



MEDIA RELEASE

WEDNESDAY, 27 MARCH 2019

TAA'S MARKET UPDATE KEEPS HOTELS AHEAD OF THE CURVE

For the first time in four years, Sydney is seeing substantial new hotel supply coming online, while its biggest rival, Melbourne is up 11% in overnight trips and looking at 13.9% growth in new rooms for 2020.

These were some of the key takeouts from the half yearly market update hosted by peak accommodation body, Tourism Accommodation Australia (TAA), at the Four Seasons Hotel Sydney this morning.

The event brought the latest tourism and hotel industry data to more than 100 hotel operators.

Presenters - Greg Clark, Head of Investment Strategy at Hostplus; STR's Regional Manager Pacific, Matthew Burke; and Adele Labine-Romain, Partner at Deloitte Access Economics - gave extensive insights into the global economy, hotel performance and tourism performance trends.

"What is clear from these presentations is that our sector is doing well, despite global pressures and a changing landscape," TAA NSW Acting CEO, Dr Adele Lausberg said.

"It is encouraging to hear that nationally, occupancy levels are sitting around 76% and while these are expected to retreat slightly in 2020 with the new supply coming into the market, they are expected to return to the current level over the next three years" Dr. Lausberg commented.

The forum was told that the Deloitte Access Economics Report had identified that three quarters of our international market is repeat visitors, particularly from our key Asian markets, which points to a need for Australia to ensure its product is new and diverse to keep these visitors engaged.

Australians are travelling more, and for the first time our domestic visitation is exceeding international arrivals. Domestic visitation has now been growing consistently for the last eight years.

This suggests opportunity for both urban properties and Australia's regional areas to tap into this potential.

According to STR, there is a strong pipeline of new properties, with 50,000 new rooms planned across the country and nearly 17,500 currently under construction including 7,000 in the luxury sector, making Australia the 3rd largest pipeline across the region.

Key takeouts from the forum include:

- For the first time since 2015, Sydney is seeing substantial new supply coming online. Substantial growth is being seen in the airport precinct and in Western Sydney on the back of the announcement of the second airport and planning for new cultural and commercial precincts
- Melbourne is up 11% in overnight trips and is looking at a 13.9% growth in new rooms for 2020, which may bring challenges to room and occupancy rates over the short term until demand once again catches up with supply.
- While Brisbane has seen large growth in rooms which has helped to redefine the city as a destination, it is still working towards growing its demand to meet the new supply.
- The Gold Coast is a big standout, coming off the back of the Commonwealth Games, which is seeing new rooms added to the city and its rates subsequently hold steady as supply catches up to demand.

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