



# Room for optimism

*Improved flight schedules and gradually rebounding international visitor numbers should bolster the tourism sector, and it's encouraging to see accommodation assets attracting investor attention.*



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Welcome to the spring 2024 edition of Bayleys' *Hotels, Tourism and Leisure* (HTL) portfolio where we showcase 26 new investment opportunities around New Zealand and the Pacific.

Although inbound visitor numbers to New Zealand are hovering around 80 percent of pre-pandemic figures, the Australian and US markets remain strong and the Asian market is returning incrementally.

Tourism New Zealand wants to grow tourism by \$5 billion over the next four years by attracting more visitors in the off-season and is planning a marketing strategy to promote our dark sky

credentials and eclectic dining and hospitality scene to help build a resilient year-round tourism sector.

Smoothing out seasonal bumps is one part of the equation, but connectivity plays a huge role in getting people to our shores. Jetstar is significantly expanding its Gold Coast network, offering new direct flights to Hamilton and Dunedin from June next year, along with flights from Sydney to Hamilton. This opens up destinations like Rotorua, the Bay of Plenty and Hobbiton, and when Dunedin is added to the mix, will give the Australian market another South Island gateway.

Latest RevPar and ADR figures confirm that the market is somewhat muted, with Auckland showing signs of an oversupply of rooms, Queenstown tracking pretty well, and Christchurch outperforming other main centres with arguably an undersupply of rooms.

With several new Auckland hotels opening in recent months, and more rooms coming, operators will want to leverage the SailGP regatta's Auckland debut in January – one of only a few big events on the horizon. Large-scale sporting, cultural and music events are essential to the wider HTL sector,

with the success of last year's FIFA Women's World Cup a good example.

On the transaction side, Bayleys' HTL team is noting an uplift in buyer enquiry for tourism-related property assets, particularly from offshore, and we have a number of deals in progress.

Getting these bigger deals across the line is taking longer than usual, but good things take time. Despite a weaker NZD against many currencies, some funding challenges remain, although buyer interest in the \$10-million-plus market shows that private wealth is circulating.

There are signs that the domestic market is starting to turn, and further cuts to the OCR and lending rates will be welcomed by buyers and sellers alike.

Our HTL team is proactively working around New Zealand and the Pacific. Our experienced brokers are well-connected to key industry professionals and operators and dialled into a raft of opportunities – both on and off-market.

We'd love to chat – so get in touch to see what doors we can open for you.

## SALES SNAPSHOT

**Victoria Street, Waihi:** The land and buildings of the Goldmine Motel, with accommodation comprising 10 ground floor units in various configurations over 500sqm on a 2,493sqm site, sold for \$1,000,000 at a 7.99% yield. *(Josh Smith, Bayleys Hamilton)*



**Ocean Beach Motor Lodge, Gisborne:** 15-unit motel with a large 3bdrm manager's residence and a vacant restaurant space on a 5,473sqm site. Sold off-market including a bare residential section next door for a combined price of \$6,580,000. *(Mike Florance, Bayleys Gisborne)*

**Bella Vista Motel, Nelson:** Established 18-unit motel part of the renowned Bella Vista group. Located close to the beach and airport, with a loyal corporate client base – the business sold to local buyers for \$795,950. *(Gill Ireland, Bayleys Nelson)*



**Palm City Motor Inn, Napier:** 30-unit motel with spacious 3bdrm owners' residence, on-site licensed restaurant and bar on a 4,011sqm site sold for \$5,400,000. *(Brent Hannah Bayleys Napier)*

**Boutique Motel, Nelson:** Extensively renovated 10-unit motel in Stoke. Well-positioned business in the 'boutique' sector attracting corporate and domestic travellers, with a strong online presence and branding. This business sold to a couple immigrating from Sydney for \$480,000. *(Gill Ireland, Bayleys Nelson)*



**Cosmopolitan Hotel, Westport:** Freehold going concern on the main street of Westport. Features nine rooms, bar, restaurant, gaming, two-storey, earthquake-strengthened building on 614sqm site sold for \$885,000. *(Kate Mullins, Bayleys Canterbury)*

**At The Rocks Motor Inn, Napier:** 13-unit motel, Westshore Beach location. New lease term of 31 years from 2024, motel has returned back from Government contract. Business lease sold for \$550,000. *(Brent Hannah Bayleys Napier)*

**Alpine Springs Motel, Hanmer Springs:** Ten-unit freehold going concern motel plus owner's 3bdrm home. Insured and sold on an as-is-where-is basis on 3,967sqm (more or less) of land, sold for \$1,575,500. *(Kate Mullins, Bayleys Canterbury)*

**Kiwi Park Motels and Holiday Park, Murchison:** Freehold going concern sale of a motel and campground spanning over 2ha of land. Comprised a selection of cabins, motel units and camping areas, and a large 4bdrm home. Sold to a local owner-occupier for \$1,600,000. *(Lydia Heyward, Bayleys Richmond)*

