

SYDNEY HOTEL RATES SOARING

Sydney's average hotel room rates are growing faster than those in any other Australian city, according to recent industry analysis. With five-star hotel occupancy rates soaring above 95%, these figures have implications for companies looking to book Sydney accommodation during 2017.



KEY FACTORS DRIVING DEMAND

Sydney has experienced strong, sustained demand for accommodation over the past few years, with rates surging by 8.7% in the first quarter of 2017 compared with the same period in 2016. During this quarter, average nightly rates in Sydney were at A\$270, while occupancy levels were at 90.1%, the highest they have been since 1996. This now places Sydney among the highest occupancy levels in the world above those of New York, London and Hong Kong.

The current increases are spurred by:

- 14% growth in visitor nights by domestic business travellers and 5.4% growth in international overnight business visitors for the year ending December 2016
- A boom in tourism and leisure travel activity, including a 6% increase in passenger numbers through Sydney Airport and more international travellers booking 5 star hotels due to the weaker Australian dollar
- A surge in large events, particularly following the reopening of the International Convention Centre in Sydney's Darling Harbour last year
- A current lack of accommodation supply. Sydney has a pipeline of properties under construction or expansion – including the new Sofitel Sydney to open in November 2017, an upgrade to the InterContinental Sydney and a capacity increase at Hyatt Regency – however it will be 2020 and beyond before these new developments open for business.

4D RECOMMENDS

- Book accommodation sooner – up to 3 months in advance is required to secure rooms in some key preferred properties
- Consider airport hotels – rates can be up to 35% cheaper and a short train ride of 9 minutes to the Sydney CBD
- Review your organisation demand management and implement policy accordingly
- Keep informed of key events and peak periods and inform travellers

Contact the team at 4D to discuss cost mitigation strategies for your 17/18 Hotel Program at enquiry@4dconsulting.com.au
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