OPEN

NEW ZEALAND HOTELS – AN ATTRACTIVE TIME TO INVEST
New Zealand is well known for its large OPEN landscapes, pristine environment, welcoming population and indigenous culture.
New Zealand is experiencing unprecedented growth in visitors, resulting in tourism becoming a leading export.
NZ IS NOW OPEN
OPEN to investment in new hotels driven by rapidly growing demand for accommodation.
New Zealand is experiencing strong growth in visitor arrivals and hotel nights, driven by significant increases in international air capacity, a steadily growing domestic market and the country’s global reputation as a beautiful, clean and friendly destination.
A critical shortage of hotel rooms during peak demand periods, combined with a reducing seasonality pattern and limited supply pipeline, is creating a need for additional hotel development in key markets.
Top visitor destinations demonstrate strong hotel trading fundamentals, reflected in impressive annual occupancy rates of around 80 per cent and outstanding room rate growth, approaching an average of ten per cent per annum.
New Zealand is a safe and stable investment destination which offers attractive returns for hotel investors, underpinned by strong tourism growth and GDP performance, a business-friendly tax environment and prudent fiscal policy.
THE NEW ZEALAND GOVERNMENT IS COMMITTED TO SUPPORTING TOURISM AS A LEADING EXPORT EARNER AND DRIVER OF ECONOMIC GROWTH.
Tourism in New Zealand is booming with visitor arrivals continuing to reach record highs month after month. New Zealand is also experiencing unprecedented growth in the value of tourism, with value growth over two times greater than growth in visitor arrivals. This reflects visitor preferences to stay longer, and spend more.

New Zealand continues to rate very highly as a visitor destination. A strong desire to visit based on our outstanding natural environment and welcoming people, combined with our advantageous location in a dynamic Asia-Pacific region reinforce the potential for this growth to continue. Rapid expansion in air connectivity is also making New Zealand more accessible from our key target markets.

We anticipate that New Zealand will welcome four million international guests annually within the next four years, having just passed three million annual visitors in 2015. That is not to forget the domestic travel market, also boosted by the current strength of the New Zealand economy.

My Government is committed to supporting tourism as a leading export earner and driver of economic growth. The industry is already a significant part of our diverse, resilient economy, directly contributing NZ$11 billion or almost five per cent of New Zealand’s GDP. Tourism directly employs nearly seven per cent of the New Zealand workforce.

To support the anticipated tourism growth rates we need continued investment in infrastructure, especially in the accommodation sector. Now is the time to share in the growth of the New Zealand economy.

An independent report into the industry's accommodation needs, commissioned by Government agencies, highlights visitor demand will substantially outweigh the current hotel supply pipeline in New Zealand's main centres. These centres are already experiencing historically high year-round occupancy and yield levels.

The report is the foundation to a programme aimed at accelerating new private sector investment in New Zealand's tourism infrastructure, led by New Zealand Trade and Enterprise and the Government's Investment Attraction Taskforce.

This Prospectus outlines the strong hotel market investment opportunity that exists in five of our key commercial and tourism centres.

The New Zealand Government welcomes your interest in being a part of our growing economy and booming tourism sector.

Rt Hon John Key
Prime Minister
Minister of Tourism
NEW ZEALAND

OPEN for Investment in New Hotels

IMAGE — Westhaven Marina, Auckland
WHY INVEST IN NEW ZEALAND’S HOTEL SECTOR?

1. First-rate demand drivers combined with excellent international connectivity have fuelled a boom in visitation.

2. Strong growth in Chinese and Australian holiday-makers are leading the influx of foreign visitation, while the domestic market continues to remain strong.

3. Visitors are concentrated across five top tourism regions providing a captive market for hotel investment – Auckland, Rotorua, Wellington, Christchurch, Queenstown.

4. The growth in visitation has resulted in attractive hotel operating performance with high occupancy, and strong ADR and RevPAR growth.

5. The intensifying shortage in hotel rooms will further improve trading fundamentals akin to patterns witnessed in Australia.

6. Exceptional hotel operating conditions provide strong returns and will drive future yield compression.
New Zealand’s hotel sector
Why invest?

First-rate demand drivers combined with excellent international connectivity have fuelled a boom in visitation

UNPRECEDENTED GROWTH IN INTERNATIONAL VISITATION

The New Zealand tourism sector has almost doubled in value since 1999 and is currently in the midst of its strongest ever growth cycle. This is predominantly being driven by unparalleled growth in international visitation. For example, visitor arrivals to New Zealand increased by ten per cent in the year to March 2016 to reach a new record of 3.25 million.

The Ministry of Business, Innovation and Employment (MBIE) predicts that this exceptional growth in tourism will continue. The volume of international visitor arrivals is forecast to grow by 44 per cent over the next seven years to rise to 4.5 million by 2022.

Visitor arrivals at year-ending March 2016, +10% year-on-year growth

Tourism expenditure

1 As at March 2016 year-end total tourism expenditure was NZ$29.8 bn, up 10.3% year-on-year. This makes tourism a leading New Zealand export.

2 Tourism 2025 is a framework to unite New Zealand’s tourism industry. Tourism 2025 has established an aspirational goal of tourism being a NZ$41bn industry by 2025.

Visitor spending growth was over double the visitor arrival growth to March 2016 year-end as a result of

1 — Increasing length of stay
2 — Higher spend per day

Source: IVA (Stats NZ), Visitor Arrival Forecasts (MBIE), Fresh Info
HIGH DESTINATION AWARENESS AND A BALANCED MIX OF DEMAND DRIVERS ATTRACT VISITORS TO NEW ZEALAND

Tourism New Zealand (TNZ), the Government agency charged with marketing New Zealand, has been promoting the country globally with the ‘100% Pure New Zealand’ campaign since 1999 to boost the country’s image as a premier international visitor destination. In 2016, TNZ has a budget of NZ$117 million to market the country overseas, with focus on promoting the shoulder seasons of autumn and spring.

Visitors come to New Zealand to enjoy:

• Some of the world’s most spectacular landscapes and unspoilt natural beauty. For example, Milford Sound in Fiordland is frequently referred to as ‘the eighth wonder of the world’, first nicknamed so by Nobel laureate Rudyard Kipling. Milford Sound has also been named a Natural World Heritage Site, one of three in New Zealand.

• A country rich in unique Māori heritage and indigenous culture.

• A world-class hub for outdoor and adventure tourism. New Zealand scored fifth place for ‘Adventure’ in U.S. News & World’s ‘2016 Best Countries’ Report.

• A well-established friendly and geopolitically stable destination which is becoming increasingly important as global tensions rise. New Zealand was ranked as ‘the world’s ninth best country’ in a global UN report which examined a range of criteria, linked to living standards across 188 countries in 2015.

• A popular cruise destination, with the number of passengers doubling in the last five years.

• A sought-after destination for business and conventions. Planned expansion in New Zealand’s facilities includes initiatives to build international conference centres in Auckland, Wellington, Christchurch and Queenstown.

• A major international film and event setting. For example, events such the America’s Cup, Rugby World Cup, and the production of the Hobbit and Lord of the Rings attract major visitation.
Why invest in New Zealand’s hotel sector?

SUPERB CONNECTIVITY

New Zealand’s transport infrastructure is world-class and enables excellent connectivity to the rest of the world from all major visitor hubs around the country. This includes:

- **5 international airports**, with 25 international carriers and 40 direct flight routes, serving major overseas markets
- **30 regional airports**, offering direct and efficient access around the country
- **The highest ratio of road per capita in the world**, with 11,000 kilometres of state highways and 80,000 kilometres of local roads
- **4,000 kilometres** of rail track
- **14 sea ports**, allowing for significant growth in the cruise line sector

New long-haul aviation technology, competition and lower fuel prices have made it easier and more affordable for people to travel to New Zealand. The new Boeing 787 Dreamliner and Airbus A350XWB will likely see this trend strengthen further.

Current statistics demonstrate the significant capacity increases that the aviation sector is undergoing:

- 9.5 million inbound airline seats to New Zealand in 2015 – a 4.6 per cent rise on the previous year.
- An additional estimated 1.08 million inbound seats in 2016 – at 11.4% almost triple the percentage growth of 2015.
- Further negotiations under way to add new long-haul routes and carriers.

![FIGURE 2: International airline seats to New Zealand (one way)](image-url)

Source: Sabre Market Intelligence
Growth in inbound seat capacity for 2015 and 2016 combined

40 Direct inbound flights
05 International airports
25 International carriers
Why invest in New Zealand’s hotel sector?

Chinese and Australian holiday-makers are leading the influx of foreign visitation

STRONG DEMAND FROM KEY FEEDER MARKETS

China and Australia are New Zealand’s largest visitor markets and expected to be the greatest contributors to growth over the next decade. Together they will account for around two thirds of the projected increase in total visitor arrivals and 58 per cent of market share by 2025. Chinese visitor arrivals are projected to grow more than two-fold by 226 per cent to 1.16 million by 2025. The Australian market, although dropping slightly in market share overall, is forecast to rise by 32 per cent to 1.76 million visitors, maintaining its place as New Zealand’s largest international feeder market. United States visitors are expected to expand their position as the third largest international market, growing by 78 per cent to make up nine per cent of all visitors by 2025.

The average visitor in New Zealand spent NZ$189 per night in 2015. By comparison with the average, Chinese visitors spend NZ$464 - 145 per cent more than the average visitor, linked to higher ancillary spend on food and beverage, retail products and experiences. Australians behave broadly in line with the average, whereas United States visitors spend NZ$265 per night, 40 per cent more than the average.
The holiday and ‘visiting friends and relatives’ (‘VFR’) categories currently make up 80 per cent of arrivals. Holiday-makers, a significant income source for hotels, are anticipated to be the most significant growth generators over the next decade. This category of traveller is expected to grow by 79 per cent to 2.8 million in 2025.

Business travellers account for a smaller but important part of New Zealand’s visitor economy, particularly multi-day international business events which are high in value due to greater length of stay and higher average expenditure per stay. The average international business delegate spends 5.8 nights in a respective event destination, longer than all other visitor categories. Business travellers, next to holiday-makers also have the greatest propensity to stay in hotel accommodation during their visit.

**FIGURE 5:**
Share of international visitor arrivals in New Zealand by purpose of visit

Chinese visitor arrivals are projected to grow more than two-fold by 226 per cent to 1.16 million between 2015 and 2025.

**HOLIDAYS AND ‘VISITING FRIENDS AND RELATIVES’ ARE THE PRIME PURPOSES FOR VISITING NEW ZEALAND**

Although 50 per cent of all Chinese hotel guests still travel in groups, a higher-value Chinese FIT segment is emerging which already makes up 30 per cent of all Chinese guests.

Although 50 per cent of all Chinese hotel guests still travel in groups, a higher-value Chinese FIT segment is emerging which already makes up 30 per cent of all Chinese guests.

**Chinese market is quickly growing in sophistication.**

**226%**

Source: IVA (Stats NZ), Visitor Arrival Forecasts (MBIE), Fresh Info
Visitors are concentrated across five top tourism regions providing a captive market for hotel investment

Auckland, Rotorua, Wellington, Christchurch and Queenstown are New Zealand’s top tourism destinations. Over 98% of international visitor arrivals enter the country through airports servicing these destinations.
The growth in visitation has resulted in attractive hotel operating performance with high occupancy, and strong ADR and RevPAR growth

HOTEL ROOM NIGHT DEMAND IS ON THE RISE
An exceptional increase in international visitors, coupled with steady growth in domestic travel, have led to strong demand for hotel rooms in the top five tourism regions. Hotel room nights increased from 5.1 million in 2012 to 5.9 million in 2015, an average annual growth rate of five per cent.

It is estimated that unconstrained demand for hotel room nights across the top five tourism regions will rise to 8.7 million by 2025. This represents remarkable growth of 49 per cent over the next decade.

The hotel demand and supply imbalance means there is little scope for occupancy rates to improve much further during peak periods. While Auckland and Wellington already show strong year-round occupancy, off-peak demand is expected to grow which is allowing year-round occupancy rates to increase as surplus hotel capacity is utilised. For instance, seasonality in Queenstown has already reduced significantly with three quarters of the year now showing occupancy levels in excess of 80 per cent.

High occupancy rates have further led to significant room price increases. Annual ADR rose by nine per cent across the top five tourism regions from NZ$140 in 2014 to NZ$152 in 2015.

As at year-to-date April 2016, the trend of accelerating ADR growth across the top five tourism regions has further strengthened. For example, ADR in Queenstown grew by an impressive 17 per cent year-on-year. Rotorua also achieved double-digit rate growth of nearly twelve per cent.
Why invest in New Zealand's hotel sector?

**FIGURE 8:** Hotel ADR by region for all 3 to 5-star hotels (NZ$)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<td>110</td>
<td>152</td>
<td>158</td>
<td>168</td>
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<tr>
<td>Rotorua</td>
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<tr>
<td>Wellington</td>
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<td>Christchurch</td>
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<tr>
<td>Queenstown</td>
<td></td>
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</tr>
</tbody>
</table>

Source: TIA/Fresh Info

The intensifying shortage in hotel rooms will further improve trading fundamentals akin to patterns witnessed in Australia.

**ADDITIONAL HOTEL DEVELOPMENT IS REQUIRED TO MAINTAIN A SUSTAINABLE BALANCE BETWEEN DEMAND AND SUPPLY**

Demand growth is currently outpacing the supply of new rooms. This means that, in the short term, the existing gap between hotel room supply and demand will expand further. It is estimated that the hotel market could absorb up to 9,700 new hotel rooms across the top five tourism regions by 2025, while sustaining 2015 occupancy rates, which were strong for most hotel operators.

Considering historic growth rates and the projected pipeline of new hotel rooms over the next ten years, it is estimated that there may still be a significant shortfall of up to 4,526 hotel rooms across the top five tourism regions by 2025.

**FIGURE 9:** New hotel rooms required by 2025 in the top tourism regions

Note: The increased uncertainty of supply coming online makes it difficult to estimate for Christchurch, however, there are currently two hotels in the later stages of construction / remediation.
The urgency for new hotel inventory is greatest in Auckland and Queenstown where record occupancy rates are already starting to disrupt traditional tourism patterns and behaviours.

Rotorua and Wellington also have a need for additional hotel stock. In Wellington, proposed large-scale projects like the Movie Museum, the new Convention Centre and the runway extension all have the potential to further lift hotel demand beyond estimates.

Rooms supply in Christchurch reduced by 75% as a result of the earthquake, and today only half of the pre-earthquake hotel inventory is operational. Whilst there are a number of developments in the pipeline to restore supply to previous levels, the timing and delivery of these projects is associated with greater uncertainty, given the significant volume of rebuild activity that Christchurch is undergoing at present.

**RISING OCCUPANCY RATES WILL DRIVE FURTHER INCREASES IN ADR**

In the absence of investment in additional hotel stock, the projected imbalance between hotel demand and supply in each region will continue to lift annual occupancy rates over the next decade.

Similarly, ADR will grow as a result of highly constrained occupancy and limited new hotel supply. The new hotels that do get built will also be able to command a premium in the market which will further reinforce overall ADR gains.

The estimated number of new hotel rooms required in the top tourism regions to meet demand expectations by 2025

9,700

The current ADR projections are based on the previous five years’ historical data. Although historical trading levels can be indicative of the likely future growth a market may experience, the present ADR forecast may be conservative if viewing rate growth trends since 2012 in isolation. Assuming that current market dynamics persist and hotel demand growth continues to outpace any increases in supply, the potential growth in ADR over the next ten years could be much greater.
Why invest in New Zealand’s hotel sector?

AUSTRALIAN TRENDS AS STRONG PRECURSOR FOR NEW ZEALAND HOTEL PERFORMANCE

Australia has been experiencing similar patterns of tourism growth to New Zealand, including rapid growth in Chinese demand, and therefore provides useful occupancy and ADR benchmarks. Demand has been particularly strong in Sydney and Melbourne which has demonstrated that with favourable demand conditions and limited increases in room supply, annual occupancy rates in key destinations can approach 90 per cent. Interestingly, Sydney recorded an annual occupancy of 84 per cent in 2012, the same rate achieved by Auckland hotels in 2015. The evidence further suggests that the rate of price escalation may start to accelerate once annual occupancies exceed 80 per cent, hence, there could be considerable scope for ADR growth in New Zealand’s top tourism regions.

FIGURE 12:
Annual occupancy and ADR in Australian cities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Occ</td>
<td>65</td>
<td>70</td>
<td>75</td>
<td>80</td>
</tr>
<tr>
<td>ADR</td>
<td>100</td>
<td>120</td>
<td>140</td>
<td>160</td>
</tr>
</tbody>
</table>

Source: STR

Exceptional hotel operating conditions provide strong returns and will drive future yield compression

New Zealand hotels have been offering healthy returns to the investor, relative to hotels in other developed destinations. Recent freehold transactions witnessed in the New Zealand hotel market over the past 18 months generally indicate investment yields in the order of seven to eight per cent for upscale, fully operational hotels.

The transactional evidence further implies that New Zealand hotels currently trade at levels ranging from NZ$100,000 to NZ$330,000 per key depending on location and star rating. Over a five-year timeframe, it appears that per-room values have risen well in excess of inflation by at least 25 per cent for comparable hotels in key destinations such as Auckland. This has been underpinned by favourable trading conditions and strong investor interest.
Increasing evidence of yield compression is being observed in the market place, with capitalisation rates for prime hotel assets likely to fall below seven per cent in the near to medium term. Yield compression together with strong projected performance growth at a rate in excess of build cost appreciation will likely improve the feasibility of new hotel development.
OPEN for Business
As New Zealand’s international city, Auckland is OPEN to the world. To investment, international conferences, major events, business, tourism and as a gateway to the rest of the country. OPEN 24/7

<table>
<thead>
<tr>
<th>Population 2015</th>
<th>1.57 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP wider region 2015 NZ$</td>
<td>88.3 billion</td>
</tr>
<tr>
<td>Local Authority</td>
<td>Auckland Council</td>
</tr>
</tbody>
</table>
Auckland

Destination Highlights

Auckland is New Zealand’s largest city and home to more than a third of New Zealand’s population. The city is the gateway to New Zealand, with more than 70 per cent of visitor arrivals entering through Auckland Airport. Auckland consistently ranks highly on benchmark measures with other international cities, for example it has been rated the world’s third most liveable city in the Mercer Quality of Living survey since 2011, and was ‘one of the top 10 cities to visit’ globally by Lonely Planet in 2014.

MAGNIFICENT SEASIDE SETTING

Situated on the beautiful Hauraki Gulf, Auckland regularly features on TripAdvisor for its stunning scenery, boating activities on three harbours, nearby rainforested hills, vineyards, unique volcanic cones, indigenous Māori heritage and access to world-class beaches. Its water-front location means that there are a variety of water-based activities and island adventures available nearby.

Auckland Tourism, Events, and Economic Development (ATEED)

ATEED is Auckland’s Economic Development Agency, tasked with helping Auckland to become the world’s most liveable city. One of ATEED’s key focus areas has been expanding the Auckland visitor economy from NZ$4.83 billion in 2012 to NZ$7.23 billion by 2021, representing an increase of 50 per cent. ATEED’s NZ$60m of funding drives this strategy.
NEW ZEALAND’S GLOBAL CITY

Auckland is a modern, cosmopolitan and culturally tolerant city. According to the 2015 World Migration Report, Auckland is one of the world's most culturally diverse cities, with the forth most foreign-born population. It has a substantial indigenous Māori population and the highest concentration of Polynesian ethnicities in the world. With 39 per cent of its population born overseas, the city is revealed to be more diverse than Sydney, Los Angeles, London and even New York. This ethnic diversity has been the foundation for the development of an exciting entertainment and restaurant landscape, offering an eclectic array of international cuisines.

The city also attracts a strong portfolio of global events through its Auckland Major Events Strategy and Fund. For example most recently the ICC Cricket World Cup 2015, FIFA U20 Football World Cup 2015, and the Rugby World Cup 2011. It will host the World Masters Games in 2017.

THE ECONOMIC HUB OF NEW ZEALAND

Auckland is the powerhouse of New Zealand's economy. It generates approximately 37 per cent of the country’s GDP and is home to the headquarters of around two thirds of New Zealand’s top 200 companies.

The city’s economy is diverse and Auckland Council's vision through the Auckland Plan and Economic Development Strategy ensures a clear strategy for continued growth. ATEED is delivering a comprehensive work programme, focused on driving the region's globally competitive advanced industries, and growing the region's reputation as an innovation hub across the Asia-Pacific area. That has included an increased focus on knowledge-intensive services which has led to the development of a strong information and communication technology (‘ICT’) sector, based in a corridor of innovation hubs. It is also the financial and insurance centre of New Zealand, complementing a large and established manufacturing sector. The region has world-class capability in sectors such as high-value foods, advanced materials (composites), and screen and animation.

Auckland was recognised globally in 2016 as a city on the move, named for the first time in the ‘Top 20 City Momentum Index’ compiled by global commercial real estate firm JLL. The index identifies cities which have the most dynamic urban economies and are adapting most rapidly to the imperatives of technological and infrastructural transformation. The 2016 report referred to Auckland as “one of the world's most sustainable and liveable cities” and “among the most dynamic city economies globally which have been able to achieve global reach without significant economies of scale”.

FIGURE 14:

Auckland regional GDP by sector 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>21%</td>
</tr>
<tr>
<td>Visitor and lifestyle-related</td>
<td>15%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13%</td>
</tr>
<tr>
<td>ICT</td>
<td>9%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>8%</td>
</tr>
<tr>
<td>Owner-occupied property operation</td>
<td>7%</td>
</tr>
<tr>
<td>Education</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand
Auckland has an urgent need for new hotels driven by favourable demand and lagging new supply

FAVOURABLE DEMAND CONDITIONS
Auckland's status as New Zealand's largest city and main international gateway gives it a major advantage in attracting a large and growing number of international and domestic visitors each year.

ATEED is delivering on the Auckland Visitor Plan's strong growth targets and focuses efforts on three markets (China, Australia and the US), and on high-value visitors. This is supported by the Auckland Business Events Plan which outlines key priorities to grow that visitor sector. ATEED works alongside hotel operators designing joint marketing activity and coordinating the major and business events calendar to maximize yield and reduce seasonality.

Factors driving demand include:
- A buoyant international tourism market on the back of improved direct airline access and capacity as well as proximity to the fast growing Asia Pacific markets.
- Auckland is a major cruise hub for Oceania, and significant annual growth in visitation (nearly 250,000 passengers in the 2015/16 season) is predicted to continue. Nearly 40 per cent of cruise arrivals are ‘exchange’ stopovers, where passengers and crew embark or disembark, and typically stay in Auckland hotels for one or more nights.
- A strengthening international and domestic business travel and convention market.
- Auckland's strong and growing portfolio of major events, as a result of the Auckland Major Events Strategy released in 2011 and Auckland Council's ongoing significant investment in securing events.
- The region's increasing popularity as a short-break leisure destination for Australian and domestic visitors.

As a result, annual unconstrained demand for hotels is projected to increase to over 4.2 million room nights by 2025. This translates into growth over the next ten years of 46 per cent and an average growth rate of 3.9 per cent per annum. The forecast represents a continuation of the historic trend of three per cent average annual growth between 2010 and 2015.
Domestic demand for Auckland hotels is substantial. New Zealand residents currently make up 60 per cent of total hotel nights in Auckland. The domestic market is projected to grow another 32 per cent by 2025.

Together with the domestic market, Australia and China are expected to be the chief catalysts of the future growth in hotel room night demand. By 2025, the Australian segment is forecast to increase by 29 per cent, while Chinese demand is projected to triple to represent 15 per cent of total room nights, up from seven per cent currently. This is significant when viewed in the context of visitor expenditure statistics which show that Chinese spend the most.

Close to 65 per cent of all visitors staying in hotel accommodation travel to Auckland for leisure reasons. The majority of these are independent travellers which benefits average room rates due to the higher spending propensity of this segment. However, given the city’s significance as New Zealand’s economic hub, corporate travellers also represent a significant share of hotel nights, accounting for approximately 20 per cent.
Auckland

Together with Wellington and Queenstown, Auckland hotels experience relatively limited seasonality throughout the year. The first and last quarter of the year, ending in March and December respectively, typically see the highest demand with occupancies in the high 80s, allowing hoteliers to maximise ADR. The March quarter coincides with the peak summer travel and event season and a pick-up in business travel post-Christmas. The December quarter usually benefits from strong domestic corporate and conference demand as well as the start of the summer travel peak. The June and September quarters are traditionally less busy but still achieved occupancy rates of around 80 per cent in 2015.

SEVERE HOTEL CAPACITY CONSTRAINTS

As at March 2016, Auckland's hotel inventory comprised a total of 65 properties, with at least 40 rooms in operation, offering 9,459 rooms across all 3 to 5-star rated segments (Qualmark or self-rated).

Close to 65 per cent of these rooms are concentrated in the upscale 4 to 4.5-star category, with the remaining relatively evenly spread across mid-tier 3 to 3.5-star and 5-star luxury properties.

FIGURE 19:
Structure of Auckland’s hotel supply by star rating
PER CENT OF ROOMS

Source: Colliers International

Strong growth across all of Auckland’s key tourism segments has resulted in a critical shortage of hotel rooms during peak periods and consistently high levels of demand outside of these periods.

Only two hotels have been completed in Auckland since 2010, adding 401 rooms to the market. Based on the current development pipeline, it is projected that a total of 2,500 additional hotel rooms will be built over the next ten years. However, the Auckland hotel market could absorb up to 4,300 hotel rooms by 2025 while continuing to achieve 2015 occupancy rates. Taking into account expected growth in hotel rooms in Auckland over the next ten years, it is estimated that a shortfall of up to 1,800 hotel rooms may develop over this period.

FIGURE 20:
Future room supply additions versus required room supply in Auckland to maintain 2015 occupancy rates

Source: Fresh Info Hotel Forecasting Model

Note: For further detail, refer to Regional Hotel Market Analysis & Forecasting report, jointly prepared for NZTE by Colliers International and Fresh Info.
SURGE IN VISITATION AND SEVERE SUPPLY SHORTAGE DRIVE RECORD TRADING HIGHS

Stellar trading conditions across Auckland have elevated annual occupancy rates to a record 84 per cent in 2015. Coupled with an annual ADR improvement of ten per cent to NZ$153, the uplift has improved RevPAR year-on-year by 14 per cent to NZ$128.

Trading data for the first four months of 2016 provides proof that this trend continues. As at year-to-date April 2016, RevPAR in Auckland is up by another 14 per cent compared with the same period in 2015.

The record levels of demand and limited supply increases projected for Auckland indicate that the hotel sector will remain highly constrained over the next decade. Accommodation constraints will mean that not all peak season demand can be met and growth in off-peak travel, driven by the strong influx of international travellers, will lead to current surplus capacity being utilised during lower demand periods. The combined net effect of this will be high occupancy pressures throughout the year.

With annual occupancy rates forecast to reach 90 per cent in the long-term, ADR is predicted to benefit from significant price escalation, increasing by 44 per cent to NZ$220 by 2025.

FIGURE 21:
Occupancy and ADR projections for Auckland hotels (3 to 5-star)

The current ADR projections are based on the previous five years’ historical data. Although historical trading levels can be indicative of the likely future growth a market may experience, the present ADR forecast may be conservative if viewing rate growth trends since 2012 in isolation. Assuming that current market dynamics persist and hotel demand growth continues to outpace supply increases, the potential growth in ADR over the next ten years could be much greater.
Hotel Investment In New Zealand

Auckland

IMAGE — Mudbrick Vineyard Restaurant, Waiheke Island
Auckland offers a well-balanced mix of tourism demand drivers

**LEISURE DEMAND DRIVERS**

Auckland attracts a multitude of visitors due to its varied offering and strong connectivity between the city and its periphery.

**Recreation and Nature**: Within a one-hour radius, visitors encounter a diverse array of picturesque islands, hundreds of desirable beaches from wild surf to sheltered golden bays, exceptional marine life, rugged rainforest-covered hills, and world-class golf courses. Lonely Planet named the Waitemata Harbour and the local Hauraki Gulf as the ‘Number One’ experience in New Zealand.

Auckland is also unique for its volcanic foundations which are visible throughout the city – 48 volcanic cones, many of which have been developed into parkland, rise above the cityscape and grant the visitor panoramic city and harbour views. Maungakiekie, also known as One Tree Hill Domain, is one of the most visited based on its Māori heritage and spectacular vistas.

**Food, Wine and Nightlife**: Auckland is a vibrant city, boasting an array of high-end restaurants and a lively nightlife, concentrated at Wynyard Quarter, the Viaduct Harbour, Federal Street and Britomart, Ponsonby and Parnell. Visitors also enjoy its close proximity to award-winning vineyards across four wine regions including Matakana, Kumeu, Clevedon Hills and Waiheke Island.

**Culture and Heritage**: Auckland benefits from an eclectic mix of culture and heritage-based offerings, linked to strong influence from Māori and Pacific Island ethnicities and traditions across the northern parts of New Zealand. Auckland Museum houses the world’s most extensive Māori and Pacific Island people’s art collection.

**Auckland Events and Festivals**: Auckland’s world-class and globally recognised events calendar, which continues to expand, draws both domestic and international visitors into the city. Auckland has a strong portfolio of major events and was named ‘Best Medium Sports City’ globally for the second time in a row, and ‘Fourth Best City Overall’, in the 2016 SportBusiness ‘Ultimate Sports Cities Awards’, reinforcing its global reputation for hosting international sporting events.
## Auckland

### Events and Festivals:

<table>
<thead>
<tr>
<th>MAJOR EVENTS HOSTED</th>
<th>CURRENT EVENTS SECURED</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICC Cricket World Cup – 2015</td>
<td>World Masters Games – Apr 2017</td>
</tr>
<tr>
<td>FIFA Under 20 Football World Cup – 2015</td>
<td>Lions Rugby Tour – Jun to Jul 2017</td>
</tr>
<tr>
<td>Rugby World Cup – 2011</td>
<td>Rugby League World Cup – Oct to Dec 2017</td>
</tr>
</tbody>
</table>

As well as offering a major international events calendar, Auckland has a portfolio of regular events which attracts large numbers of domestic visitors.

<table>
<thead>
<tr>
<th>REGULAR EVENTS</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerous Super Rugby matches</td>
<td>Sport – Rugby union</td>
</tr>
<tr>
<td>Two All Blacks test matches (contracted with NZ Rugby)</td>
<td>Sport – Rugby union</td>
</tr>
<tr>
<td>ASB Classic / Heineken Open Tennis</td>
<td>Sport – Tennis</td>
</tr>
<tr>
<td>Several international cricket matches</td>
<td>Sport – Cricket</td>
</tr>
<tr>
<td>Auckland City Limits</td>
<td>Music</td>
</tr>
<tr>
<td>Major indoor and outdoor concerts throughout the year</td>
<td>Music</td>
</tr>
<tr>
<td>New Zealand Fashion Week</td>
<td>Fashion</td>
</tr>
<tr>
<td>Major cultural festivals including Diwali, Pacifica, Tamaki Herenga Waka and Lantern festival</td>
<td>Cultural festivals</td>
</tr>
</tbody>
</table>
CORPORATE DEMAND DRIVERS

Meetings, Conventions and Incentives:
Auckland recognises the value of the business travel market, and is focused on building a world-class business events sector. This is being delivered by ATEED’s Auckland Convention Bureau unit by means of initiatives outlined in the Auckland Business Events Plan. The city has facilities to host small and medium-sized meetings, conferences and exhibitions. However, due to the international significance of its economy and sustained demand for meetings and conventions, Auckland has reached a ceiling in terms of the size of events and number of delegates it is currently able to host. In 2015, the city counted approximately 1.23 million business event delegates which equates to around 36 per cent of the national market.

FIGURE 22:
Corporate events and delegate days in Auckland

Work has commenced to construct a new NZ$450 million, world-class 3,150-seat international convention centre, scheduled to be completed in 2019. The New Zealand International Convention Centre (NZICC) will significantly increase the number and scale of domestic and international business events held in Auckland, contributing to Auckland’s growth and reputation as a vibrant, internationally competitive city.

Economic impact modelling has forecast that the NZICC will enable an additional 33,000 new visitors per annum to Auckland.

NZICC will be the country’s premier convention centre, and the first dedicated space to cater for more than 1,000 people, enabling New Zealand to attract major international conferences. Located in the heart of the city centre, the landmark building will be designed to encompass state-of-the-art open and light-filled spaces that reflect the rich New Zealand heritage, provide fantastic views of Auckland and transform the local streetscape. In addition to hosting conferences and meetings, the NZICC will have the capability to be set up for sporting events such as basketball or boxing, as well as theatre and music performances.
Local Corporates:
Sectors with a major presence in Auckland constitute ICT, manufacturing, screen production, health, hospitality, food and beverage, construction and engineering, as well as business services such as legal and accounting, management services and marketing. Multinationals with a significant presence include amongst others Microsoft, Oracle, Google, Orion Health, Vista Entertainment, HP, Dell, SAP, ANZ Bank Limited, Beca Engineering, Fisher and Paykel Healthcare, Fletcher Building Limited, Fonterra, Heinz Watties Limited, Heineken and Vodafone.

<table>
<thead>
<tr>
<th>NZICC – Key Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>32,000</strong> square metres GFA (Gross Floor Area)</td>
</tr>
<tr>
<td><strong>5x</strong> larger than the current largest convention facilities in New Zealand</td>
</tr>
<tr>
<td>Capable of hosting conferences of around 3,000 people and one-off events of around 4,000 people</td>
</tr>
<tr>
<td><strong>24</strong> meeting rooms</td>
</tr>
</tbody>
</table>
Auckland takes a pro-active approach to infrastructure planning

**AUCKLAND AIRPORT – A GATEWAY TO NEW ZEALAND**

Auckland Airport is by far the largest and busiest airport in New Zealand. It handled a record 16.3 million of passenger movements in 2015, up 6.5 per cent from 15.3 million in 2014. As a result of a strengthened overseas network, the rate of growth in international passenger movements exceeded that of domestic passengers. However, domestic seat capacity also continues to see expansion, with the number of available seats rising by 13 per cent in 2016.

Following significant investment of NZ$575 million between 2004 and 2011, the airport has significantly expanded its connectivity in recent years by including more direct long-haul services to key aviation hubs and across Pacific Rim countries in Asia, South America and the Middle East. This expansion has been recognised as one of the key contributing factors to the large increase in international visitors to New Zealand.

<table>
<thead>
<tr>
<th>Destinations</th>
<th>Weekly Frequency</th>
<th>International Carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>9</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air Asia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air New Zealand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emirates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JetStar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAN Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Philippine Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Qantas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virgin Australia</td>
</tr>
<tr>
<td>Asia</td>
<td>13</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air China</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air New Zealand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cathay Pacific</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China Eastern</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China Southern</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hong Kong Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Korean Air</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Malaysian Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Singapore Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Thai Airways</td>
</tr>
<tr>
<td>Pacific</td>
<td>10</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air Caledonie</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air New Zealand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fiji Airways</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air Vanuatu</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jetstar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tahiti Nui</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virgin Australia</td>
</tr>
<tr>
<td>Americas</td>
<td>7</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air New Zealand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hawaiian Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAN Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>United Airlines</td>
</tr>
<tr>
<td>Middle East</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emirates</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>529</strong></td>
</tr>
</tbody>
</table>
Future upgrade plans include the development of a combined domestic and international terminal, a second runway, and the capability to extend the length of the second runway after 2044 to cater for increasingly larger aircraft. The airport’s 30-year expansion plan aims to achieve 40 million annual passengers by 2040.

**FIGURE 23:**

*Passenger movements at Auckland Airport*

As a result of strong migration to Auckland, the city is now facing substantial demand for expanded infrastructure. Auckland Council and its associated organisations have commenced a transformational infrastructure investment project in partnership with the New Zealand Government, focused on the provision of good quality, affordable infrastructure in order to achieve its goal of becoming ‘the world’s most liveable city’. Up to NZ$23.6 billion is expected to be invested into transport projects over the next 30 years, with key projects including the NZ$2.5 billion City Rail Link project and the East-West Connections project.

### Major transport infrastructure projects in Auckland

<table>
<thead>
<tr>
<th>Project</th>
<th>Delivery</th>
<th>Investment (NZ$ Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under planning / construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Western Ring Route</td>
<td>2017</td>
<td>NZ$2.4+</td>
</tr>
<tr>
<td>SH20A to airport</td>
<td>2017</td>
<td>NZ$0.1+</td>
</tr>
<tr>
<td>City Rail Link</td>
<td>2023</td>
<td>NZ$2.0 to 3.0</td>
</tr>
<tr>
<td>Auckland Manukau Eastern Transport Initiative</td>
<td>2024</td>
<td>NZ$1.2</td>
</tr>
<tr>
<td>East-West Connections</td>
<td>2025</td>
<td>NZ$1.25 to 1.85</td>
</tr>
<tr>
<td>Auckland Light Rail</td>
<td>TBC</td>
<td>NZ$1.0</td>
</tr>
<tr>
<td>Completed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PORTS OF AUCKLAND (POA)
The PoA is New Zealand’s busiest container port and the most efficient in Australasia, processing 834,515 Twenty-Foot Equivalent Units (‘TEUs’) in 2015. The port’s Princes and Queens wharves adjoin Auckland’s city centre and are the terminals for the Auckland cruise industry and the region’s ferry network.

Cruise has been one of the fastest growing industries globally and in particular domestically. It is estimated that global cruise volume now reaches 23 million passengers, a 68% increase during the past ten years, whereas cruise passengers in New Zealand have risen by 96% over the last five years. As noted earlier, growth is predicted to continue.

FIGURE 24: Cruise ship numbers and passenger arrivals in Auckland

Auckland’s current position as the key hub on the trans-Tasman swing, which operates back and forward between Australia and New Zealand, means that it captures a significant share of cruise visits nationally. Auckland is also the base for trips to the Pacific Islands with P&O’s Pacific Pearl using Auckland as its home port for several months of the year.

That means pre- and post-cruise stays by ‘exchange’ ship passengers and crew generate significant knock-on demand for hotels – an estimated 80,000 Auckland room nights from cruise passengers and crew in 2014/15. Growing the proportion of exchange visits is a key strategy for Auckland. Provided that PoA is able to extend its existing infrastructure to operate with enlarged cruise ship berths, this figure may double to as much as 160,000 room nights per annum by 2020.

Auckland is New Zealand’s passenger exchange port due to the international air links and hotel capacity. Along with Sydney, it is a key cruise hub for the Oceania region which comprises Australia, New Zealand and the South Pacific.
Hiking in the Waitakere Ranges, Auckland
OPEN to Experience
OPEN your experience with authentic Māori culture and spectacular geothermal attractions. To beautiful landscapes, adventure activities, events and well-being.

<table>
<thead>
<tr>
<th>Population 2015</th>
<th>69,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP wider region 2015 NZ$</td>
<td>12.3 billion</td>
</tr>
<tr>
<td>Local Authority</td>
<td>Rotorua Lakes Council</td>
</tr>
</tbody>
</table>
## Rotorua

<table>
<thead>
<tr>
<th><strong>International visitors 2015</strong></th>
<th><strong>Visitor spend 2015 NZ$</strong></th>
<th><strong>Hotel room nights 2015</strong></th>
<th><strong>Hotel occupancy 2015</strong></th>
<th><strong>Hotel ADR 2015 3 to 5-star</strong></th>
<th><strong>Hotel RevPAR 2015 3 to 5-star</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>698,000</td>
<td>593m</td>
<td>534,000</td>
<td>77%</td>
<td>NZ$110</td>
<td>NZ$84</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+10% y-o-y</td>
<td>+18% y-o-y</td>
</tr>
</tbody>
</table>

### Destination Highlights

Rotorua is one of New Zealand's key visitor hubs, attracting a diverse mix of domestic and international visitors. It is known for its 18 beautiful lakes, fantastic geothermal attractions, Māori culture, adventure tourism, the best mountain biking in the southern hemisphere and natural hot springs and wellness. With nearly 50 per cent of New Zealand's population living within a three-hour drive of the city, Rotorua is an easily accessible vacation destination, and an increasingly popular location for conventions, major sports, cultural and entertainment events.

#### GEOTHERMAL ‘HOT SPOT’

The city is known internationally for its extraordinary geothermal activity and spectacular geysers – notably the world's most reliable, Pohutu Geyser at Te Puia and the iconic Champagne Pool at Wai-O-Tapu. The bubbling hot mud pools throughout the region are similarly striking. There are several geothermal parks near and within Rotorua which showcase the extensive geothermal activity of the region.

Rotorua has some of the best natural thermal hot springs, spas, and massage therapies in New Zealand dating back to the 1880’s when visitors would come from around the world to bathe in the natural geothermal waters of the Pink and White Terraces to heal their ailments. There are currently plans to invest over NZ$15 million into a new natural hot spring facility located on the lakefront. The facility is part of an overall plan to develop a significant, integrated spa, health and wellness tourism precinct with a distinctly New Zealand Māori culture context to segment Rotorua as a world leading natural hot springs, health and wellness city.
A CENTRE OF MĀORI CULTURE
The region is rich in Māori culture, and there are a range of guided walks and tours through historic villages which are highly popular with international visitors. A number of businesses promote Māori culture through unique traditional food experiences and dance performances. The City is also home to the New Zealand Māori Arts and Crafts Institute (NZMACI) and Te Puia which offer New Zealand’s largest Māori culture and geothermal attraction, currently in the process of undergoing an extensive NZ$17 to 18 million site redevelopment.

AN INTERNATIONAL LOCATION FOR BUSINESS, EVENTS AND ADVENTURE
Rotorua regularly features as one of New Zealand’s ‘must-see’ destinations. It provides an abundance of outdoor activities throughout the rivers, lakes, forests and parks that fringe the city.

In 2015 Rotorua was declared one of only six Gold-Level Ride Centres in the world by the international Mountain Biking Association (IMBA). The riding varies from the extensive trails in the Whakarewarewa Forest to the gravity park at Skyline Rotorua, New Zealand’s first year-round gondola assisted bike lift.

Rotorua’s central location and strong proposition make it a popular destination for business events. Rotorua currently hosts around 98,000 business event delegates per year.

ONE OF NEW ZEALAND’S MOST DIVERSE ECONOMIES
Rotorua is driven by forestry and wood processing, tourism, geothermal energy, agribusiness, education, health, manufacturing and social services. It was named New Zealand’s top town for economic growth in 2015 – achieving GDP growth of 4.3 per cent. Expansionary indicators such as retail spending and building consents are outperforming national averages.

The city has built a prosperous tourism industry which accounts for approximately 15 per cent of the wider Rotorua region’s GDP - compared to four per cent nationally. It is Rotorua’s largest employer, encompassing accommodation, bars, restaurants, attractions, leisure activities and retail stores. Rotorua’s unemployment rate has fallen to its lowest level since 2009 on the back of strong economic growth and net migration.
Rotorua has a compelling need for new hotels driven by a strong demand outlook and limited new supply

FAVOURABLE DEMAND CONDITIONS

Rotorua has experienced a particularly strong pick-up in hotel demand over the past two years and counted approximately 534,000 room nights in 2015, an increase of 18.5 per cent since 2012.

Factors driving demand include:

- Proximity to, and a major marketing focus on, the large Auckland domestic market.
- Strong international visitation, led by the Chinese market; Chinese visitors have a high propensity to visit Rotorua and this trend is expected to continue.
- The expansion in domestic aviation.
- New demand generators; over the coming three to five years, a total of NZ$90 million will be dedicated to the development of visitor sector product, the majority of which aimed at attractions, frequented by international visitors. The most notable investment is the improvement of Te Puia, NZMACI and the planned lake-front, premium-quality health and wellness tourism precinct.

Annual unconstrained hotel demand is projected to increase to circa 731,000 room nights by 2025. This translates into growth over the next ten years of 37 per cent and an average growth rate of 3.2 per cent per annum. The forecast represents a continuation of the historic trend of three per cent average annual growth between 2010 and 2015. The current change in market dynamics over the past three years means the rate of growth could easily be higher.

Rotorua benefits from a strong domestic market given its proximity to Auckland which leads to a good base of weekend leisure and mid-week convention demand. Rotorua’s balanced mix of tourism drivers will ensure that domestic demand remains stable over the next decade.

Increasing Chinese visitation is forecast to drive the majority of growth in hotel demand. By 2025, Chinese demand is projected to broadly double to make up 32 per cent of total room nights. Rotorua also receives healthy demand from Australian and United States visitors which are expected to grow by eight per cent and 29 per cent respectively.
Rotorua has a defined seasonality pattern but is increasingly becoming less seasonal. Hotels typically peak in occupancy and ADR in the March and December quarters, driven by strong international demand during the New Zealand summer season. Occupancies reach the high 80s during these periods. By contrast, they range between 65 and 70 per cent in the June and September quarters, still underpinned by robust domestic demand. The shoulder periods have begun to show steady growth over the past couple of years. This is likely to continue as the development of product and marketing initiatives target the shoulder seasons.

**INCREASING SHORTAGE OF HOTEL SUPPLY**

As at December 2015, Rotorua's hotel sector comprised a total of 20 properties, with at least 25 rooms in operation, offering some 1,909 rooms across all 3 to 5-star rated segments (Qualmark or self-rated). 80 per cent of Rotorua’s hotel supply is concentrated in the upscale 4 to 4.5-star segment. There is a comparatively small share of mid-tier 3 to 3.5-star hotels, and the 5-star luxury market is represented by only one small boutique hotel.
Strong growth in hotel demand over the past two years has resulted in a shortage of hotel rooms during the summer peak and increasing levels of demand outside of this period. The majority of Rotorua’s existing stock dates from the 1980s and 1990s and there has only been one addition to the Rotorua hotel market in recent years.

Given that there is only one hotel project currently under construction and two other hotel developments proposed in the short to medium term, the supply pipeline in Rotorua remains low.

Analysis suggests that the Rotorua hotel market could absorb up to 700 new hotel rooms by 2025 while continuing to achieve 2015 occupancy rates. Taking into account expected growth in hotel rooms in Rotorua over the next ten years, it is estimated that a shortfall of up to 480 hotel rooms may develop over this period.
FLOURISHING DEMAND AND HOTEL CAPACITY CONSTRAINTS LEAD TO NEW HIGHS IN OPERATING PERFORMANCE

Favourable demand conditions have pushed the annual occupancy rate up to 77 per cent in 2015 and annual ADR up ten per cent to NZ$110. The overall effect is an 18 per cent increase in annual RevPAR to NZ$84 in the calendar year 2015.

The positive momentum in RevPAR growth has continued into the first four months of 2016. As at year-to-date April 2016, RevPAR in Rotorua is up by another 15 per cent compared with the same period in 2015. This is a result of uplift in both occupancy and ADR.

Current demand and supply projections indicate that Rotorua’s hotel sector will become increasingly constrained over the next decade during peak periods and also busier during off-peak periods as visitor demand rises across the year and unaccommodated peak demand shifts to the shoulder months. This will result in annual occupancy rates of around 85 per cent in the long-term and annual ADR in Rotorua increasing from NZ$110 in 2015 to NZ$139 by 2025.

Historically, ADR in Rotorua has underperformed other top tourism regions due to a larger group tour segment and stronger seasonality with one clear occupancy spike during the summer season. However, the share of group tours is set to reduce as Chinese guests adopt a more independent travel style. Combined with the recent pick-up in visitor levels, and strengthening off-peak occupancy, this will likely allow hoteliers to command higher ADRs. This trend is already being observed through strong ADR growth.

FIGURE 31:
Occupancy and ADR projections for Rotorua hotels (3 to 5-star)

<table>
<thead>
<tr>
<th>Year</th>
<th>ADR</th>
<th>RevPAR</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>80</td>
<td>70</td>
<td>70%</td>
</tr>
<tr>
<td>2011</td>
<td>85</td>
<td>75</td>
<td>80%</td>
</tr>
<tr>
<td>2012</td>
<td>90</td>
<td>80</td>
<td>90%</td>
</tr>
<tr>
<td>2013</td>
<td>95</td>
<td>85</td>
<td>95%</td>
</tr>
<tr>
<td>2014</td>
<td>100</td>
<td>90</td>
<td>100%</td>
</tr>
<tr>
<td>2015</td>
<td>105</td>
<td>95</td>
<td>105%</td>
</tr>
<tr>
<td>2016</td>
<td>110</td>
<td>100</td>
<td>110%</td>
</tr>
<tr>
<td>2017</td>
<td>115</td>
<td>105</td>
<td>115%</td>
</tr>
<tr>
<td>2018</td>
<td>120</td>
<td>110</td>
<td>120%</td>
</tr>
<tr>
<td>2019</td>
<td>125</td>
<td>115</td>
<td>125%</td>
</tr>
<tr>
<td>2020</td>
<td>130</td>
<td>120</td>
<td>130%</td>
</tr>
<tr>
<td>2021</td>
<td>135</td>
<td>125</td>
<td>135%</td>
</tr>
<tr>
<td>2022</td>
<td>140</td>
<td>130</td>
<td>140%</td>
</tr>
<tr>
<td>2023</td>
<td>145</td>
<td>135</td>
<td>145%</td>
</tr>
<tr>
<td>2024</td>
<td>150</td>
<td>140</td>
<td>150%</td>
</tr>
<tr>
<td>2025</td>
<td>155</td>
<td>145</td>
<td>155%</td>
</tr>
</tbody>
</table>

Note: The current ADR projections are based on the previous five years’ historical data. Although historical trading levels can be indicative of the likely future growth a market may experience, the present ADR forecast may be conservative if viewing rate growth trends of the past two years in isolation. Assuming that current market dynamics persist and hotel demand growth continues to outpace supply increases, the potential growth in ADR over the next ten years could be much greater.
Rotorua offers an attractive variety of tourism demand drivers

**LEISURE DEMAND DRIVERS**

Rotorua is the birthplace of tourism in New Zealand, starting with the Pink and White Terraces in the 1880’s. The region is now a visitor hub for both international and domestic visitors who are attracted to the fascinating cultural, geothermal and outdoor activities.

**Geothermal and Spa:** Rotorua sits within a caldera, giving the destination its unique geothermal resource. Rotorua offers visitors the unique opportunity to rejuvenate and relax, using some of the best natural spa therapies in New Zealand, set amongst stunning landscapes. The city is home to a range of natural mineral hot pools and New Zealand's only mud baths at Hells Gate Geothermal Mud Bath Spa. The Polynesian Spa offers unparalleled thermal hot pools and therapies, while the QE Health Spa and Wellness Centre is a world-leading rehabilitation facility. Renowned geothermal parks near and within Rotorua include Waimangu Volcanic Valley, Wai-O-Tapu Thermal Wonderland, and Te Puia.

**Culture and Heritage:** Rotorua provides visitors with the opportunity to experience New Zealand’s unique Māori heritage. Visitors can see Māori cultural performances, boiling mud pools, native bush, the National Schools of Wood Carving, and have the opportunity to experience an overnight marae stay, hosted by an extended Māori family. The buried village of Te Wairoa is New Zealand's most visited archaeological site, which preserves the volcanic eruption of Mt Tarawera in 1886.

**Outdoor and Wildlife:** Rotorua offers a variety of activities to please the outdoor enthusiast which range from running, biking, trekking, adventure sport and water-based events. The region is internationally renowned for its mountain biking trails, and was named as one of only six places in the world to be awarded Gold-Level Ride Centre status by the International Mountain Bike Association. The area is also home to a number of wildlife parks and agricultural theme parks, showcasing New Zealand's proud farming traditions and an array of wildlife, including kiwis.

### Rotorua Events and Festivals

Rotorua boasts a strong annual events calendar which includes:

<table>
<thead>
<tr>
<th>REGULAR EVENTS</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Rugby matches held at Rotorua International Stadium</td>
<td>Sport – Rugby union</td>
</tr>
<tr>
<td>Summer Festival Race Day</td>
<td>Sport – Horse racing</td>
</tr>
<tr>
<td>Blue Lake Multisport Festival</td>
<td>Sport – Multisport</td>
</tr>
<tr>
<td>Tarawera Ultra Marathon</td>
<td>Sport – Running</td>
</tr>
<tr>
<td>Rotorua Marathon</td>
<td>Sport – Running</td>
</tr>
<tr>
<td>Rotorua Bike Festival</td>
<td>Sport – Biking</td>
</tr>
<tr>
<td>Rotorua Walking Festival</td>
<td>Sport – Walking</td>
</tr>
<tr>
<td>Tough Guy and Gal Challenge</td>
<td>Sport – Endurance racing</td>
</tr>
<tr>
<td>Rotorua Blues Festival</td>
<td>Music</td>
</tr>
<tr>
<td>Major concerts held at Rotorua International Stadium</td>
<td>Music</td>
</tr>
<tr>
<td>New Year's Mardi Gras Festival</td>
<td>Festival</td>
</tr>
</tbody>
</table>

Rotorua has also hosted several international events in the past five years including the Rugby World Cup 2011, Raggamuffin Music Festival 2010 to 2012 and Crankworx International Mountain Bike Festival 2015/16. It will also host a British and Irish Lions rugby match in June 2017 against the Māori All Blacks.
CORPORATE DEMAND DRIVERS

Meetings, Conventions and Incentives:
The Energy Events Centre is Rotorua’s main venue - a versatile, multi-purpose complex positioned on the edge of Lake Rotorua that is capable of seating up to 4,000 people theatre-style. It is located within easy walking distance of the inner city retail precinct, accommodation, restaurants, cafés and spa facilities.

Rotorua’s central location and strong tourism proposition makes it a popular destination for business events. However, the lack of high-quality international hotel options means it is difficult to accommodate high-end incentive groups and FIT. Feedback from a range of event management companies and professional conference organisers is often centred around this issue.

Rotorua is forecast to attract approximately 115,000 business delegates in 2016, a 17.6 per cent increase on 2015.

FIGURE 32: Corporate events and delegate days in Rotorua

The new Rotorua Economic Development CCO was created in June 2016 to focus on the retention and growth of existing and the attraction of new investment, businesses, residents, visitors, and students to Rotorua. The CCO works in partnership with the Rotorua business community. A key focus is on doubling Rotorua’s domestic and international visitor expenditure to NZ$1 billion per annum by 2030.

The CCO has five main business activity areas:
1. Business development
2. Investment attraction
3. Tourism growth
4. Destination marketing
5. Visitor services

Increase in business delegates forecast for 2016
17.6%
The other main venues which are used for events in Rotorua:

- **Sir Howard Morrison Performing Arts Centre** – a building designed specifically for Performing Arts and entertainment that offers a 686 tiered-seating theatre. The Performing Arts Centre is a short walk from major hotels, shops, bars and restaurants.

- **Te Runanga Tea House** – located in the Government Gardens, adjacent to Rotorua city centre. Built as a tea pavilion in 1903, its location, mid-way between the Rotorua Performing Arts and the Energy Events Centre, makes it great for an extra breakout space.

- Alongside the major hotels, there are also a number of other unique venue offerings that host a range of conference and performing arts activities such as the historic Blue Baths in Government Gardens.

**Local Corporates:**

Corporate operations in Rotorua tend to support local tourism and industry. Therefore, leisure travellers significantly outweigh the corporate-stay market. Major employers with headquarters locally include Scion (NZ Crown Research Institute focused on the forest sector), NZ’s largest forest managers Timberlands & PF Olsen, NZ’s largest sawmill Red Stag Timber and one of NZ’s largest home manufacturers Lockwood Homes. A number of significant Māori-based organisations are also headquartered in Rotorua.
Rotorua is focused on a tourism-growth enabling infrastructure

**ROTORUA AIRPORT**

Rotorua Airport is the gateway to the Bay of Plenty and the wider Central North Island. Located a ten-minute drive from the city, Rotorua Airport receives daily direct Air New Zealand services from Auckland, Wellington, Christchurch and Queenstown (via Christchurch) as well as a number of charter and scenic flights on a regular basis.

Significant investment in the airport between 2004 and 2009 expanded the runway and terminal to ensure it could cater for newer, larger jets. There is also a strong future focus on enhancing the air connectivity with the South Island, in particular, Christchurch and Queenstown.

Passenger numbers for the last seven months show an increase of 8.5 per cent, strongly driven by air traffic from Auckland which grew by 33.5 per cent. Domestic seat capacity at Rotorua Airport is expected to remain unchanged in 2016, due in part to Rotorua’s close proximity to Auckland which makes it easy to access by road for Auckland residents and international visitors entering New Zealand via Auckland Airport.

**LOCAL TRANSPORT NETWORK AND DEVELOPMENTS**

For the size of its population, Rotorua has a strong local infrastructure in place which is well placed to receive the projected increase in visitor numbers.

Rotorua's road infrastructure allows access to nearly 50 per cent of New Zealand's population within a three-hour drive. Five major State Highways (5, 30, 33, 36 and 38) converge in Rotorua. This ease of access means coaches and shuttles run frequently to the city and connect Rotorua to almost all major North Island cities. The city is within a three-hour drive of Auckland, one-hour drive of Tauranga and six-hour drive of Wellington.
OPEN for Creativity
A thriving film and creative hub with a vibrant arts scene, Wellington is a magnet for OPEN minds. The country’s culinary capital with a growing ICT/digital sector. It is also New Zealand’s capital city and seat of government.

<table>
<thead>
<tr>
<th>Population 2015</th>
<th>203,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP wider region 2015 NZS</td>
<td>32.6 billion</td>
</tr>
<tr>
<td>Local Authority</td>
<td>Wellington City Council</td>
</tr>
</tbody>
</table>
Wellington

**Destination Highlights**

Wellington is New Zealand’s capital city and the second most populous urban area of New Zealand. The city has long been celebrated for its stunning water-front location with sweeping views, vibrant arts scene, world-class café and restaurant culture, active outdoor lifestyle and its growing ICT/digital sector.

**ARTS AND CULTURAL CAPITAL**

Wellington is the arts capital of New Zealand, boasting a number of important national institutions and cultural attractions within its compact city centre, the most famous of all, its national museum Te Papa Tongarewa.

It further provides a unique ‘city break’ experience for leisure visitors, built around its café culture and major cultural event programme. Living up to its reputation as New Zealand’s events capital, the city has demonstrated a strong commitment to memorable and world-class experiences, with events including the World Wearable Art Awards Show and the New Zealand Festival, the leading art festival in New Zealand.
FILM AND CREATIVE HUB
Since the production of The Lord of the Rings, The Hobbit films and many other international blockbusters, Wellington has become known as ‘Wellywood’. The international film and special effects industry in the city generated 79 per cent of New Zealand’s total post-production screen revenue in 2015. Notable industry players include Sir Peter Jackson and Sir Richard Taylor, widely known for their work on the Lord of the Rings and Hobbit trilogies, King Kong, and Avatar.

CULINARY CAPITAL
Tucked between three of New Zealand’s finest wine and food producing areas – Hawke’s Bay, Wairarapa and Marlborough, Wellington is part of a region of exceptional taste. It is acclaimed as the gastronomic capital of New Zealand, offering more bars and restaurants per capita than New York. The city’s restaurants have received the supreme ‘Cuisine NZ Restaurant of the Year’ award on numerous occasions. Building on its reputation, the annual event ‘Wellington on a Plate’ was set up in 2009 as a celebration of the culinary culture of this harbour city, dotted with award-winning eateries such as Charlie Noble, Logan Brown and Ortega Fish Shack.

A TEN-YEAR PLAN TO A PROSPEROUS WELLINGTON
Wellington City Council is at the start of its 2015 to 2025 plan to build a stronger, more prosperous Wellington. The Council is driving the development of strategic projects for the purpose of economic growth.

Potential investment projects include: a 350-metre extension to the Wellington International Airport, a new international convention centre and movie museum, and a large-scale performance arena.

CAPITAL CITY
Wellington is home to Parliament, the head offices of all Government Ministries and Departments and a number of key private institutions. Public administration and safety, accounts for 12.3 per cent of the city’s employment, compared to 4.8 per cent for New Zealand. Being New Zealand’s capital city, Wellington is very well connected with the rest of New Zealand, and has a higher percentage of domestic visitors than a number of the other focus areas. Wellington has a higher GDP per capita than other major New Zealand cities, sitting above the national average. Its economy outperforms other areas of New Zealand in terms of productivity and is driven by a highly educated and skilled workforce.

FIGURE 33:
Wellington regional GDP by sector 2013

Source: Statistics New Zealand
Wellington has a compelling need for new hotels driven by a strong visitor outlook and significant infrastructure projects

**FAVOURABLE DEMAND CONDITIONS**

Wellington hotels have benefitted from healthy growth over the past five years and counted approximately one million occupied room nights in 2015, an increase of 14 per cent since 2010. Factors driving demand include:

- Wellington’s strong domestic corporate and FIT sectors.
- Expansion in the domestic and trans-Tasman aviation market, and particularly to Australia’s east coast.
- Improving international demand; the introduction of the first long-haul flight from Singapore via Canberra in September 2016 will further establish this trend.

There are a number of other projects in the planning stages which, if realised, will have significant impact on demand. These include:

- A new movie museum.
- A new convention centre.
- A proposed 350-metre runway extension at Wellington Airport which would enable Wellington to receive some types of wide-body aircraft.
- A new 10,000 to 12,000-seat indoor concert arena.

Annual demand for hotels is expected to increase to 1.3 million room nights by 2025. This represents growth over the next ten years of 29 per cent and an average growth rate of 2.6 per cent per annum, which is a continuation of the historic trend of 2.6 per cent average annual growth between 2010 and 2015.

The estimated number of new hotel rooms required in Wellington by 2025 to meet demand expectations

![Projected demand for hotel room nights in Wellington](chart)

*Source: Fresh Info Hotel Forecasting Model*

Wellington has traditionally benefitted from a strong domestic market, deriving 75 per cent of demand from within New Zealand. Australia and the United States are the largest international markets. The impact from the rapidly developing Chinese market has, to date, been more limited than in the other top tourism regions. However, the introduction of Singapore airlines in September is likely to accelerate travel from Asia, and could result in stronger demand than projected.

**FIGURE 35:**

*Projected growth in hotel room night demand in Wellington by origin of guest*

![Projected growth in hotel room night demand in Wellington by origin of guest](chart)

*Source: Fresh Info Hotel Forecasting Model*

*Note: Japanese demand for Wellington hotels in 2015 was 4,240 room nights and is estimated to rise to 6,470 by 2025. Korean demand for Wellington hotels is not expected to exceed 500 room nights.*
The relative strength of the corporate and government sectors in Wellington is reflected by the volume and premium rates that hotels are able to command from this segment. Approximately one third of all room nights are filled by corporate and government which is significant when compared to other regions. In Wellington, the corporate market is also higher yielding than the independent traveller segment. Other markets see the price relationship between the two segments typically inverted.

FIGURE 36:
Business mix in Wellington hotels

Source: TIA Hotel Statistics

The demand pattern in Wellington is relatively constant year-round which is explained by the solid base of domestic and corporate visitation. Occupancies receive a boost during the March and December quarters, supported by major events and the international tourism peak.

INCREASING SHORTAGE OF HOTEL SUPPLY
As at December 2015, Wellington's hotel sector comprised 31 properties, with at least 40 rooms in operation, offering some 3,494 rooms across all 3 to 5-star rated segments (Qualmark or self-rated). 55 per cent of Wellington's hotel supply is classified as 4 to 4.5-star upscale. A third of hotels are in the 3 to 3.5-star, mid-tier category with the remaining ten per cent classified as 5-star luxury. The majority of Wellington's hotel properties and rooms are well located in the central city area, with only a few properties situated in the outer suburbs of Wellington which is benefitting city-wide average rates.

Wellington currently has one hotel recently opened and two proposed developments to be completed by late 2018. There are other mooted hotel developments in Wellington which are in the early design and concept stages of planning and have less certainty of being built.

Current unconstrained demand projections indicate that Wellington may need as many as 1,000 additional hotel rooms by 2025. Taking into account the current development pipeline, it is estimated that around 560 hotel rooms will be built over the next ten years, which leaves a potential shortfall of up to 440 hotel rooms. However, uncertainty around proposed hotel developments, combined with additional demand from the proposed Movie Museum and Convention Centre may result in this being higher.
FLOURISHING DEMAND AND HOTEL CAPACITY
CONSTRAINTS LEAD TO NEW HIGHS IN
OPERATING PERFORMANCE

Favourable hotel demand conditions pushed the annual occupancy rate up to 78 per cent in 2015 and annual ADR up seven per cent to NZ$152 – representing respective increases of 4.9 per cent and 6.7 per cent on 2014. This has led to a twelve per cent increase in annual RevPAR to NZ$119 in the 2015 calendar year.

Trading data for the first four months of 2016 reveals that this trend continues. As at year-to-date April 2016, RevPAR in Wellington is up by another twelve per cent compared with the same period in 2015.

Current demand and supply projections indicate that Wellington's hotel sector will become increasingly constrained over the next decade with annual occupancy rates gradually rising from their current level of 78 per cent to around 87 per cent by 2025.

The average ADR is expected to increase from NZ$152 in 2015 to NZ$183 in 2025, and RevPAR is expected to increase from NZ$119 to NZ$159. There is no historical precedent for the record occupancy rates that Wellington is currently achieving and it is estimated that sustained occupancy pressure could result in ADR's which surpass currently predicted levels.

A growing international market as well as the planned convention centre and movie museum projects, if realised, may also assist in driving ADR increases.

FIGURE 39:
Occupancy and ADR projections for Wellington hotels (3 to 5-star)

Note: The current ADR projections are based on the previous five years' historical data. Although historical trading levels can be indicative of the likely future growth a market may experience, the present ADR forecast may be conservative if viewing rate growth trends since 2012 in isolation. Assuming that current market dynamics persist and hotel demand growth continues to outpace supply increases, the potential growth in ADR over the next ten years could be much greater.
Hotel Investment In New Zealand

Image — Boat sheds, Wellington waterfront
Wellington offers an exciting variety of tourism demand drivers

**LEISURE DEMAND DRIVERS**

Domestic and international visitors are drawn to Wellington for its arts and cultural attractions, vibrant calendar of annual events and range of outdoor activities.

**Art and Culture:** Wellington is home to Te Papa, which is New Zealand's national museum and one of Wellington's 'must-see' attractions. Located in the heart of the CBD, Te Papa houses an impressive collection of Māori artefacts, natural history and environment exhibitions, Pacific and NZ history galleries, the National Art Collection, and themed hands-on 'discovery centres' for children. The planned movie museum to be completed by 2019 will showcase Wellington's movie-making expertise, located directly opposite Te Papa. Wellington also has many other art galleries and museums for visitors to enjoy.

**Theatre and Entertainment:** Besides providing the production setting for a number of acclaimed blockbusters, Wellington is also renowned for housing some of New Zealand's most celebrated music and dance institutions such as the New Zealand Symphony Orchestra and the Royal New Zealand Ballet. With a thriving cultural scene it is also home to many performance venues such as the St James Theatre, the Opera House, the Michael Fowler Centre, TSB Arena & Convention Centre, Circa, BATS, Downstage and Embassy Theatres.

**Food and Drink:** Wellington has always been a trendsetter in New Zealand dining and boasts an eclectic mix of restaurants and bars. Close proximity to some of New Zealand's premier wine regions, for instance Marlborough and Martinborough, adds to the attraction.

**Wellington Events and Festivals:** Every year, Wellington city hosts a wide range of events including concerts, sporting matches, live theatre and dance, exhibitions and festivals. Westpac Stadium is the city's premier sporting venue with a seating capacity of up to 35,000 attendees.

### Major annual events in Wellington include:

<table>
<thead>
<tr>
<th>REGULAR EVENTS</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>World of Wearable Arts</td>
<td>Art / Fashion</td>
</tr>
<tr>
<td>New Zealand Festival</td>
<td>Festival</td>
</tr>
<tr>
<td>Summer City Festival</td>
<td>Festival</td>
</tr>
<tr>
<td>Pasifika Festival</td>
<td>Festival</td>
</tr>
<tr>
<td>International cricket matches</td>
<td>Sport – Cricket</td>
</tr>
<tr>
<td>HSBC Wellington Sevens</td>
<td>Sport – Rugby Sevens</td>
</tr>
<tr>
<td>Numerous Super Rugby and A-League matches</td>
<td>Sport – Rugby and soccer</td>
</tr>
<tr>
<td>Wellington Cup Day</td>
<td>Sport – Horse racing</td>
</tr>
<tr>
<td>Homegrown Music Festival</td>
<td>Music</td>
</tr>
<tr>
<td>Major concerts held at Westpac Stadium</td>
<td>Music</td>
</tr>
<tr>
<td>Visa Wellington on a Plate</td>
<td>Food</td>
</tr>
<tr>
<td>Annual Te Papa Summer Exhibition</td>
<td>Exhibition</td>
</tr>
</tbody>
</table>

Wellington has also hosted several international events in the past five years with great success including Royal Edinburgh Military Tattoo 2016, ICC Cricket World Cup 2015, FIFA U20 Football World Cup 2015, HSBC Wellington Sevens and Rugby World Cup 2011. In 2017 Wellington will host two British and Irish Lions rugby matches - one against the Wellington Hurricanes and the second test against the New Zealand All Blacks.
CORPORATE DEMAND DRIVERS

Meetings, Conventions and Incentives:

Wellington has a strong business events programme, supported by several large venues and a range of smaller options.

Wellington hosted around 600,000 business event delegates in 2015 which represents approximately 17 per cent of the national market.

**FIGURE 40:**

Corporate events and delegate days in Wellington

There are currently a number of large venues, used for events, including:

- **Te Papa** – As well as being a six-level museum, Te Papa is also a conference and events venue including 15 meeting rooms and a variety of exhibition spaces, catering for functions from 20 to 5,000 people.

- **Shed 6** – Wellington’s newest waterfront venue has been transformed from an old Harbour Board shed into a versatile event space. Shed 6 can easily be configured for exhibitions, meetings, banquets, social functions, product launches and live performances.

- **TSB Bank Arena** – Located on the waterfront and within an easy stroll of major hotel accommodation, cafés and restaurants, boutique shopping as well as Wellington’s arts, culture and entertainment precinct. The combination of fixed, loose floor and retractable seating offers multiple configuration setups. The venue also has the added benefit of linking to Shed 6.

**POSITIVELY WELLINGTON**

Positively Wellington Tourism (now part of the Wellington Regional Economic Development Agency) has actively developed a number of marketing promotions for the domestic and Australian markets to lift the profile of Wellington as a leisure destination, with a particular focus on weekend and event-related travel.
Wellington

• **Michael Fowler Centre** – Located in the heart of the city’s civic and cultural precinct, the Michael Fowler Centre has won numerous architecture awards and is the Wellington stage for both international conferences and leading performing artists alike.

• **EPICURE Westpac Stadium Function Centre** – Provides a distinctive setting for a range of events from 20-person boardroom to 800-guest banquet dinners.

**Local Corporates:**
Wellington has strong business drivers due to corporate offices and the government sector located in the city. The stable government demand which evens out seasonality patterns is particularly good for hotels. The significant industries represented in the city range from financial services and education to energy, healthcare, food and beverage, ICT and transport. Major employers in Wellington include Xero, BP Oil New Zealand, Contact Energy, Meridian Energy, AMP Financial Services, Capital and Coast District Health, Foodstuffs (Wellington) Co-op Society Ltd, KiwiRail-Interislander, Chorus (formally Telecom Corporation of New Zealand Ltd) and Victoria University of Wellington.

**THE MOVIE MUSEUM AND WELLINGTON CONVENTION CENTRE**
The proposed Movie Museum will offer visitors an immersive experience, featuring film-making technology, special effects, make-up and costumes on top of one of the world’s most valuable collections of film memorabilia. It will include a 5,300-square metre convention centre on the top floor. This could play a key role in lifting shoulder and off-peak demand in Wellington if it is built.
Wellington takes a pro-active approach to infrastructure planning

WELLINGTON INTERNATIONAL AIRPORT

Wellington International Airport is one of the closest airports to its city centre in the world, being just seven kilometres away from Wellington's central commercial area and offers frequent direct flights to Sydney, Melbourne, Gold Coast and Brisbane in Australia, Nadi in Fiji, and 18 domestic locations in New Zealand.

In 2015, Fiji Airways took up year-round services to Nadi and connecting onward to North America and Jetstar commenced low-cost services to Melbourne and the Gold Coast. Starting from September 2016 Singapore Airlines will commence direct flights to Singapore via Canberra.

Wellington scheduled international flight network

<table>
<thead>
<tr>
<th>Direct destinations, year-end December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Destinations</strong></td>
</tr>
<tr>
<td>Australia</td>
</tr>
<tr>
<td>Pacific</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

In the year ending March 2016 the airport handled approximately 5.8 million passenger movements of which 897,000 were international. The airport saw an increase of 16% in international passenger traffic over the same period in 2015.

In November 2014, construction commenced on a NZ$58 million, 6,000-square metre upgrade of the main terminal to cater for increasing passenger numbers. This extended the terminal building by approximately 30 metres and includes an additional lounge, retail, and food and beverage space, and provides additional parking for aircraft.

Wellington International Airport Limited (WIAL) has lodged a consent application for a 350-metre runway extension which would allow larger international flights to fly direct to Wellington. If the expansion is successful, WIAL has predicted that by 2030, passenger numbers will double to ten million through linking the city directly with Asia and North America. This would have a remarkable impact on demand for hotel room nights.
LOCAL TRANSPORT NETWORK AND DEVELOPMENTS

Wellington’s local infrastructure network is well-placed to receive the projected increase in visitor numbers. It is supported by excellent public transport that allows visitors to travel anywhere within the Wellington region using buses, trains or ferries. The Wellington Cable Car is also a key part of Wellington’s public transportation system as well as being a popular tourist attraction.

The city’s strategic location at the centre of New Zealand provides convenient access by road, air and water to many other parts of the country. Flight time to major destinations such as Auckland, Rotorua, Christchurch and Queenstown is approximately one hour and the city’s port is a key gateway for residents and visitors travelling between the North Island and South Island.

Significant investment is being made into improving road connectivity for users travelling between Wellington’s ports and the lower and central North Island. Key projects include the NZ$1.5 billion Transmission Gully and the MacKays to Peka Peka expressway.

### Major transport infrastructure projects in Wellington

<table>
<thead>
<tr>
<th>Project</th>
<th>Delivery</th>
<th>Investment (NZ$ Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under planning / construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MacKays to Peka Peka</td>
<td>2018</td>
<td>$0.57</td>
</tr>
<tr>
<td>Wellington metro rail improvements</td>
<td>2019</td>
<td>$0.88</td>
</tr>
<tr>
<td>Transmission Gully</td>
<td>2020</td>
<td>$1.5</td>
</tr>
<tr>
<td>Peka Peka to Otaki</td>
<td>2022</td>
<td>$0.25</td>
</tr>
<tr>
<td>SH1/2 Petone to Grenada</td>
<td>2024</td>
<td>$0.33</td>
</tr>
<tr>
<td>Second Terrace Tunnel</td>
<td>2025</td>
<td>$0.6</td>
</tr>
</tbody>
</table>

CENTREPORT WELLINGTON

CentrePort is a strategically situated inter-modal hub, linking road, rail, domestic and international shipping services. CentrePort’s central geographic location, natural sheltered deep-water harbour, and modern port facilities enable it to offer a broad range of cargo and logistics services.

The port provides regular ferry services taking passengers and vehicles across the Cook Strait between the North Island and South Island. The breath-taking journey through Wellington Harbour and the Marlborough Sounds is serviced by two companies - Interislander and Bluebridge.

Wellington further welcomes around 80 cruise ships into its stunning harbour each year, with passenger numbers steadily rising. The city recorded an uplift of 18 per cent in cruise passenger volume in 2015/16 by comparison with the previous season.

**FIGURE 42:**
Cruise ship numbers and passenger arrivals in Wellington

![Cruise ship numbers and passenger arrivals in Wellington](image_url)
OPEN

to the New

IMAGE — Avon River and Park, Christchurch
Christchurch is the gateway to the spectacular South Island, OPEN to explore nature and pursue outdoor adventures. Following the 2010-2011 earthquakes, Christchurch is re-emerging as a modern and vibrant city.
Christchurch

Destination Highlights

Christchurch is the largest population centre in the South Island, and New Zealand’s third largest city. Christchurch International Airport, 15 minutes from the city centre, is the gateway to the South Island and the second largest international gateway to New Zealand, with direct flights to Australia and Asia.

The city is set on the edge of the fertile Canterbury Plains, stretching to the majestic Southern Alps, and bordered by the hills of Banks Peninsula and the Pacific coastline.

A TASTE OF SOUTH ISLAND ADVENTURE

As well as being a destination in itself, Christchurch is the gateway to the Canterbury region and New Zealand’s South Island. The region is famed for its awe-inspiring scenery, world-class food and wine, and a huge range of outdoor activities. Within two-hours of the city, visitors can be skiing or hiking in the spectacular Southern Alps.

A NZ$25 million Christchurch Adventure Park project, the largest of its kind in the Southern Hemisphere, will further expand the city’s adventure tourism offering when it is completed in December 2016. It will be the world’s first downhill mountain bike park to operate 365 days of the year, and the world’s first high-speed chairlift for mountain bikers.

International visitors 2015
779,000

Visitor spend 2015 NZ$1.75b

Hotel room nights 2015
522,000

Hotel occupancy 2015
77%

Hotel ADR 2015 3 to 5-star
NZ$158 +/-0% y-o-y

Hotel RevPAR 2015 3 to 5-star
NZ$121 +3% y-o-y
A GARDEN CITY RICH WITH CULTURE

Christchurch is New Zealand’s Garden City, known for its tree-lined streets, magnificent Hagley Park and the Christchurch Botanic Gardens. Urban projects like the landmark NZ$5 million Otakaro Orchard, New Zealand’s first edible park, are inspiring the Garden City for a new generation.

Creative initiatives are drawing international attention to the city’s arts and culture offerings. Christchurch Art Gallery has reopened to wide acclaim, and the Centre for Contemporary Art has become a leading space for new art. Nearby, the restored Arts Centre is reopening as a hub for creative industry and tourism.

The New York Times, Architectural Digest, Lonely Planet, Trip Advisor and Smart Meetings have all listed Christchurch in their top rankings, hailing the city for its creativity and innovation.

A RE-EMERGING CITY

Following the 2010-2011 earthquakes, Christchurch has experienced rapid growth and re-emerged as a modern and vibrant city. The city has lodged the largest post-earthquake rebuild project in New Zealand’s history, bringing planners, architects, project managers and financiers to Christchurch. The resultant Central City re-design incorporates the most advanced planning concepts and building design, creating an exciting inner city.

Population growth is on the rise, and the Canterbury region is now experiencing strong levels of net migration and visitor numbers. Hotel room capacity is currently at 52 per cent of pre-earthquake levels, which has allowed average room rates to climb strongly to exceed pre-earthquake levels by 40 per cent.

More than NZ$30 billion is now being invested into the future-focused, innovative small city, transforming it into a hub of smart precincts with world-class facilities. This re-build activity is likely to stretch beyond 2020, making it the largest economic undertaking in New Zealand’s history.

Christchurch Regeneration

![Canterbury region population and net migration](source: Statistics New Zealand)
ECONOMIC HUB OF THE SOUTH
The Canterbury region represents over 58 per cent of the South Island’s GDP. The key economic sectors of the region are agriculture (dairy, sheep and beef, and arable farming), manufacturing (transport and machinery equipment, food and beverage) and construction. Christchurch is the manufacturing hub of the region, with particular strengths in machinery and equipment manufacturing, and chemical, minerals and metal manufacturing. The construction industry has experienced rapid growth as workers moved in to rebuild the city.

The city is home to two world-class universities – the University of Canterbury and Lincoln University. Key sectors of expertise include earth sciences, health sciences, agriculture, international education, and the technology and innovation sectors, notably building and environmental technology.

Christchurch has a compelling need for new hotels driven by international tourism and infrastructure rebuild

FAVOURABLE DEMAND CONDITIONS
Over the past three years, Christchurch has experienced a particularly strong post-earthquake recovery in hotel demand and counted approximately 522,000 room nights in 2015, a remarkable increase of 78 per cent since 2012.

Factors driving demand include:
- The continuation of the city re-build.
- Continued growth in international tourism driven by expansions in direct air routes to China and other key international markets and hubs.
- Expansions in the domestic aviation market driving more domestic visitation.

The proposed Christchurch Convention and Exhibition Centre will also be a significant source of demand when it is completed, estimated to be in 2019.

Room night demand in Christchurch has been rising significantly. It is estimated that hotel demand will exceed pre-earthquake levels by 2025 when it is projected to reach 982,000 room nights. This represents growth over the next ten years of 88 per cent and a healthy average growth rate of 6.5 per cent per annum given the ongoing rebuild of the city.
Christchurch derives approximately 45 per cent of hotel demand from independent leisure travellers but also receives a healthy share of relatively high-rated corporate business which makes up nearly 25 per cent of total room nights. This has had a positive impact on average rates overall.

**FIGURE 46:**
Business mix in Christchurch hotels

<table>
<thead>
<tr>
<th>Segment</th>
<th>Inner Ring: RNO</th>
<th>Outer Ring: Hotel revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>24%</td>
<td>26%</td>
</tr>
<tr>
<td>FIT</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Tours &amp; Groups</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: TIA Hotel Statistics

Christchurch hotels typically peak in occupancy and ADR in the March and December quarters, driven by strong international demand during the New Zealand summer season. Occupancies reach the high 80s particularly in the March quarter. Occupancies outside the peak season currently sit at around 70 per cent in the June and September quarters, underpinned by solid domestic demand during these periods.

**FIGURE 47:**
Structure of Christchurch’s hotel supply by star rating

<table>
<thead>
<tr>
<th>Star Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 star</td>
<td>13%</td>
</tr>
<tr>
<td>3.5 star</td>
<td>23%</td>
</tr>
<tr>
<td>4 star</td>
<td>25%</td>
</tr>
<tr>
<td>4.5 star</td>
<td>35%</td>
</tr>
<tr>
<td>5 star</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Colliers International

**INCREASING SHORTAGE OF HOTEL SUPPLY**
As at December 2015, Christchurch’s hotel sector comprised 18 properties, offering some 2,019 rooms across all 3 to 5-star rated segments (Qualmark or self-rated) with at least 40 rooms in operation. Christchurch’s hotel supply is heavily weighted towards the upscale segment with 4 and 4.5-star hotels accounting for 60 per cent of total supply. Mid-tier 3 to 3.5-star hotels are also relatively well represented, making up approximately one third. A significant amount of hotel stock was destroyed as a result of the earthquakes and rooms nearly slashed to a quarter of pre-earthquake levels, only counting some 920 at year-ending December 2011.

It is estimated that Christchurch may need as many as 1,600 new hotel rooms by 2025. There are currently two hotels being built or remediated in Christchurch. Both of these developments are located in the Christchurch city centre and will be of a 4 to 4.5 star rating, comprising 252 rooms. Additionally, a number of proposed developments are in various feasibility or consent stages. Currently ten proposed hotel developments have been identified in Christchurch, of which the majority are to be located in the city centre, with the exception of a proposed hotel at Addington Raceway and the proposed Novotel Christchurch Airport.
Given the significant volume of rebuild activity that Christchurch is undergoing at present, the timing and delivery of these projects is associated with greater uncertainty than in other regions.

**FIGURE 48:**
Required room supply in Christchurch to maintain 2015 occupancy rates

<table>
<thead>
<tr>
<th>ROOM NIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000</td>
</tr>
<tr>
<td>200,000</td>
</tr>
<tr>
<td>300,000</td>
</tr>
<tr>
<td>400,000</td>
</tr>
<tr>
<td>500,000</td>
</tr>
<tr>
<td>600,000</td>
</tr>
</tbody>
</table>

2025 requirement of 1,600 hotel rooms or 595,000 room nights – 252 rooms currently under construction

Note: The increased uncertainty of supply coming online makes it difficult to estimate for Christchurch, however, there are currently two hotels in the later stages of construction / remediation. For further detail, refer to Regional Hotel Market Analysis & Forecasting report, jointly prepared for NZTE by Colliers International and Fresh Info.

**FLOURISHING DEMAND AND HOTEL CAPACITY CONSTRAINTS LEAD TO NEW HIGHS IN OPERATING PERFORMANCE**

Favourable hotel demand conditions have elevated the annual occupancy rate to 77 per cent in 2015 from 73 per cent in 2014.

Despite the strong occupancy performance the annual ADR in Christchurch decreased by NZ$2 in 2015 to NZ$158. This was caused by the introduction of more 3 to 3.5-star rooms into the market.

As at year-to-date April 2016, ADR growth has stabilised, remaining flat by year-on-year comparison. Occupancy growth continues its positive momentum, being two points up year-on-year.

Current demand and supply projections indicate that occupancy rates in Christchurch will range from 79 per cent to 82 per cent over the next decade. As international demand strengthens to return to pre-earthquake levels, seasonality is likely to become more expressed, leading to accommodation constraints during peak season and some of the unsatisfied demand shifting to off-peak periods. Overall, this will benefit year-round occupancy growth.

These conditions, combined with the introduction of new, higher-rated hotels into the market, are expected to result in ADR increasing from NZ$158 in 2015 to NZ$179 in 2025, and RevPAR improving from NZ$121 to NZ$147.

**FIGURE 49:**
Occupancy and ADR projections for Christchurch hotels (3 to 5-star)

Source: Fresh Info Hotel Forecasting Model
Earthquakes and Antarctica: Christchurch has created new and innovative attractions which revolve around the earthquakes and the city rebuild. Visitors have been drawn to the Canterbury Museum's Quake City exhibition, the Transitional 'Cardboard' Cathedral, and the central city's many pop-up shops, restaurants and bars. As the regular departure point for Antarctic expeditions, Christchurch is also home to the International Antarctic Centre, a major New Zealand attraction that houses several Antarctic programmes, and features educational tools, ranging from vehicles and displays to penguins.

Christchurch Events and Festivals: Every year Christchurch hosts a wide range of events including concerts, sporting matches, live theatre and music, exhibitions and festivals. Hagley Park and central city venues are the focus of much of this live action, while AMI Stadium is home to rugby and football, seating 18,000 spectators. It can be extended to 35,000 for outdoor concerts. Addington Raceway and Riccarton Park play host to annual horse racing events including the New Zealand Trotting Cup held every November.

REGULAR EVENTS	TYPE
World Buskers Festival	Street performance
Electric Avenue Music Festival	Music
New Zealand International Jazz & Blues Festival	Music
SPECTRUM Street Art Festival	Street art
Food and Wine Festival	Food and wine
Christchurch Airport Marathon	Marathon race
Christchurch Arts Festival	Performance, visual arts
New Zealand Cup and Show Week	Racing and A&P show

Christchurch has hosted several international sporting events in the past five years including the ICC Cricket World Cup 2015, FIFA U20 Football World Cup 2015 and the New Zealand Women's Golf Open. In 2017 Christchurch will host one British and Irish Lions rugby match against the Crusaders on June 10.
Christchurch’s new NZ$230 million Metro Sports Facility will be the second largest of its kind in Australasia.

Part of the Centre is planned to open in 2019 with the remainder by late 2020. It will include an indoor aquatic hall with a 79m, 10-lane competition pool and spectator seating for 1,000 people, a 10m diving tower and warm-water pool, a leisure water area, with outdoor hot pools and two hydroslides, and nine indoor courts with retractable seating for 2,500. Stage one of the NZ$37 million sports hub at south-west Christchurch’s Nga Puna Wai Reserve will be completed in late 2017. It will feature a new athletics track, two water-based hockey pitches, outdoor tennis courts and a sand carpet pitch for rugby league.

Christchurch & Canterbury Tourism actively markets the region via websites and affiliated social media, domestic and international campaigns, trade events, media and trade familiarisations.

Christchurch and Canterbury Tourism had an operating budget of NZ$5.6 million in 2015.
CORPORATE DEMAND DRIVERS

Meetings, Conventions and Incentives:

Despite the loss of the Convention Centre, Christchurch has been innovative in its use of alternative venues and is now seeing a recovery in the number of business events it hosts.

Christchurch attracted around 330,000 business event delegates in 2015 which represents nine per cent of the national market. Approximately 20 per cent of these delegates travelled to Christchurch from other parts of New Zealand or overseas. The number of events is forecast to see continuous growth, with a 16 per cent rise expected in 2016. Plans to add a new 1,500-capacity convention centre by 2019 will allow the city to accommodate any additional demand.

Currently there are several main large-scale venues in Christchurch:

• **Air Force Museum of New Zealand** – Located just 15 minutes from central Christchurch and surrounded by the historic Wigram Air Force Base. The new 1,500-square metre conference and events hall is suitable for trade exhibitions, conferences, exhibitions, gala dinners and special events, with capacity for 1,100 people.

• **Hagley Oval Pavilion** – Centrally located venue in Hagley Park and with views across the oval. The architecturally designed pavilion is used to host meetings, cocktail functions, conferences and gala dinners for up to 150 people.

• **Horncastle Arena** – Located in the business precinct of Addington, Horncastle Arena is ideal for exhibitions, tradeshows and large scale special events but also offers spaces for more intimate gatherings. It has 4,000 square metres of flat floor space, large concourse areas and 18 corporate suites.

• **Isaac Theatre Royal** – Built in 1908, this historic Edwardian heritage theatre has been beautifully restored and rebuilt, offering up to 1,290 seats plus additional function spaces over three levels in the central city.

• **Ilex at the Botanic Gardens** – This brand new building overlooking the Avon River in the Botanic Gardens has light and modern function space for up to 180 people, plus outdoor areas, and additional function space in the public café after 6pm.
Local Corporates:

With 24 per cent of hotel nights attributed to corporate guests, room night contribution from the corporate sector in Christchurch is relatively significant. The sector is dominated by the manufacturing industry which is reflected in Christchurch’s key employers. These include ANZCO Foods Limited, Asure New Zealand Limited, Fulton Hogan Ltd, Holcim New Zealand Ltd, LWR Industries Ltd, MHW New Zealand Ltd and Phototech Industries Ltd. Also represented on a large scale are health and education with Ryman Healthcare Limited and the University of Canterbury. New headquarters for Vodafone and Kathmandu in the city’s innovation precinct are attracting technology and design experts.

Located in the heart of the city, the new convention centre will be designed to accommodate up to 1,500 delegates and will generate growth for the surrounding precincts and the wider city region.

The project is expected to be completed by 2019.
Christchurch

- Horncastle Arena
- 20 minutes to Airport / Air Force Museum of New Zealand (20 minutes from CBD)
- (Future) Metro Sports Facility
- Transitional Cathedral
- Christchurch Botanical Gardens
- Christchurch Hospital
- Hagley Oval Pavilion
- Hagley Park
- Addington Raceway
- Horncastle Arena
- International Antarctic Centre

KEY
- Events Centre
- Attraction
- Christchurch CBD
- Entertainment Precinct
- Christchurch Tram
- Motorway
Hotel Investment In New Zealand

IMAGE — New Regent Street, Christchurch
Christchurch takes a pro-active approach to infrastructure planning

CHRISTCHURCH AIRPORT

Christchurch International Airport is the largest airport servicing New Zealand's South Island, and the second largest airport in the country. Nine commercial airlines fly over 10,000 international and 60,000 domestic flights per annum. In 2015 the airport handled approximately 6.08 million passenger movements, of which 1.48 million were international.

Additional air connections were announced in 2015, with China Southern Airlines beginning new services between Guangzhou and Christchurch. China Airlines announced an international service from Taipei to Christchurch via Melbourne for the summer season and Qantas has introduced more return summer flights to Brisbane and Sydney. Domestic seat capacity also continues to grow and is projected to rise by seven per cent in 2016.

Christchurch scheduled international flight network
Direct destinations, year-end December 2016

<table>
<thead>
<tr>
<th>Destinations</th>
<th>Weekly Frequency</th>
<th>International Carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>5</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air New Zealand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China Airlines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emirates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jetstar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Qantas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virgin Australia</td>
</tr>
<tr>
<td>Asia</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China Southern</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Singapore Airlines</td>
</tr>
<tr>
<td>Pacific</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air New Zealand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fiji Airways</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100</td>
</tr>
</tbody>
</table>

In 2012, the airport completed a substantial upgrade and expansion, costing approximately NZ$273 million. This included a new integrated terminal, check-in hall, food/retail precinct, domestic screening area, regional departure lounge and a new domestic baggage claim.

Christchurch Airport serviced close to 6.3 million passengers in the year to June 2016, the most passengers the airport has ever handled in a single year. This figure represents year-on-year growth of 6.4 per cent, driven by a seven per cent increase in international and a six per cent increase in domestic travel. New direct services will bring in an additional 50,000 international visitors over the next twelve months from China, South-East Asia and Australia.

Annual passenger movements are forecast to grow to 6.8 million in the year to June 2017.

FIGURE 51: Passenger movements at Christchurch Airport

![Passenger movements at Christchurch Airport](image-url)
LOCAL TRANSPORT NETWORK
AND DEVELOPMENTS

Christchurch is well-connected by road and air to key tourist destinations of the South Island – Nelson and Queenstown can each be reached within a scenic six-hour drive or a one-hour flight. An extensive bus system connects residents and visitors from suburbs to the city centre, major shopping centres, educational facilities and a range of attractions.

The Canterbury earthquakes in 2010 and 2011 have resulted in an almost unprecedented city rebuild. SCIRT (Stronger Christchurch Infrastructure Rebuild Team) was formed following the earthquakes and was tasked with rebuilding the city’s earthquake damaged roads, fresh water, waste water and storm water networks. SCIRT is 90 per cent through this NZ$1.4 billion infrastructure rebuild programme, and has won numerous construction awards for the various projects completed.

Significant investment is being made into Christchurch’s road network in order to increase capacities for handling an increasing freight and passenger traffic across Christchurch’s periphery.

**Major infrastructure projects in Christchurch**

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DELIVERY</th>
<th>INVESTMENT (NZ$ Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under planning / construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential Red Zone (RRZ) programme</td>
<td>2016</td>
<td>NZ$1.49</td>
</tr>
<tr>
<td>Russley Road upgrade</td>
<td>2018</td>
<td>NZ$0.12</td>
</tr>
<tr>
<td>Belfast bypass</td>
<td>2018</td>
<td>NZ$0.14</td>
</tr>
<tr>
<td>Horizontal infrastructure programme</td>
<td>2018</td>
<td>NZ$0.18</td>
</tr>
<tr>
<td>Christchurch health sector redevelopment</td>
<td>2018</td>
<td>NZ$0.60</td>
</tr>
<tr>
<td>Northern Arterial Rural QE2 link</td>
<td>2019</td>
<td>NZ$0.22</td>
</tr>
<tr>
<td>Southern Motorway extension</td>
<td>2019</td>
<td>NZ$0.25</td>
</tr>
<tr>
<td>Completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus Interchange</td>
<td>2015</td>
<td>NZ$0.53</td>
</tr>
<tr>
<td>The Frame (North, East &amp; South)</td>
<td>2015</td>
<td>NZ$0.50</td>
</tr>
</tbody>
</table>

The NZ$600 million redevelopment of Christchurch’s health sector is the most complex building project in the history of New Zealand’s public health service. At its core is the redevelopment of Christchurch Hospital - one of the busiest hospitals in Australasia.

Christchurch Hospital’s Acute Services building will be completed in 2018, bringing the hospital’s number of operating theatres from 20 to 28. A new five-storey outpatients facility will also be completed in 2018 to cater for around 380,000 patients each year.

LYTTELTON AND AKAROA PORTS

Located 13.8 kilometres (8.6 miles) from Christchurch, Lyttelton Port is the South Island’s largest port and container terminal service and New Zealand’s third largest container port. The port operates 24/7, 365 days a year. Container volumes are expected to double in a decade and double again by 2041.

The cruise industry is also growing in importance. However, since the 2010 / 2011 earthquakes Lyttelton Port has been closed to cruise ships while it is developing a new berth. In the interim, cruise ships to the Christchurch region have been diverted to the port of Akaroa on Banks Peninsular.

Passenger volumes are forecast to increase by circa eight per cent in the current 2015/16 season by comparison with the previous period. The 2016/17 season is predicted to see the pace of demand accelerate by a further twelve per cent to reach approximately 150,000 passengers per year.

**FIGURE 52:** Cruise ship numbers and passenger arrivals to Akaroa Port

Source: Cruise New Zealand
OPEN for Adventure
With a reputation as ‘Adventure Capital of the World’, Queenstown is OPEN all year round as a lake and alpine resort area. Surrounded by majestic mountains and on the shores of crystal-clear Lake Wakatipu, it is known for its breathtaking scenery and enormous range of activities.

| Population | 32,400 |
| GDP wider region | 10.2 billion |
| Local Authority | Queenstown Lakes District Council |
Queenstown

**Destination Highlights**

Surrounded by majestic mountains and located on the shores of crystal-clear Lake Wakatipu, Queenstown is known for its breath-taking scenery, enormous range of activities, a relaxed vibe and welcoming people. Queenstown is New Zealand’s premier all-season visitor destination and draws over two million visitors each year, including adventurers, filmmakers, wine enthusiasts, Hollywood and Bollywood stars and United States Presidents to enjoy their own unforgettable travel experience.

**THE SOUTHERN HEMISPHERE’S PREMIER FOUR-SEASON RESORT DESTINATION**

The Queenstown Lakes District consists of a cosmopolitan lake and alpine resort area, with a high proportion of international visitors. It experiences less seasonality in visitation than other tourism areas. Record occupancy rates in 2015 show that Queenstown is increasingly becoming an all-season destination with strong demand witnessed across three quarters of the year and growing demand in its traditional low season from April to June. This trend has been supported by an active year-round events calendar, attracting visitors to the region during shoulder periods.
Queenstown has a pressing need for new hotels driven by booming international visitation and a severe shortage of hotel capacity

FAVOURABLE DEMAND CONDITIONS
Demand for Queenstown hotels has risen dramatically over the last five years to reach circa 920,000 room nights in 2015 which represents a 34 per cent increase since 2010.

Factors driving demand include:
- Steady growth in domestic visitors.
- Sustained increases in direct international air capacity.
- A rapidly growing Chinese inbound market.
- The expansion of the leisure and business event industry, particularly during the low season.

Hotel demand is projected to increase to over 1.5 million room nights by 2025. This represents growth over the next ten years of 65 per cent and an average growth rate of 5.1 per cent per annum, similar to historical levels of six per cent per annum between 2010 and 2015.

FIGURE 53:
Projected demand for hotel room nights in Queenstown

Source: Fresh Info Hotel Forecasting Model

3x Chinese visitors estimated to triple by 2025

WELL-EARNED REPUTATION AS ‘ADVENTURE CAPITAL OF THE WORLD’
Queenstown is synonymous for ‘adventure’ in New Zealand. The region is home to an endless array of adventure activities, offering everything that the adventure seeker could desire on a grand scale. It has established itself as the prime ski destination of the southern hemisphere and takes pride in being the birthplace of the world’s original bungy company AJ Hackett Bungy.

TOURISM IS THE ENGINE OF THE LOCAL ECONOMY
Tourism underpins the Queenstown economy, based on the outstanding natural amenities, and supports a range of industries including accommodation and food services, arts and recreation services, retail trade and rental services. Visitor nights have grown at rates well above national levels over the last decade and the district has a comparatively high average length of visitor stays. This trend is set to continue, for example, with the recent securing of the Amway Incentive program which will bring an additional 10,000 international visitors to Queenstown from 2018.

ENTREPRENEURIAL CULTURE
Queenstown is well known for its history of innovative tourism developments, with the likes of bungy jumping, jet boating, river surfing and tandem paragliding pioneered on a commercial basis in Queenstown Lakes. It has a high proportion of working age people who derive personal income from self-employment or business at 28 per cent, compared to the New Zealand average of 16 per cent. Queenstown also has a higher than average business entry rate (proportion of new businesses to existing businesses) by New Zealand-wide comparison, suggesting that a relatively high level of business opportunities are available and taken up.
Queenstown

Domestic visitation currently represents around 25 per cent of total room nights in Queenstown and is anticipated to remain the main income source for Queenstown hotels, closely followed by Australian demand. The Chinese and United States markets are also expected to be major catalysts of the growth in hotel demand, with the number of Chinese guests more than tripling and United States visitors close to doubling their current share of room nights by 2025. This is estimated to lead to the Chinese market making up a fifth of total room nights by that point.

In 2015, Queenstown experienced three strong quarters with occupancies in excess of 80 per cent. Only the June quarter between the summer and ski seasons sees lower visitation with occupancy in the region of 65 per cent. However, trading in 2016 already shows that occupancy is growing during this quarter, resulting in high occupancy throughout the year.

SEVERE HOTEL CAPACITY CONSTRAINTS

As at December 2015, Queenstown’s hotel sector comprised 24 properties, with at least 40 rooms in operation, offering some 3,234 rooms across all 3 to 5-star rated segments (Qualmark or self-rated).

Current hotel supply in Queenstown is skewed towards the 4 to 5-star segments with 81 per cent of total rooms available falling into this category.

FIGURE 54:
Projected growth in hotel room night demand in Queenstown by origin of guest

FIGURE 55:
Business mix in Queenstown hotels

FIGURE 56:
Structure of Queenstown’s hotel supply by star rating

Visitation to Queenstown is generally dominated by leisure travel which, together with conference and incentive demand, is higher-yielding than the other market segments and has assisted the destination in achieving the highest average rate of the top tourism regions.
The market is currently experiencing severe hotel capacity constraints during peak periods, with only two properties added since 2011, including the recent opening of a 54-room Ramada hotel in June 2016.

Current unconstrained demand projections indicate that Queenstown may need as many as 2,100 new hotel rooms by 2025. Taking into account the current development pipeline, it is estimated that only 680 hotel rooms will be built over the next ten years, which leaves a potential shortfall of up to 1,420 rooms.

**Figure 57:**
Future room supply additions versus required room supply in Queenstown to maintain 2015 occupancy rates

<table>
<thead>
<tr>
<th>ROOM NIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
<tr>
<td>100,000</td>
</tr>
<tr>
<td>200,000</td>
</tr>
<tr>
<td>300,000</td>
</tr>
<tr>
<td>400,000</td>
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<td>500,000</td>
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<tr>
<td>700,000</td>
</tr>
<tr>
<td>800,000</td>
</tr>
<tr>
<td>900,000</td>
</tr>
</tbody>
</table>

2025 shortfall of 1,420 hotel rooms or 515,000 available room nights

**Source:** Fresh Info Hotel Forecasting Model

Note: For further detail, refer to Regional Hotel Market Analysis & Forecasting report, jointly prepared for NZTE by Colliers International and Fresh Info.
SURGE IN VISITATION AND SEVERE SUPPLY SHORTAGE DRIVE RECORD TRADING HIGHS

Favourable demand conditions have already pushed the annual occupancy rate up to 79 per cent in 2015 and annual ADR up eleven per cent to NZ$168. The overall effect was a 20 per cent increase in annual RevPAR to NZ$132 in the 2015 calendar year.

The positive trend in RevPAR growth has further strengthened during the first four months of 2016. As at year-to-date April 2016, RevPAR in Queenstown was up by another 26.5 per cent compared with the same period in 2015. This is a result of strong uplift in both occupancy and ADR.

Current demand and supply projections indicate that Queenstown’s hotel sector will be increasingly supply constrained over the next decade, resulting in annual occupancy rates approaching 90 per cent by 2025.

As occupancies reach capacity during the peak season in the March and December quarters, year-round occupancy increases will be driven through improvements in shoulder and off-peak performance. This growth will stem from both an increase in overall visitation, domestic and international, and unsatisfied peak-season demand being shifted into shoulder periods.

The seasonal shift, combined with the introduction of some new, higher-priced hotels into the market in the medium to longer term, is estimated to result in ADR rising substantially from NZ$168 in 2015 to NZ$279 in 2025, and RevPAR almost doubling from NZ$132 to NZ$249.

FIGURE 58:
Occupancy and ADR projections for Queenstown hotels (3 to 5-star)

Note: The current ADR projections are based on the previous five years’ historical data. Although historical trading levels can be indicative of the likely future growth a market may experience, the present ADR forecast may be conservative if viewing rate growth trends since 2012 in isolation. Assuming that current market dynamics persist and hotel demand growth continues to outpace supply increases, the potential growth in ADR over the next ten years could be much greater.
IMAGE — Shotover Canyon, Queenstown – Shotover Canyon Swing
Queenstown offers a thrilling abundance of tourism demand drivers

LEISURE DEMAND DRIVERS

Queenstown is widely recognised as New Zealand’s premier visitor destination, offering a wide range of high-quality year-round experiences. The region was named one of the World’s Top 25 Travellers’ Choice Destinations in 2015 by Trip Advisor.

Outdoor and Adventure: Queenstown’s wide-open natural environment, lake-side location and world-class ski slopes including Remarkables and Coronet ski fields, makes the town ideal for air, water and land-based sports. Queenstown activities include skiing, snowboarding, jet boating, white-water rafting, bungy jumping, sky diving, paragliding, canyoning, abseiling, zip-lining, and mountain biking.

Wine and Golf: The region also provides visitors with ‘slower-paced’ activities, such as wine tastings in the Central Otago wine region - best known for its world-famous pinot noirs - and golfing. Queenstown has a reputation as an international golfing destination with high-class facilities and some of the world’s most scenic courses. The New Zealand Open is held in the Queenstown region at The Hills and Millbrook Resort.

Queenstown Wider Area: International and domestic visitors are also drawn to Queenstown to experience the surrounding regions, with Arrowtown, Wanaka, Glenorchy and Cromwell all within a one-hour drive. Arrowtown is central to some of the region’s best walking and cycling tracks, golf courses, ski areas, art galleries and wineries. Wanaka is renowned for its striking landforms, crystal-clear water, soaring mountains, and Treble Cone and Cardrona ski fields. Glenorchy is the gateway to some of New Zealand’s best scenery, including the Routeburn Track – an award-winning alpine walk, and Cromwell is receiving increasing international attention for its local race track.

Located en-route between Queenstown and Wanaka is Snow Farm NZ, the home of cross-country skiing in New Zealand with 55 kilometres of trails. A new exclusive backcountry skiing operation opened in 2015 at the rediscovered Soho Basin Ski Area beside Cardrona ski field.

Queenstown Area Events and Festivals: Queenstown hosts several major events each year, many of them held at Queenstown Events Centre, a multi-purpose stadium with a capacity for 19,000 spectators which can accommodate regular cricket and rugby matches, trade shows, exhibitions, seminars and concerts.

<table>
<thead>
<tr>
<th>REGULAR EVENTS</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glenorchy Race Day</td>
<td>Sport – Horse racing</td>
</tr>
<tr>
<td>Motutapu Off Road Marathon</td>
<td>Sport – Running</td>
</tr>
<tr>
<td>New Zealand Golf Open</td>
<td>Sport – Golf</td>
</tr>
<tr>
<td>Millbrook Masters Golf Tournament</td>
<td>Sport – Golf</td>
</tr>
<tr>
<td>Gay Ski Week Queenstown</td>
<td>Sport – Skiing</td>
</tr>
<tr>
<td>Queenstown International Marathon</td>
<td>Sport – Running</td>
</tr>
<tr>
<td>Gibbston Wine and Food Festival</td>
<td>Festival – Food &amp; wine</td>
</tr>
<tr>
<td>Arrowtown Autumn Festival</td>
<td>Festival</td>
</tr>
<tr>
<td>American Express Queenstown Winter Festival</td>
<td>Festival</td>
</tr>
<tr>
<td>New Zealand Mountain Film Festival</td>
<td>Film festival</td>
</tr>
<tr>
<td>Wanaka Fest</td>
<td>Festival</td>
</tr>
<tr>
<td>Queenstown Jazz Festival</td>
<td>Music</td>
</tr>
<tr>
<td>Warbirds over Wanaka</td>
<td>Air show</td>
</tr>
</tbody>
</table>

Queenstown also hosts one-off international events (e.g. international cricket matches and snow-based events) and benefits from visitation caused by events held in other regions, for example the Rugby World Cup 2011, ICC Cricket World Cup and the British and Irish Lions Rugby Tour.

From 2018, Amway Incentive programme will send over 10,000 Chinese visitors to Queenstown during low season.
CORPORATE DEMAND DRIVERS

Meetings, Conventions and Incentives:

Queenstown is a small but growing participant in the business events market, and it is New Zealand’s premier incentive destination.

In 2015 Queenstown hosted around 79,000 business event delegates (including incentive delegates), with over 60 per cent travelling from other parts of New Zealand or overseas. The number of events has seen solid growth of eleven per cent in the past year, and is projected to increase by another 19 per cent in 2016.

**FIGURE 59:**

Corporate events and delegate days in Queenstown

One of the most notable and lucrative events, recently secured and to be hosted by Queenstown in 2018, is the Amway Incentive programme. The event will see 10,000 Chinese visitors arriving in groups of 500 people per week during the low season from April to June 2018. Pre-event expenditure alone amounts to NZ$50 million. Therefore, the economic benefit to the town from incentives can be substantial.

Queensown currently has several business event venues of varying sizes including:

- **Queenstown Events Centre** – Indoor sports and events complex only a five-minute drive from central Queenstown and adjacent to the Queenstown International Airport. The venue is flexible, offering a range of function and meeting room facilities which can be adapted to meet the needs of concerts, events, gala dinners, conferences, trade shows, private functions, and sports and recreation.

- **Millbrook** – Located midway between Queenstown and Arrowtown, offering a range of conference and event spaces including break-out rooms and unique activity-based options.

- **Skyline Queenstown** – Providing exclusive dining and day conferencing for up to 900 guests with full closure of the complex.

- Various hotels offering a range of smaller conference facilities.

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**Planned Convention Centre**

The Queenstown Convention Centre is expected to be designed to hold between 750 delegates seated, up to a total capacity of 1,200 delegates, with flexibility to accommodate smaller, multi-day concurrent conferences and meetings. It will be close to Queenstown city centre on a council site to be redeveloped. A second, privately-owned convention centre has also been proposed at the Remarkables Park, near the airport.
Queenstown
Queenstown is focused on a tourism-growth enabling infrastructure

QUEENSTOWN INTERNATIONAL AIRPORT

Queenstown Airport is located eight kilometres from the town centre, and is the fourth busiest in New Zealand by aircraft movements. Queenstown Airport is serviced by multiple airlines and is one of New Zealand’s busiest helicopter centres as well as a base for several sightseeing operations.

Queenstown scheduled international flight network
Direct destinations, year-end December 2016

<table>
<thead>
<tr>
<th>Destinations</th>
<th>Weekly Frequency</th>
<th>International Carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>4</td>
<td>Air New Zealand, JetStar, Qantas, Virgin Australia</td>
</tr>
</tbody>
</table>

Construction has recently been completed on a further NZ$12 million expansion of the international terminal at Queenstown Airport. This has resulted in the international terminal almost doubling in size and the current building footprint being extended by a third. The 4,080-square metre expansion will be undertaken in three stages, with Stage One involving new international arrival and departure lounges, customs areas, retail stores, baggage claim and offices, allowing 1,000 passengers per hour through the terminal, compared to the existing throughput of 480 passengers per hour.

In 2015, the airport recorded over 1.5 million passenger movements, an increase of 14.2 per cent from the previous year. Queenstown Airport has recently introduced late-evening domestic flights and started to receive night flights from Australia which will make it much more convenient for Australians to fly directly into Queenstown. Queenstown Airport predicts that international visitor arrivals will double over the next ten years to over 400,000 per annum.

In addition, domestic seat capacity is set to rise by 16 per cent in 2016.

LOCAL TRANSPORT NETWORK AND DEVELOPMENTS

Queenstown is well-connected by road to other tourist destinations in the South of New Zealand and is conveniently situated en-route for many visitors exploring the South Island by car or campervan. The city is a six-hour drive from Christchurch, a three-hour and 35-minute drive from Dunedin and a one-hour drive from Wanaka.

Queenstown’s private bus system connects major hotels to Queenstown Airport and provides services from Central Queenstown to Frankton, Arrowtown, Arthurs Point and Wanaka.

In order to accommodate a growing resident and visitor population Queenstown Lakes District Council has developed a long-term infrastructure strategy which dedicates over NZ$1.6 billion to infrastructure investment over the next 30 years. Approximately NZ$450 million of this expenditure is intended to be transport related.
NEW ZEALAND

OPEN

for Investment

IMAGE — Mokoia Island
WHY INVEST IN NEW ZEALAND?

1. A safe and stable destination for foreign investment
2. Robust economic fundamentals
New Zealand
An attractive investment destination

A safe and stable destination for foreign investment

New Zealand is recognised globally as being a safe place to invest and do business. The country has been rated as one of the top five least corrupt nations in the world by Transparency International for 20 years in a row, and is renowned for its efforts to ensure a transparent, competitive, and corruption-free government procurement system.

New Zealand has a democratically elected government and robust state sector organisations – a number of which are structured as independent corporations – to ensure legal and economic stability. The judicial system is independent, private property rights are strongly protected, and contracts are notably secure.

THE WORLD BANK HAS RANKED NEW ZEALAND FIRST IN THE WORLD FOR:

- ease of starting a business
- protecting minority investors
INVESTOR MIGRANT PROGRAMME

Migration is a key economic lever for the country and Immigration New Zealand works closely with government and business to attract investors with the capital, commercial expertise and global networks that can help grow the New Zealand economy.

Leading to permanent residence, the Investor Plus and Investor visas provide flexibility, transparency and access to expert staff in Immigration New Zealand and right across government. Whether you want to invest in tourism infrastructure or New Zealand’s growing tech sector, these policies provide access to a world-class economy and lifestyle for investors and their families.

<table>
<thead>
<tr>
<th></th>
<th>Investor Plus</th>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum investment funds</td>
<td>NZ$10m invested for 3 years</td>
<td>NZ$1.5m invested for 4 years</td>
</tr>
<tr>
<td>Minimum time in New Zealand</td>
<td>44 days in each of the last 2 years of the 3-year investment period</td>
<td>146 days in each of last 3 years of the 4-year investment period</td>
</tr>
<tr>
<td>Maximum age</td>
<td>None</td>
<td>65 or less</td>
</tr>
<tr>
<td>Business experience</td>
<td>None</td>
<td>Minimum 3 years</td>
</tr>
<tr>
<td>English language ability</td>
<td>None</td>
<td>Competent speaker</td>
</tr>
</tbody>
</table>

OVERSEAS INVESTMENT REGIME

New Zealand welcomes foreign investment but requires consent from the Overseas Investment Office (OIO) for certain transactions involving “overseas persons” that neither are New Zealand citizens nor residents. The screening regime is contained within the Overseas Investment Act 2005 which applies to acquisitions by overseas persons of 25 per cent or more direct or indirect ownership and/or control of interests in significant business assets or “sensitive” and “special” New Zealand land. It is advisable that any overseas person becomes familiar with the terms and definitions of the regime prior to undertaking any investment efforts.

Foreign currency rating by S&P

OECD country to sign a comprehensive free-trade agreement with China

Capital Gains Tax

Corporate Tax

AA

1st

0%

28%
Robust economic fundamentals

A DIVERSE AND GROWING ECONOMY
The New Zealand economy has transformed from a reliance on agriculture into a diverse economy, including world-renowned tourism, manufacturing, ICT innovation and a dynamic film industry. New Zealand's services industry contributes 71 per cent of the nation's GDP and supports a large number of sectors throughout the country.

The financial system has remained stable, and prudent regulations and economic diversity allowed New Zealand to withstand the global financial crisis with little disruption. New Zealand's economy is forecast to grow between two to four per cent over the next five years and has outperformed the OECD average GDP growth rate in ten of the last 15 years.

FIGURE 61:
Historical real GDP growth – New Zealand versus OECD

AN OPEN ECONOMY OPERATING ON FREE-MARKET PRINCIPLES
New Zealand is recognised as an efficient, globally competitive economy that facilitates both domestic and foreign investment. This respectable position is manifested in a range of free-trade agreements, pro-competitive regulation, a pro-business tax code, a floating exchange rate and the absence of import tariffs or government subsidies in almost all sectors.

SOUND MACROECONOMIC FOUNDATIONS
Flexible fiscal and monetary policy underpins New Zealand's economy and contributes to it being ranked among the top 20-rated sovereigns in the world by rating agency Standard & Poor's. The country has a relatively strong fiscal position and legislative requirements to maintain public debt at prudent levels.

The Reserve Bank of New Zealand (RBNZ) was named ‘International Central Bank of the Year 2015’ and has maintained a low-inflation environment for more than two decades through independent monetary policy and a focus on price stability.
AN EFFICIENT, EDUCATED AND GROWING POPULATION

New Zealand is renowned for its hard-working, educated labour force, and was recently ranked within the top ten countries in the world for labour efficiency and education by World Economic Forum. The country also has flexible immigration policies designed to attract investment and skilled workers.

New Zealand’s population has increased steadily at approximately 1.2 per cent over the last two decades to reach 4.7 million today but record levels of net migration are accelerating New Zealand’s growth. Latest predictions estimate that New Zealand’s population could reach 5.9 million within the next 25 years.

FIGURE 63:
New Zealand migration year-ending March

Source: Statistics New Zealand
The New Zealand Government is working in partnership with Local Councils to actively facilitate investment into new hotels, and stands ready to help.

For the qualified investor interested in new hotel developments, the New Zealand Government will:

- **Educate investors on the hotel market opportunity** – through providing detailed market information, supporting analysis, and indicative financial modelling, detailing forecast revenue streams and capital cost of development.

- **Provide introductions to Councils to assist as key local authority contact** – Councils can assist by providing information on the local consenting and development process, as well as discuss any help and local incentives they can give to encourage hotel development, if any.

- **Facilitate introductions with key private sector parties** – this will help new market entrants ensure they have the requisite local expertise to pursue new hotel developments. This may include site identification planning, project management, architecture, construction, legal support, and finance.

### New Zealand Government collaborating entities

**NEW ZEALAND TRADE AND ENTERPRISE (NZTE)**

NZTE is the Government’s international business development agency. NZTE focus on helping companies grow internationally—bigger, better, faster—for the benefit of New Zealand. NZTE is the Government’s investment agency for foreigners interested in investing in New Zealand. With 41 international offices across seven regions across the globe, NZTE can often provide a local point of contact in your region.

**TOURISM NEW ZEALAND (TNZ)**

TNZ is the organisation responsible for marketing New Zealand to the world as a visitor destination. TNZ’s work has been carried out under the umbrella of the ‘100% Pure New Zealand’ campaign for over a decade. The campaign was originally conceived in 1999 and has evolved over the years to communicate the unique experiences available to people who visit New Zealand. TNZ has 13 international offices, two in New Zealand, and around 160 staff.

**MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT (MBIE)**

MBIE plays a central role in shaping and delivering a strong New Zealand economy. MBIE develops and delivers policy, services, advice and regulation to support business growth and the prosperity and wellbeing of all New Zealanders.

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Appendix

Glossary

• **Rooms** – the number of rooms in a hotel or serviced apartment complex.

• **Room Nights Available (RNA)** – the number of room nights that are available to be sold. RNA is the main measure of capacity for a hotel.

• **Room Nights Occupied (RNO)** – the total number of room nights occupied by guests within a given period. RNO is the main measure of demand for a hotel.

• **Occupancy Rate** – the key measure of utilisation for a hotel. Occupancy rate is calculated as RNO divided by RNA.

• **Room Revenue** – the total revenue derived by a hotel from letting its hotel rooms to guests (excl. GST).

• **Average Daily Rate (ADR)** – measures the gross room revenue derived per occupied room (excl. GST). ADR is calculated as Room Revenue divided by RNO. Another term for ADR is ‘room rate’.

• **Revenue per Available Room (RevPAR)** – measures the gross revenue per available room (excl. GST). RevPAR is calculated as Room Revenue divided by RNA.

• **FIT** – fully independent traveller.

• **VFR** – visiting friends and relatives.

• **Star rating** – quality rating assigned to a hotel or serviced apartment complex.

• **Qualmark rating** – quality rating assigned to a hotel or serviced apartment by Qualmark.

• **Self rated** – an unofficial star rating assigned by the hotel or serviced apartment complex.

• **Unconstrained demand** – the number of room nights that would be spent in hotels if there were no supply constraints.

Notes

• All figures are expressed in New Zealand Dollars unless otherwise stated.
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