

Three Cape hotels to be sold at auction

By [Janice Roberts](#)

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Three hotels on the Garden Route are to be sold at auction, a sign that the hotel industry is under severe pressure.

According to Auction Alliance, assets of the Hartkorp Group in the southern Cape, will come under the hammer following its liquidation and the suicide of its founder.

"The property developer developed over 200 million rand worth of hotels, apartments and buildings, and was liquidated in May this year by its founder Hennie van Niekerk after its flagship Riviera Hotel slumped following the post-world cup leisure sector downturn," the auction house adds.

The group also owned the High Rustenberg Health Hydro in Stellenbosch, which it later sold to iProp in 1972.

Hartkorp was hit hard by the economic downturn and its founder committed suicide in June this year. The auction will take place on 16 September 2011, Auction Alliance says.

The three hotels, which Hartkorp developed in conjunction with Stocks Developments in 1996, will now be auctioned as well as a residential complex and two commercial properties, all of which cost over 110 million rand to develop.

The hotels going on auction include the Riviera Coastal Inn Suite Hotel in Hartenbos, Diaz Beach Garden Route Boutique Hotel and Boland Park Hotel & Lodge.

"The sale is unfortunately a sign of the deterioration currently occurring in the leisure and hotel industries, but despite negativity in the sector we have received extensive interest in the developments, particularly from individuals who are sensing conversion opportunities. My sense is that hotels will be snapped up by smaller operators or property developers who will convert them into retirement complexes or residential apartments'," CEO of Auction Alliance Rael Levitt said.

The Riviera Coastal Inn Suite Hotel features hotel rooms, large family rooms, and luxurious private suites all facing the Hartenbos Lagoon. The Garden Route Boutique Hotel is a new complex comprising 16 en-suite rooms overlooking the ocean. The Boland Park Hotel comprises 19 twin lodge en-suite rooms, nine self-catering cottages, two large self-catering chalets and six budget rooms.

Boland Park Villas, the secure residential complex going under the hammer, consists of ten fully furnished one-bedroom villas, and is situated 500m from Diaz Beach. The commercial properties which will be offered are both situated in Hartenbos, and include Storage 4 U, a centrally situated and secure self-storage facility, as well as Boulevard Place, a

sectional title mixed-use building comprising retail and office space.

Earlier this month, Pinnacle Point Golf Estate in Mossel Bay was also placed under provisional liquidation.

"The distress experienced by the leisure property sector has resulted in an augmentation of opportunistic buying by investors seeking to not only unlock value from investments, but obtain properties at prices significantly below market and replacement value," Levitt adds.

Auction Alliance has successfully sold various hotels and leisure properties across South Africa including, Harbour House Hotel in Hermanus for 18 million rand, Hartenbos Eco Estate sold for 35 million rand, Sitari Fields Golf Estate in Somerset West fetched 63 million rand and 22 stands situated on Yzerfontein Beach in the West Coast secured 28 million rand.

"Recent pronouncements by Reserve Bank Governor Gill Marcus, that interest rates are in a low cycle and may possibly be lowered, have already given the investment market a boost. Our auctions in August have been surprisingly strong despite global concerns about an economic double-dip", adds Levitt.

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