

# AUSTRALIAN SUNRISE LODGE

485 – 487 KING STREET NEWTOWN

INFORMATION MEMORANDUM





# INTRODUCTION

Colliers International has been appointed as exclusive agent to offer for sale the **Australian Sunrise Lodge**, located at **485 – 487 King Street Newtown**.

The site offers a rare opportunity to secure an inner-city hotel with close proximity to major demand drivers such as the Sydney CBD, Sydney Airport, Royal Prince Alfred Hospital and three universities. This fully operational hotel gives the purchaser a healthy cash flow, with further opportunity to unlock the added upside offered by the site.

This 22 room property is ideally placed in the heart of Newtown's vibrant King Street, surrounded by busy cafés, interesting shops and entertainment venues, and is close to bus and rail transportation.

The hotel is available with vacant possession.

The property is being offered for sale by way of Expression of Interest, closing at 4pm on **26th September**, Unless Sold Prior. To obtain further information, or arrange an inspection, please contact the exclusive agents.



Queen Room

# EXECUTIVE SUMMARY

## PROPERTY

Australian Sunrise Lodge offers a range of well-appointed rooms, catering to singles, doubles and family groups. There is also substantial ground floor space that could potentially be converted to separate income generating areas.

## PROPERTY OVERVIEW

Located at 485 – 487 King Street, Newtown, this is a three storey, 22 room hotel fronting King Street, with the nearest crossroad being Camden Street.

## LOCATION

Situated on the main thoroughfare of this busy inner city suburb, the hotel is ideally placed to attract a broad range of markets, including tourists, local corporate demand, visiting friends and relatives of residents in the surrounding high density areas, and business associated with the CBD, the University of Sydney, the University of Technology Sydney (UTS), University of Notre Dame, the Royal Prince Alfred Hospital and Sydney Airport.

## ROOM INVENTORY

22 rooms

## SITE AREA

243 m<sup>2</sup>

## GROSS FLOOR AREA

Approximately 600 m<sup>2</sup>

## ZONING

B2 Local Centre under  
Marrickville Council



# INVESTMENT HIGHLIGHTS

485 – 487 King Street, Newtown contains the following key investment highlights:

- > Vacant possession opportunity of a going concern Sydney accommodation business;
- > High exposure given its location on King Street, which is a major thoroughfare for traffic accessing Sydney CBD from the south and vice versa;
- > Location relative to demand drivers – Sydney CBD, Sydney Airport, Sydney University, University of Technology, University of Notre Dame, Royal Prince Alfred Hospital, Enmore and Newtown Theatres, Botany Bay and Sydney Harbour Ports. Newtown is a popular dining and entertainment destination.
- > Alternate use possibilities for the existing building which includes backpacker, student accommodation, hostel and/or residential;
- > Further upside in the asset with substantial trading potential.

## Significant scope for trading upside

The Newtown area currently experiences a lack of accommodation supply, resulting in the Australian Sunrise Lodge having minimal competition. There is the potential to significantly increase trading performance on the property through a range of initiatives, including;

- An effective sales & marketing strategy and deeper penetration into the Online Travel Agency networks via the use of channel management software;
- Repositioning of existing rooms into modern student accommodation facilities;
- Shift of business strategy and marketing the property as a stylish boutique hotel;
- The sub-letting of the substantial ground floor as retail space to such vendors as café/restaurant, tour operator desk, youth travel agency etc.
- With smaller inventory numbers, the implementation of rate yield management practices should also lift room rates considerably.

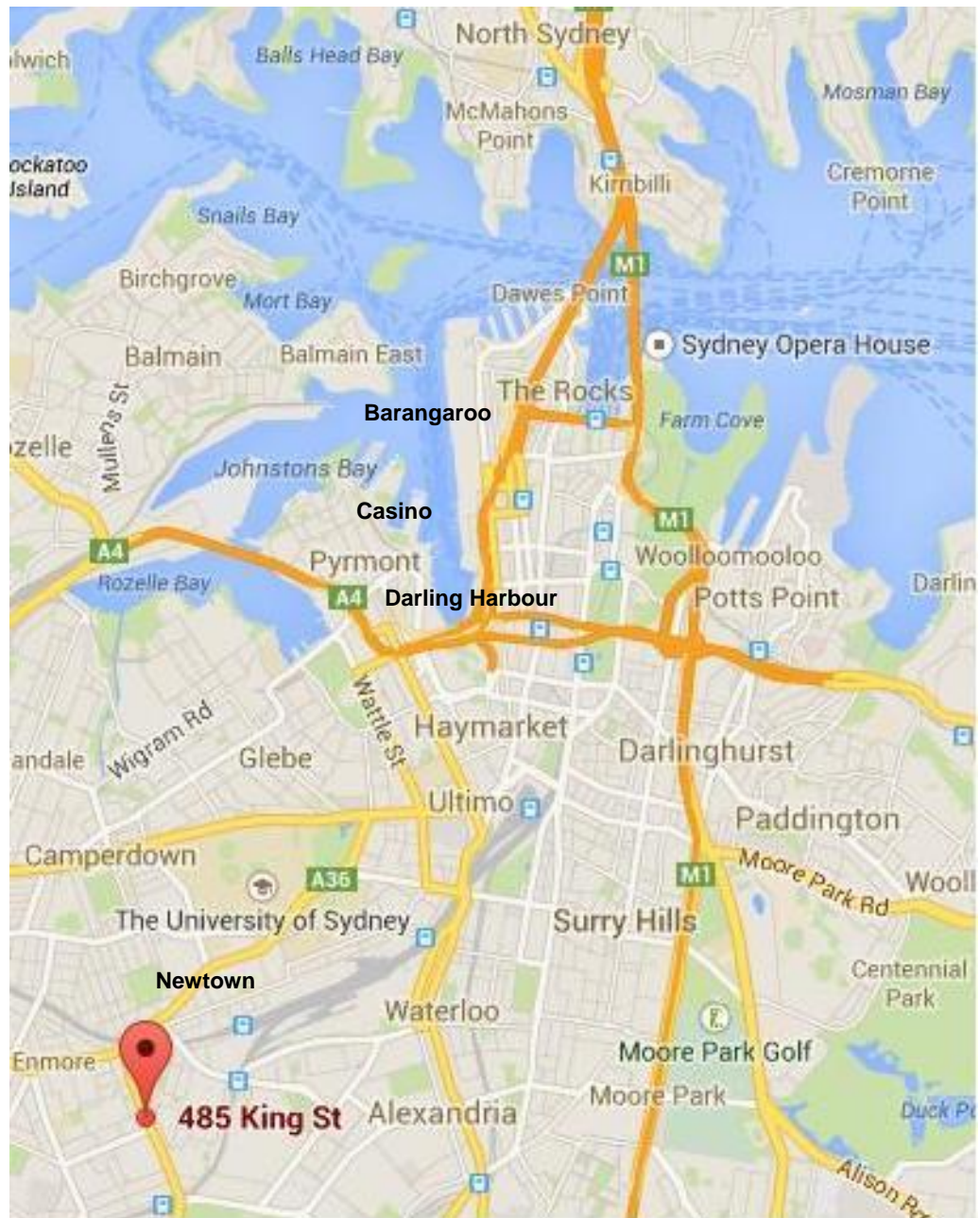


Double Room



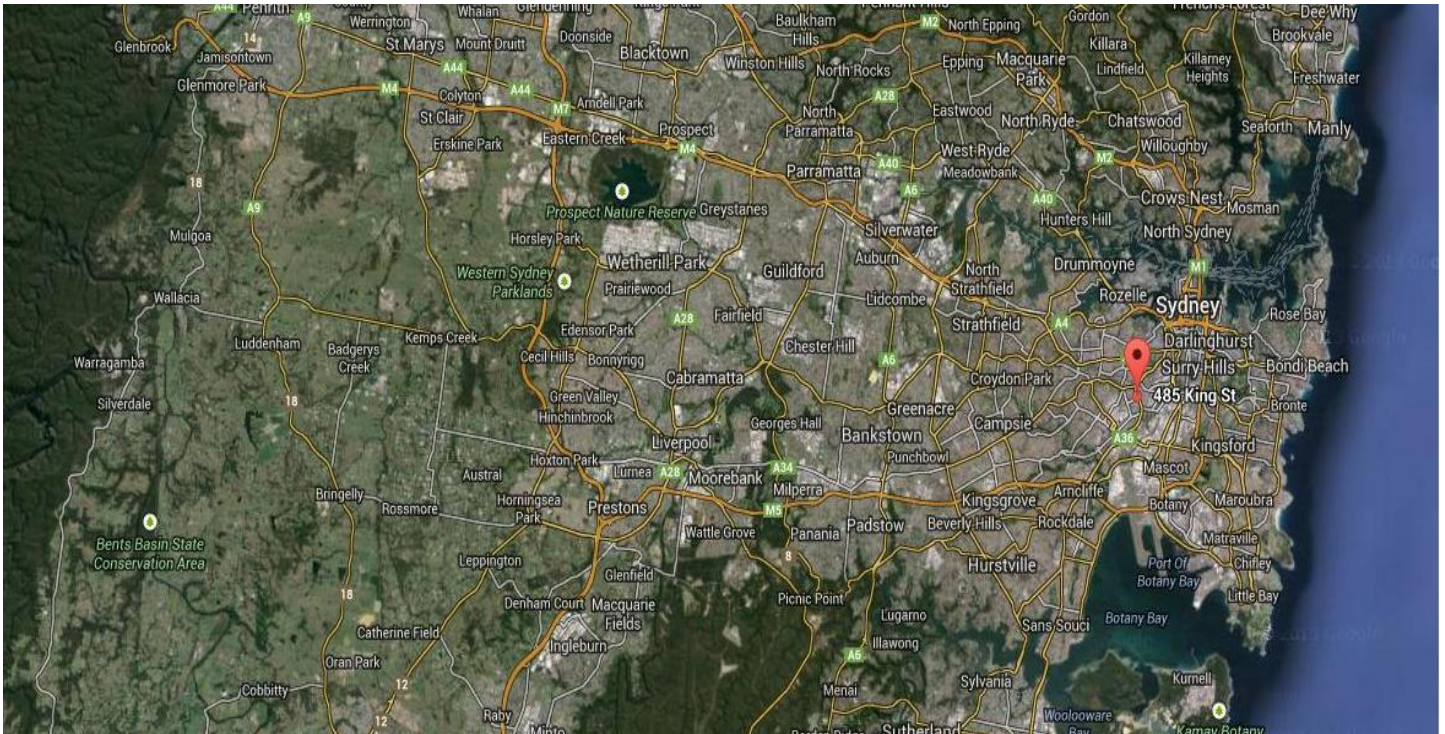
# LOCATION

The hotel is located in the heart of the main commercial thoroughfare of the inner city suburb of Newtown. Newtown is located approximately 3.8 kilometres from Central Railway Station and just 1.7 kilometres from Sydney University. Its position on King Street means the hotel is just 4.6 kilometres from Sydney Airport.





# LOCATION CON'T



Greater Sydney

With its strong transport links, Newtown is easily accessible to Sydney's main tourist attractions such as the Sydney Opera House, Harbour Bridge, the Sydney Convention Centre and Darling Harbour entertainment precincts.

The surrounding area is characterised by strip retail shops with apartments above, low rise commercial, lively restaurants and bars, Victorian terrace style dwellings as well as modern apartment buildings. The property is also close to the recreational facilities offered at Sydney Park and the industrial and corporate precincts of Redfern, Alexandria, Sydenham and Marrickville.

The property is well serviced by public transport, enabling guests to arrive by bus, car or train, with city buses at door and both Newtown and St Peters train stations within 5 minutes walk.

The strength of this property is its central location relative to a range of key demand drivers – Sydney CBD and Airport, local tourist attractions, commercial offices, major transport links, sporting facilities, university and hospital facilities and local residential, all of which offer opportunities for guest demand for the hotel.



# THE PROPERTY

Property Address	485 - 487 King Street, Newtown
Title Description	Lot 24 in Deposited Plan 771381 Local Government Area : Marrickville
Site Area	243 m <sup>2</sup>
Property Dimensions	King Street: 7 metres Northern Boundary: 32 metres Peacock Lane: 8 metres Southern Boundary: 34 metres
Zoning	B2 Local Centre
Land Use	Flexible land use including Tourist & Accommodation

All rooms feature queen sized beds, television, fridge and tea & coffee making facilities. Most of the rooms have their own ensuite bathrooms.

The hotel's common areas feature a fully equipped communal guest kitchen located on the ground floor, garden courtyard and guest lounge area with free wi-fi.

The Hotel provides the following amenities:

- Secure access to hotel after-hours
- Work desk
- Remote control TV
- Bar size refrigerator
- Microwave
- Ceiling fans
- Heaters
- Opening windows
- Juliet balconies

The ground floor of the building houses the reception, back office, staff kitchenette and amenities. There are two large lounge areas totalling approximately 60 square metres. With direct street access and wide frontage to King Street, these spaces could be converted into income generating areas, such as a café, restaurant and/or bar (subject to council approval).



Reception Lounge



# DESCRIPTION

While the façade speaks of an earlier history, the hotel was built anew and commenced operating as the Australian Sunrise Lodge in 1988. It was purpose-built as a modern boutique tourist hotel, with concrete floors throughout, whilst still displaying a number of charming Victorian features.

The property sits on a rectangle block with frontage onto King Street. Entrance to the hotel is currently through either glass doors, or via a separate hallway entrance, thereby allowing the reception areas to be given over to an alternate use.

The hotel's façade does not immediately reveal the substantial 3 level building extending to the rear. This configuration gives most rooms a sunny northerly aspect with a leafy tranquil outlook away from the hustle and bustle of King Street.

Ground floor - comprises an entry foyer, reception, back office and storage room. There is a separate entrance door from the street, giving guests direct access to the stairwell via a corridor. There are currently two large lobby lounge areas, which could be utilised as a retail opportunity (subject to council approval). There are 5 accommodation rooms on the ground floor with shared communal bathrooms. There is also a communal kitchen for all guests to use.

**First floor** - consists of 8 accommodation rooms, all of which have their own ensuite bathrooms. The five rooms at the rear of the building have Juliet balconies. There is a linen store on this floor.

**Second floor** - consists of 9 accommodation rooms, four of which have their own ensuite bathroom, with the balance of rooms sharing a communal bathroom. The five rooms at the rear of the building have Juliet balconies. There is a linen store on this floor.

The floor plans outlined on the following page are provided as an indication only and all measurements are approximations.

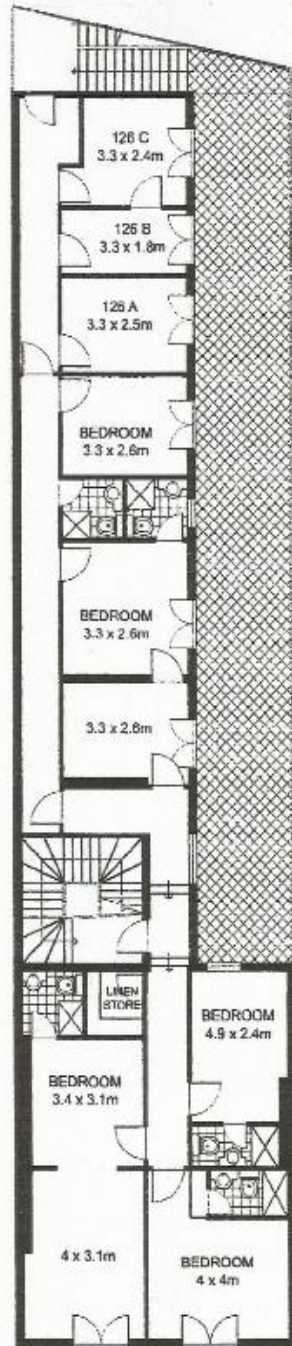


Family Room

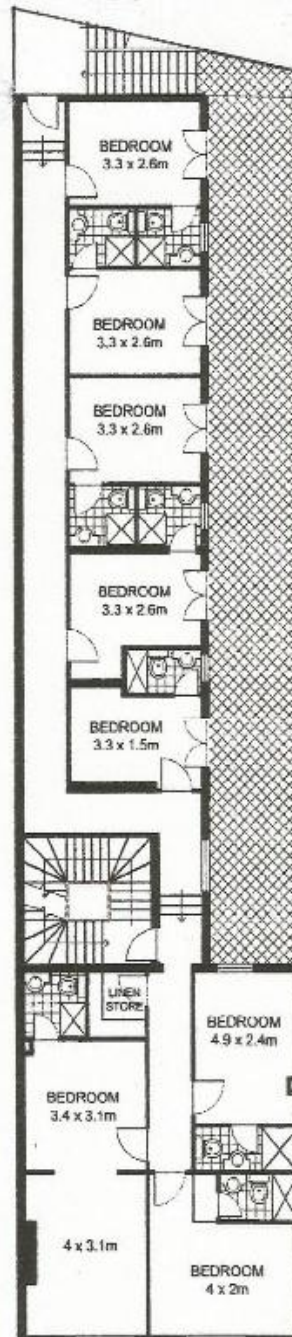


# FLOOR PLANS

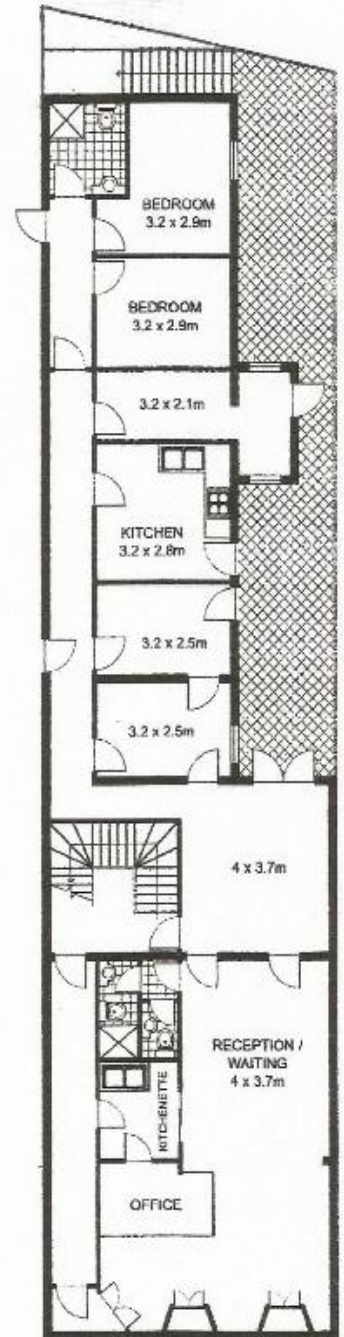
all measurements are approximate only.  
Plan is provided only as an indication of layout.



SECOND FLOOR



FIRST FLOOR



GROUND FLOOR

# ZONING

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Outlined below is an extract of the Local Environment Plan from Marrickville Council regarding the zoning for the hotel.

## MARRICKVILLE LOCAL ENVIRONMENTAL PLAN 2011

### Zone B2 Local Centre

#### 1 Objectives of zone

To provide a range of retail, business, entertainment and community uses that serve the needs of people who live in, work in and visit the local area. To encourage employment opportunities in accessible locations. To maximise public transport patronage and encourage walking and cycling. To provide housing attached to permissible non-residential uses which is of a type and scale commensurate with the accessibility and function of the centre or area. To provide for spaces, at street level, which are of a size and configuration suitable for land uses which generate active street-fronts. To constrain parking and reduce car use.

#### 2 Permitted without consent

Home occupations

#### 3 Permitted with consent

Boarding houses; Child care centres; Commercial premises; Community facilities; Educational establishments; Entertainment facilities; Function centres; Hostels; Information and education facilities; Medical centres; Passenger transport facilities; Recreation facilities (indoor); Registered clubs; Respite day care centres; Restricted premises; Roads; Service stations; **Shop top housing**; Tourist and visitor accommodation.

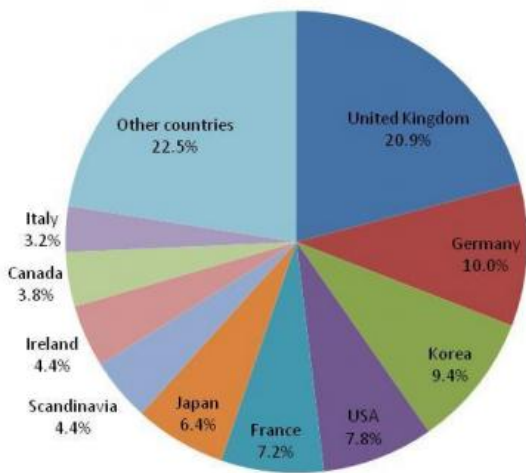
Explanatory Note: "Shop top housing" is defined as one or more dwellings located above ground floor retail or commercial premises.



# SYDNEY ACCOMMODATION MARKET

Sydney hotels have enjoyed a market that is undersupplied in key metropolitan areas and the CBD. With an urban sprawl that has seen significant growth to suburban corporate parks that include the Mascot, North Ryde and the North West regions, this growth has underpinned the requirement for further quality hotel accommodation in the CBD and surrounding suburbs.

The student and backpacker accommodation markets are also currently under supplied, driven by the rise in foreign student enrolments in universities and colleges in Sydney<sup>1</sup>. The backpacker market in particular has enjoyed steady growth from reliable European and American markets as noted in the pie chart below. This is further buoyed by the rise of foreign young professional workers capitalising on Australia's skill shortage and using backpacker properties as their temporary accommodation requirements.



Top 10 international youth nights in backpacker accommodation in New South Wales for year end June 2013



## INFRASTRUCTURE DEVELOPMENT

Sydney is also poised for major key development projects which include:

Barangaroo Development	The 20 hectare site on the western side of the Sydney CBD is to be redeveloped into a vibrant mixed-use precinct incorporating residential, commercial and parkland along the foreshore. It is likely the development will now include a high rollers casino and associated hotel.
Central Park (Ultimo)	The former brewery site located at the southern end of the CBD is undergoing a major re-development into a mixed-use precinct incorporating commercial, retail, entertainment and residential accommodation.
Sydney Convention Centre	The major re-development of the Sydney Exhibition & Convention Centre is due to complete in early 2017 and will re-establish Sydney as the premier destination for international conferencing into Australia.

<sup>1</sup> Source: AEI international student data

# SYDNEY TOURISM MARKET

The international gateway to Australia, Sydney is the country's premier tourist destination and largest accommodation centre.

One of Asia Pacific's financial services hubs, Sydney contributes approximately 30% of Australia's GDP and is equivalent to the size of Singapore's economy. It is also Australia's largest real estate market in terms of quantum and value, reflected in the concentration of the institutional investment in the city.

Sydney boasts around 4.6 million residents and is famous for its harbour, multicultural offering, extensive shopping and dining experiences, and countless surf beaches within the wider metropolitan area.

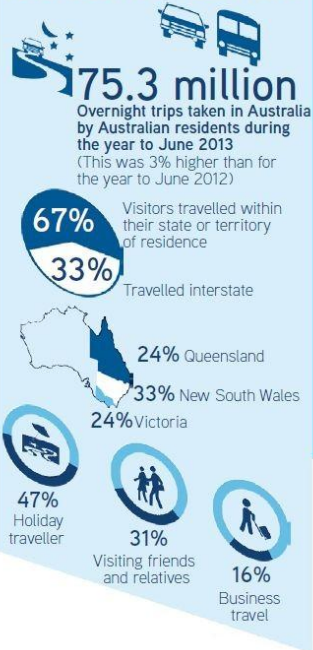
A total of 78.9 million visitor nights were spent in Sydney in 2012 which represents 16.2% of all visitor nights spent in Australia. For the six months to June 2013, Sydney visitor nights increased by 2.6% over the same period in 2012 to 40.6 million. This is consistently the highest number of any capital city in Australia. Sydney also attracts the highest proportion of international visitor nights in Australia accounting for 72.3% (57.1 million) in 2012 and 74.5% (30.2 million) for the six months to June 2013.

According to the Australian Bureau of Statistics, tourist accommodation has recorded solid RevPAR growth over the past ten years, averaging 5.1% per annum. Room supply has remained relatively static during this period, increasing by a marginal 0.3% per annum while demand growth has increased by 1.9% per annum.

STR Global Data shows that the Sydney hotel market continues to trade exceptionally well with year-on-year RevPAR growth in 2013 of 6.8% to \$190. This record level was underpinned by the highest occupancy rate in the country at 86.5% and an Average Daily Rate (ADR) of \$220.

Furthermore the Sydney hotel market is poised for greater uplift over the coming years with major infrastructure projects such as Barangaroo, the transformation of the Sydney Convention and Exhibition Centre and the reconstruction of the Sydney Cruising and Overseas Passenger Terminal. Upon completion these landmarks will significantly enhance demand for visitor accommodation within the Sydney metropolitan area.

## Domestic Tourism



## International Visitor Arrivals & Travel by Australians

### Visitors to Australia



## HOTEL MARKET INDICATORS 2013



	OCCUPANCY	AVERAGE DAILY RATE	REVPAR
Sydney City	86.1%	\$211.64	\$182.25
Melbourne City	83.7%	\$210.13	\$175.05
Perth	83.3%	\$193.28	\$161.84
Darwin	80.3%	\$184.05	\$146.13
Brisbane	77.5%	\$182.02	\$142.69
Adelaide	76.1%	\$160.42	\$113.17
Canberra	71.1%	\$151.24	\$109.02
Cairns	70.7%	\$148.72	\$107.49
Gold Coast	68.0%	\$121.84	\$86.20
Auckland	78.8%	\$140.28	\$110.54
Wellington	74.1%	\$143.47	\$106.31
Christchurch	76.1%	\$159.85	\$121.65



# METHOD OF SALE

**Colliers International** is offering 485 - 487 King Street, Newtown as a freehold property sale and a going concern business.

The property is for sale by way of Expression of Interest, with a closing date for offers to be made by 4pm Monday, **26th September 2014**, Unless Sold Prior.

<b>Method of sale</b>	Expression of Interest ("EOI"), Unless Sold Prior
<b>Sales details</b>	485 - 487 King Street Newtown is offered for sale exclusively by Colliers International.
<b>Inspections</b>	Inspections of the building are strictly by appointment only and can be arranged by contacting the undersigned representatives.
<b>Further Information</b>	<p>The selected bidder(s) will be afforded the opportunity to enter into a due diligence review, following receipt of an EOI.</p> <p>The Offer submitted by interested parties ("Bidders") should include the following key terms:</p> <ol style="list-style-type: none"><li>1. Proposed purchasing entity;</li><li>2. Nominated offer price;</li><li>3. Nominated deposit amount;</li><li>4. Any other significant conditions required to close the proposed acquisition;</li><li>5. A list of additional information that the Bidder(s) wishes to obtain to complete an investigation of the Property; and</li><li>6. Proposed settlement date.</li></ol>



# SALES PROCESS

For further information or to arrange an inspection please contact one of the agents listed below.

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Exterior shot prior to courtyard foliage growth



King Street entrance



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