



Horwath HTL

Hotel, Tourism and Leisure

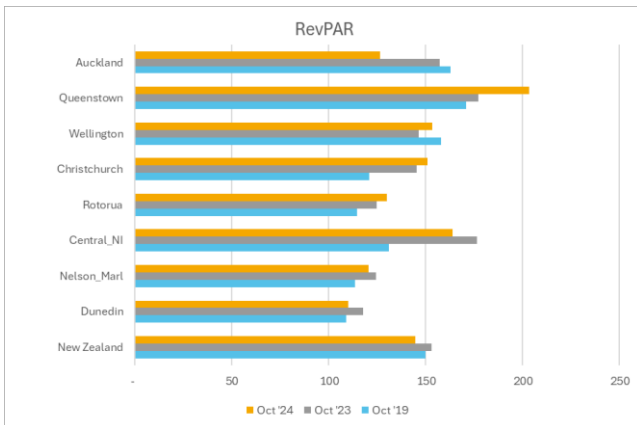
New Zealand Hotel Performance Focus

Queenstown Shines, Auckland Struggles

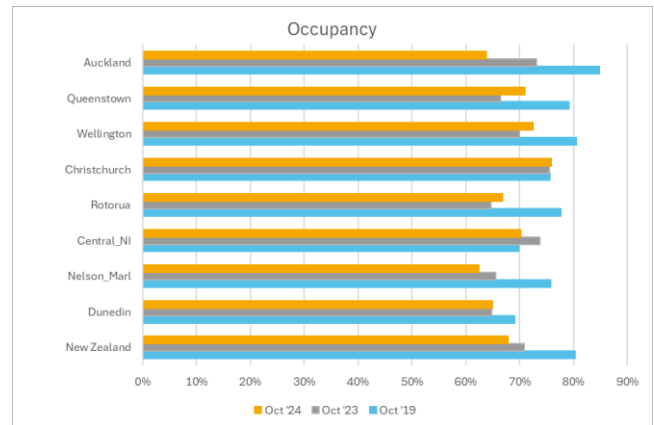
October 2024



According to the latest Hotel Data New Zealand (HDNZ) statistics, RevPAR for **New Zealand** hotels in October fell by 5.4% compared to the same period last year, though performance varied significantly by market. Queenstown saw RevPAR growth of 14.8%, while Auckland hotels reported a decline of 19.5%.



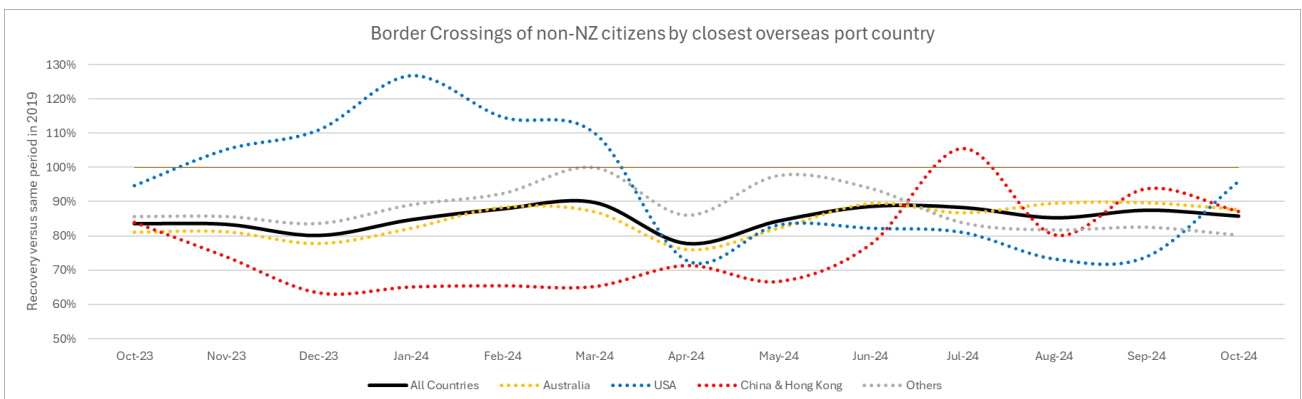
(Source: HDNZ)



(Source: HDNZ)

National RevPAR in October remained 3.5% below 2019 levels, with total room nights sold yet to fully recover. Over the past five years, hotel supply has expanded by approximately 6,800 rooms per night. This increase, along with the lag in room night recovery, has contributed to a 12.5 percentage point decline in occupancy levels compared to the same period in 2019.

Hotels across much of the country continue to experience the effects of the economic downturn and a sharp decline in government-related travel, compounded by Air New Zealand’s engine issues, which have affected domestic capacity and driven up airfares. According to Air New Zealand, government travel in some markets has dropped by as much as 30%.

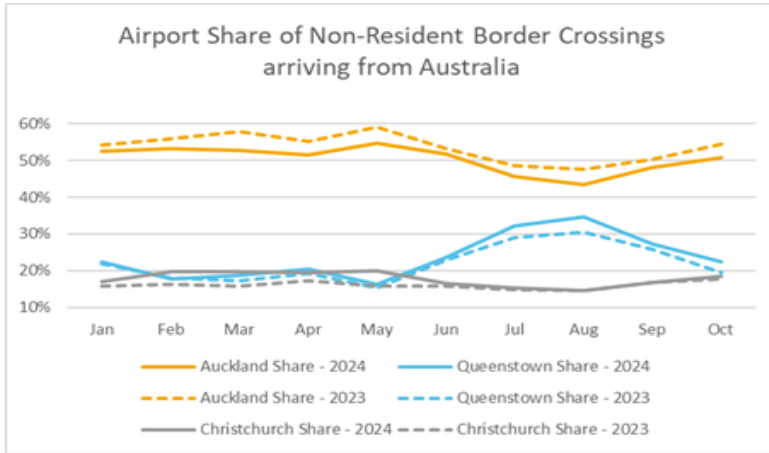


(Source: Stats NZ)

Recovery of **international visitors** has also slowed, with October arrivals by non-New Zealand residents at 86% of 2019 levels, a slight decline from September’s 88% and just above the 84% recovery reported a year ago. While arrivals from the USA saw improvement, recovery from countries such as Australia and China has still some way to go.

Auckland's hotel market again faced considerable challenges in October. Occupancy fell from 73% in October 2023 to 64%, while ADR decreased by 7.8% to NZD 198, leading to a RevPAR decline of 19.5%. This underperformance is attributed to an oversupply of rooms, with a 7.9% year on year increase in inventory, and declining demand from both international and domestic travellers.

Statistics New Zealand reported a 2% decrease in non-resident arrivals through Auckland Airport. The airport has experienced a loss of market share to Christchurch and Queenstown, especially for flights from Australia as illustrated in the next chart. Room nights sold in Auckland declined by an estimated 6% compared to the same period last year. HDNZ reported declines of domestic room nights as well as those from markets such as such Australia, China and key market segments such as business & meeting related travel, leisure groups and aircrew. Despite October events such as the Diwali Festival, demand remained insufficient to drive growth. November is expected to see increased occupancy levels, assisted by three high-profile Coldplay concerts and a growth of international visitors.



(Source: Stats NZ)

In contrast to Auckland, **Queenstown** continued its strong recovery with occupancy rising to 71%, up from 66% in October last year.

ADR increased significantly by 7.4% to NZD 286, resulting in a RevPAR surge of nearly 15%.

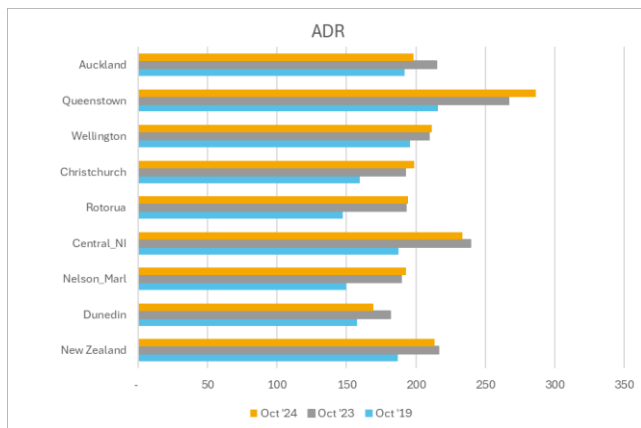
Queenstown airport reported a 9.4% increase in passenger arrivals for the month compared to October 2023. Passenger volumes exceeded pre-covid levels by 13%.

Christchurch recorded steady growth with occupancy increasing slightly to 76% and ADR rising by 3.3% to NZD 199, translating to a nearly 4% increase in RevPAR.

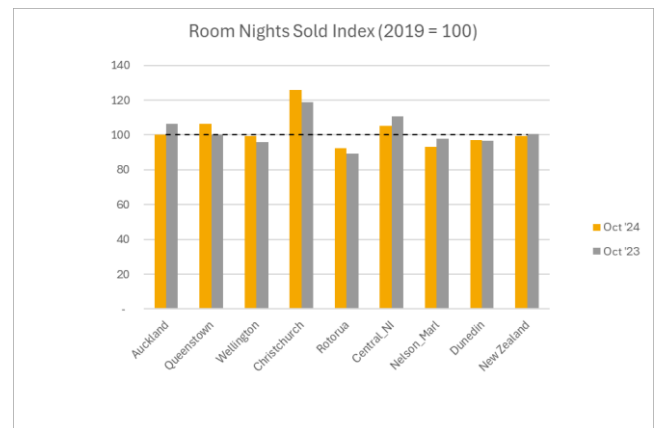
Non-resident arrivals at Christchurch Airport grew by 12%, according to Statistics New Zealand, and further seat capacity increases have been announced for upcoming months. These trends point to sustained growth and increased demand heading into the peak season.

Wellington experienced moderate gains, with occupancy rising from 70% to 73% and ADR slightly increasing to NZD 211. Events such as The World of Wearable Arts and the Wellington Jazz Festival attracted additional visitors. There is a feeling that stabilization in government restructuring announcements may contribute to reducing uncertainty in business and government-related travel.

Rotorua saw modest improvements in both occupancy and ADR. However, the market continues to face challenges due to reduced visitor numbers from China and other Asian countries, which, before COVID-19, accounted for 26% of total room nights but represented less than 14% in October 2024. This shortfall has been partially offset by an increase in domestic travel.



(Source: HDNZ)



(Source: HDNZ & Horwath HTL)

The coming months are expected to be crucial for the New Zealand hotel industry, as airlines plan to expand long-haul capacities to accommodate the summer season, potentially boosting demand across key markets during the peak holiday period. The industry remains optimistic about an increase in international and domestic visitor flows, which could support higher occupancy and revenue levels moving forward.

Horwath HTL New Zealand
PO Box 628
Shortland Street
Auckland 1140
New Zealand

Contact:
Wim Ruepert
+64 21 371 653
wruepert@horwathhtl.com



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.

Horwath HTL Global Offices

AFRICA

Rwanda
South Africa

ASIA

PACIFIC
Australia
China
India
Indonesia
Japan
Malaysia
New Zealand
Singapore
Thailand

EUROPE

Albania
Andorra
Austria
Croatia
Cyprus
Germany
Greece
Hungary
Ireland
Italy
Netherlands
Norway
Poland
Portugal
Serbia
Spain
Switzerland
Turkey
United Kingdom

LATIN

AMERICA
Argentina
Brazil
Chile
Dominican
Republic
Mexico

MIDDLE

EAST
UAE & Oman

NORTH AMERICA

Atlanta, GA
Denver, CO
Los Angeles, CA
New York, NY
Oregon, OR
Orlando, FL
Scottsdale, AZ
Montréal, Canada
Toronto, Canada

www.horwathhtl.co.nz