

## **New Hotel Developers have to Get Up Early to Catch 2010 Visitors**

Mega-Billion-Rand hotel developments and resorts are taking shape across South Africa. Most of the developments under construction, range from ultra-luxury five- star hotels to exclusive spa resorts.

Industry experts this week estimated that the projects are worth a total of well over R20-billion.

With South Africa wanting to grow tourist arrivals from 6million a year to 10million by 2010, international hotel groups are scrambling to stake their claim in the booming leisure and hotel sector.

Belgium-based Rezidor Hotel Group revealed that it would be spending in excess of R600-million on two new five- star hotels in the country. Other international hotel groups scrambling to secure prime real estate for their developments include Dubai-based Leisurecorp, UK's InterContinental Hotel Group, and Australia-based Stella Group.

Stella has just acquired Africa's biggest hotel chain, Protea Hotels, for an estimated R1.4-billion.

Protea Hotels has at least three developments worth over R520-million under construction; and a joint venture with the Extreme Group, founded by Alistair Gosling, opened its first Extreme Hotel in Cape Town in November last year. The partnership plans to invest more than R2.8-billion to roll out a chain of Extreme hotels, which are aimed at the backpacker market.

The UK and Dubai-led consortium, Istithmar, that bought Cape Town's landmark Victoria & Alfred (V&A) Waterfront for R7-billion last year is investigating new five- star hotel and resort developments on "Africa's Riviera" ahead of the 2010 Soccer World Cup. Istithmar plans to splash out another R7-billion on marinas, new shopping developments, apartment blocks, offices and a 250 bedroom luxury hotel and resort hotel.

According to the Ministry of Environmental Affairs and Tourism, the 2010 World Cup is expected to involve about 3.5 million people, both South Africans and foreigners, including spectators, officials, sponsors and players. Last year South Africa's tourism industry grew 13% against the global average growth of 4.5%, as measured by the World Tourism Organisation's World Tourism Barometer.

Statistics also show that business tourism, which contributes more than R21-billion to SA's economy each year and keeps 260000 people employed, is also soaring, with executives not only booking into hotels, but also luxury golf estates.

One such estate, which is scheduled to get a massive upgrade, is the luxury Pearl Valley Signature Golf Estate and Spa recently acquired by Leisurecorp, another one of Istithmar's subsidiaries.

According to First National Bank, most of South Africa's luxury hotels are already experiencing unprecedented occupancy levels, driven mainly by holidaymakers from Britain, France, Germany and the domestic market.

Local hotels have recorded some of the highest occupancy rates in the world over the last three years, a Deloitte survey has found. The Hotel Benchmark Survey found that hotel occupancy rates in SA had increased from 69% in 2005 to 71.2% this year.

The average room rate has also rocketed from R560 to R645 since January last year.

Hyatt International Hotels & Resorts, which currently has one hotel in South Africa, has plans to build seven others across the country. Spokesman Malene Rydahl said the group was busy investigating sites and calculating final costs. "With land prices having increased significantly, it makes it more and more difficult to successfully structure a hotel deal in South Africa," she said.

The Federated Hospitality Association confirmed that securing sites was a complex process and the growing number of hotels being built was another major boost for the construction industry. A single hotel room can cost a developer between R750 000 and R1,5 million to build.

## **Under construction:**

**THE THREE CITIES HOTEL GROUP:** The Three Cities Hotel Group, has budgeted R1.4-billion for further investment and expansion. It plans to build five hotels in Gauteng and KwaZulu-Natal by 2009. Its managing director Alan Vels said the developments would add to the group's 40 properties that include game lodges, resorts and five star hotels.

**REZIDOR HOTEL GROUP:** Upmarket hotels in Johannesburg and Port Elizabeth. The investment is worth about R600-million.

**PROTEA HOTELS:** R2.8-billion investment in partnership with Extreme Group.

**STARWOOD HOTELS & RESORTS:** Investing an estimated R1.2-billion in a Kruger Park golf estate with Joburg-based Meadow Star Investments.

**GOLD REEF RESORTS and empowerment partner AKANI LEISURE INVESTMENTS:** Investing R1.2-billion in the Silverstar Casino in Krugersdorp.

**RELAIS HOTELS:** A premier boutique group with six top-end hotels in the Western Cape is finalising expansion plans.