

ACCOMMODATION | HOSTED ACCOMMODATION SECTOR

NEW ZEALAND | SERIES A5 | MAY 2007



INTRODUCING THE HOSTED ACCOMMODATION SECTOR

The hosted accommodation sector in New Zealand comprises a variety of establishments - bed and breakfasts, guest houses, private hotels, boutique lodges, luxury lodges and farm-stays. They provide lodging on a room basis in the residence of the host or manager or in self-contained units. Breakfast is usually provided to guests.

Home hosting with a focus on hospitality is a feature of many hosted lodging services, contributing to high levels of guest satisfaction. Many proprietors are small-scale owner-operators. The business is often a second income generator and a 'lifestyle' choice.

The hosted establishments referred to in this report include primarily those that are GST registered, with an annual turnover of at least \$30,000. Many small operators that earn below the threshold or are not GST registered are not covered by these official statistics¹. The sector is significantly underrepresented in this report with only 15-20% estimated to be included. The results should therefore be interpreted with caution as they represent predominantly larger hosted operators.

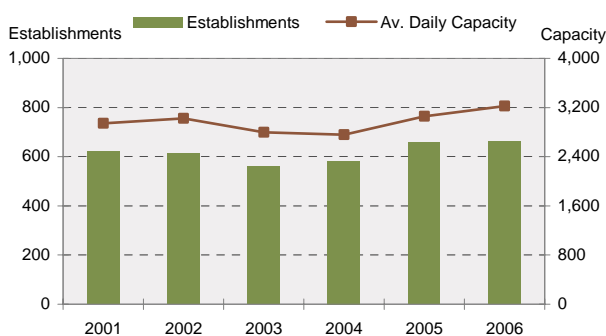
This report provides an overview of the hosted accommodation sector covering various supply, demand and user characteristics.

SUPPLY OF HOSTED ACCOMMODATION

How big is the hosted accommodation sector?

In 2006, there were 663 hosted establishments in New Zealand (as measured by the Commercial Accommodation Monitor – CAM), an increase of 41 establishments or 6.6% from 622 in 2001 (Figure 1). (Note: These figures understate the hosted sector as an estimated 3,000-3,500 small operators are not included).

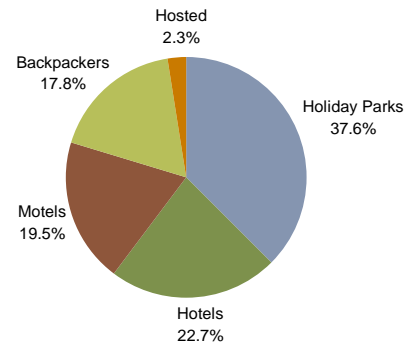
Figure 1: B&B/Hosted Establishments and Capacity, 2006¹



The total capacity (available rooms or 'stay units') in hosted accommodation increased from 2,942 in 2001 to 3,225 in 2006. This is an increase of 283 rooms or 9.6% over the period. Hosted accommodation supplied 2.3% of the mainstream commercial accommodation capacity in 2006 (Figure 2).



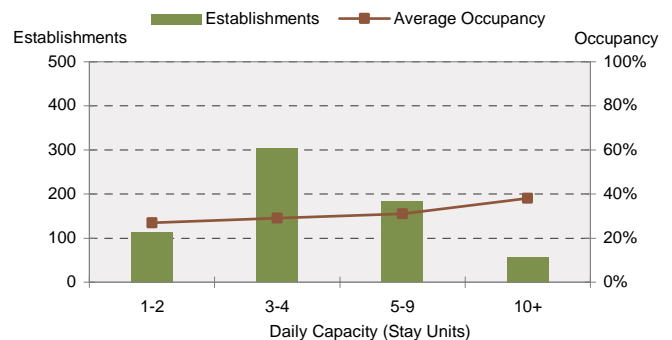
Figure 2: Share of Accommodation Capacity, 2006¹



What is the distribution of hosted establishments by capacity?

Hosted accommodation establishments vary in their capacity, from small bed and breakfasts with one room to larger guest houses with more than ten rooms. Ninety percent however have between one and nine rooms. Generally, the more rooms per establishment, the higher the occupancy rate (Figure 3).

Figure 3: Hosted Accommodation and Occupancy Rates by Capacity, 2006¹

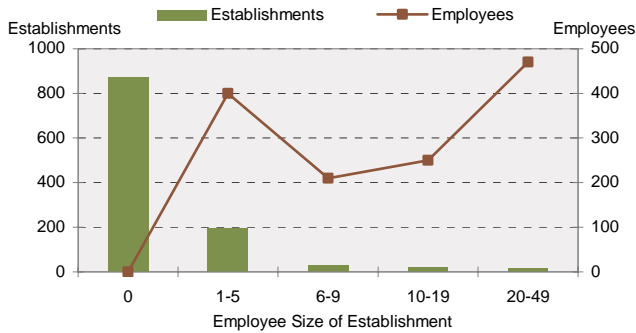


How many people does the hosted accommodation sector employ?

The hosted accommodation sector employed 1,320 people in February 2006. Seventy seven percent of hosted accommodation establishments were run by self-employed operators without employees. A further 17% employed between one and five people. Only 6% of hosted accommodation employed more than six employees (Figure 4). Larger hosted establishments (with ten or more staff) employed 55% of staff in hosted accommodation although they accounted for only 3% of hosted establishments. The average number of people employed by a hosted establishment has decreased from 1.6 in 2001 to 1.2 in 2006.

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Figure 4: Hosted Establishments and Employees by Employment Size, February 2006*5

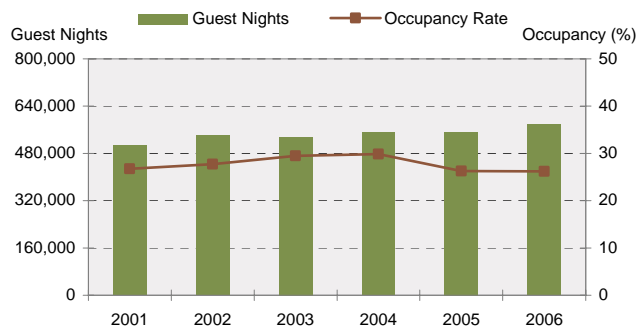


DEMAND FOR HOSTED ACCOMMODATION

How many guest nights are spent in hosted accommodation each year?

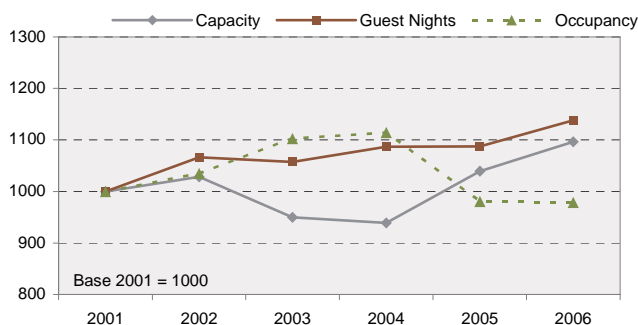
Hosted establishments recorded 577,000 guest nights in 2006, up from 507,000 in 2001 (Figure 5). This was an increase of 13.8% or 70,000 guest nights over this period. The average annual growth rate was 2.6% compared with 3.2% for total guest nights.

Figure 5: Hosted Guest Nights and Occupancy*1



The average occupancy in hosted accommodation in 2006 was 26.2%. This is lower than the occupancy for hotels (55.8%), motels (55.1%) and backpackers (43.7%) but higher than holiday parks (14.5%). Occupancy in hosted accommodation has increased by 11% during 2001-2004. However, occupancy then decreased sharply in 2005 (by 12%) owing to an 11% increase in capacity, as shown by the indices in Figure 6.

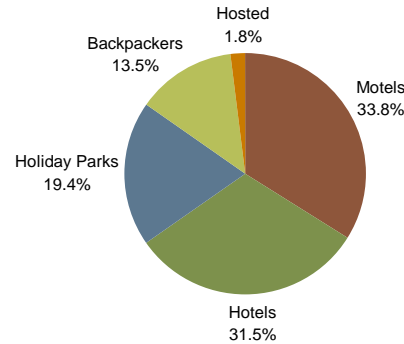
Figure 6: Hosted Accommodation Indices: Relative Growth in Capacity, Guest Nights and Occupancy *1



What is the market share of hosted guest nights?

In 2006, hosted establishments catered for 1.8% of the mainstream commercial accommodation guest nights (Figure 7).

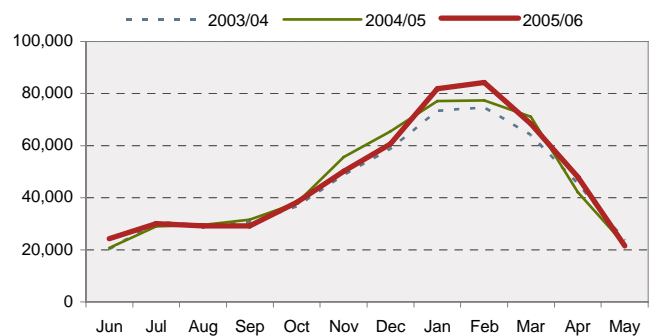
Figure 7: Share of Guest Nights by Accommodation Type 2006*1



What seasonality does the hosted accommodation sector experience?

The hosted accommodation sector shows high seasonal variation in demand. The period of higher demand is from October to April with peak demand in January and February and lower demand from May to September. Figure 8 shows how this pattern of seasonality has been consistent over the last three years.

Figure 8: Hosted Accommodation Guest Nights by Month*1



How long do hosted guests stay?

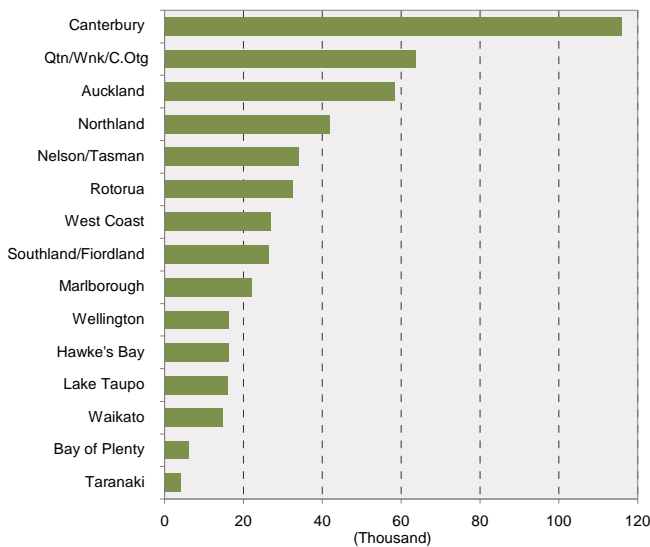
Visitors stayed an average of 1.85 nights in a hosted establishment. This length of stay has decreased slightly from 1.91 in 2001. It is similar to motels and hotels but slightly lower than for backpackers (1.91 nights) and holiday parks (2.04 nights).

Length of stay varies across regions. Hosted guests stayed longer than average in the Queenstown/Wanaka/Central Otago (2.31 nights) and Northland (2.08) regions. The shortest length of stay was on in West Coast region (1.32 nights) (Table 2).

How is demand for hosted guest nights spread among the regions?

The Canterbury and Queenstown/Wanaka/Central Otago Regional Tourism Organisation (RTO) regions attract the highest number of hosted guest nights. In 2006, Canterbury recorded 20% (116,000) of hosted guest nights and Queenstown/Wanaka/Central Otago recorded 11% (63,600 nights). The Auckland, Northland and Nelson/Tasman regions hosted 10%, 7% and 6% respectively. These five regions accounted for 54% of total hosted guest nights in 2006. The top 15 RTOs accounted for 86% of hosted guest nights (Figure 9 & Table 2).

Figure 9: Hosted Guest Nights by top 15 RTOs, 2006^{*1}

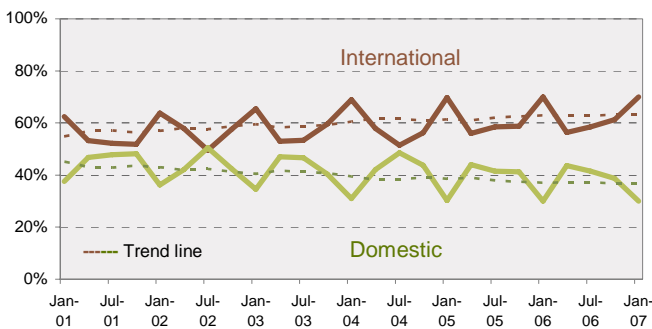


CHARACTERISTICS OF TRAVELLERS STAYING IN HOSTED ACCOMMODATION

Where do hosted accommodation guests come from?

International visitors represent 63% of hosted guests while the other 37% are New Zealanders. The proportion of international visitors has increased from 56% in 2001. The proportions vary seasonally with the international share highest in January (70%) and lowest in April (56%). Conversely, the domestic share is lowest in January (37%) and highest in April (44%) (Figure 10).

Figure 10: Proportion of Hosted Guest Nights by Origin & Month^{*1}



Visitors from Australia, the UK, the US and Japan make up 62% of international visitors staying in hosted accommodation (Figure 11). Fifty nine percent of New Zealanders staying in hosted establishments come from the main population regions of Auckland, Wellington and Canterbury (Figure 12).

Figure 11: Origin of International Visitors Staying in Hosted Accommodation 2005^{*2}

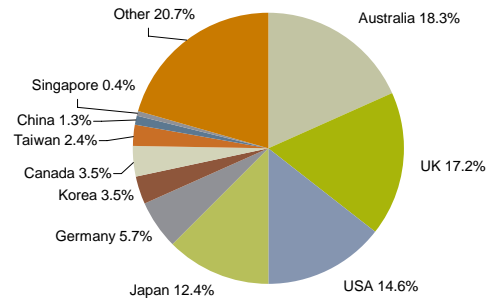
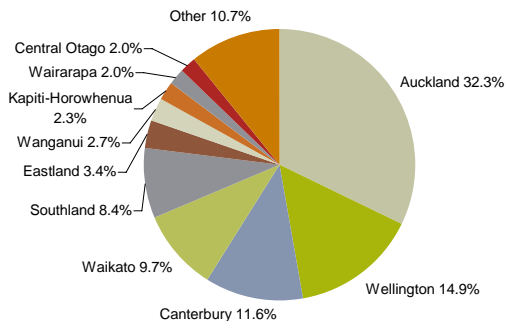


Figure 12: Origin of Domestic Visitors Staying in Hosted Accommodation 2005^{*3}

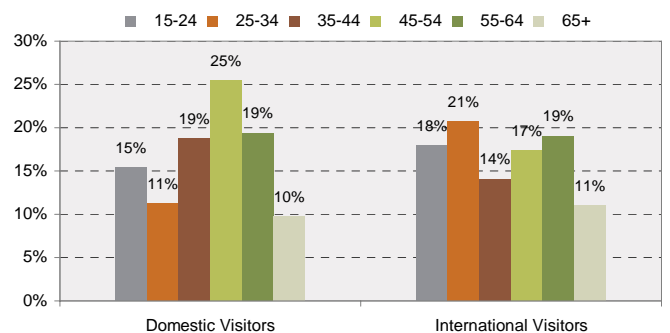


What is age-sex profile of hosted guests?

International hosted guests in 2005 comprised 58% females and 42% males, while domestic guests comprised an even greater percentage of females (65%) to males (35%).

International guests are spread across the age groups although there are relatively fewer in the 35-44 and 65+ age groups (Figure 13). Domestic guests are mostly in the 35-64 age group.

Figure 13: Hosted Visitors by Age 2005^{*2*3}



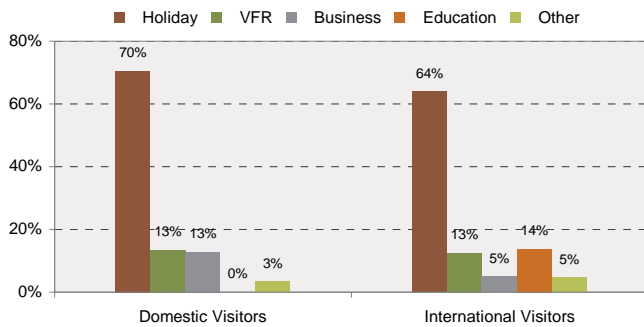
What are the main purposes of travel of hosted guests?

Sixty four percent of international visitors staying in hosted accommodation are on holiday. Those in New Zealand for education contribute 14% and a further 13% are visiting friends and relatives (Figure 14).

Similarly, most domestic visitors staying in hosted accommodation are on holiday (70%), followed by 13% visiting friends and relatives, and 13% on business.

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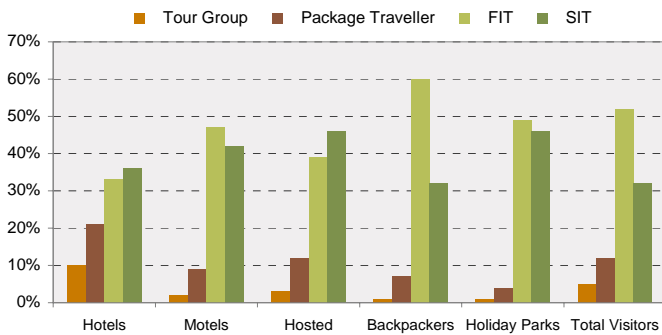
Figure 14: Hosted Visitors by Purpose of Travel 2005^{2*3}



What are the travel styles of international hosted guests?

Semi-independent (SIT) or fully independent travellers (FIT) make up 85% of the international visitors staying in hosted accommodation. Package travellers represent a further 12% and those in tour groups only 3% (Figure 15).

Figure 15: Travel Style of International Visitors within each Accommodation Type, 2005²



FIT: made all NZ travel purchases after arrival (e.g. dom. airfares, lodging, activities etc.)
SIT: made at least one travel associated purchase before arrival in NZ

How much do international hosted accommodation guests spend?

In 2005, international hosted accommodation guests spent an average of \$128 per night on all trip expenses such as accommodation, transportation, meals etc. This compares with \$220 for hotel guests, \$155 for motel guests and \$84 for backpacker guests (Figure 16).

Figure 16: Average Spend per Night in NZ by International Guests, 2005²



How satisfied are visitors with their hosted accommodation stay?

The majority of international and domestic visitors are highly satisfied with their stay in B&B or hosted accommodation. Both international and domestic guests gave an average of 8.2 out of 10 rating for overall satisfaction. Only visitors staying in serviced apartments rated slightly higher (Figure 17).

Figure 17: Visitor Satisfaction - Accommodation, Nov05-Sep06⁴

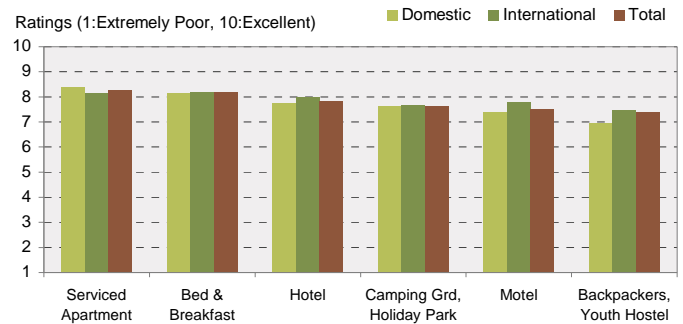


Table 1: Hosted Accommodation Trends^{*1}

KEY INDICATORS	2001	2002	2003	2004	2005	2006
Supply (December month)						
Establishments	622	612	560	582	658	663
Ave. Daily Capacity ⁽¹⁾	2,942	3,026	2,795	2,761	3,057	3,225
Ave. Capacity/Est. ⁽²⁾	4.7	4.9	5.0	4.7	4.6	4.9
Employees (in February)	840	930	1,130	1,210	1,370	1,320
Demand (annual)						
Guest Nights (000)	507	541	536	551	551	577
Occupancy (%) ⁽³⁾	26.8	27.7	29.5	29.8	26.3	26.2
Ave. nights stayed	1.91	1.91	1.89	1.83	1.81	1.85

(1) Total stay units or rooms available for booking (2) Average stay units or rooms per est.
 (3) Proportion of available capacity used

Table 2: Hosted Accommodation Statistics by RTO 2006^{*1}

Top 15 RTOs (by guest nights)	Establishments ⁽³⁾	Average Stay Units Per Est.	Average Daily Capacity	Guest Nights (000)	Occupancy Rate %	Average Nights Stayed
Total NZ	663	4.9	3,225	577	26	1.85
Canterbury	97	5.9	567	116	30	1.80
Qtn/Wnk/C.Otg ⁽¹⁾	54	4.8	259	64	33	2.31
Auckland	66	4.7	311	58	29	2.00
Northland	68	3.4	229	42	26	2.08
Nelson/Tasman	41	4.3	176	34	28	1.90
Rotorua	27	6.0	161	32	27	1.94
West Coast	32	4.7	150	27	26	1.32
Southland/Fld ⁽²⁾	29	4.9	142	27	29	1.72
Marlborough	31	5.5	169	22	19	1.86
Wellington	11	4.6	50	16	50	1.92
Hawke's Bay	24	5.2	124	16	20	1.84
Lake Taupo	15	5.5	83	16	28	2.01
Waikato	17	5.0	86	15	23	1.57
Bay of Plenty	14	3.8	54	6	18	1.90
Taranaki	13	4.1	53	4	13	1.86

(1) Queenstown/Wanaka/Central Otago
 (2) Southland/Fiordland
 (3) Establishments that are GST registered with turnover \$30,000+

DATA SOURCES

- ¹ CAM: Commercial Accommodation Monitor (Statistics NZ)
² IVS: International Visitor Survey (Ministry of Tourism)
³ DTS: Domestic Travel Survey (Ministry of Tourism)
⁴ RVM: Regional Visitor Monitor (Ministry of Tourism)
⁵ BD: Business Demography (Statistics NZ)

IMAGE CREDITS

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