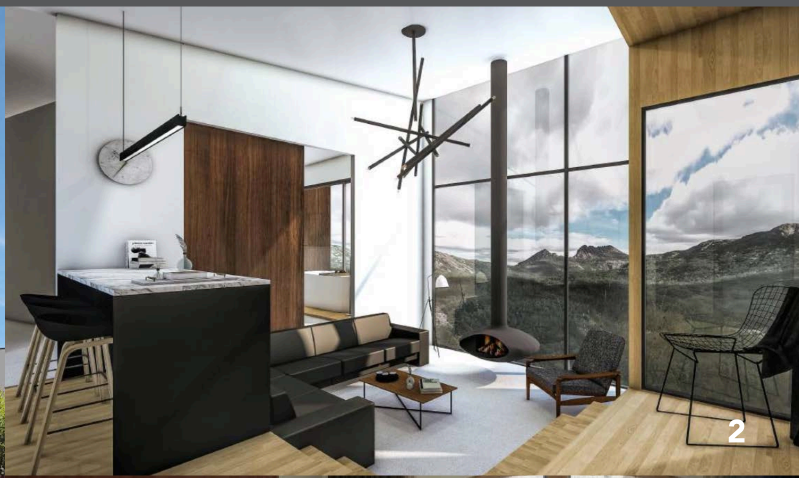
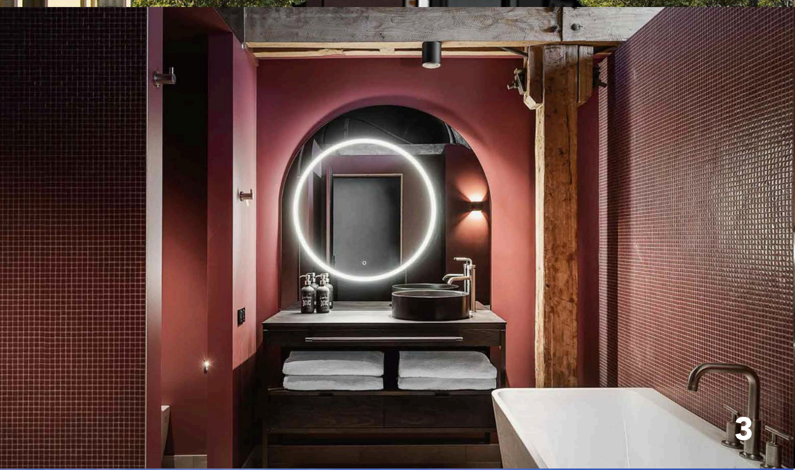
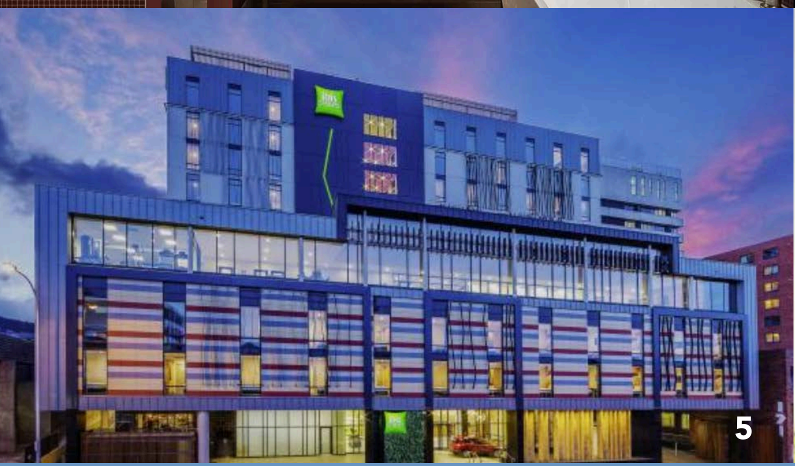
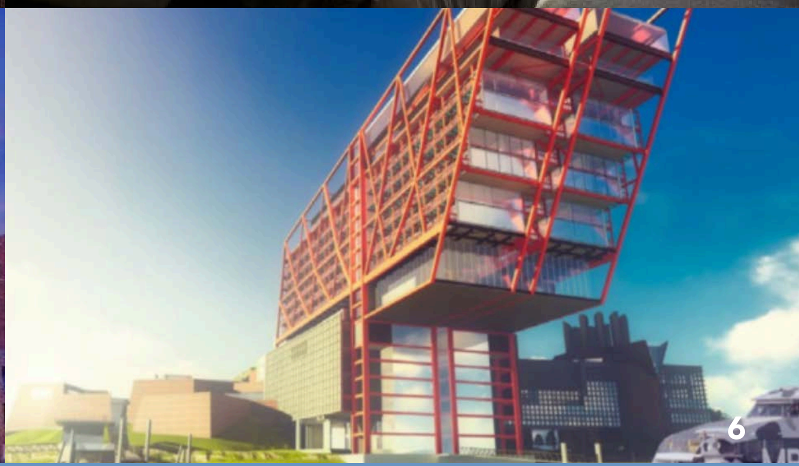
TASMANIA ACCOMMODATION INVESTMENT REPORT 2019









PROPERTY COUNCIL of Australia

TICT
Tourism Industry Council Tasmania

Tasmania's strong and growing visitor economy has become a jobs machine – not just in the tourism and hospitality sectors, but also increasingly in construction, engineering and property.

Over the past five years, tourism has created over 5,000 new Tasmanian jobs. One simply needs to scan the Hobart or Launceston skylines to see how much activity and jobs have been created in the Tasmanian construction sector bringing to life the new landmark hotels set to open their doors over the next 12-months. It's a great story and further evidence of how tourism has well and truly become an engine room of the Tasmanian economy.

We need these hotels to open soon, and we need more to come. Hobart accommodation has become a hand brake on tourism growth, especially over the summer months. When nearly 80% of visitors to Tasmania pass through Hobart, the capital city needs a steady pipeline of new investments approved and progressing through to construction.

We must not think the new hotels set to open over the next 12-18 months is going to over supply the market. It's catch-up on the growth we've enjoyed, and we need to continue to be bullish about the investment opportunities for commercial accommodation in our Capital City.

We also need to be proactive about supporting appropriate accommodation opportunities in our regional areas. The East Coast and Cradle Mountain especially need investment to cater for projected growth to these iconic destinations and to relieve pressure on residential style 'sharing' accommodation that is no doubt impacting on housing affordability in some communities.

Over the next 6-months we'll be working with the Tasmanian Government and the broader community on establishing an exciting new vision for Tasmania's visitor economy to the year 2030. Central to our 'New T21' industry plan will be a commitment to genuine tourism sustainability, which also means ensuring we have strong market conditions and the parameters for people to invest in commercially viable and quality Tasmanian visitor infrastructure.

Luke Martin
Chief Executive Officer
Tourism Industry Council Tasmania

The Property Council of Australia values its positive and constructive relationship with the Tourism Industry Council Tasmania. We have found ourselves on the same page regarding many advocacy issues that significantly impact Tasmania's current and future prosperity.

With positive net population growth, we require accommodation of all types, from emergency and social housing, affordable first homes, and inner-city medium density apartments, to hotels and visitor accommodation, and it is essential that the regulatory handbrake is removed to hasten supply.

The tourism sector continues to deliver for our state. The Accommodation Investment Report 2019 highlights improved occupancy in Hobart and, importantly, increased demand in Launceston. Avoiding unnecessary impediments to supply remains crucial therefore.

The Property Council of Australia, like many others, was astounded when fringe community groups utilised an obscure power to waste an extraordinary amount of rate payers' money on an absurd, non-binding elector poll.

Equally, the Tasmanian Division has been able to press the case for economic analysis prior to any hard height limited being placed in the Hobart planning scheme. Thankfully, a majority of Hobert City Councillors agreed with this sensible approach.

Hotel investors and developers often require scale to ensure projects are viable. Typically however planning schemes fail to consider the impact of economic viability when assessing merits. This is a mistake, and although heritage, streetscape and design are key considerations, whether an investment or development stacks up should not be overlooked.

On behalf of the Property Council of Australia, we hope you enjoy the reports launched today, and the company of like-minded individuals committed to improving Tasmania's prospects for generations to come.

Brian Wightman
Executive Director
Property Council of Australia – Tasmania Division

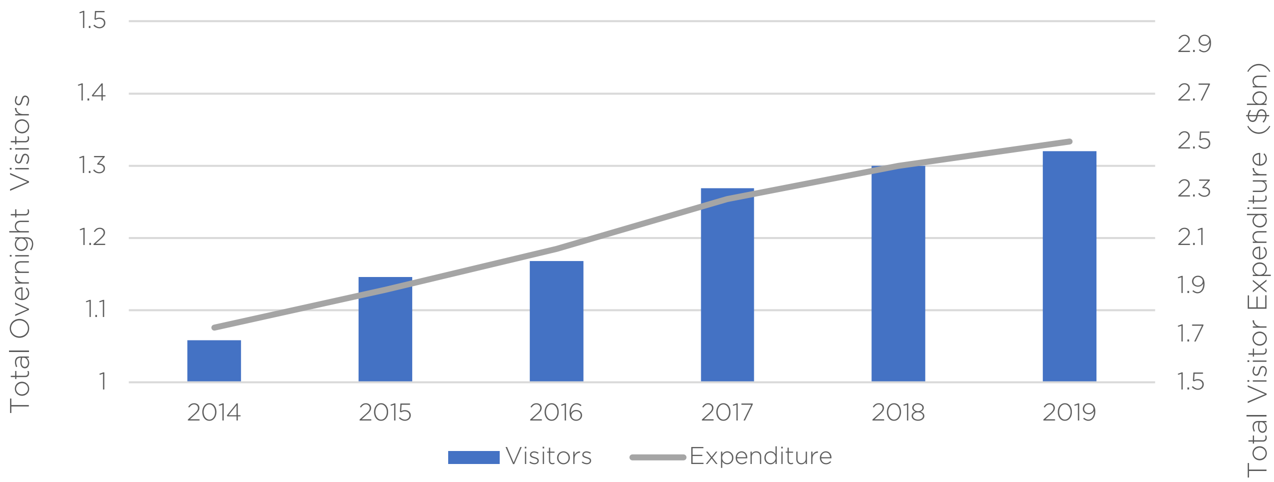
Market Movements:

Key Visitor Indicators (June 2019)

- 1.32 million overnight visitors to Tasmania (+1%)
- 10.88 million total visitor nights (0%)
- $2.5 billion in visitor spending (+4%)

(Source: Tasmanian Visitor Survey YE June 2019, Tourism Tasmania)

Tasmania 5 Year Visitor & Expenditure Growth Trend (YE June 30)



Accommodation Market Share (June 2019)

Type of Overnight Accommodation:	Visitors	Change over three years (2016-19)	Share of all visitors who stay in this style of accommodation
Hotel / Motel	610,178	5%	46%
Hosted Accommodation (B&B, Airbnb, and Guest Houses)	258,543	106%	20%
Friends / Relatives home	380,547	8%	29%
Youth Hostel or Backpackers	50,264	-2%	4%
Rented House, flat, unit, serviced apartment	200,151	12%	15%
Caravan park	148,623	9%	11%
Tent/cabin on public land	55,805	-3%	4%
Wilderness Lodge	64,819	0%	5%

(Source: Tasmanian Visitor Survey YE June 2019, Tourism Tasmania)

Accommodation Rates (Capital Cities – 2016/17)

City	Occupancy	Change	Average Daily Room Rate	Change
Sydney	85.2%	+ 0.3%	$225.38	+ $9.55
Melbourne	83.4%	+ 0.0%	$185.13	+ $0.20
Hobart	82.1%	+ 0.2%	$173.56	+ $5.32
Adelaide	77.9%	+ 1.9%	$151.91	+ $2.04
Canberra	76.7%	+ 3.7%	$170.29	+ $6.06
Perth	75.5%	- 3.8%	$175.83	- $15.39
Brisbane	72.0%	-0.2%	$155.91	+ $2.04
Darwin	69.7%	+ 3.8%	$149.84	+ $6.06

Accommodation Rates (Comparable Regional Centres – 2016/17)

City	Occupancy	Change	Average Daily Room Rate	Change
Geelong	76.5%	+ 2.3%	$160.60	+ $9.57
Launceston	74.4%	+ 1.3%	$139.03	+ $2.76
Alice Springs	71.5%	+ 2.7%	$117.08	+ $1.90
Hunter Valley	65.9%	+ 5.0%	$179.12	+ $3.34
Ballarat	62.3%	+ 0.9%	$143.29	+ 0.9%

(Source: Accommodation Census Report 2018, Australian Bureau of Statistics)

Accommodation Investment Report

This report details medium to large-scale hotel and accommodation development projects across Tasmania that, based on publicly available information, have opened in the past 12-months, are currently under construction, or approved for development.

Tourism Industry Council Tasmania and the Property Council of Australia accept no liability for the accuracy of this information, or investment decisions made based on this information. We welcome any corrections or updates to this information. Please direct to info@tict.com.au

New Arrivals: Accommodation investments opened in the past 12-months:

Property	Region	Location	Developer	Rooms
Moss	Southern Tasmania	Salamanca Place	Beharkis Group	41
Pod Inn	Northern Tasmania	17-19 Wellington Street, Launceston	Mr. S Wong	36
St Helens Waterfront Holiday Park	East Coast	St Helens Point Road, St Helens	Growth Developments	26
Change Overnight	Northern Tasmania	York Street, Launceston	S. Group	18
Stillwater Seven	Northern Tasmania	Bridge Road, Launceston	Stillwater	7

Coming Soon: Accommodation investments currently under construction:

Property	Region	Location	Developer	Rooms
80 Elizabeth Street	Southern Tasmania	Former State Revenue Offices, 80 Elizabeth Street, Hobart	Allgoods Property	80
Hotel Verge	Northern Tasmania	Cimitere Street, Launceston	Stay Tasmania	86
The Tasman Marriott Luxury Collection	Southern Tasmania	Parliament Square, Cnr Salamanca Place, Davey & Murray Streets	Citi Group	128
22 Elizabeth Street	Southern Tasmania	Elizabeth Street, Hobart	Fragrance Group	221
Crowne Plaza Hobart	Southern Tasmania	ICON Complex, Murray & Liverpool Streets, Hobart	Kalis Property Group	235
Vibe Hobart	Southern Tasmania	Argyle Street, Hobart	Raadas Property	115
Spring Bay Mill	East Coast	Spring Bay Mill Site, Triabunna	Triabunna Investments	30
Port Arthur Villas Expansion	Southern Tasmania	Port Arthur, Tasman Peninsula	Port Arthur Villas	28
Diamond Island	East Coast	Bicheno	Expansion	12
Garden Road Cabins	East Coast	Binalong Bay	Expansion	9

In the Pipeline: Accommodation investments approved for development:

Property	Region	Location	Developer	Rooms
The Gorge Hotel	Northern Tasmania	TRC Hotel Site, Cnr Paterson & Margaret Streets, Launceston	JAC Group	145
Our Cradle	West & North-West	Cradle Mountain	Simon McDermott	62
Big 4 Launceston Expansion	Northern Tasmania	South Launceston	Big 4 Launceston	100
Villa Howden Expansion	Southern Tasmania	North-West Bay, Margate	Australian Travel & Leisure Group	42
Kangaroo Bay Hotel	Southern Tasmania	Kangaroo Bay, Rosny	Hunter Developments & Shandong Chambroad	85
Table Cape Luxury Resort	West & North-West	Table Cape,	Ransley Family & Table Cape Enterprises	50
Devonport Waterfront Hotel	West & North-West	Devonport Waterfront	Fairbrother	137
Remarkable Lodge	Southern Tasmania	Tasman Peninsula	Baillie Lodges	20
Franklin Evaporators	Southern Tasmania	Franklin Waterfront	Ken Stronach	22
Beachside Retreat	West & North-West	Stanley West Inlet, Stanley	Australian Travel & Leisure Group	46
White Sands Estate Expansion	East Coast	Scamander	White Sands Estate	60
St Helens Tourist Park	East Coast	Tully Street, St Helens	Julian Hartman	198
Piermont	East Coast	Piermont Retreat, Swansea	Piermont Retreat	40
179 Macquarie Street	Southern Tasmania	179 Macquarie Street	Fragrance Group	202

PHOTOS:

1. Hotel Verge, Launceston
2. Our Cradle, Cradle Mountain
3. Stillwater SEVEN, Launceston
4. Stillwater SEVEN, Launceston
5. MONA Hotel, Berriedale
6. St Helens Waterfront Holiday Park, St Helens
7. Our Cradle, Cradle Mountain

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