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Dear Ashleigh

## **Luxury Hotel, Circular Quay**

### **Change in Market Positioning of the Hotel**

The current One Circular Quay approved hotel development (Tower B) is suitable for an upper upscale hotel however the location and market conditions support a new premium. Given the location attributes at Circular Quay and more importantly the steady increase in the average room rate in the Sydney hotel market, it is commercially viable to develop a premium luxury hotel.

A number of design changes are required to respond to an Amended Project Brief for the hotel following a dialogue with international operators experienced with local operating conditions and our experience from hotel projects.

### **Hotel Secondary Entrance**

1. Circular Quay is a major destination in the city with 63 million visitors per annum. The public facilities of the hotel such as restaurant and bars, health club and ballroom will be popular and during busy periods a single hotel entrance from Pitt Street will not meet operational and security requirements for managing guests and the public. The Pitt Street entrance needs to be supported by a second entrance off Rugby Place to provide the operator with flexibility in managing guest access and public access. From a safety and security perspective the anticipated volume of people during busy period far exceeds the capacity of the Pitt Street entrance. Significant public demand for access to the hotel facilities is expected to be generated from Rugby Place.

### **Ground Floor Retail**

2. The nature of the ground floor retail should be consistent with supporting the hotel business. Unlike a commercial office tower, a hotel is a 24/7 business. Market research is underway in relation to food and beverage opportunities in the retail space as well as for the hotel business units: all day dining, specialty restaurant, and rooftop bar. Significantly, the public facilities in the hotel needs to respond to a local market, workers and day visitors, and not simply in house guests. The objective is to provide a destination as much for the people of Sydney as for interstate and international guests.
3. The ground floor retail frontage has been extended and additional tenancy depth around Rugby Place further contributes to the opportunity for the retail to support the hotel business as well as place making of the APDG precinct by retail activation.

### **Hotel Room Size**

4. The current standard hotel rooms are 32 m<sup>2</sup> – 33 m<sup>2</sup> which are considered too small for a luxury hotel in this market. Replanning of the structure and core, as well as the vertical

services, has enabled the standard room size to increase to 38 m<sup>2</sup>. The improved typical hotel floor plate allowed for a building length reduction whilst also improving the usable hotel room area.

### **Food and Beverage**

5. Market research is underway to generate exciting food and beverage options for the hotel. With a restaurant and a bar at the top of the hotel, these can become destinations with a national and international reputation. This direction for the food and beverage of the hotel is responding to the international changes in the hotel industry where the food and beverage outlets are placing making for both the hotel and the city as well as the opportunity for the public to experience great views of their harbour city.
6. The current hotel approval has some minor elements in the food and beverage business that will be amended as the market research advances and interesting concepts developed.

### **Back of House Efficiencies**

7. The disaggregated location of management and staff in the current approval is inefficient. The hotel executives and staff need to be co-located for the delivery of a high level of service to guests and customers.
8. The back of house areas has been consolidated in the basement as part of an operational review and consistent with hotel management practices in Sydney.

### **Additional Hotel Rooms**

9. The demand for luxury hotel rooms through our market research supported the need to increase the number of hotel rooms if practical. Through rationalising structural design and plant and equipment it has been possible to increase the number of hotel rooms to 220 with two additional levels of hotel within the existing envelope. The improved engineering of the building allowed for a reduction in the hotel floor to floor height in some areas whilst maintaining the same interior ceiling height clearance. This presented the opportunity to have the additional hotel rooms occupy what was previously a structural transfer floor and plant room floor.

### **Deletion of Operable Windows in Hotel Rooms**

10. The business of operating a hotel with operable windows is more complex than without; daily housekeeping, air conditioning controls, unintended variable room temperatures for guests, acoustic complaints, wind impacts, and potential damage from unattended rooms with open windows. How openable windows interact with curtains and blinds involves another layer of complexity.
11. Guests preference revolves around less complicated rooms for short term stays. Providing guests with complicated instructions and having to personally their environment where there are openable windows is not a preferred outcome.
12. The hotel is not a resort; the guest expectation in a city location surrounded by 63 million pedestrians annually and adjacent to one of the city's major transport hubs is for a peaceful and relaxing room.

13. From a hotel operator's perspective, the operable windows should be deleted as there is no

guest benefit and material short and long term maintenance implications from their installation.

The design response to the Amended Project Brief enhances the opportunity to develop a new luxury hotel that well executed will be a significant contributor to the extraordinary revitalisation of Circular Quay, one of Australia's most significant locations.

Yours faithfully



David Berry  
Managing Director