

UNITS LINKED TO HOTEL

Cheap land deal attracts Ritz

Daniel Emerson

The State Government is giving away more than 3400sqm of prime Swan riverfront potentially worth \$32 million for next to nothing to secure a luxury hotel at Elizabeth Quay.

The Opposition yesterday accused Premier Colin Barnett of blindly pursuing his “pet project” but the hospitality industry said the deal reflected the reality of getting hotels off the ground.

Asian developers Far East

Consortium received the green light to build two residential towers adjacent to the Bell Tower provided it also built a hotel opposite Supreme Court Gardens.

Combined, the two lots are just over 6800sqm — the same as a nearby parcel energy giant Chevron paid \$64 million for a Perth record \$9418/sqm in November.

At that rate, the 3438sqm hotel site would have fetched \$32.4 million and the 3389sqm apartment site \$31.9 million.

But Mr Barnett said on

Wednesday the FEC lots were being sold at a “different rate” — \$25 million plus an undisclosed proportion of sales from the 420 apartments — to make the hotel viable.

FEC and Marriott International, owners of the Ritz-Carlton chain which will occupy the 204-room hotel, have a combined balance sheet of \$US6 billion (\$6.5 billion).

Planning Minister John Day said yesterday the residential lot was sold at “market rate” and the hotel lot went for a “nominal rate to facilitate a world-class hotel which otherwise would not be commercially viable”.

He said Perth’s severe shortage of rooms affected tourism and the ability to do business in WA.

One commercial property source estimated that after building costs, a new Perth five-star hotel would have to charge about \$650 a night with 80 per cent occupancy to be viable.

Ritz-Carlton’s nightly rate at Elizabeth Quay is tipped to be

more than \$500, meaning the residential towers will effectively subsidise the hotel.

Shadow planning minister Rita Saffioti said Mr Barnett was willing to spend whatever it took to make his pet projects a success while cutting key services such as education.

Australian Hotels Association WA president Bradley Woods said critics of the discounted price should look at the economic and social benefits from a hotel rather than another office block.

West Australian

Friday 28/3/2014

Page: 16