



Photo credit New Zealand International Convention Centre

Pipeline to property

Surging demand for hotel sites in Queenstown, Christchurch and Auckland is driving the country's development market.

New Zealand's hotel development sector continues to draw strong interest from global investors, with a robust pipeline of deals over the past 18 months turning into completed assets and market delivery, with more to come.

Bayleys hotels, tourism and leisure (HTL) specialists say the return of tourism to near pre-pandemic levels combined with New Zealand's reputation as a relatively safe place to build hotels, is helping underpin a stream of hotel projects.

Ash Hira, who works across the commercial sector for Bayleys, says he continues to field high volumes of enquiry from investment entities and hotel brands looking for presence in New Zealand, particularly in

Queenstown, Christchurch and Auckland.

"This time last year we were looking at an unprecedented level of interest in New Zealand opportunities from key global hotel brands and investors. This year that has, if anything, increased," Hira says.

He also believes a slight shift in market drivers such as construction costs in Australia, may be slightly slowing development there to the benefit of the New Zealand market.

"Plus, there is good capacity right now among construction companies capable of taking on hotel construction in New Zealand," Hira says.

While there are uncertainties from global political upheaval impacting many areas of the economy, Bayleys



Artist's impression of the consented freehold riverfront 200-room hotel at 137 Cambridge Terrace, Christchurch

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ASH HIRA
BAYLEYS SENIOR COMMERCIAL BROKER

national director hotels, tourism and leisure, Wayne Keene is optimistic the pipeline of hotel development projects is secure.

“We are seen as safe compared to a lot of the world, but we are also seen as attractive and competitive when it comes to developing hotels when you compare us to Europe and other overseas markets, which is driving the ongoing interest,” Keene says.

QUEENSTOWN

Queenstown remains New Zealand's most dynamic hotel development market, with strong interest across all sectors of the market.

The resort town's international appeal continues to attract investors and operators seeking a foothold in a globally recognised destination, with recent announcements including the St Regis five-star-plus property planned to open in central Queenstown in early 2028, and the 221-room luxury Radisson Red also in central Queenstown and due to open in late 2027.

“Queenstown is going from strength to strength,” Hira says. “Bayleys has another three hotels in Queenstown currently on our books at different stages of development, we're working through factors like feasibility, design and the consenting processes before we work with those developers on finding operators.”

As well as new developments, the Bayleys HTL team has also been working on rebranded existing properties such as the recently opened Coronet Ridge at Arthur's Point, recently sold to a Singaporean investor. Meanwhile Brookfield Asset Management has acquired the 84-key Sofitel Queenstown Hotel & Spa and the former Holiday Inn Express is also being upgraded to InterContinental Hotels Group's (IHG) premium Voco brand.

“We see a gap in the market for premium brands. Queenstown has always had that aspirational aspect to the market and, with travel costs rising, it tends to favour the higher end of the market.

“The people who can afford to travel like to stay in premium accommodation,” he says.

The main challenge to further hotel

development in Queenstown is the availability of land to develop, but Hira says there is still plenty of potential, citing the probability of another large hotel development going ahead in Frankton later this year. “It can be a tough equation in Queenstown because the location of the land will determine the brand, but there are some great sites that we're currently working to unlock and there's no shortage of demand.”

CHRISTCHURCH

Christchurch is the other centre with a bullish hotel development market, having firmly re-established itself as a destination, driven by infrastructure investment, increased connectivity, an increased number of flights into the international airport and a re-energised city centre.

“For some time, Christchurch has been under-supplied in the hotel market but with the development of several key properties as well as the opening of the Te Pae convention centre and soon Te Kaha stadium, the city is pretty vibrant,” Hira says.

One of the key properties filling the hotel gap is the 240-room Sheraton under construction on the former Noah's Hotel site in Oxford Terrace, due to open in 2027. Hira is also working with the owners of the former

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WAYNE KEENE
BAYLEYS NATIONAL DIRECTOR HOTELS,
TOURISM AND LEISURE

Harley Chambers riverfront site in Cambridge Terrace, who have plans for a 200-room hotel, earmarked to open in 2029.

Though those properties will go some way to addressing the undersupply in Christchurch, Hira is confident there is more to be had from the development market there.

“There is enough in the pipeline to meet demand, but there will be room for other opportunities.”

AUCKLAND

If Christchurch has been addressing an undersupply of premium hotel beds, Auckland has been grappling with the opposite. The opening of multiple properties just as the pandemic hit in 2020, combined with delays to the completion of the New Zealand International Convention Centre (NZICC), left the city with an oversupply of beds.

However, Hira says, the city is recalibrating after a strong start to 2026 in terms of events and the February opening of the NZICC, helping with good levels of activity in the city's hotel market.

He cites recent high-value openings such as the \$180 million sale of the InterContinental Auckland in 2025 and the \$160 million sale of midtown's Hotel Indigo as evidence of ongoing demand for premium assets.

Stonewood Group has also opened the 322-room Radisson Red hotel in Queen Street.

“We're getting some good trading figures coming through for Auckland, there have been some big dollar transactions, and we have investors wanting Auckland properties. It's all about getting the metrics right, but I'm confident we will stack up some hotel developments in the city going forward,” Hira says.

INTO THE REGIONS

Though hotel development activity has been centred on Queenstown and Christchurch, there is scope for growth in regional parts of the country, Keene says.

Hamilton will keep growing with a 191-room Pullman due to open this year and Keene in talks with a developer with consent for another 87-room hotel with an adjoining apartment development. He believes there is also room for a branded hotel in Taupō.

“Tauranga or Mt Maunganui are also opportunities. There's been a very stop-go, stop-go approach to hotel development there over the years, so that region is destined for a global brand putting Tauranga on the international circuit,” he says.

“Whanganui is potentially a good option and is worthy of a new property given the region is short on accommodation. There are some good opportunities around the regions, it's just a matter of lining up the requirements.”

FULL-SERVICE DEVELOPMENT

Keene says local end-to-end knowledge of the hotel development market and opportunities is vital to those looking to enter the market in New Zealand.

“For those looking for development opportunities in the New Zealand market, it's important to work with a team that can support you through each stage of the process,” he says.

“At Bayleys we've been particularly busy and active in that sector of the HTL market. We're uniquely positioned to help as we're able to work with investors and developers from the very early stages where they're just scoping out possible sites or opportunities, right through the development process to getting the building out of the ground and, where needed, finding operators or tenants.”



Artist's impression of the 221-room luxury Radisson Red due to open in central Queenstown in 2027.

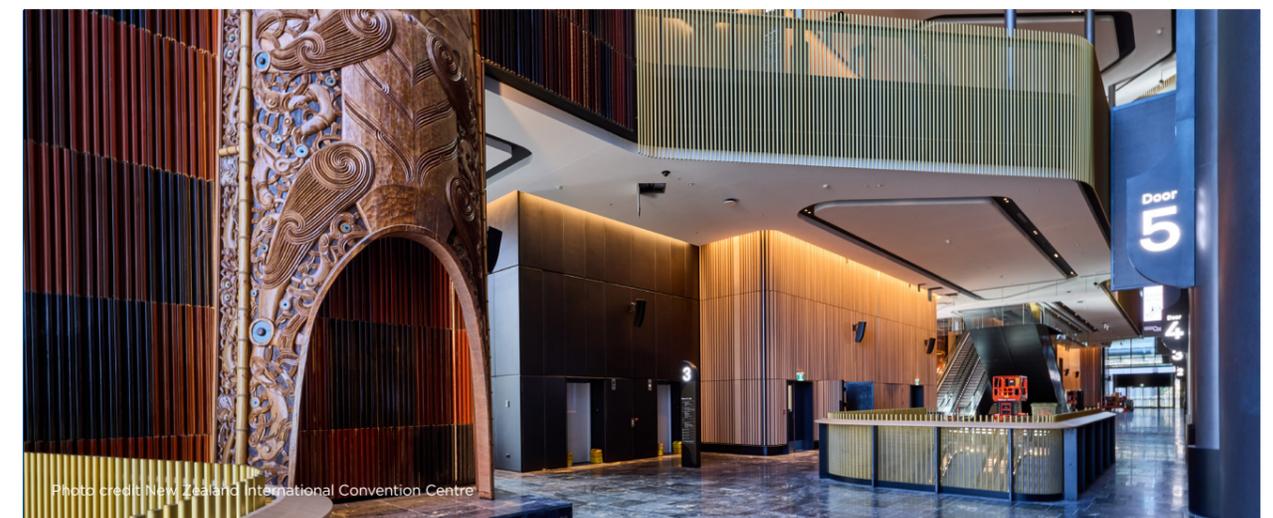


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