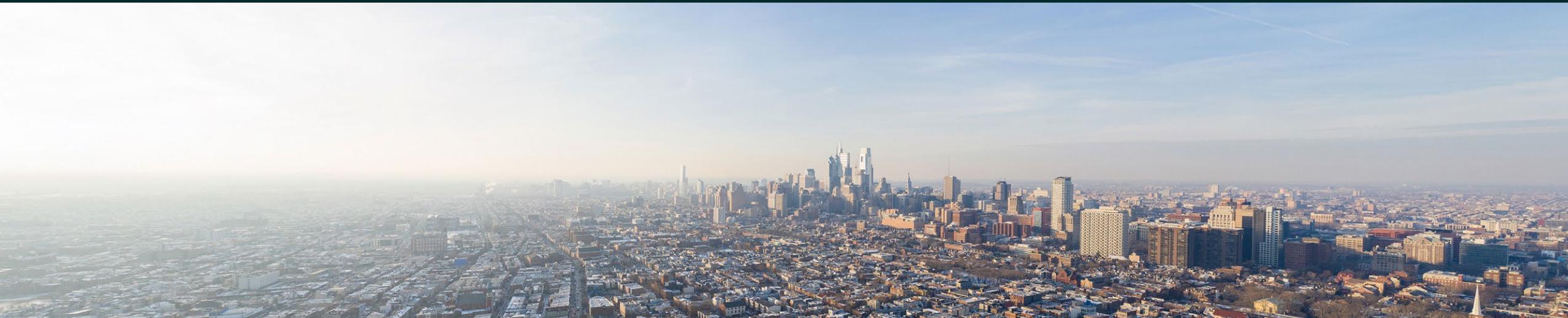


# Hotels in Western Sydney

**The Next Growth Cycle: How Population, Infrastructure and Events are Reshaping Demand**

Business Insights



# Foreword

Western Sydney is entering a new growth cycle – and this time, the shift is structural.

Business Western Sydney has partnered with CBRE to produce this snapshot of the Western Sydney hotel market because the signals are clear: demand is strengthening, connectivity is accelerating and the region is approaching a step-change in its accommodation needs.

Over the next 20 years, Western Sydney is forecast to welcome close to one million additional residents. As this report outlines, that scale of growth correlates with demand for around **11,500 additional hotel rooms**. That is not speculation – it is the real estate maths of a growing metropolitan economy.

The opening of **Western Sydney International Airport** marks a generational turning point. A 24-hour global gateway, connected by the **M12 Motorway** and expanding **Sydney Metro**, potentially **high-speed rail by 2042**, will reshape travel patterns across Parramatta, Liverpool, Penrith, Blacktown and beyond. When the M12 is complete, Parramatta will be around 30 minutes from baggage claim, without hitting a single traffic light. That kind of accessibility changes behaviour. It strengthens corporate travel, international visitation, airline crew demand and the broader visitor economy.

At the same time, cultural and entertainment anchors such as **Powerhouse Parramatta**, the revitalised **Riverside Theatres**, major stadiums, riverfront renewal in Penrith and civic investment in Liverpool and Blacktown are building a more consistent, year-round visitation base.

Parramatta has at least seven new hotels on the way. These hotels are no longer simply places to sleep. They are increasingly being designed as destinations – with rooftop spaces, conference facilities and public-facing hospitality that draw people in off the street and become part of the daily rhythm of a growing city.

Importantly, the NSW Government’s new Investment Delivery Authority pathway to fast-track major hotel developments signals recognition that accommodation supply must keep pace with demand.

This report is intended to provide investors, operators and policymakers with guidance and confidence. The opportunity ahead is significant and Western Sydney is ready.

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**CBRE**

**BUSINESS  
WESTERN  
SYDNEY**

# Key Findings

Western Sydney is entering a new phase of hotel growth, driven by population, infrastructure, and a thriving events economy.



## Population Growth Driving Demand

Over the next 20 years, Western Sydney will add one million residents, creating demand for 11,500 additional hotel rooms. Current supply has not yet caught up.



## Events Are Strengthening the Market

Major venues like Accor Stadium and CommBank Stadium are driving strong hotel demand. During concerts and sports finals, hotels often reach full occupancy. Expanding arts, culture, and entertainment offerings will further boost tourism.



## Western Sydney International Airport as a Game-Changer

The new airport, together with the M12 Motorway, expanding Metro, and future high-speed rail, will make the region highly accessible. Passenger movements could generate 500,000 additional hotel room nights per year.



## Supply Remains Limited

Since 2021, only around 1,000 rooms have been delivered, with fewer than 1,000 under construction. Even if all proposed projects proceed, supply will remain below long-term demand.



## Opportunity for Early Investment

With strong population growth, improved connectivity, and event-driven visitation, Western Sydney hotels are primed for growth. Early movers are well-positioned to benefit as supply scales to meet rising demand.

# Western Sydney is entering a new phase of hotel growth.

This next phase is being underpinned by major infrastructure investment. Western Sydney International Airport, a more than \$5.4 billion, 24-hour aviation gateway, is scheduled to commence operations later this year. **At the same time, the expansion of the Sydney Metro network is strengthening connections between Parramatta, the wider metropolitan region and future airport links, as the Aerotropolis precinct takes shape.** Together with the opening of the M12 Motorway in mid-2026, delivering an estimated **20-30 minute journey** between the airport and Parramatta, these investments signal a structural shift in accessibility, employment and long-term visitation to the region, supporting sustained growth in underlying hotel demand.

Looking further ahead, the Commonwealth's commitment to progress a business case for high-speed rail linking Newcastle, Sydney, Parramatta and Western Sydney International Airport with a planned completion by 2042 reinforces the long-term national significance of Western Sydney as a connected economic and tourism hub. Hotel performance is already reflecting this shift, with Western Sydney outperforming the wider Sydney market during peak demand periods. Improved accessibility and proximity to the airport are also stimulating new hotel development in established centres such as Parramatta, with at least seven current and proposed projects including Meriton, InterContinental, QT and Sebel along the Victoria Road corridor and surrounding precincts.

Despite this improving demand profile, new hotel supply across Western Sydney **still remains** relatively modest. Ongoing development feasibility challenges continue to moderate new delivery, creating favourable conditions for operators and investors positioned early in the cycle.

# Population Growth Translating into Hotel Demand

Western Sydney is forecast to add approximately one million residents over the next 20 years, positioning it as one of Australia's fastest growing urban regions.

CBRE applies a "real estate maths" benchmark to translate population growth into accommodation demand. On this basis, an additional one million residents equates to long-term demand for approximately **11,500 hotel rooms**. While this is not a near-term delivery requirement, it provides a benchmark to assess whether accommodation infrastructure is scaling in line with the region's expansion.

**1 MILLION  
MORE PEOPLE IN  
WESTERN SYDNEY**



## ADDITIONAL DEMAND

Logistics	4,500,000 sqm
Retail	800,000 sqm
Office	800,000 sqm
Residential	420,000 units
Childcare	25,000 places
Hotels	11,500 rooms
Hospitals	3,300 beds



# Hotel Revenues in Western Sydney are Rising

Western Sydney’s hotel market is experiencing sustained rate growth and stable occupancy levels, supported by infrastructure investment and diversified demand.

In 2025, occupancy sat at 75% while the Average Daily Rate (ADR) has reached \$218, resulting in Revenue Per Available Room (RevPAR) of \$163. Performance growth in recent years has been predominantly rate-led, with **ADR now 27% above pre-pandemic baseline performance and RevPAR now 23% higher than 2019 levels.**

RevPAR increased 7% over the 2025 year, broadly in line with Australia’s major gateway markets and only marginally below Sydney CBD. Sustained pricing growth alongside stable occupancy reflects strengthening demand within a measured supply environment.

**Occupancy (Occ)**

Percentage of available rooms sold during a specified time period. Occupancy is calculated by dividing the number of rooms sold by rooms available. Occupancy = Rooms Sold / Rooms Available

**Average Daily Rate (ADR)**

A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold. ADR = Room Revenue/Rooms Sold

**Revenue Per Available Room (RevPAR)**

Total room revenue divided by the total number of available rooms.

Source: CoStar

## Western Sydney Key Performance Metrics

	Dec 25	Y-O-Y	Relative to 2019
<b>OCC</b>	75%	3%	0.97
<b>ADR</b>	\$218	4%	1.27
<b>RevPAR</b>	\$163	7%	1.23



Source: STR, CBRE Research.  
 \*Performance data reflects a selected competitive set of Western Sydney hotels.

# An Event-Led Accommodation Corridor

Western Sydney is emerging as a genuine event-led accommodation corridor, anchored by Accor Stadium and CommBank Stadium, and strengthened by a growing pipeline of cultural, leisure and transport infrastructure.

Hotel performance in Western Sydney during major events consistently **outperforms the wider Sydney market**, driven by proximity to venues and limited local supply:

- **Hotel Occupancy exceeding 95%** during events such as the **NRL Grand Final** and **Taylor Swift concerts**
- **Rate growth materially above the Sydney average**, translating into record RevPAR outcomes during peak periods

Looking ahead, improving connectivity including Metro expansion, airport operations and future high-speed rail will further reinforce Western Sydney’s role as a high-yield accommodation hub, allowing visitors to stay locally for events while accessing the wider Sydney market with reduced travel times.

## Western Sydney

## Wider Sydney

	Occupancy Boost	Avg. Daily Rate Boost	Occupancy Boost	Avg. Daily Rate Boost
Taylor Swift 2024	20%	102%	12%	46%
Coldplay 2024	25%	64%	5%	12%
Luke Combs 2025	24%	89%	12%	17%
Lions Tour 2025	14%	61%	7%	19%
NRL Grand Final 2025	43%	102%	16%	38%
	<b>25%</b>	<b>84%</b>	<b>10%</b>	<b>26%</b>



# Strong Hotel Demand Fundamentals

While major events drive headline performance, long-term confidence in Western Sydney's hotel market is underpinned by a broadening and increasingly balanced demand profile.

Key civic and cultural projects include:

- **Powerhouse Parramatta (opening late 2026)** – A major cultural anchor expected to drive year-round leisure demand and strengthen mid-week visitation.
- **Liverpool Civic Place** - A mixed-use civic and commercial precinct consolidating government, business and university student activity, supporting weekday demand.
- **Winter Sports World (Penrith)** - A large-scale indoor snow facility broadening the region's leisure appeal.
- **Riverside Theatres (Parramatta redevelopment)** - Expanding performing arts capacity and strengthening the evening economy.

These and other projects across the region are strengthening mid-week, evening and repeat visitation beyond event-led peaks. Ongoing centre renewal in CBDs like Blacktown, the revitalisation of Penrith riverfront and new Special Entertainment Precincts in areas like Burwood, Canley Vale, Canley Heights and eventually Liverpool are also building a more consistent visitation base. Improved connectivity and the maturation of the Aerotropolis and surrounding employment precincts are expected to further lift corporate, contractor and conferencing demand.



# The Airport as Structural Demand Catalyst

The Western Sydney International Airport offers a step-change in the region’s accessibility, placing Western Sydney directly within global aviation networks and materially lifting inbound visitation potential.

The airport’s passenger movements could generate demand for 500,000 additional hotel room nights a year.

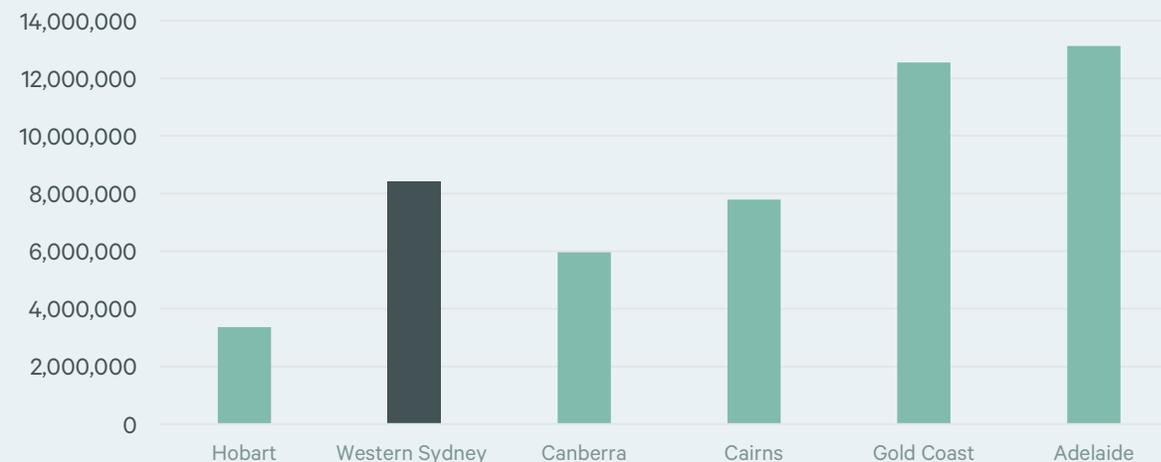
A strong airline mix is already committed, with more expected:

- **Domestic:** Qantas and Jetstar
- **International:** Singapore Airlines and Air New Zealand

With direct links into major global hubs such as Singapore and Auckland, Western Sydney will sit within one stop of most destinations worldwide, materially improving international leisure, VFR and business travel access to the region. As a 24-hour airport, Western Sydney International also provides capacity and scheduling flexibility unavailable elsewhere in the Sydney basin, supporting late-night arrivals and departures, improved aircraft utilisation and stronger hotel demand.



Forecast Airport Passenger Movements by 2030



# Hotel Supply Remains Constrained

Despite growing demand, hotel supply has been slow to respond. Since 2021, only ten hotels comprising around 1,000 rooms have been delivered across Western Sydney.

While approximately 3,900 rooms are identified across the broader pipeline, **only 904 rooms across four projects are currently under construction**. Three are in Parramatta and one in Oran Park. Even if all proposed and approved projects were delivered (an optimistic scenario under current conditions), Western Sydney would still supply only around one-third of the rooms implied by long-term population growth, based on CBRE's real estate maths benchmark.

Mapping the pipeline against the Metro expansion and airport infrastructure highlights a clear imbalance: accessibility is expanding rapidly, while hotel delivery remains modest and concentrated. Where hotel projects are advancing, they are increasingly being delivered as part of broader mixed-use schemes, allowing hotels to share development risk across other uses such as residential, retail, or commercial. This model is particularly relevant in Western Sydney, where **new Metro stations, a new airport and employment precincts are acting as anchors for integrated development**.

PROPOSED

615 rooms 5 projects

UNDER CONSTRUCTION

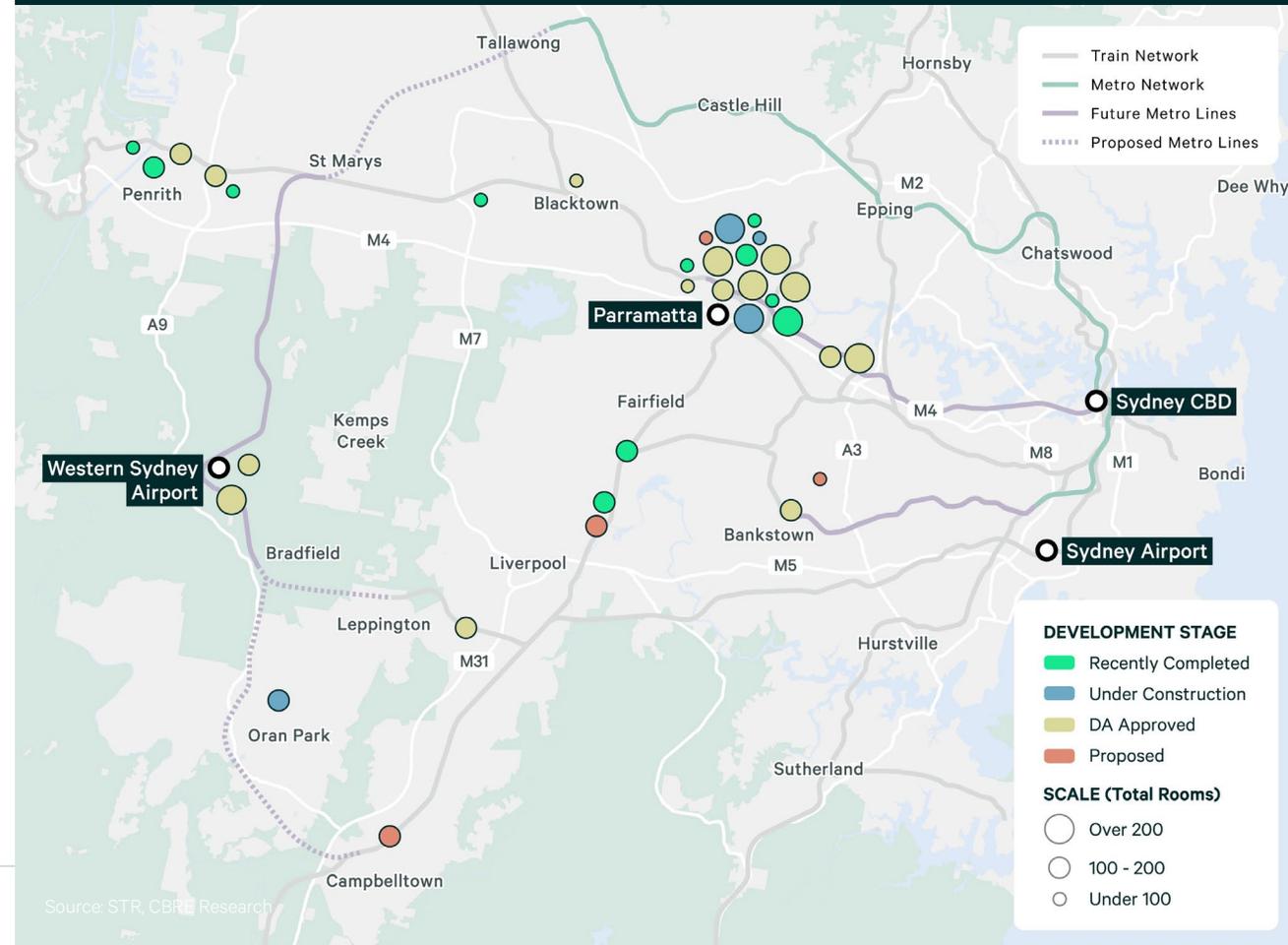
904 rooms 4 projects

APPROVED

2,670 rooms 15 projects

RECENTLY COMPLETED (2021-2024)

1056 rooms 10 projects



# Challenges to New Hotel Development

While demand fundamentals continue to strengthen, new hotel supply is being constrained by feasibility challenges evident across the national market.

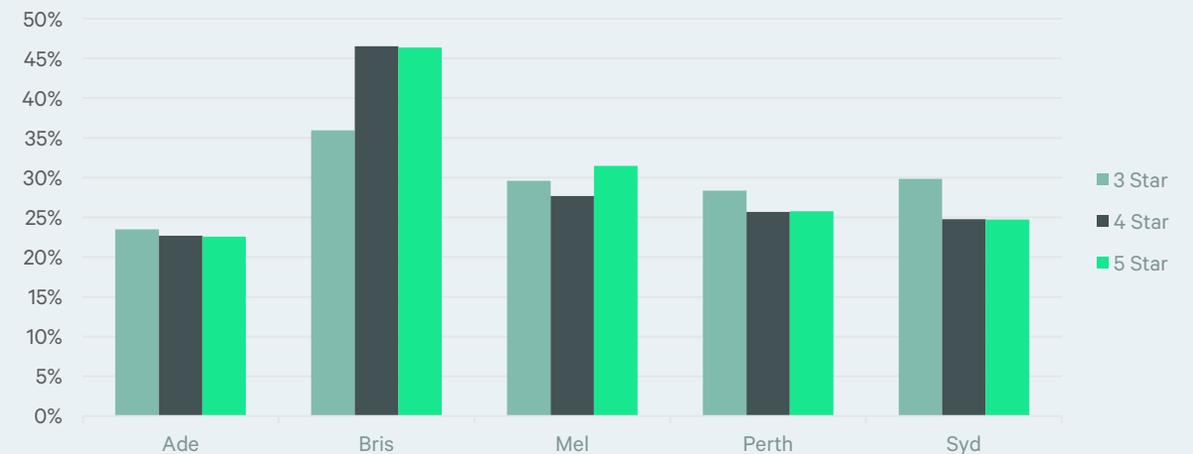
Hotel development costs have escalated sharply in recent years. Between 2019 and 2025, **average hotel room costs in Sydney increased by 25-30%**, varying by grade.

Western Sydney has experienced similar cost pressures. Elevated construction costs are lifting replacement costs and capital requirements for new hotel developments. Ongoing **skilled labour shortages** and **elevated material prices** are extending build programs and placing further pressure on margins, **while longer planning and approval timeframes** are adding to holding costs and delivery risk.

As a result, **new hotel supply remains measured**, despite growing operating performance. From an investment perspective, this dynamic is reinforcing existing asset performance and limiting near-term oversupply risk.



Build Cost Escalation Per Hotel Room by City and Scale 2019 vs 2025



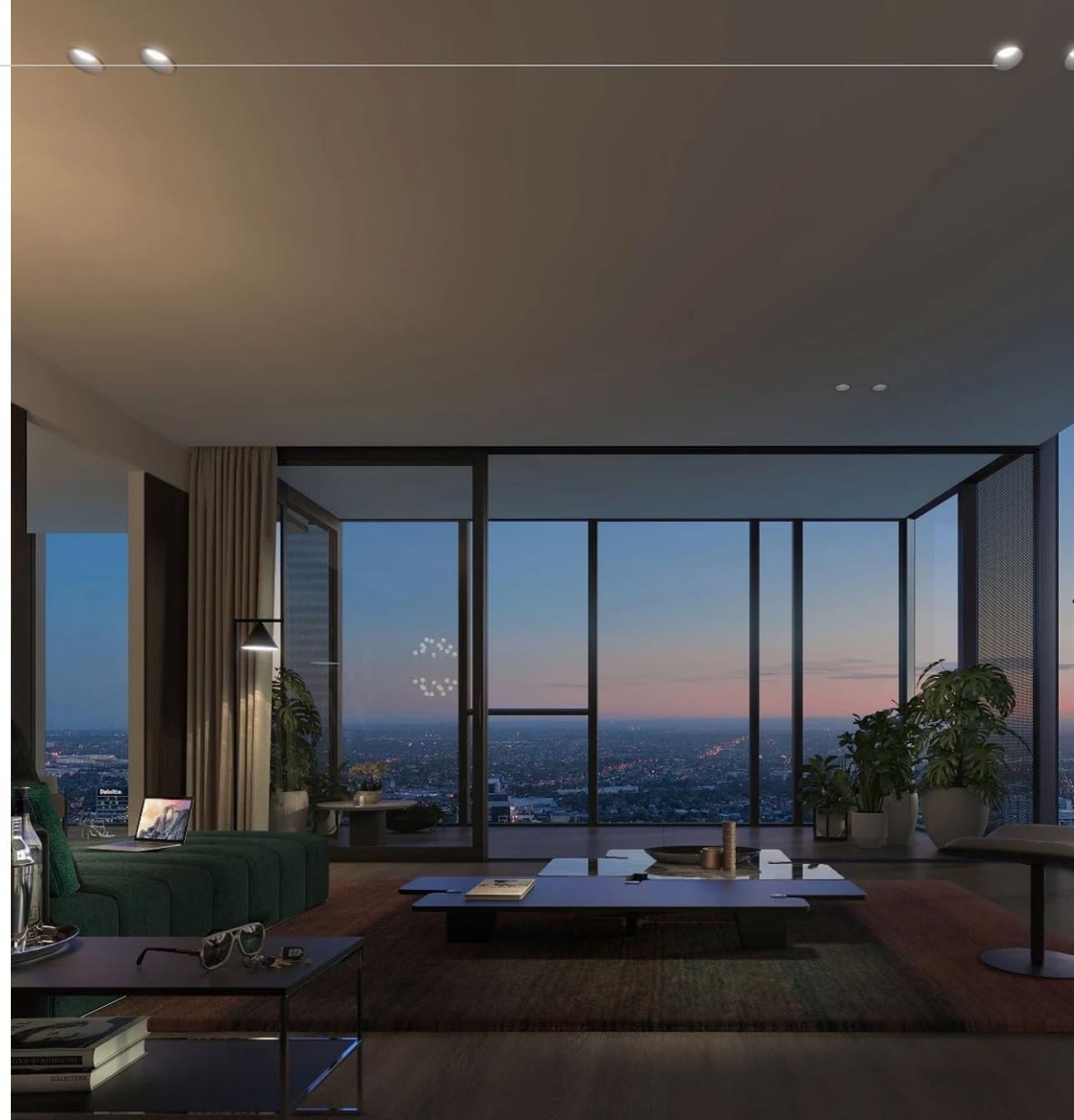
## Key Takeaways for Investors

Western Sydney's hotel market is now positioned for performance-led growth, supported by population growth, established event infrastructure and the delivery of major connectivity projects including Western Sydney International Airport, the Sydney Metro network and eventually high-speed rail.

**Demand is broadening** across corporate, aviation and leisure segments, while new hotel supply remains constrained by feasibility challenges. Even when accounting for proposed and approved projects, supply remains well below the region's long-term demand requirements.

As Western Sydney grows into an integrated metropolitan economy, hotel accommodation has yet to scale at the same pace. This is creating impetus for **more efficient planning pathways**, including the new fast lane for hotel developments worth more than \$200 million through the **NSW Government's Investment Delivery Authority**.

There is a clear **window of opportunity** for capital aligned with the region's long-term trajectory.



# Contact us

GET IN TOUCH WITH OUR SUBJECT MATTER EXPERTS

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