

Visitor Accommodation Action Plan (Hotels and Serviced Apartments)

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June 2015

1. Introduction

In 2008 the City undertook the most extensive consultation in its history talking to residents, workers, businesses and industry about their vision for the city.

The result is Sustainable Sydney 2030 – a vision for the city with actions to make Sydney green, global and connected.

The City's economy and a globally competitive and innovative city is a core part of this vision. We want to strengthen globally competitive clusters and networks, develop innovative capacity and strengthen business competitiveness.

Tourism will continue to play a major role in the City's economy and overall character. Sydney is Australia's most visited city. It's an international gateway and a globally connected business centre. The health of Sydney's visitor economy is important to the NSW and Australian tourism industry.

However, the visitor economy is made up of many industry sectors: accommodation, hospitality, transport, cultural and recreational services and retail. The economic benefits of visitors flow across these industry sectors and between regions. Government action is needed to coordinate, support and encourage the range of businesses involved in the visitor economy to realise the economic opportunities.

Accommodation is important to the success of the visitor economy. Visitors need appropriate places to stay if they are to visit Sydney to carry out business or see its attractions; and then for the city's retail, hospitality and transport sectors to capture the flow on spend.

The City's Economic Development Strategy recognises the importance of tourism and the need to take action consistent with Australian and NSW strategies. In 2014 the City adopted its Tourism Action Plan to set out the City's actions to support the visitor economy.

These actions include major projects to shape and improve the City's public spaces making them attractive and accessible for visitors, putting on and partnering in major events and collaborating in marketing Sydney to the rest of the world.

Urban planning is one of the City's core responsibilities. In association with the NSW Government we create the framework for how Sydney is to develop so we have the space and infrastructure we need for our residents, workers, businesses and visitors.

This plan focuses on how the City's planning framework and processes can provide an investment and regulatory environment that supports and encourages visitor accommodation which includes hotels and serviced apartments.

Visitor accommodation plan

This plan builds upon the City's Sustainable Sydney 2030, Economic Development Strategy and Tourism Action Plan. It responds to Australian and NSW government strategies. It also forms part of the City's review of the planning framework for the city centre.

In 2013 the City started talking to industry and government about the issues faced by Sydney's visitor accommodation sector. We then engaged Jones Lang LaSalle (JLL) to analyse the city accommodation market and provide expert advice. A government and industry reference group was formed to provide feedback throughout the project.

This plan is the result of that process. It brings together the expert analysis and stakeholder views, sets out overarching government strategies and urban planning tools, and identifies the challenges and opportunities facing visitor accommodation development in Sydney.

This plan proposes a series of actions related to the City's planning framework that will support investment in new and existing visitor accommodation and help deliver benefits to the visitor and city economies.

Data relating to the accommodation sector in this plan is mostly drawn from Jones Lang LaSalle's *Sydney Hotels Supply and Demand Study*. This study was carried out between August 2013 and February 2014. This plan acknowledges that property market fundamentals have and will continue to change since that time.

Aims and objectives

This plan focuses on planning as it is a core responsibility and an action identified in tourism strategies across all levels of government.

This plan sets out the City's actions to make sure the planning framework supports private sector investment in new and existing visitor accommodation.

The actions will assist a sustainable, demand driven supply of accommodation that encourages long term investment in visitor accommodation for Sydney and helps grow the local, state and national visitor economy.

These actions complement City, NSW and Australian government strategies for the visitor economy.

2. Supporting visitor accommodation



The visitor economy

Australia's tourism industry consists of almost 280,000 enterprises including hotels, restaurants, casinos, tour companies, travel agents, transport companies, shops and education providers.

The economic benefits of tourism and visitors are shared by many businesses, industries and regions.

The benefits of visitors and tourists fall across the economy. Every dollar spent on tourism generates an additional 91 cents in other parts of the economy – higher than multipliers in mining, agriculture and financial services.¹

Businesses in a visitor economy rely on each other—one business creates economic activity for another but it also needs the other business to encourage the visitor to the area.

Those who invest in a tourist attraction or tourism infrastructure do not capture all the economic benefits a visitor brings. As these benefits are shared with other individuals or companies the incentives to invest in tourism are low.

Tourism needs coordination, support and encouragement from government to realise the full economic benefits for the community.

Sydney is Australia's premier destination city and the gateway to New South Wales and Australia. 10.5 million visitors came to Sydney in 2012 with 4.3 million staying in the council area. About 50 per cent of Australia's international visitors come to see Sydney's iconic attractions.

Visitors are important to the City's economy. They contributed over \$5 billion to our economy in 2012. This supported over 10,000 businesses in the transport, accommodation, education, retail, cultural and recreation

sectors and almost 27,000 jobs or 7 per cent of the city's workforce.

Sydney is Australia's largest accommodation market with 20,292 rooms² worth about \$7.8 billion³.

Tourism is a priority for the City. It creates jobs, growth and resilience. It increases international knowledge and networks. It contributes to Sydney's national and international reputation as a great place to visit, live, work and invest. Tourism is also important for the success of the City's international and national business networks as over one third of the city's visitors are corporate travellers or here for conferences, meetings or exhibitions.

As the postcard for the Australian tourism industry, the [City's] accommodation offering is critical to the country's overall positioning in the global tourism marketplace. – Jones Lang LaSalle



3. Government directions



Federal

Tourism 2020 is Australia's national strategy for the tourism industry. It identifies the potential for the industry to grow nominal overnight visitor expenditure from \$70 billion in 2009 to between \$115 and \$140 billion by 2020.⁴

To meet visitor demand, *Tourism 2020* targets between 6,000 and 20,000 new accommodation rooms in capital cities⁵, with about 18 per cent of the target achieved to 2013.⁶

The plan is to achieve these targets by encouraging investment, implementing regulatory reform, such as reducing compliance costs and removing barriers, and facilitating new tourism infrastructure projects.

State

The NSW Government's State Plan, *NSW 2021*, sets a target to double overnight visitor expenditure by 2020, consistent with the national *Tourism 2020* Strategy. Meeting this target will take overnight expenditure from \$18.7 billion to \$37.4 billion per year in NSW with estimated expenditure at \$21.1 billion in 2013.⁷

To achieve the target, the *NSW Visitor Economy Industry Action Plan*⁸ sets actions to grow accommodation capacity, particularly in Sydney, as well as addressing transport capacity and labour supply issues.

The plan includes an action for the City to work with the Department of Planning and Environment on land-use and development standards in the City's planning controls to encourage and incentivise visitor accommodation in key Sydney precincts and remove regulatory barriers in planning.

NSW Visitor Economy Industry Action Plan – Action 5A. Work with the City of Sydney on future land-use and development standards to be incorporated in the Sydney Local Environment Plan and Development Control Plan to encourage and incentivise visitor accommodation in key Sydney precincts.

The NSW Government is preparing a 'NSW Visitor Accommodation Supply Plan' and providing for accommodation through the sale of government sites, such as the Department of Lands and Department of Education Buildings, and in major government-led development projects, such as Barangaroo and Darling Harbour Live.

The plan also has actions to increase visitation, renew destinations, improve visitor experiences and increase the spending of visitors.

City of Sydney

Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City and 10 targets to measure progress.

The City's economy, and a globally competitive and innovative city, is a core part of the vision. The City aims to strengthen globally competitive clusters and networks, develop innovative capacity and strengthen business competitiveness.

The City aims to increase its share in tourism and the visitor economy as it continues to play a major role in the city's economy and its overall character.

Under the Tourism Action Plan 2013, the City is working to enhance tourism infrastructure, assets and branding, partnering with industry and government to develop visitor facilities and attractions, including new hotels and accommodation opportunities, promote the city as a global destination, assist way finding and support a calendar of globally significant events.

The City is also carrying out the Central Sydney Planning Review to ensure the city centre's planning controls allow for jobs growth to support its global city status. The review of visitor accommodation will inform the Central Sydney Planning Review.

4. Sydney's accommodation market

History of Sydney's market

Many of Sydney's major hotels were developed from the mid to late 1980s. Japanese investors and local entrepreneurs were encouraged by optimistic views of future demand, financial sector de-regulation and an expansionary monetary policy.

Development stalled in the early to mid-1990s with the recession of 1991-92 and the number of rooms decreased slightly.

Construction resumed in the late 1990s driven by improved sentiment around international visitation and investment in preparation for the Olympics. The City offered development incentives until 1998 for hotels and serviced apartments opening in time for the Olympics. From 1996 to 2000 the City's room stock grew by 50 per cent from about 14,350 to 21,550, including a number of new 5 star hotels.

Development activity slowed from 2001 and the number of rooms decreased as the pre-Olympic supply was absorbed. The residential market was on the upswing and many hotels were converted. The market was also affected by the events of September 11 2001.

Construction costs increased significantly from the mid-2000s hampering new development. Except for serviced apartments in Central Sydney's south, there were few new projects due to a large feasibility gap and little infrastructure investment to drive accommodation demand.

The global financial crisis held back a recovery in the late 2000s but strong trading in recent years has led to new accommodation being planned although few progress to construction.

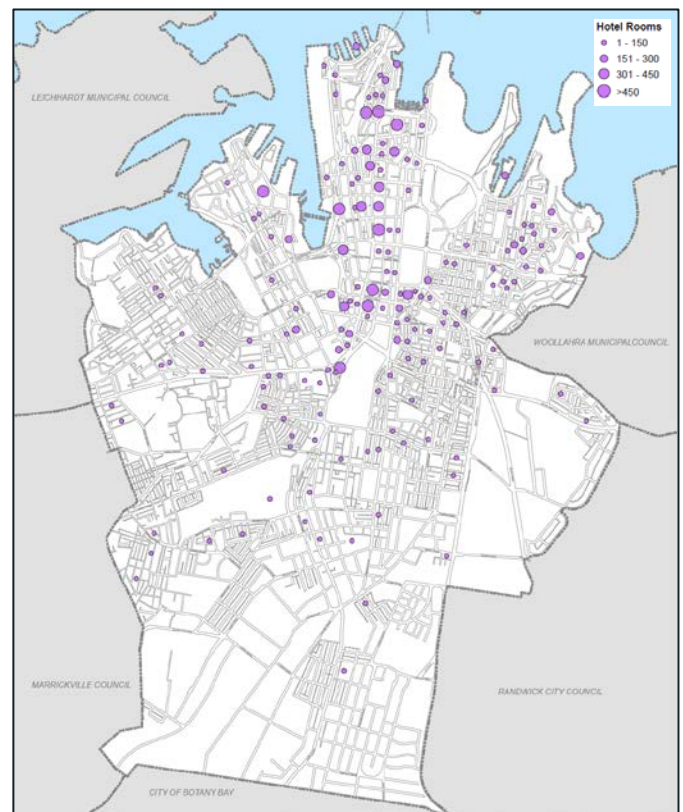


Figure 1: Accommodation rooms in the City of Sydney 2012 (Source: City of Sydney Floor Space and Employment Survey)

Market performance

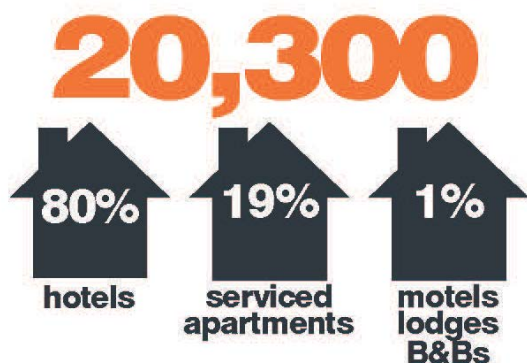
The performance of the accommodation market is assessed by the number of rooms, their occupancy and the rates charged. Revenue Per Available Room summarises the performance by averaging accommodation takings across all available rooms. Revenue Per Available Room can be increased by higher occupancies or higher prices being charged. The ability to do one or both will depend on the demand for rooms and the characteristics of the rooms available. Historically, the demand for hotel rooms in the City has been relatively stable. Figure 2 shows consistent growth except for the recession in the early 1990s and increased demand from the Olympics in 2000.

The supply of rooms has been less consistent with surges in the late 1980s from Asian investment and late 1990s in preparation for the Olympics.

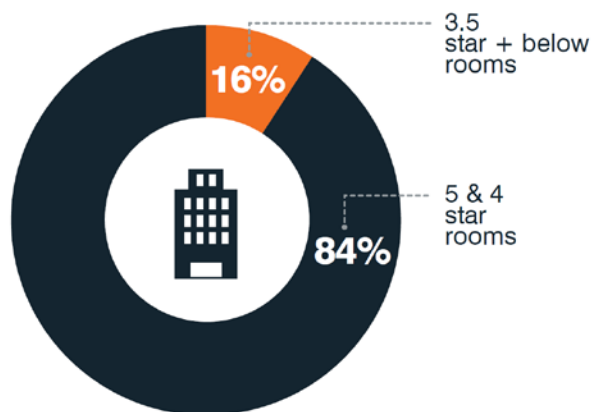
The City has about 20,300 visitor accommodation rooms as at June 2013.⁹

About 80 per cent of rooms are hotels with the remainder being serviced apartments. About 1 per cent of rooms are motels, lodges or bed and breakfasts.

Visitor accommodation rooms



Four and five star rooms dominate the market with only 16 per cent of rooms rated 3.5 star and below. This reflects the City's role as a premium accommodation location.



About 85 per cent of rooms are located in Central Sydney with most in the commercial core precinct.

A significant share of the City's rooms is in large hotels. About one third of all rooms are in a hotel with more than 400 rooms. 75 per cent of these large hotels are rated five star.



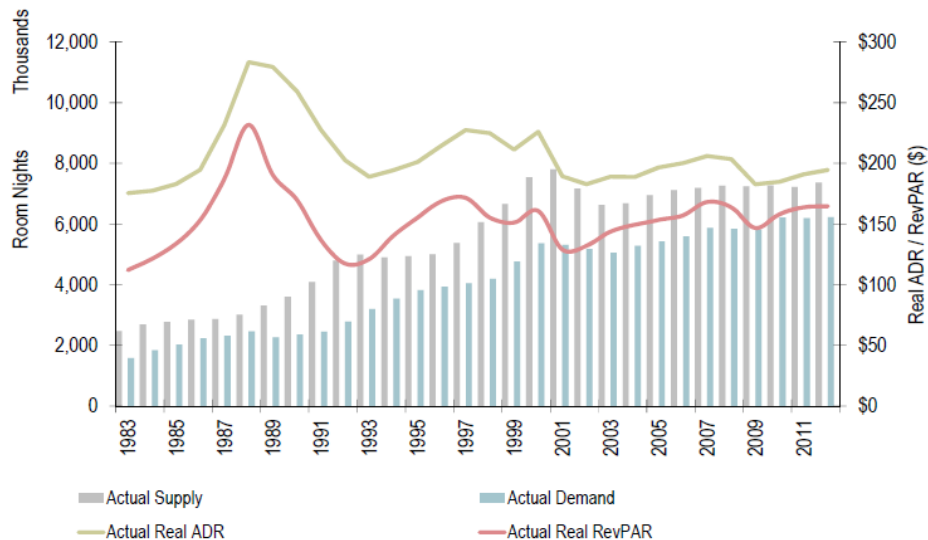


Figure 2: Sydney City Accommodation Market Historical Accommodation Performance 1983 to 2012 (Source: Australian Bureau of Statistics / Jones Lang LaSalle (November 2013))

At the end of 2012 the City's average annual occupancy was 84.6 per cent. The City has been experiencing high occupancy rates—over 80 per cent since 2007, with the long term average about 75 per cent. Higher occupancy has been the result of more people staying through the low and shoulder seasons.

There has been little growth in real room rates in the last 30 years. Growth has averaged only 0.4 per cent per annum between 1983 and 2012. The real growth of room rates is critical to the feasibility of new hotel development.

The City's Revenue Per Available Room has grown over the last five years, mostly as a result of rate increases but also increases in occupancy. Growth has been strongest in the 5 and 3 star segments with higher occupancies and lower rates in 5 star hotels, and higher rates but flat occupancies in 3 star properties.

The midtown precinct has the highest Revenue Per Available Room growth driven by higher occupancies and rates. The core and western precincts have had the lowest growth with the core affected by the GFC and lower demand from UK, US and Japanese visitors.

Sydney's Accommodation Market (November 2013)¹⁰

Rooms: 20,292

Average Daily Rate: \$195

Occupancy: 84.6%

Revenue Per Available Room: \$165

Accommodation development

For new visitor accommodation to be developed there needs to be favourable conditions in the eyes of investors. The decision to invest and build a new hotel is shaped by its expected business performance, which will be influenced by external forces and events.

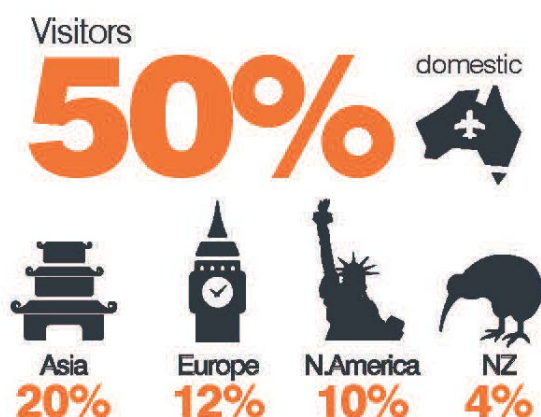
Hotel development does not occur all the time. The cyclical market is driven by the supply rooms, likely visitor demand and external factors such as demand shocks, economic trends and availability of funding.

It is also affected by property market cycles which influence land prices and create opportunities for investment in other types of development, such as residential or commercial office. The availability of funds for development and local and global economic conditions can also make a development more or less attractive to an investor.

Hotel development is very different to most other types of development. Prior to starting construction, a residential developer assesses risk or reduces it by selling units off the plan. An office building developer can secure agreements to lease spaces, with a long term anchor tenant often being committed before construction.

In contrast, hotel development has a perception of higher risk as it relies on the ongoing day to day hotel business to provide a return to an investor. It can also have a more complex ownership structure involving the building owner, hotel operator and investors.

Over an investment period, a hotel's profitability can be affected by rising operational costs, the effectiveness of operator contracts, events such as SARS or September 11 which reduce travel, global economic changes such as the GFC, or a surge in room supply.



Accommodation development in Sydney

The development of visitor accommodation is affected by the characteristics of investors, visitors and demand drivers.

Who owns and invests in accommodation?

Investment funds, hotel operators and private investors own the majority of hotels in Sydney. Domestic and international investors hold an equal share of Sydney's accommodation. Recent offshore investment is mostly from family owned companies from South East Asian countries.

Sydney is strategically important for first time international investors and operators as they usually only invest elsewhere in Australia after entering the Sydney market.

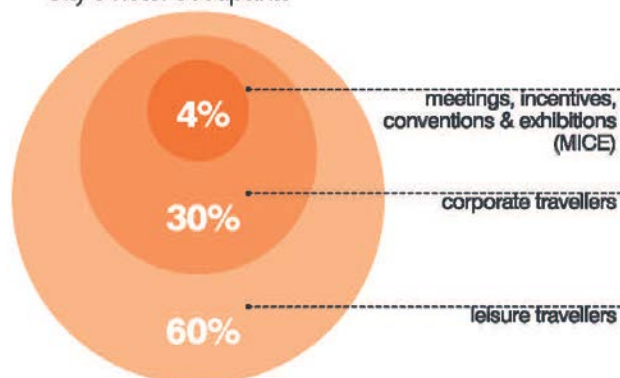
Who is staying in Sydney?

Sydney's visitor demand profile is changing. We're getting more visitors from China who tend to stay in standard grade hotels (3 star and below) and accommodation outside the city. The city's many upscale hotels have turned to domestic visitors to fill rooms as there is lower demand from European visitors and the growing segment of visitors from China prefer standard grade hotels.

Domestic and international visitors each make up about half the visitor nights. Domestic visitors tend to stay in upscale accommodation (4 star and above) while international visitors have shown strong growth in standard scale accommodation.

Visitors from Asian countries make up almost 20 per cent of all visitor nights with strong growth in Chinese visitors but a decline in Japanese visitors. The change in visitor

City's hotel occupants



has also seen a change in preference to standard scale hotels and more visitors staying in Metropolitan Sydney rather than the city.

About 12 per cent of visitors staying in the city are from Europe, with about 5 per cent from the United Kingdom. Almost 10 per cent come from North America and 4 per cent from New Zealand. European demand for upscale hotels has declined significantly over last 10 years while North American and New Zealand visitors are showing a stronger preference for standard scale accommodation.

Whilst observations in visitor behaviour and preference provide indicators to future demand, the City expects demand to increase across all standards of accommodation, in all areas.

Why are they staying in Sydney?

In 2012 about 60 per cent of the City's visitors staying in paid accommodation were leisure travellers, almost 30 per cent were corporate travellers and about 4 per cent visited for Meetings, Incentives, Conventions and Exhibitions (MICE). Although there are fewer corporate travellers, they occupy a similar number of rooms as leisure travellers who tend to have more people stay in each room.

Over the last 10 years the proportion of corporate and MICE visitors staying in upscale hotels has increased but there has been a decline of these visitors in the standard segment. The standard segment has had growth in leisure and education visitors, who are also choosing to stay outside the city.

As well as supporting the tourism sector, visitors coming for business, exhibitions, conferences and meetings are important to expanding Sydney's global business networks and opportunities.

When and where are they staying?

Sydney experiences its highest occupancies in February, March, October and November. Saturday is typically the peak day due to high leisure demand with Wednesday the peak during the working week.

3 star hotels are the most occupied scale of accommodation. The midtown, western corridor and southern precincts have the highest occupancies as they're close to the convention centre and also serve weekend leisure visitors.

Demand drivers

The location of a hotel is critical to its success. A hotel needs good access to a 'demand driver' as leisure and business travellers usually have a reason for staying in a particular place. These demand generators can include a tourist attraction, commercial centre, hospital, university, convention centre or airport. The visitors attracted to a demand generator will influence the type of accommodation developed.¹¹ The redevelopment of the convention and exhibition centre in Darling Harbour is expected to drive visitor demand.

Cultural, sporting and business events can also encourage visitors to Sydney. Business Events Sydney reported about 280,000 delegate days in 2013-14 from Sydney and NSW conference and business events.¹² The regular calendar of major events and festivals, such as Sydney Festival, Mardi Gras, Vivid, Chinese New Year Festival and New Year's Eve, attract visitors as do one off cultural and sporting events such as the British and Irish Lions Tour in 2013, premiere musicals like the Lion King and major art gallery exhibitions.

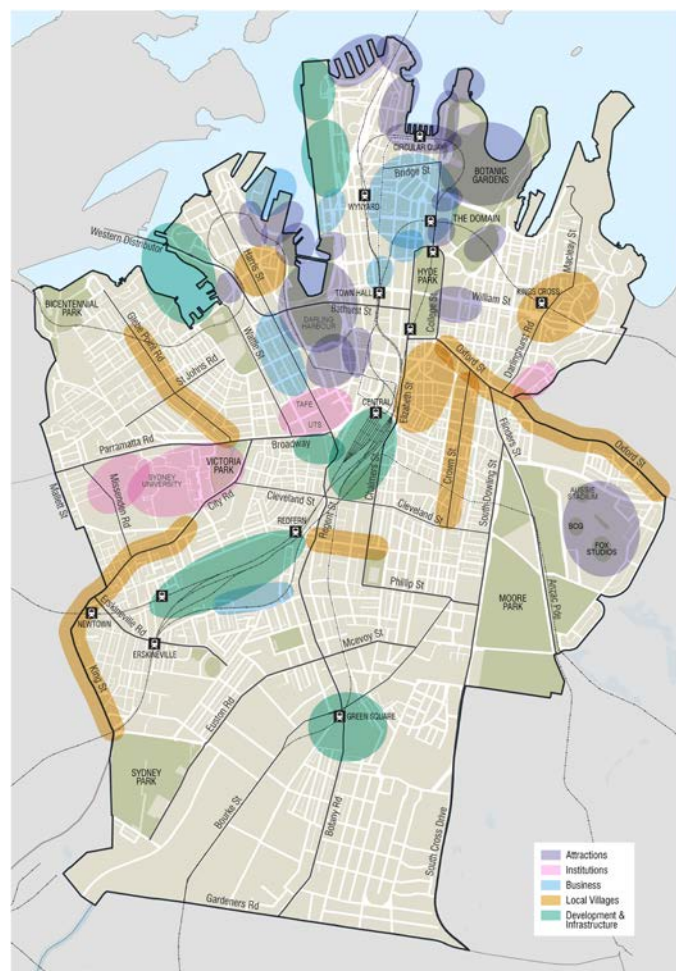


Figure 3: Visitor demand drivers in the City of Sydney

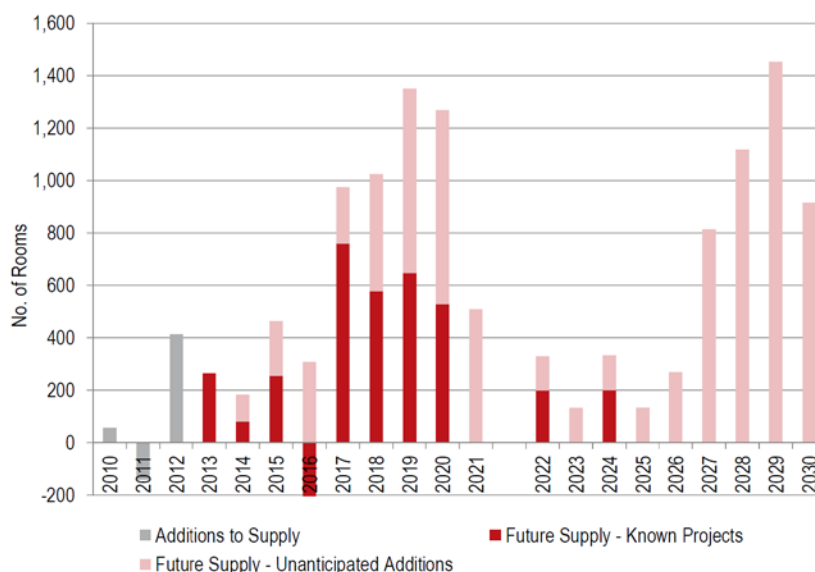


Figure 4: Sydney City Accommodation Actual Supply and Forecast Growth 2010 to 2030
(Source: Jones Lang LaSalle – November 2013)

Forecast supply and demand

Future demand

JLL have forecast that room night demand will continue to grow with softer growth to 2017 then increasing to 2021 with the opening of the Sydney International Convention Exhibition and Entertainment Precinct and Barangaroo from 2017.

Visitor growth is expected to be driven by international visitors, particularly from Asia and most notably China as they shift from group travel to independent business and leisure travel. Growth from North America, UK, Japan and New Zealand will be slower. Domestic visitor growth will not be as strong but will be led by the business segment.

Demand is expected to be strongest in the Western Precinct, driven by the Sydney International Convention Exhibition and Entertainment Precinct and Barangaroo. The ongoing conversion of accommodation to other uses in the city fringe will reduce demand for new accommodation in those areas. Those areas will become less well known as a place to stay as tourist activity decreases.

Observations suggest that demand will be strongest in the 3 star segment assuming the conversion of old office building stock in the city centre and the change in international visitor profile and preference. Demand will be pushed to other parts of Metropolitan Sydney if the conversion of old office stock doesn't eventuate.

Forecast supply

JLL have forecast that accommodation room supply will increase by 5,759 rooms to 2021 and then 5,499 rooms from 2022 to 2030. Supply will peak through 2018 to 2020 before falling back with another development cycle towards the late 2020s.

As of late 2013, 2,604 rooms, or 45 per cent of forecast supply, were in the development pipeline. More than half of these rooms are expected to be in the 5 star segment. Two thirds of rooms are expected to be delivered in the western precinct driven by development at Darling Harbour and Barangaroo. The forecast also accounted for the loss of 1,322 rooms in six hotels.

Market performance

JLL have forecast Revenue Per Available Room to grow consistent with forecasts for the City's tourism sector. Occupancies are expected to remain strong before falling back in 2017 as new rooms become available. The accommodation sector is also forecast to make its contribution towards the target to double visitor expenditure as nominal annual accommodation takings are expected to reach \$2 billion by 2022, up from \$983 million in 2009.

5. Industry views

Industry survey

The City engaged Jones Lang LaSalle to carry out a survey of the industry's sentiment towards visitor accommodation development in Sydney.

Sydney's strengths lie in its reputation as a 'must see' destination and its role as a regional hub and global city. It's also has a relatively low risk profile for investors.

Costs, including labour, construction and energy costs, are the major weaknesses for the accommodation market. Government bureaucracy and the lack of investment opportunities are other problems.

Standard grade hotels and the conversion of old office stock are seen as future accommodation opportunities. Infrastructure investment and growth in room rates will also drive development.

The industry sees the oversupply of rooms through government intervention (such as planning) and government failure to invest in infrastructure as potential major problems for the accommodation sector. Planning and regulatory processes, lack of investment opportunities and the high cost and low availability of land will hold back new development.

Increasing airport capacity and improving public transport and cruise ship infrastructure will assist the industry. At a local level better way finding signage and late night shopping would enhance the visitor experience.

Over the next 10 years investors are looking to increase their investment in Sydney. They see development as viable but it has been difficult due to high land values and the planning framework.

To support accommodation, industry stakeholders believe government should invest in demand generating transport and tourism infrastructure. Driving development

through planning incentives or government land is less favoured.

Visitor accommodation reference group

The City convened a Visitor Accommodation Reference Group to advise on the preparation of this plan and provide a platform for communication and feedback from industry and government.

The group consisted of representatives of Tourism Accommodation Australia, Tourism Transport Forum, Property Council of Australia, Tourism Australia, NSW Trade and Investment and NSW Department of Planning and Environment.

The Reference Group met four times between November 2013 and November 2014 to discuss the aims of the project and issues facing accommodation development, supply and demand, opportunities to support accommodation development through planning and to feedback on the draft plan.

The key issues raised by Reference Group members are summarised below.

Government targets

The NSW Government's targets to double visitor expenditure are aligned with the Australian Government's targets and based on what the industry could achieve if high end scenarios are realised. It was stressed that the targets deal with yield and not just supply.

The targets are considered to be ambitious but set a positive framework for industry and government. It was noted that the industry is tracking towards the lower end of the targets.

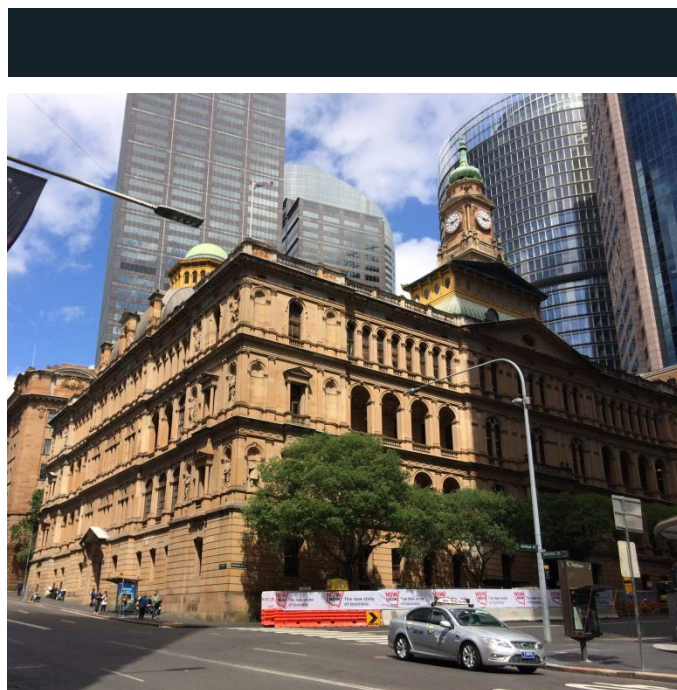


Figure 5: Department of Lands building being offered by the NSW Government for accommodation

The targets should not be the only driver of the City's actions as maintaining investor confidence and a sustainable supply of accommodation was also important.

Accommodation supply and demand

The Reference Group noted the work prepared by JLL. No objections were raised and it was seen to be generally consistent with the findings of similar studies. The group acknowledged the key issues identified by JLL including the high proportion of rooms in larger upscale and luxury hotels, the rate ceiling higher rated hotels are placing on the market, that upscale and luxury rates are lower than international standards and that higher rated hotels are driven by a volume rather than rate strategy, meaning they are selling more rooms but at a lower price.

While there is likely demand to generate new room development, the availability of sites and competition from other uses is a key threat to new supply.

Increases in accommodation must match demand and projects must be feasible irrespective of incentives. Accommodation projects that don't properly analyse feasibility could lead to discounted rooms with flow on effects for the sector.

Issues

Increasing diversity of the Sydney market is a long term challenge with no obvious solution. There is a shortage of budget rooms needed to accommodate demand from Asia, particularly China, and incentive tourism and business events. City land values are seen as a barrier for new 3 star accommodation.

The City's requirement for serviced apartments to meet higher residential amenity standards is restricting some supply. The City noted serviced apartments can be easily converted to residential accommodation and the standards are applied to ensure sub-standard dwellings are not occupied by long term residents.

Along with construction and labour costs, room rates were acknowledged as a key barrier to new development. Room rates have recorded little growth in real terms averaging only 0.4 per cent growth per annum between 1983 and 2012, up from \$176 to \$195.

The Group noted that illegal short term lettings of residential units are an issue for existing accommodation and new development. They create uncertainty as unknown supply easily comes in and out of market and they are able to offer cheaper rooms as costly building construction and fire standards may not be met. The Group noted that stronger compliance is needed, across taxation, building and planning regulation. The City noted illegal accommodation and overcrowding is under investigation at a number of sites and the City is also engaging with international cities on managing collaborative consumption business models.

Central Sydney is a premium location and will continue to support premium accommodation with lower rated accommodation locating in the city fringe and metro areas. Land values, particularly in central Sydney, are a major cost barrier to development and affect budget accommodation more than premium grades.

Opportunities

3 star accommodation on the city fringe and conversion of older commercial office space in the city centre across all standards are opportunities for new accommodation catering to domestic corporate visitors and growing Asian



Figure 6: Conversion of office building for the Tank Stream Hotel (Innovarchi Architects and IGB Group Design)

demand. Any precinct based approach should be based on demand and intended future character.

Mixed use projects are a major opportunity, particularly for international investors. The City should investigate incentives for mixed use projects which off-set the cost of accommodation by allowing residential or commercial floor space above current maximums provided the project includes accommodation.

It was noted that mixed use projects would more likely lead to upscale and luxury accommodation and would not necessarily increase the diversity of the market. Whether accommodation is mixed with residential or commercial uses will depend on the project drivers as residential uses may be a higher value use but commercial uses may be a demand driver.

The reduction of floor space for competing uses in particular precincts may encourage existing hotels to stay rather than be converted.

Some members noted the City core should be protected from the loss of commercial development sites and that strata reform is needed to ensure sites are available for redevelopment, including accommodation development. It was also noted that strata subdivision is necessary for serviced apartment development, which plays a role in Sydney's accommodation supply.

Actions the City could take

The City's policy levers to affect accommodation development are limited. City should be aware of supply and demand trends but investment decisions should be left to the market and not manipulated through planning. City's planning controls should be a secondary influence on accommodation development. The City should provide a positive environment for investment by removing barriers and having a positive policy approach

to accommodation development rather than through incentives or mandatory floor space or supply targets.

The City should continue to make a positive contribution through upgrades to streets, parks and laneways, way finding, encouraging fine grain development, sponsorships and events. These actions create an 'authentic' experience for visitors and are considered more important and effective than planning incentives.

The City could remove barriers to accommodation development by being approachable to proponents, helping them navigate the planning system and identifying potential development sites.

The planning controls should ensure opportunities for mixed use developments, including the conversion of parts of larger 5 star hotels for residential use to reduce oversupply at the top end of the market and allow refurbishments to support room rate increases. Reducing development costs and application processing time will also assist accommodation development.

Floor space incentives are not supported. It was stressed that incentive led oversupply of rooms would have a longer term negative effect on the market.

Mandating visitor accommodation in rezonings or on strategic sites was also not supported. Inclusion of accommodation in these situations should be based on demand. Having a merit based pathway for accommodation development may encourage unfeasible accommodation proposals to get approval.

Some members noted that residential development doesn't need a floor space incentive and that it could be making it harder for accommodation projects to acquire sites.

Faster development application processing and less onerous submission requirements would also assist accommodation development.

The City should continue to advocate for improved outcomes from Federal and State Governments on cruise ship infrastructure, sale or use of government assets for tourism, improved public transport and investment in tourism infrastructure.

Some members also suggested the City should advocate for state government strata reform to ensure sites are available for development.

The City should also continue to monitor supply and demand every three to five years depending on market cycles.

6. Urban planning and visitor accommodation

The role of planning

The planning system affects visitor accommodation development in a number of ways. It identifies where visitor accommodation can be developed and the size of the building that can be built.

The location of a hotel, its size and the other forms of development permitted will all affect the decision to build and operate visitor accommodation on a site.

Planning does not make development happen—it sets the framework for the market to make decisions about whether to undertake development. It can encourage desirable types of development by placing fewer restrictions compared to other types of development.

Land use plans are generally long term and the tools for encouraging desirable forms of development are relatively blunt compared to the more dynamic property development market.

Central Sydney planning review

The City is carrying out a comprehensive review of the planning controls for Central Sydney. The right planning controls for Central Sydney will allow key industries to grow in a place that fosters local and global networks, has access to workers and is an attractive place to work, visit, invest and live.

The Review responds to local, regional and state strategic plans, stakeholder views on the future of Central Sydney and a 2010 request from the Minister for Planning to identify sufficient development capacity through to 2030.

The Review will create a planning and development framework for Central Sydney that supports Sydney's global city status through appropriate economic and physical development. The City is analysing the

economic, environmental and social drivers for development in Central Sydney and whether the current planning controls can respond. The City will use this analysis to inform any changes to the planning controls.

The City is committed to fostering growth and innovation through appropriate planning controls that provide sufficient development capacity to 2030 and encourage high quality development to support Sydney's reputation as a global city and pre-eminent business location.

This plan feeds into the Central Sydney planning review alongside the analysis of other relevant property sectors.

Planning controls affecting visitor accommodation

Zoning

Zoning restricts some uses and allows a broad range of other compatible uses on a site.

Accommodation is very location sensitive. The City includes tourist and visitor accommodation in most zones. These are shown in figure 7. This provides flexibility and responds to demand drivers and public transport in the council area. Accommodation is a strategic use as it contributes to the visitor economy and supports other sectors including business, retail and education.

The zones that allow accommodation also permit complimentary uses such as food and drink premises, entertainment facilities and information and education facilities, like galleries and museums. Tourist and visitor accommodation is permitted within the more intensive business zones, including the mixed use zone. Serviced apartments are restricted in the zones where residential development is undesirable as they are easily converted.

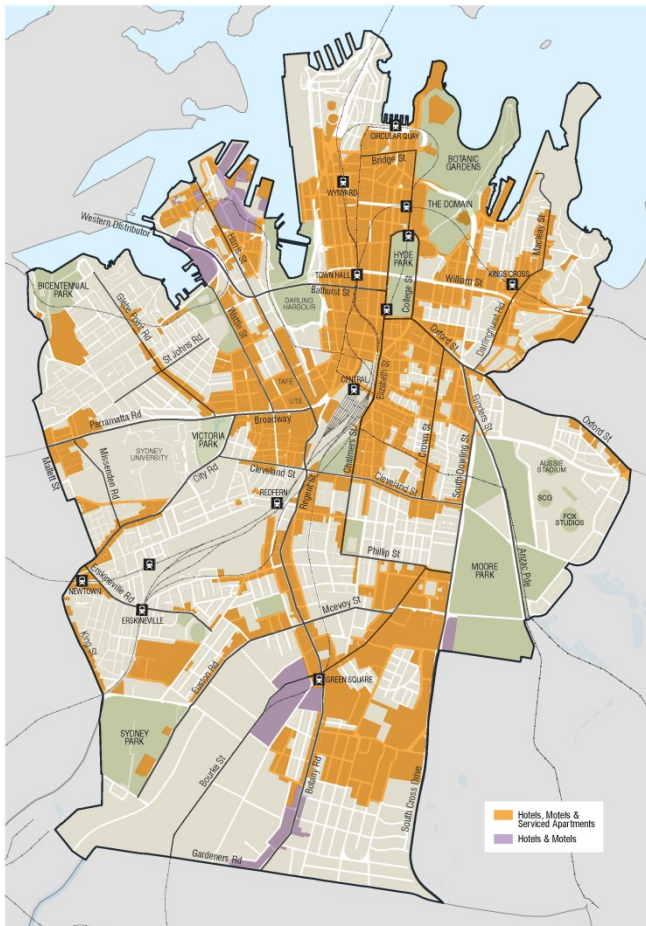


Figure 7: Visitor accommodation permissibility in the City of Sydney

The zones allow for mixed use developments that combine visitor accommodation with higher value lower risk uses such as residential, commercial and retail. The zonings also allow for the conversion of parts of existing hotels to other uses, provided the uses can be reasonably separated to address conflicts.

However, the wide range of uses permitted in the zones means accommodation projects compete against higher value, lower risk uses for development sites. This increases land values reducing feasibility. While other uses may be feasible elsewhere, visitor accommodation is unlikely to develop away from demand drivers.

The SP3 Tourist special purpose zone is highly restrictive and curtails most other uses. It is not used in the City's planning controls. NSW Planning and Environment advise that the zone should be used when tourism is focus of the particular location and other non-tourist related business or accommodation uses are not envisaged.¹³

Floor space ratio

The planning controls for Central Sydney provide different floor space ratios to encourage particular uses. Hotel development in the commercial core precinct (see Area 1 in Figure 8) is permitted about 14 per cent more

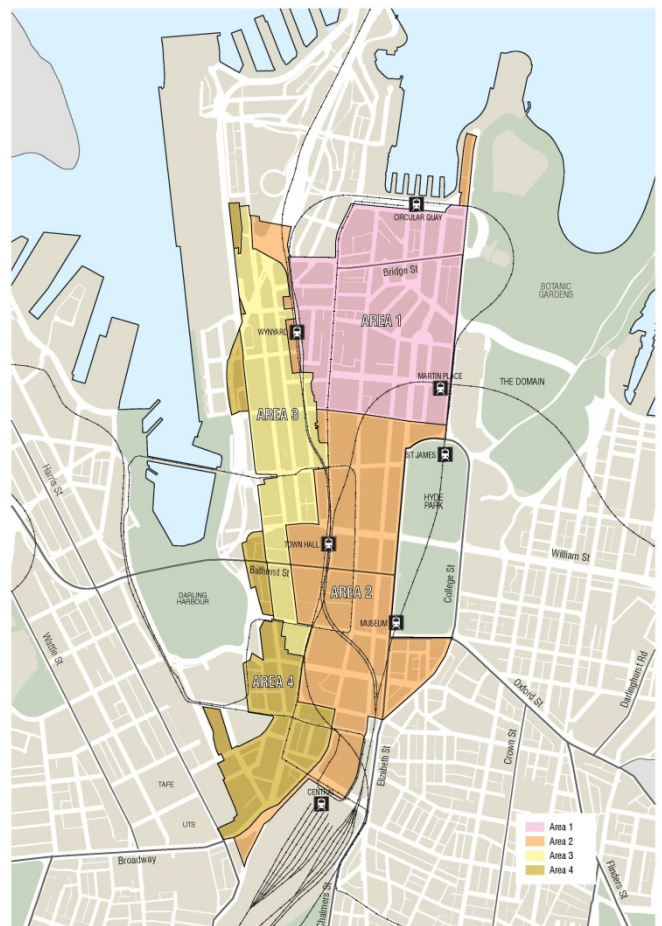


Figure 8: Floor space bonus areas in Central Sydney

floor space than residential, serviced apartment and office uses. Elsewhere in the city centre, hotels and serviced apartments are on par with residential development and exceed office development (Areas 2, 3 and 4 in Figure 8).

Visitor accommodation is not excused from the requirement to purchase 'heritage floor space' to achieve the maximum floor space ratio.

Other planning controls

The Sydney Development Control Plan 2012 includes controls to manage the potential impacts of a development. The visitor accommodation section addresses design and management issues such as room capacity, storage and access. It also alerts proponents to the health regulations. Serviced apartments must meet residential amenity standards to avoid the creation of sub-standard homes if the building is converted to residential.

Planning authorities, such as the City and the NSW Government, also control the processes for assessing and approving development. Faster application processing can reduce holding costs and improve feasibility.

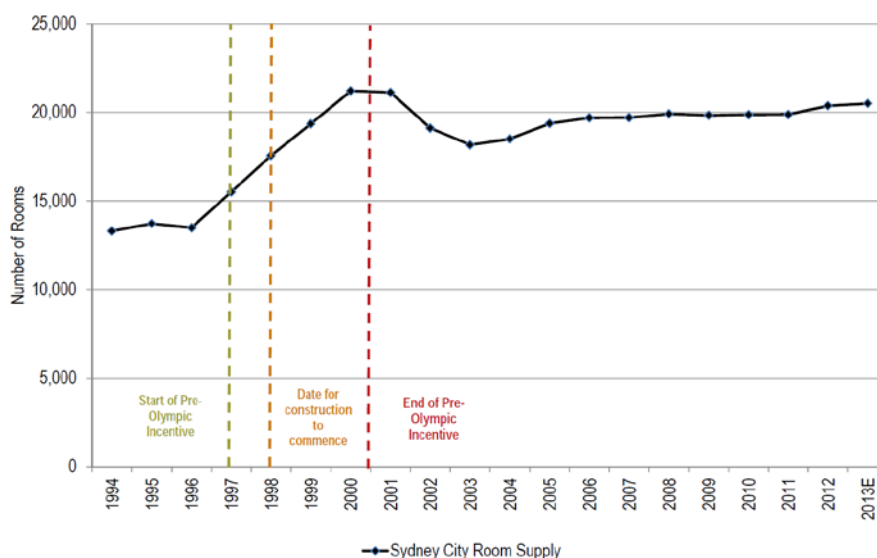


Figure 9: City of Sydney Accommodation Market Room Supply and Planning Controls 1994 to 2013 (Source: Jones Lang LaSalle – December 2013)

Planning incentives

Allowing more floor space is the most common way of incentivising, or encouraging, a development to include a desirable use or building form, or provide a public benefit.

The City has used floor space incentives to encourage hotel and residential development, architectural design excellence, affordable housing, sustainability improvements and public domain improvements.

Floor space incentives improve feasibility for a particular use by positively affecting comparative land values and construction costs.

However, a developer's decision to develop for one use instead of another is not directly affected by the size of the building but by the return on investment. A smaller building that can sell for a higher value or with a lower risk may be a better development option than a larger, riskier and lower value building.

Incentives do not account for changes in the market. At different times some uses will be more valuable than others. Any floor space incentive may not be enough to overcome the low demand and value for a particular use and the high demand and value for an alternative use.

Incentives have been successful in providing public benefits such as open space or community facilities. The ability to sell additional floor space can offset the cost of the public benefit for the developer. The City's Green Square community floor space and design excellence schemes are examples.

The influence of incentives for a desirable land use are less clear. Residential development has been incentivised in Central Sydney since the mid-1990s. Despite the incentives commercial development remained dominant in Central Sydney.

While there has been an increase in residential units over the past two decades the outcome has also been strongly influenced by the increase in residential values.¹⁴ Incentives have also been available for hotel and serviced apartment development over this time with few accommodation projects being developed.

Other planning incentives or tools for encouraging desirable development are described below.

- Transferable floor space allows for the unused development potential of one site to be sold to and used on another. The City's Heritage Floor Space scheme is an example and helps fund conservation works.
- Height incentives, similar to floor space incentives, encourage desirable outcomes by creating more valuable floor space higher up.
- Dispensations on development controls may encourage or make desirable uses easier by not setting as high a standard, often in recognition of the public benefit being provided.
- Approval processing procedures such as fast track processing can reduce the holding costs for proponents and improve returns.

Visitor accommodation incentives

The Central Sydney Local Environmental Plan 1996 included floor space incentives to encourage the construction of hotels and serviced apartments for the 2000 Olympic Games.

The maximum floor space ratio for a hotel was increased from 10:1 to 14:1 as long as construction started before January 1998 and it was occupied by June 2000.

If the development was not started in time, the consent would lapse; if it was not completed in time, it effectively

suffered a financial penalty by having to purchase heritage floor space equivalent to the incentive.

Incentives for serviced apartments functioned in a similar way but were allowed up to 15.5:1.

The next iteration of the planning controls, the Sydney LEP 2005 allowed up to 14:1 FSR for hotels, serviced apartments and residential development compared to 12.5:1 commercial offices.

Currently Sydney LEP 2012 allows 14:1 for hotels in the commercial core precinct—more than the 12.5:1 allowed for residential, serviced apartments and commercial offices. This is equivalent to a 12 per cent floor space bonus. In other Central Sydney precincts, the FSR for hotels is on par with serviced apartments and residential development. These uses can all achieve more than commercial office development.

Olympics incentives

The floor space incentives were proposed in 1994 and came into force at the end of 1996. The number of rooms increased strongly from 1996 through to 2000 when the incentives expired.

The number of rooms then declined sharply, indicating an oversupply, as older hotels were converted to other uses. The decline reached its trough in 2003 before increasing marginally between 2003 and 2008 when the GFC slowed growth. New room stock has been added over the last two years. Figure 9 charts room supply against the changes in planning controls.

About 7,200 rooms were added to the Sydney market between the introduction of the incentives and the Olympics, an increase of 50 per cent, with a 2001 peak of about 21,800. About 3,850 rooms were then lost

between the 2001 peak and 2003. The number of rooms has not come back to Olympic levels.¹⁵

The occupancy rates dropped from 78.6 per cent in 1996 to 68.1 per cent in 2001, with occupancy of 71.1 per cent during the Olympic year. The pre-Olympic room additions also came from a period of softer demand growth from 1996 to 1998 influenced by the 1997 Asian Financial crisis.

The closure of hotels and loss of rooms in the post-Olympic period was also affected by broader economic conditions and demand shocks such as September 11, collapse of Ansett and the dot com bust in the US. Locally, the residential development market was on the rise with many of the older hotels around Kings Cross and Potts Point being converted as the focus of visitor accommodation moved to Darling Harbour.

International examples

JLL analysed international cities that offered floor space incentives to encourage the development of visitor accommodation.¹⁶

Auckland

Auckland City provided incentives to encourage hotel development for the 2011 Rugby World Cup. The Central Area of the city had bonuses ranging from a 100 per cent increase through 66, 50 and 16 per cent increases depending on the precinct and basic floor area ratio. Auckland City also relaxed amenity standards for non-permanent accommodation.

From 2009 to 2011, only 541 rooms were added to 9,133 rooms in three hotels, an increase of 5.9 per cent. The new rooms were located near the airport which had

limited supply but strong demand. Three cruise ships provided about 5,500 beds for the World Cup.

The planning incentives did not overcome the poor market conditions and low investor appetite following the GFC. This showed that if development is not feasible then incentives are unlikely to improve the situation. The temporary cruise ship accommodation also helped avoid oversupply.

San Francisco

Floor space incentives are offered alongside tax and business incentives for hotel development in San Francisco.

The San Francisco Planning Code allows hotels in a downtown precinct to achieve 7.5:1, compared to 5:1 for other uses. A discount on affordable housing contributions is also provided.

The planning and tax incentives have not led to hotel development in San Francisco with only one 22 room hotel constructed since 2008. One hotel was under construction in mid-2013 and another two in the planning phase.

The lack of sites and the cost of development are the key barriers for hotel development in San Francisco. However, there is strong investor interest and strong occupancy leading to hotel refurbishments. These issues are comparable to Sydney. The lack of sites and development costs hold back new stock although there is strong investor interest in existing assets.

London

The UK planning system is less codified than the Australian and US systems and specific planning

controls are not used to incentivise visitor accommodation development.

The Mayor of London's London Plan (2011) aims to provide 40,000 new hotel rooms by 2031 in the Greater London area.¹⁷

The City of London Core Strategy¹⁸ sets detailed planning policy for City of London precincts. It focuses on land use and identifies precincts where hotels are to be permitted. The Strategy states hotels should support the primary business and cultural role of the City, be refused where they would compromise the City's business growth and should not be located where they would create amenity problems for existing residential areas.

JLL report that despite no planning incentives the market has seen significant development activity. Investors and operators consider it a safe investment location and it has been supported by demand from the London 2012 Olympics.

While planning supported new hotel development by setting directions for land use, the market factors contributed to the significant supply increase. Hotels were the 'highest and best use' and most viable development option for a time due to an oversupplied office market and lack of demand for residential development. There was also an availability of sites, including office conversions, and a competitive construction environment. JLL expect development to remain strong post Olympics with further increases in supply.

In the late 1970s and early 1980s the London Hotel Development Incentive Scheme¹⁹ was implemented to deal with the significant increase in international visitors. The Scheme provided grant of up to £1,000 per room. It resulted in 20,000 new rooms being added, a 50 per cent increase. The excess hotel capacity took many years to

absorb with 11 years between the last hotel that opened under the scheme and the next new hotel. Many of the hotels built during the scheme were poorly designed and constructed and some were in inappropriate locations and resulted in the loss of residential accommodation.

Analysis of incentives

JLL conducted an analysis of the floor space incentives needed to trigger hotel development for a site in Central Sydney.

The analysis found hotel development was not feasible. There is a gap between the cost to build a room and its sale value in the market. The difference between the cost and value of a hotel room was 10 per cent for a 3 star hotel, 12 per cent for 4 star and 15 per cent for 5 star. The analysis assumed a 10 per cent cost saving per room by increasing the number of rooms by 80 per cent. It found that the feasibility gap would still remain for 4 and 5 star hotels, although three star hotels would be close to feasible. An 80 per cent increase in the number of rooms would increase the floor space from 14:1 to about 25:1.

The results were conservative as they didn't account for development profit and risk and used an estimated land cost based on a hotel use and not the actual cost needed to acquire a site in the face of more valuable competing uses. Higher land costs would increase the feasibility gap.

Floor space incentives are unlikely to overcome the large feasibility gap as they do not increase the end value of hotel rooms. The incentives result in a larger hotel. While this reduces the cost per room it is not enough to overcome the effects on risk and supply. The larger hotel affects the value of the rooms, or the rates that can be charged, as the extra supply means the hotel may be

more difficult to fill. It also exacerbates the current problem of a high proportion of rooms in the Sydney market in large hotels. The impact on room values from additional supply would be even more significant if other developments were to take up the incentives at the same time.

7. Challenges and opportunities for accommodation development

The analysis of the City's accommodation sector and the feedback from government and industry stakeholders identified challenges and opportunities for new accommodation development.

Challenges

- The City has experienced relatively high occupancies since 2007 due to higher occupancies in low and shoulder periods.²⁰ The trend towards higher occupancies is recognised in the national capital city room supply target which assumes 80 per cent occupancy.²¹ While it may be an indicator of 'undersupply', the high occupancy has not led to an increase in rates that would assist development feasibility. Room rates grew by an average of 4.1 per cent annually between 1983 and 2012, but only 1.7 per cent since 2007.
- Over a third of the City's rooms are in large hotels with almost three quarters of these being 5 star rooms. The larger hotels have been harder to fill which has led to 5 star rooms being sold at 4 star prices holding back rate growth. The dominance of 4 and 5 star accommodation in the development pipe may exacerbate this problem.



- Over the past 15 years room rates and hotel values have not kept up with the significant increases in construction, land and operating costs. The difference between construction costs and hotel values is shown in Figure 10. There is a significant feasibility gap ranging between 90 per cent for 5 star to 30 per cent for three star accommodation.²²
- As shown in Figure 11, 5 star hotels have driven Revenue Per Available Room growth through higher occupancies filling the relatively large hotels by selling rooms at a lower price. In the past, 5 star rooms charged a greater premium for rooms and operated at a lower occupancy compared to 3 and 4 star properties. Since 2000, the differences in rates and occupancies between the segments have contracted.²³
- Sydney's upscale and luxury room rates are not comparable to international rates which reflects the older age of 5 star hotels and the reliance on the domestic market.²⁴
- Demand is increasingly being spread across the metropolitan area due to changing visitor demand and the growth of satellite centres. This is expected to attract lower yielding or price sensitive accommodation to other parts of metropolitan Sydney.²⁵
- The conversion of accommodation to other uses will negatively affect demand outside the city centre.
- Changing accommodation market fundamentals are predicted to lead to new supply, however this supply is threatened by more valuable uses pushing up land values in precincts appropriate for accommodation development. This will encourage conversion of existing stock to residential and make the conversion of older office stock to accommodation more difficult. While there is a need for older stock to redevelop and allow remaining stock to increase rates, the

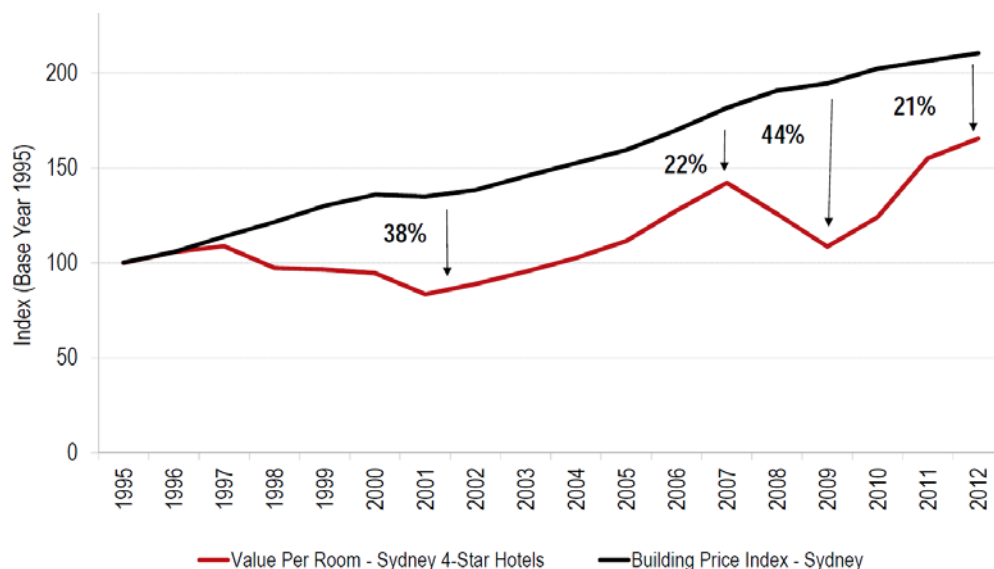


Figure 10: Sydney Hotel Valuation Index (HVI) and Construction Costs 1995 – 2012 (Source: Property Council of Australia, Rawlinsons 2012, Jones Lang LaSalle (November 2013))

ongoing loss of development sites to strata subdivision in the constrained Central Sydney area threatens future development opportunities and renewal of stock.²⁶

Opportunities

- With Barangaroo and tightening workspace ratios affecting the office market, JLL estimate about half a million square metres of older office stock will become available for possible conversion in the City.
- Demand is expected to be strongest in the Western Precinct, driven by the Sydney International Convention Exhibition and Entertainment Precinct and Barangaroo and the expansion of the commercial core west.
- Demand will be strongest in the 3 star segment. This segment has the lowest feasibility gap and there are development opportunities from the conversion of old office buildings in the city centre. Supply will likely be pushed to other parts of metropolitan Sydney if conversions do not occur.

The dominance of 5 star rooms in the development pipeline indicates developers are not taking strong regard for demand factors or are influenced by external factors, such as mixed use development opportunities or an owner or operators strategic aim to have an asset in a particular city.

- There is a high correlation between the performance of the accommodation and office sectors as hotels, particularly in the city, rely on corporate travellers to maintain a base occupancy. This is also reflected in the relationship between the number of rooms and office floor space in a precinct. The City Core precinct has the highest proportion of commercial office stock per hotel room at 388 square metres which reduces through the western, midtown and southern precincts.²⁷
- The survey of industry sentiment revealed that investors are looking to increase their investment in the Sydney market. The focus will be on the city centre with less desire for the city fringe and metropolitan areas for mixed use, midscale or budget accommodation. New supply lies in the conversion of existing buildings with about one fifth of those looking to invest targeting this opportunity.²⁸

Grade	Sample	Occ %	2012 ADR	RevPAR	Growth 2007-2012		
					Occ	ADR	RevPAR
5-star	8,469	84.7%	\$252	\$214	1.8%	0.6%	2.4%
4-star	8,555	84.1%	\$173	\$145	-0.2%	1.3%	1.1%
3-star	1,916	86.8%	\$123	\$107	0.0%	1.9%	1.9%
Sydney City	20,369	84.6%	\$195	\$165	0.7%	1.7%	2.4%

Figure 11: Sydney City - Recent Performance Trends by Segment 2007 to 2012

(Source: ABS, STR Global, Jones Lang LaSalle – November 2013)

8. Action plan

Objectives

Based on the research and analysis of the City's visitor accommodation market and the feedback from stakeholders, the City will support existing and new visitor accommodation with actions that will:

- Provide a positive environment for investment in visitor accommodation, both new and existing.
- Identify and, where possible, remove planning system barriers to investment and development
- Assist demand led supply of new accommodation
- Encourage a more diverse sector
- Continue to contribute to tourism demand and the tourist experience through public domain works, events and partnerships as outlined in the Tourism Action Plan 2013

Actions

1. Create a positive environment for development and investment in visitor accommodation

a. *The City will prepare an Accommodation Development Guide*

Sydney is a desirable addition to an international accommodation portfolio for many owners and operators and is often the entry to the Australian market. The complexity of the NSW planning system and knowledge of the City environs and market can be a challenge to those without development experience in the area. When faced with these barriers international investors can easily turn to development opportunities elsewhere.

The City is well placed to provide advice to proponents about the planning processes and opportunities for accommodation development, including refurbishments and new developments.

The Guide will provide information to assist investors and developers of visitor accommodation in the City. It will set out the City's planning processes including expectations and matters that need to be considered. It will also describe the City's precincts and accommodation demand drivers to assist with site selection.

The City will work with NSW Trade and Investment and Tourism Australia to produce the guide. It will complement existing Federal and State investment attraction programs by providing detailed information relating to development in the City.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Publish in year 1 after adoption of plan

b. *The City will provide data and work with the NSW Government to identify possible accommodation development sites*

The council area, and particularly Central Sydney, is a highly competitive development market with many uses competing for limited sites.

About half a million square metres of obsolete commercial floor space is expected to become available for redevelopment over the next five years.

Assisting investors, particularly those less familiar with Sydney, identify potential accommodation development sites could facilitate development.

The City's role in providing that assistance needs to be balanced with its core responsibility as the planning authority which determines development proposals.

Core investor liaison activities are provided by NSW Trade and Investment. The City could provide relevant planning information to assist Trade and Investment identify possible accommodation development sites. This

information could include site characteristics such as size, existing development, proximity to demand drivers, future character of the precinct and key planning controls.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Commence research and liaison with NSW Government in year 1 after adoption of plan.

c. The City will develop accommodation investment liaison procedures

A point of contact for information and advice would assist investors identify development sites and navigate the planning system.

NSW Trade and Investment and Tourism Australia provide the primary investment liaison activities. The City's liaison activities would be coordinated with NSW and Australian government to provide detailed advice on development opportunities and the planning framework. The City's fine grain development coordinator is a successful model.

The City will develop investment liaison procedures in its strategic planning and economic strategy teams. Investigation is needed to assess resources and capacity and set procedures related to ensure probity around development proposals.

- Responsibility: Strategic Planning and Urban Design Unit and Economic Strategy
- Timing: Commence development of procedures year 1 after adoption of plan

2. Review the City's planning controls to ensure opportunities for appropriate accommodation development

a. The City will prioritise visitor accommodation as a strategic land use in the Central Sydney Planning Review

Three quarters of the City's accommodation rooms are within Central Sydney. The area is home to major demand drivers for leisure and business travellers and is the centre of Sydney's public transport network. It is also the target for international investment in visitor accommodation. Visitor accommodation supports Central Sydney's strategic role as an international employment centre.

Central Sydney is a highly competitive development market—commercial development is important to Sydney's strategic role in the NSW and Australian economies, destination retail is growing and there is high demand for residential development as a result of the amenity the City offers.

Strata subdivision is reducing the opportunities for future development and business has a preference for less residential uses in commercial precincts. However, mixed use developments combining accommodation with commercial or residential uses can improve the feasibility of accommodation development.

The Central Sydney Planning Review will consider the range of uses that should be permissible in Central Sydney to support its role as a global economic centre including prioritising visitor accommodation as a strategic use, retaining opportunities for mixed use development that supports accommodation and retaining opportunities to convert portions of large scale hotels to facilitate refurbishments and reduce luxury scale stock.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Current

- b. The City will ensure visitor accommodation is not disadvantaged in the Central Sydney Planning Review's consideration of floor space ratio controls*

The Central Sydney Planning Review is considering the floor space ratio controls to ensure there is sufficient development capacity to support Central Sydney's role as Australia's principal global economic centre.

Research has found limited evidence that floor space incentives lead to a sustainable increase in accommodation supply. It has found large floor space increases are unlikely to make accommodation development in Central Sydney feasible at this time.

Members of the City's Visitor Accommodation Reference Group also expressed strong concern about attempting to stimulate the market through incentives. The industry sentiment survey also revealed concerns about oversupply from incentives.

However, the relatively small advantage over commercial office and residential development under current floor space ratio controls should not be lost in recognition of the challenges faced by accommodation development compared to other uses.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Current

- c. The City will investigate planning barriers in precincts around infrastructure projects such as Darling Harbour Live, Light Rail and Barangaroo and existing major demand drivers.*

The major infrastructure and development projects being carried out by the NSW Government may drive the demand for visitor accommodation.

The City will review the zoning around these projects to ensure visitor accommodation is permissible so that demand driven development can be carried out.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Commence year 1 after adoption of plan

- d. The City will consider visitor accommodation, and encourage proponents to investigate visitor accommodation, when proposing planning controls for strategic or major development sites.*

Planning for major development sites or sites with strategic value is an opportunity for tailored planning outcomes consistent with the City's strategic aims but not envisaged by the current planning controls.

Large sites, amalgamation opportunities, rezonings and changes to development standards may provide opportunities for demand driven accommodation, particularly as part of mixed use projects.

The City will consider and encourage proponents to investigate accommodation uses across a range of standards but in particular supply priorities such as 3 star hotels and aim to secure the uses for an appropriate period.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Current

- e. *Investigate encouraging 3 Star hotels in the western, southern and core precincts of Central Sydney by reducing development costs including development contributions and heritage floor space.*

Development contributions and requirements to purchase heritage floor space add to the costs of development and floor space ratios can affect feasibility. Any exemptions from these requirements will target segments and areas of demand that will diversify the city market and respond to forecast demand including budget to midscale hotels, development in the western, southern and core precincts and conversion of older office stock. Any exemptions also need to be considered against the effect on the conservation of heritage buildings and loss of development contributions which part fund public domain improvements.

- Responsibility: Strategic Planning and Urban Design Unit
- Timing: Commence year 1 after adoption of plan

3. Continue monitoring supply and demand and engaging with the industry

The City will monitor visitor accommodation on an ongoing basis and regularly make publicly available data known via its website.

The City will carry out a detailed review of supply and demand for visitor accommodation every five years. The review will be undertaken in consultation with the accommodation sector and the NSW Government. Changes to the City's policies or planning framework will be considered at the time. The City will also report on the progress of actions in this plan when it reports on the Tourism Action Plan.

- Responsibility: Strategic Planning and Urban Design Unit and Economic Strategy
- Timing: Ongoing publication of known accommodation supply with yearly report on actions and reviews at 5 year intervals

9. References

¹ Tourism 2020, http://www.tourism.australia.com/documents/Tourism_2020_overview.pdf

² Australian Bureau of Statistics, June 2013

³ Jones Lang LaSalle (JLL), Sydney Hotels Supply & Demand Study: Stage 1, November 2013, p63, as at September 2013 and based on 23,128 rooms as per JLL analysis

⁴ http://www.tourism.australia.com/documents/corporate/2020_Tourism_Industry_Potential.pdf

⁵ The original target of 40,000 to 70,000 rooms at 75 per cent occupancy was revised down in 2013 based on research reflecting progress since 2009 and an 80 per cent occupancy. The target includes capital cities and the Gold Coast and North Queensland. Tourism Australia (b), *Tourism 2020: Setting the foundation (2010-2014) Tourism Australia's journey 2010 to 2013*, October 2013, http://www.tourism.australia.com/documents/Statistics/TACP8132_2020_Update_2013-SP.pdf, p10

⁶ Tourism Research Australia, State of the Industry 2013, Update Issue 1, http://www.tra.gov.au/documents/StateoftheIndustry_UpdateIssue1_FINAL_241213.pdf, p16

⁷ <http://www.2021.nsw.gov.au/sites/default/files/pdf/BRP-Full-Report-Online-release-version.pdf>, p8-10

⁸ December 2012, http://www.business.nsw.gov.au/_data/assets/pdf_file/0006/26349/121218_VE-IAP-Full-version_FINALv2.pdf

⁹ JLL, Stage 1, p61. Note: the ABS reported supply of 20,292 rooms (15 rooms or more) as at the end of June 2013, JLL reported based on their records.

¹⁰ JLL, Stage 1, p72

¹¹ JLL, Stage 1, p103

¹² Business Events Sydney, 2013 - 2014 Annual Report, p51

¹³ Department of Planning, LEP practice note PN 09-006

¹⁴ JLL, Stage 2 Report, p19

¹⁵ City of Sydney Tourism Development Monitor , City of Sydney and ABS

¹⁶ JLL, Stage 2, p13-17

¹⁷ <https://www.london.gov.uk/sites/default/files/LP2011%20Chapter%204.pdf>, Policy 4.5, London's visitor infrastructure

¹⁸ City of London, Local Development Framework, Core Strategy: Development Plan Document, September 2011, CS11: Visitors, Arts and Culture, p83-84

¹⁹ Demand and Capacity for Hotels and Conference Centres in London, Report to the Greater London Authority, PricewaterhouseCoopers and Greater London Authority, August 2002, http://www.london.gov.uk/sites/default/files/archives/uploads-tr13_hotels.pdf, p28-29

²⁰ JLL, Stage 1, p74

²¹ Tourism Australia (b), p10

²² JLL, Stage 1, p115

²³ JLL, Stage 1, p87

²⁴ JLL, Stage 1, p88

²⁵ JLL, Stage 1, p115

²⁶ JLL, Stage 1, p117-118

²⁷ JLL, Stage 1, p64

²⁸ JLL, Stage 1, p33