

# FINANCIAL REVIEW

## These luxury lodges are turning high-end tourism on its head



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Ritzy five-star city hotels aren't the draw card they used to be for wealthy travellers, who are instead seeking out more intimate, unique experiences that bring them closer to nature.

Australia's broader hotels market has been flat or even slightly down since the COVID-19 pandemic, but the luxury end – where the accommodation generally goes by the grander title of "lodge" – is growing at pace, says Michael Crawford, the Denver-based [chief executive of Baillie Lodges](#).



Silky Oaks is a luxury eco lodge by Baillie Lodges in the Daintree Rainforest in Queensland.

“Demand for [experiential luxury](#) has grown significantly and has a really high-growth trajectory over the coming years,” says Crawford. “Since 2020, we’ve seen a 5 per cent to 7 per cent annual growth rate.”

Silky Oaks Lodge in the Daintree Rainforest in far north Queensland is typical of the accommodation offered by Baillie Lodges, comprising 40 luxury treehouse-style suites.

Adelaide-based hotel investor and owner of luxury Sequoia Lodges David Horbelt says an oversupply of four- and five-star hotels, combined with a downturn in corporate travel since the start of the work-from-home era means the middle market is sagging.

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“There are just too many four-star hotels – the supply continued to grow, but the demand fell away,” he says.

“In the five-star market, if you’re talking about city-centric properties, it’s the same as the four star or possibly even harder.”



Baillie Lodges' Longitude 131.

Horbelt says a new six-star market is emerging, driven by tourists who are drawn to luxury properties that offer unique experiences, such as his venue in the Adelaide Hills.

“Sequoia Lodge is not a hotel night away, it’s an experience. It’s destination travel. And that’s still very popular,” he says, particularly with tourists from the United States.

Crawford, whose properties – all with fewer than 40 rooms – include Longitude 131 at Uluru, Southern Ocean Lodge on Kangaroo Island and Tierra Atacama in the Chilean desert, said smaller properties were attracting the most interest.

“These are experiences that are unique and different, in locations that have some sort of connection to wildlife and nature and indigenous culture, and we’re seeing that everywhere around the world,” says Crawford.

“Our occupancy across Baillie Lodges properties in Australia was in the mid-70 per cent range, which was up 3.5 per cent from last year. People are valuing travel and the experiences more than buying things.”

Penny Rafferty is the head of industry association Luxury Lodges of Australia, which works closely with Tourism Australia to promote local properties and the visitor economy.

She says growth is being propelled predominantly by US visitors, while continental Europe and the United Kingdom follow.

Rafferty puts travellers into three loose categories.

“You’ve got the absolute luxury traveller who only travels luxury. They fly at the front of the plane, everything is best of the best,” she says, adding that this demographic is “absolutely still travelling”.

Then there is the aspirational traveller, who she calls the Henrys (high earners, not rich yet).

“They’re not travelling quite as freely as they did before COVID and before the uncertainty, both political and economic, that’s defining the world at the moment,” says Rafferty. “They still travel, but maybe not quite as much as that moment post-COVID where a lot of them were travelling a bit closer to home.”

Finally, there’s the “celebratory luxury travellers” or people who want to “do something amazing for their ‘zero’ birthday or their wedding anniversary or their special moments in life” who are still spending.

“For us Australians, also, I think many people discovered their own backyard after COVID. We’ve actually got some amazing stuff to do.”

Rafferty agrees with Horbelt and Crawford that people will still spend on experiential travel.

Marriott Bonvoy says its portfolio of hotels in Australia has bucked the trend, with growth so far across the entire range of hotels in 2025.

But its luxury brands – The Ritz-Carlton and W Hotels – lead stronger growth from the high-end.

“Our Australian luxury hotel segment continues to outperform the broader market, with year-to-date revenue per available room growth for our luxury portfolio tracking 8 to 9 percentage points higher than the rest of our brands,” a spokeswoman says.

Crawford says Baillie Lodges, which was bought out by KSL Capital Partners in 2018, has grown revenue by more than 60 per cent per occupied room and increased profit margins by 50 per cent since then. Still, he adds that it’s important not to lose sight of the qualities that make its venues appeal to travellers.

“We’re trying to be strategic about maintaining the type of destination that is unique and different with our small footprint of 40 keys or less, with very high touch and customisable luxury service that we provide.”