

# Arabella hotels up for sale

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Luxury hotels Westin Grand Arabella Quays Hotel on Cape Town's Foreshore and Arabella Western Cape Hotel & Spa near Hermanus are up for sale.

The Arabella Hospitality Group said this week that it had decided to sell its South African Hospitality operations to concentrate on its hotel activities in Europe.

The sale process of the South African interests of the group will entail a managed bidding process administrated by Deutsche Bank, and is expected to be concluded within six months.

Foreign hotel operators have entered South Africa relatively recently and Absa Investments analyst Chris Gilmour said foreign hotel operators have not made a huge impact on the local terrain.

According to the STR (Smith Travel Research) Global Hotel Benchmark, average annual occupancies in South African hotels was 58% in 2009, down 13.6% on the year before, while average room rates increased a mere 1.5% in 2009.

Cape Town five-star hotel occupancy was 12% lower in 2009 than in 2008. In addition, the average room rate was down 0.4%.

Lee-Ann Bac, a director at Grant Thornton Strategic Solutions, said Cape Town five-star hotels had performed slightly worse than Cape Town hotels with fewer stars.

The situation had moved from one of undersupply to oversupply, she said.

"We're unlikely to see new hotel developments in the near future," she added.

*Source: Business Times*