

# V&A expands hotel offering

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Growthpoint Properties and the Public Investment Corp (PIC), the co-owners of the V&A Waterfront in Cape Town, are in discussions with a number of international hotel operators to run what will be the first new hotel to be built at the precinct since Sol Kerzner's One&Only opened its doors in April 2009.



The One&Only hotel at the V&A was the last hotel to be built at the precinct. Now another new hotel might be going up there. Image: [Cape Town Guide](#)

Plans to develop another three-star hotel at the V&A come on the back of a steady recovery in hotel occupancies and room rates in Cape Town.

The latest SA hotel review by STR Global shows that hotel occupancies in the Mother City climbed 4,7% to 60,8% for the nine months to September (year-on-year).

Revenue per available room (revpar) for all Cape Town hotels increased by a substantial 16,5% over the same time. That follows a two-year slump in hotel occupancies and revenues after strong growth in new developments that preceded the soccer World Cup.

V&A Waterfront's chief executive David Green says demand at the V&A's existing 10 hotels, comprising six five-star, two four-star and two three-star properties, has recovered steadily over the past 18 months. He says the V&A is achieving higher-than-average occupancies and room rates, referring to a recent independent report that shows V&A hotels trade at a sizeable premium to their counterparts in surrounding areas.

## Right time to develop

According to the report the average premium in revpar equates to 52%, 71% and 95% respectively for the V&A's five-, four- and three-star hotels.

Green says the time is ripe to add another mid-market hotel to the V&A, given the healthy growth in domestic, business and leisure tourism. "With more than 24m visitors a year, the V&A is an attractive prospect for internationally branded hotel operators."

Though Green is not saying which hotel operators they are talking to, it is no secret that key international players like Accor, Marriott, Starwood, Hilton and Spanish-listed NH are keen to expand into SA's midpriced market.

Growthpoint and the PIC have already injected more than R1bn into refurbishments and new developments since they purchased the V&A precinct for R10bn from Dubai World and London & Regional in early 2011.

According to Growthpoint's latest financial results for the year to June 2013, the V&A is valued at R11,098bn.

Besides the introduction of a new food court and a major repositioning of the V&A's retail offering, more residential apartments have also been added to the V&A. The first phase of No 2 Silo, comprising 31 one- and two-bedroom apartments with price tags of between R3m and R11m, is virtually sold out.

This is the first time that new residential stock has been added to the V&A since 2007, when 515 apartments at the Marina Residence were completed.

The apartment block forms part of the new silo precinct, a R1,5bn mixed-use project which on completion will include an 18,000m<sup>2</sup> office block, a public plaza and a contemporary African art museum.

A recent study by Economic Information Services places the V&A as SA's most visited tourist landmark.

Source: Financial Mail via I-Net Bridge

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