Innovative Investment

CBRE

2026

Beyond Recovery

What stronger international tourism means for Australian hotels.

REPORT

HOTELS
AUSTRALIA

CBRE RESEARCH

The Opportunity in Numbers

Australia has almost returned to its 2019 international visitor peak. In the year ending May 2026, international visitor arrivals reached 9.16 million, up 9% YoY and equivalent to 98% of 2019 levels.

For Australia's hotel sector, the opportunity extends beyond the recovery in visitor volumes. International visitors are now more valuable than before the pandemic, with average expenditure up 31% from $5,195 to $6,795 and average hotel stays increasing from 6.7 nights to 8.6 nights.

Australia’s international demand opportunity is therefore being supported by three complementary demand drivers: more visitors, higher spending and longer stays.

This growth is also building on a strong and resilient domestic demand base. Australia’s hotel sector has delivered record performance despite the slower recovery in international visitation, with domestic travellers accounting for 70% of hotel room nights. This provides some insulation from changing global travel conditions, while further growth in international visitation represents a significant source of additional demand.

Australia’s population has also grown materially since 2019, meaning the same number of international visitors now represents a smaller demand base relative to the size of the country. Visitor intensity currently stands at 0.32 arrivals per resident, compared with 0.37 in 2019. Restoring visitor intensity to 0.37 would require approximately 10.23 million international arrivals, around 1.07 million more visitors than currently recorded.

The 2019 peak also provides only one measure of recovery. Had international arrivals continued growing at their pre-pandemic CAGR of 3.8%, Australia would be tracking at approximately 12.11 million visitors today, providing further context for the scale of the opportunity ahead.

CBRE's modelling indicates that restoring visitor intensity to 0.37 by 2030 could lift the national hotel occupancy level to 80% and RevPAR to $225, an increase of 24%, with Australia's gateway markets most likely to capture the greatest benefit.

9.16M
short term international visitor arrivals (+9% YoY)

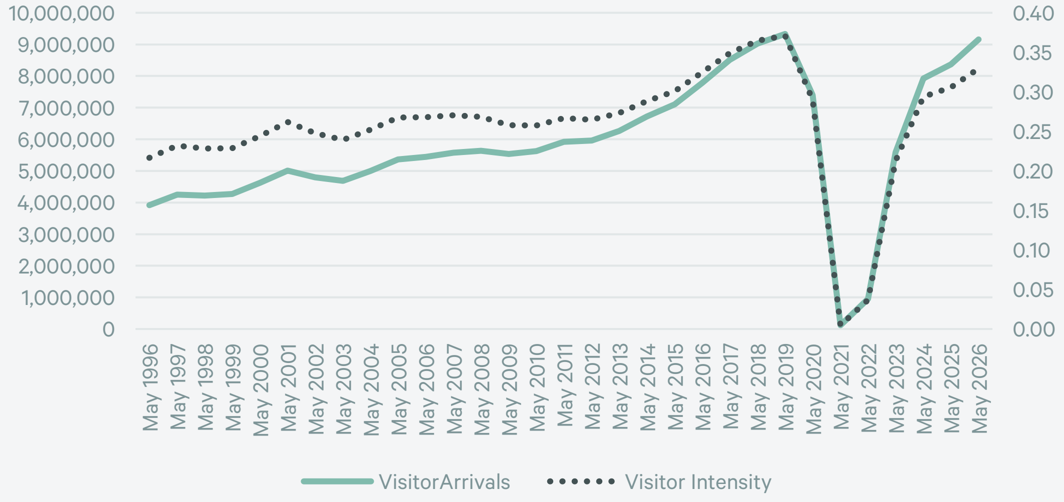
$6,795
average spend per visitor YE Mar 26

8.6
nights average hotel stay YE Mar 26

0.32
visitor intensity (down from 0.37 in 2019)

98%
of 2019 levels

International Arrivals and Visitor Intensity – Australia



Source: ABS, TRA and CBRE Research
Population reflects YE December data
Note: Visitor Intensity is International arrivals divided by total population

Recovery in a Global Context

As at May 2026, Australia has recovered to 98% of its pre-pandemic arrival levels, placing it firmly among the recovered cohort of major destinations. The pace and drivers of recovery, however, have varied across markets.

Brazil recorded the strongest recovery among the markets assessed, supported by a sharp rebound in regional travel, particularly from Argentina (37%), alongside expanded aviation capacity and strong destination promotion. Saudi Arabia has also recorded significant growth, supported by tourism investment and its large base of religious travel.

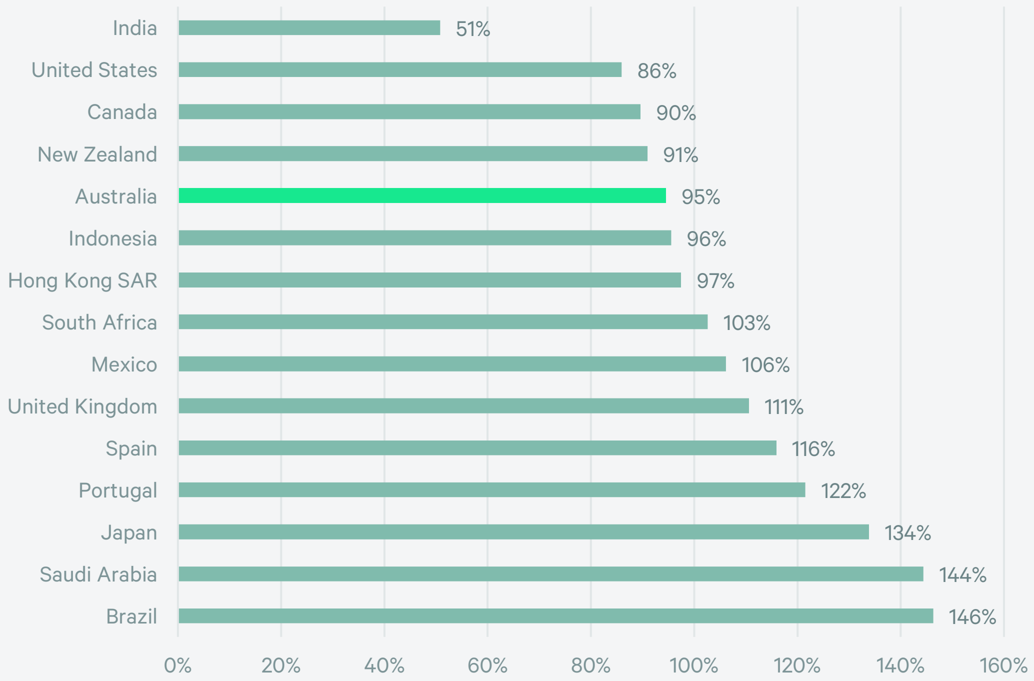
Japan has emerged as one of the standout inbound performers, recording international arrivals around 34% above pre-pandemic levels. A weaker yen has improved price competitiveness, while sustained tourism investment, expanded aviation capacity and strong demand from key inbound markets, particularly South Korea, China and the United States, has supported record visitation.

Spain and Portugal have also established new tourism records. Both markets have benefited from strong European and long-haul demand, investment in tourism infrastructure and appeal as premium but comparatively affordable European destinations.

By contrast, the United States remains below its pre-pandemic benchmark, with a strong US dollar, entry friction and weaker international sentiment weighing on inbound demand. Canada's recovery also remains closely tied to cross-border travel from the US.

Australia competes as a premium long-haul destination, where distance, airfares and international connectivity have a greater influence on visitor demand. While recent geopolitical disruption, higher fuel costs and aviation constraints have tempered growth, underlying demand fundamentals for Australia remain well positioned to support further expansion as conditions normalise.

International Overnight Arrivals: YE Dec 2025 Recovery vs YE Dec 2019



Sources: ABS; national statistical agencies; CBRE Research. Overnight visitors only. Year ending December 2025. Population: YE Dec 2025 and YE Jun 2025 estimates. Hong Kong includes Mainland China arrivals. Canada includes United States arrivals. Canada data uses revised methodology which may affect comparison with 2019 figures.

> Australia's international visitor market has almost recovered to 2019 levels. The next phase will be determined by how much future global travel it can capture.

The Visitor Intensity Gap

Australia has nearly recovered to its previous international visitor peak, but its visitor intensity remains below 2019 levels.

Visitor intensity measures international arrivals relative to the resident population, providing a clearer picture of tourism demand relative to the size of the country.

Based on YE December 2025 data, Australia currently attracts 0.32 international overnight visitors per resident, compared with 0.37 recorded in 2019. Population growth has outpaced the recovery in arrivals, meaning a similar number of visitors now represents a smaller demand base.

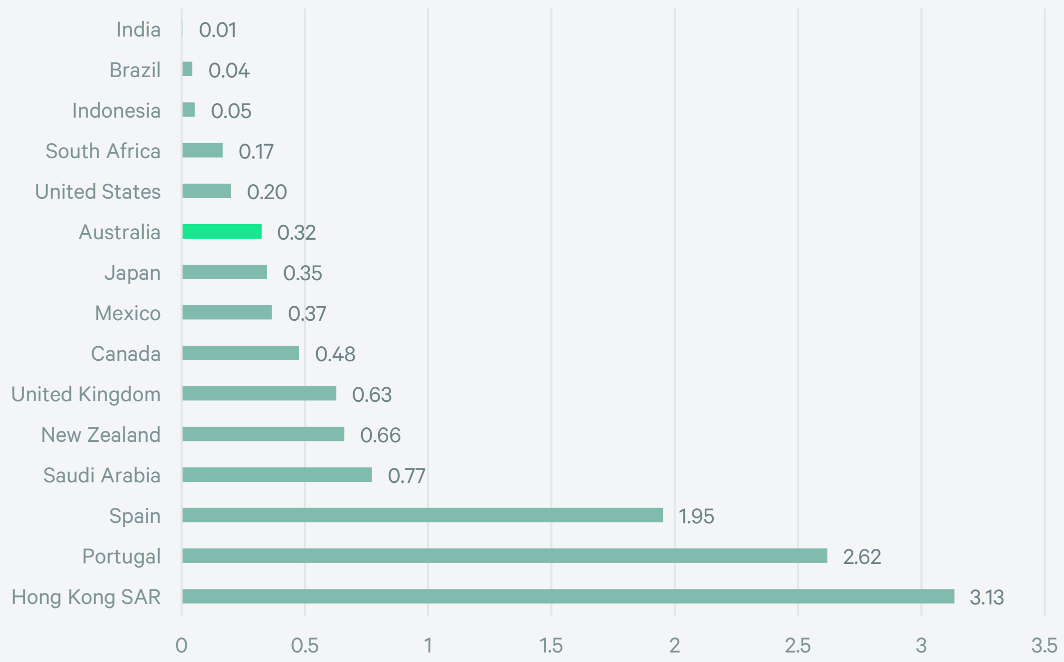
Australia's geography explains part of the gap with other global tourism markets. As a premium long-haul destination, Australia will naturally attract fewer visitors than markets located closer to major population centres.

New Zealand provides Australia's closest benchmark, attracting twice as many international visitors relative to its population (0.66) despite sharing many geographic characteristics. Closing half this gap by 2030 would generate approximately 5 million additional international visitors annually.

Australia's highly seasonal demand profile provides further opportunity. International arrivals consistently soften between April and June, with May arrivals equivalent to 59% of the December peak. This is partly driven by declines from key source markets including the UK (28% of December levels) and Japan (34%), as northern hemisphere travellers gravitate towards Europe during Australia's winter.

For the hotel sector, this represents a tangible opportunity to strengthen demand during traditionally softer periods. Better positioning of Australia's winter offering, supported by targeted events, shoulder-season campaigns and continued investment in aviation connectivity, could help reduce seasonality and generate more consistent hotel demand throughout the year.

International Overnight Visitors per Resident YE Dec 2025



Sources: ABS; national statistical agencies; CBRE Research. Overnight visitors only. Year ending December 2025. Hong Kong includes Mainland China arrivals. Canada includes United States arrivals. Population: YE Dec 2025 and YE Jun 2025 estimates.

> Closing half the gap with New Zealand would generate approximately 5 million additional international visitors annually by 2030, equivalent to almost 14,000 additional visitors every day.

Quantifying the Hotel Upside

International visitors represent one of the hotel sector's highest-value demand segments. They typically stay longer, spend more and are more likely to use commercial accommodation. Growth in international visitation therefore has the potential to generate notable gains in occupied room nights, ADR and RevPAR.

To quantify this opportunity, CBRE modelled three international tourism scenarios through to 2030 based on varying levels of international visitor intensity. The modelling incorporates projected population growth, the national hotel supply pipeline, historical operating performance and TRA domestic demand forecasts.

The scenarios should also be viewed against Australia's longer-term growth trajectory. International arrivals grew at approximately 3.8% per annum before the pandemic. Had that rate continued from the 2019 peak, arrivals would now be tracking at approximately 12.11 million, compared with 9.16 million currently. This provides further context for the scale of the opportunity beyond a return to the 2019 visitor intensity benchmark.

Against this backdrop, the modelling indicates meaningful hotel performance gains across all three scenarios. Under the base case, with visitor intensity remaining at 0.32, continued demand growth lifts national occupancy to 77% and RevPAR by 13% to $205 by 2030.

Under the 2019 benchmark scenario, visitor intensity returns to its 2019 peak of 0.37, occupancy reaches 80%, ADR increases to $280 and RevPAR reaches $225.

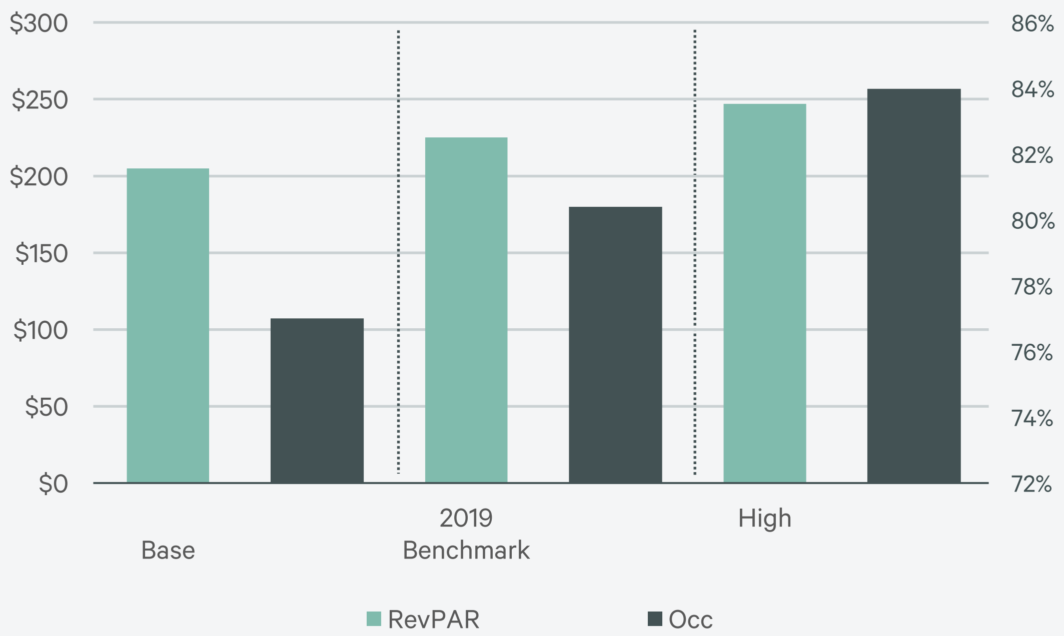
Under the high case, where visitor intensity increases to 0.42, occupancy reaches 84% with ADR of $294 and RevPAR of $247. This scenario assumes stronger global travel demand, sustained currency competitiveness and continued airline route and capacity expansion. At higher performance levels, growth will naturally moderate as economic, affordability and market constraints take effect.

The strongest outcomes are likely to be concentrated in Australia's gateway markets, where international visitation is highest and future hotel supply remains most constrained.

2030 Hotel KPI Forecast by Scenario

	Occ	ADR	RevPAR
Base (0.32)	77%	$ $267	$ 205
2019 Benchmark (0.37)	80%	$ 280	$ 225
High (0.42)	84%	$ 294	$ 247

RevPAR and Occupancy: 2030 Forecast by Scenario



Source: STR, ABS, TRA and CBRE Research
Note: ADR growth rates of 1.5%, 2.5% and 3.5% reflect the pre-pandemic long-run average and post-pandemic rate

Why Australia

Australia's tourism opportunity is supported by several long-term trends that continue to strengthen the country's competitive position.

A distinctive tourism product

Australia offers one of the world's most distinctive tourism products, combining globally recognised natural attractions, premium food and wine, vibrant cities and one of the world's oldest living cultures. While Australia will always compete as a premium long-haul destination, its strong destination brand and diverse visitor experiences continue to position it well for long-term international tourism growth. Australia's winter season, which remains underutilised by international visitors, represents a further opportunity yet to reach its full potential.

A trusted global destination

Safety, political stability and high-quality infrastructure remain important competitive advantages in an increasingly uncertain global environment. As travellers place greater value on authentic, nature-based and premium experiences, Australia is well positioned to capture a growing share of long-haul travel demand.

A growing international profile

Major events continue to elevate Australia's global profile while generating measurable hotel demand. CBRE's *Needle Movers* report found that 15 major sporting, cultural and business events across Sydney, Melbourne and Brisbane generated an average of 40,000 additional hotel room nights and $25 million in incremental hotel revenue per event. Looking ahead, the 2027 Rugby World Cup will bring teams and fans from across the globe to Australian cities, providing a significant near-term boost to international visitation and hotel demand. Beyond that, the Brisbane 2032 Olympic and Paralympic Games represent a significant catalyst, accelerating investment in tourism infrastructure while showcasing Australia to a global audience.

International connectivity

International aviation networks remain sensitive to airline economics, demand shifts and geopolitical events. Individual routes and frequencies will fluctuate over time, but improved international connectivity remains a key enabler for lifting visitor volumes over time. As highlighted in CBRE's *Runway to Room Nights* research, sustained growth in international routes supports higher visitor volumes and hotel demand. This will also be enhanced by the new Western Sydney Airport, Australia's first new international airport in over 50 years.

Constrained hotel supply

The most compelling investment dynamic is that future demand growth is expected to occur against a constrained supply pipeline. Elevated construction costs, financing conditions and development feasibility continue to limit new hotel development across Australia. Additional international demand is therefore likely to translate directly into stronger occupancy, ADR and RevPAR growth.

From Recovery to Growth

Australia has almost returned to its 2019 international visitor peak. The next phase is not about recovering lost demand but increasing Australia's share of future global travel.

International arrivals are close to pre-pandemic levels, but visitor intensity remains below its 2019 benchmark. At the same time, the visitors Australia is attracting are spending more, staying longer and generating greater value for the hotel sector than before the pandemic.

While Australia will always compete as a premium long-haul destination, there remains meaningful capacity to increase international visitation over time. A distinctive tourism offering, a strong global reputation, continued investment in tourism infrastructure and a major events pipeline, provide a solid platform for future demand growth.

This growth is expected to occur against a structurally constrained hotel supply pipeline increasing the likelihood that additional demand will translate into stronger performance gains.

CBRE's modelling demonstrates that a return to Australia's 2019 visitor intensity of 0.37 could lift national hotel occupancy to 80% and RevPAR to $225 by 2030.

For hotel owners and operators, the opportunity is not whether demand will grow, but by how much. A modest increase in international visitation combined with today's higher-value visitor profile has the potential to deliver meaningful upside for hotel performance.

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