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Strong international visitor arrivals underpins Sydney's booming accommodation sector

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Robust international visitor arrivals are continuing to drive Sydney's accommodation sector, despite turmoil in the global financial markets.

Figures released last week by Tourism Australia indicate the healthy state of Sydney's tourism industry, despite unfavourable global market conditions, according to CBRE Hotels Analyst Nathan Wiltshire.

Tourism Australia's data – International Visitors in Australia: International Visitors Survey – shows that the number of international visitors to Sydney for 2007 increased by 1.61% to 2,673,973 arrivals.

Mr Wiltshire said the increase in international arrivals was significant, coming against a backdrop of global economic uncertainty, as well as the high value of the Australian dollar.

"Exchange rate disadvantages make it increasingly difficult for Australia to compete as a tourist destination as it becomes more expensive for visitors from key tourism markets such as US and Asia," Mr Wiltshire said.

"However, as a major international tourist destination, Sydney's international visitor market continues to perform strongly, supported by world class attractions and tourism infrastructure."

Mr Wiltshire said the strength of the accommodation sector was being underpinned by continued strong growth in business travel. International visitors coming to Sydney for business increased 9.46% during 2007, accounting for 16.5% of all international arrivals to Sydney, according to Tourism Australia.

"The robustness of the business travel market is good news for accommodation across Sydney, and indicates that international business travel is so far unaffected by global market turmoil," Mr Wiltshire said.

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“The continuation of this trend bodes well for Sydney’s accommodation sector, especially for CBD hotels that rely on corporate business. ”

Over the past few years the Sydney accommodation sector has performed strongly, enjoying occupancy levels close to 80%, the highest levels for a decade. With few new hotel developments currently under construction, it is likely that the market will see these historically high occupancy levels maintained, Mr Wiltshire said.

Despite the buoyant market conditions, Mr Wiltshire said revPAR –the average revenue taken per available room night – was the benchmark against which hotel performance was measured, and this was still below the levels of a decade ago when adjusted to current dollars.

“However, there are signs that Sydney’s hoteliers are beginning to take advantage of the buoyant market to grow revenue, indicated by a 13.7% increase for the 12 months to Sep-07 across Sydney CBD hotels,” Mr Wiltshire said.

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