

Downtown hotel "not a home run"

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By Jillian Follert

OSHAWA -- A new hotel could be part of Oshawa's revitalized downtown core, but it will depend on how other projects -- like the arena and courthouse -- shape up.

Representatives from Toronto hospitality firm PKF Consulting were at Tuesday's meeting of the development services committee and explained that the downtown is still a bit of a question mark.

"Overall, there is a market opportunity, but I would suggest that it's not a home run from a developer's perspective," said consultant David Larone. "If it was, we might have seen a shovel in the ground at this point in time."

PKF consultants have been studying Oshawa's hotel potential since 2000, when they were brought on board to size up possible locations. At that time, the Stevenson Road/Hwy. 401 area and Lakefront West Park were identified as having the most potential.

Today, they acknowledge that the downtown is a viable option, but Mr. Larone said it will depend on the success of proposed "demand generators" such as the arena, condos, cancer centre and courthouse.

According to an updated report from PKF, downtown Oshawa could likely support a branded hotel with approximately 70 rooms, surface parking, meeting space and a restaurant.

In addition to uncertainty about the downtown, there is concern that a new hotel in Oshawa would struggle because the market is becoming saturated.

Prior to the 2000 study, there were five hotels operating in the region. Today, the number of hotel properties has more than doubled, and the number of rooms has increased 23 per cent.

Hotels in the area used to enjoy occupancy rates in the high 60 per cent, to low 70 per cent range -- but a new Oshawa hotel could only expect to see rates from the mid 50 per cent to low 60 per cent range as supply continues to outpace demand.

Despite a wave of new hotel developments, some councillors are concerned that Durham is still lacking in accommodations.

"Every second weekend we have sports tournaments with thousands of people coming into Oshawa, but some of them have to stay in Toronto because there's no room out here," said Councillor Mike Nicholson.

PKF was instructed to continue working on the first phase of its study, which involves an evaluation of

market conditions and a recommended strategy for hotel development. They will report back to the committee at a future meeting.