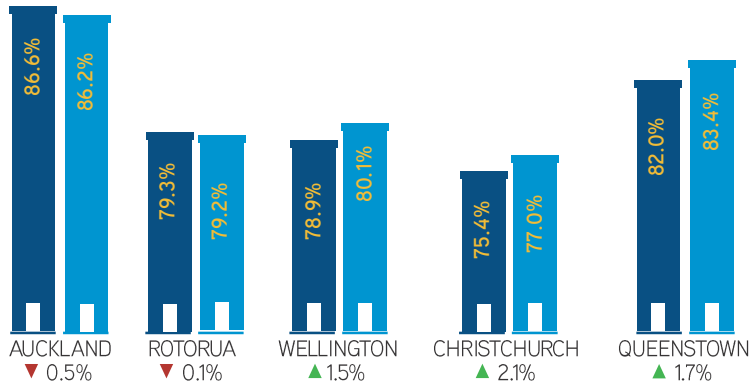


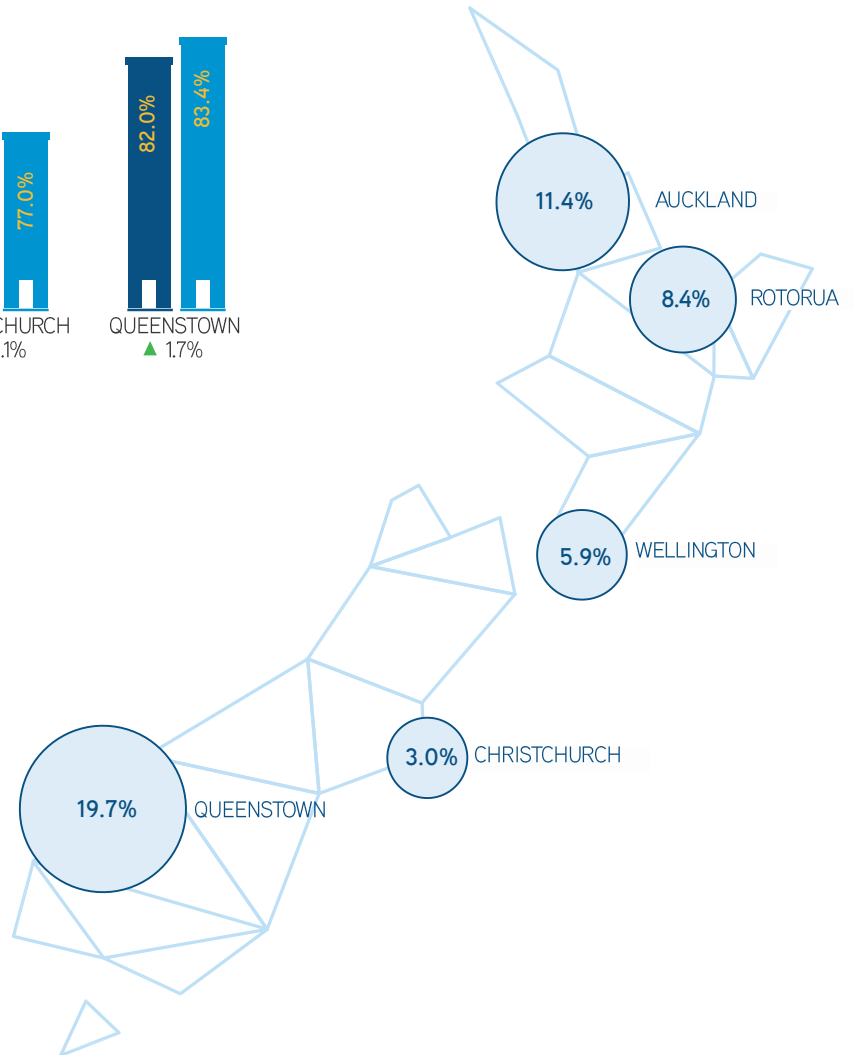
# NEW ZEALAND HOTEL MARKET SNAPSHOT – APRIL 2018

## OCCUPANCY YE MARCH 2018

■ 2017 ■ 2018

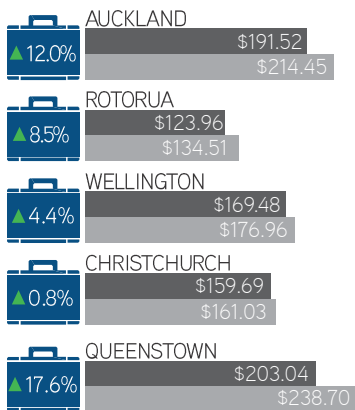


## REVPAR GROWTH YE MARCH 2018



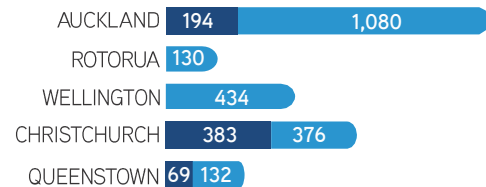
## ADR YE MARCH 2018

■ 2017 ■ 2018



## NEW SUPPLY - YTD MARCH 2018

■ # of rooms completed in past 12 months  
■ # of rooms currently under construction



## PERFORMANCE OUTLOOK

**WELLINGTON, ROTORUA**  
RevPAR Growth Sound

**CHRISTCHURCH**  
RevPAR Stable

**AUCKLAND, QUEENSTOWN**  
RevPAR Strong

All Statistics sourced from TIA and Colliers International



# MARKET UPDATE – APRIL 2018

The summer of 2017/18 has proven to be another record breaking season for the New Zealand tourism sector with record numbers of tourists flocking to our shores. This has culminated in exceptional hotel performance metrics across the majority of our key markets.

Queenstown has recorded a 19.7% increase in RevPAR for the YE March 2018 with Auckland at 11.4% and Rotorua 8.4%. Many of New Zealand's markets are now outperforming key regions in Australia, with Queenstown and Auckland ranking first and second respectively in RevPAR growth over the past 12 months across Australasia.

**This begs the question, why is New Zealand continuing to perform so strongly?**

The answer is a relatively simple one - demand is outweighing supply. Our country continues to have a shortage of hotel inventory in key regions, with minimal new stock entering the market in recent times. In the past 12 months, we have seen 6 projects completed corresponding to a 3.1% increase in total supply. This compares to international visitation numbers which grew at 6.5% for the 12 months ending February 2018 to reach 3.78 million.

Whilst we continue to see an increasing number of proposed projects on the drawing boards, we have seen very few new projects commence construction in the past 12 months. This will result in limited new hotels being delivered until post 2021 (other than those already under construction).

The recent announcement of New Zealand's largest construction company suffering record losses, and advising they will no longer partake in any new vertical construction projects; is another critical factor in the challenge of delivering new hotel development moving forward. This will no doubt have an impact on the timing and delivery of new projects over the short/medium term.

In the meantime, the NZICC, which will open in late 2019, has secured a growing number of large conferences, which will create even more stress on existing hotel inventory until more stock is built.

On the transaction front, there were no major hotel sales recorded in 2017 as owners elected to hold onto their assets.

Fortunately, we have a number of large hotels currently in the market including the 203 room Holiday Inn Rotorua and the 165 unit Waldorf Stadium Apartments, Auckland. Both properties have received significant interest from domestic and offshore investors. This will test the current views on hotel yields and values once sales are concluded on these assets.

**Dean Humphries - National Director**

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.

Please do not hesitate to give us a call to discuss your hotel investment and advisory requirements.



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