

# Market Summary Queenstown 2017



Accelerating success.



# Key Drivers For Queenstown

## **Tourism & Infrastructure Growth**

- Ski Area Investment- circa \$150m spent in the last 5 years + \$15m planned for Cardrona 2017
- Queenstown International Airport – Major infrastructure upgrade including \$19.5 million airfield upgrade which involved widening the runway, resurfacing & installing lighting (completed)
  - They are also undertaking car parking and traffic flow improvements
- Proposed Skyline \$100 million Gondola redevelopment / Real Journeys \$20 million Walter Peak redevelopment
- Improved roading network (Frankton / Remarkables Park) including new bridge under construction
- Educational Facilities –New High School to be completed end of 2017



## **Economic Growth**

- Continued population growth  
*Population YE June 2016 34,700 up 7.1% from a year earlier (QLDC Annual Economic Profile 2016)*
- Visitor and guest nights – highest on record
- Average spend up



## **Property & Construction Growth**

- Growing Residential market – all sectors
- New commercial development – 5 Mile / Queenstown Central / Remarkables Park
- Commercial – Investment yield contraction & rental growth
- Building costs & compliance pressures
- New Dwelling Consents increasing
- Building companies stretched in terms of capacity



# Queenstown's Lakes District TOURISM GROWTH

remains the region's largest  
**ECONOMIC DRIVER.**  
2016 WAS A RECORD  
YEAR FOR THE NEW ZEALAND  
HOTEL & TOURISM SECTORS,  
**WITH INTERNATIONAL  
VISITOR ARRIVALS &  
VISITOR EXPENDITURE  
REACHING NEW HEIGHTS**

Queenstown-Lakes District  
resident population

**34,700** (June 2016)



**Avg day population**  
48,000 off-peak  
97,000 - peak



ANNUAL  
tourist numbers

**2.9 MILLION**

ANNUAL  
tourism spend



**2.6 BILLION**

(Year to Jan 2017)

**UP 11%**

QUEENSTOWN

THE SOUTH ISLAND HAD THE  
FASTEST-GROWING DISTRICTS  
IN THE JUNE 2016 YEAR.

**QUEENSTOWN-LAKES  
EXPERIENCED THE HIGHEST  
GROWTH (7.1 PERCENT)**

GUEST NIGHTS



**UP**

nearly 8.5%  
to 4.30 million

(YEAR END DECEMBER 2016)

QUEENSTOWN INTERNATIONAL AIRPORT

TOTAL PASSENGERS  
in the 2016 year



**1,801,564**

**UP 17%** ON 2015

COMPARED TO 812,000 IN 2010

ONE OF FASTEST-GROWING  
AIRPORTS IN AUSTRALASIA



# Visitors To New Zealand

## TOP 5 MARKETS – VISITORS TO NEW ZEALAND



Arrivals	AUSTRALIA	CHINA	USA	UK	JAPAN
% Change	UP 6.3%	UP 13.8%	UP 19.8%	UP 6.5%	UP 13.9
YE Jan 2016	1,330,064	371,072	247,536	207,600	88,688
YE Jan 2017	1,414,352	422,256	296,640	221,136	101,008

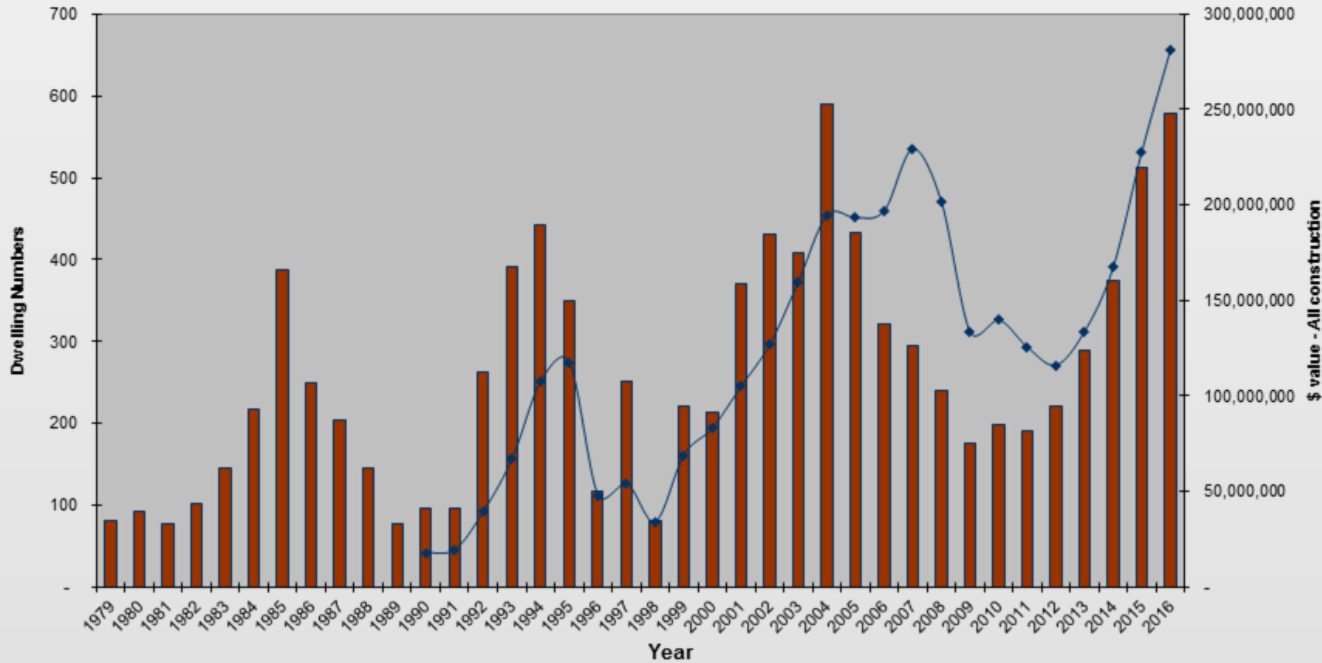
Source: Statistics NZ

# Construction Growth

## Queenstown Building Permits

Source: Colliers International Research

■ Total Dwelling Consents    
 ◆ Total \$ Value All Bldg



SECTOR	2016	FORECAST YE 2017
Commercial	\$75m	+\$70m
Infrastructure	\$20m	+\$55m
Residential	\$280m	+\$300m
<b>Total</b>	<b>\$375m</b>	<b>+\$425m</b>



# Commercial Supply & Demand

Sector	Annual Rent (\$/m2) plus GST & OPEX	Land Value \$/m <sup>2</sup>	Supply	Demand	\$\$ Forecast	Yield %
Queenstown CBD Prime Retail (100– 120m2)	1300-1800	15-30,000	Nil	High	↑	4-5%
Queenstown CBD Secondary Retail	600-850	10-15,000	Nil	Increasing	↗	5-5.5%
Queenstown CBD Fringe Retail	350-500	5-10,000	Low	Steady/ increasing	↗	5-5.5%
Frankton Village, Remarkables Park & Five Mile Retail (100m2 – 120m2)	300-750	800-1,200	Moderate /high	Steady	→	5.5-6.5%
Offices	250-350		Moderate	Steady	↗	5-6%
Industrial	150-200	800-1000	Low	Increasing	→	5-6.5%

# Frankton Flats Overview



BOUNDARY LINES ARE INDICATIVE ONLY

# Frankton Flats Overview





# Frankton Flats Retail & Office Supply



Precinct	Built & Leased	Built & Vacant	Proposed
Five Mile – Stage 1 Retail	13,665m <sup>2</sup>	600m <sup>2</sup>	
Five Mile – Stage 1 Office	265m <sup>2</sup>	300m <sup>2</sup>	
Five Mile – Stage 2	8,003m <sup>2</sup>		
Queenstown Central			20,000m <sup>2</sup>
Shotover Park (Mitre 10/Pak'nSave)	13,000m <sup>2</sup>		
Remarkables Park	20,021m <sup>2</sup>	5,879m <sup>2</sup>	<ul style="list-style-type: none"> <li>The Warehouse relocation 2017 (Lease expires 2021)</li> </ul>
The Landing	3,775m <sup>2</sup>	170m <sup>2</sup>	
Terrace Junction	6175m <sup>2</sup>	189m <sup>2</sup>	
<b>TOTAL</b>	<b>64,904m<sup>2</sup></b>	<b>7,138m<sup>2</sup></b>	<b>20,000m<sup>2</sup></b>
<b>TOTAL EXISTING SPACE</b>	<b>72,042m<sup>2</sup></b>		

# Transactions in Queenstown

Sold by  
Colliers  
Queenstown



**Formatt Kitchens  
19 Glenda Drive**

**SALE DATE:** June 2016  
**PUCHASE PRICE:** 2,910,000  
**YIELD:** 5.15%  
**SITE AREA:** 1,155m<sup>2</sup>

Sold by  
Colliers  
Queenstown



**Thompson & Glasgow St  
Queenstown**

**SALE DATE:** Nov 2016  
**PUCHASE PRICE:** \$9.5million  
**LAND AREA** 5,101m<sup>2</sup>

Sold by  
Colliers  
Queenstown

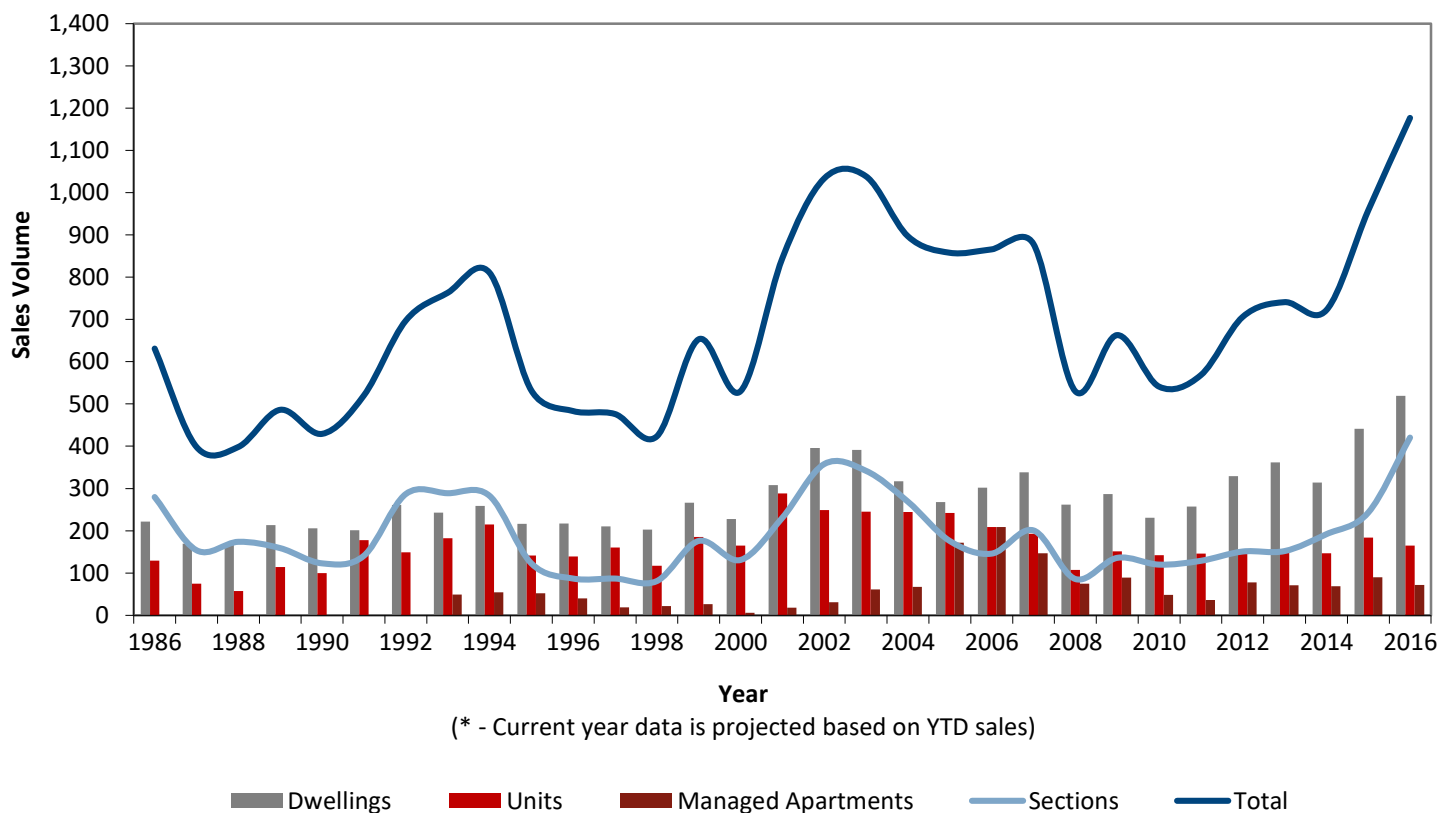


**5&7-9 Ballarat Street,  
Queenstown**

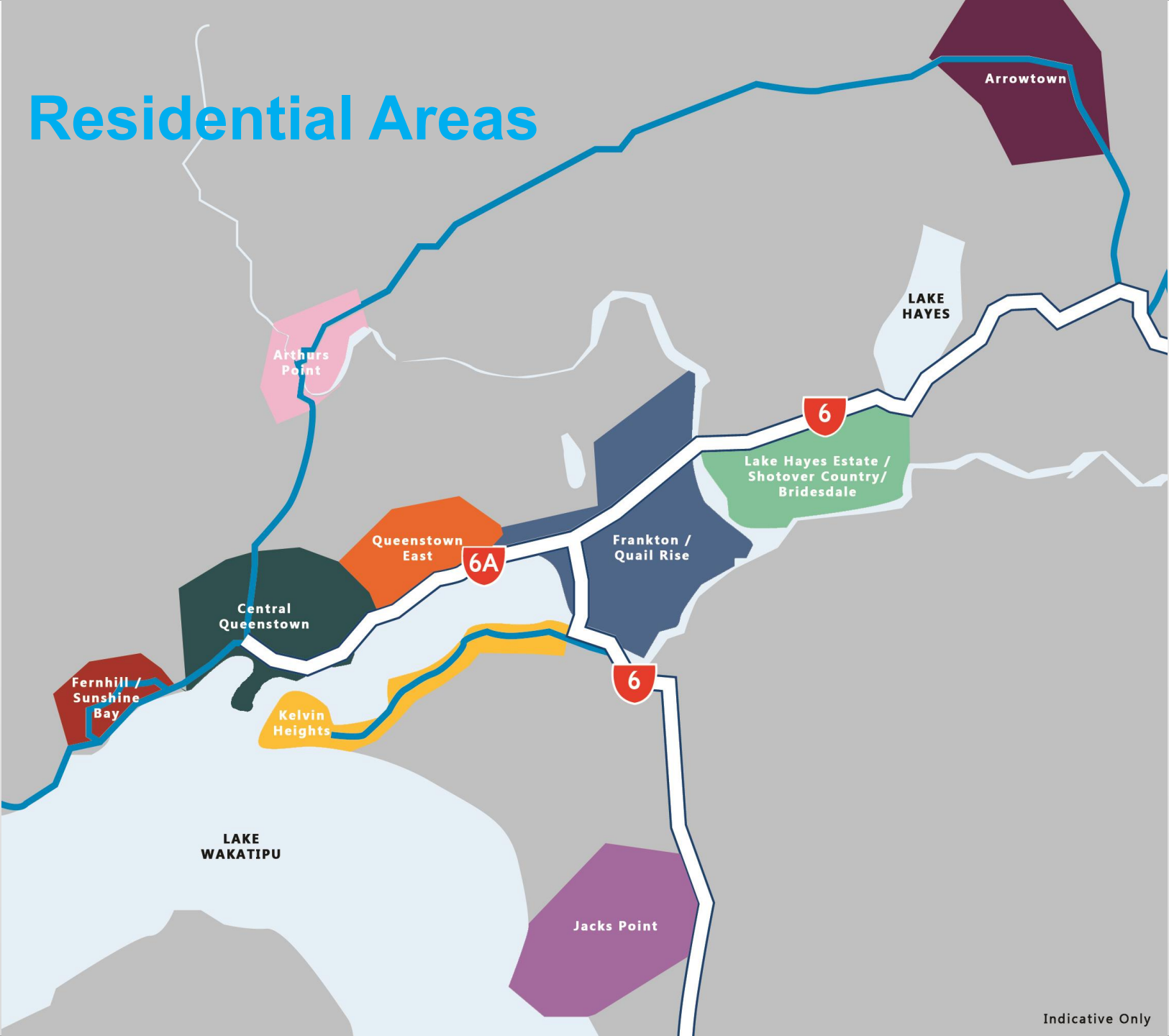
**SALE DATE:** Nov 2016  
**PUCHASE PRICE:** \$\$ Confidential  
**YIELD:** 3.8%  
**SITE AREA:** 686m<sup>2</sup>

# Residential Market Conditions

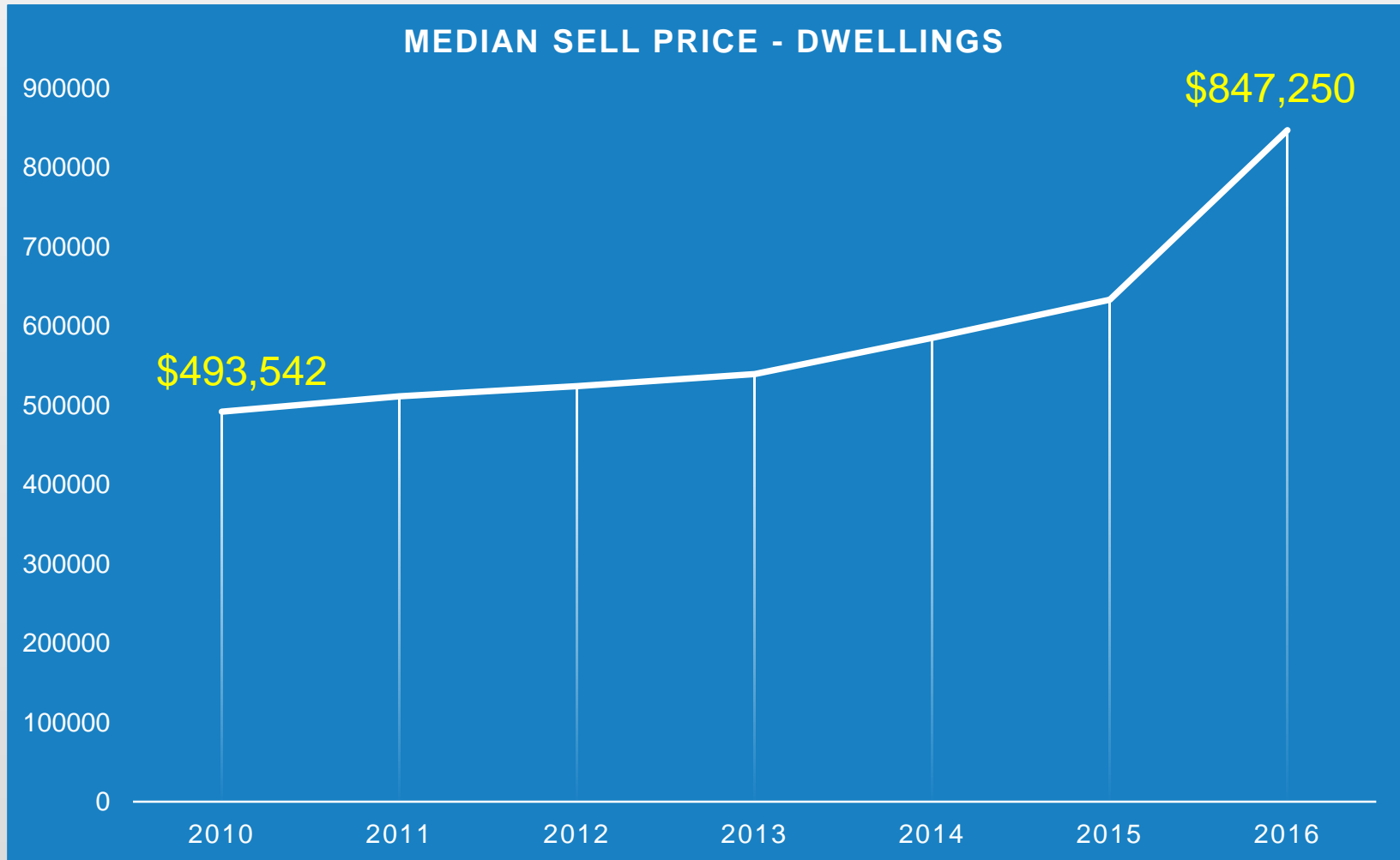
Wakatipu Basin Residential Sales Volumes 1986-2016 (Source: Colliers International - Queenstown)



# Residential Areas

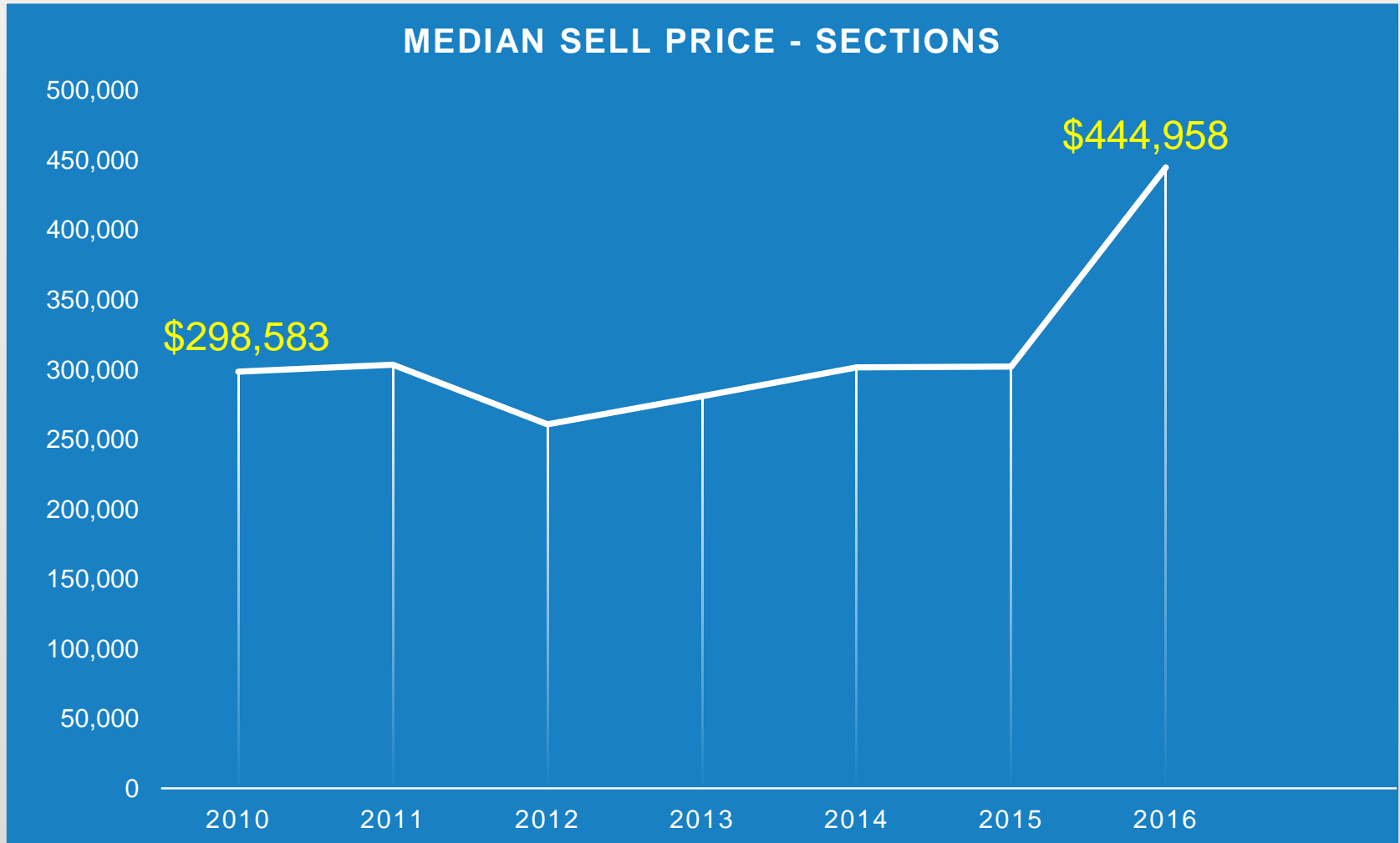


# Residential Market Conditions



Data obtained the Real Estate Institute of New Zealand

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Data obtained the Real Estate Institute of New Zealand

# Residential Sales

**Shotover  
Country**



**Total build cost  
Circa \$630,000**

**Under Offer  
\$1,020,000**

**Hanleys  
Farm**



**Stage 3, 72 Lots sold  
\$248,000 - \$335,000 – 399m<sup>2</sup> - 648m<sup>2</sup>**

**Bridesdale  
Farm**



**Original lot sales  
\$220,000**

**Resale lots now  
\$340,000**

**Jacks  
Point**



**Sold 2014  
\$765,000**

**Sold 2017  
\$1,170,000**

# Overall Projections Queenstown

*For The Next 12 Months*



Property market growth and expansion in Queenstown/Wanaka expected to continue for at least the next two years



Region's commercial yields compressing due to limited supply and strong demand



Acute shortage of long term residential rental accommodation in Queenstown to continue resulting in continued high rental levels



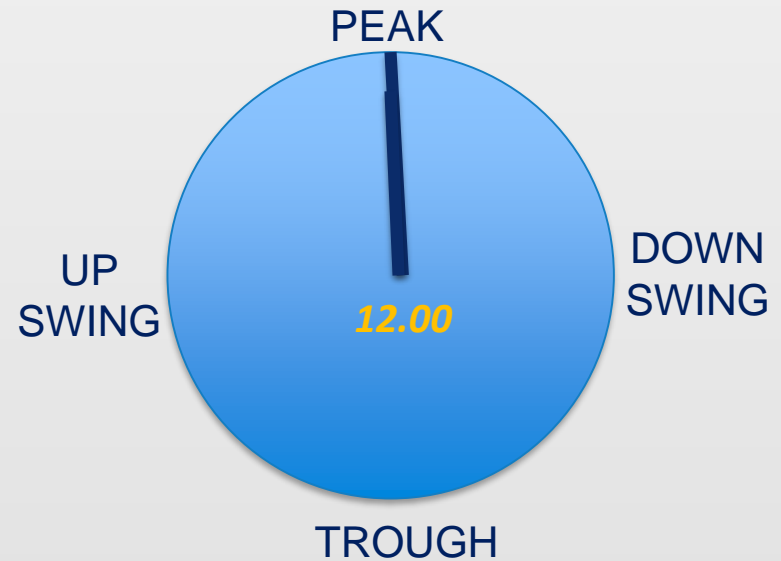
Shortage of tourist accommodation in Queenstown, with the town at capacity over peak periods



New hotel developments becoming increasingly viable in Queenstown



Continued strong performance of the construction sector in Queenstown. However, resources are being stretched leading to increased construction costs



High value premium housing likely to set new records



Expansion in infrastructure investment, traffic management and schools



**2017 – Expect The Unexpected**





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