

**ACCOMMODATION | MOTEL SECTOR**

NEW ZEALAND | SERIES A2 | MAY 2007



**INTRODUCING THE MOTEL SECTOR**

The motel sector in New Zealand comprises over 1,700 establishments which together host 34% of all guest nights – more than any other form of accommodation. The majority of motel guests are domestic visitors.

Motels are defined as establishments providing short term accommodation in self-contained units usually with cooking, bathroom and toilet facilities. They are designed to cater for motoring visitors with parking facilities outside or close to each unit. They include apartments, flats, chalets, villas and cottages. The motel establishments referred to in this report include primarily those that are GST registered, with a turnover of at least \$30,000 per annum<sup>\*1</sup>.

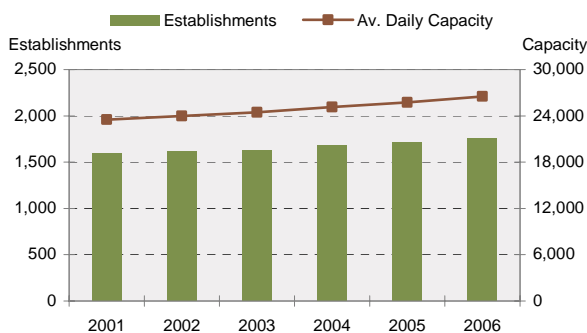
This report provides an overview of the motel sector covering various supply, demand and user characteristics.

**SUPPLY OF MOTEL ACCOMMODATION**

**How big is the motel sector?**

In 2006, there were 1,757 motels in New Zealand, an increase of 165 motels or 10.4% from 1,592 in 2001 (Figure 1).

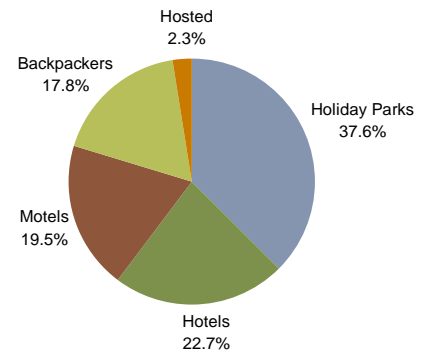
Figure 1: Motel Establishments and Capacity<sup>\*1</sup>



During this period the total daily capacity of motels (available rooms or 'stay units') grew from 23,500 in 2001 to 26,500 in 2006, an increase of 3,000 rooms or 12.9%. While new establishments are being built, some existing motels are investing in expanding their capacity.

Motels supplied 19.5% of the commercial accommodation capacity or stay units in 2006, being the third largest provider after holiday parks and hotels (Figure 2).

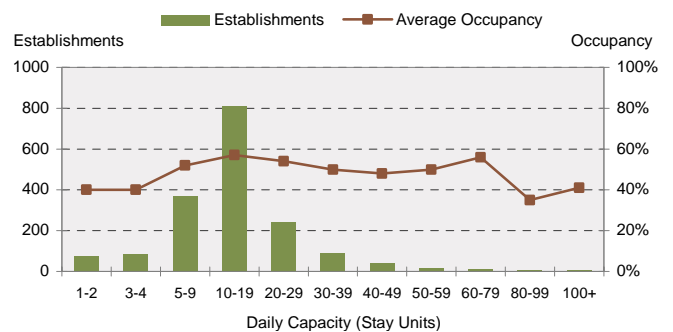
Figure 2: Share of Accommodation Capacity, 2006<sup>\*1</sup>



**What is the distribution of motels by capacity?**

A large proportion of motels (67%) have between 5 and 19 stay units available each night. A further 14% have between 20 and 29 stay units. These mid-sized motels generally enjoy higher occupancy rates than those motels with smaller or larger capacity (Figure 3).

Figure 3: Motels and Occupancy Rates by Capacity, Dec 2006<sup>\*1</sup>



**How many people are employed in the motel sector?**

The motel sector employed 8,450 employees in February 2006. A large number of motels (1,227 or 70%) employed 5 or fewer employees. Of these, 516 were run by self-employed operators without employees. A further 26% (or 463 motels) employed 6-19 staff. Only 4% (or 63 motels) employed 20 or more people (Figure 4).

The average number of people employed by a motel increased slightly from 4.4 in 2001 to 4.8 in 2006.

Employment was well spread across different sizes of motels. Larger motels (with 20+ employees each) employed 23% of motel staff though they accounted for only 4% of motels.

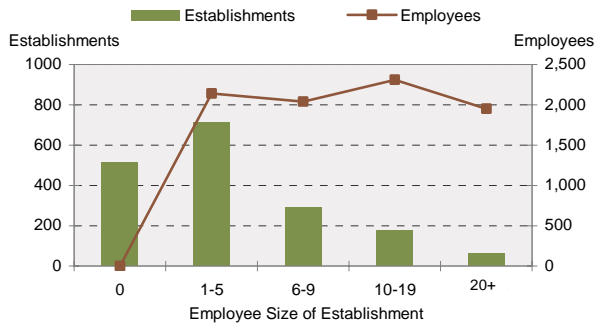


The Ministry of Tourism  
 Telephone: (04) 498 7440  
 Email: info@tourism.govt.nz  
 www.tourismresearch.govt.nz



## ACCOMMODATION | MOTEL SECTOR

Figure 4: Motel Establishments and Employees by Employment Size, February 2006<sup>\*5</sup>



### What is the nature of motel business ownership?

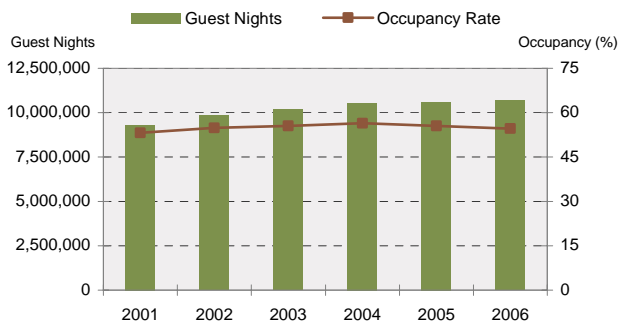
According to the Motel Association of New Zealand data (whose members account for 65% of all motels) 80% of motels are leased business operations. One-third of motels change hands each year, with the average operating time being two years.

### DEMAND FOR MOTEL ACCOMMODATION

#### How many guest nights do visitors spend in motels each year?

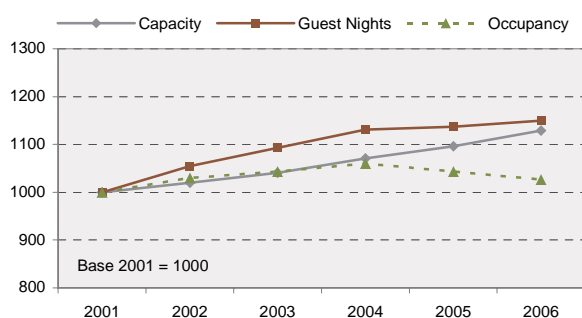
Motels hosted 10.7 million guest nights in 2006, up from 9.3 million in 2001 (Figure 5). This was an increase of 14.9% or 1.4 million guest nights over this period. The average annual growth rate was 2.8% per annum compared with 3.2% for total guest nights.

Figure 5: Motel Guest Nights and Occupancy<sup>\*1</sup>



Within the accommodation sector, motels experience an average occupancy rate of 54.6%. This is slightly lower than for hotels (55.1%) but significantly higher than for backpackers (43.7%), hosted accommodation (26.2%) and holiday parks (14.5%). Motel occupancy increased by 6% during 2001-04 but then dropped by 3% during 2004-06. This was due to static demand for guest nights while capacity continued to grow, as shown by the indices in Figure 6.

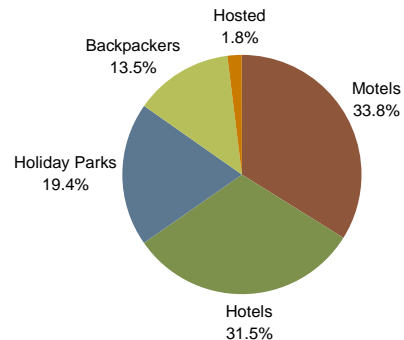
Figure 6: Motel Indices: Relative Growth in Capacity, Guest Nights and Occupancy<sup>\*1</sup>



### What is the market share of motel guest nights?

In 2006, motels hosted 33.8% of mainstream commercial accommodation guest nights - more than any other form of accommodation. This compares with 31.5% hosted by hotels, 19.4% by holiday parks and 13.5% by backpackers (Figure 7).

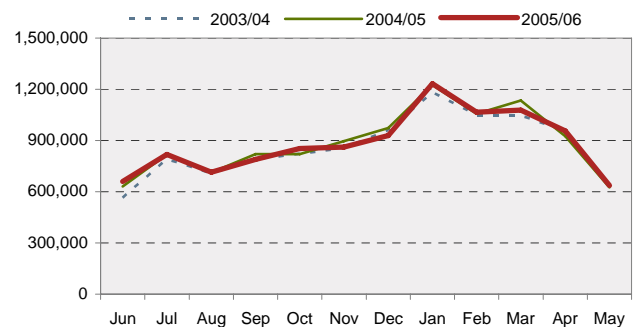
Figure 7: Share of Guest Nights by Accommodation Type, 2006<sup>\*1</sup>



### What seasonality does the motel sector experience?

The period of higher demand for motel accommodation is from October to April with a peak in January, and lower demand is from May to September. Figure 8 shows that this pattern of seasonality has been stable over the last three years.

Figure 8: Motel Guest Nights by Month<sup>\*1</sup>



### How long do motel guests stay?

Motel guests stayed on average 1.82 nights in a motel in 2006 (up 1.5% from 1.79 nights in 2004). This length of stay is similar to hotels and hosted accommodation but slightly lower than for backpackers (1.91 nights) and holiday parks (2.04 nights).

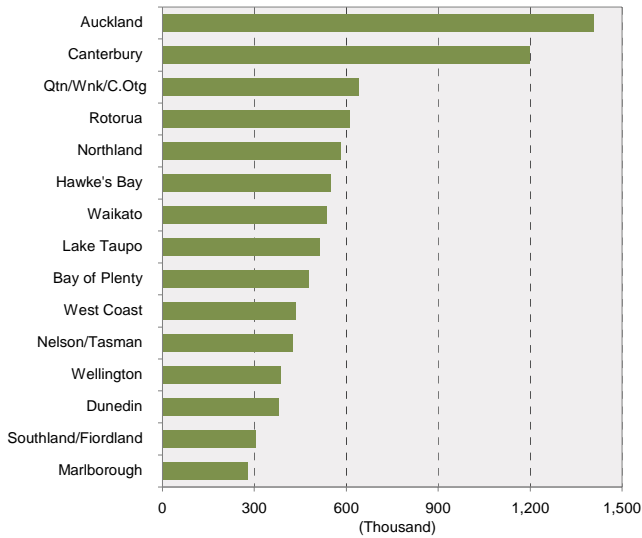
Length of stay varies across regions. Motel guests stayed slightly longer than average in the Queenstown/Wanaka/Central Otago (2.28 nights), Auckland (2.02), Bay of Plenty (1.96) and Wellington (1.95) regions, but shorter in the West Coast region (1.41 nights).

### How is demand for motel guest nights spread among the regions?

The Auckland and Canterbury Regional Tourism Organisation (RTO) regions attract the highest number of motel guest nights reflecting their large populations and key international gateways. In 2006, Auckland hosted 13% or 1.41 million guest nights and Canterbury a further 11% or 1.20 million nights. Queenstown/Wanaka/ Central Otago and Rotorua each hosted a 6% share while Northland, Hawke's Bay, Waikato and Lake Taupo each hosted a 5% share. The top 15 regions hosted 82% of motel guest nights (Figure 9 & Table 2).

# ACCOMMODATION | MOTEL SECTOR

Figure 9: Motel Guest Nights by top 15 RTOs, 2006\*<sup>1</sup>

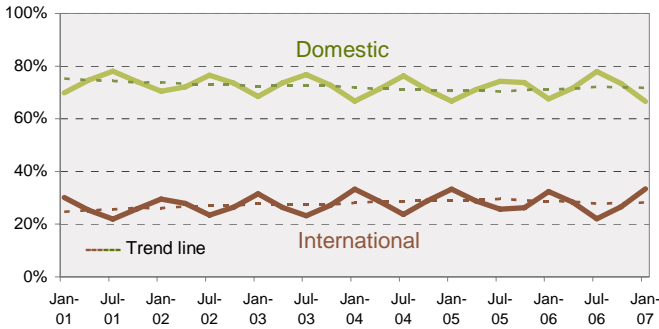


## CHARACTERISTICS OF TRAVELLERS STAYING IN MOTELS

### Where do motel guests come from?

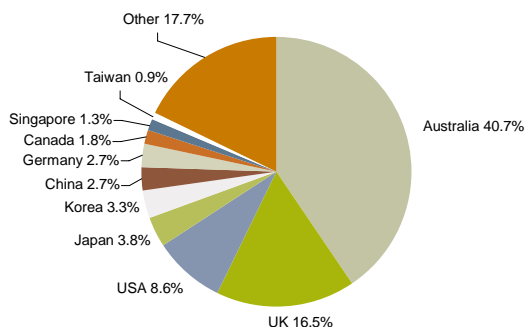
In 2006 New Zealanders represented 72% of motel guests while another 28% were international visitors. The proportion of international visitors has increased from 25% in 2001 and the domestic proportion decreased from 75%. The proportions vary seasonally. The international share is highest in January (33%) and lowest in July (22%). Conversely, domestic share is lowest in January (67%) and highest in July (78%) (Figure 10).

Figure 10: Proportion of Motel Guest Nights by Origin and Month\*<sup>1</sup>



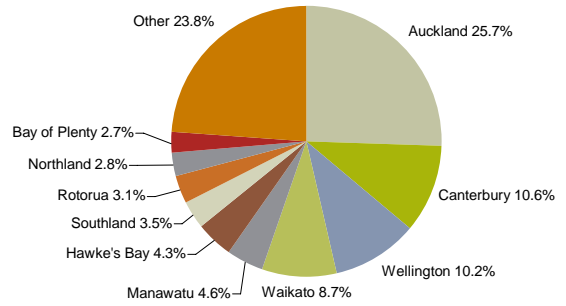
Of the international visitors staying in motels, the largest group are Australians representing 40.7% in 2005, followed by visitors from the UK (16.5%), the US (8.6%) and Japan (3.8%) (Figure 11).

Figure 11: Origin of International Visitors Staying in Motels, 2005\*<sup>2</sup>



Of all domestic visitors staying in motels, 55% come from the Auckland, Canterbury, Wellington and Waikato regions (Figure 12).

Figure 12: Origin of Domestic Visitors Staying in Motels, 2005\*<sup>3</sup>

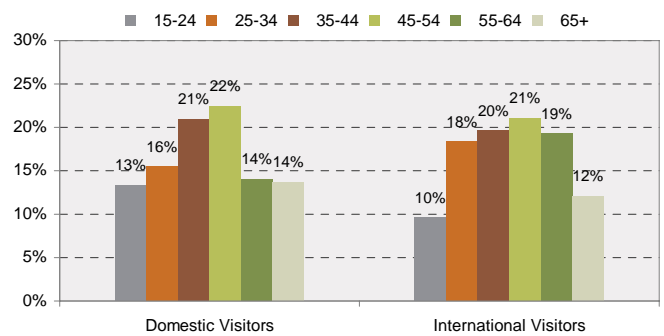


### What is age-sex profile of motel guests?

In 2005, international motel guests comprised 52% females and 48% males, while there were more male (54%) than female (46%) domestic guests owing to more male business travellers.

Forty three percent of domestic visitors staying in motels are in the 35-54 age group. The other 57% are distributed relatively evenly between the 15-34 and the 55+ age groups. International visitors staying in motels show a more even age distribution with 78% in the 25-64 age group (Figure 13).

Figure 13: Motel Visitors by Age, 2005\*<sup>2\*3</sup>

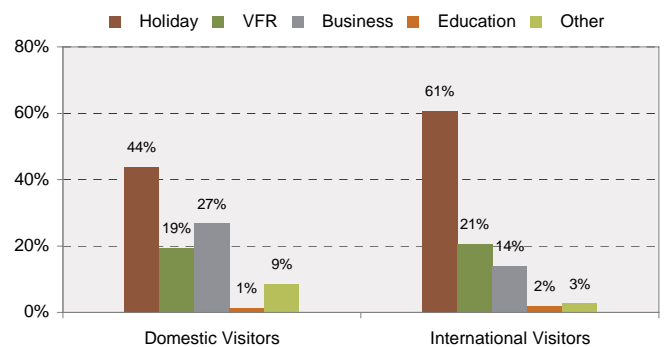


### What are the main purposes of travel of motel guests?

Sixty one percent of international visitors staying in motels are on holiday. Those visiting friends and relatives comprise 21%, followed by 14% on business (Figure 14).

For domestic travellers staying in motels a large percentage are on holiday (44%) followed by business travellers (27%) and those visiting friends and relatives (19%).

Figure 14: Motel Visitors by Purpose of Travel, 2005\*<sup>2\*3</sup>

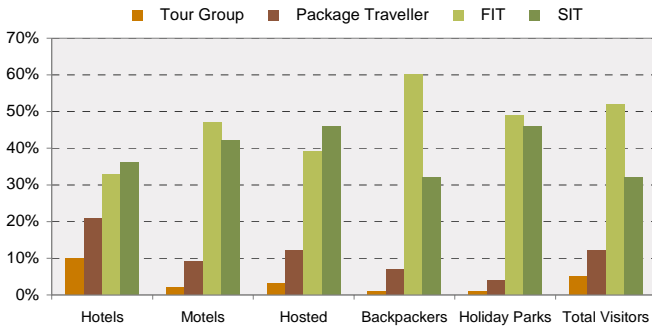


## ACCOMMODATION | MOTEL SECTOR

### What are the travel styles of international motel guests?

Fully independent travellers (FIT) and semi-independent travellers (SIT) make up 89% of the visitors to motels. Package travellers and tour groups represent only 9% and 2% of motel guests respectively (Figure 15).

Figure 15: Travel Styles of International Visitors within each Accommodation Type, 2005<sup>2</sup>



*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 motel guests spend?

In 2005, motel guests spent an average of \$155 per night on all trip expenses such as accommodation, transportation, meals etc. This is \$65 per night less than international visitors staying in hotels but significantly more than the average amount spent by visitors staying in other accommodation types (Figure 16).

Figure 16: Average Spend per Night in NZ by International Guests, 2005<sup>2</sup>



### How satisfied are visitors with their motel stay?

International guests are more satisfied with their motel experience (rating 7.8 out of 10 on average) than domestic guests (rating 7.4). In comparison, satisfaction levels are slightly higher for serviced apartments, B&B's or hosted, hotels and holiday parks (Figure 17).

Figure 17: Visitor Satisfaction - Accommodation, Nov05-Sep06<sup>4</sup>

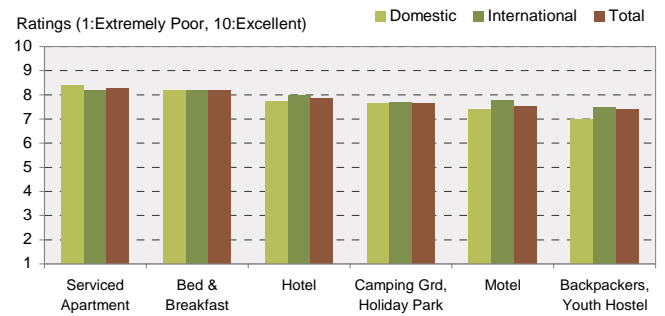


Table 1: Motel Trends<sup>1</sup>

KEY INDICATORS	2001	2002	2003	2004	2005	2006
<b>Supply (December month)</b>						
Establishments	1,592	1,615	1,628	1,681	1,713	1,757
Ave. Daily Capacity <sup>(1)</sup>	23,496	23,967	24,445	25,154	25,755	26,519
Ave. Capacity/Est. <sup>(2)</sup>	14.7	14.8	14.7	14.6	14.8	15.1
Employees (in February)	6,770	7,210	7,420	7,700	8,320	8,450
<b>Demand (annual)</b>						
Guest Nights (000)	9,318	9,830	10,185	10,540	10,591	10,711
Occupancy (%) <sup>(3)</sup>	53.2	54.8	55.5	56.4	55.5	54.6
Ave. nights stayed	1.80	1.81	1.81	1.79	1.80	1.82

(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: Motel Statistics - by RTO, 2006<sup>1</sup>

Top 15 RTOs (by guest nights)	Establishments <sup>(3)</sup>	Average Stay Units Per Est.	Average Daily Capacity	Guest Nights (000)	Occupancy Rate %	Average Nights Stayed
Total NZ	1,757	15	26,519	10,711	55	1.82
Auckland	179	20	3,540	1,409	58	2.02
Canterbury	200	13	2,664	1,199	56	1.78
Qtn/Wnk/C.Otg <sup>(1)</sup>	98	14	1,362	641	56	2.28
Rotorua	79	17	1,361	613	52	1.81
Northland	135	11	1,490	581	52	1.91
Hawke's Bay	69	18	1,266	549	60	1.94
Waikato	82	17	1,386	537	58	1.71
Lake Taupo	73	16	1,165	513	55	1.63
Bay of Plenty	82	15	1,204	479	54	1.96
West Coast	71	15	1,089	437	50	1.41
Nelson/Tasman	91	12	1,120	427	53	1.89
Wellington	33	26	856	385	65	1.95
Dunedin	58	14	800	380	64	1.87
Southland/Fld <sup>(2)</sup>	62	14	890	306	50	1.69
Marlborough	51	13	661	277	58	1.64

(1) Queenstown/Wanaka/Central Otago

(2) Southland/Fiordland

(3) Establishments that are GST registered with turnover \$30,000+

#### DATA SOURCES

<sup>1</sup> CAM: Commercial Accommodation Monitor (Statistics NZ)

<sup>2</sup> IVS: International Visitor Survey (Ministry of Tourism)

<sup>3</sup> DTS: Domestic Travel Survey (Ministry of Tourism)

<sup>4</sup> RVM: Regional Visitor Monitor (Ministry of Tourism)

<sup>5</sup> BD: Business Demography (Statistics NZ)

#### IMAGE CREDITS

Wellington Willis St. – Positively Wellington Tourism, www.WellingtonNZ.com

Cardrona Ski Field – www.cardrona.com

Southern Traverse – Michael Jacques, www.karapoti.co.nz

Wai-O-Tapu Champagne Pool – Destination Rotorua, www.rotoruaNZ.com

Lake Taupo Lodge – www.laketaupolodge.co.nz

Lodge Bordeaux – www.lodgebordeaux.co.nz