

161 SUSSEX STREET REDEVELOPMENT

Summary Report in support of Section 96 Application No 1 - Response to Submissions
28 November 2013

This report provides data on existing and expanded hotel guest, event and staff profiles and associated analysis relevant to the queries raised by the Department of Planning and Infrastructure in their letter of 24 October 2013. Information provided on the expanded hotel numbers is generally based on 2012 figures extrapolated to reflect additional hotel rooms and net conferencing area.

EXISTING HOTEL GUESTS

The Four Points at Sheraton hotel clients are classified in the following demand segment categories:

1. Transient non-contracted – comprising the following
 - leisure
 - non-contracted corporate (ie no corporate contract arrangements with hotel) associated with local businesses
 - non-contracted corporate attending SCEC events
2. Transient contracted – comprising the following
 - corporate clients
 - wholesale international leisure
3. Group corporate – comprising the following
 - corporate attending in-house conference events
 - corporate attending SCEC conference events
4. Group leisure – includes family, sporting and special interest group

Groups 1 and 2 have made up the majority of the hotels sold room nights over the last 3 years. Group leisure comprise the smallest number of sold room nights. Room nights sold reflect occupancy levels of 80-90% of total hotel rooms per annum and include an average of 1.4 persons per room per night.

Table 2 below provides details of each demand segment sub-group. The listed attractors reflect the demand generated by the various Darling Harbour scheduled events listed for hotel rooms.

A number of local businesses contract with the hotel for employee room nights. Note that these businesses attract significant associated corporate interstate and international visitors who choose to stay at the hotel – referred to as non-contracted corporates.

FOUR POINTS DEMAND SEGMENT ATTRACTORS 2012			
	Demand Segment	Sub-group	Four Points attractors
1	Transient non-contracted	leisure	Proximity to Darling Harbour for: ▪ Fireworks ▪ Festivals ▪ Aquarium, museum etc ▪ Cruise boats ▪ Entertainment centre concerts Evidenced by capacity bookings for all festivals and

161 SUSSEX STREET REDEVELOPMENT

			events and Ent Cet concerts (generally October to March) – fireworks are a particular drawcard
		non-contracted corporate	International and interstate corporate visitors interfacing with local Darling Harbour corporate headquarters
		non-contracted corporate	Attending SCEC events
2	Transient contracted	corporate	Local businesses with Four Points corporate accounts
		wholesale international leisure	Proximity to Darling Harbour destinations and events Darling Harbour cruise boats Sydney CBD shopping
3	Group corporate	corporate internal conference	Average conference is 1 to 4 days with delegates utilising hotel facilities during the day and local restaurants and bars at night, primarily in Darling Harbour Darling Harbour cruise boats
		corporate SCEC conference	Utilising SCEC facilities during the day and local restaurants and bars at night, primarily in Darling Harbour and Chinatown
4	Group leisure		Proximity to Darling Harbour for: ▪ Fireworks ▪ Festivals ▪ Aquarium, museum etc ▪ Cruise boats ▪ Entertainment centre concerts

Table 1: Hotel room nights by group and attractors

The table above identifies that all current hotel residential guests primary destination is Darling Harbour. The proposed through site link will provide an improved direct connection between the hotel and Darling Harbour further facilitating guest access.

The Four Points at Sheraton's primary Sydney CBD market competitors with similar star rating and price-point are Grace Hotel (382 rooms), Swissotel (359 rooms) and Amora Hotel Jamison (415 rooms). The Grace and Swiss cater to a range of visitors with a leisure emphasis on CBD retail while the Amora caters to leisure visitors with a Rocks and Circular Quay focus. The corporate sector will generally choose a hotel that provides easy access to related businesses.

Transport

The hotel has no on-site parking. Guest arrivals and departures utilise the following transport modes

- 15% of weekend guests drive and use the carpark opposite the hotel
- Guests coming from the airport primarily take taxis – quickest route is Eastern Distributor/Cross City Tunnel/Sussex Street
- Airport train is highly utilised with guests arriving/leaving from Town Hall station and walking between station and hotel
- Local tourists use taxis and train to Town Hall and Wynyard
- Groups use buses of various sizes

There are currently no guests arriving or leaving by bicycle

161 SUSSEX STREET REDEVELOPMENT

City of Sydney facilities

There has been no record of guests utilising City of Sydney child care or library facilities.

NEW ROOM HOTEL GUESTS

Over the last three years the hotel has attracted an average hotel occupancy rate between 80% and 90% with an average room occupancy of 1.4 persons. It should be noted that during 2012 the hotel rooms were undergoing refurbishment and as a result significant numbers of rooms were excluded from the hotel inventory throughout this period.

On the basis of 684 rooms, the full complement of current refurbished hotel rooms and estimated 85% occupancy based on the three year average, the total number of room nights would be approximately 204,600 per annum. With room occupancy of 1.4 persons per room the total number of hotel residential guests will be approximately 286,500 per annum. The additional 231 rooms will add approximately 69,000 room nights with 96,000 residential guests bringing **the total for the completed hotel to approximately 273,600 room nights with 383,000 residential hotel guests per annum.**

We consider that the additional 69,000 room nights will reflect the historic proportional split between demand segments.

HOTEL AND CONVENTION STAFF

The hotel currently employs 157 permanent fulltime staff, 25 permanent part time staff, 82 casual staff and 69 outsourced contract staff. The following is an outline of the daily staff movements and utilisation of local facilities:

- 90% of staff utilise public transport for the journey to and from the hotel with travel times of at least 1 hour door to door. Transport modes include bus and train.
- 10% of early morning and night shift staff drive to work – they are provided with vouchers for the parking station opposite the hotel in Sussex Street.
- 90% of staff take their meals on the hotel property with subsidised vending machine offerings in the staff canteen
- 10% of staff purchase lunch at snacks at local café and seven eleven store.
- There are no hotel staff cycling to/from work
- There are no staff utilising City of Sydney child care facilities

Additional staff to service the extended hotel will include 12 full time staff, 5 part time staff, 114 casual staff and 40 contract staff. It is expected that new staff will reflect the current staff in relation to the above features.

NEW COMMERCIAL FLOOR SPACE STAFF

New commercial floor space will comprise 5,005 square metres of net lettable area over the seven new floor plates. The number of workers in this area is estimated to be up to 350 persons.

It is anticipated that the commercial space will attract high profile creative groups, financial and investment services or legal and accounting professionals. These groups will be reasonably affluent

161 SUSSEX STREET REDEVELOPMENT

and it is expected staff will draw from closer urban residential areas. The worker profile is expected to utilise public transport and cycle ways to and from work and to take full advantage of the lunch time and after work offerings of Darling Harbour and potentially Sydney CBD. They would also be expected to utilise CBD retail and service industries.

These workers may utilise CBD child care facilities.

NEW CONVENTION FACILITIES

In 2012 there were 67,000 attendees at various hotel functions and of these 65% translated into room nights and 35% were non-residential.

With the expansion of the convention facilities from 800m² to 2,800m² of net bookable space (factor of x 3.5) with attendance consistent with current space occupation and visitor profile a total of approximately 152,000 room nights will be generated by the new conference facilities.

CONCLUSION

The analysis provided in table 1 above demonstrates that the focus of hotel visitors from all visitor profile sectors is Darling Harbour and Darling Harbour related activities. The primary driver for hotel bookings is the hotel location with convenient and central pedestrian access to Darling Harbour. The city's other mid-range hotels cater to the market looking for Rocks, Circular Quay and retail centred activities. The extensive range of activities and events in Darling Harbour are a significant drawcard for the leisure market which currently forms the majority of Four Points at Sheraton clientele.

SCEC and the corporate headquarters of major banking and accounting groups located within Darling Harbour are the primary destination for the hotel's corporate clientele. Hotel Management has advised that, with the completion of SICEEP, there will be an increase in the proportion of SICEEP conference, exhibition and entertainment centre attendees (corporate and leisure sectors) utilising the hotel guest rooms.

In addition, with completion of the conference and event facilities hotel management has advised that they will achieve a significant increase in demand from both the corporate sector and the private leisure sector. In particular, the new facilities will offer a range of wedding venues with sweeping views over Darling Harbour filling a significant gap in the wedding venue market. The wedding party and guests will be able to stay at the hotel and capitalise on the opportunities on offer in Darling Harbour.

Hotel staff have limited interface with the City other than through utilisation of public transport for the journey to and from work.

The commercial floor space will attract a tenant with staff numbers up to 350 persons who will utilise a range of City of Sydney facilities and services 5 days a week generally between 8am and 6pm.

Of the total new group users generated by the 161 Sussex Street redevelopment, the commercial tenants will generate a demand on City of Sydney facilities including cycle and pedestrian pathways.

161 SUSSEX STREET REDEVELOPMENT

This use will be limited to weekday business hours. A percentage of hotel residential and non-residential guests utilise public transport and CBD retail usage.