



PACIFIC

CBRE

Hotels Australia

Overview and Outlook

CBRE | Research

HOTELS | 2024

Hotels Australia

▲ 6.6mn Trips

INTERNATIONAL TOURISM TO AUSTRALIA YE DEC23

▲ 4.1% ADR

2023 Y-O-Y GROWTH

▼ 4,900+

FORECAST NEW ROOM SUPPLY IN 2024 & 2025

▲ \$2.4bn

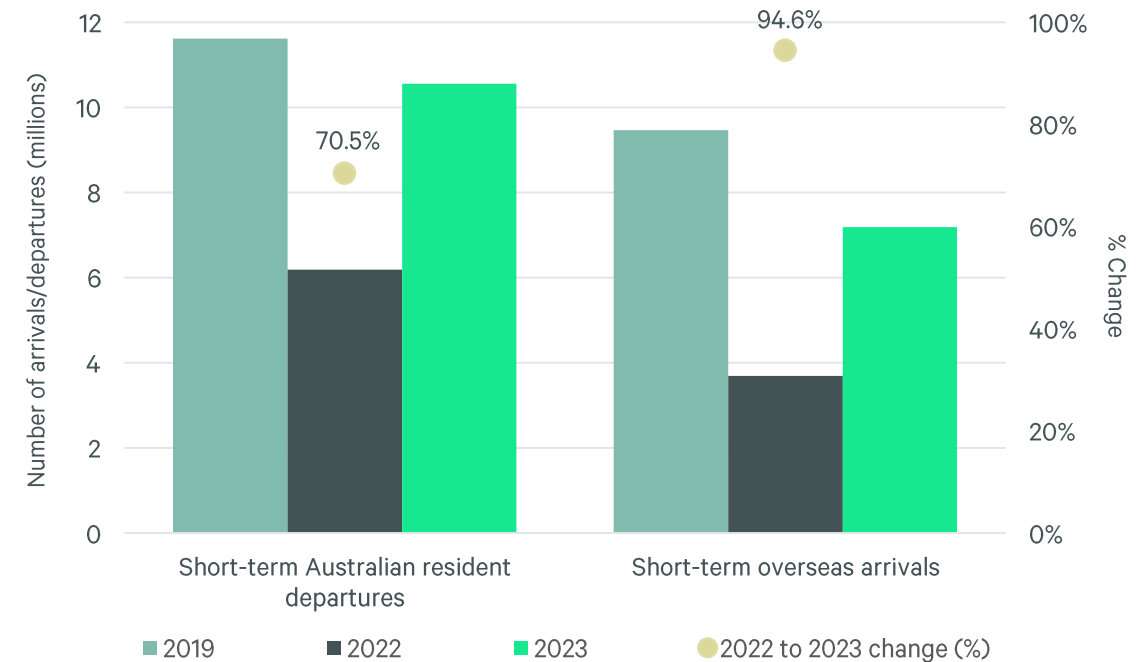
HOTEL SALE TRANSACTIONS 2023

Note: Arrows indicate trend change from previous year.

Key Points

- Despite the surge in outbound international travel, domestic travel remains strong and has surpassed levels seen prior to the pandemic.
- International inbound travel continues to recover but there is still a gap to bridge, with short-term overseas arrivals ~24% below pre-pandemic levels, and holiday related travel being at just ~64% of 2019 levels. Visitors from some countries have surpassed 2019 arrival numbers, including those arriving from Nepal, Vietnam, Fiji, Ireland and South Korea.
- Overall, Australian outbound travel on a short-term basis over 2023 recovered to 88% of 2019 volumes. Closer regional destinations are likely to experience continued growth in Australian visitation levels.
- Performance indicators experienced solid growth in 2023 - Average Daily Rate (ADR), Occupancy and Revenue Per Available Room (RevPAR) – although the pace of growth has moderated compared to 2022.
- New supply forecast for 2024 and 2025 has contracted due to increased borrowing and construction costs. Most new stock will be at the premium end, with limited mid-range and economy projects.
- Transaction volumes in 2023 continued to increase by sale volume although not by number of deals. With the expectation that interest rate cuts will commence in late 2024 and into 2025, investment activity is forecast to remain at elevated levels as sidelined equity capital is deployed.

Figure 1: Short-term Overseas Arrivals vs Australian Departures



Domestic Visitation

Domestic travel demand remains robust despite a pickup in outbound international travel.

Overview

Domestic travel has sustained strong performance over the past year, continuing to push above pre-pandemic levels in both travel nights and spending across most states.

Domestic visitor nights in 2023 (195 million) surpassed the 2019 total of 182 million, as well as recording a 4% rise from 2022. In the year ending December 2023, domestic travel nights were above pre-pandemic levels in six of the eight major markets and increased slightly compared to 2022 visitor nights in most markets. NSW and Vic (global gateway states) have now surpassed pre-pandemic levels, rising 5% and 13% respectively, since the previous year. Domestic demand dominated markets of WA, ACT, and Tas also experienced growth in visitor nights since 2022, with Qld, SA, and NT seeing a decline. SA and NT are slightly behind 2019 levels, under by 6% and 3% respectively, although it is worth noting NT had surpassed pre-pandemic levels last year before dropping 19%.

Holiday and visiting friends and relatives travel remained the main source of domestic visitation in 2023 while Business trips rose by some 17%.

Domestic travel spending has increased strongly in all major markets except the NT and is well above pre-pandemic spending levels.

Figure 3 illustrates that in the year ending December 2023, total domestic overnight spend increased in Australia, with Vic and ACT experiencing the largest increase 19% and 18%, respectively. NT experienced a decline of 12%, reflecting the reduction in travel nights experienced in 2023. Despite a decrease in travel nights in some states (like Qld and SA) spending remains significantly higher than pre-pandemic levels, which reflects higher travel/accommodation costs and inflationary trends more generally.

Outlook

CBRE anticipate a consolidation in the domestic tourism market throughout 2024/25 as the 2023 pent-up outbound spike moderates. Further, the high cost of overseas flights and accommodation combined with geopolitical tensions globally are also expected to benefit the local sector. However, continued pressure on consumer sentiment due to interest rate and cost of living concerns are expected to present ongoing challenges.

Figure 2: Domestic Travel Nights for Commercial Accommodation by State. Year Ending December 2019 vs December 2022 vs December 2023

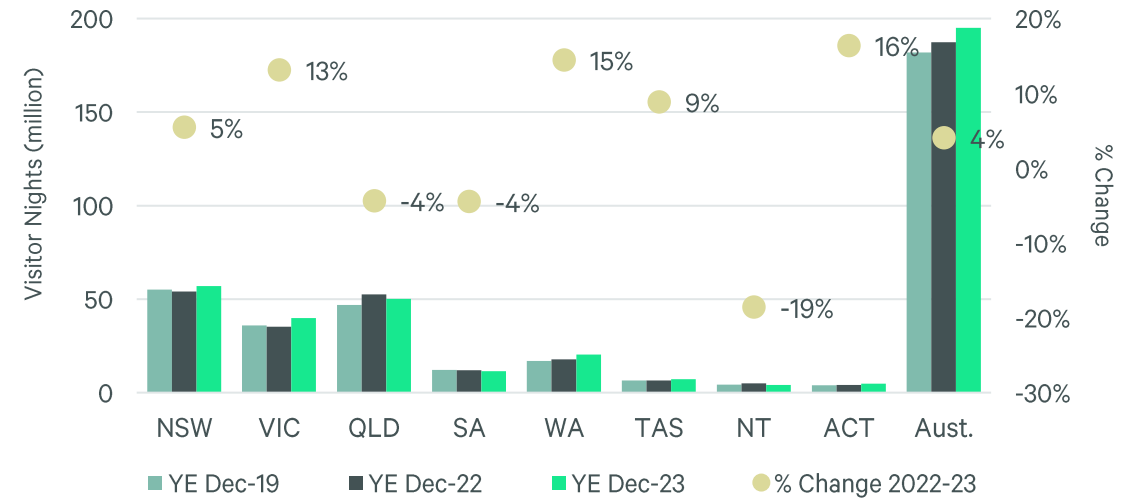
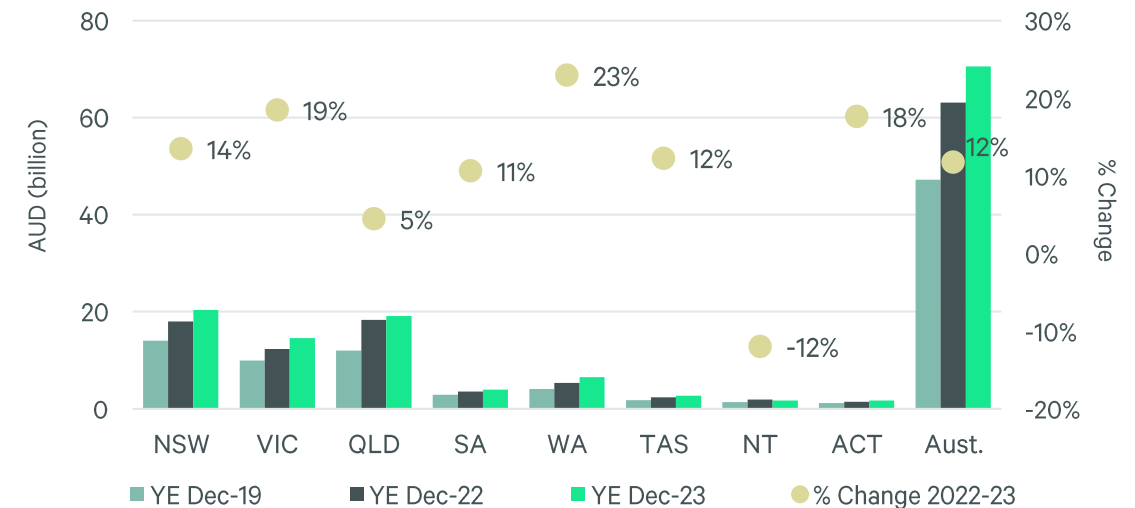


Figure 3: Domestic Travel Spend for Commercial Accommodation by State. Year Ending December 2019 vs December 2022 vs December 2023



International Visitation

International arrivals approach pre-pandemic levels, some markets now surpassing.

Overview

International passenger arrivals are moving towards pre-pandemic levels from most countries, and even surpassing them from countries such as Nepal, Vietnam, Fiji, Ireland, and South Korea.

There were 7.2 million short-term visitor arrivals (those staying for less than a year) in 2023, almost double the previous year's 3.7 million visitors. Arrivals now sit at 76% of 2019 numbers, indicating that whilst international visitation is on its way to a full recovery, a gap remains.

Holiday travel was the main reason for inbound travel in 2023, accounting for 40% of short-term arrivals and reaching 2.9 million visitors, up from 1.1 million in 2022. Although holiday travel is also recovering, these levels only represent 64% of pre-pandemic levels. Visiting friends and relatives was the main reason (37%) for short-term visitors, reaching 2.6 million, 92% of arrival numbers recorded in the same period in 2019 which accounted for 30% of short-term arrivals.

Figure 4 illustrates the recovery rate of international source markets in 2023. China and Malaysia have been the slowest to recover, at just 37% and 46%, respectively, of their arrival numbers in 2019. Traditionally strong sources of demand, such as NZ, USA and the UK, are recovering relatively well at around 80% of pre-pandemic activity. New Zealand was the dominant source market followed by the USA and the UK.

Figure 5 illustrates the rate of recovery by state destination market based on international passenger arrivals. Strong performers include NSW, SA and the ACT with Qld, Vic and the NT lagging.

After China's borders reopened in January 2023, the number of international arrivals from China in 2023 reached 536,000. However, this figure is only 37% of the arrivals recorded in 2019 so there is still a significant gap to bridge with expectations of strong recovery patterns throughout 2024/25. This is further supported by TRA's tourism forecasts, with 1.3 million arrivals from China expected in 2024 (90% of 2019 levels), and 1.5 million expected in 2025 (4% above 2019 levels).

In the period from January to December 2023, temporary student visa arrivals reached nearly 90% of the levels observed during the same period in 2019. China and India continue to be the primary sources of international students, accounting for 21% and 16%, respectively. However, as regulatory changes are implemented by the government and pent-up demand is gradually absorbed, student arrivals may begin to ease.

Outlook

With the lower Australian dollar and international travel gathering momentum generally, an ongoing recovery in international arrivals is expected throughout 2024/25 as Holiday related travel into Australia recovers further. This is especially the case for the key Chinese source market where Australia was reincluded on China's list of approved destinations for group travel in August 2023.

Figure 4: Recovery Rate by Source Market CY2019 vs CY2023

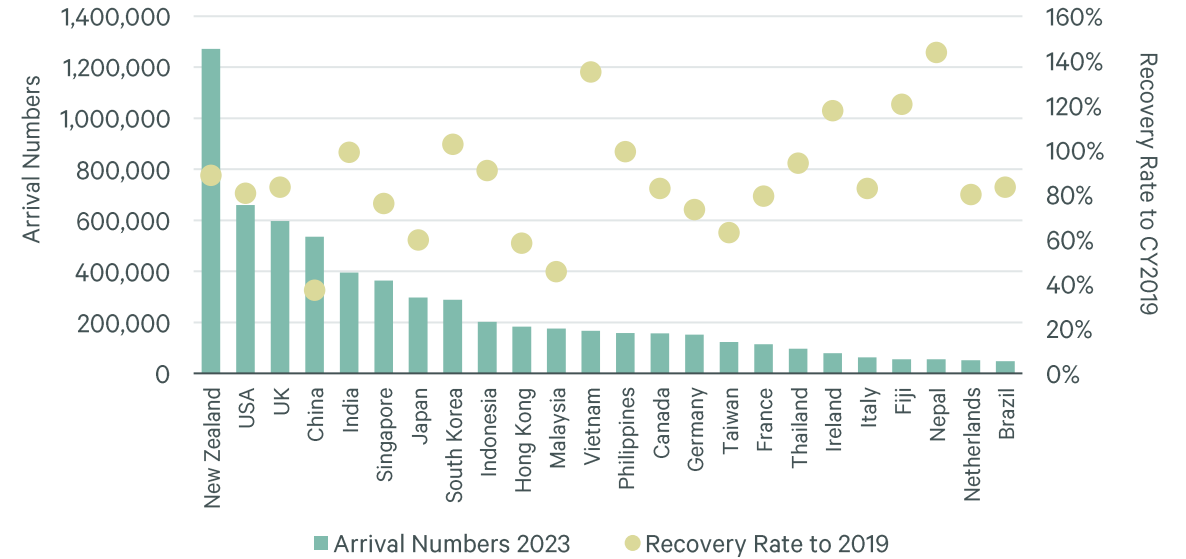
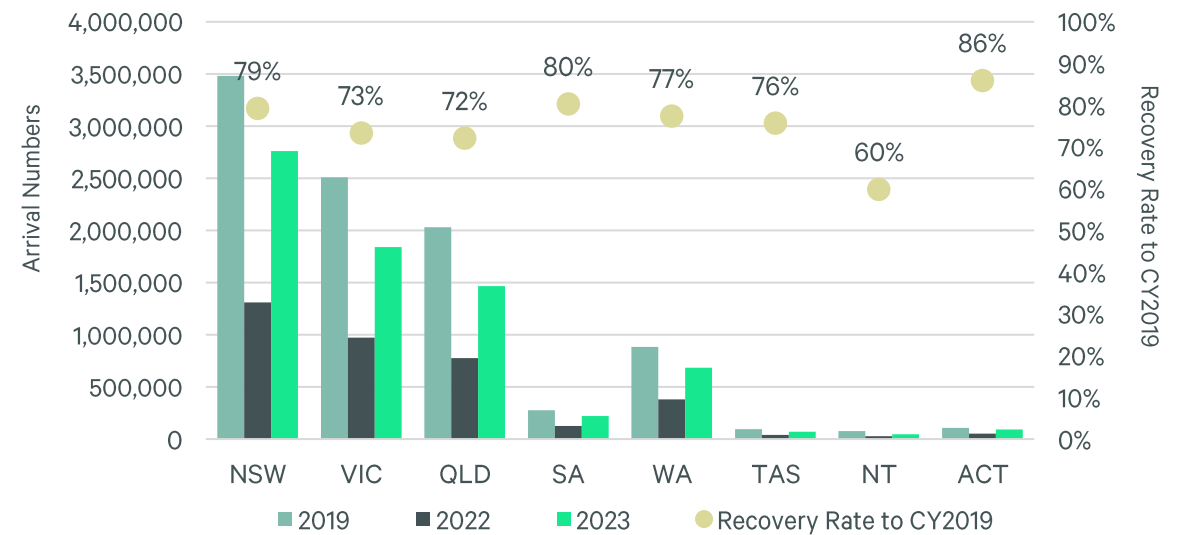


Figure 5: International Passenger Arrivals CY2019 vs CY2023



Outbound Travel

Australian total outbound travel expected to see full recovery over 2024/25.

Overview

Australian's travelling to international destinations continues to increase, converging on pre-pandemic levels. Overall Australian outbound travel on a short-term basis over 2023 recovered to 88% of 2019 volumes. This rebound was led by closer destinations such as Indonesia (98%) and New Zealand (86%), which remain the two most popular outbound destinations receiving 1.37 and 1.26 million Australians last year. A preference for short-haul trips to these countries is still present, although appetite for long-haul trips to Mediterranean climate regions has also gathered momentum. This is validated by major southern European countries having Australian arrivals greater than 2019 volumes.

Figure 7 illustrates the heightened recovery in Australian outbound travel to Southern European countries such as Italy (119%), and Greece (112%). However, the recovery has been uneven across markets. While regional destinations in Southeast Asia such as Vietnam (105%), Indonesia (98%) and Thailand (92%) saw a sharp rebound, travel to other Asian hubs like China (52%), Hong Kong (61%) and Singapore (78%) remained subdued. Long-haul markets in the West also exhibited a split trend - the USA (63%) and Canada (81%) lagged, while the UK (91%), Germany (81%) and Ireland (92%) all fared better.

This disparity highlights how factors like travel norms, bilateral tourism flows and market dynamics have influenced the pace of recovery. Destinations like Bali, Italy and Greece that offer sun, sand and cultural attractions seem to have benefited from pent-up Australian demand. In contrast, former heavyweight markets like China faced protracted impacts from COVID-related disruptions and economic uncertainty.

Outlook

Looking ahead, Australian outbound travel is expected to further recover towards pre-pandemic levels and above in 2024/25. Regional destinations closer to home such as Indonesia, New Zealand and Fiji are likely to continue to grow in Australian visitation levels albeit at a slower pace compared to 2022.

A potential catalyst for further outbound recovery is the revival of China as a destination market. The expected recovery in inbound arrivals from China could also provide a boost in Australian trips to China as airlines seek to fill return flights after prolonged weakness.

Overall, regional and long-haul markets are expected to see more modest growth in 2024/25 as the 2023 pent-up outbound spike moderates somewhat. Further, the high cost of overseas flights and accommodation combined with geo-political tensions globally are also expected to deter some outbound travel.

Figure 6: Top 10 Outbound Travel Destinations and Australian Departure Numbers CY2023

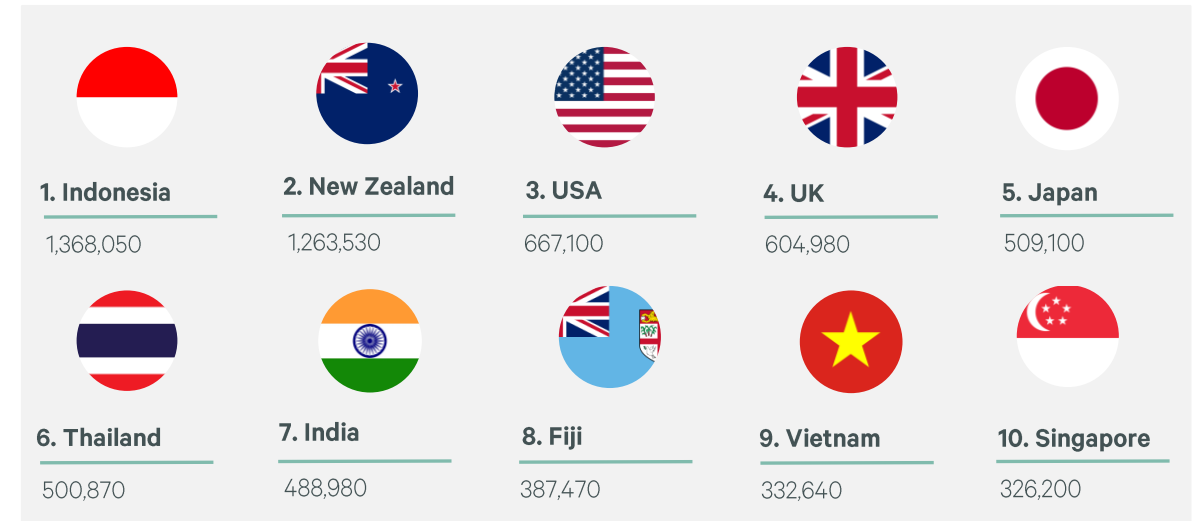
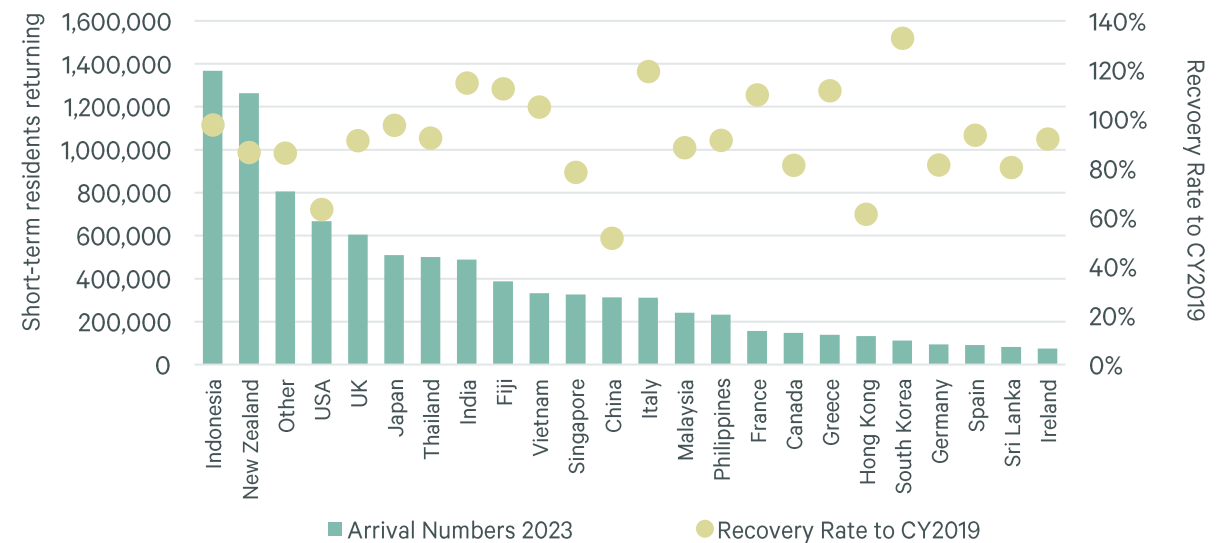


Figure 7: Recovery Rate by Outbound Travel Destination CY2023 vs CY2019



Demand

RevPAR and ADR have fully recovered to pre-pandemic rates, while Occupancy remains just shy.

Figure 8: Key Performance Metrics - Australia

Australia	Dec23	Y-o-y	Index relative to 2019
Occupancy (OCC)	70%	7%	0.95
Average Daily Rate (ADR)	\$238	4%	1.28
Revenue Per Available Room (RevPAR)	\$166	11%	1.19

Overview

Nationally, continued demand growth remains a driving force behind the improvement in all indicators. OCC sat at 70% in the year to December 2023, up 7% from December 2022 and remaining just shy of pre-pandemic rates. The highest occupancy level and year-on-year occupancy growth was achieved by Sydney at 77% and 20%, respectively.

ADR remains above 2019 rates across all major markets at \$238, up 4% from the year prior. Sydney's ADR measured at \$269 for the year to December 2023, Brisbane at \$229, and Melbourne at \$220. The strongest growth in ADR was recorded by Perth at 10% with Sydney coming in second at 8%.

RevPAR has now recovered to above pre-pandemic rates in all major markets (Sydney and Melbourne had previously lagged). Nationally, RevPAR is at \$166, up 11% from last year. Sydney recorded the highest RevPAR of \$207 and also posted the strongest growth of 29% year-on-year.

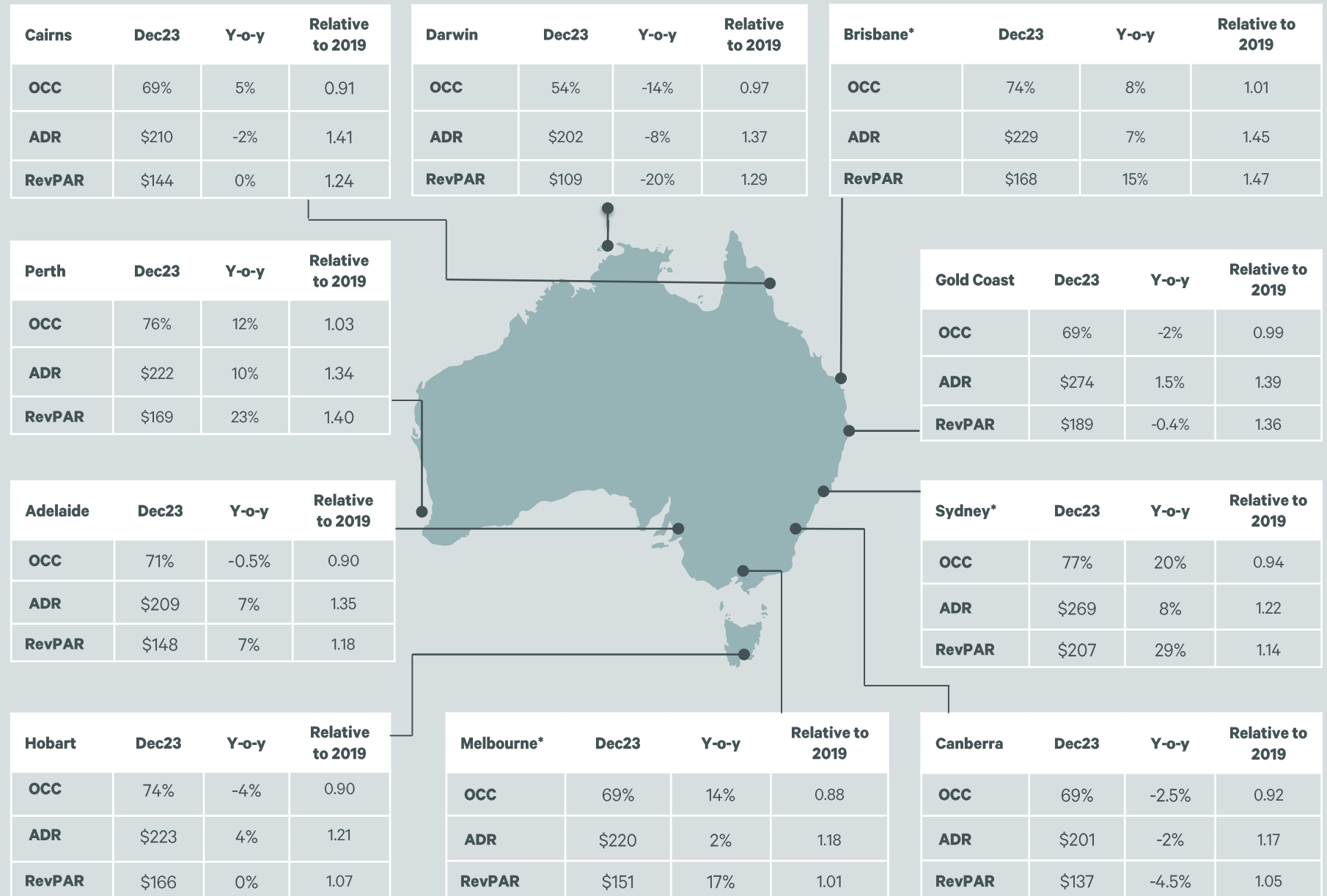
Perth and Brisbane are the only two markets with all three indicators fully recovered to pre-pandemic rates.

Outlook

CBRE anticipate further gains in occupancy levels over the course of 2024/25 with the ongoing inbound recovery helping to stimulate demand overall, especially for the major gateway markets of Sydney and Melbourne. Most markets are expected to post ADR growth (led by Sydney and Brisbane) however the rate of growth will moderate as gains on the higher rate profiles becomes more of a challenge, particularly in a moderating inflationary environment.



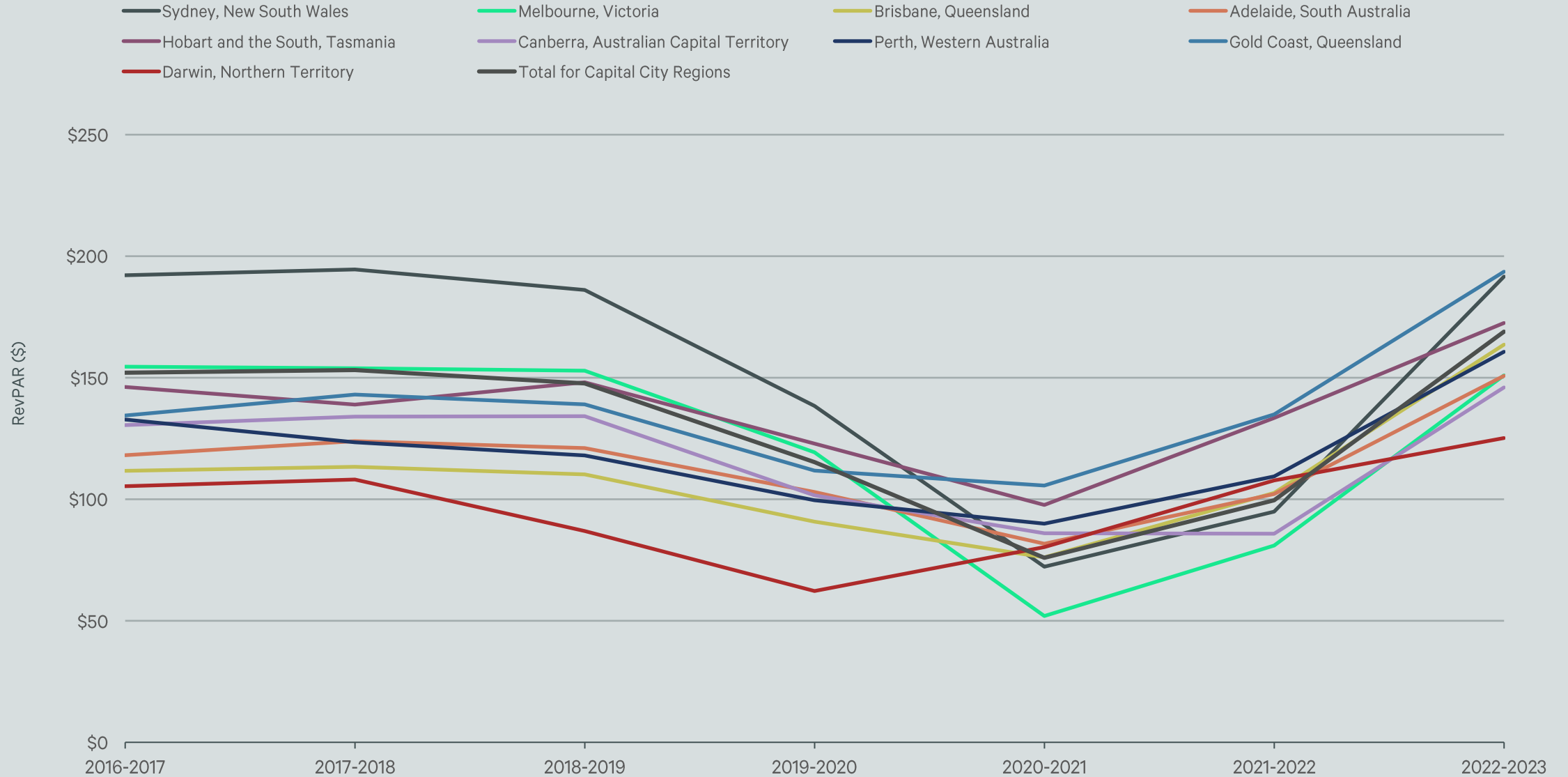
Figure 9: Key Performance Metrics by Major Market



*Data for Sydney, Melbourne and Brisbane includes City and Metro areas.

Source: STR, CBRE Research

Figure 10: Australia Revenue Per Available Room (RevPAR)



Source: STR, CBRE Research

Supply

Supply pipeline moderates with most stock in the premium segment.

Overview

A combination of higher borrowing costs, lender caution along with increased construction costs will see the supply pipeline contract materially over the coming years. New hotel room supply tracked by CBRE shows ~4,900 rooms under construction across Australia’s major hotel markets, the bulk of which is set to be delivered in 2024 and 2025 (figure only includes CBD and inner-city supply for Sydney, Melbourne, and Brisbane). This is less than the number of rooms delivered in the past 2 years, which totaled ~6,700. A combined 66% of new rooms delivered will be luxury or upper upscale stock. There are limited midscale and economy projects in the pipeline due to feasibility challenges.

Most new hotel supply will be located in Melbourne at around 1,600 rooms (32% of new stock), as well as in Brisbane and Sydney with 1,000 and 950 rooms, respectively (21% and 19% of new stock). Melbourne is seeing the largest amount of premium stock added to the market at 1,100 luxury and upper upscale rooms. This will arrive via the Shangri-La hotel (adding almost 500 luxury rooms), as well as the Lanson Place Parliament Gardens and the Seafarers 1 Hotel, all expected to open over the coming year. Sydney will receive less premium supply than Melbourne, with around 100 new luxury rooms being added through the Collection by TFE hotel in Surry Hills, and ~530 upper upscale rooms through three new hotels. Much of Brisbane’s new supply is being delivered via The Star Grand hotel, The Dorsett hotel and the Rosewood hotel at Queens Wharf.

Outlook

CBRE anticipate new supply over the foreseeable future to be generally limited to projects currently under construction. Following this wave of additions, higher debt and construction costs are anticipated to suppress developer activity being largely limited to key strategic sites usually having mixed use characteristics.

The expected recovery in inbound arrivals and local demand growth will both provide relief to pressures placed on occupancy, particularly in the major markets of Sydney and Melbourne. The contraction in the supply pipeline and concentration of new projects in the premium segment suggests that ADR is likely to rise further but at a slower pace of growth due to a moderating inflationary environment. The limited pool of new assets combined with increasing demand is expected to see occupancy rates improve.

Relative to peer countries, the number of Australian hotel rooms remains relatively low, and over the longer term longer term we see opportunities for future development in the hotel sector.

Figure 11: Supply Forecast by Type - Australia

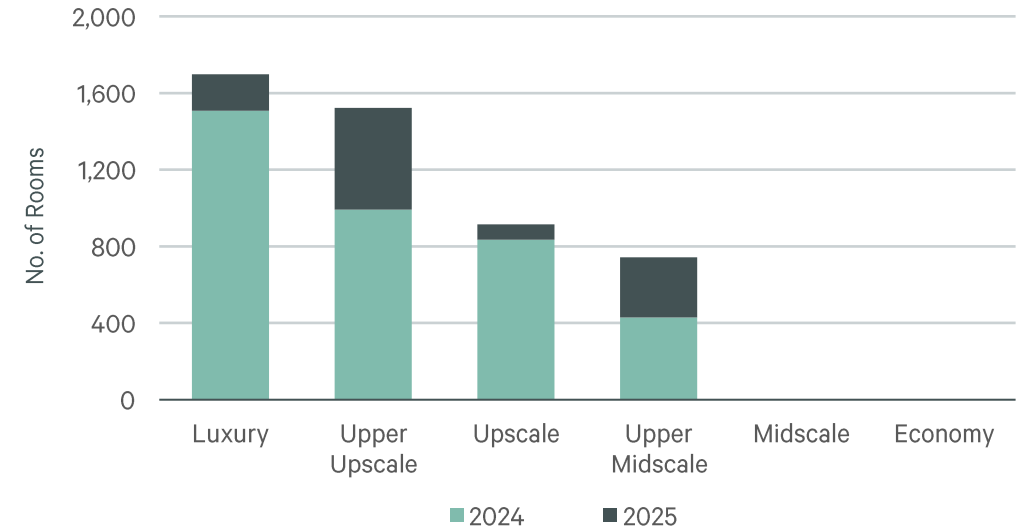
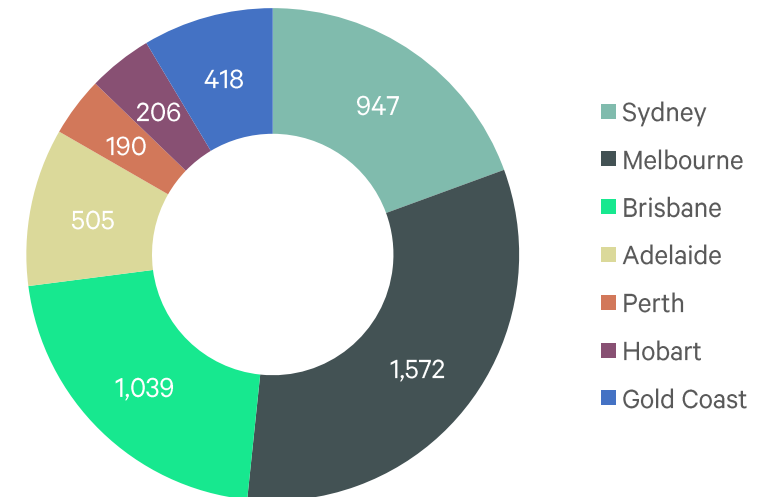


Figure 12: New Rooms Under Construction by Market, 2024-2025



*Figure 11 and 12 only include CBD and inner-city supply for Sydney, Melbourne, and Brisbane.

Investment

Investors look to hotels market for a hedge against inflation.

Overview

Figure 13 illustrates deal volumes above \$10 million totaled AUD 2.36 billion in 2023 over 42 transactions, up 10% from the previous year. This is the fourth most active year by number and second most active year by dollar value on record. The average hotel transaction price has increased from AUD 41M to AUD 56M and reflects the impact of several larger deals. This sits slightly below the long-term average of AUD 58M over the previous ten years to 2019. In 2023, the initial weighted yield softened to 4.90% as a result of a continued recovery in demand and occupancies, coupled with the rising income as ADR and RevPAR sits above pre-pandemic levels for almost all major cities. However, this softening has been against the backdrop of historically low weighted initial yields (sub 2% in 2021) reflecting not only the unprecedented-low cash rate of 0.1%, but also the severely depressed income from hotels which occurred during the pandemic-affected period.

Notable transactions in 2023 include:

- Waldorf Astoria which sold for a reported price circa AUD 575M
- Sheraton Grand Mirage Resort sold for a reported AUD 192M
- Sofitel Brisbane Central purchased for a reported AUD 190M
- Novotel & Ibis Hotel Central Melbourne purchased for a reported AUD 170M
- Sofitel Adelaide for a reported AUD 154M
- The Old Clare Hotel, Sydney for a reported AUD 61.8M
- Courtyard by Marriott, North Ryde for a reported AUD 55.2M
- Novotel Parramatta for a reported \$53.8M

ADR and RevPAR have shown continued growth over 2023 outpacing a declining inflation rate. Historically these metrics have been more closely correlated although the market outperformance can be seen in 7 out of CBRE's 10 reported major cities experiencing average RevPAR above pre-pandemic levels. The uniquely short letting periods (measured in days rather than years) and immediacy of income has seen hotel assets acknowledged as a hedge against inflation.

Outlook

Investment markets are grappling with the elevated cost of debt and the ambiguity over when inflation will ease enough to justify rate cuts. This uncertainty is driving yields and Internal Rate of Return (IRR) expectations higher. We therefore anticipate further softening of initial weighted yields in the hotel sector which reflects both improving property income and the need for stronger returns given the persistent high interest rate environment and yield softening occurring in other property sectors.

The likelihood of interest rate reductions in late 2024 and 2025 should see capital markets benefit from improving investor certainty. A significant level of equity capital remains on the sidelines waiting to be deployed in the sector generally. Improving tourism demand fundamentals and impressive performance indicators acting as an inflation hedge are expected to continue cushioning the sector against the full impact of higher debt costs.

Figure 13: Total Hotel Sales Volumes and Number of Hotels Sold, Australia

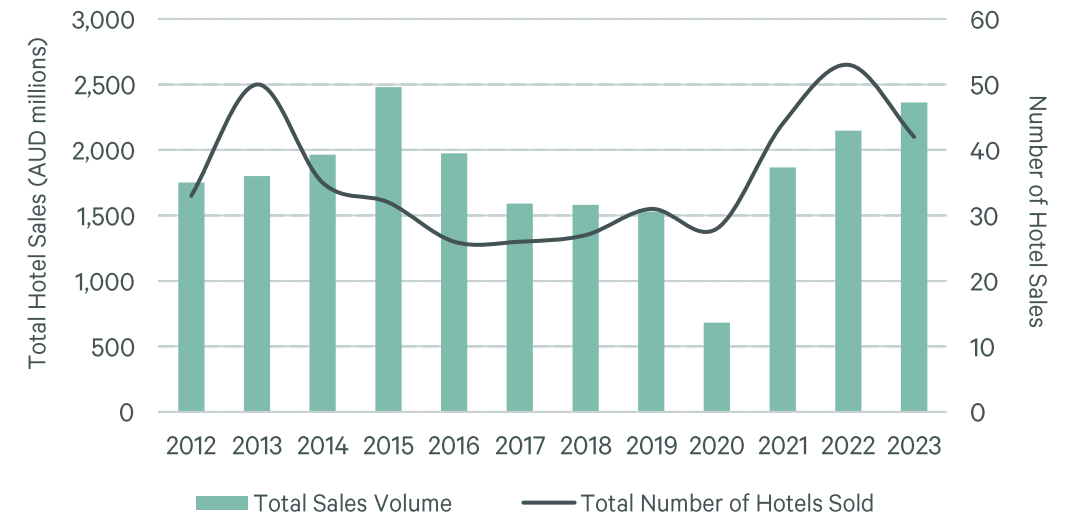
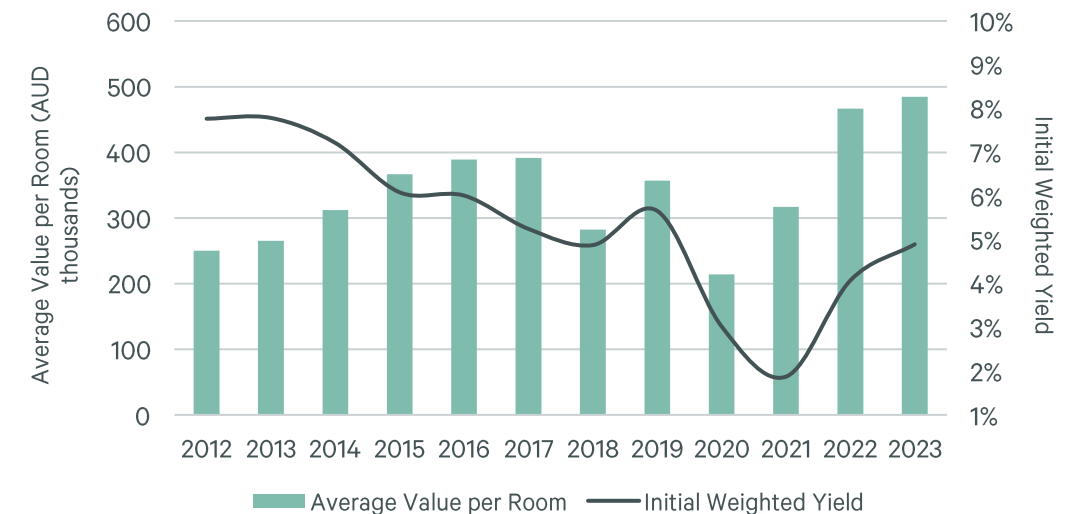


Figure 14: Average Value per Room and Initial Weighted Yield



Sydney Overview



Arrivals

TRA reports in the YE Dec23 there were 1.6 million international visitors and almost 5.31 million domestic visitors to Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG) in Sydney. Domestic visitors represented 77% of the total visitors (prior to the pandemic this was around 75% and it was 90% in 2022). Whilst total visitation to Sydney has increased by 25% since YE Dec22, it remains 9% below pre-pandemic levels. It is still international arrivals that are lagging the most, at 80% of pre-pandemic rates, although they have significantly increased since YE Dec22 by 179%. Domestic arrivals are nearing pre-pandemic rates at 95% and have increased by 7% since the same period last year. Average length of stay for international arrivals was 6 nights, up from 4.3 prior to the pandemic. The strongest sources of domestic visitation were still NSW and Vic, with 43% of visitation driven by business travel. For international arrivals, it remains the USA and NZ. 70% of international arrivals were here for holiday purposes, followed by 20% for business travel. Education was the purpose of visit for 12,600 international arrivals, almost reaching levels seen in 2019 (14,600). According to the Bureau of Infrastructure and Transport Research Economics (BITRE), in the FY 2022-23, airline travel to Sydney outpaced all other states comprising 21% of total domestic and 41% of total international passenger movements.



Demand

Sydney has recorded the most significant y-o-y growth rate in Occupancy (OCC) and Revenue Per Available Room (RevPAR), and second only to Perth for Average Daily Rate (ADR) growth. The Sydney hotel sector has experienced the highest occupancy (OCC) of all major markets at 77%, up 20% y-o-y. However, occupancy is still lagging pre-pandemic levels, remaining 7% below YE Dec19 results. Sydney ADR has grown since 2022, rising to \$269, although at a more modest pace of 8%. RevPAR has now surpassed pre-pandemic levels, up from \$182 in YE Dec19 to \$207 in YE Dec23, rising almost 30% y-o-y.



Supply

There were two major CBD hotel openings in Sydney during 2023. These were; W Hotel delivering 592 luxury rooms and Capella Sydney delivering 192 luxury rooms. Other notable openings were the Moxy Hotel at Sydney Airport delivering 301 upper midscale rooms, Citadines Walker North Sydney adding 252 upscale rooms. The Meriton Suites in Liverpool and Pullman in Penrith also added 316 rooms and serviced apartments to the market. Sydney has the second largest pipeline of hotel stock that is under construction and is due to open over the next two years, with the majority of rooms (56%) falling into the upper upscale category. New stock represents 1.9% of total Sydney hotel room inventory.



Outlook

As Australia's leading international gateway market, Sydney will be the key beneficiary of recovering international arrivals, which will help push occupancy levels higher. Average Daily Rates are forecast to achieve more modest gains in 2024/25 following record breaking growth over the past few years.

Figure 15: Sydney Domestic and International Major Source Markets YE Dec23

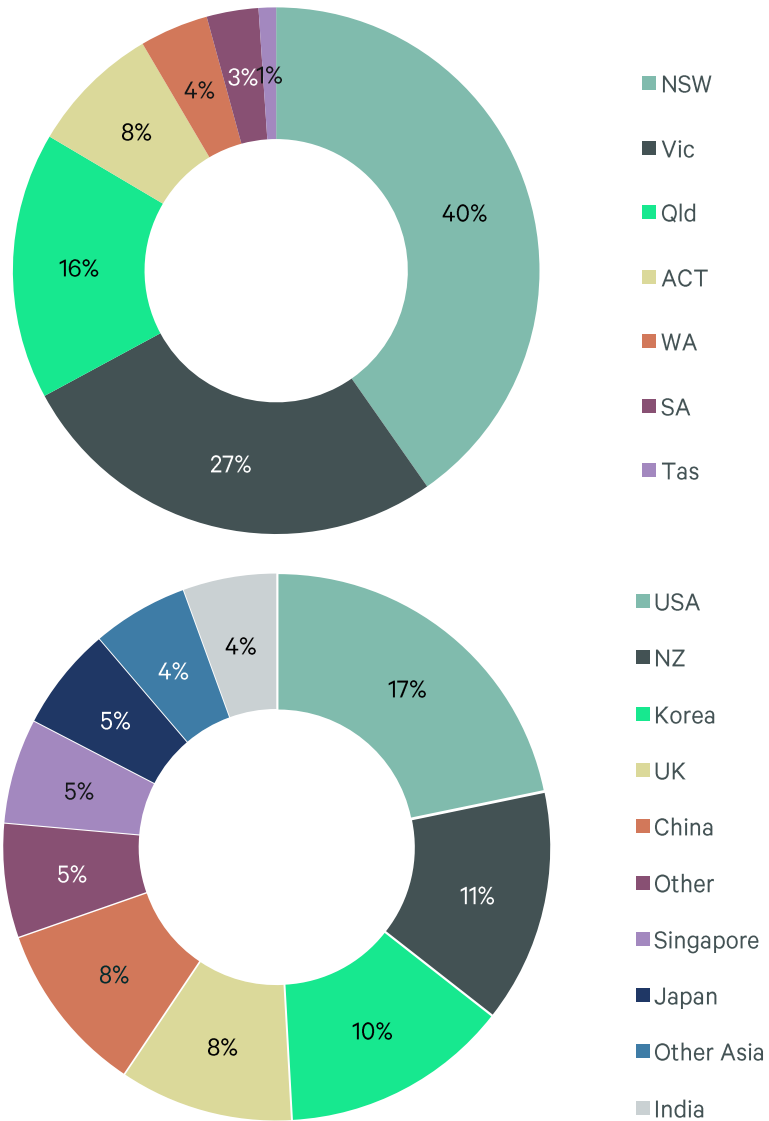


Figure 16: Key Statistics Table for the Sydney HRMSG Visitor Market YE Dec23

Sydney Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	5.31 million	-4.9%	6.8%	1.625 million	-19.7%	179.0%	6.93 million	-8.8%	24.8%
Total Visitor Nights	11.49 million	-4.5%	-4.0%	9.791 million	12.1%	182.3%	21.28 million	2.5%	37.9%
Average Length of Stay	2.2 nights	0.5%	-10.1%	6.0 nights	39.6%	39.6%			
Largest Source Market	NSW			USA					

Figure 17: Sydney Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Quest Woolooware Bay	455 Captain Cook Drive	Woolooware	Upper Midscale	71	2023
W Hotel	31 Wheat Road	CBD	Luxury	592	2023
Meriton Suites Liverpool	167 Northumberland St	Liverpool	Upper Upscale	163	2023
Hotel Morris	412 Pitt Street	CBD	Economy	97	2023
Pullman Penrith	73-83 Mulgoa Rd	Penrith	Upper Midscale	153	2023
Moxy Hotel Sydney Airport	56 Baxter Road	Mascot	Upper Midscale	301	2023
Citadines North Sydney	88 Walker Street	North Sydney	Upscale	252	2023
Capella Sydney	23-33 Bridge St	CBD	Luxury	192	2023
Under Construction					
Collection by TFE Surry Hills	2-38 Baptist Street	Redfern	Luxury	102	2024
Caption by Hyatt	13 Parker Street	CBD	Upper Upscale	170	2024
CE Boston 25 hour Hotel	1 - 11 Oxford Street	CBD	Upper Upscale	107	2025
Moxy Sydney	371-375 Pitt Street	CBD	Upper Midscale	314	2025
NH Collection Hotel	55-59 Wentworth Avenue	Surry Hills	Upper Upscale	254	2026
Waldorf Astoria	1 Alfred Street	CBD	Luxury	220	2026
(City Tattersalls Club)	194-204 Pitt Street	CBD	Upscale	110	2027

* 100+ rooms (hotels under construction)

** Under construction refers to CBD and Inner Sydney

Figure 18: Sydney Occupancy, Average Daily Rate and Revenue Per Available Room

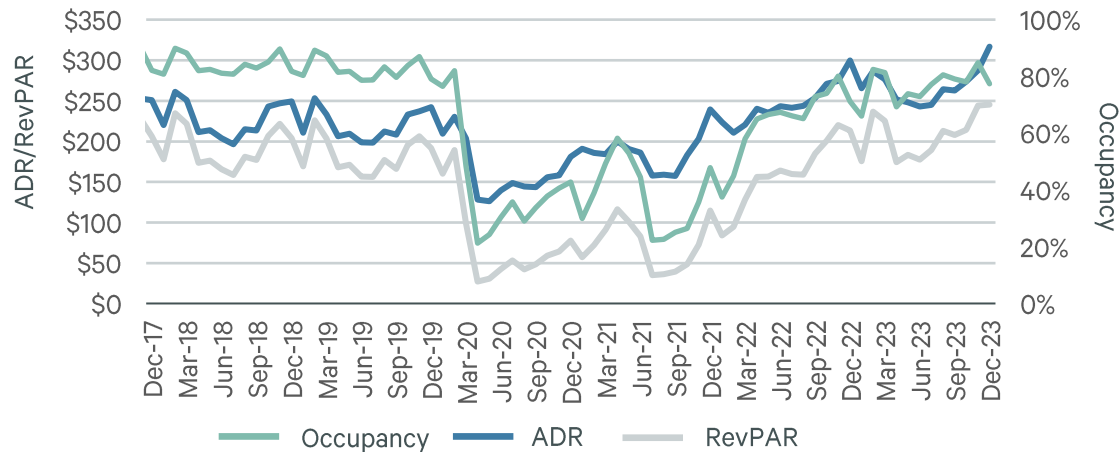


Figure 19: Sydney Financial Year Airport Passenger Movements

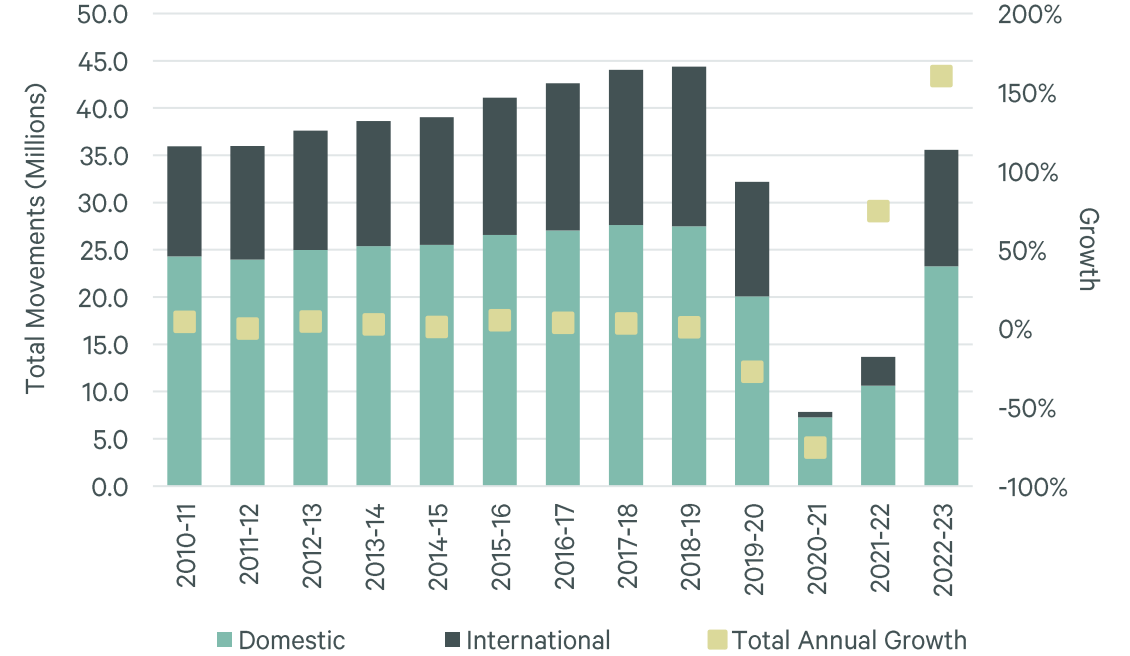
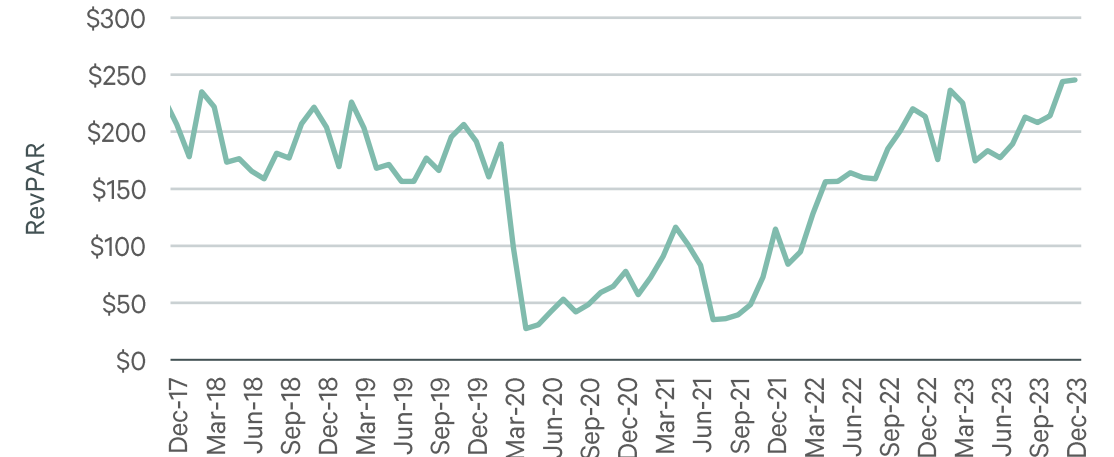


Figure 20: Sydney Revenue Per Available Room



Melbourne Overview



Arrivals

TRA reports in the YE Dec23 there were 954,100 international visitors and 5.17 million domestic visitors to Melbourne staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). This saw domestic visitation account for 84% of total visitors, compared to 93% in 2022. International visitors are still lagging 31% below 2019 rates, although up 201% from 2022. Average length of stay for international travel has increased 23% from last year to 7.3 nights in YE Dec23. Whilst overall visitation results remain below pre-pandemic levels, it has increased by 43% from the same period in 2022, and is on track to recover, sitting 8% below 2019 visitation. The strongest sources of domestic visitation were NSW and Vic (intrastate). 43% of these visitors were in Melbourne for holiday travel, followed by 39% for business purposes. NZ, USA, and China represented the dominant source of international demand with holiday travel accounting for 65% of visitation and business-related travel accounting for 20%. Education was the purpose of visiting for 15,400 international arrivals, surpassing 2019 levels (11,900). According to BITRE in the FY 2022-23, airport passenger arrivals to Melbourne followed Sydney as the second busiest airport, making up 20% of domestic and 28% of international passenger movements.



Demand

In the YE December 2023, Melbourne Centre (CBD, Southbank & Docklands) recorded the second highest y-o-y growth rate nationally for Occupancy (OCC), increasing by 14% and taking it to 69% occupancy, although remaining below pre-pandemic levels. Revenue per Available Room (RevPAR) has now fully recovered to 2019 levels and sits at \$151, up 17% y-o-y. Melbourne Average Daily Rate (ADR) reached \$220, up slightly from \$216 in the YE Dec 2022.



Supply

Over 2023, 4 hotels opened in the Melbourne CBD, adding more than 1,100 new rooms to the market. These included; the Dorsett hotel, Meriton Suites, the Ritz Carlton, and Le Meridien. The Nesuto opened in Docklands bringing 211 upscale rooms to the market. The pipeline of projects under construction in Melbourne's centre comprises 28% of the major market supply pipeline over the next two years. There are 6 hotel projects under construction in Melbourne Centre which will deliver ~1,600 new rooms, with an expected opening date in 2024. Almost half of the rooms delivered in these projects will be classed as luxury accommodation. The influx of rooms over 2024 and 2025 represents 3.6% of existing Melbourne Centre hotel stock.



Outlook

Melbourne's supply pipeline is finally moderating following several years of new supply gains. The market is expected to gain from a continued recovery in visitation demand with international arrivals forecast to lead growth in the Melbourne tourism market in combination with a strong calendar of events and conferences in the pipeline over 2024/25. CBRE anticipate inbound demand growth will push occupancy levels higher in 2024/25 with modest ADR growth.

Figure 21: Melbourne Domestic and International Major Source Markets YE Dec23

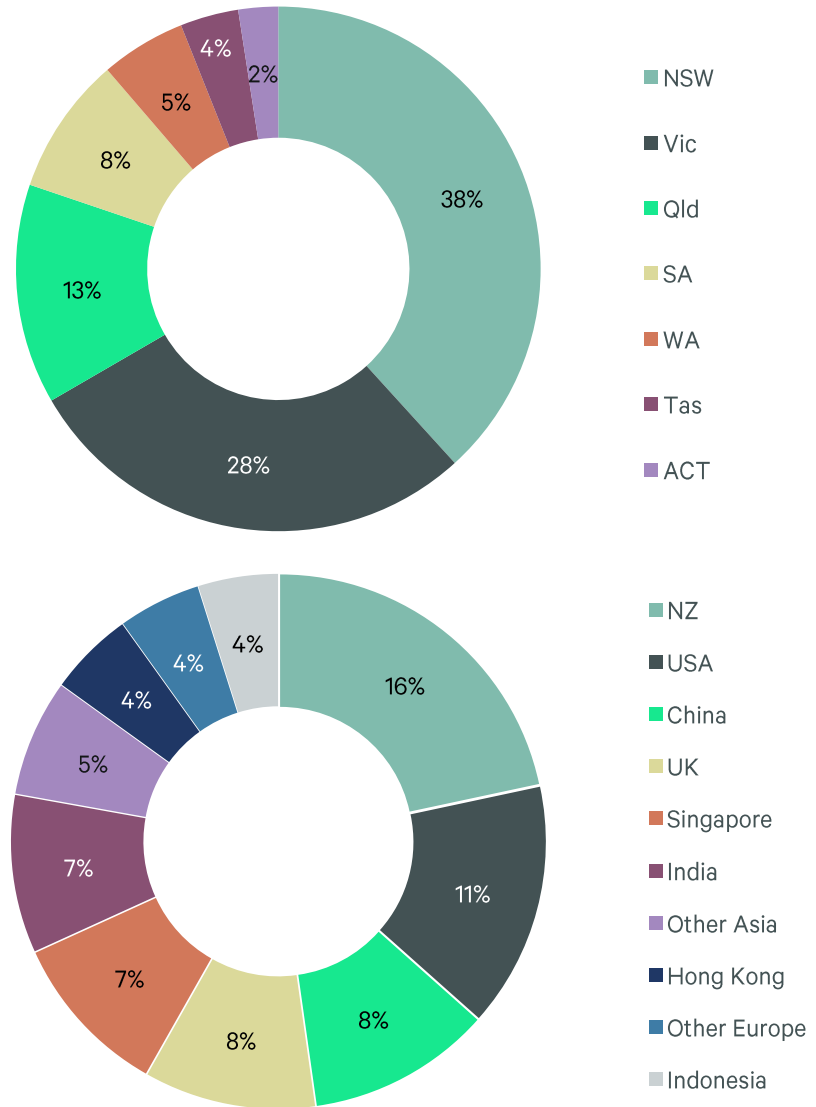


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HRMSG Accommodation YE December 2023									
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Total Visitors	5.17 million	-1.7%	30.3%	0.954 million	-31.2%	269.0%	6.12 million	-7.9%	42.9%
Total Visitor Nights	13.21 million	9.5%	32.4%	6.994 million	12.9%	200.6%	20.21 million	10.7%	70.2%
Average Length of Stay	2.6 nights	11.4%	1.7%	7.3 nights	64.2%	22.8%			
Largest Source Market	NSW			New Zealand					

Figure 23: Melbourne Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Meriton Suites, Melbourne	140 King Street	CBD	298	298	2023
Veriu Hotel, Collingwood	25 Johnston Street	Collingwood	95	95	2023
Dorsett Hotel, Melbourne	615 Little Lonsdale Street	CBD	316	316	2023
Ritz Carlton, Melbourne	650 Lonsdale Street	CBD	257	257	2023
Le Meridien Hotel, Melbourne	20 Bourke Street	CBD	235	235	2023
Nesuto Hotel, Docklands	80 Waterfront Way	Docklands	211	211	2023
The Motley Hotel, Richmond	205 Bridge Road	Richmond	80	80	2023
The Royce Hotel, Melbourne	379 St Kilda Road	St Kilda	98	98	2023
Under Construction					
Seafarers 1 Hotel	739 Flinders Street	Docklands	Luxury	277	2024
Moray Serviced Apartments	18-24 Moray Street	Southbank	Upscale	160	2024
Holiday Inn Walk Arcade	309-325 Bourke Street	CBD	Upper Midscale	273	2024
Indigo Hotel Walk Arcade	309-325 Bourke Street	CBD	Upper Upscale	177	2024
StandardX	62 Rose Street	Fitzroy	Upscale	106	2024
Lyllall Hotel	16 Murphy Street	South Yarra	Luxury	51	2024
Melbourne Place Hotel	124-130 Russell Street	CBD	Upper Upscale	189	2024
Shangri-La Hotel	308 Exhibition Street	CBD	Luxury	496	2025

** Refers to CBD and Inner Melbourne

Figure 24: Melbourne Occupancy, Average Daily Rate and Revenue Per Available Room

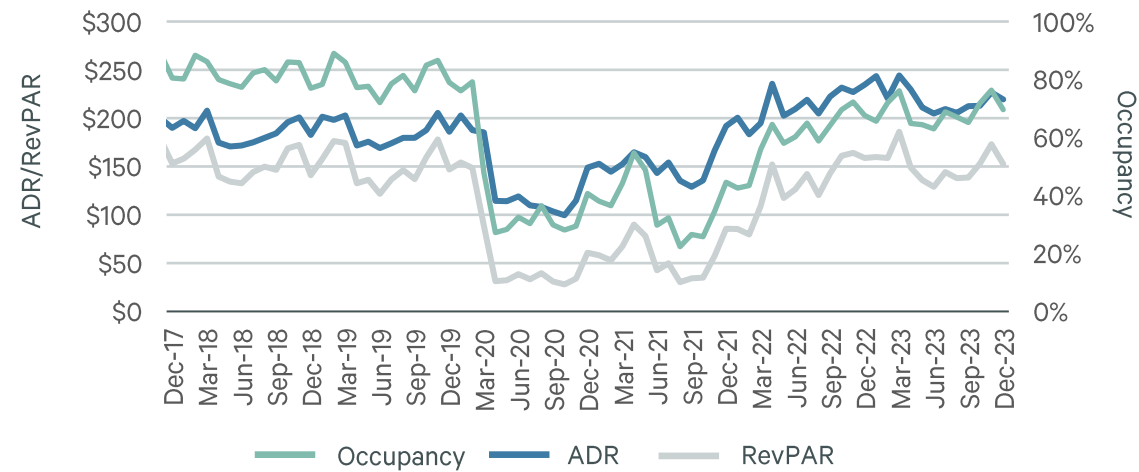


Figure 25: Melbourne Financial Year Airport Passenger Movements



Figure 26: Melbourne Revenue Per Available Room



Brisbane Overview



Arrivals

TRA reports in the YE Dec23 there were 526,100 international visitors and 3.05 million domestic visitors to Brisbane staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). Although international arrivals are recovering, up from only 176,100 arrivals in the same period in 2022, they remain 20% below pre-pandemic rates. Domestic demand in Brisbane experienced strong gains over 2023, up 19%, contributing 85% to total visitation, down from 94% last year. Visitor nights have remained above pre-pandemic levels with the average length of stay for domestic and international travel up 11% and 60% respectively, on pre-pandemic performance. The strongest sources of domestic visitation were local (intrastate) and NSW travelers. For international arrivals, it was NZ and the UK. Business travel, closely followed by holiday makers made up around 80% of total domestic visitation. Holiday, Business and visiting friends and relatives travel were core drivers of international demand. Education was the purpose of visit for 9,300 international arrivals, almost surpassing 2019 levels (7,600). According to BITRE in the FY 2022-23, Brisbane was the third most active airport receiving 14% of total domestic and 13% of total international airport passenger movements.



Demand

Domestic demand for holiday and business travel has led Brisbane to outperform, with all three performance indicators fully recovered to pre-pandemic rates. Occupancy (OCC) is up 8% y-o-y to 74% and is now fully recovered to 2019 levels. Average Daily Rate (ADR) in the YE Dec23 is up 7% y-o-y to \$229, sitting 45% above 2019 rates. Revenue per Available Room (RevPAR) was recorded at \$168, 15% higher than in YE Dec 2022 and 47% above 2019 rates.



Supply

No new hotels opened in Brisbane in 2023, and prior to this, Hotel X opened in 2021. The upcoming supply pipeline for Brisbane is dominated by the Queens Wharf precinct. The Star Grand will open in 2024, followed by the Dorsett and Rosewood hotels, which will deliver a combined ~850 upscale to luxury rooms to the area. The Swiss-Belhotel in Kangaroo Point will add 109 upper upscale rooms to the city and the Quest in Spring Hill will deliver 81 upscale serviced apartments over the next two years. This represents around 5% of existing Brisbane hotel stock.



Outlook

The Brisbane hotel market is expected to continue its positive trajectory in line with a strong local economy, improving tourist appeal and infrastructure advances. Projects such as Queens Wharf, Brisbane Live and Eagle Street Pier will continue to improve the city's position as more of a leisure destination. The 2032 Brisbane Olympics is a key focus for future longer-term growth. In the immediate term we expect to see further occupancy gains over 2024/25 along with continued ADR growth, albeit at a more modest pace compared to the past few years.

Figure 27: Brisbane Domestic and International Major Source Markets YE Dec23

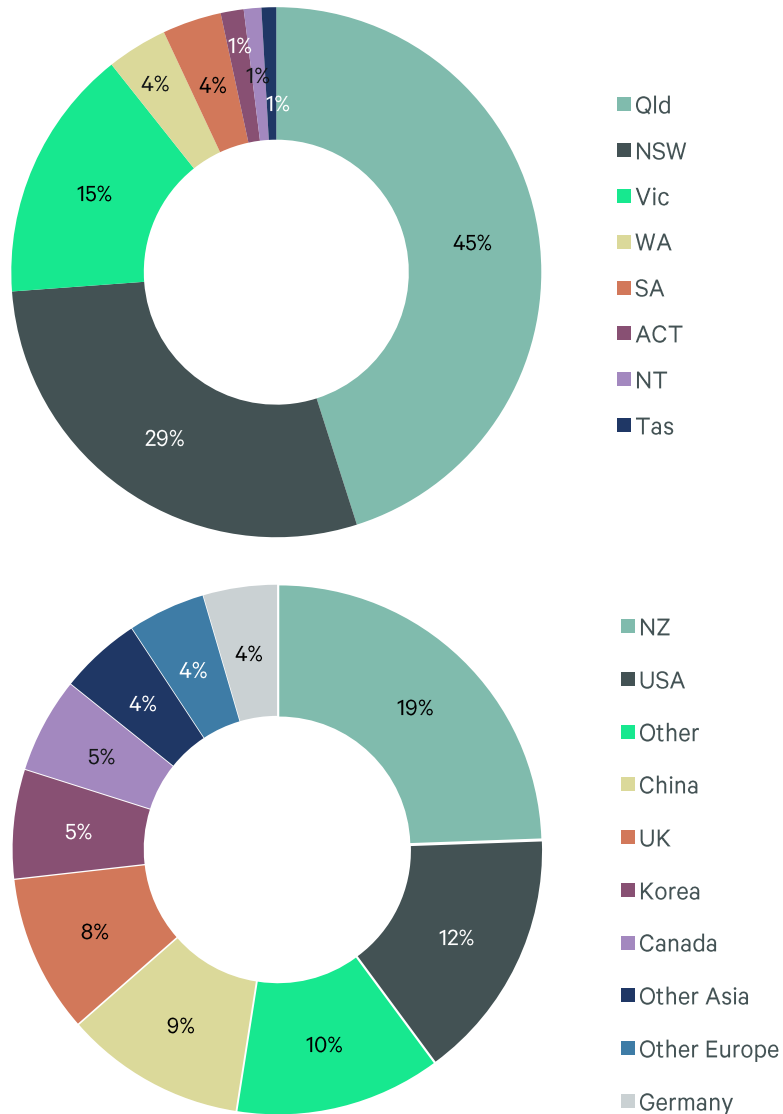


Figure 28: Key Statistics Table for the Brisbane HRMSG Visitor Market YE Dec23

Brisbane Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	3.05 million	5.2%	19.3%	0.526 million	-19.8%	198.8%	3.58 million	0.6%	30.9%
Total Visitor Nights	7.34 million	16.3%	16.8%	2.846 million	28.4%	212.0%	10.19 million	19.5%	41.6%
Average Length of Stay	2.4 nights	10.6%	-2.1%	5.4 nights	60.0%	4.4%			
Largest Source Market	Qld			New Zealand					

Figure 29: Brisbane Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Hotel X	458 Brunswick Street	Fortitude Valley	Upper Upscale	146	2021
Under Construction					
Swiss-Belhotel	Vulture Street	Kangaroo Point	Upper Upscale	109	2024
The Star Grand @ Queens Wharf	Queens Wharf Road	CBD	Upper Upscale	340	2024
Dorsett @ Queens Wharf	Queens Wharf Road	CBD	Upscale	359	TBC
Rosewood Brisbane @ Queens Wharf	Queens Wharf Road	CBD	Luxury	150	TBC
Quest Spring Hill	454 Edward Street	Spring Hill	Upscale	81	2025

Figure 31: Brisbane Financial Year Airport Passenger Movements

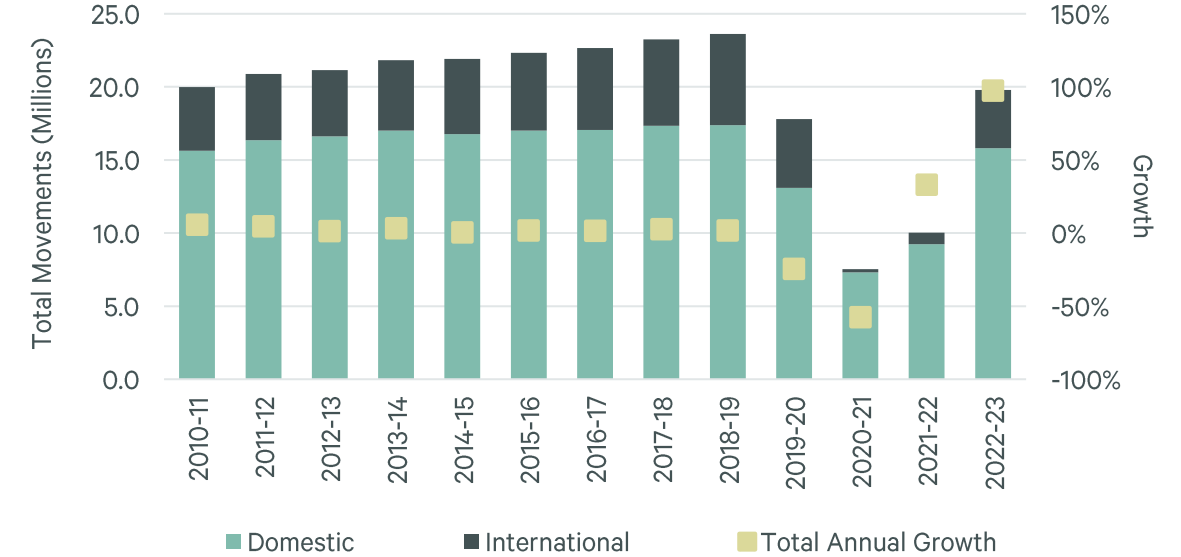


Figure 30: Brisbane Occupancy, Average Daily Rate and Revenue Per Available Room

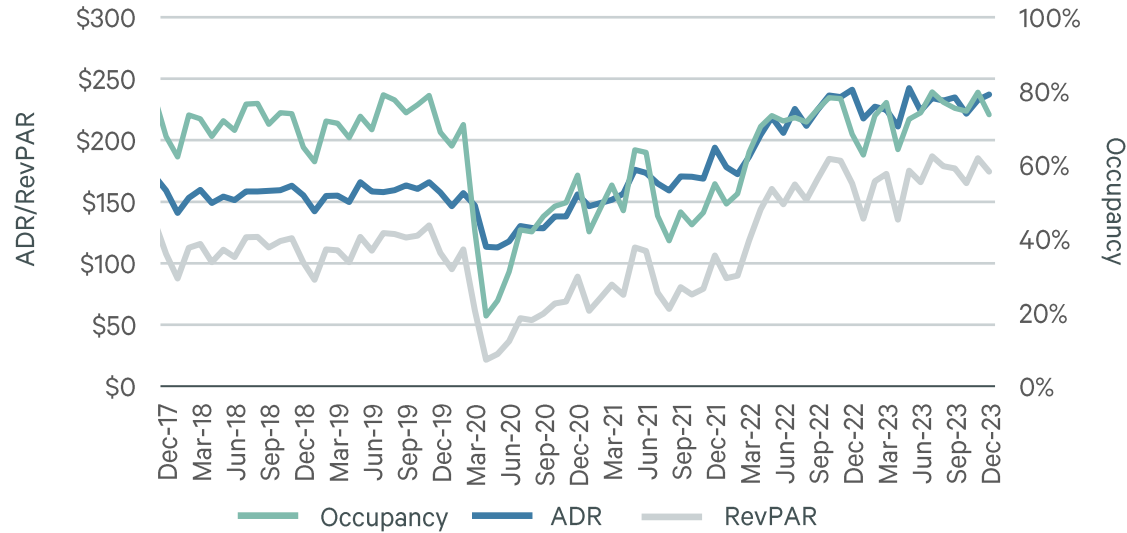
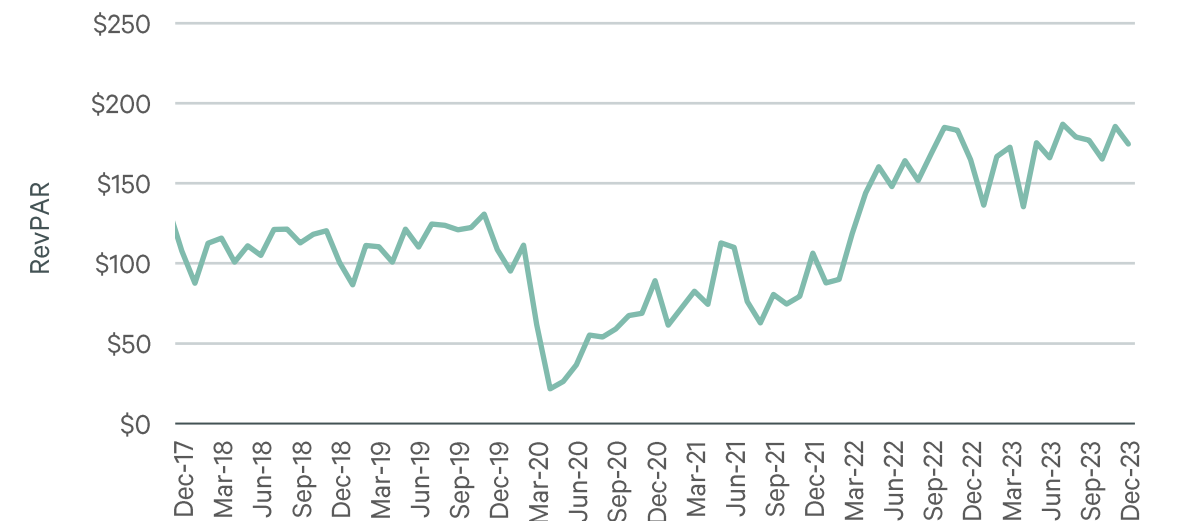


Figure 32: Brisbane Revenue Per Available Room



Gold Coast Overview



Arrivals

TRA reports in the YE Dec23 there were 315,400 international visitors and 2.01 million domestic visitors to the Gold Coast staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). Domestic visitation represented 86% of visitors to the Gold Coast. In 2019, prior to the pandemic, it comprised a much lower rate of 74%. Domestic demand on the Gold Coast has experienced modest gains over the year with visitation up 4%, remaining well above pre-pandemic rates, although international demand remains almost 50% lower than arrivals in 2019. Despite reduced levels of international visitors (since 2019), the average length of stay for international travel has almost doubled, from 3.2 nights in YE Dec19 to 6.1 nights in YE Dec23. The strongest sources of domestic visitation were local (intrastate) travelers and interstate arrivals from NSW and Vic. 65% of these visitors were there for a holiday, around the same as last year. NZ, Korea, and China represented the dominant source of international demand with holiday travel accounting for 81% of visitation. According to BITRE in the FY 2022-23, the Gold Coast made up 5% of total domestic and 2% of total international airport passenger movements across Australia.



Demand

In the YE Dec23 the Gold Coast market recorded an Average Daily Rate (ADR) of \$274 and a Revenue Per Available Room (RevPAR) of \$207. These metrics are now 39% and 36% above pre-pandemic rates, similar to the year before. ADR increased from YE Dec22 by 1.5%, however RevPAR decreased by -0.35%. There was a minor contraction of Occupancy on the Gold Coast, down 1.9% to a rate of 67%. Despite these contractions, the Gold Coast is still a stable market, with ADR and RevPAR still outpacing pre-pandemic rates.



Supply

No new hotels have opened since the Langham Hotel at Surfers Paradise which delivered ~250 luxury grade rooms in June 2022. There are two hotel projects currently under construction and due for completion in 2024. Destination Gold Coast Tower Two, anticipated to join the Dorsett Hotel at the Star Casino by a 5-star luxury brand will deliver 210 luxury scale rooms. At Burleigh Heads the Mondrian Hotel will deliver 208 luxury rooms in late 2024.



Outlook

The Gold Coast tourism market continues to benefit from increases in inbound international travel. Domestic tourism is expected to support ADR stability, attracting both international and domestic holiday demand. The counterbalance in Australian outbound travel could soften demand although growth is expected to remain positive with new luxury additions supporting elevated room rates.

Figure 33: Gold Coast Domestic and International Major Source Markets YE Dec23

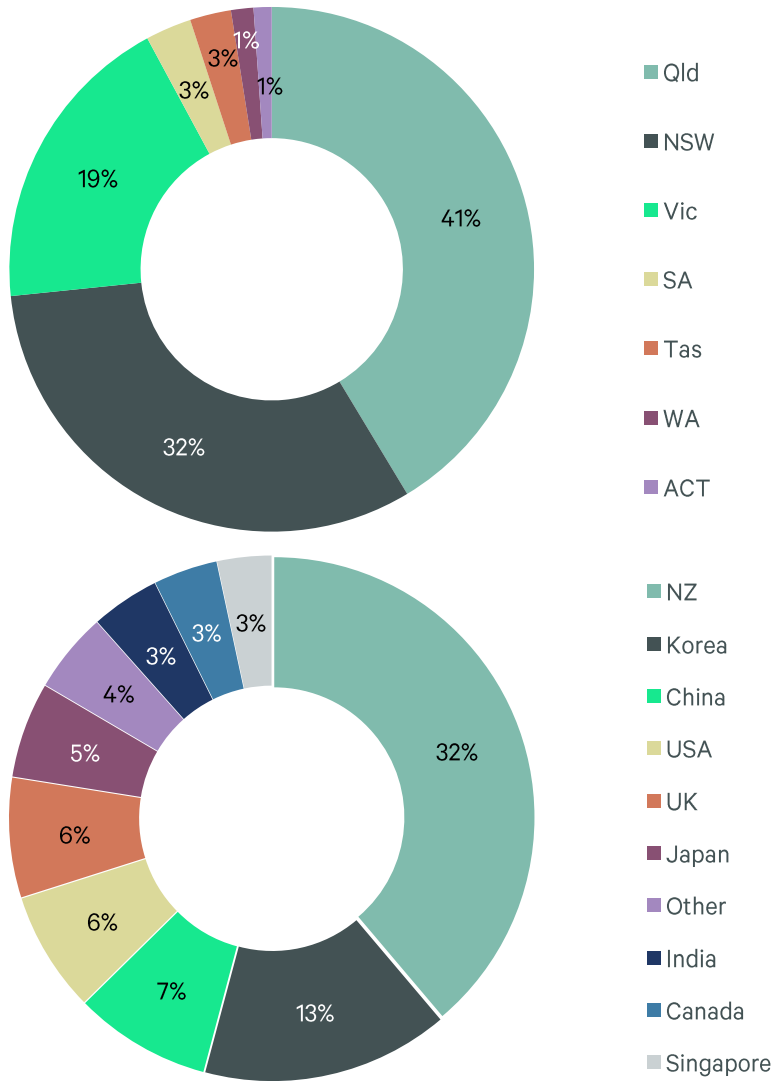


Figure 34: Key Statistics Table for the Gold Coast HRMSG Visitor Market YE Dec23

Gold Coast Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	2.01 million	13.6%	4.4%	0.315 million	-49.4%	220.0%	2.33 million	-2.8%	14.9%
Total Visitor Nights	6.84 million	14.8%	-5.7%	1.914 million	-5.3%	276.3%	8.75 million	9.7%	12.8%
Average Length of Stay	3.4 nights	1.1%	-9.7%	6.1 nights	87.1%	17.6%			
Largest Source Market	Qld			New Zealand					

Figure 35: Gold Coast Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Langham Hotel, Jewel Gold Coast	38 Old Burleigh Road	Surfers Paradise	Luxury	254	2022
Meriton Suites	84-88 The Esplanade	Surfers Paradise	Upper Upscale	332	2021
Dorsett Hotel (Star Gold Coast)	15 The Darling Avenue	Broadbeach	Upscale	525	2021
Under Construction					
Mondrian Hotel	50 The Esplanade	Burleigh Heads	Luxury	208	2024
Destination Gold Coast Tower 2	1 Casino Drive	Broadbeach	Luxury	210	2024

Figure 37: Gold Coast Financial Year Airport Passenger Movements

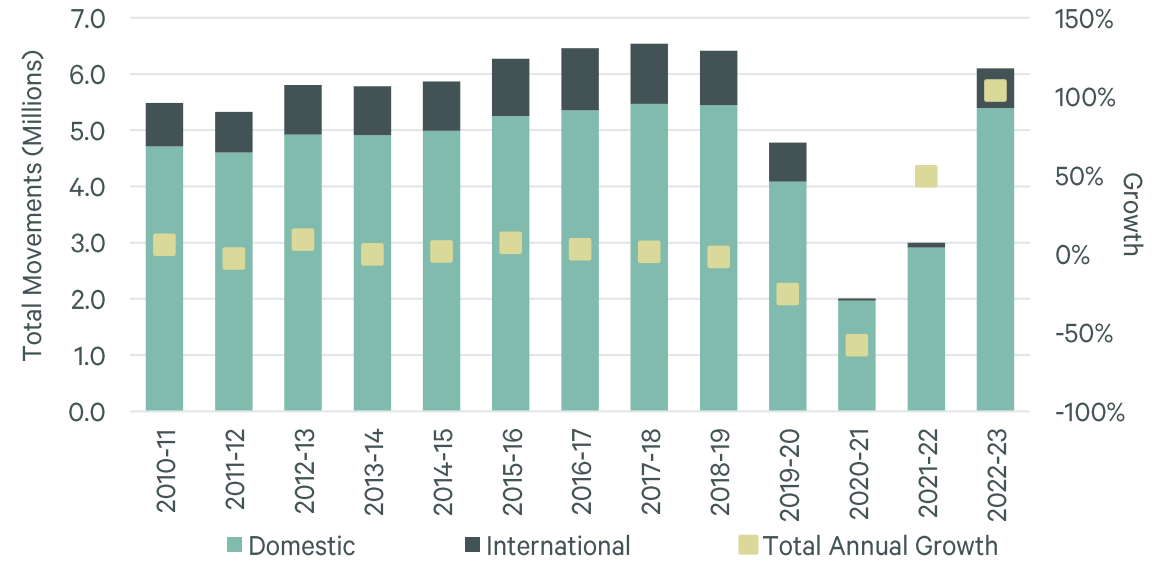


Figure 36: Gold Coast Occupancy, Average Daily Rate and Revenue Per Available Room

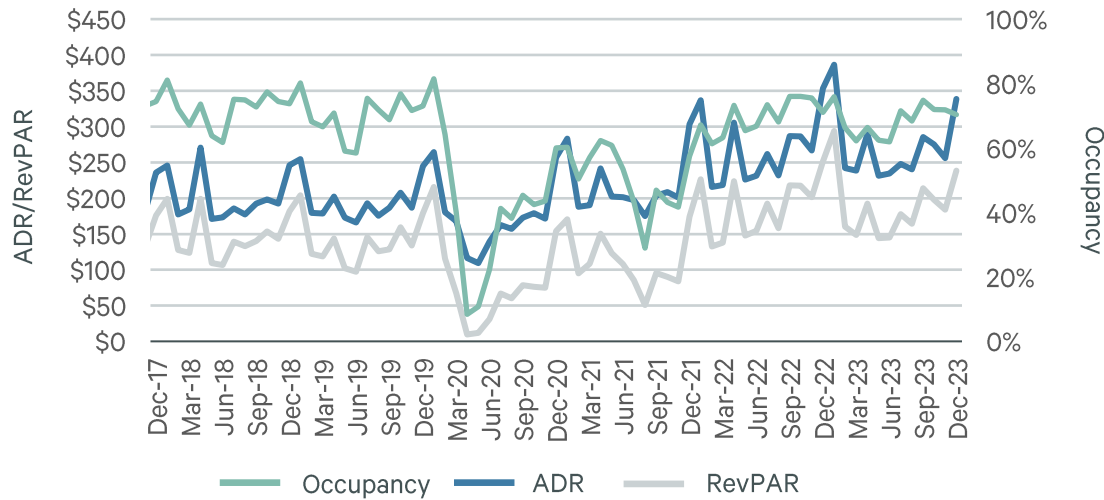


Figure 38: Gold Coast Revenue Per Available Room



Cairns Overview



Arrivals

TRA reports Cairns (Tropical North Queensland) saw 283,500 international visitors and 1.06 million domestic visitors that stayed in Hotel, Motel, Serviced Apartment and Guest Houses (HRMSG) in the most recent YE Dec23. International demand made up 21% of total visitation in YE Dec23, up from only 6% in 2022. This still has some way to go as prior to the pandemic international visitation contributed around ~35% of total visitation. Domestic visitation to TNQ has decreased slightly since YE Dec22, with visits down 10%, but up 12% on base year 2019 results. By contrast, international travel has increased by ~281% since the same period in 2022. Average length of stay for international travel is up 49.2% from 2019 to 5.4 nights, while stay for domestic travel was 4.1 nights. The strongest sources of domestic visitation in the YE Dec23 were Qld (intrastate travel), NSW, and Vic. The strongest sources of international visitation were the USA and Japan. 90% of international visitors and 60% of domestic visitors to TNQ were there for holiday purposes.



Demand

In the YE Dec23 Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) in Cairns sat at \$210 and \$144 respectively, remaining mostly stable. These metrics are now 41% and 24% above pre-pandemic rates. Occupancy (OCC) however remains 9% below pre-pandemic performance and is up 5% y-o-y, at a rate of 69%. Prior to the pandemic the Cairns market had achieved relatively high occupancy and low room rates compared to other major Australian markets.



Supply

Based on CBRE's ongoing research there is still no new hotel developments in the pipeline in Cairns. The most recent openings were in 2020 with the delivery of 387 rooms via Crystalbrook Flynn and Oaks hotels. Notably, the Cairns Convention Centre was expanded and refurbished, and opened in July 2023. CBRE expect that larger demand as a result of increased levels of international and domestic visitation may spur development and refurbishment of older hotel stock.



Outlook

Despite the slowdown in domestic demand, the continued recovery in international arrivals should see occupancy meet the long-term average by the end of 2024. Tours to the Daintree and Great Barrier Reef are expected to support stability in overall visitation. We expect the constrained room supply to support the continued recovery of Cairns' limited pool of assets. Average Daily Rates are anticipated to see moderate growth over the short-term following a marginal decline last year.

Figure 39: TNQ Domestic and International Major Source Markets YE Dec23

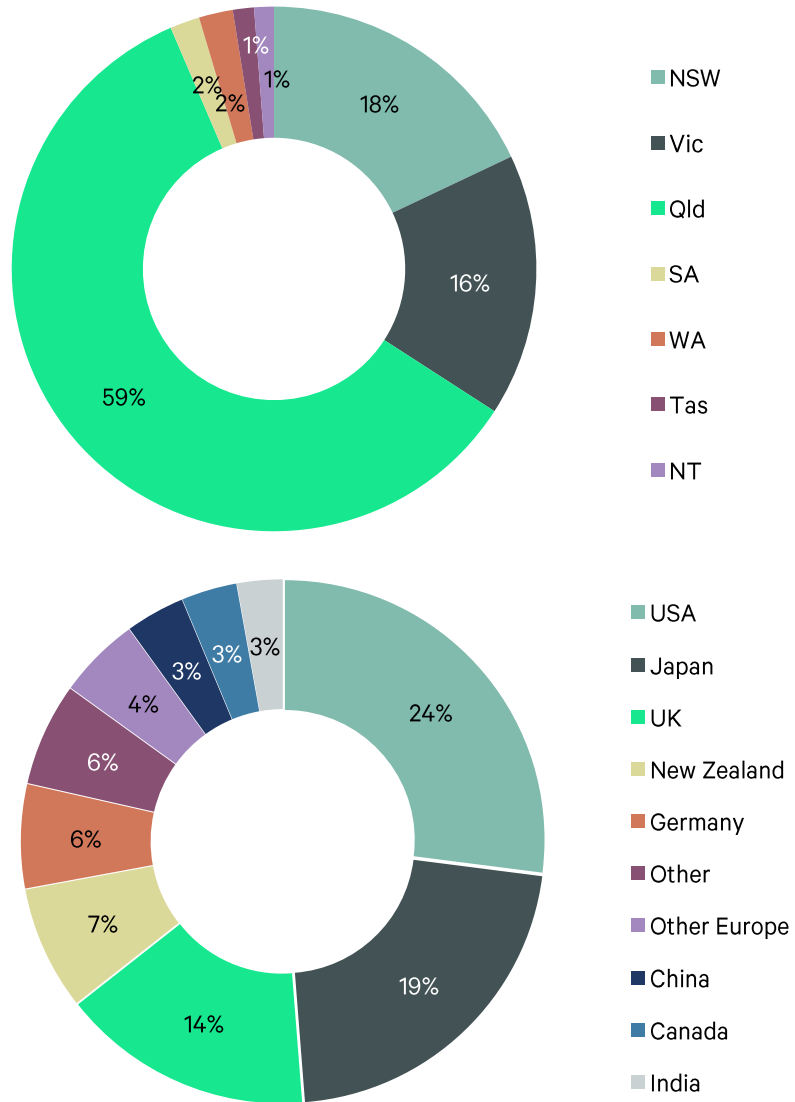


Figure 40: Key Statistics Table for the TNQ HRMSG Visitor Market YE Dec23

TNQ Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	1.06 million	12.0%	-9.5%	0.284 million	-45.8%	280.6%	1.34 million	-8.6%	7.8%
Total Visitor Nights	4.36 million	22.0%	-20.4%	1.534 million	-19.1%	337.9%	5.89 million	7.7%	1.1%
Average Length of Stay	4.1 nights	8.9%	-12.0%	5.4 nights	49.2%	15.1%			
Largest Source Market	Qld			USA					

Figure 41: Cairns Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Flynn A Crystalbrook Collection Hotel	85 Esplanade	Cairns	Upper Upscale	311	2020
Oaks Cairns Hotel	59-63 Esplanade	Cairns	Upscale	76	2020

Figure 43: Cairns Financial Year Airport Passenger Movements

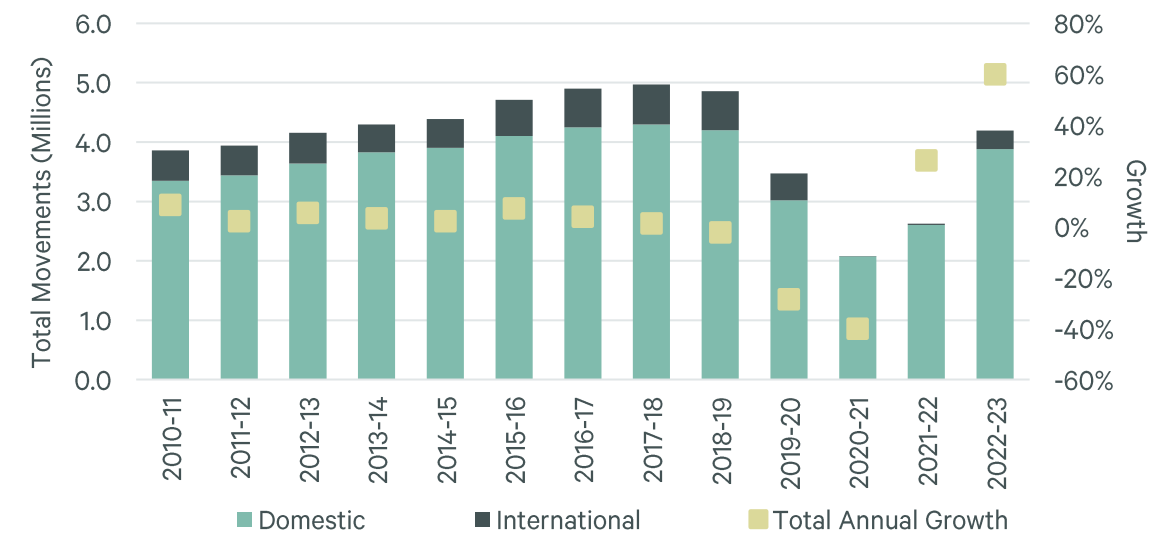


Figure 42: Cairns Occupancy, Average Daily Rate and Revenue Per Available Room

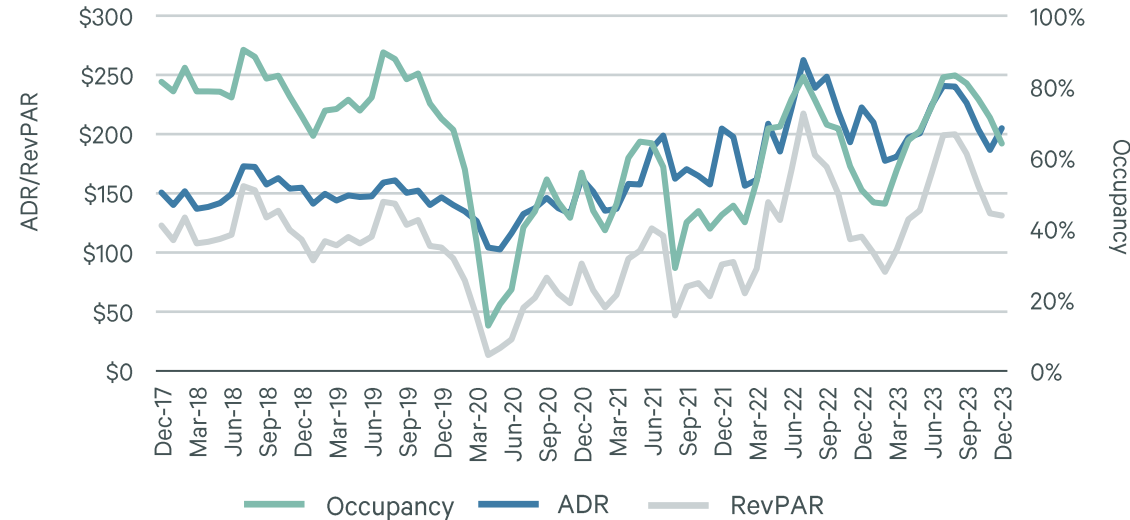
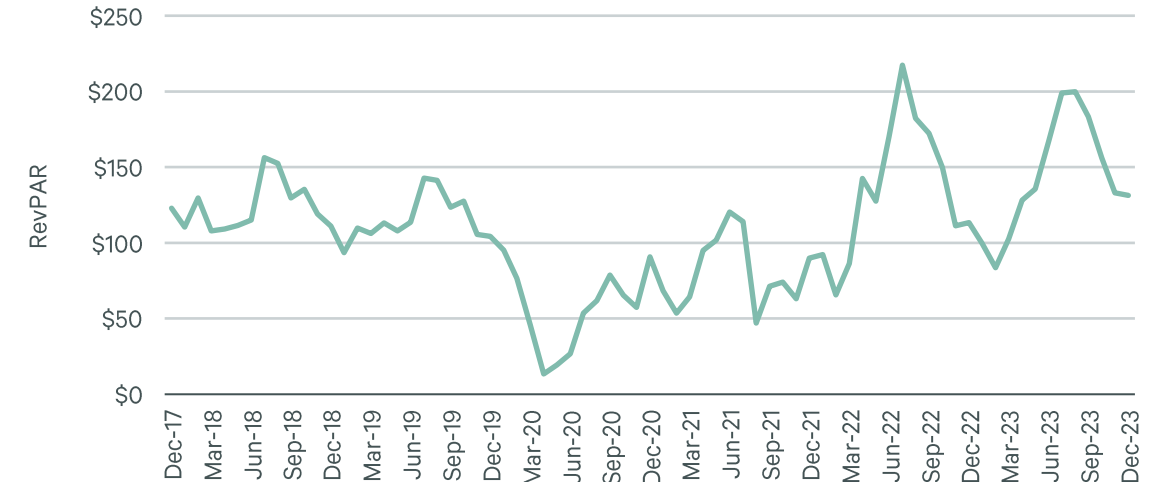


Figure 44: Cairns Revenue Per Available Room



Perth Overview



Arrivals

TRA reports in the YE Dec23 there were 325,000 international visitors and 1.73 million domestic visitors to Perth staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). These results demonstrate that 2021 was the lowest point of the pandemic for international arrivals. International arrivals are now only 8% below pre-pandemic rates. Domestic demand in Perth has experienced strong gains over the year, with visitation up 27%. International visitors to Perth are staying longer, with average length of stay up by 3 nights on pre-pandemic rates. The strongest sources of domestic visitation were local WA (intrastate), NSW, and Vic travelers. For international arrivals, Singapore, the UK, and China contributed most significantly to arrival numbers. For domestic visitors, holiday and business travel (driven by continued strength of the mining and resource sector) contributed 40% each to visitation numbers. Holiday and business travel were also drivers of international demand. According to BITRE in FY 2022-23, Perth was the fourth most active airport receiving 7% of total domestic and 11% of total international airport passenger movements.



Demand

Perth is one of two key tourism regions where all three performance indicators outpaced pre-pandemic rates. Domestic demand for holiday and business travel has underpinned strength in the Perth tourism market. Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) are now 34% and 40% above 2019 rates sitting at \$222 and \$169, respectively. Occupancy in Perth was recorded at 76% in the YE Dec23, surpassing the 2019 base rate of 73% by 3%.



Supply

The most recent addition to the Perth hotel market was Ausotel by Argyle Kings Park and Courtyard by Marriott delivering 221 economy and upscale rooms. In 2020 and 2021, Double Tree by Hilton and Adnate Hotel delivered 479 upscale and upper upscale rooms. The refurbished Parmelia Hilton also added 32 new luxury rooms. There are two projects in Perth currently under construction and due to complete by the end of 2026. These projects are of differing scales and will see 440 new rooms delivered to the market. Most notably is the upscale Dorsett Hotel and luxury Elizabeth Quay project which will deliver around 100% of the new supply pipeline. The level of new stock represents 1.1% of existing Perth room inventory.



Outlook

The Perth tourism market is expected to benefit from recovering international travel trends and continued domestic demand. As a result, occupancy is expected to post modest gains, further outpacing pre-pandemic and 2023 levels. ADR and RevPAR growth are both expected to moderate but remain at some of the strongest levels nationally.

Figure 45: Perth Domestic and International Major Source Markets YE Dec23

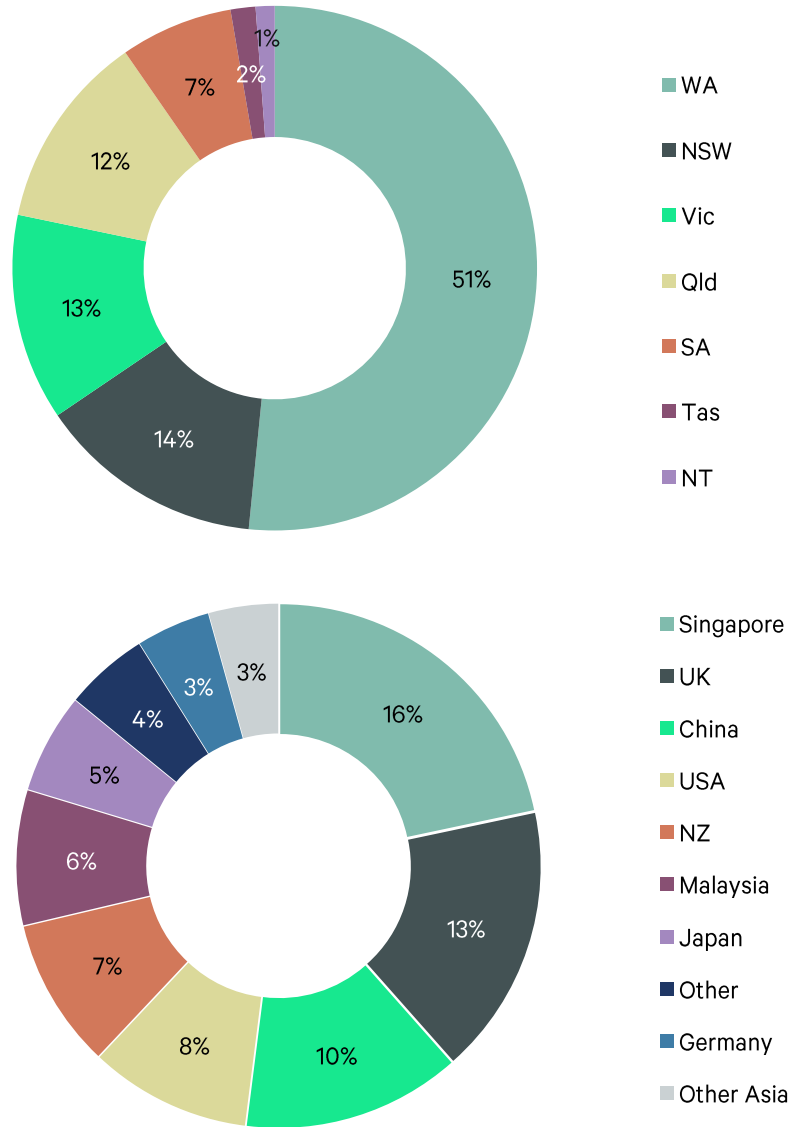


Figure 46: Key Statistics Table for the Perth HRMSG Visitor Market YE Dec23

Perth Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	1.73 million	14.2%	39.1%	0.325 million	-8.4%	197.6%	2.06 million	9.9%	39.1%
Total Visitor Nights	5.07 million	25.5%	59.1%	2.613 million	47.8%	279.3%	7.68 million	32.3%	59.1%
Average Length of Stay	2.9 nights	9.9%	59.1%	8.0 nights	61.3%	27.4%			
Largest Source Market	WA			Singapore					

Figure 47: Perth Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Courtyard by Marriott Perth	12 Fiona Wood Rd	Murdoch	Upscale	150	2024
Ausotel by Argyle Kings Park	166 Mounts Bay Road	Perth	Economy	71	2023
The Adnate Hotel	900 Hay Street	Perth	Upper Upscale	250	2021
DoubleTree by Hilton	351 Riverside Drive	Perth	Upscale	229	2020
Parmelia Hilton (Extension)	14-20 Mill Street	Perth	Luxury	32	2020
Under Construction					
Elizabeth Quay (Victor Goh Mixed Use Development)	Lot 3 Elizabeth Quay,	Perth	Luxury	190	2025
Dorsett Hotel Perth	Perth City Link, Milligan Street	Perth	Upscale	250	2026

Figure 48: Perth Occupancy, Average Daily Rate and Revenue Per Available Room

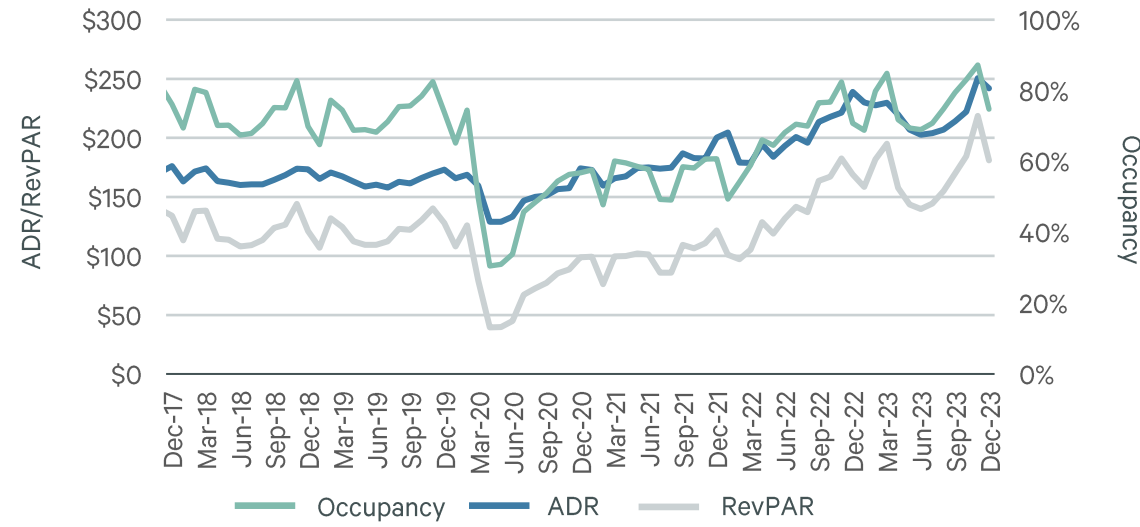


Figure 49: Perth Financial Year Airport Passenger Movements

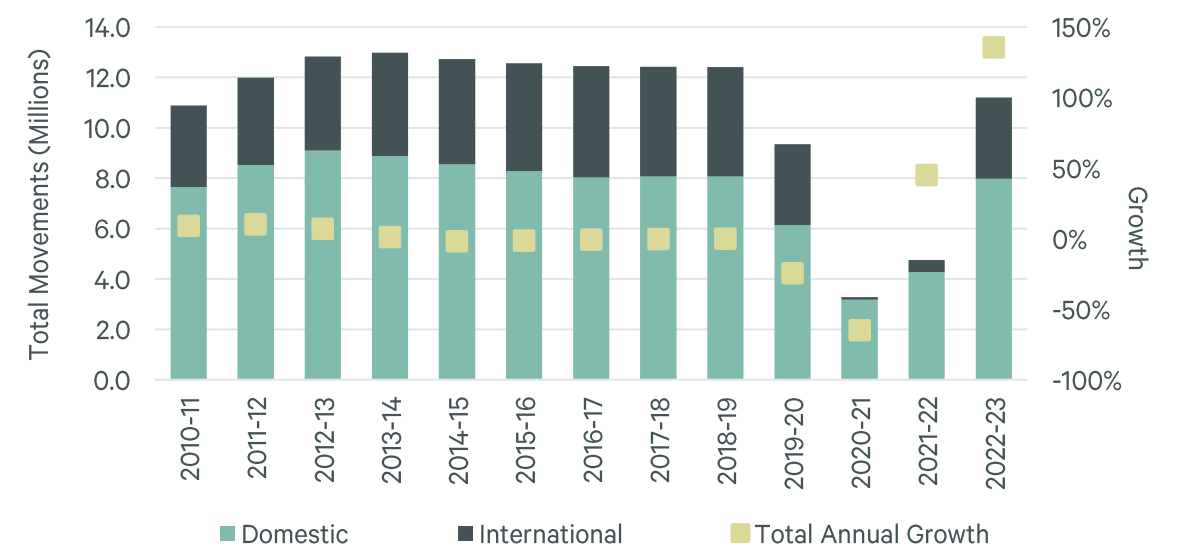
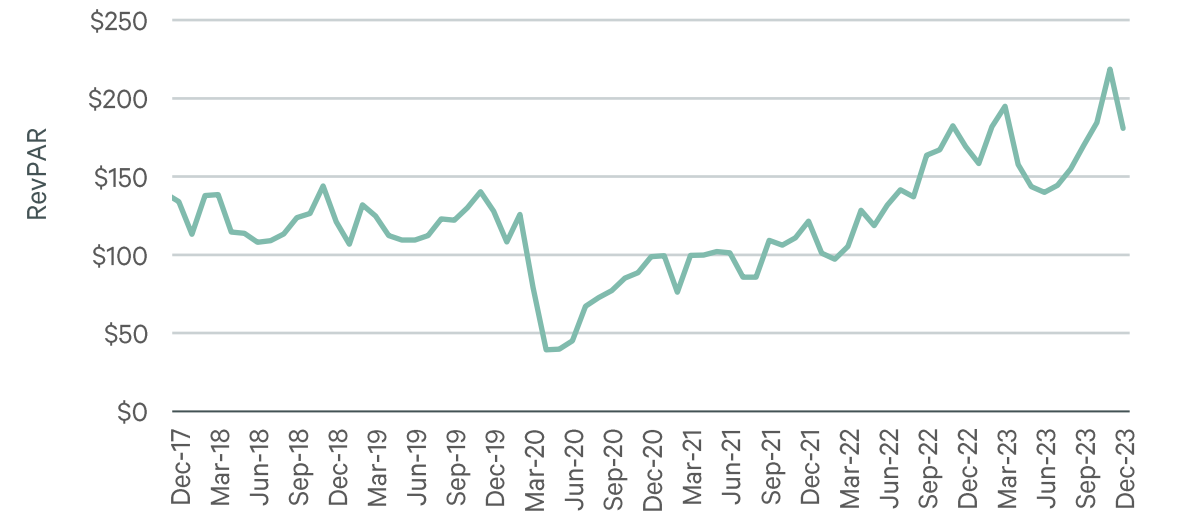


Figure 50: Perth Revenue Per Available Room



Adelaide Overview



Arrivals

TRA reports in the YE Dec23 there were 170,500 international visitors and 1.44 million domestic visitors to Adelaide staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). Although recovering significantly from the lows of 2021, international arrivals remain 12% below pre-pandemic rates. Domestic demand in Adelaide has experienced strong gains over 2023, up 13%, and 0.5% shy of pre-pandemic rates. Sources of domestic visitation were predominantly interstate Vic, intrastate SA, and NSW travelers with 77% of total visitation for business or holiday purposes. For international arrivals, major sources of demand were NZ, USA, and UK. Holiday makers were core drivers of international demand (65%), followed by business travelers 19%. According to BITRE in the FY 2022-23, Adelaide was the fifth most active airport, receiving 6% of total domestic and 2% of total international aircraft passenger movements.



Demand

In the YE Dec23, Adelaide has recorded strong gains across all performance indicators except Occupancy. Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) are now 35% and 18% above 2019 rates sitting at \$209 and \$148, respectively. Occupancy in Adelaide was recorded at 71% in the YE Dec23, which is 12% below pre-pandemic rates and on par with YE Dec22.



Supply

There were two new developments completed in the Adelaide hotel market over 2023. These include TRYP by Wyndham Pulteney Street and the Vibe Hotel Adelaide which are both upper upscale and added 147 rooms to the market. In 2021, the Sofitel Adelaide opened 257 luxury rooms. Adelaide has three upscale projects that are currently under construction and are due to complete in 2024. These projects will deliver a combined ~505 rooms, which represents around 5% of Adelaide's total room inventory.



Outlook

Adelaide is anticipated to benefit from continued leisure/corporate/event demand and as a result, occupancy is expected to post modest gains over 2024/25. The high quality of new hotel supply that has entered the market, which is due to complete over the coming year, should assist the market in achieving ADR gains, albeit at a modest pace.

Figure 51: Adelaide Domestic and International Major Source Markets YE Dec23

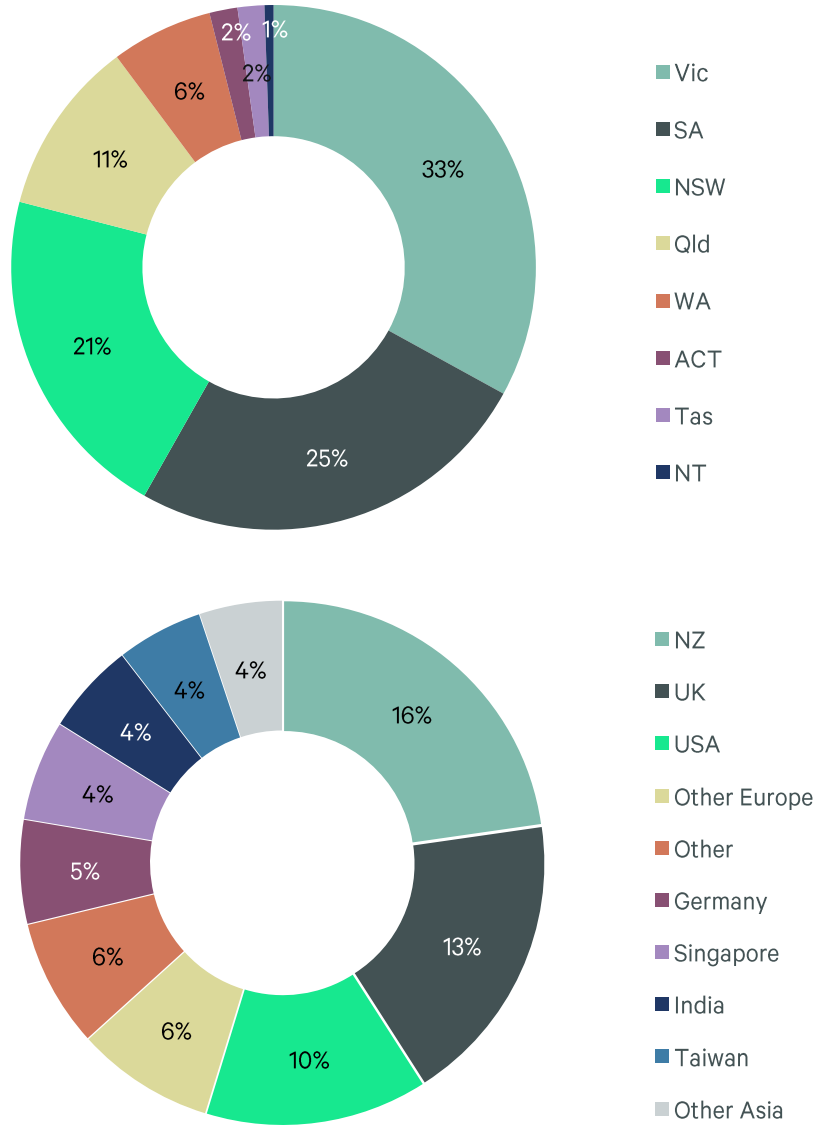


Figure 52: Key Statistics Table for the Adelaide HRMSG Visitor Market YE Dec23

Adelaide Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	1.44 million	-0.5%	12.8%	0.170 million	-11.8%	265.2%	1.61 million	-1.9%	21.7%
Total Visitor Nights	3.71 million	6.1%	16.8%	1.186 million	43.7%	335.8%	4.89 million	13.3%	42.0%
Average Length of Stay	2.6 nights	6.6%	3.6%	7.0 nights	63.0%	19.3%			
Largest Source Market	Vic			New Zealand					

Figure 53: Adelaide Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
TRYP by Wyndham Pulteney Street	266 Pulteney Street	CBD	Upper Upscale	124	2023
Vibe Hotel Adelaide	Flinders St, Adelaide	CBD	Upper Upscale	123	2023
Sofitel Adelaide	104-108 Currie Street	CBD	Luxury	257	2021
Under Construction					
Marriott GPO Adelaide	141-159 King William St	CBD	Upper Upscale	285	2024
Crowne Plaza Mawson Lakes	Northern Suburbs	Mawson Lakes	Upper Midscale	155	2024
Proposed Hotel, Glenelg	Colley Terrace (cnr Jetty Road)	Glenelg	Luxury	65	2024

Figure 55: Adelaide Financial Year Airport Passenger Movements

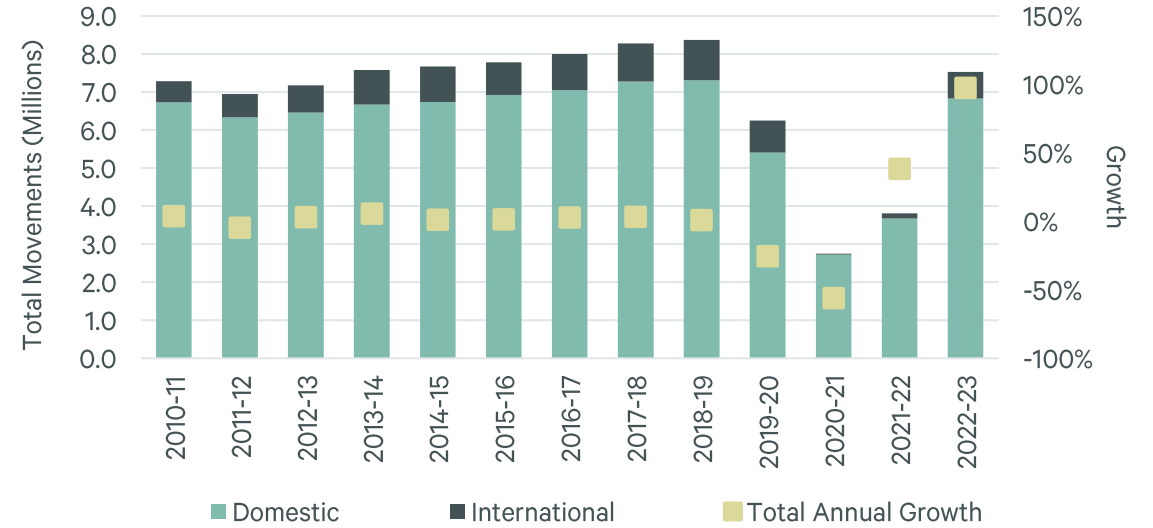


Figure 54: Adelaide Occupancy, Average Daily Rate and Revenue Per Available Room

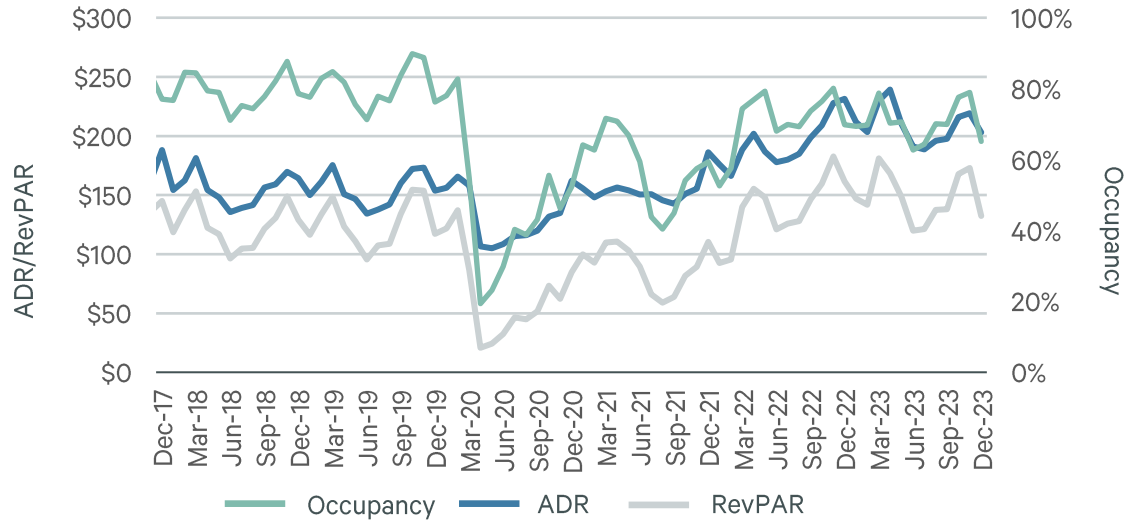
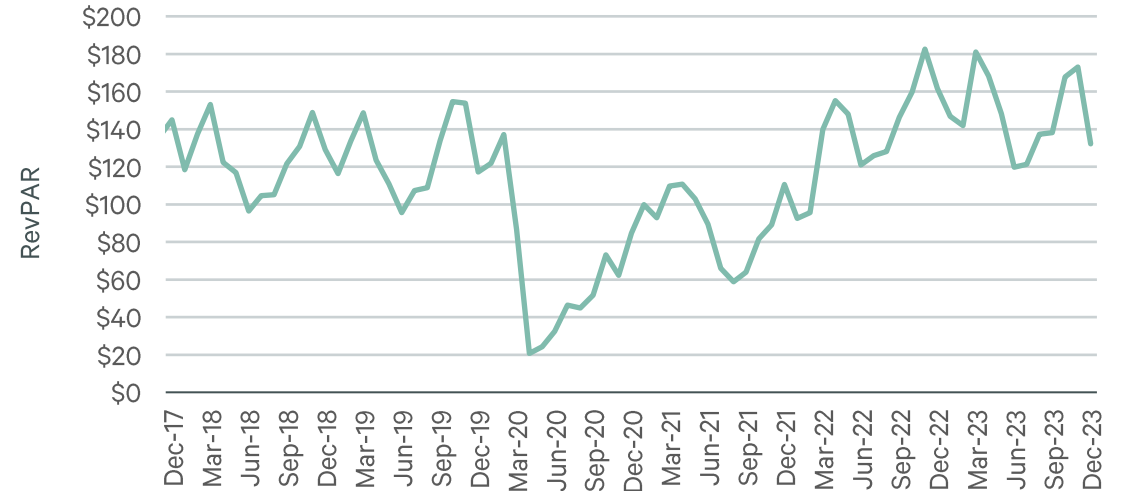


Figure 56: Adelaide Revenue Per Available Room



Canberra Overview



Arrivals

TRA reports in the YE Dec23 there were 68,200 international visitors and 1.56 million domestic visitors to Canberra staying in Hotel, Motel, Serviced Apartment and Guest House accommodation (HRMSG). Whilst up 8% over the year, domestic visitation remains 5% below pre-pandemic rates although is slightly above by visitor nights, showing a full recovery in demand. International visitors returning remains slow at 40% below 2019 rates. The strongest sources of domestic visitation in the YE Dec23 were interstate NSW and Vic travelers. Traditionally, domestic business travel contributes around half of total domestic visitation (namely Government related business travel). In the YE Dec23 it made up 41% of domestic visitation. Canberra started international flights in 2016. For international arrivals in 2023, UK, the USA and NZ were the strongest sources of demand with the purpose of travel dominated by holiday and business-related travel (85%).



Demand

A return to corporate travel and an increase in Interstate holiday makers has underpinned strength in the Canberra tourism market throughout 2022. However, over 2023, indicators retracted slightly with occupancy at 69% (11% below pre-covid levels). Average Daily Rate (ADR) and RevPAR declined marginally over 2023, down by 2% and 4.5% y-o-y (as at Dec23). However, these indicators are stronger than pre-pandemic levels by 17% and 5% for ADR and RevPAR, respectively.



Supply

The supply pipeline for Canberra remains limited. The most recent addition to the Canberra hotel market was the Meriton Suites Canberra in 2023, delivering 207 upper upscale rooms to the city. This was the first hotel completion since 2021 when A by Adina saw 130 upper upscale rooms added to the market. There are currently no new developments that are under construction in the Canberra hotel supply pipeline. Progress in Canberra remains slow, and majority of developments are considered 'on hold' as developers wait for market stabilisation.



Outlook

Canberra is expected to benefit from a continued recovery in government and business travel, as well as stabilisation in domestic leisure demand and improving inbound arrivals from a low base. In response to a lack of new supply, the market is anticipated to trend closer to pre-pandemic occupancy rates over 2024/25. The softer Average Daily Rate experienced throughout 2023 is forecast to recover slightly in 2024/25.

Figure 57: Canberra Domestic and International Major Source Markets YE Dec23

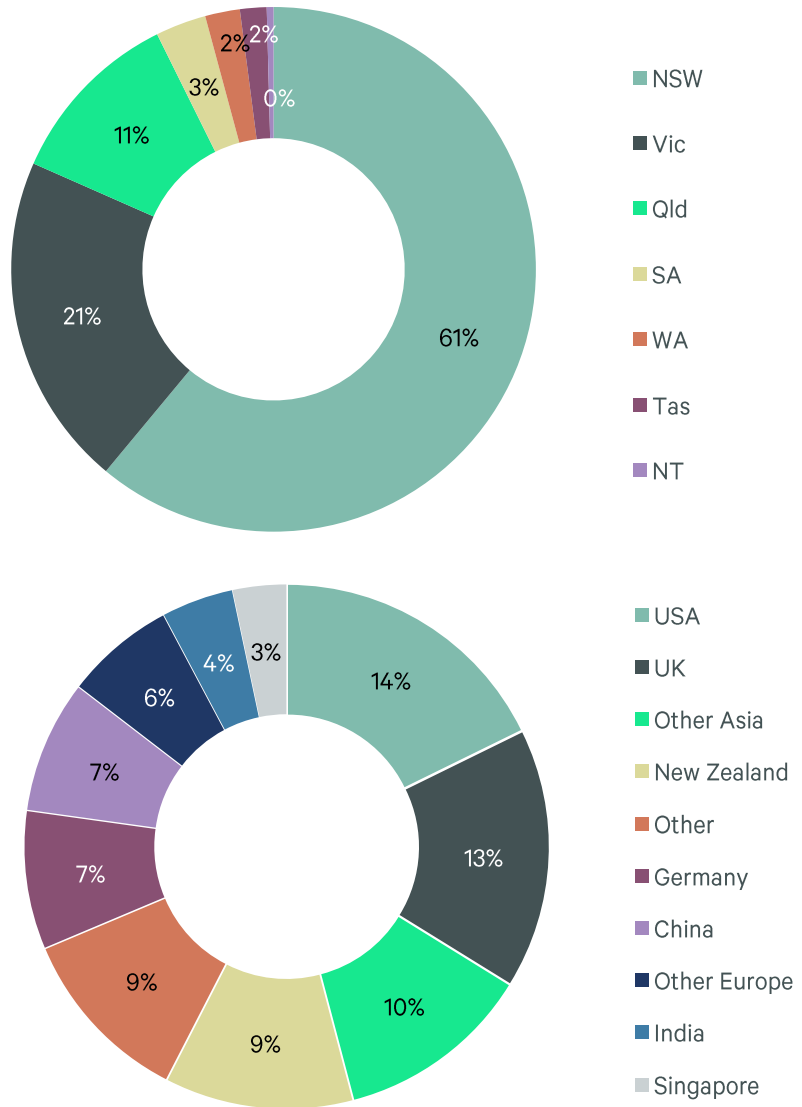


Figure 58: Key Statistics Table for the Canberra HRMSG Visitor Market YE Dec23

Canberra Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	1.56 million	-4.9%	7.8%	0.068 million	-40.7%	81.8%	1.63 million	-7.3%	9.7%
Total Visitor Nights	3.44 million	2.8%	11.4%	0.476 million	39.7%	256.7%	3.92 million	6.2%	21.5%
Average Length of Stay	2.2 nights	8.1%	3.3%	7.0 nights	135.6%	96.2%			
Largest Source Market	NSW			USA					

Figure 59: Canberra Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
Meriton Suites Canberra	40 Allara Street	Canberra	Upper Upscale	207	2023
A by Adina Canberra	1 Constitution Avenue	Canberra	Upper Upscale	130	2021

Figure 61: Canberra Financial Year Airport Passenger Movements

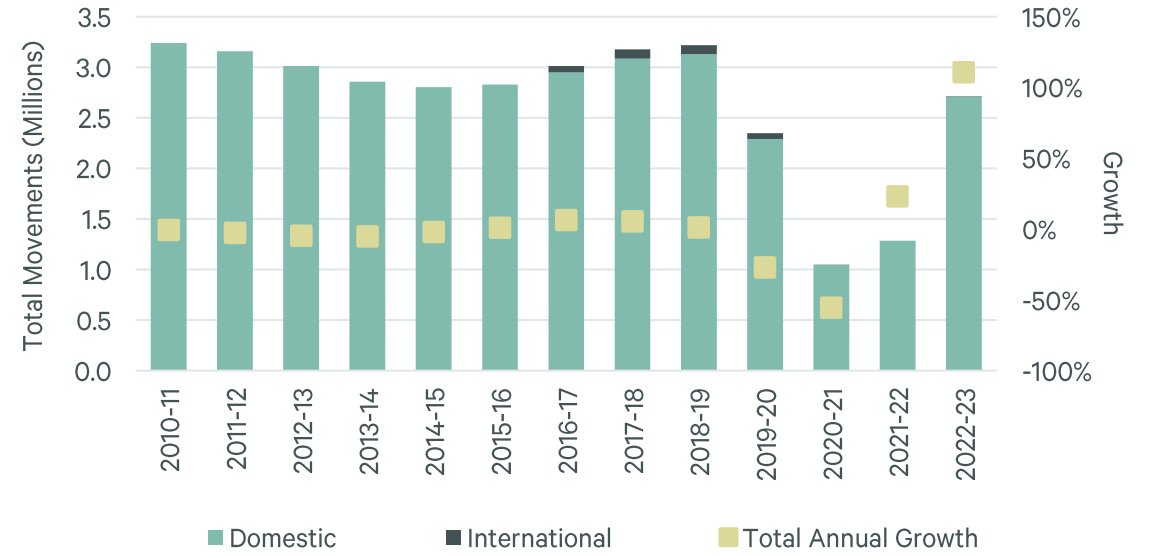


Figure 60: Canberra Occupancy, Average Daily Rate and Revenue Per Available Room

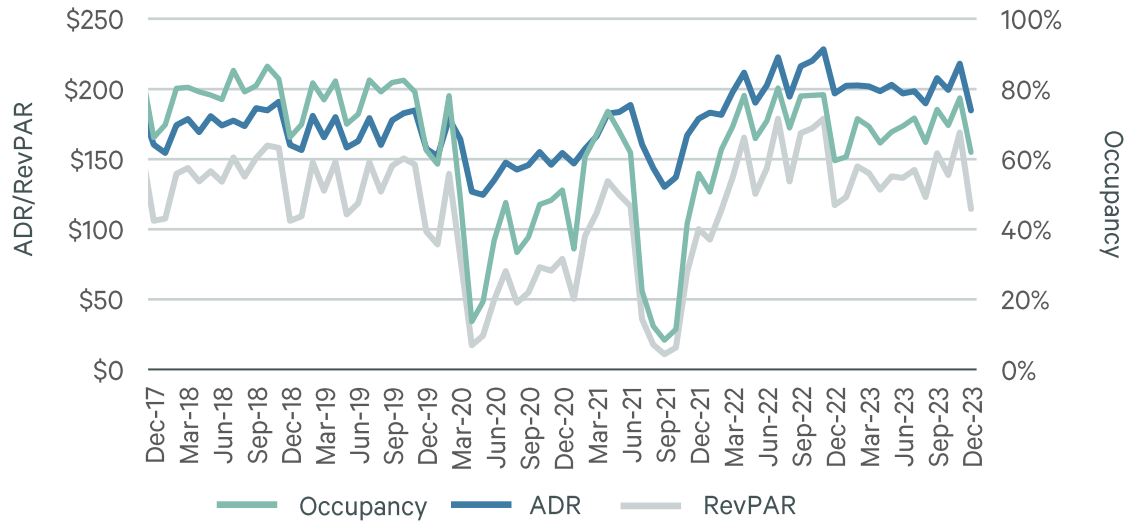
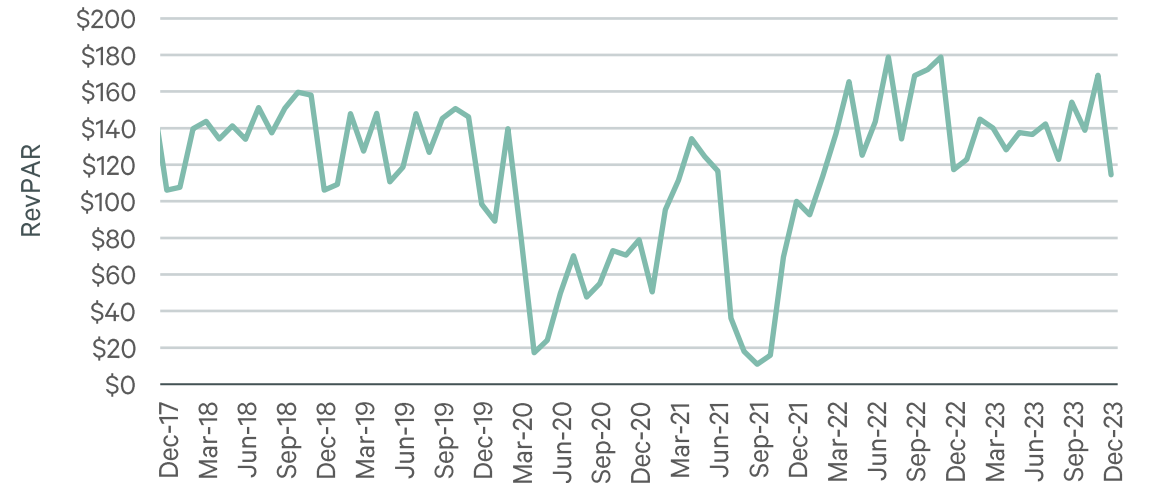


Figure 62: Canberra Revenue Per Available Room





Hobart Overview



Arrivals

TRA reports in the YE Dec23 over 87% of visitation to Hobart was domestic, down from 95% over YE Dec22. Prior to the pandemic, it usually contributed to around 85% of total visitation, with majority visiting for holiday purposes. Major attractions include MONA (The Museum of Old and New Art), in addition to the city's increasing reputation for world class food & wine and cultural attractions. Total domestic visitation to Hobart is now 7% above pre-pandemic levels. Visitors are also staying longer, with total visitor nights up 36% and average length of stay for up 29% on pre-pandemic rates, to 4.3 nights for international travel and 3.4 for domestic travel. The strongest sources of domestic visitation in the YE Dec23 were Vic, NSW, and Tas (intrastate). More than half (64%) of visitors were there for holiday purposes. This is up on pre-pandemic holiday rates of ~50%, further evidencing the regions increasing leisure-based domestic demand. Hobart started international flights again in 2021. The strongest sources of international visitation in 2023 were the USA, China and India. More than 88% of international visitors to Hobart were there for holiday purposes.



Demand

Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) sat at \$223 and \$166 respectively, in the YE Dec23. These metrics are now 21% and 7% above pre-pandemic rates. Occupancy sits at 74%. Prior to the pandemic occupancy levels in Hobart ranged from 79% to 82%.



Supply

Hobart has seen a large increase in new room supply in recent years with 728 rooms entering the market between the start of 2020 and end of 2021. This represents an increase of approximately 18% on 2019 levels. Based on CBRE Hotel's ongoing research in relation to Hobart's supply pipeline, the new upscale hotel at 179 Macquarie Street (brand yet to be announced) is the only project under construction and is set to open with 206 rooms in June 2024. A planning permit has been obtained for a new 168 room luxury hotel on Davey Street, with a likely completion date of 2027. Various other developments have been considered, although economic instability and persistently high construction costs continues to stunt new supply in the short-term.



Outlook

We expect occupancy to gradually increase through 2024 and 2025 as the domestic leisure market continues to grow at a modest pace and international visitation levels improve. ADR is forecast to maintain growth reflective of the recent premium entrants.

Figure 63: Hobart Domestic and International Major Source Markets YE Dec23

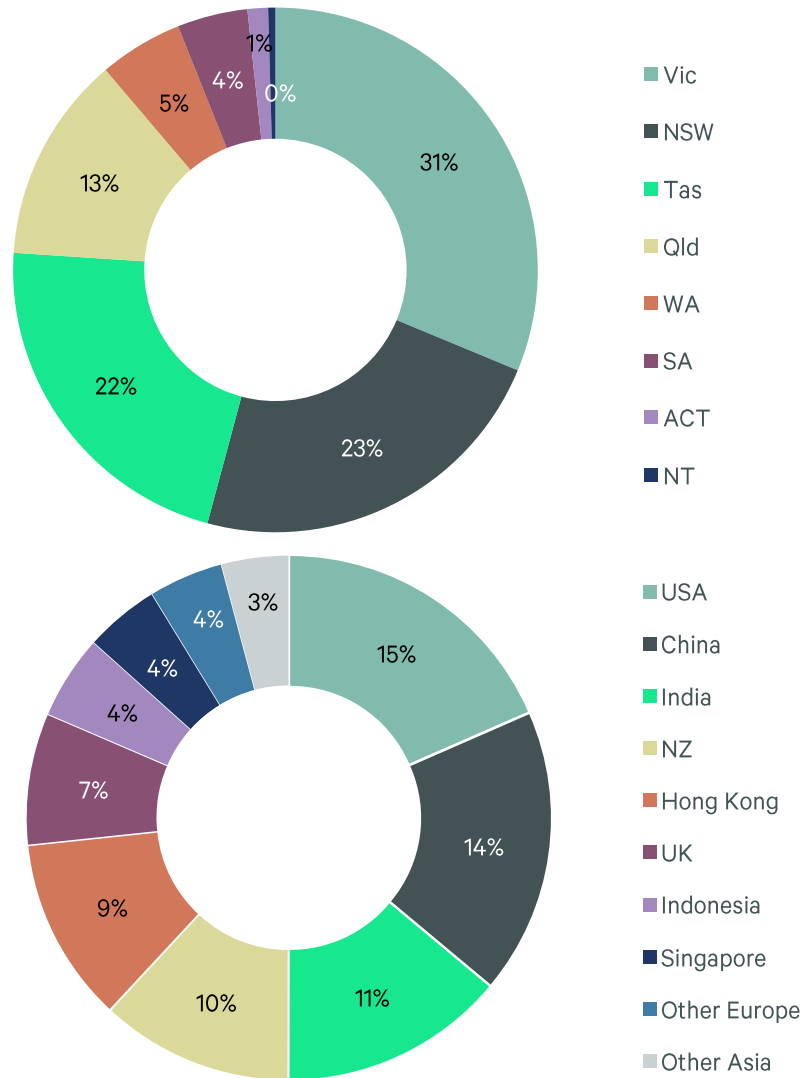


Figure 64: Key Statistics Table for Hobart HRMSG Visitor Market YE Dec23

Hobart Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	0.73 million	7.4%	2.8%	0.105 million	-3.0%	207.7%	0.84 million	6.0%	12.2%
Total Visitor Nights	2.52 million	38.8%	11.9%	0.454 million	25.3%	216.0%	2.98 million	36.6%	24.1%
Average Length of Stay	3.5 nights	29.2%	8.9%	4.3 nights	29.2%	2.7%			
Largest Source Market	Vic			USA					

Figure 65: Hobart Hotel Supply Pipeline Recently Opened and Under Construction

Hotel Supply					
Recently Opened					
Property	Address	Suburb	Scale	Rooms	Date
The Tasman - (Marriott Luxury Collection)	12 Murray Street	Hobart	Luxury	152	2021
Movenpick Hotel	28 Elizabeth Street	Hobart	Upscale	221	2021
Crowne Plaza Hobart	110 Liverpool Street	Hobart	Upscale	235	2020
Vibe Hotel	36 Argyle Street	Hobart	Upscale	120	2020
Under Construction					
Upscale Hobart (Brand TBC)	179 Macquarie Street	Hobart	Upscale	206	2024

Figure 67: Hobart Financial Year Airport Passenger Movements

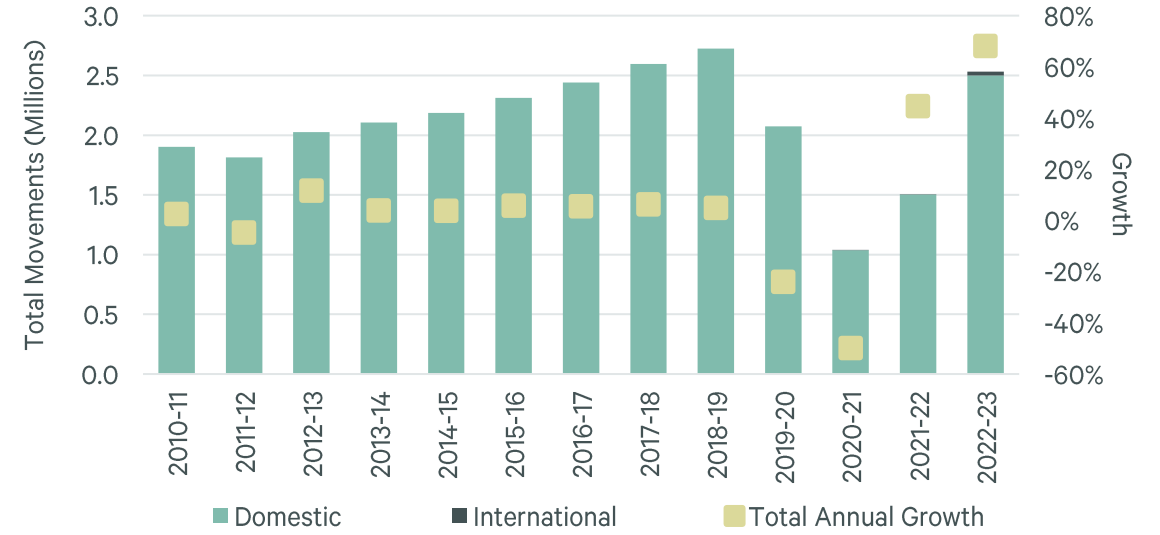


Figure 66: Hobart Occupancy, Average Daily Rate and Revenue Per Available Room

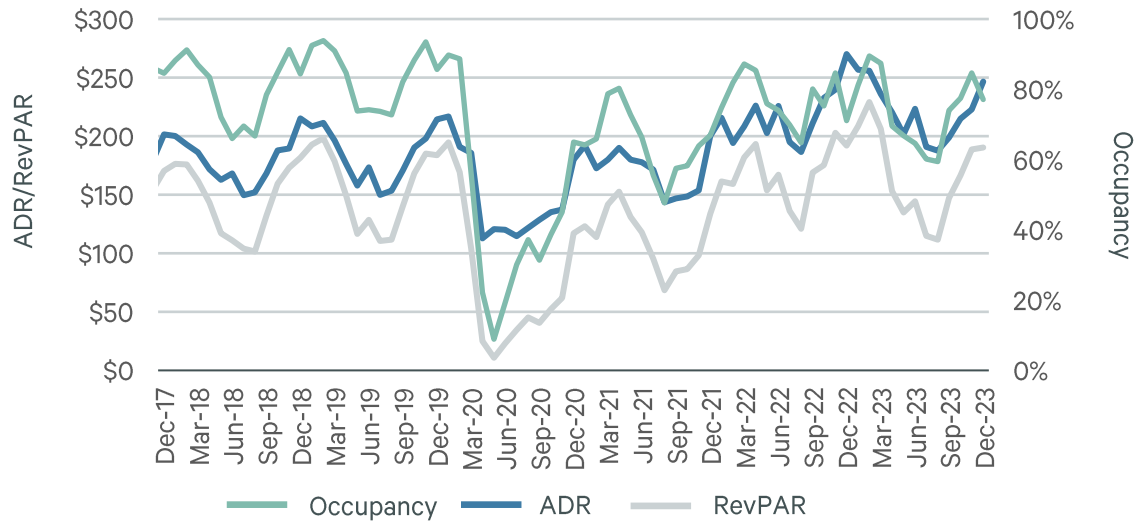
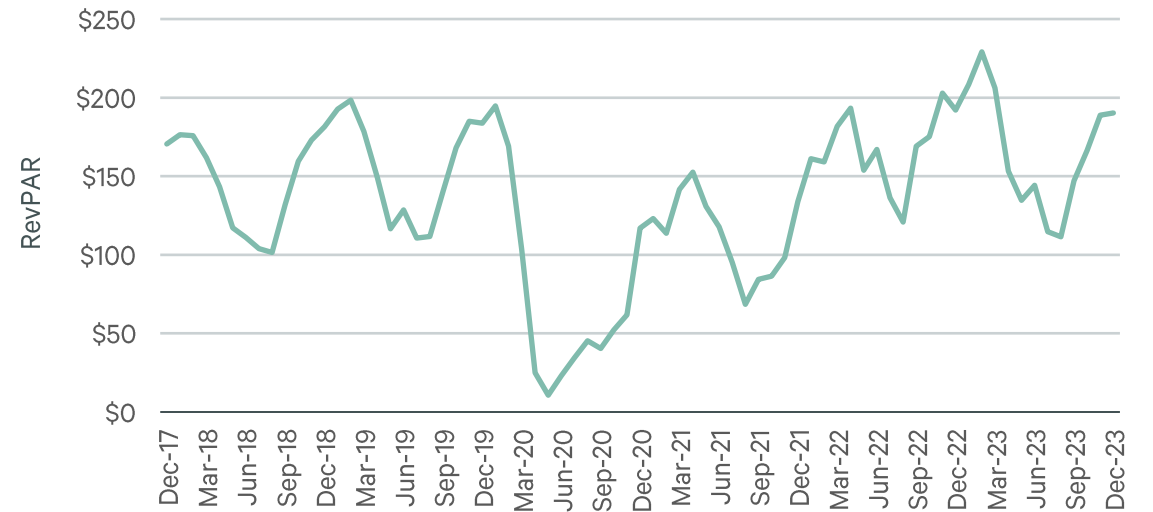


Figure 68: Hobart Revenue Per Available Room



Darwin Overview



Arrivals

TRA reports in the YE Dec23 over 88% of visitation to Darwin was domestic. Prior to the pandemic, it usually contributed to around 86% of total visitation and was primarily driven by resource sector employment. The INPEX Ichthys LNG project at Blaydin Point is one of the world's most significant oil and gas projects which completed construction in 2017. Interestingly, total visitors are 16% below pre-pandemic levels, although visitor nights are around the same, showing demand to stay longer, with average length of stay up 18% to 4.5 nights. The strongest sources of domestic visitation in the YE Dec23 were interstate NSW, Qld, and Vic. Almost half of all visitation was for holiday purposes (46%). Prior to the pandemic, employment usually contributed to this level of visitation, further evidencing the regions transition to more leisure-based domestic demand.



Demand

In the YE Dec23, Darwin marginally fell short of maintaining higher pre-pandemic rates across all three performance indicators due to lower occupancy levels. Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) sat at \$202 and \$109, respectively. These metrics are now 37% and 29% above pre-pandemic rates. Occupancy sits at 54%, which is 6% below pre-pandemic rates. On a year over year basis, Occupancy, ADR and RevPAR declined significantly by 14%, 8% and 20%, respectively (as at Dec23). This disparity was mainly driven by the fact that there is no Exercise Pitch Black in 2023, thus inflating 2022 demand in comparison.



Supply

There has been no new hotel supply in Darwin for several years. Further, no projects are currently under construction. There are two proposed projects; Quest Darwin and North One Hotel & Apartments (Little Mindil), which if commenced, could complete by 2025. However, these projects are yet to progress to construction phase and in the short-term heightened construction costs will act as a major barrier.



Outlook

CBRE expect occupancy to recover through 2024 as demand strengthens due to major events such as Pitch Black occurring in 2024. ADR growth is also expected to return in 2024 due to elevated demand levels during peak periods.

Figure 69: Darwin Domestic and International Major Source Markets YE Dec23

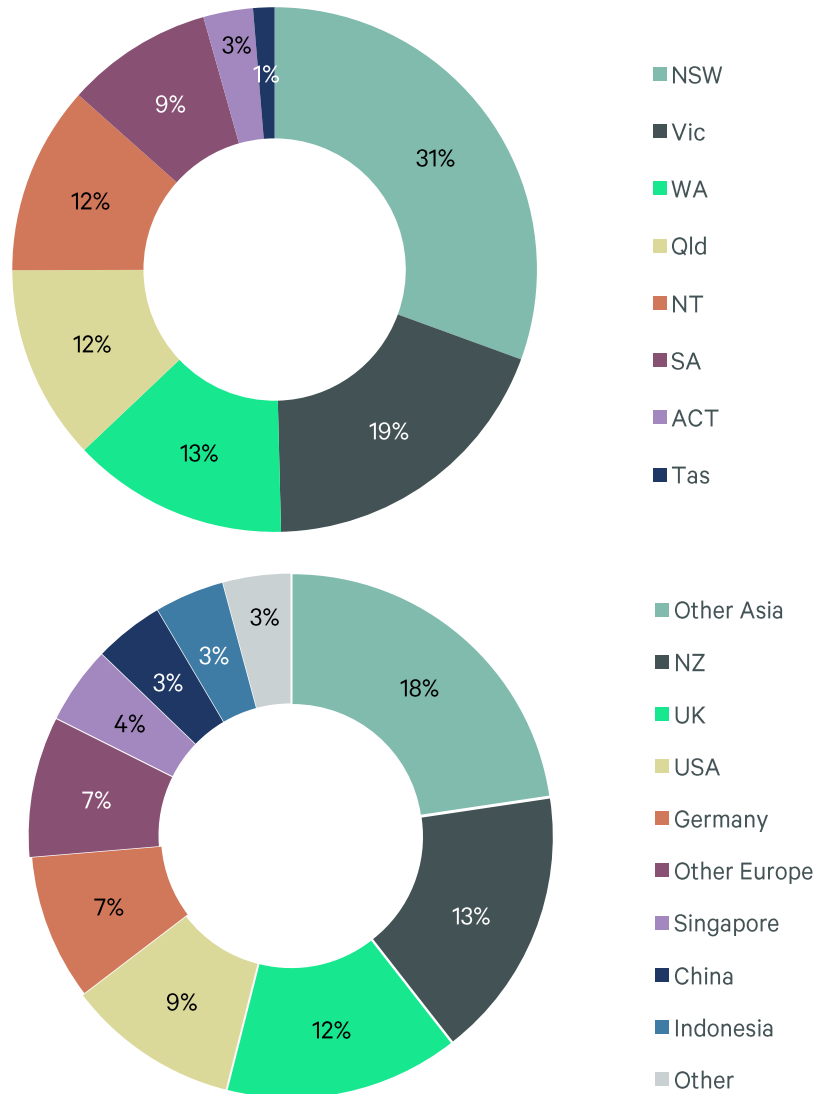


Figure 70: Key Statistics Table for Darwin HRMSG Visitor Market YE Dec23

Darwin Tourism Market									
HRMSG Accommodation YE December 2023									
	DOMESTIC	% change from 2019	% change from 2022	INTERNATIONAL	% change from 2019	% change from 2022	TOTAL	% change from 2019	% change from 2022
Total Visitors	0.38 million	-13.8%	-22.9%	0.053 million	-28.2%	156.4%	0.43 million	-15.8%	-15.8%
Total Visitor Nights	1.70 million	4.3%	-24.5%	0.236 million	-25.7%	92.9%	1.93 million	-0.6%	-18.5%
Average Length of Stay	4.5 nights	20.9%	-2.1%	4.5 nights	3.4%	-24.7%			
Largest Source Market	NSW			Other Asia					

Figure 71: Darwin Hotel Supply - Proposed

Hotel Supply					
Proposed					
Property	Address	Suburb	Scale	Rooms	Date
North One Hotel & Apartments (Little Mindil)	25 Gilruth Avenue	The Gardens	Luxury	221	2025
Quest Darwin	13 Daly Street	Darwin	Upper Midscale	48	2025

Figure 73: Darwin Financial Year Airport Passenger Movements

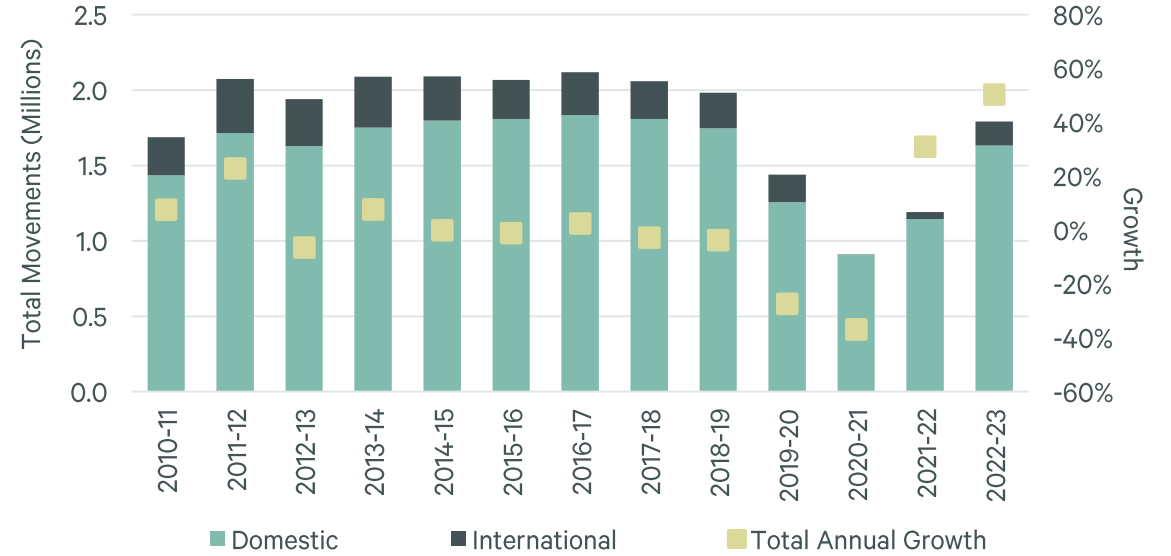


Figure 72: Darwin Occupancy, Average Daily Rate and Revenue Per Available Room

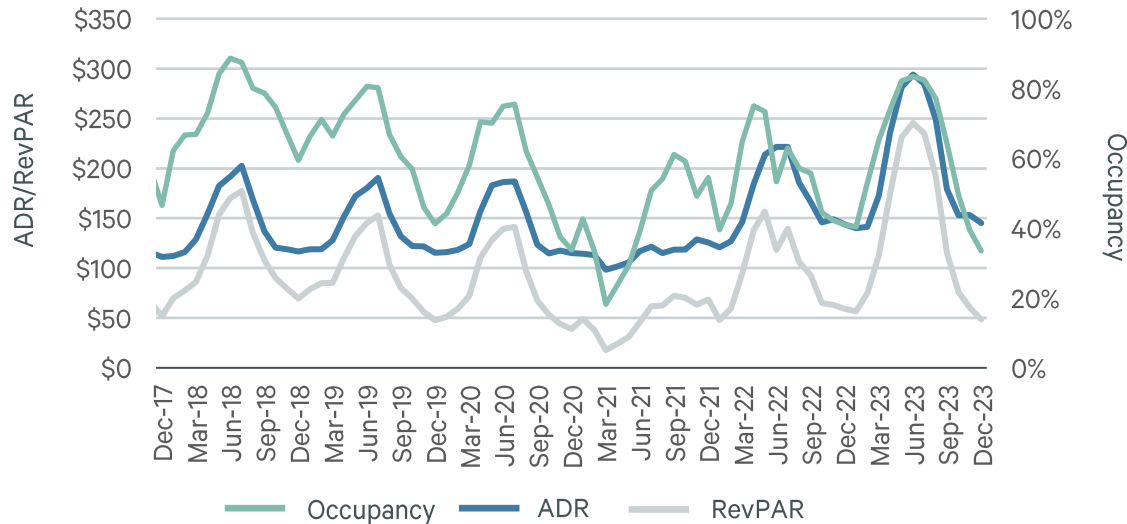
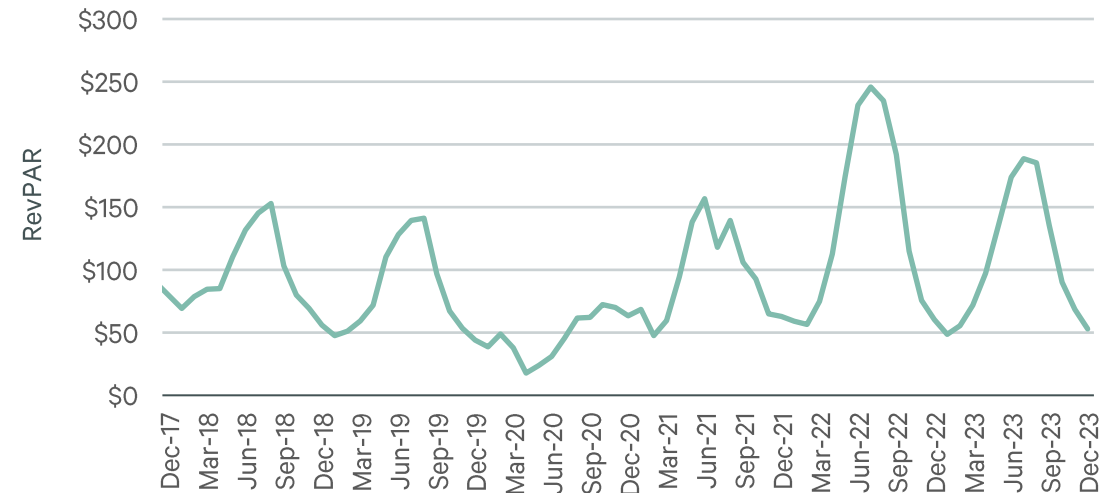


Figure 74: Darwin Revenue Per Available Room



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