

BROOME TOURIST ACCOMMODATION GROWTH OUTLOOK

2024 - 2034



WESTERN
AUSTRALIA
WALKING ON A DREAM

📍 CABLE BEACH, BROOME | WALMANYJUN

ON THE DOORSTEP OF THE ICONIC KIMBERLEY REGION, THE TROPICAL HOLIDAY TOWN OF BROOME SERVES AS THE GATEWAY FOR VISITORS SEEKING TO EXPERIENCE LARGER-THAN-LIFE LANDSCAPES AND NATURAL WONDERS. RECENT INFRASTRUCTURE UPGRADES AND IMPROVED AVIATION AND CRUISE CONNECTIVITY HAS POSITIONED BROOME AS A GROWTH DESTINATION WHICH IS PRIMED FOR NEW INVESTMENT INTO LUXURY ACCOMMODATION OFFERINGS.



NARLIJIA EXPERIENCES
📍 BROOME | RUBIBI



EXECUTIVE SUMMARY

In 2024, Tourism Western Australia engaged Urbis to undertake an assessment of the current supply of tourist accommodation in Broome and forecast the demand and market for accommodation investment over the next decade. The high-level findings are provided in this document, with the full report available on the Tourism WA Corporate Website.

Broome, Western Australia, is a thriving tropical tourism destination within the state’s tourism sector. With its unique landscapes, premium pearling experiences, rich Indigenous culture, and iconic beaches, Broome is fast becoming a premium travel destination, attracting a mix of high-yielding domestic and international visitors.

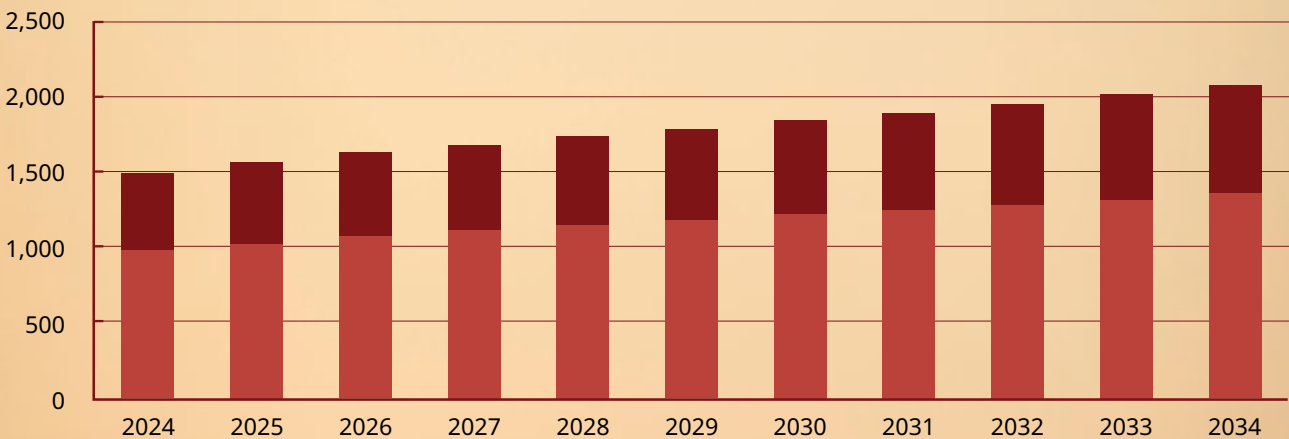
With substantial government marketing support and record investment in enabling tourism infrastructure development, including enhanced

aviation and cruise connectivity, Broome is poised for substantial growth.

The full report highlights the growing gap between supply and demand for luxury styles of accommodation in Broome, with a projected shortfall of over 550 rooms across all market sectors in the next decade.

With a fast-growing cruise industry, strong occupancy rates and increasing visitor nights, Broome is ready to support additional accommodation offerings in line with modern traveller aspirations. For investors, this represents a lucrative opportunity to enter an established tourism market and tap into the latent demand for premium accommodation in Broome.

ROOM DEMAND FORECAST, BROOME 2024 TO 2034



Source: Urbis, ABS, TRA

■ Room Nights Available ■ Room Nights Occupied



📍 CABLE BEACH, BROOME | WALMANYJUN

WESTERN AUSTRALIAN CONTEXT

One of the largest states in the world and the economic powerhouse of the nation, Western Australia is located within the world's most populous time zone (WST/GMT +8 hours) enabling strong business and trade relationships with international markets.

The capital city of Perth has direct flights to 20 international destinations including to 17 of the largest cities in Asia, and is the only Australian city with direct flights to Europe.

Australians' strong appetite for travel has positioned Western Australia as a booming domestic tourism destination, a trend that strengthened during the pandemic and continues to thrive post-recovery.

By April 2024, both international and domestic passenger movements through Perth Airport had surpassed pre-pandemic levels, marking a significant rebound.

37.6 MILLION

Visitor nights in 2023

8%

Increase[↑] over 2019

AU\$17.7 BILLION

Visitor spend in 2023

AU\$4.2 BILLION

Surge from 2019 [↑]

BROOME - HISTORY AND ECONOMY

Broome is a town of approximately 14,660 people located on the western edge of the Kimberley region, a three-hour flight from Perth. Broome was established as a tourism destination in the 1980s following the development of the luxury Cable Beach Resort and Spa, the opening of a zoo and restoration of many of Broome's historical buildings.

Aboriginal people inhabited the northwest of Western Australia for more than 30,000 years prior to European settlement of Australia, with a number of different language groups located in Broome, along the Dampier Peninsula and on nearby islands.

A port was established in Broome in the late 1880s, attracting people from all over Asia and Europe to work in the pearling industry.

The pearling industry continues to thrive in Western Australia's northwest, with Broome renowned for producing some of the largest and finest quality pearls in the world.

This industry, and its connection to the rich cultural heritage of Broome is evident throughout the town with its unique architecture and through the diverse tours and experiences available for visitors.

The tourism industry in Broome forms a significant part of its economy. Strong growth in the Broome economy was shown between 2016 and 2021, with nearly an 8% increase in employment. Growth in tourism-related industries such as accommodation, food services and retail trade were a key component of this.

AU\$31 MILLION

Output from the Broome Cruise Industry in FY 2022-23

AU\$300 MILLION

Estimated annual Broome tourism output

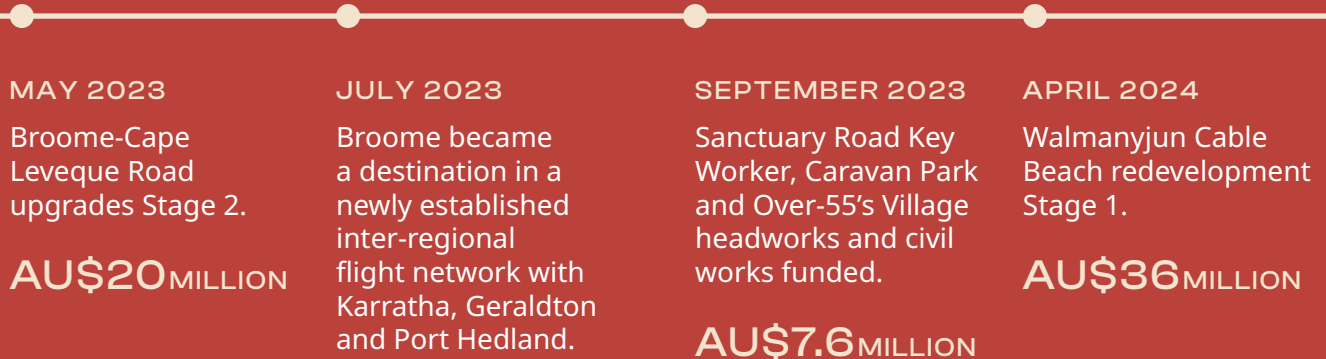
15.5%

Of Broome jobs are in the tourism industry

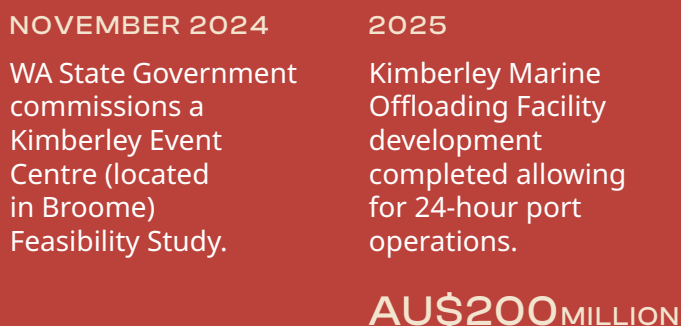
35,000

Cruise ship passengers through Broome port in 2024

RECENT TOURISM INFRASTRUCTURE INVESTMENT TIMELINE



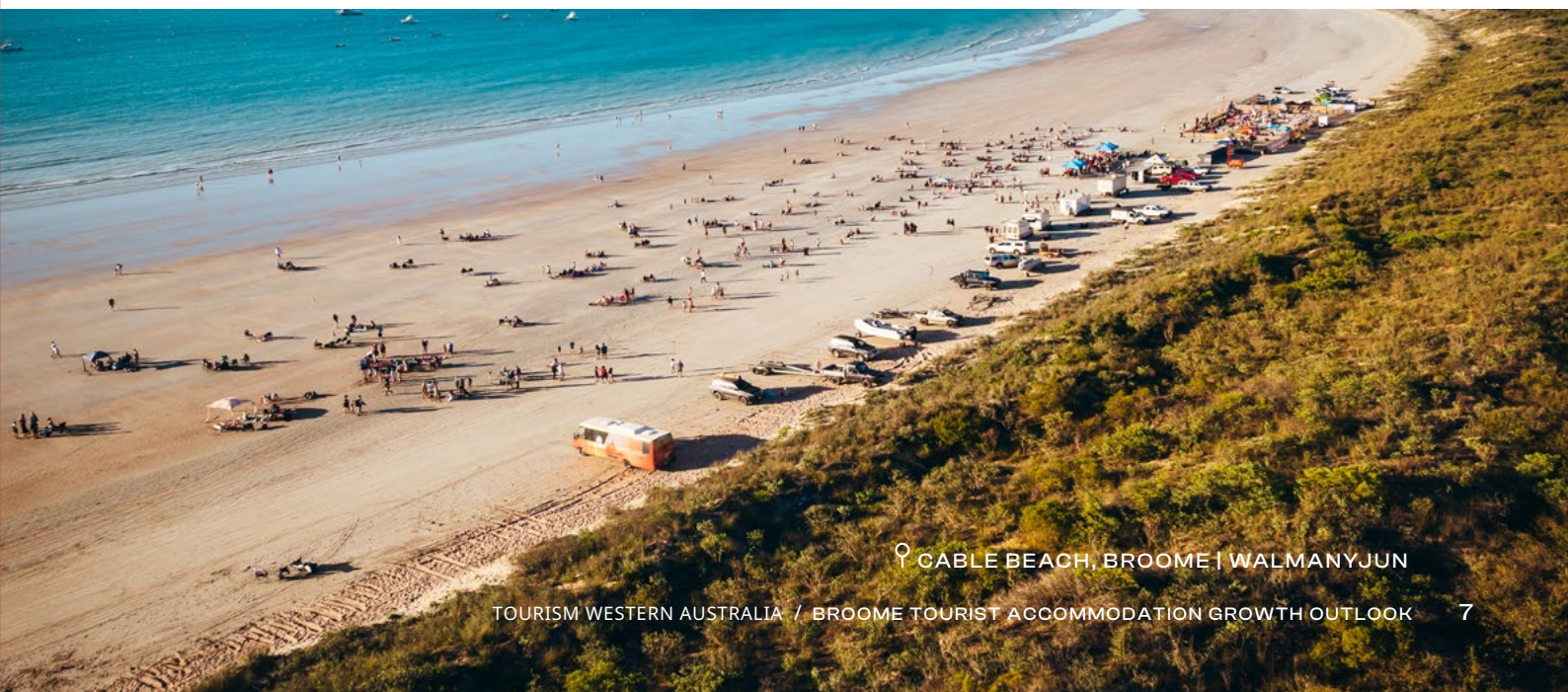
FUTURE PLANS



COMPETITIVE ADVANTAGES

Drivers for tourism industry growth worldwide have been reshaped in recent years as people refocus how they prioritise spending their disposable income and leisure time and as shifting macroeconomic trends influence travel behaviours. Key advantages that Broome offers which align with these drivers include:

IMMERSIVE AND EXPERIENTIAL TRAVEL	People are seeking authentic cultural immersion opportunities and placing value on the quality of this to ensure they create meaningful and lasting memories. Broome offers a wealth of cultural and historical experiences including locally run Aboriginal tours and expeditions, pearling industry tours, Aboriginal art galleries, rock art tours, food and beverage offers incorporating local ingredients, and a range of natural landscape experiences.
GLOBAL DEMAND FOR LUXURY TRAVEL	Globally, demand for luxury tourism is expected to grow at a faster rate than any other segment, as travellers increasingly seek unique and memorable experiences. High-spending travellers are often willing to pay a premium for these opportunities, frequently opting for private tours and exclusive access to enhance their experience. This is demonstrated in the growth of the Broome luxury expedition cruise market.
NATURE-BASED AND SUSTAINABLE TOURISM	People are seeking more environmentally and socially sustainable options for travel, accommodation and experiences. Broome is well-positioned to develop new offerings to attract more conscious tourists who are willing to pay a premium for a trip that authentically values the natural landscape and local community.



TOURISM DEMAND AND ACCOMMODATION TRENDS

Recent analysis of trends and post-COVID recovery data reveals significant growth in the Broome tourism market, with promising prospects for continued expansion.

In 2023 Broome welcomed an average of 277,000 visitors. The Broome visitor market is dominated by domestic visitors, encompassing 76% of visitor nights between 2009 and 2019. In the same period, visitor nights in Broome increased at an annual rate of approximately 2.9%, with the luxury segment experiencing the most substantial room rate growth.

Occupancy rates have shown impressive growth in recent years. The average annual occupancy rate surged from 53% in 2018-19 to 65% in 2021-22. During the peak season of June-July 2023, occupancy rates reached 79%-82%, marking a 7% increase since 2019. The shoulder and off-peak seasons saw even more remarkable growth during this period, with occupancy rates rising by 25% and 42%, respectively.

Despite the rising demand, Broome has not seen any major new tourist accommodation developments in the past 15 years. Airbnb has become a significant player, offering around 200 properties during peak season, with notable increase in peak season average daily rates (ADR) in the luxury market, from \$562 to \$866 per night between 2021 and 2023. This trend highlights the modern traveller's preference for unique, premium experiences.

Broome is forecast to experience steady growth in visitor nights between 2024 and 2034, with projections indicating a 2.44% annual increase in international visitor nights and a 5.26% rise in domestic visitor nights. This would see visitor nights exceed 600,000 by 2034, representing a significant increase in tourism demand. Even under conservative growth scenarios that account for no new supply of accommodation being added to the market, Broome's visitor nights are expected to grow by 300,000 across ten years, highlighting the potential for tourism expansion in Broome.

Looking forward, these forecasts indicate a shortage of 550 rooms over the next decade, with the key gap presenting in the luxury

accommodation segment. Driven by the maturity of its tourism industry, the growth in the cruise sector and continued marketing strength, Broome is in a strong position to reach this potential.

This presents a clear opportunity for investors to capitalise on the growing demand, particularly in the luxury accommodation sector.

550 ROOMS

Required in the next decade (2024-2034) to capture growth in demand for Broome

+22%

Growth in year-round occupancy rates (FY 2018-19 vs FY 2023-24)

20%

Proportion of domestic travellers with annual incomes over \$200k

+54% \$562 > \$866

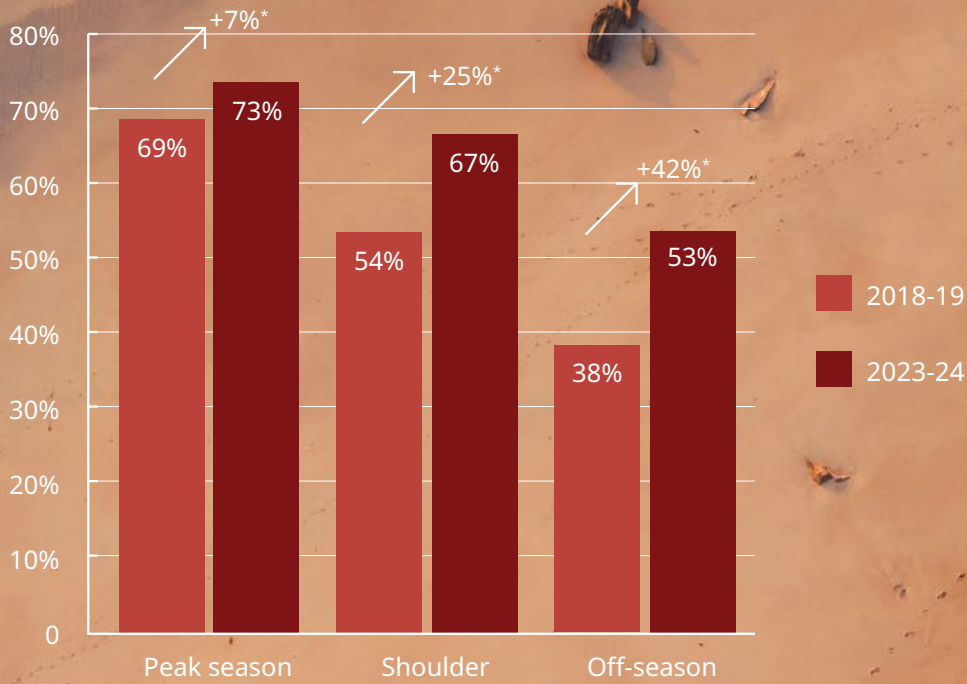
Growth in luxury accommodation ADR (July 2019 vs July 2023)

+76%

Growth in all accommodation ADR (July 2019 vs July 2023)

Note: selected accommodation products

SEASONAL OCCUPANCY RATES 2018-19 VS 2023-24



Note:

Peak season comprises May, June, July & August.

Shoulder season comprises April, September, October & November.

Off-season comprises December, January, February & March.

*Proportional percentage growth

ENABLING THE OPPORTUNITY

While Broome offers many advantages, there are several factors that have inhibited the development of new short-stay accommodation offerings.

High construction costs continue to challenge the Western Australian building industry. The Western Australian Government is aware of this and is working on appropriate innovative solutions, including assisting proponents to streamline the development process.

Broome is a seasonal destination, with a warm dry peak season and monsoonal off-peak season. Recent visitation trends have demonstrated increased popularity of the shoulder and off-peak seasons. Accommodation product designed to respond to the local seasons has potential to extend the shoulder season further, providing greater returns on investment.

Investigations into infrastructure such as a Kimberley Event and Convention Centre will identify the potential for Broome to compete

for lucrative MICE market that can help extend corporate visitation into the shoulder seasons.

High pressure on the housing market has impacted the availability of affordable short-term and permanent accommodation for temporary workforce and key workers in Broome. The seasonality of the region has resulted in many tourism industry workers being employed short-term. The local government, the Shire of Broome, is proactively addressing this need through the development of key worker accommodation in the Sanctuary Road project announced in July 2022, recognising its importance for the sustainable growth of the tourism industry.

ENABLERS

- Addressing costs of construction
- An extended peak season
- Workforce accommodation development



WHY INVEST IN BROOME

Broome and the Kimberley region offers a natural landscape and tourism experiences that are unique on a global scale. As a well-established tourism destination, Broome's mature market is supported by a robust network of accommodation, tour operators, and dining establishments. This industry maturity provides opportunities to develop tailored packages and capitalise on existing brand strength.

Both the Western Australian Government and the Shire of Broome have invested heavily in tourism infrastructure and marketing, cementing Broome as one of Western Australia's most popular holiday destinations. With high growth potential driven by increased international access and shifting travel trends, the region is primed for further expansion. New luxury tourist accommodation is critical to tapping into this growing demand. Land that is suitable for the development of luxury resorts,

eco-friendly lodges and boutique hotels to meet this demand has been identified within the Broome townsite.

With the shortage of luxury accommodation and corresponding high occupancy rates, the long-term tourism growth potential, and a proactive approach to developing Western Australia's tourism industry, there is a compelling opportunity for investment into new hotel and resort accommodation in Broome.

INVESTMENT HIGHLIGHTS

GROWING VISITOR DEMAND

Broome is well-positioned for sustained visitation growth through to at least 2034. Projections estimate an additional 600,000 visitor nights for Broome in the next decade, representing a shortage of 550 rooms.

Under more conservative growth scenarios, Broome's visitor nights are still expected to increase by 300,000.

EXISTING MARKET GAP IN MATURE INDUSTRY

Broome offers a well-established tourism industry supported by a network of high-quality tourism experiences, strong connectivity and a luxury cruise industry going from strength to strength. There is a demonstrated market gap in luxury accommodation offerings identified through scenario modelling and benchmarking, highlighting an investment opportunity in this high-demand segment which is projected to grow at a CAGR of 6.7% to 2030.

SUPPORTIVE GOVERNMENT

Broome is considered one of the jewels in Western Australia's tourism crown, and growing tourism in the regions is a priority for the Western Australian Government.

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