



Coast Hotels to build new flagship property

Coast Plaza may close to make way for 220-room Coast Coal Harbour

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Coast Hotels owner Okabe North America will build a \$60-million, 220-room hotel at 1180 West Hastings in Vancouver, with the new Coast Coal Harbour Hotel to open in the fall of 2009.

But the 269-room Coast Plaza hotel near Denman and Comox could close shortly thereafter, as its new owners want to convert those rooms into condominiums.

Okabe North America -- a subsidiary of Japan-based Okabe Co. -- recently sold the Coast Plaza to Vancouver-based Delta Group, with the deal expected to close later this year. But Coast Hotels president Graeme Barrit said there is no plan to shut the hotel down.

"There were all sorts of rumblings around that, but there's currently no plan in place," he said in an interview. "We're going to manage it for the new owners for as long as we know right now."

Delta Group president Bruce Langereis said the City of Vancouver won't approve conversion of the Coast Plaza property into condominiums unless there is sufficient public benefit.

"Coast has told us that location doesn't work for a hotel and they would not spend the money to upgrade that property," he said in an interview. "So it needs to be upgraded to something. The question is, what do you turn it into?"

The Delta Group website says a proposed plan calls for the Coast Plaza to be relocated to a new building at 1180 West Hastings before converting the existing hotel into "highly desirable West End condominiums."

Barrit said the new Coast hotel will become its flagship property, with conference facilities, an 8,000-square-foot ballroom, business centre, gym, pool, and a 100-seat restaurant.

He said it's a good time to build a new Vancouver hotel, as occupancy rates are strong and demand is high.

A PKF Consulting report said downtown Vancouver hotel occupancy rose from 71.2 per cent in 2005 to 73.4 per cent last year, with average room rates increasing by

4.3 per cent to \$145.22.

Barrit said the expanded Vancouver convention centre -- set to open by 2009 -- and the increasing popularity of the Vancouver-Whistler corridor will continue to drive more tourists to the city.

No brand-new downtown Vancouver hotels have opened in the past five years but at least four are set to open in the next two and a half years, with a total of 832 new rooms.

They include the Loden (77 rooms near Bute and Melville this summer), the Shangri-la (120 rooms near Georgia and Thurlow by Sept. 2008), Fairmont Pacific Rim (415 rooms at Canada Place by summer 2009) and the Coast Coal Harbour.

The Hotel Georgia, which closed for renovations early this year, is expected to return about 200 rooms to the market by late 2009, creating a total of more than 1,000 new hotel rooms to the downtown core.

Vancouver hotel industry consultant Angus Wilkinson said the new rooms won't have a huge impact on the downtown market's current inventory of about 15,000 hotel rooms.

"We don't need those new rooms today but by the time the new convention centre opens, the city will definitely need them," he said.

Wilkinson expects the Vancouver hotel market will continue to grow.

"Room rates are headed up but they still have a long way to go by international standards," he said.

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