

Well-heeled pay for high-end vibe

Luxury hotels

Sarah Petty

Luxury retreats in remote settings, where a single night can cost \$2000 or more, have become the best performing sector of the entire hotel market, with cashed-up tourists more willing to spend big on high-end experiences, close to nature.

A boutique sector of luxury lodges has emerged to cater for the expensive tastes of affluent travellers. Among them are Bedarra Island on the Great Barrier Reef, Saffire Freycinet in Tasmania, Longitude 131° in the Uluru-Kata Tjuta National Park and Huka Lodge in New Zealand.

Michael Crawford is the chief executive of luxury accommodation group Baillie Lodges which has six top-end resorts in Australia and New Zealand.

A single night's stay can cost as much as \$5000 in a Baillie retreat. He said travellers were expecting a lot more, especially curated experiences that were more exclusive and personalised.

"There is a much higher demand now than ever before for that expectation of creating a more curated, emotional connection to the places that you're visiting," Crawford told *The Australian Financial Review*. "They're looking for privacy and they're looking for opportunities for their family or close friends to gather."

"Going from just a standardised room product to a suite product to an owners' kind of retreat, if you will, that allows for smaller group gathers and places for them to be intimate, to share those experiences with themselves."

Analysis by CBRE of seven lodges in Australia and New Zealand shows total revenue per occupied room has increased 59 per cent from September 2018 to 2024, with margins up 54 per cent. Total visitor expenditure is also up 7 per cent since September 2019, from \$45.2 billion to \$48.4 billion.

Driving the growth in luxury lodges is the rise in the number of high-net worth individuals travelling the globe, on the hunt for more personalised, private holidays with a focus on nature.

The number of wealthy individuals around the world with more than \$US10 million (\$15.43 million) rose by 4.4 per cent in 2024, and is expected to increase by 6.9 per cent by 2028, according to separate research by Knight Frank. Meanwhile, tourism more broadly has jumped. Australia welcomed almost 8 million tourists in the 2024 financial year – up 36 per cent year-on-year.

Tourists from the United States are



Huka Lodge in Taupo, New Zealand; left, Longitude 131 Resort is outside Uluru-Kata Tjuta National Park.

the top contributors to visitor spending (\$2.3 billion), followed by China (\$1.8 billion) and the United Kingdom (\$1.7 billion) at the end of last year.

Katya Ezhova, research analyst at CBRE, said there had been a marked and consistent increase in global wealth, highlighted by the rising number of millionaires, which was increasing demand for high-end travel.

"Travellers' increasing appetite for unique and personalised experiences, as well as a shift towards wellness and sustainable travel, is propelling demand for luxury travel," Ezhova said.

"Affluent travellers are placing greater emphasis on safety and exclusivity, opting to explore lesser-known, emerging destinations and engaging in slower, more immersive travel experiences."

Luxury travellers are opting to take longer, more immersive experiences

that provide opportunities for personal growth, cultural enrichment or wellness benefits, as opposed to frequent, shorter trips.

"This shift in luxury travel definitely has a transformative influence on hotel development and upgrading, and this momentum is expected to accelerate," Ezhova said. "New luxury lodge designs and renovations are increasingly focused on creating unique experiences, incorporating elements like local art, nature-first architecture and design that tells a story and blends seamlessly with the surrounding."

Privacy is also being put at a premium by wealthier travellers, as opposed to "mass luxury".

"The smaller, more intimate environments that we're creating allow us to get a level of privacy for guests; private dining, private touring, intimate mas-

sage or spa treatments, are really important, I think, to the luxury experiential traveller now," Crawford said.

Guests of Baillie Lodges' Longitude 131° Resort in Yulara, Northern Territory, can take part in a private tour of the UNESCO World Heritage-listed Uluru-Kata Tjuta National Park by camel or car, or can book a small charter plane flight over Uluru. Travellers can also join a two to four-night "walkabout" itinerary around the national park.

Global travel and leisure investment firm KSL Capital partnered with Baillie Lodges in 2018, and is understood to have valued its luxury hotel portfolio at more than \$100 million at the time.

Dean Dransfield, a long-time transactions and development adviser to hoteliers, said before COVID-19 Australian travellers and tourist had not given much regard to luxury accommodation locally. But more hotels had since upgraded and there had been maturity in service delivery, he said.

"We got a lot better at creating itineraries of things to do at these retreat destinations and one of the core things, of course, was food and beverage," Dransfield said. "But on top of that, other things to do, whether it be fishing, exotic bushwalking, etcetera."

"There was just a real moment in time where quality was more likely to be rewarded, and therefore people put a lot more effort into delivering it."



\$200m Action Hotels

Three Melbourne hotels owned by Kuwaiti Sheikh Mubarak A.M. Al-Sabah's Dubai-based Action Hotels Group have hit the market with expectations of \$200 million. With a combined capacity of 575 rooms, the offering is one of the largest hotel portfolio opportunities to hit the market so far this year. Operated by Accor, the portfolio comprises the 347-room Novotel Melbourne South Wharf (pictured) which connects to the Melbourne Convention and Exhibition Centre, the 155-room Ibis Melbourne Glen Waverley in the city's south-east, and the 73-room Ibis Budget Melbourne Airport. Savills' Nick Lower, Mark Durran, Max Cooper, Niall Kumar and Benson Zhou are handling the portfolio. All three assets are under hotel management agreements, with the option to convert to franchise agreements following acquisition.

Clifton Village sale

Property fund manager Fawkner Property has acquired Coles-anchored Clifton Village Shopping Centre (pictured) at Clifton Beach, a coastal suburb north of Cairns in Queensland from Indigenous Business Australia, as trustee for the IREIT Sub-Trust, for \$34 million. CBRE's Michael Hedger, Joe Tynan and Danny Betros managed the sale. Around 24 kilometres north of the Cairns CBD, the 7811 square metre shopping centre has a recently



refurbished Coles supermarket, one mini-major and 23 specialty stores. Its tenants include The Reject Shop, Liquorland and Domino's as well as an allied health precinct with Terry White Chemist, QML Pathology and a large medical centre. It is Fawkner Property's third shopping centre acquisition in Cairns in recent years following its purchases of Earlville Shopping Town in 2022 and Cairns Central Shopping Centre last year. NICK LENAGHAN



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Xavier Plunkett
0402 915 824
xavier.plunkett@htlproperty.com

Andrew Jolliffe
0438 733 447
andrew.jolliffe@htlproperty.com

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