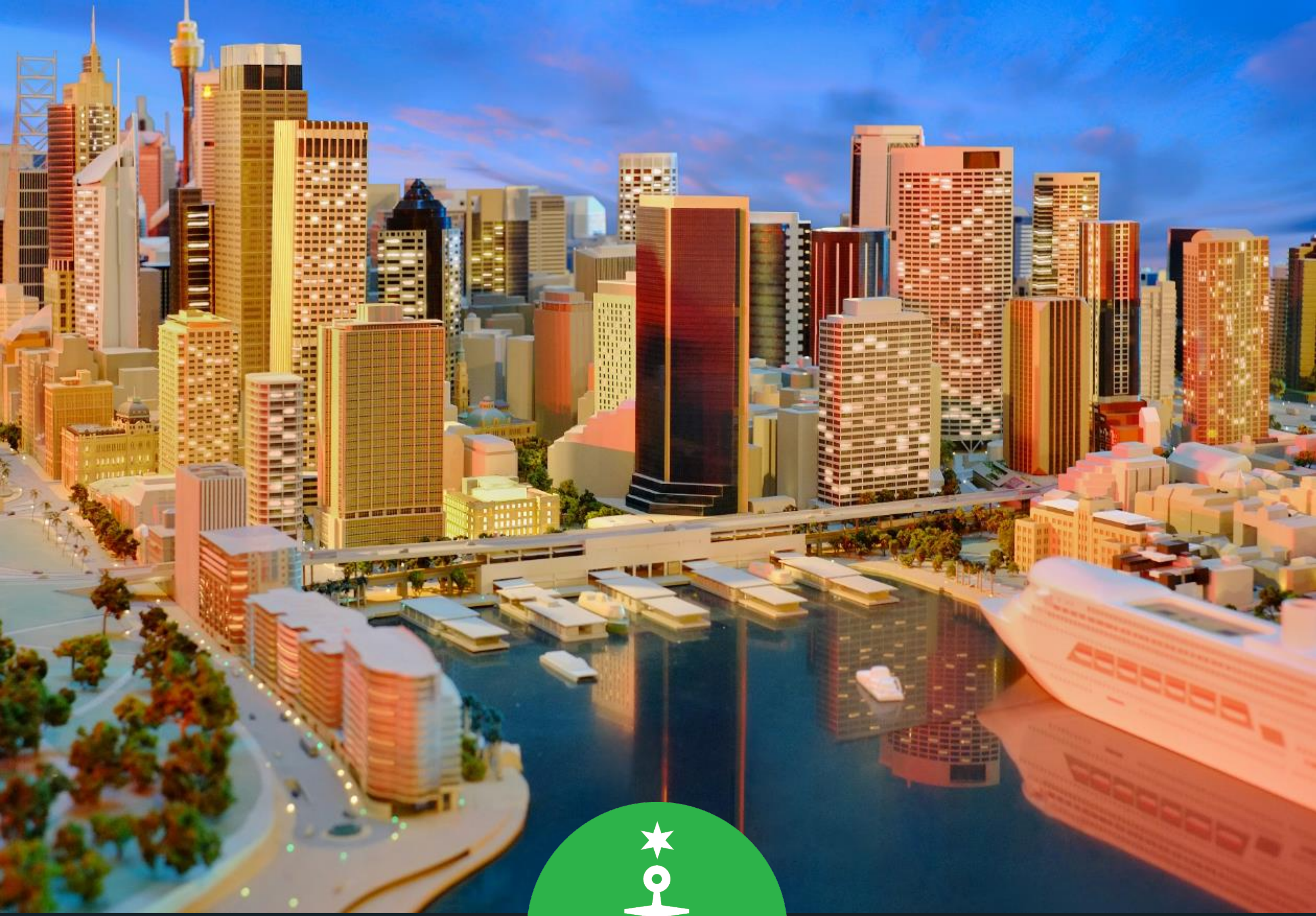

Visitor Accommodation Monitor

2018/19

CITY OF SYDNEY

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Introduction

The City of Sydney (“the City”) recognises the availability of visitor accommodation is important to the success of the local and national economies. Over 19 million domestic and international overnight visitors stay in our city annually for a range of purposes including leisure, education or carrying out business[1]. The City of Sydney’s Community Strategic Plan sets the framework for the future of the city. There are a number of targets the City has set to reach the vision of where the community wants the city to be in 2030.

SS2030 Strategic Direction 1 – ‘A globally competitive and innovative city’ is a core component of the vision where the City will strive to strengthen globally competitive clusters and networks, develop innovative capacity and enhance business competitiveness. Tourism and accommodation is recognised as one of the key sectors which will continue to play a major role in the city’s economy as it primes itself as being a premier destination on both the local and international scale. Objective 1.4 states ‘Sydney’s tourism infrastructure, assets and brand contribute to its role as a global visitor destination’. This objective recognises the delivery of key tourism infrastructure such as projects designed to improve the city’s public spaces making them attractive and accessible to visitors and enhancing our profile as a global visitor destination. In association with the NSW Government, the City creates the framework for how the city develops so we have the space and infrastructure we need for our residents, workers, businesses and visitors. Recognising this core role, the City has a significant level of influence in the timely and targeted delivery of tourism infrastructure and accommodation as demonstrated through the statutory planning framework.

In most cases, the City is the consent authority for development applications for visitor accommodation which includes hotels, serviced apartments, backpackers accommodation and hosted accommodation (such as bed and breakfast establishments). The City can also influence the supply of visitor accommodation through advocacy to encourage a diverse sector. In 2014, the City adopted its Tourism Action Plan which presents actions to support the visitor economy. One of the key actions set out in the plan is: ‘*Continue monitoring supply and demand and engaging with industry’.* The Visitor Accommodation Monitor addresses this action by providing a comprehensive overview of pipeline activity as at 30 June year end as well as a snapshot of total visitor accommodation stock by establishment type including hotels, serviced apartments and backpackers in the city and geographic variation by small area. It is noted that this report does not cover AirBnB stock.

[1] Tourism Research Australia, International Visitor Survey (IVS) and National Visitor Survey (NVS) 2019

Objectives

The purpose of this report is to provide a summary of visitor accommodation development activity and existing stock across the City of Sydney local area as at 30 June 2019.

This report focuses on visitor accommodation activity which includes hotel rooms, serviced apartment rooms and backpacker beds. The classification "hotel rooms" includes rooms in standard hotels, bed and breakfasts, pubs and motels. The report includes new visitor accommodation establishments and also any additional rooms, conversions, alterations and renovations that impact the stock of visitor accommodation in the City.

Developments are grouped by the following categories:

– **Completed** – developments that have completed construction

– **Commenced** – developments that are currently under construction but have yet to be completed at 30 June 2019.

– **Approved** – developments that have been approved by relevant authorities but have yet to commence at 30 June 2019.

– **Lodged** – developments that have been submitted for approval but have not yet been approved by the consent authority at 30 June 2019.

There are ten City of Sydney villages that have been grouped into four distinct areas for the purpose of analysis and discussion in this report:

– **CBD villages:** CBD and Harbour, Chinatown and CBD South

– **Eastern villages:** Macleay Street and Woolloomooloo, Oxford Street, Crown and Baptist Streets

– **Southern villages:** Green Square and City South, Redfern Street, King Street

– **Western Villages:** Glebe Point Road, Harris Street

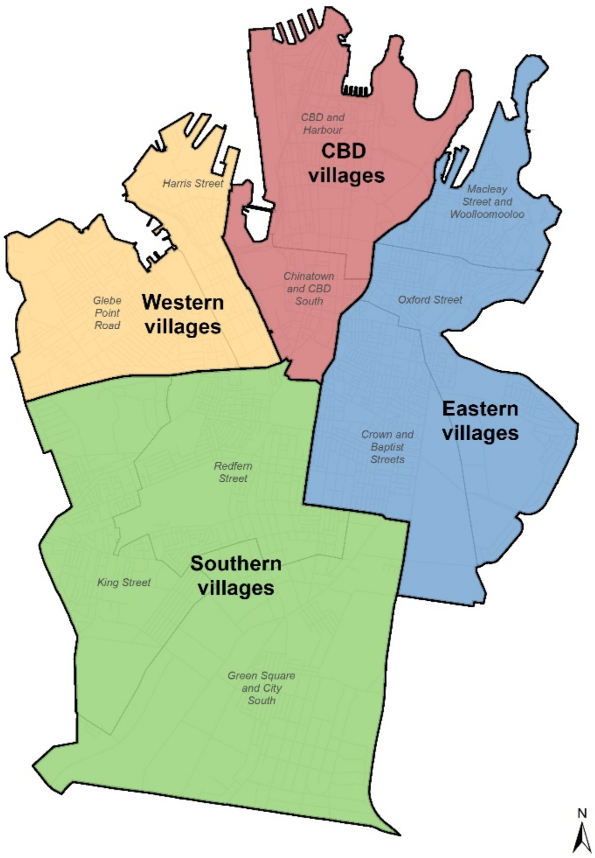

Figure 1. Map of the City of Sydney local area showing grouping of villages

Visitor Accommodation Trends

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[2]. Occupancy rates have decreased during the last financial year - from 85.3% to 83.0%.

Table 1: Occupancy rate of visitor accommodation stock in Metropolitan Sydney.

Reporting Period	Occupancy Rate
Jul-Sept 2018	84.3%
Oct-Dec 2018	84.1%
Jan-Mar 2019	83.9%
Apr-Jun 2019	83.0%

Source: CBRE Research 'Marketview Australia Hotels' 2018-19

[2] Tourism Research Australia: International Visitor Survey (IVS) and National Visitor Survey (NVS) 2019

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)[3]. The number of guest nights increased by 24.2% in the same period, as seen in Table 2 below.

Table 2: Guest nights (millions) in the local area over the last ten years.

Financial Year	Guest Nights (millions)
2009/10	25.79
2010/11	26.96
2011/12	26.58
2012/13	26.93
2013/14	29.16
2014/15	30.69
2015/16	29.39
2016/17	27.85
2017/18	29.29
2018/19	32.03

Source: Tourism Research Australia International and National Visitor Surveys (2019)

Table 3 on the following page shows the total visitor accommodation stock by 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.

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).

[3] Tourism Research Australia: International Visitor Survey (IVS) and National Visitor Survey (NVS) 2019

Table 3: Visitor accommodation completions (2014/15-2018/19) and expected completions (2019/20-2023/24) by village

Financial Year	CBD and Harbour	Chinatown and CBD South	Crown and Baptist Streets	Glebe Point Road	Green Square and City South	Harris Street	King Street	Macleay Street and Wooll'oo	Oxford Street	Redfern Street	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	-	-	-	-	**1,131**
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	-	**2,013**
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**[4]

[4] Includes hotel rooms, serviced apartment units and backpacker beds.

Existing Stock at 30 June 2019

Table 4: Total stock numbers by visitor accommodation type at 30 June 2019

Accommodation Type	Rooms/Beds/Units	% of Total
Hotel Rooms	22,008	61.1%
Serviced Apartment Units	6,037	16.7%
Backpacker Beds	8,004	22.2%
Total	**36,049**	**100.0%**

Just under half (46.6%) of all hotel rooms were located in CBD and Harbour whilst over quarter of hotel rooms were located in Chinatown and CBD South (27.0%). At 30 June 2019, Chinatown and CBD South had the highest number of serviced apartments (34.7%) of all serviced apartment units in the City of Sydney local area. Chinatown and CBD South also had the highest number of backpacker beds (3,097) followed by Macleay Street and Woolloomooloo (2,125), accounting for 38.7% and 26.5% respectively.

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 5: Total visitor accommodation stock by type and year

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	5,504	5,517	5,877	6,037
Pub Rooms[5]	739	715	697	697

[5] For the purpose of this table pub rooms and hotel rooms have been separated to compare accommodation types. In Table 4 these two groups have been added to total 22,008 capacity.

The charts in Table 6 show the proportion of total rooms or units which are located in establishments across varying ranges: < 20 rooms; 20 - 49 rooms; 50 - 99 rooms; 100 - 199 rooms and 200 + rooms.

At 30 June 2019, around 69.2% of hotel rooms in the City of Sydney local area were in very large establishments that have 200+ rooms. Nearly 18% of hotel rooms were in establishments with 100-199 rooms, with smaller proportions in hotels with 99 rooms or less. Serviced apartments are more evenly distributed across a range of establishment sizes, with 38.8% in establishments with 200+ units, 41.1% in establishments with 100-199 units and 28.1% in rooms with 49 units or less.

Backpacker beds were mainly in large establishments with 200+ rooms, with the majority of stock located in these larger properties with multiple beds in each room. Pub room accommodation is located in smaller establishments only with 49 rooms or less.

Table 6: Proportion of total stock by size of establishment

Accommodation Type	< 20	20-49	50-99	100-199	200+
Hotel Rooms	1.5	4.3	7.6	17.4	69.2
Backpacker Beds	0.1	5.9	25.1	23.9	45.0
Serviced Apartment Units	1.5	10.3	16.2	41.1	30.8
Pub Rooms	67.1	32.9	-	-	-

Summary of Development Activity

Completions in 2018/19

Table 7. Total rooms/units/beds completed in 2018/19

Accommodation Type	Rooms/Units/Beds	Percentage of Total
Hotel Rooms	380	70.4%
Serviced Apartments	160	29.6%
Backpacker Beds	-	0.0%
Total	**540**	**100.0%**

In 2018/19 there were 9 developments completed that had a visitor accommodation component. These developments provided an additional 540 rooms/units. There were no new backpacker beds completed in 2018/19. Three new hotels were completed with a total of 336 rooms, and two new serviced apartment buildings were completed with a total of 111 rooms. The remaining 93 rooms/units completed in 2018/19 were the result of either a refurbishment, alteration, change of use, conversion or addition. The majority of new visitor accommodation stock completed in 2018/19 were hotel rooms.

As seen in Table 8 the majority of additional visitor accommodation rooms/units were located in the southern villages (62.6%). In the CBD and eastern villages there were substantially less completions, while in the western villages there was a net loss of 14 resulting from a development in Pyrmont converting 23 hotel rooms to commercial space.

Table 8. Accommodation completed in 2018/19 by village group

Village Group	Rooms/Units/Beds Completed 2018/19
CBD villages	96
Eastern villages	70
Southern villages	388
Western villages	-14
Total	**540**

Pipeline at 30 June 2019

At 30 June 2019 there were a total of 10,481 hotel rooms, 522 serviced apartment units and 586 backpacker beds in the development pipeline, a total capacity of 11,589.

Table 9. Accommodation in the pipeline by status and type

Accommodation Type	Lodged	Approved	Construction Commenced
Hotel Rooms	2,619	5,223	2,639
Serviced Apartments	4	141	377
Backpacker Beds	437	149	-
Total	**3,060**	**5,513**	**3,016**

Hotel developments make up the largest proportion of visitor accommodation stock in all stages of the development pipeline. As of 30 June 2019 hotel rooms contributing to:

– 85.6% of total stock in the Lodged stage, where a DA has been submitted but not yet approved.

– 94.7% of total stock in the Approved stage, where a DA has been approved by Council but construction has not yet commenced.

– 87.5% of total stock in the Construction Commenced stage, where a development is being constructed but has not yet been completed.

The majority of rooms/units/beds in the pipeline are for *new* visitor accommodation premises (80.1%), with the remaining being the result of either an alteration, fitout, change of use or refurbishment.

CBD Villages

Completions

Table 10. Completions and expected completions by financial year

Financial Year	Hotel Rooms	Serviced Apartments	Backpacker Beds
2014/15	51	-	60
2015/16	631	-	-
2016/17	873	-	136
2017/18	532	-	179
2018/19	11	85	-
2019/20	1,528	361	43
2020/21	1,851	-	-
2021/22	2,352	-	-
2022/23	3,137	-	437
2023/24	234	-	-
Total	**11,200**	**446**	**855**

There were 96 rooms/units completed in the CBD villages in 2018/19, which consisted of an additional 11 hotel rooms and 85 serviced apartment units. There was no addition to backpacker bed stock in this period.

There were no major developments with over 100 rooms/units completed in 2018/19, with the 96 additional rooms being the result of three developments, a conversion, change of use and one new mixed use development that included 36 serviced apartment units.

As seen in Table 10, hotel rooms are the main type of visitor accommodation being completed in the CBD Villages and this is forecast to continue in coming years.

Pipeline

Table 11. Pipeline by status

Accommodation Type	Lodged	Approved	Construction Commenced
Hotel Rooms	1,901	4,785	2,416
Serviced Apartments	-	54	307
Backpacker Beds	437	43	-
Total	**2,338**	**4,882**	**2,723**

At 30 June 2019 there were 9,943 visitor accommodation rooms / units / beds in the pipeline in the CBD Villages. This total represents 85% of total pipeline stock in the local area.

Lodged

At 30 June 2019 there were a total of 2,338 rooms / units / beds lodged but not yet approved. This total consisted of 1,901 hotel rooms, 437 backpacker beds and no serviced apartment units. There were three major developments lodged in 2018/19 with over 300 rooms / units / beds:

- 201-207 Elizabeth Street, Sydney (414 hotel rooms)
- 4-6 Bligh Street, Sydney (407 hotel rooms)
- 301-305 Kent Street, Sydney (348 hotel rooms)

Approved

There were a total of 4,882 visitor accommodation rooms / beds / units at approval stage, including 4,785 hotel rooms, 307 serviced apartment units and no backpacker beds. There were no major visitor accommodation developments approved in 2018/19.

Construction Commenced

There were a total of 2,723 visitor accommodation rooms / beds / units that had commenced construction, including 2,416 hotel rooms, 43 backpacker beds and 54 serviced apartment units. There were no major visitor accommodation developments that started construction in 2018/19.

Eastern Villages

Completions

Table 12. Completions and expected completions by financial year

Financial Year	Hotel Rooms	Serviced Apartments	Backpacker Beds
2014/15	90	-	-
2015/16	1	23	-
2016/17	-	-	-
2017/18	113	24	-8
2018/19	70	-	-
2019/20	42	45	6
2020/21	40	-	-
2021/22	380	42	100
2022/23	-	-	-
2023/24	-	-	-
Total	**736**	**134**	**98**

There were 70 hotel rooms completed in the eastern villages in 2018/19, with no serviced apartment units or backpacker beds completed in this period. Over the past 5 years an additional 313 rooms / units / beds have been added to the eastern villages.

As seen in Table 12, visitor accommodation completions in the eastern villages have been historically low, but set to increase in 2021/22 with 522 rooms / units / bed forecast to be completed.

Pipeline

Table 13. Pipeline by status

Accommodation Type	Lodged	Approved	Construction Commenced
Hotel Rooms	225	237	-
Serviced Apartments	-	87	-
Backpacker Beds	-	106	-
Total	**225**	**430**	**0**

At 30 June 2019 there were 655 visitor accommodation rooms / units / beds in the pipeline in the eastern villages. This total represents 5.7% of pipeline stock in the local area.

Lodged

There were a total of 225 rooms / units / beds lodged but not yet approved.

Approved

There were a total of 430 visitor accommodation rooms / beds / units at approval stage, which had not yet commenced construction

Construction Commenced

At 30 June 2019 there were no visitor accommodation rooms / units / beds under construction in the eastern villages.

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Southern Villages

Completions

Table 14. Completions and expected completions by financial year

Financial Year	Hotel Rooms	Serviced Apartments	Backpacker Beds
2014/15	2	-	-
2015/16	77	14	-
2016/17	100	-	-
2017/18	160	-	114
2018/19	313	75	-
2019/20	157	85	-
2020/21	22	-	-
2021/22	210	4	-
2022/23	144	-	-
2023/24	-	-	-
Total	**1,185**	**175**	**114**

There were 388 rooms / units completed in the southern villages in 2018/19, which consisted of an additional 313 hotel rooms and 75 serviced apartment units. There was no addition to backpacker bed stock in this period. Over the past 5 years 850 rooms / units / beds have been added to the southern villages.

The majority of additional hotel room stock was the result of one major development being completed in 2018/19:

– 62-98 Broadway, Chippendale (297 hotel rooms)

Pipeline

Table 15. Pipeline by status

Accommodation Type	Lodged	Approved	Construction Commenced
Hotel Rooms	263	109	161
Serviced Apartments	4	-	82
Backpacker Beds	-	-	-
Total	**267**	**109**	**243**

At 30 June 2018 there were 619 visitor accommodation rooms / units / beds in the pipeline in the southern villages. This represents 5.3% of pipeline stock in the local area.

Lodged

There were a total of 267 rooms / units lodged but not yet approved at 30 June 2019. This total consisted of 263 hotel rooms and 4 serviced apartment units.

Approved

There were a total of 109 hotel rooms at approval stage at 30 June 2019, there were no backpacker beds or serviced apartment units at the approved stage.

Construction Commenced

There were a total of 243 visitor accommodation rooms / units that had commenced construction at 30 June 2019, including 161 hotel rooms and 82 serviced apartment units.

Western Villages

Completions

Table 16. Completions and expected completions by financial year

Financial Year	Hotel Rooms	Serviced Apartments	Backpacker Beds
2014/15	-	-	-
2015/16	-	32	-
2016/17	9	13	-
2017/18	451	53	-
2018/19	-14	-	-
2019/20	62	-12	-
2020/21	100	-	-
2021/22	220	-	-
2022/23	2	-	-
2023/24	-	-	-
Total	**830**	**86**	-

There was a net decrease of visitor accommodation stock in the western villages in 2018/19, this was due to the conversion of 23 hotel rooms into commercial space in Pyrmont and the addition of 9 rooms in a refurbishment development on Harris Street.

Pipeline

Table 17. Pipeline by status

Accommodation Type	Lodged	Approved	Construction Commenced
Hotel Rooms	230	92	62
Serviced Apartments	-	-	-12
Backpacker Beds	-	-	-
Total	**230**	**92**	**50**

At 30 June 2019 there was a net total of 372 visitor accommodation rooms / units in the pipeline in the southern villages. This represents 3.2% of pipeline stock in the local area.

Lodged

There were a total of 230 hotel rooms lodged but not yet approved at 30 June 2019. There were no backpacker beds or hotel rooms at lodged stage.

Approved

There were a total of 92 hotel rooms / beds / units at approval stage at 30 June 2019. There were no backpacker beds or hotel rooms at approved stage.

Construction Commenced

At 30 June 2019 there was a net total of 50 visitor accommodation rooms / units that had commenced construction in the western villages, comprised of 62 hotel rooms and the removal of 12 serviced apartment units.

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