



## International Visitation Analysis, Outlook '23



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Property Infrastructure Management Group 2023

In our opinion, key optimizers to accommodation revenues are the return of international travel. In '22, international travel has only recovered 60% of '19's levels, with Jan23's traffic at 56% of Australia's historic monthly peak traffic reached in Jan20. Whether there will be a return to 2019's peak is further clouded by the recent macroeconomic environment and signs of possible recession.

Given the above, we do estimate a much larger contribution of international short term travel from China. In '22 travel from China is just at 6% of '19's numbers. From '17 to '20 China accounted for 18% of all the non-Australian short term arrivals, only second place to New Zealand (19%). Thus, going forward, China will be the main factor in driving the international arrival figures return to pre covid levels. There are still large uncapped potential relative to '19 from the other countries such as US and UK.

Finally due to covid, international short term visits median was 18 days 80% above the norm of 10 days median. We estimate that as travel returns to normal, stays will revert to historic median.

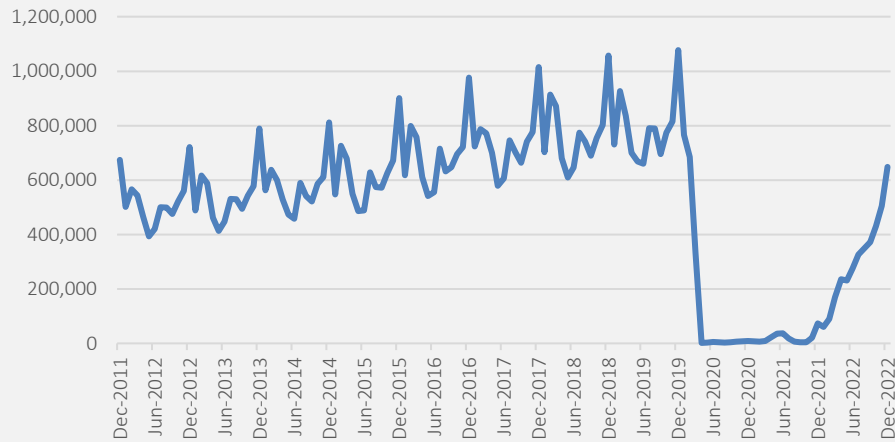
We forecast short term international visitation to exceed that of '22, due to gradual opening up of particular states during early '22, and some various countries taking till the second half to '22 to fully open up international travel. However, foreign visitation will not exceed '19 levels. We remain optimistic as the macro factors return to stability late '23 to '24, that visitations eventually match 2019 come '24, '25.



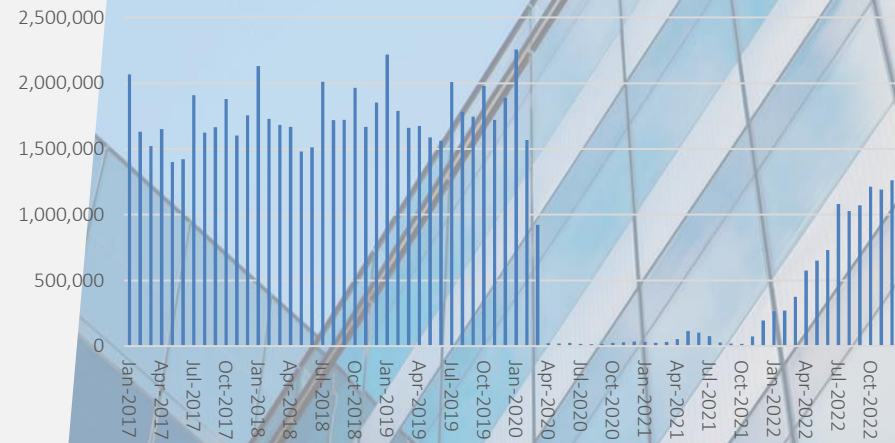
Total international arrivals (mix of AUS citizen long and short term and non-AUS citizen long and short term) in Jan23 Australia reached 1.26M a MoM increase of 70,630 vs previous month. As seen in chart 1 (Jan17-Dec22), total overseas arrival has been trending upward since covid, with Jan23's traffic at 56% of Australia's peak traffic of 2,257,280 reached in Jan2020. International short-term arrival numbers (Chart 2,3), visits in Dec22 currently reach 648,790 which is an increase of 575,680 (785%) from dec21. In terms of potential, this is only at 60% compared to international visitor short terms arrivals peak in Dec19 of 1,077,720. In our opinion, a continued surge in arrivals is likely with international travel yet to optimize and return to pre covid era levels, and Australia yet to experience the boom of China reopening.

AUS Overseas Arrivals

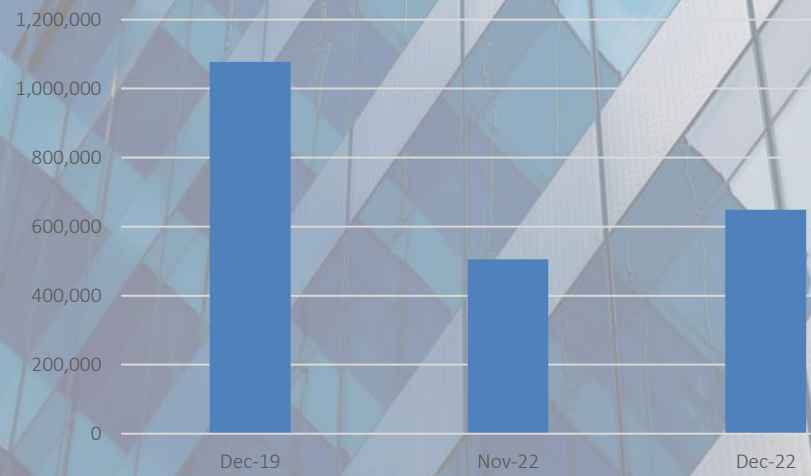
2.Overseas Short Term Visitor Arrivals  
Dec 11 – Dec 22



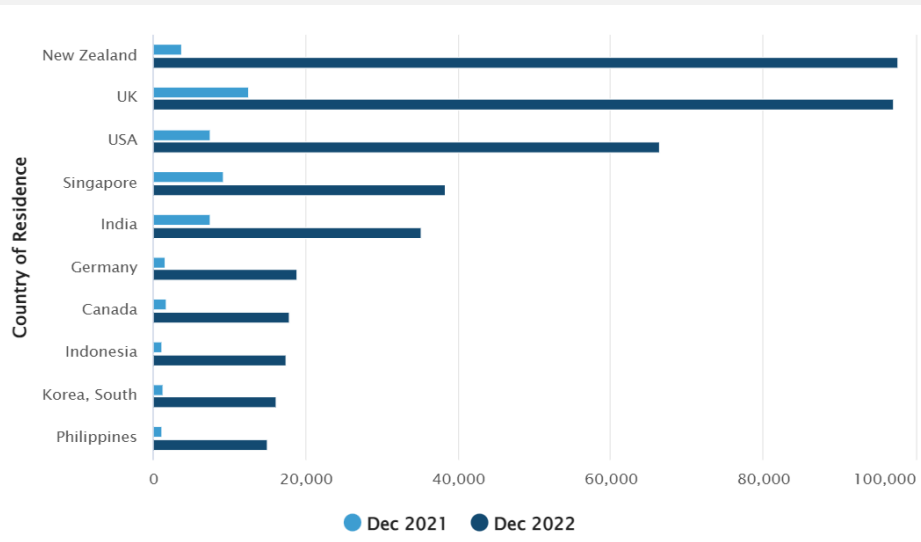
1.Total International Arrivals  
(Jan17-Dec22)



3.Overseas Short-term visitor arrivals

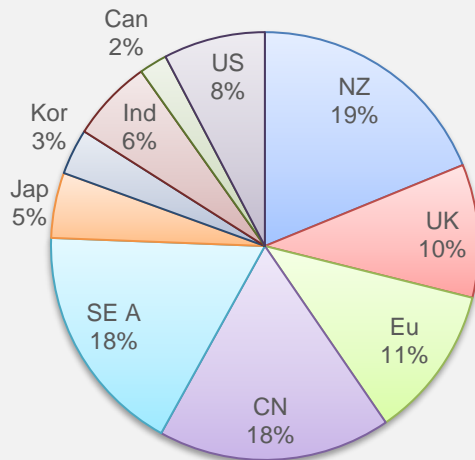


4.Overseas Short Term Visitor Arrivals Country of Residence



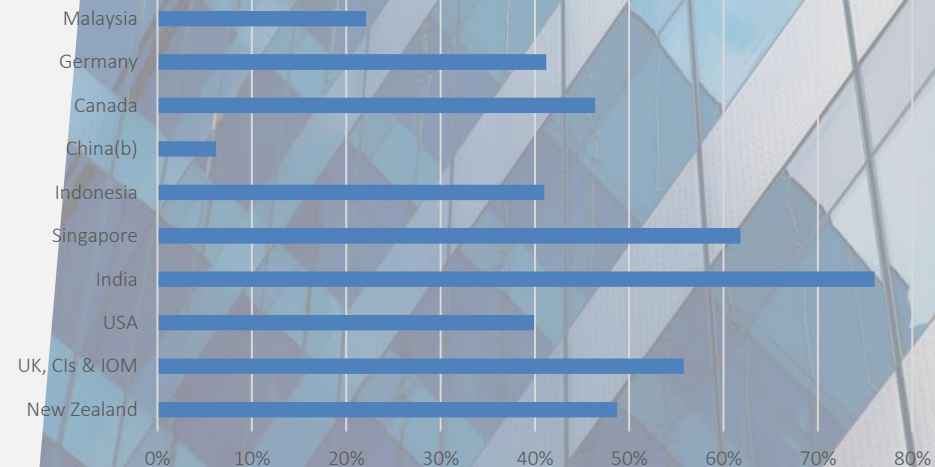
We can see the closing of the gap further analyzing a few charts. Chart 4 shows the top 10 overseas visitors country of citizenship in Dec22, with visitors from NZ (97k), UK (97K) and USA (66k) being the top 3 overseas visitors. The next chart (chart 5), shows the accumulated share of arrivals by citizenship from Jan17 to Jan20. We can see China accounted for 18% of all the non-Australian arrivals, which is second place to New Zealand (19%). Thus, we may assume if China was to return full force, there is potential for an approximate 15-20% increase to the overall non-Australian arrivals. Chart 6 shows the Dec22 arrivals as a % of Dec19. None of the countries of overseas arrivals have reached 2019 levels with India at the highest reaching 76% of 2019 levels. New Zealand, accounting for 19% of the arrivals traffic previously, has only reached 49% of 2019 levels. UK is only at 56% and USA at 40% of 2019 levels. The biggest potential comes from China, with Dec22 arrivals from China at a mere 6% of 2019 levels. Going forward, China will be the main factor in driving the international arrival figures return to pre covid levels.

5.SHARE OF ARRIVALS BY CITIZENSHIP (ACCUMULATE JAN2017-JAN2020)

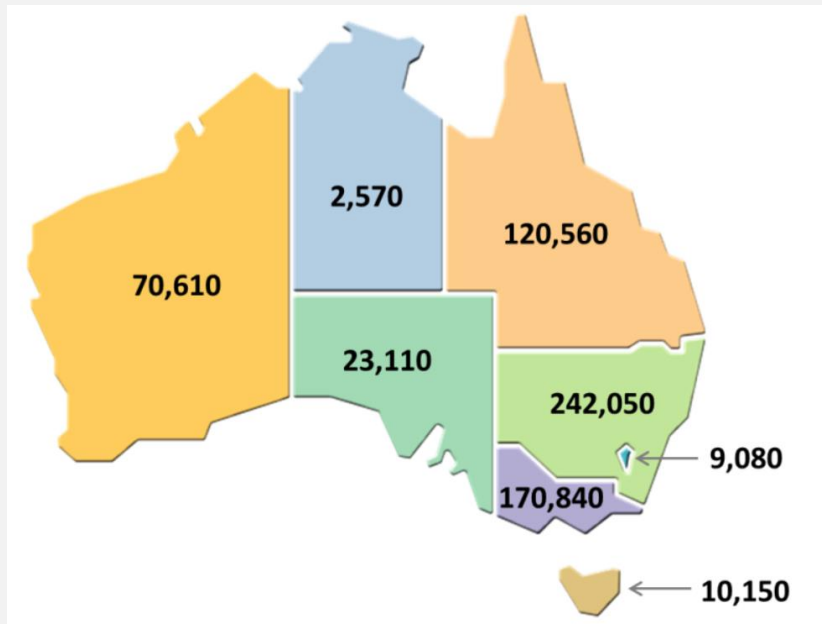


■ NZ ■ UK ■ Eu ■ CN ■ SE A ■ Jap ■ Kor ■ Ind ■ Can ■ US

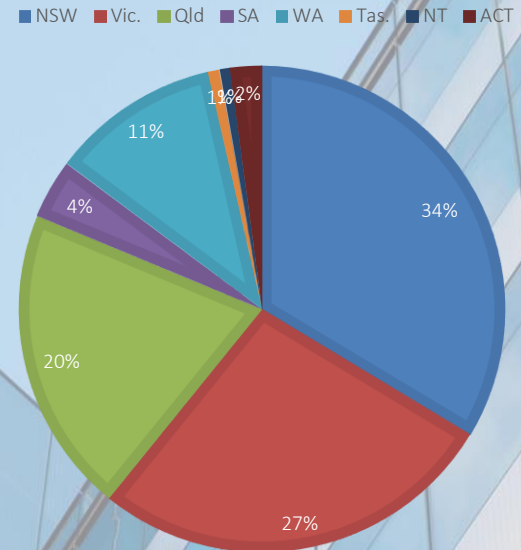
6.Short Term Overseas Visitors (Dec'22 as % of Dec'19)



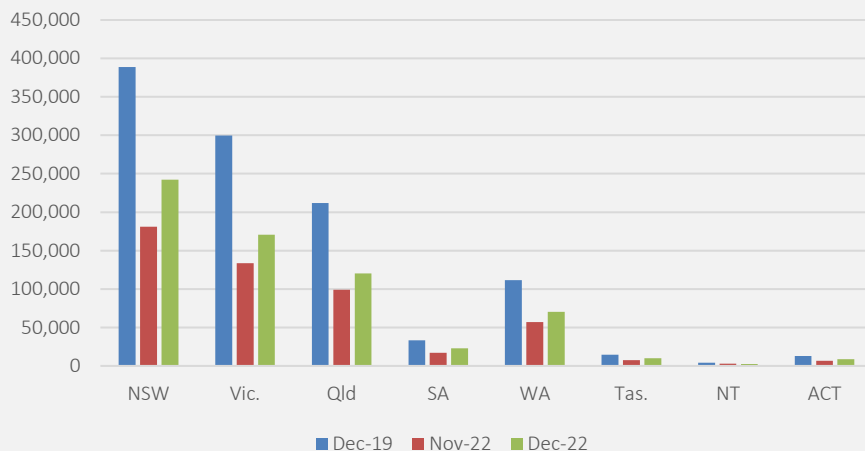
7. Short Term Arrivals Place of Stay (Dec22)



8. 8% SHARE OF SHORT TERM ARRIVALS STAY (DEC22)



9. Short-term visitor arrivals, State or territory of stay

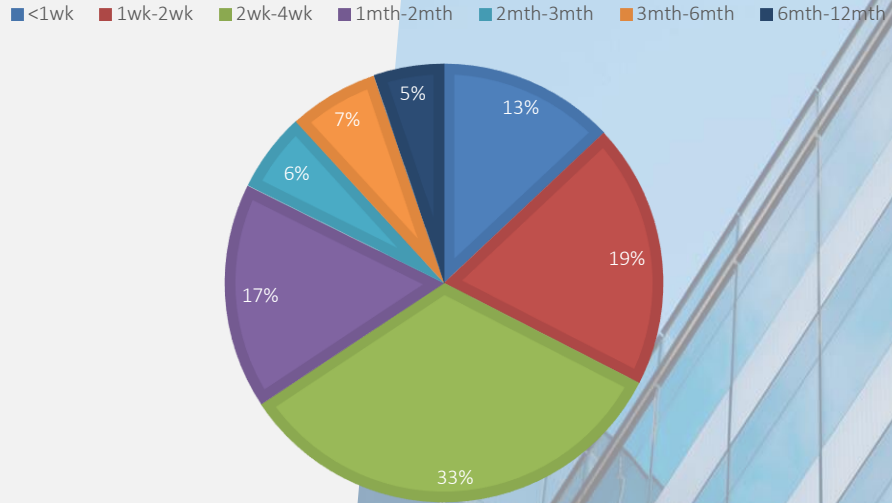


10. Short-term visitor arrivals, State or territory of stay

| State        | Dec-22 % of Dec-19 |
|--------------|--------------------|
| NSW          | 62%                |
| Vic.         | 57%                |
| Qld          | 57%                |
| SA           | 69%                |
| WA           | 63%                |
| Tas.         | 68%                |
| NT           | 57%                |
| ACT          | 70%                |
| Australia(a) | 60%                |

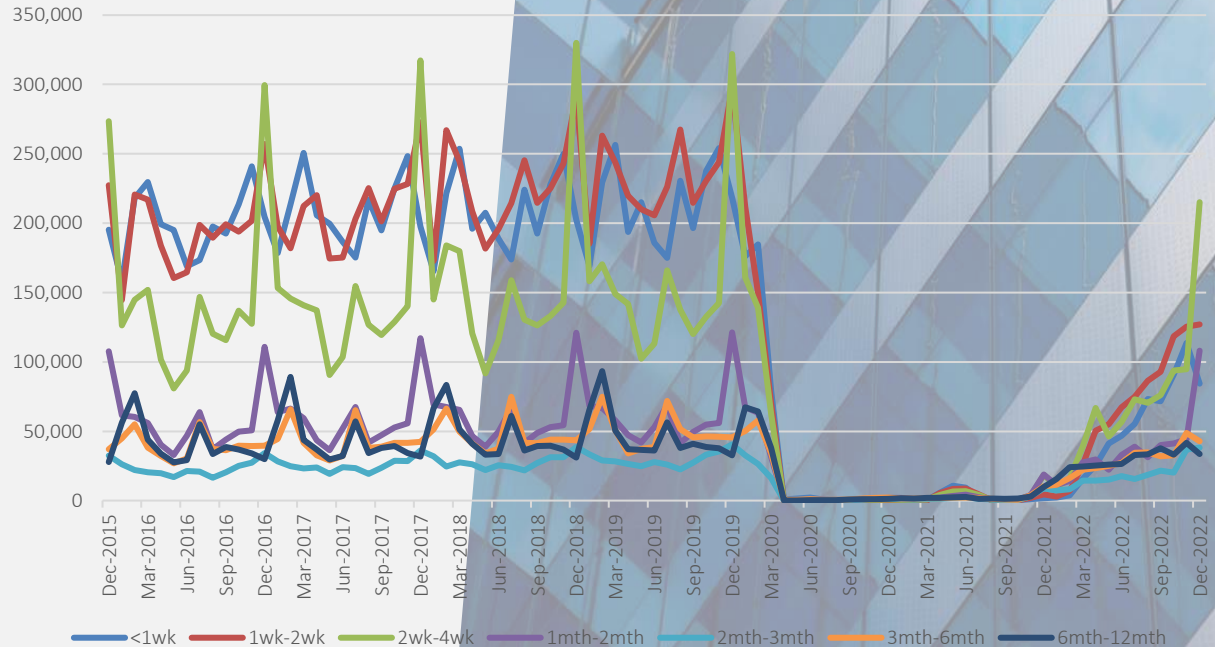
Delving deeper (this data can also be matched with hotel / bread and breakfast room supply to extrapolate supply and demand gap) in chart 7 and 8 is the split of international short-term arrivals for place of stay for the month of Dec22. NSW tops the chart with 242k short term visitors (37%) with VIC 171k (27%) and QLD 121k (20%). Compared to 2019 (chart 9,10), NSW is only at 62%, VIC at 57% and QLD at 57% of 2019 levels. The conclusion is two-fold. One, it is obvious there is a large potential for a return to previous performance. Two, if an incoming recession ensues potentially flatlining consumer spending and business travel, coupled with the possibility of China reversing course and together with an incoming increase in supply of hotel rooms in Australia, hotels / short term accommodation industry may see risks to occupancy, revpar and margins.

11. SHORT TERM VISITORS: DAYS OF STAY  
(DEC-2022)



International short term visitors 3 main reasons of stay were “visiting friends / relatives” (47.8%), Holiday (28.6%) and Business (7.2%). Chart 11 shows 33% of visitors staying between 2-4 weeks. Median short trip duration in 2022 was 18 days, in 2019 median short-term trip was 10 days, it is interesting to note median travel was 30 days during lock downs in 2021. Most likely, time of stay will trend down back to previous median of 10.

12.Short Term Visitors: Days of Stay (Dec15-Dec22)



# For Enquiries

Phone/WhatsApp

+852 6486 3964

+852 6391 8051

Web / Info:

Email

[charles.man@pimgrp.com](mailto:charles.man@pimgrp.com)

[ian.cross@pimgrp.com](mailto:ian.cross@pimgrp.com)

[www.pimgrp.com](http://www.pimgrp.com)