

# Accommodation sector LOOKS AHEAD *with confidence*

**WHILE THERE IS CERTAINLY SOME CAUTION IN THE MARKETPLACE, AN AIR OF POSITIVITY GIVES PAUSE FOR THOUGHT AS THE WORLD GRAPPLES WITH A POST-PANDEMIC RECOVERY.**

WELCOME TO THE FIRST EDITION of Bayleys *Hotels Tourism & Leisure* portfolio which turns the spotlight on a broad range of accommodation and tourism opportunities available in New Zealand and the Pacific and provides some insight into the wider sector as we emerge from unprecedented times.

Property and business sales transactions have continued throughout lockdown and subsequent alert levels, with Bayleys' acquisition of the well-established and reputable Resort Brokers business in April of this year evidence that life goes on.

As the ramifications of a global pandemic were starting to be felt in the accommodation and tourism arenas in New Zealand and around the world, Bayleys *Hotels Tourism & Leisure* division was formed.



WAYNE KEENE, BAYLEYS' NATIONAL DIRECTOR HOTELS, TOURISM & LEISURE

With a healthy dose of optimism and enduring confidence that New Zealand is well-positioned to bounce back once the COVID threat had been resolved and borders reopened, our experienced team in all the major cities and regions throughout the country has been working hard to support our clients.

The tourism sector has weathered many disruptors before – SARS, bird flu, the global financial crisis and others – but COVID-19 has certainly caught the world's attention and will be our biggest challenge yet.

Whilst historically New Zealand has always been the last to show signs of decline, we are generally the first nation to rebound.

Pre-pandemic, the double-edge sword of technology had been creating hurdles within the accommodation and tourism business sectors as the proliferation of online travel agencies (OTAs) and peer-to-peer platforms like Airbnb clipped the dollar ticket and disrupted the status quo.

Feedback from our clients is that the industry in general was not happy with the way these large corporates subtly went about their business of taking a cut on bookings, but at that time there was little

choice other than to go with the flow and take advantage of immediate occupancy.

Now, operators have embraced the freedom to advertise rates lower than that of the OTAs hence reducing costs and growing bottom line profits proactively and on their terms, which has been a real benefit in straightened times.

Meanwhile, Airbnb continues to operate outside of what would be considered an equal playing field when it comes to health and safety compliance and commercial responsibility around payment of rates and insurances and it will be interesting to see how this model evolves in the new environment.

While there is no doubt that OTAs and Airbnb have created an awareness within the New Zealand tourism sector beyond what could otherwise have been achieved by a single operator, it is good to see operators claiming back some independence and control of their livelihoods.

In a broader context, the global pandemic may give New Zealand operators the impetus to have a reset and lead to an industry that is more sustainable environmentally, socially and economically.

Bayleys completed 17 notable deals in the accommodation/tourism sector

from 1 April 2020 until now, however, we have not seen panic decision-making or mass exits by operators or owners of accommodation and facilities within the wider market.

Indeed, I would go as far as to say there's solid interest and demand from potential buyers and investors and that's a reflection of the optimism and confidence that transcends external market influences.

Government interventions and wage subsidies have definitely helped the sector, and some operators have benefitted greatly from some motel inventory being utilised for social housing, and strategically-located hotels being appropriated as managed isolation facilities.

Domestic tourism has stepped up to mitigate some of the fallout from the lack of international tourists and visitors, and some parts of New Zealand have been buoyant following the easing of restrictions on travel internally.

Feedback suggests that accommodation providers in the middle and north of the North Island have been insulated to a certain extent thanks to the scale of Auckland's population with the Bay of Islands, Taupo and Tauranga very well-patronised. Ever-popular, yet

hard-hit, Queenstown, rallied during the school holidays when families ventured south fresh out of lockdown.

Of course, even domestic tourism is a discretionary spend. As New Zealand consolidates a new-look economy in the wake of COVID-19, it is hoped that people still opt to go on holiday – without the long-haul hassle.

In this edition of *Hotels, Tourism & Leisure*, we delve into the hotel sector and talk to a leading operator about the challenges and opportunities that exist in the market, and we also look at the motel sector for a take on how it's performing.

Pandemic or no pandemic – New Zealand's natural beauty, its hospitable residents, its user-friendly roading network and extensive range of accommodation and recreational options, remain.

It's the Kiwi way to welcome people to our shores and until New Zealand's border reopens, it's up to us to support our local businesses, and to appreciate the open spaces and quieter towns and cities.

International tourism and the corporate market will come back once the world's travel wheels start turning again, and Bayleys *Hotels, Tourism & Leisure* team will be here for it.