

NEW ZEALAND HOTEL MARKET SNAPSHOT | OCTOBER 2021

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Market Commentary and Insights – October 2021

What a difference a Quarter makes!

The opening statement of our July market update; *"The New Zealand Hotel sector continues its pathway to recovery ..."*

It only takes a brief look at the adjoining graph to see that something dramatic has occurred over the past few months to suggest this statement is no longer relevant.

A delta outbreak in August has postponed what was looking like a very healthy recovery during H1 2021; which saw strong domestic demand and the opening of the trans-Tasman bubble.

Unfortunately, the entire Country went into an Alert level 4 lockdown for two weeks from 17 August with Auckland remaining at this level until 21 September (5 weeks) when it dropped to an Alert level 3 semi-lockdown.

The remainder of the Country remained at Alert level 3 before moving to Alert level 2 on 21 September, although regional outbreaks have seen some areas move back to level 3 over recent weeks.

With ongoing case numbers occurring (primarily in the Auckland region), the Government has acknowledged an elimination strategy is over and is now focusing on fully vaccinating 90% of the population above 12 years of age. This is likely to take a further 4 to 8 weeks, meaning some restrictions will remain in place until then; including domestic travel in and out of Auckland.

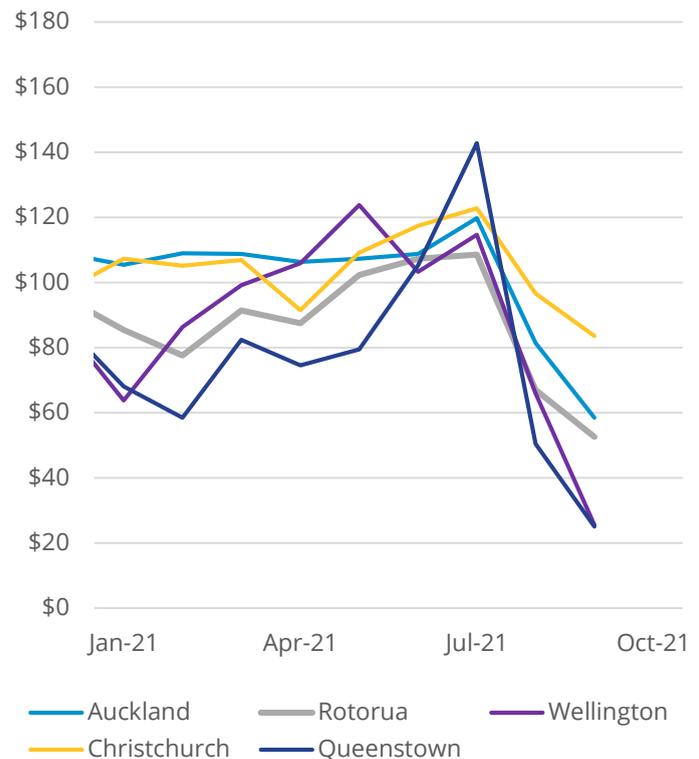
What this means for the Hotel Sector.

With ongoing travel limitations and international borders likely to now remain closed until at least Q1 2022, this will significantly impact the performance of many hotel assets across NZ.

At this stage, it looks as though the remainder of 2021 will be challenging with any further recovery now delayed until the first quarter of 2022.

Investment demand remains robust, albeit there have been no significant sales announced in the past quarter.

**NZ Hotel Monthly RevPAR
YTD Sep 2021**



Source: Hotel Data New Zealand (HDNZ)

YTD 30 September 2021 Key Findings:

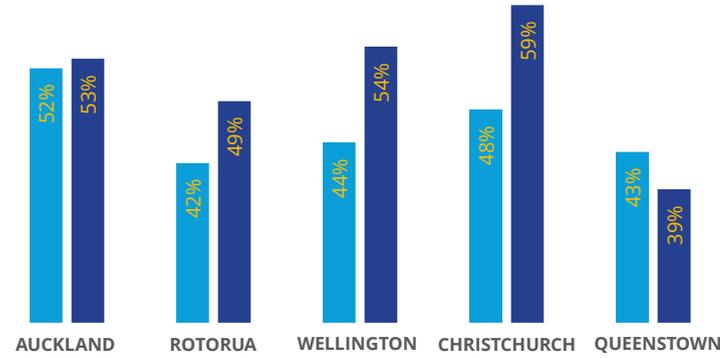
- The majority of regions have witnessed significant RevPAR improvement over the corresponding period in 2020 with the exception of Queenstown and Auckland;
- Christchurch and Rotorua saw the highest improvement at 34.4% respectively followed by Wellington (24%);
- Occupancy rates range between 50% and 60% in all regions with the exception of Rotorua (49%) and Queenstown (43%);
- Average rooms rates have remained firm across the Country sitting in a tight band between NZ\$160 and \$190;

NEW ZEALAND HOTEL MARKET PERFORMANCE SNAPSHOT | Q3 2021

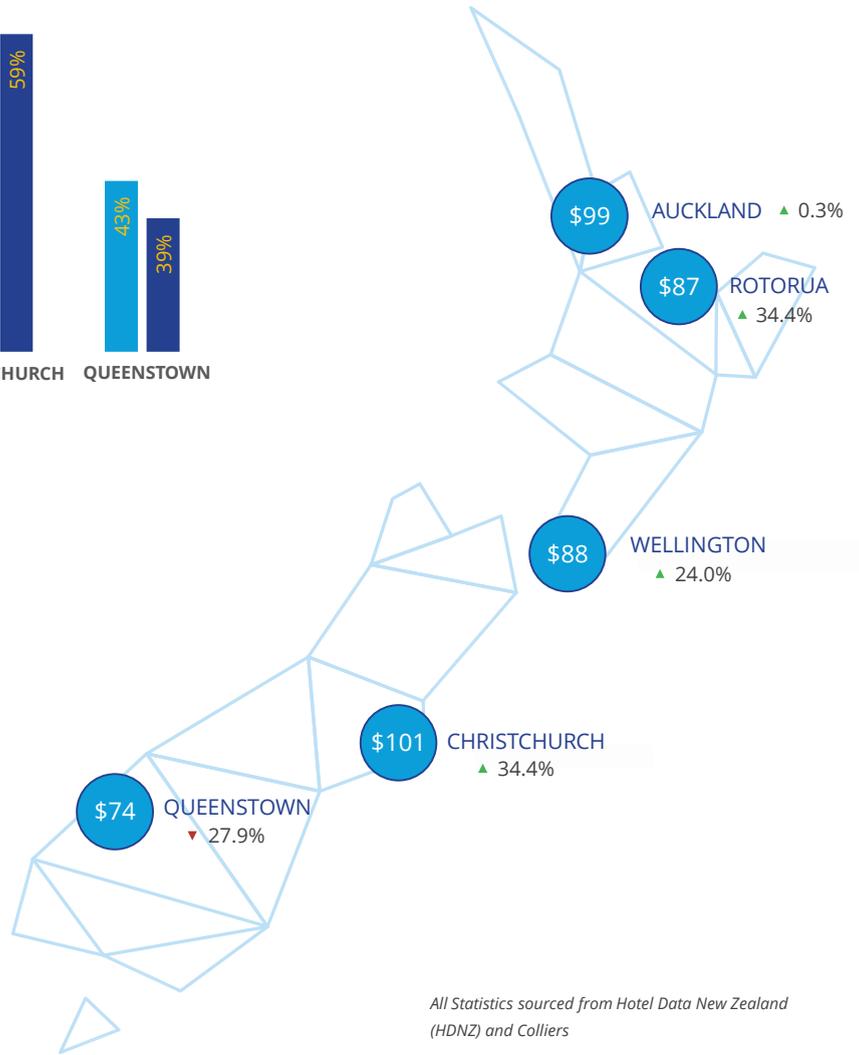
OCCUPANCY | YTD SEP

■ 2020 ■ 2021

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



REVPAR | YTD SEP 2021



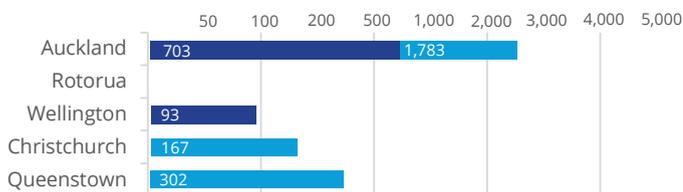
ADR | YTD SEP

■ 2020 ■ 2021



SUPPLY | AS AT SEP 2021

■ Rooms completed YTD Sep 2021
■ Rooms currently under construction



*Rooms only include 3-5 star hotels above 70 rooms

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

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