



Horwath HTL

Hotel, Tourism and Leisure

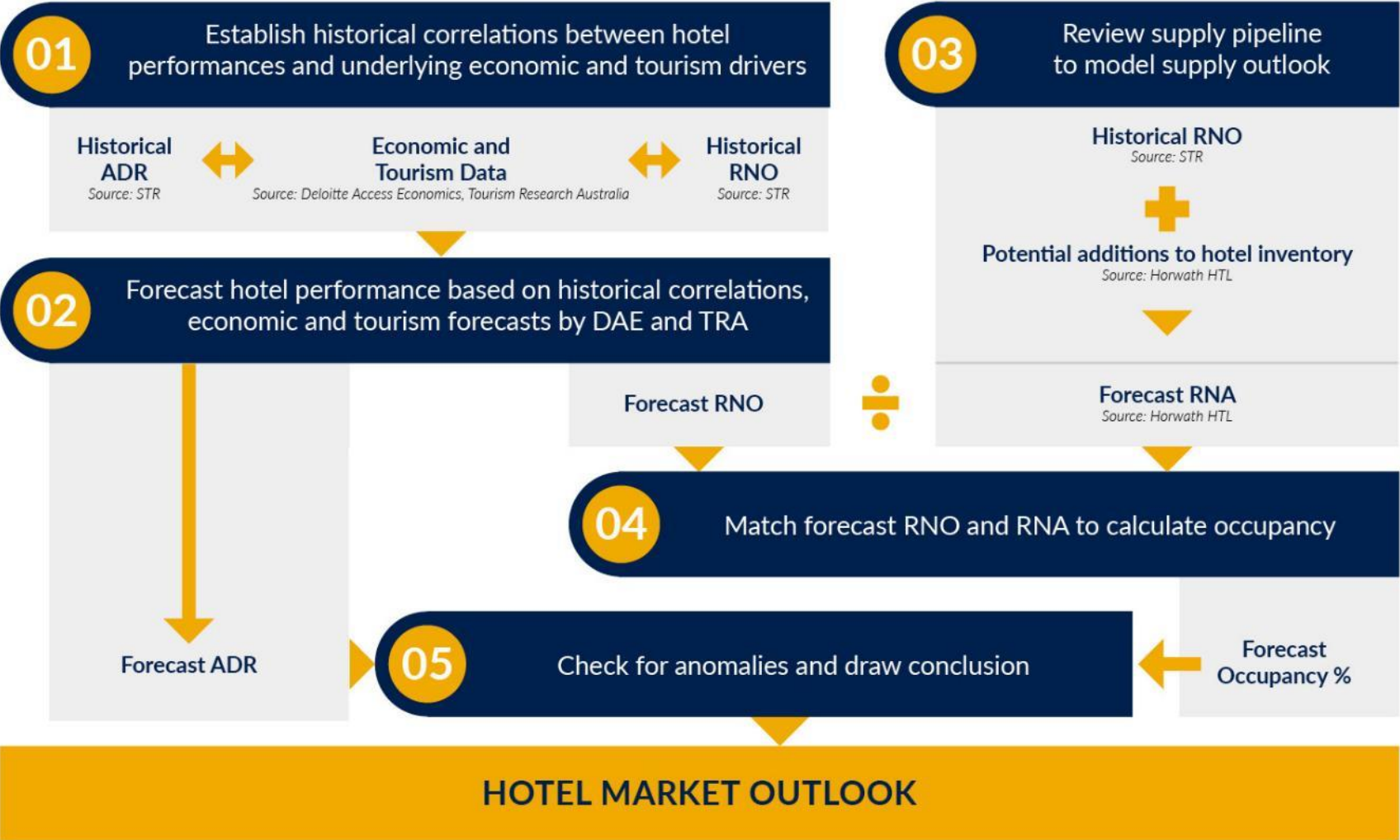
Australia

Capital City & Key Markets
Hotel Market Outlook & Insights

June QTR 2022 Edition

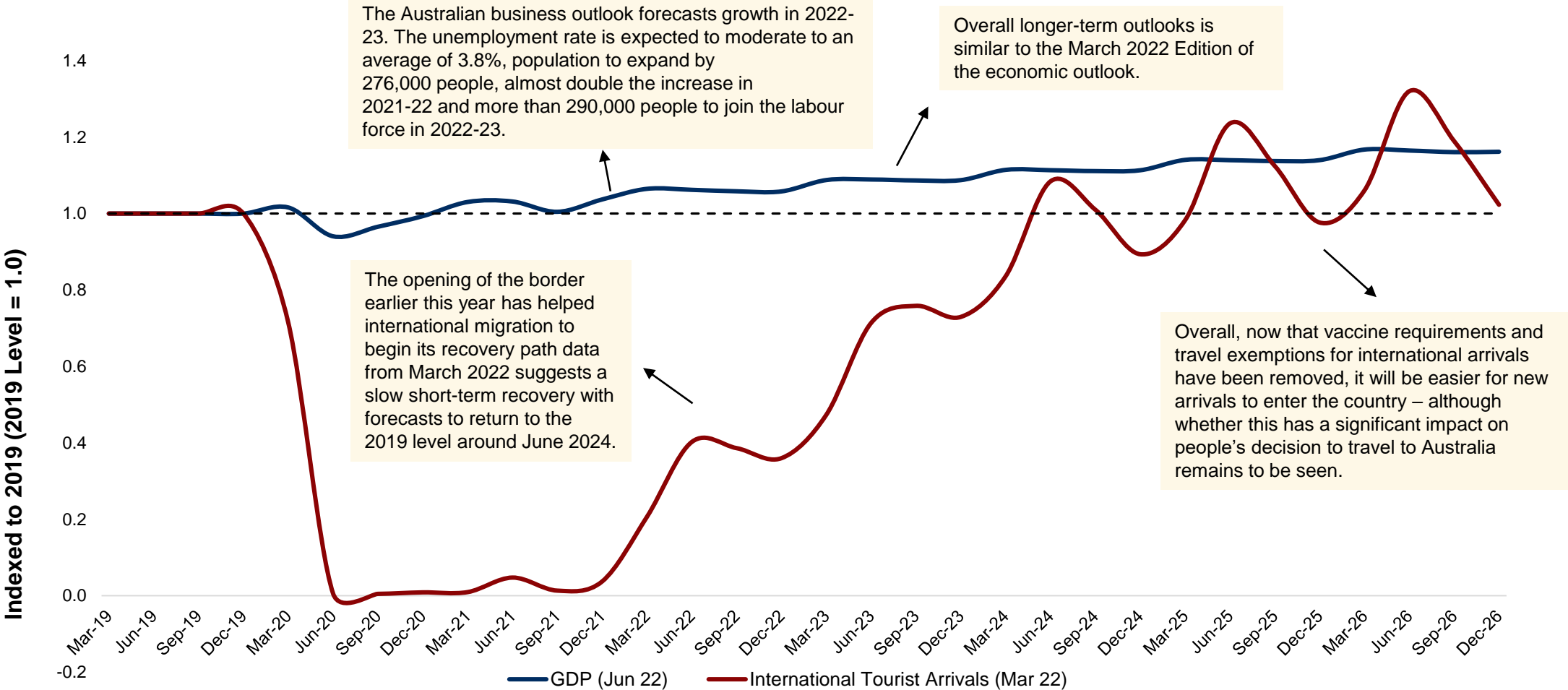
Hotel Market Outlook

Horwath HTL Methodology



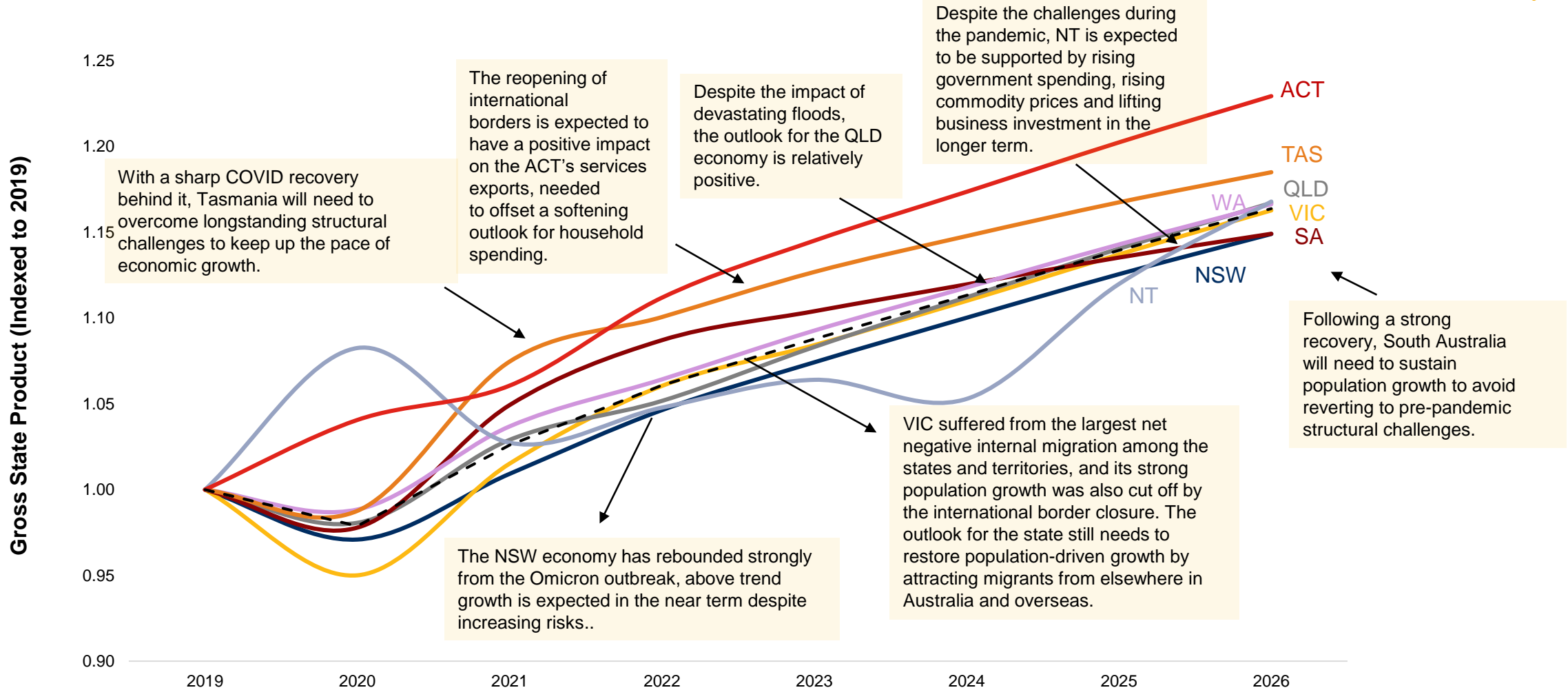
Macroeconomic and Tourism Context

GDP and International Tourist Arrivals, Australia



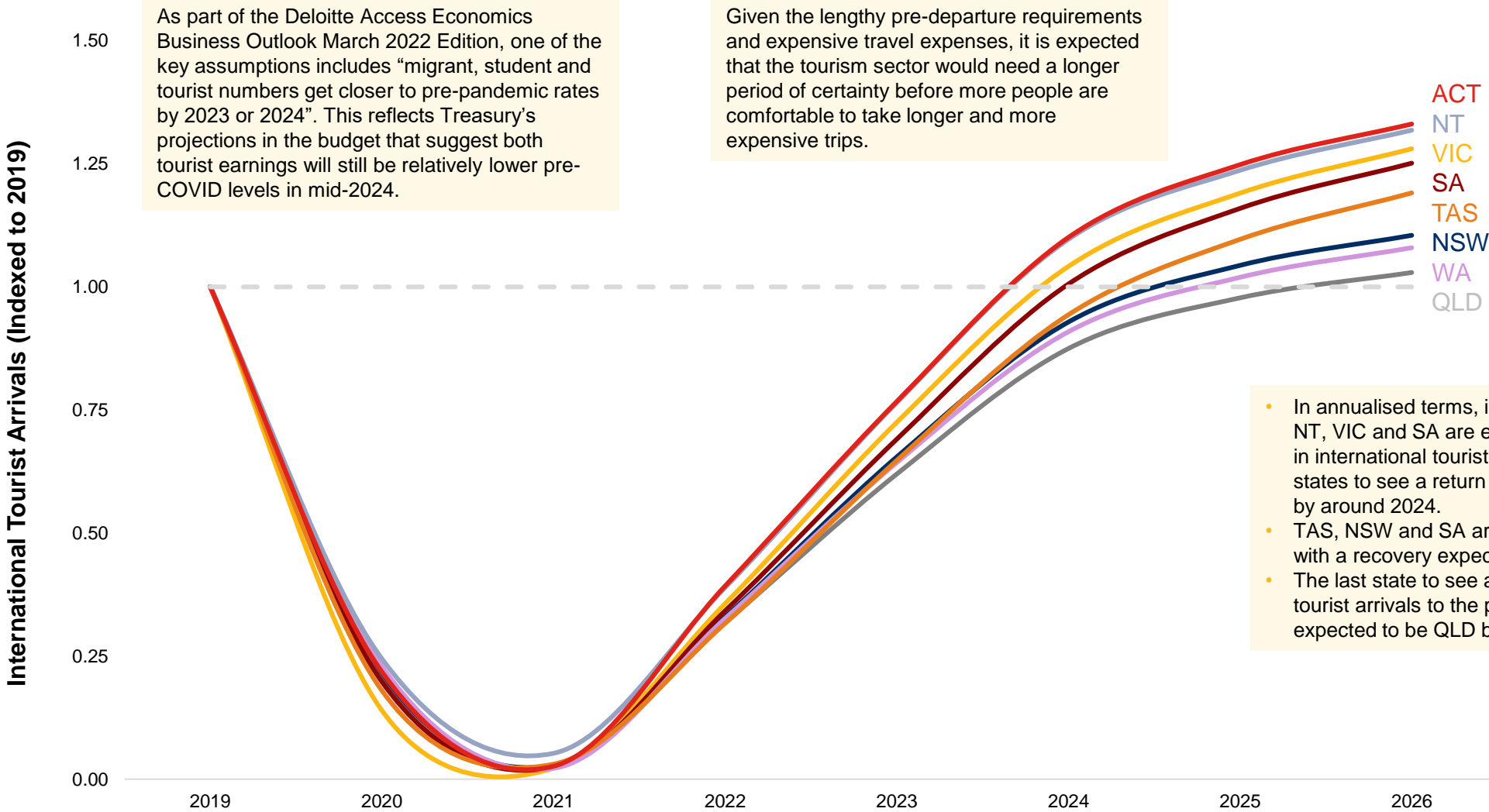
Macroeconomic and Tourism Context

Economic Outlook by State – Gross State Product



Macroeconomic and Tourism Context

Tourism Outlook by State – International Tourist Arrivals



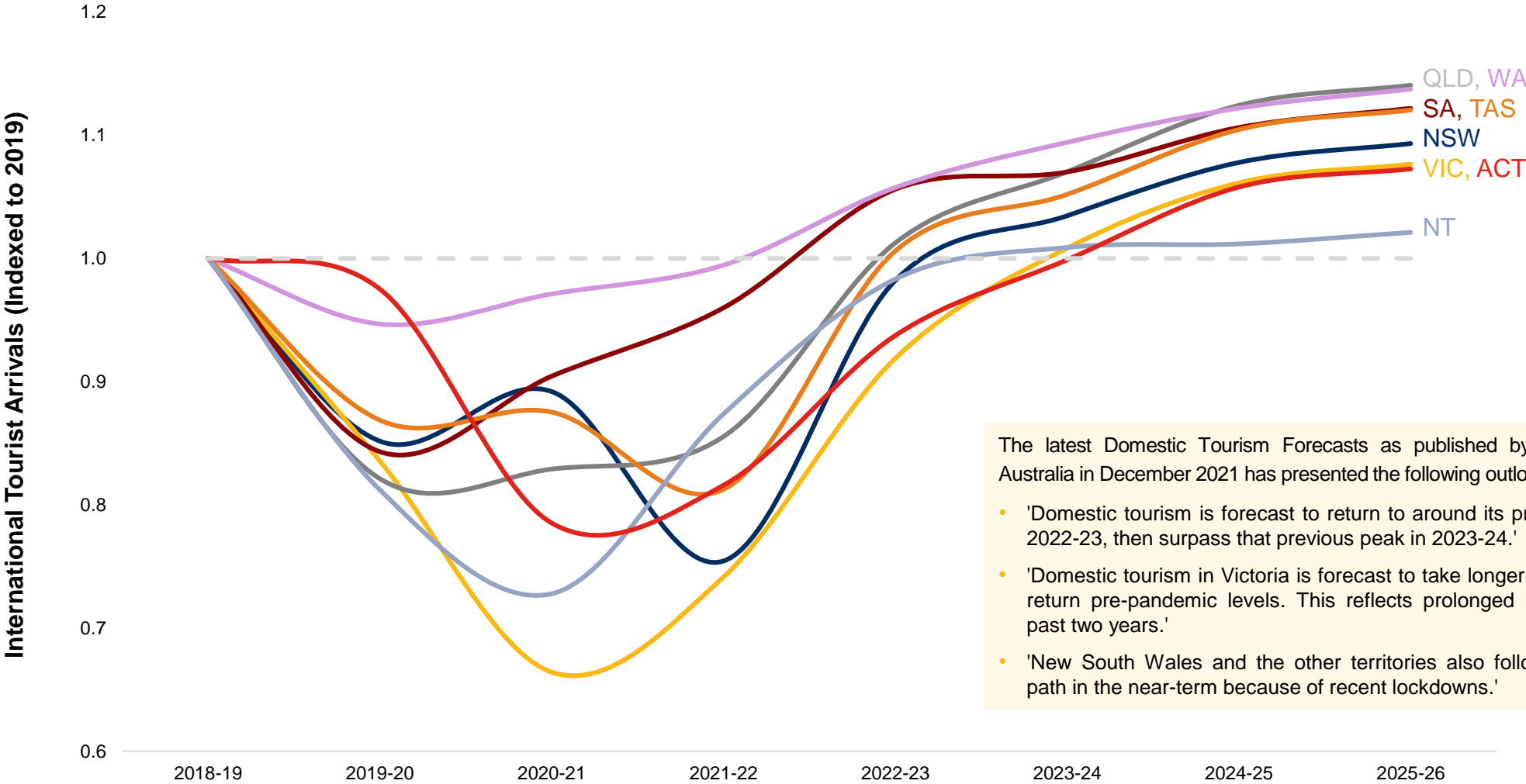
As part of the Deloitte Access Economics Business Outlook March 2022 Edition, one of the key assumptions includes “migrant, student and tourist numbers get closer to pre-pandemic rates by 2023 or 2024”. This reflects Treasury’s projections in the budget that suggest both tourist earnings will still be relatively lower pre-COVID levels in mid-2024.

Given the lengthy pre-departure requirements and expensive travel expenses, it is expected that the tourism sector would need a longer period of certainty before more people are comfortable to take longer and more expensive trips.

- In annualised terms, indexed to 2019, ACT, NT, VIC and SA are expected to lead growth in international tourist arrivals and be the first states to see a return to pre-pandemic levels by around 2024.
- TAS, NSW and SA are expected to follow with a recovery expected in 2025.
- The last state to see a return of international tourist arrivals to the pre-pandemic levels is expected to be QLD by around 2026.

Macroeconomic and Tourism Context

Tourism Outlook by State – Domestic Visitor Nights



COVID-19 in Australia

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. In Australia, the situation at the time of this report includes:

- The Federal Government closed Australia's borders to international at the start of 2020. In July 2021, the Australian government announced a four-stage National Plan to transition Australia out of the COVID.
- As of June 2022, Australia has largely transitioned with international borders open and vaccine requirements and travel exemptions for international arrivals removed.
- Overall, the opening of borders and increasing levels of comfort in moving around in public is expected to see a recovery in the remainder of 2022 and into 2023.

Given the above, the Australian hotel industry was in crisis throughout 2020 and 2021, with many hotels under partial operation with significant reductions in available rooms, and some closed completely. Most hotels have since re-opened and returned to full operation, however, they are still navigating through the recovery.

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

- '(1) COVID deaths remain sufficiently low that large-scale lockdowns are not required,
- (2) International borders stay open, with the number of migrants, students and tourists returning to pre-COVID levels in late 2023 or 2024;
- '(3) Australian inflation peaks in the second half of 2022 and returns to the mid-point of the Reserve Bank of Australia's (RBA) target band from 2024.'

The latest Domestic Tourism Forecasts as published by Tourism Research Australia in December 2021 has presented the following outlook:

- 'Domestic tourism is forecast to return to around its pre-pandemic level in 2022-23, then surpass that previous peak in 2023-24.'
- 'Domestic tourism in Victoria is forecast to take longer than other states to return pre-pandemic levels. This reflects prolonged lockdowns over the past two years.'
- 'New South Wales and the other territories also follow a slightly slower path in the near-term because of recent lockdowns.'

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 June 2022;
- Historical economic data and forecasts from the DAE Business Outlook June 2022 Edition;
- Historical and forecasted international tourist arrivals from the DAE Business Outlook March 2022 edition;
- Historical tourism data as at December 2021 and forecasted domestic visitation from Tourism Research Australia (TRA) as at December 2021;
- Supply pipeline information as collected in the Horwath HTL databases.

Regarding domestic visitation, Horwath HTL has adopted the recovery timeline as published by TRA in its December 2021 domestic tourism forecast. For the years after domestic tourism visitation is forecasted to return to pre-COVID-19 2019 levels, Horwath HTL has adopted the historical nine-year CAAG rate between 2010 and 2019.

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.



COVID-19 in Australia

CURRENT STATUS OF CONFIRMED CASES

9,810,517

Total cases

12,886

Total deaths

212,834

Active cases

138

CURRENT CASES
INTENSIVE CARE UNITS (ICU)

ACT	NSW	NT	QLD	SA	TAS	VIC	WA
2	59	1	25	12	3	27	9

4,013

CURRENT CASES
ADMITTED TO HOSPITALS

ACT	NSW	NT	QLD	SA	TAS	VIC	WA
135	2,178	31	459	274	62	571	303

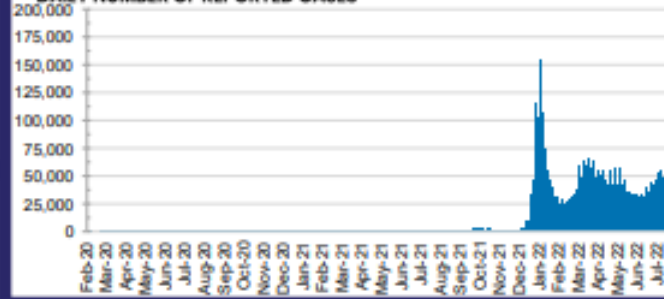
77,355,917

TOTAL TESTS
REPORTED

ACT	NSW	NT	QLD
1,290,997	34,231,103	827,175	8,305,941

SA	TAS	VIC	WA
5,480,859	760,983	22,023,678	4,435,181

DAILY NUMBER OF REPORTED CASES

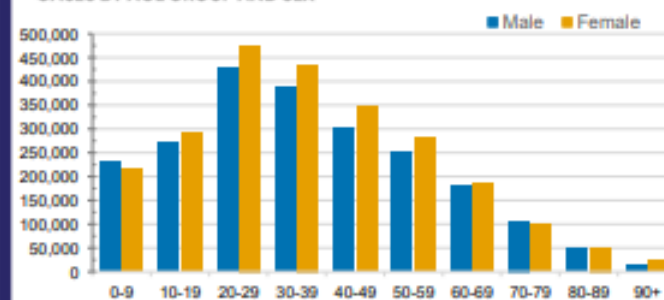


CASES IN AGED CARE SERVICES

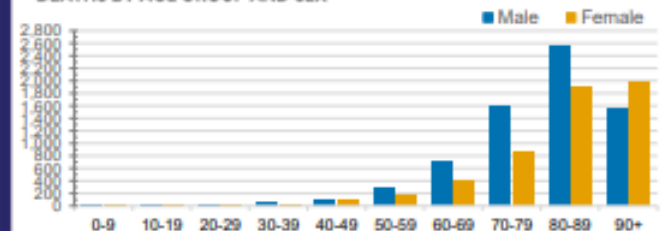
Confirmed Cases	Australia	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Residential Care Recipients	85001 (3720)	1173 (48)	28352 (1310)	305 (10)	14808 (543)	7116 (309)	2126 (37)	24404 (1244)	6827 (219)
In Home Care Recipients	57,840	943	20,126	263	11,677	5,643	993	12,289	5,708

Cases in care recipients (deaths)

CASES BY AGE GROUP AND SEX

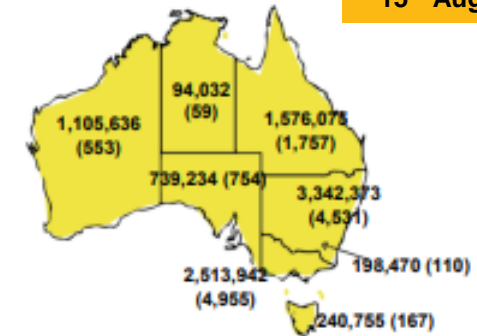


DEATHS BY AGE GROUP AND SEX



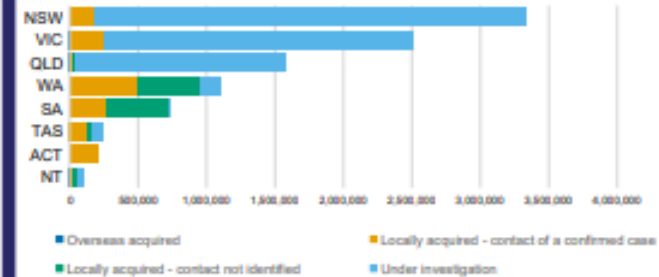
CASES (DEATHS) BY STATE AND TERRITORIES

Data as at:
15th August 2022



CASES BY SOURCE OF INFECTION

Australia (% of all confirmed cases)



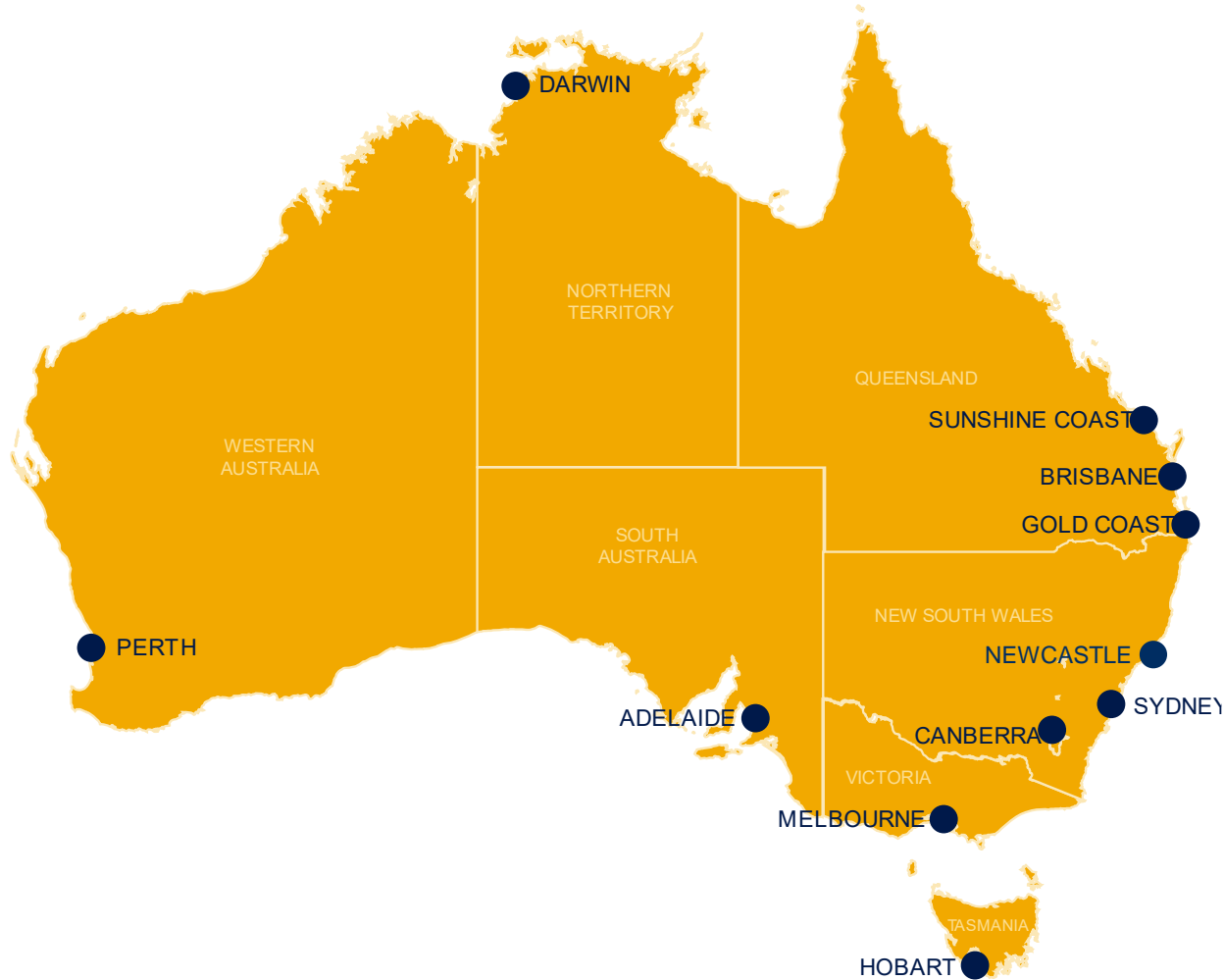
PUBLIC HEALTH RESPONSE MEASURE

Proportion of total cases under investigation



Trends In Australian Hotel Markets

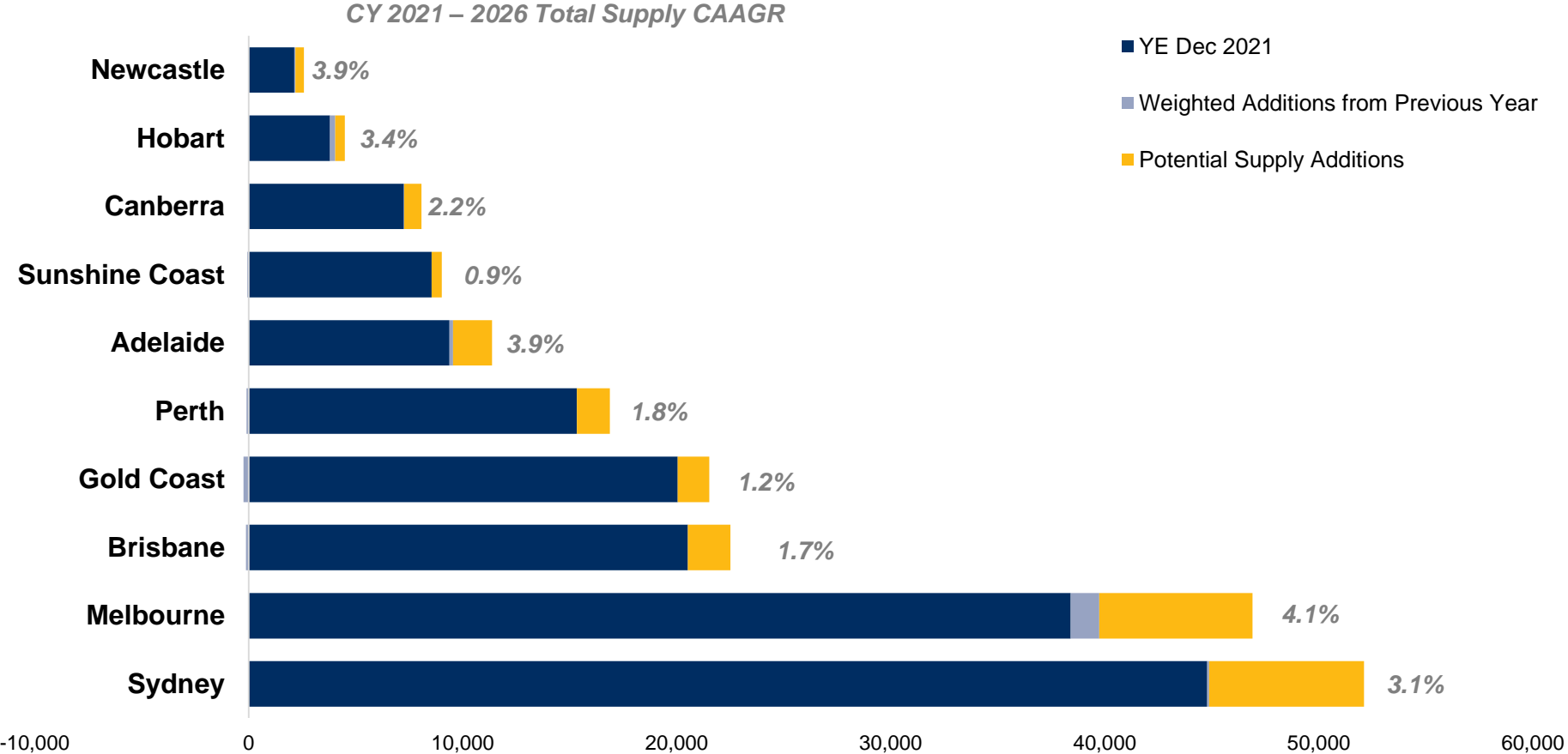
RevPAR Performance Snapshot – YTD June 2022



	YTD Jun 2022 vs YTD Jun 2021	% of 2019 level
Brisbane	44.2% ▲	116.5%
Canberra	22.9% ▲	103.7%
Adelaide	25.9% ▲	104.0%
Gold Coast	35.1% ▲	129.7%
Hobart	30.5% ▲	107.3%
Melbourne	76.5% ▲	73.6%
Newcastle	2.8% ▲	106.6%
Perth	16.9% ▲	97.4%
Sunshine Coast	19.9% ▲	150.2%
Sydney	51.1% ▲	71.2%

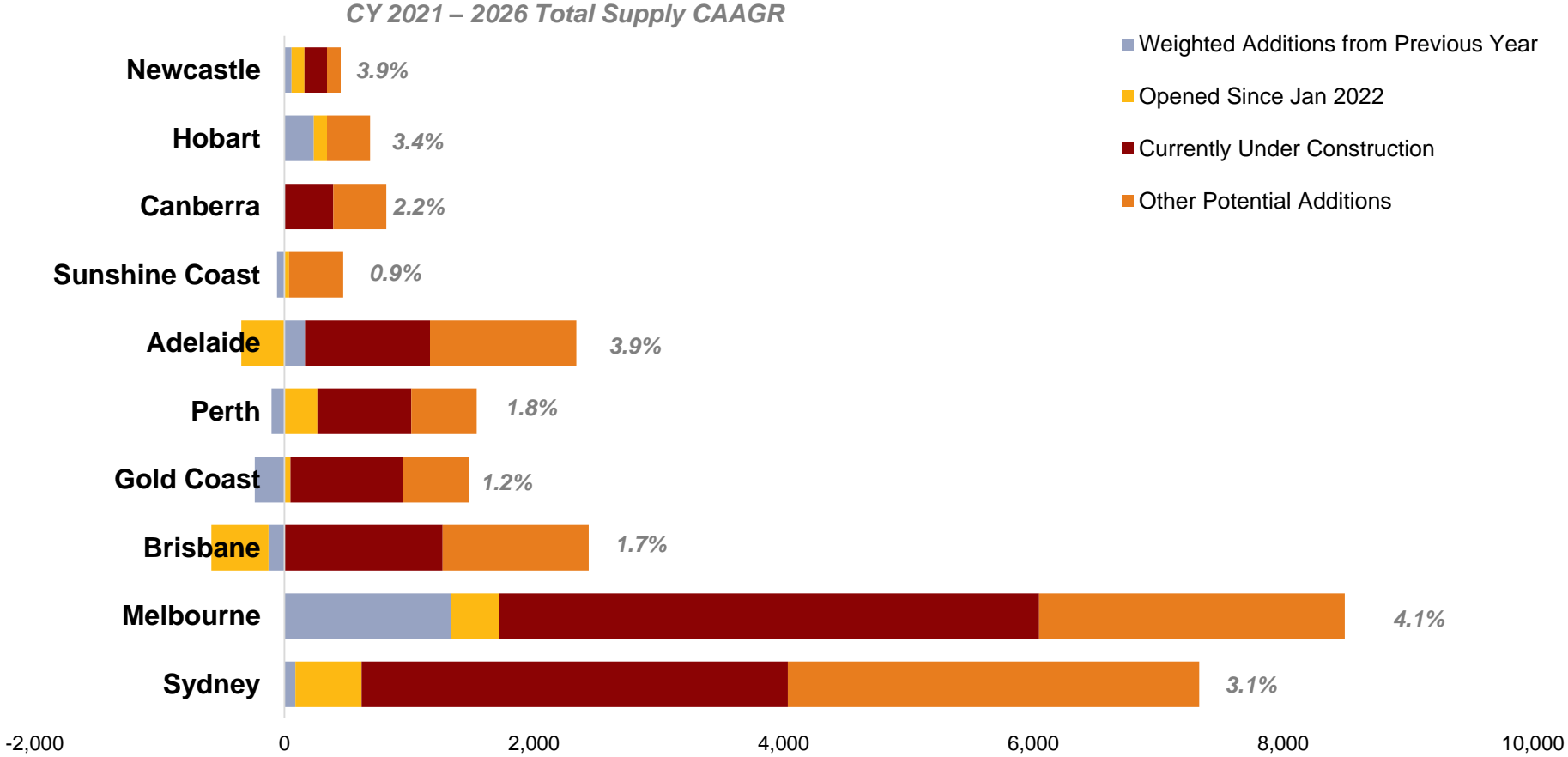
Australian Hotel Market Supply Pipeline

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)



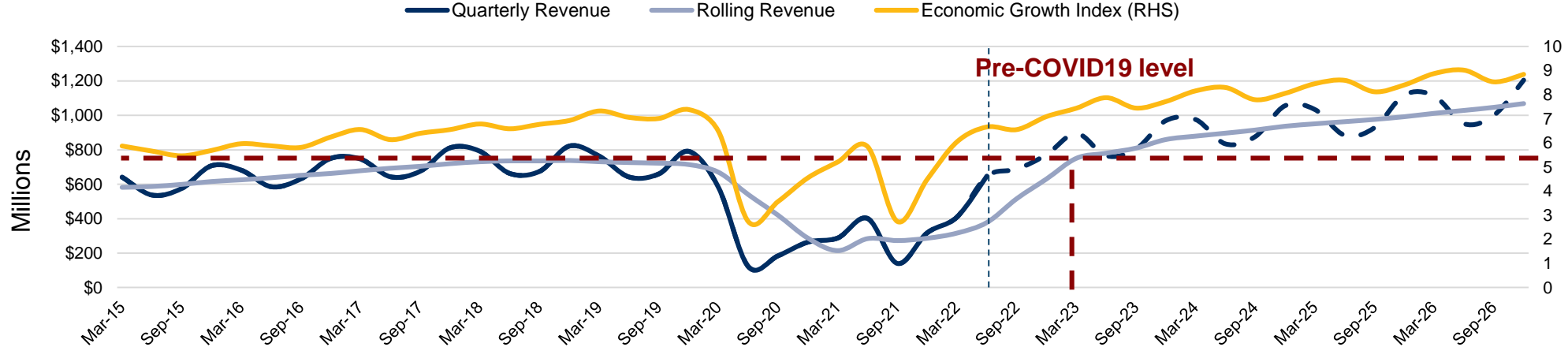
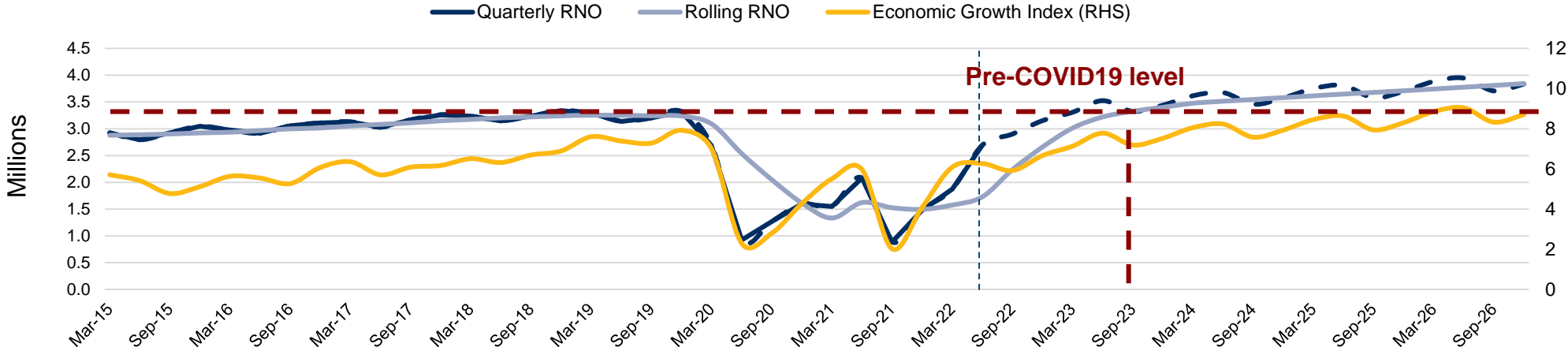


Sydney

Sydney Tourism Region Hotel Market Outlook

Sydney Tourism Region Hotel Market Outlook

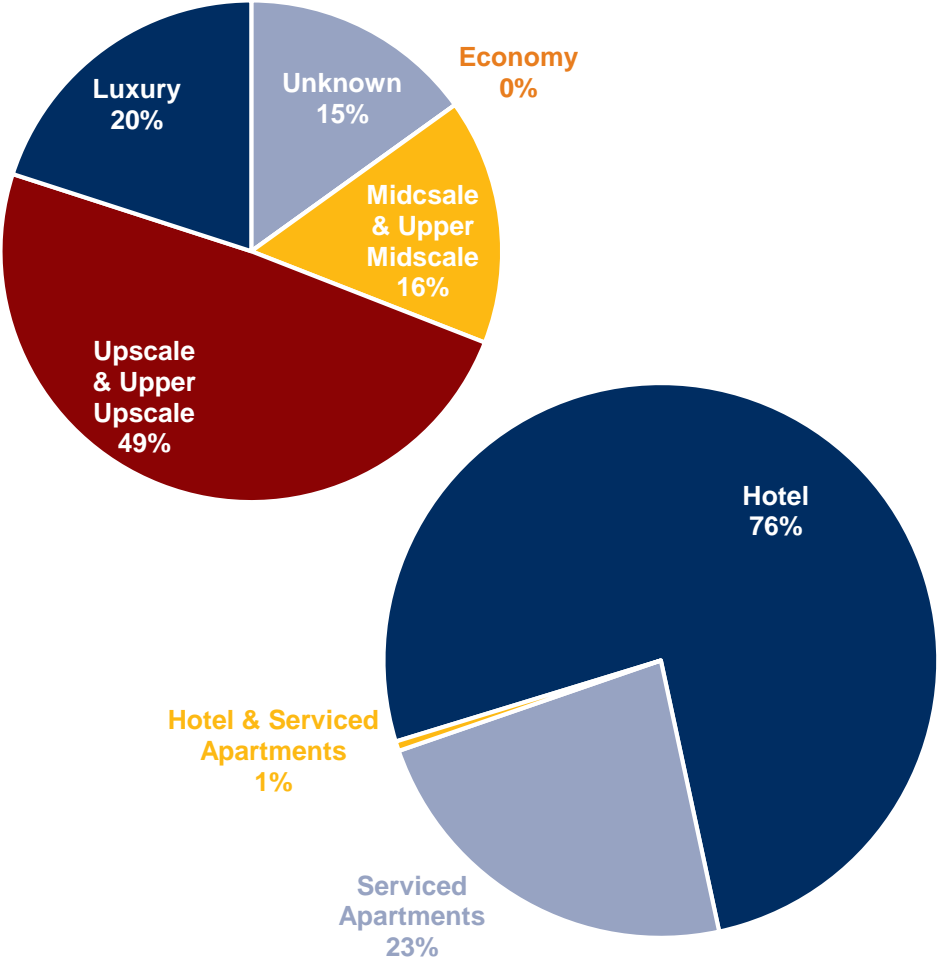
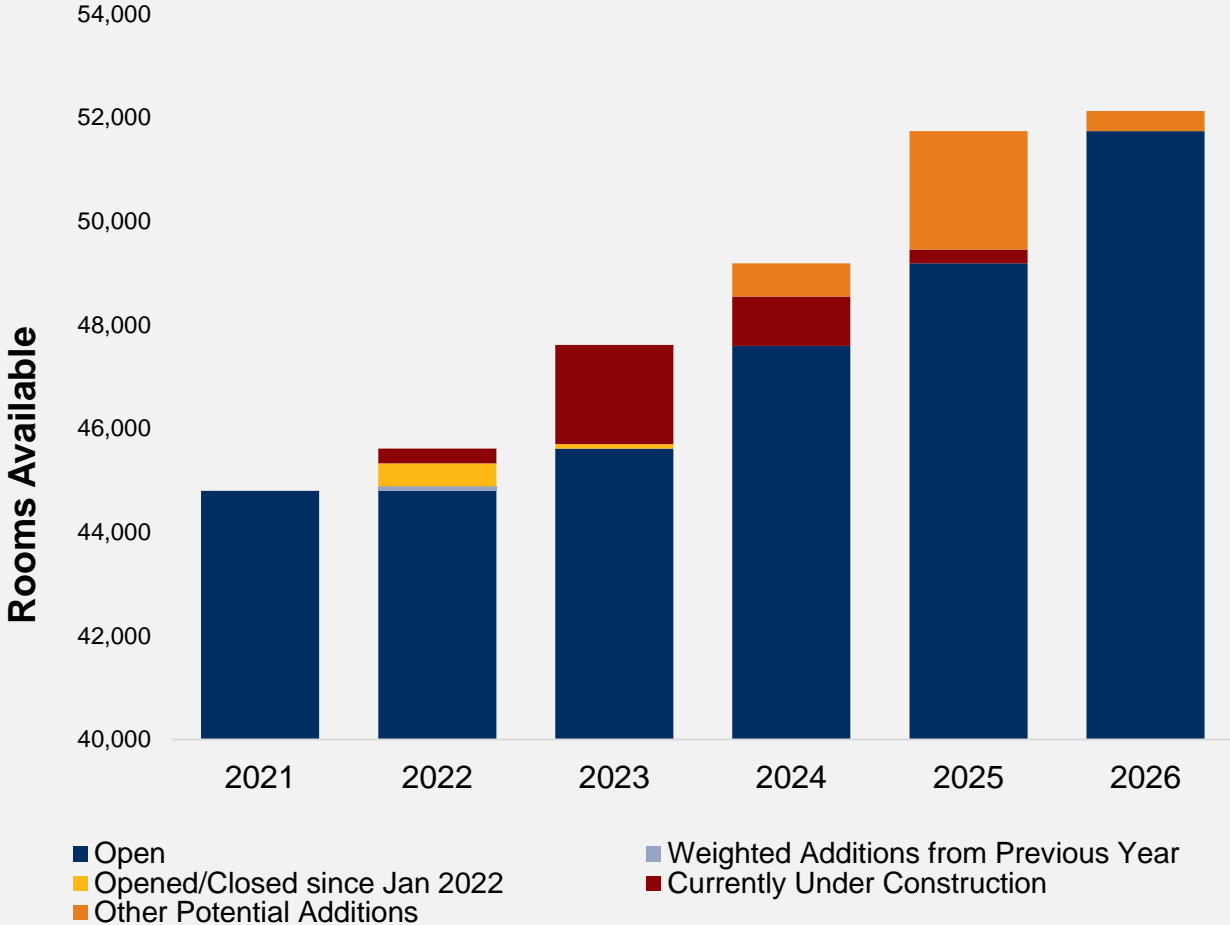
Forecasts of Demand and Revenue Growth



Sydney Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

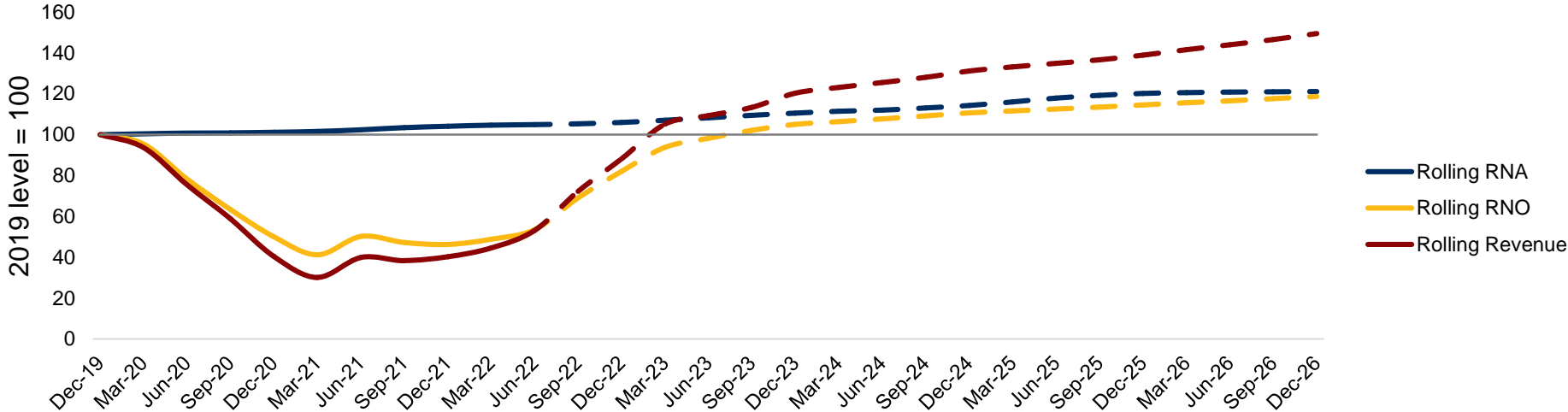
Rooms Available CY 2021 - 26 CAAGR: 3.1%



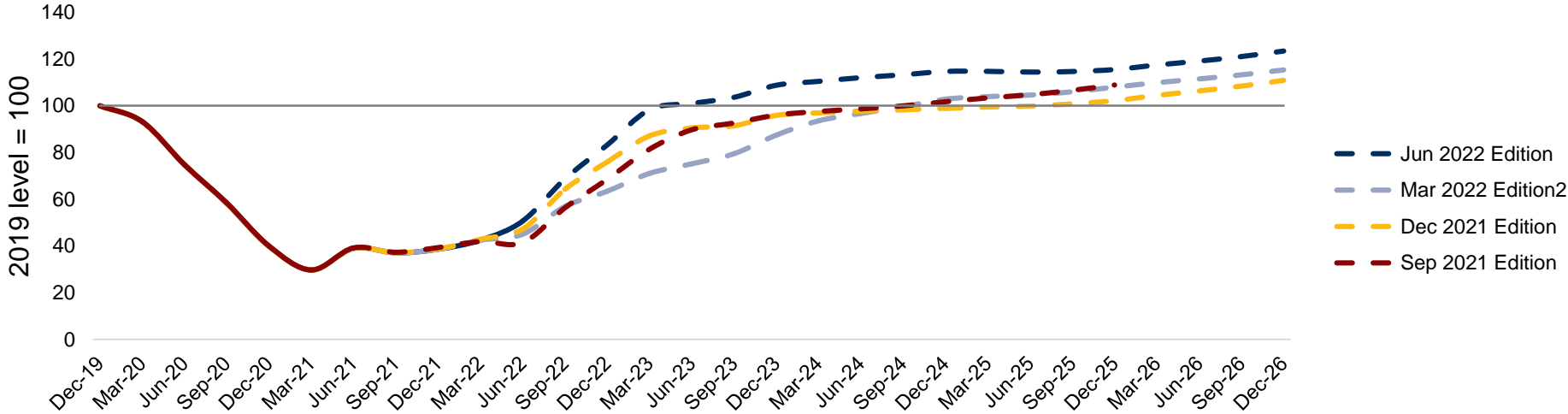
Sydney Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



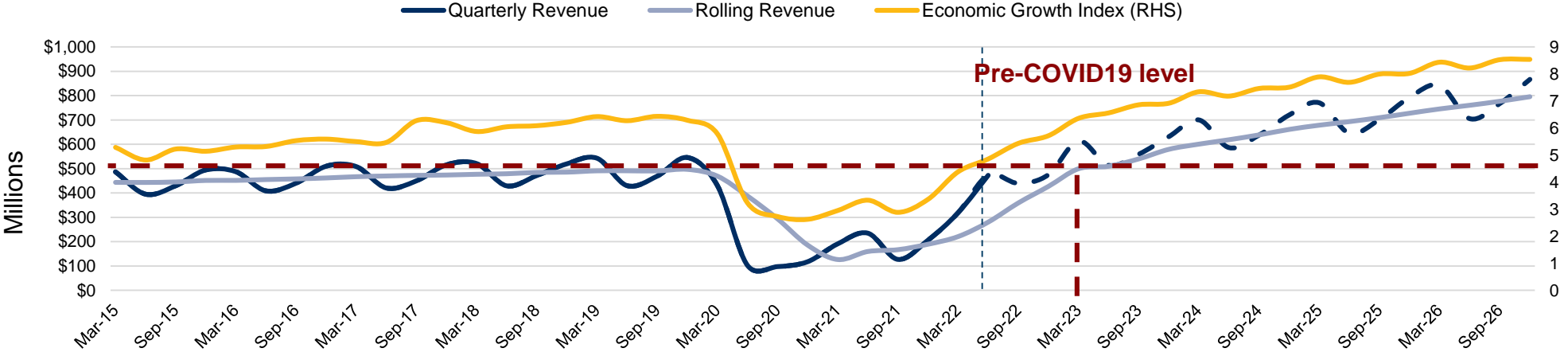
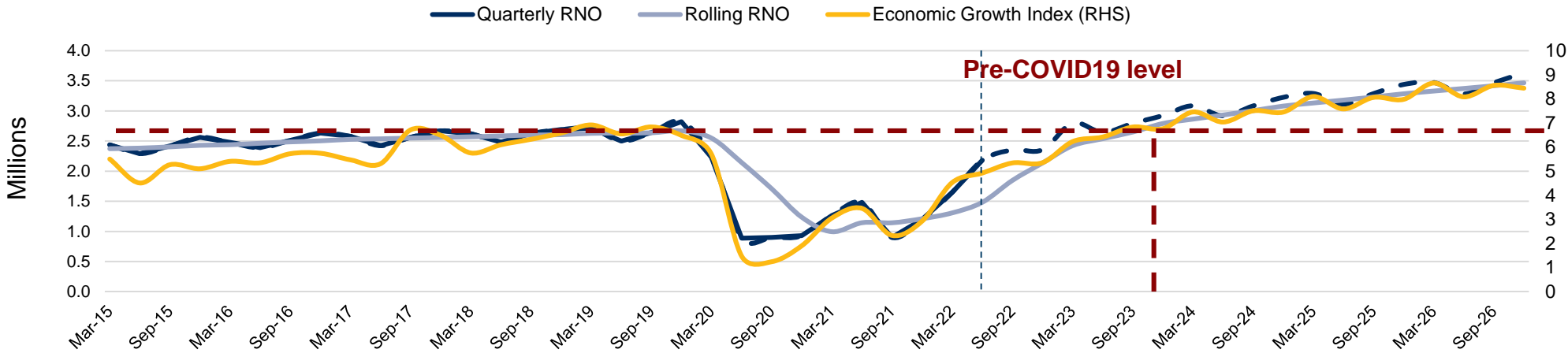


Melbourne

Melbourne Tourism Region Hotel Market Outlook

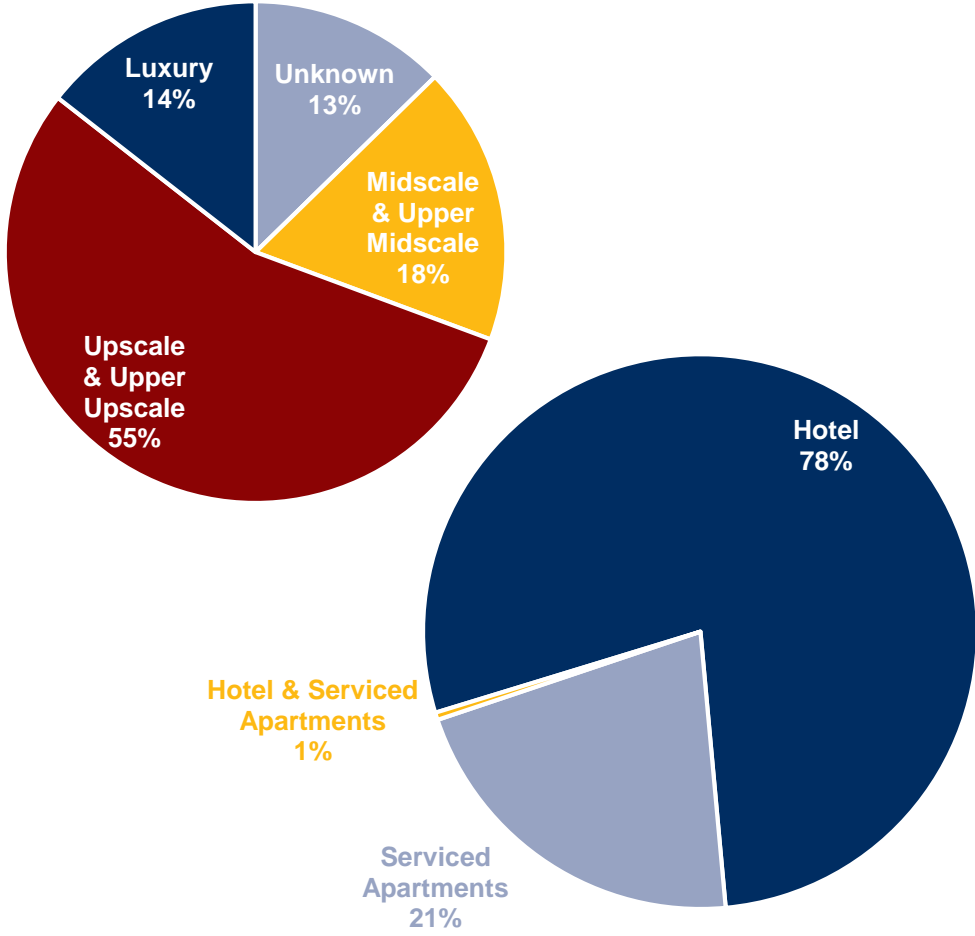
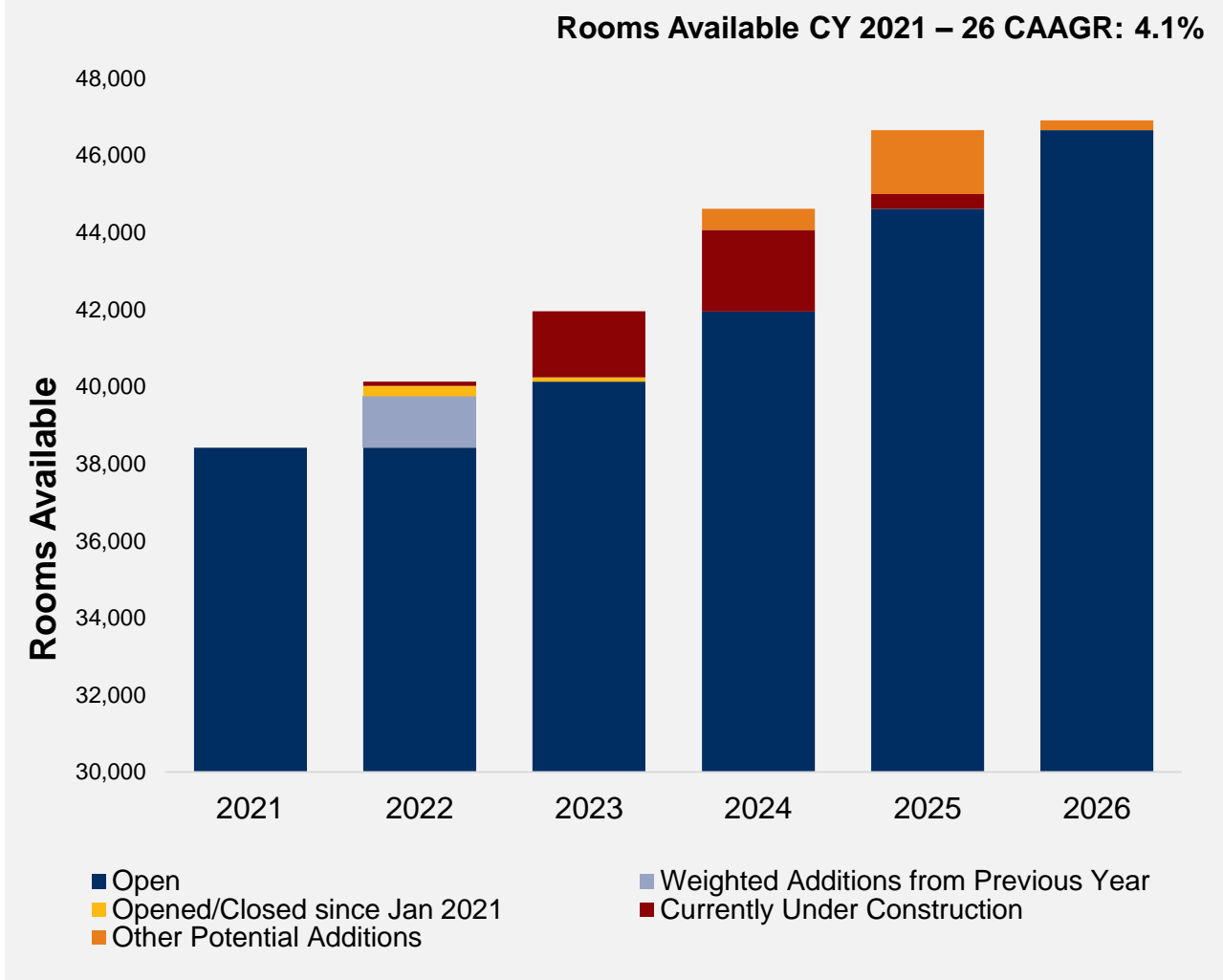
Melbourne Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Melbourne Tourism Region Hotel Market Outlook

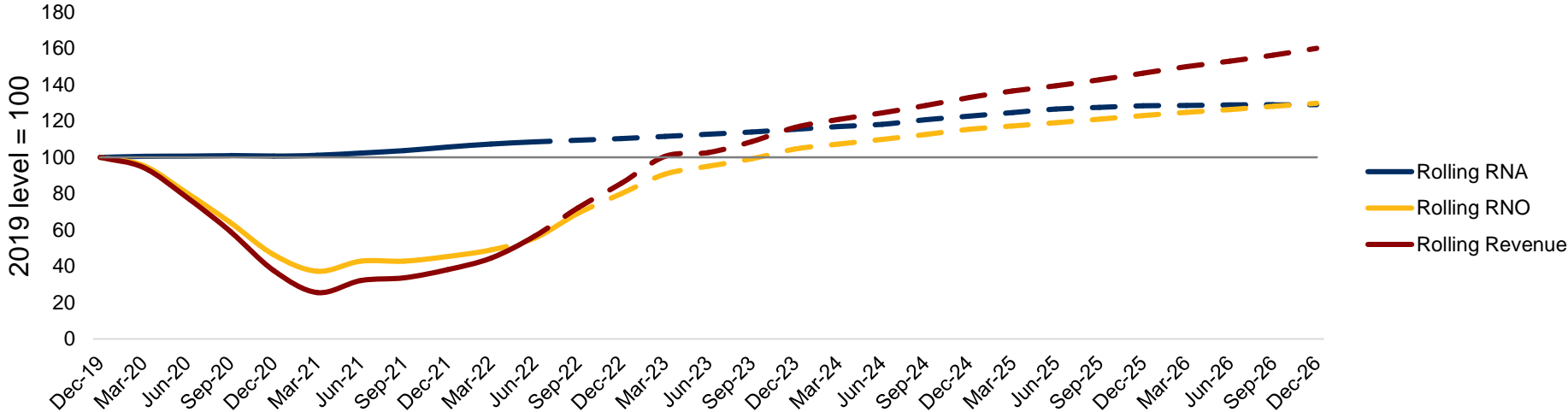
Forecast Additions to Supply – CY 2021 to 2026



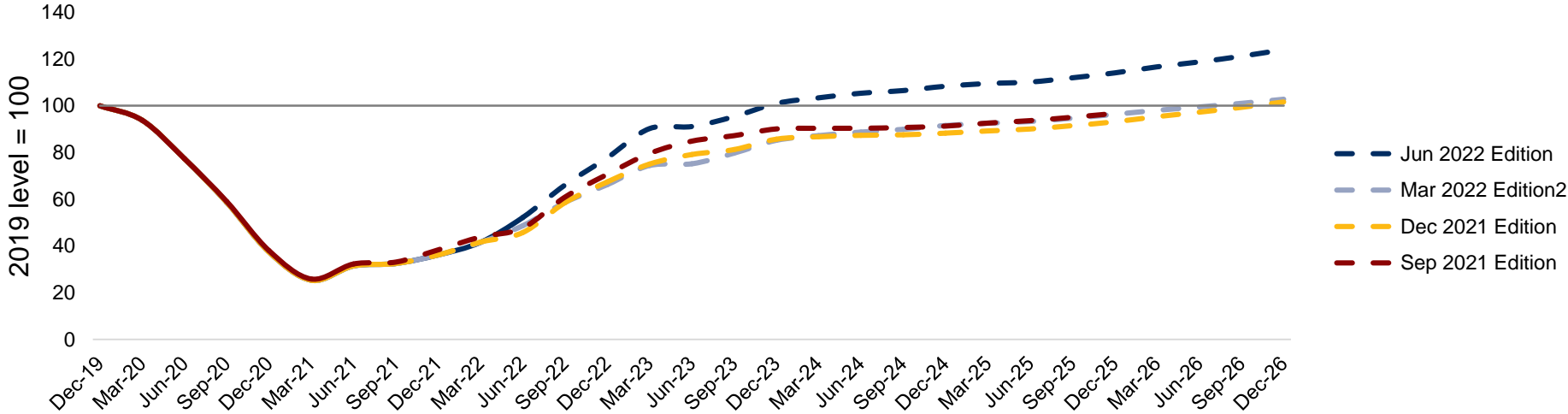
Melbourne Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

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Indexed Rolling 12-Month RevPAR Outlook



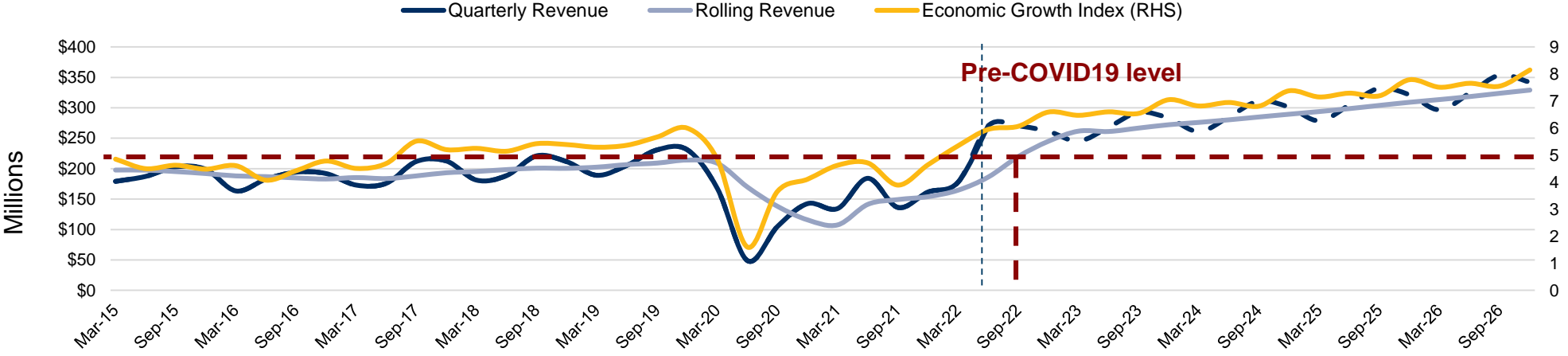
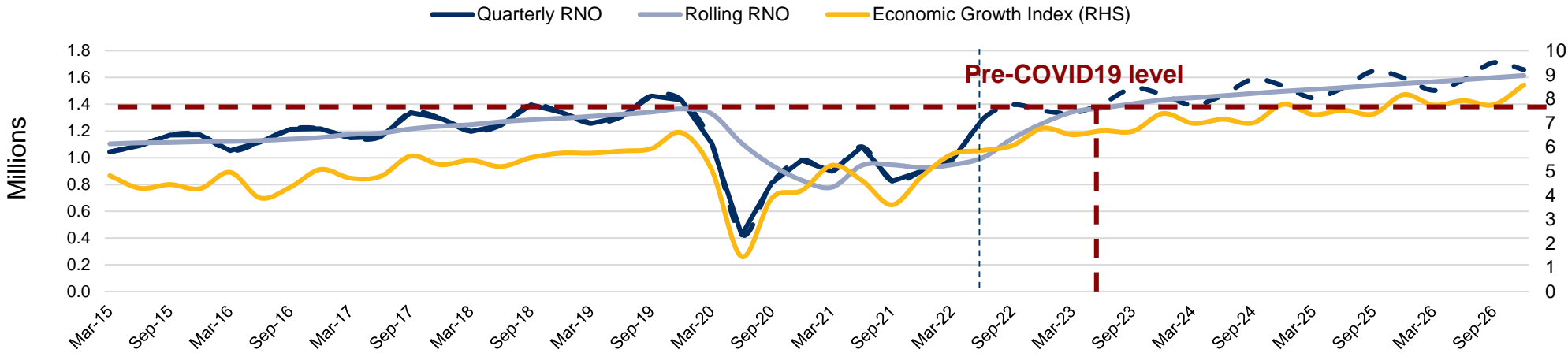
A nighttime photograph of a modern urban building complex in Brisbane. The image features several tall, illuminated skyscrapers with glass facades reflecting city lights. In the foreground, a curved, illuminated walkway with a glass railing and a set of wide stone stairs lead up to the building. The scene is lit with a mix of warm yellow and cool blue tones, creating a vibrant, contemporary atmosphere.

Brisbane

Brisbane Tourism Region Hotel Market Outlook

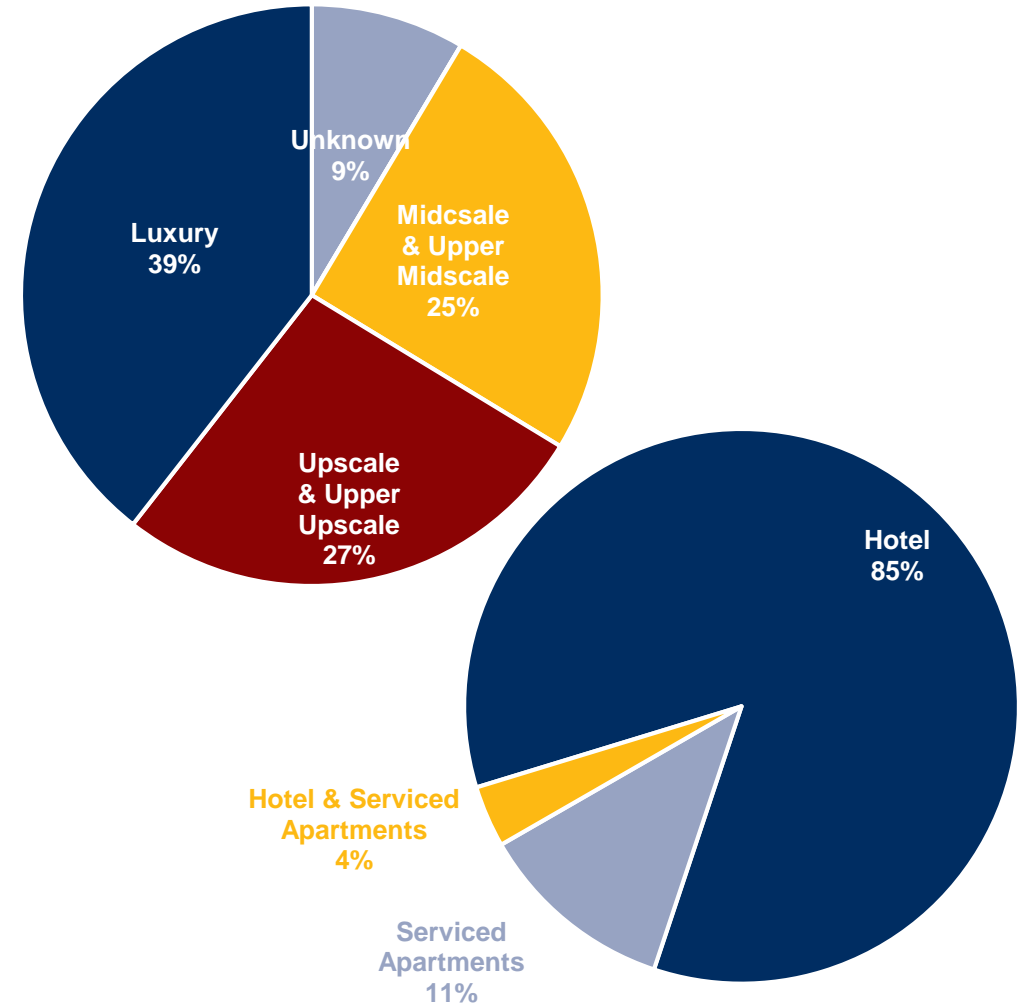
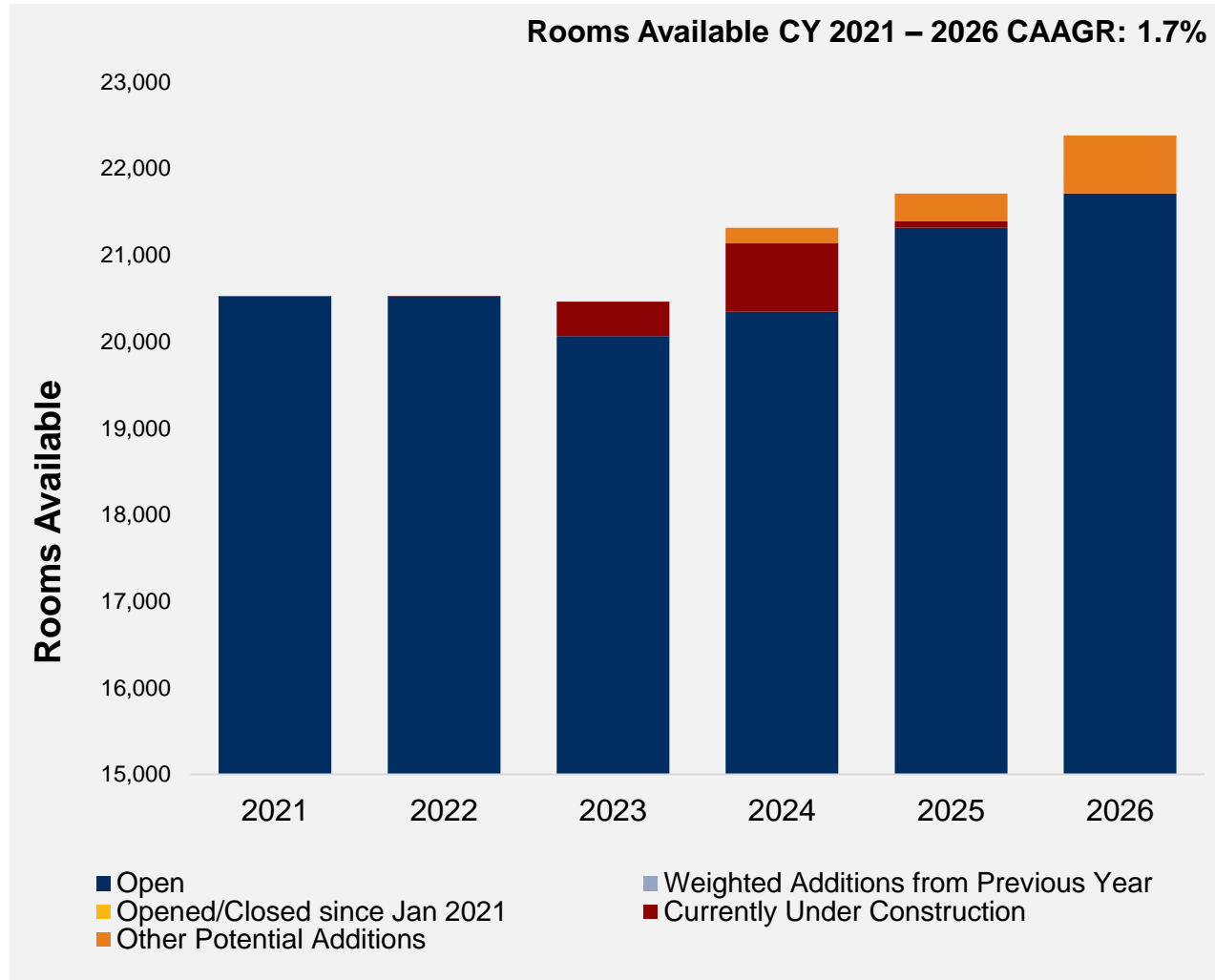
Brisbane Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Brisbane Tourism Region Hotel Market Outlook

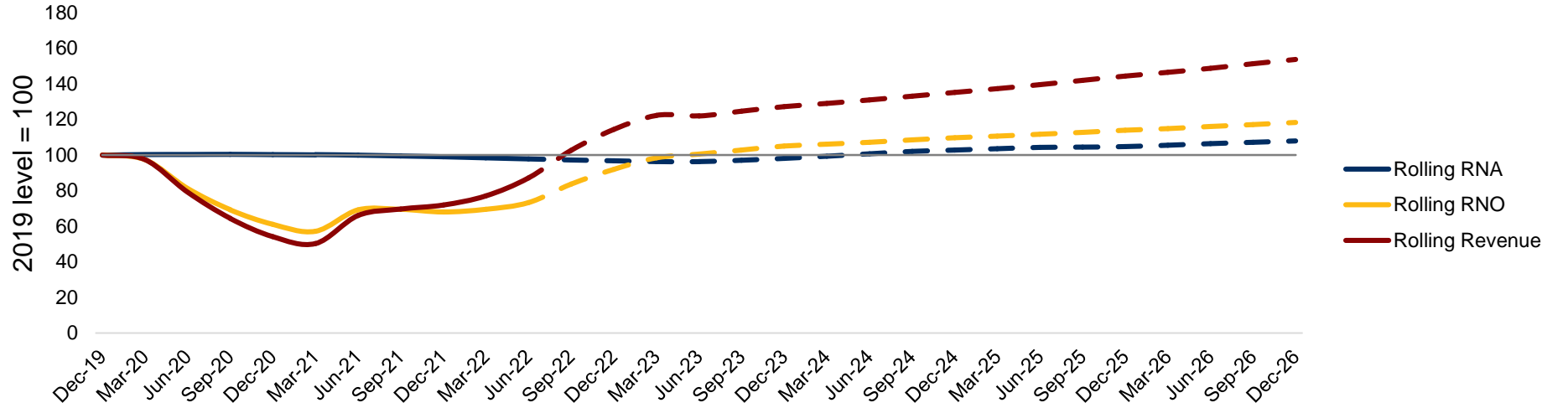
Forecast Additions to Supply – CY 2021 to 2026



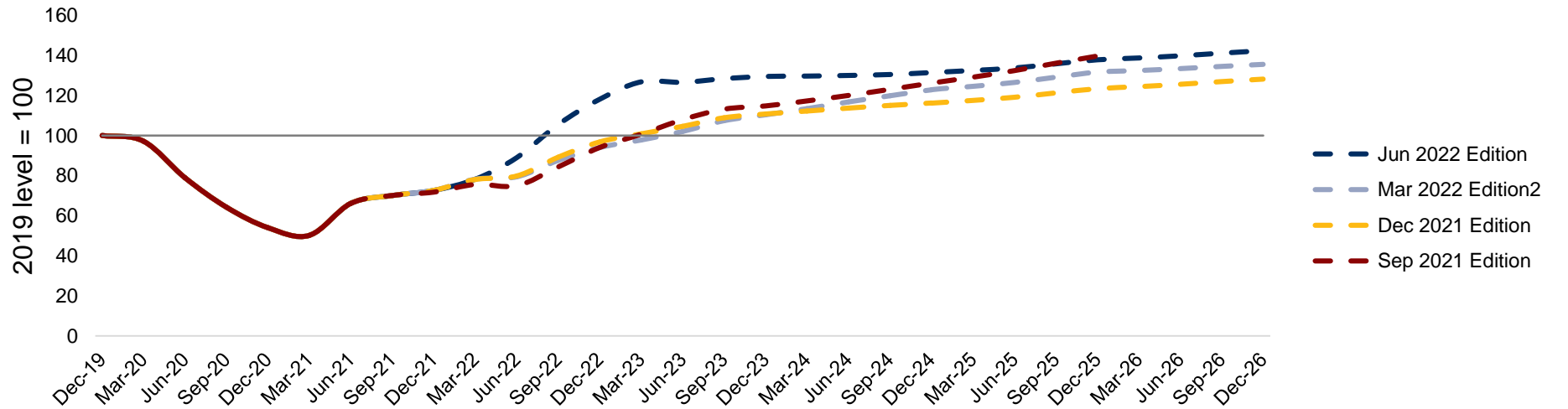
Brisbane Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

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Indexed Rolling 12-Month RevPAR Outlook



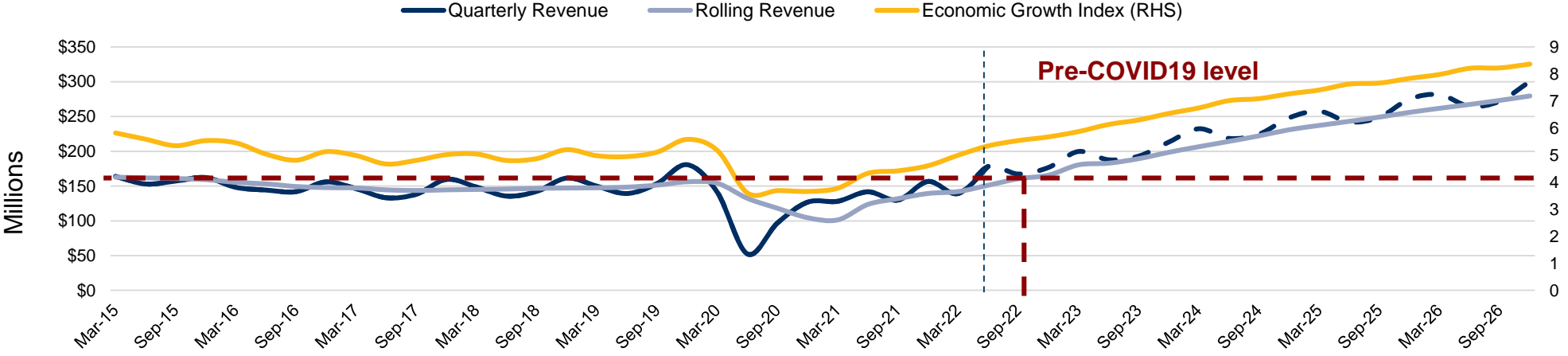
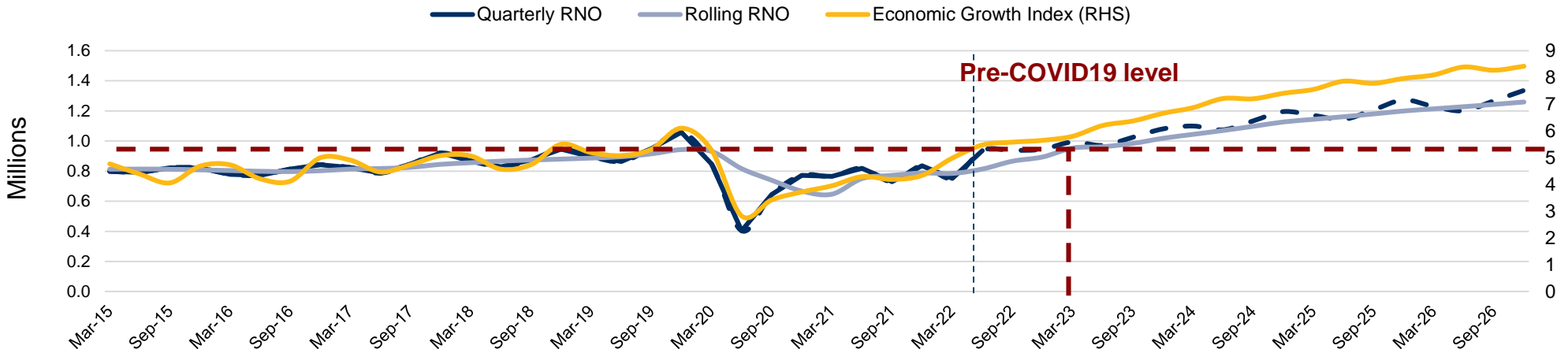


Perth

Perth Tourism Region Hotel Market Outlook

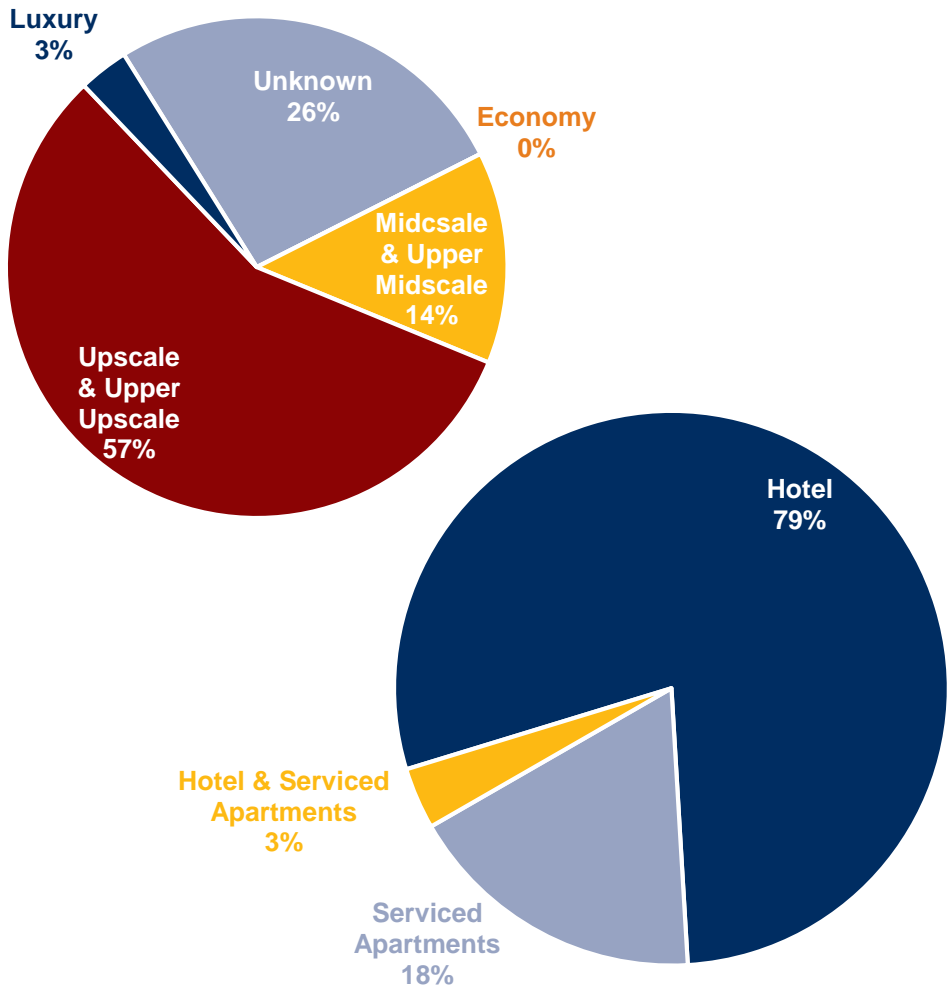
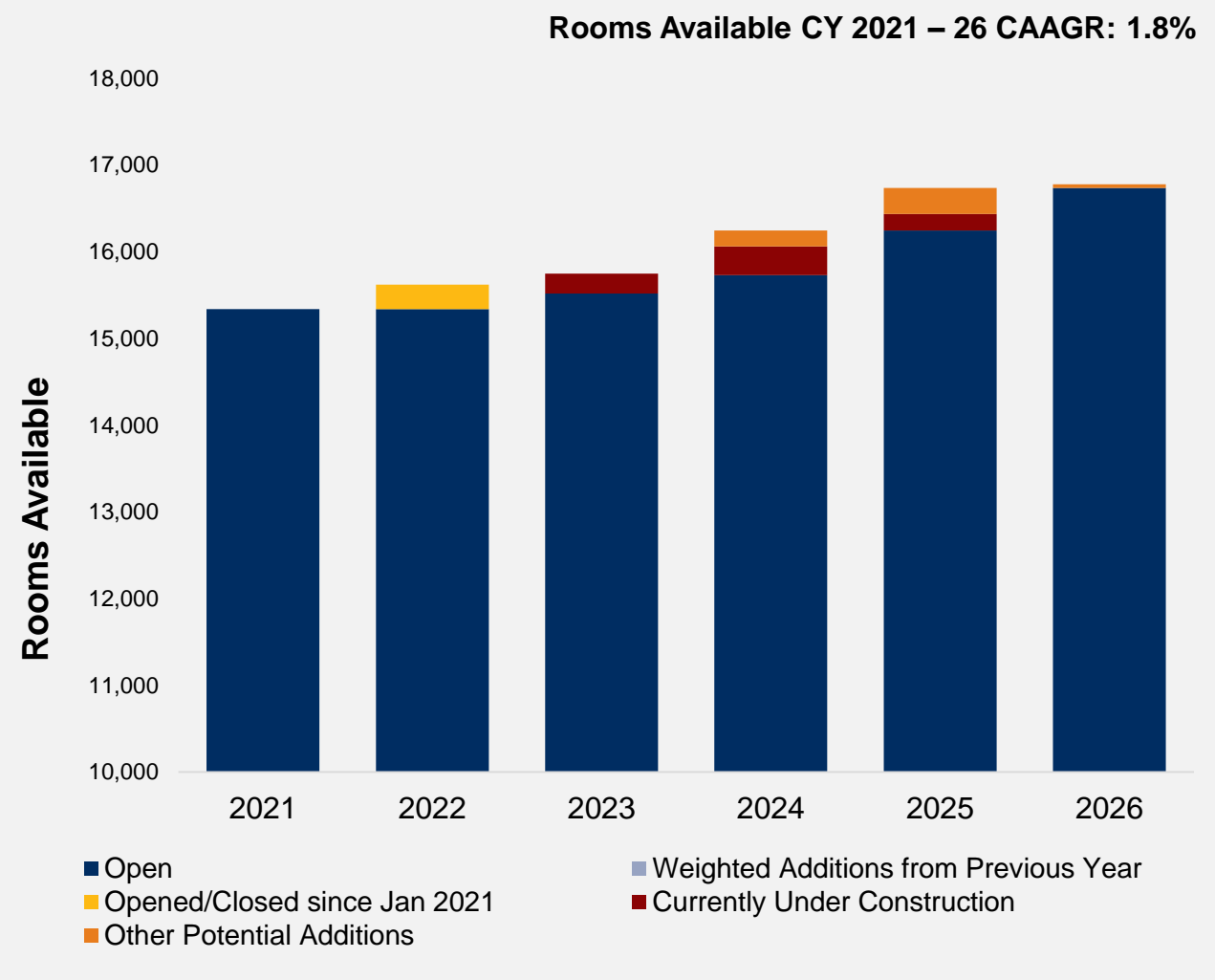
Perth Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Perth Tourism Region Hotel Market Outlook

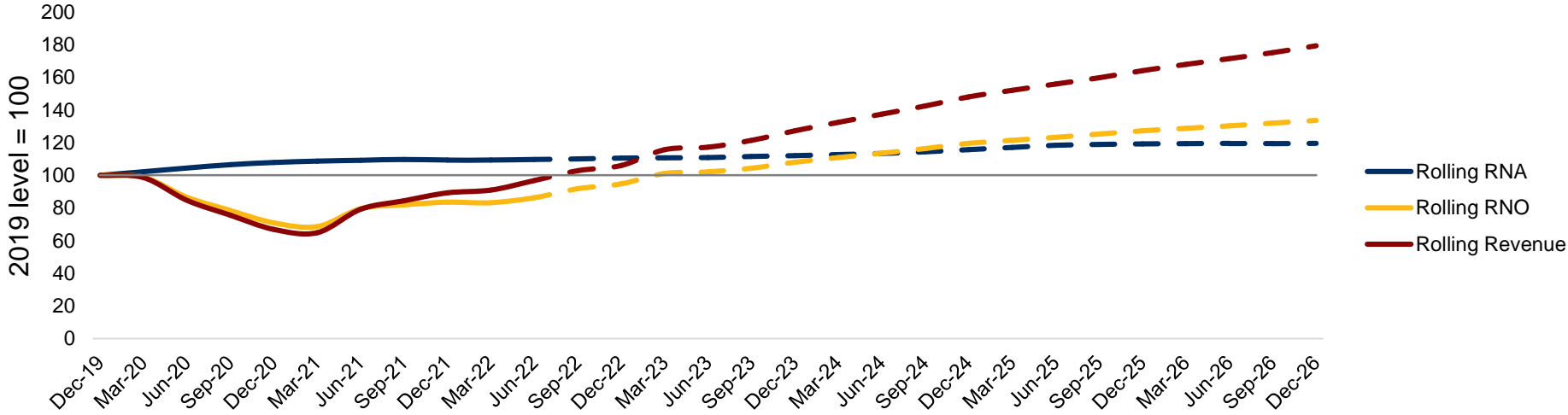
Forecast Additions to Supply – CY 2021 to 2026



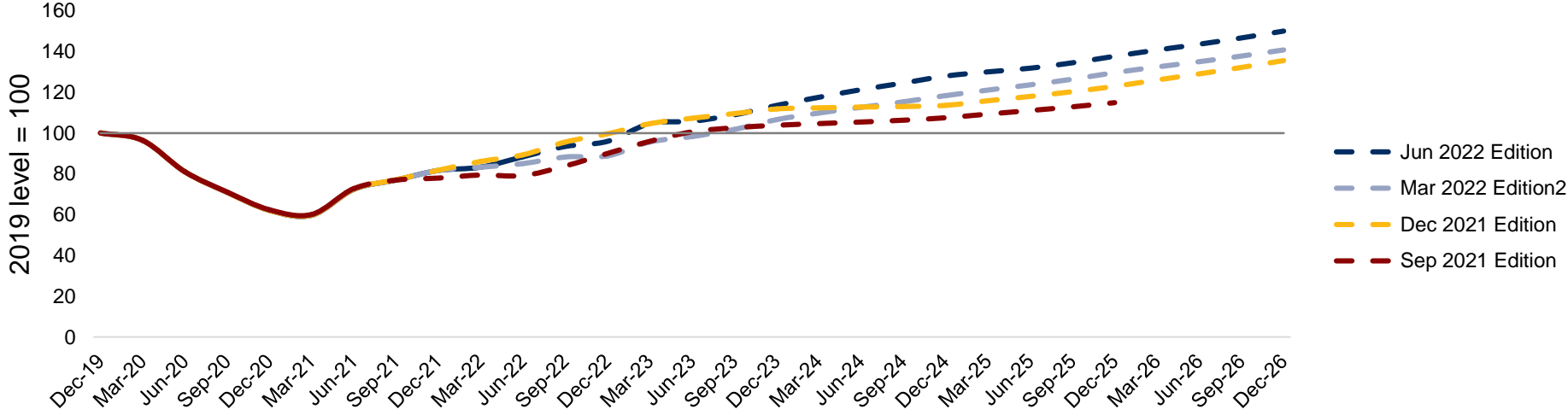
Perth Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

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Indexed Rolling 12-Month RevPAR Outlook



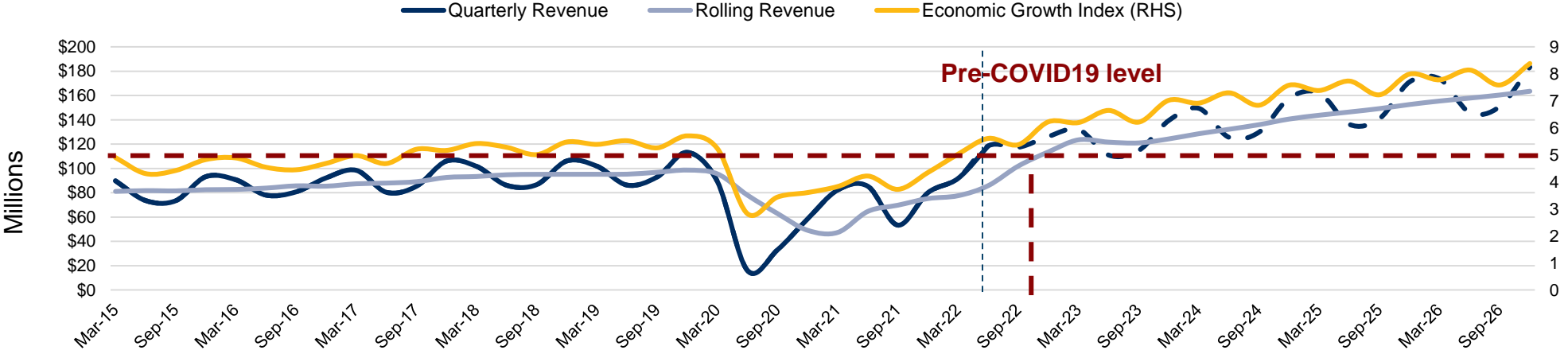
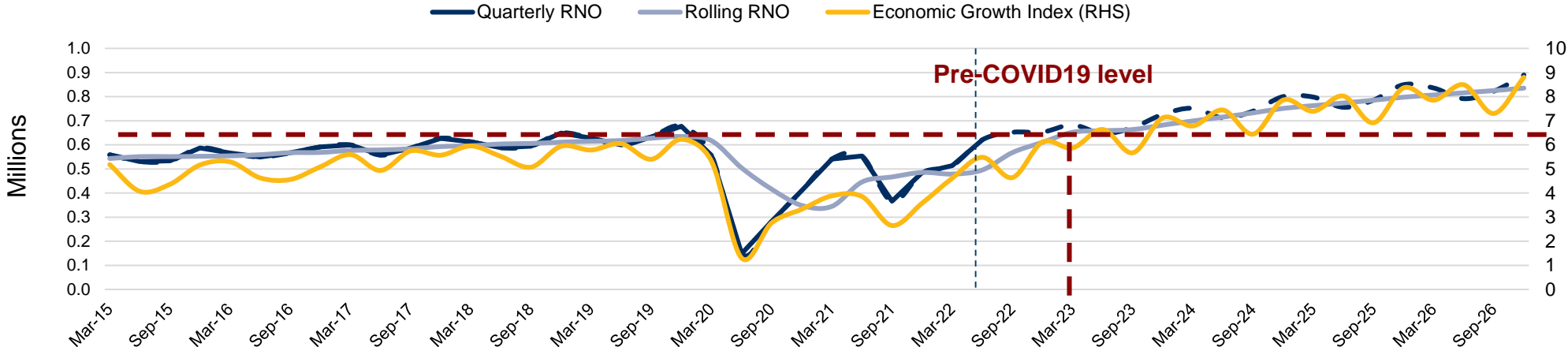


Adelaide

Adelaide Tourism Region Hotel Market Outlook

Adelaide Tourism Region Hotel Market Outlook

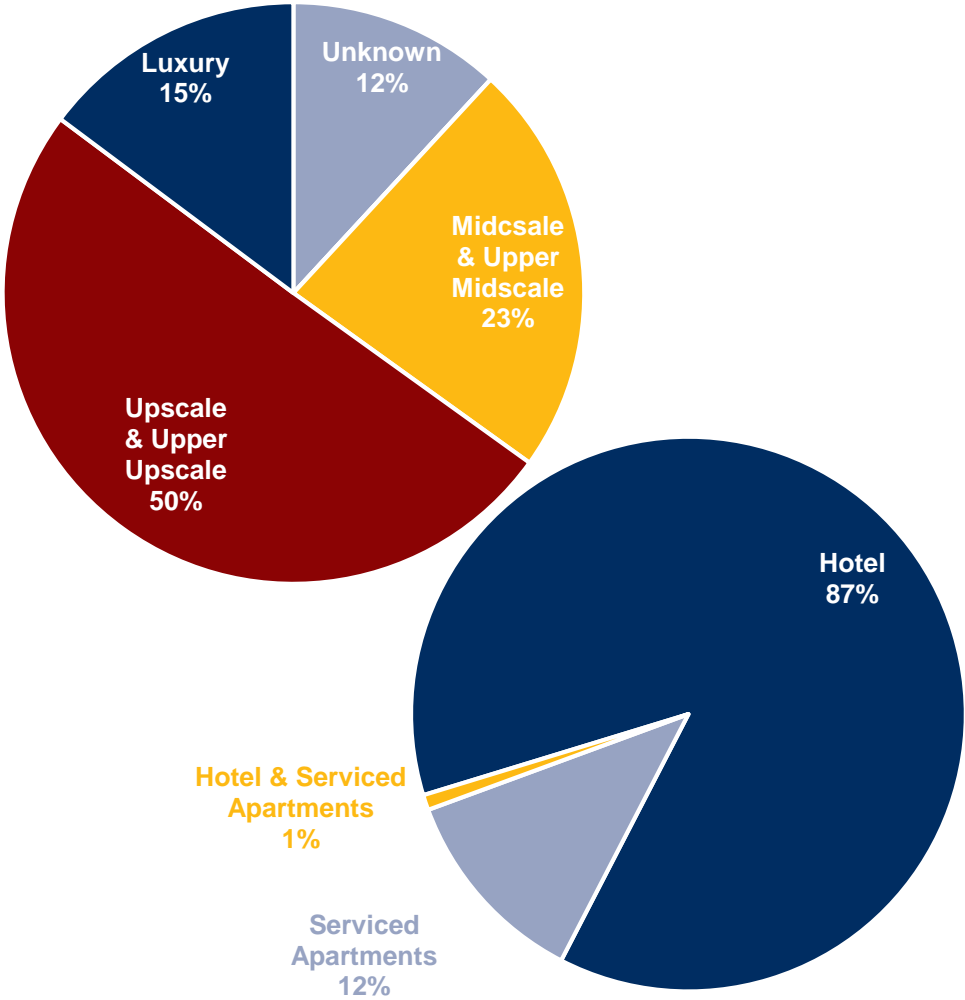
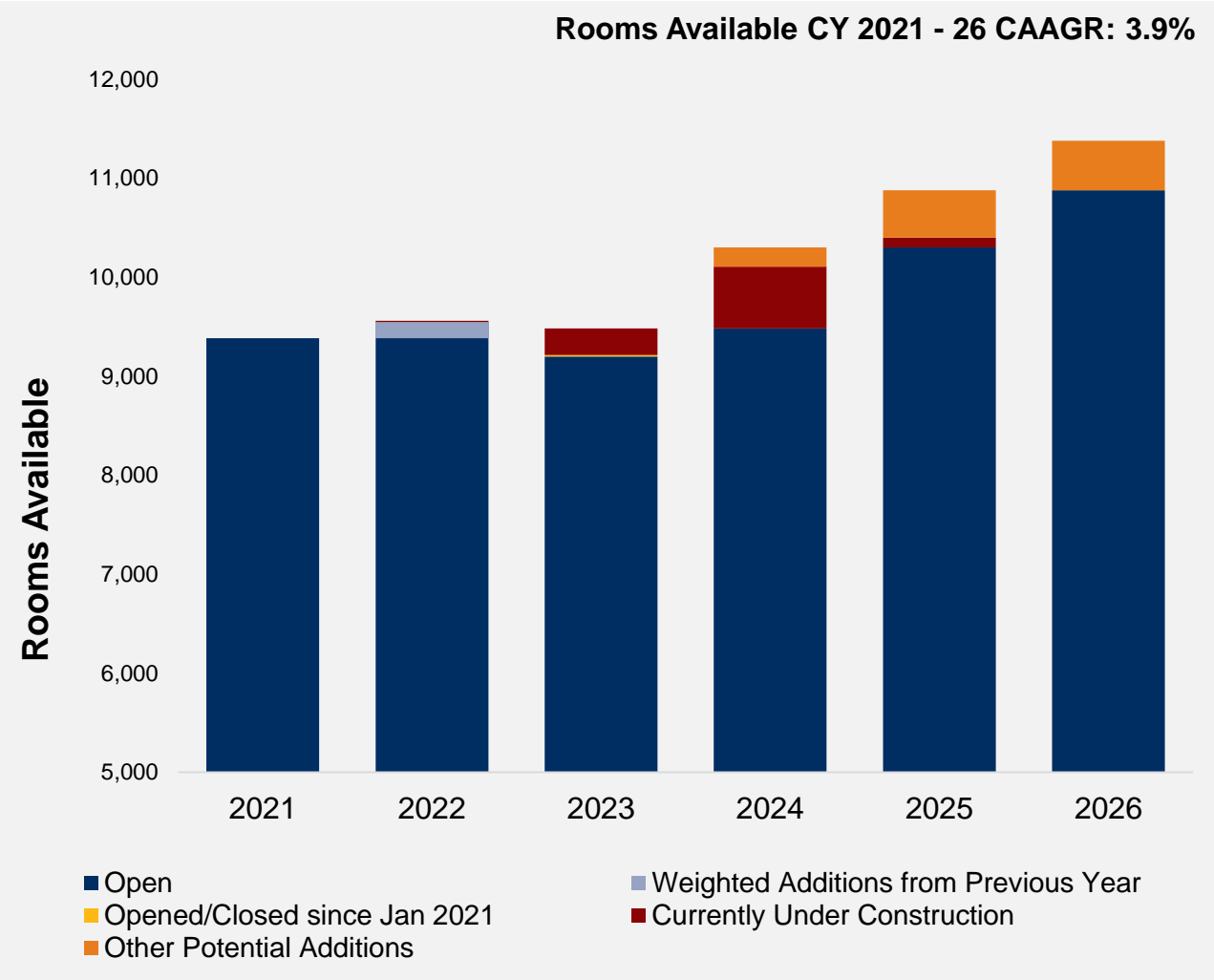
Forecasts of Demand and Revenue Growth



Adelaide Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

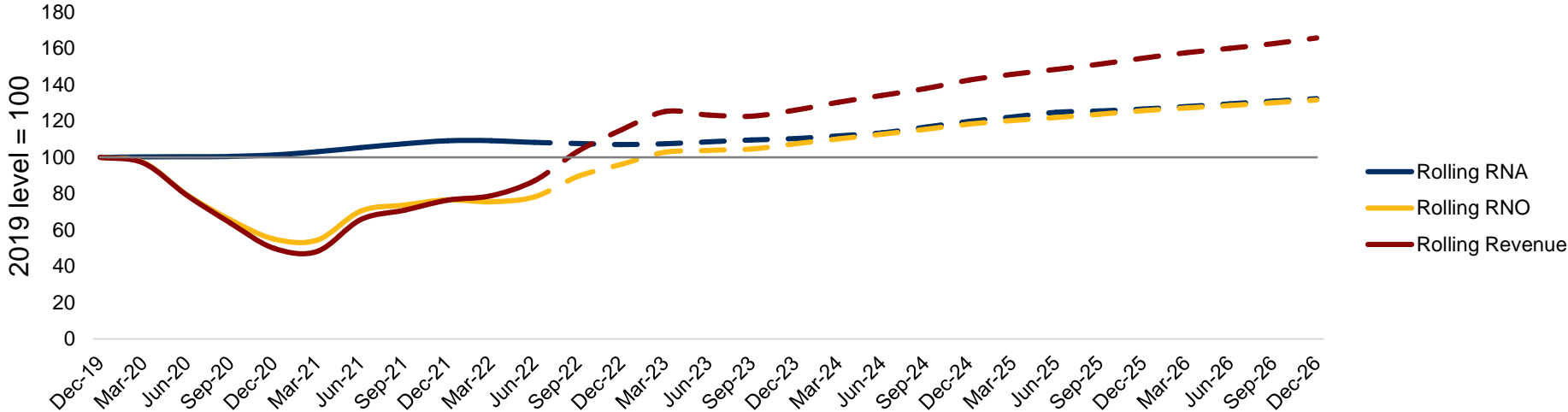
Rooms Available CY 2021 - 26 CAAGR: 3.9%



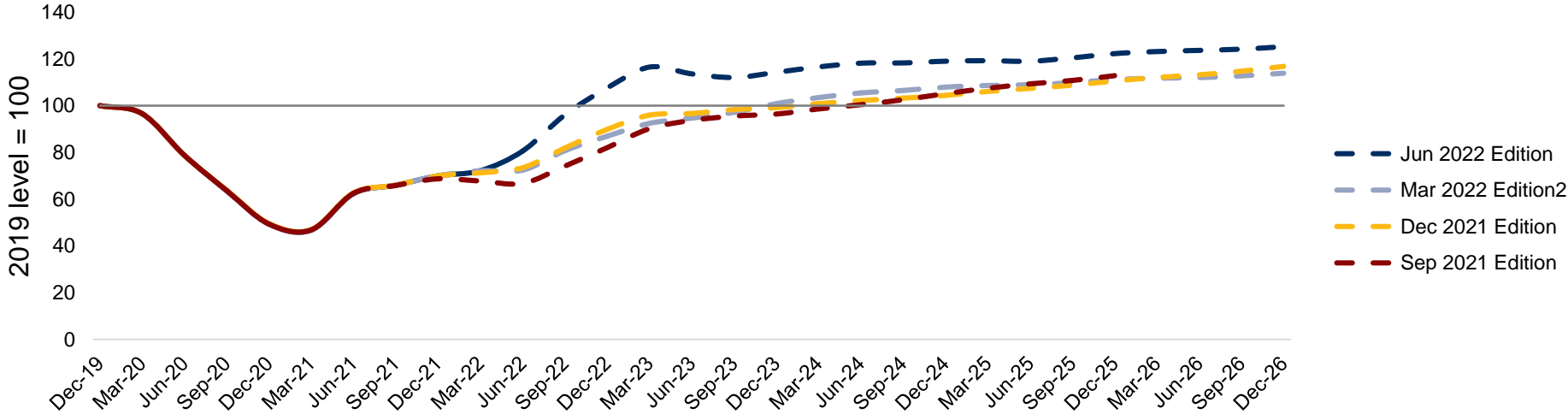
Adelaide Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



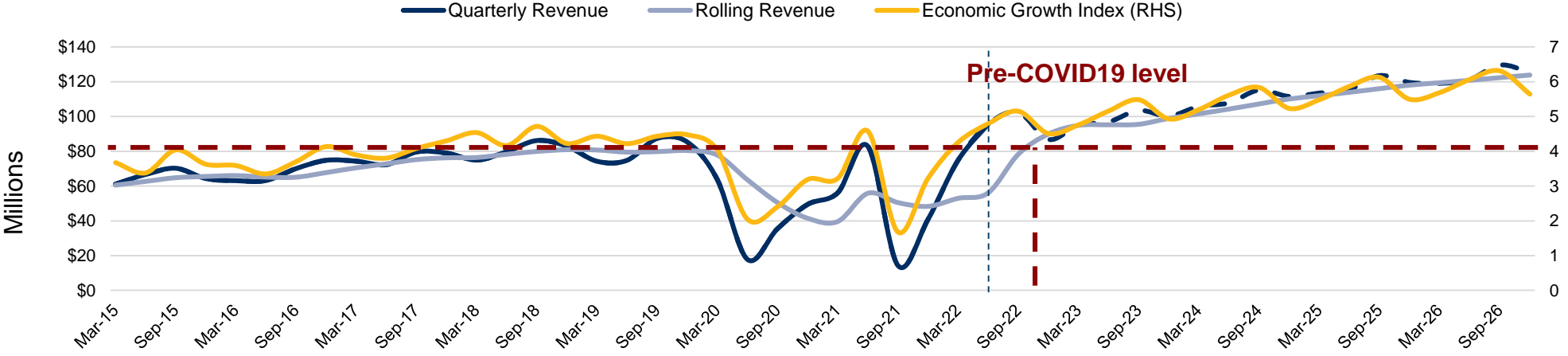
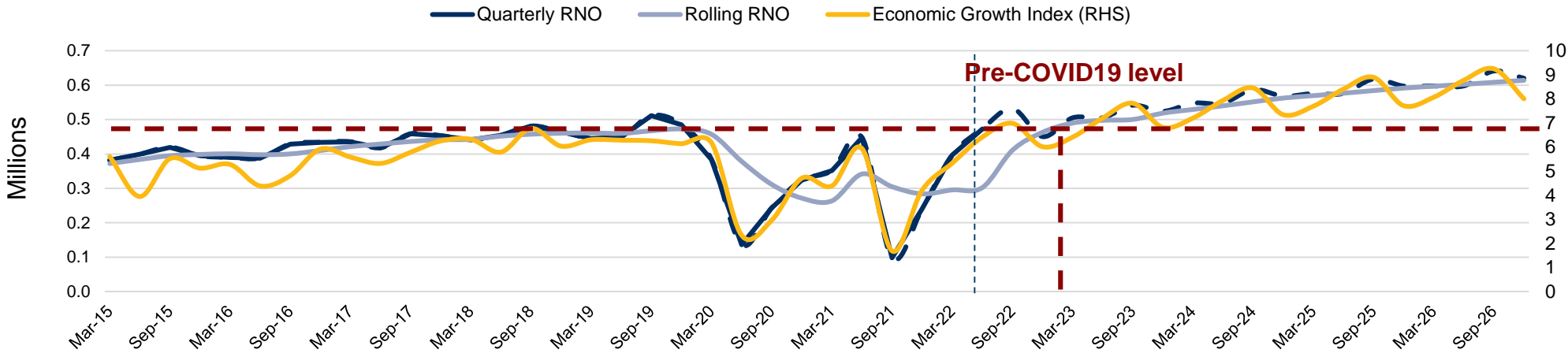


Canberra

Canberra Tourism Region Hotel Market Outlook

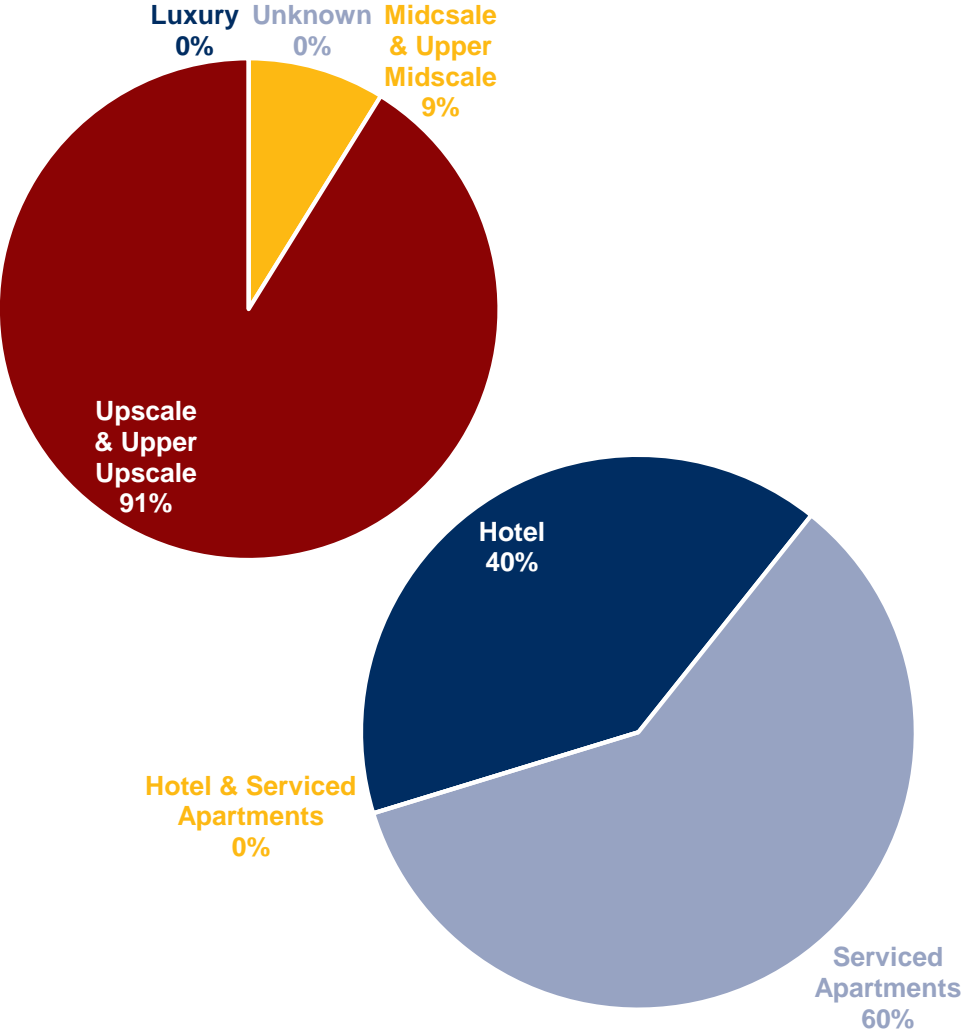
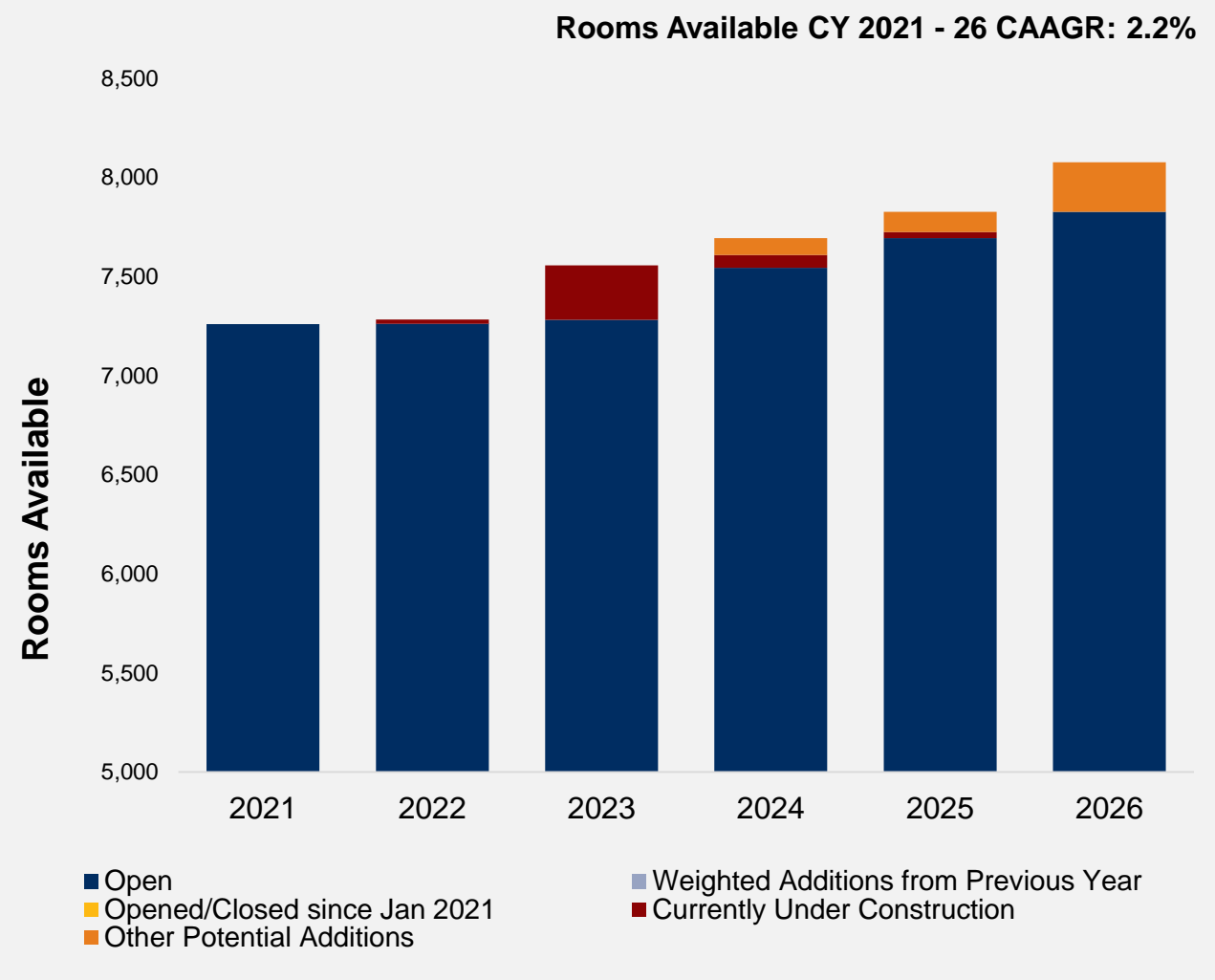
Canberra Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Canberra Tourism Region Hotel Market Outlook

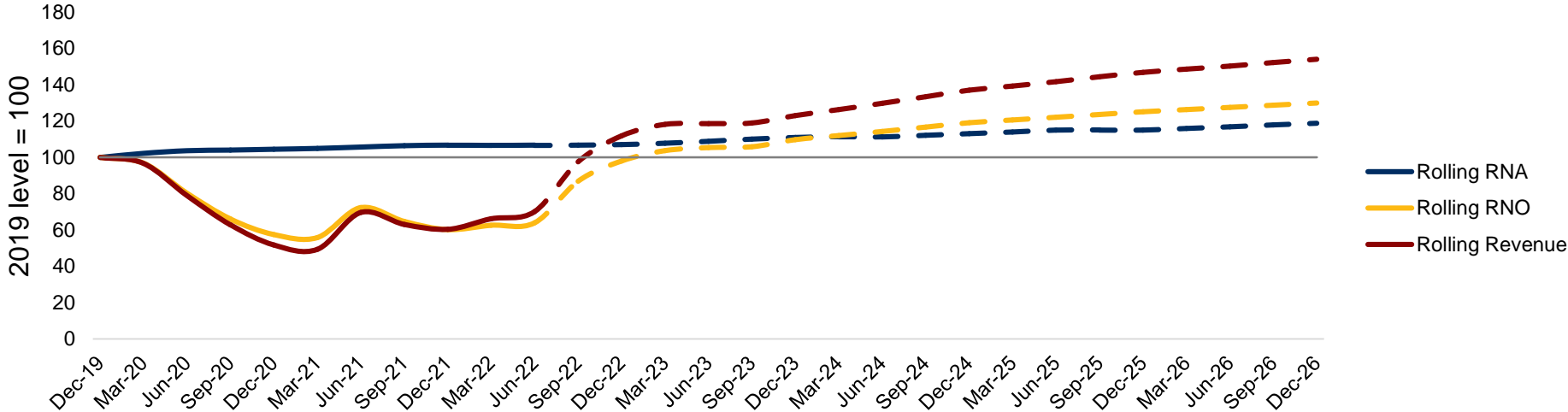
Forecast Additions to Supply – CY 2021 to 2026



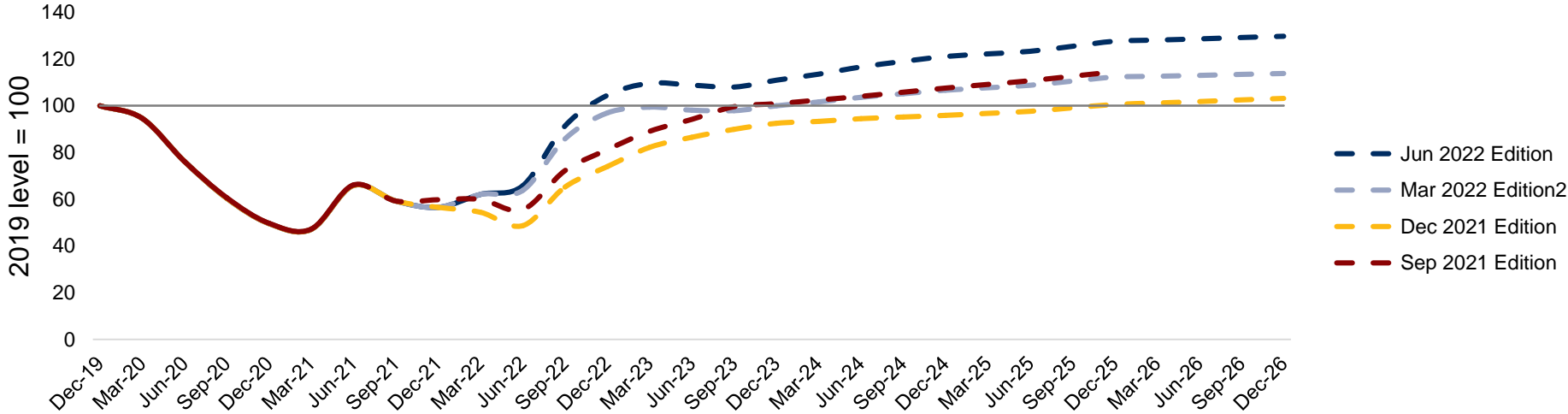
Canberra Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

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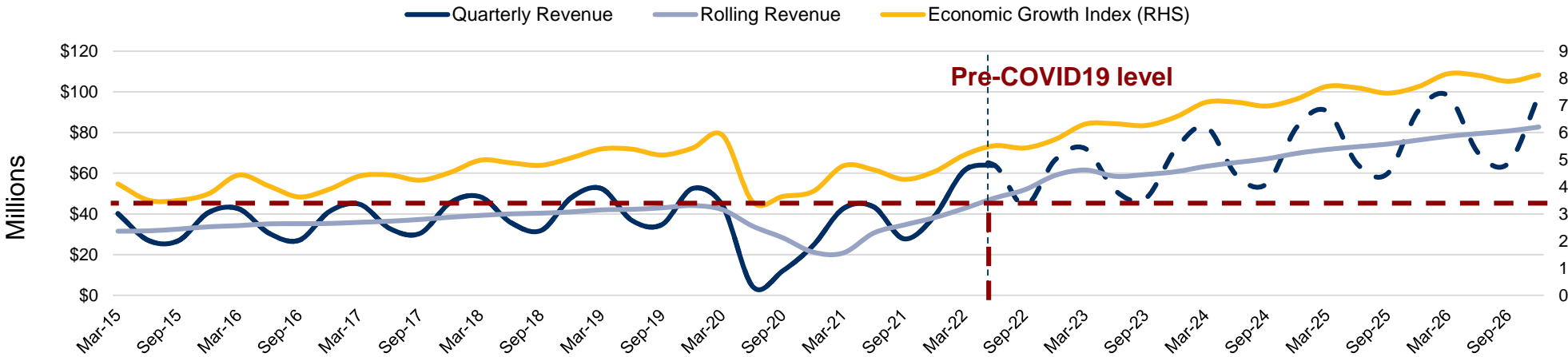
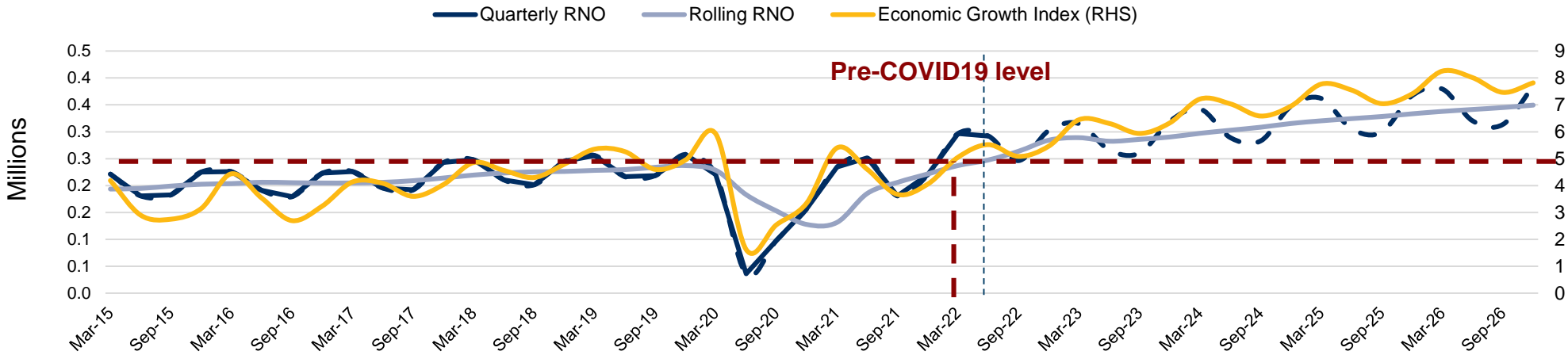
A long bridge illuminated at night over a body of water, with a rocky shore in the foreground. The bridge's lights are reflected in the water, and the sky is a deep blue. The foreground is filled with dark, wet rocks.

Hobart

Hobart Tourism Region Hotel Market Outlook

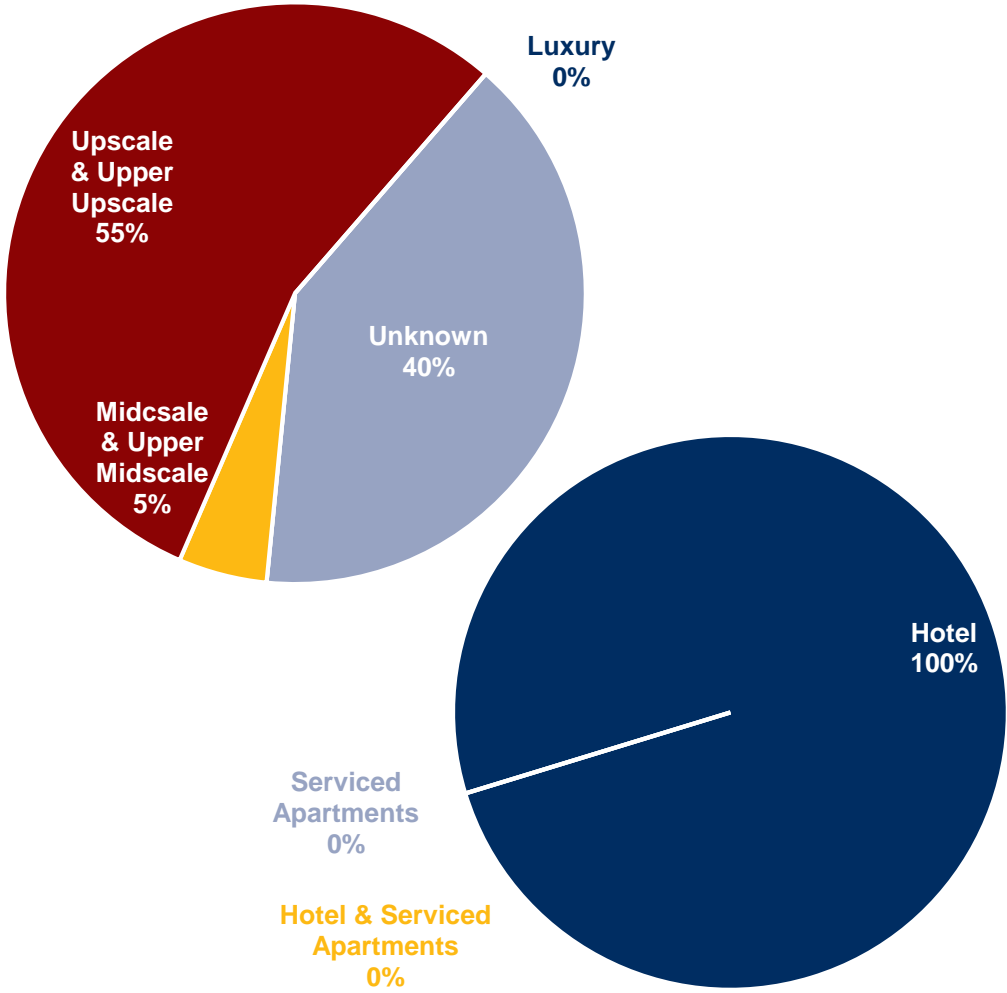
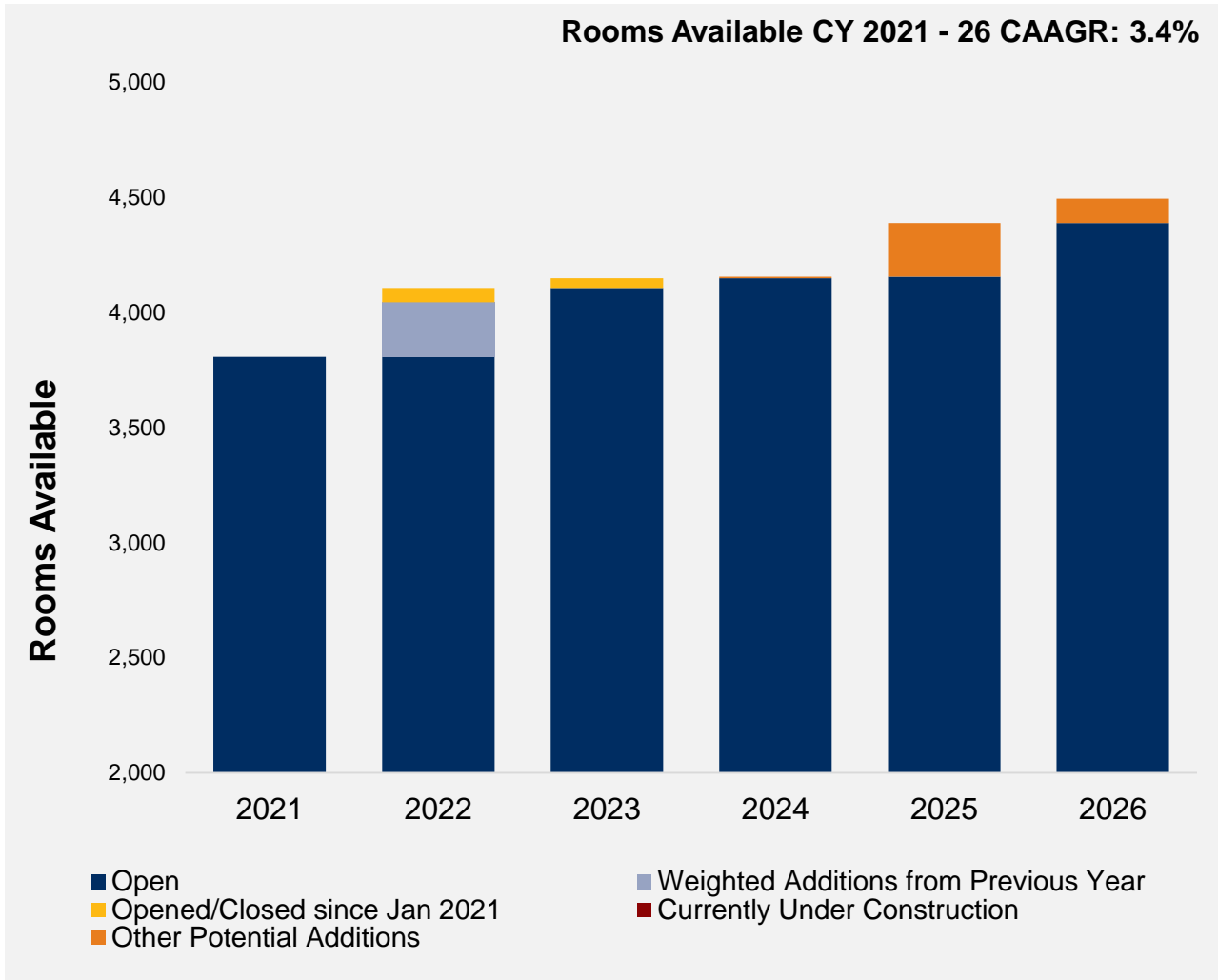
Hobart Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Hobart Tourism Region Hotel Market Outlook

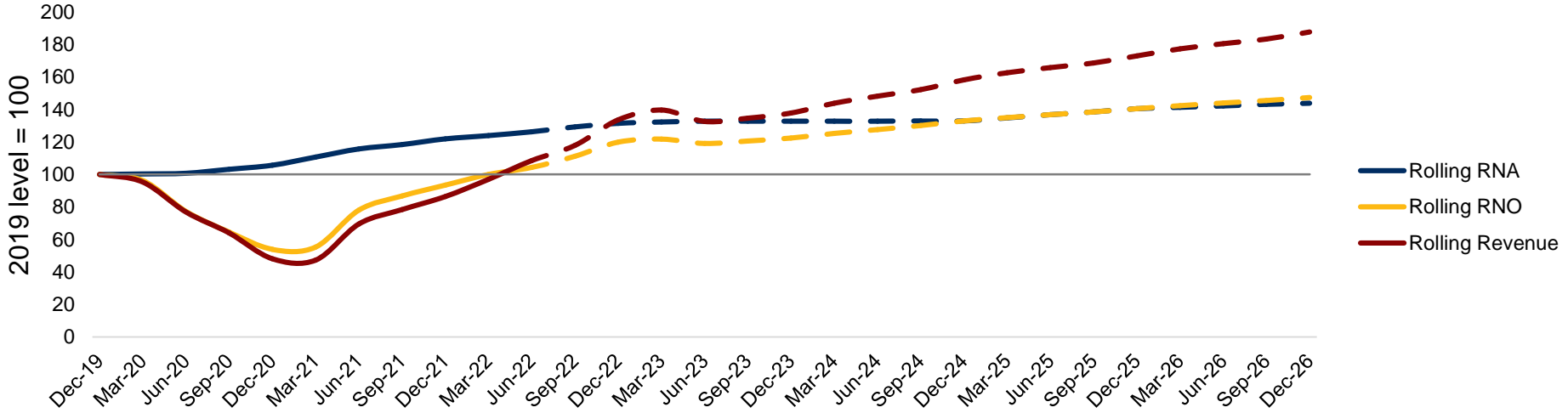
Forecast Additions to Supply – CY 2022 to 2026



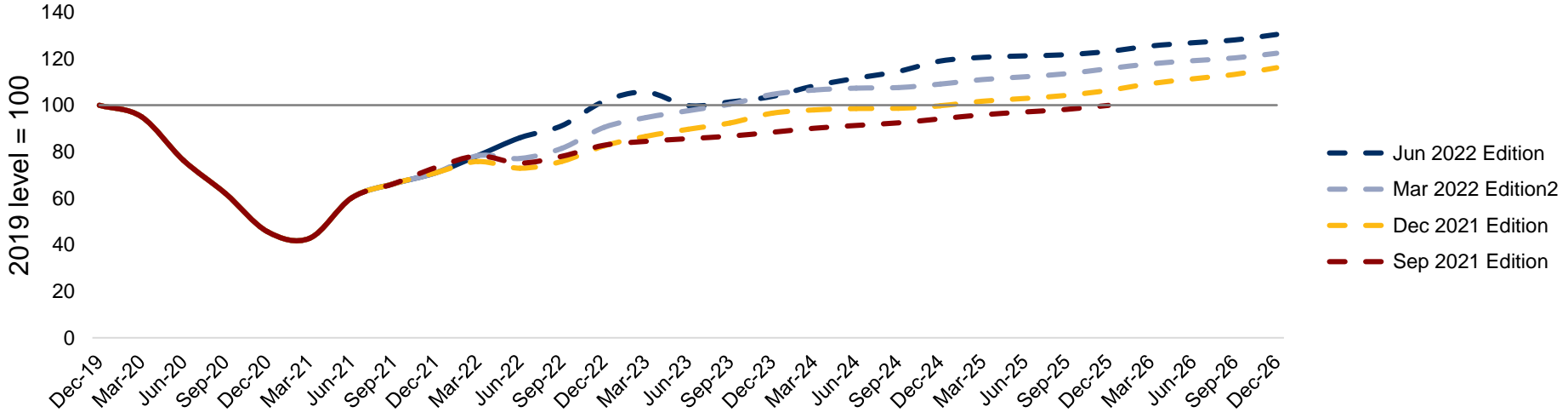
Hobart Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

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Indexed Rolling 12-Month RevPAR Outlook



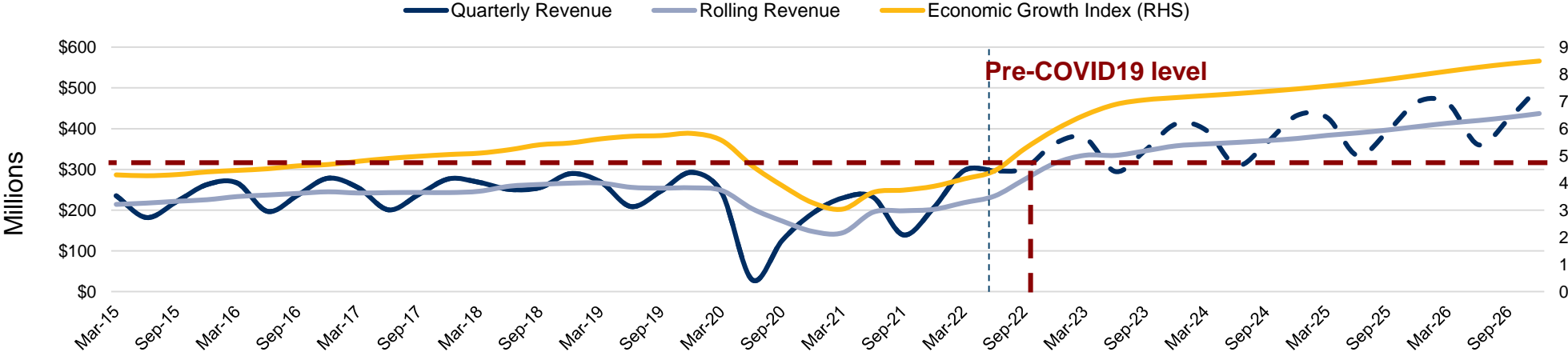
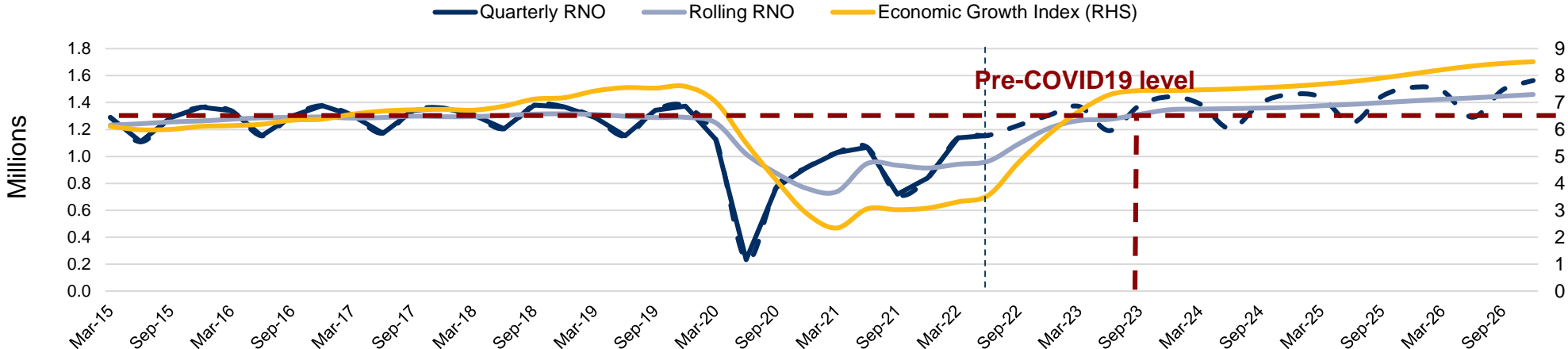


Gold Coast

Gold Coast Tourism Region Hotel Market Outlook

Gold Coast Tourism Region Hotel Market Outlook

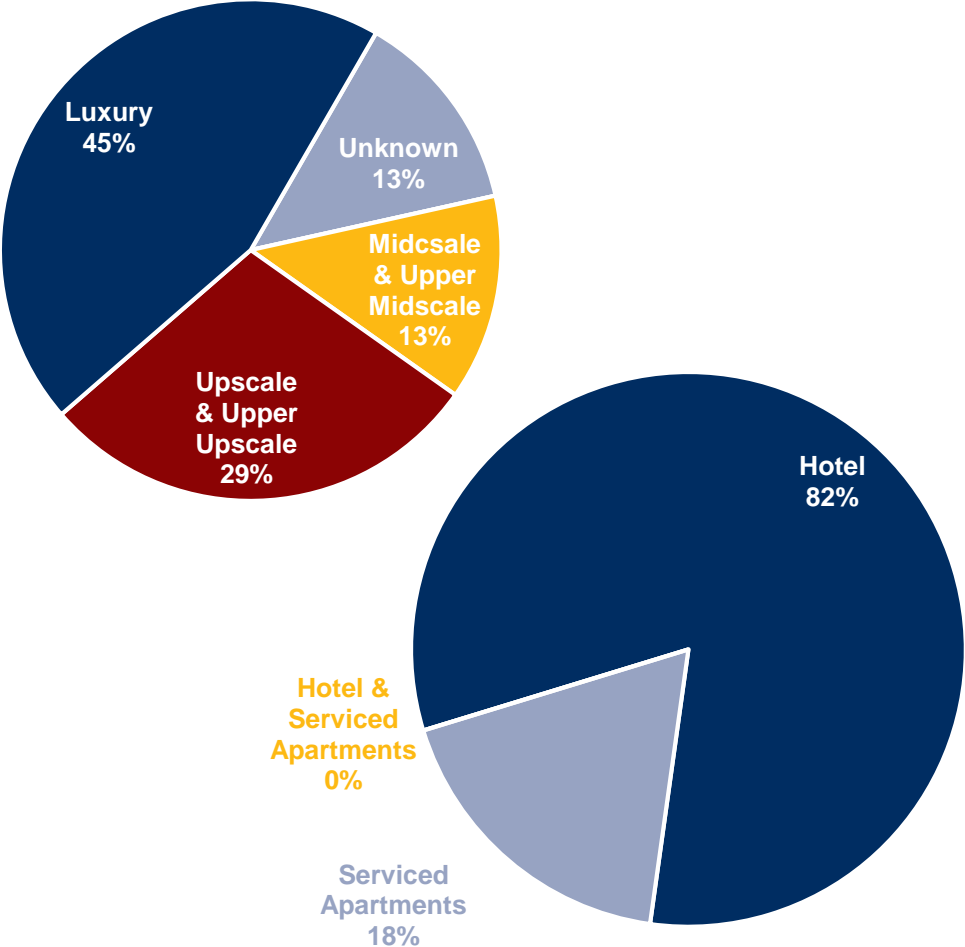
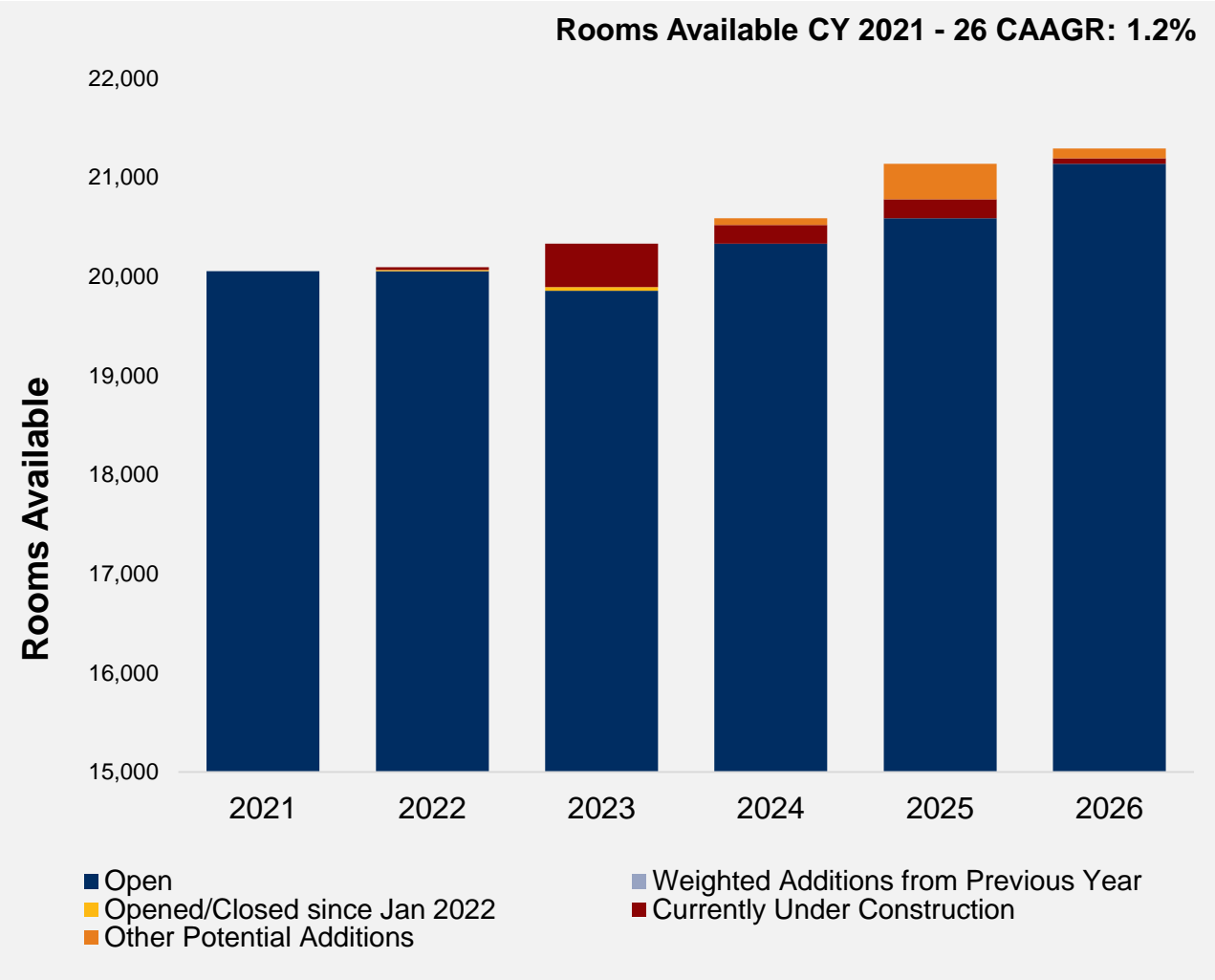
Forecasts of Demand and Revenue Growth



Gold Coast Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

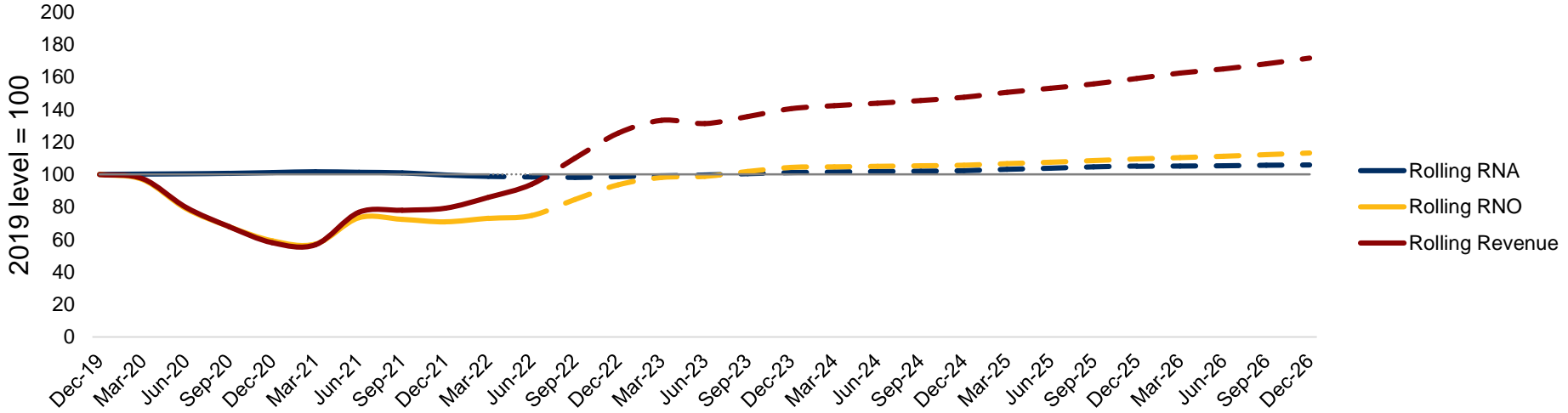
Rooms Available CY 2021 - 26 CAAGR: 1.2%



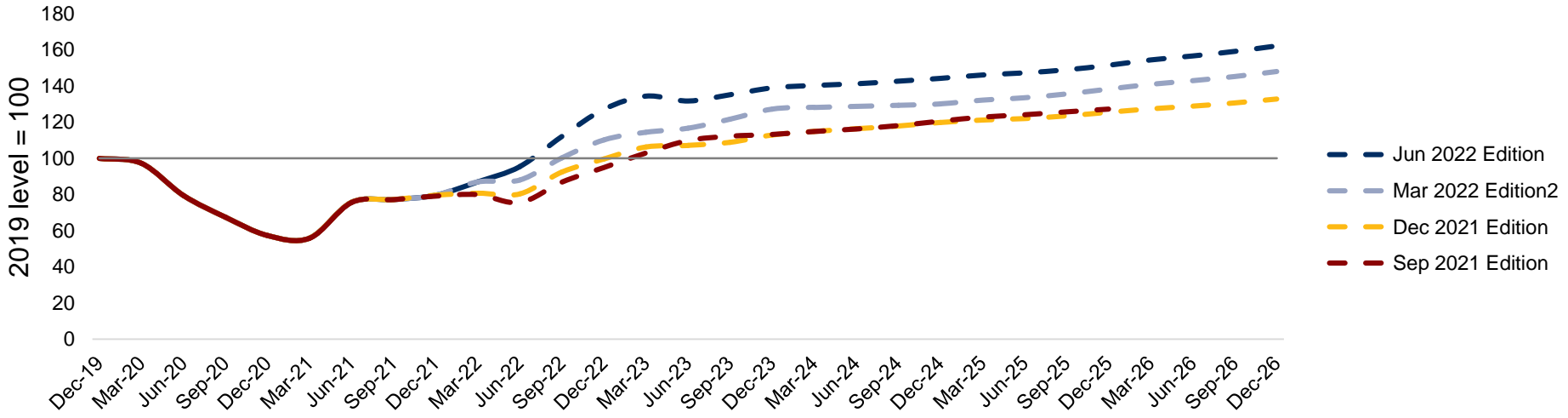
Gold Coast Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



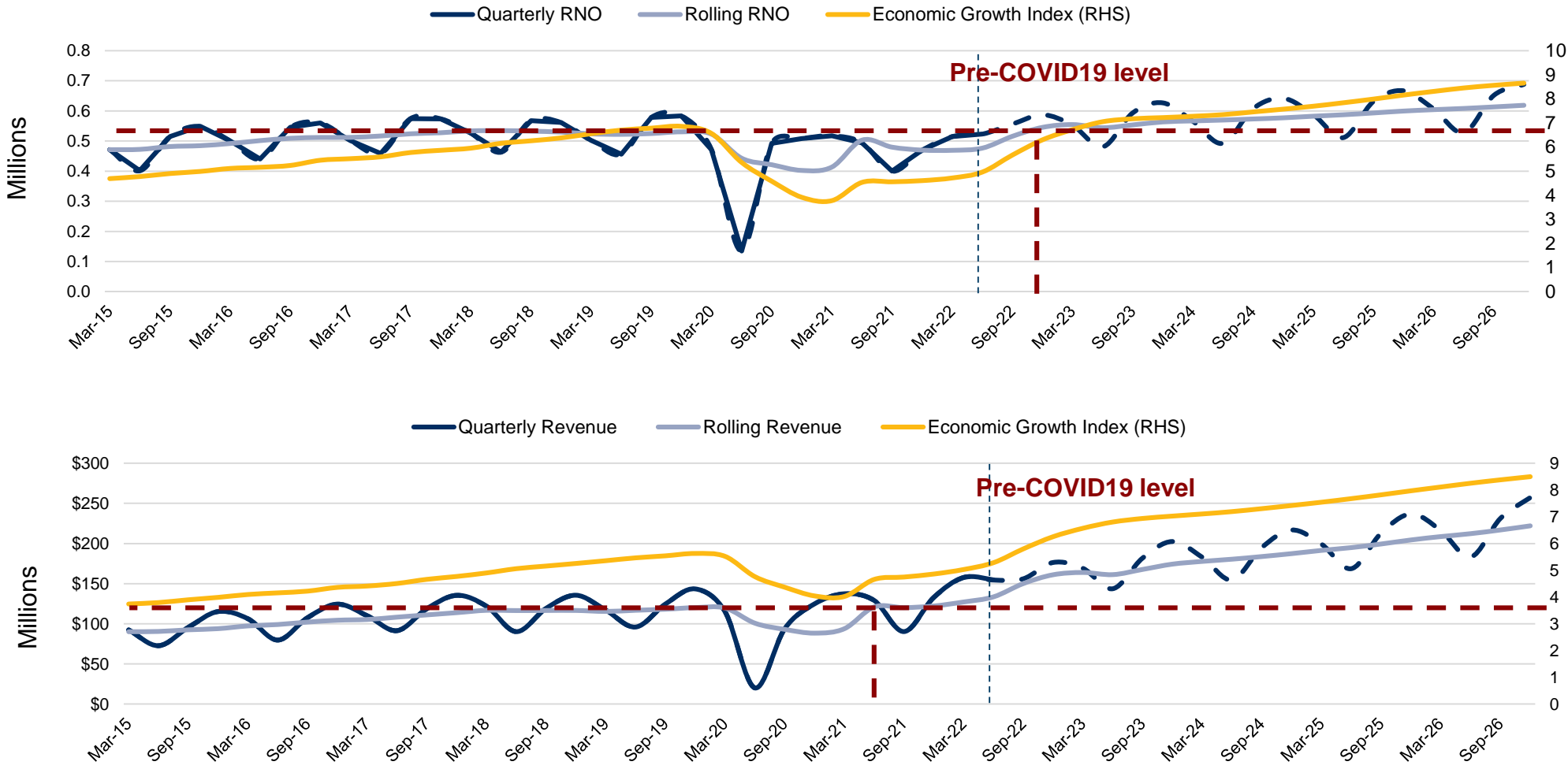


Sunshine Coast

Sunshine Tourism Region Hotel Market Outlook

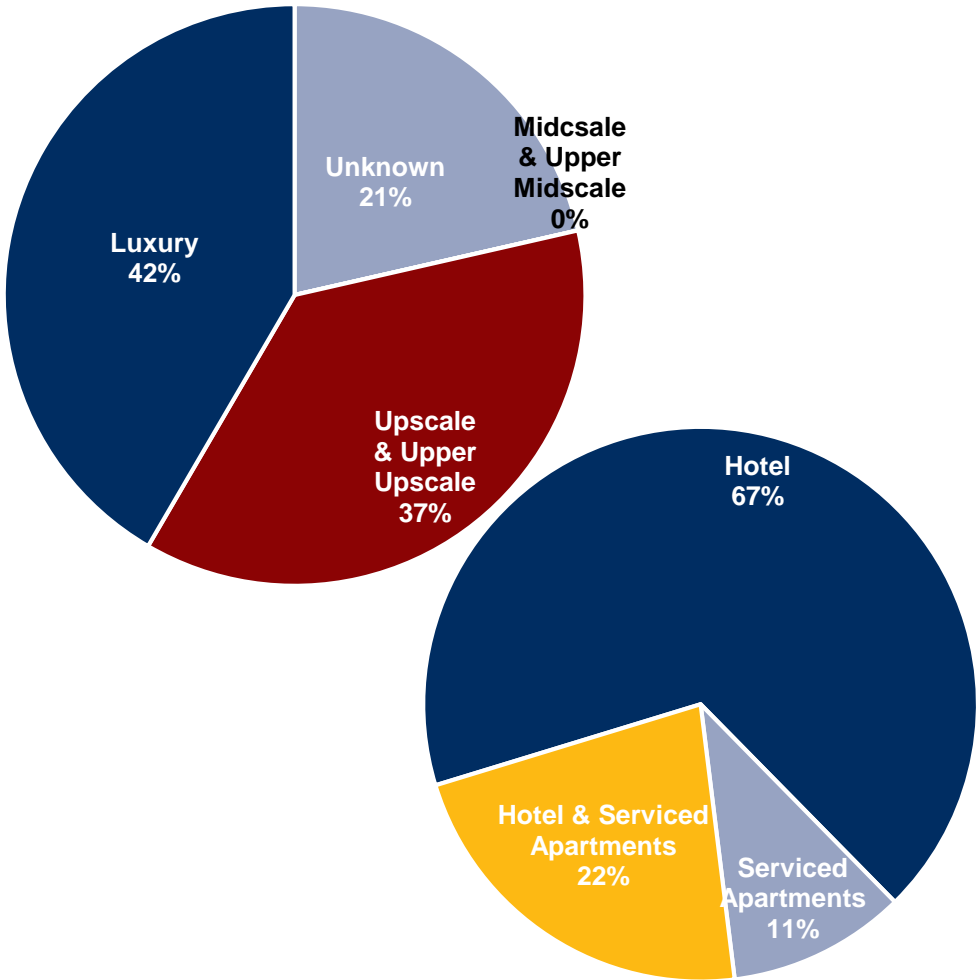
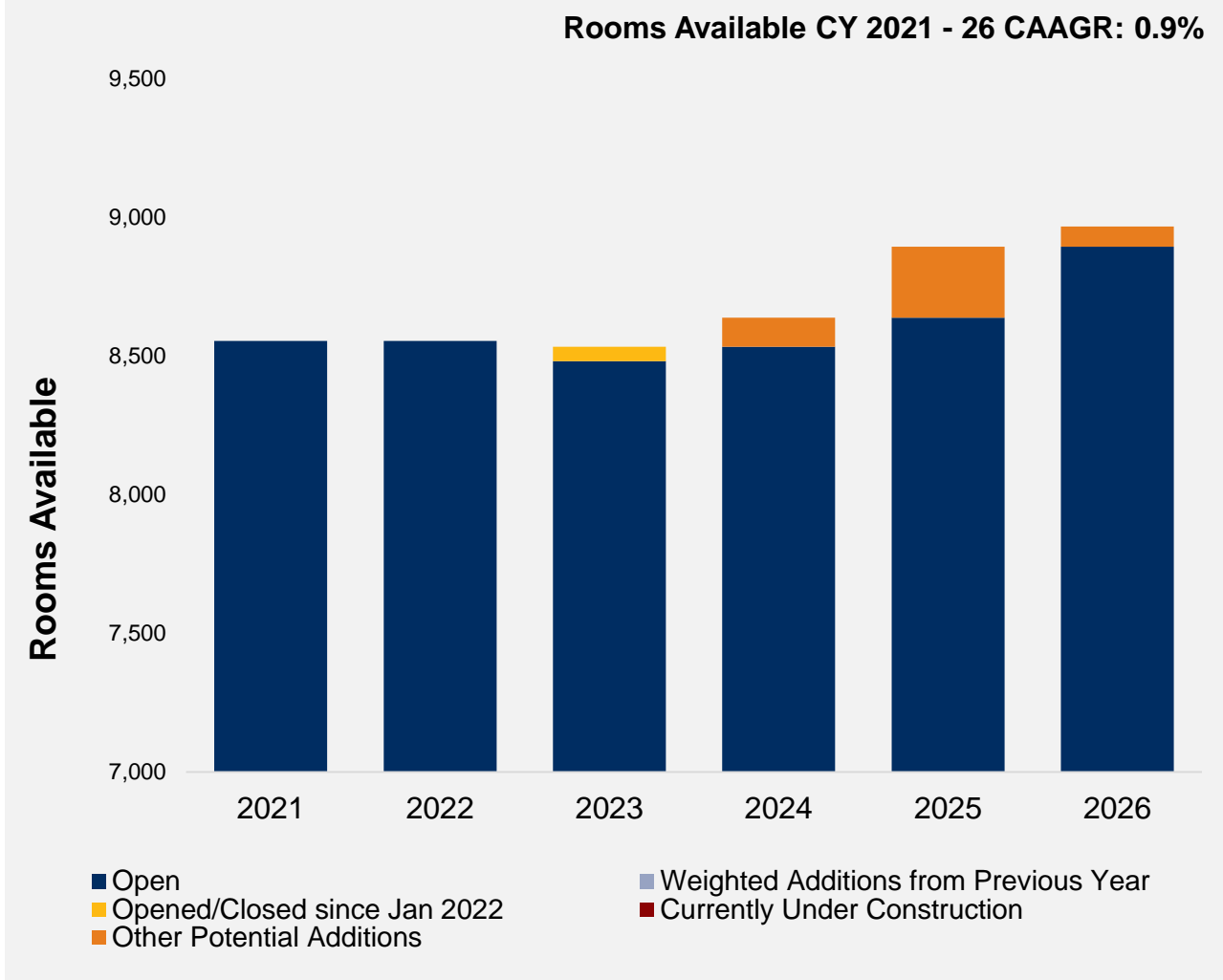
Sunshine Coast Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Sunshine Coast Tourism Region Hotel Market Outlook

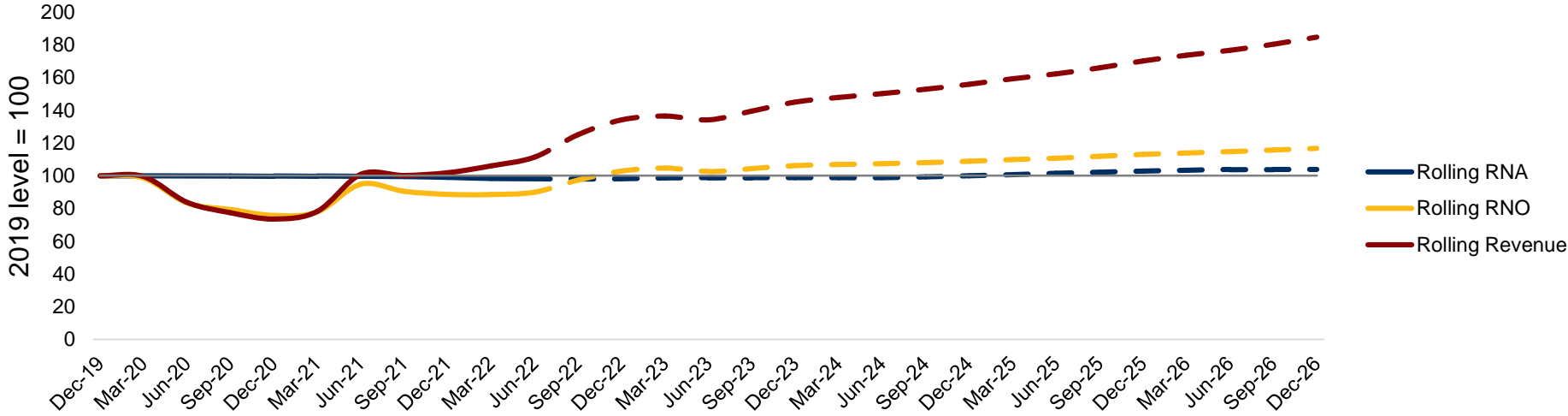
Forecast Additions to Supply – CY 2021 to 2026



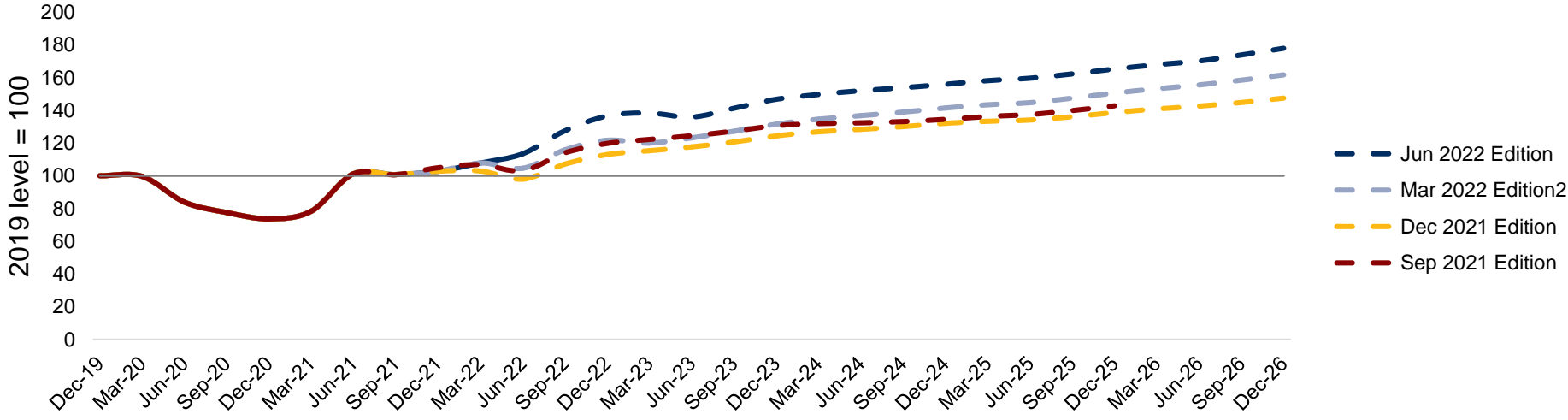
Sunshine Coast Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



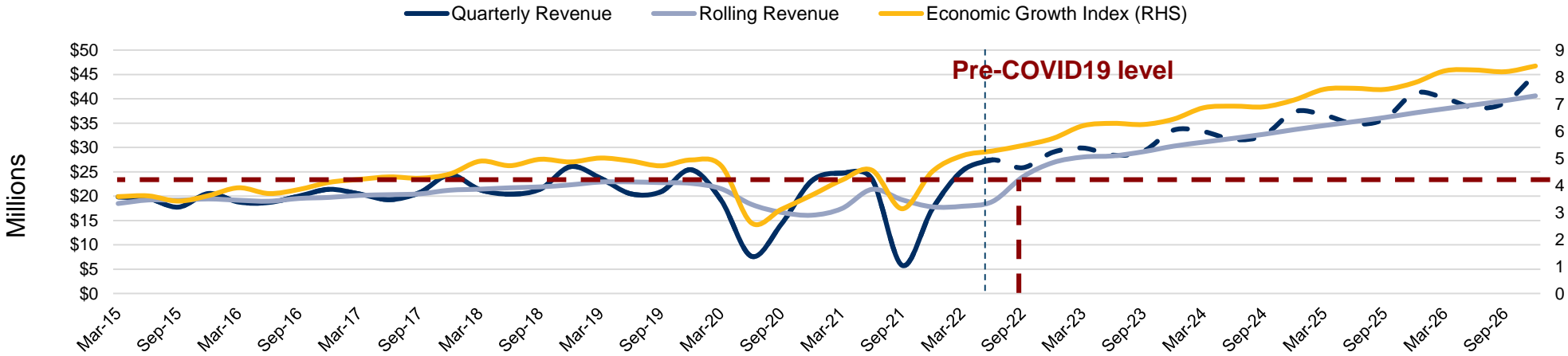
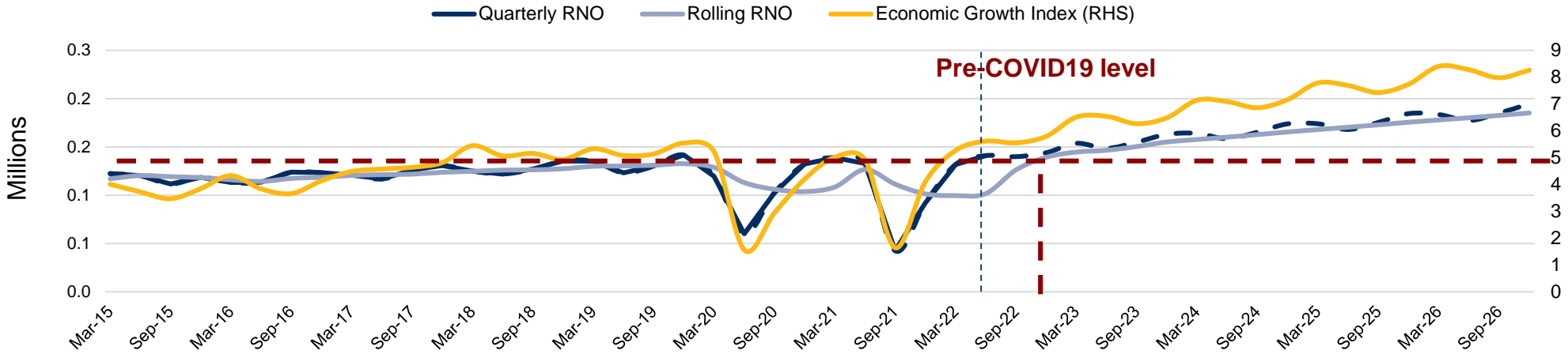


Newcastle

Newcastle Hotel Market Outlook

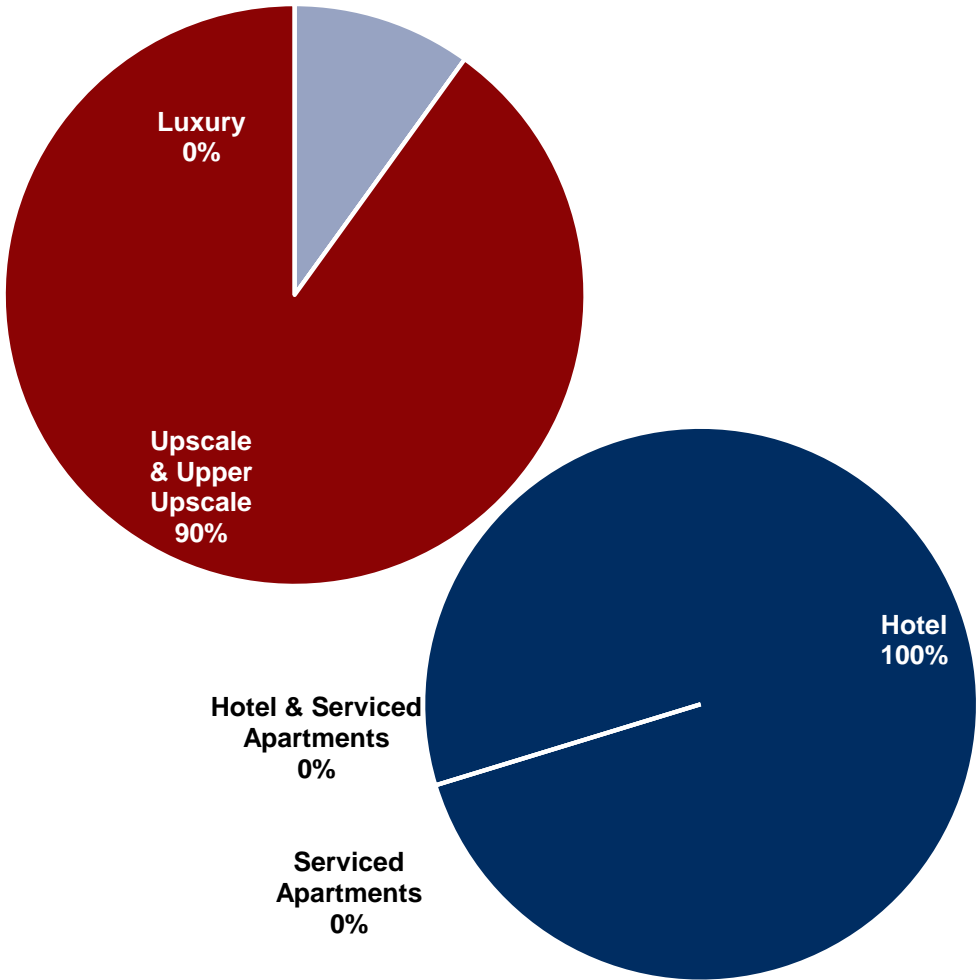
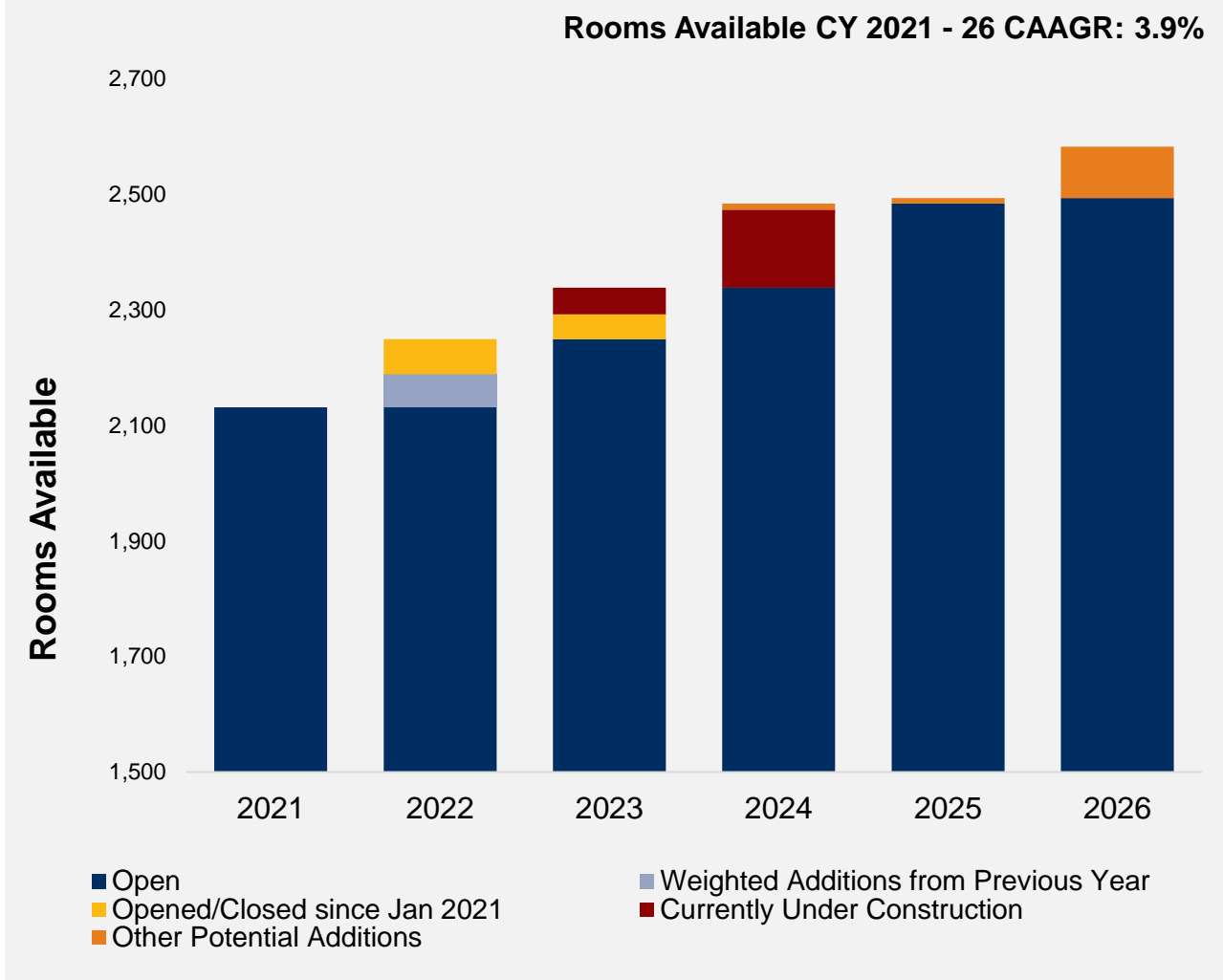
Newcastle Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Newcastle Hotel Market Outlook

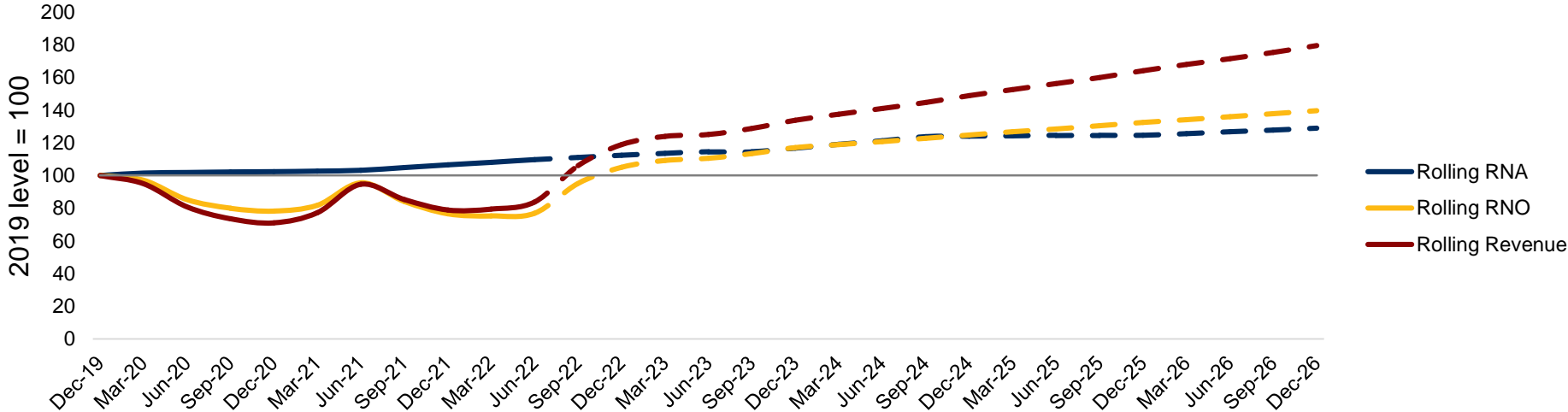
Forecast Additions to Supply – CY 2021 to 2026



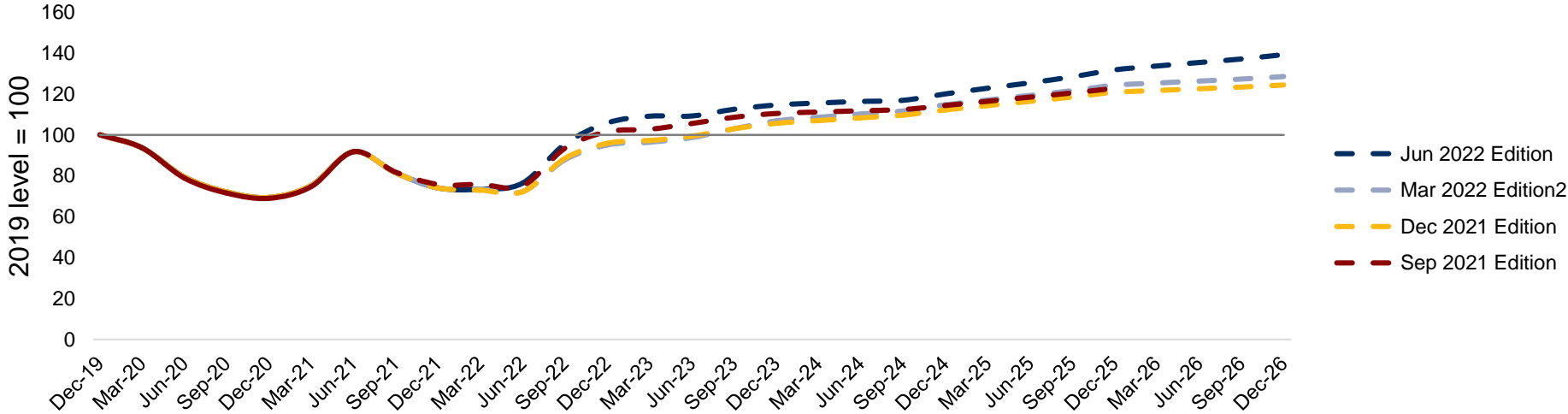
Newcastle Tourism Region Hotel Market Outlook

Rolling 12-Month Trend Line (in Quarterly Increments)

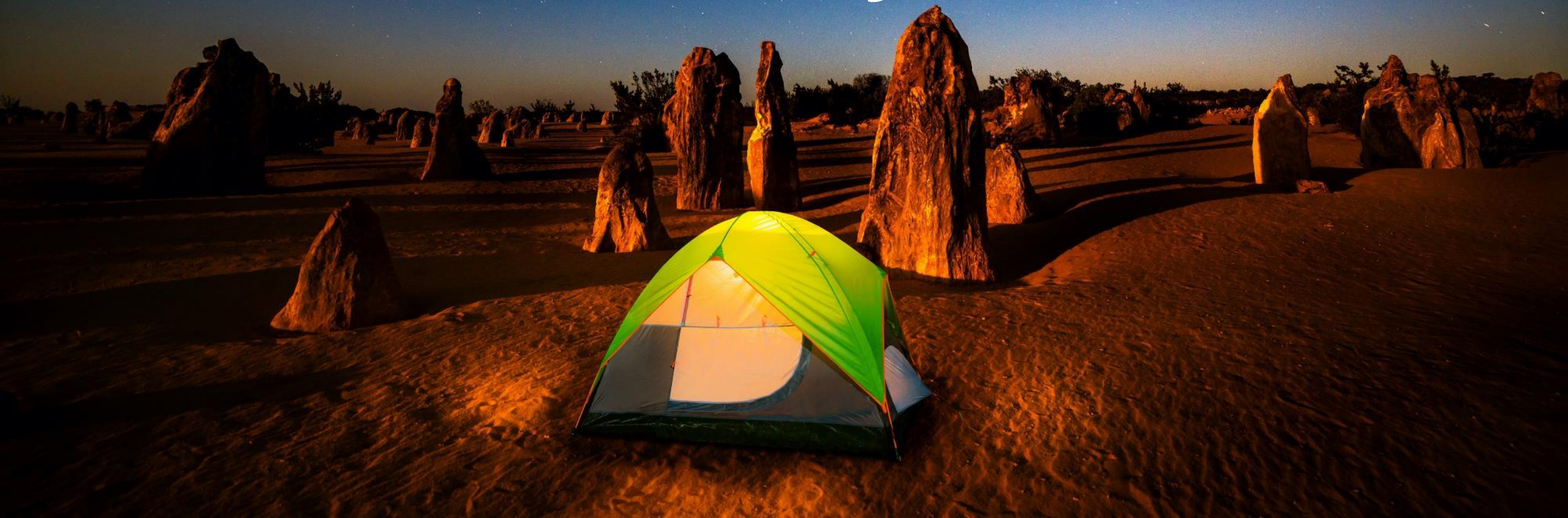
Indexed Rolling 12-Month Hotel Performance Outlook



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)



Authors



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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.



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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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