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RACV acquired landmark Queensland resort

Gold Coast, QLD (23 July 2008)

In a major vote of confidence in the Gold Coast tourism market, Victorian motoring giant the RACV has acquired the prestigious Royal Pines Resort in South East Queensland.

CB Richard Ellis Directors George Nicholas and Mark Witheriff negotiated the sale of the landmark resort on behalf of Morgan Stanley Real Estate. The price has not been disclosed.

The sale encompasses the majority of the land and facilities at Royal Pines, including a 330-room Crowne Plaza hotel, a major convention centre, 27-hole championship golf course and two sites capable of accommodating three high rise towers and a mid-rise development project.

Sale negotiations are continuing on the remainder of the site, which includes a marina precinct with 350 residential entitlements alongside two additional land parcels which carry a combined 29 residential entitlements.

Mr Nicholas said the RACV deal represented a significant vote of confidence in the Australian hotel investment market.

"Following on from Indigenous Business Australia's recent \$22 million purchase of the Holiday Inn Hotel in Townsville, this deal highlights that there are still cash buyers in the market who do not require financing and who are continuing to seek out quality hotel investment opportunities," Mr Nicholas said.

Mr Nicholas said the Gold Coast sale had presented a rare opportunity to acquire an existing resort with prime residential development land in the heart of Australia's most dynamic residential and tourism market. The resort also includes one of Australia's most successful golf courses, which is home to the ANZ Ladies Masters.

An estimated \$16.9 million was recently spent on upgrading the Royal Pines guest rooms and public areas as well as enhancing the hotel amenities with the introduction of an Angsana Spa and children's facilities.

"The acquisition presents the RACV with the opportunity to capitalise on the recent refurbishment and benefit from the expected improvement in the performance of the hotel," Mr Nicholas said.

CBRE Gold Coast Managing Director Mark Witheriff described the deal as a major boost for the local tourism industry.

"For a long time, Victorians have identified the Gold Coast as an attractive holiday destination," Mr Witheriff said.

"The RACV's acquisition of Royal Pines reinforces this position and represents a real vote of confidence in the Gold Coast tourism industry in a changing market."

Mr Witheriff said the sale campaign had attracted significant interest from major developers and hotel investors, and offers had been made to acquire the property outright.

However, in the final stages of the campaign Mr Witheriff said it had become evident that the highest end price would be achieved by splitting the property into two components.

Negotiations were underway to sell the remaining waterfront development land, which was expected to be keenly sought given the continued strength at the prestige end of the Gold Coast residential market.

"Continued interstate migration and strong economic conditions have helped fuel the prestige market, with the Gold Coast now recognised as one of the fastest growing regions in Australia," Mr Witheriff said.

The Gold Coast's permanent population recently reached 500,000 and further growth is projected at 3.3% per annum.

Those gains combined with the above average economic growth in South East Queensland have fuelled strong increases in Gold Coast prices – particularly for prestige residential product directed at the acquisitive baby boomers and empty nesters

"It has been well documented that these types of buyers will pay premium prices for premium products such as Royal Pines, which is well positioned to cater to this sector of the market," Mr Witheriff said.

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