

2023 Australia Hotel Industry Survey of Operations

2022 Calendar Year

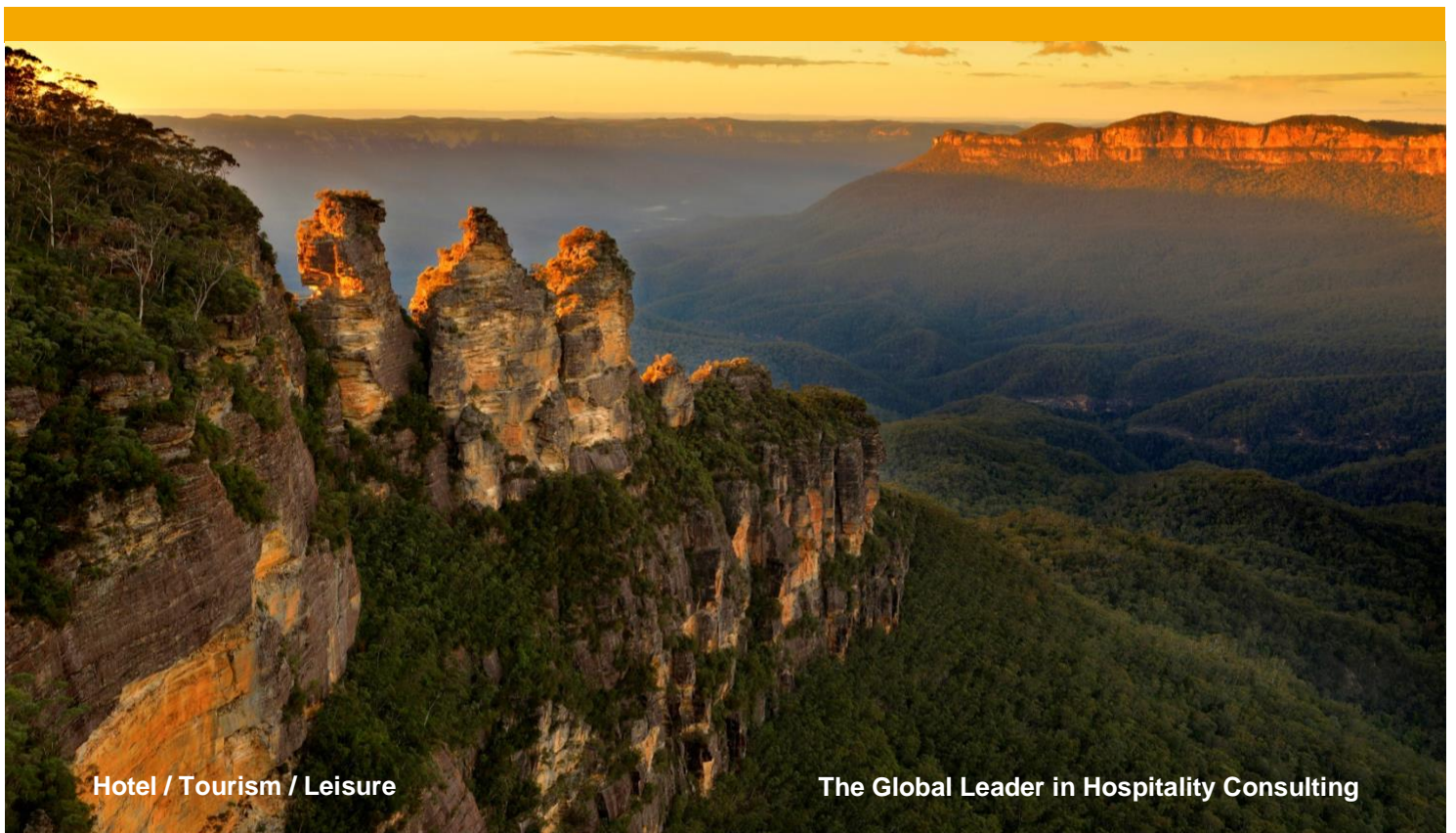


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Foreword by Accommodation Australia

Accommodation Australia (AA) is pleased to present the Australia hotel Industry Survey of Operations 2023 (Calendar Year 2022). This is our second year of collaboration with Horwath HTL in the publication of this important report profiling the financial performance of the Australian hotel industry with a solid response from 189 properties.

This has been a year of recovery with continued growth in occupancy, ADR and RevPAR. Overall Occupancy was 64.4% and ADR was \$242. This represents a growth of 48% in occupancy and 24% in ADR meaning RevPAR grew by 84% to \$156. I do note, however, that the two surveys cannot be directly compared as the hotels included in the analysis are different, but these growth numbers do reflect what we know - that 2022 was definitely a recovery year from the Covid-impacted 2020 and 2021. It is also good to see that GOP increased to \$24,949 per room and represented 32% of total hotel revenues.

The full report also gives an overview of the key developments and trends of the hospitality industry in Australia. It provides an in-depth analysis of the operational costs and sources of revenue, including both departmental revenues and expenses, operating statistics by departments, as well as statistics relating to human capital. Hoteliers and financial analysts find this comprehensive report very helpful in their planning and decision-making process due to its strong relevance to the hospitality industry.

For this year, we are indeed happy to share that we achieved submissions from 189 participating hotels for this annual survey, comprising 35,583 available rooms daily.

We would therefore like to take this opportunity to thank the 189 participating hotels for their support. We hope to see even more hotels signing up for this very useful survey next year.

Finally, we would also like to voice our sincere gratitude to Horwath HTL for their professional services in conducting this all-important survey for the hotel industry.

Michael Johnson
Chief Executive Officer
Accommodation Australia



Foreword by Horwath HTL in Australia

The Horwath HTL is pleased to present the 2023 Australia Hotel Industry Survey (Calendar Year 2022), generated through the valuable partnership with the Accommodation Australia (AA).

This year's study represents a growth in participating rooms of 15 percent YoY. We are excited to continue growing the reach of this study as we move away from the Covid-impacted trading years.

In Australia, domestic tourism in CY 2022 - expressed in visitor nights - increased by 24.5% over CY 2021 levels to just 4.4% lower than recorded in CY 2019. Noteworthy, although regional destinations were the beneficiary of the majority of domestic tourism, major city destinations recorded the highest growth rates of domestic visitor nights.

In this 2023 report, we have for the first time profiled the performance of the alternate accommodation sector against traditional transient accommodation. Interestingly, performance of the alternate accommodation sector was generally similar to the hotel market, demonstrating that alternative accommodation continues to be a competitive force in most, if not all, transient accommodation markets throughout Australia.

Clearly, improvements in occupancy and ADR, primarily as a result of the continued growth in domestic tourism, has resulted in recorded strong improvement of profitability levels in all of the ADR categories, in all city markets and other locations.

As a result of the improvements in topline performance noted in this 2023 Australian Hotel Industry Survey, we have adjusted the ADR categories to reflect the strong growth in ADR levels recorded across many Australian hotel markets in 2022.

Horwath HTL maintains a cautious and positive outlook on the future performance of the Australian hotel sector. With the continued increase in visitor arrivals, hotels are likely to benefit in terms of occupancy levels. However, concerns on the domestic and global economic outlook, compounded with overseas conflict situations, could pose as headwinds to the sector's performance recovery for several years yet.

We would like to offer our heartfelt appreciation to all survey participants and our Honorary Advisory Board members for their continued long-term support of this publication.






We also thank Accommodation Australia for their support of this important study reporting on the wellbeing of the transient tourist accommodation sector in Australia.
















Finally, we are always grateful for any feedback or comments you may have to offer that will assist us in continuing to improve the utility of this survey.

Ron de Wit, ISHC
Managing Director
Horwath HTL - Australia

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(in alphabetical order)

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Explanation of Terms & Bases Used

Item	Description
Rooms Revenue	Revenues obtained from guests' accommodation rented on a part-day, full-day or longer period basis.
Food Revenue	Revenue derived from the sale of food and non-alcoholic beverages in restaurants, in-room dining, mini bar, banquets and/or catering.
Beverage Revenue	Revenue derived from the sale of alcoholic beverages.
Other Operated Departments Revenue	Revenues generated from laundry, health centre, swimming pool, valet and other operated department revenues not mentioned.
Miscellaneous Income	Revenues related to a third party or revenues that do not incur any direct operating expenses, including foreign currency transaction gains (losses), income from rental of stores and showcases, commissions, cancelation penalties, cash discounted earned, etc.
Cost of Food Sales	Includes cost of food and non-alcoholic beverages served to guests, together with transportation and delivery charges, at gross invoices price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.
Cost of Beverage Sales	Represents the cost of alcoholic beverages served to guests or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of beverage sold.
Cost of Other Operated Departments Sales	Represents the cost from laundry, health centre, swimming pool, valet and other operated department revenues not mentioned.
Payroll & Related Expenses	Comprises of expenses associated with salaries, wages and bonuses and payroll-related expenses for employees. Also included are the employee benefits such as social insurances, medical allowance, vacation and holiday pay, goods and services to employees free of charge or at markedly reduced price, employee' meals.
Rooms Other Expenses	Represents non-payroll expenses for the room department, including the expenses of cable/satellite, television, cleaning supplies, commissions, complementary services and gifts, guest supplies, linen, printing and stationery, royalty fees, equipment rentals, corporate office reimbursable, etc.
Food and Beverage Other Expenses	Represents non-payroll expenses for food and beverage department, including china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.
Other Operated Departments Other Expenses	Represents non-payroll expenses for all other operated departments, including laundry supplies, health centre and swimming pool supplies, etc.

<p>Undistributed Expenses</p>	<p>This classification is used for (1) administrative and general expenses, (2) sales and marketing expenses, (3) information and telecommunications systems expenses, (4) utilities costs, and (5) property operation and maintenance expenses. Each of these can be considered as an individual entity. The explanations of each category expense are as follows:</p> <ul style="list-style-type: none"> • Administrative and general expenses include cash overages or shortages, commissions on credit cards, collection charges, executive office expenses, general insurance, postal charges, legal expenses, trade association dues, travelling expenses, accounts and consultants' fees. • Sales and marketing expenses include advertising, sales, promotion, merchandising, public relations and research, plus applicable travel and entertainment expenses and supplies. • Information and telecommunications systems expenses include cost of phone calls, internet services, software licenses and maintenance, software as a service fee, hosting storage fees and technical support fees. • Utilities expenses which include the cost of electrical power, fuel, steam and water. • Property operation and maintenance expenses include the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.
<p>Three levels of profit in this study</p>	<ul style="list-style-type: none"> • First level is the Departmental Profit/Loss. • Second level is the Gross Operating Profit (sum of department profits less undistributed operating expenses). • Third level is the Earnings before Interest, Taxes, Depreciation and Amortization (Gross Operating Profit less management fees and non-operating income and expenses).

About Horwath HTL Asia Pacific

At Horwath HTL – Asia Pacific (HHTL) is the regional arm of Crowe Global's Hotel, Tourism and Leisure Consulting Group. Since its establishment in 1987, HHTL has been involved with thousands of projects throughout the region in all phases of the property lifecycle for clients ranging from individually held businesses to the world's most prominent hotel companies, developers, lenders, investors and industrial corporations. HHTL currently operates out of offices in Singapore, Hong Kong, Beijing, Shanghai, Jakarta, Kuala Lumpur, Sydney, Mumbai, Tokyo, Auckland and Bangkok.

By combining resources from our offices in key cities throughout the Asia Pacific region, we ensure that clients receive a multi-skilled international perspective for their projects and benefit from our wide-reaching industry contacts. We are also supported by the Horwath HTL database, the largest and most complete hotel and tourism related database in the world. HHTL offers a wide range of services at all stages of the property lifecycle. Grouped under three broad areas, our services include the following:

Planning & Development Services

- Strategic Planning
- Market Entry Strategy
- Market Research
- Macro Tourism Analysis
- Tourism, Project and Destination Master-planning
- Site Analysis
- Highest and Best Use
- Product Conceptualization
- Facilities Recommendation
- Market and Financial Feasibility
- Residual Land Valuation
- Hotel Management Company Selection
- Management Contract Negotiation

Asset Management Services

- Owner Representation
- Accountability Review
- Operational Review
- Benchmarking
- Best Practice Analysis
- Capital Expenditure Cost/Benefit Analysis
- Reposition Strategy and Analysis
- Property Tax Appeals
- Litigation Support

Transaction/Lender Services

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- Investment/Divestment Strategy
- Bid Advisory
- Pre-lending Review
- Valuation/Appraisal
- Vendor Due Diligence;
- Insolvency/Receivership;
- Loan Work-out

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