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Gold Coast hotel accommodation sector to weather the storm

Gold Coast, QLD (22 April 2008)

The Gold Coast hotel accommodation sector will continue its strong performance in 2008, despite challenging market conditions, according to new forecasts from CB Richard Ellis.

CBRE Business & Marketing Analyst Nathan Wiltshire said the market had remained robust in 2007, despite unfavourable national tourist market conditions.

Data recently released by the Australian Bureau of Statistics shows that the Gold Coast city region - Australia's 3rd largest hotel market by total number of rooms - registered record occupancy levels of 71.1% in 2007, up 1.4% on 2006.

These strong occupancy levels underpinned an average room rate increase of 6% to \$130.70 per night, continuing the healthy upward trend of the past three years.

Domestic tourism was a key driver of that strong performance, Mr Wiltshire said. While domestic visitor nights nationally increased by only 1% in 2007, Tourism Australia data shows that domestic visitor nights on the Gold Coast achieved a healthy 5.6% increase. International visitor nights remained stable, achieving growth of 0.9%.

"Australian domestic tourism demand is faltering as consumer confidence is hit with high interest rates and inflation," Mr Wiltshire said.

Andrew Jackson, Manager of CBRE Hotels Queensland expects that the impact of these factors will soften demand growth over the coming year.

"Meanwhile, the high value of the Australian Dollar is reducing the competitiveness of Australia's tourism products against international tourist destinations fuelling significant growth in national outbound tourism," Mr Jackson said.

Mr Wiltshire also commented that the Gold Coast market is well placed to 'weather the storm' and to buck the national trend.

"The region remains well placed, given it offers a diverse tourism product and a range of accommodation options, backed by affordable and expanding air access thanks to the proliferation of low cost airlines at Gold Coast Airport," Mr Wiltshire said.

Another good sign for the market was the fact that a decline in Japanese visitors has been counter balanced by significant growth in emerging Asian markets.

According to Tourism Australia data, there was double digit growth in visitor nights in 2007 from the Chinese, Indian, Malaysian and Philippine markets.

While the region is set to see continuing new apartment supply, little new hotel supply is expected until 2010 when the Hilton Surfers Paradise is scheduled for completion.

"With static supply levels and the Gold Coast's strong tourism demand fundamentals, fuelled by domestic and international airline expansion at Gold Coast Airport and regional tourism marketing campaigns, occupancies will continue to remain strong in 2008," Mr Wiltshire said.

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