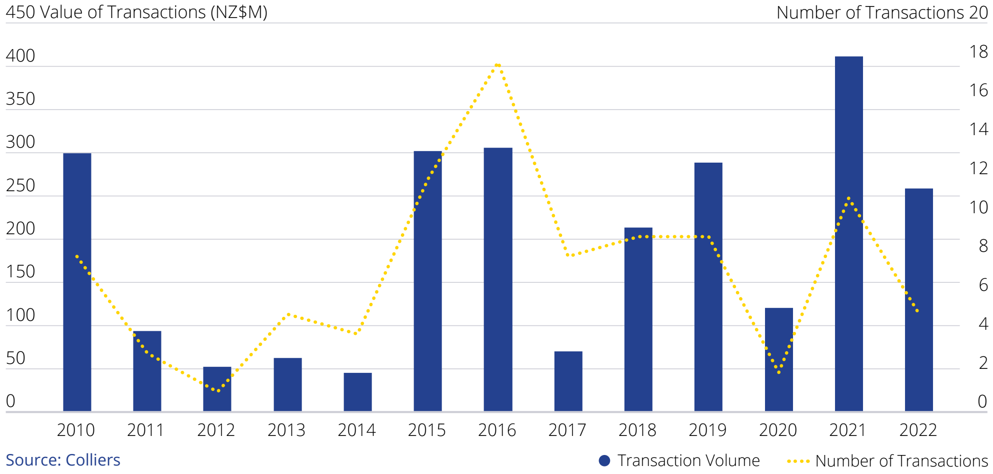
On the investment front, transactional activity in smaller regional assets remained buoyant in 2022, supported by stronger than expected domestic demand. However, there has been limited transactions of major accommodation assets in 2022. Notable sales include the 286 room Stamford Plaza Auckland and the YHA NZ Portfolio comprising 10 assets and over 450 rooms.

We predict transactional levels to remain low for the first half of 2023 as investors continue to adopt a wait and see approach particularly around inflation, higher cost of capital and the wider recovery of the sector. However, as we continue to see strong forecast earnings transferred directly to healthy bottom-line profitability, we anticipate this will provide more confidence to facilitate transactions moving into the second half of the year.

This current period of low activity and transition back toward more normalised long-term trends will also allow time for investors to review any re-pricing which may have occurred due to the rising cost of capital, which is largely being transferred to higher investment yield expectations across all hotel property, with prime or value add assets being the least impacted. Fortunately, the hotel sector is in a unique position to be able to offset some of this yield movement by the exceptionally strong revenue/profitability margins that have merged post pandemic.

In summary, going concern assets will continue to attract investors who seek inflationary resilient growth assets with attractive investment returns as the wider tourism sector continues its strong recovery cycle.

## New Zealand Hotel Sales 2010 to 2022 (Sales over NZ$5 million)




Source: Colliers

# Transactions 2022 Calendar Year

## Australia — Hotel Transactions ($5 million and above) 2022

| PROPERTY | LOCATION | STATE | DATE | ROOMS | PRICE | PRICE PER ROOM ($) |
|---|---|---|---|---|---|---|
| 7 Akuna Street Canberra | Canberra | ACT | Jan | 65 | $12,045,000 | $185,308 |
| Isaac Motel Moranbah | Issac | QLD | Feb | n.a | $6,600,000 | n.a |
| Ibis Budget Melbourne | Melbourne | VIC | Feb | 146 | $23,750,000 | $162,671 |
| Agnes Water Holiday Park | Agnes Water | QLD | Mar | n.a | $27,500,000 | n.a |
| Burnham Beeches | Yarra Ranges | VIC | Mar | 58 | $16,600,000 | $286,207 |
| Golden Age Motor Inn | Queanbeyan East | NSW | Mar | 59 | $6,100,000 | $103,390 |
| Hotel Lindrum* | Melbourne | VIC | Mar | 59 | $49,840,000 | $844,746 |
| Hotel Mountain Heritage | Katoomba | NSW | Mar | 43 | Undisclosed | n.a |
| Mercure Centro Port Macquarie | Port Macquarie | NSW | Mar | 72 | $22,500,000 | $312,500 |
| Quest East Perth | East Perth | WA | Mar | 130 | $41,000,000 | $315,385 |
| Scotty's Motel | Walkerville | SA | Mar | 52 | $9,200,000 | $176,923 |
| Surf'n Sand Motel | Gold Coast | QLD | Mar | 11 | $10,150,000 | $922,727 |
| Estate Tuscany | Pokolbin | NSW | Apr | 38 | $10,500,000 | $276,316 |
| Sunshine Tower Hotel | Cairns | QLD | Apr | 61 | $10,700,000 | $175,410 |
| Beach Park Motel (10 Pleasant Avenue North Wollongong) | North Wollongong | NSW | May | n.a | $9,800,000 | n.a |
| Campbell5 Hotel in Canberra (to be rebranded as Sebel) | Canberra | ACT | May | 63 | $18,000,000 | $285,714 |
| Hilton Sydney | Sydney | NSW | May | 587 | $530,000,000 | $902,896 |
| Rydges North Sydney | North Sydney | NSW | May | 167 | $75,000,000 | $449,102 |
| WestWaters Hotel (Mercure) & Entertainment (Leasehold) | Melton | VIC | May | 98 | $85,000,000 | n.a |
| Salamanca Wharf Hotel | Hobart | TAS | May | 22 | $13,000,000 | $590,909 |
| Best Western Sanctuary Inn | Tamworth | NSW | Jun | 60 | $18,200,000 | $303,333 |
| Briars Country Lodge | Southern Highlands | NSW | Jun | 31 | $18,500,000 | $596,774 |
| Elysian Retreat on Long Island | Whitsundays | QLD | Jun | 10 | $8,750,000 | $875,000 |
| Hamilton Motor Inn | Brisbane | QLD | Jun | 22 | $6,000,000 | $272,727 |
| Hook Island | Whitsundays | QLD | Jun | n.a | $11,000,000 | n.a |
| Melbourne City Apartment Hotel | Melbourne | VIC | Jun | 99 | $33,050,000 | $333,838 |
| Noah's Backpacker Hostel | Bondi Beach | NSW | Jun | n.a | $68,000,000 | n.a |
| Surry Hills Hotel (202-210 Elizabeth Street Surry Hills) | Surry Hills | NSW | Jun | 38 | $26,600,000 | $700,000 |
| The Hotel Shamrock | Bendigo | VIC | Jun | 30 | $7,000,000 | $233,333 |
| Tropical Heritage Cairns | Cairns | QLD | Jun | n.a | Undisclosed | n.a |
| Dongara Hotel Motel | Irwin | WA | Jun | 28 | $7,000,000 | $250,000 |
| Dunk Island | Northern Great Barrier Reef | QLD | Jul | n.a | $23,650,000 | n.a |

1. Transaction details as reported in media

*Sold for conversion

# Transactions 2022 Calendar Year

## Australia — Hotel Transactions ($5 million and above) 2022

| PROPERTY | CITY | STATE | DATE | ROOMS | PRICE | PRICE PER ROOM ($) |
|---|---|---|---|---|---|---|
| European Hotel | Perth | WA | Jun | n.a | $11,250,000 | n.a |
| Gambaros Brisbane | Brisbane | QLD | Jul | 68 | $25,010,595 | $367,803 |
| Mercure Alice Springs | Alice Springs | NT | Jul | 139 | Confidential | n.a |
| Peppers Kings Square Perth | Perth | WA | Jul | 120 | $26,000,000 | $216,667 |
| Retreat at Wisemans | Wisemans Ferry | NSW | Jul | 54 | $10,000,000 | $185,185 |
| Saltbush Retreat | Longreach | QLD | Jul | 44 | $8,800,000 | $200,000 |
| Stay At Alice Springs | Alice Springs | NT | Jul | 109 | Confidential | n.a |
| The Diplomat | Alice Springs | NT | Jul | 81 | Confidential | n.a |
| Amaroo Hotel | Western Plains | NSW | Jul | 24 | $22,500,000 | $937,500 |
| Sir Stamford Circular Quay | Sydney | NSW | Aug | 105 | $210,500,000 | n.a |
| Tallow Beach Motel | Byron Bay | NSW | Aug | 10 | $8,500,000 | $850,000 |
| Beenleigh Yatala Motor Inn | Beenleigh | QLD | Aug | 34 | $7,078,500 | $208,191 |
| Tandara Hotel Motel | Mackay | QLD | Aug | n.a | $7,078,500 | n.a |
| Rydges Sydney Harbour | Sydney | NSW | Sep | 176 | $100,750,000 | $572,443 |
| The Black Nugget Hotel Motel | Isaac | QLD | Oct | 27 | $8,000,000 | $296,296 |
| Korte's Resort | Rockhampton | QLD | Oct | 54 | $12,500,000 | $231,481 |
| Lindeman Island | Whitsundays | QLD | Nov | n.a | $15,000,000 | n.a |
| Hunts Hotel | Sydney | NSW | Nov | 140 | $42,700,000 | $305,000 |
| Harbour Rocks Hotel | Sydney | NSW | Nov | 59 | $40,000,000 | $677,966 |
| Space Q Capsule Hotel | Sydney | NSW | Nov | n.a | $13,500,000 | n.a |
| Lakes and Ocean Hotel | Forster | NSW | Nov | 15 | $10,125,499 | $675,033 |
| Pumphouse Point | Lake St Clair | TAS | Nov | 31 | $20,000,000 | $645,161 |
| Larmont Sydney by Lancemore | Sydney | NSW | Dec | 103 | $43,800,000 | $425,243 |
| Bayswater Hotel | Sydney | NSW | Dec | 51 | Confidential | n.a |
| Gunnedah Hotel | Gunnedah | NSW | Dec | 29 | $8,500,000 | $293,103 |
| Spicers Retreats | Various | Various | Dec | 110* | $130,000,000 | n.a |
| The Lyall Hotel & Spa | Melbourne | VIC | Dec | 49 | $30,500,000 | $622,449 |
| Chateau Yering | Mornington | VIC | Dec | 32 | $18,000,000 | $562,500 |
| Confidential 4 Star Hotel | Melbourne | VIC | Dec | Confidential | Confidential | Confidential |
| Sebel Mandurah | Mandurah | WA | Dec | 84 | $18,000,000 | $214,285 |
| Crowne Plaza Surfers Paradise | Surfers Paradise | QLD | Dec | 269 | $100,000,000 | $371,747 |
| **Total** | | | | | **$2.136B** | |

1. Transaction details as reported in media

*110 keys, circa $130 million deal for 6 assets, management company HMA over 3 owned properties plus additional agreements.

# Transactions 2022 Calendar Year

## New Zealand


| HOTEL NAME | SUBURB | CITY | SALE DATE | ROOMS | PRICE | $ PER ROOM |
|---|---|---|---|---|---|---|
| Hotel on Devonport | CBD | Tauranga | Dec-22 | 42 | $12,700,000 | $302,381 |
| Stamford Plaza | CBD | Auckland | Dec-22 | 286 | $170,000,000 | $594,406 |
| The Convent | Grey Lynn | Auckland | Oct-22 | 22 | n.a. | n.a. |
| YHA Portfolio | Various | Nationwide | Oct-22 | 450+ | n.a. | n.a. |
| Chateau Marlborough | Marlborough | Blenheim | Sep-22 | 80 | $29,800,000 | $372,500 |
| Distinction Wellington Century City | CBD | Wellington | Apr-22 | 89 | $34,000,000 | $382,022 |
| **Total** | | | | | **$246.5M** | |

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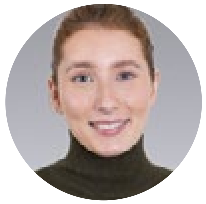

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