
# Economic Impact Assessment

## Orange City Centre – 212-220 Summer Street, Orange -Serviced Apartments

March 2016

urbis

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TABLE OF CONTENTS

# Executive Summary

This study examines the economic impact associated with the development of a serviced apartment development at Alceon Group Pty Ltd ATF Orange Retail Trust's Orange City Centre. The redevelopment will include the upgrade and refurbishment of the retail premises (with Myer as an anchor tenant), the development of 4 storeys and circa 40 twin key 2 bedroom serviced apartment.

The height of the serviced apartment component of the development exceeds the height limit applicable to the subject site, requiring a Planning Proposal accompanied by an economic impact assessment. As it is the serviced apartment component of the development that breaches existing controls, this report will consider the impacts of the serviced apartment development only (not the retail component).

The objective of the economic impact assessment was to identify:

- The market for hotels / services apartments on the subject site
- The economic impact of the proposed development, in terms of ongoing employment, construction jobs and compatibility with the existing use of the site.

Urbis conducted a detailed analysis of existing serviced apartment / hotel stock within Orange SA2 (ABS Statistical Area 2) to ascertain whether it can support growing tourism visitation:

- There are 13 short-stay establishments within the Orange SA2, containing 524 rooms. Summer East Serviced Apartments is the only recognised serviced apartments facility in the Orange SA2.
- As at June 2015, the average room occupancy rate for the Orange SA2 was 64.5%, and represents the highest room occupancy for the Central NSW Region which has an average occupancy rate of 51.0%.
- Up to 9 hotels/serviced apartment establishments in the Orange SA2 are located within 1km of the subject site, reflecting their proximity to the Orange City Centre.
- The majority of establishments within the Orange SA2 provide budget accommodation options that offer minor scale food and recreational amenity. Inspection of some motel-style establishments indicate that restaurant and bar amenity is usually separated from accommodation.

Urbis has found that there is a market for additional serviced apartment stock within Orange, specifically:

- Demand for new serviced apartments will be driven by increased tourism and visitation – Urbis have run a high and low visitation scenario, to provide high and low tourism visitation:
  - The high growth scenario applies non-metropolitan NSW visitation growth rates to guest nights in Orange, resulting in an increase in guest nights of 99,500 by 2025 the equivalent of 4.0% growth per annum.
  - The low growth scenario uses population and employment growth rates as proxies for the different visitor categories, (holiday, visiting friends / relatives, Business and Other), resulting in an increase in guest nights of 37,800 by 2025 the equivalent of 1.7% growth per annum.
- Based on both scenarios there appears to be sufficient demand for additional serviced apartments within the Orange SA2 over the next 5-10 years, maintaining the existing occupancy rate of 66.2% (June 2015 quarter).
- In addition the fastest growing visitation sector forecast by the TRA for non-metropolitan NSW are business travellers (by Tourism Research Australia), which typically demand a higher quality hotel product than other categories. As such the delivery of new high quality is important to servicing this category of visitor.

- The development of new serviced apartment stock well located in the Orange town centre would assist in servicing the growing business market.

- While new serviced apartment supply could result in a fall in average occupancy, the improvement in the quality of serviced apartment accommodation servicing the Orange visitor market is essential to preserve Orange's existing share of Central NSW's tourism market.

Newer serviced apartments / hotels are likely to capture a greater share of occupancy than the older stock within the Orange SA2. In terms of the economic impact of the proposed development is expected to deliver additional construction and serviced apartment jobs to the Orange town centre:

- Construction of the serviced accommodation component of the subject site's development has been estimated to generate 88 jobs during the construction phase, comprising 34 direct jobs and an additional 54 jobs through suppliers.

- In addition to the employment generated during the construction phase, the serviced apartment facility will result in 21 ongoing jobs during operation. It is likely that many of the jobs to be generated from ongoing positions are likely to be taken by local residents.

# Introduction

Alceon Group Pty Ltd ATF Orange Retail Trust Investments requires an assessment of the market potential for serviced apartments within Orange to inform the economic impact of the proposed development.

The key objectives of the study are to identify:

- The market for hotels / services apartments on the subject site
- The economic impact of the proposed development, in terms of ongoing employment, construction jobs and compatibility with the existing use of the site.

The report is structured as follows:

1. Strategic Site Assessment
2. Competitive Environment Assessment
3. Demand Assessment
4. Economic Benefits Assessment.

# 1 Strategic Site Assessment

## 1.1 ORANGE ECONOMIC CONTEXT

Orange is one of the seven 'Evocities' in NSW and is a key regional centre in the Central West.

The Orange economy represents around 28% of the Central West regional economy driven by a number of industry sectors:

- Mining
- Health care
- Public Administration
- Manufacturing
- Education & Training.

The Orange Local Government Area's industry base is diverse, and while a large proportion is focused in mining, there are a number of other sectors contributing the regions output:

TABLE 1 – INDUSTRY, GROSS REGIONAL PRODUCT VALUE (2014)

| INDUSTRY SECTOR | GRP VALUE | GRP % |
|---|---|---|
| Mining | $631.5 million | 23.4% |
| Health care | $307 million | 11.4% |
| Public Administration | $169.4 million | 6.3% |
| Manufacturing | $162 million | 6.0% |
| Education and training | $161.7 million | 5.9% |

*Sources: Orange City Council; Urbis*

Recent major infrastructure developments include:

- $19 million Orange Airport expansion
- $290 million in new Orange General Hospital
- $110 million dental school and student accommodation at Charles Sturt University
- $17 million for North Orange Bypass to complete the Northern Distributor Road around the City.

The short-stay industry supports these industries by accommodating associated business visitors.

## 1.2 SITE ASSESSMENT

The proposed development will include the redevelopment and refurbishment of the Orange City Shopping Centre and the development of 40 twin key 2 bedroom serviced apartments above the refurbished retail centre. The development site is located on the corner of Anson Street and Summer Street, within Orange's city centre as outlined in Map 1.1 overleaf.

This study examines the economic impact associated with the development of a serviced apartment development at Alceon Group Pty Ltd ATF Orange Retail Trust's Orange City Centre. An element of this is the site itself, and it's compatibility with the proposed serviced apartment component of the development.

Typically serviced apartments are supported by the following locational and amenity factors:

TABLE 2 – DRIVERS FOR SHORT-STAY ACCOMMODATION

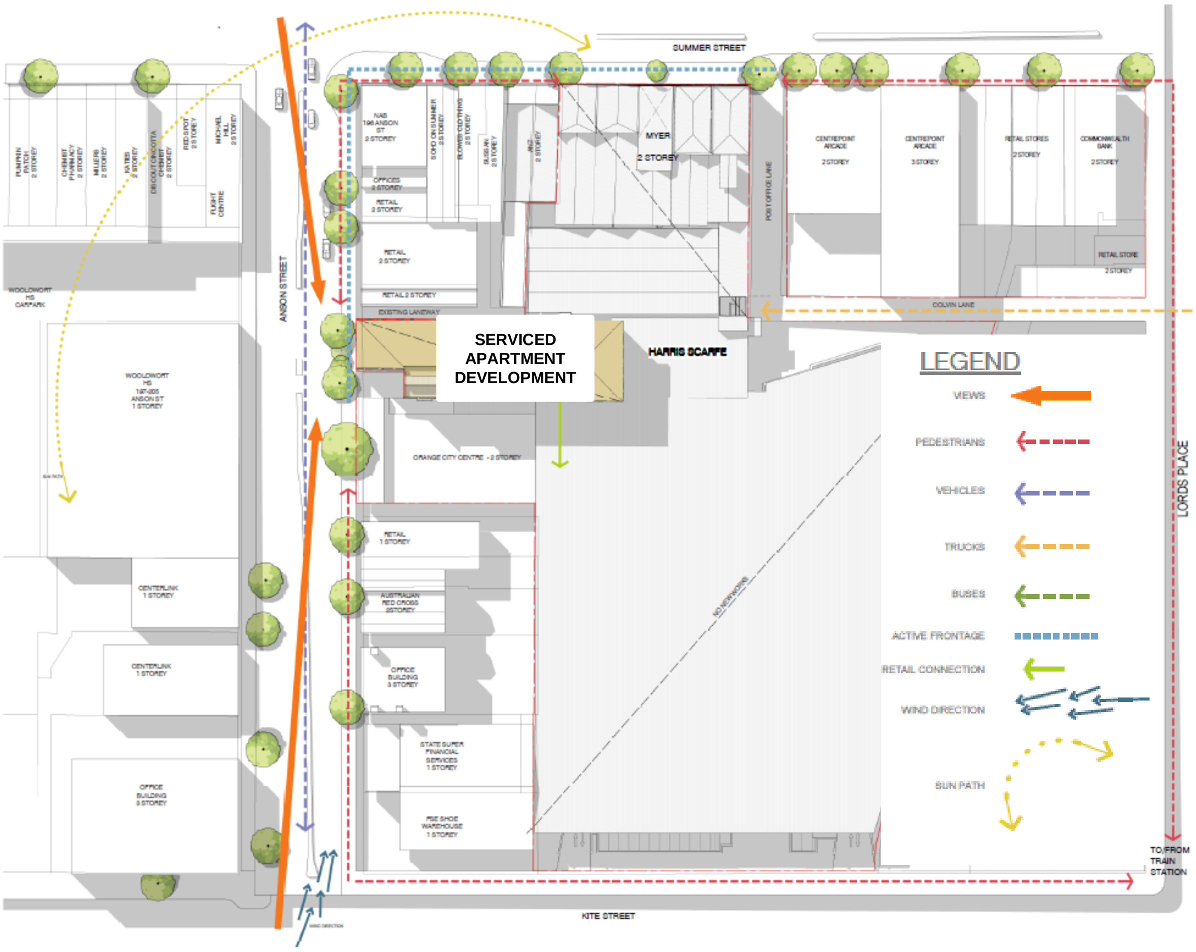
| DRIVER | COMMENT |
|---|---|
| Accessibility and visibility | The subject site benefits from being located in highly visible location along Anson Street, within the Orange town centre |
| Proximity to the town centre and employment areas | The subject site is located within the Orange CBD, which is particularly attractive to business travellers given its high level of amenity and proximity to other businesses. |
| Ancillary facilities / co-location with other uses | Co-located with retail use and within the Orange CBD, and subsequently restaurants along Summer Street (as illustrated in map 1.2). |
| Proximity to transport infrastructure and connectivity with airport. | The subject site is located 500 metres from Orange train station and a 15 minute drive from Orange Airport. |

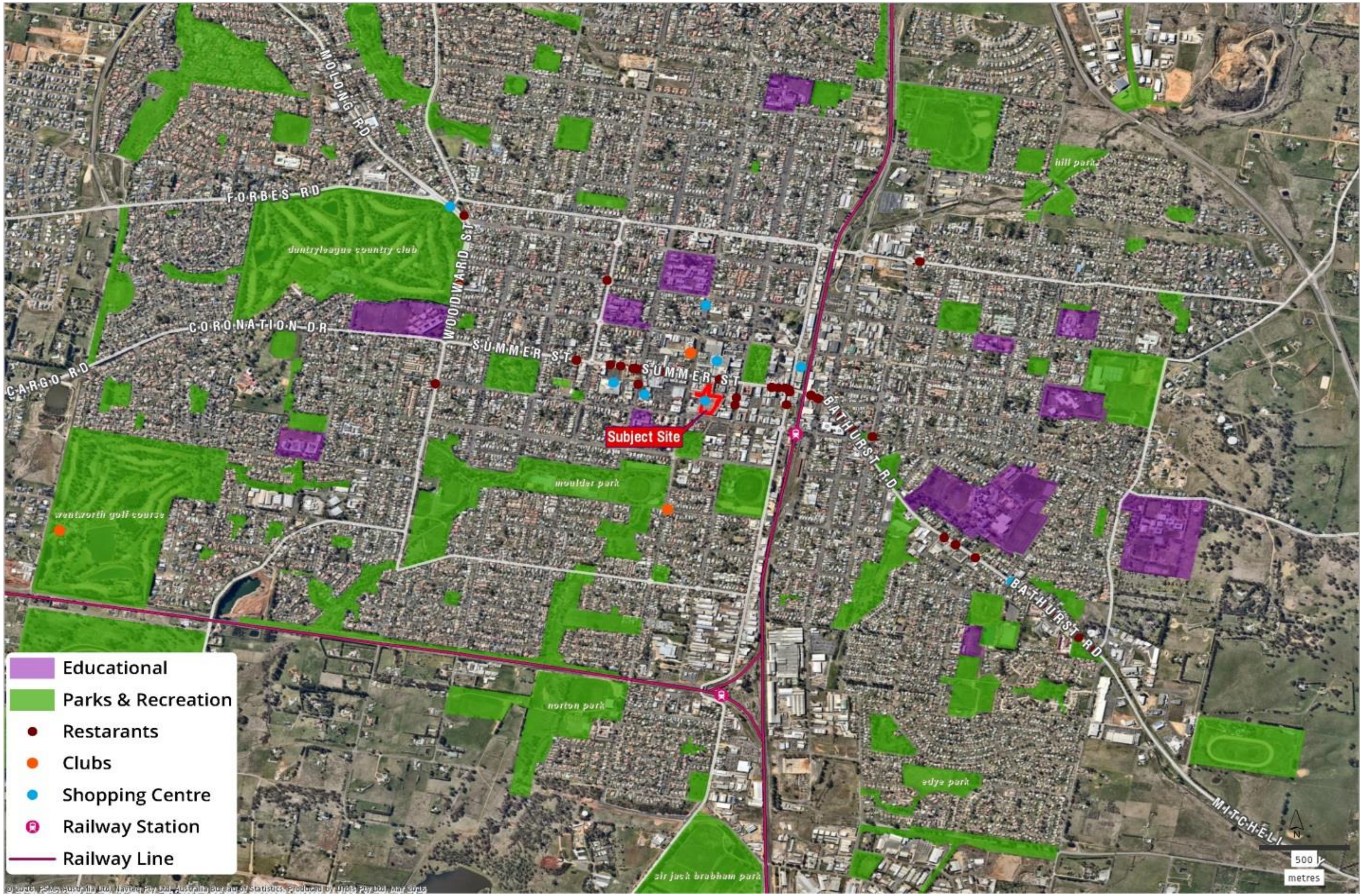
*Source: Urbis*

As outlined overleaf the service apartments will be co-located with the refurbished retail centre, constituting a mixed use development with compatible land uses.

## SUBJECT SITE AND DEVELOPMENT

MAP 1.1


MOLONG RD
FORBES RD
dunryleague country club
WOODWARD ST
CORONATION DR
CARGO RD
SUMMER ST
Subject Site
BATHURST RD
hill park
moulder park
wentworth golf course
norton park
edye park
sir jack brabham park
MITCHELL
500
metres
Educational
Parks & Recreation
Restarants
Clubs
Shopping Centre
Railway Station
Railway Line

# 2 Competitive Environment

## 2.1 OVERVIEW OF COMPETITIVE ENVIRONMENT

The following section provides an overview of hotels and serviced apartments provision within SA2's in the Central NSW tourism region. 2015 ABS Hotel and Tourism data is provided on the following SA2s in the Central NSW tourism region:

- Orange
- Bathurst
- Dubbo
- Coonabarabran
- Parkes
- Cowra
- Forbes.

Table 2.1 also outlines the provision of hotels/serviced apartments in the Central NSW tourism region:

- There are approximately 133 hotels/serviced apartment facilities in the Central NSW tourism region, which equates to a total of 4,046 hotels/serviced apartments rooms.
- As at June 2015, the average room occupancy rate for the Orange SA2 was 64.5%, and represents the highest room occupancy for the Central NSW Region (51.0%).

### Hotel / Serviced Apartment Supply Benchmarks

ORANGE AND CENTRAL NSW REGIONS TABLE 2.1

| SA2 | Hotel / Serviced Apartment Facility (No.) (June 2015) | Hotel Rooms / Serviced Apartments (No.) (June 2015) | Room Occupancy Rate (%) (June 2015) | Occupied Room Nights (No.) (June 2015) |
|---|---|---|---|---|
| Dubbo | 22 | 675 | 59.4 | 35,965 |
| Coonabarabran | 12 | 291 | 36.3 | 10,405 |
| **Orange** | **13** | **567** | **64.5** | **34,169** |
| Parkes | 10 | 289 | 48.0 | 12,723 |
| Bathurst | 14 | 578 | 54.0 | 29,698 |
| Cowra | 7 | 166 | 31.2 | 5,402 |
| Forbes | 6 | 154 | 47.2 | 6,847 |
| **Central NSW** | **133** | **4,046** | **51.0** | **193,002** |
| **Non-Metro NSW** | **1,119** | **38,472** | **51.3** | **1,765,128** |

*Source: Australian Bureau of Statistics (2011 – 2015), Urbis*

## 2.2 PROFILES OF COMPETING SERVICED APARTMENTS

Through a mix of desktop and field work Urbis have identified all the competing hotels / serviced apartments within the Orange SA2 that would compete with the proposed development:

- There are 13 establishments, containing 524 rooms. Summer East Serviced Apartments is the only recognised serviced apartments facility in the Orange SA2. This differs slightly from the ABS data (which reflects 567 rooms in the Orange SA2), potentially reflecting a withdrawal or conversion of stock since June 2015 last year.

- In June 2015 these establishments recorded an average occupancy of 64.5%.

- Up to 9 hotels/serviced apartment establishments in the Orange SA2 are located within 1km of the subject site, reflecting their proximity to the Orange City Centre.

- The scale of hotels/serviced apartments offerings are moderate, with facility sizes ranging from 20-77 rooms within the Orange SA2. A number of establishments offer restaurant and bar amenity, as well as basic business facility services, cleaning services and on-site parking.

- Advertised room rates as at 15 March 2016 range from $95 per night for a single studio room at West End Motor Lodge to $390 per night for a presidential luxury suite at de Russie Boutique Hotel. The majority of facilities predominantly offer ensuite single studio rooms, which are well suited for budget and convenience visitors and guests.

- Hotels/serviced apartments within the Orange SA2 have been assigned with a star grading between 3 to 4.5 stars by independent and recognised rating providers. The majority of this accommodation in the region has been assigned a 3 star grading, which reflects the quality of offering and scale of amenity provided at these facilities.

- There is only one serviced apartment / hotel development with development approval, the Forest Road Hotel / Function Centre which has an expected yield of 80 rooms. Based on most recent information however this developed has been deferred despite having achieved development approval.

A field work assessment undertaken by Urbis indicates that a number of establishments that would compete with the proposed development consist of mainly 3 star rated stock, with limited stock rated 4 stars and above. The key findings are summarised below, with detailed commentary of facility inspection provided in the profiles:

- The majority of establishments are located in close proximity to the Orange City Centre, which offers visitors and guests with convenient access to nearby retail and food amenity.

- The majority of establishments provide older motel-style accommodation that is centred on an at-grade parking layout, which offer convenient vehicle access and parking for visitors and guests. A number of motel-style establishments are slightly older stock.

- The majority of establishments within the Orange SA2 provide budget accommodation that offer minor scale food and recreational amenity. Inspection of some motel-style establishments indicate that restaurant and bar amenity is usually separated from accommodation with an opportunity to develop additional stock servicing business travellers who are seeking higher rated accommodation with greater amenity.

## Competing Hotels / Serviced Apartments

ORANGE SA2 — TABLE 2.2

| Hotel / Serviced Apartment Name | Address | Type | Radial Distance from Subject Site (km) | Star Grading | Cost per Night* | Rooms (No.) |
|---|---|---|---|---|---|---|
| Hotel Canobolas Motel and Units | 174 Lords Pl, Orange | Hotel | 0.2 | 3 | $105-$130 | 20 |
| Hotel Canobolas | 248 Summer St, Orange | Hotel | 0.2 | 3 | $70-$120 | 23 |
| The Midcity Motor Lodge | 245 Lords Pl, Orange | Hotel | 0.3 | 3 | $99-$135 | 44 |
| Templers Mill Motel | 94 Byng St, Orange | Hotel | 0.4 | 4 | $155-$175 | 77 |
| Town Square Motel | 246 Anson St Orange | Hotel | 0.4 | 3 | $140-$200 | 29 |
| de Russie Boutique Hotel | 72 Hill St, Orange | Hotel | 0.6 | 4 | $160-$390 | 25 |
| Central Caleula Motor Lodge | 60 Summer St, Orange | Hotel | 0.7 | 4 | $157-$242 | 34 |
| Summer East Serviced Apartments | 399 Summer St, Orange | Serviced Apts | 0.9 | 4 | $135-$170 | 40 |
| West End Motor Lodge | 2-6 Dalton St, Orange | Hotel | 1.0 | 3 | $95-$175 | 41 |
| Oriana Motor Inn | 178-184 Woodward St, Orange | Hotel | 1.3 | 3.5 | $118-$240 | 49 |
| Ibis Styles Orange | 146 Bathurst Rd, Orange | Hotel | 1.9 | 3 | $149-$179 | 50 |
| Quality Inn Ambassador Orange | 174 Bathurst Rd, Glenroi | Hotel | 2.2 | 4 | $160-$245 | 50 |
| Turners Vineyard Motel | 4929 Mitchell Hwy, Summer Hill | Hotel | 4.2 | 4.5 | $200-$245 | 42 |
| **Total Rooms (No.)** | | | | | | **524** |

**Advertised room rate as at 15 March 2016*

*Source: Urbis*

FIGURE 1 – SUMMER EAST SERVICED APARTMENTS

| | |
|---|---|
| **Establishment** | Summer East Serviced Apartments |
| **Address (Distance from Subject Site)** | 399 Summer St, Orange (0.9km from Subject Site) |
| **Advertised Star Grading** | 4 |
| **Rooms (No.)** | 40 |
| **Facility Description** | Summer East Serviced Apartments provides self-contained apartment within a secured complex. Long stay studio apartment accommodation is offered for business, holiday and group travellers. Each room consists of a private bathroom, kitchen, free wireless internet and air-conditioning. |
| **Cost per Night** | Executive Studio Apartment:$150 per night<br>Family Studio Apartment: $135-170 per night<br>Standard Studio Apartment: $140 per night |
| **Amenities** | ▪ Communal garden<br>▪ Guest coin-operated laundry<br>▪ Business facilities – fax/photocopying<br>▪ Secured parking and off-street parking |

FIGURE 2 – TEMPLERS MILL MOTEL


| | |
|---|---|
| **Establishment** | Templers Mill Motel |
| **Address (Distance from Subject Site)** | 94 Byng St, Orange (0.4km from Subject Site) |
| **Advertised Star Grading** | 4 |
| **Rooms (No.)** | 77 |
| **Facility Description** | Templers Mill Motel is part of the Orange Ex-Services Club complex and is centrally located in Orange's town centre. Apartment features include free wireless internet, air-conditioning, a microwave and modern bathroom amenity. Room service is also provided. |
| **Cost per Night** | Standard Studio: $149 per night<br>Deluxe Studio: $155-$165 per night<br>Executive Studio: $165-$175 per night<br>One Bedroom:$195 per night<br>Two Bedroom: $215 per night |
| **Amenities** | ▪ Brasserie and Coffee Shop<br>▪ Guest Laundry<br>▪ 25m Indoor Heated Swimming Pool<br>▪ Exercise Room<br>▪ Conference and Events Centre –accommodating up to 400 people Wedding Reception Venue<br>▪ Business facilities – copy and fax services<br>▪ On-site-parking |

FIGURE 3 – IBIS STYLES ORANGE


| | |
|---|---|
| **Establishment** | Ibis Styles Orange |
| **Address (Distance from Subject Site)** | 146 Bathurst Rd, Orange (1.9km from Subject Site) |
| **Advertised Star Grading** | 3 |
| **Rooms (No.)** | 50 |
| **Facility Description** | Ibis Styles Orange provides budget style accommodation for business and holiday guests. The facility consists of standard and superior studio rooms. Each room is provided with a queen bed, LCD television, air-conditioning, wireless internet and mini-bar. |
| **Cost per Night** | Standard Studio: $149-$159 per night<br>Superior Studio: $165-$179 per night |
| **Amenities** | ▪ On-site restaurant and bar<br>▪ Function Room (160 sq.m) – up to 4 room configurations for private events<br>▪ Outdoor Garden<br>▪ Guest Laundry<br>▪ On-site parking |

FIGURE 4 – QUALITY INN AMBASSADOR ORANGE

| | |
|---|---|
| **Establishment** | Quality Inn Ambassador Orange |
| **Address (Distance from Subject Site)** | 174 Bathurst Rd, Glenroi (2.2km from Subject Site) |
| **Advertised Star Grading** | 4 |
| **Rooms (No.)** | 50 |
| **Facility Description** | The Quality Inn Ambassador Orange is a modern 4 star hotel offering a range of well-appointed rooms. The facility consists of standard and deluxe studio rooms, deluxe spa rooms and shared family rooms. Room features include queen and king beds, a television, wireless internet access, microwave and a kitchenette. |
| **Cost per Night** | Studio Room: \$155 per night<br>Corporate Room: \$145-\$155 per night<br>Spa Room: \$169-\$209 per night<br>Family Room: \$205-\$235 per night |
| **Amenities** | ▪ Restaurant<br>▪ Outdoor Pool<br>▪ Guest Laundry<br>▪ Fitness Centre<br>▪ Conference and events facilities – up to 120 guests in a variety of configurations for business and private events<br>▪ On-site parking |

FIGURE 5 – THE MIDCITY MOTOR LODGE

| | |
|---|---|
| **Establishment** | The Midcity Motor Lodge |
| **Address (Distance from Subject Site)** | 245 Lords Pl, Orange (0.2km from Subject Site) |
| **Advertised Star Grading** | 3 |
| **Rooms (No.)** | 44 |
| **Facility Description** | The Mid City Motor Lodge offers a range of 3 to 3.5 star rooms with various bedding options. The facility consists of budget, family and standard rooms ranging between 14-25 sq.m. Room features include air-conditioning, a television, kitchenette facilities, microwaves, and free wireless internet. |
| **Cost per Night** | Budget Room: $99-$107 per night<br>Family Room: $135 per night<br>Standard Room: $115-$120 per night |
| **Amenities** | ▪ Restaurant and Bar<br>▪ Room Service<br>▪ Interconnecting Rooms<br>▪ On-site, off-street parking |

FIGURE 6 – ORIANA MOTOR INN




| | |
|---|---|
| **Establishment** | Oriana Motor Inn |
| **Address (Distance from Subject Site)** | 178-184 Woodward St, Orange (1.3km from Subject Site) |
| **Advertised Star Grading** | 3.5 |
| **Rooms (No.)** | 49 |
| **Facility Description** | Oriana Motor Inn provides budget accommodation for business and holiday guests. Close proximity to Duntryleague Golf Course affords golf visitors with convenient access. Room features include wireless internet, luggage storage and in-house movies. |
| **Cost per Night** | Studio:$125 per night<br>Twin Studio:$135 per night<br>Family Room:$196 per night<br>2 Bedroom:$210 per night |
| **Amenities** | ▪ On-site restaurant<br>▪ Bar and Lounge<br>▪ Outdoor Swimming Pool<br>▪ Cleaning services – guest laundry and dry cleaning service<br>▪ On-site parking |

FIGURE 7 – HOTEL CANOBOLAS MOTEL AND UNITS

| | |
|---|---|
| **Establishment** | Hotel Canobolas Motel and Units |
| **Address (Distance from Subject Site)** | 174 Lords Pl, Orange (0.2km from Subject Site) |
| **Advertised Star Grading** | 3 |
| **Rooms (No.)** | 20 |
| **Facility Description** | Hotel Canobolas Motel and Units provides unit accommodation within the Orange City Centre. The facility is separated from the original Hotel Canobolas. Room features include a flat screen TV, air-conditioning, bar fridge and a kitchenette. |
| **Cost per Night** | Double Studio:$105-$130 per night<br>Queen Studio:$105-$130 per night |
| **Amenities** | ▪ Sports Bar, Bistro and Garden Bar, Whiskey and Wine Bar<br>▪ Bistro<br>▪ Restaurant<br>▪ Function Rooms – suitable for business and private events<br>→Ballroom: Between 200-400 guests for banquet style and cocktail style functions.<br>→Long room: Between 50-80 guests for banquet style and cocktail style functions<br>→Media Room: Between 60-80 guests for banquet style and cocktail style functions<br>▪ On-site parking |

FIGURE 8 – HOTEL CANOBOLAS

| | |
|---|---|
| **Establishment** | Hotel Canobolas |
| **Address (Distance from Subject Site)** | 248 Summer St, Orange (0.2km from Subject Site) |
| **Advertised Star Grading** | 3 |
| **Rooms (No.)** | 23 |
| **Facility Description** | Hotel Canobolas provides on-site accommodation that is directly accessible to recreational and entertainment amenity offered by the facility. Room features include a private bathroom, flat screen TV, air-conditioning, bar fridge and a kitchenette. |
| **Cost per Night** | Boutique Room: $110-$120 per night<br>Ensuite Room: $70-$100 per night |
| **Amenities** | ▪ Sports Bar, Garden Bar, Whiskey and Wine Bar<br>▪ On-site bistro<br>▪ On-site restaurant<br>▪ Function Rooms – suitable for business and private events<br>▪ Street parking |

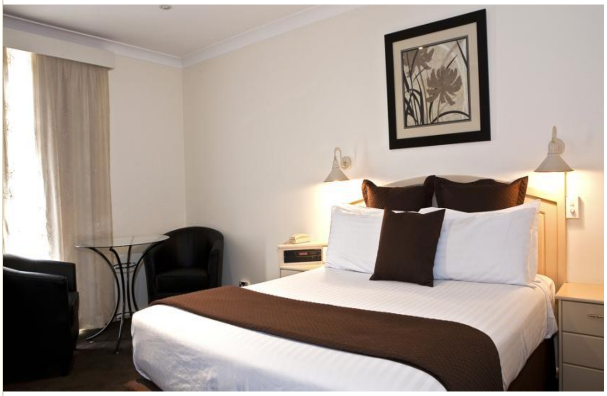
FIGURE 9 – TOWN SQUARE MOTEL


| | |
|---|---|
| **Establishment** | Town Square Motel |
| **Address (Distance from Subject Site)** | 248 Anson St, Orange (0.4km from Subject Site) |
| **Advertised Star Grading** | 3 |
| **Rooms (No.)** | 29 |
| **Facility Description** | Town Square Motel provides single occupancy and family room accommodation within the Orange CBD. Each en-suite room consists of free wireless internet, air-conditioning, ironing facilities, and tea and coffee making facilities. |
| **Cost per Night** | Executive Queen Room: $130-$140 per night<br>Executive Twin Room: $160-$190 per night<br>Family Room: $170-$200 per night |
| **Amenities** | ▪ Restaurant and Bar<br>▪ Packed lunches and breakfast in room<br>▪ Cleaning Services – laundry, dry cleaning, ironing<br>▪ Room service<br>▪ Business facilities – fax/photocopying services<br>▪ On-site parking |

FIGURE 10 – DE RUSSIE BOUTIQUE HOTEL

| | |
|---|---|
| **Establishment** | de Russie Boutique Hotel |
| **Address (Distance from Subject Site)** | 72 Hill St, Orange (0.6km from Subject Site) |
| **Advertised Star Grading** | 4 |
| **Rooms (No.)** | 25 |
| **Facility Description** | De Russie Boutique is a self-contained apartment hotel consisting of studio, studio spa and family suites. It is located in close proximity to a range of retail and restaurant amenity within the Orange CBD. Suites consist of luxury beds, free wireless internet, complimentary breakfast and modern finishes. |
| **Cost per Night** | Studio Suite: $195-$260 per night<br>Studio Spa Suite:$210-$280 per night<br>Family Suite: $300-$340 per night<br>Private Suite: $300-$430 per night |
| **Amenities** | ▪ Babysitting services<br>▪ Cleaning services-laundry, dry cleaning, ironing service<br>▪ Business services – copy and fax services<br>▪ On-site parking |

FIGURE 11 – CENTRAL CALEULA MOTOR LODGE

| | |
|---|---|
| **Establishment** | Central Caleula Motor Lodge |
| **Address (Distance from Subject Site)** | 60 Summer St, Orange (0.7km from Subject Site) |
| **Advertised Star Grading** | 4 |
| **Rooms (No.)** | 34 |
| **Facility Description** | Caleula Motor Lodge offers self-contained accommodation. The facility offers family, queen, and twin rooms.<br>Room features include a private bathroom, free wireless internet, air-conditioning, a flat screen TV, mini bar, tea and coffee making facilities. |
| **Cost per Night** | Deluxe Room: $142-$242 per night<br>Executive Room: $142-$251 per night<br>Presidential Suite: $225 per night |
| **Amenities** | ▪ On-site restaurant and bar<br>▪ Outdoor swimming pool<br>▪ Room service<br>▪ Cleaning services-laundry, dry cleaning, ironing service<br>▪ On-site parking |

FIGURE 12 – WEST END MOTOR LODGE

| | |
|---|---|
| **Establishment** | West End Motor Lodge |
| **Address (Distance from Subject Site)** | 2-6 Dalton Street, Orange (1.0km from Subject Site) |
| **Advertised Star Grading** | 3 |
| **Rooms (No.)** | 41 |
| **Facility Description** | West End Motor Lodge is a low rise motel and offers budget accommodation located away from the city centre.<br>Each room consists of a private bathroom, free wireless internet, microwave, refrigerator, and tea and coffee making facilities. |
| **Cost per Night** | Standard Room: \$95 per night<br>Deluxe Room: \$125 per night<br>Executive Room: \$110-\$175 per night |
| **Amenities** | ▪ Indoor swimming pool<br>▪ Garden<br>▪ Cleaning services-dry cleaning and daily maid service<br>▪ Business facilities – fax/photocopying services<br>▪ On-site parking |

FIGURE 13 – TURNERS VINEYARD MOTEL

| | |
|---|---|
| **Establishment** | Turners Vineyard Motel |
| **Address (Distance from Subject Site)** | 4929 Mitchell Hwy, Summer Hill (4.2km from Subject Site) |
| **Advertised Star Grading** | 4.5 |
| **Rooms (No.)** | 42 |
| **Facility Description** | Located on the Turners Vineyard site, the motel provides studio, apartment and villa accommodation for vineyard guests. The motel is separated from the city centre.<br><br>Each room consists of a private bathroom, air-conditioning, flat screen TV and a balcony. |
| **Cost per Night** | Studio: $200-$210 per night<br>Apartment: $220-$240 per night<br>Villa: $230-$245 per night |
| **Amenities** | ▪ On-site restaurant and bar<br>▪ Vineyard facilities- wineries and tours<br>▪ Room service<br>▪ Cleaning services – laundry and dry cleaning<br>▪ Business facilities – fax and photocopying<br>▪ On-site parking |

## Hotel / Serviced Apartment Development Pipeline

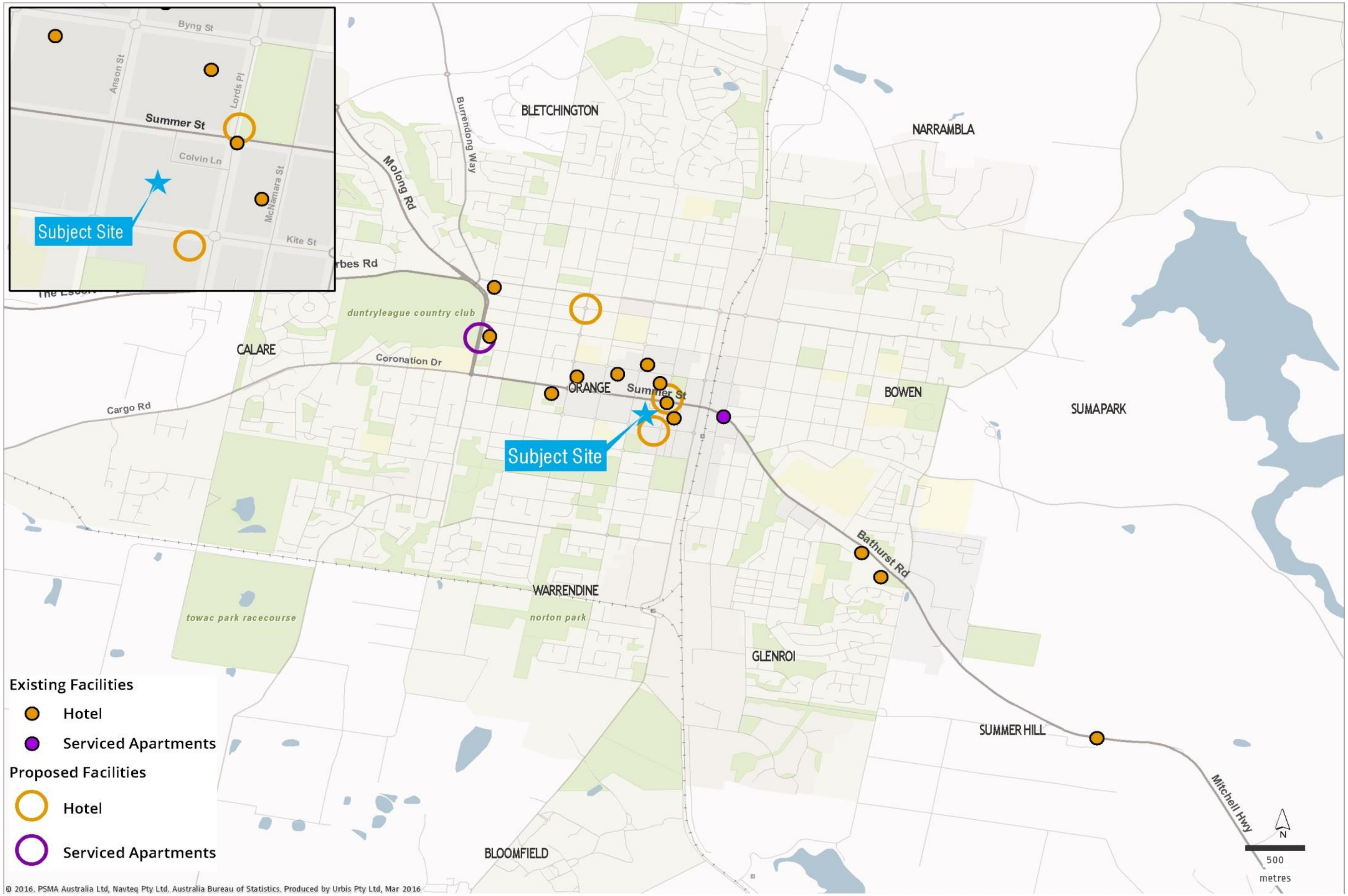
ORANGE AND CENTRAL NSW, TABLE 2.3

| Project Name - Orange | Region | Town Planning Approval | Development Status | Completion Date | Rooms (No.) |
|---|---|---|---|---|---|
| Duntryleague Golf Club - Apartments | Orange | Early Planning | Possible | 2017 | 36 |
| Forest Rd Hotel/Motel/Function Centre | Orange | Development Approval | Deferred | 2017 | 80 |
| Ophir Car Park Redevelopment | Orange | Early Planning | Tender / EOI | 2017 | N/a |
| Byng St Hotel | Orange | Development Application | Development Applicatior | 2017 | 28 |
| **Total Rooms (No.) - Orange** | | | | | **144** |

*Source: Cordell Connect, Urbis*

EXISTING AND FUTURE HOTELS AND SERVICED APARTMENTS

MAP 2.1



# 3 Demand Assessment

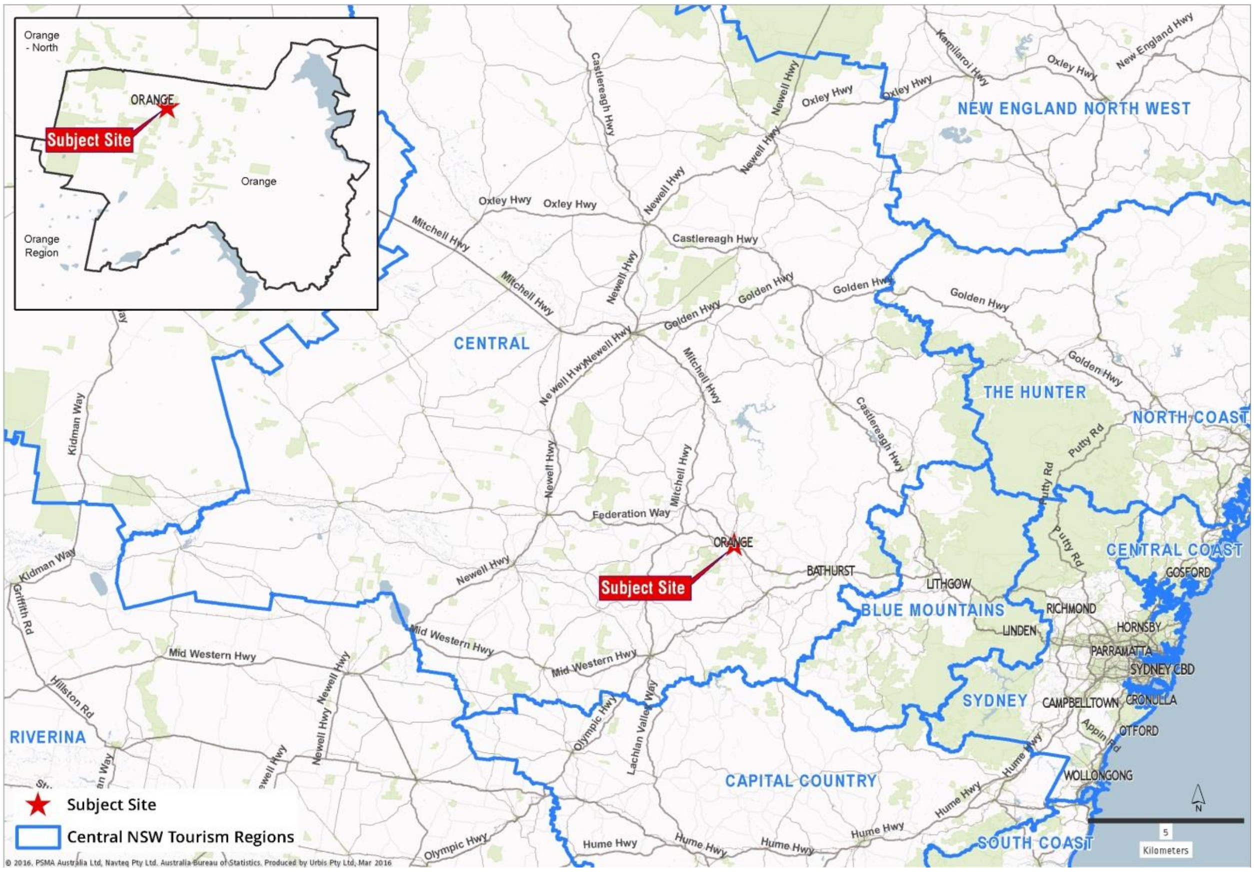
This section will identify and quantify the different sources of demand for Serviced Apartments, compared to the existing and proposed supply of Services Apartments.

## 3.1 TOURIST MARKET CATCHMENT

The catchment for the serviced accommodation / hotel market being assessed will primarily be the Orange SA2, which is located within the Central NSW Tourism region outlined in below Map 3.1.

The catchment reflects the fact that the majority of competing short-stay accommodation servicing the broader Orange area are located within the Orange town centre, as outlined in Section 3.

ORANGE SA2 CENTRAL TOURISM REGION MAP 3.1




## 3.2 MARKET SEGMENTS

The following four market segments have been identified for the proposed short-stay accommodation development. The definitions have been based on those adopted by Tourism Research Australia (TRA) as TRA data represents the basis of the assessment.

- **Business**: Visitors with business as their primary reason for travelling. Business travel comprises business, work travel for transport crews, attendance at conferences, conventions, exhibitions and trade fairs, and training and research related to employment.

- **Visiting Friends and Relatives**: Travellers visiting friends and/or relatives as their primary reason for travelling. Visits to friends and relatives may also include travel to attend the wedding of a friend or relative or travel to attend a funeral.

- **Holiday**: Visitors whose primary reason for travelling is having a holiday. Holiday travel comprises holidays, travel for leisure, entertainment, sport and shopping.

- **Other**: Comprises other reasons for travel not captured in the three categories above such as educational, medical and personal appointments.

The four market segments identified above will be assessed for both domestic and international visitors.

## 3.3 SIZE OF MARKET

### CURRENT

The proposed short-stay accommodation development in the Orange SA2 will be influenced by the wider regional tourist/visitor market. As such, the market assessment puts Orange in the context of the wider Central NSW and Non-Metropolitan visitor market.

Table 3.1 illustrates that the visitor market within Orange and Central NSW is driven primarily by domestic visitation.

The Tourism Research Australia survey data used to estimate the size of the different tourism markets segments for Orange SA2 did not have a large enough sample of international visitors to report on. This illustrates that Orange SA2 is largely a domestic visitor destination. Similarly Central NSW recorded a limited number of international visitors, compared to the broader non-metro NSW market.

It illustrates that Holiday visitors are the primary market for Orange, with a large proportion coming from Business travellers.

Short-Stay Accommodation Guests by Segment in 2014-15

CENTRAL NSW

TABLE 3.1

| Segment ('000) | Orange SA2 | Central NSW | Non-Metro NSW | Orange % of Non-Metro NSW |
|---|---|---|---|---|
| **Domestic** | | | | |
| Holiday | 85 | 601 | 32 421 | 0.3% |
| Visiting friends or relatives | 30 | 608 | 21 831 | 0.1% |
| Business | 57 | 428 | 7 526 | 0.8% |
| Other | 37 | 141 | 3 015 | 1.2% |
| **Total** | **209** | **1,778** | **64,793** | **0.3%** |
| **International** | | | | |
| Holiday | N/a | 17 | 4,455 | N/a |
| Visiting friends or relatives | N/a | 13 | 3,072 | N/a |
| Business | N/a | N/a | 388 | N/a |
| Other | N/a | N/a | 4,491 | N/a |
| **Total** | N/a | **30** | **7,915** | N/a |
| **Total** | **209** | **1,808** | **72,708** | |

*Source : Tourism Research Australia; ABS Tourist Accommodation, Small Area data; Urbis*

## FUTURE

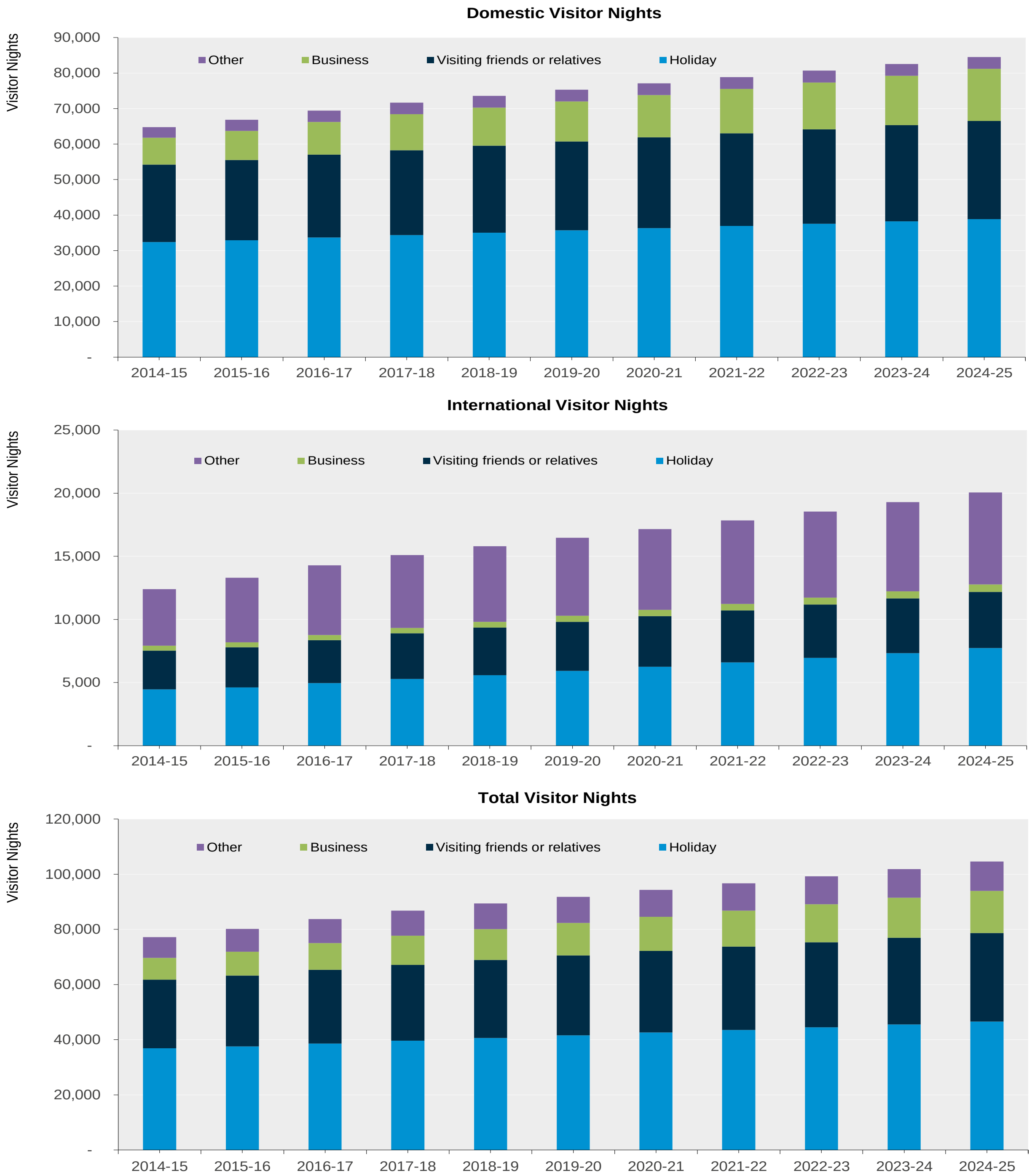
Forecast domestic overnight and international visitor nights for Non-Metropolitan NSW broken down by purpose of visit are presented in Chart 3.1. TRA has projected modest growth in domestic visitor nights of around 3% per annum from 2014/15 to 2024/25. The fastest growing category is expected to come from the business segment, with an additional 7,200 visitor nights over the forecasted period.

International visitors aren't expected to comprise a large proportion of Non-Metropolitan NSW's visitor market is forecast to grow by 5% per annum from 2014-15 to 2024-25.

### Forecast Visitor Nights

NON-METROPOLITAN NSW

CHART 3.1




*Source : Urbis; Tourism Research Australia*

The following table outlines the projected short-stay accommodation guest nights for the Orange SA2 over the next 15 years.

The forecasts are calculated using the following process:

- The base year guest nights from ABS Tourist Accommodation, Small Area Data
- Guest nights have been distributed into guest categories using Tourism Research Australia visitor survey data for the Orange SA2
- Growth rates have been derived from Tourism Research Australia (TRA) non-metropolitan NSW forecasts for each guest category, and have been applied to the base year guest nights for Orange and forecast over 10 years.

It illustrates that Business guests are expected to grow substantially between 2014 and 2025, surpassing Holiday guests which are currently the largest market segment. This indicates that not only will there be a requirement for additional serviced apartment product, but the quality will need to be sufficient to service business travel rather than budget holiday visitors.

## Guest Nights – Forecasts – Scenario 1

ORANGE SA2, 2014-25 TABLE 3.2

| Category | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2024-25 | 2014-25 | 2014-25 Annual % |
|---|---|---|---|---|---|---|---|---|---|
| Holiday | 85,300 | 86,800 | 89,300 | 91,700 | 94,000 | 96,300 | 107,900 | +22,600 | 2.4% |
| Visiting friends or relatives | 29,500 | 30,500 | 31,600 | 32,500 | 33,400 | 34,200 | 37,900 | +8,400 | 2.5% |
| Business | 57,300 | 62,300 | 69,800 | 76,400 | 80,900 | 85,200 | 110,500 | +53,200 | 6.8% |
| Other | 37,100 | 40,700 | 43,100 | 44,600 | 45,900 | 46,900 | 52,400 | +15,300 | 3.5% |
| **Total** | **209,200** | **220,300** | **233,800** | **245,200** | **254,200** | **262,600** | **308,700** | **+99,500** | **4.0%** |

*Source: ABS Small Area Tourist Data 2014-15; Tourism Research Australia; Urbis*

The forecasts prepared by the TRA illustrate a strong growth rate across non-metropolitan NSW, which incorporates a range of different regions with different economic and population fundamentals.

To ensure that our forecasts consider fundamentals of Orange Urbis have prepared a second scenario based:

- Historic population growth for the Orange LGA (1.9% per annum between 2009-13) to grow guests who are visiting on holiday and visiting friends or relatives guests
- Forecast employment growth (Department of Employment, 2016) for the Central West region (the smallest area these forecasts are produced at) to grow business guests and other guests
- The outcome is a guest night growth rate of 1.7%, reflecting historic population growth and forecasts employment growth.

## Guest Nights – Forecasts – Scenario 2

ORANGE SA2, 2014-25 TABLE 3.3

| Category | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2024-25 | 2014-25 | 2014-25 Annual % |
|---|---|---|---|---|---|---|---|---|---|
| Holiday | 85,300 | 86,900 | 88,600 | 90,300 | 92,000 | 93,700 | 102,900 | 17,600 | 1.9% |
| Visiting friends or relatives | 29,500 | 30,100 | 30,700 | 31,300 | 31,900 | 32,500 | 35,700 | 6,200 | 1.9% |
| Business | 57,300 | 58,100 | 58,900 | 59,700 | 60,500 | 61,300 | 65,800 | 8,500 | 1.4% |
| Other | 37,100 | 37,600 | 38,100 | 38,600 | 39,100 | 39,600 | 42,600 | 5,500 | 1.4% |
| **Total** | **209,200** | **212,700** | **216,300** | **219,900** | **223,500** | **227,100** | **247,000** | **37,800** | **1.7%** |

*Source: ABS Small Area Tourist Data 2014-15; Department of Employment forecasts 2016; Urbis*

To estimate the number of hotel / serviced apartment rooms needed to accommodate the growth outlined above, forecast guest nights are converted into room nights in Table 3.4 and 3.5.

- Room nights are derived from guest nights and the average guests per room for the Orange SA2
- Room demand is derived from room nights, dividing it by 365 days and the occupancy rate in Orange 2014-15 published by the ABS in 2015 (66.2%)
- Existing and approved new accommodation identified in Section 2 have been deducted.

To achieve the visitor numbers forecast by Tourism Research Australia additional serviced short-stay accommodation is needed within the Orange.

The base case scenario (assuming there is no new serviced apartment / hotel development), indicates that there is a market for an additional 172 rooms by 2019-20 and 294 rooms by 2025.

## Hotel / Serviced Apartments – Demand Assessment (Scenario 1)

ORANGE SA2, 2014-15 TO 2024-25 TABLE 3.4

| Category | 2014-15 | 2019-20 | 2024-25 |
|---|---|---|---|
| Guest Nights | 209,200 | 262,600 | 308,700 |
| Guest per room | 1.6 | 1.6 | 1.6 |
| Annual Room Nights | 133,940 | 168,129 | 197,645 |
| **Room Demand** | **554** | **696** | **818** |
| Existing Supply | 524 | 524 | 524 |
| **Surplus / Deficit** | **-30** | **-172** | **-294** |

*Source: ABS Small Area Tourist Data 2014-15; Tourism Research Australia; Urbis*

Urbis have converted the second visitation demand scenario to room demand below in table 3.5. While forecasting a lower demand for room nights, Scenario 2 still indicates that the Orange serviced apartment / hotel market could support additional serviced apartment stock by 2020 and 2025.

## Hotel / Serviced Apartments – Demand Assessment (Scenario 2)

ORANGE SA2, 2014-15 TO 2024-25 TABLE 3.5

| Category | 2014-15 | 2019-20 | 2024-25 |
|---|---|---|---|
| Guest Nights | 209,200 | 227,100 | 247,000 |
| Guest per room | 1.6 | 1.6 | 1.6 |
| Annual Room Nights | 133,940 | 145,400 | 158,141 |
| **Room Demand** | **558** | **606** | **659** |
| Existing Supply | 524 | 524 | 524 |
| **Surplus / Deficit** | **-34** | **-82** | **-135** |

*Source: ABS Small Area Tourist Data 2014-15; Tourism Research Australia; Urbis*

## 3.4 SUMMARY AND IMPLICATIONS

The short-stay market in the Orange SA2 appears to be slightly undersupplied (based on the most recent quarterly occupancy rate of (66.2%) by approximately 30 rooms (assuming 1.6 guests per room).

Demand for short-stay accommodation will grow with visitation, over the next 10 years Urbis forecasts an additional 99,500 guest nights, which drive demand for circa an additional 294 rooms to maintain current occupancy levels by 2025.

The low scenario will grow by 37,800 guests over 10 years, based on population and employment growth, resulting in demand for 135 additional rooms by 2025.

Under both scenarios there is sufficient demand for additional serviced apartment development within the Orange SA2.

In addition as noted previously the fastest growing visitation sector is forecast to be business travellers (by Tourism Research Australia), which typically require a higher quality hotel product compared to what is currently provided within Orange. The development of new serviced apartment stock well located in the Orange town centre would assist in servicing this growing market. The ongoing improvement of the quality of the serviced apartment accommodation within any tourism region is important to service growing markets.

Newer serviced apartments / hotels are likely to capture a greater share of occupancy than the older stock within the Orange SA2.

# 4 Economic Benefit

The proposed development is anticipated to deliver employment benefits during its construction phase and from ongoing operations.

Table 4.1 estimates the direct and indirect employment to be generated during the construction phase.

Based on Rawlinson's Construction Handbook (2015), it is estimated that the proposed development would have a construction cost of around $10 million. This is estimated to generate 88 jobs during the construction phase including 34 direct jobs and an additional 54 jobs through suppliers.

## Construction Employment Impact

PROPOSED DEVELOPMENT TABLE 4.1

| Proposed Development[1] | Direct Employment | Supplier Employment (Multiplier Effects) | Total Employment (Jobs)[2] |
|---|---|---|---|
| Construction Phase | 34 | 54 | 88 |

*1. It is conservatively estimated that the development would have a total construction cost of around $10 million, which have been derived from cost benchmarks from the Rawlinson's Construction Handbook (2015)*
*2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects. Jobs are for the equivalent of one year of employment.*
*Source: Alceon Group Pty Ltd ATF Orange Retail Trust Investments; Urbis*

The proposed development consists of 40 twin key 2 bedrooms apartments (equating to 80 rooms), which could potentially result in 21 ongoing jobs during operation. It is likely that many of the jobs to be generated from ongoing positions are likely to be taken by local residents.

The employment benchmark is based on total jobs per serviced apartment rooms across NSW (published by the ABS 8635.0 Tourist Accommodation, Australia). The type of ongoing jobs can include back office administrative staff located onsite, cleaners, hotel concierges and catering staff.

Further to this, the addition of a new serviced accommodation development to the Orange town centre will support other sectors, such as health and education facilities that typically require nearby short-stay accommodation to service groups such as campus visitors, academics, patient/student families etc.

## Ongoing Employment Impact

PROPOSED DEVELOPMENT TABLE 4.2

| Proposed Development | Employment Benchmark | Net Lettable Area (sq.m)[2] | Serviced Apartments (2 Bed) | Rooms | Total Employment (Jobs) |
|---|---|---|---|---|---|
| Serviced Apartments | 0.26 jobs/room[1] | 3,732 | 40 | 80 | 21 |

*1. Employment numbers calculated by using Urbis benchmarks, and ABS Tourism employment data*
*2. Net Lettable Area has been estimated to be 90% of Gross Floor Area*
*Source: Alceon Group Pty Ltd ATF Orange Retail Trust Investments, Urbis*

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