

NEW ZEALAND HOTEL MARKET SNAPSHOT | Q2 2020



The Covid-19 pandemic is continuing to have a significant impact on the global economy, particularly the tourism and hotel sectors. New Zealand has been no exception with the hotel sector experiencing a challenging Q2 2020 due to a full nationwide lockdown through much of April and May before all domestic travel restrictions were lifted in early June. This resulted in some welcomed demand for many hotels as noted below.

Since early June, we have witnessed a surprisingly sound rebound in the performance of many hotels, which has resulted in New Zealand currently being one of the best performing markets globally.

Key factors influencing this trend include;

Mandatory Isolation: - We are witnessing a significant increase in the number of returning New Zealand citizens and residents, all of whom are subject to a 14-day mandatory isolation period in an approved hotel facility. This is providing robust demand for a growing number of hotels across the country as noted in the adjacent graph.

As at July 2020, we estimate close to 40% of all Auckland hotel rooms are being utilised for isolation, followed by Christchurch (31%), Rotorua (20%) and Wellington (3%). It is forecast that this demand will continue to grow on the back of increasing numbers of returning Kiwis throughout 2020 and possibly well into 2021.

Domestic Leisure: - In addition to this largely unanticipated 'key demand driver' we are also witnessing a solid rebound in domestic leisure demand, particularly over weekend and holiday periods.

Queenstown, Wellington and Rotorua have led the charge with monthly occupancy increasing to between 20% to 35% by the end of June with early indications the July school holidays will lift occupancy in many of our main regions to over 50% by months end.

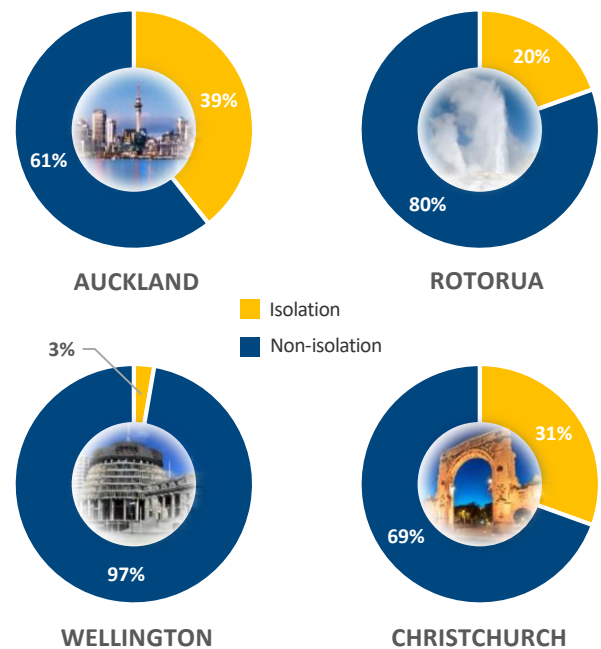
Corporate & MICE: - Other 'green shoots' include special visa entry for special events including Avatar II production and America's Cup syndicates, sporting, music and cultural events and the re-emergence of Corporate & MICE business throughout the country.

However it now remains clear that any short term recovery process for the hotel sector will be largely domestic led with our borders to remain closed until at least Q4 2020 and a trans-Tasman bubble temporarily postponed.

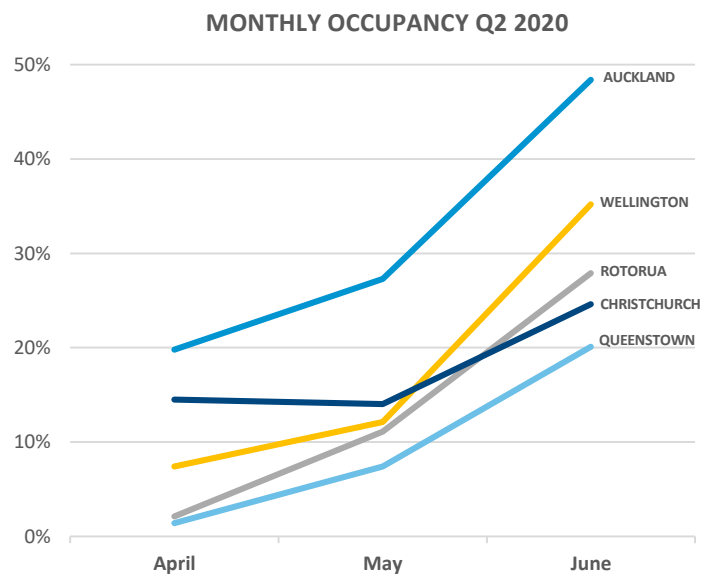
We remain of the view that wider inbound international travel will recommence in early 2021.

Source: Colliers International

ISOLATION/QUARANTINE HOTEL ROOMS IN KEY MARKETS AS AT 9 JULY 2020



29 hotels accounting for close to 6,000 rooms currently being utilised as managed isolation facilities across NZ



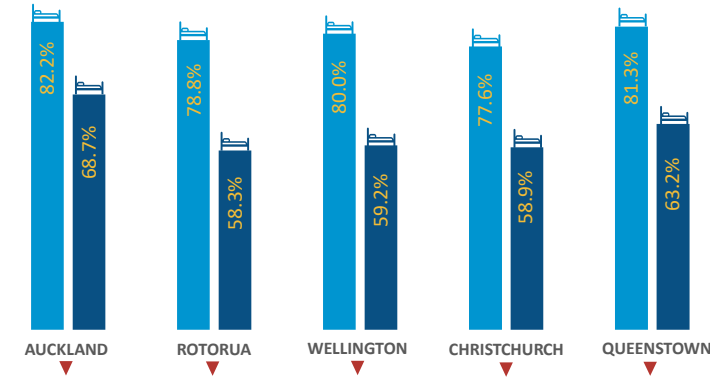
*Occupancy levels are inclusive of hotels being utilised for mandatory isolation or quarantine purposes
Source: Hotel Data New Zealand (HDNZ)

NEW ZEALAND HOTEL MARKET PERFORMANCE SNAPSHOT | Q2 2020

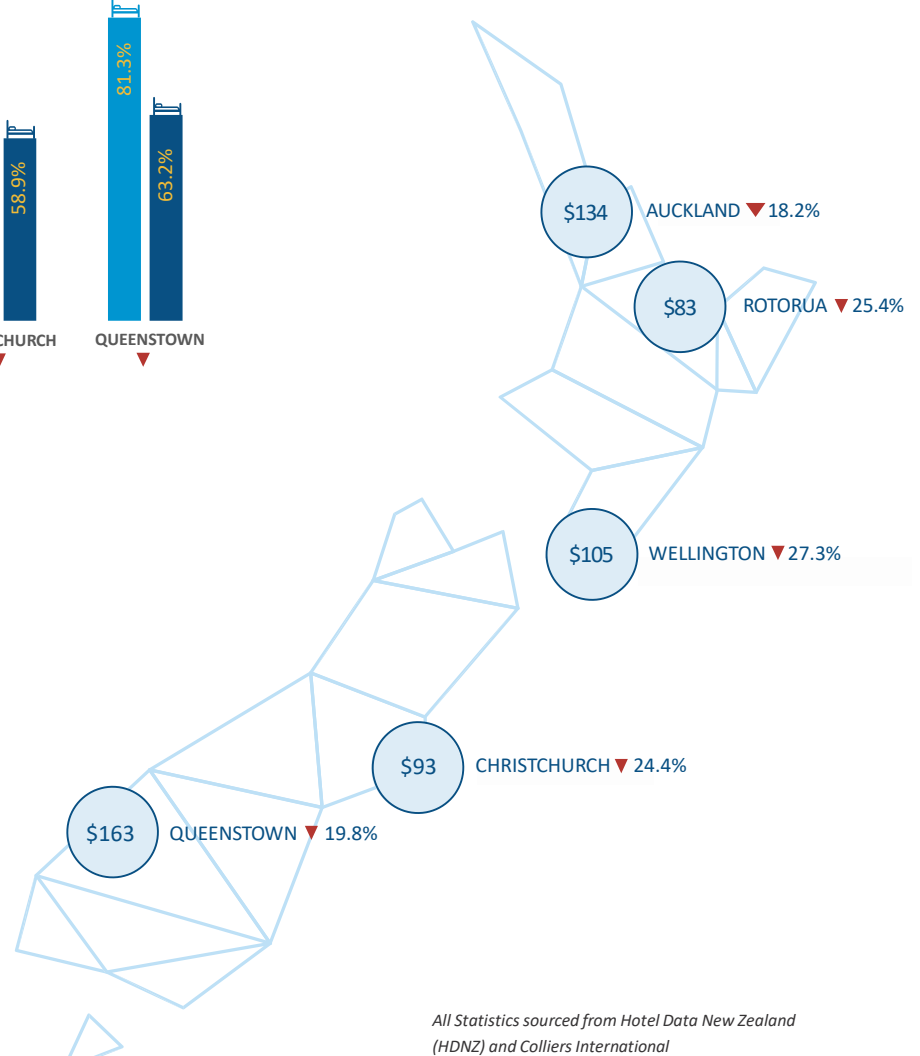
OCCUPANCY | YE JUN 2020

■ 2019 ■ 2020

*Occupancy levels are inclusive of hotels being utilised for mandatory isolation or quarantine purposes

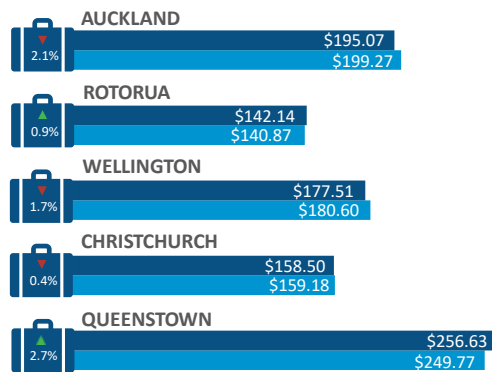


REVPAR | YE JUN 2020



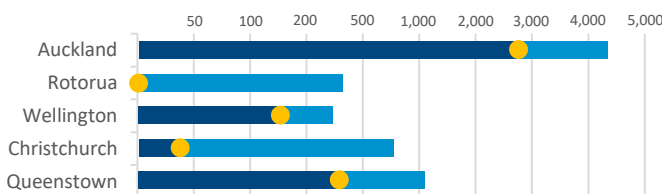
ADR | YE JUN 2020

■ 2019 ■ 2020



SUPPLY | AS AT JUN 2020

■ Rooms currently under construction
 ■ Rooms proposed/mooted
 ● Rooms now expected to be complete (Post-Covid)



All Statistics sourced from Hotel Data New Zealand (HDNZ) and Colliers International

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