

INVEST IN BRISBANE, AUSTRALIA FOR HOTELS

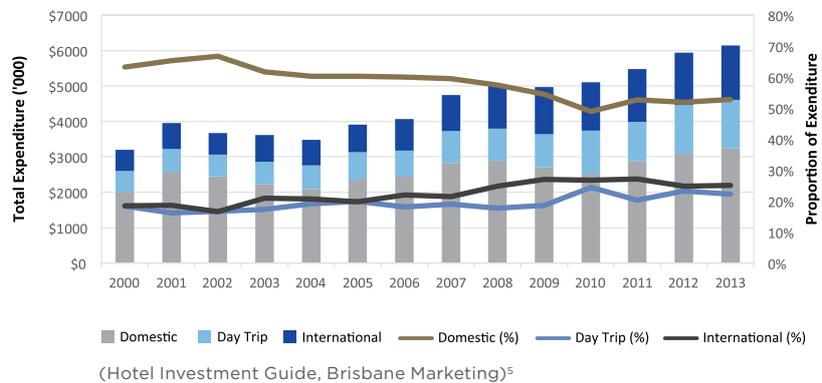
Brisbane, Australia's new world city, is the fastest-growing capital city in Australia, an economic powerhouse and the tourism and business hub of Queensland.

In Australia, the outlook for the hotel sector overall is one of demand-growing at nearly twice the pace of supply over the next three years, with occupancy rates being propelled further into record territory as a result.¹

In Brisbane, the hotel sector has been a fundamental component of the tourism industry which accounts for **\$3.3 billion** in gross regional product.² The industry employs more than 21,000 people, with the hotel sector being the industry's highest contributing employer. The tourism industry is Australia's largest services export, directly contributing \$35 billion to the economy each year.³

Brisbane welcomed more than 750,000 international visitors in 2013 with China being Brisbane's strongest international inbound segment accounting for approximately 130,000 international visitors in 2013, a 20.2 per cent increase on the previous year.⁴

Nominal Visitor Expenditure
Brisbane Tourism Region, YE September



Brisbane's Competitive Advantages

Brisbane's status as Australia's dynamic new world city was further bolstered by the announcement that it would host the 2014 G20 Leaders Summit.

Due to a shortage in internationally recognised, branded hotel room supply, Brisbane is currently foregoing approximately 121,000 visitors a year and \$140 million in visitor expenditure. The shortage is causing the market to defer an estimated 278,000 room nights every year – approximately 14 per cent of current demand.

The need for branded hotel supply in Brisbane continues to be crucial, as demand is increasingly driven by business and events, leisure visitors and growth markets like China, which are seeking full service and internationally branded hotels.

Excellent economic fundamentals

The Brisbane hotel market is rich with opportunity. Underpinned by excellent economic fundamentals and with more than 45 per cent of Queensland's population, Brisbane is the economic, tourism and business hub of Queensland.

Brisbane's economy is forecast to grow by more than 60 per cent by 2031, from \$135 billion to \$217 billion. With a population of over two million, further interstate and overseas migration is expected to see the population increase to over three million by 2031.

World-class infrastructure investment is driving economic and visitation demand, with more than \$7.5 billion worth of infrastructure under construction or in the pipeline. On top of this is \$75 billion

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worth of resources and energy projects committed or under construction in Queensland.

Growing tourism demand

The local, state and federal governments, through Brisbane Marketing, Tourism Events Queensland and Tourism Australia, continue to work collaboratively to grow visitation demand.

Long-term destination marketing is being delivered with a greater focus on attracting leisure and international visitors to the city. More than 147,000 convention delegates were hosted and welcomed in 2013.

Brisbane has a well-established, year-round calendar of major events and conferences, supported by a range of convention and major events venues.

World-class precincts

Brisbane is home to a number of established and emerging retail, entertainment and dining precincts, with the Queensland Government and Brisbane City Council working to unlock land for private development.

Brisbane is home to leading dining, entertainment and retail precincts such as South Bank and the Queen Street Mall that attract more than 36 million visitors each year.

Both local and state governments are committed to developing new world-class precincts such as Queen's Wharf, Howard Smith Wharves and Kurilpa Riverfront.

Strong demand

Brisbane's visitor economy is growing strongly, particularly in key segments like leisure and events travel, and Asian tourism.

In 2013 the city experienced 4.3 million visitor nights, a \$6.1 billion total spend by visitors and a 10 per cent increase in leisure travellers staying in hotels.

Over the past six years, Chinese visitor numbers grew at 21.8 per cent per annum.

Robust trading conditions

Despite weaker trading conditions experienced in 2013, Brisbane continues to be the fourth-best performing market in Australia, with healthy trading forecast in 2014 and beyond.

From 2009 to 2013, the Average Daily Rate (ADR) increased by 8.1 (or average annual growth of 2 per cent) to \$183. Revenue per available room (RevPAR) increased by 10.3 per cent from 2009 to 2013 (or average annual growth of 2.5 per cent) to \$142.

In 2013 Brisbane experienced an average occupancy rate of 77 per cent, with 1.97 million room nights sold.

Room to grow

Growth in capacity is required to enable the market to grow demand and attract new visitors to the city. Brisbane's hotel market has not kept pace - creating opportunities for investors, developers and operators to do business.

With less than a 3 per cent increase in total room supply added to the market since 2010 and to meet increasing demand from China and leisure visitors seeking recognised brands and premium service, it is estimated that Brisbane needs an additional 216 to 330 rooms per year to 2022.

Opportunities

Private sector investment is strongly supported by state and local governments, with active support and facilitation for new investors. Investors have access to dedicated case managers looking for hotel opportunities in Brisbane.

At all levels of government there is a strong funding commitment in destination marketing to build demand from leisure and international visitors, while Brisbane Airport has secured funding to attract greater aviation capacity and new routes into the city.

"We are looking for development partners and investors in Brisbane. They definitely need a new five-star hotel, (Brisbane) is lacking in that five-star segment."

**Andrew Taylor,
Starwood Hotels &
Resorts, Director
of Acquisitions and
Development**

¹Deloitte Access Economics, Tourism and Hotel Outlook 2014

²Australian Bureau of Statistics, 2012

³Tourism Research Australia, 2013

⁴Tourism Research Australia, 2013

⁵Hotel Investment Guide, Brisbane Marketing, 2014

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