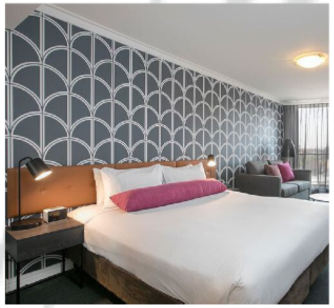
Supply and Demand Analysis

Supporting development of hotel at

757-763 George Street, Haymarket, NSW, Australia

Final Report 3 September 2020



DIAGNOSIS & PLANNING · PRODUCT DEVELOPMENT · FEASIBILITY STUDIES

Authorship

Prepared by SMA Tourism, Website: www.smatourism.com, Email: info@smatourism.com

SMA is an international tourism consulting firm, specialising in innovative product development for cultural tourism, ecotourism, adventure tourism and culinary (food and wine) tourism.

The authors contributing to this Report were:

Simon McArthur
Report writing

Jane McArthur
Research

Disclaimer

This report is significantly limited by the extraordinary circumstances triggered by the pandemic outbreak of COVID-19. The current limitations on travel are fundamentally restricting domestic and international tourism to a greater degree than ever before in Australian history. It is not possible to forecast when the huge limitations on tourism travel and subsequent minimal occupancy within hotels will be lifted.

We therefore caution that any specific investment decisions relating to hotel construction at this time should be made with continuous updated information from multiple sources.

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Table of Contents

Definitions

Average Daily Rate: a metric widely used in the hospitality industry to indicate the average revenue earned for an occupied room on a given day. The average daily rate (ADR) measures the average rental revenue earned for an occupied room per day.

Brand: source of a distinctive promise for customers from a product, service or place. Everything the lead organisation does in collaboration with its partners and community should be orientated around delivering and constantly enhancing the promise. A brand is not just a logo.

Experience: The emotions, feelings and sensations generated by the people met, places visited, activities participated in and memories created by travel, through watching, testing, smelling, touching, listening and being part of a culture or lifestyle that is distinctly different from everyday life and that reaches an individual's deep needs and desires. An experience is not a product (which is the simpler / stripped back / commercialisation of an experience).

Marketing: the management process through which goods and services move from concept to the customer. It includes the coordination of four elements called the 4 P's of marketing: identification, selection and development of a product; determination of its price; selection of a distribution channel to reach the customer's place, and development and implementation of a promotional strategy.

Market research: The collection, analysis and interpretation of information that identifies marketing opportunities and link the organization with its marketing environment.

Occupancy rate: measures the ratio of occupied to total usable space. This rate helps analyse changes in realised demand for evaluating hotel and resort properties.

Operator: an individual or organisation that conducts a tourism activity which results in some degree of commercial return.

Product: a good or service (tangible or intangible) than an organisation offers to its customers.

Revenue Per Available Room (REVPAR): a metric used in the hospitality industry to measure hotel performance. The measurement is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. The average daily rate (ADR) shows how much revenue is made per room on average. The higher the ADR, the better. A rising ADR suggests that a hotel is increasing the money it's making from renting out rooms. To increase the ADR, hotels should look into ways to boost price per room.

Target market: the portion of actual and potential visitors that an organisation most wants to attract to their destination or product. The target market is chosen because the needs of the market segments chosen most naturally fit what the destination or product can offer and offer the best return on any marketing investment to attract them

Visitor (local): a person who comes from within village / township within the local government area

Visitor (day tripper): a person who comes to a destination from outside the immediate local area (such as a local government area) and leaves in the same day.

Visitor (overnight): a person who comes to a destination from outside the immediate local area (such as a local government area) and stays overnight within the same immediate local area.

WOW factor: a highly differentiated experience that is so distinctive that it is a primary motivator to visit a region – which may in turn be thought of as an iconic product. The delivery of a wow factor experience should so surprise and excite the consumer, that it motivates them to do it again or at least strongly recommend it to their friends and relatives. Not every visitor needs to do the wow factor, but typically those that don't want to do it, still want to watch others do it.

Yield - the expenditure injections of tourists (sales revenues) or the profitability of catering to different visitor markets. Yield can be defined purely from an accounting perspective (sales revenues per visitor) or the financial rate of return to operators, or gross operating surplus of different industry sectors. Alternatively, the profitability to the tourism industry of different market segments can be assessed.

1. The Proposal

1.1 Project location

The project is located at 757 – 763 George Street Haymarket (Sydney NSW). **Figure 1.1** presents the two blocks that the development is positioned on. Significant contextual background on the site can be found in the Grimshaw (2020) Urban Design Report.

Figure 1.1 Location of the two blocks to be built on 757-759 and 761-763 George Street, Haymarket.

The site itself and surrounding locality have been identified as suitable for accommodating tower scale developments. The site forms part of a Tower Cluster Area under the draft CSPS where maximum building heights significantly greater than those prescribed by the base LEP are permitted. To the east of this Tower Cluster Area, tower developments are also envisaged by the *Central Precinct Renewal Program* for the Central Precinct. The precinct comprises 24 hectares of land and consists of a number of sub-precincts. In October 2019, TNSW submitted a Planning Proposal to rezone a portion of the Western Gateway sub-precinct for the following:

- Block A – Railway Square YHA Site (14-30 Lee Street, Haymarket) – A commercial tower with 70,000m2 of GFA and a maximum height of RL 200.2.
- Block B – Henry Deane office block (8-10 Lee Street, Haymarket) – Two commercial towers with 50,000m2 and 40,000m2 of GFA and a maximum height of RL 205.8

Concurrent with the Planning Proposal, a State Significant Development Application (SSDA) is being prepared for the redevelopment of the Henry Deane Plaza (Block A) located to the south east of the site. If successful, the proposal will deliver a 40-storey tower and will act as a catalyst for the redevelopment of the area for Sydney's Innovation and Technology Precinct.

In addition, to the above, the strategic planning framework identifies Haymarket as a suitable locality for growth and investment. The Eastern City District Plan (District Plan) situates the site and the broader Haymarket area within the Innovation Corridor. The Innovation Corridor is noted as being integral to supporting the growth of Sydney's knowledge-intensive industries and being attractive for start-ups, educational institutions and creative industries.

The District Plan confirms that there is a growing need to identify additional sites suitable for supporting the expansion of Sydney's CBD footprint and the growth of its knowledge sectors and visitor economy, with potential opportunities for promoting links between business and leisure visits. It highlights that whilst Barangaroo has provided much needed floorspace, new sites are required to support the CBD's expansion and economic competitiveness.

In light of the above, Haymarket and the site itself represents an opportunity to contribute to the expansion of the Sydney CBD and to provide much needed hotel floorspace that will support its knowledge sectors, office market and visitor economy.

1.2 Key development components

The Visitor Accommodation Action Plan, released in (Sydney City Council 2015) indicated that the future pipeline for accommodation floorspace predominantly comprised 5-star accommodation that is concentrated in the CBD. It forecast that there would be a growing demand for more affordable low-rated / mid-range accommodation options (e.g. 3.5-stars) that will need to be delivered in other areas of Sydney. Therefore, the proposal provides an opportunity to deliver 3.5-star accommodation that will cater to the demand for more affordable hotel rooms.

The Visitor Accommodation Action Plan notes that there is a correlation between the demand for hotel floorspace and office sectors due to the flux of corporate travellers which require short stay accommodation. As the site is located within an Innovation Corridor and in proximity to the Central Station Precinct, it is envisaged to accommodate additional office floorspace. The site is therefore ideally located to deliver a hotel use to provide an important ancillary function.

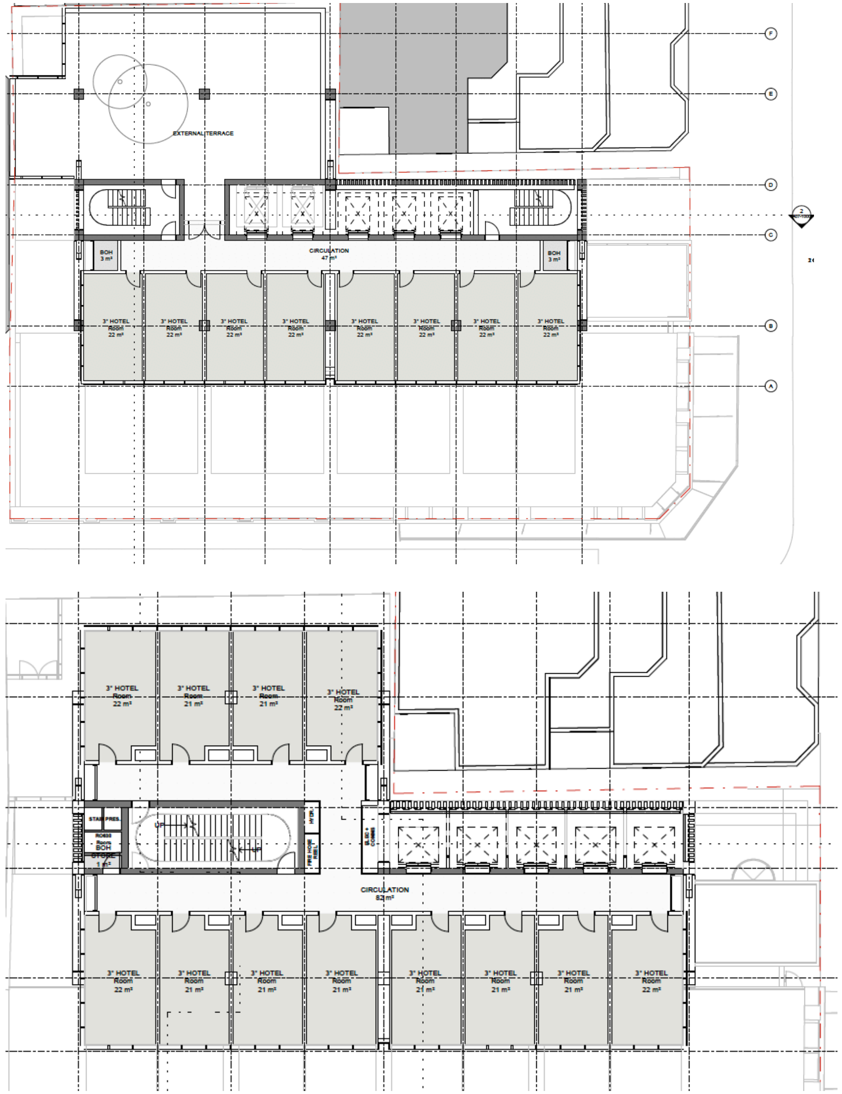
The building's site area is approximately 1,030m^2 and its total GFA is proposed to be 12,318m^2 giving an FSR of 12:1. The 117.87m (AHD) tall building is proposed to comprise:

- Two level basement for back of house, plant and parking
- L1 (Ground) hotel lobby, amenity and retail
- Level 2 commercial lobby and retail
- Level 3 hotel amenity
- Levels 4 to 29 provide 280 3.5 * rooms of 21 – 22m^2
- Level 30 single amenity and plant
- Level 31 plant and lift overrun

Building plans suggest that the average hotel room size would be 21-22m^2, but that the floor plates are relatively flexible. For example, if there is a demand for larger rooms, the number of rooms can be reduced as we rise in levels through an increase in individual room sizes (i.e. levels 20-29 may have 9 x 30m2 rooms in lieu of 12 x 22m2). This would reduce total room stock.

Figure 1.2 presents the layout of the two typical building floor layouts for the 3.5 star rooms.

Figure 1.3 Two typical building floor layouts for the 3.5 star rooms (L10 & L20)



1.3 Competitive advantages

#1 Location

The location within Haymarket and its proximity to public transport and attractions are is the hotel's biggest competitive advantage. **Figure 1.4** presents the contextual location within Haymarket, noting it is just 400m to Central Station, Paddy's Market and Capitol Theatre, 700m to Hyde Park, 1km to Chinatown and 2.4km to Darling Harbour. The close proximity will make the hotel appealing for multi-night stays, which will lift RevPAR.

Figure 1.4 Proximity location of hotel site to public transport and visitor attractions

#2 Rezoning

The Central Place Sydney project is the latest landmark development to emerge from the state government's unsolicited proposal process. The rezoning of the area slated for the first part of the tech hub was one of 13 projects and planning proposals the NSW government last month announced it would fast track.

The approved rezoning of the area to the western edge of the railway will allow buildings up to 206 metres high—compared with 35 metres previously—as well as a major increase in office space. A key element of the development is an underground facility for essential services which will allow future over-station development in the precinct.

The rezoning and associated development is highly likely to lift demand for hotel supply in the precinct.

#3 Focus on 3.5 star rooms

There is a sound supply rationale to focus on 3.5 star rooms. **Section 3.1** of this report indicates that there the most frequent standard of property provided in Sydney is 5, followed by 4 star, with just 20 3.5 star properties. In addition, **Section 3.3** suggests that there is a lot of 4 and 5 star coming onto the market in the next year or two. In addition, the lack of views from most of the building levels would make investment in 4 and 5 star rooms an over capitalisation.

Making the property all 3.5 star rating keeps the operating model simple and ensures consistency of offer.

1.4 Potential limitations for detailed design

Viewfields

We are advised that the neighbouring building to the North restricts the ability to situate hotel rooms in the north western corner of the property, and therefore hotel amenity has been allocated in this location, which limits the rooms per floor to eight.

Larger footprints for Twin and Executive rooms

We note that the 3.5 star rooms are proposed to be 21-22m^2. We are advised that there is potential to adjust some room sizes and subsequently create opportunity for Twin rooms and Executive Suites. Providing some of these larger footprint rooms with more functional layouts is important to capture the business market and to increase length of stay.

Multiple small amenity rooms

It is typically easier to manage a few larger amenity spaces than many more small ones, which is what the current proposal has. Larger spaces create more functionality to operate for uses needing larger footprints (eg bar, lounge and kitchenette) and they can also be split into smaller spac es with collapsible walls.

Large enough floorspace for a rooftop bar

Generally, hotel rooms are getting smaller. The Australian market is regularly seeing rooms as compact as 18m^2, but this trend has been re-balanced with the provision of bars, shared lounge rooms and functional lobbies, as well as good design – especially in the lifestyle sector. We earlier noted the provision of several hotel amenity spaces. Level 2 has a space large enough for a lounge bar but it is the rooftop Level 30 or 31 that offers the most WOW factor, but only has 123m^2 in order to share space for the Plant.

While Level 2 is convenient, there is merit in trying to create a similar sized footprint on Level 31 as a rooftop bar. There should also be an emphasis in room design to provide functional quirky elements that counter the room size.

We address solutions to these issues in **Section 4.**

2. Demand assessment for Sydney hotels

The current presence of a pandemic across the World has stifled all leisure and much of the business travel across the World, and within Sydney. There are no revised forecasts yet available to reflect eventual growth post pandemic stabilisation and reduction to manageable levels that permit travel restrictions to be lifted. This section therefore works with data and forecasts pre pandemic.

2.1 Visitation breakdowns

Continuing a multi-year trend, tourism grew significantly in 2019, with international arrivals reaching a record high of 8.7M for the year ending September 2019, an increase of 2.5% on 2018.

Tourism Research Australia's long term visitor night forecast to FY2027, last published in August 2017, is for average annual growth of 3.9% p.a. The larger city component is forecast to grow at a faster 4.9% p.a., whilst regional areas are expected to see 2.9% average annual growth. **Figure 2.1** presents the forecast growth splits for domestic versus international market visitor night movement.

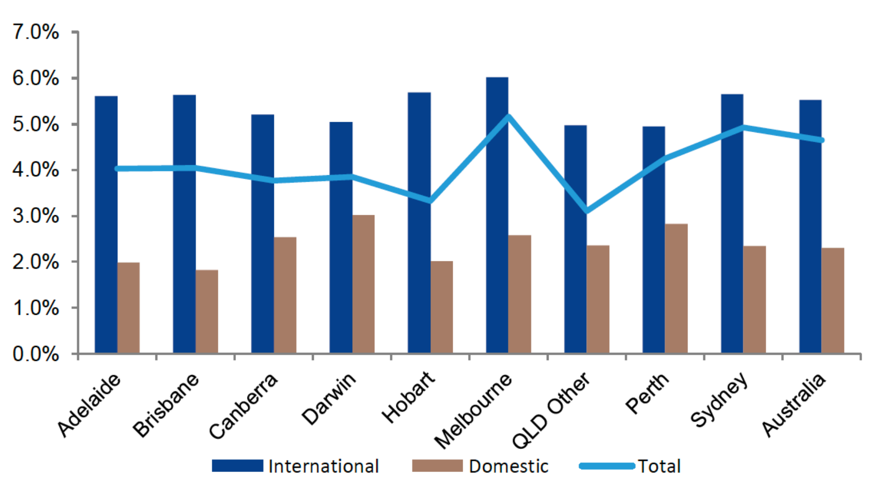
Domestic forecasts

Domestic visitor night forecasts to FY2027 were for 2.3% growth p.a, and slightly higher for capital cities at 2.4% p.a.

Long term city growth expectations of 2.4% p.a. is marginally stronger than 2.3% for regional areas. In FY2027, regional nights will make up 64% of the total

Nights for the purpose of Business are expected to grow at the fastest pace over the long term to FY2027 (4.2% p.a. to 96M), with the larger VFR (1.9% p.a. to 125M) and Holiday (1.5% p.a. to 170M) markets growing slower

Figure 2.1 Forecast growth splits for domestic versus international market visitor night movement (Source: TRA State and Territories Forecast 2017 -2 August 2017,State of the Industry 2018, Tourism Research Australia, Canberra. International Visitor Survey, November 2018, Domestic Visitor Survey, December 2018.



International forecasts

Long term International visitor night forecasts to FY2027 are for 5.6% growth p.a. across the country with capital cities slightly higher at 5.8% p.a

Visiting Friends and Relatives (VFR) travellers is the fastest growing segment, forecast to average 6.7% p.a. This is above 5.7% p.a. growth for holiday makers and 3.2% growth for business purposes.

2.2 Hotel accommodation performance

National overview

Over the past year or two, there has been a general softening of hotel performance everywhere, but Brisbane and Hobart (see **Figure 2.2)**.

Figure 2.2 National overview of hotel performance in 2019, Source CBRE 2019

Sydney

In the 10 year period to 2018/19, the number of international and domestic overnight visitors staying annually in commercial accommodation has increased by 53.7% (from 4.36 to 6.70 million). The number of guest nights increased by 24.2% in the same period.

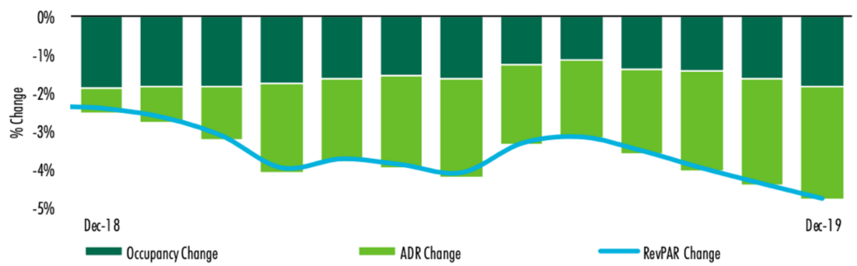
During the 2018/19 financial year, 6.7 million international and domestic overnight visitors stayed in commercial accommodation located in the City of Sydney LGA; collectively, this represented approximately 32 million guest nights.

Despite growing tourist arrivals, hotel performance in Sydney has been softening for several years. In the Year ending December 2019 there was a:

- 1.9% decline in occupancy to 82.5%
- 3% decline in Average Daily Rate to $220
- 4.8% decline in Revenue per Available Room (RevPAR) to $182 (CBR2019).

Figure 2.3 presents the trend in these metrics December 2018 – December 2019.

Figure 2.3 Sydney hotel performance 2019, Source STR and CBRE 2019

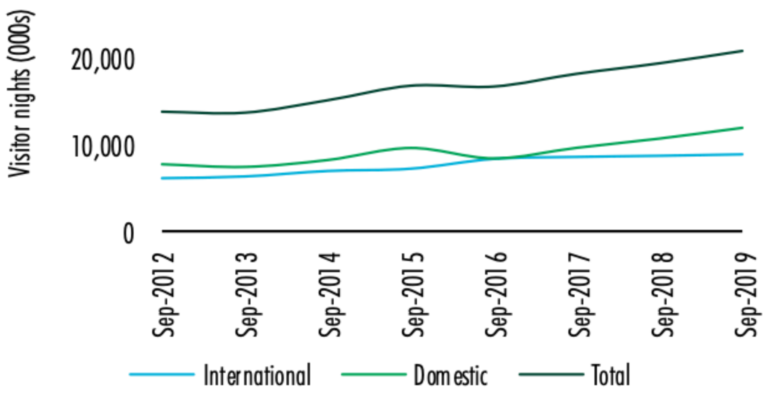


Key metrics for Sydney hotels in 2019 were:

- occupancy of 83 – 84%;
- 7.2% increase in nights spent in hotels to over 20.7M annually;
- average length of stay of 2.7 nights;
- dominant domestic markets were NSW, Victoria and Queensland (81%);
- dominant international markets were China, the US and the UK (39% of visitor nights); and
- of the hotel nights occupied travellers, 44% for business trips, 41% were for holidaying and 9% were VFR.

Figure 2.4 presents the trend in source markets since 2012.

Figure 2.4 Visitor nights in Sydney hotels, motels and serviced apartments (rolling annual), Source CBRE 2019



Mid-scale Class 5[1] hotel performance in Sydney

To get a more comparable picture to the proposed Hotel, we contracted STR Global to prepare a Trend Report for midscale accommodation (3 – 4 star) within inner Sydney. **Attachment A** lists the properties that this study included over the period 2012 – 2019, 57 of which 23 were continuously monitored. **Table 2.1** presents the average occupancy, Average Room Rate, average RevPAR and revenue from these properties. **Table 2.1** suggests that Mid-Range properties in inner Sydney had:

- occupancy that averaged 87.7% (and ranged up and down from 83 – 90%;
- Average Room Rate that averaged $151 (and gradually grew from $130 to $152)); and
- RevPAR that averaged $133 (and ranged up and down from $115 to $133); and
- Room supply that has contracted by 118,740 rooms (from 1,396,838 to 1,278,098).

Table 2.1 Key metrics for Mid-Scale Class 5 Hotels in inner Sydney 2012 – 2019 Source STR 2020

Year	Occupancy	ARR	RevPAR	Rooms	Revenue
2012	89.0	129.52	115.30	1,396,838	161,050,681
2013	90.2	135.14	121.90	1,318,780	160,762,574
2014	88.7	139.20	123.40	1,269,051	156,603,429
2015	88.4	153.12	135.42	1,252,845	169,657,129
2016	89.5	162.24	145.20	1,289,185	187,186,810
2017	87.1	171.62	149.47	1,288,199	192,551,961
2018	85.5	168.49	144.07	1,296,745	186,824,253
2019	83.1	157.24	130.60	1,278,098	166,920,127

[1] The class segments are: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale and Economy.

Avg	**87.7**	**151.62**	**132.97**	**1,298,718**	**172,694,621**

2.3 Forecast pre COVID-19

Growth forecast

The Sydney forecast pre-arrival of COVID-19 (Dransfield Hotels & Resorts 2019) was for moderate, above inflation growth, driven by an unexpected short term rate decline in FY2019.

Occupancy forecast

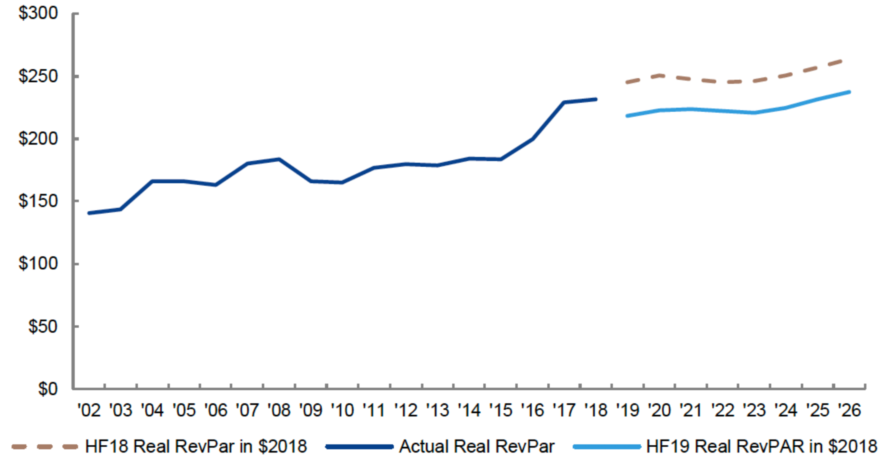
Over the period of the forecast, the market was expected to maintain average occupancy levels above 86%. Occupancy will be impacted by consistent supply additions through the middle of the forecast, although this is expected to be absorbed over the longer term. Long term occupancy risk is considered low.

In 2021, occupancy levels were forecast to hover at or around current levels, with larger supply expectations expected to begin to arrive at the end of this period. After this, occupancy levels were expected to dip towards 85% briefly through FY2023 or FY2024 as supply comes online (see **Section 3.3**).

RevPAR forecast

Figure 2.5 presents a RevPAR forecast of around 3.2% growth p.a., slightly above inflation targets. In the medium term, a growth rate of 1.3% p.a. was forecast, well below the long term average as front loaded new supply is absorbed

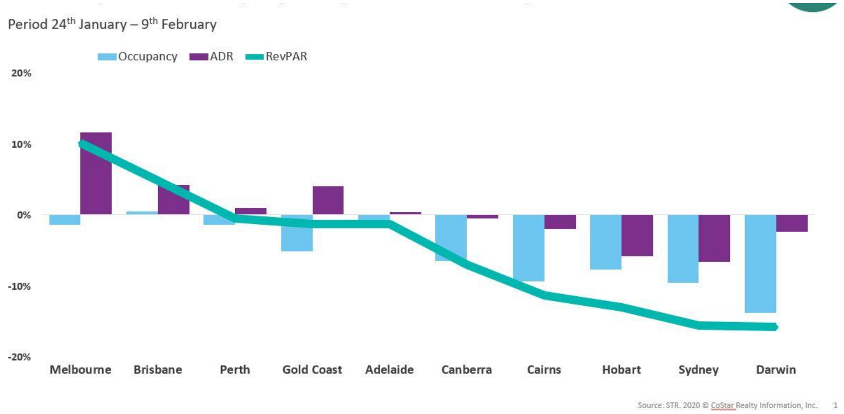
Figure 2.5 Forecast RevPAR for Sydney hotels to 2026, Source Dransfield Hotels & Resorts 2019



2.4 The impact of COVID-19

Heavy limitations on travel to counter the spread of the COVID-19 pandemic, has resulted in significantly lower hotel performance across the first quarter of 2020. The only two cities not to see negative trends were Melbourne and Brisbane, but anecdotal reporting indicates these cities will join the trend in the next reporting period. **Figure 2.5** presents drops in key metrics for hotels across the cities monitored.

Figure 2.6 Changes in occupancy, ADR and RevPAR across Australian cities in early 2020 STR 2020



In comparison with March 2019, changes in Sydney hotel performance were:

- Occupancy fell by 47.0% to 46.2%
- Average daily rate (ADR) fell by 11.1% to AUD204.89
- Revenue per available room (RevPAR) fell by 52.9% to AUD94.56

Daily data for the month shows 31 consecutive days of double-digit RevPAR declines. The daily percentage declines escalated from the enactment of additional government containment measures which took effect on 22 March.

Some Sydney hotels have changed their function to accommodate international arrivals going into two weeks of quarantine. This may cover their operating costs, but the volume of arrivals is likely to drop further as there are fewer flights delivering fewer passengers needing quarantine.

2.5 Potential recovery from COVID-19 travel limitations and recessionary economy

Reversing travel limitations

The second quarter of 2020 saw the worst ever performance data for Sydney hotels. Improved performance is entirely dependent upon government reversing the current travel restrictions. While the Australian government has released a plan to progressively lift restrictions, Sydney occupancy remains dependent on State governments lifting their current border restrictions, and then the Commonwealth lifting international border restrictions.

The sequence that will result in a return to near normality will be:

1. Domestic recovery at the State level (people already in Australia can travel and stay in accommodation within their own State), which has been activated
2. Domestic at the National level (people already in Australia can travel and stay in accommodation within Australia, with the exception of high risk communities (eg. Aboriginal), which is unlikely to start before the fourth quarter of 2020 or early 2021
3. International among a modest collection of countries with similar low virus transmission rates for agreed periods, but still triggering quarantine periods of two weeks within Australia, likely to start in the second quarter of 2021
4. International among a wider collection of countries, likely to start after a vaccine is introduced, unlikely to start before late 2021

These forecasts assume there is no major resurgence in infections, which may happen as part of relaxing restrictions and due to the virus being more aggressive in winter, which Australia is moving into.

Scenario 1 – a faster / stronger road to recovery

In brief, this comparatively good news scenario predicts a still very severe:

- 45% fall in 2020/21 compared to 2019 estimates for regional visitor spending, gross regional product and jobs due to visitor spending; and

- 3% lift in 2022/23 compared to 2019 estimates for regional visitor spending, gross regional product and jobs due to visitor spending.

This scenario is estimated to have around a 65% probability of occurring with the more pessimistic scenario 2 an estimated 35 per cent probability.

Two factors influence the extent of economic significance of the visitor economy – the number of tourists and the mix by type of tourists.

It is expected that City of Melbourne will only return to 2019 visitor economy activity levels in 2023, though average business profitability in 2022 is higher, reflecting that many previously competing businesses did not survive the virus and recession impacts. Particular sectors including accommodation are expected to continue to trade at below 2019 levels until 2024.

Of the four key drivers of an early return to strength of the visitor economy, the Sydney is favoured by:

- well above regional average levels of non-holiday travel in domestic visitor nights Above Victoria's regional average reliance on domestic day trip spending;
- low reliance on domestic holiday long break travel;
- lowest reliance of Victoria's regions on over 55-year-old travel in domestic visitor nights, which is forecast to affect 2020/21 but not 2022/2.

However, Sydney's visitor economy recovery is disadvantaged by very high reliance on international visitor spending.

Looking longer term beyond the next three financial years and there are strong reasons for much greater optimism for the Sydney visitor economy. Australia's standing as a safe and well governed destination has been enhanced by the virus, and we stand to gain market share from traditional rivals of the USA and Europe. This should foster both higher growth in inbound tourism and education and help long term growth by 2030 be closer to pre-virus expectations despite the lost growth due to the recovery from the virus

Scenario 2 – a slower / weaker road to economic recovery

Evidence is mounting that there will be a second round spread of the disease in many countries. In brief, this comparatively less optimistic scenario predicts a:

- 56% fall in 2020/21 compared to 2019 estimates for regional visitor spending, gross regional product and jobs due to visitor spending; and
- 6% fall in 2022/23 compared to 2019 estimates for regional visitor spending, gross regional product and jobs due to visitor spending.

This scenario is estimated to have around a 35% probability of occurring with the more optimistic scenario 1 an estimated 65% probability.

Those regions with the deepest visitor economy recession and slowest recovery will be those with:

1. A high share of international and longer break domestic overnight holiday tourism rather than domestic day trips and domestic holiday short break overnight tourism as contributors to visitor spending;
2. A low share of non-holiday travel in domestic visitor nights;
3. A high reliance in domestic visitor nights on over 55-year-old travel, as affecting 2020/21 forecasts though not 2022/23. Indeed, this scenario increases the negative weighting to regions with an above regional average share of older visitors due to increased health concerns and a deeper decline in investment returns.

3. Sydney hotel supply assessment

3.1 Actual supply in Sydney

The most frequent standard of property provided in Sydney is 4 and 5 star. A summary of the current property mix is:

- 33 * 5 star properties;
- 22 * 4.5 star properties;
- 36 * 4 star properties;
- 20 * 3.5 star properties; and
- 12 * 3 star properties.

In terms of total rooms (rather than properties) this equates to approximately 16% at 3.5 star or below, and 84% at 4 or 5 star. **Figure 3.2** (next page) presents a map of short stay accommodation within the Sydney CBD. **Figure 3.1** (this page) presents a mapped location of short stay accommodation within 500m of the proposed development site (757-763 George Street, Haymarket). **Table 3.1** identifies only two 3.5 star properties within 1,000m, and six 4 star hotels within this range.

Table 3.1 Sydney 3.5 – 4 star accommodation close to proposed development

Property	Rating	Distance from development (m)
APX World Square Sydney	3.5	530
1831 Boutique Hotel	3.5	850
Novotel Sydney Central	4	140
Great Southern Hotel	4	182
Adina Hotel Apartments Sydney	4	200
Mercure Sydney	4	285
Holiday Inn Darling Harbour	4	350
Rydges Sydney Central	4	480

Figure 3.1 Close proximity hotels to 757-763 George Street, Haymarket

Figure 3.2 Mapped Sydney Hotel Supply (Source: www.tourisminvestment.com.au early 2020)

SYDNEY HOTEL SUPPLY

The Sydney hotel market is the largest in the country with excellent fundamentals and a strong outlook. Current occupancy levels remain high and ADR is stable as supply starts to catch up with demand. Major infrastructure projects are underpinning a resurgence of investment activity with several landmark buildings planned for the city, raising the bar of Sydney's hotel product offering.

MAJOR UPCOMING HOTELS

Under Construction		★'s	ROOMS
L17	Crown Sydney Hotel Resort	6	350
N26	Capella Sydney	5	274
CC25	M Gallery by Sofitel Porter House Hotel	5	121
R21	Little National Hotel Sydney	5	230
L25	One Circular Quay	5	220
BB17	W Hotel Sydney	5	586
CC20	Crowne Plaza Sydney Darling Harbour	4.5	150
R24	Adina Apartment Hotel	4	194

Committed			ROOMS
P25	Andaz Sydney	5	400
HH16	Voco Sydney Central	4	307

MAJOR EXISTING HOTELS

5 Star Hotels		ROOMS
P22	Amora Hotel Jamison	415
V10	Astral Hotel @ The Star	351
U10	Astral Residences	129
P24	Establishment Hotel	31
L24	Four Seasons Hotel Sydney	531
DD22	Fraser Suites Sydney	201
Z24	Hilton Sydney	579
X19	Hyatt Regency (formerly Four Points by Sheraton)	892
N29	InterContinental Sydney	509
GG38	Medusa Hotel	17
AA21	Meriton Suites Sussex Street	301
FF23	Meriton Suites World Tower	115
QQ17	Old Clare Hotel	62
V38	Ovolo Woolloomooloo	100
D26	Park Hyatt Sydney	155
B24	Pier One Sydney Harbour Autograph Collection	189
DD24	Primus Hotel Sydney	172
K30	Pullman Quay Grand Sydney Harbour	70
FF29	Pullman Sydney Hyde Park	241
Y24	QT Sydney	200
L23	Quay West Suites Sydney	98
Q25	Radisson Blu Plaza Hotel Sydney	364
L22	Shangri-La Sydney	563
Y26	Sheraton Grand Sydney Hyde Park	558
T20	SKYE Suites Sydney	73
M29	Stamford @ Circular Quay	105
BB14	Sofitel Sydney Darling Harbour	590
Q27	Sofitel Sydney Wentworth	436
X23	Swissotel Sydney	369
N26	Sydney Harbour Marriott @ CQ	595
U9	The Darling at the Star	171
K19	The Langham Sydney	96
T24	Westin Sydney	416

♦ 4.5 Star Hotels		ROOMS
J31	Adge Apartment Hotel	12
CC21	Adina Apartment Hotel Sydney, Town Hall	145
PP20	Adina Apartment Hotel Sydney Central	98
PP31	Adina Apartment Hotel Sydney Surry Hills	84
V18	Adina Apartment Hotel Sydney Darling Harbour	114
II22	APX World Square	72
I24	Harbour Rocks Hotel Sydney MGallery by Sofitel	59
O24	Mantra 2 Bond Street	207
JJ22	Meriton Suites Campbell Street Sydney	247
EE22	Meriton Suites Kent Street	431
CC24	Meriton Suites Pitt Street	178
GG18	Novotel Sydney Rockford Darling Harbour	230
Z13	Novotel Sydney Central	255
BB19	Parkroyal Darling Harbour Sydney	340
EE21	Radisson Hotel & Suites Sydney	101
MM26	Rydges Sydney Central	318
FF24	Rydges World Square Sydney	458
V22	The Grace Hotel	382
Q25	The Tank Stream St. Giles Premier Hotel	280
P21	The York by Swiss-Belhotel	98
U21	West Hotel Sydney Curio Collection by Hilton	182
JJ27	Zara Tower Luxury Suites & Apartments	58

● 4 Star Hotels		ROOMS
HH29	Best Western Plus Hotel Stellar	36
JJ21	Breakfree On George	160
KK31	Cambridge Hotel Sydney	173
Z25	Castlereagh Boutique Hotel, Ascend Collection	83
QQ27	Hotel 57	92
G25	Holiday Inn Old Sydney	176
CC41	Holiday Inn Potts Point Sydney	288
FF26	Hyde Park Inn	97
II19	Holiday Inn Darling Harbour	370
EE42	Larmont Sydney By Lancemore	103
OO36	Manor House Boutique Hotel	18
Z21	Mantra On Kent	106
QQ4	Mantra Sydney Airport	136
S25	Medina Serviced Apartments Martin Place	48
W22	Megaboom City Hotel	65
QQ18	Mercure Sydney	517
CC12	Oaks Goldsbrough Apartments	327
FF29	Oaks Hyde Park Plaza	86
JJ25	Oaks On Castlereagh	153
AA12	Ovolo 1888 Darling Harbour	90
AA25	Park8 Hotel	36
AA42	Regents Court Apartment Hotel	26
OO20	Rendezvous Hotel Sydney Central	116
GG20	Seasons Darling Harbour Sydney	43
AA20	Seasons Harbour Plaza Sydney	118
FF39	The Kirketon Hotel	40
CC34	The Sydney Boulevard Hotel	271
LL21	The Great Southern Hotel	165
MM20	The Ultimo	95
P20	The York by Swiss-Belhotel	98
Q21	Travelodge Hotel Sydney Wynyard	283
NN20	Valentine On George	15
EE48	Vibe Hotel Rushcutters Bay	245
II27	Vibe Hotel Sydney - Darling Harbour	190
FF21	Waldorf Sydney CBD Serviced Apartments	21
II26	Wyndham Vacation Resort Asia Pacific Sydney	121

★ 3.5 Star Hotels		ROOMS
LL19	Aarons Hotel Sydney	93
GG30	Arts Hotel Paddington	64
KK14	Aspire Hotel, Ultimo Sydney	96
JJ26	Central Station Hotel	58
BB24	Hotel Coronation	21
II23	Hotel Capitol Square Sydney	94
Y13	Ibis Sydney Darling Harbour	256
S18	Ibis Sydney King Street Wharf	91
HH24	Ibis Sydney World Square	166
X40	Mariner's Court Hotel	41
U20	Metro Apartments On Darling Harbour	32
II24	Metro Hotel Marlow Sydney Central	220
FF40	Morgans Boutique Hotel	27
P19	Napoleon On Kent Hotel	50
I24	Rendezvous Hotel Sydney The Rocks	61
GG27	Song Hotel Sydney	153
K24	The Russell Hotel	29
U27	Travelodge Hotel Sydney Martin Place	86
HH27	Travelodge Hotel Sydney	413
GG28	Y Hotel Hyde Park	157

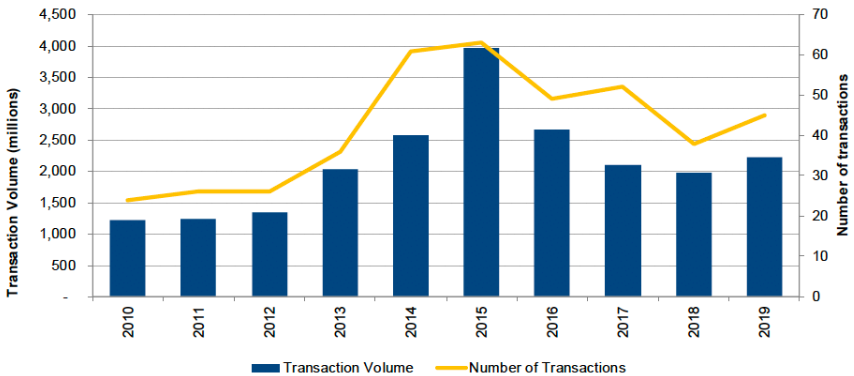
3 Star Hotels		ROOMS
W21	Breakfree Resort On Clarence	50
T21	Carrington Sydney City Centre Apartments	12
Q22	Central Railway Hotel & Apartments	36
R24	City Lodge Hotel	20
II28	Hotel Harry - Ascend Hotel Collection	20
JJ23	ibis Budget, Sydney East	115
BB25	Park Regis City Centre	122
II21	Pensione Hotel Sydney	68
GG22	Sydney Hotel CBD	77
BB22	Sydney Hotel Queen Victoria Building	90
HH19	Veriu Central	112
X39	Waldorf Woolloomooloo Waters Apartment Hotel	40

3.2 Australian hotel investment pipeline

Hotel transaction trends

Figure 3.3 presents historic hotel transactions over the past decade as number of transactions and transactional volume. In 2019 there were 45 deals concluded, with seven transactions above $100M. Deal activity was above the long term (20 year) average, in terms of transaction volume and number of deals, up 37% and 26% respectively. Transactional volume continues to be constrained by stock availability, with many owners happy to sit tight from a good entry point and back further cap rate compression to add value to their holdings.

Figure 3.3 Hotel transaction history: 2013 – mid 2019 (Source: Colliers International Hotel Sales Report 2019)



Despite reduced asset availability, there has been more market activity than many market participants expected over the past two years.

A number of the potential deals have a development perspective, which requires significantly more design, contractual and operating comfort than sales on completion or for established product

Figure 3.4 presents the origin of hotel purchases by value >5M at 2019, indicating exuberant Asian money has largely gone, although this has been replaced by measured international and domestic buyers. Investment funds emerged as the most active buyer group in 2019, accounting for over 40% of deal volume. New funds are also being raised targeting the Australian hotel sector, against a weight of global capital targeting real estate.

Figure 3.4 Origin of hotel purchases by value >5M at 2019 (Source: Colliers International Hotel Sales Report 2019)

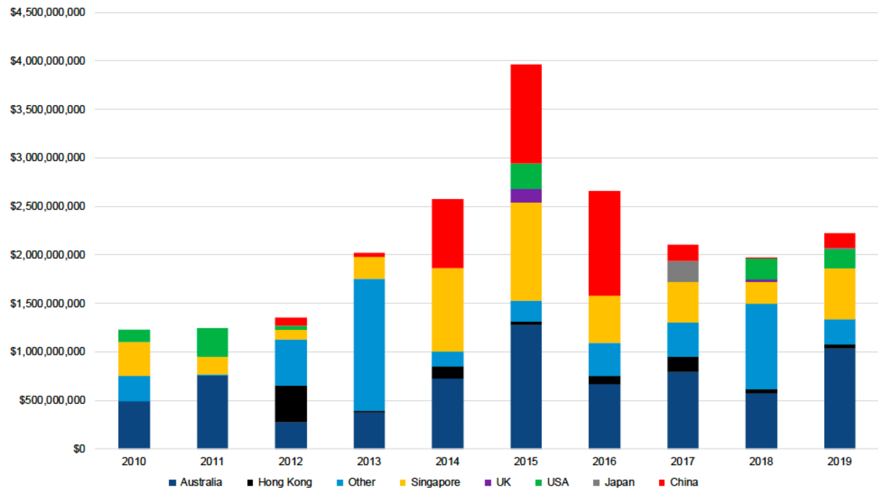


Table 3.2 presents the major hotel transactions in value that occurred in Sydney over 2018 – 2019.

Table 3.2 The two major hotel transactions in Sydney 2018 – 2019

Property	Rooms	Approx price	Approx price / key
Felix by 8Hotels, Baxter Road, Sydney	150	$60M	$404k

Park Regis Hotel, Sydney	122	$54M	$444k

Deal flow in 2020 is anticipated to increase on 2019, as owners of newly opened hotels look to crystallise their development profits. Capitals flows continue to push towards development, with increases in the development pipeline. Many of these developers are not long term holders and will look to recycle capital either through the development process (fund through), on completion or as income is stabilised. This should see asset availability increase in the next few years.

We expect transaction activity will increase in the next 2-3 years as capital flows which are peaking in the development space, transfer back to sales as developers recycle the capital for new projects

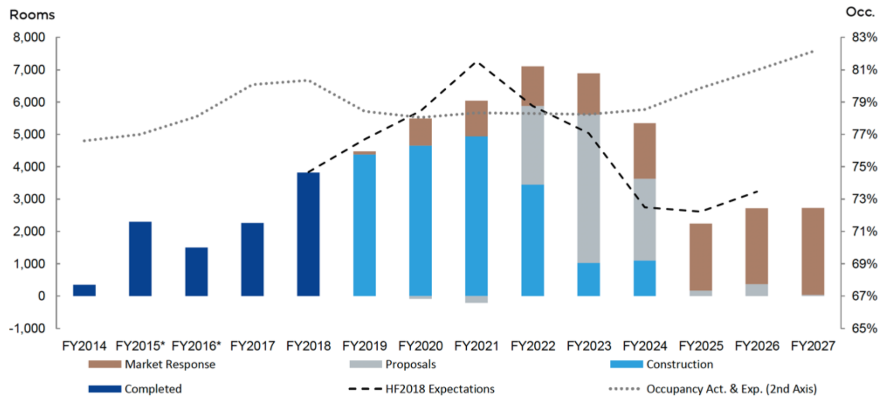
3.3 Supply forecasts

National trends

Supply growth expectations have increased, however remain slightly below demand growth forecasts. Construction activity becomes the dominant component of the long term pipeline as proposals activate.

Figure 3.5 indicates that supply expectations have increased 1.9% or 0.2% p.a. in Hotel Futures 2019 following a large movement from proposals to the construction phase. The increased volume presents through FY2022-FY2024 as new proposals have emerged, however slight delays are expected over the medium term as feasibility and funding concerns materialise in some markets

Figure 3.5 Major city supply growth performance and forecasts to FY 2027 – rooms (Source: Dransfield Hotels and Resorts 2020)

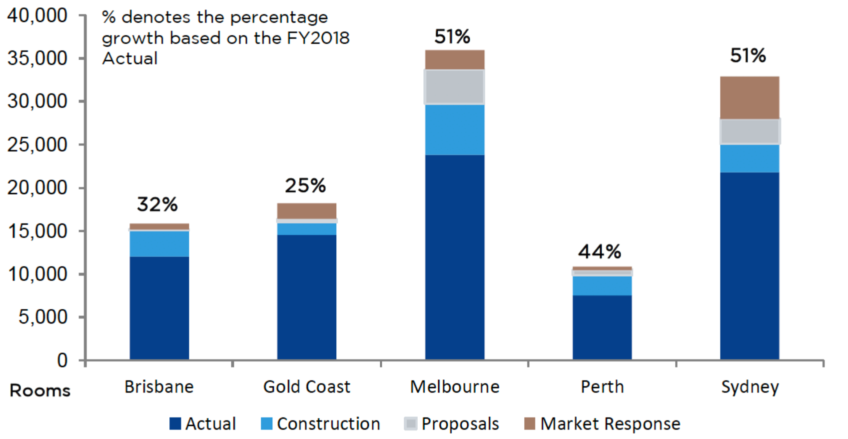


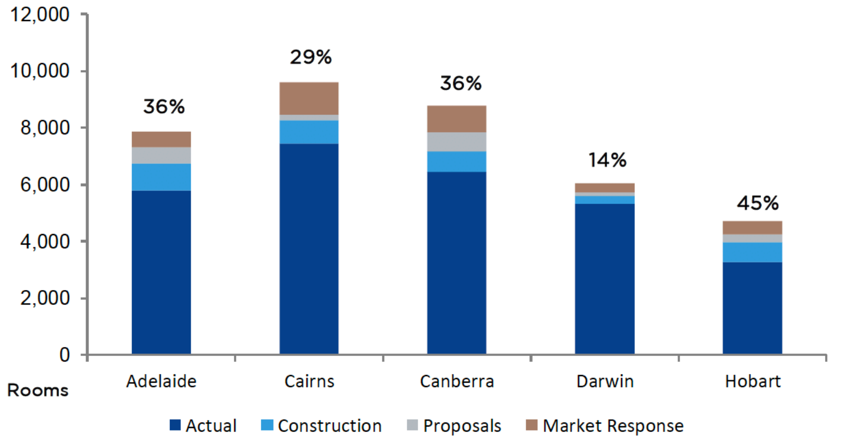
Construction activity has been the dominant pipeline component in recent years, with a boom in development across many markets, and now accounting for 49% of the pipeline to FY2026. Proposals are also being replaced at a faster rate than delivery expectations, absorbing the Market Response Allowance. Melbourne is forecast to be the largest supplier of room stock (45%), followed by Sydney (25%).

Sydney trends

Figure 3.6 presents the major city forecast supply growth by type for year ending 2019 – 2027, indicating that Sydney and Melbourne will continue to lead the country. Sydney activity is progressing, albeit many projects have not yet started construction. Significant additional scope for further rooms remains, with site availability and best use comparisons continuing to frustrate development. Projects that have not commenced are at higher risk than 12 months ago.

Figure 3.6 The major city forecast supply growth by type for year ending 2019 – 2027 (Source: Dransfield Hotels and Resorts 2020)





In June 2019, the Sydney accommodation stock comprised:

- 22,008 hotel rooms (61.1%);
- 6,037 serviced apartment units (16.7%); and
- 8,004 backpacker beds (22.2%) Sydney City 2019).

Table 3.3 presents the trend since 2016 to reach this point, suggesting the largest growth has been from hotel rooms, followed by serviced apartment units.

Since 30 June 2018, there have been increases to the stock of hotel rooms (4.5%) and serviced apartments (6.5%) and backpacker beds (3.8%) and a decrease to the stock of pub room accommodation (-2.5% decrease). Each village area offers diverse visitor accommodation options, and the local area as a whole caters from budget to world class five star hotel establishments. CBD and Harbour and Chinatown and CBD South attracts a significant share of the city's larger 4-5 star hotel establishments with room capacities exceeding 200+ rooms.

Table 3.3 Sydney visitor accommodation stock by type 2016 – 2019 (Source Sydney City 2019)

Accommodation type	2016	2017	2018	2019
Hotel rooms	18,997	20,027	20,931	21,311
Backpacker beds	7,648	7,714	8,004	8,004
Serviced apartment units	232	5,517	5,877	6,037
Pub rooms	163	715	697	697

Table 3.4 shows the total visitor accommodation stock by Sydney City village area from 2014/15 to 2018/19 and forecast completions for 2019/20 to 2023/24 based on known development applications and their estimated completion dates as of 30 June 2019.

Table 3.4 Visitor accommodation completions (2014/15-2018/19) and expected completions (2019/20 – 2023/24 - shaded) by Sydney City Village (Source: City of Sydney 2019)

Financial year	CBD and Harbour	Chinatown & CBD South	Crown and Baptist Streets	Glebe Point Road	Green Square and City South	Harris Street	King Street	Macleay St and W'ooloo	Oxford St	Redfern St	TOTAL
2014/15	60	51	92	-	-	-	2	-	-2	-	**203**
2015/16	358	273	23	28	-	4	-	1	-	91	**778**
2016/17	232	777	-	9	100	13	-	-	-	-	**1,031**
2017/18	163	548	62	53	-	451	39	27	40	235	**1,618**
2018/19	36	60	70	-	91	-14	-	-	-	297	**540**
2019/20	893	1,039	12	-	213	50	-4	-56	25	30	**2.314**
2020/21	1,042	809	30	-	22	100	-	-	10	-	**2013**
2021/22	984	1,368	296	-	4	220	-	34	192	210	**3,308**
2022/23	2,079	1,495	-	-	-	2	-	-	-	144	**3,720**
2023/24	-	234	-	-	-	-	-	-	-	-	**234**
TOTAL	**5,847**	**6,654**	**585**	**90**	**430**	**826**	**37**	**118**	**265**	**1,007**	**15,859**

Table 3.5 Upcoming hotel product in Sydney (properties under construction and committed as at early 2020, source: www.tourisminvestment.com.au)

Properties under construction					
	CROWNE PLAZA SYDNEY DARLING HARBOUR • Completion: 2020 • 150 rooms • 4.5 Star • Developer - Shokai Ausbao The 150-room, 4.5-star hotel will benefit from its location, just five minutes to Darling Harbour and still in the CBD area		CAPELLA SYDNEY • Completion: mid 2021 • 274 rooms • 5 star • Developer – Pontiac Land Group (purchaser of a long-term lease of Sydney's historic sandstone buildings and will undertake their conversion into a 274-room luxury hotel		ONE CIRCULAR QUAY • Completion: mid 2021 • 220 rooms • 5 Star • Developer – Yuhu Group A major mixed-use development at Circular Quay Sydney This project will occupy the site of the landmark Gold Fields House building.
	LITTLE NATIONAL • Completion: 2020 • Number of rooms – 230 • 5 Star • Developer – Doma Group Sydney's first Little National brand hotel The 12-storey hotel will feature 230 luxurious rooms, a guest gym, library and exclusive rooftop lounge and bar		CROWN SYDNEY HOTEL RESORT • Completion: 2021 • 349 rooms • 6 Star • Developer - Crown Resorts The first six star international hotel to be built in Sydney. It will feature signature restaurants, bars, luxury retail outlets, pool and spa facilities, conference rooms and VIP gaming facilities.		W HOTEL SYDNEY • Completion: mid 2021 • 586 rooms • 5 Star • Developer – Greaton Group and Grocon Group Set on the IMAX theatre site in the tourist hub of Darling Harbour, the mixed-use Ribbon development will include a luxury W Hotel, residential, retail and entertainment. Australia's largest hotel transaction
Properties committed					
	VOCO SYDNEY CENTRAL • Completion: 2021 • 301 rooms • 5 Star • Developer - Linzhu The 301-room hotel will open at 430 Pitt Street with the Sydney light rail at its doorstep. The BVN-designed tower features a 10-level hanging garden on its roof		ANDAZ SYDNEY • Completion: 2022 • 400 rooms • 5 Star • Developer - SC Capital Partners A 55-storey, 226-metre (the city's tallest hotel building). The mixed-use development will include 400 rooms and suites spread across 38 floors, topped by a rooftop restaurant, bar and garden		

There were fewer completions in 2018/19 with a net total of 540 hotel rooms / serviced apartments / backpacker beds. In 2018/19 the village area with the largest proportion of completions was Redfern Street (55%), followed by Green Square and City South (17%).

Expected completions are forecast to rise again in 2019/20 with an upwards trend to 2022/23. The average annual rate of completions over the past five years has been approximately 850 per year (including hotel rooms, serviced apartment units and backpacker beds).

Actual properties under construction

There are currently six properties under construction in Sydney, and another two committed. None of the proposed hotel developments are rated 3.5 star. **Table 3.5** presents a profile of these properties and indicates that there will be a massive injection of room stock in 2021, easing back to more common additions of room stock in 2022. Specifically:

- in 2020 there will be 380 rooms added to the market (150 4.5 star and 230 5 star);
- in 2021 there will be 1,731 rooms added to the local market (1,381 5 star and 349 6 star); and
- in 2022 there will be an additional 400 5 star rooms added to the local market.

Some projects beyond this period could face increasing feasibility pressure, due to higher construction costs and softer trading conditions, and in turn, could reduce the supply pipeline.

4. Implications for proposed development

4.1 Big picture – avoid over supplying the market

In order to ensure sustainable future hotel development, a stable environment conducive to investment needs to exist in Sydney. Historically, room supply shocks have had detrimental impacts on the market and required many years to return to normal trading levels. Each shock was preceded by increasing occupancy, ADR and RevPAR (similar to the current situation). The Sydney hotel sector needs to grow in a manner that provides for the future sustainability of the industry and avoids the pitfalls of past supply side shocks. Adding between 150-550 rooms per year (or a total of 5,000 rooms) by 2020 will allow for supply increases to meet anticipated demand and at the same time allow for a sustainable hotel industry. Increases above this level will provide little or no return on investment to the hotel industry. An increase in excess of 1,600-1,800 rooms in any one single year may also have detrimental impacts on the hotel industry. Supply increases within this target range will ensure a sustainable industry in the future, which will also contribute to building a stable operating environment for hotels. Greater stability can also be achieved through managing and enforcing the discrepancy between Class 2 and Class 3 buildings, which allows serviced apartment rooms to transition into and out of the hotel market. The facilitation of this stable operating environment will act as a catalyst for future investment.

4.2 Stick with 3.5 star rooms

This proposal is focussed on supplying 280 3.5 star rooms into the Sydney CBD. This choice of room type in this location is a wise move for three reasons:

1. The site is located close to Central Station and a range of mid-range attractions that will generate mid-range markets
2. 3.5 star is one of the smallest supply stock sectors in Sydney; and
3. There is significant supply of almost entirely 4 and 5 star in the pipeline

4.3 Be more differentiated

While the hotel's location and undersupply of 3.5 star rooms in Sydney serve two strong competitive advantages, the hotel needs to be scoped to create a point of difference to generate a strong RevPAR that will lead to a sound return on investment.

Create room concepts now

We recommend creating several room concepts now, so that the architect can determine best fit on each level. We recommend:

1. To create a brand of Standard rooms, locate as many of the 22m^2 rooms on lower floors and on the side of the building side that has the lower view proposition;
2. To compete with Novotel and Ibis Darling Harbour, create a collection of larger rooms of approximately 28-30m^2 to:
   - accommodate two double size beds (Superior Rooms); or
   - accommodate a Queen bed and lounge area (Executive Room).

Create a rooftop barce

As mentioned in **Section 1**, higher land costs have resulted in a trend to smaller room sizes, balanced by greater public space (lounges and bars) and greater design in hotel rooms. We therefore recommend utilising some of the amenity spaces as in vogue space for guests to socialise, as an extension to their rooms. Communal living is very popular with millennial travellers.

To create a point of difference and a focal point for marketing, we recommend a rooftop bar and café eatery on the top floor, requiring some reworking of the Plant location.

There are plenty of recent examples for inspiration:

- the Mantra Hotel at Sydney Airport and The Alex in Perth has smaller rooms and larger and more elaborate common areas;
- Ibis Sydney King Street Wharf by Barangaroo turned a very plain breakfast room into a funky lounge called Lot 51, where guests will even be able to program the music to match their mood; and
- citizenM Hotels are often only 15m^2 but have delis, bars and lounges for guests to have meetings, eat and meet friends

Figure 4.1 The bar in the JO&JOE Hotel in Hossegor, in France

Work on clever design to counter small room size

As mentioned in **Section 1**, there is a trend to smaller room sizes, balanced by greater public space (lounges and bars) and greater design in hotel rooms.

The proposed 22m^2 for the 3.5 star rooms can work if some clever design is a major part of the fitout. Some frequently adopted techniques include:

- open-plan bathrooms that morph into the bedroom help create space;
- when possible, arrange the furniture to create separation between functional zones; this helps define spaces within a single room (for example, rather than placing the desk facing a wall, fashion the desk behind a sofa to give your guest an open workspace, and arrange chairs in a way that clearly separates the living room from the dining space);
- rather than using the traditional freestanding nightstand, consider a floating shelf or a floating nightstand with a drawer if storage is still an issue – it will serve the same purpose as a nightstand but give the illusion of more floor space;
- beds can double a seating area and provides storage for clothing or suitcases underneath – no need for a closet or dresser in these rooms (see **Figure 4.2)**
- use windows as a focal point – emphasising natural light source will make the room brighter, and a sunlit room also feels more open and helps eliminate shadows that can make an enclosed area feel smaller
- place a mirror where it will reflect the light from a window – this will not only reflect light but also create the illusion of more depth in the space
- rather than using the traditional hinged doors that open out into the room (and can cause an obstruction), consider sliding doors, which will achieve the same goal as hinged doors, but take us less space
- choose minimalist yet striking, bold and personality filled furniture.

Figure 4.2 Creative bed location at the Arlo Hotel, New York

Figure 4.3 Small can be chic in the AccorHotels' Mama Shelter hotel, Paris

4.4 Potential metrics for 763 George St Hotel

To generate a high level forecast for the proposed hotel in its current room structure, we generated the following assumptions::

- the closest reference point to begin assumptions is the 2019 (pre COVID-19) averages from the STR Global monitoring of mid-range hotels in inner Sydney, which identified:
    - Occupancy at 83.1%
    - ARR at $157
    - RevPAR at $131
- there will be a vaccine for COVID-19 that has been made available across much of the developed World, allowing Australia's international borders to have been reopened in 2021 to the majority of the key international markets;
- Australia's inbound international tourism will subsequently recover to its 2019 levels by 2025;
- From 2025, hotel metrics for Sydney will approximate:
    - Splits of 70% domestic and 30% international;
    - 82% occupancy;
    - ADR $170; and
    - $139 RevPAR.
- The hotel Room density will average approximately 1.3
- The operators will not sacrifice ARR for occupancy

Table 4.1 presents a forecast for the proposed rooms division of the hotel.

Forecast market split

To assist with economic forecasting, we have forecast the split of domestic and international visitors.

In line with a slow international recovery from COVID-19, we believe that for its first few years, the hotel will be more reliant on the domestic market than international. We have therefore started the forecast with a split of:

- 75% domestic and 25% international in Year 1 (2023)
- an increases of international proportion of approximately 10% over the following five years, as international travel strengthens; and
- stabilising at 65% domestic and 35% international (still below 2019 Sydney average of 61% and 39%).

Forecast occupancy

In the interests of not sacrificing room rate, we have forecast occupancy:

- to open in 2023 at 78%, a little softer than the 2019 Sydney average of 83%;
- increasing by 2% each year of trade to 86% in 2027, marginally higher than the Sydney average, because of the lack of supply in the local area and Sydney city generally.

Forecast number of guests

To assist with economic forecasting, we have calculated the annual number of guests as growing from:

- 103,631 in the first Year (2023); and
- arriving at 114,260 in the fifth year (2027).

Forecast Average Room Rate (ARR)

We have proposed:

- an opening in 2023 with an ARR of $165, stronger than the 2019 Sydney average of $157;
- a price lift to $170 in the third year (2025);
- a second price lift to $175 in the fifth year.

Forecast RevPAR

RevPAR is the superior measure of the hotel's performance (average rate multiplied by occupancy), and we have forecast:

- an opening (2023) RevPAR of $129, a little softer than the 2019 average of $131, due to slightly lower opening occupancy levels; and
- an achieved RevPAR of $151 in the fifth year of operations, significantly higher than the 2019 Sydney average and slightly better than the past five year Sydney trend that projected forward might reach around $145 by the same year.

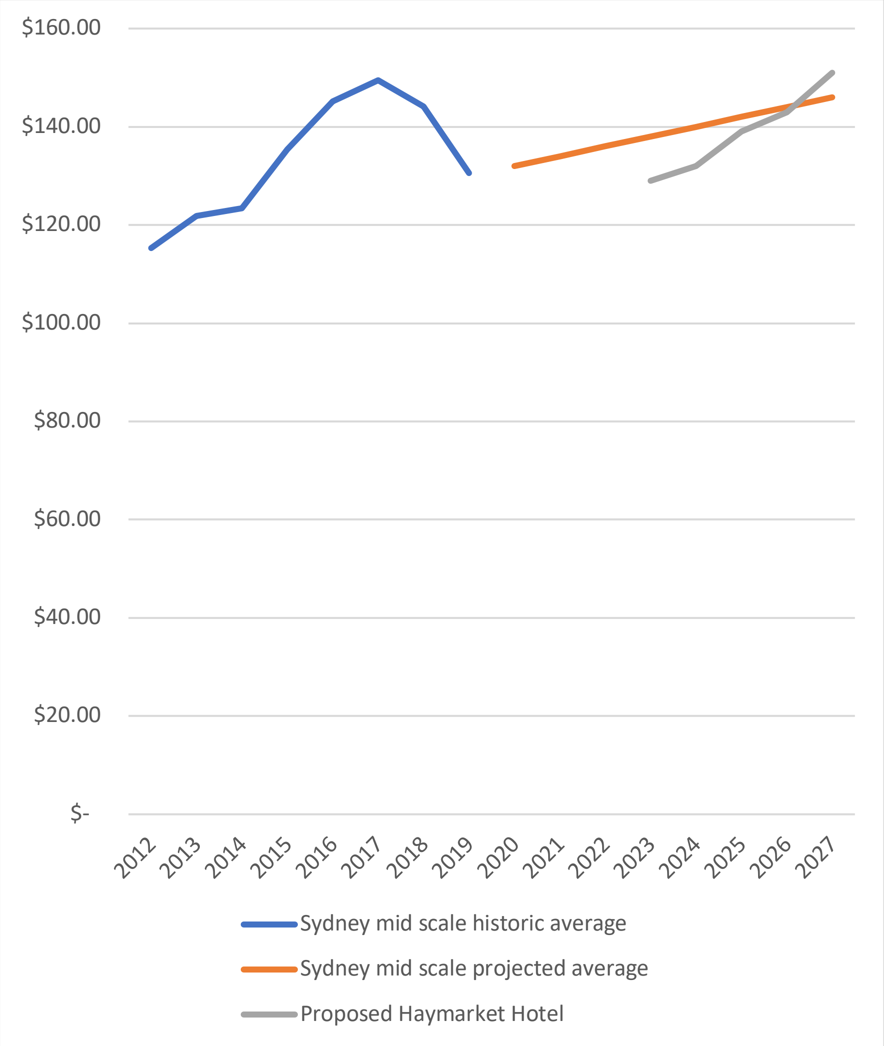
To help comprehend our forecast with the current and potential situation for this class of hotel, we generated **Figure 4.4** to visually compare inner Sydney average RevPAR historic, with a trend line increase into the future, against forecast RevPAR for the proposed Haymarket Hotel.

The volatility of the Sydney RevPAR is self evident (blue line), and the forecast trend growth out of a COVID-19 is as ambitious as can be imagined in this new operating environment.

In this light, we believe that the RevPAR forecast for the proposed Haymarket Hotel is realistic and achievable.

The proposed hotel and commercial scheme at George Street, Haymarket has clear strategic merit, on the basis of its strategic location to serve both the Harbour CBD and Innovation Corridor precincts..

Figure 4.4 Comparison of inner Sydney average RevPAR against forecast RevPAR for Haymarket Hotel



Forecast daily and annual revenue

At this stage we have not included any food and beverage revenue in the forecast because this operation is not part of the initial proposal. We forecast room revenue as:

- averaged daily revenue to lift from $37,580 in Year 1 (2023) to $43,946; and
- annual revenue to lift from $13.7M to $16M in Year 5.

Forecast visitor spend per day

Domestic overnight visitors to the Sydney Tourism Region in Year Ended September 2019 stayed 2.7 nights and spent $276 per night (this includes accommodation). International overnight visitors stayed 20.2 nights and spent $125 per night. Plugging these metrics into the forecast visitor splits for the Year 1 Hotel forecast, the Hotel would generate $25.4M in expenditure for Sydney ($22M from the domestic guests and $3.4M from International guests.

Table 4.1 Comparison of Sydney averaged mid-class hotel metrics in 2019 against high level forecast metrics for the proposed hotel at 757 – 763 George Street Haymarket, NSW

Supply & Demand Analysis for 763 George Street Year 2019 Room Type	No of rooms	Occupancy	Room Nights	Room density	Nightly No of guests	% Annual domestic	% Annual International	Annual No of guests	ARR	RevPAR	Daily Revenue	Yearly Revenue
Sydney midrange 2019 average	1,278,098	83.10%	1,061,511	1.3		61%	39%		$157	$131	$457,177	$ 166,869,529
3.5* rooms	**No of rooms**	**Occupancy**	**Room Nights**	**Room density**	**Nightly No of guests**	**% Annual domestic**	**% Annual International**	**Annual No of guests**	**ARR**	**RevPAR**	**Daily Revenue**	**Yearly Revenue**
2023	280	78%	218	1.3	284	75%	25%	103,631	$165	$129	$36,036	$13,153,140
2024	280	80%	224	1.3	291	75%	25%	106,288	$165	$132	$36,960	$13,490,400
2025	280	82%	230	1.3	298	70%	30%	108,945	$170	$139	$39,032	$14,246,680
2026	280	84%	235	1.3	306	70%	30%	111,602	$170	$143	$39,984	$14,594,160
2027	280	86%	241	1.3	313	65%	35%	114,260	$175	$151	$42,140	$15,381,100

5. Referenced reports

Australian Trade and Investment Commission and Tourism Australia, 2019, Sydney Hotel Supply – Second Half 2019

CBRE, 2019, Marketview Australia Hotels, Q4 2019

Sydney City Council, 2015, The Visitor Accommodation Action Plan

City of Sydney, 2019, Visitor Accommodation Monitor 2018/19

Colliers International 2019, Hotel Sales – Research and Analysis Report

Decisive Consulting 2020, How Victoria's regional and city visitor economy is expected to recover post virus, Confidential Report for Victorian Tourism Industry Council, 10 June 2010.

Dransfield Hotels and Resorts, 2019, Hotel Futures 2019

Grimshaw, 2020, Urban Design Report for 757 – 763 George Street,

STR Global 2020, Trend Report for Sydney CBD mid-range accommodation, produced for SMA Tourism.

Attachment A – Properties analysed for inner Sydney Midscale Short Term accommodation

Name of Establishment	City
1831 Boutique Hotel	Haymarket
Travelodge Hotel Sydney Martin Place	Sydney
APX World Square Sydney	Haymarket
APX Apartments Darling Harbour	Sydney
Independent Central Railway Hotel & Apartments (part period)	Sydney
Travelodge Hotel Sydney Wynyard	Sydney
Hotel Capitol Square Sydney	Haymarket
Ibis Sydney World Square	Sydney
Ibis Sydney King Street Wharf	Sydney
Closed - Independent Criterion Hotel Sydney	Sydney
Song Hotel Sydney	Sydney
BreakFree Resort On Clarence	Sydney
Cambridge Hotel Sydney	Sydney
Hotel Coronation	Sydney
Glasgow Arms Hotel	Ultimo
Vulcan Hotel	Ultimo
Independent Metro Motor Inn (part period)	Chippendale
28 Hotel	Chippendale
Ibis Sydney Darling Harbour	Sydney
City Crown Lodge International	Surry Hills
150 Apartments by Apartment Hotel	Darlinghurst
Manor House Boutique Hotel	Darlinghurst
Morgans Boutique Hotel	Darlinghurst
Hotel 57	Surry Hills
Independent Motel Darlinghurst (part period)	Darlinghurst
Royal Exhibition Hotel	Surry Hills
The Wattle Hotel	Darlinghurst
Independent Hotel Altamont Sydney (part period)	Darlinghurst
L'Otel Hotel	Darlinghurst
Travelodge Hotel Sydney	Sydney
The Kirketon Hotel	Darlinghurst
The Masionette Hotel	Potts Point
Springfield Lodge	Potts Point
Hotel Challis	Potts Point
The Jensen Potts Point	Potts Point
The Bayswater Sydney	Kings Cross

Final Page

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