



Artist's impression

AUCKLAND HITS THE RESET BUTTON

NAMED THE NUMBER ONE CITY TO VISIT IN LONELY PLANET'S BEST IN TRAVEL 2022 LIST, AUCKLAND IS SET TO LEAD BY EXAMPLE AS NEW ZEALAND REOPENS TO THE WORLD...

AUCKLAND'S HOTEL SECTOR WILL have a staggered return to business, on the back of the gradual loosening of border restrictions and the decommissioning process for managed isolation quarantine (MIQ) hotels.

Close to two-thirds of New Zealand's MIQ hotels were in Auckland – after 30th June, only three will remain as commissioned MIQ facilities.

Former MIQ hotels will undergo deep cleans, significant refurbishment programmes and perhaps refreshed branding to reposition themselves in the competitive visitor accommodation market – and there could be some very attractive room rates and deals offered to tempt guests.

Bayleys' national director hotels, tourism and leisure (HTL) Wayne Keene says there's a lot of crystal ball-gazing going on in the sector with talk of an

oversupply of rooms – but who really knows how the playbook will be rewritten? "It will be tricky for the former-MIQ accommodation sector to streamline a return to the open accommodation market, and they will be competing for business with those hotels that continued trading through the pandemic.

"There will be challenges – if you have tried to source furniture for your home lately, you'll appreciate the supply chain headaches hotels will face when refurbishing – and there are also staffing shortages to consider, with large hotels not easily able to pivot on a dime when rules change.

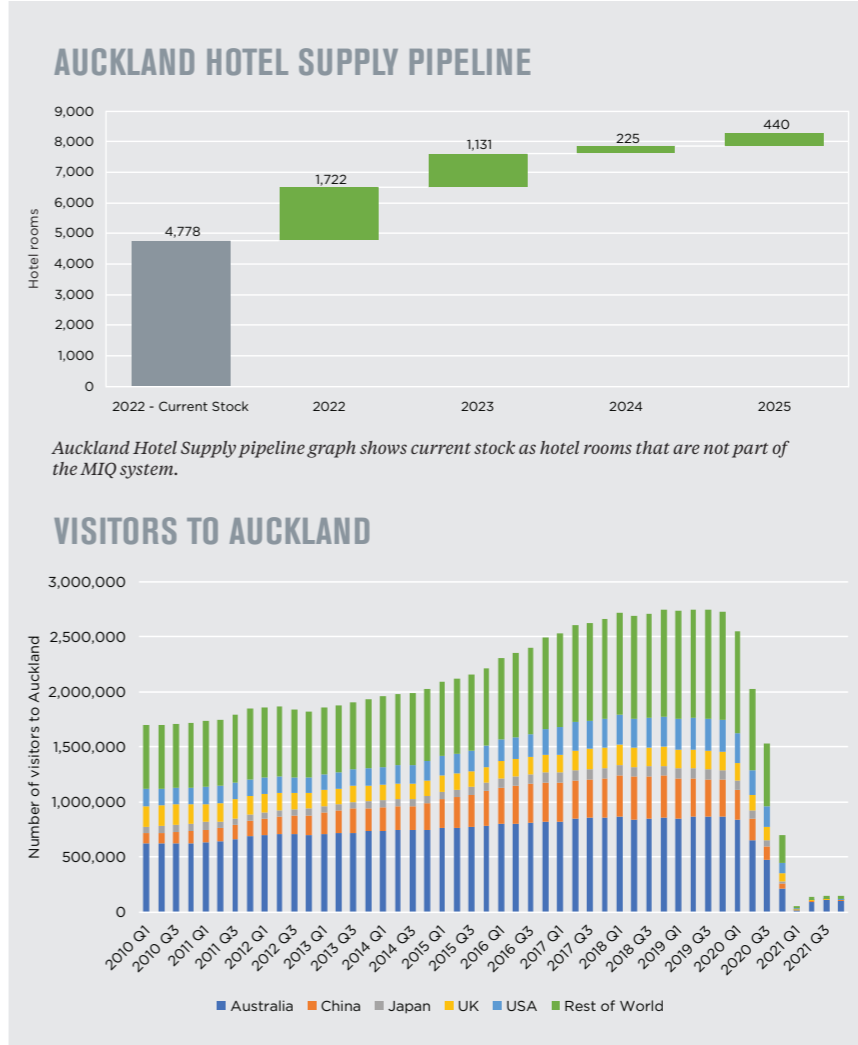
"New Zealand's hotel sector has traditionally relied heavily on people on working visas filling key roles across housekeeping, and food and beverage operations.

"News that visa holders will soon be able to return here is great news, but that will happen incrementally so there are many logistical and bureaucratic hurdles to overcome in the months ahead."

The accommodation pool continues to grow, with several new hotels opening in Auckland in 2021 despite compromised visitor numbers, event cancellations and global uncertainty.

Meanwhile, a pipeline of new development work will still go ahead and by 2025, there might potentially be 12,300 to 14,300 hotel rooms available around Auckland to cater to the visitor market.

SkyCity Entertainment Group is prioritising work on the New Zealand International Convention Centre (NZICC) and associated Horizon Hotel, with completion dates expected to be 2025 and 2024 respectively.



Hotel developer Furu Ding still intends on developing the NDG Auckland Centre on a long-vacant site in the CBD, while Precinct Properties' One Queen Street mixed-use development with the InterContinental hotel is progressing. A 233-room hotel is planned for 65 Federal Street; the 200-room Voco hotel will be built on the corner of Albert and Wyndham streets; building work has recommenced on the 225-room Hotel Indigo at 51 Albert Street, and the 5-star Te Arikini Pullman Auckland Airport Hotel, being built by Tainui Group Holdings (TGH), in partnership with Auckland Airport, is going ahead.

Keene says Bayleys' HTL team is also fielding enquiry from major international hotel groups looking for new assets in Auckland to either add to an existing stable or cement a presence in the Asia-Pacific rim.

"The likes of Ovolo Group, an independent hospitality company out of Hong Kong, is looking to expand into new locations in Australia and New Zealand," he says.

"Ovolo has an assertive strategy for growth in coming years, with lofty acquisition and development objectives and Auckland could be next."

An estimated 3,500 hotel rooms are under construction with completion expected by 2025. Of these hotels that are under construction, 50 percent will be 5-star with the remainder being 3- or 4-star properties.

While work continues on SkyCity's NZICC, the conference and events

sector is expected to take some time to regain traction, especially as other countries have opened ahead of New Zealand leaving us further down the international destination chain, and given the long lead times required in event planning.

"Not only will Auckland be competing for business with the new Te Pae Christchurch Convention Centre and Tākina, the new Wellington Convention and Exhibition Centre, the events and conference sector as a whole will be impacted by public caution around mass gatherings and social distancing for some time" says Keene.

"Strategic pitching will be required by the events sector to attract the international conference market back, particularly as corporates wrestle with their travel versus carbon footprint conscience."

One of the major challenges facing the Auckland hotel sector is encouraging visitors to stay longer and for them to see the city as more than just a gateway to New Zealand.

"If people extended their stopover to a three-night stay rather than immediately launching off around the country, that would really boost the hotel sector," says Keene.

In the last decade, Auckland's main visitor base has been Australia, followed by China.

"We can expect Australians to return to New Zealand after the border reopens, whether to travel the country or visit friends and family who they have not been able to see for a while.

"Getting visitors to come here from further afield will very much rely on airline capacity and schedules, and the appetite for tourism by long-haul travellers."

