



# CBRE HOTEL MARKET SURVEY

Insights from the coalface across Australia

APRIL 2020

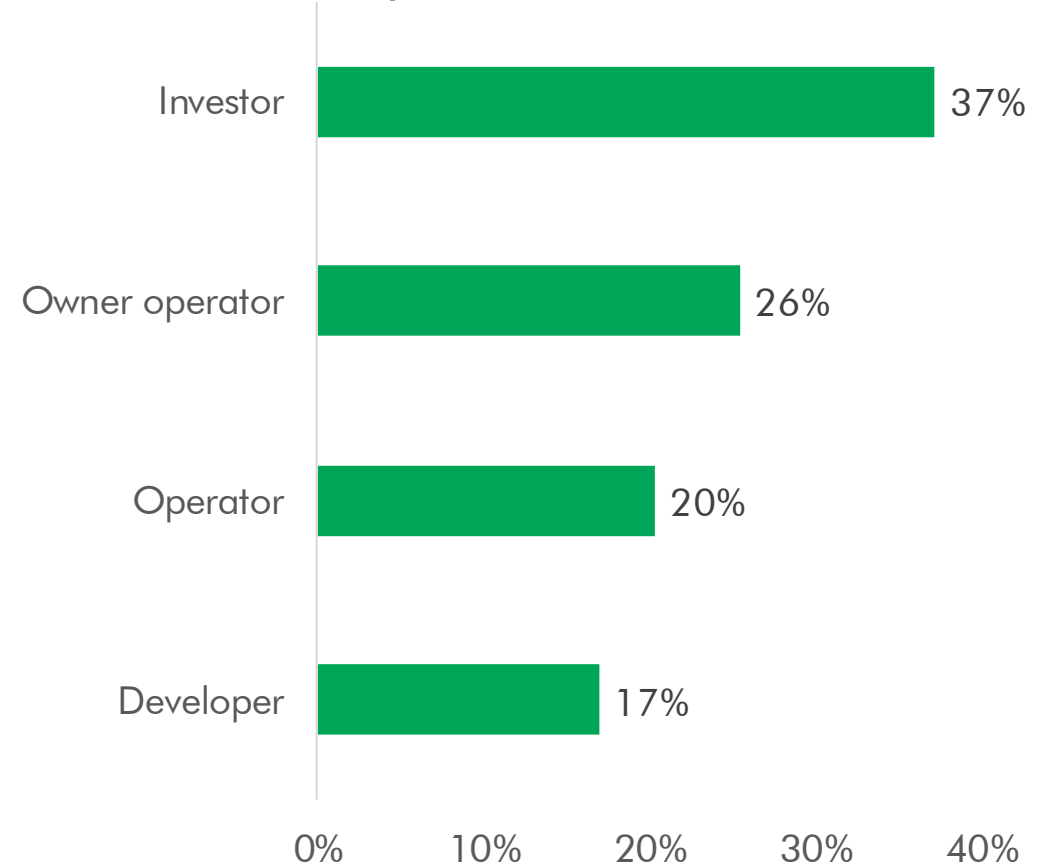
**CBRE**

# Introduction

Recent challenging events and the impacts of COVID-19 have brought significant pressure on the hotel sector as a whole. To help identify the business impact of COVID-19, CBRE Hotels in Australia has surveyed a number of key market participants ranging from investors, operators and developers in order to gauge current market sentiment across the industry.

The results of the survey provide key insight into how hoteliers are responding to the current crisis, as well as some of the likely longer-term implications arising from the crisis.

## Who took the survey?



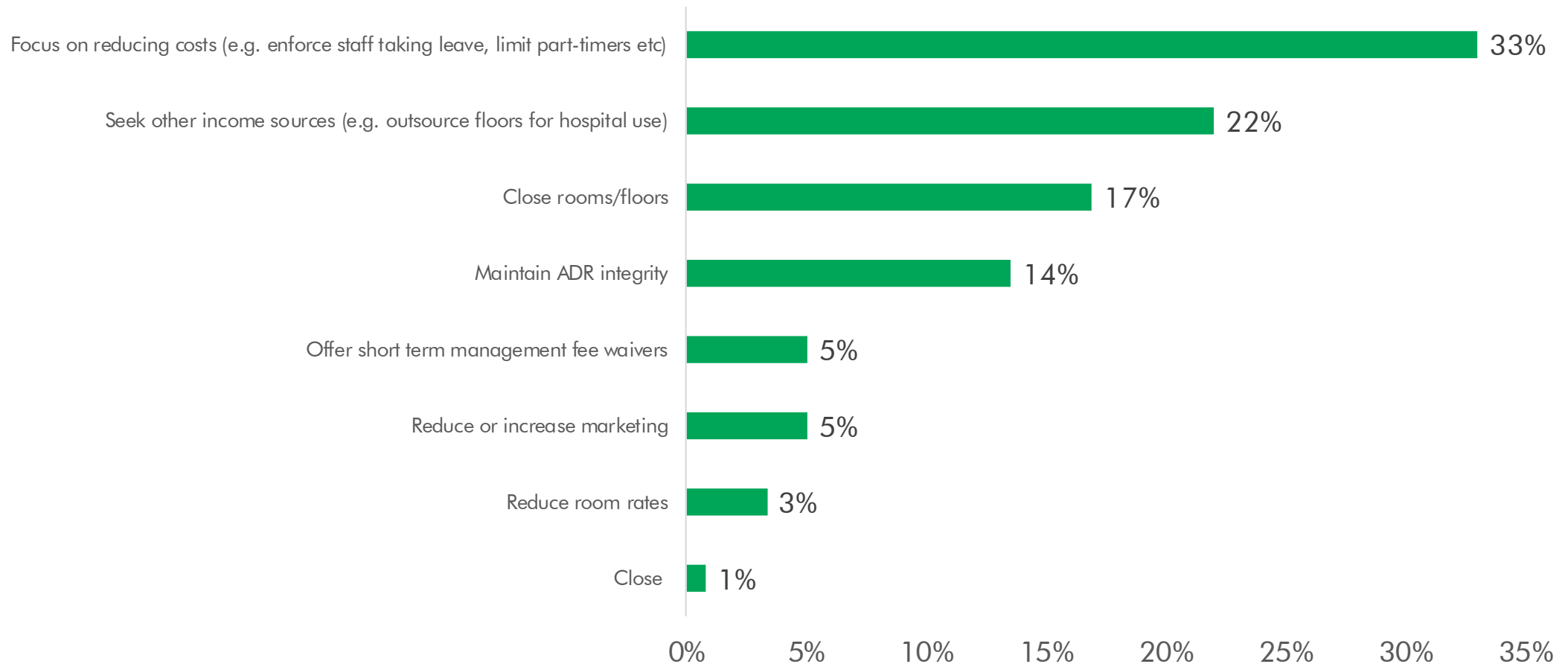
# Short-term response

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Preserve cashflow



## Respondents believe that operators should focus on reducing operating costs or seek other income sources as a primary response to the current crisis...



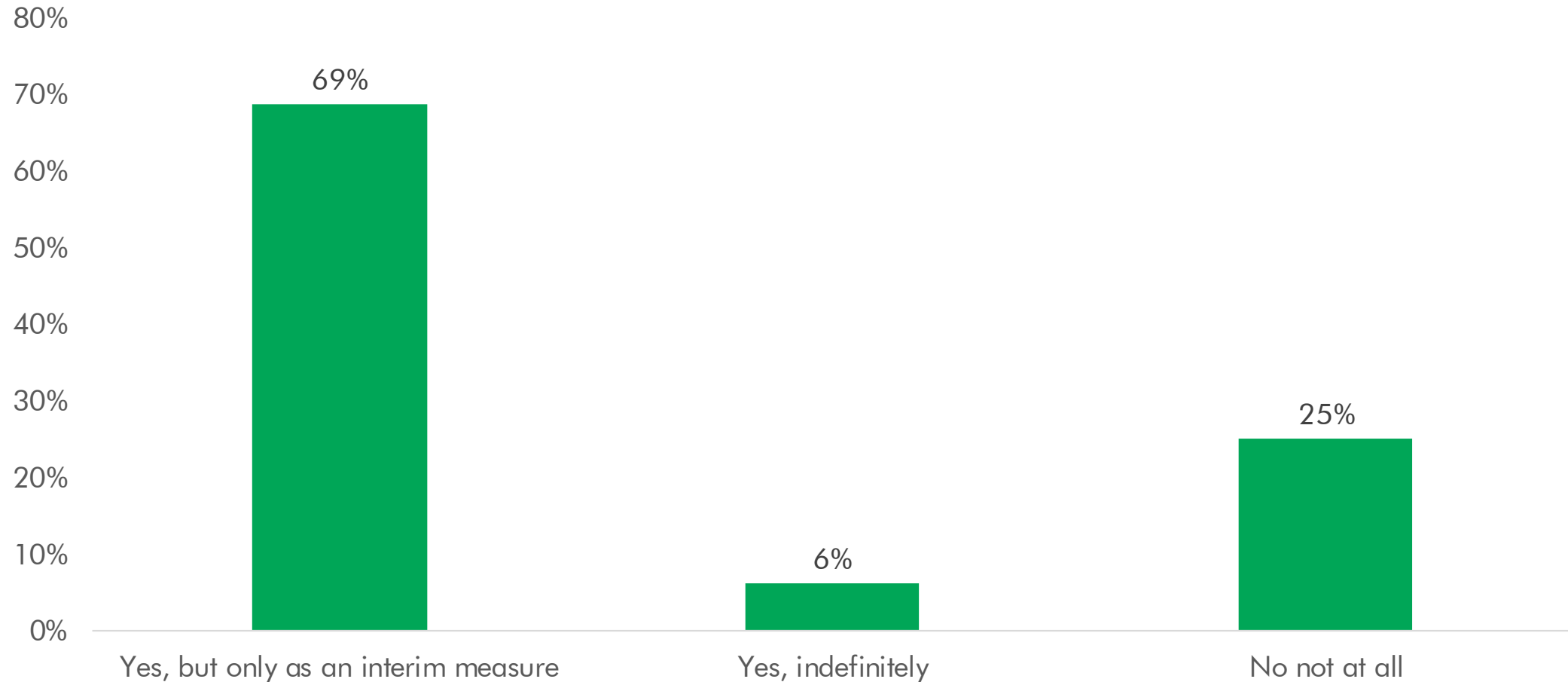
## ...as companies look implement key short-term measures to ensure cashflow and business continuity...

Hoteliers have undertaken numerous measures (see previous page) to help mitigate the short-term impacts of the crisis. In conjunction, respondents have identified two critical short-term planning measures to manage the crisis:

- **Preserving cashflow** - holding off any major investment plans (capex, refurbishment) is necessary in the interim as a means to preserve cash flow. This is more so the short-term focus rather than the overall P&L position.
- **Maintaining business continuity** – having a good continuity plan in place will ensure hotels are well placed to take advantage of the market recovery after the crisis is contained.

**Question:** What impact has the crisis had on your company's short-term plans?

...with 75 per cent of respondents placing new development plans on hold, but only as an interim measure for the most part



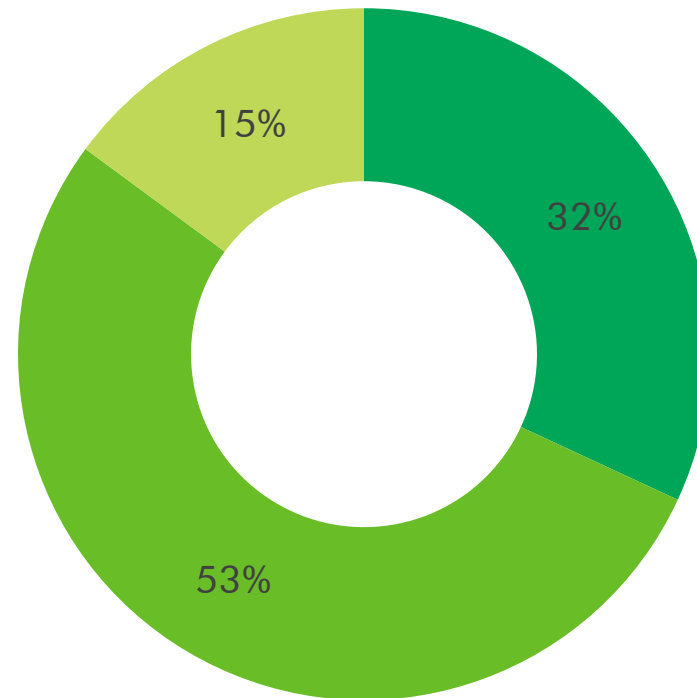
# Market sentiment

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Lasting long-term sector  
implications



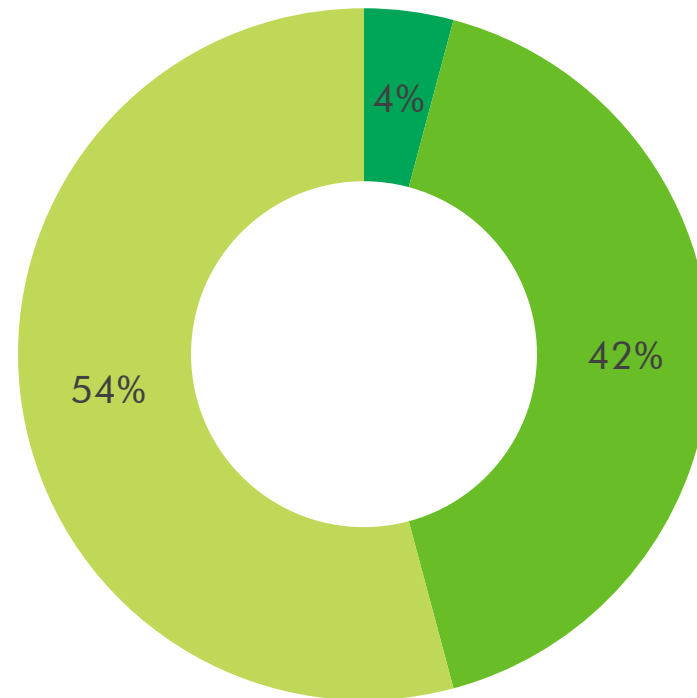
# Over half of respondents believe the current crisis will last between 6 to 12 months...



■ 3 to 6 months   ■ 6 to 12 months   ■ More than 12 months

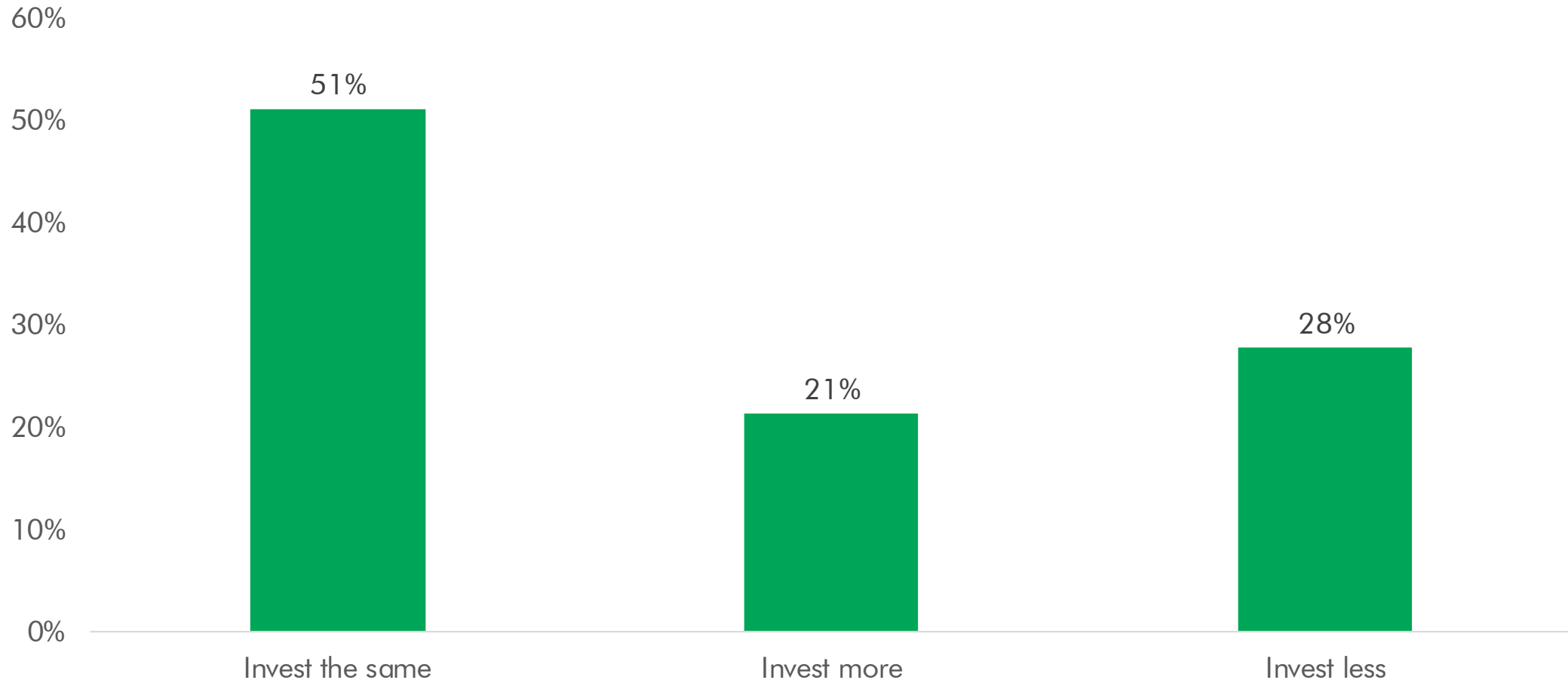


...with over half the respondents expecting the market to take greater than 6 months to recover

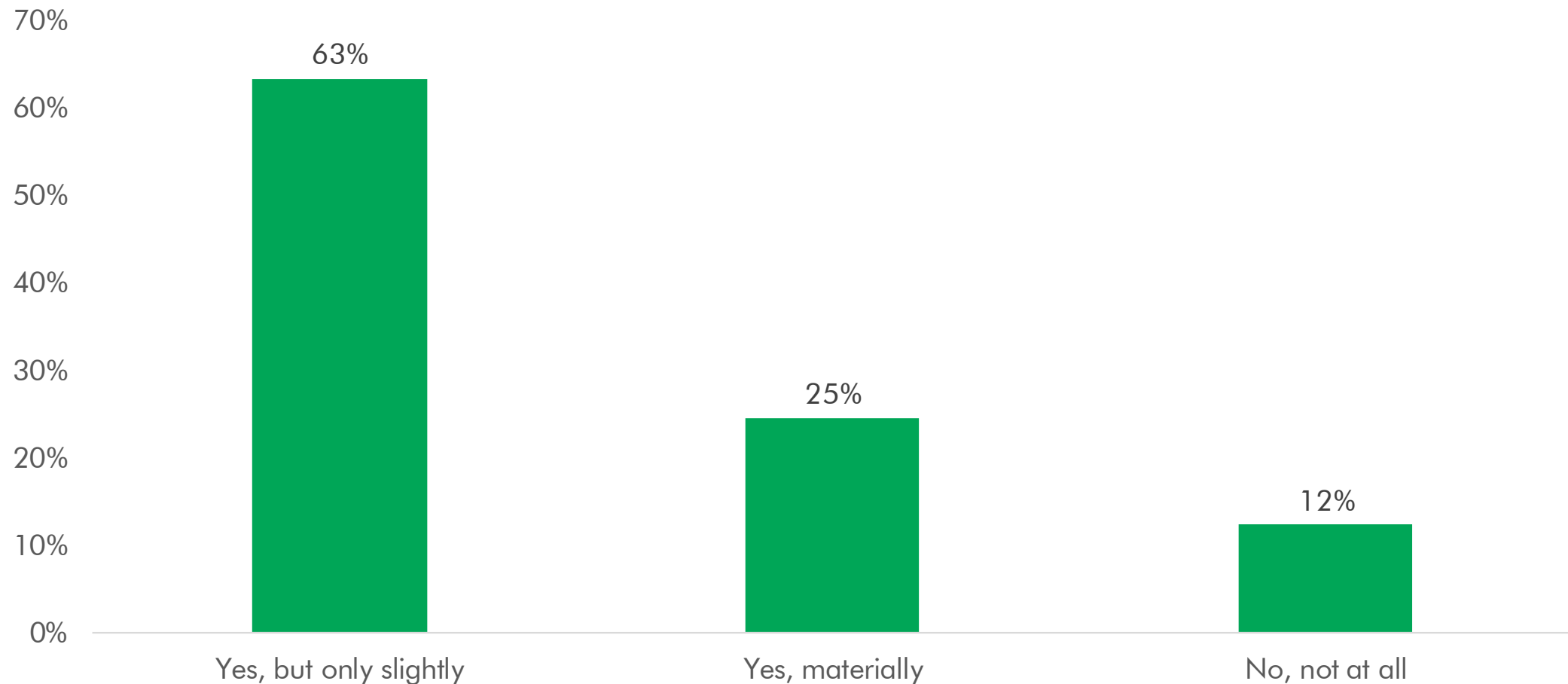


■ Less than 3 months   ■ 3 to 6 months   ■ Greater than 6 months

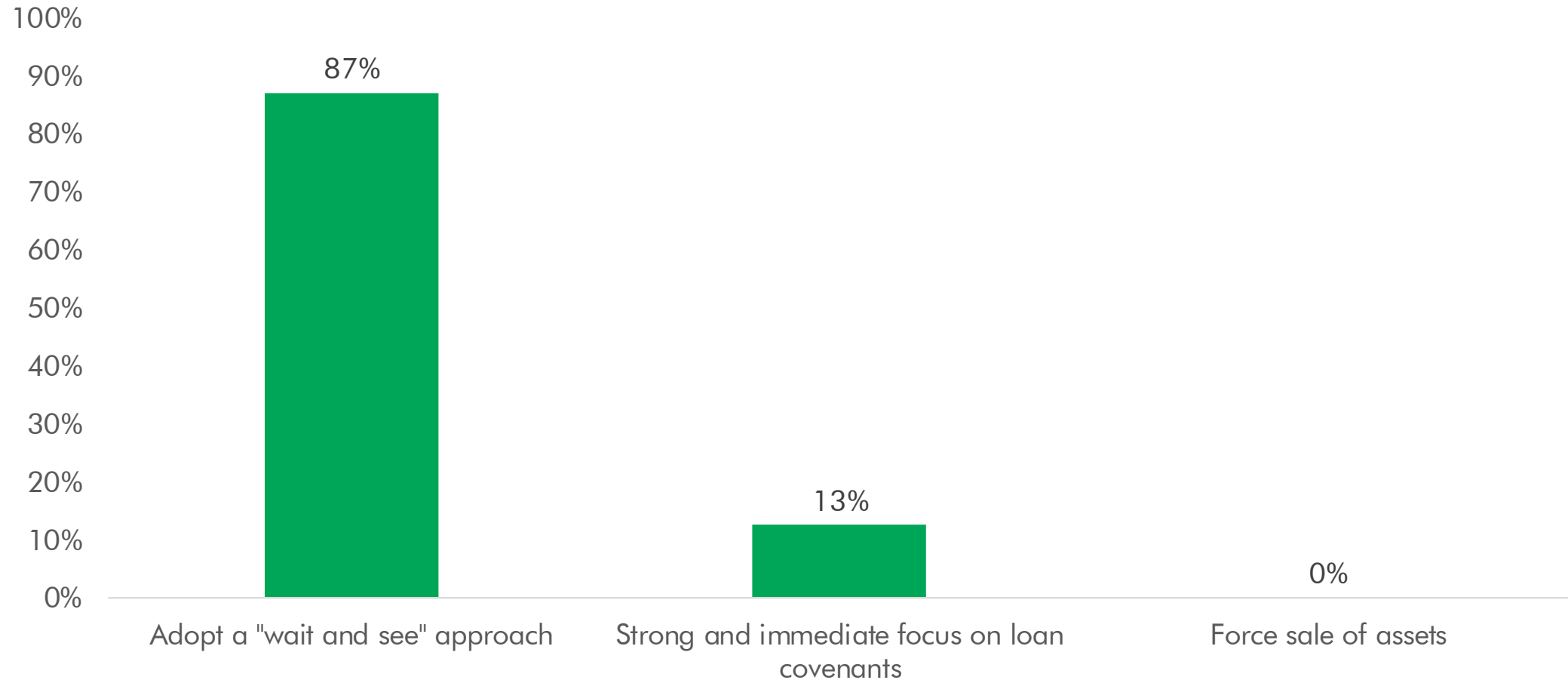
Investor appetite has softened with 28 per cent saying they are now more likely to invest less relative to December last year. That said, 72 per cent plan to invest the same or more.



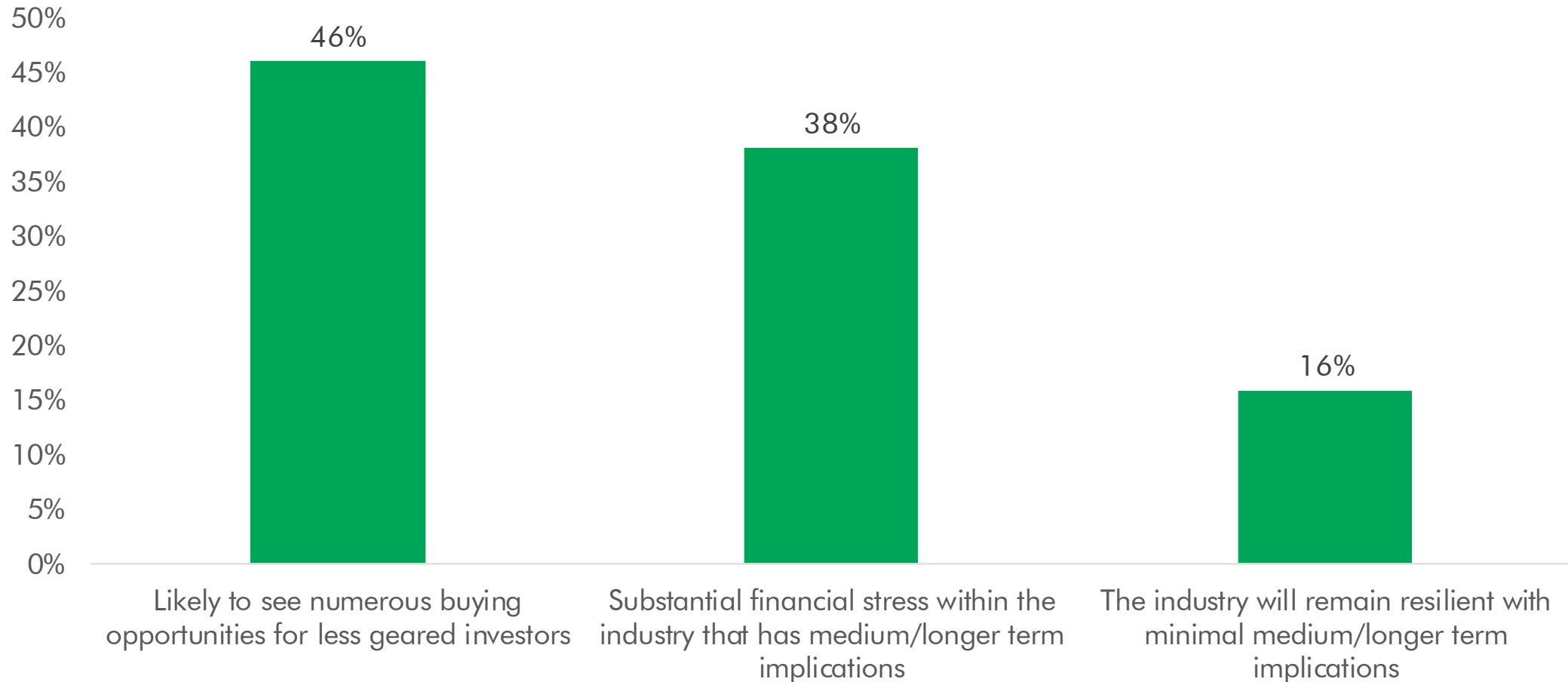
## Over 85 per cent of respondents expect investors to re-rate the hotel sector over the medium term although most see this only as a slight re-rating



## 87 per cent of respondents anticipate that banks will hold off on acting on assets under pressure and adopt a 'wait and see' approach in the interim



46 per cent of respondents see buying opportunities on the horizon, while 38 per cent believe that the crisis will trigger substantial financial stress with medium/longer-term implications



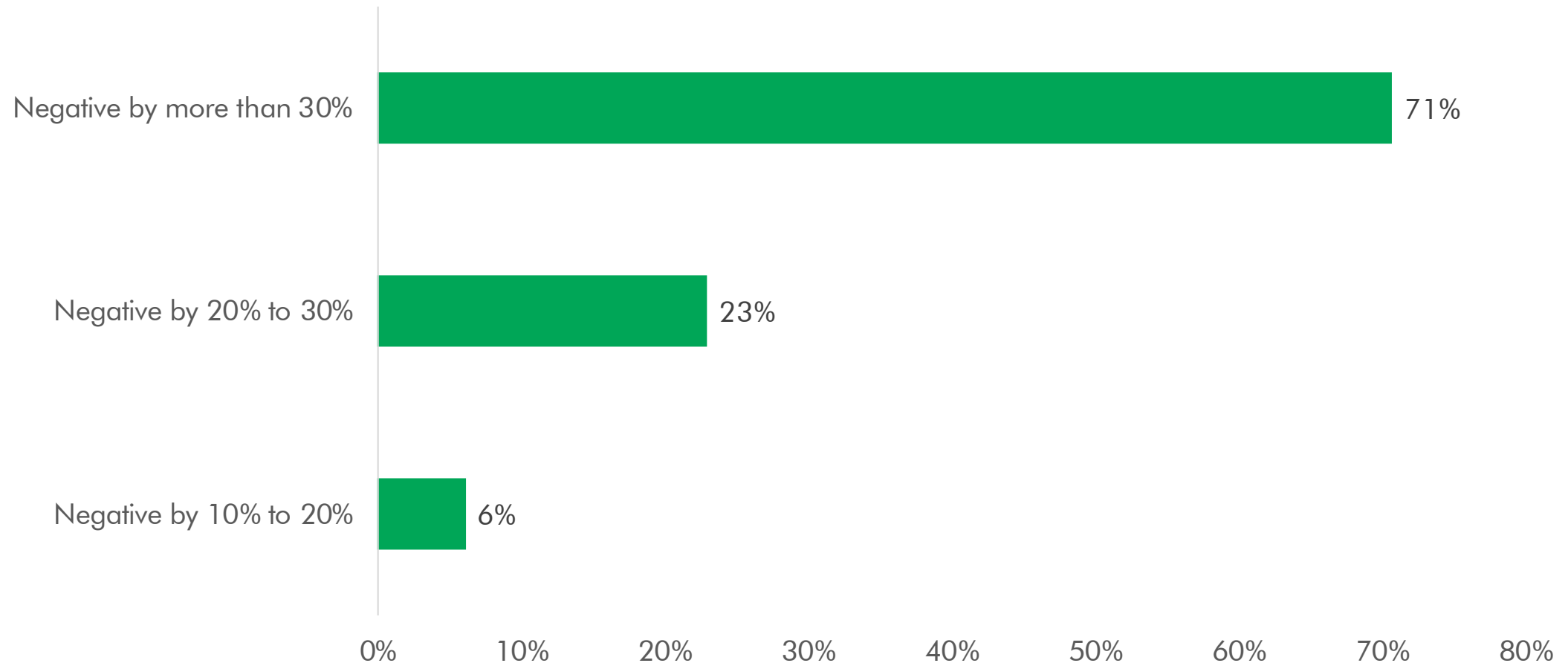
# Trading impacts

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RevPAR and capital values  
declining

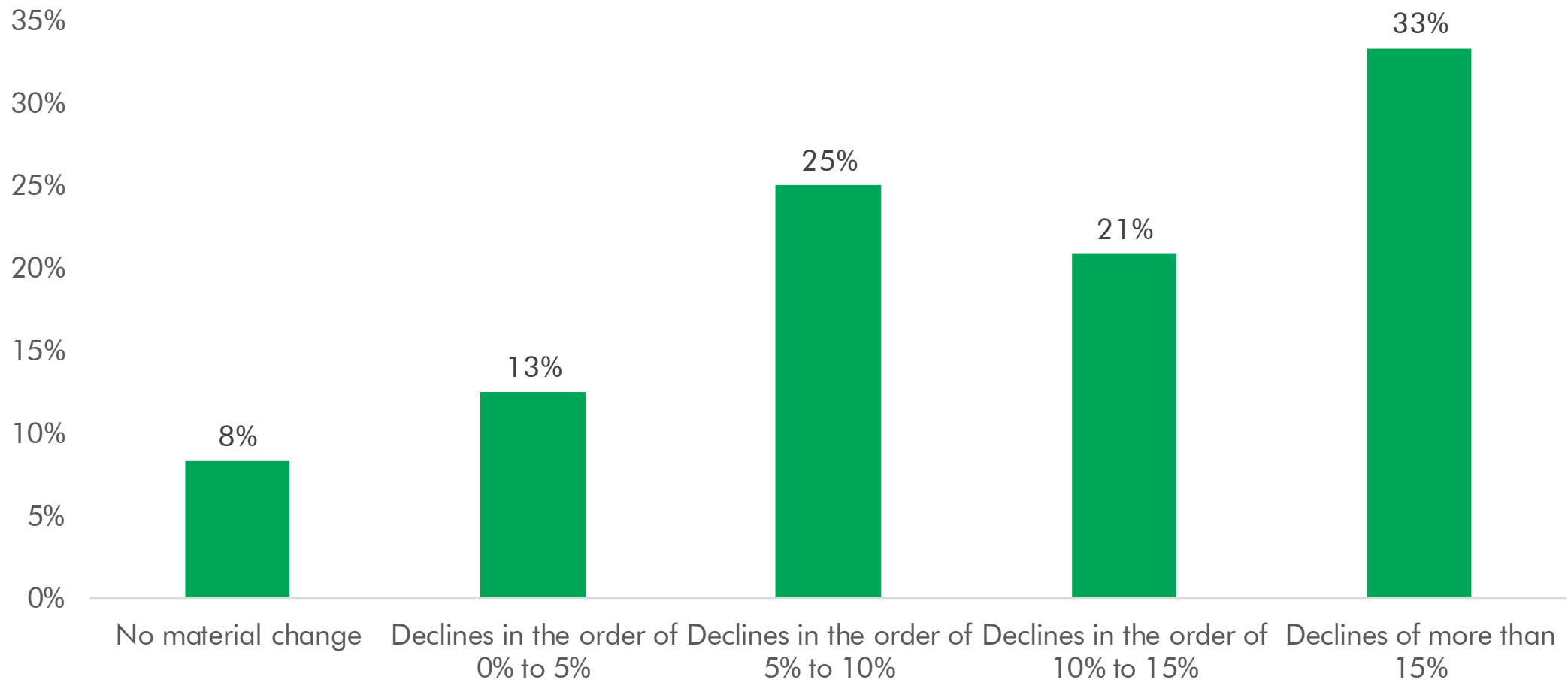


## Over 70 per cent of respondents expect the crisis to result in a negative RevPAR impact by 30 per cent or more in 2020 across the major cities\* ...



\*The survey asked for the separate RevPAR impact for Sydney, Melbourne, Brisbane and Perth  
**Question:** What will be the RevPAR impact for major cities in 2020?

...With over half of respondents expecting a decline of 10 per cent or more in capital city hotel values over the next six months





# Contact us

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