



# Opportunity abounds

## INTERNATIONAL VISITOR ARRIVAL NUMBERS ARE ON THE RISE AND THE OUTLOOK IS PROMISING FOR NEW ZEALAND'S TOURISM SECTOR.



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WELCOME TO BAYLEYS' *HOTELS, Tourism & Leisure* (HTL) portfolio profiling 14 opportunities for sale along with commentary on sustainability and robotics across the industry.

Bayleys' HTL team notched up some outstanding results in the last financial year, and gazing ahead, the market looks ripe for activity off the back of a slightly softer last three months reflecting both seasonality and the leadup to the general election.

Stock is tight, and interest rates look sticky for the foreseeable future, however, with the help of specialist and proactive tourism finance brokers, finance is being attained and deals are being concluded.

Freehold going-concern commercial accommodation businesses are getting attractive returns of around 10 percent, while motel and management rights businesses are providing higher

returns and giving people a lifestyle and decent income.

Occupancy for motels is at an all-time high, and while there's still a nationwide lack of motel room inventory given continued contracted emergency housing arrangements, some recalibration is happening in places like Rotorua.

Hotel stock remains very tightly held, with only one sale nationwide across all agencies in the last six months – in a deal brokered by Bayleys.

Nugget Point Hotel, Queenstown was sold to an experienced Singapore-based entity with plans to upgrade the hotel.

Market fundamentals are strong for investment in the HTL sector, with data showing significantly increased overseas visitor arrival numbers in the last 12 months with ongoing interest from the Australian, US and UK markets and the staged return of the Chinese market, underpinning these figures.

Hotel Data New Zealand says RevPAR for the first six months of this year has returned to pre-pandemic levels, driven by a strong increase in ADR, and meanwhile, our total national hotel room supply increased by around 15 percent since June 2019.

Occupancy rates across all accommodation types have increased as corporate business and international tourists return, with the hotel sector getting a real winter boost from the FIFA Women's World Cup.

Tourism New Zealand's new *No Place Like It On Earth* marketing campaign featuring Academy Award winner Taika Waiti will roll out via streaming service HBO Max and other portals and hopes to get cut-through in the hot global tourist market.

Time will tell if various election promises, including more money for the tourism economy and working visa extensions for those in hospitality or tourism-related jobs come to fruition, but we're forging ahead and see opportunity everywhere.

HTL is an exciting sector to be part of and we look forward to talking with you soon.

## SALES SNAPSHOT

### Baycrest Lodge, Mere Road, Taupō:

Sale of the business only (lease) of this 16-room motel and 3bdm owners' accommodation. Benefitting from geothermal hot water throughout the building and servicing the private plunge pools and inground pool. New 30-year lease with 30-year ROR, sold for \$1,250,000. (Brent Hannah, Bayleys Napier; Wayne Keene, Bayleys Auckland)



### Villa de Lago, Frankton Road, Queenstown:

Management rights for luxury apartment hotel Villa de Lago, featuring a private beach and jetty with unobstructed views of Lake Wakatipu, sold for \$1,275,000. (Allister Simpson, Bayleys Queenstown; Wayne Keene, Bayleys Auckland)



### Fairfax Street, Murchison, Tasman:

Freehold going concern sale of a 15-unit, 47-bed motel with a four-bedroom managers' accommodation and animal park business. Set on a significant 2.0717ha (more or less) title. The land and business were sold to a local Tasman couple for \$1,600,000. (Lydia Heyward, Bayleys Richmond)

### Hurley's of Queenstown, Melbourne Street, Queenstown:

Management rights and 1/23rd share of the common property of boutique hotel Hurley's of Queenstown, located on the fringe of the CBD with views over Lake Wakatipu, sold to a local investor for \$2,500,000. Management rights feature an extended contract to 2029 plus 2x15yrRoR. (Allister Simpson, Bayleys Queenstown; Wayne Keene, Bayleys Auckland)



### Hurley's of Queenstown Freehold Apartments, Melbourne Street Queenstown:

17 unit title apartments all under a long-term management agreement to the existing operator. Each unit title is consented for transient accommodation only for the length of the term. Sold to the management company for \$5,000,000. (Allister Simpson, Bayleys Queenstown; Wayne Keene Bayleys Auckland)

### Nugget Point Hotel, Arthurs Point Road, Queenstown:

A 40-key boutique hotel on approximately 8,000sqm overlooking the Shotover River with 180-degree views of the Remarkables. Facilities include food & beverage, day spa, inground pool facility, gym, private theatre, squash court and resource consent for 40 more keys. Sold to a Singaporean company with an existing NZ hotel portfolio for \$19,575,000. (Wayne Keene, Paul Dixon Bayleys Auckland; Allister Simpson Bayleys Queenstown)

