

# Hotel could be next downtown addition

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OSHAWA -- A high-quality hotel could be the next piece of the downtown revitalization puzzle, but it would have to be done carefully to succeed.

That was the message representatives from Toronto hospitality firm PKF Consulting brought to Monday's meeting of the development services committee, where they unveiled the final results of a hotel market study for Oshawa.

According to PKF's David Larone, any new hotel in downtown Oshawa would have to be of the same quality as the Hilton Garden Inn, which recently opened in Ajax. He said the size, brand and developer credentials would also play an important role.

"There is a market opportunity in downtown Oshawa," Mr. Larone said. "Given what's taken place in terms of new development downtown, it's very doable."

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/401 area and Lakefront West Park were identified as having the most potential.

While the downtown is shaping up to be a good location, there is concern a new hotel would struggle because the market in Durham is becoming saturated.

Prior to the 2000 study, there were five hotels operating in the region. Today, the number of 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 might only see rates from the mid 50 per cent to low 60 per cent range as supply continues to outpace demand.

However, Mr. Larone explained that a high quality project might out-perform existing hotels.

The market study indicates that downtown Oshawa could support a 75-room hotel, with the potential to expand to 120 -- if current demand generators like the arena and courthouse, proceed on schedule.

In addition to a branded, stand-alone hotel, the study also recommends a mixed-use development that combines residential, commercial or entertainment components with a hotel.

Armed with the new study, City staff are now able to work with hotel developers who have expressed an interest in Oshawa, and work with the development industry to attract new hotel projects to the city.