

Impact of Events on Hotel Demand

Introduction

Citywide events are a major demand driver to the hotel industry as well as providing wider economic and social benefits to the host city.

In this report, CBRE have analysed the impact of recent events across Australia and New Zealand to determine their impact on hotel demand. We have analysed market performance data around major event dates and met with market participants to gain insights into the importance of events and how cities can better leverage events to maximise their benefits.

Citywide events that generate hotel demand can be classified into the following categories:

1 Sports Events

Major tournaments or one-off sports events that attract non-local visitors to a city. Sports events generate hotel demand from a range of sources including participants and support staff such as coaches and medical staff; families of participants; fans and media. Such events can be a single day, weekend or span several weeks in the case of major tournaments.

2 Cultural Events

High profile music concerts and festivals, theatre productions, cultural festivals, film festivals. Hotel demand is generated from attendees of the events, artists and support crew which for some events can be a substantial number of people. Cultural events can be single or multi day or be held over several weeks in the case of theatre productions for instance.

3 Business Events

Large scale industry conferences and exhibitions with delegates from outside the host city. Demand is primarily driven by delegates of the conference or visitors to the exhibition, and these are typically held over several weekdays.



It is crucial for large cities to continually invest in and secure a range of major events to drive visitation and associated economic benefits throughout the year with the greatest positive impact experienced during low and shoulder season visitation periods. This allows hotels to generate improved revenues and consistent profitability throughout the year encouraging more investment in the sector through refurbishment of existing hotels and development of new hotels. The additional visitation to a city also provides a range of wider economic and social benefits to the host city.

Analysis of Events

To ascertain the impact of events on the hotel sector, we have selected a range of major events that have taken place between 2022 and 2024 to estimate the additional hotel demand and revenue resulting from each event. We have analysed daily market performance data provided by STR and measured this against our estimate of the same performance metrics assuming the event had not taken place based on pre and post event trends. This allows us to estimate the impact on room demand and hotel revenue resulting from these events.

Auckland has hosted several events across the 2022-2024 period, we have selected a range of events to analyse including:

Ed Sheeran Concert
2022



Women's Rugby World Cup
2022



FIFA Women's World Cup
2023



Pink Concert
2024



World Choir Games
2024



Event Analysis - Auckland



To illustrate our analysis, we include the following charts relating to the FIFA Women’s World Cup in 2023 and the World Choir Games in 2024 showing actual market occupancy and Average Daily Rate (ADR) data against our adjusted data which estimates the performance of the market without the event taking place.

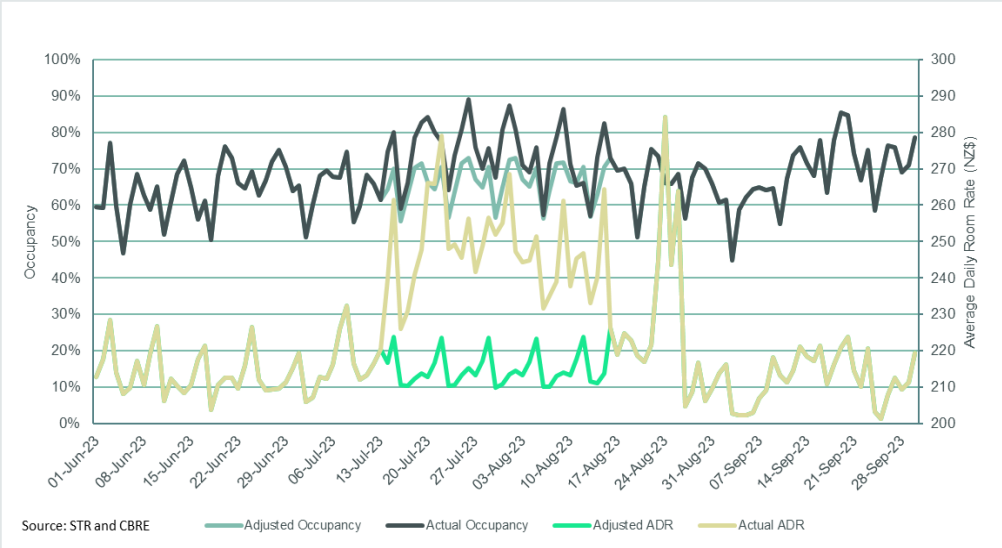


Chart 1:
Auckland Daily Occupancy and ADR during FIFA Women’s World Cup

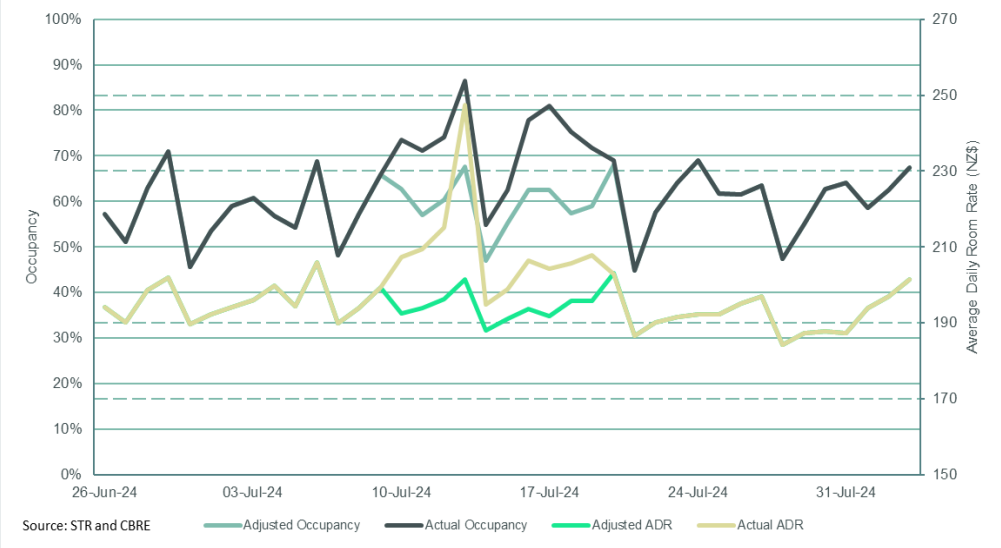


Chart 2:
Auckland Daily Occupancy and ADR during World Choir Games

Event Analysis - Auckland

Table 1 details the analysed impact of each event. For each event, we have looked at the performance data to see the number of days that the impact of the event was experienced in the market. Impact Days are higher than the number of event days as visitors will typically arrive before an event and leave after illustrating the wider benefit of events outside of the actual event days.

Auckland									
Event	Dates	Event Days	Impact Days	Average Daily Occupancy Impact	Average Daily Rate Impact	Increase In Room Nights Sold	Increase In Room Nights Sold Per Impact Day	Increase In Hotel Room Revenue (\$m)	Increase In Hotel Room Revenue Per Impact Day (\$m)
Ed Sheeran Concert	10 & 11 Feb 2022	2	2	8%	11%	1,906	953	\$1.39	\$0.70
Women's Rugby World Cup Final	12 Nov 2022	1	3	18%	4%	5,346	1,782	\$1.64	\$0.55
FIFA Women's World Cup	20 Jul - 15 Aug 2023	27	33	12%	16%	38,268	1,160	\$21.51	\$0.65
Pink Concert	8-9 Mar 2024	2	2	12%	47%	3,388	1,694	\$4.59	\$2.29
World Choir Games	10-20 Jul 2024	11	11	21%	7%	21,986	1,999	\$6.22	\$0.57

Table 1: Impact of Auckland Events
Source: STR and CBRE



Women’s Rugby World Cup

The Women’s Rugby World Cup in 2022 was held from 8 October to 12 November, our analysis indicates, however, that there was limited impact on hotel performance other than the weekend of the final. Whilst this was a success locally however due to the tournament being held across the country, there was limited visitation from outside the city to drive hotel demand. For the weekend of the final, occupancy rates increased by 18% per day on average and ADR was 4% above our adjusted level.

Pink Concert

The Pink concert in March 2024 resulted in a lower occupancy impact than other events as the concert was held during a strong period for the market. The revenue per day impact, however, was the highest of the analysed events as hoteliers were able to yield up as they held strong base occupancy levels and confidence in demand. There was a 47% increase in ADR for this event as a result.



FIFA Women's World Cup

The first match of the FIFA Women's World Cup in Auckland was on 20 July 2023 with the last match on 15 August (27 days) however hotel demand was elevated for 33 days around this period. Our analysis suggests this event generated 38,268 room nights at an average of 1,160 rooms per day and \$21.51m of additional hotel rooms revenue. Interestingly, the impact of this event declined through the event, as teams were knocked out of the tournament, improving again at the semi-final stage when demand from fans spiked.

World Choir Games

The World Choir Games 2024 which was held in Auckland from 10-20 July attracted more than 11,000 singers from over 30 countries at a time when hotel demand was weak. Chart 2 shows a clear increase in occupancy across the period together with stronger ADR's. Our analysis suggests that this event generated 21,986 rooms nights across the period with a 7% increase in ADR.



Amway Distributor Seminar

In addition to the previously discussed events, Auckland hosted the Amway Distributor Seminar in 2023 which was reported to have filled 20,000 hotel room nights between October and December 2023. Due to the timespan of this event, it is difficult to analyse the impact using the same methodology however it is worth noting as it is a business event with significant demand impact.

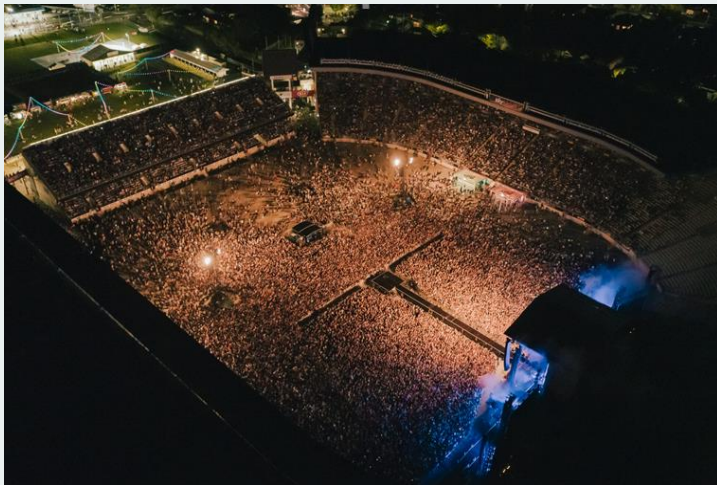
Future Events - Auckland

SailGP

Auckland will host the New Zealand leg of SailGP in January 2025 which is expected to generate a significant increase in visitors to the city including the teams and support crews and fans. Whilst this is positive for the market, it will be held at a time when hotel occupancies are typically at peak levels, and we expect there will be some crowding out effects with other hotel guests unable to secure accommodation or unwilling to pay elevated rates during this period.

Coldplay / Travis Scott Concerts

Other major upcoming events in Auckland include the Coldplay and Travis Scott concerts in October and November 2024. These are major concerts which will drive strong visitation to the city during a shoulder period providing hotel operators crucial demand, albeit for short periods, which is particularly important currently given the significant increase in supply in recent years.



Event Venues Constraints & Opportunities

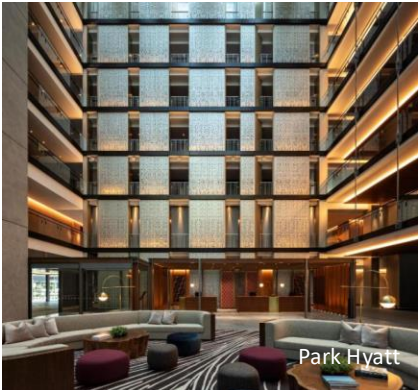
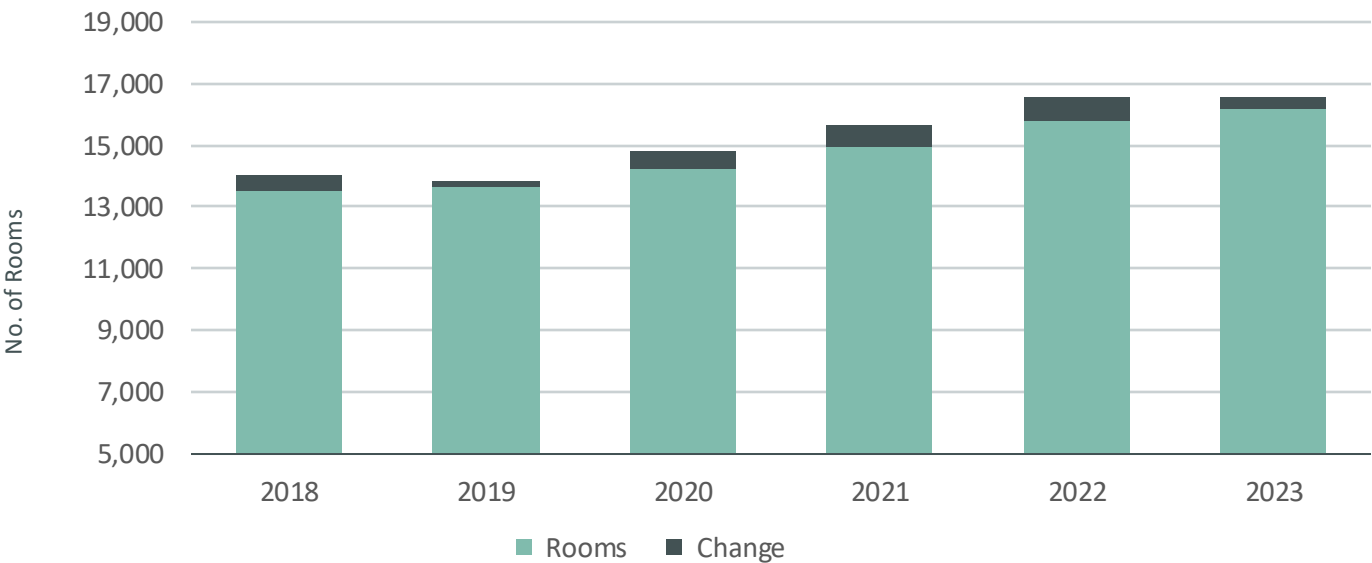
Eden Park is the largest concert venue in Auckland attracting world class concerts to the city. The venue is currently restricted to only holding 6 concerts per year under resource consent restrictions. This is seen as a significant limitation with major artists requiring 2 or 3 concerts in a location to be economically viable, particularly given the high costs to bring a show to New Zealand. An application is currently being processed to increase the number of events to 12 per year performed by no more than 6 artists or acts.

The opening of the New Zealand International Conference Centre (NZICC) in late 2025 will provide a strong boost from business events which are typically held through the shoulder and low seasons of the year. The centre will be the largest in New Zealand catering for up to 3,000 delegates across 33 meeting and exhibition spaces.

Auckland Hotel Supply Surge and Major Event Demand

There has been a material increase in hotel room supply in Auckland since 2018 which was driven by the market being constrained at that time and with the development of the New Zealand International Convention Centre which originally planned to open in 2019.

Both Auckland Council and the Government encouraged developers to build hotels in the lead-up to this period. Room supply has increased by 22% since 2018 with a further 11% expected to be delivered across the next 5 years. Over this period the market has not seen any improvement in demand from pre-COVID levels. It is therefore crucial that both the Government and Council invest in attracting and securing a regular calendar of major events to the city to ensure there is sufficient year-round demand to support the existing and new hotel stock.



Other Australasian Hotel Markets

In addition to the Auckland market, we have analysed the impact of events on other markets across New Zealand and Australia. Table 2 details our analysis of these events. The analysis illustrates a wide range in impacts per event depending on the scale of the event and appeal to domestic and international visitors.

City	Event	Dates	Event Days	Impact Days	Average Daily Occupancy Impact	Average Daily Rate Impact	Increase In Room Nights Sold	Increase In Room Nights Sold Per Impact Day	Increase In Hotel Room Revenue (\$M)	Increase In Hotel Room Revenue Per Impact Day (\$M)
Queenstown	LUMA 2023	1-5 Jun 2023	5	2	25%	7%	1,467	733	\$0.41	\$0.21
	Marathon 2023	18 Nov 2023	1	10	10%	12%	4,240	424	\$2.69	\$0.27
	LUMA 2024	30 May - 3 Jun 2024	5	2	18%	3%	1,066	533	\$0.28	\$0.14
Brisbane	FIFA Women's World Cup	22 Jul - 12 Aug 2023	22	20	11%	12%	32,945	1,647	\$16.87	\$0.84
	NRL Magic Round 2023	5-7 May 2023	3	5	23%	46%	12,833	2,567	\$9.56	\$1.91
	Pink Concert February	16-17 Feb 2024	2	3	14%	42%	6,346	2,115	\$6.54	\$2.18
	Pink Concert March	19 Mar 2024	1	3	14%	21%	6,859	2,286	\$4.04	\$1.35
	NRL Magic Round 2024	17-19 May 2024	3	4	28%	65%	15,180	3,795	\$14.29	\$3.57
Sydney	Vivid Sydney 2023	23 May - 17 Jun 2023	26	12	9%	8%	36,891	3,074	\$18.32	\$1.53
	FIFA Women's World Cup	20 Jul - 20 Aug 2023	32	27	9%	7%	82,797	3,067	\$38.59	\$1.43
	Pink Concert February	9-10 Feb 2024	2	5	10%	10%	20,560	4,112	\$12.67	\$2.53
	Taylor Swift	23-26 Feb 2024	4	5	12%	46%	22,688	4,538	\$36.35	\$7.27
Melbourne	FIFA Women's World Cup	21 Jul - 6 Aug 2023	17	15	9%	4%	38,177	2,545	\$11.61	\$0.77
	Australian Open 2024	7-28 Jan 2024	22	14	16%	29%	66,542	4,753	\$43.92	\$3.14
	Taylor Swift	16-18 Feb 2024	3	9	19%	38%	53,540	5,949	\$39.89	\$4.43
	Pink Concert Feb	23-24 Feb 2024	2	4	17%	18%	22,103	5,526	\$11.16	\$2.79
	Pink Concert Mar	12-13 Mar 2024	2	3	17%	11%	16,011	5,337	\$5.75	\$1.92
	Australian Grand Prix 2024	22-24 Mar 2024	3	8	24%	59%	57,868	7,234	\$50.06	\$6.26
Perth	Perth Festival	9 Feb - 3 Mar 2024	24	29	21%	13%	76,847	2,650	\$29.88	\$1.03

Table 2: Impact of Events - Other Markets

Source: STR and CBRE

Other Markets - Analysis

The strongest increases in room revenue per impact day across the analysed events were generated by the **Australian Grand Prix** in Melbourne and the **Taylor Swift Concerts** in Sydney and Melbourne. These are high profile short events attracting strong domestic and international visitation. The Australian Grand Prix (Formula 1) is an annual event in Melbourne which drives consistently strong visitor demand whilst the Taylor Swift concerts are one off events. Interestingly, the Taylor Swift concerts in Melbourne resulted in a clear increase in demand across the entire week leading up to the concerts indicating a wider benefit to the city.

In terms of occupancy impact, the highest impact was generated by the NRL Magic Round 2024 in Brisbane where all NRL games for the round are held in Brisbane driving hotel demand from teams and travelling fans. Occupancy rates were 28% higher than our adjusted occupancy rate from this event. Hotel operators clearly gained a better understanding of the strength in demand for this event from 2023 increasing ADR's by 65% in 2024.

Other events which generate strong occupancy impacts include Queenstown's LUMA festival in 2023, The Australian Grand Prix and the Perth Festival. The Perth Festival and LUMA festival are both held in traditionally weaker demand periods to drive off peak demand.

Vivid Sydney was introduced in 2009 and has been held annually in May and June. Our analysis indicates an occupancy impact of 9% and ADR impact of 8% with demand strongest during the first week of the event and subsequent weekends, there is no midweek impact following the first week and hence the impact days are lower than the event days in this case. Vivid is an important feature of Sydney's event calendar being held across three weeks of Sydney's low season. We estimate room demand from the event of 36,891 generating additional room revenue of \$18.32m.

Melbourne is arguably the most successful Australasian market in regard to events with a regular schedule of major annual events and strong demand from artists to hold concerts at the range of venues. Chart 3 shows the hotel performance through Q1 2024 where a number of events were held in the city.

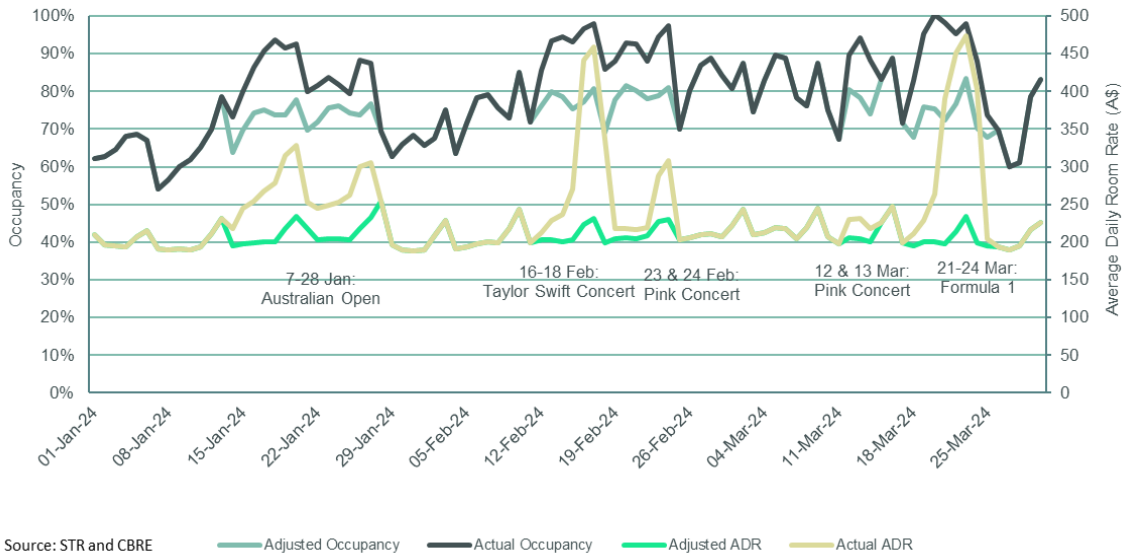


Chart 3: Melbourne Daily Occupancy and ADR Q1 2024

Qualitative Research

In preparing this report, CBRE held discussions with hotel industry participants to garner a wider understanding of the importance of events on the hotel industry in a city like Auckland.

We met with Daniel Oh, Vice President Operations New Zealand and Fiji at Accor; Marcus Reinders, CEO at NZ Hotel Holdings and James Doolan, Strategic Director of Hotel Council Aotearoa.



Daniel Oh

Vice President Operations -
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Marcus Reinders

CEO - NZ Hotel Holdings



James Doolan

Strategic Director - Hotel
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Qualitative Research – Question 1

**CBRE**

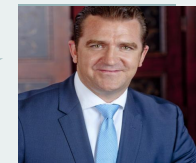
How important are city wide events to the hotel industry in a city like Auckland?

In the current environment, with all the newly developed supply which has entered the Auckland market, we need the assistance of the events to help fill the rooms. It's supply and demand, we are currently oversupplied, and we need events to drive demand during the months that currently have capacity.



Daniel Oh

There's no doubt that when we have city events in periods of compressed demand it is harder to capitalise on them however in quieter periods, especially in winter, the effect that an event will have on the city is very noticeable. I think with the additional supply in the Auckland market, there's two key demand drivers missing, the convention centre hasn't opened as planned and there are no events going on right now. These have compounded and left us in a situation where the lack of the events is very noticeable in hotel demand.



Marcus Reinders

Qualitative Research – Question 2



CBRE

Who should be responsible for ensuring a regular calendar of major citywide events?

It is orthodox economics for a central agency to support event attraction and destination marketing. A central agency can pitch for major events far more optimally than if the job is left to diverse private businesses that are otherwise vigorously competing with each other. Without a central agency taking the co-ordinating role for winning major events, there is market failure because opportunities are missed that would otherwise deliver net benefits for the entire economy. Even the most competitive and market-driven economies recognise that there is a role for central agencies to play in event attraction and destination marketing.



James Doolan

Qualitative Research – Question 3

**CBRE**

In what way should the cost of procuring and hosting events be funded?

Alongside hotels, the economic beneficiaries of major events include bars, restaurants, taxi and ride-sharing businesses, airlines, retailers, event promoters and numerous others. Since the entire economy benefits, broad-based revenue-raising tools such as general rates, business rates and geographic targeted rates are the best and fairest tools currently available to local authorities in New Zealand. There are good arguments that central government is already the main beneficiary from all tourist spending, including major events. Central government collects 15c on top of every dollar spent in New Zealand at major events, contributing to almost \$4 billion in tourism GST each year (pre-COVID). Tourism essentially cross-subsidises other areas of central government spending. There is plenty of headroom for greater investment back into the sector.



James Doolan

Events that attract domestic demand need funding assistance the local council as it has economic value for the city, however events like international events that would attract people into the country would assistance from by central government particularly in the initial stages of pitching for the events. The mechanism of it needs to developed in the form of a levy. A lot of countries have such a structure, Singapore does it, some states in America do it, so there is funding model out there. I cannot see such a levy impacting demand if it is reasonable like 1% to 2 % of revenue, and ideally it is levied on everybody who benefits, not just hotels. If there was a levy on all the tourism industry it would help significantly.



Daniel Oh

Qualitative Research – Question 4



CBRE

How can the hotel industry could better leverage off large events?

I think as a group we could be more of a voice in terms of helping put forward a more compelling offering to those pitching for events, so if it's an individual city or central government, they should include bodies like Hotel Council Aotearoa on that decision-making process. We all obviously have our own properties to fill, however at the end of the day the whole industry benefits from the events so we can collectively approach the event organisers as one voice and be included at the decision-making table.



Marcus Reinders

Qualitative Research – Question 5

**CBRE**

Are there any examples of other regions that are particularly successful at attracting events?

Whilst Melbourne does a fantastic job obviously, the other city that I've recently been looking at is Adelaide. Adelaide is starting to really push themselves hard on events that they're doing a great job, their local authorities are very passionate about tourism for that state. I think we can learn a lot from that. Internationally, you really can't go past cities like Singapore that have an amazing event calendar because they have invested meaningfully in both tourist attractions and major events.



Marcus Reinders

Melbourne has long been regarded as the perfect example of a city that invests heavily in event attraction and is reaping the rewards. Other Australian cities, such as Adelaide and Brisbane are following suit. Adelaide is similarly sized to Auckland (in fact, slightly smaller), but it appears to have a much more coherent strategy around event attraction than any New Zealand city. New Zealand is a bucket-list destination for many international travellers and is an appealing host-city for large professional/medical conferences and incentive travel. Building a pipeline of these events requires hard work to establish relationships with key associations and meeting planners offshore. Often these events go “below the radar” in the host city, but that’s perfectly fine. Not every successful event needs to be a high-profile sporting event or well-known international pop star. Rugby league’s “State of Origin” generates massive economic value over three nights in Australia. It’s a shame that something similar isn’t part of the calendar for New Zealand rugby and cricket, with Auckland being the obvious host.



James Doolan

Conclusion

It is critical that council and government actively maintain a regular calendar of differing events and work with the hotel industry to ensure the benefit of such events is maximised.

Citywide events drive increased demand for hotel rooms due to increased visitation and allow hotel operators to increase rates and improve profitability. The benefit of events is higher in low and shoulder season with events in high seasons often resulting in crowding out of demand due to supply constraints during these periods. A range of events across, sporting, cultural and business sectors allow for a city to target a diversified mix of visitors ensuring consistent success in attracting visitors.

Increasing visitors to a city through events not only generates demand for hotel rooms but also drives an economic boost with visitors spending on the transport, hospitality, retail and tourism sectors. Visitors also provide a vibrancy to a city with large groups of typically energised and positive people adding flair to the CBD. Having these groups of visitors in a city regularly makes for a more enjoyable place to live and work for locals, supports CBD businesses and improves the profile of a city both locally and internationally.



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