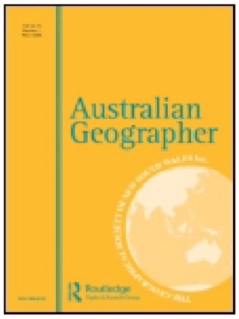

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# Hotels as Civic Landmarks, Hotels as Assets: the case of Sydney's Hilton

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# *Hotels as Civic Landmarks, Hotels as Assets: the case of Sydney's Hilton*

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ABSTRACT *In this paper, we examine the role that hotels play in the urban economies of central business districts (CBDs). To illustrate this, we explore the biography of the Sydney Hilton, an iconic modernist building which opened in 1975 and was recently totally refurbished and rebranded. We argue that hotels can be understood as civic landmarks, where localised business elites and the local state coalesce to ensure their successful construction, and where commercial activity is understood within an ideology of civic pride. Within this context, however, the design and appearance of hotels is driven by both their use value and exchange value. We trace a biography of the Sydney Hilton through three phases of its operation, considering its place within the backdrop of the reconstitution of Sydney's CBD, and the broader urban economy. We conclude that the refurbishment of the Hilton can thus only be understood by considering wider issues of corporate brand, asset ownership and the requirements of the local state.*

KEY WORDS *Hotels; urban modernity; architecture; branding; urban geography.*

## Introduction

> The dominant landmarks in Sydney in 1950, and even in 1960, included the Macquarie Light House, the water towers of Vaucluse and Bankstown, the power stations at Bunnerong, Pyrmont and Balmain, the Central Station clock tower, the AWA tower and the Harbour Bridge ... With the exception of the bridge and the Opera House, all of Sydney's landmarks have long been overshadowed by skyscrapers financed by American junk bonds, Japanese insurance companies and Australian superannuation funds. (Spearritt 2000, p. 262)

The period from the late 1960s to the early 1980s was one of great change in Australian cities, and the established vernacular landmarks of the industrial city were being, as Peter Spearritt captures, literally and metaphorically overshadowed by high-rise commercial structures. The vast majority of these were office towers, but a number were occupied by hotels. These were not the grand old hotels that serviced the social elites of Australia's colonial economy, and nor were they the staid but trusty structures that served the out-of-towners from the countryside or

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other states when they came to Sydney on business. Instead, they were buildings designed according to a new 'international standard' of hotel accommodation, furnished with up-to-the-minute telecommunication devices and employing modern materials to plug in business travellers to a new standard of comfort. Unsurprisingly, these new high-rise structures became instant landmarks in cities around the world, their often International Style modernist design and typography standing out from the commercial structures that surrounded them. In addition, and as importantly, their development highlighted a new phase of development finance that relied on complex—and not always clearly understood—arrangements of debt financing.

This paper contributes to a growing literature which sees hotels as being crucial institutions in the formation of 'civic' commercial cultures in urban modernity (e.g. Cocks 2001; Katz 1999; Leach 1994; McNeill 2008; Sandoval-Strausz 1999; Wharton 2001). It traces the connections between property development and hotel form through a biography of the Sydney Hilton, located in the heart of Sydney's central business district (CBD). The paper is structured chronologically, examining the life span of the hotel over three periods: between the first site planning applications in 1968 and the hotel's opening in 1975, tracing the emergence of the 'boom and bust' conditions that dictated the hotel's immediate development; between 1975 and 1998, a period characterised by regular changes of ownership, as the property was passed among investors as a pure financial asset; and 1998 to present, where the refurbished hotel is expressive of a broader set of branding issues, but where 'civic' status (understood as connecting to the city's urban fabric and its—business—publics) makes a return, discursively at least. We begin, however, by situating the hotel within the broader literature on how hotels have been situated within the commercial cultures of urban modernity.

## The hotel and commercial culture in urban modernity

Hotels have always been central to the development of CBDs (Fogelson 2001; Frieden & Sagalyn 1989). For the chambers of commerce that boosted downtown development in the early twentieth-century USA, for example, they were regarded as essential *service* components of a booming urban economy.

> The first hotels were artifacts of commercial republicanism, a hybrid social theory which served as the entering wedge of liberal capitalism in American culture ... The merchant origins and entrepreneurial pursuits of its creators suggest that the hotel was first and foremost part of a larger vision of American development which saw an interconnected system of public improvements, transportation innovations, and accommodations that would bind the United States together and integrate them into the international economy. (Sandoval-Strausz 1999, p. 263)

Hotels were, from these earliest developments, seen as evidence of the existence of 'embedded' business elites, who were concerned with developing and investing in such properties in the longer term. They were not seen solely as assets in their own right, but were seen primarily as 'spaces in which people might meet, strike up or finalize deals, get married—all, of course, at a price' (Leach 1994, p. 135). Shareholders would comprise a range of downtown business people who would benefit from the enhanced range of economic activities that would be facilitated by the hotel, from tourism (Cocks 2001) through to the creation of a space for transactions within a distanciated economy (between elites in interdependent industrial sectors located in different cities, for example, or between urban-based commerce and farmers). For Leach (1994, p. 135):

> Trade associations and professional bodies of all kinds had regular access to hotel and restaurant banquet facilities, to catering services and reception rooms, and to the elaborately decorated ballrooms; and hotel and restaurant merchants encouraged businessmen to display their wares in exhibit rooms.

With railway companies particularly interested in providing locations for travellers to stay and relax, large hotels became a necessity within an increasingly distributed urban space economy. Local politicians usually moved quickly to vary zoning ordinances and even provide generous tax breaks to allow for their construction. However, as Annabel Wharton (2001, pp. 170–1) notes:

> The Depression ended the era of civic hotels produced by stock companies of local shareholders. During the boom years of the 1920s a large number of such hotels had been constructed in cities with a population of around 50,000 as an appropriate status symbol of the town and as an appropriate space for civic events of the middle-class elite—coming out parties, local balls, and political gatherings ... When significant hotel building began again in the 1950s, ownership was neither individual nor communal, but rather corporate. Profit, rather than civic pride, determined construction.

From the 1930s, hotels were increasingly subject to rationalised business models of management and operation, which began to impact upon the nature of the hospitality industry worldwide. American hotel entrepreneurs such as E.M. Statler and Louis Boomer pioneered modern structures that moved away from the European-inspired 'palace' hotels. Chains such as Holiday Inn would demonstrate the ability to achieve economies of scale in purchasing supplies, the potential of branding, the power of a central reservations system, and the ability to maximise revenues through a standardised hotel layout. Such models could be exported and franchised nationally and internationally, and Hilton was among the early adopters of such expansion models.

By the 1970s hotels were increasingly seen as a powerful player in what Marxist economists called the secondary circuit of capital, where

> investment in the built environment is undertaken not only for the obvious use-value reasons—more office space for large corporations—but also for financial reasons, that is, as part of the quest for the highest rate of return on investment in excess capital. (Feagin 2002, p. 61)

Hotels thus moved from being primarily civic landmarks—if one accepts the boosterist mantra that civic pride is based upon commercial virility—to being financial assets, as envelopes understood in terms of their provision of revenue streams (nightly room fees) and possible capital growth in booming post-industrial urban economies.

It was in this context that the Hilton Corporation began to assert itself (Wharton 2001). With a strategy of opening hotels in leading cities in the world economy—

Rome, Istanbul, Paris, London, Cairo—Hilton was an exemplification of the modern form of hotel management, partnering with suitable local developers who would finance construction while Hilton would advise on interior space and the provision of facilities and trained staff. Hilton's arrival in Sydney was a clear example of how American hotel management companies developed internationally around the maximisation of exchange value, but also showed how successful hotels are dependent on the development context within which they reside.

However, as Wharton (2001) makes clear, the specific reasons for the construction, development and design of each Hilton varied markedly. In what follows, we narrate a biography of the Hilton against the changing socio-economic context of Sydney's CBD. This was a period during which the Sydney economy shifted from being largely dependent on colonial trade and traffic to one with a more complex set of spatial relationships—the Hilton was a product of the boom and bust of the late 1960s and early 1970s (Daly 1982). The internationalisation of Australia's financial sector which accompanied the deregulatory mechanisms of the Keating era further diversified the nature of property assets to be bought, held, and sold, particularly within an Asian market dominated by Japanese and Southeast Asian property investors (Daly & Pritchard 2000). It was also a period during which the structure of commercial property investment, development and management shifted, and during which demand for commercial office space increased markedly, especially as Sydney began to usurp Melbourne as the centre of the Australian financial and corporate economy (O'Neill & McGuirk 2003). Given that hotels play an important role in staging commercial culture (housing visiting business people overnight, providing convenient, discreet and—above all—neutral meeting facilities), the Hilton and its competitors play a role in the reconfiguration of workspace within central Sydney. Finally, of course, the growing attractiveness of Sydney as a tourist location added to the increased demand for hotel rooms.

## Creative destruction: the Hilton and Sydney's boom and bust, 1968–74

In February 1968, the *Sydney Morning Herald* ran a profile of a Mr Loyal Francis McInnes, a resident of the tax haven of Noumea, and the chairman and managing director of Lanray Industries. 'A crew-cut "new breed" type of businessman', noted the *Herald*, 'he is evidently something of a rebel, with little time for unadventurous financiers and even less for the stock-broking fraternity, which still regards Lanray shares as doubtful.'. McInnes was bullish in discussing his plans:

> We're trying to develop along the lines of what is known in the U.S. as a conglomerate, a company with interests in many fields, usually on a joint venture basis with the company supplying the management wherever possible. By holding just 50 per cent you can spend a lot of money building something without having to consolidate the development costs in your accounts. (McDougall 1968)

McInnes was symptomatic of the money to be made in Sydney's rapidly overheating economy, a direct result of Sydney's property boom between 1968 and 1974, 'a frenzy of buying, selling and building which reshaped the central business district, greatly increased the supply of industrial and retailing space, [and] accelerated the expansion of the city's fringe' (Daly 1982, p. 1). For Daly, who documents this period in *Sydney boom Sydney bust* (1982), a huge speculative bubble was fuelled by a rapid increase in foreign investment channelled into Sydney's property market.[1] Suddenly, and with an acquiescent city council, major profits could be made by site consolidation, where, with the purchase of inter-block laneways, acquisition and demolition of old buildings, and the reconfiguration of public space and access ways, large-scale floorplates could be offered to the growing number of state and private corporate tenants.

Along with property developers Crown Agents, Lanray acquired a number of long-established structures between George Street and Pitt Street, traditionally central Sydney's retail core. These included the Royal Arcade, one of Sydney's Victorian arcades, a haunt of philatelists and secondhand bookshops, and the Adams Hotel, the home of Tattersalls bingo and its ornate, High Victorian, Marble Bar. Both would be demolished, allowing a large central site that offered a profitable envelope for the developers. Lanray's block development—the Capital Centre—would consist of the 600-room hotel, eight floors of office space, a 60-unit retail outlet in the reconstructed Royal Arcade, and a 500-space car park (Le Gras 1987). Designed by Frank Kolos and J.H. Bryant, the hotel was constructed following the footprint of the car parking, a common architectural solution at the time but one that would leave the structure with a relatively small room size.

Lanray was able to take advantage of a period of political stasis in Sydney, with the existing council having been dismissed and replaced by commissioners, during which time developers were allowed a significant amount of freedom from existing planning controls. Lanray found that

> the Commission and the post-1969 City Council took a new approach to city traffic, producing a parking control code that was designed to discourage bringing cars into the city. The commissioners had been extremely car-friendly, which is not surprising as one of them was an ex-Commissioner of main roads. (Golder 2004, p. 146)

Lanray was thus able to construct 'parking ramps that took over part of the Pitt street pavement in return for a new footpath inside the project boundaries', an introversion of public space away from the street (Golder 2004, p. 146). With design standards weakly regulated at that point, the finished building was thus a rather brutalist statement with little articulation to the surrounding streetscape (Farrelly 2005) (see Plate 1).

There was little public debate over the structure that would replace the hotel and arcade, with the only controversy over the new site being focused on increased traffic flow and parking access, reflecting 'the pace and scope of change in the city' as the car began to predominate over pedestrianism (Golder 2004, p. 147). The Adams Hotel and Royal Arcade thus went the same way as many of Sydney's other Victorian and Edwardian hotels and shopping spaces, a moment evoked by John Birmingham in *Leviathan*:

> The old Theatre Royal was buried under Harry Seidler's sixty-five story MLC Centre, while thirty small sites and a quiet world of back lanes were disappeared when he sent the stunning circular tower of Australia Square soaring fifty storeys over George and Pitt Streets. The Royal Exchange and both the Royal and Imperial arcades were levelled and excavated. Wrecking balls crashed through the elegant Italianate façade of the Hotel Australia, atomizing polished marble and sculpted plaster and silencing a

PLATE 1. The pedestrian ramp at the Hilton, *c.*1975. *Source*: http://www.cityofsydney.nsw.gov.au/ArchivesWeb/scripts/home.asp (accessed 14 July 2008), © City of Sydney Archives, SRC10107.

> few ghosts of the city's café society which had been drawn to the specialist booksellers and tea rooms gathered around the hotel in Rowe streets along with a collection of high-class jewellers, florists and quality restaurants. (Birmingham 2000, p. 233)

Sydney Lord Mayor had attempted to lure the Hilton to the city in the 1950s, revealing the competitive boosterism of the city's municipalities. In 1955 the *Herald* reported that 'a Sydney group, acting for Hilton interests, was planning a luxury hotel ... overlooking Sydney Harbour' (*Sydney Morning Herald* 1955a). The group was also courted by the seaside resort of Manly, whose mayor at the time made an enthusiastic bid for the hotel, claiming 'Manly has everything to offer as a world tourist resort ... It overlooks the harbour and the ocean, has one of Australia's finest public beaches, and is the focal point of the northern coastal area' (*Sydney Morning Herald* 1955b). Hilton International had originally proposed the adjacent Queen Victoria Building as the site for a 400-room hotel. Liberal Party Alderman C.L. Kyle criticised the Lord Mayor's proposal at the time, saying: 'The council should not be in the hotel business. There are many other things crying out for attention, such as parking and expressways' (*Sydney Morning Herald* 1958). Eventually, the arrival of Hilton from overseas came neither to the CBD nor to Manly but to the Chevron, in Potts Point (close to Kings Cross in the city's near eastern suburbs), in the early 1960s. The enterprise failed to prosper, after a disastrous combination of poor planning, rising interest rates, and an illegally large excavation site combined to sink the project. Unsurprisingly, Hilton pulled out of the management deal, conscious of the need to retain its brand status.

For McInnes and Lanray, however, the Hilton would provide an important anchor to the success of the Capital Centre as a whole. Crown Agents was an interesting choice of partner, an offshoot of the British government established to run various aspects of the colonial economy in cities of the empire. In the post-independence context, the institution became of decreasing relevance, and saw both its staff and financial reserves diminish. To address this, it 'abandoned its previous non-profit-making status, formed limited companies, and set about discretionary investments of the funds it controlled' (Daly 1982, p. 49). From 1968, it took a close interest in property development financing, with the Adams Hotel redevelopment being one of its key projects, under its subsidiary the Abbey Orchard Group.

To lure Hilton to their development, Lanray and Crown Agents offered a generous 40-year lease on the hotel component. Yet the early 1970s was a poor time to be developing speculative property. In August 1974, Lanray sold its 50 per cent stake in the building to the Abbey Orchard Group, giving Crown Agents overall ownership, given that a further subsidiary—Millbank Nominees—owned the other 50 per cent. McInnes stated that 'his company's sale was dictated by the state of the economy, not by liquidity problems' (*Sydney Morning Herald* 1974). The new hotel would finally open in early 1975, a victim of the collapsing value of the oil crisis-hit US dollar, labour shortages, and supply problems for the room fittings (Crouch 1974). As the Hilton's project manager, Gerald Green, wearily told the *Herald*, 'I'll bet my last dollar there won't be another major hotel construction in Sydney for at least the next 10 years' (in Crouch 1975).

## The Hilton as asset

As assets, hotels are subject to a number of threats to their successful operation. Cyclical change in regional economies is one, whether this be in tourism markets or generalised business downturns. As a number of critical geographers have shown (e.g. Feagin 2002; Harvey 1982), the secondary circuit of investment in the built environment requires a degree of embeddedness, and of sunk costs, in order for developments to return a profit. For Merrifield (1993, p. 111), the proliferation of banking capital in times of cheap credit 'gives considerable fluidity to the way developers ... can conceive of and roam space looking for titles to future ground rents, thereby promoting activities on land that conform to the highest and best commercial uses'. This in turn fosters 'an urban landscape that is extremely sensitive to the temporal aspects of accumulation as dictated by interest rate fluctuations and supply and demand for money capital' (Merrifield 1993, p. 111). What is interesting about the Hilton case was that the 40-year lease given to the hotel management 'froze' the hotel into an economic time-space where it became unattractive in terms of yield to property investors. Its 'sunk costs' (Clark & Wrigley 1997) had already been written off by Crown Estates, and it took a specific kind of investor to see the potential for the hotel and the Capital Centre. As a result, the 1980s and early 1990s saw the hotel change hands on several occasions, as Table 1 charts.

After a period under ownership of the major insurance firm AMP, the Capital Centre was bought by the Bond Corporation in 1987 for $160 million. The company announced its intention to redevelop a whole city block between George and Pitt Streets, running from the Hilton towards the Woolworth's building nearby. The possibility of linking up with a proposed 88-storey 'Sky Tower' added to the site's attractiveness. The much-maligned pedestrian ramps were targeted for removal, at an estimated cost of $40 million (Abbott 1987). However, in March 1989, ABC television's *Four Corners* program made a detailed set of claims against Bond's activities, causing the then Treasurer Paul Keating to note that he was 'prima facie' concerned about the accusations that Bond Corporation had sought to both artificially boost its profits (and avoid capital gains tax) by re-declaring sales

TABLE 1. Hilton Sydney timeline

| | |
|---|---|
| 1969 | Lanray Industries, in partnership with Crown Agents, begins development of 18 600 $ft^2$ of hotel, shop, and office space on the site of Adams Hotel and Royal Arcade, to be known as the Capital Centre. Construction is delayed over several years as a result of labour disputes and materials shortages |
| 1975 | Hilton signs a 40-year lease and hotel opens just as property market collapses |
| 1978 | Early on 13 February 1978, as the Australian Prime Minister and 11 Commonwealth Heads of State sleep in the Hilton, a bomb explodes in a rubbish bin immediately outside the hotel in George Street. Three people are killed (the two garbagemen who lifted the bin, and one policeman), and seven injured. The bombing is never adequately investigated by the authorities, with a number of wrongful convictions, and accusations that the bombing could be attributed to the Australian secret services. (The 30th anniversary of the blast is marked with the fixing of a commemorative plaque outside the hotel in 2008.) The bombing adds to the troubled inception of the Hilton |
| 1981–82 | AMP buys British Crown Agents portfolio, including Capital Centre, for $300 million |
| 1987 | Iwak Pty (a subsidiary of Bond Corporation) buys Capital Centre from AMP for $160 million |
| 1988 | Ong Beng Seng's Noble Choice (Singapore) buys hotel for $273 million. Ong's company, Hotel Properties Ltd, already owns the Singapore Hilton and Four Seasons, and the acquisition highlights the growing significance of Asia for the Sydney property investment market. The sale is ultimately seen to be subject to an unrealised condition, that of strata titling, and does not go through |
| 1993 | C.K. Ma's Sunrise Resources buys Capital Centre from Bond's receivers for $130 million |
| 1999 | Legal battle over rental agreement, $0.75 million a year rent agreed in court, with property valued at $155 million |
| 2000 | Hilton buys hotel from C.K. Ma for $200 million |
| 2002 | Hotel closed for refurbishment |
| 2005 | Hotel reopens, with three stratum titles: hotel, office/retail, and car park.Office tower and car park sold to Industry Superannuation Property Trust for $184 million |

made in the previous year, and by sluicing funds through offshore subsidiaries in the Cook Islands (Barry 1990; Hurst 1988; Hurst & Dodd 1989). In particular, the program asserted that the sale of the Hilton to the Singaporean Ong Beng Seng for $273 million (through the Cook Islands firm Iwak Pty) included a $119.37 million deferred payment, which would only be transacted if the property was strata titled (allowing the four sections of the development—retail, car park, office, hotel—to be on-sold separately) (Cityscope 2007, 22/4; House 1993).

The transfer of the Capital Centre was never realised, and Iwak was placed in receivership in 1992, as the Bond Corporation famously imploded, leaving behind Australia's largest ever corporate debt. The firm's receivers sold the property to Sunrise Resources Ltd, a syndicate headed by C.K. Ma (chairman of Oriental Press Group of Hong Kong). When Ma negotiated to buy the property, he was faced with three potential problems: firstly, with the Hilton's 40-year lease intact, the likely first-stage rental increase remained difficult to predict, being slated for 1995; secondly, the costs of refurbishment of the building were also difficult to predict, particularly given the unsuccessful vehicular ramp; thirdly, the retail component in the Royal Arcade was struggling, a generalised recession leading to 30 per cent vacancy rates in 1992, its income having dropped from $2.37 million in 1990 to

$967 000 in 1992 (House 1993; Walkley 1993). In the early 1990s, the hotel company's lease was thought to be less than 20 per cent of its total revenue, requiring only a 25–30 per cent occupancy rate to balance its books. For this reason, Hilton had no incentive to actually buy the property (Walkley 1993).

This period of the Hilton's life span underpins one of the unique features of hotel investment. Given the heavy daily usage of materials from carpets to showers to beds to restaurant facilities, hotels require significant capital investment to remain attractive to guests. This will only be profitable if improvements can be recouped with a higher nightly room and occupancy rate (RevPar), which in turn is dependent on numerous variables, including the general market for tourism (PKF Consulting 1996). The protracted legal battle over the rent review between Ma and Hilton was settled in late 1998, with Hilton agreeing to pay a reported $5.75 million, a rise of $1.25 million from 1993 when Ma bought the property (Ooi 1999). This meant that there was added incentive for Hilton to upgrade the hotel, bearing in mind the higher rent that had to be met from increased room charges. Ma had refused to pay for upgrades to the hotel due to the insufficient return from the investment. In 2000, Hilton International, partnering with Chicago finance firm Walton Street Capital (co-owners of the Regent Hotel with Four Seasons), bought the hotel from Ma for a figure in the region of $170–80 million (Kermode 2000a, b), and quickly announced its refurbishment. The combined purchase–renovation would be the largest single investment made by Hilton International, a symbol of the building's status in the eyes of the company's executives (Kermode 2000b; Weirick 2006), particularly within a booming Asia-Pacific market. The question remained, therefore, as to what kind of redesign would allow a refurbished Hilton to compete with its Harbourfront or Hyde Park rivals.

## Retrofitting and rebranding

By the late 1990s, Sydney's CBD was being transformed with the increasing global city functions of its office space (O'Neill & McGuirk 2003). The need for international standards in business space provision also extended to hotel stock. For the Hilton, the 1960s Kolos and Bryant design had long been seen as a weakness as it was surpassed by newly built hotels offering larger room sizes and more modern facilities. The arrival of competing hotels was also a major challenge. For a long time, Hilton's only competitors were the Wentworth and Menzies Hotels, both constructed in the 1960s. However, the five-star hotel market began to change from the 1980s onwards. With the construction of the Regent Hotel in 1983 (subsequently the Four Seasons), visitors were able to access water views of Sydney Harbour, enjoy larger room sizes, and use new accommodation standards such as swimming pools and improved conference facilities (see Figure 1).

The 1970s design of the Hilton was now seen as an anachronism. Critics could be harsh, one reviewer recalling

> an ugly, lumpen chunk of pebbledash beige and brown design conceit … a cigarette packet plonked east-west on top of a squashed lamington between two north–south city streets. Once you found the way in, via a narrow escalator, it was a place of distinction and certain style—but in diminuendo, eclipsed by other, smarter, hotels in taller, more elegant

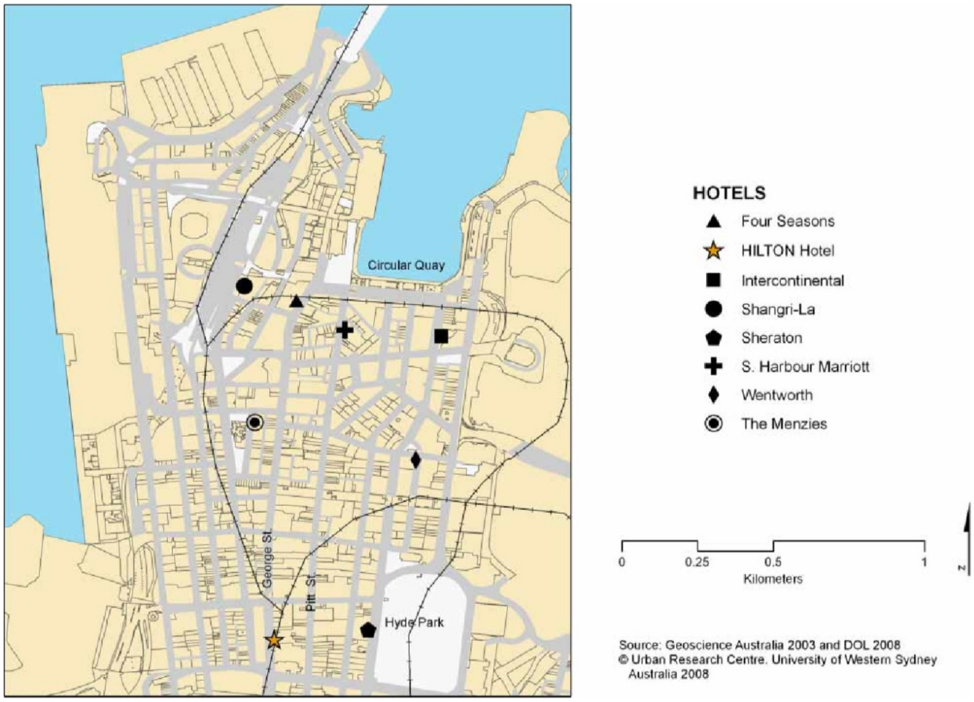


FIGURE 1. Hilton location in Sydney CBD in relation to competing hotels.

> buildings with better views. It was also dark, with pokey public spaces. (Shmith 2005)

The Hilton's original fortress-like structure resembled 'an introverted box' with no evidence of what was happening inside the hotel, no outside point of reference to the city for the guests, and no point of identity for the hotel. It was comprised of 'a concrete labyrinth of ramps, shops, bars restaurants and low ceilinged reception spaces, encased at podium level by windowless precast panels and serviced by elevated concrete walkways' (Weirick 2006).

The purchase of the Hilton took place at an interesting moment for the corporation as a whole. The Hilton brand name was at the time of the refurbishment owned and run by two separate companies (after a split in 1964): US-based Hilton Hotels Corporation (HHC) and Hilton International, part of the UK Ladbroke Group (Pettafor 1998), which operated almost all non-US Hiltons. In 1998 HHC changed its logo after almost 80 years, revamping the brand aesthetics, in the hope of putting 'the chain back on the track for growth' (Pettafor 1998) and integrating it at a global level. A selected upgrade of the physical nature of some of its key properties worldwide thus fitted with a general attempt to revitalise the brand, in the context of strong competition at the high end of the sector from the likes of Marriott and Four Seasons.

The form of the redesign was decided through a design excellence competition, with the winning firm being Johnson Pilton Walker (JPW), which had already designed other significant CBD projects such as Governor Phillip Tower and Governor Macquarie Tower (housing key NSW government ministries) and the highly regarded 363 George Street. Many of the firms involved had a strong reputation for major civic commissions, such as PTW Architects (responsible for the South Australian Art Gallery) and Tonkin Zulaikha Greer (whose work included cultural buildings such as the Australian War Memorial in London, Hastings Cultural Centre, and the Old Treasury Buildings, Perth) (Weirick 2006).

The fundamental flaws in the original 1960s design complicated the project from the outset. Initially, plans were to demolish the whole building, a move that was considered by both the structural and interior architects at the time to be more cost-effective than a 'tart-up'. However, Hilton's brief to the architects was to keep the original building and revamp it accordingly. It would, however, rest upon an entirely new-look base, which would have its concrete underbelly stripped and replaced by a high-ceilinged glass-rich lobby, opening up the hotel's façade to Pitt and George Streets so that the front of house would be visible to the public, and vice versa (see Plate 2).

The winning scheme rested upon three basic ideas. Firstly, the concrete driveway below the tower, a 'dark, cavernous space' with 'no sense of entrance' (personal interview: project executive architect, JPW, 2006), which was the connection between the street and the lobby, was to be replaced with an open lobby encased in glass. The public space of the lobby was designed to connect the hotel back to the street, and 'involves a remarkable engagement with the physicality of the tower' (Weirick 2006). The new design would concentrate on a feeling of arrival and expectation– a stark contrast to the old design, where the lobby had no connection with the streetscape, being hidden behind and above the concrete entry ramp (personal interview: interior designer, Chhada Siembieda). For one architectural critic, the value in the design 'resides in its urbanism . . . in the remaking of Pitt and

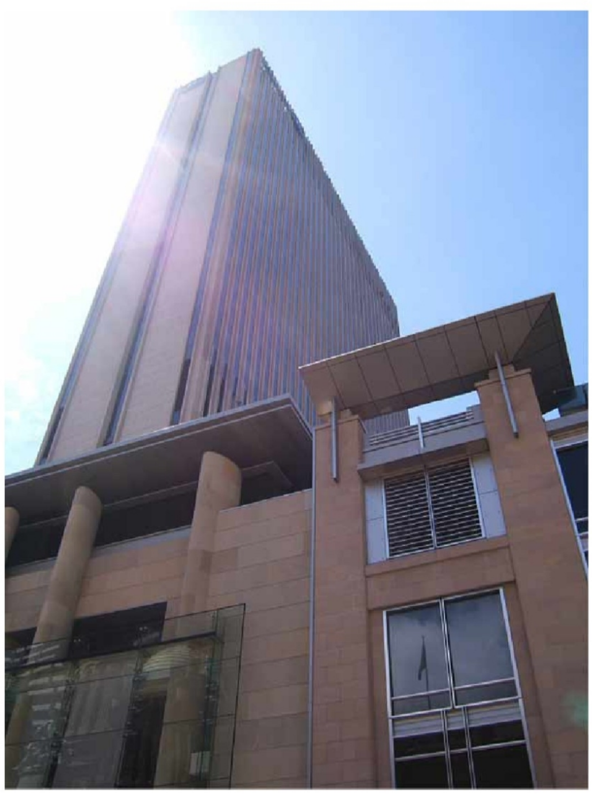

PLATE 2. The refurbished Hilton: façade and tower from George Street.
*Source*: © Kim McNamara.

George Streets with new street walls and activities that ... are almost seamless extensions of the urban scene' (Weirick 2006).

Secondly, this move was an attempt to anchor the hotel in the city, providing it with a sense of belonging—both from a heritage and a retail point of view. The site's 'good address', its outlook onto the architecturally striking Queen Victoria Building, and strongly expressed use of sandstone and glass became features of the hotel's new life as a rejuvenated city landmark (see Plate 3). In addition, the Hilton's previous connection with surrounding retail had been limited, if not degraded, as it sat 'in the middle of a multi-level warren of down-market shops' (Weirick 2006). The new glass casing would serve not only to announce the presence of the hotel onto street level but also funnel guests and visitors out into the surrounding shops such as Pitt Street Mall and George Street. The new plan resolved the problematic pedestrian ramp (see Plate 1) which—as a central element of the high modernist original design—had been a major obstacle in integrating the hotel with the city street. The new driveway into the hotel for dropping guests off also enabled pedestrians to pass through from George to Pitt Streets, further activating the entrance space, and opening up the façade of the hotel.

Thirdly, in terms of office and conference space within the building itself, the Hilton's conference rooms were introverted and dark. The new plan would provide conference rooms with a view over Pitt Street, a move that would facilitate both natural light and, again, a more visual connection with the city outside (personal interview: project executive architect, JPW). Along with the remodelled convention facilities, the upgrade of the Capital Centre more generally enticed a new set of clients to the office space, with Apple and Challenger (an investment group 25 per cent owned by the Packer family firm Consolidated Press Holdings) having moved in since the refurbishment.

The F + B (food and beverage) sections of the hotel are always a significant aspect of successful urban hotels (Berens 1997), and were key to the Hilton's refurbishment. Glass, the hotel's main restaurant, is operated by celebrity chef Luke Mangan (his restaurant Salt has gained significant recognition in the Sydney

PLATE 3. The refurbished Hilton: the glass façade reflects the Queen Victoria Building, a deliberate interplay with the 'civic' architectural heritage. *Source*: © Kim McNamara.

food scene, and Mangan also acts as a consultant for food on the Virgin Atlantic flights from Sydney to London). Similarly, the Zeta Bar, connected to Glass, is run by established bar owners Grant Collins and Mike Enright, from the UK, and has sister bars in Hiltons in London, Kuala Lumpur, Beijing and Bangkok. The Glass and Zeta Bar interiors were both designed by New York-based designer Tony Chi and Associates, who has also designed for Mandarin Oriental Hotel Group and Four Seasons Hotel Group. The chosen operators and designers were thus seen as important choices in inserting the rebranded hotel within both domestic and international business circuits, while stressing the hotel's distinctiveness within the homogenised global hotel formats. In contrast to these contemporary spaces, Hilton also houses one of Sydney's most historic bars, The Marble Bar. Originally the George Adams Bar, connected to the Adams Hotel, the Marble Bar's National Trust status meant that the architects, JPW, had to build around it.

Having made a huge investment in the refurbishment, rumours soon began to circulate that Hilton was interested in selling the building, while retaining a long-term management lease on the property (Wilmot 2003). Such 'sale and leaseback' schemes are increasingly common in the hotel industry, allowing the hotel firm to have a strong input on the physical state and appearance of the building that it then markets and manages. Some leasing agents pointed again to the building's key weakness—its relatively small room sizes, which at 28 $m^2$ were less competitive than their major rivals in hotels such as the Four Seasons or Marriott. Ultimately, the Hilton Group would divest the car park and office tower components to Industry Superannuation Property Trust, owners of the Brisbane Hilton, for $184 million, and would retain ownership of the hotel.

This left the Hilton management with the opportunity to focus on its core business—increasing revenue per available room (the standard measurement of hotel profitability). The redesign of the hotel rooms, the provision of quality public spaces, and the maximisation of the Hilton's brand recognition allows the redevelopment to justify increased revenue, in a way that the stasis of the 1990s failed to do. With the Hilton Group now in a position of ownership, rather than just operator, reinvestment can be measured in terms of improved occupancy at higher room rates. Furthermore, the opening out of the Hilton's cramped and dark internal spaces runs in parallel with O'Neill and McGuirk's (2003, p. 1762) observation that

> there are processes of change within CBDs which unwind and open out privatized events and spaces ... [and which] include the development of communal and shared work spaces within private buildings, public access to private space for commercial consumption and, most critically, the conversion of office buildings themselves from spaces which serve private accumulation and distribution agendas to spaces with clear and defined communal and social obligations.

As with the refurbished office buildings that have been endowed with stylised, comfortable and well-lit lobbies and communal workspaces that are now a standard within competitive business districts, the Hilton responds to the growing (or rediscovered) sense in which the public realm of CBDs may be inserted within a privately held development. This broad shift in Sydney CBD's design culture ('from the ill-mannered to the iconic', in the words of Punter 2004) adds a further dimension to the redevelopment of individual buildings: For O'Neill and McGuirk

(2003, p. 1764), such processes 'are increasingly complex and more than ever imbued with emotion and desire, certainly. But at the same time, the other fundamentals—site availability, cost of capital, completion times, yields, occupancy rates, floor space efficiencies—co-exist.' We can theorise the Hilton's redevelopment within a broader literature on the intersection of the culture–economy binary that has recently become influential within urban theory, one that

> demands understanding of a raft of urban actants that make markets, ranging from the aural and visual performances of suppliers, intermediaries and consumers in streets, retail parks and bazaars ... and the ways in which different sites of sociality such as corporate hospitality venues, airport lounges, and restaurant districts establish conventions and expectations. (Amin & Thrift 2007, p. 158)

Within this context, it might be interesting to draw a parallel between the Hilton and another recent addition to the city's George Street thoroughfare, an Apple concept store, which opened in mid-2008, and which featured a 3 m Apple logo and a three-floor glass frontage, where Apple products could be inspected, used and bought without any direct commercial pressure. As with the Hilton, the building is treated 'as a showroom for a lunchtime browse, while purchases are made at larger suburban centres' (Cummins 2008). For the Hilton, which holds a huge suburban property portfolio worldwide, the refurbished building can act as a form of brand extension. Its lobby is a popular mid-block through-route, and its F + B and convention rooms are now a fixture in the city's CBD for Sydney-based business, so the decision to reinvest in its brutalist icon reflects a wider understanding of the power of centrality and branding in contemporary urban economies.

## Conclusions

In this paper we have argued that hotels play a fundamental role in the economies of CBDs, which can be understood partially through both their use values for city elites (housing and facilitating business travellers, hosting social networking events) and through their exchange values (as an asset to be traded and as a revenue generator). The biography of the Hilton Sydney reveals the tensions that arise between this dichotomy. To conclude, we want to make three points.

Firstly, the case study illustrates that the design and service qualities of hotels are driven by the sometimes tense relationship between ownership and management. The type of lease arrangement undertaken between hotel operator and building owner is fundamental in maintaining the appearance and quality of a hotel. The Sydney Hilton is a good example of where—through repeated asset trading—this can break down. A further factor of significance here is that of inter-hotel competition. When Hilton opened in Sydney, it was the first international five-star chain to arrive in the city, and competed only with the 1960s-built Wentworth and Menzies Hotels. By the mid-1990s, there were more than 16 four- and five-star hotels in the CBD, including most of the major global operators such as Marriott, Hyatt, Ramada, Inter-continental, Sheraton and Nikko (Smith 1996). Successful occupancy rates require the provision of an element of distinction, and the architect's attempts to maximise the building's address reflected the need to develop a form of differentiation that the large Harbour-view hotels could offer.

The hotel itself is anchored as much by its restaurant and convention facilities as by the relatively small bedrooms. Here, the civic status of the hotel—located adjacent to the Queen Victoria Building centrepiece—is leveraged to add to the institution's popularity.

Secondly, it is interesting to reflect upon the architectural role of hotels as civic institutions. As Carole Berens (1997, p. xiv) has commented:

> Some hotels are so in tune with the life of the city around them that they become part of its public landscape and tradition. The very name of the hotel evokes the presence of its place and time. The clock in the now demolished New York Biltmore Hotel was immortalized as the meeting place of choice for F. Scott Fitzgerald's rich in love . . . Just say 'The Polo Lounge' to conjure up images of deals made and lost in the Beverly Hills Hotel and 'Meet me under the clock' in San Francisco to rendezvous at the Westin St. Francis.

Interestingly, recent years have seen a shift back towards—in architectural discourse at least—a civic vocation, as opposed to creating internalised, atrium spaces often associated with North American hotels (of which John Portman has been the primary exponent) (McNeill 2008). The designs of the refurbished Hilton focused upon notions of permeability, opening up to the surrounding façades, and in many ways harked back to the hotel's role within civic business life. While the underlying economic rationale of Hilton's redevelopment is still based upon its potential exchange value, having high-profile city centre flagship hotels (such as Chicago's Palmer House Hilton) is an important aspect of its brand.

Thirdly, the above account gives an indication of how the treatment of buildings as assets has a very clear impact on their internal economies of refurbishment, rebranding and economic exchange. What is lacking from our account, it should be clear, is a sense in which the hotel also possesses a social history of the thousands of guests and visitors who have slept in its beds, washed in its showers, eaten in its restaurants or walked its lobbies and corridors. Of course, places such as the Hilton are often dismissed for being apparently soulless or placeless, lacking the process of 'singularisation' that accompanies some city buildings (Jim 2005). When compared with the likes of The Australia, a nineteenth-century palace hotel that once stood a few blocks away from the Hilton, demolished to make way for the MLC Centre, the Hilton lacks a narrator. Compare with Carl Rühen's 1995 biography of The Australia, *Pub splendid*, evidence of that hotel's place in the collective memory of many of the city's residents or visitors. As Rühen notes in his introduction

> If the hotel itself is no longer with us, its memory does remain vivid in the minds of a great number of people, not least of these being a group of former staff members who meet twice a year at Sydney's Woolloomooloo Bay Hotel to exchange seemingly inexhaustible reminiscences of which the Australia was so productive. (p. 11)

Perhaps it is in the nature of hotels—by definition, designed to accommodate transience—that exchange value will always supersede use value, and where redesign and revalorisation of built space is driven by structures of ownership and contract, rather than memory and social use.

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## NOTE

[1] A period gently satirised by the film *Dirty Deeds* (2002), partly set in one of Sydney's new high-rise hotels.

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