



SAVILLS HOTEL AUSTRALIAN TRANSACTION REVIEW 2023

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SAVILLS ON THE 2023 YEAR THE AUSTRALIAN HOTEL

Transaction volume notably increased year on year largely driven by a number of singularly large transactions. A combination of factors have supported the asset class in continued transaction volume for the year of 2023 including:

❖ TRADING RECOVERY

Hotel trading continues to significantly recover with headline RevPAR's now surpassing 2019 performances, with further growth expected in 2024 as inbound tourism and international flight capacity recovers, as corporate travel recovers, and as occupancies stabilise at historical averages.

❖ INCREASED INTEREST IN HOTELS

Hotels as an investment class and operational real estate in general have been importantly able to provide flexibility of operation and levers to drive increased yields that are sought after in the current environment. This has resulted in increased interest and allocation to this sector, however many investors are sitting on 'dry powder' and are yet to transact on deals in what is still a cautious investment environment. We expect this to change during the course of 2024 as investors make their moves.

Looking forward to 2024, Savills expect that with increased clarity surrounding the cost of debt along with further trading recovery driven by occupancy growth, that hotels will continue to be one of the more sought-after asset classes. As such we expect a continuation of similar levels of transaction volumes in the year ahead.

AR - INVESTMENT MARKET

Despite significant macroeconomic headwinds and challenging market conditions for 2023, hotels and the Australian market continued to prove to be a resilient asset class with values largely holding over the past twelve months.

2008 - 2023 & 2024 Forecast Australian Hotel Transactions by Volume & Number



*Illustrates hotel transactions of over \$5,000,000.

*For the purposes of the above analysis Savills counts transactions at unconditional exchange not settlement.

KEY STATISTICS





Sofitel Adelaide



53 Transactions for the 2023 year vs **58** last year (8.6% down from 2022)



A\$2.494 billion for 2023 vs **A\$2.345 billion** last year (6.4% increase in hotels transaction volume by AUD from 2022)



Average size of transaction in 2023 - c. **A\$47.1M** (up 26.4% from 2022)

NOTABLE 2023 HOTEL TRANSACTIONS



Sofitel Adelaide



▲ **SOFITEL ADELAIDE**
SOLD BY SAVILLS



▲ **BATMAN'S HILL ON COLLINS**
SOLD BY SAVILLS
PRICE CONFIDENTIAL



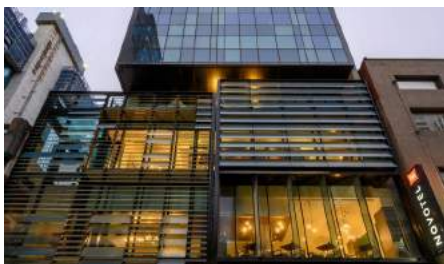
▲ **CANBERRA CASINO**
SOLD BY SAVILLS



▲ **SHERATON MIRAGE GOLD COAST**
SOLD



▲ **WALDORF ASTORIA**
SOLD



▲ **NOVOTEL & IBIS MELBOURNE CENTRAL**
SOLD



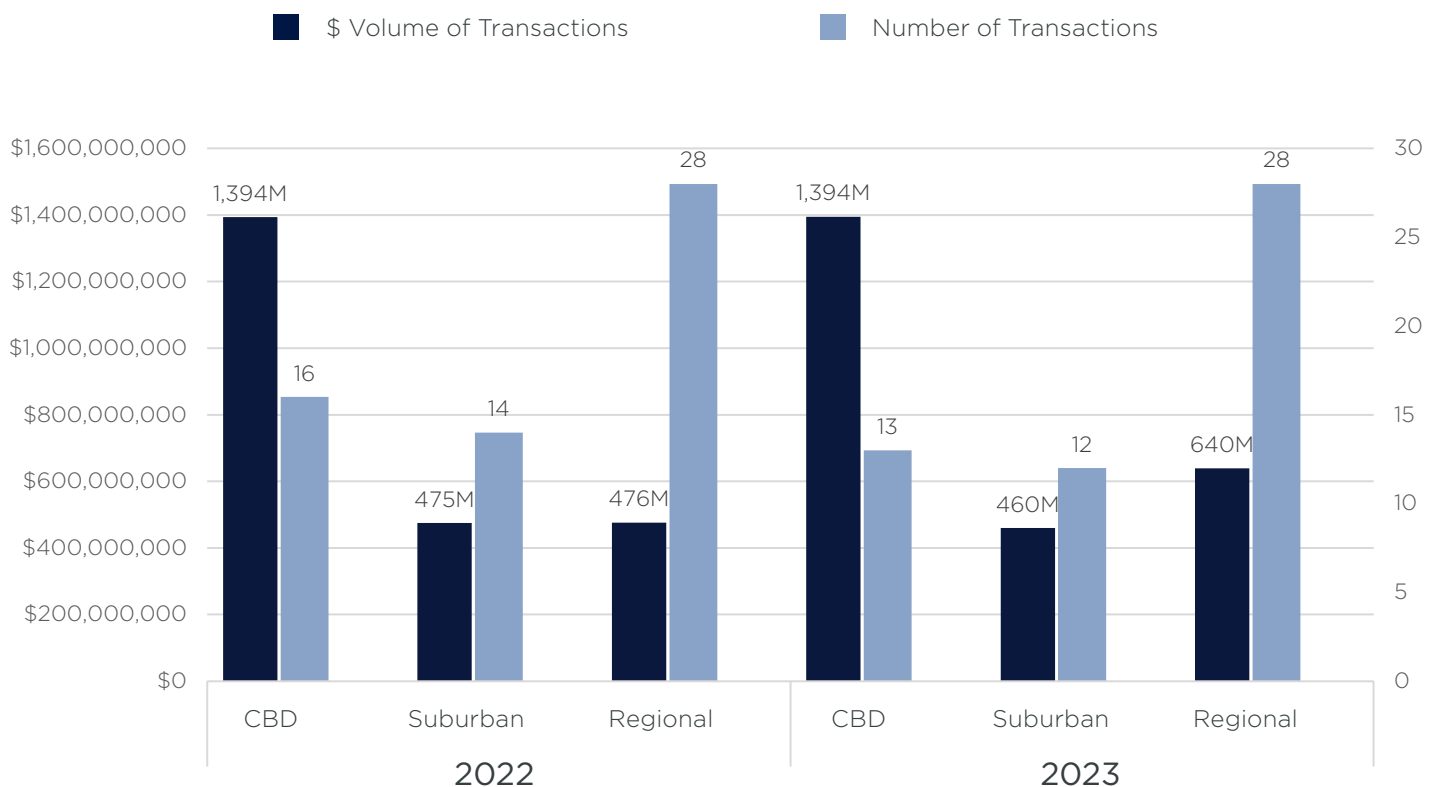
▲ **SOFITEL BRISBANE**
SOLD

*for any details on these deals please reach out to members of the Savills Hotels team

2023 ANALYSIS

CBD hotels continue to be highly sought after and tightly held investments. Owners have been reluctant to sell due to generally positive RevPAR trends. As CBD hotel occupancies continue to recover and ADRs appear to be largely resilient to downward pressure, the focus of investors has been on repositioning opportunities to drive returns. Regional hotels continued to be highly sought after assets due to a post-COVID sugar hit.

2022 vs 2023 Transactions by Geographical Location



Significant regional transactions continued to occur throughout 2023 on the back of the post-covid boom in domestic regional travel.

Savills expect the major capital cities - which are more dependent on international travel recovery, to increasingly be the focus of investment in 2024.



Jemena

Capgemini

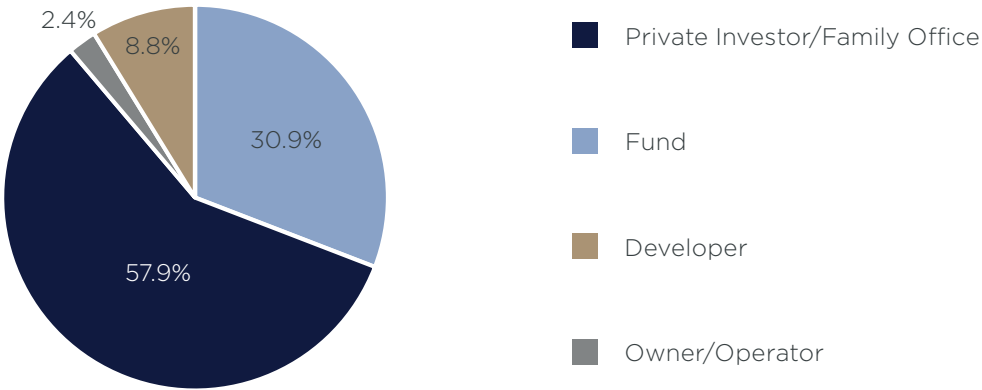
Batman's Hill on Collins

Batman's Hill on Collins

H O T E L H O T E L

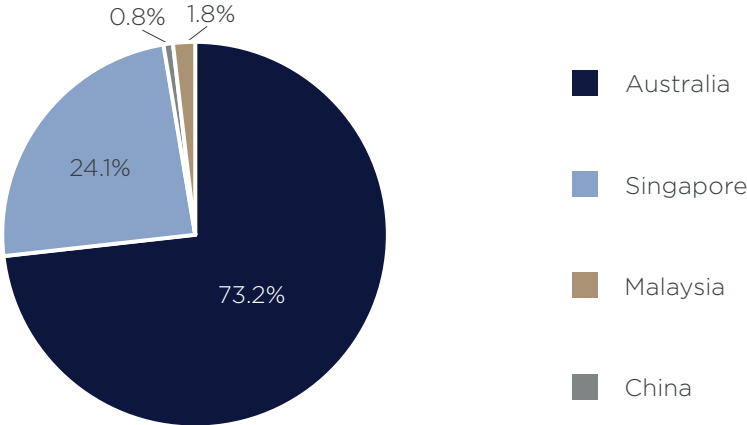
Batman's Hill on Collins Melbourne

2023 Buyer Type



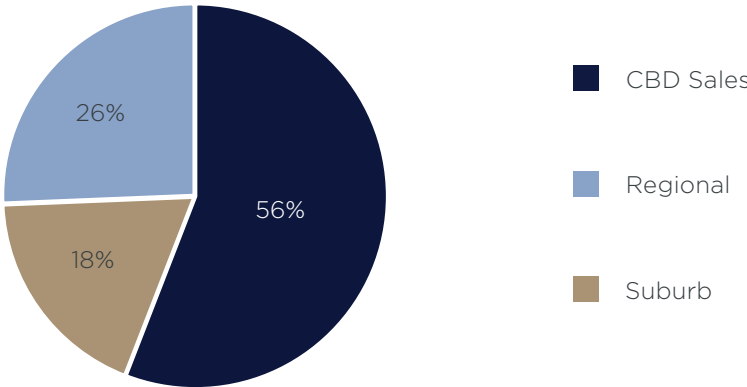
- Private investor/family office were the most active buyers in 2023 representing 57.9%.
- Fund were the second most active buyers representing 30.9%.

2023 Geographic Origin of Buyer



- Buyers were overwhelmingly domestic in 2023 representing 73.2% (up from c.50% in 2022). Singaporean buyers were the second most active representing 24.1%.

2023 Geographic Location Type of Transaction



- In 2023 CBD Sales continued to represent the majority of transaction volume at 56%



Lygon Lodge Melbourne

Australian Hotels National Foreign Investor Capital Flows (\$m) Dec-13 to Dec-23



Source: Real Capital Analytics / Savills Research

- Over the last four years since the onset of covid, Foreign investors have been Net Sellers (taking into account buying and selling net flows) of hotels in Australia selling a cumulative **\$3.946** billion of assets since 2020, but this theme continued less pronouncedly in 2023.
- Savills is experiencing increasingly strong interest from international investors seeking to invest in prime hospitality assets in Australia especially from throughout the Asian region.

2024 TRANSACTION OUTLOOK

Looking forward to 2024 Savills anticipate similar levels of transactional activity for both major single assets as well as portfolios driven by well capitalised strategic investors seeking selective hospitality assets that fit with their investment objectives and hotel mandates, positioning their capital for continued recovery in both trading and investment markets.



Deal activity has started strongly for 2024 with the Savills Hotels Team transacting The Four Points by Sheraton Melbourne Docklands.

PRICE:

c. AUD
**\$96
MILLION**

ROOMS:

273

SALE DATE:

**JANUARY
2024**

2023 TRANSACTIONS

SALE DATE	HOTEL NAME	LOCATION	STATE	ROOMS	SALE PRICE	PRICE PER ROOM/KEY	LOCATION TYPE
Dec-23	Mercure Kawana Waters	Birtinya	QLD	81	\$20,250,000	\$250,000	Suburban
Dec-23	Great Eastern Motor Lodge	Perth	WA	198	\$40,000,000	\$202,020	CBD
Dec-23	Angourie Resort & Spa	Yamba	NSW	66	\$25,200,000	\$381,818	Regioanal
Nov-23	Courtyard by Marriott North Ryde	North Ryde	NSW	196	\$55,000,000	\$280,612	Suburban
Nov-23	Novotel Parramatta	Parramatta	NSW	194	\$54,000,000	\$278,351	Suburban
Nov-23	Former Park Hotel	Brisbane	QLD	94	\$33,990,000	\$361,596	CBD
Nov-23	Menso Hotel Southbank	South Brisbane	QLD	66	\$27,000,000	\$409,091	Suburban
Oct-23	Blazing Stumps Motel & Suites	Wodonga	VIC	66	\$9,250,000	\$140,152	Regional
Oct-23	Coral Cay Resort Motor Inn	Mackay	QLD	82	\$10,800,000	\$131,707	Regioanal
Oct-23	The Old Clare Sydney	Sydney	NSW	69	\$61,800,000	\$895,652	CBD
Sep-23	Kingsford The Barossa	Kingsford	SA	16	CONFIDENTIAL	CONFIDENTIAL	Regional
Sep-23	Madison Spa Motel Resort	Murray River	NSW	40	\$6,180,000	\$154,500	Regional
Sep-23	Quest Woollooware Bay	Sydney	NSW	71	\$22,000,000	\$309,859	Suburban
Aug-23	Quest Chermside	Brisbane	QLD	54	\$13,600,000	\$251,852	Suburban
Aug-23	Inchcolm by Ovolo	Brisbane	QLD	50	\$24,500,000	\$490,000	CBD
Aug-23	Fraser Place Melbourne	Melbourne	VIC	112	\$32,400,000	\$289,286	CBD
Aug-23	Comfort Inn City Centre	Armidale	NSW	40	\$6,750,000	\$168,750	Regional
Aug-23	Cairns Southside International	Cairns	QLD	62	\$6,170,000	\$99,516	Regional
Jul-23	Cambridge Lodge	Stanmore	NSW	30	\$6,650,000	\$221,667	Suburban
Jul-23	Sofitel Adelaide	Adelaide	SA	251	\$154,000,000	\$613,546	CBD
Jul-23	Ibis Styles Tamworth	Tamworth	NSW	109	\$9,000,000	\$82,569	Regional
Jul-23	Sheraton Mirage Gold Coast	Gold Coast	QLD	295	\$192,000,000	\$650,847	Regional
Jul-23	Novotel & Ibis Melbourne Central	Melbourne	VIC	473	\$170,000,000	\$359,408	CBD
Jul-23	Abode Woden	Canberra	ACT	152	\$41,500,000	\$273,026	Suburban
Jul-23	Bunbury Apartment Motel	Bunbury	WA	51	\$13,000,000	\$254,902	Regional
Jun-23	Posh Hotel	Sydney	NSW	32	\$21,800,000	\$681,250	CBD
Jun-23	Busselton Beach Resort	Busselton	WA	32	\$10,750,000	\$335,938	Regional

SALE DATE	HOTEL NAME	LOCATION	STATE	ROOMS	SALE PRICE	PRICE PER ROOM/KEY	LOCATION TYPE
Jun-23	Quality Hotel Lighthouse	Bunbury	WA	70	\$14,300,000	\$204,286	Regional
Jun-23	Haven Glebe	Sydney	NSW	56	\$18,200,000	\$325,000	Suburban
Jun-23	Best Western Gregory Terrace	Brisbane	QLD	38	\$8,100,000	\$213,158	Regional
Jun-23	Brighton Savoy	Brighton	VIC	60	\$120,000,000	\$2,000,000	Suburban
Jun-23	Yamba Beach Motel	Clarence Valley	NSW	15	\$7,400,000	\$493,333	Regional
May-23	Escarpment Group (Portfolio*)		NSW	237	\$115,000,000	\$485,232	Regional
May-23	South Hedland Motel	Port Hedland	WA	107	\$15,000,000	\$140,187	Regional
May-23	Mid City Motor Inn	Orange	NSW	45	\$6,000,000	\$133,333	Regional
May-23	Batman's Hill on Collins	Melbourne	VIC	190	CONFIDENTIAL	CONFIDENTIAL	CBD
May-23	Adelphi Boutique Hotel	Melbourne	VIC	34	\$25,000,000	\$735,294	CBD
May-23	Lygon Lodge Melbourne	Melbourne	VIC	60	\$17,380,000	\$289,667	Suburban
May-23	Oaks Metropole Hotel	Townsville	QLD	104	\$17,000,000	\$163,462	Regional
May-23	Seasons of Perth	Perth	WA	120	\$22,500,000	\$187,500	CBD
Apr-23	Quest Fremantle	Fremantle	WA	122	\$38,000,000	\$311,475	Suburban
Apr-23	The Lodge Motel	Port Hedland	WA	135	\$15,000,000	\$111,111	Regional
Apr-23	Baileys Motel	Perth	WA	44	\$12,000,000	\$272,727	CBD
Apr-23	Leura Gardens Resort	Blue Mountains	NSW	88	\$20,000,000	\$227,273	Regional
Apr-23	Madison Motor Inn	Adamstown Heights	NSW	53	\$13,500,000	\$254,717	Regional
Apr-23	Milton Park Country House Hotel & Spa		NSW	44	\$20,200,000	\$459,091	Regional
Apr-23	Sofitel Brisbane	Brisbane	QLD	416	\$188,300,000	\$452,644	CBD
Feb-23	Platinum International Motor Inn	Toowoomba	QLD	36	\$6,650,000	\$184,722	Regional
Feb-23	Mud Hut Motel	Cooper Pedy	SA	24	\$14,020,000	\$584,167	Regional
Feb-23	Geraldton Motor Inn	Geraldton	WA	60	\$10,250,000	\$170,833	Regional
Feb-23	Scamander Beach Resort	Scamander	TAS	60	\$6,850,000	\$114,167	Regional
Feb-23	Waldorf Astoria Sydney Circular Quay	Sydney	NSW	220	\$575,000,000	\$2,613,636	CBD
Jan-23	Harrington River Lodge	Mid-Coast	NSW	22	\$16,000,000	\$727,273	Regional

*Hotel transactions of over \$5,000,000.

*For the purposes of the above Savills counts transactions at unconditional exchange not settlement.

SAVILLS HOTELS AUSTRALIA

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SOUTH AUSTRALIA

Perth

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ADELAIDE



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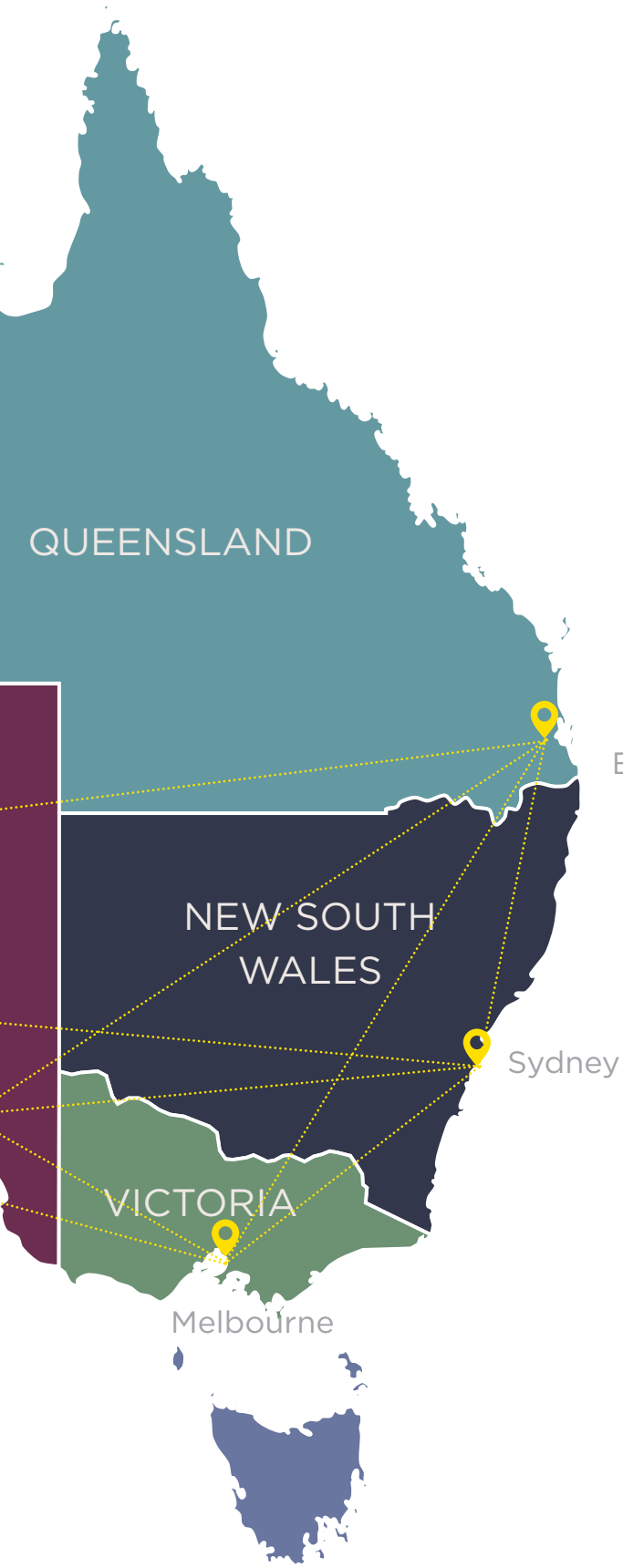
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