



Horwath HTL

Hotel, Tourism and Leisure

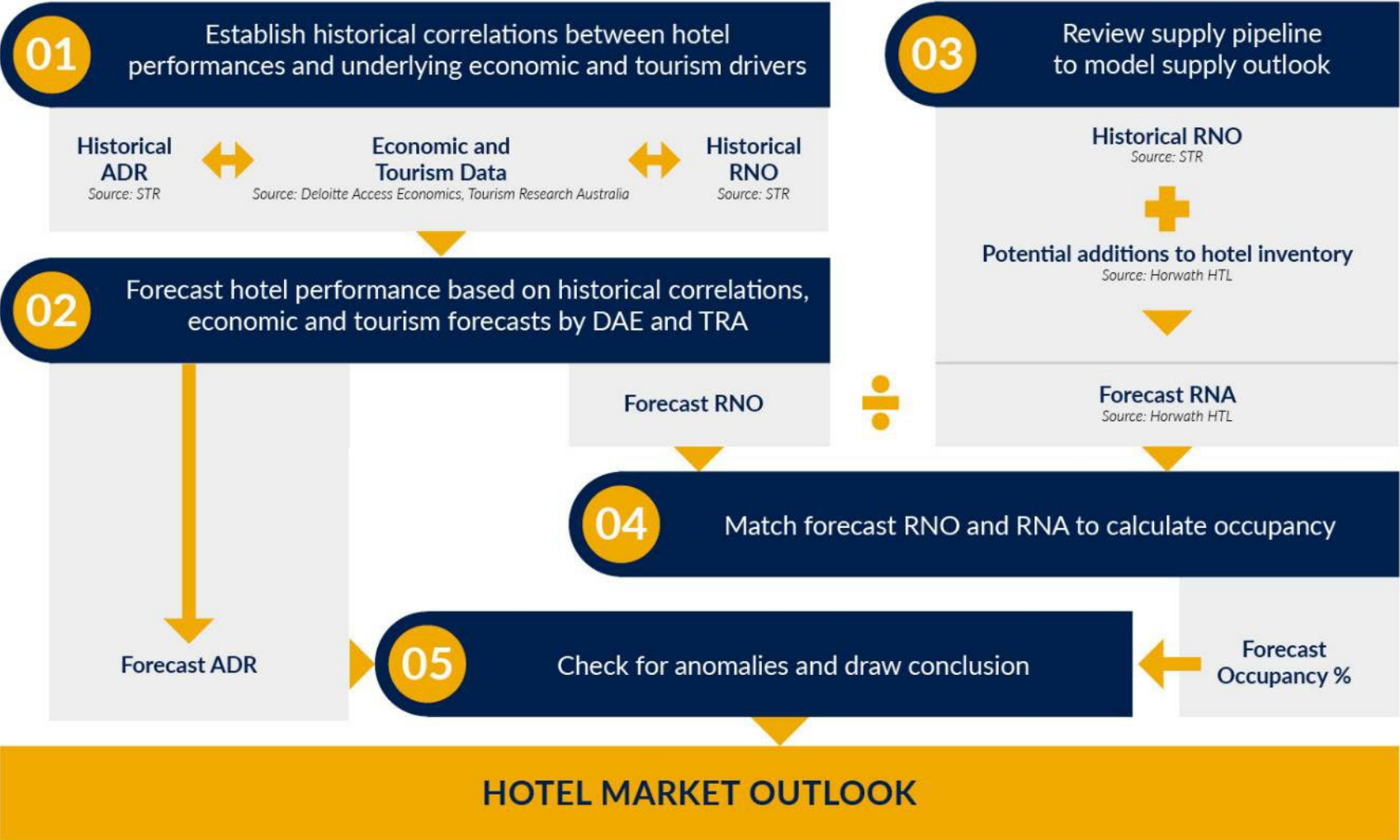
Australia

Capital City & Key Markets
Hotel Market Outlook & Insights

March QTR 2023 Edition

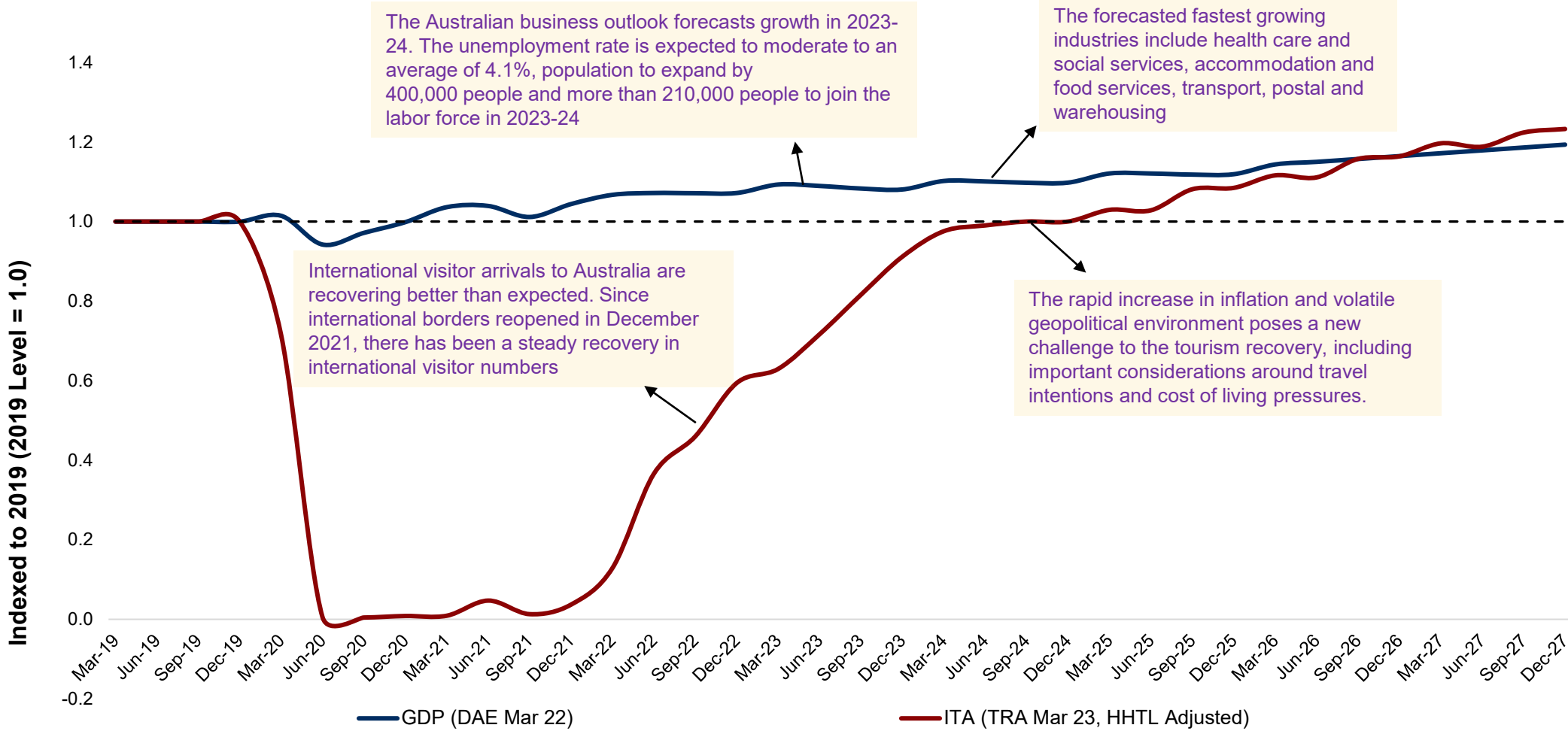
Hotel Market Outlook

Horwath HTL Methodology



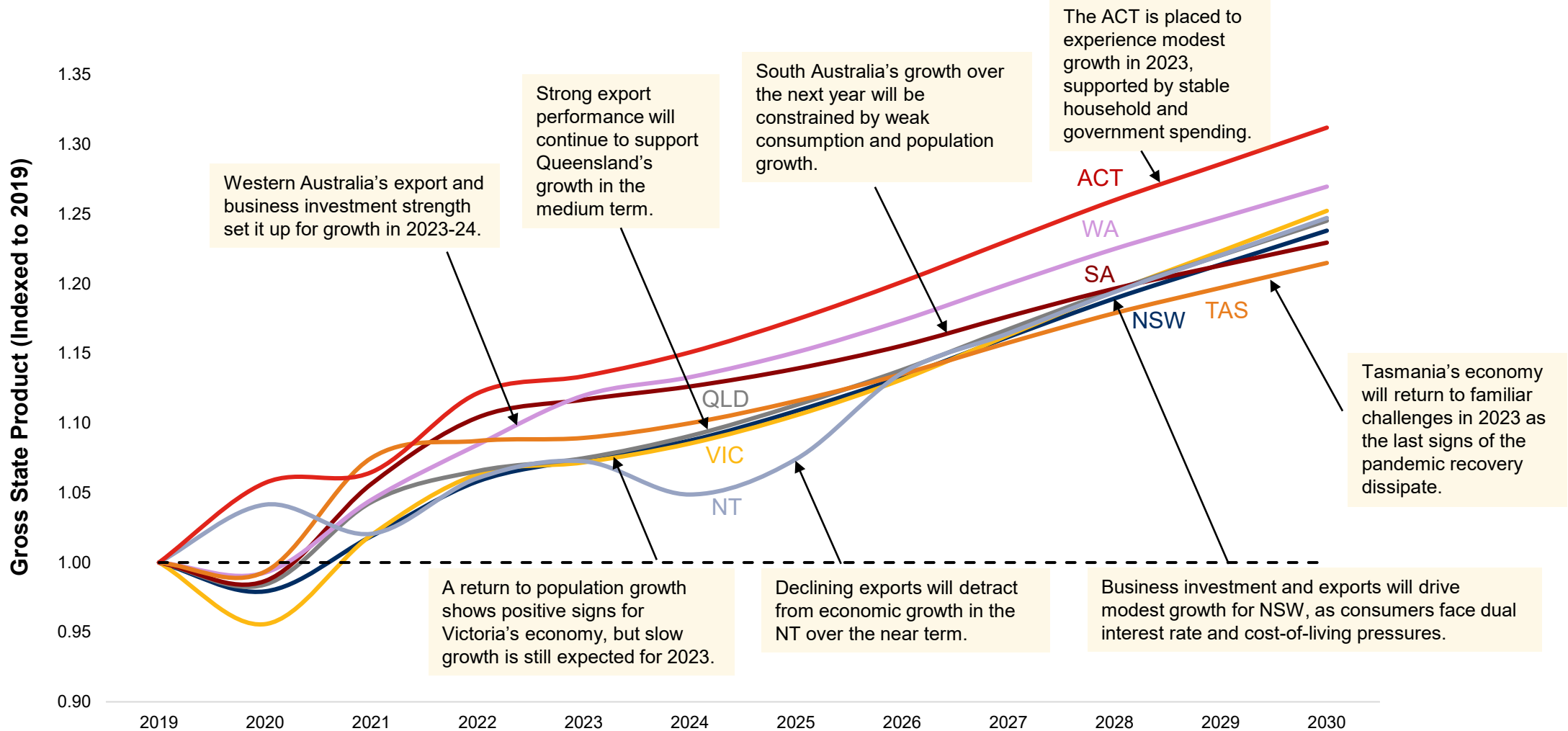
Macroeconomic and Tourism Context

GDP and International Tourist Arrivals, Australia – March 2023



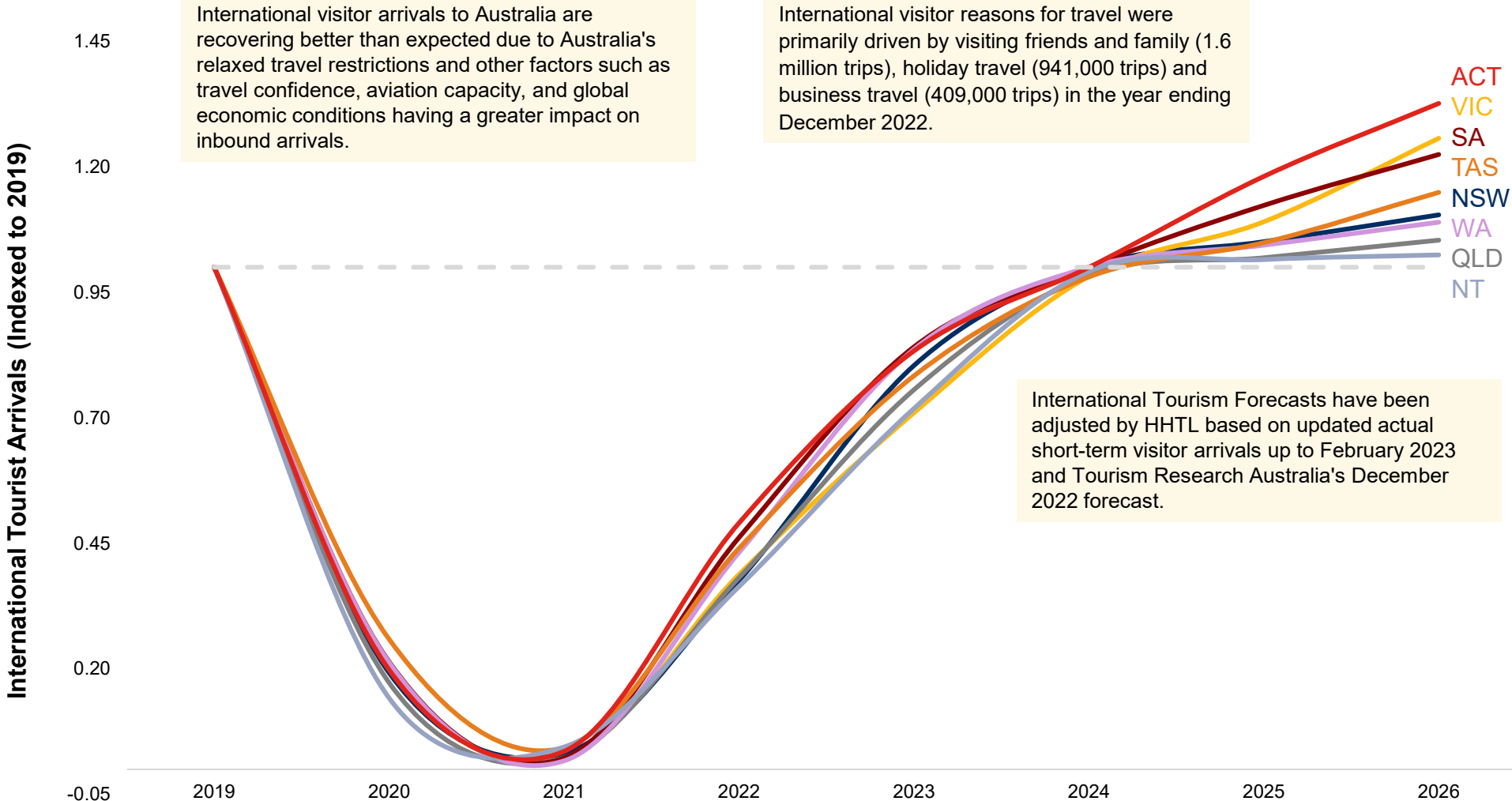
Macroeconomic and Tourism Context

Economic Outlook by State – Gross State Product



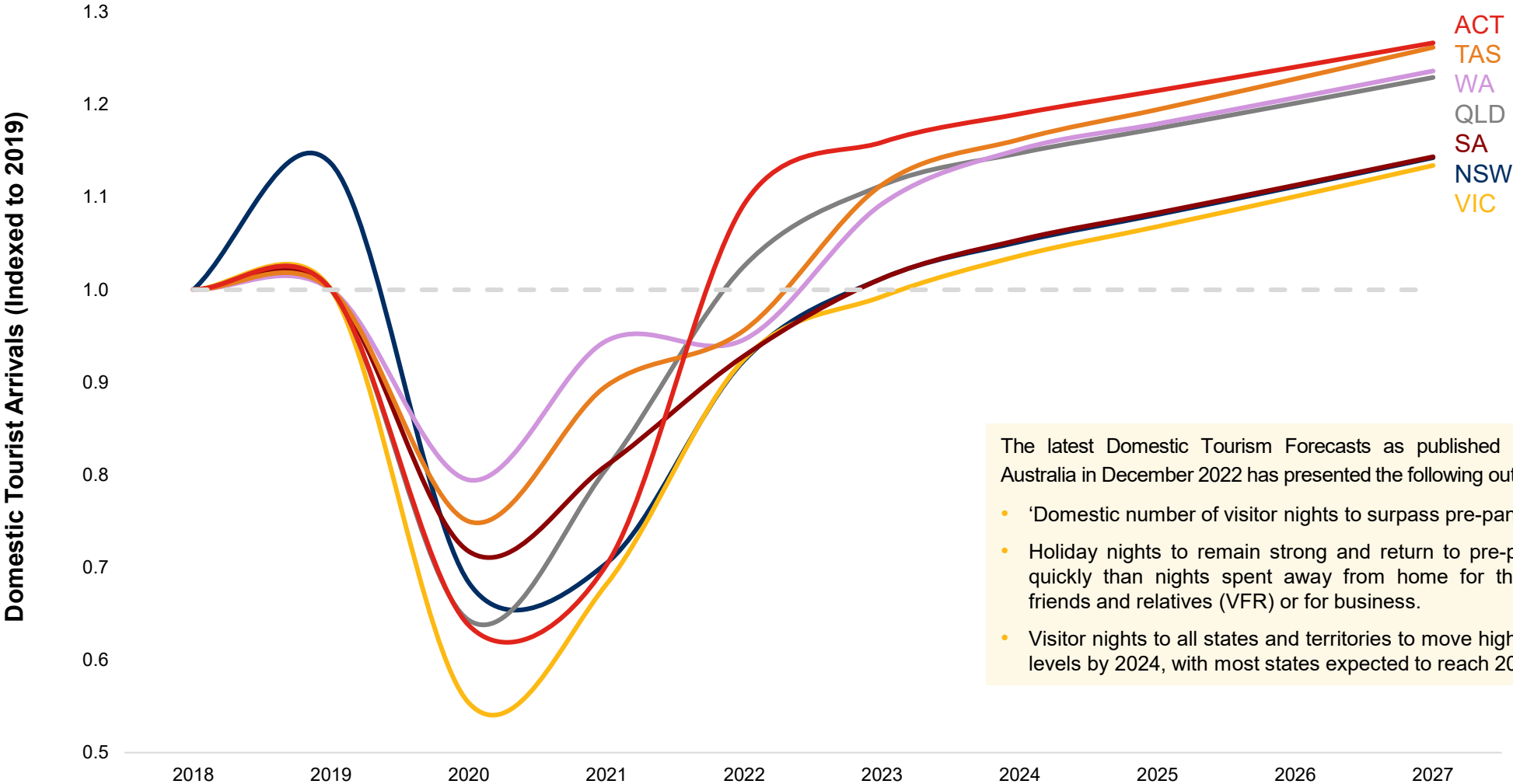
Macroeconomic and Tourism Context

Tourism Outlook by State – International Tourist Arrivals



Macroeconomic and Tourism Context

Tourism Outlook by State – Domestic Visitor Nights -

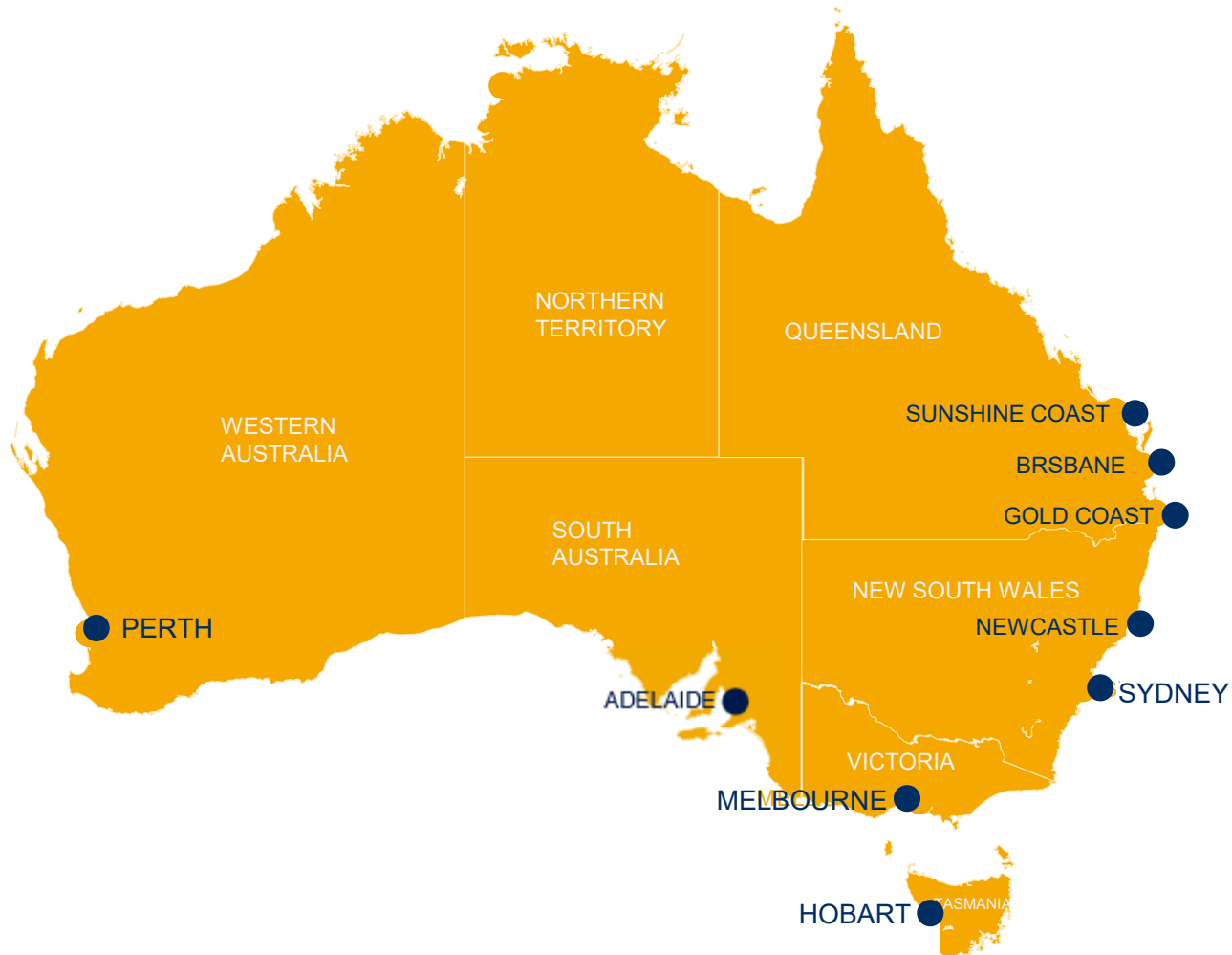


The latest Domestic Tourism Forecasts as published by Tourism Research Australia in December 2022 has presented the following outlook:

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

Trends In Australian Hotel Markets

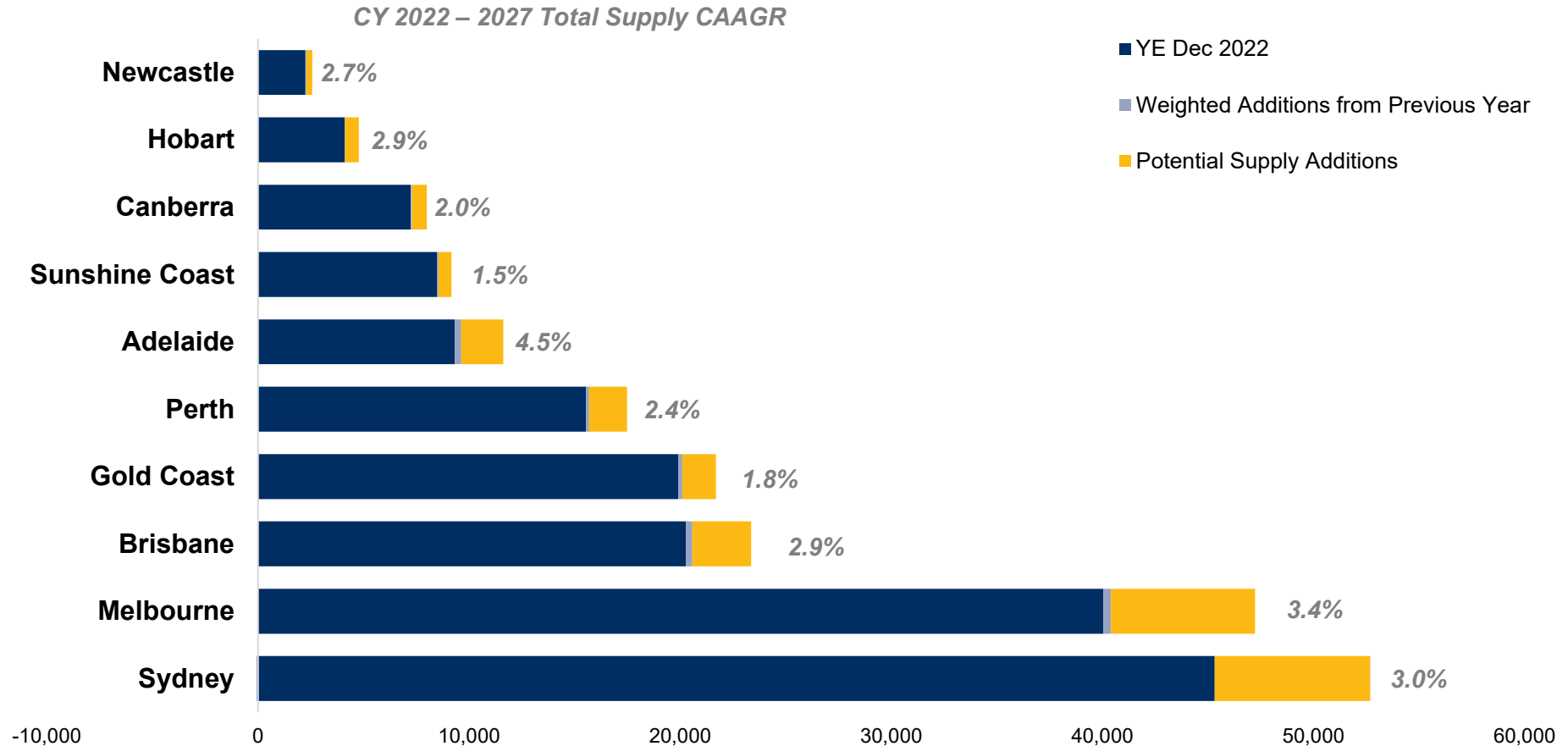
RevPAR Performance Snapshot – YTD March 2023



RevPAR YTD March 2023	
	VS YTD Mar 2022
Adelaide	43.3% ▲
Brisbane	63.2% ▲
Canberra	17.8% ▲
Gold Coast	19.8% ▲
Hobart	30.7% ▲
Melbourne	88.9% ▲
Newcastle	26.3% ▲
Perth	78% ▲
Sunshine Coast	1.8% ▲
Sydney	110.6% ▲

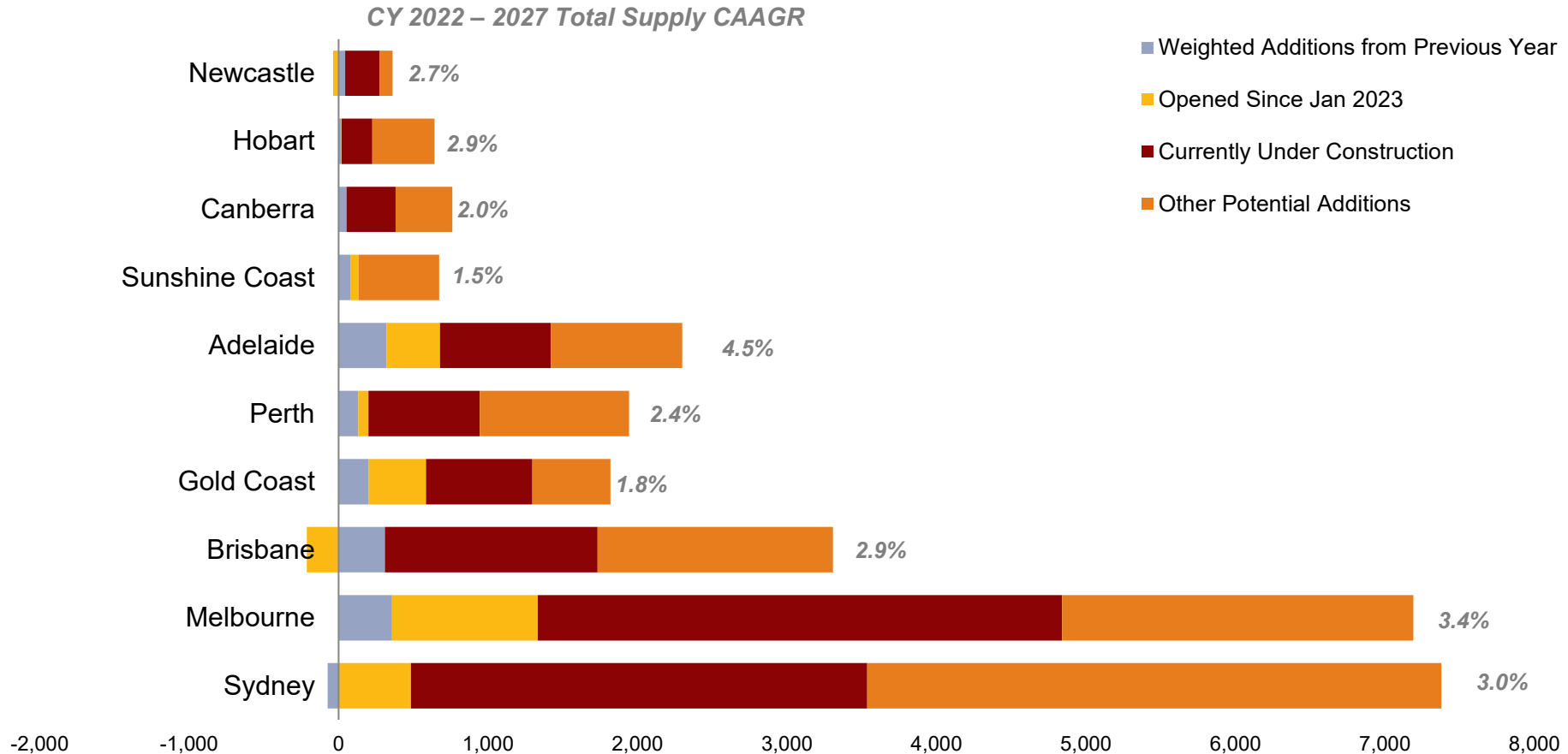
Australian Hotel Market Supply Pipeline

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)



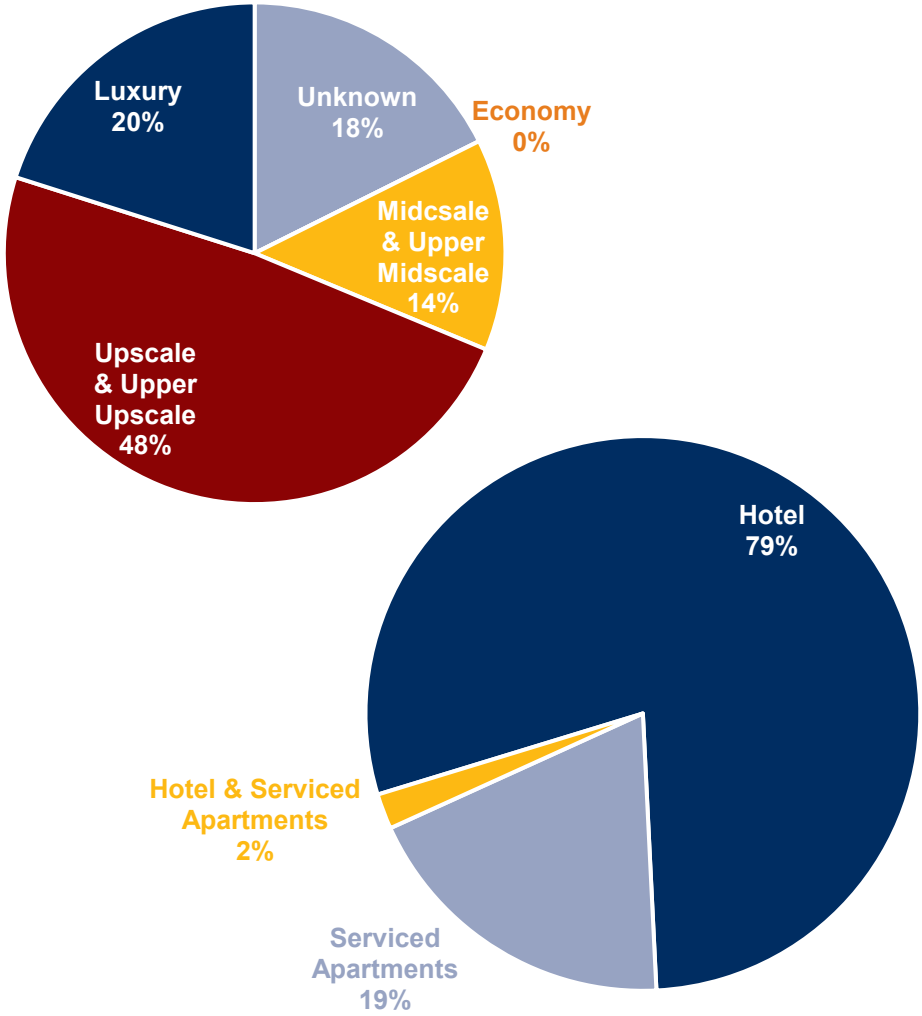
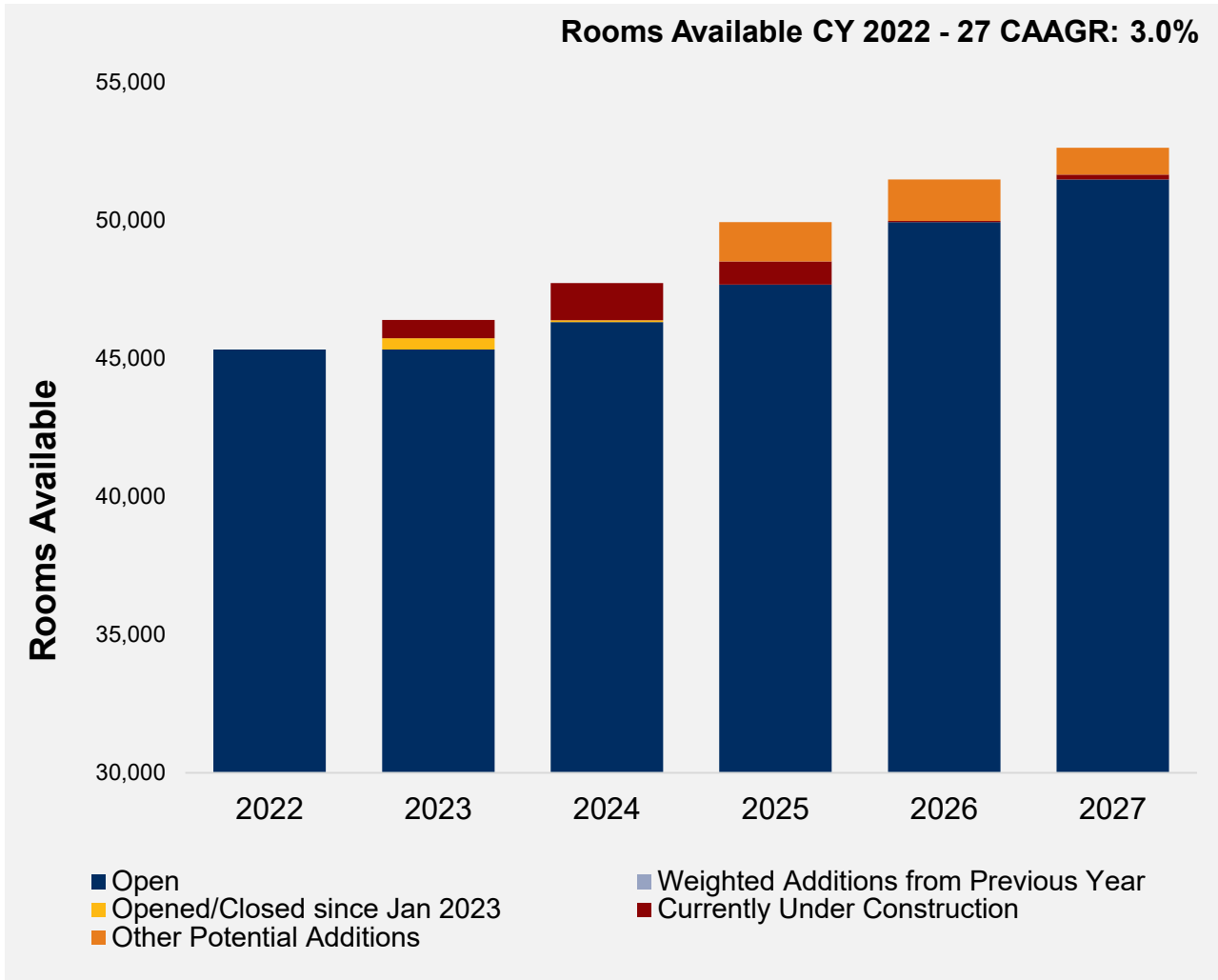


Sydney

Sydney Tourism Region Hotel Market Outlook

Sydney Tourism Region Hotel Market Outlook

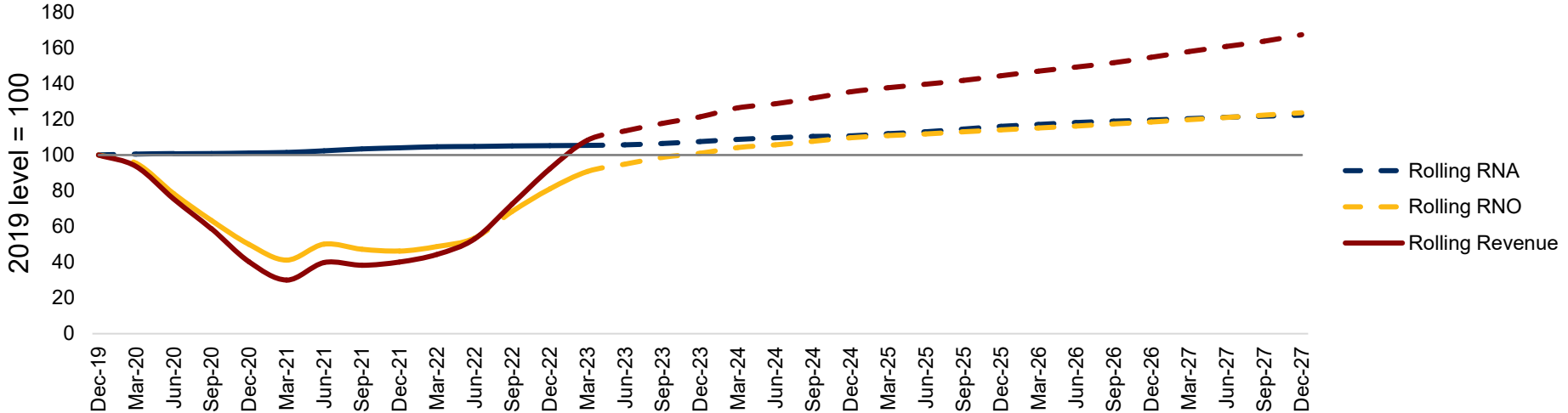
Forecast Additions to Supply – CY 2023 to 2027



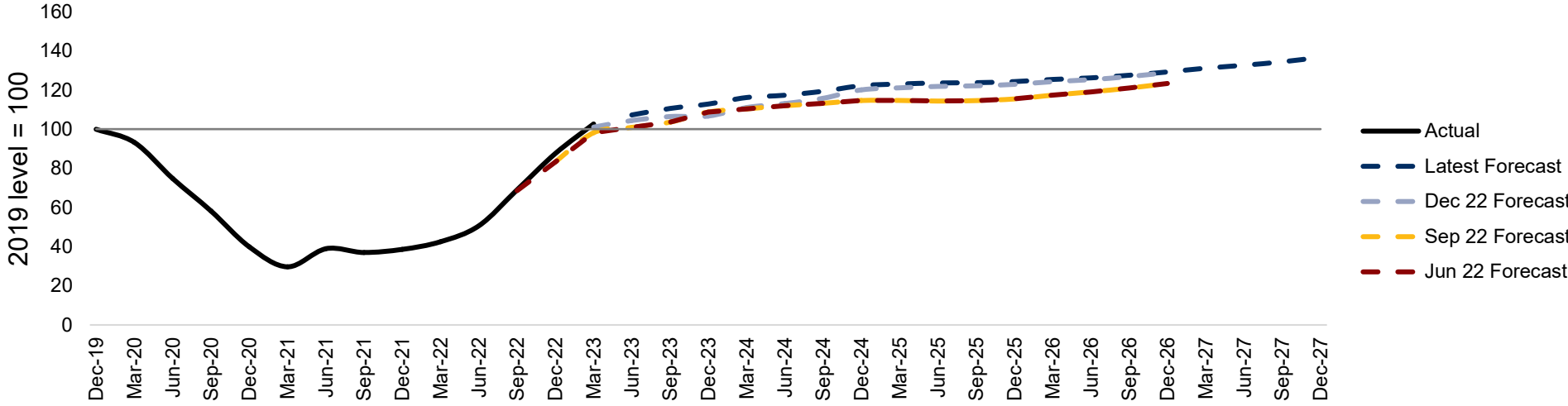
Sydney Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



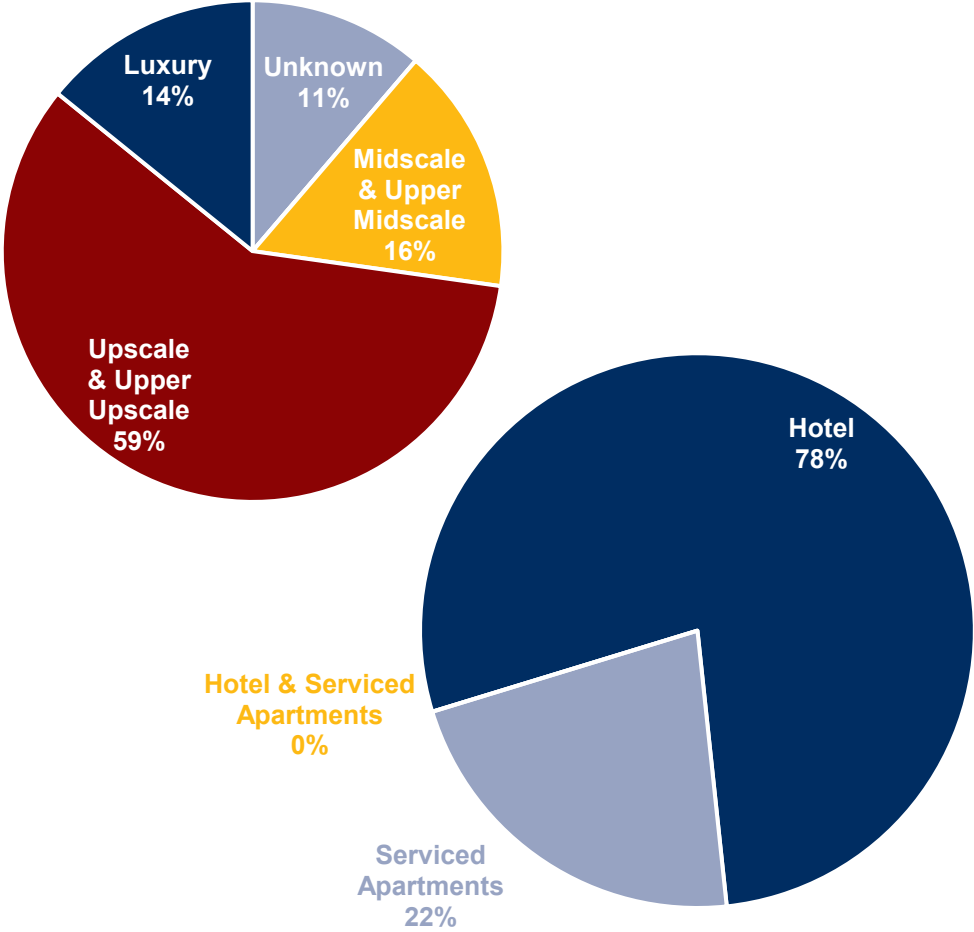
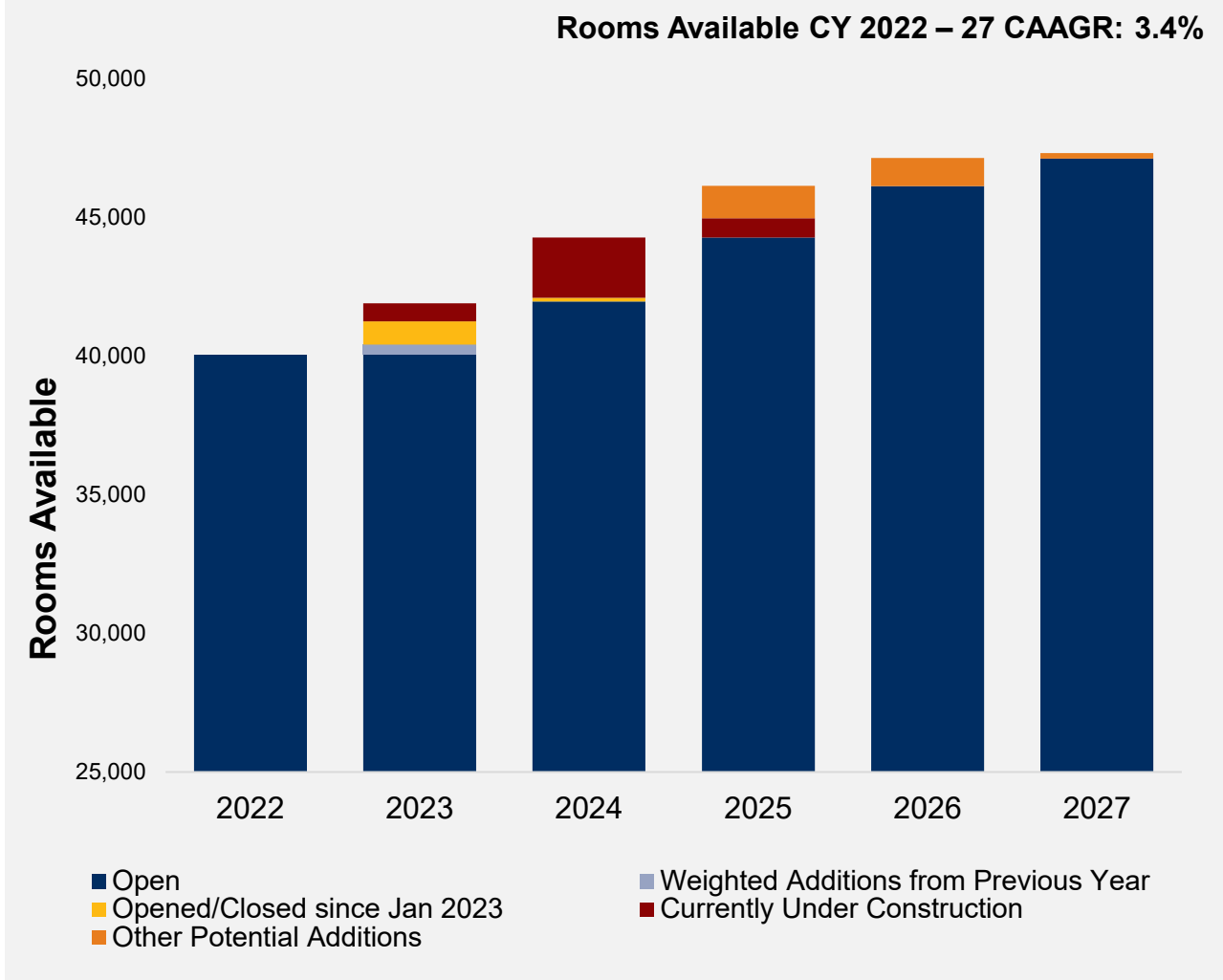


Melbourne

Melbourne Tourism Region Hotel Market Outlook

Melbourne Tourism Region Hotel Market Outlook

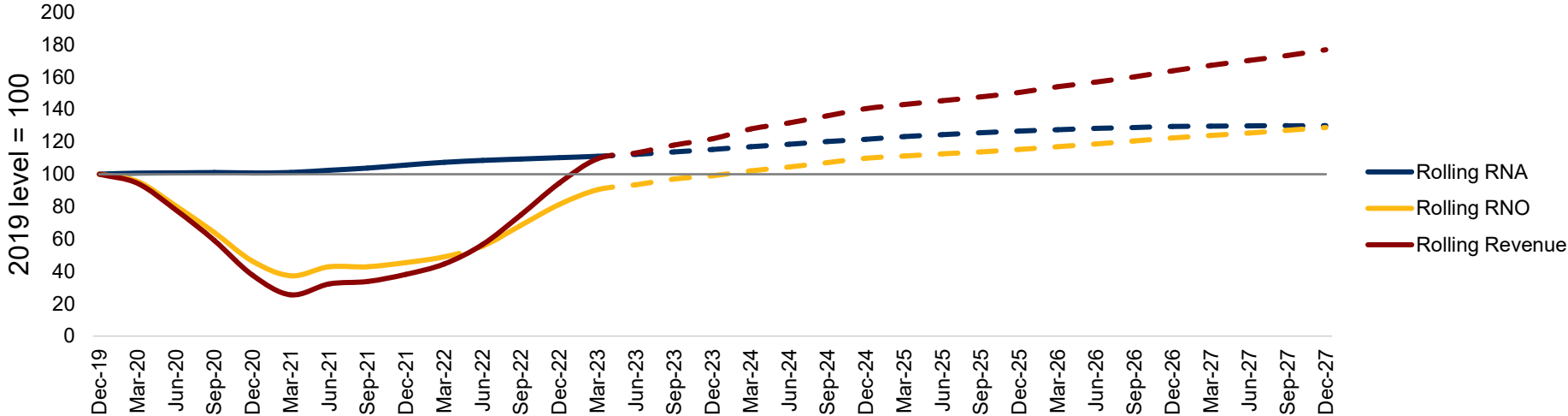
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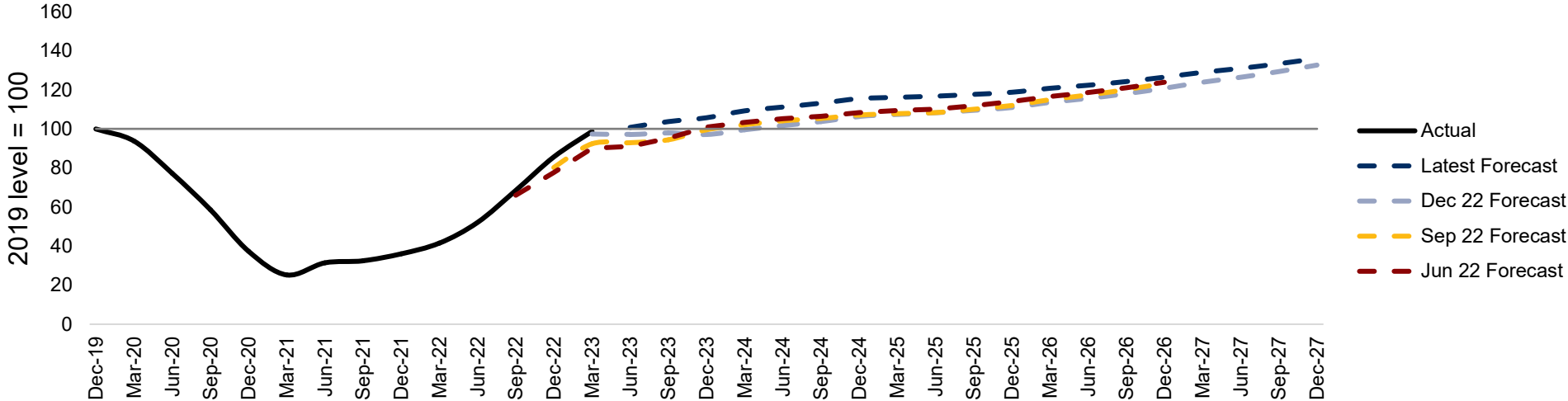
Melbourne Tourism Region Hotel Market Outlook

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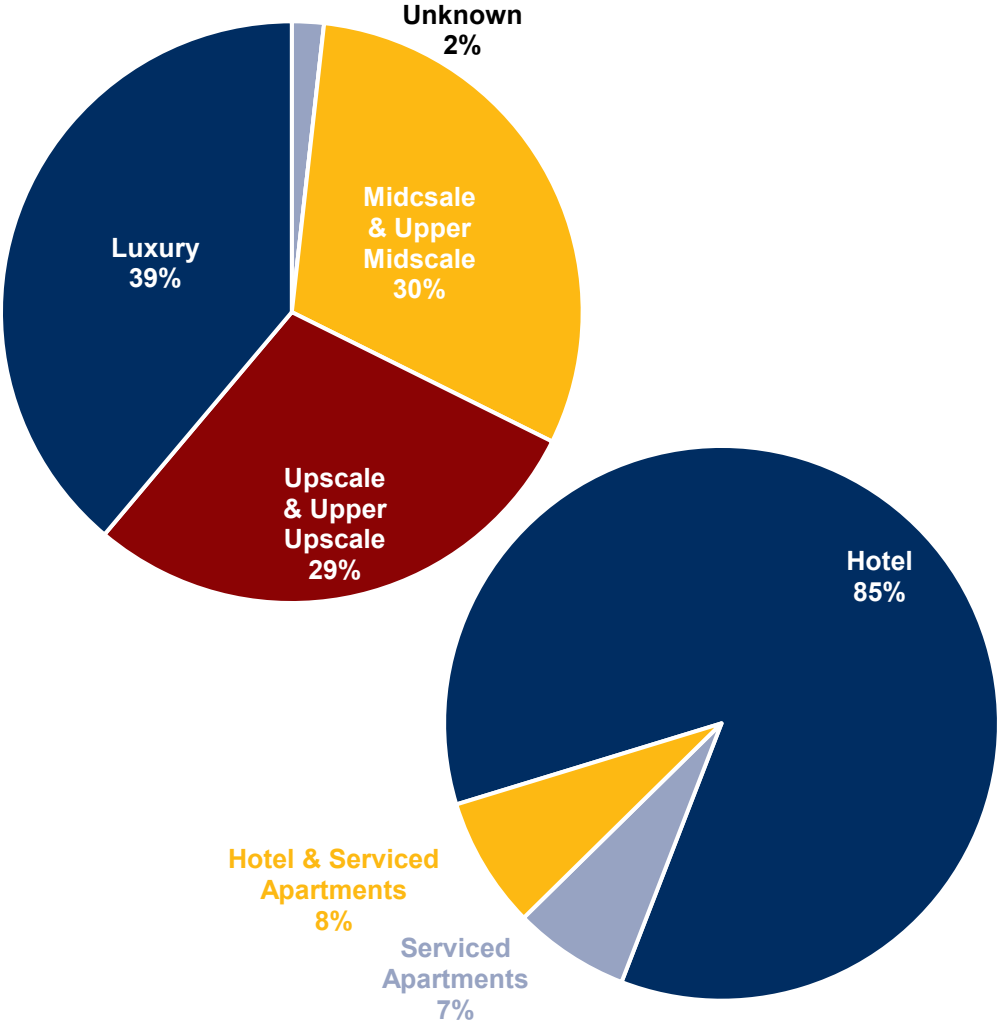
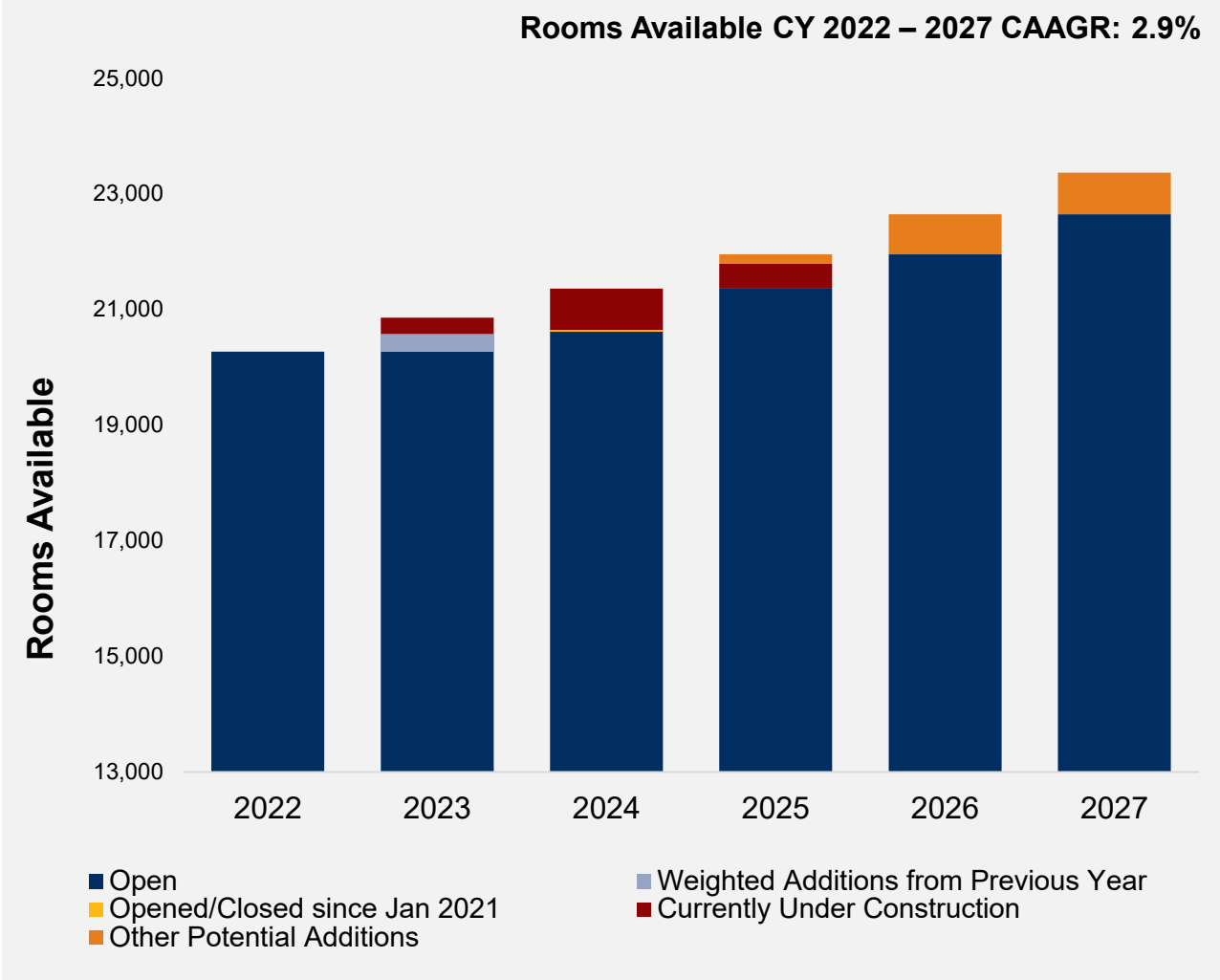
A nighttime photograph of a modern urban building complex in Brisbane. The image features several tall, curved skyscrapers with illuminated windows, set against a dark sky. In the foreground, a wide, curved walkway with a glass railing and a set of stairs lead up to the building. The scene is lit with warm yellow lights from the building's interior and exterior, creating a vibrant, modern atmosphere.

Brisbane

Brisbane Tourism Region Hotel Market Outlook

Brisbane Tourism Region Hotel Market Outlook

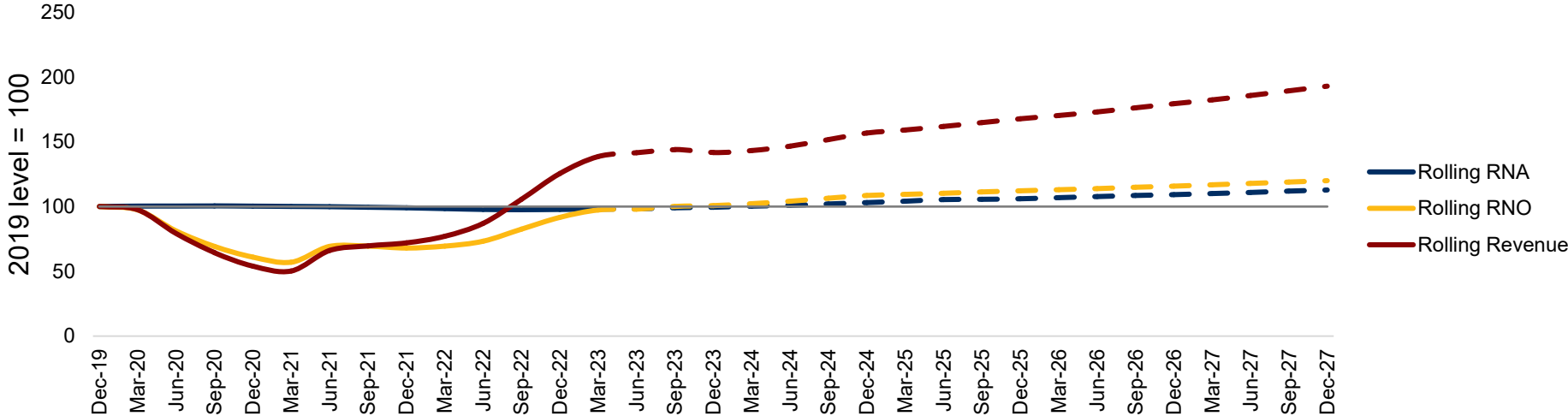
Forecast Additions to Supply – CY 2023 to 2027



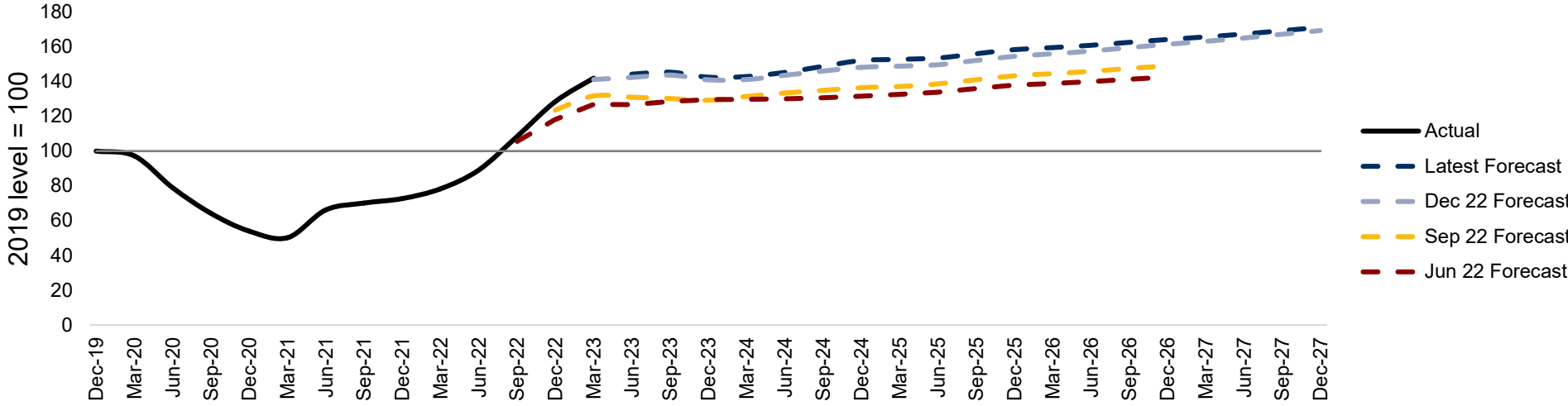
Brisbane Tourism Region Hotel Market Outlook

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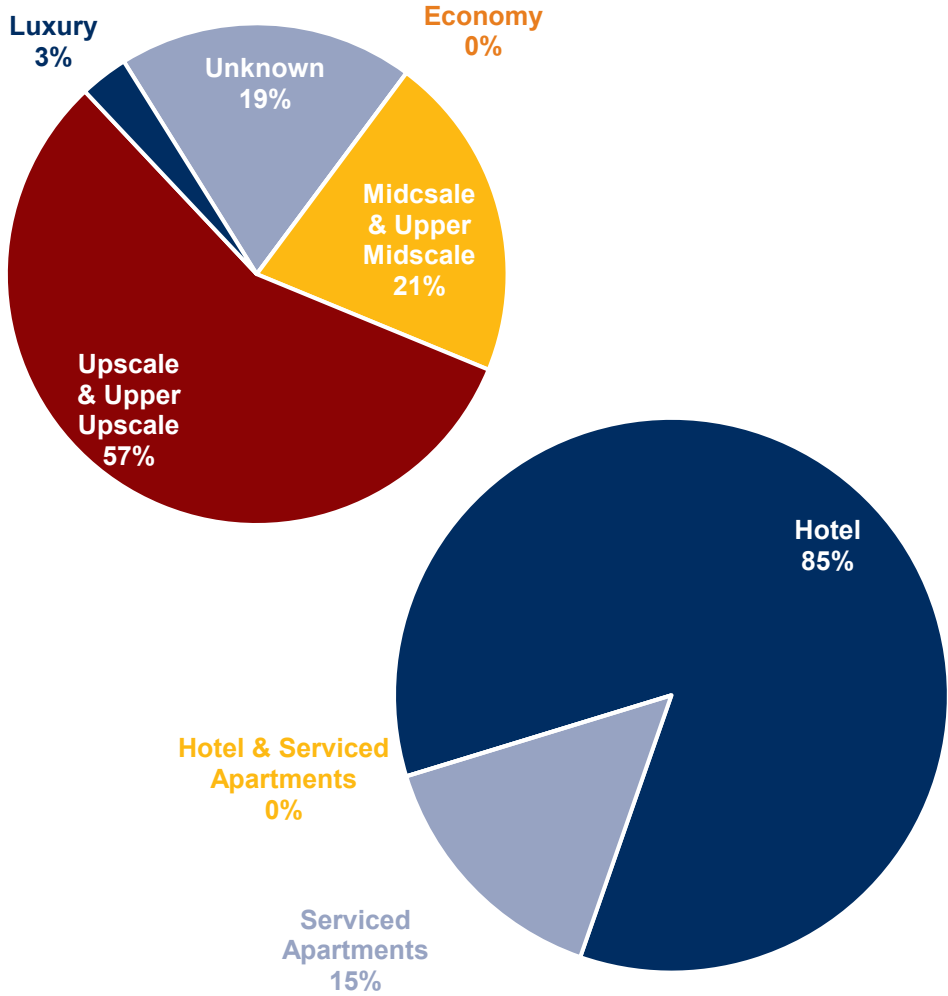
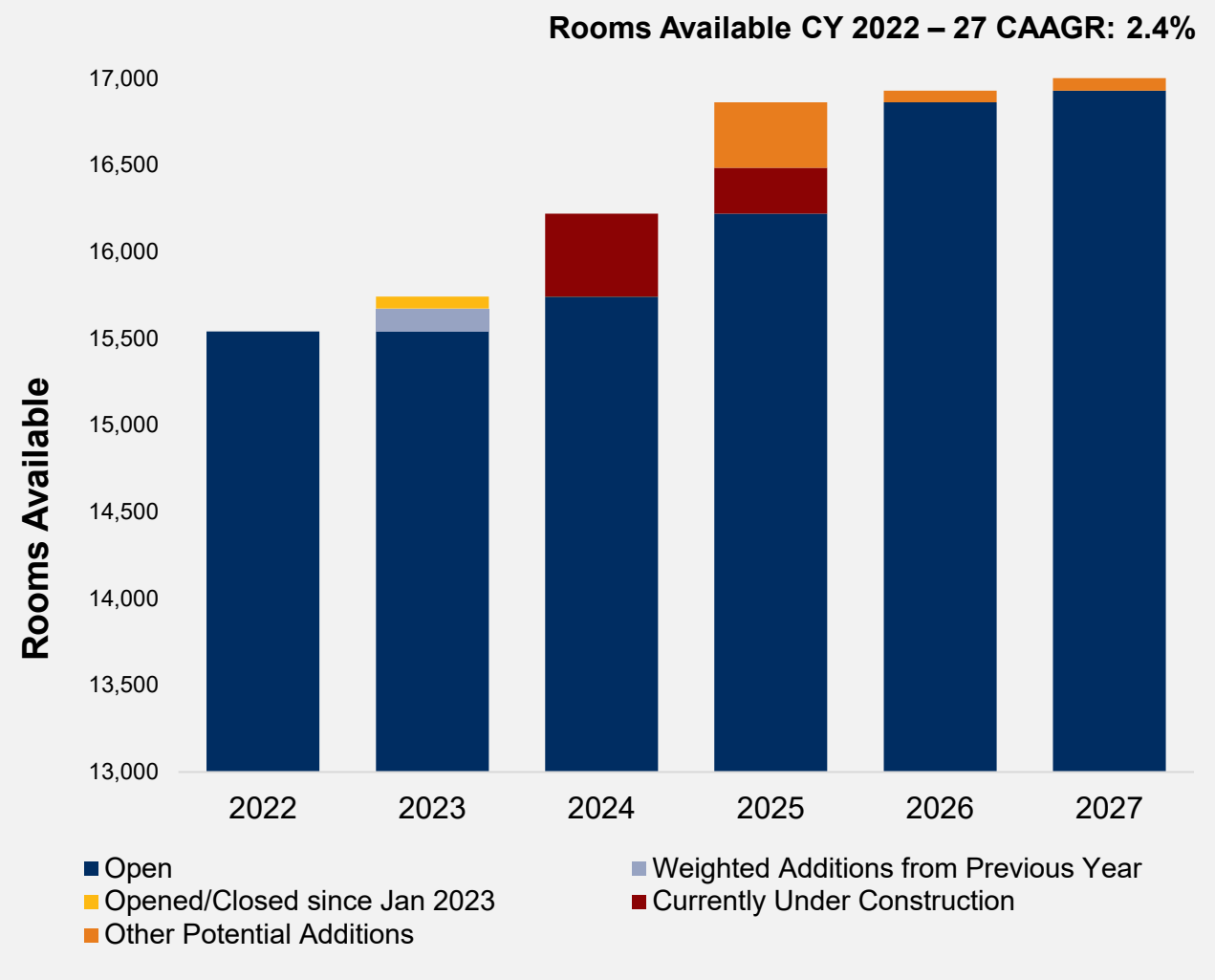


Perth

Perth Tourism Region Hotel Market Outlook

Perth Tourism Region Hotel Market Outlook

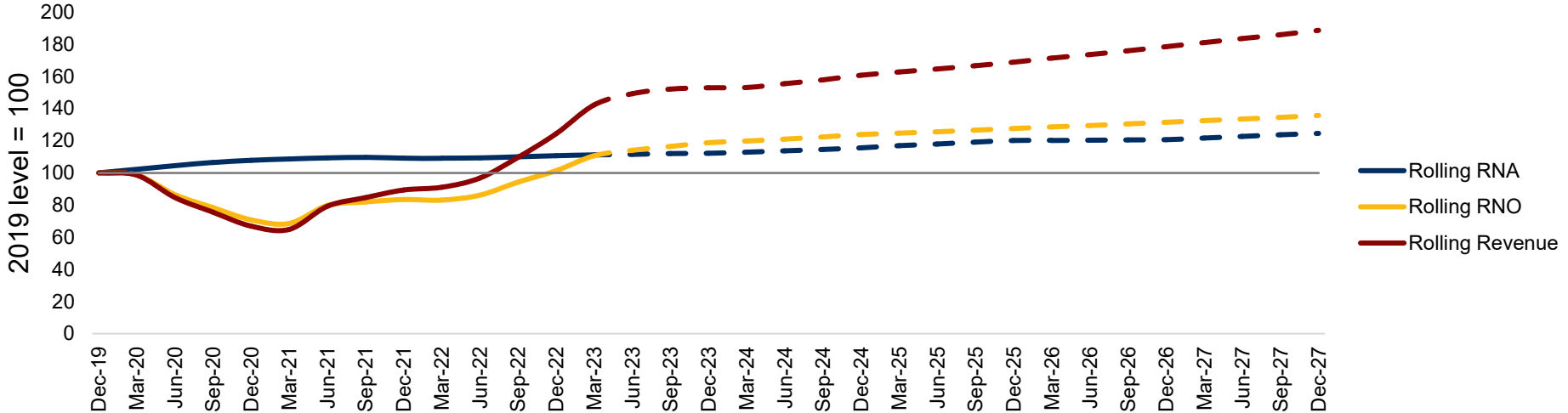
Forecast Additions to Supply – CY 2023 to 2027



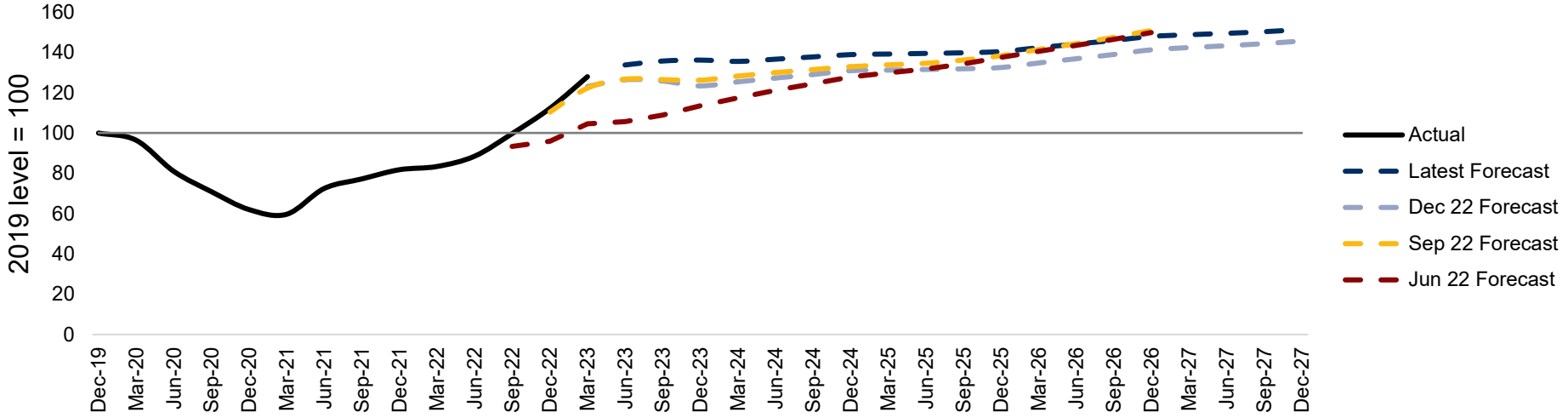
Perth Tourism Region Hotel Market Outlook

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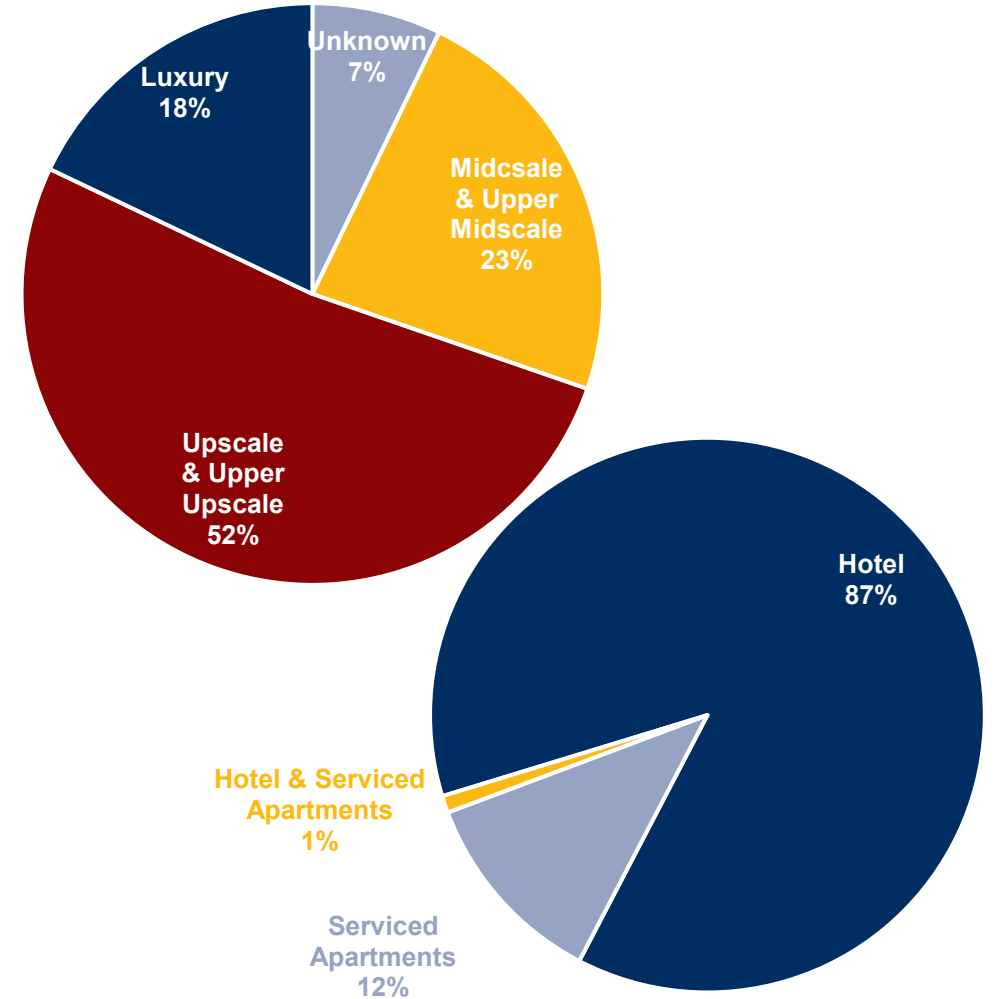
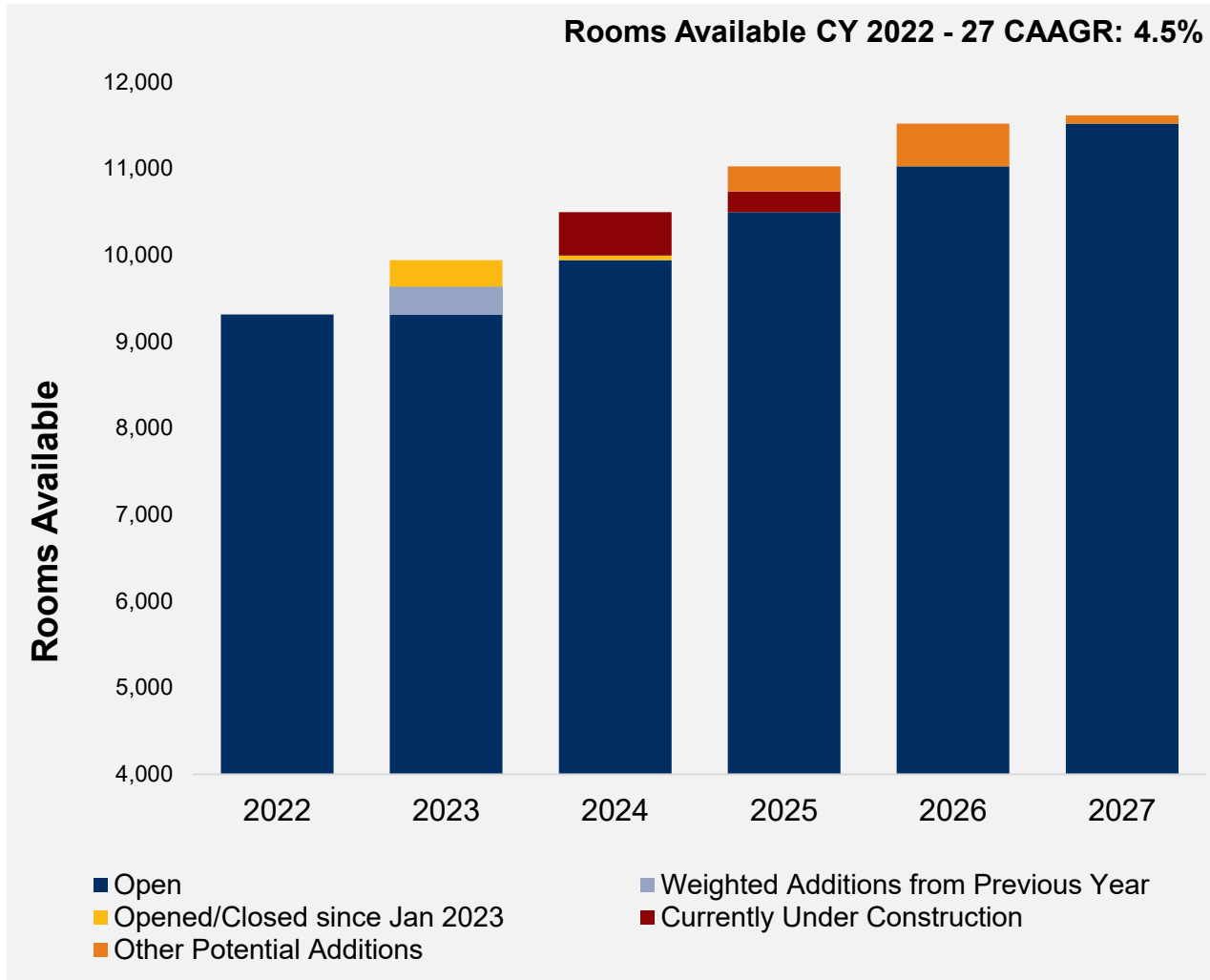


Adelaide

Adelaide Tourism Region Hotel Market Outlook

Adelaide Tourism Region Hotel Market Outlook

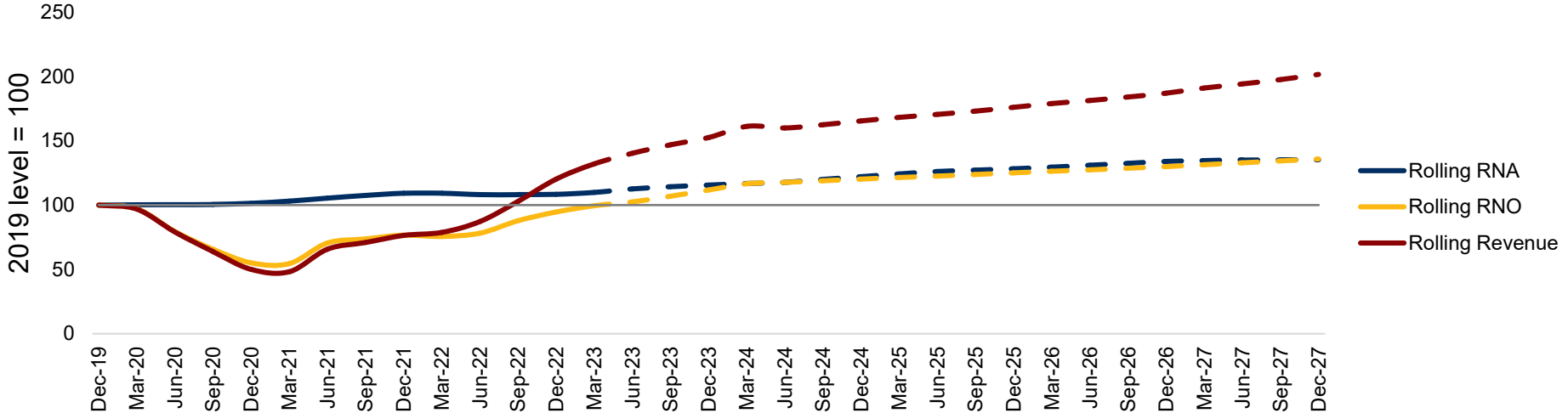
Forecast Additions to Supply – CY 2023 to 2027



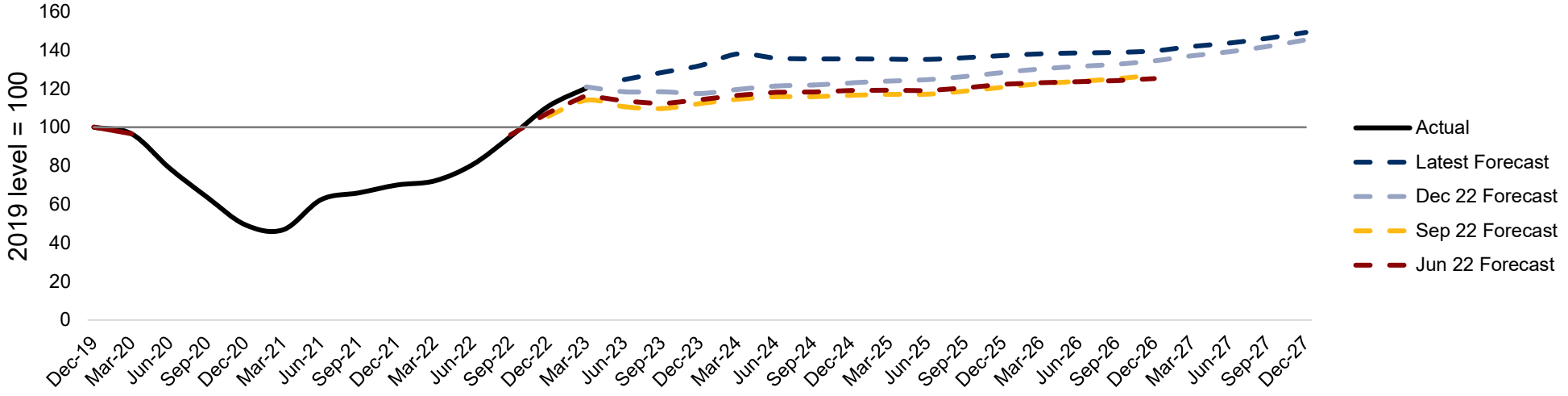
Adelaide Tourism Region Hotel Market Outlook

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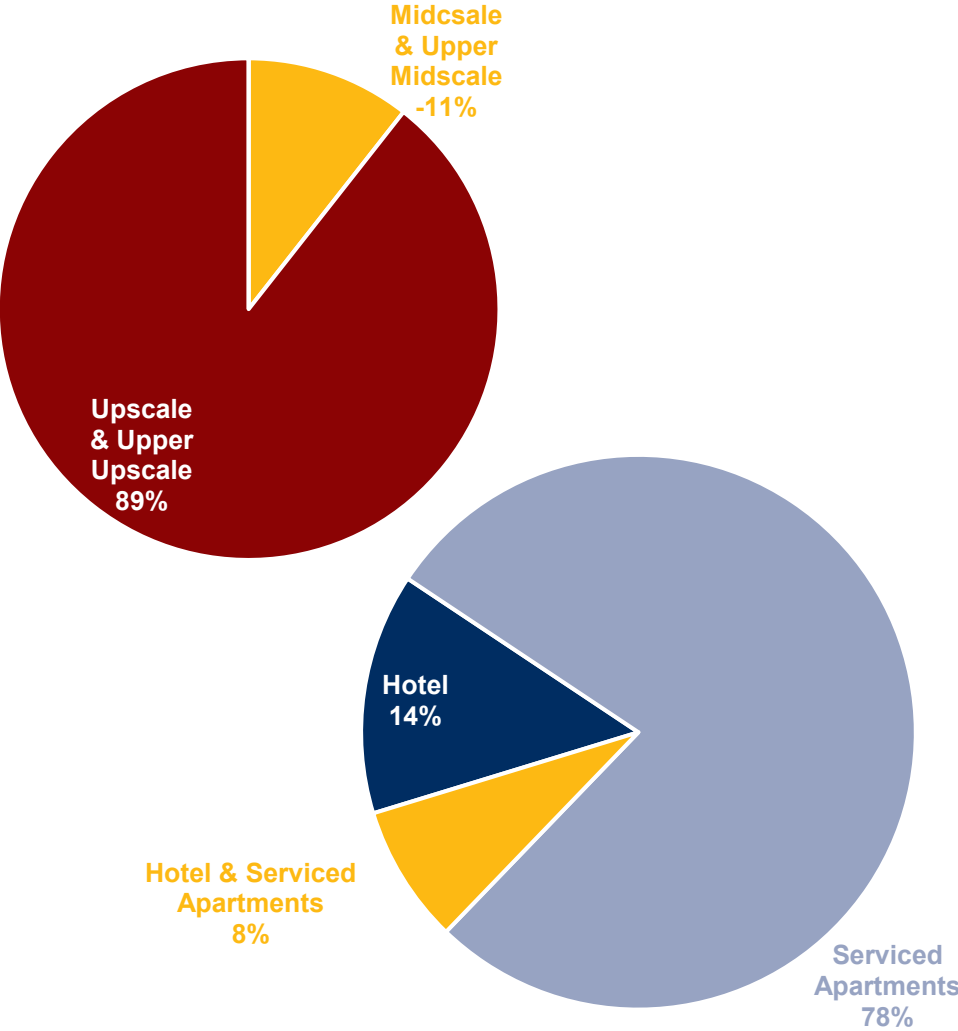
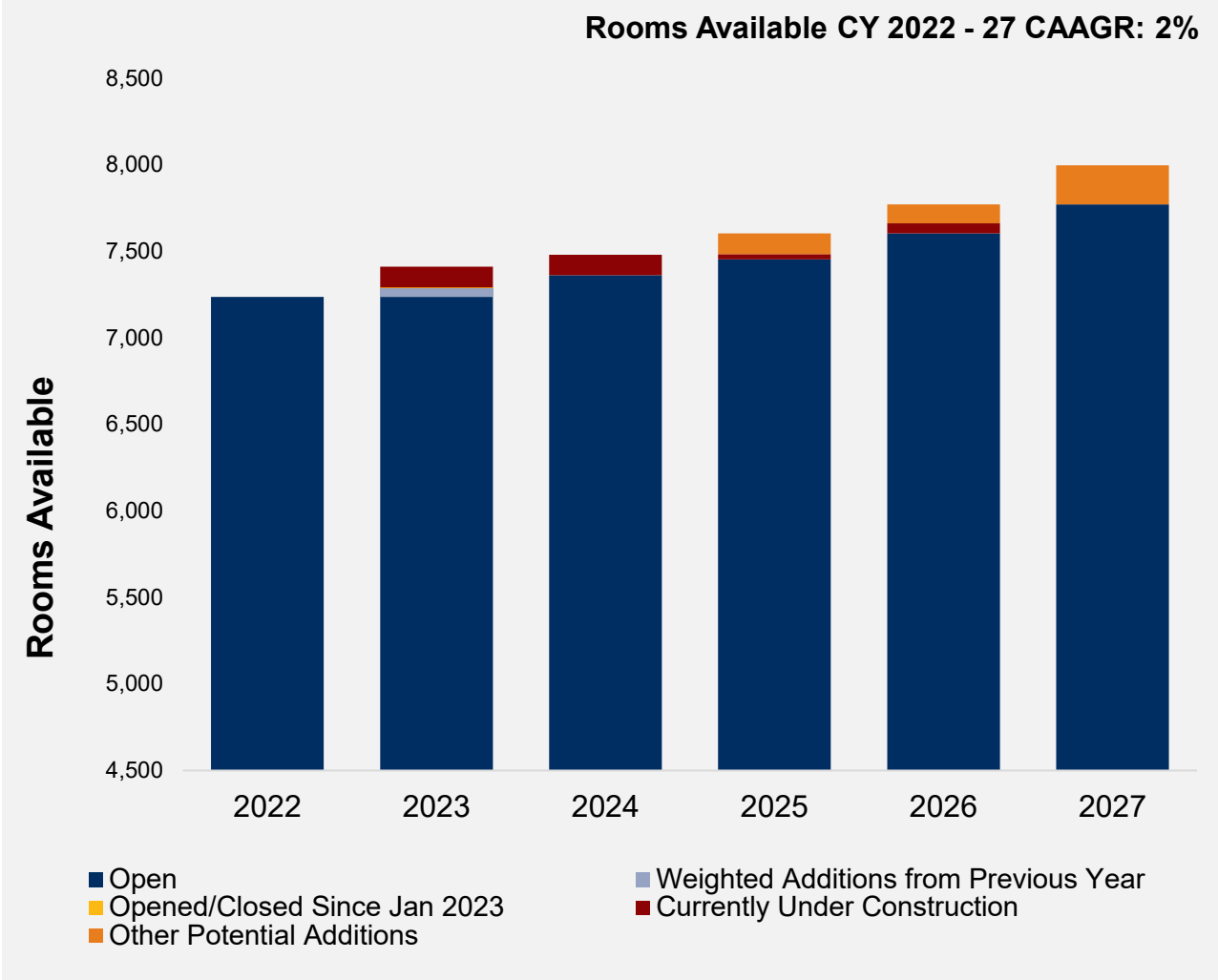


Canberra

Canberra Tourism Region Hotel Market Outlook

Canberra Tourism Region Hotel Market Outlook

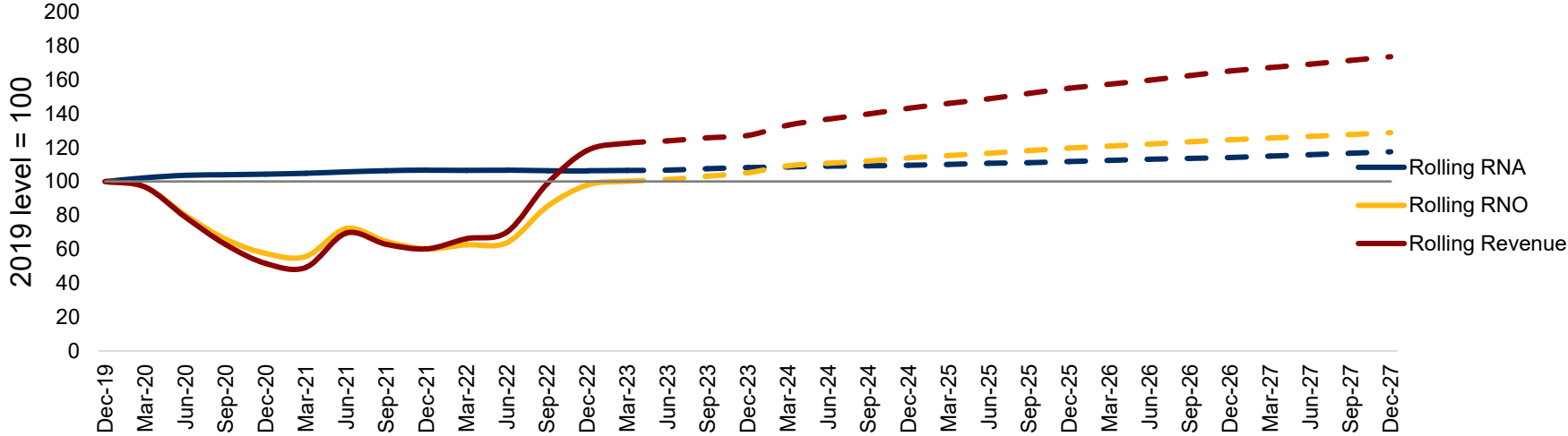
Forecast Additions to Supply – CY 2023 to 2027



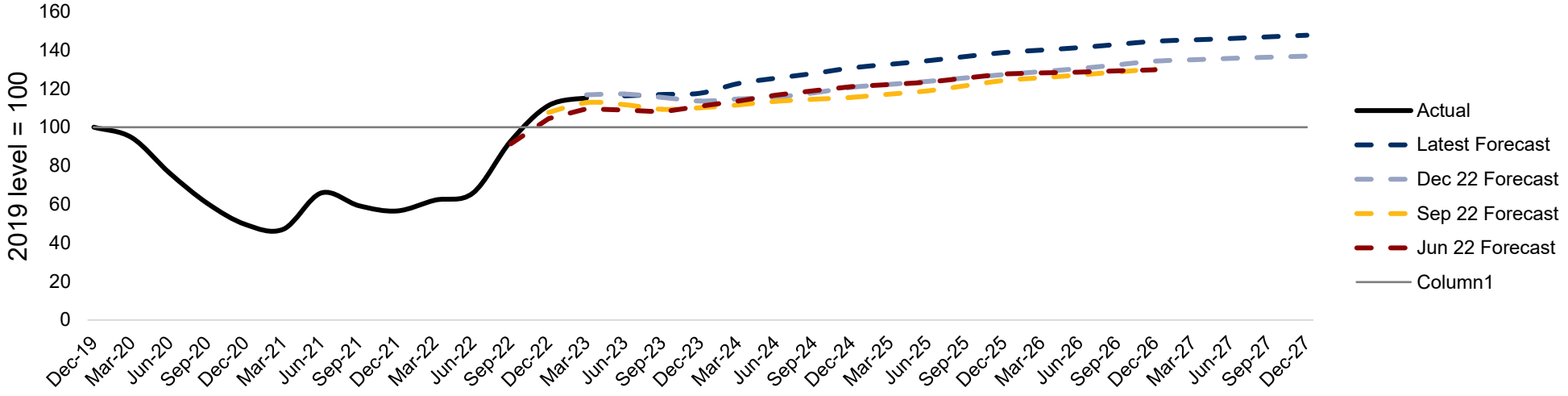
Canberra Tourism Region Hotel Market Outlook

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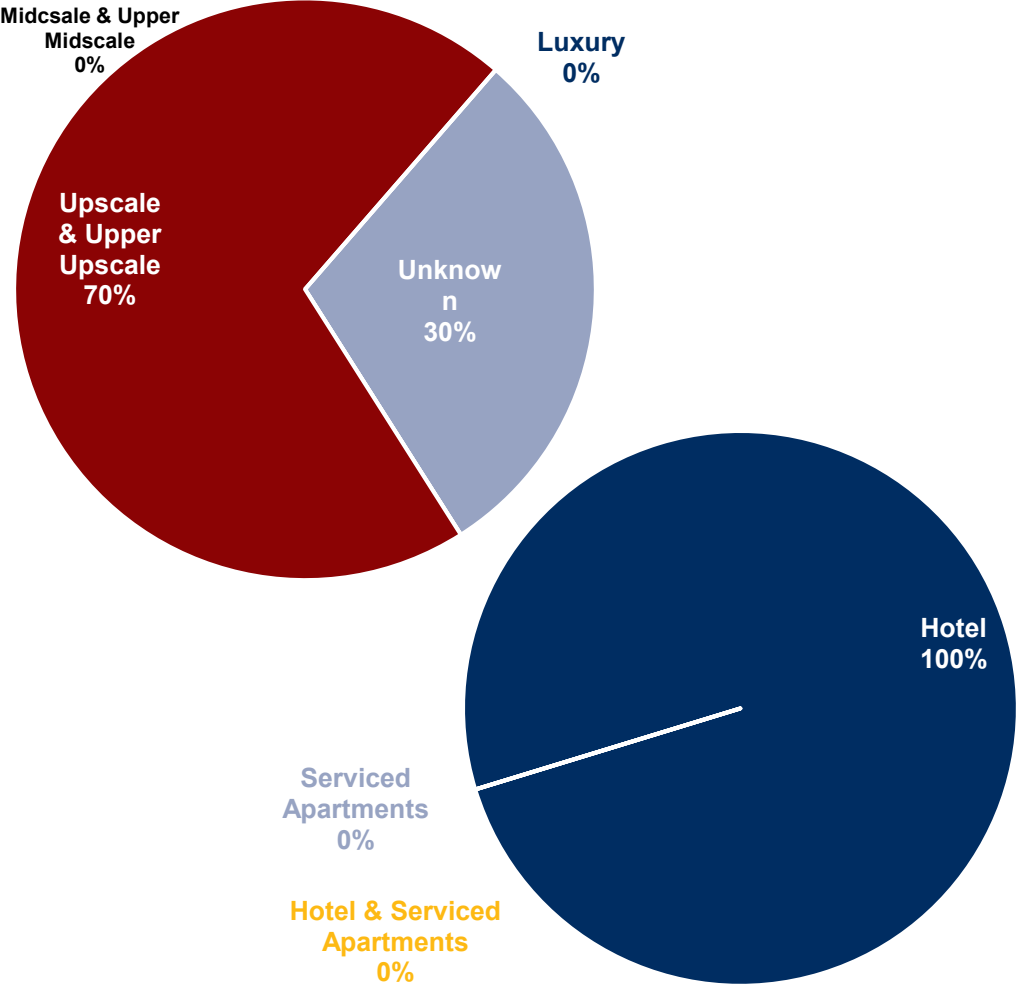
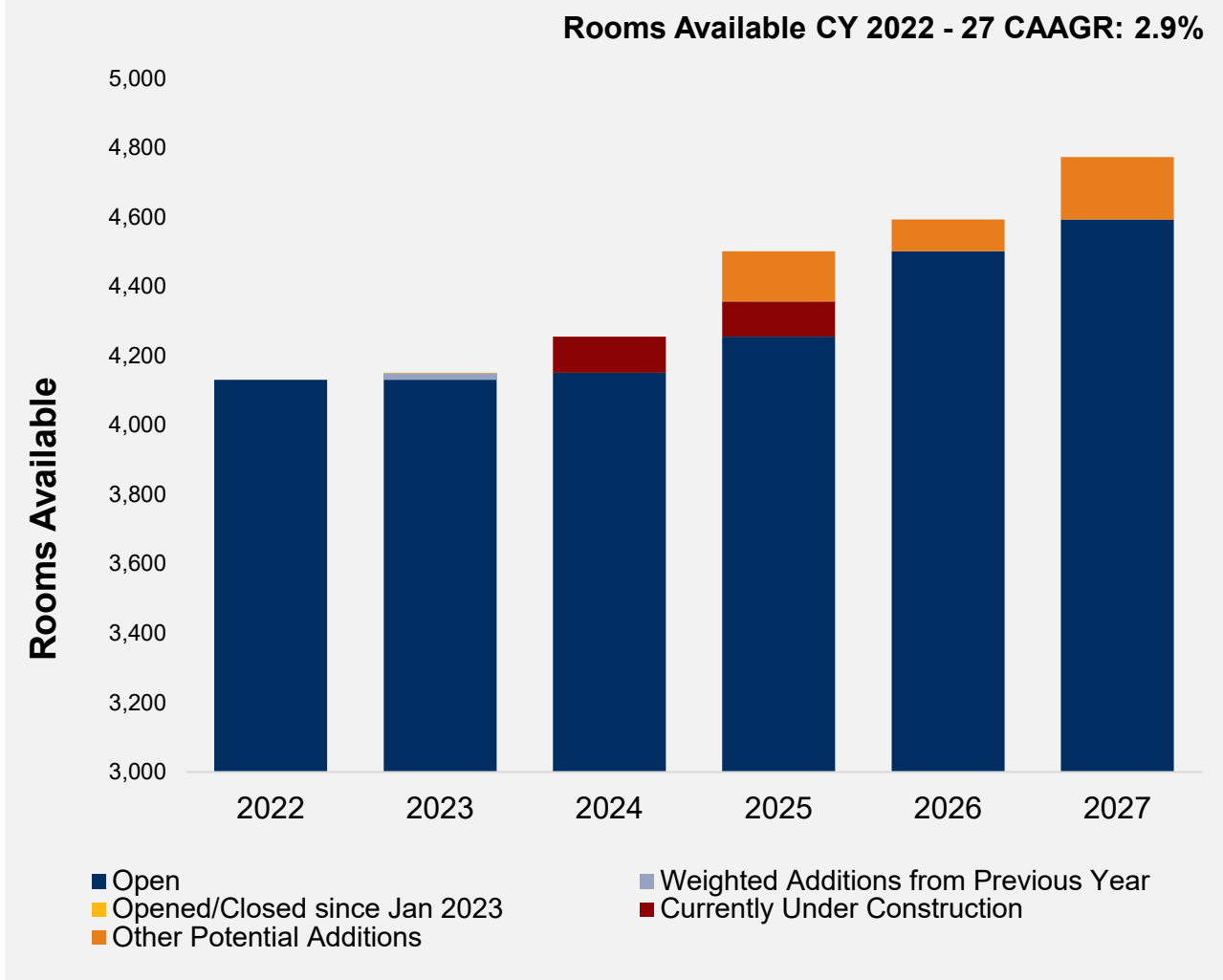
A long bridge illuminated at night over a body of water, with a rocky shore in the foreground. The bridge's lights are reflected in the water, and the sky is a deep blue. The foreground is filled with dark, rounded rocks.

Hobart

Hobart Tourism Region Hotel Market Outlook

Hobart Tourism Region Hotel Market Outlook

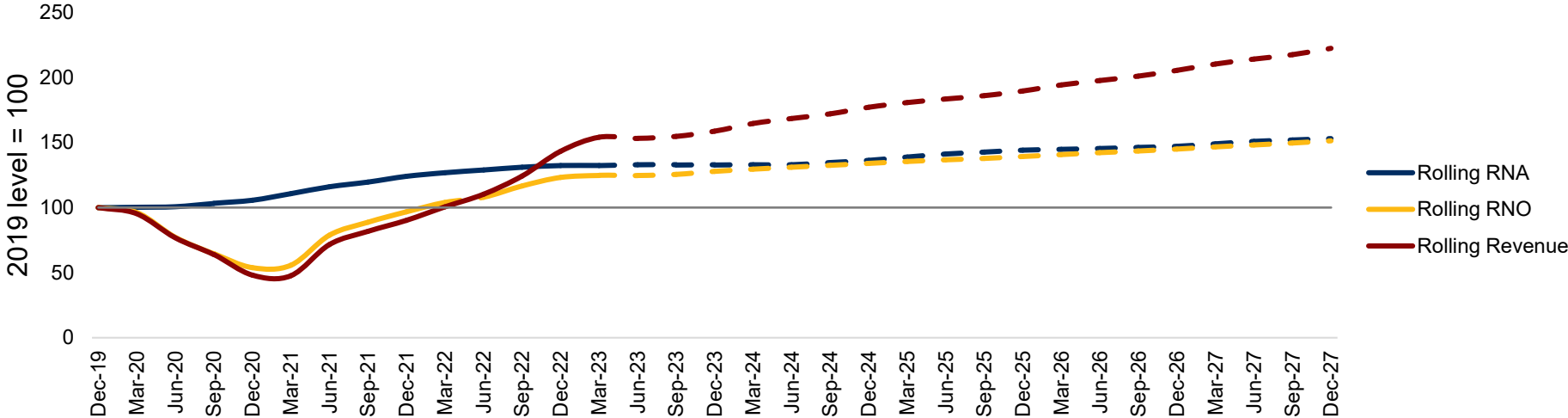
Forecast Additions to Supply – CY 2023 to 2027



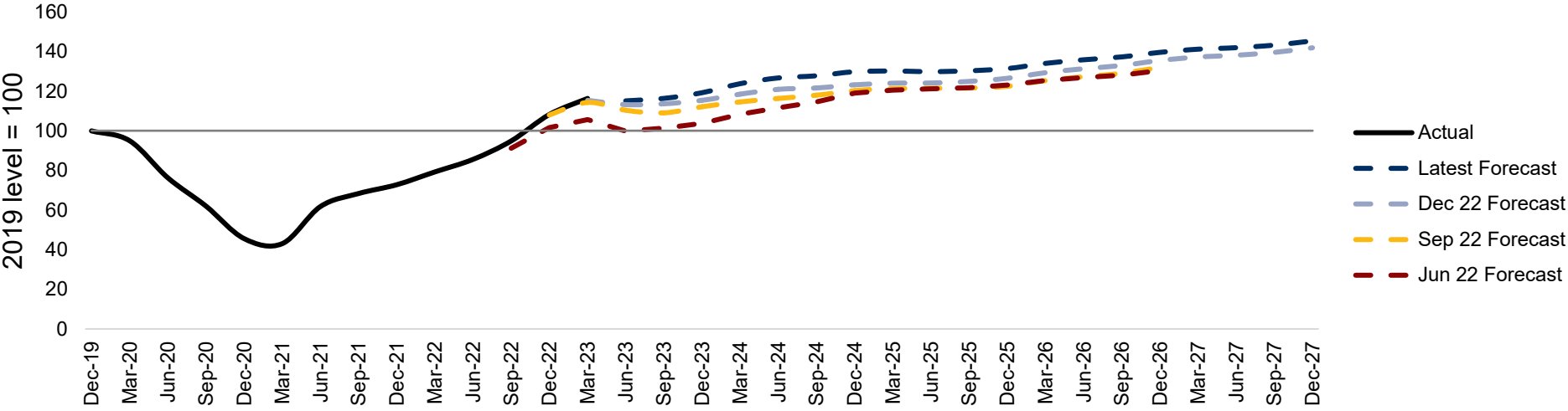
Hobart Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month RevPAR Outlook



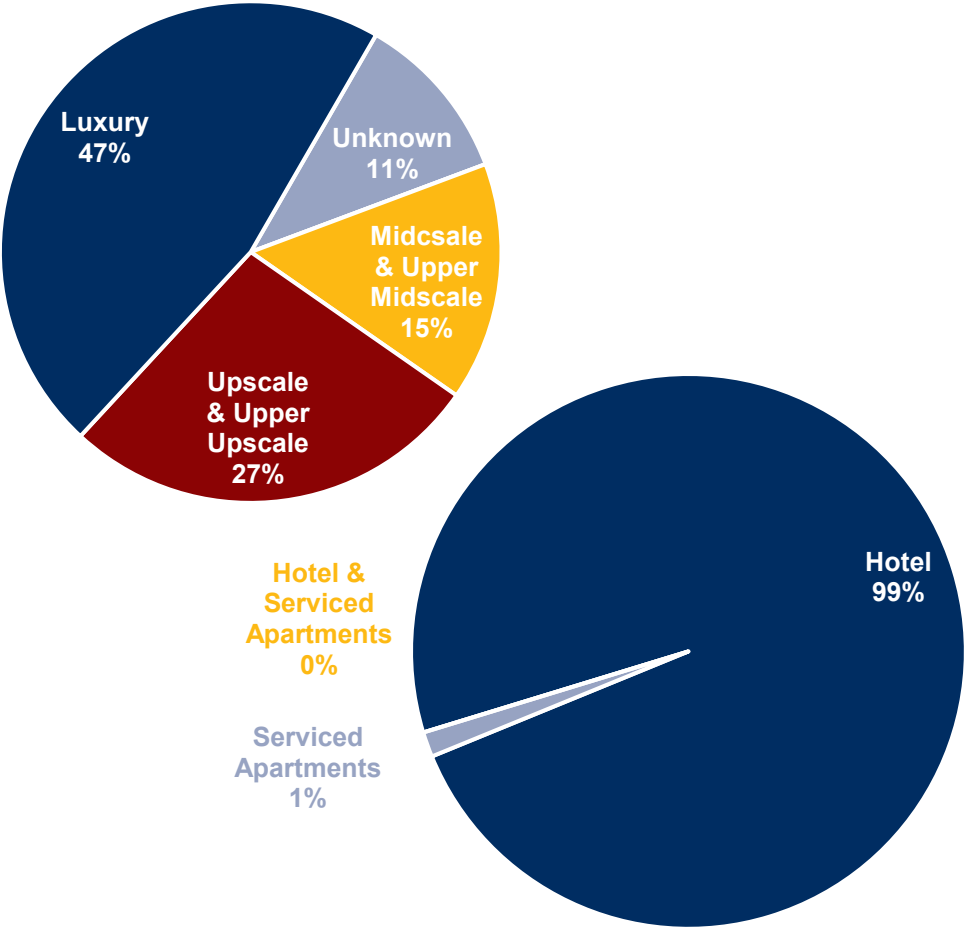
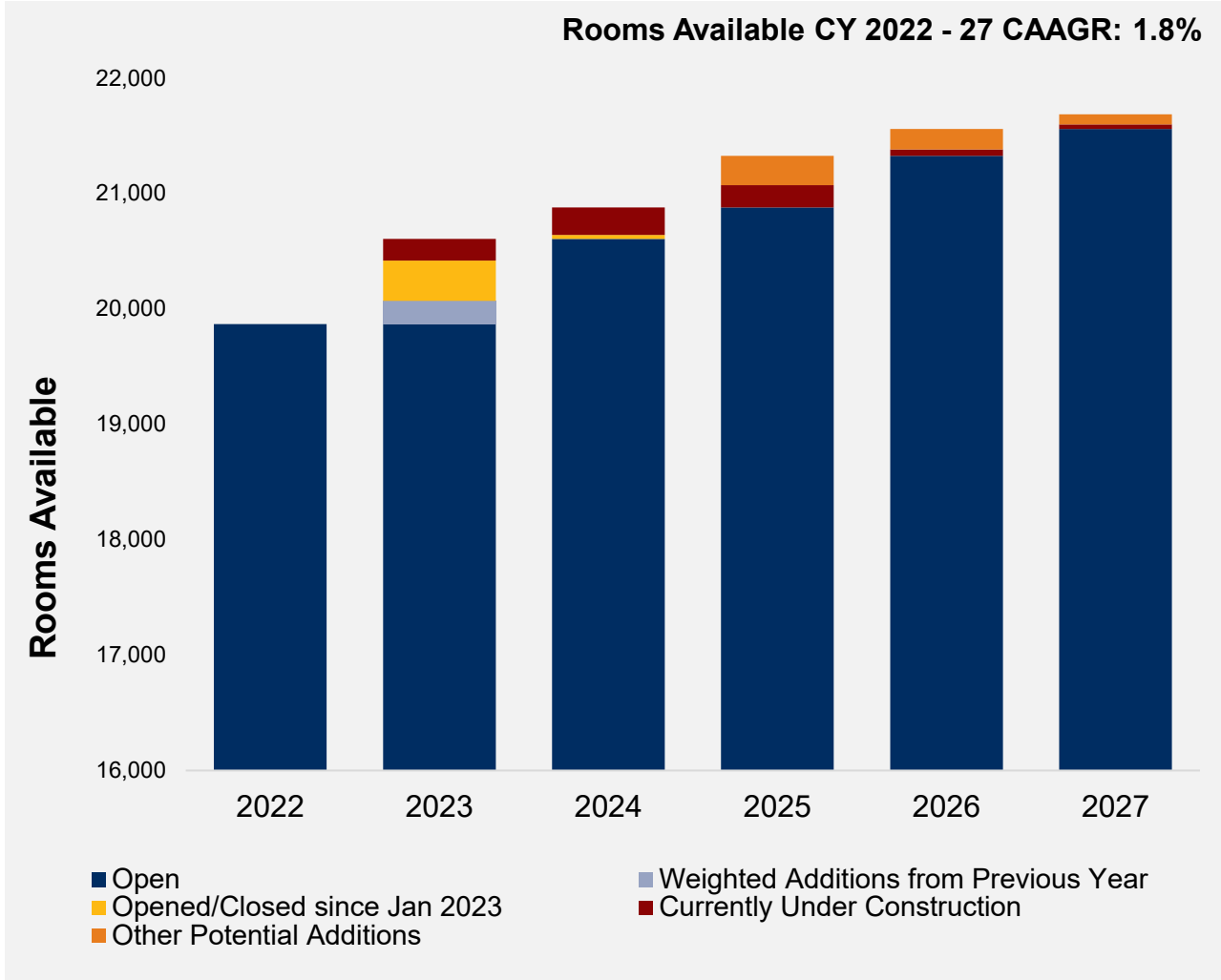


Gold Coast

Gold Coast Tourism Region Hotel Market Outlook

Gold Coast Tourism Region Hotel Market Outlook

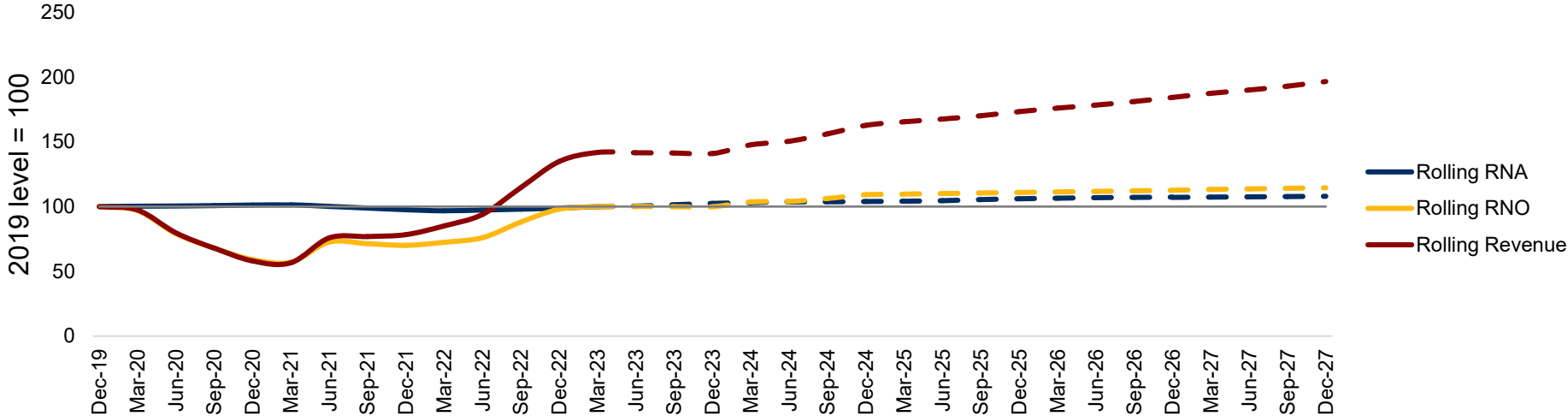
Forecast Additions to Supply – CY 2023 to 2027



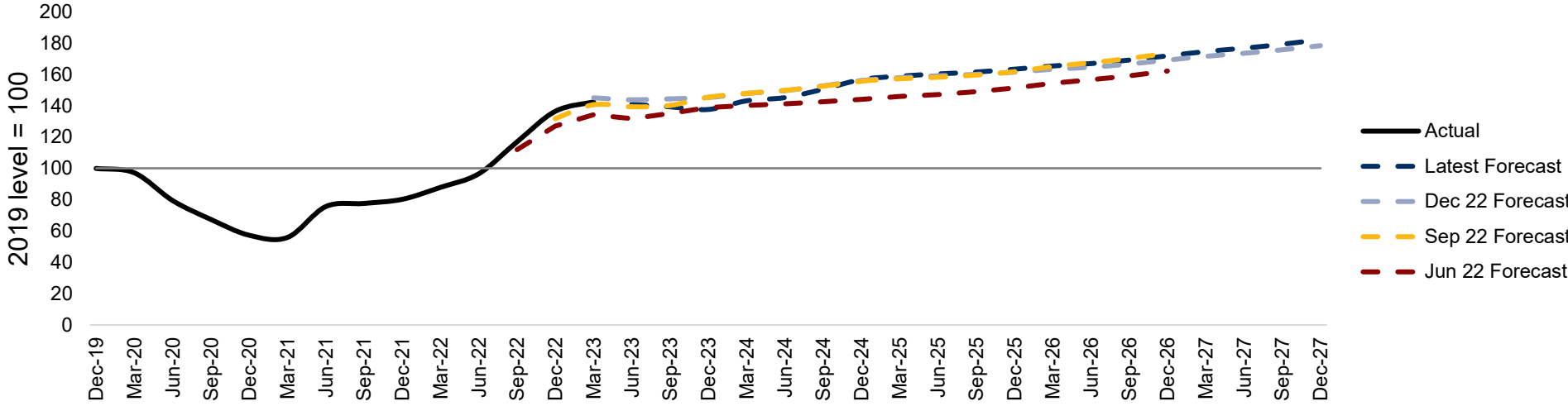
Gold Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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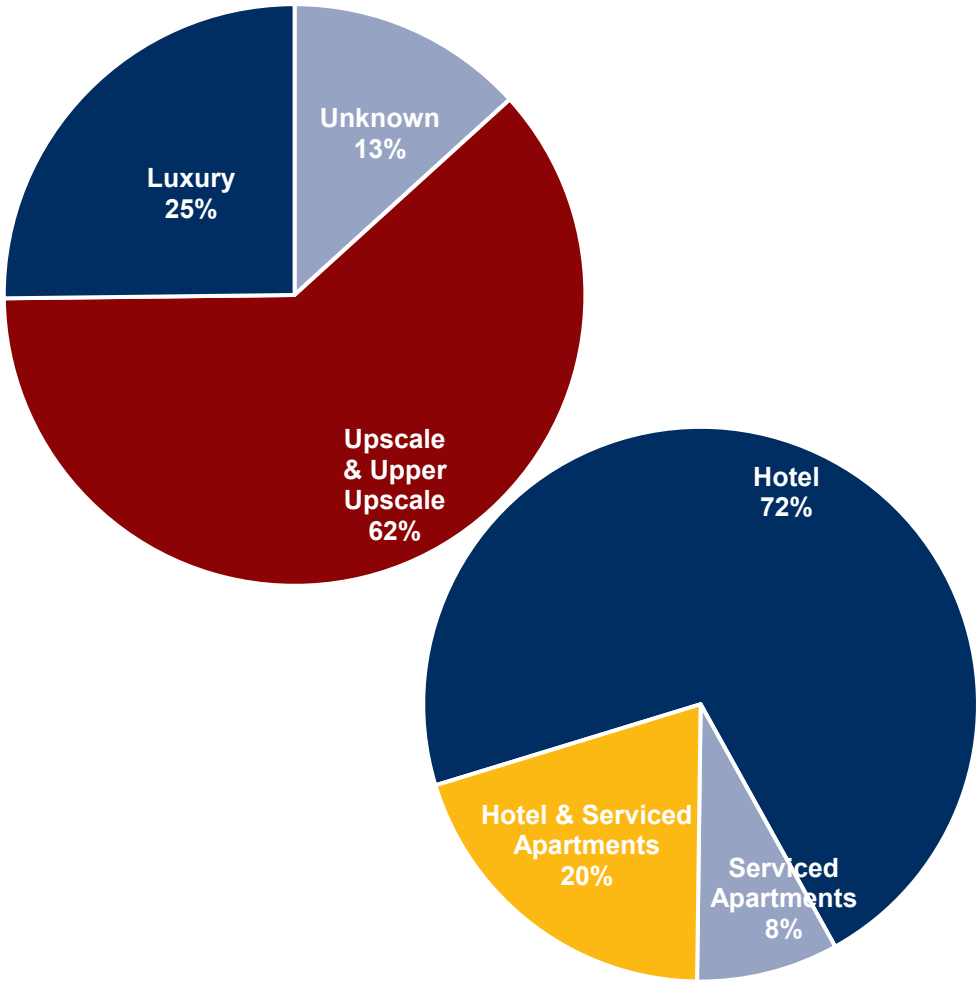
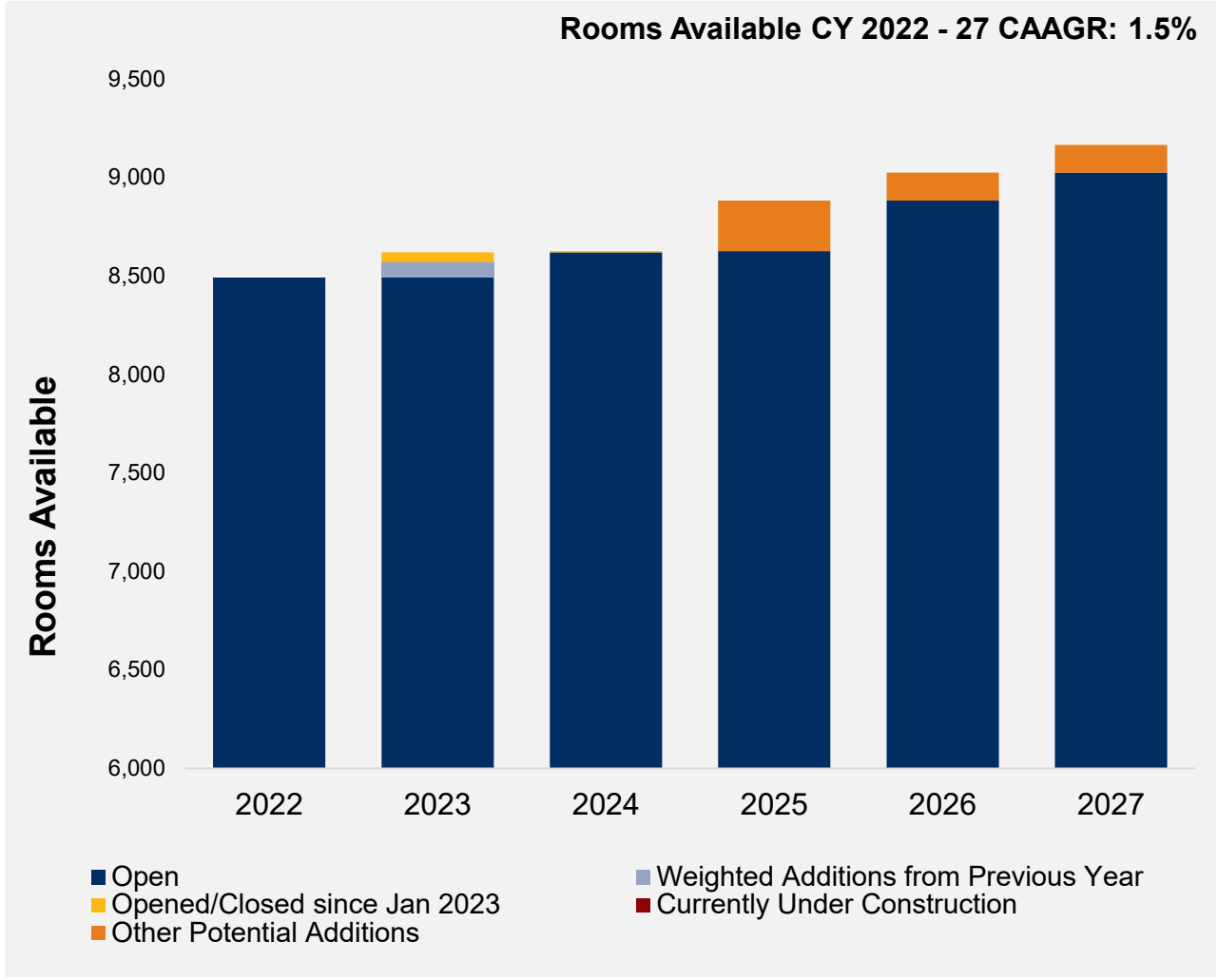
Sunshine Coast

Sunshine Tourism Region Hotel Market Outlook

Sunshine Coast Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2023 to 2027

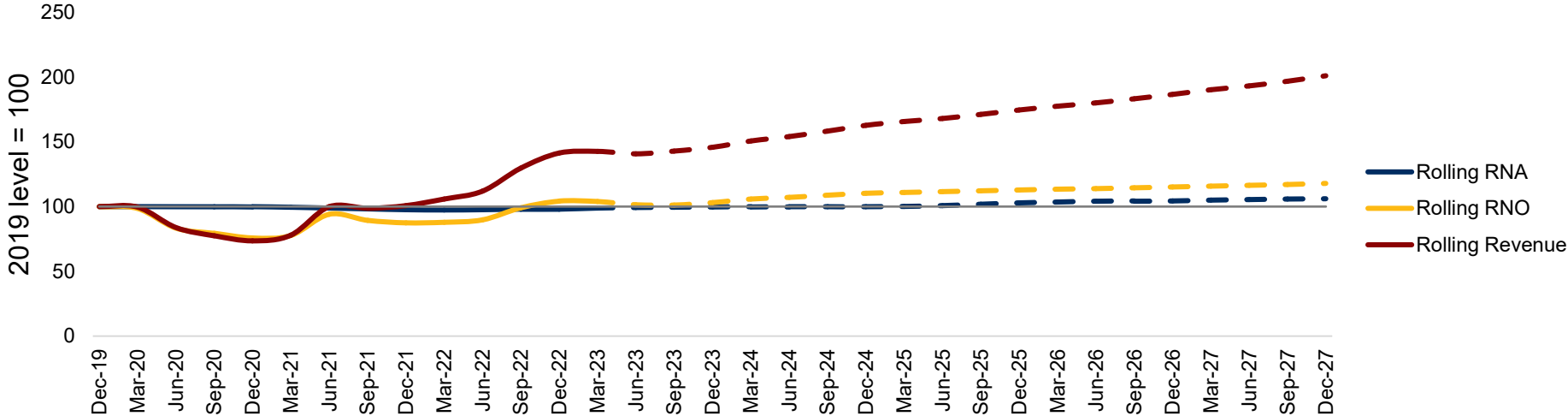
Rooms Available CY 2022 - 27 CAAGR: 1.5%



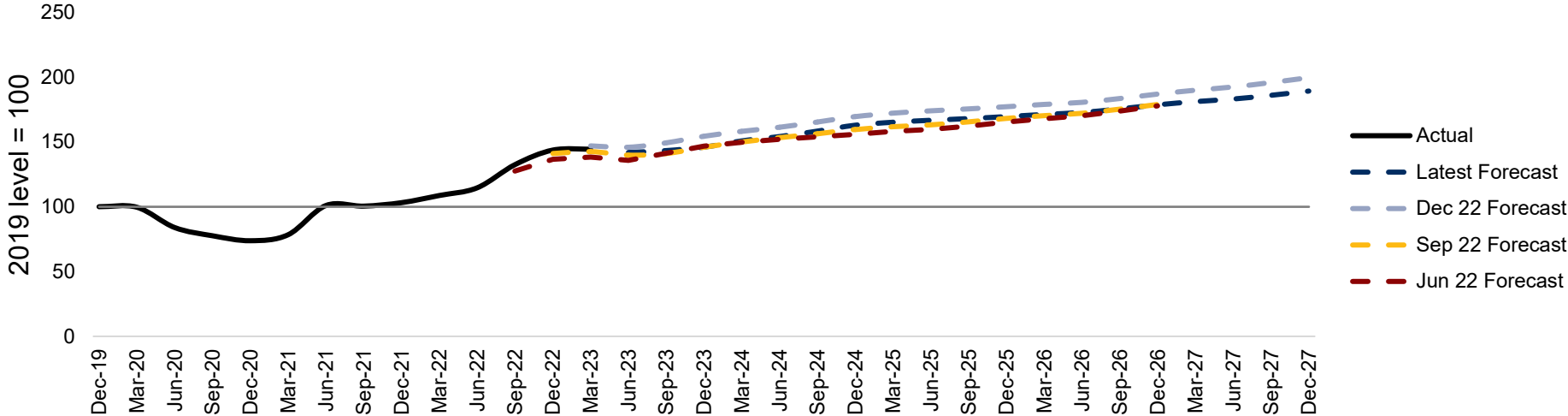
Sunshine Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



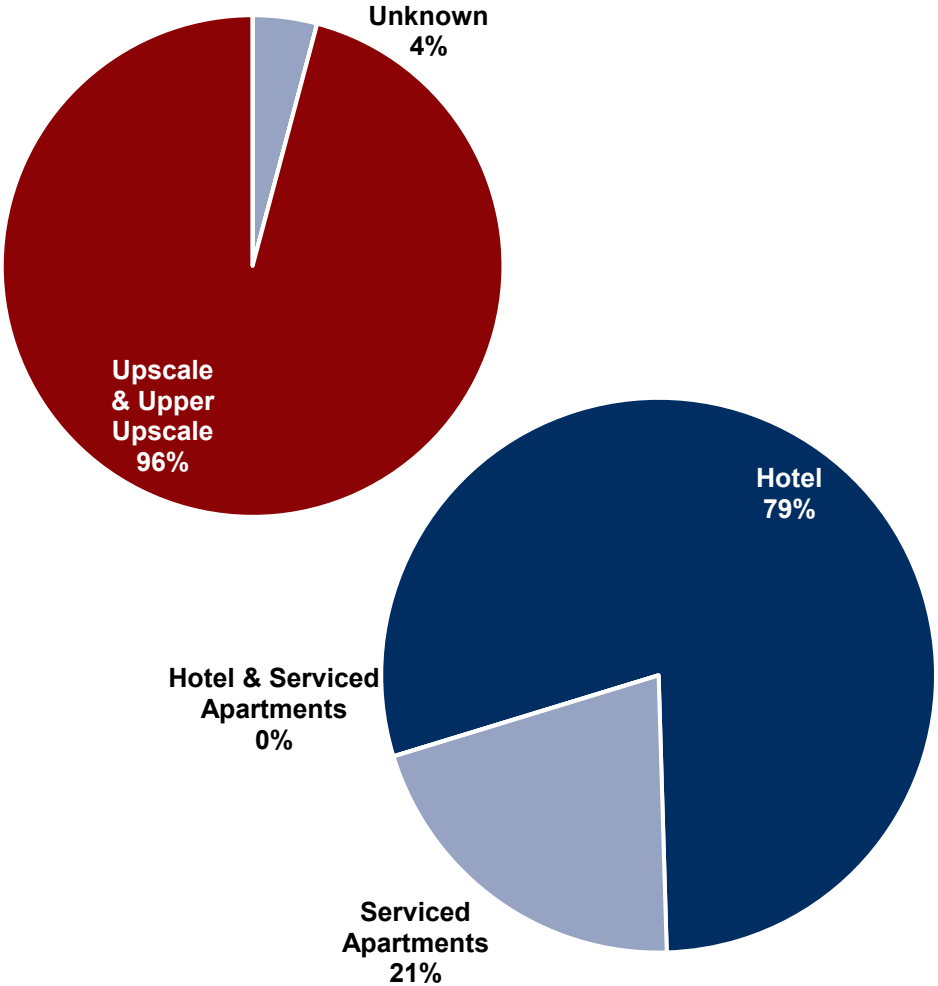
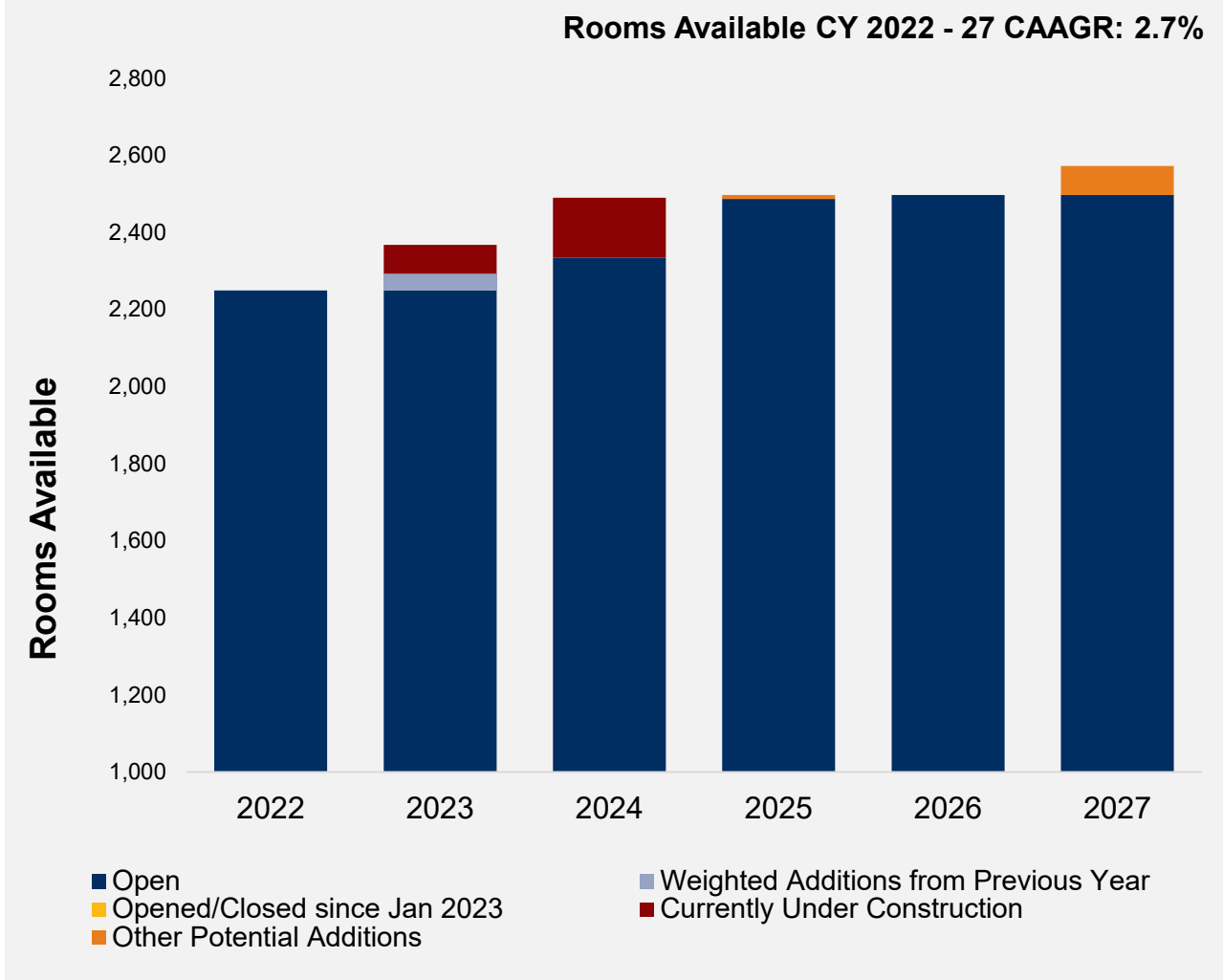


Newcastle

Newcastle Hotel Market Outlook

Newcastle Hotel Market Outlook

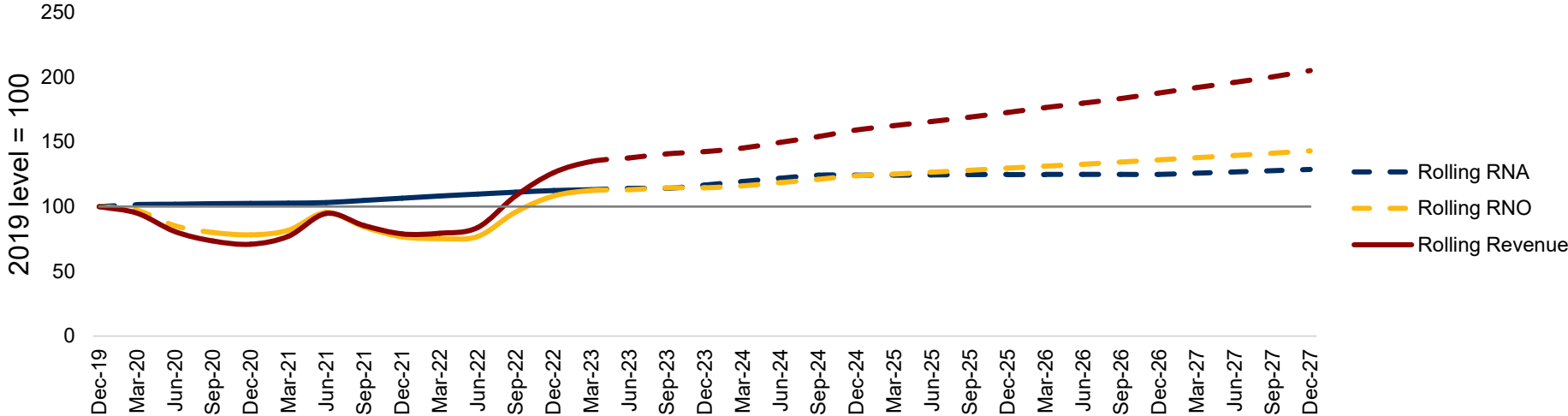
Forecast Additions to Supply – CY 2023 to 2027



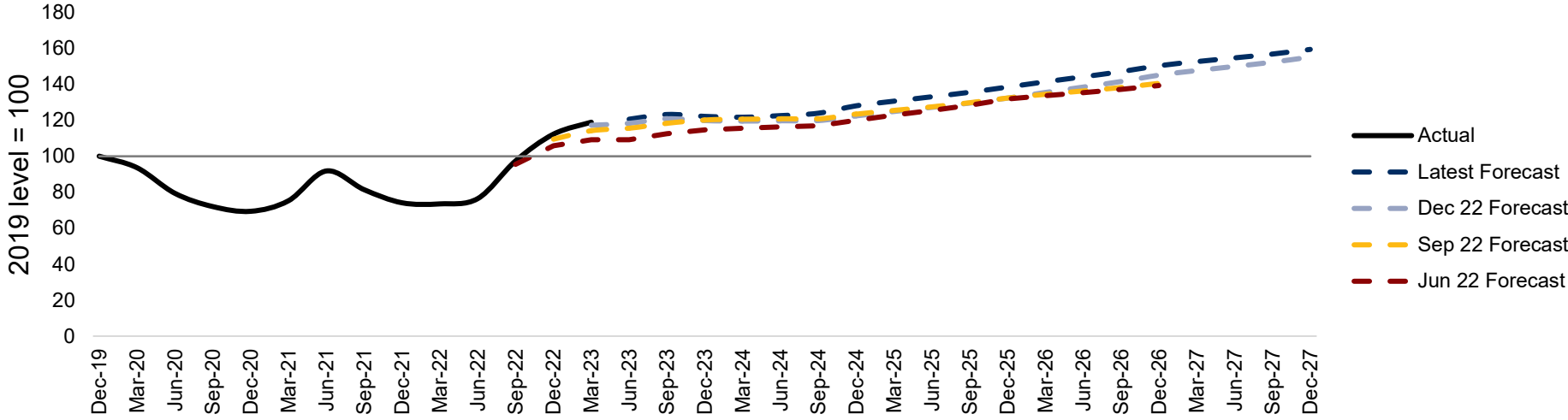
Newcastle Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Risks and Limitations



COVID-19

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

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

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

MACRO ECONOMIC CONTEXT

On a macro level, the most recent Deloitte Access Economics (DAE) economic projections as at March 2023 are based on the updated assumptions from December 2022 in that:

Globally

- (1) The UK has avoided a recession although the outlook still seems gloomy relative to both Eurozone and the US;
- (2) A recession in the US has been avoided so far yet the collapse of multiple banks and higher interest rates are likely to weigh heavily on the labour market while;
- (3) A slowdown in the Chinese economy have been downgraded further for the first half of 2023 given the challenges of reopening to COVID.

Australia

- (1) International borders remain open (with the number of migrants, students and tourists returning to pre-pandemic levels in late 2023 or early 2024);
- (2) A 'consumer recession' is forecast in 2023 with household spending expected to finish the year below where it started;
- (3) Inflation returns to the mid-point of the Reserve Bank's target band from late 2024.

Risks and Limitations

DATA SOURCES

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

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

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



Author



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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.

Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

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.

We are Horwath HTL, the global leader in hotel, tourism and leisure consulting.

Our Expertise:

- Hotel Planning & Development
- Hotel Asset Management
- Health & Wellness
- Transactional Advisory
- Expert Witness & Litigation
- Tourism & Leisure
- Hospitality Crisis Management

Horwath HTL Australia

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