



Improved reception

New Zealand is firmly back on traveller radars – so how will the wider tourism sector respond?



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Welcome to the autumn 2024 edition of Bayleys' *Hotels, Tourism and Leisure (HTL)* portfolio where we profile 19 new investment opportunities for sale in New Zealand and Fiji from wilderness lodges, to a beachfront motel.

News that international tourism has rebounded and is now the country's second largest export earner is a real morale boost to the HTL sector.

As New Zealand looks to grow its visitor economy – and to welcome guests across all market segments and at all price points – there's opportunity for more investment in our tourism assets.

Recently, new Tourism and Hospitality Minister Matt Doocey said: "there is nothing off the table at the moment about understanding how we better resource tourism, because I want tourism to grow". It will be interesting to watch how this unfolds.

We've seen strong recovery of the international airline network connecting into Auckland, Wellington, Christchurch and Queenstown, with new flight routes providing greater connectivity.

With arrivals from Australia at around 80 percent of pre-pandemic levels, and China at 53 percent, there's still room for improvement but things are looking up.

Domestic travel movements have also been robust, with Air New Zealand saying that of the nearly 800,000 people set to fly with them over the April school holidays, around 65 percent were travelling within Aotearoa.

In the hotel sector, data from hospitality consultants Horwath HTL shows that while still below the peak seen in 2018, Revenue Per Available Room (RevPAR) for the main New Zealand hotels reached a five-year high in February.

Close to 800 new hotel rooms were added to Auckland's hotel inventory last year, and Average Daily Rates (ADR) are hovering around 2019 levels. ADRs decreased in Wellington and rose in Queenstown and Christchurch.

Investor appetite for commercial HTL assets remains strong, however, finding the stock for them to purchase

remains the challenge. The New Zealand market has demonstrated resilience, and consequently, there has not been distressed stock come to the market.

The country still has a shortage of quality motel rooms, and we're unlikely to see new motel stock developed in the short-to-medium term given pressures on land and development costs.

However, with the government signalling changes to transitional housing models, and wanting to increase competition for building materials to address development affordability, let's see how the motel sector – and the broader HTL sector – responds.

While there have been very few hotel sales in recent years, institutional and private capital is proactively circulating in the Asia-Pacific region and big brands have their eye on New Zealand.

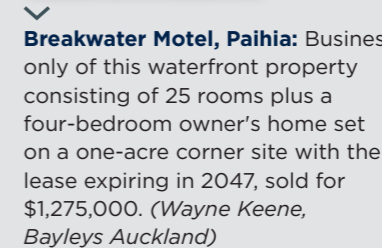
In this edition of HTL, we check out some innovative new additions to the Auckland hotel market, and explore a couple of recent refurbishment projects.

New Zealand's HTL sector is evolving, so connect with our nationwide team to uncover opportunities for investment – we look forward to talking with you.

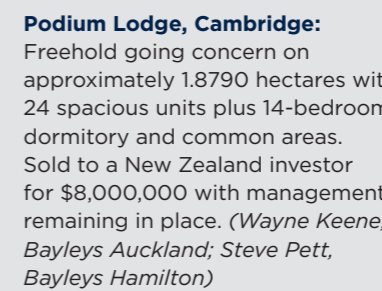
SALES SNAPSHOT



Waitahanui Lodge, Waitahanui, Taupō: 430sqm lakefront accommodation complex comprising five standalone cottages, a boat ramp and three-bedroom dwelling held in two titles across 1,608sqm sold for \$2,100,000. (Lucy Baxter, Bayleys Taupō)



Breakwater Motel, Paihia: Business only of this waterfront property consisting of 25 rooms plus a four-bedroom owner's home set on a one-acre corner site with the lease expiring in 2047, sold for \$1,275,000. (Wayne Keene, Bayleys Auckland)



Podium Lodge, Cambridge: Freehold going concern on approximately 1.8790 hectares with 24 spacious units plus 14-bedroom dormitory and common areas. Sold to a New Zealand investor for \$8,000,000 with management remaining in place. (Wayne Keene, Bayleys Auckland; Steve Pett, Bayleys Hamilton)



Tokkaanu Lodge, Tūrangi: Sale of business and buildings on leasehold land with a perpetual lease, a 14-unit motel with two-bedroom managers' accommodation. The site is located a short walk from the popular Tokaanu Thermal Pools. Sold to an owner-occupier for \$650,000. (Lucy Baxter, Bayleys Taupō; Michael Broome, Bayleys Auckland)



The Cove, Taupō: Business only of this 17-unit motel on Taupō lakefront. Lease expires 2047, geothermally heated private in-room pools with future growth opportunities, sold for \$900,000. (Wayne Keene, Bayleys Auckland)

Amuri Avenue, Hanmer Springs: Sale of a 14-room motel over a total floor area of 711sqm. The 996sqm site is well positioned on the main high street into Hanmer, walking distance to the hot pools, cafes, shops and bars. An offer resulted in a sale to a local investor for \$590,000. (Gill Ireland, Bayleys Nelson; Kate Mullins, Bayleys Christchurch)



Boulevard Waters, Taupō: Business only of this 10-unit motel on Taupō lakefront that enjoys geothermally heated water and a three-bedroom owners' home. Lease expires 2051, sold for \$1,000,000. (Wayne Keene, Bayleys Auckland)



Tussock Peak Motel, Hanmer Springs: Leasehold sale, 14-unit motel business, three-bedroom managers' apartment, central location and tidy presentation. Lease to 2034, rental \$155,00 and sold for \$590,000. (Gill Ireland, Bayleys Nelson; Kate Mullins, Bayleys Christchurch)