



Horwath HTL

Hotel, Tourism and Leisure

Australia

Capital City & Key Markets
Hotel Market Outlook & Insights

March QTR 2022 Edition



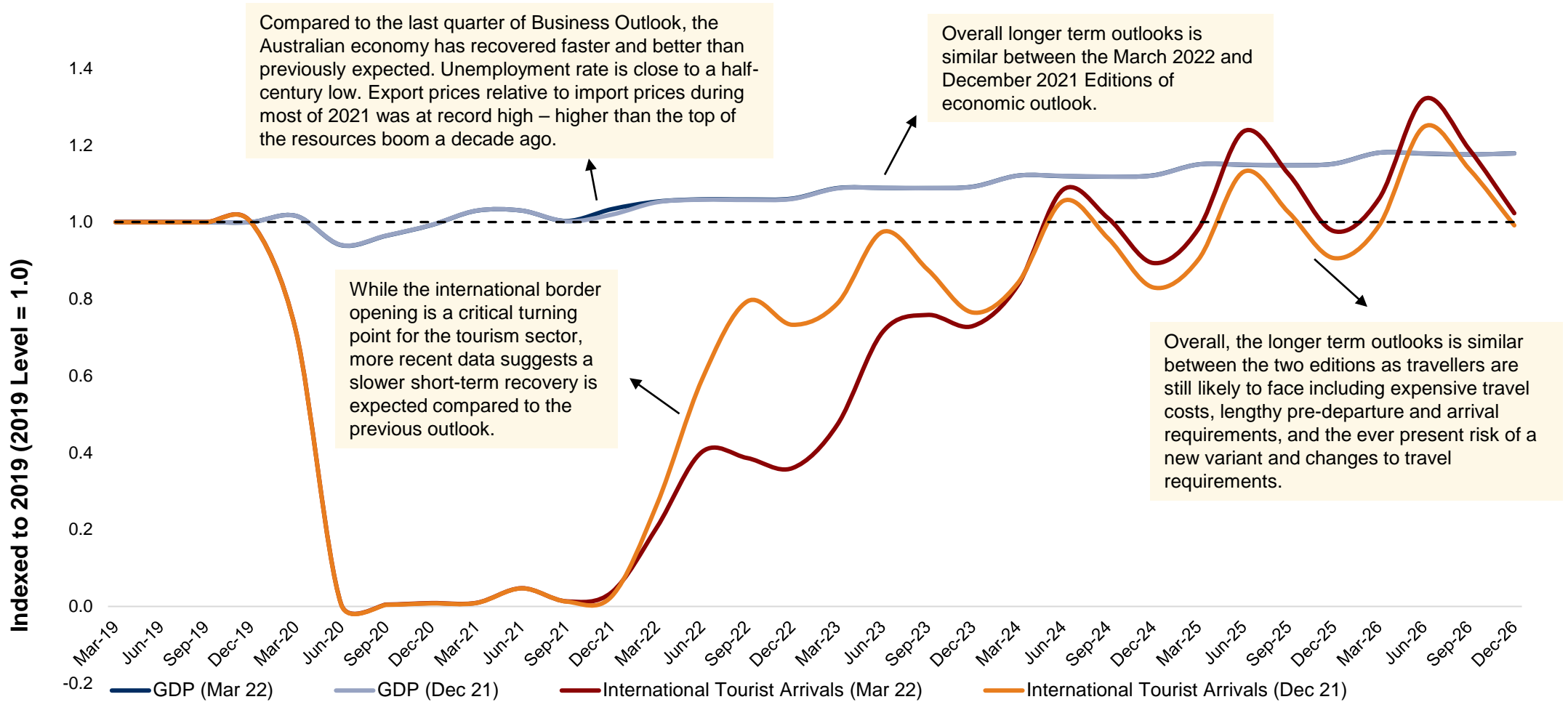
Hotel Market Outlook

Horwath HTL Methodology



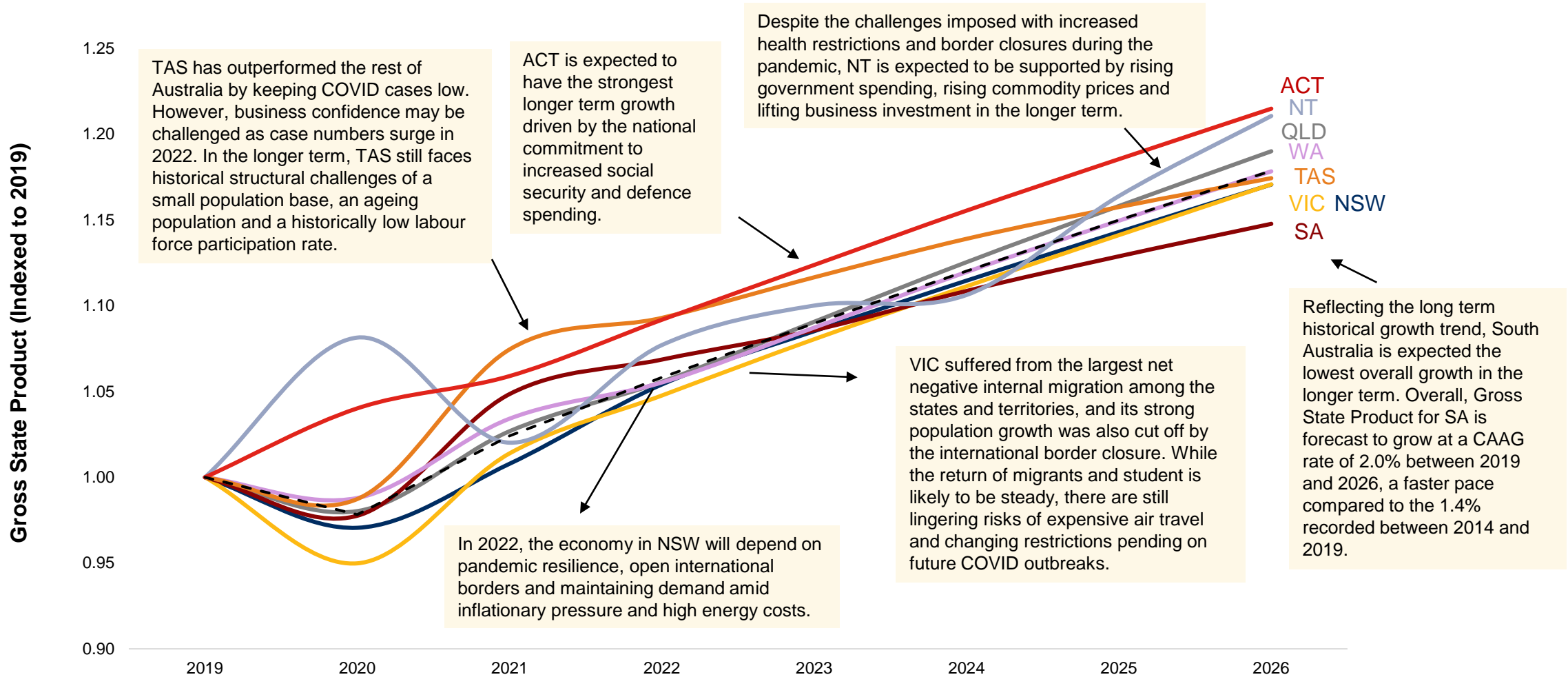
Macroeconomic and Tourism Context

GDP and International Tourist Arrivals, Australia – March 2022 vs December 2021 Editions



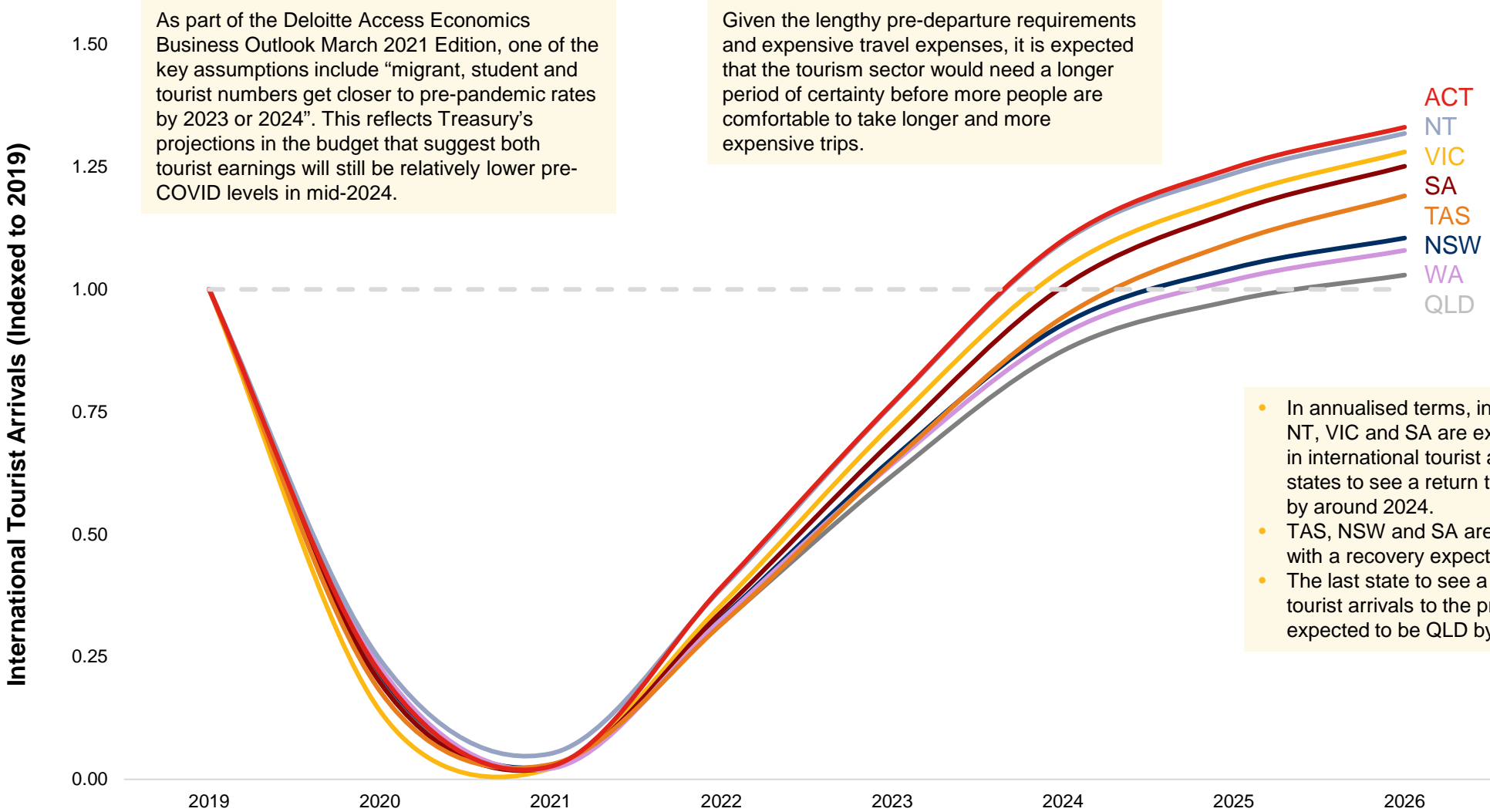
Macroeconomic and Tourism Context

Economic Outlook by State – Gross State Product



Macroeconomic and Tourism Context

Tourism Outlook by State – International Tourist Arrivals



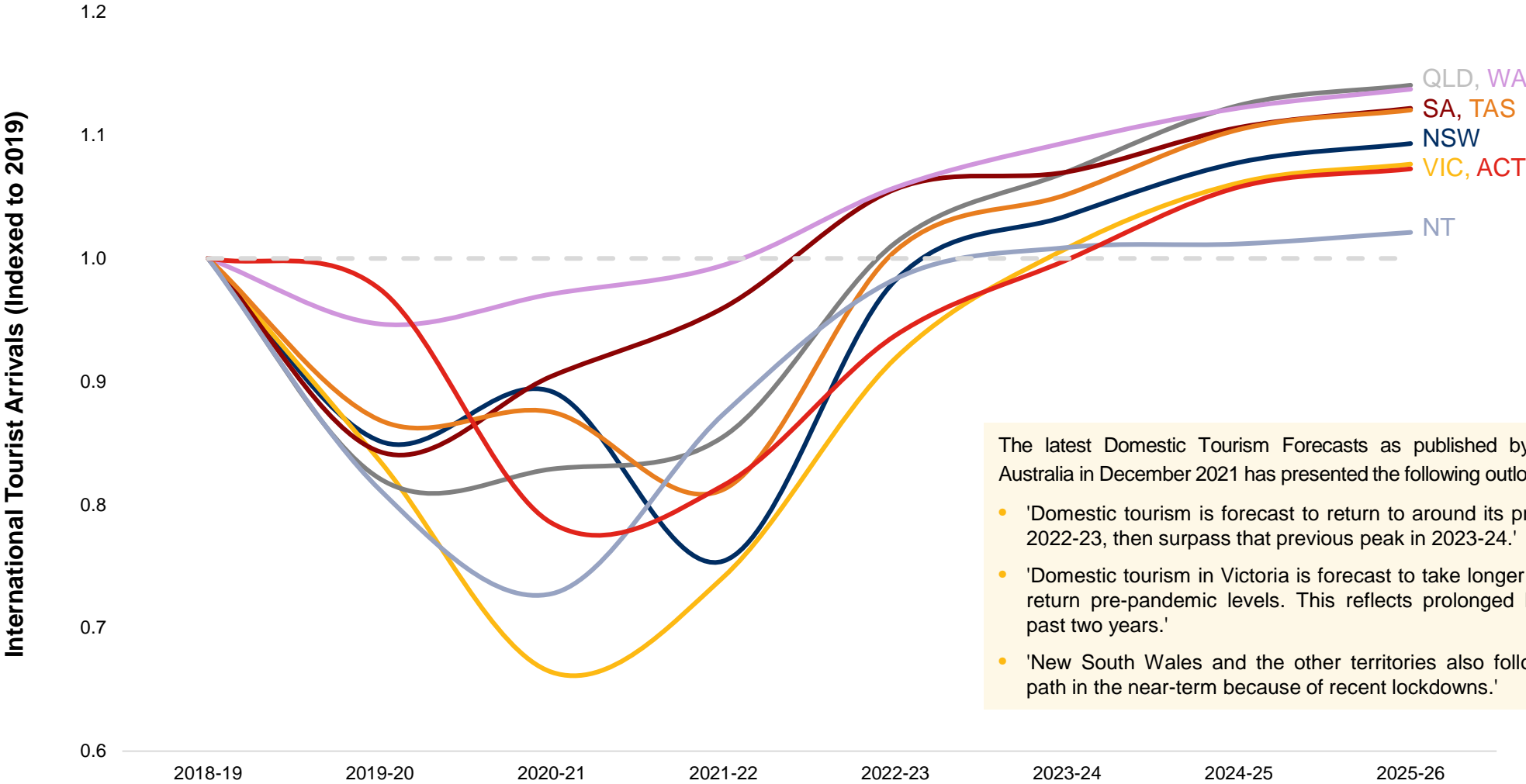
As part of the Deloitte Access Economics Business Outlook March 2021 Edition, one of the key assumptions include “migrant, student and tourist numbers get closer to pre-pandemic rates by 2023 or 2024”. This reflects Treasury’s projections in the budget that suggest both tourist earnings will still be 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



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.'

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 current COVID-19 pandemic has 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 has effectively closed Australia's borders to international at the start of 2020. Fully vaccinated Australian citizens and permanent residents are now allowed to travel into and out of Australia.
- In July 2021, the Australian government announced a four-stage National Plan to transition Australia out of the COVID. As at February 2022, Australia has largely transitioned to the final phase of the national to plan "manage COVID-19 consistent with public management of other infectious diseases". Some measures as part of this phase include opening international borders and minimising cases in the community without ongoing restrictions or lockdowns.
- Overall, current government measures appear to have successfully limited the spread of the virus. It would appear that Australia has avoided the devastating toll on lives and wellness that can be seen in some countries around the world.

Given the above, the Australian hotel industry has been in crisis throughout 2020 and 2021, with many hotels under partial operation with significant reductions in available rooms, and some closed completely. While most hotels have since re-opened, it is still uncertain when conditions will sufficiently improve for all hotels to re-open or return to full operation.

On a macro level, the most recent Deloitte Access Economics (DAE) economic projections as at December 2021 are based on the assumptions that:

- '(1) booster vaccination rates keep COVID deaths sufficiently low that any lockdowns are neither lengthy nor large scale,
- (2) COVID treatments for those who get the virus continue to improve and their supply builds, while
- '(3) migrant, student and tourist numbers get closer to pre-pandemic rates by 2023 or 2024.'

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

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- '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 March 2022;
- Historical economic data and forecasts from the DAE Business Outlook March 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



89

CURRENT CASES
INTENSIVE CARE UNITS (ICU)

ACT	NSW	NT	QLD	SA	TAS	VIC	WA
3	39	2	16	8	0	14	7

2,492

CURRENT CASES
ADMITTED TO HOSPITALS

ACT	NSW	NT	QLD	SA	TAS	VIC	WA
47	1,326	22	362	175	29	312	219

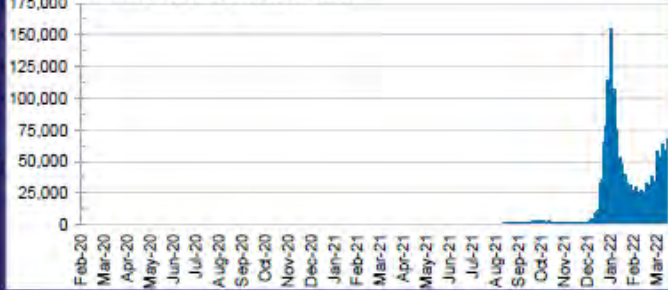
66,546,212

TOTAL TESTS
REPORTED

ACT	NSW	NT	QLD
984,783	29,897,052	742,499	7,087,049

SA	TAS	VIC	WA
4,230,153	601,509	19,982,645	3,020,522

DAILY NUMBER OF REPORTED CASES

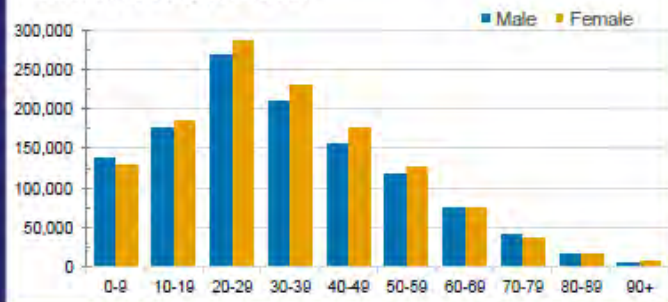


CASES IN AGED CARE SERVICES

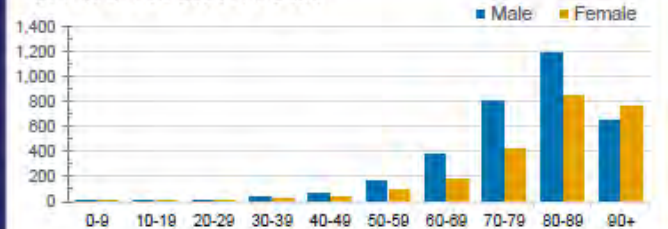
Confirmed Cases	Australia	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Residential Care Recipients	23879 (1862)	230 (15)	9161 (548)	96 (4)	4301 (240)	1533 (89)	238 (8)	7546 (935)	754 (23)
In Home Care Recipients	205 (13)	0	45 (3)	0	15	1	5 (2)	138 (7)	1 (1)

Cases in care recipients (deaths)

CASES BY AGE GROUP AND SEX

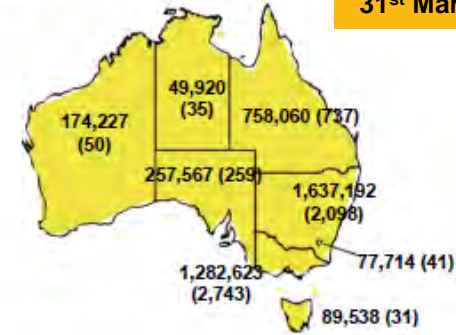


DEATHS BY AGE GROUP AND SEX



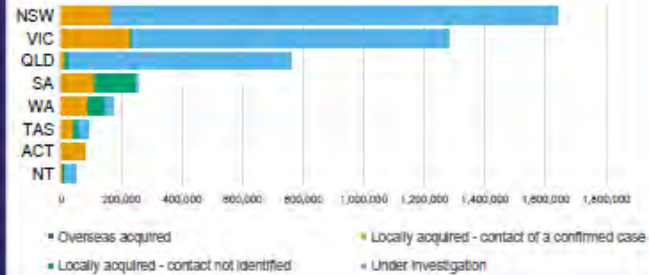
CASES (DEATHS) BY STATE AND TERRITORIES

Data as at:
31st March 2022



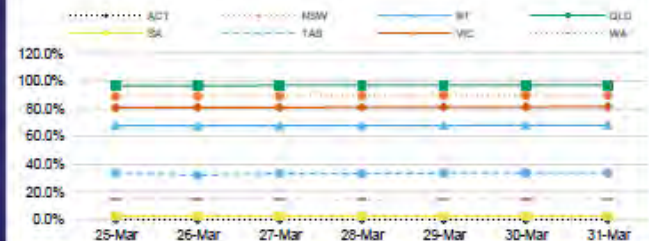
CASES BY SOURCE OF INFECTION

Australia (% of all confirmed cases)



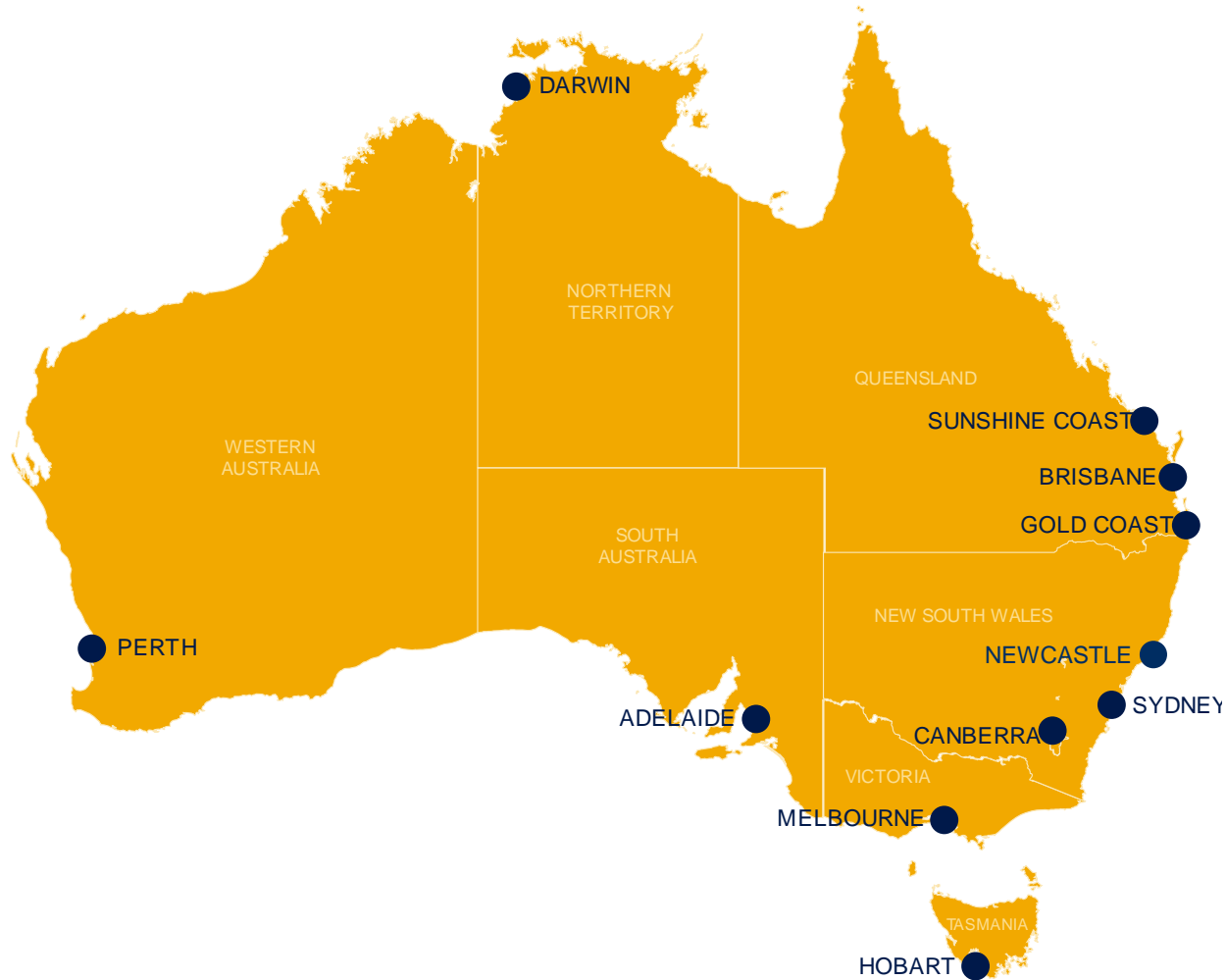
PUBLIC HEALTH RESPONSE MEASURE

Proportion of total cases under investigation



Trends In Australian Hotel Markets

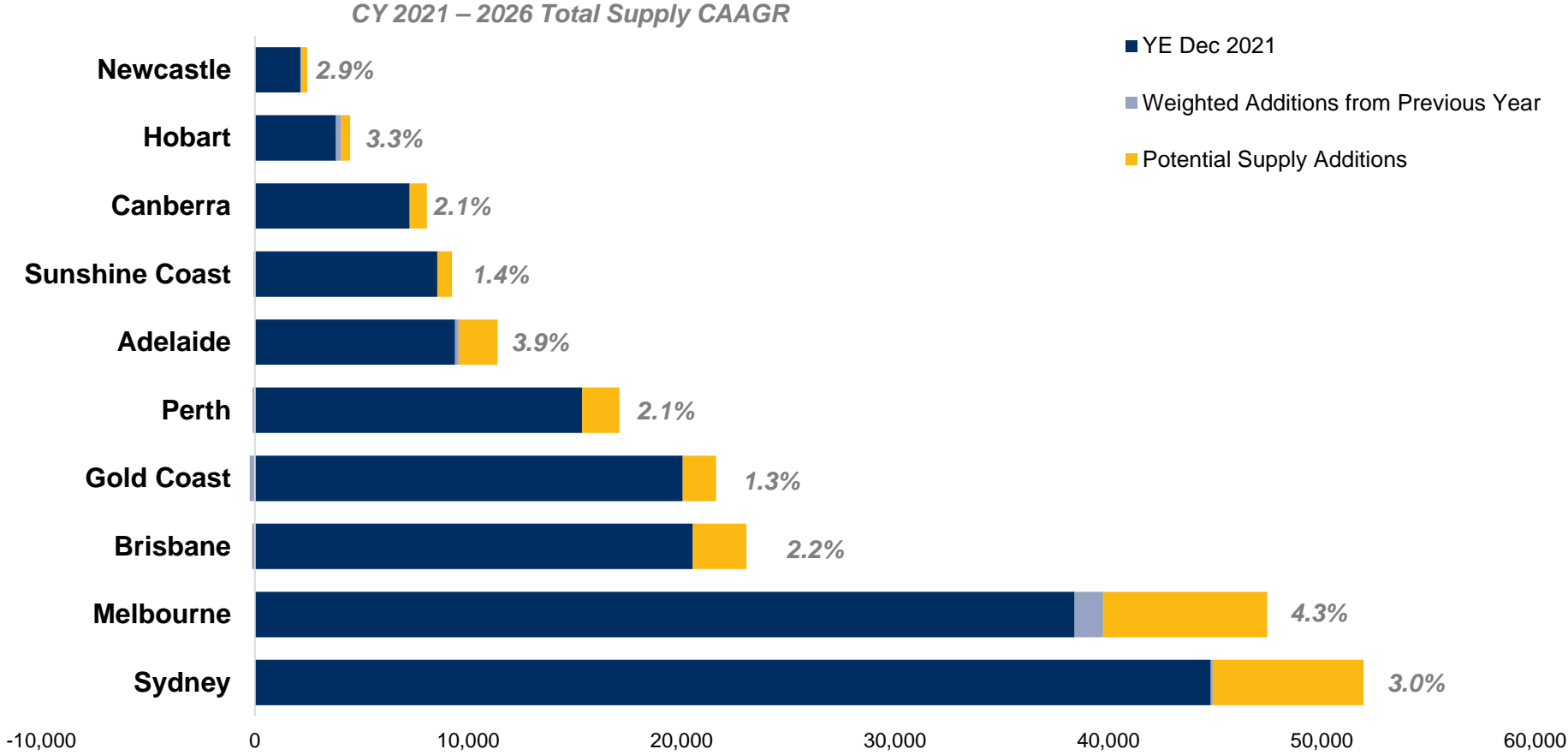
RevPAR Performance Snapshot – Calendar Year 2021



	YTD Mar 2022 vs YTD Mar 2021	% of 2019 level
Brisbane	35.5% ▲	95.6%
Canberra	33.7% ▲	90.5%
Darwin	8.4% ▲	121.7%
Gold Coast	33.9% ▲	111.4%
Hobart	34.3% ▲	89.7%
Melbourne	56.8% ▲	53.0%
Newcastle	-4.2% ▼	93.2%
Perth	8.6% ▲	82.5%
Sunshine Coast	18.1% ▲	139.0%
Sydney	39.2% ▲	50.9%

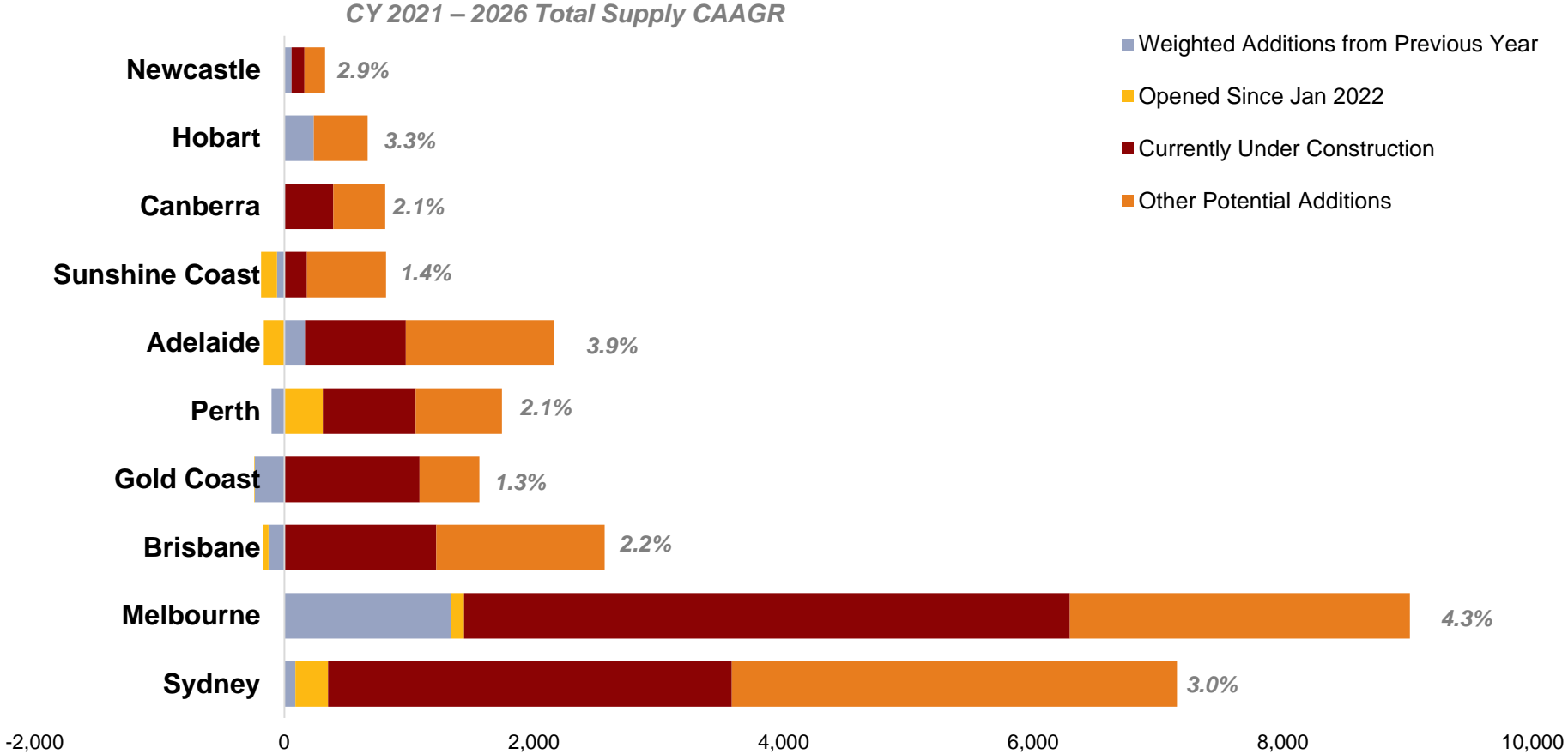
Australian Hotel Market Supply Pipeline

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)



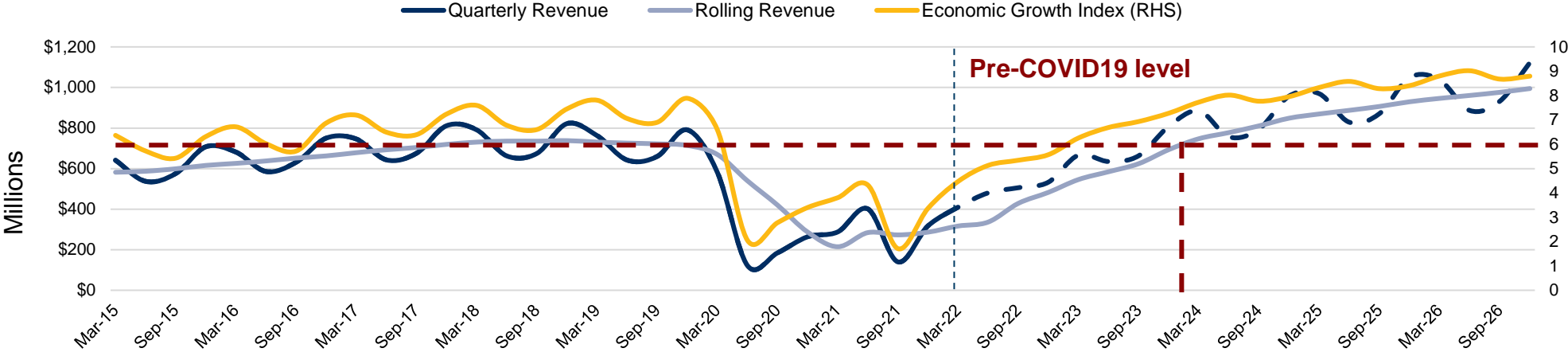
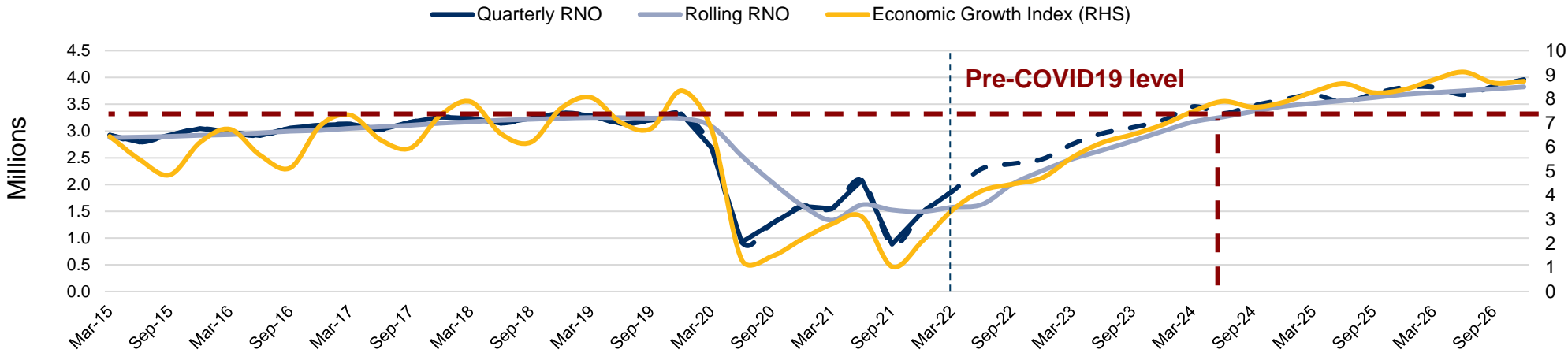


Sydney

Sydney Tourism Region Hotel Market Outlook

Sydney Tourism Region Hotel Market Outlook

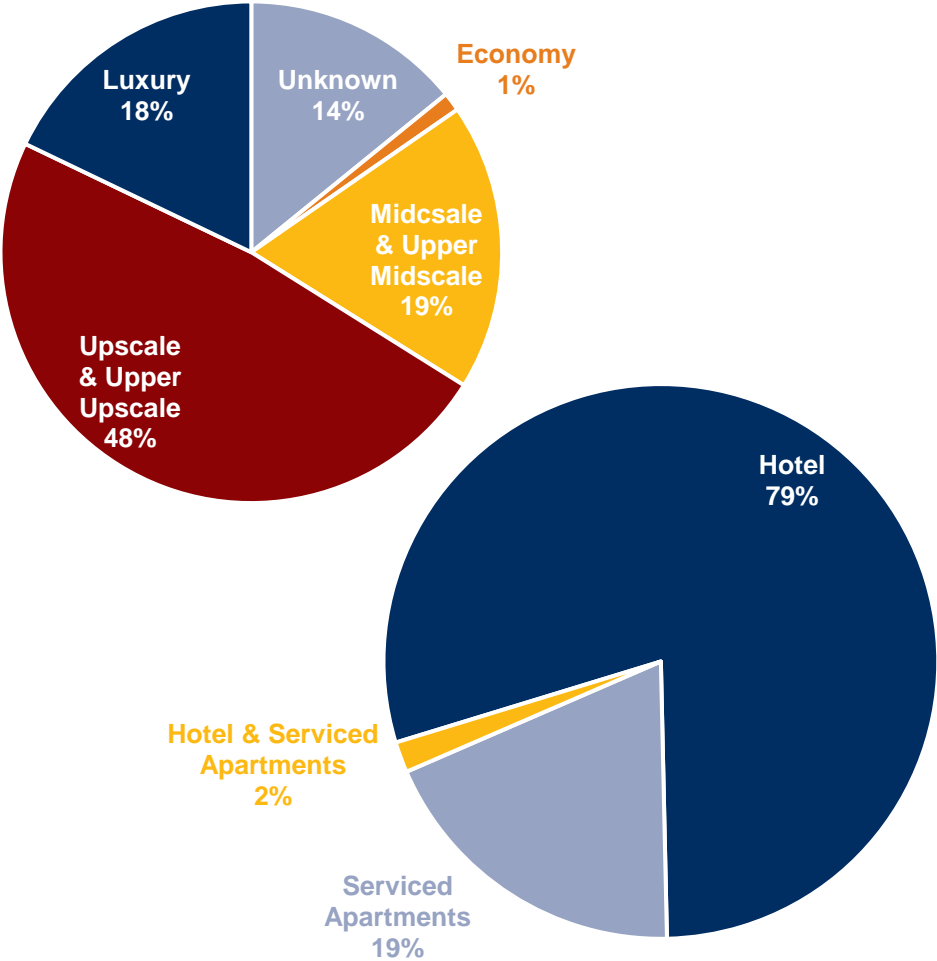
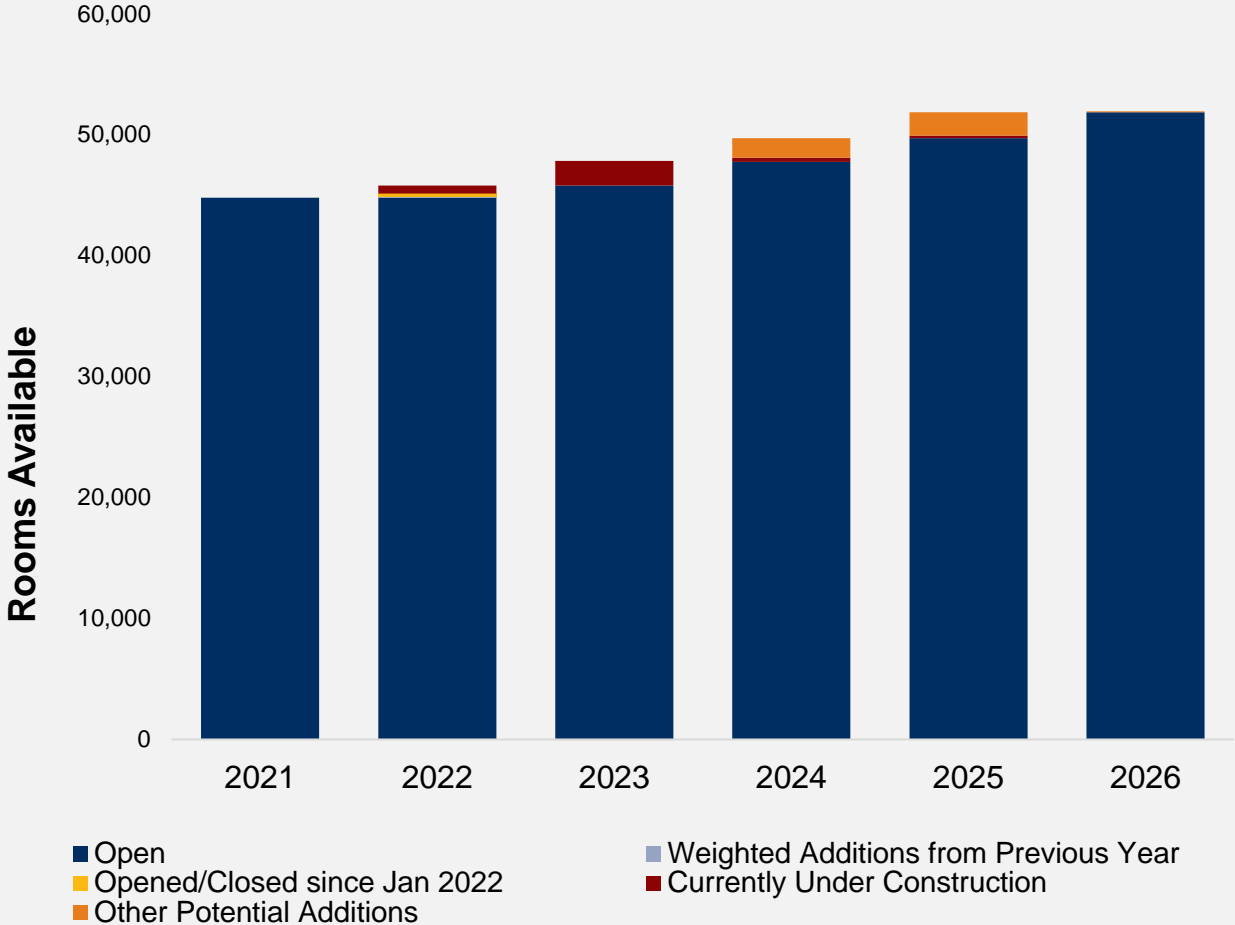
Forecasts of Demand and Revenue Growth



Sydney Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

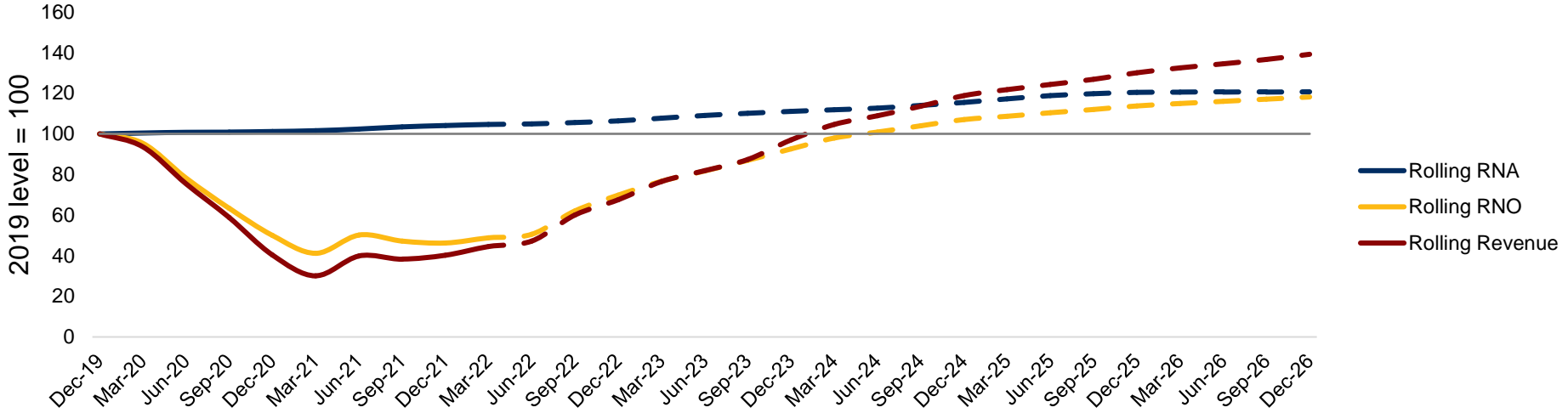
Rooms Available CY 2021 - 26 CAAGR: 3.0%



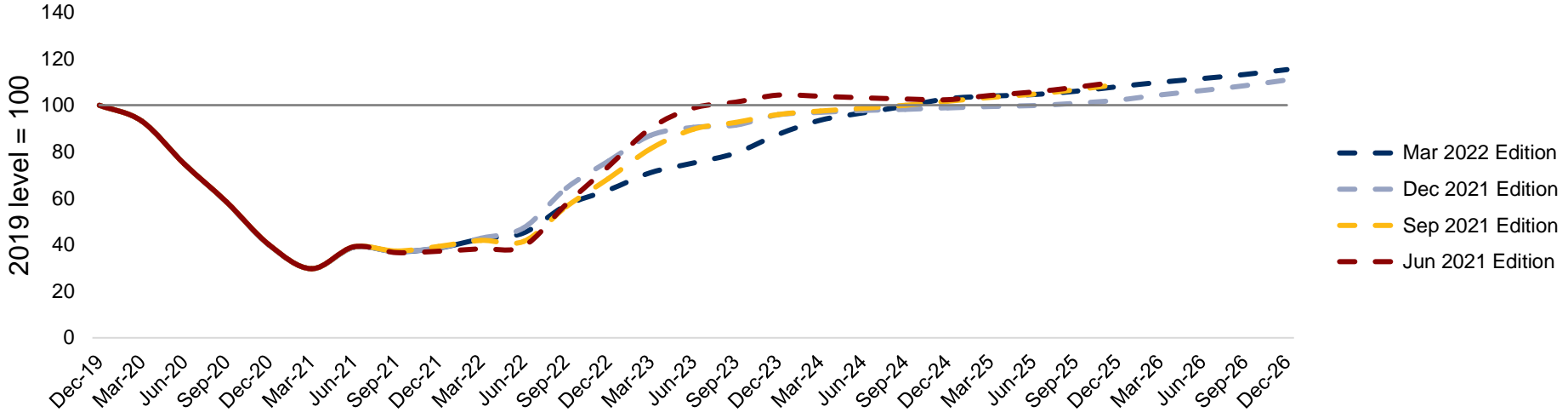
Sydney Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



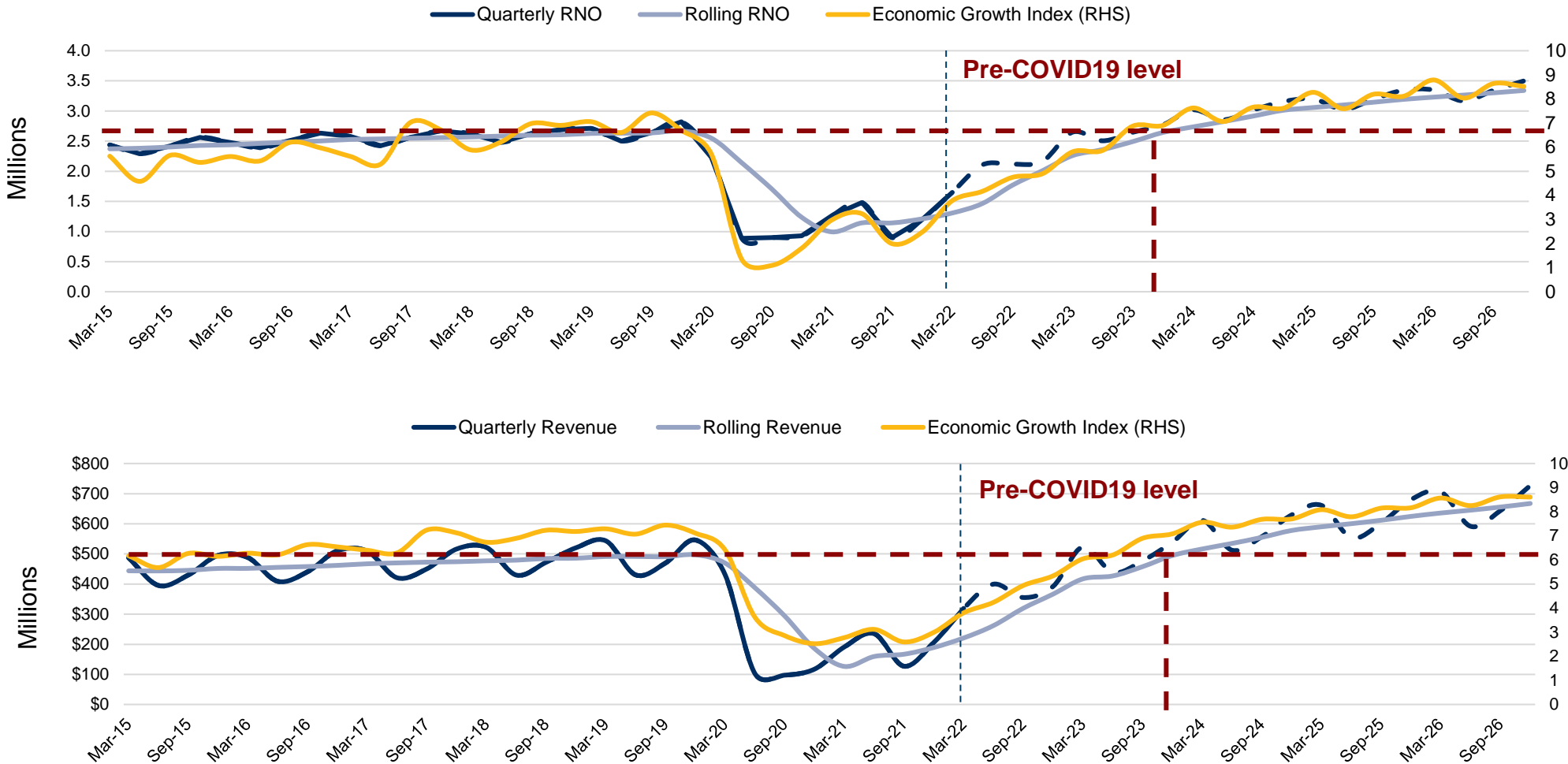


Melbourne

Melbourne Tourism Region Hotel Market Outlook

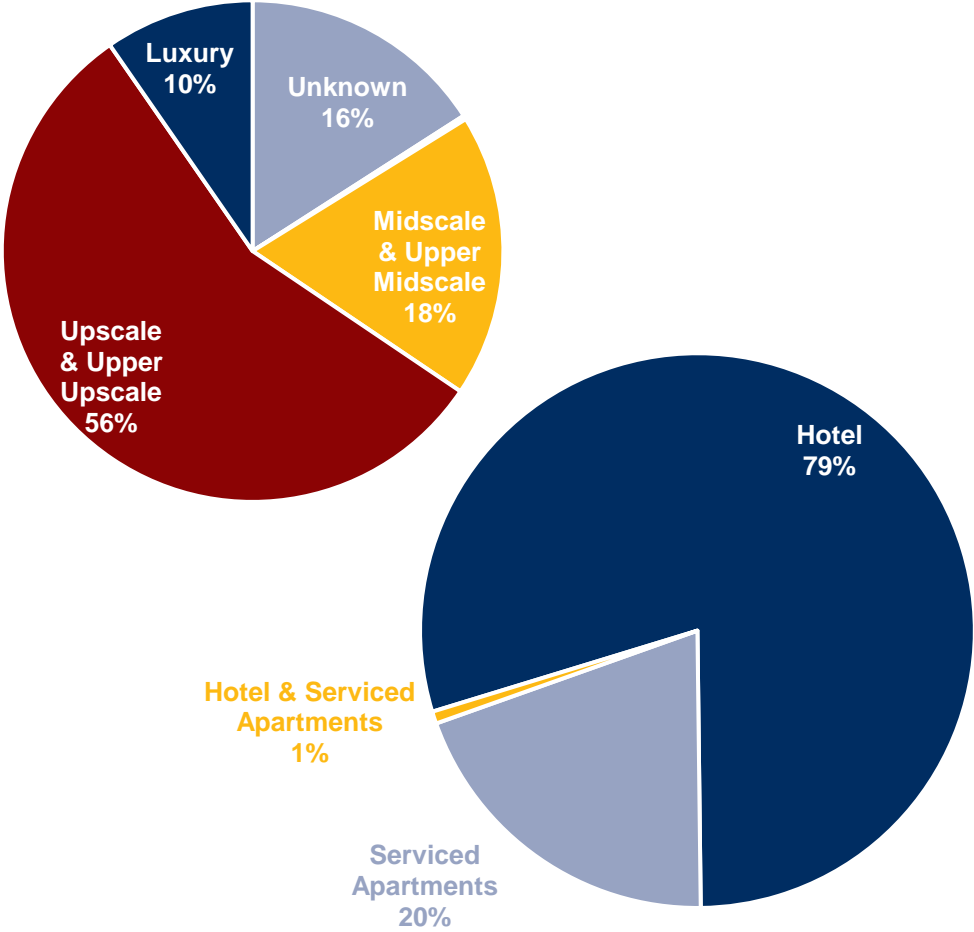
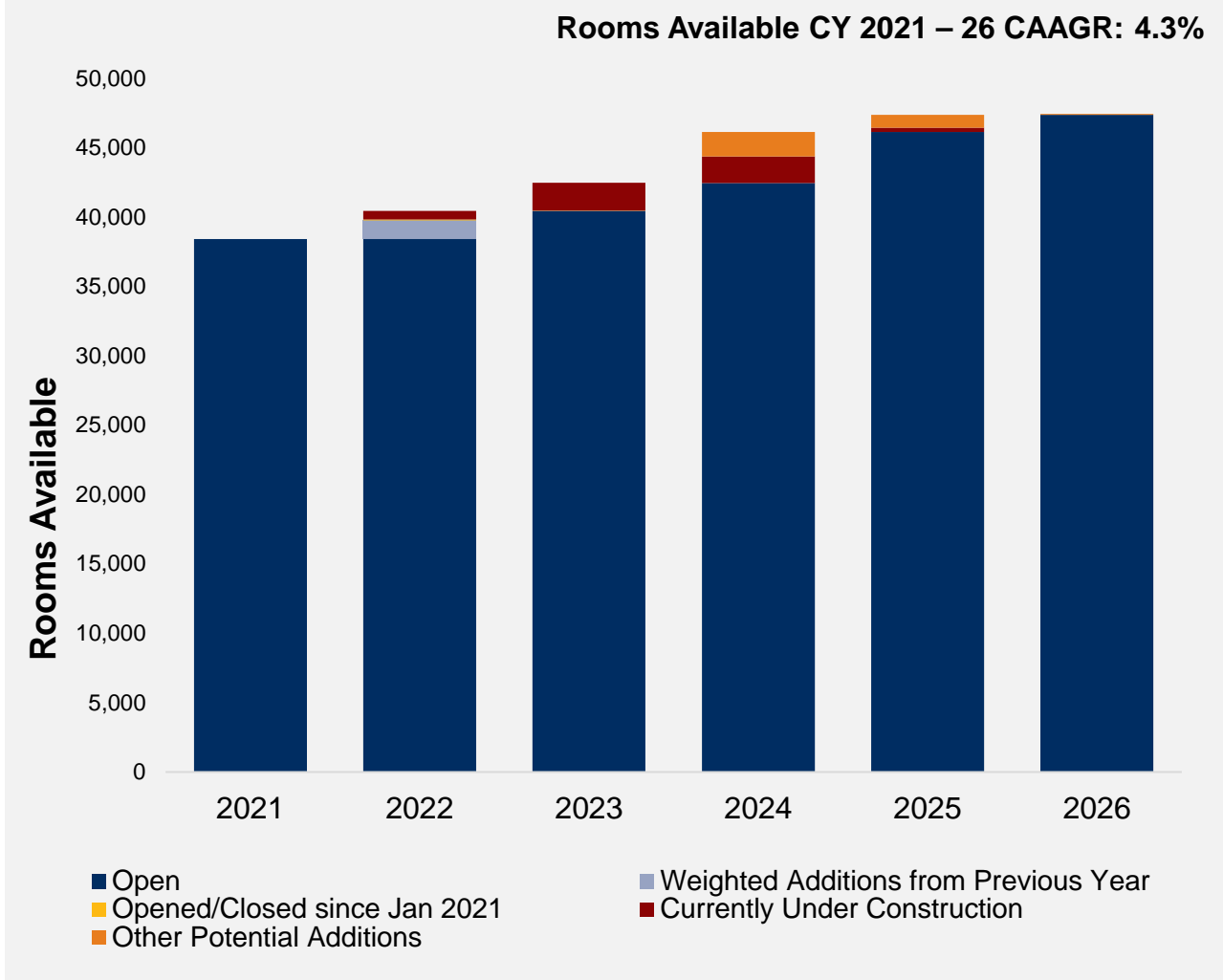
Melbourne Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Melbourne Tourism Region Hotel Market Outlook

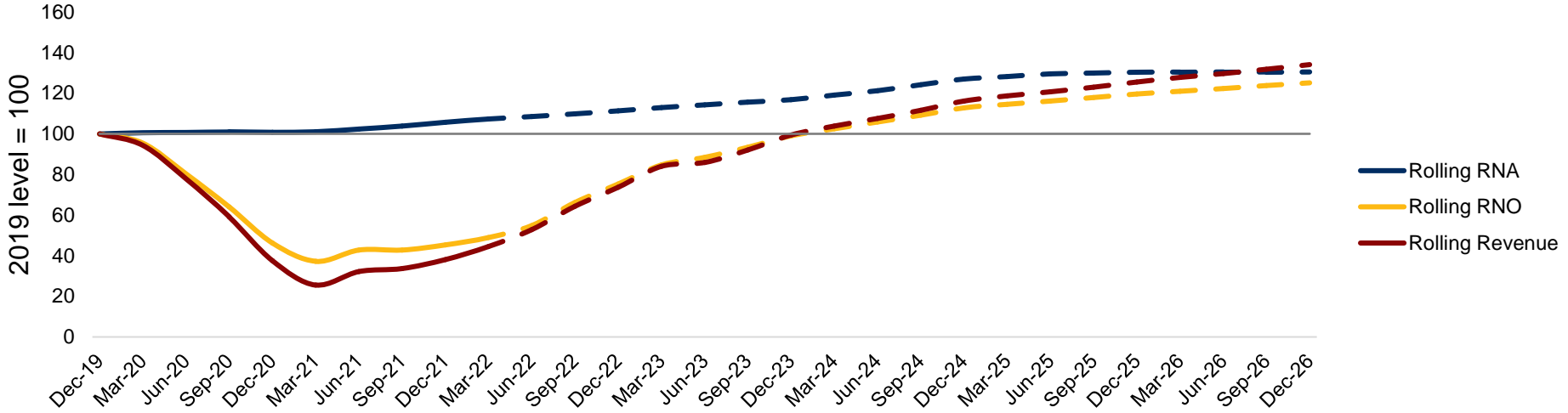
Forecast Additions to Supply – CY 2021 to 2026



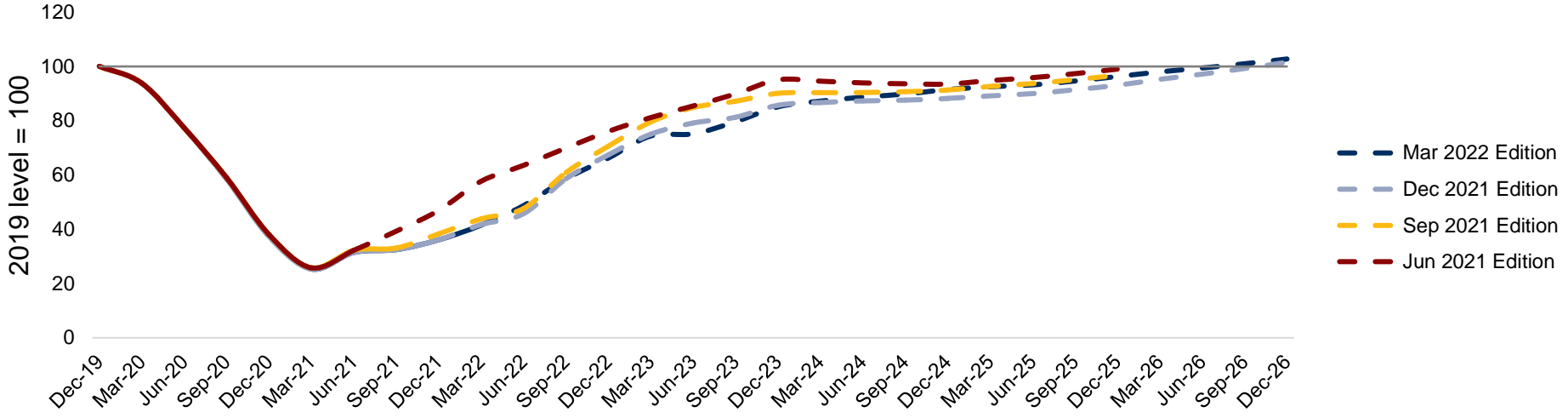
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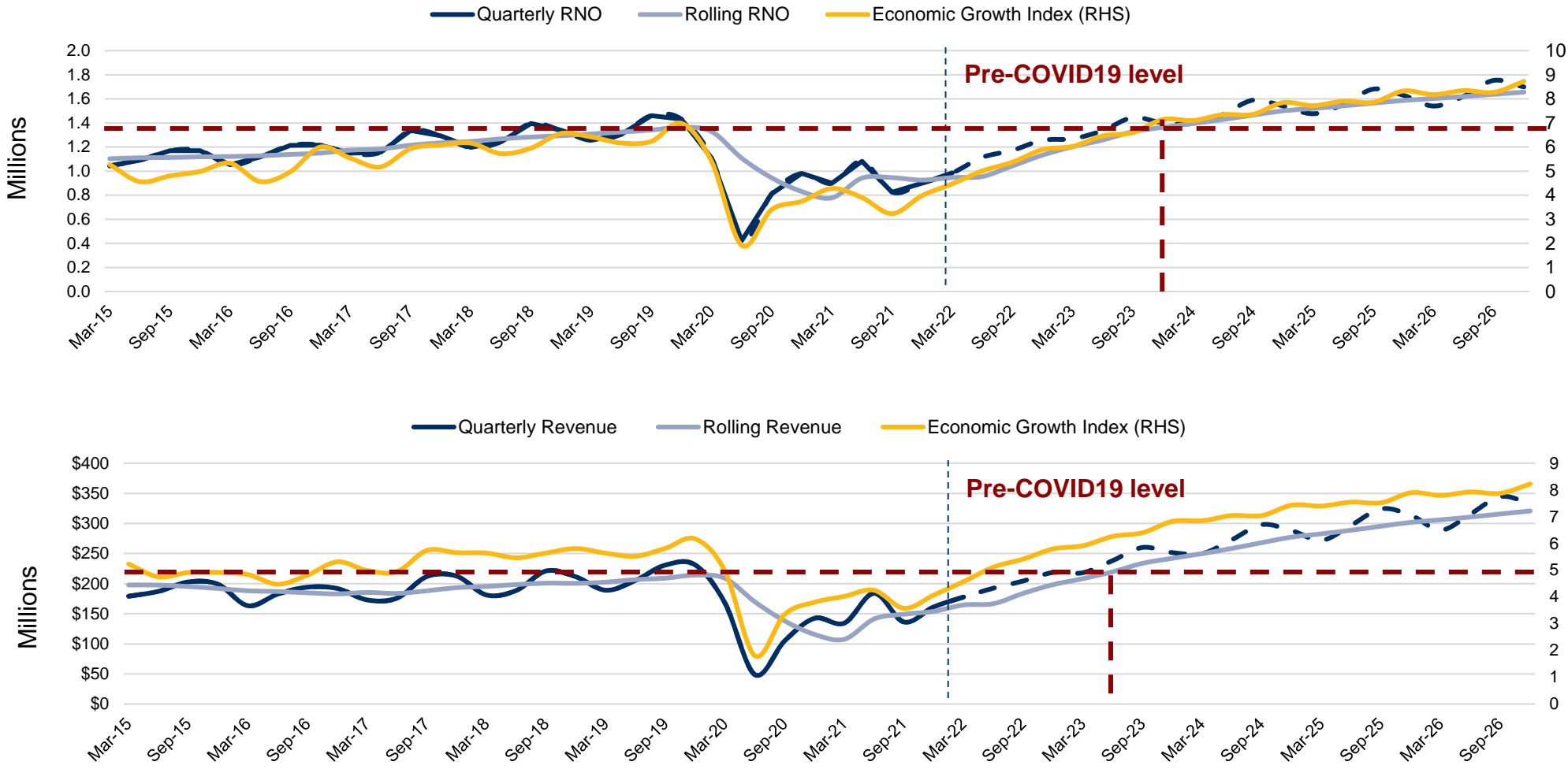
A nighttime photograph of a modern cityscape in Brisbane. The image features several tall, illuminated skyscrapers with glass facades that reflect the city lights. In the foreground, a curved, illuminated walkway with a series of small lights runs across the frame. Below the walkway, a wide set of stone steps leads up to a building entrance. The overall scene is lit with a mix of warm yellow and cool blue tones, creating a vibrant urban atmosphere.

Brisbane

Brisbane Tourism Region Hotel Market Outlook

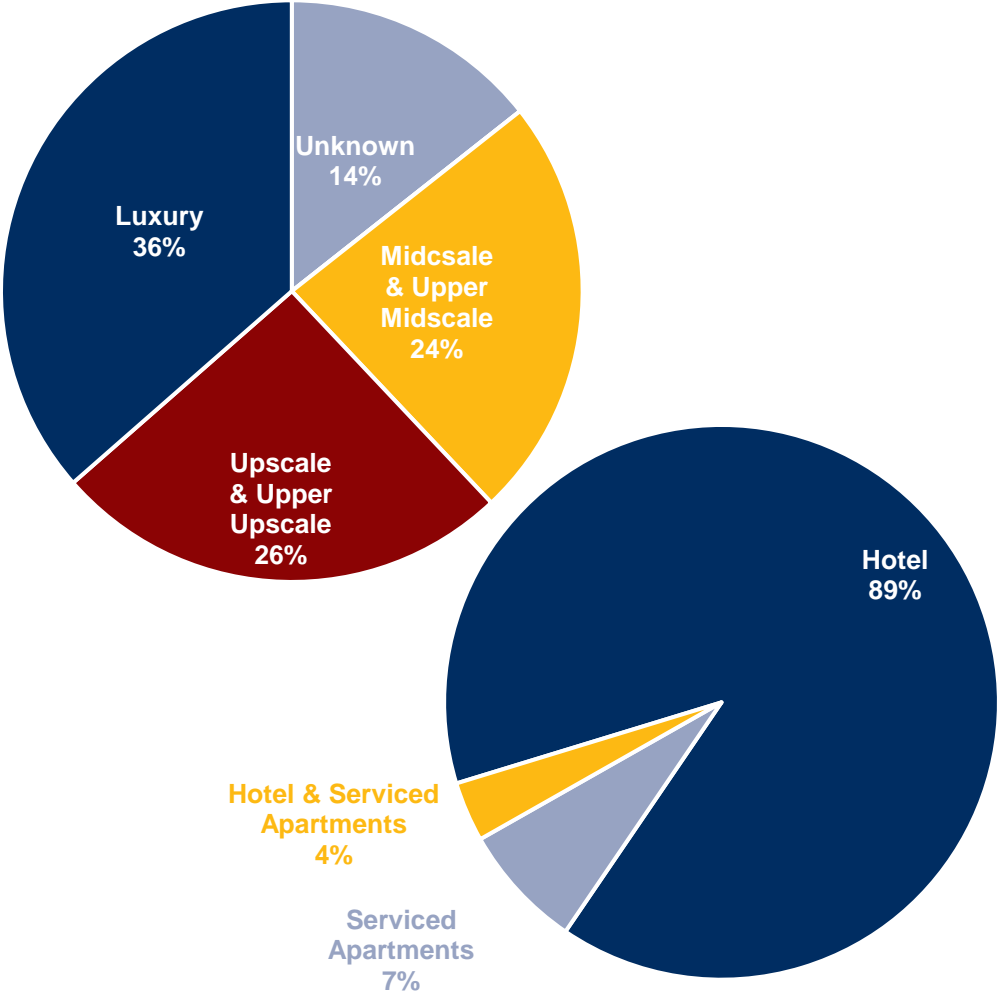
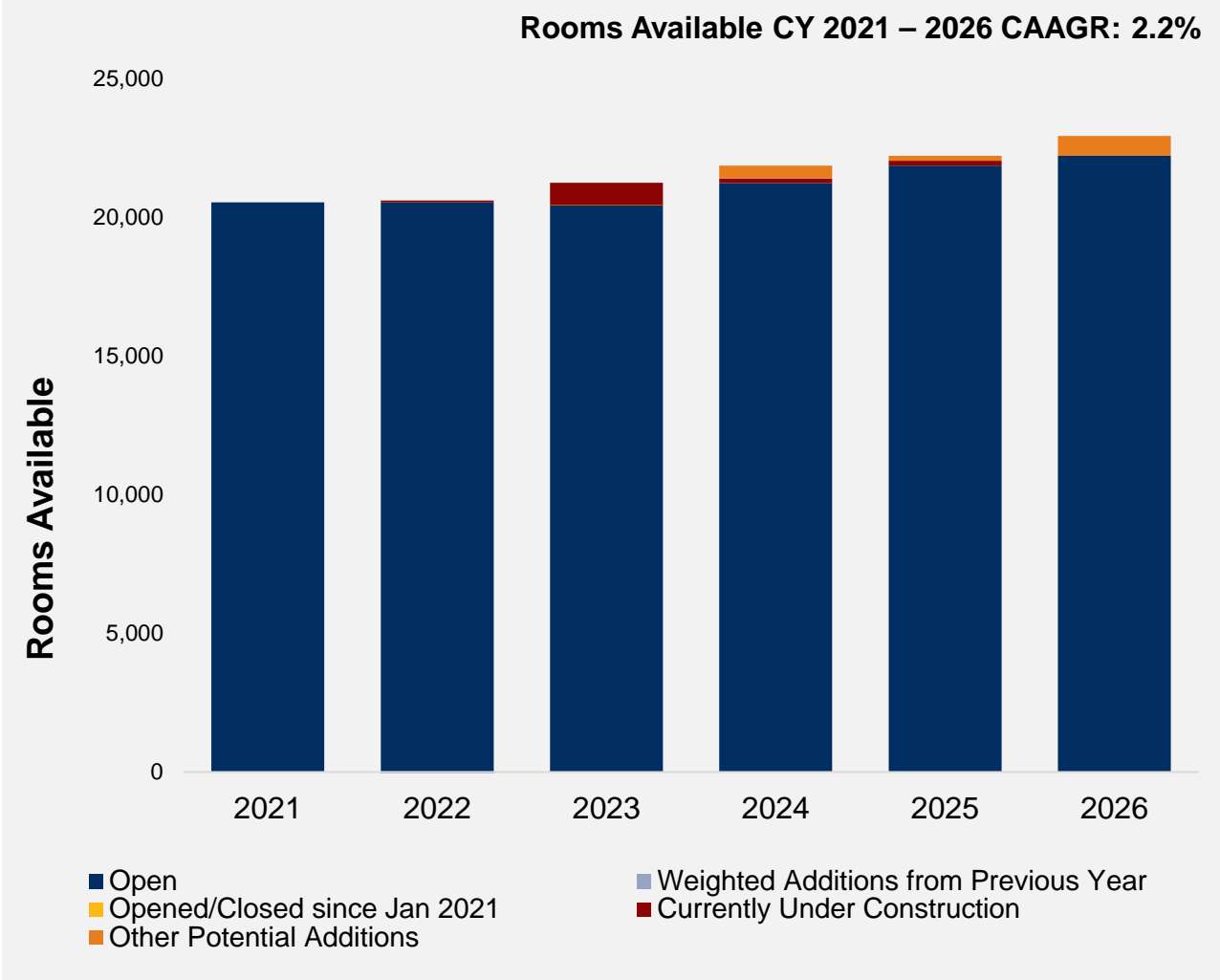
Brisbane Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Brisbane Tourism Region Hotel Market Outlook

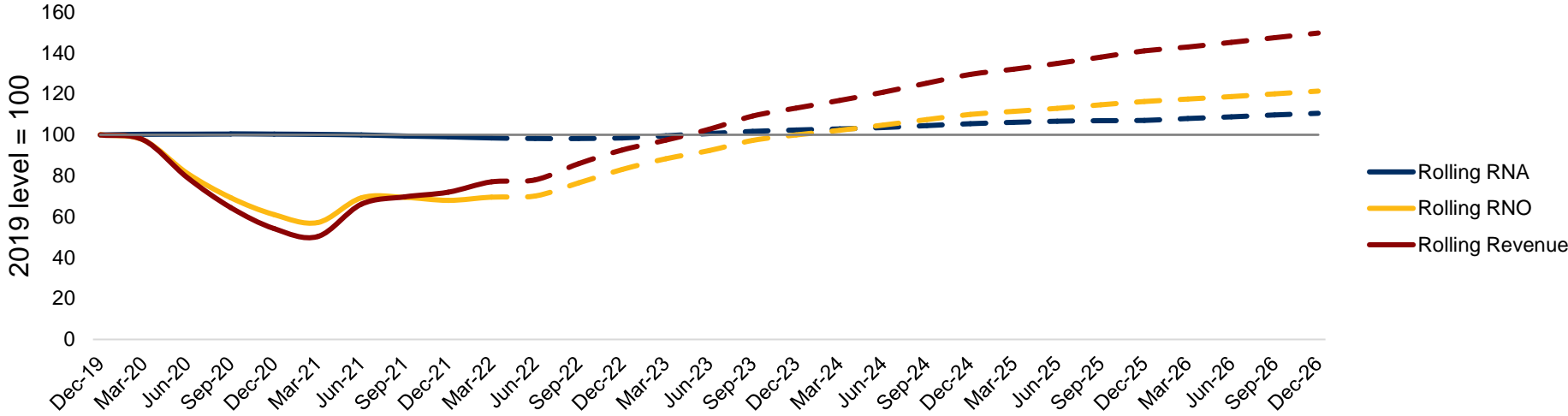
Forecast Additions to Supply – CY 2021 to 2026



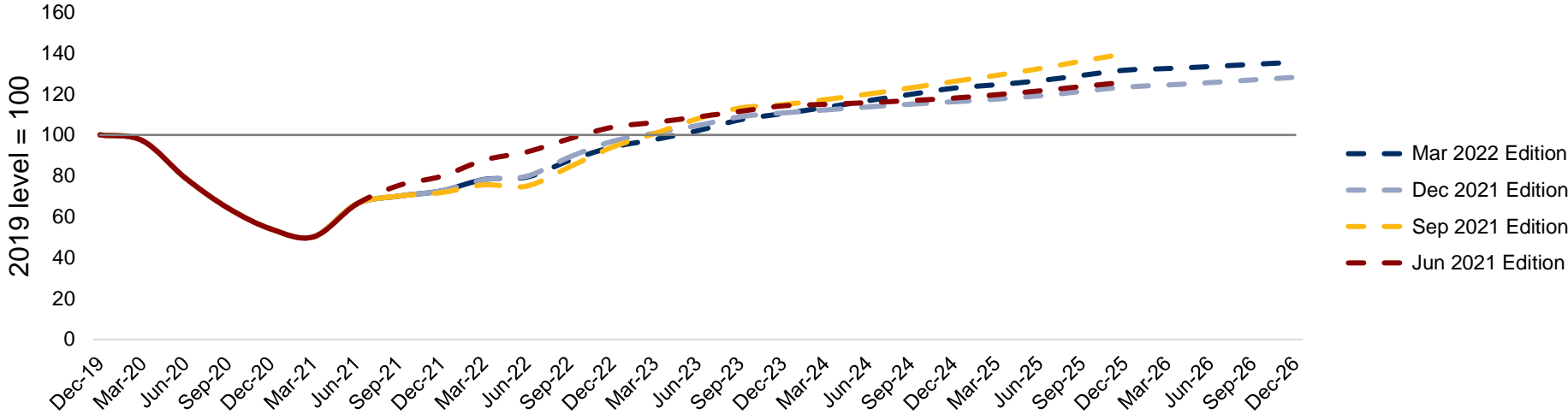
Brisbane Tourism Region Hotel Market Outlook

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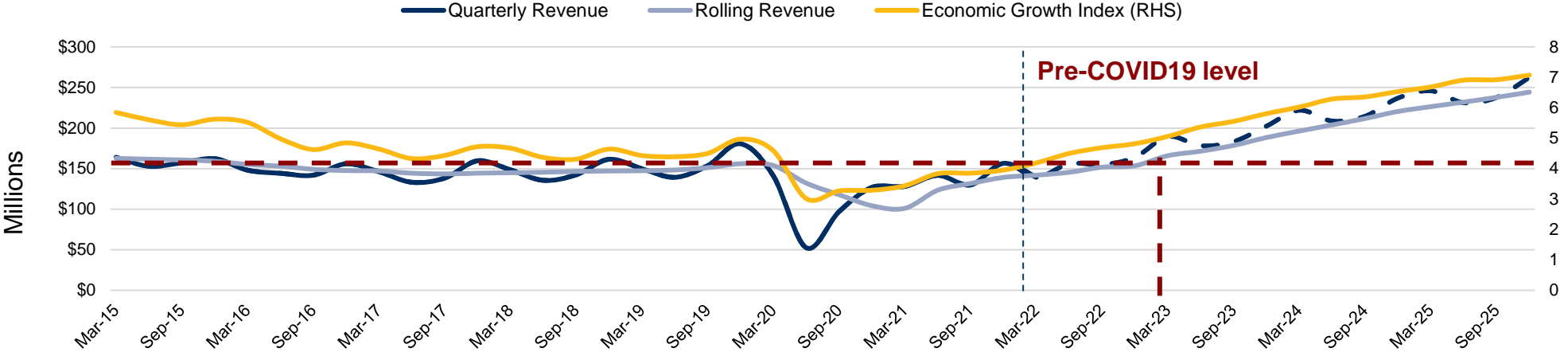
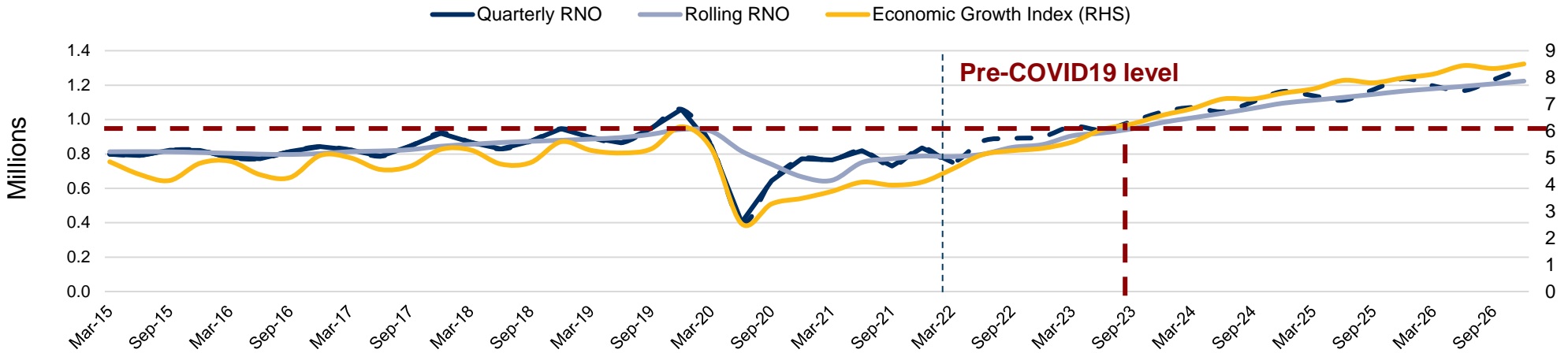


Perth

Perth Tourism Region Hotel Market Outlook

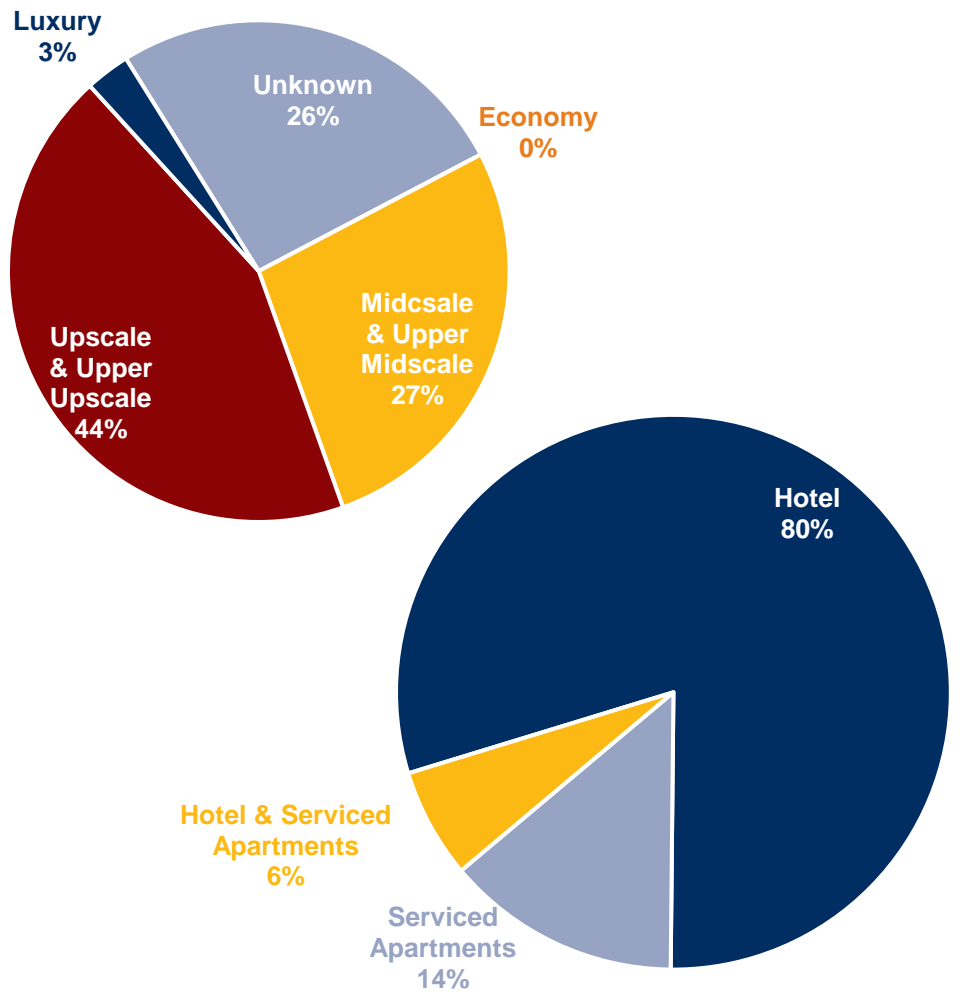
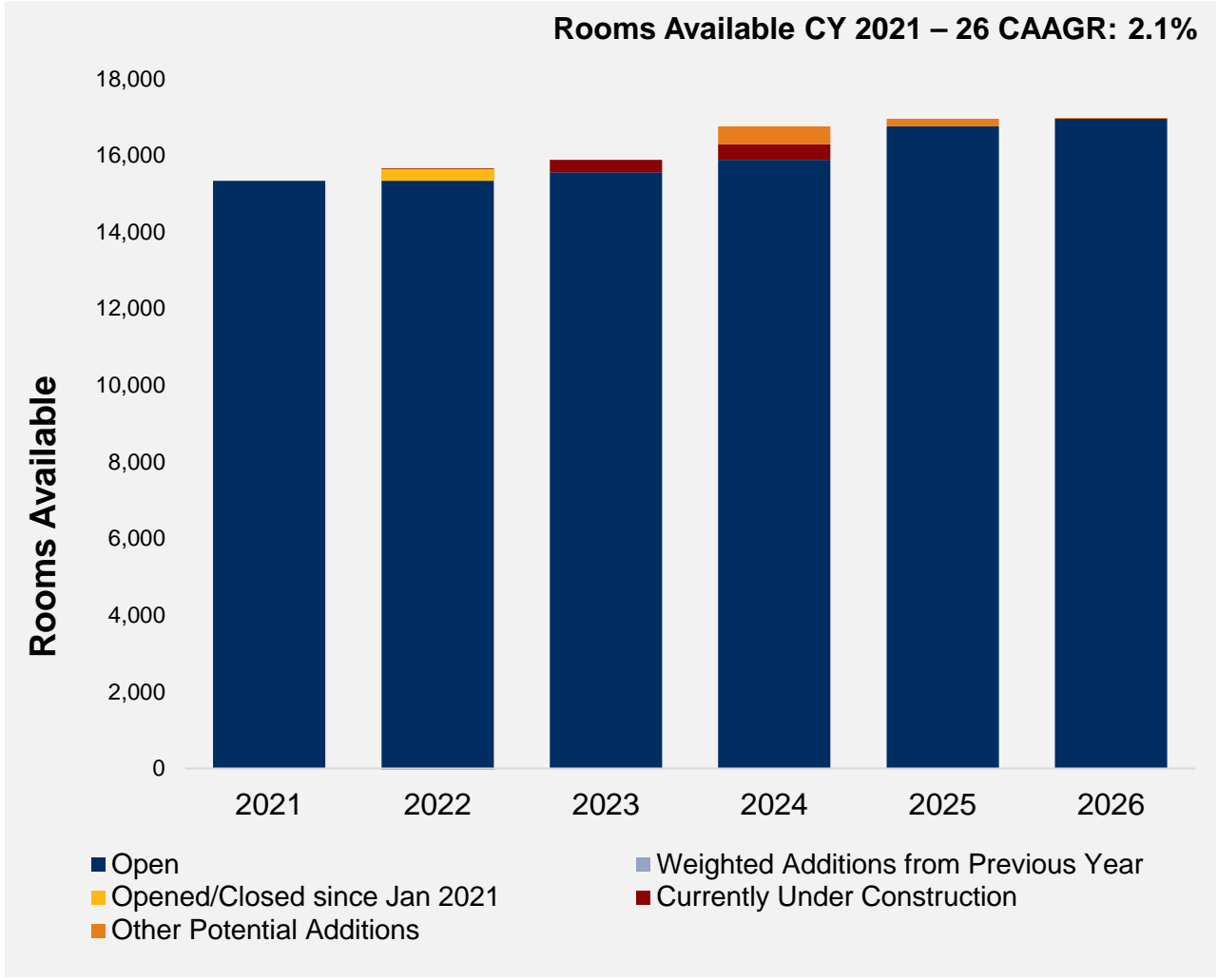
Perth Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Perth Tourism Region Hotel Market Outlook

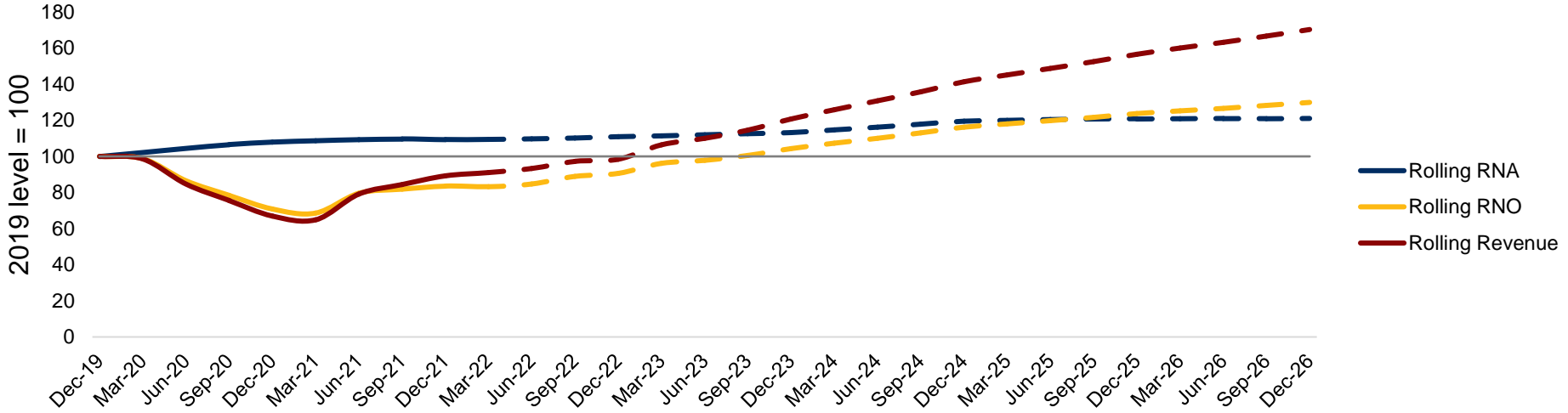
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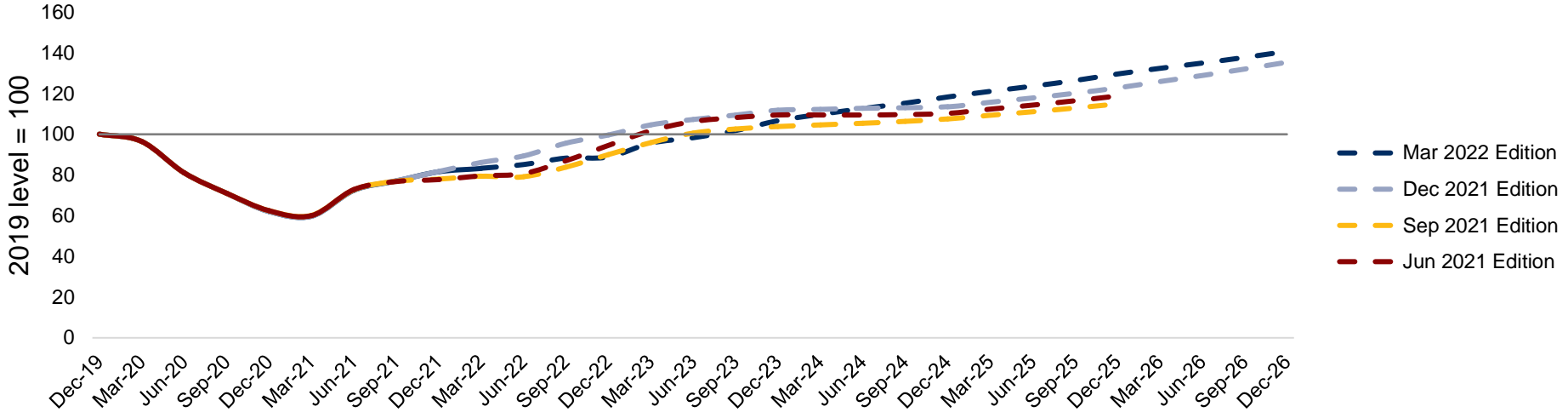
Perth Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month RevPAR Outlook



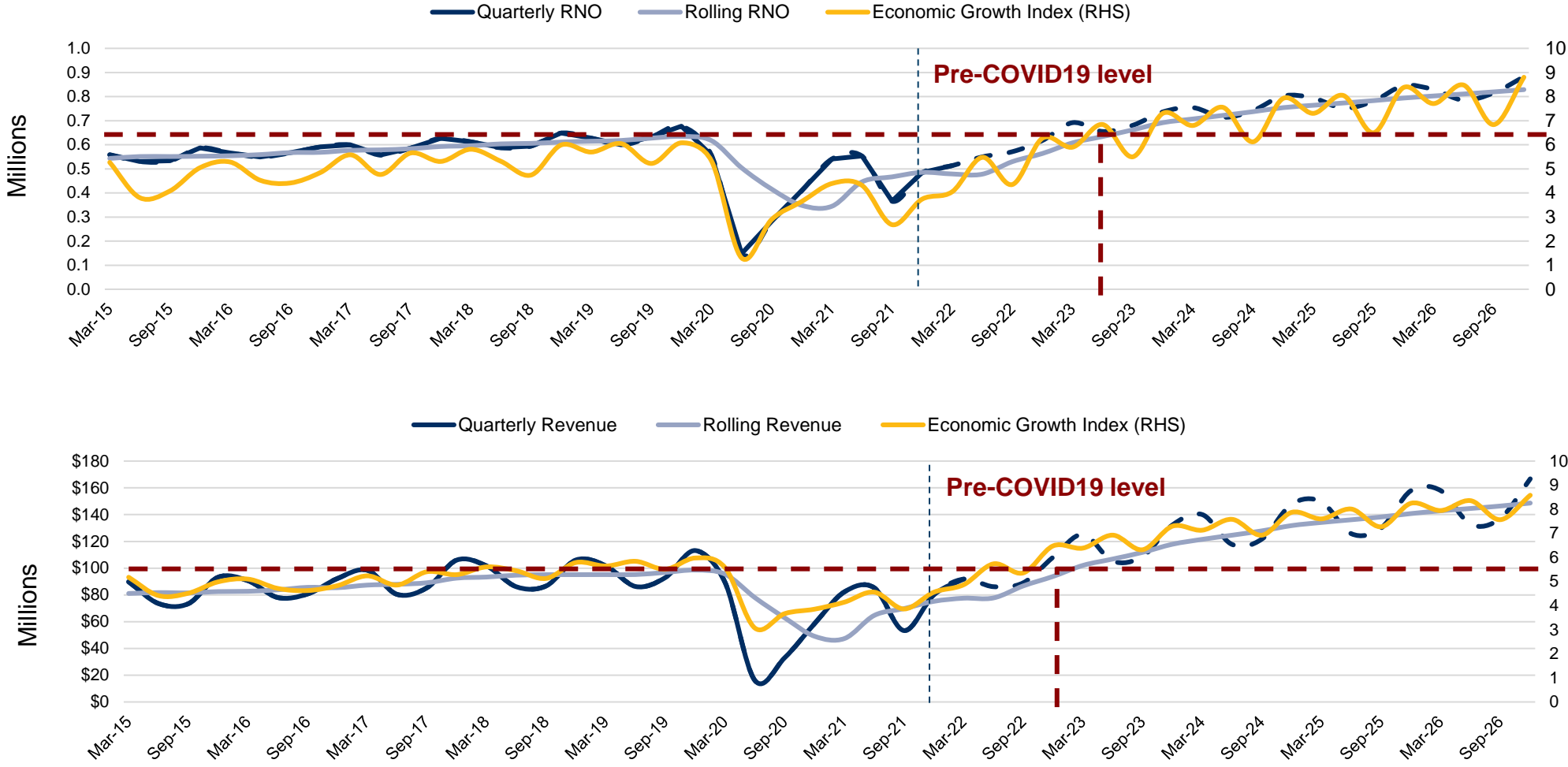


Adelaide

Adelaide Tourism Region Hotel Market Outlook

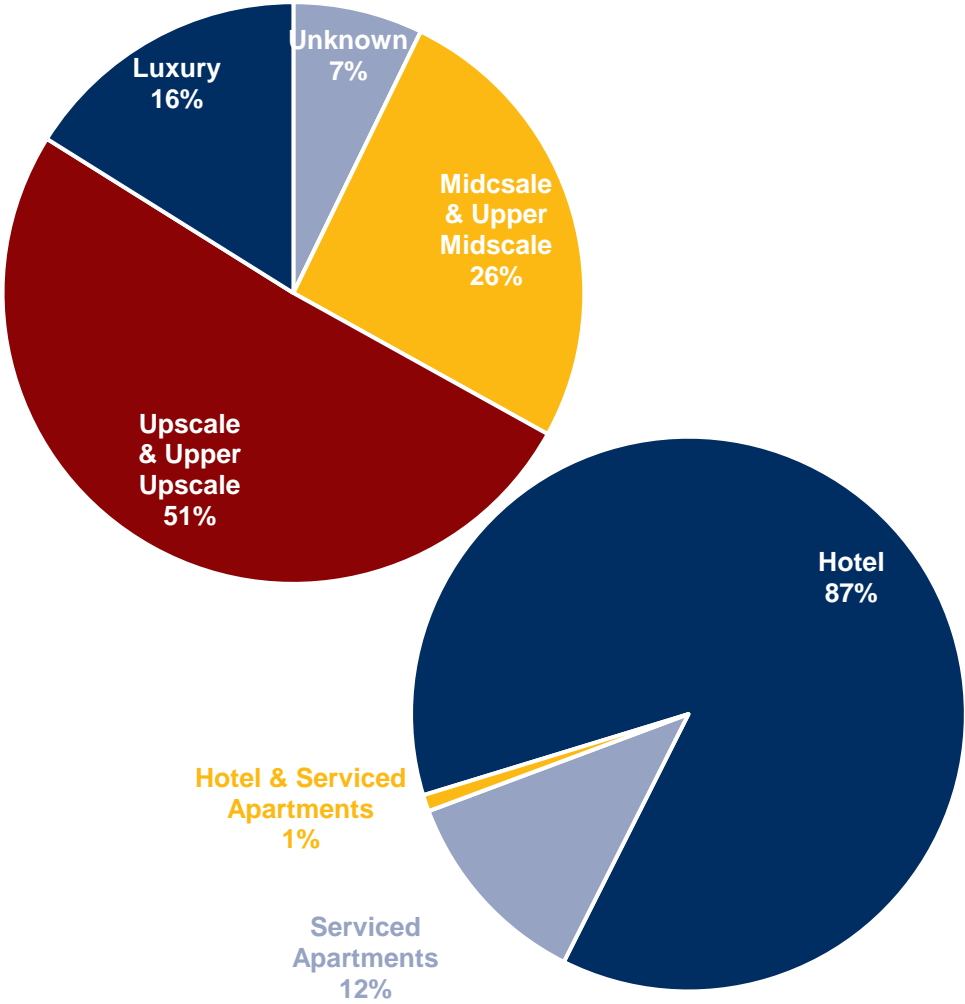
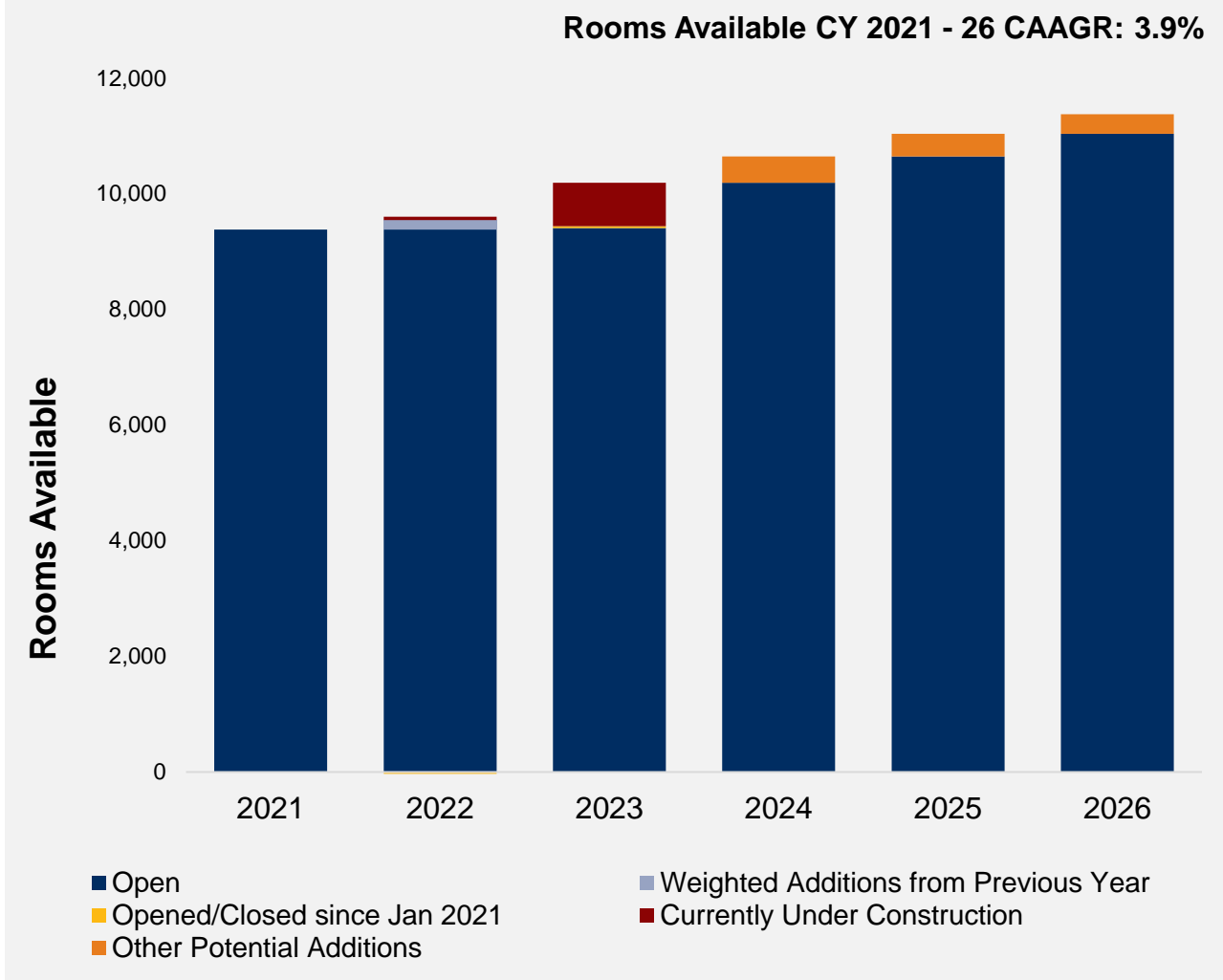
Adelaide Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Adelaide Tourism Region Hotel Market Outlook

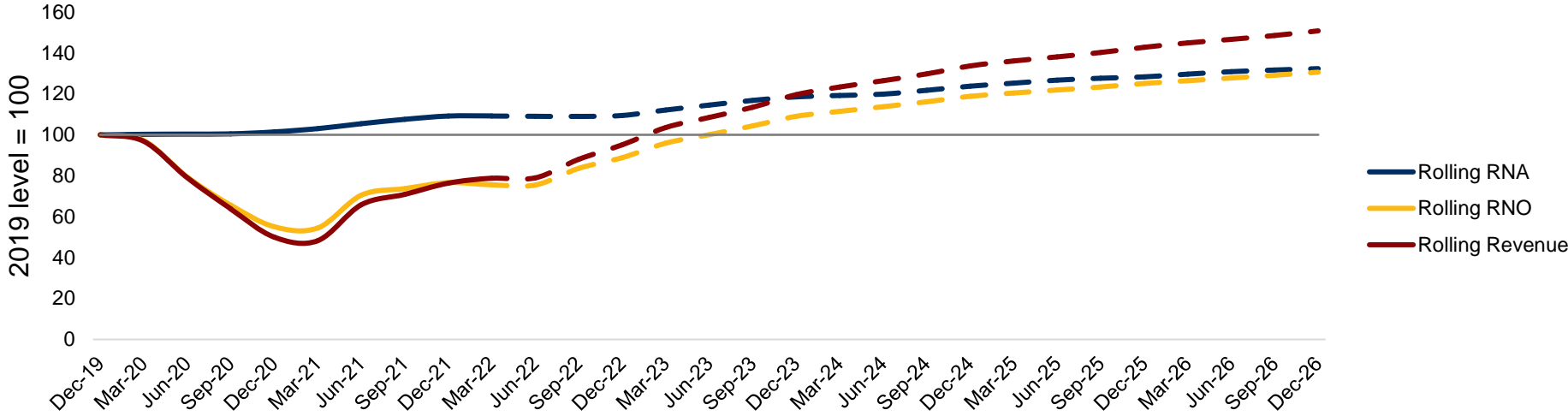
Forecast Additions to Supply – CY 2021 to 2026



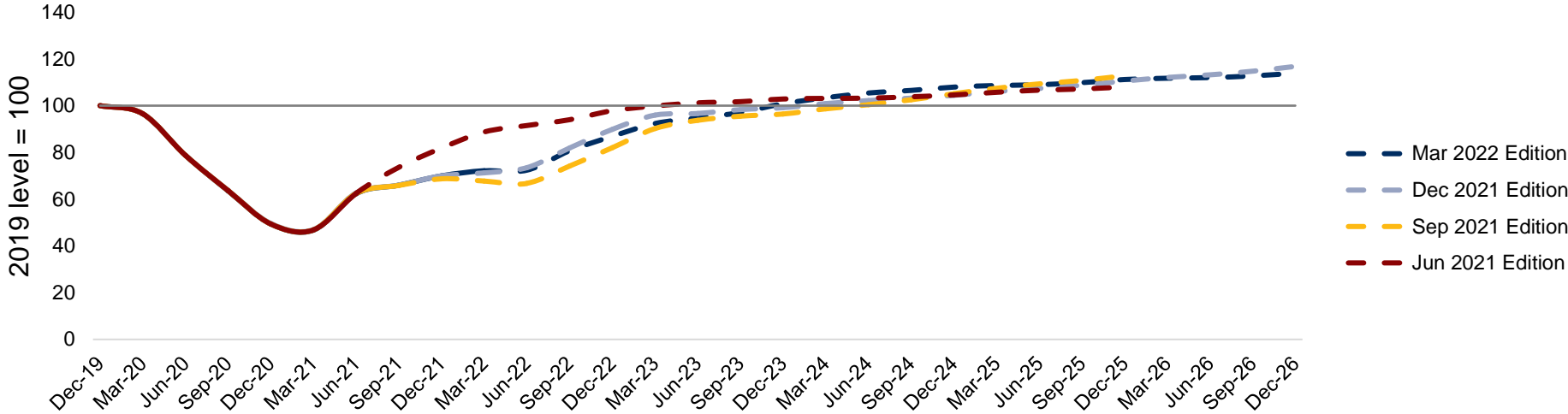
Adelaide Tourism Region Hotel Market Outlook

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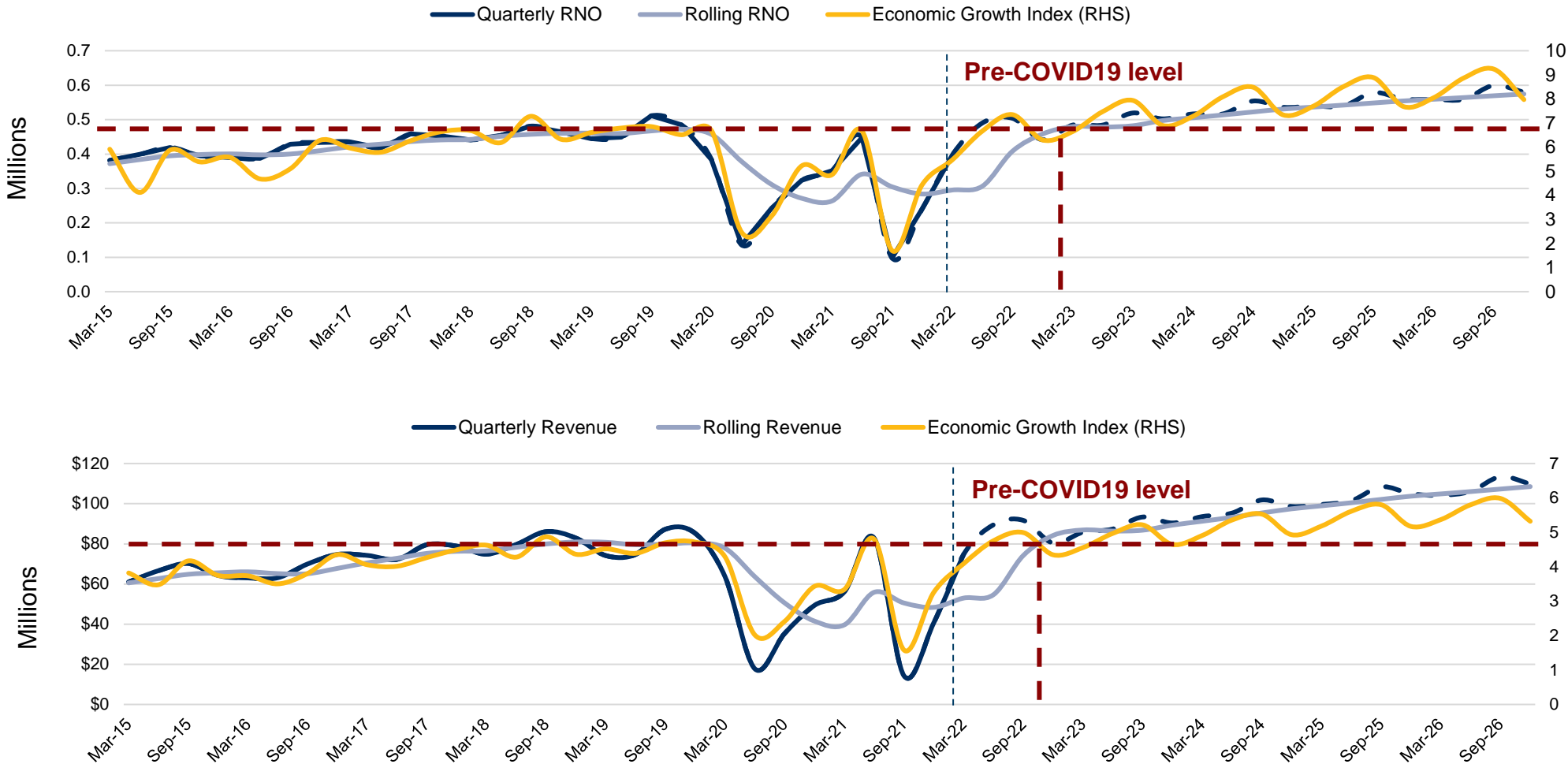


Canberra

Canberra Tourism Region Hotel Market Outlook

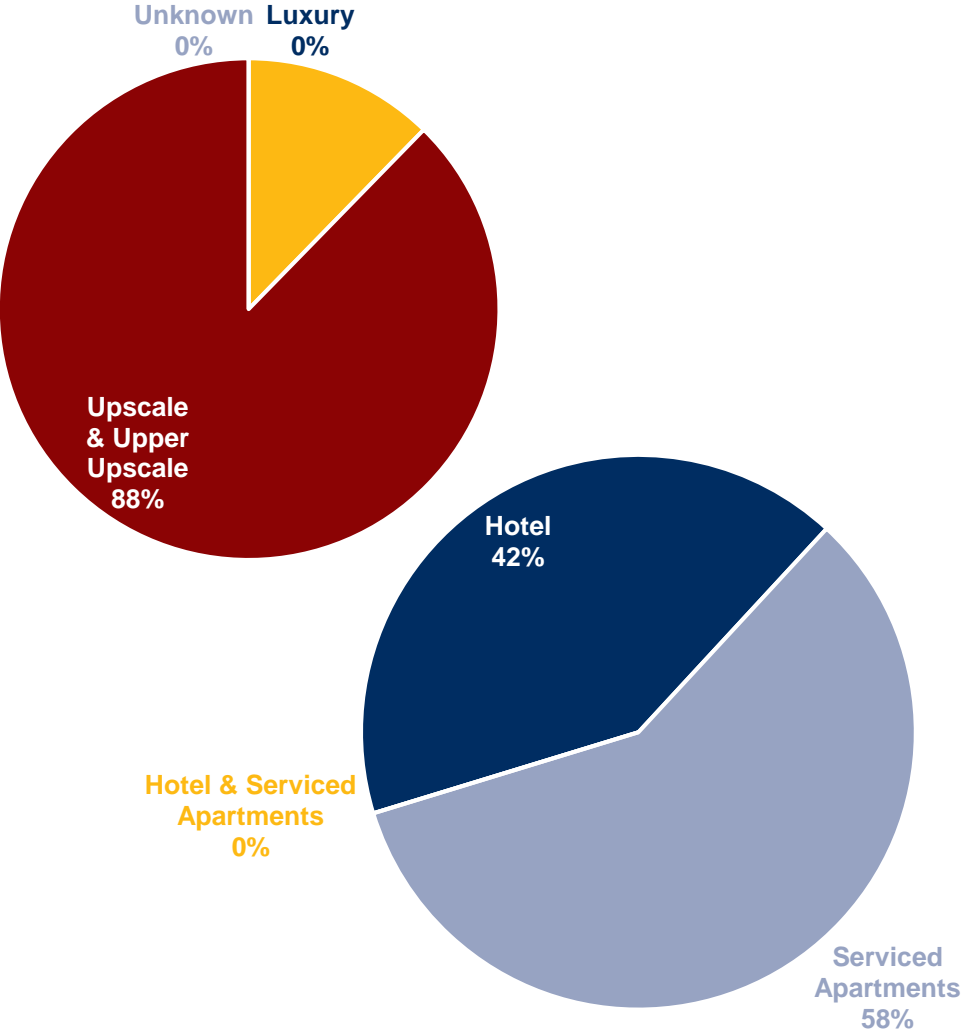
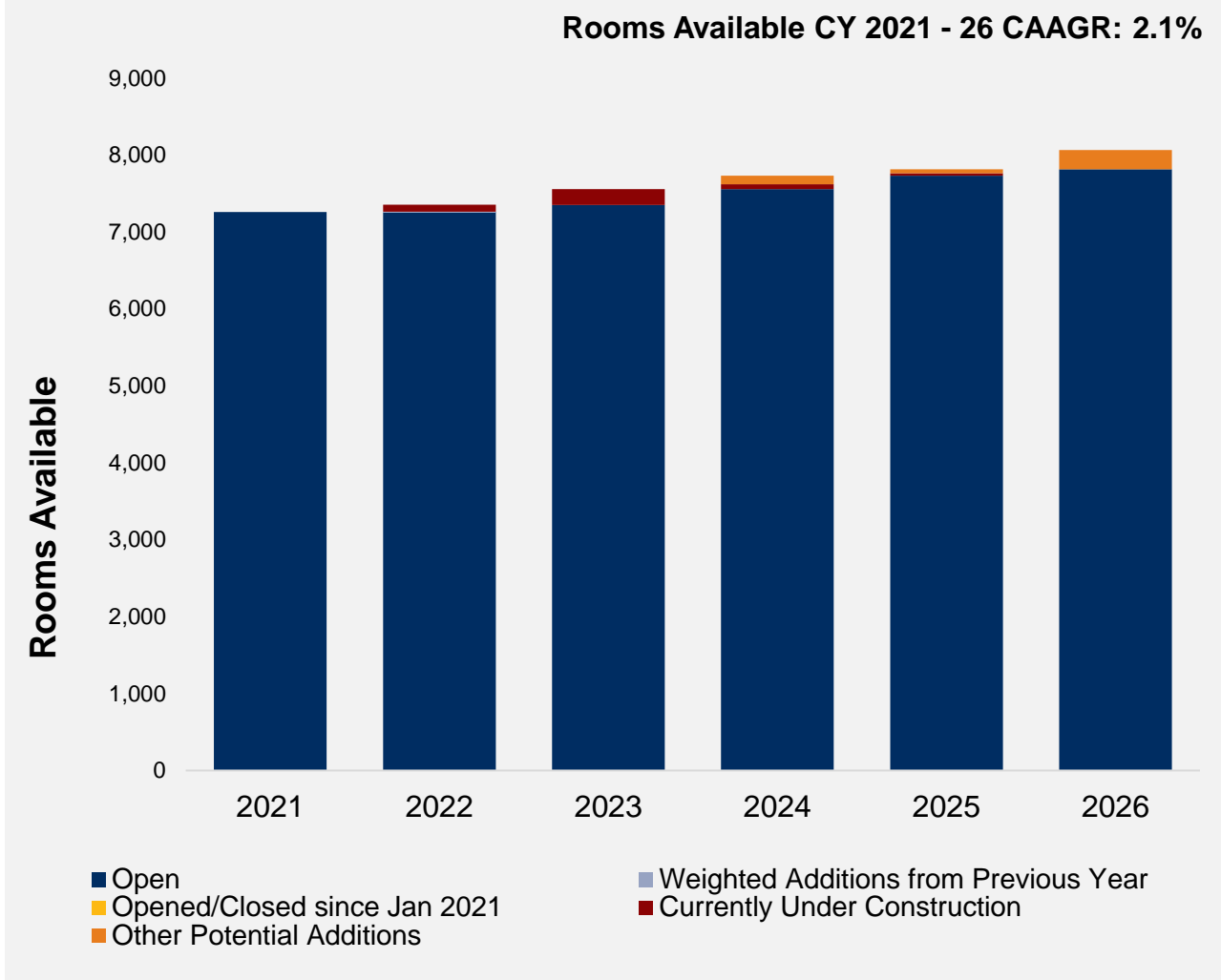
Canberra Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Canberra Tourism Region Hotel Market Outlook

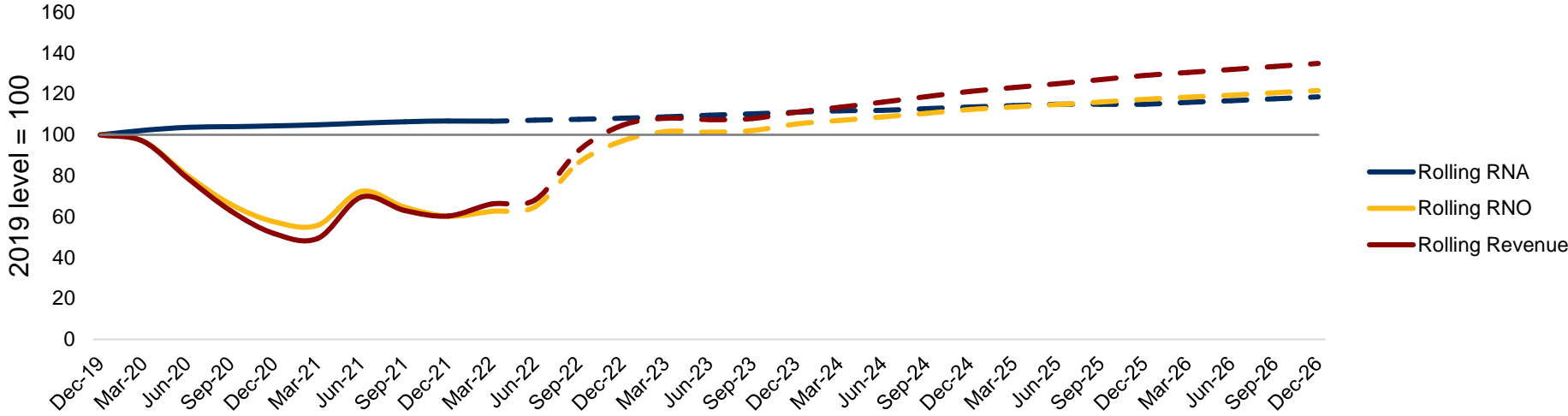
Forecast Additions to Supply – CY 2021 to 2026



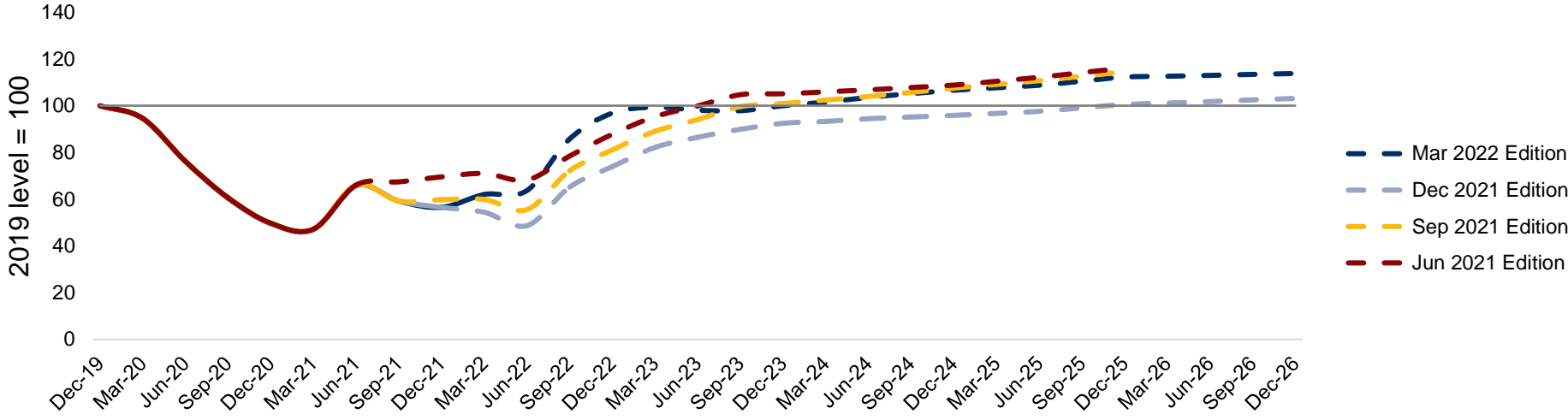
Canberra Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



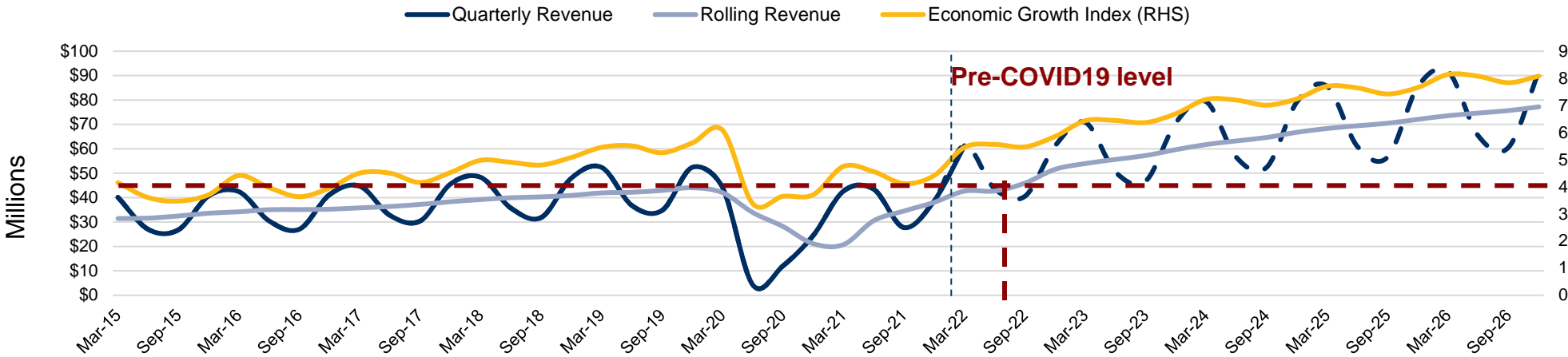
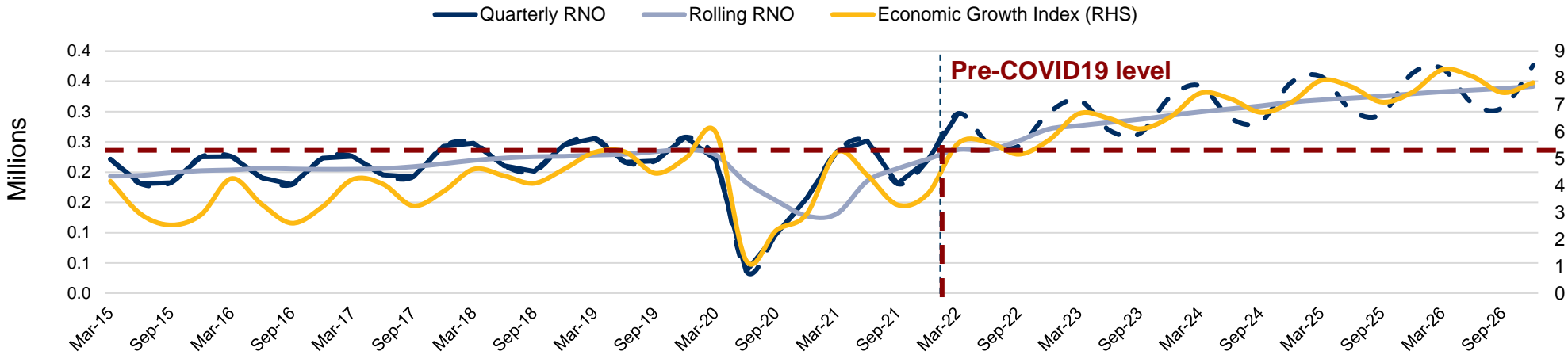
A long bridge illuminated at night over a body of water, with rocks in the foreground. The bridge is lit with warm yellow lights, and its reflection is visible in the water. The sky is a deep blue, and the foreground is filled with dark, wet rocks.

Hobart

Hobart Tourism Region Hotel Market Outlook

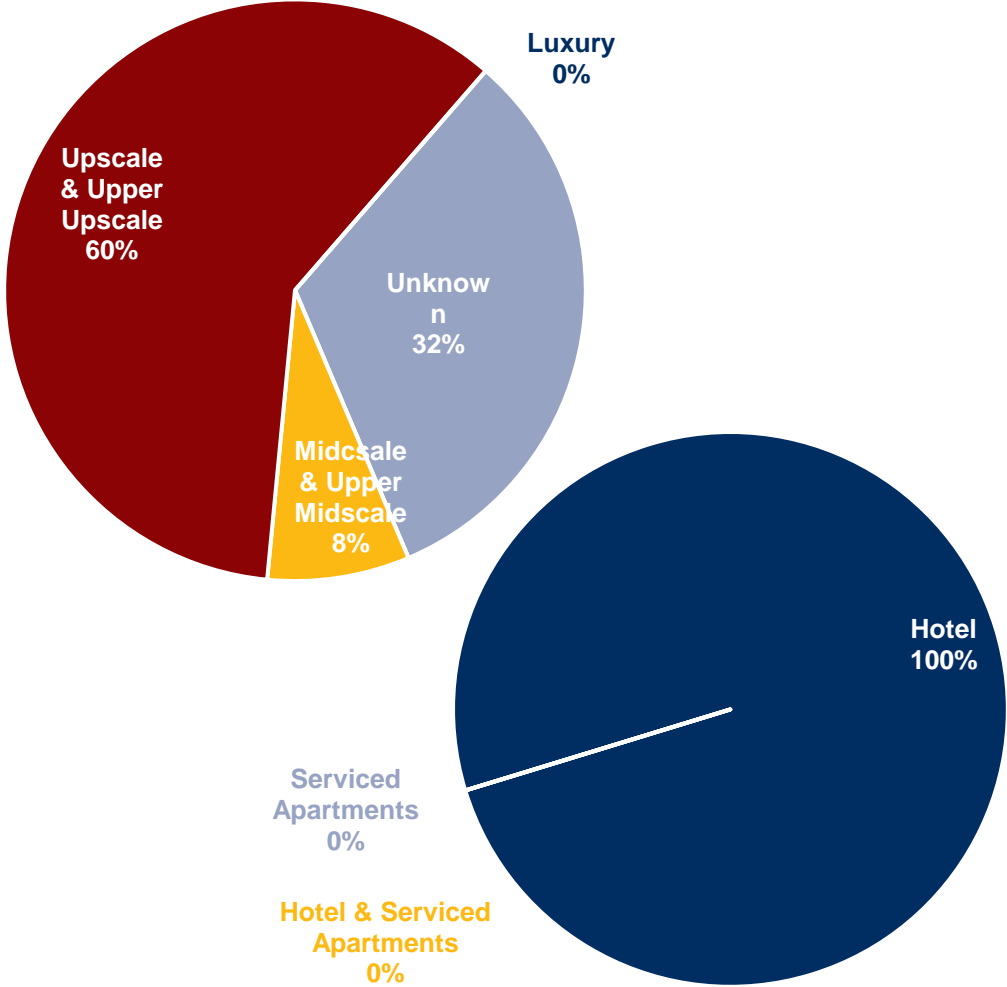
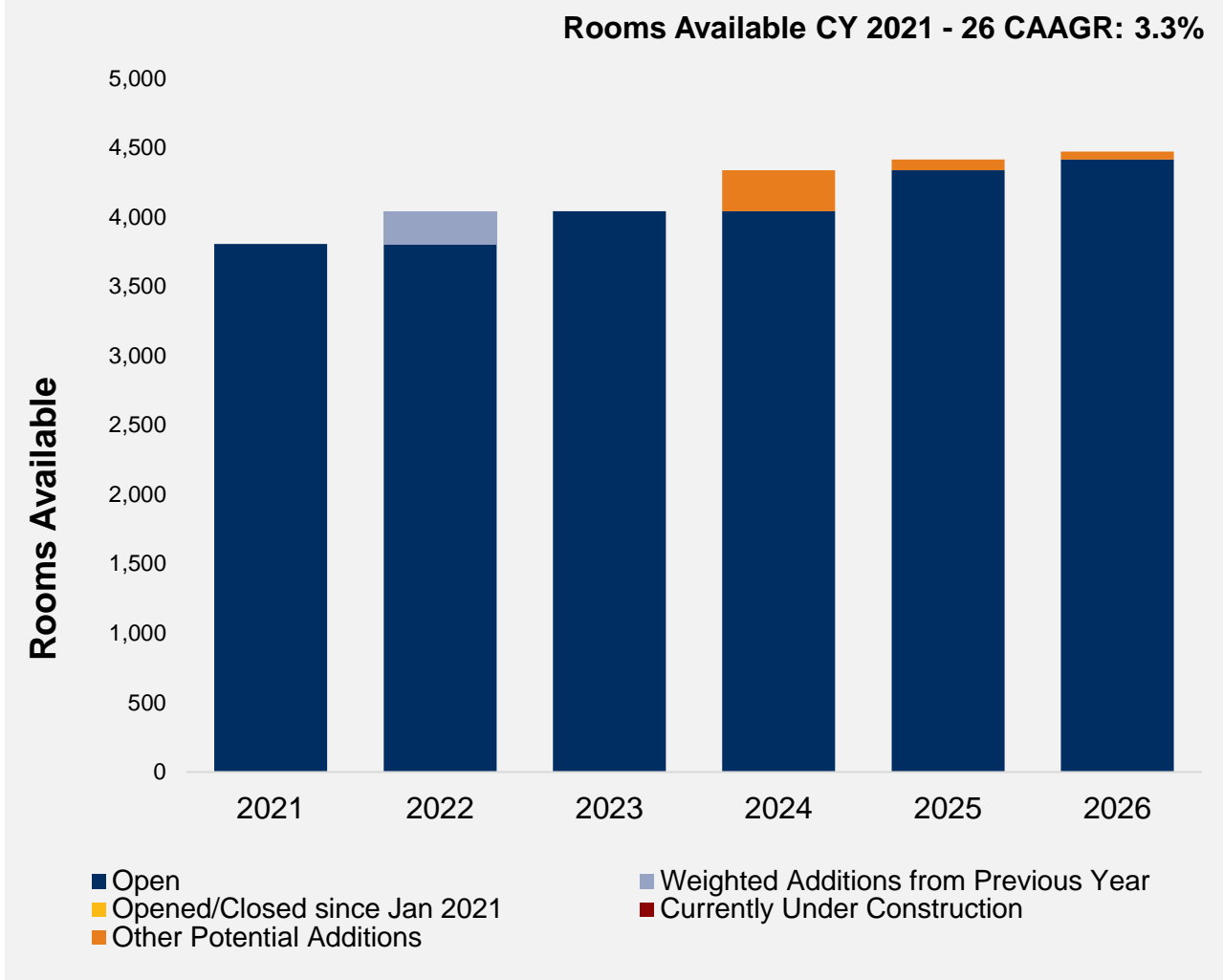
Hobart Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Hobart Tourism Region Hotel Market Outlook

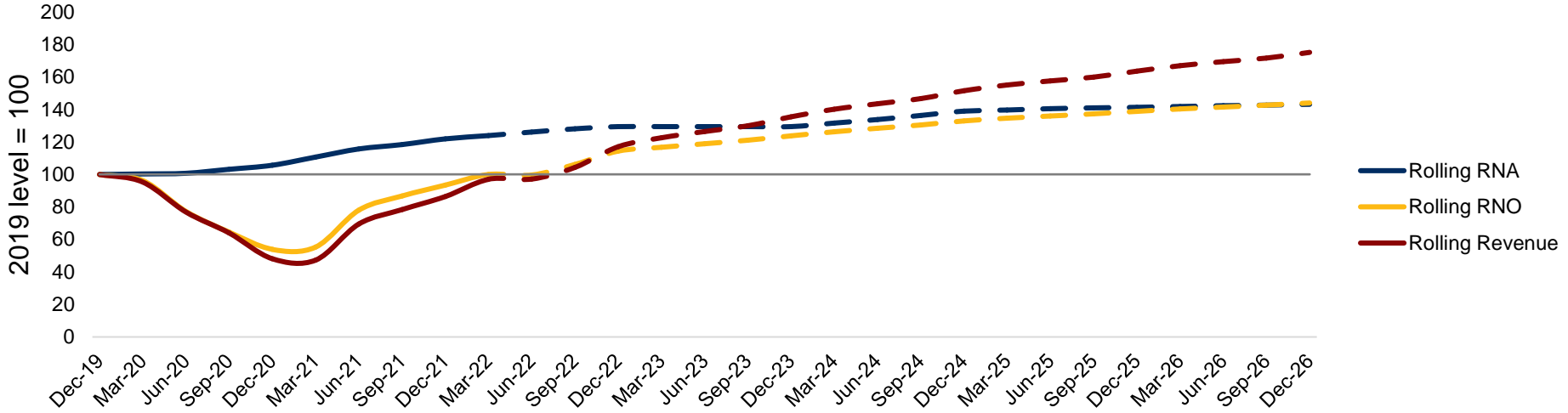
Forecast Additions to Supply – CY 2022 to 2026



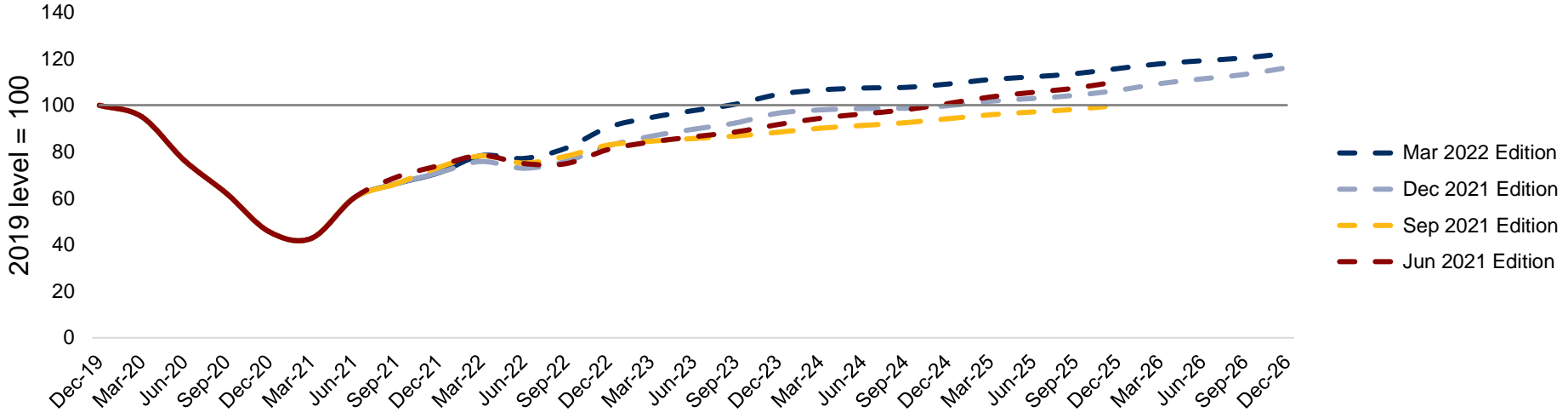
Hobart Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month RevPAR Outlook



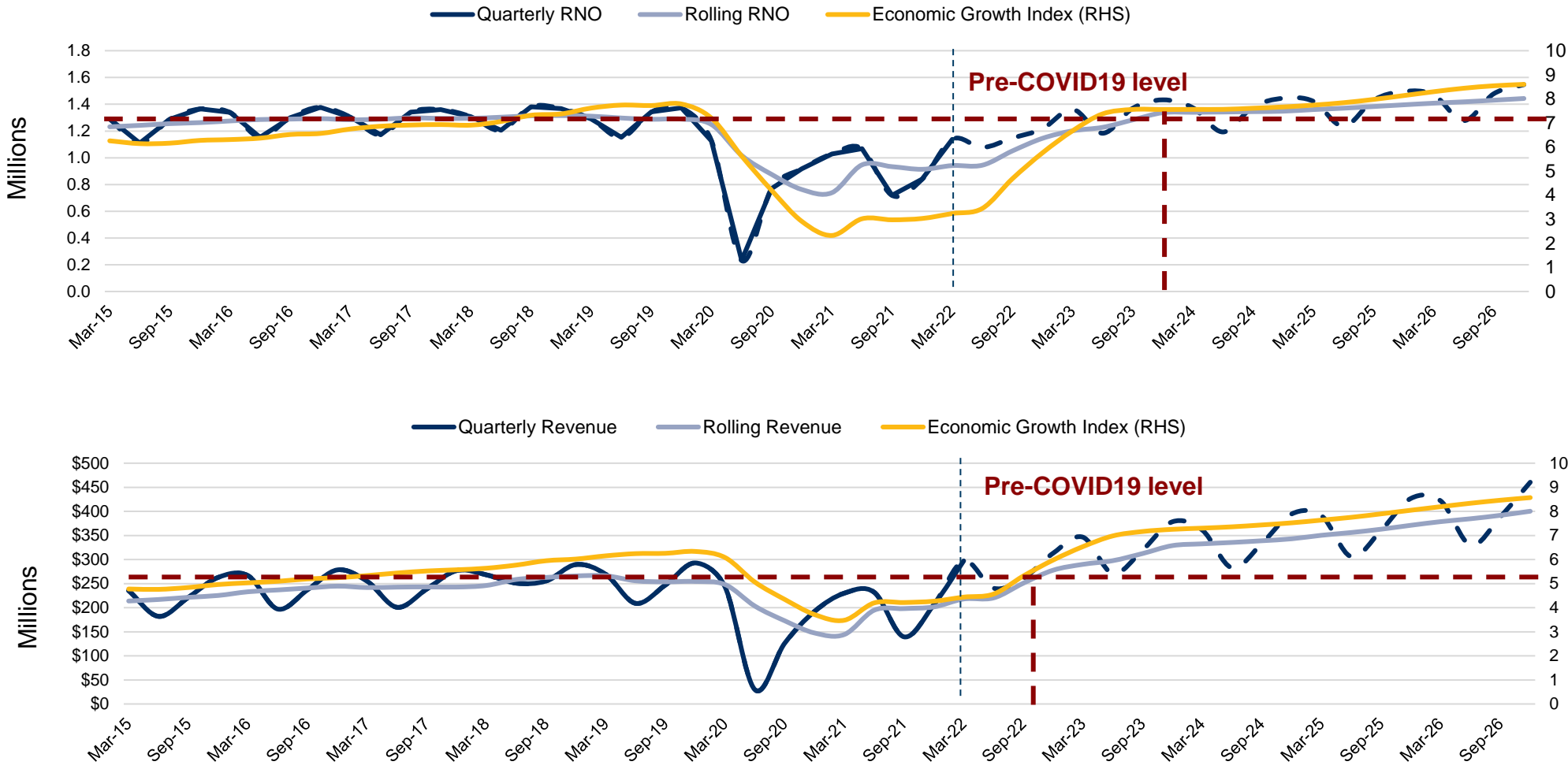


Gold Coast

Gold Coast Tourism Region Hotel Market Outlook

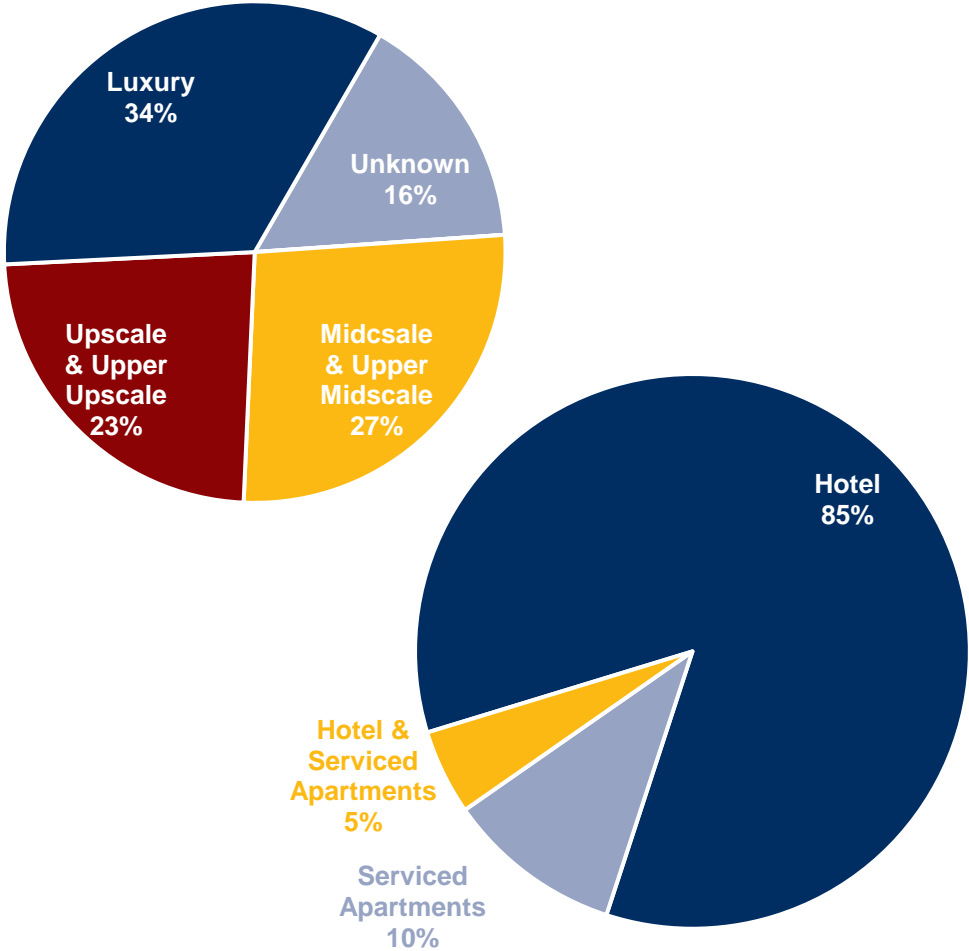
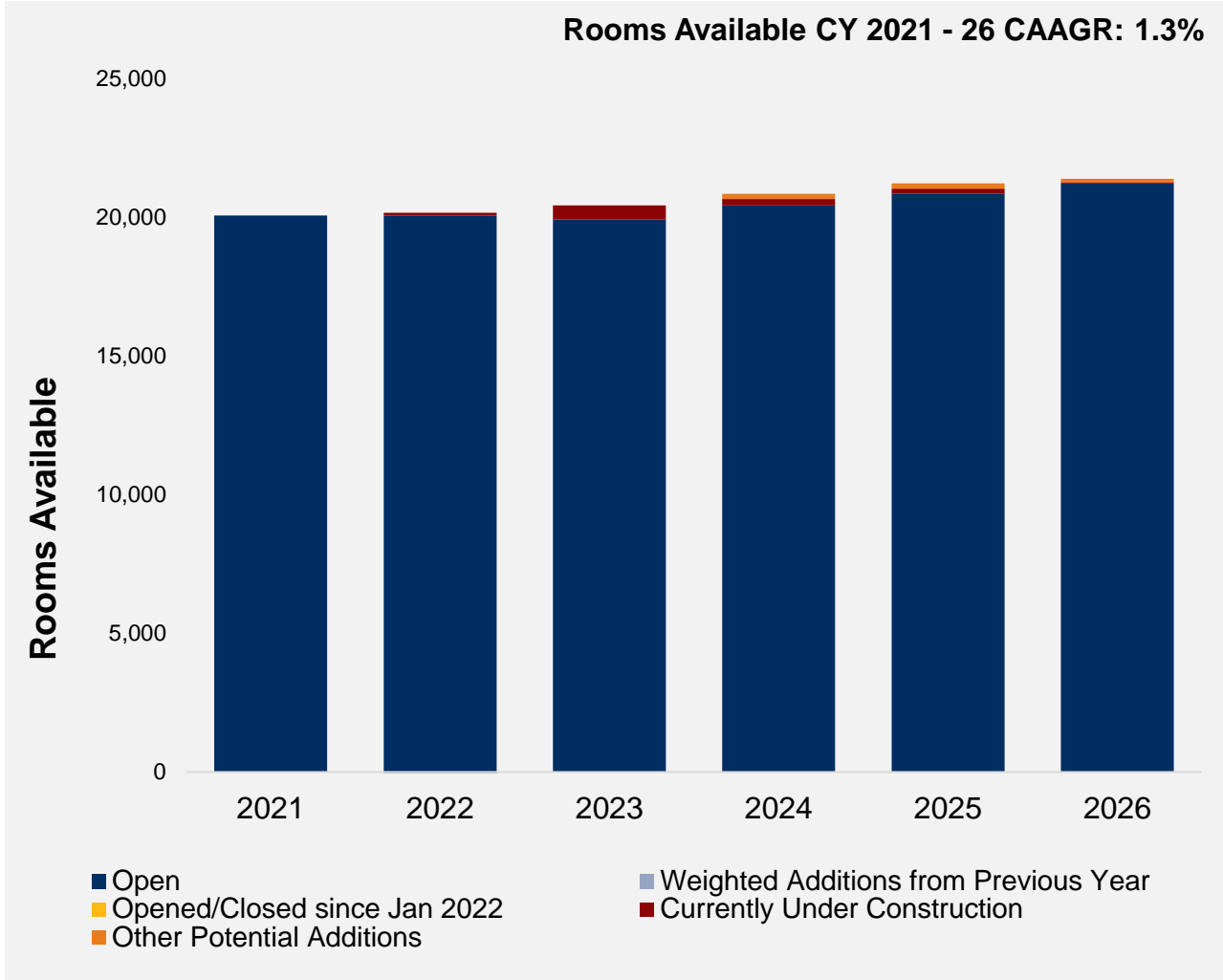
Gold Coast Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Gold Coast Tourism Region Hotel Market Outlook

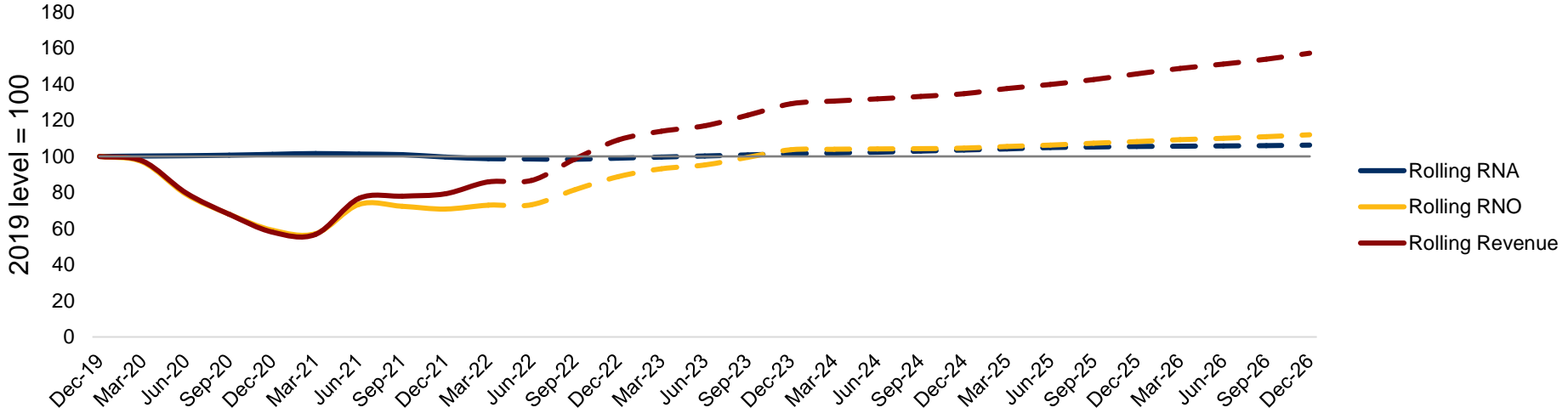
Forecast Additions to Supply – CY 2021 to 2026



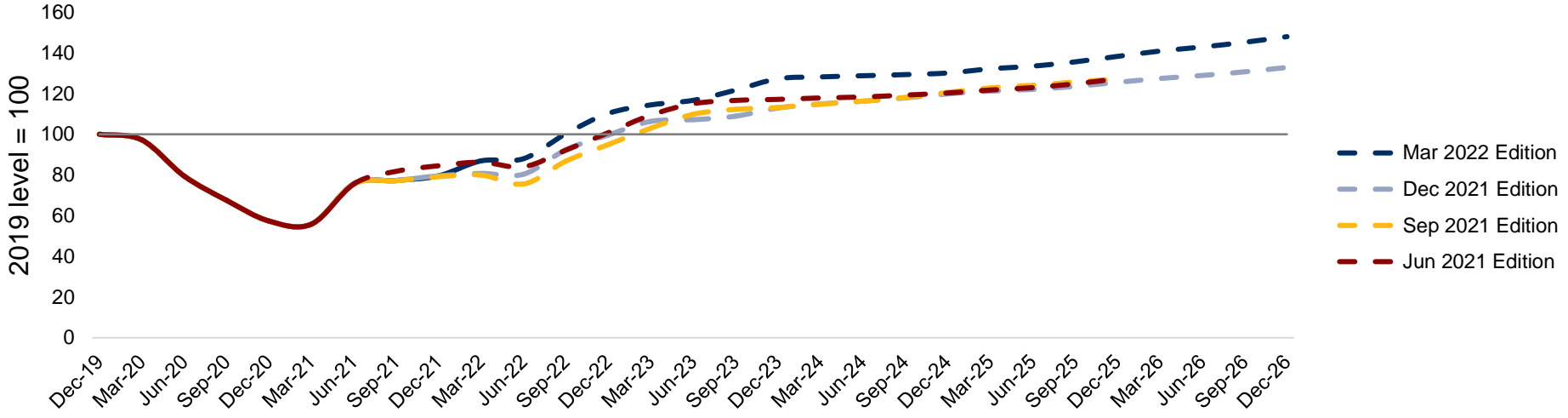
Gold Coast Tourism Region Hotel Market Outlook

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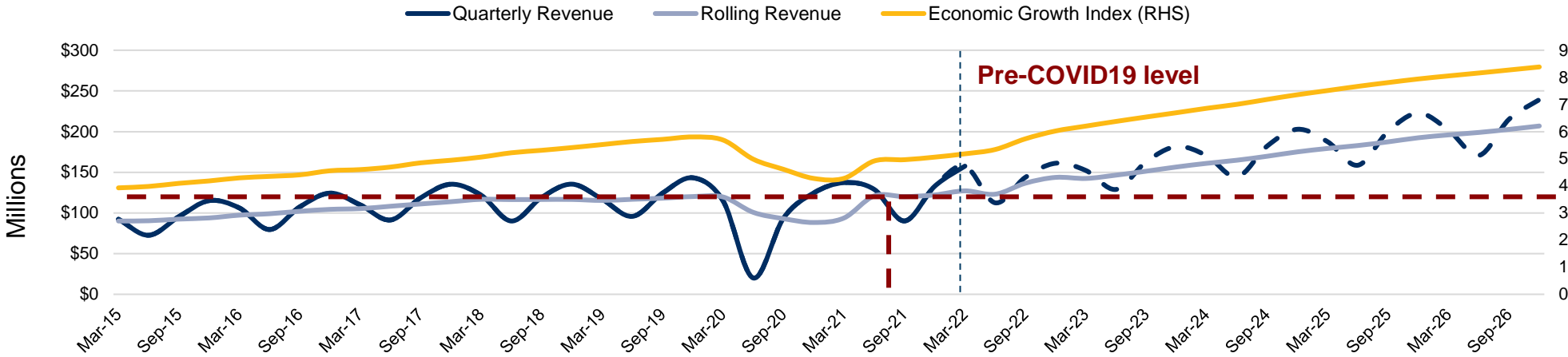
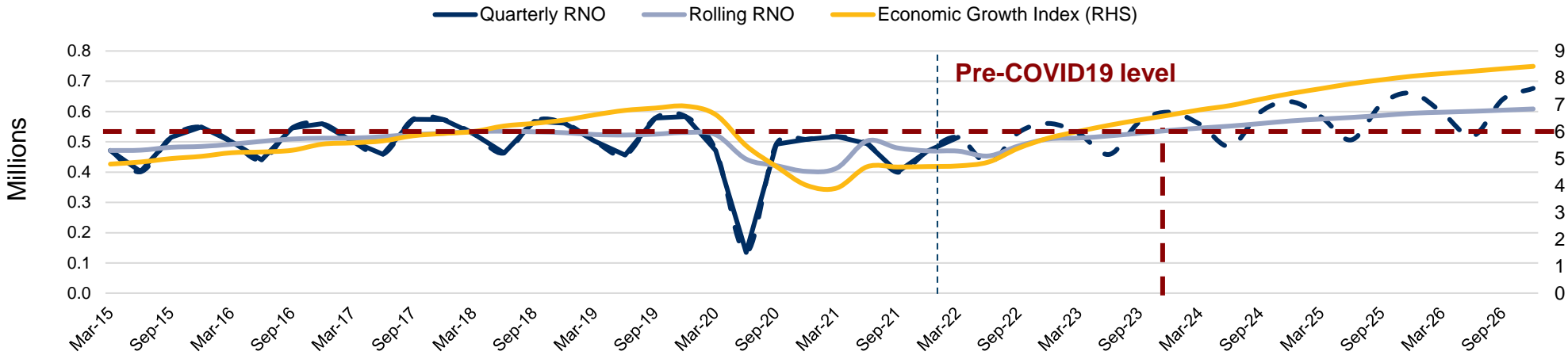


Sunshine Coast

Sunshine Tourism Region Hotel Market Outlook

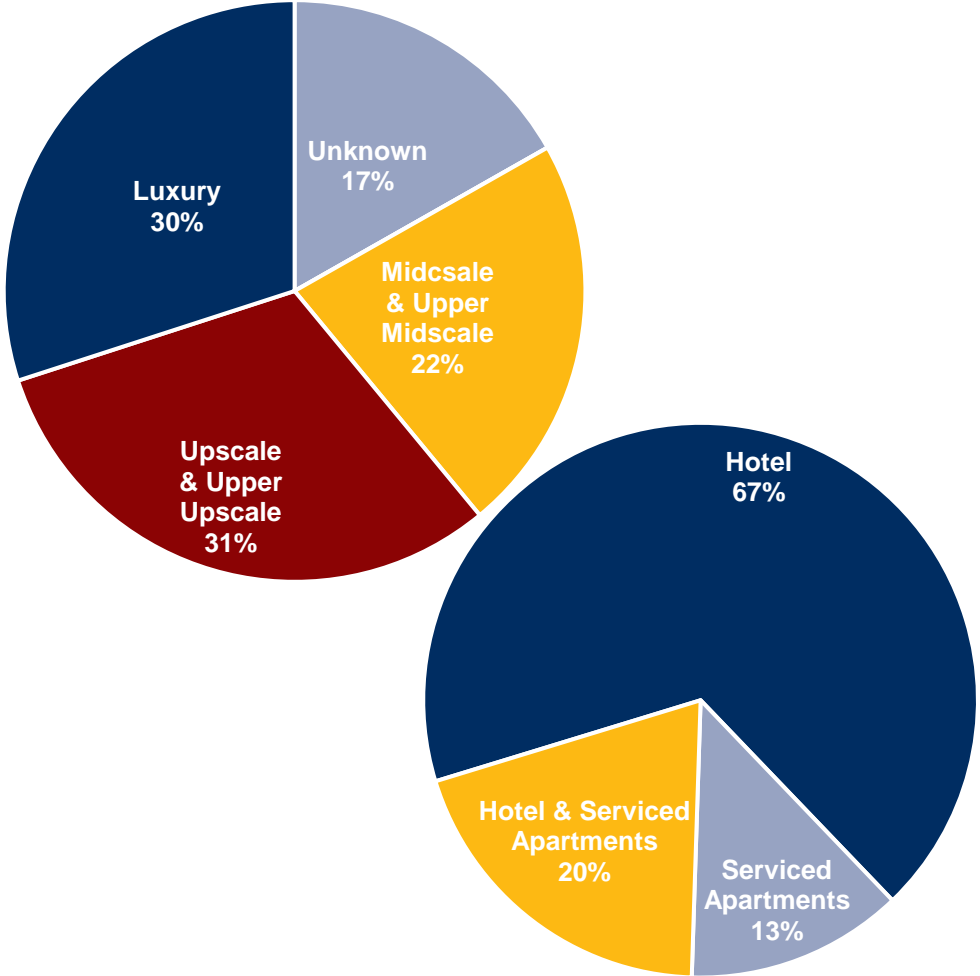
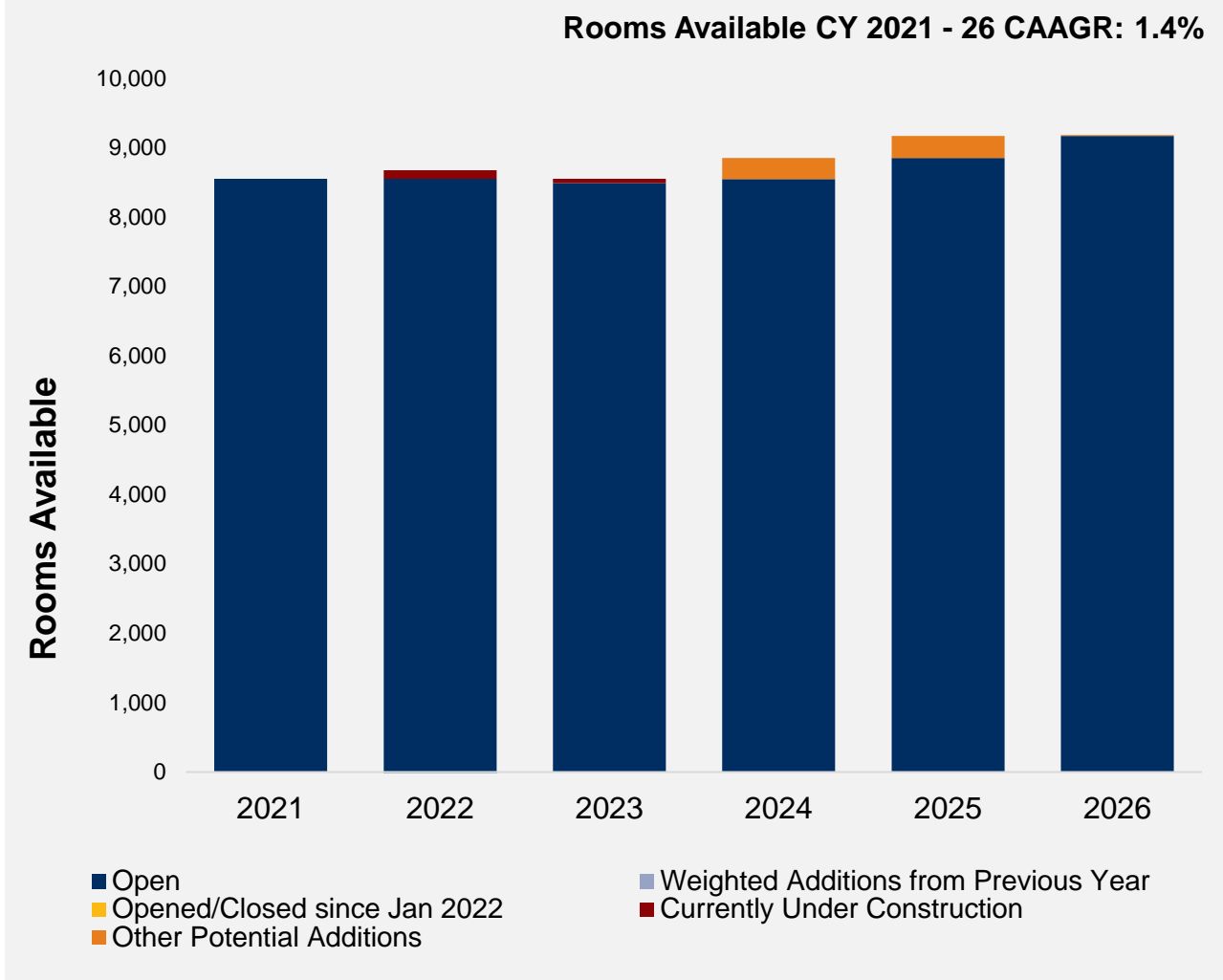
Sunshine Coast Tourism Region Hotel Market Outlook

Forecasts of Demand and Revenue Growth



Sunshine Coast Tourism Region Hotel Market Outlook

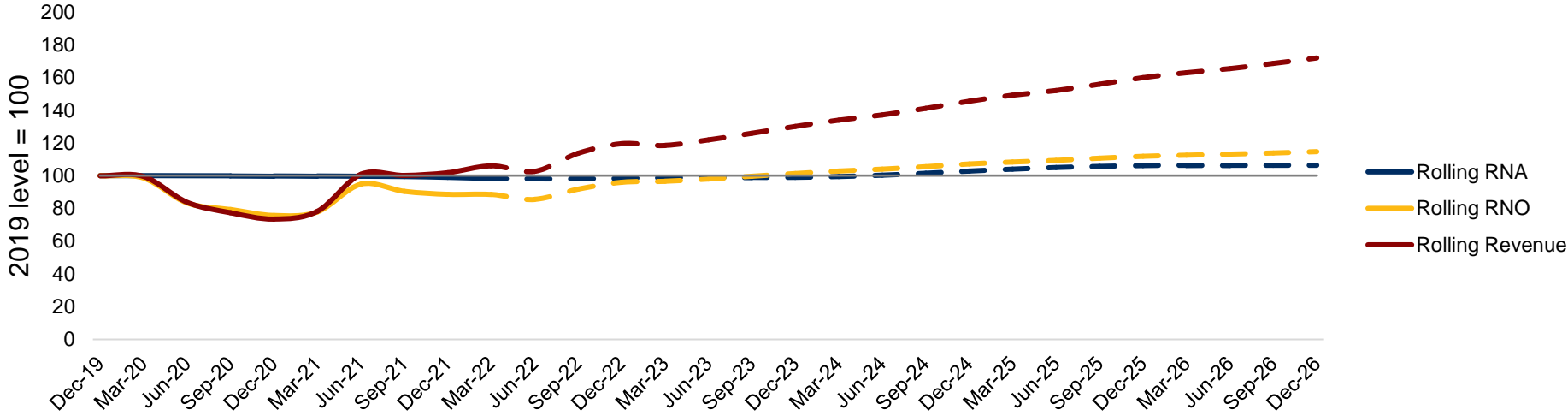
Forecast Additions to Supply – CY 2021 to 2026



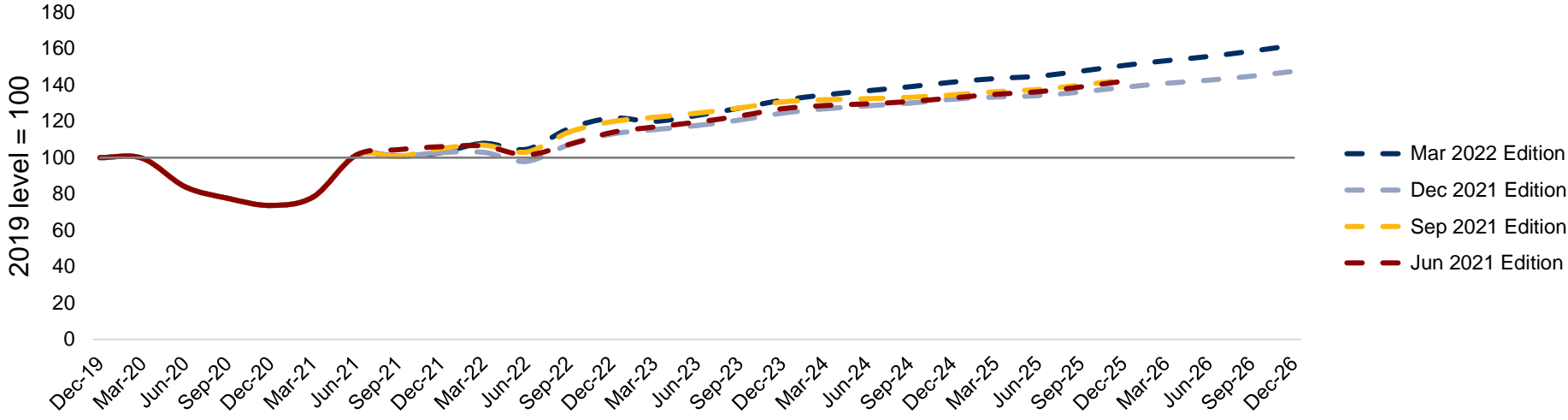
Sunshine Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



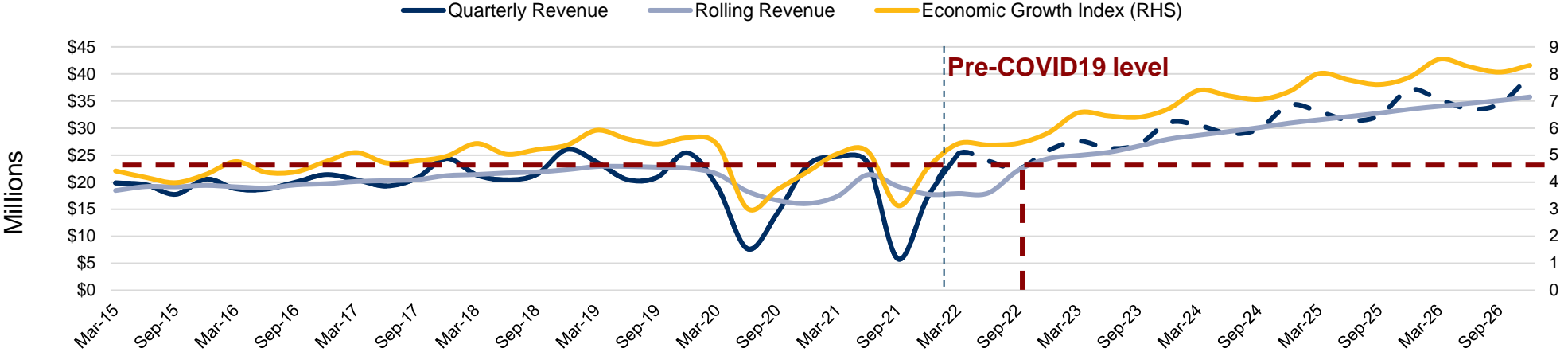
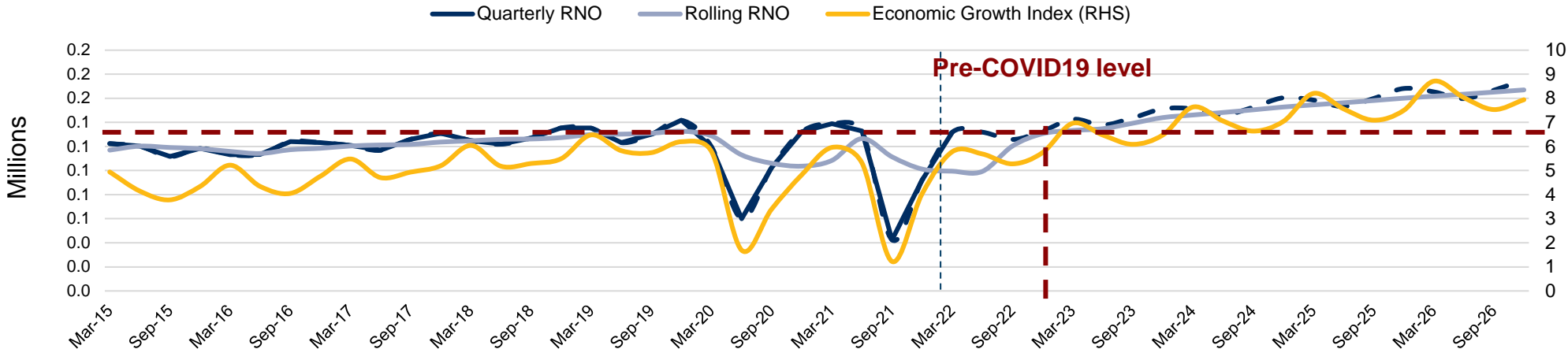


Newcastle

Newcastle Hotel Market Outlook

Newcastle Hotel Market Outlook

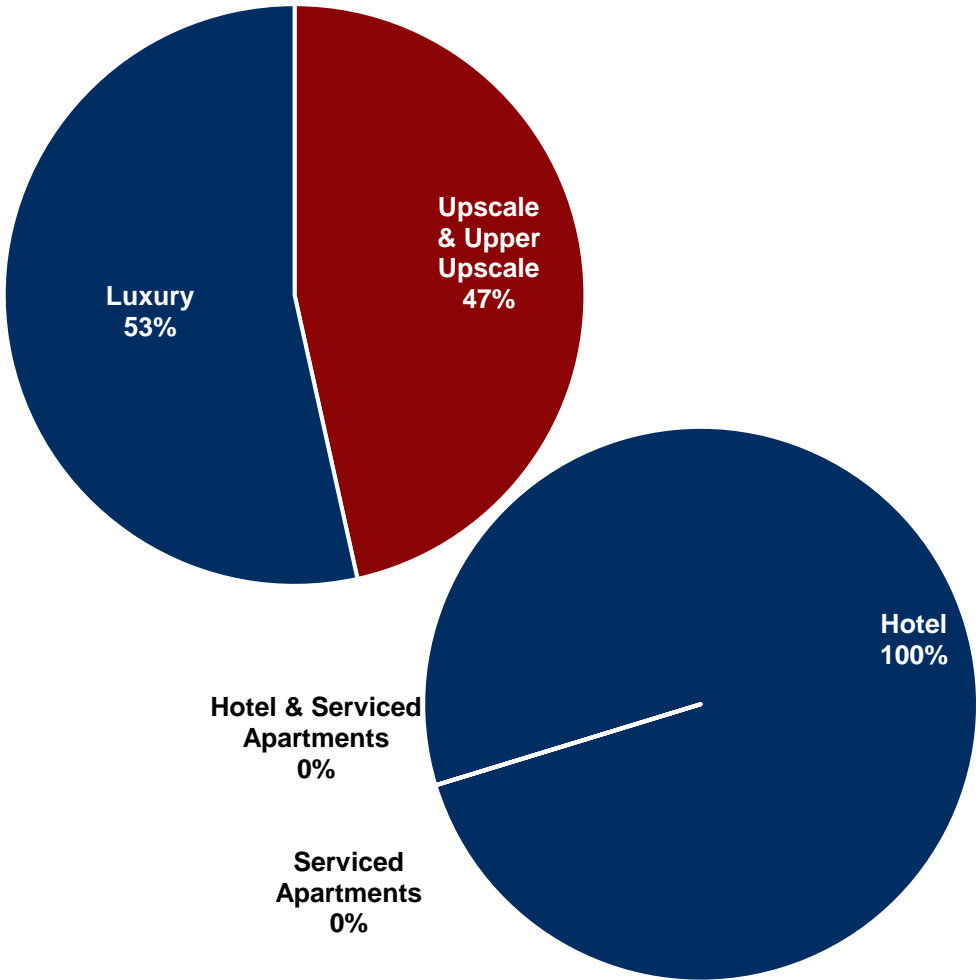
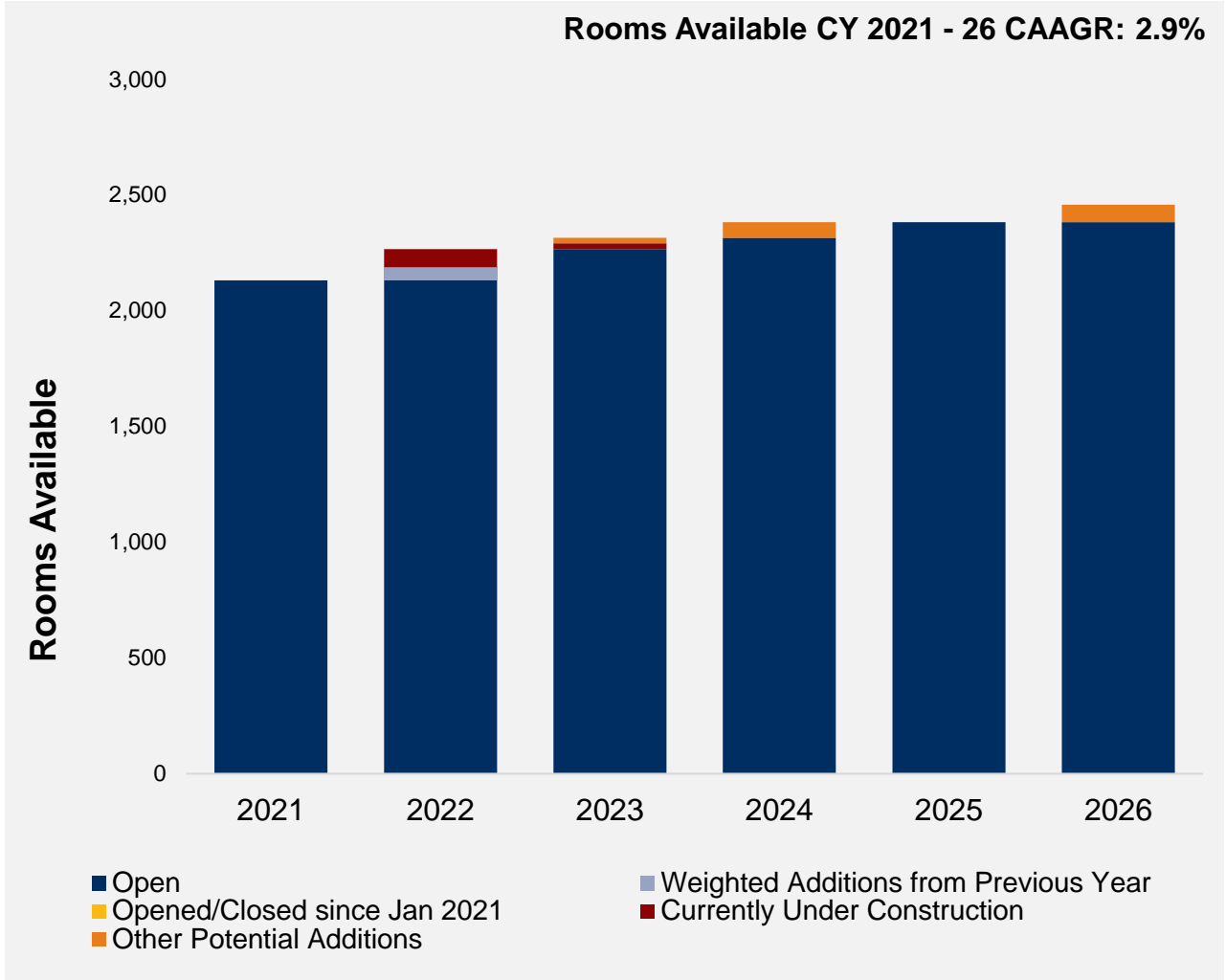
Forecasts of Demand and Revenue Growth



Newcastle Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

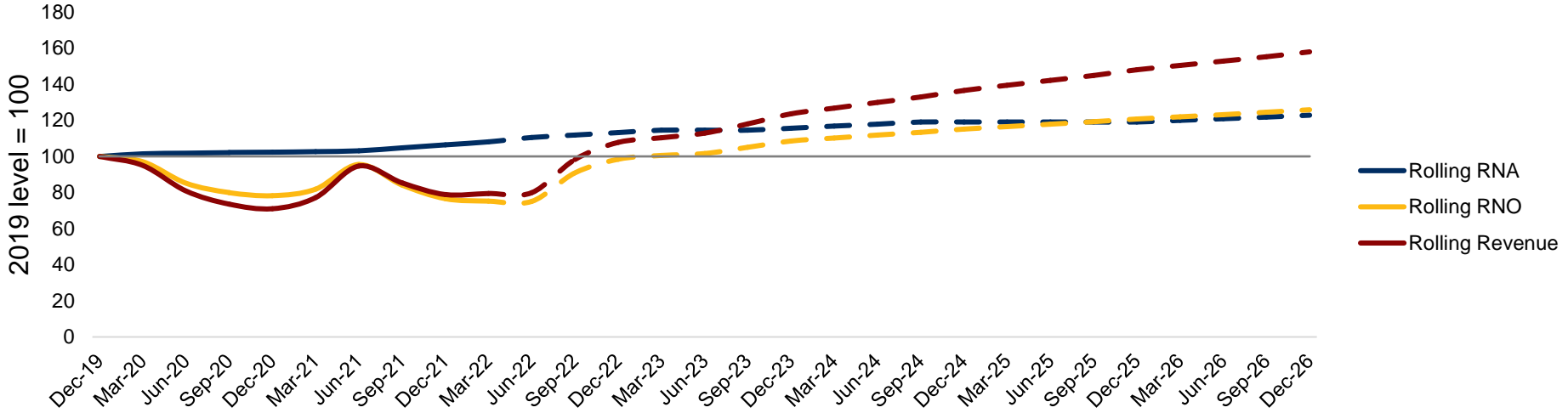
Rooms Available CY 2021 - 26 CAAGR: 2.9%



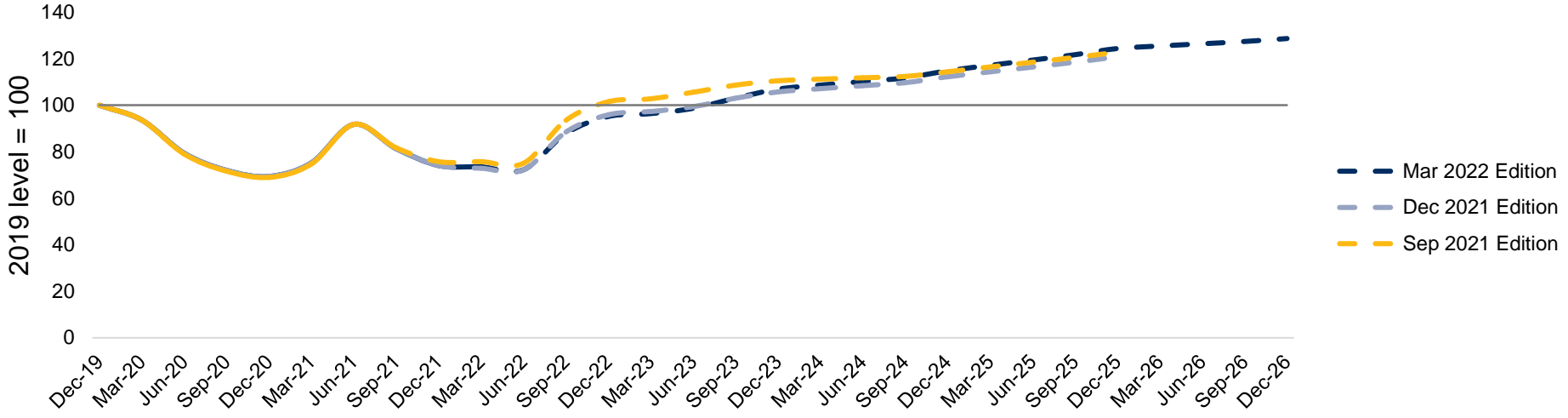
Newcastle Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

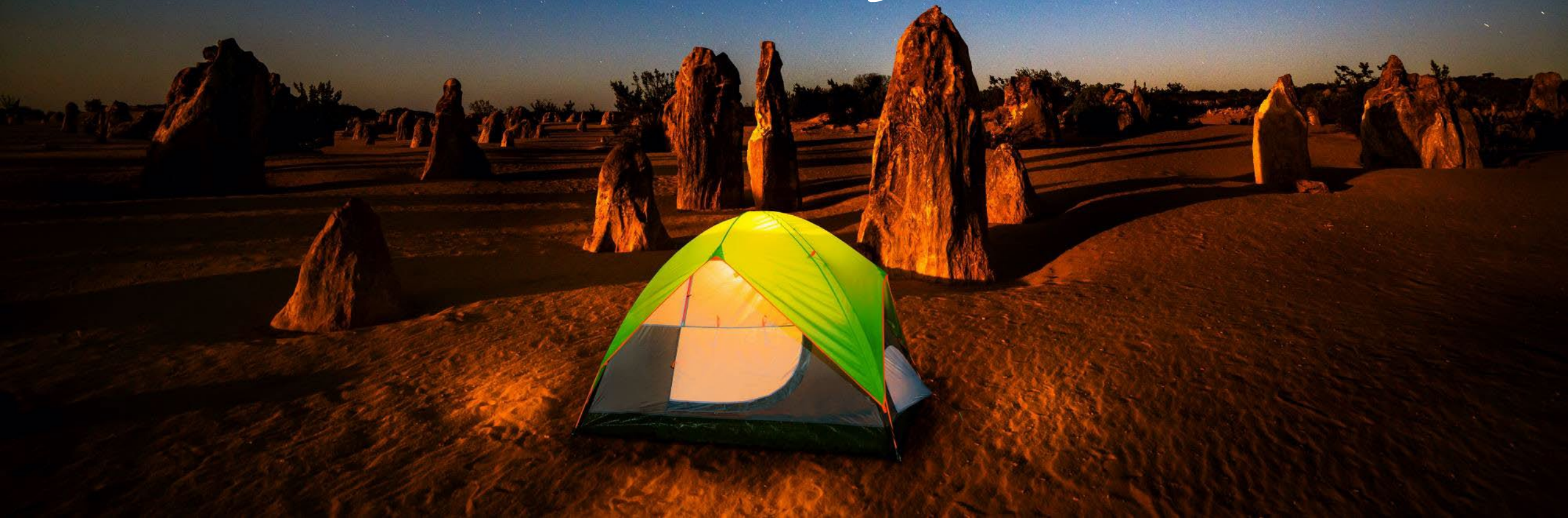
Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook

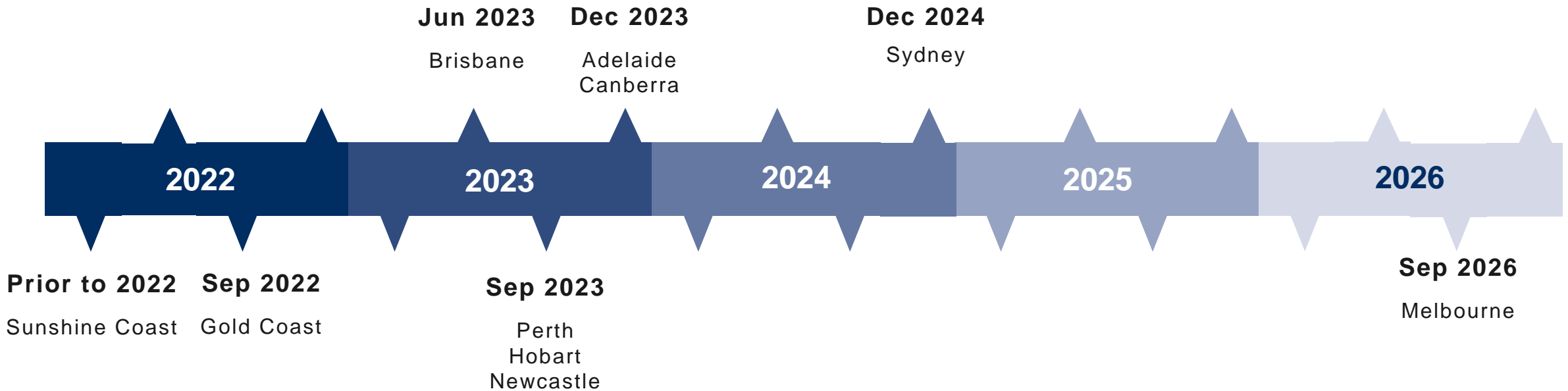


Australian Key Hotel Markets Outlook Summary



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.



Spring Fan
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Spring is the Manager in the Sydney office of Horwath HTL, Australia. She is responsible for conducting all econometric modelling used in the preparation of our Hotel Market Outlook 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.

Spring has hospitality industry consulting experience across numerous markets in Australia, New Zealand, China, and Southeast Asia. Before joining Horwath HTL, she worked with a global brand hotel consulting firm out of Singapore and participated in projects across Indonesia, New Zealand, Malaysia and Cambodia. Her operational background encompasses various Rooms Division and Sales and Marketing roles at the Sheraton Grand Sydney Hyde Park and the Shenzhenair International Hotel in China.

Spring graduated with Honours from the École Hôtelière de Lausanne with a Bachelor of Science in International Hospitality Management. She is currently pursuing her Master's study in Property Development at the University of Technology Sydney. Spring has also taught as a casual academic at the Blue Mountains International Hotel Management School.

Horwath HTL

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We are a global brand with 52 offices in 38 countries, who have successfully carried out over 30,000 assignments for private and public clients.

We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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