

Australia

Capital City & Key Markets
Hotel Market Outlook
& Insights

DECEMBER QUARTER 2025 EDITION

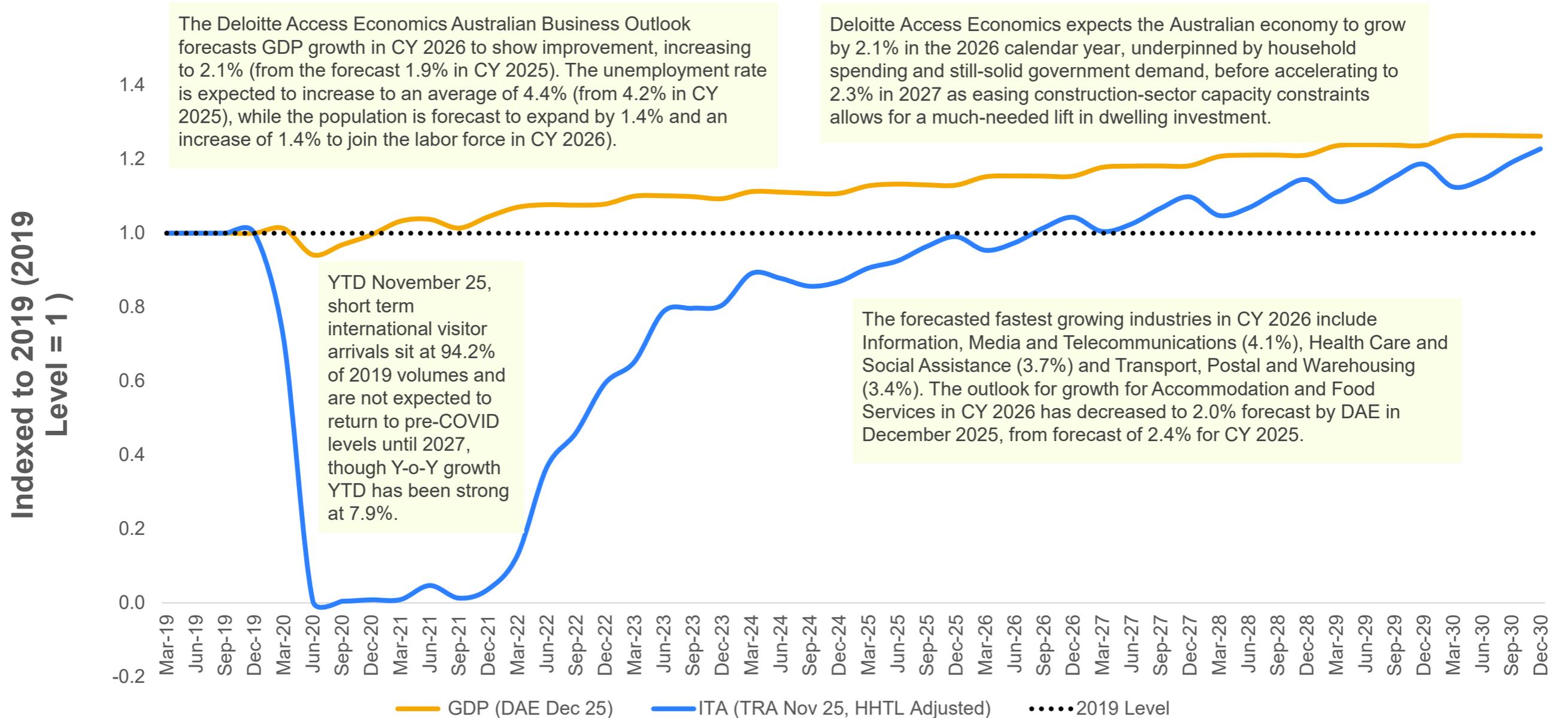
Hotel Market Outlook

Horwath HTL Methodology



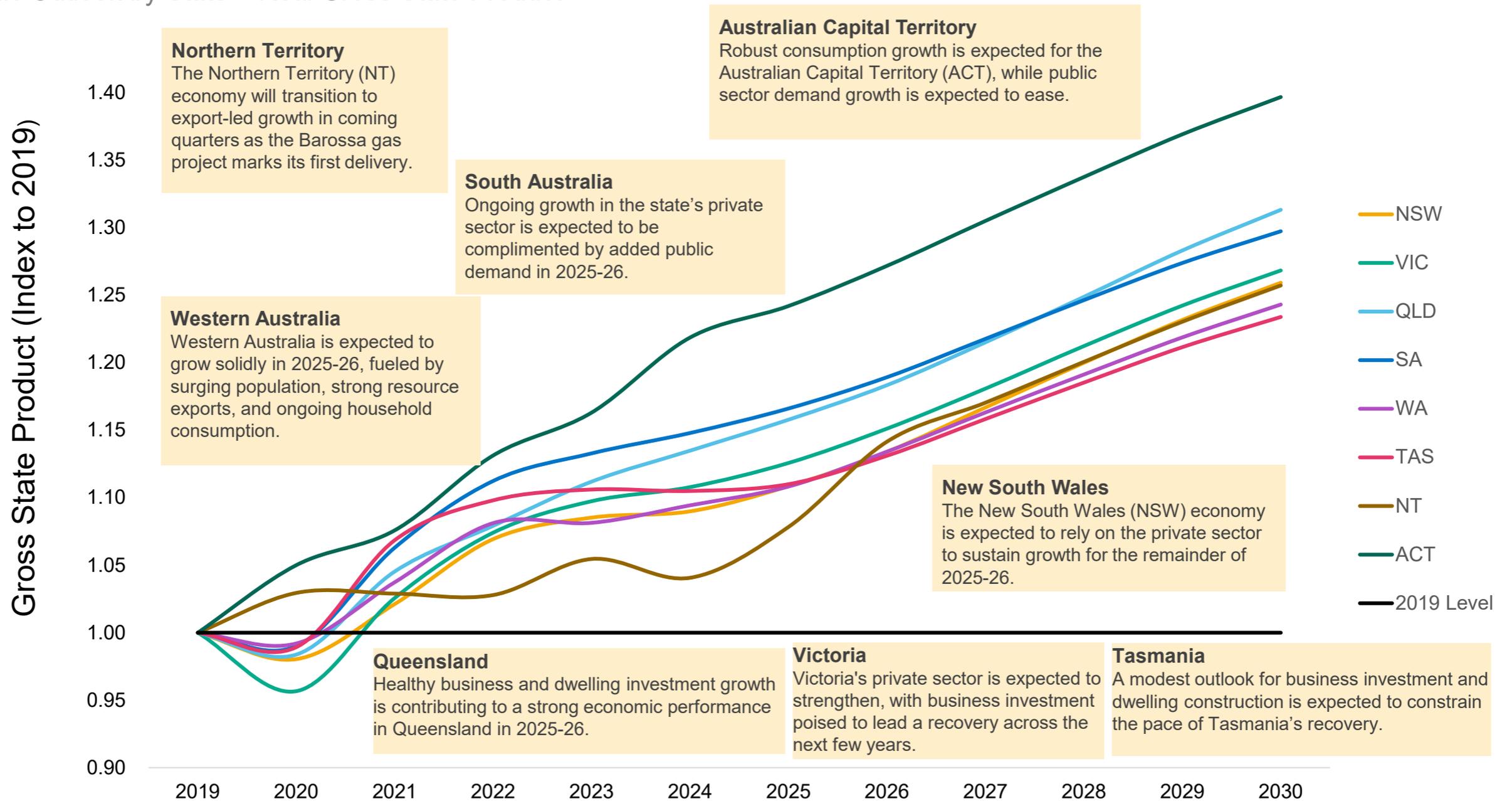
Macroeconomic and Tourism Context

Rolling 12-Month GDP and International Tourism Arrivals, Australia – December 2025



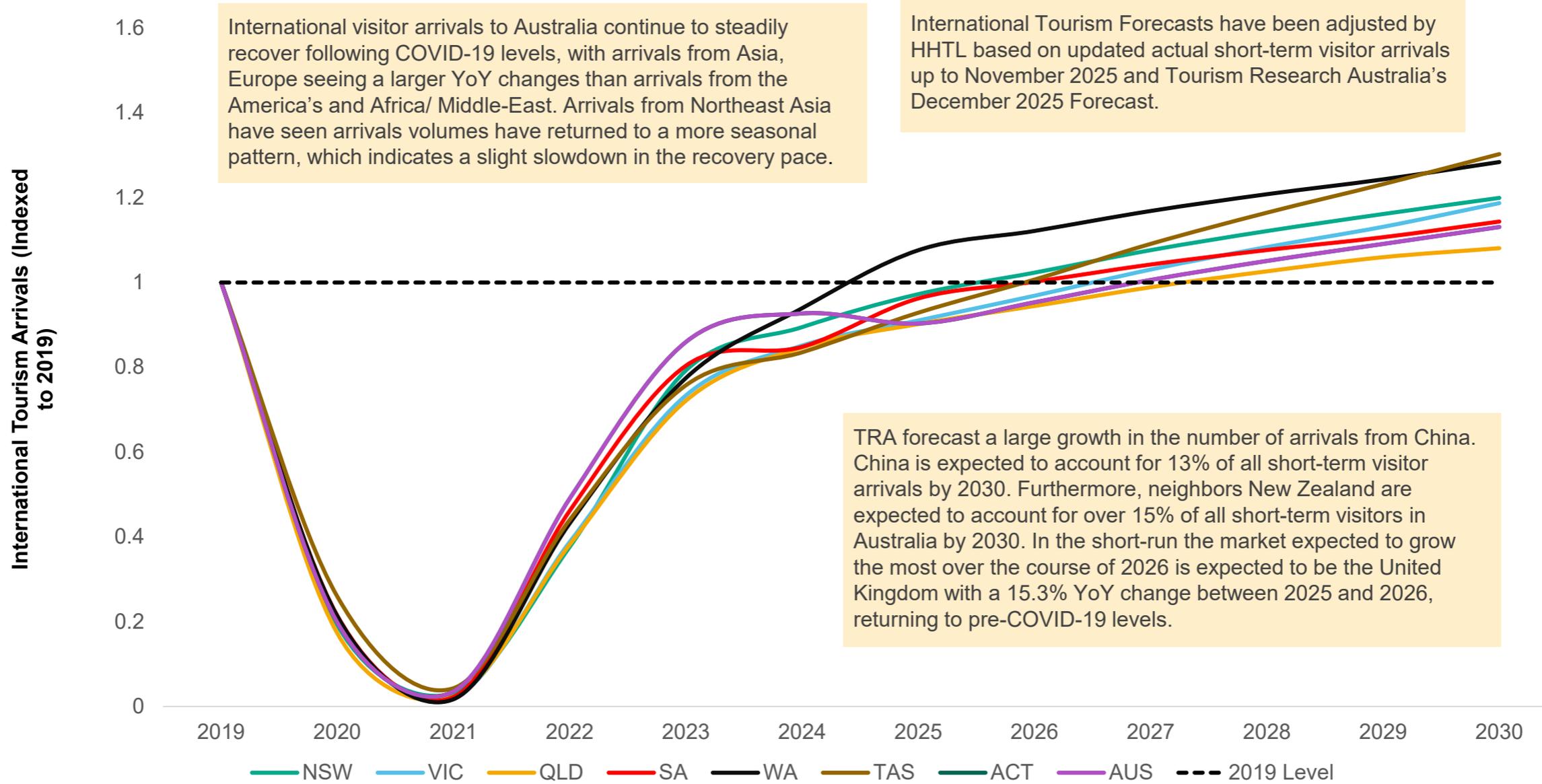
Macroeconomic and Tourism Context

Economic Outlook by State – Real Gross State Product



Macroeconomic and Tourism Context

Tourism Outlook by State – International Short-Term Visitor Arrivals

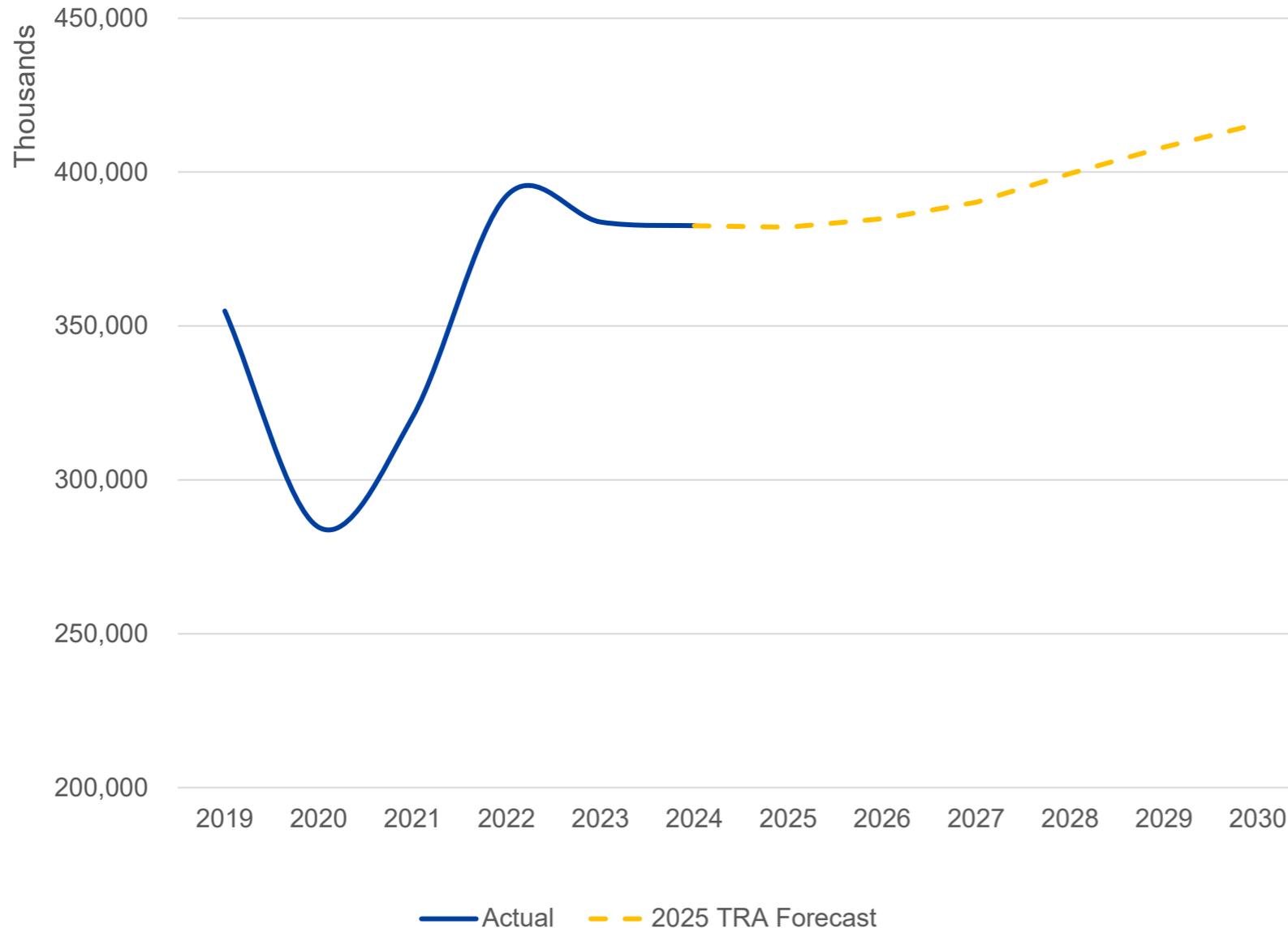


International visitor arrivals to Australia continue to steadily recover following COVID-19 levels, with arrivals from Asia, Europe seeing a larger YoY changes than arrivals from the America's and Africa/ Middle-East. Arrivals from Northeast Asia have seen arrivals volumes have returned to a more seasonal pattern, which indicates a slight slowdown in the recovery pace.

International Tourism Forecasts have been adjusted by HHTL based on updated actual short-term visitor arrivals up to November 2025 and Tourism Research Australia's December 2025 Forecast.

TRA forecast a large growth in the number of arrivals from China. China is expected to account for 13% of all short-term visitor arrivals by 2030. Furthermore, neighbors New Zealand are expected to account for over 15% of all short-term visitors in Australia by 2030. In the short-run the market expected to grow the most over the course of 2026 is expected to be the United Kingdom with a 15.3% YoY change between 2025 and 2026, returning to pre-COVID-19 levels.

Tourism Outlook for Australia – Domestic Visitor Nights



Domestic Tourism Demand – Australia

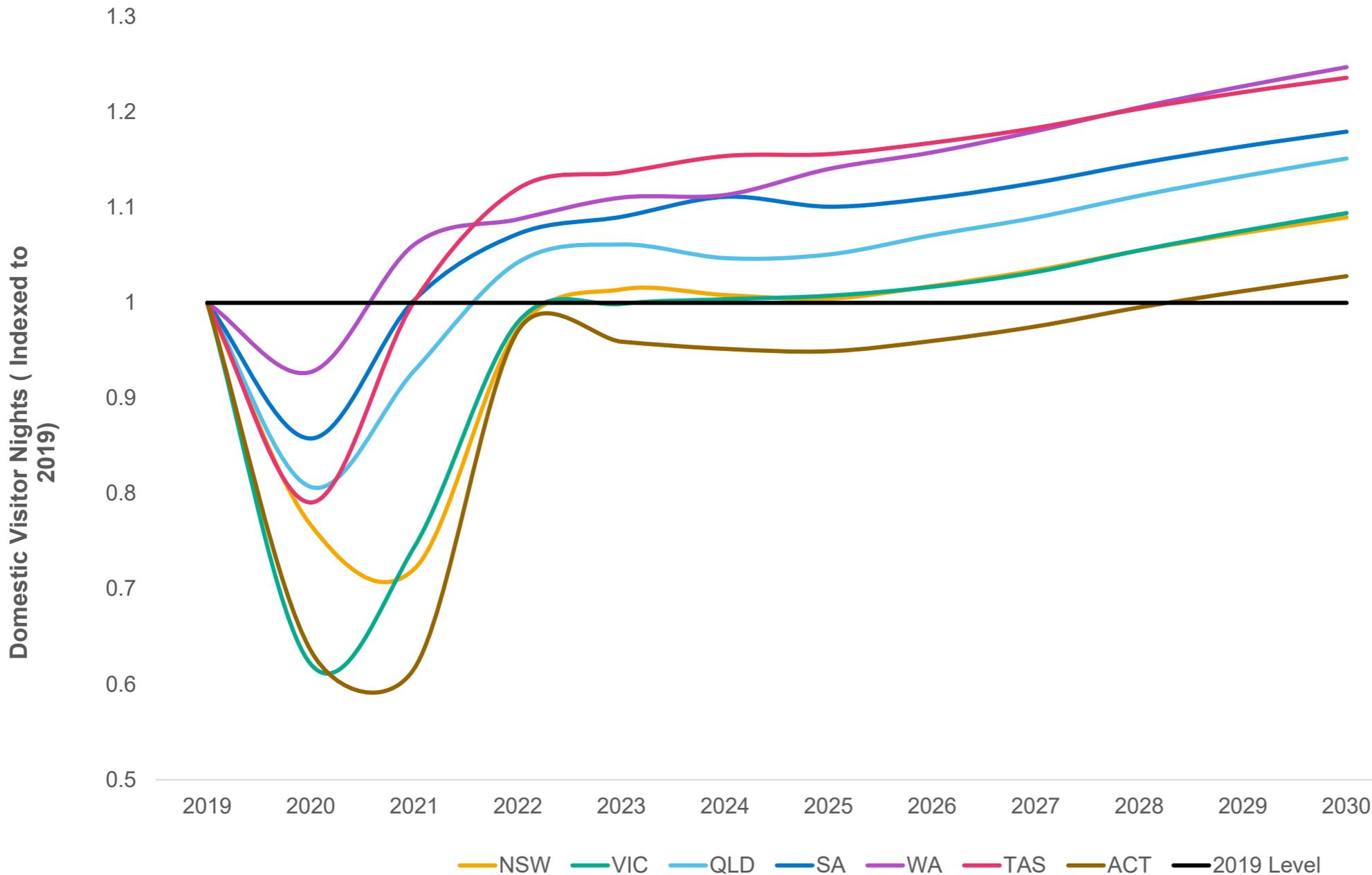
The methodology for collecting domestic tourism data changed as of the March quarter 2025 and as such, we can no longer comment on year-on-year growth trends for most data points or reference data compared to 2019. This limits our current commentary on domestic tourism data.

For the 12 months ending December 2024, domestic overnight trips reached 112.8 million representing a decline of 0.3% over 2023. For YTD Sep-25, nationwide domestic overnight trips reached 83.5 million, forecast to reach 113.2 million for CY 2025, a 0.3% growth from 2024, resulting in equal overnight trips from 2023.

Domestic overnight trips expenditure has recorded strong growth for Q3 2025. On an overnight trip basis for total Australia in Q3 2025, the average spend was \$284 and YTD September 2025 recorded \$261.

Macroeconomic and Tourism Context

Tourism Outlook by State – Domestic Overnight Trips Indexed to 2019



In terms of the domestic market, overnight travel was forecast to be subdued in 2025 and 2026, then pick up gradually as domestic economic conditions improve and household financial pressures continue to ease.

By 2030, there are forecast to be 123 million domestic overnight trips and 313.1 million domestic day trips.

On average over 2025 to 2030, domestic travel is expected to grow by 1.7% per year for overnight trips and by 2.2% per year for day trips. These growth rates are both above the expected rate of growth in the Australian resident population aged over 15 years over that same period.

By purpose of trip, holiday travel is expected to be the main driver of growth, with 49.2 million domestic overnight holiday trips forecast for 2025, representing 44% of all domestic overnight trips. Overnight holiday trips are expected to grow at an average annual rate of 1.8% from 2025 to 2030, and to reach 53.8 million trips by 2030.

Trends in Australian Hotel Markets

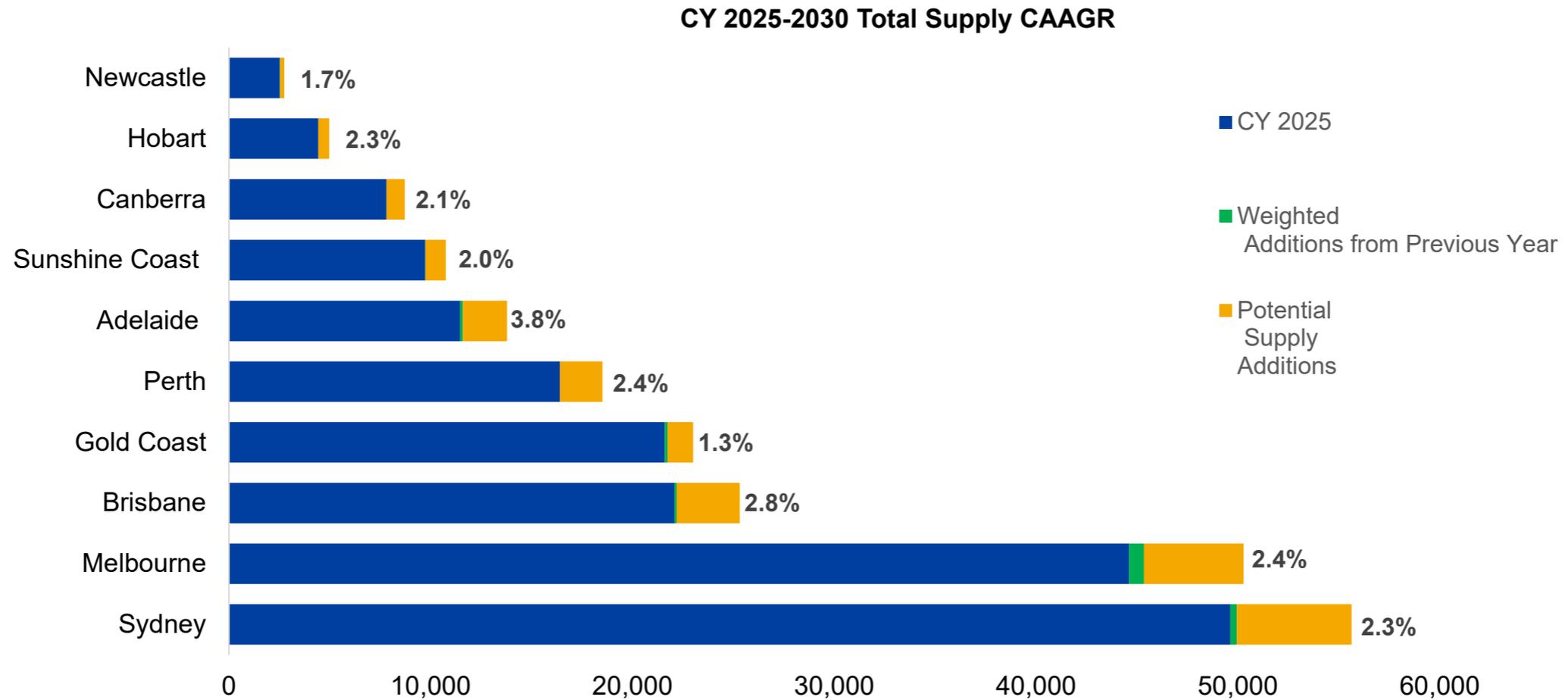
RevPAR Performance Snapshot – YTD December 2025 Vs YTD December 2024



RevPAR YTD December 2025	
	Vs YTD Dec 24
Adelaide	6.8% ▲
Brisbane	8.7% ▲
Canberra	1.9% ▲
Darwin	6.8% ▲
Gold Coast	0.2% ▲
Hobart	9.4% ▲
Melbourne	7.1% ▲
Newcastle	6.7% ▲
Perth	11.6% ▲
Sunshine Coast	-1.7% ▼
Sydney	8.4% ▲
Cairns	7.8% ▲

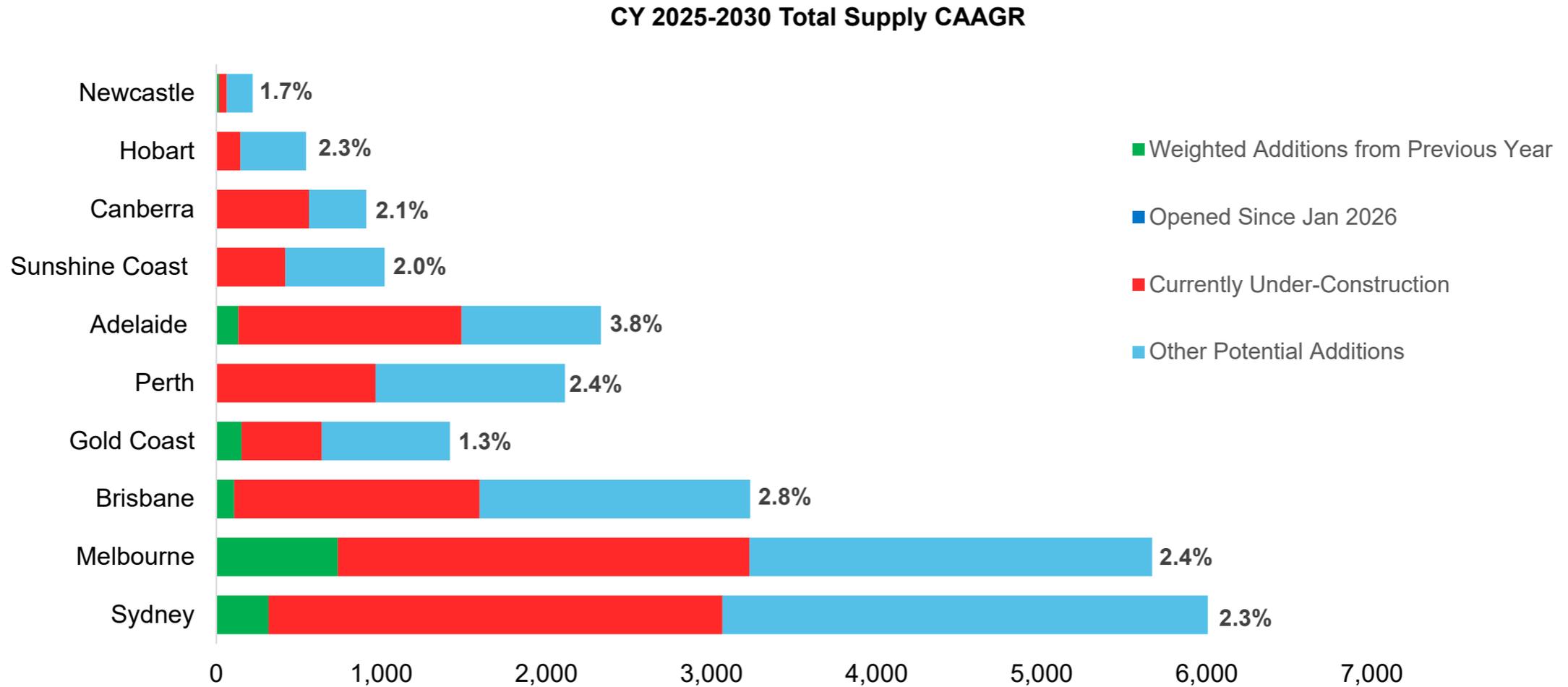
Macroeconomic and Tourism Context

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

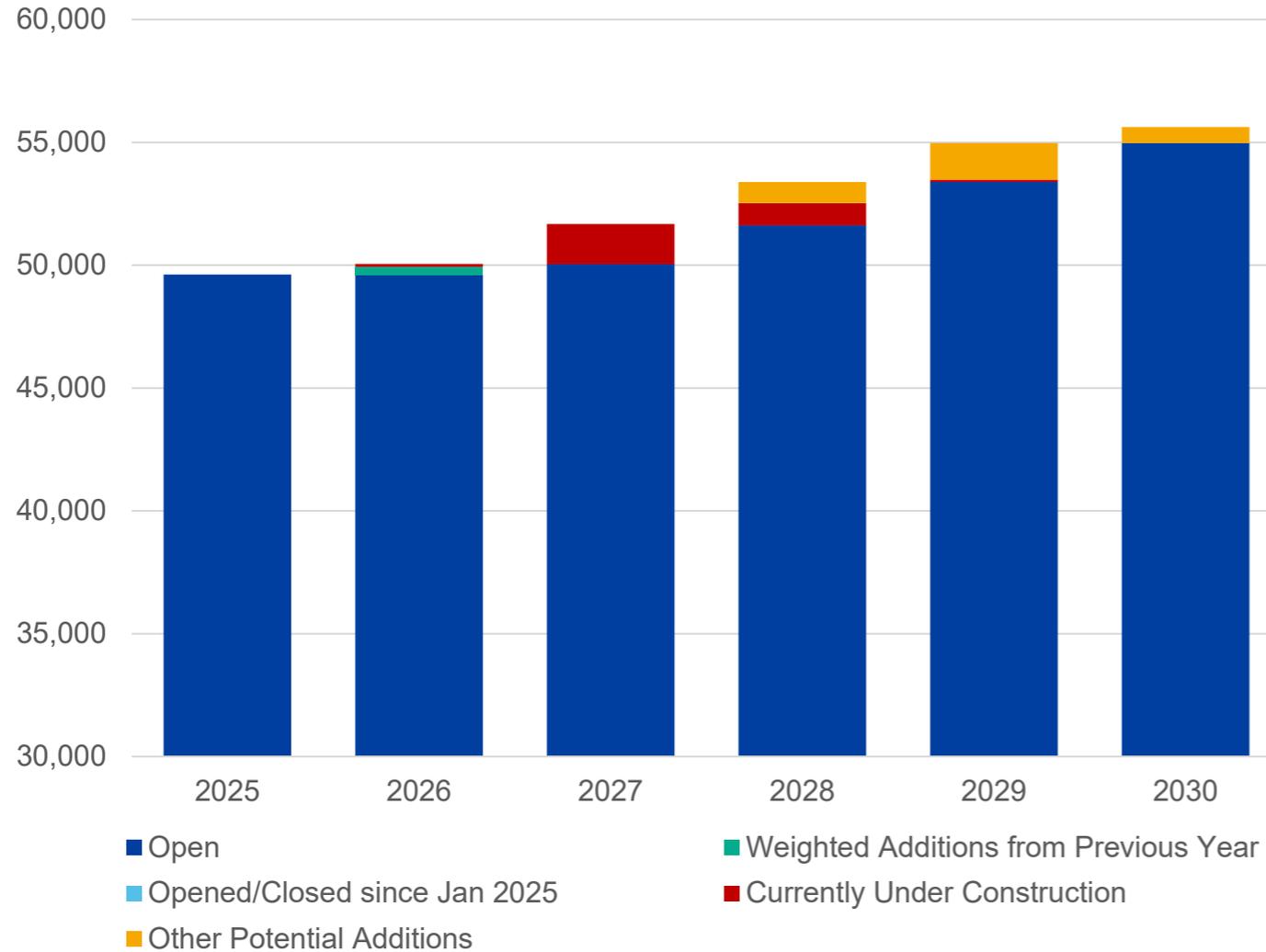
Sydney Tourism Region Hotel Market Outlook



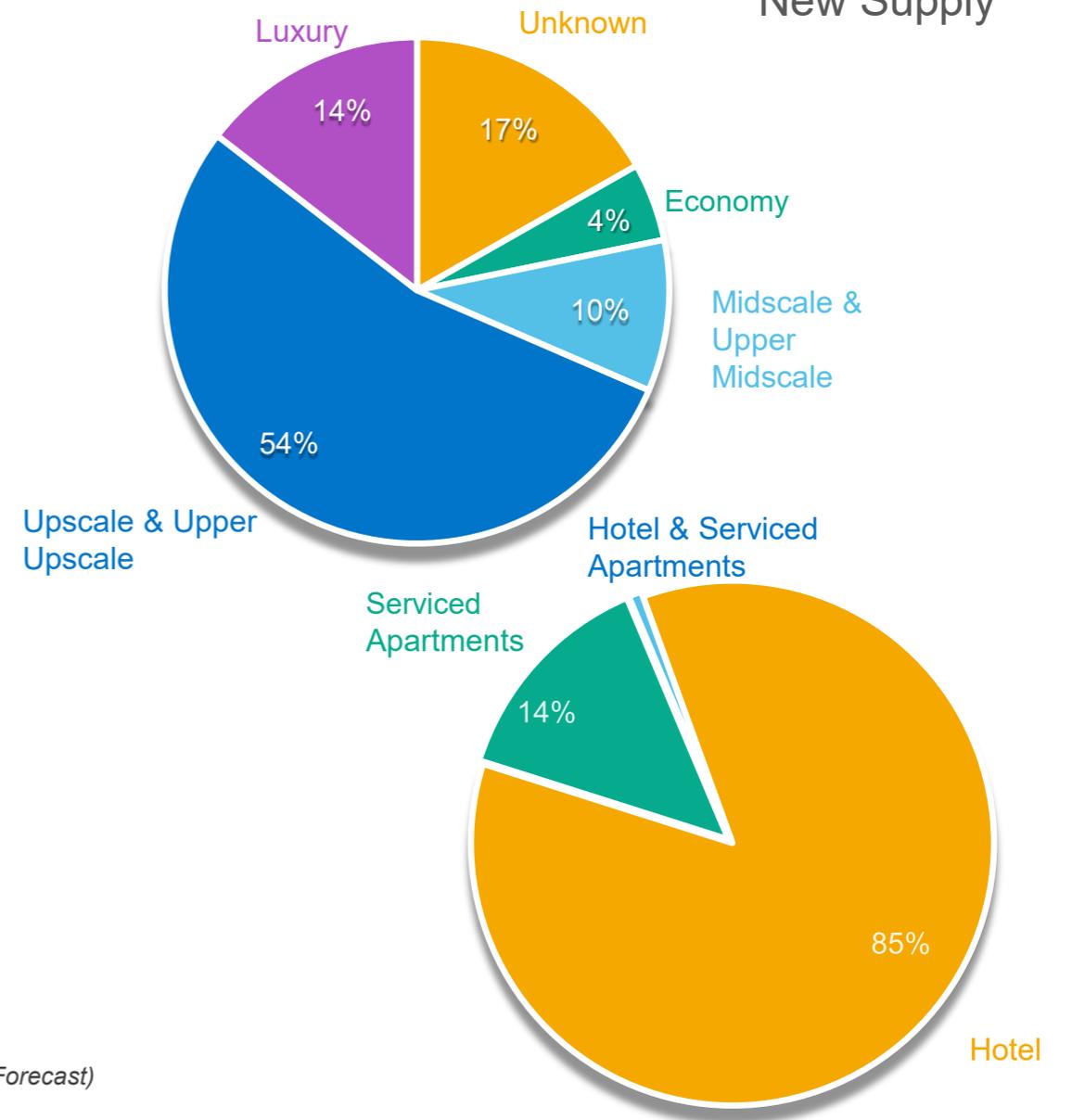
Sydney Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 2.3%



Distribution of New Supply

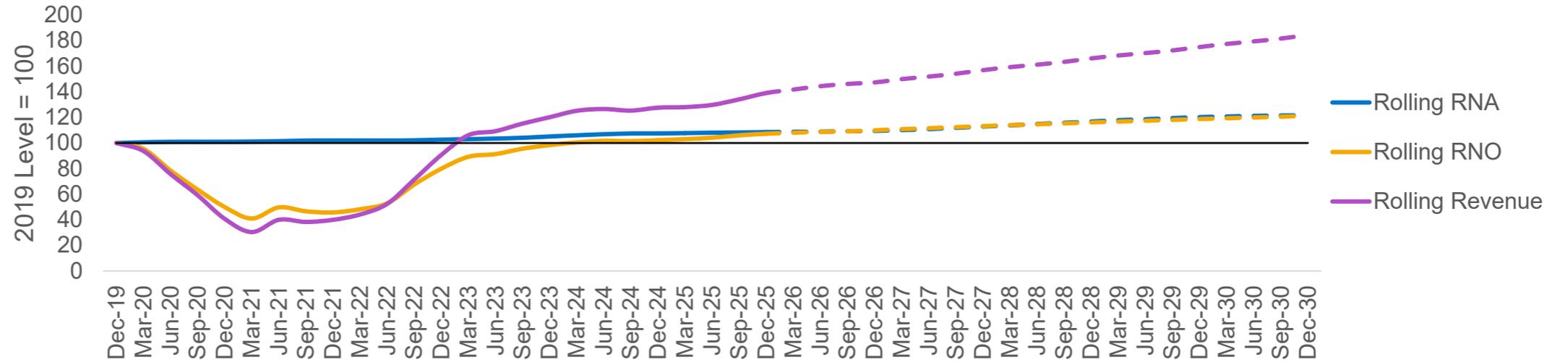


Source: STR (Historical), Horwath HTL (Forecast)

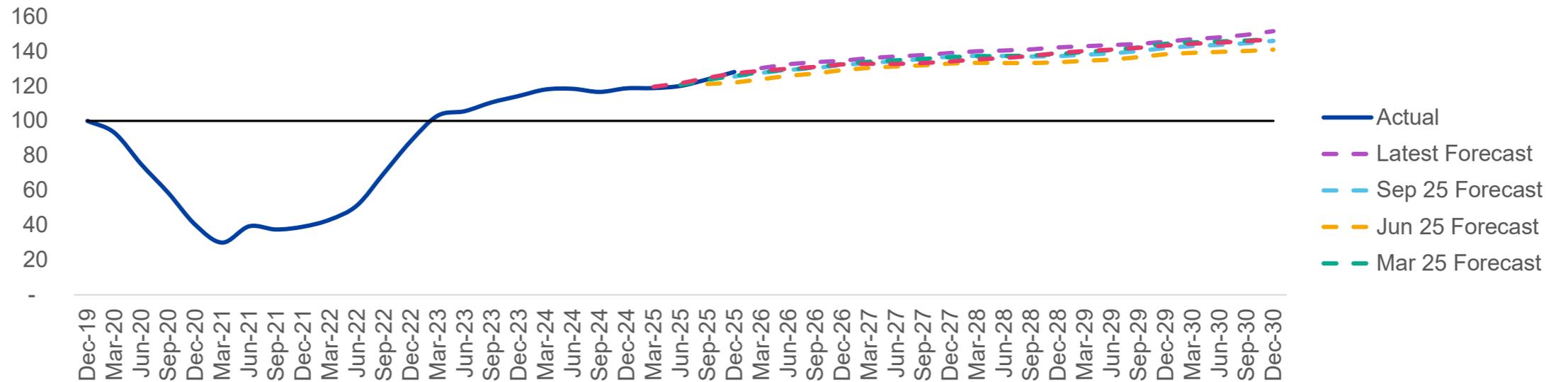
Sydney Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Melbourne

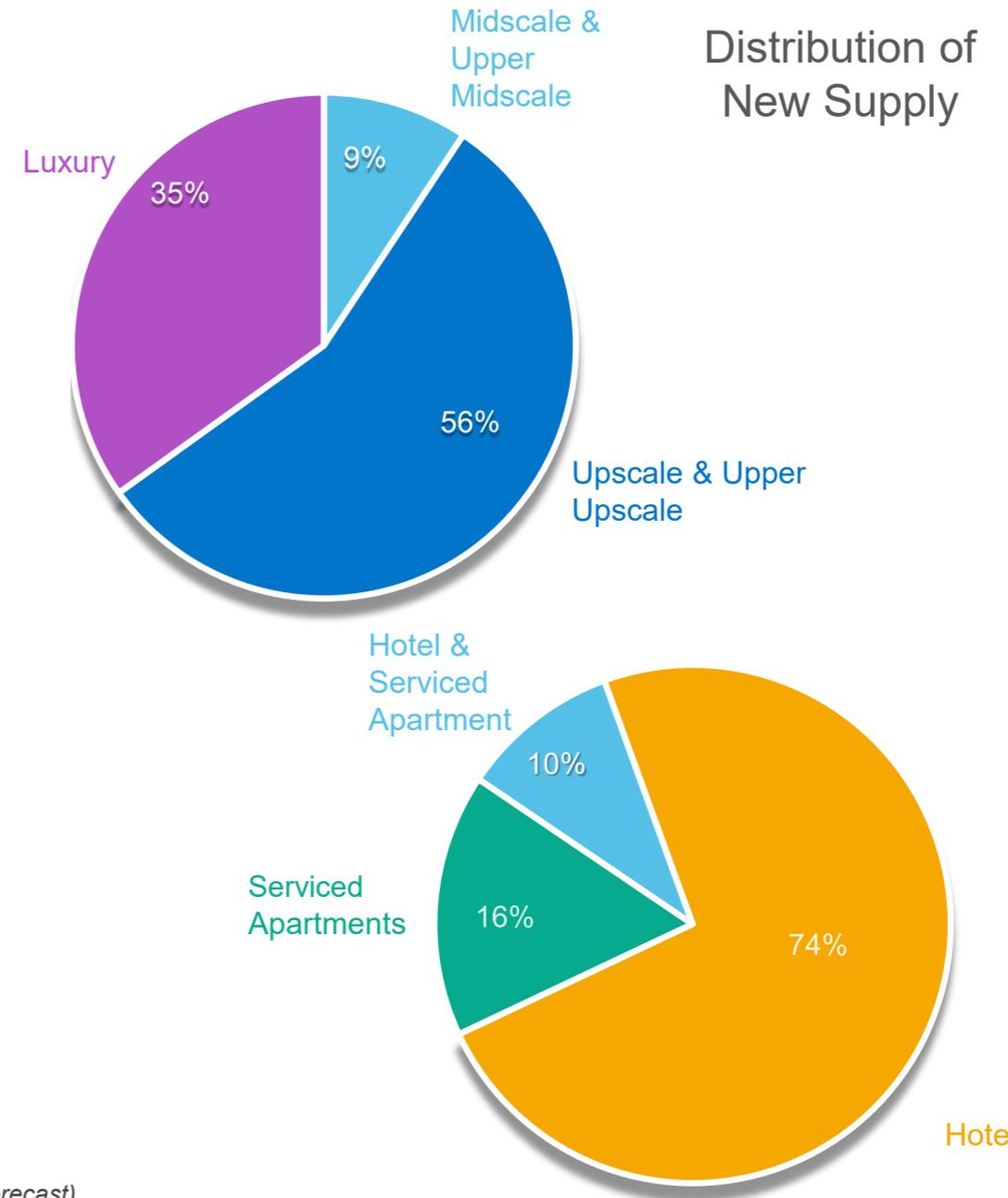
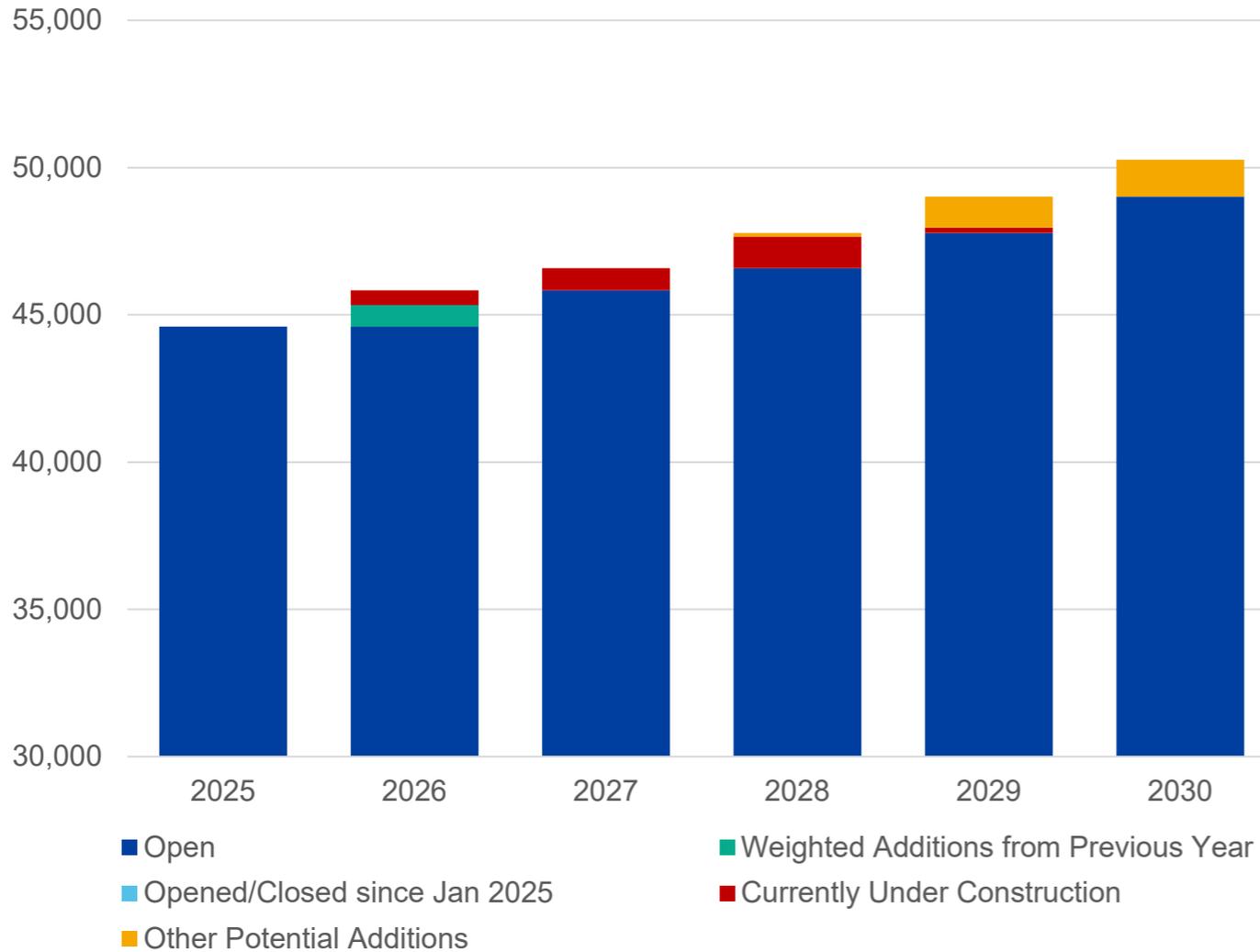
Melbourne Tourism Region Hotel Market Outlook



Melbourne Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 2.4%

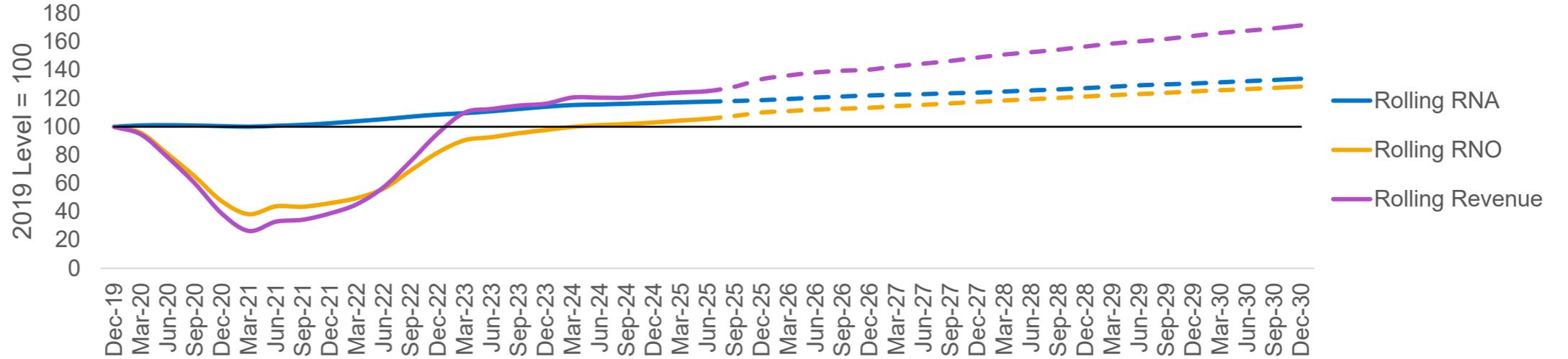


Source: STR (Historical), Horwath HTL (Forecast)

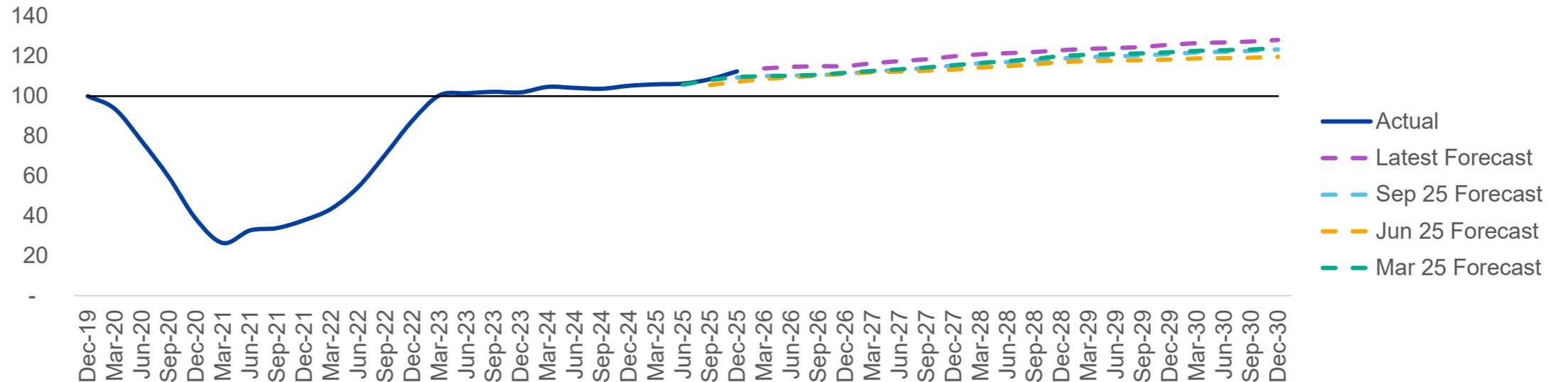
Melbourne Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

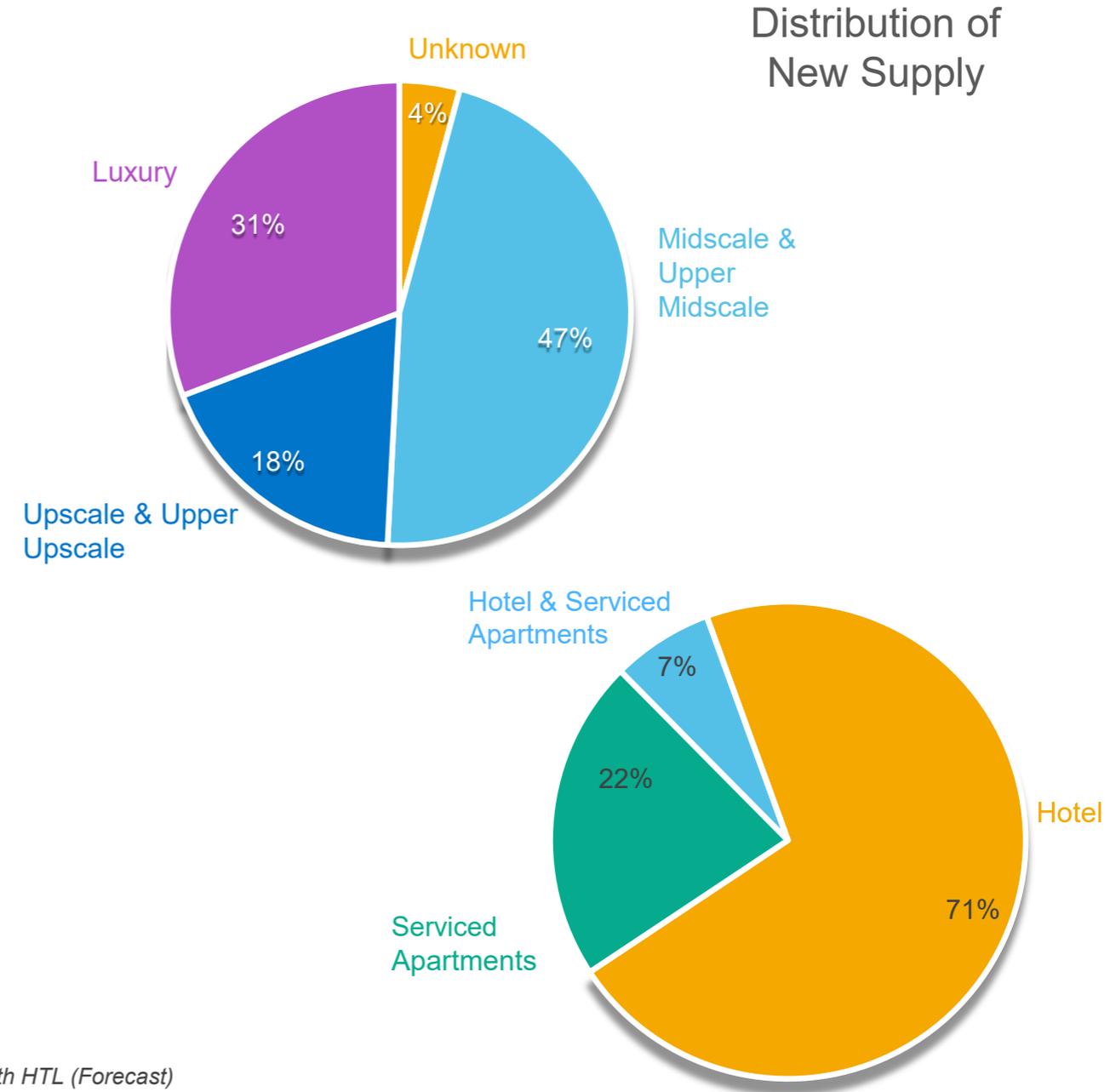
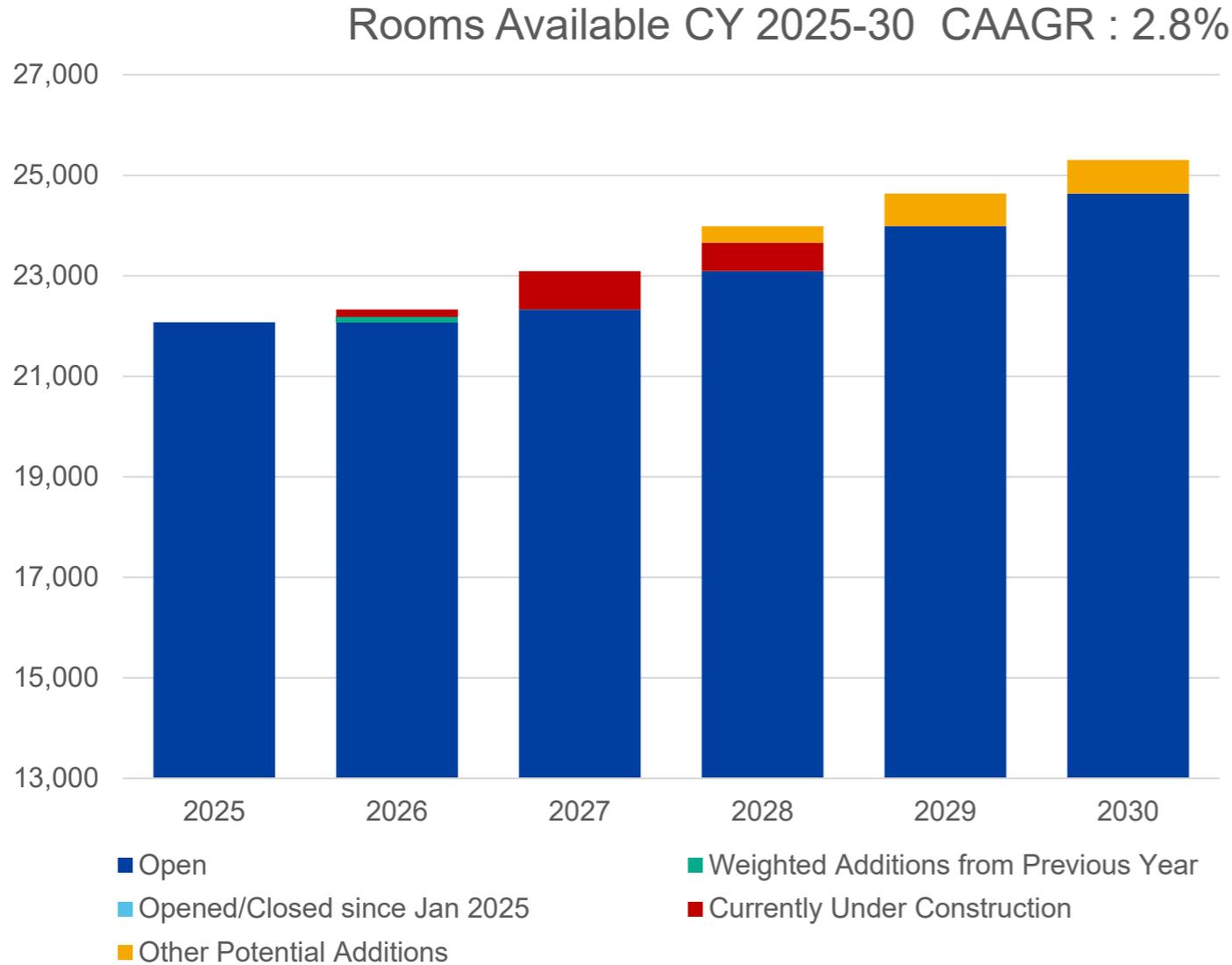
Brisbane

Brisbane Tourism Region Hotel Market Outlook



Brisbane Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

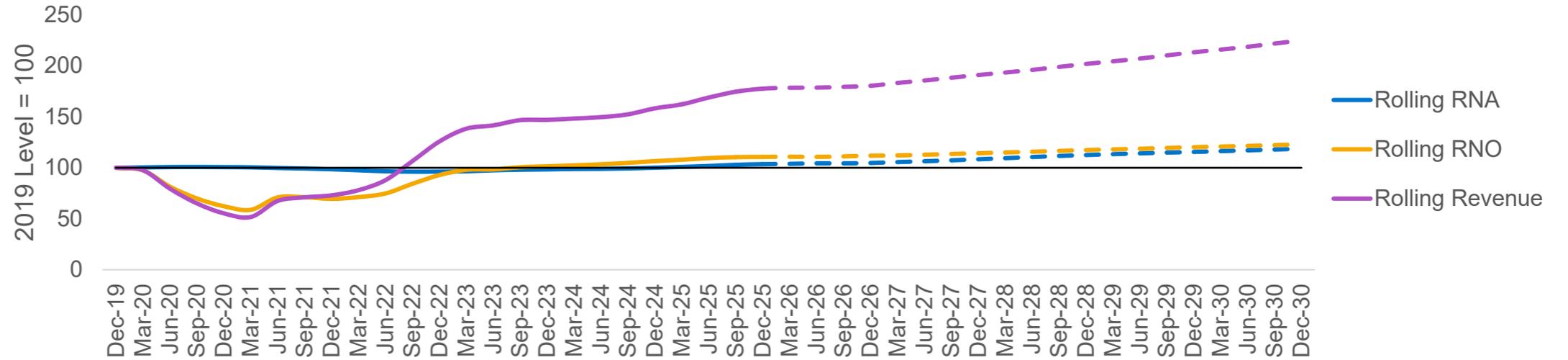


Source: STR (Historical), Horwath HTL (Forecast)

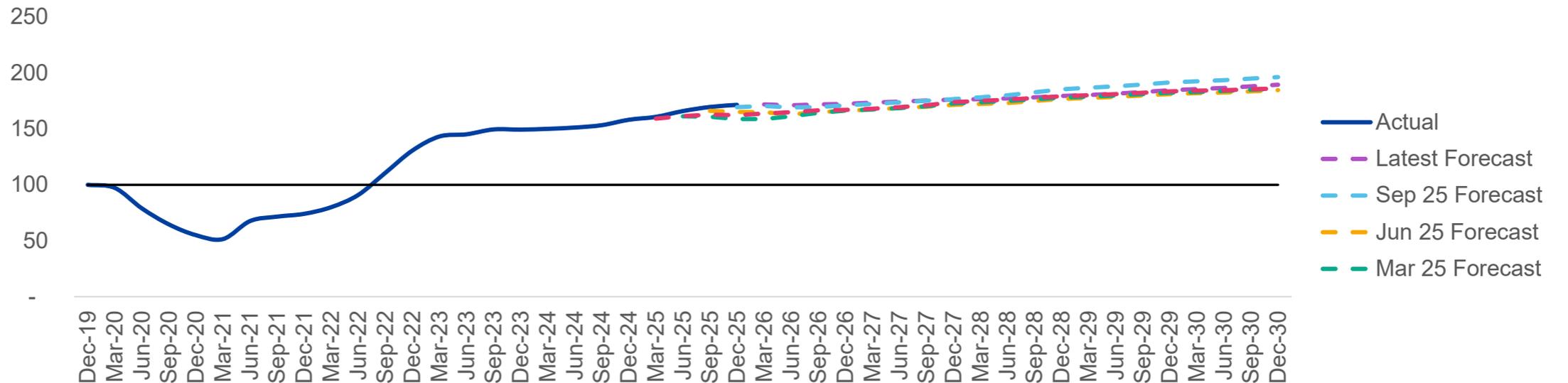
Brisbane Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Perth

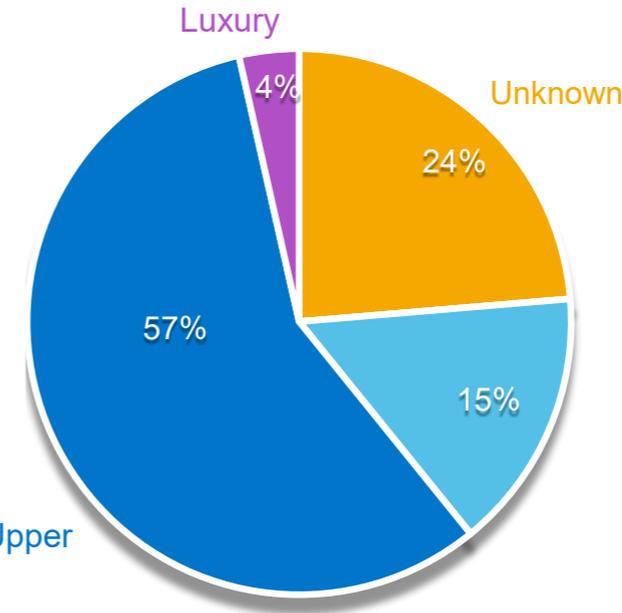
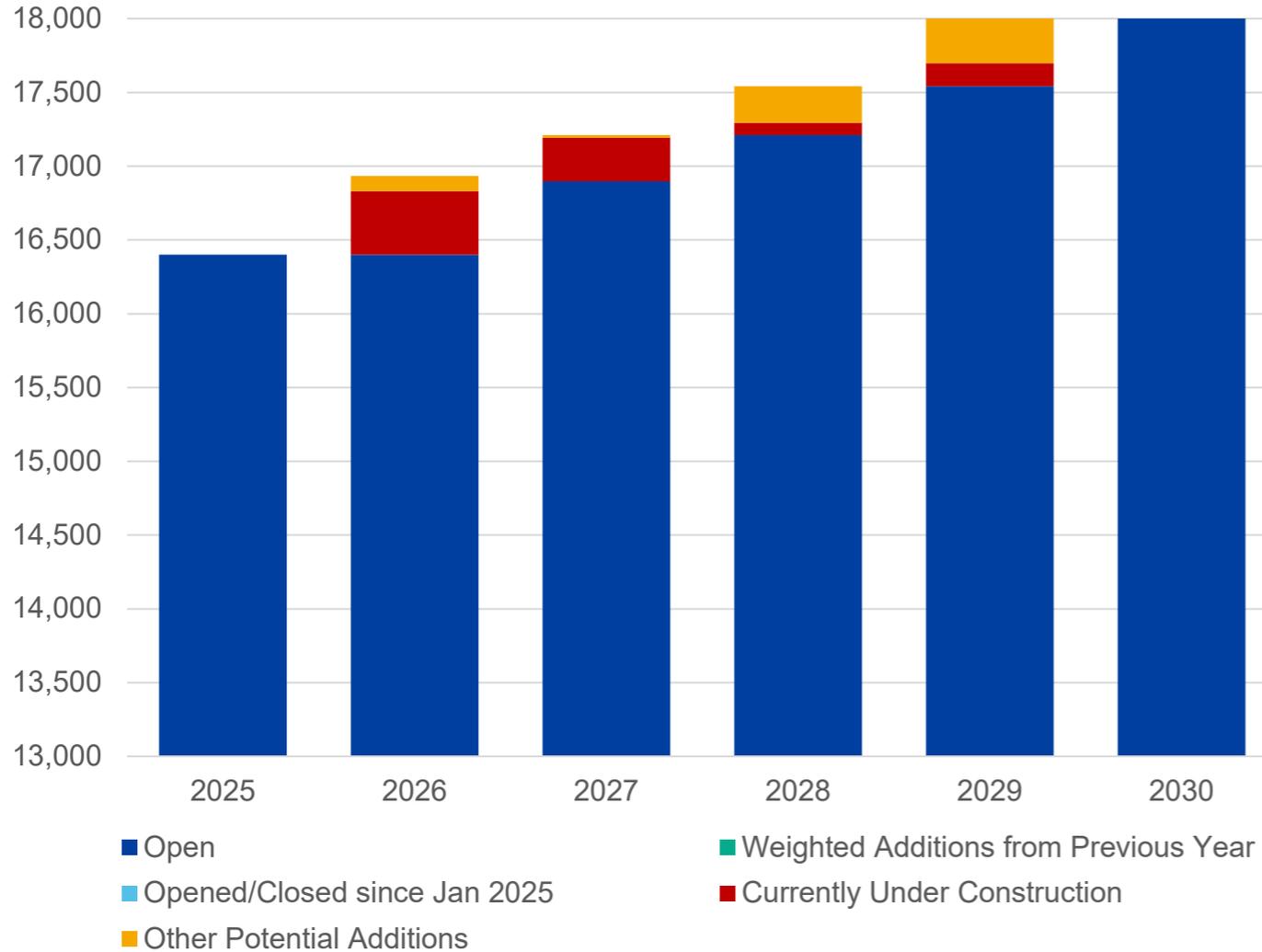
Perth Tourism Region Hotel Market Outlook



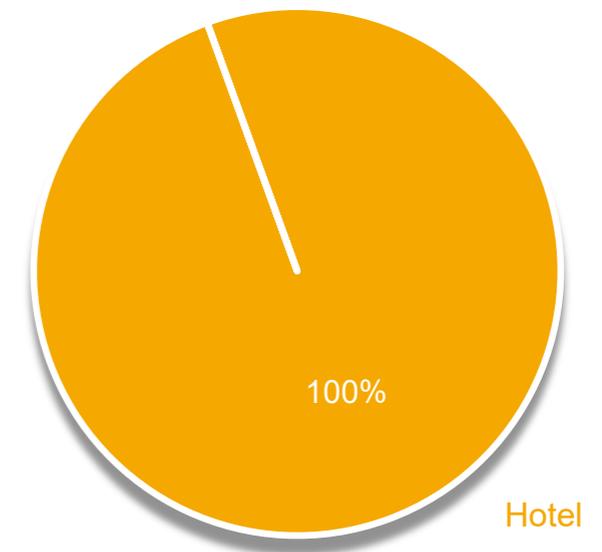
Perth Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 2.4%



Distribution of New Supply

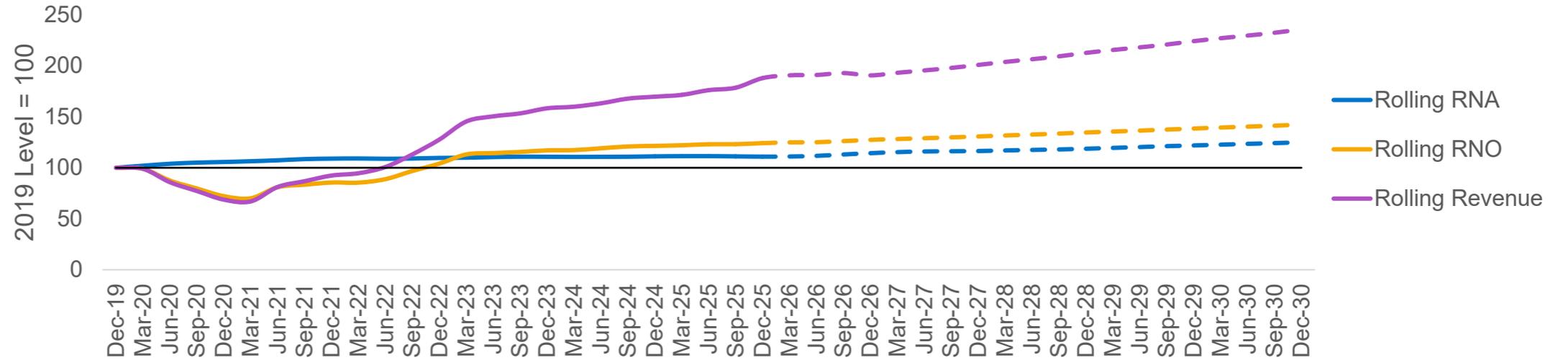


Source: STR (Historical), Horwath HTL (Forecast)

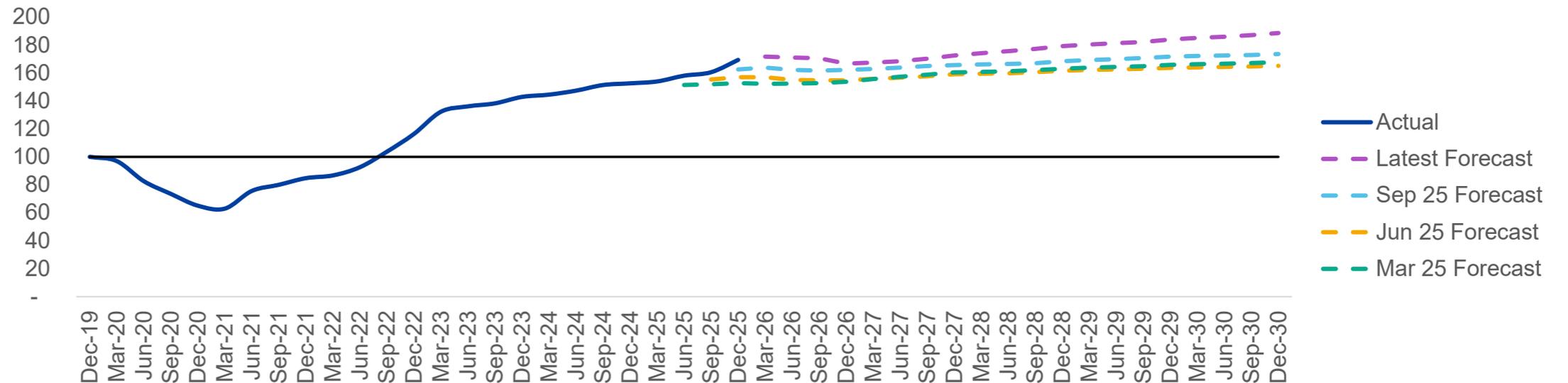
Perth Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

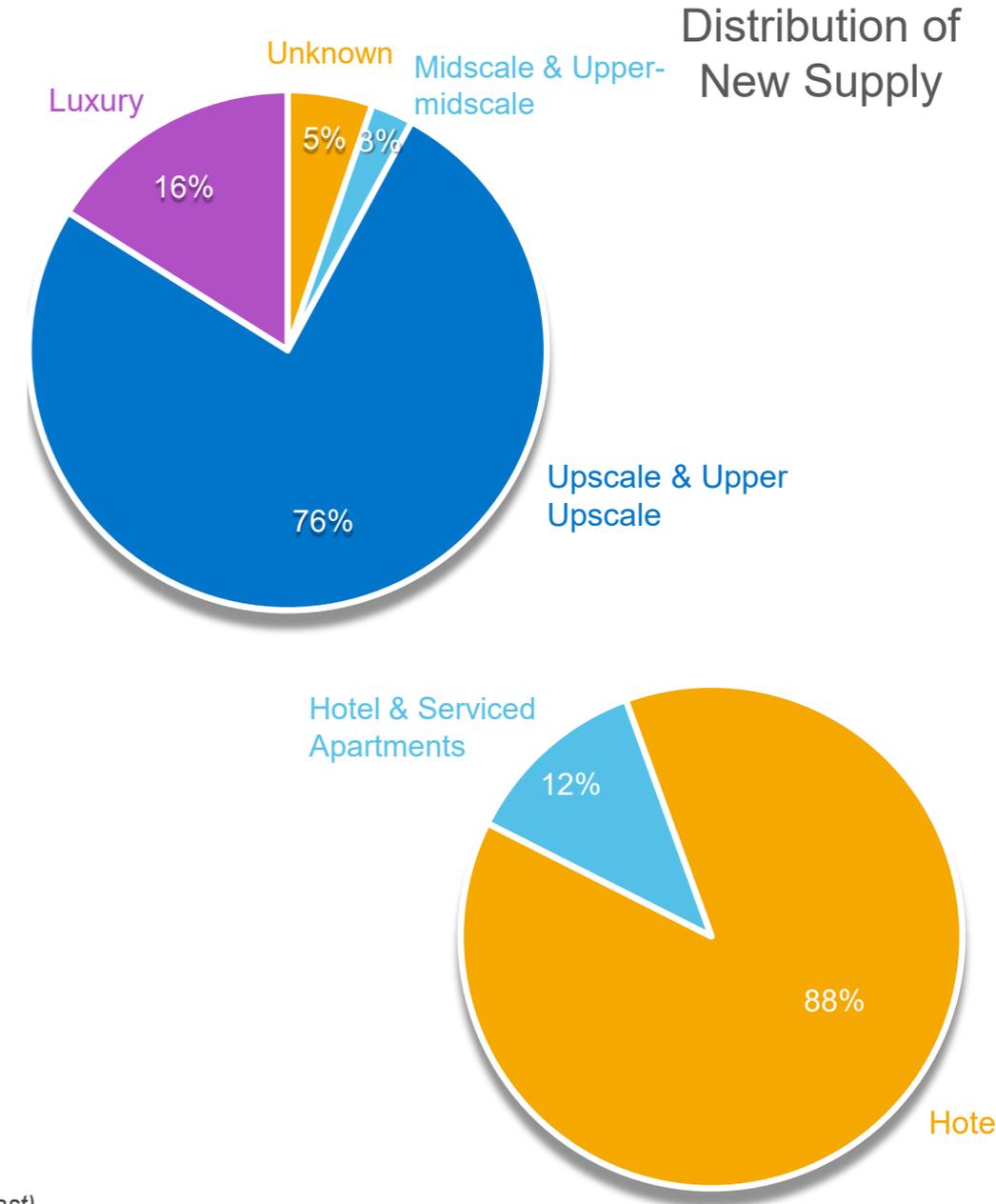
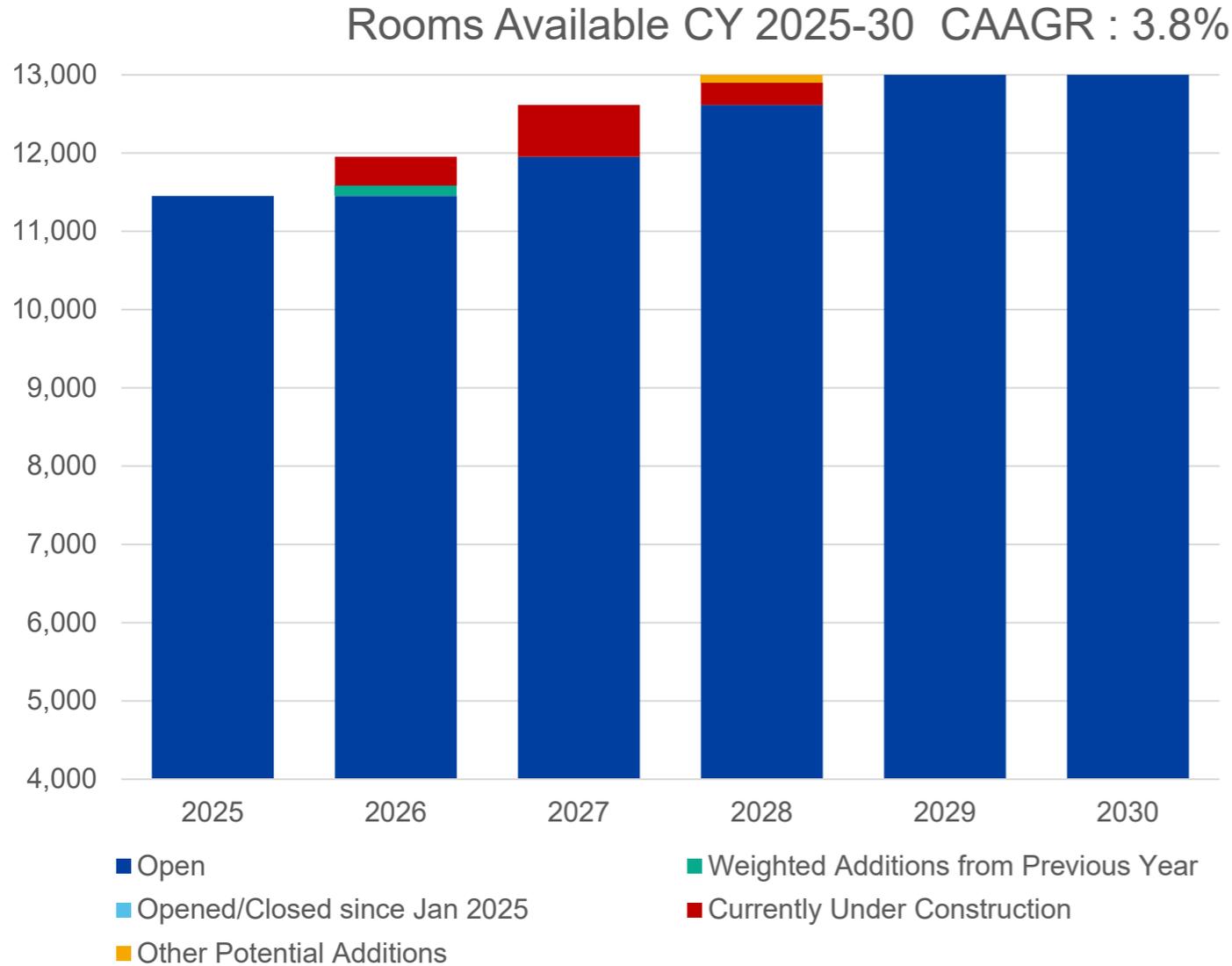
Adelaide

Adelaide Tourism Region Hotel Market Outlook



Adelaide Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

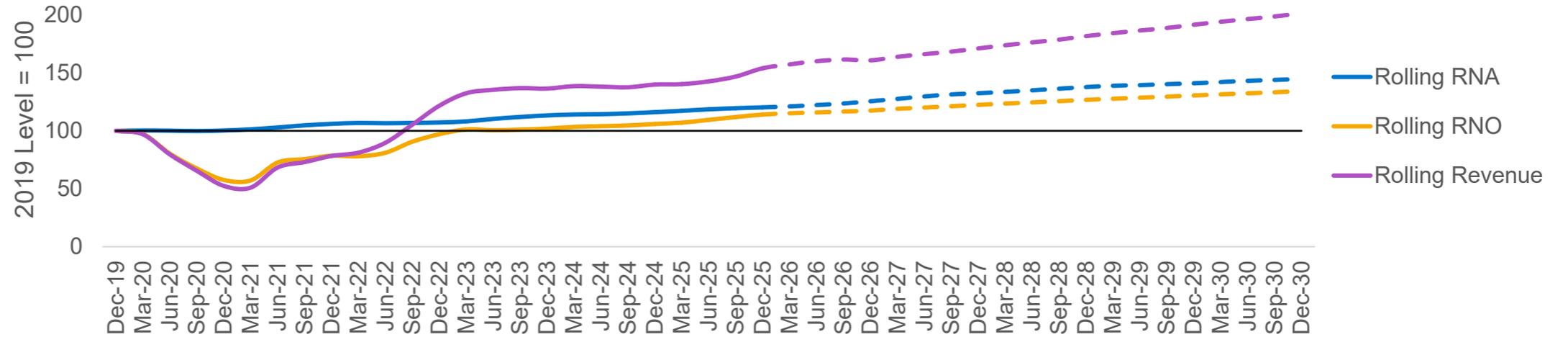


Source: STR (Historical), Horwath HTL (Forecast)

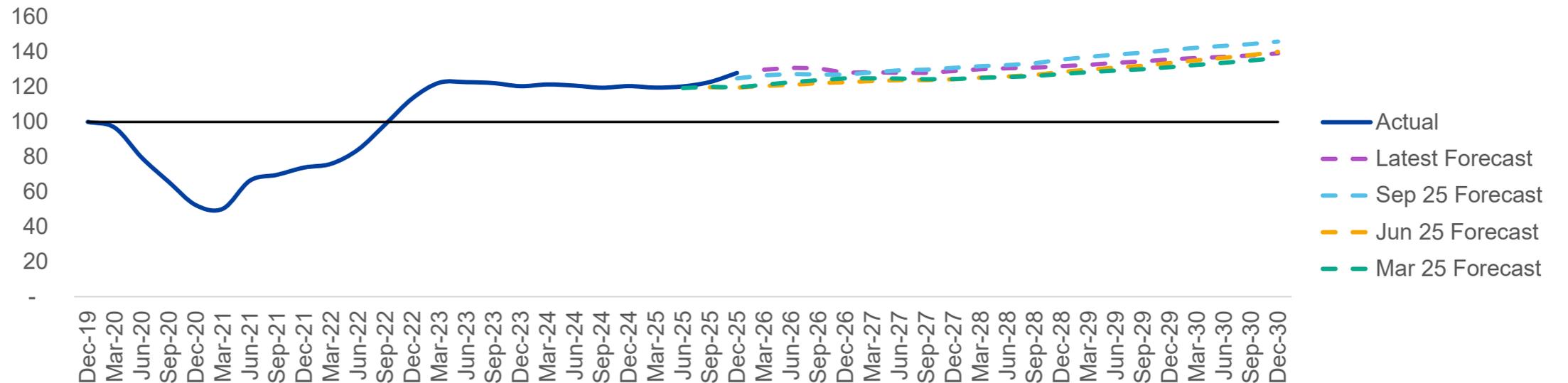
Adelaide Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

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Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Canberra

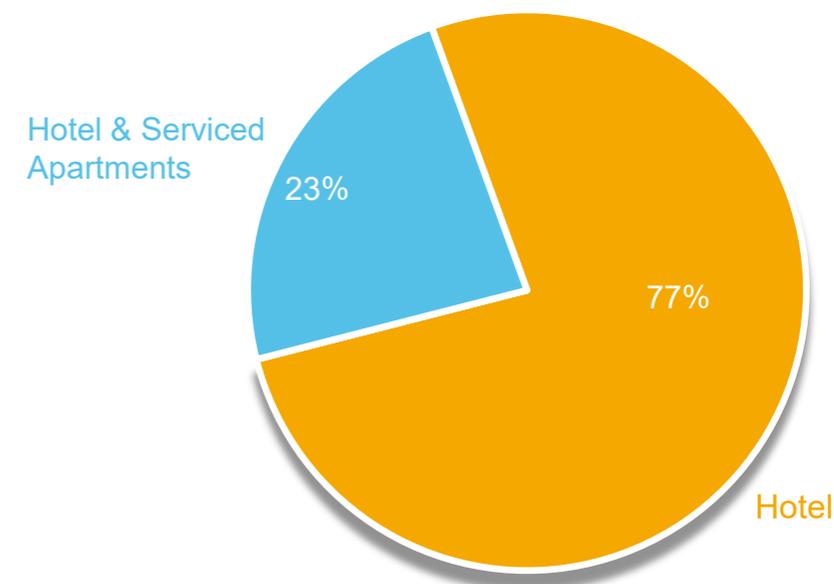
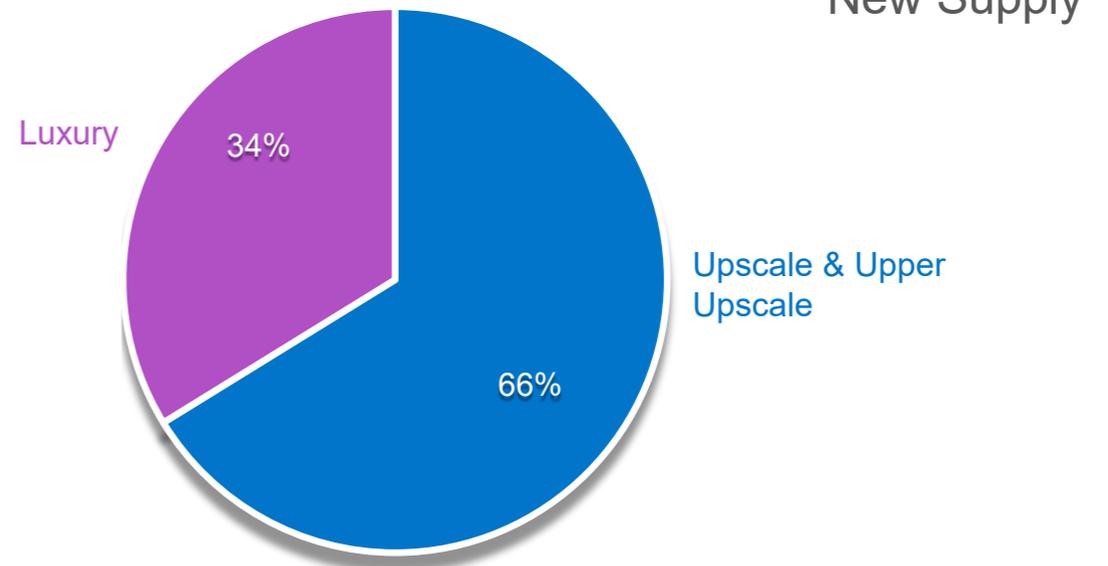
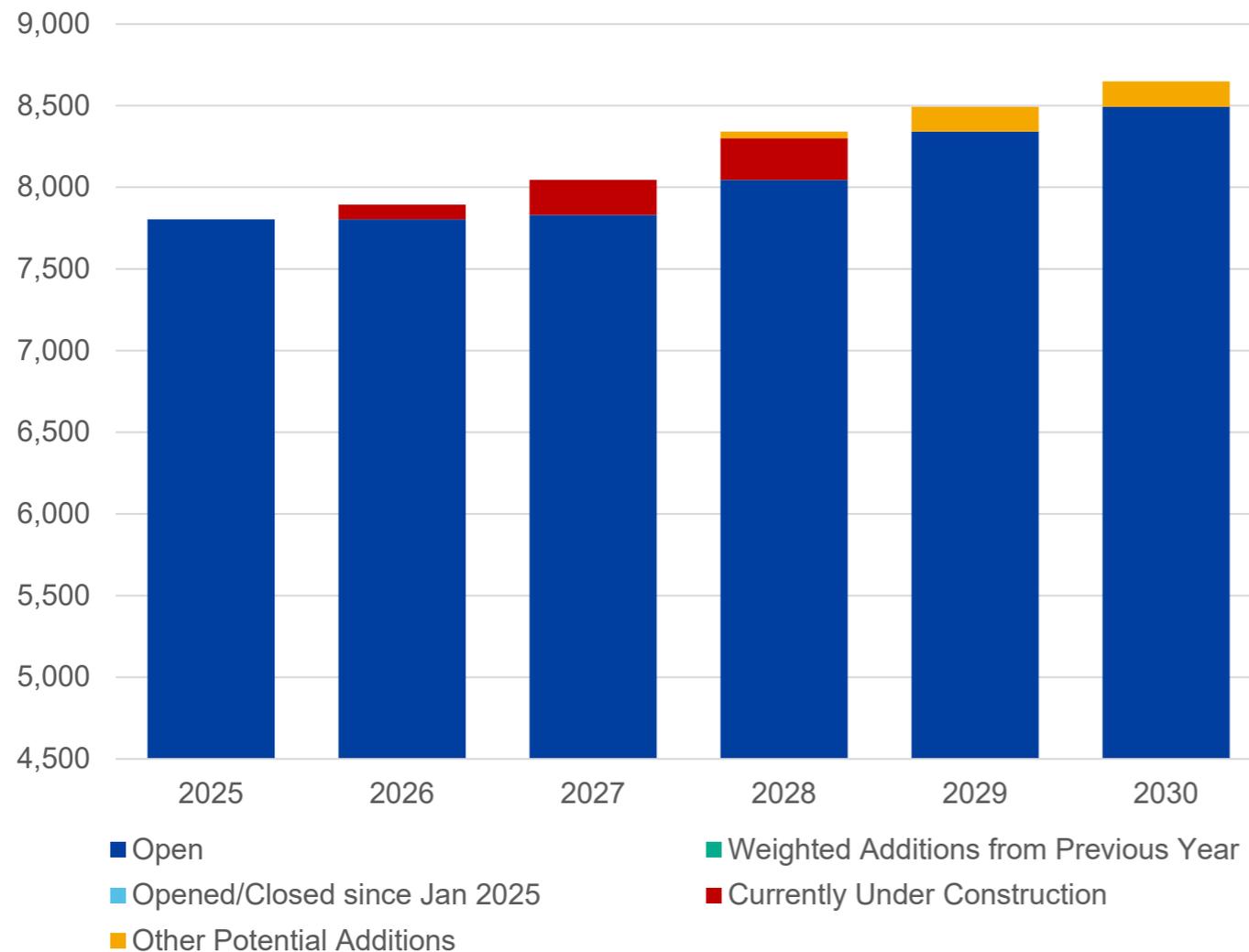
Canberra Tourism Region Hotel Market Outlook



Canberra Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 2.2%

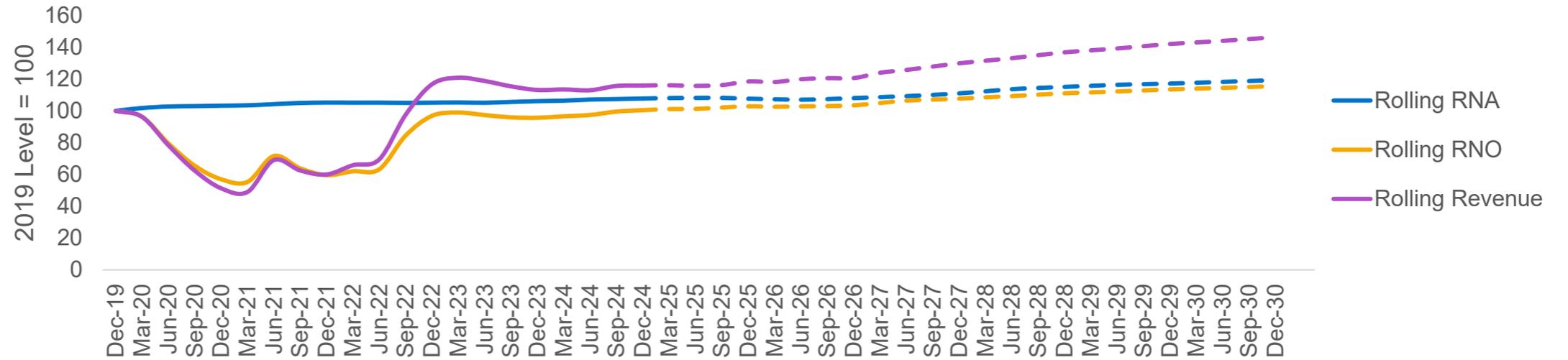


Source: STR (Historical), Horwath HTL (Forecast)

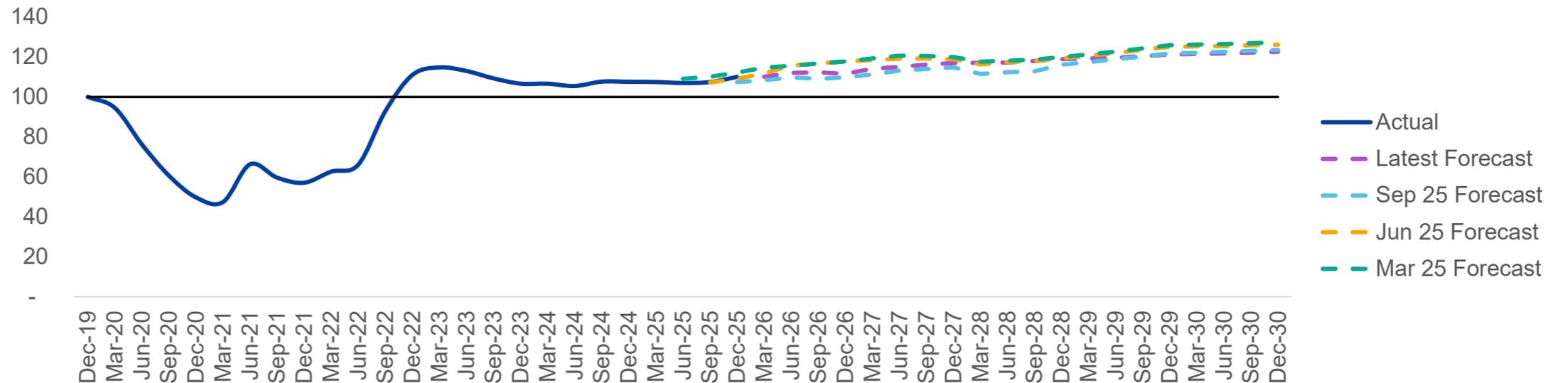
Canberra Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Hobart

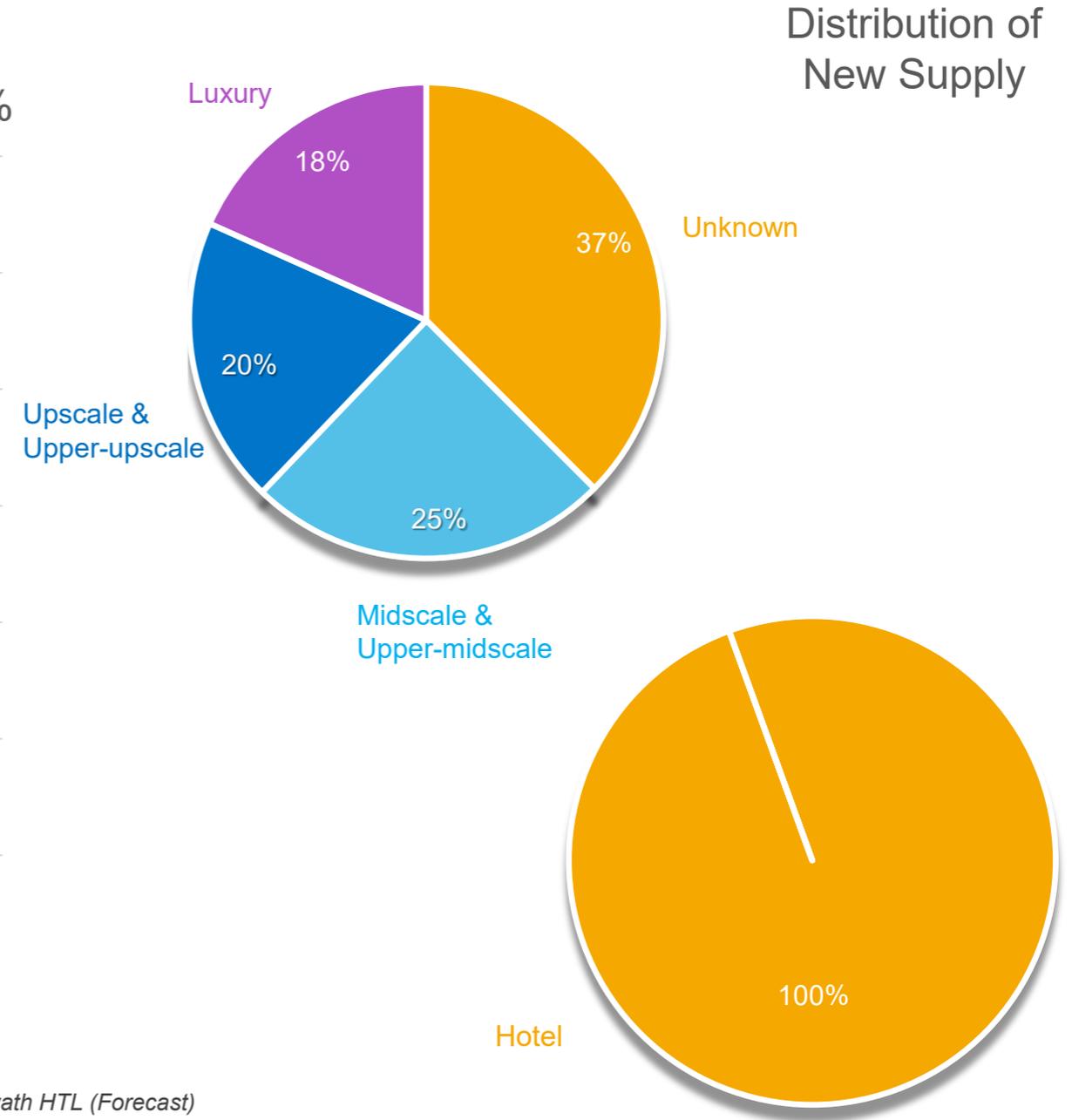
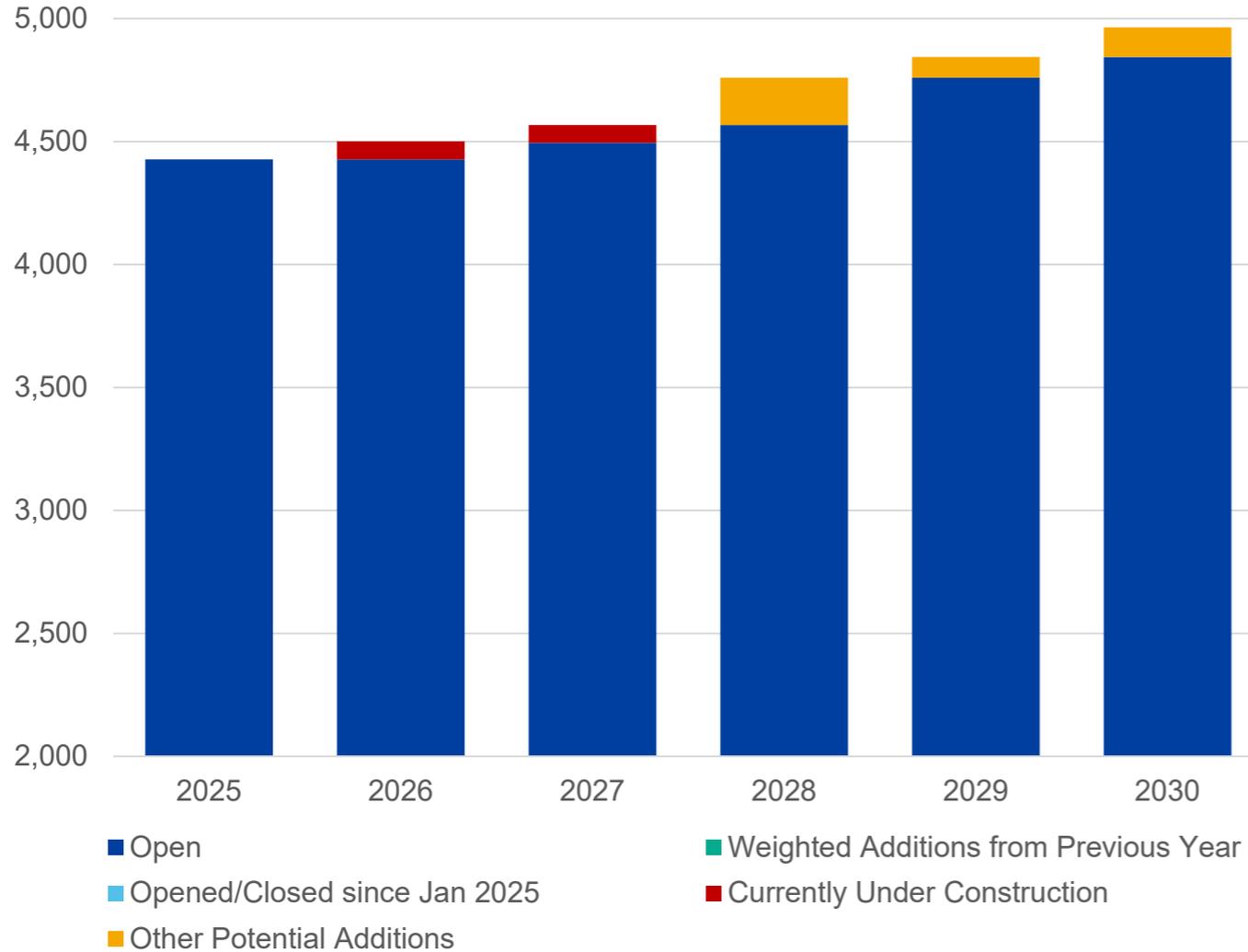
Hobart Tourism Region Hotel Market Outlook



Hobart Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 2.3%

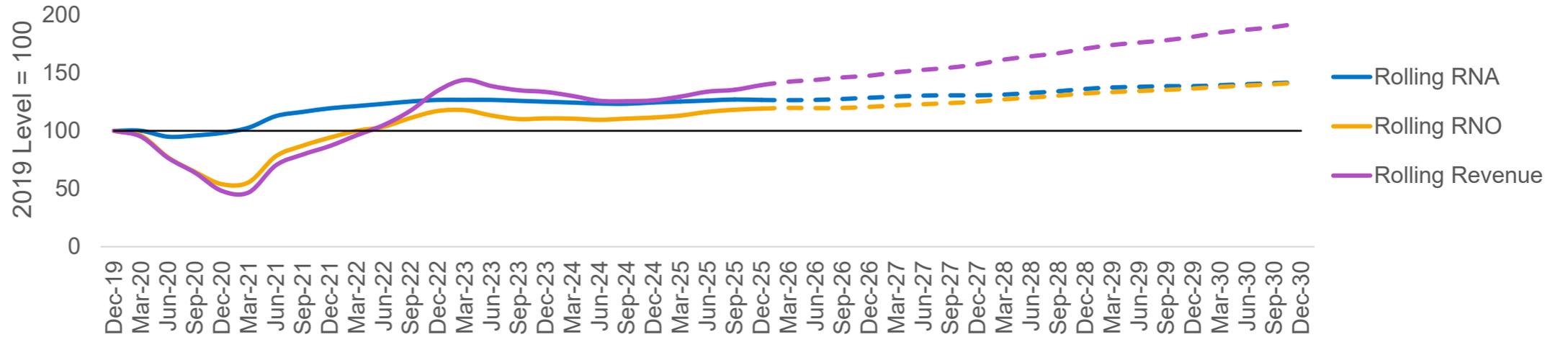


Source: STR (Historical), Horwath HTL (Forecast)

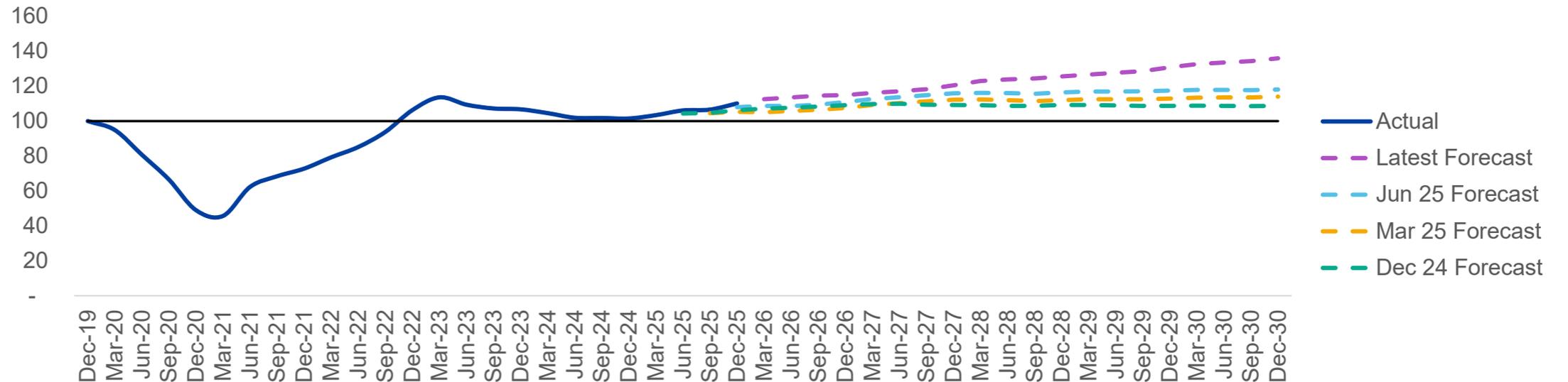
Hobart Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Gold Coast

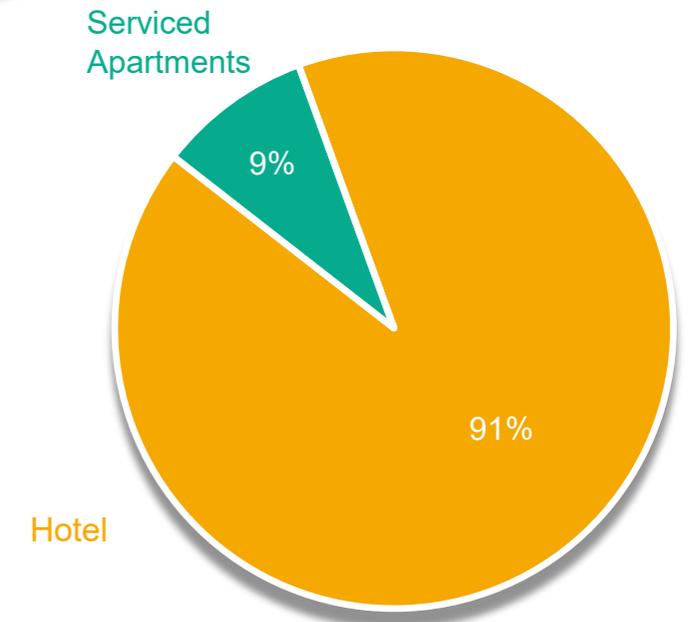
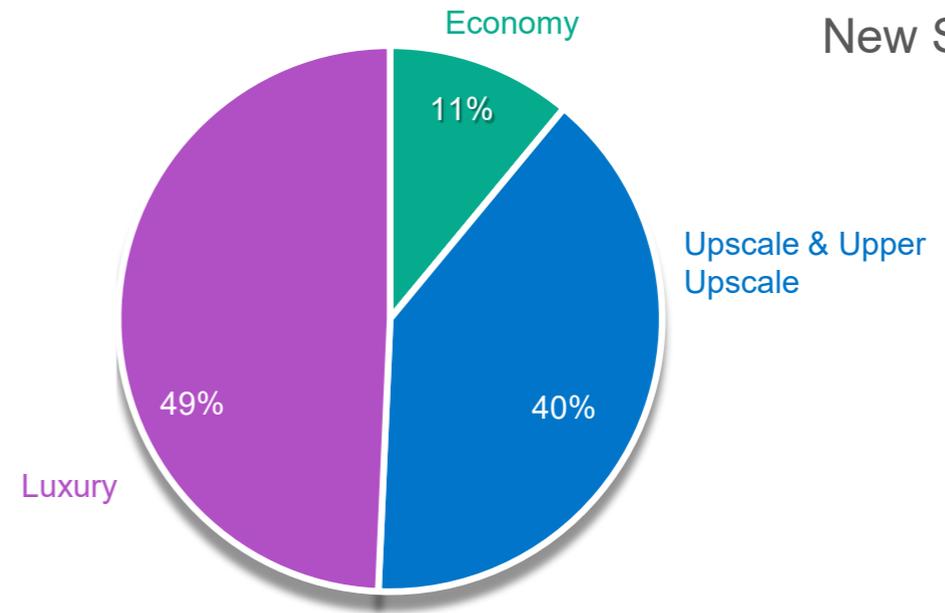
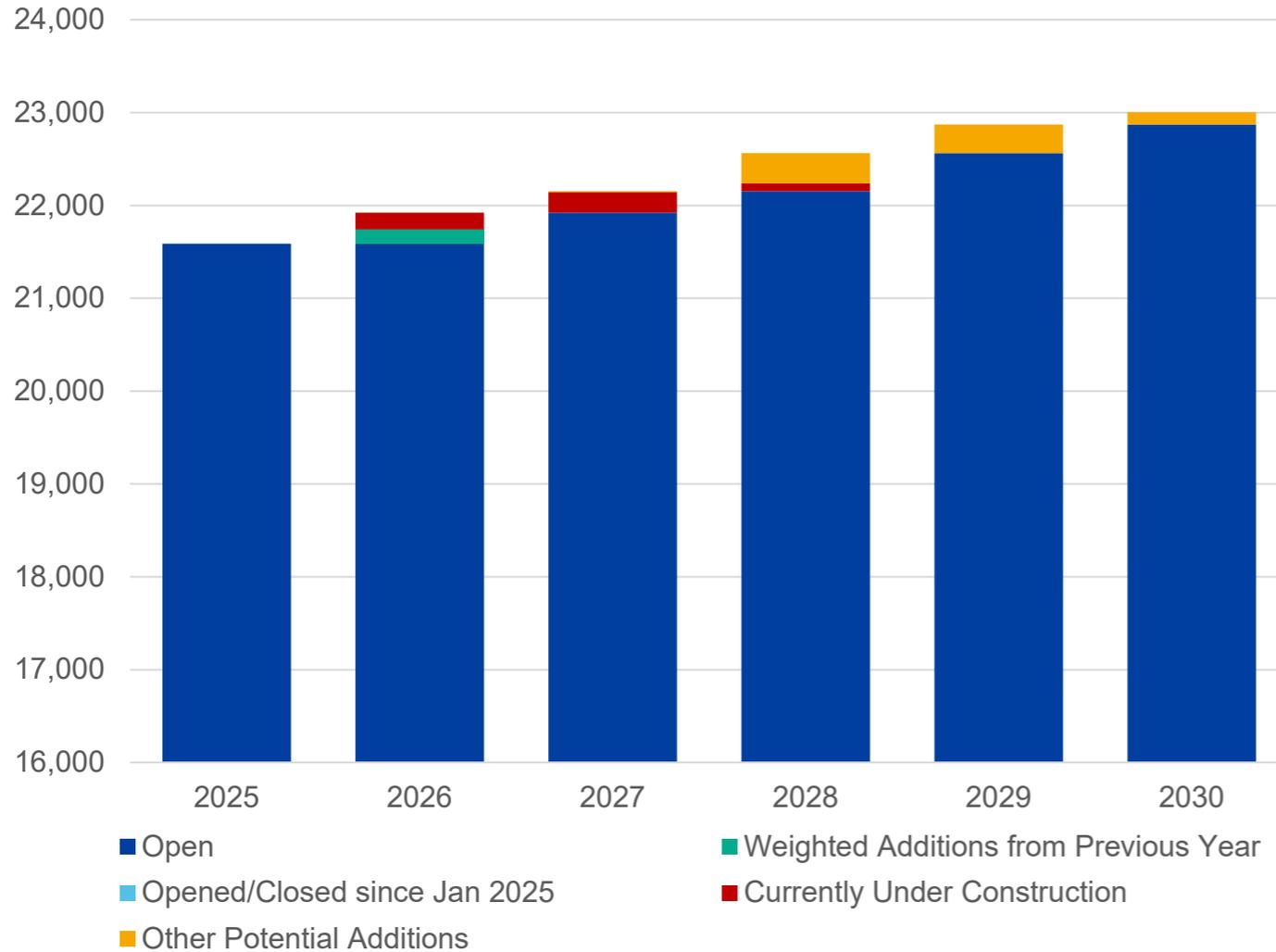
Gold Coast Tourism Region Hotel Market Outlook



Gold coast Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 1.0%

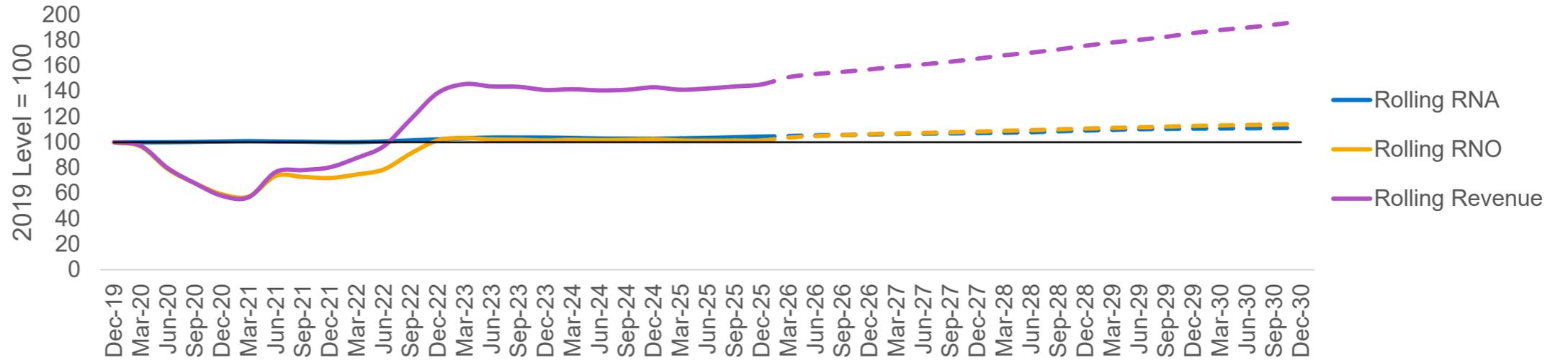


Source: STR (Historical), Horwath HTL (Forecast)

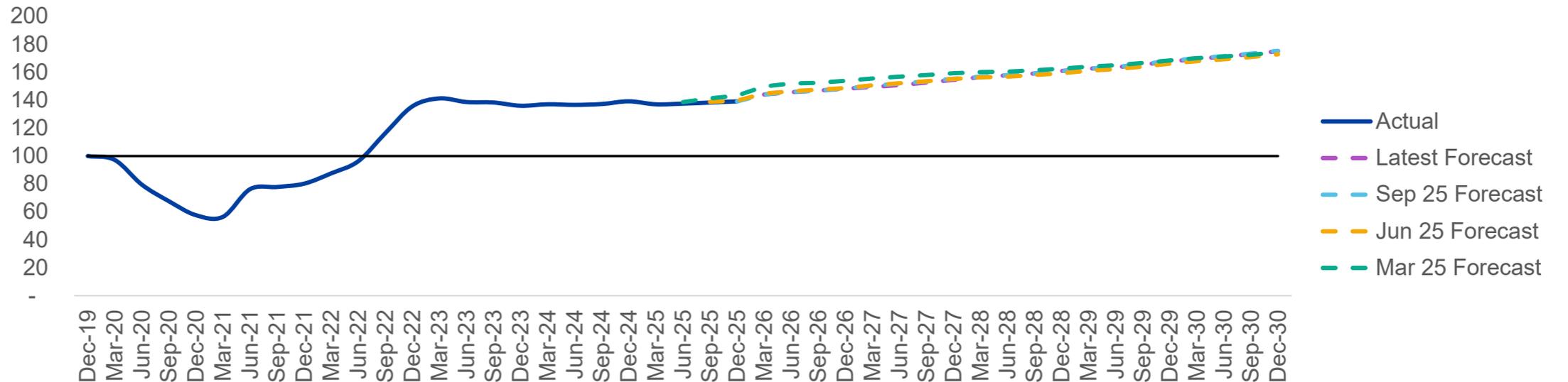
Gold Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Cairns

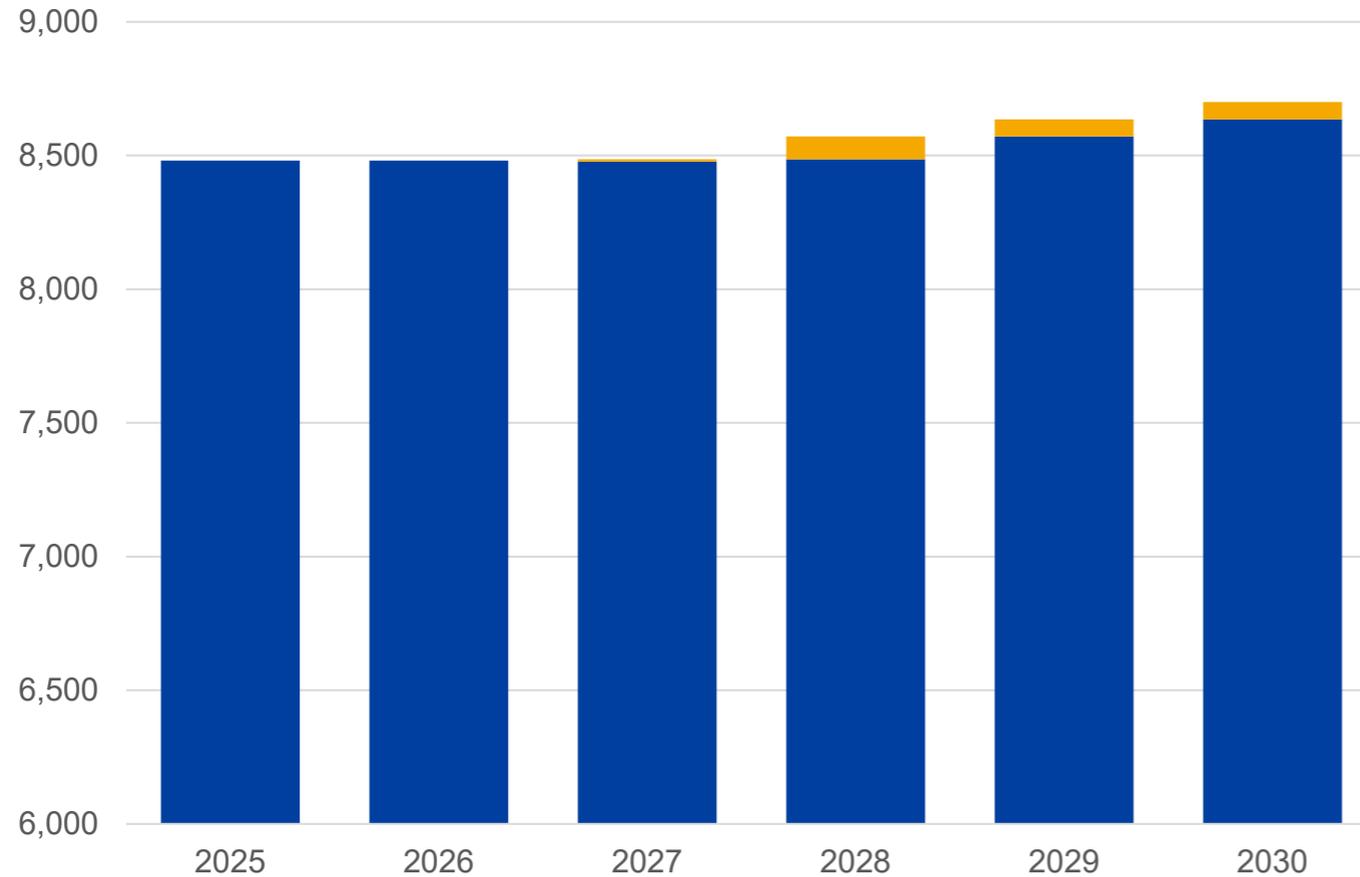
Cairns Tourism Region Hotel Market Outlook



Cairns Tourism Region Hotel Market Outlook

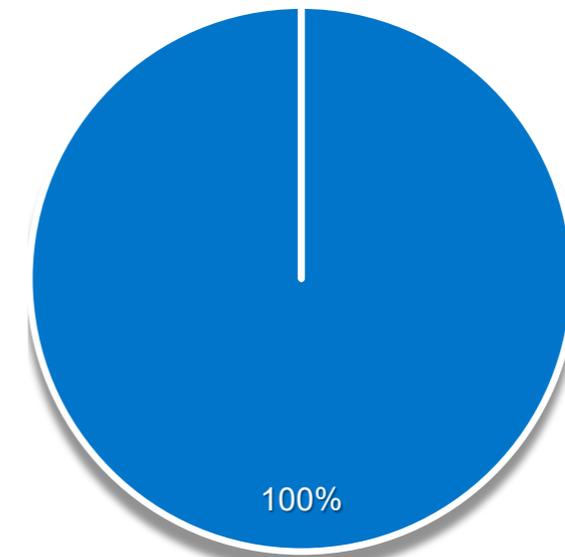
Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-2030 CAAGR : 0.5%

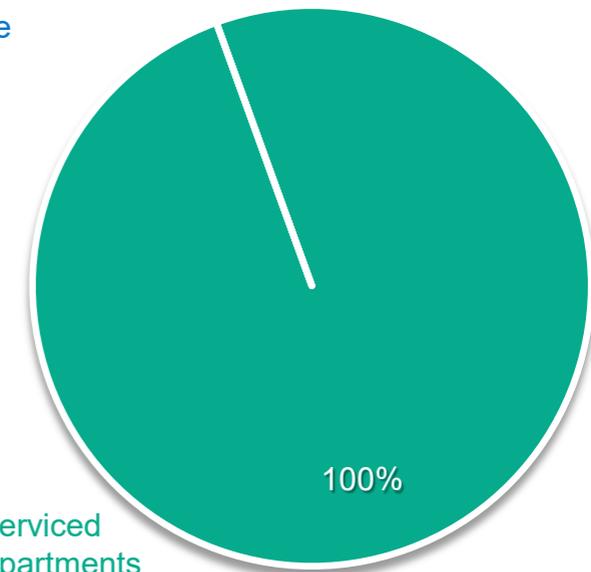


- Open
- Weighted Additions from Previous Year
- Opened/Closed since Jan 2025
- Currently Under Construction
- Other Potential Additions

Distribution of New Supply



Upper Upscale & Upscale



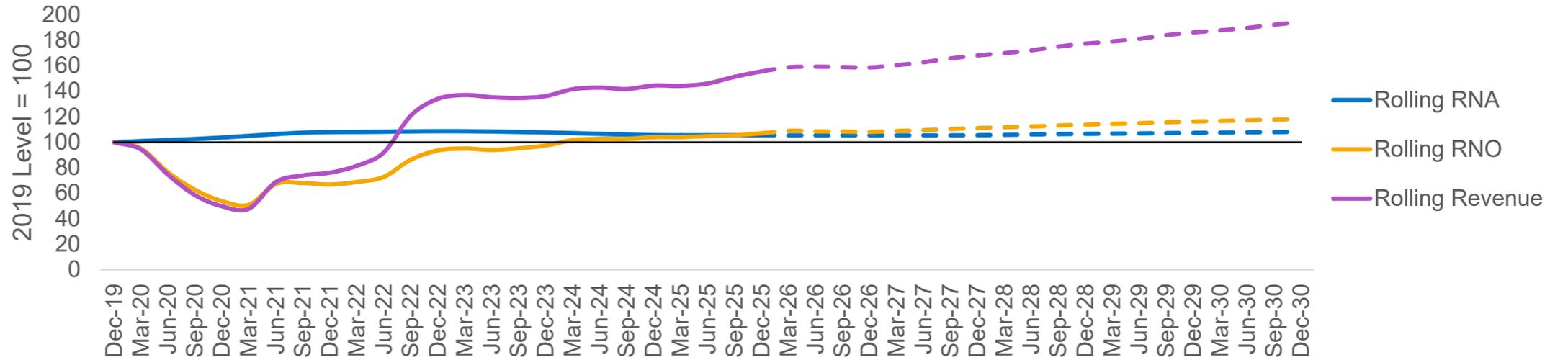
Serviced Apartments

Source: STR (Historical), Horwath HTL (Forecast)

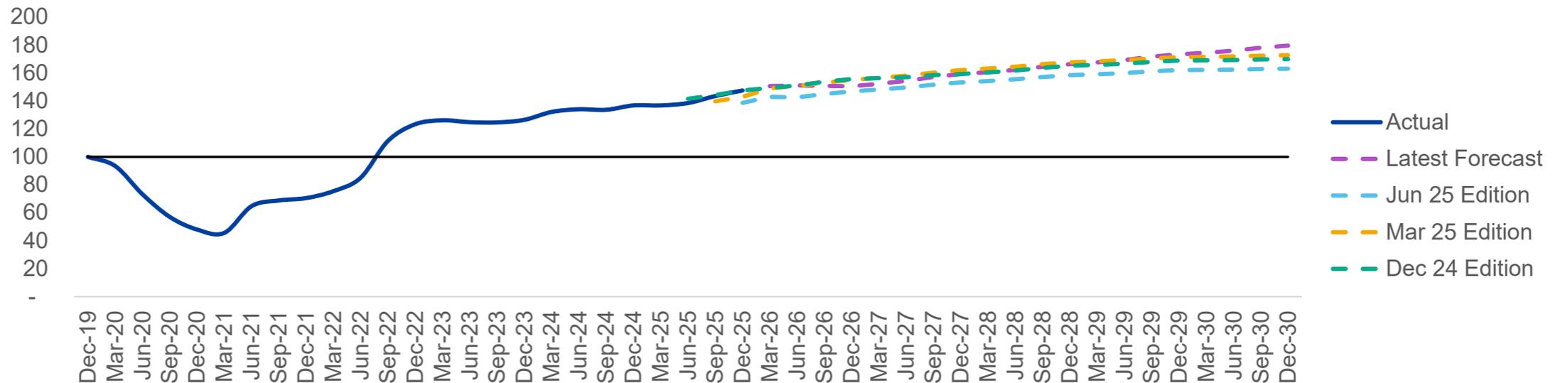
Cairns Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Sunshine Coast

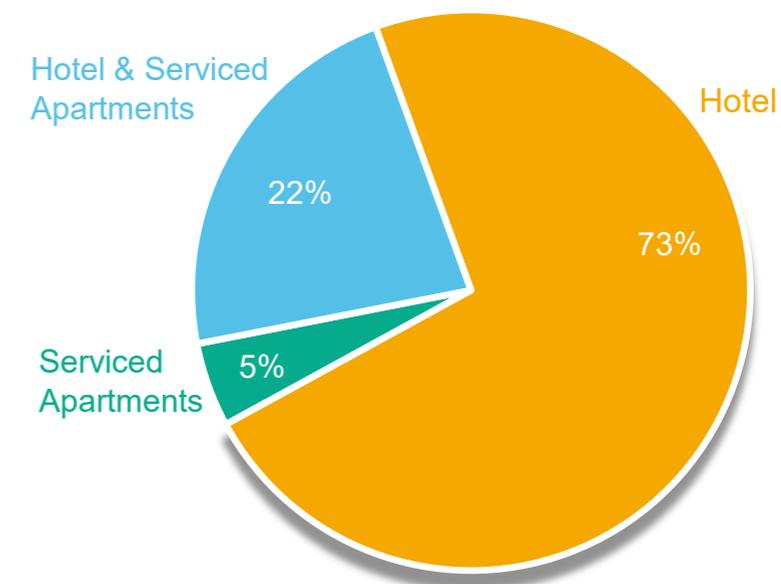
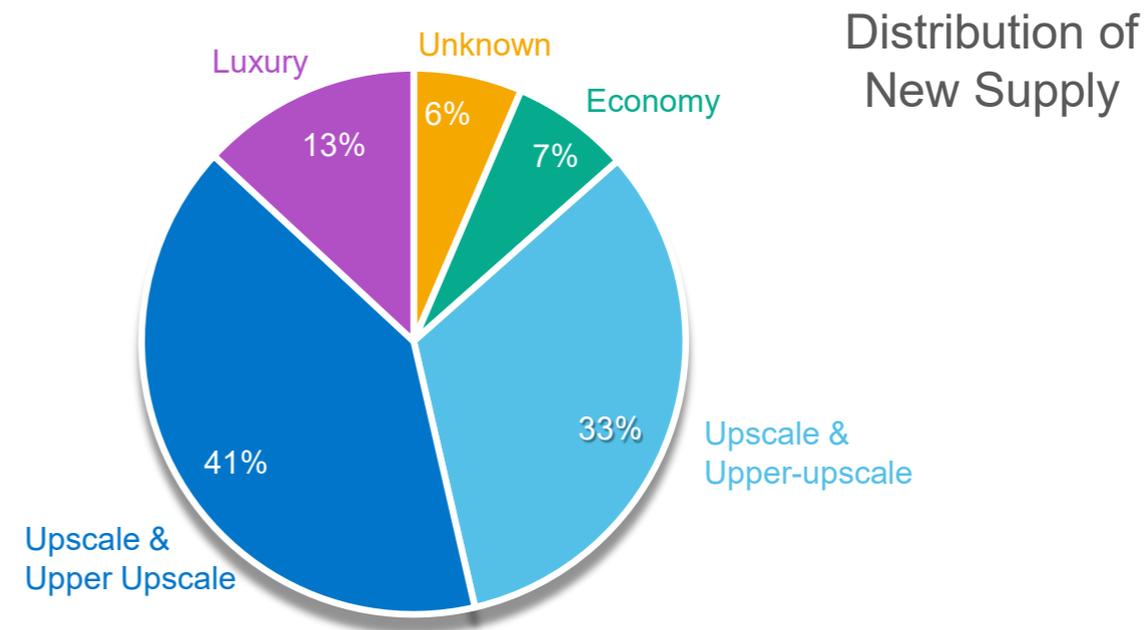
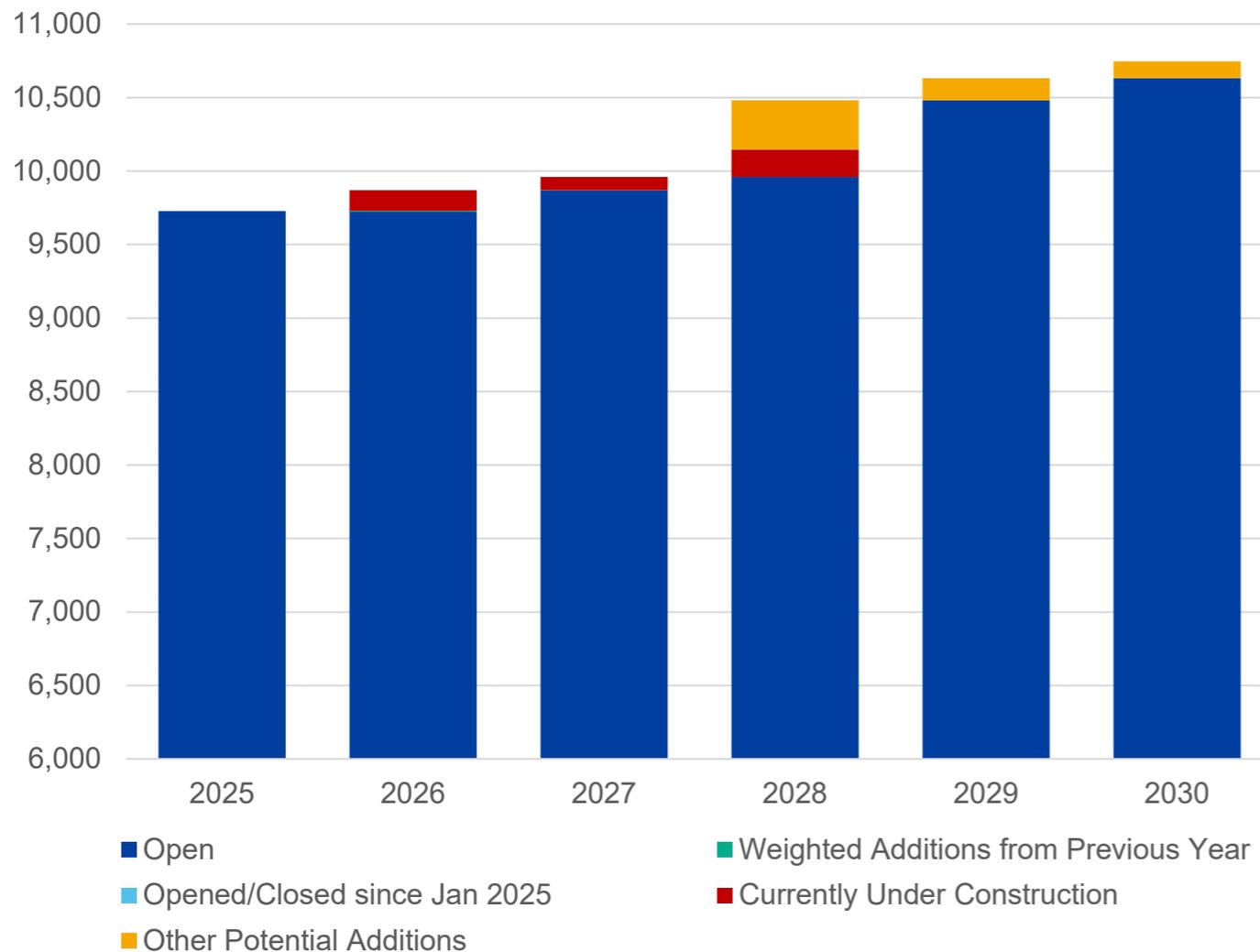
Sunshine Coast Tourism Region Hotel Market Outlook



Sunshine Coast Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 2.0%

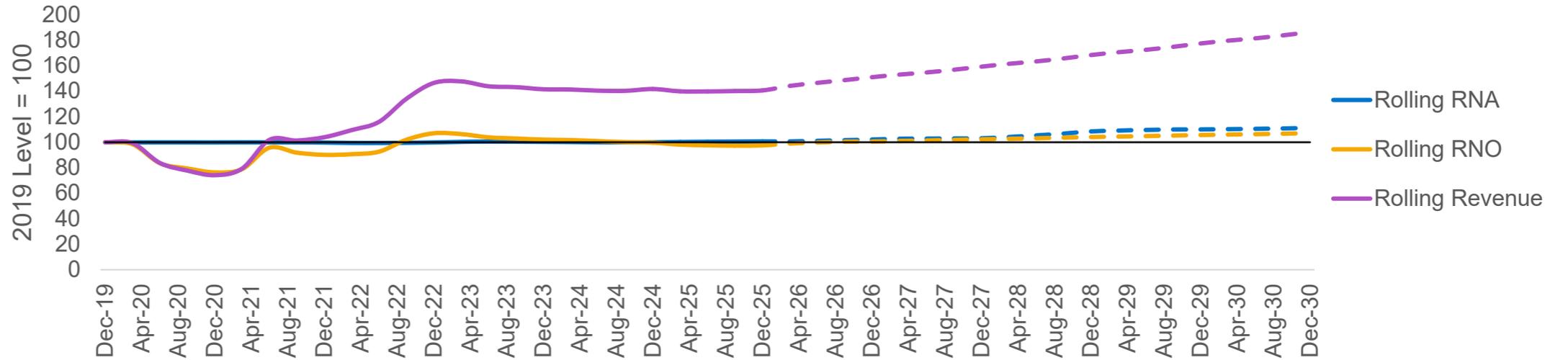


Source: STR (Historical), Horwath HTL (Forecast)

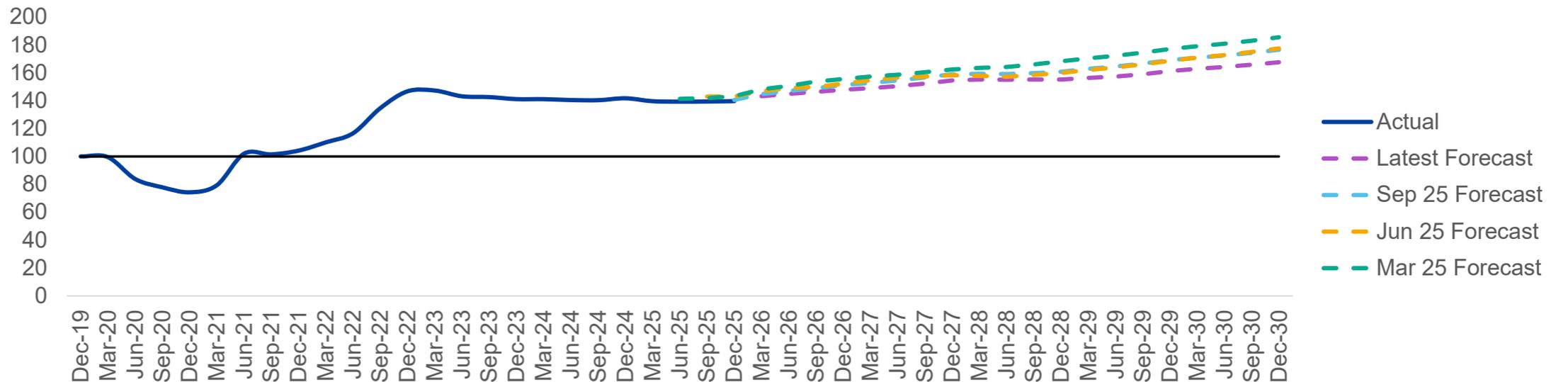
Sunshine Coast Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Newcastle

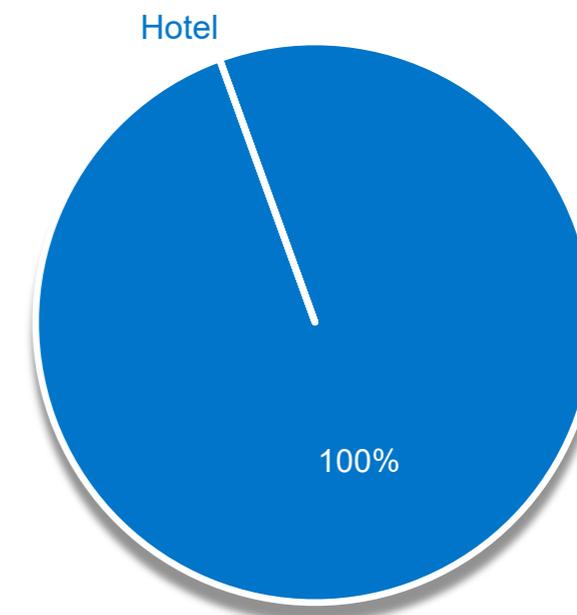
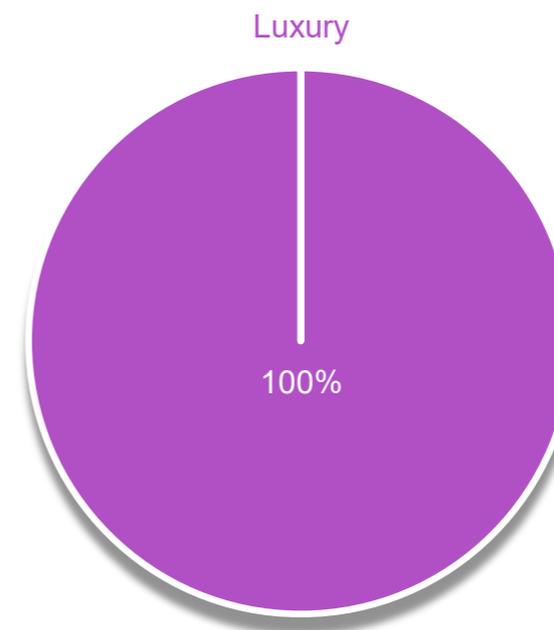
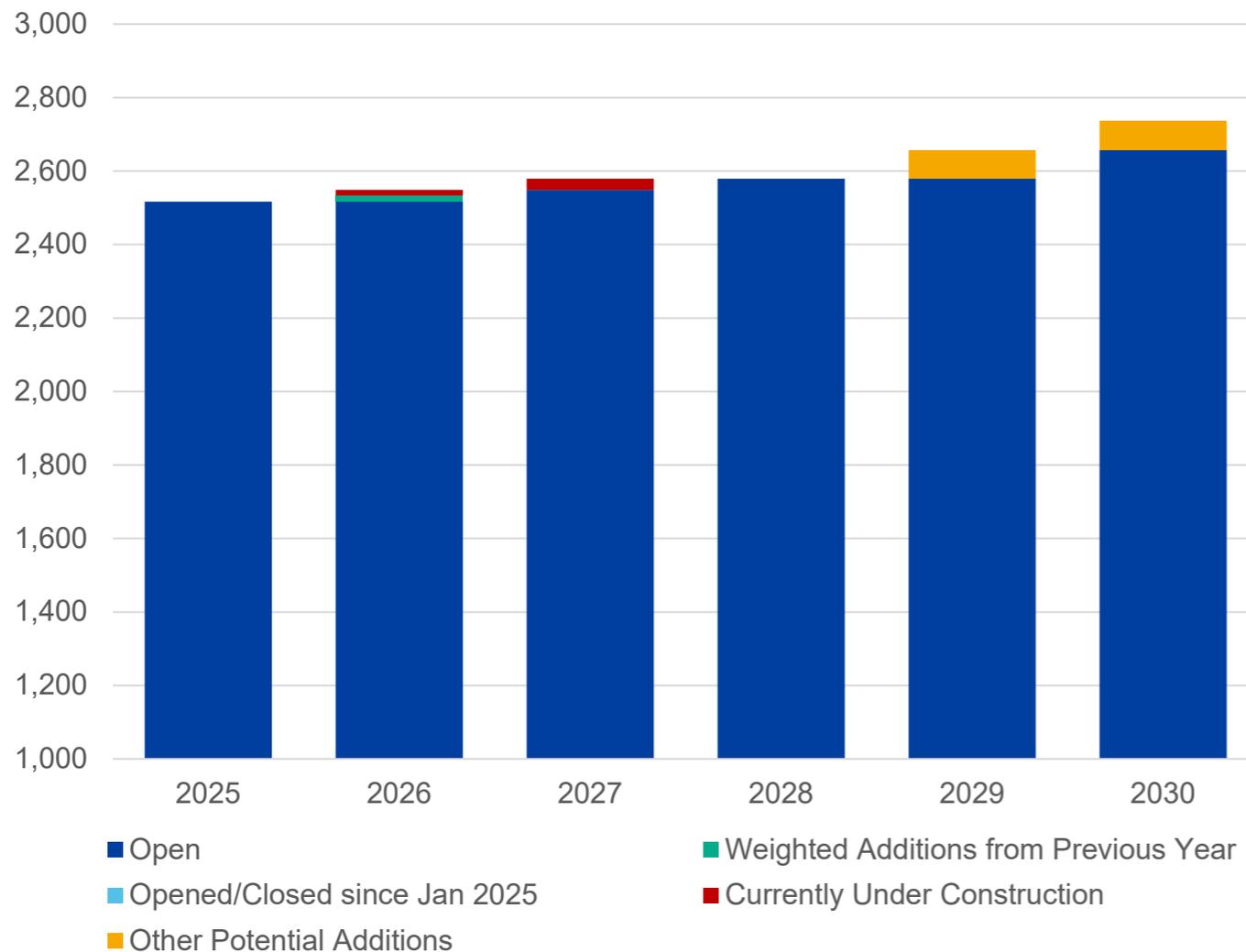
Newcastle Tourism Region Hotel Market Outlook



Newcastle Tourism Region Hotel Market Outlook

Forecast Additions to Supply – CY 2025 to CY 2030

Rooms Available CY 2025-30 CAAGR : 1.7%

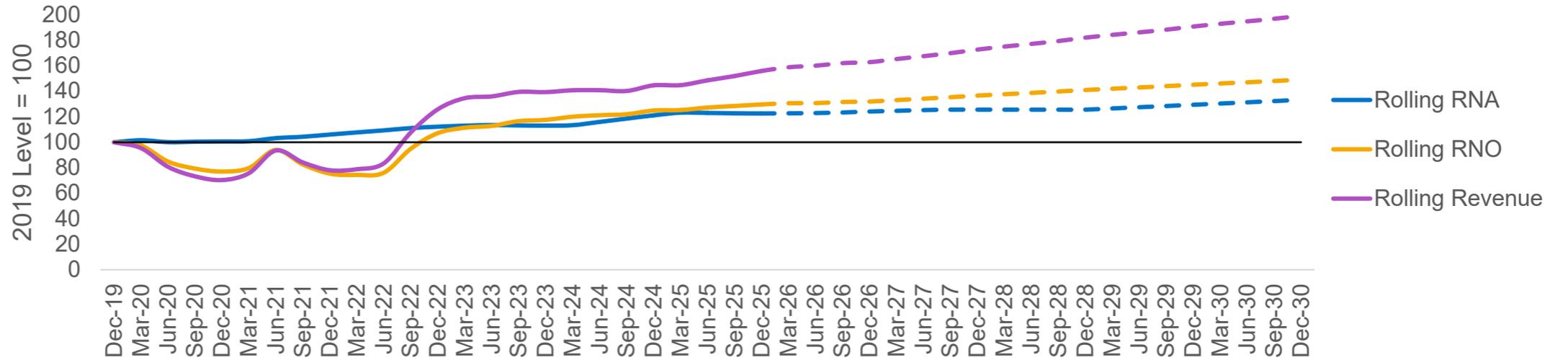


Source: STR (Historical), Horwath HTL (Forecast)

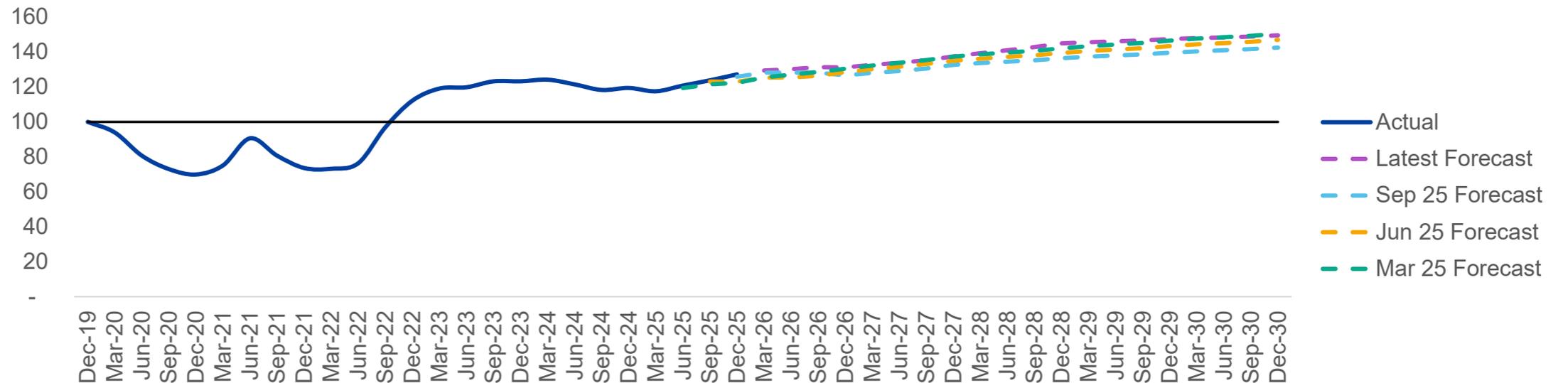
Newcastle Tourism Region Hotel Market Outlook

Quarter to Quarter Shifts in Growth Trends

Indexed Rolling 12-Month Hotel Performance Outlook



Indexed Rolling 12-Month RevPAR Outlook



Source: STR (Historical), Horwath HTL (Forecast)

Summary Of Hotel Market Outlooks

Top Performing Markets Post Covid – Actual 5-Year RevPAR CAAG Rate 2019-2025

Market	RevPAR CAAG	Comments
Brisbane	9.4%	RevPAR well below historical Highs in 2019 so coming off a low base. Occupancy improvement and strong ADR growth
Perth	9.2%	RevPAR well below historical Highs in 2019 so coming off a low base. Good occupancy growth and strong ADR growth.
Cairns	6.7%	Occupancy is above pre-Covid levels and strong ADR growth has driven RevPAR improvements.
Sunshine Coast	5.7%	Entirely driven by strong ADR growth
Gold Coast	5.7%	Entirely driven by strong ADR growth
Sydney	4.2%	Occupancy close to pre-Covid, ADR growth has been solid
Adelaide	4.2%	New supply has impacted occupancy. Strong ADR growth has allowed for RevPAR growth.
Newcastle	4.1%	Occupancy higher than pre-Covid, combined with good ADR growth.
Melbourne	2.0%	Supply impact keeping occupancy from recovering faster. ADR growth has been good but has more recently been restrained and impacted by weak occupancy.
Canberra	1.6%	Early recovery market slumped post domestic demand with a slow recovery since. Weak demand has impacted on ADR and has subdued RevPAR growth.
Hobart	1.6%	Early recovery market slumped post domestic demand boom but recorded strong demand growth in 2025. Supply impacted on occupancy and ADR weakness in 2023 and 2024 has subdued RevPAR growth.

Summary Of Hotel Market Outlooks

Top Performing Markets – Actual 5-Year RevPAR CAAG Rate 2025-2030

Market	RevPAR CAAG	Comments
Gold Coast	4.7%	A boost to growth in 2026 recovering lost demand from Cyclone Alfred. Seasonal demand forecast to limit year-round occupancy with ADR growth primarily driving RevPAR.
Hobart	4.3%	An improved winter occupancy performance has boosted the occupancy outlook with ADR growth inline with inflation.
Cairns	4.0%	A combination of occupancy and ADR growth with a limited supply pipeline assisting RevPAR growth over the next 5-year period.
Sunshine Coast	3.7%	A boost to growth in 2026 recovering lost demand from Cyclone Alfred. Seasonal demand forecast to limit year-round occupancy with ADR growth primarily driving RevPAR.
Sydney	3.4%	Some dampening in longer-term occupancy outlook though continued consistent growth in ADR forecast.
Newcastle	3.3%	Occupancy forecast to steadily improve reaching historical highs with little supply additions expected, and ADR growth forecast is largely inline with inflation.
Melbourne	2.7%	Occupancy forecast to steadily improve. ADR growth outlook is for below inflationary levels though showing some signs of improvement.
Canberra	2.2%	Occupancy forecast to remain below pre-Covid levels with ADR forecast to return to growth after a period of decline and stabilization.
Perth	2.2%	Econometric model seemingly continues to underestimate Perth. An already high occupancy limits upside with demand growth forecast similar to supply. ADR levels forecast to be below inflation. Good potential for upside in the forecast, particularly for ADR growth.
Brisbane	2.0%	Occupancy expected to show some signs of weakness is weighing down on RevPAR growth. ADR growth is forecast slightly above inflation.
Adelaide	1.7%	Supply outlook continues to dampen future occupancy forecast. ADR growth forecast to return to healthy levels, but this may be currently overstated.

Horwath HTL Hotel Market Outlooks

A wide range of markets are available

New South Wales

Sydney Tourism Region

- Sydney Centre (can be broken down by Class)
- Sydney Airport
- Sydney West
- Sydney North
- Sydney East & South

Sydney Surrounding

- Newcastle
- Sydney Drive
- Wollongong
- Central Coast Regional

Victoria

Melbourne Tourism Region

- Melbourne Centre (can be broken down by Class)
- Melbourne Northwest
- Melbourne East
- Melbourne Southeast

Regional Victoria

- Goldfields
- Bellarine & Geelong Area

Other States & Territories

Perth Tourism Region

Adelaide Tourism Region

- Canberra
- Hobart
- Darwin

Queensland

Brisbane Tourism Region

- Brisbane Centre (can be broken down by Class)

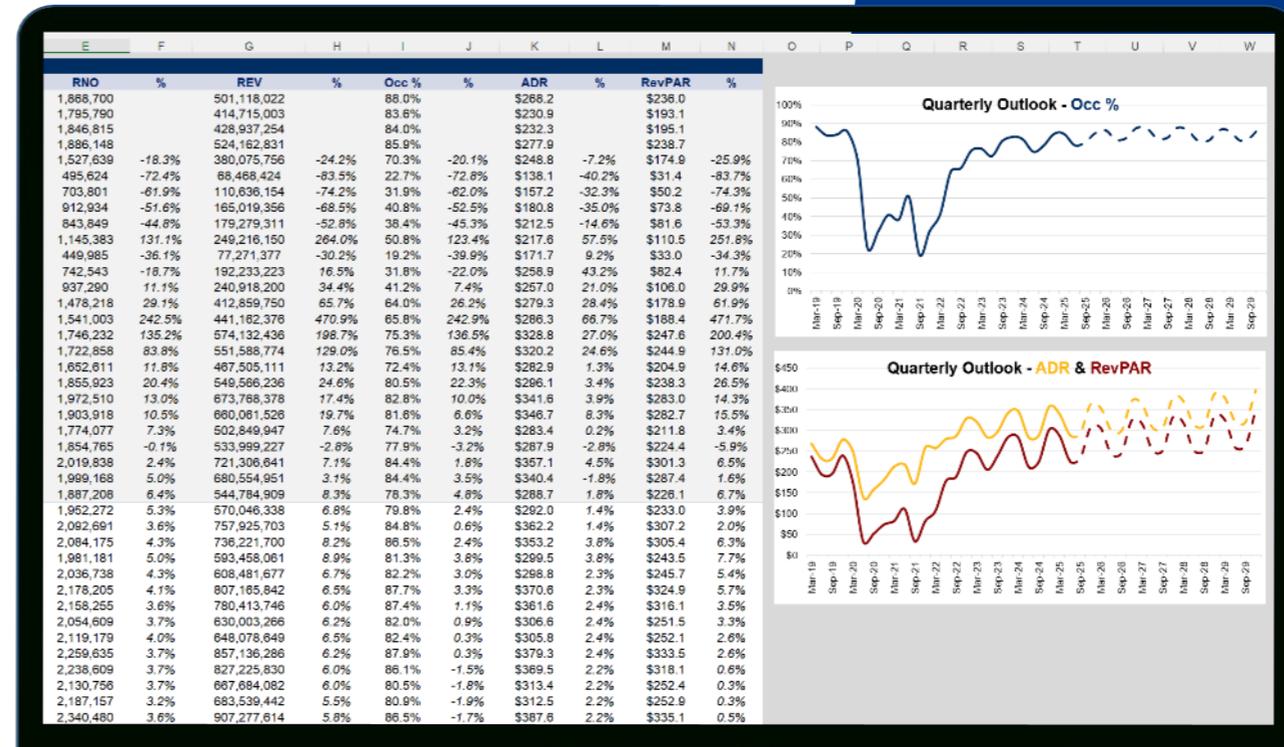
Southeast Queensland

- Gold Coast
- Sunshine Coast

Queensland North

- Cairns
- Tropical North Queensland

Ask us about other market areas you are interested in.





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 December 2025;
- Historical economic data and forecasts from the DAE Business Outlook December 2025 Edition;
- International Tourism Forecasts have been adjusted by HHTL based on updated actual short term visitor arrivals up to November 2025 and Tourism Research Australia's November 2025 forecast.
- Historical domestic tourism data as up to November 2025;
- Supply pipeline information as collected in the Horwath HTL databases.

The latest Domestic Tourism Forecasts as published by Tourism Research Australia in December 2025:

Regarding domestic visitation, Horwath HTL has adopted the growth forecast as published by TRA in its December 2025 domestic tourism forecast, with adjustments to the outlook for CY 2025 based on actual recent results and used growth relative to the long term average, following such adjustments we have reverted to the ABS growth outlook for CY 2026 and beyond.

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, any such outlook should not be relied upon.

Our assessments and projections are predicated upon a number of assumptions and expectations. In particular, it should be recognised that hotel performance is particularly vulnerable to exceptional events. Unforeseen events that could severely disrupt hotel performance include, and are not limited to :

- Economic disruptions, such as the Asian or Global Financial Crises;
- Acts of terrorism, such as 9/11 or the Bali bombings;
- Natural events, such as a flood, tsunami or earthquake;
- Health scares, such as SARS, MERS, Avian Flu, Covid 19 Flu;
- Political unrest and instability such as recently occurred in Thailand and Hong Kong;
- Failure of local infrastructure, such as air-traffic disruptions, strikes, inadequate transport systems etc.; or
- Significant and/or concentrated additions to accommodation supply

Whilst most of the above have played out to varying degrees over the last decade in various countries, including in Australia these events remain difficult if not impossible to predict and can often not be anticipated.

Furthermore, unforeseen changes to the supply and demand of transient accommodation, including events that results in a material change to the business environments generally, could severely disrupt hotel performance in Australia's key transient accommodation markets, and as a result the future trading environment may be significantly different to that envisaged as at the time of preparation of this report.

Our conclusions as presented in this report are a reflection of the market conditions which we believe may eventuate during the forecast period. That said, it must be recognised that all estimates are based on our best judgement at this time.



Author

Damien Little is a Director with Horwath HTL in Melbourne and has 25 years of consulting experience with significant experience in financial modelling.

During this time, he has undertaken hotel-related projects in 20 countries across the Asia Pacific region, being involved in more than 500 projects. Damien has been involved in projects across all industry segments including 5-star city hotels, luxury island resorts, gold 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.

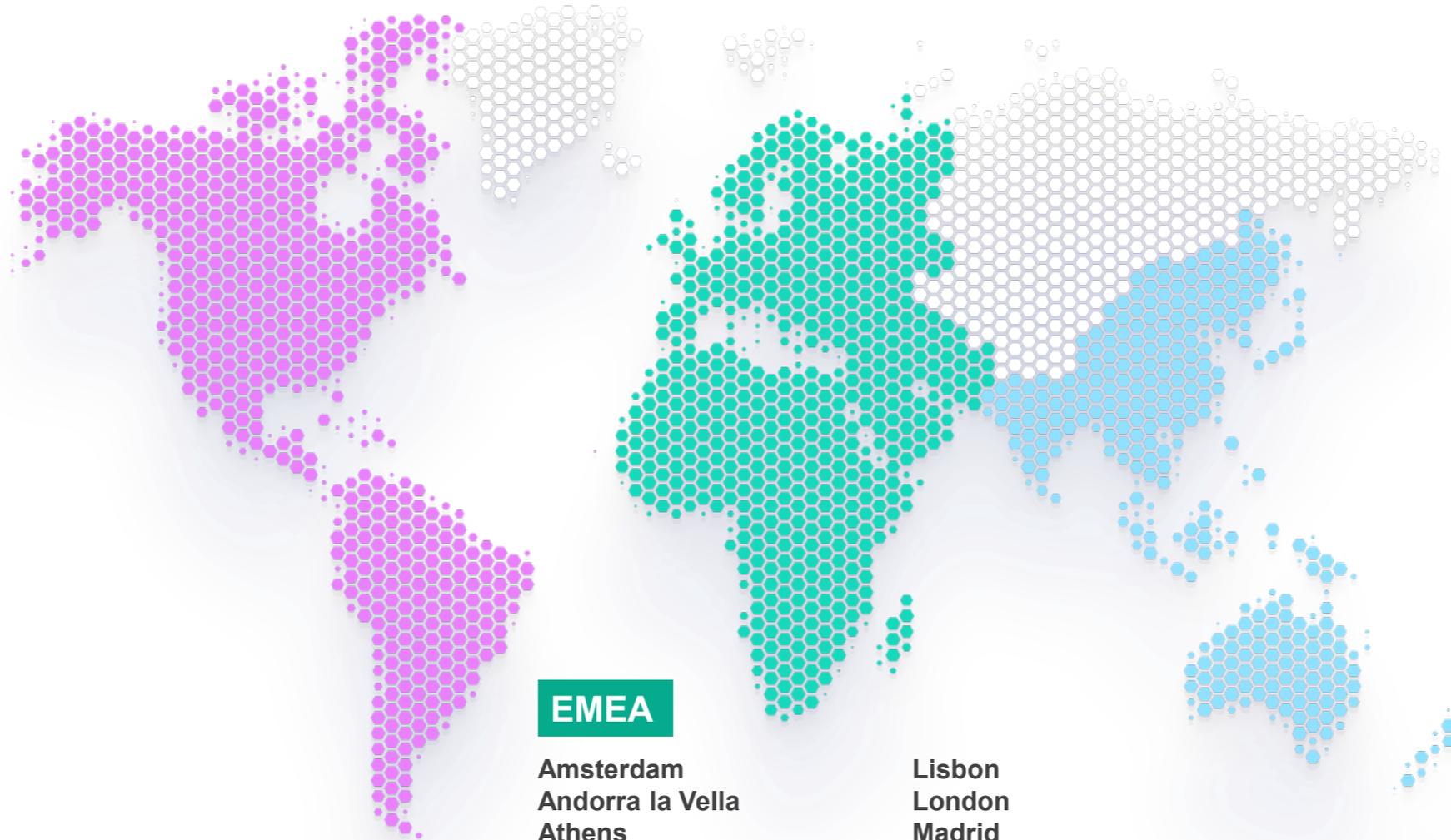
He is also a frequent speaker at industry-related conferences around the region and has published numerous research articles in regional industry publications



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Our Expertise :

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



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