

Hotel and apartment hotel operators are reporting a jump in business domestically, with predictions of rate increases in some markets as demand starts to outstrip supply.

Rate increases predicted as accommodation demand bounces back

By Jenny Burns

AFTER a difficult 2009, Australian hotel and apartments are reporting far stronger results for the first half of the year. However raising yields remains a major challenge for many.

Toga Hospitality chief executive officer Rachel Argaman said 2009 was a tough year for the hospitality industry with a decline in both international leisure and corporate travellers and a tighter corporate and conferencing market domestically.

"In 2010 so far, there have again been economic challenges not to mention other factors such as the disruptions to travel as a result of the volcanic ash," she said.

"Despite this, improvements are still predicted for the second half of the year.

"Demand for city-based hotel accommodation has increased in 2010 and the domestic market in particular is expected to see growth."

Argaman said the key challenge for the industry was rate integrity.

"We will be watching carefully for opportunities to yield rates," she said.

"We expect that corporate and leisure travellers will continue to look for value for money accommodation in city-based locations."

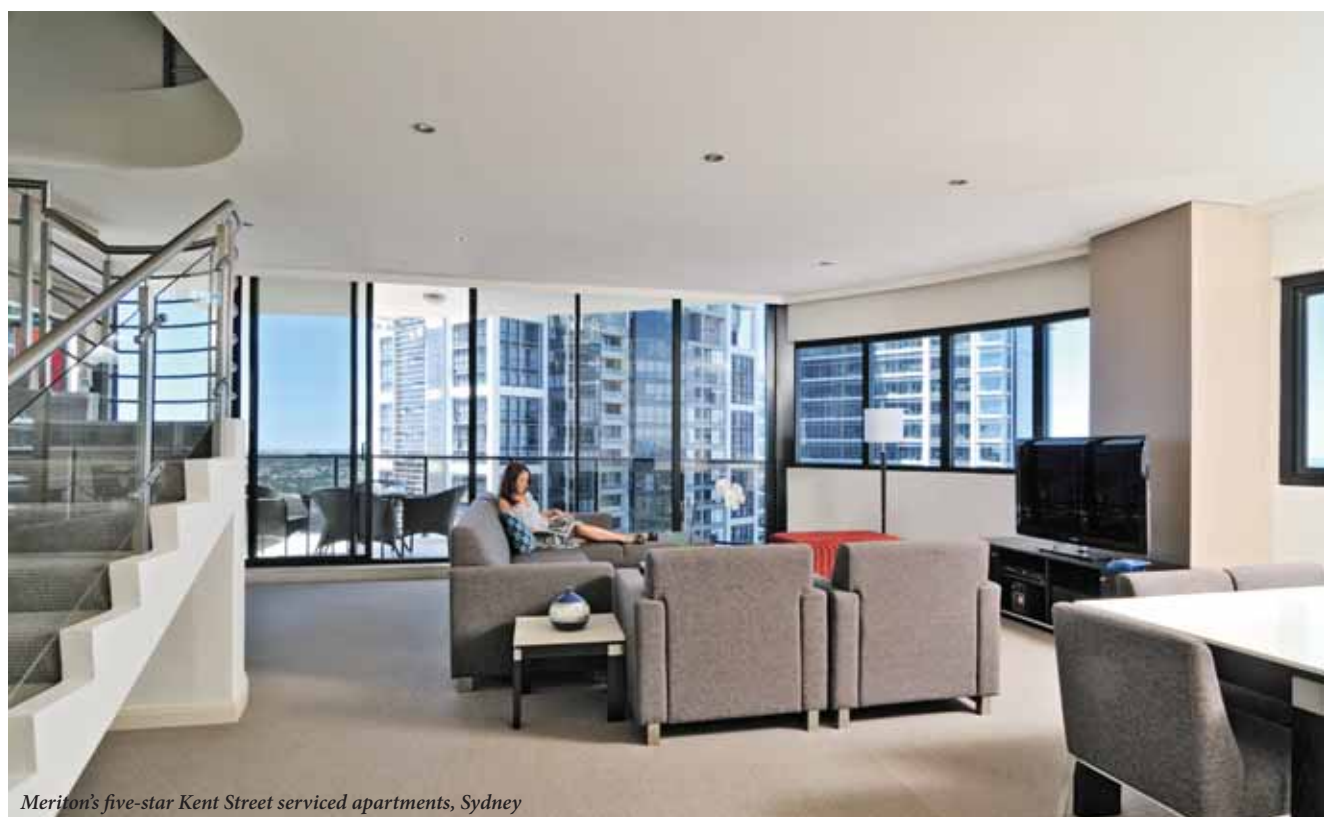
The Ascott Limited country general manager, Dean Minett, said apartments appeared to be faring better than hotels.

"They are certainly less volatile in occupancies due to the ability to attract longer stays," he said.

"We are seeing a lot more sporting stays, shopping stays and even just girls' and boys' weekends away where a group of friends might travel for the football or the sales.

"Our length of stay is typically double that of hotels and each property is attracting its own unique brand of traveller. For example Somerset Gordon Place attracts worldly travellers looking for old-world charm and ambience, Somerset Gordon Heights appears to attract self-sufficient younger travellers, and Somerset On Elizabeth is attracting more overseas guests as well as more groups of friends looking for the centre of the city experience."

Meriton Serviced Apartments national manager Matthew Thomas said industry data suggested the market



Meriton's five-star Kent Street serviced apartments, Sydney

had bounced back after a sluggish 2009.

"City wide results are hard to gauge as many hotels have had to re-think their distribution direction and selling rates," he said.

"Meriton Serviced Apartments as a group has seen 13 per cent growth in average rate which has resulted in 19 per cent revenue growth."

Thomas said dynamic pricing was being widely accepted.

"After a somewhat hesitant acceptance by many major corporate organisations they have finally realised the overall benefits of not being locked into a fixed rate contract for 12 months," he said.

"Unfortunately there are still some major inbound/wholesale agents who refuse to adapt. We have witnessed the operators who moved to dynamic pricing and use our internet based system to access the latest availability and pricing have boosted their volume into our properties and subsequently their commission earnings; while prehistoric contract-based agents have suffered heavily.

"Agents need a lifeline; they play an important role in the travel market however they need to understand

technology is here and they need to embrace it. They can't be so blind to not see that online has eroded their market share so they need to do what they can to hold onto what remains. The consumers (our guests) have access to so many options with online distribution, the introduction of mobile-phone based web content, iPhone and iPad apps for making reservations and aggressive e-marketing campaigns from hotels and online suppliers."

A return in international business, strong corporate and MICE business, and continuing cheap airfares have combined to push hotel occupancies to record levels across Australia for the first half of the year according to Accor.

Accor vice president Australia Simon McGrath said Sydney hotels broke occupancy records for six consecutive months from November 2009 to April 2010.

"February 2010 was one of the best performing months of all time with a combination of major events and strong business and leisure demand pushing occupancies across its network of 35 hotels to over 90 per cent occupancy, with many hotels reporting

a 'full house' for much of the month," he said.

"This supports figures released recently by STR Global that showed Average Daily Rates (ADR) increasing by 36.6 per cent in the first quarter of 2010 compared to 2009."

STR reported that Brisbane actually exceeded Sydney with an ADR rise of 40.5 per cent and Melbourne recorded an ADR rise of 26.2 per cent for the quarter.

McGrath said Australia had bounced back from the Global Financial Crisis downturn far quicker than most other countries and with little new room supply on the market, rates would quickly return to more "realistic" levels.

"Rates are still below true market value, and during 2008/09 they were depressed further by economic conditions, but with such strong demand and no new supply likely for a number of years, rates across the market will need to rise," he said.

"Sydney had just one new hotel in the CBD during the last decade – a small Ibis hotel – and, similarly, cities such as Brisbane and Perth have also seen few new rooms added, so rates will need to reflect these market conditions."

Meriton Penthouse Collection suite, Sydney



Meriton continues expansion

MERITON Serviced Apartments is continuing its expansion, with the opening of its next property in Campbell Street Sydney scheduled for October 2011.

Meriton Serviced Apartments Campbell Street, Sydney (located on the corner of Campbell and George streets) will feature 212 brand new self-contained apartments, swimming pool, spa, gym and sauna.

Meriton already has six five-star apartments located around Sydney, as well as the Meriton Gold Coast at Broadbeach, which features 403 luxury apartments.

Apartment options include studios

and one, two and three bedroom configurations. The group also has its 'Penthouse Collection' of luxury apartments in Sydney. They are located in Pitt Street, World Tower, Kent Street and Bondi Junction.

National manager Matthew Thomas says the multi-million dollar penthouses are hand-picked, luxuriously furnished, three-bedroom apartments, available for one night to extended stays.

Thomas says the Penthouse Collection is generally only available via its priority reservations team (02 9277 1123 or www.meritonapartments.com.au/pc) and all rates are 10 per cent commissionable to agents.

MIRVAC is planning to expand its offerings in Australia and New Zealand. The group currently has 47 hotels and resorts and more than 5500 guestrooms, suites, villas and apartments in both countries.

"We are seeing signs of improvement in the markets in which we operate and as a result we are continuing to expand our portfolio during 2010 and beyond," said Mirvac Hotels and Resorts' Andrew Turner.

Mirvac plans further expansion

"Quay West Resort and Spa Noosa opened in March 2010.

"Initial indications are very positive with the first months' trading exceeding budgeted occupancy demand. We carry a very confident expectation that the property will trade on market within the initial 12 to 18 month period."

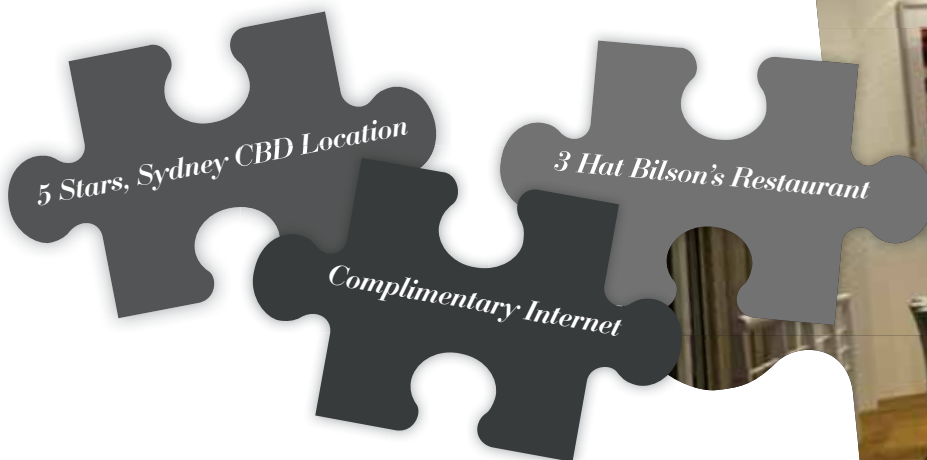
Mirvac's core 'Sebel' brand will expand in November 2010 with the scheduled opening of The Sebel Newcastle Beach. With an absolute beachfront position, this 4.5-star hotel will feature 88 well-appointed guestrooms, many with furnished balconies, a contemporary restaurant and bar, gymnasium and plaza.

Turner said Mirvac Hotels and Resorts had

joined the Global Hotel Alliance (GHA) – the world's largest alliance of independent hotel brands to give it the chance to compete with the mega-brands for international business,

"In a highly cyclical industry, alliances are providing welcome stability for their members, combined with more choice and value for customers. This will strengthen further with the launch GHA Discovery – a multi-brand loyalty program and the first of its kind in the industry."

All the pieces have come together...



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Ascott opens first Citadines Apart'hotel in Melbourne

AUSTRALIA'S first Citadines Apart'hotel, known as the Citadines Melbourne on Bourke, has been opened by The Ascott Limited.

"International travellers would know the Citadines Apart'hotel brand as they are located throughout Europe and Asia," said the group's country general manager, Dean Minett.

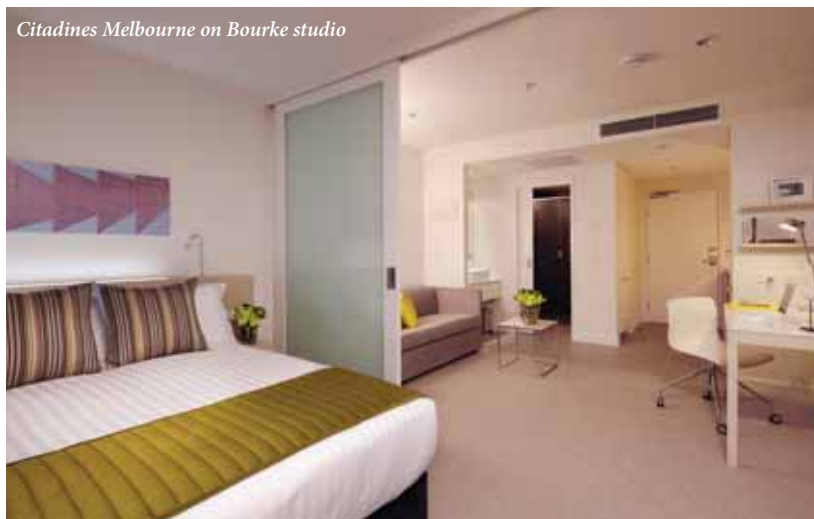
He said the serviced residence hotel offered a flexible floor plan with a choice of studio, one and two bedroom apartments.

"Citadines Melbourne on Bourke offers an à la carte menu of services to choose from, so guests can create the experience they desire all in a space that combines the freedom and privacy of an apartment with the convenience of a hotel.

"The apartment layouts are flexible, televisions are wall mounted on pivoting arms, the doors retract into the wall cavities and the living areas are smartly designed to cater for a meeting, cocktails or even a yoga session.

"The spaces are cleverly configured so guests can customise their stay according to their lifestyle needs and budget. Think serviced apartments

Citadines Melbourne on Bourke studio



with practical features such as compact yet fully-equipped kitchenettes, International Direct Dial access and iPod docks and WiFi access throughout all public areas and apartments."

The hotel also features room service, housekeeping and leisure facilities including a swimming pool, gym and guest lounge. For business travellers there is a range of conference and meeting spaces for hire and

complimentary use of the latest iMacs in the Business Corner.

Minett said the hotel was perfectly positioned for both the business and leisure travellers.

"It is close to the MCG, Spring Street and the Bourke Street Mall as well as to Parliament House, Collins Street and Flinders Lane," he said.

An industry rate of \$99 is on offer until September 30 subject to availability.

Newcastle welcomes new Chifley Apartments

THE new Chifley Apartments Newcastle is a sleek and stylish addition to Constellation Hotel's growing portfolio of properties.

The property, located within the Honeysuckle precinct, just minutes from the Boardwalk restaurant and bars and Newcastle's CBD, is attracting both leisure and corporate clients.

Chifley Apartments Newcastle features 71 one, two and three bedroom apartments all with kitchens or kitchenette, mini bar, air conditioning, cable TV (Austar/Foxtel/Sky TV), stereo and CD player, DVD/Video, direct dial telephone, internet access and an in-room safe. All have balconies either with pool or urban views.

Outside their apartments guests can stretch out by the outdoor heated lap pool or work out in the fully equipped gym.

There's also undercover parking and express breakfast lounge. Two naturally-lit function rooms, with the latest technology, can cater for up to 60 people theatre-style or 80 for a cocktail function.

The Hunter Valley Wine region is about an hour's drive away, and there are patrolled surf beaches, shopping and entertainment nearby, as well as the popular Stockton Beach Sand Dunes.



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BreakFree Rainbow Shores' free night offer

BREAKFREE is celebrating the opening of its newest property, BreakFree Rainbow Shores, by giving guests a free night when holidaying at the resort for three consecutive nights.

Guests booking in for three nights from \$140 per night in a one bedroom apartment will pay for two nights when booking and travelling before the end of the year to the new property.

Situated at Queensland's Rainbow Beach, the resort offers a selection of one, two and three bedroom apartments set in more than two hectares of sub-tropical gardens and just footsteps away from a pristine six kilometre long surf beach, renowned for its spectacular coloured sands.

Twelve upmarket Surfside Villas are also just 150 metres from the beach, containing one to four bedrooms, some with roof-top terraces.

The resort also boasts a bevy of leisure facilities onsite such a restaurant and bar, lagoon pool and heated spa, tennis court and a nine-hole par 3 golf course.

BreakFree Rainbow Shores Resort is a 2.5 hour drive north of Brisbane, half way between the Sunshine Coast and Hervey Bay.

The offer is subject to availability and valid for sale and travel until December 16, with some blackout dates applying.

Radisson Plaza Sydney goes 100% smoke free

THE intimate, boutique-style, five-star Radisson Plaza Hotel Sydney has introduced a smoke free policy and thus now offers a 100 per cent smoke-free environment.

The policy applies to the entire hotel inclusive of public areas, guest rooms, meeting rooms, lounges and restaurants. The hotel has undergone an extensive cleaning process to eradicate any residue from a limited number of guest rooms which did allow smoking.

The introduction of the policy is a result of the overwhelming demand from guests, according to general manager Peter Tudehope.

"This decision has been a long time in the making," he explained.

We aim to provide a quality and comfortable stay for all our guests and we found that more and more were asking us to provide this environment.

"We appreciate the needs of all our guests and for those who do smoke there are designated smoking areas outside of the building."

Guests are being alerted at the point of reservation and reminded upon arrival that the hotel is now 100 per cent



Radisson Plaza Hotel Sydney, Studio Spa Suite – all rooms now 100 per cent smoke free

smoke free. There are a number of communication points within the hotel drawing attention to this new policy.

Guests who disregard the policy will be billed a room recovery fee to cover the "extensive costs" associated with restoring the guest room to a smoke free condition.

Tudehope said the Radisson Plaza Hotel Sydney was the first Radisson property within the Asia Pacific region to introduce the smoke free policy.

THIS IS CHIFLEY

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The sleek and stylish Chifley Apartments Newcastle adds a new dimension to the vibrant Honeysuckle precinct, just minutes from the boardwalk restaurant and bars and Newcastle's CBD. Spacious one, two and three bedroom self contained apartments feature a comfortable living area and personal balcony. Outside the apartments, guests can stretch out by the outdoor heated lap pool or work out in the fully equipped gym. Purpose built conference rooms offer a sophisticated space for meetings and events for up to 30 people. Undercover parking is also available.



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Best Western adds new serviced apartment options

BEST Western has added a new property to its collection of self-contained apartments, with all properties paying 10 per cent commission to agents.

Best Western Ascot Serviced Apartments in Western Australia is located 10 kilometres from the city of Perth, less than five minutes from Perth Domestic Airport and about 15 minutes from Perth International Airport.

The area features good shopping, the Ascot Racecourse, a cinema complex, a variety of dining options and local recreation facilities such as the Belmont Oasis Leisure Centre, the State Tennis Centre and nearby golfing and entertainment options of Burswood.

The Best Western Ascot Serviced Apartments offer a selection of modern self-contained, air-conditioned, serviced apartments. Studio rooms feature kitchenette facilities and en-suite bathrooms, while the one and two bedroom apartments feature separate bedrooms with adjoining en-suite, full size kitchen, laundry, and living room.

All apartments have large, private balconies, cable TV, CD and DVD players, and high-speed wireless internet.

Toga unveils first Adina apartment hotel in Sydney

TOGA Hospitality has opened its first Adina Apartment Hotel in Australia following the rebranding of the Sydney property Medina on Crown to Adina Apartment Hotel Sydney, Crown Street.

“Coined ‘Adina on Crown’ by locals, the rebranding reflects the new look following a recent refurbishment – inspired by the location and the mood of the apartment hotel,” said Toga Hospitality chief executive officer, Rachel Argaman.

“Adina on Crown joins Adina Apartment Hotels across Europe, giving guests a holistic, chic urbane experience from street to suite.”

Argaman said that while guests could expect the same top quality service and finishes from all Medina Apartment Hotels and Adina Apartment Hotels, their stays would be distinctly different between the brands.

“An Adina experience is avant-garde and contemporary – the accommodation and the location offer a fresh flair for both leisure and business travellers.

“All Adina Apartment hotels are characterised by a brand commitment to high quality and unique design



standards which embrace a cosmopolitan edge.

“Adina on Crown’s signature is bold colours, a selection of individual furniture pieces, sleek stainless steel appliances, mood-lit corridors and refreshing outdoor facilities. Overall each of these elements combines to produce a chic urbane experience.”

Argaman said Adina appealed to guests looking for an alternative to the postcard experience and was perfect for travellers who wanted to explore a different side to the city or who had business in the Surry Hills area.

“A Medina experience is classic, sleek and stylish. With 22 locations across

Sydney, Melbourne, Brisbane, Perth, Darwin, Adelaide, Canberra and Wollongong, all Medina Apartment Hotels are located in prime positions for both leisure and business travellers.”

“We are very proud of our Medina hotels and Medina will remain a premier Australian brand which consistently delivers a quality product.”

Argaman said by opening the first Adina Apartment Hotel in Australia, Toga was offering yet another unique accommodation option to the Australian travel industry.

There are currently five other Adina Apartment Hotels located across Europe.



Citadines Melbourne on Bourke 380 new beds in the heart of the city.

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Citadines Apart'hotel is managed by The Ascott Limited, a member of CapitalLand. It is the largest global serviced residence owner-operator in Asia Pacific, Europe and the Gulf region, managing the Ascott, Somerser and Citadines brands in over 60 cities across 22 countries.

Grand Mercure Hadleys to unveil \$30m new look in September

GRAND Mercure Hadleys Hotel will open a new wing of 128 rooms and suites as well as major conference and restaurant facilities in September.

The \$30 million project sees the heritage-listed existing hotel remain intact. The original Hadleys hotel dates back to the 1830s with Roald Amundsen and Errol Flynn part of the hotel's colourful past.

The new building comprises one bedroom suites and standard hotel rooms that together can operate as two bedroom apartments, ideal for families and couples travelling together.

The complex also significantly increases Hobart's conference and hospitality facilities. The addition of a Grand Ballroom sees the hotel's meeting capacity increase to 600 delegates. A new four-level car park caters to the increased number of delegates utilising the new conference facilities. There are also new restaurants and bars.

Grand Mercure Hadleys general manager Kat Little said the extensions were timely as Hobart was experiencing major growth in demand from the business, conference and leisure travel sectors.

“Improved air access into Hobart and the general perception of the city as an attractive venue for leisure and business travel has seen



Hadleys at night

our market perform strongly even during the global financial crisis,” Little said.

“The conference market is particularly strong, but there has been limited supply of new facilities in recent years, so the opening of the new ballroom will play an important role in attracting new MICE business to Hobart and Tasmania.”