Accommodation Rates NZ

rates for 2 adults, 2 children

Auckland		rating	Min $	Mid $	Max $
	Crowne Plaza Auckland	4.5	205.3	230.04	238.28
	Rydges Auckland	4.3	254	-	274
	SkyCity Hotel Auckland	4.4	254	339	467
	Cordis, Auckland	4.5	299	-	599
	Pullman Auckland	4.4	249	-	389
	Novotel Auckland Airport	4.3	316	-	377
	Heritage Auckland	4.1	216	-	729
	The Grand by skycity	4.5	322	-	339
	QT Auckland	4.4	408	638	1002
	The Hotel Britomart	4.5	649	-	-

Wellington		rating	Min $	Mid $	Max $
	InterContinental	4.5	210.37	-	-
	Bolton Hotel	4.5	379	-	549
	QT Wellington	4.4	529	-	-
	CityLife Wellington	4.3	361	-	411
	ibis Wellington	4	349	-	-
	Rydges Wellington	4.2	649	-	-
	James Cook Hotel Grand (	4.1	211	-	270
	Wellesley Boutique Hotel	4.3	295	-	-
	Novotel Wellington	4.1	329	349	369
	Novotel Wellington	4	313	-	-

Queenstown		rating	Min $	Mid $	Max $
	Novotel Queenstown Lak	4.4	411	-	461
	Kamana Lakehouse	4.5	369	-	522
	Copthorne Hotel & Apart	3.9	219	259	339
	Kamana Lakehouse	4.5	396	-	-
	Sherwood Queenstown	4.4	234	-	-
	Queenstown Park Boutiq	4.8	790	-	-
	Rydges Lakeland Resort C	3.5	489	-	-
	Sudima Queenstown Five	4.6	269	-	309
	Sofitel Queenstown Hote	4.7	576	-	761
	Heritage Queenstown	4.4	309	359	810

Christchurch		rating	Min $	Mid $	Max $
	Christchurch City Hotel	4.4	282.69	-	-
	Sudima Christchurch City	4.8	289	-	-
	Crowne Plaza Christchurc	4.5	248	-	333
	Rydges Latimer Christchu	4.4	319	-	1004
	Carnmore Hotel Christchu	4.4	134	-	-
	Golden Hotel	4.9	212	221	256
	Wyndham Garden Christc	4.5	210	225	250
	Novotel Christchurch Catl	4.2	237	-	277
	Ramada Suites by Wyndh	4.3	167	-	224
	Fable Christchurch	4.3	526	-	-

Hamilton		rating	Min $	Mid $	Max $

	Novotel Hamilton Tainui	4.3	259	284	319
	VR Hamilton Hotel	3.1	244	-	-
	Ventura Inn & Suites	4.2	207	227	242
	Ramada by Wyndham Ha	3.4	235	-	-
	Distinction Hamilton Hote	3.9	135	235	300
	Atrium On Ulster	4.3	189	214	219

Palmerston North		**rating**	**Min $**	**Mid $**	**Max $**
	Distinction Coachman Ho	4	-	-	272
	Copthorne Hotel Palmers	3.9	-	-	458
	Distinction Palmerston No	4	275	290	339
	Quality Suites Central Squ	3.4	-	-	340
	Quest Palmerston North	4	-	-	702
	Bentleys Motor Inn	4.5	279	-	389
	Cornwall Motor Lodge	4.4	231	236	281
	Fitzherbert Regency Moto	4.6	-	-	235

Invercargill		**rating**	**Min $**	**Mid $**	**Max $**
	Ibis Styles Invercargill	3.5	-	-	175
	Ascot Park Hotel	4.4	-	-	201
	Kelvin Hotel	4.1	240	-	323
	The Langlands Hotel	4.3	-	-	332
	Quest Invercargill Service	4.3	-	-	398
	Land's End Boutique Hote	4.4	245	265	425

Rent hits record high according to latest Trade Me data

- 1 hour ago
- Melania Watson
-

The cost of rent has reached a national record high of $595 per week on average according to the latest Trade Me Property data.

Trade Me Property Sales Director Gavin Lloyd said the latest figures from January mark a $25 a week jump when compared to the same time last year.

"January's jump will be unpleasant news for renters around the country," Lloyd said.

Lloyd said along with the new national record, Auckland ($630), Bay of Plenty ($615), Northland and Taranaki ($580), Marlborough ($550), Waikato ($540), and Wellington ($660) saw their highest median weekly rents of all-time last month.

Related News

[Rents finish 2022 at all-time high with tenants in almost every region facing increases]

['A renters' market': Warning issued for landlords after sudden change in rental market]

He said rental listings were up by 52 percent year-on-year in Whanganui and 40 per cent in Wellington.

"The biggest supply jumps were seen in the lower North Island," Lloyd said.

Lloyd said Wellington was an 'outlier' amongst other cities.

"In the Capital, the median weekly rent for an urban property remained at $590," he said.

Lloyd said rents for units and apartments in Wellington had fallen year-on-year, however large property rent hit the $1,000 mark.

He said rent for large properties with 5 or more bedrooms reached a milestone in January, jumping 8 per cent to $1,000 for the first time.

Similar to the urban property rental prices, Wellington was the odd one out, seeing its median weekly rent for large properties fall by 4 per cent in 12 months.

However, with Cyclone Gabrielle drastically affecting some regions, Lloyd said things could change.

"In the wake of the recent devastating weather events, we would expect supply to fall significantly in the coming months which will put more stress on the tenants in these regions," he said.

PROPERTY / ANALYSIS

Big regional differences in median rent movements last year, with rents in New Plymouth and Napier up $60 a week, rents in Whakatane down $28, Auckland rents unchanged

23rd Feb 23, 10:58am

by Greg Ninness

The latest bond data from the Ministry of Business Innovation and Employment shows bonds were received for 35,115 residential properties across the entire country in the fourth quarter of last year, most of which would have been for new tenancies.

The median rent for those tenancies was $550 a week, up by $25 a week (4.5%) compared to the fourth quarter (Q4) of 2021.

Interest.co.nz collates the data by all main urban districts and by the main rental property types - one and two bedroom apartments/units and three bedroom houses.

The first table below shows the median rent for each of those dwelling types from Q1 2021 to Q4 2022.

Over the 12 months from Q4 2021 to Q4 2022, the biggest increase by property type nationally was for three bedroom houses, up by $30 a week to $600, followed by one bedroom apartments/units up by $15 a week to $415 and two bedroom apartment/units up by $10 a week to $530.

Interest.co.nz considers the data collected from tenancy bonds to be the most important indicator of rental movements because it is based on the actual rents agreed between tenants and landlords rather than advertised rents, which may or may not be achieved, and because new tenancies generally set the rent benchmarks for existing tenancies when their rents come up for review.

While the national median rent was up by $25 a week last year, there were some big regional differences.

The heftiest increase was a tie between Napier and New Plymouth which both posted increases of $60 a week, followed by Wellington City $55, Whanganui $50 and Queenstown-Lakes also $50.

In the wider Wellington region rent increases were more subdued outside of the central city, with median rents in Kapiti, Porirua, and the Hutt Valley rising by between $10 and $15 a week.

The second table below shows the annual movement in rent in most major urban centres.

The median rent of $595 a week in the Auckland region is notable because it is unchanged from Q4 2021, however there were significant differences in rental trends within the districts that make up the Auckland region, with some of the most expensive parts of the city posting declining or static median rents in Q4 2022 compared to a year earlier.

Interrest.co.nz compiles the Auckland district figures by council ward areas, and the North Shore Ward, Waitemata and Gulf Ward and Maungakiekie-Tamaki wards all posted declines in their median rents for Q4 2022, compared to a year earlier, while median rents in the Albert-Eden-Roskill and Manukau wards were unchanged in that period.

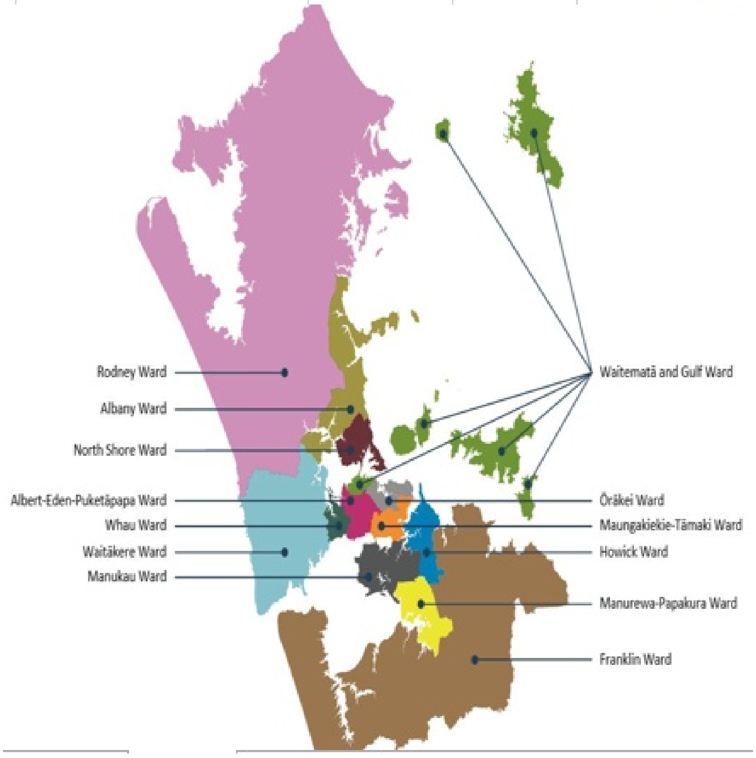
Quarter	1 Brm Apartment		2 Brm Apartment		3 Bedroom House		Total All Properties	
	No. of Bonds	Median Rent	No. of Bonds	Median Rent	No. of Bonds	Median Rent	No. of Bonds	Median Rent
Q1 2021	2727	395	2889	515	12969	540	45861	500
Q2 2021	2286	400	2358	500	11448	550	37257	500
Q3 2021	1686	400	1824	520	8739	550	29019	500
Q4 2021	2148	400	2163	520	10848	570	36075	525
Q1 2022	2550	400	2739	525	11181	589	40680	550
Q2 2022	2091	400	2229	530	10539	590	34587	540
Q3 2022	2352	400	2361	530	10983	595	36552	540
Q4 2022	2058	415	2019	530	10329	600	35115	550

Median Residential Rents
All Dwelling Types

District	Median rent Q4 2022	Annual change $	Annual change %
Whangarei	$540	$20	3.7%
Auckland Region	$595	No change	0.0%
Hamilton	$490	$20	4.1%
Tauranga	$628	$28	4.5%
Whakatane	$470	-$28	-6.0%
Rotorua	$414	-$27	-6.5%
Taupo	$470	$10	2.1%
Napier	$580	$60	10.3%
Hastings	$520	$20	3.8%
New Plymouth	$510	$60	11.8%
Whanganui	$450	$50	11.1%
Palmerston North	$520	$35	6.7%
Kapiti Coast	$550	$10	1.8%
Porirua	$650	$10	1.5%
Upper Hutt	$595	$15	2.5%
Lower Hutt	$585	$15	2.6%
Wellington City	$500	$55	11.0%
Nelson	$485	$27	5.6%
Marlborough	$490	$20	4.1%
Waimakariri	$520	$37	7.1%
Christchurch	$495	$45	9.1%
Selwyn	$580	$40	6.9%
Ashburton	$400	$20	5.0%
Timaru	$410	$30	7.3%
Queenstown-Lakes	$650	$50	7.7%
Dunedin	$450	$25	5.6%
Invercargill	$400	$25	6.3%
All of Aotearoa	**$550**	**$25**	**4.5%**

Auckland Council Ward See map below for ward boundaries	Median rent Q4 2022	Annual $ change	Annual % change
Rodney Ward	$595	$5	0.8%
Albany Ward	$670	$20	3.0%
North Shore Ward	$620	-$5	-0.8%
Waitakere Ward	$595	$5	0.8%
Waitemata & Gulf Ward	$450	-$25	-5.3%
Whau Ward	$590	$10	1.7%
Albert-Eden-Roskill Ward	$600	No change	0
Orakei Ward	$730	$35	4.8%
Maungakiekie-Tamaki Ward	$580	-$15	-2.5%
Howick Ward	$670	$20	3.1%
Manukau Ward	$550	No change	0
Manurewa-Papakura Ward	$620	$20	3.3%
Franklin Ward	$600	$5	0.8%

See map below for ward boundaries



- *You can have articles like this delivered directly to your inbox via our **free** Property Newsletter. We send it out 3-5 times a week with all of our property-related news, including auction results, interest rate movements and market commentary and analysis. To start receiving them, register here (it's free) and when approved you can select any of our free email newsletters.*

MBIE RENTAL HOUSING HOUSING RENT COST OF HOUSING REAL ESTATE comments and will de-register those repeatedly making such comments. Our current comment policy is **here.**

53 Comments

by HW2 | 23rd Feb 23, 11:19am 4

Should be good for maintaining low inflation... nope it didn't.

> *by* nktokyo | 23rd Feb 23, 11:45am 3
>
> Usually it's a trailing component. Incomes go up first, more money chasing the same amount of rentals, rents then go up. Except in most markets where cookie cutter townhouses aren't being mass-produced rentals are declining, due to the shift to CHPs, AirBNB and sell downs.

by chebbo | 23rd Feb 23, 11:23am 0

What's this as a percentage of disposable income?

by HW2 | 23rd Feb 23, 11:32am 4

Obviously Auckland landlords are masochists. They are enjoying the bondage and discipline and don't want to sell out ... yet. Long may it last for tenants, they are paying a smaller and smaller proportion of their household income in rent.

Property owners pay higher and higher rates, mortgage interest, serviceman costs, income taxes and upgrades to be compliant. Those auckland landlords are a nice bunch haha

Oh I forgot to mention, insurance premiums doubling.

> *by* Nzdan | 23rd Feb 23, 11:39am 15
>
> Maybe Auckland landlords are an example of how the market sets the rent price, not the landlord's costs.

> *by* HouseMouse | 23rd Feb 23, 12:16pm 6
>
> Exactly. And there has been a huge surge in supply over the last two years, and until late last year negative population growth.
>
> supply and demand....

by nktokyo | 23rd Feb 23, 11:45am 4

Whatever our accrued inflation numbers are over this rough patch, that is what our accrued rental inflation numbers will look like 24 months after the fact.

Accentuated in this instance by rental owners who sell not being replaced by rental owners, building boom finished, and now tragically lots of displaced families from the east side of the NI. Plus insurance premiums are about to go through the roof.

Apply your own level of moral outrage, but this is what will happen. I'll take the over on any bets.

> *by* structural engineer | 24th Feb 23, 6:59am 1
>
> Agree rents will go through the roof. The British are a couple of years ahead with their version lite of our non tax deductibility of interest. From memory rents went up about 17 percent p.a. , not just in London. It's coming folks, unless of course the rules are changed.

> *by* Ocelot | 24th Feb 23, 9:13am 3
>
> When a rental owner sells and removes a house from the pool of rentals. That house becomes a home to a former renter, also reducing the demand by an equal amount.
>
> Rent is set by the market, not by landlord expenses.

> *by* structural engineer | 25th Feb 23, 3:04am 1
>
> The new build apartment market is now dead in the water in Auckland due to escalating costs and falling prices. And I mean dead. Some supply to still come on line due to the long build times involved, but once immigration and student visas return to semi normal, rents will skyrocket. This will take years to play out. The numbers for building new houses / town houses/ apartments just don't stack up. There's Lots more to this subject than a few lines in a comment section permits. Build to rent is also financially questionable, talk to the people doing it. ... **Read more**

by bw | 23rd Feb 23, 11:49am 6

> *The owners paid $2.3 million for the St George St home in Papatoetoe in December 2021 but yesterday resold it at auction for $1.305m..... is unsure why the owners paid $2.3m for the house in 2021 when its council valuation was $1.425m at the time. A real estate agent connected with the recent sale said they could not comment.*

by Pa1nter | 23rd Feb 23, 12:11pm 1

Sounds like someone thought they could develop something, then either the numbers or the council wouldn't allow it.

by HouseMouse | 23rd Feb 23, 12:19pm 2

Yes, developers buying land in Papatoetoe was at frenzy levels in 2020 and 2021. Silly prices like that were often being paid, although that is probably one of the more absurd examples.

by HouseMouse | 23rd Feb 23, 12:50pm 1

Just checked, the site is within a 'flood sensitive' area. So even more reason they ridiculously overpaid, especially with recent events.

by Zachary Smith | 23rd Feb 23, 12:54pm 6

The same thing happening out in West Auckland too. Are these new development houses selling currently? Sometimes there are 11 units on an 800sqm section. Who buys those? Also who is buying the more expensive 1.5 - 2.0M apartment-like houses being built on sections in the central city?

I can't help feeling some sort of day of reckoning is coming. I do tend to be pessimistic though.

by Nzdan | 23rd Feb 23, 12:37pm 3

I wonder why there was a mortgage registered against the property in June 2022?

by IT GUY | 23rd Feb 23, 2:32pm 0

perhaps the owner had an unsecured debt to family privately, by securing the mortgage that family member steps ahead of other creditors if things fall over..... just sayin, don't know any details

by Three Veg | 23rd Feb 23, 12:51pm 3

Perhaps. Plenty of examples of just plain dumb decisions likely due to FOMO

Another recent example comes to mind - 29 Wheturangi Rd, greenlane, sold for just over $3M with the then CV of $1.6M in Oct 21.

Sold this month - not sure on final price but had been advertised with a asking price of $2.3M after having been passed in at auction.

by Zachary Smith | 23rd Feb 23, 1:42pm 0

is unsure why the owners paid $2.3m

If you watch the auction linked to in the NZ Herald you will see that the vendors didn't agree to put the house "on the market" until bidding reached 2.3M so it wasn't one of those frenzied auctions I recall where a property reached 500k-1M more after going on the market.

by structural engineer | 24th Feb 23, 7:16am 2

Does look suspicious. Sometimes sales are interrelated, where a property is sold to themselves to get the price up and extract a bigger mortgage out of the banks, it's called ramping and mortgage fraud. Not saying it's the case here. But an 80 percent mortgage on 2.3m is attractive to some.

by Nzdan | 24th Feb 23, 10:59am 2

Especially if you can fly out of the country with your gains never to return again, leaving the bank to tidy up the mess.

by Retired-Poppy | 23rd Feb 23, 12:40pm 5

In this market defined by capital loss, rental yields now mean little. Look at Wellington for example. Rents are up 11% yet house prices are down 20%. Rental yields are starting to reflect the risk that should have formed the basis of a sound investment strategy all along. The many red flags were ignored 🚩🚩🚩 Time to pay the Piper? Its abhorrent that Spruikers are out there telling FHB's to buy now.

by IT GUY | 23rd Feb 23, 12:39pm 0

Million dollar loss: Auckland house bought for $2.3m sells for $1.3m a year later - NZ Herald

... January ... poor weather ...

by HW2 | 23rd Feb 23, 12:48pm 1

Hi tenant here is the notice of rent increase

Hi landlord I cannot afford that

You know what to do tenant. **Bye now**

by tuisbest | 23rd Feb 23, 12:53pm 14

..and then the place stands empty for weeks and months while the rental agent unsuccessfully tries to find a new tenant..

by HW2 | 23rd Feb 23, 12:58pm 2

Buying a home and getting rid of the landlord is one of the best things a person can do

Tell the landlord Bye now 🙋 and watch his or her face when he realises he should have kept the rent cheap

by IT GUY | 23rd Feb 23, 1:03pm 8

Remember that overpaying is dead money, that you have to pay back.....

Dont Overpay

by Retired-Poppy | 23rd Feb 23, 1:09pm 7

Spruikers boast how they timed the market for gains and were "blessed". FHB's have the right to time the market and gain from the inevitable losses.

by HW2 | 23rd Feb 23, 1:16pm 4

It depends if you value quality of life from interfering landlords who keep sending letters to tell you the most inane instructions... where to park, how many cars you are allowed, what and how to clean.

by Retired-Poppy | 23rd Feb 23, 1:37pm 4

On a positive note, in the course of time the paranoid Landlords you speak of will leave the game through natural attrition. After all, they are in the game for all the wrong and outdated reasons.

by HW2 | 23rd Feb 23, 2:43pm 1

Although in many cases it is a relief for the landlord they can finally put the rent up to market rate.

by Chaosinflesh | 23rd Feb 23, 1:13pm 1

Hi Landlord, here is the bond data that suggests I don't need to do that. Suck it up, buttercup!

by HW2 | 23rd Feb 23, 1:29pm 1

Give him a smile and tell him the bad news

by Small Kev | 23rd Feb 23, 1:47pm 2

Rent review notice: Due to recent legislation changes and increasing cost …the weekly rent will increase …effective on….

Tenant: updates automatic payment

by Amokk | 23rd Feb 23, 4:17pm 4

How kind of the tenant to update their automatic payment so they can keep on paying for the privilege of living in a property that ha increased massively in price! It's almost as if they enjoy being taken advantage of. All going well one day soon they may be able to purchase a home instead of lining the pockets of greedy landlords like you who don't care about their well-being .

by Sluggy | 23rd Feb 23, 5:20pm 3

In my long and illustrious renting career, I have always only rented from older, potentially debt free landlords. Always direct, never through a property mangler.

In the last 10 years with 3 different properties, I have had the sum total of 1 rent increase during a tenancy. (auckland based)

Dont rent from Johnny come lately.

by Kate | 23rd Feb 23, 1:32pm 0

I wonder what the contribution of rent rises are to our overall CPI rises? For example, had rent rises remained at the level of the 2% target, and all other rises/falls had stayed the same - I wonder what difference that would have made to the headline inflation figure the RBNZ is working with at the moment?

OCR rises have exactly the opposite effect on rent rises (i.e., they are inflationary in that regard).

And I assume, the above stats, if based on bond data, don't take into account any rent rises for emergency and/or transition housing rent costs over the period. ... **Read more**

by HW2 | 23rd Feb 23, 1:47pm 1

I know this sounds crap but hear me out.

Compound interest has been referred to as the 8th wonder of the world. Is paying rent the 9th.

It's the gift that keeps giving, until you finally expire.

by Retired-Poppy | 23rd Feb 23, 2:04pm 2

HW2, it doesn't sound like crap at all. Albert Einstein is credited with the quote, "Compound interest is the eighth wonder of the world". He who understands it, earns it...he who doesn't, pays it."

> *by* HW2 | 23rd Feb 23, 2:29pm 3
>
> I really worry for those old ladies who are renting. They have little savings if any and they have to watch every penny. For them they have no compound interest like you, just rent anxiety and how much the rent will be increasing or when the landlord sells where they will go.
>
> Then I realise that they were young once and they made their choices.
>
> NB: When we had little old lady tenants we made their lives comfortable and happy. Lowish rents. When we sold, the new owners made us multi millionaires, so I think it was all worth it.

>> *by* IT GUY | 23rd Feb 23, 7:56pm 3
>>
>> I am the ghost of Christmas past …,,

> *by* HW2 | 23rd Feb 23, 8:07pm 0
>
> Find another haunt, if there are any available

> *by* Retired-Poppy | 24th Feb 23, 7:10am 1
>
> Unbelievable 😆

> *by* HW2 | 24th Feb 23, 2:50pm 0
>
> Yes unbelievable

by Gummy Bear Hero | 23rd Feb 23, 2:28pm 0

... so ... all the excessive methods used by Ardern & Robbo to kick the snot out of landlords and to slow rent rises have done ... absolutely nothing !

Most incompetent government ever , utterly useless , completely stupid ...

> *by* Ocelot | 24th Feb 23, 9:15am 2
>
> Not in Auckland. CPI is at 10%. Rent increases at 0%. In essence rents have fallen 10% in Auckland.

by WellingtonInvestor | 23rd Feb 23, 3:06pm 0

In Australia, they are making a big deal of the increasing interest rates causing rents to rise. Rents over there are rising a lot. But that narrative isn't really occurring in NZ. Although it must be having an effect, as interest rates have risen a lot more in NZ.

> *by* Pa1nter | 23rd Feb 23, 3:54pm 3

> *2023, on top of the 10 per cent rise recorded to 2022. If this forecast is realised, it would be the sharpest annual increase on record.*
>
> *Now borders are open, including in China, and the inflow of migrants and international students is gathering pace, putting further strain on an already tight market.*

https://www.westpac.com.au/news/money-matters/2023/02/rental-squeeze-to-get-worse-before-it-gets-better/amp/

NEW ZEALAND HOTEL MARKET SNAPSHOT | FEBRUARY 2023

Dean Humphries
National Director Colliers Hotels New Zealand
Market Commentary and Insights for 2023

We enter Q1 2023 with the highest degree of optimism since the onset of the pandemic in early 2020 despite a range of new headwinds challenging the sector.

Our international borders were fully opened from August 2022, and we are now enjoying an exceptionally strong summer trading period based on wider pent-up demand from the majority of our key inbound markets.

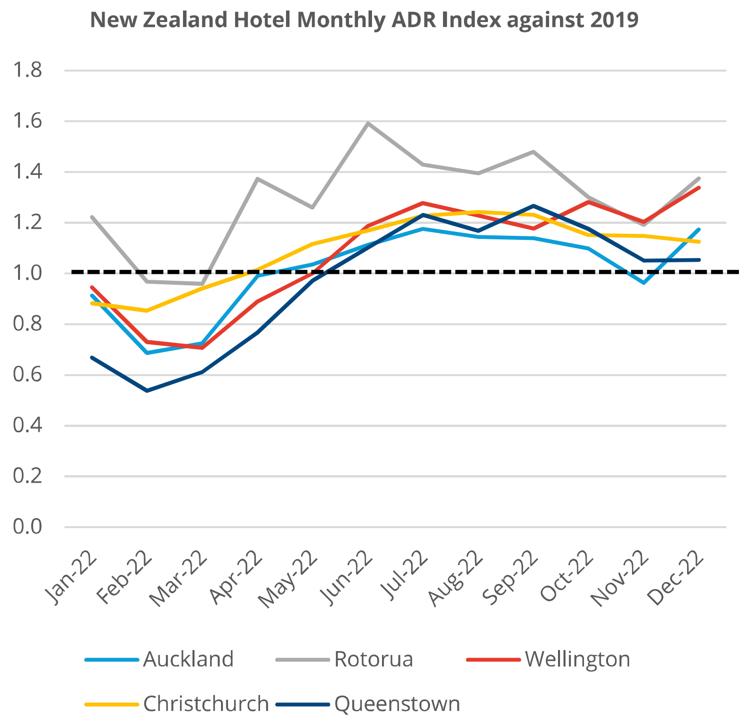
In recent weeks, our second largest inbound market China has also commenced outbound travel which will be a significant contributor to even stronger demand in 2023.

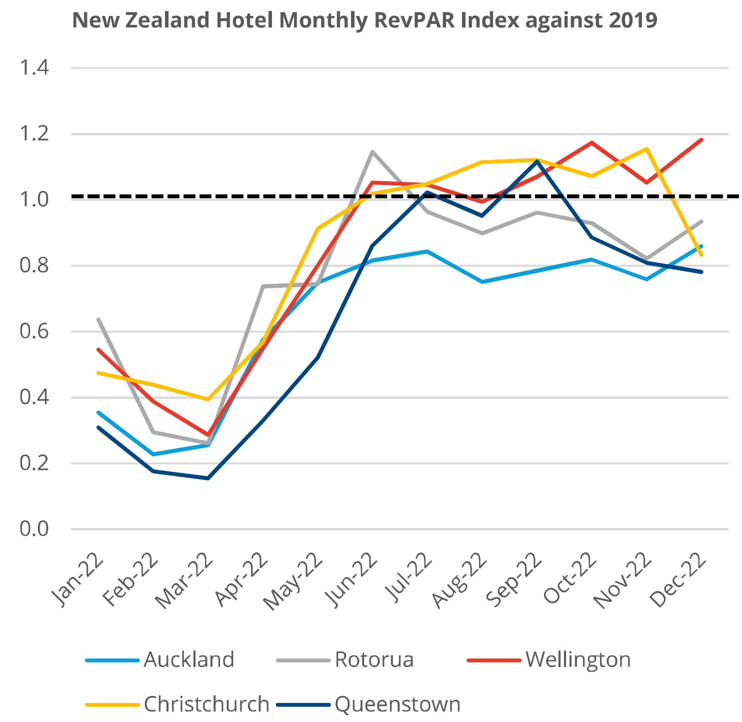
Tourism NZ has forecast international visitor levels to rebound to circa 2.5 million by YE September 2023, with a general view that inbound numbers will now reach pre Covid levels (circa 4 million) by as early as 2025.

A range of other factors will positively impact the NZ hotel sector this year including;

- FIFA Woman's World Cup, co- hosted with Australia. One of the largest global sporting events is to be held this year in July/August;
- Benign new supply pipeline (exception Auckland) together with an overall 'net reduction' in short stay accommodation across most regions, due to a decline in motel, hostel and third-party platform inventory.
- Based on the above we are seeing a 'pivot' toward guests staying in "hotels" as opposed to other forms of short stay accommodation;
- Discretionary consumer spending patterns moving to "experience" related activities particularly travel, as opposed to tangible items during the pandemic;
- Move toward extended stays, business-leisure ("bleisure") trips and self-contained accommodation;

All of the above factors lend themselves to the hotel sector providing strong resilience to a range of new global economic headwinds over the next 12 months; most notably inflation, higher cost of capital and slower economic growth.





Source: Hotel Data New Zealand (HDNZ)

NEW ZEALAND HOTEL MARKET SNAPSHOT | FEBRUARY 2023

Hotel Investment Trends

Strong ADR Growth leading to a Speedy Market Recovery

As with many international markets, New Zealand hotels are witnessing robust revenue growth, primarily due to exceptionally strong room rates and underlying pent up demand since our borders reopened.

Many regions are fast reaching industry high pre-Covid RevPAR levels. We now predict Christchurch, Wellington, Rotorua and Queenstown to surpass 2019 levels by YE 2023 followed by Rotorua and Auckland in 2024/25 respectively.

Refer graphs on page one.

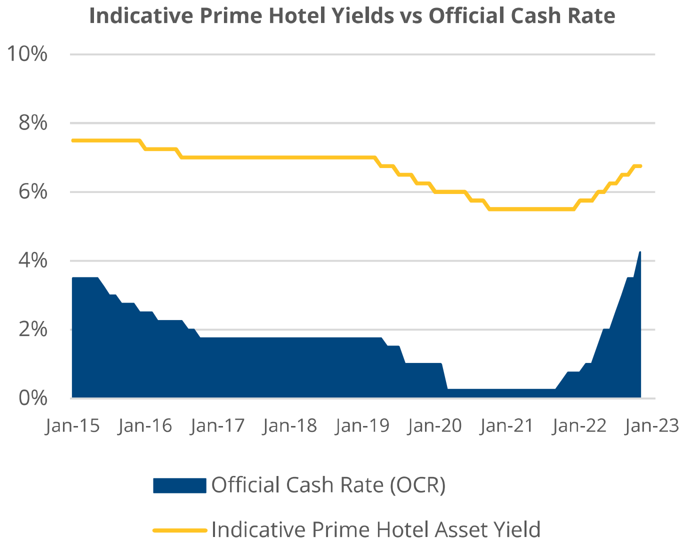
Strong Hedge Against Inflation

Hotels are one of the few 'bricks and mortar' asset classes that can immediately adjust revenue/returns to the rising costs of inflation and hence remain a perfect hedge in the current climate.

As hotel revenue can be adjusted daily, this has an immediate impact to cashflows and profitability, positively assisting property values and investment returns.

By way of example hotel owners and managers have been able to increase room rates in the general vicinity of 20% during H2 2022.

Conversely, we note operational costs are also increasing although at a disproportionately lower level than revenue, meaning profitability margins are generally keeping ahead of wider inflationary pressures.



Investment Yields are on the Move

Another key variable currently influencing hotel asset values/pricing is the rising cost of capital. In NZ, we have seen the OCR (Official Cash Rate) increase from 0.75% to 4.25% over the past 12 months.

This increase is being transferred to investment yields and discount rates, which have moved by circa 75 to over 200 basis points depending on the quality, location and tenure of the asset concerned.

However, interest rates are anticipated to stabilise over the next 12 months with current market sentiment also suggesting a downward trend in the medium term.

Prime Assets Show Resilience

Whilst increasing yields negatively impact values, the sector is in a unique position to offset some of this movement by the robust revenue/profitability margins that have emerged post pandemic. This has been an important buffer to any significant movement in prime assets or those with immediate repositioning potential.

The recent sales of the Stamford Auckland, Chateau Marlborough and a range of other regional assets including the YHA Portfolio are a clear demonstration of this.

Transactional Levels to Remain Low

We anticipate transactional levels to remain low for H1 2023 as investors continue to adopt a wait and see approach around factors such as inflation, cost of capital, the wider recovery of the tourism sector and the conservative sentiment around the global economy.

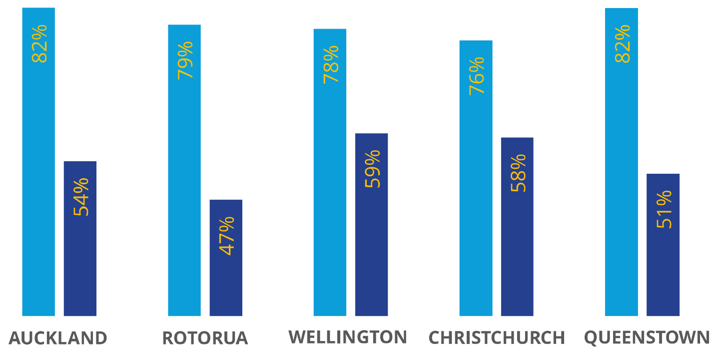
As we see strong forecast earnings transferred to robust and healthy bottom-line profits, we anticipate this will provide investors and lenders alike increasing confidence in this sector and transaction volumes to increase.

Stamford Plaza Auckland
The 286 room hotel was purchased by a NZ based consortium for a reported NZ$170m and was immediately rebranded to the first JW Marriott in the country

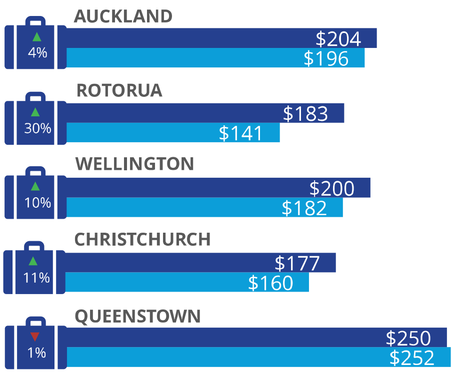
Colliers

NEW ZEALAND HOTEL MARKET PERFORMANCE SNAPSHOT

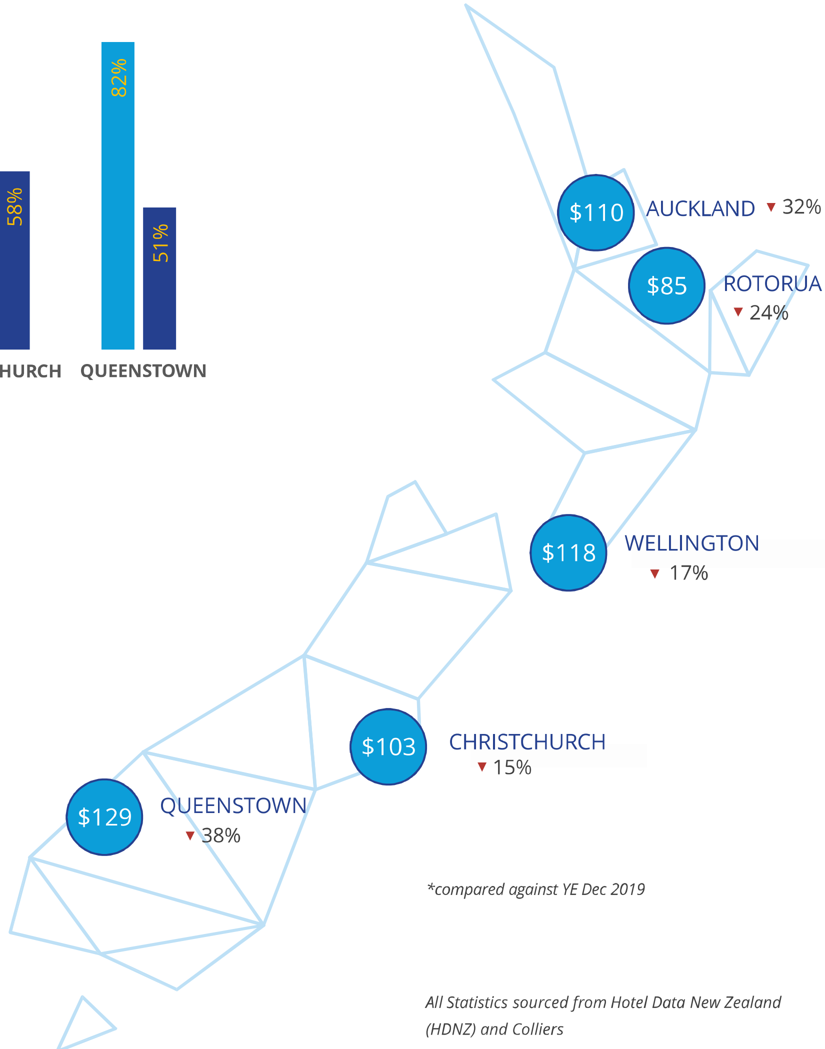
OCCUPANCY | YE DEC



ADR | YE DEC



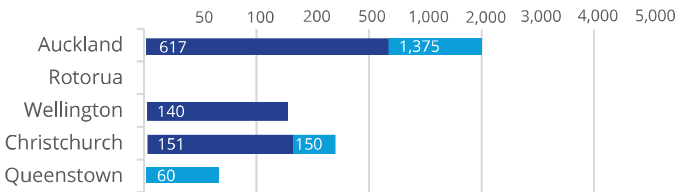
REVPAR
YE DEC 22



compared against YE Dec 2019

All Statistics sourced from Hotel Data New Zealand (HDNZ) and Colliers

SUPPLY | AS AT DEC 21



Rooms only include 3-5 star hotels above 60 rooms

Colliers

Let us accelerate your success. Speak to one of our Hotel experts today:

Dean Humphries
National Director | Hotels
+64 21 408 156
dean.humphries@colliers.com

Chris Bennett
Director | Hotel Advisory & Valuation
+64 21 707 103
chris.bennett@colliers.com

Tommy's PROPERTY MANAGEMENT

FEATURED ARTICLE, LANDLORDS, NEWSROOM

Rental Market Update – March 2023

POSTED ON MARCH 29, 2023 BY DELOVAN SALEH

Currently, Wellington's rental market is still quite competitive, with high demand and limited availability driving up rent. Students, young professionals, and families continue to move to the city as a result of its prosperous economy, diverse culture, and appealing lifestyle. With over 950 listings currently available in Wellington City, which has historically experienced a shortage of rental properties and high rent as a result, the time it takes to find a resident has remained stable at 4-6 weeks.

According to the most recent Trade Me Property data, rent in Aotearoa began 2023 at an all-time high, with the national median weekly rent reaching $595 in January. The regions of Auckland ($630) and Wellington ($660) also recorded their highest ever median weekly rents last month, in addition to the new national record. Residents will undoubtedly feel the sting in their pockets alongside other cost-of-living hikes. Looking around the country, Christchurch City (with a similar population to Wellington) has approximately 642 active listings, whereas Auckland has roughly 3,164.

So, what is happening to the rental market?

According to the most recent Trade Me Property data, the national median weekly rent jumped 4% year over year last month. This follows four stagnant months where the national median weekly rent remained at $580 throughout the last quarter of 2022. Since January of this year, the national median weekly rent has comfortably hovered between $570 and $580. In comparison to the same month a year ago, Wellington was one of a few regions where the median weekly rent increased. For residents in these areas, where rents have skyrocketed recently, this will be a tough pill to swallow.

Over the past five years, Wellington's median weekly rent has increased by 33%. The region is currently exceeding national price rises given that the country's median weekly rent has climbed by 28% during the last five years. With a 31% increase year over year, there were more rentals advertised onsite last month than at any other time in history. In January, there were 1% more rental listings nationwide than the previous month. Although this is less than in prior months, this now represents 10 straight months of supply increases. The second-largest increase was in the Capital, where the supply increased by 40% in the Wellington area with the region's steady rent prices indicate more options for renters.

Last month, the Wellington region stood out. The median weekly rent for an urban property in the Capital remained at $590 during the past year without changing. Further analysis reveals that the region's rentals for homes (-3%) and apartments (-2%) decreased year over year. The Wellington region was the outlier when it came to rental pricing for urban homes, experiencing a 4% decline in the median weekly rent for large properties during a 12-month period. The median weekly rent for small residences (1-2 bedrooms) in Wellington hit a record high of $580, while rents for medium-sized properties in the area were unchanged from the year before.

Trade Me figures show the number of rental listings nationwide increased by 8% last month compared to the previous year. The supply in the rental market has been steady over the previous few months, with a few locations around the nation consistently experiencing enormous year-over-year gains. For the third consecutive month Wellington led the charge, experiencing the greatest increase in rentals nationwide of 40%. The range of stock, predominately in the 1–2-bedroom market has given residents a range of choice with modernness and location being their two deciding factors.

According to recent data, the average weekly rent for a one-bedroom apartment in Wellington is around $450, while a two-bedroom apartment can cost anywhere between $600 and $800 per week. However, prices can vary widely depending on the location, age, and condition of the property.

The central city suburbs, such as Te Aro, Mount Victoria, and Thorndon, remain the most expensive areas to rent, with average weekly rents ranging from $600 to $900 for a two-bedroom apartment. On the other hand, some of the more affordable suburbs, such as Newtown, Miramar, and Tawa, still offer some good value for renters, with average weekly rents around $450 to $600.

One trend that has emerged in recent years is the increasing popularity of co-living and shared housing arrangements. With rental prices continuing to rise, more and more renters are opting to share a house or apartment with others to help lower costs. This trend has also led to the rise of co-living spaces and purpose-built shared accommodation, which offer communal spaces, amenities, and flexible lease terms.

Top tips for the upcoming winter!

Leave a Reply

Your email address will not be published. Required fields are marked *

Comment *

Name *

Email *

Website

POST COMMENT

Navigation

Owners

Residents

Free Appraisal

Blog

Neighbourhood Guide

Customer Stories

Support

Maintenance Request

FAQS

Privacy Policy

Brand Guide

Contact

Contact Us

About Us

Meet the Team

Owner's Resources

Resident's Resources


OPEN
NEW ZEALAND HOTELS – AN ATTRACTIVE TIME TO INVEST

NEW ZEALAND

OPEN

for Investment in New Hotels

Disclaimer
All statistics and figures in this document are reflective of tourism trends and international arrival numbers pre COVID-19.
They are intended to provide an understanding of the underlying strength and growth potential of New Zealand's tourism industry.

IMAGE — Abel Tasman National Park

Tourism is a leading export earner and driver of economic growth for New Zealand

Foreword

Tourism in New Zealand is in its strongest-ever growth cycle with continued expansion in international visitor arrivals. The sector welcomed 3.8 million visitors for the year ended June 2018, with official estimates of tourism growing to 5.1 million visitors by 2024.

As New Zealand's largest export earner, tourism plays a pivotal role in our economy, contributing NZ$14.7 billion or 5.9 percent to New Zealand's Gross Domestic Product (GDP) and directly employing 8.4 percent of the New Zealand workforce. Tourism spending has surged in recent years and is forecast to continue growing as we focus on attracting higher-value visitor segments and making New Zealand a year-round visitor destination.

The warmth of our welcome and uniqueness of our culture, combined with our stunning and diverse landscapes, give us the perfect proposition for high-value global visitors. It is these factors that have visitors talking about us long after they're gone, with 94 percent of visitors' expectations being exceeded while travelling through our country.

New Zealand is a destination which offers a political haven and economic stability, together with a high quality of life. The New Zealand Government recognises the importance of tourism and is supporting the sector by contributing to the development of quality infrastructure to cater for increased tourist numbers. This commitment is reflected in two new funds being set up to support the tourism sector and help regions to expand their capacity.

The Tourism Infrastructure Fund provides up to NZ$25 million per year for local communities facing pressure from tourism growth. It offers funding to support the development of tourism-related infrastructure such as carparks, freedom camping facilities, wastewater works and transport projects.

The Government has also allocated NZ$3 billion over three years to the new Provincial Growth Fund for the regions, with focus areas on hospitality and tourism.

This is the second update to our inaugural 2016 Prospectus, summarising the analysis and forecasts of an independent report into New Zealand's hotel sector.

Since the introduction of the programme aimed at accelerating new private sector investment into hotels, we have been successful in building a pipeline of projects around the country and reducing shortages within the sector.

However, visitor demand still outweighs the current hotel supply in most of our seven key commercial and tourism centres. This shortage continues to present an investment opportunity and highlights why investment in this asset class is an attractive proposition.

At the same time, demand for accommodation is outpacing delivery in New Zealand. That is why we have a strong focus on delivery of the hotel projects that are planned. A good example is Auckland, where 72 percent of the pipeline of new hotels has yet to commence construction, with the majority still in the planning stages.

New hotel rooms are required to be delivered in a steady stream to meet the growth of our international visitor numbers. We must maintain the level of activity within the industry to ensure that the hotel sector does not fall critically behind again.

The New Zealand Government is committed to attracting high quality investment. Tourism New Zealand (TNZ), New Zealand Trade and Enterprise (NZTE), and our public and private partners welcome your interest in being a part of our growing tourism economy, and attracting the investment that this sector needs.

We look forward to working with investors in developing high-quality hotels that meet the expectations of visitors to New Zealand.

Peter Chrisp
Chief Executive
New Zealand Trade and Enterprise

Stephen England-Hall
Chief Executive
Tourism New Zealand