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By Larry Schlesinger

Indonesian billionaires plan \$500m Australian hotel buying spree

Indonesia's billionaire Karim family has set its sights on building a \$500 million hotel portfolio on the east coast, with a focus on Sydney, after settling its maiden Australian purchase, the Harbour Rocks Hotel, this month.

As revealed by *The Australian Financial Review* in October, the Karim's Invictus Developments paid just shy of [\\$40 million for the leasehold to the 59-room heritage property](#) situated in Sydney's historic Rocks tourism precinct adjacent to the CBD and operated as an MGallery hotel by Accor.

The acquisition, which local advisory Interagen Property Group helped put together, was the family's first in Australia across any property asset class.

Chayadi Karim, the son of Indonesian palm oil tycoon Bachtiar Karim and the principal of Invictus Developments, said he saw similarities between the rebounding Singapore market – where the family owns a number of hotels – and Sydney.



The Karim family plan to buy more hotels in Sydney, after settling the Harbour Rocks Hotel purchase.

“Sydney will mirror the trading performance of Singapore,” Mr Karim said. “It will get stronger on the back of a stronger average daily rate, primarily due to inflation, event travel and the resurgence of corporate travel.

“We are not entirely concerned about a recession and are long on real estate.”

Singapore hotels hit a strong 75 per cent average occupancy rate in September, while the average daily rate rose 13 per cent year on year, according to figures from analysts STR.

By comparison, Sydney hotels achieved a 74 per cent occupancy rate in October and an average daily rate of \$271 – up 48 per cent on the same time last.

Noting Australia’s metro hotel market had “rebounded aggressively” Mr Chayadi said Invictus was “long on the hotel market in Australia” and would also take a look at opportunities in Brisbane and Canberra. However, he all but ruled out buying a Melbourne hotel.

“We did our own study, and believe there are too many hotels in Melbourne. Personally, I love Melbourne, but we have to go where the numbers lead us,” he said.

With \$500 million of family money to invest, Mr Chayadi said Invictus would look to acquire hotels of between 150 and 200 keys, and would rather build a sizeable multi-asset portfolio rather than own just one or two big properties.

“We don’t want to buy just two assets, then it’s harder to refurbish and recycle these assets,” he said.

He declined to discuss the type of returns Invictus hoped to achieve, but said it would “operate like a fund” with plans to hold assets for up to eight years or longer if the hotel performed very well or the family developed a strong attachment to a property.

Regarding its plans for the Harbour Rocks Hotel, Invictus is exploring options to refurbish and uplift the property, which the Karims acquired from downsizing Rich Lister Robert Magid (in a deal brokered by JLL’s Mark Durran), who this month put Manly Wharf on the market.

“We are excited to unveil in due time our plans for the Harbour Rocks Hotel, which includes upgrades to the buildings and enhancements in the hotel’s facilities, such as their food and beverage offerings”, Mr Karim said.