

11 May 2020
Media release

Bleak outlook for NZ hotels

Business confidence among New Zealand's hard-hit hotel sector is much bleaker than business confidence in general, according to a new survey.

The New Zealand Hotel Market Sentiment Survey was undertaken by Horwath HTL and Tourism Industry Aotearoa to examine how the COVID-19 pandemic is affecting hoteliers' outlook for the New Zealand hotel market in general and their hotel in particular. 115 hoteliers responded to the survey which was carried out between 30 April and 5 May 2020.

40% of respondent hotels are already fully closed and with little prospect of New Zealand's borders opening to international visitors any time soon, the outlook for the next two years is bleak. 73% of respondents expect that trading conditions for their hotel in 24 months' time will have deteriorated compared to 2019.

These results equal a business confidence score for the two year period of -64% (percentage expecting improvement minus percentage expecting deterioration).

"This is worse than results reported by the latest ANZ bank business confidence survey, where for the next 12 months, a net 55% of firms expected weaker activity for their own business," Horwath HTL Director Wim Ruepert says.

"These results come at a time when hotels reported an average occupancy of 14.9% in April. The survey found that 68% of hotels in regional areas are fully closed. In Auckland, where some hotels are being used for quarantine purposes, 20% of hotels are closed. Only 11% of Queenstown hotels are fully operational with 58% fully closed."

The impact of the pandemic on hotel employees is extremely high with most hotels expecting heavy redundancies when the Government's wage subsidy scheme ends in June.

"Overall, hoteliers expect to reduce the number of employees by an average of 56%. Job losses in the main visitor destinations are expected to be higher, from 69% for Queenstown hotels to 89% for hotels on the West Coast," TIA Hotel Sector Manager Sally Attfield says.

"Hoteliers have no choice but to let their people go, as they are not expecting to continue receiving Government wage subsidies for the next two or three years until the demand for hotels has recovered."

66% of hotels expect to make a cash-loss in 2020 (negative operating cash flow) and are calling for ongoing financial assistance from the Government, including a significant budget increase to provide Tourism New Zealand with the required resources to help fill their hotels.

For more details from the survey, go to:

<https://tia.org.nz/assets/f0b97a022d/NZ-Hotel-Survey-WR-Final.pdf>

Tourism Industry Aotearoa Hotel Sector

[TIA](#)'s hotel sector represents the interests of nearly 200 members throughout New Zealand, including international chains, large independent and privately owned hotels. Prior to the COVID-19 pandemic, TIA hotel sector members had more than 23,000 rooms, employed over 12,000 staff nationally, and earned annual revenues of more than \$1.67 billion. TIA's hotel members contribute to a monthly performance survey conducted by the Fresh Information Company.

Horwath HTL

[Horwath HTL](#) is a consulting firm specialising in the hotel, tourism, and leisure industries, providing specialist consulting services to a wide range of private sector clients and public sector stakeholders, including developers, investors, funders, owners, and operators. Horwath HTL is affiliated with Crowe Global, a network of more than 140 independent accounting and advisory services firms with 560 offices in more than 100 countries.

For further information, please contact:

Ann-Marie Johnson
Communications Manager
Tourism Industry Aotearoa
Mobile: 027 600 4565
Email: ann-marie.johnson@tia.org.nz
www.tia.org.nz

Wim Ruepert
Director
Horwath HTL
021 371 653
Email: wruepert@horwathhtl.com
www.horwathhtl.co.nz