

24 May 2016

Media Release

Hotel report highlights investment opportunities

Tourism Industry Aotearoa (TIA) says a new regional hotel analysis released today by New Zealand Trade & Enterprise (NZTE) should help attract investment in the hotel sector.

TIA was an important contributing partner to the work, providing data from its long-running survey of hotel members.

The analysis focuses on New Zealand's five main visitor destinations – Auckland, Rotorua, Wellington, Christchurch and Queenstown.

These five centres currently have just over 20,000 hotel rooms¹. The report suggests that by 2025 they could absorb up to 9700 more rooms. However, the report predicts that, based on current plans, only 5174 additional rooms will be built.

TIA Chief Executive Chris Roberts says the report identifies opportunities for new investors.

“Looking at the current expected growth rate in hotel rooms over the next decade, it is estimated that an additional 4500 rooms could be absorbed by the market across the five centres. The biggest opportunities are in Auckland, which has an estimated shortfall of up to 1782 rooms, and Queenstown, with an estimated shortfall of up to 1421 rooms.”

The report also notes the danger of over-supply if too many hotels enter the market at the same time.

Mr Roberts says the report, and the detailed supply and demand model that sits behind it, will assist the right investments to be made in the right places at the right time.

He says new hotel investment is needed to cater for growth in both international visitors and for New Zealand travellers.

¹ The hotel sector is defined as all 3 to 5 star rated hotels and serviced apartment complexes operating at least 40 rooms.

“44% of those occupying hotel rooms are from overseas – the other 56% are New Zealand travellers. While markets like China and Australia are expected to grow strongly, the market that will have the biggest need for additional rooms over the next decade is actually the domestic market.”

With demand rising in the past two years, hotel room rates have been increasing, making New Zealand a more attractive investment option.

The new [*Tourism 2025 – Two Years On*](#) highlights the need for more investment in infrastructure to ensure New Zealand has the facilities needed for sustainable tourism growth, and to support the industry’s goal of growing total tourism revenue to \$41 billion by 2025.

However, Mr Roberts says it will remain challenging to attract investors.

“For example, Sydney’s hotel occupancy rate across the year is 88% and the average room rate is NZ\$254. Auckland’s hotel occupancy rate has risen from the 70’s to 84%, but the average room rate is still only \$NZ152.

“The ability to deliver additional hotels is heavily dependent on managing a number of constraints, including financial feasibility, site availability, resource and building costs, finance and timing delays.

“However, NZTE now has some robust information to make the case to investors here and overseas.”

To read the NZTE report, go to www.nzte.govt.nz/en/news-and-media/market-research-shows-a-compelling-case-for-investment-in-new-hotels

For further information, please contact:

Ann-Marie Johnson
Communications Manager
Tourism Industry Aotearoa
DDI: 04 496 5001
Mobile: 027 600 4565
Email: ann-marie.johnson@tia.org.nz

www.tia.org.nz
www.tourism2025.org.nz

TOURISM INDUSTRY AOTEAROA

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand

P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

[Facebook](#) [Twitter](#) [LinkedIn](#)

KEY FACTS

- Tourism in New Zealand is an \$81.6 million per day industry. Tourism delivers around \$32 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$49 million in economic activity every day
- Tourism is one of New Zealand's biggest export industries, earning \$11.8 billion or 17.4% of New Zealand's foreign exchange earnings (year ended March 2015)
- 12.1% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 295,908 people are working in the visitor economy
- The [Tourism 2025](#) growth framework has a goal of growing total tourism revenue to \$41 billion a year by 2025.

Visit www.tia.org.nz for more information

TOURISM INDUSTRY AOTEAROA

Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand

P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

[Facebook](#) [Twitter](#) [LinkedIn](#)