PERTH HOTEL DEMAND STUDY GROWTH OUTLOOK

2025 - 2035

GOVERNMENT OF WESTERN AUSTRALIA

Tourism WESTERN AUSTRALIA

WESTERN AUSTRALIA
WALKING ON A DREAM

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OPTUS STADIUM, PERTH

INTRODUCTION

In 2025, Tourism Western Australia (Tourism WA) engaged Horwath HTL to assess the current supply of tourist accommodation in Perth, and to forecast the demand for accommodation investment over the next ten years. The high-level findings are provided in this document, with further analysis, demand modelling and methodologies provided in the full Perth Hotel Demand Study available on Tourism WA's corporate website.

The study area is defined as the Perth Centre, comprising Perth City (CBD and inner city), Burswood and the Airport Corridor. Collectively, these precincts account for the largest concentration of hotel room supply in the metropolitan area.

The Perth Centre short stay accommodation supply currently comprises 84 hotel and serviced apartment properties with approximately 12,200 rooms, weighted primarily towards premium hotels which make up 65 per cent of room supply.

From 2015-2020, Perth's hotel market expanded by more than 3,300 rooms, driven by strong government incentive programs and investor confidence, resulting in the development of several premium offerings including the Ritz Carlton and Westin.

Perth's hotel market enters the 2025 - 2035 period from a position of sustained strength in occupancy (recording 80 per cent average in FY 2024-25) and room rates anchored by resilient corporate and leisure demand. Visitation to Perth continues to rebound, with Western Australia recording over one million international visitors in the year ending October 2025 and leading the nation in international visitor growth. As demand deepens across multiple segments, there is opportunity to respond to identified gaps in accommodation supply.

A series of transformational city shaping projects will generate additional demand and further enhance Perth's attractiveness as a destination for both visitors and investors, including:

- Edith Cowan University City Campus, bringing over 10,000 students, staff and visitors into the CBD from 2026.
- Perth Airport's multibillion-dollar redevelopment, terminal consolidation and new runway, improving international connectivity and passenger experience, expected to increase capacity by 4.4 million seats per annum from 2031.
- A renewed focus on major events, arts and cultural facilities, including the delivery of the Aboriginal Cultural Centre.

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For Perth to leverage the economic benefits of these developments, significant additional supply is required.

Modelling has identified that by 2035 the study area will have capacity to absorb a further 3,000-3,500 new hotel rooms, or 300-350 per year, without compromising current hotel performance. In a higher demand growth scenario, particularly in relation to Perth Airport's expansion and forecast increased passenger arrivals, there is the potential to absorb 5,500 rooms over the same period.

The current development pipeline identifies approximately 2,300 new rooms in varying stages of design and planning to be delivered by 2030. When adjusted for development likelihood, almost 1,400 are expected to be realised (equating to roughly eight properties in the Upper Midscale to Upper Upscale categories). In the same period, demand growth is expected to outpace supply.

Accommodation development opportunities in Perth are increasingly precinct-driven, with a summary of identified gaps highlighted in Figure 1. The next phase of hotel growth will be defined by diversification, targeted investment and timely delivery, ensuring Perth remains high-performing and globally competitive.

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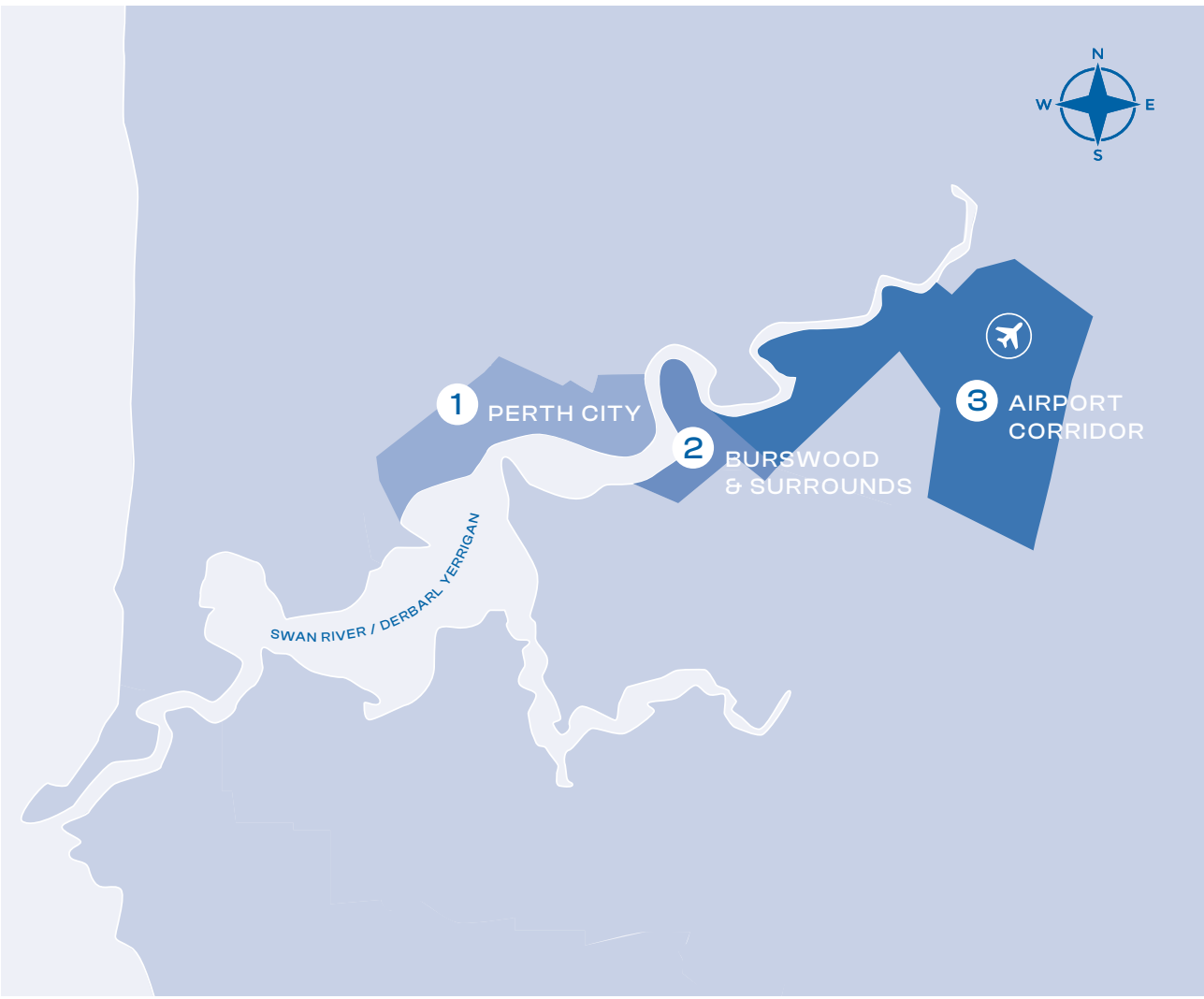

Figure 1: Perth Centre study area

1. PERTH CITY

Current supply:
69 properties
(9,584 rooms)

Growth opportunities: diversification of supply in midscale, lifestyle and long-stay offerings to support education/ health precincts, and strengthen weekend/ shoulder-period performance.

East Perth:

Hotel regeneration, including medium-scale, mixed use hotel development to support precinct revitalisation.

2. BURSWOOD & SURROUNDS

Current supply:
3 properties
(1,188 rooms)

Currently benefits from primarily event driven demand and is well-serviced in premium supply. Opportunity for growth in midscale hotels and serviced apartments in surrounding inner-east precincts, to absorb overflow demand, particularly in relation to major events.

3. AIRPORT CORRIDOR

Current supply:
12 properties
(1,444 rooms)

Growth opportunities: increased economy and budget accommodation to service FIFO travel, aviation employment and transit stays. Repositioning to lifestyle-oriented offer in alignment with improved amenity.

TOURISM AND ECONOMIC CONTEXT

Western Australia is one of the largest states in the world and the economic powerhouse of the nation. It is located within the world's most populous time zone (WST/GMT +8) enabling strong business and trade relationships with international markets. Resource investment, renewable energy transition opportunities, and population growth is expected to drive continued economic growth in Western Australia over the outlook period.

The Perth metropolitan region is the state's economic, cultural, and service hub, encompassing a diverse workforce across sectors such as mining services, logistics, education, healthcare, and tourism. For the hotel sector, corporate travel linked to resources and infrastructure projects, alongside rising population and international tourism recovery will continue to support market performance.

Greater Perth is home to approximately 2.3 million residents, accounting for nearly 80 per cent of the state's population. In FY 2024-25, Western Australia's population increased by 2.2 per cent, exceeding the national growth rate of 1.5 per cent. Perth is Australia's fastest growing capital city, and is projected to reach a total of 3.5 million residents by 2050. This growth is driven largely by migration, and represents mounting demand for the visiting friends and relatives (VFR) and business markets.

The Perth Centre study area lies within the Destination Perth tourism region, which comprises the broader metropolitan area and serves as Western Australia's primary gateway for visitors. In 2024, total overnight visitor numbers to Destination Perth reached 5.2 million and overall visitor nights exceeded 40 million.

Perth is well connected, with direct services from 20 international destinations and the only Australian city with non-stop flights from the United Kingdom (London) and continental Europe (Rome and Paris). Perth Airport is Australia's fourth largest airport, handling more than 17 million passengers in FY 2024-25. The $5 billion Perth Airport expansion currently underway will significantly increase capacity and international connectivity.

2.3 M
Greater Perth Population

=

80%
of the state's population

3.5 MILLION
Projected population by 2050

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ROOM FORECASTS AND MARKET CAPACITY

Forecasting identifies the Perth Centre has the potential to substantially expand its hotel supply over the 2025 - 2035 period, reflecting both the market's current strength and its capacity to absorb additional, strategically located accommodation. Under the base outlook, between **3,000 and 3,500 new hotel rooms are required across the study area by 2035.**

Growth is expected to occur incrementally, with approximately 1,100 - 1,400 rooms forecast between 2025 - 2030, followed by a larger tranche of 1,700 - 2,100 rooms from 2030 - 2035. This pattern reflects the existing development pipeline, typical project lead times and the delivery of major demand drivers expected to influence the market in the early 2030s.

Importantly, forecasts reflect a conservative, base-case assessment of market absorption. Without compromising market stability, Perth could support additional room supply beyond the base outlook while maintaining healthy occupancy and rates.

3,000 - 3,500
ADDITIONAL ROOMS
Required by 2035 in base scenario

UP TO **5,500** TOTAL ROOMS
Required by 2035 in higher demand growth scenario

MARKET PERFORMANCE AND EVOLUTION

Over the past decade, the Perth accommodation market has absorbed significant supply, navigated pandemic disruption and re-emerged as one of Australia's strongest-performing capital city hotel markets by occupancy.

Perth Centre's existing supply comprises 83 per cent hotels (9,541 rooms) heavily concentrated in Upper-Midscale to Upper-Upscale offerings, and 17 per cent serviced apartments (1,905 rooms), largely positioned in the Upper-Midscale and Upscale range.

Perth's strength has historically been anchored by reliable mid-week corporate travel. While this remains a critical foundation, the market's evolution is now increasingly shaped by major events, education, aviation growth and leisure demand. This shift is expanding demand beyond traditional patterns and placing sustained pressure on capacity.

As a result, the evolution of the Perth hotel market will rely on optimising and diversifying the accommodation mix as well as expanding overall capacity. Opportunities increasingly lie in delivering product that supports weekend conversion, longer stays, lifestyle positioning and experiential offerings to complement the market's established weekday strength.

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PERTH MARKET OUTLOOK
(2025–2035)

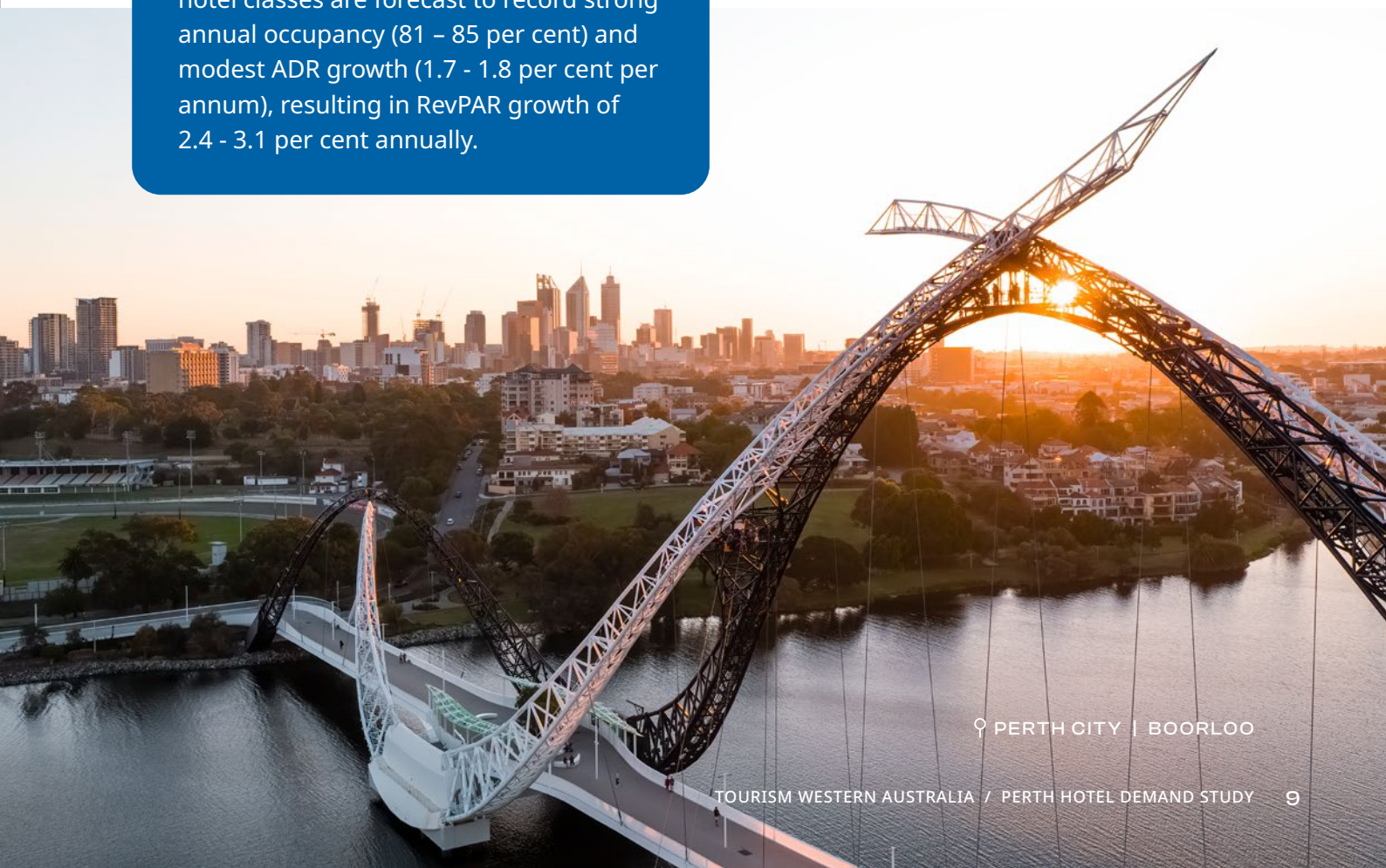
Demand for accommodation in Perth is forecast to continue its upward trajectory over the 2025 – 2035 period, driven by aviation expansion, population growth, education infrastructure investment and a maturing major events calendar. Capacity pressure is already evident, with extended periods of occupancy above 85 per cent across multiple asset classes. At these levels, the market is functionally full, reinforcing the importance of timely and well-located new supply.

From an investment perspective, Perth represents a demand-supported, low-risk capital city market which continues to perform. Over the next decade, demand growth is forecast to outpace committed supply, reinforcing that the primary market risk is not oversupply, but delayed, misaligned or insufficiently differentiated development.

Over the period from 2025 to 2030, all hotel classes are forecast to record strong annual occupancy (81 – 85 per cent) and modest ADR growth (1.7 - 1.8 per cent per annum), resulting in RevPAR growth of 2.4 - 3.1 per cent annually.

KEY INVESTMENT SIGNALS

- Perth consistently ranks among Australia's highest-performing capital city hotel markets by occupancy, recording average 80 per cent in FY 2024-25 compared to the national average of 72 per cent.
- Pricing power has been embedded, with average daily rate (ADR) and revenue per available room (RevPAR) growth strongest during high-demand periods.
- Demand growth is forecast to exceed committed supply over the medium to long term.
- Market opportunity exists in lifestyle, boutique, midscale and long-stay / serviced apartment accommodation.
- Returns will be driven by asset quality, product differentiation and alignment with precinct-based demand.



SHORT-TERM OUTLOOK 2025 TO 2030

In the period to 2030, the Perth Centre hotel market is forecast to operate close to capacity. Room supply is expected to grow at approximately 2.2 per cent per annum, reflecting a moderate level of development activity compared to previous expansion cycles.

The supply pipeline is almost exclusively hotel focused, with the potential for approximately 2,300 additional rooms to be added to the Perth inventory by 2030. A total of 861 rooms are currently under-construction, primarily concentrated in the CBD and Elizabeth Quay. When adjusted for development likelihood, and including generic supply additions for currently unannounced projects, modelling identifies that the market could absorb approximately 1,100 to 1,400 new rooms between 2025 and 2030.

Demand over the same period is forecast to grow at approximately 2.4 per cent compound average annual growth rate (CAAGR), outpacing new supply. As a result, occupancy is expected to stabilise in the mid 80 per cent range, signalling sustained capacity pressure during peak periods.

LONGER-TERM OUTLOOK TO 2035

Under the base outlook, and aligned to historical long-term growth rate of 2.5 per cent CAAGR, a further 1,700 to 2,100 rooms are forecast across the Perth Centre market between 2030 to 2035.

However, scenario testing indicates that under stronger demand conditions, particularly those driven by international aviation expansion, continued growth in major events and sustained corporate travel, the market could absorb a total of up to 5,500 rooms between 2025 and 2035, while maintaining occupancy at or above 80 per cent.

This longer-term outlook underscores the importance of planning flexibility. Frameworks that enable or incentivise additional accommodation capacity in appropriate locations will be necessary to facilitate new supply in a competitive construction environment.

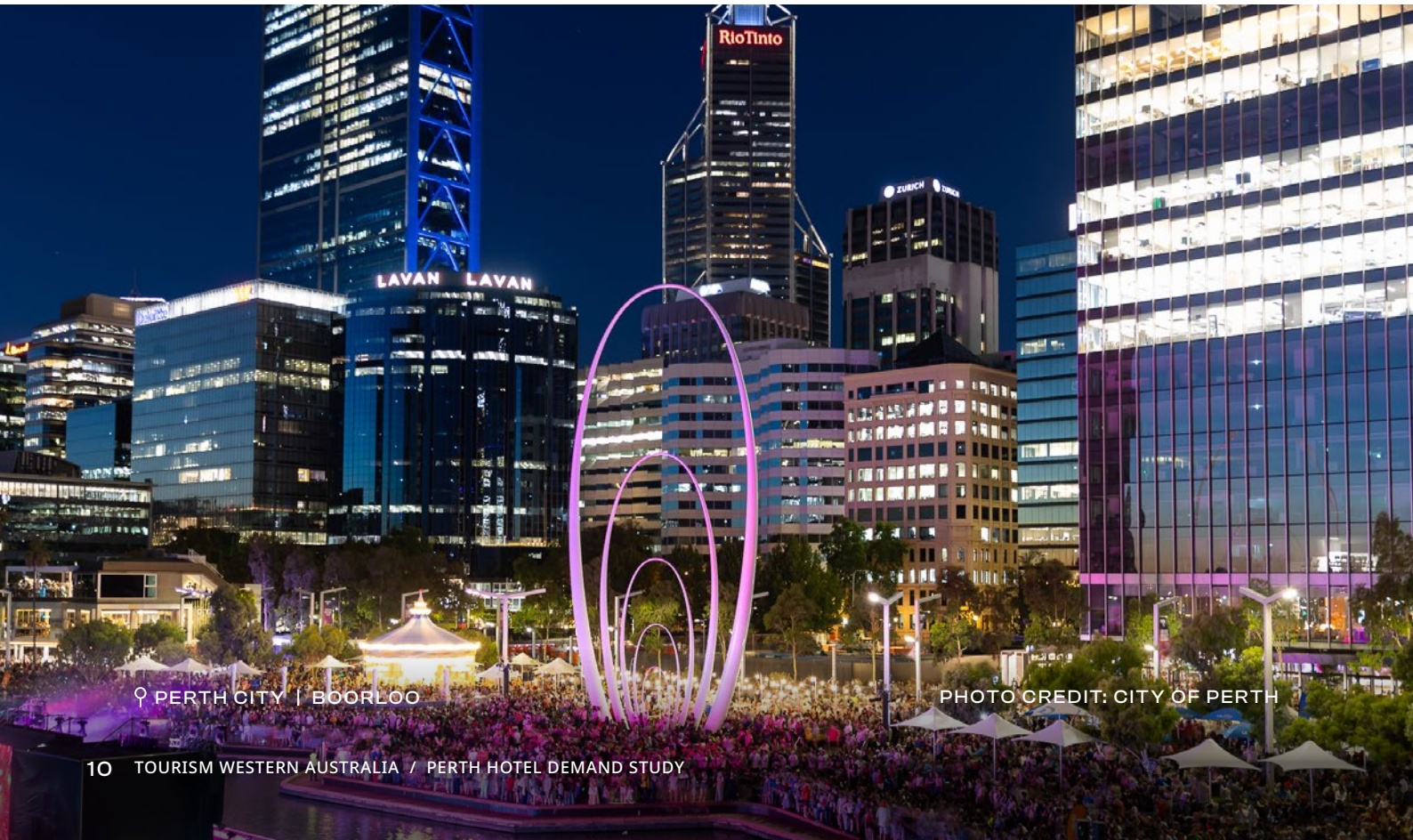


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PHOTO CREDIT: CITY OF PERTH

PERTH CENTRE SEASONALITY PATTERNS

The Perth Centre accommodation market is primarily weekday-led, with Tuesday to Thursday periods regularly trading at or near capacity, reflecting the dominance of the corporate/business travel sector.

Weekend performance is generally softer, which represents an opportunity to grow leisure visitation through increased precinct activation, event scheduling and a more diverse accommodation mix. This has the potential to lift overall performance without relying solely on additional supply.

Performance typically peaks in February to March and during spring months (September to November), driven by business and major events and favourable travel conditions. Winter months (May to July) are typically softer, however low season occupancy has strengthened overall, with a narrowing gap between peak and low season occupancy rates.

DEMAND AND SUPPLY INSIGHTS

KEY FINDINGS

- While strong overall, demand increases around weekdays and major events.
- The market operates close to effective capacity during peak periods.
- Supply growth is moderate and absorbed quickly.
- Gaps in midscale, lifestyle and longer-term accommodation constrain ability to expand demand outside of mid-week periods.
- Short-term rental supply (approximately 600-700 listings in the study area) reflects the demand for accommodation in Perth, but is not considered to impact on the need for new hotel rooms.
- Future demand growth is expected to intensify compression and pressure over peak periods, with projected growth outpacing committed supply.

Perth's accommodation supply remains dominated by upscale and upper-upscale hotels, reflecting historic reliance on corporate demand. This has supported strong performance and underpinned Perth's status as a premium business and events destination, but also highlights the opportunity to diversify supply to meet evolving visitor expectations.

Demand is increasingly shifting toward lifestyle, boutique, midscale and longer-stay/serviced apartment accommodation, presenting a key growth opportunity for the Perth hotel market. Targeted product delivery, aligned to defined precinct and demand segments will help capture this demand and mitigate seasonal fluctuations.

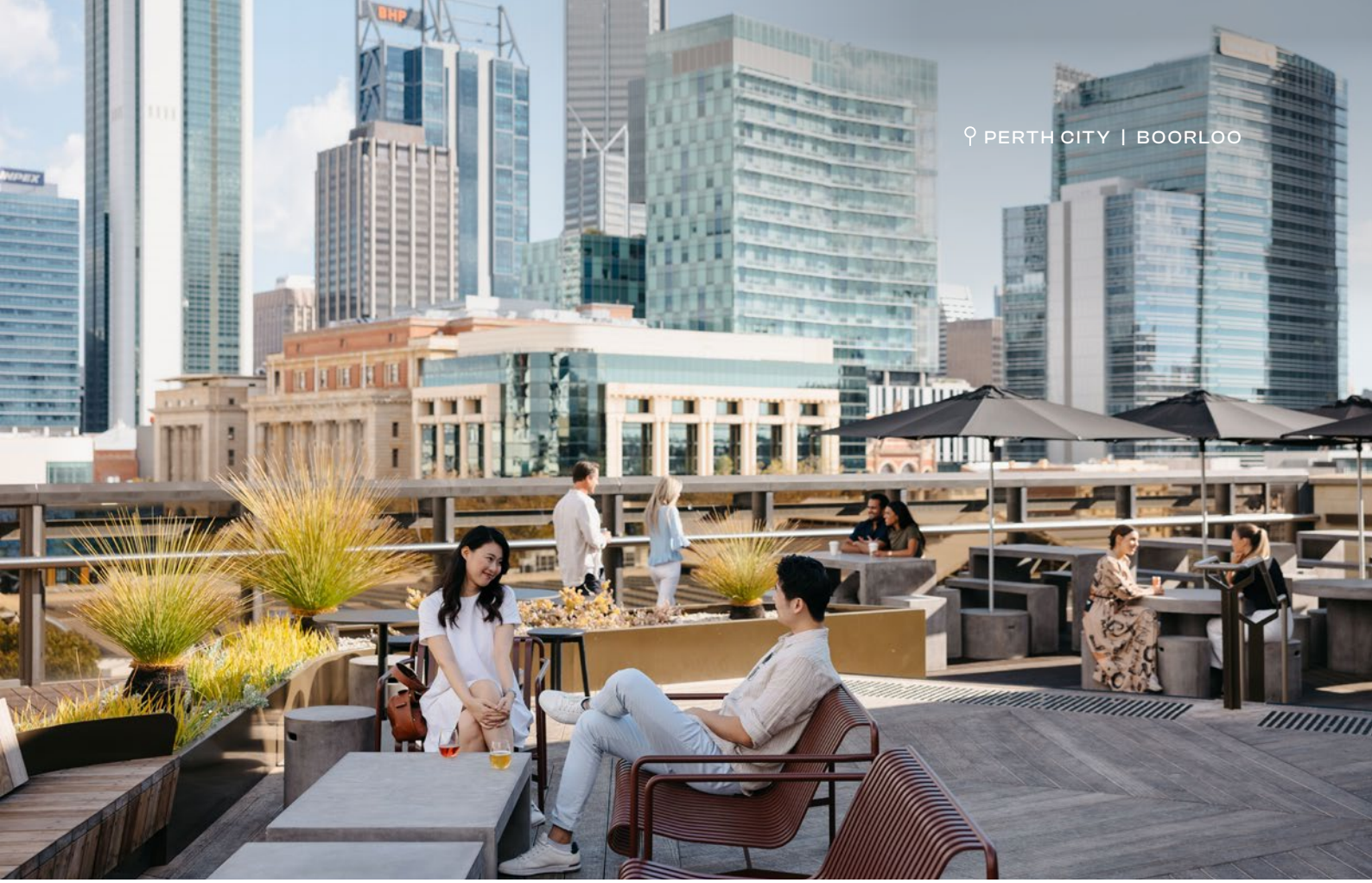
FUTURE MARKET GAPS & OPPORTUNITIES

For the period 2025-2035, based on historical trends and econometric indicators, there is estimated demand in the Perth Centre hotel market for the following asset classes, identifying potential development opportunities.

HOTEL CLASS	2025 – 2030	2030 – 2035	TOTAL ROOMS OVER 10-YEAR PERIOD
UPPER UPSCALE & LUXURY	391	519	910
UPPER MIDSCALE & UPSCALE	938	1,095	2,033
ECONOMY & MIDSCALE	76	87	163
ESTIMATED TOTAL ROOMS	1,405	1,701	3,106

Qualitative analysis of supply and demand has highlighted opportunities for the development of new offerings to suit the below markets. Well-positioned projects that address these gaps are likely to benefit from strong absorption and sustained performance.

OPPORTUNITIES	MARKET	PRIORITY LOCATIONS
LIFESTYLE AND BOUTIQUE HOTELS	Design-led, experiential hotels are increasingly in demand by younger, leisure-focused, and stopover travellers. Growth in this segment will enhance Perth's cultural identity and weekend leisure appeal.	ELIZABETH QUAY, FORESHORE, EAST PERTH, NORTHBRIDGE
MIDSCALE AND ECONOMY	Growth in quality mid-range offerings to support domestic leisure, students, young travellers, families, regional workforce, and VFR markets.	EAST PERTH, NORTHBRIDGE, AIRPORT CORRIDOR, PERTH CITY FRINGE
PREMIUM SERVICED APARTMENTS	Growth in modern, premium serviced apartments with full service and lifestyle integration to leverage long-stay corporate demand.	CBD, WEST PERTH
SERVICED APARTMENTS		AIRPORT CORRIDOR
LUXURY OFFERINGS	Expansion of luxury and upper-upscale offerings, particularly in waterfront and entertainment settings.	ELIZABETH QUAY, FORESHORE



CONCLUSION

Perth enters the 2025–2035 period from a position of demonstrated strength. Demand fundamentals are robust, supply growth remains measured, and the market operates near effective capacity during peak periods. The combination of strong performance, a limited development pipeline, and identified capacity to absorb additional rooms over the next decade signals readiness for new investment.

Accommodation offerings that respond to emerging demand drivers, activated precincts and evolving traveller expectations are well positioned to benefit from sustained occupancy, pricing power and long-term revenue stability. With construction timeframes extending several years, decisions made now will shape Perth's accommodation capacity and competitiveness well into the future.

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