



Horwath HTL

Hotel, Tourism and Leisure

Australia

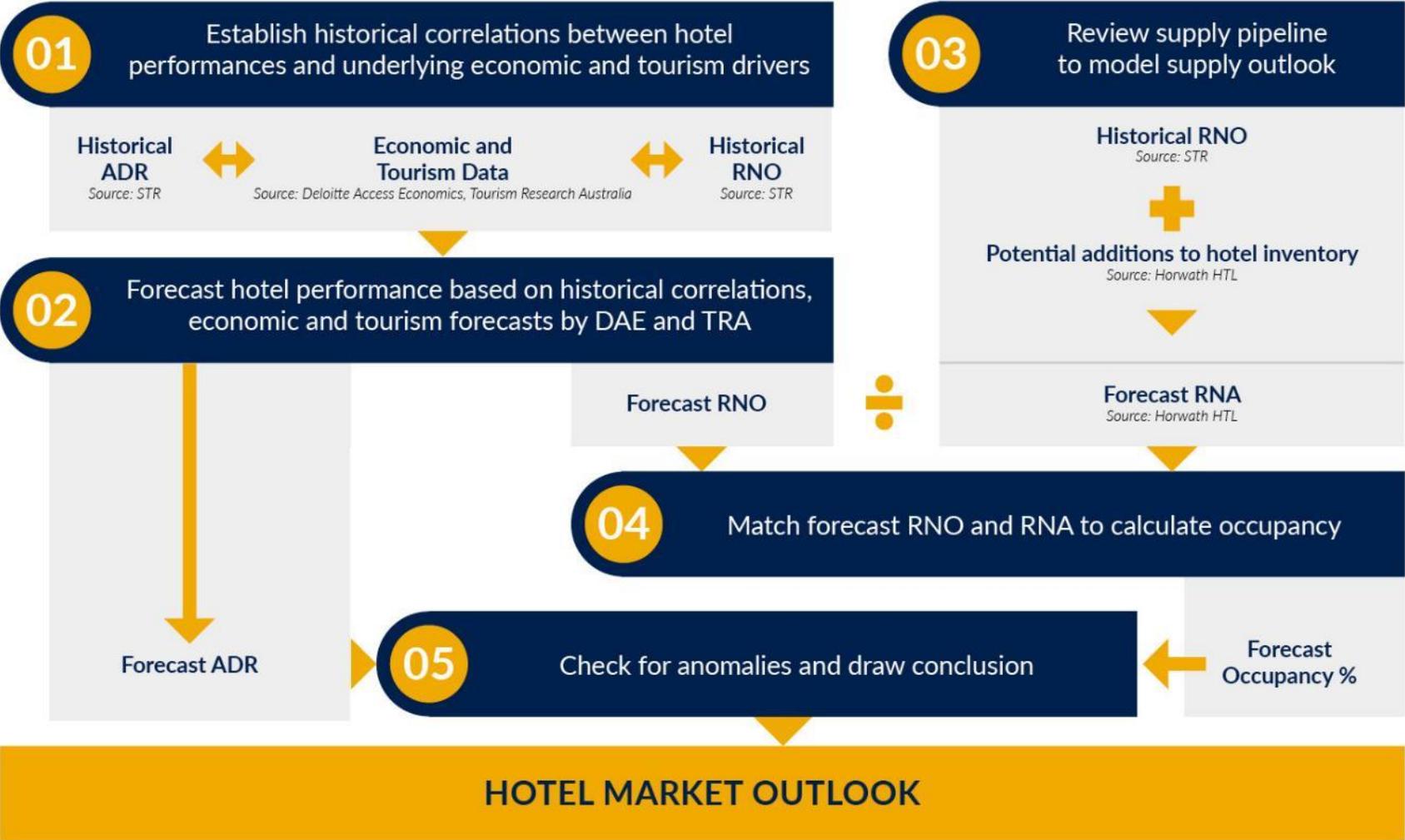
Capital City & Key Markets

Hotel Market Outlook & Insights

December QTR 2022 Edition

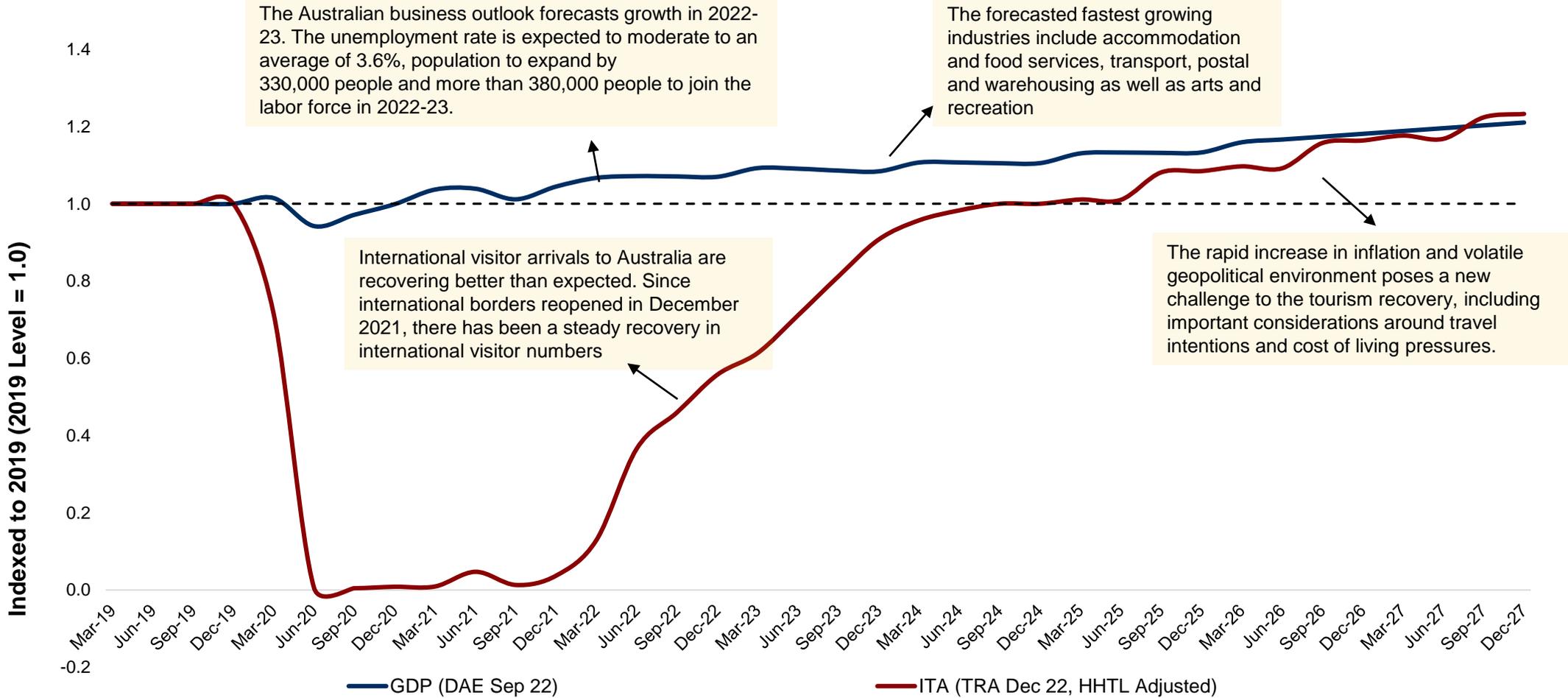
Hotel Market Outlook

Horwath HTL Methodology



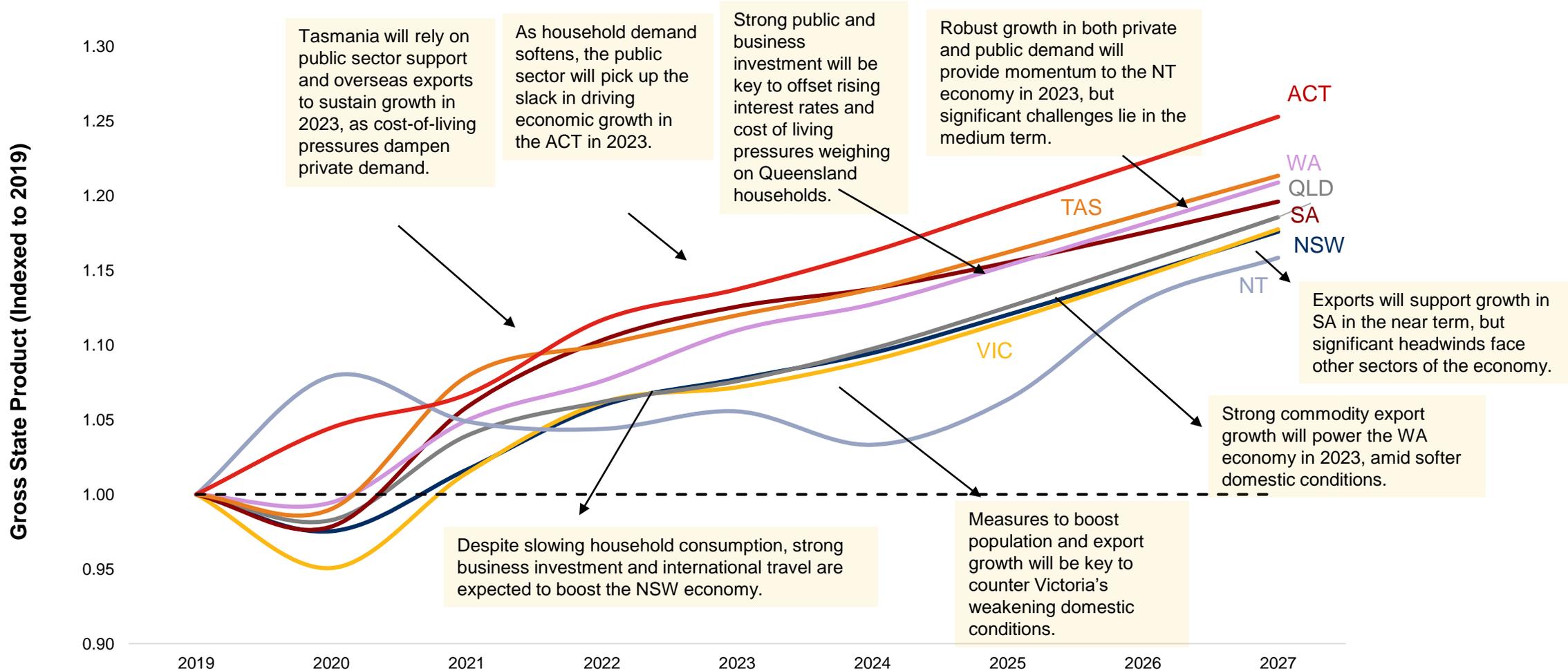
Macroeconomic and Tourism Context

GDP and International Tourist Arrivals, Australia – December 2022



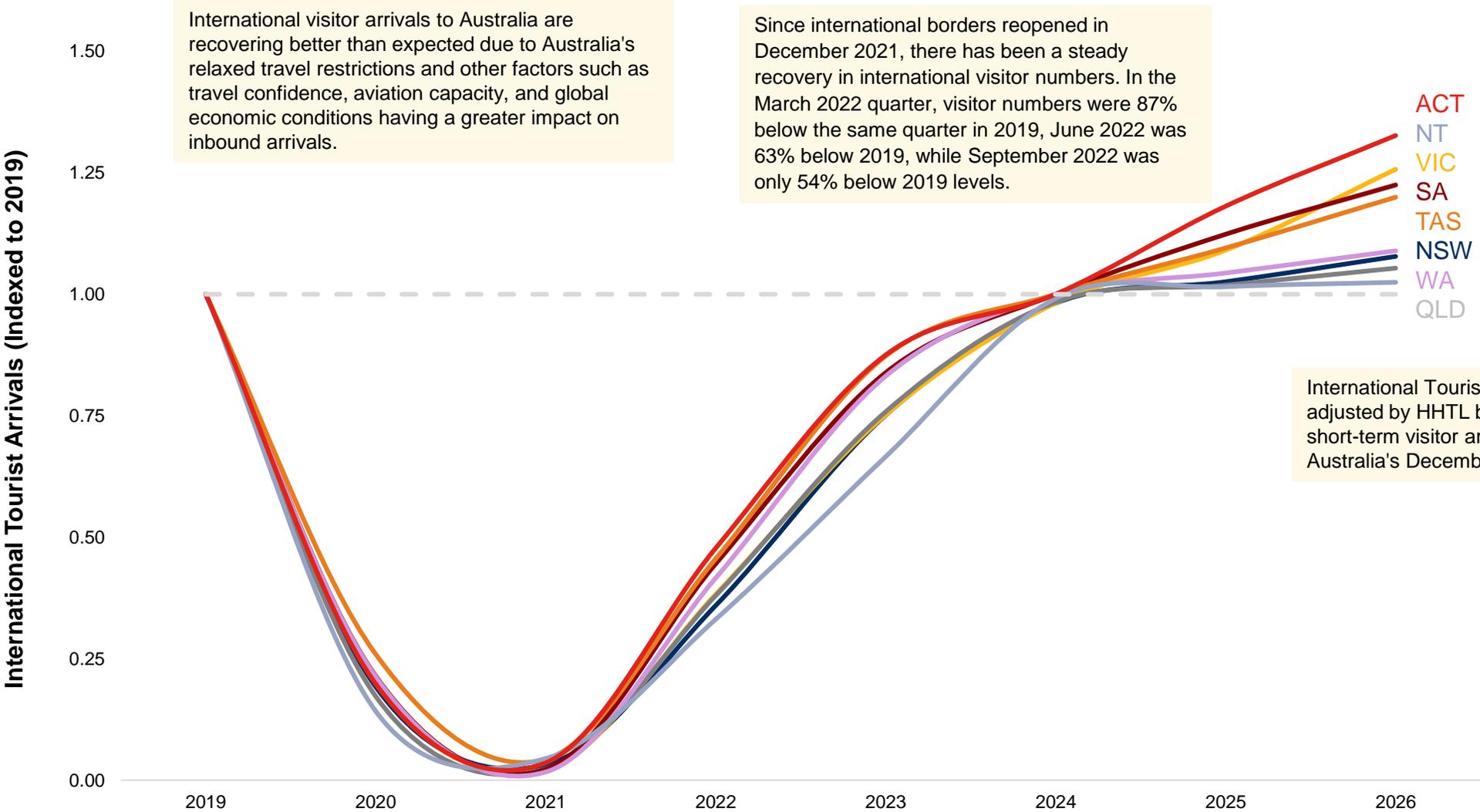
Macroeconomic and Tourism Context

Economic Outlook by State – Gross State Product



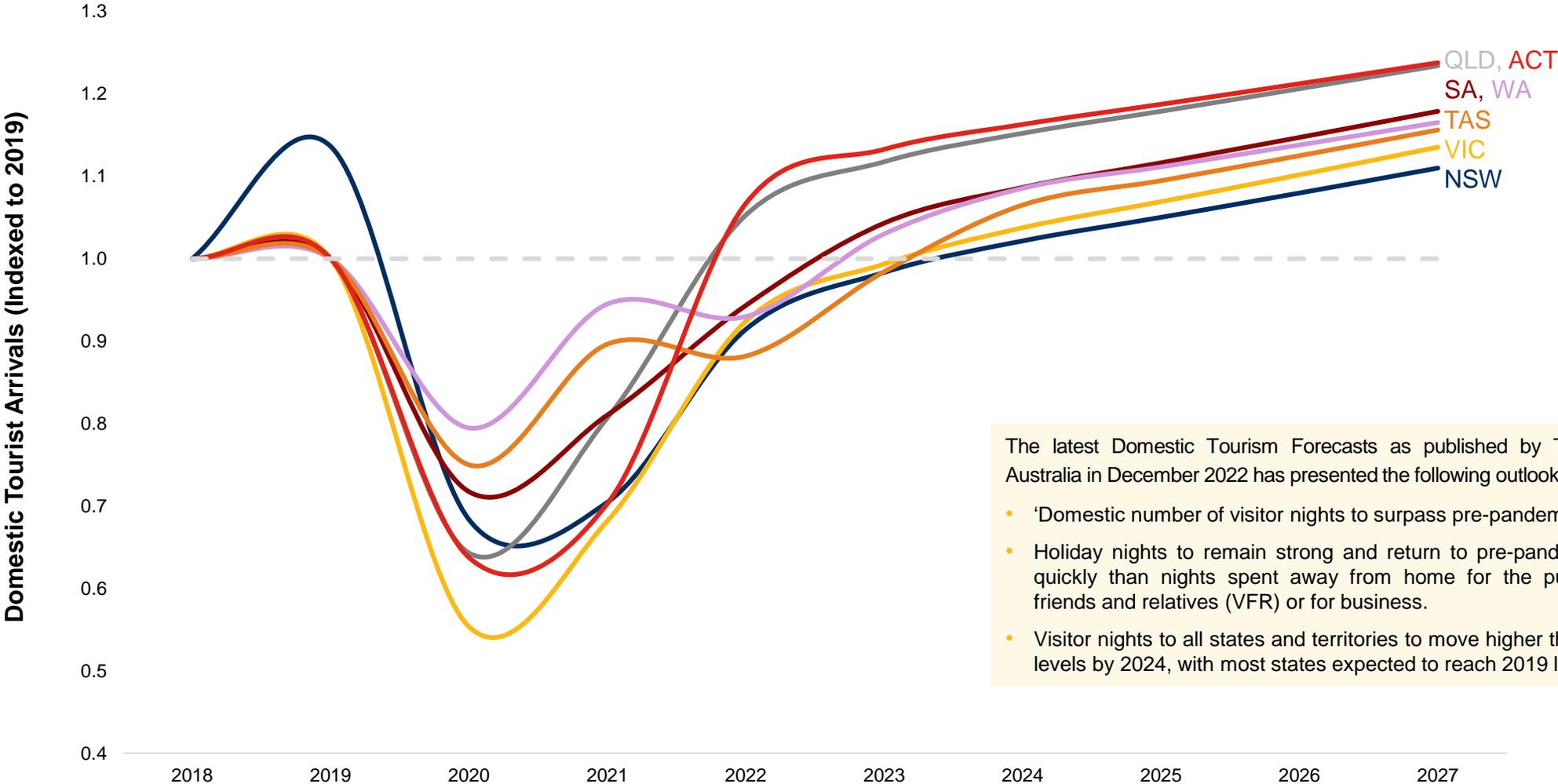
Macroeconomic and Tourism Context

Tourism Outlook by State – International Tourist Arrivals



Macroeconomic and Tourism Context

Tourism Outlook by State – Domestic Visitor Nights -



The latest Domestic Tourism Forecasts as published by Tourism Research Australia in December 2022 has presented the following outlook:

- ‘Domestic number of visitor nights to surpass pre-pandemic levels in 2023.
- Holiday nights to remain strong and return to pre-pandemic levels more quickly than nights spent away from home for the purpose of visiting friends and relatives (VFR) or for business.
- Visitor nights to all states and territories to move higher than pre-pandemic levels by 2024, with most states expected to reach 2019 levels by 2023.’

Trends In Australian Hotel Markets

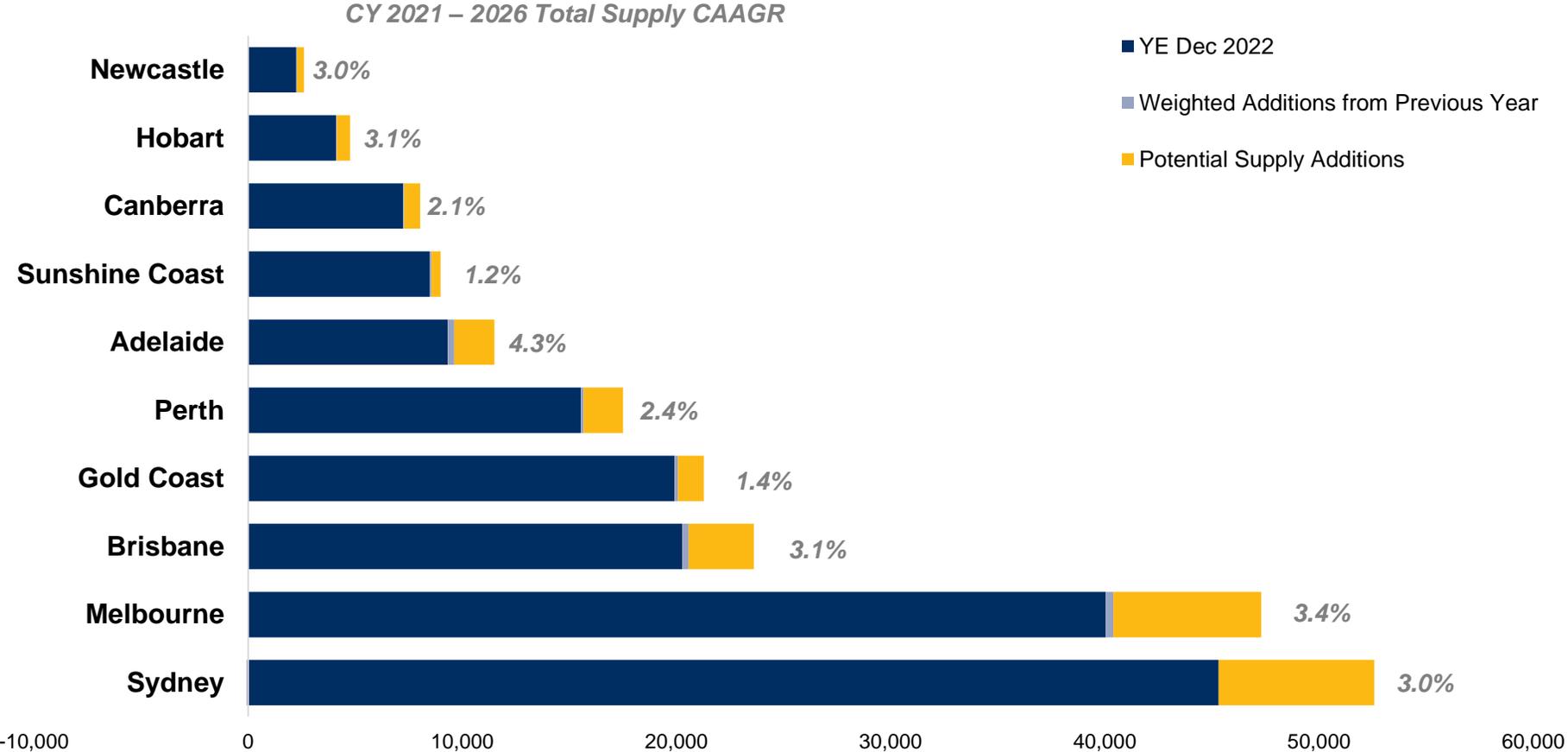
RevPAR Performance Snapshot – YTD December 2022



YTD Dec 2022		
	VS YTD Dec 2021	VS YTD Dec 2019
Brisbane	76.7% ▲	28.4% ▲
Canberra	96.6% ▲	11.1% ▲
Adelaide	56.6% ▲	10.7% ▲
Gold Coast	69.5% ▲	36.1% ▲
Hobart	49.6% ▲	8.9% ▲
Melbourne	37.4% ▲	-14.3% ▼
Newcastle	51.4% ▲	12.2% ▲
Perth	37.2% ▲	12.2% ▲
Sunshine Coast	39.0% ▲	43.4% ▲
Sydney	26.9% ▲	-12.4% ▼

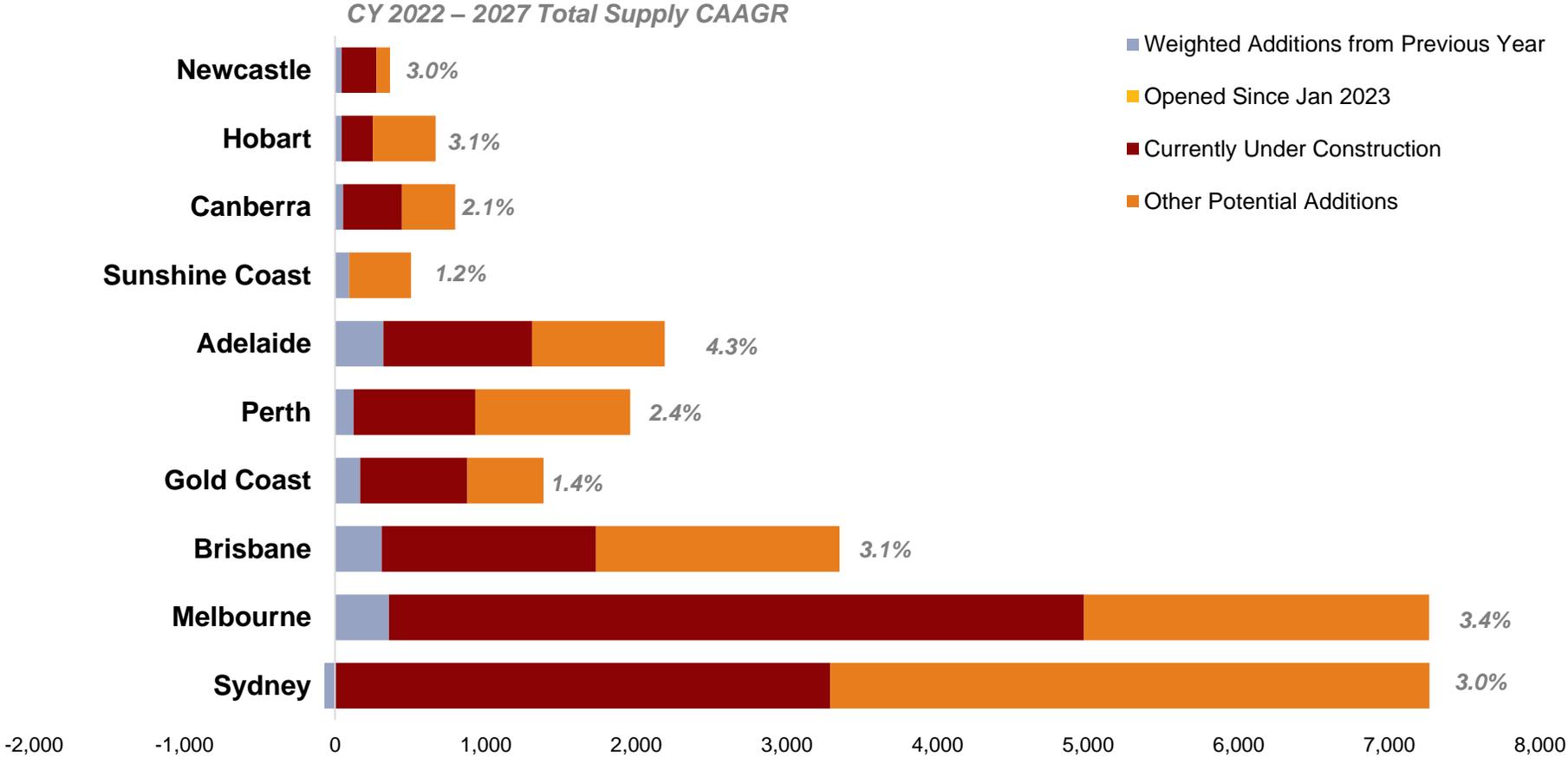
Australian Hotel Market Supply Pipeline

Existing Hotel and Hotel Supply Pipeline (by Number of Rooms)



Australian Hotel Market Supply Pipeline

Hotel Supply Pipeline by Stages of Development (by Number of Rooms)



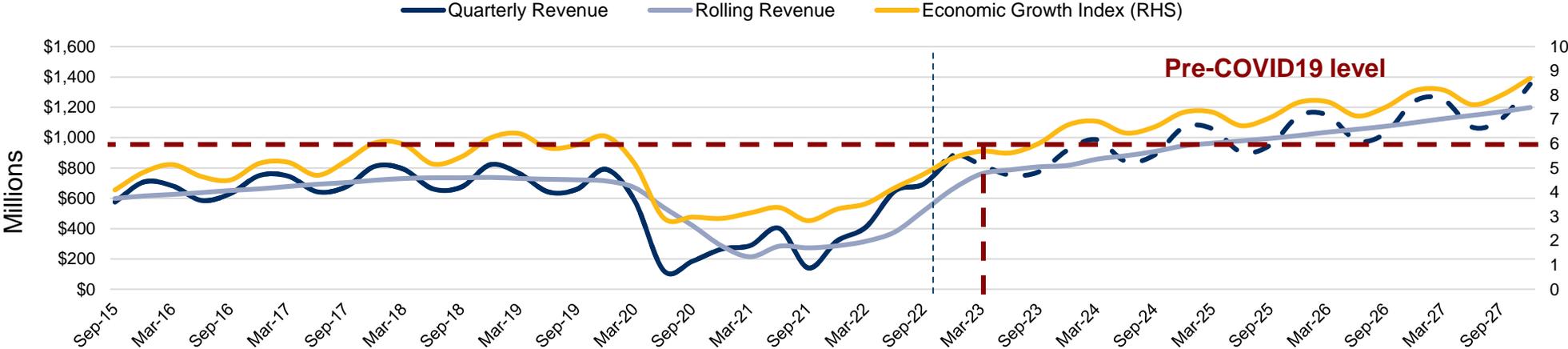
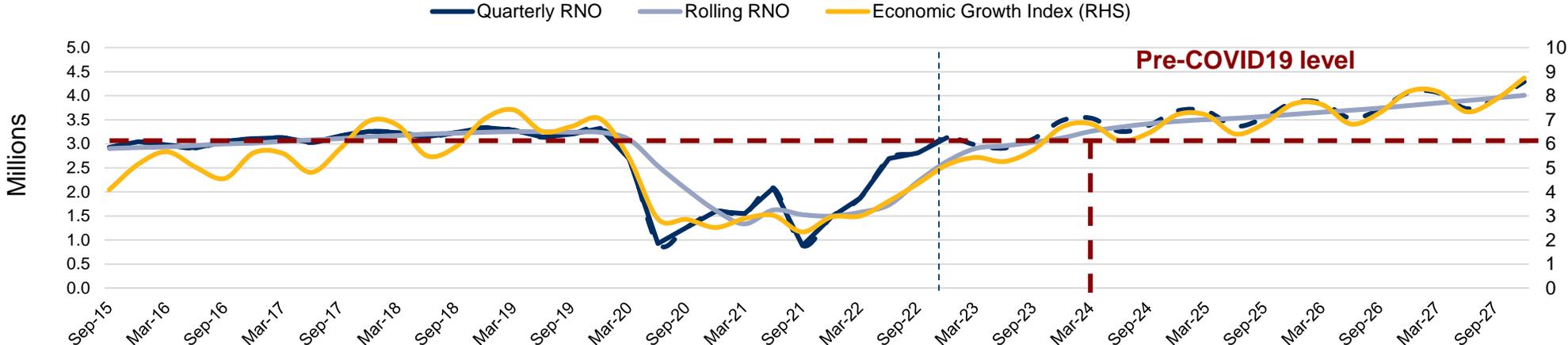


Sydney

Sydney Tourism Region Hotel Market Outlook

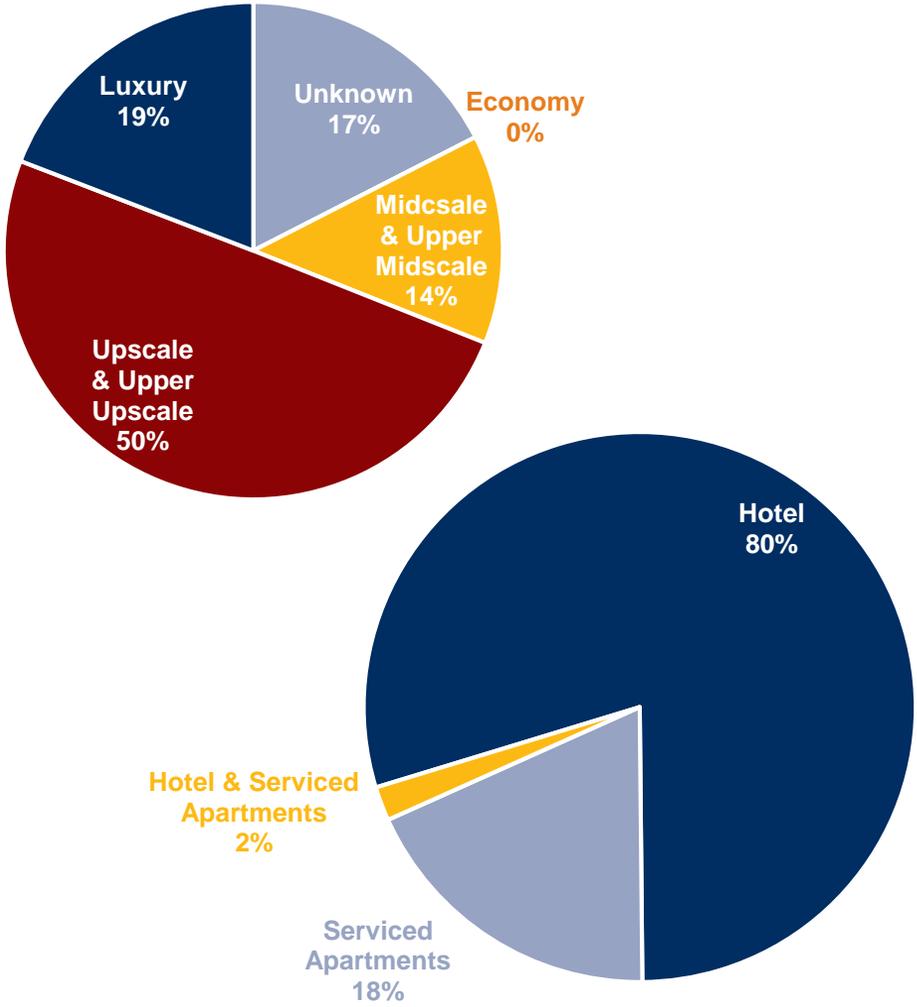
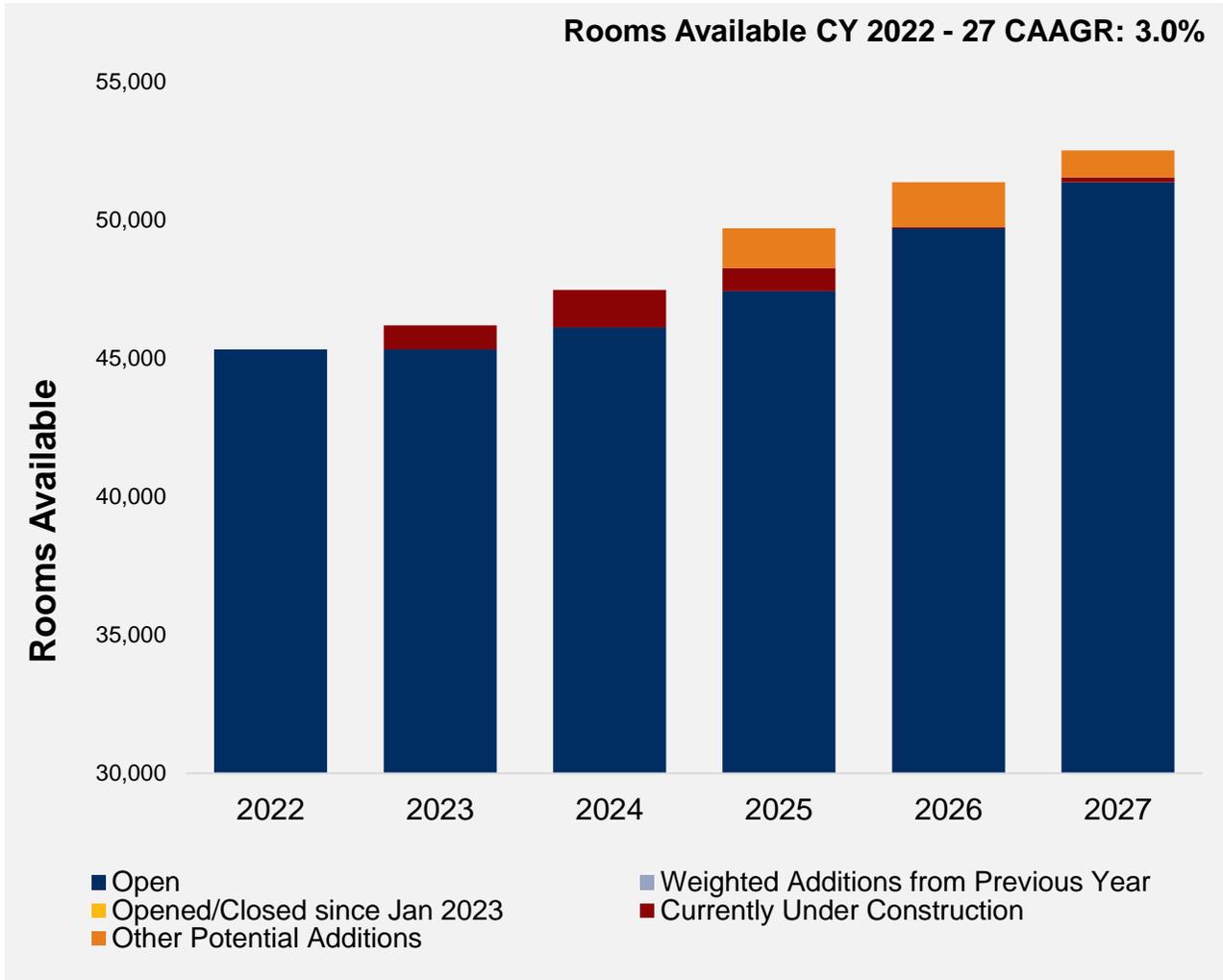
Sydney Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Sydney Tourism Region Hotel Market Outlook

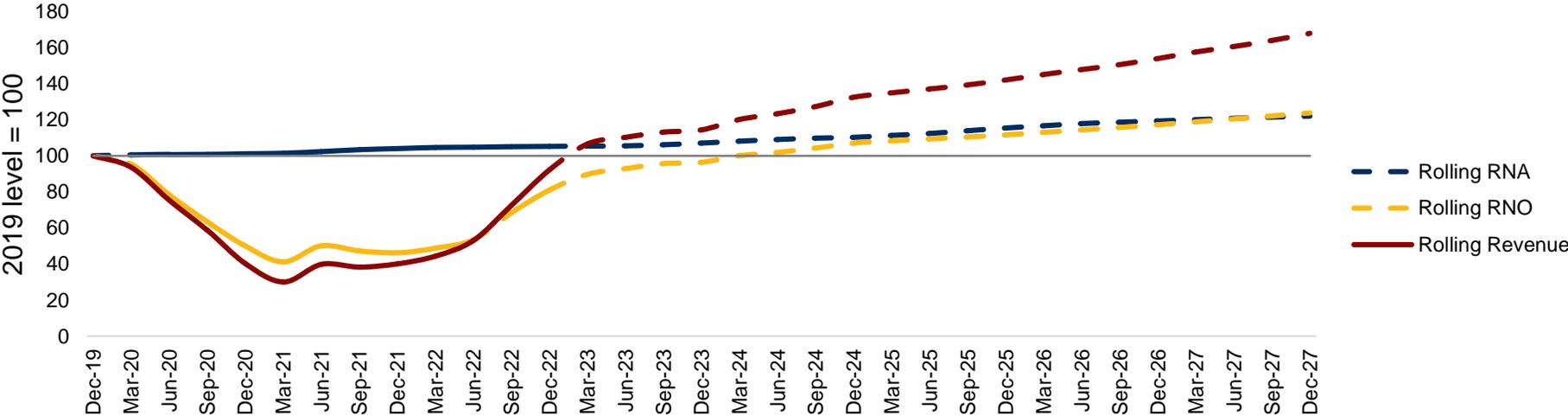
Forecast Additions to Supply – CY 2023 to 2027



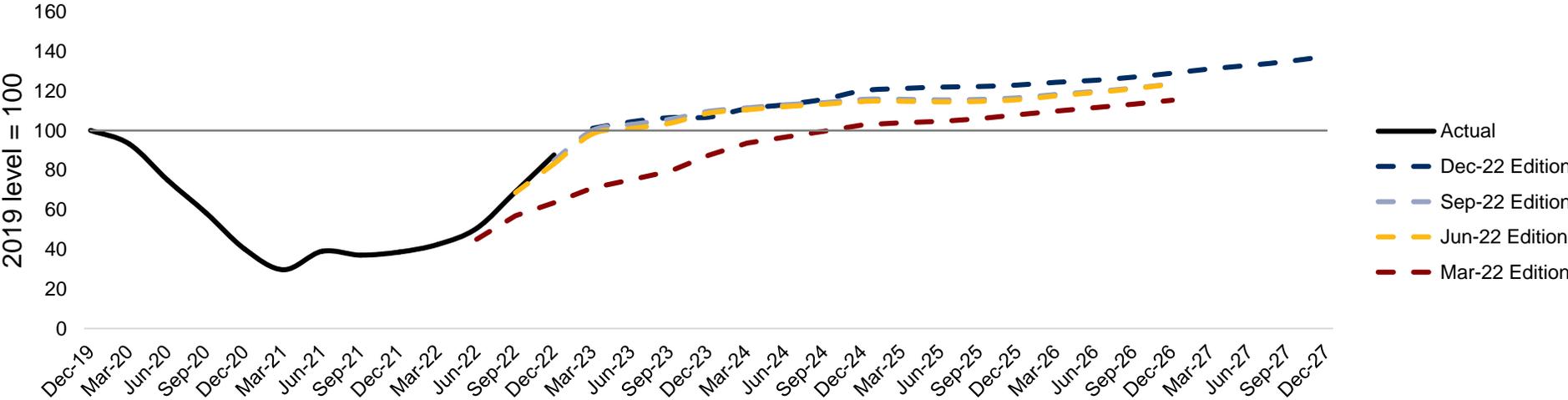
Sydney Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



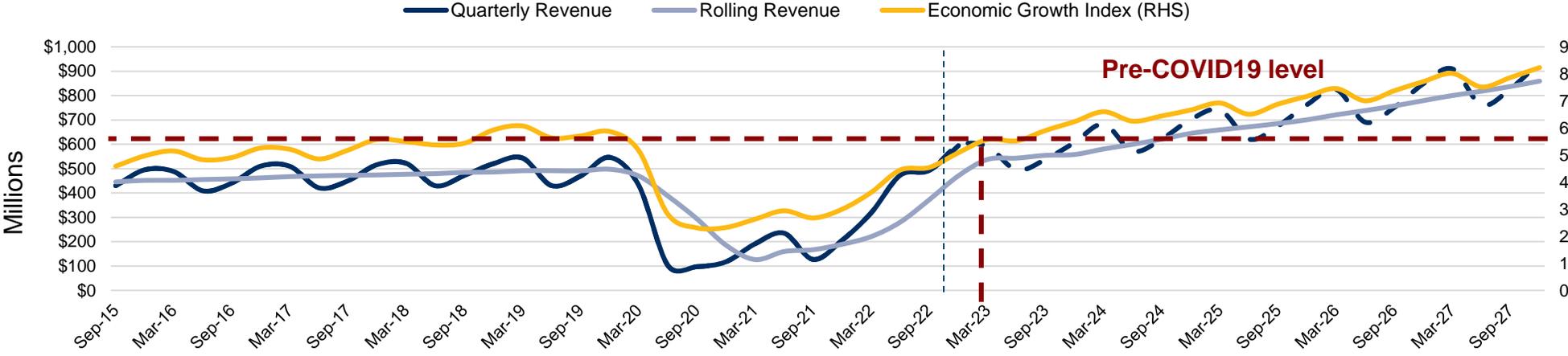
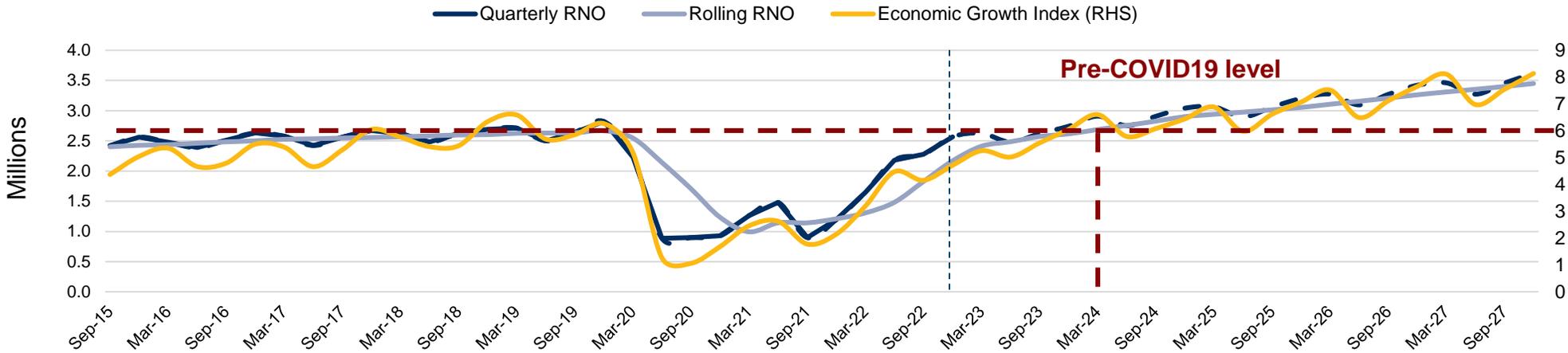


Melbourne

Melbourne Tourism Region Hotel Market Outlook

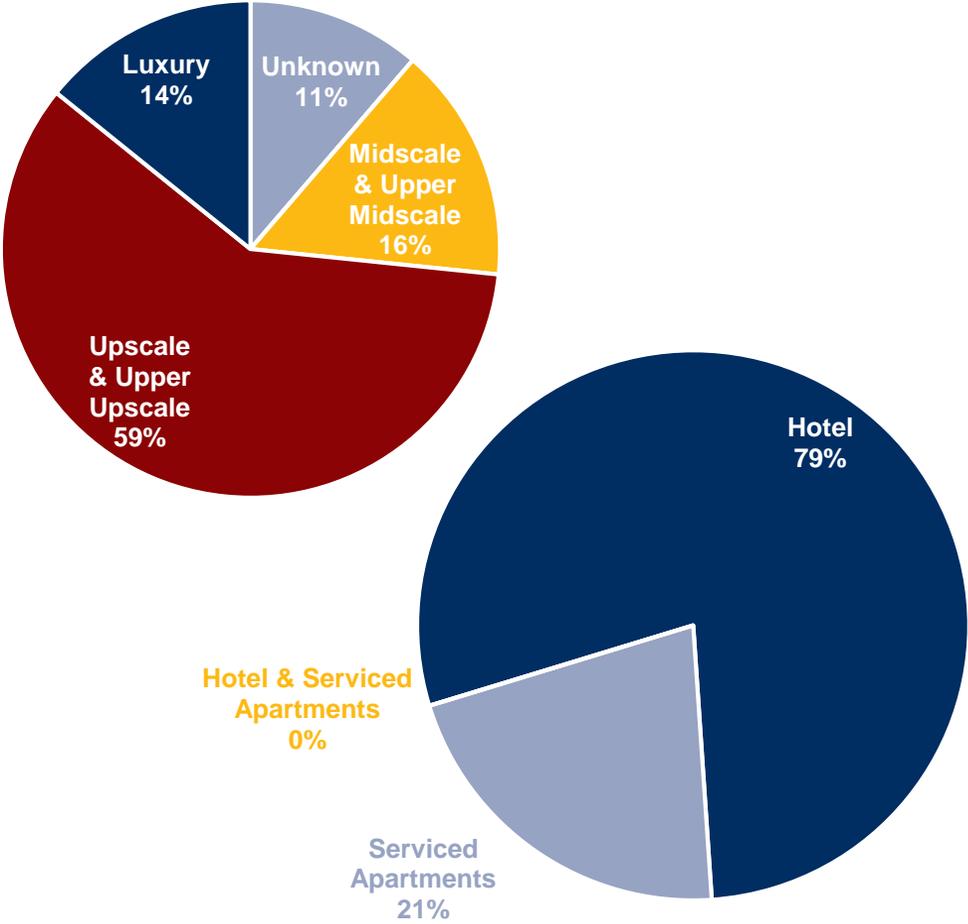
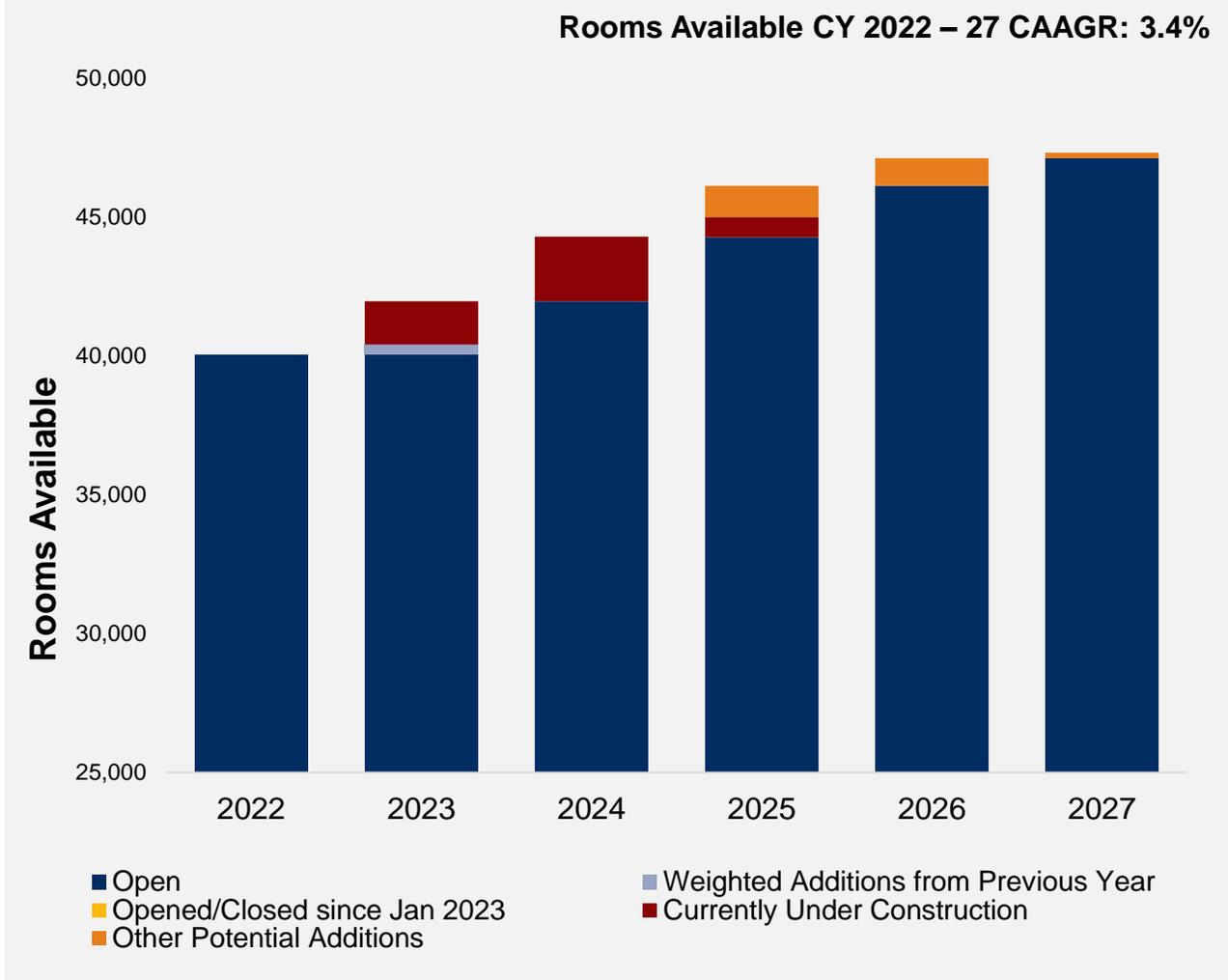
Melbourne Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Melbourne Tourism Region Hotel Market Outlook

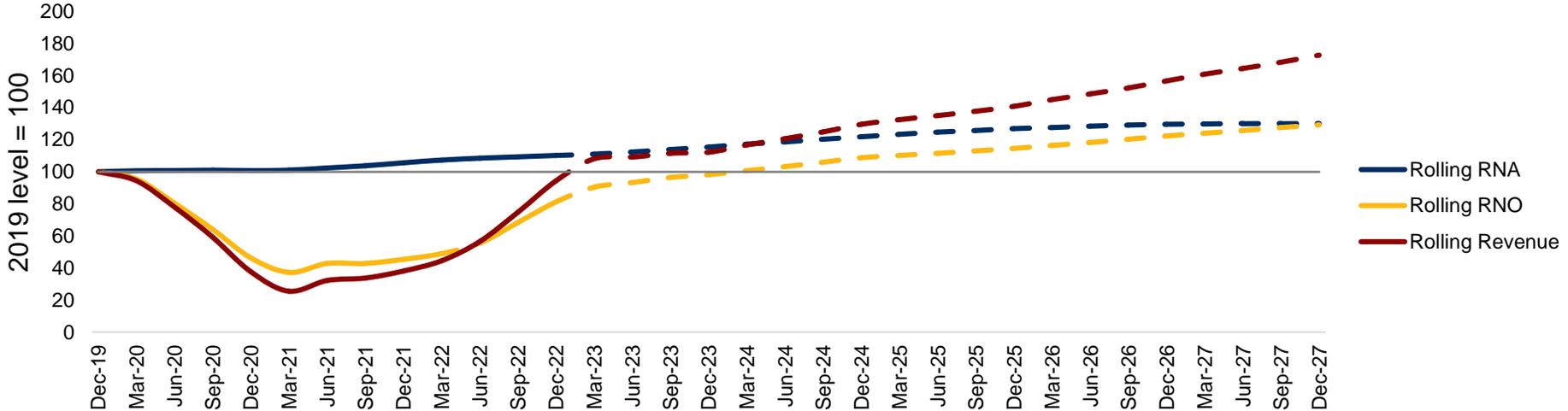
Forecast Additions to Supply – CY 2023 to 2027



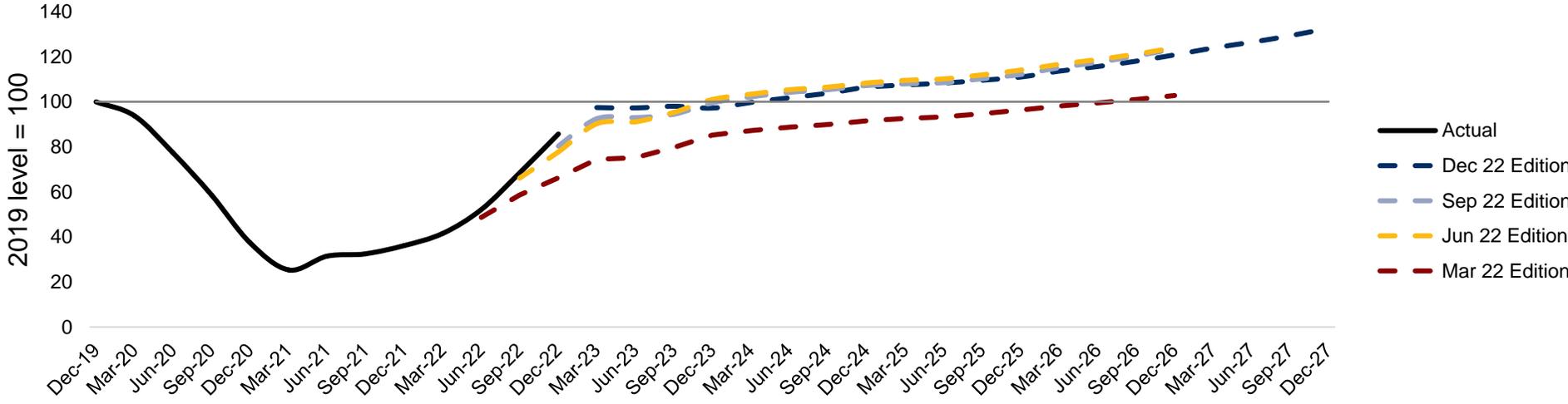
Melbourne Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month RevPAR Outlook



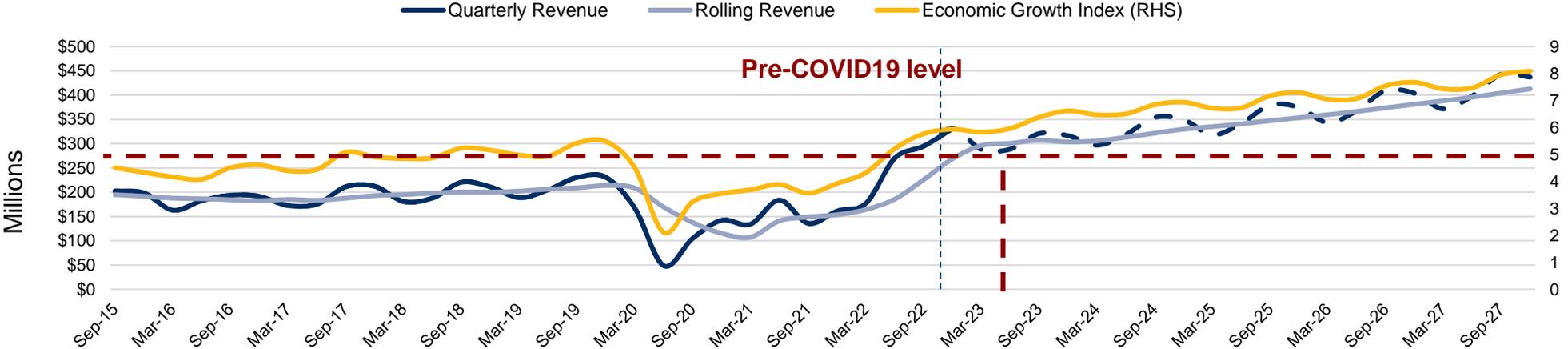
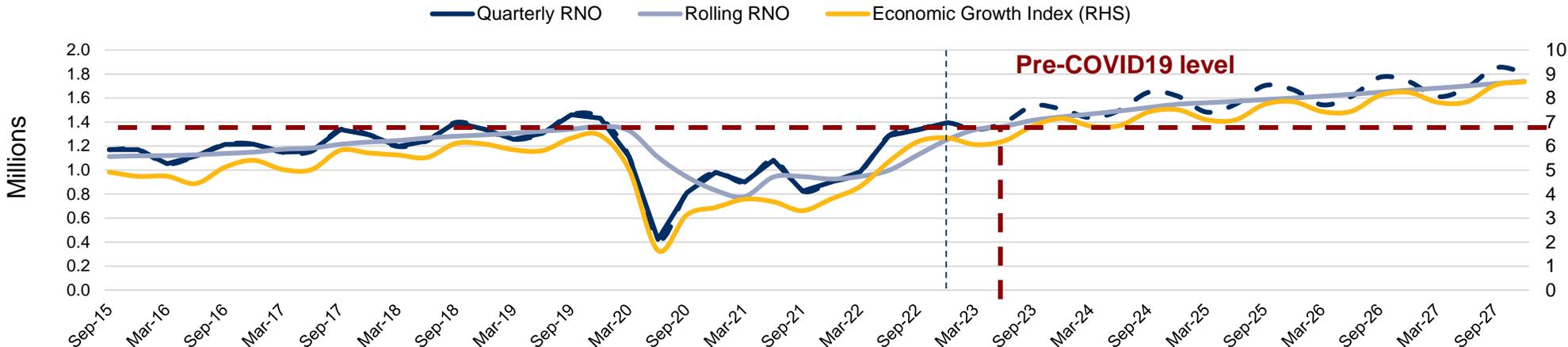
A nighttime photograph of a modern urban landscape in Brisbane. The scene is dominated by several tall, illuminated skyscrapers with glass facades that reflect the city lights. In the foreground, a wide, curved concrete walkway with a series of small, warm-toned lights along its edge leads towards the buildings. Below the walkway, a set of wide, light-colored stone steps descends towards the bottom right. The overall atmosphere is vibrant and contemporary, with a mix of cool blue and green lights from the buildings and warm yellow and orange lights from the walkway and stairs.

Brisbane

Brisbane Tourism Region Hotel Market Outlook

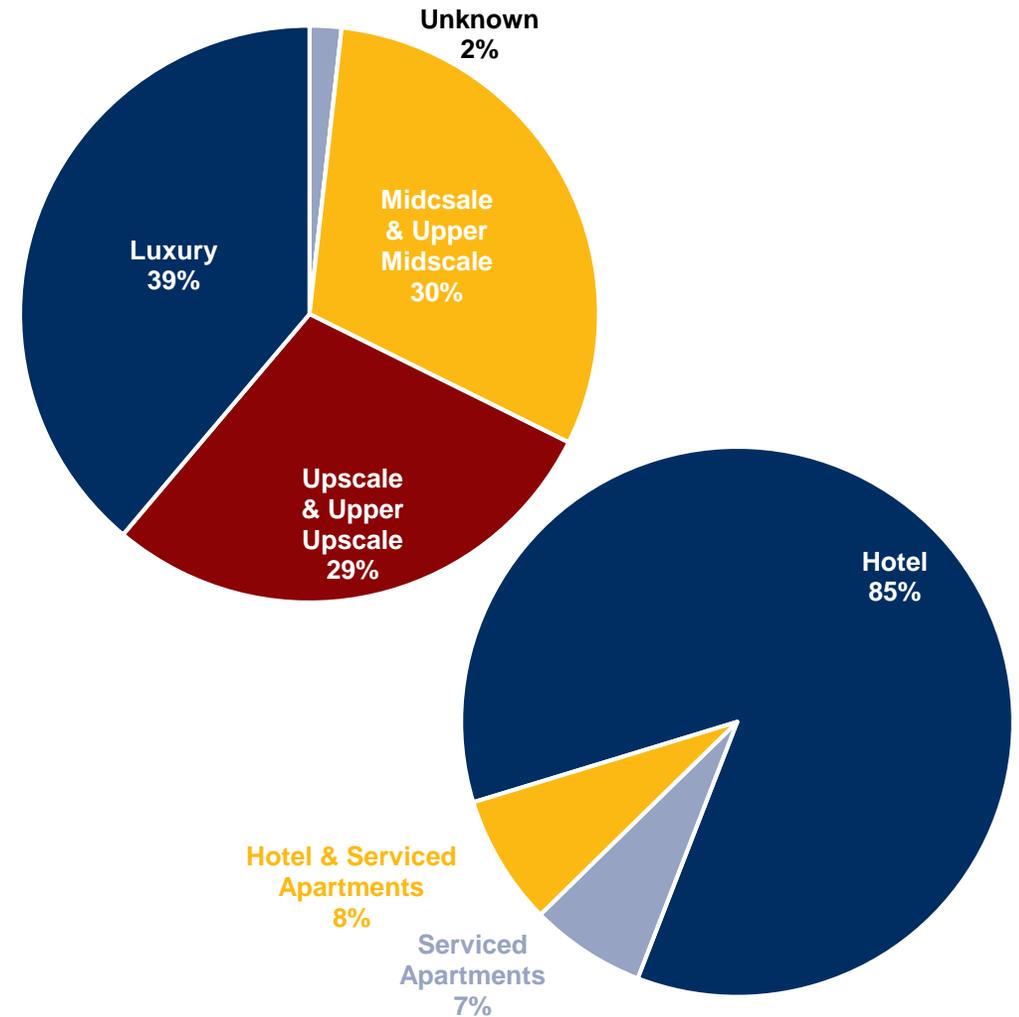
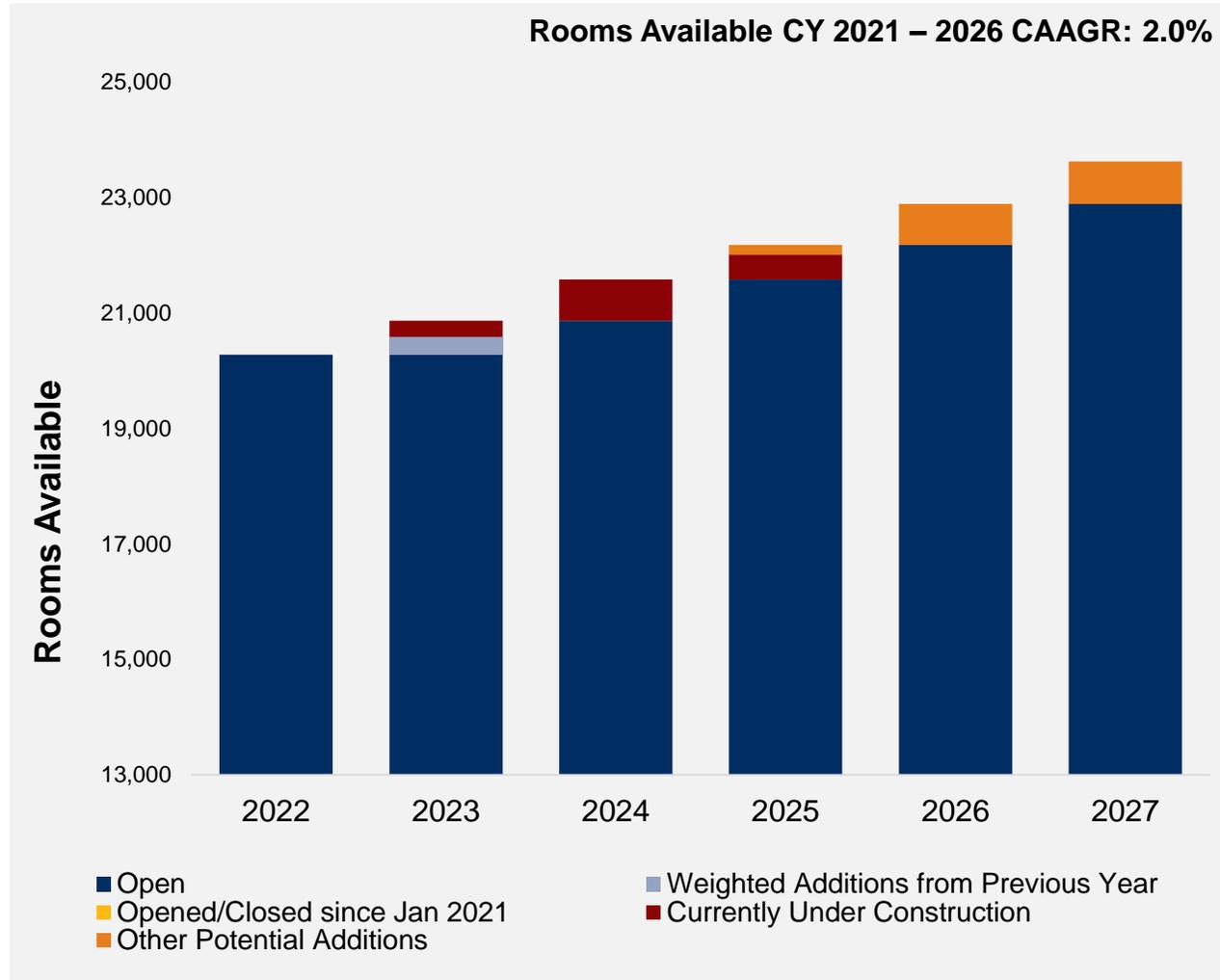
Brisbane Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Brisbane Tourism Region Hotel Market Outlook

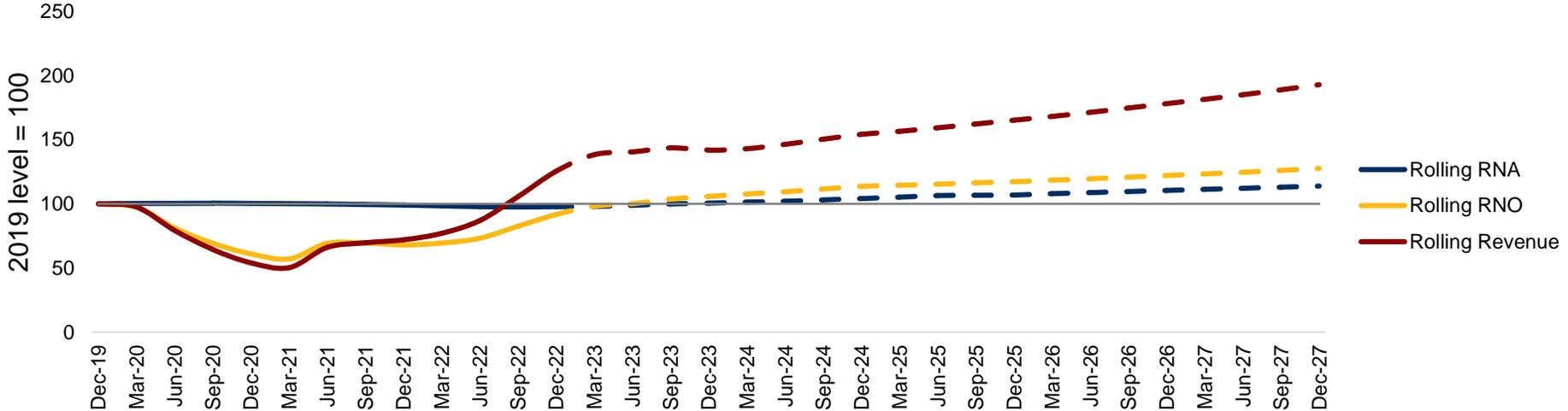
Forecast Additions to Supply – CY 2023 to 2027



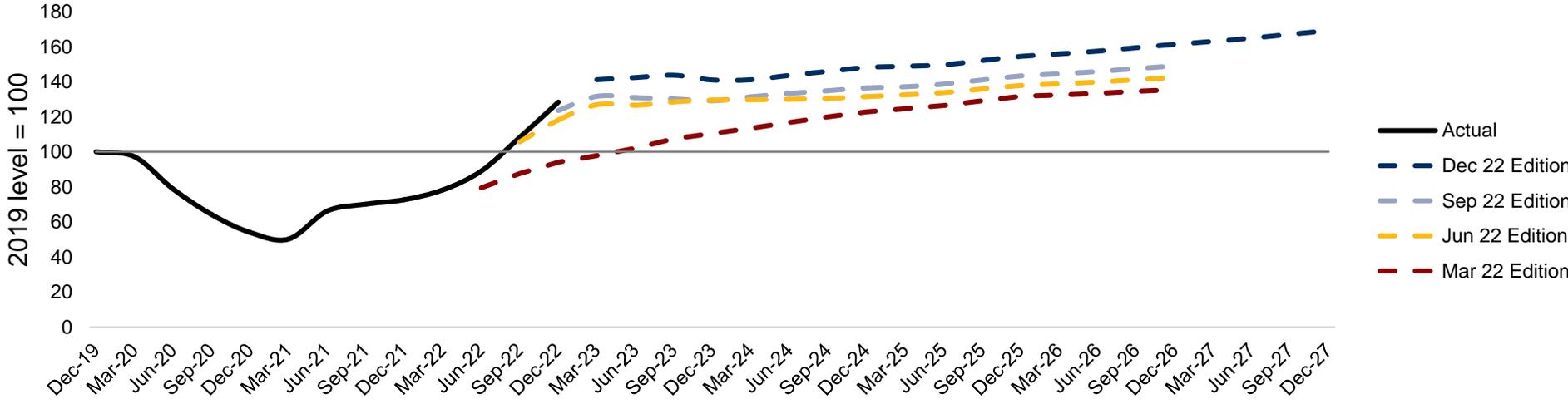
Brisbane Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month RevPAR Outlook



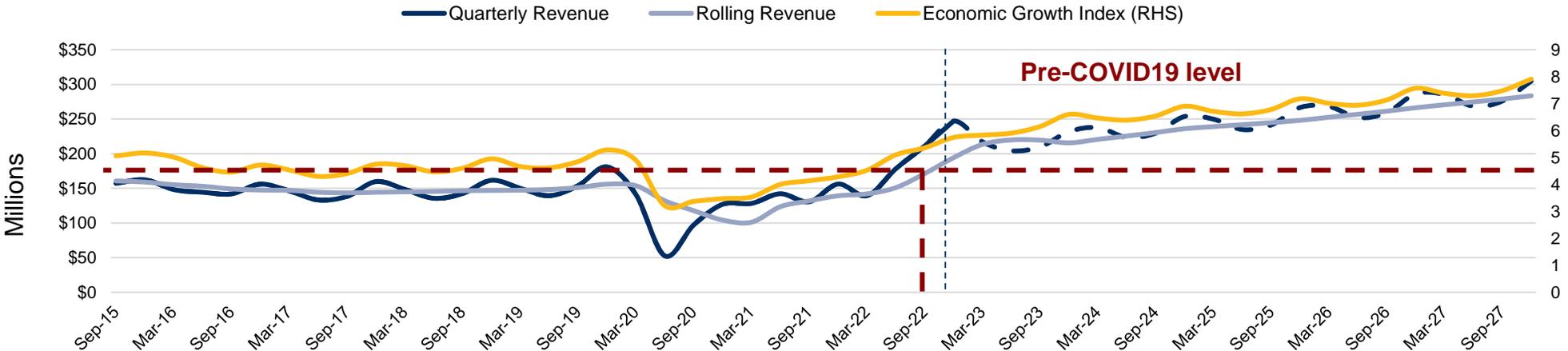
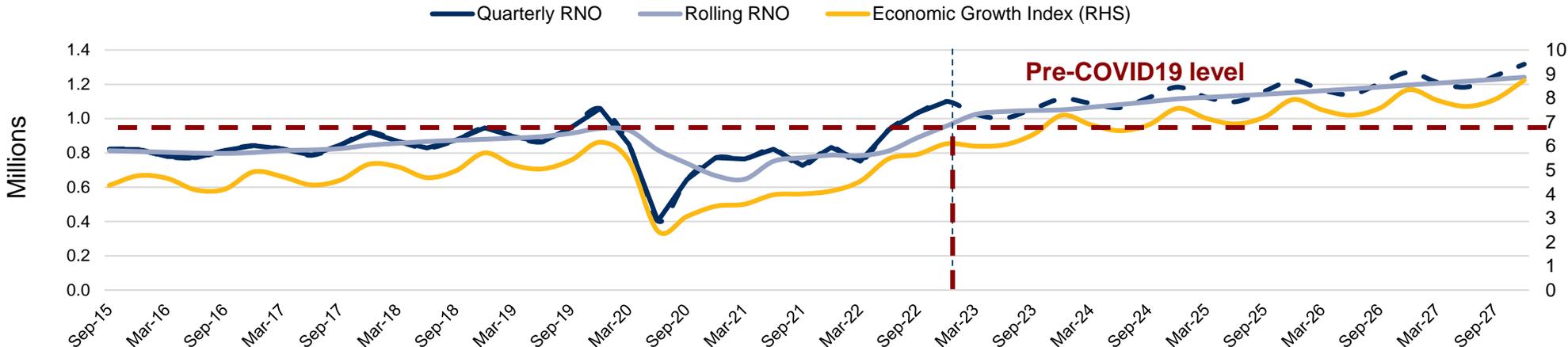


Perth

Perth Tourism Region Hotel Market Outlook

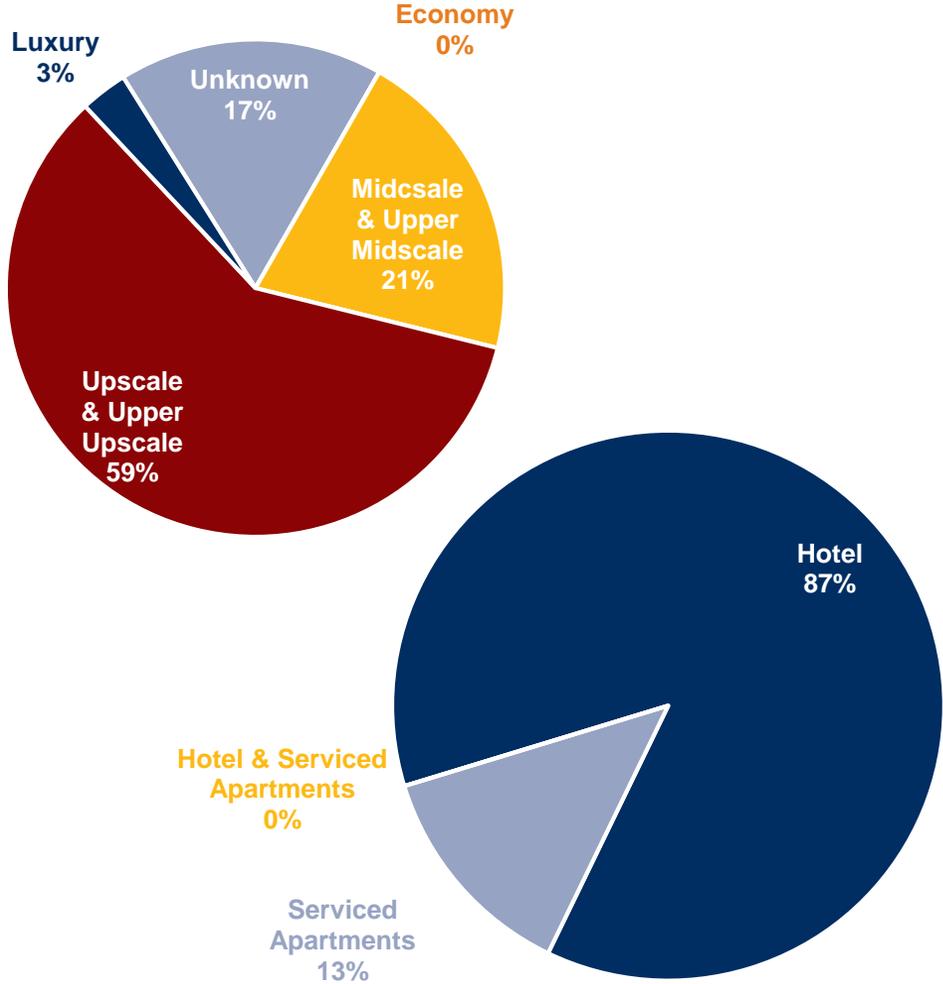
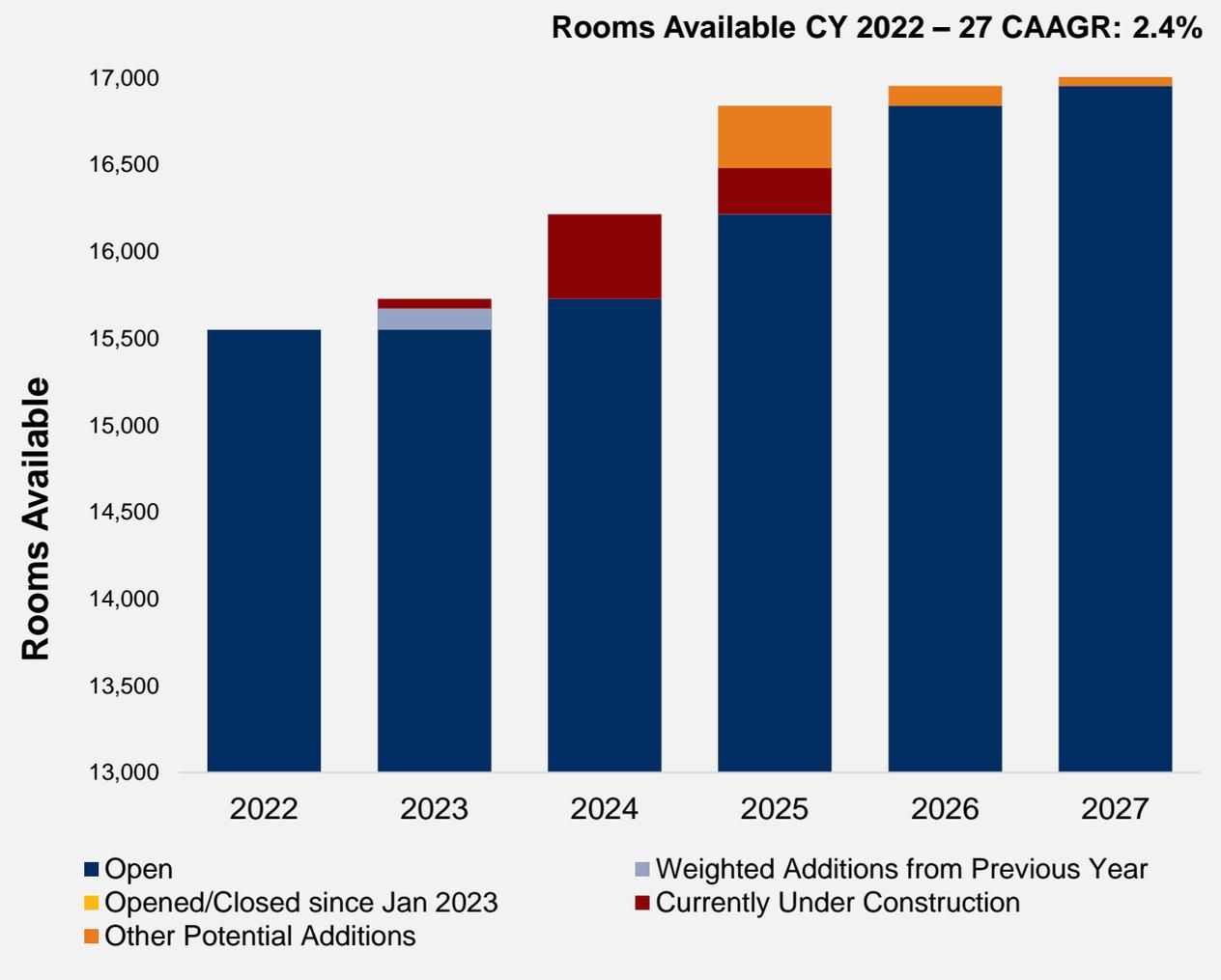
Perth Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Perth Tourism Region Hotel Market Outlook

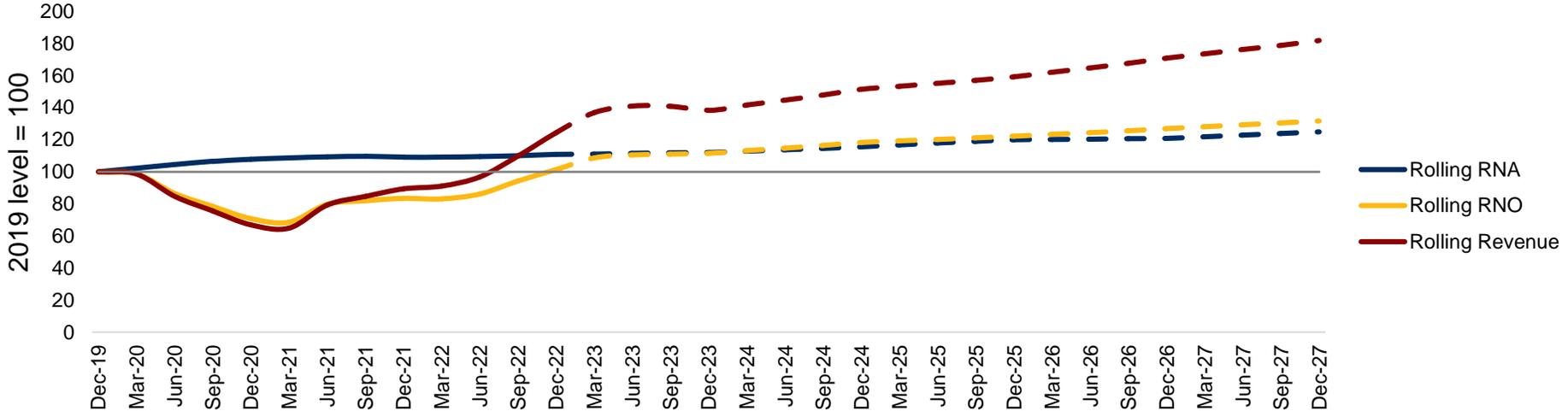
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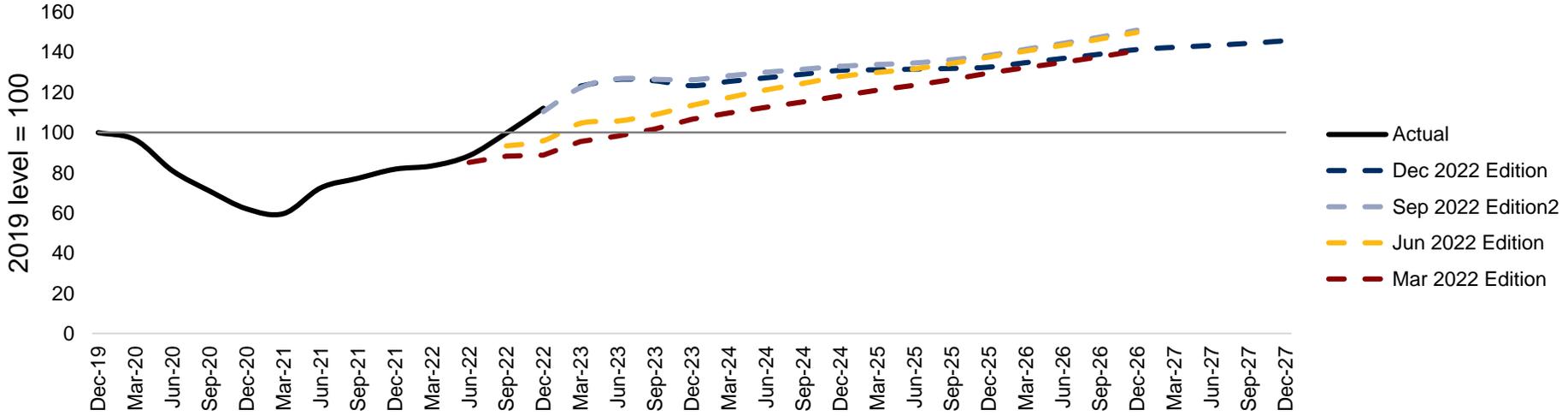
Perth Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month RevPAR Outlook



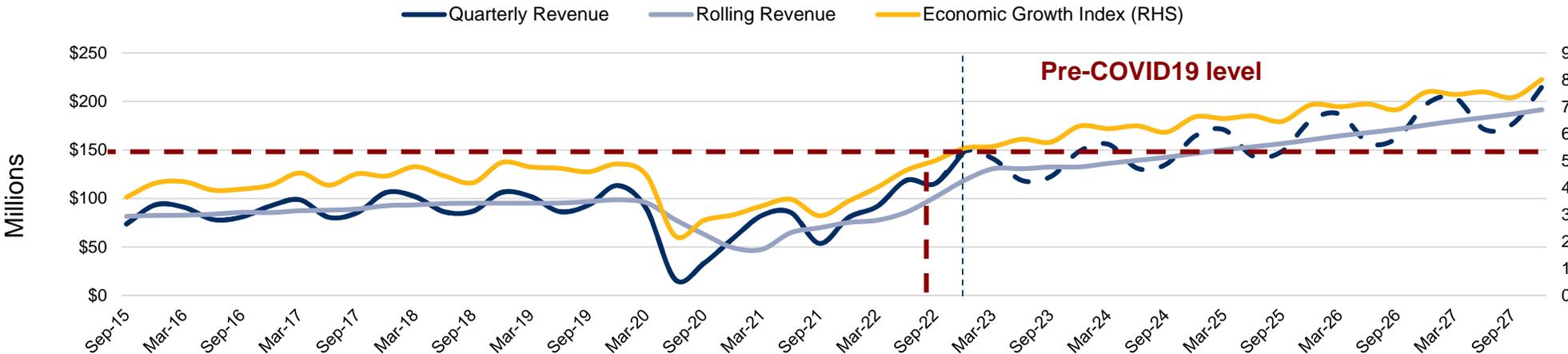
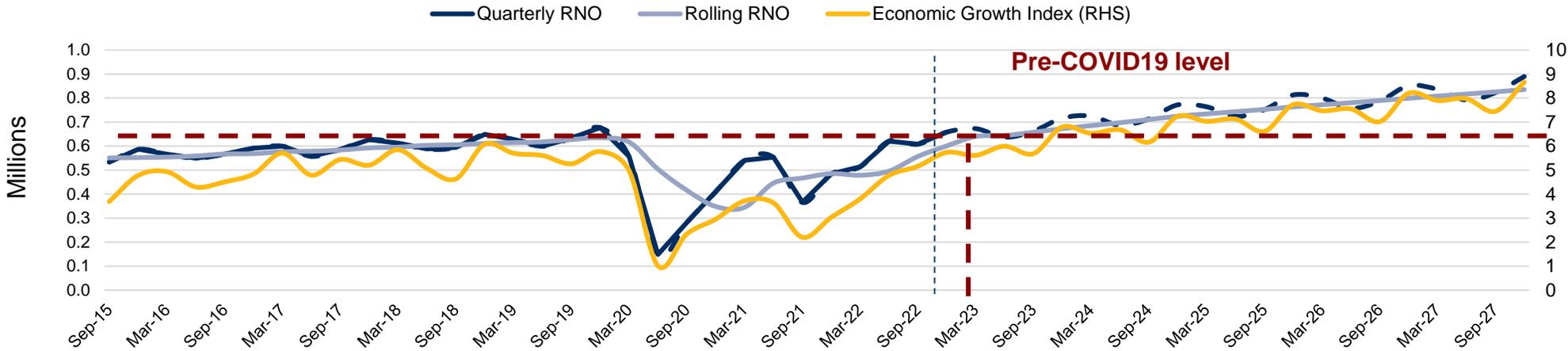


Adelaide

Adelaide Tourism Region Hotel Market Outlook

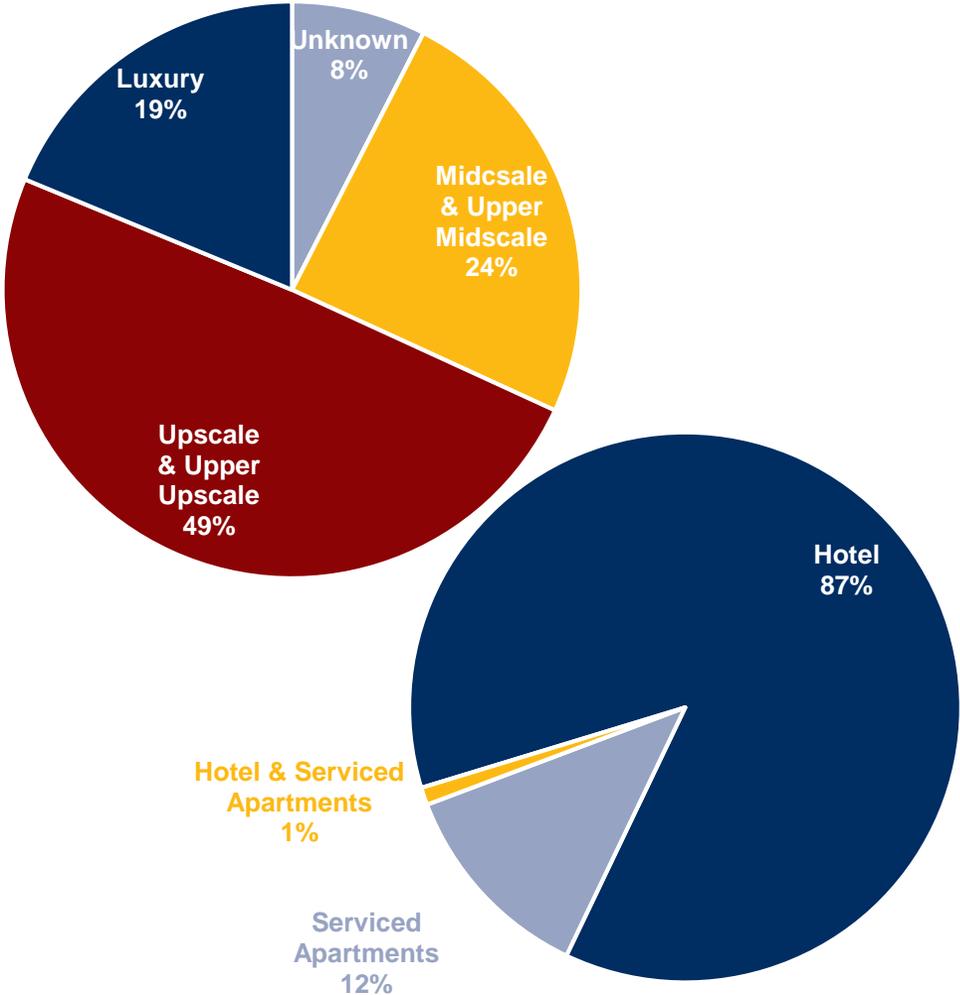
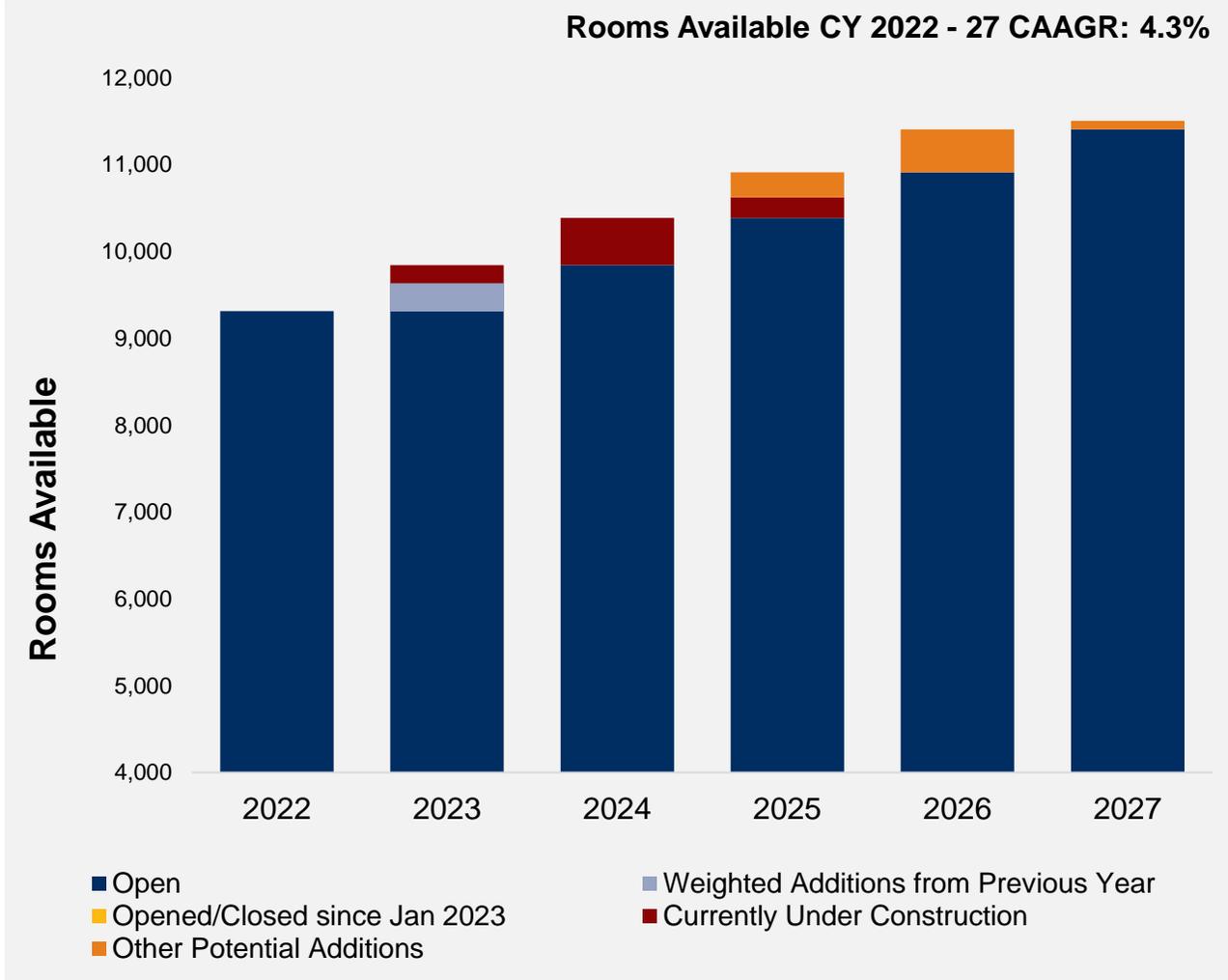
Adelaide Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Adelaide Tourism Region Hotel Market Outlook

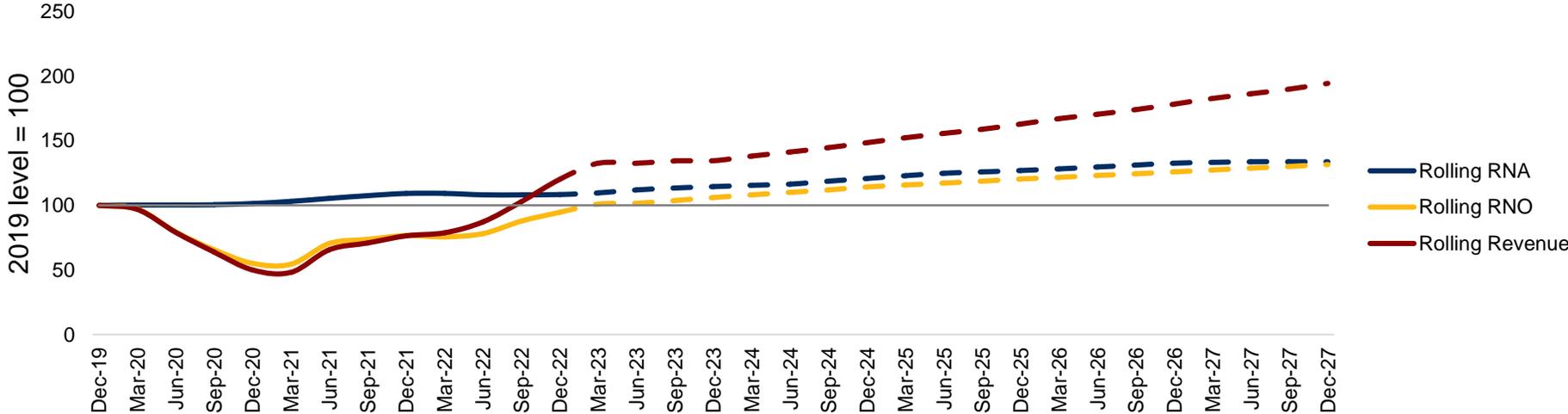
Forecast Additions to Supply – CY 2023 to 2027



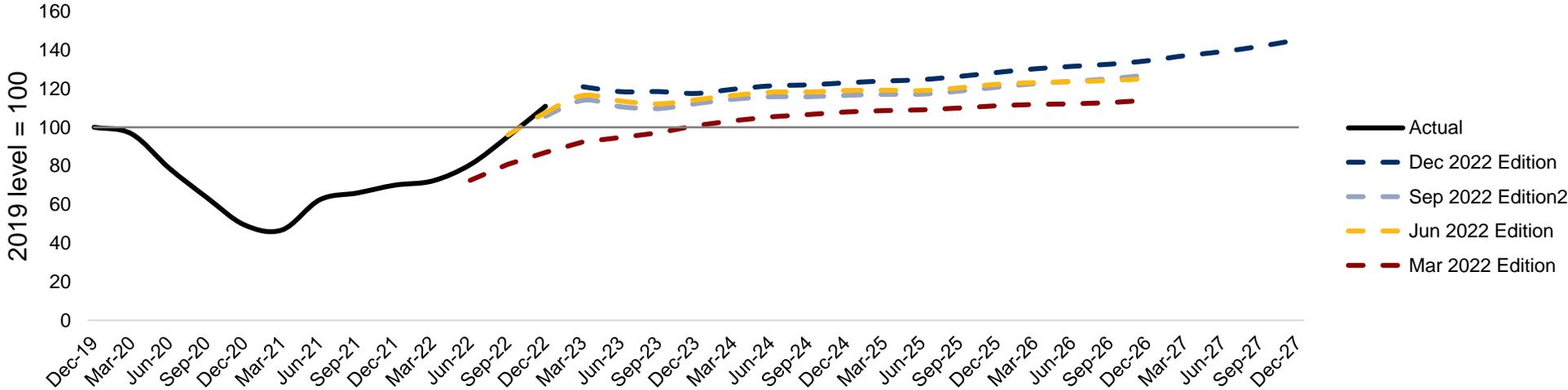
Adelaide Tourism Region Hotel Market Outlook

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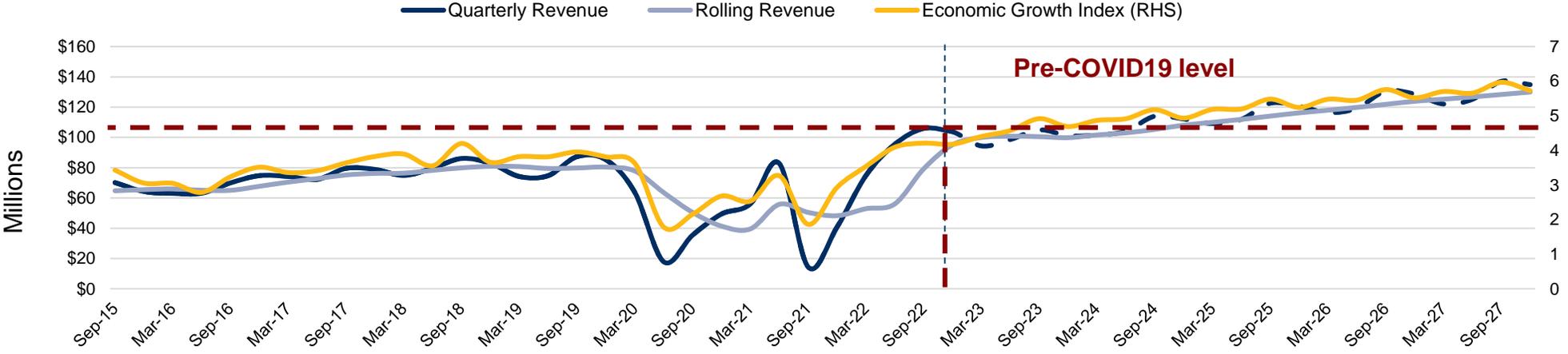
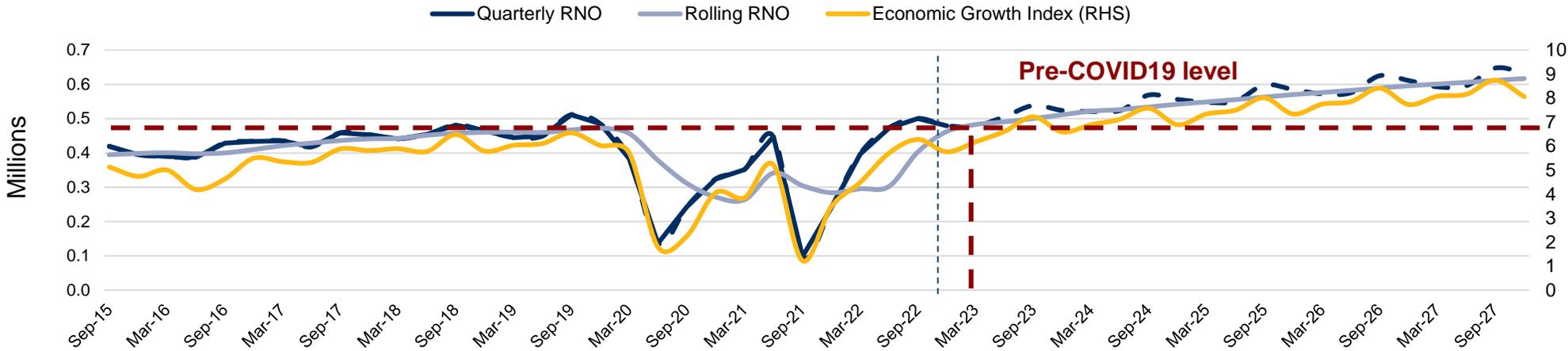


Canberra

Canberra Tourism Region Hotel Market Outlook

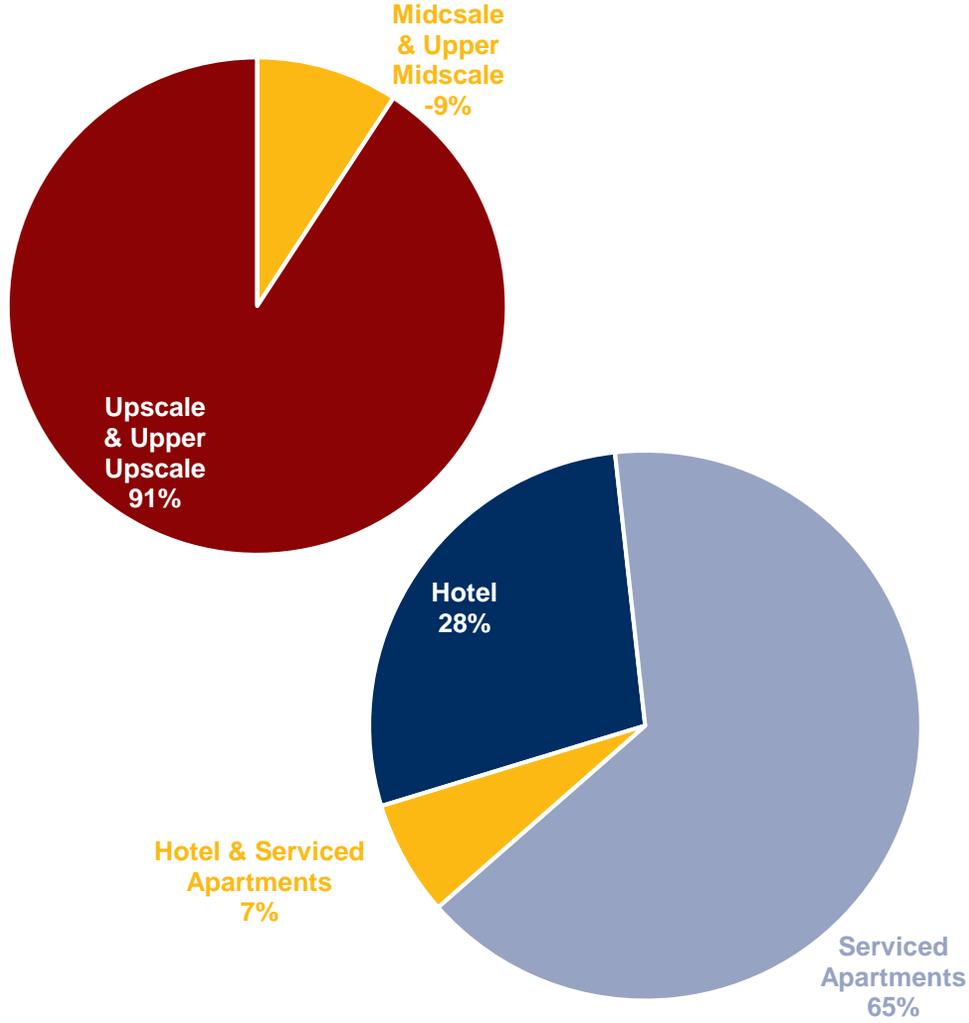
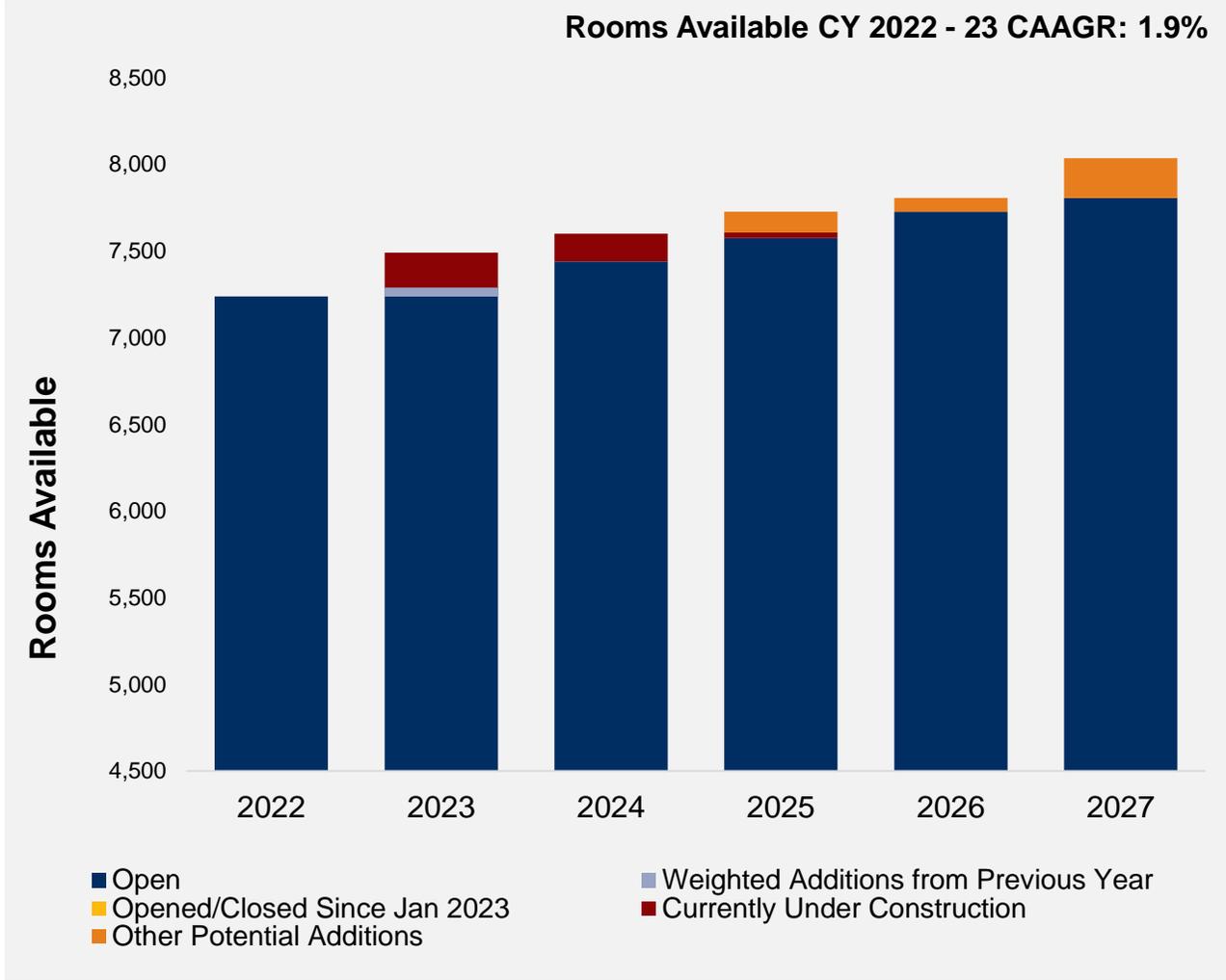
Canberra Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Canberra Tourism Region Hotel Market Outlook

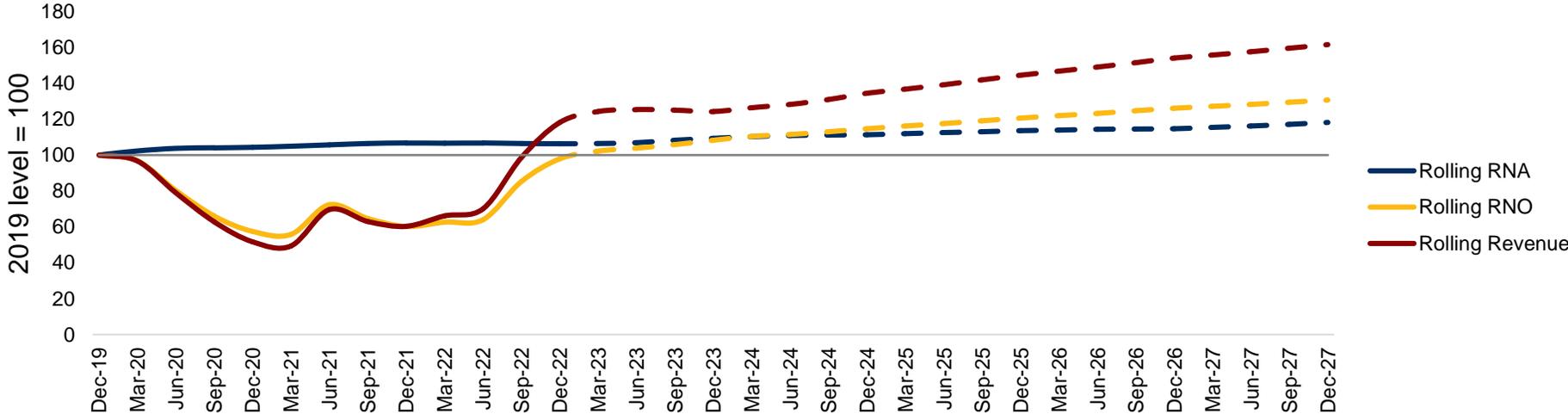
Forecast Additions to Supply – CY 2023 to 2027



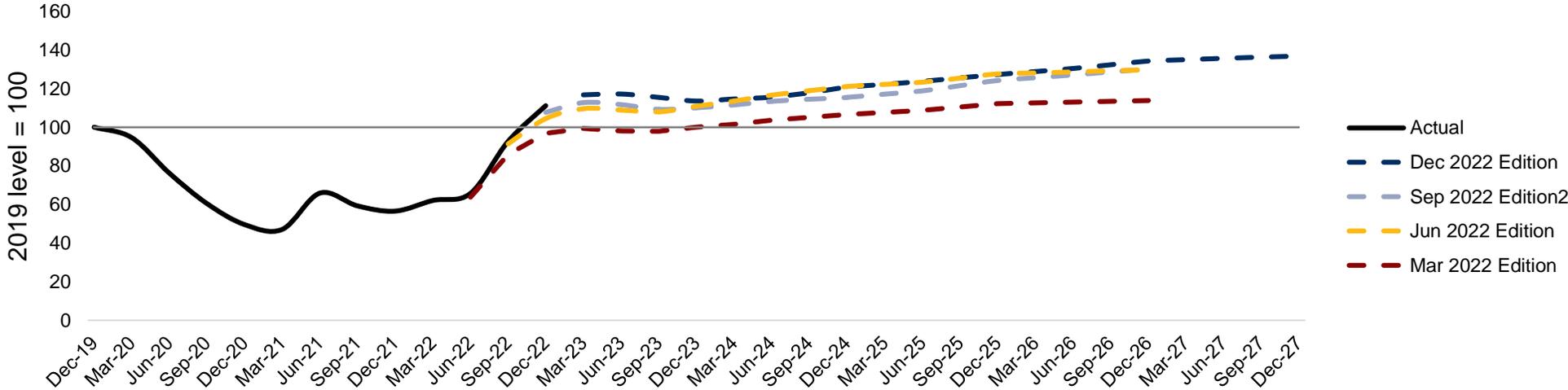
Canberra Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



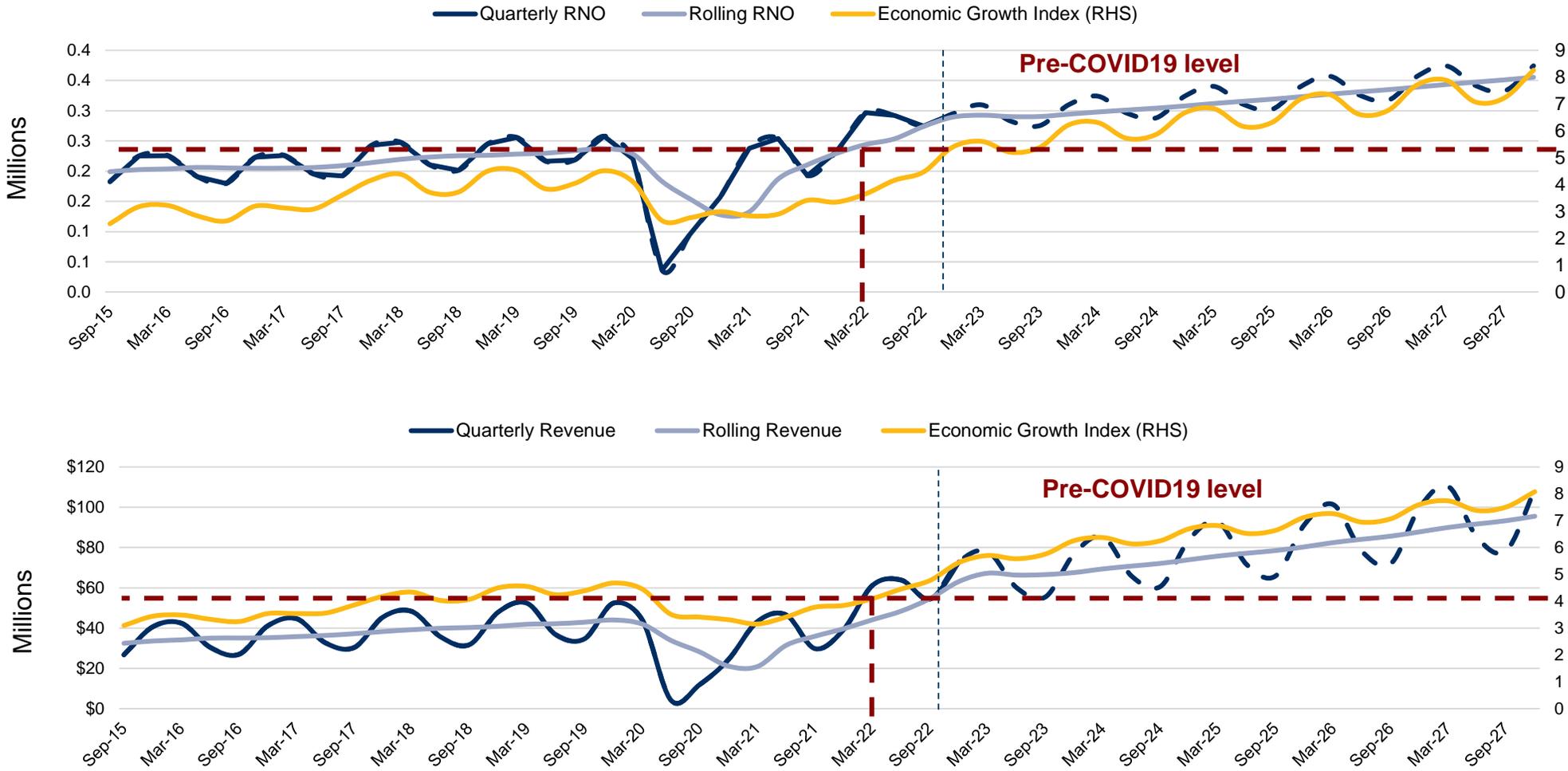
Hobart

Hobart Tourism Region Hotel Market Outlook



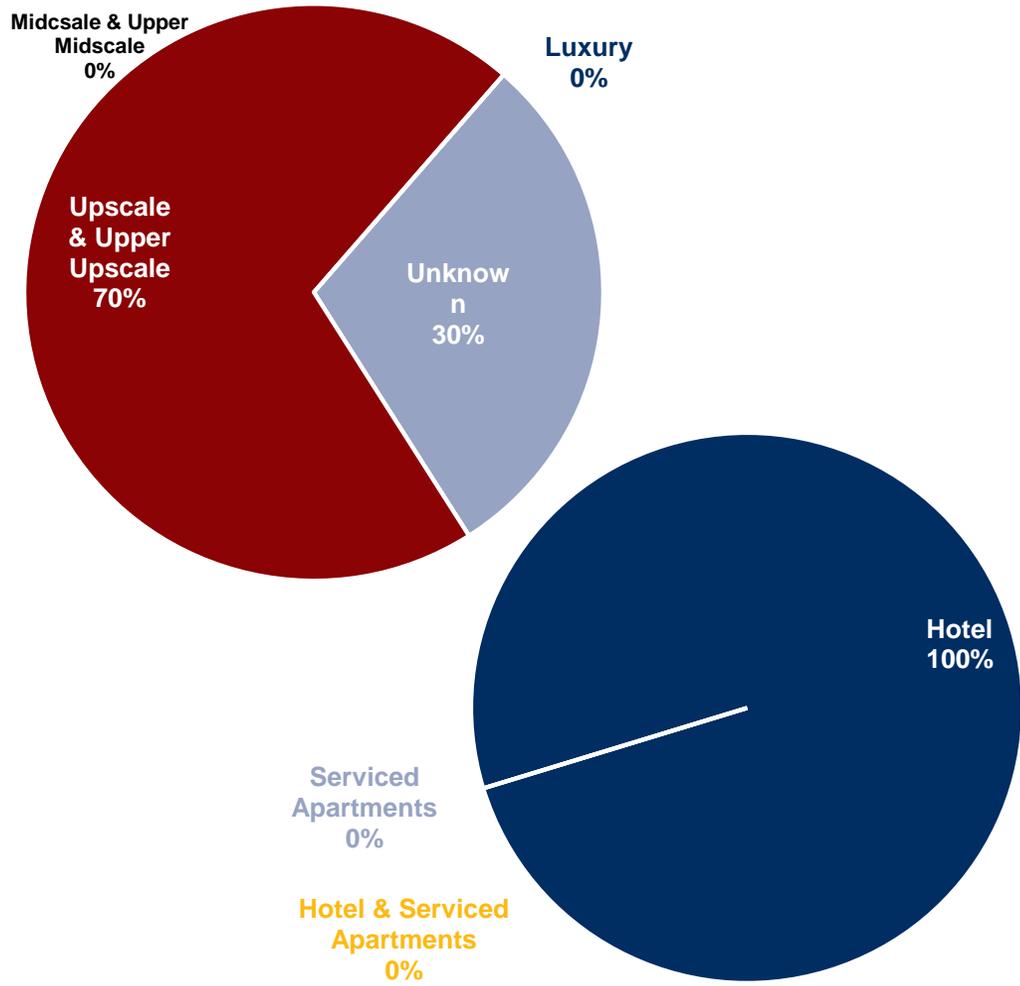
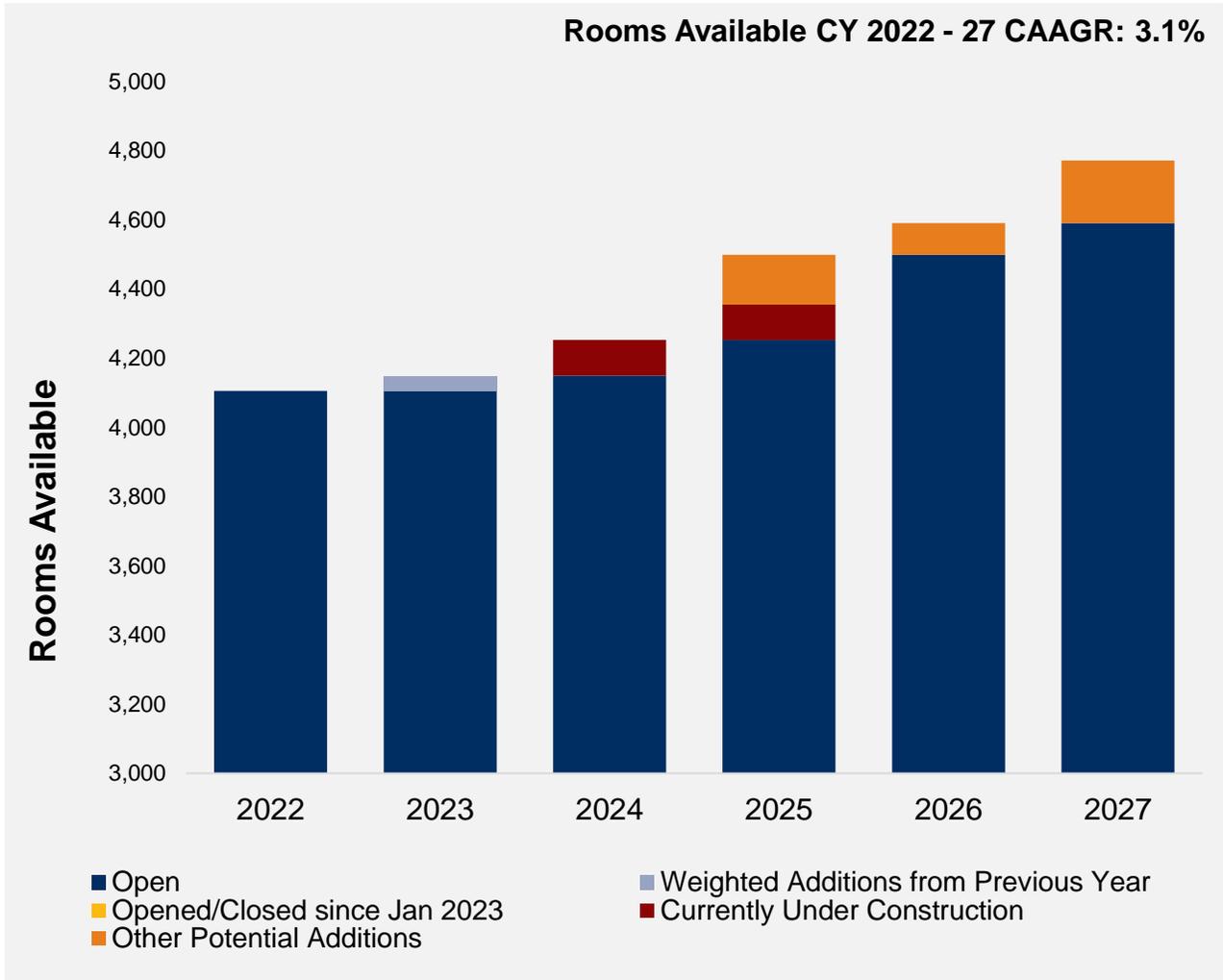
Hobart Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Hobart Tourism Region Hotel Market Outlook

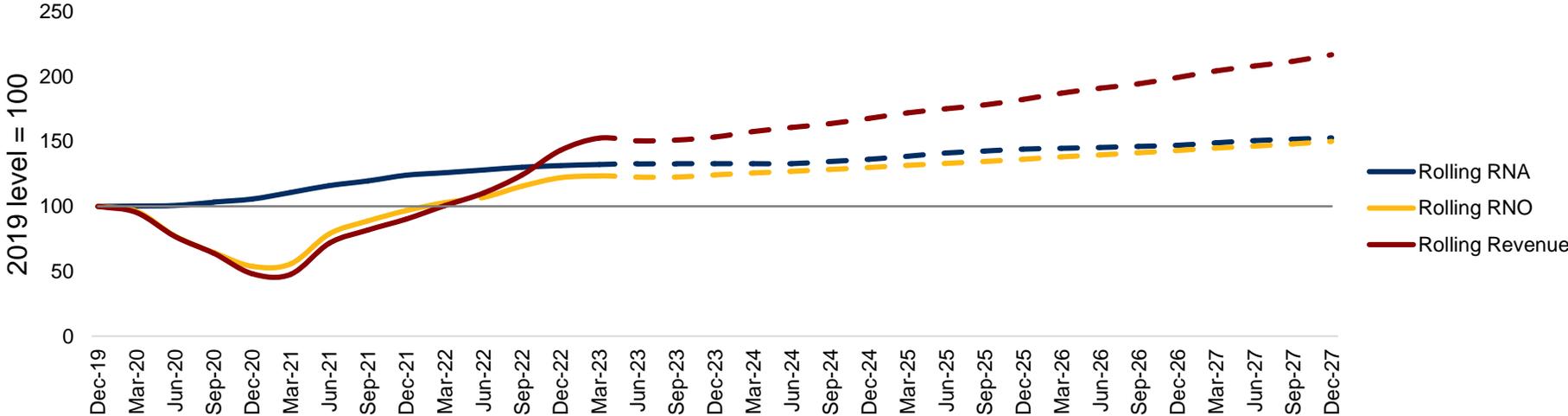
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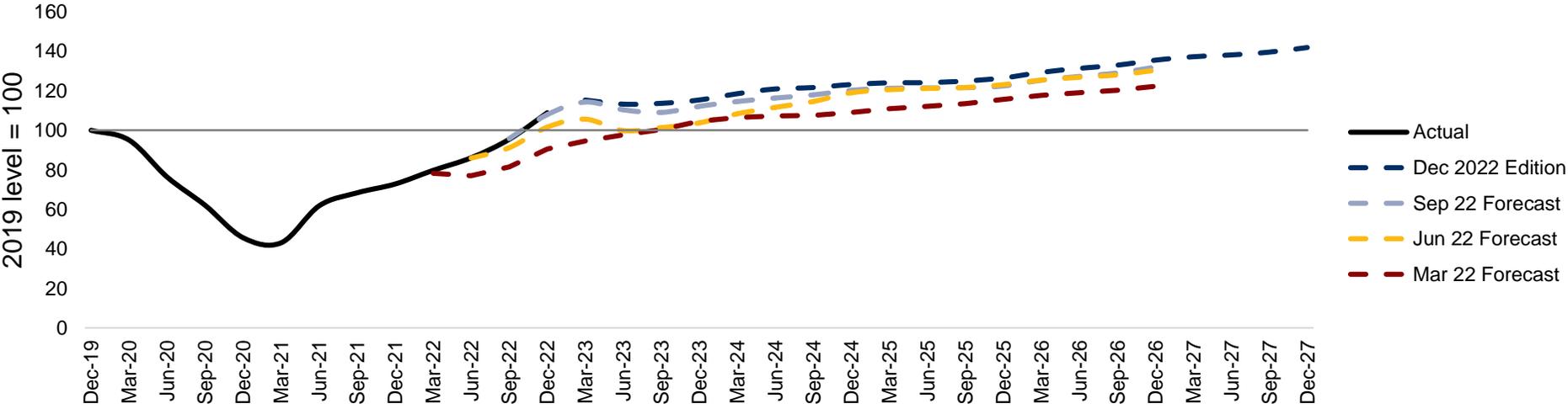
Hobart Tourism Region Hotel Market Outlook

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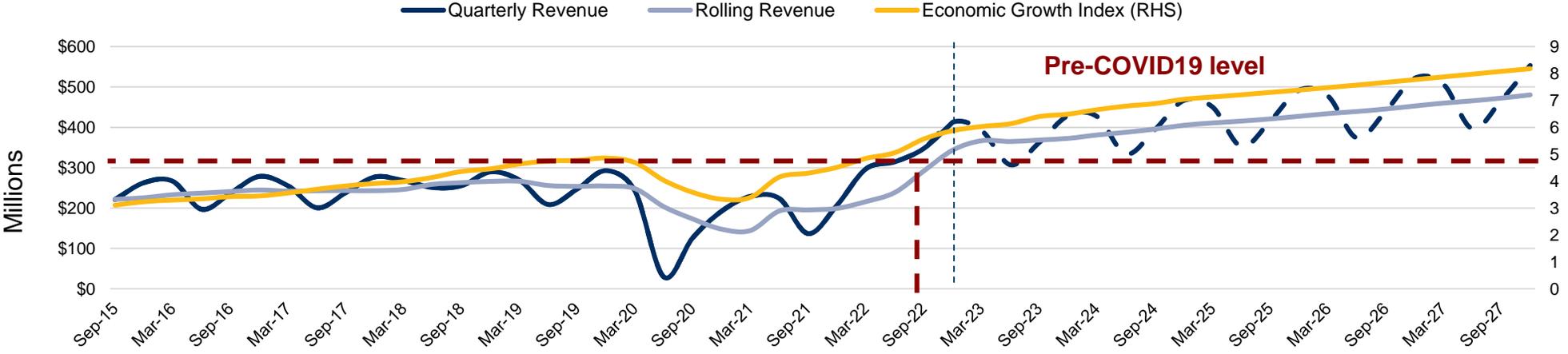
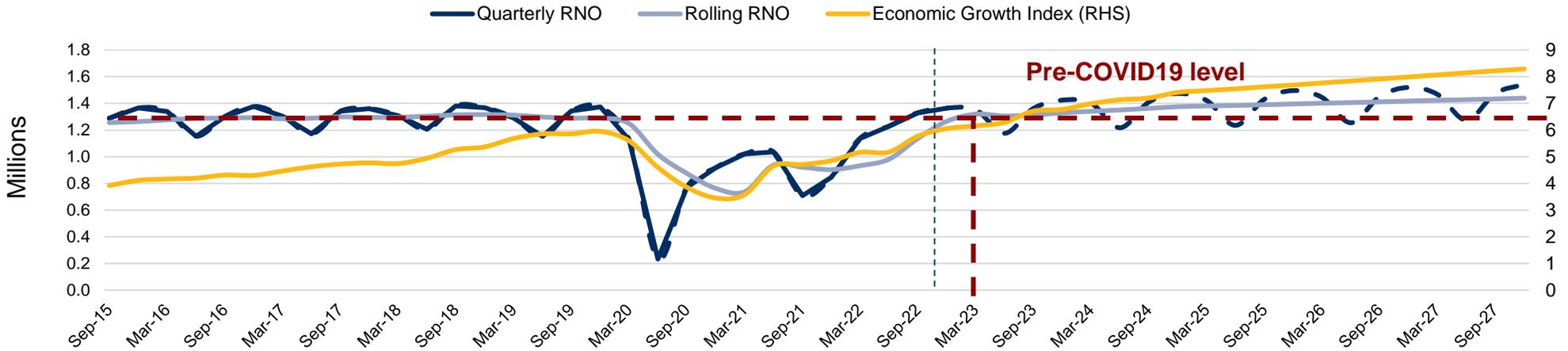


Gold Coast

Gold Coast Tourism Region Hotel Market Outlook

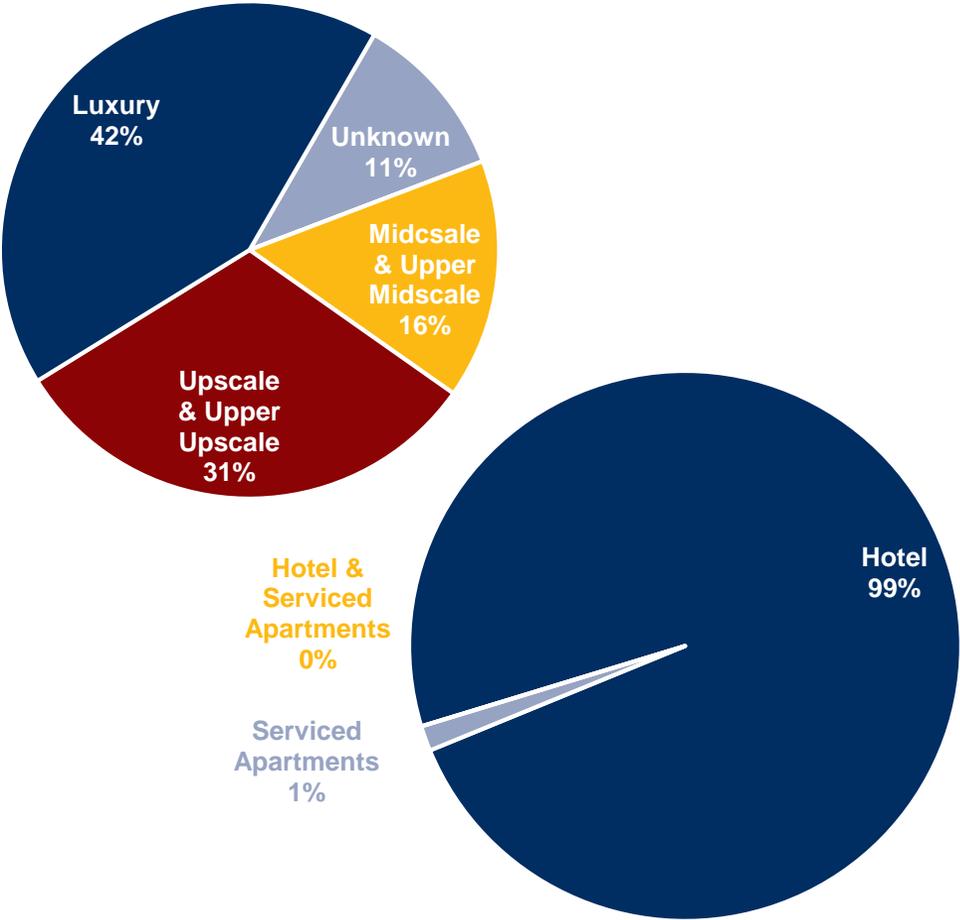
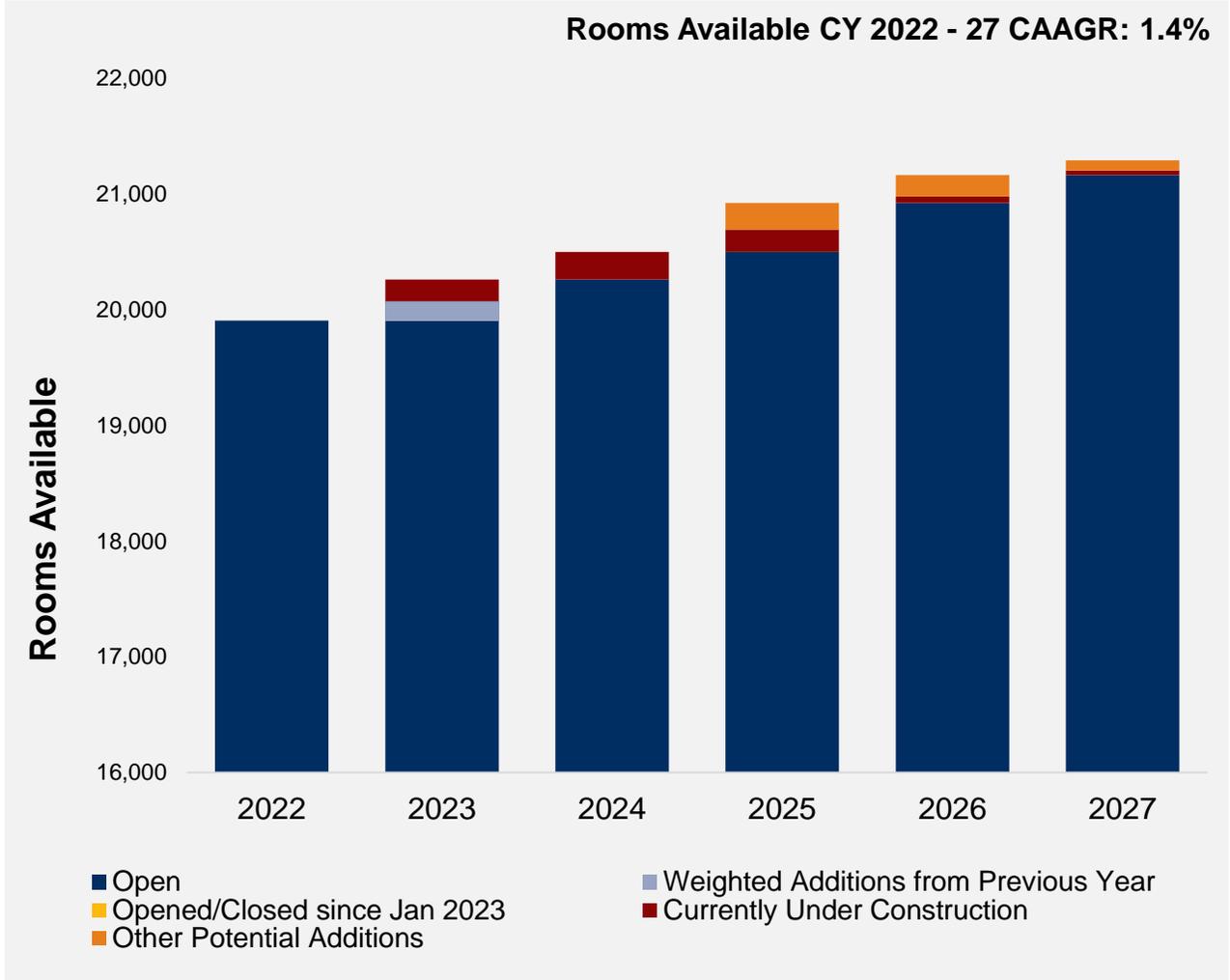
Gold Coast Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Gold Coast Tourism Region Hotel Market Outlook

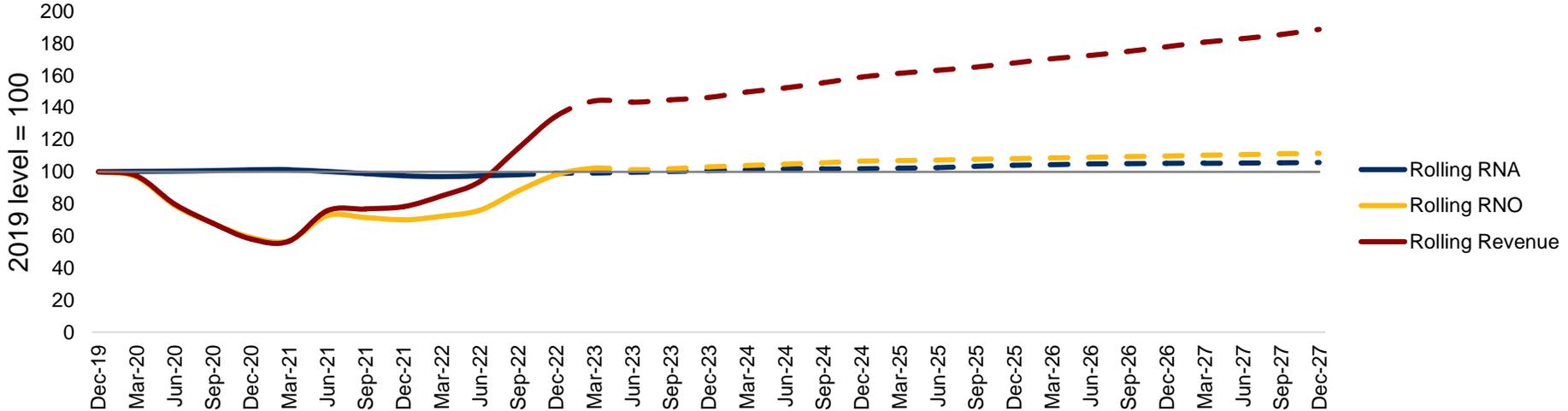
Forecast Additions to Supply – CY 2023 to 2027



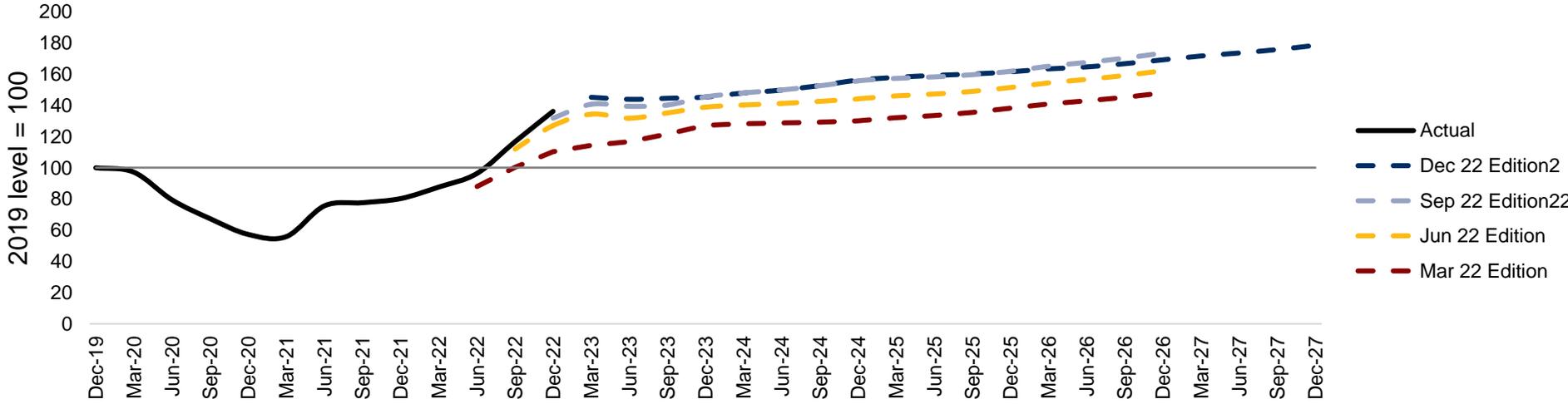
Gold Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



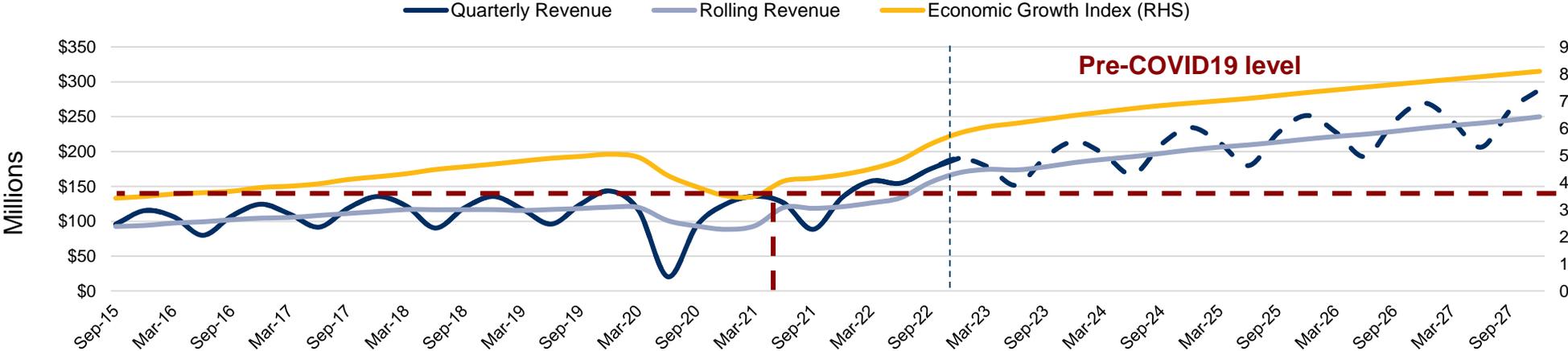
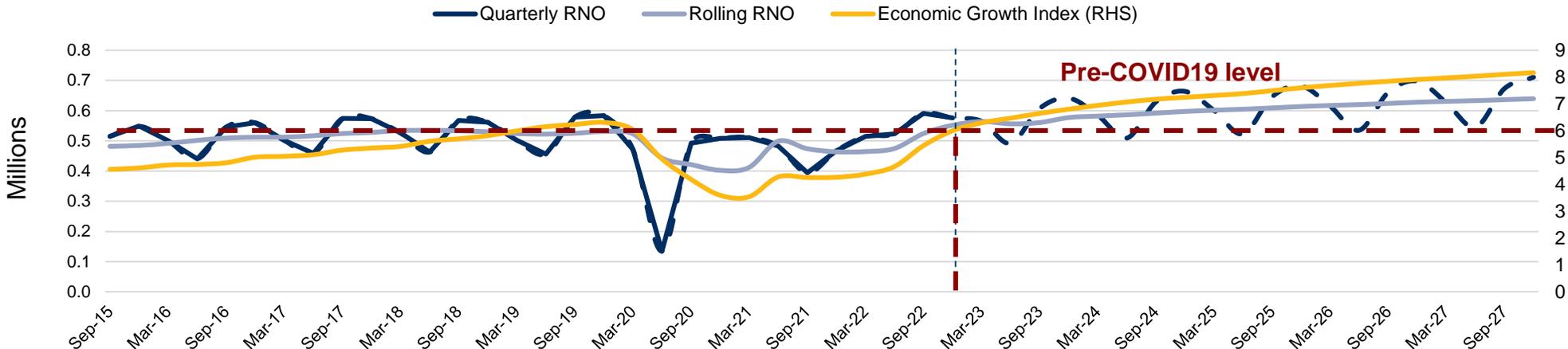


Sunshine Coast

Sunshine Tourism Region Hotel Market Outlook

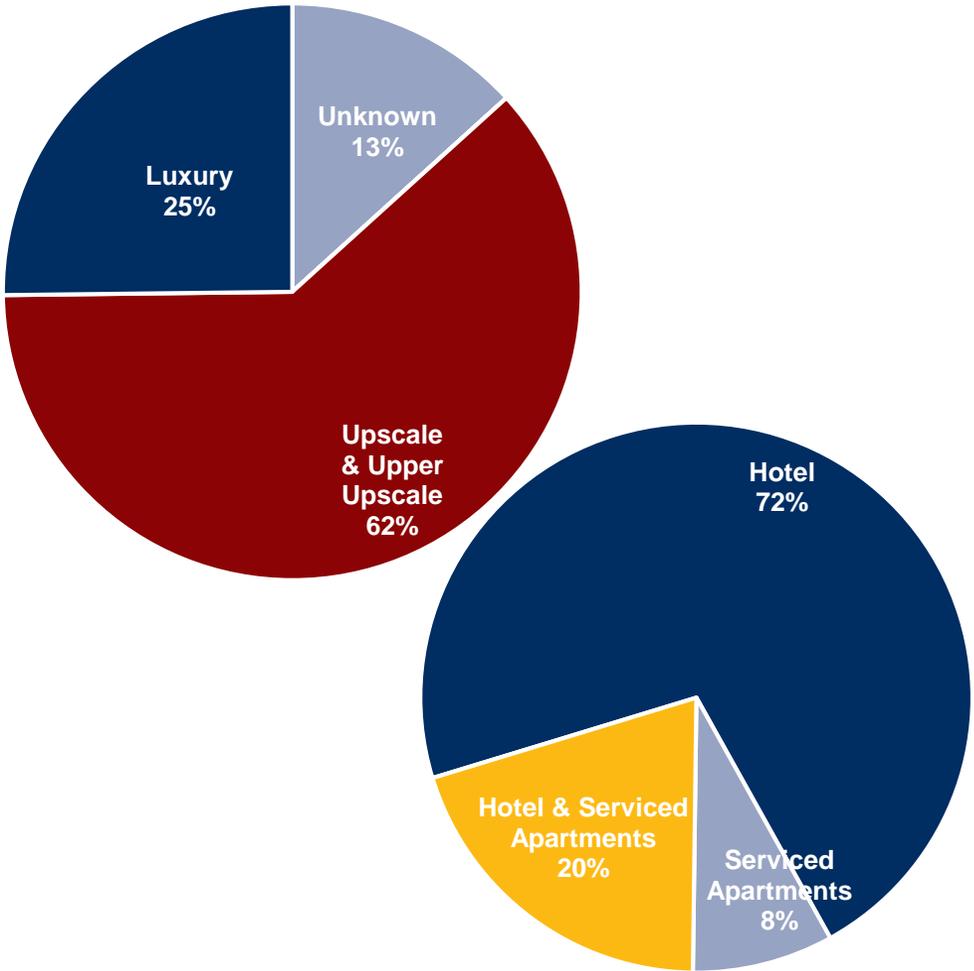
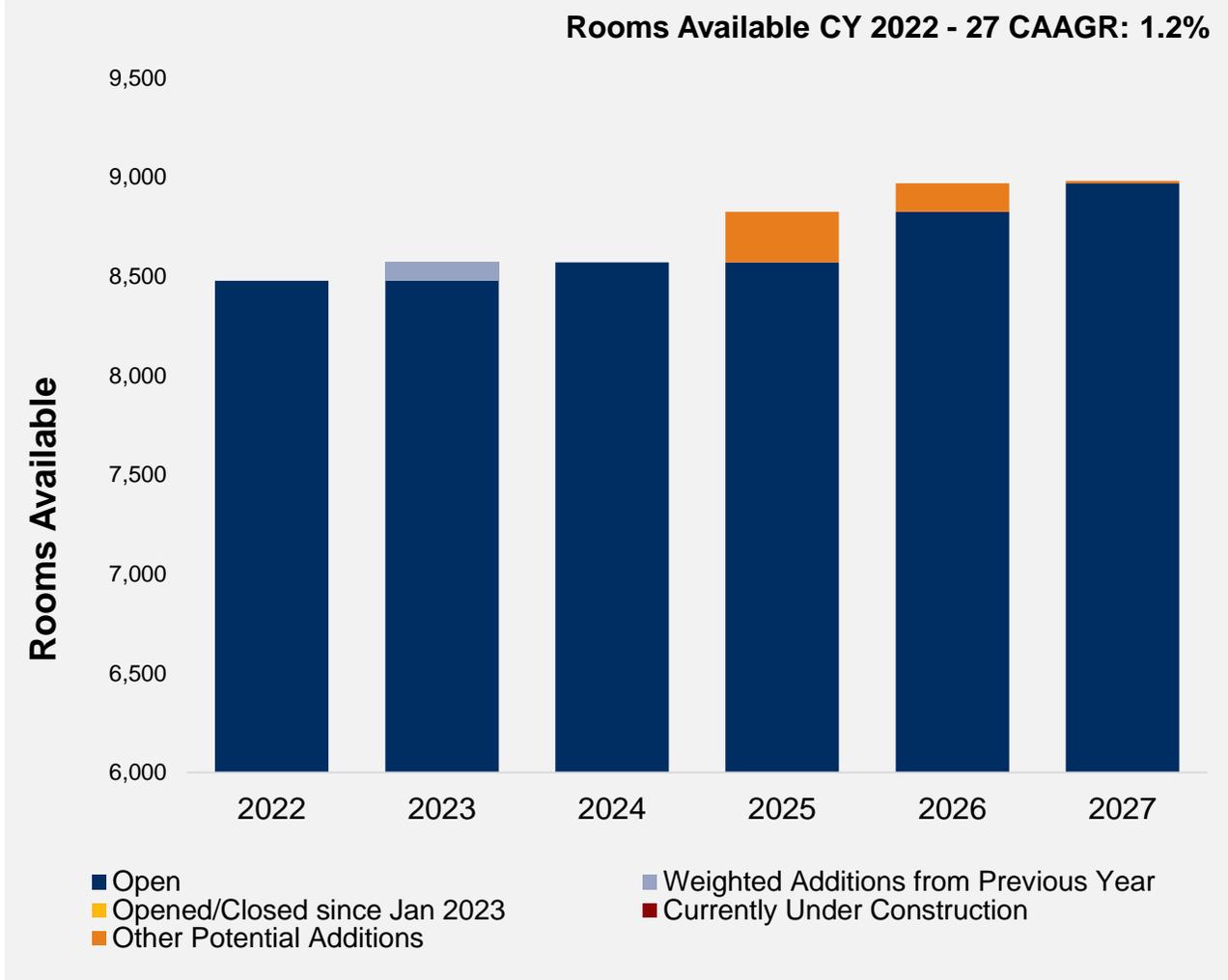
Sunshine Coast Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Sunshine Coast Tourism Region Hotel Market Outlook

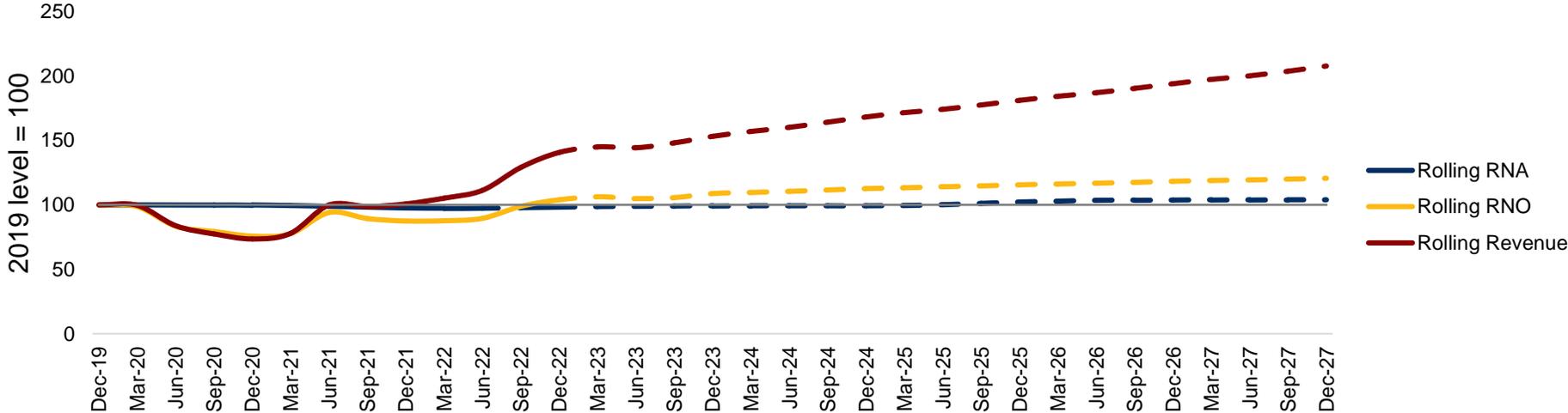
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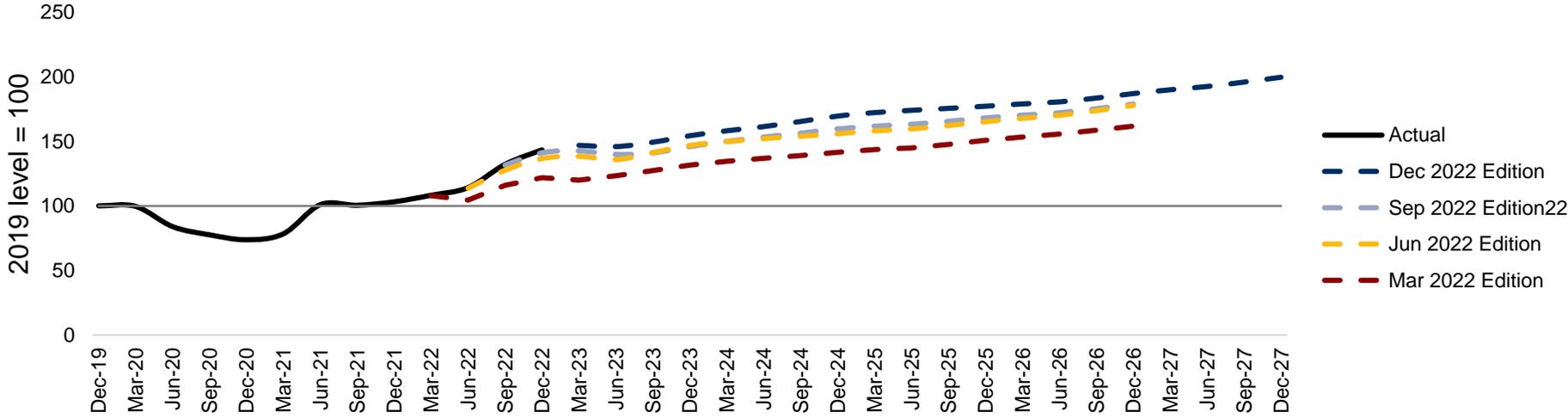
Sunshine Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



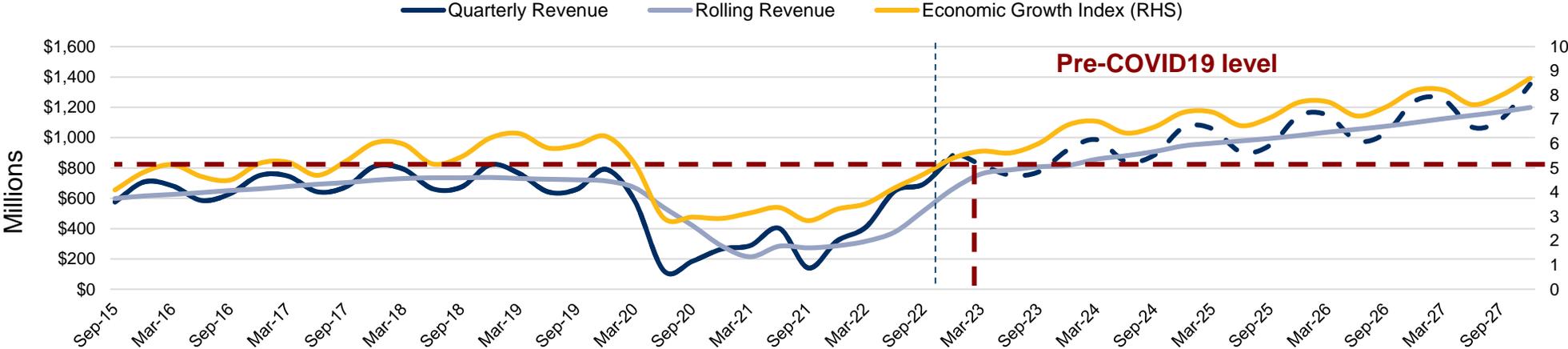
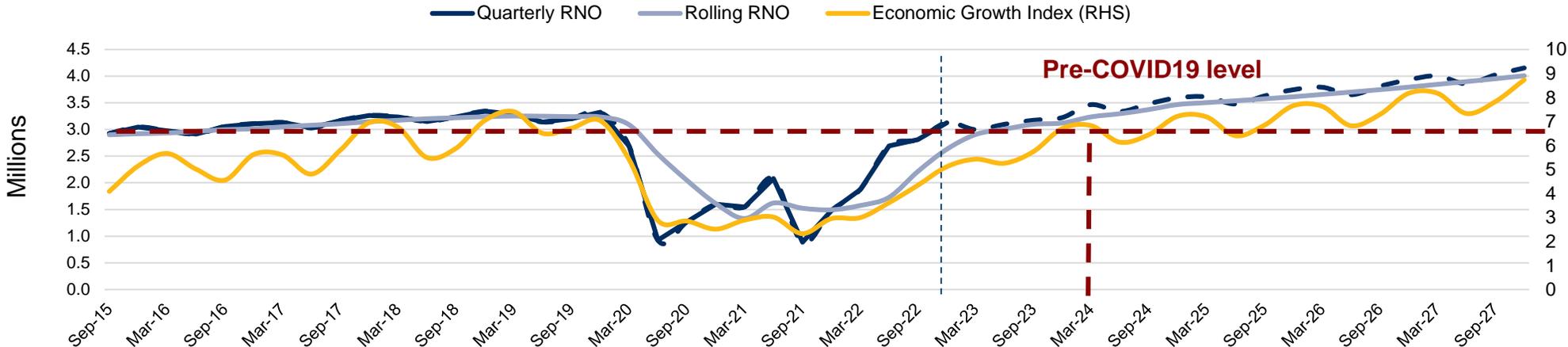


Newcastle

Newcastle Hotel Market Outlook

Newcastle Hotel Market Outlook

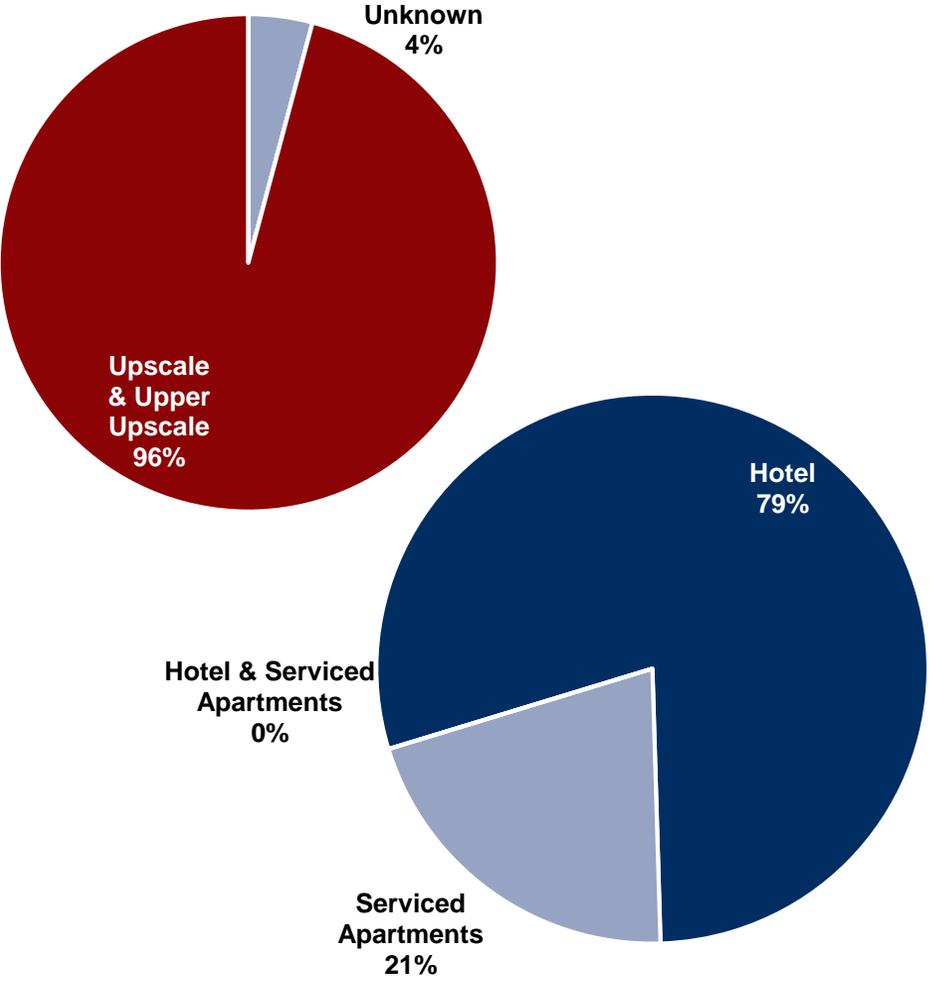
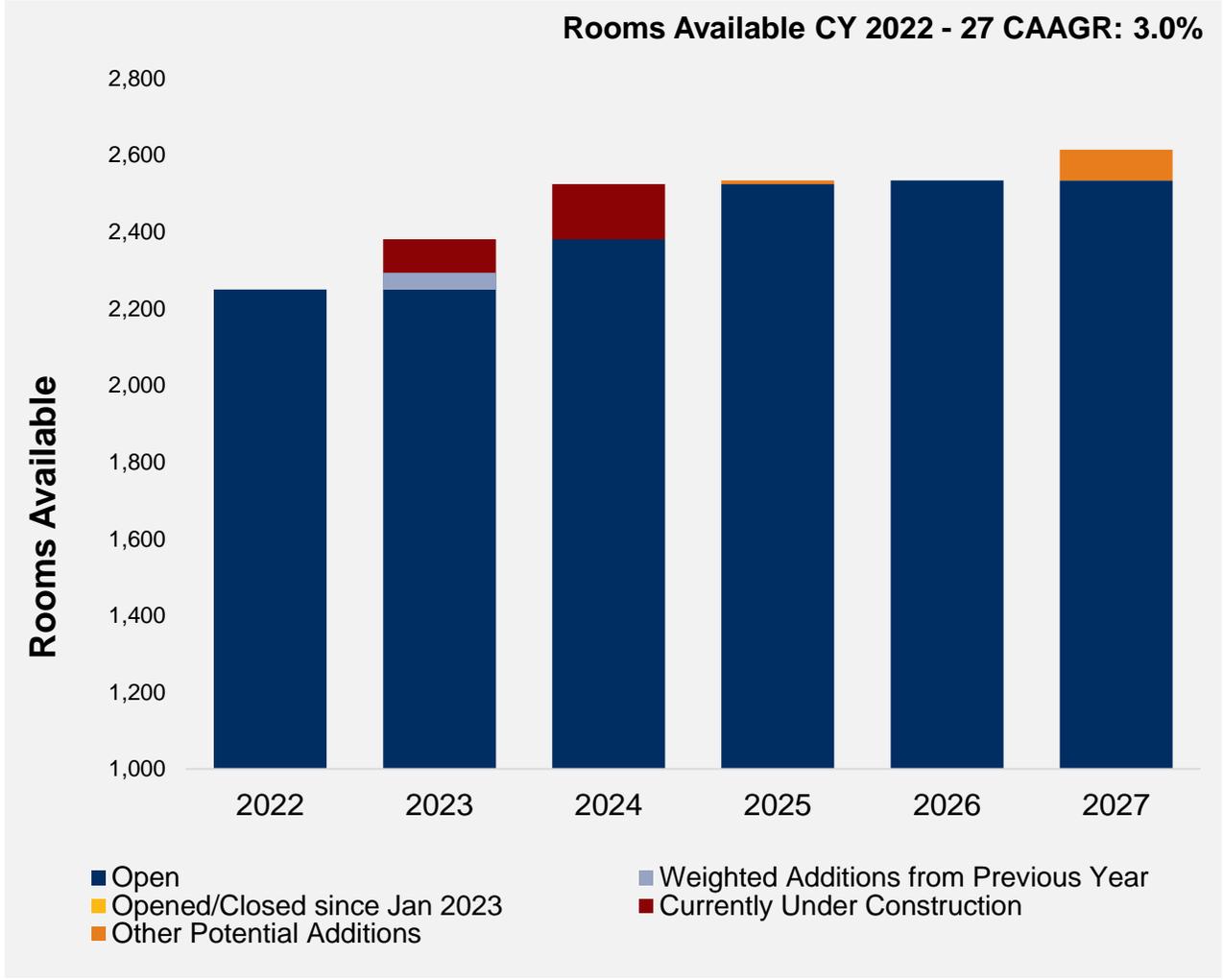
Forecasts of Demand and Revenue Growth



Newcastle Hotel Market Outlook

Forecast Additions to Supply – CY 2023 to 2027

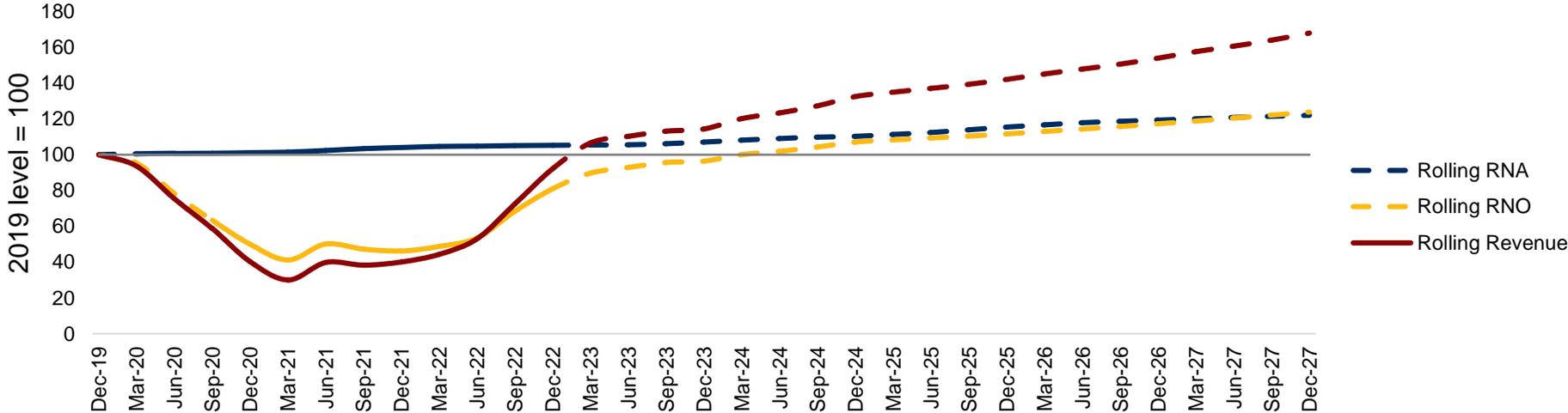
Rooms Available CY 2022 - 27 CAAGR: 3.0%



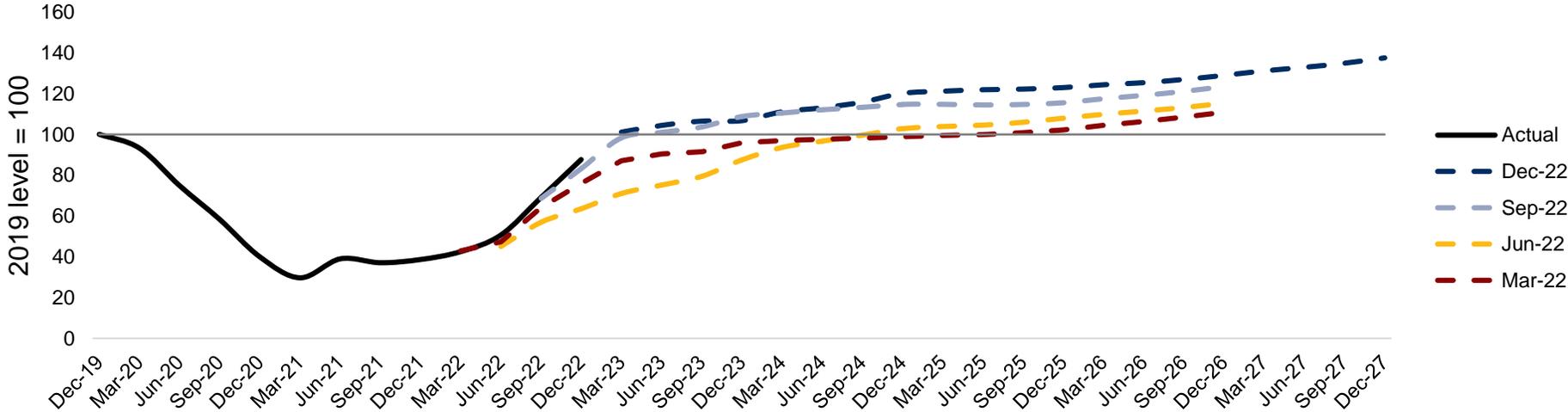
Newcastle Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



Australian Key Hotel Markets Outlook Summary



Australian Key Hotel Markets Outlook Summary

When RevPAR is expected to recover to 2019 level (on a Rolling 12-Month basis)



Note: Sunshine Coast, Gold Coast, Brisbane and Perth have already exceeded YE December 2019 RevPAR levels

Risks and Limitations



COVID-19

Our estimates and calculations of future hotel market performance are based on a number of assumptions regarding changes to supply and demand, since these are typically vulnerable to exceptional, unforeseeable, events.

The COVID-19 pandemic effectively disrupted economies and dramatically impacted on the travel and tourism industry in many countries around the globe.

- The Federal Government closed Australia's borders to international at the start of 2020. As of January 2023, Australia has largely transitioned with international borders open and vaccine requirements and travel exemptions for international arrivals removed.
- The Australian hotel industry was in crisis throughout 2020 and 2021, many hotels were under partial operation with significant reductions in available rooms, and some closed completely.
- Overall, the opening of borders and increasing levels of comfort throughout 2022 has seen continued improvements and a steady return towards pre-COVID operating levels. The recovery path is expected to continue in 2023.

MACRO ECONOMIC CONTEXT

On a macro level, the most recent Deloitte Access Economics (DAE) economic projections of at December 2022 are based on the assumptions that:

Globally

- '(1) The UK is now expected to have already entered recession, with the economy shrinking by 0.3% in the three months to November 2022 (though growing very modestly in the months of October and November);
- (2) A recession in the US, while milder than that expected across the Atlantic, now appears hard to avoid, while;
- (3) A slowdown in the Chinese economy have been downgraded further for the first half of 2023 given the challenges of reopening to COVID.'

Australia

- '(1) International borders remain open (with the number of migrants, students and tourists returning to pre-pandemic levels in late 2023 or early 2024);
- (2) New requirement that travellers from China undertake pre-departure COVID testing does not materially disrupt the recovery in passenger numbers;
- (3) Inflation returns to the mid-point of the Reserve Bank's target band from late 2024.'

Risks and Limitations

DATA SOURCES

In order to produce the hotel market outlooks in this report, Horwath HTL has collected and collated historical data and forecasts from the following sources:

- Historical hotel market performance data from STR as at December 2022;
- Historical economic data and forecasts from the DAE Business Outlook December 2022 Edition;
- International Tourism Forecasts have been adjusted by HHTL based on updated actual short term visitor arrivals and Tourism Research Australia's December 2022 forecast.
- Historical tourism data as at January 2023 and forecasted domestic visitation from Tourism Research Australia (TRA) as at December 2022 adjusted by Horwath HTL;
- The latest Domestic Tourism Forecasts as published by Tourism Research Australia in December 2022;
 - Regarding domestic visitation, Horwath HTL has adopted the recovery timeline as published by TRA in its December 2022 domestic tourism forecast, with adjustments to the outlook for FY 2023-24 based on actual recent results and used growth relative to the long term average, following such adjustments we have reverted to the ABS outlook for FY 2024-2027.
- Supply pipeline information as collected in the Horwath HTL databases.

Adjustments made to our econometric model as described above, together with updated DAE economic projections, result in longer-term impacts for the market. We believe that the current modelling presents a reasonable picture of the outlook for hotel market performance, however, with such uncertain times that the industry is currently faced with, any outlook should be treated with caution.



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Damien Little is a Director with Horwath HTL in Melbourne and has 22 years of consulting experience with significant experience in financial modelling.

During this time, he has undertaken hotel-related projects in 17 countries across the Asia Pacific region, being involved in more than 400 projects. Damien has been involved in projects across all industry segments including 5-star city hotels, luxury island resorts, golf resort properties, mid-scale regional hotels, budget hotels, backpacker accommodation, restaurants and clubs.

Damien previously worked for Horwath HTL (Asia Pacific practice) for 17 years and spent time in the Singapore, Hong Kong and Beijing offices. Upon his return to Australia, Damien joined Horwath HTL in Australia taking up the role as a Director and expanding the company's presence to Melbourne.

He is also a frequent speaker at industry-related conferences around the region and has published numerous research articles in regional industry publications.



Amelia Perez
Senior Consultant
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Amelia is a Senior Consultant in the Sydney office of Horwath HTL, Australia. She is responsible for monitoring hotel supply activity and assisting in the preparation of Hotel Market Outlooks reports. She also joins the team in conducting market and financial feasibility studies, operator search and selection processes, as well as other hotels-related strategic consulting projects and develops the company's social media and marketing platforms.

Her background encompasses Tourism and Hospitality experience with travel agencies and tourism organisations in Guatemala. She has also held various hotel operational roles across Rooms Divisions and Food and Beverage at independent and international branded hotels and resorts in Australia and Central America.

Amelia graduated from the Blue Mountains International Hotel Management School with a Bachelor of Business (International Hotel and Resort Management).

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