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### THE TOURISM INVESTMENT PIPELINE, 2018–19

#### Stand-Alone Accommodation
- **Total**: $11.1B, 25,620 Rooms, 152 Projects
  - **Capital**: $8.7B, 19,720 Rooms, 106 Projects
  - **Regional**: $2.3B, 5,900 Rooms, 46 Projects

#### Art and Recreation
- **Total**: $15.9B, 76 Projects
  - **Capital**: $14.4B, 56 Projects
  - **Regional**: $1.5B, 20 Projects

#### Aviation
- **Total**: $18.3B, 20 Projects
  - **Capital**: $10.3B, 9 Projects
  - **Regional**: $8.0B, 11 Projects

#### Mixed-Use Accommodation
- **Total**: $55.8B, 30,620 Rooms, 150 Projects
  - **Capital**: $43.3B, 23,760 Rooms, 111 Projects
  - **Regional**: $12.5B, 6,860 Rooms, 39 Projects
NSW $14.0B
64 PROJECTS

VIC $11.3B
49 PROJECTS

QLD $7.6B
35 PROJECTS

SA $2.6B
26 PROJECTS

WA $5.5B
28 PROJECTS

TAS $2.0B
20 PROJECTS

NT $0.7B
10 PROJECTS

ACT $1.6B
9 PROJECTS

TOTAL $45.3B
248 PROJECTS

CAPITAL $33.5B
171 PROJECTS

REGIONAL $11.8B
77 PROJECTS

NSW $13.5B
56 PROJECTS

VIC $3.6B
36 PROJECTS

QLD $5.6B
16 PROJECTS

SA $2.3B
20 PROJECTS

WA $5.3B
22 PROJECTS

TAS $1.3B
10 PROJECTS

NT $0.2B
2 PROJECTS

ACT $1.6B
9 PROJECTS

NSW $14.0B
64 PROJECTS

VIC $7.7B
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QLD $2.0B
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SA $0.2B
6 PROJECTS

WA $0.2B
6 PROJECTS

TAS $0.7B
20 PROJECTS

NT $0.4B
5 PROJECTS

ACT $-
- PROJECTS

TOTAL $45.3B
248 PROJECTS
Tourism is a thriving industry that makes an important contribution to Australia’s economic prosperity. As an industry, tourism is larger than agriculture, provides employment for one-in-nineteen Australians and accounts for one-in-ten export dollars.

Tourism’s status as a super growth sector is a result of substantial increases in demand – spend by international visitors was up 49% and spend by domestic overnight visitors was up 44% over the last five years. Between 2013–14 and 2017–18, tourism GDP increased 31%, far outpacing the 20% growth of the national economy.

The supply of tourism infrastructure must keep pace with changing visitor expectations and increased demand, in order for the industry to continue to thrive.

On present data, there is strong alignment between demand and supply. In 2018–19, international flights maintained load factors above 80%, while occupancy rates in the accommodation sector stood at 74% nationally.

Maintaining this alignment into the future requires three areas of focus:

1. **Increasing investment in tourism infrastructure** will be needed over the next decade to match the forecast increase in visitor activity. Over this period, international arrivals are forecast to grow 57% to 14.6 million, while domestic overnight trips are expected to increase 11% to 125.3 million in 2028–29. This translates into 173.3 million nights in hotels, motels and serviced apartments.

2. **Supporting investment in a diverse range of high quality accommodation and attractions offerings** is critical to meet differing user needs. The global tourism industry has become highly competitive and fragmented as it caters for evolving visitor expectations.

   The design itself of accommodation and other tourism infrastructure has also evolved, resulting in iconic structures and an abundance of environmentally friendly developments.

3. **Broadening the spread of investment to regional areas** will ensure a greater share of visitors are encouraged to venture beyond the major centres. To achieve this, increasing the choice of accommodation in regional Australia, and greater investment in airports and attractions are both essential.

   Increasing regional dispersal helps reduce congestion in tourism hot-spots and supports the diversification and growth of small regional economies. Tourism is particularly important in regional Australia, providing for 8.1% of jobs and 4.3% of GDP to the economy.

   Investing in tourism is a long-term proposition, requiring significant time and capital from planning to approval to completion. Tracking the progress of these investments will establish how well supply is keeping up with expected increases in demand.

   In 2018–19, Australia’s tourism investment pipeline comprised 248 projects worth $45.3 billion. Compared with 2017–18, this was an increase of $1.3 billion, and an additional 35 projects.

   Across the key tourism infrastructure areas the 2018–19 pipeline comprised:

   - **Arts & Recreation** – 76 projects worth $15.9 billion
   - **Aviation** – 20 projects worth $18.3 billion
   - **Accommodation** – 152 projects worth $11.1 billion.

   Total investment in accommodation is expected to add an additional 56,240 rooms to supply. Stand-alone accommodation projects (included in the pipeline) accounted for 25,620 rooms, and mixed-use developments accounted for the remaining 30,620 rooms.
Explaining The Tourism Investment Pipeline

Australia’s Tourism Investment Pipeline outlines the number and value of significant infrastructure projects – with a threshold valuation of $20 million – in the three main sectors of Australia’s tourism industry, namely Accommodation; Arts, Recreation and Business Services; and Aviation.

The pipeline defined here begins with a project’s proposal; an as-of-yet unplanned concept through to the planning phase, complete with development applications and approval and finally construction. Upon completion or abandonment, a project exits the pipeline.

For more information, see Resources and Methodology.

FIGURE 1: TOURISM INVESTMENT PIPELINE 2018–19
Investment in the Arts, Recreation and Business Services space remains a priority for the attraction and retention of tourists across the nation. These projects can complement existing attractions, both natural and man-made, or draw new tourists into less visited areas. They are important in the development of tourism communities, in particular to regional dispersal efforts, as tourists seek new and interesting experiences.

The Arts, Recreation and Business Services investment pipeline was worth $15.9 billion in 2018–19 across 76 projects. This was a decrease of $700 million, primarily as a result of the $900 million Darwin Waterfront Project exiting the pipeline due to completion.

In 2018–19, arts, cultural and museum infrastructure overtook sporting infrastructure to become a prominent source of investment in the pipeline, reaching $5.7 billion. Key to this investment were the following projects:

- Perth Opera House – $1.2 billion
- Sydney Powerhouse Museum – $1.0 billion
- Kingston Arts Precinct, Canberra – $750 million.

Growth in visitors seeking cultural and authentic experiences has helped to drive investment in this area.

In 2018–19, engagement across a range of cultural, theatre and museum activities for both international and domestic overnight visitation rose from 15.9 million visitors in 2017–18 to 17.8 million, a rise of 12.5%. This was above the average growth rate of 11.0% for overall participation in activities.

Projects in this space create additional opportunities for their surrounding communities, with the potential to bring world-class performances, events and exhibitions to the area.

Sporting attractions and facilities remained an important avenue for investment. Projects in this space were worth $3.9 billion, which was largely comprised of stadium projects in Sydney, including the redevelopment of:

- ANZ Stadium – $810 million
- Cronulla Sharks Stadium – $752 million
- Sydney Football Stadium – $730 million.

**FIGURE 2: ARTS, RECREATION AND BUSINESS SERVICES PIPELINE, TOP 5 INVESTMENT AREAS**

- **SPORT** $3.9B 20 PROJECTS
- **ARTS/CULTURAL** $5.7B 25 PROJECTS
- **ATTRACTIONS** $2.3B 18 PROJECTS
- **SHOWGROUNDS** $1.0B 4 PROJECTS
- **CONVENTION/EXHIBITION** $2.1B 2 PROJECTS
Outside of the capital cities, there were 20 projects worth $1.5 billion in regional Australia. Almost half of this investment value ($690 million) was in Queensland, with five projects worth $540 million in North Queensland alone. There were three projects worth $325 million in regional Victoria.

There were 31 projects under construction in 2018–19, worth a combined $5.4 billion. In total, four projects were under construction.

Investment in regional attractions remains a priority for policymakers as they look to disperse tourists away from capital cities and diversify the economic benefits of tourism. While these economic benefits are important, they do need to be considered in a wider context. This includes:

- assessing potential economic benefits against environmental impacts, and sentiment within the local community
- facilitating increased investment through an efficient regulatory environment
- supporting investments with improved transport connections and public amenities.

Six projects were completed in 2018–19, including the $360 million Parramatta Stadium redevelopment in Sydney, which opened in April 2019.

**FIGURE 3: ARTS, RECREATION AND BUSINESS SERVICES PIPELINE, BY PROJECT PHASE**
Aviation infrastructure remains crucial in allowing expansion of capacity at our international airports, supporting forecasted growth in demand and dispersing visitors across an almost eight million square kilometre landmass. Facilitating more air traffic aviation infrastructure also increases Australia’s importing and exporting capacity. However, these projects typically have very long timelines, so a healthy stream of aviation investment now helps ensure that Australia is prepared to meet future demand.

The 2018–19 pipeline had 20 aviation projects worth $18.3 billion. This was an increase of $1.4 billion compared to 2017–18, driven by the three aviation infrastructure project upgrades currently in the works across the Northern Territory – worth $360 million.

Fourteen of the 20 projects are now under construction, with a total value of $10.1 billion. This was primarily supported by the commencement of construction on the Western Sydney Airport at Badgerys Creek – worth $5.3 billion and due for completion in 2026. Additionally, the construction pipeline consisted of a few smaller projects beginning works in 2018–19, such as:

- Sunshine Coast Airport upgrade – $347 million
- Adelaide Airport expansion – $165 million.

Victoria maintains the largest share of aviation investment, with the proposed Koo Wee Rup Airport ($7 billion) and Tullamarine Airport expansion ($500 million) the most prominent developments.

Over half of the projects in the pipeline were in regional destinations, as state governments and private operators seek to disperse tourists more widely. In total, there were 11 projects worth $8 billion in regional locations. While this value is made up predominantly of the Koo Wee Rup development, it is the smaller projects that are vital to the regional tourism economy. The pipeline shows airport upgrades for a number of key regional tourism destinations including Uluru, the Whitsundays, Cairns, Port Hedland and Margaret River.
Accommodation remains a pillar of a prosperous tourism destination, offering the supply to meet growing demand. This is particularly important for regional areas, where investment in quality and diverse accommodation attracts visitors, which then support local businesses and employment.

In 2018–19, there were 152 stand-alone accommodation projects worth $11.1 billion in the pipeline. These projects have the potential to contribute 25,620 rooms into the tourism accommodation supply.

The pipeline saw a modest increase in value compared to 2017–18 as a number of projects exited the pipeline including:
- Westin Brisbane ($200 million) – Opened
- Four Points by Sheraton Sydney ($150 million) – Opened.

New projects entering the pipeline in 2018–19 were generally regional projects with lower project values, but important for regional economies.

Over 46 stand-alone accommodation projects valued at $2.4 billion were located in regional areas in 2018–19, with the potential to add 5,900 rooms. Investment in regional Queensland was prominent with the most significant investments in Tropical North Queensland and the Sunshine Coast. These included:
- Flynn, a Crystalbrook Collection – 311 rooms, $150 million
- InterContinental Hayman Island Resort – 166 rooms, $135 million
- Holiday Inn Express & Suites Maroochydore – 167 rooms, $40 million.

FIGURE 5: STAND-ALONE ACCOMMODATION PIPELINE, BY PROJECT PHASE

1 Stand-alone accommodation refers to accommodation projects that are developed independently without additional infrastructure (e.g. residences or commercial space).
Hotel occupancy in capital cities remains high at over 77%, spurring continued strong investment in these areas.

In 2018–19, there were 42 projects under construction with the potential to add over 7,550 rooms once completed. These projects have a combined value of $3.3 billion. Victoria continued to have the most activity in this space, with over 3,130 rooms across 15 projects at a total value of over $1.0 billion. Other states with a significant share of projects under construction include:

- New South Wales – 11 projects, with 1,620 rooms worth $940 million
- Western Australia – five projects, with 1,370 rooms worth $580 million
- Queensland – four projects, with 820 rooms worth $360 million.

Outside of the pipeline, there were 22 projects each valued under $20 million under development, with the potential to add 1,680 rooms to tourism supply once completed. Nine of these projects were in regional locations, potentially adding 480 rooms to regional accommodation supply.

An additional 15 small-scale projects were completed in 2018–19. While outside of the pipeline scope, they added 720 rooms to supply.

There were 60 new projects entering the pipeline, five of which were completed throughout the year and six of which were deferred. The 49 projects that remain are worth over $1.9 billion and have the potential to add over 7,480 rooms. Importantly, 2,260 of these rooms are in regional destinations.

There were 32 projects worth $1.9 billion completed in 2018–19, adding 5,090 rooms to tourism supply. Over 1,050 rooms were in regional locations.

Eleven projects, worth $500 million were deferred in 2018–19, with 2,100 rooms currently exiting the pipeline.
Mixed-use developments offer a combination of accommodation, residential, commercial or leisure spaces with the majority of their investment value being non-tourism related. Therefore, while these projects remain outside of the pipeline, their impact on the tourism offering is significant. In 2018–19, there were 150 mixed-use projects at various stages of development with the potential to add 30,620 rooms to accommodation supply.

The sheer size of these investments, with 17 projects valued at $1 billion or more, mean that the majority of mixed-use investment is located in capital cities.

However, over $12.5 billion in investment across 39 projects is pegged for regional areas with the ability to add 6,860 rooms to regional supply. Key regional projects include:

- Silkari Resort, Avondale, New South Wales – 419 rooms with a total value of $1.0 billion
- Sekisui House Project, Yaroomba, Queensland – 352 rooms with a total value of $900 million
- QT, Newcastle, New South Wales – 106 rooms with a total value of $700 million.

**FIGURE 6: MIXED-USE ROOMS PIPELINE, BY CAPITAL CITY**

<table>
<thead>
<tr>
<th>City</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
<td>38</td>
</tr>
<tr>
<td>Sydney</td>
<td>24</td>
</tr>
<tr>
<td>Gold Coast</td>
<td>14</td>
</tr>
<tr>
<td>Perth</td>
<td>11</td>
</tr>
<tr>
<td>Brisbane</td>
<td>7</td>
</tr>
<tr>
<td>Adelaide</td>
<td>6</td>
</tr>
<tr>
<td>Hobart</td>
<td>6</td>
</tr>
<tr>
<td>Canberra</td>
<td>3</td>
</tr>
<tr>
<td>Darwin</td>
<td>2</td>
</tr>
</tbody>
</table>

**TOTAL**

- $55.8b ▲ $4.3B
- 30,620 rooms
- 150 projects

**CAPITAL CITIES**

- $43.3b ▼ $0.6B
- 23,760 rooms
- 111 projects

**REGIONAL**

- $12.5b ▲ $4.5B
- 6,860 rooms
- 39 projects
Strong investment in regional Queensland, particularly Tropical North Queensland, has seen increased activity with 21 projects in regional areas across the state expected to add over 4,950 rooms.

Well over two-thirds of mixed-use projects were in capital cities or the Gold Coast, where developers look to create a trade-off between immediate return on investment, via residential sales or commercial leasing, and longer-term payoffs through hotels and tourism. In 2018–19, there were 111 mixed-use projects in capital cities, with the potential to add over 23,730 rooms to supply. Key investment areas included:

- **Melbourne** – 7,630 rooms across 38 projects
- **Sydney** – 5,370 rooms across 24 projects
- **Gold Coast** – 3,500 rooms across 14 projects.

**Boutique & unique – The changing use of mixed-use**

Mixed-use development has long been a standard jigsaw for developers. Using pieces of hotel, residential, and commercial enterprises, the picture for many mixed-use developments is well understood.

Now, however, the pipeline is seeing new and innovative ideas coupled to accommodation offerings that are changing the experiences tourists have right on their doorstep. In Western Sydney, the recently opened Marsden Hotel and Brewhouse couples a luxury boutique accommodation offering with a micro-brewery, capitalising on the growing popularity of micro-brews around the country. On Kangaroo Island, the proposed Cliffs development creates a luxury golf-escape experience complete with an 18-hole golf course and 180-room hotel.

As tourists continue to seek out unique experiences and become increasingly time pressured – the average international leisure traveller for example now spends 24 nights in Australia, down from 27 nights five years ago – these mixed-use alternatives offer part of the solution; combining traveller experience with traveller needs.

Forty-seven mixed-use projects were in construction across the year, with a combined value of $20.8 billion. Once completed, the hotels within these developments have the potential to add 9,820 rooms to tourism supply. Key developments include:

- **Queens Wharf, Brisbane** – 1,000 rooms with a total value of $3.6 billion
- **Crown Sydney Hotel Resort, Sydney** – 350 rooms with a total value of $2.2 billion
- **Ritz-Carlton, Melbourne** – 240 rooms with a total value of $1.4 billion.

Through 2018–19, there were eight mixed-used developments completed – adding 1,870 rooms to tourism supply. Some of the key hotels included:

- **Shadow Play by Peppers, Melbourne** – 300 rooms
- **Ruby Apartments, Surfers Paradise** – 243 rooms
- **Skye Suites, Sydney** – 73 rooms.

There were 15 projects abandoned or deferred in 2018–19, with 2,720 rooms leaving the tourism pipeline.

**Going green – the innovative designs creating more green space in tourism development**

For over a decade the term ‘going green’ in infrastructure development has largely meant designing eco-friendly solutions and reducing the environmental footprint. Now, however, developers are going one step further and incorporating more greenery into their projects than ever before.

From rooftop gardens to green-wall foyers and facades, hotel designs are transforming the way we interact with nature in urban environments. Innovative designs such as the ‘Green Spine’ development and ‘1 Hotels’ development, both mixed-use projects in Melbourne, highlight the growing investment in nature-inspired lifestyle.
FIGURE 7: MIXED-USE PIPELINE ROOMS, BY PROJECT PHASE

- PROPOSED: 3,170 rooms (19 projects)
- PLANNING: 17,620 rooms (84 projects)
- UNDER CONSTRUCTION: 9,820 rooms (47 projects)
- COMPLETED: 1,870 rooms (8 projects)
- REGIONAL: 6,860 rooms (39 projects)
- DELETED: 2,720 rooms (15 projects)
- CAPITAL CITIES: 23,760 rooms (111 projects)

Total: 35,000 rooms
FOREIGN DIRECT INVESTMENT (FDI): DRIVING REGIONAL TOURISM

By Emma McDonald,
Senior Investment Specialist,
Tourism Infrastructure, Austrade

Regional Australia matters, with over 8 million Australians living outside capital cities and the regional economy contributing over 30% of national GDP. Major industries including agriculture, resources, forestry, fisheries and tourism have significant production facilities or services businesses primarily located in regional areas. In fact, tourism is a key economic driver for regional Australia, with 44 cents in every dollar spent by visitors in regional locations. Tourism expenditure and demand creates positive flow-through effects for regional businesses and economies in helping them to grow and increase employment.

International investment also matters, with capital from international markets helping to boost economic growth and development across all sectors of the Australian economy beyond what domestic sources could generate. And while tourism expenditure and visitation continues to grow in record numbers, with growing visitor interest in accessing unique experiences outside capital cities, supply-side constraints will limit the tourism sector from growing to meet this increasing tourism demand.

Growing the tourism infrastructure investment pipeline is therefore crucial to the ongoing success of the long-term development of the tourism sector. International investment will continue to play a key role in the development of new and diverse tourism accommodation projects in regional Australia. Japanese investor Sekisui House, for example, has committed over $900 million to develop a luxury resort and mixed-use precinct on the Sunshine Coast in Queensland. In Newcastle, New South Wales, a new Holiday Inn Express opened in March 2019 developed by the Pro-Invest Group based in Dubai.

In addition, in early 2019 US-based KSL Capital Partners made a strategic equity investment into Baillie Lodges, which has allowed the group to leverage this international capital to acquire and reposition existing assets, including a luxury accommodation retreat on Tasmania’s southeast coast. Far North Queensland is continuing to witness significant tourism infrastructure development with Crystalbrook Collection (part of the Dubai-based Ghassan Aboud Group) opening three brand new hotels in Cairns in 2019 and 2020. The Group also has plans for additional resort and hotel projects in Port Douglas and Newcastle.

Tourism investment attraction into regional Australia is not always easy. But given future demand projections, the Australian Government’s focus on growing Australia’s share of high-yielding international visitors, and growing regional economies by encouraging visitor dispersal, it is a priority focus for Austrade and Tourism Australia.

Together with the states and territories, Austrade is leading a five-year Regional Tourism Infrastructure Investment Attraction Strategy (2016–2021) to increase levels of productive international investment into tourism infrastructure across regional Australia. To hear more about the Strategy, please visit www.tourisminvestment.com.au.

1 Regional Australia Institute
2 Tourism Research Australia

Image courtesy of Crystalbrook Collection
NEW TOURISM HUBS BEYOND THE CAPITALS

There is an increasing focus on regional investment, or areas outside of the capital cities and Gold Coast. These areas have extensive tourism investment pipelines in the works and are seen as gateway locations for tourism.

However, tourism can prosper from the many successful urban hubs that exist outside of the capitals. For example, Cairns has been a hotspot for tourism investment for years, with 11 projects worth $1.8 billion currently in the pipeline and helping secure its attraction to visitors as a top ten tourism destination in Australia.

While regional dispersal is continually encouraged, recent patterns have been shallow. As visitors often only travel to the regions bordering a major gateway, there is an opportunity to use these regions as a launching pad for further dispersal. With 12.7 million people currently located in the East Coast capitals – Sydney, Melbourne and Brisbane – and 81% of international visitors entering Australia through these gateway cities, connected regions such as Sunshine Coast, Newcastle and Geelong could be used effectively to disperse tourists deeper into Australia’s regions.

The increase in regional investment follows robust consumer demand in recent years. In 2018–19, overnight visitation saw the following results:

- Sunshine Coast – up 16% to 4.3 million visitors, spending $2.9 billion
- Newcastle – up 15% to 1.8 million visitors, spending $812 million
- Geelong – up 29% to 1.6 million visitors, spending $579 billion.

Meanwhile, occupancy across the three regions ranged from 67% to 80% in 2018–19, with urban centre properties seeing demand peak over 75% across the year.

To capture this demand, these areas have experienced significant investment in the tourism pipeline in 2018–19, with a combined value of over $3.7 billion. This was an increase of over $2.5 billion on 2017–18. A number of key projects across tourism in these areas include:

- Sekisui House, Sunshine Coast – 352 rooms, $900 million
- QT Newcastle – 106 rooms, $700 million
- Geelong Performing Arts Centre – $128 million.

With many domestic and international tourists favouring short travel times, these secondary locations are ready candidates for increased visitation and tourism investment given their transport links, proximity and ease of access to major urban hubs.

The benefits of investment in these areas is clear. Investment in quality and diverse tourism offerings attract visitors away from more established and mature tourism markets and promotes economic development and supports communities. Not only does this have an effect on these regions, but the surrounding areas also benefit as travellers disperse into regions beyond their immediate vicinity.

**FIGURE 8: OVERNIGHT VISITOR SPEND, 2016–17 TO 2018–19**