

# The Sydney Morning Herald

SE Commercial realestate

HD Bounce Backpackers **sold** for \$18.3 million

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LP Hotels and backpacker hostels are the target of investors as they get a foothold into the improving tourism sector.

Demand for the properties is also being fed by students who stay in the hotels while they find permanent accommodation for their university studies.

TD One recent deal was the **purchase** of Bounce Backpackers in Sydney's central business district by a private **Chinese** investor for \$18.3 million.

It was the latest in a tranche of sub-\$25 million **transactions** to offshore buyers.

The five-star Bounce Backpackers is a five-level **site** at 28 Chalmers Street with 190 beds over three levels, a ground floor tavern/bar area and top floor featuring kitchen facilities and outdoor common areas.

CBRE Hotels' Andrew Jackson, who negotiated the **sale**, said Australia's **hotel** sector continues to appeal to Asian investors, with its relative proximity, economic stability and high growth returns.

"Offshore investors have been traditionally focused on five-star CBD **hotel assets**, however, a lack of available stock in the top end, coupled with a greater appreciation for the fundamentals Australia provides, has led to increased appetite levels for mid-tier **assets**."

Mr Jackson said offshore investors are also looking beyond the traditional city-based hotels with a renewed interest on the regional and suburban market, once dominated by the domestic investment community.

The lower Australian dollar has enticed inbound visitors leading to a rise in occupancy rates for hotels across all sectors. In turn, investors are snapping up the bricks and mortar as well as the management.

According to agents there has been more than \$2.5 billion in **transactions** completed in the first half of 2015, the second largest **transaction** pipeline across the Asia Pacific region.

CBRE's 2015 Asia Pacific **Hotel** MarketView report shows Australia ranks second behind **Hong Kong** in terms of **transaction** activity.

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