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DOMESTIC BUYERS DOMINATE HOTEL TRANSACTIONAL ACTIVITY IN 2023

Cross-border capital ready to make their moves in 2024

Australian hotel transaction volumes (by total value of transactions) grew to approximately $2.494 billion in the 2023 calendar year, according to a new report from Savills Australia and New Zealand. This figure is an increase of over 6% on the prior year, exceeding the total long-term average of $2.1 billion.

The report, which analyses hotel deals over $5 million in value transacted throughout the 2023 calendar year, also showed that just 53 hotel transactions were done during this time period, approximately 8.6% less that the year prior as interest rate rises and macro-economic headwinds impacted investment activity.

Additionally, the report highlights that average deal size was up 26.4% to $47.1 million as a result of a number of larger 'outlier' sales.

Deep diving further, the report data indicated private investors and family offices were the most active last year, representing 58% of investment with investment funds representing 30%.

In addition, buyers were overwhelmingly domestic, representing 73% of activity up from approximately 50% in 2022. Singaporean buyers were the second most active reflecting 24% of acquisitions. On the other side of the coin, sellers were predominately Australian at 76%, while 24% were Asian based owners.

"Notwithstanding the above, Australia remains a preferred destination for international hotel investors particularly from Asia and the Savills Asia Pacific team continues to experience strong levels of interest from investors across the region." said **Mark Durran, Managing Director, Hotel Capital Markets at Savills Australia and New Zealand**.

"The biggest impediment for active investors is a lack of availability of major investment grade hotel assets especially in Sydney, however 2024 has started strongly with our team this week transacting the 273 room Four Points by Sheraton Melbourne Docklands hotel for $96 million. Looking ahead to 2024, Savills expect an increase in deployment of cross border capital into the Australian hotel sector.

"Looking forward to the year ahead, we anticipate similar levels of hotel transaction 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 objective and hotel mandates, positioning their capital for continued recovery in both trading and investment markets," Mr Durran concluded.

"This year we anticipate significant transactional activity in both capital cities as well as in many key regional destinations. Melbourne and Sydney should be particularly active," added **Nick Lower, State Director, Hotels, Savills Australia and New Zealand**.

"The Australian hotel market continued its remarkable post COVID recovery with December 2023 STR reports indicating strong year on year growth across many of Australia's key destinations.

Press Release

“Sydney led the way with a 29% increase in RevPAR for Calendar year 2023 vs the year prior underpinned by a 20% growth in average occupancy. Brisbane, Melbourne, and Perth also exhibited strong year on year RevPAR growth.” said **Adrian Archer, National Director, Hotel Valuations at Savills Australia and New Zealand**

“The resurgence in international visitation over the course of 2024 is expected to be a key driver of demand,” Mr Archer concluded.

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About Savills
Savills is a global real estate services provider listed on the London Stock Exchange. Savills operates from over 700 owned and associate offices, employing more than 40,000 people in over 70 countries throughout the Americas, the UK, Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

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