

AFR 28 Nov 1997

Motel brokers track trade to Sydney

Lisa Southgate

Brisbane-based motel specialists, Resort Brokers Pty Ltd, have opened an office in Sydney on the wave of rising demand for freehold and leasehold motels.

Small investors want the motels in suburban and regional areas and are requesting a split into freehold and leasehold investments.

This option appeals to investors who like the turnover and day-to-day operations of a motel business but lack the capital to buy a motel.

"That's broadened the market because leasehold operations are available for roughly one-quarter to one-third the price of freehold properties," said Resort

Brokers managing director, Mr Ian Crooks.

Mr Crooks says that while Brisbane's healthy motel sector has been singled out for mention, motels in key provincial centres in NSW and other parts of Queensland have performed well, particularly in Orange, Dubbo, Parkes and Forbes.

"To date we have serviced the east coast and Northern Territory markets from our Brisbane base, but because of the increasing activity in the New South Wales central and south coast areas, we need a Sydney base," he said.

Currently yields for freehold properties in Queensland are between 12 to 15 per cent, and

yields for leasehold properties are between 33 and 45 per cent. Yields down south are not quite as keen, partly because there are more properties, Mr Crooks said.

Recent sales include a motel called the Town Lodge at Coffs Harbour, which sold to local investors for \$995,000 on a yield of 16 per cent. The Cumberland Hotel at the Hunter Valley, in NSW recently sold for \$1.5 million on a yield of 15 per cent, and a motel in Terrigal, north of Sydney, is under negotiation for \$4 million, with a yield of 17 per cent.

Mr Crooks said Resort Brokers consultant Mr Reg Saunders would move south to the office in Clarence Street, Sydney.

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