

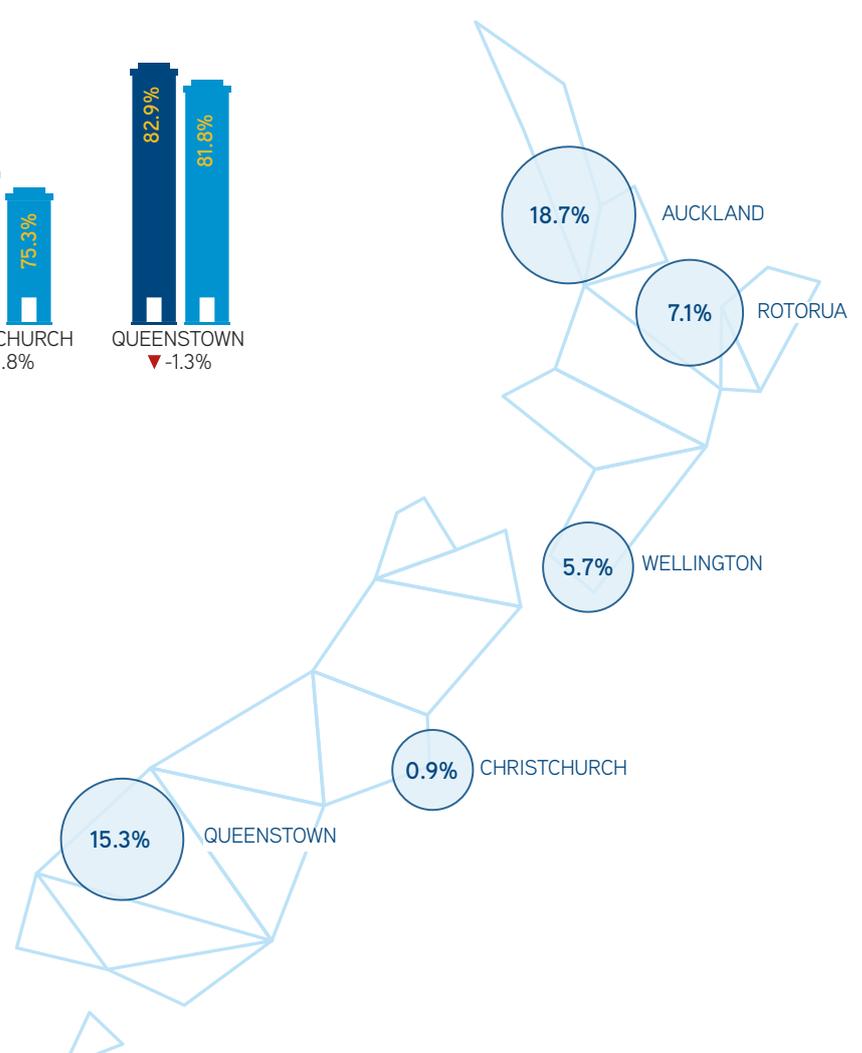
NEW ZEALAND HOTEL MARKET SNAPSHOT - OCT 2017

OCCUPANCY YE SEPTEMBER 2017

■ 2016 ■ 2017

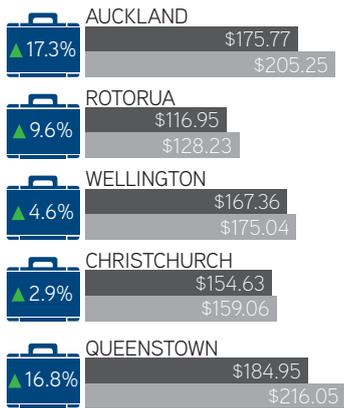


REVPAR GROWTH YE SEPTEMBER 2017



ADR YE SEPTEMBER 2017

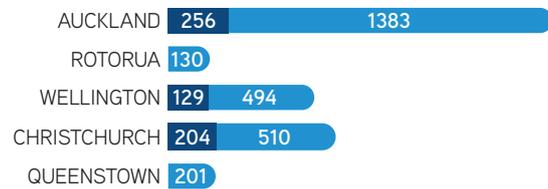
■ 2016 ■ 2017



NEW SUPPLY - YTD OCT 2017

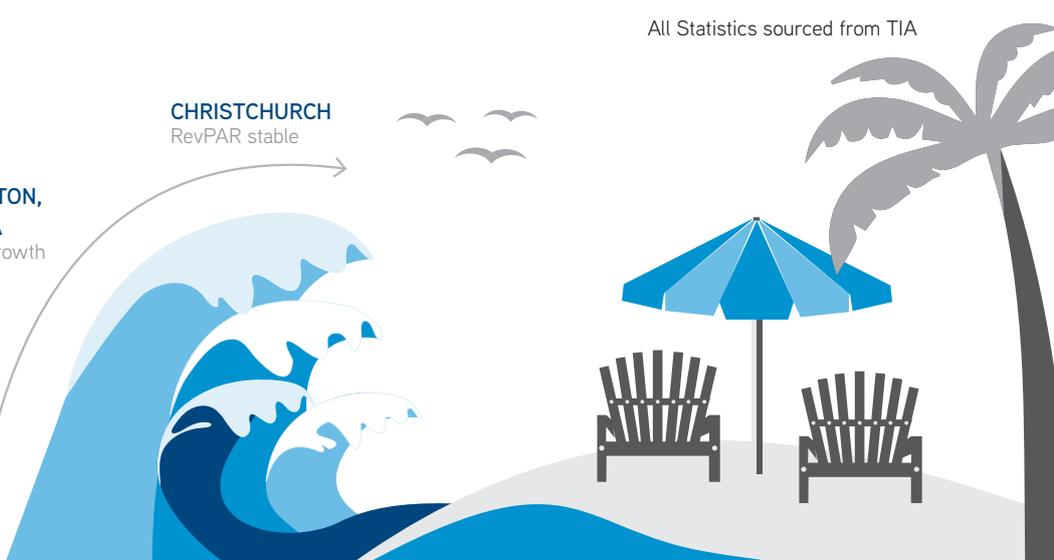
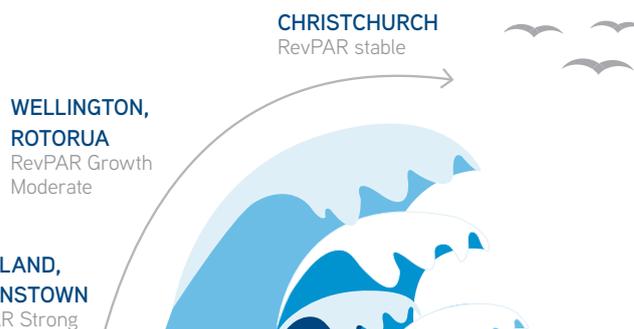
■ # of rooms added YTD Oct 2017

■ # of rooms currently under construction



All Statistics sourced from TIA

PERFORMANCE OUTLOOK - Q3



MARKET UPDATE FROM THE DIRECTOR

The New Zealand tourism sector continues to enjoy record-breaking inbound travellers with a total of 3.7 million visitors arriving in the country for the year ended August 2017, a 9.3% increase year-on-year. Record numbers of US visitors are coming to New Zealand on the back of increased airline capacity, with a number of other emerging markets such as the Malaysia, Hong Kong and Philippines also achieving strong growth. The historically strong growth in the Chinese inbound market has appeared to have subsided with no growth recorded year to date. Given the importance of the Chinese market, close attention is warranted over coming months to ascertain whether the recent slowdown is temporary or the start of a new trend moving forward.

Strong guest demand together with minimal new hotel inventory over the past

six months has resulted in occupancy rates remaining at record level across most regions, culminating in robust room rate growth (particularly in Auckland and Queenstown). This has resulted in Auckland achieving RevPAR growth 18.4% for the year to date September 2017, one of the highest levels in the wider Asia Pacific region.

Turning to the investment front, we are witnessing strong interest for hotel assets in all key centres, however opportunities remain scarce with no major hotels having changed hands thus far in 2017. With existing inventory being tightly-held, there are now a growing number of parties purchasing land or under-performing commercial buildings for development and conversion opportunities. Australian fund Pro-Invests' acquisition of part of the former NZME site on the corner of Albert and

Wyndham Street in the Auckland CBD to develop a 490-key dual-branded Holiday Inn Express and Even Hotel is a prime example of such development interest.

Investment activity has also spread to many provincial regions throughout New Zealand where investors are seeing improving fundamentals as the tourism boom spreads across the country. To this end, Colliers has concluded sales of hotels in Rotorua, Hamilton, National Park and Hawkes Bay in recent months.

Finally, we also welcome back to New Zealand, the America's Cup, the oldest sporting trophy in the world. With Team New Zealand looking to defend the America's Cup in Auckland in the summer of 2020/21, the event is anticipated to be a major catalyst to stimulate further hotel development in the country's largest hotel market.

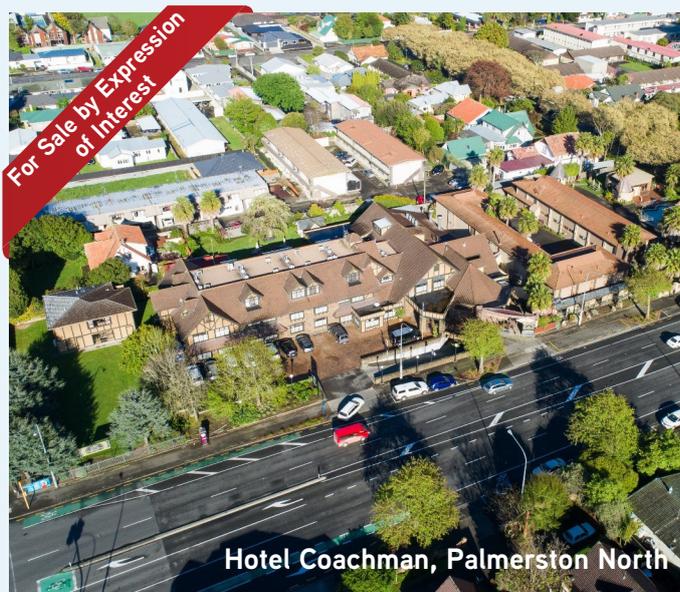
COLLIERS INTERNATIONAL HOTELS NEW ZEALAND & SOUTH PACIFIC

Colliers International has the largest dedicated hotel practice in the country, covering hotels, resorts, serviced apartments and a range of other tourism and hospitality assets. We provide valuation, investment sales and consultancy services throughout New Zealand and the South Pacific. The team is led by Dean Humphries who has over 30 years' experience in the New Zealand, Australian and South Pacific hotel markets. The team comprises a number of experienced hotel valuers, hospitality brokers and research analysts.

Please do not hesitate to give any of our national team a call to discuss your hotel investment and advisory requirements.



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