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Hotels are the hottest ticket in town with sales reported at record levels and significant developments under way across the country.

A forecast rise in tourism, boosted by the signing of the free trade agreement with **China** and a more agreeable Australian dollar for inbound visitors, has helped increase demand for the bricks and mortar side of the business.

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It is expected that buyers will be lining up for the Sydney Hilton **property** and the rumoured possible **sale** of the Westin, Sydney, after the record price paid of \$463 million by the **China** based Sunshine Insurance **Group** Corporation for the five-star Sheraton on the **Park**, Sydney.

The **sale** was the largest single **hotel** asset deal in Australia, previously held by the Four Seasons **Hotel** Sydney, which **sold** for \$340 million in 2013. JLL's Hotels & Hospitality **Group** advised the seller on the **sale** of the Sheraton on the **Park**.

It comes as Accor announced the development of a new Pullman **hotel** near Mascot, Sydney and the Jerry Schwartz planned **hotel** at Darling Harbour, to be managed by Sofitel.

At its inaugural annual general meeting, the Mantra **Group**'s chief executive, Bob East, told shareholders its Sydney central business district properties performed strongly from late September to the first week of October, thanks to a variety of big events.

Craig Collins, chief executive, Australasia, at JLL's Hotels & Hospitality **Group**, who led the Sheraton **sale** said the high price for the Sheraton on the **Park** has completely recalibrated the pricing of CBD hotels in Sydney.

"International investors are becoming increasingly interested in the Sydney five-star accommodation market due to its strong trading performance, future trading upside and benign supply pipeline," Mr Collins said.

"Sydney five-star hotels are currently trading at around 89 per cent occupancy, intensifying the already competitive accommodation market and making it very difficult to book a room between Monday and Thursday."

Mr Collins said that during the past few years, groups from Singapore and **Hong Kong** have largely dominated the market and acquired most Australian CBD hotels. While south-east Asian investors continue to have a strong focus on the Australian **hotel** sector, **Chinese** investors have become a major player only over the past 18 months.

"Sydney is currently undergoing a significant amount of office construction and infrastructure related development, and JLL anticipates that the increased **hotel** demand associated with these projects will create healthy trading conditions for the **hotel** sector over the medium term," Mr Collins said.

Peter Harper, senior vice president, investment sales, at JLL's Hotels & Hospitality **Group**, said in what has been one of the most active years in history, there have been several notable **transactions** in metropolitan Sydney. "These include the Chifley Penrith, Sydney International Airport Inn, Vibe North Sydney and Blue Woolloomooloo, Mr Harper said.

"Furthermore, regional hotels have become a renewed and major focus of investors this year. We have undertaken three major **hotel transactions** alone in Wollongong while the Hunter, Newcastle and the Blue Mountains remain highly sought investment destinations."

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