



Horwath HTL

Hotel, Tourism and Leisure

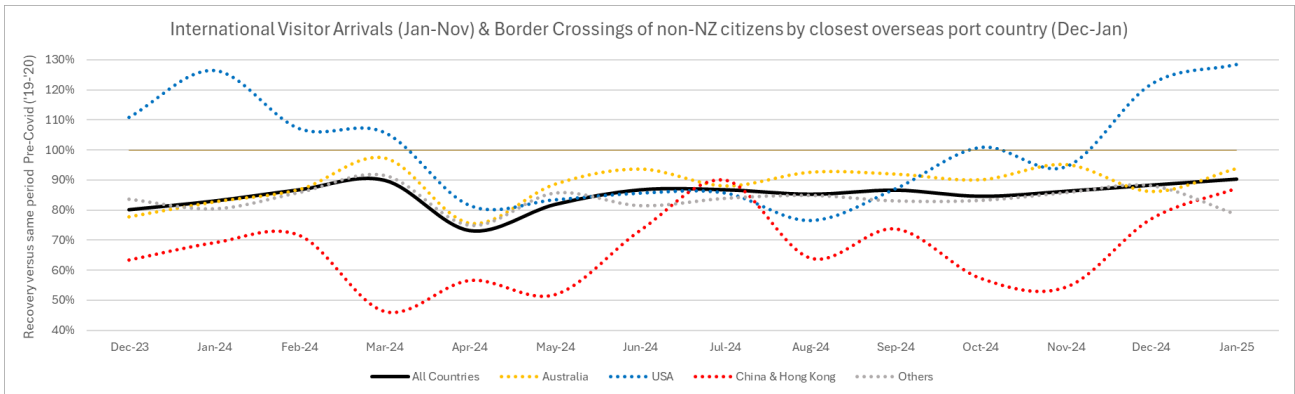
New Zealand Hotel Performance Focus

Summer Smiles

December 2024 – January 2025



The first summer months of 2024/25 marked a period of steady recovery for New Zealand’s tourism sector. Total border crossings of non NZ residents in December and January increased by 9.5% year-on-year. Visitors arriving from Australia rose by 12%, while strong growth was also seen from China (up 24%), the USA (up 6%), and Singapore (up 8%). Despite this progress, international arrivals remained 11% below pre-COVID levels, with key markets such as China and Australia still recovering. Arrivals from China, for example, were 18% below 2019 figures, while those from Australia were down 10%. The USA provided a bright spot, with arrivals 25% above pre-pandemic levels, showcasing the strength of this market, helped by the strong US dollar, improved air connectivity and past promotional activities.

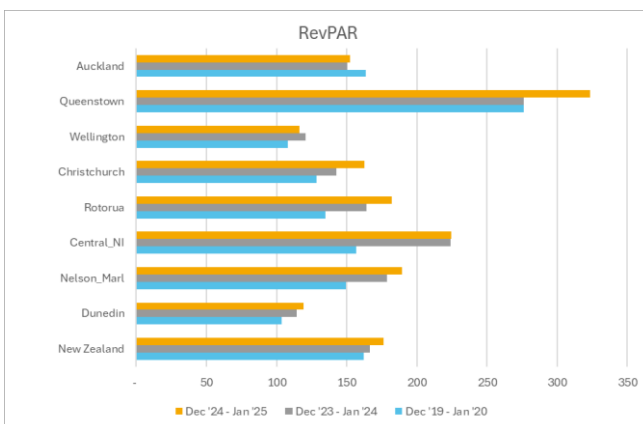


(Source: Stats NZ)

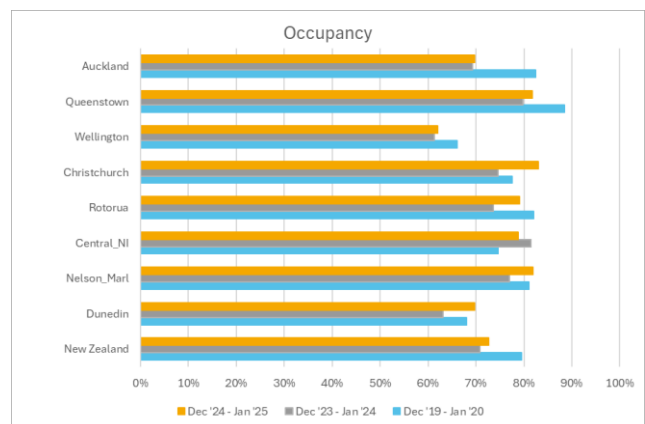
Pending the release of official data, we expect international visitor arrivals for the year 2024 to be approximately 14% up on 2023, but still around 13% below the 2019 benchmark, highlighting the ongoing effects of global economic and geo-political challenges.

In the hotel sector, December 2024 and January 2025 brought modest but encouraging growth. Data from Hotel Data NZ (HDNZ) showed that Revenue Per Available Room (RevPAR) increased by 5.7% compared to the same period 12 months earlier, with January registering particularly strong growth of 8%, higher than the year on year growth of any month during 2024.

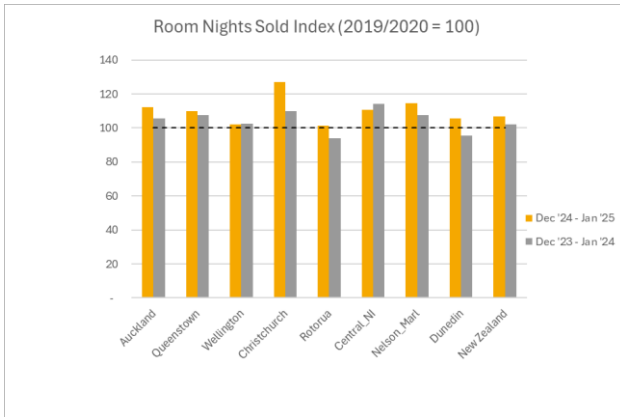
Queenstown led the way with a 17.2% increase in RevPAR, driven primarily by a 14.4% rise in Average Daily Rate (ADR). Occupancy rates in Queenstown reached 82%, reflecting robust demand, and ADR hit a record high of \$397 in January, a 16.3% increase over January 2024. 4.5-5 star properties reported and record ADR of \$511.87 for January. The increased rates are likely to pose some challenges for many owners and operators in maintaining guest satisfaction while continuing to deliver value. Key source markets were Australia, the USA and China, all of which showed strong demand growth.



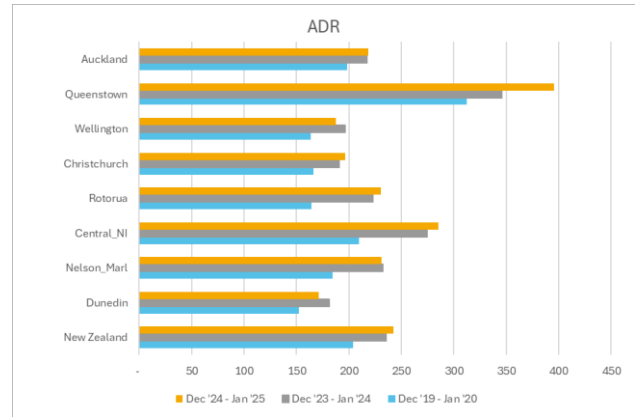
(Source: HDNZ)



(Source: HDNZ)



(Source: HDNZ & Horwath HTL)

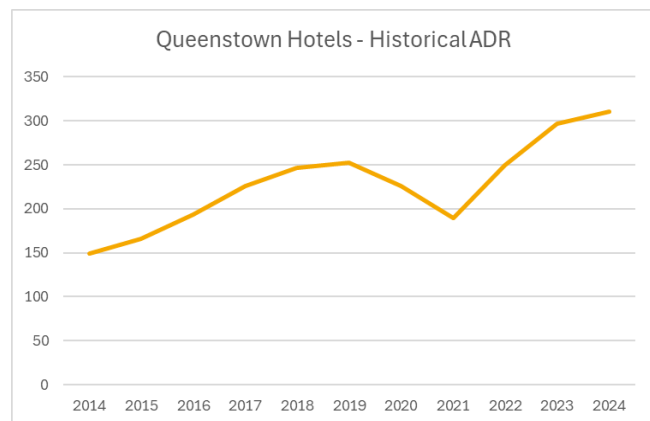


(Source: HDNZ)

Christchurch emerged as another success story, achieving robust growth in occupancy. Room nights sold in Christchurch rose by an impressive 15.4% year-on-year, giving the city the highest average occupancy rate among major markets at 83%. A key driver of this performance was a surge in international visitor arrivals at Christchurch Airport which, according to Stats NZ, saw non-New Zealand resident arrivals increase by 25% compared to the same period last year, boosting its market share from 12.4% to 14.2%. In contrast, Auckland Airport recorded a 6% rise in international border crossings. Christchurch benefited particularly from strong growth in arrivals from Australia (up 26%), China (up 60%), and the USA (up 51%), thanks to increased air capacity and the city's rising status as an appealing destination.

In Auckland, the hotel market demonstrated resilience despite an expanding supply of rooms after the opening of six new hotels during 2024. Room nights sold increased by 6.5% during the summer period and occupancy levels ticked up to 70%, compared to 69% in 2023/24. ADR was flat. Demand was supported by major events such as the annual ASB Classic tennis tournament and the Sail GP event in January.

Rotorua also performed well, with RevPAR up 11% year-on-year, driven primarily by higher occupancies rather than ADR increases. Rotorua hotels reported a 54% increase in guests from the USA and solid domestic demand. While markets like Rotorua and Christchurch relied on filling rooms to boost revenues, Queenstown's ability to command premium rates underscored its unique position in the broader New Zealand market. During the period 2014-2024, ADR has grown at a Compound Average Growth Rate of 7.6%.



(Source: HDNZ & TIA)

Looking ahead to 2025, the first two summer months reflect cautious optimism. However, challenges persist, with full recovery of international visitor arrivals now expected by 2027. For Auckland hotels, the NZICC opening has been delayed once again to March 2026. Meanwhile, economic growth and government-related demand will shape domestic-focused markets such as Wellington, Dunedin, and the Central North Island, while many potential domestic leisure travellers will be looking for lower airfares to fit their budgets.

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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 145 New Zealand hotels; comprising almost 19,000 guest rooms or 6.9 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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