STR Presentation

Key take-aways

- Using an index is an important determinant in evaluating and benchmarking. For STR we are using 2019 as a common comparison rather than year over year % change
- The share of individual properties reporting <30% occupancy reducing but highest at properties with +200 rooms
- Lead times still remain short with majority of markets reporting >50% of bookings within 14 days to arrival – leisure bookings dominate to this point but as other segments emerge lead time will elongate.
- What each of these views share is that to reach the next level of occupancy performance, the booking window needs to elongate. Ie more bookings further out. Or stimulate more short-term travel. How markets and individual properties approach this could be one opportunity to outperform.
- Lockdowns generally have created V shaped recoveries. High impact but shorter than suppression approach. Not a reflection of the Covid-19 strategy but causation of policy
- On latest lockdowns window of impact is much shorter when also looking at future booking activity in around a lockdown measure. Consumer sentiment may have shifted
- Winter is going to be the next challenge on current conditions as traditionally rely on meetings and corporate travel.
- Events that are scheduled are proving high demand drivers and getting bookings on longer lead times
- History has proven there is now a template for what impact a future lockdown may have depending on where you are – Example in slide looks at Adelaide and Brisbane as examples
- Hotel quarantine supports between 10-25% of total demand to a market depending on location. All cities except for Melbourne take a proportionate share to their room stock. Level of contribution is more a condition of overall market recovery than just less quarantine demand
- Rate has a few layers to the conversation. Firstly, the downturn in demand has not been of economic reasons but movement of people. Therefore, when people can travel there is a cohort who will, and price is one of multiple determinants. This is witnessed in many leisure markets. Additionally, as leisure is normally rate of the day it lands at higher rates than many other segments and as a share of total business would be taking in more. Hence pushes rate up
- For now, rate is largely not impacted but this will evolve over time
    - Non-compression rate is a better comparison as fewer compression/busy nights will be seen for a while
    - As new demand segments come online rates will evolve to their traditional buckets and secondly will create more competitive tension
- To this point there is no direct correlation between chasing occupancy and achieving higher performance. However, as demand evolves this may or may not become a factor
- New hotels that have opened post pandemic are trading above market share rate index and building occupancy index. The value of incumbency may not be as strong as it once was.
- Do brands outperform is not a straightforward answer. There are many variables at play.

- Serviced apartments have performed generally stronger than hotels around the world and in key markets of Australia
- Domestic is the play and will be for some time to come. Australia is a beneficiary of a large and historically strong domestic market so can perform with only that market available. Unlike some other markets globally that are more exposed to needing international travel
- Supply is going to be a factor in this recovery unlike in past downturns seen in Australia
- This limits the growth of occupancy and in turn pressure on ADR that holds back RevPAR. Demand trajectory is reasonable, but supply has a mitigating impact on a return to 2019 levels
- When you move away from the market averages and look at individual performance from two perspectives. The first at aggregate.
    - Luxury hotels top performer in a competitor set has strengthened its ADR gap to the laggard performer
    - This evolves as you change classes where greater competitor pressures see the gap shrink between the top and bottom performer in a competitor set
- The second when you look at one competitor set and how it evolves historically and into the future
    - At the start of the month the holding occupancy is an advantage to how properties finish at the end of the month.
    - However, that isn't always true where to the advantage of those with rooms to sell can leverage that demand
    - It proves that inside the market there is large variability at play and in our view material benefit to a multi layered competitor intelligence to leverage the opportunities