Horwath HTL

Hotel, Tourism and Leisure

New Zealand Hotel Performance Focus

Turning the Corner or Treading Water?

June 2025

HCA
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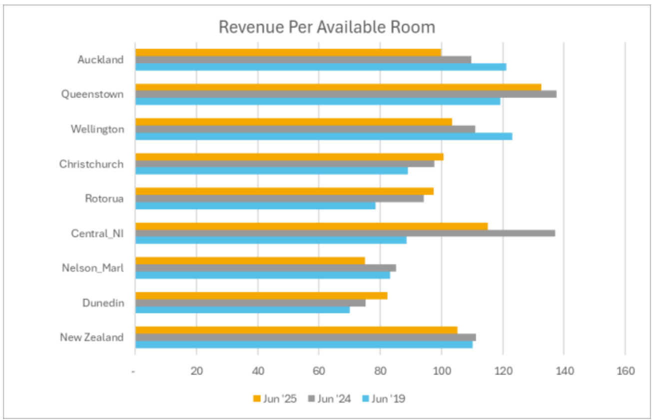
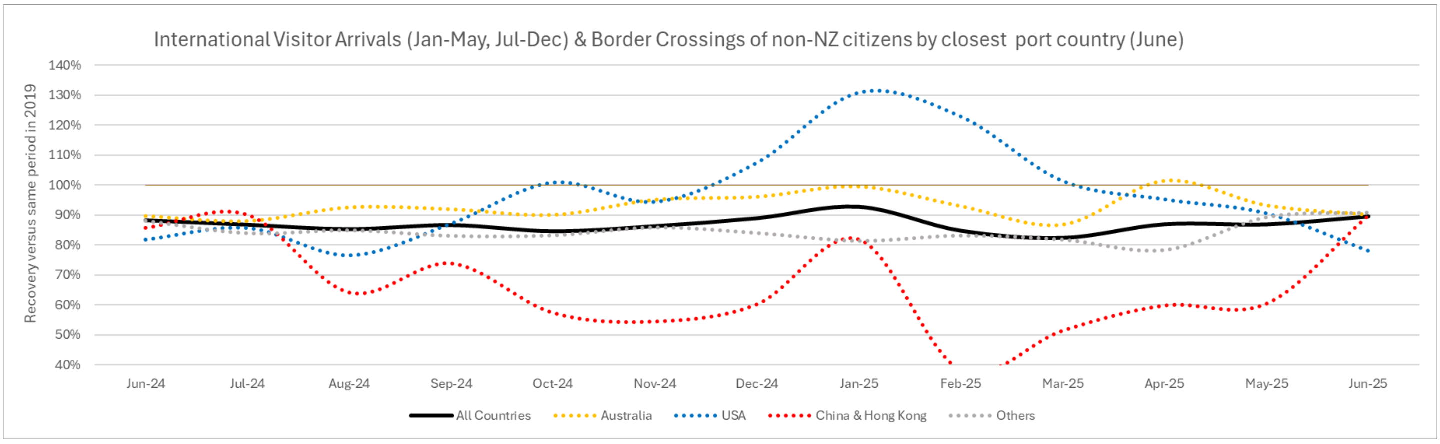


(Source: HDNZ)

The New Zealand hotel sector faced a challenging June, with market performance reflecting ongoing pressures in both domestic and international demand. RevPAR (Revenue per Available Room) across the country declined by 5.4% compared to June of the previous year, driven by a combination of supply increase (2%), fewer room nights sold (-1%) and a decline in average daily rate (-3%). The national occupancy rate averaged 56%, with regional variation ranging from a low of 50% in the Nelson Marlborough area to a peak of 59% in Christchurch.

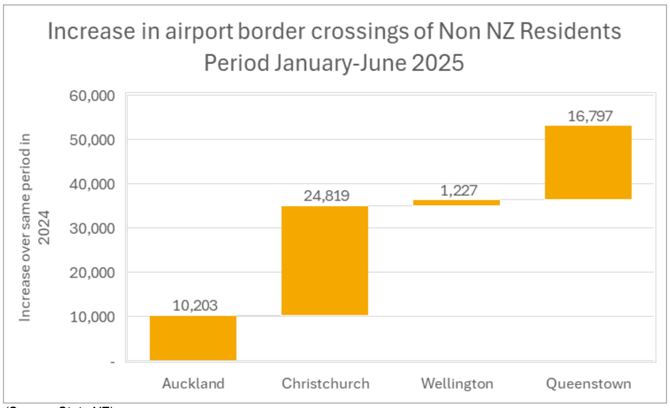
In the five major markets: Auckland, Wellington, Queenstown, Christchurch, and Rotorua RevPAR fell by an average of 5.7% year on year.

Christchurch and Rotorua were notable exceptions, each reporting an uplift in RevPAR. For the first half of 2025, the national picture was one of stagnation, with no overall growth in RevPAR compared to the same period last year. This plateau is the result of sluggish international visitor recovery and persistent softness in domestic demand amidst relatively minor supply increases.

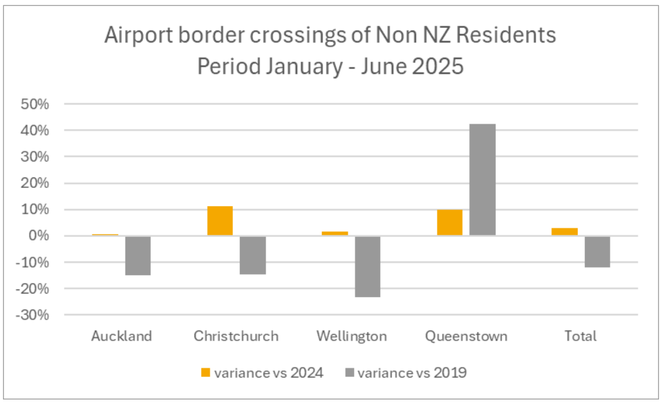


(Source: Stats NZ)

International visitor arrivals, as measured by border crossings of non-New Zealand residents, increased by 1% in June compared to the same month last year and remained 10% below June 2019 levels. Notably, arrivals from Australia were static at 115,000 for the month, despite increased promotional efforts. While official international visitor arrival data for June is still pending, available figures suggest that international arrivals for the year to June were approximately 4% higher than last year, yet still 13% below pre-pandemic benchmarks. The largest gap remains with Chinese visitors, whose arrivals are 35% below 2019, though there has been some recovery in recent months.



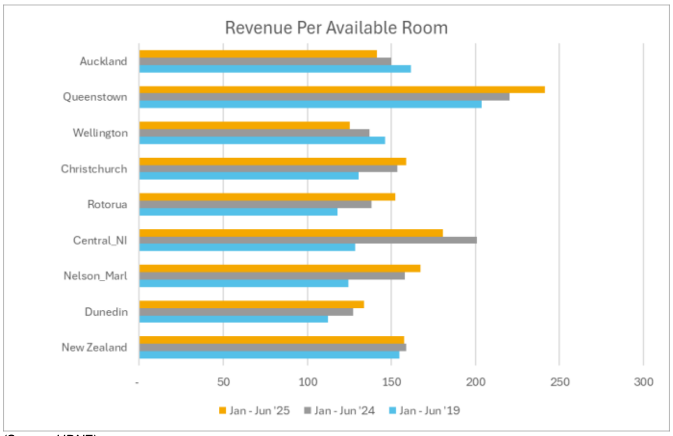
(Source: Stats NZ)



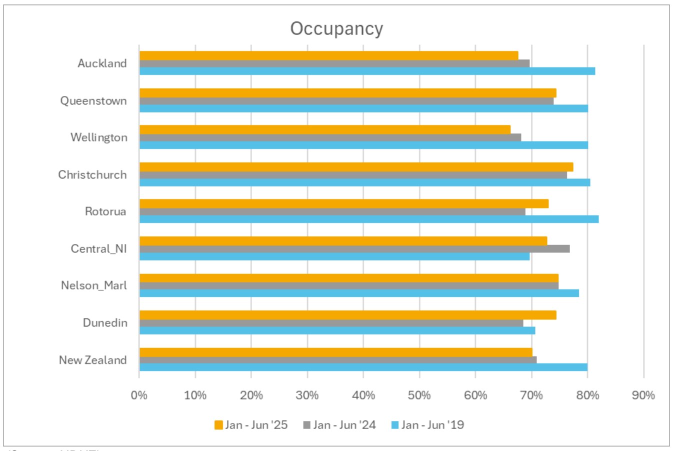
(Source: Stats NZ)

The performance of hotels in Queenstown and Christchurch over the past six months appears to have been closely linked to robust growth in international arrivals at their airports. Queenstown and Christchurch airports posted year-on-year increases of 9.9% and 11.2%, respectively, in non-New Zealand resident arrivals by air, far outpacing Auckland (0.8%) and Wellington (1.6%).

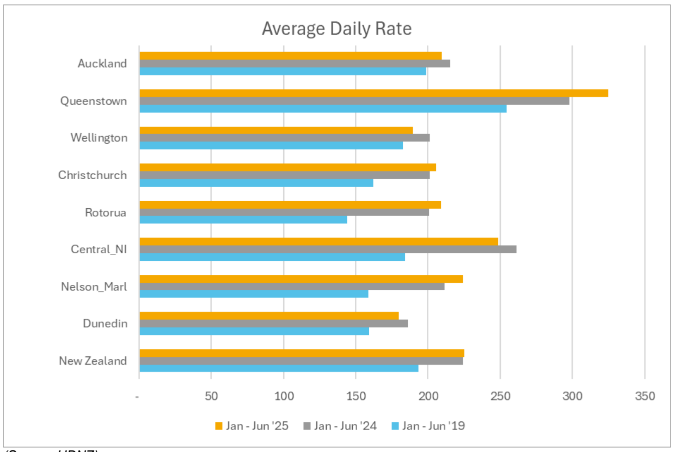
(Source: HDNZ)



(Source: HDNZ)



(Source: HDNZ)



(Source: HDNZ)

Remarkably, 78% of the growth in non-resident arrivals during the first half of the year was captured by the South Island, with Auckland, traditionally the gateway for more than 70% of international arrivals, securing only 19% of the year-on-year growth.

Within the Auckland hotel market, RevPAR in June declined by 9% year-on-year, with decreases reported across all star categories. This was partly due to a 5.4% increase in supply over the past 12 months. Room night demand slipped by around 1%, and ADR fell by 3.2%, reflecting a highly competitive environment, particularly among 3- to 4.5-star properties, which sought to boost occupancy by lowering rates. For the year to June, Auckland's RevPAR was down 5.8%. However, performance varied by segment: 5-star and luxury hotels achieved a 3% increase in RevPAR, buoyed by occupancy rates of approximately 72%, while lower categories experienced an average decline of more than 10%, with occupancies in the mid-60% range. The opening of the New Zealand International Convention Centre (NZICC) in the first quarter of 2026 will play a pivotal role in attracting additional international demand to the city.

Queenstown hotels, after a strong start to the year, saw RevPAR dip below last year's level in June as both room nights sold and ADR declined. This marked the first year-on-year RevPAR drop for Queenstown in 2025. Nonetheless, the first half of the year saw a robust 9.5% increase in RevPAR, primarily driven by higher ADR. Despite increased international arrivals at Queenstown airport, hotel occupancies remained flat, as the number of domestic visitors declined and other accommodation types such as backpackers, holiday parks, and boutique lodges increased their market share, as evidenced by Accommodation Data Program figures for the first five months of the year.

Christchurch hotels reported an 8.6% increase in room nights sold in June, with growth concentrated in the 4.5- to 5-star segment. These higher-category hotels achieved a 6.3% year-to-date increase in RevPAR, while 3- to 4-star properties saw only marginal growth (0.8%) amid a 6.7% increase in supply. Year-to-date occupancy in Christchurch stood at a healthy 77%, supporting moderate rate increases.

Wellington continued to struggle, with June marking another month of declines across all key metrics, despite hosting eight major events at the Takina Convention Centre. Year-to-date RevPAR was 8.5% below last year and 14% below pre-pandemic levels, largely due to significant reductions in government-related spending.

Rotorua, in contrast, has re-emerged as a compelling destination for both domestic and international visitors, overcoming several years of challenges linked to social housing issues. June marked the ninth consecutive month of occupancy and RevPAR growth for Rotorua hotels, which posted a 10% increase in RevPAR for the year to June, the strongest growth among all key markets.

As the market continues to adjust to shifting demand patterns and evolving air connectivity, hotel performance in the coming months will hinge on snow conditions in the South Island and the level of improvement in consumer and business confidence. In the interim, leading hotel management teams in Auckland and Wellington will continue to compete in a challenging market, preferably by delivering enhanced value through means other than discounting.

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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

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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