

MEDIA RELEASE

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Sydney hotel industry set for transformation as new generation of design-led hotels enter the market – new report released

Sydney's hotel industry is set to undergo its most profound transformation ever, with a new generation of hotels expected to add over 11,000 rooms over the next ten years and introduce new hospitality concepts, according to a new hotel innovation research report released today by Tourism Accommodation Australia (TAA).

The city has already seen significant new supply added to the market in the city in the past year, with over 1000 rooms added in the inner-city, airport and suburbs, and a further 23 hotels are either under construction or approved.

The report – **The Innovation Revolution Transforming Australia's Hotel Industry** – highlights how new global and local hotel brands, new designs, new technologies and new guest-centric services are changing the face of Sydney's – and Australia's – accommodation sector.

It comes as the latest NVS, released this week, shows an 11.87% increase in domestic visitor nights in NSW hotels, motels, resorts and serviced apartments, for the year ending June 2018, with a 5.5% increase in visitor nights in Sydney. This, together with the year-on-year growth in international visitor nights is helping to drive the investment in hotel innovation.

A feature of the current hotel development boom – the first since the pre-Olympics years – is the diversity of hotels being introduced to the Sydney market.

While the past year has seen three major new international hotels opened; the Sofitel Sydney Darling Harbour, the Curio (West Hotel) and the Four Points by Sheraton at Central Park, there have also been a number of boutique, urban 'lifestyle' hotels opened, including The Collectionist, Little Albion, Spicers Potts Point and the Paramount House Hotel (which was recently named the Hotel of the Year by Gourmet Traveller).

The new-generation hotels are offering curated experiences aimed at providing guests with a distinctive taste of the local community through art, heritage, tours, food and beverage.

They are also activating urban spaces, with the Old Clare on Broadway an essential element of the Kensington Street dining precinct, while the Skittle Place food, retail and entertainment precinct will be created as part of the Skye Hotel Suites project in Skittle Lane in the city.

The design revolution is also reflected in new hotels outside the city, with the Felix Hotel at Sydney Airport providing a distinctive new approach to airport hotel facilities and services, and the new William Inglis Hotel at Warwick Farm raising the accommodation stakes in Sydney's West.

The hotel innovation report highlights the new wave of hotels is being driven by both global groups introducing new designer-label hotel brands, and local groups which have responded to changing travel patterns – led by millennial travellers – and introduced a completely new attitude to the accommodation sector.

“Sydney is undergoing the most fundamental change to its accommodation sector since the arrival of international hotels in the 1970s,” said TAA CEO Carol Giuseppi.

“Already we have seen international groups like Hilton bring their cutting-edge Curio brand to Sydney, while Marriott has introduced the Autograph Selection, and Accor their boutique MGallery by Sofitel collection. Ovolo has its unique lifestyle hotels, IHG is planning Voco and Indigo hotels and there have been many other announcements of boutique brands planned for the city.

“They follow considerable innovation by home-grown brands (including QT, Art Series, Spicers, Skye Suites and Veriu), and the massive expansion in new accommodation has prompted a large number of existing properties to undertake significant upgrades, introducing distinctive design influences such as Rydges Sydney Central, which has incorporated a local brewery in its expansion and refurbishment.

“The strength of the development boom is reflected in the diversity of both the locations where the new hotels are being built and the diversity of hotel styles being introduced. There is development across the CBD, Central Park/Broadway/Surry Hills, Darling Harbour/Pyrmont, Sydney Airport, Parramatta and Sydney’s West.

“The hotels cover all price points and feature advanced technologies such as mobile check-in, cutting edge design and restaurants aimed as much at the local community as guests.

“It is an unprecedented and comprehensive upgrade of Sydney’s accommodation sector which will support major new tourism infrastructure such as the International Convention Centre, the Sydney Airport expansion, the Parramatta urban regeneration project, and the development of the new airport at Badgery’s Creek.

“The regeneration of Sydney’s accommodation sector is vital to the tourism market as international and domestic travel continues to grow strongly. Sydney Airport recently reported that international arrivals grew 5.2% in the six months to 30 June 2018, contributing to an overall 3.3% rise in passenger movements to 21.6 million. With a full calendar of high-profile events and conferences, the new wave of hotels across the city will ensure Sydney is able to cater for future growth in demand for the foreseeable future.

“More 3 & 4 star hotels will be required to meet future demand, but at the moment, making some of these projects work in the Sydney CBD is constrained because developers believe greater value can be delivered by constructing corporate office towers. It will be important for City of Sydney and the NSW Government to encourage the development of mid-market and economy hotels to provide a comprehensive range of accommodation for the future.”

The full report is available [here](#) .

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