

Five things to take from the latest accommodation performance

Headline blurb

Australia currently has a two-speed recovery taking shape. For a variety of reasons, regional Australia is seeing higher occupancies across the week. Each weekend, there is an influx of overnight visitors to regional Australia whilst the capital cities struggle with limited demand. STR's forward looking on the books data shows that there is currently limited change for the remainder of the year for our capital cities but a continuing positive view on weekends and school holidays for regional Australia.

Explore five key themes from the latest accommodation data here.

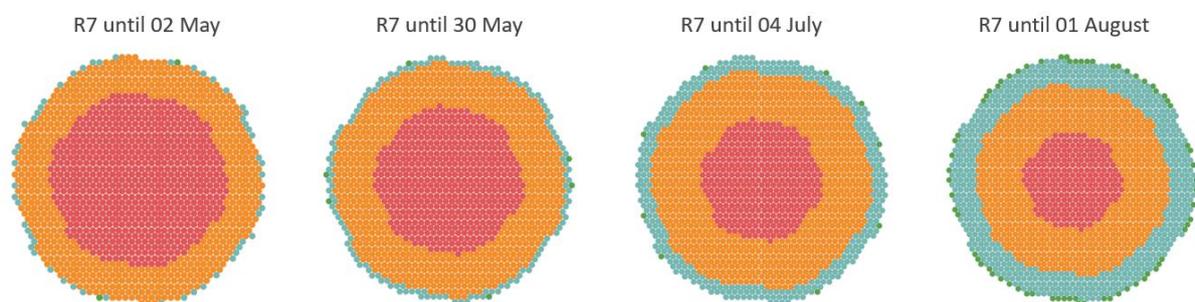
Five things to take from the latest accommodation performance

1. Globally slowly things are getting better

Since May there have been gradual steps forward with fewer markets at less than 25% occupancy and by August a growing number of markets above 50%, and for some greater than 75%. As countries and areas begin to re-open, occupancy is returning most noticeably in China where corporate and meeting demand is beginning to follow strong leisure demand.

The world is in recovery but is taking its time

Sub-Markets, Occupancy actuals 25% buckets. Rolling 7 days



Occupancy Bucket

- <25%
- >25-50%
- >50-75%
- >75-100%

Source: STR. 2020 © CoStar Realty Information, Inc.

2. Australia has a two-speed recovery

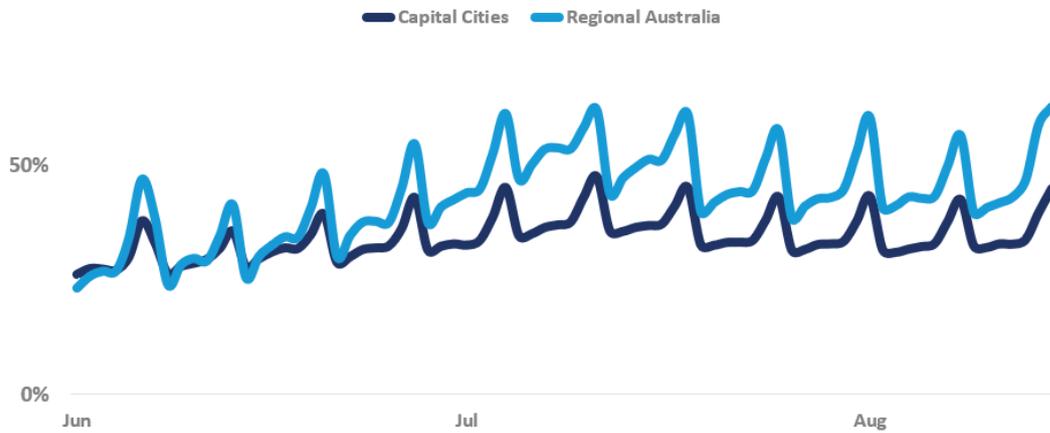
Since June when national restrictions on their ability to travel eased we have seen the gradual differentiation of regional properties to those in capital cities. It must be said that the capitals have the demand from the isolation of returning Australian travelers they are housing, where the regions do not. Regional areas have seen stronger occupancies on weekends and during the week. The differential of occupancy through the end of June and early July was larger with the school holidays

allowing longer stays. But consistently regional properties are outperforming their city peers which prior to Covid-19 was not the case.

Australia - A two speed recovery – regional clearly leading

Australia's capital cities vs Regional Australia

Occupancy %, June to 15th Aug 2020



Source: STR. 2020 © CoStar Realty Information, Inc.

3. Victoria's measures to control the virus have had a significant negative impact to their recovery

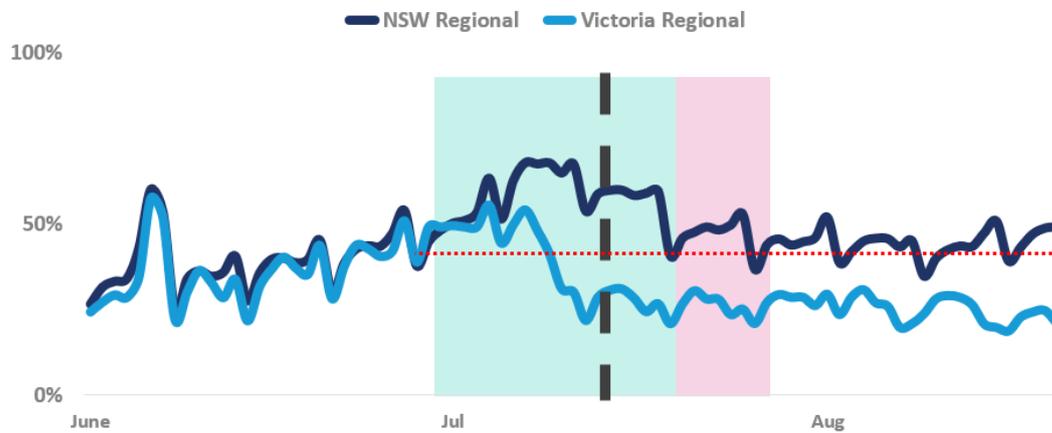
Prior to and during the winter school holiday period, occupancy was steadily growing across NSW and Victoria's regions and at a similar pace. However, as the black line demarcates the introduction of Stage 3 lockdown for Melbourne changed the trajectory in Victoria's regions.

It is also true that NSW regional performance has flattened post the school holidays but as the red line marks, it hasn't changed too much to the period prior to the school holiday window which underlines a consistent mid-week level of demand with Saturday night spikes.

To no surprise – lockdown has hurt regional Victorian operators

But also demonstrates the school holiday bounce

Occupancy %, June – 20 Aug 2020



NSW Regional = NSW North and South Coasts and Inland
Victoria Regional = Victoria minus Melbourne

Source: STR, 2020 © CoStar Realty Information, Inc.

4. Leisure destinations near populous benefit

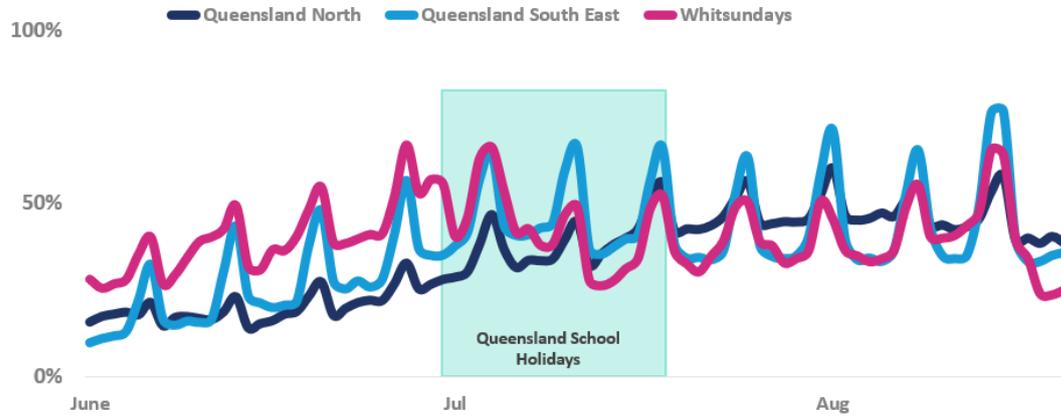
With state border restrictions, intrastate travel is almost the only choice. Using Queensland as an example, we can see the large peaks of Saturday night performance. Performance peaked during the school holiday period where additional time in destination and in transit were available. Positively, Saturday and mid-week performance has been quite stable despite the varied changes in restrictions across the time period shown. The largest peak was for the show holiday move to a Friday (14th August) enabling a new long weekend for Queenslanders who took advantage.

There is no doubt that occupancy, has been limited by the availability of different consumer groups who are unable to access Queensland, but average rate hasn't necessarily always been negative. The Gold Coast for example, across the last five weekends has seen average rate higher than the same weekend the prior year. Therefore despite overall lower occupancies, it is important for operators to stay flexible and have the latest trend insights to inform their decision making.

Leisure: QLD School holidays see weekly bounce.. But Saturday otherwise is it



Pre and post school holidays little change to weekday trend
 Selected Queensland regions, Occupancy %, June to 20 August 2020



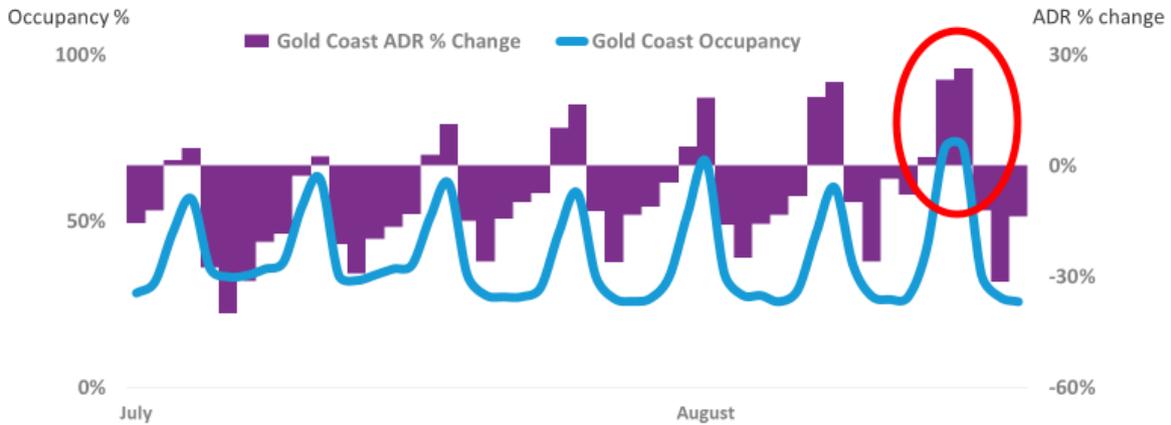
Queensland South East = Gold Coast & Sunshine Coast
 Queensland North = Cairns & Tropical North Queensland

Source: STR, 2020 © CoStar Realty Information, Inc.

Who loves a long weekend – The Gold Coast does!



With more limited options of places to go, consumers seem happy to pay
 Occupancy Absolute % and ADR % change, 18 June – 18 August



Source: STR, 2020 © CoStar Realty Information, Inc.

5. On the books for the capital cities still shows a soft outlook

Utilising STR’s forward looking on the books data which comprises over 900 properties across Australia, reflects the outlook largely remains soft. To date little change in pick up behaviour has been witnessed for the capital cities, although there are mixed results between cities emerging. Therefore, we would highly encourage operators who may not yet be contributing to Forward STAR to contact us so they can access their respective local market on the books data.

On the books still looks soft across the board – Saturday night the only glimmer

Forward Occupancy for next 90 days as at 17th August

