

SE Business
HD **Banyan Tree branching out into serviced apartments**

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LUXURY Singapore hotelier Banyan Tree has branched out from five-star opulence to serviced apartments, announcing yesterday a new low-cost brand designed for properties it plans to build on the Gold Coast, in Brisbane and parts of Asia.

Banyan Tree's new serviced **apartment** brand, Cassia, will offer one and two-bedroom units and will compete with existing serviced **apartment** brands in Australia such as Quest, Meriton and Oaks.

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Banyan Tree founder and executive chairman Ho Kwon Ping spent this week in Brisbane hunting for sites to build a serviced **apartment** complex, confirming yesterday that he would bid for up to three sites.

But Banyan Tree's plans are more advanced on the Gold Coast, with the **group** recently buying a **site** on The Esplanade for a \$US100 million (\$107.7m) serviced **apartment** tower of up to 200 rooms. Depending on planning approvals, Banyan Tree might also build a couple of penthouses atop the tower that it will also sell off.

"We are looking at Brisbane because we can't find anything in Sydney and Melbourne. We seem to be a little bit late in the game," Mr Ho told The Australian yesterday.

"Since we are already committed to the Gold Coast it would make sense from an overall project point of view to have one in Brisbane and one on the Gold Coast — there would be synergies. We think the serviced **apartment** space is seriously underwhelming right now and seriously under-serviced, bland and boring." Mr Ho plans to sell the serviced apartments to investors, saying this business model is appropriate for the high operating costs in Australia.

"The serviced **apartment** sector has not to date seen the kinds of innovation in design and services that even the low-cost pure **hotel** space has seen," he said.

The serviced apartments Banyan Tree is planning on the Gold Coast will be aimed at the leisure traveller. Whether the Brisbane development would be aimed at business or leisure travellers depended on which **site** the **company** bought, Mr Ho said.

Five Cassia projects are already in development in Phuket, Thailand; Bintan, Indonesia; Beruwala, Sri Lanka; Lijiang, **China** and Australia's Gold Coast. Interest has been strong, with 70 per cent of Phuket and 45 per cent of Bintan being **sold** in phase one.

Banyan Tree is not the first major hotelier to branch into lower-cost accommodation. US **hotel** giant Starwood launched its Aloft Hotels brand in 2008 and will open its 60th **hotel** in North America this year. Quest, Oaks and Meriton presently dominate the serviced **apartment** sector, which has undergone rapid growth — particularly among corporate travellers in the past few years because it is a cheaper alternative to **hotel** stays.

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