

# HOTEL SALES 2018

Research and Analysis Report



An analysis of hotel sales in Australia  
by Colliers International

Accelerating success.





# 2018: a year in review

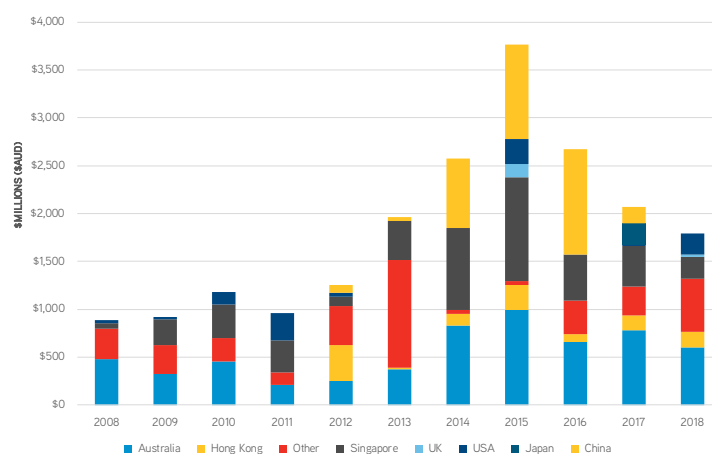
After a very slow start to the year, hotel sales volumes across Australia increased during H2 to total \$1.8 billion in 2018 on 37 sales tracked by Colliers International. Some of the notable trends evidenced through the year include:

- When compared with 2017, we note that transaction volumes declined 15.7% (down from \$2.2 billion last year) while the number of deals fell sharply from 57 last year, to just 37 transactions in 2018 (including two portfolio deals). Volumes reached their lowest level since 2012.
- Queensland was the most active hotel investment market (\$491 million) as investors made counter cyclical plays, capitalising on improving fundamentals in Brisbane and ongoing strength of trade in the key leisure markets. Volumes in New South Wales and Victoria were solid, aided by some big-ticket sales. The Northern Territory also witnessed its largest single investment since 2010 with Delaware North's acquisition of the Darwin casino.
- Offshore investors continued to dominate, accounting for two thirds of transaction volume. There was a notable broadening of the capital base with investors sourced from Singapore, Malaysia, Thailand, Middle East, Hong Kong, India and the United Kingdom. China was a notable omission.
- Locally domiciled and global investment funds were the most active buyer group with volumes totalling more than \$1 billion and with a number of new funds targeting the sector. Serene Capital, Faciliate, iProsperity Group and Shakespeare Property Group all made further acquisitions.
- Development sales were prominent throughout 2018 with notable transactions including the Quincy Melbourne which was sold as a fund-through deal. We expect to see more development sales over the coming year with projects currently being marketed in Canberra, Sydney, Adelaide and Melbourne.
- Based on the evidence, the past five years has seen a continued compression of yields; from over 9 per cent in 2013 to just below 6 per cent in 2018 and approaching the level of the last cyclical low in 2011. The yield trend in 2018 followed the composition of deals with more counter cyclical sales in Brisbane and Perth. We expect to see little change over the coming year, though this may be tempered in markets which are experiencing material supply increases.
- Hotel openings are expected to peak in 2019 with the opening of more than 6,500 new rooms in the ten major accommodation markets. Melbourne, Perth and to a lesser degree Sydney will see the majority of this supply increase. If they have not yet done so, existing owners will need to consider expediting the renovation cycle to compete with new supply.
- Deal flow is expected to increase in 2019 as owners respond to changing market conditions, particularly in markets with significant new supply. Development debt remains a challenge and is likely to cause the shelving on some projects. This debt funding gap is likely to be partially filled with offshore banks and non-traditional lenders, who remain positive about the broader trading fundamentals in the Australian accommodation market.

As always, we welcome your thoughts and feedback.

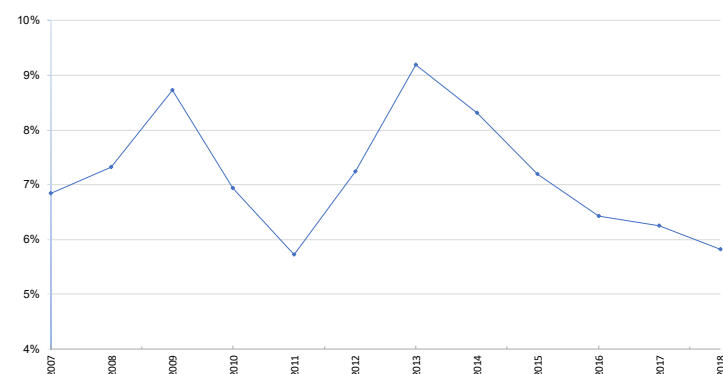
**Gus Moors**  
Head of Hotels Australia

Origin of Hotel Purchasers by Value (\$5 million plus)



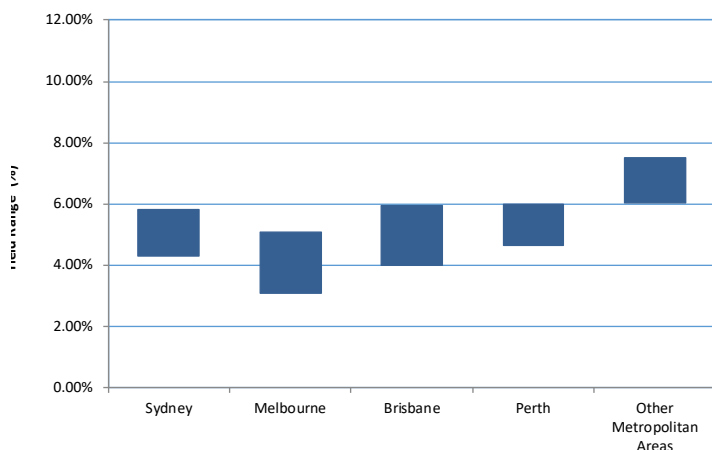
Source: Colliers International

Benchmark Passing Yields of Hotel Transactions



Source: Colliers International

Yield Ranges - 2018 Hotel Transactions



Source: Colliers International



**\$10,000,000**

### North Shore Hotel

★★★★☆

Sale Date Feb 2018

Type Motel

Rooms 27

Price/Room \$370,370

NSW,  
North Sydney



**\$15,250,000**

### Quest Griffith Apartments

★★★★☆

Sale Date Feb 2018

Type Motel

Rooms 68

Price/Room \$224,265

NSW,  
Griffith



**\$30,000,000**

### Breakfree on Clarence Hotel

★★★★☆

Sale Date Mar 2018

Type Hotel

Rooms 52

Price/Room \$576,923

NSW,  
Sydney



**\$12,000,000**

### Warners at the Bay

★★★★☆

Sale Date Apr 2018

Type Pub & Motel

Rooms 50

Price/Room \$240,000

This price reflects hotel component only

NSW,  
Lake Macquarie



**\$16,000,000**

### Quest Newcastle West

★★★★☆

Sale Date Jun 2018

Type Serviced Apartments

Rooms 78

Price/Room \$205,128

NSW,  
Newcastle



**\$6,000,000**

### Bankstown Motel 10

★★☆☆☆

Sale Date Jul 2018

Type Motel

Rooms 30

Price/Room \$200,000

NSW,  
Bankstown





**\$8,300,000**

### Westside Motor Inn

★★★★☆

Sale Date Aug 2018

Type Motel

Rooms 35

Price/Room \$237,143

NSW,  
Ashfield



**\$21,250,000**

### Cosy Private Hotel 410 Pitt Street

★★☆☆☆

Sale Date Aug 2018

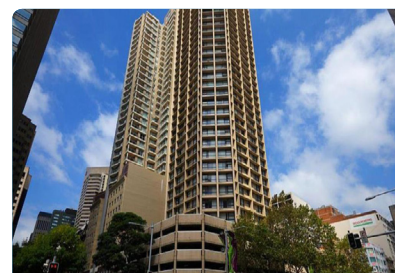
Type Hotel

Rooms N/A

Price/Room N/A

Existing hotel to be demolished and new hotel to be developed on the site.

NSW,  
Sydney



**\$54,180,000**

### Park Regis City Centre

★★★★☆

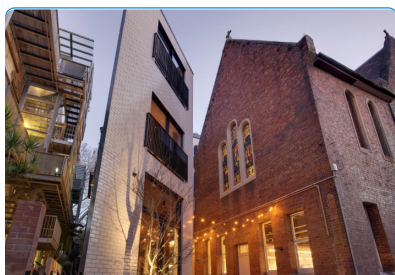
Sale Date Sep 2018

Type Hotel

Rooms 122

Price/Room \$444,098

NSW,  
Sydney



**\$25,750,000**

### The Little Albion

★★★★☆

Sale Date Oct 2018

Type Hotel

Rooms 36

Price/Room \$715,278

NSW,  
Surry Hills



**\$30,250,000**

### Quest Penrith

★★★★☆

Sale Date Nov 2018

Type Serviced Apartments

Rooms 115

Price/Room \$236,043

NSW,  
Penrith







**\$156,000,000**

### Pullman Melbourne on the Park

★★★★☆

Sale Date Jul 2018

Type Hotel

Rooms 419

Price/Room \$372,315

VIC,  
Melbourne



**\$127,200,000**

### Bell City

★★★★☆

Sale Date Aug 2018

Type Hotel

Rooms 844

Price/Room \$186,374

Hotel apportionment

VIC,  
Preston



**\$83,000,000**

### Quincy Melbourne

★★★★☆

Sale Date Aug 2018

Type Hotel

Rooms 241

Price/Room \$344,398

Fund through

VIC,  
Melbourne



**\$16,000,000**

### Habitat HQ

★★★★☆☆

Sale Date Oct 2018

Type Backpackers

Rooms 44

Price/Room \$363,636

Development site

VIC,  
St Kilda





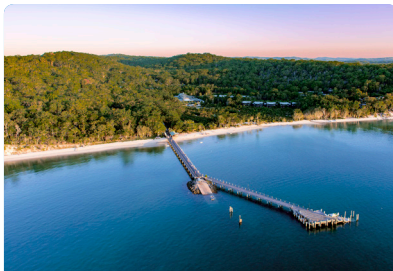
**\$36,180,000**

**Emporium Brisbane**

★★★★★

Sale Date	Jan 2018
Type	Hotel
Rooms	102
Price/Room	\$354,706

QLD,  
Brisbane



**\$43,000,000**

**Kingfisher Bay Resort and Village**

★★★★☆

Sale Date	Feb 2018
Type	Resort
Rooms	152
Price/Room	\$170,181

Includes Kingfisher Resort and Fraser explorer tour and ferries

QLD,  
Fraser Coast



**\$25,000,000**

**Mackay Grande Hotel**

★★★★☆

Sale Date	Mar 2018
Type	Hotel
Rooms	91
Price/Room	\$274,725

QLD,  
Mackay



**\$10,000,000**

**Metro Hotel Tower Mill**

★★★★☆

Sale Date	May 2018
Type	Hotel
Rooms	41
Price/Room	\$243,902

QLD,  
Brisbane



**\$90,000,000**

**Watermark Hotel & Spa Gold Coast & Brisbane**

★★★★☆

Sale Date	Jun 2018
Type	Hotel
Rooms	482
Price/Room	\$186,722

Sold as a portfolio

QLD,  
Brisbane



**\$10,250,000**

**Watermark Hotel Brisbane**

★★★★☆

Sale Date	Jun 2018
Type	Hotel
Rooms	94
Price/Room	\$109,043

QLD,  
Brisbane







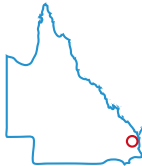
**\$24,312,500**

**Quest Springfield Central**

★★★★☆

Sale Date	Jul 2018
Type	Serviced Apartments
Rooms	82
Price/Room	\$296,494

QLD,  
Brisbane



**\$31,000,000**

**Hotel Urban Brisbane**

★★★★☆

Sale Date	Aug 2018
Type	Hotel
Rooms	179
Price/Room	\$173,184

QLD,  
Brisbane



**\$88,500,000**

**Novotel Twin Waters**

★★★★☆

Sale Date	Aug 2018
Type	Hotel
Rooms	366
Price/Room	\$241,803

QLD,  
Sunshine Coast



**\$12,500,000**

**QT Port Douglas**

★★★★☆

Sale Date	Aug 2018
Type	Hotel
Rooms	170
Price/Room	\$111,765

Represents hotel apportionment

QLD,  
Port Douglas



**\$6,000,000**

**Limes Hotel**

★★★★☆

Sale Date	Sep 2018
Type	Hotel
Rooms	21
Price/Room	\$285,714

QLD,  
Brisbane



**Confidential**

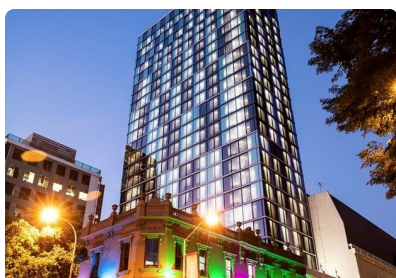
**Cairns Queenslander**

★★★★☆

Sale Date	Oct 2018
Type	Hotel
Rooms	113
Price/Room	Confidential

QLD,  
Cairns





**\$94,000,000**

**Ibis Styles Brisbane**

★★★★☆

Sale Date Nov 2018

Type Hotel

Rooms 367

Price/Room \$256,131

QLD,  
Brisbane



**\$5,800,000**

**Travelodge Rockhampton**

★★★★☆

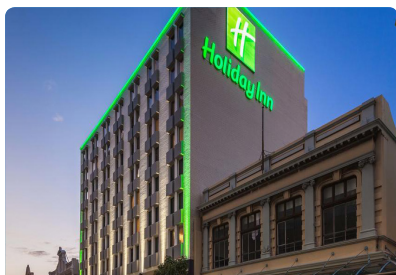
Sale Date Dec 2018

Type Hotel

Rooms 74

Price/Room \$68,493

QLD,  
Rockhampton



**\$63,880,000**

**Holiday Inn Perth City**

★★★★☆

Sale Date Apr 2018

Type Hotel

Rooms 186

Price/Room \$352,928

WA,  
Perth



**\$8,300,000**

**Sunmoon Boutique Resort Hotel**

★★★★☆

Sale Date Apr 2018

Type Hotel

Rooms 45

Price/Room \$184,444

WA,  
Perth



**\$13,400,000**

**Sebel West Perth Aire Apartments (Kings Park)**

★★★★☆

Sale Date May 2018

Type Serviced Apartments

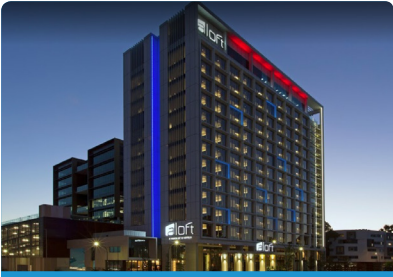
Rooms 64

Price/Room \$209,375

WA,  
Perth







**\$51,300,000**

**Aloft Perth**

★★★★☆

Sale Date	Nov 2018
Type	Hotel
Rooms	224
Price/Room	\$229,018

Hotel component only

WA,  
Perth



**\$11,500,000**

**Sullivans Hotel**

★★★★☆

Sale Date	Dec 2018
Type	Hotel
Rooms	71
Price/Room	\$229,018

WA,  
Perth



**\$188,000,000**

**Sky City Darwin**

★★★★★

Sale Date	Nov 2018
Type	Casino
Rooms	152
Price/Room	N/A

Price includes hotel rooms and casino

NT,  
Darwin

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