

FIGURES | NEW ZEALAND HOTELS | H1 2024

Hotel demand softening through a weaker winter period

▼ 68.5%
Occupancy Rate

▲ \$229
ADR

▲ \$157
RevPAR

▼ 3.21m
International Visitors

Note: Arrows indicate change from CY2019.

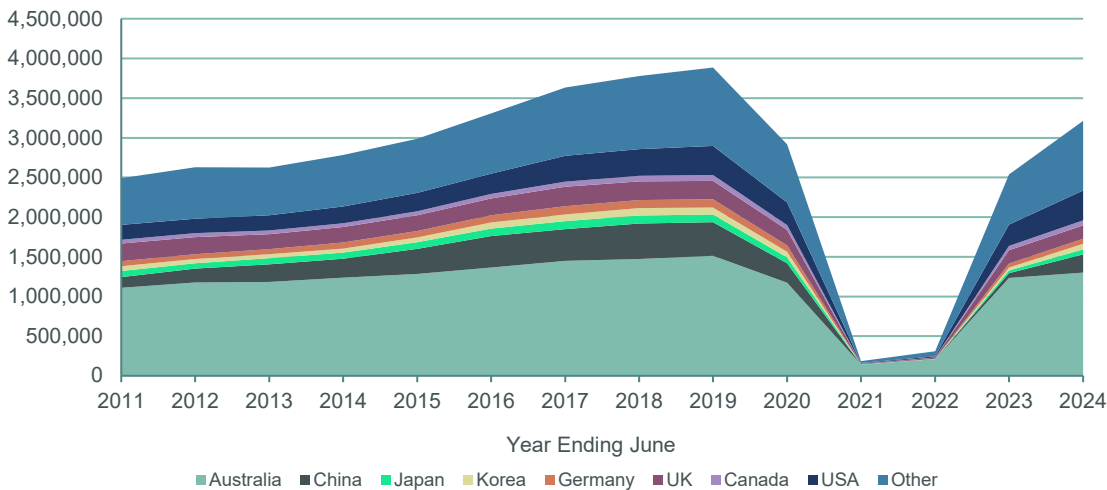
Key Points

- International arrivals in the Year to June 2024 were 17% below 2019.
- USA arrivals have experienced the strongest recovery to be 3% above pre-pandemic levels.
- Hotel supply is 6.9% above CY 2019 and demand growth has slowed resulting in occupancy rates some 11.9% below CY 2019.
- ADR's have flatlined at 19.8% above 2019 and RevPAR is 5.6% above.

Hotel occupancy growth has slowed to a halt across the country with weaker economic conditions both locally and internationally impacting room demand. Annual international visitors are 9% above 2023 however remain 17% below 2019 and domestic demand has been weak in most markets through Q2 2024. Chinese visitors have shown the strongest growth in the 12 months to June 2024 to be 43% below 2019 levels and we expect arrivals to improve through the 2024/25 summer period.

Nationwide occupancy levels and ADR's have remained relatively flat since December 2023.

FIGURE 1: International Visitor Arrivals



Source: StatsNZ

Auckland

Room demand has trended downward since February 2024 following a strong summer period due to weakening economic conditions impacting leisure, business and government travel to Auckland. International demand has also softened with weakening global economic conditions. This demand softening, combined with the recent and ongoing increases in room supply have resulted in a decrease in annual occupancy to 68.1% compared with 69.6% as at December 2023.

The following new hotels have opened in Auckland in the first half of 2024:

- InterContinental Auckland (139 rooms, January)
- Abstract Auckland (273 rooms, February)
- Soho Auckland (127 rooms, February)
- La Quinta by Wyndham Parnell (54 rooms, June)

The following hotels are all scheduled to open in the second half of 2024:

- Horizon by SkyCity (303 rooms)
- Indigo Auckland (225 rooms)
- Hotel Grand Chancellor Auckland (191 rooms)

ADRs have also started to trend downward for the first time since the borders reopened in 2022 being \$228 in the 12 months to June 2024, 2.8% lower than in 2023. Market wide RevPAR levels have declined by 5.0% from 2023 to \$155. With increased supply in the market however, total room revenue is 15% above 2019 levels due to the high ADR's relative to 2019.

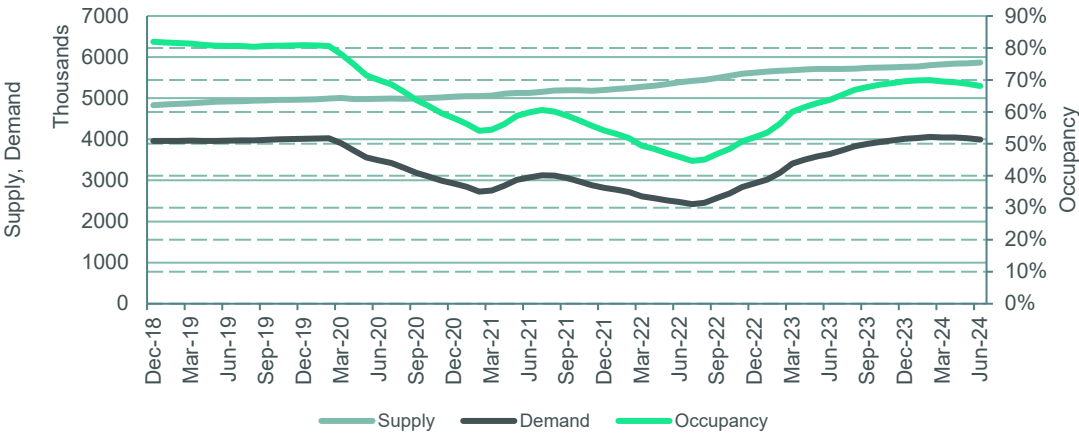
The only notable transaction announced in 2024 was Hotel DeBrett, a 25 room boutique hotel which sold for \$21m in December 2023. The hotel is operated under a long term lease and the property additionally includes retail tenancies and a bar.

FIGURE 2: Auckland Hotel KPI's vs 2019

	RNA	% Chg	RNO	% Chg	Occupancy	% Chg	ADR	% Chg	RevPAR	% Chg
YE-Dec 19	4,964,977		4,013,312		80.8%		199		161	
YE-Jun 24	5,867,501	18.2%	3,994,866	-0.5%	68.1%	-15.8%	228	14.6%	155	-3.5%

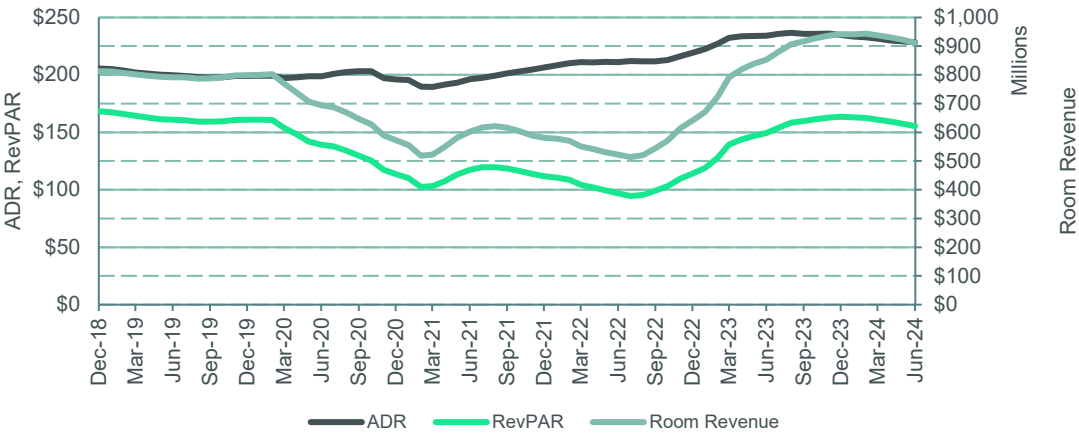
Source: STR

FIGURE 3: Auckland Hotel Supply & Demand



Source: STR

FIGURE 4: Auckland Hotel Room Revenue



Source: STR

Rotorua

Room demand in Rotorua continues to gradually improve through 2024 however remains 16.5% below 2019 levels. Occupancy rates in the 12 months to June 2024 were 65.7% compared with 78.9% in 2019 and up slightly from 64.0% in 2023. international demand is growing faster than domestic demand contributing 38% of total room demand in the last 12 months compared with 30% in 2023 but still some way off the 51% in 2019. Total domestic demand is higher than 2019 and therefore a continued recovery in international demand will allow occupancy to recover to the high 70% range.

ADRs increased by 32% between December 2019 and April 2022 to \$190 and only increased by 1.6% between April 2022 and June 2024. As international demand continues to recover, and occupancy rates improve, we would expect the market to start to push rates higher, particularly in peak periods allowing for ADR growth from current levels.

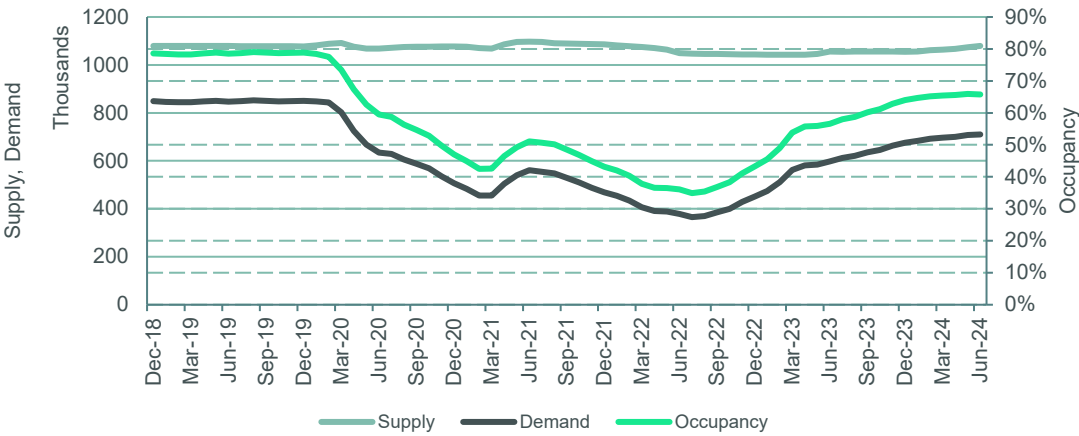
Total room revenue in the year ending June 2024 was 12.0% higher than in 2019 increasing in line with the growth in occupancy rates.

FIGURE 5: Rotorua Hotel KPI's vs 2019

	RNA	% Chg	RNO	% Chg	Occupancy	% Chg	ADR	% Chg	RevPAR	% Chg
YE-Dec 19	1,077,356		849,826		78.9%		144		114	
YE-Jun 24	1,079,769	0.2%	709,883	-16.5%	65.7%	-16.7%	193	34.0%	127	11.7%

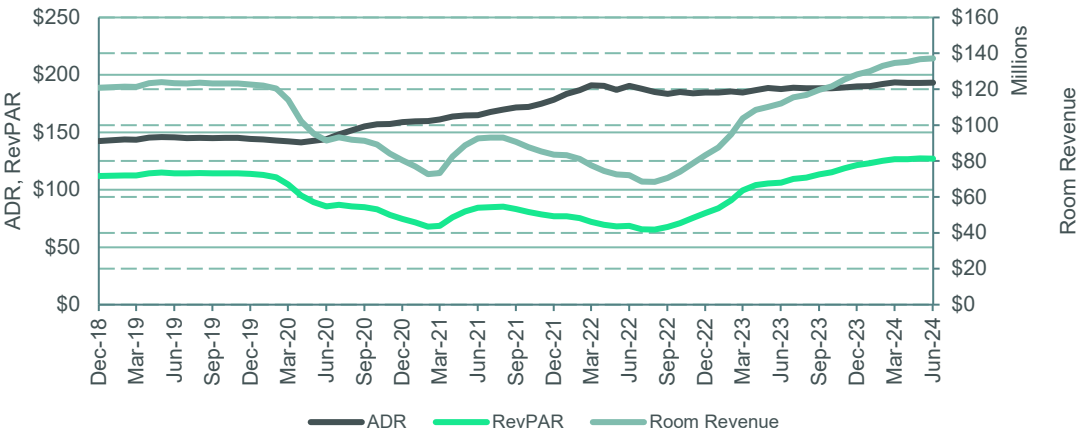
Source: STR

FIGURE 6: Rotorua Hotel Supply & Demand



Source: STR

FIGURE 7: Rotorua Hotel Room Revenue



Source: STR

Wellington

Room demand in Wellington has continued to gradually improve being 2.4% higher than 2023 in the 12 months to June 2024 however recent increases in supply have resulted in occupancy rates declining. The change of government in late 2023 and associated cost cutting measures have impacted demand from this sector which traditionally drives strong room demand through the city. Domestic demand is approximately 4% below 2019 levels and international demand is 15% below.

Occupancy rates have declined gradually from 69.6% in April 2023 to 67.8% in the 12 months to June 2024. Tākina Wellington Convention & Exhibition Centre opened in June 2023 however this has had limited noticeable impact on hotel demand in Wellington as yet.

ADR levels peaked \$228 in May 2023 at around the time occupancy rates started to gradually decline. In the last 12 months, the ADR was \$212 some 7% below this peak level. With occupancy remaining relatively flat below 70%, any growth in ADRs is expected to remain challenging.

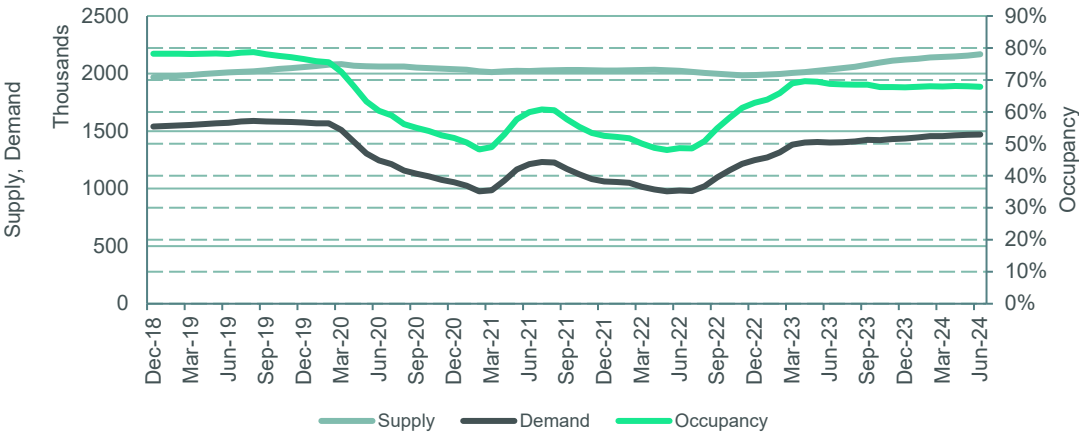
The DoubleTree by Hilton Wellington sold in February 2024 for \$40m. The hotel comprises 107 guest rooms together with 4 retail units on Lambton Quay and was purchased by the hotel tenant.

FIGURE 8: Wellington Hotel KPI's vs 2019

	RNA	% Chg	RNO	% Chg	Occupancy	% Chg	ADR	% Chg	RevPAR	% Chg
YE-Dec 19	2,056,932		1,573,687		76.5%		188		144	
YE-Jun 24	2,167,356	5.4%	1,469,816	-6.6%	67.8%	-11.4%	212	13.0%	144	0.2%

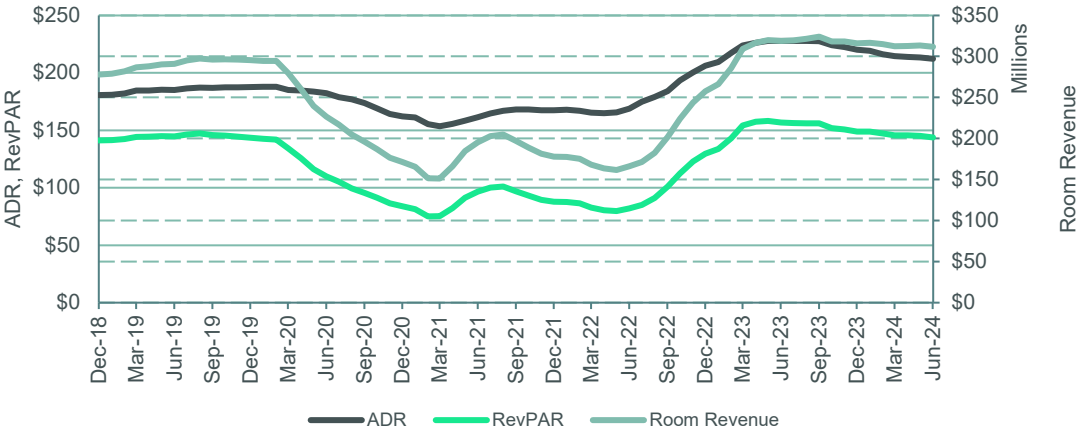
Source: STR

FIGURE 9: Wellington Hotel Supply & Demand



Source: STR

FIGURE 10: Wellington Hotel Room Revenue



Source: STR

Christchurch

Hotel room supply growth in Christchurch has slowed in recent months and continued demand growth has resulted in continued growth in occupancy rates. The market achieved an occupancy rate of 72.1% in the 12 months to June 2024 and is the closest to a full recovery relative to 2019 of all major NZ markets. Domestic demand is now some 33% higher than in 2019 and international demand is 3% lower indicating the potential for occupancy rates to exceed 2019 levels.

The only new hotel to open in Christchurch in the first half of 2024 was the Drifter Christchurch which is a 95 room hybrid hostel/hotel on Lichfield Street that opened in June.

ADR continues to improve however the annual rate of growth has declined from 7.2% in 2023 to 3.6% in the 12 months to June 2024 with an ADR of \$198, some 26.2% higher than 2019.

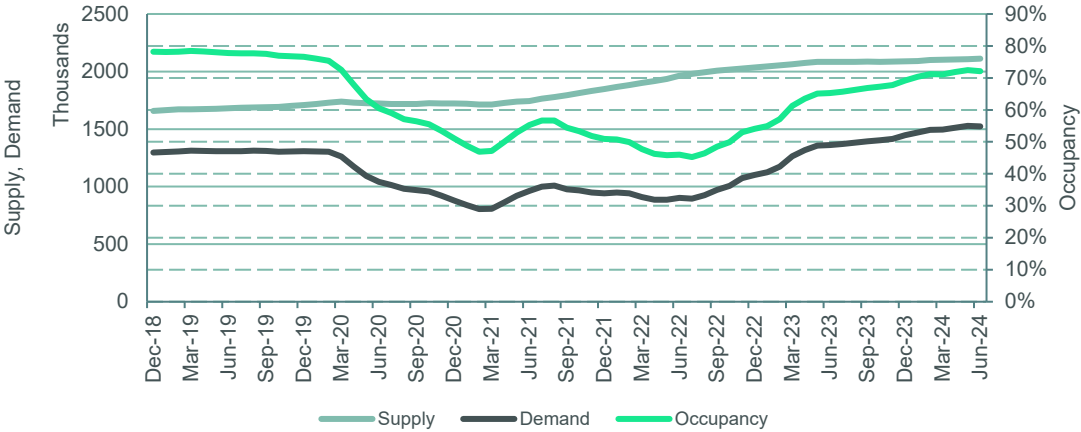
The former Noah’s Hotel on Oxford Terrace was acquired by Russell Property Group and Mainland Capital in early 2024. The building has been vacant since the Christchurch earthquakes and the purchasers plan to reinstate the hotel.

FIGURE 11: Christchurch Hotel KPI's vs 2019

	RNA	% Chg	RNO	% Chg	Occupancy	% Chg	ADR	% Chg	RevPAR	% Chg
YE-Dec 19	1,709,084		1,308,711		76.6%		157		120	
YE-Jun 24	2,112,755	23.6%	1,523,553	16.4%	72.1%	-5.8%	198	26.2%	143	18.9%

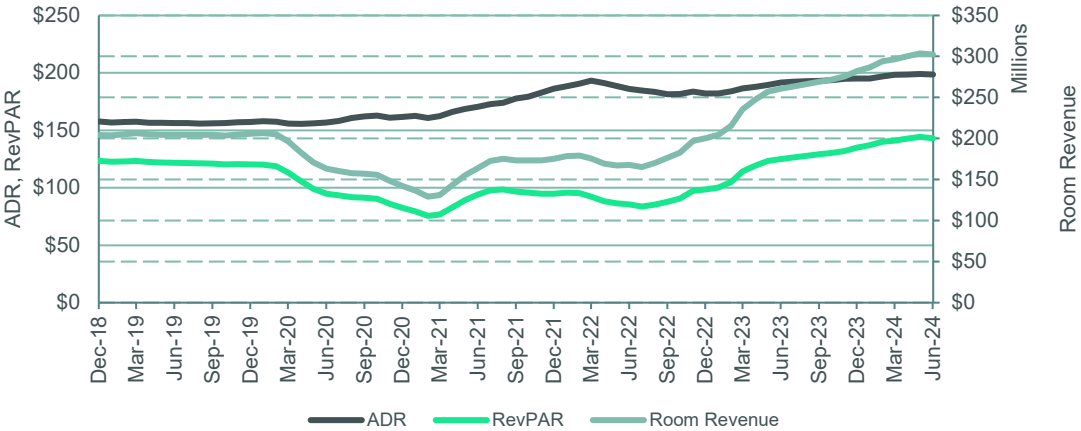
Source: STR

FIGURE 12: Christchurch Hotel Supply & Demand



Source: STR

FIGURE 13: Christchurch Hotel Room Revenue



Source: STR

Queenstown

Hotel room demand in Queenstown has been improving at a consistent rate since March 2023 driven by continued growth in international visitors. Domestic demand has been gradually declining since 2021 however this has been more than offset by growth from international guests. Queenstown International Airport recorded an 8% decline in domestic passengers and a 16% increase in international passengers between June 2023 and June 2024 and international passengers are 20% above 2019 levels.

Room supply has remained stable since mid-2022 and occupancy rates have improved to 76.1% compared with 72.5% in 2023 and 81.9% in 2019. We expect occupancy rates to continue to gradually improve as international demand, particularly from Chinese groups is expected to improve through the summer of 2024/25.

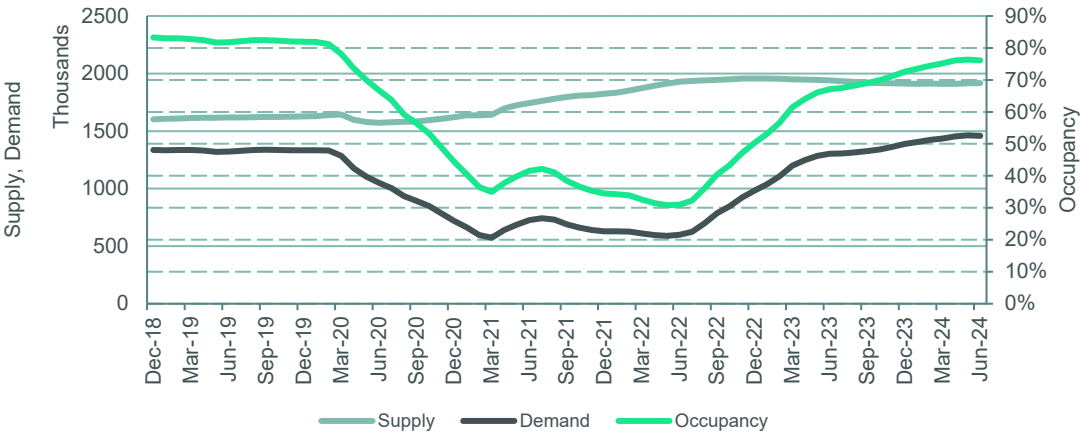
ADR growth flattened through Q2 2024 in line with a slowdown in occupancy growth however remains 19.7% above 2019 levels and 9.3% higher than a year earlier at \$290, some 27% higher than the nationwide market average. Total room revenue was 31% above 2019 in the 12 months to June 2024 with strong ADRs, increased room supply and strong room demand.

FIGURE 14: Queenstown Hotel KPI's vs 2019

	RNA	% Chg	RNO	% Chg	Occupancy	% Chg	ADR	% Chg	RevPAR	% Chg
YE-Dec 19	1,627,260		1,332,876		81.9%		242		198	
YE-Jun 24	1,917,848	17.9%	1,458,946	9.5%	76.1%	-7.1%	290	19.7%	221	11.2%

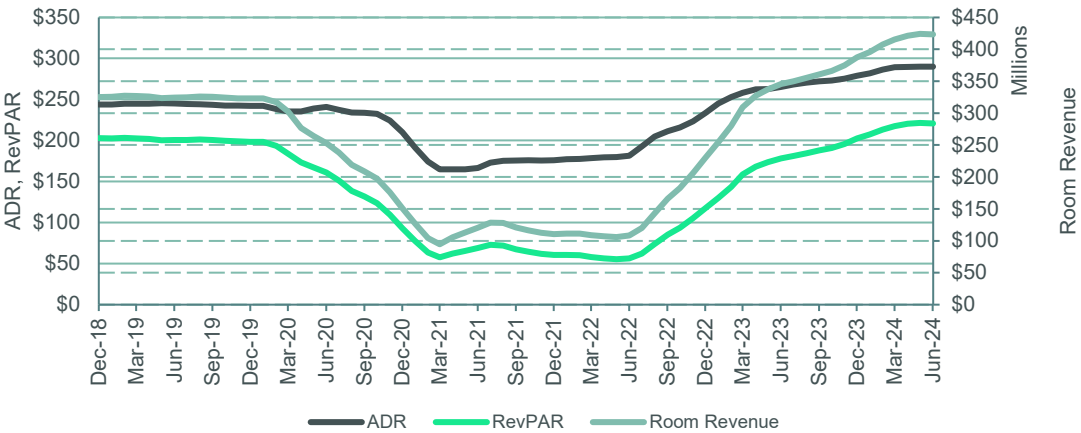
Source: STR

FIGURE 15: Queenstown Hotel Supply & Demand



Source: STR

FIGURE 16: Queenstown Hotel Room Revenue



Source: STR

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