2019 Australian Hotel Industry Survey of Operations

2018 Calendar Year
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**Australian Hotel Industry Survey 2019**
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EXPLANATION OF TERMS & BASES USED

ABOUT HORWATH HTL – ASIA PACIFIC

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Disclaimer: The information contained in this report, is based on data provided by participating hotel properties. This data has not been audited or verified by Horwath HTL or any third party as to its accuracy. While every effort has been made to ensure that data obtained is correct, the accuracy of the information presented is not in any way guaranteed by Horwath HTL. Users of this information should not rely solely on this information for commercial and financial decisions; any such reliance is at the user's risk. Horwath HTL will not accept any liability for any loss, financial or otherwise, resulting from decisions made based on the data presented.
Dear Industry Partners,

It is with great pleasure to introduce the 2019 Australian Hotel Industry Survey of Operations. This year the number of participating hotels increased to 153, representing just under 35,000 rooms from locations throughout Australia in every state and territory.

Australian hotel market performance in 2018 remained strong with overall occupancy from participating hotels recorded at 82% at an average room rate of AUD211. Key markets of Sydney and Melbourne continued to drive these strong performance levels, generally recording occupancy levels in excess of 85%.

We have also seen a greater number of participating hotel management companies this year and on that note I would like to take the opportunity to thank all of our Honorary Advisory Board members for your support of this important industry initiative and also to the management teams of the 153 participating hotels, I hope that you find value in the data presented in this publication.

Robert Hecker
Managing Director
Horwath HTL – Pacific Asia
### Annual Study Honorary Advisory Board

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<th>Name</th>
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<tr>
<td>Patrick Basset</td>
<td>Chief Operating Officer, Upper Southeast &amp; Northeast Asia</td>
</tr>
<tr>
<td>Garth Simmons</td>
<td>Chief Operating Officer, Malaysia, Indonesia, Singapore &amp; South Asia</td>
</tr>
<tr>
<td>Simon McGrath</td>
<td>Chief Operating Officer, Pacific Region</td>
</tr>
<tr>
<td>Choe Peng Sum</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Alan Watts</td>
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</tr>
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<td>Eddy See Hock Lye</td>
<td>Group Managing Director</td>
</tr>
<tr>
<td>Tom Smith</td>
<td>Senior Vice President of Operations, Asia Pacific Limited</td>
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<td>David R. Good</td>
<td>Vice President, Operations</td>
</tr>
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<td>Clarence Tan</td>
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</tr>
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<td>Group Chief Executive Officer</td>
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<tr>
<td>Leanne Harwood</td>
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</tr>
<tr>
<td>Norman Arundel</td>
<td>Director – Hotels &amp; Resorts Operations</td>
</tr>
<tr>
<td>Pascal Gauvin</td>
<td>Managing Director for India, Middle East and Africa</td>
</tr>
<tr>
<td>Arthur Kiong</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Andrew Jessop</td>
<td>Senior Vice President Development Worldwide</td>
</tr>
<tr>
<td>Rainer Stampfer</td>
<td>President, Hotel Operations Asia Pacific</td>
</tr>
<tr>
<td>Craig S. Smith</td>
<td>President &amp; Managing Director Asia Pacific</td>
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<td>Paul Jones</td>
<td>Chief Executive Officer</td>
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<td>Paul Hugentobler</td>
<td>Group Director of Operations</td>
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**ACCOR HOTELS**

**FRASERS HOSPITALITY**

**Hilton**

**HYATT**

**CENTARA HOTELS & RESORTS**

**IHG**

**Dusit INTERNATIONAL**

**LANGHAM HOSPITALITY GROUP**

**EVENT HOTELS & RESORTS**

**THE LUX COLLECTIVE**

**FAR EAST HOSPITALITY**

**JANSON PLACE**

**FOUR SEASONS HOTELS AND RESORTS**

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Katerina Giannouka  
President, Asia Pacific

Dillip Rajakarier  
Chief Executive Officer  
Minor Hotel Group  
Chief Operating Officer  
Minor International Pcl

Tim Hansing  
Chief Executive Officer &  
Executive Director

Darren Edmonstone  
Chief Executive Officer

Karl Bieberach-Dielman  
Chief Development Officer

Dean Schreiber  
Managing Director

Gavin M. Faull  
Chairman & President

Kenji Uda  
Managing Executive Officer

Neil Jacobs  
Chief Executive Officer

Douglas Martell  
President and CEO

Andre Scholl  
Chief Executive Officer

Mohd K Rafin  
Chief Corporate Officer

Joon Aun OOI  
President and Managing Director  
South East Asia and Pacific Rim

Horwath HTL.
**Survey Accuracy Notes**

The benchmark data presented in this survey of operations for the hotel industry offers users a baseline reference on the operational performance of hotels in each category by and large. With great emphasis on presenting accurate benchmarks, the following fundamentals on the results presented should be noted.

**Service Charges:** In accordance to local industry practice, all respective departmental revenues, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) are exclusive of Service Charges.

**Previous Year Comparisons:** The derivation methods of the previous year data (presented in the Summary of Results), has been retroactively adjusted to be consistent with the current year practice. On this note, the 2017 performance figures shown in this current 2019 study (calendar year 2018) might not be identical to the previous year’s study.

**Line Items:** Vertical totals and averages may not add up as each average indicator is based on the hotels that contribute data for each specific line item.

**Requisite Sample Size:** Each average benchmark figure will only be presented if the number of respondents is more than 10 percent of the total respondents in the respective column group. Anything less than 10 percent will be show as Not Available (N/A).

**Categories by Number of Rooms:** In previous years, we have used number of rooms as a category along with average daily rates and locations. However, as of 2014, we have chosen not to segment hotels by size to avoid misleading data. If we rely solely on number of room size, data from hotels in different segments, such as budget and luxury, could be combined and create false averages. We feel that analysing hotels based on rate category and location provides stronger and more accurate data.
REVENUE AND EXPENSE DISTRIBUTION

2018 CALENDAR YEAR
AGGREGATE

<table>
<thead>
<tr>
<th>Rooms</th>
<th>Food &amp; Beverage</th>
<th>Other Dep’ts</th>
</tr>
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<tr>
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<table>
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<tr>
<th>Undistributed</th>
<th>Fixed Charges</th>
<th>EBITDA</th>
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<tbody>
<tr>
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<td></td>
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</tbody>
</table>

Revenue | Expenses | Revenue | Expenses | Revenue | Expenses

Sydney $175-$275
ADR: $231
$97,504 Total Rev PAR
Other 14%
F&B Rev Mix
Bev 25%
Food 61%
F&B Rev POR: $70
Total Labour Cost To Revenue 26%
44% Gross Operating Profit

All Hotels
ADR: $211
$92,660 Total Rev PAR
Other 12%
F&B Rev Mix
Bev 24%
Food 64%
F&B Rev POR: $90
Total Labour Cost To Revenue 33%
32% Gross Operating Profit

Leisure Market
ADR: $177
$87,630 Total Rev PAR
Other 8%
F&B Rev Mix
Bev 26%
Food 67%
F&B Rev POR: $118
Total Labour Cost To Revenue 39%
25% Gross Operating Profit
**Key Findings**

The 2019 Australian Hotel Industry Survey of Operations had 153 participating hotels, representing close to 35,000 rooms. This represented an increase in participation of 9% relative to the number of properties taking part and 7% relative to the volume of rooms included in the analysis. Key performance indicators for the 2018 were:

- Room occupancy on average across the participating hotels remained consistent at 82%, indicating that 2018 business levels remained healthy, with hotels in Sydney and Melbourne driving the strong occupancy results yet again.

- The average room rate recorded in 2018 by the participating hotels was $211, slightly above the level recorded by participating hotels in the prior year’s survey.

- Both GOP per available room was recorded at $30,075 on average for the participating hotels, representing 33% of total revenues.

- It should be noted that as the sample of participating hotels changes from year to year, differences in performance between 2018 and 2017 should not be viewed as necessarily showing accurate performance trends across the broader market in general.

**Table 1.1 2018 vs. 2017**

<table>
<thead>
<tr>
<th>Summary of Results</th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
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<tbody>
<tr>
<td>Total Number of Hotels</td>
<td>153</td>
<td>141</td>
<td>9%</td>
</tr>
<tr>
<td>Total Number of Available Rooms per Day</td>
<td>34,719</td>
<td>32,331</td>
<td>7%</td>
</tr>
<tr>
<td>Total Number of Occupied Rooms per Day</td>
<td>28,337</td>
<td>26,433</td>
<td>7%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>82%</td>
<td>82%</td>
<td>0%</td>
</tr>
<tr>
<td>Average Number of Guests per Occupied Room</td>
<td>1.5</td>
<td>1.7</td>
<td>-9%</td>
</tr>
<tr>
<td>Average Daily Room Rate (AUD)</td>
<td>211</td>
<td>208</td>
<td>2%</td>
</tr>
<tr>
<td>RevPAR (AUD)</td>
<td>173</td>
<td>170</td>
<td>2%</td>
</tr>
<tr>
<td>Average Rate per Guest Night (AUD)</td>
<td>137</td>
<td>111</td>
<td>24%</td>
</tr>
<tr>
<td>Total Revenue per Guest Night (AUD)</td>
<td>206</td>
<td>164</td>
<td>25%</td>
</tr>
<tr>
<td>Total Revenue per Available Room (AUD)</td>
<td>92,660</td>
<td>90,007</td>
<td>3%</td>
</tr>
<tr>
<td>Total Expenses per Available Room (AUD)</td>
<td>62,705</td>
<td>61,124</td>
<td>3%</td>
</tr>
<tr>
<td>GOP per Available Room (AUD)</td>
<td>29,954</td>
<td>28,884</td>
<td>4%</td>
</tr>
<tr>
<td>GOP as a Percentage of Revenues</td>
<td>32%</td>
<td>32%</td>
<td>0%</td>
</tr>
<tr>
<td>Fixed Charges per Available Room (AUD)</td>
<td>12,955</td>
<td>10,310</td>
<td>26%</td>
</tr>
<tr>
<td>EBITDA per Available Room (AUD)</td>
<td>17,000</td>
<td>18,574</td>
<td>-8%</td>
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**Note:**

*Vertical totals may not add up as averages are based on respondents that contribute for each specific line items. GOP: Gross Operating Profit EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization*