

TASMANIA ACCOMMODATION DEVELOPMENT REPORT 2018



Let's celebrate what sets Tasmania apart

The growth and evolution of Tasmania's tourism industry is one of this State's great modern success stories.

From less than 500,000 annual visitors at the turn of this century, Tasmania is on-track to welcome over 1.3 million visitors to our shores this year.

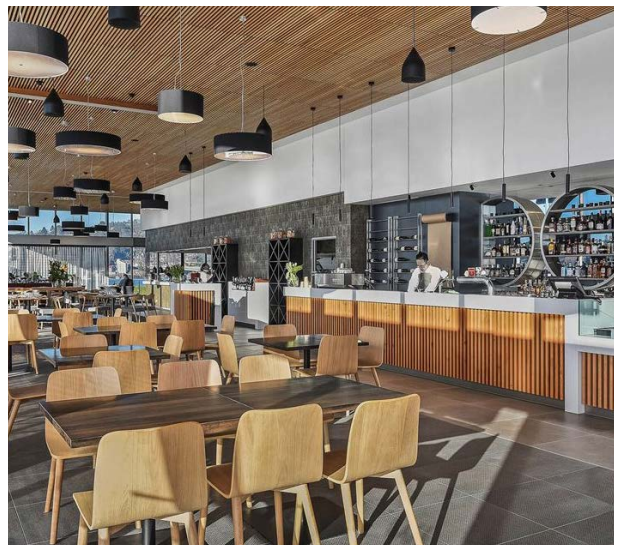
This visitor growth has fuelled investment across the hospitality, accommodation and transport sectors which are the backbone of our tourism industry.

But it has also expanded the markets for our agriculturalists, producers and retailers, while introducing new audiences to our arts scene and creative industries. Today, Tasmania is an outstanding example of a vibrant and dynamic visitor economy where visitation is fuelling investment, opportunities and innovation across so many sectors of our economy and community.

A simple scan of the cranes on the skylines of Hobart and Launceston and you'll also see just how important visitation is to our property and construction industries. A new generation of quality hotels are literally going up around our ears, while existing accommodation operators are refurbishing, reinventing and reimagining their products for the future.

But this hard-earned vibrancy and exciting investment pipeline must be carefully managed. We need to always be mindful of the core brand attributes that set Tasmania apart from other destinations and have made our tourism industry the envy of others across Australia.

As custodians of this brand, each of us in the Tasmanian tourism and property sectors have a responsibility to not just champion investment within our sectors, but to support those investment that enhance our brand attributes and not just draws upon them.



Let's celebrate those exciting new investments in the accommodation sector that further position Tasmania as the premier visitor destination in Australia. Investments that are distinctly and proudly Tasmanian in their scale, identity and hospitality.

Luke Martin
Chief Executive Officer
Tourism Industry Council Tasmania

Keeping the momentum going

Deloitte's market analysis

Tasmania is currently on the radar (and the envy) of many other tourism destinations in Australia. With the state enjoying strong performance across both international and interstate visitor markets, there is a real confidence about tourism in Tasmania now. People are taking notice, and new products and experiences are adding to the existing suite of existing drivers for the state. There is a buzz in other parts of Australia ... what is happening in Tasmania? Have you been to Tasmania? How can we be a bit more like Tasmania?

Our recent "Be BOLD Tasmania" report urged Tasmania to be bold and we are certainly seeing that across the tourism space. From major hotel chains investing, exciting new projects being announced, growth in new tourism experiences and people moving to (or returning) to Tasmania, there are strong headwinds supporting the tourism sector. It is indeed an exciting time to be in Tasmania.

At a time when tourism performance in Australia has been strong, tourism in Tasmania has been even stronger! Visitors to Tasmania have increased at an average rate of 8% over the last five years and recently the state has welcomed more international visitors than the Northern Territory for the first time. Everyone is talking about the success of Mona, but they are also taking new notice of the wilderness experience, the compelling food and wine scene and the increasing breadth of cultural event offerings.

This strong recent growth in tourism has provided a boost to the economy. In the recent year, total tourism gross state product (GSP) in Tasmania was worth \$3 billion, growth of almost 20% on a year earlier. Tassie has the fastest growing tourism sector in the country and is growing six times faster than Tasmania's overall GSP. As a result, the state has seen tourism jobs increase by 18% to 38,000 jobs.

What does this mean for the hotel sector?

Looking at Hobart specifically, hotel performance moderated in the last year as the city absorbed some long awaited new supply through the MACq01 Hotel and Accor's Ibis Styles. This saw occupancy rates soften in the short term but despite this, continuing strong demand saw room rates grow in 2017.

A strengthening hotel pipeline will continue to put pressure on occupancy rates in the next few years as the market absorbs the new capacity, with some constraints on room rate growth in the next year easing in the years that follow.

New accommodation supply across the rest of Tasmania reflects confidence about the tourism sector across the state. In some cases, new supply will be absorbed immediately where there has been limited new products to serve increasing visitor demand while in other places, new accommodation will unlock the potential of other destinations for visitors.

It's almost impossible to match new supply perfectly to growing demand but the strength of the sector over the last number of years has ignited the aspirations of many, and we can see continuing strength in the sector in the years ahead.

Adele Labine-Romain

**National Travel, Hospitality and Leisure Leader
Partner, Deloitte Access Economics Pty Ltd**

Disclaimer:

This list represents Tasmanian tourism accommodation infrastructure projects based on publicly accessible information or advice provided directly to TICT by project developers and their representatives.

While every attempt has been made to ensure this list is current, no representation or warranty is made as to the accuracy, adequacy or completeness of any of the information. Tourism Industry Council Tasmania, the Property Council of Australia and Deloitte, their directors, employees and agents do not accept liability however arising, including liability for negligence, for any loss resulting from the use of or reliance upon the information.

Entries do not reflect any assessment of likelihood of successful completion and projects that are listed as under consideration simply reflect the announcements by proponents of their intentions.

Investment boom requires leadership and strategy

The substantial growth of the visitor economy, culminating in increasing tourism numbers, which are welcomed, was always going to lead to folks wanting to move to our idyllic state – with clean fresh air, space, world class scenery, amenity, and a general sense of safety. For some of our leaders, their response has been to turn people away, which is not smart and doesn't lead to world class cities nor desperately needed growth in jobs.

The hotel market has delivered improved confidence in our state; a tenuous yet essential component for continued economic growth. Yarns, photos, and flyovers with virtual reality and sophisticated computer modelling have created a buzz with the outcome, far greater interest and meaningful conversations espousing the virtues.

The Tasmanian property industry is experiencing significant growth, delivering the necessary good performance for investors, construction teams, and the service industry who ensure projects get off the ground.

However, challenges have also presented themselves as a result with a handbrake on housing supply leading to troubled times for those who can't break into the market.

In June 2018, the residential vacancy rates in Hobart were the lowest in nation at 0.7%. At 15.1%, median asking rent growth in Hobart from March

2017 – March 2018 was the highest capital city in the nation. And in May 2018, the average percentage of wage spent on rent in Hobart, equates to the least affordable city in Australia.

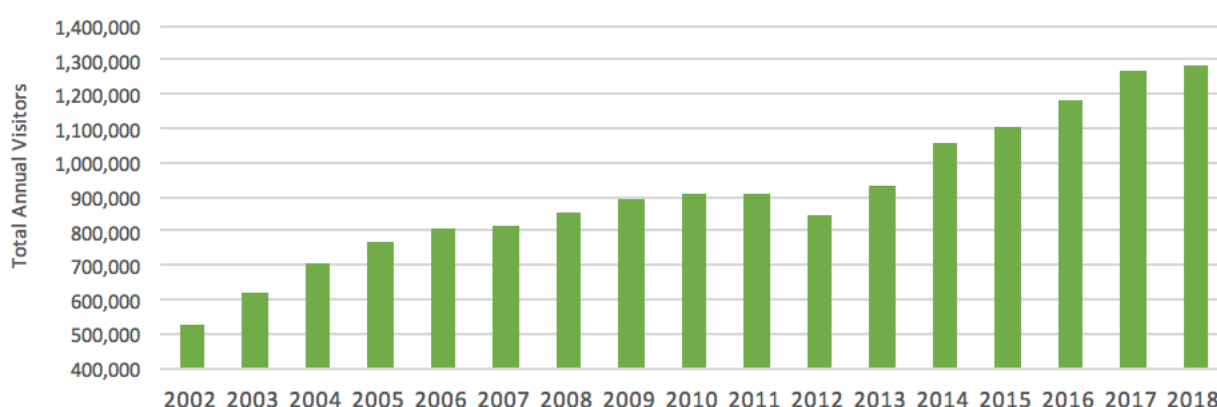
Consequently, Tasmania must plan for growth by investing in infrastructure and increasing housing supply to ensure diversity of product to the market. The Tasmanian Division is supportive of the State Government's soon to be released concept of a 30 Year Infrastructure Plan and the infrastructure pipeline. We have identified important areas for reform in our research and advocacy document – 'Removing the Regulatory Handbrake - Seven Steps to increasing housing supply'. A suite of ideas, which aims to encourage decision makers and civic leaders to consider how they will support and harness further investment potential into the future.

Property Council Members have contributed significantly to the new development in Hobart and more broadly across Tasmania. Their work in designing, planning, engineering, financing, constructing, selling and promoting exemplary projects has ensured that investment and development has become reality, catering for a growing interest in our island state. Long may this continue.

Brian Wightman
Executive Director
Property Council of Australia – Tasmania Division

Tasmania Accommodation Market Analysis

Visitor Growth 2002 - 18



Source: Tasmanian Visitor Survey – Total Overnight Visitors YE March 2002 – 2018 (Tourism Tasmania)

Where do our visitors Stay?			
Style of Accommodation	Visitors	Growth over Three Years (2015-18)	Share of all Visitors who stay in this Accommodation
Hotel / Motel	615,096	7.5%	48%
Friends/Relatives home	359,166	7.3%	28%
B&B, Airbnb and Guest Houses	237,746	51.6%	18%
Rented House, Unit & Serviced Apartments	208,891	9.6%	16%
Youth Hostel or Backpackers	53,884	5.8 %	4%
Caravan Park	146,211	18%	11%
Wilderness Lodge	71,024	16%	5%
Other (Own Property, Camping on Public Lands)	130,228	13%	10%

Source: Tasmanian Visitor Survey – Accommodation Used YE March 2015 – 2018 (Tourism Tasmania)

Australian Capital City Hotel Occupancy Rates (2016/17)		
Sydney	85.2%	+ 0.3%
Melbourne	83.4%	+ 0.0%
Hobart	82.1%	+ 0.2%
Adelaide	77.9%	+ 1.9%
Canberra	76.7%	+ 3.7%
Perth	75.5%	- 3.8%
Brisbane	72.0%	- 0.2%
Darwin	69.7%	+ 3.8%

Australian Capital City Average Daily Rate (2016/17)		
Sydney	\$ 225.38	+ \$9.55
Melbourne	\$185.13	+ \$0.20
Perth	\$175.83	- \$15.39
Hobart	\$173.56	+ \$5.32
Canberra	\$170.29	+ \$6.06
Brisbane	\$155.91	+ \$2.04
Adelaide	\$151.91	+ \$2.04
Darwin	\$149.84	+ \$6.06

Comparable Regional Centres Occupancy Rates (2016/17)		
Geelong	76.5%	+ 2.3%
Launceston	74.4%	+ 1.3%
Alice Springs	71.5%	+ 2.7%
Hunter Valley	65.9%	+ 5.0%
Ballarat	62.3%	+ 0.9%

Comparable Regional Centres Average Daily Rates (2016/17)		
Hunter Valley	\$179.12	+ \$3.34
Geelong	\$160.60	+ \$9.57
Ballarat	\$143.29	+ 0.9%
Launceston	\$139.03	+ \$2.76
Townsville	\$127.38	- \$0.77
Alice Springs	\$117.08	+ \$1.90

Source Accommodation Census Report: Australian Bureau of Statistics 2018

Tasmania Accommodation Development Report

This report details medium to large hotel and accommodation developments in Tasmania from development approval through to construction and commencement as at mid-September 2018.

Summary of Accommodation Investments Across Tasmania

	Southern Tasmania	Northern Tasmania	Cradle Coast	East Coast
Opened this year		108		10
Currently under construction	701	100		46
Approved for Development	479	86	216	
Proposed for Development	1,071	166	20	120

Accommodation Developments that have opened this year:

Opened in 2018				
Property	Region	Location	Developer	Rooms
Peppers Silos Hotel	Northern Tasmania	North Bank, Launceston	JMC Group	108
Freycinet Lodge Expansion	East Coast	Coles Bay, Freycinet National Park	RACT Destinations	10

Developments currently under construction across Tasmania:

Currently under construction				
Property	Region	Location	Developer	Rooms
'The Tasman' Marriott Luxury Collection	Southern Tasmania	Parliament Square Development (Salamanca Place, Davey & Murray Streets)	Citi Group	128
Hyatt Centric Hobart	Southern Tasmania	Elizabeth Street, Hobart	Fragrance Group	196
Crowne Plaza Hobart	Southern Tasmania	Icon Complex (Murray & Liverpool Streets)	Kallis Property Group	235
Vibe Hobart	Southern Tasmania	Argyle Street, Hobart	Raadas Property	142
BIG 4 Launceston Expansion	Northern Tasmania	South Launceston	BIG 4 Launceston	Up to 100
St Helens Waterfront Holiday Park	East Coast	St Helens Point Road, St Helens	Growth Developments	26 Units & 45 Camp Sites
Spring Bay Mill	East Coast	Spring Bay Mill Site, Triabunna	Triabunna Investments	20



Approved Developments awaiting commencement of construction:

Approved Developments				
Property	Region	Location	Developer	Rooms
80 Elizabeth Street	Southern Tasmania	Former State Revenue Offices, 80 Elizabeth Street	Allgoods Property	80
179 Macquarie Street	Southern Tasmania	Former Motors / Myer Homegoods Site	Unknown	225
Kangaroo Bay Hotel	Southern Tasmania	Kangaroo Bay, Rosny	Hunter Developments & Shandong Chambroad	100
Villa Howden Expansion	Southern Tasmania	North-West Bay, Margate	Australian Travel & Leisure Group	32
Hotel Verge	Northern Tasmania	Cimitero Street, Launceston	Stay Tasmania	86
Devonport Waterfront Hotel	Cradle Coast	Devonport Waterfront	Fairbrother	170
Remarkable Lodge	Southern Tasmania	Tasman Peninsula	Baillie Lodges	20
Franklin Evaporators	Southern Tasmania	Franklin	Martin & Judy Krynen	22
Beachside Retreat	Cradle Coast	Stanley West Inlet, Stanley	Australian Travel & Culture Group	46

New investment proposals announced publicly but not yet progressed to approved Development Application.

Future Developments				
Property	Region	Location	Developer	Rooms
Lenna Courtyard Hotel	Southern Tasmania	Salamanca Place, Battery Point	Lloyd & Jan Clark	85
Salamanca Visitor Accommodation	Southern Tasmania	Salamanca Place, Hobart	Behrakis Group	50
MONA Hotel	Southern Tasmania	Berriedale	MONA	172
Tribe Hobart	Southern Tasmania	Sandy Bay Road, Hobart	Tribe Hotel Group	104
Rosny Hill	Southern Tasmania	Rosny Hill, Hobart	Hunter Developments	100
Collins Street Hotel	Southern Tasmania	Cnr Collins Street & Brooker Highway, Hobart	Fragrance Group	256
Cambria Green	East Coast	Dolphin Sands	Cambria Green Agriculture & Tourism Management	120
Midtown Elizabeth Street	Southern Tasmania	Cnr Warwick and Elizabeth Streets, North Hobart	Fragrance Group	214
Capsule Hotel	Northern Tasmania	17-19 Wellington Street	Mr. S Wong	36
The Gorge Hotel	Northern Tasmania	TRC Hotel Site, Cnr Paterson & Margaret Streets, Launceston	JAC Group	130
Port Arthur Resort	Southern Tasmania	Port Arthur, Tasman Peninsula	Federal Group	20
Port Arthur Villas Expansion	South Tasmania	Port Arthur, Tasman Peninsula	Port Arthur Villas	50
Reserche Bay Eco Resort	Southern Tasmania	Far South	Hunter Developments	20
Cradle Mountain Luxury Resort	Cradle Coast	Cradle Valley	Federal Group	20