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Introduction
While hotels in Sydney and Melbourne are experiencing unprecedented trading performance, there was a relative dearth of sales activity in 2017 with national transaction values down 35% compared to the 2016 calendar year.

Since the peak of transaction sales set in CY 2015, there has been a precipitous decline in the total dollar-value of hotels transacted across Australia. Many owners seem to be opting to hold their hotels for fear of being cashed up without the ability to re-enter the market; which is becoming a self-fulfilling prophecy.

In 2018, we anticipate that Sydney and Melbourne markets will continue their strong trading performance given record international and domestic tourist numbers and visitor spend, and relatively muted supply growth.

We see counter cyclical opportunities in 2018 in Brisbane, which we consider has bottomed and will benefit from the Commonwealth Games and activities associated with the Queens Wharf development, as well as a number of other significant public infrastructure projects and large scale private developments. Conversely, Perth has additional new supply still to enter an already soft market, which in the short term will lead to further downward pressure on both occupancy and room rate. Likewise, this should give rise to buying opportunities for well capitalised counter-cyclical investors.

We are expecting developers in Sydney and Melbourne to exit their hotels to take advantage of robust capital values, lack of availability of existing investment grade hotels, and to capture the ubiquitous and deep pools of capital still searching for hotels in these key markets. The Developers exit point will be either a site sale with associated DA, turnkey sale with fund through obligations or project take out at completion.
Yield compression continues as the dearth of opportunities drives up pricing and leads to tighter yields (refer Graph 1):

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>8.50%</td>
</tr>
<tr>
<td>2010</td>
<td>7.50%</td>
</tr>
<tr>
<td>2011</td>
<td>9.60%</td>
</tr>
<tr>
<td>2012</td>
<td>8.30%</td>
</tr>
<tr>
<td>2013</td>
<td>8.00%</td>
</tr>
<tr>
<td>2014</td>
<td>7.83%</td>
</tr>
<tr>
<td>2015</td>
<td>7.05%</td>
</tr>
<tr>
<td>2016</td>
<td>6.85%</td>
</tr>
<tr>
<td>2017</td>
<td>6.81%</td>
</tr>
</tbody>
</table>

This lends weight to Savills Hotels often quoted notion of a global synchronisation of real estate investment yields, particularly in gateway markets like Sydney and Melbourne.

With the evolving situation regarding Australian Prudential Regulation Authority regulations, the spotlight on international bank capital adequacy ratios and the implementation of the so called “Basel IV” accord (arguably just a completion of the Basel III reforms), bank lenders in the Australian market will continue to scrutinise more carefully hotel assets, forecast cash flows and borrowers for the strength of their covenant. The likely effects include:

1. Assets or development projects which are not showing generous returns (and in the case of developments, a strong positive delta between total development cost and on completion value), adequate security (in essence, more modest loan to value ratios), serviceability and interest coverage will be rejected by Australian trading banks.

2. Borrowers themselves will be heavily scrutinised – those with experience in hotel investment and ownership in the market, as well as healthy balance sheet positions, will obviously be preferred by traditional lenders and are therefore more likely to re-emerge as the most active buyers.

3. Non-bank lenders will have an opportunity to supplant themselves over Australian banks and provide a range of debt products from ordinary senior debt to a range of structured debt solutions. This in itself should assist with a further maturation of the Australian hotel investment market.

Direct overseas buyers and overseas equity (managed by local Australian funds) from mainland China, Hong Kong, Japan and Singapore continue to be the main sources of capital scouring the Australian market for hotel opportunities; however, local investors should not be disregarded and have been active players in the market, particularly in the second half of CY 2017.

We also foresee a return of traditional US, UK and European private equity and fund managers as active players in the local hotel investment landscape in 2018 and beyond.

Michael Simpson
Managing Director
Savills Hotels
Sales trends
Sales
It has been well documented that hotel sales volumes are down. Comparisons are being made to the last two years where volumes were at record levels, so it was inevitable this trend could not continue.

In CY 2015 there were $3.5bn of hotel sales, compared to $2.5bn in CY 2016 and $1.6bn for CY 2017 which represents a 53% fall of sales volumes since a flurry of activity in 2015.

This trend is not isolated to Australia nor the hotel sector. Property transactions in Australia for “all income asset sales” were down 10% on 2016 which is being attributed to high price expectations of vendors and investors holding onto stock. Hotels sales volumes are down by 8% across Asia Pacific.

Should we be concerned?
Not really. The long term average over the last 10 years is $1.8bn, so 2017 is only slightly down on the long term average. Of the key 9 cities in Australia there are circa 125,000 hotel rooms. There are nearly 40,000 new rooms planned in these locations, of which we believe over 20,000 are likely to open. With this in mind there will be more hotels to transact in the future.

When can we expect the next influx of hotel transactions?
Since high transactional activity in 2014/2015, there are proportionately more ‘inter-generational’ owners of major hotels in Australia. Unlike traditional investment cycles, the hold period for investments from these groups is substantially longer. This has created a new investment landscape of major CBD hotels across Australia as owners are unwilling to trade even if buyers are willing to pay significantly over valuation. Although the average holding period over the last few years of sales is nearly 7 years, we foresee this extending going forward and transactional activity not aggressively picking up in the short term.
2018: Year of the Dog, Are we barking up the wrong tree?
Since mid-2017 the restriction of Chinese capital coming into Australia has dominated headlines with some speculation it could lead to a fall or a correction in pricing. We have analysed the last 10 years of hotel sales, of which Chinese investment has represented circa 18% by value and only 8% by number of sales. This peaked at 40% by value and 20% by number in 2015.

The sales have primarily been focused on trophy hotels, of which there are few left to sell. While Chinese investment may not have been as dominant as suggested, in many instances the Chinese have been under bidders, which ultimately led to higher pricing. Hence, even without successfully acquiring hotels, the presence of Chinese investors has led to an increase in pricing.

We are currently seeing Chinese interest being supplemented by investors from the US, Europe, Japan, Hong Kong and the ever present Singaporeans.

Rather than focus our attention on Chinese buyers in isolation, we should consider the combined Chinese and Singaporean hotel investors. The withdrawal from both would be cause for concern. In 2014 both Chinese and Singaporean investors acquired nearly 60% of Australian hotels sold and nearly 50% in 2015. Over the last 7 years over one third of all hotels sold have been snapped up by investors from China and Singapore.

Whilst one would expect the restriction of overseas investment placed on Chinese buyers may result in a correction in pricing, this proposition has not been tested due to the lack of hotel opportunities which has continued to fuel competitive pricing. While there have been recent sales of Hotel and Commercial properties by highly leveraged Chinese investors, we expect that Chinese capital is still available for hotel investment from investors with stronger balance sheets and who are not under the microscope of the Chinese banking regulators. As can be seen from Graph 4, passing yields continue to tighten, albeit showing signs of slowing.
Our outlook for 2018 is generally positive with hotel enquiries remaining strong and owners considering options. We anticipate 2018 volumes to be on par or slightly ahead of 2017.
China and Australia – a match forged in “steel”
Introduction

Australia’s economic future is integrally based upon the continued growth of China, more so than any other OECD country. A great deal is discussed about China in our industry, almost on a daily basis both in terms of inbound demand and capital investment, but do we really understand the current key issues impacting China? This overview considers recent developments in China’s economy and its implications for Australia.

We begin this overview with our findings and subsequently provide a critique of the current state of affairs which supports our conclusions.

A positive future

An economic miracle

While the western world supports the concept that liberalisation is better for markets (the so called “free market”) and conversely excessive controls and state direction are often seen as negative, China’s state direction autocracy has produced the most impressive economic miracle the world has ever experienced.

The outlook for China’s economy remains robust and positive. CY 2017 recorded GDP growth of 6.9%, which exceeded forecast.

Tourism demand

- China’s continued economic development will underpin the transition of the poor and middle class to upper middle class and affluent status (refer figure 1) who are keen consumers, continually increasing in their level of sophistication and who have a desire to travel abroad.
- As a result, Australia will experience continued growth from China inbound, who are our highest yielding spenders and are already our most important international market.

Australian tourism investment

Following unprecedented capital outflows during China’s “Go West” and acquire phase, the Party’s concern over financial risk in late 2016 resulted in a change of attitude with a resultant tightening on global investment.
- The recent sale of Australian assets by high profile Chinese Investors Dalian Wanda Group of The Jewel (Gold Coast) and Goldfields House (Sydney), and HNA’s, 1 York Street Sydney represents a curtailment of overseas investment and debt reduction by those investors, following the intervention of China’s banking regulators. The property and investment group Yuhu acquired the Wanda assets and hence China ownership status quo remains.
- While the sale of the Wanda and HNA assets is related to their respective debt exposures, we are expecting China investors to remain active particularly in respect to Chinese property firms which are not as highly leveraged.
The critique

Xi increases control

The transition of China’s bureaucratically controlled economy to a “free market” has not occurred, as was announced by Mr Xi Jinping (“Xi”) in 2013. Instead the 19th Communist Party Congress (CPC) held in October 2017, has reaffirmed the Party’s continuing control of economic affairs and also elevated Xi to even greater control over the country’s affairs. This is evidenced by Xi’s “Thoughts and Theory” being adopted as an official guideline, which places him alongside Mao and Deng Xiaoping in the Party’s historical hierarchy.

Why the free market failed

Paramount to the decision to reassert the Party’s economic control were the stock market crashes of 2015 and 2016 which destabilised China’s “reform resolve” towards consumers and the private market, resulting in a return to the familiar economic model of debt driven stimulus as endorsed at the CPC.

The Party rules

China now promotes a hybrid capitalism where the private sector and deregulation play a peripheral role to the key economic decisions and policies made by the Party. Rather than liberalising China’s capital account and encouraging its financial sector to allow capital to find its most productive use, the Party dictates economic strategy. This is exemplified by Xi’s Belt and Road regional infrastructure plan1 which harnesses state owned economic power to achieve Beijing’s geostrategic interests.

Xi has also set ambitious targets for industrial policy in the areas of electric vehicles, semi-conductors, robotics, pharmaceuticals and artificial intelligence. These industry priorities are attracting significant investment as China gears up for a rise in productivity as it navigates the move to a more advanced economy. These industry initiatives underpin the Party’s grand strategy known as “Made in China 2025” which aims to transform the country into a dominant player in cutting edge technologies, which it must succeed in, as it can’t continue to rely on debt driven infrastructure projects to prop up GDP growth which has stabilised at around 6.5% annually.

Implications for Australia

So should Australia, which has benefited from soaring prices for key exports such as iron ore and coal, be concerned about waning demand as the Chinese economy transitions towards a more high-tech economy?

China construction has peaked in terms of its share of GDP and is likely to grow slower than GDP (expect annual increases of 2%-4% in real terms rather than the 8%-10% growth rates seen in the past).

While this first provides a dour outlook, on a more positive note, China’s focus on curbing pollution ‘plays into Australia’s hands’. Chinese steel mills are likely to use higher grade iron ore which Australia produces, and as Chinese mines are closed (dirty iron ore/coal) imports of higher quality raw materials are likely to rise. Australia being a low cost producer is likely to gain market share in this sector even if China construction slows. This augers well for Australia’s biggest export to China and underpins Australia’s GDP.

China is not without its share of problems

China’s meteoric rise to the second largest economy in the world is not without its broader geo-political challenges which the Party must also consider within the context of its economic advancement:

- Some critics argue that the wide ranging anti corruption campaign is also seen as a drive to purge Mr Xi’s rivals and political opponents
- Burgeoning levels of debt represent the biggest threat to the economy
- Managing trade tensions between USA & Europe over China’s excess production of industrial steel and other goods, which manifests into dumping consumer goods in the Western economies and cripples industry in those countries
- The potential for war in neighbouring North Korea and the vital role China plays in influencing North Korea’s Kim Jong-un through diplomatic means as well as the imposition of economic sanctions on North Korea
- Managing the crucial relationship with the USA and navigating the delicate ties with SE Asian nations wary of Beijing’s expansion in the South China Sea

Xi must balance all these issues, while driving the economy to greater prosperity; Australia must remain “locked and loaded” to benefit from the success of Xi’s vision.

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1 The Silk Road economic “Belt” and the 21st century maritime Silk “Road” are a land-based belt from China via Central Asia and Russia to Europe, and a maritime route through the Straights of Malacca to India, the Middle East and East Africa. China has allocated US$40 billion to the Silk Road fund which underwrites a series of major projects to improve connectivity along the route and enhance China’s logistics delivery.
Figure 1 – The Magnitude of China’s Middle-class Growth is Transforming the Nation

<table>
<thead>
<tr>
<th>Share of Urban Households¹ (%</th>
<th>Urban private consumption¹ (%</th>
<th>Income segment²</th>
<th>Projected growth of private consumption CAGR³, 2012-22 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>256 million</td>
<td>10,048 billion renminbi</td>
<td>Affluent</td>
<td>10.3</td>
</tr>
<tr>
<td>3%</td>
<td>11%</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>14%</td>
<td>20%</td>
<td>Upper middle class</td>
<td>22.4</td>
</tr>
<tr>
<td>54%</td>
<td>54%</td>
<td>Mass middle class</td>
<td>-3.3</td>
</tr>
<tr>
<td>29%</td>
<td>16%</td>
<td>Poor</td>
<td>-1.5</td>
</tr>
<tr>
<td>16%</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: McKinsey & Company

1 Figures may not sum to 100%, because of rounding; data for 2022 are projected.
2 Defined by annual disposable income per urban household, in 2010 real terms; affluent, >229,000 renminbi (equivalent to >$34,000); upper middle class, 106,000 to 229,000 renminbi (equivalent to $16,000 to $34,000); mass middle class, 60,000 to 106,000 renminbi (equivalent to $9,000 to $16,000); poor, <60,000 renminbi (equivalent to <$9,000).
3 Compound annual growth rate.
The Australia wide market achieved a RevPAR for CY 2017 of $143, which represented year on year growth of 2.8%. All Australian cities posted RevPAR growth or no growth, except Perth and Hobart with RevPAR declining 11.3% and 0.5% respectively. The continual decline in performance for the Perth market is not only a result of a downturn in business activity and an increase in room supply but also due to an increase in non-traditional accommodation bookings such as Airbnb, with Perth listings growing to more than 8,000. For the remaining performing markets, growth in market KPI’s can be attributed to strong corporate demand and an increase in leisure demand from domestic and international markets due to a lower Australian dollar and historically cheap airfares.

1 Source: STR
2 Source: Bankwest Curtin Economics Centre Report October 2017

Note: Cities are shown as RevPAR descends
Australia received 8 million international visitors (up 7.3%) and 268 million international visitor nights (up 6.6%) for the year ending 30 September 2017 (refer Graph 6 – Top 10 international visitor markets). International visitors to Australia spent a record $41 billion (up 6.2%). The New Zealand market continues to contribute the highest number of visitors to Australia (1.23 million), however the China visitor market follows closely behind at 1.22 million visitors, (up 11.9%), who more importantly, spend an average of 44 nights in Australia when touring Down Under. As a result, China produced 54 million room nights representing almost four times the volume produced by New Zealand (14 million).1

With the Australian dollar forecast to appreciate only slightly over the next five years, it is still expected to remain relatively low ensuring that Australia maintains its status as a cheap destination for international tourists. As a result, China is expected to overtake New Zealand to become Australia’s number one inbound tourist market in 2017-18. The first nine months of 2016-17 saw inbound aviation capacity from China increase 23% year on year mainly due to increased activity from non-traditional operators in China’s second tier cities. TRA forecasts continual growth in inbound aviation capacity from China in the coming years with forecast growth expected of 11.8% and 10.0% in 2017-18 and 2018-19 respectively. Increases to inbound aviation capacity from China is expected to be sourced largely from ‘new’ airlines and new routes in second-tier cities such as Wuhan, Chengdu and Xian which will supplement the traditional operators which operate from first-tier cities such as Shanghai and Beijing.1

1 Source: Tourism Research Australia (TRA)
Save for UK, European countries were absent from the top 10 international visitor markets, with most notably limited growth in arrivals from Switzerland (1.2%) and Italy (1.6%).

**International Visitors – Who Goes Where?**

Of the 8 million international visitors to Australia for the year ending 30 September 2017, 51.3% of those visited New South Wales, with Victoria and Queensland following at 35.2% and 32.9% respectively. Apart from Western Australia (11.9%) all other Australian states have a single digit share of visitors.

International visitors to Tasmania increased by 16.6%, albeit Tasmania represents the second least visited state (3.3%), marginally ahead of the Australian Capital Territory (2.9%). International visitors stay the longest in Western Australia with an average of 29 visitor nights, which compares to the Australian average of circa 22 visitor nights.1

Of the 96 million domestic visitors across Australian states for the year ending 30 September 2017, 32.3% of those visited New South Wales, with Victoria and Queensland following at 24.7% and 23.0% respectively.

Year on year growth was largest in the Australian Capital Territory at 12.6%, with the Northern Territory boasting the highest average length of stay of circa 6 visitor nights which compares to the Australian average of circa 4 visitor nights.2

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1 Source: Tourism Research Australia (TRA)

2 Source: Tourism Research Australia (TRA)
Australian cities overview

The following analysis in descending order of CY 2017 RevPAR achieved in a particular market, considers the economic and market fundamentals influencing current and future hotel performance.
Sydney continued to lead the Australian market in CY 2017, achieving a RevPAR of $198, $55 ahead of the overall Australian market and $44 ahead of Melbourne, the second highest performing market based on RevPAR. The strength of the Sydney hotel market is set to continue with international passenger numbers through Sydney Airport continuing to increase (up 7.1% year to date November 2017) as a record breaking 43.3m passengers passed through Sydney Airport in 2017. Hoteliers have the ability to drive rate due to sustained strong demand, with Sydney’s occupancy rates currently among the highest in the world.

Sydney’s Luxury segment achieved an occupancy of 89.4% (up 4.0%), and ADR of $359 (up 6.0%), delivering a RevPAR of $321 (up 10.2%), which exceeded Melbourne’s Luxury segment RevPAR of $278 by 15%. A combination of factors such as the strength in both public and Private construction/infrastructure projects and buoyant economic metrics are key to ensuring the continued success in Sydney’s current and expected future performance.

Sydney’s strong performance has resulted in a surge of international capital and an increase in investment in new hotel development. However, due to Sydney CBD being a constrained market, investors are left frustrated due to the limited opportunities for development sites and trading hotels for sale.

Based on Savills research into the hotel pipeline for Sydney CBD and its immediate surrounds, an additional 3,000 rooms are anticipated to enter into the market over the next three years. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialise.

Limited increases to Sydney’s hotel room supply has had little impact on occupancy as Sydney room night demand has continued to grow in the last four years, with growth of 4.3% year on year for CY 2017. We forecast Sydney occupancies will continue to remain strong in the medium term enabling hoteliers to continue to grow rate.

Sydney: From strength to strength

Graph 8 – Sydney Market KPI’s CY 2013 to CY 2017

State of the Nation

- GDP Growth ASep-17: 3.1%
- GSP:
  - F2018: 2.8%
  - F2019: 2.5%
- Population Growth AMar-17: 1.6%
- Inflation ASep-17: 1.9%
- CPI:
  - F2018: 2.3%
  - F2019: 2.5%
- Employment Growth AOct-17: 2.4%
  - F2018: 1.5%
  - F2019: 1.3%
- Unemployment Rate AOct-17: 4.9%
- House Price Growth ASep-17: 1.7%
- Apartment Price Growth ASep-17: 1.0%
- Retail Trade Growth AOct-17: 2.5%
- Sydney CBD Office Vacancy Rates (absolute numbers as at January 2018): $4.6% (lowest compared to all capital cities)
  - Premium: $6.9%
  - A: $3.7%
  - B: $4.8%
  - C: $3.7%
  - D: $2.1%
- Office Construction Pipeline
  - 2018: 85,712sq m
  - 2020+: 147,248sq m
- Infrastructure projects (circa $80 billion NSW infrastructure projects over the next 4 years):
  - Sydney Metro
  - WestConnex
  - CBD and South East Light Rail
  - Parramatta Light Rail
  - NorthConnex
  - Barangaroo
  - Circular Quay Renewal
  - Hospital Redevelopments
- The housing market has peaked at record levels with market activity cooling as a result of tighter lending standards
- The boom in construction activity, led by housing investment and the public infrastructure boom, has been the driving factor for growth in employment
- Wage growth continues to remain constrained while household debt to income ratio continues to climb
- Sydney received circa 4 million international visitors for the year ending September 2017 (47.9% of total international visitors to Australia)
- An increase of 7.4% in international visitor nights for Sydney (Y/E September 2017)
- An increase of 15.1% in domestic visitor nights for Sydney (Y/E September 2017)
Melbourne: Holding steadfast

Melbourne is the second highest performing market in CY 2017 recording a marginal increase in ADR to $186 (up 0.6%). Conversely, occupancy declined marginally resulting in no growth in RevPAR for CY 2017 when compared with CY 2016. Whilst the overall Melbourne hotel market remained stable, Melbourne’s Luxury market showed growth in all market KPI’s, achieving an occupancy of 91.2% (up 1.8%), ADR of $305 (up 0.9%) and RevPAR of $278 (up 2.7%). A record breaking number of international passengers (more than 1 million) travelled through Melbourne airport in December 2017 alone, with international airport passenger traffic growing 7.2% for CY 2017 when compared to CY 2016.

For CY 2017, ‘Room nights sold’ increased by 2.6%, however this was offset by an increase in ‘Rooms available’ of 3.2% over the same period.1 Based on Savills research into the hotel pipeline for Melbourne CBD and its immediate surrounds, an additional 5,500 rooms are anticipated to enter into the market over the next three years. Of course not all projects will proceed and accordingly we expect a significant number of planned or proposed projects will not materialise.

In 2018, we anticipate that the Melbourne market will continue its strong trading performance given record international and domestic tourist numbers and infrastructure projects.

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1 Source: STR
2 Source: ABS/DOE/RBA/Property Council Australia/Tourism Research Australia/Savills Research
As a more leisure-based destination, Hobart continues to attract international and domestic tourists with an increase in international visitors (up 16.6%) and domestic visitors (up 12.3%) for the year ending September 2017. Based on RevPAR for CY 2017, Hobart ranked third in the Australian market, improving from fourth position in CY 2016. Although Hobarts’ KPI performance remains strong, new supply has resulted in a decline in occupancy to 80.8% (down 1.6%) and as a result a marginal decrease in RevPAR to $139 (down 0.5%).

In CY 2017, ‘Room nights sold’ increased by 5.4%, however this was offset by an increase in ‘Rooms available’ of 7.2%.

Based on Savills research into the hotel pipeline for Hobart, an additional 1,700 rooms are anticipated to enter into the market over the next three years. Due to the size of the Hobart market, KPI growth will be constrained if all of the expected new supply is constructed and the market will be unlikely to correct until the new supply is fully absorbed. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialise.

Graph 10 – Hobart Market KPI’s CY 2013 to CY 2017

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy%</th>
<th>ADR $</th>
<th>RevPAR $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hobart CY17</td>
<td>80.8%</td>
<td>171.4</td>
<td>138.56</td>
</tr>
<tr>
<td>YOY Change</td>
<td>-1.6%</td>
<td>1.1%</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

Source: STR

1 Source: STR/Tourism Research Australia
2 Source: ABS/DOE/RBA/Tasmania Treasury/Property Council Australia/Tourism Research Australia/Savills Research
The Gold Coast’s strong RevPAR performance (ranked 4th highest performing RevPAR market in Australia) continues to be driven by international visitors which grew 4.2% for the year ending September 2017. There has been a moderate change in KPI’s, with growth in ADR to $188 (up 1.3%) and a decline in occupancy (down 1.3%) resulting in no RevPAR growth. Due to the cyclical nature of the Gold Coast market as a destination for visitors and the increase in ‘Rooms available’ (up 0.2%) whilst ‘Room nights sold’ declined (down 1.1%), the Gold Coast recorded the lowest occupancy at 71.6% in the overall Australian market. The Commonwealth Games is expected to drive market KPI’s in 2018 along with the existing pipeline of infrastructure projects which will continue to boost investment into the Gold Coast economy.

Based on Savills research into the hotel pipeline for the Gold Coast, an additional 1,500 rooms are anticipated to enter into the market over the next three years. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialize. Due to the size of the Gold Coast market, we expect that the new supply will be absorbed by the market in accordance with room night demand growth.

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy%</th>
<th>ADR S</th>
<th>RevPAR $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast CY17</td>
<td>71.6%</td>
<td>187.86</td>
<td>134.44</td>
</tr>
</tbody>
</table>

**YOY Change**
-1.3% 1.3% 0.0%

**Graph 11 – Gold Coast Market KPI’s CY 2013 to CY 2017**

**State of the Nation**
- GDP Growth June-16: 4.3%
- Unemployment Rate June-17: 5.2%
- Gold Coast Office Vacancy Rates (absolute numbers as at January 2018):
  - Broadbeach: 6.6%
  - Bundall: 11.8%
  - Robina: 7.2%
  - Southport: 13.2%
  - Surfers Paradise: 12.0%
- Office Construction Pipeline
  - 2018: 5,576sq m
- Infrastructure projects:
  - M1 Upgrade
  - Light Rail Stage 3
  - Movieworld & Dreamworld new attractions
  - Gold Coast Airport upgrade
  - Commonwealth Games Village

The Gold Coast received circa 1 million international visitors for the year ending September 2017 (13.2% of total international visitors to Australia)

- A decrease of 9.0% in international visitor nights for the Gold Coast (Y/E September 2017)
- An increase of 9.8% in domestic visitor nights for the Gold Coast (Y/E September 2017)²

1 Source: STR/Tourism Research Australia
2 Source: ABS/DOE/RBA/Property Council Australia/Tourism Research Australia/Savills Research
Canberra: Government in disarray but Canberra outperforming strongly

Sitting marginally behind the Gold Coast, Canberra’s market KPI’s continue to grow with RevPAR up 8.2% for CY 2017 when compared with CY 2016. Canberra’s strong performance is driven by international and domestic visitors which both grew 10.2% and 12.6% respectively for the year ending September 2017. There is a significant pipeline of proposed hotel developments in Canberra which could place pressure on Occupancy and ADR. Savills estimates approximately 1,500 new rooms (an increase of some 22%) to enter the market over the next four years, a majority in 2020 and 2021.

Graph 12 – Canberra Market KPI’s
CY 2013 to CY 2017

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy %</th>
<th>ADR $</th>
<th>RevPAR $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canberra &amp; ACT CY17</td>
<td>76.9%</td>
<td>174.37</td>
<td>134.13</td>
</tr>
<tr>
<td>YOY Change</td>
<td>3.1%</td>
<td>5.0%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Source: STR

State of the Nation

- GDP Growth A Sep-17: 3.0%
- GSP:
  - F2018: 2.5%
  - F2019: 2.5%
- Population Growth A Mar-17: 1.8%
- Inflation A Sep-17: 2.1%
- CPI:
  - F2018: 3.5%
  - F2019: 3.5%
- Employment Growth A Oct-17: 3.1%
  - F2018: 1.5%
  - F2019: 1.5%
- Unemployment Rate A Oct-17: 3.9%
- House Price Growth A Sep-17: 8.1%
- Apartment Price Growth A Sep-17: -3.1%
- Retail Trade Growth A Oct-17: 1.9%
- Canberra CBD Office Vacancy Rates (absolute numbers as at January 2018): 13.1%
  - A: 8.5%
  - B: 11.0%
  - C: 21.7%
  - D: 19.0%
- Office Construction Pipeline
  - 2018: 16,460sq m
  - 2019: 15,500sq m
  - 2020+: 69,000sq m
- Infrastructure projects:
  - Light Rail – Stage 1
  - University of Canberra Public Hospital
  - Revitalisation of the Civic to Gungahlin Corridor
  - New Court Facilities Project
  - Urban Renewal Program
- Population and house prices continued to (up 1.8% and 8.1% respectively)
- Canberra received circa 228,000 international visitors for the year ending September 2017 (2.9% of total international visitors to Australia)
- An increase of 16.2% in international visitor nights for Canberra (Y/E September 2017)
- An increase of 16.8% in domestic visitor nights for Canberra (Y/E September 2017)

1 Source: STR/Tourism Research Australia
2 Source: ABS/DOE/RBA/Property Council Australia/Tourism Research Australia/Savills Research
Cairns has continued to grow for the fifth consecutive year, ranking first out of all Australian markets in RevPAR growth (up 9.5%). Cairns showed growth in all market KPI’s with occupancy up 1.8% to 84.8% (ranking second place behind Sydney) and ADR up 7.6% to $151.

Of the 890,000 international visitors for year ending September 2017 (up 1.5%), 92% can be attributed to those on a holiday, with China remaining as the largest market (24.5% of all international travellers to the region). Domestic overnight visitors to the region declined 2.8% to 1.8 million visitors due to such factors as discounted overseas deals to Bali and the increase in popularity of cruise ship holidays due to affordability.

Based on Savills research into the hotel pipeline for Cairns, an additional 560 rooms are anticipated to enter into the market over the next three years. The projects are the first major hotel additions to Cairns for 20 years.

With international visitation forecast to continue to increase, Cairns market KPI’s will continue to remain strong in the short term.

Graph 13 – Cairns Market KPI’s

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy %</th>
<th>ADR $</th>
<th>RevPAR $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cairns CY17</td>
<td>84.8%</td>
<td>150.53</td>
<td>127.62</td>
</tr>
</tbody>
</table>

YOY Change 1.8% 7.6% 9.5%

Source: STR

State of the Nation

- GDP Growth AJune-16: 0.2%
- Unemployment Rate AJune-17: 5.7%
- Infrastructure projects:
  - Airport Expansion
  - Bauxite Hill
  - Performing Arts Centre
  - Bruce Highway Upgrade
  - Chillagoe Mining
  - Rydges Tradewinds Hotel redevelopment
  - Nova City development
- Tropical North Queensland received circa 890,000 international visitors for the year ending September 2017 (11.1% of total international visitors to Australia)
- A decrease of 2.7% in international visitor nights for Tropical North Queensland (Y/E September 2017)
- A decrease of 2.4% in domestic visitor nights for Tropical North Queensland (Y/E September 2017)²
Once again the Perth market was the worst performing Australian market based on RevPAR growth, declining for the fifth consecutive year to $127 (down 11.3%). As a result of new supply exceeding room night demand and an increase in non-traditional accommodation bookings such as Airbnb, Perth recorded negative growth across all market KPI’s, with occupancy down 4.5% to 75.0% and ADR down 7.1% to $169. As a result, RevPAR declined to $127 (down 11.3%).1

For CY 2017, ‘Room nights sold’ increased by 4.7% however this was more than offset by an increase in ‘Rooms available’ of 9.7% over the same period.

Based on Savills research into the hotel pipeline for Perth CBD and its immediate surrounds, an additional 2,600 rooms are anticipated to enter into the market over the next three years. Market KPI’s will continue to deteriorate with this additional supply until demand is able to absorb the new supply. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialise.

Graph 14 – Perth Market KPI’s
CY 2013 to CY 2017

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy %</th>
<th>ADR $</th>
<th>RevPAR $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth CY17</td>
<td>75.0%</td>
<td>169.45</td>
<td>127.05</td>
</tr>
</tbody>
</table>

YOY Change: -4.5% -7.1% -11.3%

Source: STR

State of the Nation

- GDP Growth ASep-17: -4.2%
- GSP:
  - F2018: 2.5%
  - F2019: 2.5%
- Population Growth AMar-17: 0.7%
- Inflation ASep-17: 0.8%
- CPI:
  - F2018: 2.3%
  - F2019: 2.5%
- Employment Growth AOct-17: 2.8%
  - F2018: 0.8%
  - F2019: 1.5%
- Unemployment Rate AOct-17: 5.9%
- House Price Growth ASep-17: -3.1%
- Apartment Price Growth ASep-17: -6.9%
- Retail Trade Growth AOct-17: -0.5%
- Perth CBD Office Vacancy Rates (absolute number as at January 2018):
  - Premium: 6.3%
  - A: 18.0%
  - B: 31.1%
- Office Construction Pipeline
  - 2018: 48,484sq m
- Infrastructure projects:
  - Elizabeth Quay renewal
  - Perth City Link
  - Riverside
  - New WA Museum
- Employment has increased in 2017, however still remains below the levels seen at the start of the mining boom
- Population growth in the second half of 2017
- Perth received circa 904,000 international visitors for the year ending September 2017 (11.3% of total international visitors to Australia)
- A decrease of 2.5% in international visitor nights for Perth (Y/E September 2017)
- A decrease by 10.9% in domestic visitor nights for Perth (Y/E September 2017)2

Source: STR

1 Source: STR
2 Source: ABS/DOE/RBA/Property Council Australia/Tourism Research Australia/Savills Research
Adelaide: Strong performance but new supply on the horizon

Adelaide recorded growth in all market KPI’s during CY 2017, with occupancy up 2.0% to 78.7% and ADR up 4.4% to $156 enabling RevPAR to grow 6.5% to $123. Of the 442,000 international visitors to South Australia for the year ending September 2017, 395,000 visited Adelaide. With the introduction of direct flights between Adelaide and Guangzhou in December 2016, Adelaide has seen visitation from China surpass its 2020 target of 57,000, increasing to a record high of 61,000 for the year ending September 2017 (up 58%).

Room night demand increased by 4% for CY 2017 which exceeded a 2% increase to Rooms available.

Based on Savills research into the hotel pipeline for Adelaide CBD and its immediate surrounds, an additional 2,300 rooms are anticipated to enter into the market over the next three years. Market KPI growth will be constrained if all of the expected new supply is constructed and the market will be unlikely to correct until the new supply is fully absorbed. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialise.

### Graph 15 – Adelaide Market KPI’s

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy %</th>
<th>ADR ($)</th>
<th>RevPAR ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide CY17</td>
<td>78.7%</td>
<td>156.17</td>
<td>122.96</td>
</tr>
</tbody>
</table>

YOY Change

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy %</th>
<th>ADR ($)</th>
<th>RevPAR ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide CY17</td>
<td>78.7%</td>
<td>156.17</td>
<td>122.96</td>
</tr>
</tbody>
</table>

### State of the Nation

- **GDP Growth ASep-17:** 3.6%
- **GSP:**
  - F2018: 2.3%
  - F2019: 2.3%
- **Population Growth AMar-17:** 0.6%
- **Inflation ASep-17:** 1.8%
- **Employment Growth AOct-17:** 1.5%
  - F2018: 1.0%
  - F2019: 1.0%
- **Unemployment Rate AOct-17:** 6.4%
- **House Price Growth ASep-17:** 0.7%
- **Apartment Price Growth ASep-17:** 4.2%
- **Retail Trade Growth AOct-17:** 2.6%
- **Adelaide CBD Office Vacancy Rates (absolute numbers as at January 2018):** 15.4%
  - Premium: 9.3%
  - A: 14.7%
  - B: 14.6%
  - C: 17.3%
  - D: 18.4%

- **Infrastructure projects:**
  - Courts Precinct
  - Flinders Link Project
  - Greenways and bike boulevards
  - O-Bahn City Access
  - Royal Adelaide Hospital
  - Rail Revitalisation
  - Regional Roads Projects
  - Riverbank Entertainment Precinct
  - Osborne Naval Shipyard upgrade

- **Housing construction and infrastructure investment peaked, whilst export growth was at its highest over the last four years**
- **The Federal Government’s national shipbuilding plan is expected to boost the Adelaide economy, with the variety of employment opportunities it will create**
- **Adelaide received circa 395,000 international visitors for the year ending September 2017 (4.9% of total international visitors to Australia)**
- **An increase of 7.1% in international visitor nights for Adelaide (Y/E September 2017)**
- **An increase of 3.1% in domestic visitor nights for Adelaide (Y/E September 2017)**
Brisbane recorded growth in occupancy for CY 2017 to 73.7% (up 2.6%). Conversely, ADR declined by 1.4% to $157 resulting in RevPAR recording marginal growth to $116 (up 1.1%). RevPAR growth reflects an increase in ‘Room nights sold’ for CY 2017 (up 7.4%) arising from an increase in international visitors to over 1.2 million for the year ending September 2017 (up 4.6%).1

Based on Savills research into the hotel pipeline for Brisbane CBD and its immediate surrounds, an additional 1,700 rooms are anticipated to enter into the market over the next three years. While we consider the Brisbane market has bottomed, we expect that the new supply will continue to constrain growth in market KPI’s. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialise.

Graph 16 – Brisbane Market KPI’s
CY 2013 to CY 2017

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy %</th>
<th>ADR $</th>
<th>RevPAR $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brisbane CY17</td>
<td>73.7%</td>
<td>156.98</td>
<td>115.69</td>
</tr>
</tbody>
</table>

YOY Change: 2.6% -1.4% 1.1%

Source: STR

1 Source: STR/Tourism Research Australia
2 Source: ABS/DOE/RBA/Property Council Australia/Tourism Research Australia/Savills Research

State of the Nation

- GDP Growth ASep-17: 3.0%
- GSP:
  - F2018: 4.0%
  - F2019: 3.8%
- Population Growth AMar-17: 1.6%
- Inflation ASep-17: 1.5%
- CPI:
  - F2018: 2.0%
  - F2019: 2.3%
- Employment Growth AOct-17: 4.6%
  - F2018: 1.0%
  - F2019: 1.5%
- Unemployment Rate AOct-17: 6.1%
- House Price Growth ASep-17: 4.0%
- Apartment Price Growth ASep-17: 1.1%
- Retail Trade Growth AOct-17: 0.1%
- Brisbane CBD Office Vacancy Rates (absolute numbers as at January 2018): ☘ 16.2%
  - Premium: ☘ 12.0%
  - A: ☘ 13.2%
  - B: ☘ 22.0%
  - C: ☘ 16.6%
  - D: ☘ 17.4%
- Office Construction Pipeline
  - 2019: 47,700sq m
- Infrastructure projects:
  - Queens Wharf
  - Brisbane Airport Redevelopment
  - Brisbane Quarter
  - Cross River Rail
  - Brisbane Live Entertainment Arena Precinct
  - Brisbane Metro
- Economic growth due to population migration, employment opportunities, cheaper lifestyle and an attractive lifestyle
- Slowing construction activity with building approvals around 25% lower than 2015/early 2016 due to tighter financing and an increase in taxes on foreign investors
- Brisbane received circa 1.2 million international visitors for the year ending September 2017 (15.5% of total international visitors to Australia)
- An increase of 4.0% in international visitor nights for Brisbane (Y/E September 2017)
- An increase of 14.6% in domestic visitor nights for Brisbane (Y/E September 2017)
In CY 2017, ‘Room nights sold’ increased by 9.8% while ‘Rooms available’ only increased by 1.0% for the same period heralding a warm welcome to an occupancy upswing. This can be attributed to the marginal increase in domestic visitors to 724,000 for the year ending September 2017 (up 0.6%). Unable to drive rate during non-peak periods, ADR declined by 3.9% to $149. Darwin recorded modest improvement in performance with RevPAR growth to $109 (up 4.5%), which was largely driven by an increase in occupancy to 73.2% (up 8.7%).

Based on Savills research into the hotel pipeline for Darwin, an additional 312 rooms are approved to enter into the market over the next three years, with another 1,180 rooms proposed. Of course not all projects will proceed and accordingly we expect a number of planned or proposed projects will not materialise. Accordingly for the immediate future, market KPI’s should continue to rebound.

### State of the Nation

- **GDP Growth FY 2016/17:** 4%
- **GSP:**
  - F2018: 1.0%
  - F2019: 5.1%
- **Population Growth AMar-17:** 0.1%
- **Inflation ASep-17:** 0.6%
- **CPI:**
  - F2018: 0.4%
  - F2019: 1.3%
- **Employment Growth AOct-17:** -2.2%
  - F2018: 0.5%
  - F2019: 0.6%
- **Unemployment Rate AOct-17:** 3.7%
- **House Price Growth ASep-17:** -4.8%
- **Apartment Price Growth ASep-17:** -1.3%
- **Retail Trade Growth AOct-17:** 0.1%
- **Darwin CBD Office Vacancy Rates (absolute numbers as at January 2018):**
  - A: 14.6%
  - B: 29.4%
  - C: 50.4%
- **Infrastructure projects:**
  - Palmerston Regional Hospital
  - Schools and education upgrades
- **Majority of the growth in Darwin’s economy over the last year was due to construction activity, with most attributed to the $45 billion Ichthys LNG plant activity**
- **Employment and house prices have continued to fall**
- **Darwin received circa 126,000 international visitors for the year ending September 2017 (1.6% of total international visitors to Australia)**
- **A decrease of 3.0% in international visitor nights for Darwin (Y/E September 2017)**
- **An increase of 16.6% in domestic visitor nights for Darwin (Y/E September 2017)**

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1 Source: STR/Tourism Research Australia
2 Source: ABS/DOE/RBA/Property Council Australia/Tourism Research Australia/Savills Research
New Zealand
Markets Performance (CY 2017)

- New Zealand wide RevPAR increased 11.9%. The brand cache of “100% pure New Zealand” has been a marketing success for many years and shows no signs of abating. In a world which is becoming increasingly conscious of its degradation, the pristine environment messaging that New Zealand espouses, coupled with its adventure activities agenda is a drawcard for tourists.
- Queenstown and Auckland continue to perform strongly recording RevPAR growth of 15.3% and 13.4%, respectively on the back of impressive ADR growth (13.3% and 14.3%, respectively)
- Queenstown continues to outperform New Zealand markets with a RevPAR gap of circa $18 over the next best market performer (Auckland)
- Wellington and Christchurch builds occupancy and ADR to achieve RevPAR growth of 6.0% and 2.9% respectively

International Visitor Highlights

- Visitors up 7.9% to 3.7 million for the year ending October 2017.
- Visitor Nights up 6.3% to 16.9 million for the year ending September 2017.
- Of the top 10 international visitor markets Australia made up 39.7% of the total share of Visitors, with China following at 11.2%
- USA, UK, Germany, Korea, Canada and India displayed strong double digit growth in Visitors

Domestic Visitor Highlights

- Visitor Nights slightly decreased to 22 million (down 0.1%)
- Modest increase in Visitor Nights to the North Island (up 0.6%) while Visitor Nights moderately declined in respect to the South Island (down 1.5%)

Economic Update

- New Zealand recorded GDP of 2.7% in 2017.
- New Zealand forecast GDP of 2.9% in 2018 decreasing to 2.6% in 2019 and 2.4% in 2020.
- Current RBNZ cash rate of 1.75% which is forecast to increase slightly in 2018.
- As at November 2017, business confidence declined to the lowest level since 2009 as a result of a softer housing market, policy uncertainty and credit difficulties. The new government presented its first fiscal update in December 2017, where it revised down GDP forecasts for government consumption growth whilst the government will boost spending on health, education and a housebuilding program.

New Zealand and City Hotel Market Operating Performance CY 2017

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy</th>
<th>OCC YTD Growth %</th>
<th>ADR</th>
<th>ADR YTD Growth %</th>
<th>RevPAR</th>
<th>RevPAR YTD Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>80.2%</td>
<td>1.1%</td>
<td>$189.58</td>
<td>10.7%</td>
<td>$152.06</td>
<td>11.9%</td>
</tr>
<tr>
<td>Queenstown</td>
<td>85.3%</td>
<td>1.8%</td>
<td>$223.69</td>
<td>13.3%</td>
<td>$190.92</td>
<td>15.3%</td>
</tr>
<tr>
<td>Auckland</td>
<td>83.5%</td>
<td>-0.8%</td>
<td>$207.50</td>
<td>14.3%</td>
<td>$173.18</td>
<td>13.4%</td>
</tr>
<tr>
<td>Wellington</td>
<td>76.5%</td>
<td>1.3%</td>
<td>$184.36</td>
<td>4.7%</td>
<td>$144.69</td>
<td>6.0%</td>
</tr>
<tr>
<td>Christchurch</td>
<td>75.2%</td>
<td>2.2%</td>
<td>$151.15</td>
<td>0.7%</td>
<td>$113.63</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Source: STR

Recent Sales Transactions CY 2017

<table>
<thead>
<tr>
<th>Month</th>
<th>Hotel</th>
<th>Number of Rooms</th>
<th>Price Per Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>November</td>
<td>Knights Inn, Auckland – NZ</td>
<td>26</td>
<td>NZ$363,394</td>
</tr>
<tr>
<td>March</td>
<td>Quest Napier – NZ</td>
<td>44</td>
<td>NZ$315,064</td>
</tr>
<tr>
<td>February</td>
<td>Bali Bungalows, Auckland – NZ</td>
<td>22</td>
<td>NZ$182,273</td>
</tr>
</tbody>
</table>

Source: RCA

1 Source: STR
2 Source: Stats NZ – International Visitor Arrivals to New Zealand Accommodation Survey
3 Source: Focus Economics Consensus Forecast Australia & New Zealand January 2018
### Graph 18 – Top 10 International Visitor Markets Year Ending September 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Visitors (TV '000)</th>
<th>Share of Total Visitors (STV)</th>
<th>Visitors Annual Growth YOY (VAG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1,464</td>
<td>39.7%</td>
<td>5.3%</td>
</tr>
<tr>
<td>USA</td>
<td>411</td>
<td>11.2%</td>
<td>0.9%</td>
</tr>
<tr>
<td>UK</td>
<td>320</td>
<td>8.7%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>246</td>
<td>6.7%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Canada</td>
<td>65</td>
<td>1.8%</td>
<td>14.2%</td>
</tr>
<tr>
<td>India</td>
<td>59</td>
<td>1.6%</td>
<td>17.5%</td>
</tr>
<tr>
<td>UK</td>
<td>246</td>
<td>6.7%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Singapore</td>
<td>57</td>
<td>1.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>102</td>
<td>2.8%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Korea</td>
<td>89</td>
<td>2.4%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Canada</td>
<td>65</td>
<td>1.8%</td>
<td>14.2%</td>
</tr>
<tr>
<td>India</td>
<td>59</td>
<td>1.6%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Singapore</td>
<td>57</td>
<td>1.5%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

### International & Domestic Visitors – Who Goes Where? Year Ending September 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Visitor Nights (TVN '000)</th>
<th>Share of Total Visitor Nights (STVN)</th>
<th>Visitor Nights Annual Growth YOY (VNAG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Island</td>
<td>Int'l Domestic 5,492 14,692</td>
<td>Int'l Domestic 50.0% 66.6%</td>
<td>Int'l Domestic 7.3% 0.6%</td>
</tr>
<tr>
<td>South Island</td>
<td>Int'l Domestic 8,484 7,355</td>
<td>Int'l Domestic 50.0% 33.4%</td>
<td>Int'l Domestic 5.3% -1.5%</td>
</tr>
</tbody>
</table>

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- Project Management
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- Property Accounting
- Facilities Management
- Residential Sales
- Residential Projects
- Research

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Sydney +61 (0) 2 8215 8888

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