



Flat, down and up – cyclical change afoot

State of the Nation

80 TWENTY Hotel Conference

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Agenda



- A. Asia Pacific snapshot*
- B. Australian bird's-eye view*
- C. Australian market review*
- D. New Zealand's growth story*



**Demand
growth**



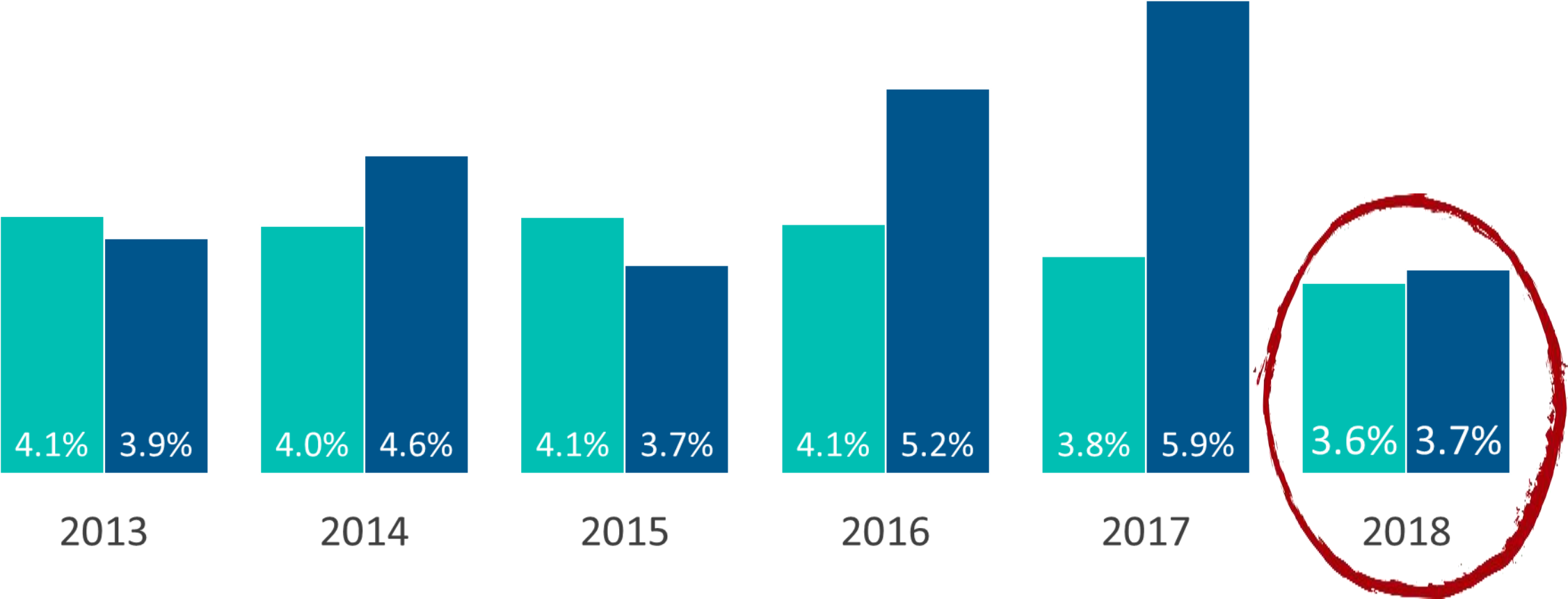
**Supply
growth**

The lowest supply growth in last 5 years



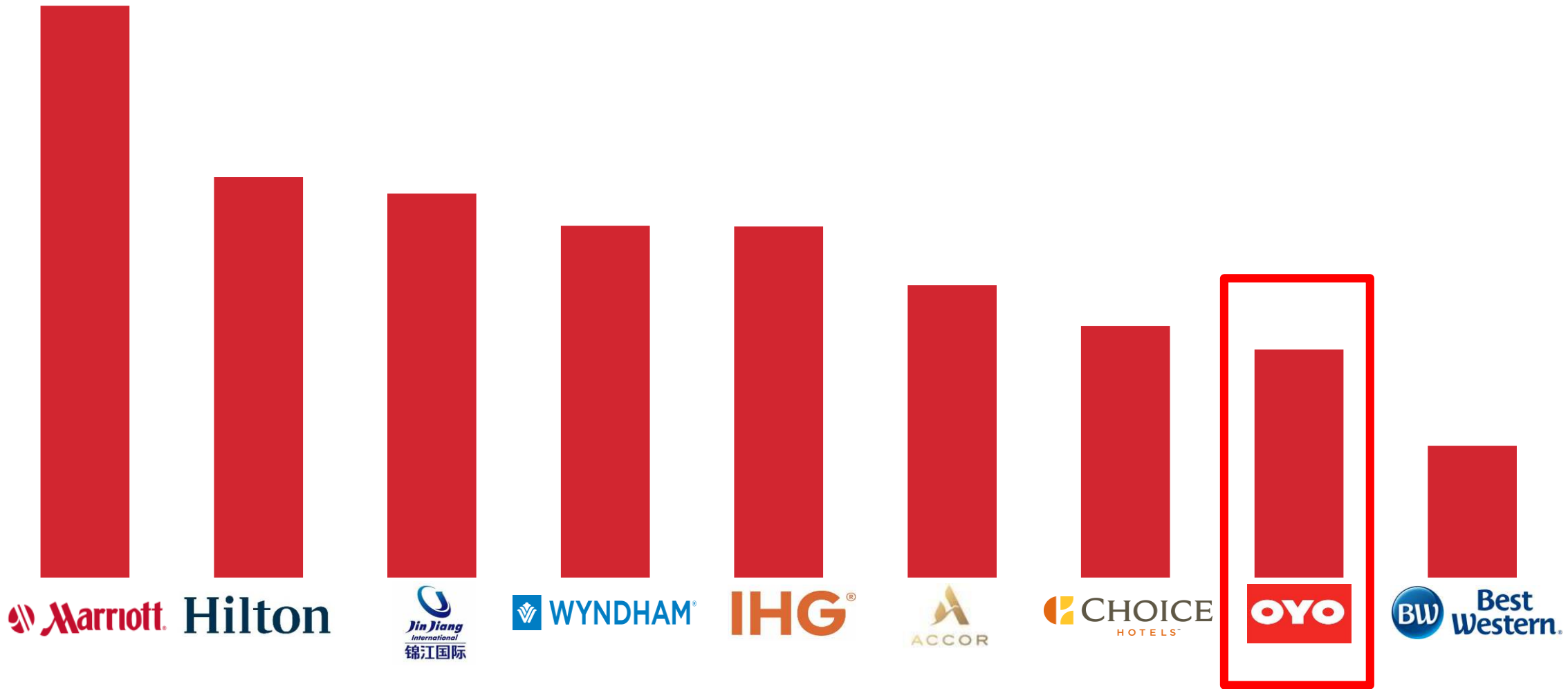
Total APAC, Supply & Demand Growth, FY 2013 - FY 2018

■ Supply ■ Demand



Acquisitions to gain size and a new player enters the fray

Largest hotel groups by number of rooms in 2019 ('000)





So how is **Australia** performing?



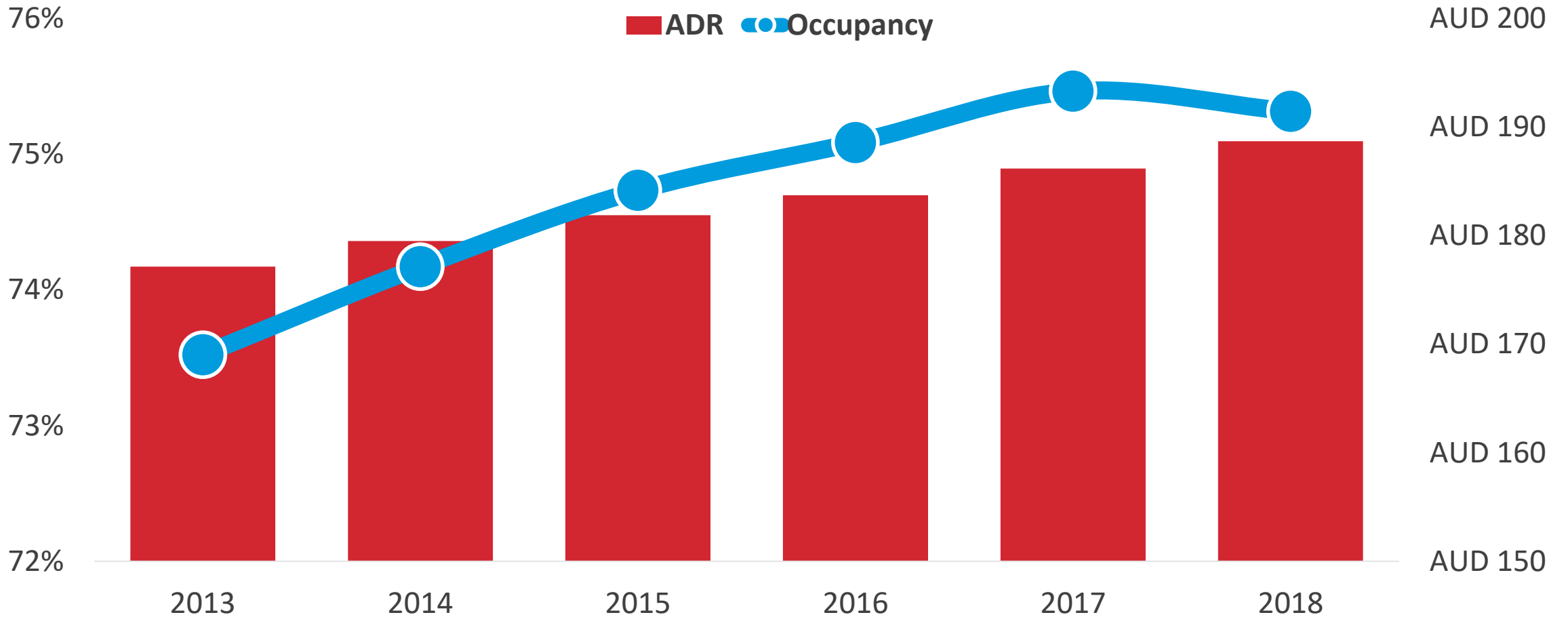
Australia's RevPAR Growth

2018 vs 2017

+1.2%

Total Australia, Full Year 2018 v 2017 RevPAR Growth

Occupancy fell for the 1st time since 2012



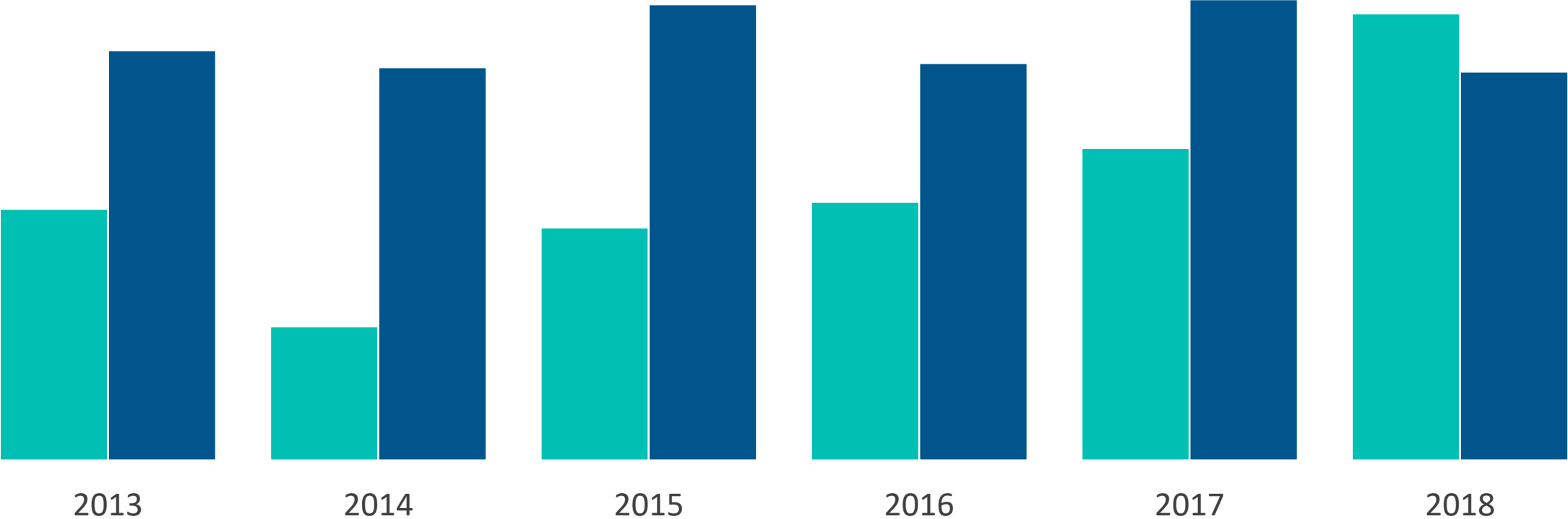
Total Australia, Occupancy & ADR Performance, Full Year (FY) 2013 – 2018, AUD

Why, supply finally tipped demand

More new rooms added than new rooms sold



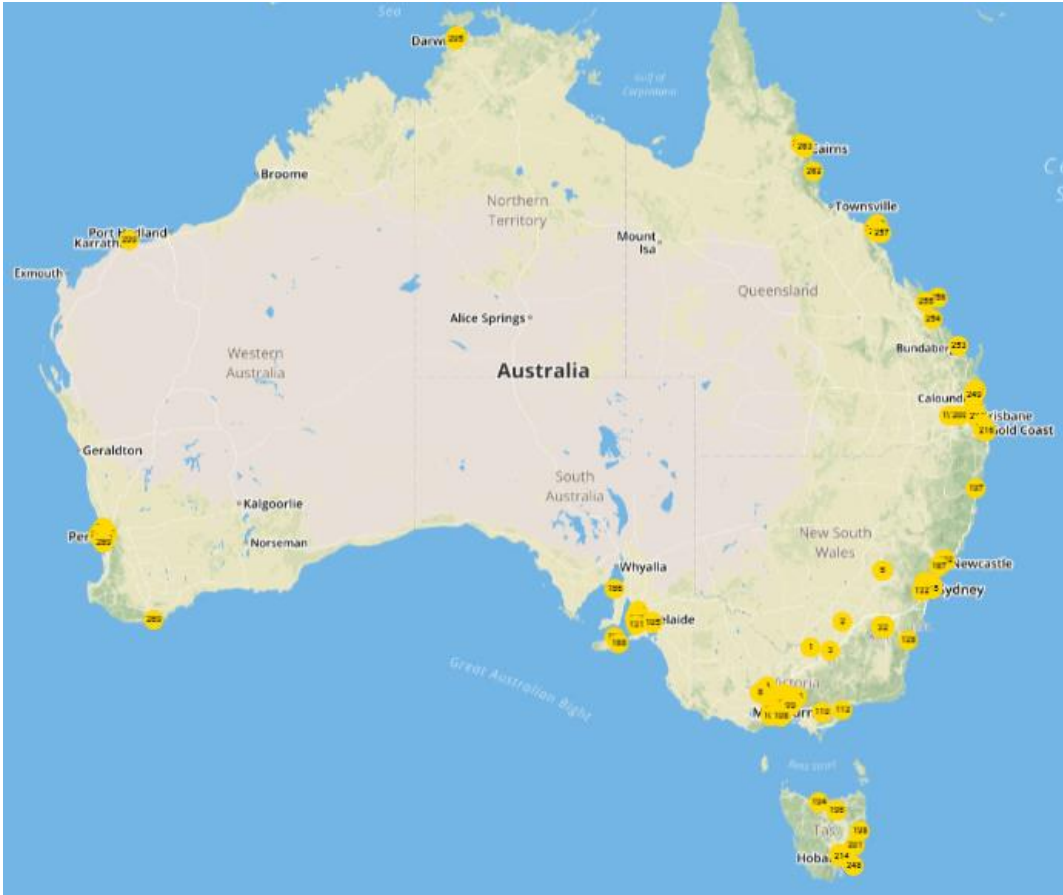
■ Supply ■ Demand



Total Australia, Supply & Demand Growth, 2013 – 2018

Australia is developing new rooms at strong pace

Relative to others in Asia Pacific



50,000

Rooms planned to be built

3rd

largest pipeline across APAC

16,500

Under Construction

7,000

Luxury rooms

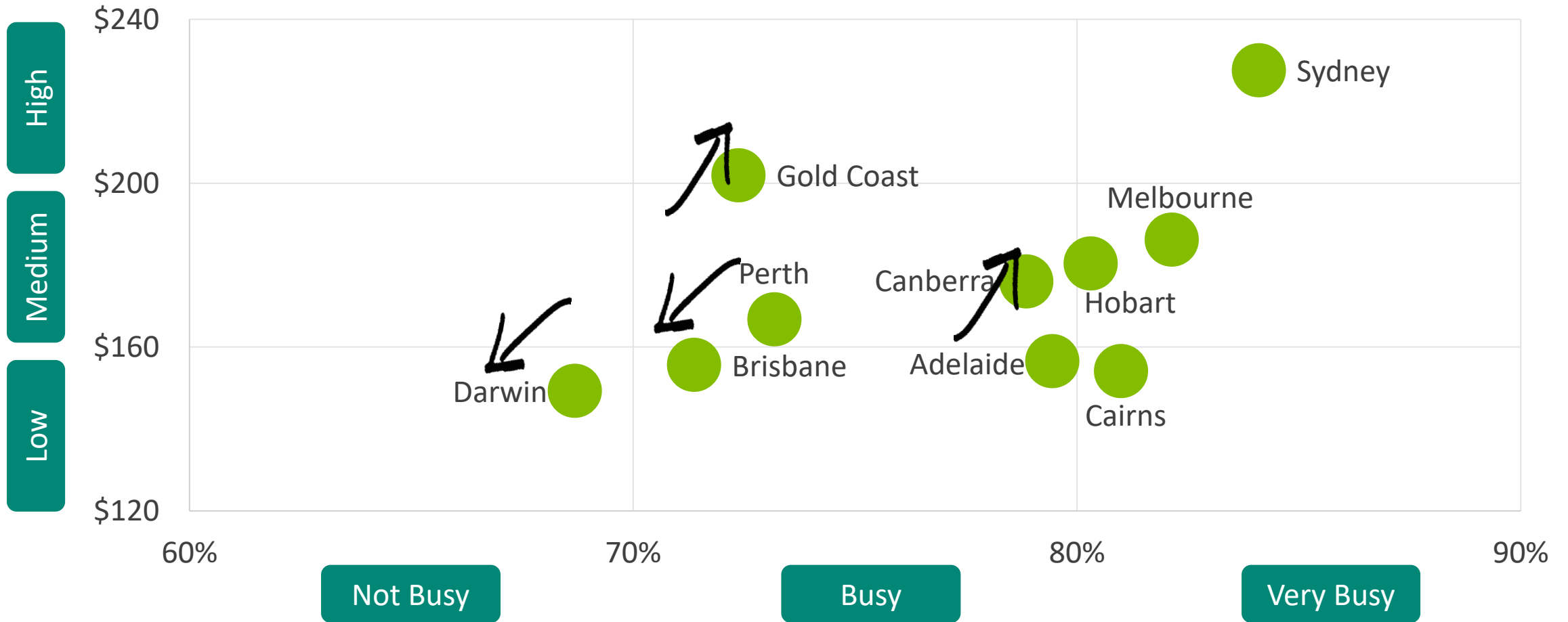
AM:PM by STR - Australia pipeline by location and makeup

Sydney hotel supply emerged in 2018, while Melbourne & Brisbane remained a constant



Australia Top 10 Markets, Supply & Demand Growth, 2018

Sydney remains the standout but it hasn't pulled away



AU Top 10 Markets, Occupancy & ADR Matrix, 2018, AUD



Australian markets



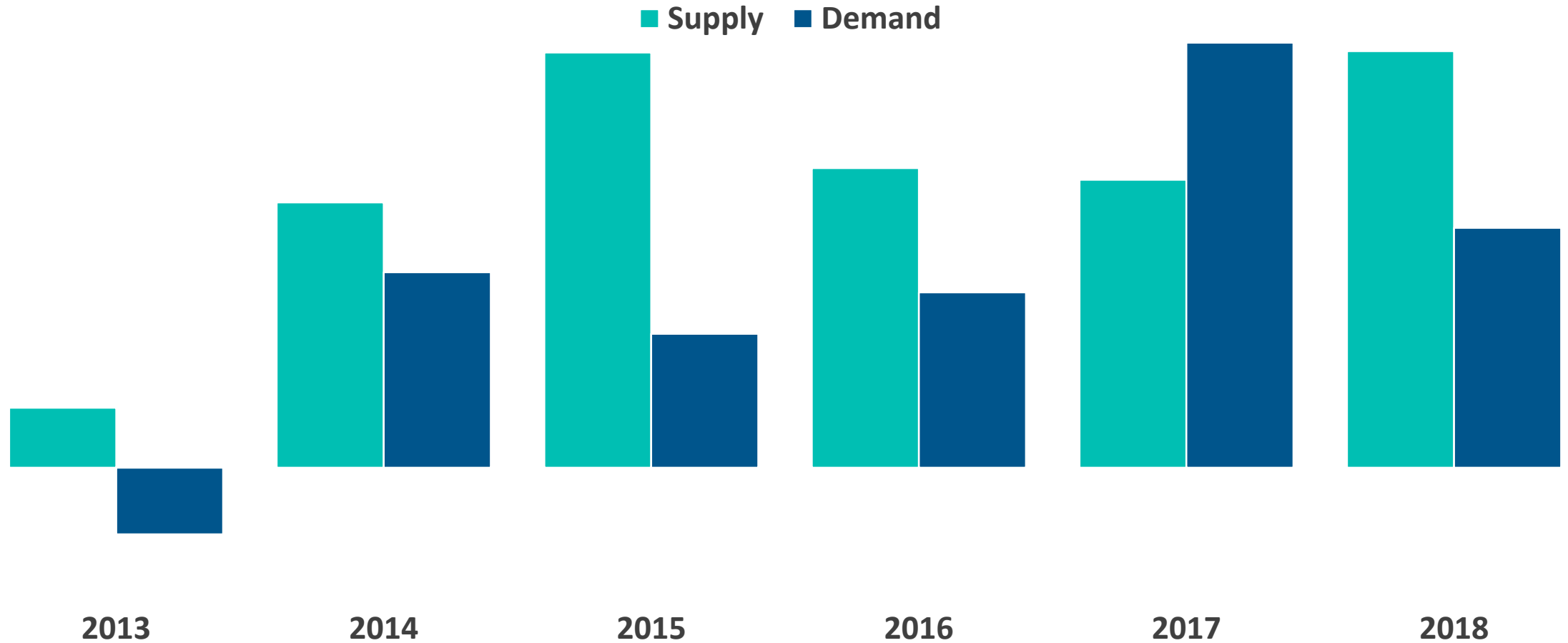


BRISBANE

What do I love about Brisbane?
I like the garden - Amy
Family - Eddie
I can enjoy photos in the Brisbane Gardens - James
Bris - Lara
I can't understand the point of my house and the little town and street

Enriching
Educating
Empowering
Engaging
Encouraging
Encouraging

Demand growth remains strong, but simply outpaced by supply

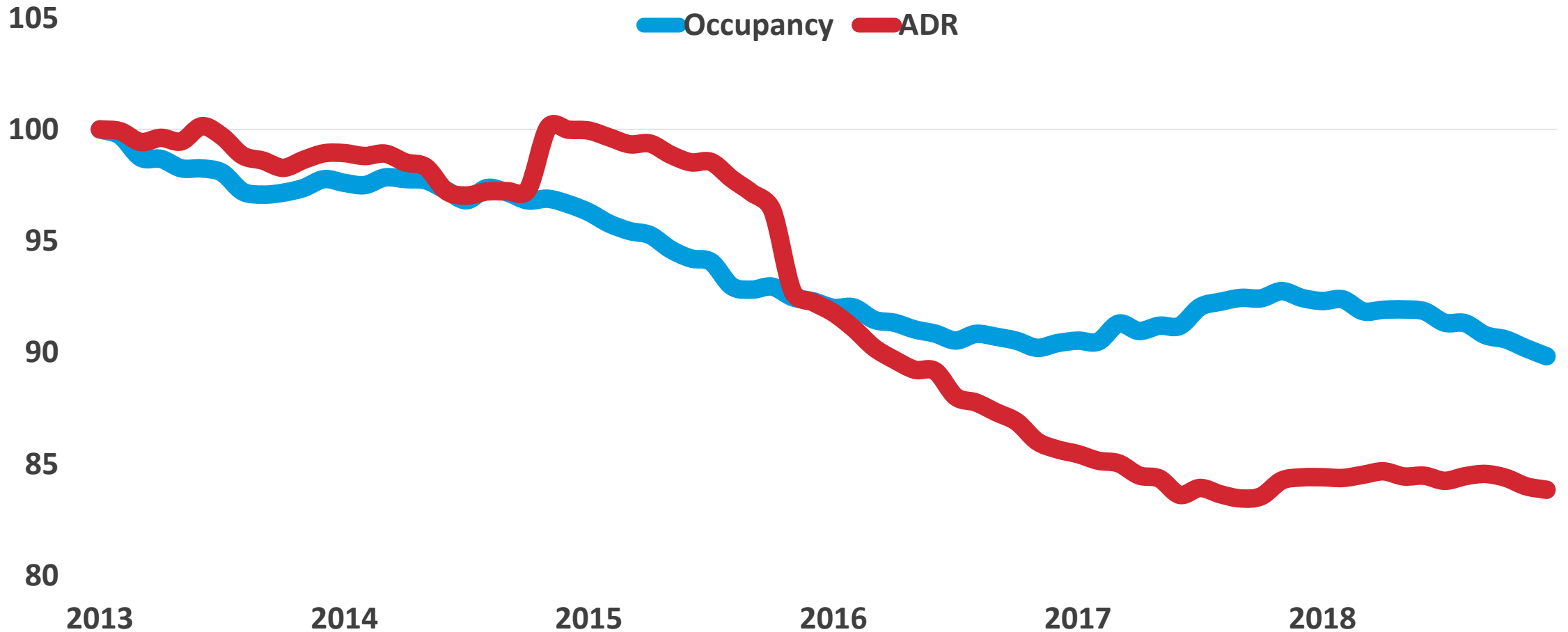


Total Brisbane, Supply & Demand Growth, 2013 – 2018

Clear impact of supply, but rates have now plateaued

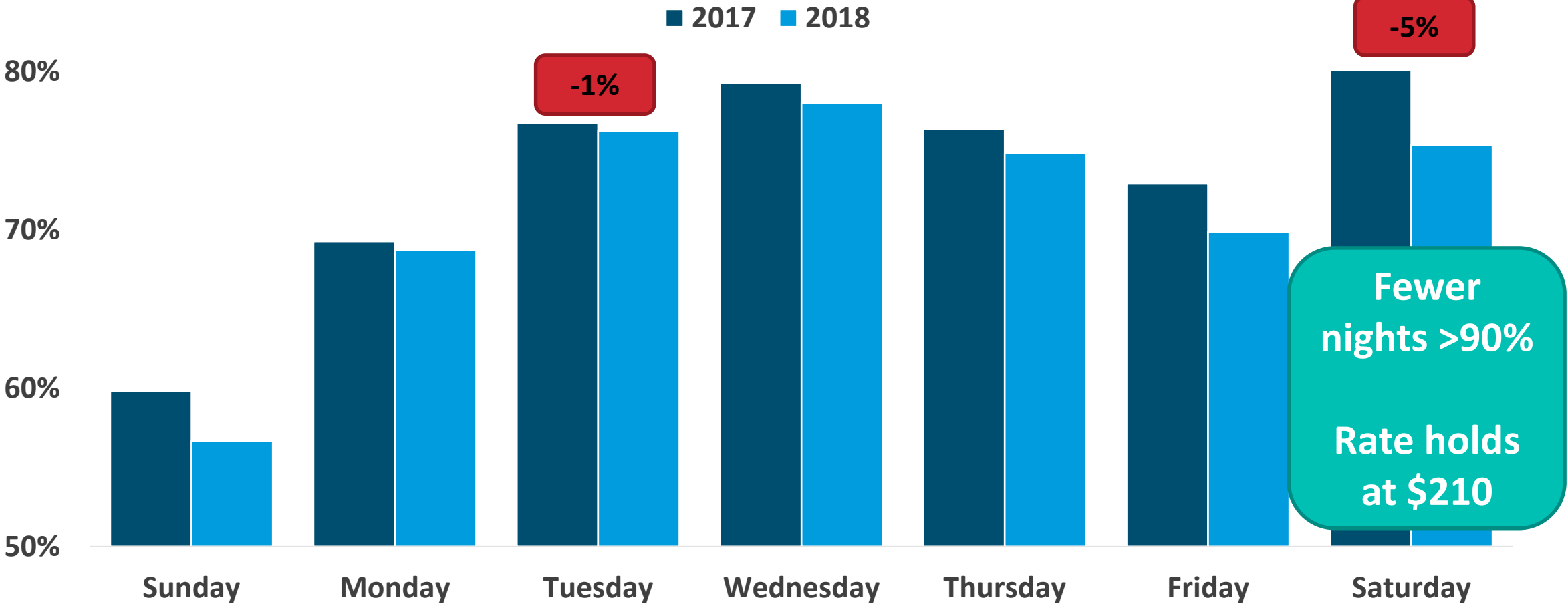


Rate dropped faster than the occupancy but has stabilised



Total Brisbane, Occupancy & ADR Performance (Indexed to Jan 2013), R12 January 2013 – December 2018, AUD

Weekend occupancy under pressure, midweek holding up

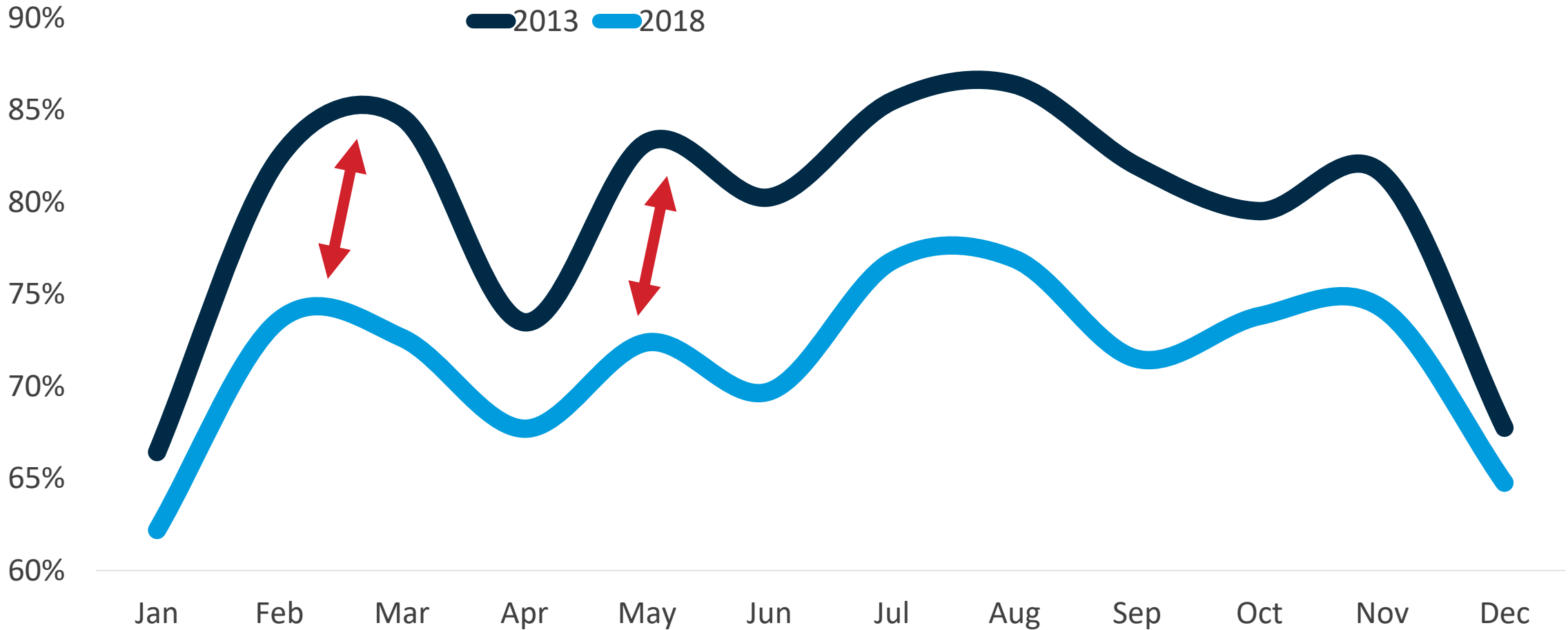


Total Brisbane, Absolute Occupancy – Daily by Day, FY 2017 vs FY 2018

The two quietest months show lowest % decline



Yes short term impact, total year 79% to 71% but I would see this change as a long term positive



Brisbane – Absolute Occupancy Performance, FY 2013 vs FY 2018

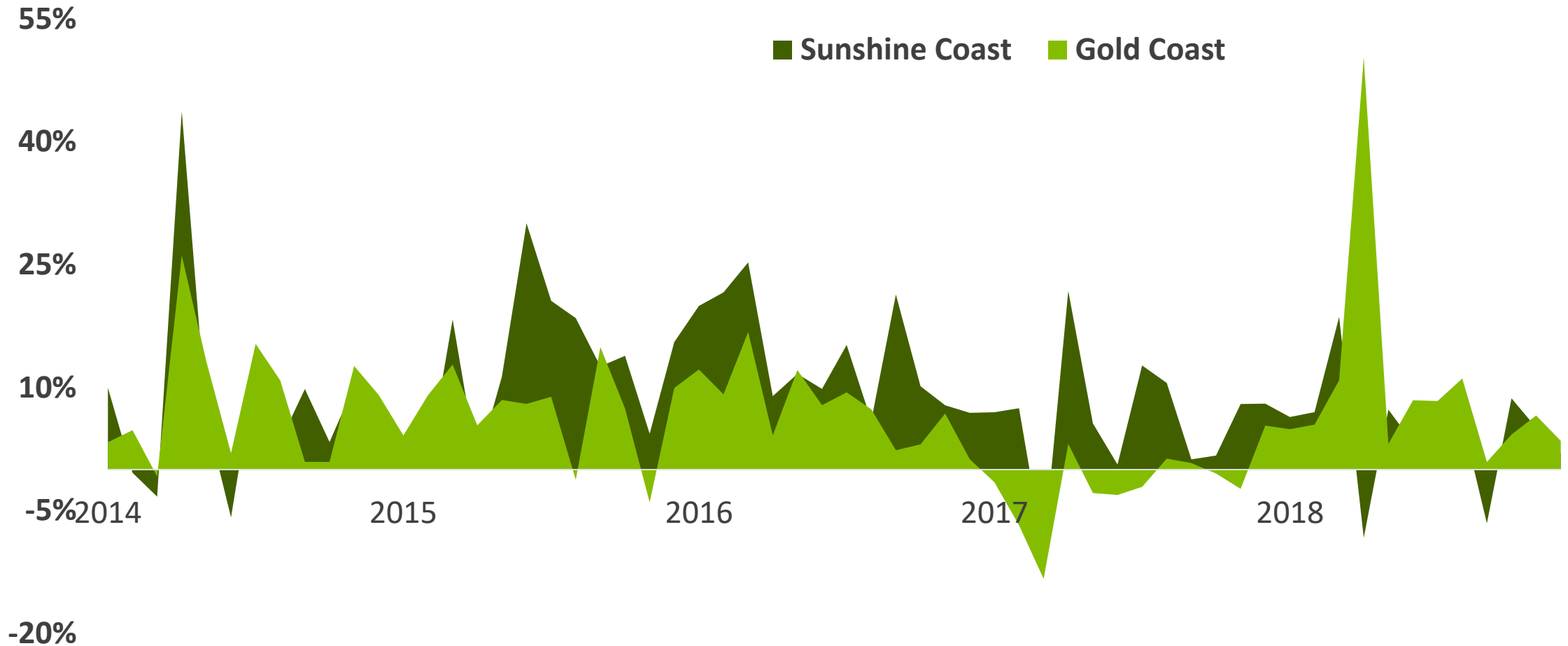


The Goldie & Sunny Coasts



Growth is very consistent for our coasts

Gold Coast holds the higher occupancy card but Sunny Coast closing in

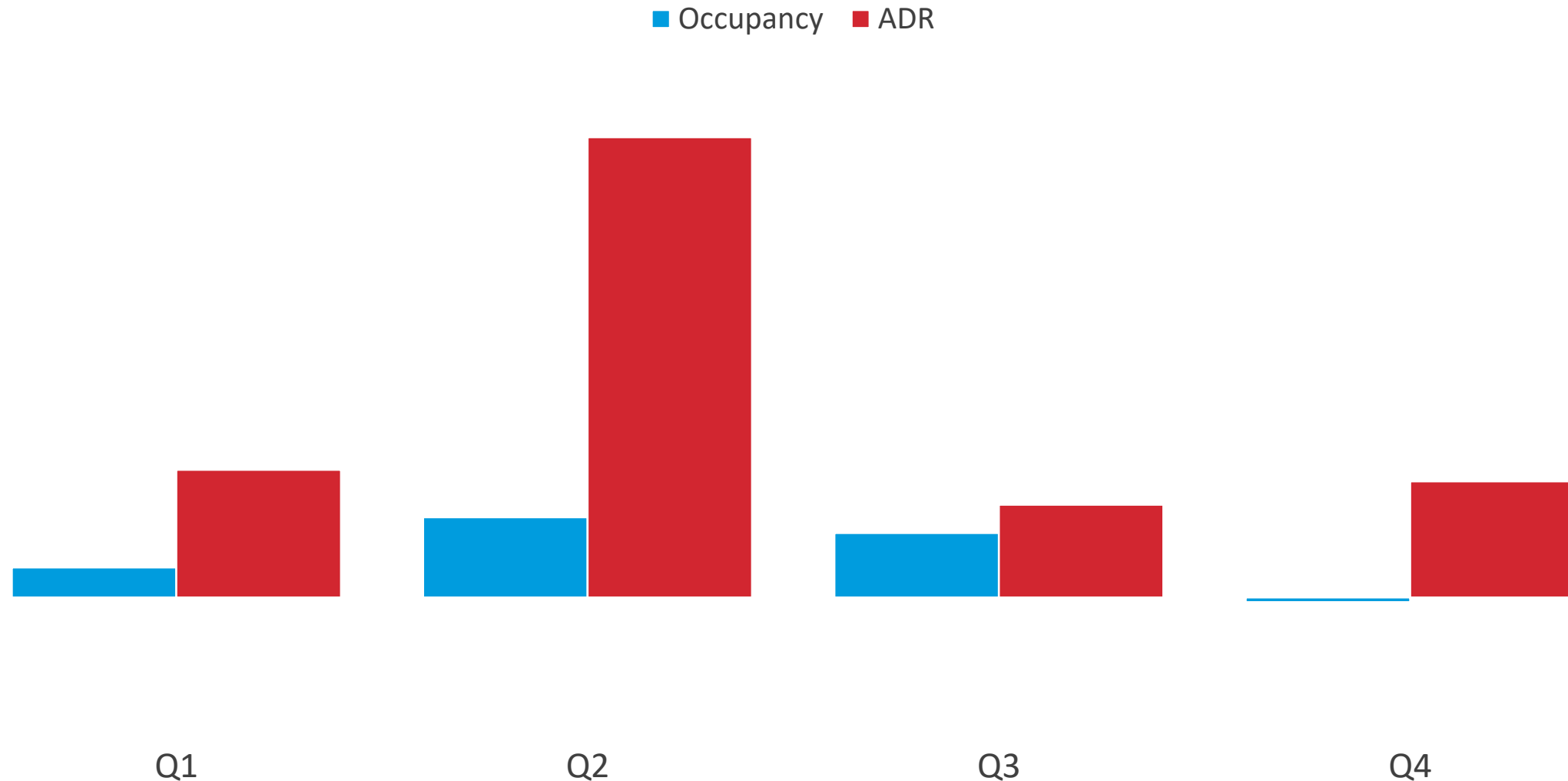


Gold Coast v Sunshine Coast RevPAR monthly % Change 2014-2018

GC's consistency of growth – very positive to see



Excluding the bounce for Commonwealth Games; positive growth in 2nd half



Gold Coast – Occupancy & ADR Performance, FY 2017 vs FY 2018 Quarterly % Change



Cairns

39%

RevPAR growth since 2014

Supply

+1%

Renovations

Multiple hotels

Airline growth R12 Jan19

Domestic -0.5%

International 0%

Demand

-5.1%

Future flights

China Southern

Outlook

Watch & Act

Focus on China after Southern discomfort

CHINA Southern's decision to suspend direct flights to Cairns has prompted a call to arms from Cairns mayor Bob Manning.

Tourism industry leaders confirmed yesterday the air-

line would pause flights between Guangzhou and Cairns from late April to October as part of a "review of their international routes".

China Southern increased direct flights from Guang-

zhou to Cairns from three to four between mid-December until February 2019 to allow more tourists to visit during the Chinese New Year season.

Cr Manning labelled the latest news as a "disappointing outcome".

"Our focus now needs to be on what is needed to secure a continuation of servi-



ces beyond October," he said. "We need to get together with all the relevant stakeholders and liaise closely with China Southern so we can achieve what is needed to ensure Cairns remains attractive to the Chinese tourism market."

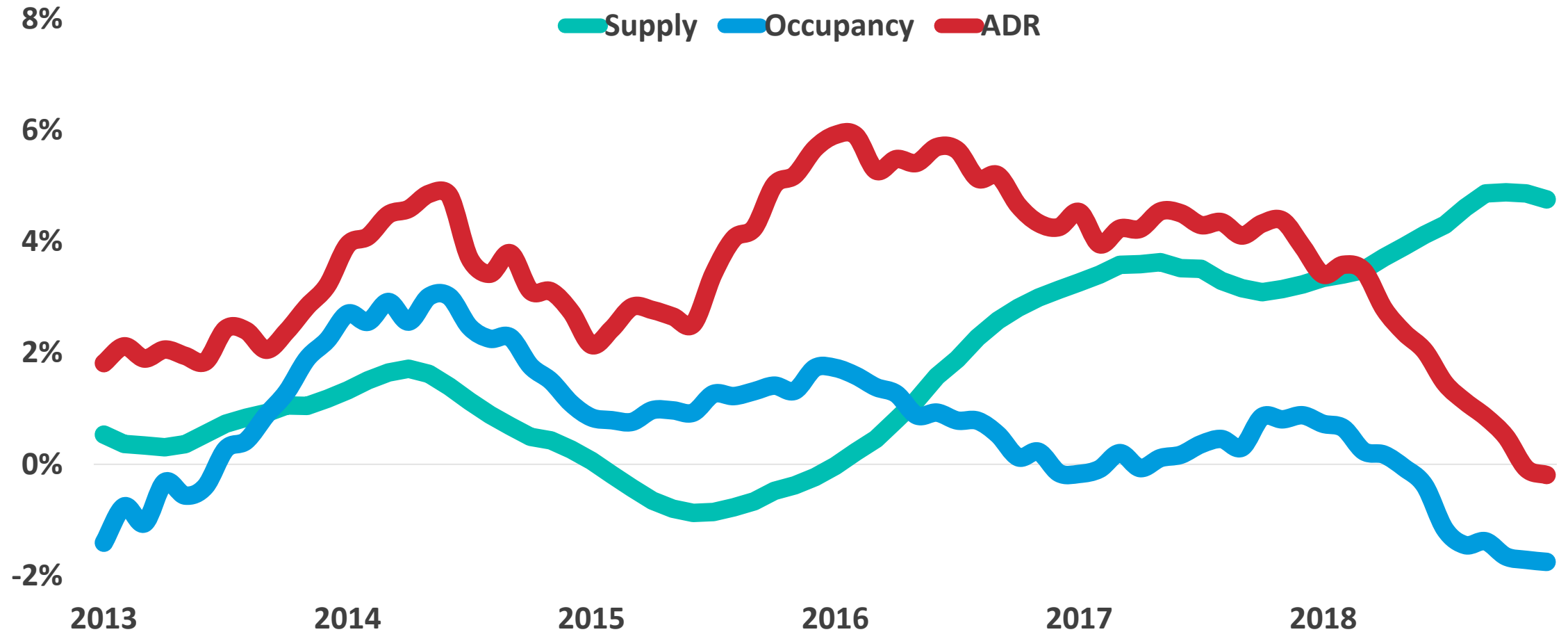
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Sydney



Didn't take long for average rate to lose the fight

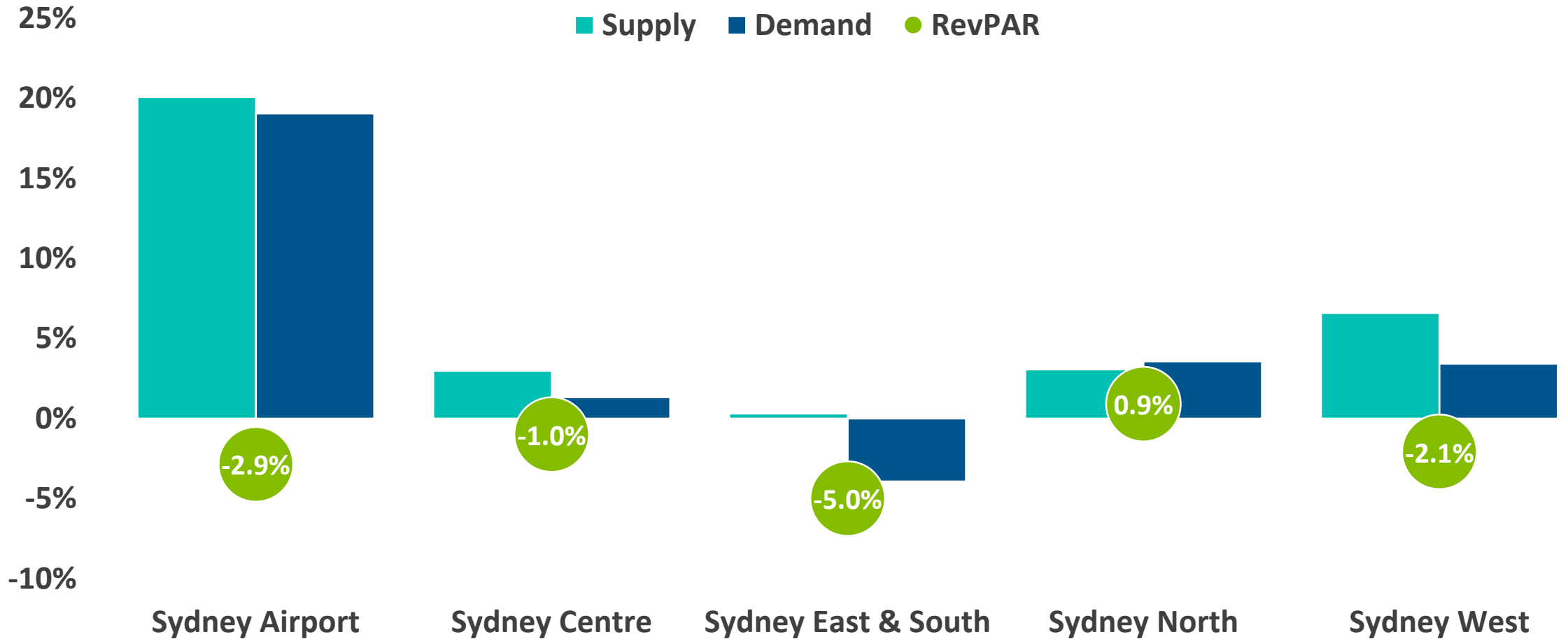


Total Sydney, Occupancy & ADR Growth, R12 January 2013 – December 2018, AUD

There are reasons as demand is shifting



Airport absorbing the supply; East coming under pressure

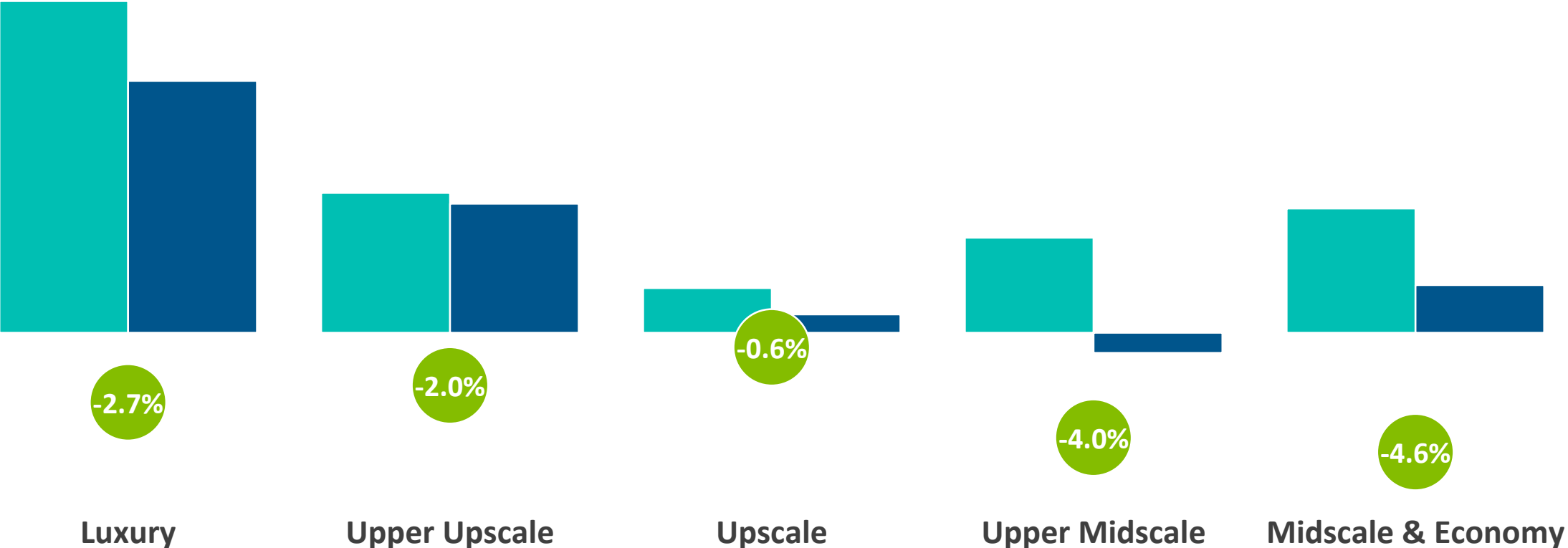


Sydney by sub market, Supply, Demand & RevPAR Growth, FY 2018, AUD

Supply bites and influences market rate in places



Supply Demand RevPAR

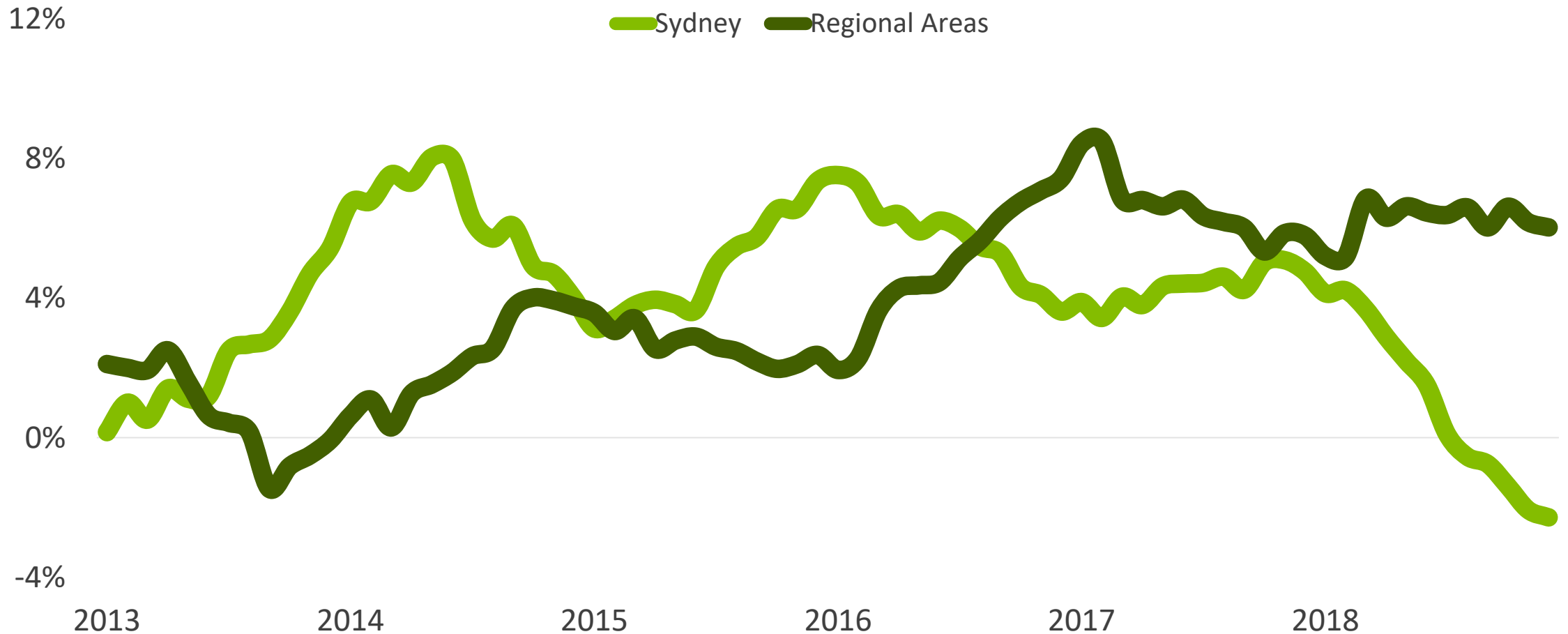


Total Sydney, Supply, Demand & RevPAR Growth by Class, FY 2018, AUD

Dispersion and infrastructure – Regional NSW consistently solid growth



Regional growth much stronger now than Sydney – with reason – low supply growth, lower absolute opportunity



Sydney Tourism Region vs NSW Regional Tourism Region, RevPAR Growth, R12 January 2013 – December 2018, AUD



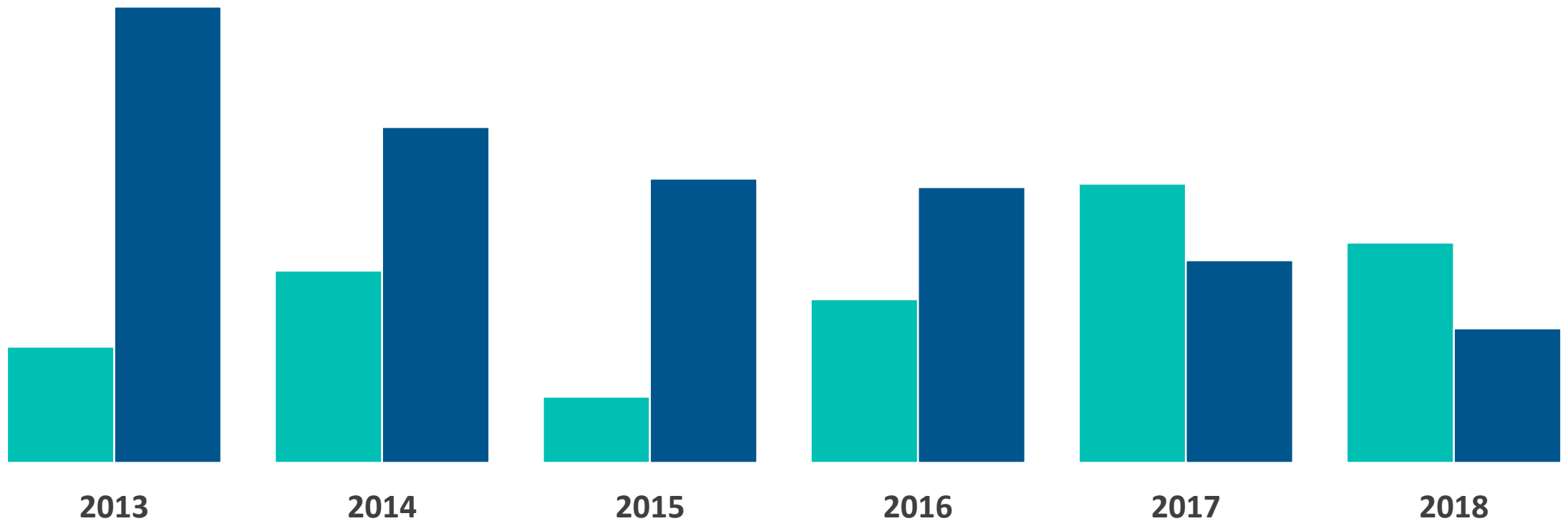
Melbourne

Demand growth was the lowest since 2012



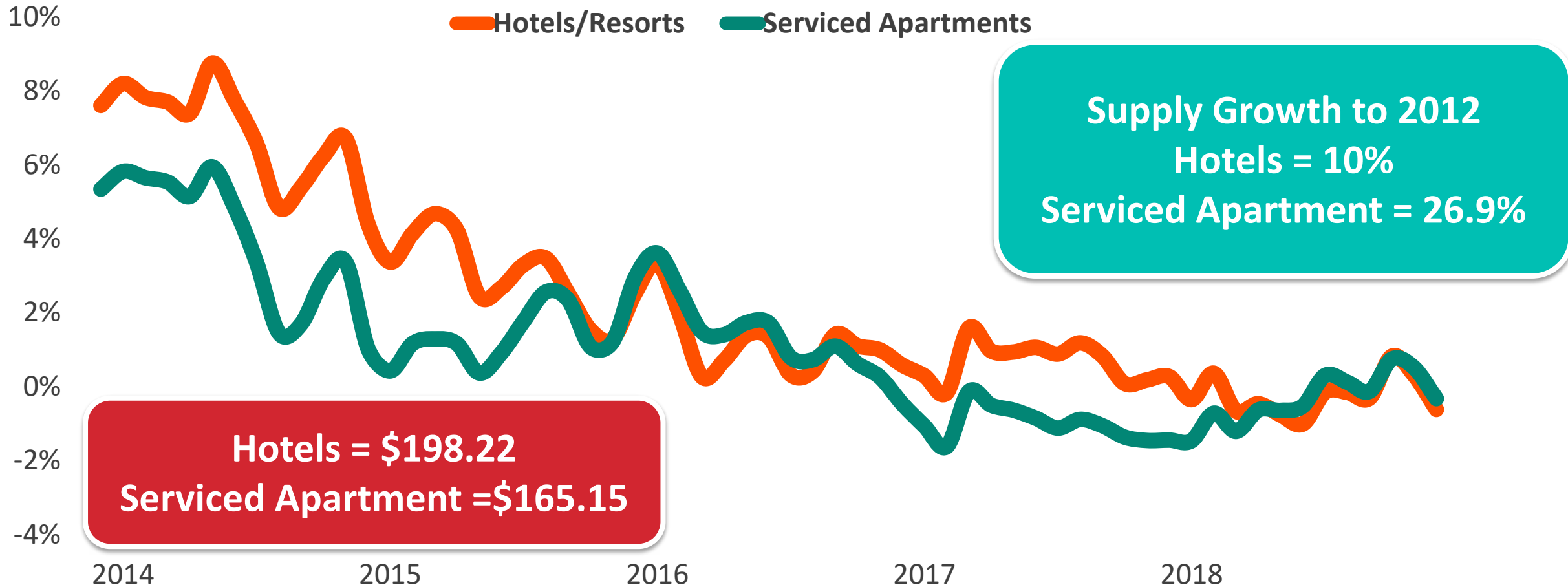
And supply growth outpacing demand for two years running

■ Supply ■ Demand



Total Melbourne, Supply & Demand Growth, 2013 – 2018

Despite the supply imbalance performance mirrors

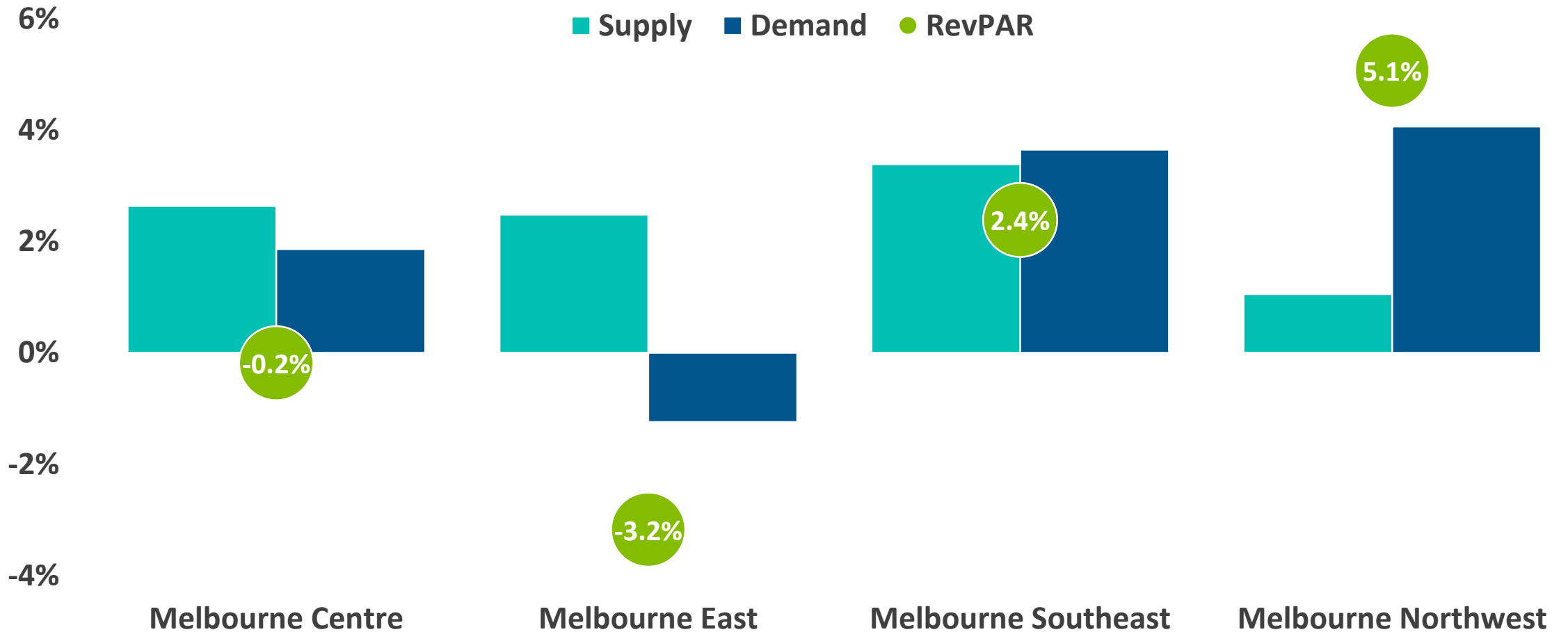


Melbourne by accommodation type , RevPAR Growth, R12 2014 - 2018, AUD

Melbourne's fringes coming out on top



What are the implications for the Centre with new supply and fringes for compression

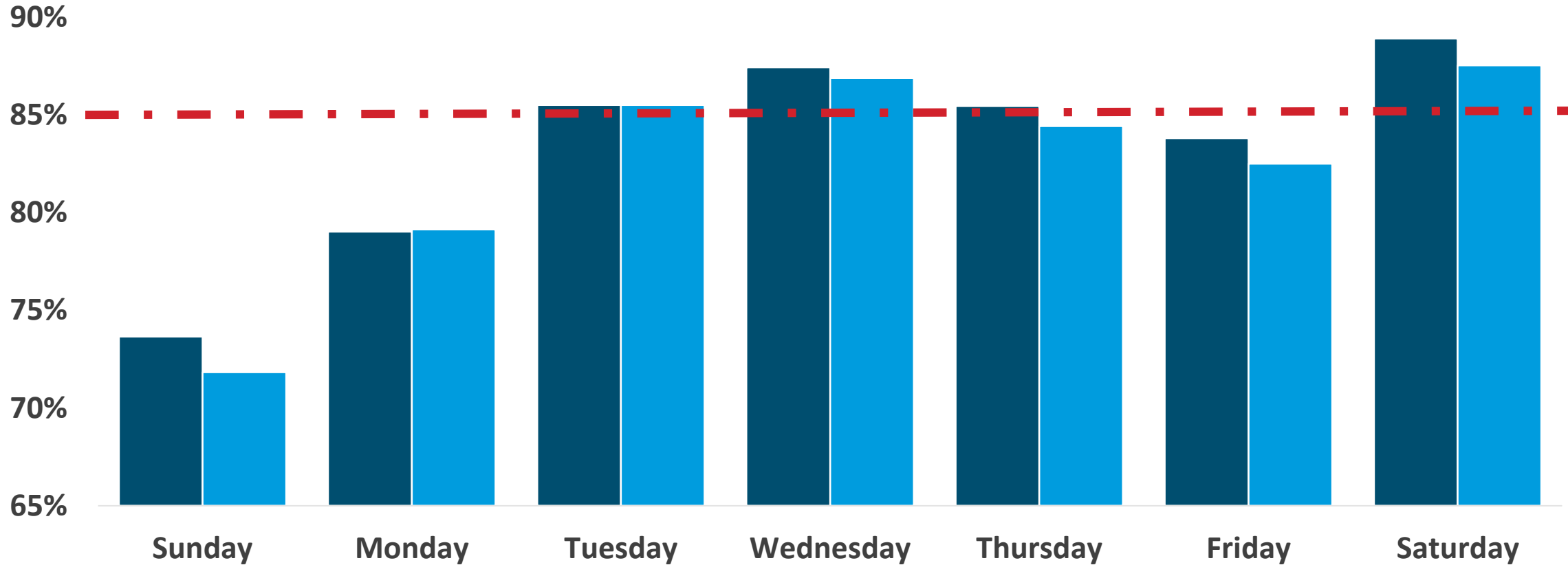


Melbourne by sub market, Supply, Demand & RevPAR Growth, FY 2018, AUD

Yes occupancy has fallen, still +85% on key nights



■ 2017 ■ 2018



Total Melbourne, Absolute Occupancy – Daily by Day, 2017 vs 2018



bhpbilliton

to

AMP

Deloitte

LAVIN

EY

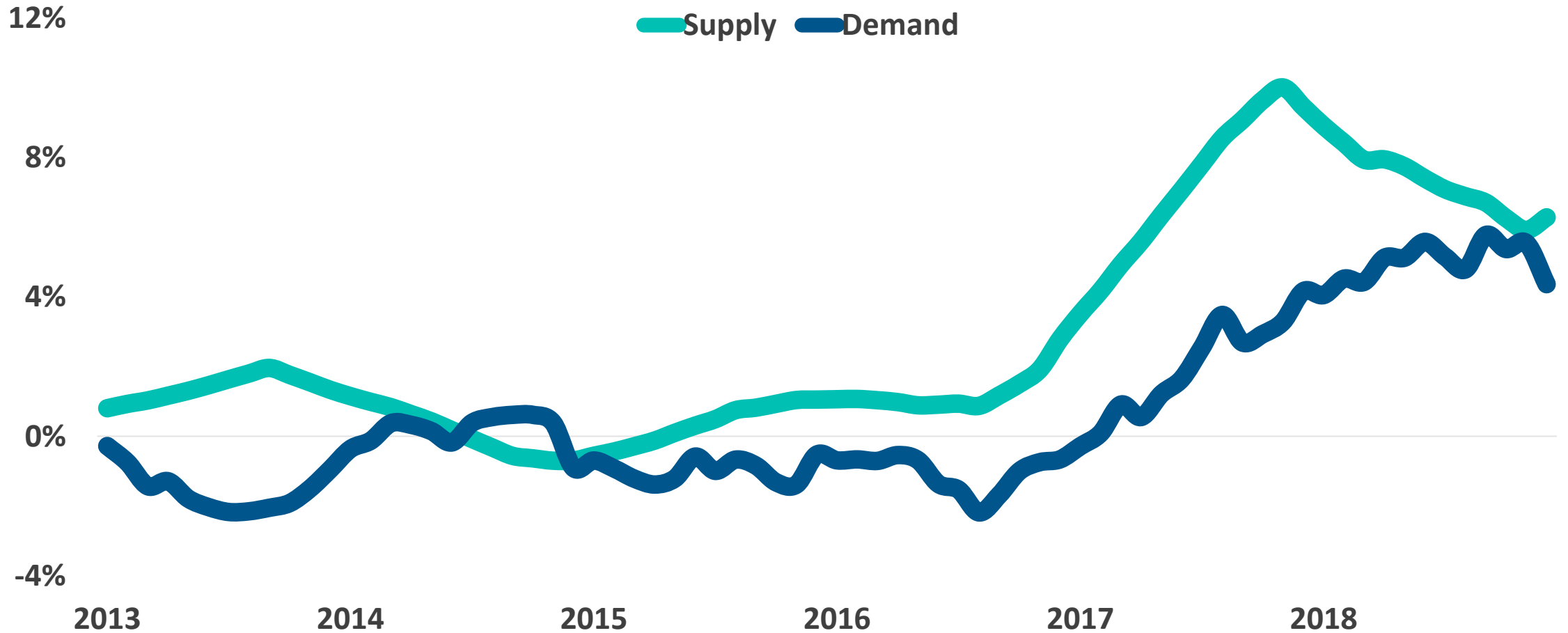
WORLD YOUR WEALTH

citibank

The New Esplanade Hotel

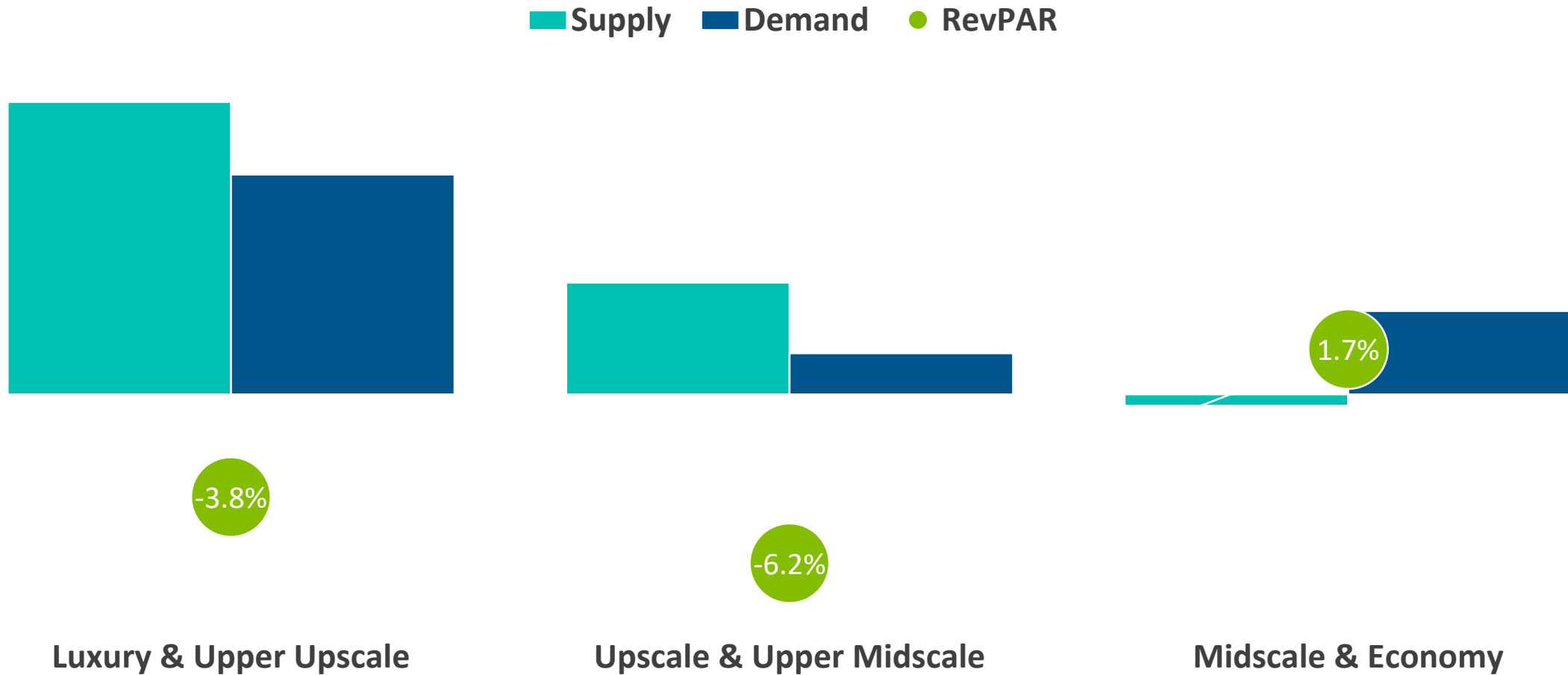
Perth

More supply to come in 2019 but demand is now growing



Total Perth, Supply & Demand Growth, R12 January 2013 – December 2018

Market evolving with varying effects to RevPAR



Total Perth, Supply, Demand & RevPAR Growth by Class, FY 2018, AUD

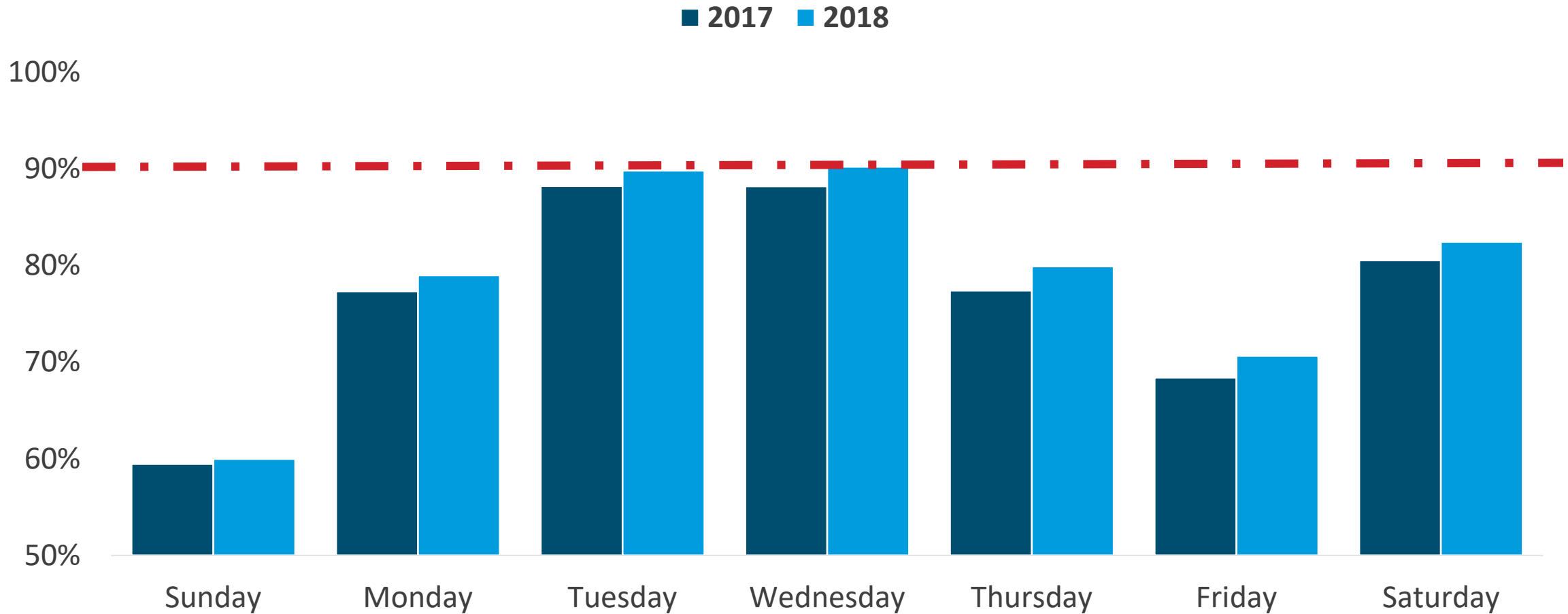


A further wrap

Canberra: Occupancy continued to grow on peak nights



Tuesday & Wednesday now at 90%

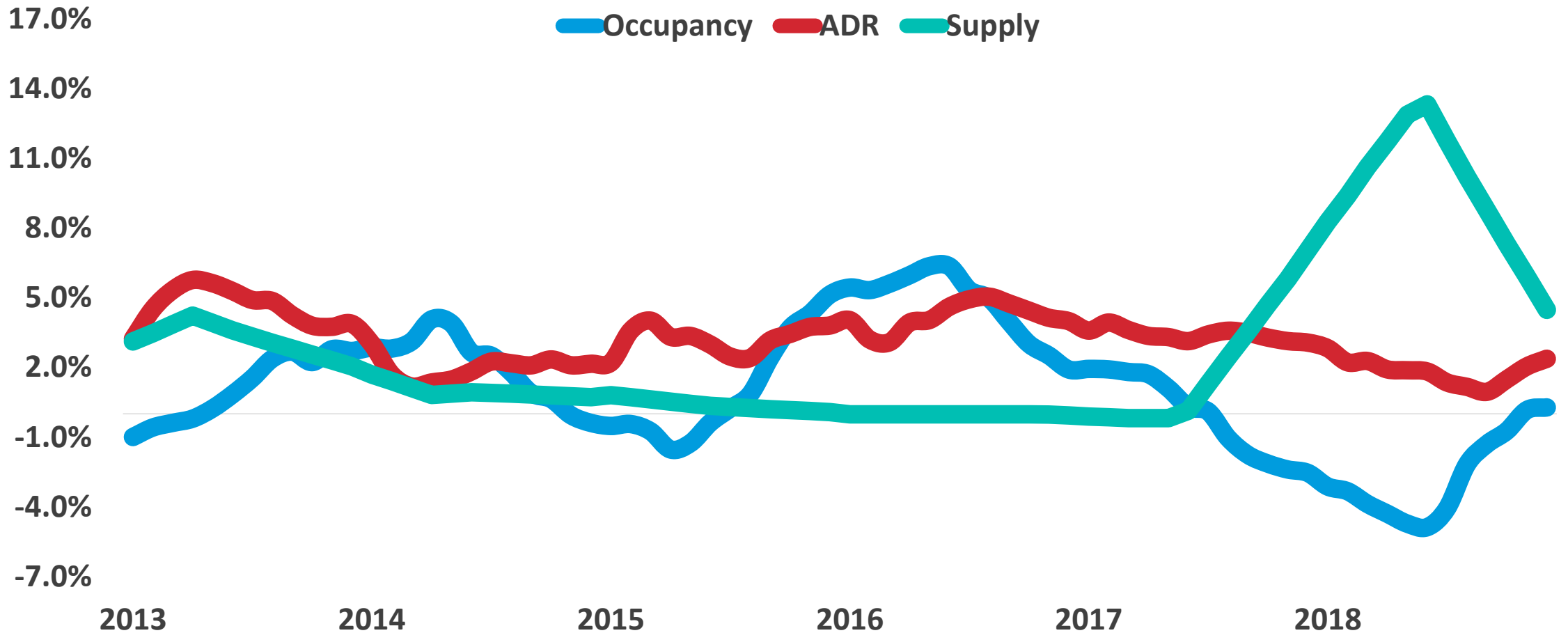


Total Canberra, Absolute Occupancy – Daily by Day, 2017 vs 2018

Hobart: supply blip in a long running success story



Further supply in 2019&2020 will have a short term impact and most noticeably in winter



Hobart Area, Supply, Occupancy & ADR Growth, R12 January 2013 – December 2018, AUD

Adelaide

Occupancy at near record
highs (since 2008)

79% market with one of the
lowest national ADR's

But great ability to yield
during busy nights

Wave of supply in 2020-2021

Darwin



Part way through establishing
the new normal post INPEX

Demand down on average 30%
since September

Challenged by reduced flight
frequency



Australia's Regions

Regional Australia producing occupancy & ADR gains

Demand rather than supply influencing growth trajectory



Recovery

Mackay

+1.8%

Gladstone

+5.4%

Progressing nicely

Great Ocean Road

+4.3%

New England

Sustained growth

Central Coast

+4.8%

Capricorn Regional

+8.6%

Kicking Goals

Wollongong

+5.5%

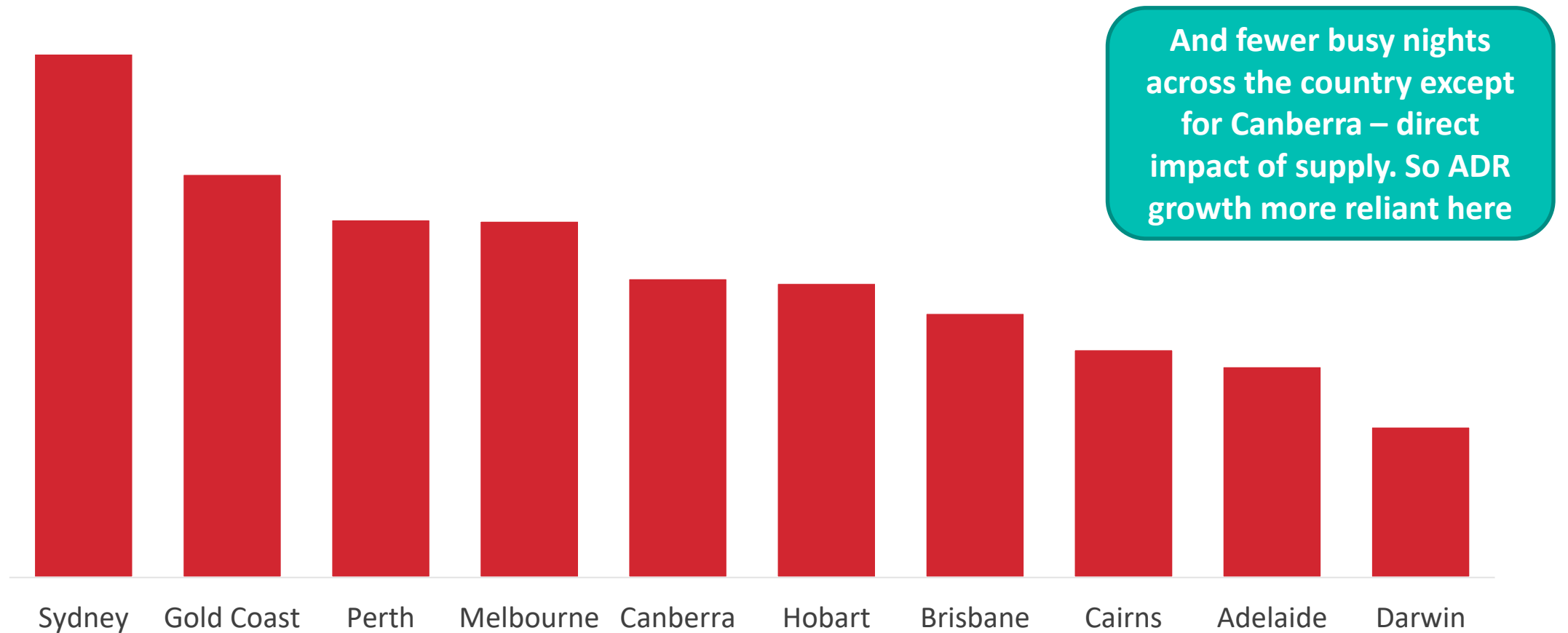
NSW North Coast

+15.7%

Parting thoughts on where future rate growth may arise



The ADR performance during non-compression nights (< 70%)



AU Selected Key Markets, Daily Data, FY 2018, AUD



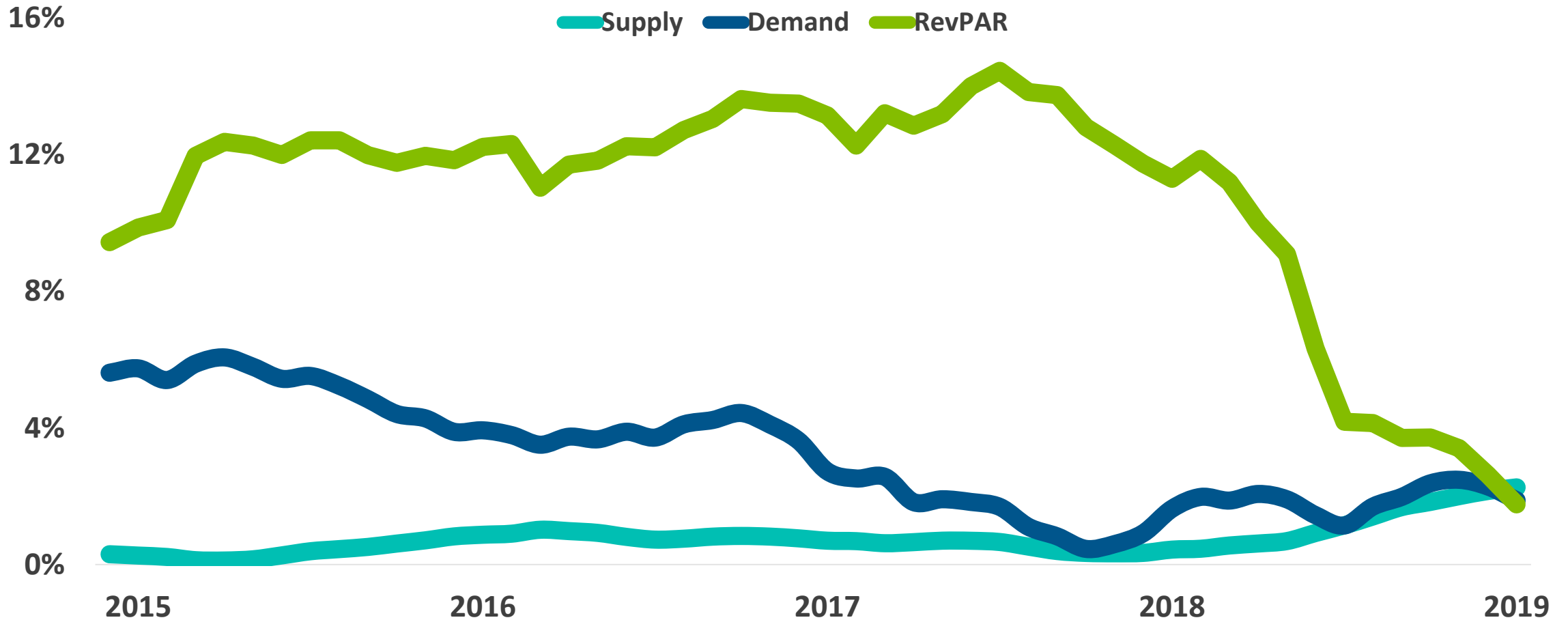
New Zealand's Growth Story



RevPAR growth had to slow with occupancy at 80%



Supply has slowed growth and the one off boost of 2017's British & Irish Lions tour

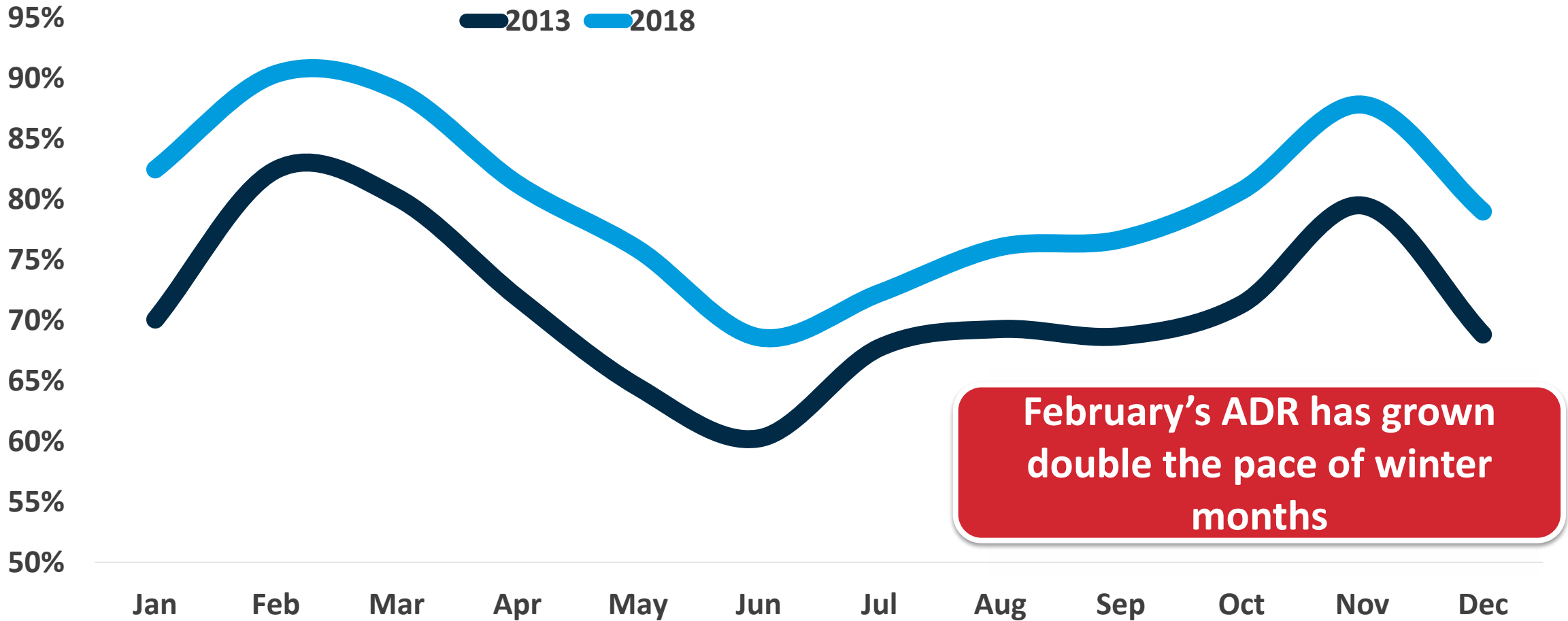


New Zealand, Supply, Demand & RevPAR Growth, R12 January 2014 – January 2019

All seasons have benefited, but seasonality still exists



July the only month not to grow double digits with June still the quietest month

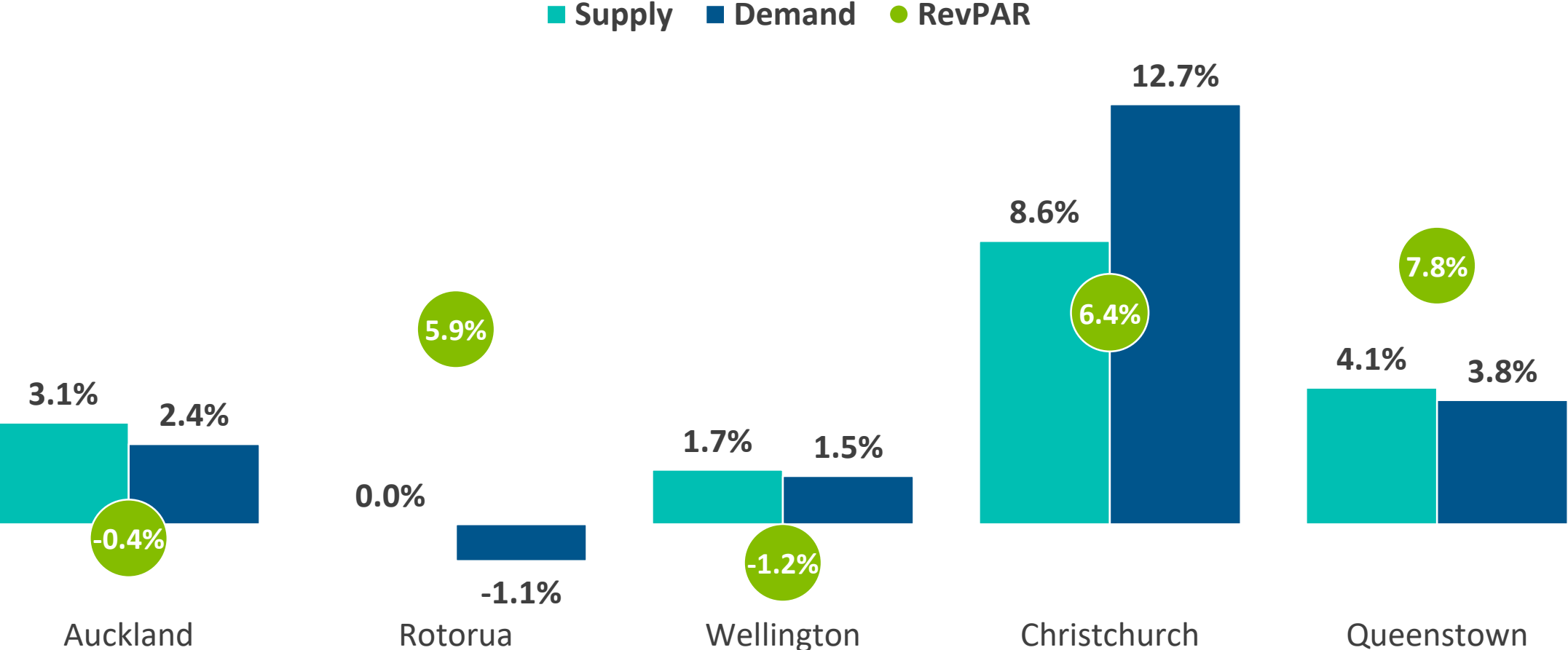


New Zealand, Occupancy 2013 v 2018 by month

Supply and events shape 2018 performance



British & Irish Lions of 2017 take the glow off 2018's growth



New Zealand's key markets, Supply, Demand & RevPAR Growth 2018, AUD

Outlook



**It is all in perspective:
Absolute performance
Growth expectations**



Thank You!

Matthew Burke

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