



Horwath HTL

Hotel, Tourism and Leisure

New Zealand Hotels Performance Focus

Business, Snow and Football drive hotel occupancies

August 2023

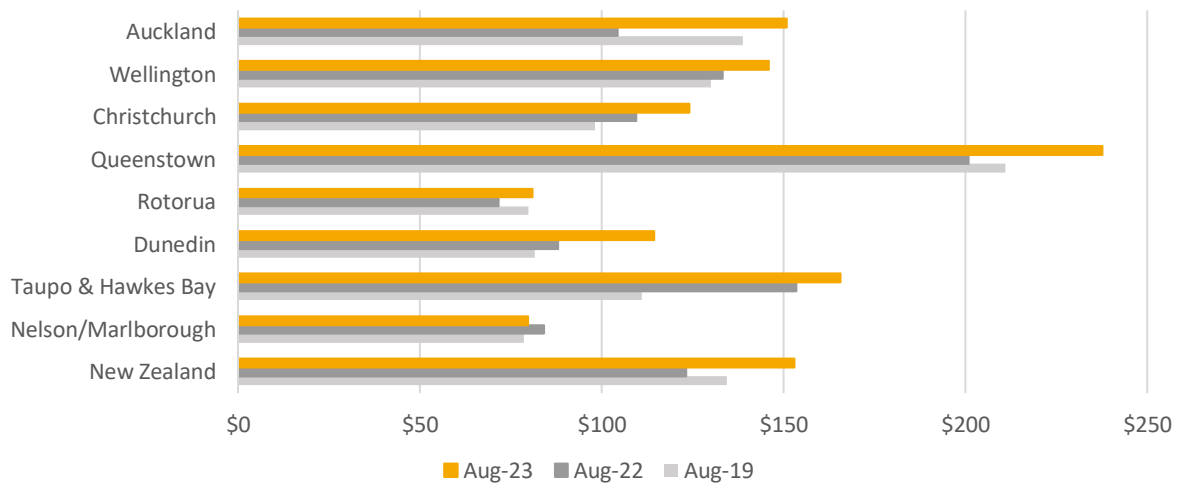


Business, Snow and Football drive hotel occupancies

Revenue Per Available Room (RevPAR) for the main New Zealand hotels in August was 14% up on the same period in 2019 and 24% up on August 2022, according to data reported by Hotel Data New Zealand (HDNZ). The results were again positively influenced by the FIFA Women’s World Cup, particularly in Auckland and Wellington which hosted seven matches of the final tournament stages during the first two weeks of the month.

After poor snow conditions in July, good snowfall in August resulted in strong accommodation demand in and around major ski areas such as the Queenstown Lakes District.

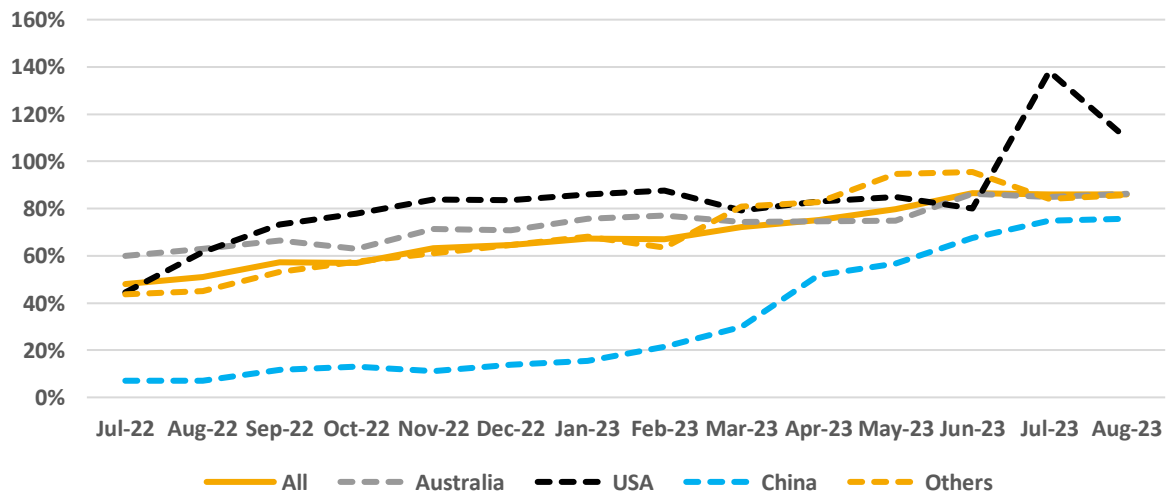
Hotel RevPAR Comparison



(Source: HDNZ)

The number of non-NZ citizen arrivals during the month recovered to 86% of August 2019 levels, according to provisional data from Stats NZ. Border movements remain closely linked to air capacity into the country, which according to Sabre was circa 11% below August 2019 levels. The latest available data also suggests that the recovery is still stronger from those visiting friends and family while those visiting for holiday and business purposes were still circa 20% below 2019 levels during the 4 weeks period to 13 August

Non-NZ Citizen Arrivals vs 2019 by closest overseas country of departure

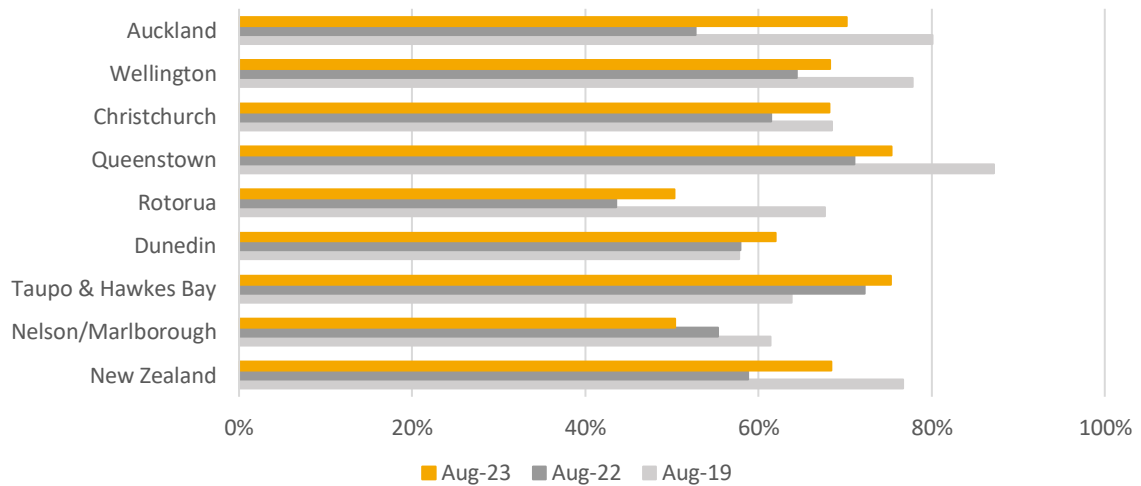


(Source: Stats NZ)

Moreover, the increase in visitor arrivals from the USA only made up for 15% of the shortfall in arrivals from China. So far countries in South-East Asia and Europe seem to have benefited most from the recovery of Chinese tourism. Chinese group travel is also still much weaker than pre-pandemic due to limited air capacity and higher air fares. This has particularly impacted hotels in Auckland and Rotorua which usually rely on much higher numbers of visitors from China during the winter months.

Apart from travel to the ski areas, domestic leisure travel appears to be tapering off with little to no events and continued pressure on household budgets which has ended a period of revenge spending on travel for many New Zealanders.

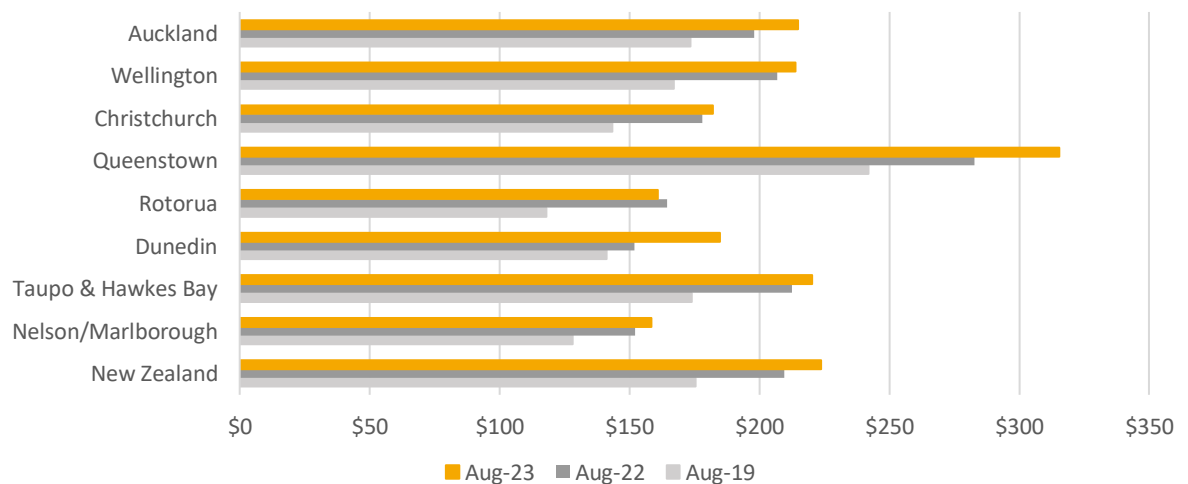
Hotel Occupancy Comparison



Source: HDNZ

Domestic demand related to meetings and other business travel continues to be strong, not only in Wellington and Christchurch, both of which have new convention centres, but also in Auckland and the Taupo/Hawkes Bay areas.

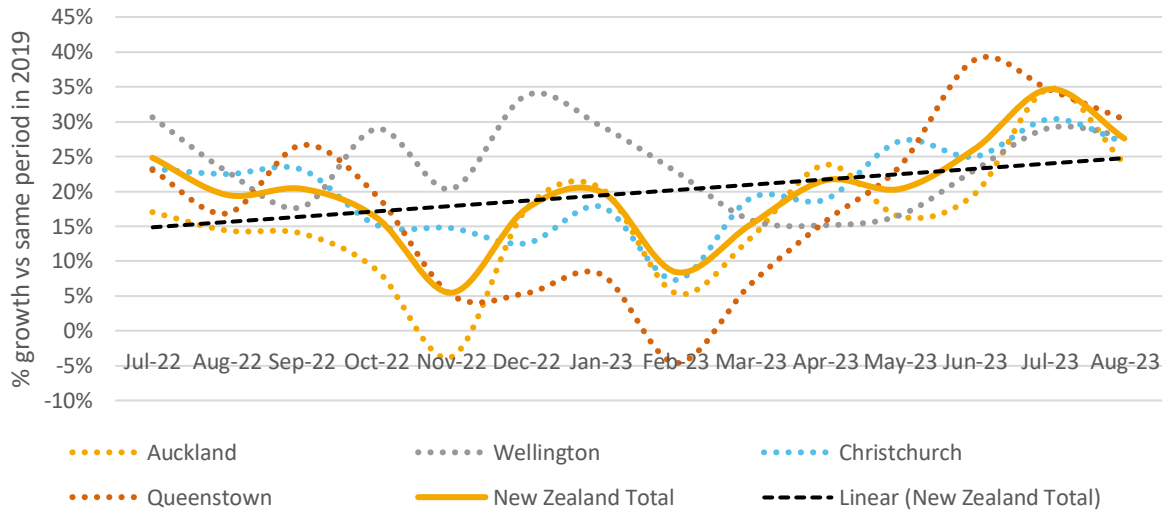
Hotel ADR Comparison



(Source: HDNZ)

Average Daily Rates (ADR) continue to show much needed growth, increasing by 7% compared to the same period last year. Compared to 2019, room rates have grown by 28% with the largest growth in the tours and FIT segments followed by the corporate and meeting segments. Aircrew rates have slightly declined since 2019, reflecting increased competitive pressure in markets with strong supply growth. This growth compares to a 32.8% increase of employees' average hourly earnings in the accommodation and food services industry between December 2019 and the second quarter of this year, according to ANZ economist Henry Russell.

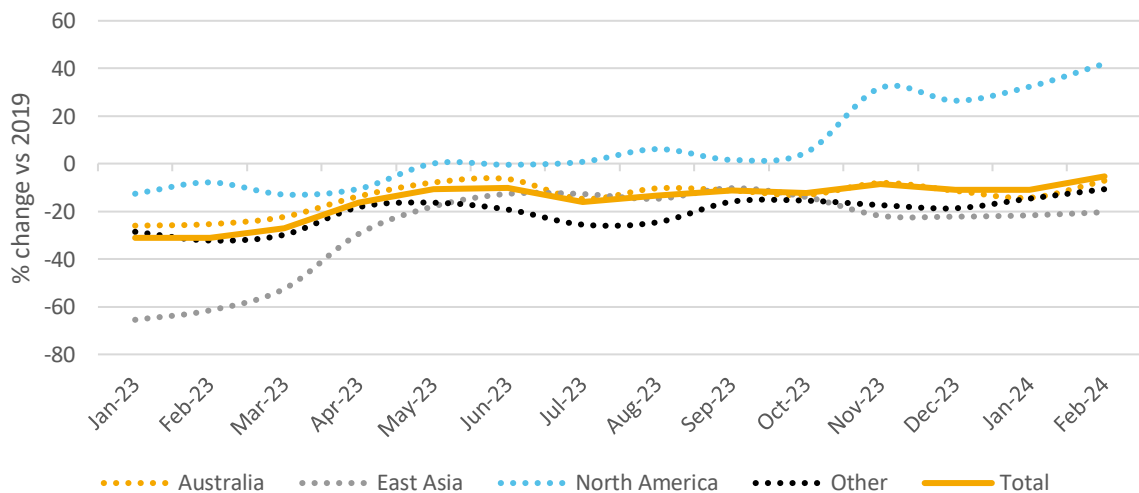
ADR Growth versus 2019



(Source: HDNZ)

Hotel operators generally anticipate a good summer season. Forward bookings look promising and there are high expectations from the North American market from where air capacity is projected to be more than 30% above 2019 levels according to Sabre. Yet, total inbound air capacity is still looking to be circa 9% below 2019 levels during the upcoming summer months, based on airlines' intention to fly to New Zealand from regions other than North America.

Change in international arrival flight capacity by origin vs 2019 (Airline intention to fly)



Source: Sabre

To restore and grow the share of international visitors staying in our hotels, air connectivity is vital, just as it is for the overall tourism industry and the country's economic growth. With airlines allocating capacity based on expected demand and competition for the tourism dollar increasing around the world, it needs a lot more than relying on New Zealand's current reputation for tourism to fully recover and flourish.

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About Hotel Council Aotearoa (HCA)

Hotel Council Aotearoa (HCA) is New Zealand's dedicated industry body for hotels and hoteliers. HCA currently represents more than 140 New Zealand hotels; comprising over 15,600 guest rooms or 5.6 million available room-nights per annum. Alongside airlines, airports and transport infrastructure, hotels are key tourism infrastructure without which New Zealand would be unable to attract high value international travelers.
www.hotelcouncilaotearoa.com

About Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global brand with 52 offices in 38 countries, who have successfully carried out over 30,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

We are Horwath HTL, the global leader in hotel, tourism and leisure consulting.

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