

Visitor Demand Mapping for Queenstown

Update 8

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queenstownNZ.nz



This is an update to the Visitor Demand Mapping for Queenstown-Lakes (2020 to 2024) report published on Thursday, May 14, 2020. You can get the full version of the earlier report [here](#).

For further feedback, more information or clarifications about the content below please contact kirann@queenstownnz.nz.

Recent developments to factors that impact visitation to Queenstown

New Zealand Economy

Most New Zealand economic indicators continue to be trending in the right direction and the potential for a v-shaped GDP recovery is looking possible.

High frequency indicators are holding stable with city centres like Auckland recovering to be inline with the rest of New Zealand's levels in several measures¹.

Retail sales recorded their highest growth on record during the September period up 28% following a 14.8% dip in the June period². Card spend has shown a steady recovery for November after some volatility since Auckland returned to level 1. Spending has likely been driven by several factors including wage subsidy schemes, pent up demand, forced savings during higher alert levels, New Zealanders holidaying at home rather than abroad and low interest rates.

Income support has fallen slightly with the total number of people receiving payments sitting at 210,500 after 12 weeks of consistent downward trend. End of August this number was 222,000. Majority of this downward trend was driven by the COVID-19 Income Relief Payment (CIRP) ending.

The BNZ-BusinessNZ indexes remained stable indicating that activity in the manufacturing and services sectors is generally expanding. The Performance of Manufacturing Index (PMI) fell but the performance of services index rose. These indicators are likely to be impacted by challenges on the supply side.

Most major bank economists seem to be pessimistic about the coming summer and feel as though the New Zealand economy hasn't really felt the full impact of the lack of international tourists as we haven't yet experienced peak season without any international tourists.

Australia Economy

Employment in Australia is continuing to recover, rising 1.4% in September and October with majority of gains being made in Victoria as restrictions eased but employment is lagging compared to other aspects of the Australian economy². Consumer and business confidence are both on the up with business rising 9 points to the highest level since 2019 and consumer 11% higher than the same time last year.

Global Economy

The latest Economic Outlook was released by the Organisation for Economic Development which indicated a better outlook for global recovery than predicted in their last update in June but indicated that recovery would be gradual¹⁷. They are expecting that the potential vaccine deployment and government fiscal support will result in a 4.2% lift in global GDP in 2021 after a fall of 4.2% in 2020.

In the later part of November prospects for the global economy improved for the coming year. Positive vaccine news with three potential candidates all looking encouraging and a confirmed result for the US presidential election that Trump will cooperate with the transfer of power seem to have created optimism. Performance and Manufacturing indexes surprised as well, rising to 2015 levels when declines were expected.

Other aspects are declining though with the US consumer confidence lowering, and in the UK and Euro area

performance and manufacturing indexes dropped indicating a lower than expected GDP. The UK also hit its highest fiscal deficit since World War Two.

In contrast to all of the economic setbacks, the Chinese economy continues to grow steadily with retail sales finally catching up to other indicators' growth levels showing that consumers are feeling more stable around the state of the economy. Other Asian countries aren't posting such complete pictures of recovery - countries such as Japan, Thailand and Malaysia are all still below pre pandemic GDP levels and case numbers are now rising in these regions as well.

The Regional Comprehensive Economic Partnership (R.C.E.P.) was officially signed after eight years of talks. The agreement, which includes New Zealand, is one of the world's largest regional free trade agreements. The R.C.E.P. eliminates tariffs mainly for goods that already qualify for duty-free treatment under existing free trade agreements, its for the most part formalizing business already in place.

Global Aviation

As time goes on and the virus continues to restrict movement globally its becoming clearer the impact that its having on the global aviation network. Delta Airlines and United Airlines (the U.S's two largest carriers) both posted record losses of \$11.6 billion and \$5.2 billion respectively for Q3 2020 (Emirates made its first half year loss in over 30 years posting a \$3.4 billion loss over the last six months to 30th September (same period previous year they posted a \$235 million profit)³.

A glimmer of hope for New Zealand aviation routes are the dedicated air cargo carriers which have come online as passenger/ belly cargo flights are practically nonexistent⁴. Dedicated cargo carriers are struggling to keep up with demand and are seeing the most growth in the Asia/Pacific area via the Middle East (exhibit 1). These trade lines will be essential in keeping routes open for when passengers are able to eventually fly unrestricted again.

Aviation International bodies have been showing signs of what less restricted travel in a covid and post covid era could look like. IATA have announced the final development frame work for their Travel Pass which is a digital health pass aimed at supporting safe borders once quarantine measures are removed with a coordinated and free supply of information infrastructure between government, airlines, testing laboratories and travelers⁵. For further information on the Travel Pass read [here](#).

The ICAO has republished an updated version of its Manual on Testing and Cross Border Risk Management Measures, which offers governments a risk-based assessment tool for using testing programmes that could alleviate quarantine requirements⁶.

More quarantine free travel corridors are being established with a transatlantic route soon to be launched between Rome and Atlanta, Georgia⁷. Passengers will have to take a test for up to 72 hours before their flight and then two rapid tests, one at the airport of departure and one at the airport of arrival. One corridor which didn't get off the ground was the Hong Kong/Singapore bubble which was scheduled to start mid-November but due to a surge in Hong Kong has had to be postponed.

Epidemiology

The past month has seen three vaccine candidates releasing their preliminary results, all of which are looking encouraging. Two vaccine candidates (the Moderna and Pfizer) have reached a 95% efficacy rate. The University of Oxford's efficacy rating is lower at 70% but it jumps up to 90% when a second course is taken (exhibit 2)⁸. The Oxford vaccine however is cheaper and far easier to be distributed so offers huge potential. In total there are 48 candidate vaccines in clinical evaluation with a further 164 in preclinical (exhibit 3)

Domestic Market

Tourism New Zealand released new research which delves into the real value of visitors to New Zealand. Key insights included that it takes 12 overnight trips from Kiwis to equal the spend of one international visitor and international visitors also spend three times more per day than residents⁹. Domestic visitors were found to spend two times more per day than residents. Queenstown Lakes District topped the list of highest visitor spend per resident with \$73,594 per resident which highlights the importance of tourism to our region. For the full report click [HERE](#).

In the Queenstown Lakes District total weekly consumer spend (as per the consumer spending dashboard published by MBIE) is showing that spend is trending consistently downward compared to last year, down an average of 27.6% compared to the same 4 week period last year¹⁰. This trend is not surprising as we start to head into summer, the period when traditionally we receive the majority of our international visitors. The most recent September MRTE release is showing Queenstown down only 16% compared to September last year with domestic tourism spend up 99% but international tourism spend down 92%¹¹. MBIE has acknowledged that modelling and assumptions made within the MRTE's are no longer reflective of current tourism climate and they are reviewing methodology.

Unique daily visitor movements in Queenstown for the month of November has shown a definite peak for the Marathon weekend¹² (exhibit 4).

Insights published by Expedia has seen a change in top searched domestic locations this year with a trend away from big city holidays. Queenstown tops this list with a 120% increase in searches. Most are planning holidays for a change of scenery, for mental health and to connect with the outdoors.

Australia Market

The Australian tourism body wants the trans Tasman bubble to be up and running before Christmas between Canberra and Wellington in line with 28 days without a case of COVID-19 in Victoria, 17 without one in New South Wales, 77 days in Queensland, and seven months in Western Australia¹³. The trial corridor between the two capitals would serve as a practice run before it was rolled out to other airports. Epidemiologist Professor Michael Baker believes its we are close to having the trial running and pressure is mounting on New Zealand.

Queensland has expressed that they won't be joining this bubble stating that New Zealand is a concern due to New Zealand border breaches¹⁴. Queensland has taken the most restrictive actions and has only reopened borders to Victoria on the 1 December.

Asian Markets

The planned travel corridor between Hong Kong and Singapore planned for mid November has had to be put on hold due to surging cases in Hong Kong related to a ballroom dancing event¹⁵. Its not just Hong Kong that is seeing a surge, with Japan and South Korea's numbers rising as well putting other travel bubbles on hold until the virus is controlled. Based on their track record of being able to track and contain in past outbreaks, it is likely these travel corridors will be able to progress quickly.

USA Market

Around 4.9 million Americans had been through airport security within the space of a week over the Thanks Giving holiday period which are the highest numbers since precovid days¹⁶.

Updates in Destination Queenstown Assumptions

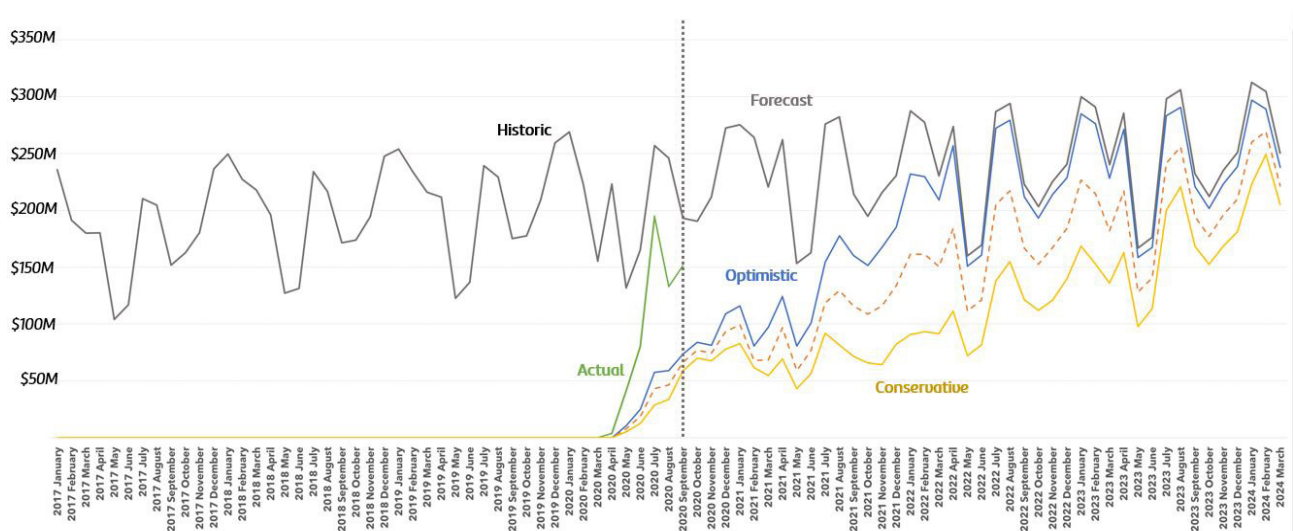
Scenario Updates

Several sources have been checked and compared to develop the below timeline expectations. Inline with this we have altered our timelines to change Trans-Tasman Australia to start in February 2021 (optimistic) as well as alter the start date of horizon set 1 to be Q2 of 2021 as well as alter the countries. We are closely monitoring the situations in Japan, South Korea and Hong Kong and will change if needed in the next update. Please note that we have used the Monthly Regional Tourism Estimates as the measure for these scenarios and MBIE have acknowledged that there have been significant changes within the tourism industry which has impacted the underlying assumptions within their modelling. MBIE encourage caution when interpreting results.

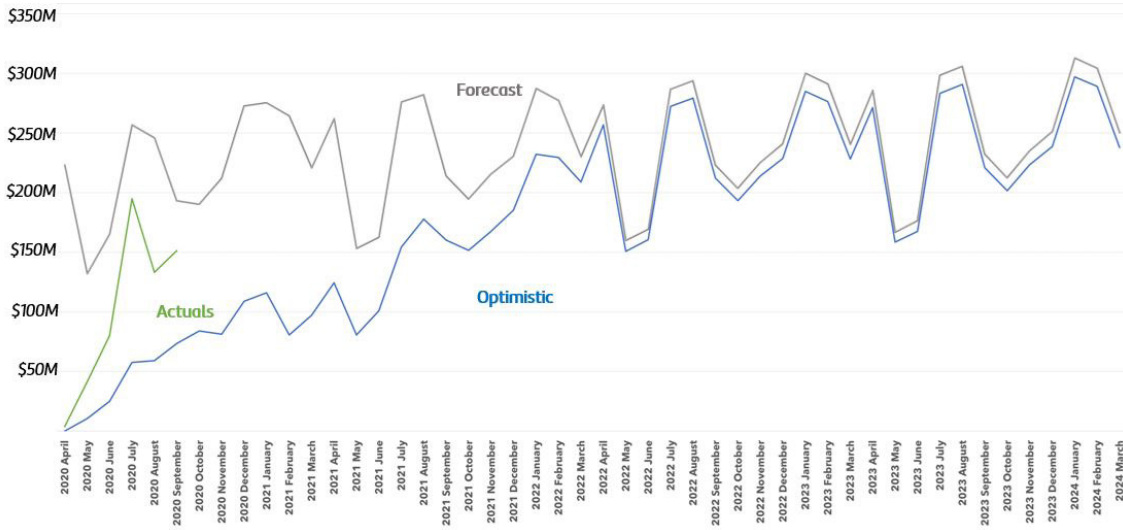
MARKETS	CONSERVATIVE	MID	OPTIMISTIC
HORIZON 1			
Regional Market, New Zealand Domestic Market	OPEN	OPEN	OPEN
HORIZON 2			
Trans-Tasman Australia	JUL 2021	APR 2021	FEB 2021
HORIZON 3			
Set 1: Japan, South Korea, Taiwan, Hong Kong	Q3-2021	JUL-2021	Q2-2021
Set 2: China, Singapore	Q1-2022	Q3-2021	Q2-2021
Set 3: Germany, Canada, US, UK, India, all others	Q1-2022	Q4-2021	Q3-2021

Scenarios

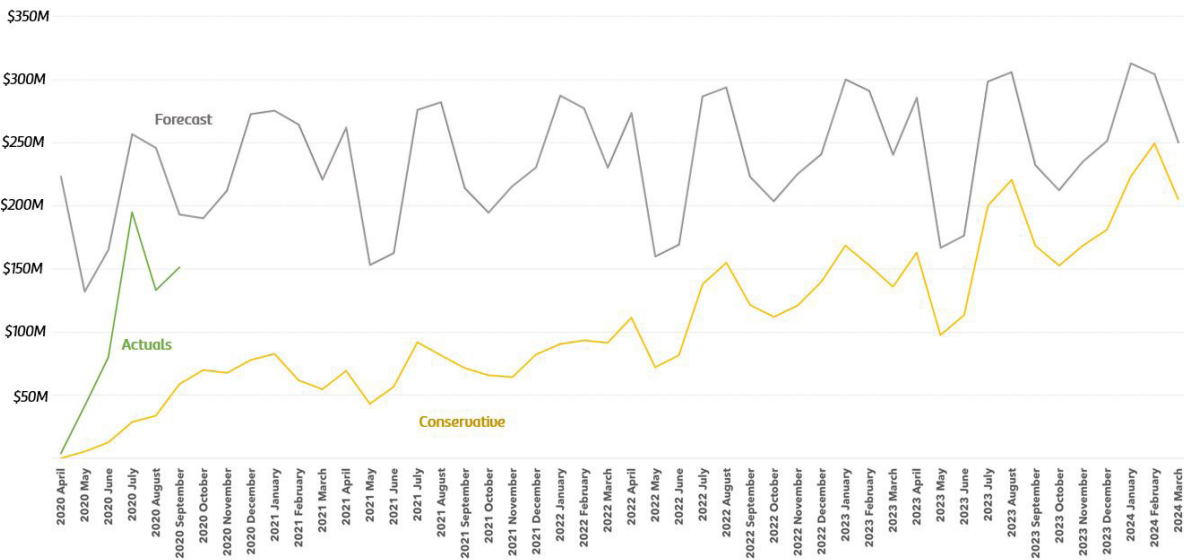
Queenstown – All markets



Queenstown – All Markets Optimistic Scenario



Queenstown – All Markets Conservative Scenario



For further reading and reference please find the link to Tourism New Zealand’s Scenario Modelling last updated 13 October 2020 [HERE](#) and the link to the Tourism Export Councils Modelling last updated 8 September [HERE](#).

Percentage of Market Spend Recovery Compared to MBIE 2019 – 2024 Forecasts (Monthly, Queenstown Region)

	Optimistic				Mid				Conservative			
	Domestic	Australia	Long Haul	TOTAL	Domestic	Australia	Long Haul	TOTAL	Domestic	Australia	Long Haul	TOTAL
2020 May	20%	0%	0%	8%	15%	0%	0%	6%	10%	0%	0%	4%
2020 June	40%	0%	0%	15%	30%	0%	0%	11%	20%	0%	0%	8%
2020 July	60%	0%	0%	22%	45%	0%	0%	17%	30%	0%	0%	11%
2020 August	70%	0%	0%	24%	55%	0%	0%	19%	40%	0%	0%	14%
2020 September	100%	0%	0%	38%	90%	0%	0%	34%	80%	0%	0%	30%
2020 October	120%	0%	0%	44%	110%	0%	0%	40%	100%	0%	0%	37%
2020 November	120%	0%	0%	38%	110%	0%	0%	35%	100%	0%	0%	32%
2020 December	140%	0%	0%	40%	120%	0%	0%	34%	100%	0%	0%	29%
2021 January	140%	0%	0%	42%	120%	0%	0%	36%	100%	0%	0%	30%
2021 February	120%	20%	0%	31%	110%	0%	0%	26%	100%	0%	0%	23%
2021 March	120%	40%	0%	44%	100%	0%	0%	31%	80%	0%	0%	25%
2021 April	120%	50%	0%	47%	100%	25%	0%	37%	80%	0%	0%	26%
2021 May	120%	50%	7%	53%	100%	25%	0%	39%	80%	0%	0%	28%
2021 June	120%	60%	6%	62%	100%	38%	0%	47%	80%	15%	0%	35%
2021 July	95%	60%	10%	56%	88%	38%	0%	43%	80%	15%	0%	33%
2021 August	95%	70%	34%	63%	88%	43%	17%	46%	80%	15%	0%	29%
2021 September	95%	70%	60%	75%	88%	45%	30%	54%	80%	20%	0%	33%
2021 October	95%	70%	67%	78%	88%	45%	33%	56%	80%	20%	0%	34%
2021 November	95%	70%	69%	78%	88%	45%	35%	54%	80%	20%	1%	30%
2021 December	95%	80%	70%	80%	88%	60%	35%	58%	80%	40%	1%	36%
2022 January	95%	90%	70%	81%	88%	65%	35%	56%	80%	40%	1%	32%
2022 February	95%	95%	76%	83%	88%	68%	46%	58%	80%	40%	16%	34%
2022 March	95%	95%	87%	91%	88%	68%	51%	65%	80%	40%	16%	40%
2022 April	95%	95%	93%	94%	88%	68%	54%	67%	80%	40%	16%	41%
2022 May	95%	95%	94%	94%	88%	68%	58%	70%	80%	40%	23%	45%
2022 June	95%	95%	95%	95%	88%	68%	58%	72%	80%	40%	21%	48%
2022 July	95%	95%	95%	95%	88%	68%	58%	72%	80%	40%	21%	48%
2022 August	95%	95%	95%	95%	88%	68%	68%	74%	80%	40%	41%	53%
2022 September	95%	95%	95%	95%	88%	68%	68%	75%	80%	40%	41%	54%
2022 October	95%	95%	95%	95%	88%	68%	68%	75%	80%	40%	41%	55%
2022 November	95%	95%	95%	95%	88%	68%	68%	74%	80%	40%	42%	54%
2022 December	95%	95%	95%	95%	88%	78%	68%	77%	80%	60%	41%	58%
2023 January	95%	95%	95%	95%	88%	78%	68%	76%	80%	60%	42%	56%
2023 February	95%	95%	95%	95%	88%	78%	68%	74%	80%	60%	41%	53%
2023 March	95%	95%	95%	95%	88%	78%	68%	76%	80%	60%	42%	57%
2023 April	95%	95%	95%	95%	88%	78%	68%	76%	80%	60%	42%	57%
2023 May	95%	95%	95%	95%	88%	78%	69%	77%	80%	60%	44%	59%
2023 June	95%	95%	95%	95%	88%	88%	68%	80%	80%	80%	42%	64%
2023 July	95%	95%	95%	95%	88%	88%	69%	81%	80%	80%	42%	67%
2023 August	95%	95%	95%	95%	88%	88%	78%	84%	80%	80%	61%	72%
2023 September	95%	95%	95%	95%	88%	88%	78%	84%	80%	80%	61%	72%
2023 October	95%	95%	95%	95%	88%	88%	78%	83%	80%	80%	61%	72%
2023 November	95%	95%	95%	95%	88%	88%	79%	83%	80%	80%	64%	72%
2023 December	95%	95%	95%	95%	88%	88%	79%	84%	80%	80%	64%	72%
2024 January	95%	95%	95%	95%	88%	88%	79%	83%	80%	80%	64%	71%
2024 February	95%	95%	95%	95%	88%	88%	89%	88%	80%	80%	83%	82%
2024 March	95%	95%	95%	95%	88%	88%	89%	88%	80%	80%	84%	82%

Exhibits

Exhibit 1.

IATA: Air travel slows in September, but cargo speeding up. Released 4 November 2020

Air cargo strength varies a lot by major trade lanes
Most buoyancy seen on N Pacific and from Asia via the Middle East

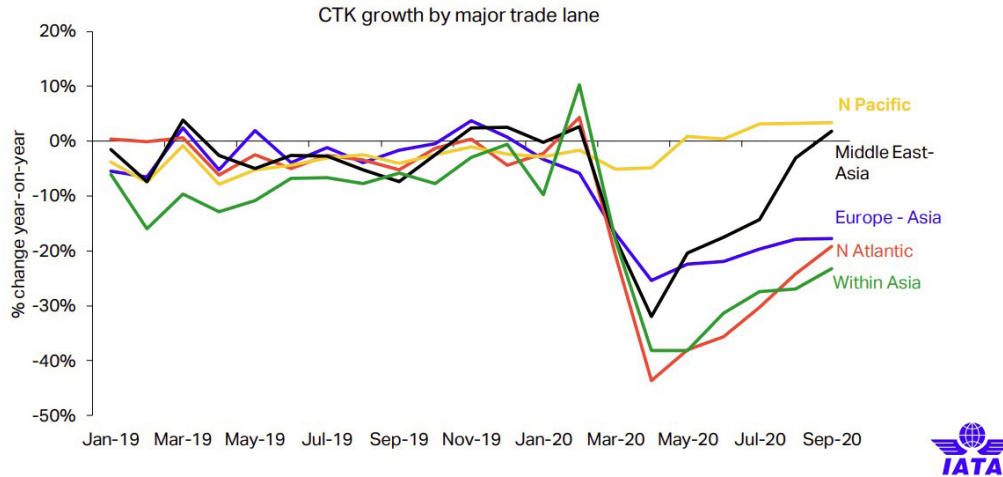


Exhibit 2.

Statista: How Effective Are The Covid-19 Vaccine Candidates? Published 23 November 2020.

How Effective Are The Covid-19 Vaccine Candidates?

Estimated effectiveness at Covid-19 prevention based on interim data from late-stage clinical trials*



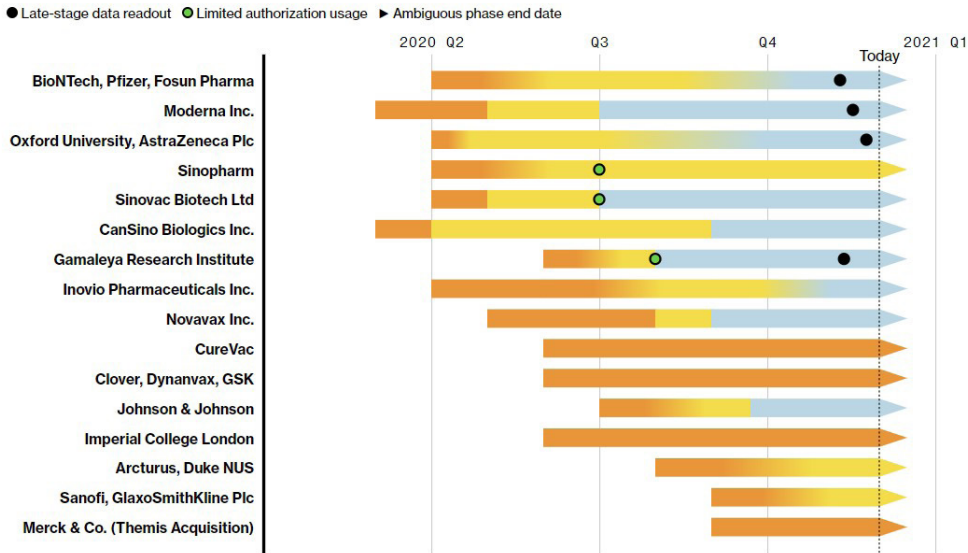
* As of Nov 23, 2020. Phase III trials for BNT162b2 are complete. Other trials are ongoing and findings have not been peer-reviewed. Sources: Respective companies, Russian health ministry

Exhibit 3.

Bloomberg: Vaccine Breakthroughs Put Covid Protection Within Reach. Updated 21 November 2020.

The Production Race

- Phase 1** Testing in small groups for safety
- Phase 2** Larger tests for effectiveness
- Phase 3** Large-scale efficacy and safety trials
- Authorized** Allowed under emergency use or other limited use authorizations



Note: China has authorized the use of CanSino's vaccine in military personnel while Sinovac's shot was cleared for use in frontline workers like doctors and customs officials. Russia approved the Gamaleya vaccine for use before beginning phase 3 trials.

Exhibit 4.

Tourism New Zealand/ Data Ventures: Tourism NZ Tool, unique daily visitors.

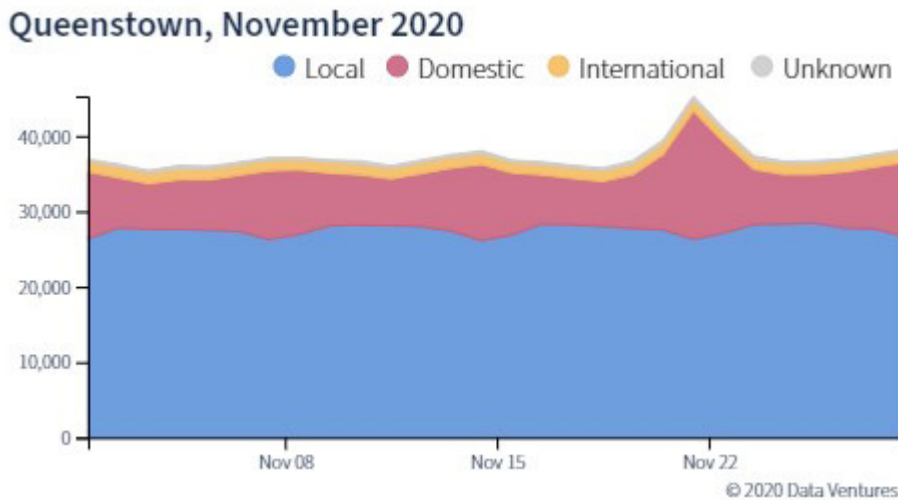


Exhibit 5.

Covid-19 WHO bell curves (Current as of 1 December 2020)

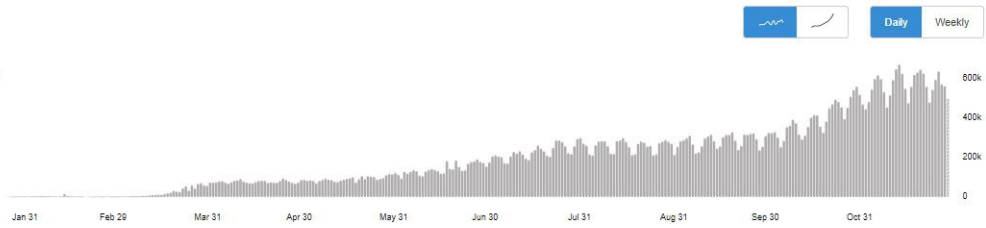
(World Health Organisation: WHO Coronavirus Disease (COVID-19) Dashboard. [Link](#))

Global

Global Situation

62,363,527

confirmed cases



New Zealand

New Zealand Situation

1,700

confirmed cases

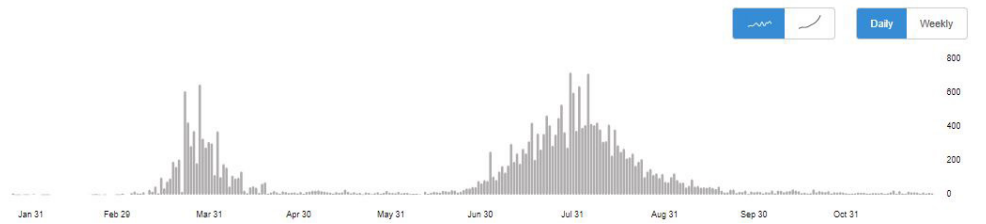


Australia

Australia Situation

27,893

confirmed cases

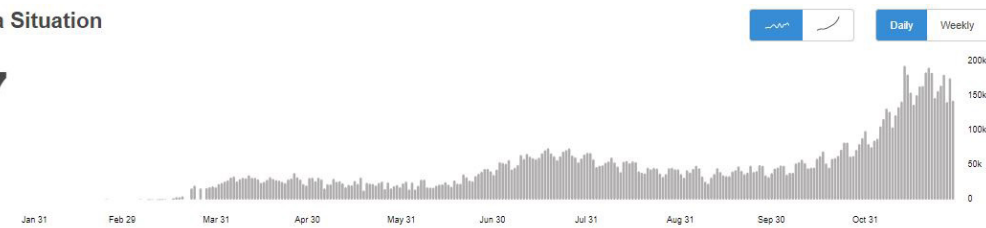


United States

United States of America Situation

13,082,877

confirmed cases



China

China Situation

93,465

confirmed cases

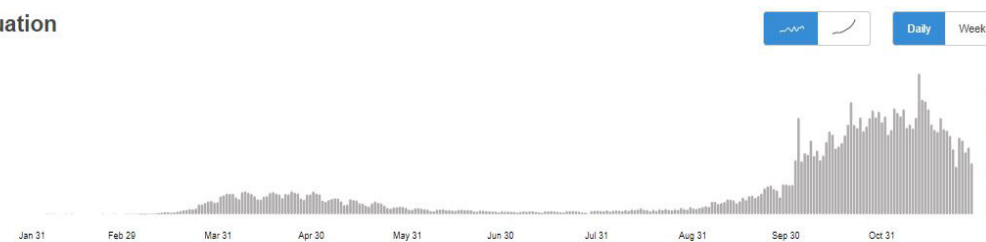


United Kingdom

The United Kingdom Situation

1,617,331

confirmed cases

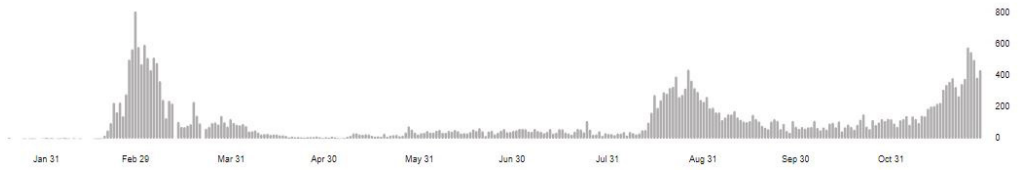


South Korea

Republic of Korea Situation

34,201

confirmed cases

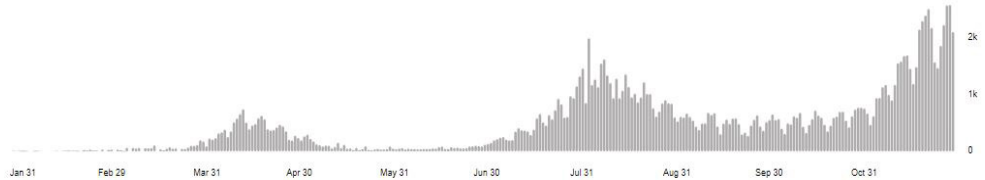


Japan

Japan Situation

146,760

confirmed cases

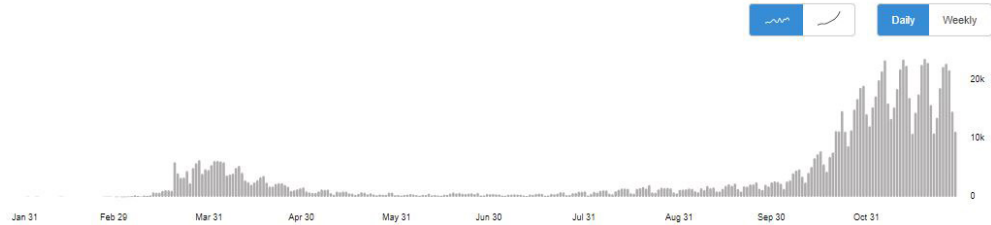


Germany

Germany Situation

1,053,869

confirmed cases

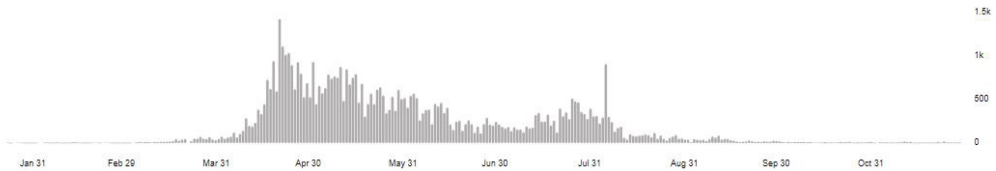


Singapore

Singapore Situation

58,213

confirmed cases

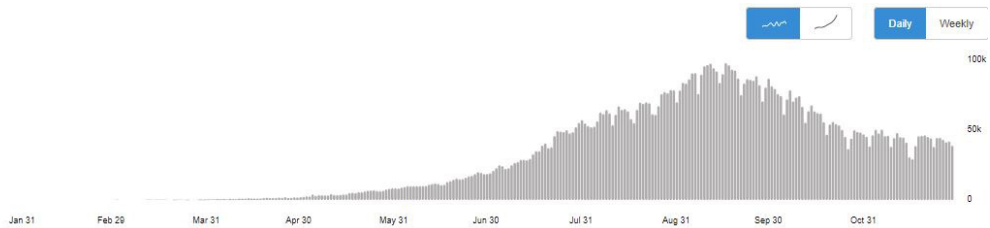


India

India Situation

9,431,691

confirmed cases



Sources and References

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- 2 The New Zealand Treasury: Weekly Economic Update. Released 27, November 2020 ([link](#))
- 3 Kellogg Insight: Airlines and COVID-19: The Turbulence Ahead. Released 30, October 2020 ([link](#))
- 4 IATA: Air travel slows in September, but cargo speeding up. Released 4 November 2020 ([link](#))
- 5 IATA: IATA Travel Pass. ([link](#))
- 6 ICAO: New manual issued on COVID-19 testing and cross-border risk management. Published 23 November 2020 ([link](#))
- 7 The Washington Post: Delta announces quarantine-free flights to Rome, raising hopes for more travel corridors. Published 28 November 2020. ([link](#))
- 8 Bloomberg: Vaccine Breakthroughs Put Covid Protection Within Reach. Updated 21 November 2020. ([link](#))
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- 10 MBIE Card Spend Data: Consumer Spending Dashboard (Covid19 response). ([link](#))
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- 17 OECD: Economic outlook December 2020 Number 108. Released 1 December 2020. ([link](#))