



Horwath HTL

*Hotel, Tourism and Leisure*

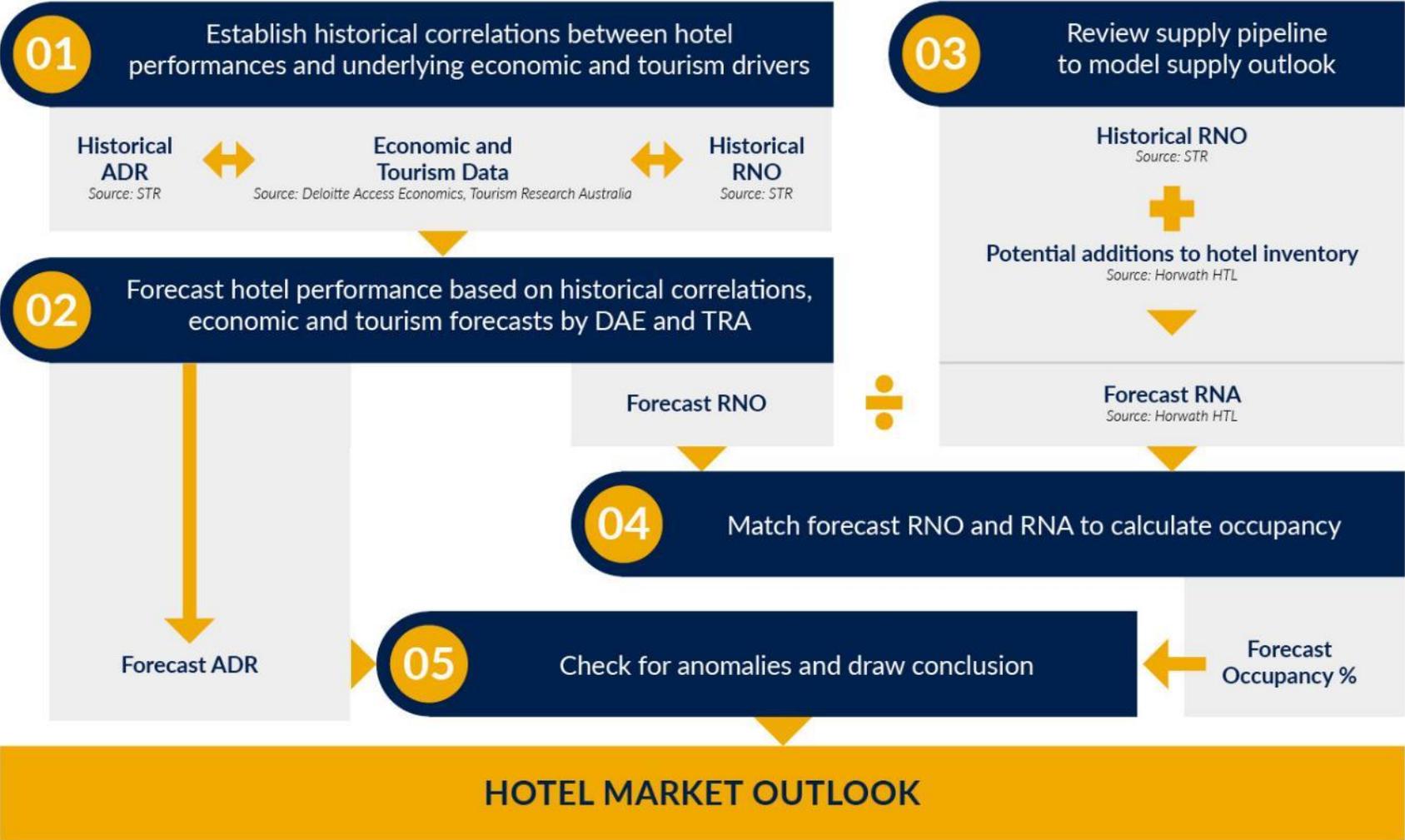
# Australia

Capital City & Key Markets  
Hotel Market Outlook & Insights

September QTR 2022 Edition

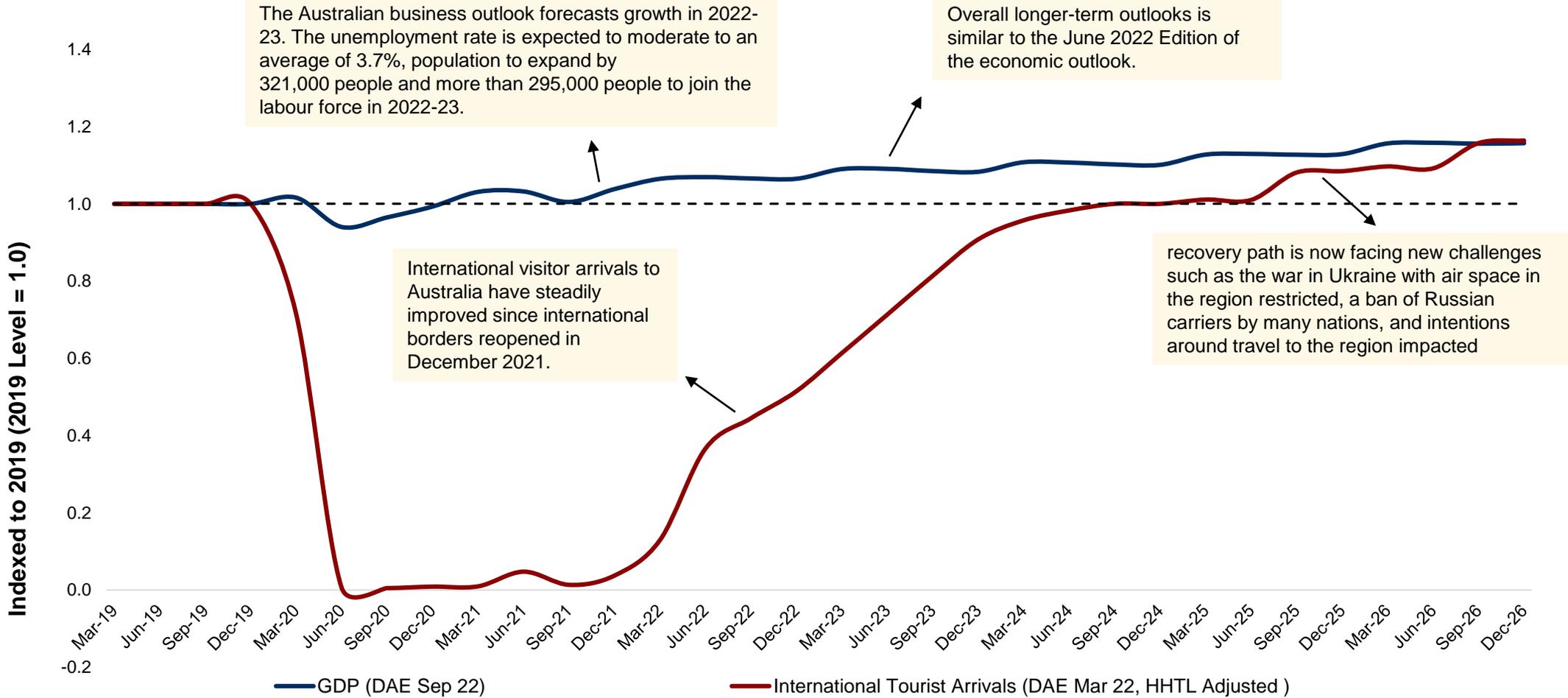
# Hotel Market Outlook

Horwath HTL Methodology



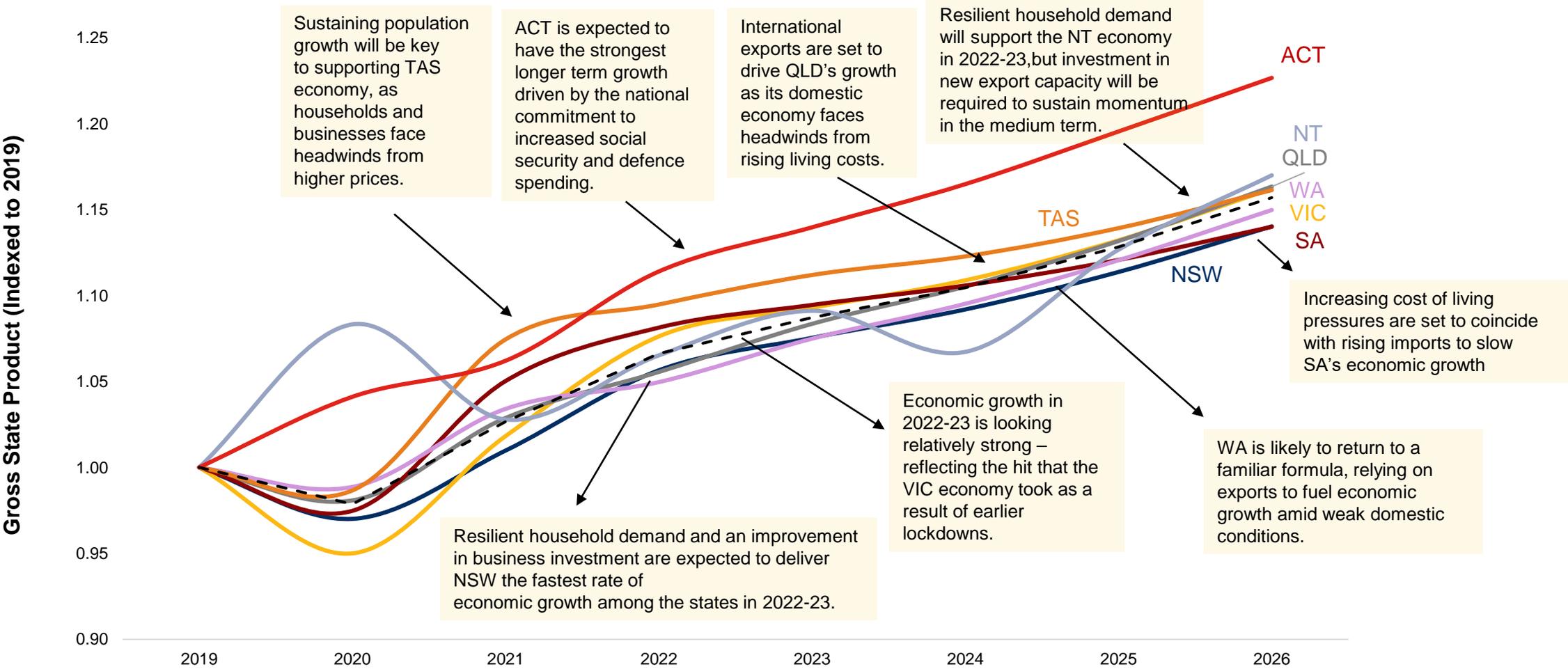
# Macroeconomic and Tourism Context

## GDP and International Tourist Arrivals, Australia – September 2022



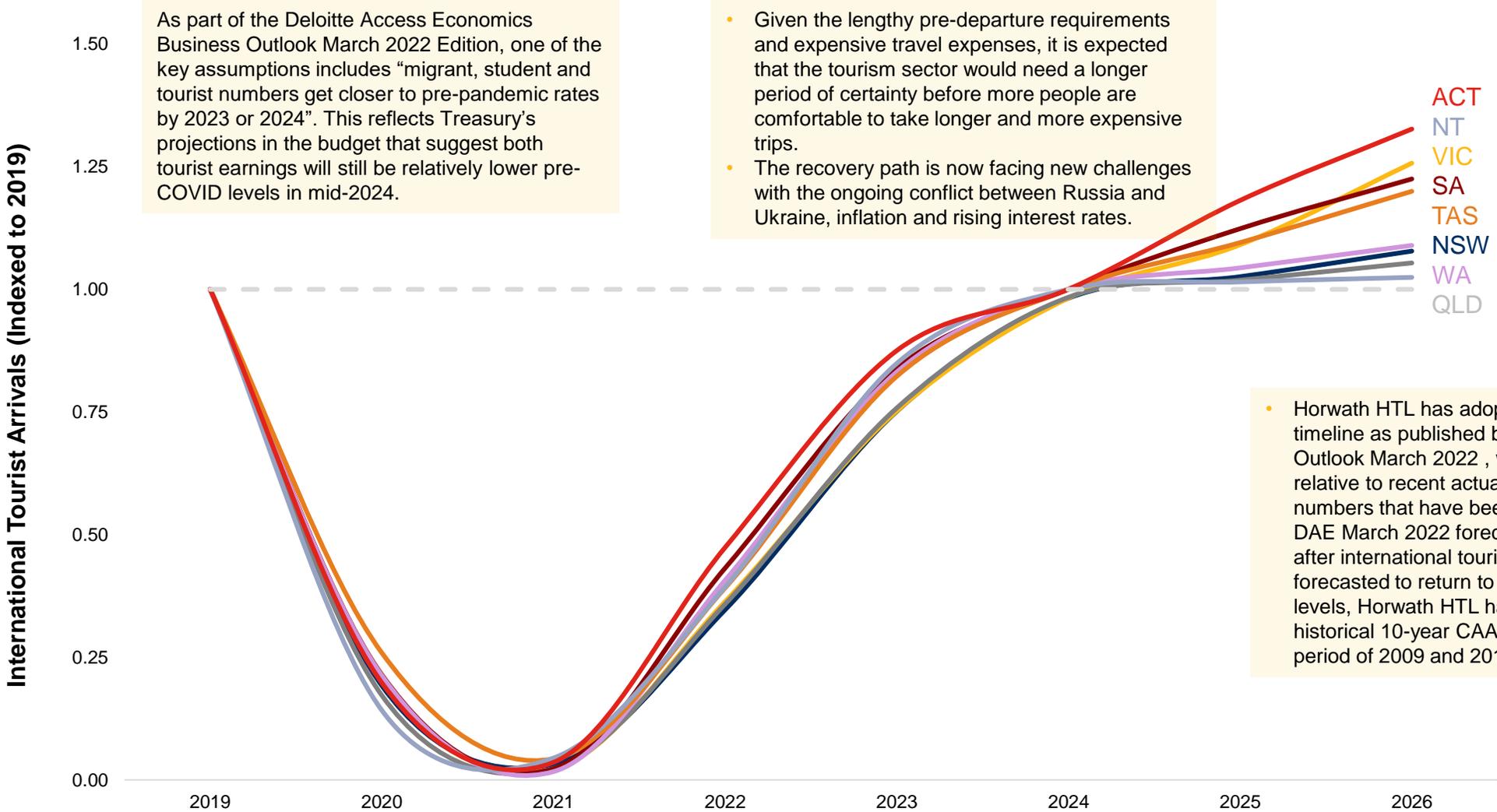
# Macroeconomic and Tourism Context

## Economic Outlook by State – Gross State Product



# Macroeconomic and Tourism Context

## Tourism Outlook by State – International Tourist Arrivals



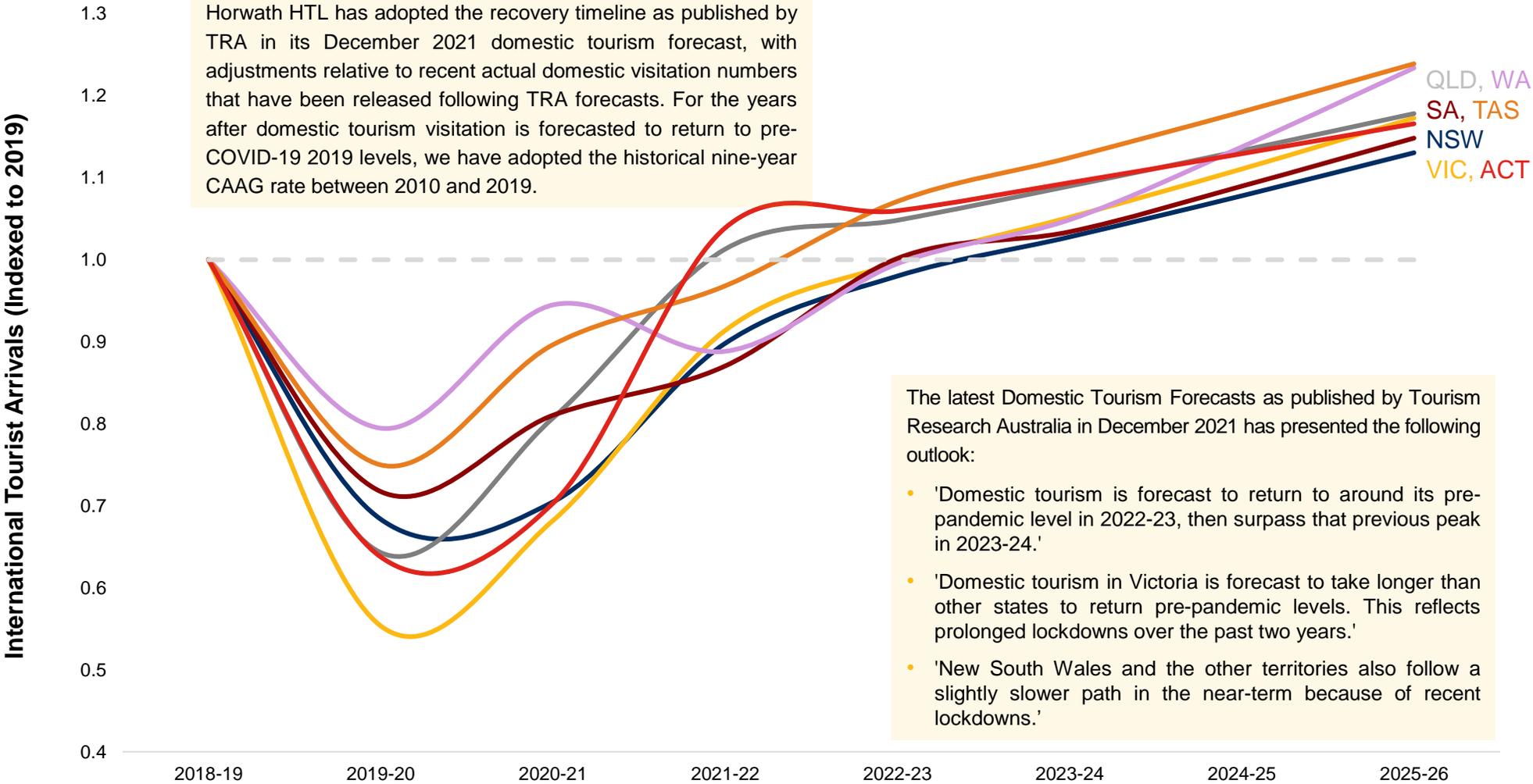
As part of the Deloitte Access Economics Business Outlook March 2022 Edition, one of the key assumptions includes “migrant, student and tourist numbers get closer to pre-pandemic rates by 2023 or 2024”. This reflects Treasury’s projections in the budget that suggest both tourist earnings will still be 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.
- The recovery path is now facing new challenges with the ongoing conflict between Russia and Ukraine, inflation and rising interest rates.

Horwath HTL has adopted the recovery timeline as published by DAE Business Outlook March 2022, with adjustments relative to recent actual international visitation numbers that have been released following DAE March 2022 forecasts. For the years after international tourism visitation is forecasted to return to pre-COVID-19 2019 levels, Horwath HTL has adopted the historical 10-year CAAG rate between the period of 2009 and 2019.

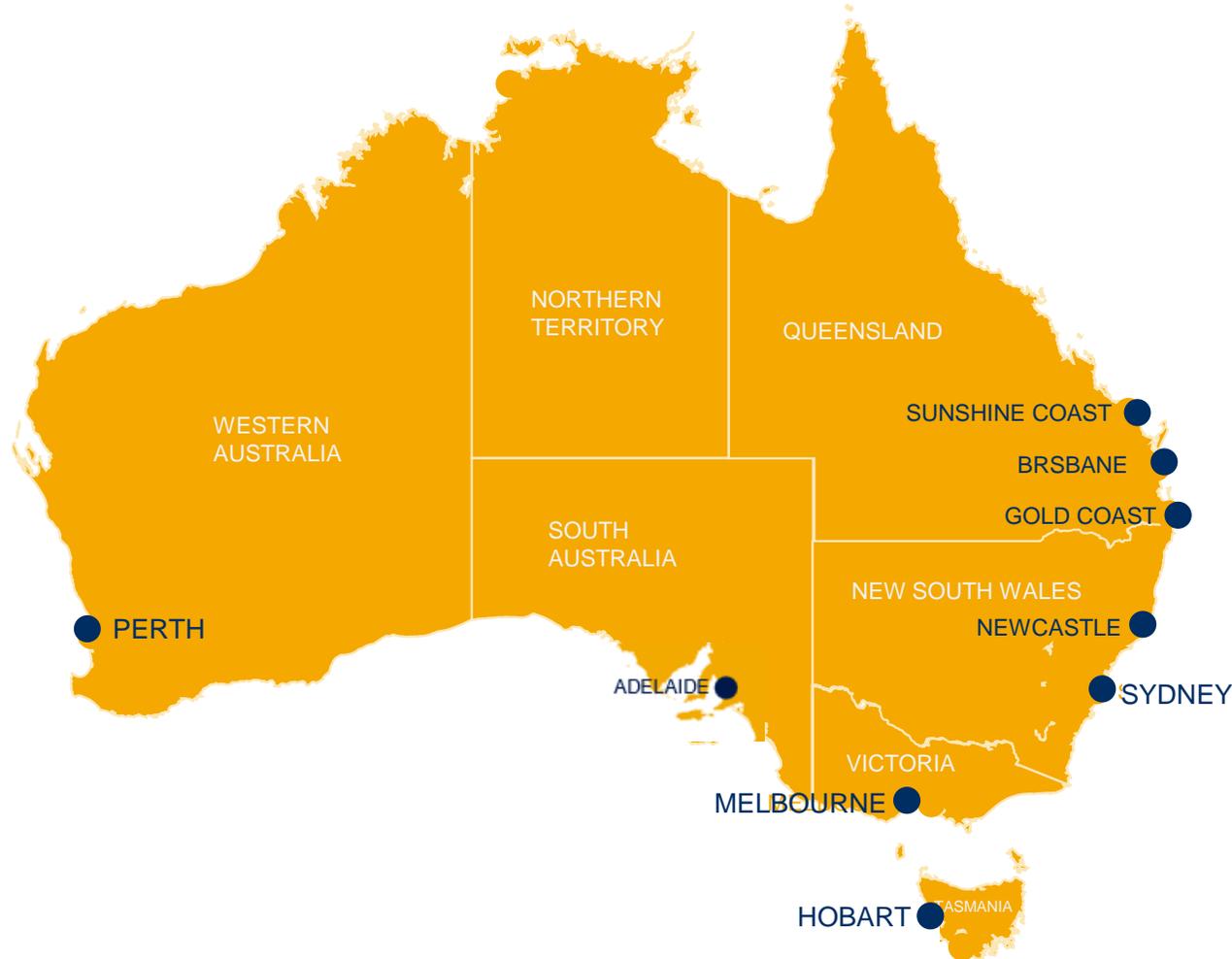
# Macroeconomic and Tourism Context

## Tourism Outlook by State – Domestic Visitor Nights



# Trends In Australian Hotel Markets

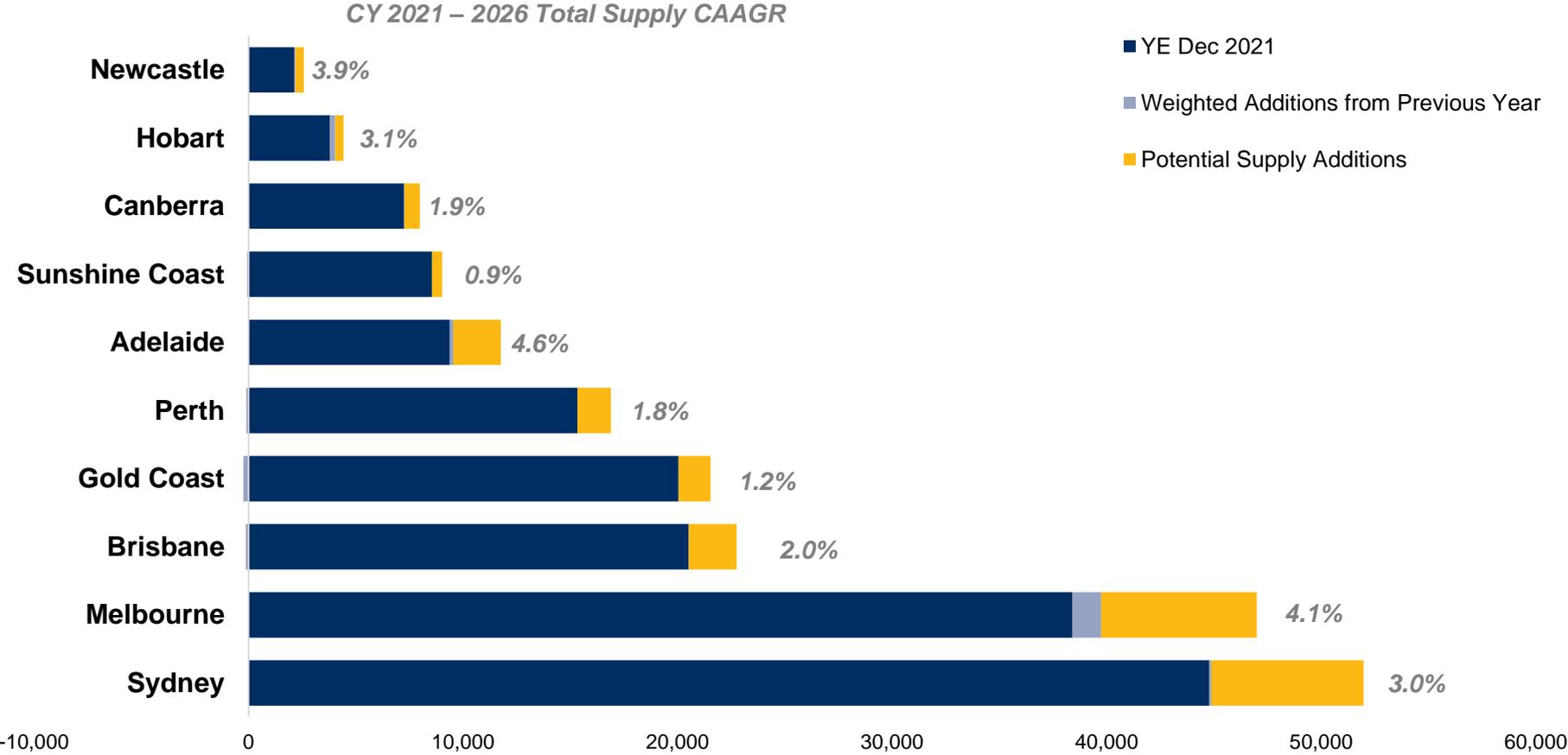
RevPAR Performance Snapshot – YTD September 2022



YTD Sep 2022		
	VS YTD Sep 2021	VS YTD Sep 2019
<b>Brisbane</b>	66.8% ▲	21.9% ▲
<b>Canberra</b>	81.1% ▲	8.4% ▲
<b>Adelaide</b>	47.2% ▲	7.3% ▲
<b>Gold Coast</b>	61.1% ▲	33.8% ▲
<b>Hobart</b>	40.6% ▲	10.4% ▲
<b>Melbourne</b>	121.8% ▲	-19.4% ▼
<b>Newcastle</b>	40.8% ▲	10.2% ▲
<b>Perth</b>	30.4% ▲	6.2% ▲
<b>Sunshine Coast</b>	38.9% ▲	47.3% ▲
<b>Sydney</b>	107.8% ▲	-19.9% ▼

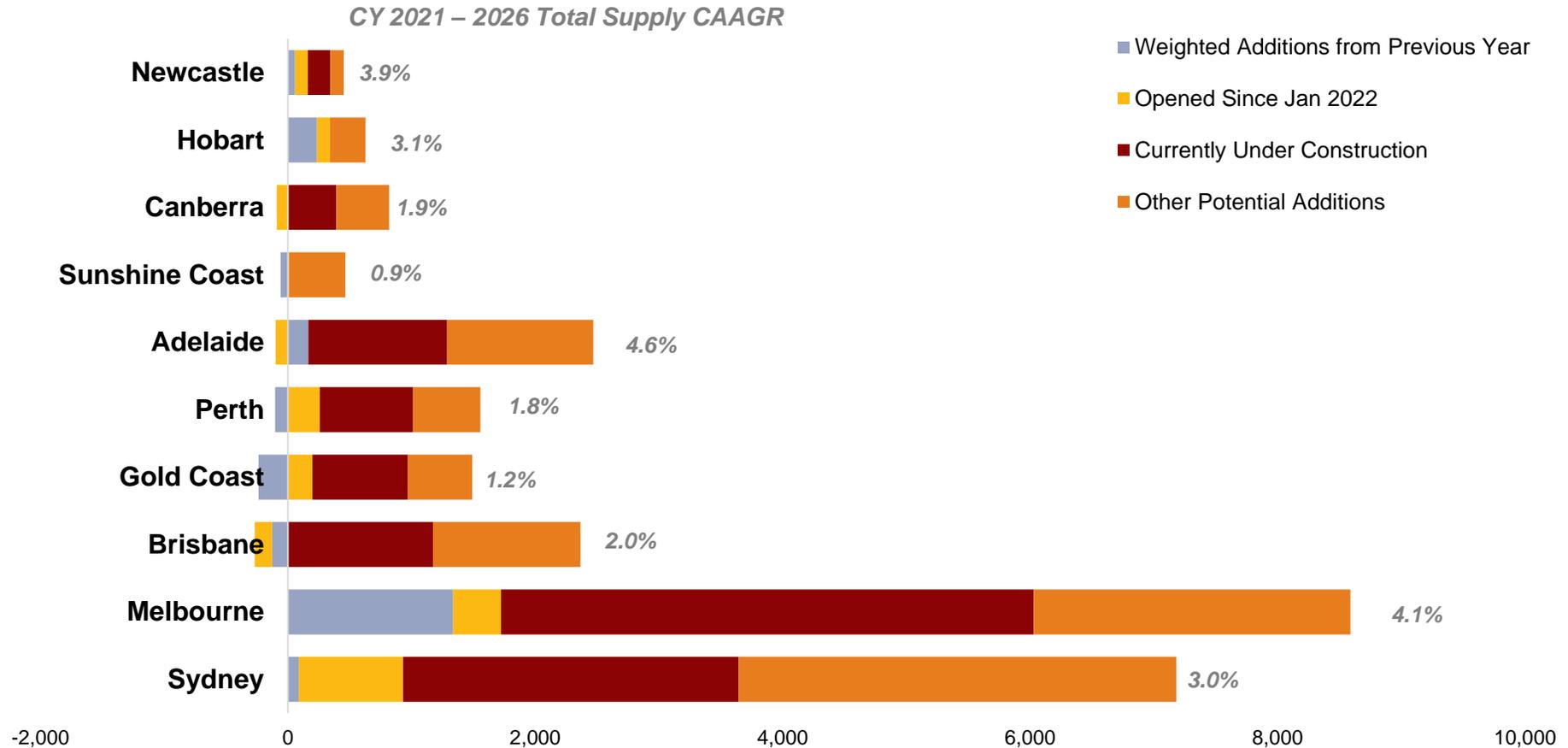
# Australian Hotel Market Supply Pipeline

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)



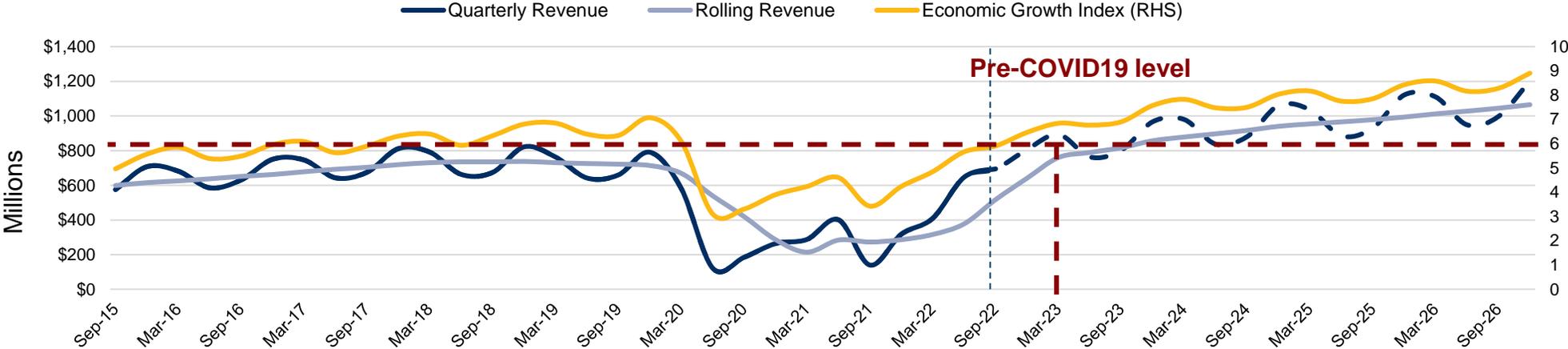
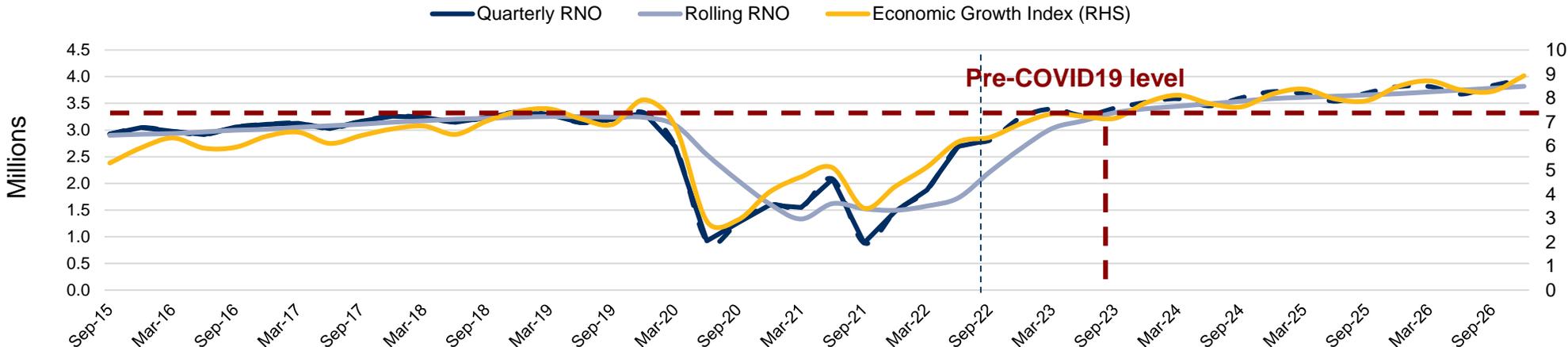


# Sydney

Sydney Tourism Region Hotel Market Outlook

# Sydney Tourism Region Hotel Market Outlook

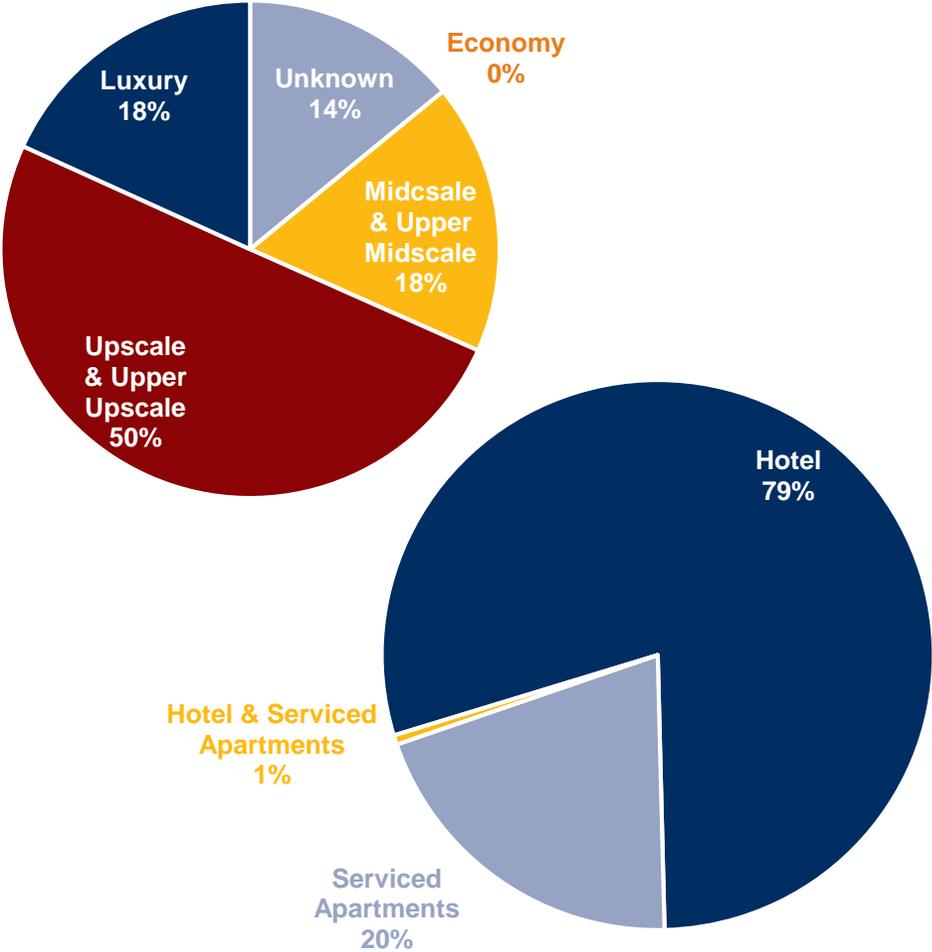
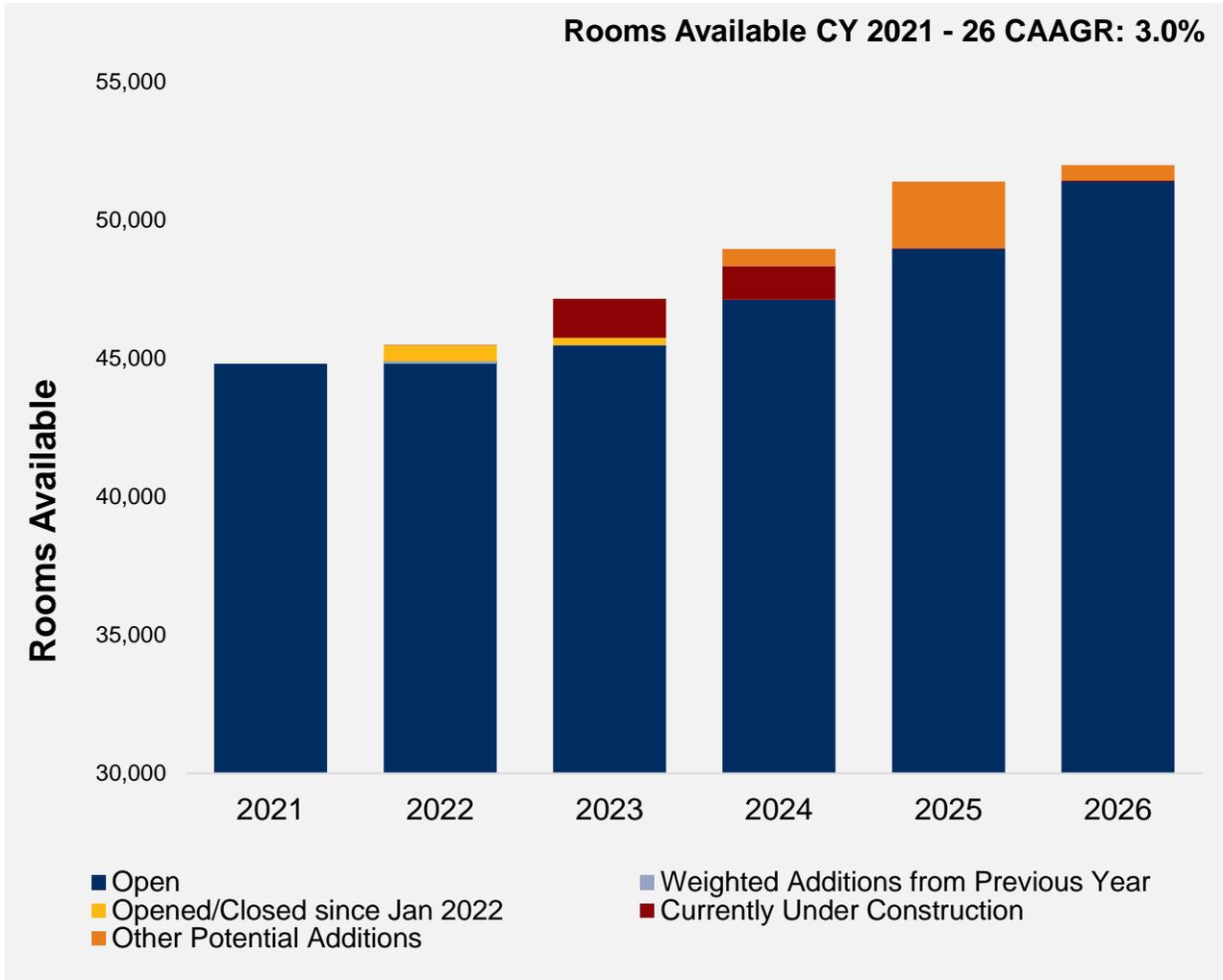
## Forecasts of Demand and Revenue Growth



# Sydney Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

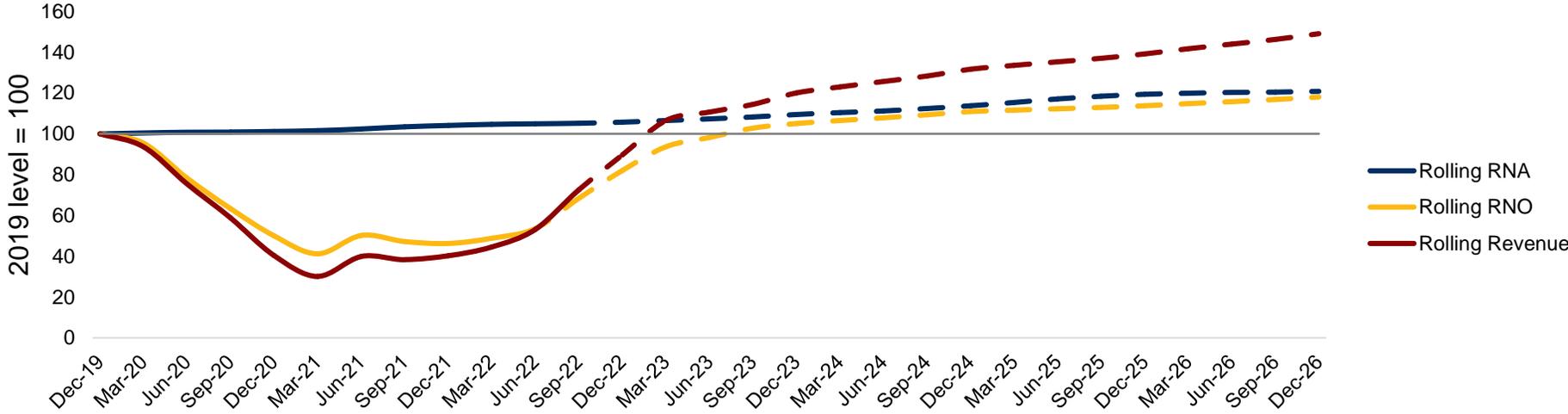
Rooms Available CY 2021 - 26 CAAGR: 3.0%



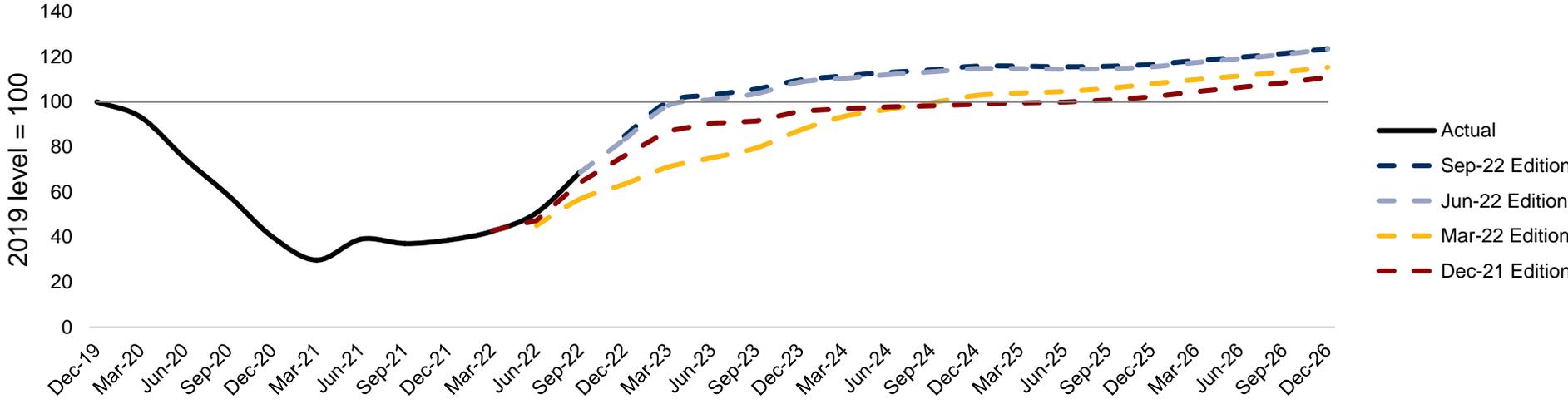
# Sydney Tourism Region Hotel Market Outlook

## Quarter to Quarter Shifts in Growth Trends

**Indexed Rolling 12-Month Hotel Performance Outlook**



**Indexed Rolling 12-Month RevPAR Outlook**



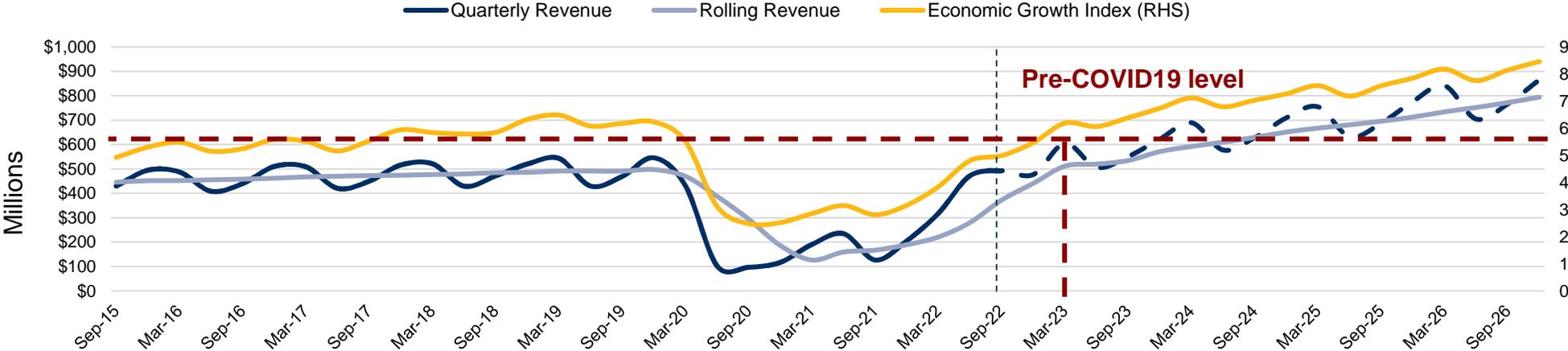
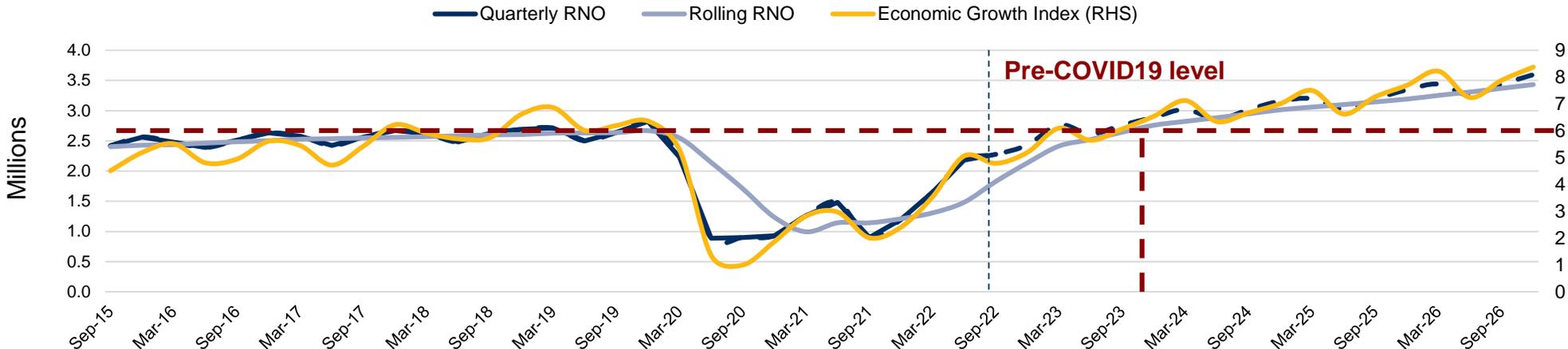


# Melbourne

Melbourne Tourism Region Hotel Market Outlook

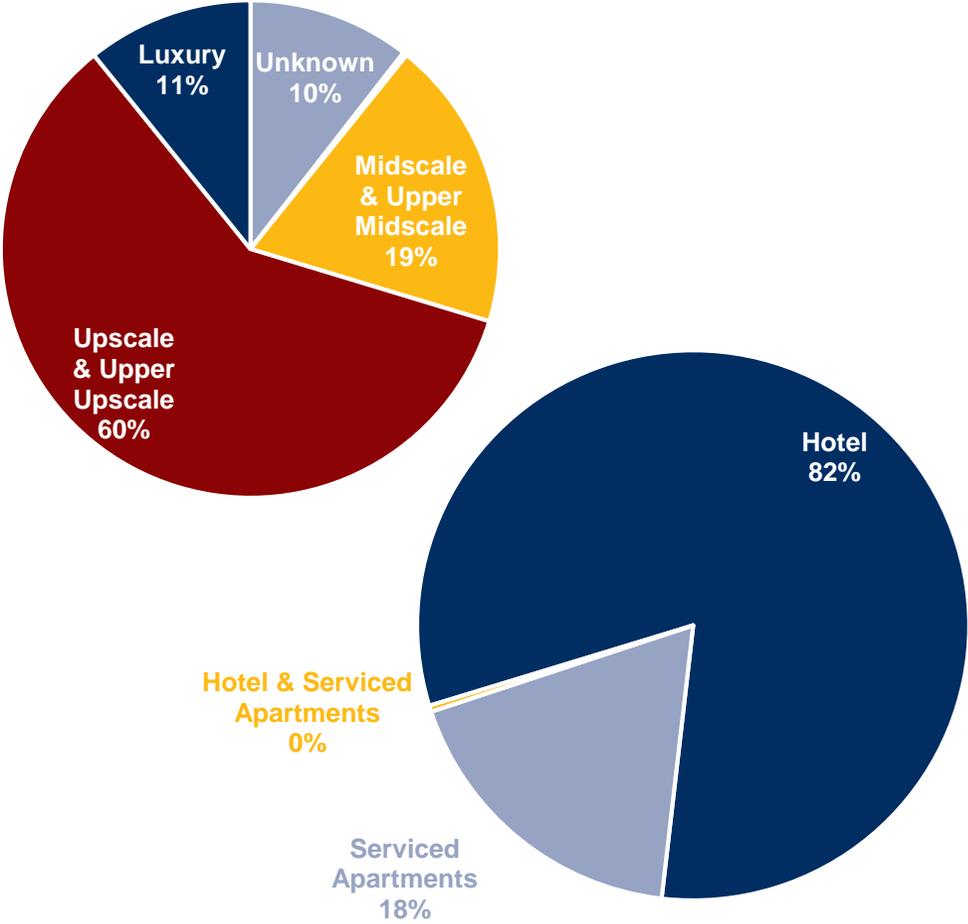
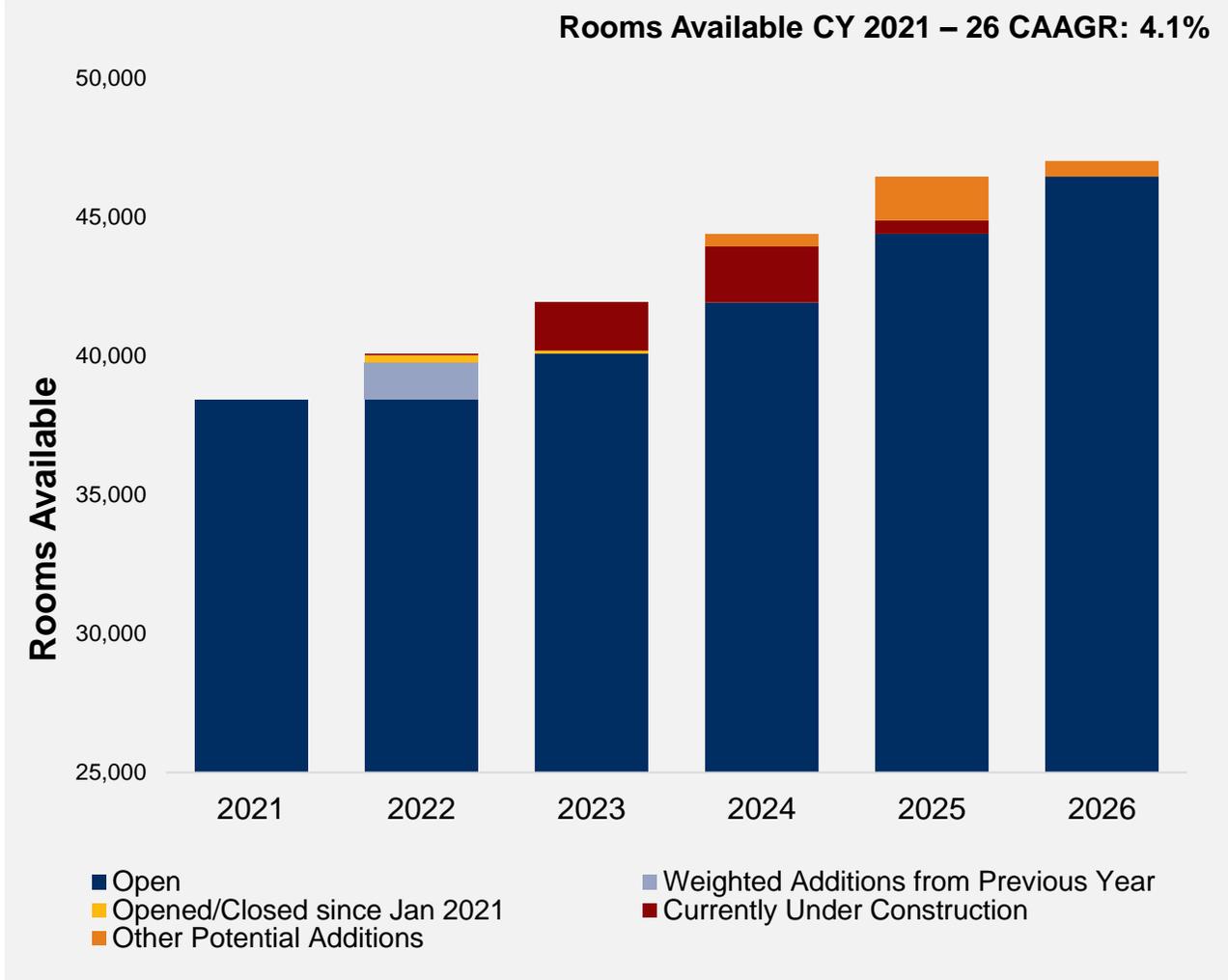
# Melbourne Tourism Region Hotel Market Outlook

## Forecasts of Demand and Revenue Growth



# Melbourne Tourism Region Hotel Market Outlook

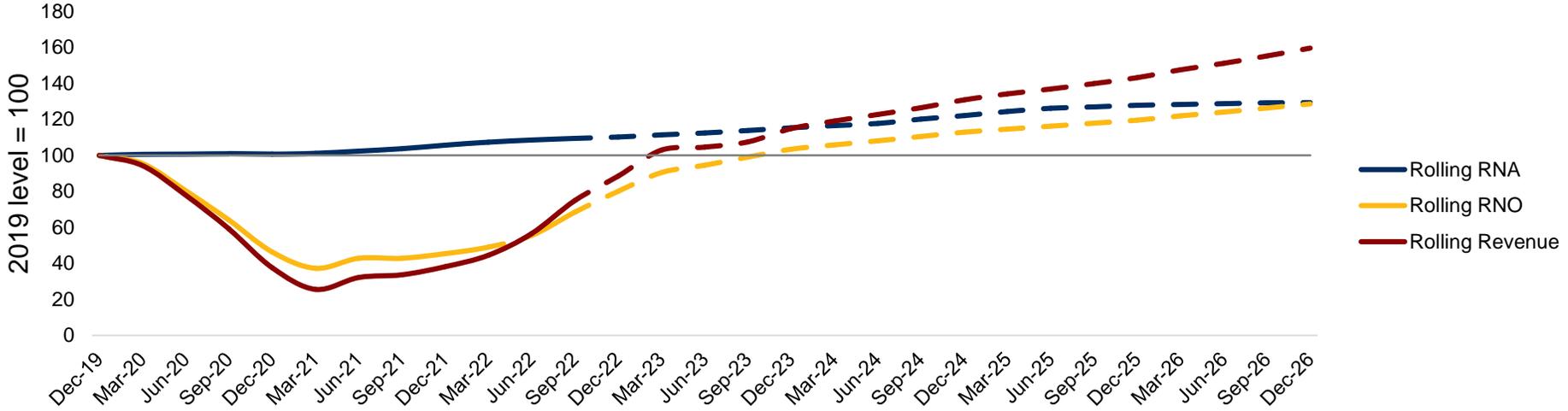
Forecast Additions to Supply – CY 2021 to 2026



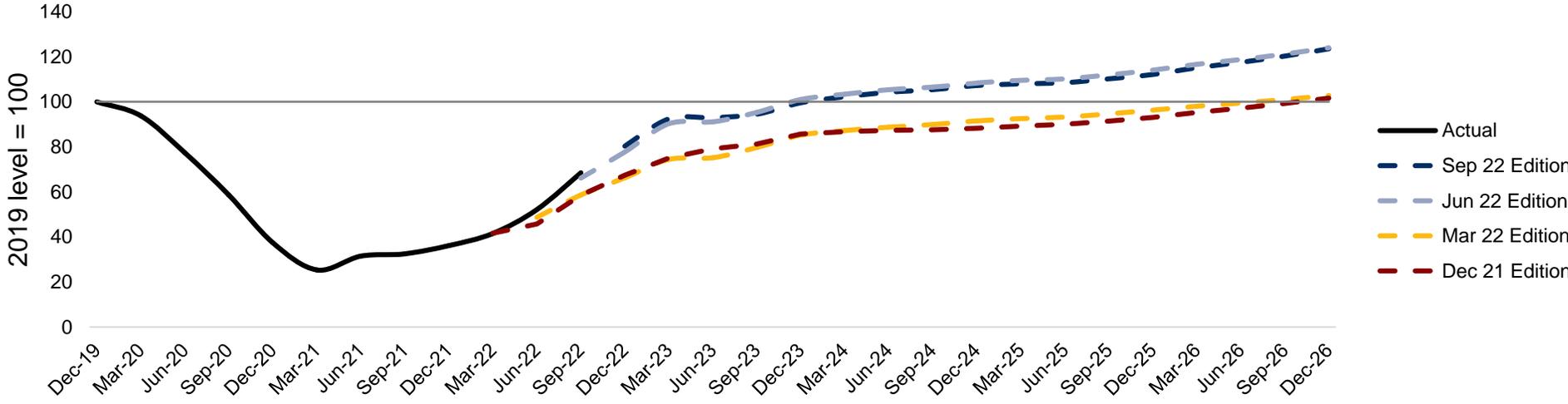
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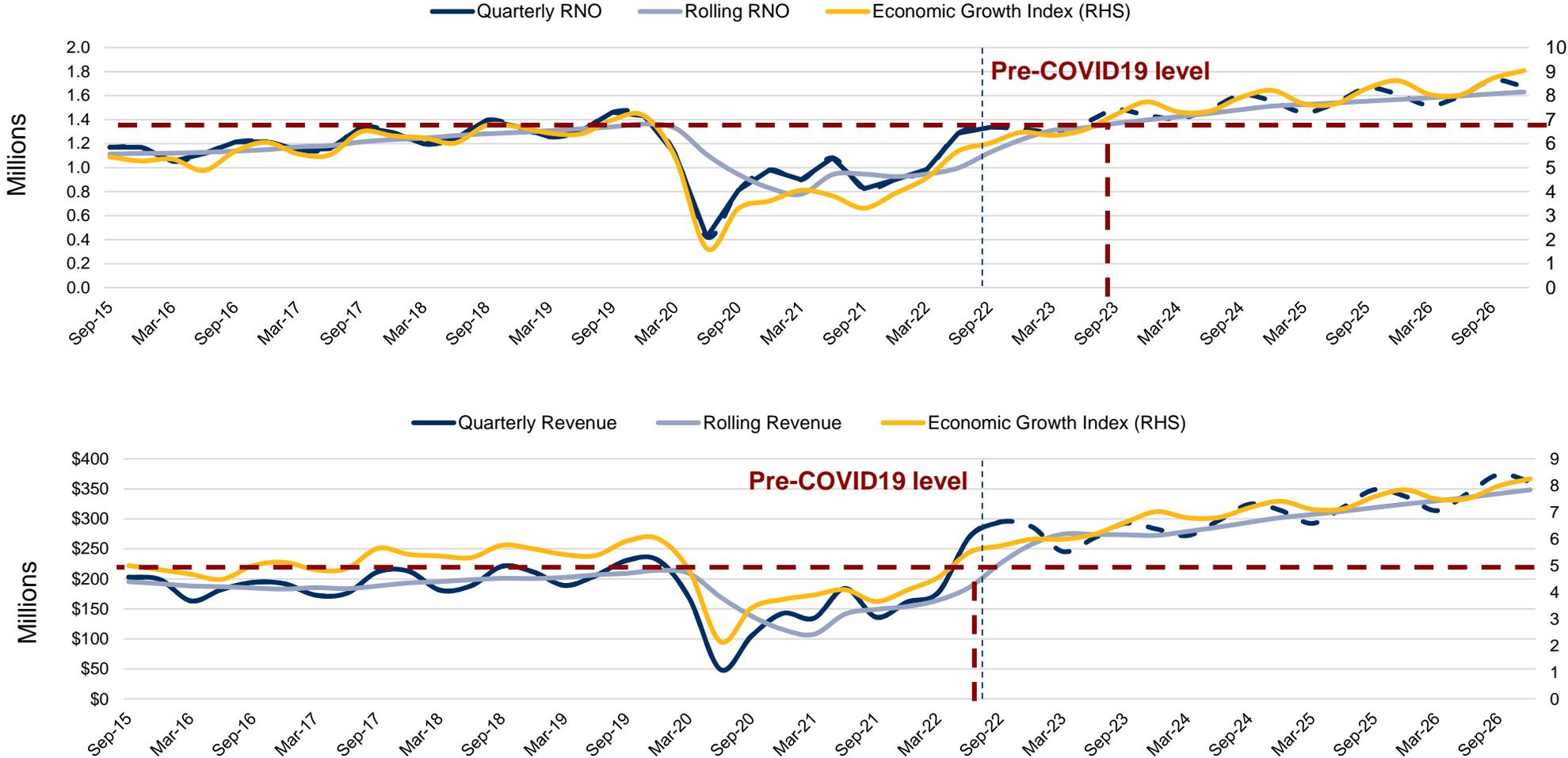
A nighttime photograph of a modern cityscape. In the foreground, a wide, curved concrete walkway with a glass railing and a series of wide stone steps leads up towards the buildings. The walkway is illuminated by warm, yellow lights. In the background, several tall, modern skyscrapers with glass facades are lit up with blue and white lights. The sky is dark, and the overall scene is a vibrant urban environment.

# Brisbane

Brisbane Tourism Region Hotel Market Outlook

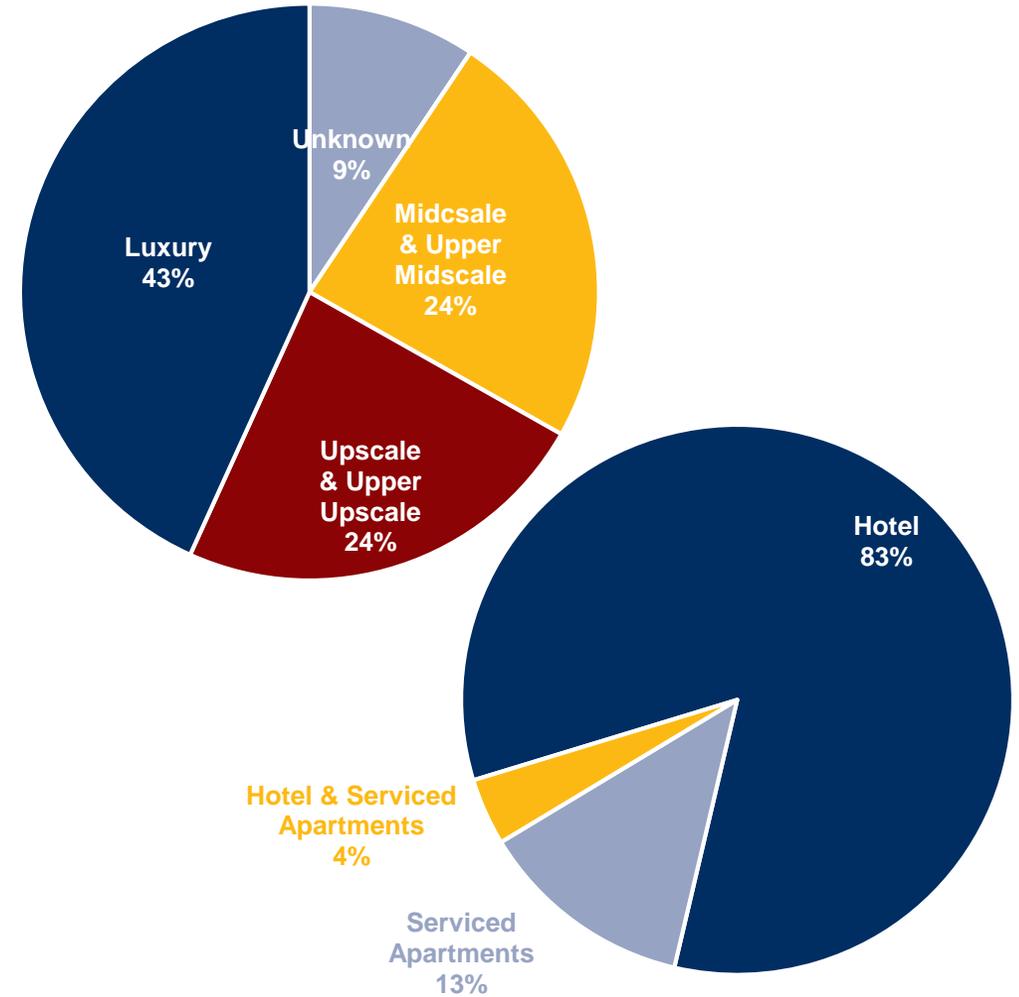
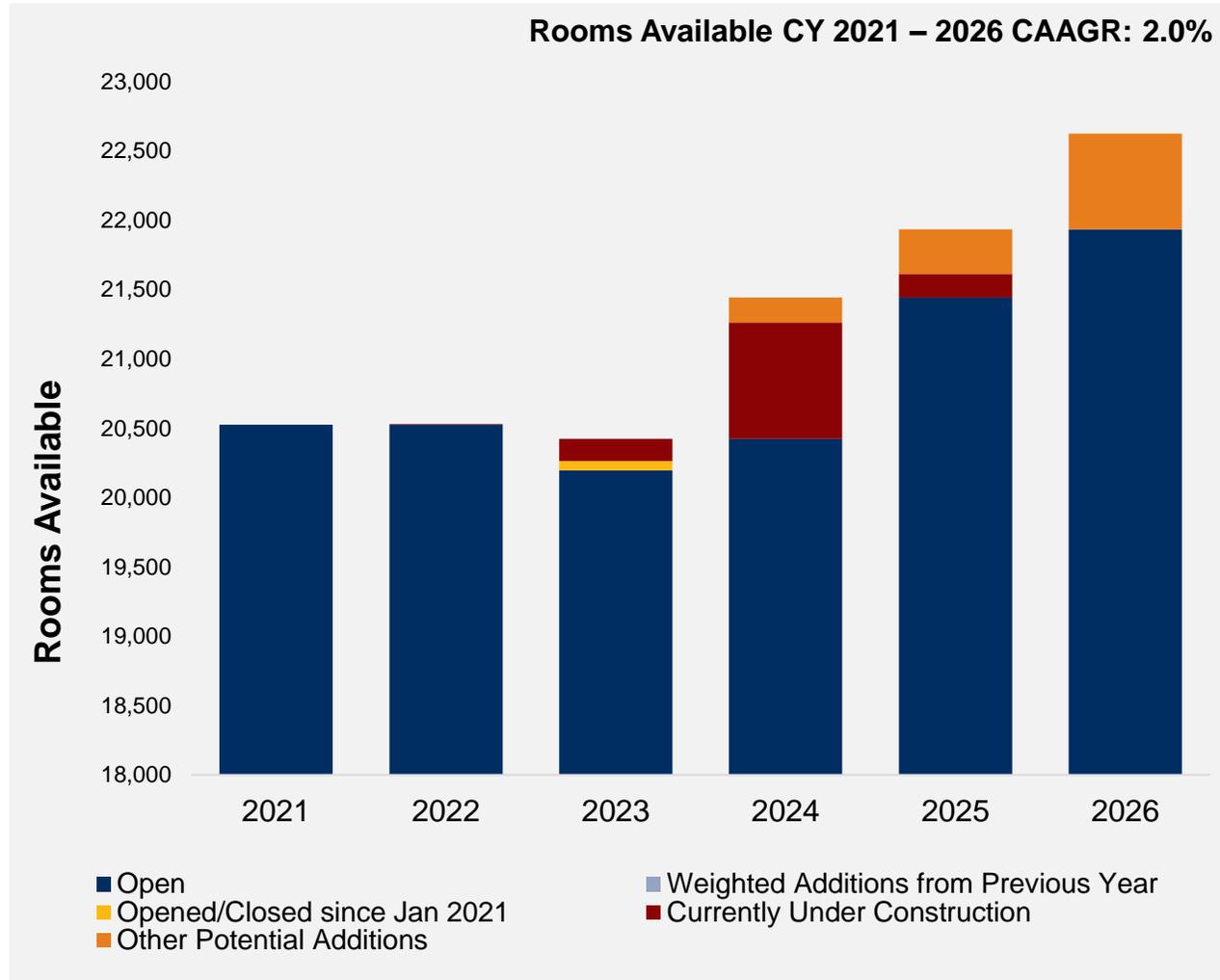
# Brisbane Tourism Region Hotel Market Outlook

## Forecasts of Demand and Revenue Growth



# Brisbane Tourism Region Hotel Market Outlook

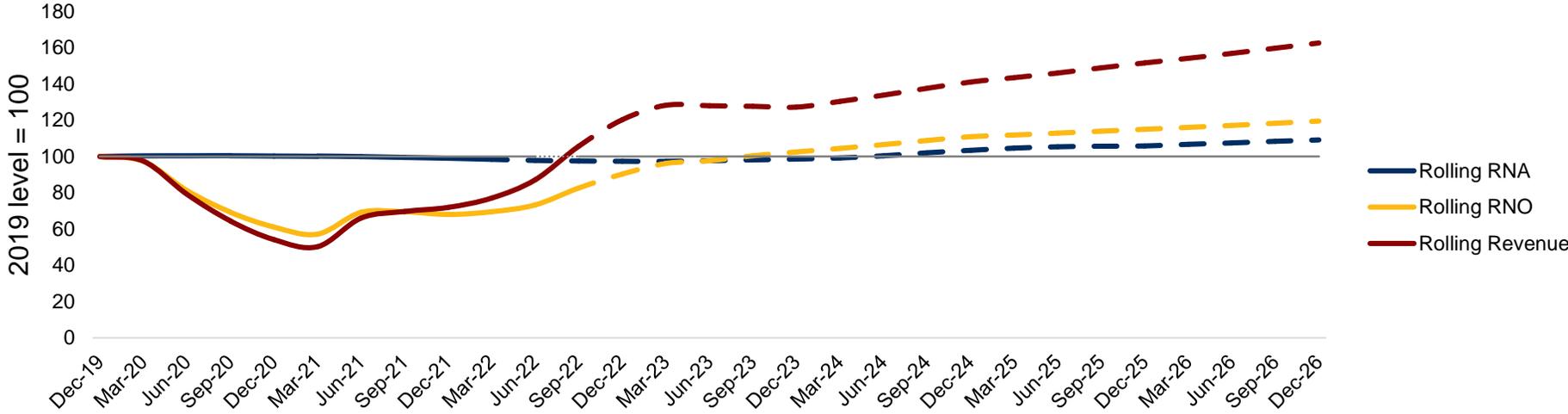
Forecast Additions to Supply – CY 2021 to 2026



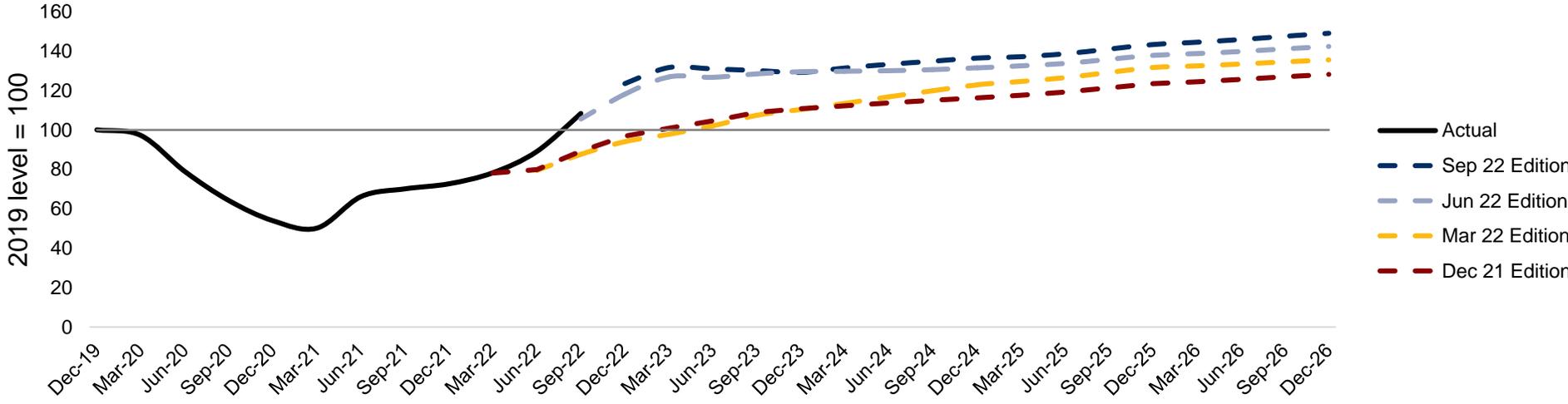
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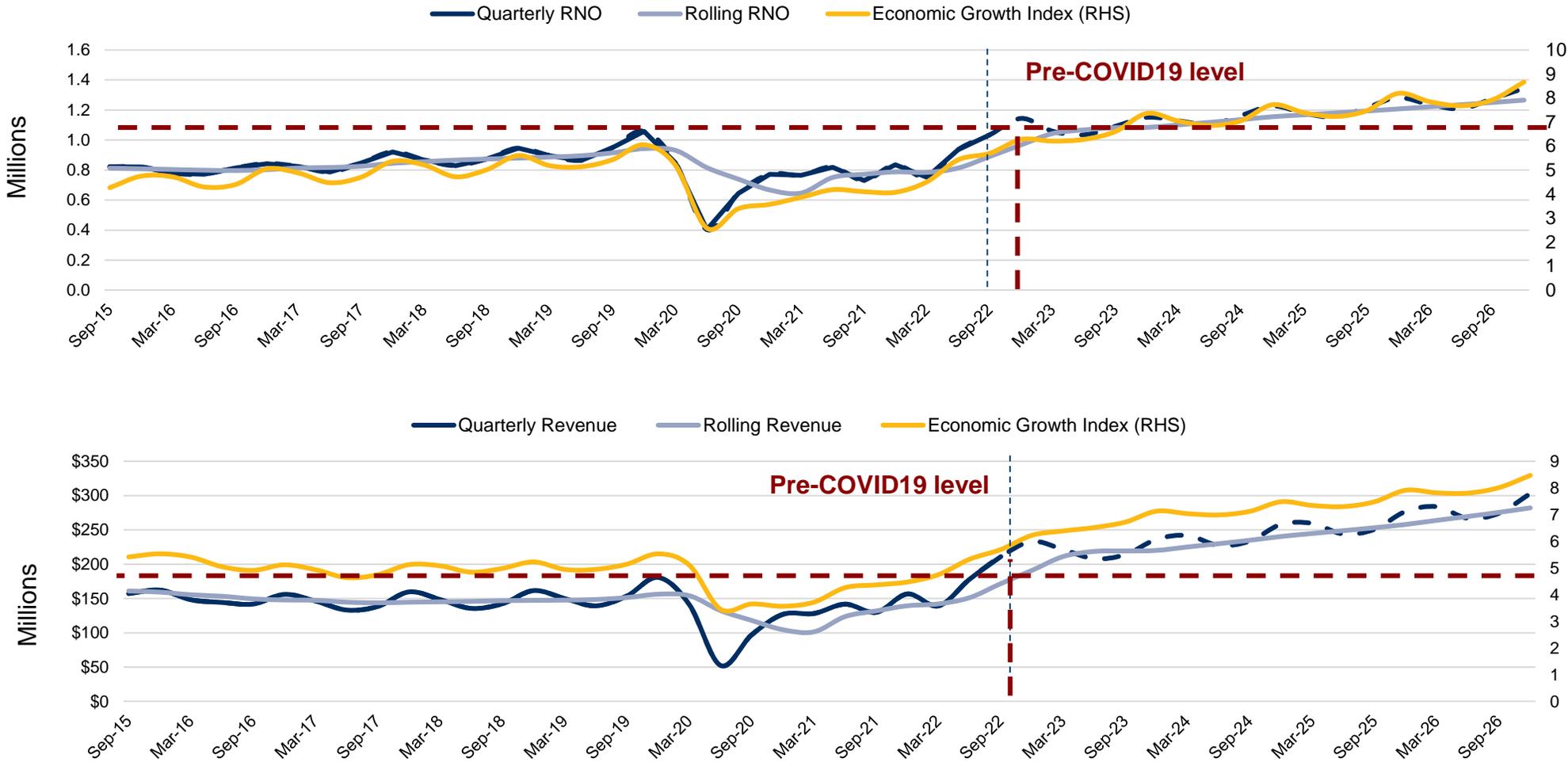


# Perth

Perth Tourism Region Hotel Market Outlook

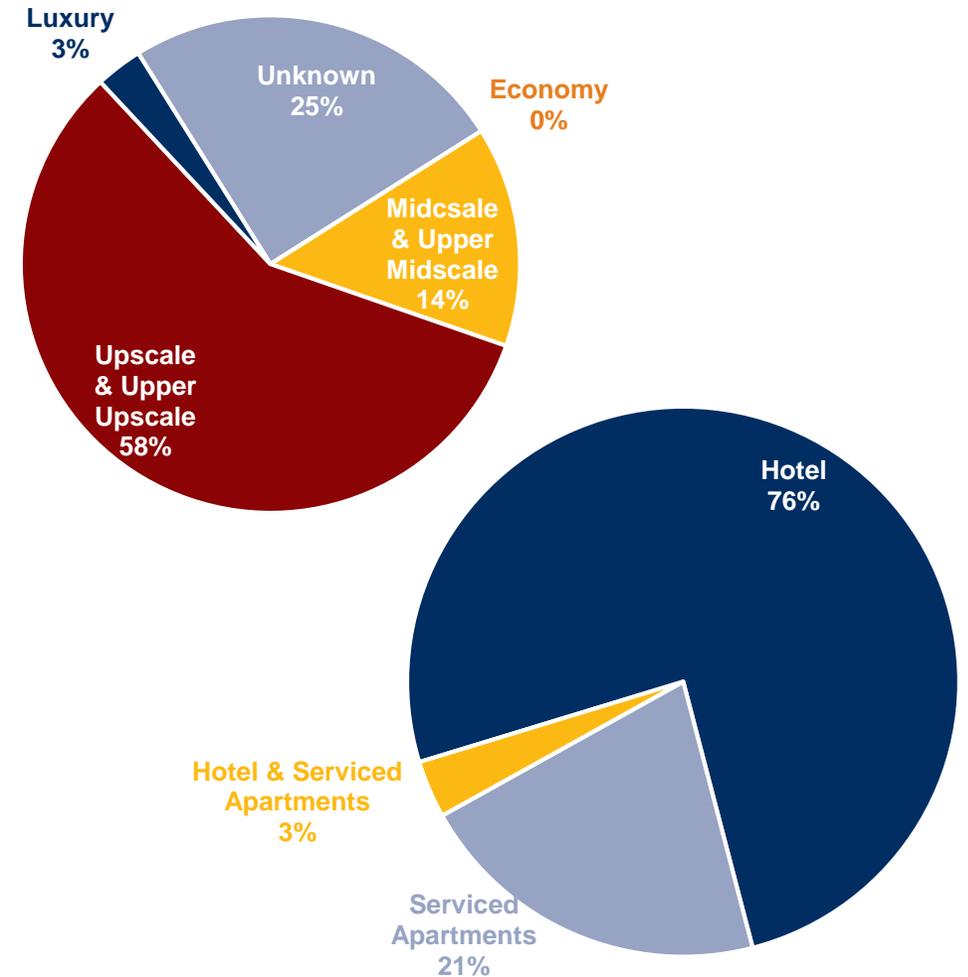
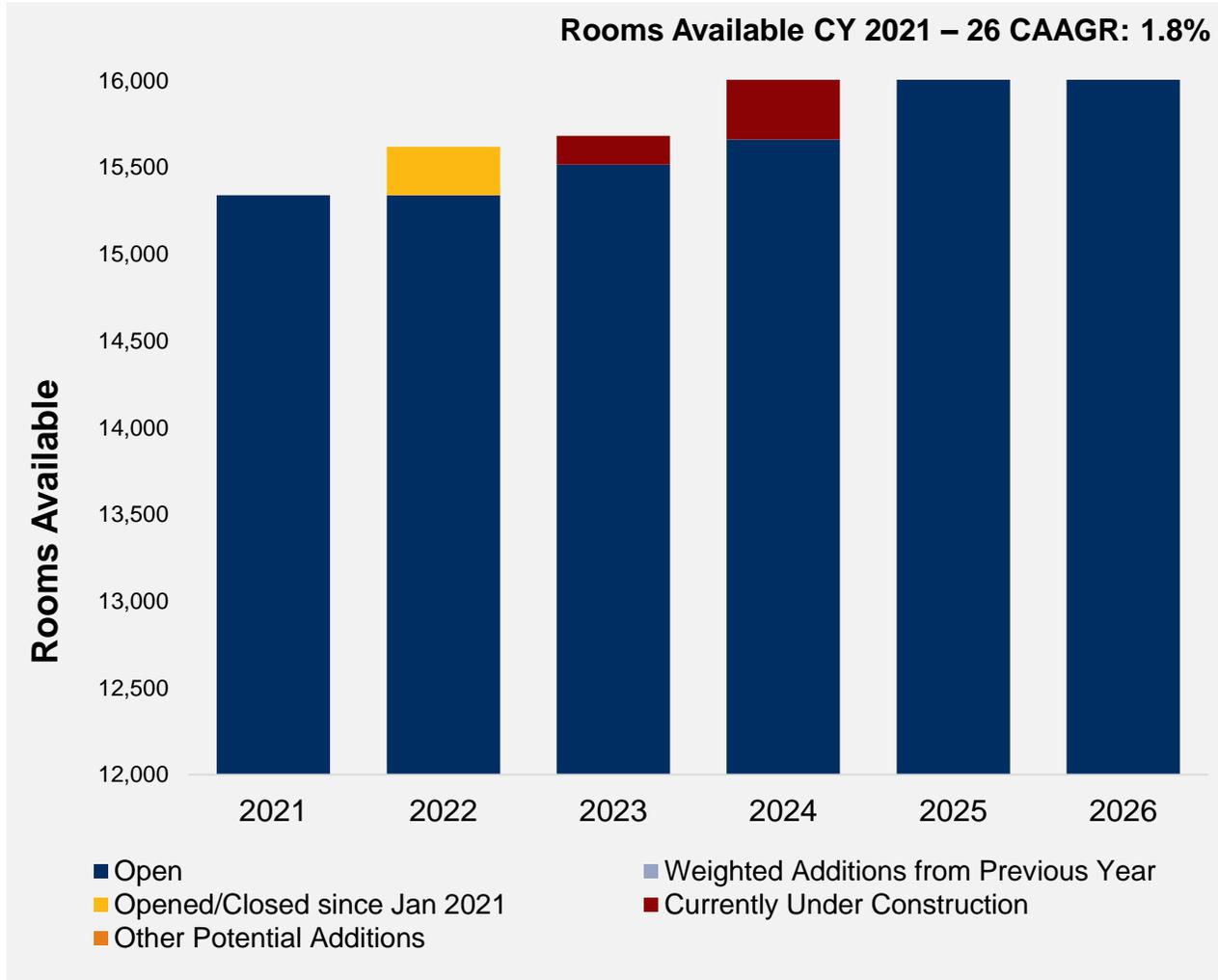
# Perth Tourism Region Hotel Market Outlook

## Forecasts of Demand and Revenue Growth



# Perth Tourism Region Hotel Market Outlook

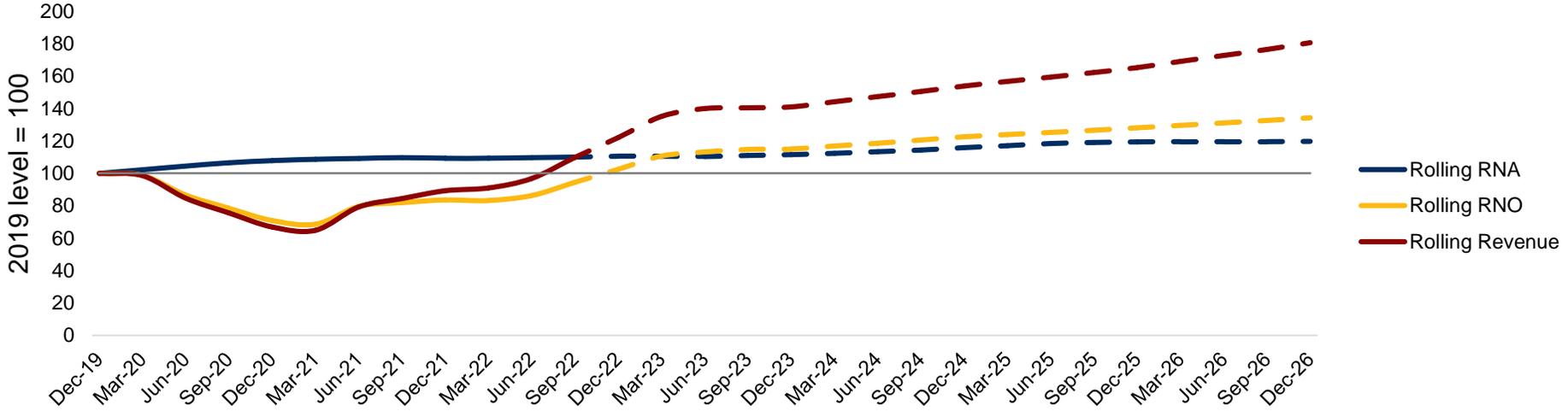
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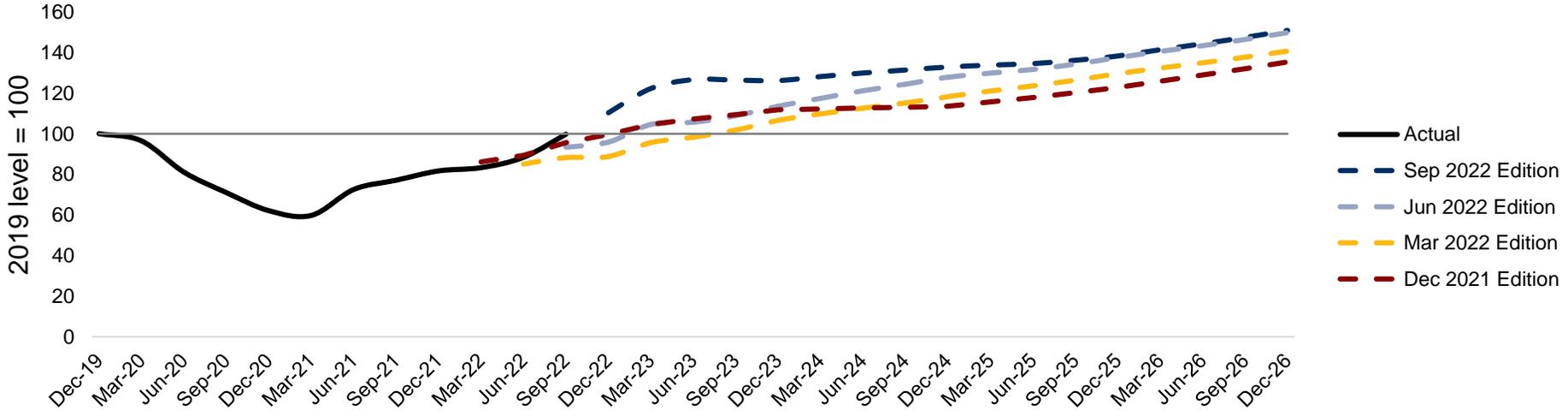
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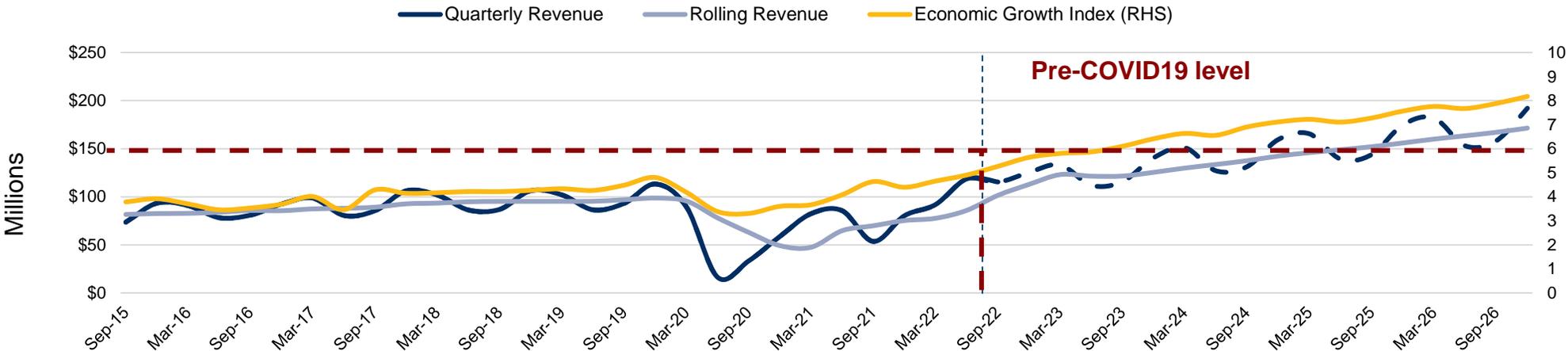
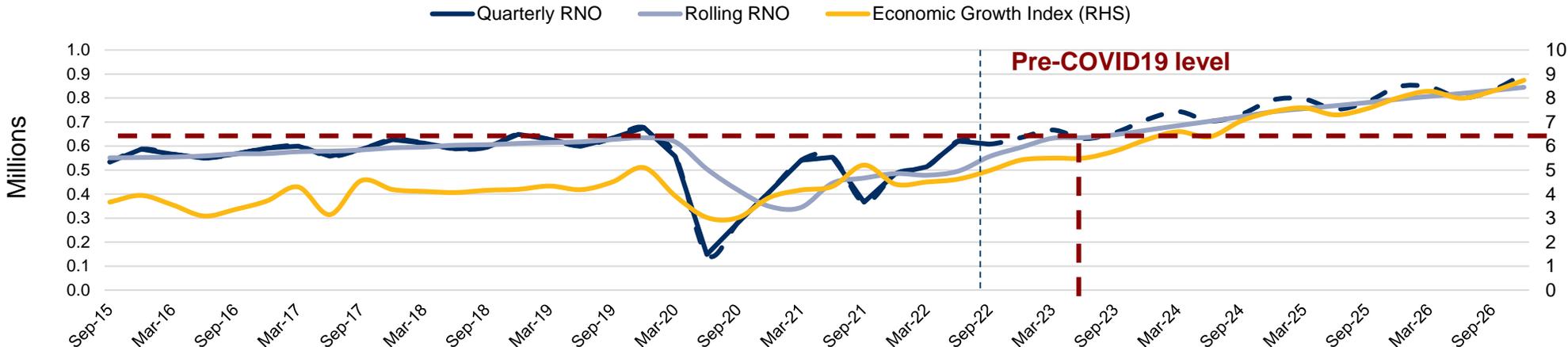


# Adelaide

Adelaide Tourism Region Hotel Market Outlook

# Adelaide Tourism Region Hotel Market Outlook

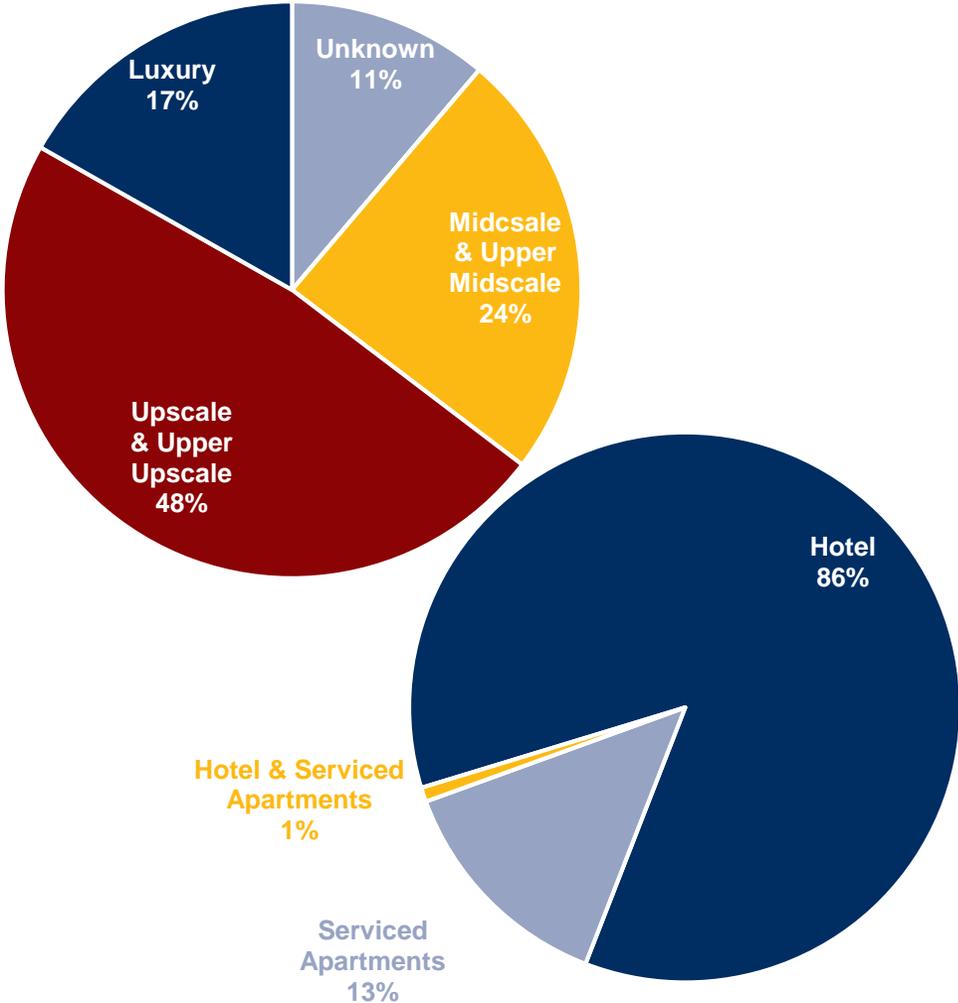
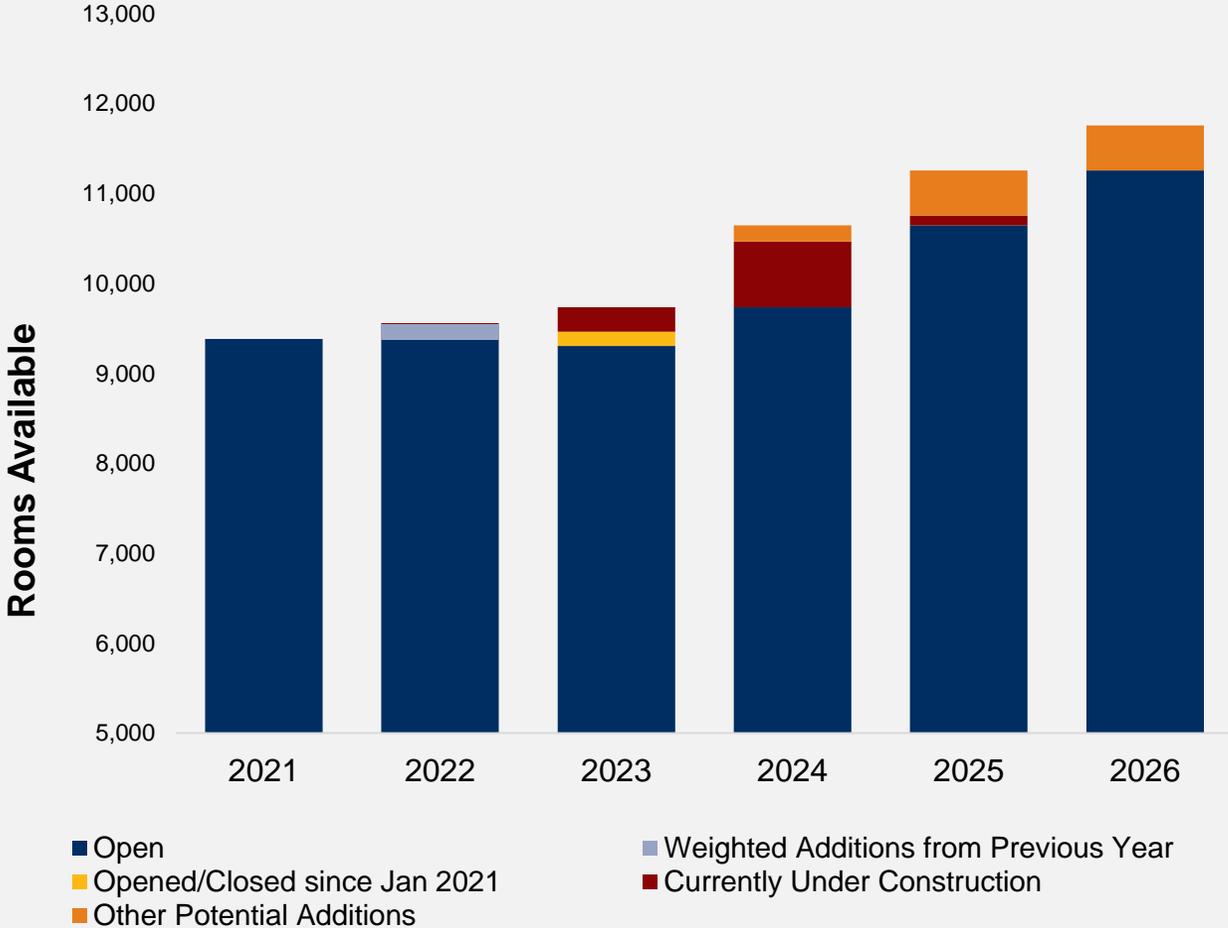
## Forecasts of Demand and Revenue Growth



# Adelaide Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

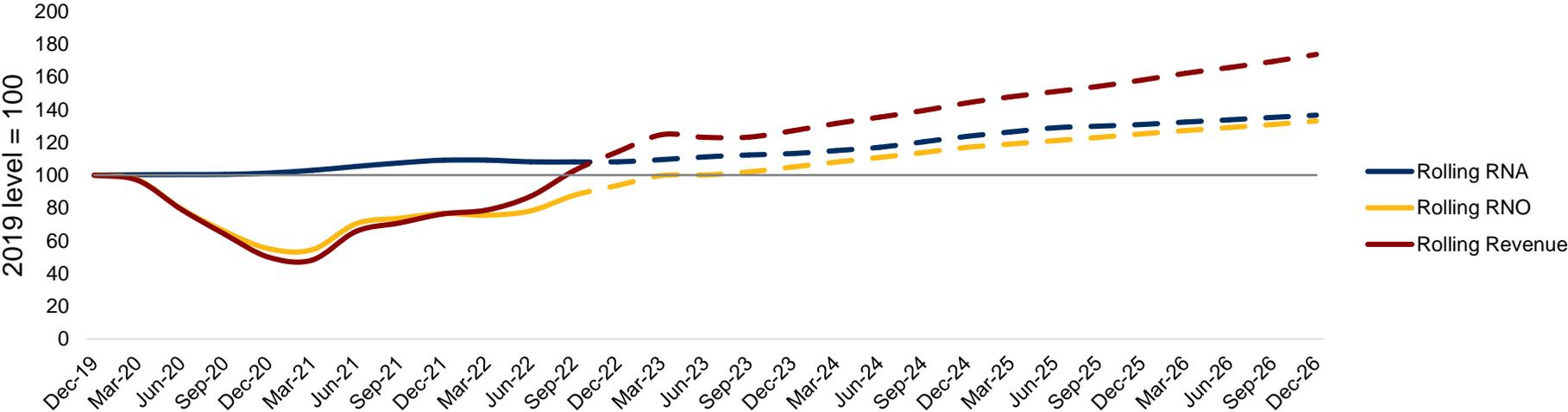
Rooms Available CY 2021 - 26 CAAGR: 4.6%



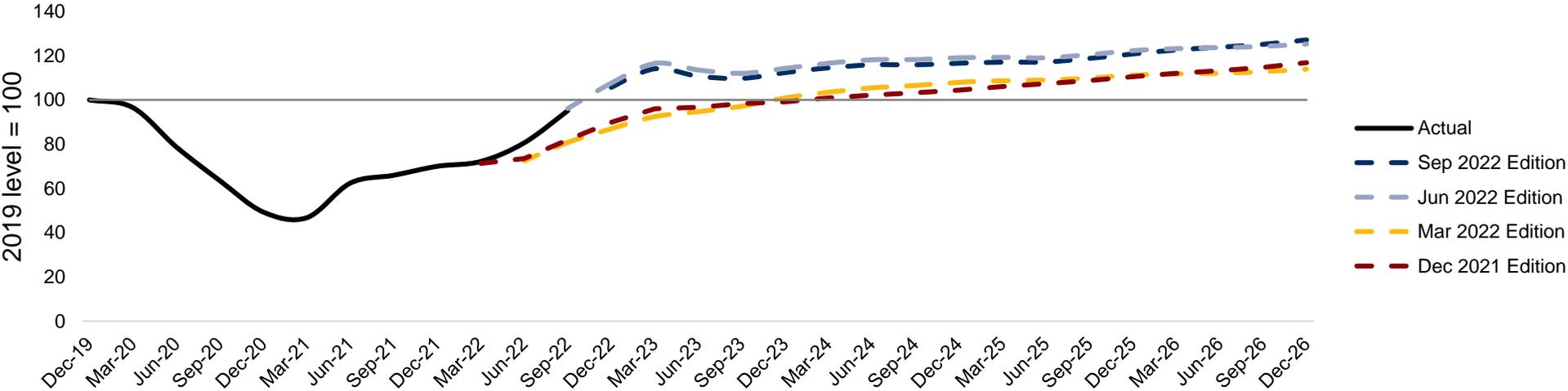
# Adelaide Tourism Region Hotel Market Outlook

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Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



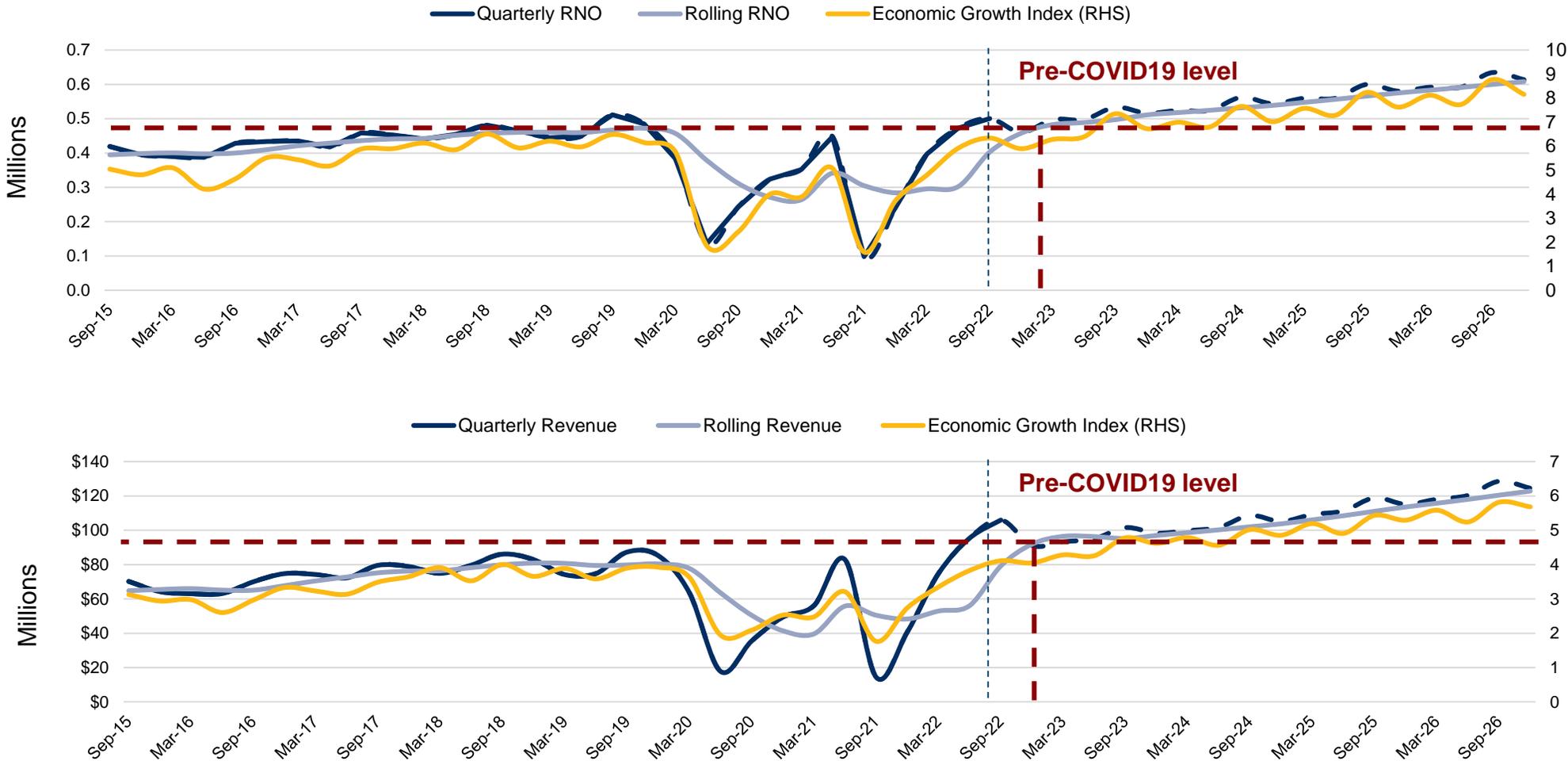


# Canberra

Canberra Tourism Region Hotel Market Outlook

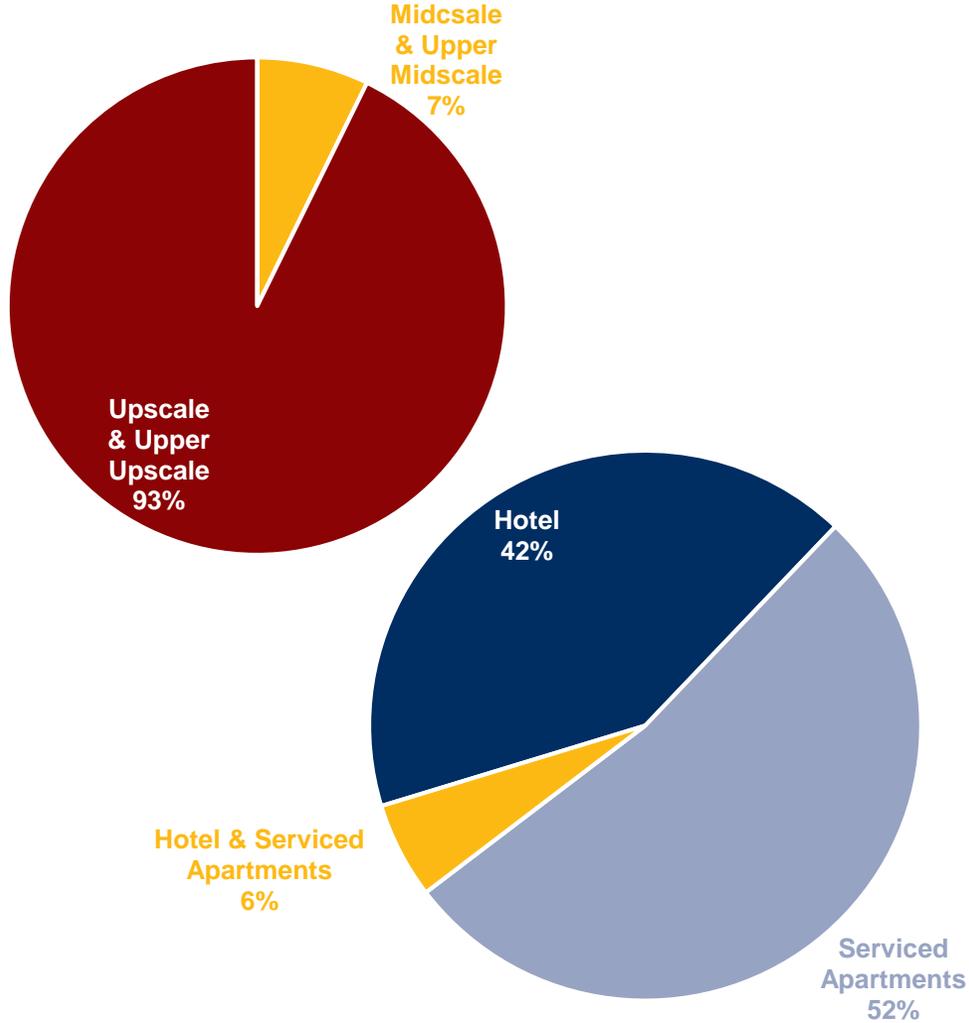
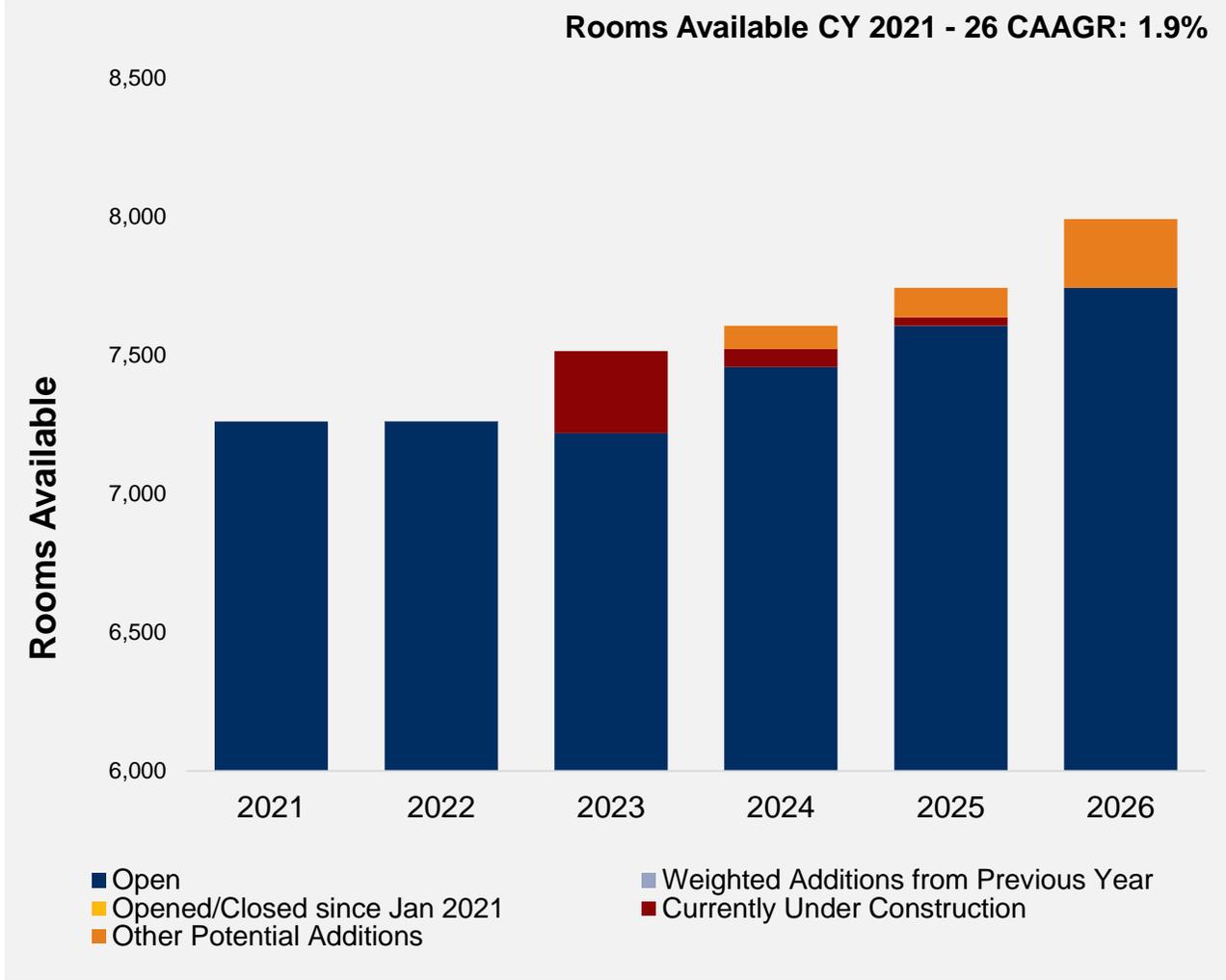
# Canberra Tourism Region Hotel Market Outlook

## Forecasts of Demand and Revenue Growth



# Canberra Tourism Region Hotel Market Outlook

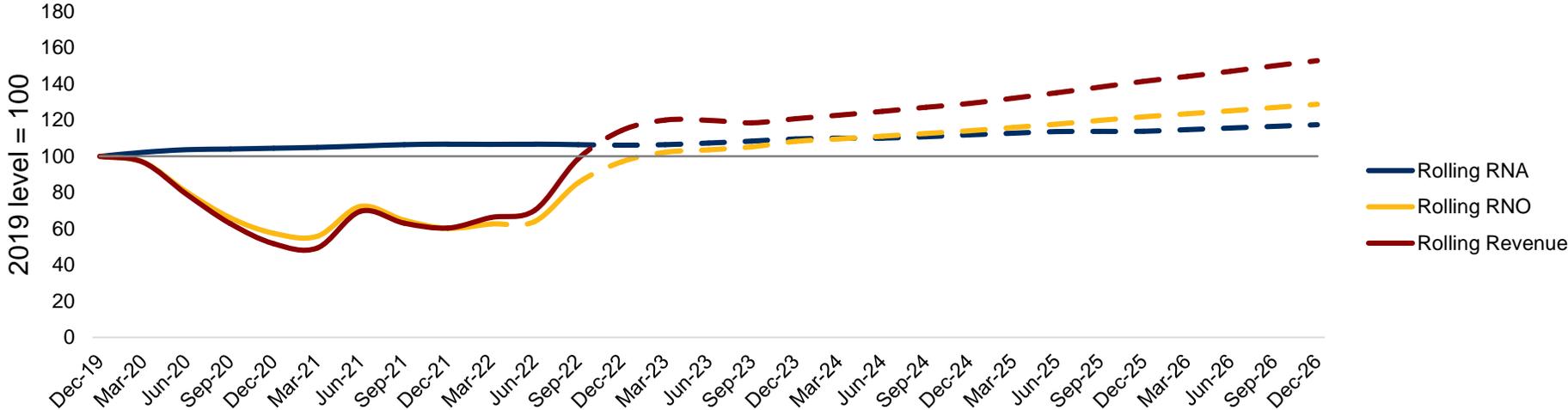
Forecast Additions to Supply – CY 2021 to 2026



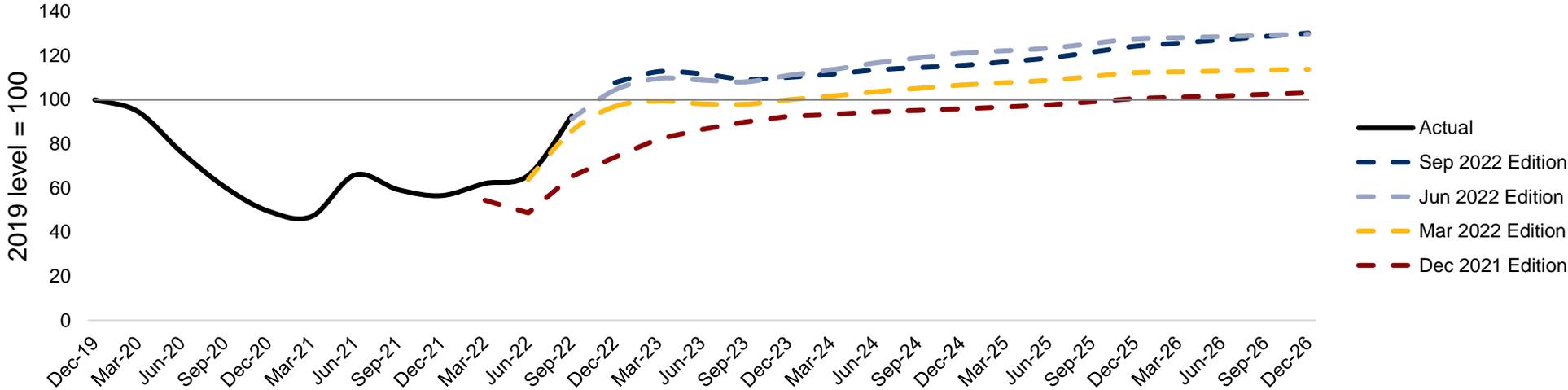
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## Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



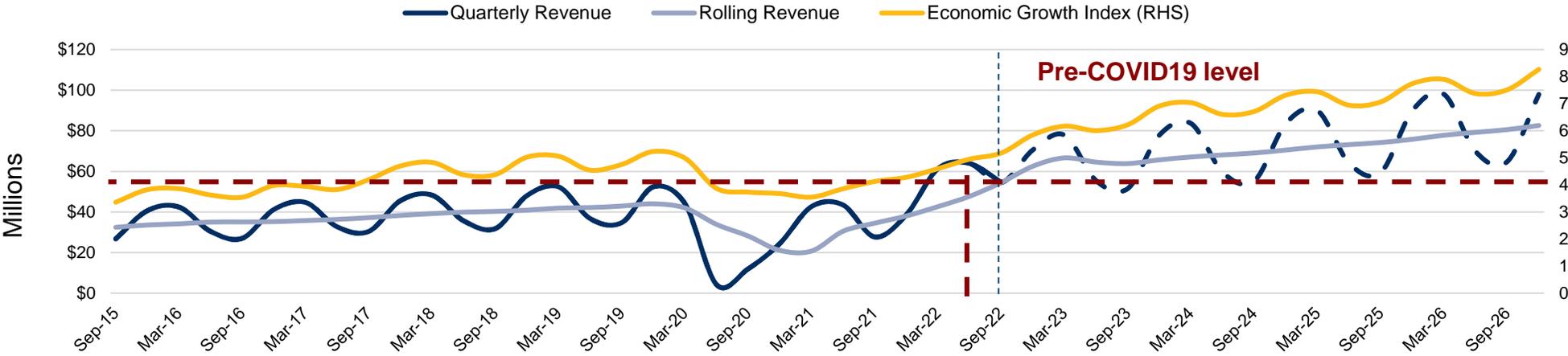
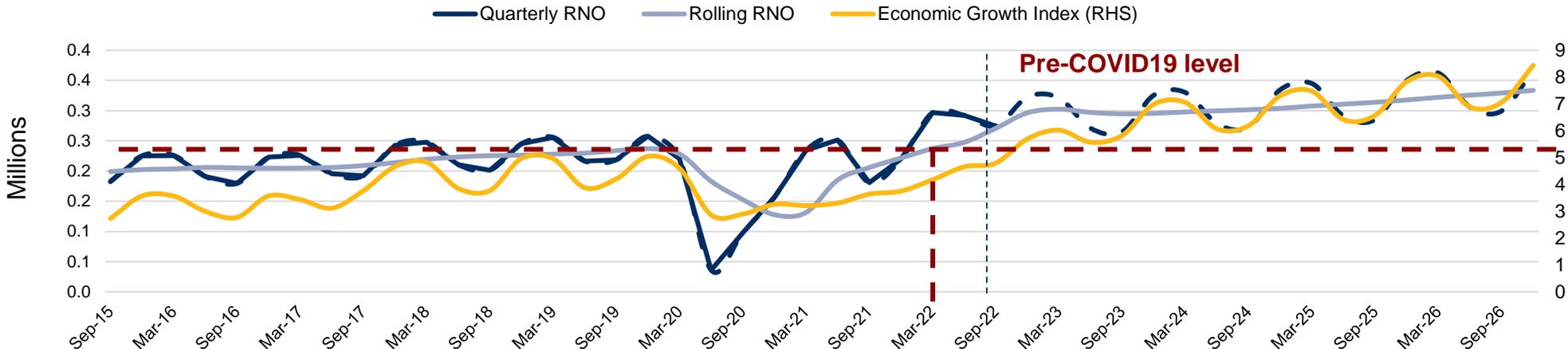
A long bridge illuminated at night over a body of water, with a rocky shore in the foreground. The bridge's lights are reflected in the water, and the sky is a deep blue. The foreground is filled with dark, rounded rocks.

# Hobart

Hobart Tourism Region Hotel Market Outlook

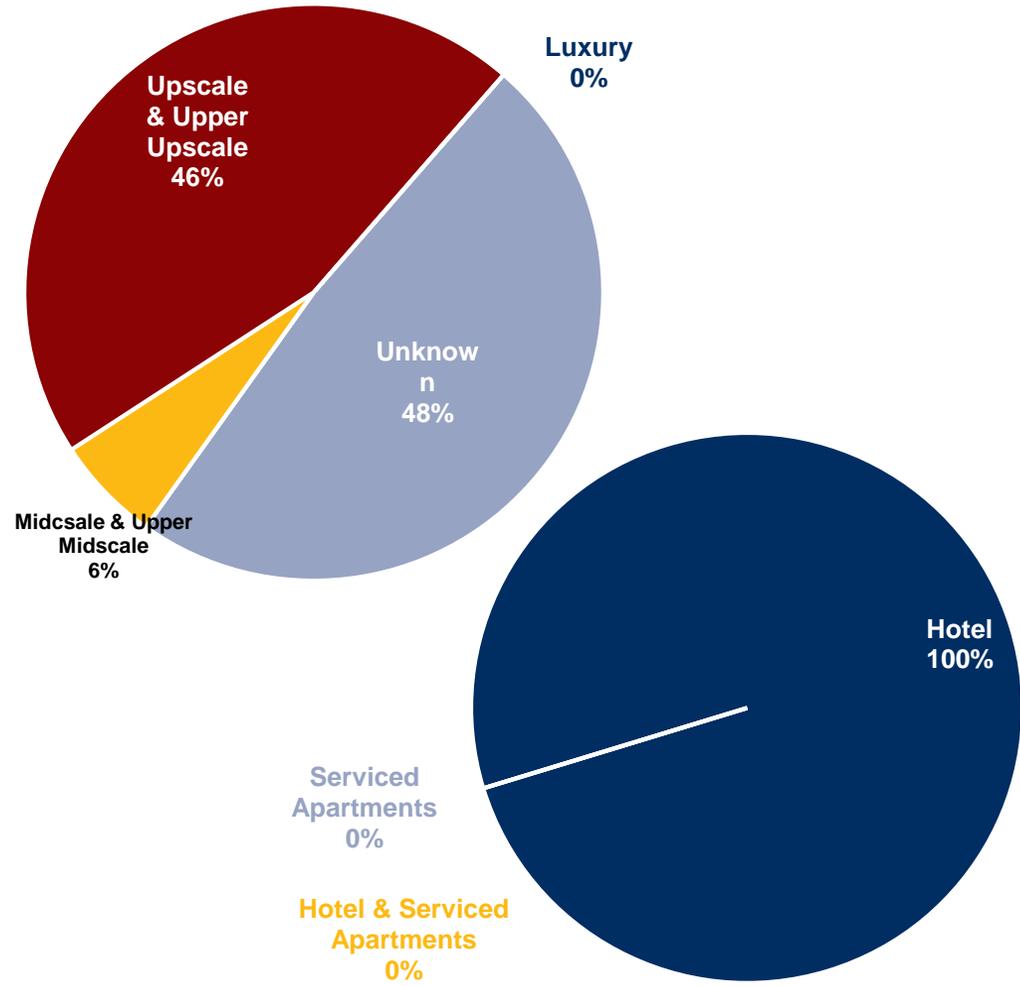
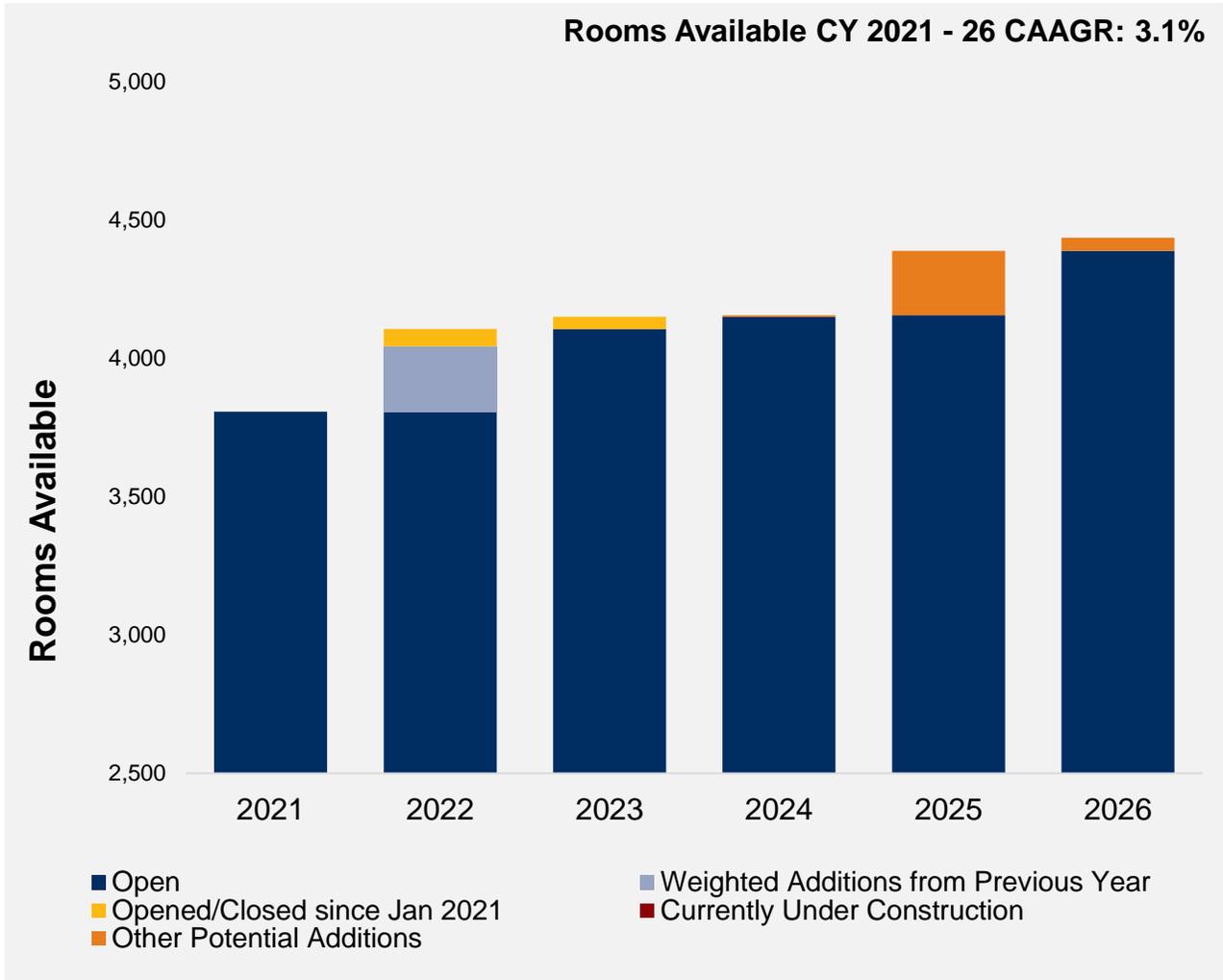
# Hobart Tourism Region Hotel Market Outlook

## Forecasts of Demand and Revenue Growth



# Hobart Tourism Region Hotel Market Outlook

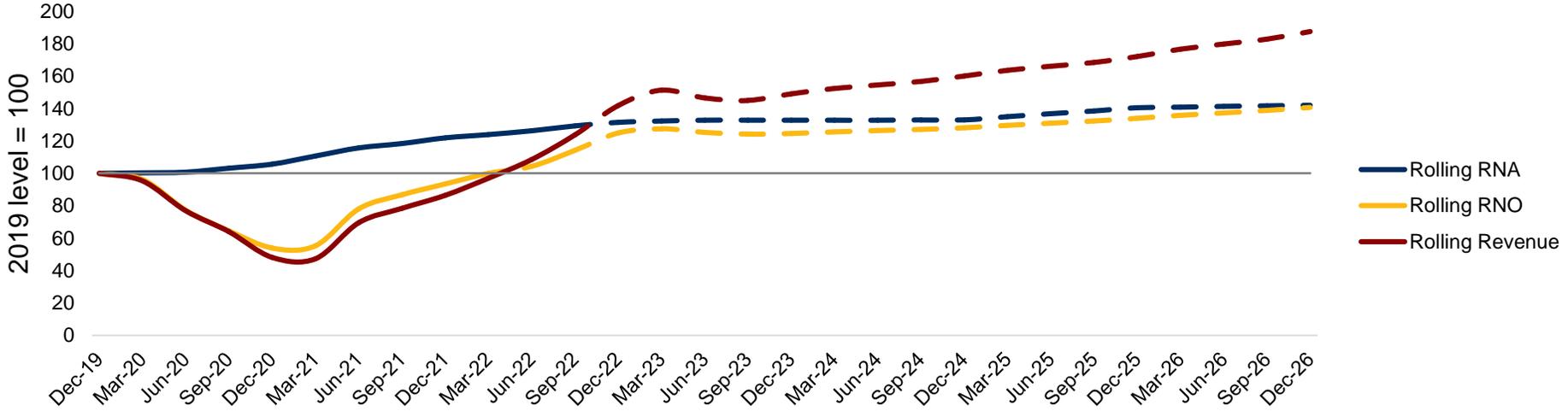
Forecast Additions to Supply – CY 2022 to 2026



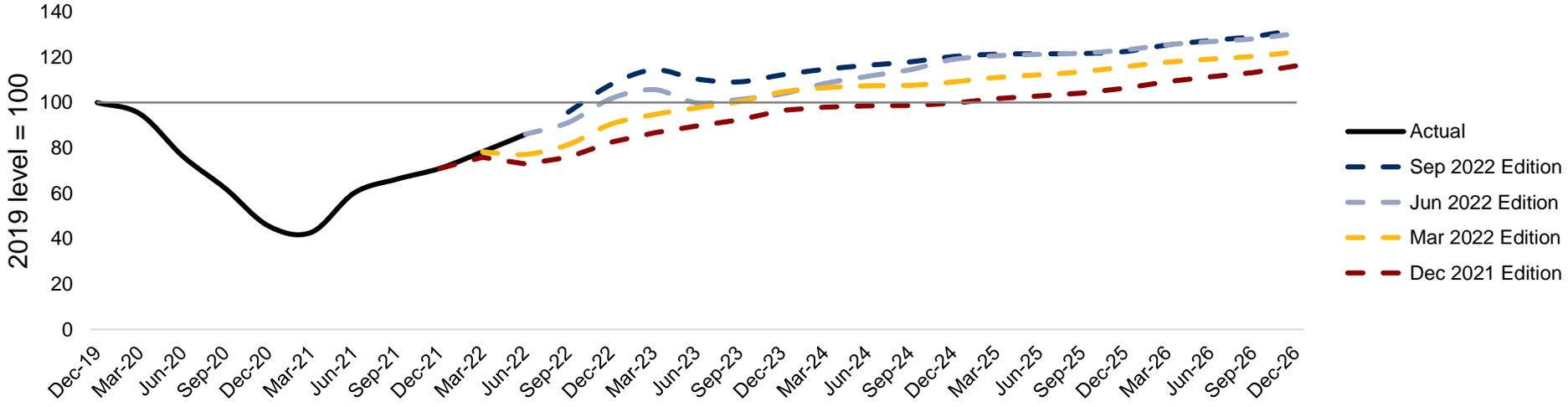
# Hobart Tourism Region Hotel Market Outlook

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**Indexed Rolling 12-Month Hotel Performance Outlook**



**Indexed Rolling 12-Month RevPAR Outlook**



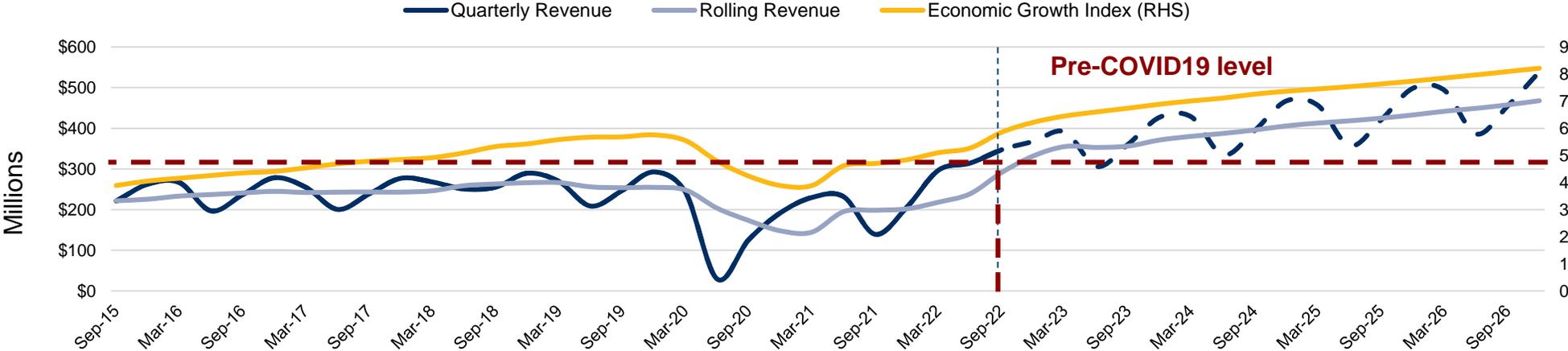
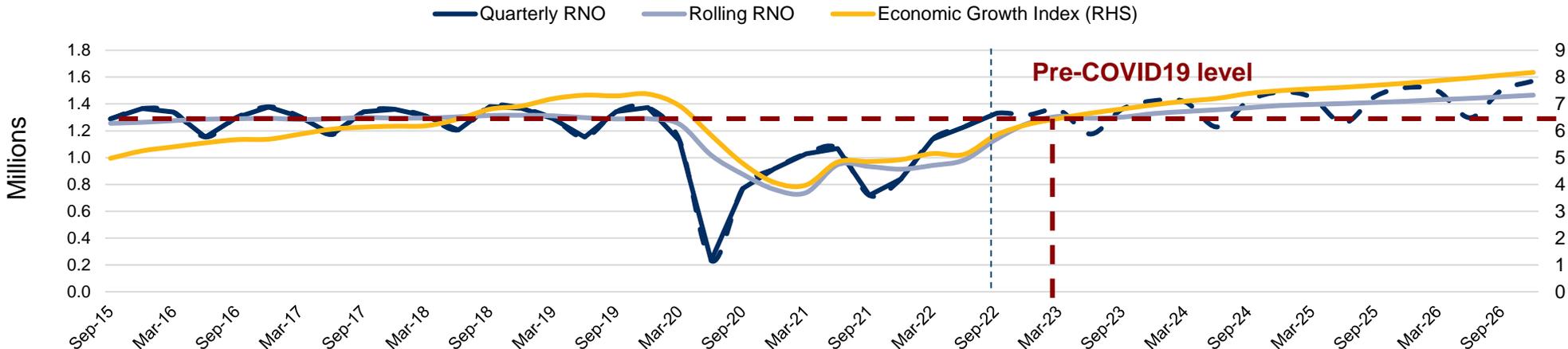


# Gold Coast

Gold Coast Tourism Region Hotel Market Outlook

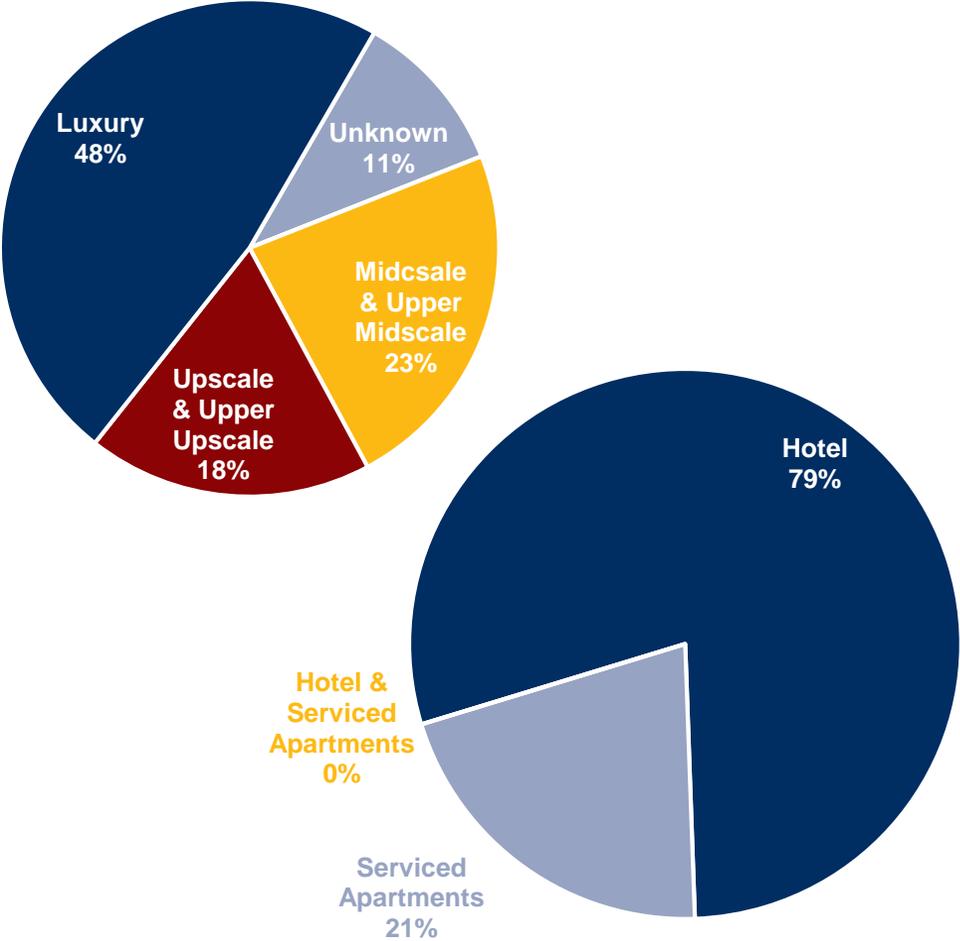
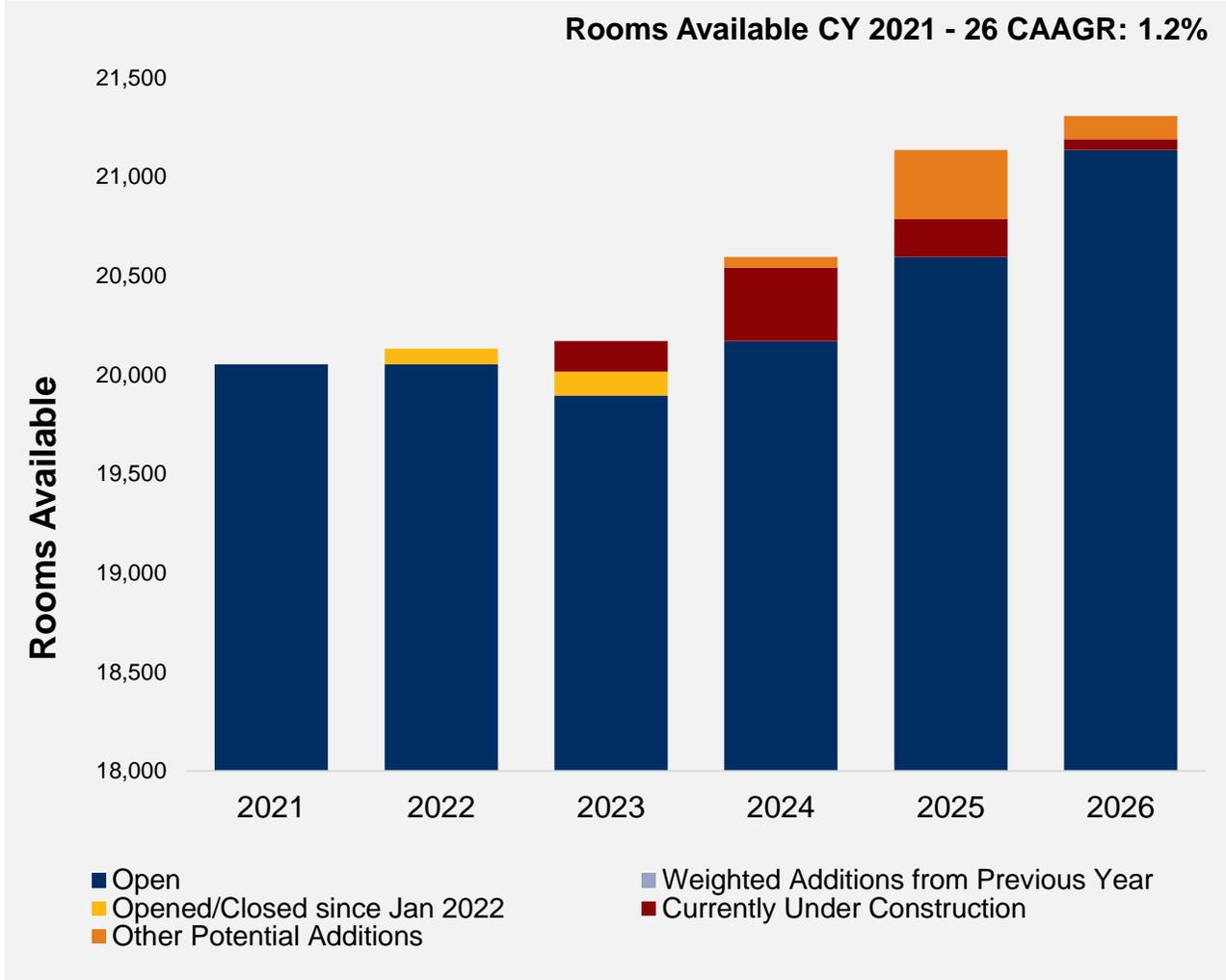
# Gold Coast Tourism Region Hotel Market Outlook

## Forecasts of Demand and Revenue Growth



# Gold Coast Tourism Region Hotel Market Outlook

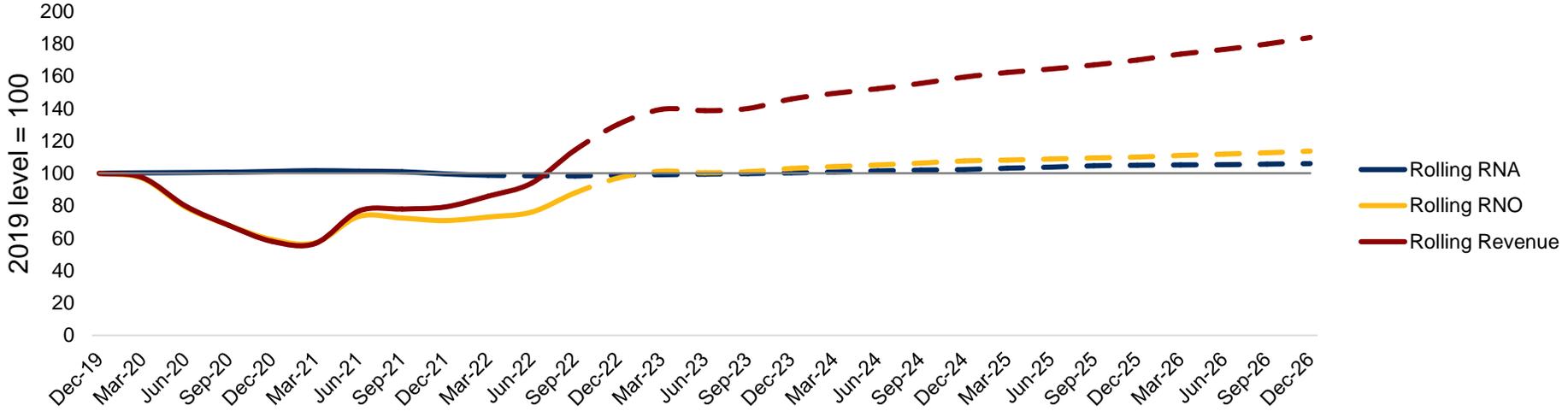
Forecast Additions to Supply – CY 2021 to 2026



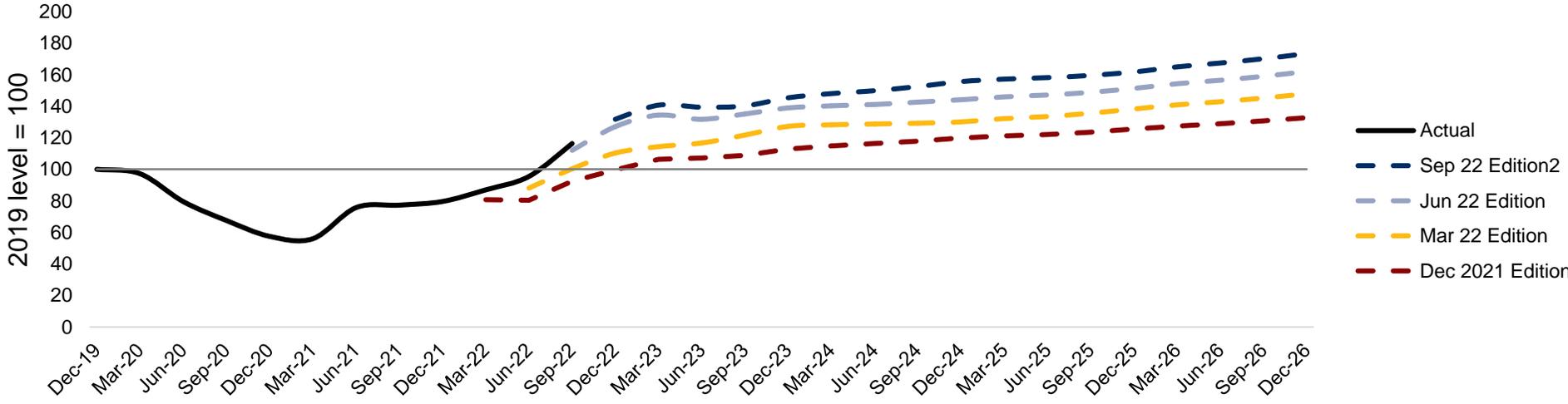
# Gold Coast Tourism Region Hotel Market Outlook

## Quarter to Quarter Shifts in Growth Trends

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**Indexed Rolling 12-Month RevPAR Outlook**



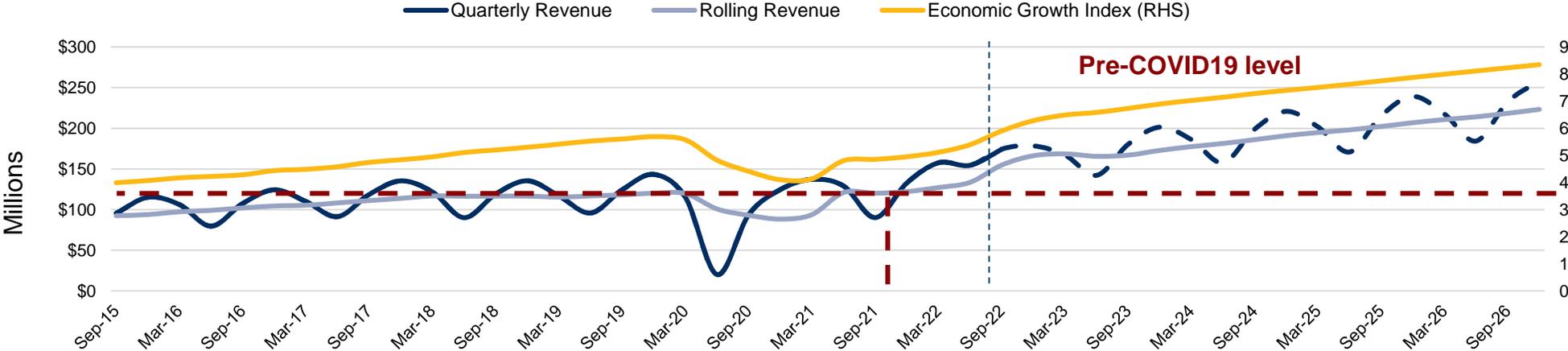
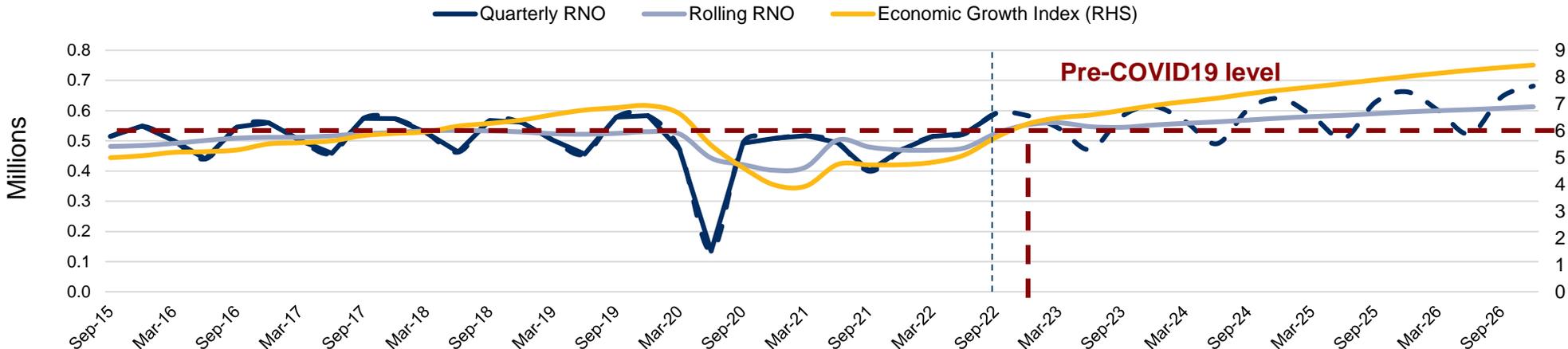


# Sunshine Coast

Sunshine Tourism Region Hotel Market Outlook

# Sunshine Coast Tourism Region Hotel Market Outlook

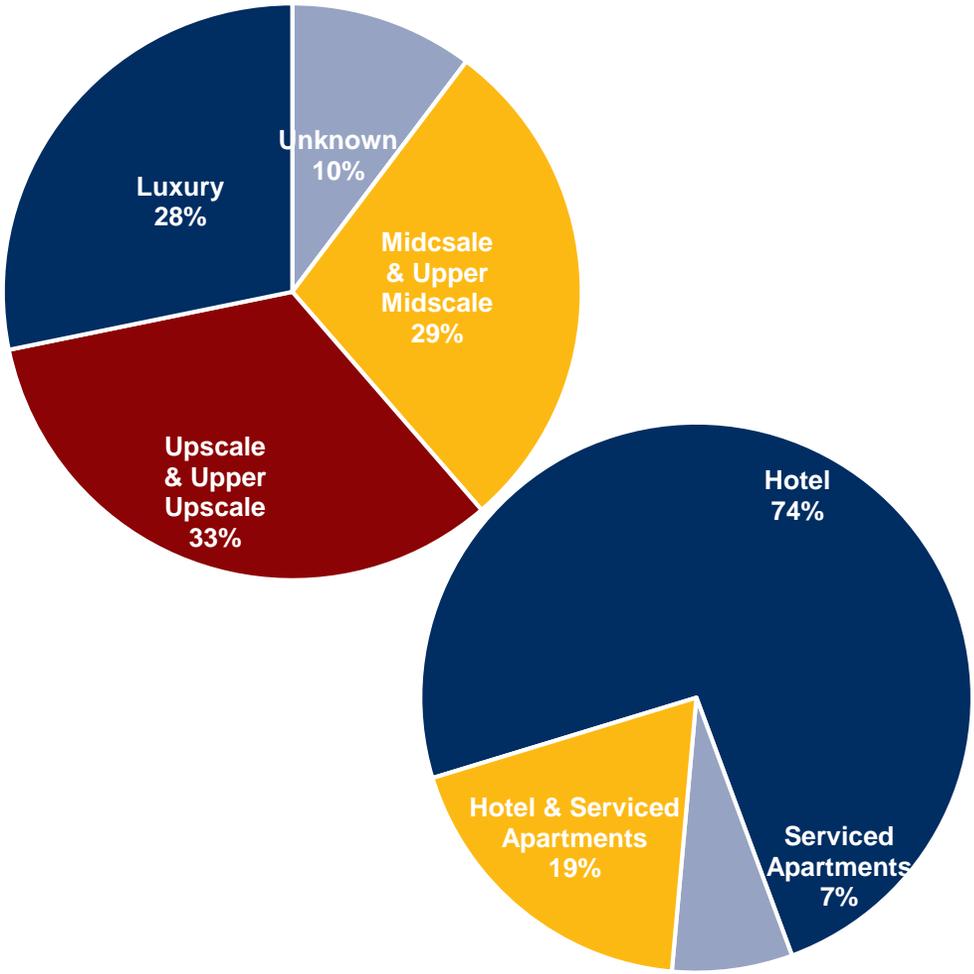
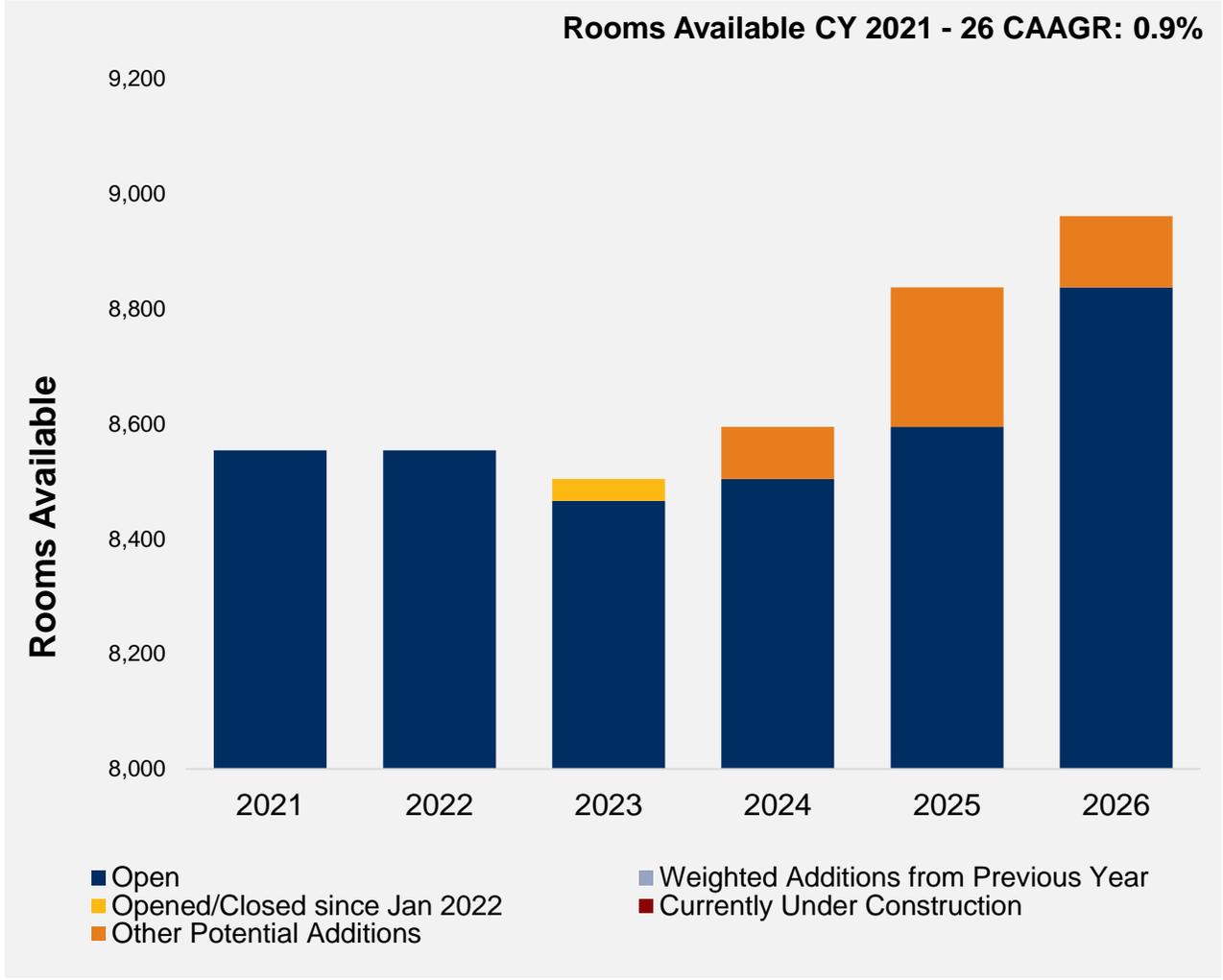
## Forecasts of Demand and Revenue Growth



# Sunshine Coast Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2021 to 2026

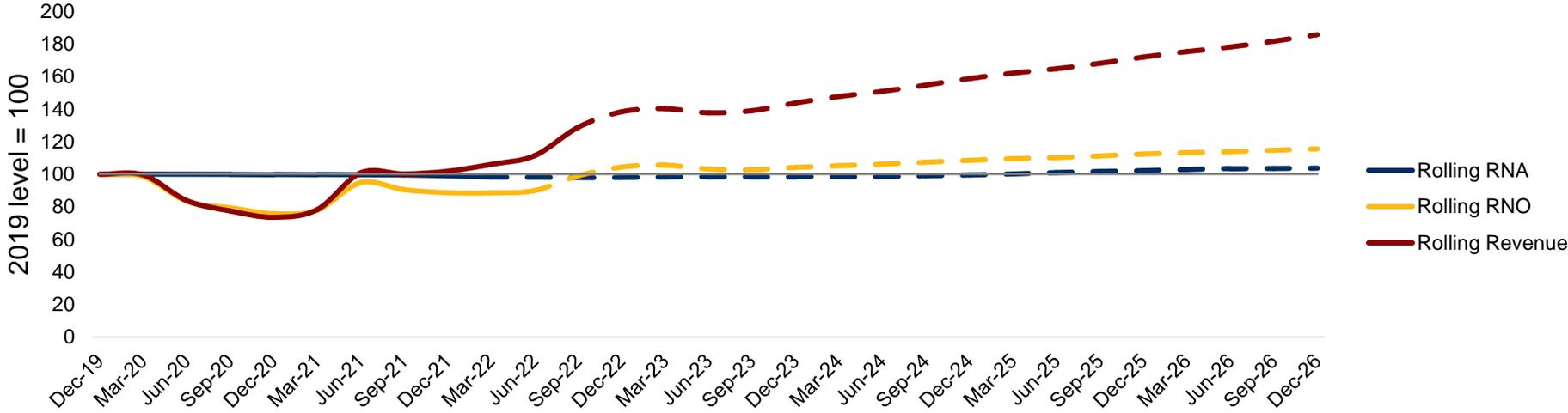
Rooms Available CY 2021 - 26 CAAGR: 0.9%



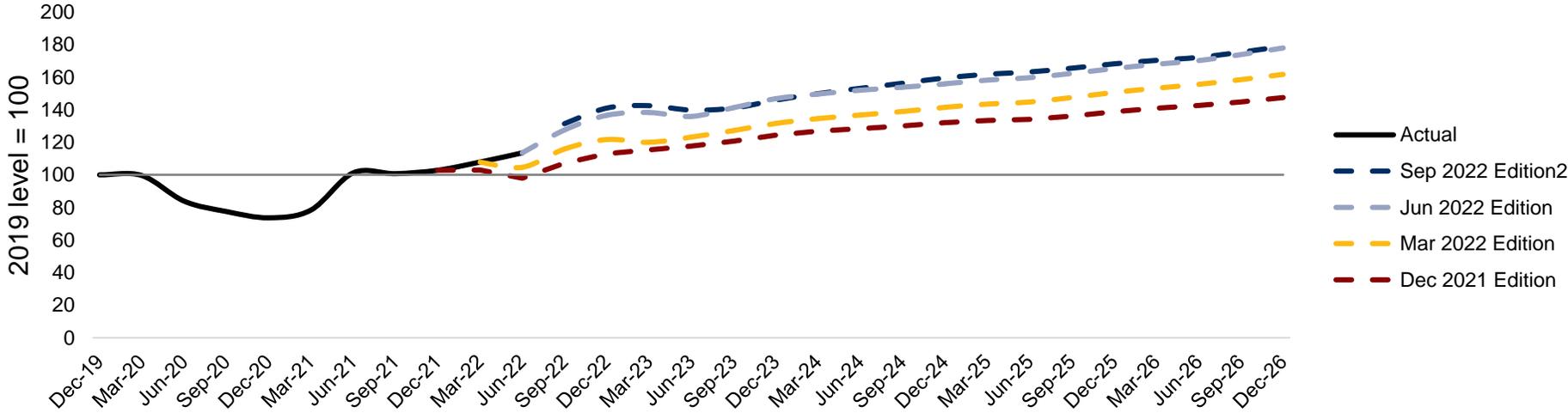
# Sunshine Coast Tourism Region Hotel Market Outlook

## Quarter to Quarter Shifts in Growth Trends

**Indexed Rolling 12-Month Hotel Performance Outlook**



**Indexed Rolling 12-Month RevPAR Outlook**



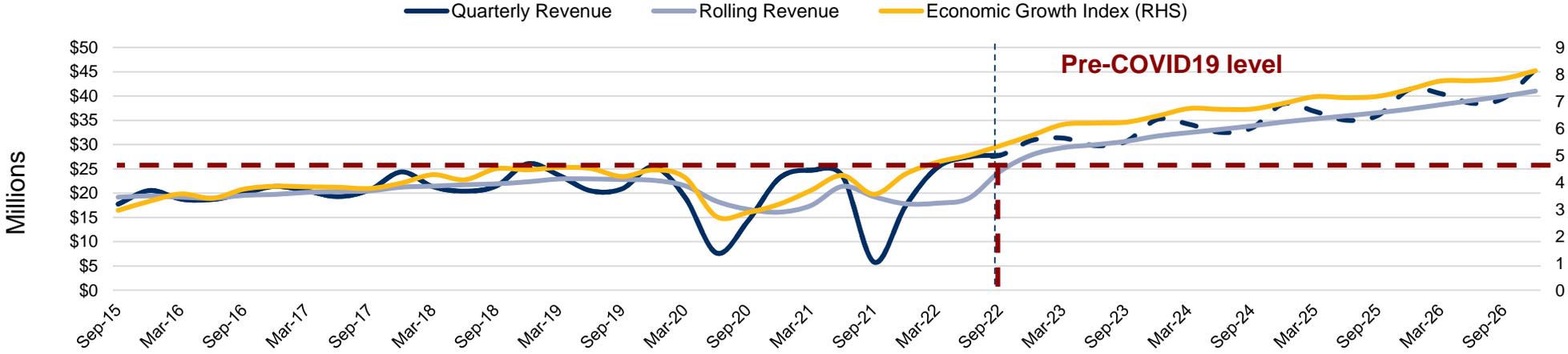
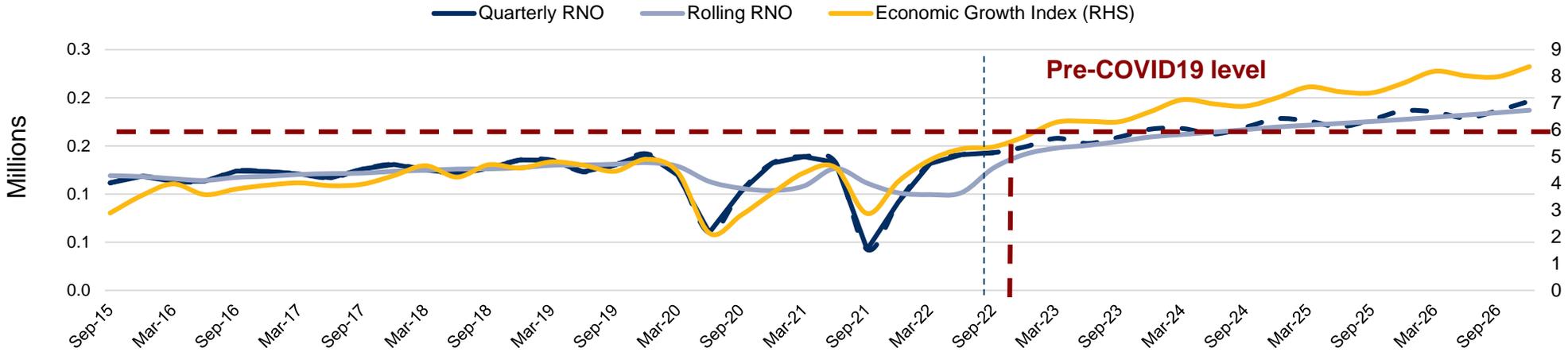


# Newcastle

Newcastle Hotel Market Outlook

# Newcastle Hotel Market Outlook

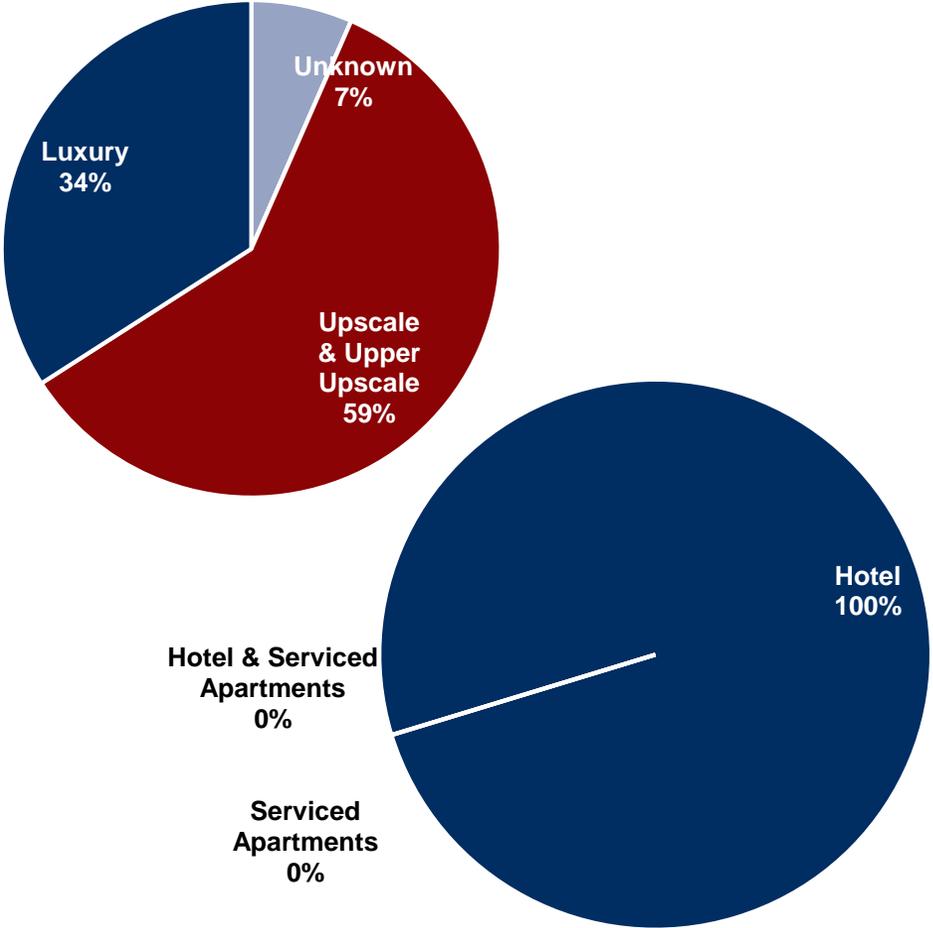
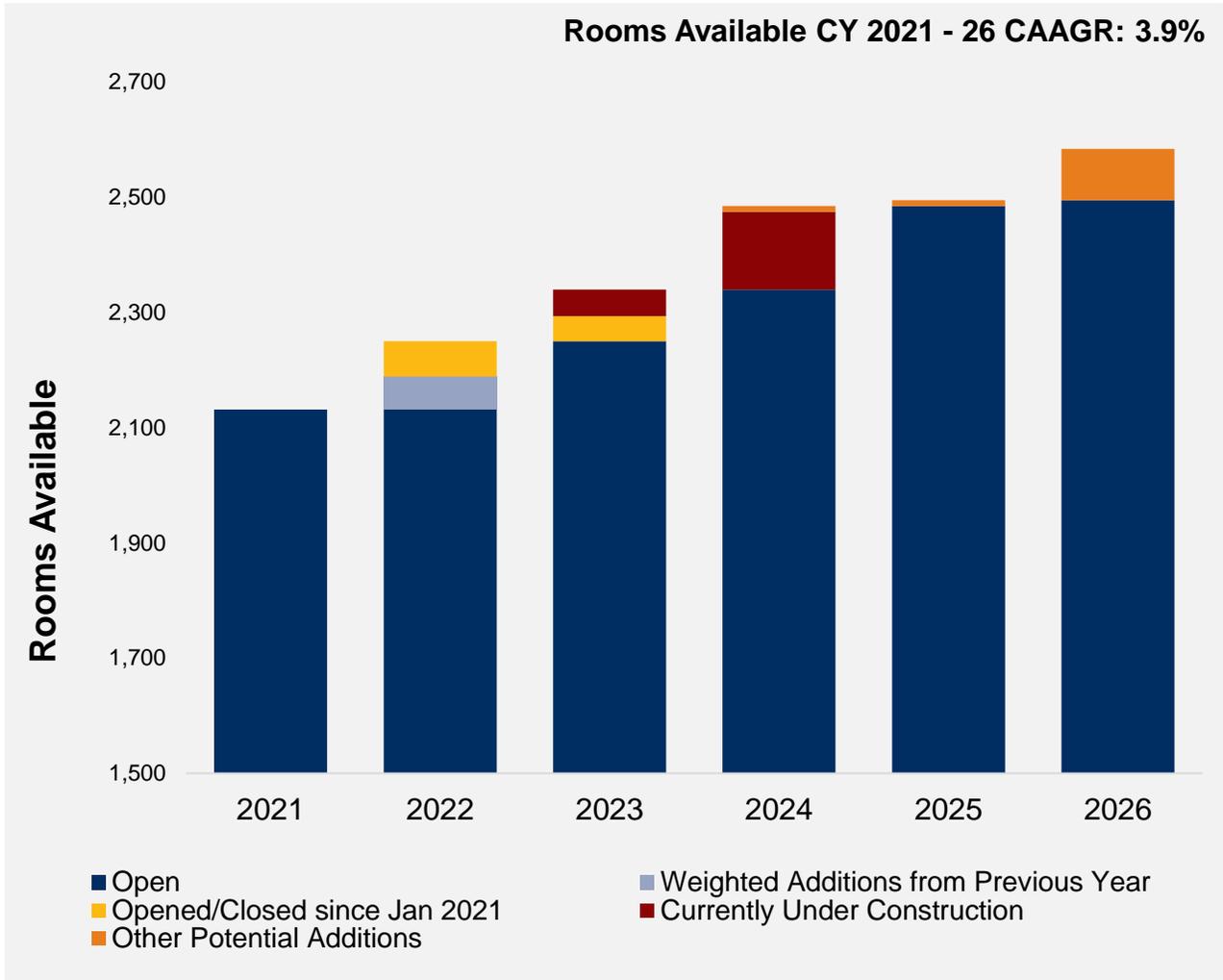
## Forecasts of Demand and Revenue Growth



# Newcastle Hotel Market Outlook

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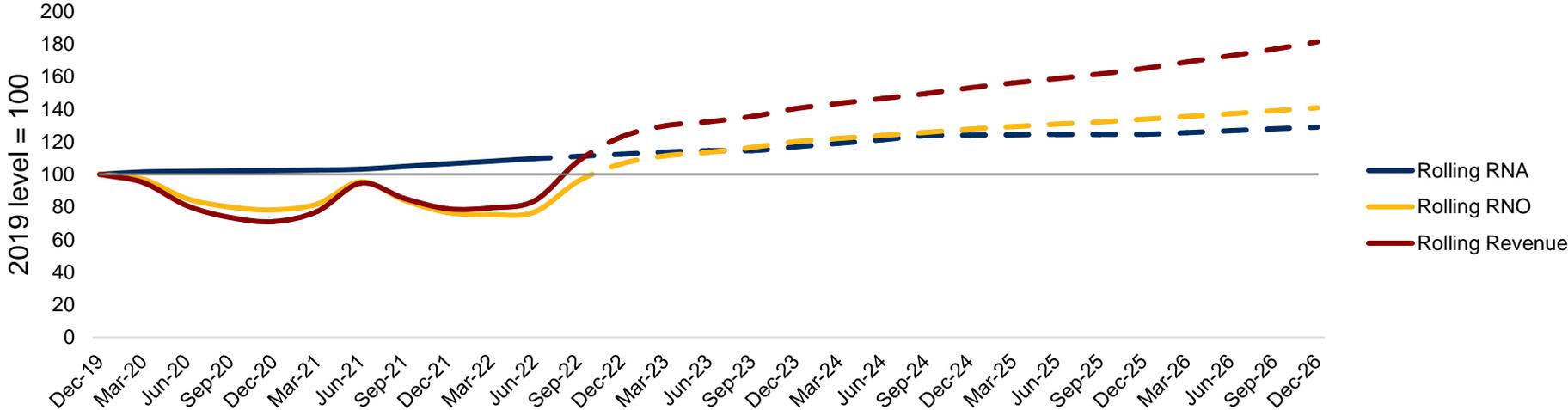
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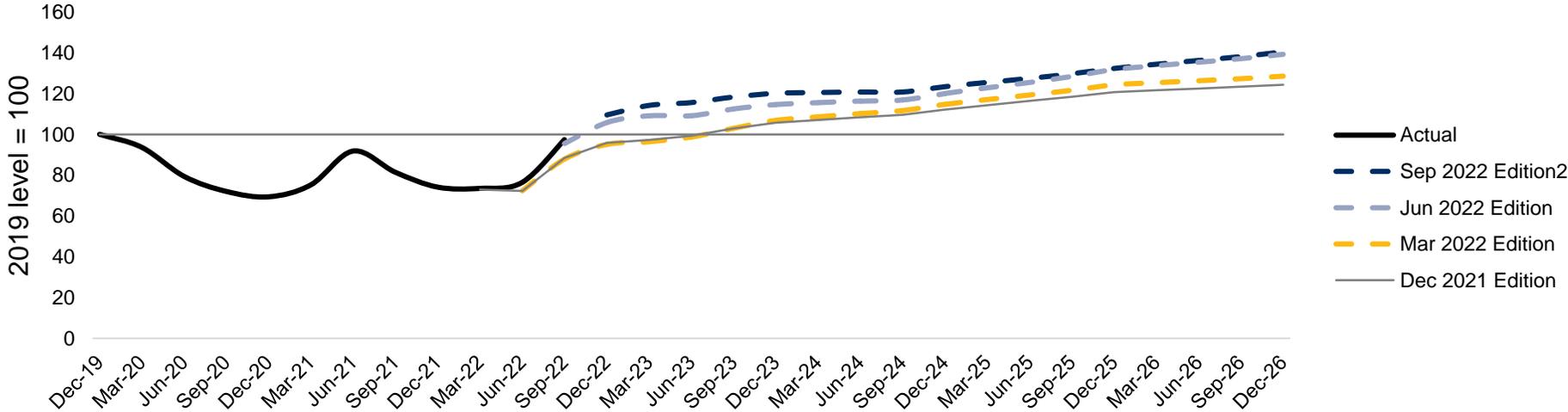
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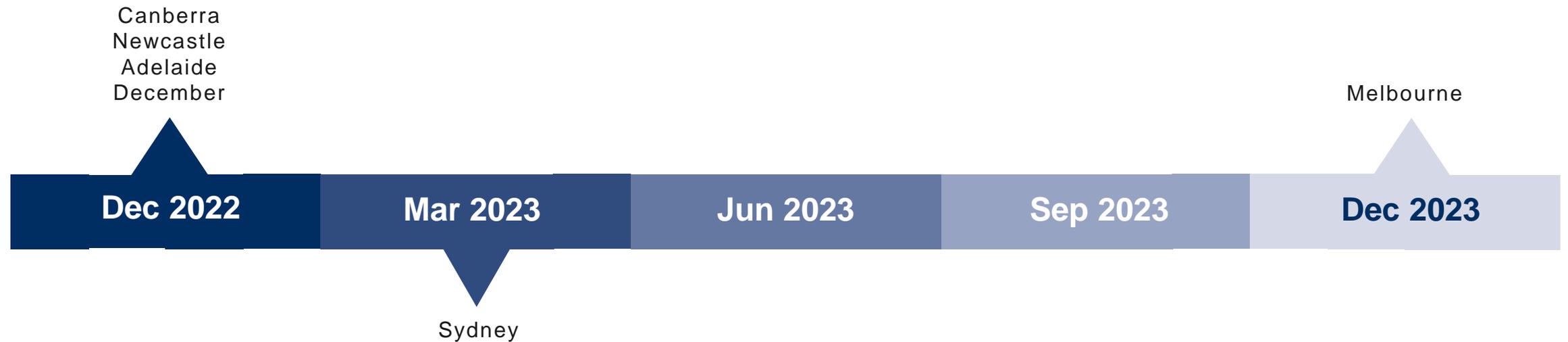


# Australian Key Hotel Markets Outlook Summary



# Australian Key Hotel Markets Outlook Summary

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



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

# Risks and Limitations



## COVID-19

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

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

- The Federal Government closed Australia's borders to international at the start of 2020. As of September 2022, 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. 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
- 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.

## MACRO ECONOMIC CONTEXT

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

### Globally

- '(1) The UK and Europe are expected to enter recession, which depends in large part on the path of energy prices and interest rates;
- (2) A recession in the US, while milder than that expected across the Atlantic, now appears hard to avoid, while;
- (3) A slowdown in the Chinese economy is expected to be more marked than previously anticipated.'

### 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) Inflation returns to the mid-point of the RBA's target band from late 2024;
- (3) Economy is forecast to avoid recession, though a weakening global economy and domestic factors will see the rate of growth slow in Australia as well.

# 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 September 2022;
- Historical economic data and forecasts from the DAE Business Outlook September 2022 Edition;
- Historical and forecasted international tourist arrivals from the DAE Business Outlook March 2022 edition adjusted by Horwath HTL;
  - Regarding international tourist arrivals, Horwath HTL has adopted the recovery timeline as published by DAE Business Outlook March 2022 , with adjustments relative to recent actual international visitation numbers that have been released following DAE March 2022 forecasts. For the years after international tourism visitation is forecasted to return to pre-COVID-19 2019 levels, Horwath HTL has adopted the historical 10-year CAAG rate between the period of 2009 and 2019.
- Historical tourism data as at July 2022 and forecasted domestic visitation from Tourism Research Australia (TRA) as at December 2021 adjusted by Horwath HTL;
  - 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.
- 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.



# 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.



**Amelia Perez**  
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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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