

FINANCIAL REVIEW

SE **Property**
HD **Pitt Street hotel sites fit the bill**
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Chinese developer Greenland could face stiff competition when it opens a boutique **hotel** on its Water **Board site** in Sydney. Local developer Ninety Four Feet has lodged plans for a 136-room, four to five-star **hotel** directly opposite.

The Melbourne-based **group** has secured a 518.7-square-metre **site** at 302 Pitt Street, known as Druids House, where it plans to build a 16-storey **hotel** costing more than \$22 million.

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The project is the next instalment in revitalising an area that until Greenland's \$100 million **purchase** of the ageing government **site**, was widely regarded as the forgotten corner of Sydney's central business district.

A family-run **company** named by basketball-enthusiast brothers Dean and Jonty Rzechta after the length of a basketball court, Ninety Four Feet has developed **residential** projects in Melbourne, including the 700-**apartment** Hoffman Brickworks in Brunswick, costing more than \$200 million.

The Pitt Street **purchase** marks the **group's** first foray into the Sydney market. They paid more than \$10 million to private **property** investor Bill Gertos in December 2013 for the six-storey **commercial** building.

Ninety Four Feet originally planned to use the **site** for **residential** development, but soon realised a **hotel** would be its best and highest use.

"We got to Sydney and realised the interest in the **hotel** and hospitality space is second to none," chief executive Dean Rzechta told The Australian Financial Review.

Some **hotel** operators are already circling the **site**.

Local chains including Quest and Punthill have reportedly shown interest, while a number of international groups including Hyatt, Starwood, Jumeirah and Hilton have apparently also asked for more information.

"Nowhere else are you seeing such a trend to convert office buildings into **residential** ... there's just this huge shortage of stock in the **hotel** sector," Mr Rzechta said.

He declined to comment on the reports, only to say talks were continuing with several operators.

Many developers may be put off by the idea of competition being built across the road, but Mr Rzechta believes such close proximity to Greenland's 180-room boutique **hotel** can only be a good thing.

"Greenland being there definitely made it more attractive," he said.

"A development like that is only going to help regenerate what has been a secondary market in Pitt Street."

The **group** is already midway through planning its second development in Sydney, at a **site** in O'Brien Street at Bondi Beach where it plans to build about 20 apartments.

The **group's apartment** pipeline now stands at more than 1000 around the country, in suburbs including Box Hill, Ringwood and South Melbourne.

Druids House was built in 1909 as a factory for the Welsbach Light **Company**. In 1927, the building was altered for use by the United Ancient Order of Druids, and again in 1982. It has been vacant since before December 2013.

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