

Sofitel Brisbane sold to Singaporean billionaire's CDL for \$178m

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Singapore-listed real estate and hospitality giant CDL has struck the biggest hotel deal in Brisbane in almost four years after agreeing to buy the 416-room Sofitel from Canada's Brookfield Asset Management for \$178 million.

The sale to City Developments Limited (CDL), which is chaired by billionaire Kwek Leng Beng, and is 49 per cent owned by the Hong Leong Group founded by his father, is the biggest hotel deal in Brisbane since fund manager Salter Brothers paid \$150 million in 2019 for the 304-room NEXT Hotel in Brisbane's Queen Street Mall.

[\[https://www.afr.com/link/follow-20180101-p51pnb\]](https://www.afr.com/link/follow-20180101-p51pnb)



Sofitel Brisbane is in the middle of the Brisbane CBD above Central Station.

Brookfield, one of the world's leading alternative asset managers, put the 30-storey hotel above Central Station in the heart of the Brisbane CBD up for sale in October with a discounted asking price of \$175 million. [\[https://www.afr.com/property/commercial/brookfield-hoping-for-175m-for-sofitel-brisbane-20221012-p5bp6g\]](https://www.afr.com/property/commercial/brookfield-hoping-for-175m-for-sofitel-brisbane-20221012-p5bp6g)

It had hoped to sell the hotel for as much as \$220 million back in 2013, when it put the property up for sale as part of a five-asset offering. Brookfield acquired the hotel as part of its \$410 million takeover of listed hotel owner Thakral Holdings in 2012.

In a statement posted on the Singapore Exchange, CDL said it had on Wednesday entered into an agreement to acquire the Sofitel Brisbane Central from Brookfield Asset Management for \$177.7 million or \$427,000 per key. McVay Real Estate and CBRE Hotels brokered the deal.

CDL's entry into Brisbane's hospitality sector, which is pinging louder on global investors' radars after the city won the rights to host the 2032 Olympic Games in 2021.

"Brisbane is among the key hospitality markets in Australia that have enjoyed the strongest RevPAR (revenue per available room) recovery in 2022, significantly exceeding pre-pandemic levels," Mr Kwek said.

"Brisbane's pipeline of over \$20 billion in infrastructure projects will further enhance the city's position as a world-class sporting, tourism and business events destination.

"With Brisbane being the host city for the 2032 Olympic and Paralympic Games and the Rugby World Cup in Australia in 2027 and 2029, the acquisition presents an attractive opportunity for the group to enlarge our presence in Australia and enhance our recurring income stream."

The Sofitel Brisbane will be acquired by CDL's Millennium & Copthorne Hotels and its New Zealand listed subsidiary Millennium & Copthorne Hotels New Zealand Limited through a 50/50 joint venture.

Millennium & Copthorne Hotels owns and operates more than 130 hotels and 38,000 rooms worldwide and includes the global brand Millennium Hotels and Resorts.

While the hotel was offered with potential for vacant possession, it will continue to be operated as a Sofitel by Accor.

Despite the divestment, Brookfield head of real estate in Australia Sophie Fallman said hospitality remained an important sector for the asset manager.

"We continue to seek compelling opportunities around Australia as the sector rebounds post pandemic. We also continue to hold a long-term conviction in Brisbane real estate given the market's underlying fundamentals and growth," she said.

Co-selling agent Sam McVay said it was Brisbane's largest ever single asset hotel transaction.

"The sale process for Sofitel Brisbane Central created wide-ranging buyer interest, with 11 offers received from a mixture of private and institutional capital, including a substantial level of offshore interest," Mr McVay said.

Also in Brisbane, Indonesia's billionaire Karim family has made its second Australian hotel acquisition (as part of plans to build a \$500 million portfolio [\[https://www.afr.com/property/commercial/indonesian-billionaire-family-plans-500m-australian-hotel-buying-spreec-20221208-p5c4nn\]](https://www.afr.com/property/commercial/indonesian-billionaire-family-plans-500m-australian-hotel-buying-spreec-20221208-p5c4nn)) after buying the Quest Woolloongabba from Melbourne's Pellicano Group for \$43.8 million.

The Karim family's Invictus Developments made its maiden investment Down Under in October when it acquired the leasehold to the [Harbour Rocks Hotel in Sydney's The Rocks precinct](https://www.afr.com/property/commercial/indonesians-buy-historic-rocks-hotel-from-robert-magid-for-40m-20221028-p5btw5) [\[https://www.afr.com/property/commercial/indonesians-buy-historic-rocks-hotel-from-robert-magid-for-40m-20221028-p5btw5\]](https://www.afr.com/property/commercial/indonesians-buy-historic-rocks-hotel-from-robert-magid-for-40m-20221028-p5btw5) for almost \$40 million from Rich Lister Robert Magid.

sold with a lease back to Quest and a weighted average lease expiry of 12 years.

Chayadi Karim, the son of Indonesian palm oil tycoon Bachtiar Karim and the principal of Invictus Developments, told *The Australian Financial Review* in December his family was “long on the hotel market in Australia” with a focus on the east coast market, especially Sydney, but also Brisbane and Canberra.

He said Invictus would look to acquire hotels of between 150 and 200 keys, and would rather build a sizeable multi-asset portfolio rather than own just one or two big properties.

“[The Quest Woolloongabba] has an excellent growth story stemming from the 2032 Brisbane Olympics and its associated infrastructure drive and is underpinned by a quality tenant in Quest,” Mr Karim said.

Sam McVay of McVay Real Estate brokered this sale.



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