

# Booming Brisbane woos brands, investors

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As the Brisbane City Council actively woos investors for hotel development, global brands rush to tap into a meetings-led tourism boom.



The March opening of Four Points by Sheraton in Brisbane's central business district was the first branded new-build opening by an up-market global brand in 16 years, according to GM Brad Mercer. (Photo: Starwood Hotels & Resorts Worldwide)

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## Highlights

- STR Global counts six projects with 1,128 rooms in the development pipeline for the city.
- The Four Points by Sheraton Brisbane is the first

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BRISBANE, Australia—Global brands are rushing to fill Brisbane's room shortage amid a meetings-led tourism boom.

Starwood Hotels & Resorts Worldwide, for one, has done its part with the March opening of the 246-room Four Points by Sheraton Brisbane in the city's central business district—the first branded

- branded, new-build opening by an up-market global brand in 16 years.
- SilverNeedle Hospitality's new brand will debut in Brisbane.

new-build opening by an up-market global brand in 16 years, according to GM Brad Mercer.

The hotel's director of sales and marketing, Janine Watton, said the city is shouting for more rooms with 80% to 90% occupancies midweek.

"There is definitely a need for inventory. This property is potentially just the start," she said.

Occupancy through the first five months of the year was 75.6%, according to data from [STR Global](#), sister company of Hotel News Now.

For Sean Hunt, Starwood's regional VP of in Australia and the Pacific, the flurry of hotel development and investment is being sparked by Brisbane's increasing prominence as an emerging economic powerhouse and gateway to the Asia/Pacific.

"As the closest Australian capital city on the eastern seaboard to Asia, it offers an attractive business environment in a region showing an ever-increasing share of global economic growth," he said. "Brisbane is a major hub for large resource and energy companies, a significant center for research and innovation, and the engine room of much of Australia's continued economic growth, in defiance of the global downturn of the past five years. The city's \$135-billion (Australian dollars) economy is predicted to grow to more than (AU)\$217 billion by 2031."

He said Brisbane has attracted high-profile events, including the G20 Summit in November this year and the 2018 Gold Coast Commonwealth Games. According to JLL's "Hotel investor sentiment survey," the city is the fourth most sought-after location for hotel investment in the world.

Hunt said the Four Points by Sheraton is already reaching full capacity and is fully booked by several high-level government delegations.

He said Starwood is eyeing Brisbane in terms of potential across its brands.

"We could do with another three to four brands in this city. There's room for more investment in this city," he said, adding that details of new hotels are expected to be announced soon.

"There is a high demand in Brisbane, and we are always seeking opportunities to grow our presence and bring new brands to the region," he said. "We continue to talk to investors regarding opportunities in the city and look forward to announcing new signings in the near future."

### **Conference catalyst**

Last year, Brisbane Lord Mayor Graham Quirk declared the chronic shortage of hotel rooms was costing the city 87,000 visitors, AU\$130 million (\$123 million) in visitor expenditure and more than 1,100 jobs, according to a [news release](#).

But now the future looks bright for Brisbane.

The new Four Points property was the first in a dozen 4- and 5-star openings earmarked for 2014 through 2015, according to the city's economic development board [Brisbane Marketing](#). Brisbane, the board claims, is on the brink of a construction boom set to transform the city skyline as the private sector delivers a vote of confidence in the Queensland capital.

According to the [Brisbane City Council's economic development plan](#) for 2012 through 2031, the city's room capacity will grow by up to 4,000 by 2023 at a rate of 299 to 446 rooms a year, as the

city becomes a magnet for the global business community. A major catalyst of the growth is the significant conferences and conventions market that reaped AU\$53.3 million (\$51 million) in the 2012-2013 financial year.

The G20 Summit is adding further fuel to development. Other new builds to time with the event include: the recently-opened Alpha Mosaic Brisbane; the luxury boutique, 69-room Gambaro Hotel; and Wyndham Hotel Group's Tryp by Wyndham in Fortitude Valley, which is the first Tryp-branded hotel in Australia. The [Capri by Fraser](#) will open mid-2015 as part of a conversion project. STR Global counts six projects with 1,128 rooms in the development pipeline for Brisbane as of May. Revenue per available room year to date through May was AU\$134.84 (\$127.57), a 0.1% year-on-year increase. Over the same time period, occupancy was up 1.1% to 75.6%, while average daily rate was down 1% to AU\$178.42 (\$168.79).

### **Asian investment**

Brisbane is a focus for [SilverNeedle Hospitality's Asia/Pacific expansion](#), said Iqbal Jumabhoy, CEO of the Singapore-based hotel management and investment group, which has two Brisbane business hotel developments in the pipeline.

The group announced its first flagship brand, Next Hotels, will take bookings from October after an AU\$50-million (\$47-million) makeover of a landmark Brisbane CBD hotel, the Chifley at Lennons in the central Queen Street Mall.

Jumabhoy said the hotel seeks to narrow the supply gap amid a robust demand in growth for upscale rooms as the city draws record numbers of domestic and foreign visitors in both the leisure and business travel sectors.

"Brisbane is becoming an international hotspot. I believe demand

for business rooms will continue to remain healthy as the city's dynamic growth trajectory draws increasing numbers of business travelers for whom every minute counts," he said.

A second Brisbane hotel for the group will leverage the city's dynamism and "supply the much needed hotel rooms," Jumabhoy said. The first of its new upscale brand, the 111-room Sage Hotel, will open after a major revamp of a 1902 building in the city skirting Fortitude Valley, northeast of the CBD.

Brisbane was chosen as the starter city for considerable expansion of the brand, Jumabhoy said.

"We intend to develop the Sage Hotel (the group's seventh brand) as an upscale brand throughout the Asia/Pacific in primary and secondary cities in CBD and city fringe areas," he said.