



**Horwath HTL**

*Hotel, Tourism and Leisure*

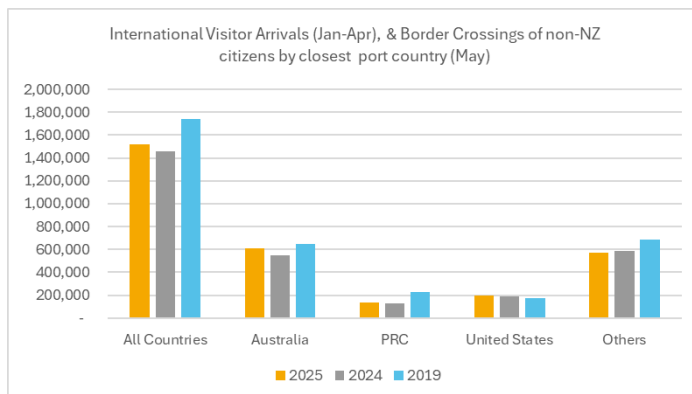
# New Zealand Hotel Performance Focus

Bright Spots in Tough Times: Queenstown, Rotorua,  
and High-End Hotels Outperform

**May 2025**



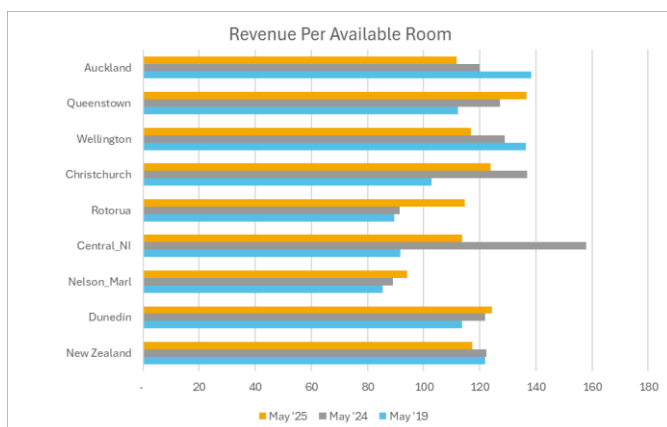
May 2025 brought another month of mixed results for New Zealand's hotel sector, with nationwide performance reflecting both ongoing challenges and areas of positive momentum. According to data from Hotel Data New Zealand (HDNZ), hotels nationwide recorded a 4.2% year-on-year decline in Revenue per Available Room (RevPAR) in May, driven by a 1.5% drop in occupancy and a 1.8% decrease in the average daily rate (ADR). This overall softness was again most evident in Auckland and Wellington, which continue to weigh on the national average. Nevertheless, despite Queenstown's continued growth, the combined performance of all other markets remained negative across all key metrics.



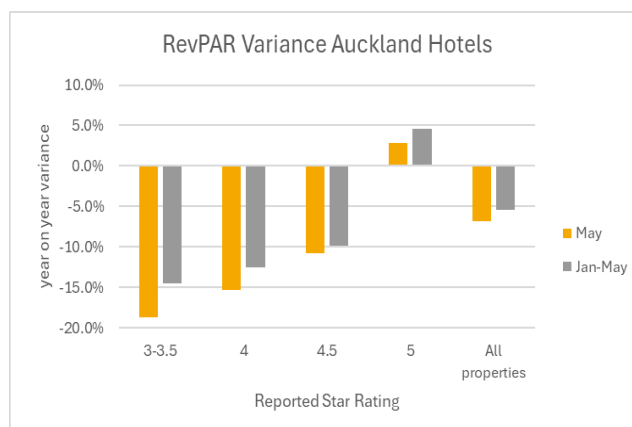
(Source: Stats NZ)

International visitor arrivals offered a notable highlight, with border crossings by non-New Zealand residents in May up 5% year on year, reaching 89% of pre-pandemic May 2019 levels. The ongoing recovery from the People's Republic of China (including Hong Kong) was particularly significant, with arrivals increasing 31% year on year. However, according to the latest Stats NZ reports on international visitor arrivals by purpose of travel for the year to April 2025, arrivals for business, conferences, or holidays, key segments for hotel demand,

recovered to just 83.5% of 2019 levels. Arrivals from China reached just 53% of 2019, while Australians returned at 92% and Americans at 115%. The government's recent announcement of a trial allowing Chinese tourists travelling from Australia with a valid Australian visa to enter New Zealand without needing a New Zealand visa is a positive step to support the recovery of Chinese visitor arrivals. Similar regulation for other nationalities could be an additional stimulus for tourism recovery.



(Source: HDNZ)



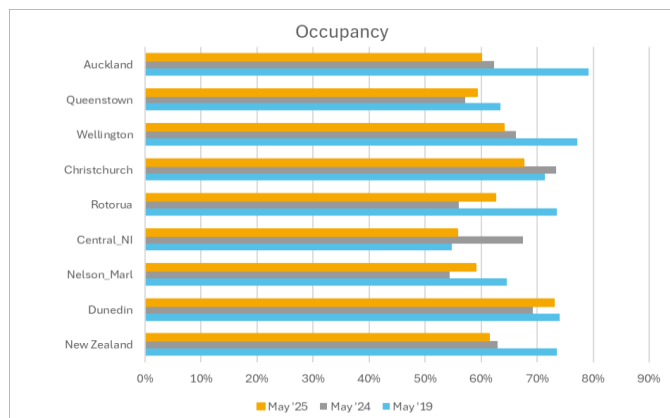
(Source: HDNZ)

Auckland's RevPAR dropped 6.8% year on year, but this headline figure hides significant differences between hotel categories. The decline was concentrated in the 3-4.5 star segment, while 5-star and luxury hotels moved against the trend, recording a RevPAR increase. Room nights sold in Auckland were up 1.9% compared to last year, even as supply expanded by 807 rooms (a 5.8% increase), with 528 of these new rooms in the 5-star category.

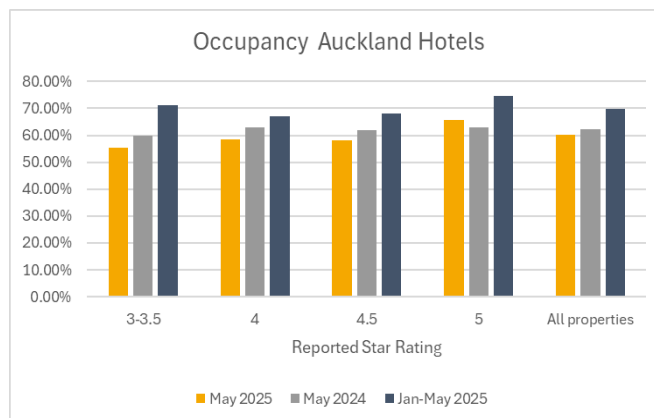
Despite this influx of new supply, Auckland's 5-star hotels reported the highest occupancy of any category at 65.6%, up 2.5 percentage points year on year, and achieved a 2.8% RevPAR increase.

These results\*, suggest that demand is shifting in favour of the 5-star segment, which has nearly doubled in supply over the past six years yet continues to outperform other categories. While ADR across all Auckland hotels dropped by 3.3%, the 5-star category saw a more modest 1.1% decline. Year-to-date figures reinforce this pattern, with 5-star hotels outperforming 3-4.5 star hotels, both against 2024 and pre-COVID'19 benchmarks.

\* results exclude Hotel Indigo and the Park Hyatt which did not report to HDNZ

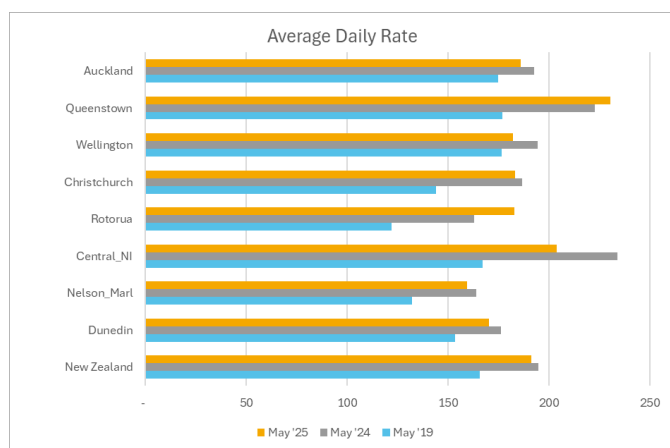


(Source: HDNZ)



(Source: HDNZ)

Queenstown hotels echoed this premiumisation trend. Year to date, 4.5-5 star properties posted a RevPAR growth of 15.4%, more than double the 6.8% growth seen in the 3-4 star segment. In May, despite occupancy levels remaining below 60%, 4.5-5 star hotels managed to lift ADR by 7.4%. Over the course of the year, their ADR has climbed 14%, again, more than twice the rate of their midscale counterparts.



(Source: HDNZ)

Wellington, by contrast, continued to face headwinds. RevPAR fell 9.5% year on year, driven by weaker domestic corporate and government-related travel.

The city has now recorded RevPAR declines in 10 of the past 12 months, amounting to a cumulative 10.2% fall over the year to May. While the new Tākina convention centre hosted five multi-day conferences or large dinners in May, totalling 2,866 delegate days, this activity was not enough to offset broader declines.

Christchurch also experienced a challenging month. With fewer conferences and a 4% increase in supply, both occupancy and RevPAR declined, the latter by 9.5%, the sharpest drop in the past year. The 3-4 star category was particularly affected, with an 18% RevPAR decline, as all new supply entered this segment.

Rotorua stood out as a bright spot, reporting a 25% year-on-year increase in RevPAR, driven by both higher occupancy and ADR. This surge was underpinned by the successful staging of TRENZ, New Zealand's largest international tourism business event, which attracted tourism operators and buyers from around the world.

Elsewhere, the Central North Island saw a marked decline in conference and events business, leading to fewer domestic and Australian visitors and impacting both occupancy and ADR. Year-on-year comparisons may be skewed by an increase in reporting properties, with five additional small to mid-sized hotels adding 188 rooms to the reporting pool, a 43% increase.

In summary, May 2025 highlighted the ongoing changes in New Zealand's hotel market. While international arrivals and the luxury segment showed encouraging signs, overall performance remained subdued, particularly in the country's largest cities. The data indicates shifting market dynamics, with demand increasingly concentrated at the top end, while regional and midscale operators continue to face challenges due to weak consumer and business confidence and the broader economic situation.

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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 255 New Zealand hotels; comprising almost 27,350 guest rooms or 9.98 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 travellers. [www.hotelcouncilaotearoa.com](http://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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