



Clipped wings bring OPPORTUNITY

NEW ZEALAND MAY STILL BE EFFECTIVELY CLOSED TO THE REST OF THE WORLD BUT THERE IS OPTIMISM IN THE HOTELS, TOURISM AND LEISURE SECTOR AND SIGNS OF ACTIVE INVESTMENT.



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

WHAT A ROLLERCOASTER RIDE THIS year is proving to be on the back of the unparalleled disruption 2020 dished up.

For a sector reliant on people being able to move freely across global time zones and around the country unhindered, New Zealand's commercial accommodation and wider tourism industries have really felt the pressure.

We empathise with those businesses that have been grappling with the highs and lows of lockdowns, rule changes and the absence of international visitors.

New Zealand had it relatively easy there for a small window of time as we enjoyed benefits and privileges that others around the world did not have.

Times have caught up with us and the challenges continue.

If we didn't already appreciate the important role that Auckland plays in the nation's economic fortunes, we recognise it now – when Auckland's borders are open, the rest of the country benefits.

That glimmer of hope we experienced when the trans-Tasman travel bubble opened earlier this year was fleeting, so the wider hotels, tourism and leisure sector is having to lean heavily on the domestic market to fill the void left by the impact of closed borders.

Out of necessity, New Zealanders are spending their money here as with wings effectively clipped, and holiday leave

accumulating, it's the only option on the table for now.

People still have to take holidays and the upside is that many of us are discovering the gem destinations that the country offers – without the overseas crowds and need for long haul flights.

On the sales front, Bayleys' Hotels, Tourism and Leisure (HTL) team had a record start to the 2021/22 financial year, completing more than \$190 million of commercial accommodation-related sales.

Investors and operators are active in the market and paying well for accommodation offerings, despite the uncertainties that remain in the current market.

Seasoned purchasers are still out there building portfolios and with returns of often 10-22 percent in the sector, it's an asset class with proven resilience and opportunity.

Accordingly, there's been a significant increase in demand for freehold going-concern properties, with the lock, stock and barrel narrative appealing to those investors

looking to move money around while interest rates remain low and returns are assured under "normal" conditions.

The bulk of New Zealand's existing commercial accommodation stock runs under the leased model, and business operators – both established and new entrants to the market – are seeing genuine opportunity for good incomes and security.

We are detecting new excitement in the market as buyers recognise that with the vaccination programme well-advanced, our freedoms – and those in other countries – will eventually return.

Long may that optimism reign because, while the pandemic can take some things away, it won't change the long-term underlying fundamentals that New Zealand as a destination has to offer.

This edition of Bayleys' Hotels, Tourism and Leisure features 15 property and business opportunities available now around the country.

We also talk with people in the industry for their take on the current market and the sector's fundamentals.

Enjoy the read and remember – the Bayleys HTL team is accessible and ready for a friendly chat about your business, your investment goals, the market, and its dynamics.

We'd love to hear from you.

SALES SNAPSHOT

Kings Road, Paihia: Stunning 3bdrm beachfront property with three private bathrooms in the heart of Paihia on 809sqm site, currently one of Paihia top Airbnb destinations, sold for \$2,100,000. (*Nicki Kempthorne, Bayleys Bay of Islands*)



735 Whangaparapara Road, Great Barrier Island: 3,081sqm of waterfront land overlooking the Whangaparapara Harbour sold as a freehold going concern. Great Barrier Lodge features 10 rooms mostly ensuited, a licensed restaurant and bar and fuel distribution business. (*Wayne Keene, John Greenwood, Bayleys Auckland Central*)

23 Clarence Street, Hamilton: The land and buildings of the Ventura Inn and Suites, a 50-room hotel complex totalling 2,390sqm on a 2,264sqm site, sold for \$7,200,000 at a 6.08% yield and 31 years remaining on the current lease. (*Gordon McGregor, Leanne Bate, Bayleys Auckland; Steve Pett, Bayleys Hamilton*)



Chelsea Park Motor Lodge, Nelson: 10-unit refurbished motel business comprised of 651sqm of buildings and 1,012sqm of land with a managers' accommodation. The business sold for \$715,000. (*Gill Ireland, Bayleys Nelson*)

21 Trafalgar Street, Nelson: The 830sqm Kings Gate Motel with 11 newly refurbished units over two levels and managers' accommodation sitting

on a 1,523sqm site, within walking distance to the Nelson CBD, and with an on-site pool, this business sold for \$590,000. (*Gill Ireland, Bayleys Nelson*)

800 and 802 Abel Tasman Drive, Pohara: With buildings totalling 330sqm comprised of a restaurant/bar, rental accommodation, and managers' accommodation on a 1,601sqm site. A tenanted investment, sitting on two titles, and on commercially zoned land this asset has future development potential and sold for \$1,260,000. (*Gill Ireland, Bayleys Nelson*)

Blenheim Palms Motel, Blenheim: Two-level, 17-unit motel comprised of 790sqm of buildings and 1,402sqm of land. Newly refurbished with a 3bdrm managers' accommodation. Long-term lease in place until 2039, the business sold for \$985,000. (*Gill Ireland, Bayleys Nelson; Glenn Kirby, Bayleys Marlborough*)



67 Beach Road, Kaikoura: The land and buildings of the fully-tenanted, 25-bedroom backpacker accommodation Dusky Lodge sold for \$1,450,000. The two-storey 1,319sqm premise is on a 2,603sqm freehold site with a final lease expiry in 2034. (*Grant Baxter, Bayleys Blenheim and Melanie Campbell, Bayleys Kaikoura*)

840/848 Colombo Street, Christchurch: 89-room hotel with floor area of 1,273sqm in close proximity to the new convention centre and with ground floor potential for a licensed restaurant and bar sold as a freehold going concern to an offshore investor for \$18,400,000. (*Wayne Keene, Bayleys Auckland Central*)

180 Johns Road, Harewood, Christchurch: Rosebank Estate Winery and Function Centre on 7,649sqm of land in two titles with a 3bdrm residence, conference and function rooms, commercial kitchen, offices and business, sold as a freehold going concern for \$1,700,000. (*Kate Mullins, Bayleys Canterbury*)