

The same motel has three prices.

Before the yield, before the room count, before the numbers, establish what you are actually buying. A motel changes hands three ways, and they are three different transactions with three different securities, three different risks and three different prices. A lender funds each one differently.

PASSIVE FREEHOLD

you own the land and buildings; an operator pays rent

The landlord's side of a split motel. Sold at 7 to 8% as the standard, with anything below 6.5% now considered excellent and three sales at or under 5% in the year to January 2026. The security is the lease and the lessee's ability to pay it.

Funded as commercial property. The tenant is the risk.

FREEHOLD GOING CONCERN

land, buildings and business in one price

You own it and you run it, with no rent and no landlord. Quality assets traded at 9 to 10% in the year to January 2026 (down from 14 to 15%), regional assets at 12 to 15%. Median price per key rose 13.1% in the year to June 2026.

Funded on a going-concern valuation. The strongest lending of the three.

LEASEHOLD

the business and the lease; the landlord keeps the land

The lowest entry price and the highest return on paper: 25 to 27% on average in January 2026 (2025 medians 35.6% Queensland, 32.3% NSW, 29.2% Victoria). Median price per key rose 28.7% in the year to June 2026, and the median yield fell below 30% for the first time.

Funded on the lease and the cash flow. The landlord's consent is part of the security.

The benchmark that connects them

The long-standing industry benchmark puts about **45% of the motel's profit before rent with the landlord and 55% with the operator**; some leases set rent instead at 20 to 25% of accommodation turnover plus up to 8% of food and beverage. Leases commonly run ten years with two or three five-year options, reviewed yearly to CPI or a fixed step. So a leasehold price is a price for 55% of the profit, for as long as the lease runs. The unexpired term is the asset.

THE INDUSTRY, IN FOUR NUMBERS

About **\$4.1 billion** across **2,111 businesses** running 2,498 motels — roughly **\$1.9 million** each with 11 staff. Profit per business is about **\$214,000** at a margin of **11.0%**, up **6.3 points in five years** as occupancy came back after the pandemic. Where the owners run the motel themselves, their wage sits inside that profit. See page 6.

The rebuild — illustrative, a 24-room regional freehold going concern at \$3.2m

	Amount
Revenue: 70% occupancy at \$165 a night, plus \$180,000 of food and other	\$1,190,000
Profit as presented, owners unpaid (11.1%)	\$355,000
Managing couple at market wage plus super	– \$100,000
Refurbishment: \$10,000 a room over 8 years	– \$30,000
Vendor's deferred repairs, last two years	– \$15,000
Insurance, rates and compliance at renewal	– \$10,000
What the lender assesses (6.3%)	\$200,000

The vendors drew their wage from profit; the rebuild puts one in. Tested at 1.25 times cover, about 10% over fifteen years, the \$200,000 supports roughly **\$1.24 million of debt, 39% of the price**, not the 70% the LVR ceiling allows. The gap is your equity or the vendor's price.

Which one is for you — honestly

- ☐ **You want a business and a home in one, with the least capital.** Buy the leasehold, and buy the lease term: under fifteen years to run is worth measurably less than twenty-five, and a lender's term has to fit inside it.
- ☐ **You want the land and the business, and can bring a third of the price.** Buy the freehold going concern: the strongest lending of the three, funded on a going-concern valuation rather than on bricks alone.
- ☐ **You want the income without the 9pm check-ins.** Buy the passive freehold, and buy the lessee: their record, their lease and their rent as a share of profit are the security.

THE QUESTION UNDERNEATH ALL THREE

A motel's income is **room-nights times rate**, and the two moved differently after the pandemic: rates rose everywhere, nights did not. Median leasehold profit per key rose 23.3% in the year to June 2026. Growth that is all rate is worth less than its curve suggests, and the research expects no meaningful demand recovery before late 2027.

DO THIS BEFORE YOU OPEN A SINGLE LISTING

Decide which of the three you are buying, then get your capacity assessed for that tenure on the rebuilt profit, not the advertised one. Knowing what you can settle changes which motels you should even look at.

Where does the next booking come from?

The structural test for a motel. Domestic leisure travellers pay 52.2% of industry revenue, international visitors 29.3% and domestic business travellers 15.0% — and the motels that outperform are the ones anchored to demand that does not take holidays. Three sources of the next booking, worth three different amounts when the owner leaves.

DIRECT, REPEAT AND CONTRACT

the website, the phone, the corporate account

Mining and construction were 35% of corporate bookings in 2025; hospitals, logistics hubs and government contracts fill midweek. Visiting friends and relatives grew 26.9% in 2025 and is forecast to grow 3.8% a year to 2030. This is the goodwill, if the data shows it.

Sticky. Check the concentration.

THE HIGHWAY

walk-ins, road-trippers, school holidays

NSW and Queensland hold 63% of the motels because of it. Predictable and seasonal: peaks at Christmas and New Year, school holidays and summer; troughs in February and March, May and June, and November. The average is not the number; the shape is.

Real. Read it by month.

THE BOOKING SITES

traffic you rent at 15% and more

A motel that fills from a booking site is paying rent to a screen, and the commission sits inside the earnings whether or not the vendor showed it. More than half the nights through the sites, with no direct channel, is a finding.

A running cost, not goodwill.

The four numbers, by month, three years

- ☐ **Occupancy** — room-nights sold as a share of room-nights available, by month, from the property management system, not the annual average. Industry motel occupancy sat at about 70% in 2024-25.
- ☐ **Rate versus nights** — how much of the income growth came from a higher room rate and how much from more room-nights. Rebuild the income at a flat rate and price the nights.
- ☐ **Channel mix** — direct, phone and walk-in against the booking sites, and the commission each one costs. The direct share is the goodwill.
- ☐ **Guest mix** — leisure, corporate, contract and visiting friends and relatives. One contract above a third of room-nights is a finding; so is a motel that empties when school holidays end.

THE ONE FIGURE THAT CARRIES BOTH MOVEMENTS

RevPAR — revenue per available room, the rate multiplied by the occupancy — is how a valuer compares motels of different sizes, and it moves whether the change came from rate or from nights. Ask for it by month, three years, and set it beside the flat-rate rebuild.

What to ask, and what to look at

- ☐ **If it is a leasehold: how long is left, what are the options, how is rent reviewed, and what is the rent as a share of profit before rent?** Then: what does the landlord think of the sale?
- ☐ **When were the rooms last refurbished, and what is still on the list?** Ask to see the worst room. The research puts the cycle at seven to ten years; hotel fit-out guides put a soft refurbishment at \$5,000 to \$15,000 a room.
- ☐ **Which registrations and licences run with the motel** — food, liquor, pool, fire safety — and which transfer to a buyer without being re-issued?
- ☐ **Who does the work?** If the answer is the two of them, seven days a week, that is the wage you are adding back and the handover you are negotiating.
- ☐ **What has changed in the last twelve months** — a new hotel in town, a contract ending, a bypass, a short-stay boom? And why this price?

SPEND A WEEK AT THE FRONT DESK

Ask for the system export before the financials, then sit through a changeover. Watch how a booking arrives, how a room turns and how a complaint is handled. Guests who ask for the owners by name are the goodwill, and the handover you need.

TWO SEARCHES, TEN MINUTES

Pull the **title and the planning certificate**: easements, overlays, the zoning the use depends on, any order on the land. Then ask the council for the motel's **food registration and fire-safety status** and any outstanding notice. A motel that cannot be registered in your name is not one you can run.

The 12 deal-killers.

Run every motel you look at past the list. One is a negotiation. Three is a walk. Anything touching the valuation — occupancy you cannot evidence, rent above the benchmark, a lease running short — counts double, because the valuation is the loan.

- 1 Occupancy you cannot see.** No system export by month, or an annual figure with no detail.
 - Three years by month as a condition. No export, no offer.
- 2 Growth that is all rate.** Revenue up 25% while room-nights stood still; the post-pandemic rate rise did the work.
 - Rebuild the income at a flat rate. Price the nights, not the cycle.
- 3 One contract carrying the motel.** A mine, a road project or a government contract above a third of room-nights.
 - Meet the contract holder. Tie the price to renewal.
- 4 Bookings that belong to a website.** More than half the nights through booking sites at 15% and above, with no direct channel.
 - Price the commission as a cost, and the direct share as the goodwill.
- 5 The owners' wage is not in the numbers.** Most motels are run by the couple who own them, and their wage sits in the profit.
 - A managing couple at market wages plus super. Compare like with like.
- 6 The business is the vendor.** The couple who greet every guest and hold every corporate account leave at settlement.
 - A handover measured in months, the staff staying, a restraint that holds.
- 7 A lease under fifteen years.** Goodwill value falls as the term runs down, and a lender's term has to fit inside it.
 - Price the top-up with the landlord before contract, or walk.
- 8 Rent above the benchmark.** More than about 45% of profit before rent, or turnover rent above 25% of accommodation and 8% of food and beverage.
 - The lessee's 55% is what you are buying. If it is 45%, so is the price.
- 9 Consent assumed, not obtained.** Assignment needs the landlord's consent; a lender needs the landlord's deed of consent and right of entry as well.
 - In writing, before the heads of agreement.
- 10 A title or planning problem.** An easement through the car park, an overlay on the site, a use that predates the zone.
 - Searches first, price second.
- 11 Refurbishment overdue.** 1970s and 1980s stock last touched when rates were low, on a seven-to-ten-year cycle.
 - Price \$5,000 to \$15,000 a room soft, \$25,000 to \$60,000 and more hard. Take it off the offer.
- 12 Compliance that does not transfer.** Food registration, liquor licence, pool registration, fire safety certificate.
 - Each transfers or is re-issued on a timetable, and the timetable goes in the contract.

WHY THE VALUATION IS NUMBER ONE

A motel is funded on what an accommodation valuer says it earns — from the room count, the rate, the occupancy and the lease — and the lender cannot give formal appetite until it has that report. Occupancy you cannot evidence and rent above the benchmark are not two findings among twelve. They are the valuation, and the valuation is the loan.

AND THE PROTECTION IS REAL

Nobody is building the competition. IBISWorld counts 2,339 rooms added in 2025, expects the number of motels to fall from 2,498 to 2,397 by 2031-32, and calls new motel development unviable at regional room rates. Buy a clean highway motel with evidenced occupancy and a lease that runs, and you own an asset whose supply is fixed.

Score it — one column per motel you inspect

1 _____	2 _____	3 _____	4 _____	5 _____	6 _____
7 _____	8 _____	9 _____	10 _____	11 _____	12 _____

Score them side by side.

You will look at several. Fill this in the same week you see the data — the motel with the friendliest owners is rarely the one that stacks up best on paper. Note the tenure first: a leasehold, a freehold going concern and a passive freehold are three different prices for the same building, and three different loans.

	Motel A	Motel B	Motel C
Tenure — leasehold, going concern or passive freehold			
Asking price, and the return it implies as presented			
Rebuilt profit — after wages, refurbishment and repairs			
Rebuilt return, and the debt it supports at 1.25× cover			
Occupancy by month, three years — and the seasonal shape			
Rate versus nights — growth at a flat room rate			
Channel mix — direct share, booking sites, commission			
Largest contract or account, as % of room-nights			
Lease — years to run, options, rent as % of profit before rent			
Refurbishment — last done, outstanding, cost per room			
Registrations and licences — transferable, on what timetable			
Deal-killers found — how many			

When one stacks up — ask for these five

- ☐ **The property management system export** — every room-night by date, rate and channel, three years
- ☐ **Financials and tax returns** — three years, with the add-backs itemised and **monthly** revenue
- ☐ **The lease** with its reviews and options — or the title and planning certificate for a freehold
- ☐ **The maintenance and refurbishment history** — what was spent, when, and what is still outstanding
- ☐ **The registrations and licences** — food, liquor, pool, fire safety — with their transfer terms

Any one of the five coming back thin, late or heavily qualified is itself a finding.

Do this now, while you're still looking

Get your borrowing capacity assessed **before** you start negotiating — for the tenure you are buying, on the rebuilt profit. A freehold going concern is funded to about 70% of the price on a going-concern valuation at 1.25 times cover, first-time operators lower; a leasehold on the lease and the cash flow, where 70% has been done case by case and around half of the lease value is typical; one non-bank on our panel looks at motels only for experienced operators, at about 55%. Lender positions in writing, 16 September 2026, subject to lender assessment.

And when you've found one — over the page.

Send us the pack and our answer — fundable, not fundable, or what's missing — comes back within 24 hours. The next page lists exactly what to send and what you get back.

+61 404 44 22 11
priyank@prevailfinance.com.au

Our fee is quoted up front.
If the numbers say walk,
we'll still tell you to walk.
With gratitude — Priyank

Send the pack. Get an answer in 24 hours.

Funding is decided on the quality of the submission, not only the quality of the deal — and a motel is funded on a going-concern valuation that tests the room count, the rate, the occupancy and the lease, so the file has to prove the nights. Send these to priyank@prevailfinance.com.au and within 24 hours you have our answer: fundable, not fundable, or what's missing. Once you accept our quote, your written Action Plan follows within one business day.



Priyank Thakkar

Chief Vision Officer & Finance Broker. Former bank lending manager and commercial credit analyst.

priyank@prevailfinance.com.au
+61 404 44 22 11

With gratitude

About the motel

- ☐ The five documents from page 4
- ☐ The information memorandum, and how the asking price was built
- ☐ **Monthly** occupancy, rate and revenue by channel, three years
- ☐ The add-back schedule, evidenced line by line
- ☐ The landlord's written position on assignment, or the contract of sale for a freehold
- ☐ Staff list, the vendor's handover terms, and the restraint on offer
- ☐ The valuation, if one has been ordered — for mortgage purposes, assigned later

About you

- ☐ Two years' tax returns and notices, plus entity financials
- ☐ Assets and liabilities, with an equity source
- ☐ Six months' loan statements, three months' transactions
- ☐ Photo ID and your accommodation or hospitality background — managed, owned, or neither
- ☐ A business plan for the first two years — credit assesses **your** capacity too
- ☐ Proposed buying entity and transition plan

Why the pack decides the outcome



Same deal, same buyer, same lender. The only variable is what arrived in the first email — and it moves the terms, not just the timeline.

Within 24 hours of a complete pack: fundable, not fundable, or what's missing — in writing. Once you accept our quote, within one business day:

- ☐ Your written Action Plan — what happens, in what order
- ☐ The funding pathway scoped for this tenure
- ☐ An indicative pricing band
- ☐ The finance clause date your contract needs
- ☐ Pre-approval prepared, ready when you say so

Then what we do with it

- ☐ **Sequence the valuation** — ordered for mortgage purposes from an accommodation specialist, assigned to the lender once approved, with the finance clause dated to fit
- ☐ **Maximise the funding** — the rebuilt profit and the occupancy story presented the way a going-concern lender assesses them
- ☐ **Solve the tenure** — the lease top-up, the landlord's deed of consent, or the freehold and business split across entities
- ☐ **Argue the exceptions** — the case put directly to the decision-maker, and the vendor-finance layer if the lender's number and the price disagree

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The numbers behind the sector.

What the industry research says about size, profit, cost and where the money comes from — distilled to what a buyer needs. All figures from IBISWorld's June 2026 report unless stated.

Headline	Figure	5-yr trend
Revenue, 2025-26	\$4.1bn	+11.1% p.a.
Businesses (motels)	2,111 (2,498)	+1.4% p.a.
Revenue per business	\$1.9m	+9.5% p.a.
Profit per business	\$214k	—
Profit margin	11.0%	+6.3 pp
Staff per business	11	-1.9% p.a.
Average wage	\$45k	—
Forecast growth	2.5% p.a.	to 2030-31
Revenue volatility	Very high	"roller coaster"

WHAT THAT MEANS FOR A BUYER

A recovery story, not a growth story. Revenue rose 11.1% a year for five years off a pandemic base, profit 31.6% a year, and the margin came back to 11.0% as occupancy and rates recovered. The forecast is 2.5%, and the research expects no meaningful demand recovery before late 2027. Buy on the nights, not the run-rate of the rebound.

THE REFURBISHMENT LINE IS DOING THE WORK

A motel is a large capital asset: owners claim Division 43 capital works at 4% a year, and the research puts **refurbishment cycles at seven to ten years**. The 1970s and 1980s stock was upgraded in 2020-22 when rates were low, and renovation has declined since. Ask where the motel in front of you sits in that cycle, and who pays for the next one.

OCCUPANCY AND RATE

Motel occupancy sat at about **70% in 2024-25** with 3.5% RevPAR growth; national accommodation occupancy lifted 1.7 points to **74.3%**. Only **2,339 rooms** were added in 2025, and CBRE expects future supply to run 41% below historic delivery. Read the occupancy by month: the seasonal shape is on page 2.

Cost structure, % of revenue

Line	Share
Wages — the largest cost	26.6%
Profit	11.0%
Purchases, rent, utilities, depreciation, other (charted only)	62.4%

Rent has fallen as a share of revenue since the pandemic because revenue grew faster than rent, and is highest in tourist areas. Wages fell from 33.9% of revenue in 2007-08 to 26.6%, and are forecast near 22% by 2031-32.

Where the revenue comes from

By product	Share	By market	Share
Mid/economy rooms	59.7%	Domestic leisure	52.2%
Upscale rooms	20.0%	International	29.3%
Food and beverage	17.2%	Domestic business	15.0%
Other services	3.1%	Other markets	3.5%

Where the motels are, against population

State	Motels	Population
NSW	38.8%	31.2%
Queensland	24.0%	20.6%
Victoria	20.8%	25.7%
All other states and territories	16.1%	22.4%

NSW and Queensland hold 63% of the motels against 51.6% of the people: highway corridors and road-trip regions. Victoria is under-represented because Melbourne is a hotel and serviced-apartment market. "Metropolitan markets are structurally unviable for motels."

THE BALANCE SHEET SHAPE

Debt to net worth is **0.7** and interest was covered **1.5 times** on the five-year average (3.7 times in 2023, negative in 2021). Long-term debt is about 46% of the balance sheet and fixed assets 70 to 79% of assets. Thin cover is why a lender tests the rebuilt profit at 1.25 times before it looks at the LVR, and why structure decides more than rate.

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What is moving the market.

Seven forces the research identifies, and what each one means for the price you pay.

1 · RATES AND HOUSEHOLD BUDGETS

IBISWorld's June 2026 outlook has the cash rate at **4.35%** and expects a peak near 4.70% by the end of 2026, inflation above the target band until mid-2027, and no meaningful demand recovery before late 2027. Motels serve households with cars and mortgages. Price the next two years flat.

2 · NOBODY IS BUILDING THE COMPETITION

Motels attract **"virtually no new development capital"**; construction costs make a new motel unviable at regional room rates; 2,339 rooms were added in 2025 and the count of motels is forecast to fall to 2,397 by 2031-32. Existing stock on corridors with demand holds pricing power. That is the asset you are buying.

3 · SHORT-TERM RENTALS FRAGMENT THE REGIONS

Airbnb and its rivals have spread into regional markets, fragmenting demand that once concentrated in motels; Victoria's 7.5% short-stay levy gives partial relief. Motels answer with what a spare room cannot: parking, a visible highway site, breakfast, a person at the desk. Check the listings within ten kilometres before you price.

4 · REGIONAL BEATS METRO

NSW and Queensland hold 63% of motels; metropolitan markets are **"structurally unviable"** at city land costs. Regional NSW and Queensland corridors stand to benefit most from constrained supply; regional occupancy set a record 65.6% in June 2026 on a specialist broker's data.

5 · BUSINESS DEMAND IS THE STABLE HALF

Corporate and event travel has replaced the post-pandemic leisure spike: mining and construction were **35% of corporate bookings** in 2025, and midweek occupancy near regional business hubs is steadier and less price-sensitive. A motel anchored to a hospital, a hub or a contract is a different risk from one that empties after school holidays.

6 · BRISBANE 2032

CBRE estimates about **81,000 rooms** will be needed across South-East Queensland during the Games against 67,200 in inventory, with the pipeline adding only 11%, and Queensland construction costs are up 44% in five years. Highway motels on the corridors into Brisbane, the Gold Coast and the Sunshine Coast absorb the overflow. Ask whether the price already assumes it.

7 · MEMBERSHIP GROUPS, NOT CHAINS

No operator holds more than 1.8% of revenue. Choice Hotels added 85 properties in 2025-26 to reach 163 hotels and 7,487 rooms; Golden Chain and Budget Motels are member groups. Membership buys booking reach, loyalty programs and buying power without surrendering ownership, and the fees sit in **"other costs"**.

The lease calendar, motel by motel. The valuation, the lease reviews and the seasonal peaks each have a date. Set settlement after the peak has traded under the vendor's name and before the next rent review, with the finance clause dated to the valuation, not the other way round.

THE FIVE-YEAR FORECAST, IN ONE TABLE

IBISWorld forecast, in 2026-27 dollars

	2025-26	2030-31	Direction
Industry revenue	\$4.1bn	\$4.6bn	+2.5% a year
Motels (establishments)	2,498	2,422	fewer, no new supply
Wages as a share of revenue	26.6%	22.8%	falling
Industry value added as a share of revenue	41.4%	38.6%	falling three points

Modest growth on a fixed stock of motels. Model your debt service on the rebuilt profit, not the rebound.

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