

COMMERCIAL INDUSTRIAL INVESTMENT PROPERTY

The Sydney Morning Herald

www.smh

No rest for motel moguls

BY CAROLYN CUMMINS
Commercial Property Editor

The release of figures indicating an increase in inbound tourists has been the news the hotel sector has waited to hear for the past couple of years.

Although the inflow is partly Olympics related, hoteliers from the five-star to the budget end of the market are confident the trend is sustainable.

Although supply continued to outpace demand in some sectors, the outlook for the next couple of years, in spite of the Olympic Games, remains positive.

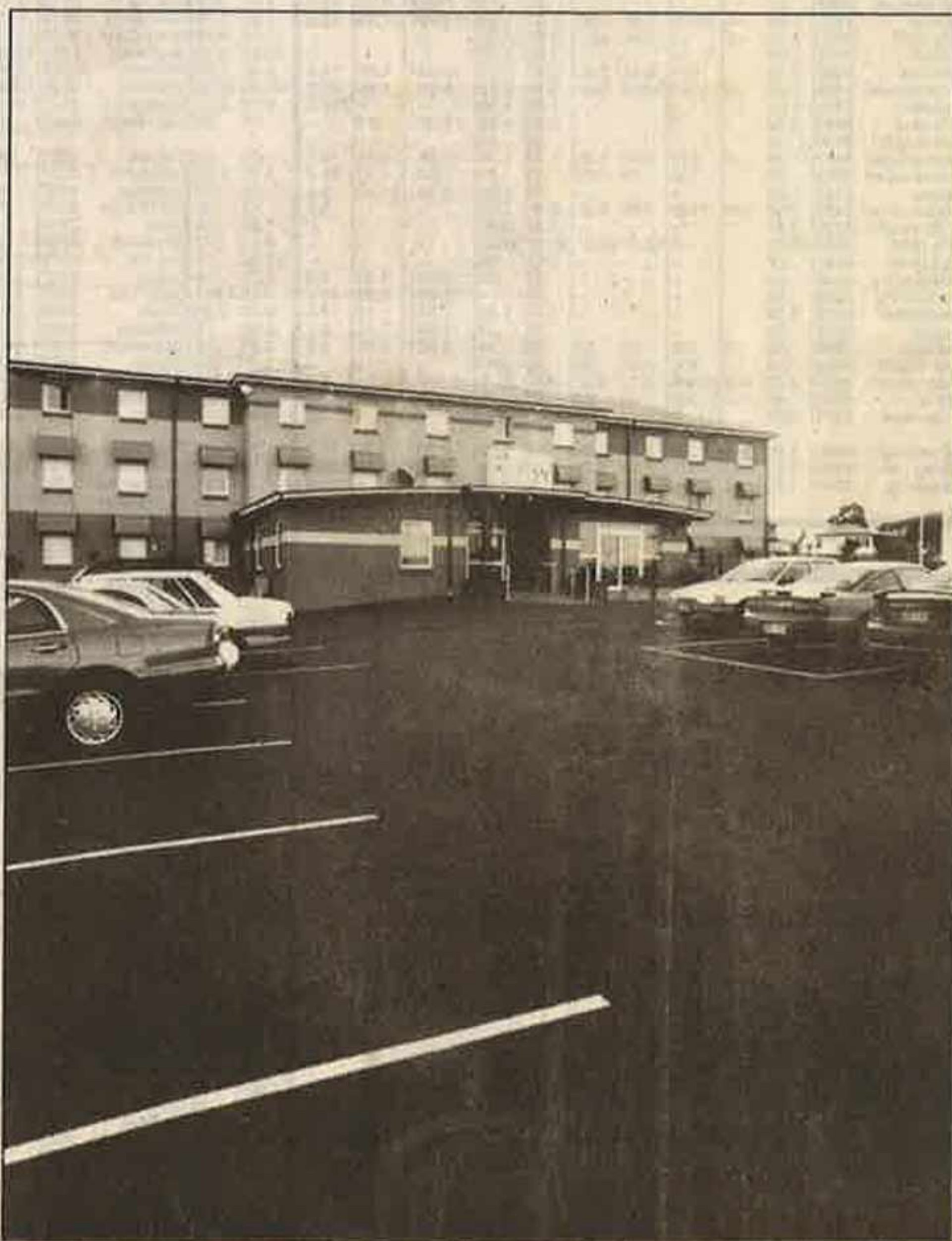
Australian companies continue to dominate the ownership pie. In a survey by Jones Lang LaSalle Hotels, 50 per cent of the market is owned by locals. Asian-based companies account for 39 per cent of room, with the remainder made up of European and United States players.

The proposed introduction of the carrier Virgin Airlines into the domestic market will also be a boom for travellers, particularly if the suggested lower air fares are introduced.

One of the new groups on the block, Rest Inn, is so assured of an increase in travellers, both domestic and international, it plans to build two more sites as quickly as possible.

The group is at the budget end of the spectrum, offering, clean, secure rooms starting at \$39 a night.

It is the main competitor to the Accor group's Formule 1



The Rest Inn at Dubbo . . . more sites planned.

chain, although considerably smaller in size in Australia. But it is backed by the giant Villages group in France, as well as private investor Rodney Adler and the Ipoh Group.

The Villages chain was founded by Alain Jacquier who also founded the Mercure

group, which he later sold to Accor.

Rest Inn's founders are two French Nationals based in Australia, Rodolphe Belin and David Thevenon, who developed the concept over a cup of coffee almost four years ago and have not looked back. Belin was

previously with the French Tourist Commission based in Australia, while Thevenon was a consultant with Bain International.

Belin says the group is aiming to have a portfolio of about 20 hotels in the next five years.

The Rest Inn chain is based on the same concept as Accor's budget operations, where the hotels are manned until about 10 pm, after which a visitor can access a room using a credit card.

Belin has worked closely with local manufacturers and has come up with an innovative smart card styled on an Automatic Teller Machine that can be used at all Rest Inns and will eventually attach a loyalty program.

The new system will allow visitors the ability to pre-pay the room. Visitors are a diverse group ranging from backpackers to business people on a budget, to families or tourists passing through for the night and sporting clubs on tour.

Last week the group received approval from Liverpool Council for its second site in Sydney. It will be located on the Hume Highway and M5 with 76 rooms.

The first two sites are based in Coffs Harbour, where a 70-room hotel opened in September 1988, and a 76-room complex at Dubbo which opened last month.

In its first four weeks of trading, the Dubbo site gained an occupancy rate of 65 per cent in a traditionally quiet month.

The next site will be the 91-room property at Brisbane Airport, catering for the overnight traveller or visitor on a tight budget.

"We saw the Accor brands and believed the door was left open for someone with the right experience to set up a product that is more adapted to the Australian market," Belin said.

"David [Thevenon] and I confirmed there was a need for a new budget hotel chain in Australia, but after many doors being slammed in our face, we found support with Bertie San, the managing director of Ipoh and Rodney Adler.

"Since then we have identified opportunities and are planning to expand across the country."

Each hotel costs between \$2.5 to \$2.8 million to construct.

According to Belin the budget accommodation market in Australia remains fragmented, but with tight operating costs and overheads, a chain such as Rest Inn can prosper.

No doubt the Accor group will be keeping a close eye on the prospects of Rest Inn.

Recently Accor Asia Pacific restructured its local operations and bought the remainder of the Ibis, Mercure and Novotel hotels that were previously owned by its listed arm Tourism Asset Holdings.

Accor plans to accelerate its growth in Australia where it, too, has identified growth potential.