New Zealand Hotel Market Perspectives

Assessing the outlook of the New Zealand hotel market

Hotels and Hospitality

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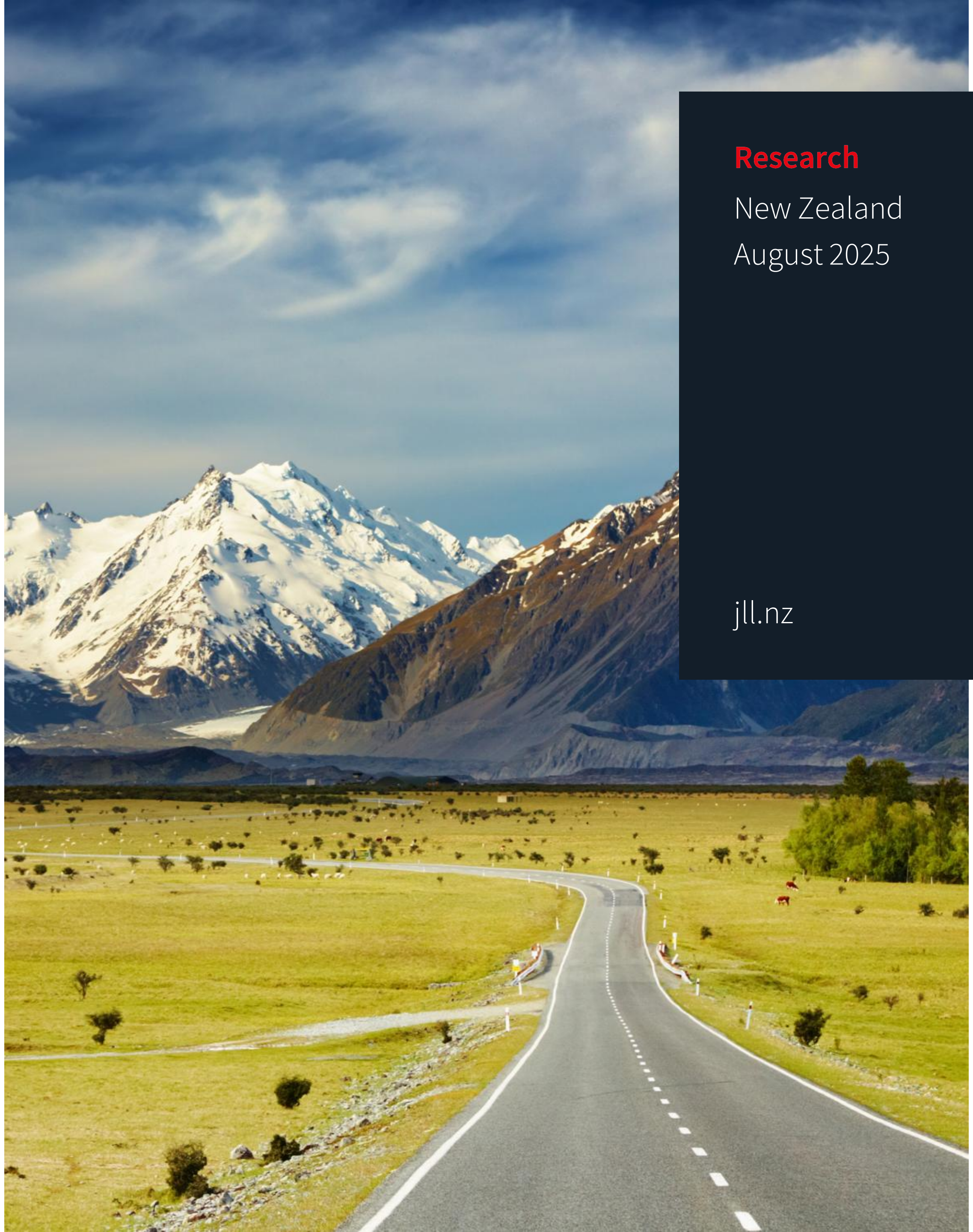

Research

New Zealand

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Improvement in air capacity and inbound visitation a catalyst for recovering tourism demand

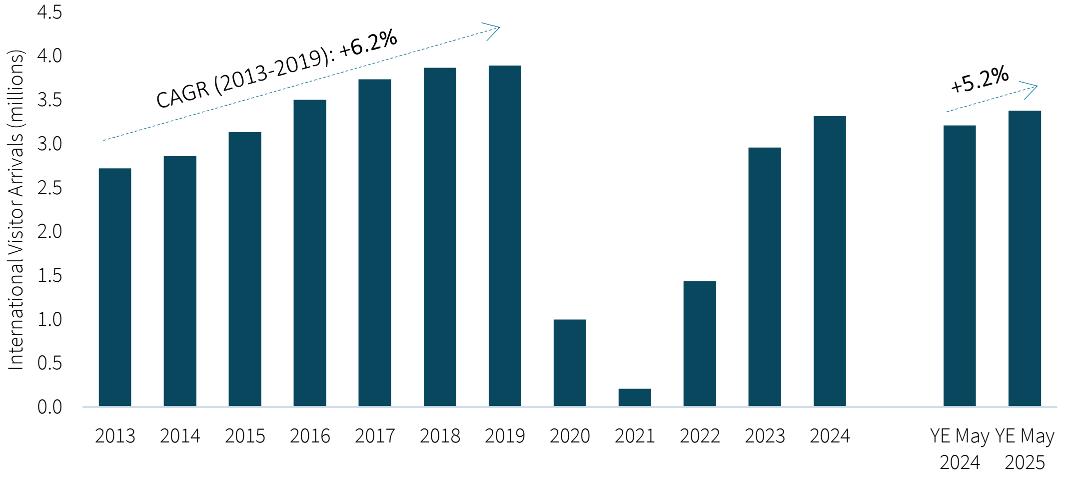
Prior to the pandemic, New Zealand experienced consistent growth in international visitor arrivals, increasing 6.2% (CAGR) between 2013-2019, with inbound arrivals reaching close to 3.89 million in 2019. Over the past four years we have witnessed a steady recovery trending back toward these levels, with arrivals for the year-ending (YE) May 2025 now sitting at 3.37 million (+5.2% YoY), or 87% of 2019 levels. The MBIE is forecasting international arrivals to reach a full recovery by 2026 (targeting ~4.78 million by 2034), whilst the TECNZ is anticipating a return by YE May 2027.

Increased flight capacities continue to facilitate this recovery, highlighted by over 2,200 more international flights in 2024 than 2023, which included 1,700 more direct flights from New Zealand's top three source markets (Australia, USA, China), according to Stats NZ. There has been a slight reconfiguring of the top five source markets since 2019, with particularly strong YoY growth to the YE May 2025, recorded in tourist arrivals from Australia (+11.2%), China (+10.6%), UK (+10.7%), Germany (+12.1%) and Japan (+17.2%).

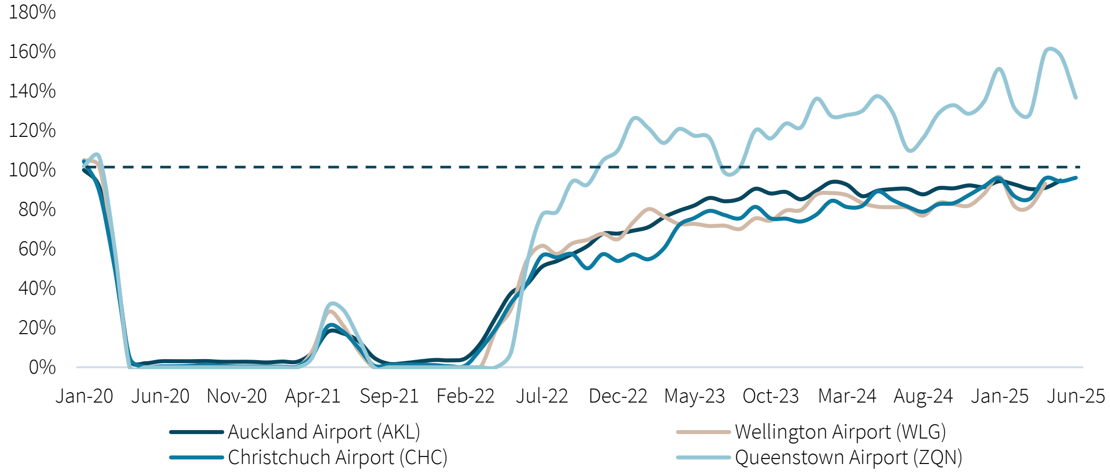
New Zealand's major airports are also witnessing steadily improving monthly international passenger numbers with Auckland, Christchurch and Wellington Airports trending in similar recovery trajectories and all sitting at mid-90% compared to on 2019 levels. Queenstown Airport is the clear outlier, having surpassed 2019 inbound passenger numbers back in late 2022, reaching as high as 160% recovery on 2019 levels in April 2025. However, Auckland airport accounts for the majority of overseas visitation serving as the primary gateway into New Zealand, accounting for over 70% of all international arrivals.

Top 5 inbound source markets as at YE May 2025 (% of total arrivals)

Annual International Visitor Arrivals



Monthly International Passenger Recovery (relative to 2019)



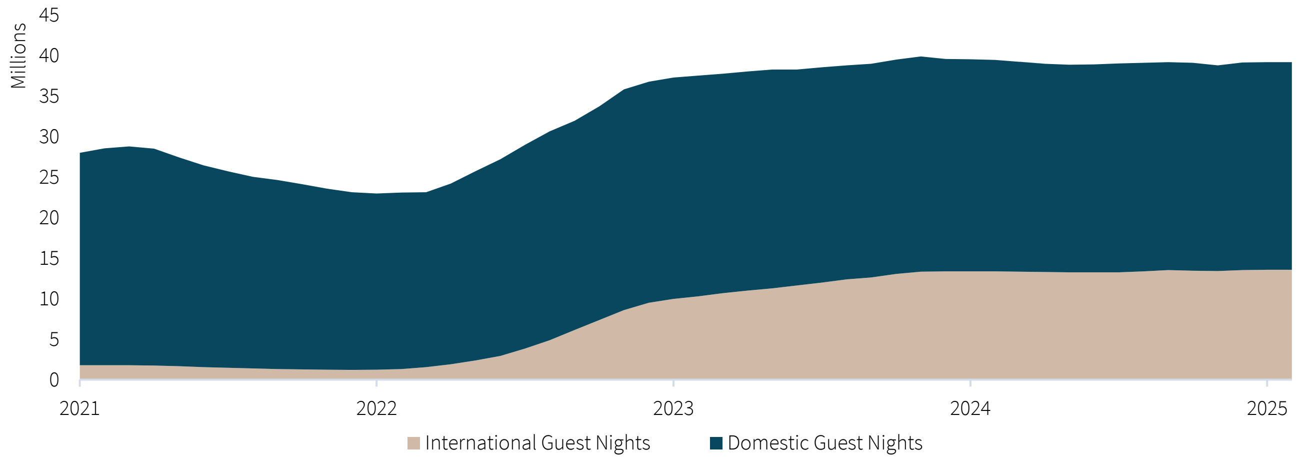
Source: JLL Research, Stats NZ, Tourism Export Council of NZ (TECNZ), Ministry of Business, Innovation & Employment (MBIE), Airport websites

Record tourism expenditure, with nation targeting a robust growth trajectory

Tourism has played a significant role in the New Zealand economy, and prior to the pandemic was the largest export industry, delivering $40.9 billion to the country. Total tourism expenditure reached record levels in the 12-months to March 2024, totalling $44.4 billion, a 14.6% increase on the previous year and an 8.6% increase on YE March 2019. It also generated a $17.0 billion direct contribution to GDP, or 4.4% of GDP. International tourism expenditure has almost recorded a full recovery (, after increasing $6.3 billion (60% YoY) to account for $16.9 billion (98% of 2019 levels). Domestic tourism expenditure increased $697 million (2.5% YoY) to sit at $27.5 billion.

Tourism New Zealand's key focus areas are to position New Zealand as a year-round visitor destination and building a long-term pipeline of visitors by addressing seasonality and boosting off-peak visitation. The MBIE recently released the latest Tourism Growth Roadmap, which builds upon the industry's Tourism 2050 strategy. This roadmap outlines a three-stage implementation timeline, identifies strategic investment priorities, and establishes targeted initiatives, all aimed at the ambitious goal of doubling tourism export value by 2034.

Total Guest Nights (Annual Rolling Total)



Source: JLL Research, Stats NZ, MBIE - Accommodation Data Programme (ADP)

New Zealand's tourism market continues to demonstrate remarkable resilience, with international visitor numbers steadily climbing toward pre-pandemic levels. Queenstown stands out as the crown jewel in this recovery, cementing its position as a truly year-round leisure destination with strong performance across both winter skiing and summer adventure seasons. We're also witnessing particularly robust growth from key Asian markets and North America, with luxury and experiential travel segments driving higher yield.

Stephen Doyle

JLL Senior Director, Value and Risk Advisory – New Zealand

A bifurcation of demand and trading performance across New Zealand's key hotel markets

The New Zealand hotel market has experienced a somewhat surprising market improvement post-pandemic, surpassing many initial projections and expectations. This has been driven by an ongoing recovery in occupancy (still down on 2019), and a new base line in ADR, which has seen market-wide RevPAR fully recover on 2019 levels.

However, over the past 12-months and as we move deeper into 2025, a clear bifurcation has emerged in the performance landscape of the country's key accommodation markets (and also pockets within these markets). While destinations like Queenstown, Christchurch and Rotorua are seeing robust demand levels and strong trading performance, other previously reliable performers such as Auckland and Wellington are facing challenging conditions, highlighted by year-on-year declines in occupancy and rate. This growing dichotomy reflects shifting travel patterns, evolving visitor demographics, an ongoing supply wave, government policy, and the varying ability of different destinations to capitalise on changing consumer preferences.

The Auckland market continues to be impacted by significant levels of new supply. The ongoing focus remains on driving demand through the likes of growing inbound tourism, sourcing a consistent calendar of major events (both leisure and business), and growing MICE demand when the New Zealand International Convention Centre (NZICC) opens in early 2026.

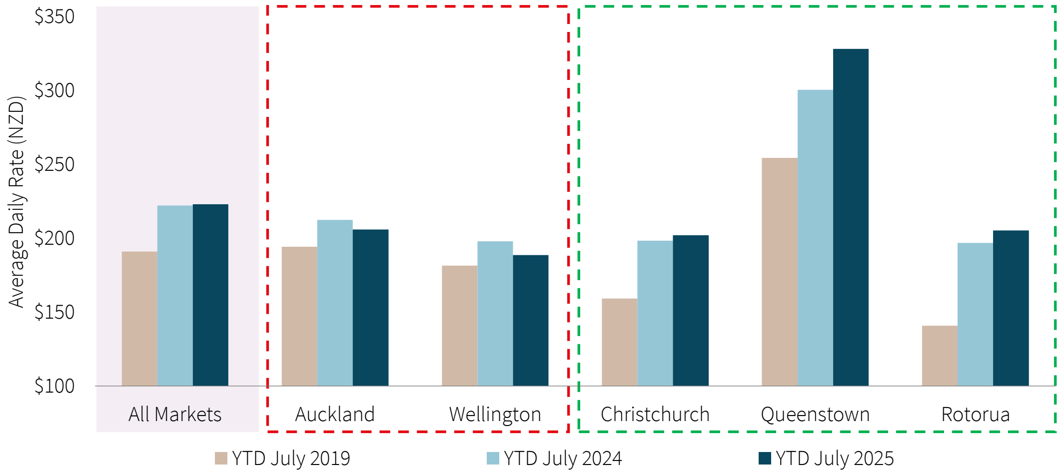
Wellington has also seen a noticeable decline in both leisure and corporate room nights, as the market is currently adjusting to reduced government spending. This has resulted in declines in ADR and occupancy.

The Queenstown market continues to move from strength to strength as it cements its position as a year-round leisure destination. The recovery and growth in international tourism and therefore high yielding leisure tourism has been extremely strong, highlighted by the growth in ADR, and rates achieving levels significantly higher than anywhere else in the country.

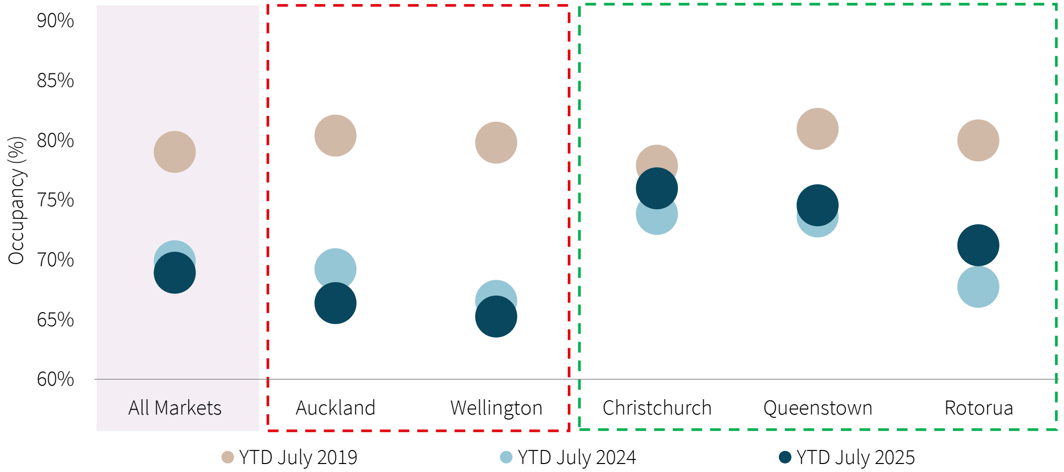
Christchurch & Rotorua are also performing well as they benefit from increased international visitation and limited new supply. Both markets have recorded positive YoY occupancy, rate and RevPAR growth.

If we examine the key insights from these high-performing markets, it illustrates the importance of diversified demand drivers and clearly differentiated product offerings, however managed additions of new supply are required to avoid shocks / dilution of occupancy. As the New Zealand market continues to evolve, hotel owners and operators that can successfully adapt to changing demand patterns, leverage major events, capitalize on supporting infrastructure, and create differentiated product offerings and experiences are likely to outperform their competitors in the near term.

Average Daily Rate (ADR) growth by key market



Occupancy recovery by key market



Source: JLL Research, Hotel Data New Zealand (HDNZ) - YTD July

New Zealand Hotel Trading Snapshot – H1 2025

New Zealand		vs YTD 2024	vs YTD 2019
Occ	68.9%	-0.9 pp*	-10.1 pp
ADR	$223	0%	+17%
RevPAR	$154	-1%	+2%

Auckland		vs YTD 2024	vs YTD 2019
Occ	66.4%	-2.8 pp	-14.0 pp
ADR	$206	-3%	+6%
RevPAR	$137	-7%	-12%

Rotorua		vs YTD 2024	vs YTD 2019
Occ	71.2%	+3.5 pp	-8.8 pp
ADR	$205	+4%	+46%
RevPAR	$146	+10%	+30%

Wellington		vs YTD 2024	vs YTD 2019
Occ	65.2%	-1.3 pp	-14.5 pp
ADR	$189	-5%	+4%
RevPAR	$123	-7%	-15%

Christchurch		vs YTD 2024	vs YTD 2019
Occ	76.0%	+2.1 pp	-1.9 pp
ADR	$202	+2%	+27%
RevPAR	$153	+5%	+24%

Queenstown		vs YTD 2024	vs YTD 2019
Occ	74.5%	+0.9 pp	-6.4 pp
ADR	$328	+9%	+29%
RevPAR	$245	+11%	+19%

Source: JLL Research, HDNZ (YTD July), *percentage points (pp)

New Zealand’s hotel inventory expands over recent years, however the current supply wave nears its end

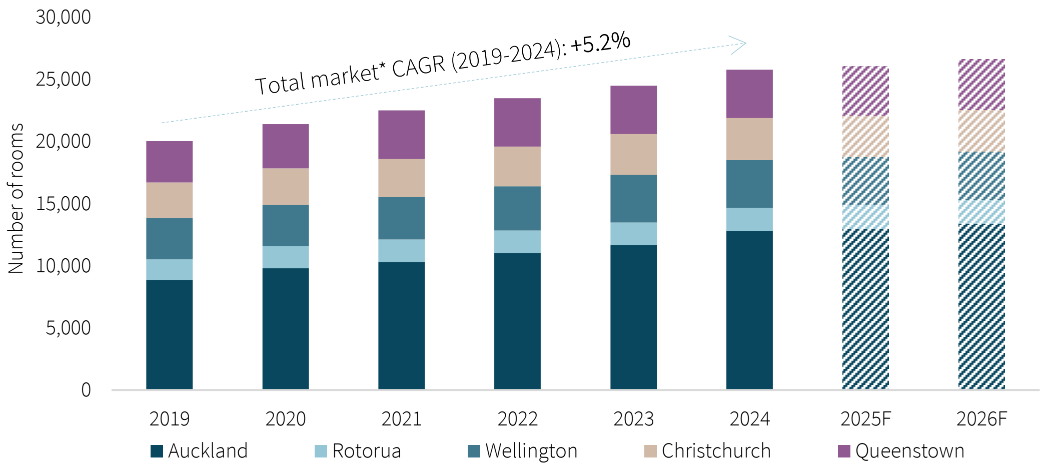
New Zealand's hotel market has seen significant growth over the past five years, highlighted by a 5.1% (CAGR) annual increase across the five major hotel centres. Auckland remains the largest hotel market, and saw the sharpest increase in room supply over that period (7.6% CAGR), followed by steady gains in Christchurch (3.4%), Queenstown (3.3%), Wellington (2.9%), and Rotorua (2.6%). Auckland’s significant growth supports its role as New Zealand's primary gateway for international and domestic travelers, major events, and business tourism. Whilst the sustained growth across other key markets highlights the consistent investment in hotel development nationwide supporting the accommodation needs of a diversifying tourism sector.

Of stock that completed since 2020, approx. two-thirds (65%) of new rooms have been weighted towards upscale, upper-upscale and luxury product, which has seen an improvement to the overall quality of the market and also delivered a positive impact on ADR performance. This includes the entry of notable upscale and luxury brands mostly in the Auckland market, such as Hotel Indigo, Horizon by SkyCity, InterContinental, Voco, Collection by TFE and Park Hyatt.

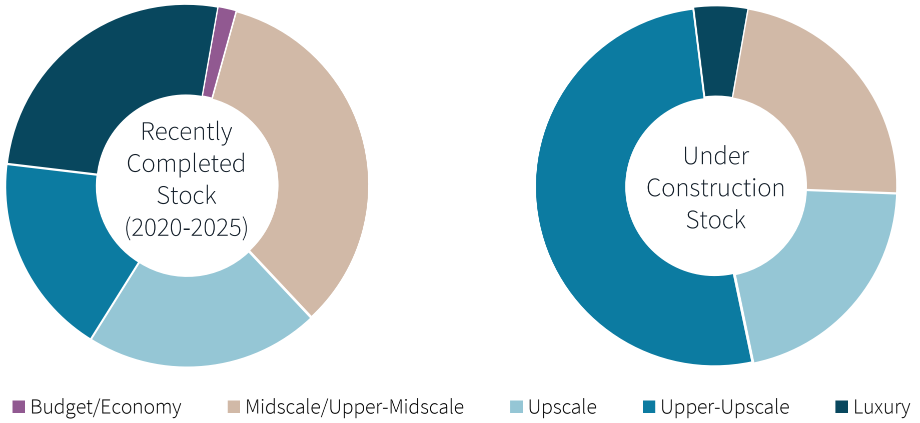
Looking ahead, there are a select number of hotel projects still underway, predominantly in Auckland and Queenstown, which once again are weighted to upscale product and above (77%). Notable under construction developments yet to come online include the Radisson Red Auckland (322 rooms), DoubleTree by Hilton Auckland (231 rooms), Moxy Hotel Auckland (190 rooms), and Roki Collection Queenstown (15 rooms).

The supply wave is close to nearing its end, and current supply dynamics such as the impact of high construction costs, cost of debt, and challenges around development finance is tempering the viability of new projects. There is likely to be a greater focus placed on existing stock through refurbishment, upgrades and rebranding, as well as increased conversion activity. Future new-build hotel supply will likely be incorporated into mixed-use projects or precincts. Overall, with a tempering in new future supply and demand levels continuing to recover, this supports a positive outlook for the sector over the near term.

New Zealand market growth across key centres



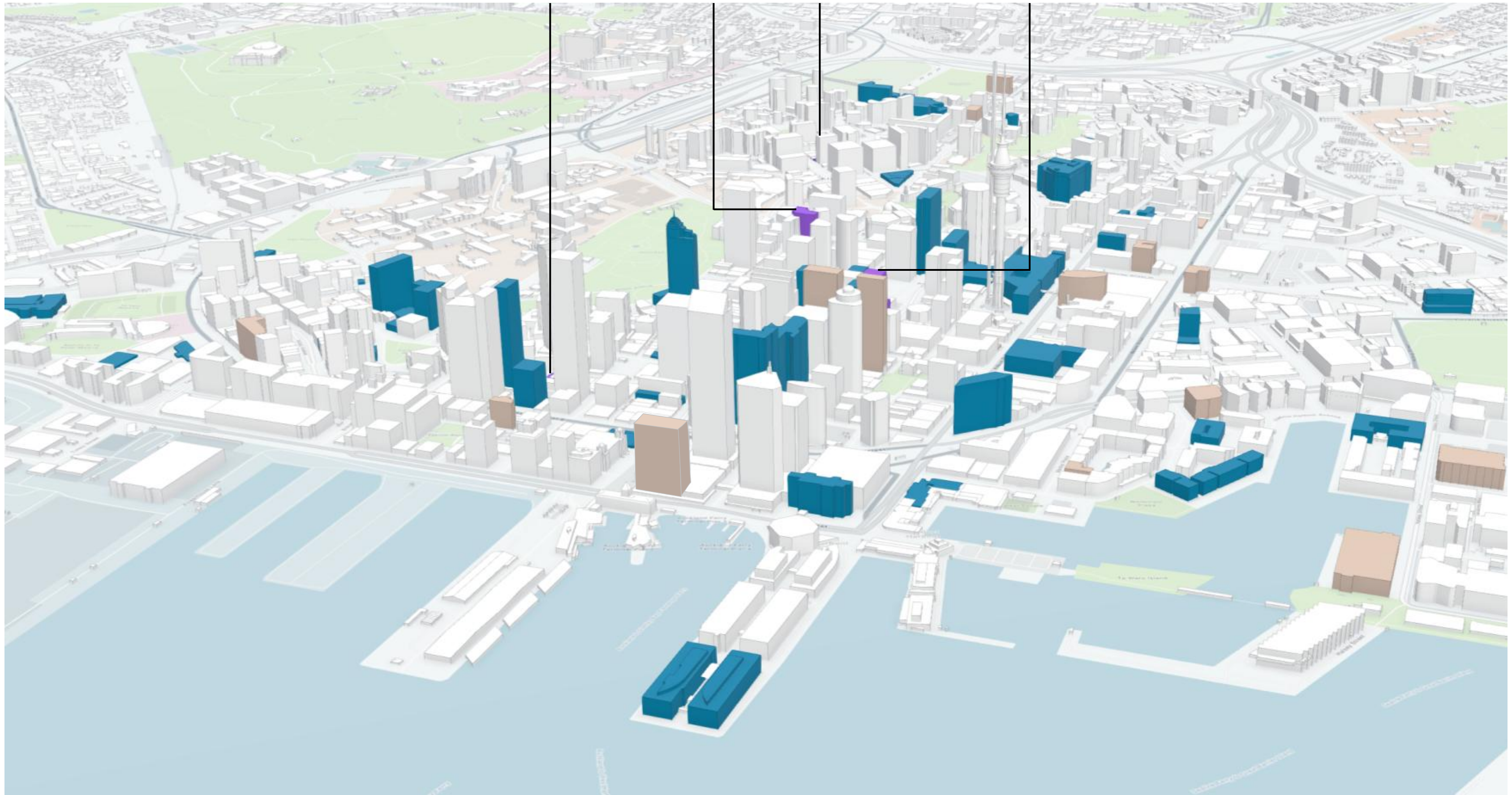
Supply breakdown by chain scale (by total rooms)



Source: JLL Research, HDNZ, *Supply data based on New Zealand’s five major hotel markets

Market Highlight: Auckland CBD's Current Supply and Future Pipeline

JO&JOE TRIBE Radisson RED moxy DoubleTree by Hilton



Hotels – Existing Hotels

Hotels – Opened Since 2020

Hotels – Under Construction

Select recently opened brands in Auckland CBD

HORIZON BY SKYCITY

HOTEL INDIGO

VOCO BY IHG

Collection by TFE hotels

QT

INTERCONTINENTAL HOTELS & RESORTS

PARK HYATT®

HOTEL GRAND CHANCELLOR

Source: JLL Blackbird

Investment activity remains relatively subdued, however investor sentiment is shifting and volumes recovering

Hotel investment activity in New Zealand has remained relatively subdued over recent years, on the back of a scarcity of quality investment opportunities in the market and challenging macroeconomic conditions. Transaction volumes picked up in 2024 totalling $186.4 million, representing a 34.8% increase on a subdued 2023, however still sat 22.5% below the long-term annual average (~$240m). Notable transactions last year included the DoubleTree by Hilton Wellington, Waipuna Hotel & Conference Centre, Mayfair Hotel Christchurch and Sherwood Queenstown.

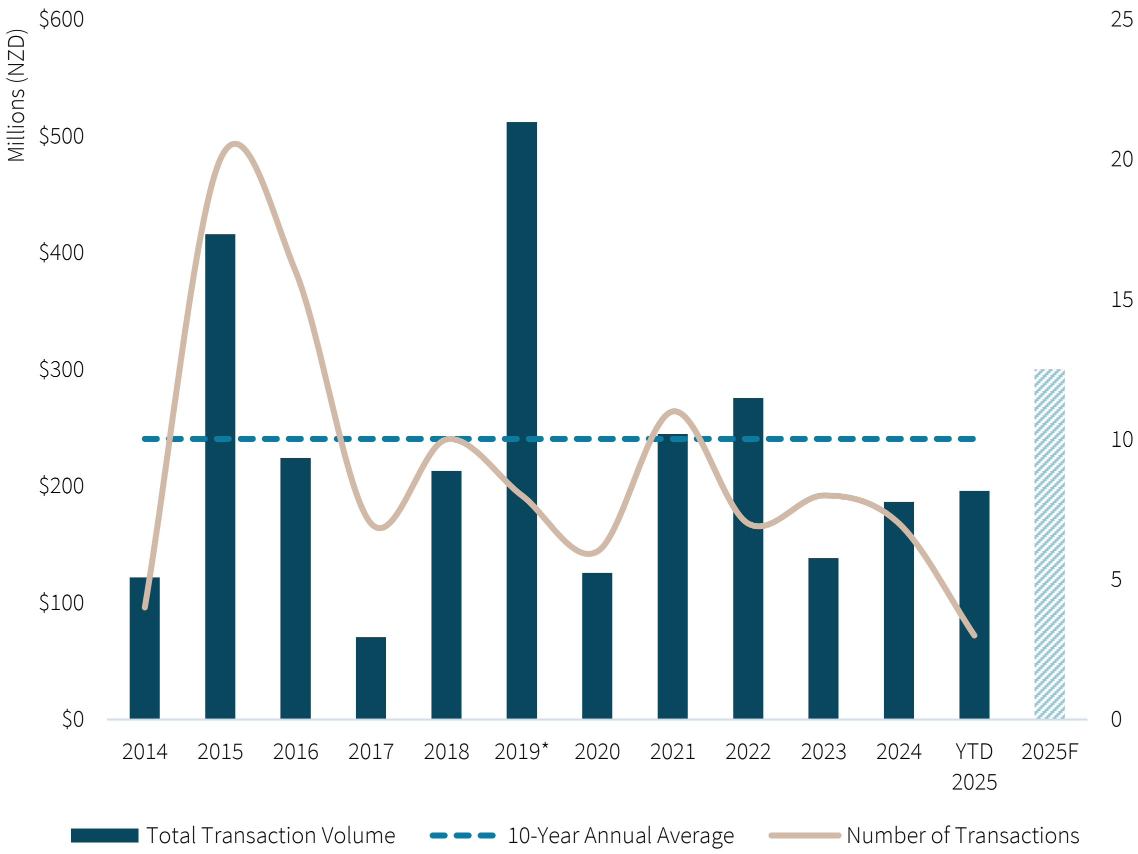
Over the first half of 2025, transaction volumes have already surpassed full-year 2024 totals, sitting at almost $200m, largely a result of the 139-room InterContinental Auckland, that sold to Singaporean-based Hotel Properties Limited (HPL), brokered by JLL. This off-market transaction represents the largest single hotel asset sale ever in New Zealand and highest price per key, surpassing the previous sale record set by the Stamford Auckland (rebranded to JW Marriott) in 2022, also brokered by JLL.

Similarly to the hotel trading market, current investment profiles show a distinct segmentation by asset quality and location. Trophy and luxury properties as well as value-add opportunities continue to attract the strongest investor interest, as do assets primarily concentrated in key markets like Auckland and Queenstown, whereas secondary markets remain challenged with limited transaction activity.

There is also currently a large focus on budget and mid-market accommodation product (e.g. holiday parks, 3–4-star hotels), on the back of a renewed focus on domestic tourism, current cost of living challenges, and the reduction in outbound travel.

We expect transaction volumes to recover over the remainder of 2025 and into next year, as investor sentiment continues to pick up, amid economic and geopolitical headwinds. Activity may also be influenced by a reduction in debt costs, as interest rates continue to come off their peak, driving increased investor appetite from both local and cross-border capital.

New Zealand Hotel Transaction Volumes



*Includes NZ Super Fund hotel portfolio acquisition

Source: JLL Research

Owing to the current state of the hotel market, we are seeing a disparity between investment profiles across the country. Aspirational and trophy assets as well as value-add opportunities continue to attract strong investor interest, but mostly in key markets such as Auckland and Queenstown, with secondary markets remaining challenged. Domestic investors remain prominent as well as strong interest from international capital, particularly out of Australia and Asia. This was reinforced by our recent landmark transaction of the InterContinental Auckland, which harnessed our unique and fully integrated Asia Pacific platform to facilitate capital from Singapore to Auckland.

Nick Thompson

JLL Executive Vice President, Investment Sales – Hotels - New Zealand

InterContinental Auckland

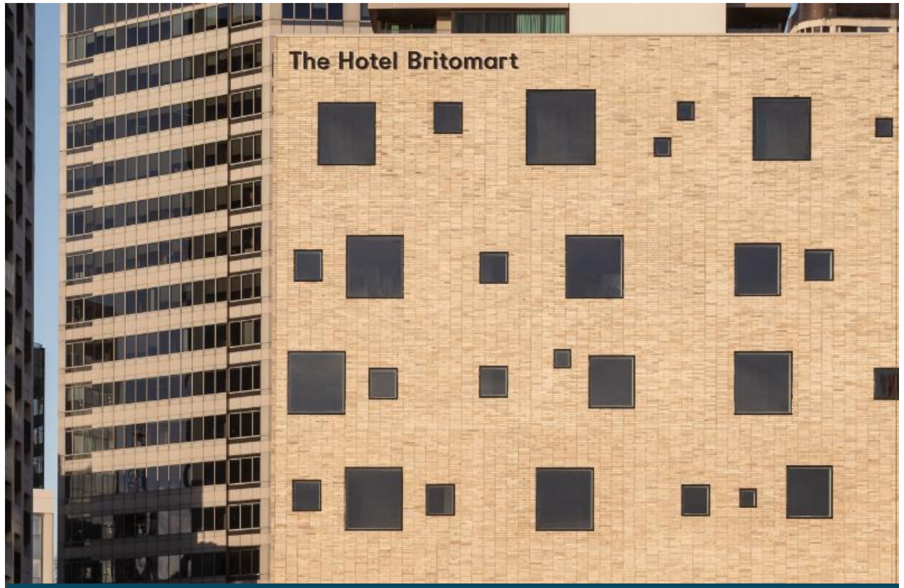
Sale date*	March 2025	Price (NZD)	180 million
Price per room (NZD)	1.29 million	Yield	5.4%**
Seller	Precinct Properties	Buyer	HPL Hotels and Resorts

*Contracts exchanged, **equivalent yield

Sustainability adoption and reporting beginning to reshape New Zealand's hotel landscape

New Zealand's hotel sector is increasingly embracing ESG principles as a means of aligning with shifting guest and investor expectations. Environmentally, operators are investing in carbon reduction initiatives such as energy-efficient systems, waste minimisation, and sustainable construction. Leading examples are Sudima Hotels achieving Toitū carbon zero certification, and The Hotel Britomart earning a 5 Green Star Design and Build rating and Toitū Carbonreduce status. Socially, there is growing emphasis on fair wages, workforce wellbeing and meaningful engagement with Māori communities, including co-ownership models and the integration of cultural narratives into guest experiences. Governance practices are evolving, with larger hotel owners and REITs adopting sustainability reporting frameworks such as GRI and TCFD and aligning with New Zealand's broader emissions reduction goals.

Looking ahead, ESG innovation is beginning to differentiate brands in a competitive market. Boutique operators and eco-lodges such as Camp Glenorchy and Te Waonui Forest Retreat are gaining attention for regenerative practices (e.g. solar panels) and ties to local communities. Some hotel owners are also trialing green financing tools, including sustainability-loans tied to emissions performance. Additionally, transparency is becoming increasingly important, with properties starting to publish energy and water usage data to meet evolving guests' preferences.



The Hotel Britomart, Auckland CBD

The Hotel Britomart is NZ's first and only 5 Green Star hotel, a recognition awarded by the NZ Green Building Council for its commitment to environmental performance. The developers have used locally manufactured clay bricks and responsibly sourced timber, with 80% of construction waste being recycled. The Hotel Britomart is one of three current hotels to be a part of the renowned lifestyle brand, Collection by TFE, which also includes The Calile Hotel (Brisbane) and The Eve Hotel (Sydney).

Source: JLL Research, NZGBC (New Zealand Green Building Council), multiple industry reports

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Research authors

Kyle Wheatley
Associate, Hotels Research
Australasia
+61 438 049 006
Kyle.wheatley@jll.com

Chris Dibble
Head of Research and Strategic Consulting
New Zealand
+64 21 242 9447
Chris.dibble@jll.com

Monish Khan
Analyst, Research
New Zealand
+64 22 372 2483
Monish.khan@jll.com

To find out more about JLL services, contact:

Nick Thompson
Executive Vice President, Investment Sales - New Zealand
+64 27 600 4712
Nick.thompson@jll.com

Peter Harper
Managing Director, Head of Investment Sales - Australasia
+61 412 560 246
Peter.harper@jll.com

Stephen Doyle
Senior Director, Valuation Advisory – New Zealand
+64 21 270 3881
Stephen.doyle@jll.com

Shaun Jackson
Director, Valuation Advisory – New Zealand
+64 21 653 113
Shaun.jackson@jll.com

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