

\$20m hotel plan raises fears of accommodation glut

# Room with a pew

**Renato Castello**

**PLANS** for a \$20 million four-star hotel in the city's West End have prompted fresh concerns that Adelaide could face a glut of hotel rooms.

An Adelaide investment consortium has lodged plans with Adelaide City Council for a 14-storey hotel in Grote St next to the Franklin St Bus Station.

The 207-room hotel, rumoured to be connected to the international Sheraton hotel group, will be 56m tall.

It will be built on the back of the existing 82-year-old Church of Christ building, which will become a restaurant and bar.

It comes just a month after the *Sunday Mail* revealed the Westpac bank building on the corner of North Tce and King William St will become a four-star, 121-room Seasons of Adelaide hotel.

SA Tourism Alliance president Les Penley said any new hotels must be "approached with caution".

"You don't see too many existing hotel operators in this state clambering to build more rooms because they know it is a delicate balance," he said.

"There must be an appropriate balance of all styles of rooms otherwise hotels slash prices and room yields will decline.

"I think we have got the balance right at the moment."

He said the industry had experienced "stellar performances" in the past 12 months with 2006 a record year thanks to a busy March and the Australian Tourism Exchange in

June.

"But this must not be seen as the benchmark upon which new properties are built," Mr Penley said.

His comments come as latest figures released by the Australian Hotels Association reveal that major events had boosted occupancy rates by six per cent in the past 12 months.

Occupancy rates for 2006 averaged 79 per cent, up from 72.63 in 2005.

AHA accommodation division manager Hamish Arthur predicted hotels would be running at about 90 per cent capacity this month with the Clipsal, Fringe and World Police and Fire Games.

But he said the figures needed to be kept in perspective.

"It was only 18 months ago that occupancy for the month of June was just 58.52 per cent, which is extremely low for accommodation properties," he said.

"In 2007 it's going to be tough for Adelaide's hotel accommodation market to be as strong as it was last year."

A spokesman behind the latest venture said a "number of parties" were interested in operating the hotel.

He said Adelaide's CBD population was growing and the impending resources boom meant there was a need for more accommodation.

"We have confidence in Adelaide and there is a shortage of good quality accommodation," he said.

"We want to retain the church and merge the old with the new as is done a lot in New York."

**SEEING STARS**



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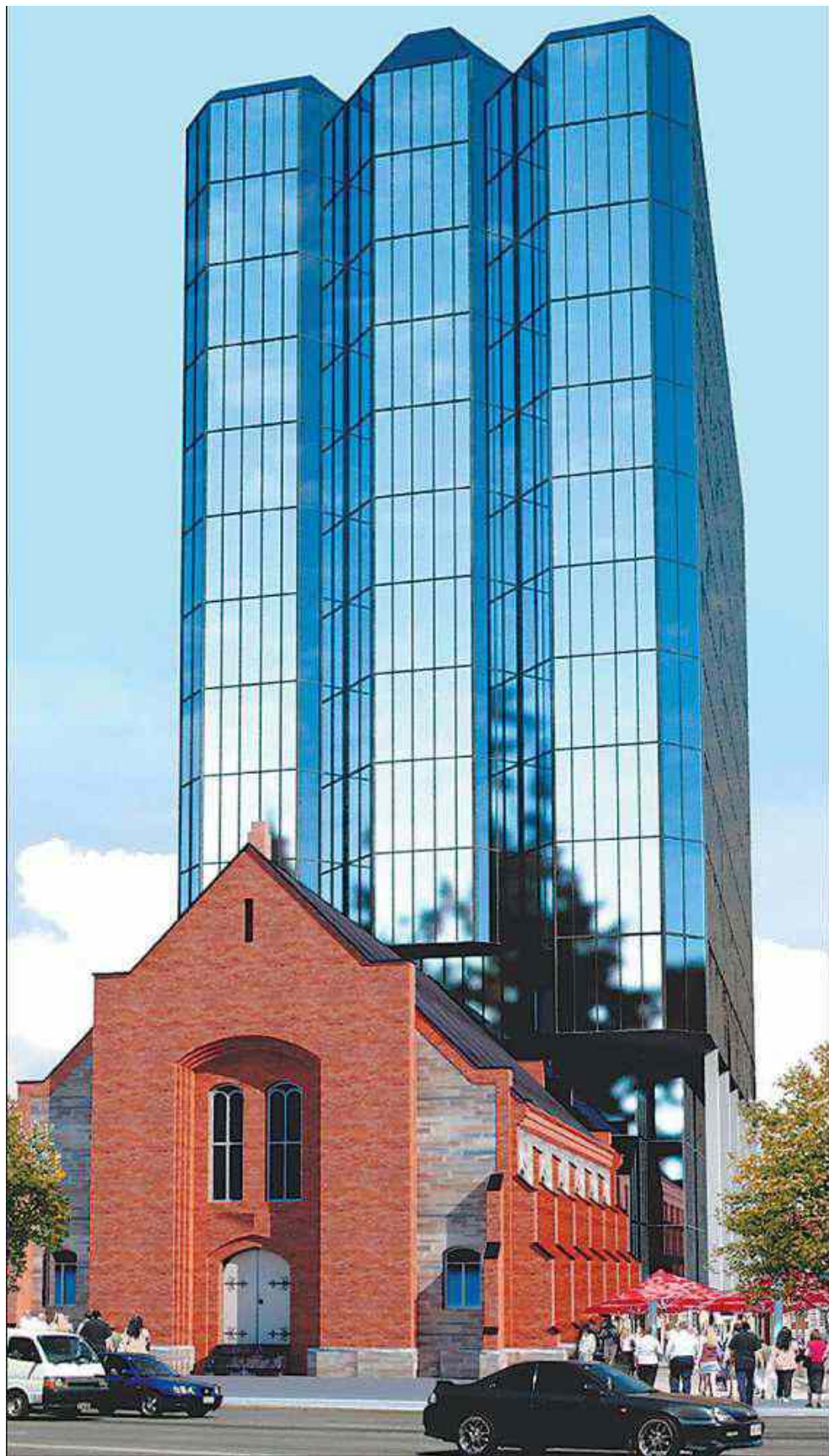
**RENDEZVOUS ALLEGRA**

**MAJESTIC ROOF**

**GARDEN HOTEL**

**MEDINA TREASURY**





**ALTARATIONS:** Artist's impression of the hotel with the church in the foreground