

## **Hotel Industry Media Release**

### **LIGHTS BACK ON AT THE INN**

9 July 2010

Optimism amongst leading Australian hoteliers is on the rise again after two years of declining demand, falling revenues and stagnant investor demand. Under a theme of “Back on Track” delegates at the annual Australia, New Zealand and Pacific Hotel Industry Conference (ANZPHIC) held in Sydney this week heard speakers from various parts of the industry deliver generally positive news about recent market trends and encouraging forecasts for the near and longer term future for the industry here.

ANZPHIC conference chair and Horwath HTL Managing Director Mr. John Smith described the messages presented to delegates as a “rare triple play of positive news and market sentiment”.

“What we heard was improving occupancies in 2010 for leading markets such as Sydney and Brisbane, supported by improving demand from key inbound visitor markets such as the USA and improving hotel investment demand from overseas investment markets such as Singapore” he said. “It’s a combination of trends that will help to finally rebuild confidence as the industry continues the climb back from the challenges and disruptions of the past two years” he added. Leading industry data providers STR Global reported a strong rise in hotel room demand across the Asia Pacific region with year to date revenue per available room rising 24%, after a 19% decline for the comparable period in 2009. Amongst the best performing markets in the region, Sydney during the year to date led the field in terms of occupancy, reaching a near historical high of 86%, although room rate growth remains modest. Reflecting its rapidly improving market performance, leading hotel CEO’s at ANZPHIC rated the prospects for the Sydney market highly, with an expected average revenue uplift of 8 to 10% over the year ahead.

Similar growth expectations were nominated for Brisbane, however a more cautious outlook exists for Melbourne as it continues to absorb the impact of recent new hotel room supply. The surprise market performance was the Gold Coast that after several years of falling demand, occupancy and room rates finally saw a sharp uplift in trading conditions in the year to date.

Tourism Australia Managing Director, Andrew McEvoy reported positive market reaction overseas to Tourism Australia’s latest “There’s Nothing Like Australia” advert and in a poll conducted of ANZPHIC audience delegates (comprising 400 senior hotel industry executives) the advert rated a score of 7.5 out of 10. Asked what the Tourism Australia’s budget should be for 2012, the audience nominated \$218m – an 80% increase on the 2011 budget of \$122m but a spend level per head of population that would still be less than New Zealand. Reflecting the improving state of the hotel investment markets in Australia, Jones Lang

LaSalle reported on five major sales achieved in recent months that amounted to over \$600m of deals, all of which were made to overseas buyers. One of the buyers, Singapore magnate Mr. Michael Kum was awarded the “Hotel Deal of the Year” for his astute \$185m acquisition of the Four Points Darling Harbour from GPT.

Meanwhile former head of both Accor in Australia and Hilton in Asia Pacific, Mr Koos Klein was named as the inaugural inductee in the “Hotel Legends Hall of Fame” and property developer Lend Lease gave an update on its landmark and controversial development, Barangaroo South.

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### **About the Conference**

ANZPHIC is an "all industry" event that services the needs of a diverse group of senior executives in the hospitality industry – ranging from CEO's, General Managers and Department Heads of hotel companies, through to similar functions within hotel ownership groups, investors, developers, lenders, consultants/advisors, lawyers, suppliers, government and industry bodies and other industry stakeholders.

Attendees range from the most senior global, regional and local industry executives to new management entrants to the industry. Industry sectors covered include: hotels, resorts and serviced apartments, from luxury to backpacker standard.

### **About Horwath HTL**

Horwath HTL is a member of Crowe Horwath International, a professional association of accounting and management consulting firms founded in New York in 1915. Crowe Horwath International is currently ranked among the top ten international professional service groups with offices in close to 400 cities in 88 countries.

Horwath HTL (Hotels Tourism and Leisure) is one of the pre-eminent consulting specialists in the hotel, tourism and leisure industries, providing unequalled experience and expertise for client projects around the world through a combination of detailed local knowledge and international understanding. Horwath HTL is currently the world's largest consulting organization specialized in the hospitality industry, with 50 offices in 37 countries.

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