

How *tourism* remains too attractive for buyers to overlook

More than 80 million people are actively thinking about a New Zealand holiday at the moment, meaning purchasers of property and businesses are hard-pressed to overlook the tourism industry when scouting the market for their next opportunity.

Representing our number one export industry, contributing upwards of \$14.5 billion into the economy and directly employing 188,000 people, the figures showcase just how much success is obtainable.

Although many owners are reluctant to sell when the industry is performing so strongly, the demand to buy tourism related properties and businesses has meant some owners are taking stock of their achievements, reviewing their options, stage of life and their next opportunity rather than holding out for more.

So, for many now is the right time to sell, but equally for many purchasers - it's the right time to buy.





Why tourism has the ‘X-factor’

The simple truth about the sector’s ‘X-factor’ is that New Zealand is forever rated amongst international markets as a hot destination for an offshore getaway.

The worldwide perception is that this is a safe, friendly and welcoming destination and a great place to stay. It has a range of accommodation services (albeit in hot demand) and a unique local culture intertwined with remarkably unforgettable natural landscapes and adrenaline-packed adventures. What’s not to like about that? Not many other business sectors have such compelling reasons to attract customer spend.

The diverse nature of what is on offer and what experiences can be enjoyed is a key contributor to what makes the tourism industry such an appealing option for so many. There’s always a business venture or accommodation opportunity that matches the fussiest of buyer tastes.

More to come

New Zealand is in the midst of its strongest ever tourism growth cycle, recording several consecutive years of international arrival growth. There are now 3.6 million people a year coming to New Zealand.

The Ministry of Business, Innovation, and Employment (MBIE) forecasts that the growth in international visitors will continue with the most recent estimates predicting international visitor arrivals will total 4.9 million annually by

2023, representing seven-year growth of 39.1 percent and 1.4 million visitors – almost the entire population of Auckland.

Facilitating the growth has been the number of air services increasing from a variety of international destinations. In particular, Australian and Chinese holidaymakers are leading the influx of overseas tourists although in the year to August we have seen big increases in USA, UK and German tourists, (21%, 15% and 14% respectively). The average tourist now spends 19 days in New Zealand – helped especially by a trend towards longer stays from the long haul destinations.

It’s not only the growth in the number of tourists, but the higher value tourists, who spend more during their visits that are keeping profits up. The international visitor spend is forecast to increase by 52 percent to NZ\$15.3 billion in 2023 – with an aspirational goal of NZ\$41 billion by 2025.

Given this appealing, long and strong outlook, opportunities to purchase businesses and properties in the tourism sector are being snapped up quickly. There are also a number of ‘off-market’ transactions given the need for confidentiality. This means many deals go under the radar limiting the ability to track market movements effectively.

For vendors weighing up their options, you should look to talk it over with a Bayleys business broker who can advise you of who’s buying, what selling opportunities are available and what will get you the best price in today’s market.

Contact one of our specialist business brokers for an informed and timely take on the market and how we can achieve a great result for you.

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