

# FINANCIAL REVIEW

SE **Property**  
HD **Operators opt to build in hot sales market**  
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The **hotel** investment tide has turned, with groups looking at new developments rather than competing for the short supply of existing assets.

The comments come as **hotel** owners and operators from around the world converge on Sydney for Megameet 2014, a series of co-located and linked tourism events over three days. Speakers at the events, which include Hotels World and Luxury Hotels World, include Bob East, the chief executive of the recently floated Mantra **Group**, and Barry Robinson, chief executive of the South Pacific operations of the world's largest **hotel company**, the Wyndham **Hotel Group**.

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At the conference, Intercontinental Hotels **Group** will announce a new Holiday Inn Express **hotel** to be built in Brisbane in partnership with developer and operator Pro-invest.

Singapore-based **group** SilverNeedle Hospitality will also announce a second Sage **Hotel** in Australia to be built in West Perth. The announcements are part of broader trend in which a shortage of hotels on the market is forcing owners and operators to consider building new developments.

Large-scale **hotel** listings have attracted fierce interest, with more than five "serious investors" circling Sofitel Sydney Wentworth **hotel** before it was **sold** to Singapore's Frasers **Property group** for \$202.7 million in mid-May.

Starwood's flagship Sheraton on the **Park** is the next asset in contention, with more than four contenders reportedly considering the **site** valued at \$450 million.

"There's a lack of hotels out there, and in larger cities, investors and owner operators are being forced to consider new **hotel** projects," JLL Hotels and Hospitality managing director Mark Durran said.

In many cases, the development wave is under way, in the form of Singaporean **group** Hiap Hoe's \$500 million **hotel** and **residential** complex in Melbourne's Docklands, **Chinese group** Golden Age's 174-room Sheraton in Bourke Street, Melbourne, and a new Travelodge and Adina **hotel** in Sydney's Mascot.

"There's still a lot of buyers that want in, and they can't get the **property** they want," CBRE regional director Ken Smith said. "It's forcing yields down but it's also forcing people to look at other alternatives, like building."

The decade-high pipeline of more than 50 new hotels will be highlighted by JLL Hotels' Karen Wales, while analysts will forecast room revenues to rise by as much as 7.5 per cent per annum over the remainder of the decade.

CO inhogr : InterContinental Hotels Group PLC | slrhp : Mantra Group Pty Ltd | wynwld : Wyndham Worldwide Corporation | cvcaph : CVC Asia Pacific Ltd | cvccap : CVC Capital Partners Limited

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