

UNDER THE RESOURCE MANAGEMENT ACT 1991

BEFORE THE

Hearing Commissioners for the Christchurch City
Council

IN THE MATTER OF

Proposed Plan Change 4: Short-term
Accommodation

**STATEMENT OF KELVYN COFFEY IN SUPPORT OF:
THE COALITION FOR SAFER ACCOMMODATION IN CHRISTCHURCH**

DATE

20 October 2021

Introduction

Qualifications and Professional Experience

1. My name is Kelvyn Coffey and I run Coffeys Tourism Property Brokers Ltd which is a commercial real estate agency specialising in accommodation property. We sell commercial accommodation businesses and properties throughout New Zealand. Coffeys has brokers all over the country and our head office is in Christchurch which is where I am based. I have been involved in this industry for 38 years.
2. I am a member of the Coalition for Safer Accommodation in Christchurch (the Coalition) and would like to address the Coalitions concern for the future viability of the city's commercial amenities and infrastructure. As well, I would like to comment on the possible effects of a lack of future infrastructure development by commercial accommodation providers.

The Christchurch Accommodation Sector at Present

3. The commercial accommodation sector in Christchurch is generally oversupplied at this time. This is shown by the latest data collected by the Accommodation Data Programme. This programme, funded by the MBIE, collects data from commercial accommodation providers throughout New Zealand.
4. For the 12 months ending August 2021 the annual occupancy rate for the 198 active commercial accommodation establishments in Christchurch City is reported at an average of 46.6% (**Appendix A**). This is the lowest annual occupancy rate in that period for any of the five main centres, including Hamilton and shows how oversupplied Christchurch accommodation is.
5. There are a number of factors causing this including the ongoing Covid-19 pandemic however one considerable influence is the proliferation of peer-to-peer accommodation competing directly with commercial accommodation providers. I note that as demonstrated in the Councils s42A report the majority of these operate at present without the required resource consent.
6. Oversupply has a detrimental effect on achievable occupancy rates and room yields which go hand-in-hand. The result is falling bottom line profits which undermine the feasibility of serious commercial development based on the returns available. In other words, building costs have continued to rise whereas room rates have not been able to keep up, due to the supply and demand equation.

Future Commercial Viability

7. The viability of current operators in Christchurch is sorely tested and therefore the construction of new accommodation, and retention of existing providers, in the future could be severely curtailed. This may leave the industry increasingly reliant on peer-to-peer providers, who may exit the market any
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time given that their entry-level investment has been relatively small, at least compared to commercial operators.

8. This has in fact happened as a result of the Covid 19 pandemic, with a good number of peer-to-peer properties being returned to longer term residential leases. A purpose-built hotel or motel is unlikely to exit the commercial accommodation market due to short-term influences. An overreliance on peer-to-peer accommodation has the potential to leave the city's commercial accommodation infrastructure vulnerable over the long term.
9. When considering the feasibility of a new commercial accommodation development, an investor must consider future risks and threats. One consideration would be the local authority's propensity to enforce the District Plan on a level playing field basis for all operators including peer-to-peer accommodation providers.
10. As most motels are built in Residential Medium Density Zones, they generally require a detailed resource consent application to establish. Under PC4 as notified peer-to-peer accommodation providers are increasingly incentivised due to the lesser controlled nature of non-hosted accommodation guaranteeing consent. This will exacerbate the current oversupply issue.

Conclusion

11. Peer-to-peer operators competing in this market are accepted and welcomed by the Coalition in order to provide additional capacity for major events in the city and the region. However, it would be perilous to become over-reliant on those accommodation providers as the mainstay of the city's commercial infrastructure. A situation encouraged by PC4 as notified.
 12. Without any assurance of an even playing field further uncertainty as to future outcomes and further growth in competition, would discourage commercial accommodation investment and create a reliance on peer-to-peer accommodation.
 13. As the Coalition requested, a restricted discretionary consent process, consistently applied would provide some assurance to commercial accommodation providers and ensure that investors see themselves on an equal footing to peer-to-peer providers. This would reduce the current oversupply issue and assure a stable accommodation sector in the future.
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APPENDIX A: Accommodation Data Programme Data

The Accommodation Data Programme (ADP) is a 'by industry, for industry' research programme designed to meet the needs of accommodation providers and industry representatives in New Zealand. It replaces Stats NZ's Accommodation Survey which ceased in September 2019. The ADP is funded by the Ministry of Business, Innovation and Employment, managed by NZ tourism data experts Fresh Info, and supported by all of the major tourism and accommodation associations.












The ADP collects a small amount of data from accommodation providers each month, collates it, and then publishes reports that can be used to benchmark performance and monitor the industry.

The reported statistics are based on information provided by commercial accommodation providers with at least 6 (six) stay units.




Measures for all accommodation types in Christchurch City, for the 12 months ending Aug-2021

Measure	Christchurch City	New Zealand
Number of establishments 	210	2904
Number of active establishments 	198	2660
Number of stay units 	8971	128535
Average stay units per establishment 	45.3	48.3
Percentage of stay unit capacity available 	87.2%	84%
Stay unit nights occupied 	1.3M	16.4M
Capacity utilisation rate 	40.6%	35.3%
Occupancy rate 	46.6%	42%
Total guest nights 	2.2M	30.3M
Domestic guest nights 	2.0M	28.3M
International guest nights 	151.6K	2.0M

Measures for all accommodation types in Dunedin City, for the 12 months ending Aug-2021

Measure	Dunedin City	New Zealand
Number of establishments 	78	2904
Number of active establishments 	71	2660
Number of stay units 	2741	128535
Average stay units per establishment 	38.6	48.3
Percentage of stay unit capacity available 	86.2%	84%
Stay unit nights occupied 	411.2K	16.4M
Capacity utilisation rate 	42.8%	35.3%
Occupancy rate 	49.6%	42%
Total guest nights 	714.6K	30.3M
Domestic guest nights 	689.5K	28.3M
International guest nights 	25.1K	2.0M

Accommodation Data Programme

Guest arrivals 	371.9K	13.3M
Average guests per stay unit night 	1.7	1.8
Average nights stayed per guest 	1.9	2.3




FRESH INFO

<https://freshinfo.co.nz>



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Accommodation Data Programme

Guest arrivals 	840.5K	13.3M
Average guests per stay unit night 	1.6	1.8
Average nights stayed per guest 	2.1	2.3




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**ADP | ACCOMMODATION
DATA PROGRAMME**

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Accommodation Data Programme

Guest arrivals 	937.8K	13.3M
Average guests per stay unit night 	1.7	1.8
Average nights stayed per guest 	2.3	2.3












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Measures for all accommodation types in Auckland, for the 12 months ending Aug-2021

Measure	Auckland	New Zealand
Number of establishments 	313	2904
Number of active establishments 	259	2660
Number of stay units 	19456	128535
Average stay units per establishment 	75.1	48.3
Percentage of stay unit capacity available 	83.3%	84%
Stay unit nights occupied 	3.0M	16.4M
Capacity utilisation rate 	42.6%	35.3%
Occupancy rate 	51.2%	42%
Total guest nights 	4.7M	30.3M
Domestic guest nights 	4.1M	28.3M
International guest nights 	604.1K	2.0M

Accommodation Data Programme

Guest arrivals 	1.7M	13.3M
Average guests per stay unit night 	1.6	1.8
Average nights stayed per guest 	2.7	2.3












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**ADP | ACCOMMODATION
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Measures for all accommodation types in Hamilton City, for the 12 months ending Aug-2021

Measure	Hamilton City	New Zealand
Number of establishments 	54	2904
Number of active establishments 	43	2660
Number of stay units 	1911	128535
Average stay units per establishment 	44.4	48.3
Percentage of stay unit capacity available 	71.3%	84%
Stay unit nights occupied 	307.7K	16.4M
Capacity utilisation rate 	44.2%	35.3%
Occupancy rate 	62%	42%
Total guest nights 	512.9K	30.3M
Domestic guest nights 	488.8K	28.3M
International guest nights 	24.1K	2.0M

Accommodation Data Programme

Guest arrivals 	262.8K	13.3M
Average guests per stay unit night 	1.7	1.8
Average nights stayed per guest 	2	2.3












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**ADP | ACCOMMODATION
DATA PROGRAMME**

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Measures for all accommodation types in Wellington City, for the 12 months ending Aug-2021

Measure	Wellington City	New Zealand
Number of establishments 	84	2904
Number of active establishments 	72	2660
Number of stay units 	6042	128535
Average stay units per establishment 	83.9	48.3
Percentage of stay unit capacity available 	87.8%	84%
Stay unit nights occupied 	1.1M	16.4M
Capacity utilisation rate 	51.8%	35.3%
Occupancy rate 	59%	42%
Total guest nights 	1.8M	30.3M
Domestic guest nights 	1.6M	28.3M
International guest nights 	127.7K	2.0M