

BUSINESS MARKET RECOVERY TO DRIVE HOTEL RATES UP

Chifley Hotel Wollongong

Hotels are reporting a return in demand from the corporate market, with accommodation groups hoping that resulting rate increases will return the industry to pre-GFC levels.

by Jenny Burns

AUSTRALIA's leading hotel groups are predicting a rise in both occupancy and room rates this year.

A shortage of hotels in city locations and the continued recovery of the corporate market are the major reasons for their confidence.

According to data from STR Global, a provider of market data to the hotel industry, Australia fared reasonably well in 2010. Its research showed year-over-year revenue per available room (RevPAR) was up a steady 7.1 per cent in year-to-date November 2010. This was driven predominately by an improvement in occupancy (4.6 per cent), which supported an increase in rates (2.4 per cent).

Meriton Serviced Apartments is predicting eight per cent growth across its group. "We are very confident that it will be a great year for both occupancy and rate growth," said national manager, Matthew Thomas.

"We will open three new serviced apartment locations in 2011 and we are extremely proud to bring our great product and service to Brisbane later this year – a market which is needing a new, fresh apartment-style accommodation option."

Constellation Hotels is targeting

between 10 to 15 per cent growth in the corporate segment and believes the theme for the year will be rates rather than occupancy growth.

Group managing director Jonathan Wooller said in 2010 the Constellation network experienced strong growth, with the addition of four new hotels in regional and urban locations across Australia, and in the process took out the HMAA's award for Hotel Chain of the Year.

"We are gearing up for an even bigger 2011," he said. "We are excited about the potential to increase rates with the expected continued growth of the corporate and MICE segments. The most significant growth in 2010 was from the corporate segment.

"MICE business also improved but still has a way to go in 2011 and unfortunately the leisure market continues to remain patchy.

"Whilst volumes may have increased, rates are yet to fully recover. Our major challenges for 2011 will be the continued rebuild of average rate and RevPAR in hotels. We will be focused on targeting corporate FIT travel and MICE markets."

Wooller said throughout 2009 and 2010 the initiation of new hotel developments stalled in both Australia and New Zealand.

"The new hotel development outlook

remains pessimistic, however, we are set to deliver a number of new hotels that have been in our development pipeline, being Chifley Lorne Resort and Apartments and Chifley Newcastle Grand Central Apartments," he said.

According to Mirvac Hotels and Resorts CEO, Stephen Burt, hotel markets across all capital cities are performing at well above the same period last year.

This was due to a combination of strong recovery in demand from the corporate and conferencing market segments together with the benefit of stable room supply in most markets. Regional and resort destinations had not quite experienced the same level of improvement.

Burt said the improvement in capital city RevPAR performance has been particularly evident since July 2010 with Sydney and Brisbane the stand-out markets.

"We believe Brisbane will bounce back quickly following the devastating Queensland floods," he said.

Burt said the changing business mix would be an important contributor to rate increases, as higher levels of corporate and conferencing displace low rate business.

"Whilst the corporate and conferencing segments have demonstrated strong recovery, it is a different story for the domestic leisure sector which presently has a strong travel bug but unfortunately the attraction is Fiji, Bali and Thailand," he said.

"However, this market will bounce back, buoyed on by a modest growth in the 'luxury sector'; the added benefit of

increased air capacity into and around Australia, and price competition.

"Already we have witnessed stabilisation of RevPAR performance in Cairns commencing May 2010."

"Looking forward we are confident about the outlook for 2011 and believe the markets on both the supply and demand fronts are ripe to deliver excellent returns."

Accor Hotels vice president Australia Simon McGrath is predicting rates will rise this year. "But hotels still represent great value, especially as so many have significantly upgraded their facilities in the past few years," he said.

"That is particularly evident in the mid-market (in brands such as Novotel and Mercure) and even more so in the economy sector (such as Ibis).

"If 2010 was a year of recovery, we are looking at 2011 as a year of forging ahead with more sustained growth to at least return the industry to pre-GFC levels," he said.

McGrath said apart from Melbourne there had been little to no new supply in recent years and very little in the pipeline which meant in 2010 there were many times when finding a room in cities such as Sydney, Brisbane and Perth was challenging.

"Some of our hotels in Sydney, for instance, averaged occupancies of around 90 per cent for the year, meaning they were effectively full five or six nights a week," he said.

"We appreciate that for agents, getting rooms for their clients when they need them is their key priority, and this has been the main discussion point during recent contract negotiations."

Accor expands apartment hotel options

ACCOR's apartment hotel network is set to grow rapidly in 2011.

Already this year the group has added or announced three new additions to its Grand Mercure apartment hotel network.

The three are Grand Mercure Apartments Cable Beach Resort (the former Sanctuary Beach Resort), a 154 room resort with three pools; Grand Mercure Casuarina Beach (the former Santai Resort); and Grand Mercure Caroline Springs near Melbourne.

The apartments will be located on the top floor of a new entertainment facility being developed in Caroline Springs. The club will be the largest in western Melbourne and will offer a range of food and beverage options and will be the focal point for functions, conferences and entertainment for the region.

Survey shows travellers want to go back to basics

A SURVEY from Medina Apartment Hotels has found the majority of Australian leisure travellers are happy to leave their addiction to email at home.

The survey found they preferred to keep in touch with phone calls between visits to museums and reading books.

Almost 50 per cent thought a telephone conversation was the best way to keep in touch whilst on the road. The survey also revealed that almost a quarter didn't want to stay in touch at all whilst travelling.

Medina Apartment Hotels conducted the survey in order to gain insights from Australian leisure travellers about what they love about staying in hotels and travelling. The information will be used to improve guest experiences at the 21 Medina Apartment Hotels across Australia.

More than half of all respondents indicated that the best thing about being away from home was soaking up a new city's culture including going to museums, admiring the local architecture and checking out tourist attractions.



Medina Grand Adelaide Treasury

This was in stark contrast to the less than 10 per cent that wanted to indulge in shopping whilst travelling, with only a similar amount of people packing an extra bag for souvenirs.

In line with this back to basics approach to travel, the must-have suitcase items were no more high tech than a camera (34 per cent always packed this item) and a good book (18

per cent always packed this item). Both of these outranked iPhones and/or BlackBerrys. When asked about hotels, more than 60 per cent of respondents thought a 'great location' was the most important feature of a hotel, followed by space (16 per cent).

The survey also found 25 per cent missed a home cooked meal most when travelling.

CONFERENCE WITH CONFIDENCE AT CHIFLEY

SERVICE • EXPERTISE • DEDICATION



CHIFLEY WOLLONGONG

- Located on Wollongong's foreshore
- 10 conference rooms, capacity for up to 500
- On-site parking, gym, lap pool, C Grill & Bar



CHIFLEY DOVETON

- 5 minutes from Dandenong CBD
- 4 conference rooms, capacity for up to 250
- Micro brewery, tavern and restaurant



CHIFLEY EASTERN CREEK

- Central Western Sydney location
- 3 conference rooms, capacity for up to 150
- Tavern, restaurant and lap pool



- Adelaide • Albury • Alice Springs • Auckland • Brisbane • Cairns • Doveton (Dandenong)
- Eastern Creek • Geelong • Newcastle • Penrith • Wollongong

Reservations 1300 650 464 or www.chifleyhotels.com/travelbulletin



CHIFLEY
HOTELS

DISCOVER NEW PLACES YOUR CLIENTS WILL

Love



LET THEM EXPERIENCE

meriton

SERVICED APARTMENTS



MERITON
SERVICED APARTMENTS

A new generation of accommodation that offers quality, luxury, comfort, value and an abundance of space in which to relax. Our range of contemporary studio, one, two and three bedroom apartments are serviced daily and located in prime destinations within Australia, with new properties opening soon.

You are welcome to stay for just one night but with our extensive resort style facilities, quality furnishings and luxurious surroundings you'll find it hard to leave. Every apartment is designed, built, furnished, owned and managed by Meriton, offering unparalleled consistency and a name you can trust.

www.meritonsa.com 131 MSA (672)

NSW WORLD TOWER • PITT STREET • KENT STREET • BONDI JUNCTION • PARRAMATTA • WATERLOO **QLD** BROADBEACH • SOUTHPORT
OPENING SOON CAMPBELL STREET, SYDNEY • ADELAIDE STREET, BRISBANE • HERSCHEL STREET, BRISBANE



Meriton prepares for March opening of Gold Coast apartments

MERITON Serviced Apartments' latest property will open on the Gold Coast in March.

Meriton Serviced Apartments Southport features 172 self-contained apartments comprising one, two and three-bedroom configurations.

One bedroom apartments are 53 square metres, two bedroom 78 square metres and three bedrooms 96 square metres. The apartments have been designed for family living. Each has a kitchen and separate laundry, which includes clothes washer, dryer, iron and ironing board.

Other facilities include private balcony with table and chairs, high-speed internet connection (cabled and usage fee applies), work / study desk, flat screen TV with local and selected Foxtel channels and DVD player and



Meriton Southport is close to the northern end of the city, near Surfers Paradise

electronic personal safe located in the master bedroom. Bathrooms include

separate shower and bath tub, hand held hairdryer and plush towelling.

The apartments are also fully air-conditioned with opening windows to also allow for cool sea breezes.

All apartments feature plush king zip beds which enable each bedroom to have the choice of one king or two single beds

The development is located within the Brighton on Broadway development, located at the northern end of the city, close to Surfers Paradise and two minutes drive from Main Beach.

Resort-style facilities include indoor semi-heated 20 metre lap pool, indoor spa, dry sauna and gymnasium.

Ideally located to the northern suburbs of the Gold Coast, Southport is a good base for those wanting to reach Labrador, Biggera Waters, Anglers Paradise, Runaway Bay, Hollywell and Paradise Point.

Constellation to open two new Chifley coastal hotels

TWO coastal properties will join the Chifley network of hotels, resorts and apartments when they open in Lorne on Victoria's Great Ocean Road and Newcastle NSW in 2012.

The new Chifley branded properties signal the intention of its Australian-owned operator, Constellation Hotels, to increase the number of Chifley locations not only in city and urban areas but also in popular coastal destinations.

Appealing to high-end travellers and holiday makers, Chifley Lorne Resort and Apartments is situated two hours from Melbourne on the south-west coast.

Set on a commanding hillside position, the resort has been designed to blend in with the surrounding environment and will provide sweeping ocean views from more than 200 hotel rooms and apartments, with a golf course and day spa onsite.

Chifley Lorne Resort and Apartments is due to open mid to late 2012.

Chifley Grand Central Apartments in Newcastle is expected to open early in 2012 and will offer 51 self-contained, serviced apartments with a range of one, two and three bedroom apartments.

The new development is in Newcastle's CBD, close to the beach and the thriving Honeysuckle precinct, where the existing Chifley Apartments Newcastle has been operating for the past 18 months.

Constellation Hotels managing director Jonathon Wooller said new generation Chifley Hotels that have opened in Newcastle and Wollongong have been trading above initial expectations. "These modern, sustainably designed properties will be opening in other high-demand coastal destinations," he said.

The new hotels in Newcastle and



Chifley Wollongong lounge

Lorne will boost the number of coastal Chifley properties to five, joining existing hotels in Cairns, Newcastle and Wollongong.

Chifley currently operates 12 hotels and apartments in major capital cities and urban areas across Australia and New Zealand.

Bloomfield Lodge all-inclusive packages boost agent earning opportunities



BLOOMFIELD Lodge is currently offering four nights' accommodation from \$1520 per person (twin share).

Valid until July 1, 2011 the price includes all meals, scenic flights from Cairns, private vehicle and boat transfers, guided rainforest walks and a cruise on the Bloomfield River.

Bloomfield Lodge communications manager Nicole Fenech said the lodge represented "superb value for money".

"Guest feedback urges a minimum stay of four to five nights is necessary to avoid missing out on the many unique activities that are part of the Bloomfield Lodge experience," she said.

"Agents benefit from the range of all-inclusive packages that offers their customers

unbeatable value for money with handsome commissions to be earned due to the all-inclusive price."

Fenech said a new website ideal for agents would be launched shortly.

A member of Small Luxury Hotels of the World, the lodge was recently listed by *Forbes* magazine as the No.1 World's Best Remote Hotel.

The lodge is located at the most northern tip of the world heritage listed Daintree Rainforest. It features 17 individual natural timber rooms constructed in private rainforest settings. Each room features ensuite facilities and large picture windows capturing ocean views and large balconies.