



Hotels & Hospitality Group

Hotel Destinations

Australia & New Zealand

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Introduction

After two years of severe restrictions due to the pandemic, Australia and New Zealand (ANZ) are showing strong signs of recovery, as both countries learn to live with COVID-19. The easing of travel restrictions and reopening of international borders will continue to drive the recovery.

Recovery in full flight

Australia and New Zealand are at different stages of their recovery trajectory. Australia is currently slightly ahead, both in terms of borders reopening and market performance. Prior to the Omicron variant and its related lockdowns, domestic travel within Australia saw strong signs of an initial recovery over the first half of 2021. This rebound in domestic travel has since picked up again over the first half of 2022, as travel restrictions are eased and confidence returns. Australia announced and implemented its reopening of international borders on 21 February 2022 to appropriately vaccinated visa holders. International arrivals are already in the process of rebounding, however at a slower rate than the domestic recovery.

In New Zealand, the government announced a framework for a staged reopening of their borders. This has since been fast tracked with a set reopening date to all international tourists and visa holders on 31 July 2022. As well as this, they have also fast tracked the removal of the requirement to return a negative COVID test prior into entry as of 20 June 2022.

On the back of these openings, Australia's market recovery is now in full flight. Over the initial months of the year, many city markets have recorded a steady rebound in occupancy and a recovery in RevPAR. Sydney and Melbourne's RevPAR are likely to take slightly longer to return, despite ADR in both markets already recovering to above pre-COVID levels. This is largely on the back of increased levels of new supply and a strong reliance on international corporate and conference demand, which will take longer to recover. The recovery of New Zealand's key city markets remain in their infancy. Trading performance continues to remain constrained by circumstances surrounding COVID-19, however, the upcoming opening of international borders is expected to begin to normalise the market.

The tight labour market in Australia and New Zealand is also having an ongoing impact on the hotel market. Worker shortages and attracting staff remain critical to the hospitality industry, however the increase in international visitors and tourists is anticipated to assist with this recovery.

Expanding hotel landscape

As the sector continues to recover, many markets in the region will also have to absorb increased levels of new supply (both recently opened and yet to come online). The majority of projects currently underway commenced prior to the pandemic, on the back of more favourable market conditions. Many of these projects have experienced delayed openings and construction set backs, and are now targeting 2022/23 openings. In addition to this there have also been a number of refurbishments and asset repositionings, set to enhance a hotels, offering, quality and/or sustainability credentials. Therefore, the ANZ hotel landscape is expected to increase in quantity, but also in quality, which should over time be rate accretive.

Outlook

Over the short term, domestic leisure is expected to continue to lead the recovery, followed by an emerging return in the corporate and MICE segments. International demand is set to gradually follow this, with destinations in the ANZ region expected to record a steady pick up in international visitors over the second half of the year as confidence in overseas travel returns. Over the longer term, we expect most markets to stabilise as hotel demand returns to more normalised levels.





Tourism

As at April 2022, YTD international arrivals into Adelaide totalled only 30,821 and domestic arrivals totalled 770,561 (BITRE). This is a material decline from pre-pandemic levels, however arrivals are showing positive signs of recovery, particularly on a domestic level, as confidence returns and borders remain open.



Demand

Demand is also showing early signs of recovery in Adelaide, with trading performance currently being led by domestic leisure. This is subsequently being followed by a return of corporate demand and business events/MICE segments, which have the potential to bounce back and normalise relatively quickly.

Prior to 2020, the Adelaide market experienced gradual ADR and occupancy growth, before a consequent suboptimal trading performance period over 2020-21. As at YTD May 2022, Adelaide City's average daily rate (ADR) and occupancy were AUD 186 and 64.2% respectively. ADR increased 25% from the same period in 2021, as average occupancy fell 1% (remains 21% below YTD May 2019 levels). Resultantly, revenue per available room (RevPAR) was AUD 120, representing a 24% increase from YTD May 2021, however 4% down on pre-COVID levels (YTD May 2019).



Supply

Over recent years, the Adelaide accommodation market experienced increased development activity, largely in the upscale and luxury segments of the market. Over the past two years, 1,134 new rooms opened from projects including Adelaide Oval Hotel, Crowne Plaza, EOS by Skycity, Hotel Indigo and Sofitel Adelaide. Development activity has since moderated, with JLL currently tracking three projects under construction set to add 528 rooms to the market in 2022 (Vibe Hotel, GPO Marriott and TRYP by Wyndham).



Outlook

The recovery of the Adelaide hotel market continues to remain uncertain, with trading conditions expected to be slightly constrained over the short term. However, demand growth is anticipated to continue to see a progressive recovery, which will be facilitated and enhanced by significant infrastructure investment and growing tourism sector. Major investment has targeted precincts including the Riverbank Entertainment Precinct, Lot Fourteen Innovation Precinct (former Royal Adelaide Hospital) and Adelaide's BioMed City precinct. However, sustained growth will be heavily reliant upon the continued stability of trading conditions from both the corporate segments of the market and leisure demand.

Notable hotel deals in 2021/22

- No transactions recorded in 2021/22

New notable hotels in 2021/22

- Hotel Indigo Adelaide Markets, 139 rooms
- Sofitel Adelaide, 251 rooms

Upcoming hotel openings in 2022/23

- Vibe Hotel Adelaide, 123 rooms
- GPO Marriott Adelaide, 285 rooms
- TRYP by Wyndham Pulteney Street, 120 rooms

Quick facts comparison



International Visitor Arrivals YTD 2022*



RevPAR 2022** in local currency



RevPAR recovery relative to 2019 **

	International Visitor Arrivals YTD 2022*	RevPAR 2022** in local currency	RevPAR recovery relative to 2019 **
Adelaide	30,821	120	96%
Brisbane	163,318	111	100%
Cairns	1,704	105	97%
Canberra	0	125	99%
Gold Coast	11,344	160	112%
Hobart	0	171	101%
Melbourne	439,561	119	70%
Perth	78,023	109	88%
Sydney	724,248	135	61%
Auckland	362,031	69	41%
Christchurch	47,094	73	52%
Queenstown	2,883	59	27%
Wellington	21,975	74	49%

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

*Australian International Visitor Arrivals as at YTD April 2022 and New Zealand as at YTD June 2022

** RevPAR as at YTD May 2022 and RevPAR recovery relative to YTD May 2019

Quick facts

30,821*

International Visitor Arrivals (2022 YTD)

390

Number of New Rooms in 2021/22

64.2%

Occupancy (YTD May 2022)

AUD 186

Average Daily Rate – ADR (YTD May 2022)

AUD 120

Revenue per Available Room RevPAR (YTD May 2022)

* International Arrivals as of YTD April 2022

Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Brisbane



Tourism

As at April 2022, YTD international arrivals into Brisbane totalled only 163,318 (BITRE), a material decline from pre-pandemic levels. However, over the past six months, monthly domestic arrivals are experiencing a sustained recovery. Additionally, the recent completion of a second runway at Brisbane airport as well as a new International Cruise Terminal greatly improve accessibility in terms of both international and domestic visitor arrivals.



Demand

Brisbane's hotel sector continues to demonstrate a positive recovery across the board, as the market rebounds from circumstances surrounding COVID-19. In line with the national experience, intrastate and interstate leisure demand is leading this recovery followed by a surge in the corporate demand as well as improving business events segment.

As at YTD May 2022, Brisbane City's average daily rate (ADR) and occupancy were AUD 187 and 59.3% respectively. ADR increased 26% from the same period in 2021 and 20% from YTD May 2019. Average occupancy also increased 19% YoY, however remains down 16% from YTD May 2019. Consequently, YTD May 2022 revenue per available room (RevPAR) was AUD 111, representing a significant 50% increase on the prior year, and now sitting at pre-COVID levels (YTD May 2019).



Supply

Between 2014 and 2019, Brisbane's rooms supply increased by an average of 7.1% per annum. Since 2017, 12 hotels (2,466 rooms) opened in central Brisbane and its fringe suburbs. JLL is currently aware of six hotels currently under construction in the central Brisbane and its fringe suburbs. This reflects an estimated total increase in room supply of 1,368 rooms by 2024. The majority of development activity underway is associated with the Queens Wharf development. Also noteworthy are the Voco and Hotel Indigo, which Pro-Invest are delivering in 2022 and are significant renovations/re-positionings.



Outlook

Brisbane's hotel market is anticipated to continue a positive recovery, as demand returns and the trading environment normalises. Demand growth is forecast to recover over the medium to long term, likely enhanced by significant infrastructure investment and tourism amenity. Noteworthy are major projects such as the Queens Wharf precinct, Eagle Street Pier, Brisbane Live and the enhancement of venues for the Brisbane Olympics. The pace of future trading performance will also be somewhat conditional on the sustained recovery of corporate and business events segments, as well as the city's improving position as an appealing leisure destination.



Cairns



Tourism

As at April 2022, YTD visitor arrivals into Cairns airport totalled 467,936 (BITRE). While this is a material decline from pre-pandemic levels, domestic arrivals have been rebounding. Cairns' airport is also set to benefit from the return of international tourism over the coming year, with the recent announcement of new direct access to Singapore (Changi), as well as increased routes to Japan, New Zealand and Bali.



Demand

The Cairns hotel sector is benefiting from a pick-up in domestic leisure travel and is currently experiencing strengthening ADR and business volumes. Improved corporate and business events activity is also anticipated.

As at YTD May 2022, Cairns City's average daily rate (ADR) and occupancy were AUD 188 and 56.0% respectively. ADR has increased 24% from the same period in 2021 and average occupancy increased 6%, despite occupancy remaining down (-23%) on 2019 levels (YTD May). As international travel resumes, we anticipate a relatively quick return to pre-COVID levels. YTD May 2022 revenue per available room (RevPAR) was AUD 105, representing a 32% increase on the prior year, albeit 3% down YTD May 2019.



Supply

We observe that prior to COVID-19 trading conditions in the Cairns market were becoming more favourable. This growth was to be quickly absorbed with the delivery of the three Crystalbrook Collection Hotels (The Riley, Flynn and Bailey). These assets opened between 2018 and 2020 and represented an addition of 839 rooms to the market. Hotel development activity has since moderated, with no major projects currently under construction in the Cairns market.



Outlook

The Cairns hotel market is expected to continue its positive trajectory over the short to medium term. Improving domestic visitation as well as the return of international travel will support this recovery. Also, of particular importance to the market is the recent completion of the Cairns Convention Centre. We consider this a significant and timely enhancement of the city's core tourism infrastructure.

Notable hotel deals in 2021/22

- Oakwood Hotel and Apartments, 162 rooms, AUD 41.5m
- Mantra Terrace Brisbane, 84 rooms, AUD 16.0m
- Mantra Richmond Hotel, 108 rooms, AUD 15.8m
- Ramada by Wyndham Brisbane Windsor, 61 rooms, AUD 9.4m
- Best Western Gregory Terrace, 38 rooms, AUD 4.5m

New notable hotels in 2021/22

- Hotel X, 146 rooms
- Voco Brisbane City Centre, 194 rooms

Upcoming hotel openings in 2022/23

- Hotel Indigo Brisbane, 212 rooms
- Rosewood Hotel, Queens Wharf Brisbane, 164 rooms
- Dorsett Hotel, Queens Wharf Brisbane, 387 rooms
- The Star Grand Hotel, Queens Wharf Brisbane, 442 rooms
- Quest on Wickham Terrace, 81 rooms

Quick facts

163,318*	340	59.3%
International Visitor Arrivals (2022 YTD)	Number of New Rooms in 2021/22	Occupancy (YTD May 2022)

AUD 187	AUD 111
Average Daily Rate – ADR (YTD May 2022)	Revenue per Available Room RevPAR (YTD May 2022)

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)

Notable hotel deals in 2021/22

- Sunshine Tower Hotel, 61 rooms, AUD 10.7m
- Rydges Plaza Cairns, 101 rooms, AUD 10.0m
- Ibis Styles Cairns, 75 rooms, AUD 8.9m

New notable hotels in 2021/22

- No new hotels opened in 2021/22

Upcoming hotel openings in 2022/23

- No new upcoming hotel openings in 2022/23

Quick facts

1,704*	0	56.0%
International Visitor Arrivals (2022 YTD)	Number of New Rooms in 2021/22	Occupancy (YTD May 2022)

AUD 188	AUD 105
Average Daily Rate – ADR (YTD May 2022)	Revenue per Available Room RevPAR (YTD May 2022)

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Canberra



Tourism

As of April 2022, YTD visitor arrivals into Canberra totalled 303,429, all of which were domestic arrivals. Historically, Canberra has been an entirely domestic airport, however since 2016, it began receiving limited number of international flights each year. Arrivals remain at a material decline from pre-pandemic levels, however, are expected to continue recovering throughout the year.



Demand

Given ACT's handling of the virus and the markets unique characteristics, Canberra is currently one of the strongest hotel markets nationally and is leading the recovery. The Canberra market also continues to mature its leisure offering and has recently been demonstrating robust weekend demand, a segment of the market that was previously relatively soft.

As at YTD May 2022, Canberra's average daily rate (ADR) and occupancy were AUD 195 and 64.4% respectively. ADR increased 14% from the same period in 2021, and average occupancy rose 7%. When comparing to pre-COVID levels (YTD May 2019), ADR has risen 15% and occupancy still remains down 14%. Resultantly, revenue per available room (RevPAR) was AUD 125 at YTD May 2022, representing a 22% increase on prior year, and only 1% down on YTD May 2019.



Supply

Over the past five to ten years Canberra has experienced muted levels of short term accommodation development, relative to most other Australian markets. This is largely on the back of relatively lower corporate and MICE demand and recent public sector job cuts. Since 2018, there have been 1,109 rooms added to the Canberra accommodation market, including most recently A by Adina (132 rooms), Abode Belconnen (152 rooms) and Mercure Belconnen (125 rooms). JLL are also currently tracking two assets under construction, both of which are anticipated to open this year, Capitol Hotel Manuka Stage 1 (58 rooms) and Meriton Suites (207 rooms).



Outlook

It is anticipated that the Canberra hotel market will continue to rebound over the short term, as trading conditions progressively recover. Sustained demand growth will be heavily reliant upon the recovery of both corporate/MICE segment and the leisure market. Hotel occupancy and trading performance are expected to continue leading the recovery of much of the region, with RevPAR on track to recover to pre-COVID (2019) levels over the short term, especially on the back of post election demand. However, the recovery remains dependent on the continued free movement on travel and confidence returning.

Notable hotel deals in 2021/22

- Campbell5 Hotel, 63 rooms, AUD 18.0m
- Sundown Villas, 100 rooms, AUD 28.3m

New notable hotels in 2021/22

- No new hotels opened in 2021/22

Upcoming hotel openings in 2022/23

- Capitol Hotel Manuka (Stage 1), 58 rooms
- Meriton Suites, 207 rooms

Quick facts

0* International Visitor Arrivals (2022 YTD)	58 Number of New Rooms in 2021/22	64.4% Occupancy (YTD May 2022)
AUD 195 Average Daily Rate – ADR (YTD May 2022)	AUD 125 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Gold Coast



Tourism

As at April 2022, YTD visitor arrivals into Gold Coast airport totalled 768,489 (BITRE), the majority of which were domestic arrivals. This is a material decline from pre-pandemic levels, however, visitor arrivals are expected to continue to steadily recovery as borders remain open. Gold Coast airport is also set to open a newly expanded multi-level terminal later this year, which will double the size of the terminal and allow for increased domestic and international aircraft traffic.



Demand

The Gold Coast hotel sector continues its recovery path out of COVID-19. Despite some uncertainty remaining in the market, trading conditions are materially improving, with the Gold Coast remaining Australia's premier tourism and leisure destination of scale.

As at YTD May 2022, Gold Coast City's average daily rate (ADR) and occupancy were AUD 243 and 66.0% respectively. This reflects an ADR increase of 18% over the same period in 2021 and 19% from YTD May 2019. Average occupancy increased 16% from YTD May 2021, which represented a 6% decrease from YTD May 2019. Consequently, YTD May 2022 revenue per available room (RevPAR) was AUD 160. Notwithstanding this represented a large 38% increase on the prior year and 12% above pre-COVID levels (YTD May 2019), owing to the improved strength of ADR.



Supply

In terms of development activity, recent openings include The Langham Gold Coast (169 rooms), Meriton Suites Surfers Paradise (332 rooms) and The Dorsett Gold Coast (316 rooms). In terms of construction activity, four hotel projects currently underway, set to add 764 rooms to the market over the next two years. Of significant note is the approved two billion dollar masterplan at The Star Gold Coast, on Broadbeach Island, which is expected to include approx. 3,000 hotel rooms and apartments upon completion (including the recently opened Dorsett).



Outlook

Gold Coast's hotel market is expected to recover strongly over the near term as confidence returns to the market. Demand is expected to be primarily domestic leisure led and subsequently supported by a resurgence of the corporate and business events segments. In the medium to long term investment and tourism amenity includes the ongoing transformation of the Star Gold Coast integrated resort and forthcoming precincts projects such as the Southport CBD rejuvenation and Gold Coast Health and Knowledge precinct.

Notable hotel deals in 2021/22

- No transactions recorded in 2021/22

New notable hotels in 2021/22

- The Dorsett Hotel, The Star Gold Coast, 316 rooms
- Meriton Suites Surfers Paradise, 332 rooms
- The Langham Gold Coast (Jewel Towers), 169 rooms

Upcoming hotel openings in 2022/23

- Mercure Southport (Queen Street Village), 160 rooms
- Kirra Beach Hotel Redevelopment, 78 rooms

Quick facts

11,344* International Visitor Arrivals (2022 YTD)	817 Number of New Rooms in 2021/22	66.0% Occupancy (YTD May 2022)
AUD 243 Average Daily Rate – ADR (YTD May 2022)	AUD 160 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Hobart



Tourism

As of April 2022, YTD arrivals into Hobart totalled 337,693 (BITRE). Hobart airport has been primarily run as a domestic airport with no regular international flights between 1998 and 2020. However as of April 2021, regular direct flights between Hobart and New Zealand recommenced (although have been heavily dependent on border restrictions). Arrivals continue to remain at a material decline from pre-pandemic levels, however, are expected to recover throughout the year.



Demand

Hotel sector demand and trading performance in Hobart is performing relatively strongly in comparison to most other cities nationally. This is largely on the back of a limited reliance on international demand, as the Hobart market continues to show positive signs of recovery.

As at YTD May 2022, Hobart City's average daily rate (ADR) was AUD 201, an 11% increase from YTD May 2021. Occupancy sits at 85.4%, which is the highest current occupancy level nationally, rising 11% from the same period in 2021. Consequently, YTD May 2022 revenue per available room (RevPAR) of AUD 171 was achieved, representing a 23% increase on the prior year.



Supply

Over the past two years, the Hobart hotel market experienced a number of new short-term accommodation projects come online, despite average rooms slightly declining over 2019 and 2020. Recent development activity was largely driven by strong inbound leisure travel and favourable trading conditions prior to the pandemic. Recent openings include; The Tasman, a Luxury Collection Hotel (152 rooms) and Movenpick Hotel Hobart (221 rooms) in 2021 and the Vibe Hobart (142 rooms) and Crowne Plaza Hobart (235 rooms) in 2020. However, hotel development activity has since moderated, with no projects currently under construction in the market.



Outlook

The outlook for the Hobart hotels market remains positive, with trading conditions expected to recover over the short term. Hobart has emerged as a highly sought after domestic and emerging international leisure destination, supported by the ongoing popularity of MONA (Museum of Old and New Art). Therefore, the ongoing recovery remains highly dependent on the continued free movement on travel and the sustained growth of the leisure market.

Notable hotel deals in 2021/22

- The Islington Hotel, 11 rooms, AUD 3.5m
- The Tasman, A Luxury Collection Hotel, 152 rooms, AUD 112m

New notable hotels in 2021/22

- The Tasman, A Luxury Collection Hotel, 152 rooms
- Movenpick Hotel Hobart, 221 rooms

Upcoming hotel openings in 2022/23

- No new upcoming hotel openings in 2022/23

Quick facts

0* International Visitor Arrivals (2022 YTD)	152 Number of New Rooms in 2021/22	85.4% Occupancy (YTD May 2022)
AUD 201 Average Daily Rate – ADR (YTD May 2022)	AUD 171 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Melbourne



Tourism

As per the Bureau of Infrastructure and Transport Research Economics (BITRE) as at April 2022, YTD international arrivals into Victoria totalled 439,561, which has already surpassed full year overseas arrivals in 2021 (172,458). Domestic arrivals (YTD 2.78 million) are also recovering positively as borders remain open, however both remain at a material decline from pre-pandemic levels.



Demand

The Melbourne hotel sector continues to show early signs of recovery out of COVID-19, with rising ADR's and steadily rebounding occupancy rates. Interstate leisure demand is currently leading the recovery, with the market peaking during major events such as the Australian Open and Formula One Grand Prix. This is expected to be followed by a return in corporate/MICE travel, which is already showing positive signs of recovery.

As at YTD May 2022, Melbourne City's average daily rate (ADR) and occupancy were AUD 222 and 53.6% respectively. ADR increased 34% from the same period in 2021, as average occupancy increased 19%. Despite this initial recovery, occupancy remains 36% down on pre-COVID levels (YTD May 2019). Resultantly, revenue per available room (RevPAR) was AUD 119 at YTD May 2022, representing a 59% increase from prior year, however still a 30% decline on YTD May 2019.



Supply

Over the past year Melbourne has experienced a strong supply wave with a significant number of rooms opening in the market. Over 2021, 2,047 rooms entered the market to take the average total inventory to 22,401. Additionally, in the first half of 2022 five projects have completed adding a further 1,311 rooms. JLL are also tracking nine properties currently under construction in Melbourne City, which once complete will result in a net increase of 2,505 rooms or 11.2% of existing stock.



Outlook

Visitor arrivals are expected to continue slowly recovering over 2022 with the recent reopening of international borders on 21 February 2022 to appropriately vaccinated visa holders. We expect demand and trading conditions to continue a progressive recovery over the short to medium term as the market continues to normalise. However, Melbourne's hotel supply pipeline is anticipated to impact the market, placing downward pressure on occupancy rates, moderating trading performance and somewhat extending the anticipated recovery period compared to other national markets. However, over the long-term, returning demand is expected to help absorb this supply and stabilise the market.

Notable hotel deals in 2021/22

- Bayview on the Park, 203 rooms, AUD 72.7m
- Hotel Lindrum, 59 rooms, AUD 49.2m
- Hotel Claremont South Yarra, 77 rooms, AUD 22.0m
- 221 Rosslyn St West Melbourne, 99 rooms, AUD 32.0m
- ibis Budget Melbourne CBD, 146 rooms, AUD 25.0m

New notable hotels in 2021/22

- Holiday Inn Express Little Collins Street, 312 rooms
- Oakwood Premier Melbourne, 392 rooms
- Courtyard by Marriott West Melbourne, 150 rooms
- voco Melbourne Central, 252 rooms
- AC by Marriott Southbank, 205 rooms

Upcoming hotel openings in 2022/23

- Ritz Carlton Melbourne, 263 rooms
- Veriu Queen Victoria Market, 110 rooms
- Le Meridien Melbourne, 235 rooms
- Meriton Suites Melbourne, 298 rooms
- The Dorsett Melbourne, 316 rooms

Quick facts

439,561* International Visitor Arrivals (2022 YTD)	3,358 Number of New Rooms in 2021/22	53.6% Occupancy (YTD May 2022)
AUD 222 Average Daily Rate – ADR (YTD May 2022)	AUD 119 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Perth



Sydney



Tourism

According to the Bureau of Infrastructure and Transport Research Economics (BITRE) as at April 2022, YTD international arrivals into Perth totalled only 78,023, a material decline on pre-pandemic levels. However, this is only beginning to record the impact of Western Australia's re-opening of both domestic and international borders in March.



Demand

The Perth hotel sector has been heavily impacted by the circumstances surrounding COVID-19. Since its outbreak in March 2020, state borders were closed for almost 700 days. While COVID-19 circumstances continue to weigh on the market, demand is now showing promising signs of recovery. In line with the national experience, intrastate and interstate leisure demand is leading the recovery followed by an improvement in the corporate and business events segments.

As at YTD May 2022, Perth City's average daily rate (ADR) and occupancy were AUD 198 and 55.2% respectively. ADR increased 13% from the same period in 2021, as average occupancy fell 1%. However, occupancy still remains down (-24%) since YTD May 2019. Consequently, YTD May 2022 revenue per available room (RevPAR) was AUD 109, representing a 12% increase on the prior year, yet remains 12% down on pre-COVID levels (YTD May 2019).



Supply

Over the five years to 2020, the Perth accommodation market experienced a strong development phase, resulting in a surge in the market's rooms inventory. Development activity was largely driven by resource and corporate related demand, as well as active overseas investment. Activity has since moderated, with no new supply additions since the Double Tree by Hilton Perth Waterfront: which opened in Dec-2020 (229 rooms). In terms of current construction activity, of particular note is Elizabeth Quay West Hotel located in Perth City. This hotel is set to add 190 rooms to the market in 2024.



Outlook

With WA's borders now open, visitor arrivals are expected to begin rebound. This free movement and a normalisation of airlift to and from Perth remains critical to the accommodation markets recovery. We anticipate immediate demand is likely to remain somewhat constrained over the short term. However, as the trading environment normalises, a positive and progressive recovery in trading performance is anticipated. We also note the potential for frustrated demand (having built up during the State's lengthy lockdown period) to manifest from the corporate and business events segments over the short/medium term. However, we observe that the pace of recovery remains contingent on the sustaining of demand and the ongoing absorption of recent supply additions.

Notable hotel deals in 2021/22

- Airport Apartments By Aurum Redcliffe, 52 rooms, AUD 9.8m

New notable hotels in 2021/22

- No new hotels opened in 2021/22

Upcoming hotel openings in 2022/23

- No new upcoming hotel openings in 2022/23

Quick facts

78,023* International Visitor Arrivals (2022 YTD)	0 Number of New Rooms in 2021/22	55.2% Occupancy (YTD May 2022)
AUD 198 Average Daily Rate – ADR (YTD May 2022)	AUD 109 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Tourism

As per the Bureau of Infrastructure and Transport Research Economics (BITRE) as at April 2022, YTD international arrivals into Sydney totalled 724,248. This is higher than all other states, however remains a material decline from pre-pandemic levels. Domestic arrivals are also continuing to recover after the most recent lockdown, picking up strongly over the first four months of the year (YTD 2.70 million).



Demand

The Sydney hotel sector is showing early signs of recovery, with demand currently being domestic led. The recovery will largely be driven by the increase in emerging corporate demand, including conferencing and events, which is already showing early signs of returning. Significant events such as Vivid Sydney will also continue to support ongoing leisure demand.

As at YTD May 2022, the Sydney City average daily rate (ADR) and occupancy were AUD 271 and 49.7% respectively. ADR increased 23% from the same period in 2021, as average occupancy increased 12%. Despite this initial recovery, occupancy rates in Sydney remain well down (-43%) on pre-pandemic levels (YTD May 2019). Resultantly, revenue per available room (RevPAR) was AUD 135 at YTD May 2022, representing a 38% increase from previous year, however remains 39% down on YTD May 2019.



Supply

Three projects completed over 2021 in Sydney, delivering 633 new rooms to the market. This brought the average room inventory to 21,632, an increase of 3% from 2020. One project has opened in the early months of 2022, with the Ace Hotel Sydney delivering 257 rooms to the market. JLL are also tracking seven properties currently under construction in Sydney City due to complete through to 2024. Once opened, these new hotels will result in a net increase of 1,639 rooms or 7.6% of existing stock.



Outlook

Visitor arrivals are expected to continue steadily recovering to pre-pandemic levels over the medium-term with the recent reopening of international borders on 21 February 2022 to appropriately vaccinated visa holders. We anticipate trading conditions progressively recovery over the short to medium term, as was already beginning to be evident prior to the most recent lockdown. Sydney's hotel supply pipeline also remains active with the new completions expected to enhance competition and moderate trading performance somewhat, however over the long-term, returning demand is expected to help absorb the supply and stabilise the market.

Notable hotel deals in 2021/22

- Hilton Sydney, 587 rooms, AUD 531.1m
- Primus Hotel Sydney, 172 rooms, AUD 131.5m
- Sofitel Sydney Wentworth, 436 rooms, AUD 315.0m
- Four Points by Sheraton Central Park, 297 rooms, AUD 146.0m
- InterContinental Sydney Double Bay, 140 rooms, AUD 178.0m

New notable hotels in 2021/22

- Crown Resort Sydney, 349 rooms
- A by Adina Sydney, 194 rooms
- Aiden by West Pyrmont, 90 rooms
- Ace Hotel Sydney, 257 rooms

Upcoming hotel openings in 2022/23

- The Porter House Hotel - MGallery by Sofitel, 121 rooms
- The Clancy by 8Hotels, 39 rooms
- W Hotel - The Ribbon, 593 rooms
- 25 Hours Hotel Sydney, 220 rooms
- The Capella Sydney - Sandstone Project, 192 rooms

Quick facts

724,248* International Visitor Arrivals (2022 YTD)	890 Number of New Rooms in 2021/22	49.7% Occupancy (YTD May 2022)
AUD 271 Average Daily Rate – ADR (YTD May 2022)	AUD 135 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD April 2022
Source: JLL, STR, Bureau of Infrastructure and Transport Research Economics (BITRE)



Auckland



Tourism

In 2019, visitor arrivals into Auckland totalled approx. 10 million, with 52% being international arrivals. As at March 2022, YTD visitor arrivals into Auckland airport totalled 664,064 (AIAL), a material decline from pre-pandemic levels. Earlier this year the government announced a framework for re-opening New Zealand borders. This has since been fast tracked with a set re-opening to all tourists and visa holders from 31st July and is expected to expedite a recovery of international travel over the coming year.



Demand

The Auckland accommodation market has been heavily impacted by the circumstances surrounding COVID-19, on the back of significant lockdowns over 2021 and border and travel restrictions. While pandemic impacts continue to weigh on the market, demand is now showing early signs of recovery, which is expected to be led by domestic leisure demand followed by an improvement in the corporate and business events segments.

As at YTD May 2022, Auckland City's average daily rate (ADR) was NZD 174, a 3% decline from YTD May 2021. Average occupancy currently sits at 39.8%, falling 23% from the same period in 2021. Consequently, YTD May 2022 revenue per available room (RevPAR) of NZD 69 was achieved, representing a 25% decrease on the prior year. Compared to pre-COVID (YTD May 2019) levels, average occupancy and RevPAR remain down 52% and 59%, respectively



Supply

The Auckland hotel market has experienced significant development activity since the onset of the pandemic with major recent openings include Cordis Hotel Wing Expansion (251 rooms) and the dual-branded Holiday Inn Express & Voco Hotel (494 rooms). In terms of construction activity in the Auckland CBD, six projects are currently underway, set to add 1,108 rooms to the market through to 2024. There are also several proposed/mooted projects in planning, however given current COVID-19 market conditions these projects are likely to be scrapped or deferred for some time.



Outlook

Auckland's hotel trading performance is anticipated to continue to be constrained over the short term in part due to a potential over-supply of rooms entering the market, which is likely to be compounded by the re-introduction of former MIQ hotel facilities in the coming weeks and months as these assets return to the open market. In the anticipated constrained market, we expect some downward pressure placed on room rates. Over the medium to longer term, we anticipate the market to stabilise and recover to more normalised/ historic occupancy levels sitting in the low to mid-70% range.

Notable hotel deals in 2021/22

- QT Auckland, 150 rooms

New notable hotels ** in 2021/22

- Mercure Auckland Queen Street, 96 rooms
- Cordis Hotel Wing Expansion, 251 rooms
- Imagine Beach Road Hotel, 96 rooms
- Holiday Inn Express & voco Hotel, 494 rooms

Upcoming hotel ** openings in 2022/23

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

Quick facts

362,031* International Visitor Arrivals (2022 YTD)	1,037 ** Number of New Rooms in 2021/22	39.8% Occupancy (YTD May 2022)
NZD 174 Average Daily Rate – ADR (YTD May 2022)	NZD 69 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD June 2022
** Auckland CBD
Source: JLL, HDNZ (TIA), Stats NZ



Christchurch



Tourism

Christchurch is a major hub and 'gateway' for the South Island of New Zealand. The city continues to rebuild following the September 2010 and February 2011 earthquakes, which caused widespread damage across Christchurch. There have been several largescale infrastructure projects completed in recent times, most notably, New Zealand's first international-standard convention centre, Te Pae Christchurch, which officially opened in December 2021. Development such as this will continue to generate domestic demand and will once again attract international visitation now that international borders have re-opened.



Demand

The Christchurch hotel market has seen a material decline in trading performance on the back of border restrictions and the imposition of various COVID-19 alert levels. Despite this, the impact on the market has been somewhat less severe compared to other NZ city markets, which are more reliant upon international visitation (pre-COVID-19). Prior to the pandemic, international visitors accounted for circa 45% of Christchurch room nights sold.

As at YTD May 2022, Christchurch City's average daily rate (ADR) was NZD 155, a 9% increase from YTD May 2021. Average occupancy currently sits at 46.8%, falling 18% from the same period in 2021. Consequently, YTD May 2022 revenue per available room (RevPAR) of NZD 73 was achieved, representing a 10% decrease on the prior year. Compared to pre-COVID (YTD May 2019) levels, average occupancy and RevPAR remain down 44% and 48%, respectively.



Supply

Christchurch's hotel market has experienced considerable development activity in recent years, growing the market to close to approximately 3,000 hotel rooms, which compares to approx. 3,100 rooms prior to the Canterbury earthquake. JLL is tracking two projects currently underway, set to add 154 rooms to the market by year end, Quest on Cambridge Terrace (84 rooms) and The Mayfair Christchurch (70 rooms). Beyond the current committed hotel construction projects, it is expected that Christchurch will go through a period of limited new hotel room supply.



Outlook

The recovery of the Christchurch hotel market continues to remain uncertain, with trading conditions likely to remain constrained over the short term with positive influences, including the return of international travellers and the recent opening of Te Pae Christchurch Convention Centre, however partly offset by the re-introduction of six former MIQ hotel facilities. Over the medium to longer term, we expect occupancy levels to stabilise in the low to mid-70% range, with Christchurch occupancy effectively to return to pre-Canterbury earthquake long term trend levels, but ultimately benefitting from the completion of several major infrastructure projects.

Notable hotel deals in 2021/22

- Rendezvous Hotel Christchurch, 171 rooms
- Hotel Montreal, 26 rooms
- Cosa Hotel (rebranded to Carnmore Hotel), 88 rooms

New notable hotels in 2021/22

- Wyndham Garden Christchurch City, 96 rooms
- Christchurch City Hotel, 48 rooms

Upcoming hotel openings in 2022/23

- The Mayfair Christchurch, 70 rooms
- Quest on Cambridge Terrace, 84 rooms

Quick facts

47,094* International Visitor Arrivals (2022 YTD)	167 Number of New Rooms in 2021/22	46.8% Occupancy (YTD May 2022)
NZD 155 Average Daily Rate – ADR (YTD May 2022)	NZD 73 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD June 2022
Source: JLL, HDNZ (TIA), Stats NZ



Queenstown



Wellington



Tourism

Queenstown remains one of New Zealand's premier leisure destinations, situated beneath the Southern Alps, renowned for adventure sports, surrounding wineries and year-round activities. Circumstances surrounding COVID-19 have had a material impact on trading performance in the Queenstown hotel sector and tourism industry. Visitor arrivals into Queenstown also remain at a material decline from pre-pandemic levels, however, are set to recover following the implementation of NZ's border re-opening framework.



Demand

Prior to COVID (2019), FIT (free independent traveller) and Tour Groups were the dominant business segments in Queenstown, contributing 61% and 25% of hotel guest nights, respectively. Also during this period, international visitors comprised of 65% of guest nights sold, while domestic guests accounted for 35%. Demand is currently showing signs of recovery, primarily led by a significant increase in domestic visitation and leisure demand.

As at YTD May 2022, Queenstown City's average daily rate (ADR) was NZD 181, a 4% increase from YTD May 2021. Average occupancy currently sits at 32.7%, falling 21% from the same period in 2021. Consequently, YTD May 2022 revenue per available room (RevPAR) of NZD 59 was achieved, representing an 18% decrease on the prior year. Compared to pre-COVID (YTD May 2019) levels, average occupancy and RevPAR remain down 61% and 73%, respectively.



Supply

Queenstown's hotel market experienced steady development activity over the past four years, on the back of strong trading conditions pre-COVID. Recent openings include Holiday Inn Remarkables Park (182 rooms) and Sudima Queenstown (120 rooms). JLL is only tracking two developments currently underway, the new-build, 5-star Radisson Collection Hotel (63 rooms) and the conversion of the former Discovery Lodge to a 5-star Fable Hotel Queenstown (65 rooms). Construction of the Radisson Collection Hotel project was deferred due to the pandemic induced tourism slowdown, however, has since re-commenced and targeting a 2023 completion. There are also a number of proposed/mooted projects in planning, however given current market conditions there is a high degree of uncertainty that these projects will proceed in the short to medium term.



Outlook

Queenstown remains a highly sought after domestic and international leisure destination, therefore the recovery remains highly dependent on the free movement on travel and the sustained growth of the leisure market. Consequently, the ongoing easing of travel restrictions and progressive rebound of international demand is expected to somewhat normalise market performance levels over the medium to long term.

Notable hotel deals in 2021/22

- Sofitel Queenstown, 82 rooms
- Discovery Lodge Queenstown, 65 room

New notable hotels in 2021/22

- Quest Hotel Remarkables Park, 40 rooms
- Holiday Inn Remarkables Park, 182 rooms
- Sudima Queenstown, 120 rooms

Upcoming hotel openings in 2022/23

- Radisson Collection Hotel Queenstown, 63 rooms
- Fable Hotel Queenstown, 65 rooms

Quick facts

2,883* International Visitor Arrivals (2022 YTD)	342 Number of New Rooms in 2021/22	32.7% Occupancy (YTD May 2022)
NZD 181 Average Daily Rate – ADR (YTD May 2022)	NZD 59 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD June 2022
Source: JLL, HDNZ (TIA), Stats NZ



Tourism

Despite Wellington being New Zealand's capital, it is only the third most populated city in New Zealand after Auckland and Christchurch, having a resident population of only 215,900 as of June 2021 (only includes urbanised areas within Wellington City). Wellington has historically (pre-COVID) been a domestic FIT and Corporate business dominated market contributing circa 50% and 30% of hotel guest nights, respectively, with international sourced guests accounted for just 21% of guest nights sold. Passenger movements at Wellington airport remain materially below pre-pandemic levels, with demand up until recently being exclusively sourced from the domestic market.



Demand

Given Wellington's limited exposure to the international market, Wellington has experienced slightly less severe impacts of the pandemic, especially in comparison to Auckland and Queenstown.

As at YTD May 2022, Wellington City's average daily rate (ADR) was NZD 157, a 2% decline from YTD May 2021. Average occupancy currently sits at 47.0%, the highest current occupancy levels nationally (of NZ's major city markets), however has fallen a further 23% from the same period in 2021. Consequently, YTD May 2022 revenue per available room (RevPAR) of NZD 74 was achieved, which is also the strongest levels nationally, despite representing a 25% decrease on the prior year. Compared to pre-COVID (YTD May 2019) levels, average occupancy and RevPAR remain down 42% and 51%, respectively.



Supply

Over the past five years Wellington has experienced a relatively muted levels of hotel development compared with other markets. However, in terms of current construction activity in Wellington, four CBD projects are underway and set to add 337 rooms to the market by year end. These include Tryp Hotel & Apartments (76 rooms), Quest 256 Lambton (54 rooms), Microtel by Wyndham (81 rooms) and 172 Thorndon Quay Hotel & Apartments (120 rooms). There are also several proposed/mooted projects currently in planning, however given current market conditions these projects are unlikely to proceed in the near future.



Outlook

Wellington's hotel outlook remains uncertain over the short term, with the return of international travellers set to provide much needed stimulus to room night demand. However, the potential slowing of the New Zealand economy may be an offsetting factor. Over the medium to long term, we anticipate average occupancy to progressively recovery to normalised historic mid-70% levels.

Notable hotel deals in 2021/22

- Rydges Wellington, 280 rooms

New notable hotels in 2021/22

- Ramada Suites Taranaki Street, 93 rooms

Upcoming hotel openings in 2022/23

- Microtel by Wyndham Wellington Central, 81 rooms
- Quest 256 Lambton, 54 rooms
- Tryp Hotel & Apartments Wellington, 76 rooms
- 172 Thorndon Quay Hotel Apartments, 120 rooms

Quick facts

21,975* International Visitor Arrivals (2022 YTD)	144 Number of New Rooms in 2021/22	47.0% Occupancy (YTD May 2022)
NZD 157 Average Daily Rate – ADR (YTD May 2022)	NZD 74 Revenue per Available Room RevPAR (YTD May 2022)	

* International Arrivals as of YTD June 2022
Source: JLL, HDNZ (TIA), Stats NZ



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