

Intelligent Investment

Market Conditions Survey

REPORT FIGURES

Insights from across
the Pacific

CBRE RESEARCH
HOTELS & HOSPITALITY
JULY 2022

Key Messages

Investment Market

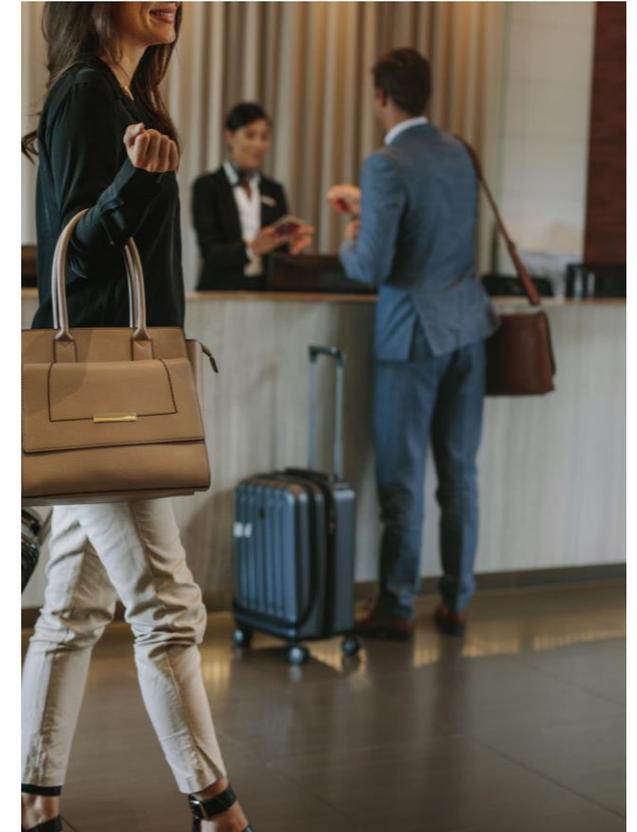
The Hotel sector is continuing to show signs of moving on from the pandemic and able to navigate the recent volatility in financial markets.

Our survey of investors, operators and developers finds:

- 50% see more investment towards the sector vs 13% less investment.
- While 50% expect higher interest rates to flow into yields, two thirds see growth in values over the medium term.
- Sydney, Gold Coast and Brisbane are expected to have the strongest performance next year. In turn, the most attractive markets for development are Queensland and New South Wales.

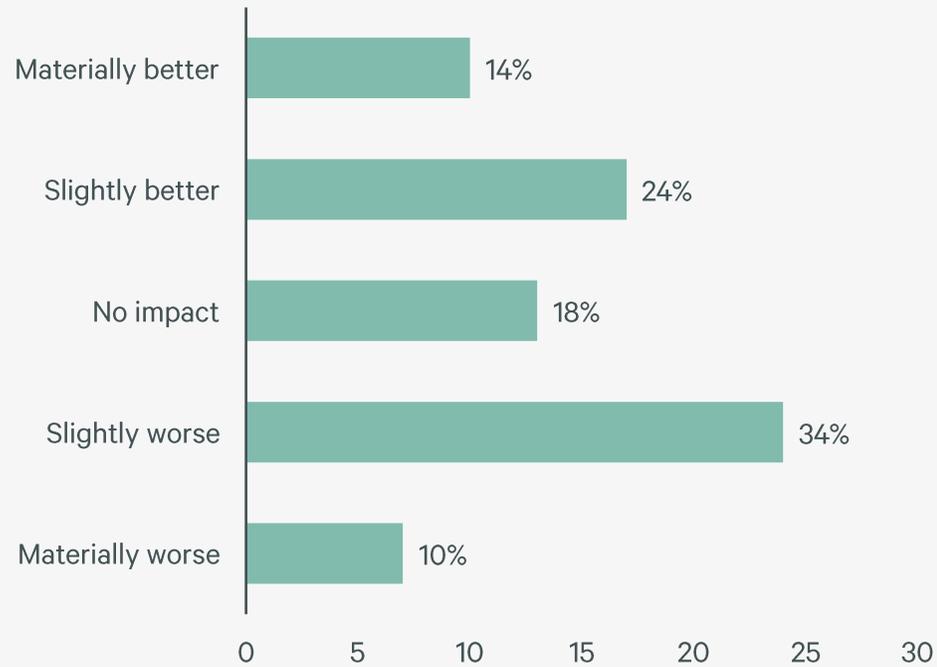
Demand & Supply

- Demand is recovering, albeit international arrivals could be 3-5 years away from returning to 2019 levels.
- Auckland, Melbourne, Perth and Sydney could take 3-5 years to return to 2019 RevPAR levels. Adelaide and Brisbane are seen as recovering by next year.
- Labour shortages outweigh concerns about interest rates, construction costs and inflation.

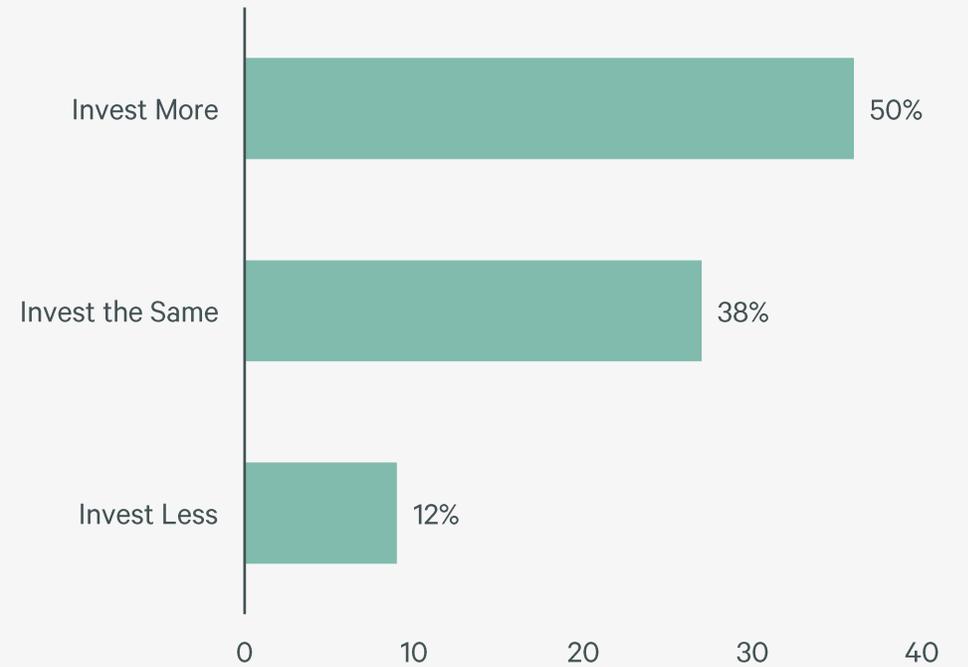


50% expect to invest more in Hotels real estate than they did pre-pandemic

Do you think the pandemic has resulted in investors re-rating the hotel real estate sector?

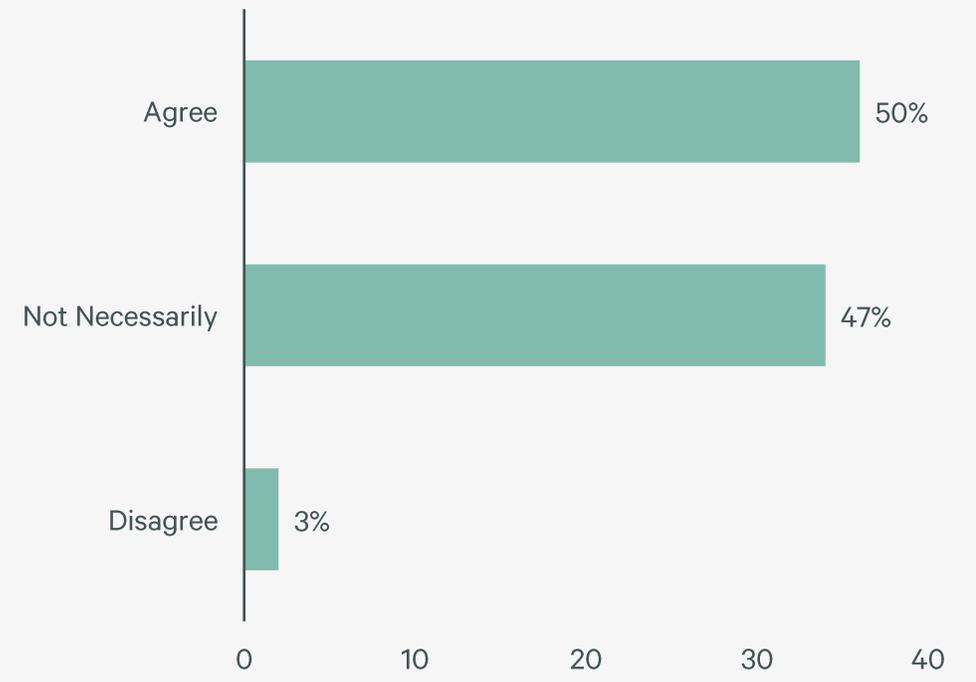


How has your investment outlook for the hotel real estate sector changed since early 2020?

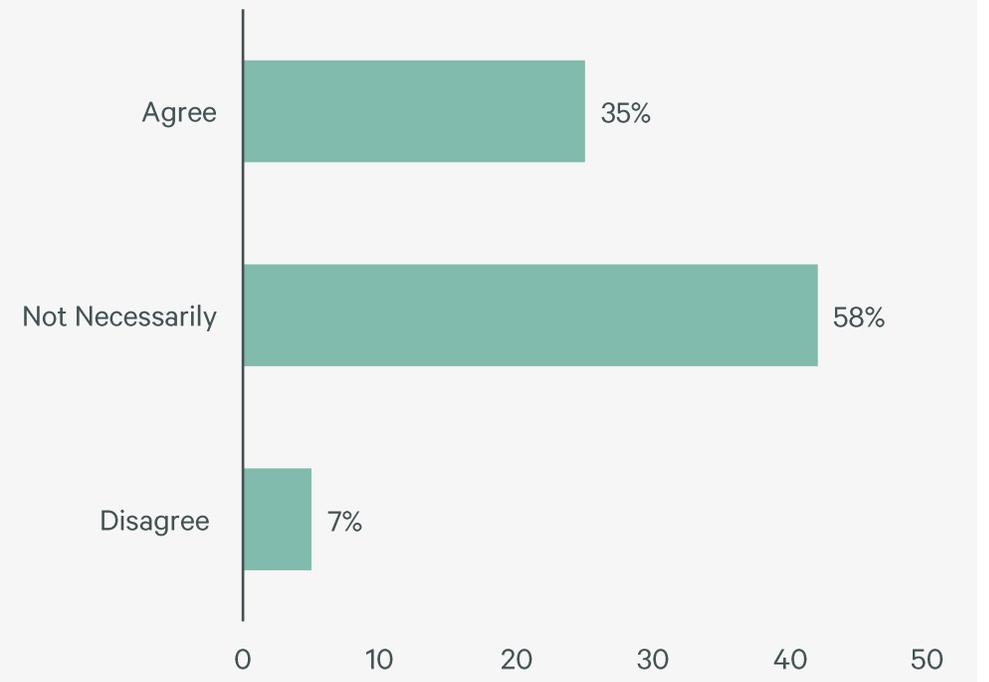


50% expect higher interest rates to flow into yields, but the majority do not expect inflation to benefit from stronger ADR growth

Higher interest rates will result in hotel yield requirements increasing.

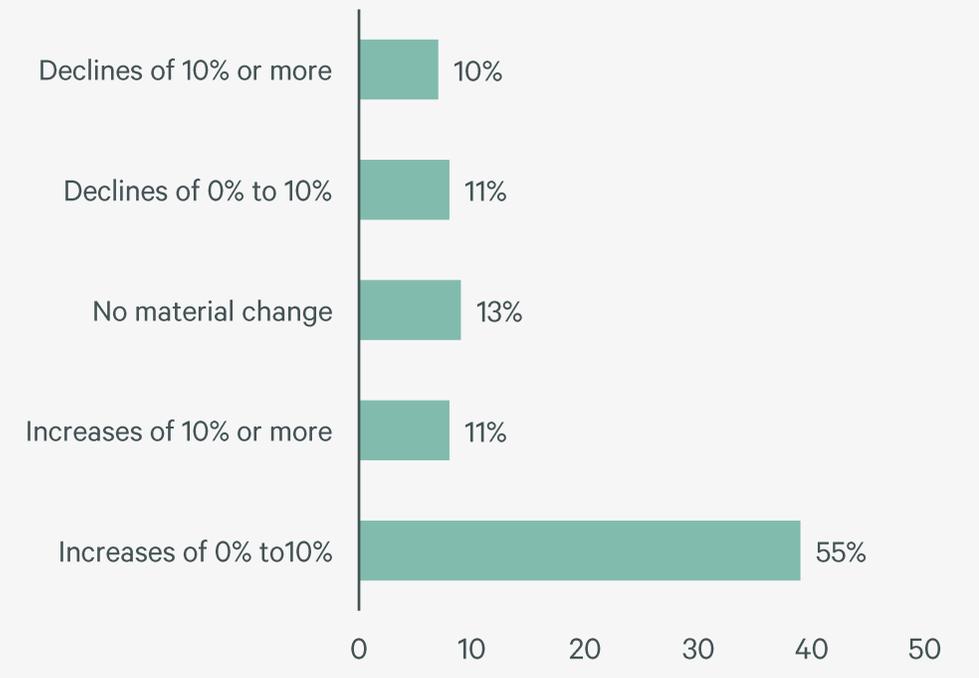


An inflationary environment will help enable stronger ADR growth.



When asked about where values will sit over the medium-term, two thirds see growth

Thinking about capital city hotel values, where do you see values trending over the next three years?

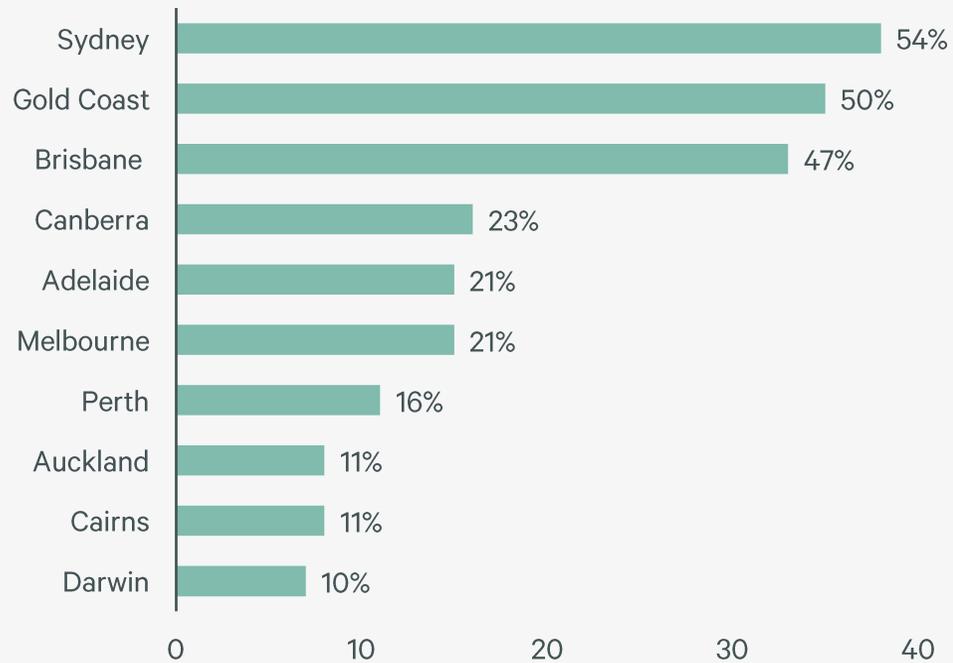


For markets that have outperformed recently (eg Byron Bay, Noosa), how long will this strength of demand last? (Multiple responses allowed)

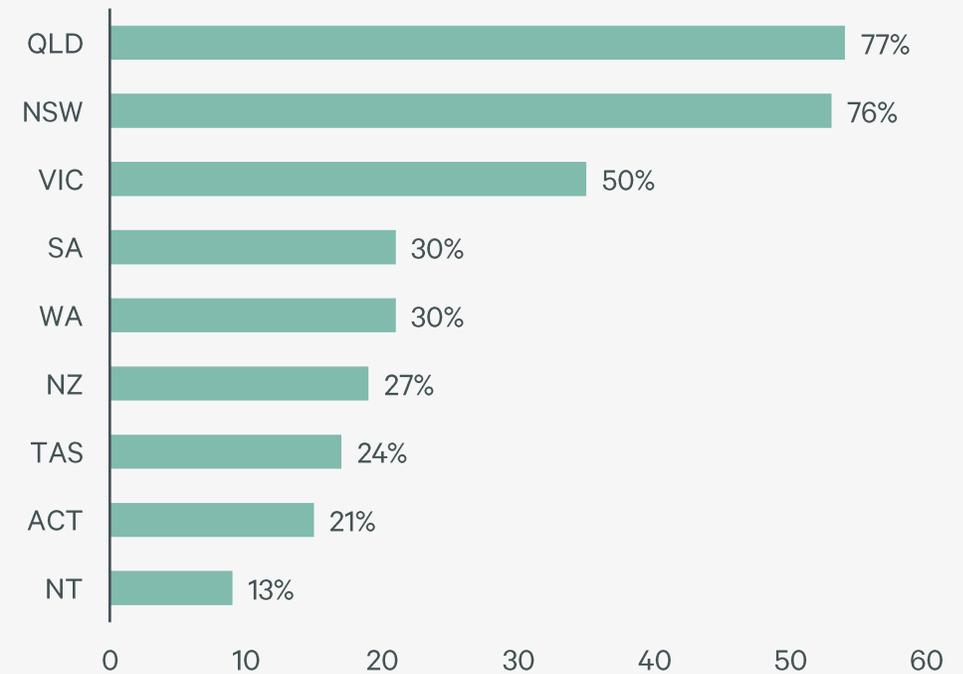


Sydney, Gold Coast and Brisbane are expected to have the strongest performance in 2023, in turn, the most attractive markets for development are Queensland and New South Wales

Which major markets do you expect to perform the strongest over the next year? (Multiple responses allowed)

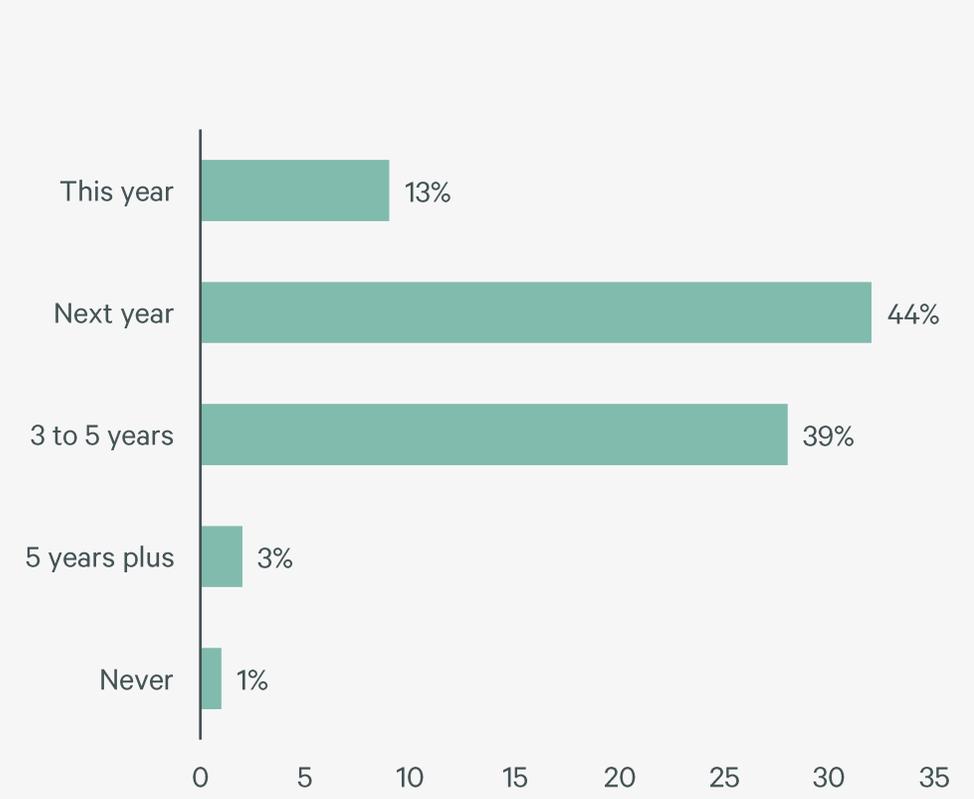


If purchasing or developing a hotel, which of the following states/territories/countries are you interested in? (Multiple responses allowed)

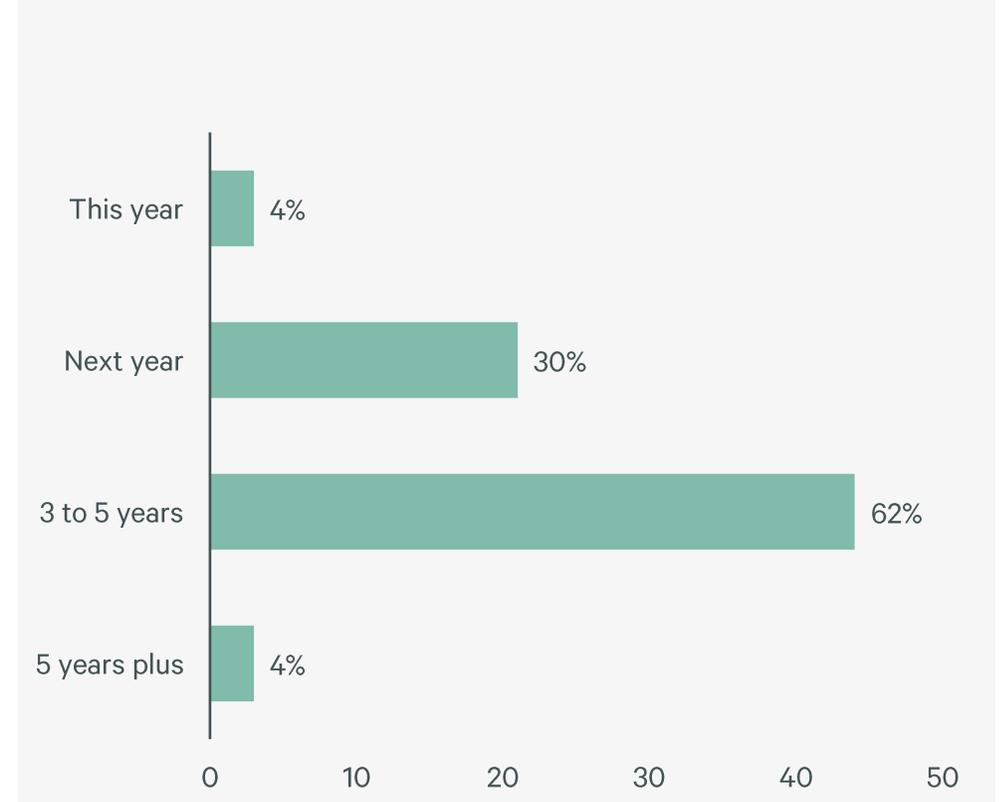


Corporate travel demand is expected to recover next year, however, international travel is viewed as being 3-5 years away from returning to 2019 levels

When do you expect corporate travel demand to return to 2019 levels?

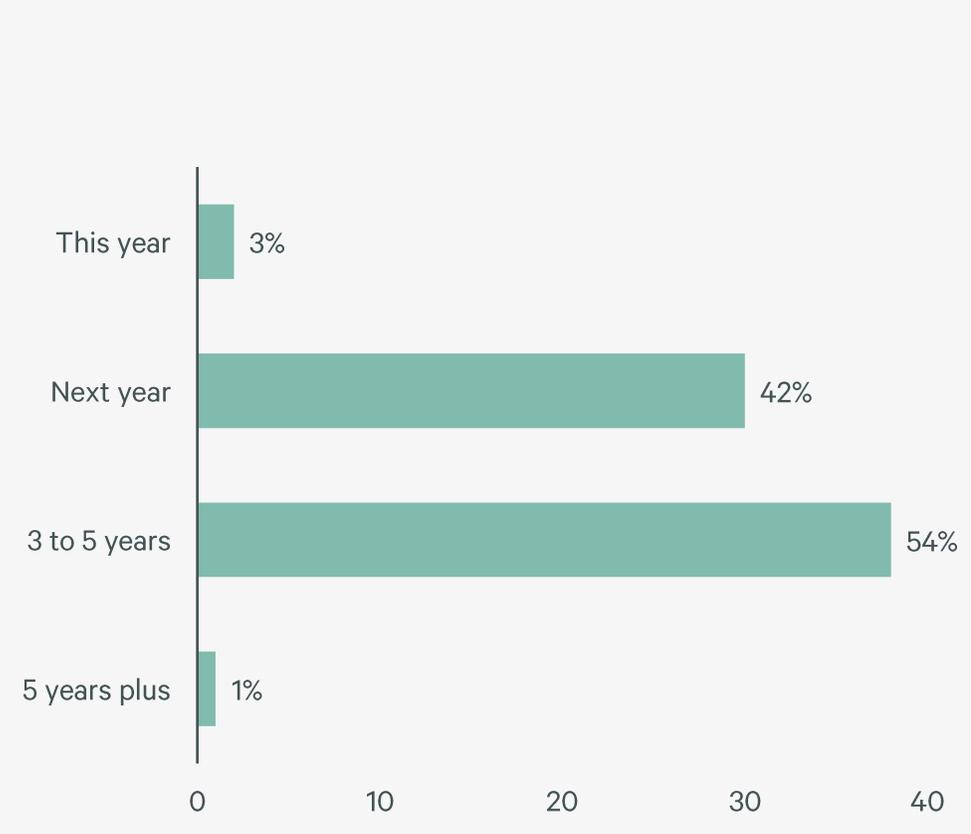


When do you expect inbound arrival numbers into Australia and New Zealand to return to 2019 levels?

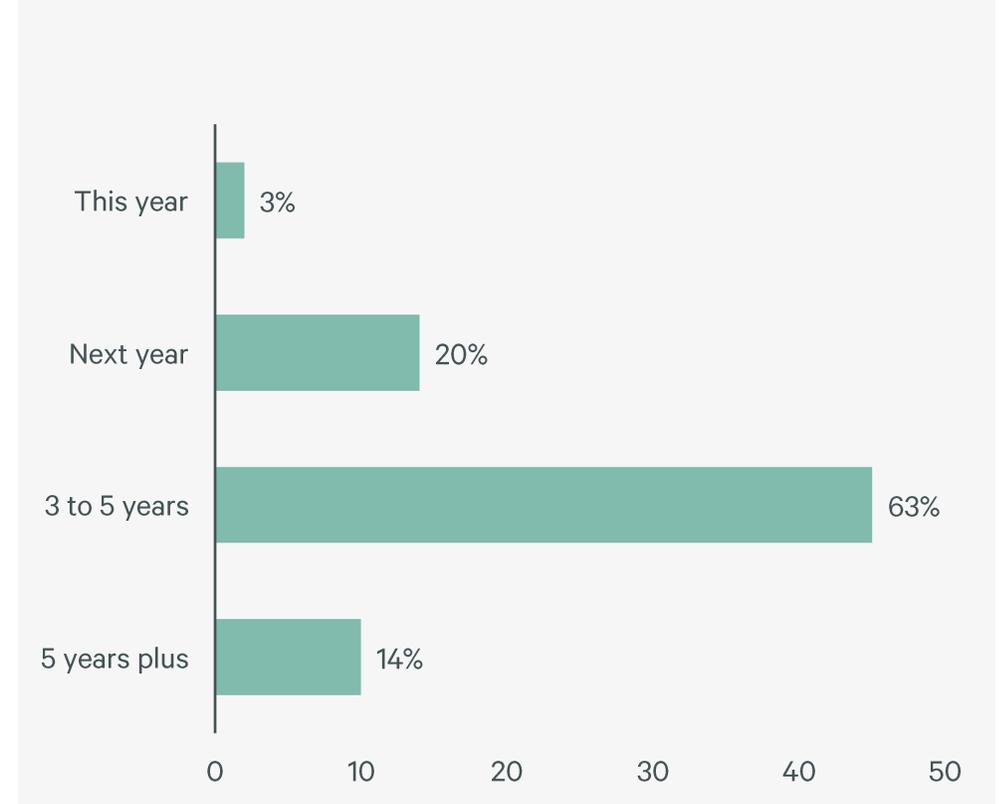


Auckland, Melbourne, Perth and Sydney could take 3-5 years to return to annualised 2019 RevPAR levels, Adelaide and Brisbane are seen as recovering by next year

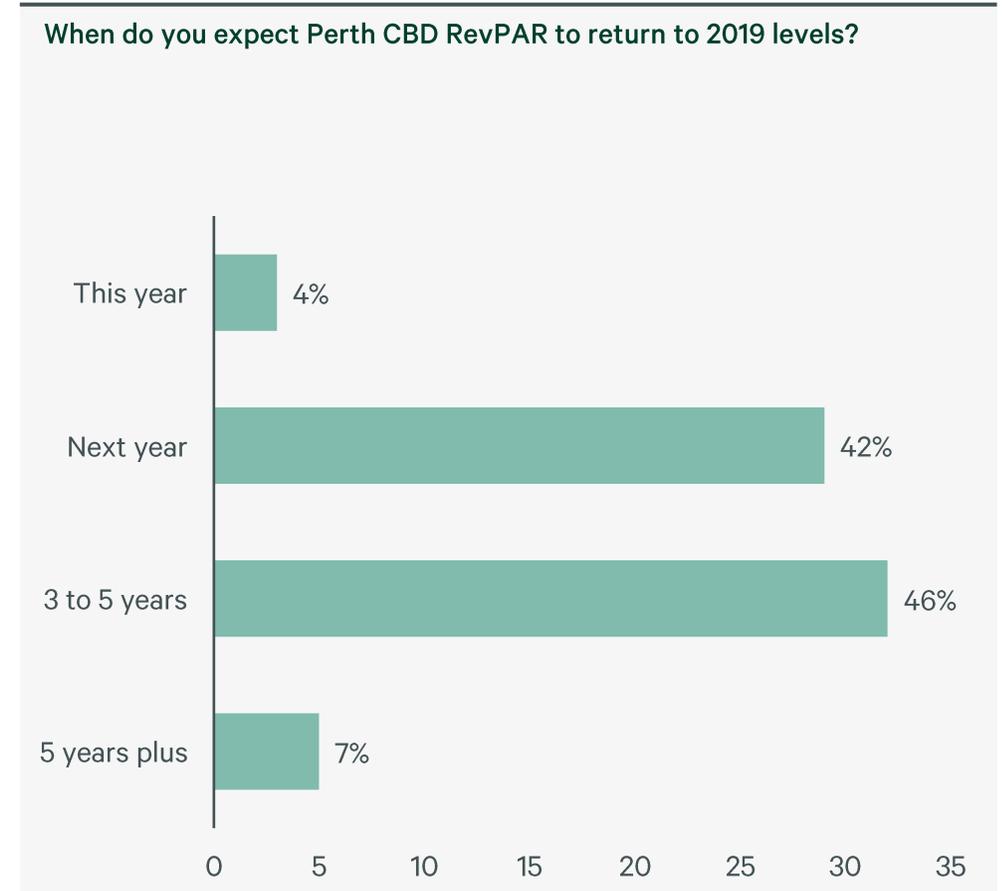
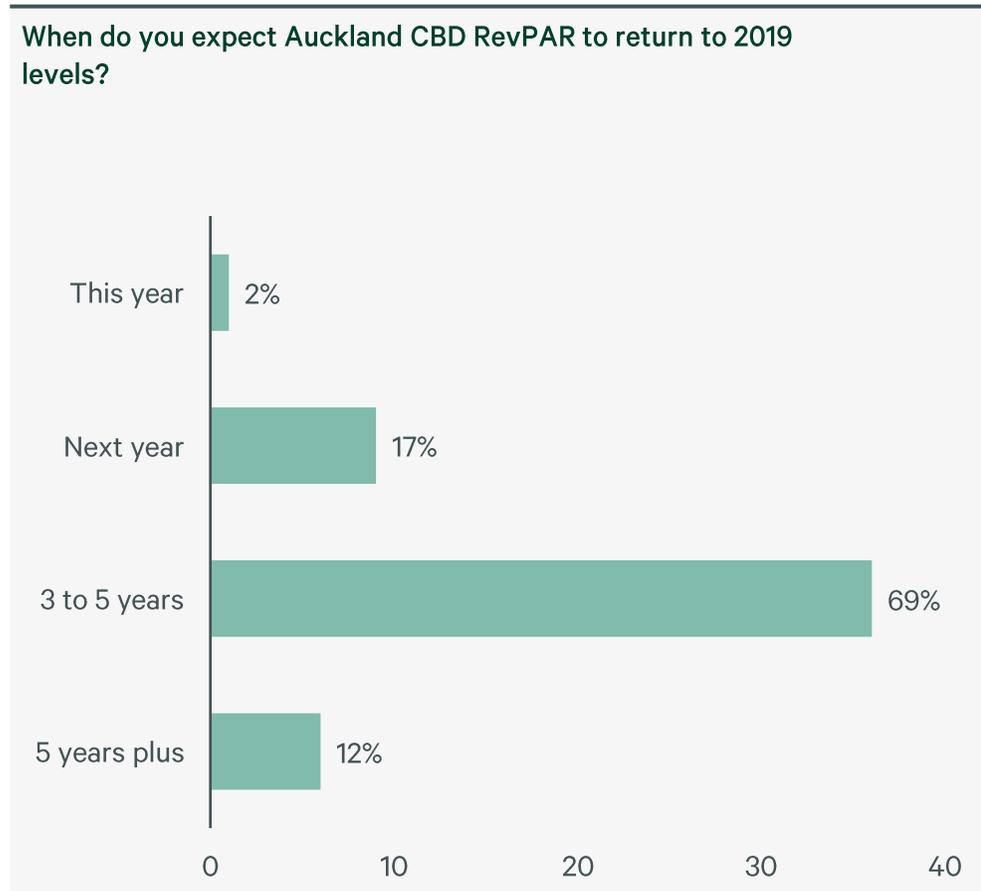
When do you expect Sydney CBD RevPAR to return to 2019 levels?



When do you expect Melbourne CBD RevPAR to return to 2019 levels?

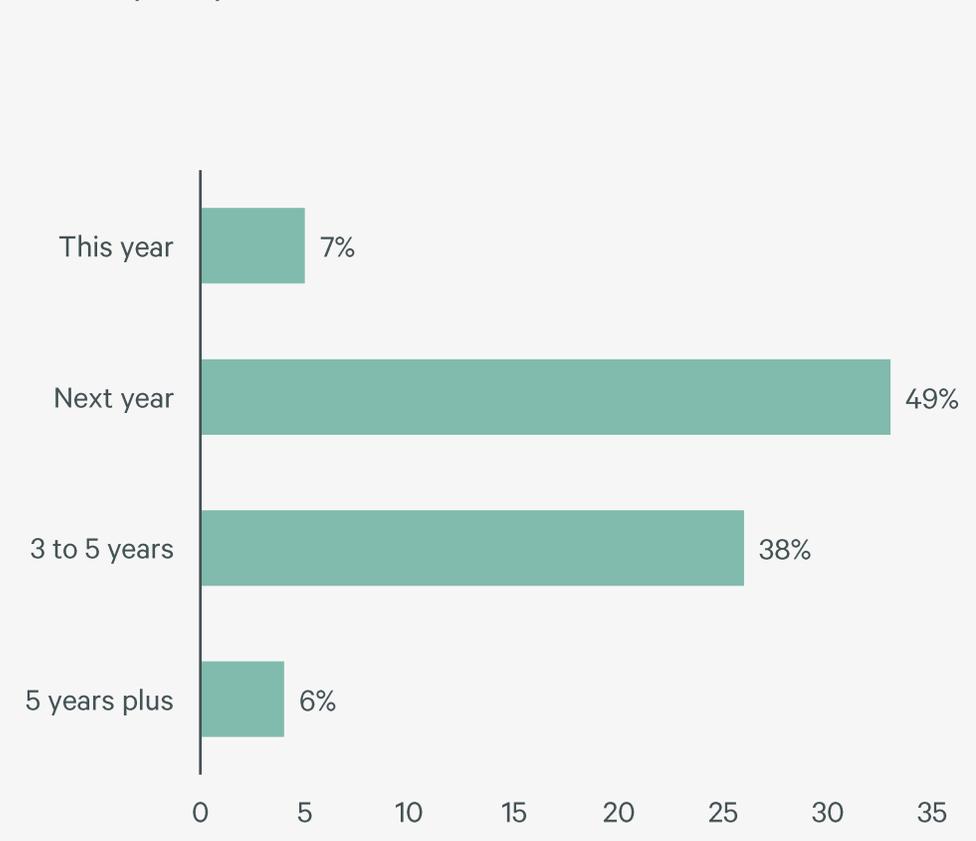


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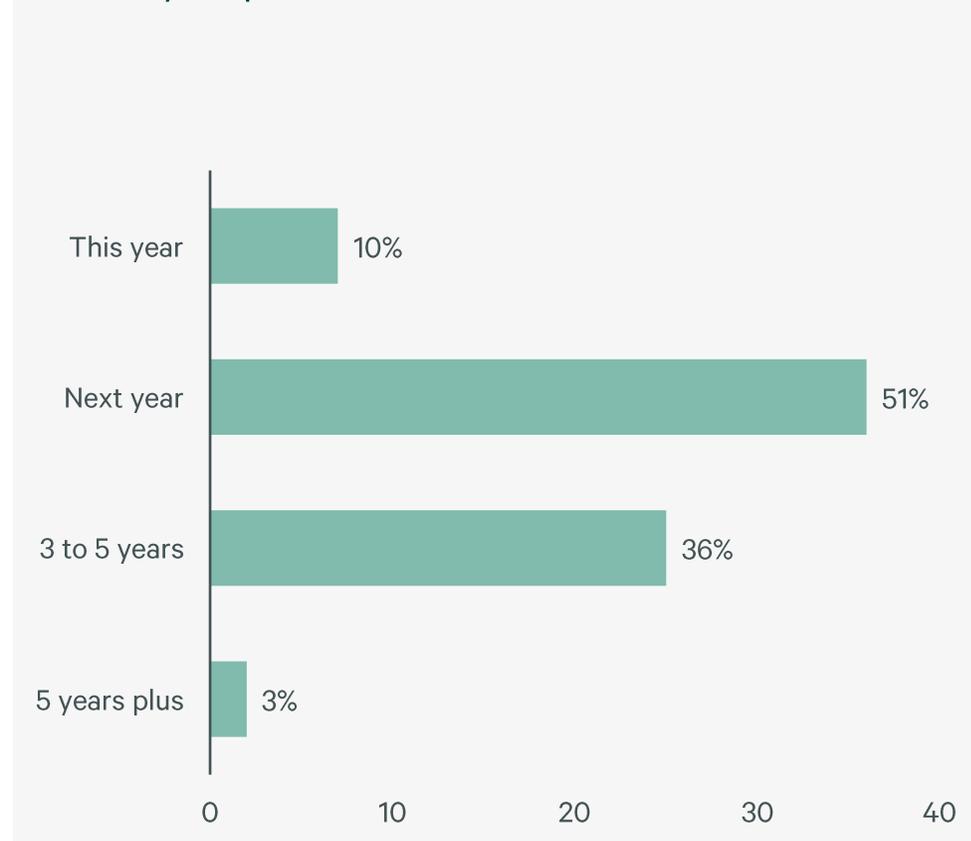


Auckland, Melbourne, Perth and Sydney could take 3-5 years to return to annualised 2019 RevPAR levels, Adelaide and Brisbane are seen as recovering by next year

When do you expect Adelaide CBD RevPAR to return to 2019 levels?

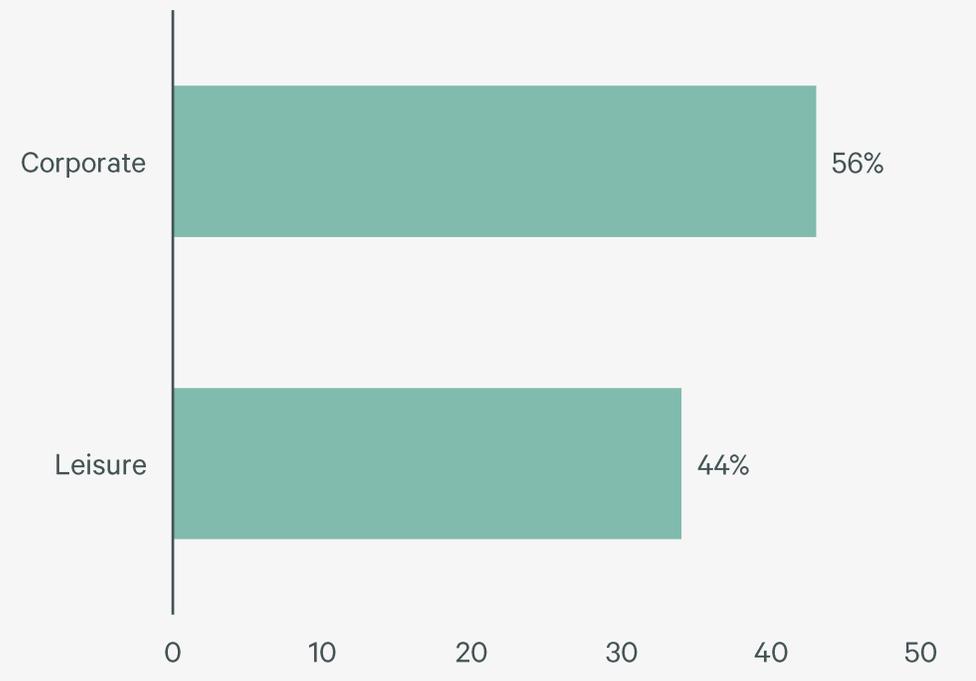


When do you expect Brisbane CBD RevPAR to return to 2019 levels?

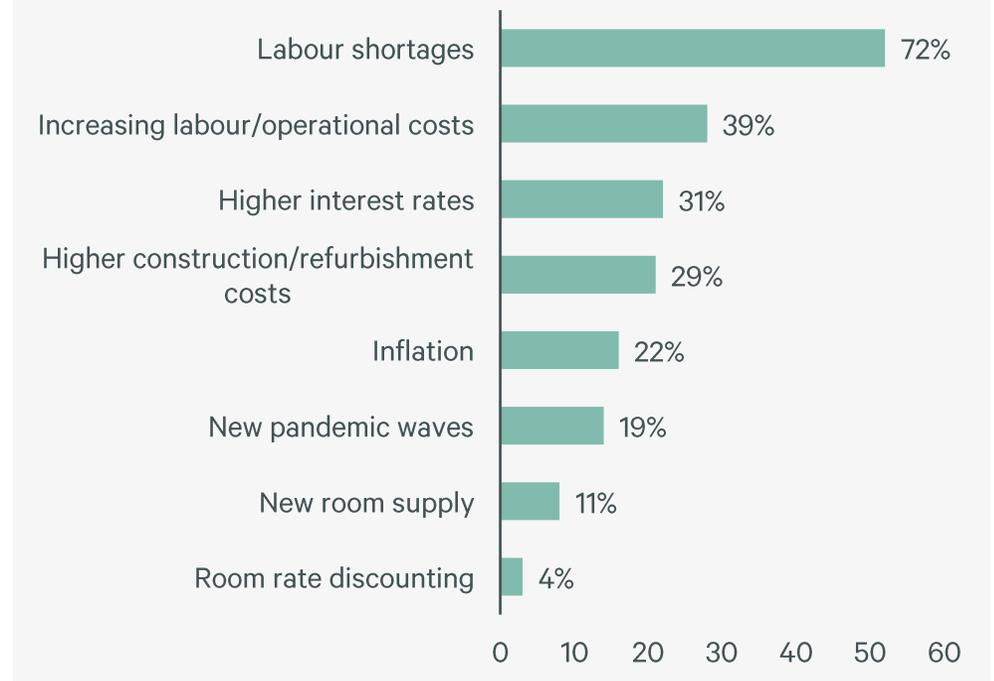


Labour shortages outweigh concerns about interest rates, construction costs and inflation

Have you traditionally predominantly invested in which hotel investment class?

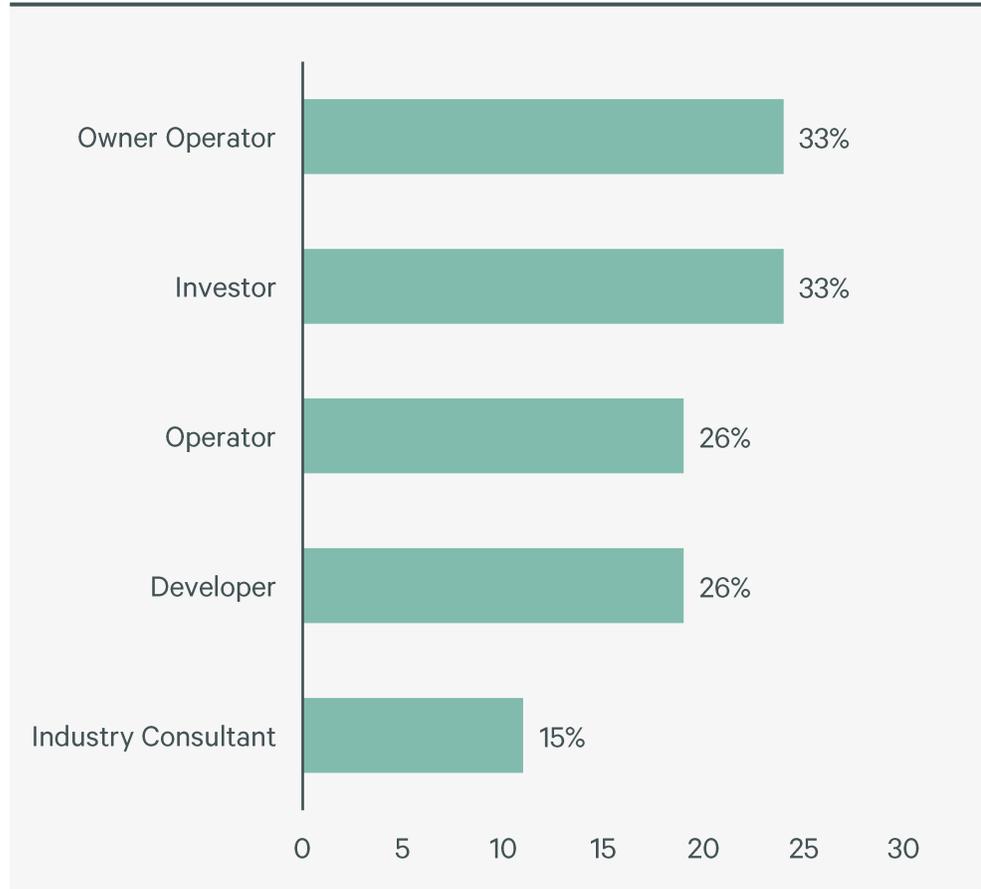


What the biggest threats facing hotel owners and operators today? (Multiple responses allowed)



Who took the survey?

(Multiple responses allowed)



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